# S&U

## Advantage recovery drives FY26 profit growth

FY26 preliminary results

Financial services

7 May 2026

**S&U's preliminary results for FY26 saw PBT of £31.8m (+32% y-o-y) driven by the recovery of its motor finance business, Advantage. S&U recovered well from the challenging regulatory conditions of the past several years and continued the impressive growth of its property bridging business, Aspen. With the Financial Conduct Authority's (FCA's) motor finance redress proposals now public, the regulatory overhang for S&U is removed, in our view. The company believes that FY27 will be an expansion year, although challenging macroeconomic conditions following the Iran war may affect demand for its products in the near term.**

| Year end | Revenue (£m) | PBT (£m) | EPS (£) | DPS (£) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 1/25 | 115.6 | 24.0 | 1.47 | 1.00 | 13.9 | 4.9 |
| 1/26 | 107.4 | 31.8 | 1.95 | 1.15 | 10.5 | 5.6 |
| 1/27e | 122.2 | 35.2 | 2.19 | 1.20 | 9.3 | 5.9 |
| 1/28e | 147.8 | 39.3 | 2.46 | 1.30 | 8.3 | 6.4 |

Note: All figures are on a reported basis.

### Motor finance recovery largely complete

S&U adeptly navigated the motor finance regulatory situation throughout FY26, which affected most lenders in the space. Importantly, S&U has no exposure to discretionary commission arrangements, which provides a significant advantage compared with many of its direct competitors. The company believes it has adequate provisions (£1.8m) for any claims originating from the FCA redress scheme and registers negligible impact on our forecasts. Aspen continues to develop strongly, with a 22% increase in PBT and an 18% rise in net receivables for FY26.

### FY27 securitisation opportunity

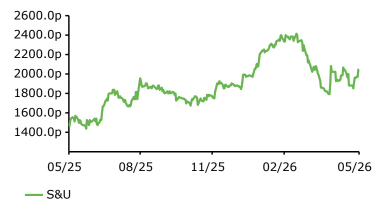
S&U is planning to enter the securitisation market during FY27, which should aid the company in maintaining its medium-term growth trajectory. Management was keen to stress in its presentation to analysts that the financing would be prudently utilised and would not affect credit quality decisions. The group's balance sheet strength was maintained in FY26, as it increased net borrowings to £241.8m (FY25: £192.3m), with a gearing ratio of 97.1% (FY25: 80.8%).

### Valuation: Potential for profitable growth

S&U's long-term record of profitability (averaging a mid-teens return on equity (ROE) over its history) provides confidence the business will return to strength. The final dividend of 45p brings the total for the year to 115p, representing a yield of c 6%. Looking forwards, we expect the dividend growth to continue with FY27 DPS of 120p and FY28 DPS of 130p. With S&U's shares trading at only 9.3x FY27e earnings and 8.3x FY28e earnings, we believe they offer attractive value for a company with solid growth prospects and an attractive dividend yield.

| | |
|---|---|
| **Price** | **2,040.00p** |
| **Market cap** | **£248m** |
| Net cash/(debt) at 31 January 2026 | £(241.8)m |
| Shares in issue | 12.2m |
| Free float | 25.0% |
| Code | SUS |
| Primary exchange | LSE |
| Secondary exchange | N/A |

### Share price performance




| % | 1m | 3m | 12m |
|---|---|---|---|
| Abs | 1.0 | (13.0) | 43.9 |
| 52-week high/low | | 2,394.6p | 1,341.8p |

### Business description

S&U's Advantage motor finance business lends on a simple hire-purchase basis to lower- and middle-income groups that may have impaired credit records restricting access to mainstream products. It has more than 50,000 customers. The Aspen property bridging business has been developing since its launch in 2017.

### Next events

| | |
|---|---|
| Q1 trading statement | 20 May 2026 |
| AGM statement | 24 June 2026 |

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## Investment summary

S&U reported FY26 PBT of £31.8m, up from £24.0m in FY25 on lower impairments in both Advantage and Aspen. Funding and regulatory costs featured in the year, but to a lesser extent than the prior period. PBT was 2% ahead of our forecast, but revenues were weaker – down c 7% to £107.4m – due to a cautious lending approach during a period of regulatory uncertainty.

S&U has dealt with a complicated regulatory environment over the past several years, but regulatory intervention coupled with inflationary pressures and a challenging UK economy have reduced volumes in the Advantage business. Encouragingly, H2 revenues began to recover, and management noted particular revenue strength in the second half of the year, posting c £56m. We believe this growth will continue into FY27 despite the difficult UK economic background impacted by low consumer confidence, geopolitical events and higher inflation.

We expect strong volume and PBT growth at Advantage in FY27, with Aspen continuing its recent growth history. For the group as a whole, our estimates translate into 11% PBT growth in FY27e, accelerating to 12% in FY28e as economic pressures abate. This leads to a forecast ROE of 10.4% in FY27e, rising to 11.3% in FY28e.

The shares are modestly valued at 0.95x book and currently trading at a P/E of c 9x for FY27e and FY28e earnings, which indicates material upside from the current share price. We believe our profitability forecasts are conservative and the five- and 10-year historical average ROEs are well above our current assumptions, at more than 14% and 15% respectively.

## A well-established specialist lender

S&U is an established specialist lender, with businesses addressing the motor finance and the property bridging markets, and operates solely in the UK. It evolved into a home collected credit company in 1975 from a retail business originally founded in 1938 by the current chairman's grandfather. Advantage Finance, the motor lending business, was founded in 1999 and the home collected credit business was sold in 2015 to Non-Standard Finance for £82.5m. This sale helped fund rapid growth at Advantage and the founding of Aspen, the bridging loan business, in 2017. The company has been listed on the London Stock Exchange since 1961.

Advantage motor finance has a record of strong, profitable growth over more than 25 years through various economic cycles. Aspen Bridging was founded in 2017 in Solihull and supports UK residential property development. The division has been steadily investing in its team and distribution network.

