H&T
GROUP PLC

ANNUAL REPORT AND
FINANCIAL STATEMENTS
2022

A PROUD HISTORY & AN EXCITING FUTURE

WELCOME TO H&T

WHO WE ARE: We are a community-based business trusted by our customers for over 125 years.

OUR 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.

FOR MORE INFORMATION GO TO OUR WEBSITE: www.handt.co.uk

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OFFERING MORE CHOICE
Find out more: P22

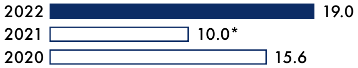
BROADENING OUR REACH
Find out more: P24

Financial Highlights

Profit Before Tax* (£m)

£19.0m

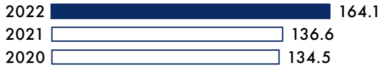
(2021: £10.0*m)



Net Asset Value (£m)

£164.1m

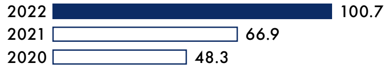
(2021: £136.6m)



Net Pledge Book (£m)

£100.7m

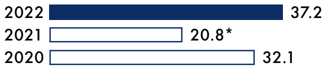
(2021: £66.9m)



Diluted EPS* (p)

37.2p

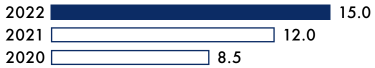
(2021: 20.8p)



Dividend per Share (p)

15.0p

(2021: 12.0p)



Return on Equity

9.9%

(2021: 4.4%)

*excluding non-recurring expense of £2.1m

Strategic Report

Corporate Governance

Financial Statements

"I am delighted with the progress we've made, in growing our business and investing in its future."

Chris Gillespie, Chief Executive

Find out more: P12

AT A GLANCE

WHO WE ARE

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

> *"Our success is built upon a strong ethos of putting customers at the heart of everything we do. This is only possible because of the exceptional colleagues we have right across the Group."*
>
> *Chris Gillespie, Chief Executive*

WHAT WE DO

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

H&T provides a range of simple and accessible financial products tailored for a customer base which has limited access to, or is excluded from, the traditional banking and finance sector.

125 YEARS OF SERVICE

1,540 PEOPLE

AT A GLANCE CONTINUED

267 HIGH STREET STORES ACROSS THE UK

Locations

H&T stores can be found on the high street in most major towns and cities across England, Scotland, and Wales. At the end of 2022 we had 267 stores serving the communities in which we operate.

The store estate is complemented by our websites; HandT.co.uk, where customers can access our range of financial products, and est1897.co.uk is our retail website stocking over 7,000 items of high quality pre-owned and new jewellery and watches.

Our Sectors

Pawnbroking

Retail

Gold purchase and Pawnbroking Scrap

Foreign Currency

Other Services

Money Transfer

Cheque Cashing

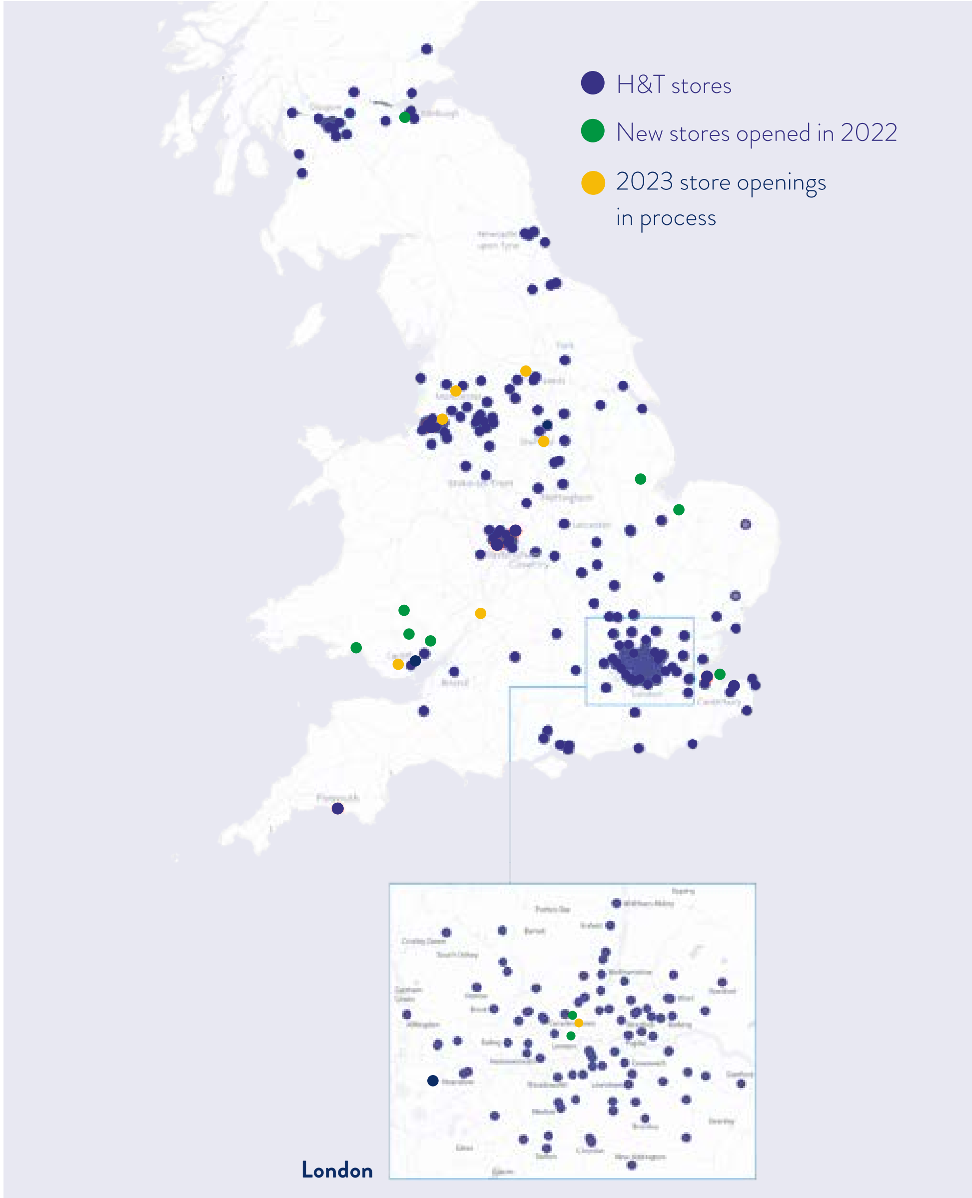
Personal Loans

Watch Repair (STS)

Our Stores

EXPANDING OUR REACH

Find out more: P24



OUR JOINED UP APPROACH

VISION & MISSION

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.

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

GUIDED BY OUR VALUES

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

Value and Respect
We work together appreciating and supporting each other.

Integrity
We are open, fair and transparent.

Opportunity for All
We are committed to developing our people and ensuring they realise their potential.

Customer Experience
We ensure that customers are at the heart of everything we do.

OUR VALUES
Find out more: P6

DELIVERED BY OUR STRATEGY

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

Broaden Reach
To build awareness and appeal of H&T's products and develop the store estate.

More Choice
Broaden the range of services we offer.

Digital Infrastructure
Invest in the development of technology platforms to deliver an enhanced customer experience.

OUR STRATEGY IN ACTION
Find out more: P22

OUR JOINED UP APPROACH CONTINUED

SUPPORTED BY RESPONSIBLE BUSINESS

In our day-to-day business, we strive to act with integrity and responsibility to do the right thing in protecting our environment, nurturing our people and governing our Company for the benefit of all stakeholders.

We pride ourselves on high standards of customer service and exceeding our customers' expectations remains our highest priority. We strive to be a pillar of the communities in which we operate, responsibly managing our property estate and developing our colleagues.

We actively encourage and promote the positive sustainability benefits of pre-owned jewellery and watches, with an emphasis on minimising waste and promoting re-use.

OUR APPROACH TO ESG
Find out more: P28

ENABLED BY OUR BUSINESS MODEL

We are a pawnbroker and a leading retailer of high quality new and pre-owned jewellery and watches.

We provide customers, who are unable to raise finance in a traditional banking credit system, access to small-sum short-term funds.

A customer can enter into either a secured pawnbroking loan or sell their item, which is typically jewellery and watches.

We provide an accessible, convenient and transparent source of funds, whilst building a lasting relationship with our customers.

HOW WE CREATE VALUE
Find out more: P18

OUR VOICE

125 YEARS OF H&T LIVING UP TO OUR VALUES

H&T has a proud history and celebrated its 125th anniversary in 2022.

Throughout the year our colleagues across the business celebrated this milestone with a number of initiatives, both internally and for our customers.

This included a special one-off range of 1.25 carat diamond jewellery along with items priced at £125.

Our colleagues held a number of local events across the country.

VALUE AND RESPECT

We work together appreciating and supporting each other

H&T has a strong ethos of treating stakeholders with value and respect. We work hard to ensure our colleagues feel valued, and that we exceed our customers' expectations.

Colleagues: As part of our Inclusion and Diversity strategy, we invited volunteers from the business to share their thoughts to enable us to build our diversity action plans; 90% of our colleagues say that they are treated equally regardless of their gender, age, ethnicity, sexual orientation or other unique characteristics.

Customers: Through our customer insights programme, customers share how they feel transacting with us and 86% of those customers surveyed felt valued as a customer.

OUR VALUES
Find out more: P4

OPPORTUNITY FOR ALL

We are committed to developing our people and ensuring they realise their potential

H&T provides all colleagues access to learning and development opportunities. This training can be to enhance their skill sets in support of their current roles, or to open access for those who wish to expand their learning. H&T are open and transparent with internal job vacancies to allow all employees visibility and equal opportunity in support of their career development.

Focus on: Aspire is our internal H&T training and development programme, providing store colleagues with opportunities to continue their learning and development (86% of employees have achieved Aspire Level 2 having completed their training). 2022 saw the launch of a new set of Aspire training modules for our Jewellery Centre colleagues. We continue to encourage internal mobility between teams, enabling colleagues to share knowledge and develop their careers. 89% of our colleagues feel that they receive the training and development they need to do their job.

Over 65,000
hours of learning

OUR VOICE CONTINUED

INTEGRITY

We are open, fair and transparent

H&T has as strong ethos of integrity and expects all colleagues to adhere to Company policies, procedures, regulatory and legal requirements and fundamentally to always do the right thing.

Customer Insights: 92% of customers surveyed said H&T is a Company you can trust.

CUSTOMER EXPERIENCE

We ensure that customers are at the heart of everything we do

H&T places our customers at the heart of what we do, through building strong relationships and supporting them across our range of products and services. Our people are key.

Customer Insights: 81% of customers surveyed are likely to use us again in the future; 88% of customers surveyed said they were likely to recommend H&T.

INVESTMENT CASE

WHY H&T?

H&T is a trusted consumer brand offering customers pawnbroking loans. We are the UK's largest pawnbroker and a leading retailer of high quality pre-owned and new jewellery and watches.

Our pawnbroking loan product allows customers, who are unable to access traditional and mainstream forms of finance, the ability to access a small sum of funds for a short period of time.

Ancillary services we offer include foreign currency travel money, cheque cashing and money wire transfers.

Further to the acquisition of Swiss Time Services during 2022, our product offering has expanded to include watch repairs.

1 WE ARE THE CLEAR MARKET LEADER

We are the UK's largest pawnbroker and a leading retailer of pre-owned and new jewellery and watches.

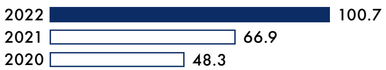
Customers view our retail jewellery range as good value for money and a store of value available as collateral for a future pledge loan if needed.

Watches are a growing part of our business. The acquisition of Swiss Time Services, brings extensive watch expertise in-house and broadens our range of services we are able to offer customers.

Net Pledge Book (£m)

£100.7

(2021: £66.9m)



OUR MARKET ADVANTAGE
Find out more: P12

2 STRUCTURAL GROWTH OPPORTUNITY

A growing customer base as the supply of small-sum, short-term credit available is limited, provides a unique growth opportunity for H&T.

Our pre-owned jewellery and watch retail offering meets the growing demand for consumers who are increasingly aware of environmental and sustainability matters.

Geographical expansion of the store estate to broaden our reach is attainable at a moderate investment cost per store.

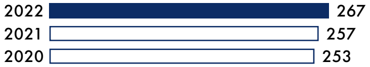
HOW WE GROW
Find out more: P3

INVESTMENT CASE CONTINUED

3 GROWING RESPONSIBLY

As a pillar of the communities in which we operate, we are committed to delivering high standards of customer service and care, developing our teams around the United Kingdom, and managing our properties in a responsible and sustainable way.

Number of Stores



MONITORING SUCCESS
Find out more: P26

4 STRONG RETURNS

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 held in retail inventory.

Growth in the pledge book supports future earnings in the form of margin income, alongside revenues from H&T's ancillary product offerings.

We maintain a progressive dividend policy with a coverage ratio of at least two times that of earnings. We target to achieve a sustainable post-tax ROE * in the mid-teens.

* based on H&T's effective tax rate

OUR MARKET ADVANTAGE
Find out more: P39

5 SUSTAINABLE BUSINESS MODEL

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

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

Interest on the pawnbroking loan is charged daily, allowing customers flexibility in the timing of the repayment of their loan. These features, along with the transparency of our process and product, promotes positive customer sentiment and client satisfaction.

ENSURING SUSTAINABILITY
Find out more: P28

CHAIRMAN'S REPORT

PETER MCNAMARA

"I said in my 2021 report that the Group's trading performance in our core businesses had been the strongest I had seen in my time as Chair. This remains the case for 2022."

Having joined the Board of H&T in 2006, the journey since has been one of constant evolution and growth, always underpinned by the exceptional service provided by my colleagues in the business as they build strong and enduring relationships with customers. This core ethos, putting the customer at the very heart of our business, remains our biggest strength and I am confident this will continue as I hand over to Simon Walker as incoming Chair.

I said in my 2021 report that the Group's trading performance in our core businesses had been the strongest I had seen in my time as Chair. This remains the case. The growth in the pawnbroking pledge book throughout the year, demonstrates a continued increase in borrowing demand by customers during a year of uncertainty, rising inflation, higher interest rates and in particular, the impact of war in Ukraine upon food, fuel and utility prices. Access to credit by those seeking a small sum over a short term, is more restricted now than has been the case for many years and has been a key driver of growth in our pledge book.

The combination of these factors, along with a systemic shift towards pre-owned jewellery and watch purchases, provides the Group with a unique opportunity to grow its business in the medium term. Pre-owned jewellery and watches represent both excellent value for money and a store of value and have strong environmental and sustainability credentials.

The Year in Review

Our priority for 2022 was to focus on the core pawnbroking and retail segments, both of which delivered strong performances, and on our foreign currency business which has now recovered to above pre-pandemic levels. The Board believes that foreign currency represents a significant growth opportunity for the Group.

I am particularly pleased with the progress made by the c. 70 stores we acquired in 2019, and the seamless manner in which they have been integrated into our business. The rate of growth delivered by these stores, in both pawnbroking and retail sales, exceeds that of the business as a whole, and the colleagues who joined us at the time are now very much part of the H&T family.

CHAIRMAN'S REPORT CONTINUED

The acquisition of Swiss Time Services in July brings exceptional watch expertise to the Group which will enable us to broaden the range of services we can offer to our customers, as well as bringing a significant proportion of our watch repair and servicing work in-house. The first few months following the acquisition have seen the team at Swiss Time Services transition become very much a key part of H&T, and the Board has high expectations of the value they will bring to the Group over time.

In April, the Group was able to agree with the Financial Conduct Authority, a programme of redress in respect of approximately 13% of customers, who prior to October 2019, had borrowed from us on our High Cost Short Term unsecured credit product. The Group no longer offers unsecured loan products. A provision of £2.1m was raised in our 2021 financial results, to cover the estimated cost of this redress programme. Excellent progress has been made, with over 80% of eligible customers receiving their redress payments thus far.

The positive trading momentum has resulted in the pledge book exceeding £100m at the year-end. This is a significant milestone for the Group and, as we enter 2023, demand continues to grow. Retail sales in the second half of the year were robust, and I am particularly pleased to note the progress we have made in developing our online retail offering. The foreign exchange business represents a significant growth opportunity and is receiving increased focus and investment. Further, we have been increasing the level of investment in our store estate and in our technology platforms. The combination of these factors led us to seek the support of our shareholders in raising equity of £16.9m gross in September 2022. On behalf of the Board, I would like to thank existing and new shareholders for the confidence they showed in our growth ambitions by participating in the Placing and Retail Offer. We are deploying these funds by growing the pledge book and expanding the store estate in a careful and measured manner.

Subject to shareholder approval, a final dividend of 10.0p (2021: 8.0p) per ordinary share will be paid on 23 June 2023 to those shareholders on the register at close of business on 19 May 2023. This brings the full year dividend to 15.0p (2021: 12.0p), a 25% increase which reflects the Board's confidence in the future prospects of the business. The dividend remains in line with our progressive dividend policy and maintains a coverage ratio of at least two times that of earnings.

Looking to the Future

Our store locations tend to be community-based, and these locations have proven resilient in comparison with other retail centres, which have suffered from ongoing reduced footfall. Stores are critical to our customer experience and our strategy is to continue to develop our retail network in those geographical locations where opportunities exist to increase our presence. We continue to invest in improving and modernising our existing store estate, and 2023 will see this level of investment increase significantly, with c. 50 refurbishments planned.

The Group continues to invest in the development of its technology platforms to deliver better customer experiences while significantly improving our ability to use transactional and product-level data. Our websites have been refreshed in 2022, with further improvements planned for 2023 which will improve visibility, navigability and make it easier for customers to transact with us without necessarily having to visit a store.

We remain confident that the trading environment will be positive for our business. In particular, 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 constrained more than has been the case for many years. We also expect demand for foreign exchange services to continue to rise as the level of overseas travel continues to normalise post-COVID-19, and as our investment in marketing bears fruit, continued positive momentum in our sales of pre-owned retail jewellery and watches.

However, like all businesses, H&T continues to experience supply-chain pressures, higher utility bills and in particular, wage inflation that will contribute to upward pressure on the costs of running our business. Cost management and achieving operating efficiencies will remain a key management focus, while ensuring capital is invested appropriately and where attractive, sustainable returns can be achieved. We will always ensure our entry pay levels are above the National Living Wage with opportunities for progression as individuals develop their careers with H&T.

Environmental, Social and Governance (ESG)

Through the use of the Taskforce for Climate-Related Financial Disclosure framework, the Group has identified the relevant physical and transitional risks, to which it has exposure along with the opportunities to which it has exposure. With the backdrop of the identified risks and opportunities, three strategic priorities were identified to help support the Group in lowering its carbon footprint. These priorities are to minimise the carbon footprint across our property portfolio, partner with proactive and responsible suppliers to jointly reduce our overall carbon impact, and actively encourage and promote the positive environmental and sustainability benefits of pre-owned jewellery and watches with particular emphasis on minimising waste and promoting re-use.

Following the completion of a Board effectiveness review in early 2022, we have made significant progress in the areas highlighted. I was pleased to welcome Simon Walker and Toni Wood as members of the Board, both of whom have broadened the range of experience and skill around the Board table. I would also like to thank Mark Smith and Elaine Draper, who stepped down at our AGM in May 2022, for their significant contribution to the Group over recent years.

Summary

The Board views the future with growing confidence, albeit with a close eye on an increasingly challenging macro economic environment for all our stakeholders.

On behalf of the Board and shareholders, I would like to thank everyone at H&T for their unwavering hard work, dedication, and resilience over this past year. As I step away from the Group after seventeen years as a member of the Board, I would like to offer my very best wishes for the future.

Peter D McNamara
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

CHRIS GILLESPIE

"H&T has delivered strong growth and a resilient operational performance and enters 2023 with increasing trading momentum."

The past year has been a challenging period for businesses and individuals alike. Following on from the COVID-19 pandemic, 2022 brought levels of inflation not seen for a generation – particularly in food, fuel, and utility prices – and rising interest rates. Against this backdrop, H&T has delivered strong growth and a resilient operational performance and enters 2023 with increasing trading momentum.

Sustained demand for H&T's product offering has seen the Group deliver revenue growth across the business, with profit before tax up 90% to £19.0m (2021: £10.0m excluding non-recurring expense of £2.1m). These results are materially ahead of initial market expectations and in line with current market expectations, which were revised upwards following the successful equity raise concluded in September 2022.

This growth in revenue has been delivered by all the Group's product segments – particularly pawnbroking – and across all channels, both in physical stores and increasingly via our digital platforms. Online retail sales in the all-important pre-Christmas trading period of December, were up over 100% compared with the prior year, with January 2023 an all-time record month.

The equity raised in September 2022 is enabling us to continue to grow the pledge book, which had increased by over 50% to £100.7m as at the end of December (2021: £66.9m) and increasing the store estate to 267 stores from 257 at the prior year-end.

The strength of the Group's balance sheet has been further enhanced by the recent capital raise, and is underpinned by the inherent value of gold, precious metals, jewellery and watches, expressed at cost. Net assets of £164.1m (2021: £136.6m) is comprised of the pledge book £100.7m (2021: £66.9m), inventory of £35.5m (2021: £28.4m) and a net debt position of £2.8m (2021 cash balance: £17.6m).

Review of Operations
Pawnbroking
Borrowing demand by individuals and business owners has returned. This is in part as a result of economic conditions and in particular, the impact of inflation on disposable incomes. This borrowing need has returned at a time of significantly constrained supply of small-sum, short-term credit. The overwhelming majority of H&T's

CHIEF EXECUTIVE'S REVIEW CONTINUED

pawnbroking loans are for a small sum – typically c. £200 – and are for a contractual term of six months. This market dynamic has created a growth opportunity for pawnbroking and, as the market leader, for H&T in particular.

Aggregate lending for the year increased by over 52% to £218m (2021: £143m), with the number of loans granted to customers borrowing from H&T for the first time rising significantly. Currently, over 13% of loans are to new borrowers, with new customer volumes up over 40% year-on-year. The pledge book grew in the year by over 50% to £100.7m (2021: £66.9m). Growth has been delivered across the whole of the store estate, with a slightly higher level of growth in our more Northerly stores, and in particular, in the c. 70 stores acquired in 2019.

Monthly lending volumes in the first two months of 2023, have been at record levels.

Redemption rates have been consistent at c. 85% and remain above pre-pandemic norms. Loan duration has been stable through 2022 at 97 days, albeit it there has been a trend over the past two years for customers to repay their loans more quickly than historic averages of nearer 108 days. It is possible that in future, average duration may rise as a result of the impact of inflation on borrowers' disposable incomes and hence, reduce their propensity to repay their loan early.

Loan to value ratios continue at c. 65% (2021: c. 65%) with an average loan size of £405 (2021: £339). The median lending value remained stable at £185 (2021: £175). We have seen a normalisation of demand across the spectrum of loan sizes, with a growing number of requests for larger value loans. As expected, this has resulted in a moderation of the risk adjusted yield to historic levels, which at c. 61% is in line with the risk adjusted margin reported at the half year. We have seen growth in the proportion of our lending where the pledged asset is a high-quality watch. Watch lending now represents c. 15% (2021: c. 12%) of the loan book.

