

S&U plc
 (“S&U”, “the Group” or “the Company”)
PRELIMINARY RESULTS FOR THE PERIOD ENDED 5 FEBRUARY 2026

S&U plc (LSE: SUS), the motor finance and specialist lender, today announces its preliminary results for the period ended 5 February 2026.

Group Key Financials:

- Profit before tax (“PBT”): £31.8m (2025: £24.0m)
- Revenue at £107.4m (2025: £115.6m)
- Group net receivables at period end at £496.8m (31.1.25: £435.8m)
- Group impairment charge of £13.0m (2025: £35.6m) reflecting increased quality Advantage and Aspen loan books
- Group net finance costs at £14.3m (2025: £18.1m) reflecting lower average borrowings
- Basic earnings per share: 195.2p (2025: 147.4p)
- Final dividend of 45p per ordinary share to be paid on 24 July 2026 (2025: 40p)
- Net assets at a record £249m (2025: £238m)
- Net borrowings at £241.8m (31.1.25: £192.3m) – gearing at 97.1% (31.1.25: 80.8%)

Advantage Motor Finance Highlights:

- PBT: £23.4m (2025: £16.5m)
- Revenue: £83.0m (2025: £91.8m)
- Impairment charge: £12.8m (2025: £33.2m)
- Live monthly repayments at 90.5% of due (2025: 85.6%)
- Advances: £181.6m (2025: £109.4m)
- Net receivables at period end at £317.1m (31.1.25: £283.6m)

Aspen Bridging Highlights:

- PBT increased to a record £8.8m (2024: £7.2m)
- Record revenue increased to £24.4m (2025: £23.8m)
- Impairment charge: £0.2m (2025: £2.4m)
- Collection repayments and recoveries: £187.7m (2025: £157.0m)
- Advances: £212.3m (2025: £179.5m)
- Net receivables increased to £179.7m (31.1.25: £152.2m)

Anthony Coombs, Chairman of S&U plc stated:

“Just over 50 years ago, the then Leader of the Opposition, Margaret Thatcher, assured the nation that “the way to recovery is through profits.” In recent times, British Governments of all colours, obsessed as they are with income distribution over wealth creation, have forgotten this. At S&U, we have not. In a competitive environment, profit is the most reliable bellwether of our success in matching our products to our customers’ needs and of our efficiency in doing so. The current recovery shows we are on the right track, but challenges and necessary improvements remain – alongside real opportunities for growth. The foundations for this are continually being made. With welcome stability from our political leaders and regulators, rewards will surely follow.”

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CHAIRMAN'S REVIEW

Introduction

I am pleased to confirm that the rebound in fortunes and profitability for S&U plc predicted last year is now coming to pass. Group profit for 2025/26 was £31.8m (2025: £24.0m) an increase of 32%.

Both Advantage, our motor finance division, and Aspen, our property lending business, have delivered strong results. Advantage has seen a significant recovery following the regulatory, legal and fiscal onslaught of the previous two years. Advances there are well ahead of last year, collection rates and loan book quality have significantly improved and margins strengthened; all this demonstrates a return to disciplined growth. Irrespective of recent events in the Middle East and their impact on energy costs and potentially interest rates, this trend fortunately continues. Indeed, at Advantage early signs are that, maintaining our strict affordability criteria to ensure that our customers only borrow what they can afford is actually reaping rewards as demand for the lower cost vehicles we finance grows.

Aspen has achieved yet another record year with gross receivables and income at historic highs. Like Advantage, this has been accompanied by good credit quality and sustained yield discipline. For Aspen, the implications of the Iranian conflict and its effect on the UK residential property market are more uncertain. In the credit column, demand from overseas investors for "safe" British assets is likely to continue. On the debit side, potentially higher interest rates may, whatever the significant underlying demand for housing, deter or delay development. Much depends on how long the war lasts.

In the meantime, S&U continues to plough its own furrow. The return to growth has seen Group receivables rise to £496.8m (2025: £435.8m) whilst net assets are up to just under £250m. Group gearing finished at 97.1% against 80.8% a year ago as a further £50m was invested and additional bank facilities secured to match this. This revival in the Group's profitability has taken place against a more positive environment in the markets which we serve but since the end of S&U's financial year, the war in the Middle East has had a significant impact on the cost of living, the trajectory of interest rates, and consumer confidence. Thus, whilst in December the Finance & Leasing Association (FLA) statistics showed the UK used car market up annually by 5% in volume, by February used car volumes had fallen slightly, although the market is still "resilient". Fortunately, demand is focused on the more affordable vehicles, which are Advantage's bread and butter. The proportion of used car purchases subject to finance continues to grow, an appetite reflected in the record 3.1 million finance applications to Advantage last year, an increase of 18% on the previous year. The result was an increase in new agreements at Advantage of no less than 44% to 18,279 in 2025/26.

The impact on the residential property market served by Aspen has been more immediate. After what the RICS called a "tentative recovery" at the start of 2026, demand from buyers spooked by the Middle East war fell by an annualised 13% in March, according to Zoopla. Government statistics showed residential transactions down 6% year on year in February although this was actually the highest monthly total since March 2025.

Both markets and policymakers are operating with limited visibility on the potential outcomes of the conflict in the Middle East, inevitably fueling uncertainty in the near future.

We are seeing greater stability and clarity in the regulatory environment, which has reduced the level of management time required at Advantage compared with the past two years. Most recently, the proposals by the Financial Conduct Authority (FCA) regarding the structure and scope of its redress schemes on motor finance commissions appear where applicable to Advantage, both affordable and manageable.

Furthermore, Advantage successfully concluded its engagement with the FCA which began in 2023 in April 2025. Customer relations and repayment rates have returned to their customary levels and latest Trustpilot ratings remain at a record 4.9 out of 5.0. Equally important are signs of a more consistent and predictable approach by both the FCA and its statutory offspring, the Financial Ombudsman Service. Whilst properly concerned with their obligations to consumers, especially those deemed to be vulnerable, regulators increasingly appear to recognise their obligation to maintain an efficiently functioning finance market which attracts and provides finance for up to 17million citizens throughout the UK.

