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MOR

MORhomes PLC

HALF YEARLY FINANCIAL REPORT (UNAUDITED)

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2025



Registered office and headquarters:
Future Business Centre, Kings Hedges Rd,
Cambridge CB4 2HY

Company Registration No. 10974098

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DIRECTORS

M C Cooper (Chair)
M T Hinch
G L Howley
A D Morton
J E Pilcher
A Thomas

SECRETARY

Allia Bond Services Ltd

REGISTERED OFFICE

Future Business Centre
Kings Hedges Road
Cambridge
CB4 2HY

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
7 More London Riverside
London
SE1 2RT

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INTERIM BOARD REPORT

REVIEW OF THE PERIOD

We started the financial year with inflation on the rise once again, and at elevated levels compared to the Bank of England's 2% target rate. As a consequence the Bank of England Base Rate has not been falling rapidly. Inflation and interest rates have an effect on borrowers. Social rents typically increase in line with the CPI+1% formula, and rents for the 2025/26 financial year are based on the September 2024 CPI rate of 1.7%. For the 2026/27 financial year it will be based on the September 2025 CPI rate of 3.8%. Housing Associations' funding tends to be skewed towards longer-term fixed-rate funding, so the level of interest rates is affecting their thinking on future development and stock investment plans. This longer-term impact is as significant as the immediate financial effect on their current business.

As a result of the level of interest rates there has been a very significant slowdown in borrowing, and in particular long-term borrowing, by the Housing Association sector as a whole over the past 3 years or so. Many Housing Associations locked in substantial long-term funding when rates were significantly lower. Increases in gilt yields impact significantly on the interest rate MORhomes is able to offer to new borrowers, with a consequent slowdown in MORhomes lending, in common with peers and other long-term lenders. Nevertheless, Housing Association assets are long-term assets which ultimately tend to be matched by long-term funding. As gilt yields stabilised, we started to see some initial signs of recovery in long-term borrowing by the Housing Association sector. The impact of higher interest rates on MORhomes' existing loan portfolio is minimal as borrowing and on-lending is done back-to-back, entirely fixed-rate, with MORhomes taking a small margin.

The corresponding half-year in the prior year saw a general election and a resulting change in government. The new government is giving higher profile to housing, and in its spending review it announced a range of different measures designed to support the sector including a new 10-year CPI+1% rent settlement – much longer than the previous 5-year settlement – together with a significant additional grant funding programme, as well as a consultation on how to implement rent convergence. These are helpful measures for Housing Associations which aid consideration of future development and stock investment plans, though need to be viewed in the round, together with other measures. An increase in future development and stock investment plans would be expected to lead to an increased need for long-term funding such as that provided by MORhomes.

We have maintained on-going dialogue with and received regular financial reporting from all our borrowers. This engagement has continued to highlight the counter-cyclical nature of the Housing Association sector, as well as the sector's ability to manage its liquidity and financial performance through the phasing of development programmes and stock investment plans. In addition, it has reinforced our view of the relative strength of our own borrowers, with the average credit score we apply to borrowers remaining in line with pre-Covid scores, and with all payments continuing to be made by borrowers in advance of our own interest payment date.

In line with the overall market for long-term lending to Housing Associations, we have seen £nil of lending in H1 (2024: £nil) following the two new loans extended in H2 of the last financial year. Nevertheless, we are continuing to maintain price competitiveness, while offering many advantages over the competition such as speed to market. We believe this leaves us well-placed for the future.

At the date of approval of these interim financial statements we have outstanding £538.6m of nominal loans (2024: £512.4m) through 24 loans (2024: 22) to 23 different borrowing entities (2024: 21) at 20 different groups (2024: 20). We are also continuing to build our new business pipeline of opportunities, engaging with a wide range of potential borrowers.

The post-tax financial result for the half year was a loss of £18k (2024: £51k loss). This difference with prior year principally reflects the continuing improvement in underlying performance seen in prior years, driven by a combination of growth in the loan book and management actions improving operational efficiency. By raising debt and on-lending at an interest rate that includes an intermediation fee we are establishing a regular source of income for the life of the bonds which have a minimum of over 12 years remaining, and this regular income stream will increase as we increase our loan book.

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MORhomes' financial structure means that we have established a strong financial position. As at September 2025 shareholders' funds were £5.0m (2024: £4.8m). The Company also benefits from £5.8m (2024: £5.5m) of contingent convertible loans provided by borrowers which are classified as liabilities but which convert to equity under certain circumstances. In combination, this provides stronger equity as a percentage of loans than our sector peers.

