

Novuna[®]

Performance Summary Report

2023/24

Tomorrow. Together



We're one of the UK's leading financial services companies.

With
→ **2,286**
employees

and over
+ **1.3m**
customers

Every day over 1 million individuals and businesses trust us to provide the right finance solutions to help them achieve their ambitions.

Whether you're planning your next adventure, weighing up the impact of transitioning to electric vehicles, looking to protect your hard-earned capital by finding better ways to manage your cash flow and finance new equipment, or you want to offer finance to your customers.

Whatever's important to you, we'll help you get there.

2023/24 Review



In a challenging economic landscape, **we continued to help consumers and businesses to realise their ambitions.**

Despite a difficult trading environment, it's been an exceptional year. Our commitment to delivering for our customers is demonstrated by the increase in new business to record levels, and our ability to grow and retain our existing customer base, against a background of high interest rates and prolonged instability.

At the heart of our success is our commitment to invest in our people and the technology to support our customers. Building long-term sustainable relationships that can withstand challenging market environments, whilst maintaining a high-quality portfolio.



"Our commitment to delivering for our customers is demonstrated by the increase in new business to record levels, and our ability to grow and retain our existing customer base, against a background of high interest rates and prolonged instability."

– Robert Gordon
Group Chief Executive

2023/24

Our performance at a glance

Profit before tax

£126m

Compared to 2022/23¹

+8%

Volume of new business

£4.5bn

Compared to 2022/23

+1%

Net Earning Assets

£8.2bn

Compared to 2022/23

+7%

¹ Excluding the one-off profit before tax gain of £44.1m relating to Mitsubishi HC Capital UK PLC's investment in GRIDSERVE Holdings Limited



The **largest** non-bank asset finance provider in the UK

1

of the UK's **leading providers** of retail point of sale finance and personal loans

6th

biggest UK vehicle leasing company



Voted **Best Personal Loan Provider** by YourMoney.com 10th year running



Trading



We kept the high street trading

As one of the UK's leading providers of retail point of sale finance, we helped over 3,000 retailers attract more customers during difficult trading conditions. This included on-boarding more than 500 new retail partners from high street giants such as Wickes, to niche operators like Tredz. We continued to rollout our unique package of smart, bespoke credit offerings with numerous tailoring options to a growing number of retail partners, in response to the decline in discretionary spending, which kept the high street trading.



Ambitions



We enabled fleets to move closer to their net zero ambitions

With a UK fleet of over 109,000 vehicles, we kept businesses moving and supported major fleet operators transition to greener fleets. As leading proponents of zero-emission mobility, our end-to-end decarbonisation capability enabled some of the UK's largest fleet operators to future-proof their businesses.



Aspirations

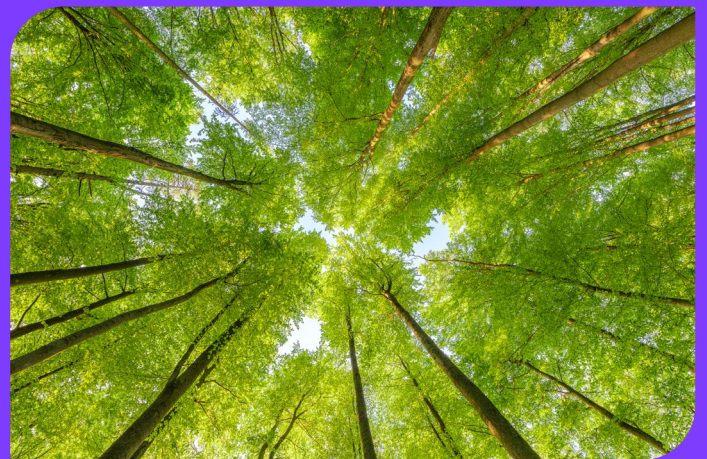


We facilitated the growth aspirations of businesses

We were at the forefront of providing businesses with flexible finance solutions to enable them to develop, grow and thrive. Despite a difficult trading environment for SMEs and larger corporations, we continued to fund a wider spectrum of businesses and unlock cash flow to help them realise their ambitions.



