

**INVESTOR
PRESENTATION**

**YEAR ENDED
31 DECEMBER 2022**

AGENDA

HIGHLIGHTS AND OVERVIEW CHRIS GILLESPIE
FINANCIAL REVIEW DI GIDDY
STRATEGY AND OUTLOOK CHRIS GILLESPIE
Q & A AND APPENDIX



WHO WE ARE... AND HOW WE GOT HERE

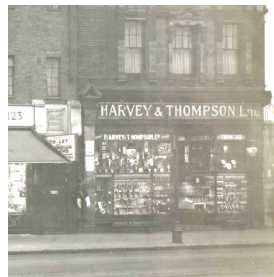
1897

H&T Pawnbrokers Ltd was officially registered by Charles James Thompson and Walter Harvey. 12 H&T stores were opened, mostly in South East London, including; Lambeth Walk, Old Kent Rd, Albert Embankment and Vauxhall over the next few years.



1907

Percy George Gibbens was employed at the Vauxhall store earning 7 shillings per day. Percy would work his way all the way up to become Managing Director in 1945.



1915

Sadly, in this year, both founders of the business; Charles James Thompson and Walter Harvey passed away within 3 weeks of each other.

1921

26th May. A cricket match between Harvey & Thompson vs Croydon & District Pawnbrokers. H&T unfortunately lost, being bowled out for 39 chasing CDP score of 104 for 6 wickets.

1935

H&T's pledge book was worth £92k, listed as the greatest pawnbroker business in England.

An example of some of the pledged items at the time were Butchers Cloaks which were pledged for 3 shillings and 6d. (approx. £10.80 today)



1941

The War Years

Sadly, H&T sustained substantial bombing damage to many of its London stores, one of which was completely destroyed. 78 male H&T employees had been called up for service, many of whom returned to the business after the war.

By the late 1950's wrist watches were becoming popular, with an average pledge of £10 for a watch (approx. £256 today)



1974

In this year, old pawnbroking legislation was updated by the Consumer Credit Act, allowing registered pawnbrokers to offer new services such as cheque-cashing.

2006

H&T floated on the Alternative Investment Market (AIM)



2014

The FCA (Financial Conduct Authority) takes over industry regulation from the OFT (Office of Fair Trading). H&T pawnbrokers are authorised and regulated by the Financial Conduct Authority for Consumer Credit.

2019

H&T acquires over 70 stores nationwide from 2 competitors in the pawnbroking market who ceased trading.



2022

H&T expands its presence in Wales with 3 new stores. The total number of stores across the UK passed 267 in December 2022 with over 1,500 employees in total across stores and support centres.

The retail side of the business expansion over the past 5 years has seen H&T become the 6th largest jewellery retailer in the UK in 2022.*



* Source: www.professionaljeweller.com/the-uks-top-10-jewellers-ranked/

YEAR ENDED 31 DECEMBER 2022

OVERVIEW AND STRATEGIC UPDATE



H&T AT A GLANCE

WHO WE ARE

A community based business trusted by our customers for 125 years.

WHAT WE DO

H&T is the UK's largest pawnbroker and provides a range of financial services to meet customers' needs. We are the 6th largest retailer of high quality pre-owned and new jewellery and watches.*

MARKET DRIVERS

Increasing need for small-sum, short-term loans at a time when supply of such credit is constrained. Our retail products represent good value for money, a store of value and have strong sustainability credentials.

Profit before Tax

£19.0m



2021: £10.0m**

Diluted EPS

37.2p



2021: 20.8p**

Dividend per share

15p



2021: 12p

NAV

£164.1m



2021: £136.6m

Net Pledge book

£100.7m



2021: £66.9m

Number of stores

267



2021: 257

Average pledge book per store

£377k



2021: £260K

THE AMBITION

We strive to make pawnbroking a more widely accepted and valued financial service. We will continue to invest in our store estate and digital footprint to deliver a service that exceeds customers' expectations, whilst delivering attractive returns for shareholders.

*<https://www.professionaljeweller.com/the-uks-top-10-jewellers-ranked/> **Excluding non-recurring expense item of £2.1m

H&T INVESTMENT CASE

1 CLEAR MARKET LEADER

- H&T offers a diversified financial product portfolio across our 267 stores. We are the UK's largest pawnbroker and 6th largest retailer of pre-owned jewellery and watches. With strong positions in other product offerings e.g. one of the UK's largest small-sum money transfer agents.
- Investing in digital capabilities to enhance customers' experience and range of channel options

2 STRUCTURAL GROWTH OPPORTUNITY

- Target audience is growing as supply of small-sum, short-term credit is constrained at a time of increased demand
- Growing demand for pre-owned jewellery and watches which represents >80% of retail sales
- Store footprint can be extended to cover broader geography at modest investment costs per store

3 GROWING RESPONSIBLY

- We are committed to growing responsibly
- Investing in customer service, our teams around the UK and our properties to ensure they are welcoming as well as supporting local communities

4 STRONG RETURNS

- Growth in the pledge book underpins future earnings, alongside other product offerings
- Predominantly fixed cost base provides scalability and operational leverage
- Progressive dividend policy with at least 2 x cover target ratio
- Target to achieve sustainable post-tax ROE * of mid teens

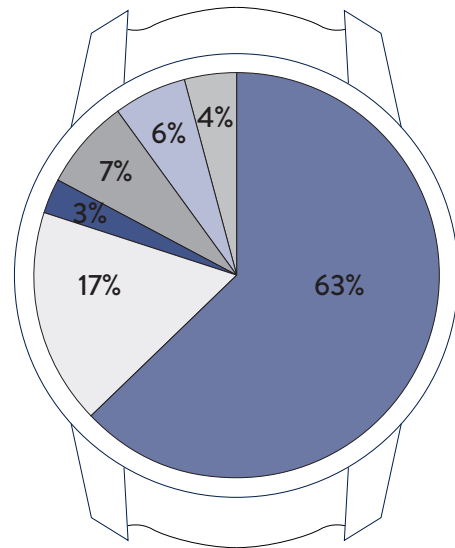
* Based on H&T's effective corporate tax rate

5 SUSTAINABLE BUSINESS MODEL

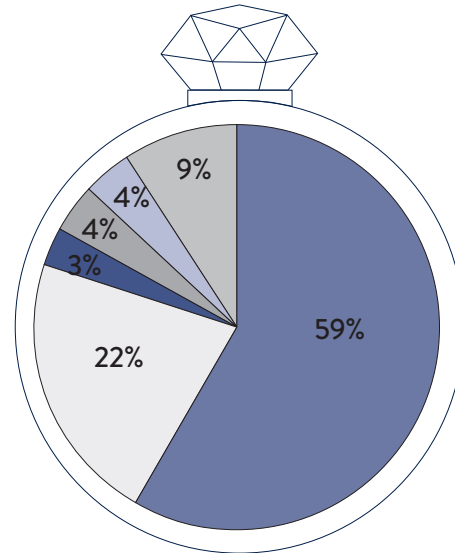
- Pledge lending collateral of precious metals, watches and jewellery
- No recourse to the borrower at any time – very different to other forms of lending
- Strong customer advocacy and positive outcomes
- 4.8 Trust Pilot score from over 4,900 reviews
- Strong control culture and operational environment
- Prudent underwriting policies. Loan to value ratios c. 65%

PRODUCT OFFERING

Gross Profit by Product: 2022



Gross Profit by Product: 2021



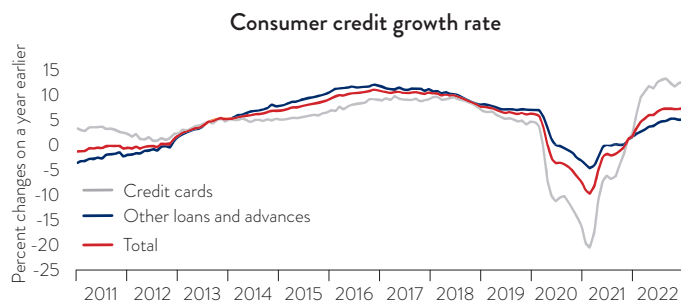
- Reported gross profit* increased to £101.9m (2021: £76.4m)
- Pawnbroking and Retail remain largest segments of the business, contributing 63% (2021: 59%) and 17% (2021: 22%) respectively to gross profit
- Foreign currency gross profit increased by 90% to £5.7m (2021: £3m)
- All unsecured personal lending ceased in H1'2022. Gross profit after impairment reduced to £2.1m. Significant growth in other revenue segments has replaced personal lending gross profit, which peaked at £10.8m in 2019.