Both businesses focus on sustaining high levels of individual customer service, investment in technology and refinement of underwriting processes as competitive differentiators. The Coombs family owns c 53% of the equity and management takes a long-term, sustainable approach to the development of the group.

## Advantage motor finance

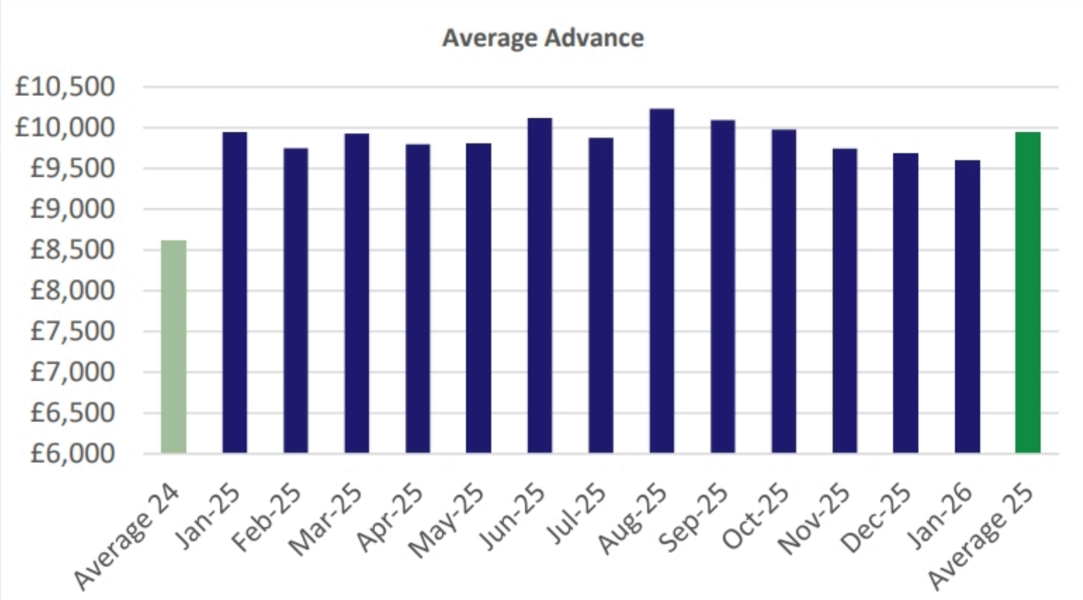
Advantage Finance is based in Grimsby and provides used car finance on hire-purchase agreements to borrowers. Distribution is 90% through brokers, 5% direct through dealers and 5% through refinancing for previous customers. S&U has relationships with the largest UK brokers. Almost all the loan applications are submitted to the Advantage web-based system, which provides immediate in-principle lending decisions. Advantage's in-house IT capability is an important enabler for the business as it helps maintain a high-speed response to loan applications and quick adjustments to systems to meet business requirements.

Advantage had achieved 20 years of consecutive profit growth until FY21, reflecting growth in the loan book paired with successful credit control, underpinned by continuous refinement of a bespoke underwriting and scoring system. Growth accelerated in the post-financial crisis period when limited availability of credit created a particularly favourable environment, with customers who might previously have been served by the incumbent banks migrating to specialist providers like Advantage.

The use of a car is often the only realistic means of transport for S&U's customer demographic in their daily lives of work, family and leisure. This essential customer need helps to create a resiliency in the client base. Advantage competes on customer service and works with customers when difficulties arise, hence the slogan 'we see more than your score'. By working closely with customers, S&U is able to help the majority of its clients improve their credit scores and thus access to, and cost of, finance generally.

During FY24, the FCA's review of Cost of Living Forbearance outcomes, which began in 2023, had a significant impact. As part of a Section 166[1] engagement with the FCA, Advantage placed voluntary restrictions on its collections processes. The uncertainty this created prompted it to adopt a cautious approach to new lending and a managed reduction in the lending book. This engagement has now ended, and Advantage has returned to a more normalised level of lending and collecting. Average advance balances climbed substantially in FY26, with the average for CY25 significantly higher than CY24 as shown in Exhibit 1 below.