Sustainability



We delivered finance solutions for a greener, cleaner future

By growing our level of funding in the sustainability sector, we're working hard to help businesses reduce carbon emissions. Through our innovative funding solutions for energy storage and infrastructure projects, we've delivered impactful sustainable projects. Our credit automation provides faster decisioning and release of funds, with flexible repayment options and no hidden fees.



Expanded



We expanded our European footprint as we continue to grow

We continued to expand our presence in Europe, supporting a growing number of customers beyond the UK. Through MHC Mobility, our vehicle leasing business operating in eight countries across Europe, we expanded our fleet size by 13% to support a growing number of businesses with our innovative and sustainable fleet solutions. In addition, our vendor finance business remained focused on diversifying our vendor base and supporting an increased number of manufacturers, particularly within our wider Mitsubishi shareholder group.



Support

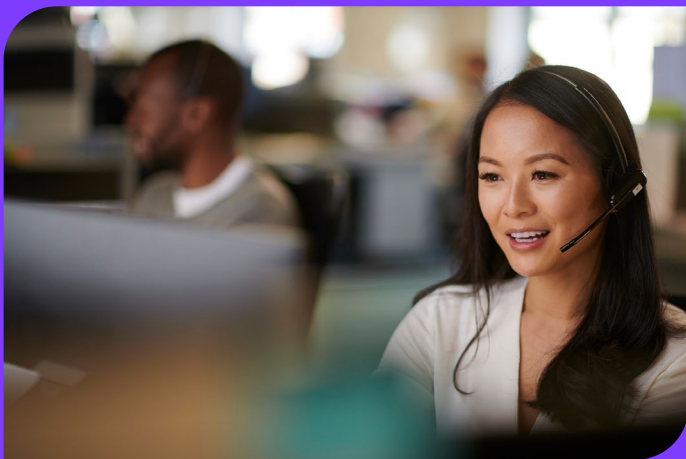


We prioritised the wellbeing and development of our colleagues and supported communities

For the fourth year running, we've been named as one of the UK's top 50 most inclusive employers, demonstrating our commitment to investing in our colleagues and promoting a healthy, inclusive workplace where all of our people can fulfil their potential. We also continued to make a positive difference to the communities in which we live and work through donations, volunteering and supporting community projects.



Customers



We looked after our growing customer base and continued building long-term relationships

We're serious when it comes to providing a first-rate experience for our customers. We're the only mainstream lender to provide full visibility of all of our customer reviews from Feefo, updated in real-time, 24/7. With an average Feefo rating of 4.8 out of 5 from over 3,500 reviews, we continued to keep our customers happy, helping them realise their ambitions.



→ [Take a look at our annual report here](#)

Retail point of sale and personal lending

→ In 2023/24, Novuna Consumer Finance achieved a profit of **£29.4 million**, a significant leap from last year's **£12.6 million**. This success was driven by recovering business margins and maintaining high portfolio quality, despite rising borrowing costs impacting consumer confidence. We've continued to grow by offering affordable credit as global supply chain issues improved and inflation pressures started to ease.

Growth

We wrote **£2.3 billion** in new business, a **3.7% increase** from last year, growing our portfolio by **5.7% to £3.3 billion**. Our number of live customer accounts grew by 5%, reaching 1.3 million whilst we maintained low arrears levels.

"We welcomed over 500 new retail partners, including household names like Wickes, reinforcing our commitment to this vital sector."

Supporting retailers and the high street

We're proud to support high street and online retail partners, contributing over **£1.5 billion (64%)** of our total new business through retail point-of-sale finance. Working with over 3,500 partners across various sectors, we've solidified our position as a leading provider in the UK.

This year we welcomed over 500 new retail partners, including household names like Wickes, reinforcing our commitment to this vital sector.



Portfolio grown by 5.7% to

→ **£3.3 billion** + **500**

Over

new retail partners

To address the decline in discretionary spending, we've rolled out a unique package of smart, bespoke credit options, allowing retailers to create tailored finance deals for their customers. Our flexible credit solutions, fast onboarding, seamless system integration, and instant credit decisions boost order values and conversion rates for our retail partners.

