3 October 2023

S&U PLC
("S&U" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2023

S&U, the specialist motor and property financier, today announces its results for the six months ending 31 July 2023. S&U continues to trade well and, despite current economic, tax and regulatory burdens weighing on business generally, views the future with confidence.

Financial Highlights

- Profit before tax: £21.4m (H1 2022: £20.9m)
- Net Group Receivables: £417.3m (H1 2022: £370.1m)
- Revenue: £55.3m (H1 2022: £49.4m)
- £5.6m increase in finance costs and admin expenses driven by base rate increase and by inflation
- Group Equity: £229.2m (H1 2022: £212.5m)
- First interim dividend announced of 35p per ordinary share (H1 2022: 35p)
- Group Gearing at 80% (31 July 2022: 73%)
- Group funding facilities increased to £280m from £210m

Operational Highlights

Advantage Finance Limited

- Profit before tax: £19.1m (H1 2022: £19.0m)
- Net Receivables: a record £313m (H1 2022: £280m)
- Revenue: £47.5m (H1 2022: £43.6m)
- Collection rate: 94.1% of due (H1 2022: 94.3%)

Aspen Bridging Limited

- Profit before tax: £2.4m (H1 2022: £2m)
- Net receivables: £104.3m (H1 2022: £90.2m)
- Revenue: £7.9m (H1 2022: £5.6m)
- Collection repayments and recoveries: £66.8m (H1 2022: £36.3m)

Anthony Coombs, Chairman of S&U commented:
"S&U continues to trade well and despite current economic challenges and environment, S&U's track record gives cause for cautious optimism. With sensible economic management, the potential for the motor and property markets in which we operate remains significant. As always, we continue to lay the foundations – financial, consumer, operational and marketing – to sustainably take advantage of them."

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Chairman's Statement

Once again this year, I am happy to announce that S&U plc is trading well and weathering the current economic and political storms. Profit before tax is £21.4m against £20.9m last year. This is despite an additional £4.2m interest paid as a result of the Bank of England's multiple rate rises. Group receivables now stand at a record £417m against £370m last year and, despite cost of living and regulatory pressures, Group credit quality and collections remain robust.

A constant theme of the statements over the past few years has been S&U's policy of balancing growth with prudent caution. Brexit, Covid and now the re-emergence of inflation have all contributed to a challenging back-drop to S&U's activities; yet, despite this, we have been consistently able to report steady growth in both profit and receivables. This reflects our commitment and ability to provide an excellent service for our customers, made possible by the stalwart efforts of our superb staff. However, we do not exist in a vacuum. Government policy as it affects taxation, borrowing costs and the demands of regulation inevitably influences the commercial and consumer environment in which we work. Too often the past decade has seen the fruits of enterprise and economic growth taken for granted by the UK's political and financial establishment. This has led to an unhealthy reliance on the rule of government in every aspect of our lives. As Winston Churchill, a true conservative, put it better than ever I could: "We must beware of trying to build a society in which nobody counts for anything except a politician or an official, a society where enterprise gains no reward and thrift no privileges." Government ministers and their satraps would do well to take note.

Nevertheless, optimistic and confident in our own abilities as ever, we look to continued growth. Investment in receivables at 31 July 2023 has increased by £47m or over 12% on an annual basis. Group facilities have been increased by £70m, a third, to accommodate future growth. Training and processes surrounding the FCA's new Consumer Duty have been introduced at Advantage, our motor finance business. Constant refinements to Advantage's credit score card and affordability calculations both protect our customer's repayment records and promote our competitive position. Streamlining processes and a focus on productivity do the same for Aspen, particularly at a time when net interest margins are constrained.

It is therefore appropriate that these efforts feed through to our shareholder owners, as well as to our staff and the wider community. Profit before tax and Return on Capital Employed are above budget in both businesses whilst Group earnings per share for the period are 133.2p (H1 2022: 140.7p), reflecting the recent increase in Corporation Tax. Group equity is now £229.2m against £212.5m last year. I remain realistically confident for the year as a whole.

Advantage Finance

Exactly a year ago I predicted that "choppy waters ahead will undoubtedly test the resilience of Advantage's policies and procedures." I am therefore very pleased to report that Advantage is meeting these challenges in its usual robust and entrepreneurial way. Profit before tax for the half year is £19.1m (2022: £19.0m). Although sensible underwriting caution in these straitened times has seen new net advances 11% lower in the first half than H1 2022, total revenue at Advantage is up 9% on last year at £47.5m. Current sales trends are consistently above budget. Moreover, good collections and debt quality on a larger receivables book have seen risk adjusted yield advance to a record £40.7m from £37.6m a year ago. The cumulative result for the half year is that with net receivables at a record £313.0m (up 12% versus 31 July 2022 after strong H2 2022 net advances), profit before tax and net assets are both above last year and our budget. Return on capital employed was 15.8%, also above budget and very close to the 16.3% achieved last year.

