

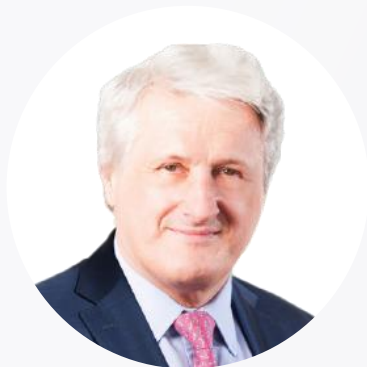


Half Year Results to 31 July 2021

September 2021



Today's speakers



Anthony Coombs
Chairman



Graham Coombs
Deputy Chairman



Chris Redford
Group Finance Director



Graham Wheeler
CEO Advantage Finance



Ed Ahrens
CEO Aspen Bridging

“I am pleased to announce that S&U is robustly back on track and driving forward towards our usual standards of profitable sustainable growth.

Principal credit for these results must go to S&U’s loyal and committed staff who throughout Covid have worked with so much enthusiasm and determination both at home and now in the gradual transition to a new home/office hybrid working life. I thank them all.”

– **Anthony Coombs, Chairman**

Financial Highlights for the half year

Group

- Profit before tax £19.9m (H1 2020 : £6.3m)
- Earnings per share 133.1p (H1 2020: 41.9p)
- Propose a first interim dividend for 2021/22 of 33p (2020: 22p)
- Strong balance sheet with 61% gearing (31 July 2020: 62%) and committed facilities of £180m allowing good headroom for growth

Advantage

- Good results driven by excellent collections and lower than normal bad debt attrition and half year impairment charge
- New loan volumes increasing month by month throughout the half year with excellent early repayment quality
- Profit before tax for the half year was £18.5m (H1 2020: £6.1m).

Aspen

- Good results driven by continued strong growth in receivables in H1. Receivables quality very good with only one loan in default at 31st July 21
- Profit before tax for the half year was £1.5m (H1 2020: £0.1m)

Income Statement

Half Year to July 31 2021

Group Income Statement £m	July 21	July 20	Change %
Revenue	42.8	42.8	+0%
Impairment	-5.1	-21.7	-67%
Risk adjusted gross yield RAY	37.7	21.1	+79%
Cost of Sales	-9.1	-7.1	+28%
Admin Expenses	-6.9	-5.7	+21%
Finance Costs	-1.8	-2.0	-11%
Profit before tax group	19.9	6.3	+216%

Profit before tax £m	July 21	July 20	Change %
Motor Finance	18.5	6.1	+200%
Property Bridging Finance	1.5	0.1	
Central finance income/costs	-0.1	0.1	
Profit before tax group	19.9	6.3	+216%

- Revenue stable vs H1 20 and 5% increase vs H2 20 as receivables grow in H1 21
- Lower than normal half year impairment charge reflecting lower motor finance bad debt attrition and good collections in both businesses
- Cost of sales increased by 28% reflecting increased motor and bridging advances
- Both businesses more profitable in H1 21 vs Covid affected H1 20 and H2 20
- Outlook improving and interim dividend proposed of 33p (2020: 22p)

Balance Sheet

As at 31 July 2021

£m	July 21	July 20	Change %	Comment
Fixed Assets and Right of Use Assets	2.6	2.8		No major expenditure in H1 21
Amounts Receivable Motor Finance	248.8	263.5	-6%	Lower advances during Covid affected H2 20
Amounts Receivable Property Bridging	57.7	18.5	+212%	Higher advances in H2 20 and H1 21
Other Assets	2.0	2.2		
Total Assets	311.1	287.0	+8%	
Bank Cash and Overdrafts	-1.6	-		£7m current overdraft facilities
Trade and Other Payables	-3.7	-2.9	+28%	Increased broker and remuneration creditors
Tax Liabilities	-1.8	-0.5		Increasing Corporation tax as profits increase
Accruals and deferred income	-0.7	-0.5		
Borrowings	-113.5	-108.0	+5%	Committed facilities now £180m
Financial and Lease Liabilities	-0.9	-1.0		
Total Liabilities	-122.2	-112.9	+8%	
Net Assets and Total Equity	188.9	174.1	+9%	

Cash flow

Half year to 31 July 2021

Group Cash Flow

- £16.3m cash outflow during 6 months reflecting book debt growth and including payment of £8.3m group dividends
- Cash generation in Advantage more than offset by significant Aspen book debt growth in H1 21

