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S & U PLC

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S&U plc

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

Trading Update and Notice of Results

S&U PLC (LSE: SUS), the specialist motor and property finance lender, today issues its trading update for the period from its AGM statement on 18th of June 2025 to 31st of July 2025. The Group will announce its half year results on Thursday 9th of October 2025.

Just two months ago, in our AGM statement, I said that my cautious optimism in April was being clearly justified as the S&U corporate tanker turned. Since then, these favourable trends have continued and even accelerated; they have been accompanied by external events, most notably the Supreme Court decision on motor finance commissions of a fortnight ago, which will add confidence and stability to the markets we serve and therefore attract investment into them.

As a result, the expected resurgence in profitability for the Group is beginning to materialise and is expected to gain momentum in the second half of the year.

Advantage Finance

Reflecting a gradual revival in the used car market nationally for which FLA figures showed a 6% increase in volumes in June year on year, Advantage has outpaced this in the last quarter. Following the ending of the FCA s166 investigation earlier in the year, advances have recovered to exceed budget at £70.6m at half year. In addition, the hiatus in collections brought about by this investigation has dissipated as repayment rates return to nearly 90% year-to-date, and customer service levels and productivity rise.

The environment in which Advantage operates has also improved. The Chancellor's emphasis in her recent Mansion House speech on a regulatory regime for financial services which encourages growth, does appear, albeit at an early stage, to have had an effect. If persisted in, this will provide the consistency and certainty for which we have long called and will attract capital investment into motor finance thus sharpening competition and benefiting customers.

Central to this was the Supreme Court decision to reverse that of the Court of Appeal of a year ago on motor finance commissions. Rejecting the idea that there is a fiduciary relationship (shared by the lender) between broker/dealer and customer, was both good common sense and minimises the risk of contagion to other consumer industries where commissions are paid. It was also heartening to see the Supreme Court handing down the severe criticism the claims management sector has for so long deserved.

Whilst the Supreme Court has now provided greater legal certainty, the FCA's practical position in "ensuring

the integrity of the motor finance market so that it works well for future consumers" will be tested by their proposed redress scheme. During the consultation period in October, the motor finance industry will want to ensure that any redress scheme is simple, transparent and proportionate to any consumer harm caused; and also, speedy and thereby effective. Advantage is in the fortunate position of avoiding any redress on DCA-related deals, which it never offered. It is also in a very strong position to disprove any unfair relationship claims under the Consumer Credit Act or Consumer Duty, given the size and proportion of commissions paid relative to the total charge for credit, and its excellent customer relations.

Within this new and more pragmatic environment, Advantage continues to invest in the future. It has recently introduced a new telephony system, which allows better customer segregation according to their needs, a streamlined onboarding process for new customers, refined affordability calculations and - most recently - a new scorecard which will improve efficiency and acceptance rates.

Finally, for our loyal and committed staff based mainly in Grimsby, who have endured a maelstrom of regulatory scrutiny over the past two years, we have equipped a new breakout and social centre at an expanded headquarters. Whilst we recognise that recovery is a constant and gradual process, with their support and commitment Advantage will go from strength to strength.

Aspen Bridging

Aspen, our property bridging company, has continued its excellent progress. The UK residential market has fluctuated as a result of a combination of high real interest rates, a chronically inefficient Land Registry, and consumer concerns about economic growth and tax rises. Nevertheless, after a dull June, it is very encouraging to see Aspen end July with record advances at £28.6m in July, and at £106.4m for the half year. This was 15% up on 2024.

Aspen's credit quality and collections were even stronger as evidenced by record collections for the half year of £108.6m, 49% higher than in 2024, with a record £28.3m collected in July whilst the number of late payers was below budget at half year.

Treasury

Whilst borrowings at half-year were around £185m against current funding facilities of £280m, the recent revival in growth in both businesses is forecast to generate funding requirements exceeding these within the next two years. These are now being addressed in a timely way, by S&U's new CFO, Chris Freckelton, and his team.

Commenting on S&U's trading outlook, Anthony Coombs, S&U Chairman, said:

"The skies are now brighter for a return to steady sustainable growth than at any time since the pandemic. The difficult regulatory and economic conditions of the past two years have served to prove the resilience of our businesses. Of course, challenges will always remain, but the S&U corporate tanker is undoubtedly turning."

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