All this has been achieved despite half-year finance costs for Advantage increasing by almost 100% to £5.2m. Advantage nevertheless persists in providing the customer service of which it has been so proud over the past 24 years. Thus, net loan advances of £81m were made during the half year (H1 2022: £90.9m) and average car loans at just over £8,000 each are the highest ever and provide quality transport for our family of customers. Average customer credit scores have risen over the past half year and affordability calculations adjusted so that overall collection rates of 94.1% of due are almost identical to a year ago.

Demand for Advantage's products remains high. 1.20m applications for finance were received in the six months (H1 2022: 1.27m). An acceptance rate of just 31% helps demonstrate the rigour of Advantage's underwriting and affordability checks which are designed to ensure that our valued customers can maintain their average monthly repayments of £250 over a 4.5-year average term.

Discussions on this with the industry regulator, the Financial Conduct Authority, have become more regular and are generally constructive. A review of affordability took place earlier in the year and Advantage consistently makes adjustments to its underwriting calculations to account for today's cost of living pressures. Focus has recently shifted to the FCA's Forbearance Review, a continuation of its Borrowers in Financial Difficulty project encompassing the finance industry as a whole. The introduction of the new Consumer Duty from 31 July and its interaction with older CONC rules and with Consumer Credit legislation has brought forward a review of Advantage's collecting processes, procedures and policies, particularly as they affect vulnerable customers. Reconciling these regulatory requirements with Advantage's traditional commercial and ethical aims to keep customers on track with their repayments as inflation rages, is a challenge which I am confident Advantage will overcome. Judging from customer arrears standing at £10.5m, just 1.86% of total receivables, and with over 50,000 of 64,620 live customers currently completely up to date, Advantage's collecting is both effective and appreciated by its loyal customers.

Finally, Advantage's continuing success not only derives from the loyalty and commitment of its staff but also from the excellence of its leadership, particularly over the past 4 years through the COVID pandemic and its aftermath. CEO Graham Wheeler was recently made a member of the motor industry Hall of Fame, which exemplifies this. Graham has indicated his wish to retire at the beginning of the next financial year. However, I am pleased to announce that he has agreed to continue to serve the S&U Group in a non-executive capacity, thus giving us the benefit of his over 40 years' experience in the industry. I am equally pleased to report that following an exhaustive and rigorous selection process, Graham's successor will be Karl Werner, formerly Managing Director of Motor, Aldermore Bank and before that Deputy CEO of MotoNovo Finance. I am confident that, supported by the uniquely able and experienced Advantage team, Karl will take Advantage from strength to strength, and continue its journey to become a dominant force within the specialist motor finance market.

Aspen Bridging

Aspen Bridging, our Solihull-based property financier founded in 2017, has had a record first half. It reports profits of £2.4m against £2.0m a year ago. This has been achieved in a residential property market stifled by base rates which have risen to 5.25% against 2.25% last September, and which has resulted in Nationwide recently reporting a 5.3% fall in house prices on last year and a 20% reduction in mortgage approvals compared to 2019, although happily mortgage rates now appear to be easing slightly. Against this backdrop, Aspen has achieved gross advances of £56.9m in the half year (2022: £63.7m).

Aspen net receivables as at 31 July 2023 stood at £104.3m against £90.2m at 31 July 2022, partly as a result of excellent collections on carefully underwritten book debt. Revenue for the first half was £7.9m (2022: £5.7m). At a time of considerable uncertainty in the housing market, Aspen has tightened its lending criteria so that average gross loan to values is now 65% (2022: 72%) and increased its average potential yield on an annual basis by 2% points in a still competitive market. These changes were reflected in a lower first-quarter transactions rate, targeted at higher quality, more experienced borrowers. The second quarter has seen a significant upturn in activity both in illustrations and pipeline, which has led to gross advances of £35.5m, two-thirds higher than in the first quarter. It is encouraging that this trend has continued into the third quarter.