**Exhibit 1: Advantage Finance – increase in advances highlights recovery**

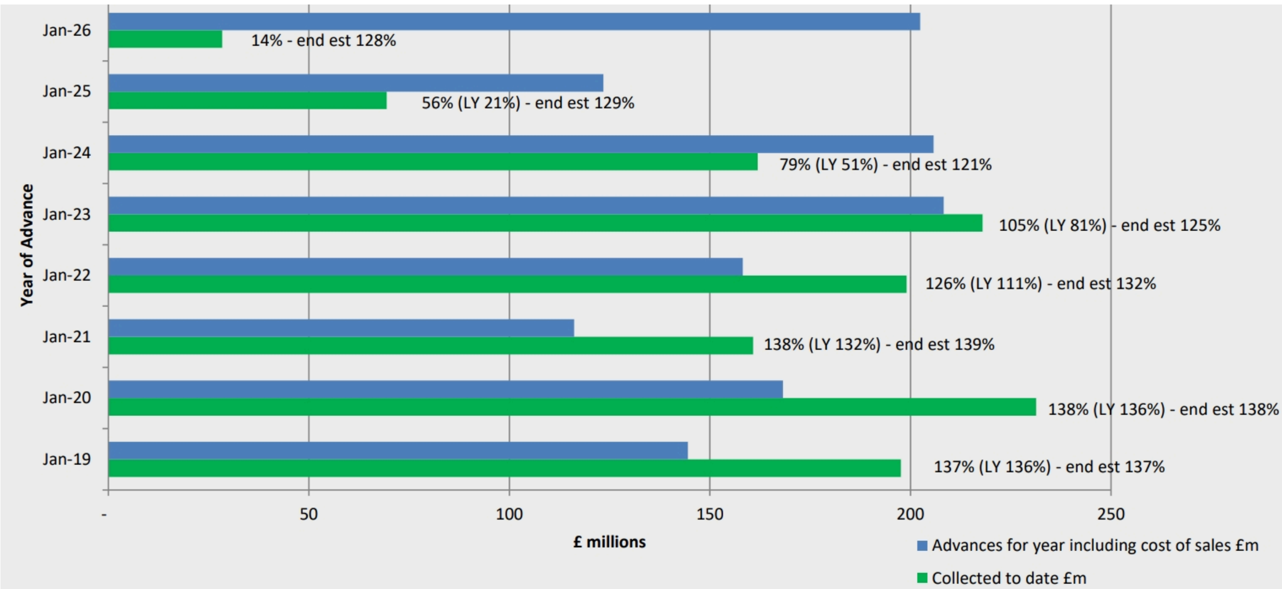



Source: S&U data, Edison Investment Research

The number of loans and gross receivables increased significantly during FY26, with a noticeable tilt towards higher-quality, lower-risk lending (adversely affecting the interest rate charged). Collections also rebounded in the period, as evidenced by the increase in customers making on-time payments. The share of gross receivables where payments were up-to-date was 71.8% in FY26, which was better than the 65% in FY25 but not yet as good as FY24's 74% rate. The lifting of voluntary regulatory restrictions and implementation of a significant retraining programme for collections staff boosted performance. Management expects this positive trend to continue as the enhanced collection procedures agreed with the FCA are fully implemented, which should gradually reduce the elevated arrears levels.

*1. Under Section 166 of the Financial Services and Markets Act 2000, the FCA has the power to instruct a regulated firm to submit to an investigation and report by a skilled person on specified matters related to a firm's compliance with regulatory requirements.*

**Exhibit 2: Advantage advances by year of advance as of end-FY26**




Source: S&U

## Regulatory concerns subside, but business sensitive to economic cycle

S&U's recent fortunes have improved with a rebound in profitability in FY26; however, the company is still sensitive to different factors:

- **Regulatory environment:** The FCA published its final rules regarding the Motor finance consumer redress scheme on 30 March 2026 and stated consumer unfairness was defined as where there is discretionary commission, high commission or a tied arrangement with the broker. S&U has reiterated that its subsidiary, Advantage Finance, has never entered into any discretionary commission arrangements and has never operated 'first right of refusal' arrangements with brokers. As S&U only has had exposure to so-called 'high commission cases', which the FCA defines as a commission equal to or greater than 39% of the total cost of credit and 10% of the loan, it expects consumers to be compensated the lower of what the FCA estimates the consumer has overpaid, or lost, and the commission paid, plus interest. The company believes that its £1.8m provision taken will be more than adequate for any potential claims under this scheme, drawing a line under S&U's liability.
- **Economic conditions:** Advantage, is sensitive to unemployment levels, cost of living pressures, used car prices and consumer confidence. Aspen's property bridging business could be affected by a downturn in the housing market driven by higher borrowing costs and lower activity levels. The Iran war has made these metrics worse in first quarter of FY27, and the longer the conflict continues the more damage it could potentially do to global economic conditions.
- **Competition:** Both S&U businesses operate in competitive markets, although Aspen has established itself in a niche less served by larger lenders. We would argue that Advantage is relatively better positioned in the motor finance market versus many of its larger competitors, as nearly 98% of its customers are not eligible for redress under the FCA rules . This could mean significant market share gains, or cherry-picking of better clients while large parts of the industry deal with compensation claims handling and payments, until 31 August 2027 (when the claims process concludes).

## Economic indicators for Advantage motor finance

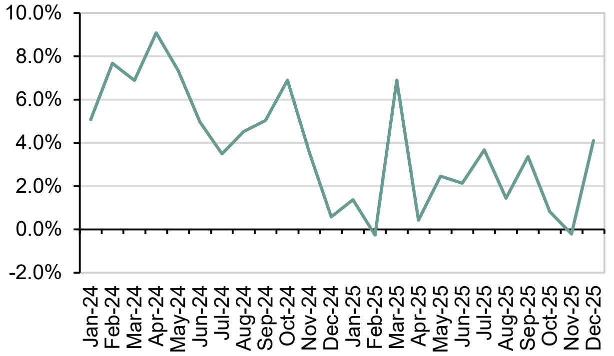
Overall indicators for the used car market support our lending growth assumptions, with y-o-y growth in transactions. Exhibit 3 shows quarterly UK used car transactions, with the usual seasonal decline into the last quarter. However, December 2025 volumes were c 4% ahead of the same month in 2024, showing signs of a recovery in the market.

**Exhibit 3: Number of used cars sold in the UK by quarter**

| Number of cars (000s) | 2024 | 2025 | 2025/2024 |
|---|---|---|---|
| Q1 | 1,968 | 2,021 | 2.7% |
| Q2 | 1,963 | 1,996 | 1.7% |
| Q3 | 1,966 | 2,021 | 2.8% |
| Q4 | 1,746 | 1,770 | 1.3% |
| **Year** | **7,643** | **7,808** | **2.2%** |

Source: SMMT data

**Exhibit 4: Year-on-year change in used car transactions**




Source: SMMT as at December 2025

Edison's research indicates a healthy used car market in the year to date, with sales increasing and prices stabilising. Data from the Society of Motor Manufacturers and Traders (SMMT) shows a continued increase in used car sales through Q425. On a rolling 12-month basis, data from SMMT shows an increase in the volume of used cars sold towards the end of 2025 (Exhibit 4). The industry may expect prices to benefit from tighter supply and higher demand as the cost of living increases shift buyers from the new car market to the used car market.

