

Orchard Funding Group PLC
 (“Orchard Funding Group” or the “company” or the “group”)

Half Year Results for the Six Months ended 31 July 2026

Half Year Results

Orchard Funding Group, the finance group which specialises in insurance premium finance and the professions funding market, announces its unaudited results for the six months ended 31 July 2026.

Highlights in the six months to 31 July 2026, compared to the six months to 31 July 2025:

All amounts are £m unless otherwise stated	6 months to 31 July 2026	6 months to 31 July 2025	% increase/ (decrease)
Lending volume	57.57	60.69	(5.14%)
Average interest earning assets	66.60	66.22	0.56%
Total revenue	5.04	5.18	(2.63%)
Net interest income	3.70	3.60	2.74%
Profit before tax	2.52	1.91	31.71%
Profit after tax	1.89	1.48	27.05%
EPS (pence)	8.86	7.18	23.40%
Operating costs (excluding impairment provisions)	2.05	2.09	(1.49%)
Impairment provisions	-0.02	-0.03	(22.72%)
Average net interest margin	15.51%	14.81%	4.75%
ROAE (annualised)	16.29%	13.24%	23.08%
Average external funding	8.15	12.25	(33.47%)
Own resources (net financial assets)	28.31	23.55	20.21%

A more detailed breakdown of the Highlights is contained within the Chief Financial Officer’s summary below.

Ravi Takhar, Chief Executive Officer of the company, stated:

“The company has delivered a strong increase in profitability in the first half of the year. Profit before tax rose by 32% to £2.52m, even though lending volumes and revenues were a little lower than in the same period last year. Lower funding costs cut our interest payable by 40%, lifting net interest income, and we held operating costs slightly below last year’s level. We are continuing to lend, compete and succeed in an extremely competitive market. I want to thank our staff for their hard work and our finance providers Toyota and NatWest for their great support to our business.

“In light of our strong first half performance the board has agreed to pay an interim dividend of 2p.”

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Chairman's statement

I am pleased to report continued positive financial performance with profit before tax of £2.52m an increase of 32% on the same period last year. Lending volumes and Total revenue are slightly down but we have benefited from a reduction in our funding costs.

The market outlook is more challenging with inflationary pressures and expectations that the Bank of England will increase Base rate. We will keep a close watch on how this impacts our customers and our net margins.

We remain optimistic about our continued strong performance, and I am pleased to confirm that we will pay an interim dividend of 2p per share.

Steven Hicks
Chairman

Chief Financial Officer's statement

There remains a great deal of turbulence in the markets, primarily due to the conflicts in the world together with tariffs being imposed by the USA and reciprocated by other countries. The full impact of these is already beginning to be felt.

Against this background the group again performed well in the half year to 31 July 2026.

Lending is down by 9.08% for non-Toyota GAP products from £54.64m to £49.68m and up 30.44% for Toyota GAP products from £6.05m to £7.89m.

Overall lending for the period fell by 5.14% from £60.69m to £57.57m when compared to the six months to 31 July 2025.

PBT has increased by 31.71% from £1.91m to £2.52m.

This came about mainly because of lower funding costs, with interest payable and similar charges down by £309k, and lower other direct costs (down £406k), together with a small reduction in operating costs. The main cost reductions are in professional and legal costs and IT costs.

The net impairment credit in the income statement was £19k compared with a credit of £25k in the equivalent period of the previous year.

Operating costs excluding impairment losses are 2.05% lower from £2.096m to £2.053m.

The main reductions in operating costs were professional and legal fees (down £106k) and IT costs (down £71k). There have been small savings across other cost headings. Both salaries and advertising and similar costs increased in the period (salaries by £125k including short term bonuses and advertising by £55k).

Impairment reviews are carried out at each reporting period on all financial assets. The method employed for assessing assets arising from lending is shown in the audited accounts to 31 January 2026 and is based on expected credit losses (ECLs). As at 31 July 2026 the provision was £1,198k (31 July 2025 £1,190k). Other assets (fixed assets and investments) are also subject to impairment reviews but no impairment provision is needed this period.

Net financial assets (all financial assets less all financial liabilities) are up by 20.21% to £28.31m from £23.55m.

Unused unrestricted borrowing availability was up 51.32% from £14.46m to £21.87m.

Liquidity (net current assets) was up by 4.39% from £21.656m to £22.61m.

Principal risks faced by the group are: Credit risk; Liquidity risk; Interest rate risk; Non-repayment risk; Systems risk; and Conduct risk.