These loans tend to be slightly larger than the average, and also remain on the book for a marginally longer term.

	2022 £'m	2021 £'m	Change %
Year-end net pledge book[1]	£100.7m	£66.9m	50.5%
Average net pledge book	£83.8m	£53.7m	56.1%
Revenue less impairment	£51.0m	£37.3m	36.7%
Risk-adjusted margin[2]	60.9%	69.5%	

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

CHIEF EXECUTIVE'S REVIEW CONTINUED

Retail

H&T is a leading retailer of high quality new and pre-owned jewellery and watches. The Group is currently ranked as the sixth largest jewellery and watch retailer in the UK (source: www.professionaljeweller.com).

Retail sales increased by 25% to £45.2m (2021: £36.2m). Gross profits were up 7.2% to £17.8m (2021: £16.6m) with, as expected, gross margin moderating to 39.3% (2021: 45.9%). The reduction in the gross margin is as a result of changing sales mix between new and pre-owned items, along with dynamic pricing and inventory management. Sales of pre-owned watches have been particularly buoyant, representing 16% of total sales by value at an average retail price of c. £1,000.

Sales of new products represented 22% (2021: 16%) of total sales by value. 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.

Online sales increased by c. 26% to £5.9m, after adjusting for returned items and refunds (2021: £4.7m). This represents 13% (2021: 13%) of total sales by value, with almost half of these sales viewed in store by the customer prior to completing their purchase.

Our online offering has been enhanced through the year, with a new website platform in development for expected roll out in the first half of 2023. January 2023 saw record online sales, reaching £1m in a single month for the first time.

Total inventory of £35.5m (June 2022: £36.1m and December 2021: £28.4m) was held as at 31st December, including stock of parts held at Swiss Time Services amounting to £0.5m. The value of watches in the process of repair as at December had increased to c. £4m (2021: £1.7m), as a result of increased volumes and parts supply pressure across the industry. In addition, demand by consumers to sell their gold items is a contributor to the increase in inventory, along with higher quantities of pledged items released from the growing pawnbroking book. To address this, we are investing in further capacity at our processing centre, with an additional facility coming on stream in the first half of 2023. In the meantime, we have focused on processing our inventory as efficiently as possible in order that the c. 40% which is deemed suitable for retail sale, is made available to our retail platforms as quickly as possible.

Retail inventory as at the end of December amounted to c. £25m at cost (2021: £21.4m) and has reduced to c. £23m as at the end of February 2023.

Foreign Currency

Foreign currency revenues have fully recovered to pre-pandemic levels as demand for overseas travel continues to gather momentum. Average transaction values reduced by approximately 10% year-on-year, to £390 (2021: £430) evidencing, we believe, careful holiday budgeting by consumers.

Gross profit rose to £5.7m (2021: £3.0m), an increase of 90%. The provision of foreign currency services has been identified as a future growth opportunity for the Group and is receiving increased focus and investment.

Gold Purchasing and Scrap Gold Purchasing

Gross profit earned from scrap purchasing was £6.8m (2021: £3.4m), an increase of 100%. Margins improved to 19% (2021: 17%) supported by a strong gold price, whilst both the gold price and the impact of inflation on customers' disposable income has underpinned increasing demand. The average gold price per troy ounce during the period was £1,450 (2021: £1,308).

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 75% to £3.5m (2021: £2.0m), with gross margin of 19% (2021: 18%). Margin was impacted by a decision to dispose of, by auction, a small number of higher-value jewellery items and watches which had been held in inventory for some time, and where the cost of repair was deemed uneconomic.

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 increased to £1.5m (2021: £1.3m) reflecting higher transaction volumes, particularly of inbound transfers.

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. Consequently, contribution in the year increased to £1.2m (2021: £1.1m) despite the systemic decline in the use of cheques in the wider economy.

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 £0.7m (2021: £3.1m) with revenues earned reducing to £2.1m (2021: £4.3m) as the underlying book repays.

CHIEF EXECUTIVE'S REVIEW CONTINUED

2023 Business Focus and Outlook

With continued investment in scale and capabilities, along with broadening 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. 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 are 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 added eleven new stores during 2022, with one closure. Two further stores have been added since the year end, bringing the total number of stores to 269. We have a prioritised list of potential locations throughout the UK. 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.

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 as planned. Further functionality enhancements will be implemented through 2023. In addition, phase 2 of the development will bring the new system to our jewellery processing centre, which along with additional capacity, is expected to significantly improve productivity. EVO will revolutionise customers' experience in stores whilst providing us with improved data and a single view of the customer relationship across all products. This will support more effective and better targeted marketing communications and merchandising.

We will significantly improve and enhance our online presence. We have started with the investor relations portal which has recently been refreshed, and the customer facing websites and our social media presence are both in the process of being upgraded. This will be an ongoing process of continual evolution. Our aim is to further modernise the functionality, and the look and feel. We intend to make it easier for customers to do business with us through the channel they choose.

The FCA published the Consumer Duty requirements in the latter half of 2022; H&T has a strong commitment to ensuring these requirements are met.

Broadening our Business

On 1st July 2022, the Group completed the acquisition of Swiss Time Services Limited. This is an exciting opportunity for us to bring exceptional watch expertise in-house and broaden the range of services we can offer to customers. Watches represent a growing part of the business and a further growth opportunity. Watches currently represent 15% of pledge lending and 16% of retail sales by value. We believe that by enhancing our capabilities in this area, we can further develop this line of business. We will, in 2023, trial a "care and repair" service for customers, for which we believe there will be significant appetite.

In 2019, the Group acquired a portfolio of over 70 stores and pledge books, the integration of which has been very successful. These stores are growing at a rate above that of the wider H&T store estate, particularly in respect of pawnbroking, and the team has become very much a part of the H&T family. We believe that further consolidation opportunities may present themselves in future.

Macro-Economic 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.

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. H&T is currently the sixth largest jewellery and watch retailer in the UK (source: www.professionaljeweller.com). Demand has remained robust through 2022 and in the early months of 2023, with January 2023 being a record month for online sales. We believe that there are systemic 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.

Other

We expect increasing demand for foreign exchange services as overseas travel continues to rebound. With increased focus and the introduction of online options for customers, we continue to consider this market to be a growth opportunity for the Group.

Our Cost Base

Like all businesses, H&T is experiencing continued supply chain pressures and the impact of inflation. 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 while ensuring capital is invested where appropriate and where attractive, sustainable returns can be achieved.

We have rewarded our employees with increases in basic pay, and with bonuses intended to recognise their hard work and contribution throughout 2022. We have also seen an increase in variable performance related pay, given the strong performance of the business.

We fixed the cost of energy supplies for two years at the end of 2021, and we remain able to obtain attractive 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

"Peter has steered the business effectively through an ever-changing economic landscape over the last 14 years. I am pleased to have the opportunity to take over as Chair of an outstanding business with a clear growth strategy, a strong leadership team and exceptional colleagues right across the business."

Q&A

With Simon Walker

Non-Executive Director

After 17 years as a member of the Board of H&T, Peter McNamara will step down at the end of March 2023. Simon Walker, who joined the Board as a Non-Executive Director (NED) in September 2022 will become Chair of the Group, effective 1 April 2023.

What attracted you to the role of Chair at H&T?

SW: The opportunity to work with a great team, the strength of the business, linked with the potential for growth, and a business that makes a substantial positive difference to the customers and communities it serves.

The senior team are strong and ambitious, blending deep expertise in the market with external perspectives from other parts of financial services and retailing. Their enthusiasm for the business and how everyday it helps people meet their unexpected bill, send money home, or buy that special piece of jewellery, is infectious.

The business has a strong platform for growth, with a solid balance sheet, proven products that are in high demand, and colleagues in our stores who are engaged, experienced and knowledgeable, supported by the roll-out of the newly developed technology platform, which was developed in-house. We also plan to invest in branch refurbishment.

The business provides its communities with a range of services, with pawnbroking at its core. The business provides a simple and transparent way for people, who may not have access to traditional credit cards and overdrafts, to meet unexpected bills in a friendly, safe and regulated environment.

What have you learned about the business since starting?

SW: H&T has an outstanding culture; the teams from shops to head office, want to help their customers and working hard to build a supportive relationship with them ensure that they understand the products they are choosing. The depth of expertise, understanding and empathy of the teams is striking.

The diversity of customers and their needs has been an interesting surprise, with customers needing a pawnbroking loan to help fund new business purchases, pay for seasonal stock or perhaps the more expected need of a small sum of short-term borrowing. Others are regular customers looking for particular types of jewellery to collect, or purchasing their holiday currency.

The breadth and sophistication of the supply chain that supports the network is impressive. Before joining H&T I had no sense of the lengths the business goes to ensure that the pre-owned jewellery and watches it sells are in excellent condition for resale.

What are the things you think H&T needs to focus on in the future?

SW: The year ahead is about quality of execution; delivering great value and service for our customers, growing the customer base, and continuing to invest in the business, with refurbishments, branch openings and implementing the next stage of the technology strategy.

What are you most excited about?

SW: The potential for growth in the business, and expanding the jewellery business through the teams' quality of service and knowledge, which is rare at our price points. Foreign currency is a growth opportunity as well as substantially increasing the customer base of the core pawnbroking business by meeting the need for easily understandable, transparent and accessible short-term lending, as other legal providers have left the market.

CUSTOMER INSIGHTS

Listening to our customers' needs and feedback drives our change agenda to ensure our products and services stay relevant and exceed expectations.

In the later half of 2022 we initiated a customer insights programme.

We surveyed a sample of recent customers asking them targeted questions that covered customer experience, service offering, how likely they are to return to an H&T store and to recommend us. The results of the survey are informing our future product development and service offering to allow us to ensure we are aligned with our customers' needs.

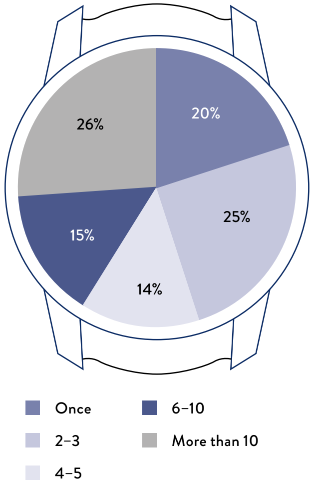
"Stress free, easy and simple process. Friendly, helpful and polite staff. I would gladly refer and use this company again without hesitation. A very sincere thank you to the staff at the Wigan Branch."

Wigan

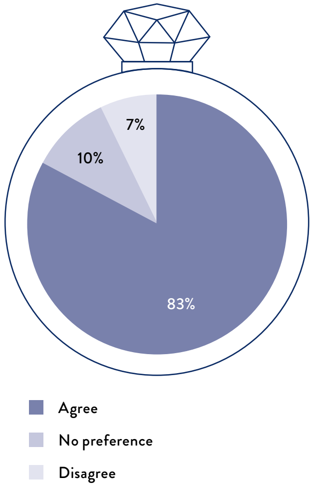
"When it comes to making major financial transactions, I prefer to do it face-to-face"

Key Statistics

Creating customer loyalty
How many times customer has used H&T



Opening new stores
Preference to dealing with someone face-to-face



Trustpilot scores

	2020	2021	2022
Rating	96%	96%	96%
Total reviews	3,632	4,337	4,934

Number of 5-star reviews on Trustpilot

In addition, during 2022 we received over 3,000 Google reviews with an average rating of 4.86 out of 5.

OUR BUSINESS MODEL

CREATING VALUE FOR ALL STAKEHOLDERS

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 technology platform drives our success, allowing us to provide sustainable products and services to our customers, contributing to the "circular economy" and in turn, providing value to stakeholders.

1 OUR DRIVERS OF SUCCESS

Customer Service
We aim to provide an accessible and convenient source of funds, whilst building a lasting relationship with our customers in our stores, with customer service that exceeds expectations.

Product Offering
Our core pawnbroking product is likely to be accessed by customers who are not able to raise funds in the traditional banking credit system and who require a small-sum short-term loan to meet an immediate funding need, in a safe and friendly environment.

The Estate
Having a strong store presence cultivates the building of lasting relationships with customers. We continue capital investment into growing H&T's geographical footprint in the UK and the ongoing refurbishment of existing stores.

During 2022 we saw store numbers increase by ten, to a total of 267 stores (2021: 257 stores).

Digital Development
A new Point of Sale (PoS) system, called EVO, was deployed in 2022 throughout the store network.

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 and presentation of our digital platforms, making it easier for customers to transact with us through the channel of their choice.

Marketing
Driving footfall to stores and traffic to our websites remains the overarching goal of the Group's marketing efforts, with a focus on increasing the awareness of a pawnbroking loan as an alternative method of financing.

WHAT MAKES US TICK
Find out more: P4

"Ideal solution for a short term loan! I've used H&T several times when I've needed cash "there and then" and they've always been helpful and friendly. I would definitely use again if need be."

Agnes

OUR BUSINESS MODEL CONTINUED

2 OUR PRODUCTS AND SERVICES

Pawnbroking
A pawnbroking loan has a term of six months.

We lend to customers against an assessed value of an item, typically jewellery or watches.

H&T has no recourse to the customer, as the loan has been secured by the pledged item.

Daily interest is charged, allowing customers to repay their loan at any time of their choice and they only pay interest for the period for which they have used the loan, with no early termination charges or penalties.

Retail
Our retail products are high quality pre-owned jewellery and watches and we have an expanding range of value-for-money new jewellery. Pre-owned jewellery and watches undergo scrutiny by our trained gemologists, watch team and horologists to ensure our items meet the highest standards of quality.

Gold Purchasing
Customers can access funds by choosing to sell items to us, predominantly pre-owned jewellery and watches, rather than to make use of a pawnbroking loan. This is a quick and easy process.

Foreign Exchange
We offer currency exchange services across the store estate and online.

Other Services
Money Wire Transfers
In partnership with Western Union, we support customers to transfer money worldwide.

Cheque Cashing
We offer same-day cheque cashing, a swift and efficient process that allows timely access to funds.

Servicing and Repair of Watches
Following the acquisition in 2022 of Swiss Time Services, we offer a watch repair service, caring for both vintage and current-collection watches.

LEARN MORE ABOUT OUR PRODUCTS
Find out more: P22

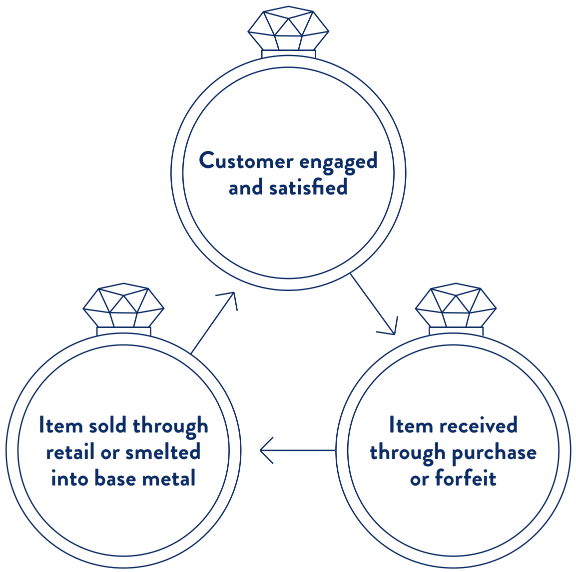
3 OUR CONTRIBUTION TO THE CIRCULAR ECONOMY

H&T supports the circular economy of pre-owned jewellery and watches.

Buying pre-owned items, is environmentally friendly and sustainable.

Re-use and recycling of jewellery and watches is at the core of H&T's product set.

In particular, jewellery items can be smelted, the metals re-used and redistributed across the circular economy, wherever it is desired or needed.



THE FULL PICTURE
Find out more: P33

4 OUR VALUE TO STAKEHOLDERS

Shareholders
We aim to generate value for shareholders by delivering sustainable growth and profitable returns on capital. The Group targets a sustainable post-tax ROE in the mid-teens, maintains a progressive dividend policy with at least two times cover of earnings and aims to articulate a clear corporate strategy.

Customers
The customer experience is at the forefront of our minds. The breadth of products offered by H&T provides customers with a range of simple, transparent, fair and accessible alternative finance options.

Employees
The success of H&T is based on the skilled, motivated and committed colleagues that constitute the H&T family.

We care about our employees, ensuring we consider their health and well-being, their learning and development opportunities across the business, and aligning salaries and rewards where all teams can share in the success of H&T.

Suppliers
Establishing long-term partnerships, with consistently reliable suppliers that comply with the necessary trading standards, meet our agreed service levels and support us in achieving our sustainability goals is important to us. 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 within its operations and supply chain and will not knowingly support or conduct business with any organisation or corporation involved in slavery or human trafficking. Our statement on compliance with the Modern Slavery Act 2015 is published on the Group's website and registered on the government registry service.

Government & Regulators
H&T operates within a framework of policies set by government and regulators. We are regulated by HMRC, the Financial Conduct Authority (FCA) and the London Stock Exchange (LSE) . We follow the QCA ten principles of corporate governance to ensure best-practice.

QCA PRINCIPLE 3
Find out more: P48

STRATEGY OVERVIEW

OUR STRATEGY

Our mission is to make pawnbroking a more widely accepted and valued financial service by ensuring that borrowing against an asset is simple, transparent, and inclusive. 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.

"For my first visit to a pawnbroker Melissa put me at ease straight away with her professional and friendly approach."

Mrs Downie, Edinburgh

Find out more: P17

Strategy in action:

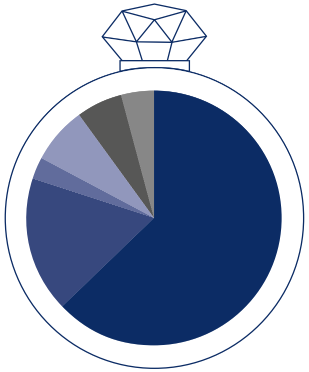
MORE CHOICE

Offering our customers more choice to transact with us across our product and service offering is core to growing the business and creating valued relationships with our existing and new customers. In September 2022, we introduced receipt of funds by electronic transfer available to our customers.

Across our retail products, we increased the range and number of items available to purchase on our retail website EST1897, whilst also expanding our in-store offering.

We continue investment in our existing store estate through refurbishments and retail windows, to ensure our displays continue to offer great choice and theatre.

Gross profit by product: 2022



Pawnbroking	63%
Retail	17%
Pawnbroking Scrap	3%
Gold Purchasing	7%
Foreign Currency	6%
Other Services	4%

STRATEGY OVERVIEW CONTINUED

Strategy in action:

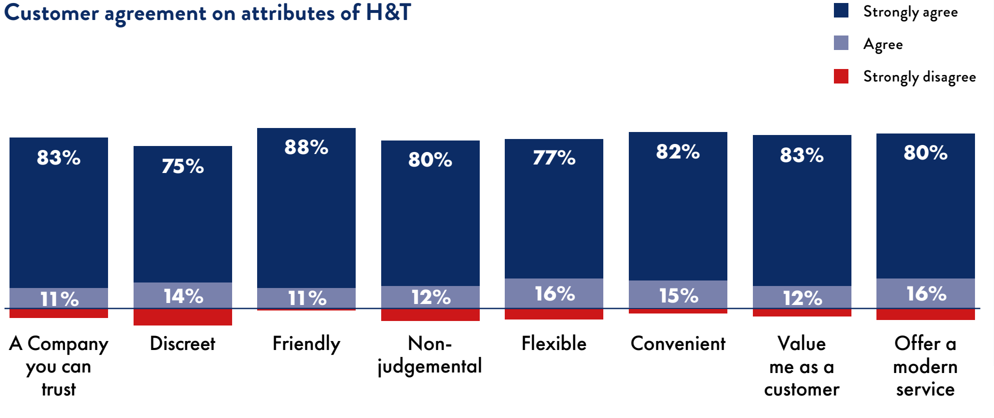
BROADEN REACH

We have successfully integrated the 70 stores acquired in 2019, and they are now growing at a rate above that of the 'mature' wider H&T estate. We continued to open new stores throughout 2022 and have more openings planned for 2023.

At the end of the year, the Group had 267 stores.

The Group acquired Swiss Time services in July 2022. This brings significant watch expertise in-house and broadens the range of services offered, as well as opportunities and synergies in support of the Group's watch strategy.

Customer agreement on attributes of H&T



Strategy in action:

DIGITAL INFRASTRUCTURE

A new Point of Sale (PoS) system, known as EVO, was successfully deployed across the store network in the second half of 2022. EVO will revolutionise customers' experience in stores, whilst providing us with improved data and a single view of the customer relationship across all products.

The focus for our online presence is to modernise the functionality, and the look and feel. We intend to make it easier for customers to do business with us through the channel they choose.

STRATEGY IN ACTION

MORE CHOICE

Offering more choice to new and existing customers through experience, convenience, and a safe environment.

STRATEGY IN ACTION CONTINUED

"Nearly always buy from H&T, genuine sales and star buys, good website which is easy to navigate, and excellent staff in shops. It's a safe way to buy expensive items online, because you can usually view before buying in your local branch."

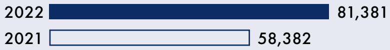
Mr Lester

New customers

Purchase

81,381 **+39.4%**

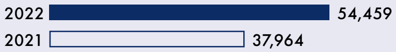
(2021: 58,382)



Pawnbroking

54,459 **+43.4%**

(2021: 37,964)



Customer Payments
Historically, pawnbroking and gold purchases have been transacted by paying the customer the funds in cash. After listening to our customers' needs, during 2022 we started offering our customers the facility to receive their funds via bank transfer for all in-store transactions.

Online Transactions
We continue to offer more choice by increasing and expanding the range of products available on our retail website EST1897. In 2022 we grew our photography team to support online product listings. In 2022 we listed 13,801 products (2021: 8,290).

We continue to offer our customers a broad choice in how they can transact with both our website and our stores. Our 'view-in-store' service, where a customer can request to view an online item in store, without obligation to buy, continues to increase in popularity.

In 2022 we processed 7,180 view-in-store requests versus 4,616 in 2021. Click and Collect, using our store estate as a collection point for online transactions, has also grown year-on-year. In total 775 items were purchased online and collected from store, versus 516 items in 2021.

In November we started offering a virtual, try-on service, where customers can superimpose a watch or item of jewellery on their person, and review its relative size, prior to either purchasing or viewing in store. This new service has proved popular, with 7,190 customers using this service in December.

WHAT H&T MEANS TO ME

"My friend bought a gold bracelet for her granddaughters birthday. As a high end retail worker myself. I have to say the customer service at H&T is one of the best I have experienced in a very long time. No pressure to buy or rushed. Our purchase was beautifully packaged and was even given a little sweet treat in appreciation of her purchase. We will have no hesitation in recommending H&T to our friends and family".