Although by no means guaranteed, this change in emphasis by the regulators should be confirmed by their forthcoming response to the House of Lords Report 133 of the 17th of June 2025 entitled "Growing Pains – clarity & cultural change required".

The report's 77 recommendations included the removal of ten key barriers to growth and international competitiveness. Many of these paralleled earlier proposals from the Government as part of the Leeds reforms, which argued that financial services regulations had gone too far in attempting to eliminate risk. The FCA will be

reporting to the Select Committee on progress in these areas. This may herald a change in attitudes towards risk control and thereby reduce the risk premium which has deterred investment into UK financial services over the past decade. Certainly, a meeting I attended in January with senior FCA officials regarding such investment flows elicited a distinct unity of purpose and sense of cooperation, which was encouraging.

Advantage Finance (“Advantage”)

A rise of more than 41% in pre-tax profits to £23.4m (2025: £16.5m) was both well above budget and just one highlight of a very good year at Advantage, as it throws off the shackles of the regulatory intervention of recent times. Net receivables were up 12% at £317.1m (2025: £283.6m), the result of new loan deals at 18,279, an increase of 44% on the previous year. Furthermore, average loan size and margins increased throughout the year as Advantage welcomed back a slightly higher proportion of its traditional credit customers as well as adding a significant number in the stable self-employed sector.

Added to this, Advantage produced significant improvements in collection rates and credit quality, thus customer adherence to contracted repayments averaged 90.5% in the year (2025: 85.6%) ending at 93.1%. Customer arrears fell by just over 20% in the year. This contributed to a reduction in impairment which fell to £12.8m against £33.2m in 2025.

As important for our relations with our loyal customers, Advantage’s success in dealing with people experiencing financial difficulties was evidenced in the now record 82% of successful outcomes on revised repayment arrangements throughout the year. In the last resort of repossession, car resale values recently reached 83% of trade.

A further highlight of Advantage’s year saw the sign off from the FCA’s s166 investigation which began in 2023. As expected, given Advantage’s successful 26-year trading record and its excellent debt quality, the changes resulting from this protracted and detailed process were more evidential than substantive. The downside of the process was the requirement to write to around 25,000 former customers; the vast majority of whom had been happy with our service and sought no redress whatsoever for it. Advantage carried out this process entirely inhouse, a tribute to the excellent pride in their work of all in the business.

Progress at Advantage has been much deeper and more long-lasting than ever before. Foundations for future growth have included a refinement of the credit scorecard and the introduction of new credit risk technology. Introduced in Q3, these helped to produce a record 6,800 new loan deals, providing proof of the Advantage’s potential for significant growth.

To reinforce Advantage’s growing debt quality, underwriting teams are constantly reviewing affordability calculations and repayment patterns to ensure that our credit criteria match our customers’ repayment capabilities.

The year also saw the significant benefits anticipated from the use of Artificial Intelligence coming to fruition. Early projects involved collections, efficiency, call recording and greater customer advisor productivity. AI should also offer new routes to markets through dealers and better integration with aggregators. AI is already allowing Advantage to more clearly focus on those customers who may require our guidance and help through their repayment journey.

Finally, the year ended with a flourish through a very successful debt sale involving £53m of aged and written-off book debt. Such sales enhance profit and also clear the decks for even higher levels of customer service in future.

Aspen Bridging

Aspen Bridging finance, our property lender, has delivered another set of record results. Profit before tax is £8.8m (2025: £7.2m), a 22% increase in a market for residential letting and development which has remained sluggish throughout the year. House price growth by year end has slowed to an annual 0.6%, leading Nationwide to describe the market as merely “resilient”. Stamp duty changes led to a spike in transactions in March, although over the year as whole they saw a slight decline.

The lettings market which the government apparently see as a path to affordable homes was deflated by tax changes to rental income in April, and then by the Rental Rights Act which makes rent increases and repossessions more difficult.

Aspen’s balance sheet nevertheless grew by nearly 33% in the year with net assets at just over £17m; receivables growth reached 18% to a record £179.7m. Borrowing required an additional £25m of funding to £162.2m at year end. ROCE remained at 11.2% for the year with yield on the loan book increasing slightly to 13.6%.

The year saw an excellent 40% increase in new loan deals from both the shorter-term bridging book and in a trebling of new loan deals in the newer and longer-term buy and bridge-to-let, 2 and 3-year products. By value advances rose by 18% as borrowers became more cautious as to loan size for Aspen's bridging products.

Aspen plans for substantial growth and is putting in place flexible funding arrangements to reflect this. This is despite the war in the Middle East creating uncertainty around interest rates and mortgage availability making market predictions difficult. The emphasis in the year ahead will also be on Aspen's productivity, efficiency and as usual, flexible reaction to a changing market.

In the meantime, the quality of Aspen's book remains very good. At year end, less than 10% of its 245 live loans were beyond term, well under budget. Total collection receipts were 20% up on last year and nearly 70% of loan deals settled within term – a record.

Aspen's staff continued to grow in number and ability. At present, nearly half of our employees have qualified as Certified Practitioners in Specialist Property Finance (CPSP) or achieved the Royal Institute of Chartered Surveyors Valuation (RICS) qualification. One member is taking a Masters in Real Estate, a higher level of qualification which we encourage.

During the year we welcomed to the Aspen Board Richard Coombs, Wayne Hicklin and Ian Miller-Hawes. This deserved recognition will allow the next generation of the company's leadership to make its presence felt even in a more challenging economic climate.

Governance and Regulation

Recent decades have sadly seen an erosion of belief in the free enterprise system, a system which has led to unparalleled levels of prosperity and well-being into the 21st century. This has led to continual state intervention raising the share of gross national product the government controls, the level of regulations it uses and the taxation it demands to pay for this. "Governance" is shorthand for this process of intervention designed to reduce risk but instead simply reducing commercial returns. Thus 40 years ago, Britain regularly enjoyed between 2% and 3% annual growth and the rise in living standards this allowed. But over the past 20 years both in relative and absolute terms, UK growth rates have varied between feeble and non-existent thus over the same period, average living standards have actually declined. As a result, capital flows to the UK particularly to the previously dominant financial services sector, have gone into reverse.