Our principal risks are set out in the full-year financial statements for the 18 months ended 31 January 2026. A complete explanation of each risk, together with its impact and mitigation, is detailed in those financial statements.

Risks have remained within our appetite during this six month period.

Key Performance Indicators (KPIs)

Our KPIs are set so that fluctuations outside a certain tolerance would trigger an examination of our operations to establish why these fluctuations have occurred and, if necessary, take any remedial action deemed necessary.

The table below gives a breakdown of group KPIs as well as indicators not considered KPIs but which give a better understanding of the figures.

Key performance indicators

All amounts are £m unless otherwise stated and are annualised in respect of ratios	6 months to 31 July 2026	6 months to 31 July 2025	18 months to 31 January 2026
Lending volume (non-Toyota products)	49.68	54.64	162.90
Lending volume (Toyota products)	7.89	6.05	19.87
Average interest earning assets (non-Toyota products) ¹	47.70	48.61	47.65
Average income earning assets (Toyota products) ¹	18.90	17.61	16.59
Total revenue	5.04	5.18	15.73
Average external funding ²	8.15	12.25	29.52
Cost of external funds	0.46	0.79	2.27
Cost of funds/funds ratio ³	5.66%	6.42%	7.68%
Own resources (net financial assets)	28.31	23.55	25.57
Operating costs (excluding impairment provisions)	2.05	2.09	6.03
Impairment charges	-0.02	-0.03	0.06
Net interest margin - annualised (%) ⁴	15.51%	14.81%	15.19%
Return on average equity - annualised ⁵	16.29%	13.24%	15.54%

Financial summary – other performance indicators

All amounts are £m unless otherwise stated and are annualised	6 months to 31 July 2026	6 months to 31 July 2025	18 months to 31 January 2026
Net interest income	3.70	3.60	10.86
Profit before tax	2.52	1.91	6.59
Profit after tax	1.89	1.48	4.91
Gross interest margin - annualised ⁶	17.44%	17.98%	18.49%
EPS (pence) ⁷	8.86	7.18	23.11
Return on capital employed - annualised ⁸	8.86%	7.03%	8.37%

1. Average interest and income earning assets consist of the average of the opening and closing loan book after taking account of the impairment provision.
2. Average external funding comprises amounts borrowed on a daily basis net of repayments.
3. Cost of funds/funds ratio is the cost of external funds divided by average external funding.
4. Net interest margin is net interest income divided by the average loan book adjusted for Toyota assets.
5. ROAE consists of profit after tax divided by average equity. Average equity is the average of opening and closing equity.
6. Gross interest margin is gross interest income divided by the average loan book, again adjusted for Toyota assets.
7. There are no factors which would dilute earnings therefore fully diluted earnings per share are identical. EPS is based on the half-year results divided by shares in issue.
8. ROCE consists of earnings before interest, tax, depreciation and amortisation divided by capital employed. Capital employed comprises capital and reserves together with borrowings, less cash held.

Future developments

The next six months will continue to be challenging, with the likely path of interest rates and inflation the main uncertainties for the business. However, the results for the half-year show that the business has remained stable. The board is happy with the results for the six months and there are no plans to materially alter how we operate.

Dividend

The board has decided to make an interim dividend payment of 2p per share. This dividend is to be paid on 12 November 2026 to shareholders on the register at 23 October 2026 with an ex-dividend date of 22 October 2026.

Liam McShane
Chief Financial Officer

Consolidated statement of comprehensive income

		6 Months to 31 July 2026	6 Months to 31 July 2025	18 months to 31 January 2026
	Notes	£000	£000	£000
Continuing operations				
Interest receivable and similar income	2	4,162	4,373	13,218
Interest payable and similar charges		(462)	(771)	(2,355)
Net interest income		3,700	3,602	10,863
Other trading income	2	883	810	2,510
Other direct costs		(32)	(438)	(690)
Net other income		851	372	1,820
Net total income		4,551	3,974	12,683
Other operating costs		(2,053)	(2,096)	(6,032)
Net impairment (losses)/gains on financial assets		19	25	(62)
Fair value adjustment for goodwill on consolidation		-	-	(2)
Operating profit		2,517	1,903	6,587
Interest receivable		4	2	5
Profit before tax		2,521	1,905	6,592
Tax	3	(633)	(425)	(1,678)
Profit and total comprehensive income for the period from continuing operations attributable to:				
Owners of the parent		1,893	1,534	4,935
Non-controlling interests		(5)	(54)	(21)
		1,888	1,480	4,914
Earnings per share				
Basic and diluted	4	8.86	7.18	23.11