STRATEGY IN ACTION CONTINUED

STRATEGY IN ACTION CONTINUED

Regarding the acquisition of Swiss Time:
"I am very excited about the opportunities created by this acquisition as it represents an important strategic step for H&T. It enables us to bring watch expertise in-house and consequently, improve margins and broaden the range of services we can offer to our customers."

Chris Gillespie, Chief Executive

Broaden Reach – New Stores
There are opportunities to expand the geographical coverage of our store estate.

An example of this strategy in practice would be in South Wales where we opened four stores in 2022.

In addition to opening new stores, we will continue to refresh our existing estate.

In 2022 we opened a central London store in Berkeley Square to broaden our reach and diversify our customer base, offering a more discreet, personalised service.

Each decision to open a new store is supported by independent demographic and consumer data and is accompanied by a standalone business case, meeting internal hurdle rates and profitability requirements.

Broaden Reach – Systems – Marketing
In 2022 we successfully deployed of a new Point of Sale (POS) system known as EVO, across our store estate.

EVO has significantly improved both the customer and colleague experience in-store. This will help establish, in time, a single customer view which will allow us to improve our customer data and marketing personalisation.

We have significantly broadened our reach and online presence in 2022 by investing in and scaling our paid search activity on Google, for both retail and pawnbroking, via Google Shopping. For retail products in 2022 we grew the number of sessions landing on the website to 591k (2021: 447k), along with improved sales contribution and view-in-store requests totalling 1,487 (2021: 571 views).

Scaling our pawnbroking paid search campaign drove more customers to our website and local stores. In 2022 we generated 97k clicks (2021: 18k) from this campaign, and saw corresponding growth in the number of resulting actions generated – 14.5k actions (2021: 1.5k).

CASE STUDY

Swiss Time Services

To support its growing watch business, H&T acquired Swiss Time Services in July 2022. Watches represent a growing part of the H&T business, and a future growth opportunity in respect of both retailing and pawnbroking activities.

Based in Essex, Swiss Time is a family-owned business established in 1993. Employing over 30 skilled staff, including watch technicians and diagnosticians, Swiss Time has grown to be one of the largest independent watch service-centres in the UK.

In 2022 H&T sent over 1,300 watches to Swiss Time for repair and service, and in total Swiss Time serviced and repaired over 8,000 watches. Swiss Time currently holds accreditations from leading watch brands such as Tag Heuer, Cartier and Baume Mercier.

STAKEHOLDER ENGAGEMENT & SECTION 172 STATEMENT

SECTION 172 (1) STATEMENT

The Board has identified the following as key stakeholders for the Group: Shareholders, Customers, Suppliers, Government and Regulatory bodies, Employees and our sustainability impact.

In accordance with the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) the Directors set out below how they have considered the requirements of section 172(1) of the regulations. The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its stakeholders.

89%

of our colleagues agree that they receive the training and development they need to do their job.

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 in 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, often alongside our Nominated Advisor and Broker, Shore Capital, and our PR Consultants, Alma PR.

On Page 48 we set out in further detail how the Group complies with Principle 2 of the QCA (meeting shareholder needs and expectations).

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 their H&T experience. A recent survey of our customers covered matters such as our service standards, their needs and new product opportunities.

With our range of accessible services, both in-store and increasingly online, which include retailing watches and jewellery, 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 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 Consumer Duty rules which were published in the later half of 2022 aim for a higher and more consistent standard of consumer protection for users of financial services and help to stop harm before it happens.

H&T have a strong commitment to the requirements of the FCA's Consumer Duty rules and have plans in place to ensure these are met ahead of the deadline of 31st July 2023.

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, and adherence to safety standards, throughout the supply chain.

We have invested in our procurement team ensuring greater capacity to support the business day-to-day and to identify new supplier opportunities. 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.

STAKEHOLDER ENGAGEMENT CONTINUED

People
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 have the necessary skills, are motivated and committed to delivering the level of service our customers expect. We regularly check in with our colleagues by carrying out employee surveys twice a year and we have reviewed and refreshed our proprietary training programme, Aspire, which rewards our colleagues for continuing education on the range of services we make available.

84%

of our store colleagues have completed four out of five Aspire training modules within 15 months of joining H&T.

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 and have expanded our compliance team over the last 12 months to enable increased focus on ongoing monitoring, training and procedural updates, as well as to play an increasing role in corporate governance.

We are members of the National Pawnbrokers Association, the Consumer Credit Trade Association and the Consumer Finance 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
Approved the strategic acquisition of Swiss Time Services Limited.	Shareholders Customers Employees Suppliers	The Board recognised the synergies that owning and managing the firm would bring to the Group.	Acquisition completed and Swiss Time Services integrated into the wider H&T Group.
Supported a significant equity raise.	Shareholders Customers Employees	The Board considered the need to fulfil the Company's mid-term funding requirements, an exercise which resulted in an oversubscribed offering.	Full Target Value raised. Funding raised to meet the growth opportunities for the Group. Retail investors were offered the opportunity to partake in the equity raise through the Primary Bid platform.
Appointed a new Nominated Advisor and Broker in Shore Capital. This was followed by the appointment of Alma PR, a new PR advisor, later in the year.	Shareholders Customers Employees	The Board considered the need to enhance investor understanding of the sector in which the Company operates and to reach a broader investor base.	Appointments completed. Change in shareholdings in the share register. Ongoing relationships with institutional investors.
Ensure sufficient finance to support continuing business activities.	Shareholders Customers Employees 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 was renewed, and composition revised to comprise Revolving Credit Facility of £30m and an Overdraft facility of £5m. This will ensure sufficient funding to meet future business requirements. Facility is renewed for three years to December 2025. No change to the covenants.

ESG

CREATING A SUSTAINABLE BUSINESS

Environmental, Social and Governance (ESG)

We strive to act with integrity and responsibility to do the right thing in protecting our planet, nurturing our people and governing our Company for the benefit of all stakeholders. We look to manage our business responsibly and focus on supporting our key stakeholders such as customers, employees, 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 staff 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.

Governance

Our governance structure to support ESG was updated in 2022 following a senior management training session to embed ESG into our organisation more deeply.

- Toni Wood Non-Executive Director (NED) appointed as Board Sponsor for ESG and Frances Marlow (HR Director) appointed to coordinate activity internally.
- Five areas of focus were identified during a materiality assessment (Climate, Circular Economy, Secure Data, Financial Wellbeing and a Safe and Engaging Workplace).
- An internal ESG Taskforce was established consisting of the workstream leaders of our five areas of focus, plus the internal and external communications team.
- The five workstreams appointed teams with a broad representation from the business to work on these topics.
- The ESG Taskforce feeds into the monthly internal Executive Committees.
- The Board receive regular updates on ESG and the Risk Committee receives regular updates on Climate Risk.

Awards:

Five Star Occupational Health and Safety Audit
– Four Stars –

This is to certify that

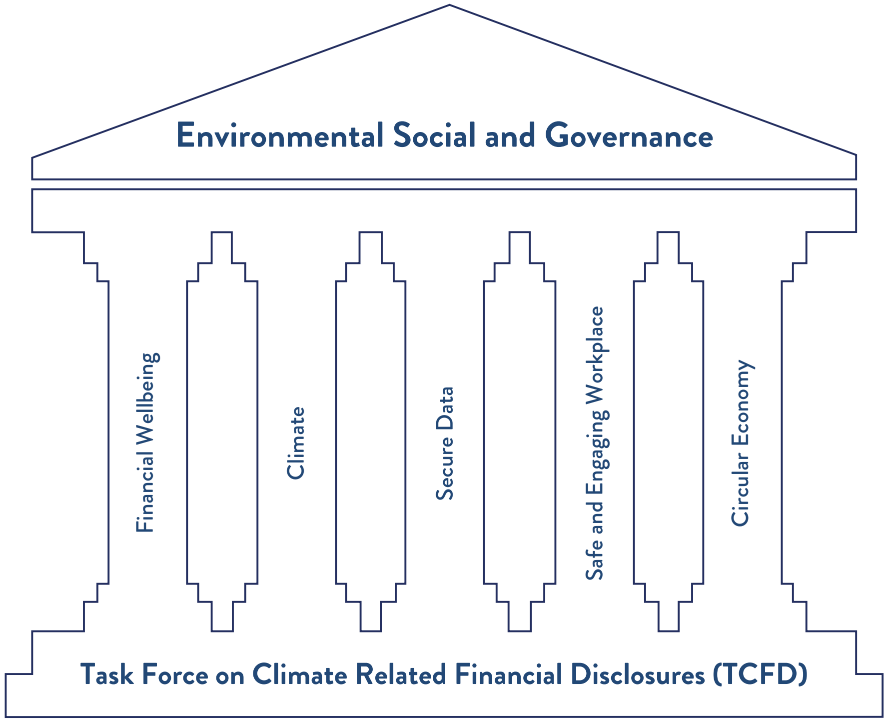
H&T Pawnbrokers

after an extensive evaluation by a British Safety Council auditor, has been awarded a rating of Four Stars.

BRITISH SAFETY COUNCIL

Five Star Occupational Health and Safety Audit 2022

ESG CONTINUED



In 2023 plans will be built under our five areas of focus to ensure that we prioritise our activities towards our key stakeholders, with the most impactful actions we can take, to demonstrate our ambition to do the right thing for our planet, our people and the sustainability of our organisation.

ESG Governance Chart

FOR MORE INFORMATION
See: P32

ESG CONTINUED

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 2022, H&T remain certified as having Zero Waste to Landfill.

In 2022 we recycled 66% of our waste (2021: 67%) and this has been supported by working with our partner First Mile, completing waste audits and identifying further actions to improve our recycle rate. We held a staff awareness campaign to share the results of our waste audits, share how First Mile manage our waste, and encourage staff to increase our percentage.

We recycle 99.3% (2021: 99%) of pre-owned jewellery brought to us, by selling as pre-loved, upcycling, or melting into gold.

H&T partners with a renewable energy supplier, Drax Power, which provides 100% of their energy through renewable means. Staff campaigns have been run during the year to increase awareness about the actions we can take to reduce energy usage.

Social

Nurturing our people and engaging with the communities we serve are both important for our business, supporting our human capital and 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.

CASE STUDY

FareShare

Our partnership with FareShare continues. 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.

How do we contribute? H&T contributes £2 per month for every employee. In addition, we asked our employees if they wish to contribute £2 per month to FareShare through the payroll and if they do, H&T match their donation, over and above what they already give. H&T also support volunteering events and additional fundraising events. Seven of our employees completed half marathons in October.

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 £75,000 which equates to the provision of over 300,000 meals and saves 163 tonnes CO_2e. Since the beginning of our partnership in 2021, over 550,000 meals were funded, and our target for the end of 2023 is 750,000 meals.

What's next? H&T will continue to actively support fundraising to support our goal of 750,000 meals, opening up volunteering opportunities for our teams.

FareShare Achievements:

The total contributions for 2022 were over

£75,000

providing meals over

300,000

Total contributions for 2021 and 2022 were

£135,000

providing meals over

550,000

WHAT H&T MEANS TO ME

"Quite honestly, I don't believe they could improve. The staff were most polite, they were very professional and as I say discretion was excellent. I don't see any way that they could improve. The place was clean, they were polite and I had no issues. They were absolutely lovely... It was during lockdown and my husband lost his job and they were just so understanding and polite so I don't see that they could improve on anything."

WHAT H&T MEANS TO ME

"The Hastings branch... every member of staff is very friendly and it's very personable. I took some of my dad's jewellery in when he died that he bought from the shop and they knew who he was and they knew what I was going through. They were very helpful and good. Every time it's so great. I'm so impressed and the Hastings branch is a credit to the firm... I couldn't say anything better about them."

ESG CONTINUED

Employee Engagement

We conducted two employee engagement surveys in 2022. In February, 71% of our employees participated, with an increase in overall satisfaction from 60.2 to 62.8. In November, 56% of our employees participated with a further increase in satisfaction to 66.2.

Our employees say they enjoy their jobs due to the colleagues they work with and the customers they serve, as well as the variety in their jobs day-to-day. In February's survey, the key areas for improvement were communication and pay. During 2022, the CEO has shared informal and formal video updates, held Q&A sessions and provided a private email address for employees to ask any questions, suggest ideas or raise concerns.

Pay

The business continues to prioritise pay for our lowest-paid employees. After the April 2022 National Living Wage increases, H&T paid 2.5% more per hour at entry-level than the National Living Wage and after 15 months and successful completion of training, this increased to just over 6% and 2.3% ahead of the Real Living Wage. With our confirmed changes for 2023, the difference will increase further. For all other roles, regular and proactive benchmarking takes place to ensure that we pay at least the market rate and, can attract and retain talent.

Recruitment and Recognition

The recruitment market has been extremely challenging with significantly reduced numbers of candidates for most roles and pressure on salaries due to the demand for skills. The organisation has also grown, with new store openings and the growth of specialist teams in support functions. Our recruitment approach expanded across several online recruitment sites, the use of recruitment fairs and direct sourcing. There has been a strong focus on sharing our employer brand and showcasing the benefits of working for H&T.

H&T has experienced an average employee turnover rate of 22% during 2022 (2021: 22%).

H&T is passionate about celebrating the loyalty of our employees and 201 employees celebrated their long-service awards. Our average length of service is five years.

Employees with less than 3 years' service
41%
(2021:48%)

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

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

Employees with more than 10 years' service
22%
(2021:18%)

We were delighted to celebrate our 2021, Superstar winners in a special event in May 2022. This recognition scheme encourages quarterly nominations from across the business and features a peer-nominated award for Superstar of the Year. The feedback from our teams was amazing and everyone enjoyed the chance to celebrate their achievements.

Development

86% of our store colleagues with more than 15 months' service, have completed four mandatory modules within our store development programme, and are now benefitting from increased pay. Nearly 90% of our employees agree that they receive the training and development they need to do their job.

2022 has seen our colleagues continue their active engagement with role-related training and development opportunities; they completed 68,268 hours of learning in 2022 (2021: 120,000). In 2022, this excludes training for the launch of our new in-store system EVO, which took up a significant amount of time.

Six employees are currently undertaking Apprenticeships to support their personal and professional development.

Health and Wellbeing

H&T majored on supporting the mental health and wellbeing of our employees through education and awareness campaigns in 2022. Additional attention was placed on financial wellbeing due to the cost-of-living crisis. Our Employee Assistance Programme is well used by our teams especially for support with mental health.

Health and Safety accidents and incidents have increased by 8% in 2022 to 79 incidents (2021: 73). There were no incidents which required reporting under the Injuries Diseases and Dangerous Occurrences Regulations (2021: nil). Audits were completed across all locations with an average score of 99% (target 90%).

In 2022, H&T undertook the British Safety Council 5-Star Audit which reviews the occupational safety management system through an external and independent assessor. It was acknowledged that H&T had significantly improved since an earlier audit in 2017, and was awarded 4 stars.

ESG CONTINUED

Inclusion and Diversity

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

After the relaunch of our Inclusion, Diversity and Equality policy in 2021, a new mandatory diversity training module was launched early in 2022. Alongside this, over 50 employees volunteered to attend 'safe-space' sessions to talk about inclusion and diversity, what they understood by these words and where they felt H&T could improve. These suggestions then led to our 2022 actions which included workshops for our Senior Management Team, a pilot programme for our employees, an updated dress code, a Menopause Policy and an inclusive language guide. The safe-space sessions and our work on Inclusion and Diversity led to us being named the National Pawnbrokers Association Employer of the Year Award.

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 change.

Appointments in the Group are based on merit and not according to personal characteristics such as gender or race.

All vacant roles are advertised internally, and we have had 108 internal promotions in 2022 and 49 secondments, where employees can gain additional experience and development opportunities.

	Male 2022 / 2021 / 2020	Female 2022 / 2021 / 2020
Board of Directors	67% / 67% / 83%	33% / 33% / 17%
Senior Management Team (non-Board Directors and Heads of Departments)	55% / 50% / 55%	45% / 50% / 45%
Area Managers	50% / 44% / 55%	50% / 56% / 45%

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

	Full -Time	Part-Time	Total
Male	344	48	392
Female	699	458	1,157
Total	1,043	506	1,549

Our age profile information below sets out the breadth of representation we have across our organisation, with the average age of our employees being 38 years old.

Under 18	6	0.4%
Between 18 – 29	387	25.0%
Between 30 – 39	530	34.2%
Between 40 – 49	324	20.9%
Between 50 – 59	222	14.3%
Between 60 – 69	74	4.8%
70 and over	6	0.4%

Governance

Following the Board Effectiveness review, actions have been taken as detailed in Governance in Action (Page 43). In addition, ESG has been embedded in all levels of our 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.

H&T have established a 'three lines of defence' model as detailed in Principle 4 of our Compliance statement on Page 49 of the report. This includes the important role of the first line of defence of Operational Management plus the support of the second line of defence of Risk and Compliance, and finally the support from the third line of defence provided by our internal audit team.

ESG CONTINUED

ESG – TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT 2022

During 2022, H&T undertook a significant piece of work to demonstrate clearly focus on ESG and to support our actions through the use of the Taskforce for 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 training and completing a materiality assessment with our Senior Management Team to understand our stakeholders' most critical concerns.

Governance

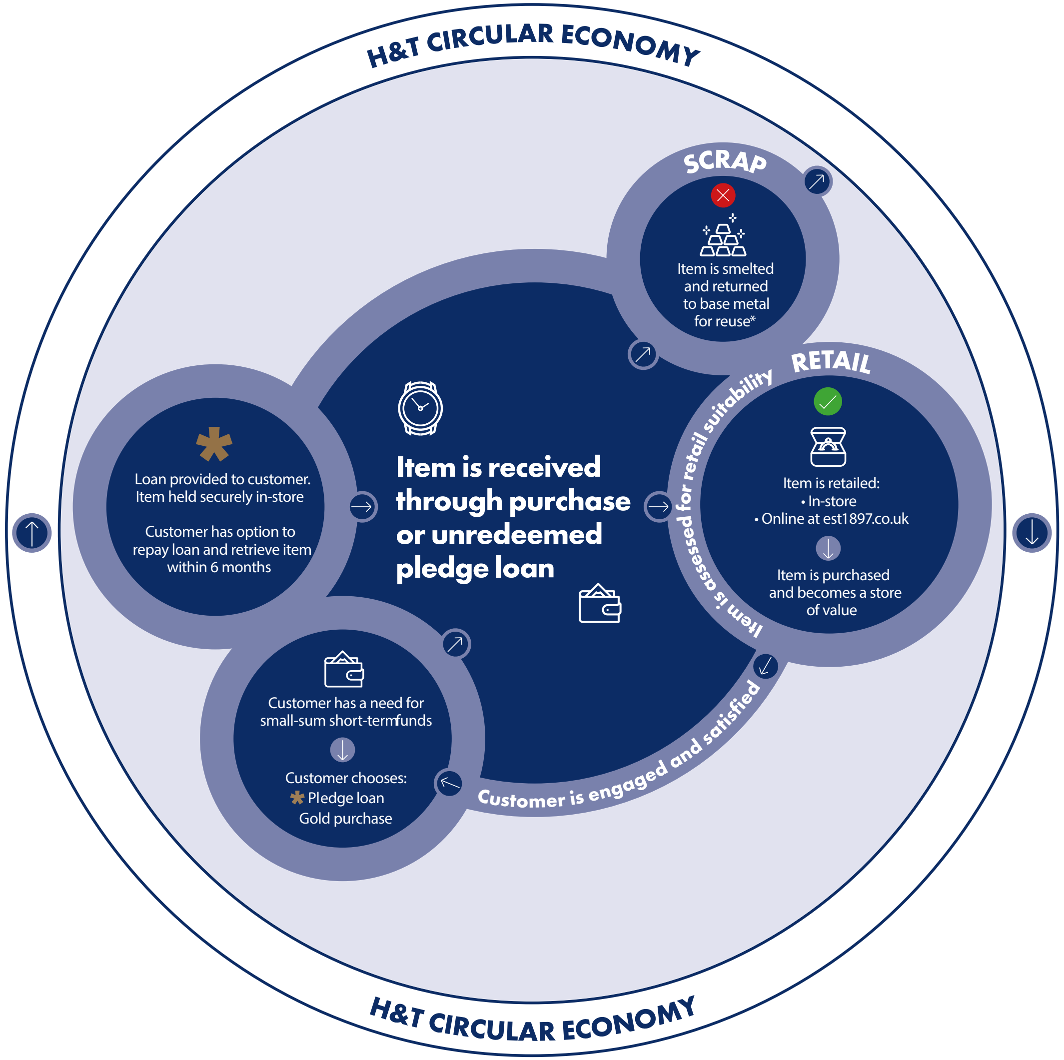
We introduced into our governance framework a separate TCFD Working Group to manage the TCFD requirements. The Group has a number of representatives from across the business.

The TCFD Working Group reports into the internal Executive Committee meetings including Risk, 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 in Action Page 43 of the report.

The Circular Economy

We recycle 99.3% (2021: 99%) of pre-owned jewellery brought to us through selling as pre-loved, upcycling, or melting into gold. This plays a key part of our ESG efforts and the circular economy, favouring activities that preserve value in the form of energy, labour, and materials by recycling to keep products, components, and materials circulating in the economy.



Footnote: H&T does not smelt the item itself

ESG CONTINUED

Strategy
The TCFD Working Group have worked on identification of risks and opportunities for the business following further training and external support. The team 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.

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, and 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 Short Medium Medium
TRANSITION RISKS	Growing external pressures and demands for action negatively impact revenues from 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 ratings by sustainability/ESG indices	Short Medium Medium

In the coming years, we recognise that we will also need to complete scenario planning to test the resilience of our climate strategy and to make adjustments as our risks and opportunities change.

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. It 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 all of their 267 stores and 4 offices and can take some direct action through our employees 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.

Manage our Circular Economy with the Lowest Carbon Footprint
Whilst H&T Group benefit 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. We will look to review distribution and further lower our carbon footprint in this activity.

Partner with proactive responsible suppliers to jointly reduce our carbon impact
H&T will work collaboratively with our existing suppliers and partners to identify alternative methods of distribution or implement process change, 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.

Risk Management
H&T have 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. These will be shared and updated on a regular basis and reflect new and emerging risks, as well as track any risk mitigation actions.

Climate risk is also shared with the Board via the Risk Committee, and during 2023, actions relating to these risks will be identified and regular updates will be provided to the Risk Executive Committee and Board Risk Committee.