*Gross profit is a key financial measure for the Group as it reflects revenue contributions for all the business segments

MEDIUM-TERM GROWTH DRIVERS

PAWNBROKING SERVICES FULFIL INCREASING NEED FOR SMALL-SUM CREDIT

- Demand for small-sum short-term credit has returned
- Supply of small-sum credit is more constrained than has been the case for many years
- A pawnbroking loan is not the same as credit lending, as the pawnbroker has no recourse to the customer, only to the underlying item pledged against the loan



PRE-OWNED JEWELLERY AND WATCH SEGMENT EXPECTS SIGNIFICANT GROWTH

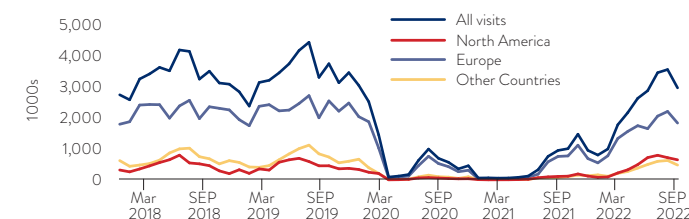
- Accelerating demand for pre-owned jewellery and watches, driven by demographics, price-sensitive consumers and increasing awareness of environmental and sustainability matters
- Demand expected to increase from younger consumers who consider pre-owned retail purchases more environmentally friendly. This dynamic is expected to account for 20 to 30 percent of global jewellery sales by 2025
- Customers view our jewellery items as good value for money and a store of value that can be used as collateral for future pledge loans if their financial circumstances should change
- Consumers expect same level of service online and in stores and with about 80% of fine jewellery purchases still expected to be made in stores in 2025, seamless connectivity between channels will be paramount

Source: McKinsey Sate-of-fashion-watches-and-jewellery report

INCREASING DEMAND FOR FOREIGN TRAVEL MONEY

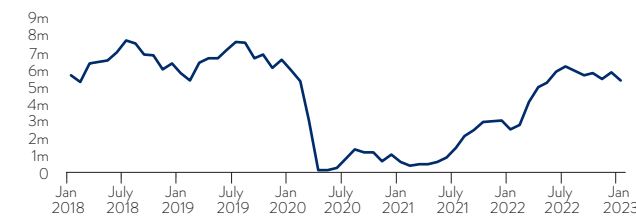
- Demand for overseas travel continues to gather momentum
- Spending abroad is now above pre-pandemic levels, increasing from £7.2 billion in September 2019 to £7.4bn in September 2022*
- In January 2023 London Heathrow processed 5.5m passengers, 111% up on January 2022, the highest January total post Covid-19 restrictions**

Overseas residents' visits to the UK by month, January 2018 to September 2022



*Source: Office for National Statistics – Overseas travel and tourism: September 2022 provisional results


Heathrow Traffic Statistics: Passengers



**Source: <https://www.heathrow.com/company/investor-centre/reports/traffic-statistics>

UK'S LARGEST PAWNBROKER, A LEADING RETAILER OF NEW AND PRE-OWNED JEWELLERY AND WATCHES

A TRUSTED CONSUMER BRAND



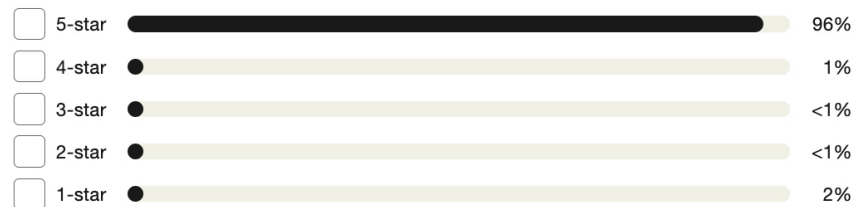
H&T Pawnbrokers
Reviews 4,964 • Excellent
★★★★★ 4.8 ⓘ
✓ VERIFIED COMPANY

 Write a review



Reviews ★ 4.8

4,964 total



Filter 

Sort: Most relevant 

COMMITTED TO GROWING RESPONSIBLY

- Trusted pawnbroker for 125 years
- Our mission is to make pawnbroking a widely accepted and valued financial service supported through our stores and online
- We pride ourselves on high standards of customer service and exceeding our customers' expectations remains our highest priority
- We strive to be pillars of the communities in which we operate, responsibly managing our property estate and developing our colleagues
- The acquisition of Swiss Time Services brings watch repairs and servicing in-house, supporting our growing watch business



YEAR ENDED 31 DECEMBER 2022

FINANCIAL OVERVIEW



FINANCIAL HEADLINE SUMMARY

Profit before Tax
£19.0m

↑
90%

2021: £10.0m

Pawnbroking Pledge book
£100.7m

↑
51%

2021: £66.9m

Net Pawnbroking Revenue
£51.0m

↑
37%

2021: £37.3m

Retail Sales
£45.2m

↑
25%

2021: £36.2m

Foreign Currency Income
£5.7m

↑
90%

2021: £3m

Expenses (excl impairment charge)
£69.6m

↑
18%

2021: £59.1m

Net asset Value
£164.1m

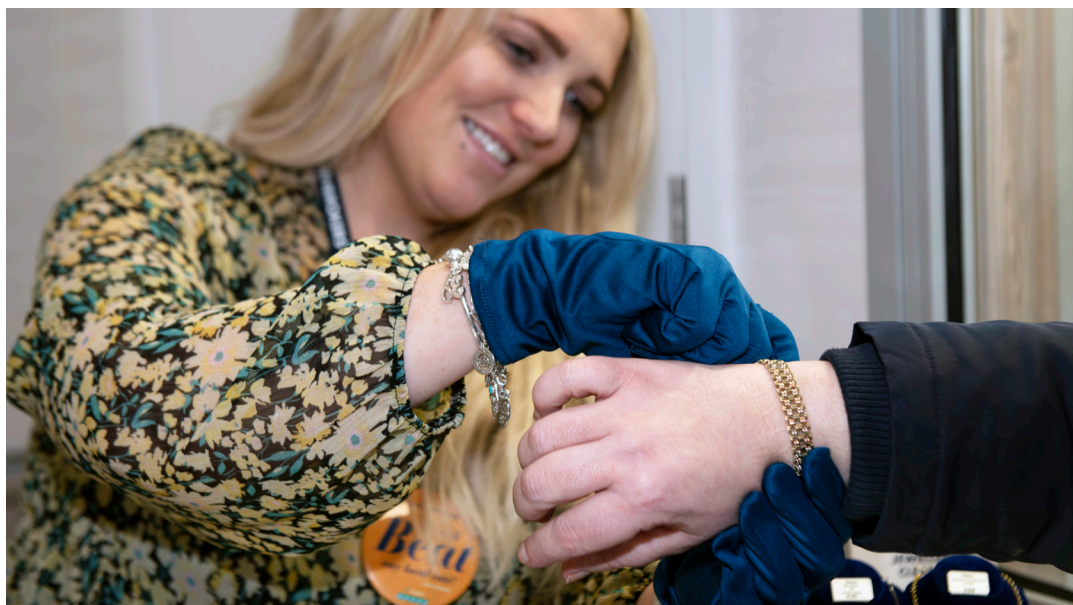
↑
20%

2021: £136.6m

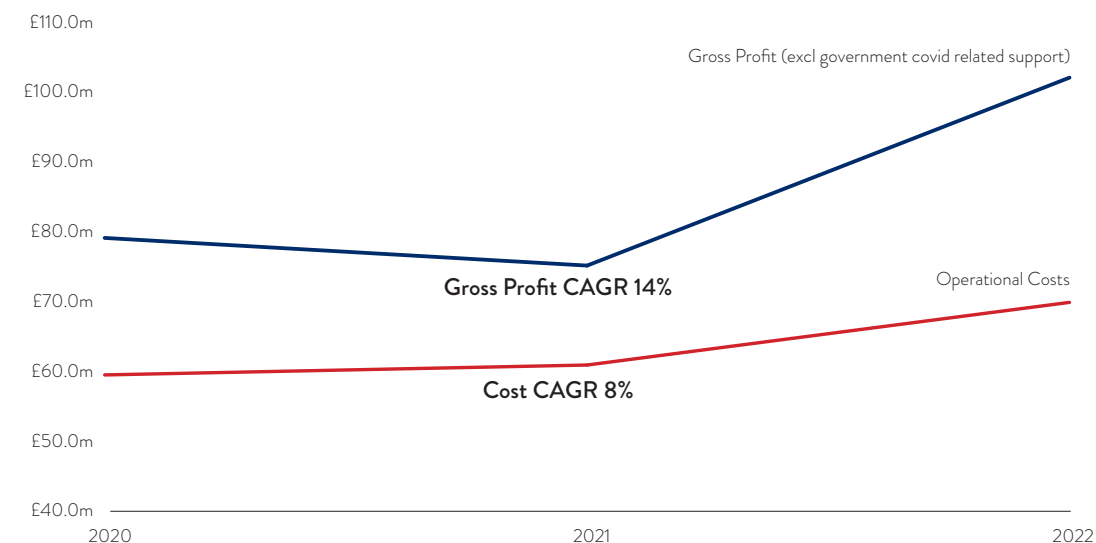
Return on Equity (post tax)
9.9%

↑

2021: 4.4%



Operational leverage (excl IFRS 9)