Sadly, continual regulation often overseen by those who even the current Prime Minister has dubbed the army of "blockers and checkers" must accept their share of the blame. Reversing this and restoring the incentives for growth and the prosperity it brings is not best achieved through state initiatives, detailed directives or well-meaning ESG requirements. More effective by far is a climate of robust competition where consumers dominate through their transparent and flexible choice, conditioned only where necessary by state intervention. As the House of Lords Select Committee observed last year, the deeply embedded culture of risk aversion and high cost of compliance in the UK financial services industry has suffocated its growth.

Evidence is within S&U's own financial report. 40 years ago, it comprised 20 pages. This year's report will be 91 pages. The financial results of concern to the vast majority of our shareholders used to appear on page 8, they are now relegated to page 57, behind realms of well-meaning text purporting to prove community and consumer benefit. The latter plays little part in investment decisions or in attracting capital and hence little benefits the market for 17 million Britons we serve.

As the FCA's s166 process confirmed, S&U and Advantage in particular, have nearly 90 years' experience of offering service and care to their customers. Why? First, because for an organisation with a family and Christian ethos, it is right to do so. Second, because contented customers are the life blood of our sustainable commercial success. That ethos is exemplified by our own board. This year we are delighted to welcome two new members. Chris Freckelton has proved a success as Chief Financial Officer and becomes Group Finance Director. Finally, we welcome Karl Werner Chief Executive at Advantage Finance, who has steered the company through a tempestuous time emerging stronger, more focussed and energised than before. Both appointments are richly deserved.

Dividends

Although the company's share value has increased substantially over the past financial year, S&U can more directly and certainly reward shareholders through its dividend policy. In recent years, S&U has maintained a dividend cover ratio of between 1.3 and 2.3. This year, both the annual results and prospective trading suggest a final dividend of 45p per ordinary share (2025: 40p). Total dividends for the year will therefore be £1.15 per share (2025: £1.00 per share). As usual, subject to shareholders approval at our AGM on 24th June, this will be paid on 24th July to shareholders on the register on 3rd July.

Treasury and Funding

The year ended with Group borrowing at £241.8m, an increase of just under £50m on 2025. Gearing rose to 97.1% from 80.8% last year. Comfortable headroom was maintained by securing an additional £50m of funding earlier this year. The year was characterised by greater cash demands from Advantage, as its book grew especially in H2. Aspen saw slower sales in H2 following excellent collections in H1 thus requiring an additional £25m of funding.

We see potential for additional investment this year of around £100m. The Group is therefore engaged in a refinancing exercise using securitised facilities which is anticipated to be finalised in Q2. This process has been well received by potential funders and should deliver more funding at better rates for the Group.

Current Trading and Outlook

Just over 50 years ago, the then Leader of the Opposition, Margaret Thatcher, assured the nation that "the way to recovery is through profits." In recent times, British Governments of all colours, obsessed as they are with income distribution over wealth creation, have forgotten this. At S&U, we have not.

In a competitive environment, profit is the most reliable bellwether of our success in matching our products to our customers' needs and of our efficiency in doing so. The current recovery shows we are on the right track, but challenges and necessary improvements remain – alongside tremendous opportunities for growth. The foundations for this are continually being made. With welcome stability from our political leaders and regulators, rewards will surely follow.



Anthony Coombs

Chairman

20 April 2026

CONSOLIDATED INCOME STATEMENT

Period ended 5 February 2026

	Note	5.2.26 £'000	31.1.25 £'000
Revenue	3	107,431	115,611
Cost of Sales	4	(23,552)	(16,384)
Impairment charge	5	(13,032)	(35,571)
Gross Profit		70,847	63,656
Administrative expenses	6	(24,683)	(18,826)
Operating profit		46,164	44,830
Finance costs	7	(14,348)	(18,118)
Profit before taxation before exceptional items		31,816	26,712
Exceptional Items	8	-	(2,736)
Profit before taxation		31,816	23,976
Taxation		(8,103)	(6,063)
Profit for the year attributable to equity holders		23,713	17,913
Earnings per share basic	10	195.2p	147.4p
Earnings per share diluted	10	195.2p	147.4p
Dividends per share			
- Proposed Final Dividend		45.0p	40.0p
- Interim dividends in respect of the year		70.0p	60.0p
- Total dividend in respect of the year		115.0p	100.0p
- Paid in the year		105.0p	115.0p

All activities derive from continuing operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2025 £'000	2024 £'000
Profit for the year attributable to equity holders	23,713	17,913
Actuarial loss on defined benefit pension scheme	(43)	(33)
Total Comprehensive Income for the year	23,670	17,880

Items above will not be reclassified subsequently to the Income Statement

CONSOLIDATED BALANCE SHEET

5 February 2026

	Note	5.2.26 £'000	31.1.25 £'000
ASSETS			
Non current assets			
Property, plant and equipment including right of use assets		2,885	2,527
Investments		-	-
Amounts receivable from customers	9	271,586	203,516
Other receivables and prepayments		-	-
Deferred tax assets		25	40
		<u>274,496</u>	<u>206,083</u>
Current Assets			
Amounts receivable from customers	9	225,196	232,330
Trade and other receivables		1,525	1,427
Cash and cash equivalents		-	5,216
		<u>226,721</u>	<u>238,973</u>
Total Assets		501,217	445,056
LIABILITIES			
Current liabilities			
Bank overdrafts and loans		(296)	-
Trade and other payables		(4,832)	(3,295)
Current Tax Liabilities		(483)	(1,695)
Lease Liabilities		(90)	(109)
Provisions for liabilities and charges	11	(2,602)	(2,272)
Accruals and deferred income		(1,871)	(1,473)
		<u>(10,174)</u>	<u>(8,844)</u>
Non current liabilities			
Borrowings		(241,500)	(197,500)
Lease Liabilities		(92)	(183)
Financial Liabilities		(450)	(450)
		<u>(242,042)</u>	<u>(198,133)</u>
Total liabilities		(252,216)	(206,977)
NET ASSETS		249,001	238,079
Equity			
Called up share capital		1,719	1,719
Share premium account		2,301	2,301
Profit and loss account		244,981	234,059
		<u>249,001</u>	<u>238,079</u>
Total equity		249,001	238,079