ESG CONTINUED

Metrics

Streamlined Energy and Carbon Reporting

Energy Consumption

		2021	2022	Compare
	Total Global Energy Consumption (kWh)	5,033,952.32	5,240,875.11	4%
	Total UK Energy Consumption (kWh)	5,033,952.32	5,240,875.11	4%
Energy consumption breakdown	Direct transport (kWh)	132,897.32	296,657.31	*123%
	Total electricity (kWh)	4,901,055.00	4,944,217.80	1%

Carbon Emissions

		2021	2022	Compare
	Total Scope 1 (tCO_2e)	72.98	117.94	62%
Scope 1: Combustion of fuel and operation of facilities	Direct transport (tCO_2e)	33.31	74.09	*122%
	Refrigerant (tCO_2e)	39.67	43.85	11%
	Total Scope 2 (tCO_2e)			
Scope 2: Electricity purchased and heat and steam generated	Location-based (LB) (tCO_2e)	1,040.64	956.11	-8%
	Market-based (MB) (tCO_2e)	0	0	0%
	Total Scope 1 + 2 (tCO_2e) – Location-based	1,113.62	1,074.05	-4%
	Total Scope 1 + 2 (tCO_2e) – Market-based	72.98	117.94	62%
	Full Time Employee (FTE)	1,236	1,335	8%
	Carbon Intensity Scope 1 + 2 (tCO_2e/FTE) – Location-based	0.90	0.80	-11%
	Carbon Intensity Scope 1 + 2 (tCO_2e/FTE) – Market-based	0.06	0.09	50%

This report includes Scope 1 (e.g., combustion of fuel, fugitive and process emissions) and Scope 2 (electricity) emissions associated with the activities for which H&T Group plc are responsible. This includes ten new stores which were opened in 2022.

*Direct Transport emissions show a significant increase (+122%) in 2022 compared with 2021 when COVID-19 resulted in reduced mileage. Three new maintenance employees were also employed in 2022, further contributing to the increased emissions during the year.

We present both the location but also the market-based method for calculating Scope 2 emissions for our total emissions to account for our efforts in generating and purchasing low-carbon energy. Drax PLC overall fuel mix is 0g CO_2/kWh – associated REGO certificates are held covering the total supply of electricity to H&T Group plc.

Swiss Time Services was acquired by the Group in July 2022 – associated energy consumption has been included in the results, covering the period since acquisition date.

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 in the table below that relate to the UK is 100%.

Emissions Factors Applied

BEIS 2022 emission factors have been used for all emission sources.

Market-based emissions factors have been sourced from the relevant supplier. In 2022 for 100% of electricity use, the environmental impact for Drax PLC fuel mix is 0g CO_2/kWh. Associated REGO certificates are held covering the total supply of electricity.

Conversion of 2022 fuel-use to kWh has been carried out using BEIS 2022 fuel conversion factors.

Conversion of 2021 fuel-use to kWh has been carried out using BEIS 2021 fuel conversion factors – in 2021, the factor for 'MPV' has been applied for diesel vans, in 2022 the factor for 'diesel vans – average' has been applied. Overall, this does not have a significant impact (1%) on overall energy consumption.

Emissions Sources Excluded/Estimated

- Best practice is that omissions do not exceed 2-5% of overall emissions or energy.
- Natural Gas use is 2.5% of the total emissions and 2.5% of total calculated energy use and is due to be removed from all properties in February 2023. Gas use has therefore been excluded for these two reasons. No other mandatory energy use or emissions have been excluded.
- Electricity: Across the portfolio, 96% of electricity use is covered by smart meters and is therefore measured automatically, with less than 4% estimated.
- Swiss Time Services was incorporated in July 2022 – associated energy consumption has been included covering the period from which Swiss Time Services was incorporated.

During 2023, the TCFD Working Group will begin to identify the Scope 3 emissions and intends to report on these in the 2023 Annual Report. H&T works with our key partners to collate the data, understand their strategic priorities and the impacts that this will have on our carbon footprint, and collaborate on lowering our carbon emissions.

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:

- Completing LED installations to all the shop areas (customer and serving side) and all back-of-house areas.
- Updating our 'Open door policy' so that front doors are only left open when it is warm enough to do so.
- Started installation of motion-detector lights so that lighting is only switched on when required.

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, energy usage and awareness campaigns.

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

PRINCIPLE RISKS AND UNCERTAINTIES

MANAGING RISK

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 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 annually reviewing the overall effectiveness of the risk management programme to the Risk Committee. The Internal Audit function provides assurance to the 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. The risk and compliance functions provide assurance to the Risk Committee on a combination of financial and non-financial risks through the completion of the annual compliance monitoring plan and regular risk reviews.

The Group'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.

The following table sets out the principal risks and uncertainties facing the Group and how we mitigate them. This is not an exhaustive analysis of all the risks the Group may face as there may be additional risks and uncertainties that are not currently known to the Board or have not been included in this section on the basis that they are not considered to be material.

Area	Description of Risk	Examples of Mitigating Activities
REGULATORY AND CONDUCT RISK	Regulatory risk is the risk of non-compliance with regulations or future changes in regulation impacting H&T's ability to trade.	• Experienced Board in FCA-regulated businesses • Three-line model with dedicated Internal Audit and Risk and Compliance functions • Strong and experienced Compliance, Internal Audit and Risk teams which regularly monitor compliance with all necessary regulations • Completion of the annual risk-based compliance monitoring and internal audit plans • Well-developed procedures, training, systems, and operational controls • Expert third-party legal and/or compliance advice is sought where necessary • Membership of appropriate trade associations which assist with both regulatory awareness and relationships
OPERATIONAL RESILIENCE AND BUSINESS CONTINUITY	Risk of disruption to the Group's operations and revenues due to one or more operational incidents including natural disasters.	• Store network is distributed throughout UK • Online portal available for customers to manage pledge agreements • On-going investment in Group websites and technology platforms • Support functions are enabled to work remotely • Core systems and data secured through high availability cloud providers • Online pawnbroking services available to our customers • Stores able to work on a standalone basis for periods • Staff support availability from other stores • Robust and effective internal controls to prevent and detect operational events

PRINCIPLE RISKS AND UNCERTAINTIES CONTINUED

Area	Description of Risk	Examples of Mitigating Activities
THEFT AND FRAUD	Loss of inventory or pledge assets.	• High levels of physical security in locations where inventory is held • Insurance cover obtained for material losses • Systems and procedures minimise risk of theft and fraud
	Internal theft and fraud.	• We strive to ensure colleagues are highly motivated and feel part of the H&T family • Procedures set to avoid lone-working thus reducing opportunity • Internal audit stores' team aims to visit each store at least twice a year • Internal audit stores' team focused on loss prevention and other manipulation for personal gain • Financial crime and transaction monitoring capabilities are in place and are continually reviewed • Fair, ethical, compliant, and competitive incentive schemes and other benefits offered to staff
GOLD PRICE RISK	Exposure to adverse movement in the price of gold on scrap activities and the value of pledge collaterals.	• Ensure sufficient headroom on bank covenants to absorb a reduction in gold price, should it occur, without covenant breach • We can change our Lending Policy on pawnbroking pledges should the price of gold drop significantly • Option to enter into hedging arrangements • Regular monitoring of gold price at Board level • Annual testing of forecasts sensitised for gold price • Maintain appropriate margin between pledge value and the gold price (LTV)
REPUTATIONAL RISK	The risk that an action, transaction, investment, event, decision, business relationship or circumstance will impact the Group's reputation.	• Regulatory and reputational impacts of business changes are considered, documented and reviewed by the Risk Committee • Focus is maintained on appreciating the competitive advantage of positive customer experience • New hires undertake a comprehensive induction course and formal programme of ongoing training for all colleagues • High level of compliance in product and service delivery is maintained • Consumer duty project team is in place tasked to set high and clear standards of consumer protection • Risk events are recorded, and any customer or reputational impact is assessed with appropriate improvements made to systems and controls where applicable • Retained financial PR and media relations consultancy to provide ongoing reputation management support and media engagement • Ongoing monitoring of the activities of claims management companies in the market • Complaints team work directly with the business to respond to customer complaints with response targets set and monitored • Legal expertise within the business helps to consider matters on a timely basis
CYBER SECURITY, DENIAL OF SERVICE AND DATA LOSS	The potential loss or detriment to H&T caused by individuals or groups with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers.	• Continual monitoring of cyber-threats using internal and external resources and where necessary implement changes to combat this • Utilising appropriate levels of industry-standard information security solutions and best practice for critical systems • Implementation of 'Zero Trust' Network segmentation between core sites, and systems to limit attack vectors • DDOS (Distributed Denial of Service) protection in place using modern countermeasures • Regular conducting of proactive internal vulnerability scanning and external penetration testing to identify vulnerabilities and deliver improvements • Staff threat awareness training is provided as part of ongoing training • Certification obtained in 'Cyber Essentials Plus' enhancing knowledge and up-to-date understanding • Regular reviews of employee access rights based on 'minimum access' and RBAC (Role Based Access Control)

PRINCIPLE RISKS AND UNCERTAINTIES CONTINUED

Financial Risk Management Objectives and Policies

The Group's activities expose it to several financial risks including interest rate risk, credit risk, liquidity risk, price risk and exchange-rate risk. The use of financial derivatives is governed by the Group's policies, approved by the Board, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

A summary of the principal financial risks is provided below. Further detailed discussion is provided in Note 26 to the consolidated financial statements.

Interest-rate risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. At present the Board does not consider it necessary to enter into a hedging arrangement. This position is reviewed by the Board on a regular basis.

Credit risk

The Group's principal financial assets are cash and bank balances, trade, and other receivables. The Group's credit risk is primarily attributable to its trade receivables, which is the pledge book, personal loan book and cheque-cashing balances. Exposure on pledge book receivables is dispersed over a large customer base mitigating potential concentration risk. See Note 26 for further details.

The risk attributable to the pledge book is mitigated by the presence of security (customer pledges in the form of jewellery and watches) which can be easily liquidated and in almost all cases, fully recover the amount lent.

The risks attached to the unsecured personal loan book are significantly decreased following a wind-down of the portfolio and the cessation of all unsecured lending in April 2022. The risks attached to the residual personal loan book are mitigated by the ongoing monitoring of bad debts and collections activity.

The Group conducts appropriate risk-mitigating procedures on customers prior to undertaking cheque-cashing activities.

The amounts presented in the balance sheet are stated at fair value and net of allowances for doubtful receivables. An impairment provision is raised on pledge loans at origination based on expected losses estimated by the approved impairment model, previous experience of redemptions and the anticipated cash flows. Where there is an identified loss on a loan this is taken into consideration and additional impairment applied as appropriate.

The credit risk on liquid funds (of cash and bank balances) and derivative financial instruments is considered to be low, as funds are held with financial institutions with high credit-ratings assigned by international credit-rating agencies to the Group's bankers as follows:

	Moody's credit rating	
	2022	2021
Lloyds Bank plc	A1	A1
Barclays Bank plc	A1	A1

The Group had no significant concentration of credit risk at year-end other than on the bank balance of £3,651,000 (2021: £9,306,000) with Lloyds Bank plc and £433,000 (2021: £nil) with Barclays Bank plc. See Note 26 for further details.

Liquidity risk

To maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. As at 31 December 2022, the Group had £20m (2021: £35m) headroom on its current borrowings and remains in full compliance with all loan covenants. The Group facility with Lloyds Bank plc allows for maximum borrowings of £35m comprising a three-year Revolving Credit Facility of £30m (2021: £15m) and an overdraft facility of £5m (2021: £20m). The Group also has cash (RCF) and bank balances on call to support operating activities of £12.2m (2021: £17.6m).

Furthermore, the Group will continue to review as necessary, the possibility of raising future equity finance or refinancing existing banking facilities to expand activities.

Price risk

The Group has limited exposure to price risk as the majority of its jewellery stock and all of its scrap gold is acquired through unredeemed pledges which have a cost to the Group which is lower that its retail value. The Group is however exposed to adverse movements in the price of gold on its gold scrap activities and the value of the pledge collaterals. Should the price of gold drop significantly, the Group can mitigate the risk by changing its lending policy on pawnbroking pledges or by entering into hedging arrangements. Currently the Group has no hedge in place, although this is reviewed by the Board on a regular basis.

Exchange rate risk

While the Group's activities are largely conducted in the United Kingdom, the Group is impacted by foreign currency exchange rates affecting the gold price exchange from USD to GBP and the revaluation of foreign currency cash holdings in store. The impact of revaluation is monitored daily, and hedging is utilised.

"Risk is integral to the breadth, ambition and construction of the Group and it is engaged in every aspect of its operations."

"Reported gross profit increased to £101.9m (2021: £76.4m) up 33.4%, with all of the Group's core business segments delivering significant growth."

CHIEF FINANCIAL OFFICER'S REVIEW

DIANE GIDDY

Financial Results
The Group delivered profit before tax of £19.0m (2021: £7.9m after non-recurring expenses of £2.1m).

Reported gross profit increased to £101.9m (2021: £76.4m), up 33.4%, with all of the Group's core business segments delivering significant growth. Pawnbroking and Retail remain the largest segments of the business, contributing 63% (2021: 59%) and 17% (2021: 22%) respectively to gross profit.

Pawnbroking income is strongly correlated to the growth in the underlying pledge book, the profile of the pledge book in both the value and the timing of individual lending throughout the course of the year, and the impact of International Financial Reporting Standards (IFRS) 9. The composition of the pledge book has returned to historic norms, with demand for larger loans returning during the year. Risk-adjusted margins reduced, as expected, to 60.9% (2021: 69.5%), with the risk-adjusted margin during the second half of the year in line with the reported H1'2022 result (June 2022: 61.4%).

Gross profit contribution from retail jewellery and watch sales grew by 7.2% to £17.8m (2021: £16.6m) on sales of £45.2m (2021: £36.2m). The growing pledge book and increased volumes of gold purchases together provide a greater volume of pre-owned items available to be included in the retail product mix. Margins have normalised during 2022 to 39.3% (2021: 45.9%) and have been broadly consistent throughout the year (H1'2022: 41.7%) reflecting the evolving product mix and the proportion of new versus pre-owned items.

Foreign Currency is a strategic growth opportunity for the Group, increasing gross profit contribution by 90% to £5.7m (2021: £3.0m) and its proportion of Group gross profit to 6% (2021: 4%). We are investing in improving the customer proposition with an online offering and broadening the range of currencies available to customers.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Gold purchasing gross profit has doubled to £6.8m (2021: £3.4m) as the prevailing gold price and impact of inflation on customers' disposable incomes, supported increased demand. Margins of 19% (2021: 17%) were achieved in the year. Gold purchasing gross profit contributed 7% (2021: 4%) of Group gross profit.

Scrap sales gross profit increased by 75% to £3.5m (2021: £2m), contributing 3% (2021: 3%) of total Group gross profit. Volumes are highly correlated to the size 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. This activity realised a margin of 19% (2021: 18%). With an increasing underlying pledge book and consistent rates of redemptions by customers, the volume of scrap sales are expected to rise commensurately, with a lag typically of 10 to 11 months after the date of the original loan.

Other sources of gross profit amounted to £4.4m (2021: £6.6m), decreasing by 33% as expected. Personal lending net contribution fell to £2.1m (2021: £4.3m), 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. Revenue from the cashing of third party cheques grew by 9% to £1.2m (2021: £1.1m) and commissions earned on money transfer services increased by 15% to £1.5m (2021: £1.3m).

Pawnbroking Income, Pledge Book and IFRS 9

Pawnbroking income is recognised as contractual interest earned on a pledge loan over its contractual maturity of six months, with interest accrued reflecting the principal outstanding and the effective interest rate, as governed by IFRS 9. Interest is charged on a daily basis, and no early termination penalties or fees are charged to the customer if the loan is repaid prior to its six-month maturity.

International Financial Reporting Standards, IFRS 9, specifies how an entity should classify and measure a financial asset and requires recognition of impairment losses on a forward-looking basis, which means the impairment loss is required to be recognised before the occurrence of any loss event in the underlying pledge loan.

A pledge loan receivable is recognised on the day a pledge loan is granted. If a customer does not repay their pledge loan, no interest is recognised on this unpaid loan. A customer may alternatively elect to repay their pledge loan before its contractual maturity. Both instances will reduce the realised effective interest earned on the pledge loan versus the initial expected interest to be earned at the time when the pledge loan is granted.

The Group measures loss allowances for pledge loans using an IFRS 9 expected loss model, which considers the future expected interest income to be earned while considering the impact of redemption rates and repayment profiles.

Interest income is earned on the pledge loan over time, while IFRS 9 requires the estimate of future impairment to be recognised on the day the pledge loan is granted. This mismatch between the recognition of impairment costs and interest accrued is intensified in periods of growth, or reduction, in the underlying pledge book. The effect of the day-one impairment charge incurred in 2022 has been to reduce the annual risk adjusted margin as the IFRS 9 loss allowance impairment provision grew to £12.4m (2021: £11.1m).

Costs

Direct and administrative expenses increased to £81.4m (2021: £65.2m), growing by 25% as expected.

Impairment charges, required to be raised by accounting standards IFRS9, are included in the direct expense category. These impairment charges have increased substantially to £11.8m (2021: £6.0m), as the significant growth in the underlying pledge book requires an appropriate level of impairment provisioning.

Employee-related costs, excluding variable remuneration, increased by 7%. The strong growth momentum of the Group resulted in increased performance-related pay for store and other customer-facing colleagues, in line with a balanced scorecard approach. Group share incentives granted historically, the vesting of which requires achievement of both earnings and return targets, required increased provisions in 2022 given the strong momentum in both earnings and the share price.

Other costs returned to a normalised rate of expenditure following the lifting of COVID-19 restrictions and support measures that were in place in 2021. For example, government support in the form of rates relief was not repeated in 2022, and travel and similar costs returned to pre-pandemic run rates. We also made the decision to increase marketing expenditure in support of our broader strategy.

The provision raised in 2021 for the implementation of the customer redress programme, following the regulatory review of our, now closed, High Cost Short Term loans business, was disclosed separately as a non-recurring expense in the 2021 results, and has been utilised during the course of the year as redress payments have been made to customers. The remaining provision available for future redress payments as at 31 December 2022 was £0.4m (2021: £2.1m). Over 80% of eligible customers have received redress to date, with the programme continuing.

Headcount

The Group employed 1,540 (2021: 1,423) colleagues at 31 December 2022, with the increase in headcount supporting the growth in store estate and in key support functions, along with over 30 colleagues joining the Group following the acquisition in July of Swiss Time Services.

Acquisition of Swiss Time Services

Swiss Time Services was acquired by the Group on 1 July 2022, for a total consideration of £4.3m, inclusive of a net cash balance of £0.5m.

Swiss Time Services is a UK-based company operating in the watch servicing and repair industry. The acquisition was funded from the Group's existing borrowing facility and has been accounted for under the accounting standard IFRS 3. The business has remained profitable in the early months following acquisition.

Share Capital

The Group successfully raised gross proceeds of £16.9m via a capital raise concluded on 30 September 2022. A total of 3,986,407 new ordinary shares were placed at a price of 425p per share. These new shares rank pari passu in all respects with existing shares in issue. Following the admission of the newly issued shares, the Group has a total of 43,850,484 shares in issue.

The total cost associated with raising the additional equity amounted to £0.9m, and has been deducted from the gross value of the capital raised, in line with accounting standard IAS 32.

The additional capital will be deployed in growing the pledge book beyond initial 2022 expectations, the expansion of the store estate by up to 20 stores in 2023, and in supporting further investment in our existing store estate and in our IT infrastructure.

At 31 December 2022, the Group operated three share award schemes; Approved Share Options Scheme (ASOS), Unapproved Share Option Scheme (USOS) and Performance Share Plan (PSP). The required provision charge for the year for the PSP scheme was £0.6m (2021: £0.0m).

Options exercised by employees under the 2012 and 2013 share option schemes, amounted to 16,852 which were satisfied by the Group's Employee Benefit Trust.

The 2019 PSP scheme did not meet the minimum vesting criteria and lapsed accordingly.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Tax
The corporate taxation charge for the year was £4.1m (2021: £1.8m). The Group has an effective tax rate of 21.5% for the current year compared with 23.1% in the prior year. The Group was able to make use of the super-deduction allowance for investment in plant and machinery for two years from 1 April 2021. The timing of qualifying tax deductibility versus accounting recognition of expenditure, results in deferred taxation and contributes to the effective tax rate of 21.5%.

Balance Sheet and Capital expenditure
The Group's net asset value increased to £164.1m (2021: £136.6m). The balance sheet is underpinned by the inherent value, expressed at cost, of precious metals 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 £100.7m (2021: £66.9m).

Inventory increased to £35.5m (2021: £28.4m), including £0.5m of stock in parts held at Swiss Time Services. During H2 of 2022, elevated inventory holdings at the jewellery centre were processed and either sent for scrap or made available for retail sale. The value of watches in the course of repair as at December 2022 had increased to c. £4m (2021: £1.7m), as a result of higher volumes and parts supply pressures which are evident across the industry. Subsequent to the year-end, many of these watches have been made available for retail sale.

The Group ended the year with a net debt position of £2.8m, after starting 2022 with a positive cash position of £17.6m, as the Group funded organic and inorganic growth opportunities.

Non-current assets grew to £59.6m (2021: £51.4m) with the investment of capital expenditure in IT development and the store estate by £3.5m (2021: £1.6m), and the acquisition of Swiss Time Services of £3.8m.

Costs incurred in the development of the new technology platform known as EVO during the year, have been capitalised and amounted to £1.7m (2021: £1.1m), in line with accounting standard, IAS 38. Further costs are expected to be capitalised as additional phases of development are undertaken.

Cash Flow and Financing Facilities
The Group utilised £20.4m (2021: £16.8m) of cash resources during the year, after paying dividends of £5.1m (2021: £4.0m), growing the debtor book, predominately the pledge book, by £30.9m (2021: £15.6m), the acquisition of Swiss Time Services of £3.8m and capital investment of £14.3m (2021: £9.5m).

New equity was raised in September 2022 generating net proceeds of £16.1m.

At 31 December 2022 the Group had a net debt position of £2.8m, utilising £15m of the revolving credit facility and cash balances on hand of £12.2m.

The Group's financing facilities were renewed on 22 December 2022 to comprise a combination of a £30m three-year revolving credit facility with the option to extend to a maximum period of five years (previously £15m with a maximum period of four years) and a £5m overdraft facility (previously £20m). We believe this revised structure supports the growth ambitions and expected borrowing needs of the Group. Discussions are underway to explore the possibility of increasing the aggregate value of available funding facilities.

The revolving credit facility is subject to unchanged margins of between 1.7% and 2.45% above SONIA, with a non-use fee of 50% of the margin on the undrawn portion of the facility. The facility has a maturity date of 22 December 2025.

The overdraft margin is unchanged at 1.7% above the Bank of England base rate and has an annual renewal date of 22 December 2023.

Funding covenants to which the revolving credit facility is subject, are summarised below:

	Total Net Debt to EBITDA	Interest Cover Ratio	Fixed Charge Cover Ratio
Facility covenants	2.5 x	4 x	1.5x
31 December 2022	0.1x	60.8x	46.1x
31 December 2021	0.0 x	172.9 x	104.4 x

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 £0.3m (2021: reversal of £0.2m) 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 2022 of £150.4m (2021: £135.6m) and reported profit after tax of £14.9m (2021: £6.0m), representing a post-tax return on equity of 9.9% (2021: 4.4%). At the time of the recent capital raise, the Group set a target 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 2022 was 480p (2021: 295p), with a market capitalisation of £210.5m (2021: £117.6m).

Basic earnings per share was 37.2p (2021: 20.8p excluding non-recurring expense item of £2.1m) and diluted earnings per share was 37.2p (2021: 20.8p excluding non-recurring expenses item of £2.1m). Net asset value per share was £374.3p (2021: 342.7p).