The liquidity position remains strong with £2.4m across cash and gilts at the end of the period (2024: £3.2m). Bond and other interest liabilities are matched by corresponding interest due from borrowers. Standby liquidity facilities of £5m (2024: £5m) are in place and undrawn which represents substantially more than our policy of having enough liquidity to cover a year's interest on our top 3 loans. In combination this provides stronger liquidity than our sector peers.

Looking forwards, the priority for H2 is to continue to market the business proactively, with the aim of growing lending volume.

RISK MANAGEMENT AND PRINCIPAL RISKS

The Board has established an effective framework of risk management, details of which were set out in the March 2025 Report and Financial Statements.

The Board has carried out a robust assessment of the principal risks and uncertainties (financial and non-financial) facing the company around achievement of its strategy in the remainder of the financial year, including those that would threaten its future business model, future performance, solvency or liquidity. The principal risks, and how they are being managed, are as follows:

Principal risks to achievement of strategy	Management of risks
Credit risk on individual borrowers and housing association sector	Credit policy including exposure limits; credit management and monitoring process, including regular review of the impact of climate change, interest rates, rent formula / cap and inflation, as well as issues such as damp and mould and RAAC; regular engagement with the Regulator of Social Housing; capital structure to withstand losses.
Lack of borrowing demand from housing associations including due to changes in their business plans, market conditions, and pricing / competition from alternative sources of funding	Marketing; tight cost control including reduced Board size; contingency plans to ensure that costs can be met from assured income
Operational risks including control over cash and payments and meeting bond obligations	Operating manual defining all key controls and relevant procedures in place; accounting functions outsourced to reputable firm (Allia Bond Services Ltd).

Other risks	Management of risks
Interest rate or pricing risk	Interest payable on bonds is at a fixed rate and matched over the term of the bonds by the interest receivable from loans.
Liquidity and cash flow risk	Interest receivable from loans is due 10 business days before interest payments are due. The company's capital structure has been stress tested under a range of credit loss scenarios and is designed to maintain liquidity with: (1) equity including a subscription by borrowers equal to 0.5% of loans made, retained from bond proceeds; (2) conditional convertible loans from borrowers equal to 1.15% of loans made which convert to equity under certain circumstances; (3) a structure of first and second secured debt; and (4) standby liquidity facilities.
Global operating environment risk	Board monitors the operating environment proactively and there is regular engagement with borrowers. Principal risks typically relate to the impact on borrower credit risk,

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	which is monitored via our credit assessments, with an overall stable picture experienced.

The Board confirms that there have been no events subsequent to the balance sheet date up to the date of this report, or likely future developments, that affect its assessment of the principal risks.

RELATED PARTY TRANSACTIONS

The related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period are shown in note 4 to the financial statements.

There are no changes in the related parties transactions described in the last annual report that could have a material effect on the company's financial position or performance in the first six months of the current financial year.

POST BALANCE SHEET EVENTS

In December 2025, S&P affirmed MORhomes' credit rating as A-, citing the "relatively strong creditworthiness of MORhomes' borrowers", and revised the outlook upwards from negative to stable. S&P also stated that "We view the company's risk management policies as sophisticated; it assesses credit risk effectively and closely monitors the asset quality of its lending portfolio."

Signed on behalf of the Board

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M.C. Cooper
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Malcolm Cooper
Chair

12th December 2025

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM MANAGEMENT REPORT AND THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with UK-adopted international accounting standards

- the interim management report includes a fair review of the information required by:

a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board

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Malcolm Cooper
Chair

12th December 2025

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	Note	6 months ended 30 September 2025 (unaudited) £'000	6 months ended 30 September 2024 (unaudited) £'000	Year ended 31 March 2025 (audited) £'000
Interest income		9,438	8,841	17,824
Interest expense		(9,051)	(8,470)	(17,075)
Net interest income		387	371	749
Other income		42	32	146
TOTAL INCOME		429	403	895
Impairment reversal/(expense)		2	2	(3)
Operating expenses		(453)	(466)	(905)
NET LOSS		(22)	(61)	(13)
Loss on revaluation		(2)	(7)	(76)
NET LOSS BEFORE TAX		(24)	(68)	(89)
Income tax credit		6	17	22
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(18)	(51)	(67)

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MORhomes PLC
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
Period ended 30 September 2025