INCOME STATEMENT – GATHERING MOMENTUM

Group Statement of Comprehensive Income For the year ended 31 December 2022

	2022 £'000	2021 £'000
Continuing operations:		
Revenue	173,941	121,995
Cost of sales	(72,025)	(45,640)
Gross profit	101,916	76,355
Other direct expenses	(59,535)	(46,251)
Administrative expenses	(21,828)	(18,904)
Recurring operating profit	20,553	11,200
Non-recurring expenses	-	(2,099)
Operating profit	20,553	9,101
Investment revenues	-	8
Finance costs	(1,548)	(1,247)
Profit before taxation	19,005	7,862
Tax charge on profit	(4,093)	(1,818)
Profit for the financial period and total comprehensive income	14,912	6,044
Earnings per share from continuing operations	Pence	Pence
Basic	37.16	15.43
Diluted	37.15	15.43

- Group profit before tax of £19.0m (2021: £10.0m excluding non-recurring expense item of £2.1m).
- Gross profit increased by 33.4% to £101.9m (2021: £ 76.4m). All current business segments showed revenue and gross profit growth in 2022.
- Other direct and admin costs increased to £81.4m (2021: £65.2m).
 - Other direct expenses include IFRS 9 provisions of £11.8m (2021: £6m), which increased due to the significant growth in the pledge book.
 - Employee related costs, excluding variable remuneration, have increased by 7%
 - Strong trading momentum led to increased performance related pay, in particular for store and other customer facing colleagues, in line with a balanced scorecard approach. Also, increased provisions for share incentives were required, as existing schemes have a higher probability of vesting given share price performance and earnings growth
 - Other costs eg travel, training and business rates, have normalised following the lifting of Covid-19 restrictions. Utility costs rose in line with broader economic forces, however the Group fixed heating and lighting costs under a 2-year contract, which came into effect in January 2022.
- Close cost control remains a priority at a time of heightened inflationary pressures

BALANCE SHEET – UNDERPINNED BY INHERENT VALUE OF PRECIOUS METAL (MAINLY GOLD AND WATCHES) AND CASH BALANCES

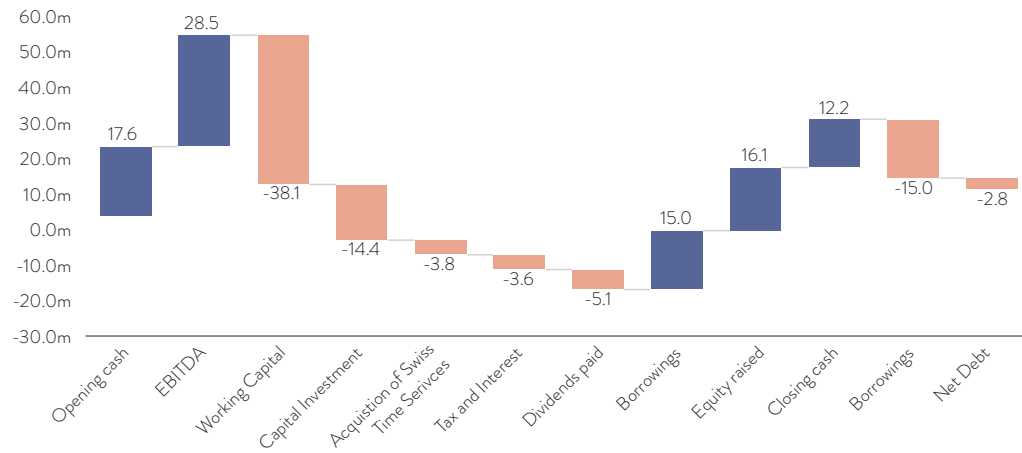
Group Balance Sheet
As at 31 December 2022

	31 December 2022 £'000	31 December 2021 £'000
Non-current assets		
Goodwill	20,969	19,330
Other intangible assets	6,368	1,892
Property, plant and equipment	13,045	11,101
Right-of-use assets	18,991	17,400
Deferred tax assets	251	1,726
	59,624	51,449
Current assets		
Inventories	35,469	28,421
Trade and other receivables	104,046	72,449
Cash and bank balances	12,229	17,638
	151,744	118,508
Total assets	211,368	169,957
Current liabilities		
Trade and other payables	(9,097)	(10,154)
Lease liabilities	(3,743)	(3,191)
Current tax liability	(937)	(375)
	(13,777)	(13,720)
Net current assets	137,967	104,788
Non-current liabilities		
Borrowings	(15,000)	-
Lease liabilities	(16,326)	(15,792)
Long term provisions	(2,146)	(3,827)
	(33,472)	(19,619)
Total liabilities	(47,249)	(33,339)
Net assets	164,119	136,618
Equity		
Share capital	2,193	1,993
Share premium account	49,423	33,486
Employee Benefit Trust shares reserve	(34)	(35)
Retained earnings	112,537	101,174
Total equity attributable to equity holders	164,119	136,618

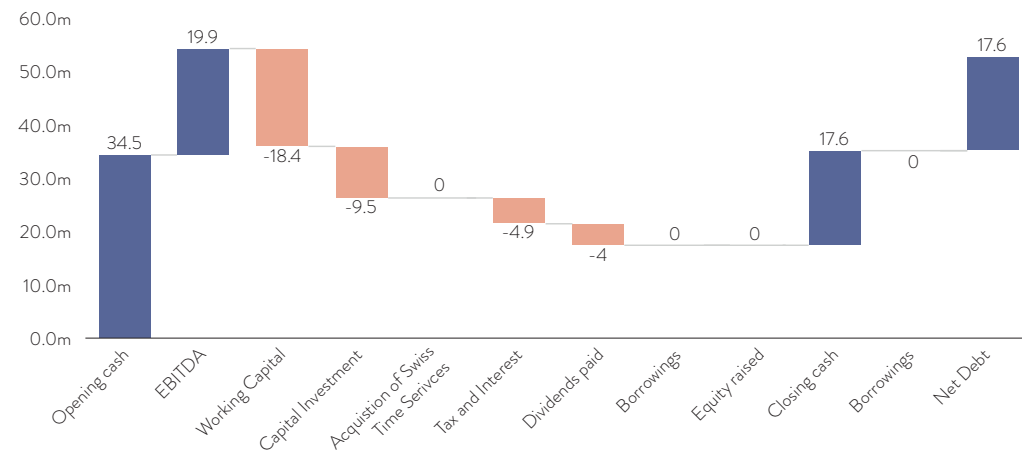
- The Group's balance sheet strengthened further with net assets of £164.1m (2021: £136.6m)
- Pawnbroking pledge book grew to £100.7m (2021: £66.9m) using cash resources to fund the growth
- Non-current assets grew with the acquisition of Swiss Time Services for £3.8m in July, the ongoing capital investment in IT development, along with growth and refurbishment of the store estate
- Inventory increased to £35.5m (2021: £28.4m). Watches in course of repair, included in inventory, was c.£4m as at December (2021: £1.7m)
 - Retail stock available for sale at the end of December amounted to £25.0m (2021: £21.4m)
- Year end net debt position of £2.8m (2021: net cash £17.6m) reflecting increase in working capital deployed in supporting growth
- The Group successfully raised gross proceeds of £16.9m via a capital raise concluded in September 2022