## Aspen continues to deliver

Launched in 2017, Aspen Bridging is a specialist provider of property bridging finance for individuals and business borrowers. FY26 was another year of well controlled growth for Aspen, with gross lending, net receivables, repayments and PBT all reaching new high levels. Since launch, Aspen has advanced £790m of capital and had only 0.02% (under £150k) of capital losses, which should give investors confidence in Aspen's underwriting standards.

**Exhibit 5: Summary for Aspen Bridging**

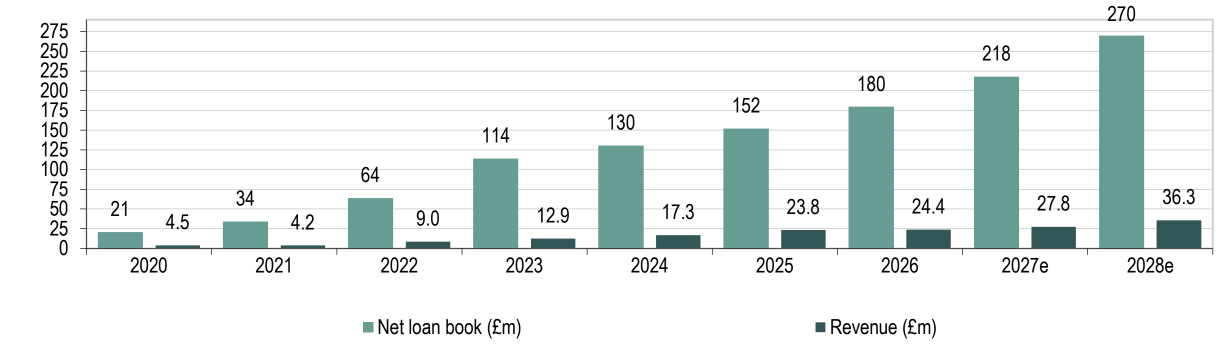
| Average Loan profile | Year to Jan 22 | Year to Jan 23 | Year to Jan 24 | Year to Jan 25 | Period to 5 February 2026 |
|---|---|---|---|---|---|
| Number of new loans | 111 | 148 | 164 | 191 | 267 |
| Average Gross Advance | £618k | £905k | £881k | £940k | £795k |
| Gross Receivables | £64.5m | £115.5m | £132.7m | £155.1m | £182.3m |
| Cost of Sales (% of gross advance) | 1.6% | 1.5% | 1.3% | 1.1% | 1.1% |
| Average Max gross LTV | 72% | 71% | 69% | 71% | 71% |
| Average original blended yield % | 0.95% | 0.90% | 1.05% | 1.07% | 0.96% |
| Average original term in months | 11 | 11 | 11 | 13 | 16 |
| Settled beyond contractual term* | 38% | 33% | 29% | Contractual terms still running | Contractual terms still running |

Source: S&U. Note: *Certain loans did not achieve their original exit plan or went beyond term.

Average advances fell 15% to £795k in FY26, as the dynamics in the property market have shifted recently towards smaller loan amounts. However, this was more than offset by the 40% increase in the number of new loans at 267 for the period.

Exhibit 6 illustrates S&U's success in growing Aspen since 2020. Since 2020, net loans have grown c 9 times and the division contributed a meaningful 28% of PBT in FY26. The performance at Aspen last year is more impressive given the volatile housing market. Aspen is refining risk-adjusted pricing and focusing on the quality of borrowers and the underlying projects, and maintaining conservative loan-to-value (LTV) ratios. This means working more with larger, repeat borrowers that should generate strong risk-adjusted returns for the business. We expect Aspen to continue to grow strongly over the medium term.

**Exhibit 6: Growth in Aspen over time (financial years)**

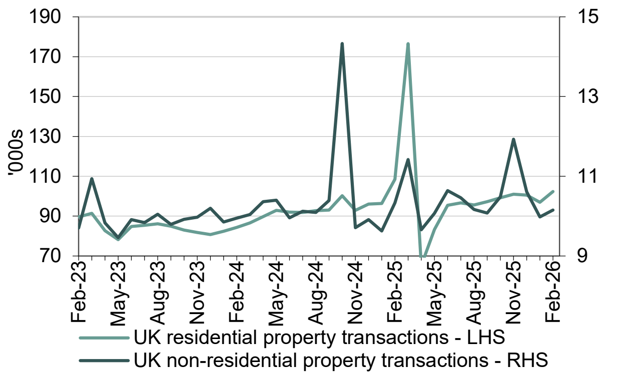



Source: S&U reports, Edison Investment Research

## Economic indicators for Aspen property bridging

Fundamentally, the UK housing market is underpinned by a chronic shortage of housing of all types. The current Labour government has plans to build 1.5m new homes by 2029. This is generally considered to be a challenging target, with 2025 completions around half this level and the lowest for several years, but there are already indications that changes to planning rules may provide a significant boost to construction.

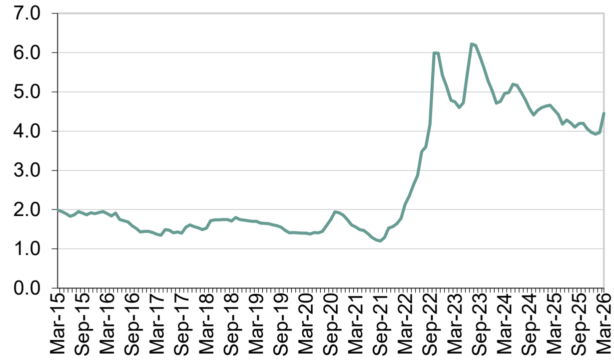
**Exhibit 7: UK property transactions**




Source: HM Revenue & Customs. Note: Seasonally adjusted to February 2026.