Diversified product offerings

To meet demand for non-brokered solutions, we've introduced membership and annual fee renewal credit facilities for new markets such as golf clubs, independent schools, and football clubs.

Affordable, award-winning personal loans

Novuna Personal Finance remains one of the UK's top 10 providers. Our strong customer proposition – fast decision-making and excellent customer service – has earned us the title of Best Personal Loan Provider by YourMoney.com for the tenth year running.

Despite high competition and suppressed demand in a contracted market, we've successfully retained our market share. New business in personal lending, including direct lending, broker, and aggregator channels, slightly decreased from **£0.9 billion** to **£0.83 billion** due to rising living costs and borrowing costs.

Transitioning to a greener future across the UK and Europe

→ In 2023/24, Novuna Vehicle Solutions and MHC Mobility achieved a combined profit of £73.1 million. This success was driven by an increase in new business, including securing contracts with some of the largest fleet operators. Despite rising capital and funding costs, we grew our fleet by 8%, reaching 155,000 vehicles.

Total asset solutions provider

What sets us apart is our unique ability to build, fund, and manage vehicles and sustainable solutions across various industries. This year, we've continued to help customers navigate market challenges, decarbonising their fleets and meeting sustainability targets. Our UK operating fleet grew by 5.7%, now including over 55,000 cars, 44,500 vans, and 9,000 HGVs and specialist vehicles. This growth has moved us up to sixth place on the FN50 list of the UK's largest leasing companies.

"This year, we've continued to help customers navigate market challenges, decarbonising their fleets and meeting sustainability targets."

Expanding across Europe

Our European vehicle mobility business, operating in Austria, Belgium, Czechia, Germany, Hungary, the Netherlands, Poland, and Slovakia, also saw significant growth. New business volumes increased by 35%, thanks to improved vehicle delivery times and strong demand for MHC Mobility's solutions. Our overall European fleet grew to 45,800 vehicles.



A profit of
→ **£73.1m**
in 2023/24

Leading the way in fleet decarbonisation

We're dedicated to providing end-to-end decarbonisation solutions for businesses, helping our customers achieve their net-zero goals. Our expertise covers the entire transition process, from vehicle leasing and management to charging infrastructure and energy storage. This unique capability has made us a trusted partner for many of the UK's largest corporate fleets.

We continued to lead the transition to electric vehicles, opening a state-of-the-art charging forecourt at our Trowbridge premises and expanded our investment in alternative fuel solutions for the heavy transport sector.

As the leasing partner within the Tees Valley Hydrogen Vehicle Ecosystem Consortium, we're supporting the first large-scale deployment of fuel cell electric HGVs in the UK.

Trusted, innovative and award-winning

Reflecting our customer centric approach and established industry reputation for innovation, we've been named Leasing Company of the Year (more than 20,000 vehicles) at the Fleet News and Commercial Fleet Awards for five of the past six years, we're also the only Fleet News Top 10 leasing company fully accredited by the Institute of Customer Service.

Providing businesses with **flexible finance solutions**

→ Novuna Business Finance experienced an exceptional year, and **achieved a profit of £23.4m, up 5.9% from the previous year**¹.

We're now the largest non-bank asset finance provider in the UK, offering a range of solutions for businesses including asset finance, stocking, block discounting, and sustainable project finance. Our net earning assets grew to £1.8 billion this year.

Navigating challenges

Even with a £29.2 million rise in funding costs due to unprecedented rate increases, we remained one of the industry's leading asset finance providers. Through our well-established channels – broker, manufacturer and dealer, and direct – we achieved £860 million in total new business during 2023/24.

"We are committed to supporting companies developing sustainable energy storage and infrastructure."

Supporting sustainable projects

As the UK aims for carbon neutrality by 2050, we are committed to supporting companies developing sustainable energy storage and infrastructure. Our Project Finance proposition is driving revenue growth by partnering with SMEs, Community Energy Groups, and Fund Managers to deliver large-scale sustainable projects.



