ANNUAL REPORT AND FINANCIAL STATEMENTS 2023

WELCOME TO H&T

WHO WE ARE

H&T is a trusted consumer brand offering customers pawnbroking loans, with a network of 278 stores across the UK.

H&T is the UK's largest pawnbroker and a leading retailer of high quality new and pre-owned jewellery and watches.

We provide a range of transparent and accessible financial products tailored for a customer base which has limited access to, or is excluded from, the traditional banking sector.

FINANCIAL HIGHLIGHTS

Profit Before Tax (£m)

£26.4m

(2022: £19.0m)

2023	26.4
2022	19.0
2021	10.0*

* excluding non-recurring expense of £2.1m

Net Asset Value (£m)

£177.4m

(2022: £164.1m)

2023	177.4
2022	164.1
2021	136.6

Diluted EPS (p)

48.5p

(2022: 37.2p)

2023	48.5
2022	37.2
2021	20.8*

* excluding non-recurring expense of £2.1m

Dividend per Share (p)

17.0p

(2022: 15.0p)

2023	17.0
2022	15.0
2021	12.0

Net Pledge Book (£m)

£128.9m

(2022: £100.7m)

2023	128.9
2022	100.7
2021	66.9

Return on Equity

12.4%

(2022: 9.9%)

2023	12.4%
2022	9.9%
2021	4.4%

Number of Stores

278

(2022: 267)

2023	278
2022	267
2021	257

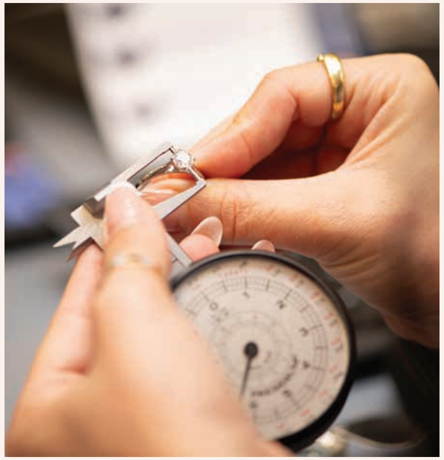
STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

CUSTOMER IN FOCUS

READ MORE – P22-23



BROADENING OUR REACH

READ MORE – P24-25

WHO WE ARE

Serving the community and trusted by our customers for over 125 years.

VISION AND STRATEGY

H&T's vision is to make pawnbroking a more widely accepted and valued financial service by ensuring that borrowing against an asset is simple, inclusive and transparent.

The Group's strategy is to grow its sustainable business model responsibly.

READ MORE – P8-9

MISSION

Our mission is to provide a service that exceeds our customers' expectations and delivers attractive returns for shareholders.

READ MORE – P16-17

VALUES

Our values are the principles guiding our behaviours, as we execute our vision and strategy:

- Value and Respect
- Opportunity for All
- Integrity
- Customer Experience

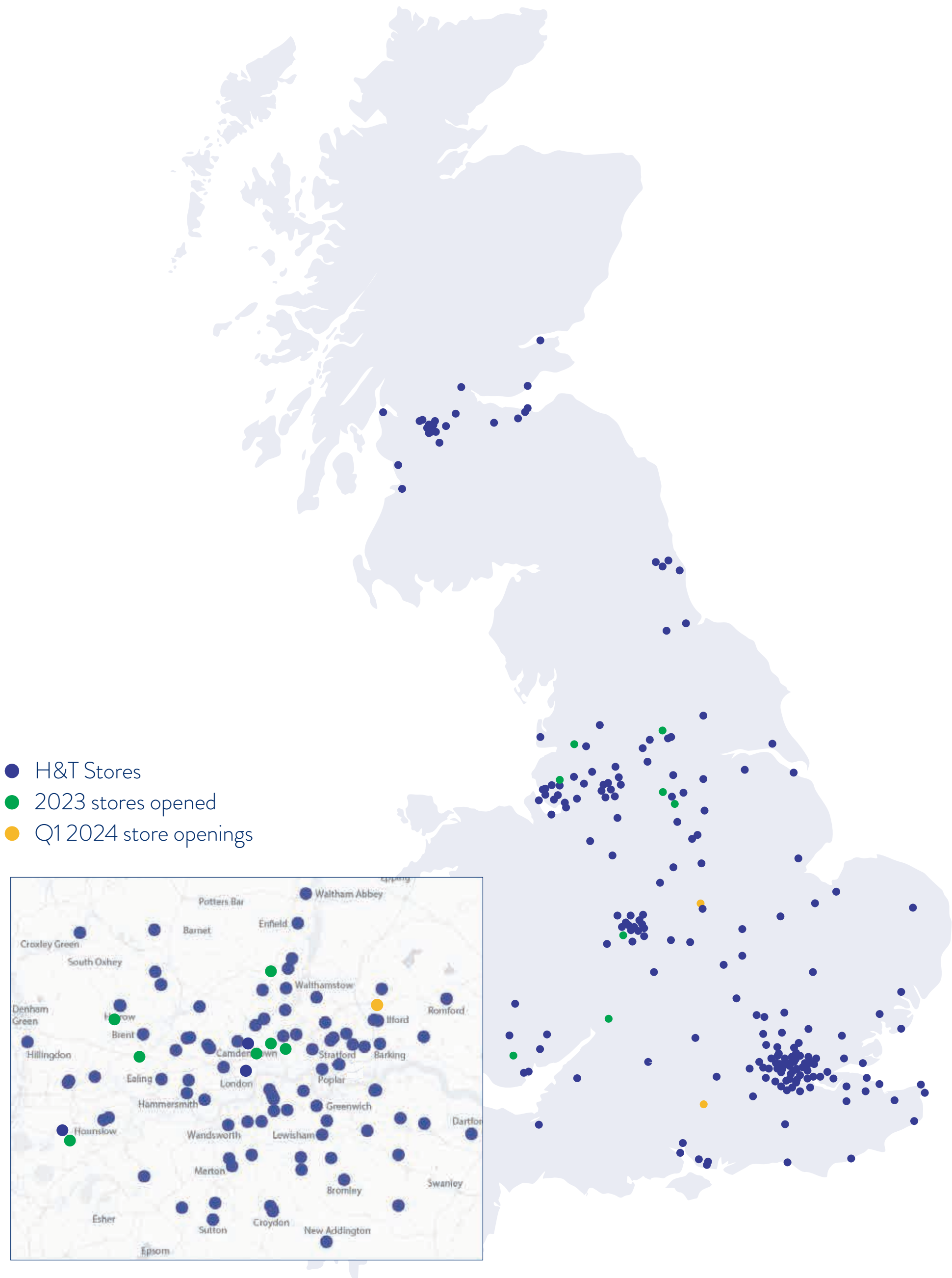
WHAT WE DO

We are the UK's largest pawnbroker and a leading retailer of high quality new and pre-owned jewellery and watches. We provide a range of transparent and accessible financial products tailored for a customer base which has limited access to, or is excluded from, the traditional banking sector.

"At H&T, customer service is at the heart of everything we do. Our colleagues across the Group go out of their way to put the customer first."

CHRIS GILLESPIE, CHIEF EXECUTIVE

OUR STORES



OUR PRODUCT OFFERING

- Pawnbroking
- Retail
- Foreign Currency
- Purchase and Pawnbroking Scrap
- Other Services
- Watch Repair (Swiss Time Services)
- Money Transfer
- Cheque Cashing

OUR LOCATIONS

H&T stores are positioned on the high street in most major towns and cities across England, Scotland, and Wales.

We added twelve new stores in 2023, with two store relocations and one store closure, bringing our total number of stores to 278.

The store network is complemented by our newly refreshed and single platform website **handt.co.uk**, from which customers can access our range of financial products, and high quality new and pre-owned jewellery and watches.

12 MONTHS OF SUCCESS

JANUARY 2023

The Group acquired two established pawnbrokers in Bradford further expanding our products and services in the area. This made Bradford our largest pawnbroking Business in the country with three stores within a quarter of a mile radius.

APRIL 2023

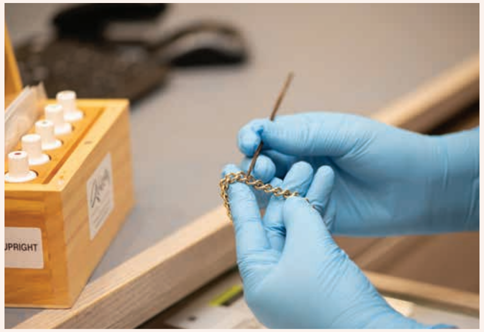
We celebrated the success of many of our colleagues from across the Business with an Oscars theme awards ceremony at RAF Cosford.

Senior Management team Leadership Strategy Day at Silverstone saw our senior team under pressure at the pit stop challenges.

MAY 2023

Foreign currency 'Click and Collect' launched online. This allows our customers to Click and Collect in minutes and check currency availability in store prior to visiting.

A second facility at the jewellery centre was opened, significantly increasing capacity and processing turnaround as well as providing additional office space for support functions.



JUNE 2023

CEO Chris Gillespie got hands-on at our jewellery centre, sorting and cleaning pre-owned jewellery ready for retailing in our stores.

STORE OPENINGS, ACQUISITIONS & CLOSURES

Islington	Cardiff	Bradford 2	Bradford 3	Gloucester	Warrington	Sheffield
Opened	Opened	Acquired	Acquired	Opened	Opened	Opened
February 2023	March 2023	March 2023	March 2023	April 2023	April 2023	April 2023

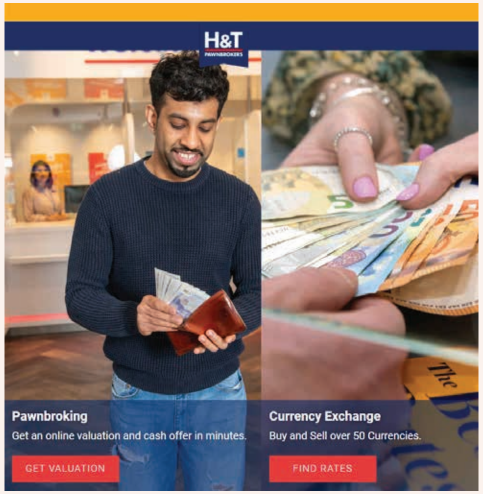
JULY 2023

Dedicated Customer Support team went live in our Liverpool Support Centre, further supporting our customers outside store opening hours.

We secured additional funding from our long-standing bankers Lloyds Bank increasing our total available facilities to £50m.

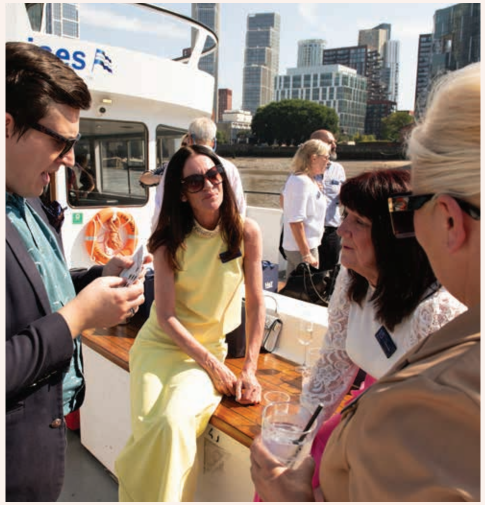
Single H&T branded website launched with "est1897" retail brand decommissioned.

We welcomed four new Non-Executive Directors to the Board.



SEPTEMBER 2023

We celebrated our longest-serving colleagues with a Thames river cruise.



NOVEMBER 2023

Our final new store of the year opened in Hillsborough bringing our total store estate to 278 stores.

We were delighted to secure funding to further support the growth of the Business with Allica Bank with a £10m facility.

Stratford 2
Closed
June 2023

Dalston
Acquired
July 2023

Green Lanes
Opened
September 2023

Feltham
Opened
October 2023

Bearwood
Opened
October 2023

Hillsborough
Opened
November 2023

DOING OUR BEST FOR OUR CUSTOMERS

Our Chair Simon Walker and CEO Chris Gillespie explain H&T's vision and strategy. Engaging with stakeholders to change the perception of Pawnbroking, Chris and Simon go into detail on how the business has transformed, exceeding customer expectations and operating in the current market conditions.

Can you explain how H&T is working to achieve its vision of making pawnbroking a more widely accepted and valued financial service?

CG: I believe that the most important thing in our Business is the way in which our colleagues interact with our stakeholders, especially how we interact and engage with our customers. Recently, we have welcomed a number of visitors who would not normally use our stores who came to see us because they're interested in what we do, and without exception, they have been surprised by the atmosphere and the way our colleagues engage. That is our secret sauce – word of mouth is the best advert. We want to attract new customers to our stores and give them a great service, and then they'll naturally tell their friends and family. So, the first aspect of achieving our vision is to do what we do really well, and the second is that people will talk about it, therefore attracting more customers to our stores.

We are also trying to persuade media, press and influencers to reconsider their perceptions of what a pawnbroker is. We are sometimes sensitive by some of the misconceptions people have about our Business model but we have to remain positive about what we do and try and change those perceptions, by educating people about pawnbroking whilst delivering great service. The next aspect is that we are doing a lot more online with using search engine optimisation (SEO) so our business is more likely to be shown to potential customers in search engine results.

I was asked some time ago if there is one thing I could change, what would it be? And the answer I gave was the perception of what we do. It is a long-term strategy, but that is our aim. It is all about perception.

How does this vision guide decision-making and inspire people within H&T?

CG: If you think back to our secret sauce and the way we interact with our customers, our decision-making is guided by the aim of helping our colleagues to offer fantastic service to our customers and so, to a degree, the decisions that we make and the impact they're going to have on relationships between our teams and our customers are paramount. It is easy to make decisions that might create a saving on paper but if you actually undermine the Company values and what the Business stands for in doing so, then it is the wrong thing to do. So, everything that we do and the lens that it is seen through is focused on the question: Is this going to help our customers and provide great service? Yes, or no? And if the answer to that is yes, then it may well happen, and if the answer to that is no, then it probably will not.

How has the Business transformed over the years?

SW: In many ways, it has not changed. Our Business has always been passionate about putting customers at the heart of what we do, about having colleagues who are engaged with their customers, and who care about customers and the Business. I am always impressed when I visit a store by how much our colleagues care about helping their customers and how well they know them; this is the core of our Business and has not changed over many decades. It is about caring for and trying to help our customers.

What has changed is that we have become more modern. We have invested heavily in our online capacity to give access to our products to a much a wider customer base, and this gives us the opportunity to sell a wider range of products. We have invested in technology in our stores to help our colleagues serve their customers better and increase their understanding of the value of items so they can give our customers the best possible price for their goods. We have realised that our customers want more from us, so we offer a broader range of services than we did 20 or 30 years ago. We offer foreign currency, cheque-cashing and money transfers; these are all services and products that our customers want from us. A timeless ethos of doing the best we can for our customers remains at the core of what we do. We are also making best use of technology, and have widened the range of services we offer our customers to help them with a broader part of their lives.

How will H&T's newly evolved Board support strategic growth?

SW: We ran a rigorous process to ensure our new Board members represent the core values of H&T with a strong belief in customer service and being fair to customers. They bring a broader range of skills to the Business, which will enable us to further develop our retail proposition. We have deepened our skills around funding and transactions, which helps us raise more funding, which in turn allows us to grow, serve and help more customers. We have also deepened our skills around understanding technical accounting issues, particularly IFRS 9, which is a simple concept but can be very hard to implement in practice. This will help us model and better understand how our lending to customers aligns to financial performance.

How is H&T going to continue exceeding customer expectations and delivering attractive returns?

CG: We will never lose sight of what we're good at, our stores are staffed to enable our people to engage and spend time with customers who, for whatever reason, choose to walk in the door and talk to us. The reality, is that we could serve a lot more customers through those stores than we currently do. Our job is to attract as many people as we can to our stores and then let our colleagues work their magic with those customers. If we do those two things well, this will generate incremental revenue for the Group, and we will grow and deliver improved returns as well.

Can you explain how market conditions and trends are supporting H&T's growth?

CG: Within the pawnbroking business, people are finding the current economic conditions hard, and often need to borrow a small-sum of money for a short-term, for a whole range of reasons. Due to regulatory changes and a reduction in the supply of small sum credit, there are fewer companies in a position to offer this service at a time when people need it more.

For our retail Business, around 80% of what we sell is pre-owned, however there is some seasonality in that. Pre-owned is what people are wanting right now, both from a value-for-money point of view (pre-owned tends to be better value for money than new), and for environmental and sustainability reasons (pre-owned items have a lower carbon footprint than new). For retail, societal and economic reasons mean that what we do – the sale of predominantly pre-owned jewellery and watches – is a growth market.

I do not see the other services we provide, such as money transfers, where we enable those customers who perhaps come from another country to send money home or receive money, as growth prospects. However they attract more people to our stores to make use of our services.

SW: Many customers want to deal face to face when they're talking about the need to borrow funds and, as the banks and other institutions have cut back their high-street presence, this has created a loss of public trust. There are a number of people who prefer to talk to someone, look them in the eye, and have a conversation about their need to borrow money, or to get foreign currency to go on holiday. This is something they really value, and there are few other places on the high street where you can still do that. Even with the rise of digital services, there are a large number of people who do not want to transact that way. We are one of the few places where people can go and have those conversations, and find somebody empathetic who cares about their situation and is interested in helping. I believe this will continue to power our growth because, for many people, we are the only friendly face on the high street.

What excites you most about H&T's future?

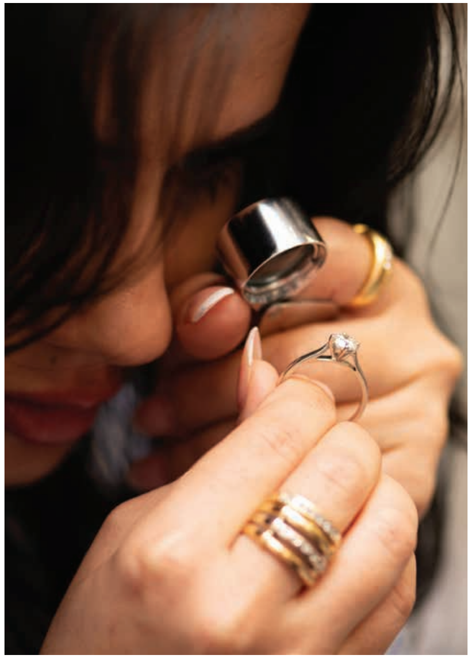
CG: Our people and the customers we serve.

SW: It is about meeting the needs of society. So many people in society have been abandoned by the institutions. We are there to help those people and help them build better lives for themselves.

> *"An unchanging, timeless ethos of doing the best we can for our customers remains at the core of what we do."*
>
> **SIMON WALKER, CHAIR**

A VALUED FINANCIAL OFFERING

H&T's vision is to make pawnbroking a more widely accepted and valued financial service by ensuring that borrowing against an asset is simple, inclusive and transparent.



We offer ancillary services, which include:

- Retailing high quality new and pre-owned jewellery and watches
- Purchasing of gold, jewellery and watches
- Foreign currency exchange
- Money wire transfer services
- Cheque cashing
- Watch repairs

SIMPLE

A **Pawnbroking Loan** is a secured loan with a term of six months. We lend to customers against the assessed value of the item they wish to pledge, predominantly pre-owned jewellery and watches. We enter a consumer credit agreement with the customer, charging a simple daily interest rate with no additional fees.

The pledged item is in the control of H&T from the inception of the loan and returned to the customer on repayment of the outstanding loan and interest due.

Offering a same day **Cheque Cashing** service in store provides swift and efficient access to instant funds.

Foreign Currency Exchange is offered across the store estate and online.

In partnership with Western Union's **Money Wire Transfer Services**, customers are able to transfer money worldwide from our store estate.

INCLUSIVE

We are determined to help customers access funds through a **Pawnbroking Loan** in a safe and friendly environment, either in person, in store or via our online portal.

Customers can also access funds by choosing to sell items of jewellery and watches to us rather than using these items as a pledge for a pawnbroking loan. This **Purchasing** offering is a fast and easy process that can be concluded both in store and online.

TRANSPARENT

Charging daily interest on **Pawnbroking Loans** gives customers the flexibility to repay their loan when they choose while only needing to pay interest for the period for which they make use of the loan. There are no early termination or penalty charges for repaying a loan early.

The customer has no liability to H&T beyond the value of the pledged item.

H&T offers a range of high-quality **Pre-Owned Retail** jewellery and watches. We take pride in the authenticity and quality of our pre-owned items, as they all undergo strict scrutiny by expertly trained gemologists and watch specialists. Horologists test the watches for timekeeping and undertake extensive refurbishment to ensure each watch meets the highest standard of quality.

New Retail jewellery offers an expanding range of value-for-money items.

Watch Repair services for both vintage and current-collection watches has been a recent addition to the Group's service offering, following the acquisition of Swiss Time Services in 2022.

The customer experience is at the forefront of all we do at H&T.

The breadth of products offered provides customers with a range of simple, inclusive, transparent, fair and accessible alternative finance options.

LOOKING TO THE FUTURE

It gives me great pleasure to present my first report as the Chair of H&T. The opportunity to join a leading and progressive business in an industry which is uniquely positioned, is one that I am excited by. We expect that demand for pawnbroking will continue to grow as many consumers find it difficult to access mainstream financial services.

Throughout 2023, the Group has continued to make significant progress, delivering record profits and strong growth. Demand for our core pawnbroking product continues to rise and is attracting increasing numbers of customers who are new to pawnbroking. This performance would not have been possible without the hard work of our teams, and their depth of expertise and enthusiasm for the business. My thanks go to them all. In particular, Consumer Duty was implemented in line with the requirements of the Financial Conduct Authority, during the course of the year. This entailed a significant programme of work across the business, not least of which was a comprehensive training programme for our colleagues, and our employees they have embraced the new approach to some of our operational processes.

Since taking over the role of Chair from Peter McNamara in April 2023, it has been fantastic to work with such a great team at a time when the business has a strong platform for growth. I would like to thank Peter again, for all his contributions and guidance as he steered the business effectively through an ever-changing economic landscape over the last 14 years.

In addition to my appointment, in June we were delighted to build the breadth of expertise of the Board with the appointment of four new Non-Executive Directors; Robert van Breda, Lawrence Guthrie, Catherine Nunn and Sally Veitch. Their appointments have significantly progressed the Group's aim to evolve its governance structures by broadening the range of skills, experience and diversity around the Board table.

The Year in Review

2023 was a year in which we delivered on our well-planned strategy, notwithstanding challenging macroeconomic conditions; delivering value and service for our customers, growing the customer base, and continuing to invest in the business. Demand for our core pawnbroking product remains at record levels, across all geographies, with aggregate lending in 2023 amounting to £260m, an increase of 19%. The Group prides itself on the high quality of service delivered to customers through our 278 stores (2022: 267) and our centralised support functions. We added 12 new stores in 2023, relocated two stores and closed one store, and we have continued with the planned store refresh programme, with 50 stores completed in 2023. In addition, a second jewellery centre facility was opened mid-year.

> *"2023 was a year in which we delivered on our well-planned strategy, notwithstanding challenging macroeconomic conditions; delivering value and service for our customers, growing the customer base, and continuing to invest in the Business."*
>
> **SIMON WALKER**

The implementation of our new core IT platform has continued at pace with phase two currently in development, which will see the system implemented across the wider business.

To capitalise on the growth opportunity presented to the Group in the medium term, and to fund further growth in the pledge book and investment in the store portfolio, in July we were pleased to increase the financing facilities provided by our longstanding bankers, Lloyds Bank plc, to £50m (previously £35m). In November, Allica Bank Limited provided additional funding in the form of a £10m term facility and, post period-end, we were delighted to further diversify the sources and maturity profile of the Group's funding arrangements with £25m of additional term financing from Pricoa Private Capital. These arrangements will allow us to continue to grow our business whilst serving and supporting even more customers.

Post period-end, we were also delighted to complete the acquisition of the pawnbroking and foreign currency business of Maxcroft Securities Limited ("Maxcroft"), for a cash consideration of £11.3m. Maxcroft is a longstanding and successful pawnbroking business based in Essex and the main asset we have acquired is its pawnbroking pledge book, amounting to c.£6.1m at the time of acquisition. Maxcroft also brings a highly remunerative foreign currency business, the revenue generated from which is more than twice that of our largest existing store. We believe that the acquisition provides us with an opportunity to expand our reach into a different customer demographic with a requirement, typically, for larger value pawnbroking pledge loans, often utilised by business owners looking to fund working capital. This further underlines our strategy of growing and broadening our core pawnbroking business.

Subject to shareholder approval, a final dividend of 10.5p (2022: 10.0p) per ordinary share will be paid on 28 June 2024 to those shareholders on the register at close of business on 31 May 2024. This brings the full year dividend to 17.0p (2022: 15.0p), a 13% increase. This reflects the Board's confidence in the future prospects of the business, whilst being mindful of the need to continue to invest in the growth of the pledge book, and capital investment in the store estate. The dividend remains in line with our progressive dividend policy, and maintains a coverage ratio of at least two times that of earnings.

Outlook

Looking to the year ahead, we will continue to build on the progress achieved in 2023. We believe that demand for our core pawnbroking service will remain high as the ongoing impact of inflation on customers' disposable incomes creates record levels of demand for small sum, short term lending, at a time of severely constricted supply. We are also seeing growing demand from customers who are business owners, seeking finance for working capital against pledged personal assets and this formed part of the rationale for the acquisition of the pledge book of Maxcroft.

Further expansion of our store network remains a focus, although this will always be in a controlled and measured manner. It is likely that between 8 and 12 new stores will be opened in 2024.

We have the funding flexibility to execute on our future growth ambitions. We have a clear strategy, a strong investment case, a motivated team, and solid foundations for further growth. The Board is confident in the future prospects of the Group.

Simon Walker
Non-Executive Chair

STRONG RESILIENT GROWTH

The past year was a challenging period for businesses and individuals alike. The continued effects of high inflation – particularly in food, fuel, insurance and utility prices – along with high interest rates, impacted customers' disposable income and resulted in many people reappraising their spending priorities. For many businesses, including H&T, cost inflation – particularly employee related costs – was higher than expected. Against this backdrop, H&T delivered strong growth and a resilient operational performance.

Sustained demand for H&T's product offerings has seen the Group deliver revenue growth across the business, with profit before tax up 39% to £26.4m (2022: £19.0m). Challenging trading conditions for certain watch brands in H1, jewellery sales mix in H2 (which includes the peak Christmas trading period) together with the slower than anticipated momentum in foreign currency transaction volumes and revenues, resulted in profits falling short of our demanding aspirations. On-going firm action to mitigate the impact of rising costs, coupled with positive trading momentum across the business as we enter 2024, underpins our confidence in the future.

Growth in revenue was delivered by all the Group's core product segments – particularly our pawnbroking product – and across all channels, both in physical stores and increasingly via our digital platforms. Online retail sales continued at record levels.

The additional funding facilities put in place over the past year will enable us to continue to grow the pledge book and invest in the store estate, both existing and new stores. At the year end, the Group had 278 stores, up from 267 at the prior year end.

Review of Operations

Pawnbroking

Demand for our core pawnbroking product continues to increase, across all geographies. This is in part as a result of broader macroeconomic conditions and in particular, the impact of inflation on customers' disposable incomes. This demand for borrowing continues alongside an ongoing constraint in the supply of small sum, short term credit. These market dynamics have created a growth opportunity for pawnbroking and, as the market leader, for H&T in particular.

Aggregate lending for the year increased by over 19% to £260m (2022: £218m), with the number of loans granted to customers borrowing from H&T for the first time rising significantly. Currently, 13% of loans are to new borrowers, with new customer volumes up 17% year on year. The pledge book grew in the year by 28% to £129m (2022: £101m). Growth has been delivered across the store estate. It remains the case that growth in the c.70 stores acquired in 2019, is at a faster rate than for the store estate as a whole, delivering upon the acquisition strategy which identified pawnbroking as a key growth opportunity in those locations. All new stores opened by the Group since late 2020 are performing at or above planned levels.

Monthly lending volumes in the first two months of 2024 have been strong, with January a new record month for lending volume.

Average loan sizes have remained broadly consistent with H1, with a median loan size of £201 (June 2023: £200), marginally up on the prior year end (December 2022: £185). Mean loan sizes were £428 (June 2023: £423, December 2022: £405).

> *"With continued investment in scale and capabilities, along with growing our business in the context of wider macro-economic factors, we believe that the Group has an opportunity for significant growth in the medium term."*
>
> **CHRIS GILLESPIE**

In recent months, we have seen a growing number of requests for larger value loans, often from customers who are business owners needing to fund working capital.

Redemption rates have been consistent at c.85%. Loan duration has been stable at 97 days through the year (2022: 97 days), albeit there has been a trend over the past two years for customers to repay their loans more quickly than historic averages of c.108 days.

Loan to Value ratios continue to average c.65% (2022: c.65%). The yield on the pledge book is consistent with last year, at 61%. The Group has recently implemented an increase in lending interest rates, which will increase yield on the pledge book over time. This has necessitated a review of the input assumptions within the Group's IFRS 9 impairment models, particularly in respect of the calculated effective interest rate ("EIR").

Action was taken in mid-2023 to reduce the risk profile of lending against certain high-value watch brands, where price volatility was apparent. As a result, the value of lending against watches reduced in H2 as planned, both in respect of stock and flow. At the year end, the proportion of the pledge book secured on watches reduced to 14% (June 2023: 17%, December 2022: 15%). These loan values tend to be slightly larger than the average and remain on the book for slightly longer.

Post period-end, we acquired a pawnbroking pledge book of c.£6.1m from Maxcroft, which underpins the Group's focus on continuing to grow and broaden its core pawnbroking business. H&T has entered into a lease in respect of the store and will continue to operate from Maxcroft's existing location. All employees will remain with the business and a consultancy agreement is in place with the previous owner. Average loan sizes are considerably larger than for H&T, with a median loan size of £1,000 (H&T: £201) and a mean loan size of £4,063 (H&T: £428). Currently, c.15% of H&T's pledge book is represented by loans of £5,000 or more. Collateral mix, yield and LTV of Maxcroft's pledge book, are all broadly consistent with H&T's corresponding metrics, whilst redemption rates are slightly higher than those of H&T. This acquisition presents H&T with an opportunity to expand its reach to customers who are business owners using the pawnbroking service for working capital purposes, as well as contributing to our core strategic objective of sustainable pledge book growth.

	2023 £'m	2022 £'m	Change
Year-end net pledge book – note 1	£129m	£101m	28%
Average net pledge book	£115m	£84m	37%
Revenue less impairment	£69.5m	£51.0m	37%
Risk adjusted margin – note 2	61%	61%	

Notes:
1. Includes accrued interest and IFRS 9 impairment charge
2. Net revenue expressed on an annualised basis as a percentage of a simple average of the net pledge book over the previous 12 months

Retail

H&T is a leading retailer of high quality new and pre-owned jewellery and watches, via its physical store network and increasingly, online.

Retail sales increased by 8% to £48.6m (2022: £45.2m). The continued effects of inflation and high interest rates impacted customers' disposable incomes, resulting in many people reappraising their spending priorities. This was particularly the case in the peak Christmas trading period, manifesting itself in a mix shift towards lower priced items, often new rather than pre-owned because of the lower relative price point of new jewellery, and in some cases towards products which earn lower margins, e.g. gold coins.

Sales of new products represented 25% (2022: 22%) of full year sales by value, at a typical margin of 30% (2022: 34%). Supply of some popular pre-owned product lines remains constrained, and demand has instead been satisfied through the sale of new items. As the growing pledge book yields an increasing volume of pre-owned items which are deemed suitable for retail sale, we expect the need to supplement retail stock with new, lower margin items to reduce, and hence the proportion of pre-owned sales to increase. Pre-owned jewellery sales represented 50% (2022: 62%) of full year sales by value, at a typical margin of 45% (2022: 46%) inclusive of coins and gold bars, which carry a lower margin.

Sales of pre-owned watches have been encouragingly robust. Market volatility in respect of certain watch brands affected retail sentiment, particularly in the summer of 2023. This adversely impacted sales, prices and margins in Q2 and Q3. Action taken to address this has enabled margin recovery from Q4 onwards. Margins on watch sales are currently c.20% (historical norm: c.25%). Watch sales represented 25% (2022: 16%) of full year sales by value at an average retail price of c.£1,600 (2022: £1,000).

Online sales increased by 65% to £9.8m, (2022: £5.9m). This represents 20% (2022: 13%) of total sales by value, with approximately 50% of these sales viewed in store by the customer prior to completing their purchase.

Our online retail offering has been enhanced through the year. We combined our two independently branded websites (H&T and est1897) into a single H&T website. A new website platform is in development, with expected roll out in the first half of 2024, which will significantly simplify and enhance customers' on-line experience.

Retail gross profit was down 19% to £14.4m (2022: £17.8m) with an overall gross margin of 30% (H1 2023: 28%; Full year 2022: 39%). The reduction in the gross margin is a result of the combination of the changed jewellery sales mix, sales price volatility in certain watch brands and action taken to reduce watch stock levels in Q2 and Q3.

Retail prices have been increased across the product range and margins are expected to improve in 2024. Trading in the first two months of 2024 has shown a reversion to a more normal spending pattern by customers, and sales mix.

Total inventory of £41m (2022: £35m) was held as at 31 December, including stock of parts held at Swiss Time Services. Of total inventory, £29m was available for retail sale (2022: £25m). The Group considers the valuation of its inventory to be conservative.

Foreign Currency

Demand for foreign holidays has remained buoyant despite challenging economic conditions for customers.

Gross profit grew to £6.3m (2022: £5.7m), an increase of 11%, on transaction volumes up 18% on the prior year. Customers continue to display caution in their holiday budgeting and are tending to take less money with them when they travel. Average store transaction values reduced slightly year on year, to £386 (2022: £390). Click and Collect transaction values are significantly higher than store-based transactions, at £685.

Our foreign currency business continues to receive increased focus and investment. We implemented our 'Click and Collect' service in June, as well as broadening the range of currencies held in stock in stores. It has taken longer than planned to achieve the momentum in transaction volumes that was anticipated.

Gold Purchasing and Scrap

Gold Purchasing

Gross profit earned from scrap purchasing was £8.6m (2022: £6.8m), an increase of 27%. Margins were broadly consistent at 20% (2022: 19%), supported by a strong gold price, whilst both the gold price and the impact of inflation on customers' disposable income has underpinned demand. The average gold price per troy ounce during the period was £1,550 (2022: £1,450).

Pawnbroking Scrap

As the pledge book grows and matures, the volume of items released for retail sale or scrap rises commensurately. Typically, c.60% of such items are processed for scrap. Pawnbroking scrap has a longer conversion cycle – usually 10 to 11 months after the date of the original loan – than purchased items. Gross profit grew by 34% to £4.7m (2022: £3.5m), with gross margin of 17% (2022: 19%). Margin was impacted by a decision to dispose of, by auction primarily in Q2 and Q3, a number of higher value watches where the cost of repair prior to retail sale was deemed uneconomic due to price volatility.

Pawnbroking scrap margins are earned as a direct consequence of our pawnbroking activities and represent the disposition of collateral held as security on unredeemed pawnbroking pledges. We do not believe that this represents a separate line of business. In future reporting periods, pawnbroking scrap will be incorporated into the segmental performance of pawnbroking, with prior periods restated to present an appropriate comparison.

Other Services

Money Transfer

Money transfer activity drives significant footfall to our store estate and represents an opportunity for colleagues to bring customers' attention to our wider service offering. Contribution in the year reduced to £1.1m (2022: £1.5m). Whilst the number of customers utilising the service was broadly consistent, they have been sending and receiving smaller sums of money and transacting less often. We believe that this reflects challenging personal circumstances for individuals.

Cheque Cashing

2022 saw an increase in demand for this service for the first time in several years, following the decision by some local authorities and government departments to issue cost of living support payments by cheque. This continued in 2023, but at a lower level. Consequently, profits earned were £1.1m (2022: £1.2m). The use of cheques in the wider economy continues to decline.

Personal Lending

The Group no longer offers an unsecured lending product. Lending volumes reduced significantly after Q4 2019, and all lending ceased in early 2022. The unsecured loan book has since continued to receive repayments, and corresponding impairment provisions have been released. The outstanding book has reduced to £0.1m (2022: £0.7m) with profits earned reducing to £0.9m (2022: £2.1m) as the underlying book repays.