Aspen's confidence in the quality of its lending has been proved by repayments and recoveries at a record £66.8m in the first half, of which an excellent £44.5m came in the second quarter. Of 130 outstanding facilities at the end of July, only 15 are beyond term and in technical default, all of which we anticipate will be profitably recovered. This performance springs from a sensitive and bespoke approach to every customer. The customer journey is continually reviewed and refined. Each property is visited by an Aspen employee for underwriting and in cases of ongoing works often throughout the course of the loan. Re-finance exits, which have slowed over the past six months, are constantly monitored and potential buy-to-let exits are stress tested. Overall 58% of the loan book is in central and outer London where rental demand remains historically very strong. Although firm predictions in the current markets are unwise, I am confident that Aspen's bespoke and speedy service to its customers and broker partners, its analytical attention to detail and its firm financial base will lead to a strong performance for the year as a whole.

Funding

At a time of some financial fluidity, when borrowing costs are rising and business confidence falling, S&U plc remains more solidly founded than ever. Group net borrowings concluded the half year at £184m, against £154m at the end of July 2022, well within budget. As above, growth in our businesses is now gradually accelerating; in anticipation of that, and in order prudently to secure medium-term bank facilities in a fluctuating environment, we arranged further funding through our club of long-standing partners in May. This increased our available committed funding to £280m (2022: £210m) giving the Group a very firm basis for anticipated expansion.

Dividend

We have long insisted that our dividend policy at S&U should be both rewarding and sustainable. This approach indicates a first interim dividend of 35p (2022: 35p), which will be followed as usual by further payments to shareholders in March and July 2024. This first dividend will be paid on 24 November 2023 to shareholders on the register on 3 November 2023.

Governance
It is with some sadness that we announce the retirement of Demetrios Markou MBE FCA, from the S&U Board. Demetrios has made an enormous contribution to the Group over the past 25 years with his sage advice and careful chairmanship of our Audit Committee. His place as Chairman of the Audit Committee will be filled by Graham Pedersen and Graham's place as Chairman of the Nomination Committee will be filled by Jeremy Maxwell. As always, the Board's membership and its balance of skills, experience and industry knowledge will be kept under review.

Current Trading and Outlook
S&U continues to trade well and despite current economic challenges and environment, S&U's track record gives cause for cautious optimism. With sensible economic management, the potential for the motor and property markets in which we operate remains significant. As always, we continue to lay the foundations – financial, consumer, operational and marketing – to sustainably take advantage of them.

Anthony Coombs
Chairman
2 October 2023

INTERIM MANAGEMENT REPORT

This interim management report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to S&U plc and its subsidiaries when viewed as a whole.

ACTIVITIES

The principal activity of S&U plc and its subsidiaries ("the Group") continues to be that of specialist finance and in particular secured hire purchase motor finance throughout England, Wales and Scotland and secured property bridging finance throughout England and Wales. The principal activity of S&U plc (the "Company") is as holding company of the Group.

BUSINESS REVIEW, RESULTS AND DIVIDENDS

A review of developments during the six months together with key performance indicators and future prospects is detailed in the Chairman's Statement.

There are no significant post balance sheet events to report.

The Group's profit on ordinary activities after taxation from continuing operations was £16,186,000 (H1 22: £17,089,000). Dividends of £11,914,000 (H1 22: £11,304,000) were paid during the period.

The Directors recommend a first interim dividend of 35.0p per share (2022: 35.0p). The dividend will be paid on 24 November 2023 to shareholders on the register on 3 November 2023.

PERFORMANCE MEASUREMENTS DEFINITIONS

Within our interim results we refer to the following performance measurements:

i) Risk adjusted yield as percentage of average monthly receivables is the gross yield for the period (revenue minus impairment) divided by the average monthly net receivables for the period.

ii) Return on average capital employed before cost of funds is calculated as the Operating Profit divided by the average capital employed (total equity plus Bank Overdrafts plus Borrowings less cash and cash equivalents).

iii) Dividend cover is the basic earnings per ordinary share declared for the financial year divided by the dividend per ordinary share declared for the same financial year.

iv) Group gearing is calculated as the sum of Bank Overdrafts plus Borrowings less cash and cash equivalents divided by total equity.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 10 of these financial statements.

SHARE OPTION SCHEMES

The 2010 Long Term Incentive Plan ("LTIP") share option scheme is now over 10 years old and no further grants can be or have been made under that LTIP.

During the six months, no new options were awarded under the LTIP and no options lapsed. No ordinary share options were exercised during the six months. Nil ordinary share options remain under this plan as at 31 July 2023 (31 July 2022: nil options and 31 January 2023: nil options). In the six months to 31 July 2023 the charge for these future share-based payments was £nil (31 July 2022: £6,000). 4,000 shadow share options are still also held under this plan at 31 July 2023 (31 July 2022: 10,000 options and 31 January 2023: 8,000 options).

