



RNS Trading Statement

Trading Update

H&T GROUP PLC

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Trading Update

H&T Group PLC ("H&T" or the "Group"), the UK's largest pawnbroker and a leading retailer of new and pre-owned jewellery and watches, today announces a trading update for the four months from January to April 2022.

Following the update provided at the time of the Group's preliminary results on 8 March, trading performance has remained very strong.

Highlights:

- Demand for pledge lending remains strong and at record levels, with positive momentum across the customer spectrum and in all geographies. H&T continues to see former and existing customers returning, in many cases after a long absence, as well as increasing numbers of pawnbroking customers who are new to H&T.
- The pawnbroking pledge book grew by the end of April to £78.3m, up from £66.9m at the 31 December year end. Average loan sizes have remained broadly constant at less than £400, with loan to value ratios below 65%. Redemption rates remain stable and above historic norms.
- Gold purchase transaction volumes and aggregate value have returned to pre-pandemic levels, at improved margins. This relatively recent increase in customer demand has been supported by an elevated gold price.
- The Group continues to see strong demand for its high quality new and pre-owned jewellery and watches. Retail sales are in line with management expectations and very significantly ahead of the prior year, which was impacted by Covid-19 trading restrictions. Margins have been maintained. Sales of new items have been particularly strong and have represented 19% of total sales in the period. Online originated sales represented 13% of total sales in the period. H&T will be improving its online customer experience in 2022, as part of the company's wider digital strategy.
- Foreign exchange (FX) performance is recovering quickly as customers return to overseas holidays. Transaction volumes in recent weeks have returned to pre-pandemic levels and are expected to build further over the summer months. H&T will enhance its FX offering ahead of the peak summer period, including the re-introduction of an online service. The Board considers that this line of business represents a growth opportunity for the Group and will receive increased focus in the period ahead.
- Western Union transaction volumes remain robust. In particular, H&T has seen an increase in the volume of inbound transfers since late 2021.
- Implementation of the Group's new core point-of-sale system, known as Evo, has commenced and is expected to be fully deployed to the store network by the end of 2022. This new system will revolutionise the point-of-sale customer experience and simplify processes for H&T staff while providing the Group with enhanced data including a single customer view across the product range. This will support better targeted marketing activity, in particular through the increasing use of digital channels.

- The Group's store estate stands at 258 locations. H&T expects to open up to six new stores plus three relocations by the end of June, extending its geographic reach. More store openings are planned for the second half of the year.
- Following the outcome of an internal review, the Board has taken the decision to cease all unsecured lending. The unsecured loan book has reduced significantly since lending was initially suspended in Q4 2019 and stands at £2.2m. The Group is in consultation with impacted employees, for whom it expects to be able to offer alternative roles within the business.
- The Group had net cash balances of £5m as at the end of April. Funds continue to be deployed in supporting the growth of the core pledge lending and retail segments. H&T has funding facilities of £35m to support further growth of the business.

Chris Gillespie, chief executive of H&T, said:

"I am delighted with the progress we have made in the first four months of this financial year. In particular, demand for our core pawnbroking loans has been the strongest for many years. This reflects a growing need by customers to borrow a small sum for a short term at a time of reduced supply of such credit in the economy.

"Our focus is on continuing to deliver excellent levels of service to our customers. Our core pawnbroking and retail businesses represent significant growth opportunities as do the other financial service products we offer, and we are investing in our store estate, our technology and our digital capabilities.

"The impact of inflationary pressures is being felt across the economy, by individuals and businesses alike. We are mindful of the challenges this presents for our customers and employees. Our business is not immune to these forces, and we are working hard to manage the inflationary impact upon our cost base.

"We are optimistic for the future growth prospects of the Group and believe that pledge lending is well suited to assist consumers as they manage the peaks and troughs of their spending patterns in an environment where disposable income is impacted by rising inflation."

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