STATEMENT OF CHANGES IN EQUITY

Period ended 5 February 2026

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 February 2024	<u>1,719</u>	<u>2,301</u>	<u>230,142</u>	<u>234,162</u>
Profit for year	-	-	17,913	17,913
Other comprehensive income for year	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>(33)</u>
Total comprehensive income for year	-	-	17,880	17,880
Dividends	-	-	(13,963)	(13,963)
At 31 January 2025	<u>1,719</u>	<u>2,301</u>	<u>234,059</u>	<u>238,079</u>
Profit for year	-	-	23,713	23,713
Other comprehensive income for year	<u>-</u>	<u>-</u>	<u>(43)</u>	<u>(43)</u>
Total comprehensive income for year	-	-	23,670	23,670
Dividends	-	-	(12,748)	(12,748)
At 5 February 2026	<u><u>1,719</u></u>	<u><u>2,301</u></u>	<u><u>244,981</u></u>	<u><u>249,001</u></u>

CONSOLIDATED CASH FLOW STATEMENT

Period ended 5 February 2026

	Note	5.2.26 £'000	31.1.25 £'000
Net cash (used in)/generated from operating activities	12	(21,502)	64,991
Cash flows used in investing activities			
Proceeds on disposal of property, plant and equipment		44	41
Purchases of property, plant and equipment		(883)	(726)
Net cash used in investing activities		<u>(839)</u>	<u>(685)</u>
Cash flows generated by/(used in) financing activities			
Dividends paid		(12,748)	(13,963)
Finance cost paid		(14,311)	(18,118)
Receipt of new borrowings		105,500	70,000
Repayment of borrowings		(61,500)	(96,000)
Decrease in lease liabilities		(112)	(129)
Net (repayment)/increase in overdraft		296	(881)
Net cash generated by/(used in) financing activities		<u>17,125</u>	<u>(59,091)</u>
Net (decrease)/increase in cash and cash equivalents		(5,216)	5,215
Cash and cash equivalents at the beginning of year		<u>5,216</u>	<u>1</u>
Cash and cash equivalents at the end of year		<u>-</u>	<u>5,216</u>
Cash and cash equivalents comprise			
Cash and cash in bank		<u>-</u>	<u>5,216</u>

There are no cash and cash equivalent balances which are not available for use by the Group (2025: £nil).

1. SHAREHOLDER INFORMATION

1.1 Preliminary Announcement

The figures shown for the period ended 5 February 2026 are not statutory accounts within the meaning of section 435 of the Companies Act 2006. The statutory accounts for the period ended 5 February 2026 on which the auditors have given an unqualified audit report and did not contain an adverse statement under section 498(2) or 498(3) of the Companies Act 2006 will be delivered to the Registrar of Companies after the Annual General Meeting. The figures shown for the year ended 31 January 2025 are not statutory accounts. A copy of the statutory accounts has been delivered to the Registrar of Companies, contained an unqualified audit report and did not contain an adverse statement under section 498(2) or 498(3) of the Companies Act 2006. This announcement has been agreed with the Company's auditors for release. A copy of this preliminary announcement will be published on the website www.suplc.co.uk. The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differ from legislation in other jurisdictions.

1.2 Annual General Meeting

The Annual General Meeting will be held on 24 June 2026 and further details of arrangements will be published in the AGM notice.

1.3 Dividend

If approved at the Annual General Meeting a final dividend of 45p per Ordinary Share is proposed, payable on 24 July 2026 with a record date of 3 July 2026.

1.4 Annual Report

The 2026 Annual Report and Financial Statements and AGM notice will be displayed in full on our website www.suplc.co.uk in due course and also posted to those Shareholders who have still opted to receive a hardcopy. Copies of this announcement are available from the Company Secretary, S & U plc, 2 Stratford Court, Cranmore Boulevard, Solihull B90 4QT.

2. KEY ACCOUNTING POLICIES

The 2026 financial statements have been prepared in accordance with applicable accounting standards and accounting policies – these key accounting policies are a subset of the full accounting policies.

2.1 Basis of preparation

As a listed Group we are required to prepare our consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards. We have also prepared our S&U plc Company financial statements in in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards. Under S404 of the Companies Act 2006, the parent company S&U plc has taken exemption from reporting its own profit and loss. These financial statements have been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation are followed in the financial statements as applied in the prior year, except for a change in reporting date and the movement in borrowings in the cashflow statement.

Historically the Group's subsidiary Advantage Finance has prepared accounts up to the 5th to consider the successful recovery of missed payments from customers at month-end, afforded to it under Section 390(3) of the Companies Act. Previously the Company and its subsidiary Aspen Bridging reported to the 31st and no adjustments were made to align these dates across the Group. For the current period the reporting date has been changed to the 5th February to capture all transactions up until this date across the Group, no change has been made to the accounting reference date. The prior period comparatives for the twelve-month period ended 31 January 2025 have not been adjusted because the amounts presented remain comparable.

In regards to the cashflow statement, following a reassessment of IAS 7 the movements are now shown on a gross rather than net basis, where the receipts and repayments are shown as two separate line items rather than combined. Additionally for the company-only cashflow statement finance income received is

now included within operating activities rather than financing activities. Comparative figures for the prior periods have been represented to reflect these changes and they have no impact on cash and cash equivalents or the Group's financial position.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the period ended 5 February 2026.

Having considered the Group's forecasts, capital and liquidity, the current economic climate and operational challenges the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts of at least 12 months from the date of the approval of the financial statements, in line with the Group's financial projections as approved in April 2026.

There are no new standards which have been adopted by the group this year which have a material impact on the financial statements of the Group.

All companies within the Group are 100% owned and consolidated and the assets, liabilities, costs and revenues are fully consolidated. All intercompany balances and transactions are eliminated on consolidation.

At the date of authorisation of these financial statements the directors anticipate that the adoption in future periods of any other Standards and interpretations which are in issue but not yet effective, will have no material impact on the financial statements of the Group.

