



Members of our Team in Nottingham



H1 2021 Results

Today's Presenters



Chris Gillespie
Chief Executive

Joined H&T –
September 2020
Appointed as Chief
Executive – January
2021



Mark Harrold
Operations Director

18 Years Experience
with H&T



Tatiana Hagan
Interim Finance Director

15 Years Experience with
H&T

Agenda

- ❖ Background and Introduction
- ❖ 2017 to 2019: Growth and acquisition
- ❖ 2020: Impact of Covid-19
- ❖ H1 2021: Clear evidence of recovery
- ❖ H1 2021: Business Review
- ❖ Outlook: FY 2021 and beyond



Introduction & Background

- ❖ H&T is the clear market leader in Pawnbroking, with a strong new & pre-owned retail jewellery franchise and a range of complementary financial services
- ❖ Established 1897: Flotation on AIM 2006: Acquisition of 70 additional stores 2019
- ❖ As at June 2021, 254 stores: 1,402 colleagues: 96% Overall 5* reviews on Trustpilot
- ❖ Strong customer service ethos blending High Street presence with an expanding and developing digital capability
- ❖ Profitable throughout the Covid-19 pandemic with clear signs of positive trading momentum
- ❖ Debt free and well positioned to capitalise on post-pandemic growth opportunities

H&T Product Range



Pawnbroking

Borrow money based on the value of your assets.



Gold purchase

We buy gold, diamonds, jewellery and watches.



Retail

New and pre-owned jewellery and watches.



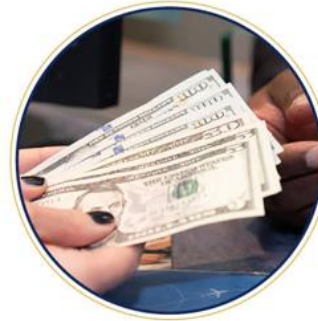
Cheque cashing

Cash third party cheques in any store for a small fee.



Western union

Send money quickly and easily in any store.



Travel money

Euros, US Dollars & more.
Always 0% commission.



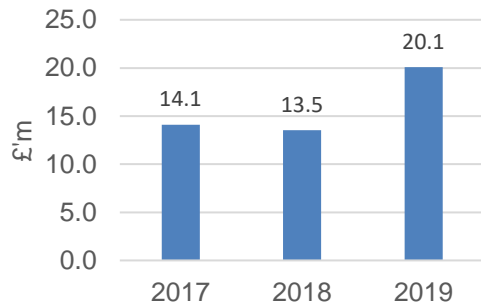
Personal loans

Borrow from £500-£5000 and repay over 3-36 months.

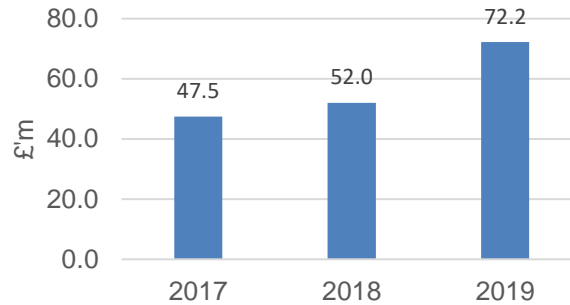
2017 to 2019: Growth and Acquisition

✦ Profitable growth

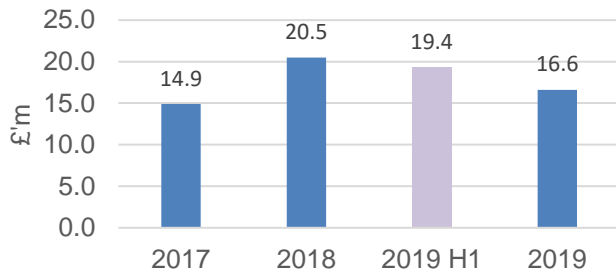
Profit Before Tax



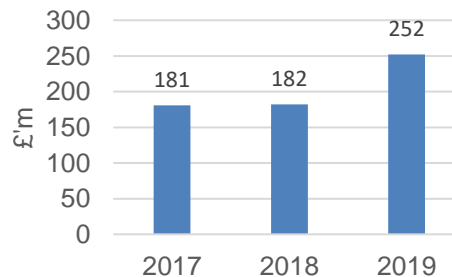
Pledge Book



Net Personal Loan Book



Number of Stores



- Year on year progress and profitable growth 2017 to 2019
- Acquisition of 70 stores in 2019 extended reach and growth potential
- Growth in personal lending 2017 to 2018 part of a strategy of diversification
- Personal lending temporarily suspended November 2019 following commencement of regulatory review

2020: The Impact of Covid-19

- ❖ Q1: Strong Performance, ahead of expectations
- ❖ 24 March to 12 May: Stores Closed
 - Business focused on making stores safe for staff and customers ahead of re-opening
 - 1,200 colleagues furloughed
 - Prioritised communications with, and maintaining quality of service for our customers:
 - Pawnbroking interest charges suspended during the closure period
 - Payment holidays or contract extensions offered to all borrowers
 - Dedicated call and online chat established
 - Payment Portal implemented for customers to pay online
 - Online gold buying and pawnbroking services developed and introduced
 - Online retail jewellery sales capabilities enhanced
- ❖ Mid May to December: Stores fully re-opened
 - Financial services defined as “essential” enabling stores to re-open
 - Retail jewellery sales mainly online due to extended periods of pandemic related trading restrictions
 - Reduced high street footfall
 - Provision of services flexible to individual customer needs and preferences during the pandemic, providing online and telephone options alongside stores
- ❖ Business remained profitable throughout 2020
- ❖ Pledge book reduced £25m or 34% mainly in Q3 as borrowing demand subdued and some customers repaid their Pawnbroking loans from cash resources. Pledge book stable at c.£48m from August 2020 until April 2021
- ❖ Pledge book quality maintained. Redemption rates unchanged in 2020.

