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 Mepham.

Sancus Lending Group Limited

("Sancus", the "Company" or "Group")

Interim Results for the six month period ended 30 June 2024

17 September 2024

HIGHLIGHTS

Rory Mepham, Chief Executive Officer of Sancus Lending Group Limited, commented:

In the first half of 2024 (H1 2024) the Group has achieved revenues of £7.5m versus £5.4m in H1 2023 despite the headwinds caused by the higher interest rate in our three core markets of the UK, Ireland and Channel Islands which continue to impact housing sales and borrower confidence. The 39% increase in revenue reflects our success in driving increased fee income. Our Assets Under Management increased to £209m versus £202m as at 31 December 2023 and we continue to strive to move from loss to profitability.

Financial Highlights

- New loan facilities written in H1 2024 of £51m (H1 2023: £57m).
- Group revenue H1 2024 of £7.5m (H1 2023: £5.4m).
- A reduction in IFRS 9 provisions in H1 2024 of £0.5m (H1 2023: increase of £0.8m).
- Reduction in Group Borrowing Costs to £1.2m (H1 2023: £1.7m) and a gain on repurchase of ZDPs of c. £1.1m (H1 2023: £nil).
- Group operating loss H1 2024 of £1.5m (H1 2023: loss £3.3m).
- Net loss after tax H1 2024 of £0.6m (H1 2023: loss £3.3m).

Strategic and Operating Highlights

- Joint venture with Hawk Lending Limited launched. The joint venture business has now started writing new business.
- Geographic focus remains unchanged, with three core markets UK, Ireland and Offshore. UK represents 36% of the current loan book, Channel Islands 45% and Ireland 19%.
- Continued progress in diversifying our sources of funding and improving funding costs. The £25m Morton Family facility is now live.
- The Group remains focused on maintaining credit discipline.

For further information, please contact:

Sancus Lending Group Limited +44 (0)1534 708 900
Rory Mepham
Keith Lawrence

Liberum (Nominated Adviser and Corporate Broker) +44 (0) 20 3100 2000
Lauren Kettle
Chris Clarke
William King

Instinctif Partners (PR Adviser) +44 (0)207 457 2020
Vivian Lai
Hannah Scott

Sanne Fund Services (Guernsey) Limited (Company Secretary) +44 (0)1481 755530
Matt Falla

CHAIRMAN’S STATEMENT

Introduction

The Company has continued to make strategic progress against the current backdrop of economic uncertainty. Whilst the Group reported a loss of £(0.6)m for H1 2024, the loss is materially improved from the loss of £(3.3)m in H1 2023 and has also been helped by the exceptional gain of c. £1.1m on the ZDP shares. The Company remained disciplined in the volume of new loans written in H1 2024 and enters H2 2024 cautiously optimistic about its new business opportunities. The joint venture we announced with Hawk Lending Limited in December 2023 became operational in H1 2024 and the business has now started writing new business. The management team is taking all necessary steps to ensure it becomes a profitable contributor to the Group.

Our People

As detailed in the 2023 Annual Report, Keith Lawrence was appointed as our new Group Chief Financial Officer in March 2024, succeeding Tracy Clarke who had acted as Interim Chief Financial Officer since March 2023. Tracy has now resumed her role as a non-executive director of the Group.

Capital

In April 2024 Somerston, the Group’s largest shareholder, subscribed for £5m of preference shares in Sancus Loans Limited, one of our core subsidiaries. Also in April, the Group repurchased 1.4m of its ZDP shares at a cost of £1.5m, resulting in an accounting gain of c. £1.1m.

Dividend and Shareholders

It is the Board’s intention to reinvest surplus resources for growth. As such, the Group does not intend to declare a dividend for the period. The dividend policy will be revisited at the appropriate time, should the profitability and cash flow profile support the reinstatement of a dividend.

On behalf of the Board, I would like to thank shareholders for their continuing support and patience and for the efforts of the management and employees.

As I noted in the Chairman’s statement in the 2023 annual report, we remain cautious about the continuing challenges ahead. I firmly believe that we have the right strategy, systems and personnel to put the business onto a stronger footing and return to profitability and I look forward to reporting more positive developments in the coming period.

Steve Smith
Chairman
16 September 2024

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

In the first half of 2024 we continued to navigate the negative impacts of a sustained period of higher interest rates on the housing market. Against this backdrop, we remain focused on the steps required to ensure we become a profitable property private credit business in our core markets of the UK, Ireland and Channel Islands.

Revenues in H1 2024 were £7.5m versus £5.4m in H1 2023. This reflects modest growth in our loan book and also increased fee income in the UK in particular.

Loan book origination in H1 2024 was £51m versus £57m written in H1 2023, partly due to continued low market confidence in all of our core markets. As at 30 June 2024 we had Assets Under Management ("AUM") of £209m versus £202m as at 31 December 2023. As we enter the second half of 2024 we are optimistic that market conditions will improve, especially in the UK, allowing us to increase our loan volumes whilst retaining our underwriting discipline.

Our Strategy

We provide an update below against the strategic pillars set out in our 2023 Annual Report:

Focusing on revenue growth

- The Revenue rose 39% to £7.5m compared to £5.4m in H1 2023. This increase reflects fee income growth, especially in the UK and also modest growth in our AUM.

Achieving operating and cost efficiency

- Our reported operating expenses were £2.8m in H1 2024 versus £3.3m in H1 2023. We remain committed to achieving further expense savings and operating efficiency.

Becoming a capital efficient business

- The amount of own capital within loans continues to be maintained at a low level, which at 30 June 2024 represented 0.4% of the total loan book, in comparison to 4.5% at 30 June 2023.
- We continue to make progress in diversifying our sources of fundings. As at 30 June 2024 our Loan Note programme funding was £28m, modestly higher than the balance as at 31 December 2023 of £27m. The £25m Morton Family facility we agreed as part of our joint venture with Hawk Lending Limited is now live and we expect to use this facility during H2 2024. Both the Loan Note programme and the Morton Family facility have interest rates lower than our institutional funding line.
- As at 30 June 2024 £87.75m of our loans were financed by an institutional line arranged by Pollen Street Capital (31 December 2023: £77.75m).

Our AUM, pro-forma for our joint venture with Hawk Lending, increased 3% from £202m as at 31 December 2023 to £209m as at 30 June 2024.