£m	July 21	July 20
Balance b/f	-98.8	-117.8
Motor Finance inflow	7.7	7.5
Property Bridging outflow	-22.3	2..4
Other outflow	-1.7	-0.1
Balance c/f	-115.1	-108.0
Gearing %	60.9%	62.1%
Analysis of balance c/f		
Central	72.0	73.7
Property Bridging	-54.3	-17.1
Motor Finance	-132.8	-164.6
Balance c/f	-115.1	-108.0

Motor Finance Cash Flow

- Advances 35% up on last year gradually increasing every month during H1 21
- Monthly Live Collections 13% up on last year reflecting improved customer repayments and lower than expected bad debt attrition in H1 21

£m	July 21	July 20
Balance b/f	-140.5	-172.1
Advances	-68.3	-50.7
Basic Monthly Live Collections	75.1	66.7
Settlements/reloans	16.7	13.9
Debt recovery	8.4	7.2
Overheads/interest etc	-14.7	-15.0
Corporation Tax	-2..5	-4.1
Dividend	-7.0	-10.5
Balance c/f	-132.8	-164.6

Property Bridging Cash Flow

- Record £56.5m net bridging advances in H1 21 including £35.0m under CBILS scheme
- H1 21 collections also higher reflecting high value early CBILS repayments and continued good repayment quality on the growing book

£m	July 21	July 20
Balance b/f	-32.0	-19.5
Gross Advances	-64.4	-11.3
Retention Collections	7.9	1.4
Collections	34.1	8.6
Debt recovery	2..8	5.4
Overheads/interest etc	-2..6	-1.5
Corporation Tax	-0.1	-0.2
Balance c/f	-54.3	-17.1

Treasury and funding

- Additional £25m loan and £25m revolving credit facilities added during H1 21 resulting in total committed funding facilities of £180m. These comprise 2 x £25m term loan facilities maturing in 2028 and 2029, and £130m revolving credit facilities with maturities in 2024, 2025 and 2026
- Group gearing at 31 July 2021: 61% (31 July 2020: 62%)
- £16.3m Group cash outflow in six months to 31 July 2021 mainly reflects the higher lending in Aspen and Advantage offset by higher repayments and is after payment of £8.3m dividends

Advantage Finance – Our Great People

- Maintaining some Covid restrictions to protect staff
- Adopted a hybrid working model since summer with office-based staff increase to a maximum of 120 since June
- Most staff adapting to mix of home and office work environment
- Completed our Investors in People Assessment



INVESTORS
IN PEOPLE | Silver



Advantage Finance

Sales

- The release from lockdown for dealers on April 12th did not see the expected release of pent-up demand, and volumes remained subdued
- The delays in new car deliveries caused by the microchip shortage resulted in increased demand for nearly new cars and used car finance
- However used vehicle stocks extremely low, driving values up and deliveries down
- As a result high levels of finance proposals are unfulfilled, creating increased finance competition for deliveries
- Sales volumes have gradually increased during HY2021/22, as has business mix and average rate/margin

Improved Overall Quality

- Maintained a more aggressively priced Tier A+ and A product in HY2021/22
- Returned to more Tier D and E Business in June
- Returned to Self Employed Lending
- Average rate reduced but average score improved
- First Payment Success rates maintained above 98%

From Risk Reduction to Managing Risk

- Increased volume of selective Tier E lending in June after successful re-assessment of characteristics within our scorecard
- Returned to Self Employed Lending with more selective lending criteria and employment categories
- Constantly refining our underwriting processes and affordability thresholds

Controlling Commissions

- Maintained our Commission structure introduced during summer 2020
- Increased volumes of non - commission paying Direct Business during HY 2021/22, driven by increased digital marketing