Diane Giddy
Chief Financial Officer

CORPORATE GOVERNANCE

GOVERNANCE IN ACTION

During the period the Company has continued to develop its corporate governance in line with current best practice and regulatory requirements.

Highlights

The appointment of Toni Wood with specific marketing experience and Simon Walker with deep experience in financial services and risk management, have transformed the range of experience and skill-sets on the Board during the year. Two Non-Executive Directors, Elaine Draper and Mark Smith, stepped down at the 2022 Annual General Meeting.

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 initiated a Board Effectiveness Review (BER) in Q1 of 2022 which was carried out by an independent third party, the output from which was taken into consideration and reported on Page 44.

Key milestones

During the year the Board approved the strategic acquisition of Swiss Time Services, recognising the synergies that the firm would bring to the Group.

In September, the Board supported a significant equity raise to fulfil the Company's mid-term funding requirements, an exercise which resulted in an oversubscribed offering, enabling the full target value to be raised.

The Board appointed a new Nominated Advisor and Broker in Shore Capital, an appointment which has led to enhanced investor understanding of the sector in which the Company operates. This was followed by the appointment of Alma PR, a new Financial PR advisor.

Findings of BER

The appointed independent third-party reviewer concluded that the H&T Board had made strong progress over the previous few months against identified areas for improvement. The findings during the year under review concluded that Board performance was strongly heading towards being a 'high performing Board'.

CORPORATE GOVERNANCE CONTINUED

H&T GOVERNANCE STRUCTURE

Item under review	Finding	Resolution
BOARD COMPOSITION AND DIVERSITY	The Board encompassed a limited field of expertise and diversity.	May 2022 saw the departure of two NEDs with a natural focus on banking and governance; May 2022 also saw the arrival of Toni Wood, an experienced marketeer and digital retailer with deep operations experience which helped to rebalance the Board composition. The subsequent arrival of Simon Walker in September 2022 added greatly to H&T's financial, risk and strategic skills, with Simon bringing years of financial services sector Board expertise and experience.
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.	The Chair has decided to step down ahead of the May 2023 AGM, after 17 years guiding the business through its many successes. The new Chair will be Simon Walker, whose expertise and enthusiasm since joining H&T as a NED makes him a suitable candidate for the role. A process to search for additional NEDs commenced at the end of 2022, led by the SID – the skill sets which will be sought from future candidates, will include further experience in Operations and Marketing, Audit and Risk and Chair capability. H&T is committed to ethnic and gender diversity.
BOARD TRAINING AND TALENT DEVELOPMENT	The Board should undertake regular training to understand its responsibilities.	The Board has access to extensive training, has undertaken Director training, it 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 now have differentiated memberships, more reflective of the experience and expertise of the members. Both Toni Wood and Simon Walker have joined those Board sub-Committees where they can best add value.
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.
GOVERNANCE CODE ADHERENCE	Adherence to the QCA Code of Governance (the Code).	Throughout 2022 the Board drove a review of compliance with the Code, which resulted in changes to practices, Committee memberships, reporting, and to the Company's investor relations website, with a view to improving resources available to shareholders. Significant changes have been undertaken.

CORPORATE GOVERNANCE CONTINUED

Item under review	Finding	Resolution
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 reporting platform comprises a secure digital repository of Board and Committee papers (introduced in 2021) and allows all Board Members to view all papers along with the Terms of Reference for each Committee. The structure of all papers are 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. Terms of Reference have been reviewed by the Company Secretary and the respective Chairs and the roles of Committees and Board delineated. 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 Chairman is knowledgeable of and has extensive experience in the sector of operations, financial services and retail and 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 the customer fairly at all times and achieving appropriate outcomes for them. Feedback loops to the CEO from store-level colleagues are well-established and widely used.
STAKEHOLDER ENGAGEMENT	Key stakeholder groups were identified as part of the review and found to be: shareholders, suppliers, regulators and employees.	Shareholder engagement has received focus and investment in 2022, alongside employee communications and exposure to wider stakeholders such as vendors and regulators.
ESG LEADERSHIP	Board level focus and championing of 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 future TCFD and Scope 3 carbon emissions reporting . The natural positioning of the Company within the circular economy supports ESG efforts. Toni Wood has taken on Board responsibility for ESG and Simon Walker, Consumer Duty.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

CHRISTOPHER D GILLESPIE, 59
Chief Executive

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.

Appointed
29 October 2020

External appointments
The National Pawnbrokers Association of the UK – Director

DIANE GIDDY, 49
Chief Financial Officer

Diane is a Chartered Accountant whose career spans the investment banking and 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 of her career, 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 the Chartered Accountants in England and Wales as well as a CFA Charterholder, CFA Institute.

Appointed
24 November 2021

External appointments
Director and Shareholder of Cotton Bobbins (Pty) Ltd

Key:

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

BOARD OF DIRECTORS CONTINUED

NON-EXECUTIVE DIRECTORS

PETER D MCNAMARA, 72
Non-Executive Chairman

Peter worked at Lloyds Bank for 27 years holding a number of senior appointments: including Head of Corporate Strategy; he was seconded to work for the Thatcher government and head the design of most of the major utility privatisation projects and their operational implementation; head of senior management and graduate recruitment; head of the project to develop internet banking for Lloyds, the first bank to have more than 1m active users, and Managing Director of Personal Banking. He was subsequently Group MD Alliance and Leicester, then CEO of the mutual insurance group, the Wesleyan. In 2002 he became Chairman and subsequently Executive Chair of Moneybox Group, an ATM business which he floated on AIM. In 2006 he founded the NoteMachine business which became NM Money Group PLC and is the leading UK FX and ATM Group. He retired as CEO in September 2021.

Peter graduated from Birmingham University with a 1st Class Honours in Bacteriology. He was Fellow of the London Institute of Banking and Finance, and holder of their highest diploma in Financial Studies. Peter studied corporate Strategy at IMD, Lausanne and undertook continuous professional development with the Institute, H&T and IOD.

Appointed
25 April 2006

External appointments
Partner of KRF Farms LLP.

JAMES F THORNTON, 65
Senior Independent Director

James's base skill set is supported by his chartered accountant and MBA qualifications which he keeps current through CPD and selected webinar attendance. He has focused his career on investment banking in the Fnancial Services sector and in-house corporate finance and Finance Director roles. Prior to H&T he had a senior role in achieving strategic change within BAT Industries through the demerger of its financial services interests and merger into Zurich Group, and as Deputy Group CFO in the UK listing of Old Mutual. He brings from these experiences, and his investment banking background in financial services at Morgan Stanley and Hannam & Partners, an ability to support the analysis of key acquisitions and fund-raisings and, aid the Executive in the annual reporting and investor relations process.

As SID he has maintained strong relations with both the Chairman and Chief Executive, and all Board members and many senior managers. At the beginning of 2022 he was internal Board lead for the external Board Effectiveness Review which led a major shift in the mix of skills within the Board and the recent Chairman succession process. Presently he is working with an external search firm to seek further Non-Executive Directors to support the new Chairman going forward, before his own departure prior to May 2024.

Appointed
30 November 2012

External appointments
KCR Residential REIT Plc – Chair

TONI WOOD, 50
Non-Executive Director

Toni is a highly experienced Marketing, Commercial and Digital leader having held senior roles including Chief Marketing and Commercial Officer, NED, and Digital Board Advisor, with proven experience in customer-led business growth and talent development in the UK and internationally. She is experienced across Retail, Hospitality, FMCG, Technology and Ecommerce, from start up to FTSE100. Toni has expertise in Marketing, Sales, Digital Transformation, Category Management and Product Innovation. She is a Fellow of the McKinsey Marketing Academy and a Positive Psychology coach. Toni is an Advisor to the Board for Econsultancy and ufurnish.com and was listed as a UK Top Marketer in both 2019 and 2022. She holds the current role of Chief Customer Officer for the Headlam Group plc.

Appointed
15 May 2022

External appointments
Ginger Homes Ltd
WVC Group Ltd

SIMON WALKER, 63
Non-Executive Director

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 with their 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. In recent years his work has included providing advice to trade bodies and schemes in connection with interchange fees, payments and the future of cash.

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 is on the Risk and Audit Committees and chairs the Risk Committee of CCFS plc. He retired from the Board of Leeds Playhouse in October 2022 after ten years where he had chaired the Finance Committee. He is a director of wealth manager consolidator IWP (Holdings) Limited, where he chairs the Audit and Remuneration Committees. He is the customer duty champion on several Boards.

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

Appointed
15 September 2022

External appointments
OSB plc Non-Executive Director, Chair of risk of CCFS plc
IWP Holdings Limited, Non-Executive Director, Chair of audit and Chair of Remco Bond Board Ltd – Chair

COMPLIANCE STATEMENT

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 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 matters as appropriate.

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

Principle 1:

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

Our strategy is discussed in the Strategic report section on Pages 2-41.

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 acquired Swiss Time Services, bringing watch repair and servicing expertise in-house and thereby supporting the Group's watch growth strategy.

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

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

Principle 2:

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 include 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 at https://handt.co.uk/investor-relations.

Principle 3:

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.

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. We have continued to strengthen our team responsible for identifying and supporting vulnerable customers through the course of their interaction with the Group. Additionally, we have formed a strategic partnership with the Money Advice Trust, who continue to provide bespoke training and advice for our vulnerable customer policies and procedures.

Aside from our responsibilities to shareholders, suppliers and customers, and our regulator, we believe that our employees 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 staff and an important part of this is to provide opportunities within the Group where possible. We advertise positions weekly to every employee in order to encourage them to apply for these positions; where appropriate we use the management and development programmes to help individuals progress.

COMPLIANCE STATEMENT CONTINUED

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

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

We hold regular Your Voice, council-style meetings with employees 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 employees.

The health and safety of our customers and employees is of paramount importance to the Group. All employees 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 to these standards are 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. Under the requirements of the FCA's new Consumer Duty, we are in the process of reviewing how to support customers in achieving the right outcome.

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 Whistle-Blowing Policy. Our full statement can be found at https://handt.co.uk/about/anti-slavery-and-human-trafficking-statement

Environment, Social Responsibility and Governance (ESG)

The Group is committed to reducing its impact on the environment, with continual investment in video conferencing technology, encouraging staff to use public transport for business travel when possible, and enabling use of energy-efficient technology in stores. During 2022 the Group completed a full carbon audit as we commenced our journey to achieve our goal to become carbon neutral. This has allowed us to assess our current impact and carbon emissions of the Group's operations, from which we can track our progress to net zero.

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

A Board Effectiveness review was conducted early in 2022. Action has been taken, with further action planned to broaden and diversify Board member representation and skill set.

In the Community

We encourage community engagement and partnered with FareShare in 2022 resulting in the provision of over 300,000 meals through Company 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 4:

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 governing body 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 5:

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, two further Non-Executive Directors and the Company Secretary.

In May 2022 two Non-Executive Directors, Mark J Smith and Elaine Draper, stepped down from the Board. Two new Non-Executives, Toni Wood and Simon Walker, were appointed in May and September 2022 respectively.

COMPLIANCE STATEMENT CONTINUED

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 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 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 advisers, Directors or senior employees; 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.
- Financially independent 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.
- 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.

Member attendance at Board and committee meetings:

	Board	Audit	Remuneration	Risk	Nomination
Peter McNamara	10(10)	3(3)	5(5)	3(3)	6(6)
James Thornton	10(10)	3(3)	5(5)	3(3)	6(6)
Mark J Smith	4(4)	1(1)	2(2)	1(1)	0(1)
Elaine Draper	4(4)	1(1)	2(2)	1(1)	0(1)
Toni Wood	5(5)	N/A	2(2)	N/A	1(3)
Simon Walker	3(3)	1(1)	N/A	1(1)	2(3)
Chris Gillespie	10(10)	N/A	N/A	N/A	N/A
Diane Giddy	10(10)	N/A	N/A	N/A	N/A

Principle 6:

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 time commitment from the Non-Executive Directors is a minimum of c. 23.5 days per annum.

The Directors of the Group and their biographies are set out on Page 46. 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.

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 7:

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 previous years the Board completed a wide-ranging internal survey and follow up meeting to evaluate Board performances across a range of criteria covering strategy development and articulation, meeting the needs and objectives of shareholders, stakeholders and social responsibility, governance processes and accountability, risk management and internal control, and Board skills, capabilities, dynamics and performance.

An independent Board Effectiveness review was conducted during 2022. Action has been taken with further action currently under way to broaden and diversify the Board member representation and skill set. We are committed to continuous improvement and along with our obligation for developing our Board capabilities, effectiveness and succession planning.

COMPLIANCE STATEMENT CONTINUED

Principle 8:

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 employees 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 outcomes whenever they engage with the Group. Our operational controls, staff training and culture ensure that we drive this consistent message across our business. In the year ahead, and in line with regulatory deadlines, we plan to implement policies and training updates to ensure we comply with the new FCA Consumer Duty rules.

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 we all stand for. Our stores' internal audit team aim to visit our stores at least twice a year on a risk-based methodology and we have a comprehensive schedule of mystery shopping. The Group holds an annual strategy meeting which involves the full Senior Management Team. A further combined Board and Executive strategy meeting is also conducted. 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 staff. Subsequent to the acquisition of Swiss Time Services, a Board Meeting was also held at their premises, in Essex, during Q4 2022. 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 9:

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 four 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 57. 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 50. 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, Chair-succession process, and assists with the preparation and approval of the Annual Report and accounts.

The Company Secretary acts as a trusted advisor 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 Page 59. The Board meets formally at least eight 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 include 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. During the year, the Board hears from departmental managers and asks questions on their progress, issues and prospects.

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.

The members of the Committee are:

James F Thornton (Chair)
Peter D McNamara
Toni Wood
Board Observer: Simon Walker

The Committee meets at least twice 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 two.

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 employees 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.

COMPLIANCE STATEMENT CONTINUED

During 2022, the Remuneration Committee reviewed and approved as part of the standard agenda schedule, the outcome of the 2021 Bonus Scheme and setting of the 2022 Bonus Scheme financial and non-financial targets, the Performance Share Plan for 2022, the Gender Pay Report, the Terms of Reference for the Remuneration Committee, and the 2023 salary review proposals.

The Committee had considered the following priorities for 2022:

- Ensuring the entry pay level for H&T employees is ahead of the National Living Wage.
- Re-aligning the store pay structure, in line with a balanced scorecard approach, to provide motivation, 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:

James F Thornton (Chair)
Peter D McNamara
Simon Walker
Board Observer: Toni Wood

The Committee meets at least three times a year. The quorum for the Committee is two 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 on 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 the 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:

Peter D McNamara (Chair)
James F Thornton
Simon Walker
Toni Wood

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:

Peter D McNamara (Chair)
James F Thornton
Simon Walker
Board Observer: Toni Wood

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 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 Head 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.

COMPLIANCE STATEMENT CONTINUED

Principle 10:

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, 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 below.

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 Internal Audit and the findings and agreed management actions contained within Internal Audit's reports.

The Audit Committee meets at least three times a year. In the normal course, the Audit Committee meets to review plans for the year-end 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 2022 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 Page 60-63.

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 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. 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 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. 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 cash-flow 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 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 bi-annually, 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).

COMPLIANCE STATEMENT CONTINUED

Issue	Judgement	Role of the Committee
REVENUE RECOGNITION AND INTEREST ACCRUAL ON PAWNBROKING LENDING Interest income is recognised when it is due or paid by a customer. Net accrued interest is determined by estimating future expected interest to be earned, applying estimates for future expected redemption rates and profiles. The redemption rate and profiles are based on historical data collected.	Redemption rate and profile applied in the impairment model and resultant revenue recognition. 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 basis of the redemption predictions. Consider the impact of changing redemption trends and outcomes over time and how to implement them in the model.
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 the 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 CGU's 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 CGU's and whether that 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.

COMPLIANCE STATEMENT CONTINUED

Issue	Judgement	Role of the Committee
IMPAIRMENTS OF PAWNBROKING LOANS AND INVENTORY The Group has significant pledge and inventory balances whose value is supported by precious metals and tradeable 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.	Inventory provision: calculation of the NRV is based on the precious metal value where available, or an estimate of the achievable sales price based on the item. Pledge book balance: the likelihood of the pledge loan not being redeemed and if forfeited whether it is likely for the pledge item to be either retailed or scrapped. For both the inventory and pledge provisions, consideration is given to specific impairments and to the estimated losses since the last physical store audit completed by the internal audit team. Impairment of the pledge book is identified as a key risk by our independent auditors.	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 asset balances. Consider the changes in the business or external environment which may impact on the recoverability, particularly of the gold price and redemption trends. Reviewed the analysis in respect of the application of the IFRS 9 model.
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 and recommendations produced by the Executive Team in respect of their impairments. Review the methodology used and the performance of the models versus the actual results for prior periods. Consideration of the potential impact on future performance factors of a range of external factors, changing business mix for product type and channel. Reviewed the analysis in respect of the application of the IFRS 9 model.
ACCOUNTING FOR THE ACQUISITION OF SWISS TIME SERVICES LIMITED IN LINE WITH ACCOUNTING STANDARDS The Group acquired the legal entity, Swiss Time Services Limited, on 1 July 2022. In accordance with IFRS 3: Business Combinations, Swiss Time Services is considered a single CGU and H&T are required to allocate the purchase price to the appropriate assets and liabilities acquired.	Correct identification and valuation of fair value assets at the date of acquisition in line with IFRS 3.	Review the Purchase Price Allocation methodology in respect of the identification and valuation of the fair value of assets. Assess the valuation methodology of intangible assets and goodwill, with the supporting calculation and documentation. Consider the sensitivity of the projections and the amount of headroom available before impairment is required.

DIRECTORS' REPORT

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 2022.

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 services and other related services operated through Harvey & Thompson Limited. The principal activity of the Company is that of a non-trading Holding Company for Harvey & Thompson Limited.

On 1 July 2022 the Group acquired Swiss Time Services, to broaden its product offering to include watch repairs and services, and to bring watch expertise in-house.

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 Chairman's Statement and Chief Executive's review on Pages 10-15.

Dividends

The Directors propose a final dividend of 10.0p (2021: 8.0p) per share subject to approval at the Annual General Meeting on 10 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 34.

During the year, the Company paid an interim dividend for the year ended 31 December 2022 of 5.0p per share (2021: 4.0p 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 3,968,407 new 5p ordinary shares (2021: nil) via a successful capital raise. The placing was significantly over-subscribed, and all shares were issued, called-up and fully paid.

The nominal issued share capital as at 31 December 2022 was £2,192,524 (31 December 2021: £1,993,204).

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

Total number of shares in issue:	43,850,484
Percentage of securities not in public hands	13.7%
Shareholders with > 3% holding	**%**
Octopus Investments	11.53
Fidelity International	9.96
Close Brothers Asset Management	8.72
Canaccord Genuity Wealth Management (Inst)	5.64
Artemis Investment Management	4.92
JPMorgan Asset Management	4.48
Stichting Value Partners	4.28
Hargreaves Lansdown, stockbrokers (EO)	3.76
Interactive Investor (EO)	3.57
Premier Miton Investors	3.29

Details of employee share schemes are set out in Note 28. Under these share schemes, there are currently potentially an additional 62,088 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 4,385,048 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 2022 or 31 December 2021.

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 employees' 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 employees 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

J F Thornton

E F Draper (resigned 12 May 2022)

M J Smith (resigned 12 May 2022)

S R Walker (appointed 15 September 2022)

T M Wood (appointed 12 May 2022)

DIRECTORS' REPORT CONTINUED

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 2022	At 31 December 2022
C D Gillespie	Ordinary 5p shares	60,000	100,000
D E Giddy	Ordinary 5p shares	–	7,500
P D McNamara	Ordinary 5p shares	17,351	17,351
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 2022 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 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.

At 31 December 2021, the market price of H&T Group plc's shares was 295p and the range during the year ended 31 December 2021 was 238p to 321p.

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

At the forthcoming Annual General Meeting of the Company, the following Directors, by rotation will be offering themselves for re-election:

- S R Walker
- T M Wood

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 his capacity as 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.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2022 £	2021 £
Emoluments	1,230,672	1,166,268
Gain on exercise of share options	–	–
Money purchase pension contributions	23,063	11,333
	1,253,735	1,177,601

Directors' emoluments and compensation

Name of Director	Fees/Basic salary £	Benefits in kind £	Annual bonuses £	2022 Total £	2021 Total £
Executive					
C D Gillespie[1]	349,525	11,743	250,000	611,268	552,697
D Giddy[1]	230,625	10,650	155,000	396,275	62,901
R Withers[2]	–	–	–	–	336,541
Non-Executive					
P D McNamara	80,661	–	–	80,661	78,694
J F Thornton	47,204	–	–	47,204	46,877
E Draper[3]	26,383	–	–	26,383	44,279
M J Smith[3]	26,383	–	–	26,383	44,279
S R Walker[4]	13,475	–	–	13,475	–
T M Wood[5]	29,023	–	–	29,023	–
Aggregate emoluments	803,279	22,393	405,000	1,230,672	1,166,268

Notes:
1. The bonus opportunity in 2022 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 70%) and the personal objectives element (up to 30%) to determine the overall award for the 2022 Senior Executive bonus plan. After considering the business performance in the growth of the pawnbroking book, the strong retail and other products performance , the Committee determined that 30% access to the shared personal objectives element of the bonus had been achieved and 100% of the financial performance element. Taking both elements of the bonus plan together an overall award of 80% of the potential opportunity was made.
2. R Withers left H&T Group Plc on 31 May 2021. Amounts paid in 2021 relate to his pay during the year and his service notice entitlement.
3. E Draper and M Smith left H&T Group Plc on 12 May 2022. Amounts paid in 2022 relate to their pay during the year.
4. S Walker joined H&T Group Plc on 15 September 2022. Amounts paid in 2022 relate to the months of service.
5. 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.

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.

DIRECTORS' REPORT CONTINUED

Directors' pension entitlements

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

	2022 £	2021 £
R Withers	–	7,583
D Giddy	23,063	3,750
	23,063	11,333

Personnel

Details of the number of employees and related costs can be found in Note 9 to the consolidated financial statements. All employees have contracts of employment with Harvey & Thompson Limited, the trading subsidiary in the H&T 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 employees through a combination of procedural and physical security measures. These measures are kept under review and updated as appropriate.

All employees 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 employees 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 employees 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, and 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 employees who have become disabled whilst in the Group's employment.

Health and safety

The safety of our customers and employees is of paramount importance to the Group. All employees 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 (2021: £nil).

Going concern

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

The Group delivered profit before tax of £19.0m for the year ended 31 December 2022 (2021: £7.9m). The Group also increased its net assets to £164.1m (2021: £136.6m).

The Group has a net debt position of £2.8m at 31 December 2022 (2021: net cash position of £17.6m), reporting £12.2m of cash and cash balances (2021: £17.6m) and utilising £15.0m (2021: £nil) of borrowings from the Revolving Credit Facility with Lloyds Bank plc. Total funding facility allows for maximum borrowings of £35.0m, subject to covenants.