Financial Summary

We have reported an operating loss of £1.5m for H1 2024 versus an operating loss of £3.8m in H1 2023. The loss before tax in H1 2024 was £0.6m versus £3.3m in H1 2023. In addition to the revenue growth outlined above, this reflects:

- Operating expenses being £2.8m in H1 2024 versus £3.3m in H1 2023, reflecting both our continued focus on achieving operating efficiency and the transfer of certain costs, including staff costs, to the joint venture with Hawk Lending and which is reported as a "Share of net loss of joint venture."
- Group borrowing costs of £1.2m in H1 2024 versus £1.7m in H1 2023 following our purchase of 1.4m ZDPs in April 2024. This purchase of ZDPs also resulted in an accounting gain of £1.1m (recorded within "Other net gains").
- £0.5m reduction in expected credit losses (versus a £0.8m charge in H1 2023). Our H1 2023 and full year 2023 results were materially impacted by our need to recognise expected credit losses against historic loans.
- Our share of the loss from our joint venture with Hawk Lending was £262k (H1 2023: £nil), due to the delay between the launch of the joint venture and the start of writing new business. The joint venture is now fully operational and we are focussed on ensuring it becomes a profit contributor to the Group.

ESG

At Sancus, we are committed to taking Environmental, Social and Governance ("ESG") factors seriously. We recognise our responsibility to incorporate sustainability throughout the operations of our business, to be custodians of the environment and to practise good stewardship of our stakeholders' interests.

Alongside the publication of our 2023 Results we published our second Environmental, Social, and Governance report, marking the start of our journey towards greater transparency and sustainability. The report highlights our progress and achievements in the areas of environmental protection, social responsibility and governance, as well as the challenges and opportunities that we face.

<u>Outlook</u>

We continue to believe there are grounds for optimism and that with our strategic focus and progress the long-term profitable growth potential for our business is clear. Whilst the operating environment was somewhat uncertain for much of H1 2024 we are cautiously optimistic as we enter H2 2024.

Rory Mepham
Chief Executive Officer
16 September 2024

RISKS, UNCERTAINTIES AND RESPONSIBILITY STATEMENT

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group’s performance over the remainder of the financial year. These include, but are not limited to, Capital and liquidity risk, Regulatory and compliance risk, Market risk, Credit risk with respect to the loan book (primarily bridging loans and, increasingly, development loans), Operational risk and the execution of Sancus strategy. These risks remain unchanged from the year ended 31 December 2023 and were not expected to change in the 6 months to the end of the 2024 financial year. Further details on these risks and uncertainties can be found in the 2023 Annual Report.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The Interim Report has been prepared in accordance with the AIM rules of the London Stock Exchange;
- This financial information has been prepared in accordance with IAS 34 as adopted by the UK;
- The interim results include a fair review of the important events during the first half of the financial year and their impact on the financial information as required by DTR 4.2.7R; and
- The interim results include a fair review of the disclosure of related party transactions as required by DTR 4.2.8R.

Approved and signed on behalf of the Board of Directors
16 September 2024

INDEPENDENT REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

Conclusion

We have been engaged by Sancus Lending Group Limited (the 'Company') to review the condensed set of consolidated financial statements in the Interim Report for the six months ended 30 June 2024 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in shareholders' equity, the condensed consolidated statement of cash flows and related Notes 1 to 20.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of Consolidated Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the UK and the AIM Rules of the London Stock Exchange.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board 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 2 of the interim condensed consolidated financial statements, the financial statements of the Company are prepared in accordance with IFRSs as adopted by the UK. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting", as adopted by the UK.

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 this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of directors

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the AIM Rules of the London Stock Exchange.

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 consolidated financial statements 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.

Moore Kingston Smith LLP

Moore Kingston Smith LLP
9 Appold Street,
London,
EC2A 2AP

16 September 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Notes	Period ended 30 June 2024 (unaudited)	Period ended 30 June 2023 (unaudited)
		£'000	£'000
Revenue	4	7,499	5,407
Cost of sales	5	(5,445)	(3,441)
Gross profit		2,054	1,966
Operating expenses	6	(2,846)	(3,318)
Group borrowing costs	7	(1,182)	(1,664)
Changes in expected credit losses	19	466	(799)
Operating loss		(1,508)	(3,815)
FinTech Ventures fair value movement	19	-	362
Other net gains	16	1,158	37
Loss on disposal of other assets		-	(202)
Profit on disposal of other assets	14	-	303
Share of net loss of joint ventures accounted for using the equity method	10	(262)	-
Loss for the period before tax		(612)	(3,315)
Income tax expense		(35)	2
Loss for the period after tax		(647)	(3,313)
Items that may be reclassified subsequently to profit and loss			
Foreign exchange arising on consolidation		(30)	(20)
Other comprehensive loss for the period after tax		(30)	(20)
Total comprehensive loss for the period		(677)	(3,333)
Basic loss per Ordinary Share	8	(0.12)p	(0.57)p
Diluted loss per Ordinary Share	8	(0.12)p	(0.57)p

The accompanying Notes in the "Notes to the Financial Statements" section form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

	Notes	30 June 2024 (unaudited)	31 December 2023 (audited)
ASSETS		**£'000**	**£'000**
Non-current assets			
Property, plant and equipment	**9**	**200**	294
Goodwill	**11**	**-**	-
Other intangible assets	**12**	**-**	-
Sancus loans and loan equivalents	**19**	**11,946**	10,148
FinTech Ventures investments	**19**	**-**	-
Investments in equity-accounted joint ventures and associates	**10**	**14,370**	14,255
Other investments		**50**	50
Total non-current assets		**26,566**	24,747
Current assets			
Other assets	**14**	**-**	-
Sancus loans and loan equivalents	**19**	**75,556**	68,617
Trade and other receivables	**13**	**10,816**	8,058
Cash and cash equivalents		**5,995**	4,990
Total current assets		**92,367**	81,665
Total assets		**118,933**	106,412
EQUITY			
Share premium	**15**	**118,340**	118,340
Treasury shares	**15**	**(1,172)**	(1,172)
Other reserves		**(119,821)**	(119,144)
Total Equity		**(2,653)**	(1,976)
LIABILITIES			
Non-current liabilities			
Borrowings		**119,228**	106,086
Other liabilities		**84**	130
Total non-current liabilities	**16**	**119,312**	106,216
Current liabilities			
Trade and other payables		**1,046**	925
Hedging contracts		**118**	231
Tax liabilities		**110**	76
Lease liabilities		**90**	152
Provisions		**11**	18
Interest payable		**899**	770
Total current liabilities	**16**	**2,274**	2,172
Total liabilities		**121,586**	108,388
Total equity and liabilities		**118,933**	106,412

The financial statements were approved by the Board of Directors on 16 September 2024 and were signed on its behalf by:

Director: John Whittle

The accompanying Notes in the "Notes to the Financial Statements" section form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