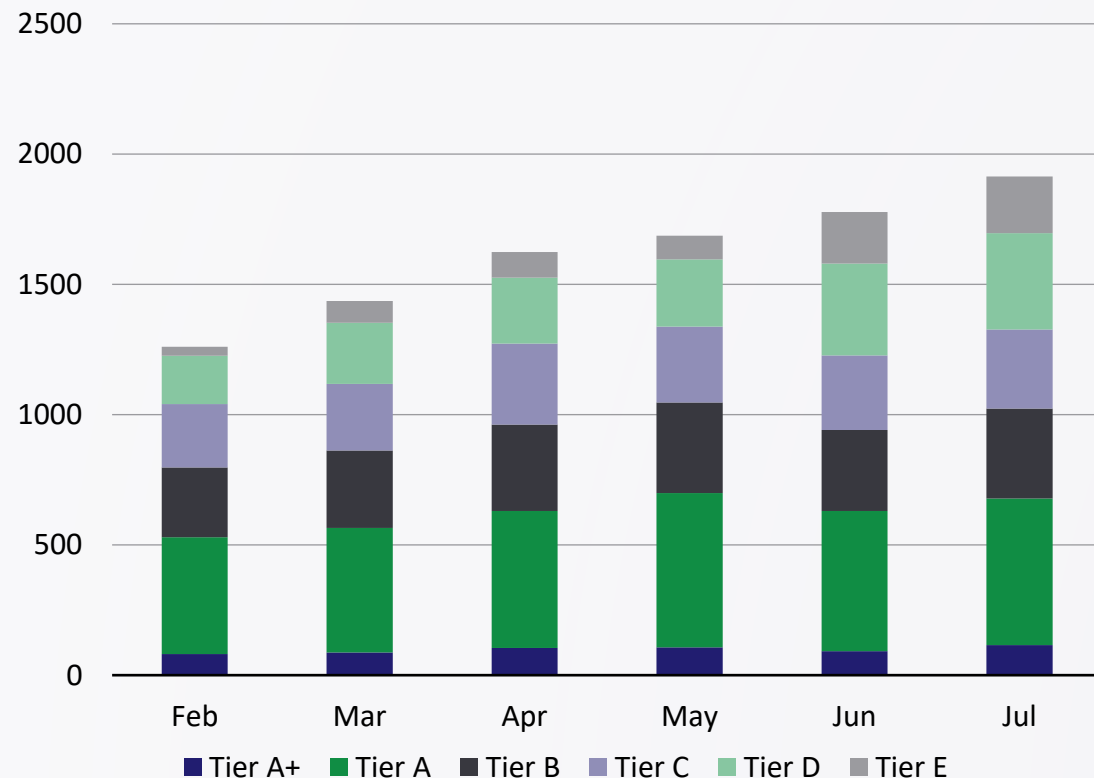
Competitive Interest Rates

- Introduced Tier A+ product targeted at near prime customers with lower rate on newer, lower mileage cars
- Improved our tier A product to gain increased market share for selected partners
- Returned to pre-lockdown standard rate structure

Sales Impact

Increasing volume, improving mix, increasing Rate/Margin

Sales Volume progression by Tier

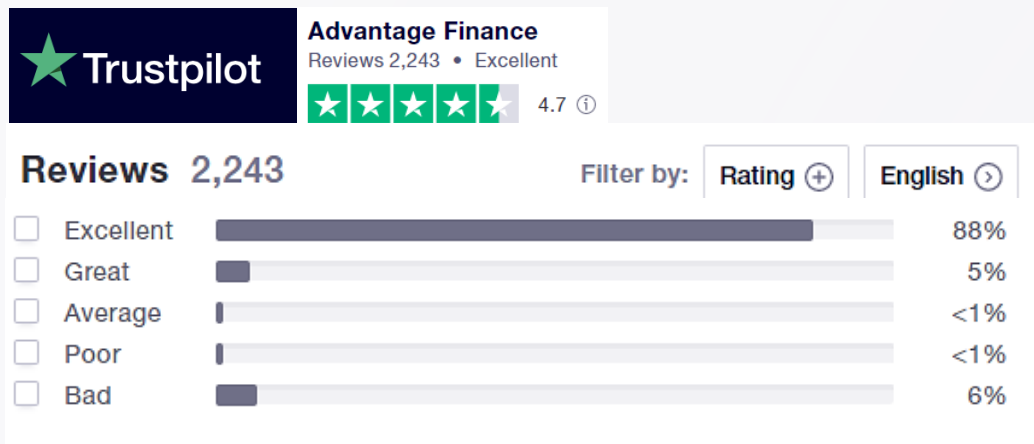


Average Rate



Advantage Finance

A human touch for our customers



★★★★★ Invited

6 days ago

The best customer service in the UK

After getting into financial difficulty due to illness and losing my employment, the customer team, especially Mandy were brilliant. Very understanding and supportive and this includes the Directors of the company too. I would recommend Advantage Finance as many companies advertise their customer service but Advantage mean it. Thank you so much for all you done through a challenging time.