IFRS18 Presentation and Disclosure in Financial Statements will first mandatorily apply to S&U for the year ended 5 February 2028 – at point of implementation there should be no material impact on S&U as the changed reporting requirements under IFRS18 are presentational, although the full impact of this upcoming standard is still being assessed ahead of the effective date.

2.2 Revenue recognition

For motor finance, interest income is recognised in the income statement for all loans and receivables measured at amortised cost using the constant periodic rate of return on the net investment in the loans, which is akin to an effective interest rate (EIR) method. The EIR is the rate that exactly discounts estimated future cash flows of the loan back to the present value of the advance and hire purchase interest income is then recognised using the EIR. Acceptance fees charged to customers and any direct transaction costs are included in the calculation of the EIR. Option fees for arranging the transfer of ownership of the vehicle to customers at the end of the agreement are recognised and credited to the income statement when the service has been provided. For hire purchase agreements in Advantage Finance which are classified as credit impaired (i.e. stage 3 assets under IFRS 9), the group recognises revenue 'net' of the impairment provision to align the accounting treatment under IFRS 16 with the requirements of IFRS 9 and also with the treatment adopted for similar assets in Aspen. Revenue starts to be recognised from the date of completion of the loan – after completion hire purchase customers have a 14-day cooling off period during which they can cancel their loan.

For property bridging finance, interest income is recognised in the income statement for all loans and receivables measured at amortised cost using the effective interest rate method (EIR) as per the requirements in IFRS 9. The EIR is the rate that exactly discounts estimated future cash flows of the loan back to the present value of the advance. Acceptance fees charged to customers and any direct transaction costs are included in the calculation of the EIR. Commission received from third party insurers for brokering the sale of title insurance products, for which the Company does not bear any underlying insurance risk, are recognised and credited to the income statement when the brokerage service has been provided. For loans which are classified as credit impaired (i.e. stage 3 assets under IFRS 9), Aspen recognises revenue 'net' of the impairment provision as required by IFRS 9.

2.3 Impairment and measurement of amounts receivable from customers

All customer receivables are initially recognised as the amount loaned to the customer plus direct transaction costs. After initial recognition the amounts receivable from customers are subsequently measured at amortised cost.

Amortised cost includes a deduction for loan loss impairment provisions for expected credit losses (“ECL”) assessed by the directors in accordance with the requirements of IFRS9.

There are 3 classification stages under IFRS9 for the impairment of amounts receivable from customers:

Stage 1: Not credit impaired and no significant increase in credit risk since initial recognition

Stage 2: Not credit impaired and a significant increase in credit risk since initial recognition

Stage 3: Credit impaired

The directors assess whether there is objective evidence that a loan asset or group of loan assets is credit impaired and should be classified as stage 3. A loan asset or a group of loan assets is credit impaired only if there is objective evidence of credit impairment as a result of one or more events that occurred after the initial recognition of the loan. Objective evidence may include evidence that a borrower or group of borrowers is experiencing financial difficulty or delinquency in repayments. Impairment is then calculated by estimating the future cash flows for such impaired loans, discounting the flows to a present value using the original EIR and comparing this figure with the balance sheet carrying value. All such impairments are charged to the income statement. Under IFRS 9 for all stage 1 accounts which are not credit impaired, a further collective provision for expected credit losses in the next 12 months is calculated and charged to the income statement.

Key assumptions in ascertaining whether a loan asset or group of loan assets is credit impaired include information regarding the probability of any account going into default (PD) and information regarding the likely eventual loss including recoveries (LGD). These assumptions and assumptions for estimating future cash flows are based upon observed historical data and updated to reflect current and future conditions. As required under IFRS9, all assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

For all loans in stages 2 and 3 a provision equal to the lifetime expected credit loss is taken. In addition, in accordance with the provisions of IFRS9 a collective provision for 12 months expected credit losses (“ECL”) is recognised for the remainder of the loan book which is Stage 1. 12-month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within 12 months after the reporting date.

In our Motor Finance business, all loans 1 month or more in contractual arrears are deemed credit impaired and are therefore included in IFRS9 stage 3. This results in more of our net receivables being in stage 3 and the associated stage 3 loan loss provisions being higher than if we adopted a more prime customer receivables approach of 3 months or more in arrears. Our approach of 1 month or more in contractual arrears is based on our historical observation of subsequent loan performance after our customers fall 1 month or more in contractual arrears within our non-prime motor finance customer receivables book. The expected credit loss (“ECL”) is the probability weighted estimate of credit losses.

A PD/LGD model was developed by our Motor Finance business, Advantage Finance, to calculate the expected loss impairment provisions in accordance with IFRS9. Stage 1 expected losses are recognised on inception/initial recognition of a loan based on the probability of a customer defaulting in the next 12 months. This is determined with reference to historical data updated for current and future conditions. If a motor finance loan falls one month or more in contractual arrears, then this is deemed credit impaired and included in IFRS9 Stage 3. There are some motor finance loans which are up to date with payments but the customer is in some form of forbearance and we deem this to be a significant increase in credit risk and so these loans are included in Stage 2.

As required under IFRS9 the expected impact of movements in the macroeconomy is also reflected in the expected loss model calculations. For motor finance, assessments are made to identify the correlation of the level of impairment provision with forward looking external data regarding forecast future levels of employment, inflation, interest rates and used car values which may affect the customers’ future propensity to repay their loan. The macroeconomic overlay assessments for 5 February 2026 reflect that further to considering such external macroeconomic forecast data, management have judged that, whilst less than at 31 January 2025, there is currently still a heightened risk of an adverse economic environment for our customers. To factor in such uncertainties, management has included an overlay for certain groups of assets to reflect this macroeconomic outlook, based on estimated unemployment levels in future periods. As at 5 February 2026 we have not included inflation levels in our overlay as inflation has now stabilised and has not demonstrated a strong correlation with our recent loan book performance. As at 5 February 2026, we have not included an overlay for used vehicle prices as we assume that used vehicle prices will now remain stable – this is the same assumption as at 31 January 2025.

Other than the changes to the approach mentioned above, there were no significant changes to estimation techniques applied to the calculations used at 5 February 2026.