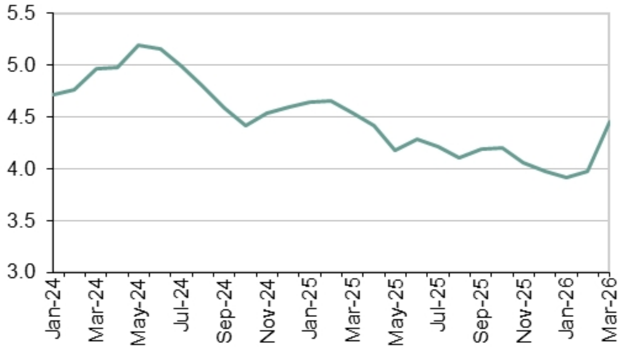
Aspen benefits indirectly from the UK housing and mortgage markets as its borrowers depend on transaction activity to complete projects and recycle capital. Hence, a healthy UK residential housing market supports volume growth and reduces credit risk at Aspen. UK residential housing data has been improving from depressed levels. Mortgage approvals for individuals for house purchases increased throughout 2025, continuing the recovery from the low point in 2023 driven by a surge in interest rates (Exhibit 8). Levels of activity remain below those pre-pandemic, leaving potential for further recovery.

**Exhibit 8: Average two-year fixed-rate mortgage at 75% LTV**




Source: Bank of England

**Exhibit 9: Average two-year fixed-rate mortgage at 75% LTV, last 27 months**




Source: Bank of England

Mortgage rates had been on a downward trend since the peak in September 2023. This continued through the beginning of 2026 (see Exhibit 9) but was recently interrupted by market volatility resulting from the Iran war. Improving housing market indicators provide weight to S&U's management's confidence in the pipeline and ultimately good volume growth at Aspen while maintaining underwriting standards. Overall, we view Aspen as being well positioned for future growth.

# Financials

We have slightly raised our FY27 EPS forecasts by 3% to 219.3p and introduced an FY28 EPS forecast at 246p. We have maintained our DPS forecast for FY27 at 120p and estimate FY28 DPS of 130p in order to build dividend cover. We summarise our key estimate changes in Exhibit 10 below.

**Exhibit 10: Estimate changes**

| | FY27e | | | FY28e | | |
|---|---|---|---|---|---|---|
| | Old | New | Change | Old | New | Change |
| Revenue (£m) | 121.9 | 122.2 | 0% | N/A | 147.8 | N/A |
| PBT (£m) | 34.3 | 35.2 | 3% | N/A | 39.3 | N/A |
| EPS (p) | 212.3 | 219.3 | 3% | N/A | 246.0 | N/A |
| DPS (p) | 120.0 | 120.0 | 0% | N/A | 130.0 | N/A |

Source: Edison Investment Research

## Earnings growth to continue

S&U reported FY25 PBT of £31.8m, 2% ahead of our estimate, which implies a 5% beat relative to our H2 forecast. Both Advantage and Aspen contributed, with both subsidiaries slightly ahead of our expectations. Exhibit 11 summarises the FY26 results.

**Exhibit 11: FY26 results summary income statement**

| Group Income Statement £m | 5 February 26 | 31 January 25 | Change % |
|---|---|---|---|
| Revenue | 107.4 | 115.6 | -7% |
| Impairment | -13.0 | -35.6 | -63% |
| Risk adjusted gross yield RAY | 94.4 | 80.0 | +18% |
| Cost of Sales | -23.6 | -16.4 | +44% |
| Admin Expenses | -24.7 | -18.8 | +31% |
| Finance Costs | -14.3 | -18.1 | -21% |
| Exceptional item – forbearance remediation cost | - | -2.7 | - |
| **Profit before tax group** | **31.8** | **24.0** | **+32%** |

| Profit before tax £m | 5 February 26 | 31 January 25 | Change % |
|---|---|---|---|
| Advantage | 23.4 | 16.5 | +42% |
| Aspen | 8.8 | 7.2 | +22% |
| Central finance income/costs | (0.4) | 0.2 | -200% |
| **Profit before tax group** | **31.8** | **24.0** | **+32%** |

Source: S&U

Below we summarise the main FY26 results:

- Revenue declined to £107.4m in FY26 (FY25: £115.6m), with moderate growth from Aspen (£24.4m, +3%) offsetting a decline from Advantage (£83.0m, -9.5%). Revenue reduced due to lower average receivables and an increase in lower-yielding higher tier loans in H1 at Advantage. The lower appetite for risk was down to management caution during the regulatory processes in FY24 and FY25. An H2 revenue rebound was noticeable with a run rate of c £56m.
- PBT increased materially to £31.8m (FY25: £24.0m), driven mainly by lower impairments in the period (see below). Both businesses contributed, with Advantage increasing its PBT contribution by c 42% and Aspen by c 22% in the period.
- There was a significant decrease in the impairment charge to £13.0m (FY24: £35.6m), reflecting improved Advantage repayments and excellent Aspen recoveries.
- A final dividend of 45p was proposed, making a total dividend of 115p (FY25: 100p).
- Net borrowings increased to £241.8m (FY24: £192.3m), with management actively exploring securitisation options for medium-term growth and financing flexibility.
- The gearing ratio increased to 97% (FY25: 81%).

Looking forward, we have modelled total receivables growth of c 20% in FY27e and 19% in FY28e, which takes into account the continued recovery in demand for Advantage's products as well as strong growth in Aspen given the pipeline of deals referred to by management.

We expect the volume growth to feed into higher revenue growth in FY27e and FY28e. Our key assumptions at Advantage include growth in the number of transactions in FY27e, with balances similar to what were experienced in FY26 as the company moves back towards its traditional customer base. We maintain those estimates for FY28. We expect Advantage to roughly maintain revenue margins with some slight underlying repricing offset by a shift to lower-risk customers.

At Aspen, we model strong revenue growth based on strong receivables growth. This is somewhat undercut by the lowering of the average advance in FY27e in line with what was experienced in FY26.

FY26 was affected by ongoing cost inflation as well as the additional regulatory cost associated with FCA investigations into the motor finance industry. As inflation is has recently moderated and the FCA costs have been provided for, we expect some operating leverage to return to the business.