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 2023 and into H1 2024 at least. The Group met all covenants in 2022 and there is no evidence to suggest that they will not be met in 2023 or Q1 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 2023. 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. 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 pawnbroking 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 2023 and Q1 2024 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.

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 they 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:

C D Gillespie
Chief Executive

6 March 2023

Registered and Head Office
H&T Group Plc
Times House
Throwley Way
Sutton, Surrey
SM1 4AF

DIRECTORS' RESPONSIBILITY STATEMENT

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 judgments 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.
- Provide additional disclosures when compliance with the specific requirements in IFRSs are 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 and enable them 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.

Responsibility 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 responsibility statement was approved by the Board of Directors on 6 March 2023 and is signed on its behalf by:

C D Gillespie
Chief Executive

6 March 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF H&T GROUP PLC

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 2022 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 financial statements and also notes to the 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 2022 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:

a) Reviewing management's assessment of going concern and disclosures within the financial statements.

b) Reviewing management's assessment of the impact of uncertain economic outlook on forecast revenue and expected credit loss loan impairments.

c) Performing a look back review by comparing the current year performance against the prior year forecasts.

d) Determining if all relevant information has been included in the assessment of going concern including completeness of forecast expenditure.

e) Analysing forecasts and budgets, reviewing the underlying assumptions in relation to revenue and expenditure and checking mathematical accuracy of management's going concern model.

f) Evaluating the feasibility of management's plans for future action in relation to its going concern assessment.

g) Reviewing the reasonability of the forecast scenarios (major shift in the value of gold and a sudden increase in pawnbroking lending, that results in a significantly higher book value) prepared by management and the financial resources available to deal with this outcome.

h) Considering the cash position and available borrowing facilities at and after the year end.

i) Considering the impact of the fall in the gold price after the year end.

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 twelve 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 – 1% of loan book value (same as last year – 1% of loan book)	**£1,014,000** (2021: £690,000)	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 pledge loan book is the largest balance on the Group balance sheet. The pledge loan book grew significantly during the year. We therefore consider the pledge loan book to represent an appropriate benchmark on which to base the materiality calculation as the pledge loans drive the profits of the Group.
Parent Company financial statements – 1% of net assets - capped (PY - 3% of net assets - capped)	**£596,000** (2021: £619,000)	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.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF H&T GROUP PLC

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 £760,500 (2021: £414,000) and £447,000 (2021: £371,400) for the Group and Parent Company, respectively, being 75% (2021: 60%) of materiality for the financial statements as a whole. The percentage parameter applied to materiality to derive performance materiality has been increased from 60% to 75% due to there being no audit adjustments identified in the previous year. The performance materiality threshold was considered to be sufficient to provide coverage of significant and residual risks to the 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 choice of the incremental borrowing rate in the lease liability calculation under IFRS 16 and measurement of fair values of the identifiable intangible assets acquired in business combinations.

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

Materiality is reassessed throughout the audit. The materiality threshold for the parent company has increased since the audit planning stage. We have agreed with the audit committee that we would report to the committee all individual audit differences in excess of £60,700 (2021: £34,500) and £29,800 (2021: £30,950) 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 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 £25.5 million (2021: £15.9 million) at 31 December 2022. Interest receivable on pawnbroking loans is recognised by reference to the percentage of pawnbroking loans that are expected to be redeemed and the effective interest rate applicable as determined by IRFS 9 *Financial Instruments*. The pawnbroking loans' interest accrual is dependent on management's estimate of the expected level of redemption of pawnbroking loans. Given the magnitude of the account balance and the management estimation involved, the pledge interest accrual is considered to be a key audit matter.	Our work in this area included: • Updating our understanding of the internal control environment in operation and undertaking a walk-through to ensure that the key controls have been operating in the period under audit; • Reviewing the historical redemption data used as a basis in the interest accrual; • Testing the accuracy and completeness of the historical redemption data; • Analysis of historical and forward-looking information to assess the appropriateness of the redemption rate; • Ensuring that the interest income recognition from pawnbroking loans is in line with the requirements of IFRS 9; • Assessing management's historical forecasting accuracy by performing a retrospective review of the prior year redemptions; and • Reviewing disclosures in the financial statements.
Valuation of the pledge loans – impairments (Note 20)	
The pledge book impairment balance amounted to £11.995 million as at 31 December 2022 (2021: £10.576 million). A financial model is used to determine the impairment balance. This model involves determining a recoverable amount from pledge book. The difference between the recoverable amount and the carrying value of the pledge book principal and accrued interest is the loan loss impairment. The recoverable amount is the net present value of future redemptions and realisations from forfeited loans. A future redemption rate has been determined using a redemption profile from February 2020 and average redemption rates from January 2018 to July 2019, providing a redemption rate of 84.5% (2021 – 84.5%). The model also calculates expected interest to be received based on the expected outstanding principal. An internal rate of return is then applied to calculate a net present value. A similar model is used to calculate the present value of forfeitures. The redemption rate is a key estimate within the model for determining the pledge book impairment balances and its determination involves management judgment. Given the magnitude of the balance and the level of estimation involved, we consider the pledge loans impairment to be a key audit matter. Given the quantum of the impairment balances and the significant level of management estimation involved, the pledge loan impairments is considered to be a key audit matter.	Our work in this area included: • Understanding the internal control environment in operation and undertake a walk-through to ensure that the key controls have been operating in the period under audit; • Reviewing whether the impairment methodology is in line with IFRS 9; • Reviewing management's assessment of the impact of forward-looking macro-economic variables on the expected credit loss; • Testing the completeness of the data flowing to the impairment calculations from the data warehouse and into the pledge impairment model; • Reviewing disclosures in the financial statements; • Performing sensitivity analysis in relation to redemption rates on the impairment calculations; and • Analytical review.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF H&T GROUP PLC

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 stores 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 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 it operates 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, application of cumulative audit knowledge and experience of the sector. This is evidenced by discussion of laws and regulations with the management, reviewing minutes of meetings of those charged with governance, internal audit reports and RNSs and review of legal or professional expenditures.
- 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 FCA rules, LSE AIM rules and the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF H&T GROUP PLC

- 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 testing 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 correspondence with HM Revenue and Customs, the Financial Conduct Authority and RNS announcements;
  - Review of 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 choice of the incremental borrowing rate use to discount lease premiums under IFRS 16
  - The calculation of stock provisions
  - Fair values of the identifiable intangible assets acquired in business combinations

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

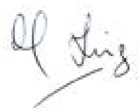
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; testing controls; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

6 March 2023

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Continuing operations:			
Revenue	5,6	173,941	121,995
Cost of sales		(72,025)	(45,640)
Gross profit	6	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	5,10	–	8
Finance costs	11	(1,548)	(1,247)
Profit before taxation	7	19,005	7,862
Tax charge on profit	12	(4,093)	(1,818)
Profit for the financial year and total comprehensive income		14,912	6,044

		2022 Pence	2021 Pence
Earnings per share from continuing operations			
Basic	13	37.16	15.43
Diluted	13	37.15	15.43

All profit for the year is attributable to equity shareholders.

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital £'000	Share premium account £'000	Employee Benefit Trust shares reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021		1,993	33,486	(35)	99,105	134,549
Profit for the year		–	–	–	6,044	6,044
Total comprehensive income		–	–	–	6,044	6,044
Issue of share capital	27	–	–	–	–	–
Share option movement	28	–	–	–	11	11
Dividends paid	14	–	–	–	(3,986)	(3,986)
At 31 December 2021		1,993	33,486	(35)	101,174	136,618
At 1 January 2022		1,993	33,486	(35)	101,174	136,618
Accumulated dividends waived by the Employment Benefit Trust	14				569	569
Profit for the year		–	–	–	14,912	14,912
Total comprehensive income		–	–	–	14,912	14,912
Issue of share capital	27	200	15,937	–	–	16,137
Share option movement	28	–	–	1	974	975
Dividends	14	–	–	–	(5,092)	(5,092)
At 31 December 2022		2,193	49,423	(34)	112,537	164,119

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Goodwill	15	20,969	19,330
Other intangible assets	16	6,368	1,892
Property, plant and equipment	17	13,045	11,101
Right-of-use assets	17	18,991	17,400
Deferred tax assets	24	251	1,726
		59,624	51,449
Current assets			
Inventories	19	35,469	28,421
Trade and other receivables	20	104,046	72,449
Cash and bank balances	21	12,229	17,638
		151,744	118,508
Total assets		211,368	169,957
Current liabilities			
Trade and other payables	22	(9,097)	(10,154)
Lease liabilities	22	(3,743)	(3,191)
Current tax liability		(937)	(375)
		(13,777)	(13,720)
Net current assets		137,967	104,788
Non-current liabilities			
Borrowings	23	(15,000)	–
Lease liabilities	22	(16,326)	(15,792)
Long term provisions	25	(2,146)	(3,827)
		(33,472)	(19,619)
Total liabilities		(47,249)	(33,339)
Net assets		164,119	136,618

	Note	31 December 2022 £'000	31 December 2021 £'000
Equity			
Share capital	27	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 financial statements on Pages 64 to 96 of H&T Group Plc, registered number 05188117, were approved by the Board of Directors and authorised for issue on 6 March 2023.

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 2022

	Note	2022 £'000	2021 £'000
Net cash utilised from operating activities	29	(13,246)	(3,035)
Investing activities			
Interest received		–	8
Proceeds on disposal of right-of-use assets		56	–
Purchases of intangible assets	16	(2,808)	(158)
Purchases of property, plant and equipment	17	(4,582)	(5,231)
Acquisition of subsidiary	30	(3,759)	–
Acquisition of trade and assets of businesses	30	(372)	–
Acquisition of right-of-use assets		(6,676)	(4,081)
Net cash used in investing activities		(18,141)	(9,462)
Financing activities			
Dividends paid	14	(5,092)	(3,986)
Increase in borrowings	23	15,000	–
Debt restructuring costs		(101)	(332)
Proceeds on issue of shares (net of costs)	27	16,137	–
Employee Benefit Trust		34	–
Net cash used in financing activities		25,978	(4,318)
Net decrease in cash and cash equivalents		(5,409)	(16,815)
Cash and cash equivalents at beginning of the year		17,638	34,453
Cash and cash equivalents at end of the year		12,229	17,638

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 97.

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 Chairman's Report, 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

Adoption of new and revised standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Annual Improvements to IFRS Standards: 2018 – 2020 Cycle (effective 1 January 2022);
- Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework (effective date 1 January 2022)
- Amendments to IAS 16: Property, Plant and Equipment (effective date 1 January 2022)

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 and IFRS
- Practice Statement 2: Disclosure of Accounting Policies (effective 1 January 2023);
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective 1 January 2023);
- Amendments to IAS 12: Income Taxes – Deferred Tax arising from a Single Transaction (effective 1 January 2023).
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed)
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date TBC)
- Amendments to IAS 1: Classification of Liabilities as Current or Non current (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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued

Basis of preparation continued
The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at re-valued 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 2022 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.

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 eight 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 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 7 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued

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.

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 assets or cash-generating units (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 10.4% (2021: 8.2%) 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 is 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 are comfortable that other than a right-of-use-asset (property lease) reversal of impairment charge of £0.3m (2021: 0.2m), 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 amount originally loaned, plus overheads directly related to bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued

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 2022 and 2021.

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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost 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).

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.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued

Impairment of financial assets continued

(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 and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

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 more than 90 days 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 and rising interest rates on defaults.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) 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.

(v) 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 assets' 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 original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued

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.

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 re-decoration 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, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. 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;
- Income from other services and
- Other income

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Significant Accounting Policies continued

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 2022 returns were 6.5% (2021: 7.1%)

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. Personal loan revenues are shown stated before impairment when in stages 1 and 2 of the expected credit loss model, and net of impairment when in stage 3. The impairment charge is included within other direct expenses in the Group statement of comprehensive income. Revenue is recognised over time in relation to the interest accrued, as dictated by IFRS 9.

Other services
Other services comprise revenues from watch repairs, third-party cheque cashing, foreign exchange income, money transfer income, watch repairs and other income. Commission receivable on cheque cashing, foreign exchange income 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.

Other income
Government grants, including monies received under the Coronavirus job retention scheme are recognised as other income when there is reasonable assurance that the Group will comply with the scheme conditions and the monies will be received. There are no unfulfilled conditions and contingencies attaching to recognised grants.

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.

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 staff costs and staff-related costs for the relevant employees.

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:

	2022 £'000	2021 £'000
Operating profit	20,553	9,101
(i) Depreciation of the right-of-use assets	5,303	5,071
(ii) Depreciation and amortisation-other	4,009	3,660
(iii) Impairment of the right-of-use-assets	(255)	(179)
EBITDA	29,610	17,653

The Board consider EBITDA to be a key performance measure as the Group borrowing facility includes 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 are recognised in profit and loss for 2022 is £811,000 (2021: £750,000).

Share-based payments
The Group issues equity-settled share-based payments to certain employees (including Directors). These payments are measured at fair value at the date of grant by use of a Black-Scholes model or a Stochastic model 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, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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 changes in the Group's accounting policies section set out in Note 3. Impairment of pawn interest is determined in accordance with the IFRS 9 expected credit loss model. As at 31 December 2022, the pawnbroking loss allowance is £12,719,000 (2021: £7,472,000).

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. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when pledges have not been redeemed within one month of lending, unless the Group has reasonable and supportable information that demonstrates otherwise.

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 of redeemed pawn loans. The Group estimates the expected redemptions based on the historical redemption data assumptions and expectations of future market conditions.

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.

The Directors assess the pledge redemption estimate made at the prior balance sheet date annually to determine if the actual redemption differs significantly to the previous estimate. For 2022 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.

Personal loan impairment
When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group has considered the likely impact of high inflation and rising interest rates on repayments and in particular payment deferral arrangements in determining expected credit losses.

Loss given default is an estimate of the loss that will arise on defaulted loans. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral where applicable, and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time period, the calculation of which includes historical data, assumptions and expectations of future conditions.

A provision for impairment on personal loans is recognised based on the IFRS 9 expected credit loss model. As at 31 December 2022, the personal loan impairment provision reversal was £963,000 (2021: £1,460,000).

For further details on expected credit losses including sensitivity analysis, refer to Note 26, which shows the amounts recorded in the period and the sensitivity at the balance sheet date to changes in the key assumptions with respect to expected credit losses.

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 2022 is £4,093,000 (2021: NIL). of which £4,007,000 arose on the acquisition of Swiss Time Services Limited (Note 30). The key assumptions made in calculating the values disclosed in the financial statements include a long-term growth rate of 2%, a WACC of 13.5%, IRR of 13.8%, length of customer relationships of 20 years and length of brand 15 years. The fair value of goodwill and intangibles assessed on the acquisition are set out in Notes 15 and 16, and are £1,627,000 and £2,380,000 respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty continued

Key sources of estimation uncertainty continued

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 10.4% (2021: 8.2%) 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.

S166 Customer redress provision

A methodology for conducting the required past book review of the Group's unsecured HCSTC lending was developed in close collaboration with the skilled person. This methodology was subject to outcomes testing by the skilled person and reviewed by the FCA. In April 2022, the FCA confirmed the Group could proceed to implementation of the past-book review and consequent customer redress arrangements. A provision of £2.1m was raised in the 2021 financial results to cover the costs of these redress arrangements.

5. Revenue

An analysis of the Group's revenue is as follows:

	2022 £'000	2021 £'000
Sales of goods		
Gold purchasing, retail, pawnbroking scrap	99,729	67,680
Interest/commission earned		
Pawnbroking, cheque cashing and other financial services	74,212	54,315
Revenue	173,941	121,995
Investment revenues	–	8
Total Group revenue	173,941	122,003

Further analysis of revenue by segment is shown in Note 6.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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 are 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 99.1% (2021: 99.2%) 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 1.5% 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.

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, are 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 exchage 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.

Other income
Government grants, including monies received under HM Government's coronavirus job retention and rates relief schemes are recognised as other income.

Further details on each activity are included in the Chief Executive's review on Pages 12 to 15.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Operating Segments continued

Other income continued

Segment information about these businesses is presented below:

2022 Revenue	Pawnbroking £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal loans £'000	Foreign exchange £'000	Other services £'000	Other income £'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)
Recurring operating profit									20,553
Non-recurring expenses									–
Operating profit									20,553
Interest receivable									–
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

2021 Revenue	Pawnbroking £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal loans £'000	Foreign exchange £'000	Other services £'000	Other income £'000	Total £'000
External revenue	44,742	20,445	36,227	11,008	2,857	2,993	2,452	1,271	121,995
Total revenue	44,742	20,445	36,227	11,008	2,857	2,993	2,452	1,271	121,995
Gross profit	44,742	3,382	16,640	2,018	2,857	2,993	2,452	1,271	76,355
Impairment	(7,472)	–	–	–	1,460	–	–	–	(6,012)
Segment result	37,270	3,382	16,640	2,018	4,317	2,993	2,452	1,271	70,343
Other direct expenses excluding impairment									(40,239)
Administrative expenses									(18,904)
Recurring operating profit									11,200
Non-recurring expenses									(2,099)
Operating profit									9,101
Interest receivable									8
Financing costs									(1,247)
Profit before taxation									7,862
Tax charge on profit									(1,818)
Profit for the financial year and total comprehensive income									6,044

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Operating Segments continued

Other income continued

As disclosed in Note 3, gross profit is stated after charging the direct costs of inventory items sold or scrapped in the period. Other operating expenses of the stores are included in other direct expenses. The Group is unable to meaningfully allocate the other direct expenses of operating the stores between segments as the activities are conducted from the same stores, utilising the same assets and staff. The Group is also unable to meaningfully allocate Group administrative expenses, or financing costs or income between the segments. Accordingly, the Group is unable to meaningfully disclose an allocation of items included in the Group statement of comprehensive income below gross profit, which represents the reported segment results.

The Group does not apply any inter-segment charges when items are transferred between the pawnbroking activity and the retail or pawnbroking scrap activities.

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								52,138	52,138
Total assets									211,368
Liabilities									
Segment liabilities	–	–	(650)	–	–	–	(405)	–	(1,055)
Unallocated corporate liabilities								(46,194)	(46,194)
Total liabilities									(47,249)

2021	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 (*)								9,409	9,409
Depreciation, amortisation and impairment (*)								8,731	8,731
Balance sheet									
Assets									
Segment assets	66,862	262	28,030	129	3,051	3,146	–	–	101,480
Unallocated corporate assets								50,337	50,337
Total assets									169,957
Liabilities									
Segment liabilities	–	–	(878)	–	–	–	(220)	–	(1,098)
Unallocated corporate liabilities								(32,241)	(32,241)
Total liabilities									(33,339)

(*) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Operating Segments continued

Geographical segments
The Group's revenue from external customers by geographical location is detailed below:

	2022 £'000	2021 £'000
United Kingdom	171,237	120,278
Other	2,704	1,717
	173,941	121,995

The Group's non-current assets are located entirely in the United Kingdom. Accordingly, no further geographical segment analysis is presented.

Major customers
Included in revenues arising from gold purchasing and pawnbroking scrap segments are revenues from the Group's largest customer of £46,374,000 (2021: £29,218,000), which makes more than 10% of the total revenue. This customer is the bullion house involved in the processing of the Group's scrap gold.

7. Operating profit
Operating profit represents the results from operations before finance income and costs, and taxation.

This is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation of property, plant and equipment reported within:		
– Other direct expenses	2,887	2,309
– Administrative expenses	336	357
Depreciation of right-of-use assets (Note 17)	5,303	5,071
Impairment of right-of-use assets	(255)	(179)
Amortisation of intangible assets (reported within other direct expenses)	786	995
Loss on disposal of property, plant and equipment	(8)	(11)
Cost of inventories recognised as expense	72,448	46,261
Write ups of inventories recognised as an income	(423)	(621)
Staff costs (see Note 9)	41,820	35,738
Impairment loss recognised on pawnbroking financial assets	12,719	7,472
Impairment release recognised on personal loans financial assets	(963)	(1,460)

8. Auditor's Remuneration
The analysis of auditor's remuneration, exclusive of VAT, is as follows:

	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	23	20
Fees payable to the Company's auditor for other services to the Group – The audit of the Company's subsidiaries pursuant to legislation	206	176
Total audit fees	229	196

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 Employees

Non-Executive Directors' emoluments
The 6 (2021: 4) Non-Executive Directors received payments for services rendered to the H&T Group plc. Their emoluments are included in the analysis below:

	2022 £'000	2021 £'000
Directors' emoluments		
Aggregate emoluments	1,231	1,166
Company pension contributions to money purchase schemes	23	11
	1,254	1,177

One Executive Director during the year (2021: two) participated in Harvey & Thompson Limited's money purchase pension scheme. None (2021: none) of the Directors exercised options over shares in the Company in the year. None (2021: None) of the Directors were granted shares under the long-term incentive scheme.

	2022 £'000	2021 £'000
Highest paid Director		
Aggregate emoluments	611	553

In addition, £210,000 (2021: £82,000) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Information Regarding Directors and Employees continued

	2022 No.	2021 No.
Monthly average number of persons employed (including Directors)		
Branches	1,262	1,234
Administration	197	184
	1,459	1,418

	2022 £'000	2021 £'000
Staff costs during the year (including Directors)		
Wages and salaries	36,737	31,940
Share options expense	588	55
Social security costs	3,684	2,993
Other pension costs	811	750
	41,820	35,738

All Directors and employees 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 two are female (2021: two).

10. Investment Revenues

	2022 £'000	2021 £'000
Interest revenue:		
Bank deposits	–	8

Investment revenues earned on financial assets (analysed by category of asset) is as follows:

	2022 £'000	2021 £'000
Loans and receivables (including cash and bank balances)	–	8

Interest revenue recognised on pawnbroking and other financial services is reported within revenue for the reasons discussed in Note 3.

11. Financing Costs

	2022 £'000	2021 £'000
Interest on bank loans	486	102
Other interest	2	1
Interest expense on the lease liability	873	950
Amortisation of debt issue costs	187	194
Total interest expense	1,548	1,247

12. Tax Charge on Profit

(a) Tax on profit on ordinary activities

	2022 £'000	2021 £'000
Current tax		
United Kingdom corporation tax charge at 19% (2021: 19%) based on the profit for the year	3,441	1,738
Adjustments in respect of prior years	(643)	(973)
Total current tax	2,798	765
Deferred tax		
Timing differences, origination and reversal	1,152	453
Adjustments in respect of prior years	313	1,240
Effect of change in tax rate	(170)	(640)
Total deferred tax (Note 24)	1,295	1,053
Tax charge on profit	4,093	1,818

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tax Charge on Profit continued

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than that resulting from applying a standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	19,005	7,862
Tax charge on profit at standard rate	3,610	1,494
Effects of:		
Disallowed expenses and non-taxable income	271	547
Non-qualifying depreciation	(80)	39
Effect of change in tax rate	(170)	(640)
Movement in short-term timing differences	792	112
Adjustments to tax charge in respect of prior years	(330)	266
Tax charge on profit	4,093	1,818

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 £435,000 (2021: released from equity £41,000) (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 employees 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 2022			Year ended 31 December 2021		
	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	14,912	40,132,753	37.16	6,044	39,162,612	15.43
Effect of dilutive securities						
Options and conditional shares	–	14,807	(0.01)	–	–	–
Earnings per share: diluted	14,912	40,147,560	37.15	6,044	39,162,612	15.43

14. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2021 of 8.0 pence (2020: 6.0p) per share	3,133	2,392
Interim dividend for the year ended 31 December 2022 of 5.0 pence (2021: 4.0p) per share	1,959	1,594
	5,092	3,986
Amounts proposed and not recognised:		
Proposed final dividend for the year ended 31 December 2022 of 10.0p (2021: 8.0p) per share.	4,317	3,189

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 2022 is £91,000 (2021: £70,000). The Company previously included a liability for the waived dividends within Trade Payables (Note 22). During the year ended 31 December 2022, the accumulated dividends totalling £569,000 were released back to retained earnings.