Further to a review by the Remuneration Committee, a new Long-term incentive plan allowing shadow share options which can only be cash settled and therefore do not dilute current shareholders, was approved at the AGM in May 2021. Share-based awards are now being made only under that cash settled shadow share option scheme.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period.

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

CHANGES IN CONTINGENCIES

There have been no significant changes in contingent assets or liabilities since 31 January 2023.

STATEMENT OF GOING CONCERN

The Directors have considered the principal risks and uncertainties set out below and have a reasonable expectation that the Group is well placed and has sufficient financial resources to manage its business risks successfully despite the uncertain economic outlook. After making enquiries, 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 these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

<u>Consumer and Economic risks</u>

The Group is involved in the provision of consumer credit and it is considered that the key material risk to which the Group is exposed is the credit risk inherent in amounts receivable from customers. This risk is principally controlled through our credit control policies supported by ongoing reviews for impairment. The value of amounts receivable from customers may also be subject to the risk of a severe downturn in the UK economy which might affect the ability of customers to repay.

Although the UK labour market employment levels remain strong, pressure on incomes from utility and general price increases partly arising as an indirect impact of the war in Ukraine may have an impact upon customers' repayment performance – particularly at Advantage Finance. Advantage historically has been resilient through adverse macro-economic conditions.

The Group is particularly exposed to the non-prime motor finance sector and within that to the values of used vehicles which are used as security. These credit, economic and concentration risks are principally controlled through our credit control policies including loan to value limits for the security and through ongoing monitoring and evaluation. Recent trends for used vehicles values remain strong but may come under pressure in particular as the supply situation for new vehicles improves.

Our well tried and tested methods are equally important in limiting risk at Aspen Bridging. Historically impairment rates in the bridging market are extremely low, principally because loan to value calculations are conservative, interest is retained up front, and loan periods are approximately one year. The property market in which Aspen operates has seen values start to fall. Aspen keeps its lending criteria under constant review, to minimise risk and maintain its risk-adjusted yield.

<u>Funding and Liquidity Risk</u>

Funding and Liquidity risk relates to the availability of sufficient borrowing facilities for the Group to meet its liabilities as they fall due. This risk is managed by ensuring that the Group has a variety of funding sources and by managing the maturity of borrowing facilities such that sufficient funding is available for the medium term. Compliance with banking covenants is monitored closely so that facilities remain available at all times. The Group's activities expose it to the financial risks of changes in interest rates and where appropriate the Group considers using interest rate derivative contracts to hedge these exposures in bank borrowings. The Group has no such interest rate derivative contracts currently.

<u>Legal, Regulatory and Conduct Risk</u>

The Group is subject to legislation including consumer credit legislation which contains very detailed and highly technical requirements. The Group has procedures in place and employs dedicated compliance resource and specialist legal advisers to ensure compliance with this legislation. Advantage directors are prominent members of the Finance and Leasing Association's committees and, through them, regularly liaise with the FCA. Regulatory Risk is addressed by the constant review and monitoring of Advantage's internal controls and processes. This process is buttressed by specific advice from trade and other organisations and by the work of our internal auditors.

Whilst engaged in the unregulated bridging sector, Aspen Bridging has adopted procedures which are similar to those required in the regulated sector. This provides both commercial discipline and provides a platform for standards should Aspen widen its products into the regulated field.

The Group is also exposed to conduct risk in that it could fail to deliver fair outcomes to its customers which in turn could impact the reputation and financial performance of the Group. The Group principally manages this risk through Group staff training and motivation (Advantage is an Investor in People) and through detailed monthly monitoring of customer outcomes for compliance and treating customers fairly.

Risk Management

Under Principle 28 of the 2018 UK Corporate Governance Code, the Board is expected to establish procedures to manage risk, identify the principal risks the Company takes in order to achieve its strategic objectives and to oversee an effective internal control framework. In addition, the FRC now expects Boards to assess emerging risks to the Company's strategy.

Although compliance with the Code is the responsibility of the Board as a whole, risk in particular is independently assessed by members of the Audit Committee. They receive regular reports, both from the management of Advantage Finance and Aspen Bridging and from S&U's external and internal auditors. These concern the effectiveness of the risk management and internal control systems. Executive changes are regularly made to re-enforce these procedures. The Audit Committee oversees the work of RSM, S&U's Internal Auditors. The Committee meets regularly to receive specific reports on RSM's work, which includes cyber security, GDPR oversight and cash management procedures amongst many other areas.