We model finance expense conservatively without assuming any changes in interest rates, given the uncertainty generated by the Iran war. Should short-term interest rates fall, that would be a positive for interest margins, revenue and profit at S&U.

### Cash flow and balance sheet

S&U's finance receivables are funded by a combination of borrowings and equity. Management has highlighted an important move into the securitisation market in FY27, but this has not been included in our numbers. One can expect there to be cash outflow on new business as the company grows and invests in additional receivables, partially offset by collections performance. This stems in particular from Advantage as loans and interest are repaid on average over several years. The cash flow strain in FY26 was much higher than in FY25 mainly due to negative cash from operating activities.

Advantage is a major source of dividends for the group; however, we can see that Aspen's contribution is beginning to grow, and we would expect that trend to continue in the medium term due to our faster earnings growth forecast

## Group financial forecasts

Exhibit 16 provides a summary of the group-level financial performance, aggregating the strong progress at Aspen and the continuing recovery of Advantage. S&U has a strong and very simple balance sheet comprising mainly customer receivables, supported by borrowings and equity.

CPI is well below the 2022 peak of 11%, but the annual rate has increased in the past month to 3.3% in the 12 months to March 2026. The rate is expected to increase in the coming months largely due to an energy price shock due to the Iran war. A raft of price increases in April included domestic utilities and council tax, TV licences and phone and broadband contracts. There is strong evidence that many businesses have responded quickly to the increase in petrol prices by putting up prices. , Management believes that its cost base should grow at inflationary levels, but given the uncertainty around the Iran war there will likely be some increased volatility over the next year.

Unemployment in the UK remains low in a historical context and has been broadly stable in recent months. It fell to 4.9% in February 2026, which was unexpected by economists at LSEG Data and Analytics who had believed it would remain at 5.2%. It is too early to anticipate the impact of the Iran war on medium-term unemployment. Notwithstanding a heavy service element in UK exports (such as banking and insurance), it is difficult to avoid the global and domestic risks to GDP growth and inflation, with the potential for any negative impact on the government budget to lead to further increases in taxation.

# Sensitivities

S&U is a specialist lender operating in consumer finance and property bridging finance. Thus in the near term, its fortunes are closely tied to the health of the UK economy. Personal income and employment trends drive demand for its motor finance products and derived demand for bridging finance. Similarly, credit quality is based on customers' ability to pay. Like most finance companies, S&U relies on debt funding along with equity to fund its receivables and is therefore also sensitive to the cost of borrowing in the market.

S&U has a high level of variable costs, including funding, administrative and sales costs and credit costs, which means that changes in volume will tend to flow through to profits with a little operational leverage. Taking this into consideration, we model sensitivities to impairment charges and interest rates in isolation in Exhibit 12 below. Advantage is the largest business and clearly drives most of the impact.

A 50bp instantaneous reduction in average funding costs (with no impact on asset yields) would increase group profit by c 3.3% and c 4.0% relative to our estimates in FY27 and FY28. The reverse would be true for an increase. As we have mentioned elsewhere, we have not assumed any interest rate changes in our model, given the uncertainty around the Iran war.

A 5% lower impairment charge in isolation would increase group PBT by 2.5% in FY27 and 3.3% in FY28 compared to our current forecasts. Again, the reverse would be true for a 5% increase in impairments.

These sensitivities are not particularly high in our view and the impact is lowered due to S&U's strong margins and efficiency. In reality, management at S&U would react to major changes in the environment to benefit the company.

**Exhibit 12: Sensitivity of PBT to financing costs and impairments**

| £m | FY27e | FY28e |
|---|---|---|
| Group PBT | 35.2 | 39.3 |
| | | |
| -50bp financing cost | 1.2 | 1.6 |
| Advantage | 0.7 | 1.1 |
| Aspen | 0.4 | 0.4 |
| | | |
| -5% impairments | 0.9 | 1.3 |
| Advantage | 0.8 | 1.2 |
| Aspen | 0.1 | 0.1 |
| | | |
| -50bp financing cost | 3.3% | 4.0% |
| -5% impairments | 2.5% | 3.3% |

Source: S&U reports, Edison Investment Research

Over the longer term, sustainable growth and returns are driven by S&U's ability to win profitable customers based on its high level of service quality and efficiency, which S&U has demonstrated over many years.

## Regulatory risk: S&U well positioned versus peers

The UK financial sector is heavily regulated, and the FCA has become more interventionist in recent years. The FCA published its final scheme rules on motor finance commissions on 30 March 2026. Advantage management believes that the updated motor finance commission redress scheme rules will cut the already low number of itscustomers who are eligible for redress by half, and it has recognised a provision of £1.8m to that effect. The company believes that the provision, which is a probability weighting of several scenarios and includes the costs of running the proposed scheme, will be sufficient. The company expects the redress scheme will not hinder its growth plans.

It is worth noting the experience that S&U has built over 27 years in serving customers with often complex credit histories as well as its strong complaints performance record. S&U has always followed a high-service client focused model, which we believe is represented in comparative statistics on the numbers of complaints, with just 16% against Advantage that were referred to the Financial Ombudsman Service (data to June 2025). Exhibit 13 illustrates the very strong position of S&U compared to peers in the motor finance industry.