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 2021 and 1 January 2022	14,133	5,197	19,330
Additions	1,627	12	1,639
At 31 December 2022	15,760	5,209	20,969

There are no recognised impairment losses at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Goodwill continued

Goodwill acquired in business combinations is allocated as follows:

	2022 £'000	2021 £'000
Harvey & Thompson Limited	14,133	14,133
Stores acquired in 2005	181	181
Stores acquired in 2006	553	553
Stores acquired in 2007	1,516	1,516
Stores acquired in 2008	391	391
Stores acquired in 2010	19	19
Stores acquired in 2011	49	49
Stores acquired in 2012	646	646
Stores acquired in 2013	155	155
Stores acquired in 2019	1,687	1,687
Stores acquired in 2022	12	–
Swiss Time Services Limited	1,627	–
	20,969	19,330

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.

Goodwill recognised upon the acquisition of Swiss Time Services Limited on 1 July 2022 represented the difference between the consideration paid and the fair value of assets acquired, and liabilities assumed.

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 2021	1,228	6,586	–	7,814
Additions	158	–	–	158
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 31 December 2022	4,194	8,652	388	13,234
Amortisation				
At 1 January 2021	983	4,102	–	5,085
Charge for the year	176	819	–	995
At 1 January 2022	1,159	4,921	–	6,080
Charge for the year	141	632	13	786
At 31 December 2022	1,300	5,553	13	6,866
Carrying amount				
At 31 December 2022	2,894	3,099	375	6,368
At 31 December 2021	227	1,665	–	1,892

Brands represent 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 4-25 years being the average length of relationship with key clients for each of the acquired entities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2021	29,651	424	81	2,669	5,645	38,470
Additions	3,953	349	18	320	530	5,170
Disposals	(547)	–	(11)	–	(26)	(584)
At 1 January 2022	**33,057**	**773**	**88**	**2,989**	**6,149**	**43,056**
Additions	**4,969**	**49**	**90**	**287**	**859**	**6,254**
Acquisition of subsidiary	**70**	–	–	–	**489**	**559**
Disposals	**(668)**	–	**(26)**	**(1)**	**(14)**	**(709)**
Transfer (Note 16)	**(761)**	**(368)**	–	–	–	**(1,129)**
At 31 December 2022	**36,667**	**454**	**152**	**3,275**	**7,483**	**48,031**
Accumulated depreciation and impairment						
At 1 January 2021	23,797	242	44	1,373	4,379	29,835
Charge for the year	1,695	150	18	454	349	2,666
Disposals	(515)	–	(8)	–	(23)	(546)
At 1 January 2022	24,977	392	54	1,827	4,705	31,955
Acquisition of subsidiary	70	–	–	–	445	515
Charge for the year	2,448	21	28	396	330	3,223
Disposals	(666)	–	(26)	(1)	(14)	(707)
Reallocation	146	(146)	–	–	–	–
At 31 December 2022	26,975	267	56	2,222	5,466	34,986
Carrying amount						
At 31 December 2022	**9,692**	**187**	**96**	**1,053**	**2,017**	**13,045**
At 31 December 2021	8,080	381	34	1,162	1,444	11,101

Right-of-use assets

	£'000
Cost or valuation	
At 1 January 2021	51,321
Additions	4,082
Disposals	(4,411)
At 1 January 2022	**50,992**
Additions	**5,789**
Acquisition of subsidiary	**887**
Disposals	**(6,415)**
At 31 December 2022	**51,253**
Accumulated depreciation and impairment	
At 1 January 2021	32,984
Charge for the year	5,071
Disposals	(4,284)
Impairment	(179)
At 1 January 2022	**33,592**
Charge for the year	**5,303**
Disposals	**(6,378)**
Impairment	**(255)**
At 31 December 2022	**32,262**
Carrying amount	
At 31 December 2022	**18,991**
At 31 December 2021	17,400

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

19. Inventories

	2022 £'000	2021 £'000
Retail and scrap inventory	35,469	28,421

Of the retail and scrap inventory, 99.1% (2021: 99.2%) 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

	2022 £'000	2021 £'000
Trade receivables	101,619	70,038
Other receivables	804	105
Corporation Tax receivable	–	986
Prepayments and accrued income	1,402	1,014
Deferred debt issue cost	221	306
	104,046	72,449

Trade and other receivables are stated net of impairment.

The pledge loan book of £100.7m (2021: £66.9m) and personal loan book of £0.7m (2021: £3.1m) are included, net of provisions and including accrued interest within the trade receivables balance.

21. Cash and Bank Balances

	2022 £'000	2021 £'000
Cash and bank balances	12,229	17,638

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

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

	2022 £'000	2021 £'000
Trade payables	2,228	3,473
Other taxation and social security costs	1,178	833
Accruals and deferred income	5,691	5,848
	9,097	10,154

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 28 days (2021: 31 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.

Included in Trade Payables in 2021 were accumulated waived dividends of £569,000 in respect of shares held by the EBT. These have released to retained earnings in 2022 (Note 14).

Lease liabilities

	2022 £'000	2021 £'000
Current liabilities	3,743	3,191
Non-current liabilities	16,326	15,792

At the balance sheet date, the Group had outstanding lease commitments, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	3,743	3,191
In the second to fifth years inclusive	13,971	12,557
After five years	2,355	3,235
	20,069	18,983

	2022 £'000	2021 £'000
Current tax liabilities	937	375

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Borrowings

	1 January 2022 £'000	Cash flows £'000	31 December 2022 £'000
Bank Loan	–	15,000	15,000
Total	–	15,000	15,000

As at 31 December 2022 the key terms of the Lloyds Bank plc facility were:

Key Term	Description – Overdraft
Total Facility Size	£30m
Termination Date	22 December 2025
Utilisation	The facility is available to be drawn down to the full £30m so long as the Company remains 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 1.7% and 2.45%, dependent on ratios as stipulated in the Credit Agreement.
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.

Key Term	Description – Revolving Credit Facility
Total Facility Size	£5m
Termination Date	22 December 2023
Utilisation	The facility is available to be drawn down to the full £5m so long as the Company remains 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 £187,000 of deferred debt issue costs written off in the period to the Group statement of comprehensive income (2021: £194,000).

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 2022, the Group had available £15,000,000 (2021: £15,000,000) of undrawn committed borrowing facilities and £5,000,000 of uncommitted banking facilities (2021: £20,000,000) 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 differences £'000	Short-term timing differences £'000	Share-based payment £'000	Total £'000
At 1 January 2022	–	139	1,383	204	1,726
Adjustment in respect of prior years	–	(313)	–	–	(313)
Acquisition of subsidiary	(597)	–	–	–	(597)
Credit/(debit) to income	12	(778)	(304)	70	(1,000)
Credit to equity		–	–	435	435
At 31 December 2022	(585)	(952)	1,079	709	251

	31 December 2022 £'000	31 December 2021 £'000
Deferred tax assets	836	1,726
Deferred tax liabilities	(585)	–
Net deferred tax assets	251	1,726

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 chancellor indicates that the long term corporate tax rate will increase to 25% from 2023 subject to royal assent.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

25. Provisions

	Provision for reinstatement £'000	Provision for redress costs £'000	Total Provision £'000
At 1 January 2021	1,649	–	1,649
Additional provision in the year	103	2,099	2,202
Provision utilised in the year	(24)	–	(24)
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 31 December 2022	1,773	373	2,146

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 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

At 31 December 2021	Financial assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Carrying amount total £'000
Financial assets			
Pawnbroking trade receivables	66,862	–	66,862
Other financial services trade receivables	3,051	–	3,051
Other assets	141	–	141
Cash and cash equivalents	17,637	–	17,637
Financial liabilities			
Trade and other payables	–	(11,420)	(11,420)
Borrowings due after more than one year	–	–	–
Net financial assets/(liabilities)	87,691	(11,420)	76,271

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial Instruments continued

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 available information 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 macro-economic data such as GDP growth, unemployment, benchmark interest rates. The impact of traditional macro-economic downside indicators are currently deemed to be immaterial to the calculation of ECLs. The Group will continue to monitor external macro-economic 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.

Expected Credit Losses
The Group measures loss allowances for pawnbroking trade receivables using the IFRS 9 expected credit loss model. On initial recognition of pawnbroking assets, the Group recognises 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 those pawnbroking assets where redemption has not taken place one month after initial recognition to have significantly increased, unless there are specific circumstances indicating otherwise. When there are indications that a pawnbroking asset is credit-impaired, no further interest is recognised on the asset. The Group deems those pawnbroking assets not redeemed within nine months 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:

Category	Basis for recognising expected credit losses	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
Performing	12-month ECL	15,969	(299)	15,670
Increased credit risk	Lifetime ECL – not credit impaired	89,967	(10,482)	79,485
In default	Lifetime ECL – credit impaired	6,477	(1,612)	5,576
At 31 December 2022		**113,124**	**(12,393)**	**100,731**

Included within the above loss allowances are a specific provision totalling £434,000 (2021: £504,000) in respect of those pledge items where their underlying collateral has lower net realisable value than the amount lent.

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 £278,000 / (£278,000). 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial Instruments continued

Financial risks continued
Expected Credit Losses continued
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 2021	10,461
Net Consolidated Statement of Comprehensive Income charge	774
Written back	(155)
At 1 January 2022	11,080
Net Consolidated Statement of Comprehensive Income charge	1,364
Written back	(51)
At 31 December 2022	**12,393**

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.

On inception of the loan, in order to minimise credit risk before accepting any new customer, a dedicated team responsible for the determination of credit limits used an external credit scoring system to assess the potential customer's credit quality.

Credit approvals and other monitoring procedures remain in place for personal loan in the run-off to ensure that follow-up action is taken to recover overdue debts.

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 recognises 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:

Category	Basis for recognising expected credit losses	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
No missed payments	12-month ECL	**781**	**(124)**	**657**
1 missed payment	Lifetime ECL – not credit impaired	**127**	**(67)**	**60**
2 missed payments	Lifetime ECL – not credit impaired	**53**	**(48)**	**5**
3 + missed payments	Lifetime ECL – credit impaired	**68**	**(68)**	–
At 31 December 2022		**1,029**	**(307)**	**722**

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 £1,910/ (£,1910).

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 macro-economic 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 macro-economic variables and credit risk/losses to be immaterial to the expected credit loss calculation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial Instruments continued

Financial risks continued
Expected credit losses continued
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 2021	1,682
Net Consolidated Statement of Comprehensive Income charge	(2,342)
Written back	1,460
At 1 January 2022	800
Net Consolidated Statement of Comprehensive Income charge	(1,456)
Written back	963
At 31 December 2022	**307**

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 provided and appropriate staff 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 2021	13
Net Consolidated Statement of Comprehensive Income charge	201
Written-off	(198)
At 1 January 2022	16
Net Consolidated Statement of Comprehensive Income charge	336
Written-off	(327)
At 31 December 2022	**25**

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 employees or third parties.

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:

	2022 £'000	2021 £'000
Barclays Bank plc	434	–
Lloyds Bank plc	3,651	9,306
Cash at stores	8,144	8,332
Total	**12,229**	**17,638**

Market risk
Pawnbroking trade receivables
The collateral which protects the Group from credit risk on non-redemption of pawn loans is 99% (2021: 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 a nil 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 £106.4m (2021: £71.4m). 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

26. Financial Instruments continued

Market risk continued
Pawnbroking trade receivables continued
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 borrowing and availability of finance. In order to mitigate this risk, the Group's funding is through a banking institution with a high credit-rating. The current borrowings are disclosed in detail in Note 23, which shows that the Group has arrangements in place for funding until December 2025. At 31 December 2022, the Group has available £15m (2021: £15m) of undrawn committed borrowing facilities and £5m (2021:£20m) 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 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

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 2021							
Floating rate borrowings	11	11	47	72	142	142	425
Trade and other payables	5,572	5,848	–	–	–	–	11,420
Total	5,583	5,859	47	72	142	142	11,845

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.

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, subject to a minimum rate of 10%. A 1.0% increase or decrease is used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates based on borrowing levels at 31 December 2022.

	1.0% decrease in interest rates £'000	1.0% increase in interest rates £'000
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)
At 31 December 2021		
Finance costs: gain/(loss)	–	–
Total pre-tax impact on profit from gain/(loss)	–	–
Post tax impact on equity gain/(loss)	–	–

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

	2022 £'000	2021 £'000
Issued, authorised and fully paid		
43,850,484 (2021: 39,864,077) ordinary shares of £0.05 each	2,193	1,993

The Group has one class of ordinary shares which carry no right to fixed income.

The Group issued share capital amounting to £199,000 (2021: £nil) during the year. Associated share premium of £15,888,000 (2021: £nil) was created.

Options over shares of the Company are disclosed in Note 28. Under these share option arrangements, there are 62,088 (2021: 143,298) open options over shares.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

27. Share Capital continued

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 Group and are not material. During the year to 31 December 2022, 19,622 shares were sold by the Trust in respect of exercised share options by employees. The exercise premium of £49,000 has been included as an increase in Share premium. The EBT did not purchase any shares during 2022 or 2021.

At 31 December 2022, 681,843 shares were held by the Trust (2021: 701,465 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	2022 £'000	2021 £'000
Debt	15,000	–
Cash and cash equivalents	(12,229)	(17,638)
Net debt	(2,771)	nil
Equity	164,119	136,618
Net debt to equity ratio (a non-IFRS measure)	1.7%	nil

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 2022, the Company operated three share award schemes (Approved Share Options Scheme, Unapproved Share Option Scheme and Performance Share Plan (PSP)). There was a P&L charge of £539,000 (2021: £55,000 release to P&L) for the year in respect of the PSP scheme.

Awards that can be granted under the three schemes total a maximum of 4,385,048 shares (2021: 3,986,408 shares), being 10% of the issued share capital of the Company as defined in the Articles of Association.

A. Approved Share Option Scheme ('ASOS')
The Approved Share Option Scheme is a share option scheme approved by HMRC where favourable tax treatment is received on exercise by the employee. The options may be granted to all management from shop manager to Executive Director level. The Remuneration Committee of the ultimate Parent Company, H&T Group Plc, sets the performance conditions.

The performance conditions applicable to the options granted in 2009, 2010, 2011 and 2012 have already been met. The performance conditions applicable to grants in subsequent years are as follows:

Options granted in 2013 are subject to continued employment within the Group as at the exercise date.

Early exercise of the options is permitted if an option holder ceases to be employed by reason of death, injury, disability, retirement or change of control of the employing company.

The options outstanding at the year-end were as follows:

	Grant date	Exercise price Pence	Number of shares	Earliest date of exercise	Expiry date
ASOS 2013	March 2013	292.3	57,980	28/03/2016	27/03/2023

The Group did not issue any share options during 2014 to 2022.

A reconciliation of option movements for the ASOS is set out below:

	2022 Number of share options	2022 Weighted average exercise price (in pence)	2021 Number of share options	2021 Weighted average exercise price (in pence)
Outstanding at beginning of the year	117,880	294.5	182,598	295.7
Forfeited during the year	(55,425)	296.7	(64,718)	297.9
Exercised during the year	(4,475)	296.2	–	–
Outstanding at the end of the year	57,980	292.2	117,880	294.5
Exercisable at the end of the year	57,980	292.2	117,880	294.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

28. Share-based Payments continued

B. Unapproved Share Option Scheme ('USOS')
The Unapproved Share Option Scheme is a discretionary option scheme under which the Remuneration Committee of H&T Group plc may grant options to all Executive Directors and senior management of the Company. The Remuneration Committee of H&T Group plc sets the performance conditions.

Exercise of an option is subject to continued employment over a three-year period from the date of the grant. Early exercise of the options is permitted if an option holder ceases to be employed by reason of death, injury, disability, retirement or change of control of the employing company.

The options outstanding at the year-end were as follows:

	Grant date	Exercise price Pence	Number of shares	Earliest date of exercise	Expiry date
USOS 2013	March 2013	292.3	4,108	28/03/2016	27/03/2023

The Group did not issue any share options between 2014 and 2022.

A reconciliation of option movements for the USOS is set out below:

	Number of share options	2022 Weighted average exercise price (in pence)	Number of share options	2021 Weighted average exercise price (in pence)
Outstanding at beginning of the year	25,418	293.9	33,557	295.0
Granted during the year	–	–	–	–
Forfeited during the year	(8,933)	297.0	(8,139)	298.5
Exercised during the year	(12,377)	292.3	–	–
Outstanding at the end of the year	4,108	292.3	25,418	293.9
Exercisable at the end of the year	4,108	292.3	25,418	293.9

C. 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 no cost to Executive Directors and other senior management.

2020 PSP scheme
On 11 November 2020 a PSP scheme was put in place. There are currently 15 senior managers who are participants of the scheme, and no Executive Directors. The maximum number of potential shares awarded under the scheme will be 426,908, including 39,591 for the previous Executive Director.

There is a three-year performance period to 31 December 2022 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 awards are further subject to claw back and malus provisions.

The performance conditions for the awards are based on achieving growth in Total Shareholder Return over a three-year period at between 30.0% and 41.0% and Earnings Per Share growth over the same three-year period at between 0.0% and 21.0%.

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.

The scheme has achieved the maximum Total Shareholder Return performance criteria by realising a Total Shareholder Return over the three-year period of 53%. The Earnings Per Share growth criteria has not been achieved. Based on achieved criteria, 50% of the scheme will vest. As a result 137,451 shares will be rewarded.

2021 PSP scheme
On 14 May 2021 a PSP scheme was put in place. There are currently 15 senior managers who are participants of the scheme and one Executive Director. The maximum number of potential shares awarded under the scheme will be 366,053, including 150,485 for the Executive Director. 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 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 awards are further subject to claw back and malus provisions.

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.

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.

2022 PSP scheme
On 12 May 2022 a PSP scheme was put in place. There are currently 18 senior managers who are participants of the scheme, together with two 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 awards are further subject to claw back and malus provisions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

28. Share-based Payments continued

2022 PSP scheme continued
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.

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.

29. Notes to the cash flow statement

	2022 £'000	2021 £'000
Profit for the year	14,912	6,044
Adjustments for:		
Investment revenues	–	(8)
Financing costs	1,548	1,247
(Decrease)/Increase in provisions	(1,680)	2,178
Income tax expense	4,093	1,818
Depreciation of property, plant and equipment	3,223	2,666
Depreciation of right-of-use assets	5,303	5,071
Amortisation of intangible assets	786	995
Right-of-use asset impairment	(255)	(179)
Share-based payment expense	539	55
Loss on disposal of property, plant and equipment	3	38
Loss on disposal of right-of-use assets	37	3
Operating cash flows before movements in working capital	28,509	19,928
Increase in inventories	(6,693)	(857)
Decrease in other current assets	–	1
Increase in receivables	(30,684)	(15,574)
Decrease in payables	(744)	(2,009)
Cash generated from operations	(9,612)	1,489
Income taxes paid	(2,230)	(3,349)
Interest paid on loan facility	(531)	(225)
Interest paid on lease liability	(873)	(950)
Net cash utilised from operating activities	(13,246)	(3,035)

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')
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**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

30. Acquisitions continued

The following asset purchase acquisitions were made during the year:

	Acquisition 1 2022 £'000	Acquisition 2 2022 £'000	Total 2022 £'000	Total 2021 £'000
Assets				
Goodwill	11	1	12	–
Intangible assets	4	69	73	–
Inventory	15	–	15	
Trade receivables	17	255	272	–
Total assets acquired	47	325	372	–
Total consideration:				
Cash	47	325	372	–
Net cash outflow arising on acquisition				
Cash consideration	47	325	372	–
Less: cash balances acquired	–	–	-	–
Total assets acquired	47	325	372	–

Acquisition 1
On 3 May 2022 the Company acquired trade and assets from Worth of London Ltd for total consideration of £47k. 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.

Acquisition 2
On 5 July 2022 the Company acquired trade and assets from Mybond Pawnbrokers Ltd for total consideration of £325k. 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':

	2022 £'000	2021 £'000
Short-term employee benefits	1,810	1,646
Pension contributions	44	31
Share-based payments	–	–
	1,854	1,677

32. Capital Commitments

There is no significant capital expenditure authorised and contracted for but not provided in the accounts (2021: £nil).

33. Contingent Liabilities

There were no contingent liabilities that were not provided in this financial statements.

34. Events After the Balance Sheet Date

The Directors have proposed a final dividend for the year ended 31 December 2022 of 10.0p (2021: 8.0p) (Note 14).

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investments	C	45,401	44,873
		45,401	44,873
Current assets			
Receivables	D	18,455	7,827
Cash at bank and in hand		3	6
		18,458	7,833
Liabilities: amounts falling due within one year	E	(21)	(685)
Net current assets		18,437	7,148
Total assets less current liabilities		63,838	52,021
Net assets		63,838	52,021
Capital and reserves			
Called up share capital	F	2,193	1,993
Share premium account		49,423	33,486
Employee Benefit Trust shares reserve		(34)	(35)
Share option reserve		2,344	1,782
Profit and loss account		9,912	14,795
Total shareholders' funds		63,838	52,021

The financial statements of H&T Group plc, registered number 05188117, were approved by the Board of Directors and authorised for issue on 6 March 2023.

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 2022

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
Share options	G	–	–	1	562	–	563
At 31 December		2,193	49,423	(34)	2,344	9,912	63,838

2021 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	2021 Total £'000
At 1 January		1,993	33,486	(35)	1,727	(1,010)	36,161
Loss for the financial year		–	–	–	–	19,791	19,791
Dividend paid		–	–	–	–	(3,986)	(3,986)
Share options	G	–	–	–	55	–	55
At 31 December		1,993	33,486	(35)	1,782	14,795	52,021

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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 97. The nature of the Company's operations and its principal activities are set out in the business overview on Page 19.

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 payment, 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 employees 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 employees 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 by use of a Black-Scholes model or a Stochastic model 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.

Employment 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, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

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 £360,000 in 2022 (2021: profit of £19,791,000). 2021 profit includes dividend income of £20,000,000 received from Harvey and Thompson Ltd.