H1 2021: Robust Recovery

Financial Highlights H1 2021

- ❖ January to April: Stores open for financial services only. Retail offered online or via click and collect. Low footfall as most other retail businesses closed
- ❖ Late April to June: Recovery in all business metrics. Retail sales outperforming. Borrowing demand returning
- ❖ Profit Before Tax of £4.7m (H1 2020 : £5.0m)
 - EPS of 9.3p (H1 2020: 10.2p)
 - 254 stores (30 June 2020: 251)
- ❖ Pledge Book Growing Again
 - Net Pledge book of £50.2m (H1 2020: £56.3m, 31 Dec £48.3m)
- ❖ Strong Balance Sheet and Liquidity
 - Net Assets of £135.9m (30 June 2020: £126.9m)
 - Net Cash of £32.5m (30 June 2020: £12.9m)
 - RCF Undrawn of £35.0m (30 June 2020: £34.0m)
 - Strong asset categories, underpinned by intrinsic value of metal and precious stones
- ❖ Proposed Interim Dividend of 4.0p (H1 2020: 2.5P)
- ❖ Positive Trading Momentum into Third Quarter – Pledge book £52.2m as at end July

Extending and Refreshing our Store Network



July 2021: Chatham



August 2021: Birmingham Chelmsley Wood



July 2021: Bootle

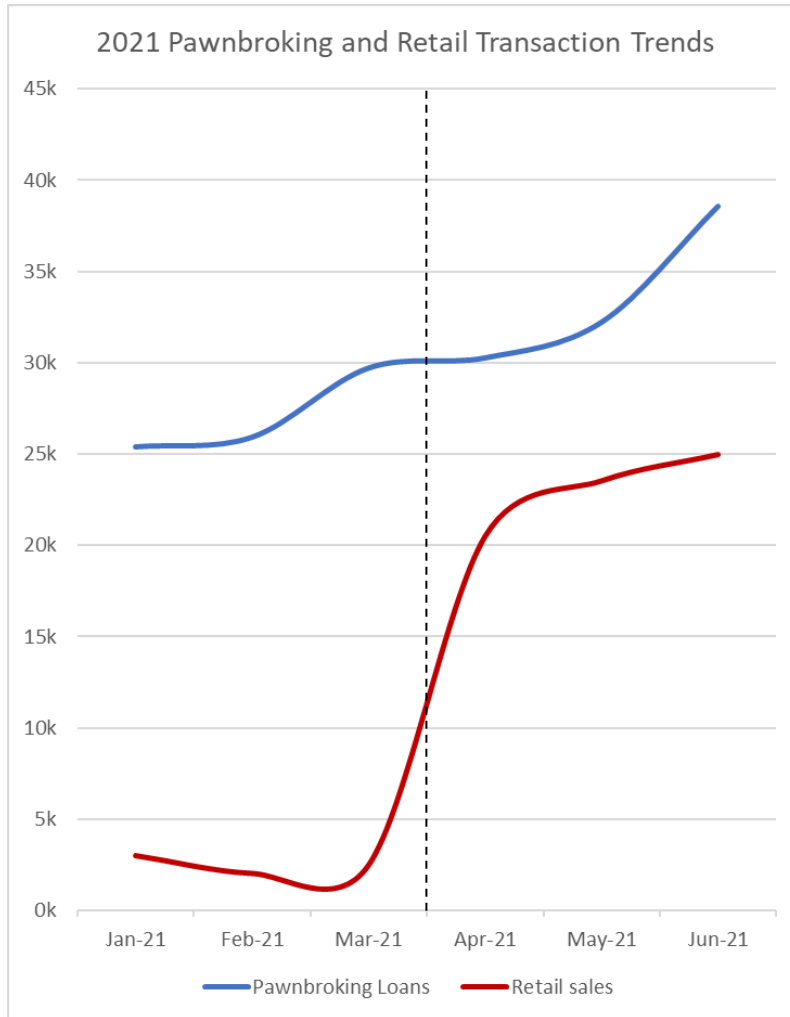


April 2021: Birmingham Northfield



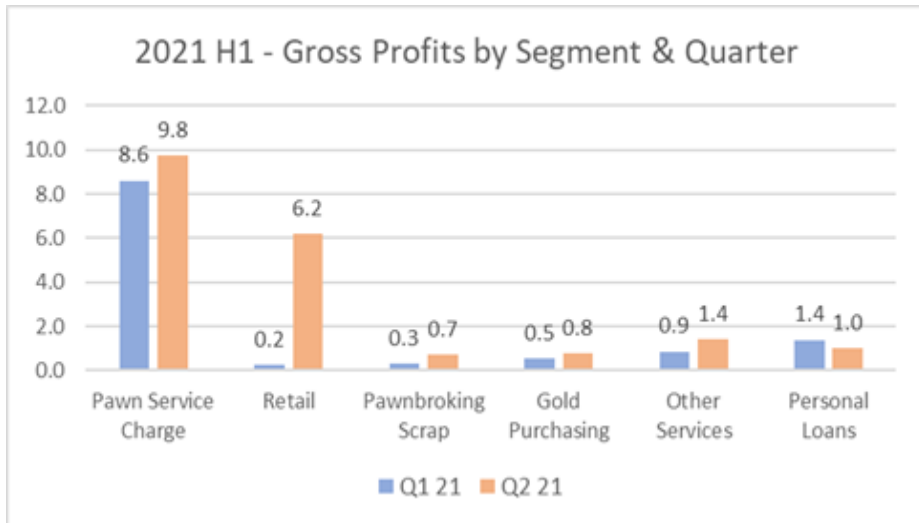
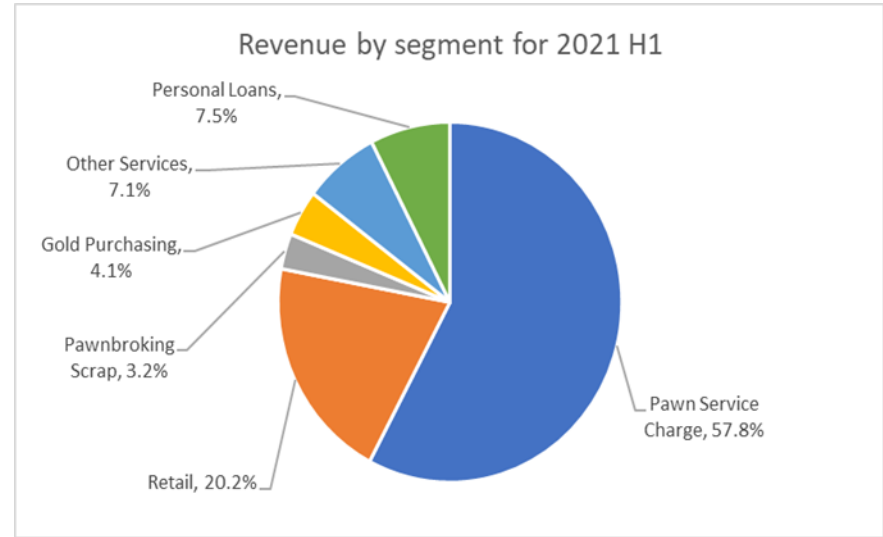
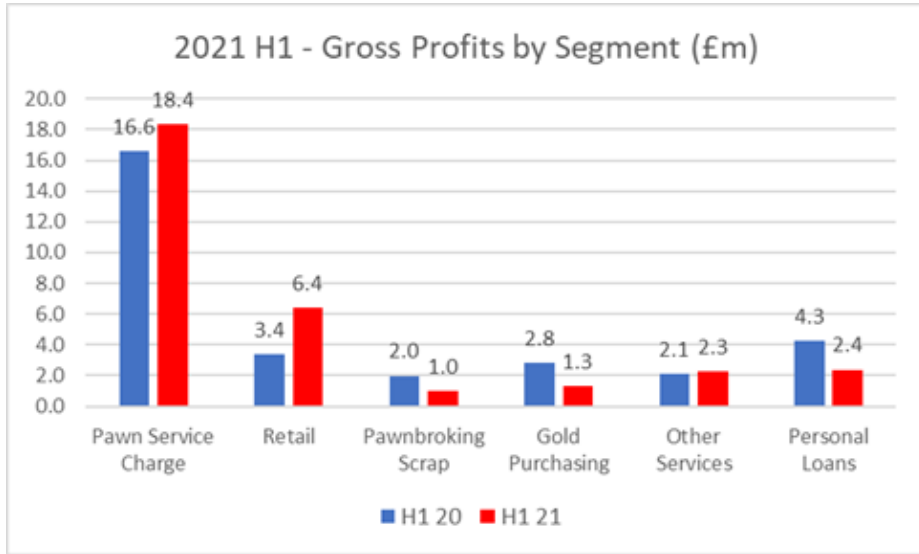
❖ Our recently re-located Woking store – Opened November 2020

2021: Pawnbroking and Retail transaction volumes evidence recovery of core business



- ✦ Returning demand for the business's core products since Q1 evidences strong recovery:
- Transaction volumes returning to pre-pandemic levels
- Pledge book growing since May, to £50.2m at 30th June and £52.2m at 31st July and lending volumes back to c.90% of pre-pandemic levels

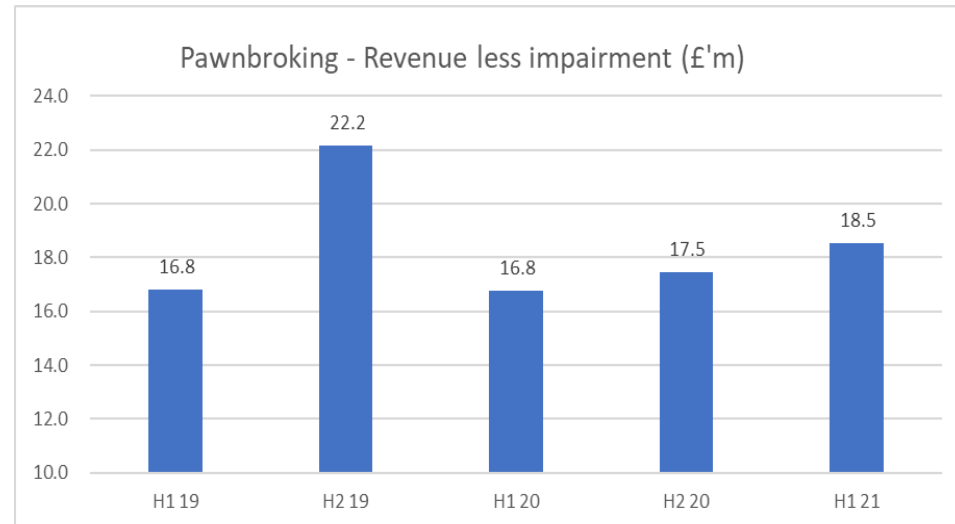
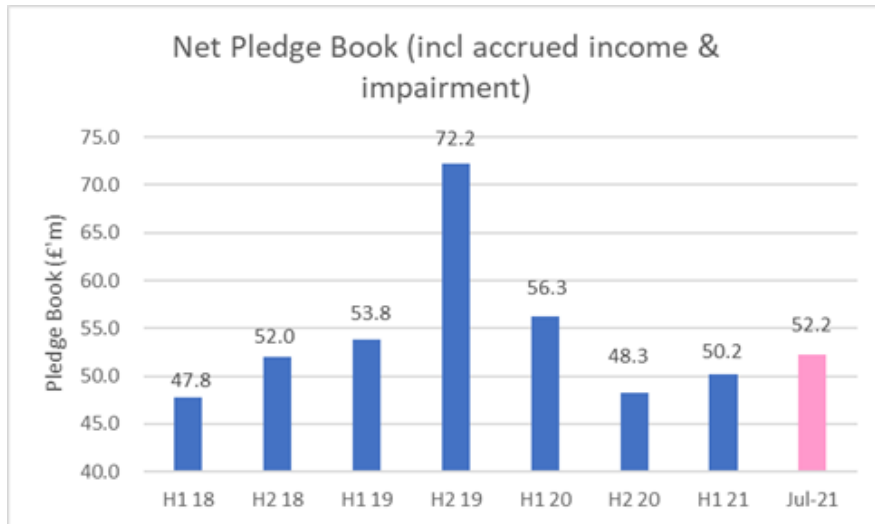
H1 2021: Business Review - Segmental Analysis