CASH FLOW STATEMENT – FUNDING A GROWING BUSINESS

Net Cash Bridge 2022



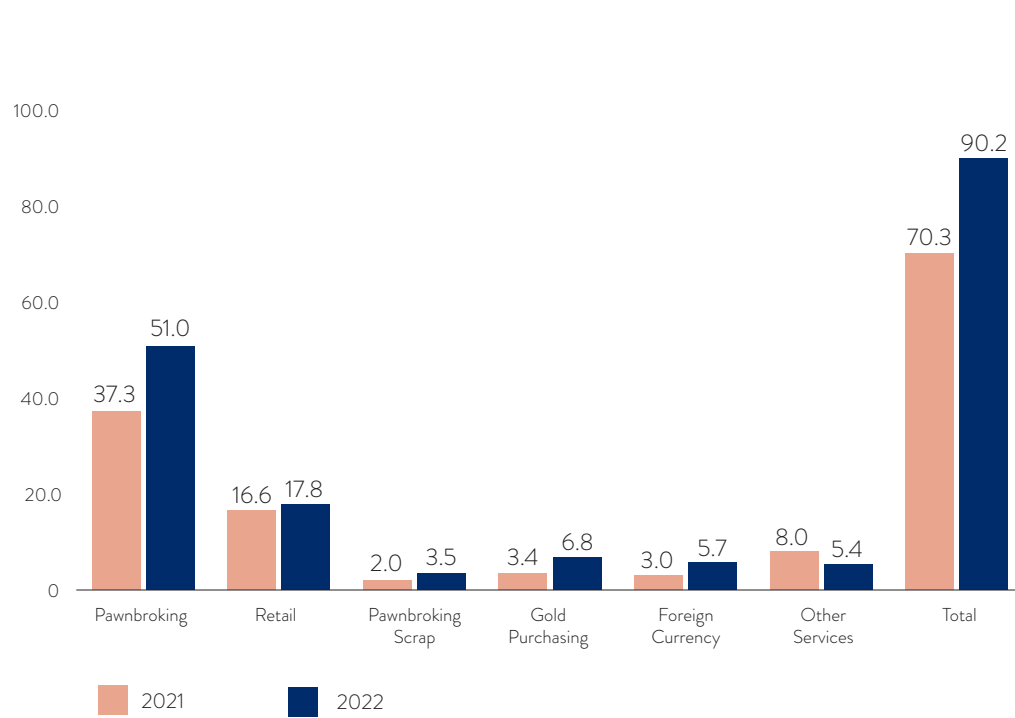
Net Cash Bridge 2021



- £20.4m cash outflow (2021: £16.9m)
 - Increased investment in working capital of £38.1m (2021: £18.4m)
 - Acquisition of Swiss Time Services £3.8mm (net cash balance acquired of £0.5m)
 - Expanding and refurbishing the store estate of £12.7m (2021: £9.5m)
 - Investment in IT and digital of £1.7m (2021: £1.1m)
 - Paying interest, taxes and dividend of £8.7m (2021: £8.9m)
- At 31 December 2022, £15m of RCF drawn with cash balances of £12.2m (2021: £17.6m) resulting in net debt position of £2.8m (2021: net cash £17.6m). Undrawn financing facilities of £20m.

SEGMENTAL RESULTS

Gross Profit after IFRS 9 impairment by Product



Product Margin by Product

	2022	2021
Pawnbroking		
annualised risk adjusted margin ¹	61%	70%
Retail	39%	46%
Gold Purchasing	19%	17%
Pawnbroking Scrap	19%	18%

Note 1: Net revenue (after IFRS 9 impairment charge) expressed on an annualised basis as a percentage of the net pledge book over the previous 12 months

SEGMENTAL RESULTS: PAWNBROKING

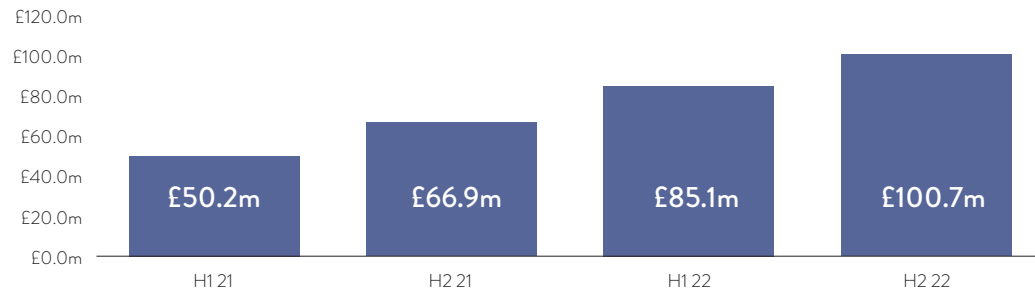


- Pledge lending is the Group's core business, contributing £51.0m or 57% (2021: 53%) of gross profit
 - Pledge book grew by 50.5% to £100.7m (2021: £66.9m)
 - Borrowing demand by individuals and business owners has returned at a time of significantly constrained supply of small-sum short-term credit
 - Aggregate lending for the year increased by over 52% to £218m (2021: £143m)
 - Over 13% of loans are to new borrowers, with new customer volumes up 40% year on year
 - Monthly lending volumes in first two months of 2023, have been at record levels
- Annualised risk adjusted margin moderated as expected, to 60.9% (2021: 69.5%). The three contributing factors are business mix (as larger loans carry a lower yield), loan duration and the impact of IFRS9.
 - Average loan value £405 (2021: £339) with increase as expected following return of demand for larger loans. Median loan values stable at £185 (2021: £175)
 - Moderate shortening of average loan duration to 97 days (2021: 107 days) as customers choose to repay their loans early
 - Loan to Value ('LTV') ratios continue at c. 65% (2021: c. 65%)
 - Redemption rates have been consistent at c.85%, above historic norms

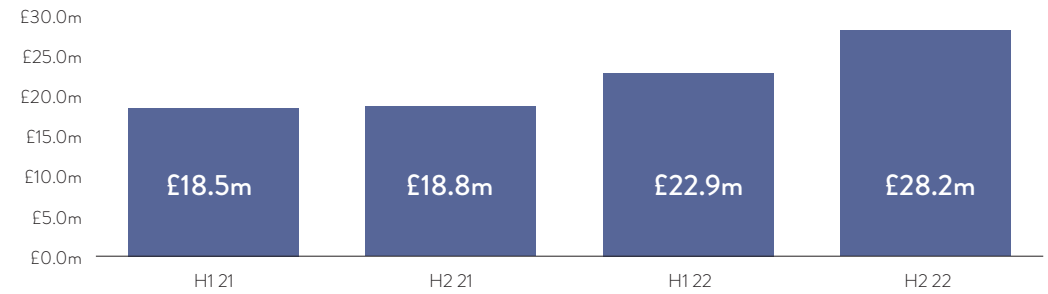
SEGMENTAL RESULTS: PAWNBROKING



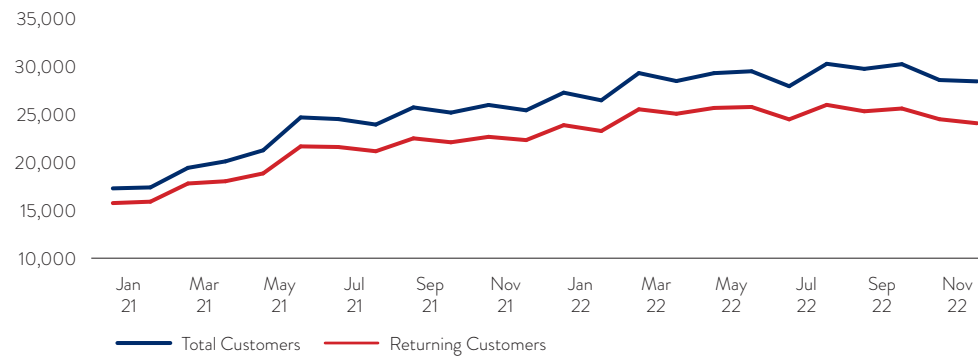
Net Pledge Book (incl Accrued Income & Impairment)



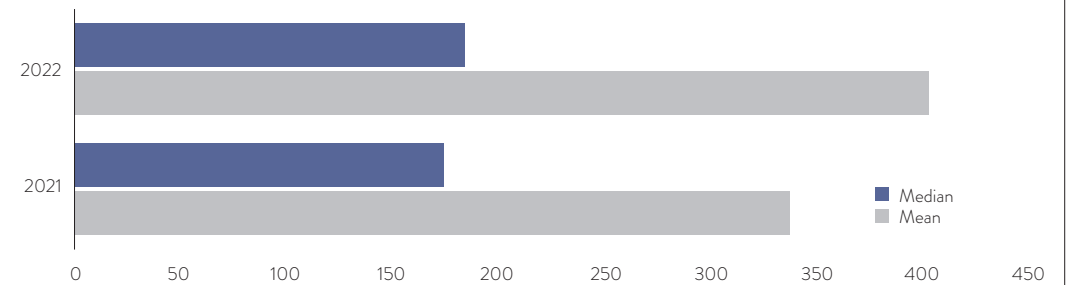
Pawnbrokering – Gross profit less Impairment