	Note	Share capital £'000	Share Premium £'000	Contingent convertible notes £'000	Accumulated losses/ retained earnings £'000	Total equity £'000
BALANCE AT 1 APRIL 2025 (audited)		632	3,412	562	377	4,983
Shares issued in year		-	-	-	-	-
Issue of contingent convertible notes		-	-	-	-	-
Loss for the period		-	-	-	(18)	(18)
BALANCE AS AT 30 SEPTEMBER 2025 (unaudited)		632	3,412	562	359	4,965
BALANCE AS AT 1 APRIL 2024 (audited)		618	3,285	542	444	4,889
Shares issued in year		-	5	-	-	5
Issue of contingent convertible notes		-	-	-	-	-
Loss for the period		-	-	-	(51)	(51)
BALANCE AS AT 30 SEPTEMBER 2024 (unaudited)		618	3,290	542	393	4,843
BALANCE AS AT 1 APRIL 2024 (audited)		618	3,285	542	444	4,889
Issue of share capital	16	14	127	-	-	141
Issue of contingent convertible notes	14	-	-	20	-	20
Loss for the year		-	-	-	(67)	(67)
BALANCE AS AT 31 MARCH 2025 (audited)		632	3,412	562	377	4,983

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	Note	Six months ended 30 September 2025	Six months ended 30 September 2024	Year ended 31 March 2025
		(unaudited)	(unaudited)	(audited)
		£'000	£'000	£'000
OPERATING ACTIVITES				
Net cash flow generated from operating activities	5	8,966	8,669	18,266
Interest paid		(9,151)	(8,759)	(17,737)
Loans advanced		-	-	(20,006)
Net cash in operating activities		(185)	(90)	(19,477)
INVESTING ACTIVITES				
Payments to acquire property, plant and equipment		-	-	(1)
Gilt redemption/(investment)		-	-	918
Net cash (outflow) from investing activities		-	-	917
FINANCING ACTIVITIES				
Proceeds from issue of shares		-	5	141
Proceeds from issue of bonds		-	-	18,709
Net cash inflow from financing activities		-	5	18,850
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(185)	(85)	290
Cash and cash equivalents at beginning of period		2,360	2,070	2,070
Cash and cash equivalents at end of period		2,175	1,985	2,360

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	Note	30 September 2025 (unaudited) £'000	30 September 2024 (unaudited) £'000	31 March 2025 (audited) £'000
NON-CURRENT ASSETS				
Property, plant and equipment		2	1	2
Loan assets		543,275	523,535	543,555
		543,277	523,536	543,557
CURRENT ASSETS				
Loan assets		2,207	2,097	2,103
Trade and other receivables		197	577	122
Current asset investment		257	1,245	259
Cash and cash equivalents		2,175	1,985	2,360
		4,836	5,904	4,844
TOTAL ASSETS	3	548,113	529,440	548,401
CURRENT LIABILITIES				
Trade and other payables		(207)	(315)	(377)
Bond Liabilities		(2,115)	(2,016)	(2,014)
		(2,322)	(2,331)	(2,391)
NON-CURRENT LIABILITIES				
Bond liabilities		(540,827)	(522,266)	(541,027)
		(540,827)	(522,266)	(541,027)
TOTAL LIABILITIES	3	(543,148)	(524,597)	(543,418)
NET ASSETS		4,965	4,843	4,983
EQUITY				
Share capital		632	618	632
Share premium		3,412	3,290	3,412
Contingent convertible notes		562	542	562
Accumulated profits/(losses)		359	393	377
TOTAL EQUITY		4,965	4,843	4,983

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Malcolm Cooper
Chair

12th December 2025

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Andrew Morton
Chief Executive Officer

12th December 2025

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1. The financial statements and the half-yearly financial report have not been audited

2. BASIS OF PREPERATION & STATUTORY ACCOUNTS

Basis of preparation
The interim condensed financial statements for the six months ended 30 September 2025 have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006 applicable to companies reporting under IFRS. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended 31 March 2025.

The financial statements have been prepared under the historical cost convention.

The condensed set of interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

Statutory accounts
The financial information for the six months ended 30 September 2025 and 30 September 2024 is unaudited and has not been subject to review in accordance with International Standards on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Going Concern
The company has made a loss before taxation for the period of £24k (2024: £68k loss), this includes interest income of £9,438k (2024: £8,841k) and interest expense of £9,051k (2024: £8,470k). The company has a surplus on the profit and loss reserve of £359k (2024: £392k). Cash and cash equivalents amount to £2,175 (2024: £1,985k). The company also had undrawn funding facilities totalling £5,000k (2024: £5,000k) that can be utilised to address any fluctuations in liquidity.

The company was initially financed by the issue of share capital which enabled it to set up its operations and issue secured sterling bonds which are listed on the London Stock Exchange. At the same time the company issued second secured notes. The initial bonds and notes mature in February 2038, and a subsequent set of bonds and notes mature in February 2051. No repayments of capital fall due before the maturity date. The funds raised were on-lent to housing associations who provided further equity and contingent convertible loans at the same time.