- ❖ Net trading revenue less impairment up 4% to £32.3m (H1 FY20: £31.1m)
- ❖ Clear momentum Q1 to Q2. Net trading revenue less impairment Q1 £12.4m: Q2 £19.9m
- ❖ Strong growth during Q2 offsetting the impact of Covid-19 trading restrictions during Q1
- ❖ Pawnbroking lending back to c.90% or pre-pandemic levels. Retail outperforming

Note: Personal Loan and PSC gross profit is: revenue less impairment

Pawnbroking: Pledge Book and Revenue



6 months ended 30 June:	2021 £'m	2020 £'m	Change %
Period-end net pledge book ¹	50.2	56.3	-10.8%
Average net pledge book	48.6	68.9	-29.5%
Revenue less impairment	18.5	16.8	10.1%
Risk-adjusted margin ²	73.9%	57.1%	

Notes to table

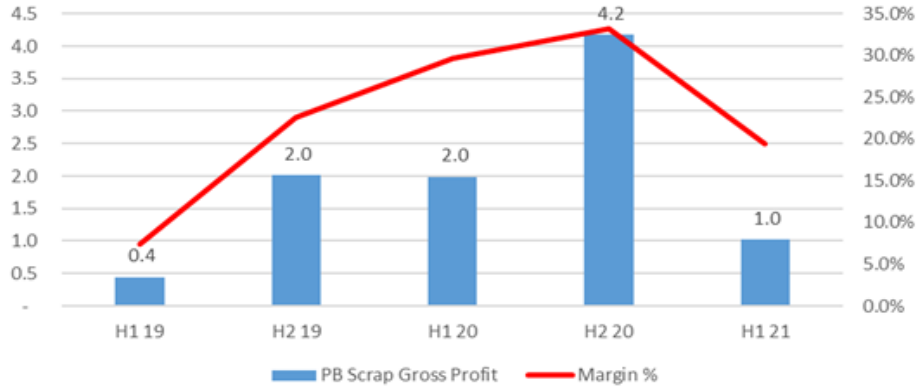
1 - Includes accrued interest and impairment

2 - Net Revenue (annualised) as a percentage of the average net pledge book

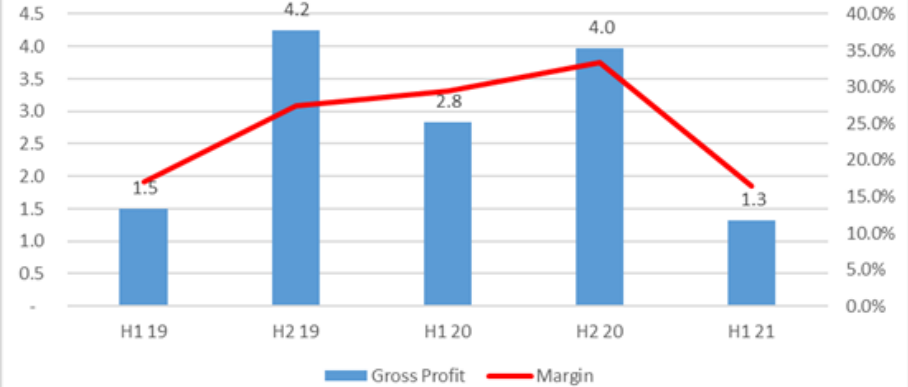
- ❖ The pledge book started recovering from May 2021 and increased by £1.9m, 3.9% since 31 December 2020. The momentum has continued into Q3
- ❖ Revenue less impairment has increased 10.1% from H1 2020

Pawnbroking Scrap and Gold Purchasing

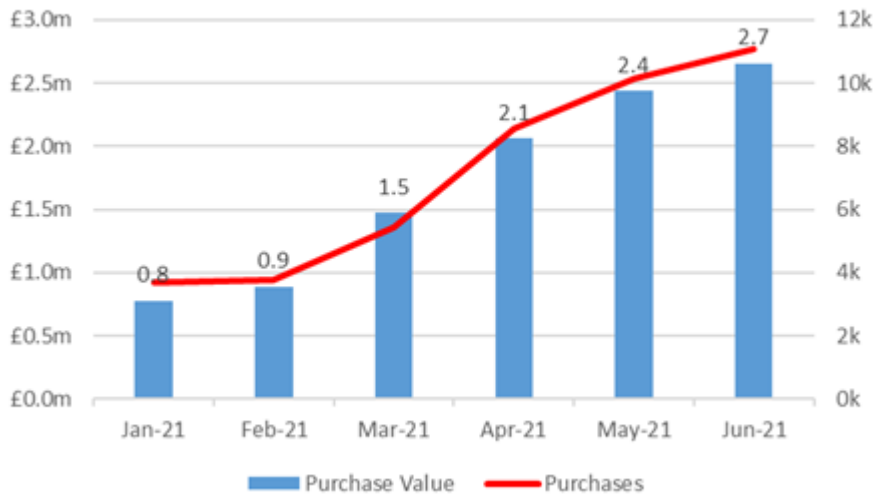
Pawnbroking Scrap Gross Profits (£'m)



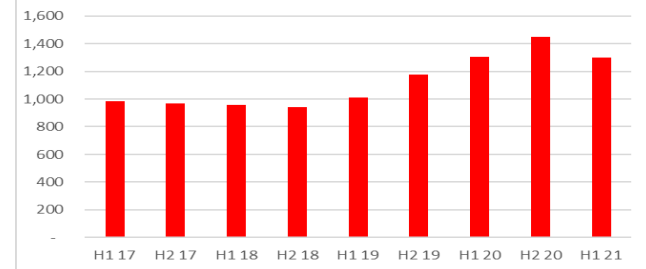
Gold Purchasing Gross Profit (£'m)