Monthly pledge customers



Average loan value



SEGMENTAL RESULTS: RETAIL



- H&T is the UK's 6th largest retailer of high quality pre-owned jewellery and watches and also offers an expanding range of new jewellery*
- Retail sales revenue grew by 25% to £45.2m (2021: £36.2m)
- Gross profits up 7.2% to £17.8m (2021: £16.6m)
- Gross margin moderated to 39.3% (2021: 45.9%), as expected, due to changing sales mix between new and pre-owned items, dynamic pricing and inventory management
- Sale of new products represented 22% (2021: 16%) of total sales, as supply of some popular pre-owned product lines remains constrained, with demand satisfied through the sale of new items
- Online sales increased by 26% to £5.9m (2021: £4.7m), representing 13% (2021: 13%) of total sales by value. Almost half of online sales are viewed in stores, prior to the customer completing their purchase.
- Retail stock available for sale at the end of December 2022 c. £25m (2021: £21m)

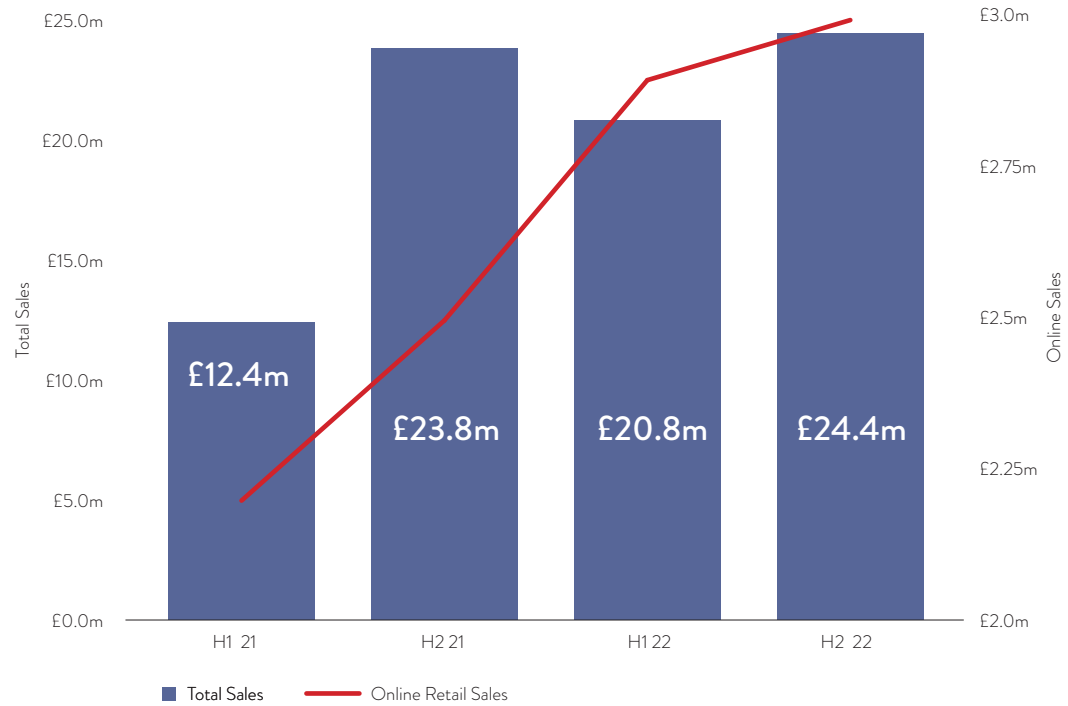


* <https://www.professionaljeweller.com/the-uks-top-10-jewellers-ranked/>

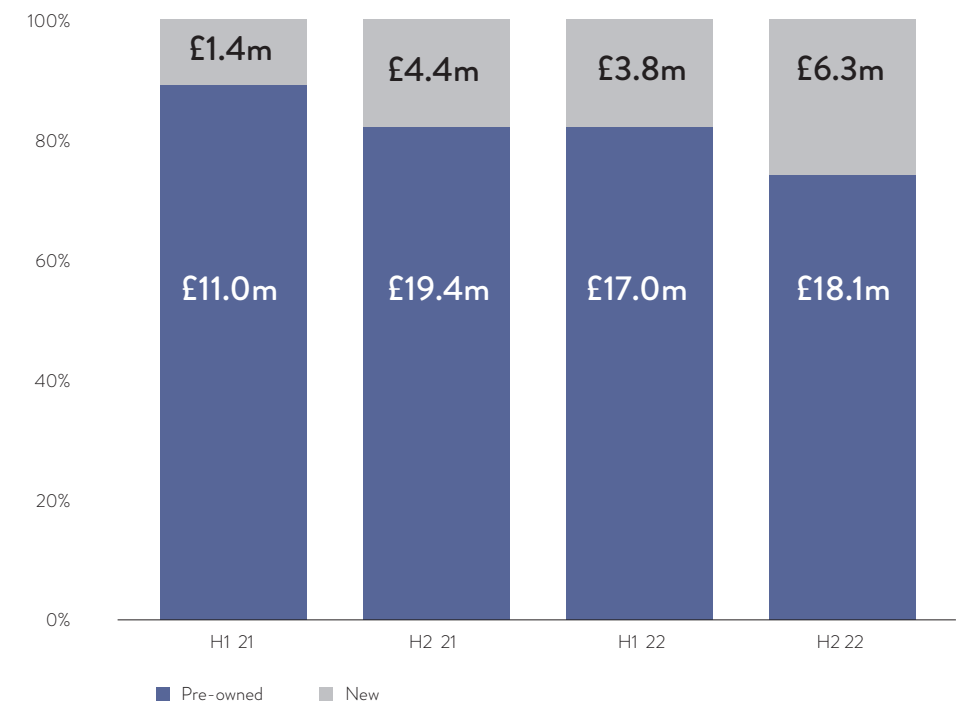
SEGMENTAL RESULTS: RETAIL



Retail Sales



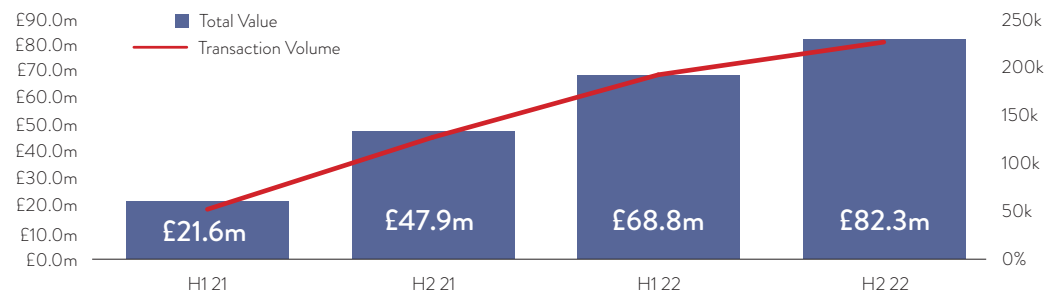
Retail Sales Mix



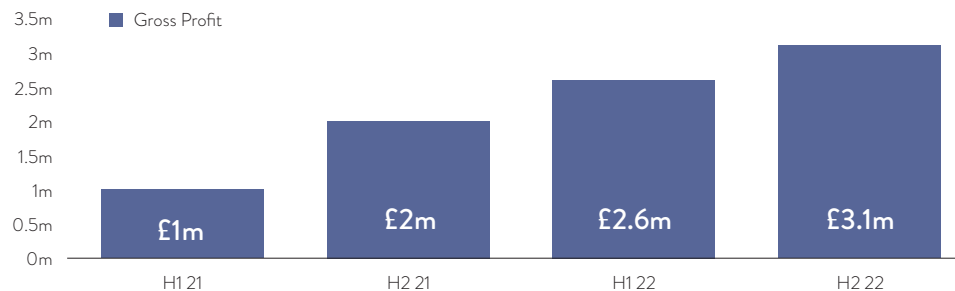
SEGMENTAL RESULTS: FOREIGN CURRENCY



FX: Value (£'m) and Volume



FX: Gross Profit



- Gross profit rose 90% to £5.7m (2021: £3m)
- Revenues have fully recovered to pre-pandemic levels
- Demand for overseas travel continues to gather momentum
- Average transaction value reduced by c. 10% year on year to £390 (2021:£430) evidencing careful holiday planning by customers
- Provision of foreign currency services identified as a future growth opportunity for the Group, and is receiving increased focus and investment

