


Performance Summary Report

2022/23



Tomorrow. Together



We're **one of the UK's leading financial services companies**, powering the aspirations of over a million customers every day.

With over
→ **2,200**
employees

and nearly
+ **1.3m**
customers

Across five business divisions: Consumer Finance, Vehicle Solutions, Business Finance, Business Cash Flow and European Vendor Finance, we focus on delivering innovative solutions that enable our customers to realise their ambitions.

Putting the customer at the heart of everything we do defines the way we work together. It's one of the reasons we've been voted one of the best finance companies in the UK by our customers and industry. This is what drives our performance.

2022/23 Review

At every step of the way,
we **supported businesses
and consumers to realise
their ambitions.**

Despite the unprecedented pressure on our margins due to rising cost of funds and continued economic uncertainty, we remained firmly committed to supporting our customers. We maintained a constant presence in market across all the sectors in which we operate and focussed on improving the experience for our customers. As a result, we delivered record results.

By outperforming competitors in key industry sectors, and delivering

exceptional service through our range of products, we've not only gained market share but also improved the quality of our portfolio.

We continued to expand our workforce and invest in technological improvements to drive operational efficiencies across the Group which provides us with a strong platform for further growth in the UK and Europe in the years ahead.



"We maintained a constant presence in market across all the commercial and consumer sectors in which we operate and focussed on improving the experience for our customers."

– Robert Gordon
Group Chief Executive

2022/23

Our performance at a glance

Profit before tax

£160.8m

Compared to 2021/22

+24%

Volume of new business

£4.5bn

Compared to 2021/22

+10%

Net Earning Assets

£7.6bn

Compared to 2021/22

+17%

1

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

3rd

largest asset finance provider in the UK

7th

biggest UK vehicle leasing company

23

countries **across Europe** where we support businesses



Trading

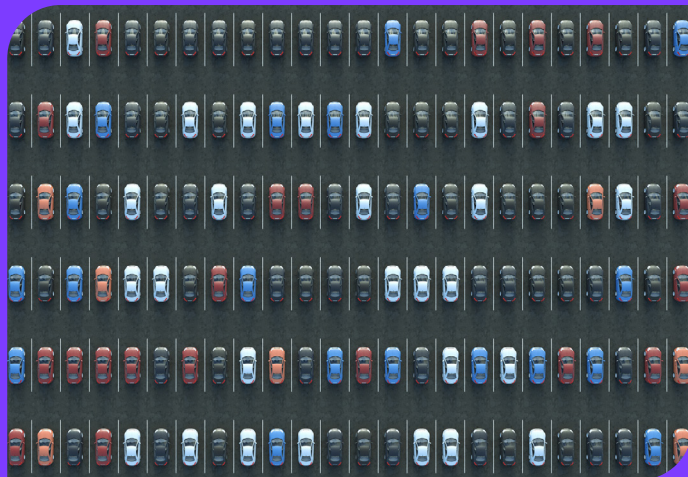


We kept the high street trading

As one of the UK's leading providers of retail point of sale finance, we helped over 500 new retail partners attract more customers during difficult trading conditions. We introduced a unique package of smart, bespoke credit offerings with numerous tailoring options, in response to the decline in discretionary spending, which kept the high street trading.



Ambitions



We enabled fleets to achieve their net zero ambitions

With a UK fleet of over 103,000 vehicles, we kept businesses moving and supported major fleet operators transition to greener fleets. As leading proponents of electric vehicles our end-to-end decarbonisation capability enabled a growing number of businesses to future proof their fleets.



Aspirations



We facilitated the growth aspirations of businesses

We were at the forefront of providing funding to help SMEs and larger corporations overcome challenging market conditions to realise their growth ambitions. We also continued to grow our funding lines and help a wider spectrum of businesses unlock cash flow to maintain liquidity.



Sustainable



We delivered sustainable investments for a greener, cleaner future

By forging ground-breaking partnerships in the sustainability sector, we're playing a leading role in addressing climate change. We expanded our direct funding Project Finance offering, and partnered with a growing number of SMEs, Community Energy Groups and Fund Managers to deliver large-scale sustainable projects.



Expanded



We expanded our European presence as we continue to grow

We grew our vehicle leasing business in new markets. During 2022/23, the Group acquired MHC Mobility Europe B.V. securing a new presence for our vehicle leasing business in Austria, Belgium, Czech Republic, Germany, Hungary, the Netherlands, Poland, and Slovakia. 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.



Customers



We looked after our customers

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. In 2022/23 we were awarded the Feefo Platinum Trusted Service Award for the fourth consecutive year, achieving a consistent customer satisfaction rating of 4.9 out of 5 from over 4,300 reviews last year alone. Our frontline advisors consistently deliver outstanding customer experiences, supported by our rapid decision-making and application processing.



Prioritised



We prioritised the wellbeing and development of our colleagues

For the second year running, we've been voted Glassdoor's Top 50 Best Places to Work demonstrating our commitment to ensure all of our colleagues can fulfil their potential. We believe this is key to delivering the outstanding customer experiences that lead to our strong financial performance year after year.



