

17 January 2022

H&T Group plc
("H&T" or "the Group" or "the company")

Trading Update and Notice of Results

H&T Group plc ("H&T or the "Group"), the UK's leading pawnbroker, today announces an update in respect of recent trading performance following the financial year ended 31 December 2021.

The company's priority in 2021 was to focus on its core pawnbroking and retail sales business, rebuilding the pledgebook as borrowing demand returned and maximising retail sales and other opportunities once Covid-19-related trading restrictions were lifted in April.

Following the update provided at the time of publication of the Group's interim results on 9 August, trading performance during the second half remained consistently strong and the Group expects to report profit before tax for the full year within the range of current market expectations*.

Highlights include:

- Demand for pledge lending has now fully recovered to pre-pandemic levels, with positive momentum across the customer spectrum and in all geographies. The months of November and December saw particularly strong borrowing demand, with lending volumes in December ahead of expectations and at record levels. Loan-to-value ratios have been maintained. Redemption rates remain stable and above historic norms.

As at the end of December, the pledge book had grown to £67m, an increase of 39% over the prior year and up 34% since June 2021.

- Retail sales have continued to remain robust, with consistently strong demand for high quality pre-owned watches and jewellery both online and in H&T's store network. The important Christmas trading period was particularly successful, and sales both of new and pre-owned items exceeded expectations. Overall, retail sales for 2021 were up 21% on 2020, at improved margins. Retail performance in the second half of 2021 showed full recovery to pre-pandemic levels, with both sales and margins slightly above 2019 comparators.
- Gold purchase and foreign exchange transaction volumes improved in the fourth quarter and were in line with management expectations but remain below pre-pandemic levels. Money transfer and cheque cashing volumes were in line with management expectations.
- The personal loan book continues to reduce with repayments, recoveries, and lower impairment charges more than offsetting new lending. The book had reduced to £2.6m as at 31 December.

The Group had cash balances of £17m as at 31 December and its funding facilities of £35m remain undrawn. These facilities have recently been renewed and extended, and now comprise a £15m revolving credit facility maturing in December 2024 and a £20m overdraft facility. The revised structure is aligned with the anticipated funding needs of the business.

The company continues to work closely with the FCA and the appointed skilled person in respect of a review of lending processes, creditworthiness and affordability assessments undertaken within the Group's unsecured high cost short term ("HCST") loans business. A methodology for conducting the required past book review has been developed in close collaboration with the skilled person. Following initial review by the FCA, "outcomes testing" was undertaken by the skilled person. This work is under review by the FCA,

and a conclusion to their review is anticipated in the near term. H&T will update the market further as soon as it is able to do so.

H&T expects to report its preliminary results for the year ended 31 December 2021 on 8 March 2022

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

“The Group has performed consistently well through the second half of 2021 and I am particularly pleased by the strong demand for our pawnbroking loans. We have seen higher month-on-month lending levels in each successive month since May, with a full return during the fourth quarter to pre-pandemic lending volumes and very positive momentum as we move into 2022.

“The impact on trading of the enhanced Covid-19 restrictions announced during December 2021 across England, Scotland, and Wales, has thus far been limited. Lending volumes and retail sales remained strong up until the Christmas break and this has continued into January.

“Despite higher levels of employee absence due to Covid-19 related self-isolation and illness, our 257 stores have remained open, and service levels have been maintained across the business. However, we remain cautious about future trading conditions and inflationary pressures as the pandemic continues to evolve, and our priority will always be the safety of our customers and colleagues.

“Our employees right across the Group provide outstanding levels of customer service. They are - and will remain - the key strength of our business. We are investing in modernising and improving our technology platforms to enable customers to transact with us more easily and to support our employees to enhance customer service even further. We look forward to updating more fully on our progress when we present our 2021 results on 8th March.”

Ends

* Analysts' estimates of profit before taxation for the financial year ended 31 December 2021 range from £9.0m to £10.1m.

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