PD/LGD calculations for expected loss impairment provisions were also developed for our Property Bridging business Aspen Bridging in accordance with IFRS9. Stage 1 expected losses are recognised on inception/initial recognition of a loan based on the probability of a customer becoming impaired in the next 12 months. The Bridging product has a single repayment scheduled for the end of the loan term and if a bridging loan is not granted an extension and is still outstanding beyond the end of the loan term then this is deemed credit impaired and included in IFRS9 Stage 3. The Buy-to-Let and second phase of the Bridge-to-Let product is serviced by customers monthly, and these accounts are deemed credit impaired and included in IFRS9 Stage 3 at 90 days past due. Due mainly to the high values of property security attached to bridging loans, the bridging sector typically has lower credit risk and lower impairment than other credit sectors.

Assets in both our secured loan businesses are written off once the asset has been repossessed and sold and there is no prospect of further legal or other debt recovery action. Where enforcement action is still taking place, loans are not written off. In motor finance where the asset is no longer present then another indicator used to determine whether the loan should be written off is the lack of any receipt for 12 months from that customer.

2.4 Performance Measurements

- i) Return on average capital employed before cost of funds (ROCE) is calculated as the Operating Profit divided by the average capital employed (unaudited) being total equity plus Bank Overdrafts plus Borrowings less cash and cash equivalents. For 25/26 Advantage ROCE is calculated as $\text{£}31,847/\text{£}286,500 = 11.1\%$. For 24/25 Advantage ROCE is calculated as $\text{£}28,442/\text{£}317,937 = 9.0\%$. For 25/26 Aspen ROCE is calculated as $\text{£}17,711/\text{£}158,196 = 11.2\%$. For 24/25 Aspen ROCE is calculated as $\text{£}16,477/\text{£}143,406 = 11.5\%$.
- ii) Group gearing is calculated as the sum of Bank Loans and Overdrafts less cash and cash equivalents divided by total equity. At 5 February 2026 group gearing is therefore calculated as $\text{£}241,500+296 = \text{£}241,796/\text{£}249,001 = 97.1\%$. At 31 January 2025 group gearing is calculated as $\text{£}197,500-\text{£}5,216 = \text{£}192,284/\text{£}238,079 = 80.8\%$.

2.5 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the Company has made judgements, estimates and assumptions which affect the reported amounts within the current and next financial year. Actual results may differ from these estimates.

Estimates and judgements are regularly reviewed based on past experience, expectations of future events and other factors.

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Significant increase in credit risk for classification in Stage 2

The Company's transfer criteria determine what constitutes a significant increase in credit risk, which results in a customer being moved from Stage 1 to Stage 2. Stage 2 currently includes customers who have a good payment record but have been identified as vulnerable by trained staff. Vulnerability can be driven by factors including health, life events, resilience or capability. All customer facing staff are trained to help recognise characteristics of vulnerability.

Key sources of estimation uncertainty

The directors consider that the sources of estimation uncertainty which have the most significant effect on the amounts recognised in the financial statements are those inherent in the consumer credit markets in which we operate relating to impairment as outlined above. In particular, the Group's impairment provision is dependent on estimation uncertainty in forward-looking assumptions on areas such as employment rates, inflation rates and used car and property prices.

The Group implemented IFRS 9 from 1 February 2018 by developing models to calculate expected credit losses in a range of economic scenarios. These models involve setting modelling assumptions, weighting

of economic scenarios, the criteria of determining significant deterioration in credit quality and the application of adjustments to model outputs. We have outlined assumptions in our expected credit loss model in the current year. Reasonable movement in these assumptions might have a material impact on the impairment provision value.

Macroeconomic overlay for our motor finance business

For this overlay, the Group considers four probability-weighted scenarios in relation to unemployment rate: base, upside, downside and severe scenarios as follows:

	Base	Upside (5% decrease)	Downside	Severe (5% increase)	Weighted
Weighting	50%	15%	25%	10%	
Q1 2026	5.20%	3.64%	6.76%	7.80%	5.62%
Q1 2027	5.30%	3.71%	6.89%	7.95%	5.72%
Q1 2028	5.10%	3.57%	6.63%	7.65%	5.51%
Q1 2029	4.90%	3.43%	6.37%	7.35%	5.29%

An increase by 0.5% in the weighted average unemployment rate would result in an increase in loan loss provisions by £927,613. A decrease by 0.5% would result in a decrease in loan loss provisions by £927,613.

Used vehicle price sensitivity for our motor finance business

At the period ended 5 February 2026 and at the year ended 31 January 2025, we have assumed that used vehicle prices will remain stable after a period when used vehicle prices increased during years ended 31 January 2022 and 31 January 2023 and then decreased during year ended 31 January 2024. This assumption as at 5 February 2026 has been made after considering market trends and expectations but is uncertain. If used car prices were assumed to fall by 5% instead, then this would result in an increase in loan loss provisions of £1,456,083. If used vehicle prices were assumed to increase by 5% instead, then this would result in a decrease in loan loss provisions of £1,456,083.

Other accounting judgements

Expected loss sensitivity for our property bridging business

The PD/LGD expected loss impairment provision model calculations developed for our Aspen bridging business have been based on extrapolating an inherently low volume sample of historic defaults and losses to reflect the current receivables and current market conditions. If the probability of default were assessed to be 10% higher than these calculations, then this would result in an increase in loan loss provisions of £81,521. If the probability of default were assessed to be 10% lower than these calculations, then this would result in a decrease in loan loss provisions of £81,521.

FCA consultation on motor finance commission

The FCA has consulted on an industry-wide scheme to compensate motor finance customers who were treated unfairly, this covers motor finance agreements taken out between 6 April 2007 and 1 November 2024 where commission was payable by the lender to the broker. The FCA published its final rules on 30 March 2026 has stated unfairness is where there is discretionary commission, high commission (where the commission is equal to or greater than 39% of the total cost of credit and 10% of the loan) or there was a tied arrangement with the broker. As previously stated our own subsidiary company Advantage Finance which offers motor finance, has never entered into any discretionary commission arrangements and has never operated 'first right of refusal' arrangements with brokers. Therefore, we are only captured by high commission cases. For such cases the FCA expects consumers to be compensated the average of what the FCA estimates the consumer has overpaid, or lost, and the commission paid, plus interest.