**Exhibit 13: Motor finance complaints to the FOS and uphold rate**

| Firm Name (Financial Ombudsman Service) | New Cases | Total % Cases Upheld |
|---|---|---|
| Go Car Credit Limited | 65 | 12% |
| First Response Finance Ltd | 224 | 14% |
| Oodle Financial Services Limited | 1119 | 15% |
| **ADVANTAGE FINANCE** | **768** | **16%** |
| Moneybarn No. 1 Limited | 1889 | 20% |
| Hyundai Capital UK Limited | 1054 | 22% |
| Billing Finance Limited | 86 | 23% |
| Blue Motor Finance Ltd | 2941 | 23% |
| FCE Bank Plc | 10465 | 24% |
| MotoNovo Finance Limited | 2606 | 26% |
| Toyota Financial Services (UK) PLC | 4796 | 26% |
| Black Horse Limited | 8093 | 27% |
| Close Brothers Limited | 1104 | 28% |
| Tandem Motor Finance Limited | 175 | 31% |
| Santander Consumer (UK) Plc | 2405 | 34% |
| Startline Motor Finance | 1802 | 38% |
| RCI Financial Services Limited | 1078 | 39% |
| Stellantis Financial Services UK Limited | 3976 | 40% |
| Mercedes-Benz Financial Services UK Limited | 1227 | 41% |
| Volkswagen Financial Services (UK) Limited | 11592 | 41% |
| BMW Financial Services(GB) Limited | 5997 | 46% |
| Mi Vehicle Finance Ltd | 369 | 46% |
| CA Auto Finance | 1989 | 56% |
| Upheld Average | | **30%** |

Source: S&U

# Valuation

## Dividend a key element of the share price

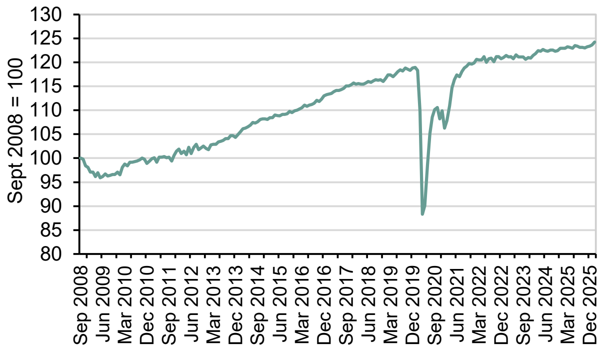
Currently trading at a P/E of c 9x for FY27e and c 8x for FY28e earnings, S&U's share price increased significantly at the beginning of 2026 reflecting the unwinding of regulatory overhang affecting the motor finance sector. This was later undone to a certain extent by the Iran war. The shares trade at a discount to book and historical valuation levels, with strong potential for a re-rating as regulatory risks subside completely, and the business returns to growth.

The FY26 dividend yield of c 6% offers attractive income support while investors wait for the shares to re-rate. S&U's long-term record of profitability (averaging 14% ROE over the five years to FY26) provides confidence that the current challenges will prove temporary. We believe the shares offer attractive value as S&U continues to grow opportunistically.

## General macroeconomic background

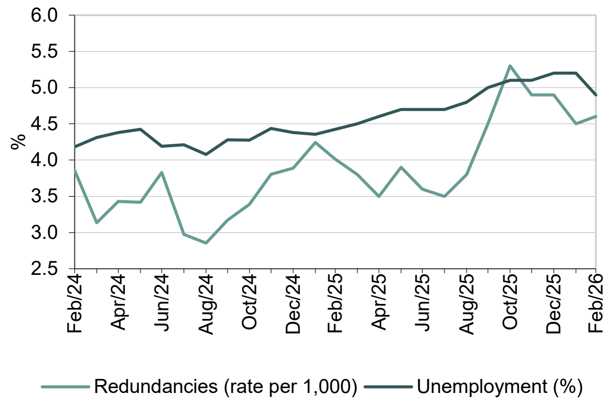
In this section, we have updated the charts used to provide background indicators for Advantage and Aspen. In summary, although the UK is experiencing sluggish growth with weak consumer and business sentiment, the implications of the Iran war remain highly uncertain and are yet to be reflected in most data and forecasts. Nonetheless, the labour market has remained firm, and, importantly for Advantage, redundancies remain below their recent peak in October 2025. Real wages continue to grow. The housing market remains robust; however, mortgage rates have begun to increase following the Iran war, which could depress borrowing for Aspen's customers. These factors will likely affect UK household finances and hence demand for housing and motor finance and overall credit quality from S&U.

**Exhibit 14: UK GDP development to February 2026**




Source: Office for National Statistics

**Exhibit 15: Change in unemployment and redundancies, last 24 months**




Source: Office for National Statistics as of March 2026

Provisional UK GDP data for February 2026 surprised on the upside, with a monthly increase of 0.5%, broadly spread across all main sectors, against a 0.1% forecast. This surge, driven by services, production and construction, followed a 0.1% upward revision in January. However, this surprise beat may be short lived, with warnings that the ongoing conflict in the Middle East could reverse these gains.

CPI is well below the 2022 peak of 11%, and the core CPI annual inflation rate was 3.3% in March 2026, down slightly from 3.4% in February and equal to the 3.3% seen in January. The rate was last lower in October 2021. The CPI all-goods index rose by 2.1% in the 12 months to March 2026, up from 1.6% in the 12 months to February. The rate is expected to increase in the coming months, taking into account some of the increase in energy costs due to the Iran war.