★★★★★ Invited

24 Aug 2021

Highly recommended company

I cannot fault Advantage. I brought a car (almost) 6 months ago and sadly the love story between my new car and I only lasted 3 months before It developed significant problems which resulted in not having a car within the last 3 months of my ownership! The dealership and car were the down sides of my experience and journey. Advantage Finance (namely Danielle Cain) was the positive.

I cannot thank Danielle Cain enough for all the great advice, help and support given in getting the situation resolved. Whilst the situation has resulted in the car being handed back to the dealership and the last few months being very stressful I've had nothing but support from Danielle and the Advantage team.

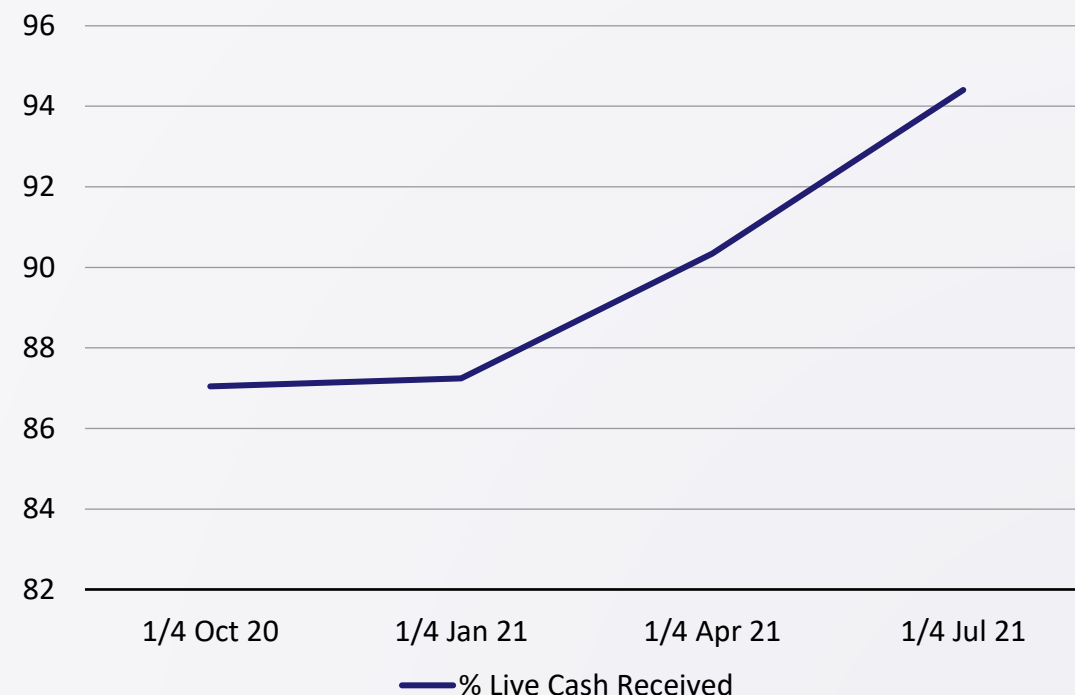
I would highly recommend Advantage as a finance company. I can wholeheartedly say that they place customer care at the heart of what they do and are there behind their customers 100%

Advantage Finance – Customer

Post Pandemic Customer Care and Collections

- Our collections team have been helping customers to return to good payment habits after payment holidays
- Changed collectors bonus structure to reward for sustainable payment arrangements rather than pure cash collected
- Continue to support FCA in regular market studies on collection services
- Advantage has adopted new FCA guidance on in-life affordability approach by introducing both open banking and manual Income & Expenditure link to customers
- Successfully introduced Advantage Payment Portal to aid cash collections
- Introduced intensive care service to support serious arrears collections
- All resulted in increased live cash and non-live cash collection, reduced bad debts, reduced Voluntary Termination volumes

% Live Cash Received



Advantage Finance work very closely with FLA, representing the Finance industry in Government and Treasury discussions

Advantage – Further Developments

Increasing our distribution channels



Digital Marketing - Development our e-commerce development activity, Google profile and social media reach