Significant challenge has been provided during the consultation phase and further judicial review cannot be ruled out; therefore, several scenarios have been included in the provision calculation and these have been probability weighted to determine an appropriate provision to be recognised. The estimated provision represents management's best estimate of the potential redress based on current information available and using a range of potential scenarios. The provision assessment also excludes any potential costs in relation to FOS referrals. At this stage it is not possible to reliably determine the number of customers that would go to FOS or the approach FOS will take in applying their fees.

3. SEGMENTAL ANALYSIS

Analyses by class of business of revenue and profit before taxation from continuing operations are stated below:

	Revenue		Profit before taxation	
	Period ended	Year ended	Period ended	Year ended
	5.2.26 £'000	31.1.25 £'000	5.2.26 £'000	31.1.25 £'000
Operating segments				
Motor finance	83,049	91,823	23,391	16,542
Property Bridging finance	24,382	23,788	8,826	7,207
Central costs net of central finance income	-	-	(401)	227
	<u>107,431</u>	<u>115,611</u>	<u>31,816</u>	<u>23,976</u>

Analyses by class of business of assets and liabilities are stated below:

	Assets		Liabilities	
	Period ended	Year ended	Period ended	Year ended
	5.2.26 £'000	31.1.25 £'000	5.2.26 £'000	31.1.25 £'000
Operating segments				
Motor finance	320,779	286,813	(163,372)	(135,862)
Property Bridging finance	180,053	155,085	(162,985)	(142,215)
Central	385	3,158	74,141	71,100
	<u>501,217</u>	<u>445,056</u>	<u>(252,216)</u>	<u>(206,977)</u>

Depreciation of assets for motor finance was £368,000 (31.1.25: £375,000), for property bridging finance was £16,000 (31.1.25: £16,000) and for central was £97,000 (31.1.25: £91,000). Fixed asset additions for motor finance were £821,000 (31.1.25: £705,000), for property bridging finance were £15,000 (31.1.25: £19,000) and for central were £47,000 (31.1.25: £2,000).

The net finance credit for central costs was £2,993,000 (31.1.25: £2,992,000), for motor finance was a cost of £8,456,000 (31.1.25: £11,901,000) and for property bridging finance was a cost of £8,885,000 (31.1.25: £9,209,000). The tax credit for central costs was £61,000 (31.1.25: £99,000 charge), for motor finance was a tax charge of £5,934,000 (31.1.25: £4,150,000) and for property bridging finance was a tax charge of £2,229,000 (31.1.25: £1,814,000).

The significant products in motor finance are car and other vehicle loans secured under hire purchase agreements. The significant products in property bridging finance are bridging loans secured on property.

The assets and liabilities of the Parent Company are classified as Central. No geographical analysis is presented because all operations are situated in the United Kingdom.

4. COST OF SALES

	Period ended 5.2.26 £'000	Year ended 31.1.25 £'000
Cost of sales – motor finance	20,795	14,063
Cost of sales – property bridging finance	<u>2,757</u>	<u>2,321</u>
Total cost of sales	<u><u>23,552</u></u>	<u><u>16,384</u></u>

5. IMPAIRMENT CHARGE

	Period ended 5.2.26 £'000	Year ended 31.1.25 £'000
Loan loss provisioning charge		
Loan loss provisioning charge – motor finance	12,755	33,191
Loan loss provisioning charge – property bridging finance	<u>277</u>	<u>2,380</u>
Total impairment charge	<u><u>13,032</u></u>	<u><u>35,571</u></u>

6. ADMINISTRATIVE EXPENSES

	Period ended 5.2.26 £'000	Year ended 31.1.25 £'000
Administrative expenses - motor finance	17,653	13,391
Administrative expenses - property bridging	3,636	2,670
Administrative expenses - central	<u>3,394</u>	<u>2,765</u>
Total administrative expenses	<u><u>24,683</u></u>	<u><u>18,826</u></u>

7. FINANCE COSTS

	Period ended 5.2.26 £'000	Year ended 31.1.25 £'000
31.5% cumulative preference dividend	141	141
Lease liabilities interest	15	20
Bank loan and overdraft interest payable	<u>14,192</u>	<u>17,957</u>
Total finance costs	<u><u>14,348</u></u>	<u><u>18,118</u></u>

8. EXCEPTIONAL ITEM

Motor Finance Forbearance Outcomes Review

Our motor finance subsidiary Advantage was included in the FCA's multi-firm Cost of Living Forbearance Outcomes review in 2023 and as a result the FCA concluded that enhancements were required to Advantage's approach to arrears management and the application of forbearance. We provided for anticipated total associated exceptional potential customer remediation costs and external support costs totalling £2.736m as an exceptional item during the year ended 31 January 2025.

9. AMOUNTS RECEIVABLE FROM CUSTOMERS

	5.2.26	31.1.25
	£'000	£'000
Motor finance hire purchase	424,411	401,792
Less: Loan loss provision motor finance	(107,282)	(118,166)
	<hr/>	<hr/>
Amounts receivable from customers motor finance	<u>317,129</u>	<u>283,626</u>
	<hr/>	<hr/>
Property bridging finance loans	182,303	155,083
Less: Loan loss provision property bridging finance	(2,650)	(2,863)
	<hr/>	<hr/>
Amounts receivable from customers property bridging finance	<u>179,653</u>	<u>152,220</u>
	<hr/>	<hr/>
Amounts receivable from customers	<u><u>496,782</u></u>	<u><u>435,846</u></u>
	<hr/>	<hr/>
Analysis of future due date due		
- Due within one year	225,196	232,330
- Due in more than one year	271,586	203,516
	<hr/>	<hr/>
Amounts receivable from customers	<u><u>496,782</u></u>	<u><u>435,846</u></u>
	<hr/>	<hr/>
Analysis of Security		
Loans secured on vehicles under hire purchase agreements	311,248	277,831
Loans secured on property	179,653	152,220
Other loans not secured - motor finance where security no longer present	5,881	5,795
	<hr/>	<hr/>
Amounts receivable from customers	<u><u>496,782</u></u>	<u><u>435,846</u></u>
	<hr/>	<hr/>