Anthony Coombs, Chairman

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit of S&U plc as required by DTR 4.2.4R;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Chris Redford, Company Secretary

INDEPENDENT REVIEW REPORT TO S&U PLC

Conclusion

We have been engaged by S&U Plc (the 'parent company') and its subsidiaries (the 'group') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2023 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and related notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 (Revised), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1.2, the annual financial statements of the company are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in the half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Mazars LLP

David Allen (Oct 2, 2023 19:11 GMT+1)

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S&U PLC GROUP
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 31 July 2023	Note	Unaudited Six months ended 31.7.23 £'000	Unaudited Six months ended 31.7.22 £'000	Audited Financial year ended 31.1.23 £'000
Revenue	2	**55,343**	**49,352**	**102,714**
Cost of Sales	3	(10,570)	(11,419)	(23,676)
Impairment charge	4	(7,195)	(6,492)	(13,877)
Gross Profit		**37,578**	**31,441**	**65,161**
Administrative expenses		(9,419)	(7,954)	(16,256)
Operating profit		**28,159**	**23,487**	**48,905**
Finance costs (net)		(6,776)	(2,597)	(7,495)
Profit before taxation	2	**21,383**	**20,890**	**41,410**
Taxation	5	(5,197)	(3,801)	(7,692)
Profit for the period attributable to equity holders		**16,186**	**17,089**	**33,718**
Earnings per share				
Basic and Diluted	6	133.2p	140.7p	277.5p

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31.7.23 £'000	Unaudited Six months ended 31.7.22 £'000	Audited Financial year ended 31.1.23 £'000
Profit for the year	16,186	17,089	33,718
Other comprehensive income:			
Actuarial loss on defined benefit pension scheme	-	-	(13)
Total Comprehensive Income for the period	16,186	17,089	33,705

Items above will not be reclassified subsequently to the Income Statement

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 July 2023	**Note**	**Unaudited 31.7.23 £'000**	**Unaudited 31.7.22 £'000**	**Audited 31.1.23 £'000**
ASSETS				
Non-current assets				
Property, plant and equipment		2,525	2,415	2,616
Amounts receivable from customers	8	228,061	197,859	219,305
Deferred tax assets		130	90	110
		230,716	200,364	222,031
Current assets				
Amounts receivable from customers	8	189,287	172,221	201,405
Trade and other receivables		1,707	1,322	1,601
Cash and cash equivalents		1	1,142	3,137
		190,995	174,685	206,143
Total assets		421,711	375,049	428,174
LIABILITIES				
Current liabilities				
Bank overdrafts and loans		(1,210)	-	-
Trade and other payables		(4,896)	(4,087)	(4,602)
Tax liabilities		(1,330)	(965)	(888)
Lease liabilities		(179)	(158)	(166)
Accruals		(1,155)	(1,213)	(1,262)
		(8,770)	(6,423)	(6,918)
Non-current liabilities				
Borrowings	10	(183,000)	(155,500)	(195,500)
Lease liabilities		(334)	(165)	(421)
Other financial liabilities		(450)	(450)	(450)
		(183,784)	(156,115)	(196,371)
Total liabilities		(192,554)	(162,538)	(203,289)
NET ASSETS		229,157	212,511	224,885
Equity				
Called up share capital		1,719	1,719	1,719
Share premium account		2,301	2,301	2,301
Profit and loss account		225,137	208,491	220,865
TOTAL EQUITY		229,157	212,511	224,885

These interim condensed financial statements were approved on behalf of the Board of Directors.
Signed on behalf of the Board of Directors

Anthony Coombs Chris Redford Directors

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 31 July 2023

	Unaudited Called up share capital £'000	Unaudited Share premium account £'000	Unaudited Profit and loss account £'000	Unaudited Total equity £'000
At 1 February 2022	1,718	2,301	202,728	206,747
Profit for 6-month period	-	-	17,089	17,089
Other comprehensive income for 6-month period	-	-	-	-
Total comprehensive income for 6-month period	-	-	17,089	17,089
Issue of new shares in period	1	-	-	1
Cost of future share-based payments	-	-	6	6
Tax charge on equity items	-	-	(28)	(28)
Dividends	-	-	(11,304)	(11,304)
At 31 July 2022	1,719	2,301	208,491	212,511
Profit for 6-month period	-	-	16,629	16,629
Other comprehensive income for 6-month period	-	-	(13)	(13)
Total comprehensive income for 6-month period	-	-	16,616	16,616
Dividends	-	-	(4,242)	(4,242)
At 31 January 2023	1,719	2,301	220,865	224,885
Profit for 6-month period	-	-	16,186	16,186
Other comprehensive income for 6-month period	-	-	-	-
Total comprehensive income for 6-month period	-	-	16,186	16,186
Dividends	-	-	(11,914)	(11,914)
At 31 July 2023	1,719	2,301	225,137	229,157