2023 Business Focus and Outlook

With continued investment in scale and capabilities, along with growing our business in the context of wider macro-economic factors, we believe that the Group has an opportunity for significant growth in the medium term. This applies across our product offering, in particular the core pawnbroking product. Our focus is to ensure that the Group is well positioned to take advantage of these growth opportunities. Our priorities are:

Store Estate

We believe that our stores, and our outstanding colleagues, are and will remain at the heart of our business. There remain opportunities to expand the geographic coverage of our store network and we are investing both in new store openings and in refreshing existing stores. We will continue with the planned store refresh programme, with c.50 store refreshes per annum.

We added twelve new stores during 2023, with two store relocations and one store closure. As at the end of December 2023, the Group's store estate stood at 278 (2022: 267). We have a prioritised list of potential locations throughout the UK for new store openings. Further openings are planned for the remainder of the year and beyond, with the capital investment of a new store being relatively modest and an expectation that new stores will become profitable, on a run-rate basis, no later than their second year of operation. It is likely that 8 to 12 store openings will take place in 2024.

Digital Strategy and Customer Journey
A new Point of Sale (PoS) system, known as EVO, was successfully deployed across the store network in the second half of 2022, with further functionality enhancements implemented throughout 2023. Phase 2 of the development will bring the new system to our jewellery processing centre in H1 2024, which is expected to significantly improve productivity in the medium term.

EVO is improving customers' experience in stores whilst providing us with enhanced customer data. A single view of the customer relationship across all products will be available when the programme is completed, which is expected to be over a three-year period to 2026. In the meantime, the improvements delivered through the EVO

programme are supporting more effective and better targeted marketing communications and merchandising.

We are improving and enhancing our online presence. The customer-facing website is in the process of being upgraded, and the Group now has a single online presence following the merger of the est1897 website into the H&T website. This will be an ongoing process of continual evolution. Our aim is to further modernise the functionality, as well as the look and feel. We intend to make it easier for customers to do business with us through the channel they choose.

A Growing Business
The Group offers a range of products and services which are tailored to meet the needs of its customer base. It is common for customers to utilise more than one service, for example a money transfer customer might take foreign currency with them when they visit their home country. Similarly, a piece of retail jewellery purchased from H&T may become an item pledged as collateral for a pawnbroking loan. Our strategy is to attract footfall to our stores, and through the outstanding service provided by our store colleagues, establish long term relationships with customers, often spanning many years and multiple products.

Post period-end, we completed the acquisition of the pawnbroking and foreign currency business of Maxcroft, for a cash consideration of £11.3m. Maxcroft is a longstanding and successful pawnbroking business based in Essex and the main asset we have acquired is its pawnbroking pledge book, amounting to c.£6.1m at the time of acquisition. We believe that the acquisition provides us with an opportunity to expand our reach into a different customer demographic with a requirement, typically, for larger value pawnbroking pledge loans, often utilised by business owners looking to fund working capital through pledge of personal items through pledge of personal items. This further underlines our strategy of growing and broadening our core pawnbroking business, including consolidation opportunities as and when they arise.

To capitalise on the growth opportunity presented to the Group in the medium term, and to fund further growth in the pledge book and investment in the store portfolio, in July we increased the financing facilities provided by our longstanding bankers, Lloyds Bank plc, to £50m (previously £35m). In November, Allica Bank Limited, provided additional funding in the form of a £10m term facility and, post period end, we were delighted to further diversify and broaden the maturity profile of the Group's funding arrangements with £25m of additional term financing from Pricoa Private Capital.

Macroeconomic Environment

We see the trading environment in the near term being positive for H&T.

Pledge Book
We anticipate continued strong demand for our core pawnbroking product as the impact of inflation on the consumer increases the need for small sum, short term loans at a time when supply of credit is more constrained than has been the case for many years. We are also seeing increased demand from customers who are business owners using the pawnbroking service for working capital purposes, and who often find themselves excluded by mainstream financial institutions.

	2023 £'m	2022 £'m	Change %
Year-end net pledge book[1]	£129m	£101m	28%
Average net pledge book	£115m	£84m	37%
Revenue less impairment	£69.5m	£51.0m	37%
Risk adjusted margin[2]	61%	61%	

Notes:
1. Includes accrued interest and IFRS 9 impairment charge
2. Net revenue expressed on an annualised basis as a percentage of a simple average of the net pledge book over the previous 12 months

Retail
H&T is a leading retailer of high quality pre-owned jewellery and watches. We also offer our customers an expanding range of new jewellery items. Demand has remained robust through 2023 and in the early months of 2024. We believe that there are clear reasons for the strength of this demand, including the growing attractiveness of buying pre-owned products and the environmental and sustainability benefits this brings. Customers view these items as representing good value for money, and also as a store of value which can be sold or used as collateral for a future pledge loan if their circumstances change. We believe that these dynamics are likely to continue, notwithstanding the challenges of broader macroeconomic pressures felt by our customers. The Group is responding by focussing on ensuring that we have the right mix of items for sale, particularly lower priced pre-owned jewellery, reflecting current customer spending priorities.

Foreign Currency
We expect increasing demand for foreign exchange services as overseas travel remains buoyant. Our foreign currency business will continue to receive focus and investment.

Our Cost Base
Like all businesses, H&T is experiencing the impact of continued inflation, particularly with regards to employee related costs, both in respect of ourselves and key suppliers. We are mindful of the impact of these economic factors on all our stakeholders. H&T is primarily a fixed cost business and achieving operating efficiencies will remain a key management focus.

We have rewarded our employees with increases in basic pay, and with bonuses intended to recognise their hard work and contribution throughout 2023. Employee related costs for 2024 will continue to rise at a rate above that of headline inflation, primarily as a result of decisions taken in respect of national living wage. Ensuring that our people are appropriately remunerated will remain a priority for the Group.

We fixed the cost of energy supplies for two years at the end of 2021, and we have extended this agreement for a further two years until the end of 2025. We remain able to obtain attractive lease renewal terms as our rental agreements fall due for review. Typically, the store estate is subject to three or five year rent reviews.

C D Gillespie
Chief Executive

H&T's commitment to meeting the needs of those excluded from mainstream credit, through the creation of a range of simple, transparent, fair and accessible products, is at the heart of the way we do business.

Leveraging the infrastructure of the store estate and our technology platform drives our success, allowing us to provide sustainable products and services to our customers and contribute to the 'circular economy'.

1. OUR DRIVERS OF SUCCESS

Our drivers of success help us maximise the value we create for our stakeholders and achieve our vision and mission.

UNIQUE COMPANY CULTURE

Our Company culture reflects our passion to look after our customers, to meet their needs regardless of the services they use, and to place them at the heart of what we do.

This sense of care also extends to our employees through supporting their individual wellbeing and the development of our teams (through our onboarding and development programmes,to grow their knowledge and capability).

We are proud of the diversity of our teams and the welcome that is provided to everyone. We encourage differing views, opinions, experiences and thought processes, as this enables us to make decisions considering different viewpoints. This also benefits us when serving our local communities.

Our partnership with FareShare illustrates the importance of our local communities and our passion to care for people who need help.

EXCELLENT CUSTOMER SERVICE

We aim to provide an accessible and convenient source of funds, whilst building a lasting relationship with our customers in our stores. We strive to offer customer service excellence across our Business.

We invest heavily in providing our new colleagues with training across our products and services not only whilst onboarding, but through continual development throughout their journey with the Business.

To further support our customers outside of core retail hours, we have a dedicated customer support team. This team works to complement and enhance our in person service.

We listen to our customers and strive to always improve and evolve our service to meet their changing needs. We have varied customer feedback mechanisms which provide us with customer insight regarding customer satisfaction and how we can improve.

HOURS OF LEARNING

77,000 +12.7%

(2022: 68,268)

TRUST PILOT SCORE

4.6/5

STRATEGIC STORE PRESENCE

Having a strong store presence provides accessibility and cultivates lasting relationships with customers.

We continue capital investments into growing H&T's geographical footprint in the UK, the ongoing refurbishment of existing stores and our retail displays continue to offer great choice.

As a pillar of the communities in which we operate, we are committed to managing our properties in a responsible and sustainable way.

OMNICHANNEL APPROACH

Our online services sit alongside the in-store options. This allows customers multiple access points throughout their journey with H&T.

A new point-of-sale system, EVO, continues to be developed. EVO is a bespoke system, designed in-house, and has enabled us to improve the customer experience in stores.

We continue to invest in improving the functionality of our digital platforms, making it easier for customers to transact with us through the channel of their choice.

In 2023 we successfully merged our EST1897 brand to H&T and integrated the H&T website, simplifying our online presence.

STRONG FINANCIAL MANAGEMENT

A strong culture of control and tight operational management is key, along with prudent underwriting policies that ensure healthy loan to value ratios are in place.

A pawnbroking loan has no recourse to the borrower at any time as it is a loan secured by the pledge of an item.

The Group's balance sheet is underpinned by the inherent value of precious metals (mainly gold) and watches, both in the form of collateral for the pledge book, and products held in retail inventory.

The Group increased funding from our existing bankers in the form of an increase to our available borrowing facility to £50m, along with an additional term loan of £10m from Allica Bank.

STORE ESTATE

278 +11

(2022: 267)

NEW PAWNBROKING CUSTOMERS

63,973 +17.4%

(2022: 54,459)

ROE

12.4% +25%

(2022: 9.9%)

2. OUR CONTRIBUTION TO THE CIRCULAR ECONOMY

A core output of our value-creation model is our contribution to the circular economy, which helps preserve value in the form of energy, labour and materials, and addresses some of the biggest challenges facing our planet currently, such as climate change and biodiversity loss.

Items we acquire through purchase or unredeemed pledge loans are assessed by our team of experts, and are either retailed or scrapped sustainably. This achieves a circular economy where jewellery and watches are kept in circulation through refurbishment, reuse, and redistribution.

OUR ACTIVITIES

How our activities contribute to the circular economy:

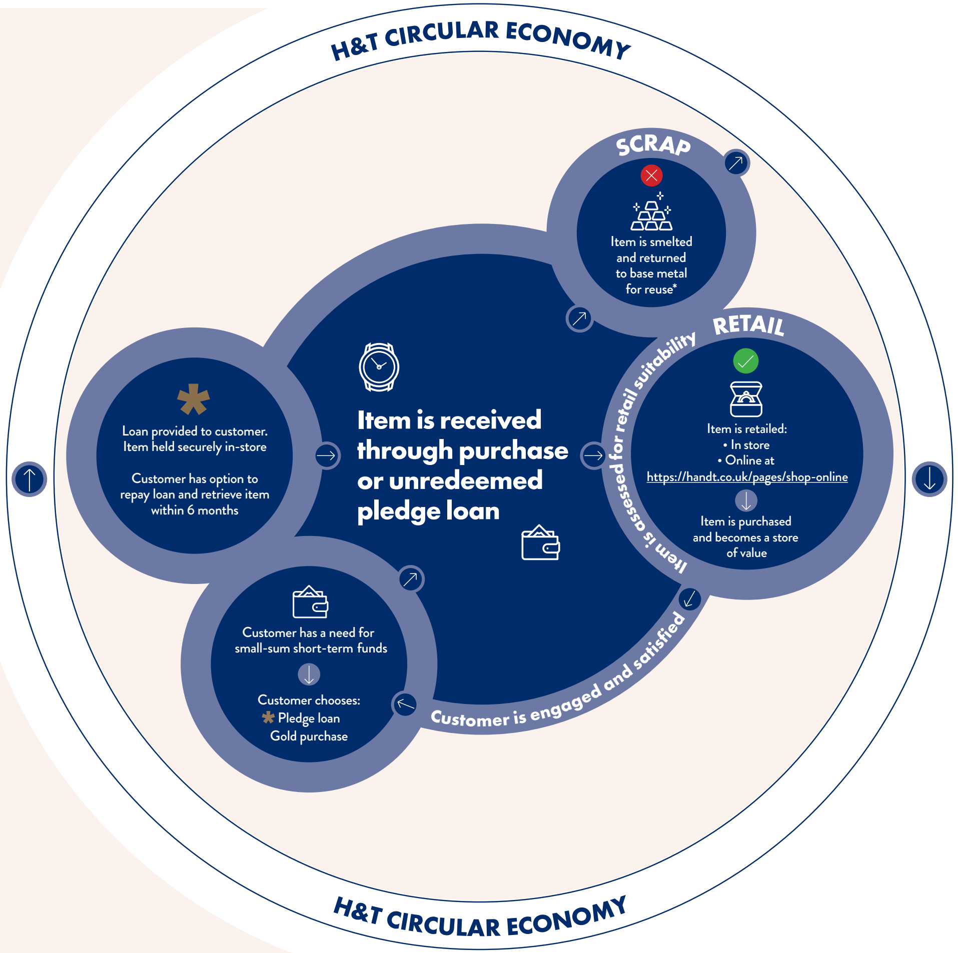
- We purchase items that can be retailed or smelted for future reuse.
- Items acquired through unredeemed pawnbroking loans are either sold to customers in our stores, or auctioned or smelted so that the gold and stones are reused.
- These activities preserve value in the form of energy, labour and materials by keeping the gold and stones circulating in the economy.

WE RECYCLE

99.8%

of pre-owned jewellery brought to us

(2022: 99.3%)

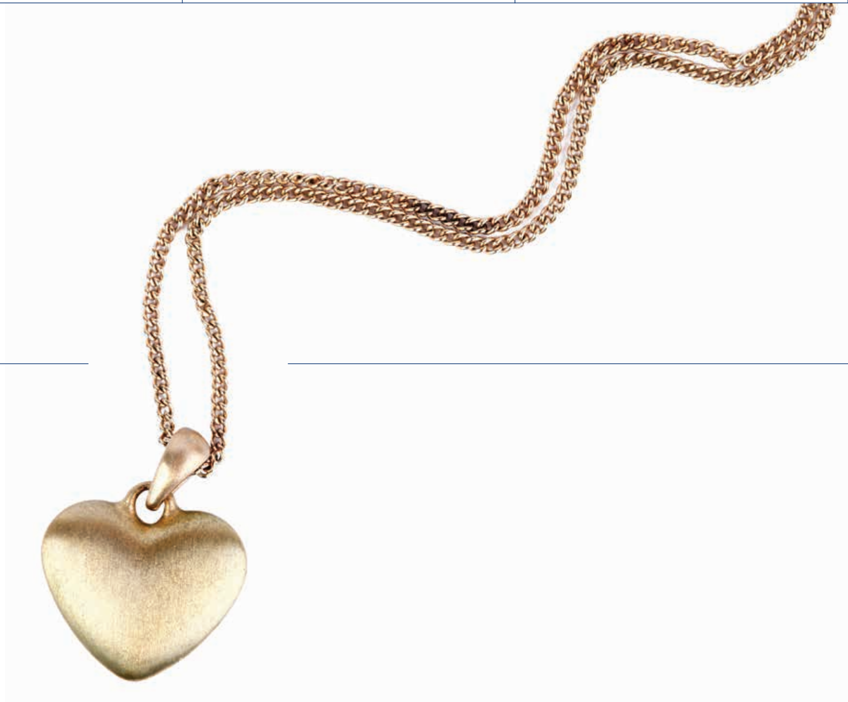


3. OUR POSITIVE STAKEHOLDER IMPACT

In striving to achieve our vision and mission, and contributing to the circular economy, we touch the lives of many people and communities across the UK. We are especially proud of the value we have created for our five key stakeholder groups.

	SHAREHOLDERS	CUSTOMERS	COLLEAGUES	SUPPLIERS	GOVERNMENT, REGULATORY BODIES AND INDUSTRY BODIES
Our impact	We aim to generate value for shareholders by delivering sustainable growth and profitable returns on capital	The customer experience is at the forefront of our business The breadth of products offered by H&T provides customers with a range of simple, transparent, fair and accessible alternative finance options to meet their needs	Our success is based on the skilled, motivated and committed colleagues that represent H&T	Establishing long-term partnerships with consistently reliable suppliers that comply with the necessary trading standards, meet our service levels and support us in achieving our sustainability goals is key	H&T operates within a framework of policies set by the government and regulations. We are regulated by His Majesty's Revenue and Customs (HMRC), the Financial Conduct Authority (FCA) and the London Stock Exchange (LSE)
Our priorities	The Group targets a sustainable post-tax ROE in the mid-teens To maintain a progressive dividend policy with at least two times cover of earnings To articulate a clear corporate strategy To understand shareholders' need and to provide updates and keep shareholders informed of progress and developments	We continue to invest in the existing store estate and expand our store estate to service customers who have limited access or are excluded from the traditional banking sector We continue to provide first-class customer service underpinned by our values	Continual focus on pay levels and rewards to attract and retain our talent We listen to our teams through employee engagement surveys and employee forums, and take action to improve their overall experience We operate in alignment with our values and recognise the impact they have on our culture	We apply best-practice to manage our third-party suppliers mitigating vendor risk through due diligence H&T is opposed to modern slavery and human trafficking and will not knowingly support or do business with any organisation involved in slavery or human trafficking	H&T takes compliance with our obligations under each framework extremely seriously, ensuring focus on compliance monitoring, training and procedural updates We follow the QCA ten principles of corporate governance to ensure best-practice

SCALING OUR CAPABILITY



With continued investment in scale and capabilities, along with broadening our Business in the context of wider macroeconomic factors, our focus is to ensure the Group is well positioned to take advantage of growth opportunities based on the priorities outlined below.

	STORE ESTATE	DIGITAL CAPABILITY AND CUSTOMER JOURNEY	BROADENING OUR BUSINESS
DESCRIPTION	The store estate and our people are key to the success of H&T. Having a strong store presence cultivates lasting relationships with customers.	Improved digital capability improves customers' experience in stores whilst providing H&T with enhanced customer data.	Building awareness of the pawnbroking loan product and appeal to reach new customers.
OPPORTUNITY	There are further opportunities to expand the geographical coverage of the store network. We continue to invest in both new store openings and in refreshing existing stores.	Improvements delivered through the digital strategy will support more effective and better targeted marketing communications and merchandising. The customer journey and experience is enhanced through further investment in technology.	H&T's target audience is growing as the supply of small-sum short-term credit is constrained at a time of increased customer demand. Our strategy is to attract footfall to our stores and establish long term relationships with customers, often spanning many years and multiple products. There is a growing demand for pre-owned jewellery and watches.

	STORE ESTATE	DIGITAL CAPABILITY AND CUSTOMER JOURNEY	BROADENING OUR BUSINESS
2023 DELIVERY	Added twelve new stores, with two relocations and one closure. Over 70 stores acquired in 2019 have been successfully integrated into H&T and are growing at a rate above that of the older store portfolio. Increased the pace of the rolling refurbishment programme, with 50 stores refreshed. A second facility at the jewellery centre was opened in May 2023, significantly increasing jewellery processing capacity.	Phase 1 implementation of the new core IT platform, known as EVO, was delivered to the store estate in Q4 2022. Further functionality enhancements deployed, with Click and Collect service for Foreign Currency Exchange. Single H&T branded website launched in July 2023, with 'est1897' retail brand decommissioned. The online service offering sits alongside in-store options, allowing customers multiple access points throughout their customer journey via the channel of their choice.	Post period-end, we completed the acquisition of the pawnbroking and foreign currency business of Maxcroft Securities Ltd. We believe this acquisition provides us with an opportunity to expand our reach into a different customer demographic with a requirement, typically, for larger value pawnbroking pledge loans, often utilised by business owners looking to fund working capital through pledge of person items. In July 2023, we received additional funding support from our long-standing bankers Lloyds, increasing the available funding facility to £50m (2022: £35m). In November, Allica Bank Limited, provided additional funding the form of a £10m term facility. Post period -end we further diverisfied and broadened the maturity profile fo the Group's funding arrangements with £25m of additional term funding from Pricoa Private Capital.
FUTURE PROGRAMME	Continue with the current pace of the store refresh programme. Opportunities remain to expand store estate in a controlled and measured way with further store openings planned, with locations identified. Each potential new store is supported by independent demographic and consumer data, and assessed on a stand-alone basis considering investment and profitability hurdles.	The New core IT platform, EVO, is to be implemented across the wider business with ongoing functionality improvements. Phase 2 of Evo development will bring the new system to the jewellery processing centre, improving efficiency and creating capacity. Programme of planned and continuous improvements and enhancements to our online presence is in place. Continuous investment to make it easier for customers to do business with us through whatever channel they choose.	Our core strategic objective is to grow and broaden our pawnbroking business, and make pawnbroking a widely accepted and valued service. Retail of pre-owned jewellery and watches represent a store of value for our customers along with a growing awareness of environmental and sustainability factors, likely to enhance demand for pre-owned jewellery and watches.

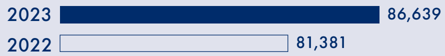
CUSTOMER IN FOCUS

NEW CUSTOMERS

Purchase

86,639 +6.4%

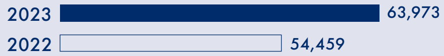
(2022: 81,381)



Pawnbroking

63,973 +17.4%

(2022: 54,459)



Offering our customers more choice to transact with us across our product and service offering is core to creating valued relationships with new and existing customers.

We continue to evolve the way in which our customers can access our services, for more convenience and choice.

Customers can choose to transact with us through the channel of their choice, either through our website or in our stores.

Our 'view-in-store' service for retail items, where a customer can request to view an online retail item in store, without obligation to buy, continues to increase in popularity.

Foreign currency Click and Collect offering was launched in 2023, allowing customers to order their foreign currency online, and collect from the store that is most convenient for them.

NEW STORE IN FOCUS

To continue to strengthen our presence in South Wales, in March we opened a second Cardiff store. This store has seen good demand for our products from the local community and in the nine months since the store opened we have:

- Provided over £197k in pawnbroking pledge loans.
- Completed 764 travel money transactions.
- Purchased 308 items of gold, jewellery and watches.
- Sold 1,197 items of retail worth over £ 280k.

"I highly recommend H&T pawnbrokers for all their services. The staff seem to be very well chosen as they are all friendly, polite and professional. I have never had a bad experience in their stores and will continue to use them for pawning, buying and selling jewellery."

TRUSTPILOT REVIEW

BROADEN OUR REACH

Build awareness and appeal to reach new customers.

WEBSITE TRAFFIC

3.1m +34%

(2022: 2.3m)

2023	3.1
2022	2.3

ONLINE RETAIL

9.8m +65%

(2022: 5.9m)

2023	9.8
2022	5.9

One Website

We merged two websites, under the single H&T branded website handt.co.uk which now includes our full retail offering, effectively retiring EST1897.co.uk. Strategically we wanted to ensure a consistent customer journey which aligned our online offering to our high street presence, and removed a source of confusion which was often mentioned in our customer insights and feedback.

The website migration was carefully planned to ensure we retained our search engine results, so new customers could continue to find us. We have seen good progress since the merger of websites, and we now occupy improved positions on Google, in comparison to where we were with EST1897.co.uk, for many retail keywords. Both overall e-commerce and view-in-store conversion has improved whilst our retail Click and Collect service continues to grow in popularity.

Broaden Reach

In 2023, we opened 12 new stores. All new stores were on our target roadmap, and additional stores in London (Green Lanes, Feltham and Islington), along with areas where we do not have representation in towns and cities such as Warrington and Gloucester. We also continued to strengthen our presence in South Wales with the opening of a second store in Cardiff (Canton), and in Swansea.

Digitally, we drove more traffic to our website through both paid advertising and improved SEO. In 2023, our website saw 2.8m impressions vs 2.3m in 2022. Retail sales which originated online grew 65% year-on-year from £5.9m to £9.8m in 2023.

New Store Openings – a data-driven approach

We take a data-driven approach to identify locations where we believe we could successfully open a new store. Working in partnership with third-party data providers, we use both internal and external data sources to rank and prioritise UK retail destinations where we don't currently have a store presence. Internal data from our existing store network includes information such as profitability and size of the pledge book. External data includes customer demographics and population density, along with information on competitors and the type of retail shops in the location. This analysis then provides us with a number of locations which are ranked based on the potential size of the pledge book.

"I was in a difficult situation a while back, and had to pawn my custom-made black diamond ring with H&T. It was not an easy choice. However, the team and specifically the manger, John at the Chalk Farm branch, have treated me with the utmost respect, consideration, compassion, patience and kindness that enabled me to finally pick up my most prized possession back from them. Honestly, I was blown away by just how well handled my situation was by H&T and they have completely transformed my opinion of the role that pawnbrokers have in the community. I can genuinely say that I had an overwhelmingly positive experience with them and as mentioned, with the store manager in particular."

OVERALL, HOW SATISFIED WERE YOU WITH THE PAWNBROKING PROCESS?

From the 225 customers who completed the survey, 67.1% of customers answered that they were "very satisfied" with the pawnbroking process, and 21.6% answered that they were "satisfied". That's 88.7% overall for our customer satisfaction.

VERY SATISFIED
67.1%

SATISFIED
21.6%

NEUTRAL
7.7%

DISSATISFIED
2.3%

VERY DISSATISFIED
1.4%

OVERALL SATISFACTION
88.7%

MEETING THE NEEDS OF OUR STAKEHOLDERS

The Board has identified the following as key stakeholders for the Group: Shareholders, Colleagues, Customers and Regulatory Bodies.

In accordance with the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) the Directors set out how they have considered the requirements of section 172 (1) of the regulations. A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) The likely consequences of any decision in the long term,

(b) The interests of the company's employees,

(c) The need to foster the company's business relationships with suppliers, customers and others,

(d) The impact of the company's operations on the community and the environment,

(e) The desirability of the company maintaining a reputation for high standards of business conduct, and

(f) The need to act fairly as between members of the company.

Shareholders

We have engaged with our major shareholders throughout the year, to ensure our long-term strategy aligns with their interests and expectations, and to explain how we aim to deliver sustainable growth and maximise returns for shareholders. We aim to generate value for our shareholders delivering sustainable growth and profitable returns, over and above H&T's cost of capital, and to employ a progressive dividend policy targeting at least two times dividend cover over the Business cycle.

We seek to provide regular updates to our shareholders, and value personal contact and individual dialogue, with significant time being allocated to shareholder meetings with the Executive and, in October 2023, with the Chair. These are often held with our Nominated Advisor and Broker, Shore Capital, and our financial PR Consultants, Alma PR.

On Page 56 we set out in further detail how the Group complies with Principle 2 of the QCA (meeting shareholder needs and expectations).

Colleagues

We consider that our people are our single biggest asset, and we fully recognise that the success of the Business is dependent on ensuring that our colleagues are paid fairly against the market, are developed to successfully carry out their roles through effective onboarding and development support, and are motivated and committed to delivering the level of service our customers expect. We regularly check in with our colleagues through employee forums and CEO Q&As to hear their views and update them on our Business. We maintain our focus on the completion of our proprietary training programme, Aspire, which rewards our colleagues for continuing education on the range of services we make available.

Suppliers

We continue to follow best industry practice for effectively managing our third-party suppliers, mitigating vendor risk through robust vendor due diligence whilst ensuring both high-quality and best-value partnerships. We require compliance with the highest standards of trade bodies, and adherence to safety standards, throughout the supply chain.

Our rigorous pre-contractual checks ensure that we can be confident that our suppliers comply with legal standards including those set out in the Modern Slavery Act 2015. Our team monitors both service provision and pricing to ensure best value to the Business.

Customers

We are committed to meeting the needs of our customers. We regularly review our range of product offerings, and survey our customers on a regular basis, so that we remain abreast of their needs and perceptions of their H&T experience. Throughout 2023 we conducted a number of customer insight surveys to help us better understand our customer demographic and their needs.

With our range of accessible services, both in store and online, which include retailing high quality new and pre-owned jewellery and watches, purchasing of pre-owned jewellery and watches, cheque cashing, foreign exchange services, money transfers, watch repairs, and our main product offerings of pledge lending, we provide simple, transparent and safe options for our customers to raise small-sum short-term funds when needed.

Our regular product reviews also ensure we remain competitive and provide good value for our customers.

We are aware of our essential role within local communities and value and nurture this relationship, investing in the provision of our face-to-face service by providing continuous training to our people, enabling a tailored service on a store-by-store basis.

The FCA's new Consumer Duty rules which were implemented on time by the Business in July 2023 allow for a higher and more consistent standard of consumer protection for users of financial services and enable greater support for our more vulnerable customers – we are confident this helps to prevent harm before it happens.

Government, Regulatory Bodies and Industry Bodies

The Company is regulated by HMRC, by the FCA and by LSE; we take compliance with our obligations under each framework extremely seriously with a focus on ongoing monitoring, training and procedural updates, as well as the increasing role of corporate governance.

We are members of the National Pawnbrokers Association and the Consumer Credit Trade Association which enables us to actively influence within our sector.

To demonstrate the decision-making process and how the Directors have considered the matters in section 172(1) of the Act when making those decisions, the table below includes some examples of decisions made during the course of the year, the stakeholders impacted, points considered and the outcome of the decisions.

BOARD ACTION	STAKEHOLDERS	CONSIDERATIONS	OUTCOME
Appointment of new Group Chair	Shareholders, Customers, Colleagues, Suppliers	The Board considered the suitability of the candidate for the role of Chair of the Group.	Simon Walker was appointed as Group Chair, after the existing Chair, Peter McNamara stepped down.
Appointed four new Non-Executive Directors	Shareholders, Customers, Colleagues, Suppliers	The Board considered its aim to evolve its governance structures by broadening the skills, experience and diversity of the Board. It further considered the suitability of the candidates for the role of Non-Executive Directors.	Robert van Breda, Lawrence Guthrie, Catherine Nunn and Sally Veitch were appointed as Non-Executive Directors in July 2023.
Ensured sufficient finance to support continuing business activities	Shareholders, Customers, Colleagues, Suppliers	Short-term funding capacity availability that is flexible and cost effective to support the immediate and foreseeable business requirements. Lending covenants, security arrangements, fees and margin should be appropriate.	Financing facility from Lloyds Bank was increased to comprise revolving credit facility of £45m and an overdraft facility of £5m. This will ensure sufficient funding to meet future business requirements. Facility maturity is extended by +one year to December 2026. Received additional long-term loan of £10m from Allica Bank, matching the maturity of the Lloyds facility. No change to the existing covenants; one new covenant added.

MANAGING OUR BUSINESS RESPONSIBLY

We strive to act with integrity and responsibility to do the right thing in protecting our planet, developing our people and governing our Company for the benefit of all stakeholders.

Environmental, Social and Governance (ESG)

We look to manage our Business responsibly and focus on supporting our key stakeholders such as customers, colleagues, shareholders, regulators and wider society, with our immediate focus being the prioritisation of material ESG issues.

Our approach to ESG has been built with the active engagement of the Board, senior management teams and our teams through a mix of training sessions, workshops, taskforces and general awareness campaigns and communication. ESG is a regular feature in our internal communications with the CEO sponsoring the importance and relevance of ESG for H&T.

ESG Governance Framework

To support our focus on ESG, we have taken the following steps:

- Toni Wood, Non-Executive Director (NED) remains our Board Sponsor for ESG and Frances Marlow (HR Director) co-ordinates ESG across the organisation.
- There is an internal ESG Taskforce consisting of the workstream leaders of our five areas of focus (Climate, Circular Economy, Secure Data, Financial Wellbeing, and a Safe and Engaging Workplace), plus the internal and external communications team.
- The five workstreams have business representation within the teams to work on these prioritised topics, ensuring business collaboration and education.
- There is also a taskforce focused on TCFD (Task Force on Climate-related Financial Disclosures).
- The ESG and TCFD feed into the monthly internal Executive Committees.
- The Board receives regular updates on ESG including TCFD reports as part of a pre-planned Board schedule twice a year and the Risk Committee receives regular updates on climate risk three times a year.

Materiality Assessment

A materiality assessment was completed in 2022 with the Senior Management Team. We worked through our most important stakeholders considering for each of them what their most critical ESG issues were. This has then informed our strategic priorities and key areas of focus. These were identified as:

- Environmental: Climate (we will proactively understand and take action to mitigate our environmental impact).
- Environmental: Circular Economy (we will share the positive story of how our business model acts as a circular economy and maximise the benefits of this to attract new customers, applicants and shareholders).
- Social: Financial Wellbeing (we will support our customers who are experiencing financial difficulties and educate our colleagues on financial wellbeing).
- Social: Safe and Engaging Environment (we will ensure that our colleagues and customers work and transact safely and in a positive, engaging environment).
- Governance: Secure Data (we will protect our customer data and support our people to do this with training).

These pillars are run by nominated managers within our Business and cross-functional teams are deployed in supporting the development of ideas, goals and implementation of solutions.

H&T Group plc Board

Board ESG sponsor – Toni Wood

CEO – Chris Gillespie

ESG reports and other reports as required

H&T Group plc Risk Committee

Reports relating to TCFD framework

H&T Group plc Audit Committee

Reports on annual GHG disclosures

ESG Taskforce

Chair – Frances Marlow

Monthly meetings with leaders of our ESG priority areas and Communications

TCFD Working Group

Chair – Frances Marlow

Monthly meetings with representation from Property, Audit, Risk and Compliance, Business Analysis, Procurement and Communications

Trading & Performance Executive Committee

ESG monthly reports

Risk Executive Committee

Monthly reports on TCFD framework

Environmental

We aim to responsibly manage the environmental impact of our business operations, reducing waste, increasing recycling, and working to reduce our carbon footprint and climate impact.

In 2023, H&T remain certified as sending zero waste to landfill.

In 2023 we recycled 69% (2022: 66%) of our waste, saving 308 tonnes CO_2 and this has been supported by working with our independent partners, completing waste audits and identifying further actions to improve our recycle rate. We share our recycling results with our teams, and have reissued guidance on what can be recycled in-store and in support centres, to drive an increase in our recycling rate.

During our refits, refurbishments and any re-carpeting across our estate, carpet tiles made of recycled material are now used.

We recycle 99.8% (2022: 99.3%) of pre-owned jewellery brought to us, by selling as pre-owned, upcycling, or melting into gold.

H&T partners with a renewable energy supplier, which provides 100% of its energy through renewable means. Campaigns have been run during the year to increase awareness about the actions we can take to reduce energy usage. Our 'Switch me off' campaign has provided very specific advice within our stores on what items can be turned off when not in use or overnight to reduce energy usage. For 2024, recommendations from our Energy Savings Opportunity Scheme report will guide our actions.

ENVIRONMENTAL SOCIAL AND GOVERNANCE PILLARS

ENVIRONMENTAL

CLIMATE

2023

Our Impact

- Launched a 'Switch me off' campaign to reduce energy usage across our locations
- Reviewed suppliers' ESG statements to ensure alignment with our ambition
- Completed in-store leaflet review to remove unnecessary leaflets or find alternative communication methods
- We procure environmentally friendly products for our teams to use in store

CIRCULAR ECONOMY

2023

Our Impact

- Working proactively with onward suppliers to understand their ESG approach
- Promotion of H&T circular economy internally through employee onboarding and communications
- Encouraging our customers to 'trade in' unwanted jewellery and watches to support our circular economy
- Launched watch Care and Repair pilot and relaunched jewellery repair service
- Launched Swiss Time Service video to promote repair service
- Launched independent audit of higher risk suppliers (new jewellery purchase/ production)
- Reviewed online refund processes to encourage genuine purchases and limit unnecessary distribution

SOCIAL

FINANCIAL WELLBEING

2023

Our Impact

- H&T awarded a substantial pay increase for our teams in January 2023
- Invested in store colleagues completing internal Aspire training development programme in stores and jewellery centre to gain higher levels of pay for knowledge, skills and competence (completion among in-store colleagues rose from 86% in January to 95% in December)
- Implemented Consumer Duty with a focus on fair value and customer outcomes
- Provided employee financial support via Employee Assistance Programme, broadcasts on money management, pensions and wellbeing
- Promoted voluntary benefits platform to our colleagues including salary sacrifice payments and discounted benefits

SAFE & ENGAGING WORKPLACE

2023

Our Impact

- Selected new technology partner to support our Employee Engagement Survey with real time access, reporting and prompting of improvement actions
- Improved our store security through improved reporting, introduction of security manuals and lone-working procedures
- Completed a Health & Safety Store Mould and Ventilation Review and action plan in place
- Shared wellbeing campaigns including mental health advice
- Supported our line managers in managing absence with a new policy and return-to-work interviews

GOVERNANCE

SECURE DATA

2023

Our Impact

- Retained Cyber Essentials certification
- Deployed antivirus (extended detection and response) and email scanning solution (prevent phishing and malware)
- Colleague threat awareness training is provided as part of ongoing training

COMMUNICATIONS

2023

Our Impact

- Designed an ESG logo to accompany communications activity
- Distributed a team briefing pack to share information and create discussions about ESG
- Promoted our FareShare charity partnership and held regular campaigns to increase employee contributions and fundraising events
- Promoted our employee recognition events and schemes to celebrate our great teams
- Sharing of greenhouse gas emissions information to understand our impact
- Educated our teams on how they can reduce the energy used and increase the amount of waste we can recycle

TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

Social

Developing our people and engaging with the communities we serve are both important for our Business, as well as supporting our aim to address social issues with philanthropic contributions. We wish to be a force for good in society, by making a positive contribution in our local communities.

