

21 February 2024

H&T Group PLC
(“H&T” or the “Group”)

Acquisition of Pawnbroking Business and Completion of Additional Financing

H&T Group Plc, the UK’s largest pawnbroker and a leading retailer of high quality new and pre-owned jewellery and watches, is pleased to announce the acquisition of certain assets of Maxcroft Securities Ltd (“Maxcroft”), for a cash consideration of £11.3m. Maxcroft is a longstanding and successful pawnbroking business based in Essex.

The Group is also pleased to announce £25m of additional financing to support the future growth of the business, from Pricoa Private Capital, the private capital arm of PGIM, Inc. (‘Pricoa’), the global investment management business of Prudential Financial, Inc. The additional funding will enable future growth in the pledge book and investment in the store portfolio.

Information on the Acquisition

The main asset being acquired from Maxcroft is its pawnbroking pledge book, amounting to c.£6.1m at the time of acquisition, inclusive of interest accrued and after required IFRS 9 provisions. The underlying nature of the acquired pledge book’s collateral items is aligned with that of H&T’s existing pawnbroking business and consists primarily of gold, jewellery, and watches, with a similar asset mix.

Maxcroft has traded for over 40 years from a store in Ilford, Essex. H&T will enter into a lease in respect of the store, which also offers foreign exchange services, and will also be welcoming the five employees of the business to H&T. The mean value of the acquired pledge loans is £4,063, which is larger than that of H&T’s mean pledge loan value of £423. The Maxcroft pledge book redemption rates and yield are broadly in line with higher value loans in H&T’s current pledge book. The acquired expertise, particularly in serving the needs of business owners utilising the pawnbroking service for working capital purposes, presents H&T with an opportunity to expand its reach into a different customer demographic with a requirement, typically, for larger value pawnbroking pledge loans.

Information on the Additional Financing

The additional financing of £25m from Pricoa, comprises a note purchase and guarantee agreement of £10m secured notes at a fixed rate of 8.37% that fall due February 2029 and £15m secured notes at a fixed rate of 8.43% that fall due February 2031. Financial covenants are aligned with those of the existing secured funding facilities with Lloyds Bank plc of £50m, and Allica Bank Limited of £10m. This additional financing brings the total funding facilities available to H&T to £85m, with all the secured funders ranking Pari Passu.

At 31 December 2023, the Group had a net debt position of £31.6m (Dec 2022: £2.8m), utilising £33m (Dec 2022: £15m) of the Lloyds RCF facility, £1.2m (Dec 2022: NIL) of the Lloyds overdraft and £10m of the Allica term loan. The Group had cash on hand of £12.6m (Dec 2022: £12.2m).

Chris Gillespie, H&T chief executive said:

“We are very pleased to be able to announce these two transactions, both of which underline the Group’s focus on growing and broadening its core pawnbroking business and investment in the store estate. We are also delighted to have further diversified and enhanced the Group’s funding arrangements through the relationship with Pricoa. We look forward to updating the market further on the 12th March, when we announce our results for the year ended 31st December 2023.”

Enquiries

H&T Group plc

Chris Gillespie, Chief Executive Officer +44(0)20 8225 2700
Diane Giddy, Chief Financial Officer

Shore Capital Ltd (Nominated Advisor and Broker)

+44(0)20 7408 4090

Stephane Auton/Iain Sexton (Corporate Advisory)
Guy Wiehahn/Isobel Jones (Corporate Broking)

Alma Strategic Communications (Public Relations)

+44(0)20 3405 0205
handt@almastrategic.com

Sam Modlin
Andy Bryant
Rebecca Sanders-Hewett
Will Merison

About H&T

H&T is the UK’s largest pawnbroker and a leading retailer of high quality new and pre-owned jewellery and watches. H&T provides a range of simple and accessible financial products tailored for a customer base which has limited access to, or is excluded from, the traditional banking and finance sector. H&T stores can be found on the high street in most major towns and cities across England, Scotland, and Wales. At the end of 2023 H&T had 278 stores in total. For more information go to: www.handt.co.uk.

About Pricoa Private Capital

For nearly 100 years, Pricoa Private Capital has been partnering with a wide range of corporations, sponsors, and institutions to provide valuable insights and customised capital solutions that enable them to achieve their growth and funding goals. In an industry where capital can seem like a commodity and relationships often transactional, Pricoa Private Capital are known for building enduring local partnerships based on a steady and patient commitment to their partners’ long-term capital needs. With regional teams in 15 offices around the world, they manage a portfolio of more than \$101 billion for their partners (as of 31.12.23). For more information go to: www.pricoaprivatecapital.com.