	Share Premium £'000	Treasury Shares £'000	Warrants Outstanding £'000	Foreign Exchange Reserve £'000	Retained Earnings/ (Losses) £'000	Total Equity £'000
Balance at 31 December 2023 (audited)	118,340	(1,172)	-	15	(119,159)	(1,976)
Transactions with owners	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(30)	(647)	(677)
Balance at 30 June 2024 (unaudited)	**118,340**	**(1,172)**	**-**	**(15)**	**(119,806)**	**(2,653)**
Balance at 31 December 2022 (audited)	118,340	(1,172)	-	31	(110,025)	7,174
Transactions with owners	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(20)	(3,313)	(3,333)
Balance at 30 June 2023 (unaudited)	**118,340**	**(1,172)**	**-**	**11**	**(113,338)**	**3,841**

The accompanying Notes in the "Notes to the Financial Statements" section form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	Notes	Period ended 30 June 2024 (unaudited) £'000	Period ended 30 June 2023 (unaudited) £'000
Cash outflow from operations, excluding loan movements	**17**	**(3,175)**	(4,374)
Decrease / (Increase) in Sancus loans		**126**	(211)
Increase in loans through the Pollen facility		**(8,862)**	(9,237)
Net cash outflow from operating activities		**(11,911)**	(13,822)
Cash (outflow) / inflow from investing activities			
Net investments in FinTech Ventures		**-**	125
Investment in joint ventures	**10**	**(427)**	(50)
Sale of Sancus Properties Limited		**-**	1,008
Expenditure on fixed assets and intangibles		**(18)**	(5)
Net cash (outflow) / inflow from investing activities		**(445)**	1,078
Cash inflows from financing activities			
Drawdown of Pollen facility	**17**	**10,000**	10,000
Issue of preference shares	**17**	**5,000**	-
Capital element of lease payments	**17**	**(108)**	(109)
Debt issue costs		**-**	32
(Purchase) / Sale of ZDPs	**17**	**(1,501)**	3,000
Net cash inflow from financing activities		**13,391**	12,923
Effects of Foreign Exchange		**(30)**	(20)
Net increase in cash and cash equivalents		**1,005**	159
Cash and cash equivalents at beginning of period		**4,990**	4,134
Cash and cash equivalents at end of period		**5,995**	4,293

£3.5m of the £6.0m cash held at 30 June 2024 is for the exclusive use of Sancus Loans Limited (30 June 2023: £2.2m of the £4.3m).

The accompanying Notes in the "Notes to the Financial Statements" section form an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sancus Lending Group Limited (the "Company"), together with its subsidiaries, (the "Group") was incorporated, and domiciled in Guernsey, Channel Islands, as a company limited by shares and with limited liability, on 9 June 2005 in accordance with The Companies (Guernsey) Law, 1994 (since superseded by The Companies (Guernsey) Law, 2008). Until 25 March 2015, the Company was an Authorised Closed-ended Investment Scheme and was subject to the Authorised Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission ("GFSC"). On 25 March 2015, the Company was registered with the GFSC as a Non-Regulated Financial Services Business ("NRFSB"), at which point the Company's authorised fund status was revoked. The Company's Ordinary Shares were admitted to trading on the AIM market of the London Stock Exchange on 5 August 2005 and its issued zero dividend preference shares were listed and traded on the Standard listing Segment of the main market of the London Stock Exchange with effect from 5 October 2015. The Company changed where its business is managed and controlled, from Guernsey to Jersey, effective 1 April 2023. The Board agreed that the Company should revoke its NRFSB status, which was completed on 23 June 2023.

The Company does not have a fixed life and the Company's Memorandum and Articles of Incorporation (the "Articles") do not contain any trigger events for a voluntary liquidation of the Company. The Company is an operating company for the purpose of the AIM rules. The Executive Team is responsible for the management of the Company.

The Company has taken advantage of the exemption conferred by the Companies (Guernsey) Law, 2008, Section 244, not to prepare company only financial statements which is consistent with the 2023 Annual Report.

2. ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standard (IAS) 34 'Interim Financial Reporting', as adopted by the United Kingdom and all applicable requirements of Guernsey Company Law. They do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom.

The Group does not operate in an industry where significant or cyclical variations, as a result of seasonal activity, are experienced during any particular financial period.

These financial statements were authorised for issue by the Company Directors on 16 September 2024.

(b) Principal accounting policies

The same accounting policies and methods of computation are followed in these financial statements as in the last annual financial statements for the year ended 31 December 2023.

(c) Going concern

The Directors have considered the going concern basis in the preparation of the financial statements as supported by the Director's assessment of the Company's and Group's ability to pay its liabilities as they fall due and have assessed the current position and the principal risks facing the business with a view to assessing the prospects of the Company. The Directors have prepared a cash flow forecast for the period to 30 September 2025 which shows that the Company and the Group will have sufficient cash resources to meet their ongoing liabilities as they fall due for at least twelve months from the date of approval of these financial statements. Following the extension of the ZDPs at the end of 2022, for a further 5 years to 5 December 2027 and with the Bonds maturity date not until 31 December 2025, the Company does not have any debt liabilities that fall due within the next 12 months. Based on this, along with the issuance of preference shares by a subsidiary of the Group in April 2024, the Directors are of the opinion that the Company and Group has adequate financial resources to continue in operation and meet its liabilities as they fall due for the foreseeable future.

It is however expected, whereby equity is required to facilitate an increase in drawdown from institutional funding lines that the Company will require growth capital to fund the continued growth of the loan book. The Company's largest shareholder, Somerston, has indicated their willingness to support the Company's growth plans. The Company will be looking at options available to raise additional growth capital over the course of the year, which may include a form of equity raise or sale by the Company of ZDP shares held in treasury.

The Directors therefore believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

(d) Critical accounting estimates and judgements in applying accounting policies

The critical accounting estimates and judgements are as outlined in the financial statements for the year ended 31 December 2023.

3. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the manner in which the Executive Team reports to the Board, which is regarded to be the Chief Operating Decision Maker (CODM) as defined under IFRS 8. The main focus of the Group is Sancus. Bearing this in mind the Executive team have identified 4 segments based on operations and geography.

Finance costs and Head Office costs are not allocated to segments as such costs are driven by central teams who provide, amongst other services, finance, treasury, secretarial and other administrative functions based on need. The Group’s borrowings are not allocated to segments as these are managed by the Central team. Segment assets and liabilities are measured in the same way as in these financial statements and are allocated to segments based on the operations of the segment and the physical location of those assets and liabilities.

The four segments based on geography, whose operations are identical (within reason), are listed below. Note that Sancus Loans Limited, although based in the UK, is reported separately as a stand-alone entity to the Board and as such is considered to be a segment in its own right.

1. Offshore

Contains the operations of Sancus Lending (Jersey) Limited, Sancus Lending (Guernsey) Limited, Sancus Properties Limited, Sancus Group Holdings Limited and the JV.

2. United Kingdom (UK)

Contains the operations of Sancus Lending (UK) Limited and Sancus Holdings (UK) Limited.