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 31 July 2023

	Note	Unaudited Six months ended 31.7.23 £'000	Unaudited Six months ended 31.7.22 £'000	Audited Financial year ended 31.1.23 £'000
Net cash used in operating activities	9	20,290	(29,180)	(62,760)
Cash flows used in investing activities				
Proceeds on disposal of property, plant and equipment		54	42	166
Purchases of property, plant and equipment		(202)	(256)	(826)
Net cash used in investing activities		(148)	(214)	(660)
Cash flows (used in)/from financing activities				
Dividends paid		(11,914)	(11,304)	(15,546)
Issue of new shares		0	1	1
Receipt of new borrowings		135,000	44,500	84,500
Repayment of borrowings		(147,500)	-	-
(Decrease)/increase in lease liabilities		(74)	(94)	170
Net increase/(decrease) in overdraft		1,210	(2,568)	(2,568)
Net cash from financing activities		(23,278)	30,535	66,557
Net decrease in cash and cash equivalents		(3,136)	1,141	3,137
Cash and cash equivalents at the beginning of period		3,137	1	-
Cash and cash equivalents at the end of period		1	1,142	3,137
Cash and cash equivalents comprise				
Cash and cash in bank		1	1,142	3,137

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Six months ended 31 July 2023

1. PREPARATION AND KEY ACCOUNTING POLICIES

1.1 General Information

S&U plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in note 11 which is also the Group's principal business address. All operations are situated in the United Kingdom.

1.2 Basis of preparation and accounting policies

The financial statements have been prepared in accordance with UK-adopted international accounting standards and in accordance with IAS34 interim financial reporting.

The same accounting policies, presentation and methods of computation are followed in the financial statements as applied in the Group's latest annual audited financial statements. The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the six months ended 31 July 2023.

There is no valuation of S&U's defined benefit pension scheme fund at half year and so no movements are reported in the statement of comprehensive income – such movements are not material due to the small size of the fund which was in surplus at the latest valuation date.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this reasonable expectation, the directors have considered the current situation in respect of inflation and cost of living pressures and, in particular, the potential for increased customer repayment difficulties and temporary challenges with asset recovery and realisation at potentially lower residual values as well as operational challenges. Increased repayment difficulties relate to potentially worse customer employment and/or financial situations, potentially mitigated by government support which lowers customer outgoings, as well as being mitigated by the forbearance and experience of our skilled staff. The directors have concluded that the Group has reasonable resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

There are no significant new and amended standards and interpretations which have been adopted in these financial statements.

There have been no changes in accounting policies during the period.

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

1.3 Revenue Recognition

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 cost are included in the calculation of the EIR. For hire purchase agreements in Advantage Finance which are classified as credit impaired (i.e. stage 3 assets under IFRS9), 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 for similar assets in Aspen. Revenue starts to be recognised from the date of completion of their loan – after completion hire purchase customers have a 14-day cooling off period during which they can cancel their loan.

1.4 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 IFRS 9 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

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 IFRS 9 a collective provision for 12 months expected credit losses ("ECL") is recognised for the remainder of the loan book. In our Motor Finance business, all loans 1 month or more in arrears are deemed credit impaired and are therefore included in IFRS 9 stage 3. The expected credit loss ("ECL") is the probability weighted estimate of credit losses.

2. ANALYSIS OF REVENUE AND PROFIT BEFORE TAXATION

All revenue is generated in the United Kingdom. Analysis by class of business of revenue and profit before taxation are stated below:

	Revenue		
Class of business	**Six months ended 31.7.23 £'000**	**Six months ended 31.7.22 £'000**	**Financial year ended 31.1.23 £'000**
Motor finance	47,480	43,641	89,801
Property Bridging finance	7,863	5,711	12,913
Revenue	55,343	49,352	102,714

	Profit before taxation		
Class of business	**Six months ended 31.7.23 £'000**	**Six months ended 31.7.22 £'000**	**Financial year ended 31.1.23 £'000**
Motor finance	19,052	18,984	37,171
Property Bridging finance	2,400	2,016	4,457
Central costs income	(69)	(110)	(218)
Profit before taxation	21,383	20,890	41,410

3. COST OF SALES

	Six months ended 31.7.23 £'000	Six months ended 31.7.22 £'000	Financial year ended 31.1.23 £'000
Cost of sales – motor finance	9,743	10,419	21,687
Cost of sales – property bridging finance	827	1,000	1,989
Total cost of sales	10,570	11,419	23,676

The cost of sales represents the cost of making new advances - the main component of this cost in both businesses is commission paid to broker and other introducers.