H1 21 Gold Purchasing: Value and Volume

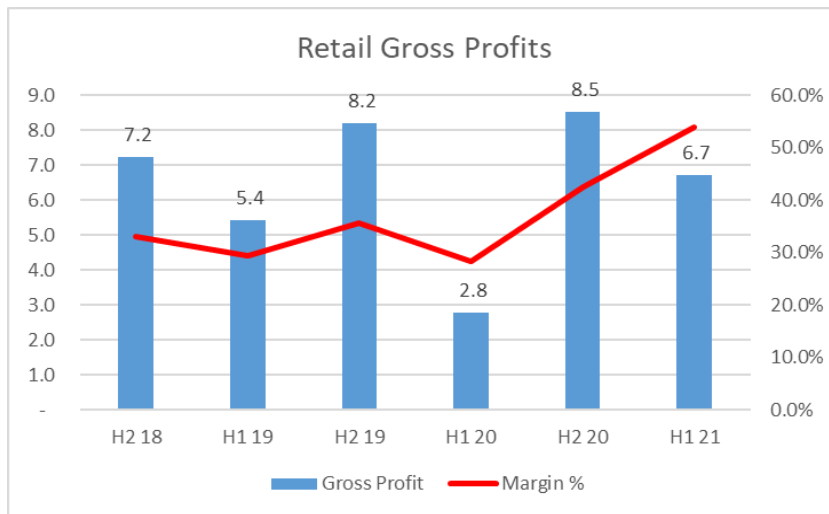
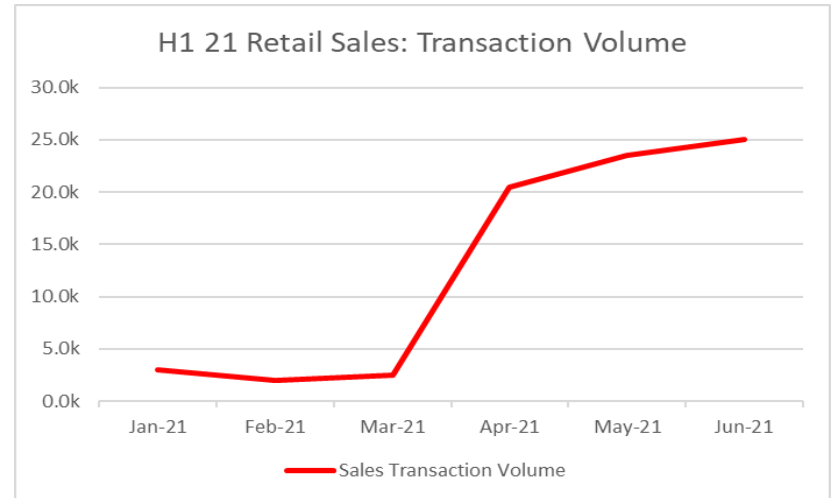
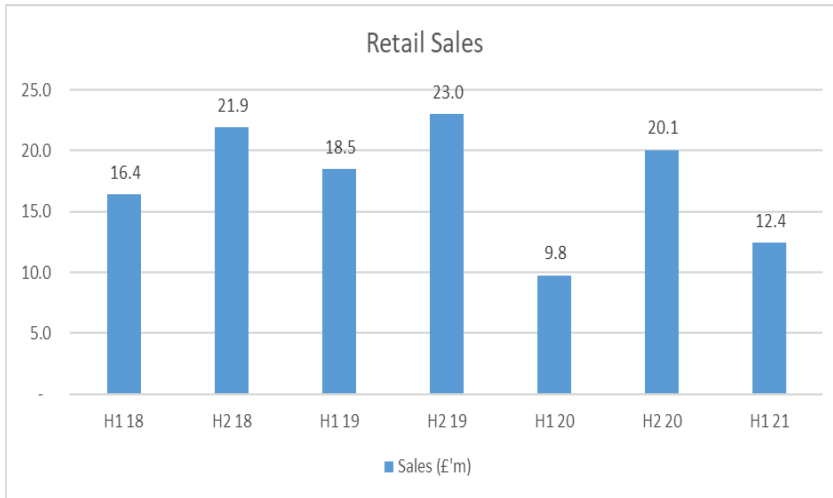


Average Gold Price (£ / troy oz)



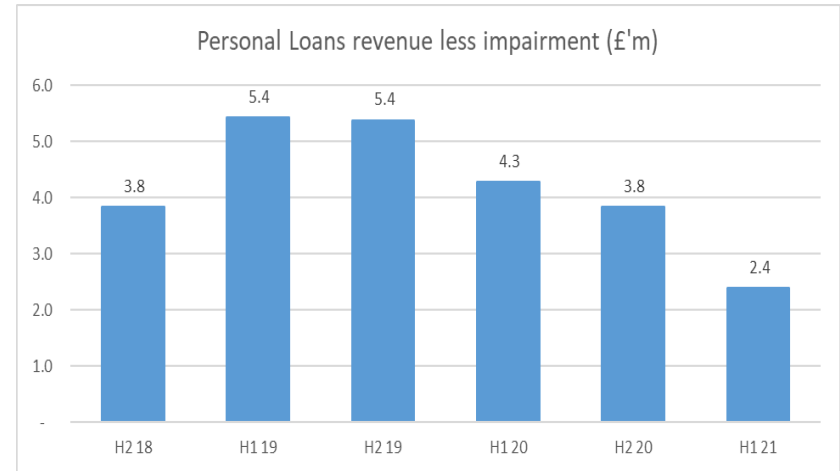
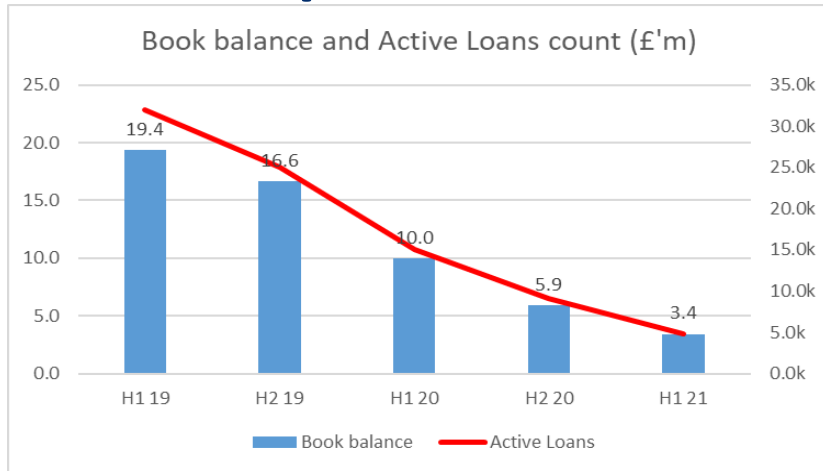
- ❖ Scrap profit was affected by the delay in auctions, delay in sale of diamonds due to Covid related restrictions, reduced volumes going to scrap and fluctuating gold price
- ❖ The average gold price has decreased 10% to £1,301 / per Troy oz since H2 20 (£1,450)
- ❖ Strong recovery in gold purchasing since March