Employee Engagement

During 2023, the CEO has shared informal and formal video updates, held Q&A sessions and provided a private email address for colleagues to ask any questions, suggest ideas or raise concerns. We were delighted to hold seven AskChris Live events across all of our locations. The CEO introduced the session and opened the floor to questions from our colleagues. There was a broad range of questions ranging from our future growth plans and ideas for further system developments, to questions on pay and future benefits.

Our employee forums have met regularly in 2023 allowing for business updates to be shared and, most importantly, to receive feedback from our teams.

Pay

The Business continues to prioritise pay for its lowest-paid colleagues. In January 2023, the Business awarded the majority of our colleagues a substantial pay increase. After the April 2023 National Living Wage increases were announced, H&T was paying 2.9% more per hour to colleagues at entry-level in our stores than the National Living Wage. After 15 months of employment and upon successful completion of training, this increased to just over 6.9%. The Business actively monitors completion of our internal Aspire training development programme (product knowledge and customer service) and 95% of eligible colleagues were at Aspire level 2 at the end of December 2023. For all other roles, regular and proactive pay benchmarking takes place to ensure that we pay at least the median market rate to attract and retain talent.

H&T brand their technical development programmes as Aspire and for the stores,new entrants joining the Business at store-level undergo four training modules focused on our core services, starting with pawnbroking as our core product. Once an employee completes the training, they automatically receive a pay increase; 95% of our teams have achieved this level. Aspire programmes are also available in our jewellery centre and will be launched in our Customer Support Centre in 2024.

Recruitment and Recognition

The recruitment market has eased for our standard requirement of customer service but has remained challenging for specialist skills and in specific areas in the UK. The organisation continues to grow, with new store openings and the growth of specialist teams in support functions. Our recruitment approach focuses on direct attraction through a range of online recruitment sites, recruitment fairs and direct sourcing. The response to H&T at recruitment fairs has been very positive and has been a great opportunity to promote our Business. There has been a strong focus on sharing our employer brand and showcasing the benefits of working for H&T.

H&T has reduced its average employee turnover rate to 20% during 2023 (2022: 22%) and this reduction in turnover has been supported by our pay increase, focus on development and internal job opportunities. Our average length of service has increased to six years in 2023 (2022: five years).

CASE STUDY – FARESHARE

Our partnership with FareShare continues to grow. FareShare is a charity that reduces food waste and ensures that this food finds its way to those who are affected by food poverty. Many of our locations support local food banks and therefore the partnership with FareShare is well-appreciated by our teams and customers.

How do we contribute? H&T contributes £2 per month for every employee. In addition, we asked our colleagues if they wish to contribute £2 per month to FareShare through payroll and if they do, H&T matches their donation, over and above what they already give. H&T also supports volunteering events and additional fundraising events.

What was our target? We want to raise enough money to provide over 200,000 meals via FareShare in a year.

What did we achieve? H&T contributed over £69,458 which equates to the provision of over 277,000 meals and saves 123 tonnes CO_2e. Since the beginning of our partnership in 2021, over 834,000 meals have been funded, and during 2024, we will achieve 1 million meals.

What's next? Apart from celebrating our 1 millionth meal, we are looking to hold more fundraising events and organising more volunteering opportunities.

FareShare Achievements:

The total contributions for 2023 were over

£69,458

Providing meals of over

277,000

Total contributions for 2021–2023 were

£208,500

Providing meals of nearly

834,000

"We are so grateful to H&T for their continued support for FareShare. These donations help us get good-to-eat food, which might otherwise go to waste, to people who need it. Our network of 8,500 charities and community groups across the UK includes homelessness shelters, afterschool clubs, refuges and older people's lunch clubs, all working harder than ever to support people facing food insecurity and loneliness. H&T's generous support for FareShare - both through donations and time volunteered – helps people impacted by the cost-of-living crisis come together through food and access essential support services. This makes a huge difference to our mission to get food to people who need it, rather than to waste."

H&T is passionate about celebrating the loyalty of our colleagues and 216 (2022: 201) colleagues celebrated their long-service awards. We held our Long-Service Award event in September.

We were delighted to celebrate our 2022 Superstar winners at a special event in April 2023. This recognition scheme encourages quarterly nominations from across the Business and features a peer-nominated award for Superstar of the Year. The event also recognises our Store Manager and Store Team of the Year. Our teams appreciate the opportunity to come together, be recognised and celebrate.

Development

95% (2022: 86%) of our store colleagues with more than 15 months' service have completed four mandatory Aspire (product and customer service) training modules within our store development programme, and are now benefiting from increased pay. The Aspire programme has been extended to our jewellery centre in 2023 and will be launched in our Liverpool Support Centre in 2024. These programmes promote development which is rewarded by pay increases once knowledge levels have been achieved.

2023 has seen our colleagues continue their active engagement with role-related training and development opportunities; they recorded over 77,000 hours of learning in 2023 (2022: 68,268). In 2023, there was also an extensive training programme to support the implementation of Consumer Duty for our store managers and their deputies.

Ten colleagues in 2023 (2022: six) were undertaking apprenticeships to support their personal and professional development, including in internal audit, Health and Safety, HR, compliance, payroll and management.

To support our managers' development and to support team-working, 65 managers have undertaken the Insights Discovery programme with individual debriefs and group sessions to learn about other behaviour styles and how best they can build the most effective working relationships.

Highlights

% of colleagues completed the Aspire Training Programme

80%

(2022: 86%)

No of apprenticeships completed

10

(2022: 6)

Learning hours over

77,000

(2022: 68,268)

Questions and Answers

Sandra Oldfield

Apprenticeship: Compliance and Risk Officer Level 3 apprenticeship

How did you find out about the apprenticeship opportunity?
After initial discussions with our Learning and Development team to discuss my continuous professional development, I was presented with several course options to consider. One being the Apprenticeship with the International Compliance Association.

Why did you want to do an apprenticeship?
I chose to complete the apprenticeship with the International Compliance Association which is the leading professional body for the global regulatory and financial crime compliance community. The apprenticeship was for a period of 12 to 18 months and could be completed earlier depending on being ready for End Point Assessment. I was keen to expand on my knowledge of Compliance and Risk to support the Compliance department and the Company better and to gain qualifications in a specialist subject to help further my career.

What support have you received during your apprenticeship?
Support was offered in various forms. My manager supported me as my mentor. I also received support from many different stakeholders within the Business whilst completing work-related tasks that could also be referenced within my apprenticeship. Directors supported me by providing references which evidenced some of the skills, knowledge and behaviours required for the apprenticeship. I also received external support from tutors. We had monthly workshops, 1-2-1's and support with general wellbeing.

What are the best parts of being an apprentice/studying for a qualification?
Meeting new people, sharing learning experiences and studying from home/office online. Also, the satisfaction of completing the apprenticeship which is a milestone for further qualifications that may enhance your skill set. Being able to study for an apprenticeship during your normal working hours, as long as you manage your projects and time wisely you can complete an apprenticeship in the allocated work time to help with your work/life balance.

How will/has the apprenticeship benefitted your career?
I have gained more knowledge in Compliance and Risk which also boosted my confidence. I understand more of why we have regulations, their purpose, what they mean to financial services and how they protect the financial market. I have also gained interpersonal skills such as active listening, communication, and organisational skills. I have built good relationships with stakeholders which has given me the confidence to be more vocal when representing Compliance in meetings.

What advice would you give anyone thinking of completing an apprenticeship?
Go for it! No matter what stage of life you are at whether you have just graduated from college or want to further your career it's never too late to learn something new and be rewarded for it with recognised qualifications at the end.

Questions and Answers

Premila Jeayananthan

Apprenticeship: Level 3 Safety, Health and Environment Technician Apprenticeship

How did you find out about the apprenticeship opportunity?
While working in the Health and Safety department, I was offered an apprenticeship opportunity by H&T to enhance my professional skills and knowledge within the Health and Safety sector.

I am grateful that I was given this opportunity and excited to apply the knowledge and expertise gained whilst doing the role and becoming qualified.

Why did you want to do an apprenticeship?
I was able to study while working, making it a good blend of coursework, exams, and projects.

What support have you received during your apprenticeship?
During my apprenticeship, I participated in workshops with other apprentices, had 1-2-1s with my tutor, and was given dedicated study time off work.

What are the best parts of being an apprentice/ studying for a qualification?
In my experience, I was already doing the job that I was qualifying for, so doing the apprenticeship was easy, and there were many things I already knew about and felt competent in.

How will/has the apprenticeship benefitted your career?
After completing my apprenticeship, I have become competent in my role and see it as a stepping stone towards a career in health and safety.

What advice would you give anyone thinking of completing an apprenticeship?
If you are already working in a certain job and want to become qualified in it, I highly suggest that you proceed with it. During the course, you will learn many new things and also come to realise how much you already know from your job experience, which is certainly advantageous and will help you through the course.

My apprenticeship journey is a testament to the incredible potential of apprenticeships to transform careers and provide opportunities for professional growth.

Length of Service

Colleagues with less than 3 years' service
44%
(2022: 41%)
(2021:48%)

Colleagues with between 5 and up to 10 years' service
14%
(2022: 19%)
(2021:17%)

Colleagues with between 3 and up to 5 years' service
26%
(2022: 18%)
(2021:17%)

Colleagues with more than 10 years' service
16%
(2022: 22%)
(2021:18%)

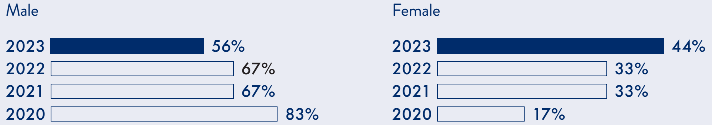
Health and Wellbeing

H&T focused on supporting the mental health and wellbeing of our employees through education and awareness campaigns in 2023. Additional attention was placed on financial wellbeing due to the ongoing high level of inflation. Our Employee Assistance Programme is well used by our teams (over 192 calls per annum) especially for support with mental health.

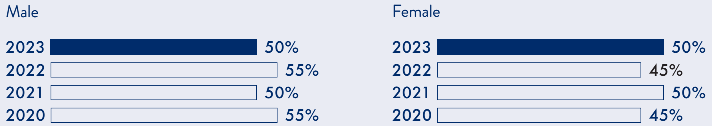
Health and Safety accidents and incidents have increased by 14% in 2023 to 65 (2022: 57). There were five incidents and significantly more near misses that required reporting, under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (2022: nil), due to an extensive campaign to encourage reporting. Reviews were completed across all locations with an average score of 96% (target 90%).

H&T continues to reference the British Safety Council 5-Star Audit completed in 2022 which reviewed our occupational safety management system through an external independent assessor. H&T was awarded 4 stars at this point and was provided with some action points including management accountability for risk assessments and emergency plans.

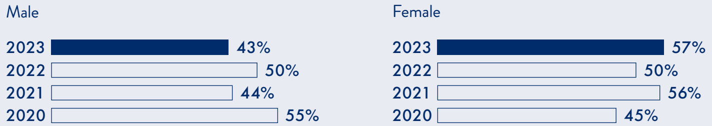
Board of Directors



Senior Management Team
(non-Board Directors and Heads of Departments)



Area Managers



The following table shows the gender mix for all colleagues across the Group at the year-end:

	Full-time	Part-time	Total
Male	382	60	442
Female	727	456	1,183
Total	1,109	516	1,625

Our age profile information below sets out the breadth of representation we have across our organisation, with the average age of our colleagues being 38 (2022: 28) years old.

Under 21	67	4.1%
21 – 30	376	23.1%
31 – 40	541	33.3%
41 – 50	337	20.7%
51 – 60	229	14.1%
61 – 70	70	4.3%
70 and over	5	0.3%

Inclusion and Diversity

H&T is committed to creating an inclusive working environment that enables our colleagues to bring their true selves to work, where difference is appreciated and valued, the organisational make-up is diverse and our actions are equitable.

During 2023, further educational campaigns have been run with a focus on racial equality and neurodiversity. This included: an Inclusive Language Guide, which shares what language is appropriate in the workplace; and the management development through Insights profiling, to recognise and value difference in style and approach. It is noticeable that our teams are becoming more confident in speaking up to raise any concerns and to ask for support.

Gender representation at the more senior levels of the organisation remains a focus with more balanced recruitment pools. The Senior Management Team and Area Management populations have expanded as the organisation grows and the gender mix has seen some positive change.

Appointments in the Group are made based on merit with consideration of the benefits of diversity and inclusion.

All vacant roles are advertised internally, and we have had 75 (2022: 108) internal promotions and 66 (2022: 49) secondments, where colleagues can gain additional experience and development opportunities.

The applicant tracking system has been recently implemented so that all candidates applying to H&T will follow a new process which includes the collection of diversity monitoring data. In future years, we will be able to undertake more analysis on the diversity of our applicants. In addition, we have completed an inclusive recruitment diagnostic tool to support us in building our actions in the recruitment phase.

Governance

H&T is certified by Cyber Essentials which provides a framework and set of standards to ensure that we are protecting our data and systems on behalf of our stakeholders. This is an annual standard which is updated in line with the challenges and demands of protecting data. In addition, an antivirus (extended detection and response) and email scanning solution (prevention of phishing and malware) has been deployed across our network.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

H&T continued to demonstrate a clear focus on ESG supporting its actions through the use of the Taskforce on Climate-related Financial Disclosures framework.

The Task Force on Climate-related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders.

Our journey began with a dedicated training session attended by the Senior Management Team where a materiality assessment was developed to understand our stakeholders' most critical concerns.

Governance

Our governance framework includes a separate TCFD Working Group to manage the TCFD requirements. The Working Group has a number of representatives from across the Business to ensure consideration and actions throughout.

The TCFD Working Group reports into the internal Risk Executive Committee ensuring regular communication, increased awareness and understanding of the requirements. This provides focus on the actions we need to take to deliver our Climate strategy.

Board updates are provided including through the Risk Committee. See Governance at a Glance page 49.

TCFD Working Group

Chair – Frances Marlow

Monthly meetings with representation from Property, Audit, Risk and Compliance, Business Analysis, Procurement and Communications

Strategy

The TCFD Working Group members are from across the Business, and they have identified our physical and transition risks, and opportunities. There are some short-term physical risks that will impact H&T and that require action as well as the opportunity to use lower emission sources of energy. Since last year, these risks have remained consistent, with a change to the cost impact of increased EPC requirements being classified a medium-term time horizon, as existing tenancies will require an EPC rating of 'C' by 2028.

CATEGORY	CATEGORY OVERVIEW	RISK/OPPORTUNITY	TIME HORIZON
PHYSICAL RISKS	Risks related to the physical impacts of climate change, both event-driven (acute) and longer-term shifts (chronic) in climate patterns, which may have financial implications for organisations	• Enhanced emissions reporting obligations • Cost impact of increased EPC requirements on store estate • Changing customer behaviour • Increased pricing of GHG emissions	**Short** **Medium** **Medium** **Medium**
TRANSITION RISKS	Growing external pressures and demands for action negatively impact revenues of those companies late to react, and trigger an increase in taxation and energy prices	• Increased severity of extreme weather patterns and events such as cyclones and floods • Impact on footfall within stores due to extreme weather events • Changes in precipitation patterns and extreme variability in weather patterns	**Medium** **Medium** **Long**
OPPORTUNITIES	A shifting business landscape in a net zero world opens new market and investment opportunities	• Use of lower-emission sources of energy • Shift in consumer preferences • Improved corporate sustainability credentials & future ESG rating	**Short** **Medium** **Medium**

We aim to undertake scenario planning and utilise data to continue to build our climate strategy and make informed decisions.

Strategic Priorities

After the review of our risks and opportunities, we identified the following strategic priorities to support us to lower our carbon footprint, protect the planet and limit the impact of climate change. They will also protect the organisation from the impacts of our carbon footprint in potential taxation and off-set requirements.

Minimise our Carbon Footprint across our Property Portfolio

H&T Group rent their 278 stores and four offices; we can take some direct action through our colleagues to improve the efficiency of these locations and actively reduce our carbon impact. However, some elements of these properties are not currently within our control and therefore it is essential that we actively collaborate with our landlords to understand their plans to improve the EPC rating of each location in line with legislation. In December 2023, the Business completed its latest ESOS (Energy Savings Opportunity Scheme) Survey in line with regulations and will work through the recommendations to positively impact on our energy usage.

Manage our Circular Economy with the Lowest Carbon Footprint

Whilst H&T Group benefits from the circular economy in the recycling and re-use of jewellery that comes into our possession through pawnbroking and the purchase of gold, diamonds and gemstones, there is still a carbon impact through the distribution of items and disposal of gold, diamonds and gemstones for further use. Our strategic focus and practices are being reviewed to maximise delivery volumes and reduce the delivery cycle where possible, across our suppliers. We are actively working with our suppliers to understand their ambition in terms of reducing their carbon impact and energy usage.

Partner with Proactive Responsible Suppliers to Jointly Reduce our Carbon Impact

H&T have contacted our key suppliers to share our work on reducing carbon footprint and impact, to understand their goals and plans, and to understand how we will work collaboratively to limit our carbon footprint where possible. When establishing new partnerships, ESG will form a more significant element of our process and we will partner with those organisations who share our ambition. We have also approved and issued a Supplier Code of Conduct alongside our Procurement Policy to all of our suppliers where we share more formally our expectations in the partnership relationships that we have.

Risk Management

H&T has a risk management framework which includes the risk of climate change. The risk of climate change is supported by the TCFD Working Group and is shared with the rest of the Senior Management Team through the Risk Executive Committee meeting to ensure there is awareness across the Business and that anyone can raise any additional risks. Risks are shared and updated on a regular basis and reflect new and emerging risks, and any risk mitigation actions will be tracked.

Climate Risk is also shared with the Board via the Risk Committee, and during 2023, actions relating to these risks were identified and progress reports provided to the Risk Executive Committee and Board Risk Committees three times per year.

STREAMLINED ENERGY AND CARBON REPORT

SECR ANNUAL REPORT STATEMENT

ENERGY CONSUMPTION		2022	2023	Compare
	Total Global Energy Consumption (kWh)	5,695,118.45	**6,281,208.73**	**10.3%**
	Total UK Energy Consumption (kWh)	5,695,118.45	**6,281,208.73**	**10.3%**
Energy Consumption Breakdown	Natural Gas (kWh)	*193,578.44	216,078.44	11.6%
	Direct Transport (kWh)	296,657.31	324,491.02	9.4%
	Total Electricity (kWh)	*5,204,882.70	5,740,639.27	10.3%

GREENHOUSE GAS EMISSIONS		2022	2023	Compare
	Total Scope 1 (tCO_2e)	110.05	131.55	20%
Scope 1: Combustion of fuel and operation of facilities.	Natural Gas (tCO_2e)	*35.34	39.53	11.9%
	Direct Transport (tCO_2e)	74.09	81.96	10.6%
	Refrigerant (tCO_2e)	*0.63	10.06	1,506.4%
	Total Scope 2 (tCO_2e)			
Scope 2: Electricity purchased and heat and steam generated	Location Based (LB) (tCO_2e)	1,006.52	1,188.74	18.1%
	Market Based (MB) (tCO_2e)	91.54	95.18	4.0%
	Total Scope 1 + 2 (tCO_2e) – Location Based	1,116.57	1,320.29	18.1%
	Total Scope 1 + 2 (tCO_2e) – Market Based	201.59	226.73	12.5%
	Financial Turnover (£million)	173.9	199.5	14.7%
	Carbon Intensity Scope 1 + 2 (tCO_2e/£mn) – Location Based	6.419	6.618	3.1%
	Carbon Intensity Scope 1 + 2 (tCO_2e/£mn) – Market Based	1.159	1.136	-1.9%

In this 2023 report, natural gas has been re-stated for 2022, due to additional supplies being identified and reported again in 2023 for completeness.

In this 2023 report, electricity has been re-stated for 2022, due to additional supplies being identified and reported again in 2023 for completeness.

In this 2023 report, refrigerant has been re-stated for 2022, to account for refrigerants lost to atmosphere only.

In 2023, 11 new stores were added to the portfolio and a new site in Rochester was opened, increasing electricity consumption by approximately 3%.

In 2023, Swiss Times Services was incorporated for the full year resulting in an increase in natural gas consumption.

We present both the location and market-based method for calculating Scope 2 emissions to account for our efforts in generating and purchasing low-carbon energy. The Drax PLC overall fuel mix for the measurement period is 34g CO2/kWh, further to this H&T Group plc have secured REGO certificates covering the total DRAX-supplied electricity to H&T Group plc. There are a small number of electricity supplies not covered by REGO certificate; in these cases the 2022 (most recent available) AIB European Residual Mix (UK) emission factor has been applied.

H&T Group plc–2023 Scope 3 Emissions

H&T Group plc recognise the importance of sharing information to stakeholders about the greenhouse gas emissions associated with the H&T Group plc operation. With this in mind, H&T Group plc have started to measure their Scope 3 GHG emissions across the group in line with the Corporate Value Chain(Scope 3) Accounting and Reporting Standard.

It is acknowledged that at this stage it is difficult to determine if values reported for Scope 3 sources are materiality accurate because of the following reasons:

- Limited data availability.
- Assumptions required.
- Varying data quality and methodologies for emissions-generating activities that are not under the H&T Group plc's direct control and else where in our value chain.

Therefore, for those emissions sources, H&T Group plc have made every effort to ensure that:

- The data available is as accurate as reasonably possible.
- Assumptions made in calculating emissions are suitably documented so these can be applied consistently and updated with improvements with each subsequent carbon footprint report.

Efforts are being made to improve the level of accuracy of the reporting of Scope 3 emissions from the categories listed below, however as the emissions results make use of a hybrid data approach, a high proportion of emissions are estimated using spend-based emissions factors. As such the results presented here should be used with care. H&T Group plc are actively working with suppliers to improve the level of confidence in reported Scope 3 emissions.

Breakdown by Relevant Upstream Scope 3 Category	Estimated tCO_2e	Estimation Method
Category 1 + 2 - Purchased Goods and Services & Capital Goods	11,776	Hybrid: Spend + Activity Data
Category 3 – Fuel and Energy Related Activities not in Scope 1 or 2	164	Activity Data
Category 4 - Upstream Transportation & Distribution	719	Hybrid: Spend + Activity Data
Category 5 - Waste Generated in Operations	18	Activity Data
Category 6 - Business Travel inc. Hotel Stays	432	Hybrid: Spend + Activity Data
Category 7 - Employee Commuting inc. WFH	1,726	Activity Data – Survey Based

For scope 3 down stream categories, an initial assessment has been carried out to identify which are relevant. Following this, data collection methodologies are being developed to enable their calculation with in future carbon footprint reports alongside improvements to data collection for scope 3 up stream categories listed above.

Methodology Applied

This SECR report is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements. The proportion of the greenhouse gas emissions reported relating to UK is 100%.

Emissions Factors Applied

BEIS 2023 emission factors have been used for all emission sources.

Market-based emissions factors have been sourced from the supplier where known. REGO certificates are held covering 95.5% of the total supply of electricity. Electricity supplied by 'other suppliers' is allocated against the 2022 AIB European Residual Mix (UK).

Conversion of fuel use to kWh has been carried out using BEIS 2023 fuel conversion factors.

Emissions Sources Excluded/Estimated

- Omissions are not known to exceed 2-5% of overall emissions or energy use.
- 90% of natural gas used by H&T Group plc has been estimated from data used in the H&T Group plc ESOS Phase 3 compliance report.
- 4.5% of electricity used by H&T Group plc has been estimated from data used in the H&T Group plc ESOS Phase 3 compliance report.

Targets

We recognise that climate change is one of the most serious environmental challenges threatening the world today and we aim to responsibly manage the environmental impact of our business operations, reducing waste, increasing recycling, and working to reduce our climate impact. We have implemented several energy efficiency projects during the reporting period, including:

- Reinforcing our 'Open door policy' so that front doors are only left open when the outside temperature is comfortable for our customers in-store and energy is not excessively used to heat or cool the store.
- Started installation of motion-detector lights so that lighting is only switched on when required.
- 'Switch me off' campaign launched into our store network with explicit advice on items that could be switched off when not in use or overnight.
- Completed LED installations to all the shop areas (customer and serving side) and all back-of-house areas, as well as office locations.

Following the initiatives above to reduce energy use, as well as purchasing renewable energy to minimise our environmental impact, we are now focusing on other impact areas through our Climate area of focus. This includes business travel, awareness of energy usage and encouragement to limit the amount that is used.

Once a baseline has been established with 2023 data including Scope 1, 2 and 3 emissions, H&T will be in a position to identify its key metrics in 2024 and, in 2025, to set targets to lower our carbon footprint and help in the drive to a low-carbon economy.

OUR RISK MANAGEMENT PROCESS

Risks are identified and overseen in accordance with the Risk Management Framework (RMF), which supports the Business in its aim to embed effective risk.

The management of risk is then embedded into each level of the Business, with all colleagues being responsible for identifying and controlling risk. H&T's risk management framework and risk appetite is embedded within the Group's management and governance processes and is overseen by the Board. The risk management framework ensures there is clarity and consistency in the Group's approach to managing risk. Risks are identified both at a Board and an operational level, they are assessed and, where appropriate, individuals within the Business are given responsibility for the management of that risk.

The Group has in place formal processes for the identification of new risks or a change to an existing risk. The Risk Committee oversees a formal periodic review of our assessment of individual risks, mitigating activities and associated remedial actions.

Principal Risks

The Directors of H&T Group plc conduct regular assessments of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency, or liquidity.

The following table sets out the principal risks and uncertainties facing the Group and how we mitigate them. Given the increasing risks associated with climate change, Climate Risk became a principal risk at the start of 2023.

These are the principal risks, however this is not an exhaustive analysis of all of the risks the Group may face. The other secondary risks faced by the Group are managed day-to-day through risk registers and risk assessments conducted by the Business.

AREA	DESCRIPTION OF RISK	HOW RISKS ARE MANAGED
STRATEGIC RISK	The risk that income/returns fluctuate adversely due to changes in economic conditions or other factors, or the risk associated with future business plans and strategies.	Ongoing monitoring to address business model risks by considering changes in the external environment, including technology innovation, consumer behaviour, regulation, and market conditions. These risks are assessed against Board Risk Appetite to ensure the right balance between distributing value through propositions, investing in the Business, and maintaining financial strength.
TREASURY AND CAPITAL RISK	**Liquidity Risk –** the risk that H&T is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor or composition of funding and liquidity to support its assets. **Capital Risk –** the risk that H&T has an insufficient level or composition of capital to support its normal and strategic business activities. **Gold Price Risk –** the risk of the value of pledge collaterals being less than the retail value. This includes a significant fall in the gold price impacting the security of the pledge and the revenues from scrap operations. **Interest Rate Risk –** the risk that H&T is exposed to income volatility because of a mismatch between the interest rate exposures of its assets and liabilities. **Exchange Rate Risk –** The risk of loss arising from potential adverse changes in the value of H&T's assets and liabilities from fluctuations in foreign exchange rates.	Treasury and Capital Risk is identified using forecast scenario testing on different levels of growth and costs. This is then managed through the translation of Board Risk Appetite into appropriate risk limits. The Board has the option to enter in hedging arrangements to manage gold price risk, interest rate risk or exchange rate risk. The Group has a mixture of long and short-term finance facilities comprising a £45m three-year revolving credit facility from Lloyds Bank, a £5m annual overdraft facility from Lloyds Bank and a £10m three-year term loan from Allica Bank. The Group continues to review as necessary the possibility of raising future equity or debt finance to expand activities.
REGULATORY AND CONDUCT RISK	Regulatory risk is the risk of breaching regulations, loss of regulatory approvals, or future changes in regulation impacting H&T's ability to trade. These risks could lead to financial penalties, reputational damage or increased administrative costs from increased regulation. This includes Financial Crime Risk which is the failure to identify, manage, mitigate, and act on the risk associated with financial crimes. Conduct risk is the risk of poor outcomes for, or harm to, customers arising from the delivery of H&T's products and services.	The Group continues to monitor regulatory change impacting the financial sector and operates a framework of controls, which is supported by a suite of policies, control standards and procedures. In line with implementing the requirements of the Consumer Duty in 2023, the Group has introduced new processes in line with a commitment to ensuring the right customer outcomes are achieved in all circumstances and will continues to provide fair value products and services which meet the needs of customers. The Group continues to embed the requirements during 2024. Experienced Board in FCA-regulated businesses and a three line model with dedicated Group Internal Audit and Risk and Compliance functions.
COUNTERPARTY RISK	Counterparty risk is the risk that the other party in a financial contract does not meet its obligations.	The Group imposes limits to manage operational exposure to levels within risk appetite. The risk attributable to the pledge book is mitigated by the presence of pledge security (in the form of jewellery and watches) which can be easily liquidated. The Group conducts appropriate risk-mitigating procedures on customers prior to undertaking cheque-cashing activities. Counterparty risk on liquid funds is considered low, as funds are held with financial institutions with high credit ratings assigned by international credit rating agencies to the Groups bankers as follows: Lloyds Bank Plc moodys rating A1, 2023 (2022: A1)

AREA	DESCRIPTION OF RISK	HOW RISKS ARE MANAGED
OPERATIONAL RISK	The risk of loss to H&T from inadequate or failed processes or systems, human factors or due to external events (for example theft or fraud). H&T recognises a number of Operational Risk categories: • Financial Reporting Risk • Fraud Risk • Health and Safety Risk • Information Security Risk • Insurance Risk • Legal Risk • Operational Resilience Risk • Payments Processing Risk • People Risk • Premises Risk • Physical Security Risk • Supplier Risk • Tax Risk • Technology Risk	The Group assesses and manages its Operational Risk and control environment across its businesses and functions with a view to maintaining a level of risk within tolerance. Store network is distributed throughout the UK Systems and procedures minimise risk of theft and fraud Online portal available for customers to manage pledge arrangements Ongoing investment in Group websites and technology platform Support functions are enabled to work remotely Core systems and data are secured through high availability cloud providers Online pawnbroking services are available to customers Stores are able to work on a standalone basis for periods Colleague support availability from other stores Robust and effective internal controls to prevent and detect operational events All colleagues receive training in cyber security
REPUTATIONAL RISK	The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in H&T's integrity and/or competence.	Reputation risk is managed by embedding our Purpose and Values and maintaining a controlled culture within the Group. Regulatory and reputational impacts of business change are considered, documented and reviewed by the Risk Committee.
CYBER SECURITY RISK	The potential loss or detriment to H&T caused by individuals or groups (threat actors) with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers.	The Group continues to invest in cyber defence mechanisms to support the avoidance, detection, and prevention of attacks with continued testing of responses should an attack be successful.
CLIMATE RISK	The impact on Financial and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a low-carbon economy.	H&T has a risk management framework which includes the risk of climate change. The risk of climate change is supported by the TCFD Working Group and is shared with the rest of the Senior Management Team through the Risk Executive Committee. Climate matters is also shared with the Board via the Risk Committee, and during 2023, actions relating to these risks are identified and regular updates are provided to the Risk Executive Committee and Board Risk Committee.

Material and Strategic Risks

Material risks are those to which senior management pay particular attention and which could cause the results of operations, financial condition and/or prospects to differ materially from expectations. Strategic Risks are those which have the potential to reduce the Group's ability to achieve our objectives.

Emerging Risks

We continually review our operating environment for emerging trends, including regulation, and adapt to address them.

Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. In addition, certain other factors beyond the Group's control, including escalation of global conflicts, acts of terrorism, natural disasters and pandemics, could have a similar impact on the Group.

Key Roles and Responsibilities

The Board retains ultimate responsibility for the Group's risk management framework and appetite, including reviewing its effectiveness and risk exposures measured through the Group's Key Risk Indicators. The Board has delegated responsibility for periodically reviewing the overall effectiveness of the risk management programme to the Risk Committee.

Three Lines Model

The first line comprises the revenue-generating and client-facing areas, along with all associated support functions, including Operations, Finance, Human Resources and Information Technology. The first line identifies the risks, sets the controls and escalates risk events to the second line of defence. Colleagues in the first line have primary responsibility for their risks and their activities are subject to oversight from the relevant parts of the second and third lines.

The second line is made up of Risk and Compliance and oversees the first line by setting limits, rules and constraints on their operations, consistent with the risk appetite. The second line provides assurance to the Board Risk Committee on a combination of financial and non-financial risks through the completion of the annual compliance monitoring plan and regular risk reviews and reports.

The third line is Internal Audit, providing independent assurance to the Board Audit Committee on the effectiveness of the internal control procedures through completion of a risk-based annual internal audit plan, which considers the current risks faced by the Group.

SIGNIFICANT GROWTH ACROSS THE BUSINESS

> *"Reported gross profit increased to £127m (2022: £102m), up 25% year-on-year as sustained demand for H&T's core product offerings delivered revenue growth."*
>
> **DIANE GIDDY**

Financial Results

The Group delivered profit before tax of £26.4m (2022: £19m), up 39% year on year and profit after tax of £21.1m (2022: £14.9m), up 42% year on year.

Reported gross profit increased to £127m (2022: £102m), up 25% year on year as sustained demand for H&T's core product offerings delivered revenue growth.

Pawnbroking is the Group's core product offering with gross profit growing to £90.2m (2022: £63.7m), up 42% year on year, increasing its proportion of gross profit to 71% (2022: 63%). Pawnbroking income is strongly correlated to the timing of growth in the underlying pledge book, the distribution of individual pledge loan values within the portfolio and the impairment charge required to be raised in line with International Financial Reporting Standards (IFRS) 9. The risk adjusted yield on the pledge book has remained consistent with that of the prior year at 61% (2022: 61%). We have seen a growing number of requests for larger value loans, often from customers who are business owners needing to fund their business working capital needs. We have recently increased lending rates which will increase yield over time.

Retail revenue grew to £48.6m (2022: £45.2m), up 8% year on year. Margins were impacted by challenging trading conditions for certain watch brands in H1, a change in jewellery sales mix during peak Christmas trading as customer demand shifted towards lower priced new items, and action taken to reduce watch stock levels in Q2 and Q3. The combination of these factors saw retail gross profits reduce by 19% to £14.4m (2022: £17.8m) with an overall gross margin of 30% (H1 2023: 28%; Full year 2022: 39%).

Gold purchasing gross profits grew to £8.6m (2022: £6.8m), up 27% year on year, as the combination of an increase in the prevailing gold price during the year and rising inflation reducing customers' disposable incomes, supported increased demand from customers wanting to sell their jewellery and watches. Margins were broadly consistent with prior year at 20% (2022: 19%).

Pawnbroking scrap gross profit increased to £4.7m (2022: £3.5m), up 34% year on year. Volumes are highly correlated to the size and growth of the underlying pledge book, as unredeemed pledge loan items that are not sold at auction, and which are not of suitable retail quality, are processed for scrap. The margin earned of 17% (2022: 19%) was impacted by a decision to dispose of, by auction primarily in Q2 and Q3, a number of higher value watches, where the cost of repair prior to retail sale was deemed uneconomic due to price volatility.

With a growing pledge book and consistent rates of customer redemptions, the volume of scrap sales is expected to rise commensurately, with a lag typically of 10 to 11 months after the date of the original loan.

Pawnbroking scrap profits are earned as a direct consequence of our pawnbroking activities, as they represent the realisation of value from the disposition of collateral held as security on unredeemed pawnbroking pledges. We do not believe that this represents a separate line of business. In future reporting periods, pawnbroking scrap will be incorporated into the segmental performance of pawnbroking with prior periods restated to present an appropriate comparison.

Foreign Currency continues to receive focus and investment, increasing gross profit to £6.3m (2022: £5.7m), up 11% year on year. We invested in improving the customer proposition during the year, introducing an online 'click-and-collect' offering and broadening the range of currencies available to customers in our stores.

Gross profit earned from the remaining services offered by the Group, being Money Transfer, Cheque Cashing, and Swiss Time Services amounted to £2.6m (2022: £3.2m), decreasing by 19% year on year. The use of cheques in the wider economy continues to decline and money transfer customers transferred smaller sums, often less frequently as their disposable income came under pressure due to high inflation and rising interest rates.

Personal lending gross profit fell as expected to £0.2m (2022: £1.1m), as the Group ceased all unsecured lending in the first half of 2022 and the remaining book reduces as payments are received and IFRS 9 impairment provisions are released accordingly.