Consolidated statement of financial position

	At 31 July 2026 £000	At 31 July 2025 £000	At 31 January 2026 £000
Assets			
Non-current assets			
Property, plant and equipment	437	449	443
Intangible assets	-	69	33
Investment at fair value through profit and loss	6	6	6
Loans to customers	11,421	9,429	17,367
	11,864	9,953	17,849
Current assets			
Loans to customers	55,457	56,874	48,773
Other receivables and prepayments	139	85	124
Cash and cash equivalents:			
Bank balances and cash in hand	1,079	639	1,072
	56,675	57,598	49,969
Total assets	68,539	67,551	67,818
Liabilities and equity			
Current liabilities			
Trade and other payables	9,894	11,634	9,244
Borrowings	21,816	22,761	21,703
Tax payable	2,357	1,548	1,723
	34,067	35,943	32,670
Non-current liabilities			
Borrowings	9,591	10,095	11,940
Deferred tax	2	3	3
	9,593	10,098	11,943
Total liabilities	43,660	46,041	44,613
Equity attributable to the owners of the parent			
Called up share capital	214	214	214
Share premium	8,692	8,692	8,692
Merger reserve	891	891	891
Retained earnings	15,077	11,744	13,398
Total equity attributable to:			
Owners of the parent	24,874	21,541	23,195
Non-controlling interests	5	(31)	10
Total equity	24,879	21,510	23,205
Total equity and liabilities	68,539	67,551	67,818

Consolidated statement of changes in equity

	Called up share capital £000	Retained earnings £000	Share premium £000	Merger reserve £000	Attributable to the owners of the parent £000	Non- controlling interests	Total equity £000
Balance at 1 February 2025	214	10,637	8,692	891	20,434	23	20,457
Profit and total comprehensive income	-	1,534	-	-	1,534	(54)	1,480
Transactions with owners:							
Dividends paid	-	(427)	-	-	(427)	-	(427)
Balance at 31 July 2025	214	11,744	8,692	891	21,541	(31)	21,510
Profit and total comprehensive income	-	2,081	-	-	2,081	41	2,122
Transactions with owners:							
Dividends paid	-	(427)	-	-	(427)	-	(427)
Balance at 31 January 2026	214	13,398	8,692	891	23,195	10	23,205
Changes in equity							
Profit and total comprehensive income	-	1,893	-	-	1,893	(5)	1,888
Transactions with owners:							
Dividends paid	-	(214)	-	-	(214)	-	(214)
Balance at 31 July 2026	214	15,077	8,692	891	24,874	5	24,879

The merger reserve arose through the formation of the group on 23 June 2015 using the consolidation method which treats the merged companies as if they had been combined throughout the current and comparative accounting periods. The accounting principles for these combinations gave rise to a merger reserve in the consolidated statement of financial position, being the difference between the nominal value of new shares issued by the company for the acquisition of the shares of the subsidiaries and each subsidiary's own share capital.

The share premium account arose on the issue of shares on the IPO on 1 July 2015 at a premium of 95p per share. Costs directly attributable to the issue of shares have been deducted from the account.

Non-controlling interests consist of equity belonging to non-group shareholders in Open B Gateway Limited in which the group has a 90% interest.

Consolidated statement of cash flows

	6 Months to 31 July 2026	6 Months to 31 July 2025	18 months to 31 January 2026
	£000	£000	£000
Cash flows from operating activities:			
Operating profit	2,517	1,903	6,588
Adjustment for depreciation and amortisation	40	44	134
Goodwill on acquisition written off	-	-	(2)
	2,557	1,947	6,720
Increase in trade and other receivables	(753)	2,510	841
Increase in trade and other payables	671	3,434	(181)
	2,475	7,891	7,380
Tax paid	-	-	(497)
Net cash generated by operating activities	2,475	7,891	6,883
Cash flows from investing activities			
Interest received	4	2	5
Purchases of property, plant and equipment	(1)	(12)	(15)
Net cash generated/(absorbed) by investing activities	3	(10)	(10)
Cash flows from financing activities			
Dividends paid	(214)	(427)	(641)
Proceeds from borrowings	-	-	3,651
Borrowings repaid	(2,257)	(7,723)	(10,293)
Net cash absorbed by financing activities	(2,471)	(8,150)	(7,283)
Net increase/(decrease) in cash and cash equivalents	7	(269)	(410)
Cash and cash equivalents at the beginning of the period	1,072	908	1,482
Cash and cash equivalents at the end of period	1,079	639	1,072

Cash and cash equivalents consists of bank balances.