Profit of
→ £23.4m Increase of
+5.9%
compared to the previous year

In 2023/24, we approved over £100 million in facilities through this channel, making it our fastest-growing route to market, supporting Mitsubishi HC Capital UK PLC's aspirations for 20% of Group assets to be directly connected to climate action and affordable clean energy by March 2025.

Streamlining onboarding for faster decisions

Our broker channel remains our largest route to market, generating £422 million in new business this year. We continue to attract new manufacturers and dealers while maintaining strong customer retention. Significant investments in cutting-edge technology have accelerated the digitisation of our onboarding processes, providing a seamless customer journey.

Enhancements to Mercury, our digital customer application and management portal, now enable introducers to manage the full lifecycle of their applications, resulting in faster underwriting processes for businesses.

Industry recognition

Our market-leading service and offerings have been recognised by industry peers through several accolades in 2023/24, including Best Leasing & Asset Finance Provider at the Business Moneyfacts Awards and Green Asset Trailblazer at the Leasing World Gold Awards.

¹ Excluding the one-off profit before tax gain of £44.1m relating to Mitsubishi HC Capital UK PLC's investment in GRIDSERVE Holdings Limited

Helping businesses **maintain liquidity**

→ Despite a challenging market for invoice finance, Novuna Business Cash Flow achieved a **record profit of £3.6 million this year, up from £2.9 million the previous year**. We've successfully increased our market share by lending more to larger corporate entities, which now make up 49% of our funding portfolio.

Fast and flexible cash flow financing solutions

Across invoice factoring, invoice discounting, debt factoring, and payroll finance, our range of digitally-led, flexible, and accessible cash flow finance solutions are designed to support UK businesses of all sizes. This comprehensive approach has led to a record-breaking year, with our total current account reaching nearly £132 million, marking a 5% year-on-year growth.

"We continued to widen our client base as a strategic priority with a wider range of cash flow products, driving new revenue streams in emerging markets."

Expanding our funding capabilities

In response to evolving demand for invoice finance, we continued to widen our client base as a strategic priority with a wider range of cash flow products, driving new revenue streams in emerging markets.



Record profit of

→ **£3.6m**

Increase of

+£0.7m

compared to the previous year

Accolades for unlocking cash flow for clients

Our innovative underwriting solutions and market-leading digital processes help both SMEs and larger corporate businesses maintain liquidity, keeping us at the forefront of the cash flow industry.

The revolutionary approach we take to helping businesses improve their cash flow has earned us significant industry recognition. In 2023, we won Best Factoring & Invoice Discounting Provider at the Business Moneyfacts Awards as well as SME Lender of the Year and Best Use of Technology - Commercial Finance at the Credit Awards.

Growing our Vendor Finance presence in Europe

→ European Vendor Finance, which provides bespoke vendor finance solutions for specialist assets, has continued to record year-on-year growth, with **Net Earning Assets of £321m up by 4% from the previous year** contributing to the Group's overall net earning assets reaching £8.2bn.

Despite a slowdown of demand and volatile interest rates which resulted in intense competition on pricing, we achieved £123m of direct new business by strengthening relationships with key Group and Global accounts and returned a pre-tax profit of £0.5m.

Against a backdrop of rising funding costs, which almost doubled from the previous year, we diversified our lending portfolio, providing tailored finance solutions for Group programmes, global key accounts and other shareholder entities, contributing to 64% of our new business volume for the year. We also strengthened existing relationships and built new relationships with other Mitsubishi entities and the wider Mitsubishi network.

Diversifying vendor finance solutions

Our strategy focuses on becoming a more diversified provider of vendor finance solutions for specialist assets by developing new relationships in key markets. This approach led to an almost equal split of net earning assets between the UK (59%) and Europe (41%), showcasing our evolution as a multi-vendor finance provider.



Expanding our international reach

Our European division is leading the Group's international expansion. We now operate in 24 countries across Europe, with Denmark as our newest addition. Supported by dedicated teams in London, Amsterdam, Dublin, Helsinki, and transactional capabilities in Belgium, we aim to expand into new territories by 2025.

"Our strategy focuses on becoming a more diversified provider of vendor finance solutions for specialist assets by developing new relationships in key markets."



Business addresses

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