Retail Sales: Outperformance since late April at higher margins



- ✿ Q1 21: retail sales offered online and by click and collect only
- ✿ Q2 21: Trading restrictions released. Strong recovery in volumes and margins
- ✿ Retail sales increased 26.5% to £12.4m (H1 2020: £9.8m)
- ✿ Online sales represent 16% of total sales by value
- ✿ Headline margin increase to 54% (H1 2020: 28%). Underlying margin 46% (H1 2020: 41%)
- ✿ Inventory levels increased by £0.9m to £28.2m (30 June 2020: £27.3m)

Personal Loans: Reducing book in line with our plans



❖ Revenue less impairment reduced £1.9m, 44% to £2.4m (H1 2020: £4.3m)

❖ Loan book reduced by £6.6m to £3.4m (30 June 2020: £10.0m)

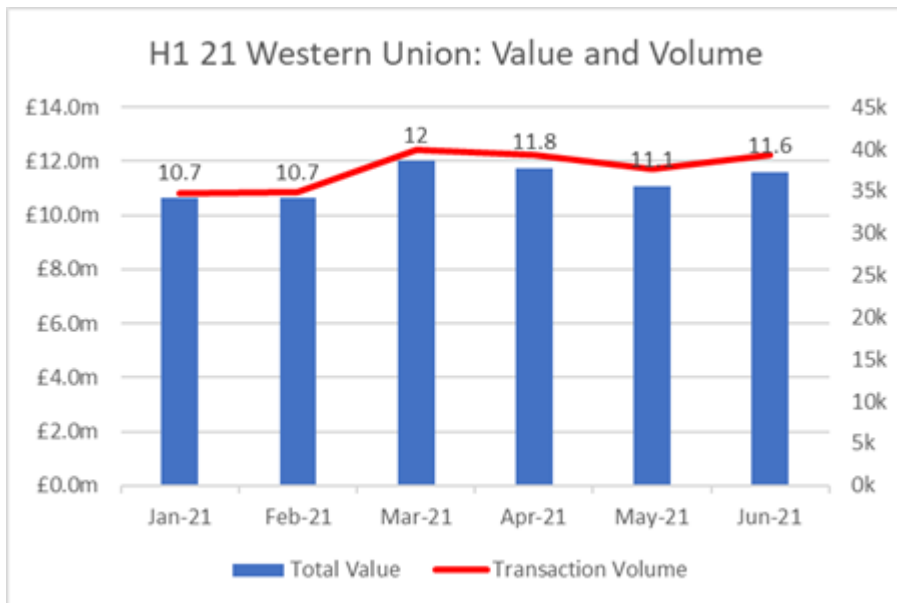
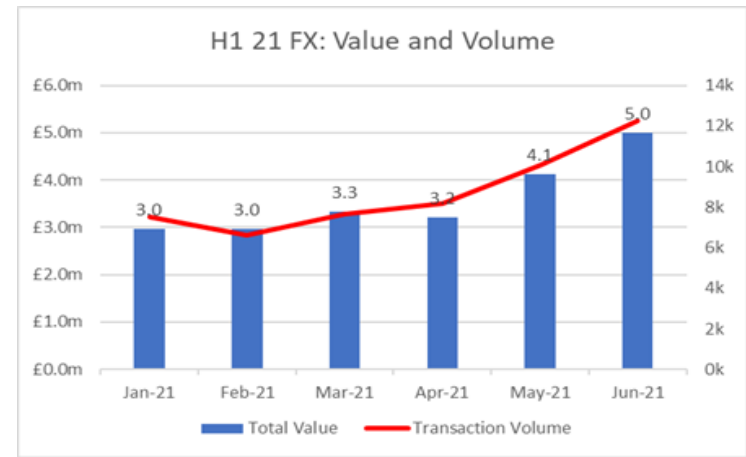
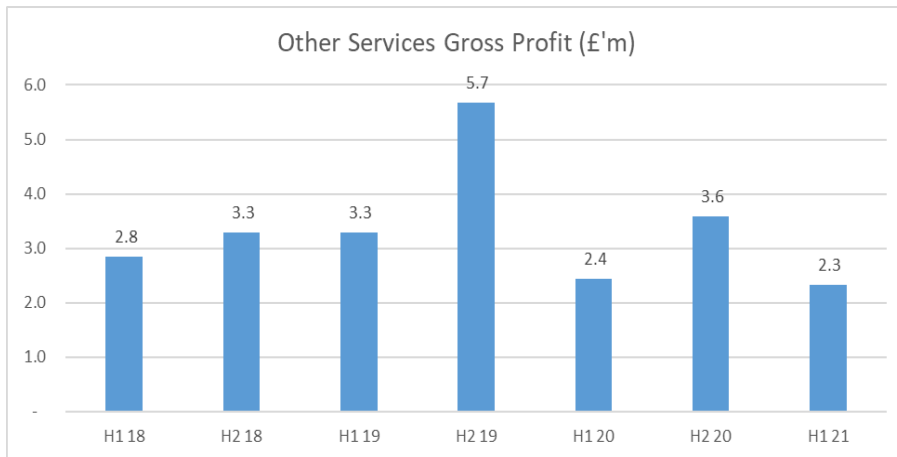
6 Months ended – 30 June	2021 £m	2020 £m	FY2020 £m
Period end net loan book	£3.4	£10.0	£5.9
Average net loan book	£4.3	£13.1	£10.2
Revenue	£1.7	£6.4	£9.8
Impairment	£0.7	(£2.1)	(£1.7)
Revenue add/less Impairment	£2.4	£4.3	£8.1
Risk Adjusted Margin – Note 1	106.9%	61.8%	79.4%

Note 1 – Net Revenue expressed on an annualised basis as a percentage of average net loan book