## Exhibit 16: Financial summary

| Year end 31 January (£m) | 2024 | 2025 | 2026 | 2027e | 2028e |
|---|---|---|---|---|---|
| **PROFIT & LOSS** | | | | | |
| **Revenue** | **115.4** | **115.6** | **107.4** | **122.2** | **147.8** |
| Impairments | (24.2) | (35.6) | (13.0) | (17.5) | (26.0) |
| Other cost of sales | (22.8) | (16.4) | (23.6) | (27.5) | (30.3) |
| **Gross profit** | **68.4** | **63.7** | **70.8** | **77.3** | **91.5** |
| Administration expenses | (19.8) | (18.8) | (24.7) | (25.5) | (29.0) |
| **Operating profit** | **48.6** | **44.8** | **46.2** | **51.8** | **62.5** |
| Net finance costs | (15.1) | (18.1) | (14.3) | (16.6) | (23.2) |
| **Profit before tax and exceptional** | **33.6** | **26.7** | **31.8** | **35.2** | **39.3** |
| Exceptional items | 0.0 | (2.7) | 0.0 | 0.0 | 0.0 |
| **Profit before tax** | **33.6** | **24.0** | **31.8** | **35.2** | **39.3** |
| Tax | (8.1) | (6.1) | (8.1) | (8.5) | (9.4) |
| **Profit after tax** | **25.4** | **17.9** | **23.7** | **26.6** | **29.9** |
| Average Number of Shares Outstanding (m) | 12.2 | 12.2 | 12.2 | 12.2 | 12.2 |
| Diluted EPS (p) | 209.2 | 147.4 | 195.2 | 219.3 | 246.0 |
| **EPS - basic (p)** | **209.2** | **147.4** | **195.2** | **219.3** | **246.0** |
| **Dividend per share (p)** | **120.0** | **100.0** | **115.0** | **120.0** | **130.0** |
| **Pay-out ratio (DPS/EPS)** | **57%** | **68%** | **59%** | **55%** | **53%** |
| Gross margin | 59% | 55% | 66% | 63% | 62% |
| Operating margin | 42% | 39% | 43% | 42% | 42% |
| Return on equity | 11.1% | 7.6% | 9.7% | 10.4% | 11.3% |
| **BALANCE SHEET** | | | | | |
| Customer receivables | 242.0 | 203.5 | 271.6 | 299.3 | 329.1 |
| Other non-current assets | 2.5 | 2.6 | 2.9 | 1.6 | 1.3 |
| **Total non-current assets** | **244.5** | **206.1** | **274.5** | **300.9** | **330.4** |
| Customer receivables | 221.0 | 232.3 | 225.2 | 294.2 | 323.5 |
| Other current assets | 1.4 | 6.6 | 1.5 | 11.6 | 37.6 |
| **Total current assets** | **222.4** | **239.0** | **226.7** | **305.9** | **361.1** |
| **Total assets** | **466.8** | **445.1** | **501.2** | **606.8** | **691.5** |
| Borrowings | (0.9) | 0.0 | (0.3) | 0.0 | 0.0 |
| Other current liabilities | (7.6) | (8.8) | (9.9) | (9.4) | (9.8) |
| **Total current liabilities** | **(8.5)** | **(8.8)** | **(10.2)** | **(9.4)** | **(9.8)** |
| Borrowings | (223.5) | (197.5) | (241.5) | (335.0) | (435.2) |
| Preference shares | (0.5) | (0.5) | (0.5) | (0.5) | (0.5) |
| Other non-current liabilities | 16.7 | 17.5 | 20.3 | 18.6 | 39.6 |
| **Total non-current liabilities** | **(224.2)** | **(198.1)** | **(242.0)** | **(335.6)** | **(415.6)** |
| **Net assets** | **234.2** | **238.1** | **249.0** | **260.8** | **274.6** |
| NAV per share (p) | 1,927.9 | 1,960.2 | 2,050.1 | 2,155.4 | 2,191.4 |
| **CASH FLOW** | | | | | |
| **Operating Cash Flow** | **(0.4)** | **65.0** | **(21.5)** | **(81.3)** | **(37.1)** |
| Net cash from investing activities | (0.2) | (0.7) | (0.8) | 0.0 | 0.0 |
| Dividends paid | (16.2) | (14.0) | (12.7) | (14.6) | (15.2) |
| Other financing | 0.0 | 0.0 | 29.9 | 105.8 | 78.1 |
| **Net cash flow** | **(16.8)** | **50.3** | **(5.2)** | **10.0** | **25.8** |
| **Opening net cash / (debt)** | **(193.0)** | **(224.8)** | **(192.6)** | **(242.0)** | **(335.6)** |
| **Closing net cash / (debt)** | **(224.8)** | **(192.6)** | **(242.0)** | **(335.6)** | **(415.6)** |

Source: Company accounts, Edison Investment Research

## Contact details

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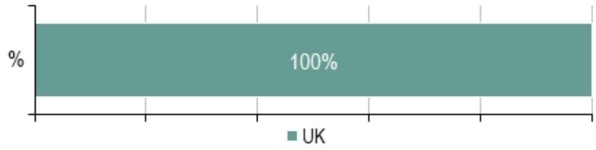
## Revenue by geography




## Management team

### Chairman: Anthony Coombs

Anthony Coombs joined S&U in 1975 and was appointed managing director in 1999 and chairman in 2008. Between 1987 and 1997 he served as an MP. He is on the executive of the Consumer Credit Association and is a director of a number of companies and charities including the National Institute for Conductive Education.

### Chief financial officer: Chris Freckelton

Chris Freckelton joined S&U as group CFO in April 2025. Chris has worked in the financial services industry for 14 years as an external auditor for Deloitte LLP, specifically focused on motor finance and speciality lenders offering finance to customers within underserved markets.

### CEO, Advantage Finance: Karl Werner

Karl Werner joined S&U in December 2023 and was appointed CEO of Advantage Finance following Graham Wheeler's retirement. Karl has worked in the motor finance industry for 20 years, most recently at MotoNovo Finance. His experience spans various roles including sales, marketing, operations and risk and finance.

### CEO, Aspen Bridging: Ed Ahrens

Ed Ahrens joined S&U in 2014, becoming group strategic development director before leading the development of Aspen Bridging. He has been in banking and speciality finance for more than 30 years, with experience including senior roles at Barclays and AIB and as a founding director at Vanquis Bank.

| Principal shareholders | % |
|---|---|
| Wiseheights | 19.9 |
| JEC Coombs | 13.8 |
| GDC Coombs | 13.5 |
| AMV Coombs | 10.0 |
| JS Coombs | 3.8 |
| M Cole Fontayne | 3.3 |
| Grevayne (controlled by A Coombs and G Coombs) | 3.1 |
| F Coombs | 2.3 |
| S Coombs | 2.3 |

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