3. Ireland

Contains the operations of Sancus Lending (Ireland) Limited.

4. Sancus Loans Limited

Contains the operations of Sancus Loans Limited.

							Reconciliation to Consolidated Financial Statements				
Six months to 30 June 2024	**Offshore £’000**	**UK £’000**	**Ireland £’000**	**Sancus Loans Limited (SLL) £’000**	**Sancus Debt Costs £’000**	**Total Sancus £’000**	**Head Office £’000**	**SLL Debt Costs £’000**	**FinTech Ventures Fair Value & Forex £’000**	**Other £’000**	**Consolidated Financial Statements £’000**
Revenue	**350**	**2,056**	**719**	**(720)**	**-**	**2,405**	**-**	**5,094**	**-**	**-**	**7,499**
Operating Profit/(loss) *	(66)	252	261	(741)	-	**(294)**	(493)	-	-	(5)	**(792)**
Credit Losses	395	24	-	47	-	**466**	-	-	-	-	**466**
Debt Costs	-	-	-	-	(1,182)	**(1,182)**	-	-	-	-	**(1,182)**
Other Gains/(losses)	(44)	-	18	103	-	**77**	1,131	-	-	-	**1,208**
Loss on JVs and associates	(262)	-	-	-	-	**(262)**	-	-	-	(50)	**(312)**
Taxation	-	-	(35)	-	-	**(35)**	-	-	-	-	**(35)**
Profit/(loss) After Tax	**23**	**276**	**244**	**(591)**	**(1,182)**	**(1,230)**	**638**	**-**	**-**	**(55)**	**(647)**

Six months to 30 June 2023	Offshore £'000	UK £'000	Ireland £'000	Sancus Loans Limited (SLL) £'000	Sancus Debt Costs £'000	Total Sancus £'000	Head Office £'000	SLL Debt Costs £'000	FinTech Ventures Fair Value & Forex £'000	Other £'000	Consolidated Financial Statements £'000
Revenue	721	1,131	886	(603)	-	2,135	-	3,272	-	-	5,407
Operating Profit/(loss) *	(228)	(160)	320	(625)	-	(693)	(662)	-	-	(9)	(1,364)
Credit Losses	(122)	(29)	-	(648)	-	(799)	-	-	-	-	(799)
Debt Costs	-	-	-	-	(1,652)	(1,652)	-	-	-	-	(1,652)
Other Gains/(losses)	101	-	8	84	-	193	-	-	362	(5)	550
Loss on JVs and associates	-	-	-	-	-	-	-	-	-	(50)	(50)
Taxation	2	-	-	-	-	2	-	-	-	-	2
Profit After Tax	(247)	(189)	328	(1,189)	(1,652)	(2,949)	(662)	-	362	(64)	(3,313)

* Operating Profit/(loss) before credit losses and debt costs

Sancus Loans Limited is consolidated into the Group's results as it is a 100% owned subsidiary of the Group. Sancus Loans Limited is considered a Co-Funder, the same as any other Co-Funder. As a result the Board reviews the economic performance of Sancus Loans Limited in the same way as any other Co-Funder, with revenue being stated net of debt costs. Operating expenses include recharges from UK to Offshore £nil (2023: £244,000), Offshore to Ireland £37,000 (2023: £37,000), Head Office to Offshore £62,500 (2023: £68,000) and UK to Head Office £nil (2023: £96,000). "Other" includes FinTech (excluding fair value and forex).

At 30 June 2024	Offshore £'000	UK £'000	Ireland £'000	Sancus Loans Limited (SLL) £'000	Total Sancus £'000	Head Office £'000	Fintech Portfolio £'000	Other £'000	Inter Company Balances £'000	Consolidated Financial Statements £'000
Total Assets	45,065	16,108	2,083	98,117	161,373	42,616	-	5	(85,061)	118,933
Total Liabilities	(53,157)	(16,999)	(474)	(108,719)	(179,349)	(27,293)	-	(5)	85,061	(121,586)
Net Assets/ (liabilities)	**(8,092)**	**(891)**	**1,609**	**(10,602)**	**(17,976)**	**15,323**	**-**	**-**	**-**	**(2,653)**
At 31 December 2023										
Total Assets	32,329	17,298	1,668	86,822	138,117	59,306	-	9	(91,020)	106,412
Total Liabilities	(54,670)	(18,494)	(273)	(96,832)	(170,269)	(29,130)	-	(9)	91,020	(108,388)
Net Assets/(liabilities)	(22,341)	(1,196)	1,395	(10,010)	(32,152)	30,176	-	-	-	(1,976)

Head Office liabilities include borrowings £26.9m (December 2023: £28.9m). Other FinTech assets and liabilities are included within "Other."

4. REVENUE

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000
Co-Funder fees	**1,577**	1,228
Earn out (exit) fees	**350**	394
Transaction fees	**1,129**	1,024
Total revenue from contracts with customers	**3,056**	2,646
Interest on loans	**26**	86
Sancus Loans Limited interest income	**4,375**	2,669
Other income	**42**	6
Total Revenue	**7,499**	5,407

5. COST OF SALES

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000
Sancus Loans Limited interest cost	**5,105**	3,272
Other cost of sales	**340**	169
Total cost of sales	**5,445**	3,441

6. OPERATING EXPENSES

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000
Administration and secretarial fees	**61**	47
Amortisation and depreciation	**112**	118
Audit fees	**184**	63
Corporate Insurance	**54**	4
Directors Remuneration	**88**	55
Employment costs	**1,662**	2,157
Investor relations expenses	**30**	30
Legal and professional fees	**93**	185
Marketing expenses	**2**	55
NOMAD fees	**70**	38
Other office and administration costs	**431**	502
Pension costs	**40**	46
Registrar fees	**15**	15
Sundry	**4**	3
Total operating expenses	**2,846**	3,318

7. GROUP BORROWING COSTS

Group borrowing costs reflect the interest cost of the Corporate bond and ZDPs (see note 16).

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £,000
Group Borrowing Costs	**1,182**	1,664

8. LOSS PER ORDINARY SHARE

Consolidated loss per Ordinary Share has been calculated by dividing the consolidated loss attributable to Ordinary Shareholders in the period by the weighted average number of Ordinary Shares outstanding (excluding treasury shares) during the period.

Note 15 describes the warrants in issue which are currently out of the money, and therefore are not considered to have a dilutive effect on the calculation of Loss per Ordinary Share.