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

Retail point of sale and personal lending

→ It's been a challenging year for retailers and consumers with global supply chain issues and the cost of living crisis impacting consumer confidence. This was marked by a significant drop in profit for **Novuna Consumer Finance to £13.1m, down from £58.6m in 2021/22**, predominately driven by increasing costs of borrowing, resulting in margin pressures on new business.

Despite volatility in the market, **we wrote £2.3 billion in new business, in line with the previous year, growing the portfolio by 4.9% to £3.1 billion.** What's more, we managed to uphold the quality of our services and maintain lower levels of arrears.

"Novuna Personal Finance, our personal loans businesses remains one of the UK's top 10 providers with over 1.2 million UK customers."

Keeping the high street trading

We are proud to have played a pivotal role in supporting high street and online retail partners, contributing over £1.3 billion (60%) of our new business volume through retail point of sale finance. We work with more than 3,500 partners across various sectors, solidifying our position as one of the leading providers of retail point of sale finance in the UK. Throughout the year, we welcomed over 500 new retail partners, including notable names like Homebase, Simba, and Magnet, reinforcing our commitment to this vital sector of our economy.



Acknowledging the decline in discretionary spending, we introduced a unique package of smart, bespoke credit offerings with numerous tailoring options, empowering retailers to create finance deals customised to the circumstances of each individual customer.

Despite ongoing market challenges, our range of flexible point of sale credit solutions, along with fast onboarding, seamless system integration, and instant credit decision-making, have consistently boosted retailers' sales and conversion rates. As a result, we ended the year with a record -breaking month for new business volumes in retail point of sale finance lending, alongside a record number of transacting retailer partners.

Providing access to affordable personal loans

Novuna Personal Finance, our personal loans businesses remains one of the UK's top 10 providers with over 1.2 million UK customers. This success is based on our strong customer proposition, combining fast decision-making with excellent customer service.

Despite suppressed demand for unsecured borrowing in a contracted market, we successfully retained market share amidst the challenges posed by rising living costs and spikes in borrowing costs. Lending remained at the same level as the previous year, with new business volumes of £940 million.

Portfolio grown by 4.9% to
→ £3.1 billion + 500
Over
new retail partners

Spearheading the **transition** to a greener future

→ Novuna Vehicle Solutions achieved **a record profit of £68.0m in 2022/23, up from £54.2m** last year, driven in part by the continued unprecedented strength of the used vehicle market. Despite challenges such as stock deficiencies and longer delivery times for new vehicles due to the microchip shortage, we have capitalised on the situation with strong used vehicle residual values.

What sets us apart is our unique ability to build, fund and manage vehicles and sustainable solutions across a wide range of industries. And in 2022/23, we experienced continuous growth as we helped customers navigate ongoing market challenges, decarbonising their fleets and meeting sustainability targets.

"In 2022/23, we experienced continuous growth as we helped customers navigate ongoing market challenges, decarbonising their fleets and meeting sustainability targets."

With an operating fleet in the UK that includes over 54,000 cars, 42,000 vans, and 7,000 HGVs, specialist vehicles, and plant machinery, we're one of the UK's top ten largest leasing companies, which was strengthened with the acquisition of two portfolios during the year - BNP Paribas Rental Solutions Limited and Ryder Limited.



Leading the decarbonising of major fleets

Our strategic focus is on providing a one-partner electrification solution, supporting our customers to achieve their net zero ambitions.

Our unparalleled capabilities and expertise allow us to oversee the entire transition process, making us a trusted partner in their decarbonisation journey. From vehicle leasing and management to charging infrastructure and energy storage, our end-to-end decarbonisation proposition sets us apart in the market.

With EVs accounting for 25% of our total car fleet, we are actively supporting major fleet operators like Centrica, Network Rail, and BAXI in their transition to electric vehicles. This commitment has resulted in a 7% increase in new business volumes, reaching £704.5m this year, up from £658m in 2021/22.

Achieving significant growth in Europe

Our influence extends beyond the UK as we solidified our position in European markets through a strategic restructuring of our parent company.

A record profit of

→ **£68.0m**
in 2022/23

Our newly acquired European mobility businesses are now operational in nine countries, including Austria, Belgium, Czech Republic, Germany, Hungary, the Netherlands, Poland, and Slovakia, offering an array of innovative mobility solutions.

This expansion has led to a remarkable 40% increase in our total fleet size, now surpassing 140,000 vehicles, ranging from cars and small to large vans, and HGVs.

Cementing our reputation as a trusted partner

For the last four years, we have been named Leasing Company of the Year (more than 20,000 vehicles) at the prestigious Fleet News and Commercial Fleet Awards. Additionally, we are the only Fleet News Top 10 leasing company to be fully accredited by the Institute of Customer Service, a testament to our unwavering dedication to customer satisfaction.

Supporting businesses to overcome challenging market conditions

→ Novuna Business Finance experienced remarkable growth this year, driven by our investment in Gridserve's electric vehicle charging infrastructure. This strategic move led to **a record profit of £66.2m, a significant increase of 165%** compared to the previous year.

We are now the third biggest asset finance provider in the UK, providing hire purchase, finance lease solutions, stocking finance and block discounting solutions for businesses, resulting in an 8% increase in net earning assets, totalling £1.7bn this year.