Notes to the financial statements

1. General information

Orchard Funding Group PLC (the “company”) and its subsidiaries (together the “group”) provide funding and funding support systems for insurance premiums, professional and equivalent fees and other leisure activities. The group operates in the United Kingdom.

The company is a public company quoted on AIM, a market operated by the London Stock Exchange, incorporated and domiciled in the United Kingdom. The address of its registered office is 222 Armstrong Road, Luton, Bedfordshire LU2 0FY.

The condensed consolidated interim financial information for the six months ended 31 July 2026 has been prepared in accordance with the presentation, recognition and measurement requirements of applicable UK adopted International Accounting Standards (“IFRS”) except that the group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK groups listed on AIM, in the preparation of the condensed consolidated interim financial information.

The financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the group for the 18 months ended 31 January 2026 which are prepared in accordance with IFRS.

The accounting policies used in the preparation of condensed consolidated interim financial information for the six months ended 31 July 2026 are in accordance with the presentation, recognition and measurement criteria of IFRS and are consistent with those which are expected to be adopted in the annual statutory financial statements for the 12 months ending 31 January 2027. There are a number of new standards, amendments and interpretations that have been issued but are not effective for these financial statements. They are not expected to impact the financial statements as either they are not relevant to the group’s activities or are consistent with accounting policies already followed by the group.

Under the expected credit loss (“ECL”) model required in IFRS 9, there has been a credit of £19k to consolidated income (six months to 31 July 2025 credit of £25k). Arrears are under control and there are no other factors which would indicate potential credit losses. In assessing potential provisions, the group applies the general (three-stage) expected credit loss approach, consistent with the accounting policy set out in the audited financial statements for the 18 months to 31 January 2026. Part of this process has been to examine the impact of ongoing international situation.

The group’s annual report for the 18 months to 31 January 2026 provides full details of significant judgements and estimates used in the application of the group’s accounting policies. There have been no significant changes to these judgements and estimates during the period.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the 18 months to 31 January 2026 are the group’s statutory accounts for that financial period. Those accounts have been reported on by the company’s auditor and delivered to the registrar of companies. The report of the auditor was: (i) unqualified; (ii) did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Segmental reporting

The group’s activities are providing funding for insurance premiums, professional fees, school fees, leisure activities and asset financing wholly within the UK.

Most of our lending meets the criteria for aggregation as the underwriting process, management of the loans, distribution channels, risks and rewards are all similar.

The group does, however, report to the board of directors in terms of two segments – lending for Toyota products which carry no credit risk and have a lower return, and other lending.

Notes to the financial statements

Revenue

	6 Months to 31 July 2026	6 Months to 31 July 2025	18 months to 31 January 2026
	£000	£000	£000
Timing of revenue recognition:			
Interest receivable and similar income			
Over time – interest revenue outside the scope of IFRS 15	3,644	3,839	11,614
At a point in time – non utilisation fees	428	453	1,325
At a point in time – default and settlement fees	90	81	279
	4,162	4,373	13,218
Other trading income – non-Toyota products			
At a point in time – direct debit charges	221	203	611
Over time - loan administrative fees	179	194	633
Over time – licence fees	64	66	200
	464	463	1,444
Other trading income – Toyota products			
Over time - loan administrative fees	419	347	1,066
Gross total income	5,045	5,183	15,728
Expenses by nature			
Interest payable and similar charges			
Interest payable	411	704	2,252
Bank fees	51	67	103
	462	771	2,355
Other direct costs – non-Toyota products			
Bank fees	28	365	671
Other direct costs – Toyota products			
Bank fees	4	73	19
	32	438	690
Net total income	4,551	3,974	12,683
Other operating costs – non-Toyota products			
Employee costs	1,027	902	3,009
Advertising and selling costs	628	573	1,613
Professional and legal fees	96	196	431
IT costs	117	188	396
Cost of listing	48	59	101
Depreciation and amortisation	40	44	134
Other net expenses	97	131	339
	2,053	2,093	6,023
Other operating costs – Toyota products			
Other net expenses	-	3	11
Total operating costs before impairment charges	2,053	2,096	6,034
Net impairment losses on financial assets	(19)	(25)	62
Operating profit	2,517	1,903	6,587

3. Taxation

The tax assessed for the period differs from the main corporation tax rates in the UK of 25% because of the effect of items disallowed for tax and accelerated capital allowances.

4. Earnings per share

Earnings per share are based on the profit attributable to the owners of the parent shown above, for each relevant period, and the weighted average number of ordinary shares in issue during each period. For all three periods, this was 21,354,167. There are no options or other factors which would dilute these, therefore the fully diluted earnings per share is identical.