Recognition and Measurement of Financial Assets: Pledge Book

International Financial Reporting Standards, IFRS 9, is issued by the International Accounting Standards Board (IASB) to govern the recognition, measurement, and disclosure of financial instruments. This requires the Group to classify, measure and recognise expected credit losses on its financial assets, from the point of initial recognition of the pawnbroking loan made to the customer.

The Group's financial assets and liabilities, as defined by IFR9,measured at amortised costs are:

Financial asset (Amortised cost)	Financial liability (Amortised cost)	December 2023	December 2022
Pawnbroking pledge book		£129m	£101m
Cash and cash equivalents		£11.4m	£12.2m
Other assets		£0.3m	£0.8m
	Trade and other payables	(£15m)	(£8m)
	Borrowings due >1 year	(£43m)	(£15m)
Net Financial Assets/(Liabilities)		£82.7m	£90.8m

The Group monitors and manages the financial risks relating to these financial instruments held, which include credit risk on financial assets and liabilities, and liquidity and interest rate risk on financial borrowings. Credit risk, is the risk that a counterparty will default upon its contractual obligations, resulting in a financial loss to the Group.

For the pawnbroking pledge book, the Group is exposed to credit risk through customers defaulting on their loans, with the key mitigation to this risk being the requirement for all customers to provide security (the pledge item) to H&T for safe keeping, at the point they enter into the pawnbroking contract. This security (the pledge item) acts to minimise the credit risk as a customer pledge becomes the property of H&T on the default of the pawnbroking loan.

IFRS 9 requires that the Group measures loss allowances for financial assets, specifically the pledge book, using the expected credit loss model. The Group's expected credit loss models compare the carrying value of pledge loans (being the principal loan value plus interest accrued for each pawnbroking loan) to the expected recoveries through redemption and the realisable value of the underlying collateral (the pledge).

A detailed and comprehensive review of the key estimates considered in the Group's IFRS 9 impairment model was concluded during the course of 2023, in conjunction with independent experts, with a further review undertaken following the period-end. This review focused on the key estimates captured in the IFRS 9 expected credit loss model, which are:

i) Redemption rates: this captures both the rate at which and timing of when customers historically redeem their pledge loans.

ii) Forfeit profile: this is the time historically taken to realise the underlying value of the collateral (the pledge) for loans which have defaulted. Pledge loans are considered to be in default when they reach the end of their contractual period of 6 months.

iii) Expected realisation value of collateral: this is the realisable value of the collateral (the pledge) and this security significantly reduces the credit risk. In the event of default, these collateral items (the pledge), can be either sold as retail items or scrapped by H&T to settle the outstanding carrying value (principal plus accrued interest) of the pledge loan. If sold as retail items, the realisable value is the retail price at which these items are sold, through the Group's store estate or on-line. If scrapped, the realisable value is the prevailing trade price of the underlying metals, precious stones or watches. The Group estimates that the current fair value of the security held (the pledge item) is in excess of the current pledge book value.

The review further considered the effective interest rate ("EIR") applied in determining the value of the expected future credit losses, also noting the impact of any changes in the key assumptions noted above. We are satisfied that the recognition and measurement of the pledge book fairly represents the minimal exposure to credit risk, given the current fair value of the security held (the pledge item) is in excess of the pledge book value.

The pledge book at 31 December was £129m (2022: £101m), consisting of the gross carrying value of the pledge book of £135m (2022: £113m), less the IFRS 9 provision of £6m (2022: £12m).

The fair value of the collateral held in support of the pledge book at 31 December is estimated to be £184m (2022: £135m).

Inventory

Inventory of £41m (2022: £35m) is valued at the lower of cost or net realisable value. For inventory arising from unredeemed pledge loans upon default, this cost represents the value of the pledge loan plus overheads. The net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Relative to these measures, the Group considers the value of inventory to be conservatively stated.

The collateral (the pledge item) which protects the Group from credit risk in the event of default of pledge book loans, comprises 99% (2022: 99%) gold, jewellery items and watches. The value of these items is correlated to the prevailing gold price and they are conservatively valued as the Group applies conservative lending policies when providing pawnbroking pledge loans. Lending rates do not track the gold price movement in the short term. Considering the combination of these factors, the Group considers the value of the collateral (the pledge item) to be conservatively stated.

Costs

Direct and administrative expenses, which includes the IFRS 9 impairment charge, increased to £97.7m (2022: £81.4m), up 20% year on year.

The IFRS 9 impairment charge includes uncollected interest on pledge loans that have reached default and the IFRS 9 expected credit loss provision charge. This charge increased in line with the growth in the underlying pledge book and IFRS 9 credit loss model requirements, to £20.3m (2022: £11.8m).

Uncollected pledge book interest on loans that have reached default, is recovered through the disposal of the collateral item, either through pawnbroking scrap or retail activities. As such, in future reporting periods, pawnbroking scrap will be incorporated into the segmental performance of pawnbroking, with prior periods restated to present an appropriate comparison.

Operating expenses, being direct and administrative expenses exclusive of the IFRS 9 impairment charge, increased to £77.4m (2022: £69.6m), up 11% year on year. The Group is primarily a fixed and volumetric cost business. Very close cost control during a time of persistent inflationary pressures, resulted in increases in operating expenses moderating as expected in H2, relative to increases of 19% reported for H1. This moderation of cost growth in H2, reflected no significant salary cost increases in the second half of the year and third party suppliers price increases having been concentrated in late 2022 and early H1 2023. Continued ongoing close control of costs to achieve operating efficiencies, remains a priority of the Group.

Employee related costs, excluding variable remuneration, contribute approximately 57% (2022: 53%) to the Group's total operating cost base, increasing by 20% year on year. This reflects the combined impact of an increase in employee numbers over the past 12 months from 1,540 to 1,625, and the impact of pay increases. Ensuring that our employees are appropriately rewarded remains a priority for the Group, and pay reviews were implemented in April 2022 and January 2023 ahead of the April 2023 implementation of the updated National Living Wage, which increased by 9.7%. Employee related costs for 2024 will continue to rise at a rate above that of headline inflation, primarily as a result of decisions taken in respect of National Living Wage.

We continue to be able to negotiate improved leasehold occupancy terms upon lease renewal and the Group fixed its energy costs in December 2021 until December 2023, and has since extended the contract to December 2025, on similar terms.

Headcount

The Group employed 1,625 (2022: 1,540) colleagues at 31 December 2023, with the increase in headcount supporting the growth in store estate and in key support functions.

Share Capital

The Group has a total of 43,987,934 (2022: 43,850,484) shares in issue.

At 31 December 2023, the Group operated a single share award scheme, the Performance Share Plan "PSP". The charge to the income statement for the year for this scheme was £0.2m (2022: £0.6m).

During 2023, two schemes expired, being the Approved Share Option Scheme ("ASOS"), and the Unapproved Share Option Scheme ("USOS"). These schemes, which were originally granted in March 2013, expired on the 27 March 2023 with the remaining shares options exercised. 57,980 were exercised at a price of 292.2p and 4,108 were exercised at a price of 292.3p.

Awards that can be granted under this current PSP scheme total a maximum of 4,398,793 shares (2022: 4,385,048 shares across three PSP, ASOS, and USOS schemes), being 10% of the issued share capital of the Group as defined in the Articles of Association.

Tax

The corporate taxation charge for the year was £5.3m (2022: £4.1m). The group has an effective tax rate of 20% (2022: 22%). The Group was able to make use of the super-deduction allowance for investment in plant and machinery for three years from 1 April 2021. The timing difference between tax deductibility of this investment in plant and machinery versus the timing of the accounting recognition of this expenditure, results in deferred taxation and contributes to the lower effective tax rate.

Balance Sheet and Capital expenditure

The Group's net asset value increased to £177m (2022: £164m). The balance sheet is underpinned by the inherent value, expressed at cost, of precious metals and watches in the form of collateral for the pledge book and in inventory, as well as cash balances.

With sustained demand for small sum short term lending, the pledge book grew to £129m (2022: £101m), up 28% year on year.

Inventory increased to £41m (2022: £35m), up 18% year on year. Of this total inventory, £29m was available for retail sale (2022: £25m). The value of watches in the course of repair as at December 2023 had decreased to approximately £2.7m (2022: £4m). Watch repair turn-around times remain consistently longer than historical norms, due to increasing repair volumes and parts supply pressures from watchmakers, which is evident across the industry.

The Group ended the year with a net debt position of £31.6m (2022: £2.8m), primarily funding investment in the growing pledge book and the store estate, both new and existing stores. Cash on hand held across the store estate at the end of December amounted to £11m (2022: £12m), as working capital management remains a priority for management.

During the course of the year, the Group was able to increase the financing facilities provided by its longstanding bankers, Lloyds Bank plc, to £50m (previously £35m). In November, Allica Bank Limited, provided additional funding in the form of a £10m term facility and, post period end, we further diversified and enhanced the Group's funding arrangements with £25m of additional term financing from Pricoa Private Capital. This additional financing brings the total funding facilities available to H&T to £85m, with all the secured funders ranking Pari Passu and the financial covenants aligned across all three funders.

Non-current assets grew to £65m (2022: £60m) with the investment of capital expenditure, particularly in respect of the Group's store estate, both existing and new store stores, of £2.7m (2022: £3m) and continued strategic investment in the Group's technology capabilities and platform of £1.6m (2022: £1.7m). These costs have been capitalised in line with accounting standard, IAS 38. Further costs are expected to be capitalised as further phases of development are undertaken over a further two to three years.

Cash Flow and Financing Facilities

The Group's net debt position at 31 December, amounted to £32m (2022: £3m) as the growing business was funded through the increasing use of the Group's available funding facilities. Cash in hand and held within the store estate reduced marginally to £11m (2022: £12m).

As expected, we continued to invest available cash resources in growing the core pawnbroking business of the Group, with £29m (2022: £31m) invested in the increased pledge book and £18.0m (2022: £18.3m) invested in capital expenditure, firstly in the store estate, both new stores and existing stores, and secondly in our technology platforms.

Taxation and dividend payments were made of £6.0m (2022: £2.2m) and £7.2m (2022: £5.1m) respectively, whilst interest paid was £2m (2022: 0.5m), reflecting increased use of financial facilities available to the Group along with rising interest rates.

Financing facilities available to the Group were increased and diversified during the course of 2023 with an increase in the facilities provided by our longstanding bankers, Lloyds Bank plc, to £50m (previously £35m) and the addition of a £10m funding facility from Allica Bank Limited.

Post period-end, in February 2024, Pricoa Private Capital provided further financing of £25m to the Group. This 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.

These additional financing facilities bring H&T's total funding availability to £85m, with all three secured funders ranking Pari Passu. We believe the quantum of these funding facilities, supported by the diversification of lenders, financing structures, interest charges and maturity profiles support the growth ambitions and expected medium term borrowing needs of the Group.

A summary of the Group's funding facilities are included in the table below:

Provider	Facility	Facility Value	Interest rate	Maturity
Lloyds Bank Plc	Overdraft	£5m	Bank of England base rate plus 1.7%	December 2024 Renews annually
Lloyds Bank Plc	Revolving Credit Facility	£45m	Sonia plus margin of between 2.4% and 3.3%	December 2026 A single + 1 extension option to 2027
Allica Bank Limited	Term Loan	£10m	Bank of England base rate plus 4%	December 2026 A single + 1 extension option to 2027
Total Funding available at 31 December 2023		**£60m**		
Post-Event 2024:				
Pricoa Private Capital (February 2024)	Series A Secured Note	£10m	8.37%	February 2029
Pricoa Private Capital (February 2024)	Series B Secured Note	£15m	8.43%	February 2031
Total Funding Available Post-Event 2024		**£85m**		

At 31 December the Group had used £43m (2022: £15m) of its available funding, having drawn £33m (2022: £15m) of the Lloyds revolving credit facility, £10m (2022: NIL) of the Allica term loan and NIL (2022: NIL) of the Lloyds overdraft facility. The Group had available £12m (2022: £15m) of undrawn committed borrowing facilities and £3.8m of uncommitted overdraft facilities (2022: £5m) in respect of which all covenants have been comfortably met.

Financial covenants are aligned across all three of our funders and are summarised in the table below.

Financial Covenant	Ratio	31 December 2023	31 December 2022
Total Net Debt to EBITDA	2.5x	0.9x	0.1x
Interest Cover Ratio	4x	18.4x	60.8x
Fixed Cover Charge Ratio	1.5x	14.8x	6.1x
Asset Cover Ratio (added November 2023 post addition of funding from Allica)	3x	5.4x	41.1

Asset Carrying Value Review

The Group performs an annual review of the expected earnings of acquired stores and considers whether the associated goodwill and other property, plant and equipment values require an impairment as required by accounting standards. The Group has also considered whether its right-of-use assets (property leases) are fairly valued. A fair value reversal of £0.6m (2022: £0.3m) has been applied in respect of its right-of-use assets.

Return on Equity

The Group had average net asset value over the course of the year of £171m (2022: £150m) and reported profit after tax of £21.1m (2022: £14.9m), representing a post-tax return on equity of 12.4% (2022: 9.9%), up 25% year-on-year. The Group targets to achieve a sustainable post-tax ROE % in the mid-teens, and is committed to achieving this objective.

Going Concern

The Board has assessed the impact of appropriate scenarios and believes that it has sufficient committed funding facilities available to meet the anticipated needs of the Business. The Group has prepared the financial statements on a going concern basis.

Share Price and EPS

The closing share price at 31 December 2023 was 432p (2022: 480p), with a market capitalisation of £190m (2022: £211m).

Basic earnings per share was 48.7p (2022: 37.2p), up 31% year-on-year, and diluted earnings per share was 48.5p (2022: 37.2p). Net asset value per share was 403.3p (2022: 374.3p), up 8% on prior year.

Diane Giddy
Chief Financial Officer

CORPORATE GOVERNANCE

H&T has continued to develop its corporate governance in line with current best practice and regulatory requirements.

OUR GOVERNANCE AT A GLANCE

HIGHLIGHTS

The Company continued to enhance its Board capability with the appointment of four new Non-Executive Directors in 2023. These appointments significantly progress H&T's ability to evolve its governance structures by broadening the range of skills, experiences and diversity around the Board table.

Simon Walker, who joined the Board as a Non-Executive Director in September 2022, become Chair of the Group in April 2023 as Peter McNamara stepped down after 17 years as a member of the Board.

Memberships of Committees of the Board are detailed on Pages 54-55.

During the year, the terms of reference of the Committees were reviewed and Board sub-Committees were revised and reconstituted with an increased focus on investor relations.

The Board supported an increase in the finance facilities provided by the Company's bankers, Lloyds Bank plc, increasing the available funding from Lloyds to £50m (previously £35m).

In November, the Board agreed an additional funding facility in the form of a term loan of £10m from Allica Bank.

The additional funding will support further growth in the pledge book and investment in the Group's store portfolio.

READ MORE – P54-55

BOARD EFFECTIVENESS REVIEW

As the Board had a significant number of changes during the year, no Board Effectiveness review was undertaken during 2023.

The appropriate timing for a further review to be undertaken will be considered by the Board.

The outcome and recommendations of the Board Effectiveness review conducted by an independent third party in 2022 continues to be a focus of the Board, with the findings and resolutions detailed on Pages 50-51.

READ MORE – P50-51

SKILLS MATRIX

NAME	GENERAL MANAGEMENT	CEO EXPERIENCE	CFO EXPERIENCE	CTO EXPERIENCE	ESG EXPERIENCE	FINANCE/ ACCOUNTING	TECHNOLOGY/ DIGITAL/MEDIA	GOVERNANCE	LEGAL	INVESTMENTS	MARKETING EXPERTISE
C GILLESPIE CEO	✓	✓	✓			✓		✓		✓	
D GIDDY CFO	✓		✓			✓		✓		✓	
J THORNTON SID	✓		✓			✓		✓		✓	
S WALKER CHAIR	✓					✓		✓		✓	
T WOOD NED	✓			✓	✓		✓	✓		✓	✓
C NUNN NED	✓	✓			✓	✓		✓			✓
S VEITCH NED	✓		✓			✓		✓			
L GUTHRIE NED	✓					✓				✓	
R VAN BREDA NED	✓		✓	✓		✓		✓		✓	
F WOOLFE									✓		

Executive Board

COMPANY SECRETARY

Fiona is a qualified solicitor whose career has been exclusively in-house, having qualified with Marks & Spencer, she went on to provide legal and compliance advice to a number of high-street banks including Santander and HSBC. She has indepth experience of retail investments as well as a range of consumer lending products, specialising in credit card regulations, before branching out into start-up banks and sub prime lending and e-money products. Fiona has over 25 years' experience in supporting regulated businesses.

ITEM UNDER REVIEW	FINDING	RESOLUTION
BOARD COMPOSITION AND DIVERSITY	The Board encompassed a limited field of expertise and diversity.	July 2023 also saw the arrival of four new Non-Executive Directors: • Robert van Breda brings a wealth of financial services experience; • Catherine Nunn is an experienced CEO and retailer, having had Board experience across a variety of commercial environments; • Sally Veitch is an established NED, with extensive experience as a former Finance Director, and with strong consumer-led experience; • Lawrence Guthrie brings to the Board corporate finance advisory experience; These changes build the breadth and expertise of the Board.
SUCCESSION PLANNING AND PIPELINE	The Board should have a clear succession plan for the Chair, the SID and NEDs; a pipeline of suitable Board candidates should be identified and cultivated.	May 2023 saw the appointment of Simon Walker as Chair of the Group, as Peter McNamara decided to step down after 17 years as a member of the Board of H&T, including 14 years as Chair. The search for additional NEDs commenced at the end of 2022, led by the SID, and has culminated in four additional NED hires. James Thornton is not intending to seek re-election at the next Annual General Meeting in 2024 and will continue to be in the role as Senior Independent Director. A new Senior Independent Director will be appointed before James Thornton's retirement, and it is intended this appointed will be filled from within the current Board. H&T is committed to diversity – including gender, socio-economic and ethnic.
BOARD TRAINING AND TALENT DEVELOPMENT	The Board should undertake regular training to understand its responsibilities.	As in prior years, the Board has access to extensive training: it has undertaken Director training, and has also been provided with external training aimed at supporting an understanding of external requirements, such as obligations arising from the Companies Act, and to assist in understanding specific developments, such as ESG.
ROLES AND RESPONSIBILITIES/ COMMITTEE EFFECTIVENESS	Review of roles and responsibilities of Board sub-Committees and their memberships aligned to the NEDs' skillsets.	Board sub-Committees' structure and membership was reviewed in 2023, with sub-Committees now having differentiated memberships, more reflective of the experience and expertise of the members and requirements of the sub-Committee. A new Board sub Committee, the Customer Committee, has been established with Catherine Nunn as Chair. It will oversee matters relating to customers and be focused on ensuring H&T continues to consider customers as being central to all it does.
OVERSIGHT OF CEO AND EXECUTIVE TEAM	The Board should continue to provide appropriate oversight of the Executive team.	Board submissions focus on strategic discussions, while retaining the core decision-making information.
AREAS OF BOARD FOCUS AND DECISION-MAKING	The focus and decision-making of the Board to be appropriately strategic.	The Board is more strategically focused, with matters now allocated to Board sub-Committees, as reflected in revised Terms of Reference.

ITEM UNDER REVIEW	FINDING	RESOLUTION
GOVERNANCE CODE ADHERENCE	Adherence to the QCA Code of Governance (the Code).	Throughout 2023, there has continued to be a focus on adherence to the QCA Code of Governance which resulted in changes to internal governance practices, Committee memberships and reporting. In line with best practice, all Directors will now stand for annual re-election.
QUALITY OF BOARD MATERIALS	The information available to the Board should be appropriate and sufficiently detailed to allow an appropriate level of critical analysis by the reader.	Regulatory and external governance compliance remains strong within a robust corporate-control culture. The Board pack consists of structured papers identifying Board action required and is published within the secure reporting platform that contains a compendium of all papers, terms of reference and agendas. The structure of all papers is streamlined to set out clearly the issue and the action required from the Board allowing all Board papers to be aligned, regularised and clarified, and Board decision-making improved. Continued progress in Board support has been led by the Company Secretary.
BOARD DYNAMICS	Ensure positive and constructive Board dynamics.	These have been well-maintained throughout the year with a well-maintained Executive and Board relationship.
CHAIR LEADERSHIP	Chair to provide appropriate challenge and leadership to the organisation.	The Chair is an experienced financial risk management professional and a highly experienced Board member. This enables him to provide prudent guidance and challenge to the Board as to strategic direction.
BOARD CULTURE AND ORGANISATIONAL VALUES	Maintain strong culture and values – Board leading by example.	Culture and values have been well maintained throughout the year and throughout the organisation with the CEO and Board overseeing a culture-conscious Senior Executive team. Detailed, wide-ranging and regular, transparent communication occurs between the Chair and Board members, and with the CEO and CFO during the periods between Board meetings. That internal communication to the Board is consistent with both store-level communication and all external communication. The organisational culture and values of the Group are led from the Board to ingrain at all levels the principles of treating customers fairly at all times and achieving appropriate outcomes for them. Feedback to the CEO from store-level colleagues is well established and widely used. Colleagues have the opportunity to ask the CEO questions on a regular basis, during local 'Ask Chris' meetings and may also ask questions and provide feedback throughout the year by email.
STAKEHOLDER ENGAGEMENT	Key stakeholder groups were identified as part of the review and found to be: shareholders, customers, suppliers, regulators and colleagues.	Shareholder engagement has continued to receive focus and investment in 2023, alongside employee engagement and exposure to wider stakeholders such as vendors and regulators.
ESG LEADERSHIP	Board-level focus and championing of sustainability and ESG.	With the development of greater know-how and external resources on ESG, there has been ongoing focus on ESG matters, inculcating an environmentally and socially conscious culture, behaviours and governance structures throughout the Business, along with continued preparations for the required reporting and disclosure. The natural positioning of the Company within the circular economy supports ESG efforts. Toni Wood has taken on Board responsibility for ESG.

A WEALTH OF EXPERTISE

KEY

1 **CHRIS D GILLESPIE,** *Chief Executive*

2 **DIANE GIDDY,** *Chief Financial Officer*

3 **SIMON WALKER,** *Chair and Non-Executive Director*

4 **JAMES THORNTON,** *Senior Independent Director*

5 **TONI WOOD,** *Non-Executive Director*

6 **ROBERT VAN BREDA,** *Non-Executive Director*

7 **CATHERINE NUNN,** *Non-Executive Director*

8 **SALLY VEITCH,** *Non-Executive Director*

9 **LAWRENCE GUTHRIE,** *Non-Executive Director*

KEY

- Audit Committee
- Nomination Committee
- Risk Committee
- Remuneration Committee
- Committee Chairman

1 CHRIS GILLESPIE

Chief Executive

Appointed 29 October 2020

Chris's career in financial services spans over 40 years. He has considerable experience from senior leadership roles in consumer finance businesses. Prior to joining H&T, Chris was Managing Director of the consumer credit division at Provident Financial PLC. Chris is a hands-on leader whose focus is on ensuring the business delivers for all stakeholders. He takes a keen interest in industry-wide matters. He is a fellow of the Association of Chartered Certified Accountants.

External Appointments

The National Pawnbrokers Association of the UK – Director

2 DIANE GIDDY

Chief Financial Officer

Appointed 24 November 2021

Diane is a Chartered Accountant whose experience spans investment banking and the financial services industry and brings with her significant senior finance and operational experience of working within these regulated sectors. Diane was part of the South African-based FirstRand Group for thirteen years, where she held several senior finance positions across the Investment Banking Business both in South Africa and the United Kingdom, most recently as the Chief Financial Officer of the FirstRand Group London branch for five years, where she enjoyed a wide remit working across multiple geographical locations and regulatory jurisdictions. Diane is a member of the Institute of Chartered Accountants in England and Wales as well as a CFA Charterholder, CFA Institute.

External Appointments

Director and Shareholder of Cotton Bobbins (Pty) Ltd

3 SIMON WALKER

Chairman and Non-Executive Director

Appointed 15 September 2023

Simon has specialised, for more than 30 years as a partner in KPMG's financial services practice, in providing advice and support to financial institutions on strategy, performance improvement, risk management and governance. He has worked extensively with specialist lenders and banks to diversify and improve the quality of their lending.

He retired from KPMG at the end of 2021, joining the Board of bank and specialist mortgage lender OSB plc in January 2022, where he chairs the Risk Committee and the Risk Committee of CCFS plc. He joined the Board of The Bureau of Investigative Journalists Drury 2023. He is the customer duty champion on several Boards.

Simon graduated in law from University College London and is a chartered accountant.

External Appointments:

OSB plc Non-Executive Director and Chair of risk, Non-Executive Director and Chair of risk of CCFS plc, The Bureau of Investigative Journalists, Non-Executive Director.

Appointed: to the Board 15 September 2022, as Chairman April 2023

Leeds Theatre Trust Ltd, Leeds Theatre CIC, Leeds Playhouse (Enterprises) Ltd

IWP Holdings Ltd, Independent Wealth Planners UK Ltd, Onesavings Bank Plc

4 JAMES THORNTON

Senior Independent Director

Appointed 30 November 2012

James is a chartered accountant and has an MBA, his background is centred on investment banking in the financial services sector and he has held both in-house corporate finance and Finance Director roles. Prior to H&T he project-led strategic change: within BAT Industries through the demerger of its financial services interests and their merger into Zurich Group; and as Deputy Group CFO in the UK listing of Old Mutual. His investment banking background is derived from working in financial services at Morgan Stanley and Hannam & Partners.

As SID he has worked most recently on Chairman succession and the new Board before his own planned departure in May 2024.

External Appointments:

KCR Residential REIT Plc – Chair

5 TONI WOOD

Non-Executive Director

Appointed 15 May 2022

Toni is a highly experienced marketing, Commercial and digital leader having held senior roles in the UK and internationally at Sainsbury's, Proctor & Gamble, Whitbread and the DFS Group. She is currently Chief Customer and Digital Officer for Headlam Group plc, a Board adviser to ufurnish.com and a member of the Digital Advisory Board for Econsultancy.

Toni is experienced across retail, hospitality, FMCG, technology, ecommerce and logistics, from start-up to FTSE100. She is a Fellow of the McKinsey Marketing Academy and a Positive Psychology coach, and was listed as a UK Top Marketer in both 2019 and 2022.

Toni chairs the Remuneration Committee.

External Appointments

WVC Group Ltd

6 ROBERT VAN BREDA

Non-Executive Director

Appointed
1 July 2023

Robert brings a wealth of experience from his 30-year career in financial services. His earlier career at NatWest initially involved corporate banking roles before moving into central finance function positions. More recently Robert has specialised in start-ups and scaling businesses and has held Board and CFO roles with challenger banks Vanquis and Cashplus. In his most recent role as interim CFO he helped Griffin Financial Technology Limited obtain a banking licence. These experiences have included capital and debt fund-raising and development of corporate governance.

Although Robert has held senior finance positions, he also brings management experience of technology, HR, audit and Company Secretarial functions.

He is an Associate of the London Institute of Banking and Finance and is also an Associate of the Chartered Institute of Management Accountants.

Robert chairs the Audit Committee.

External Appointments

Griffin Financial Technology – Adviser

8 SALLY VEITCH

Non-Executive Director

Appointed
1 July 2023

Sally is an established NED, with extensive experience as a former Finance Director, and with strong consumer-led experience. Sally has held non-executive roles across Audit, remuneration and nomination committees over the last 10 years at LHV Bank Limited, Tipton & Coseley Building Society, Perenna Bank, and Redwood Bank. She was also Director of Finance of Home Retail Group

Sally chairs the Risk Committee.

External Appointments

Chair of Audit and Remco, Perenna Bank Ltd;
Senior Independent Director LHV Bank Limited;
Chair at settle; Chair of Audit, Tipton & Coseley Building society

KEY

- Audit Committee
- Nomination Committee
- Risk Committee
- Remuneration Committee
- Committee Chairman

7 CATHERINE NUNN

Non-Executive Director

Appointed
1 July 2023

Catherine is a highly experienced CEO and retailer, having had broad experience across a variety of commercial environments, much of which has been with 'blue chip' businesses, including BP and Lakeland Ltd.

Following her role as CEO of Lakeland Ltd, she became Deputy Chair of the Company. It is intended that in 2024 Catherine will Chair a newly formed Customer Committee, focused on ensuring we continue to consider customers as being central to everything we do.

External Appointments

Nunn Associates Ltd, Making me, Deputy Chair – Lakeland

9 LAWRENCE GUTHRIE

Non-Executive Director

Appointed
1 July 2023

Lawrence brings to the Board more than 30 years' corporate finance advisory experience, the last 20 of which have been dedicated to financial services. Lawrence started his career at Charterhouse, before co-founding the financial services practice at Hawkpoint and subsequently at Quayle Munro, which was acquired by Houlihan Lokey in 2018. Lawrence joined Stephens Europe as Managing Director, in 2023.

External Appointments

MD – Stephens Europe

QCA CODE PRINCIPLES

The Directors recognise good corporate governance practice is in the best interests of all stakeholders of the Business. In complying with the London Stock Exchange AIM rule 26 the Directors have adopted the Corporate Governance Code of the Quoted Companies Alliance (QCA). The QCA Code 2018 is based on ten principles under the three categories of delivering growth, maintaining a dynamic management framework, and building trust. The Board is committed to each of these as it believes these will support the Group's medium- to long-term success.

This Corporate Governance Report sets out our governance framework and how we comply with the principles.

Our website at **www.handt.co.uk** provides updates on compliance as appropriate.

We describe our compliance with the ten principles of the QCA code at **https://handt.co.uk/pages/corporate-governance**.

PRINCIPLE ONE

Establish a strategy and business model which promote long-term value for shareholders

Our strategy is discussed in the Strategic Report section on Pages 16-21.

The Board is responsible for the delivery of the Group's long-term strategic objectives. Our high-level strategy is to make pawnbroking a more widely accepted and valued financial service. We will continue investment in our retail and digital footprint to deliver a service that exceeds our customers' expectations and delivers attractive returns for shareholders whilst broadening the business offering.

During the year the Group executed its funding strategy, securing its mid-term strategic objectives with additional funding from its incumbent banker, Lloyds Bank plc and new lender Allica Bank.

We continuously develop our capabilities to address a changing market and customer needs. We are focused on maximising the potential from our core service offerings while investing in the development of new products, channels and the store estate.

Our network of stores supports this development. This high-street presence supported by an effective digital proposition creates an important distinction between H&T and a purely online business.

PRINCIPLE TWO

Seek to understand and meet shareholder needs and expectations

The Group is committed to engaging with its shareholders to ensure its strategy and performance is clearly understood. Feedback from investors is obtained through direct interaction between the CEO, supported by the CFO, at one-to-one shareholder meetings following its full-year and half-year results and certain other ad hoc meetings between Board members, Executive Management and shareholders that take place throughout the year.

The Annual General Meeting (AGM) is the primary method of engagement with our private shareholders, through both the distribution of the Annual Report and attendance at the meeting. We encourage our private and institutional shareholders to attend our AGM. The voting record at the AGM is monitored and we are pleased that all resolutions have been passed by shareholders. There is also regular investor dialogue through the medium of the Group's corporate broker, Shore Capital, and the Group seeks to stay abreast of shareholder expectations and reactions through its regular investor roadshows and update meetings.

The Board recognises the importance of communications with shareholders. The Chief Executive's Review on Pages 12-15 includes a detailed review of the Business and future developments. There is a regular dialogue with institutional shareholders including presentations after the Group's preliminary announcement of the year-end results and at the half-year results.

More information on those responsible for shareholder liaison and contact information can be found on our website.

PRINCIPLE THREE

Take into account wider stakeholder and social responsibilities and their implications for long-term success

At H&T we believe that it is important to engage with our full range of stakeholders. Active engagement strengthens our relationships and helps us deliver our strategic goals whilst maintaining our values and delivering returns for all our stakeholders.

Customers

The fair treatment of our customers, whose interests are at the centre of all decisions and actions we carry out, is core to our long-term success. We have developed a diverse range of products to meet, as best we can, the unique needs of each customer. We offer a transparent, efficient, and professional service and constantly review our products to identify areas for improvement.

We consistently receive valuable feedback from our customers; we also acknowledge that, despite our best efforts, things can go wrong, and if customers have cause to complain, we listen to them and ensure that we remedy any mistakes made.

We understand that many customers may experience some form of vulnerability during their lives. Identifying and supporting vulnerable customers is important to us.

The introduction of a new Board sub-Committee, the Customer Committee, with a focus on our customers ensuring we continue to consider customers as being central to all we do, will enable further scrutiny of the effectiveness of our policies and procedures in relation to all our customers.

Colleagues

Aside from our responsibilities to shareholders, suppliers and customers, and our regulator, we believe that our colleagues are our single greatest asset and accordingly we endeavour to ensure our workforce are safe, highly trained, motivated and feel valued.

We strive to develop and retain our colleagues and an important part of this is to provide career growth opportunities within the Group where possible. We advertise vacant positions internally in order to encourage colleagues to apply for these positions; where appropriate we use the management and development programmes to help individuals progress.

We endeavour to ensure our workforce is highly trained, motivated and rewarded. Training is key to a motivated and skilled workforce, which is important in successfully providing great service to our customers across a large product range, as well as in protecting our customers' and investors' assets.

The Group has invested in diversity and inclusion training across the Business and has ensured that Colleagues are able to raise and discuss any inclusion or diversity issues that may impact them.

We hold regular Your Voice council-style meetings with colleagues from a variety of positions within the Group, and geographically from around the country. These provide a forum to discuss suggestions and ideas with senior management. The meetings are very productive as they allow direct feedback on any issues that arise in our stores or the wider organisation.

The Group has an Innovations Committee which reviews ideas and suggestions for changes to products, policies, and procedures from its colleagues.

The Health and Safety of our customers and colleagues is of paramount importance to the Group. All colleagues complete annual training, and a programme of annual Health and Safety risk assessments is in place.

Health and safety standards and benchmarks have also been established in the Business and compliance with these standards is monitored by the Board.

Responsible Lending
The Group recognises that many people may require financial help at some point in their lives and we believe that everyone should have a choice in how to meet that need. As a responsible lender, we aim at all times to treat customers fairly. We will do our utmost to try to help, whilst at the same time ensuring our customers do not become unduly burdened. It is our priority to carry out appropriate checks on all customers prior to loan approval.

We also understand that things can and do go wrong. When customers have cause to complain we ensure that we do everything we can to put things right for them. We complete root-cause analysis in response to any customer complaints and adapt our processes and procedures in response.

Modern Slavery
The Group is opposed to slavery and human trafficking. The Group will not knowingly support or do business with any organisation involved in slavery or human trafficking. We have established policies to ensure that we are conducting business in an ethical manner and address the risk of slavery and human trafficking in our supply chain. These include the Purchasing Policy and internal Whistleblowing Policy. Our full statement can be found at **handt.co.uk/pages/anti-slavery-human-trafficking-statement-2023**

Environmental, Social and Governance (ESG)
The Group is committed to reducing its impact on the environment, with continual investment in video conferencing technology, encouraging colleagues to use public transport for business travel when possible, and enabling use of energy-efficient technology in stores. The Group continues its journey to achieve our goal to become carbon neutral, by assessing our current impact and carbon impacts, from which we can track our progress to net zero.

Board Effectiveness
The Board regularly completes reviews of its operations and effectiveness; in previous years this has been conducted by means of a robust internally facilitated review of Board and Committee effectiveness.

A Board Effectiveness review was conducted early in 2022. In 2023, the Board was expanded to broaden and diversify Board member representation and skills and we note on Pages 50-51 the actions taken in response to the 2022 report.

In the Community
We encourage community engagement and partnered with FareShare in 2023 resulting in the provision of over 277,000 meals through our high-street presence and employee donations.

As a business we are committed to the high street and the communities that we support from our high-street presence. We continue to invest in new stores and refurbishment of our existing estate.

A list of our most relevant policies are available to review on our website **https://www.handt.co.uk/esg**.

PRINCIPLE FOUR
Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has well-established Audit and Risk Committees which have the responsibility of managing the Group's internal control environment and risk framework.

The internal control environment is constructed on the three lines model, which is widely used to describe how large corporate entities manage the risks and uncertainties that they encounter. Development and adoption of a principles-based approach to corporate governance and risk management assists in achieving corporate objectives.

First Line – Operational Management
The first line's roles are those that are directly aligned with the delivery of products and services to our customers. This is the most important element of any control environment – it is the operational teams following the established policies and procedures of the Business on a day-to-day basis.