❖ Annualised risk-adjusted margin increased to 106.9% as loan book collects out and impairment provisions reverse

❖ S.166 review ongoing. Methodology for review of historic lending with FCA for evaluation

Other Services



- ❖ Development of other services widens our appeal and drives increased footfall into our stores
- ❖ FX: Gross profit reduced to £1.0m (H1 2020: £1.3m). Consumer need remains low due to Covid travel restrictions. Recent signs of recovery expected to continue over the summer
- ❖ Money transfer via Western Union: Income increased to £0.8m (H1 2020: £0.3m). Demand significantly above pre-pandemic levels
- ❖ Cheque cashing revenue: decreased to £0.4m (H1 2020: £0.5m), reflecting systemic decline in cheque usage which has accelerated during the pandemic

Refreshing and Modernising our Marketing



- Fashion led Retail campaigns
- Digitally focussed Pawnbroking advertising campaign
- Concession stores
- NEW H&T Website
- Social Media & influencer focus

- ★ BEING BOLDER CREATIVELY
- ★ CREATING HIGH IMPACT CONTENT
- ★ ENGAGING THROUGH EDUCATION
- ★ A FASHION-LED APPROACH FOR RETAIL

Consolidated Income Statement

£'m	H1 2021	H1 2020	% Change
Revenue	51.9	55.8	(7%)
Cost of sales	(16.6)	(18.5)	(10%)
Gross profit	35.3	37.3	(5%)
Direct and Administrative Expenses	(25.7)	(27.7)	(7%)
EBITDA	9.6	9.6	0%
Depreciation and Amortisation	(4.4)	(4.1)	7%
Operating profit	5.2	5.5	(5%)
Finance costs	(0.5)	(0.5)	0%
Profit before taxation	4.7	5.0	(6%)
Tax charge on profit	(1.0)	(1.1)	(9%)
Profit for the period and total comprehensive income	3.7	3.9	(5%)
Earnings per share - diluted (pence)	9.3	10.2	(9%)
Dividend per share (pence)	4.0	2.5	60%

Consolidated Balance Sheet

	30 June	30 June	31 Dec	% Change
£'m	2021	2020	2020	v H1 2020
Goodwill	19.3	19.3	19.3	0.0%
Other intangible assets	2.2	3.3	2.7	-33.3%
Property, plant and equipment	9.7	7.6	8.6	27.6%
Deferred tax assets	2.7	2.2	2.8	22.7%
Right-of-use assets	18.3	18.7	18.3	-2.1%
Inventories	28.2	27.3	27.6	3.3%
Pledge book	50.2	56.3	48.3	-10.8%
Net Personal Loans book	3.4	10.0	5.9	-66.0%
Trade and other (excl PL and PB)	2.4	2.5	1.6	-4.0%
Cash and cash equivalents	32.5	13.9	34.5	133.8%
Total Assets	168.9	161.1	169.6	5%
Lease Liability	(20.2)	(22.0)	(20.6)	-8.2%
Trade and other payables	(10.2)	(8.8)	(10.8)	15.9%
Current tax liabilities	(0.9)	(0.9)	(2.0)	0.0%
Borrowings	-	(1.0)	-	-100.0%
Provisions	(1.7)	(1.5)	(1.6)	13.3%
Total liabilities	(33.0)	(34.2)	(35.0)	-4%
Net Assets	135.9	126.9	134.6	7.1%
(Net Debt)/net cash	32.5	12.9	34.5	

- ❖ As at 30 June 2021, retail inventories increased to £28.2m, responding to strong demand
- ❖ Loan books:
 - Pawnbroking pledge book, £50.2m as at 30 June 2021, up £1.9m on 2020 year end
 - Personal Loan book reduced to £3.4m as at 30 June 2021, in accordance with our plans
- ❖ Net assets increased to £135.9m
- ❖ Net cash of £32.5m, no debt

Cash Flow Statement

£'m	H1 2021	H1 2020	Change
Profit after Tax	3.6	3.9	(0.3)
Non Cash Expenses (depn/write-of-use asset)	5.7	5.7	0.0
Movement in inventories (retail and scrap)	(0.6)	1.9	(2.5)
Movement in debtors	(0.2)	22.0	(22.2)
Movement in payables and provisions	(0.9)	(3.7)	2.8
Other working capital	0.0	0.7	(0.7)
Interest and Tax paid	(2.2)	(2.6)	0.4
Net cash generated from operating activities	5.4	27.9	(22.5)
Capex	(2.5)	(1.2)	(1.3)
Acquisitions - business assets	0.0	0.3	(0.3)
Acquisitions - right of use asset	(2.5)	(0.4)	(2.1)
Dividends paid	(2.4)	0.0	(2.4)
Shares issued	0.0	0.3	(0.3)
Period reduction/(increase) in net debt	(2.0)	26.9	(28.9)

In H1 2021:

- ✿ Operating cash flow from operations was £5.4m (H1 2020: £27.9m)
- ✿ Dividends of £2.4m were paid (H1 2020: nil)

“

“Last weekend I visited Fulham shop to buy earring for my niece. The assistant called Doina was of a good help to me as she could speak Russian- my native language and helped to make a good decision. I was happy with customer service and I'll visit the shop in the future.”

★ ★ ★ ★ ★

by Emily

Rated 4.9 / 5 | 3,956 reviews

”