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 (2021: £nil). Other than the Directors, the Company has no employees in either financial year.

C. Investments

Shares in subsidiary undertaking	Total £'000
Cost	
At 1 January 2022	44,873
Additions	528
At 31 December 2022	**45,401**

Within the cost at 1 January 2022 includes cost of shares in a subsidiary undertaking of £1.

Additions in the prior year represent capital contributions in relation to share options issued to employees, as set out in Note 28.

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	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
Cashline Pawnbrokers Limited (Registered office: Times House, Throwley Way, Sutton, Surrey, SM1 4AF)	England & Wales	-	100%	Dormant
Swiss Time Services Ltd (Registered office: Times House, Throwley Way, Sutton, Surrey, SM1 4AF)	England & Wales	-	100%	Watch repair

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

	2022 £'000	2021 £'000
Amounts owed by subsidiary companies	18,445	7,824
Prepayments and accrued income	10	3
	18,455	7,827

E. Liabilities: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	3	575
Amounts owed to subsidiary companies	–	35
Accruals and deferred income	18	75
	21	685

Included in Trade creditors in 2021, was a liability for waived dividends payable to the EBT. During the year-ended 31 December 2022, the accumulated dividends totalling £569,000 were released back to Retained earnings. (Note 14).

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.

CONTACT INFORMATION

Registered and Head Office
H&T Group plc
Times House
Throwley Way
Sutton
Surrey
SM1 4AF

Tel: +44 (0) 870 9022 600

Broker and Nominated Adviser
Shore Capital
Cassini House
57 St James Street
London
SW1A 1LD

Legal Advisors to the Group
Gowling WLG
4 More London Riverside
London
SE1 2AU

Independent Statutory Auditor
PKF Littlejohn LLP
15 Westferry Circus,
Canary Wharf
London
E14 4HD

Bankers
Lloyds Bank plc
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

STORE DIRECTORY

Store name	Store Address	Postcode
Acocks Green	1141a Warwick Road, Acocks Green, Birmingham	B27 6RA
Acomb	3 Odsal House, Front St, Acomb, York	YO24 3BL
Acton	158 High Street, Acton, London	W3 6QZ
Ashton-under-Lyne	6 Mercian Mall, Ladysmith Centre, Ashton-under-Lyne	OL6 7JH
Ayr	114 High Street, Ayr	KA7 1PQ
Barking	27 East Street, Barking	IG11 8ER
Barkingside	96 High Street, Barkingside	IG6 2DR
Barnsley	35 Peel Street, Barnsley	S70 2RJ
Basildon	1a Market Pavement, Basildon	SS14 1DD
Bedford	6 St Loyes Street, Bedford	MK40 1EP
Bedminster	84 East Street, Bedminster, Bristol	BS3 4EY
Belle Vale	35 Belle Vale Shopping Centre, Childwall, Liverpool	L25 2RQ
Berkeley Square	Ground floor West, 52 Berkeley Square, Mayfair, London	W1J BT
Bexleyheath	109 The Broadway Centre, Bexleyheath	DA6 7JH
Birkenhead	Grange Shop Centre, 26 Borough Pavement, Birkenhead	CH41 2XX
Birmingham	10 Ethel Street, Birmingham	B2 4BG
Blackburn	Unit 2, 3 Ainsworth Street, Blackburn	BB1 6AS
Blackpool	97-99 Central Drive, Blackpool	FY1 5EE
Bletchley	41 Queensway, Bletchley, Milton Keynes	MK2 2DR
Bolton	13 Newport Street, Bolton	BL1 1NE
Bolton 2	Unit 2, Commercial Union House, Great Moor St, Bolton	BL1 1NH
Bootle	64 Parkside, Strand Shopping Centre, Bootle.	L20 4SZ
Borehamwood	1 Furzehill Parade, Shenley Road, Borehamwood, London	WD6 1DX
Boston	28-30 Strait Bargate, Boston	PE21 6LJ
Bow	575 Roman Road, Bow, London	E3 5EL
Bradford	26 James Street, Bradford	BD1 3PZ
Breck Road	305-307 Breck Road, Liverpool	L5 6PU
Bridgwater	28 Cornhill, Bridgwater	TA6 3BY
Brighton	4 Castle Square, Brighton	BN1 1EG
Brixton	Arch 9, Atlantic Road, Brixton	SW9 8HX
Bromley	82 High Street, Bromley	BR1 1EY
Bull Street	102 Bull Street, Birmingham	B4 7AA
Burnley	42 Manchester Road, Burnley	BB11 1HJ
Burnt Oak	75 Burnt Oak Broadway, Burnt Oak	HA8 5EP
Burnt Oak 2	136 Burnt Oak Broadway, Burnt Oak	HA8 0BB
Burton-on-Trent	209b Station Street, Burton-on-Trent	DE14 1AN
Camberwell	72 Denmark Hill, Camberwell	SE5 8RZ
Cambridge	76 Regent Street, Cambridge	CB2 1DP
Camden	90 Camden High Street, Camden	NW1 0LT
Canning Town	116 Barking Road, Canning Town	E16 1EN
Canterbury	2-3 Burgate Lane, Canterbury	CT1 2HH
Cardiff	5 St Martins Row, Albany Road, Cardiff	CF24 3RP
Catford	58 Rushey Green, Catford	SE6 4JD

STORE DIRECTORY CONTINUED

Store name	Store Address	Postcode
Chalk Farm	36 Chalk Farm Road, Chalk Farm	NW1 8AJ
Chatham	321 High Street, Chatham	ME4 4BN
Chatham 2	157 High Street, Chatham	ME4 4BA
Cheetham Hill	Unit 5, Cheetham Hill Shopping Centre	M8 5EL
Chelmsford	25 High Chelmer, Chelmsford	CM1 1XR
Chelmsley Wood	Unit 28, 30 Greenwood Way, Chelmsley Wood	B37 5TL
Clacton-on-Sea	5 Station Rd, Clacton-on-Sea	CO15 1TD
Clapham	9 Northcote Road, Clapham	SW11 1NG
Clapham 2	136 Clapham High St, Clapham	SW4 7UH
Clapton	157 Clapton Common, Clapton	E5 9AE
Clydebank	25 Sylvania Way South, Clydebank	G81 1EA
Colchester	10 Short Wyre Street, Colchester	CO1 1LN
Corby	19 Corporation Street, Corby	NN17 1NG
Cosham	32 High Street, Cosham	PO6 3BZ
County Road	66 County Road, Walton, County Road	L4 3QL
Coventry	10 Hales Street, Coventry	CV1 1JD
Coventry 2	54 Lower Precinct, Coventry	CV1 1DX
Crawley	11 Broadwalk, Crawley	RH10 1HJ
Crewe	21 Victoria Street, Crewe	CW1 2HF
Croydon East	16 George Street, East Croydon	CR0 1PA
Croydon West	12 London Road, West Croydon	CR0 2TA
Croydon North End	63 North End, Croydon	CR0 1TG
Cumbernauld	9 Antoine Shopping Centre, Tryst Road, Cumbernauld	G67 1JW
Cwmbran	13 The Parade, Cwmbran	NP44 1QR
Dagenham	299 Heathway, Dagenham	RM9 5AQ
Dalston	52 Kingsland High Street, Dalston	E8 2JP
Darlington	23 Skinnergate, Darlington	DL3 7NW
Dartford	Unit 33, The Orchards Shopping Centre, Dartford	DA1 1DN
Deptford	72 Deptford High Street, Deptford	SE8 4RT
Derby	33 Victoria Street, Derby	DE1 1ES
Doncaster	23 High Street, Doncaster'	DN1 1DW
Dover	3 Market Square, Dover	CT16 1LZ
Downham	438 Bromley Road, Downham	BR1 4PP
Dudley	215 Wolverhampton Street, Dudley	DY1 1EF
Duke Street	487 Duke Street, Duke Street	G31 1DL
Dundee	116 Seagate, Dundee	DD1 2ET
Dunstable	38 High Street North, Dunstable	LU6 1LA
East Ham	47 High Street North, East Ham	E6 1HS
East Ham Concession	Suriya Jewels, 292 High Street North, East Ham	E12 6SA
East Kilbride	10 Princes Mall, East Kilbride	G74 1LB
Easterhouse	Unit 19, Shandwick Sq. Shop C. Bogbain Rd, Easterhouse	G34 9DT
Eastleigh	43-45 Market Street, Eastleigh	SO50 5RF
Edgware	125-127 Station Road, Edgware	HA8 7JG

STORE DIRECTORY CONTINUED

Store name	Store Address	Postcode
Edinburgh 1	106 Lauriston Place, Edinburgh	EH3 9HX
Edinburgh 2	78a Nicholson Street, Edinburgh	EH8 9EW
Edinburgh 3	38 Queen Street, Edinburgh	EH2 1JX
Edinburgh 4 (Wester Hailes)	Unit 31, Westside Plaza, Edinburgh	EH14 2SW
Edmonton	16 South Mall, Edmonton Green Shopping Centre, Edmonton	N9 0TN
Ellesmere Port	43 Marina Drive, Port Arcades Shop Centre, Ellesmere Port	CH65 0AN
Eltham	89 Eltham High Street, Eltham	SE9 1TD
Enfield	244 Hertford Road, Enfield	EN3 5BL
Erdington	140 High Street, Erdington	B23 6RS
Fareham	119a West Street, Fareham	PO16 0DY
Finsbury	259-261 Seven Sisters Road, Finsbury	N4 2DD
Fore Street	169-171 Fore Street, Edmonton, Fore Street	N18 2XB
Forest Gate	29 Woodgrange Road, Forest Gate	E7 8BA
Fulham	224 Northend Road, Fulham	W14 9NU
Gateshead	Unit 5, Jackson Street, Gateshead	NE8 1EE
Gillingham	169 High Street, Gillingham	ME7 1AQ
Glasgow	9-11 Bath Street, Glasgow	G2 1HY
Golders Green	16 Golders Green Road, Golders Green	NW11 8LL
Govan	595 Govan Road, Govan	G51 2AS
Gravesend	21 King Street, Gravesend	DA12 2EB
Grays	23 High Street, Grays	RM17 6NB
Great Bridge	51 Great Bridge, Great Bridge	DY4 7HF
Great Western Road	156 Great Western Road, Great Western Rd	G4 9AE
Greenock	Unit 3 Hamilton Gate, Oakmall Shop Centre, Greenock	PA15 1JW
Green Street	342 Green Street, Green Street	E13 9AP
Grimsby	6 Victoria Street, Grimsby	DN31 1DP
Hackney	384 Mare Street, Hackney	E8 1HR
Halifax	21 Westgate, Halifax	HX1 1DJ
Hamilton	34-36 Quarry Street Hamilton	ML3 7AR
Hammersmith	116 King Street, Hammersmith	W6 0QP
Harehills	243a Roundhay, Harehills	LS8 4HS
Harlesden	72 High Street, Harlesden	NW10 4SJ
Harlow	23 Broad Walk, Harlow	CM20 1JF
Harrow	324b Station Road, Harrow	HA1 2DX
Harrow 2	14 St Anns Road, Harrow	HA1 1LG
Harrow 3	296 Station Rd, Harrow	HA1 2DX
Hastings	18 Queens Road, Hastings	TN34 1QY
Hatfield	40 Town Centre, Hatfield	AL10 0JJ
Hayes	46 Station Road, Hayes	UB3 4DD
Hayes 2	9 Coldharbour Lane, Hayes	UB3 3EA
Hemel Hempstead	180 Marlowes, Hemel Hempstead	HP1 1BH
Holloway	9 Seven Sisters Road, Holloway	N7 6AJ
Hounslow	30 High Street, Hounslow	TW3 1NW

STORE DIRECTORY CONTINUED

Store name	Store Address	Postcode
Hounslow Central	253 High Street, Hounslow Central	TW3 1EA
Huddersfield	30 John William Street, Huddersfield	HD1 1BG
Hull	Unit 30, 37 Prospect Centre, Hull	HU2 8PP
Huyton	51 Derby Road, Huyton	L36 9UQ
Hyde	Unit 5, The Mall, Clarendon Square Shop Centre, Hyde	SK14 2QT
Ilford	91-93 Cranbrook Road, Ilford	IG1 4PG
Ilford 2	211 High Road, Ilford	IG1 1LX
Ipswich	17 High Street, Ipswich	IP1 3JZ
Irvine	1/3 Bridgegate, Irvine	KA12 8BJ
Islington	59 Chapel Market, Islington	N1 9EW
Kidderminster	20 Bull Ring, Kidderminster	DY10 2AZ
Kilburn	139 Kilburn High Road, Kilburn	NW6 7HR
Kilburn 2	63 Kilburn High Road, Kilburn	NW6 5SA
Kilburn 3	9 Kilburn Bridge, Kilburn	NW6 6HT
King Lynn	14 Broad St, Kings Lynn	PE30 1DP
Kingstanding	240 Hawthorn Road, Kingstanding	B44 8PP
Kingston	26 Castle Street, Kingston	KT1 1SS
Kirkby	Unit 11b, St Chads Way, Kirkby	L32 8RD
Kirkcaldy	85 High Street, Kirkcaldy	KY1 1LN
Leeds	8 New Market Street, Leeds	LS1 6DG
Leicester	69 Market Place, Leicester	LE1 5EL
Leigh	53 Bradshawgate, Leigh	WN7 4NB
Leith	Unit 6, Newkirkgate Shopping Centre, Leith	EH6 6AA
Levenshulme	894 Stockport Road, Levenshulme	M19 3AD
Lewisham	121 Lewisham High Street, Lewisham	SE13 6AT
Lewisham Concession	Sri Ashtalakshims Jewellers, 41 Lee High Rd, Lewisham	SE13 5NS
Leyton	281 High Road, Leyton	E10 5QN
Liverpool	Unit 6, 42-46 Whitechapel, Liverpool	L1 6DZ
Livingston	Unit 22, Almondvale Shopping Centre, Livingston	EH54 6HR
Longsight	Unit 6, 543 Stockport Road, Longsight	M12 4JH
Luton	174 The Mall, Luton	LU1 2TL
Macclesfield	23 Chestergate, Macclesfield	SK11 6BX
Maidstone	2 Palace Avenue, Maidstone	ME15 6NF
Mansfield	5 Market Place, Mansfield	NG18 1HU
Margate	72 High Street, Margate	CT9 1DT
Merthyr Tydfil	126A High Street, Merthyr Tydfil.	CF47 8BT
Middlesbrough	45 Dundas Street, Middlesbrough	TS1 1HR
New Addington	14 Central Parade, New Addington	CR0 0JB
Newcastle	67 Clayton Street, Newcastle	NE1 5PY
Newcastle 2	117 Grainger Street, Newcastle	NE1 5AE
Newcastle 3 (West Rd)	138 West Road, Newcastle	NE4 9QA
Newport	57 Commercial Street, Newport	NP20 1LQ
Northampton	Unit 3, 71B Abington Street, Northampton	NN1 2BH

STORE DIRECTORY CONTINUED

Store name	Store Address	Postcode
Northampton 2	1-2 Regent Square, Northampton	NN1 2NQ
Northfield	746 Bristol Road S Northfield	B31 2NN
Norwich	8a Castle Meadow, Norwich	NR1 3DE
Nottingham	22-24 Upper Parliament Street, Nottingham	NG1 2AD
Oldham	8 The Spindles Shopping Centre, Oldham	OL1 1XF
Orpington	221 High Street, Orpington	BR6 0NZ
Oxford	164 Cowley Road, Oxford	OX4 1UE
Paddington	63 Praed Street, Paddington	W2 1NS
Partick	333 Dumbarton Road, Partick	G11 6AL
Peckham	51 High Street, Peckham	SE15 5EB
Penge	136 High Street, Penge	SE20 7EU
Peterborough	1 Westgate, Peterborough	PE1 1PX
Peterborough 2	383 Lincoln Road, Peterborough	PE1 2PF
Plaistow	2 and 2b Balaam Street, Plaistow	E15 8AQ
Plymouth	65 New George Street, Plymouth	PL1 1RJ
Pontypridd	6D Taff Street, Pontypridd	CF37 4UL
Poplar	22 Market Way, Poplar	E14 6AH
Portsmouth	186 Kingston Road, Portsmouth	PO2 7LP
Preston	11 Friargate, Preston	PR1 2AU
Queens Park	403 Victoria Road, Queens Park	G42 8RW
Ramsgate	28 King Street, Ramsgate	CT11 8NT
Reading	31 Oxford Road, Broad Street Mall, Reading	RG1 7QG
Rochdale	92 Yorkshire Street, Rochdale	OL16 1JX
Rochdale 2	1 Baillie Street, Rochdale	OL16 1JJ
Romford	Unit 30, Liberty 2, Mercury Gardens, Romford	RM1 3EE
Rose Hill	49 The Market, Rose Hill	SM1 3HE
Rotherham	2 Effingham Street, Rotherham	S65 1AJ
Rugby	1 Church Street, Rugby	CV21 3PH
Runcorn	119 River Walk, Shopping City, Runcorn	WA7 2BX
Rutherglen	Unit 3, Mitchell Arcade, Rutherglen	G73 2LS
Salford	70 Fitzgerald Way, Salford	M6 5HW
Scunthorpe	114 High Street, Scunthorpe	DN15 6HB
Shawlands	32-34 Kilmarnock Road, Shawlands	G41 3NH
Sheerness	34 High Street, Sheerness	ME12 1NL
Sheffield	The Kiosk, 1-13 Angel Street, Sheffield	S3 8LN
Sheffield King Street	27 King Street, Sheffield	S3 8LF
Shepherds Bush	27 Uxbridge Road, Shepherds Bush	W12 8LH
Sidcup	76 High Street, Sidcup	DA14 6DS
Sittingbourne	28A High Street, Sittingbourne	ME10 4PD
Slough	64 High Street, Slough	SL1 1EL
Soho Road	224 Soho Road, Soho Road	B21 9LR
Southall	1A the Broadway, Southall	UB1 1JR
Southampton	113a East Street, Southampton	SO14 3HD

STORE DIRECTORY CONTINUED

Store name	Store Address	Postcode
Southampton EST	Unit 19, Marlands Shopping Centre, Southampton	SO14 7SJ
Southend-on-Sea	95 Southchurch Road, Southend-on-Sea	SS1 2NL
Springburn	Unit 13, Springburn Shop C, Springburn Way, Springburn	G21 1TS
Stevenage	24 Westgate Centre, Stevenage	SG1 1QR
St. Helens	4 Ormskirk Street, St Helens	WA10 1BH
Stirling	33-35 Murray Place, Stirling	FK8 1DQ
Stockport	109 Princes Street, Stockport	SK1 1RW
Stockton	107-108 High Street, Stockton	TS18 1BB
Stoke-on-Trent	49-51 Stafford Street, Stoke-on-Trent	ST1 1SA
Stratford	Unit 27, The Mall, Stratford Centre, Stratford	E15 1XD
Stratford 2	122 The Grove, Stratford	E15 1NS
Streatham	254 Streatham High Rd, Streatham	SW16 1HT
Stretford	Unit 44 Brody Street Mall, Stretford Mall Shopping Centre, Stretford	M32 9BB
Sunderland	26 Blandford Street, Sunderland	SR1 3JH
Surrey Quays	196 Lower Road, Surrey Quays	SE16 2UN
Sutton	232 High Street, Sutton	SM1 1NT
Sutton-in-Ashfield	Unit 44, Idlewells Shopping Centre, Sutton-in-Ashfield	NG17 1BJ
Swansea	256 Oxford Street, Swansea	SA1 3BN
Swindon	46 Bridge Street, Swindon	SN1 1BL
Sydenham	37 Sydenham Road, Sydenham	SE26 5EX
Tooting	63 Mitcham Road, Tooting	SW17 9PB
Tooting 2	20-22 London Road, Tooting	SW17 9HW
Tottenham	518 High Road, Tottenham	N17 9SX
Uxbridge	Unit 11, Chequers Square, The Mall, Uxbridge	UB8 1LN
Wallsend	28 High Street East, Wallsend	NE28 8PQ
Walsall	8 The Bridge, Walsall	WS1 1LR
Waltham Cross	153 High Street, Waltham Cross	EN8 7AP
Walthamstow	234 High Street, Walthamstow	E17 7JH
Walton Vale	27 Walton Vale, Walton Vale	L9 4RE
Walworth	389 Walworth Road, Walworth	SE17 2AW
Walworth 2	241 Walworth Road, Walworth	SE17 1RL
Ward End	Unit 8, Fox and Goose Shopping Centre, Ward End	B8 2EP
Waterloo	111 Lower Marsh, Waterloo	SE1 7AE
Watford	114 High Street, Watford	WD17 2BJ
Welling	3 Bellegrove Road, Welling	DA16 3PA
Wellingborough	28 Silver Street, Wellingborough	NN8 1AY
Wembley	544 High Road, Wembley	HA0 2AA
Wembley Concession	Sri Soobana Jewellers, 194B Ealing Road, Wembley	HA0 4BP
West Bromwich	64 Kings Square (High Street), Sandwell Centre, Bromwich	B70 7NW
West Bromwich 2	23B St Michael Street, West Bromwich	B70 7AB
Widnes	85 Widnes Road, Widnes	WA8 6BJ
Wigan	41 Standishgate, Wigan	WN1 1UP
Willesden	70 High Road, Willesden	NW10 2PU

STORE DIRECTORY CONTINUED

Store name	Store Address	Postcode
Willesden 2	1d Walm Lane, Willesden	NW2 5SJ
Wisbech	13 Market Place, Wisbech	PE13 1DT
Woking	14 Wolsey Walk, Woking	GU21 6XU
Wolverhampton	10a Cleveland Street, Wolverhampton	WV1 3HH
Wolverhampton 2	15-16 Queen Street, Wolverhampton	WV1 3JW
Wolverhampton 3	104 Darlington Street, Wolverhampton	WV1 4EX
Wood Green	12 Cheapside, Wood Green	N22 6HH
Woolwich	4 Powis Street, Woolwich	SE18 6LF
Woolwich 2	2 Greens End, Woolwich	SE18 6HX
Woolwich 3	16 Beresford Square, Woolwich	SE18 6AY
Worcester Park	148 Central Road, Worcester Park	KT4 8HH
Worksop	27-29 Bridge Street, Worksop	S80 1DA
Wythenshawe	Unit 1D, Hale Top, Civic Centre, Wythenshawe	M22 5RN

HISTORIC IMAGE DIRECTORY

Page 2:
Opening in 1905 at 21 New Oxford Street, London until its closure in 1965.

Page 6:
Deptford, Evelyn Street store opened c. 1897. The store moved to its current site in 1957 when Evelyn Street was redeveloped.

Page 8:
Waterloo Road, Opening in 1926, until its move to its current site in 1961 when the area was redeveloped.

Page 15:
H&T's second store opened at 192 Lambeth Walk, London in 1897. The store moved to number 209 Lambeth Walk in 1883 until sometime during the 1970s when the area was redeveloped.

Page 43:
First H&T store opened in 1897 until 1941 when the store was destroyed one night during the London Blitz.

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