4. IMPAIRMENT CHARGE

	Six months ended 31.7.23 £'000	Six months ended 31.7.22 £'000	Financial year ended 31.1.23 £'000
Loan loss provisioning charge – motor finance	6,819	6,069	12,885
Loan loss provisioning charge – property bridging finance	376	423	992
Total cost of sales	7,195	6,492	13,877

5. TAXATION

The tax charge for the period has been calculated by applying the estimated effective tax rate for the year of 24.3% (31 July 2022: 18.2% and 31 January 2023: 18.6%) to the profit before taxation for the six months.

6. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on profit for the period from continuing operations of £16,186,000 (period ended 31 July 2022: £17,089,000 and year ended 31 January 2023: £33,718,000).

The number of shares used in the basic calculation is the average number of ordinary shares in issue during the period of 12,150,760 (period ended 31 July 2022: 12,147,624 and year ended 31 January 2023: 12,149,205).

For diluted earnings per share the average number of ordinary shares in issue has historically been adjusted to assume conversion of all dilutive potential ordinary shares relating to our share option scheme awards. There are currently no such dilutive awards as all share option scheme awards are now cash settled and so the diluted eps is equal to the basic eps.

7. DIVIDENDS

A second interim dividend of 38.0p per ordinary share and a final dividend of 60.0p per ordinary share for the financial year ended 31 January 2023 were paid during the six-month period to 31 July 2023 (total of 98.0p per ordinary share). This compares to a second interim dividend of 36.0p per ordinary share and a final dividend of 57.0p per ordinary share for the financial year ended 31 January 2022 which were paid during the 6 months period to 31 July 2022 (total of 93.0p per ordinary share). During the twelve months to 31 January 2023 total dividends of 128.0p per ordinary share were paid. These distributions are shown in the consolidated statement of changes in equity in this interim financial information.

The directors have also declared a first interim dividend of 35.0p per share (2022: 35.0p per share). The first interim dividend, which amounts to approximately £4,374,000 (2022: £4,253,000), will be paid on 24 November 2023 to shareholders on the register at 3 November 2023. The shares will be quoted ex dividend on 2 November 2023. The interim financial information does not include this proposed dividend as it was declared after the balance sheet date and there was no legal liability to pay it at 31 July 2023.

8. ANALYSIS AMOUNTS RECEIVABLE FROM CUSTOMERS

All operations are situated in the United Kingdom.

	Six months ended 31.7.23 £'000	Six months ended 31.7.22 £'000	Financial year ended 31.1.23 £'000
Motor Finance			
Amounts receivable from customers (capital)	409,391	373,931	403,282
Less: Loan loss provision for motor finance	(96,346)	(94,001)	(96,465)
Motor Finance net amounts receivable from customers	313,045	279,930	306,817
Property Bridging Finance			
Amounts receivable from customers (capital)	106,242	91,139	115,451
Less: Loan loss provision for property bridging	(1,939)	(989)	(1,558)
Property bridging net amounts receivable from customers	104,303	90,150	113,893
Total net amounts receivable from customers	417,348	370,080	420,710
Analysed as - due within one year	189,287	172,221	201,405
- due in more than one year	228,061	197,859	219,305
Amounts receivable from customers (net)	417,348	370,080	420,710

8. **ANALYSIS AMOUNTS RECEIVABLE FROM CUSTOMERS (CONTINUED)**

As at 31 July 2023	Not credit Impaired Stage 1: Subject to 12 months ECL £'000	Not credit Impaired Stage 2: Subject to lifetime ECL £'000	Credit Impaired Stage 3: Subject to lifetime ECL £'000	Total £'000
Amounts receivable (capital)				
Motor finance	291,425	3,838	114,128	409,391
Property bridging finance	89,680		16,562	106,242
Total	381,105	3,838	130,690	515,633
Loan loss provisions				
Motor finance	(28,302)	(1,004)	(67,040)	(96,346)
Property bridging finance	(1,033)		(906)	(1,939)
Total	(29,335)	(1,004)	(67,946)	(98,285)
Amounts receivable (net)				
Motor finance	263,123	2,834	47,088	313,045
Property bridging finance	88,647	-	15,656	104,303
Total	351,770	2,834	62,744	417,348