Second Line – Risk & Compliance
The second line is concerned with aiding management of risk through the provision and application of expertise, support, monitoring and challenge. The second line ensures compliance with laws and regulations, acceptable behaviour internal control, and quality assurance.

The first and second lines work closely together, however, the responsibility for managing risk remains part of the first line's role.

Third Line – Internal Audit
Internal Audit provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. It reports its findings to both management and the Board to promote and facilitate continuous improvement. Internal Audit's independence and objectivity are established through accountability to the Board; unfettered access to people, resources and data; and freedom from bias or interference.

Governing Body – The Board
The governing body ensures that the appropriate governance structures and processes are in place. The Board delegates responsibility and provides resources to management to achieve the objectives of the Company whilst nurturing a culture that promotes ethical behaviour, diversity, inclusion, and accountability.

See principle 9 for further details.

PRINCIPLE FIVE
Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Non-Executive Chairman, the Senior Independent Director, two Executive Directors, six Non-Executive Directors and the Company Secretary.

In May 2023, Simon Walker was appointed as Chair of the Group following Peter McNamara stepping down from the Board. In July 2023, four new Non-Executives, Robert van Breda, Catherine Nunn, Sally Veitch and Lawrence Guthrie joined the Board. The Board considers, after careful review, that the Non-Executive Directors bring sufficient independent judgement to the Group.

Directors' conflicts of interest are discussed at each Board meeting and steps are taken to address any actual or perceived conflicts. The Board has carefully considered the independence of all Directors and considers that in all cases they continue to be independent of the Company. In reaching this conclusion the Board has considered the following points in relation to all Non-Executive Directors.

The Board confirms that no Non-Executive Director:

- has ever been an employee of H&T;
- has ever had a material business relationship with H&T either directly or as a partner, shareholder, Director or senior employee of a body that has such a relationship with H&T;
- has received or does receive additional remuneration from H&T apart from the Director's fee;
- has participated in H&T's performance-related pay scheme;
- has been a member of H&T's pension scheme;
- has any close family ties with any of H&T's advisors, Directors, or senior colleagues; or
- holds cross-Directorships or has significant links with other H&T Directors through involvement in other Companies or bodies.

Non-Executive Directors each confirm that they are:

- independent from Executive Directors;
- not financially dependent on the remuneration they receive from H&T;
- act in an independent manner, giving their objective opinion and advice on situations discussed and not seen to be led by other Non-Executive Directors;
- only spend the required time in H&T so they do not become over-familiar with the day-to-day running of operational issues; and
- ensure there is no conflict of interest at the time of appointment and throughout their term of office, bringing to the Board's attention when there is a potential conflict of interest.

All Directors use their independent judgement to challenge matters, whether strategic or operational. The Chairman holds regular update meetings with each Director to ensure they are performing as they are required.

PRINCIPLE SIX

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

In addition to reviewing materials for Board and Committee meetings prior to attendance, the Non-Executive Directors are required to commit such time to the Group's affairs that allows them to discharge their oversight responsibilities. The Non-Executive Directors also provide their skills and experience in assisting the Group with areas that complement their industry skills and experiences including strategy, acquisitions, risk management and regulation.

The Directors of the Group and their biographies are set out on Pages 54-55. The Board has satisfied itself that between them the Directors have the necessary up-to-date experience, skills and capabilities. Each Director undertakes learning and development throughout the year to ensure their skillset remains up to date. Directors also complete the Group's annual mandatory training delivered through the e-learning platform, and can receive ad hoc additional training as required.

Member attendance at Board and Committee meetings:

Board	Board	Audit	Remuneration	Risk	Nomination
Peter McNamara(*)	2(2)	N/A	1(1)	N/A	4(4)
James Thornton	9(9)	3(3)	4(4)	3(3)	5(5)
Chris Gillespie	9(9)	3(3)	4(4)	3(3)	5(5)
Diane Giddy	9(9)	3(3)	N/A	3(3)	N/A
Toni Wood	5(5)	N/A	2(2)	2(2)	5(5)
Simon Walker	5(5)	N/A	2(2)	3(3)	5(5)
Catherine Nunn	3(4)	N/A	2(2)	2(2)	N/A
Sally Veitch	4(4)	2(2)	2(2)	2(2)	N/A
Lawrence Guthrie	3(4)	2(2)	2(2)	2(2)	N/A
Robert van Breda	4(4)	2(2)	2(2)	2(2)	N/A

Independent Advice

All Directors can take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary.

PRINCIPLE SEVEN

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board recognises that regular performance evaluation is crucial for effective governance and the long-term success of the Group. In 2022 the Board completed an independent third-party Board Effectiveness review to evaluate Board performances. The item under review, the finding and resolutions have been summarised in the table on Pages 50-51.

We are committed to continuous improvement, along with our obligation for developing our Board capabilities, effectiveness and succession planning.

PRINCIPLE EIGHT

Promote a corporate culture that is based on ethical values and behaviours

Our corporate culture and ethical values are key to delivering the Group's objectives and strategic goals. The Board and management team work to ensure this culture is pervasive within the Group and all our colleagues share our collective values. The Group's business model and strategy are aligned with the core principle of providing products that our customers value and ensuring that they receive positive experiences whenever they engage with the Group. Our operational controls, colleague training and culture ensure that we drive this consistent message across our Business. In line with regulatory deadlines, we implemented policies, procedures and training updates to ensure we comply with the new FCA Consumer Duty regulations.

Ensuring compliance with our processes, procedures and values is core to the Group's operation; our area managers are in our stores on a weekly basis promoting the culture and values of the Group. Our Group Internal Audit teams plan to visit our stores at least twice a year on a risk-based methodology and we have a comprehensive schedule of mystery shopping. Board meetings are regularly held at our Sutton Head Office allowing Executive and Non-Executive Directors to meet and discuss issues with all levels of colleagues. Non-Executive Directors visit stores and departments throughout the year and will attend long-service award events. All of these together allow the Board to monitor that our ethical values and behaviours are recognised and respected.

PRINCIPLE NINE

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board comprises two Executive Directors and six Non-Executive Directors and brings a range of experience and expertise sufficient to provide independent judgement on issues of strategy, performance, resources, and standards of conduct which are vital to the success of the Group. The Non-Executive Directors hold shares as disclosed on Page 66. There is no entitlement to share options for Non-Executive Directors, and there are no cross-Directorships between Executive and Non-Executive Directors. The Non-Executive Directors are considered to be independent; full details of the assessment of Directors' independence is included on Page 66. The Chairman, who is a regulated person, leads the Board and is principally responsible for considering regulatory and strategic matters on behalf of the shareholders, in support of the CEO.

The Senior Independent Director (SID) supports the functioning of the Board and acts as a conduit between the Executive and Non-Executive Directors. The SID leads the Board Effectiveness review and Chair succession process, and assists with the preparation and approval of the Annual Report and Accounts.

The Company Secretary acts as a trusted adviser to the Board facilitating meetings and providing advice on legal and regulatory matters.

Board Meetings
The Board is responsible to the shareholders for the effective and suitable management of the Group. A Directors' responsibilities statement in respect of the financial statements is set out in this Annual Report on Pages 74-75. The Board meets formally at least 9 times during the year. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of the Board meetings. There is a formal schedule of matters reserved to the Board which includes the determination of strategy, approval of acquisitions, approval of budget and major capital expenditure.

At Board meetings, the standing agenda normally comprises a review of the financial results and update of operations, a CEO report and an update on the progress of the Group's other strategic objectives, which includes Consumer Duty. During the year, the Board hears from departmental managers and asks questions on their progress, issues and prospects, and receives a quarterly ESG update.

The Board meetings in August and March cover the approval of the interim and preliminary financial results respectively and the November meeting deals with the approval of the annual budget.

Remuneration Committee
The Remuneration Committee comprises independent Non-Executive Directors of the Company.

Toni Wood (Chair)
Catherine Nunn
Robert van Breda
Lawrence Guthrie
James Thornton
Board Observer: Simon Walker

The Committee meets at least four times in each year and at such other times as the Chairman of the Committee sees fit. The Chairman of the Committee is appointed by the Board on the recommendation of the Nomination Committee. The quorum for the Committee is three.

The duties of the Committee are:

- To determine and agree with the Board the framework or broad policy for the remuneration of the Chair, Chief Executive, all other Executive Directors, and such other members of the Executive Management as it is designated to consider, including levels of base pay, potential bonus and long-term incentives.
- Within the terms of the agreed policy, determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits.
- Determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised.
- In determining individual packages and arrangements, give due regard to the comments and recommendations of the QCA Code.
- Be told of and be given the chance to advise on any major changes to employee benefit structures in the Company.
- Recommend and monitor levels and structure of remuneration for senior managers below Board-level as determined.
- Agree the policy for authorising claims for expenses from the Chief Executive and the Chairman of the Board.

The Committee is authorised by the Board to:

- Seek any information it requires from any colleagues or officers to perform its duties.
- Be responsible for establishing the selection criteria and then for selecting, appointing, and setting the terms of reference for any remuneration consultants providing advice to the Committee at the Group's expense.

During 2023, the Remuneration Committee reviewed and approved as part of the standard agenda schedule, the outcome of the 2022 Bonus Scheme and setting of the 2023 Bonus Scheme financial and non-financial targets, the Performance Share Plan for 2023, the Gender Pay Report, the Terms of Reference for the Remuneration Committee, and the 2023 salary review proposals.

The Committee has considered the following priorities for 2023:

- Ensuring the entry pay-level for H&T colleagues is ahead of the National Living Wage.
- Realigning the store pay structure, in line with a balanced scorecard approach, to provide motivation and retention, and to acknowledge completion of training modules.

Audit Committee
The Audit Committee comprises independent Non-Executive Directors of the Company.

The members of the Committee are:

Robert van Breda (Chair)
Lawrence Guthrie
Sally Veitch
James Thornton
Simon Walker
Observer: Toni Wood

The Committee meets at least three times a year. The quorum for the Committee is three members.

The Audit Committee reviews the prudence, accuracy and consistency of the financial results, and within the remit the key judgements made and the effectiveness and robustness of the financial control system that supports the financial results. It reviews the scope, the outcomes from, and the performance and cost-effectiveness of internal and external audit. It has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors.

The Audit Committee is responsible for satisfying itself as to the independence and objectivity of external and internal auditors.

As directed by the Audit Committee, the principal function of the Group's Internal Audit team is to verify the design and operational effectiveness of all controls across the business. Internal audits are undertaken covering all aspects of the Group's key risks and financial controls. The Head of Internal Audit reports directly to the Audit Committee Chair. The Audit Committee has access to all Internal Audit reports. The Committee reviews the operation of internal controls and reports to the Board on the annual review of internal control and risk management.

To ensure appropriate independence, the Audit Committee, on behalf of the Board, reviews and agrees the Internal Audit plan for the year and the Head of Internal Audit reports separately to and meets regularly with the Chair of the Audit Committee, who reviews all corporate audit reports as they arise.

Nomination Committee
The Nomination Committee comprises independent Non-Executive Directors of the Company.

The members of the Committee are:

Simon Walker (Chair)
Lawrence Guthrie
Toni Wood
James Thornton

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of Non-Executive Directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Group.

In respect of Chair succession, the Chair and any Director directly affected are excluded from discussions, and the SID assumes the role of Chair.

Risk Committee
The Risk Committee comprises independent Non-Executive Directors of the Company.

The members of the Committee are:

Sally Veitch (Chair)
Catherine Nunn
Robert van Breda
Lawrence Guthrie
James Thornton

The Risk Committee meets at least three times in each year and at such times as is required, and is responsible for reviewing and reporting to the Board on:

- the Group's risk appetite (the extent and categories of risk which the Board regards as acceptable for the Group to bear);
- the Group's risk management and internal control framework (its principles, policies, methodologies, systems, processes, procedures, and people);
- the Group's current risk exposure including horizon scanning for new and potential risks and the capability to manage those risks; and
- in respect of the processes and procedures, the arrangements for the identification, assessment, monitoring, management and oversight of risk.

The Risk Committee owns the Group's Risk Appetite Statement which sets out the Group's attitude to risk and the ranges and limits of acceptable risk-taking. The Committee establishes the high-level qualitative Risk Appetite Statement for the Group, the quantitative Risk Appetite Statement and the Key Risk Indicators used to measure risk exposure. The statement is subject to annual review by the Risk Committee and the Group Board.

The Risk Committee is responsible for the Risk Framework in place for the identification of enterprise-level risks (top-down approach) and identifying risks that occur in the day-to-day processes and operations of the Business (bottom-up approach). The risks identified are recorded in the Corporate Risk Register and reviewed by the Committee on a biannual basis.

The Risk Committee reviews the regular reports of the Director of Risk and Compliance to oversee the operational effectiveness of the risk management framework and the current risk exposure measured through the Key Risk Indicators.

The Committee makes recommendations to the Board in respect of all risks faced by the Company outside of its declared risk appetite.

The Risk Committee oversees the arrangements for whistleblowing and receives detail of any reports made under the Whistleblowing Policy.

PRINCIPLE TEN
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group communicates to its shareholders and other relevant stakeholders through a combination of dialogue, the publication of the Annual Report and financial statements and investor presentations, supported by additional information available on its website. The Audit Committee is a principal Committee within the Group's governance framework and provides the role of monitoring the integrity of the Group's financial results as outlined on Page 59.

Audit Committee Report
The Audit Committee monitors the integrity of the financial statements of the Group and any formal announcements relating to financial performance, reviewing and challenging where necessary the consistency of accounting policies, and the application of critical accounting policies and practices and any changes to them. The Audit Committee reviews the scope, outcomes from and cost-effectiveness of internal and external audit, and has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors.

It is responsible each year for satisfying itself on the independence and objectivity of internal and external audit functions. The Audit Committee reviews the regular reports of the Head of Group Internal Audit and the findings and agreed management actions contained within Group Internal Audit's reports.

The Audit Committee meets at least three times a year. In the normal course of business, the Audit Committee meets to review plans for the year-end external audit and at least seven days prior to each year-end and interim Board meeting.

Significant Issues and Areas of Judgement Considered by the Audit Committee
The significant issues and areas of judgement considered by the Audit Committee in relation to the Annual Report and financial statements 2023 are outlined below. We discussed these with the external auditor during the year and, where appropriate, these have been addressed as areas of audit focus as outlined in the independent auditor's report on Pages 76-79.

INTERNAL CONTROL
The Board acknowledges that it is responsible for the Group's system of control and for the continuing process of reviewing the adequate design and operational effectiveness of the controls. Control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors confirm that they have reviewed the effectiveness of the systems of control that have been in operation during the year.

The Group operates a three lines model. The role of the first line is delivery of products and services to our customers. This is the most important element of any control environment – it is the operational teams following the established policies and procedures of the Business on a day-to-day basis. The second line is Risk & Compliance, which provides oversight and challenge through the provision and application of expertise, support, and monitoring. The second line ensures compliance with laws, regulations, acceptable behaviour, internal control and quality assurance. The third line is performed by Group Internal Audit which provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. It reports its findings to both management and the governing body to promote and facilitate continuous improvement. Group Internal Audit's independence and objectivity are established through accountability to the Board; unfettered access to people, resources and data; and freedom from bias or interference.

Internal Control: Financial
The control process has been reviewed and its main features are:

Financial reporting: there is a comprehensive budgeting process with an annual budget approved by the Board. Monthly trading results are reported against the corresponding figures from the budget and previous year, and are reviewed by the Board.

Capital expenditure: there is a comprehensive budgeting process for capital expenditure with an annual budget approved by the Board. The CFO authorises individual items of capital expenditure and material items are also authorised by the Board or CEO.

Cash flow: an annual cashflow forecast is drawn up and approved by the Board and actual cash flows are reviewed monthly against this forecast.

Organisational structure: a clear organisational structure with defined responsibilities and clear authority levels has been set.

Internal audits: the internal audit corporate team has a defined audit universe and conducts risk-based audits in line with the annual plan to address all processes within the Business; the audit universe and plan is approved by the Audit Committee.

The Group Internal Audit stores' team ensures that Group procedures regarding cash, pledges and stock-handling are being adhered to across the store estate. Internal Audit aims to visit all stores biannually, subject to evolving risk priorities (e.g., new stores are prioritised as are those where operational management has expressed specific concerns or there is a below-standard audit history).

Significant Issues and Areas of Judgement Considered by the Audit Committee

ISSUE	JUDGEMENT	ROLE OF THE AUDIT COMMITTEE
VALUATION OF PLEDGE BOOK IMPAIRMENTS		
IFRS 9 requires an impairment to be raised against the pledge book for future expected credit losses, considering forward looking information that may impact these expected credit losses.	Pledge book redemption rates, forfeit profiles and realisable value applied in the impairment model This has been identified as a key audit risk by our independent auditors.	Review the application of the agreed methodology and supporting calculations. Consider the impact and validity of any changes to the inputs to the IFRS 9 impairment model, considering the impact of a change in redemption trends and profiles. Consider the forward looking factors and changes in the Business or external environment which may impact on the recoverability, particularly of the gold price and redemption trends.
IMPAIRMENT OF GOODWILL		
The Group historically acquired a number of businesses and must consider whether goodwill paid requires impairment. The impairment is based on the future cash flow generated by each of the individual cash-generating units (CGUs). Expected cash flows are based on the Group's operating budget for the next year and assumptions for growth or decline in revenues and costs, in future years.	Forecast cash flows of the CGU and discount factor used.	Review the application of the agreed methodology and supporting calculations. Consider the factors that may impact the future performance of the CGUs and whether they should be reflected in the forecast cash flows. Consider the sensitivity of the projections and the amount of headroom available before impairment is required.
PROVISION RELATING TO THE RIGHT-OF-USE ASSETS		
The Group operates the store estate on a leasehold basis. Impairments are potentially required in respect of the carrying value of the CGU (lease). The impairment is based on the future cash flows generated by the CGU. Expected cash flows are based on the Group's operating budget for the next year and historical performance.	Forecast of future cash flows for the CGU.	Review of the application of the agreed methodology and supporting calculations. Consider the factors that may impact the future performance of the CGUs and whether they should be reflected in the forecast cash flows. Consider the sensitivity of the projections and the amount of headroom available before an impairment is required.

ISSUE	JUDGEMENT	ROLE OF THE AUDIT COMMITTEE
VALUATION OF INVENTORY		
The Group has inventory balances, the values of which are supported by precious metals and tradable assets. The Group considers the need to recognise a provision in respect of these balances if the net realisable value (NRV) is below that of cost.	Calculation of the Net Realisable Value is based on the precious metal value where available, or an estimate of the achievable sales price based on the item. The inventory provisions considers specific impairments and to estimate losses since the last physical store audit completed by the Internal Audit team.	Review of the application of the agreed methodology and supporting calculations. Consider the overall adequacy of the provisions based on historical performance and changes in the inventory balances.
IMPAIRMENT OF PERSONAL LOANS		
Personal loans are impaired based on the number of payments missed, based on the original loan agreement with the customer. Impairment is calculated using historical payment performance to estimate the value and timing of future payments for each level of customer arrears.	Point at which to impair a loan and whether historical performance provides a suitable method to project future cash flow.	Review analysis of the agreed methodology and supporting calculations for the IFRS 9 impairment. Consideration of the potential impact on future performance factors of a range of external factors including changing business mix for product type and channel. Reviewed the analysis in respect of the application of the IFRS 9 model.

REVIEWING THE ACTIVITY OF THE BUSINESS

The Directors present their Annual Report and the audited consolidated financial statements of H&T Group Plc and its subsidiaries (the Group) for the year ended 31 December 2023.

Principal Activities and Review of the Business

The main activities of the Group continue to be pawnbroking, gold purchasing, retail of new and pre-owned jewellery and watches, foreign currency and other related services operated through Harvey & Thompson Limited. The principal activity of the Company is that of a non-trading holding Company for H&T Group PLC.

A review of the Business and its future development (including the information that fulfils the relevant requirements of section 417 of the Companies Act 2006) is given in the Chair's Statement and Chief Executive's review on Pages 12-15.

Dividends

The Directors propose a final dividend of 10.5p (2022: 10.0p) per share subject to approval at the Annual General Meeting on 16 May 2023. This proposed dividend, in accordance with IAS 10 'Events after the balance sheet date', has not been provided for in the attached financial statements; further information has been provided in note 14.

During the year, the Company paid an interim dividend for the year ended 31 December 2023 of 6.5p per share (2022: 5.0p per share).

Capital Structure

Details of the authorised share capital are shown in note 27 to the consolidated financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. During the period the Group issued 137,450 new 5p ordinary shares (2022: 3,968,407).

The nominal issued share capital as at 31 December 2023 was £2,199,396.70 (31 December 2022: £2,192,524.20).

As at 4 March 2023, the Company has been notified of the following voting rights by major shareholders of the Company:

Total number of shares in issue:	43,987,934
Percentage of securities not in public hands	13.7%
Shareholder with >3% holding	**%**
Octopus Investments	11.67
Fidelity International	9.95
Close Brothers Asset Management	8.72
Hargreaves Lansdown, stockbrokers	5.07
Stichting Value Partners	4.86
Artemis Investment Management	4.37
Interactive Investor	4.13
Premier Miton Investors	3.16

Details of employee share schemes are set out in note 28. Under these share schemes, there are currently potentially an additional 143,298 shares that will be issued to current option holders at the call of the option holder. Under its Articles of Association, the Company has authority to allot under these share schemes, for cash, up to a maximum of 4,398,793 ordinary shares without being required to offer such securities to all shareholders in accordance with statutory pre-emption rights.

On any date, no option may be granted under any share option scheme or long-term incentive plan, if (as a result) the aggregate nominal value of ordinary shares issued or issuable pursuant to options granted during the previous ten years under any share option scheme would exceed 10% of the nominal value of the share capital of the Company in issue on that date. There were no other dilutive equity instruments in the Company in issue at 31 December 2023 or 31 December 2022.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation and requires certain Directors annually to retire by rotation. The Articles themselves may be amended by special resolution of the shareholders.

There are a number of agreements that take effect, alter, or terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and colleagues' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company, or any other Group Company, and its Directors or colleagues that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Directors and their interests

The Directors who served throughout the year and to the date of this report, except where otherwise stated, were as follows:

Executive

C D Gillespie
D E Giddy

Non-Executive

P D McNamara (resigned 31 March 2023)
J F Thornton
S R Walker
T M Wood
S Veitch (appointed 1 July 2023)
R Van Breda (appointed 1 July 2023)
L Guthrie (appointed 1 July 2023)
C Nunn (appointed 1 July 2023)

The notifiable beneficial interests of each of the Directors as at the year-end in the ordinary share capital of the Company are shown below:

Director	Type of share	At 1 January 2023	At 31 December 2023
C D Gillespie	Ordinary 5p shares	100,000	125,000
D E Giddy	Ordinary 5p shares	7,500	15,000
S Walker	Ordinary 5p shares	0	15,000
J F Thornton	Ordinary 5p shares	5,000	5,000

There have been no other changes in the interests of the current Directors between 31 December 2023 and the date of this report.

The Directors have no beneficial interest in the Approved or Unapproved Share Option Schemes operated by the Group.

At 31 December 2023, the market price of H & T Group plc's shares was 432p and the range during the year ended 31 December 2023 was 394p to 493p.

At 31 December 2022, the market price of H & T Group plc's shares was 480p and the range during the year ended 31 December 2022 was 276p to 506p

None of the Directors hold any interests in the shares of any other Company within the H & T Group plc.

At the forthcoming Annual General Meeting of the Company will effect a new policy which will require all Directors to offer themselves for annual election:

- To elect Christopher Gillespie as a Director of the Company, who is standing for re-election.
- To elect Diane Giddy as a Director of the Company, who is standing for re-election.
- To elect Simon Walker as a Director of the Company, who is standing for re-election.
- To elect Toni Wood as a Director of the Company, who is standing for re-election. To elect Lawrence Guthrie as a Director of the Company was appointed by the Board since the last Annual General Meeting.
- To elect Catherine Nunn as a Director of the Company was appointed by the Board since the last Annual General Meeting.
- To elect Robert van Breda as a Director of the Company was appointed by the Board since the last Annual General Meeting.
- To elect Sally Veitch as a Director of the Company was appointed by the Board since the last Annual General Meeting.

Directors' Indemnities

Under the Company's Articles of Association, any Director is entitled to be indemnified by the Company (to the extent permitted by law) against any liability incurred by them in defending proceedings which relate to any acts or omissions in their capacity as an officer of the Company. In addition, the Company maintains insurance for the benefit of the Directors in respect of such matters which it considers to be appropriate. These arrangements were in force throughout the whole of the current and preceding financial years.

Personnel

Details of the number of colleagues and related costs can be found in note 9 to the consolidated financial statements. All colleagues have contracts of employment with Harvey & Thompson Limited, the trading subsidiary in the Group.

Harvey & Thompson Limited maintains a policy of equality, diversity and inclusion and is committed to ensuring that all individuals are treated fairly, with respect and are valued.

Harvey & Thompson Limited is committed to providing a safe working environment for all colleagues through a combination of procedural and physical security measures. These measures are kept under review and updated as appropriate.

All colleagues are incentivised through different bonus schemes. The Executive Directors, together with key members of the management team, qualify for the Performance Share Plan (PSP). Further details on share option plans are provided in note 28 to the consolidated financial statements.

Employee Consultation

Consultation with colleagues or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all colleagues are aware of the financial and economic performance of their stores, regional areas and of the Group as a whole. This is achieved through formal and informal meetings, monthly information bulletins, employee surveys, four times per year through employee nominated forums.

Employment of the Disabled

It is the policy of the Group to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for the continuing employment of colleagues who have become disabled whilst in the Group's employment.

Health and Safety

The safety of our customers and colleagues is of paramount importance to the Group. All colleagues complete annual training, and a programme of annual Health and Safety Risk Assessments is in place.

Health and safety standards and benchmarks have also been established in the Business and compliance is monitored by the Board.

Political Contributions

No political contributions were made during the year (2022: £nil).

Going Concern

The Group has prepared the financial statements on a going concern basis.

The Group delivered profit before tax of £26.4m for the year ended 31 December 2023 (2022: £19.0m). The Group also increased its net assets to £177.4m (2022: £164.1m).

The Group has a net debt position of £31.6m at 31 December 2023 (2022: £2.8m) , utilising £33m (2022: £15m) of the total funding facility with Lloyds Bank plc which allows for maximum borrowings of £50m (2022: £35m), and £10m of the Allica term loan, all subject to the same financial covenants. The Group had cash on hand of £11.4m (2022: £12.2m).

This strong balance sheet position provides a high level of confidence that the Group will be able to repay all liabilities as they fall due during 2024 and into H1 2025 at least.

The Group met all the financial covenants covering the Group's lending facilities in 2023 and there is no evidence to suggest that they will not be met in 2024.

The Group has a strong asset base and the ability to generate cash quickly through the sale of jewellery stock for its intrinsic value or by restricting new pawnbroking lending.

The Board has approved a detailed budget for 2024. All forecasts and sensitivities indicate surplus cash generated from operations for the period reviewed after accounting for the Company's forecast levels of capital expenditure and other investment. In considering the going concern basis of preparation, longer-term forecasts are also prepared, with the financial forecasts revealing no inability to meet financial covenants or repay liabilities.

The Group's offering is principally that of secured lending against pledges. The Group's policies on pawn lending remain rigorous and prudent, such that the Group has limited exposure to loss in the event of customers not redeeming their pledges, due to the value of the pledge collateral held, principally being gold, watches and precious stones. The Group has no reason to believe that the value will not be maintained in the near future.

Based on the above considerations and after reviewing in detail 2024 and Q1 2025 forecasts, the Directors have formed the view that the Group has adequate resources to continue as a going concern for the next 12 months and has prepared the financial statements on this basis. Principal risks and uncertainties to the Group's business are discussed in more detail in the Strategic Report.

SUBSEQUENT EVENTS POST BALANCE SHEET DATE

Independent Auditor and Statement of Provision of Information to the Independent Auditor

PKF Littlejohn LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and

(2) the Director has taken all the steps that he/she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

CHRIS GILLESPIE
Chief Executive
12 March 2024

Registered and Head Office

H&T Group Plc
Times House
Throwley Way
Sutton
Surrey
SM1 4AF

DELIVERING UPON OUR BUSINESS STRATEGY

MEETING ATTENDANCE

Toni Wood	2(2)
Simon Walker	2(2)
Robert van Breda	2(2)
Catherine Nunn	2(2)
Sally Veitch	2(2)
Lawrence Guthrie	2(2)
James Thornton	4(4)
Chris Gillespie	4(4)

As Chair of the Committee, I am pleased to present the Remuneration committee report for the year ended 31 December 2023.

We recognise that the overriding objective of the Remuneration Policy is to align the interests of our Directors with the interests of shareholders, both in terms of reward and avoiding inappropriate risk-taking. The main objective of our Policy therefore is to encourage our Directors to deliver upon the business strategy that we have committed to our shareholders to achieve.

Chair's Introduction

On behalf of the Remuneration Committee (the Committee), I am pleased to present our Directors' Remuneration Report for 2023. I took over the role of Remuneration Committee Chair as of 1 August 2023 and would like to take this opportunity to thank the former Chair, James Thornton, for his substantial contributions whilst in the role. James remains a valued member of the Committee. I would also like to thank my fellow non-executive Committee members, Robert van Breda, Lawrence Guthrie and Catherine Nunn for their engagement and support.

During the financial year we have built upon business growth delivered in 2022 and laid the groundwork for 2024 and we consider it vital that there continues to be alignment between our growth trajectory and the Remuneration Policy. Whilst continuing to act with restraint in relation to remuneration, we believe both our Policy and Long-Term Incentive plans strike the right balance between realistic potential for achievement and stretch, driving the right decisions for the Business and supporting shareholder returns, whilst also providing motivational targets sufficient to retain members of the senior leadership team.

On 1 April 2023 Simon Walker was appointed as Group Chair, replacing Peter McNamara who had held the role for the preceding 14 years. I would like to thank Peter for his excellent stewardship over the years and for leading H&T on its current path to success.

The Remuneration Committee considered the appropriate level of compensation for Simon Walker, taking into account factors such as his role and responsibilities, the expected time commitment, including enhanced commitment to shareholder engagement, his extensive Board and non-executive experience and also the level of fees payable to Chairs of comparative firms.

In July of 2023, four new Non-Executive Directors: Robert van Breda, Lawrence Guthrie, Catherine Nunn and Sally Veitch, were appointed. Collectively they bring a wealth of non-executive experience and knowledge of diverse sectors, all of which will help to inform and determine H&T's strategy and their breadth of experience and the challenge to the Board they will bring is warmly welcomed by the Board.

We welcome feedback from our shareholders as their views inform our thinking on remuneration matters, in particular when considering the Remuneration Policy and its implementation. The Committee is committed to continue consulting with key shareholders and I welcome any questions at the AGM.

Remuneration Policy

We recognise that attracting people to the pawnbroking industry can be challenging and consequently we need to ensure our methods of attracting and retaining people are well thought-through. Creating an effective Remuneration Policy is crucial to this aim to attract the required expertise and calibre.

Our objectives in relation to overall remuneration packages are to provide competitive reward packages that reflect the achievement of both individual and Company performance. The Policy indicates target salaries to be set at the median level, based on benchmarking. For Executive Directors, bonus arrangements are based on the achievement of financial and non-financial measures set at the beginning of the financial year aligned to the key annual goals supporting the Group's strategy.

Achievement of all targets can result in upper quartile total cash and share rewards being achievable. Across the Company, this allows remuneration to be competitive and in line with market rates.

Fees paid to the Chairman and Non-Executive Directors are competitive and comparable with other Companies of equivalent size and complexity, so that the Company attracts Non-Executive Directors who have a broad range of experience and skills to oversee the implementation of the Company's strategy. Non-Executive Directors are entitled to receive reimbursement of appropriate expenses and colleague discount on Group products and services, but do not participate in any of the Group's benefit arrangements, including incentive schemes and pension.

Composition and Role

The Committee operates under an agreed Terms of Reference, which is reviewed annually, and is responsible for determining the remuneration and targets, where applicable, for the Chief Executive, the Chief Financial Officer, all other Executive Directors, the Chairman and such other members of executive management that it considers appropriate, agreeing the Remuneration Policy, advising the Nomination Committee as required, determining targets for performance-related pay schemes, pension arrangements, colleague benefit structures, and approval of expenses of the Chairman and the Chief Executive.

In exercising its role, the Remuneration Committee has regard to recommendations put forward in the QCA Remuneration Committee Guide and other statutory and regulatory guidance and requirements. The Committee meets on a planned basis at least twice during the year.

Factors taken into account when determining Directors' Remuneration Policy:

Executive Directors

REWARD TYPE	PURPOSE	COMMENT	MAXIMUM REWARD IN CATEGORY
BASE SALARY	To attract and retain experienced and skilled individuals.	Reviewed annually and approved by the Remuneration Committee. Independent benchmarking of roles takes place at least once every three years ensuring that salaries remain competitive and reflective of market conditions. Individual contributions are also reflected. No change to policy in the period under review.	No maximum limit is set.
BONUS	To attract and retain experienced and skilled individuals. To align reward with business performance.	Reviewed annually and approved by the Remuneration Committee, considering the total remuneration package available to Executive Directors in light of market practice for Companies of similar size and delivering similar performance.	Annual Bonus is subject to meeting certain performance criteria. The maximum bonus payable and the proportion paid for on-target performance, are set by the Remuneration Committee in advance of each financial year.
LONG-TERM INCENTIVES	To attract and retain experienced and skilled individuals. To align reward with medium-term delivery of strategy.	Reviewed annually and approved by the Remuneration Committee, following consultation with shareholders. Periodic review by specialist consultants on Long Term Incentives is undertaken.	In each of 2021, 2022 and 2023 the Board established a long-term incentive plan based on the performance of the Business over a three-year period. A maximum 100% allocation per role is applied with potential to transfer bonus to LTIP with RemCo approval.
BENEFITS	To support competitive remuneration packages to attract and retain talent.	Benefits include car allowance, private medical insurance, life insurance	No maximum limit is set, as the cost of providing these benefits fluctuate over time.
PENSION	To ensure that pension contributions are aligned.	Executive Directors can elect to participate in the Company Defined Contribution Scheme or to take cash in lieu of this contribution.	The pension contribution rate of Executive Directors is aligned to the scheme available to management which is 10% contribution matched by the Company within a Defined Contribution Scheme.

Discretion Exercised by the Committee

During the period, the Committee has exercised its discretion as to the form of bonus granted for the Chief Executive and Chief Financial Officer to be a cash reward commuted to shares with a minimum holding term. It also exercised its discretion to affect the inclusion of the Chief Financial Officer into an earlier LTIP scheme, reflecting her involvement in achieving success for the Business during that period.

Approach to Recruitment Remuneration

The Committee will set a new Executive Directors' remuneration package in line with the Company's approved Policy at the time of appointment. In arriving at a total package and in considering the quantum for each element of that package, the Committee will take into account the skills and experience of the candidate, the market rate for the candidate, as well as the importance of securing the best available candidate. Annual bonus and LTIP awards will not exceed the policy maximum. Participation in the annual bonus plan will be pro-rated for the year of joining. Other payments may be made in relation to relocation expenses and other incidental expenses as appropriate.

Service Agreements and Letters of Appointment

Each of the Executive Directors has a fixed-term service contract. Their contracts are terminable by the Company on giving one year's notice and by the individual on giving six or twelve months' notice. Apart from their service contracts, no Director has had any material interest in any contract with the Company or its subsidiaries. The Executive Directors' service contracts do not contain fixed-term periods. The service contracts contain provision for early renewals of term anticipated within their terms of our contract with them and termination in the event of various scenarios and contain typical restrictive covenants.

Letters of Appointment for the Chairman and Non-Executive Directors have an initial fixed term period of three years subject to satisfactory performance and re-election at Annual General Meetings. From 2024, all Directors will be expected to stand for re-election annually at the Annual General Meeting.

Approach to Payments for Loss of Office

The Company has reserved the right to make a payment in lieu of notice on termination of an Executive Director's contract equal to their base salary and contractual benefits (excluding performance-related pay). In normal circumstances, Executive Directors have no entitlement to compensation in respect of loss of performance bonuses and all share awards would lapse following resignation. However, under certain circumstances (e.g. 'good leaver' or change in control), and solely at the Committee's discretion, annual bonus payments and all share awards, may be made and would ordinarily be calculated up to the date of termination only, based on performance.

Shareholding Guidelines

There are no minimum or maximum limits for Directors' shareholdings or retention rules post termination. The Group encourages Executive Director shareholding and also all its colleagues to own shares in the Company and thereby have a direct interest in the long-term performance of the Business.

