

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019. The person responsible for making this announcement on behalf of the Company is Rory Mephram.

30 January 2025

Sancus Lending Group Limited (the "Group" or the "Company") Trading Update and Junior Funding Commitment

The Board of the Company today provides an update on the Group's unaudited results for the year ended 31 December 2024 and announces that its majority shareholder, Somerston, has entered into a commitment to provide it with up to £10m of junior funding to support loan financing facilities that the Company has and/or anticipates entering into.

Trading Update

At the year-end the Group had loans under management of £238m, an increase of 18% on the prior year (31 December 2023: £202m), reflecting growth in our UK and Irish businesses. During 2024 the Company wrote new facilities of £114m, a 12% increase on the prior year (2023: £102m).

During the year the Group increased its turnover by 36% to c. £16.8m (2023: £12.3m). Overall, the Company currently estimates that, after considering the effect of a gain of c. £2.8m from the repurchase of some of its Zero Dividend Preference Shares, it will report an at or around break even result for the year ended 31 December 2024, substantially better than the loss of £9.0m it reported in 2023. The Board is encouraged by the strategic and operating actions management is taking. The business remains committed to returning the Group to profitability and is targeting achieving run-rate profitability in 2025.

Junior Funding Commitment

One of these strategic actions includes ensuring that the Group maintains sufficient financial strength and liquidity in order that it can execute its growth strategy, including financing further loan portfolios. The Group, via its wholly owned subsidiary, Sancus Loans Limited ("**Sancus Loans**"), has access to a loan facility of up to £125 million (subject to certain criteria), provided by funds managed by Pollen Street Capital (the "**Pollen Street Facility**"), maturing in November 2026, and which is currently £105m drawn. In addition, the Group is also making good progress in finalising other financing facilities for its UK and Irish businesses, including with another leading UK challenger bank.

All of these facilities, including further drawings under the Pollen Street Facility, require junior funding to support the senior funds advanced by the relevant counterparty. The Group is pleased to announce that Somerston Fintech Limited ("**Somerston Fintech**"), a subsidiary of Somerston Group, the majority shareholder of the Company, has committed to subscribe for up to £10m of junior funding (the "**Somerston Junior Commitment**") in the existing or future loan financing facilities of the Group, subject to standard conditions precedent. It is anticipated that, when utilised, the Somerston Junior Commitment will be effected by Somerston Fintech subscribing for preference shares in, or extending subordinated loans to, the relevant financing entity. In addition, the Somerston Junior Commitment can also be used to subscribe for 8% Sancus Bonds to enable the Group to provide junior funding to a financing facility of the Group. Where the Somerston Junior Commitment is used to subscribe for preference shares, these will carry the same 15% non-cash, cumulative coupon as the preference shares that Somerston Fintech currently has in Sancus Loans Limited, one of the Group's subsidiaries, which were issued in April 2024 and mature in November 2026. Where the Somerston Junior Commitment is used to subscribe for subordinated loans to a financing entity, these will have a non-cash cumulative coupon of 9.75% over the Bank of England base rate and an additional variable fee such that the target IRR of the subordinated loan issued is c. 17%, payable at the maturity of the relevant facility.

Related party transaction

Somerston Fintech is a related party to the Company in accordance with the AIM Rules, by virtue of Somerston Fintech's substantial shareholding in the Company. Accordingly, the Somerston Junior Commitment constitutes a related party transaction for the purposes of AIM Rule 13 of the AIM Rules for Companies. The independent directors (being the Company's directors with the exception of

Tracy Clarke) consider, having consulted with the Company's nominated adviser, Panmure Liberum Limited, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Notice of Annual Results

The Group expects to release its audited results for the year ended 31 December 2024 in March 2025.

For further information, please contact:

Sancus Lending Group Limited

Rory Mephram
Keith Lawrence
+44 (0)1481 708 280

Panmure Liberum Limited (Nominated Adviser and Corporate Broker)

Chris Clarke
William King
+44 (0) 20 3100 2000

Instinctif Partners (PR Adviser)

Hannah Scott
Augustine Chipungu
+44 (0)207 457 2020

Apex Group Ltd

Matt Falla
Nicola Momberg
+44 (0)1481 755530

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