Affinity Partnerships – Building links to our partners



Aggregator Websites – Improving our underwriting processes



Customer Care – Further digitizing our customer service so that we can provide the human touch for those who need us most

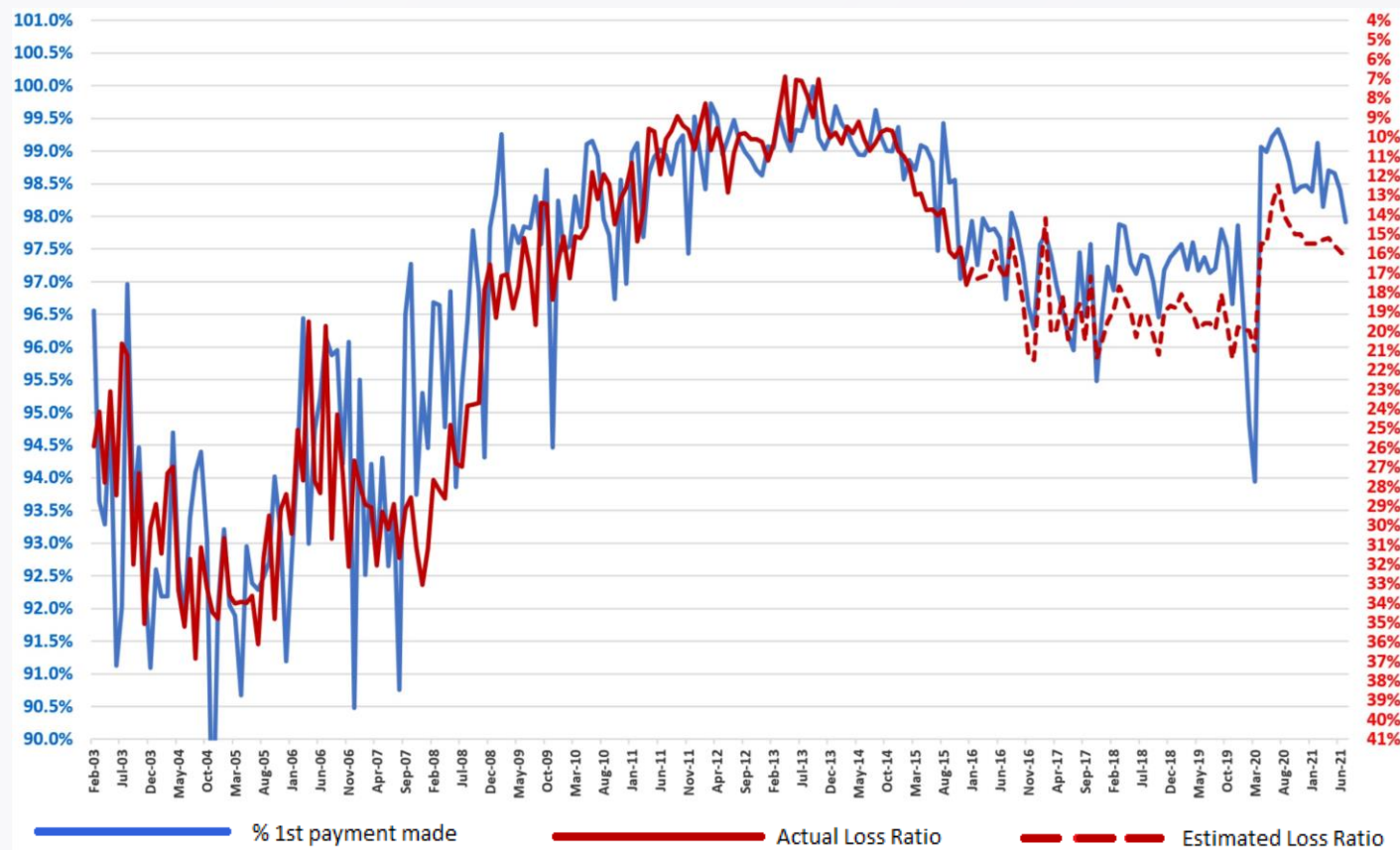
Motor finance loan profile by year of origination