As at 31 July 2022	Stage 1: Subject to 12 months ECL £'000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total £'000
Amounts receivable (capital)				
Motor finance	268,995	1,860	103,076	373,931
Property bridging finance	87,956	-	3,183	91,139
Total	356,951	1,860	106,259	465,070
Loan loss provisions				
Motor finance	(29,193)	(576)	(64,232)	(94,001)
Property bridging finance	(720)	-	(269)	(989)
Total	(29,913)	(576)	(64,501)	(94,990)
Amounts receivable (net)				
Motor finance	239,802	1,284	38,844	279,930
Property bridging finance	87,236	-	2,914	90,150
Total	327,038	1,284	41,758	370,080

As at 31 January 2023	Stage 1: Subject to 12 months ECL £'000	Stage 2: Subject to lifetime ECL £'000	Stage 3: Subject to lifetime ECL £'000	Total £'000
Amounts receivable (capital)				
Motor finance	285,050	2,236	115,996	403,282
Property bridging finance	108,378	-	7,073	115,451
Total	393,428	2,236	123,069	518,733
Loan loss provisions				
Motor finance	(26,640)	(662)	(69,163)	(96,465)
Property bridging finance	(1,116)	-	(442)	(1,558)
Total	(27,756)	(662)	(69,605)	(98,023)
Amounts receivable (net)				
Motor finance	258,410	1,574	46,833	306,817
Property bridging finance	107,262	-	6,631	113,893
Total	365,672	1,574	53,464	420,710

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

	Six months ended 31.7.23 £'000	Six months ended 31.7.22 £'000	Financial year ended 31.1.23 £'000
Operating Profit	28,159	23,487	48,905
Finance costs paid	(6,776)	(2,597)	(7,495)
Tax paid	(4,775)	(3,761)	(7,748)
Depreciation on plant, property and equipment	255	254	525
Profit on disposal of plant, property and equipment	(16)	0	(26)
Decrease/(increase) in amounts receivable from customers	3,362	(47,165)	(97,795)
(Increase)/decrease in trade and other receivables	(106)	417	138
Increase/(decrease) in trade and other payables	294	(260)	255
(Decrease)/increase in accruals and deferred income	(107)	439	488
Increase in cost of future share-based payments	-	6	6
Movement in retirement benefit asset/obligations	-	-	(13)
Net cash from/(used in) operating activities	20,290	(29,180)	(62,760)

10. BORROWINGS

Movements in our loans and overdrafts for the respective periods are shown in the consolidated cash flow statement. The period end borrowings have increased to £183m. Committed borrowing facilities were £280m at 31 July 2023 (31 July 2022: £180m and 31 January 2023: £210m) plus at 31 July 2023 we had £7m in overdraft facilities. Of the £280m committed facilities at 31 July 2023, £230m is scheduled to mature in May 2026, £25m in March 2028 and £25m in March 2029. Of the £180m committed facilities at 31 July 2022, £80m was scheduled to mature in March 2025, £25m in April 2026, £25m in March 2027, £25m in March 2028 and £25m in March 2029. Of the £210m committed facilities at 31 January 2023, £20m was scheduled to mature in March 2025, £60m in March 2026, £25m in April 2026, £55m in March 2027, £25m in March 2028 and £25m in March 2029.

11. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this report. During the six months the Group made charitable donations amounting to £40,000 (6 months to July 2022: £60,000; year to January 2023: £109,500) via the Keith Coombs Trust which is a related party because Messrs GDC Coombs, AMV Coombs, D Markou and CH Redford are trustees. The amount owed to the Keith Coombs Trust at the half year end was £nil (July 2022: £nil; January 2023 £nil). During the six months the Group obtained supplies amounting to £4,110 (6 months to July 2022: £4,008; year to January 2023: £4,123) from Grevayne Properties Limited, a company which is a related party because Messrs GDC and AMV Coombs are directors and shareholders. The amount owed to Grevayne Properties Limited at the half year end was £nil (July 2022: £nil; January 2023 £nil). All related party transactions were settled in full.

12. INTERIM REPORT

The information for the year ended 31 January 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor’s report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. A copy of this Interim Report will be made available to all our shareholders and to the public on our website at www.suplc.co.uk and at the Company's registered office at 2 Stratford Court, Cranmore Boulevard, Solihull B90 4QT.