The directors have carried out a review of the company's ability to continue in operation for the foreseeable future. There is regular and proactive monitoring of borrowers' financial position including levels of liquidity. In addition, the Board believes that it is in a good position to continue to grow the business with further new loans supported by new bond issuance and increase its profitability as it wins new business. The company has in place sufficient capital and liquidity facilities. The directors are therefore satisfied that the company has a reasonable expectation of continuing in operation and receiving adequate funding for the foreseeable future to enable liabilities to be met as they fall due. The financial statements have therefore been prepared on a going concern basis.

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3. ASSETS AND LIABILITIES

The carrying amounts of the company's assets and liabilities at the end of the period were:

	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
ASSETS	£'000	£'000	£'000
Property, plant and equipment	2	1	2
Loan assets	545,482	525,632	545,658
Trade receivables	20	2	-
Other debtors	-	-	-
Prepayments and accrued income	101	510	52
Deferred tax asset	76	65	70
Current asset investment	257	1,245	259
Cash and cash equivalents	2,175	1,985	2,360
	548,113	529,440	548,401
LIABILITIES			
Trade payables	27	31	45
Accruals	122	200	228
Other creditors	58	84	104
Bond Liabilities	542,941	524,282	543,041
	543,148	524,597	543,418

The company has a contingent requirement for an early repayment of nominal value £236,846 Second Secured Debt (2024: £1,153,846), with cash amount equivalent to the value of the current asset investment held on the balance sheet. As at 30 September 2025, this would become payable if the company was unable to use the Second Secured Debt by extending further loans before 20 January 2026. Further information is provided in note 6.

Credit risk

The company has a robust approval and monitoring process in place for credit allocation to ensure a fair and equitable platform for housing associations. The level of credit granted is based on the customer's risk profile. Given the company's customer base, credit risk is generally low.

The maximum exposure to credit risk will be the gross amounts net of any impairment losses.

The risk that counterparties will fail to settle amounts due to the company predominantly arises from loan assets, trade receivables, other receivables and cash and cash equivalents.

The primary credit risk relates to Housing Associations which have amounts due outside of their credit terms. The risk is mitigated by security against the Housing Association's assets. Housing Associations are given up to 12 months (2024: 12 months) from the date of borrowing to put security in place. Company policy is to assess the credit quality of each Housing Association internally before accepting any terms of trade. Internal procedures take into account the Housing Association's financial position as well as their reputation within the industry.

The Board via its Credit Committee monitors the default risk on its loans. Individual borrowers are credit assessed before they borrow using our own specially developed credit model which uses historic data and forecast financial projections, which are based on data supplied to the Regulator of Social Housing. Our model attributes a 'Lending Level' to each borrower based on 8 metrics averaged over a 10 year forward and backward time horizon.

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3. ASSETS AND LIABILITIES (continued)

At the end of the period the split of the loans by borrowing lending level was as follows:

	Carrying Value Sept 2025 (Unaudited)	Carrying Value Sept 2024 (Unaudited)	Carrying Value March 2025 (audited)	Concentration Sept 2025 (Unaudited)	Concentration Sept 2024 (Unaudited)	Concentration March 2025 (audited)
Level 1	£19.3m	£19.3m	£19.3m	4%	4%	4%
Level 2	£315.3m	£315.3m	£329.2m	58%	64%	61%
Level 3	£204m	£147.8m	£177.1m	38%	32%	33%
Level 4	£Nil	£30m	£13m	0%	0%	2%
Level 5	£Nil	£Nil	£Nil	0%	0%	0%

4. RELATED PARTY TRANSACTIONS

The only related parties are key management personnel. Transactions with key management personnel have been detailed in the audited financial statements.

5. NOTES TO THE STATEMENT OF CASH FLOWS

	Six months ended 30 September 2025 (unaudited) £'000	Six months ended 30 September 2024 (unaudited) £'000	Year ended 31 March 2025 (audited) £'000
Continuing operations			
(Loss)/profit before tax	(24)	(68)	(89)
Adjustments for:			
Depreciation	-	1	1
Interest expense	9,051	8,470	17,075
Interest income	(9,438)	(8,841)	(17,824)
Impairment reversal	(2)	(2)	3
Loss on revaluation	2	7	76
Interest received	9,616	9,208	18,609
(Increase)/decrease in receivables	(69)	(49)	411
(Decrease)/increase in payables	(170)	(57)	4
Net cash generated from operating activities	8,966	8,669	18,266

6. POST BALANCE SHEET EVENTS

Following the end of the period, the deadline referenced in note 3 for the company's contingent requirement to make an early repayment of nominal value £236,846 Second Secured Debt was extended by a further 6 months to 20 July 2026.