	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Number of shares in issue	**584,138,346**	584,138,346
Weighted average number of shares outstanding	**584,138,346**	584,138,346
Loss attributable to Ordinary Shareholders in the period	**£677,000**	£3,333,000
Basic Loss per Ordinary Share	**(0.12)p**	(0.57)p
Diluted Loss per Ordinary Share	**(0.12)p**	(0.57)p

9. PROPERTY, PLANT AND EQUIPMENT

	Right of use assets	Property & Equipment	Total
Cost	**£'000**	**£'000**	**£'000**
At 31 December 2023	1,365	419	1,784
Additions in the period	-	18	18
Disposals in the period	-	-	-
At 30 June 2024	1,365	437	1,802
Accumulated depreciation	**£'000**	**£'000**	**£'000**
At 31 December 2023	1,084	406	1,490
Charge in the period	106	6	112
Disposals in the period	-	-	-
At 30 June 2024	1,190	412	1,602
Net book value 30 June 2024	**175**	**25**	**200**
Net book value 31 December 2023	281	13	294

10. INVESTMENTS IN JOINT VENTURES

	30 June 2024 (unaudited)	31 December 2023 (audited)
	£'000	**£'000**
At beginning of year	**14,255**	-
Additions – joint venture	**427**	100
Additions - goodwill	**-**	14,255
Impairment of joint venture	**(50)**	(100)
Share of net loss of joint ventures accounted for using the equity method	**(262)**	-
	14,370	14,255

The Group has a 50% share in Amberton Limited. Additions in the period include £50,000 of investment in Amberton Limited and which was subsequently written down to a carrying value of £Nil. Amberton Limited, which is a Jersey registered entity, was incorporated in January 2021 and has been established as a joint venture to manage the loan note programme going forward.

On 5 December 2023, the Group entered into a Joint Venture ("JV") agreement with Hawk Family Office Limited for a new bridge and development lending business in the Channel Islands. Sancus Lending (Jersey) Limited ("SLJL") entered into a Business and Asset Purchase Agreement ("BAPA") with Hawk Lending Limited (the previous lending business of Hawk Family Office Limited) and Hawkbridge Limited (the new joint venture lending business) ("Hawkbridge"). Under the terms of the BAPA, SLJL sold to Hawkbridge Limited its business as a going concern including goodwill, business information, moveable assets, records and third party rights. The consideration for the business of SLJL was the issue of 12 shares in the newly formed JV holding company, Hawkbridge Limited, giving Sancus Group Holdings Limited a 50% ownership in the JV. Hawkbridge Limited has two wholly owned subsidiaries, Hawkbridge Lending Limited and Westmead Debt Services Limited. The Group has contributed £377,000 of capital into the JV in order to cover initial costs and operating expenses before the JV became cash generative.

Under the joint venture shareholder agreement, all new Channel Islands lending business will be written through Hawkbridge. Hawkbridge will also provide administration and other services to SLJL and Hawk Lending Limited.

Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below:

	30 June 2024 (unaudited)	31 December 2023 (audited)
	£'000	**£'000**
Current assets	**381**	-
Non-current assets	**28,517**	28,510
Current liabilities	**157**	-
Non-current liabilities	**-**	-
Included in the above amounts are:		
Cash and cash equivalents	**255**	-
Current financial liabilities (excluding trade payables)	**62**	-
Non-current financial liabilities (excluding trade payables)	**-**	-
Net assets (100%)	**28,741**	28,510
Group share of net assets (50%)	**14,370**	14,255
Revenues	**244**	-
Loss and total comprehensive loss for the period (100%)	**(524)**	-
Group share of total comprehensive income (50%)	**(262)**	-
Included in the above amounts are:		
Depreciation and amortisation	–	–
Income tax expense	–	–

No dividends were received from the JV during the period ended 30 June 2024.

The JV is a private company; therefore no quoted market prices are available for its shares.

The Group has no additional commitments relating to the JV.

11. GOODWILL

	30 June 2024 (unaudited)	31 December 2023 (audited)
	£'000	**£'000**
At 31 December 2023	-	14,255
Impairment of goodwill	-	-
Disposal of goodwill	-	(14,255)
	-	-

On 5 December 2023, the Group entered into a Joint Venture ("JV") agreement with Hawk Family Office Limited for a new bridge and development lending business in the Channel Islands. Sancus Lending (Jersey) Limited ("SLJL") entered into a Business and Asset Purchase Agreement ("BAPA") with Hawk Lending Limited (the previous lending business of Hawk Family Office Limited) and Hawkbridge Limited (the new joint venture lending business) ("Hawkbridge"). Under the terms of the BAPA, SLJL sold to Hawkbridge Limited its business as a going concern including goodwill, business information, moveable assets, records and third party rights. The consideration for the business of SLJL was the issue of 12 shares in the newly formed JV holding company, Hawkbridge Limited, giving Sancus Group Holdings Limited a 50% ownership in the JV. Hawkbridge Limited has two wholly owned subsidiaries, Hawkbridge Lending Limited and Westmead Debt Services Limited.

Under the joint venture shareholder agreement, all new Channel Islands lending business will be written through Hawkbridge. Hawkbridge will also provide administration and other services to SLJL and Hawk Lending Limited.

Following the sale of the business of SLJL to Hawkbridge Limited on 5 December 2023, the remaining business is in run off. As detailed in Note 10, the investment in the joint venture has been recognised separately on the Balance Sheet and has been accounted for using the equity method.

12. OTHER INTANGIBLE ASSETS

	£'000
Cost	
At 30 June 2024 and 31 December 2023	1,584
Amortisation	
At 31 December 2023	1,584
Charge for the period	-
At 30 June 2024	1,584
Net book value at 30 June 2024	**-**
Net book value at 31 December 2023	-

Other Intangible assets comprise capitalised contractors' costs and costs related to core systems development. The assets have been fully amortised.

13. TRADE AND OTHER RECEIVABLES

	30 June 2024 (unaudited)	31 December 2023 (audited)
Current	**£'000**	**£'000**
Loan fees, interest and similar receivable	**9,879**	7,235
Taxation	**-**	5
Other trade receivables and prepaid expenses	**937**	818
	10,816	8,058

14. OTHER ASSETS

	Development properties
Cost	**£'000**
At 31 December 2022	706
Additions	-
Disposals	(706)
At 31 December 2023	-
Disposals	-
At 30 June 2024	**-**

Other assets are development properties previously held as security against certain loans which have defaulted. Other assets are held at the lower of cost and net realisable value. All development properties classified as Other Assets were sold during 2023 with a profit on disposal of £303k recognised in the Condensed Consolidated Statement of Comprehensive Income.

15. SHARE CAPITAL, SHARE PREMIUM & DISTRIBUTABLE RESERVE

Sancus Lending Group Limited has the power under the Articles to issue an unlimited number of Ordinary Shares of nil par value.

No Ordinary Shares were issued in the period to 30 June 2024 (Period to 30 June 2023: Nil).