Aggregate Directors' Remuneration

The total amounts for Directors' remuneration were as follows:

	2023 £	2022 £
Emoluments	1,296,120	1,166,268
Gain on exercise of share options	–	–
Money purchase pension contributions	24,533	23,063
	1,320,653	1,189,331

Directors' Emoluments and Compensation

Name of Director	Fees/Basic salary £	2023 Comp Payment £	Benefits in kind £	Annual bonuses £	2023 Total £	2022 Total £
Executive						
C D Gillespie (note 1)	372,304		12,107	190,383	574,794	561,268
D Giddy (note 1)	245,655		10,712	116,072	372,439	264,900
Non-Executive						
P D McNamara	21,479	28,639	–	–	50,118	80,661
J F Thornton	61,530	–	–	–	61,530	47,204
S R Walker (note 2)	79,586	–	–	–	79,586	13,475
T M Wood (note 3)	50,426	–	–	–	50,426	34,024
S Vietch	27,640	–	–	–	27,640	–
R Van Breda	26,807	–	–	–	26,807	–
L Guthrie	25,140	–	–	–	25,140	–
C Nunn	27,640	–	–	–	27,640	–
Aggregate emoluments	938,207	28,639	22,819	306,455	1,296,120	1,001,532

Notes:

1. The bonus opportunity in 2023 was based on the achievement of a combination of key financial performance objectives and shared personal objectives. The Remuneration Committee reviewed both the financial performance element (up to 60%) and the personal objectives element (up to 40%) to determine the overall award for the 2023 Senior Executive bonus plan. After considering the business performance of the pawnbroking book, the level of profit before tax and the delivery of the shared personal objectives, and additional key strategic actions, the Committee determined that 37.5% access to the shared personal objectives element of the bonus had been achieved and 50% of the financial performance element. Taking both elements of the bonus plan together an overall award of 45% of the potential opportunity was made.
2. S Walker joined H&T Group Plc on 15 September 2022. Amounts paid in 2022 relate to the months of service.
3. T Wood joined H&T Group Plc on 12 May 2022. Amounts paid in 2022 relate to the months of service.

Directors' Bonus Schemes

The Remuneration Committee considers the total remuneration package available to Executive Directors in light of market practice for Companies of a similar size and delivering a similar shareholder performance. As part of their total package, Executive Directors are entitled to receive an annual bonus, subject to meeting certain performance conditions. These performance conditions, the maximum bonus payable and the proportion paid for on-target performance are set by the Remuneration Committee in advance of each financial year.

Directors' Bonus and Shared Objectives

The Directors' bonus scheme incorporates shared objectives that reward both financial targets as well as targeted non-financial performance. For 2023, such non-financial objectives have included: embedding ESG considerations into day-to-day operations, including supporting the financial wellbeing of our customers and enhancing our circular economy as key metrics; plus the effective implementation of the FCA's Consumer Duty standard.

Directors' Pension Entitlements

One Director (2021: two Directors) is a member of the money defined contribution purchase scheme during the year. Contributions paid during the year by the Group in respect of the Directors were as follows:

	2023 £	2022 £
D Giddy	24,566	26,063
	24,566	26,063

Advice provided to the Remuneration Committee

During the year, the Committee has sought advice regarding bonus and salary benchmarking.

Long-Term Incentive Plan

The long-term incentive plan for Executives is designed to reward execution of strategy and growth in shareholder value over a three-year period. The LTIP granted during 2023 was based on similar criteria those applied granted in each of 2021 and 2022. Performance shares were granted to 20 senior colleagues equivalent to between 25% and 125% of base salary. The awards do not accumulate dividends.

In each of the years 2020, 2021 and 2022 the Board established a long-term incentive plan based on the performance of the Business over a three-year period and provided for a payment in shares at the end of the periods. Performance conditions of the 2018 and 2019 schemes were not achieved and no shares will be granted under these schemes. For the 2020 scheme, only the Total Shareholder Return target has been achieved, and as such 50% of the awards will be granted under this scheme.

Performance condition	Weighting	Vesting criteria
Total shareholder return (TSR) – combination of share price and dividends payable over the performance period. Starting share price is taken as the average of 90 days prior to year-end.	50%	38% straight-line growth in TSR results in 30% payout ratio of the pool. 50% straight-line growth results in 100% payout ratio of the pool. If the growth rate falls between the thresholds above, the proportion of shares that vest will be determined on a straight-line basis.
Earnings per share (EPS) – growth as calculated from the Annual Report in 2022 to that published in 2025.	50%	106% straight-line growth in EPS results in 30% payout ratio of the pool. 136% straight-line growth results in 100% payout ratio of the pool. If the growth rate falls between the thresholds above, the proportion of shares that vest will be determined on a straight-line basis.

Executive Directors	Date of grant	Exercise price	Performance end date	Vesting date	At 1 January 2023 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	At 31 December 2023 Number
C Gillespie	14/05/2021	0	31/12/2023	14/05/2024	150,485				150,485
	12/05/2022	0	31/12/2024	12/05/2025	112,657				112,657
	15/05/2023	0	31/12/2025	15/05/2026		93,816			93,816
D Giddy	14/05/2021	0	31/12/2023	14/05/2024		66,262			66,262
	12/05/2022	0	31/12/2024	12/05/2025	81,767				81,767
	15/05/2023	0	15/05/2025	15/05/2026		68,092			68,092
					344,909	228,170	0	0	573,079

Payments for Loss of Office

We made no payments with regards loss of office during the year.

Statement of Directors' Shares and Share Interests

The notifiable beneficial interests of each of the Directors as at the year-end in the ordinary share capital of the Company are shown below:

Director	Type of Share	Ordinary 5p Shares	Absolute Change	Shares at 31/12/2023	Shares at 31/12/2022
Directors	Directors	160,000	47,500	160,000	129,851
Christopher Gillespie		125,000	25,000	125,000	100,000
Simon Walker		15,000	15,000	15,000	0
Diane Giddy		15,000	7,500	15,000	7,500
James Thornton		5,000	0	5,000	5,000

There have been no other changes in the interests of the current Directors between 31 December 2023 and the date of this report.

The Directors have no beneficial interest in the Share Option Schemes operated by the Group other than those noted above.

At 31 December 2023, the market price of H&T Group plc's shares was 432p and the range during the year ended 31 December 2023 was 394p to 493p.

At 31 December 2022 the market price of H&T Group plc's shares was 480p and the range during the year ended 31 December 2022 was 276p to 506p.

None of the Directors hold any interests in the shares of any other Company within the Group.

At the forthcoming AGM all Directors will be offering themselves for re-election.

We intend to put the proposed Directors' Remuneration to an advisory vote by shareholders at the Annual General Meeting.

If you have any comments or queries on anything related within this Remuneration report, I will be available at the Annual General Meeting.

Toni Wood
Chair of the Remuneration Committee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REPORTING RESPONSIBLY

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under Company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company, to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibilities Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This Responsibilities Statement was approved by the Board of Directors on 12 March 2024 and is signed on its behalf by:

C D Gillespie
Chief Executive
12 March 2024

Opinion

We have audited the financial statements of H&T Group Plc (the Parent Company) and its subsidiaries (the Group) for the year ended 31 December 2023 which comprise the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Balance Sheet, the Group Cash Flow Statement, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and notes to the Group and Parent Company financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's assessment of going concern and disclosures within the financial statements;
- Reviewing management's assessment of the impact of uncertain economic outlook on forecast revenue and expected credit losses;
- Assessing management's forecasting abilities by comparing the current-year performance against the prior-year forecasts;
- Determining if all relevant information has been included in the assessment of going concern including completeness of forecast expenditure;
- Analysing forecasts and budgets, reviewing the underlying key assumptions and inputs in relation to revenue and expenditure and checking mathematical accuracy of management's going concern model;
- Reviewing the reasonableness of the management's forecast scenarios (major shift in the value of gold and a sudden increase in pawnbroking lending, that results in a significantly higher book value) against the financial resources available; and
- Evaluating the cash position and available borrowing facilities at and after the year-end to assess the Group's liquidity position.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our Application of Materiality

Materiality measure	Amount	Key considerations and benchmarks
Group financial statements – 0.74% of net assets (2022: 1% of loan book).	**£1,314,000** (2022: £1,014,000)	In determining our materiality benchmark, we considered the performance indicators most applicable to the users of the financial statements, the nature of the Business, comparative audit reports for other listed entities and other consumer credit businesses. The users of the financial statements are likely to be interested in the net asset position of the Group, among other key performance indicators. We therefore consider the net assets value to represent an appropriate benchmark on which to base the materiality calculation.
Parent Company financial statements – 2% (2022: 1%) of net assets – capped.	**£699,000** (2022: £596,000)	The Parent Company acts as a holding Company, as such the value of investments and the net asset value of the balance sheet are of key interest to users of the financial statements. The net asset value has been used as the benchmark to determine materiality.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce the risk that the aggregated uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole to an acceptably low level. Performance materiality was set at £985,500 (2022: £760,500) and £524,250 (2022: £447,000) for the Group and Parent Company, respectively, being 75% (2022: 75%) of materiality for the financial statements as a whole. The percentage parameter applied to materiality to derive performance materiality has been maintained at 75% due to there being no audit adjustments identified in the previous year. The performance materiality threshold was considered to be appropriate to provide coverage of significant and residual risks to the classes of transactions and account balances within the financial statements representing risk areas and those that require management judgements and estimates including measurement of expected credit losses, valuation of the pledge interest accrual, calculation of stock provisions, the incremental borrowing rate in the lease liability calculation under International Financial Reporting Standard 16 Leases (IFRS 16), and measurement of fair values of the identifiable intangible assets acquired.

We applied the concept of materiality both in planning and performing our audit, and in evaluating the impact of misstatements.

We have agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £65,700 (2022: £60,700) and £34,950 (2022: £29,800) for the Group and Parent Company, respectively, as well as differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Our Approach to the Audit

Our audit approach was developed by obtaining an understanding of the Group's and Parent Company's activities and the overall control environment. Based on this understanding we assessed those aspects of the Group's and Parent Company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. We looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We identified what we considered to be key audit matters in the next section and planned our audit approach accordingly.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of the pledge interest accrual (Note 20)	
The pledge interest accrual amounted to £32.6 million (2022: £25.5 million) at 31 December 2023. During the year, the approach to calculating the interest accrual changed to a more refined calculation using the loans outstanding at the balance sheet date and the interest due on those loans. Under IFRS 9 *Financial Instruments* (IFRS 9), interest receivable must be calculated using the effective interest method, which requires calculation of the effective interest rate. Therefore, it is expected that the pledge interest accrual is dependent on management's estimate of the expected level and timing of redemptions which will impact the expected cash flows. Given the magnitude of the account balance and the degree of management estimation involved, the pledge interest accrual is considered to be a key audit matter.	Our work in this area included: • Documenting our understanding of the internal control environment and key controls around the interest accrual process and undertaking a walk-through to ensure that the key controls in place have been designed and implemented effectively in the period under audit; • Testing the key assumptions and inputs into management's calculations of the effective interest rate, specifically which fees are included or excluded and the expected cashflows used; • Recalculating the expected interest accrual for a sample of pledge loans, based on the issuance date and amount and the effective interest rate; • Validating that the interest income recognition from pawnbroking loans is in line with IFRS 9; and • Undertaking a review of the disclosures in the financial statements against the requirements of the applicable financial reporting framework. **Key observation** We identified a difference between the effective interest rate and the rate used by management in calculating the pledge interest accrual. The impact on the pledge interest accrual was not material.
Valuation of the pledge loans – impairments (Notes 20 and 26)	
The pledge book impairment balance amounted to £5.400 million (2022: £11.995 million) as at 31 December 2023. During the year, management implemented a refined financial model to determine the impairment provision balance. This model involves determining the probability of default (PD) and loss given default (LGD), including amounts recoverable from forfeited pledges, which are then applied to the pledge book balance to determine the expected credit losses. The methodology has changed from prior periods to align more closely to the information now available to management. Given the aforementioned, management are also required to consider forward-looking information which may impact the expected credit losses (e.g., inflation, GDP, and unemployment rates). Historically, management deemed that there was no material impact from macroeconomic factors on the level of expected credit losses and therefore no additional overlay was previously applied by management. Given the quantum of the impairment balances and the significant management estimation involved, the pledge loan impairments is considered to be a key audit matter.	Our work in this area included: • Documenting our understanding of the internal control environment and key controls around the impairment process, and undertake a walk-through to ensure that the key controls in place have been designed and implemented effectively in the period under audit; • Reviewing the methodology (including the changes and refinements to the methodology and assessing whether this constitutes a change in accounting policy) and assessing whether the new methodology is in line with the IFRS 9; • Reperforming stage allocation to ensure that loans are correctly staged; • Reviewing and challenging management's assessment of the impact of forward-looking information to the expected credit losses and validating it is in line with IFRS 9; • Testing the completeness of data flowing to the expected credit losses calculations from the data warehouse and into the pledge-impairment expected credit loss model; • Reviewing the disclosures in the financial statements; and • Performing stand back procedures and identifying if any inconsistencies, unusual transactions or events exist.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company; or
- returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from consumer credit, money laundering, taxation, the Financial Conduct Authority rules and guidance, London Stock Exchange AIM Rules for Companies and the Companies Act 2006.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
  - Reviewing the financial statement disclosures and agreeing them to supporting documentation to assess compliance with relevant laws and regulations discussed above;
  - Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing Regulatory News Service announcements and correspondence with HM Revenue and Customs and the Financial Conduct Authority and;
  - Reviewing legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations; and
  - Reviewing the compliance reports and customer complaints log to understand the nature of any compliance matters and the existence of any non-compliance with laws and regulations.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that a potential management bias was identified in relation to the following areas:
  - Valuation of the pledge interest accrual;
  - Measurement of expected credit losses;
  - The incremental borrowing rate use to discount lease premiums under IFRS 16;
  - Valuation of stock provisions; and
  - Fair values of the identifiable intangible assets.

We addressed the risk of bias by challenging the key assumptions and judgements made by management in each of the above-noted areas.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: testing of journals; testing of operative effectiveness of internal controls; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- In our audit procedures we have considered matters of non-compliance with laws and regulations, including fraud at the Group and component levels. We have performed audit procedures on all material components within the Group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

12 March 2024

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Continuing operations:			
Revenue	5,6	**220,775**	173,941
Cost of sales		**(93,539)**	(72,025)
Gross profit	6	**127,236**	101,916
Other direct expenses		**(73,521)**	(59,535)
Administrative expenses		**(24,204)**	(21,828)
Operating profit		**29,511**	20,553
Investment revenues	5,10	**82**	–
Finance costs	11	**(3,233)**	(1,548)
Profit before taxation	7	**26,360**	19,005
Tax charge on profit	12	**(5,277)**	(4,093)
Profit for the financial year and total comprehensive income		**21,083**	14,912

	Note	2023 Pence	2022 Pence
Earnings per share from continuing operations			
Basic	13	**48.74**	37.16
Diluted	13	**48.49**	37.15

All profit for the year is attributable to equity shareholders.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022		1,993	33,486	(35)	101,174	136,618
Profit for the year		–	–	–	14,912	14,912
Total comprehensive income		–	–	–	14,912	14,912
Accumulated dividends waived by the EBT		–	–	–	569	569
Issue of share capital	27	200	15,937	–	–	16,137
Share option movement	28	–	–	1	974	975
Dividends paid	14	–	–	–	(5,092)	(5,092)
At 31 December 2022		2,193	49,423	(34)	112,537	164,119
At 1 January 2023		**2,193**	**49,423**	**(34)**	**112,537**	**164,119**
Profit for the year		**–**	**–**	**–**	**21,083**	**21,083**
Total comprehensive income		**–**	**–**	**–**	**21,083**	**21,083**
Issue of share capital to satisfy equity settled share-based payments	27	**6**	**300**	**–**	**(306)**	**–**
Share option movement	24,28	**–**	**–**	**3**	**(679)**	**(676)**
Dividends	14	**–**	**–**	**–**	**(7,156)**	**(7,156)**
At 31 December 2023		**2,199**	**49,723**	**(31)**	**125,479**	**177,370**

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Goodwill	15	**21,851**	20,969
Other intangible assets	16	**7,618**	6,368
Property, plant and equipment	17	**15,686**	13,045
Right-of-use assets	17	**19,581**	18,991
Deferred tax assets	24	**–**	251
		64,736	59,624
Current assets			
Inventories	19	**40,711**	35,469
Trade and other receivables	20	**135,271**	104,046
Cash and bank balances	21	**11,387**	12,229
		187,369	151,744
Total assets		**252,105**	211,368
Current liabilities			
Trade and other payables	22	**(7,955)**	(9,097)
Lease liabilities	22	**(3,965)**	(3,743)
Current tax liability		**(858)**	(937)
		(12,778)	(13,777)
Net current assets		**174,591**	137,967
Non-current liabilities			
Borrowings	23	**(43,000)**	(15,000)
Lease liabilities	22	**(18,002)**	(16,326)
Deferred tax liabilities	24	**(508)**	–
Long-term provisions	25	**(447)**	(2,146)
		(61,957)	(33,472)
Total liabilities		**(74,735)**	(47,249)
Net assets		**177,370**	164,119

	Note	2023 £'000	2022 £'000
Equity			
Share capital	27	**2,199**	2,193
Share premium account		**49,723**	49,423
Employee Benefit Trust shares reserve		**(31)**	(34)
Retained earnings		**125,479**	112,537
Total equity attributable to equity holders		**177,370**	164,119

The financial statements on Pages 80-82 of H&T Group plc, registered number 05188117, were approved by the Board of Directors and authorised for issue on 12 March 2024.

The Group balance sheet should be read in conjunction with the accompanying Notes.

They were signed on its behalf by:

C D Gillespie
Chief Executive

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Net cash utilised from operating activities	29	**(3,387)**	(13,246)
Investing activities			
Interest received		**82**	–
Proceeds on disposal of right-of-use assets		**–**	56
Purchases of intangible assets	16	**(1,554)**	(2,808)
Purchases of property, plant and equipment	17	**(7,045)**	(4,582)
Acquisition of subsidiary	30	**–**	(3,759)
Acquisition of trade and assets of businesses	30	**(3,155)**	(372)
Acquisition of right-of-use assets		**(6,303)**	(6,676)
Net cash used in investing activities		**(17,975)**	(18,141)
Financing activities			
Dividends paid	14	**(7,156)**	(5,092)
Increase in borrowings	23	**28,000**	15,000
Debt restructuring costs		**(355)**	(101)
Proceeds on issue of shares (net of costs)	27	**–**	16,137
Employee Benefit Trust		**31**	34
Net cash used in financing activities		**20,520**	25,978
Net decrease in cash and cash equivalents		**(842)**	(5,409)
Cash and cash equivalents at beginning of the year		**12,229**	17,638
Cash and cash equivalents at end of the year		**11,387**	12,229

1. GENERAL INFORMATION

H&T Group plc is a Company incorporated in England & Wales under the Companies Act.

The Company is a public Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on Page 113.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in Note 6 and in the Chair's Report, the Chief Executive's Review, the Chief Financial Officer's Review and the Directors' Report.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

2. CHANGES IN ACCOUNTING POLICIES

There have been no significant changes within the International Financial Reporting Standards (IFRS) framework which impact upon the Company and its subsidiaries within the next financial reporting year.

New and revised IFRSs in issue but not yet effective
The following standards and amendments are not yet effective and have not yet been applied. The Directors do not expect that the adoption of the Standards issued will have a material impact on the financial statements of the Group in future periods.

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2024)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective date 1 January 2024)
- Amendments to IFRS 16 Leases: Lease liability in Sale and Leaseback (effective date 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with covenants (effective date 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective date 1 January 2024)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability (effective date TBC)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with UK-adopted International Accounting Standards in accordance with the requirements of the Companies Act 2006 and therefore the Group financial statements comply with the requirements of the AIM Rules.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Audit exemption of subsidiary
Swiss Time Services Limited, registered number 03143852, is exempt from the requirements of the UK Companies Act relating to audit of individual accounts by virtue of s479A of the Act. The outstanding liabilities at 31 December 2023 have been guaranteed by the Company pursuant to s479A to s479C of the Act.

Going concern
The Directors have, at the time of approving the financial statements and the Group's available cash resources, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Intangible assets – Goodwill
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised, at date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Intangible assets – Other than Goodwill
Intangible assets with a finite useful life are carried at cost less amortisation less impairment losses. Intangible assets represent intangibles which have been separately identified under IFRS 3 arising in business combinations, being customer relationships (which include customer accreditations where applicable), brands or assets that meet the recognition criteria of IAS 38 Intangible Assets, being principally computer software assets. Customer relationships and brands acquired in a business combination are recognised at fair value at the acquisition date.

Amortisation of intangible assets acquired in a business combination is calculated using the expected life of the intangible assets acquired.

Amortisation of other intangible assets (computer software) is calculated using the straight-line method to allocate the cost of the asset less its assessed realisable value over its estimated useful life (six to fifteen years).

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes and estimates being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between net disposal proceeds and the carrying amount of the asset, are recognised in the Group statement of comprehensive income when the asset is derecognised.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation
Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life as follows:

Leasehold premises	
– Leasehold improvements	Shorter of 10 years or life of lease
Computer equipment	
– Computer hardware	3 to 5 years
Fixtures and fittings	5 to 10 years
Motor vehicles	4 years
Right-of-use assets	Life of the lease

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Fixtures and fittings include specialised equipment for jewellery and watch repairs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identifier asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability initially is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

As a lessee continued
The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Impairment of non-financial assets including goodwill and other intangibles
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGUs) fair value and its value-in-use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 11.1% (2022: 10.4%) which reflects the current market assessments of the time-value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market conditions are taken into account.

The Group bases its impairment calculation on detailed budgets and historical performance measures. These are prepared separately for each of the Group's CGUs to which the individual assets are allocated, which are usually taken to be at store level.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

While the impairment review has been conducted based on the best available estimates at the impairment review dates, the Group notes that actual events may vary from management expectation but is comfortable that other than a right-of-use-asset (property lease) reversal of impairment charge of £0.1m (2022: 0.3m), no further impairment exists at the balance sheet date based on reasonably possible sensitivities.

Inventories
Inventories are stated at the lower of cost and net realisable value. For inventory acquired for retail sale the cost represents the purchase price plus overheads directly related to bringing inventory to its present location and condition and is measured on a first-in first-out basis. For inventory arising from unredeemed pledges the cost represents the value of the pledge loan plus overheads. The net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Relative to these measures, the Group considers the value of inventory to be conservatively stated.

Where necessary provision is made for obsolete, slow-moving, and damaged goods or inventory shrinkage. The provision for obsolete, slow moving, and damaged inventory represents the difference between the cost of the inventory and its net realisable value. The inventory shrinkage provision is based on an estimate of the inventory missing at the reporting date using historical shrinkage experience.

Financial assets
All financial assets are recognised and derecognised on a trade date basis.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

In accordance with IFRS 9 Financial Instruments the Group has classified its financial assets as 'amortised cost'; no financial assets have been classified as FVTOCI or FVTPL at the reporting date for 2023 and 2022.

Amortised cost and effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. Interest income is recognised in profit or loss and is included in the 'finance income – interest income' line item (Note 26).

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial assets continued

Classification of financial assets continued

Any loans that may be subject to voluntary or mandatory forbearance are reviewed in relation to an increased credit risk by considering:

- whether the forbearance arrangement might lead to a change in cashflows, which are considered substantial modification of the loan; or
- whether the forbearance arrangement indicates that there has been a significant increase in credit risk (SICR) and as such expected credit losses are required to be recognised over the lifetime of the loan.

Financial assets at fair value through profit or loss

Only the Group's derivative financial instruments, of which there are none outstanding at the year-end, are recorded as financial assets at fair value through profit or loss (FVTPL). Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Foreign exchange gains and losses

The presentational currency of the Group is Sterling. Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the Group statement of comprehensive income.

The Group may decide to hedge its exposure to certain foreign exchange risks by entering into derivative financial instruments contracts, mainly forward contracts.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in financial assets that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Due to the short-term nature of pledge loans, which are typically six-month contracts, ECL is always recognised on a lifetime basis. As a consequence a review of any significant increase in credit risk is not undertaken.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. The Group has considered the likely impact of high inflation and rising interest rates on repayments. See Note 26 for more details.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL as default is a component of the probability of default (PD) which affects the measurement of ECL.

The Group considers the following as constituting an event of default unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate:

- the borrower is past due on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The Group has further considered the likely impact of high inflation, movements in the gold price, GDP, unemployment and rising interest rates on defaults.

(iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss-given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss-given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. Pawnbroking loans in the course of realisation continue to be recognised as trade receivables until the pledged item is moved to inventory.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL).

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities at FVTPL
Only the Group's derivative financial instruments, of which there are none outstanding at the year-end, are recorded as financial liabilities at FVTPL, with any gains or losses arising on changes in fair value recognised in profit or loss.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Group statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

VAT
The Group is partially exempt for VAT and operates a number of VAT schemes including the Margin Scheme and the Gold Scheme. The Group takes advantage of the simpler approach offered by global accounting under the Margin Scheme. Within the financial statements sales are disclosed net of VAT payable, other direct expenses and administrative expenses include the cost of irrecoverable input VAT.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions

A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date and are discounted to present value where the effect of the time-value of money is material.

Most of the leases include end-of-lease rectification clauses which impose certain requirements on the Group to complete repairs and maintenance, or redecoration activities if required. The Group provides for both rectification costs and repairs and maintenance obligations. Rectification costs are provided for on signing the lease and repairs are provided as management becomes aware of any significant amounts that will be required.

Share capital and share premium account

There is one class of shares. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium account.

Incremental external costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, to the share premium account.

Employee Benefit Trust

An Employee Benefit Trust (EBT) was established in October 2008. The EBT has been set up to hold shares in the Company. These shares, once purchased, are held in trust by the Trustee of the EBT, Fiduchi Limited, for the benefit of the colleagues. The EBT is accounted for within the Company accounts. The net cost of the shares held by the EBT are shown as a deduction from shareholders' funds.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services and interest income provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

The following specific recognition criteria must also be met before the Group recognises revenue from the following major sources:

- pawnbroking, or Pawn Service Charge (PSC);
- retail jewellery sales;
- pawnbroking scrap and gold purchasing;
- personal loans interest income;
- foreign exchange income; and
- income from other services.

Pawnbroking, or Pawn Service Charge (PSC)

PSC comprises contractual interest earned on pledge loans, plus auction profit or loss, less any auction commissions payable and less surplus payable to the customer. Revenue is recognised over time in relation to the interest accrued by reference to the principal outstanding and the effective interest rate applicable as governed by IFRS 9.

Retail jewellery sales

Jewellery inventory is sourced from unredeemed pawn loans, newly purchased items and inventory refurbished from the Group's gold purchasing operation. For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset, and a corresponding adjustment to cost of sales.

The Group uses its accumulated historical experience to estimate the number of returns. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent and immaterial level of returns over previous years; as a proportion of sales 2023 returns were 7.3% (2022: 6.5%)

Pawnbroking scrap and gold purchasing

Scrap revenue comprises proceeds from gold scrap sales, jewellery items and watches. Revenue is recognised when control of the goods has transferred, being at the point the smelter purchases the relevant metals or the items are sold or auctioned.

Personal loans interest income

This comprises income from the Group's unsecured lending activities which ceased in April 2022

Foreign exchange

The foreign exchange currency service where the Group earns a margin when selling or buying foreign currencies.

Other services

Other services comprise revenues from third-party cheque-cashing, money transfer income, watch repairs and other income. Commission receivable on cheque-cashing, and other income is recognised at the time of the transaction as this is when control of the goods has transferred. Repair income is recognised when the repair has been completed.

The Group recognises interest income arising on secured and unsecured lending within trading revenue rather than investment revenue on the basis that this represents most accurately the business activities of the Group.

Gross profit

Gross profit is stated after charging inventory, pledge and other services' provisions and direct costs of inventory items sold or scrapped in the year, before loan and pawnbroking impairments.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Other direct expenses

Other direct expenses comprise all expenses associated with the operation of the various shops and collection centre of the Group, including premises expenses, such as rent, rates, utilities and insurance, all colleague costs and colleague-related costs for the relevant colleagues. It also includes a charge for interest earned on pawnbroking loans that ultimately forfeit, and the movement in the IFRS 9 provision.

Operating profit

Operating profit is stated before investment income and finance costs.

EBITDA

EBITDA is a non-IFRS 9 measure defined as earnings before interest, taxation, depreciation and amortisation. It is calculated by adding back depreciation and amortisation to the operating profit as follows:

	2023 £'000	2022 £'000
Operating profit	29,511	20,553
(i) Depreciation of the right-of-use assets	5,769	5,303
(ii) Depreciation & Amortisation	3,418	4,009
(iii) Impairment of the right-of-use-assets	(57)	(255)
EBITDA	38,641	29,610

The Board considers EBITDA to be a key performance measure as the Group's borrowing facilities include a number of loan covenants based on EBITDA.

Retirement benefit costs

The Group operates a defined contribution pension scheme which is contracted into the state scheme. The amount charged to the Group statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The total defined contribution expenses recognised in profit and loss for 2023 is £927,000 (2022: £811,000).

Share-based payments

The Group issues equity-settled share-based payments to certain colleagues (including Directors). These payments are measured at fair value at the date of grant. This fair-value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of any non-market-based vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A corresponding credit is recorded in equity.

No cost is recognised for awards that do not ultimately vest.

Dividends

Dividends are provided for in the period in which they become a binding liability on the Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Pawnbroking impairment

The Group recognises interest on pawnbroking loans as disclosed in the Group's accounting policies section set out in Note 3. Pawnbroking or Pawn Service Charge (PSC), is determined in accordance with the IFRS 9 expected credit loss model. As at 31 December 2023, the pawnbroking loss allowance is £5,834,000 (2022: £12,719,000).

In calculating lifetime expected losses on pledge balances, the probability of default is dependent on the estimate that the Group makes of the expected level and timelines of redeemed and forfeit pawn loans. The Group estimates these timelines based on historical redemption data assumptions and expectations of future market conditions.

The expected credit loss takes into account management's assessment of the realisation value of an unredeemed pledge item. This assessment considers the proportion of collateral that will be scrapped through a bullion dealer and the proportion that is expected to be retailed through stores and online. It also estimates the realisable value of the pledge collateral.

There is a risk that the actual redemption rate may vary significantly from the historical rate used to estimate the pledge interest accrual at the balance sheet date. There is also the risk that the realisation value of the pledge collateral will vary significantly from management estimates.

The Directors assess the pledge redemption profile estimate made at the prior balance sheet date annually to determine if the actual redemption profile differs significantly to the previous estimate. For 2023 the redemption rates have remained stable. The sensitivity of the pledge accrual to reasonable changes in the redemption rate is set out in Note 26.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Key sources of estimation uncertainty continued

Inventory stock provisions

Where necessary provision is made for obsolete, slow moving, damaged goods or inventory shrinkage. The provision for obsolete, slow moving, and damaged inventory represents the difference between the cost of the inventory and its net realisable value. The inventory shrinkage provision is based on an estimate of the inventory missing at the reporting date using historical shrinkage experience.

Accounting for business combinations and valuation of acquired intangibles

Business combinations are accounted for at fair value. The valuation of goodwill and acquired intangibles is calculated separately on each individual acquisition. In attributing value to intangible assets arising on acquisition, management has made certain assumptions in relation to the expected growth rates, length of customer relationships and the appropriate weighted average cost of capital (WACC) and internal rate of return (IRR).

The value attributable to the intangible assets acquired on acquisitions also impacts the deferred tax provision relating to these items.

The total carrying value of acquired intangibles (including brands) for 2023 is £1,456,000 (2022: £4,093,000) as included in Note 30. The key assumptions made in calculating the values disclosed in the financial statements include a long-term growth rate of 5%, a WACC of 11.1%, length of customer relationships of 20 years and length of brand 15 years.

The length of customer relationships is estimated by considering the length of time the acquiree has had its significant client relationships up to the date of acquisition and historic customer attrition rates.

The Directors consider the resulting valuations used give a reasonable approximation to the value of intangibles acquired and that any reasonable possible change in any one of the estimations in isolation would not have a material impact on the financial statements.

Impairment of property, plant and equipment, goodwill and intangibles and right-of-use-assets

Determining whether categories of assets are impaired requires an estimation of the value-in-use of the CGU to which the assets have been allocated.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 11.1% (2022: 10.4%) which reflects the current market assessments of the time-value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market conditions, including high inflation and rising interest rates are considered.

The Group bases its impairment calculation on detailed budgets and historical performance measures as an indicator of future performance. These reviews are usually carried out annually and prepared separately for each of the Group's CGUs, which is usually taken to be at store-level.

While the impairment review has been conducted based on the best available estimates at the impairment review dates, the actual events may vary from management expectations.

5. REVENUE

An analysis of the Group's revenue is as follows:

	2023 £'000	2022 £'000
Sales of goods		
Gold purchasing, retail, pawnbroking scrap	119,303	99,729
Interest/commission earned		
Pawnbroking, cheque cashing and other financial services	101,472	74,212
Revenue	220,775	173,941
Investment revenues	82	–
Total Group revenue	220,857	173,941

Further analysis of revenue by segment is shown in Note 6.

6. OPERATING SEGMENTS

For reporting purposes, the Group is currently organised into seven segments – pawnbroking, gold purchasing, retail, pawnbroking scrap, personal loans, foreign exchange and other services.

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, which is the chief operating decision-maker. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the steering committee that makes strategic decisions.

The principal activities by segment are as follows:

Pawnbroking
Pawnbroking is a loan secured against a collateral (the pledge). In the case of the Group, over 99% (2022: 99%) of the collateral against which amounts are lent comprises precious metals (predominantly gold), diamonds and watches. The pawnbroking contract is a six-month credit agreement bearing a monthly interest rate of between 2% and 9.99%. The contract is governed by the terms of the Consumer Credit Act 2008. If the customer does not redeem the goods by repaying the secured loan before the end of the contract, the Group is required to dispose of the goods either through public auctions if the value of the pledge is over £75 (disposal proceeds being reported in this segment) or, if the value of the pledge is £75 or under, through public auctions or the retail or pawnbroking scrap activities of the Group.

Gold Purchasing
Jewellery is bought direct from customers through all the Group's stores. The transaction is simple with the store agreeing a price with the customer and purchasing the goods for cash on the spot. Gold purchasing revenues comprise proceeds from scrap sales on goods sourced from the Group's purchasing operations.

Retail
The Group's retail proposition is primarily gold, jewellery and watches and the majority of the retail sales are forfeited items from the pawnbroking pledge book or refurbished items from the Group's gold purchasing operations. The retail offering is complemented with a small amount of new or second-hand jewellery purchased from third parties by the Group.

Pawnbroking scrap
Pawnbroking scrap comprises all other proceeds from gold scrap sales of the Group's inventory assets other than those reported within gold purchasing. The items are either damaged beyond repair, slow moving or surplus to the Group's requirements, and are smelted and sold at the current gold spot price less a small commission.

Personal loans
Personal loans comprise income from the Group's unsecured lending activities which ceased in April 2022. Personal loan revenues are stated at amortised cost after taking into consideration an assessment on a forward-looking basis of expected credit losses.

Foreign exchange
The foreign exchange currency service, where the Group earns a margin when selling or buying foreign currencies.

Other services
This segment comprises:

- Third-party cheque encashment, which is the provision of cash in exchange for a cheque payable to our customer for a commission fee based on the face value of the cheque.
- Money transfer commission earned on the Group's money transfer service.
- Watch repair services provided by Group Company, Swiss Time Services Limited.

Cheque cashing is subject to bad debt risk which is reflected in the commissions and fees applied.

Further details on each activity are included in the Chief Executive's Review on Pages 12 to 15.