Despite the challenges posed by rising funding costs and a difficult economic climate, we remain focused on growth. Through our well-established channels—broker, manufacturer and dealer, and direct—we achieved a 22% increase in new business, reaching £999.3m.

Our direct funding has supported sustainable projects

As the UK moves towards its target of carbon neutrality by 2050, we recognise the importance of providing funding support to companies developing sustainable energy and transport. We are expanding our direct business, investing in our Project Finance proposition to drive revenue growth by partnering with SMEs, Community Energy Groups and Fund Managers to deliver large-scale sustainable projects.



Record profit of
→ £66.2m +165%
Increase of
compared to the previous year

Streamlining onboarding for faster decisioning

We made significant investments in cutting-edge technology, accelerating the digitisation of our onboarding processes and enabling instant funding decisions. Our revolutionary workflow automation tool for manufacturers and dealers has already generated additional revenue exceeding £4m since its implementation this year.

"Despite the challenges posed by rising funding costs and a difficult economic climate, we remain focused on growth."

Providing an outstanding customer experience is fundamental to our business and is recognised by our customers and the wider asset finance industry. We are proud to have retained our ServiceMark accreditation from the Institute of Customer Service for a third consecutive term, underscoring our reputation for delivering a seamless customer journey.

Our market leading service and offering has also been recognised by industry peers through a series of accolades. In 2022/23, we were awarded with; Best service from an Asset Based Finance Provider at the Business Moneyfacts awards, SME Champion at the Leasing World Gold Awards and SME Lender of the Year – Lending over £1m at the Credit Awards.

Helping businesses **maintain liquidity**

→ Despite the market for cashflow finance remaining below previous industry highs following the emergence of Government intervention schemes, Novuna Business Cash Flow **recorded a 71% increase in profit for the year, from £1.7m to £2.9m.**

We grew our market share, increasing lending to larger corporate entities. As a result, these larger businesses now represent a substantial 42% of our funding portfolio.

Helping UK business unlock cash flow

While we focus on catering to larger corporate entities, we also provide crucial funding solutions such as invoice factoring, invoice discounting, debt factoring, and payroll finance for SMEs, constituting the lower end of our book. This comprehensive approach culminated in a record-breaking year, with our total current account reaching nearly £125m, marking a 1% growth.

Amidst an environment of soaring inflation, we have seen clients increasing their pricing this year which has in turn increased client invoice assignments, impacting lending and income. Funding line increases have grown by 20% and our margins have remained stable despite increasing borrowing costs, supporting the growth and profitability of the business.



Expanding our capabilities to drive business growth

Our commitment to driving third-party revenue has also delivered a strong result, with paid out deals increasing by an impressive 24% compared to the previous year. Additionally, our innovative invoice generator product, already implemented with key clients, has diversified our product offerings, delivering an enhanced experience and expanded our existing facilities.

By providing innovative underwriting solutions and incorporating market-leading digital processes throughout the agreement journey to help SMEs maintain liquidity we continue to remain at the forefront of the cash flow industry.

Our investment in a new credit control platform which provides improved functionality with enhanced reporting, reinforces our commitment to achieve client retention as we continue to deliver our long-term growth strategy.

A record profit of

→ **£2.9m**

in 2022/23

Increase of

+71%

compared to the previous year

"Our comprehensive approach culminated in a record-breaking year, with our total current account reaching nearly £125m, marking a 1% growth."

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 over the last decade, with **direct new business volumes up by 17% to £253m and Net Earning Assets up by 5% this year to £309m.**

At the heart of our strategy is becoming the preferred finance provider for our shareholder Group companies and their key accounts. Strengthening our relationships, we have collaborated closely with several Mitsubishi companies, offering comprehensive asset lifecycle financing solutions across their sales and distribution channels.

Our flexible finance solutions for specialised assets kept businesses trading

Recognising the importance of evolving our product offerings to meet the dynamic needs of vendors, we have adapted to the market environment. We introduced shorter-term finance solutions, including Extended Terms Finance, to facilitate the smooth flow of stock through factories and distribution channels.

This strategic move has yielded exceptional results, evidenced by a remarkable 64% increase in EMEA direct new business volumes as European subsidiaries performed particularly strongly against a backdrop of continued supply chain challenges and instability stemming from the war in Ukraine.



Net Earning Assets this year Increase of

→ **£309m +5%**

compared to the previous year

Expanding our international reach

Our European business division continues to grow, leading the expansion of the Group internationally.

We are now transacting business in 23 countries across Europe, with the recent addition of Serbia to our expanding network. Bolstered by our dedicated teams in offices located in London, Amsterdam, Dublin, Helsinki, and our transactional capability in Belgium, our ambitious strategy aims to further expand into new territories in 2024.

"At the heart of our strategy is becoming the preferred finance provider for our shareholder Group companies and their key accounts."

As we transition from being a captive finance provider to a multi-vendor European organisation, our ongoing digital transformation remains a key pillar of our future growth. By leveraging the power of technology, we enhance our operational efficiency and deliver superior customer experiences.



Business addresses

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