Share Capital

Number of Ordinary Shares – nil par value	
At 30 June 2024 (unaudited) and 31 December 2023 (audited)	584,138,346

Share Premium

Ordinary Shares – nil par value	**£'000**
At 30 June 2024 (unaudited) and 31 December 2023 (audited)	118,340

Ordinary shareholders have the right to attend and vote at Annual General Meetings and the right to any dividends or other distributions which the Company may make in relation to that class of share.

Treasury Shares

	30 June 2024 (unaudited) Number of shares	31 December 2023 (audited) Number of shares
Balance at start and end of period/year	**11,852,676**	11,852,676

	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Balance at start end of period/year	**1,172**	1,172

Warrants in Issue

As at 30 June 2024 there were 89,396,438 Warrants in issue to subscribe for new Ordinary Shares at a subscription price of 2.25 pence per ordinary share. The Warrants are exercisable on at least 30 days notice within the period ending 31 December 2025. The Warrants in issue are classified as equity instruments because a fixed amount of cash is exchangeable for a fixed amount of equity, there being no other features which could justify a financial liability classification. The fair value of the warrants at 30 June 2024 is £Nil (31 December 2023: £Nil).

16. LIABILITIES

Non-current liabilities	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Corporate bond (1)	**14,963**	14,950
Pollen facility (2)	**87,281**	77,169
ZDP shares (3)	**11,984**	13,967
Preference shares (4)	**5,000**	-
Lease liability	**84**	130
Total non-current liabilities	**119,312**	106,216

Current liabilities	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Accounts payable	**319**	126
Accruals and other payables	**727**	799
Taxation	**110**	76
Interest payable	**899**	770
Derivative contracts (note 19)	**118**	231
Provisions for financial guarantees	**11**	18
Lease liability	**90**	152
Total current liabilities	**2,274**	2,172

Movement on provision for financial guarantees

	£'000
At 31 December 2022	413
Profit and loss charge in the year	(395)
At 31 December 2023	18
Profit and loss charge in the period	(7)
At 30 June 2024	**11**

Provisions for financial guarantees are recognised in relation to Expected Credit Losses ("ECLs") on off-balance sheet loans and receivables where the Company has provided a subordinated position or other guarantee (see Note 19). The fair value is determined using the exact same methodology as that used in determining ECLs (Note 19).

(1) Corporate bond

The £15m (31 December 2023: £15m) Corporate bonds bear interest at 7% (2023: 7%). The bonds have a maturity date of 31 December 2025.

(2) Pollen facility (previously HIT Facility)

On 28 January 2018, Sancus signed a funding facility with Honeycomb Investment Trust plc (HIT), now Pollen Street PLC ("Pollen"). The funding line initially had a term of 3 years and comprised of a £45m accordion and revolving credit facility. On 3 December 2020 this facility was extended to a 6 year term to end on 28 January 2024 and on 23 November 2022 this was extended further to 23 November 2026. In addition to the extension the facility was increased to £75m in December 2020 and to £125m in November 2022.

The Pollen facility has portfolio performance covenants including that actual loss rates are not to exceed 4% in any twelve month period and underperforming loans are not to exceed 10% of the portfolio. Sancus Group participates 10% on every drawdown with a first loss position on the Pollen facility. Sancus has also provided Pollen with a guarantee, capped at £4m that will continue to ensure the orderly wind down of the loan book, in the event of the insolvency of Sancus Group, given its position as facility and security agent. Refer to Note 20 Guarantees.

(3) ZDPs

The ZDP Shares have a maturity date of 5 December 2027, following a 5 year extension of the final capital repayment approved on 5 December 2022. The final capital entitlement is £2.5332 per ZDP Share.

Under the Companies (Guernsey) Law, 2008 shares in the Company can only be redeemed if the Company can satisfy the solvency test prescribed under that law. Refer to the Company's Memorandum and Articles of Incorporation for full detail of the rights attached to the ZDP Shares. This document can be accessed via the Company's website www.sancus.com.

The ZDP shares bore interest at an average rate of 8% until 5 December 2022. As part of the extension agreement noted above the interest rate increased to an average of 9% per annum with effect from 5 December 2022, through to the final repayment date of 5 December 2027. In accordance with article 7.5.5 of the Company's Memorandum and Articles of Incorporation, the Company may not incur more than £30m of long term debt without prior approval from the ZDP shareholders. The Memorandum and Articles (section 7.6) also specify that two debt cover tests must be met in relation to the ZDPs. At 30 June 2024 the Company was in compliance with these covenants as Cover Test A was 2.39 (minimum of 1.7) and the adjusted Cover Test B was 3.70 (minimum of 2.05). At 30 June 2024 senior debt borrowing capacity amounted to £15m. The Pollen facility does not impact on this capacity as it is non-recourse to Sancus.

The Company purchased 1,388,889 Zero Dividend Preference shares of no par value at a price of £1.08 per ZDP share on 29 April 2024. All of the ZDP shares purchased will be held as treasury shares.

At 30 June 2024 the Company held 11,894,628 ZDP shares in Treasury (31 December 2023: 10,505,739) with an aggregate value of £22,893,204 (31 December 2023: £19,291,480).

(4) Preference Shares

In April 2024, Somerston Fintech Limited, a subsidiary of Somerston Group, the majority shareholder of the Company, subscribed for £5,000,000 of preference shares in Sancus Loans Limited ("Sancus Loans"). The Preference Shares have a non-cash, cumulative coupon of 15% and a maturity date of 23 November 2026.

17. NOTES TO THE CASH FLOW STATEMENT

Cash outflow from operations (excluding loan movements)	**30 June 2024 (unaudited) £'000**	**30 June 2023 (unaudited) £'000**
Loss for the period	**(647)**	(3,313)
Adjustments for:		
Net gain on FinTech Ventures	**-**	(362)
Other net gains	**(769)**	(195)
Loss on disposal of subsidiary	**-**	202
Accrued interest on ZDPs	**636**	1,106
Impairment of financial assets	**(466)**	799
Taxation	**4**	45
Amortisation / depreciation of property, plant and equipment	**112**	118
Amortisation of debt issue costs	**138**	195
Changes in working capital:		

Trade and other receivables	**(2,297)**	(2,133)
Trade and other payables	**114**	(836)
Cash outflow from operations, excluding loan movements	**(3,175)**	(4,374)

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	1 January 2024 £'000	Financing cash flows[1] £'000	Amortisation of debt issue costs Non-cash £'000	Other Non-cash £'000	30 June 2024 £'000
ZDPs	**13,967**	**(1,501)**	**13**	**(495)[2]**	**11,984**
Corporate Bond	**14,950**	**-**	**13**	**-**	**14,963**
Pollen Facility	**77,169**	**10,000**	**112**	**-**	**87,281**
Preference Shares	**-**	**5,000**	**-**	**-**	**5,000**
Lease Liability	**282**	**(108)**	**-**	**-**	**174**
Total liabilities from financing activities	**106,368**	**13,391**	**138**	**(495)**	**119,402**

	1 January 2023 £'000	Financing cash flows[1] £'000	Amortisation of debt issue costs Non-cash £'000	Other Non-cash £'000	30 June 2023 £'000
ZDPs	9,117	3,000	12	1,139[2]	13,268
Corporate Bond	14,925	-	12	-	14,937
Pollen Facility	66,826	10,000	171	-	76,997
Lease Liability	364	(109)	-	(99)	156
Total liabilities from financing activities	91,232	12,891	195	1,040	105,358

[1] These amounts can be found under financing cash flows in the cash flow statement.
[2] Interest accruals.