9. AMOUNTS RECEIVABLE FROM CUSTOMERS (CONTINUED)

Analysis of loan loss provision and amounts receivable from customers (capital)

	Not credit Impaired	Not credit Impaired	Credit Impaired	
	Stage 1: Subject to 12 months ECL £'000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total £'000
As at 5 February 2026				
Amounts receivable (capital)				
Motor finance	257,649	16,208	150,554	424,411
Property bridging finance	165,766	-	16,537	182,303
Total	<u>423,415</u>	<u>16,208</u>	<u>167,091</u>	<u>606,714</u>
Loan loss provisions				
Motor finance	(13,071)	(4,867)	(89,344)	(107,282)
Property bridging finance	(751)	-	(1,899)	(2,650)
Total	<u>(13,822)</u>	<u>(4,867)</u>	<u>(91,243)</u>	<u>(109,932)</u>
Amounts receivable (net)				
Motor finance	244,578	11,341	61,210	317,129
Property bridging finance	165,015	-	14,638	179,653
Total	<u>409,593</u>	<u>11,341</u>	<u>75,848</u>	<u>496,782</u>
As at 31 January 2025				
Amounts receivable (capital)				
Motor finance	221,442	9,811	170,539	401,792
Property bridging finance	141,476	-	13,607	155,083
Total	<u>362,918</u>	<u>9,811</u>	<u>184,146</u>	<u>556,875</u>
Loan loss provisions				
Motor finance	(13,258)	(2,904)	(102,004)	(118,166)
Property bridging finance	(1,001)	-	(1,862)	(2,863)
Total	<u>(14,259)</u>	<u>(2,904)</u>	<u>(103,866)</u>	<u>(121,029)</u>
Amounts receivable (net)				
Motor finance	208,184	6,907	68,535	283,626
Property bridging finance	140,475	-	11,745	152,220
Total	<u>348,659</u>	<u>6,907</u>	<u>80,280</u>	<u>435,846</u>

9. AMOUNTS RECEIVABLE FROM CUSTOMERS (CONTINUED)

Analysis of loan loss provision and amounts receivable from customers (capital)

	Stage 1: Subject to 12 months ECL £'000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total Provision £'000
At 1 February 2024	22,229	1,323	83,437	106,989
Net transfers and changes in credit risk	(11,286)	1,434	26,699	16,847
New loans originated	5,204	642	12,878	18,724
Total impairment charge to income statement	(6,082)	2,076	39,577	35,571
Amount netted off revenue for stage 3 assets	-	-	15,614	15,614
Utilised provision on write-offs	(1,888)	(495)	(34,762)	(37,145)
At 31 January 2025	14,259	2,904	103,866	121,029
Net transfers and changes in credit risk	(5,854)	1,236	(915)	(5,533)
New loans originated	7,463	1,687	11,949	21,099
Debt sale	-	-	(2,534)	(2,534)
Total impairment charge to income statement	1,609	2,923	8,500	13,032
Amount netted off revenue for stage 3 assets	-	-	14,676	14,676
Utilised provision on write-offs	(2,046)	(960)	(39,204)	(42,210)
Debt sale proceeds	-	-	3,405	3,405
At 5 February 2026	13,822	4,867	91,243	109,932

10. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share ("EPS") from continuing operations is based on profit after tax of £23,713,000 (31.1.25: £17,913,000).

The number of shares used in the Basic EPS calculation is the weighted average number of shares in issue during the year of 12,150,760 (31.1.25: 12,150,760). There is a total of nil dilutive share options in issue (31.1.25: nil) and considering the appropriate proportion of these dilutive options the number of shares used in the Diluted EPS calculation is 12,150,760 (31.1.25: 12,150,760).

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Warranties £000	5.2.26 Commission £000	Forbearance £000	31.1.25 Forbearance £000
At 1 February 2025	-	-	2,272	-
Charge/(release) to income statement	596	1,794	(221)	2,736
Utilised	-	-	(1,839)	(464)
At 5 February 2026	<u>596</u>	<u>1,794</u>	<u>212</u>	<u>2,272</u>

Our motor finance subsidiary Advantage was included in the FCA's multi-firm Cost of Living Forbearance Outcomes review in 2023 and as a result the FCA concluded that enhancements were required to Advantage's approach to arrears management and the application of forbearance. We provided for anticipated associated exceptional potential customer remediation costs and external support costs totalling £2.736m (see also note 11) of which £2.30m has so far been incurred and £0.22m released leaving a provision of £0.21m carried forward at 5 February 2026.

In addition, Advantage has recognised a provision of £1.79m related to the FCA's final scheme rules on motor finance commissions, which was announced on 30 March 2026. The provision is determined by probability weighting several scenarios and includes the costs of running the proposed scheme.

Finally during the period Advantage executed a debt sale of old written-off or heavily provisioned customer agreements to an external third party. As part of the agreement, as is customary, is a requirement to repurchase ineligible accounts that were sold. Advantage has recognised a provision of £0.60m to account for this risk.

There are no provisions for liabilities and charges at a company-only level.

12. RECONCILIATION OF OPERATING PROFIT TO NET CASH FROM OPERATING ACTIVITIES

	5.2.26 £'000	31.1.25 £'000
Operating Profit	46,164	44,830
Tax paid	(9,335)	(4,817)
Exceptional Item	-	(2,736)
Depreciation on plant, property and equipment	481	482
Profit on disposal of plant, property and equipment	-	(14)
(Increase)/decrease in amounts receivable from customers	(60,936)	27,092
(Increase)/decrease in trade and other receivables	(98)	15
Increase/(decrease) in trade and other payables	1,537	(1,602)
Increase/(decrease) in accruals	398	(498)
Increase in provisions for other liabilities and charges	330	2,272
Movement in retirement benefit asset/obligations	(43)	(33)
Net cash (used in)/generated by operating activities	<u>(21,502)</u>	<u>64,991</u>