SEGMENTAL RESULTS: GOLD PURCHASING AND SCRAP



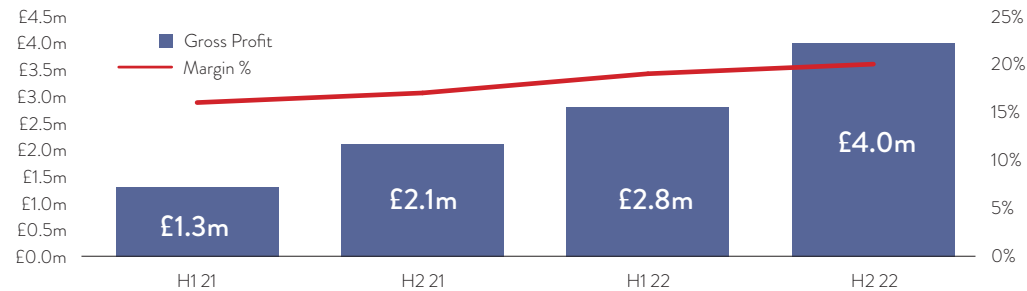
- Scrap profits are earned from two product streams:
 - Gold purchasing scrap: direct gold purchased from customers, which does not meet the required retail quality
 - Pawnbroking scrap: items released from the pledge lending cycle, which do not meet the required retail quality
- Scrap profits are correlated to the prevailing gold price, after allowing for the impact of timing to process the item



SEGMENTAL RESULTS: GOLD PURCHASING AND SCRAP



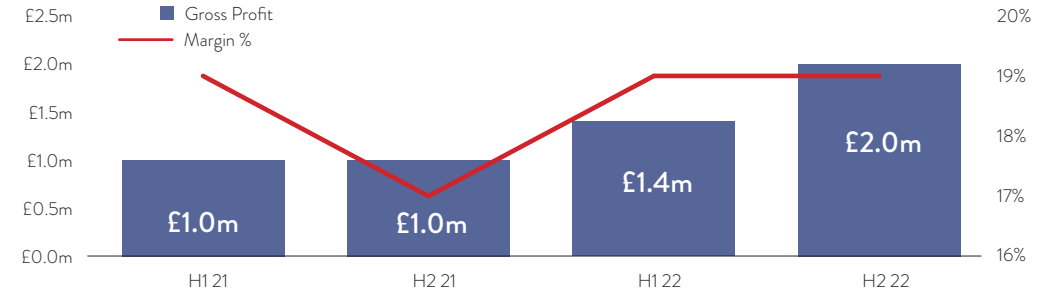
Gold Purchasing: Gross Profit and Margin %



Gold purchasing scrap:

- Gross profit increased by 100% to £6.8m (2021: £3.4m)
- Gross margin improved to 19% (2021: 17%) supported by a strong gold price
- Both gold price and impact of inflation on customers' disposable income has underpinned increasing demand

Pawnbroking Scrap: Gross Profit and Margin %



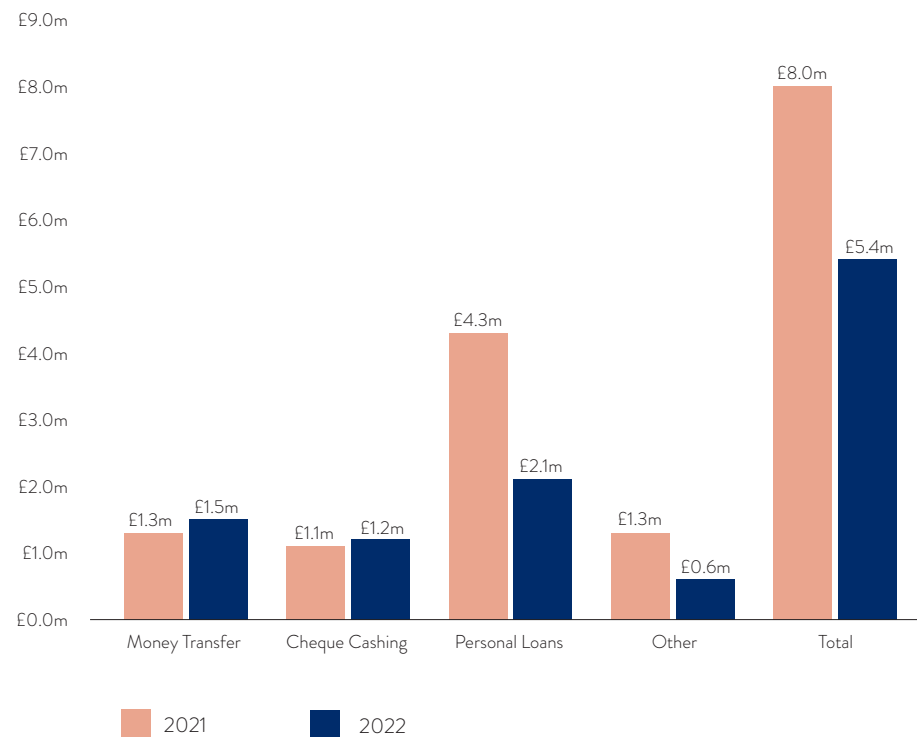
Pawnbroking scrap:

- Gross profit grew by 75% to £3.5m (2021: £2m)
- Gross margin of 19% (2021:18%), impacted by decision to dispose of, by auction, a small number of higher value jewellery and watch items held in inventory for some time and uneconomical to repair
- Growing size and maturity of the pledge book increases volume of items released for retail or scrap. Typically c. 60% of such items are processed for scrap.
- Pawnbroking scrap has a longer conversion cycle – usually 10 to 11 months - after date of original loan

SEGMENTAL RESULTS: OTHER SERVICES



Other Income: Gross Profit after IFRS 9 impairment by product



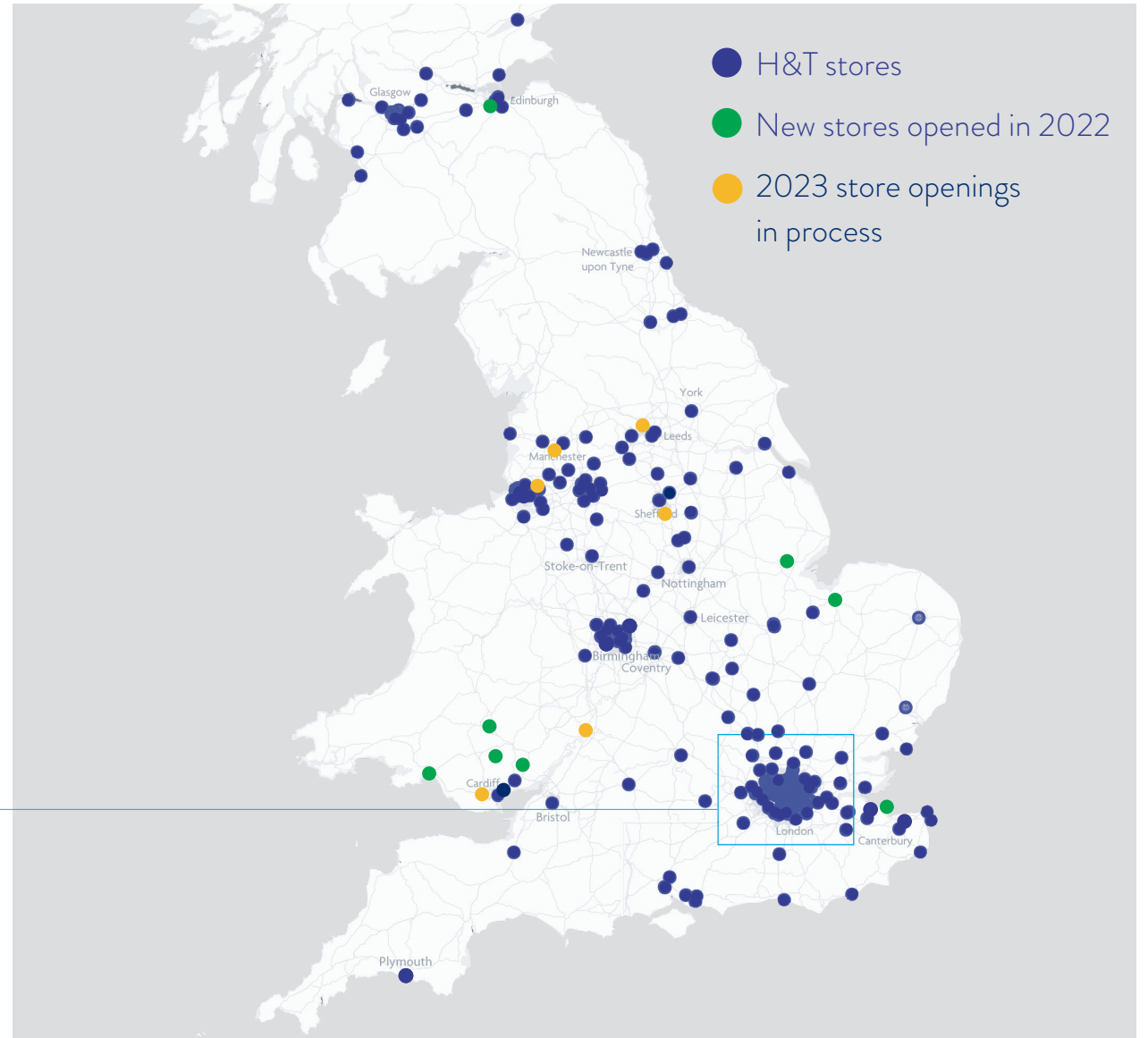
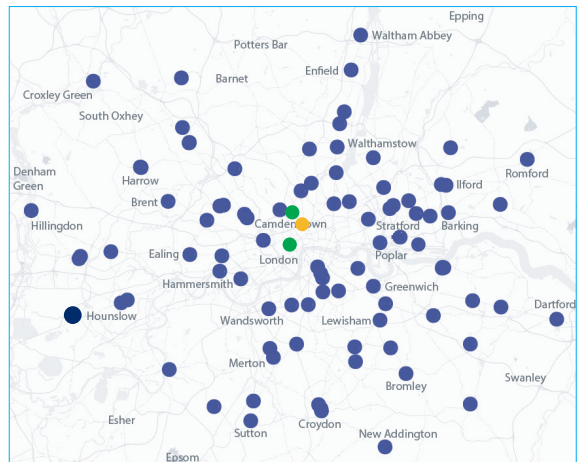
We offer ancillary financial services to broaden our product offering and bring footfall into stores