18. RELATED PARTY TRANSACTIONS

Transactions with the Directors/Executive Team

<u>Non-executive Directors</u>

As at 30 June 2024, the non-executive Directors' annualised fees, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	30 June 2024 £	30 June 2023 £
Stephen Smith (Chairman)	**50,000**	50,000
John Whittle	**42,500**	42,500
Tracy Clarke (stepped down as non-executive director 30 March 2023, reappointed 31 March 2024)	**35,000**	35,000

Tracy Clarke was appointed Interim Group CFO and joined the Executive Team on 30 March 2023. She subsequently stepped down on 31 March 2024 and returned to her role of non-executive Director. Fees paid to her include £32,500 in respect of her role as Interim CFO.

Total Directors' fees charged to the Company for the period ended 30 June 2024 were £87,500 (30 June 2023: £55,000).

Executive Team

For the period ended 30 June 2024, the Executive Team members' remuneration from the Company, excluding all reasonable expenses incurred in the course of their duties which were reimbursed by the Company, were as detailed in the table below:

	30 June 2024 £'000	30 June 2023 £'000
Aggregate remuneration in respect of qualifying service – fixed salary	**149**	284
Aggregate amounts contributed to Money Purchase pension schemes	**6**	10
Aggregate bonus paid	**-**	-

All amounts have been charged to Operating Expenses.

On 30 March 2023 Carlton Management Services Limited ("Carlton"), was appointed to manage and develop the Group's finance function, including new technology integrations for forecasting, performance and treasury management under a service agreement. The agreement was terminated on 31 March 2024. The annualised fee for the service was £170,000. Carlton sub-lease office space in the Group's offices in Jersey, with a sub lease end date of 31 August 2024, at an annual cost of c.£100,000 p.a.

On 30 March 2023 Carlton entered into a Director service agreement with Sancus Lending Group Limited for the provision of Tracy Clarke as Interim Group CFO, with an annual fee of £130,000. This agreement terminated on 31 March 2024.

Tracy Clarke is Managing Director of Carlton Management Services Limited.

From time to time, the Somerston Group may participate as a Co-Funder in Sancus loans, on the same commercial terms available to other Co-Funders.

In April 2024, Somerston Fintech Limited, a subsidiary of Somerston Group, the majority shareholder of the Company, subscribed for £5,000,000 of preference shares in Sancus Loans Limited ("Sancus Loans"). The Preference Shares have a non-cash, cumulative coupon of 15% and a maturity date of 23 November 2026.

The Group has not recorded any other transactions with any Somerston Group companies for the period ended 30 June 2024 (2023: none).

Directors' and Persons Discharging Managerial Responsibilities ("PDMR") shareholdings in the Company

As at 30 June 2024, the Directors had the following beneficial interests in the Ordinary Shares of the Company:

	30 June 2024		31 December 2023	
	No. of Ordinary Shares Held	% of total issued Ordinary Shares	No. of Ordinary Shares Held	% of total issued Ordinary Shares
John Whittle	**138,052**	**0.02**	138,052	0.02
Rory Mepham	**2,000,000**	**0.34**	2,000,000	0.34

In the six month period to 30 June 2024 and the year to 31 December 2023, none of the above received any amounts relating to their shareholding.

Transactions with connected entities

There were no significant transactions with connected entities that took place during the current period.

There is no ultimate controlling party of the Company.

19. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Sancus loans and loan equivalents

Non-current	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Sancus loans	**-**	-
Sancus Loans Limited loans	**11,946**	10,148
Total Non-current Sancus loans and loan equivalents	**11,946**	10,148
Current		
Sancus loans	**334**	460
Sancus Loans Limited loans	**75,222**	68,157
Total Current Sancus loans and loan equivalents	**75,556**	68,617
Total Sancus loans and loan equivalents	**87,502**	78,765

Fair Value Estimation

The financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position are grouped into the fair value hierarchy as follows:

	30 June 2024 (unaudited)		31 December 2023 (audited)	
	Level 2 £'000	Level 3 £'000	Level 2 £'000	Level 3 £'000
Fintech Ventures investments	**-**	**-**	-	-
Derivative contracts	**(118)**	**-**	(231)	-
Total assets / liabilities at fair value	**(118)**	**-**	(231)	-

The classification and valuation methodology remains as noted in the 2023 Annual Report.

All of the FinTech Ventures investments are categorised as Level 3 in the fair value hierarchy. In the past the Directors have estimated the fair value of financial instruments using discounted cash flow methodology, comparable market transactions, recent capital raises and other transactional data including the performance of the respective businesses. Having considered the terms, rights and characteristics of the equity and loan stock held by the Group in the FinTech Ventures investments, the Board's estimate of liquidation value of these assets is £Nil at 30 June 2024 (31 December 2023: £Nil). Changes in the performance of these businesses and access to future returns via its current holdings could affect the amounts ultimately realised on the disposal of these investments, which may be greater or less than £Nil. There have been no transfers between levels in the period (2023: None).

Assets at Amortised Cost

	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
Sancus loans and loan equivalents	**87,502**	78,765
Trade and other receivables	**9,879**	7,240
Cash and cash equivalents	**5,995**	4,990
Total assets at amortised cost	**103,376**	90,995

Liabilities at Amortised Cost

	30 June 2024 (unaudited) £'000	31 December 2023 (audited) £'000
ZDPs	**11,984**	13,967
Corporate bond	**14,963**	14,950
Pollen facility	**87,281**	77,169
Preference shares	**5,000**	-
Trade and other payables	**2,229**	2,053
Provisions in respect of guarantees	**11**	18
Total liabilities at amortised cost	**121,468**	108,157

Refer to Note 16 for further information on liabilities.