Average Loan profile	Year to Jan 16	Year to Jan 17	Year to Jan 18	Year to Jan 19	Year to Jan 20	Year to Jan 21	6 months to July 21
Number of loans	15,131	20,042	24,518	21,053	23,334	15,589	9,697
Advance	£6,121	£6,068	£6,207	£6,136	£6,385	£6,581	£7,050
Cost of Sales	£593	£642	£692	£727	£824	£872	£861
Interest rate flat per annum	17.5%	17.9%	17.8%	17.9%	17.7%	17.0%	16.2%
Average customer score*	867	862	869	865	867	900*	905*
Original term in months	49	50	51	50	51	52	53

*Customer scores since May 2020 have been less certain due to CRA reporting of payment holidays but such holidays are now more historic so these scores are getting more certain again. Since May 2020 early repayment performance has improved.

Motor finance – first repayment quality

1st Cash Received % vs Outcome Loss Ratio %



- Strong historic correlation between first repayments and end outcome loss ratio with slightly lower adverse impact of Covid-19 now forecast
- Underwriting improvements last year and post lockdown this year to tighten affordability and credit assessment criteria has resulted in continued improvement in early repayments

Motor finance receivables

Original Contract Arrears	Position at end July 2021					Position at end January 2021	
	Volume of Accounts	Percentage of Live Receivable	Payment holiday accts % of live receivable	Post payment holiday accts % of live receivable	Non payment holiday accts % of live receivable	Volume of Accounts	Percentage of Live Receivable
Up to Date	41034	68.80%	0.00%	0.64%	90.87%	39411	62.01%
0.01 – 1 mthly payments	3002	4.53%	0.00%	3.24%	4.95%	3090	4.55%
1.01 – 2	2049	2.59%	0.00%	5.86%	1.54%	2424	3.41%
2.01 – 3	4254	5.96%	7.82%	21.97%	0.79%	4999	7.92%
3.01 – 4	2487	3.52%	10.31%	13.15%	0.40%	3208	5.23%
4.01 – 5	1607	2.41%	24.27%	8.93%	0.28%	2086	3.58%
5.01 – 6	1679	2.64%	32.25%	9.97%	0.24%	1760	3.00%
6.01 +	5802	9.55%	25.35%	36.24%	0.92%	5773	10.30%
Total Live Accounts	61914	£244.5m net receivables	48 accts	16209 accts	45,657 accts	62751	£242.0m net receivables
Legal and debt recovery	20638	£4.3m net receivables	On Payment Holiday	Collected 88% of due in July 21	Collected 96% of due in July 21	20482	£4.7m net receivables
Total Accounts	82552	£248.8m net receivables				83233	£246.7m net receivables

- For this receivables chart only, payment holidays show as arrears to illustrate the impact versus original contract
- Chart shows the original contract arrears for total book and also for July 21 the split of the total book between non payment holiday accounts (where contract arrears can be measured as normal), payment holiday accounts and post payment holiday accounts

Aspen Bridging

A growing business

- **Record half year for loan transactions** with 66 in H1 21, up from previous record of 55 set in H2 20
- **Record half year for lending** with net lending of £56.5m in H1 21 (H1 20: COVID affected £9.9m)
- **Best ever book quality** and only 1 loan in default at 31 July 21
- **Record PBT for H1 21:** £1,529,000 against £118,000 in COVID affected H1 20
- **Record net receivables of £57.7m**, an increase of £23.6m in six months much of which was due to Aspen's successful participation in the Government's CBILS scheme
- **Recruited successfully in early 2021** in preparation for lending and repayment growth during 2021 and 2022 – team have now adopted home/office hybrid working life
- **New products launched** with increased maximum loan size and more competitive rates to help further Aspen growth with sensible risk and normal rigorous underwriting standards
- **Made 300 new loan facilities** in the 4.5 years to 31 July 2021, of which 210 have repaid. The recent track record of rising advances, repayments and quality encourage our growth ambitions

Outlook



- Significant opportunities for growth in 2021 and beyond
- Excellent collections reflect post Covid book quality
- Long-standing underwriting skills
- Digital expansion opportunities



- Record PBT
- Property market rebound
- Growing volumes as market credibility rises
- Growth opportunities

After successfully weathering the Covid storms, S&U is back on course and aiming to use its growing financial strength and sound asset base to return to its historic levels of growth.