6. OPERATING SEGMENTS CONTINUED

Other income continued

Segment information about these businesses is presented below:

2023 Revenue	Pawnbroking £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal loans £'000	Foreign exchange £'000	Other services £'000	Total £'000
External revenue	90,412	42,811	48,584	27,908	242	7,136	3,682	220,775
Total revenue	90,412	42,811	48,584	27,908	242	7,136	3,682	220,775
Gross profit	90,412	8,577	14,417	4,695	242	6,276	2,617	127,236
Impairment	(20,930)	–	–	–	632	–	–	(20,298)
Segment result	69,482	8,577	14,417	4,695	874	6,276	2,617	106,938
Other direct expenses excluding impairment								(53,223)
Administrative expenses								(24,204)
Operating profit								29,511
Interest receivable								82
Financing costs								(3,233)
Profit before taxation								26,360
Tax charge on profit								(5,277)
Profit for the financial year and total comprehensive income								21,083

2022 Revenue	Pawnbroking £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal loans £'000	Foreign exchange £'000	Other services £'000	Total £'000
External revenue	63,745	36,246	45,197	18,286	1,143	5,749	3,575	173,941
Total revenue	63,745	36,246	45,197	18,286	1,143	5,749	3,575	173,941
Gross profit	63,745	6,815	17,778	3,468	1,143	5,749	3,218	101,916
Impairment	(12,719)	–	–	–	963	–	–	(11,756)
Segment result	51,026	6,815	17,778	3,468	2,106	5,749	3,218	90,160
Other direct expenses excluding impairment								(47,779)
Administrative expenses								(21,828)
Operating profit								20,553
Financing costs								(1,548)
Profit before taxation								19,005
Tax charge on profit								(4,093)
Profit for the financial year and total comprehensive income								14,912

6. OPERATING SEGMENTS CONTINUED

2023	Pawnbroking £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal loans £'000	Foreign exchange £'000	Other services £'000	Unallocated assets/ (liabilities) £'000	Total £'000
Other information									
Capital additions (*)								**16,101**	**16,101**
Depreciation, amortisation and impairment (*)								**10,409**	**10,409**
Balance sheet									
Assets									
Segment assets	**128,887**	**826**	**38,856**	**407**	**125**	**4,623**	**2,262**	**–**	**175,986**
Unallocated corporate assets								**76,119**	**76,119**
Total assets									**252,105**
Liabilities									
Segment liabilities			**(786)**				**(2,096)**		**(2,882)**
Unallocated corporate liabilities								**(71,853)**	**(71,853)**
Total liabilities									**(74,735)**

2022	Pawnbroking £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal loans £'000	Foreign exchange £'000	Other services £'000	Unallocated assets/ (liabilities) £'000	Total £'000
Other information									
Capital additions (*)								9,464	9,464
Depreciation, amortisation and impairment (*)								9,248	9,248
Balance sheet									
Assets									
Segment assets	100,732	1,698	32,935	836	722	3,595	–	–	140,518
Unallocated corporate assets								70,850	70,850
Total assets									211,368
Liabilities									
Segment liabilities			(650)				(405)		(1,055)
Unallocated corporate liabilities								(46,194)	(46,194)
Total liabilities									(47,249)

(*) The Group cannot meaningfully allocate this information by segment due to the fact that all the segments operate from the same stores and the assets-in-use are common to all segments.

6. OPERATING SEGMENTS CONTINUED

Geographical Segments

The Group's revenue from external customers by geographical location is detailed below:

	2023 £'000	2022 £'000
United Kingdom	217,388	171,237
Other	3,387	2,704
	220,775	173, 941

The Group's non-current assets are located entirely in the United Kingdom. Accordingly, no further geographical segment analysis is presented.

7. OPERATING PROFIT

Operating profit represents the results from operations before finance income and costs, and taxation.

This is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation of property, plant and equipment reported within:		
– Other direct expenses	2,213	2,887
– Administrative expenses	290	336
Depreciation of right-of-use assets (Note 17)	5,769	5,303
Impairment of right-of-use assets	(57)	(255)
Amortisation of intangible assets (reported within other direct expenses) (Note 16)	915	786
Loss of disposal of property, plant and equipment	233	(8)
Cost of inventories recognised as expense	94,105	72,448
Write-down of inventories recognised as income	215	(423)
Staff costs (see Note 9)	47,177	41,820
Impairment loss recognised on pawnbroking financial assets	20,930	12,719
Impairment gain recognised on personal loans financial assets	(632)	(963)

8. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration, exclusive of VAT, is as follows:

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	20	23
Fees payable to the Company's auditor for other services to the Group – The audit of the Company's subsidiaries pursuant to legislation	221	206
Total audit fees	241	229

The Company and Group audit fees are borne by Harvey & Thompson Limited.

There were no fees payable to the Company's auditor and its associates in respect of associated pension schemes. There were no benefits in kind granted to the Company's auditors.

9. INFORMATION REGARDING DIRECTORS AND COLLEAGUES

Non-Executive Directors' emoluments

Each of the Non-Executive Directors received payments for services rendered to H&T Group plc both this year and the previous year. Their emoluments are included in the analysis below:

	2023 £'000	2022 £'000
Directors' emoluments		
Aggregate emoluments	1,296	1,231
Company pension contributions to money purchase schemes	25	23
	1,321	1,254

One Executive Director during the year (2022: one) participated in Harvey & Thompson Limited's money purchase pension scheme. None (2022: none) of the Directors exercised options over shares in the Company in the year. Both (2022: none) of the Directors were granted shares under the long-term incentive scheme.

	2023 £'000	2022 £'000
Highest paid Director		
Aggregate emoluments	575	611

In addition, £101,000 (2022: £210,000) was charged to the Group statement of comprehensive income in respect of the fair value of the share options and conditional shares granted under the different schemes.

9. INFORMATION REGARDING DIRECTORS AND COLLEAGUES CONTINUED

	2023 No.	2022 No.
Monthly average number of persons employed (including Directors)		
Branches	**1,422**	1,262
Administration	**201**	197
	1,623	1,459

	2023 £'000	2022 £'000
Colleague costs during the year (including Directors)		
Wages and salaries	**41,929**	36,737
Share options expense	**215**	588
Social security costs	**4,106**	3,684
Other pension costs	**927**	811
	47,177	41,820

All Directors and colleagues are remunerated through a subsidiary Group Company. The Directors of Harvey & Thompson Limited, the trading subsidiary, are the key management personnel of the Group, of which one is female (2022: two).

10. INVESTMENT REVENUES

	2023 £'000	2022 £'000
Interest revenue:		
Bank deposits	**82**	–

Interest revenue recognised on pawnbroking and other financial services is reported within revenue for the reasons discussed in Note 3.

11. FINANCING COSTS

	2023 £'000	2022 £'000
Interest on bank loans	**2,176**	486
Other interest	**4**	2
Interest expense on the lease liability	**945**	873
Amortisation of debt issue costs	**108**	187
Total interest expense	**3,233**	1,548

12. TAX CHARGE ON PROFIT

(a) Tax on profit on ordinary activities

	2023 £'000	2022 £'000
Current tax		
United Kingdom corporation tax charge at 23.5% (2022: 19%) based on the profit for the year	**6,195**	3,441
Adjustments in respect of prior years	**(338)**	(643)
Total current tax	**5,857**	2,798
Deferred tax		
Timing differences, origination and reversal	**(300)**	1,152
Adjustments in respect of prior years	**(202)**	313
Effect of change in tax rate	**(78)**	(170)
Total deferred tax	**(580)**	1,295
Tax charge on profit	**5,277**	4,093

12. TAX CHARGE ON PROFIT CONTINUED

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than that resulting from applying a standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before taxation	**26,360**	19,005
Tax charge on profit at standard rate	**6,195**	3,610
Effects of:		
Disallowed expenses and non-taxable income	**6**	271
Non-qualifying depreciation	**(45)**	(80)
Effect of change in tax rate	**(78)**	(170)
Movement in short-term timing differences	**(294)**	792
Adjustments to tax charge in respect of prior years	**(507)**	(330)
Tax charge on profit	**5,277**	4,093

In addition to the amount charged to the income statement and in accordance with IAS 12, the excess of current and deferred tax over and above the relative related cumulative remuneration expense under IFRS 2 has been recognised directly in equity. The amount taken to equity in the current period was a credit of £398,000 (2023: debit of £435,000) (Note 24).

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. With respect to the Group these represent share options and conditional shares granted to colleagues where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Reconciliations of the earnings per ordinary share and weighted average number of shares used in the calculations are set out below:

	Year ended 31 December 2023			Year ended 31 December 2022		
	Earnings £'000	Weighted average number of shares	Per-share amount pence	Earnings £'000	Weighted average number of shares	Per-share amount pence
Earnings per share: basic	**21,083**	**43,253,136**	**48.74**	14,912	40,132,753	37.16
Options and conditional shares	**–**	**223,629**	**(0.25)**	–	14,807	(0.01)
Earnings per share: diluted	**21,083**	**43,476,765**	**48.49**	14,912	40,147,560	37.15

14. DIVIDENDS

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2022 of 10.0 pence (2021: 8.0p) per share	**4,337**	3,133
Interim dividend for the year ended 31 December 2023 of 6.5 pence (2022: 5.0p) per share	**2,819**	1,959
	7,156	5,092
Amounts proposed and not recognised:		
Proposed final dividend for the year ended 31 December 2023 of 10.5 pence (2022: 10.0p) per share.	**4,554**	4,317

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and accordingly, has not been included as a liability in these financial statements.

The right to receive dividends on the shares held in the EBT has been waived. The dividend saving through the waiver for 2023 is £102,000 (2022: £91,000). During the year the EBT sold 63,172 shares.

15. GOODWILL

	Goodwill arising on purchase of subsidiaries £'000	Goodwill arising on trade and asset purchases £'000	Total Goodwill £'000
Cost and carrying amount			
At 1 January 2022 and 1 January 2023	15,760	5,209	20,969
Additions (Note 30)	**–**	**882**	**882**
At 31 December 2023	**15,760**	**6,091**	**21,851**

There are no recognised impairment losses at 31 December 2023.

15. GOODWILL CONTINUED

Goodwill acquired in business combinations is allocated as follows:

Carrying amount	2023 £'000
Harvey & Thompson Limited	14,133
Stores acquired in 2005	181
Stores acquired in 2006	553
Stores acquired in 2007	1,516
Stores acquired in 2008	391
Stores acquired in 2010	19
Stores acquired in 2011	49
Stores acquired in 2012	646
Stores acquired in 2013	155
Stores acquired in 2019	1,687
Stores acquired in 2022	12
Swiss Time Services Limited	1,627
Stores acquired in 2023 (Note 30)	882
At 31 December 2023	21,851

The Harvey & Thompson Limited cash-generating unit was created when H&T Group plc acquired Harvey & Thompson Limited in September 2004. Management is unable to allocate this goodwill by store and accordingly, test this for impairment at the subsidiary entity-level. All assets acquired after September 2004 are reviewed for impairment at the related store or at cash-generating unit-level. The stores are grouped for financial reporting purposes by year of acquisition to facilitate presentation and comparability on a year-by-year basis. Additionally, store performance is monitored by management based on the year of acquisition as the historical performance of an individual store is linked to its acquisition date. This approach is reflected in the way management has presented the above cash-generating units.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment review was conducted as described in Note 3.

16. OTHER INTANGIBLE ASSETS

	Software £'000	Customer relationships £'000	Brands £'000	Total £'000
Cost				
At 1 January 2022	1,386	6,586	–	7,972
Additions	1,679	74	–	1,753
Acquisition of subsidiary	–	1,992	388	2,380
Transfer from property, plant and equipment (Note 17)	1,129	–	–	1,129
At 1 January 2023	4,194	8,652	388	13,234
Additions	1,554	–	–	1,554
Acquired through acquisition (Note 30)	–	611	–	611
At 31 December 2023	5,748	9,263	388	15,399
Amortisation				
At 1 January 2022	1,159	4,921	–	6,080
Charge for the year	141	632	13	786
At 1 January 2023	1,300	5,553	13	6,866
Charge for the year	229	660	26	915
At 31 December 2023	1,529	6,213	39	7,781
Carrying amount				
At 31 December 2023	4,219	3,050	349	7,618
At 31 December 2022	2,894	3,099	375	6,368

Brands represents the fair value at the 1 July 2022 acquisition date of the Swiss Time Services brand. The fair value was determined by applying the relief from royalty method to the estimated cash flows to be earned from the brand. The key management assumptions are around growth forecasts, discount factors (a discount factor of 15% was used) and royalty percentage utilised. A brand useful life of 15 years is considered appropriate and projected cash flows have been discounted over this period.

Customer relationships represent the fair value arising from the acquisition of trade and assets of sole partnerships or limited companies and reflect repeat business associated with existing customers at acquisition date.

The customer relationship addition represents the fair value on acquisition of the customer base of Swiss Time Services on 1 July 2022. They were valued using the multi-period excess earnings method using a 15-year forecast followed by long-term growth at 2% reflecting local industry and inflation assumptions. A 20-year useful economic life is considered appropriate considering historic customer retention. Management did not identify any indicators of impairment in relation to individual intangible assets.

Customer relationships are amortised over a period of four to 25 years being the average length of the relationship with key clients for each of the acquired businesses.

17. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold premises £'000	Long leasehold premises £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation						
At 1 January 2022	33,057	773	88	2,989	6,149	43,056
Additions	4,082	49	90	287	859	6,254
Acquisition of subsidiary	70				489	489
Disposals	(668)	–	(26)	(1)	(14)	(709)
Transfer	**(761)**	**(368)**	–	–	–	**(1,129)**
At 1 January 2023	**36,667**	**454**	**152**	**3,275**	**7,483**	**48,031**
Additions	**5,699**	**5**	**53**	**682**	**606**	**7,045**
Disposals	**(489)**	**(18)**	–	**(1)**	**(9)**	**(517)**
Reallocation	**(1,668)**	–	–	–	–	**(1,668)**
At 31 December 2023	**40,209**	**441**	**205**	**3,956**	**8,080**	**52,891**
Accumulated depreciation and impairment						
At 1 January 2022	24,977	392	54	1,827	4,705	31,955
Charge for the year	2,448	21	28	396	330	3,223
Acquisition of subsidiary	70	–	–	–	445	515
Disposals	(666)	–	(26)	(1)	(14)	(707)
Reallocation	146	(146)	–	–	–	–
At 1 January 2023	26,975	267	56	2,222	5,466	34,986
Charge for the year	3,248	13	45	436	429	4,171
Disposals	(266)	(13)	–	(0.1)	(4)	(284)
Reallocation	(1,543)	(125)	–	–	–	(1,668)
At 31 December 2023	28,414	142	101	2,657	5,891	37,205
Carrying amount						
At 31 December 2023	**11,795**	**299**	**104**	**1,299**	**2,189**	**15,686**
At 31 December 2022	9,692	187	96	1,053	2,017	13,045

Right-of-use assets

	£'000
Cost or valuation	
At 1 January 2022	50,992
Additions	6,676
Disposals	(6,415)
At 1 January 2023	**51,253**
Additions	**6,303**
Disposals	**(5,251)**
At 31 December 2023	**52,305**
Accumulated depreciation and impairment	
At 1 January 2022	33,592
Charge for the year	5,303
Disposals	(6,378)
Impairment	(256)
At 1 January 2023	**32,261**
Charge for the year	**5,769**
Disposals	**(5,249)**
Impairment	**(57)**
At 31 December 2023	**32,724**
Carrying amount	
At 31 December 2023	**19,581**
At 31 December 2022	18,991

Capital commitments for tangible and intangible assets are disclosed in Note 32.

18. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is set out in Note C to the Company's separate financial statements.

19. INVENTORIES

	2023 £'000	2022 £'000
Retail and scrap inventory	40,711	35,469

Of the retail and scrap inventory, 99.9% (2022: 99.1%) represents gold, jewellery and watch items. The remaining balance is miscellaneous items (mostly electrical goods and art pieces) which were previously held as pledge collaterals and subsequently forfeited.

20. TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Trade receivables	129,108	101,619
Other receivables	992	804
Prepayments and accrued income	4,595	1,402
Deferred debt issue cost	576	221
	135,271	104,046

Trade and other receivables are stated net of impairment.

The pledge loan book of £128.9m (2022: £100.7m) and personal loan book of £0.1m (2022: £0.7m) are included, net of provisions and including accrued interest within the trade receivables balance.

21. CASH AND BANK BALANCES

	2023 £'000	2022 £'000
Cash and bank balances	11,387	12,229

Cash and bank balances comprise cash held by the Group.

Further details on financial instruments, including the associated risks to the Group and expected credit allowances, is provided in Note 26.

22. TRADE AND OTHER PAYABLES

	2023 £'000	2022 £'000
Trade payables	3,320	2,228
Other taxation and social security costs	1,025	1,178
Accruals and deferred income	3,610	5,691
	7,955	9,097

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2022: 28 days). For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Lease liabilities

	2023 £'000	2022 £'000
Current liabilities	3,965	3,743
Non-current liabilities	18,002	16,326

At the balance sheet date, the Group had outstanding lease commitments, which fall due as follows:

	2023 £'000	2022 £'000
Within one year	3,965	3,743
In the second to fifth years inclusive	13,158	13,971
After five years	4,844	2,355
	21,967	20,069

	2023 £'000	2022 £'000
Current tax liabilities	858	937

23. BORROWING

	1st January 2023 £'000	Cash flows £'000	31st December 2023 £'000
Lloyds Bank Plc Loan	15,000	18,000	33,000
Allica Bank Funding Facility	–	10,000	10,000
At 31 December 2023	**15,000**	**28,000**	**43,000**

As at 31 December 2023 the key terms of the Allica Bank Fund Facility were:

Key Term	Description - loan
Total Facility Size	£10m
Termination Date	22 December 2026 with option to extend until December 2027
Utilisation	£10m
Margin	The interest will be charged at a rate of 4% above base rate
Interest Payable	Interest due on the loan is payable at each interest period-end. Interest amounts outstanding at the year-end are included in accruals.
Repayments	Capital repayments are permitted prior to termination date for the whole or any part of the loan.

As at 31 December 2023 the key terms of the Lloyds Bank Plc facility were:

Key Term	Description – Revolving Credit Facility
Total Facility Size	£45m
Termination Date	22 December 2026 with option to extend until December 2027
Utilisation	The facility is available to be drawn down to the full £30m subject to the Company remaining compliant with leverage and interest cover ratios as stipulated in the Credit Agreement.
Margin	The facility has an interest calculation of SONIA plus a margin of between 2.4% and 3.3%, dependent on ratios as stipulated in the Credit Agreement.
Interest Payable	Interest due on the loan is payable at each interest period end. Interest amounts outstanding at the year end are included in accruals.
Repayments	Capital repayments are permitted prior to termination date for the whole or any part of the loan.
Key Term	**Description – Overdraft**
Total Facility Size	£5m
Termination Date	22 December 2024
Utilisation	The facility is available to be drawn down to the full £5m subject to the Company remaining compliant with leverage and interest cover ratios as stipulated in the Credit Agreement.
Margin	The facility has an interest calculation of the Bank of England base rate plus a margin of 1.7%.
Interest Payable	Interest due on the loans is payable at each interest period end. Interest amounts outstanding at the year end are included in accruals.
Repayments	Capital repayments are permitted prior to termination date for the whole or any part of the loan.

Deferred debt issue costs
There were £108,000 of deferred debt issue costs written off in the period to the Group statement of comprehensive income (2022: £187,000).

Security
The facility is secured by a fixed and floating charge and security over all of the assets of the Group.

Undrawn borrowing facilities
At 31 December 2023, the Group had available £12,000,000 (2022: £15,000,000) of undrawn committed borrowing facilities and £5,000,000 of uncommitted banking facilities (2022: £5,000,000) in respect of which all conditions precedent had been met.

24. DEFERRED TAX

The following are the deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior year.

	Intangible assets £'000	Property, plant and equipment £'000	Short-term timing differences £'000	Share-based payment £'000	Total £'000
At 1 January 2023	(585)	(952)	1,079	709	251
Adjustment in respect of prior years	–	(202)	–	–	(202)
Credit/(debit) to income	30	(152)	(37)	–	(159)
Credit to equity	–	–	–	(398)	(398)
At 31 December 2023	(555)	(1,306)	1,042	311	(508)

	31 December 2023 £'000	31 December 2022 £'000
Deferred tax assets	1,353	836
Deferred tax liabilities	(1,861)	(585)
Net deferred tax (liabilities) / assets	(508)	251

Deferred tax assets and liabilities all relate to the same tax jurisdiction and taxable entities and are expected to reverse over the same time periods. Accordingly, these have been offset in the balance sheet.

The corporate tax rate increases to 25% from 1 April 2023.

The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary difference.

25. PROVISIONS

	Provision for reinstatement £'000	Provision for redress costs £'000	Total Provision £'000
At 1 January 2022	1,728	2,099	3,827
Additional provision in the year	66	(57)	9
Provision utilised in the year	(21)	(1,669)	(1,690)
At 1 January 2023	1,773	373	2,146
Additional provision in the year	351	–	351
Provision utilised in the year	(1,677)	(373)	(2,050)
At 31 December 2023	447	–	447

The reinstatement provision represents management's best estimate of the Group's liability to repair and maintain certain of the properties. At the reporting date no demand to enforce the contractual obligations has been made by the related property landlords.

26. FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities, as defined under IFRS 9, and their estimated carrying amount are as follows:

At 31 December 2023	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Carrying amount total £'000
Financial assets			
Pawnbroking trade receivables	128,887	–	128,887
Other financial services trade receivables	125	–	125
Other assets	149	–	149
Cash and cash equivalents	11,387	–	11,387
Financial liabilities			
Trade and other payables	–	(14,849)	(14,849)
Borrowings due after more than one year	–	(43,000)	(43,000)
Net financial assets/(liabilities)	140,548	(57,849)	82,699

At 31 December 2022	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Carrying amount total £'000
Financial assets			
Pawnbroking trade receivables	100,731	–	100,731
Other financial services trade receivables	723	–	723
Other assets	68	–	68
Cash and cash equivalents	12,229	–	12,229
Financial liabilities			
Trade and other payables	–	(7,919)	(7,919)
Borrowings due after more than one year	–	(15,000)	(15,000)
Net financial assets/(liabilities)	113,751	(22,919)	90,832

Financial risks

The Group monitors and manages the financial risks relating to the financial instruments held. The principal risks include credit risk on financial assets, and liquidity and interest rate risk on financial liability borrowings. The key risks are analysed below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

As explained in Note 3 the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month expected credit losses (ECL).

In order to minimise credit risk, the Group has developed credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the information available about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information.

For existing customers, loan history and repayment profiles are factored into the loan-making decision and in the expected credit loss calculation. The Group analyses all data collected using statistical models and estimates the remaining lifetime of exposures and how these are expected to change over time. The factors considered in this process include macroeconomic data such as GDP growth, unemployment, and benchmark interest rates. The impact of traditional macroeconomic downside indicators are currently deemed to be immaterial to the calculation of ECLs. The Group will continue to monitor external macroeconomic trends and their impact and apply an overlay should it become reasonable to do so.

Pawnbroking trade receivables

The Group is exposed to credit risk through customers defaulting on their loans. The key mitigant to this risk is the requirement for the borrower to provide security (the pledge) in entering a pawnbroking contract. The security acts to minimise credit risk as a customer's pledge becomes the property of the pawnbroker on default of the loan.

In addition to holding security, the Group further mitigates credit risk by applying strict lending criteria to all pawn loans.

Pledges are rigorously tested and appropriately valued. In all cases where the Group lending policy is applied, the value of the pledge items is in excess of the pawn loan.

The Group estimates that the current fair value of the security is in excess of the current book value.

26. FINANCIAL INSTRUMENTS CONTINUED

Financial risks continued

Expected Credit Losses

The Group measures loss allowances for pawnbroking trade receivables using the IFRS 9 expected credit loss model. For active pawnbroking loans the Group estimates the expected credit losses. An assessment is made of the carrying value of the pledge item being the loan value plus accrued interest at amortised cost, compared to the expected realisation value of the underlying pledged item. The security acts to minimise the credit risk as the pledged item can be either retailed or scrapped on default.

In accordance with IFRS 9, the Group measures loss allowances for pawnbroking loans using the expected credit loss model. Loans are considered to be in default when they reach the end of their contract period unless circumstances exist to indicate that this may not be the case.

Category	Basis for recognising expected credit losses	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
Performing	12-month ECL	90,710	(1,754)	88,956
In default	Lifetime ECL – credit-impaired	43,951	(4080)	39,871
At 31 December 2023		**134,661**	**(5,834)**	**128,827**

The Group has performed a sensitivity analysis on the key assumptions used in determining expected credit losses on the pawnbroking balance.

A 1% increase/(decrease) in the Group's redemption ratio is a reasonably possible variance based on historical trends and would result in an impact on Group pre-tax profit of £5,000. This does not account for the potential loss of repeat business however, and as such the Group sees more value in retaining a high redemption ratio.

The changes applied in the above assessment are in isolation for illustrative purposes, and are applied to each of the probability weighted scenarios used to develop the estimate of expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

Additionally, the pledge provision represents the risk in recovery of the loan amounts, which is considered to be similar to credit risk, due to:

(i) assets being pledged as security against loans, which are subsequently seized by the police; and

(ii) assets being pledged as security against loans which are subsequently lost or stolen, resulting in the borrower being relieved of the liability to the Group; and

(iii) assets being pledged as security against loans, which have a net realisable value less than the amount lent.

The legal title that the Group can enforce on these items, and their ongoing security are therefore vital to the Group to ensure that the credit risk is mitigated to an acceptable level. The Group continually reviews and monitors, at both store and at Board-level, its internal controls to ensure the adequacy of the pledged items.

The key aspects of this are:

- appropriate details are kept on all customers the Group transacts with;
- all pawn contracts comply with the Consumer Credit Act 2006;
- appropriate physical security measures are in place to protect pledged items; and
- an internal audit department monitors compliance with policies at the Group's stores.

The pawnbroking trade receivables are disclosed net of the loss allowance recognised against these financial assets, including full provision on assets notified to the Group by the police as frozen assets. The movement in the provision is as follows:

	£'000
At 1 January 2022	11,080
Net Consolidated Statement of Comprehensive Income charge	1,364
Utilised in the period	(52)
At 1 January 2023	12,393
Net Consolidated Statement of Comprehensive Income charge	(4,135)
Utilised in the period	(2,424)
At 31 December 2023	**5,834**

Personal loans trade receivables

All unsecured lending ceased in April 2022 and no new loans have been granted since this time. The Group remains exposed to credit risk through customers defaulting on unsecured loans that remain currently.

Expected credit losses

The Group measures loss allowances for personal loan trade receivables using the IFRS 9 expected credit loss model. On initial recognition of the personal loans, the Group recognised 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since its initial recognition, the Group recognises lifetime expected credit losses. The Group deems the credit risk of the personal loans where one-to-two payments have been missed after initial recognition to have significantly increased, unless there are specific circumstances indicating otherwise. Such circumstances included temporary payment deferral arrangements agreed with customers from time to time. When there are indications that the personal loan asset is credit-impaired, no further interest is recognised on the asset. The Group deems those personal loans that have missed three scheduled payments of inception to be credit-impaired, unless there are specific circumstances indicating otherwise.

The Group's current credit risk grading framework comprises the following categories, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

26. FINANCIAL INSTRUMENTS CONTINUED

Financial risks continued

Personal loans trade receivables continued

Expected credit losses continued

Category	Basis for recognising expected credit losses	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
No missed payments	12-month ECL	**135**	**(23)**	**112**
1 -2 missed payments	Lifetime ECL – not credit-impaired	**71**	**(58)**	**13**
3 + missed payments	Lifetime ECL – credit-impaired	**823**	**(823)**	**–**
At 31 December 2023		**1,029**	**(904)**	**125**

The Group has performed a sensitivity analysis on the key assumptions used in determining expected credit losses on the personal loan balance.

A 1% increase/(decrease) in the Group's expected impairment is a reasonably possible variance based on historical trends, and would result in an impact on Group pre-tax profit of £1,000/ (£,1000).

The changes applied in the above sensitivity analysis are in isolation for illustrative purposes, and are applied to each of the probability weighted scenarios used to develop the estimate of expected credit losses. In reality, there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

The Group uses multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. The Group has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The Group applies probabilities to the forecast scenarios identified. The base-case scenario (amount as presented in the statement of financial position) is the single most likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified key drivers of credit risk and credit losses for each segment of the personal loan balance and, using a statistical analysis of historical data, has estimated relationships between macroeconomic variables and credit risk/losses to be immaterial to the expected credit loss calculation.

The personal loan trade receivables are disclosed net of the expected loss allowance associated with these financial assets. The movement in the provision is as follows:

	Personal loans £'000
At 1 January 2022	800
Net consolidated statement of comprehensive income charge	(1,456)
Written back	963
At 1 January 2023	307
Net consolidated statement of comprehensive income charge	(35)
Written back	632
At 31 December 2023	**904**

Other trade receivables

This class represents amounts recoverable from the other financial services and activities the Group engages in, for example, third-party cheque encashment and watch repairs. On each product the Group employs appropriate policies to mitigate the credit risk including credit checks, obtaining legal security and appropriate colleague recruitment and training policies. The Group monitors the ongoing risk associated with this class of financial assets through a continual review of bad debts, modifications to the lending policy, and internal audit activities.

Other services receivables are disclosed net of provisions for bad and doubtful debts, an analysis of which is as follows:

	Other services £'000
At 1 January 2022	16
Net consolidated statement of comprehensive income charge	336
Written off	(327)
At 1 January 2023	25
Net consolidated statement of comprehensive income charge	663
Written off	(632)
At 31 December 2023	**56**

The cash and cash equivalents balance comprises both bank balances and cash floats at the stores. The bank balances are subject to very limited credit risk as they are held with banking institutions with high credit ratings assigned by international credit rating agencies. The cash floats are subject to risks similar to any retailer, namely of theft or loss by colleagues or third parties.

26. FINANCIAL INSTRUMENTS CONTINUED

Financial risks continued

Personal loans trade receivables continued

Other trade receivables continued

These risks are mitigated by the security systems, policies and procedures that the Group operates at each store, the Group recruitment and training policies and the internal audit function.

The concentration of bank balances by counterparty financial institution is as follows:

	2023 £'000	2022 £'000
Barclays Bank plc	270	434
Lloyds Bank plc	935	3,651
Cash at stores	10,182	8,144
Total	**11,387**	**12,229**

Market risk

Pawnbroking trade receivables

The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2022: 99%) comprised of gold, jewellery items and watches. The value of gold items held as security is directly linked to the price of gold. The Group is therefore exposed to adverse movements in the price of gold on the value of the security that would be attributable for sale in the event of default by the borrower.

A 1% increase/(decrease) in the gold price will have no real impact on pre-tax profit and represents management's assessment of the reasonably possible change in gold prices.

The Group considers this risk to be limited for a number of reasons. The Group applies conservative lending policies in pawnbroking pledges reflected in the blended margin made on retail sales and scrap gold when contracts forfeit. The value of gold for our customers is also much greater than the price of gold since jewellery items contain a retail margin. The fair value of the collateral held at the reporting date is estimated to be approximately £183.8m (2022: £134.8m). There have not been any significant changes in the quality of the collateral held from the previous year. The Group is also protected due to the short-term value of the pawn contract (six months). In the event of a significant drop in the price of gold, the Group could mitigate this risk by reducing its lending policy on pawnbroking pledges, by increasing the proportion of gold sold through retail sales or by entering gold hedging instruments. Management monitors the gold price on a constant basis.

The price of gold will affect future Group profitability in three key ways:

i) A lower gold price will adversely affect the scrap margins on existing inventory, whether generated by pledge book forfeits or via the Group's purchasing operations. While scrap profits will be impacted immediately, retail margins may be less impacted in the short term.

ii) While the Group's lending and purchasing rates do not track gold price movements in the short term, any sustained fall in the price of gold is likely to cause lending and purchasing rates to fall in the longer term thus potentially reducing future profitability as:

a. the size of the pledge book and associated yield is directly linked to lending rates, and;

b. assuming constant scrap margins, absolute scrap profits would decrease as lending and purchasing rates decrease.

iii) A lower gold price may reduce the attractiveness of the Group's gold purchasing business segment.

Conversely, a lower gold price may dampen competition as lower returns are available and hence this may assist in sustaining margins. It is the Group's view that a change in the price of gold overall has a minimal impact on the results of the Business.

Borrowings

The Group has significant borrowings exposing it to liquidity risk in both repayment of borrowings and availability of finance. In order to mitigate this risk, the Group's funding is through banking institutions with high credit-ratings. The current borrowings are disclosed in detail in Note 23, which shows that the Group has arrangements in place for funding until December 2027. At 31 December 2023, the Group has available £12m (2022: £15m) of undrawn committed borrowing facilities and £5m (2022:£5m) of uncommitted facilities in respect of which all conditions precedent had been met. This level of headroom on the financing covenants is considered sufficient to finance operations at the current level, and as described in Note 23. As shown in Note 29, the Business has utilised cash flow from operating activities in the current year and still has discretion in its expansion programme should the Group need to improve short-term cash flow.

The Group is in full compliance with all loan covenants.

The maturity analysis of the cash flows arising from both current borrowing arrangements that expose the Group to liquidity risk are as follows:

Payments due by period	Less than 30 days £'000	30 to 60 days £'000	60 days to 180 days £'000	180 days to 1 year £'000	1–2 years £'000	2–3 years £'000	Total £'000
At 31 December 2023							
Floating rate borrowings	321	324	1,122	1,923	3,909	3,909	11,508
Trade and other payables	3,320	3,610	–	–	–	–	6,930
Total	3,641	3,934	1,122	1,923	3,909	3,909	18,438

Payments due by period	Less than 30 days £'000	30 to 60 days £'000	60 days to 180 days £'000	180 days to 1 year £'000	1–2 years £'000	2–3 years £'000	Total £'000
At 31 December 2022							
Floating rate borrowings	115	115	460	852	1,680	1,680	4,902
Trade and other payables	2,228	5,691	–	–	–	–	7,919
Total	2,343	5,806	460	852	1,680	1,680	12,821

The amounts reported above for floating rate borrowings include the principal amount of borrowings as well as the interest payable on these borrowings. The floating rates used to predict the interest cash flows are based on the relevant SONIA yield curve derived from quoted interest rates. The above amounts are contractual, undiscounted cash flows.

26. FINANCIAL INSTRUMENTS CONTINUED

Market risk continued

Interest rate risk

Borrowings

The Group is funded based on a combination of equity and bank borrowings. The bank borrowings are all held at rates based on SONIA and Bank of England base rates. Accordingly, the Group is exposed to cash flow risk through changes in the SONIA and Bank of England base rates, impacting cash flows.

Analysis is shown below to demonstrate the sensitivity on profitability of a 1.0% change in SONIA. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates based on borrowing levels at 31 December 2023.

	1.0% decrease in interest rates £'000	1.0% increase in interest rates £'000
At 31 December 2023		
Finance costs: gain/(loss)	**483**	**(483)**
Total pre-tax impact on profit from gain/(loss)	**483**	**(483)**
Post-tax impact on equity gain/(loss)	**362**	**(362)**
At 31 December 2022		
Finance costs: gain/(loss)	200	(200)
Total pre-tax impact on profit from gain/(loss)	200	(200)
Post-tax impact on equity gain/(loss)	162	(162)

Financial assets

The Group is not exposed to significant interest rate risk on the financial assets, other than cash and cash equivalents, as these assets are lent at fixed rates, which reflect current market rates for similar types of secured or unsecured lending, and are held at amortised cost.

Cash and cash equivalents are exposed to interest rate risk as they are held at floating rates, although the risk is not significant as the interest receivable is not significant.

27. SHARE CAPITAL

	2023 £'000	2022 £'000
Issued, authorised and fully paid		
43,987,934 (2022: 43,850,484) ordinary shares of £0.05 each	**2,199**	2,193

The Group has one class of ordinary shares which carry no right to fixed income.

The Group issued share capital amounting to £6,873 (2022: £199,000) during the year. Associated share premium of £300,000 (2022: £15,888,000) was created. The shares were issued to satisfy share option awards that vested during the year and were at £nil consideration.

Options over shares in the Company are disclosed in Note 28. Under these share option arrangements, there are no (2022: 62,088) open options over shares with an associated exercise price above zero. There are 1,231,773 potential shares to be issued in relation to the Performance Share Plan (2022: 1,228,006 potential shares).

Employee Benefit Trust shares reserve

The Group presents these shares as an adjustment to own equity at the balance sheet date through the Employee Benefit Trust shares reserve. Movements in this reserve are shown in the Group statement of changes in equity.

Shares held by the Trust are valued at the weighted average historical cost of the shares acquired and the carrying value is shown as a reduction within shareholders' equity. The costs of operating the Trust are borne by the Trust and are not material. During the year to 31 December 2023, 63,172 shares were sold by the Trust to satisfy exercised share options by colleagues. The EBT did not purchase any shares during 2023 or 2022.

At 31 December 2023, 618,671 shares were held by the Trust (2022: 681,843 shares).