- Money Transfer
 - Contribution increased to £1.5m (2021: £1.3m) reflecting higher transaction volumes, particularly of inbound transactions
- Cheque Cashing
 - Contribution increased to £1.2m (2021: £1.1m). Volumes increased for first time in several years, as some local authorities and government departments issued cost of living support payments by cheque
- Personal Lending:
 - The Group no longer offers an unsecured lending product
 - The book continues to receive payments and correspondingly releases impairment provisions
 - Revenues earned reducing to £2.1m (2021: £4.3m) as the underlying book repays
- Other Income
 - Prior year included revenue of £1.3m relating to Covid-19 Government relief.
 - Includes income from watch repair services provided by Swiss Time Services

YEAR ENDED 31 DECEMBER 2022

STRATEGIC DIRECTION

OUR STORE NETWORK TODAY



BUSINESS FOCUS AND OUTLOOK: INVESTMENT IN SCALE AND CAPABILITIES

STORE STATISTICS

Existing stores

Number of stores

267

2021: 257

10 ↑

Average revenue per store

£651k

2021: £475k

37% ↑

Average pledge book per store

£377k

2021: £260k

45% ↑

Average retail sales per store

£169k

2021: £141k

20% ↑

New Stores

- Cost for fit out of new stores varies based on required fitout, ranging between £50k and £200k. Typical cash investment is c. £300k (including retail inventory of c. £100k)
- Typical rent per store is £28k

STORE ESTATE

2022 delivery...

- Opened 11 new stores, with one closure and total stores at December 2022 of 267
- A further two stores opened since year end, taking total number of stores to 269
- Expanded geographical coverage, and accelerated refurbishment programme of existing store estate

Future programme

- Acceleration of refresh programme for existing stores, refurbishments planned for c. 50 stores in 2023
- Further opportunities to expand store estate
- Up to 20 additional stores planned for opening in 2023 with 7 currently in process
- All new stores on track to be profitable on a run rate basis no later than their second trading year. The net impact of planned new stores on earnings is not expected to be material
- Each new store opening decision is supported by independent demographic and consumer data and a stand alone business case considering i) meeting required internal IRR hurdle, and ii) profitability requirements

DIGITAL CAPABILITY AND CUSTOMER JOURNEY

2022 delivery...

- New point of sale (PoS) system, called EVO, has been deployed across the store network as planned
- Our online service offering sits alongside our instore service options, allowing our customers multiple access points throughout their customer journey with H&T
- Refresh of the investor relations portal

Future programme

- Further development of PoS system, both in stores and through deployment to our jewellery centre
- Single view of customer will support more effective marketing and decision making
- Aim to modernise the functionality and the look and feel on our digital platforms
- Upgrading the customer facing websites and social media presence to significantly improve and enhance our online presence
- Making it easier for customers to transact with us through the channel they choose

BUSINESS FOCUS AND OUTLOOK: BROADENING OUR BUSINESS AND MACRO ECONOMIC FACTORS

BROADENING OUR BUSINESS

2022 delivery...

- Over 70 stores acquired in 2019 have been successfully integrated and in 2022 grew at a rate above that of the wider H&T estate
- Watches are a growing part of our business, representing 15% of pledge lending and 16% of retail sales by value
- The acquisition of Swiss Time Services in July 2022 brings exceptional watch expertise into the Group

Future programme

- Up to 20 new stores to be opened in 2023
- Trial of a “care and repair” jewellery and watch service for customers
- Leveraging synergies brought to the Group by the acquisition of Swiss Time Services
- Further consolidation opportunities may present themselves in the future

MACRO ECONOMIC ENVIRONMENT

2022 delivery...

- Pledge Book: the supply of credit for short-term small-sum loans is constrained while impact of rising inflation continues to fuel demand
- Retail: a leading retailer of pre-owned jewellery and watches providing customers with items that are good value for money, a store of value and having strong sustainability credentials
- FX: revenues have fully recovered to pre-pandemic levels as demand for overseas travel continues to gather momentum

Future programme

- Pledge Book: Anticipate continued demand for core pawnbroking product
- Retail: our retail products represent a store of value for our customers. Growing awareness of environmental and sustainability factors likely to enhance demand.
- FX: foreign currency services have been identified as a future growth opportunity by the Group, receiving increased focus and investment

THE GROUP HAS AN OPPORTUNITY FOR SIGNIFICANT GROWTH IN THE MEDIUM TERM

OUR FOCUS IS TO ENSURE WE ARE WELL POSITIONED TO TAKE ADVANTAGE OF THESE GROWTH OPPORTUNITIES

SUSTAINABILITY: ESG STRATEGY

OUR SUSTAINABILITY PURPOSE:

We strive to act with integrity and responsibility, and to do the right thing in protecting our environment, nurturing our people and governing our company for the benefit of all stakeholders

We manage our business responsibly and focus on supporting our key stakeholders such as customers, colleagues and wider society

Our immediate focus is on the prioritisation of material ESG issues and engagement with stakeholders

OUR WAY FORWARD:

- Continuing to evolve our ESG journey and committing to be an ever more responsible organisation
- Internal task force established with representatives from across the business, to embed ESG throughout the organisation
- Working to increase transparency on climate-related risks and opportunities for stakeholders
- Ensure we meet future reporting requirements
- On-going training for colleagues, Senior Management and the Board

WORKING TOWARDS THE TASKFORCE OF CLIMATE-RELATED FINANCIAL DISCLOSURES IMPLEMENTATION

Materiality assessment completed, identifying key stakeholders and most critical ESG topics, resulting in five key areas of focus:

- Climate
- Safe and engaging workplace
- Circular economy
- Secure data
- Financial wellbeing

Dedicated training provided to our internal TCFD taskforce

Governance structures implemented, evolving and embedded into internal executive meetings and in executive and Board meetings.

Risk identification of physical and transitional risks, and added to existing risk framework

Strategic priorities identified as:

- Property
- Circular economy
- Suppliers

Scope 1 and 2 carbon emissions reporting completed, with **Scope 3** reporting planned for 2023



SUSTAINABILITY: ENVIRONMENTAL, SOCIAL & GOVERNANCE

- 100 % renewable energy
- Zero waste to landfill
- LED implementation complete
- Reporting of Scope 1 and 2 carbon emissions
- Internal education and campaigns, along with on-line meetings to limit travel

Inclusion and Diversity

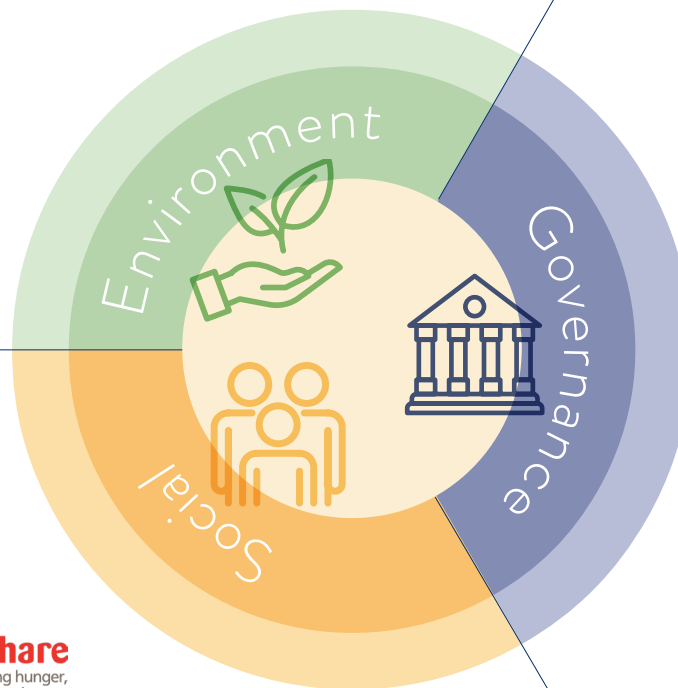
- Safe Space sessions to identify our key issues
- Launch of new mandatory training for all
- Senior management workshops
- Revised and Inclusive Dress Code policy
- NPA Employer of the Year Award
- Inclusive language guide