Appendices



Motor finance

Our business



- Used car finance on hire purchase – 90% sourced through brokers – 5% refinances for previous customers – 5% direct from dealers
- Advantage have now transacted over 200,000 loans since business started in 1999
- Deals underwritten and collected centrally – direct debit is the initial repayment method for all customers
- Customer's typical loan is a £7,000 advance with £12,400 repayable, including interest, over an average term of about 53 months

Motor finance

Credit and risk management

- Automated approve/decline decision from bespoke scorecard system returned within 10 seconds on 95% of all applications received – over 120,000 applications received each month
- Well established compliance procedures supported by outside internal audit function and external specialist legal advisers
- Monthly distribution of compliance and risk reports, quarterly TCF reports signed off by all directors, strong complaint handling procedures and successful track record of compliance inspections
- Customer Relations Department strengthened in 2020 with Trustpilot score reaching a record 4.8 out of 5 for customer service and reliability in the middle of the pandemic

Motor finance

Our loyal customers

CASE STUDY

Mr T lives in Manchester and is a Support Worker He takes home £1,783 per month and was looking for a vehicle to provide her transport requirements in June 2021.

Mr T's credit profile was assessed as part of the application, together with his overall income and outgoing to ensure that the proposed loan was appropriate and affordable for his circumstances. Despite the historic CCJs (2018) Mr T paid all his bills on time and didn't have any other credit commitments.

Mr T's application was approved and he settled on a Audi Q5 from a dealer of his choice. The purchase price was £9,695 and Advantage arranged a loan to be repaid over 60 months at a monthly repayment well suited to Mr T's budget.

Advantage were able to progress the transaction very quickly using its new electronic signature system which enable Mr T to complete all the relevant documentation and purchase the vehicle without any delays.

REVIEW

"A smooth and uncomplicated process. Helen was amazing, I was really new to this, she took the time to explain and made me feel so comfortable. I had a terrible experience with the dealership, Helen went above and beyond to keep me in the loop and fully informed at all times . A credit to the company. Thank you Helen"

Mr T, Aug 2021



Motor finance

Our loyal customers

CASE STUDY

Mrs H lives in Glamorgan and is a Civil Servant. She first took out finance with Advantage in February 2017 with the loan being paid off at the end of its respective term.

In April 2021 Mrs H was again looking for financial support to allow the purchase of a car and made a direct approach to Advantage. She dealt with a customer advisor working as part of the Advantage new business team.

Mrs H's credit profile was assessed as part of the application, together with her overall income and outgoing. Of course, Mrs H's previous Advantage loan was also present which itself had an excellent payment history.

Mrs H's application was approved and she settled on a vehicle with a purchase price of £8,290. Advantage provided a £8,072 loan to repaid over 42 months with repayments well suited to Mrs H's budget and around the same as those payments made on her previous agreement.

REVIEW

"Excellent service again from the staff at Advantage. Very easy and smooth finance renewal. Thanks again for all your help."

Mrs H, Apr 2021



Advantage Motor finance

Customer testimonials



“Highly recommend. Excellent service – All that I can say, is excellent service. From start to finish very clear communication, even helped me with the dealer when needed. New system with e-sign makes the procedure a lot easier then years ago with all the paperwork to be sorted out. I can recommend and surely going use again in the future. Thank you.”

– **Zolftan, Jul 2021**



“Absolutely fantastic nothing is too much trouble even when you’re an indecisive customer, every time I phoned I felt welcomed and valued. I feel as if Helen is a personal friend – a good friend all whilst remaining professional at all times.”

– **Cherie, Jul 2021**



“The reason I came back to Advantage was my excellent experience a few year ago. Helen has helped me every step of the way and this has made my experience fabulous again and pretty stress free. Thank you!”

– **Charlie, Sept 2021**



“Rachel is an excellent customer service assistant. She is always giving me the best service I have ever had. She is respectful, friendly, good sense of humour, willing to help and good listener”

– **Davies, Jun 2021**

Property bridging finance

Our business



- Aspen started trading in February 2017 and provide a “fast, flexible, friendly and fair” service to customers with property bridging loan requirements
- 300 secured property bridging loan facilities have been provided to customers to date with an average gross loan facility of c.£500,000 over average 10 month contractual loan term at an average maximum gross loan to value of 75%
- Bridging loans are all secured on a wide range of properties from residential to commercial, with c33% of bridging projects undergoing planned refurbishment works during the term of the loan.
- Repayment can be made either before or at the end of the loan term and all facilities have a built in option for the lender to extend the facility for a further 2 months where required and appropriate – 210 of the 300 loan facilities have repaid up to 31 July 21

Property bridging finance

Case study

REVIEW

“Aspen fully understood the need for a quick refinance to purchase the new site and set to work immediately, sending the terms out the same day.