The award of shares under PSP schemes is conditional upon certain vesting criteria, as outlined in Note 28.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Gearing ratio

Although the Group reviews its gearing ratio at each reporting date, no specific target has been fixed by management. The Group's gearing ratio at the year-end is as follows:

Gearing ratio	2023 £'000	2022 £'000
Debt	**43,000**	15,000
Cash and cash equivalents	**(11,387)**	(12,229)
Net debt	**(31,613)**	(2,771)
Equity	**177,720**	164,119
Net debt to equity ratio (a non-IFRS measure)	**17.8%**	1.7%

Debt is defined as long and short-term borrowings, as detailed in Note 23.

Equity includes all capital and reserves of the Group attributable to equity holders of the Company.

Externally imposed capital requirement

The Group is not subject to any externally imposed capital requirements.

28. SHARE-BASED PAYMENTS

As at 31 December 2023, the Company operated a single share award scheme, being the Performance Share Plan (PSP). There was a charge of £215,000 (2022: £539,000) made to the Group Statement of Comprehensive Income for the year in respect of this scheme.

Awards that can be granted under the this scheme total a maximum of 4,398,793 shares (2022: 4,385,048 shares across three schemes), being 10% of the issued share capital of the Company as defined in the Articles of Association.

During 2023, two schemes expired, being the Approved Share Option Scheme, and the Unapproved Share Option Scheme. These schemes expired on 27 March 2023. The remaining share options, being 57,980 shares at an exercise price of 292.2 pence and 4,108 shares at an exercise price of 292.3 pence were all exercised before expiry.

Performance Share Plan (PSP)

The PSP is a discretionary share incentive scheme under which the Remuneration Committee of H&T Group plc can grant ordinary shares at nil cost to Executive Directors and other senior management. The schemes are subject to three-year performance conditions. The awards are further subject to clawback and malus provisions.

Early exercise of the conditional shares in respect of the schemes is permitted if a share award holder ceases to be employed by reason of death, injury, disability, retirement, or change of control of the employing Company.

2021 PSP scheme

On 14 May 2021, a PSP scheme was put in place. There are currently 14 senior managers who are participants of the scheme and both Executive Directors. The maximum number of potential shares awarded under the scheme is 447,258 including 216,747 for the Executive Directors.

There is a three-year performance period to 31 December 2023 with the shares subject to the PSP awards being released during the following year subject to continued employment and the satisfaction of certain specific performance conditions.

The performance conditions for the awards are based on achieving growth in Total Shareholder Return over a three-year period at between 64.5% and 84.0% and Earnings Per Share growth over the same three-year period at between 20.2% and 57.0%; a two-year retention period applies to Executive Directors.

2022 PSP scheme

On 12 May 2022, a PSP scheme was put in place. There are currently 14 senior managers who are participants of the scheme, together with both Executive Directors. The maximum number of potential shares awarded under the scheme will be 435,045, including 194,424 for the Executive Directors.

There is a three-year performance period to 31 December 2024 with the shares subject to the PSP awards being released during the following year subject to continued employment and the satisfaction of certain specific performance conditions.

The performance conditions for the awards are based on achieving growth in Total Shareholder Return over a three-year period at between 65% and 91% and Earnings Per Share growth over the same three-year period at between 117% and 164%; a two-year retention period applies to Executive Directors.

2023 PSP scheme

On 15 May 2023, a PSP scheme was put in place. There are currently 17 senior managers who are participants of the scheme and both Executive Directors. The maximum number of potential shares awarded under the scheme will be 349,470, including 161,908 for the Executive Directors. However the Remuneration Committee believes, under the Scheme Rules, that exceptional circumstances exist such that it should exercise its discretion to increase the maximum number of potential shares to enable certain current members of the Senior Management Team to be included and this will be presented to shareholders as appropriate.

There is a three-year performance period to 31 December 2025 with the shares subject to the PSP awards being released during the following year subject to continued employment and the satisfaction of certain specific performance conditions. The performance conditions for the awards are based on achieving growth in Total Shareholder Return over a three-year period at between 38% and 50% and Earnings Per Share growth over the same three-year period at between 106% and 136%; a two-year retention period applies to Executive Directors.

29. NOTES TO THE CASH FLOW STATEMENT

	2023 £'000	2022 £'000
Profit for the year	21,083	14,912
Adjustments for:		
Investment revenues	(82)	–
Financing costs	3,233	1,548
(Decrease)/increase in provisions	(1,699)	(1,680)
Income tax expense	5,277	4,093
Depreciation of property, plant and equipment	4,171	3,223
Depreciation of right-of-use assets	5,769	5,303
Amortisation of intangible assets	915	786
Right-of-use asset impairment	(57)	(255)
Share-based payment expense	215	539
Loss on disposal of property, plant and equipment	233	3
Loss on disposal of right-of-use assets	1	37
Operating cash flows before movements in working capital	39,059	28,509
Increase in inventories	(5,079)	(6,693)
Increase in receivables	(29,426)	(30,684)
Increase / (Decrease) in payables	901	(744)
Cash generated from operations	5,455	(9,612)
Income taxes paid	(5,957)	(2,230)
Interest paid on loan facility	(1,939)	(531)
Interest paid on lease liability	(946)	(873)
Net cash utilised from operating activities	(3,387)	(13,246)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

30. ACQUISITIONS

Acquisition of Swiss Time Services Limited (STS)

There were no acquisitions during the year ended 31 December 2023. On 1 July 2022, the Group acquired the entire share capital of Swiss Time Services Limited (STS), a UK-based Company operating in the watch servicing and repair industry, for total consideration of £4.3m. This transaction constituted a business combination under IFRS 3 Business Combinations, with the operations of STS being allocated to a single CGU after the acquisition.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	£'000
Assets	
Identifiable intangible assets	2,380
Property, plant and equipment	44
Right-of-use asset	887
Inventory	340
Trade receivables	209
Cash and cash equivalents	541
Liabilities	
Trade and other payables	(244)
Lease and liabilities	(887)
Deferred tax	(597)
Total identifiable assets and liabilities	**2,673**
Goodwill	1,627
Total consideration	**4,300**
Satisfied by:	
Cash consideration	4,300
Less: cash balances acquired	(541)
Net cash outflow arising on acquisition	3,759
Total assets acquired	**3,759**

30. ACQUISITIONS CONTINUED

The following asset purchase acquisitions were made during the year:

	Acquisition 1 2023 £'000	Acquisition 2 2023 £'000	Acquisition 3 2023 £'000	Acquisition 4 2023 £'000	Total 2023 £'000	Total 2022 £'000
Assets						
Goodwill	113	505	260	4	882	12
Intangible assets	74	258	253	26	611	73
Inventory	–	–	163	–	163	15
Trade receivables	192	698	559	50	1,499	272
Total assets acquired	379	1,461	1,235	80	3,155	372
Total consideration:	379	1,462	1,235	80	3,156	
Cash	–	1	–	–	1	372
Net cash outflow arising on acquisition						
Cash consideration	379	1,462	1,235	80	3,156	372
Less: cash balances acquired	–	1	–	–	1	–
Net cash outflow arising on acquisitions	379	1,461	1,235	80	3,155	372
Total assets acquired	379	1,462	1,235	80	3,156	372

Acquisition 1
On 10 March 2023, the Company acquired trade and assets from Fish Brothers Group Ltd for total consideration of £379,000.

Acquisition 2
On 27 March 2023, the Company acquired trade and assets from Tom Hogarth Antiques Ltd for total consideration of £1,462,000.

Acquisition 3
On 28 July 2023, the Company acquired trade and assets from Mybond Pawnbrokers for total consideration of £1,235,000.

Acquisition 4
On 28 December 2023, the Company acquired trade and assets from Goldstores Ltd for total consideration of £80,000.

In all the above asset purchases, the fair value of financial assets includes trade receivables measured in accordance with IFRS 9 and intangible assets which have been valued by the Group based on discounted cash flows.

31. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

Transactions with Directors are disclosed in the Directors' report and in Note 9. There were no other material related party transactions during the year.

Remuneration of key management personnel
The remuneration of the Directors of Harvey & Thompson Limited, the trading subsidiary, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	2023 £'000	2022 £'000
Short-term employee benefits	1,503	1,810
Pension contributions	26	44
Share-based payments	128	–
	1,657	1,854

32. CAPITAL COMMITMENTS

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2022: £nil).

33. CONTINGENT LIABILITIES

There were no contingent liabilities that were not provided in these financial statements.

34. EVENTS AFTER THE BALANCE SHEET DATE

The Directors have proposed a final dividend for the year ended 31 December 2023 of 10.5p (2022: 10.0p) (Note 14).

On 21 February 2024, the Group announced 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 further announced £25m of additional financing to support the future growth of the Business, from Pricoa Private Capital.

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Investments	C	45,613	45,401
		45,613	45,401
Current assets			
Receivables	D	10,851	18,455
Cash at bank and in hand		2	3
		10,853	18,458
Liabilities: amounts falling due within one year	E	(36)	(21)
Net current assets		10,817	18,437
Total assets less current liabilities		56,430	63,838
Net assets		56,430	63,838
Capital and reserves			
Called-up share capital	F	2,199	2,193
Share premium account		49,723	49,423
Employee Benefit Trust shares reserve		(31)	(34)
Share option reserve		764	2,344
Profit and loss account		3,775	9,912
Total shareholders' funds		56,430	63,838

The financial statements of H&T Group plc, registered number 05188117, were approved by the Board of Directors and authorised for issue on 12 March 2024.

Signed on behalf of the Board of Directors by:

C D Gillespie
Chief Executive

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

2023 Company	Note	Called-up share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000	2023 Total £'000
At 1 January		2,193	49,423	(34)	2,344	9,912	63,838
Loss for the financial year		–	–	–	–	(470)	(470)
Dividend paid		–	–	–	–	(7,156)	(7,156)
Issue of share capital to settle share-based payments	F	6	300	–	(306)	–	–
Equity settled share-based payments		–	–	–	215	–	215
Employee Benefit Trust Shares sold		–	–	3	–	–	3
Transfer to profit and loss account reserves of expired or lapsed share-based payments		–	–	–	(1,489)	1,489	–
At 31 December		2,199	49,723	(31)	764	3,775	56,430

2022 Company	Note	Called-up share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Share option reserves £'000	Profit and loss account £'000	2022 Total £'000
At 1 January		1,993	33,486	(35)	1,782	14,795	52,021
Loss for the financial year		–	–	–	–	(360)	(360)
Dividend paid		–	–	–	–	(5,092)	(5,092)
Issue of share capital	F	200	15,937	–	–	–	16,137
Accumulated dividends waived by the EBT	14	–	–	–	–	569	569
Equity settled share-based payments	G	–	–	1	562	–	563
At 31 December		2,193	49,423	(34)	2,344	9,912	63,838

A. ACCOUNTING POLICIES

Basis of preparation
H&T Group plc is a Company incorporated in England & Wales under the Companies Act. The address of the registered office is given on Page 113. The nature of the Company's operations and its principal activities are set out in the business overview on Pages 16-21.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the FRC in July 2015 and July 2016.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of H&T Group plc.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related-party transactions. Where required, equivalent disclosures are given in the Group financial statements of H&T Group plc. The Group financial statements of H&T Group plc are available to the public.

The financial statements have been prepared on a going concern basis as discussed in the Directors' Report.

The particular accounting policies adopted are described below.

Taxation
Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Where tax losses are surrendered to, or received from, Group companies, the amount received/surrendered is charged/credited to the profit and loss account and treated as payable to/receivable from the related Group Company that has surrendered/received the losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments
Fixed assets investments are shown at cost less provision for impairment. Investments in subsidiaries includes capital contributions to subsidiaries as a result of the issue of equity-settled share-based payments to colleagues of subsidiaries. The accounting policy for share-based payments is set out in Note 3 to the consolidated financial statements.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Dividends
Dividends receivable from subsidiary undertakings are recorded in the profit and loss account on the date that the dividend becomes a binding liability on the subsidiary Company. Under the terms of IFRS 3 Business Combinations, the Company records dividends arising from pre-acquisition profit and loss reserves of its subsidiary undertaking in the profit and loss account and considers whether the distribution affects the carrying value of the investment in the subsidiary undertaking.

Dividends payable are recorded as a distribution from retained earnings in the period in which they become a binding liability on the Company.

Share-based payments
The Company's trading subsidiary, Harvey & Thompson Limited, issues share options to colleagues in that Company, which are equity settled in shares of H&T Group plc. Harvey & Thompson Limited determines the fair value of the options granted measured at the date of grant depending on the vesting conditions attached to each scheme. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period in the financial statements of Harvey & Thompson Limited, based on the estimate of shares that will eventually vest and adjusted for the effect of any non-market-based vesting conditions.

The Company receives a payment each period, equal to the annual expense recorded in Harvey & Thompson Limited calculated on the basis described above. This amount is credited to the profit and loss account each period and is treated in a similar manner to a distribution of dividends from Group Companies.

Employee Benefit Trust
An Employee Benefit Trust (EBT) was established in October 2008. The EBT has been set up to hold shares in the Company. These shares, once purchased, are held in trust by the Trustee of the EBT, Fiduchi Limited, for the benefit of the colleagues. The EBT is accounted for within the Company accounts. The net cost of the shares acquired by the EBT are shown as a deduction from shareholders' funds. Note 27 provides detail on the EBT and movements in shares held.

B. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year.

The Company made a loss of £470,000 in 2023 (2022: loss of £360,000).

The auditor's remuneration for the current and preceding financial years is borne by a subsidiary undertaking, Harvey & Thompson Limited. Note 8 to the Group financial statements discloses the amount paid in respect of the Company.

The Directors did not receive any emoluments for their services to the Company (2022: £nil). Other than the Directors, the Company has no colleagues in either financial year.

C. INVESTMENTS

Shares in subsidiary undertaking	Total £'000
Cost	
At 1 January 2023	45,401
Additions	215
Disposals	(3)
At 31 December 2023	**45,613**

Additions in the prior year represent capital contributions in relation to share options issued to colleagues, as set out in Note 28. Disposals relate to shares sold from the employment benefit trust.

Cashline Pawnbrokers Limited, a dormant subsidiary, was struck off during the year.

The investments in Group companies which are all included in the consolidated financial statements are as follows:

Name of Company	Country of incorporation	Proportion of ordinary shares held: Directly	Proportion of ordinary shares held: Indirectly	Principal activity
Harvey & Thompson Limited (Registered office: Times House, Throwley Way, Sutton, Surrey, SM1 4AF)	England & Wales	100%	–	Pawnbroking, jewellery sales, gold purchasing, unsecured lending, cheque-cashing and related services
Swiss Time Services Ltd (Registered office: Times House, Throwley Way, Sutton, Surrey, SM1 4AF)	England & Wales	–	100%	Watch repairs

The Company owns directly or indirectly 100% of the voting rights in the subsidiary undertakings. H&T Group plc is incorporated in England & Wales.

D. RECEIVABLES

	2023 £'000	2022 £'000
Amounts owed by subsidiary Companies	10,840	18,445
Prepayments and accrued income	11	10
	10,851	18,455

E. LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade creditors	–	3
Accruals and deferred income	36	18
	36	21

F. CALLED-UP SHARE CAPITAL

Please refer to the Group financial statements of H&T Group plc for details of share capital including shares issued in the year (Note 27), and dividends paid and proposed (Note 14).

G. SHARE OPTION RESERVE

Refer to Note 28 of the Group financial statements of H&T Group plc for details of the performance share plan scheme.

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H&T Group plc
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SM1 4AF

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Broker and Nominated Advisor
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SW1A 1LD

Legal Advisors to the Group
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SE1 2AU

Independent Statutory Auditor
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Bankers
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25 Gresham St
London
EC2V 7HN

Registrars
Equiniti Group PLC
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Public Relations
Alma PR
71-73 Carter Lane
London
EC4V 5EQ

Cost Centre:	Store:	Address:	Postcode:
6101	Walworth	389 Walworth Road, London	SE17 2AW
6102	Catford	58 Rushey Green	SE6 4JD
6103	Poplar	22 Market Way	E14 6AH
6104	Clapham	9 Northcote Road	SW11 1NG
6105	Peckham	51 High Street	SE15 5EB
6106	Deptford	72 Deptford High Street	SE8 4RT
6107	Burnt Oak	75 Burnt Oak Broadway	HA8 5EP
6108	Fulham	224 Northend Road	W14 9NU
6109	Willesden	70 High Road	NW10 2PU
6110	Waterloo	111 Lower Marsh	SE1 7AE
6111	Tooting	63 Mitcham Road	SW17 9PB
6113	Gillingham	169 High Street	ME7 1AQ
6114	Leyton	281 High Road	E10 5QN
6115	Dalston	52 Kingsland High St.	E8 2JP
6116	Finsbury	259-261 Seven Sisters Road	N4 2DD
6117	Brighton	4 Castle Square	BN1 1EG
6119	Hounslow	30 High Street	TW3 1NW
6120	Sutton	232 High Street	SM1 1NT
6121	Hammersmith	116 King Street	W6 0QP
6122	Slough	64 High Street	SL1 1EL
6123	Barking	27 East Street	IG11 8ER
6124	Surrey Quays	196 Lower Road	SE16 2UN
6127	Streatham	254 Streatham High Rd	SW16 1HT
6128	Walthamstow	234 High Street	E17 7JH
6130	Bow	575 Roman Road	E3 5EL
6131	Clapton	157 Clapton Common	E5 9AE
6132	Ilford	91-93 Cranbrook Road	IG1 4PG
6133	Paddington	63 Praed Street	W2 1NS
6134	Chalk Farm	36 Chalk Farm Road	NW1 8AJ
6201	Birmingham	10 Ethel Street	B2 4BG
6202	Walsall	8 The Bridge	WS1 1LR
6205	Stretford	Unit 44 Brody Street Mall, Stretford Mall Shopping Centre	M32 9BB
6207	Bradford	26 James Street	BD1 3PZ
6215	Coventry	10 Hales Street	CV1 1JD
6220	Dudley	215 Wolverhampton St.	DY1 1EF
6230	Liverpool	Unit 6, 42-46 Whitechapel	L1 6DZ
6240	Blackpool	97-99 Central Drive	FY1 5EE
6301	Edinburgh	106 Lauriston Place, Edinburgh	EH3 9HX
6302	Govan	595 Govan Road	G51 2AS
6303	Dundee	116 Seagate	DD1 2ET
6304	Glasgow	9-11 Bath Street	G2 1HY
6305	Newcastle	67 Clayton Street	NE1 5PY
6307	Welling	3 Bellegrove Road	DA16 3PA

Cost Centre:	Store:	Address:	Postcode:
6309	Blackburn	Unit 2, 3 Ainsworth Street	BB1 6AS
6310	Partick	333 Dumbarton Road	G11 6AL
6311	Dagenham	299 Heathway	RM9 5AQ
6312	Hastings	18 Queens Road	TN34 1QY
6400	Runcorn	119 River Walk, Shopping City	WA7 2BX
6401	Bootle	64 Parkside, Strand Shopping Centre, Bootle. L20 4XX.	L20 4SU
6402	Kirkby	Unit 11b, St Chads Way	L32 8RD
6403	Clydebank	25 Sylvania Way South	G81 1EA
6404	Rutherglen	Unit 3, Mitchell Arcade, Rutherglen Shop C.	G73 2LS
6405	Easterhouse	Unit 19, Shandwick Sq. Shop C. Bogbain Rd	G34 9DT
6406	Greenock	Unit 3 Hamilton Gate, Oakmall Shop Ctr	PA15 1JW
6407	Bolton	13 Newport Street	BL1 1NE
6408	Macclesfield	23 Chestergate	SK11 6BX
6409	Salford	70 Fitzgerald Way, Salford Shopping C.	M6 5HW
6410	Stockport	109 Princes Street	SK1 1RW
6411	Livingston	Unit 22, Almondvale Shopping Centre	EH54 6HR
6412	Wigan	41 Standishgate Wigan	WN1 1UP
6413	Kirkcaldy	85 High Street, Kirkcaldy, Fife	KY1 1LN
6414	Acocks Green	1141a Warwick Road, Acocks Green, Birmingham	B27 6RA
6415	Acomb	3 Odsal House, Front St, Acomb, York	YO24 3BL
6416	Ashton Under Lyme	6 Mercian Mall, Ladysmith Centre, Ashton-under-Lyne	OL6 7JH
6417	Barkingside	96 High Street, Barkingside, Essex	IG6 2DR
6418	Barnsley	35 Peel Street, Barnsley	S70 2RJ
6419	Bedford	6 St Loyes Street, Bedford	MK40 1EP
6420	Bletchley	41 Queensway, Bletchley, Milton Keynes	MK2 2DR
6421	Bolton 2	Unit 2, Commercial Union House, Grt Moor St, Bolton	BL1 1NH
6422	Borehamwood	1 Furzehill Parade, Shenley Road, Borehamwood, London	WD6 1DX
6423	Bridgewater	28 Cornhill, Bridgwater, Somerset	TA6 3BY
6424	Burnley	42 Manchester Road, Burnley	BB11 1HJ
6425	Burnt Oak 2	136 Burnt Oak, Broadway	HA8 0BB
6426	Burton on Trent	209b Station Street, Burton On Trent	DE14 1AN
6427	Cambridge	76 Regent Street, Cambridge	CB2 1DP
6428	Canning Town	116 Barking Road, Canning Town	E16 1EN
6429	Canterbury	2-3 Burgate Lane, Canterbury	CT1 2HH
6430	Clacton on Sea	5 Station Rd, Clacton-on-Sea	CO15 1TD
6431	Cumbernauld	9 Antoine Shopping Centre, Tryst Road, Cumbernauld	G67 1JW
6432	Dover	3 Market Square, Dover	CT16 1LZ
6433	Dunstable	38 High Street North, Dunstable	LU6 1LA
6434	Edgware	125-127 Station Road, Edgware	HA8 7JG
6435	Enfield	244 Hertford Road, Enfield	EN3 5BL
6436	Erdington	140 High Street, Erdington	B23 6RS
6437	Golders Green	16 Golders Green Road, Golders Green	NW11 8LL
6438	Grays	23 High Street, Grays	RM17 6NB

Cost Centre:	Store:	Address:	Postcode:
6439	Halifax	21 Westgate, Halifax	HX1 1DJ
6440	Hamilton	34-36 Quarry Street Hamilton, Hamilton, Lanarkshire	ML3 7AR
6441	Harehills	243a Roundhay, Leeds	LS8 4HS
6442	Harrow 3	296 Station Rd, Harrow, London	HA1 2DX
6443	Hatfield	40 Town Centre, Hatfield, Herts	AL10 0JJ
6444	Hayes 2	9 Coldharbour Lane, Hayes, London	UB3 3EA
6445	Hemel Hempstead	180 Marlowes, Hemel Hempstead	HP1 1BH
6446	Huddersfield	30 John William Street, Huddersfield	HD1 1BG
6447	Huyton	51 Derby Road, Huyton, Liverpool	L36 9UQ
6448	Ipswich	17 High Street, Ipswich	IP1 3JZ
6449	Kidderminster	20 Bull Ring, Kidderminster	DY10 2AZ
6450	Kilburn 2	63 Kilburn High Road, London	NW6 5SA
6451	Kilburn 3	9 Kilburn Bridge, Kilburn, London	NW6 6HT
6452	Kingstanding	240 Hawthorn Road, Kingstanding, Birmingham	B44 8PP
6453	Levenshulme	894 Stockport Road, Levenshulme, Manchester	M19 3AD
6454	Maidstone	2 Palace Avenue, Maidstone	ME15 6NF
6455	Mansfield	5 Market Place, Mansfield	NG18 1HU
6457	Newport	57 Commercial Street, Newport, Gwent	NP20 1LQ
6458	Norwich	8a Castle Meadow, Norwich	NR1 3DE
6459	Peterborough 2	383 Lincoln Road, Peterborough, Cambs	PE1 2PF
6460	Ramsgate	28 King Street, Ramsgate, Kent	CT11 8NT
6461	Northampton 2	1-2 Regent Square, Northampton	NN1 2NQ
6462	Rochdale 2	1 Baillie Street, Rochdale	OL16 1JJ
6463	Shawlands	32-34 Kilmarnock Road, Glasgow	G41 3NH
6464	Sheffield King St	27 King Street, Sheffield	S3 8LF
6465	Sittingbourne	28A High Street, Sittingbourne	ME10 4PD
6467	Waltham Cross	153 High Street, Waltham Cross	EN8 7AP
6468	Ward End	Unit 8, Fox and Goose Shopping Centre, Ward End Birmingham	B8 2EP
6469	Wellingborough	28 Silver Street, Wellingborough	NN8 1AY
6470	Widnes	85 Widnes Road, Widnes	WA8 6BJ
6471	Willesden 2	1d Walm Lane, Willesden	NW2 5SJ
6472	Wisbech	13 Market Place, Wisbech	PE13 1DT
6473	Woking	14 Wolsey Walk, Woking, Surrey	GU21 6XU
6474	Wolverhampton 3	104 Darlington Street, Wolverhampton	WV1 4EX
6475	Woolwich 2	2 Greens End, Woolwich	SE18 6HX
6476	Woolwich 3	16 Beresford Square, Woolwich	SE18 6AY
6477	Clapham High Street	136 Clapham High St, London	SW4 7UH
6478	Rose Hill	49 The Market, Rose Hill, Sutton	SM1 3HE
6481	Longsight	Unit 6, 543 Stockport Road, Longsight, Manchester	M12 4JH
6482	Shepherds Bush	27 Uxbridge Road, Shepherds Bush	W12 8LH
6483	Cardiff	5 St Martins Row, Albany Road, Cardiff	CF24 3RP
6484	Queens Park	403 Victoria Road, Glasgow	G42 8RW
6485	Oxford	164 Cowley Road, Oxford	OX4 1UE
6486	West Road	138 West Road, Newcastle Upon Tyne	NE4 9QA
6501	Wood Green	12 Cheapside	N22 6HH
6503	Springburn	Unit 13, Springburn Shop C, Springburn Way	G21 1TS
6505	Leicester	69 Market Place	LE1 5EL
6506	Luton	174 The Mall	LU1 2TL
6507	Walton Vale	27 Walton Vale, Liverpool	L9 4RE
6508	Corby	19 Corporation Street	NN17 1NG
6602	Irvine	1/3 Bridgegate	KA12 8BJ
6603	Basildon	1a Market Pavement	SS14 1DD
6605	East Kilbride	10 Princes Mall	G74 1LB
6606	Rugby	1 Church Street	CV21 3PH
6607	Chatham	321 High Street	ME4 4BN
6608	Gravesend	21 King Street	DA12 2EB
6609	St. Helens	4 Ormskirk Street	WA10 1BH
6701	Watford	114 High Street	WD17 2BJ
6702	Wolverhampton	10a Cleveland Street	WV1 3HH
6703	Ayr	114 High Street	KA7 1PQ
6705	Doncaster	23 High Street	DN1 1DW
6706	Rotherham	2 Effingham Street	S65 1AJ
6707	Sheffield	The Kiosk, 1-13 Angel Street	S3 8LN
6708	Worksop	27-29 Bridge Street	S80 1DA
6709	Portsmouth	186 Kingston Road	PO2 7LP
6710	Cosham	32 High Street	PO6 3BZ
6711	Tooting Junction	20-22 London Road	SW17 9HW
6712	Crawley	11 Broadwalk	RH10 1HJ
6713	Birkenhead	Grange Shop Cntr, 26 Borough Pavement	CH41 2XX
6714	Ellesmere Port	43 Marina Drive, Port Arcades Shop Ctr	CH65 0AN
6801	Darlington	23 Skinnergate	DL3 7NW
6802	Wallsend	28 High Street East	NE28 8PQ
6803	County Road	66 County Road, Walton, Liverpool	L4 3QL
6804	Leigh	53 Bradshawgate	WN7 4NB
6805	Fareham	119a West Street	PO16 0DY
6806	Leith	Unit 6, Newkirkgate Shopping Ctr.	EH6 6AA
6807	Stockton	107-108 High Street	TS18 1BB
6808	Wembley	544 High Road	HA0 2AA
6809	Orpington	221 High Street	BR6 0NZ
6810	Hyde	Unit 5, The Mall, Clarendon Sq Shop Ctr	SK14 2QT
6811	Rochdale	92 Yorkshire Street	OL16 1JX
6812	Stirling	33-35 Murray Place	FK8 1DQ
6813	Sunderland	26 Blandford Street	SR1 3JH
6814	Great Western Rd	156 Great Western Road, Glasgow	G4 9AE
6820	Southampton EST	Unit 19, Marlands Shopping Centre	SO14 7SJ
6821	Oldham	8 The Spindles Shopping Centre, Oldham	OL1 1XF

Cost Centre:	Store:	Address:	Postcode:
6823	Breck Road	305-307 Breck Road, Liverpool	L5 6PU
6824	West Bromwich 2	23B St Michael Street, West Bromwich	B70 7AB
6825	Edinburgh 3	38 Queen Street, Edinburgh	EH2 1JX
6826	Plaistow	2 and 2b Balaam Street, Plaistow	E15 8AQ
6827	Northfield	746 Bristol Road S Northfield Birmingham	B31 2NN
6828	Chelmsley Wood	Unit 28, 30 Greenwood Way, Chelsley Wood	B37 5TL
6829	Chatham 2	157 High Street, Chatham	ME4 4BA
6830	Plymouth	65 New George Street, Plymouth	PL1 1RJ
6831	Belle Vale	35 Belle Vale Shopping Centre, Childwall, Liverpool	L25 2RQ
6832	Wester Hailes	Unit 31, Westside Plaza, Edinburgh	EH14 2SW
6833	Cwmbran	13 The Parade, Cwmbran	NP44 1QR
6834	Pontypridd	6D Taff Street, Pontypridd	CF37 4UL
6835	Sheerness	34 High Street, Sheerness	ME12 1NL
6836	Merthyr Tydfil	126A High Street, Merthyr Tydfil.	CF47 8BT
6837	King Lynn	14 Broad St, Kings Lynn	PE30 1DP
6839	Camden	90 Camden High Street, London	NW1 0LT
6840	Swansea	256 Oxford Street, Swansea	SA1 3BN
6841	Boston	28-30 Strait Bargate, Boston	PE21 6LJ
6842	Gloucester	1 St Michael's Building, Eastgate Street, Gloucester	GL1 1PD
6843	Cardiff Canton	140/142 Cowbridge Road East, Canton, Cardiff	CF11 9ND
6844	Islington	59 Chapel Market, London	N1 9EW
6845	Warrington	Unit 47 61 The Mall Golden Square Shopping Centre, Warrington	WA1 1QP
6846	Chesterfield	21 Middle pavement, Chesterfield, Derbyshire	S40 1PA
6847	Bradford 2	19 James Street, Bradford	BD1 3PZ
6848	Bradford 3	47 Hustlergate, Bradford	BD1 1PH
6849	Dalston 2	75 Kingsland High Street, Dalston	E8 2PB
6850	Green Lanes	457 Green Lanes, Haringey	N4 1HE
6851	Feltham	162 The Centre. Feltham	TW13 4BS
6852	Smethwick	543 Bearwood Road, Bearwood	B66 4BH
6853	Hillsborough	19 Middlewood Road, Hillsborough. Sheffield	S6 4GU
6854	Beaumont Leys	27 Fletcher Mall, Leicester	LE4 1DF
6856	Ilford 3	632 Eastern Avenue	IG2 6PG
6901	Reading	31 Oxford Road, Broad Street Mall	RG1 7QG
6902	Wythenshawe	Unit 1D, Hale Top, Civic Centre	M22 5RN
6903	Stoke on Trent	49-51 Stafford Street	ST1 1SA
6904	Leeds	8 New Market Street	LS1 6DG
6905	Scunthorpe	114 High Street	DN15 6HB
6906	Eltham	89 Eltham High Street	SE9 1TD
6907	Derby	33 Victoria Street	DE1 1ES
6908	Gateshead	Unit 5, Jackson Street	NE8 1EE
6909	Coventry 2	54 Lower Precinct, Coventry	CV1 1DX
6910	Swindon	46 Bridge Street	SN1 1BL
6911	Preston	11 Friargate	PR1 2AU

Cost Centre:	Store:	Address:	Postcode:
6913	Eastleigh	43-45 Market Street	SO50 5RF
6914	Northampton	Unit 3, 71B Abington Street	NN1 2BH
6915	Harrow	324b Station Road	HA1 2DX
6916	Peterborough	1 Westgate	PE1 1PX
6917	Nottingham	22-24 Upper Parliament Street	NG1 2AD
6918	Colchester	10 Short Wyre Street	CO1 1LN
6919	Woolwich	4 Powis Street	SE18 6LF
6920	Southampton	113a East Street	SO14 3HD
6921	Harlow	23 Broad Walk	CM20 1JF
6922	Middlesbrough	45 Dundas Street	TS1 1HR
6923	Edinburgh 2	78a Nicholson Street, Edinburgh	EH8 9EW
6924	Chelmsford	25 High Chelmer	CM1 1XR
6925	Soho Road	224 Soho Road, Birmingham	B21 9LR
6926	Tottenham	518 High Road	N17 9SX
6927	Newcastle 2	117 Grainger Street	NE1 5AE
6928	Duke Street	487 Duke Street, Glasgow	G31 1DL
6929	Edmonton	16 South Mall, Edmonton Green Shopping C	N9 0TN
6930	Downham	438 Bromley Road	BR1 4PP
6931	Camberwell	72 Denmark Hill	SE5 8RZ
6932	East Ham	47 High Street North	E6 1HS
6933	Dartford	Unit 33, The Orchards Shopping Centre	DA1 1DN
6934	Grimsby	6 Victoria Street	DN31 1DP
6935	Acton	158 High Street	W3 6QZ
6936	Kilburn	139 Kilburn High Road	NW6 7HR
6937	Hull	Unit 30, 37 Prospect Centre	HU2 8PP
6938	Croydon North End	63 North End, Croydon, CR0 1TG	CR0 1TG
6939	West Bromwich	64 Kings Square (High Street), Sandwell Ctr	B70 7NW
6940	Romford	Unit 30, Liberty 2, Mercury Gardens	RM1 3EE
6942	Lewisham	121 Lewisham High Street	SE13 6AT
6943	Sutton In Ashfield	Unit 44, Idlewells Shopping Centre	NG17 1BJ
6944	Brixton	Arch 9, Atlantic Road	SW9 8HX
6945	Croydon East	16 George Street	CR0 1PA
6946	Uxbridge	Unit 11, Chequers Square, The Mall	UB8 1LN
6948	Bexleyheath	109 The Broadway Centre	DA6 7JH
6949	Bull Street	102 Bull Street, Birmingham	B4 7AA
6950	Great Bridge	51 Great Bridge	DY4 7HF
6951	Sidcup	76 High Street	DA14 6DS
6952	Hayes	46 Station Road	UB3 4DD
6954	Southall	1A the Broadway	UB1 1JR
6955	New Addington	14 Central Parade	CR0 0JB
6956	Kingston	26 Castle Street, Kingston Upon Thames	KT1 1SS
6957	Stevenage	24 Westgate Centre	SG1 1QR
6959	Bromley	82 High Street	BR1 1EY

Cost Centre:	Store:	Address:	Postcode:
6960	Cheetham Hill	Unit 5, Cheetham Hill Shopping Centre	M8 5EL
6961	Harlesden	72 High Street	NW10 4SJ
6964	Hackney	384 Mare Street	E8 1HR
6965	Sydenham	37 Sydenham Road	SE26 5EX
6966	Worcester Park	148 Central Road	KT4 8HH
6967	Penge	136 High Street	SE20 7EU
6968	Stratford	Unit 27, The Mall, Stratford Centre	E15 1XD
6969	Bedminster	84 East Street, Bedminster, Bristol	BS3 4EY
6973	Wolverhampton 2	15-16 Queen Street	WV1 3JW
6974	Southend-on-Sea	95 Southchurch Road	SS1 2NL
6977	Forest Gate	29 Woodgrange Road	E7 8BA
6980	Margate	72 High Street, Margate	CT9 1DT
6982	Croydon West	12 London Road	CR0 2TA
6983	Ilford 2	211 High Road	IG1 1LX
6984	Holloway	9 Seven Sisters Road	N7 6AJ
6985	Green Street	342 Green Street, Upton Park, London	E13 9AP
6987	Crewe	Crewe Jewellers & Pawnbrokers, 21 Victoria Street	CW1 2HF
6992	Harrow 2	14 St Anns Road, Harrow	HA1 1LG
6993	Walworth 2	241 Walworth Road, Walworth, London	SE17 1RL
6995	Hounslow 2 (Central)	253 High Street	TW3 1EA
6997	Fore Street	169-171 Fore Street, Edmonton	N18 2XB

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