July 2021



Environmental, Social & Governance

Environmental

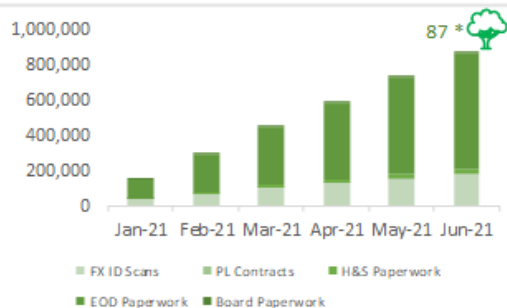
Zero waste sent to landfill

Substantial reduction in paper usage

Single-use plastic consumption reduced by 76%

100% of energy used is renewable

Cumulative Sheets of Paper Saved



Social

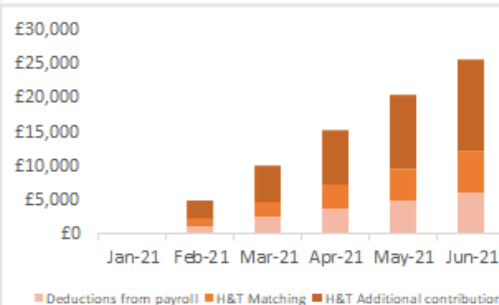
120,000 FareShare meals provided



Over £20,000 contributions made



FareShare Cumulative Contributions



Governance

100% of new suppliers are compliant with the Modern Slavery Act



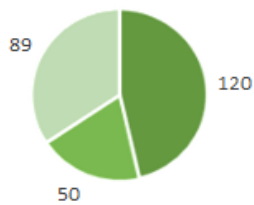
Over 1,500 colleague training courses completed



Cumulative Online Training Courses

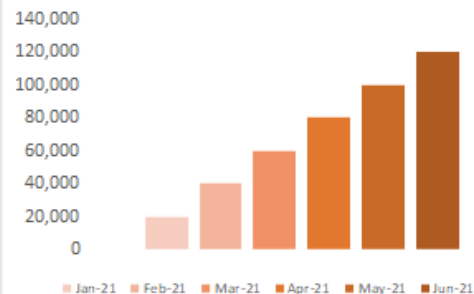


Stores with LED Lighting Installed

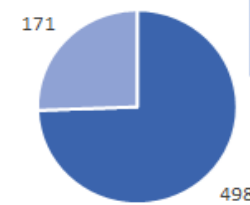


LEDs installed
LEDs to be installed this year
LEDs to be installed in 2022

FareShare Meals Provided



Registered on their Personal Development Program



1,563 Aspire courses have been completed so far this year

Colleagues on Aspire
Colleagues still to be added to Aspire

Outlook: FY21 Focus and Beyond

- ❖ H&T is the clear market leader in Pawnbroking with a strong new and pre-owned retail jewellery franchise and a range of financial services tailored to customer needs
- ❖ Positive trading momentum through May and June has continued into the third quarter
- ❖ Pawnbroking borrowing demand now c.90% of pre-pandemic levels and rising. Rebuilding lending to at least pre-pandemic levels is our key priority for 2021 and beyond
- ❖ Investing to broaden our reach and modernise our appeal to new and returning customers
 - Extending and refreshing our store network
 - Improving retail fulfillment, product range and delivery infrastructure to consolidate on strong demand and trading performance
 - Upgrading our core technology to improve the customer journey in stores, alongside further improvements to our websites, digital and social media capabilities
- ❖ Withdrawal from the market by several non-standard lenders increases growth potential of core pawnbroking business
- ❖ Investigating ways to enable customers to better interact with us without necessarily having to visit stores
- ❖ Debt free balance sheet with significant cash reserves and borrowing headroom positions us well to take advantage of growth opportunities as they arise

 **Q&A**

 **Appendices**

Our Board



Peter D McNamara
Non-Executive Chairman, 70

Appointed: 25/04/2006

Committees: Audit Committee, Nominations Committee (Chair), Risk Committee, Remuneration Committee

Profile: Peter spent the majority of his career with Lloyds Bank plc, as chief manager for strategic planning, mergers and acquisitions, and then as the managing director of personal banking. He subsequently served as Group managing director of the Alliance & Leicester plc and chief executive of Wesleyan Assurance Society, a mutual life insurance business. In 2002 he left to become chairman and subsequently executive chairman of Moneybox plc, the leading ATM deployer operating in the UK, Germany and the Netherlands, which he led to flotation on AIM. In 2006 he set up a new ATM business, Notemachine Ltd and is the CEO.



Christopher D Gillespie
Chief Executive, 58

Appointed: 08/01/2021

Committees: None

Profile: Chris has excellent experience from senior roles in consumer finance including Barclays, Bradford and Bingley, Albemarle and Bond, Amigo Loans, 118118Money. Most recently Chris was managing director of consumer credit division at Provident Financial PLC.



James F Thornton
Non-Executive Director, 64
Senior Independent Director

Appointed: 30/11/2012

Committees: Audit Committee (Chair), Nominations Committee, Risk Committee, Remuneration Committee

Profile: James has wide ranging experience in UK financial services organisations, most recently as a director at Hannam & Partners, from 2009-2015, and previously as head of finance at BAT Industries, group deputy finance director and UK finance director at Old Mutual plc and head of foreign exchange at IFX Group plc. James was finance director at AIM listed Global Health Partner plc. James is a Fellow of the Institute of Chartered Accountants in England and Wales and a Harvard MBA.



Elaine F Draper
Non-Executive Director, 58

Appointed: 01/05/2018

Committees: Audit Committee, Nominations Committee, Risk Committee (Chair), Remuneration Committee

Profile: Elaine sat on the National Executive Committee of LINK between 2008 and 2011, Bank of England's Strategic Cash Group between 2009 and 2011, and an Advisory Board Member 2016/17 of Centre for Ageing Better – Inequalities in later life review. From 2015 to August 2017, Elaine was a NED of the £35m UK Government funded Credit Union Expansion programme. Until October 2017, Elaine was a senior leader within Barclays and a Member of the Barclays UK Current Account and Insurance Committee.



Mark J Smith
Non-Executive Director, 63

Appointed: 01/05/2018

Committees: Audit Committee, Nominations Committee, Risk Committee, Remuneration Committee (Chair)

Profile: Mark has significant experience of working in highly regulated businesses having spent the majority of his career working for blue chip banking organisations in senior Executive Management roles (including Chief Executive). He runs his own advisory business providing services to other major consulting business and clients, and was also a Non-Executive Director of GH Bank Limited at 31 December 2020 but has subsequently resigned.

Financing Key Terms

Total Facility Size	£35m
Termination Date	June 2022 (extendable to June 2024) Renewal discussion underway
Utilisation	£35m subject to leverage (3x) and interest cover (4x) and Fixed charge (1.5x) ratios
Margin	LIBOR plus a margin of between 1.75% and 2.75%
Fixed Repayments	No capital repayments prior to termination date