Underwriter Laura Randall, who handled the deal from start to finish, was very proactive in the communication with all parties, helping to ensure that the completion happened.

“The speed, service & delivery of this loan in a short timescale was fantastic.”

John, Aug 2021



CASE STUDY

LIVERPOOL - £851k

DEVELOPMENT EXIT

Aspen provided bridging facility on a newly built development in Merseyside valued at £1.175m

The client required the funds quickly to assist purchase his next development site or risk losing his deposit.

The client opted for our popular stepped rate.

Fieldfisher LLP and our Valuers acted on the same day and ensured we completed within the agreed turn around times.

The case was introduced and information provided by our broker and Laura, underwriter at Aspen, managed it through to completion

Property bridging finance

Case study

REVIEW

"I was very impressed with how Aspen come to the client's hour of need.

There quick decisions and proactive underwriting and legal process saved the client thousands of pounds"

Ben, Mar 2021



CASE STUDY

WEST LONDON - £840k STAMP DUTY DEADLINE

The clients needed funds to assist with the purchase of 4 apartments in Kensington, London. The delay caused by the clients term lenders required the client to utilize bridging to purchase the apartments before the stamp duty deadline.

Aspen provided 70% LTV on its residential flat rate product over a 12months term.

Aspen's quick service and responsive approach was provided by Aspen's Underwriter Jamaal, who handled the case from start-to-finish, alongside our expert lawyers at Fieldfisher LLP

Property bridging finance

Customer and broker testimonials



"Just wanted to say that, it was amazing working with Laura and Ian. Laura especially was so patient and involved that everything couldn't have gone smoother. Thank you again for having a great team."

- Stephen, Sep 21



"Aspen's practical approach on valuations and its commercially minded legal team at Fieldfisher stood head and shoulders above other lenders."

- Callum, Apr 2021



"Thanks to Aspen Bridging for another completion for a foreign national, on a new build purchase. The team of Ian Miller-Hawes, Prabhat Talwar and a last minute call from Jack Coombs ensured the client completed in time. Thanks to all."

- Kevin, Jun 2021



"Thank you to Aspen for your patience on this deal. You worked with us to get this one over the line in prompt timing. Looking forward to getting the other deals currently in motion to completion as well."

- James, Apr 2021

Group Income Statement

Our five year record

Continuing Business £m	Year to Jan 17	Year to Jan 18	Year to Jan 19	Year to Jan 20	Year to Jan 21
Revenue	60.7	79.7	83.0	89.9	83.8
Cost of Sales	-12.9	-17.3	-15.7	-19.9	-14.3
Impairment	-12.1	-19.5	-17.0	-17.2	-36.7
Admin Expenses	-8.8	-9.9	-11.2	-12.8	-11.1
Finance Costs	-1.7	-2.8	-4.5	-4.9	-3.6
Profit before tax	25.2	30.2	34.6	35.1	18.1

Disclaimer



This document and its contents do not constitute or form part of a prospectus or any offer or invitation to sell or to issue, or any solicitation of any offer to buy or subscribe for any ordinary shares in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, nor constitute any contract therefore. Neither the Company or any of its respective directors, officers or employees give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and expressions of opinion contained in this document. This document is for distribution only in the United Kingdom to persons to whom the financial promotion restriction in s21(1) Financial Services and Markets Act 2000 does not apply by virtue of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) (the 'Financial Promotion Order'). This document is directed at Investment Professionals as defined in article 19 of the Financial Promotion Order who have professional experience in matters relating to investments and who are also Qualified Investors as defined in s86(7) Financial Services and Markets Act 2000. Persons who do not have professional experience in matters relating to investments should not rely on this document. The contents of this document have not been approved by an authorised person. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any other such jurisdictions. In particular neither this document nor any copy of it may be taken to or transmitted into the United States of America or distributed, directly or indirectly, into the United States of America or to any US persons (as defined in Regulation S of the US Securities Act 1933 (as amended)) or into Australia, Canada, Japan or the Republic of South Africa.