FinTech Ventures Investments

30 June 2024	**Total Portfolio £'000**
At 31 December 2023	**-**
Net new investments / loan repaid	**-**
Realised gain recognised in profit and loss	**-**
At 30 June 2024	**-**

31 December 2023	**Total Portfolio £'000**
At 31 December 2022	-
Net new investments / (divestments)	715
Realised losses recognised in profit and loss	(715)
At 31 December 2023	-

Credit Risk

Credit risk is defined as the risk that a borrower/debtor may fail to make required repayments within the contracted timescale. The Group invests in senior debt, senior subordinated debt, junior subordinated debt and secured loans. Credit risk is taken in direct lending to third party borrowers, investing in loan funds, lending to associated platforms and loans arranged by associated platforms. The Group mitigates credit risk by only entering into agreements related to loan instruments in which there is sufficient security held against the loans or where the operating strength of the investee companies is considered sufficient to support the loan amounts outstanding.

Credit risk is determined on initial recognition of each loan and re-assessed at each balance sheet date. It is categorized into Stage 1, Stage 2 and Stage 3 with Stage 1 being to recognise 12 month ECLs, Stage 2 being to recognise Lifetime ECLs not credit impaired and Stage 3 being to recognise Lifetime ECLs credit impaired.

Foreign Exchange Risk – Derivative instruments

The Treasury Committee Team monitors the Group's currency position on a regular basis, and the Board of Directors reviews it on a quarterly basis. Loans denominated in Euros which are taken out through the Pollen facility are hedged. Forward contracts to sell Euros at loan maturity dates are entered into when loans are drawn in Euros. At 30 June 2024 the following forward foreign exchange contracts were open:

June 2024

Counterparty	Settlement date	Buy Currency	Buy Amount £'000	Sell currency	Sell amount €'000	Unrealised gain/(loss) £'000
Alpha	Jun 2024 to July 2024	GBP	7,827	Euro	9,245	(11)
Lumon Risk Management	Jun 2023 to July 2023	GBP	27,428	Euro	32,460	(107)
						(118)

December 2023

Counterparty	Settlement date	Buy Currency	Buy Amount £'000	Sell currency	Sell amount €'000	Unrealised loss £'000
Alpha	Dec 2023 to Jan 2024	GBP	7,710	Euro	9,000	(97)
Lumon Risk Management	Dec 2023 to Jan 2024	GBP	23,851	Euro	27,640	(134)
						(231)

No hedging has been taken out against investments in the FinTech Ventures platforms (2023: £Nil).

Provision for ECL

Provision for ECL is made using the credit risk, the probability of default (PD) and the probability of loss given default (PL) all of which are underpinned by the Loan to Value (LTV), historical position, forward looking considerations and on occasion, subsequent events and the subjective judgement of the Board. Preliminary calculations for ECL are performed on a loan by loan basis using the simple formula: Outstanding Loan Value x PD x PL and are then amended as necessary according to the more subjective measures as noted above.

A probability of default is assigned to each loan. This probability of default is arrived at by reference to historical data and the ongoing status of each loan which is reviewed on a regular basis. The probability of loss is arrived at with reference to the LTV and consideration of cash that can be redeemed on recovery.

Movement of provision for ECL

	Loans £'000	Trade Receivables £'000	Guarantees £'000	Total £'000
Loss allowance at 31 December 2022	6,835	6,493	413	13,741
Charge/(credit) for the year 2023	4,032	1,180	(395)	4,817
Utilised in the year 2023	(2,383)	(1,211)	-	(3,594)
Loss allowance at 31 December 2023	8,484	6,462	18	14,964
Credit for the period to June 2024	(303)	(156)	(7)	(466)
Utilised in the period to June 2024	(4,319)	-	-	(4,319)
Loss allowance at 30 June 2024	**3,862**	**6,306**	**11**	**10,179**

20. GUARANTEES

The Group undertakes a number of Guarantees and first loss positions which are not deemed to be contingent liabilities under IAS37 as there is no present obligation for these guarantees and it is considered unlikely that these liabilities will crystallise.

Pollen Facility
Sancus Group participates 10% on every loan funded by the Pollen facility, taking a first loss position. Sancus Group Lending Limited has provided Pollen with a guarantee capped at £4m following the restructure of the Pollen facility in November 2022 (previously was capped at £2m) and that it will continue to ensure the orderly wind down of the Pollen funded loan book, in the event of the insolvency of Sancus Group, given its position as facility and security agent. No provision has been provided in the financial statements (2023: £Nil).

Sancus Loan Notes
Loan Note 7 was launched in May 2021 and was repaid in September 2023.

Loan Note 8 was launched in January 2022 and currently stands at c.£30.0m. Loan Note 8 matures on 1 December 2026 and has a coupon of 8% p.a. (payable quarterly), with Sancus providing a 20% first loss guarantee.

Unfunded Commitments
As at 30 June 2024 the Group has unfunded commitments of £81.4m (31 December 2023: £72.5m). These unfunded commitments primarily represent the undrawn portion of development finance facilities. Drawdowns are conditional on satisfaction of specified conditions precedent, including that the borrower is not in breach of its representations or covenants under the loan or security documents. The figure quoted is the maximum exposure assuming that all such conditions for drawdown are met. Directors expect the majority of these commitments to be filled by Co-Funders.

OFFICERS AND PROFESSIONAL ADVISERS

Directors	
Non-executive	Stephen Smith John Richard Whittle Tracy Clarke (appointed 31 March 2024)
Executive	Rory Mepham Tracy Clarke (resigned 31 March 2024)

The address of the Directors is the company's registered office.

Executive Team:	
Chief Executive Officer	Rory Mepham
Chief Financial Officer	Keith Lawrence (appointed 31 March 2024); Tracy Clarke (resigned 31 March 2024)
Chief Investment Officer	James Waghorn
Registered Office	Suite 1, First Floor Windsor House, Lower Pollet St Peter Port Guernsey, GY1 1WF Channel Islands
Nominated Advisor and Broker	Panmure Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London, EC2Y 9LY United Kingdom
Company Secretary	Sanne Fund Services (Guernsey) Limited Sarnia House Le Truchot St Peter Port Guernsey, GY1 1GR Channel Islands
Legal Advisors, Channel Islands	Carey Olsen PO Box 98 Carey House Les Banques St Peter Port Guernsey, GY1 4BZ Channel Islands

Legal Advisors, UK	Stephenson Harwood 1 Finsbury Circus London, EC2M 7SH United Kingdom
Legal Advisors, USA	Troutman Pepper 3000 Two Logon Square Eighteenth and Arch Streets Philadelphia, PA 19103-2799 United States
Bankers	Barclays International 1st Floor, 39041 Broad Street St Helier Jersey, JE4 8NE
Auditors	Moore Kingston Smith LLP 9 Appold Street London EC2A 2AP
Registrar	Link Market Services Limited The Registry, 34 Beckenham Road Beckenham Kent, BR3 4TU United Kingdom
Public Relations	Instinctif Partners Limited 65 Gresham Street London, EC2V 7NQ United Kingdom