Continuing community support with FareShare

Employee engagement increasing year on year (2 surveys completed in 2022)

Pay increases ahead of National Living Wage

90% of our employees agree that they receive adequate training and development with over 60,000 hours of learning completed



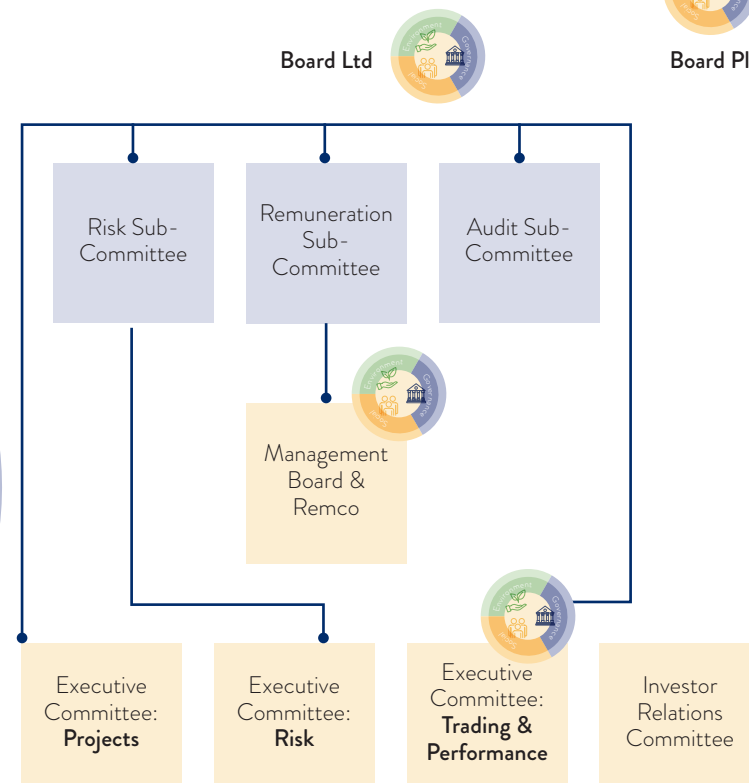
Community Support with FareShare over £75,000 and providing **300,000** meals in 2022 (total of **550,000** meals since the start of our partnership)



Employer of the Year H&T Group

“The judges were particularly impressed with their focus on gender equality, diversity and inclusion, as well as their educational programme and staff forums.”

H&T Governance Structure



ESG is embedded into the Governance structure, with a nominated Board sponsor

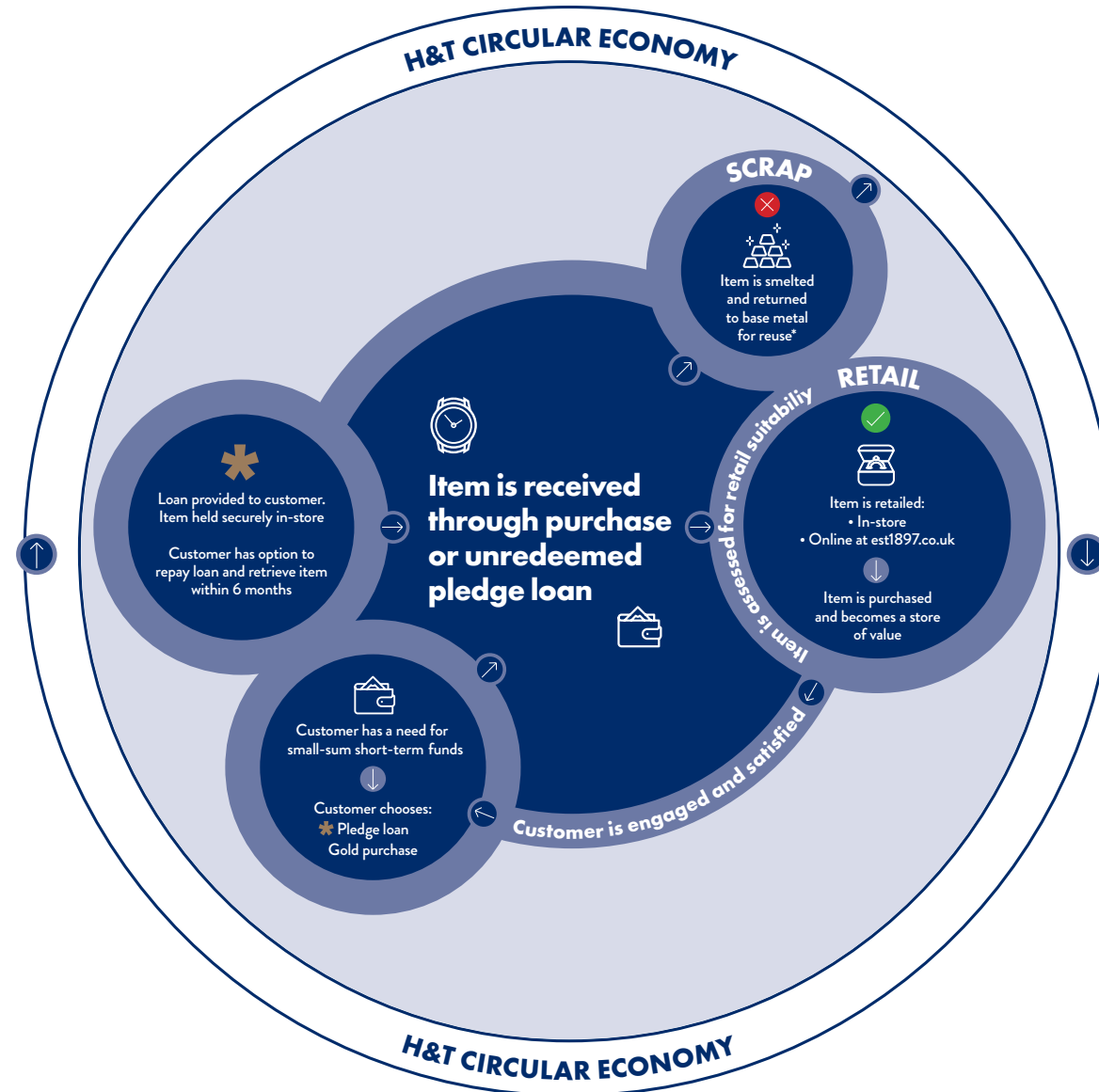
Cyber Essentials re-certification

Completion of Board Effectiveness review and actions ongoing

Three lines of defense model in place



SUSTAINABILITY: PAWNBROKING CIRCULAR ECONOMY



H&T INVESTMENT CASE

1 CLEAR MARKET LEADER

- H&T offers a diversified financial product portfolio across our 267 stores. We are the UK's largest pawnbroker and 6th largest retailer of pre-owned jewellery and watches. With strong positions in other product offerings e.g. one of the UK's largest small-sum money transfer agents.
- Investing in digital capabilities to enhance customers' experience and range of channel options

2 STRUCTURAL GROWTH OPPORTUNITY

- Target audience is growing as supply of small-sum, short-term credit is constrained at a time of increased demand
- Growing demand for pre-owned jewellery and watches which represents >80% of retail sales
- Store footprint can be extended to cover broader geography at modest investment costs per store

3 GROWING RESPONSIBLY

- We are committed to growing responsibly
- Investing in customer service, our teams around the UK and our properties to ensure they are welcoming as well as supporting local communities

4 STRONG RETURNS

- Growth in the pledge book underpins future earnings, alongside other product offerings
- Predominantly fixed cost base provides scalability and operational leverage
- Progressive dividend policy with at least 2 x cover target ratio
- Target to achieve sustainable post-tax ROE * of mid teens

* Based on H&T's effective corporate tax rate

5 SUSTAINABLE BUSINESS MODEL

- Pledge lending collateral of precious metals, watches and jewellery
- No recourse to the borrower at any time – very different to other forms of lending
- Strong customer advocacy and positive outcomes
- 4.8 Trust Pilot score from over 4,900 reviews
- Strong control culture and operational environment
- Prudent underwriting policies. Loan to value ratios c. 65%



Q&A