15 December 2020

Ramsdens Holdings PLC
("Ramsdens", the "Group", the "Company")

Preliminary Results for the 18 months ended 30 September 2020

Strong growth prior to COVID-19 impact; resilient and profitable performance since

Ramsdens, the diversified financial retailer, is pleased to announce its unaudited preliminary results for the 18-month period to 30 September 2020 (the "Period"), following the previously announced change of the Group's accounting reference date from the end of March.

Financial summary

To assist comparison, the previously announced second interim unaudited figures for the 12 months to 31 March 2020 have been included in the Financial Summary table below.

	18 months ended 30 September 2020 (unaudited)	**12 months ended 31 March 2020 (unaudited)**	**12 months ended 31 March 2019 (audited)**	**12-month increase**
Group Revenue	£76.9m	£59.5m	£46.8m	27%
Gross Profit	£47.1m	£37.2m	£30.5m	22%
Profit Before Tax	£9.2m	£8.5m	£6.5m	30%
Net cash	£15.9m	£11.1m	£8.2m	35%
Basic EPS	23.1p	21.4p	16.7p	28%

Financial highlights

- Strong growth in the 12-month period to March 2020 and profitable performance in the final 6-month period despite the impact of Covid-19;
- Revenue of £76.9m for the Period; Revenue growth of 27% for the comparable 12-month period ended 31 March 2020;
- Gross Profit of £47.1m for the Period; Gross profit growth of 22% for the comparable 12-month period ended 31 March 2020;
- Profit Before Tax of £9.2m for the Period; Profit Before Tax growth of 30% for the comparable 12-month period ended 31 March 2020;
- Robust cash position, with net cash of £15.9m as at 30 September 2020 and an undrawn £10m revolving credit facility;
- Against the backdrop of considerable ongoing uncertainty, challenging trading conditions and continuing to receive government support to protect jobs, the Board believes it is both prudent and in the long-term interest of shareholders to retain its cash resources to trade through this period. This will position the Group to maximise the opportunity when the 'new normal' returns. As a result, the Board is not recommending a final dividend for the Period.

Operational highlights

- One net store opening after merging eight stores with nearby Ramsdens stores resulting in 153 owned stores at the Period end; four stores relocated in the Period;
- Continued progress in jewellery retail with £1.9m of e-commerce sales in the Period, representing 9% of all jewellery items sold; 40% of online jewellery sales now made to customers living outside the natural catchment area of the store network;
- Prior to the impact of COVID-19, during the year to March 2020, a record of approximately 784,000 customers used the Group's foreign currency service;
- 6 pawnbroking loan books acquired during the Period; the loan book is considered of high quality with a low loan to value ratio of approximately 60% and an average loan value of £248 as at 30 September 2020;

Peter Kenyon, Chief Executive, commented:

"The 18-month period covered by this statement can be broken down into two distinct sections. Firstly, Ramsdens delivered its strongest ever 12-month performance prior to the impact of COVID-19 when the business achieved further growth and made strategic progress across each of its income streams. The subsequent impact of COVID-19 and the enforced closures of stores and restrictions on international travel demonstrated the resilience of our diversified business model. Despite the significant headwinds experienced since March as a result of the pandemic, we have continued to trade profitably and maintain a strong cash position.

The credit for the Group's performance and continued progress despite these truly unprecedented conditions must go to our committed team and loyal customers. I would like to thank everyone in the Ramsdens community for their fantastic support during this period.

As we move into 2021, a lot of uncertainties remain. However, there are promising signs in the form of a vaccine and – whatever the outcome is – we will have greater clarity regarding what Brexit means for consumers and businesses. Whilst the pandemic has had an unimaginable impact on communities and companies across the UK, we remain very confident that underpinned by our great value customer proposition, strong balance sheet and diversified model, we remain well positioned to continue our growth trajectory as normality resumes."

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About Ramsdens

Ramsdens is a growing, diversified, financial services provider and retailer, operating in the four core business segments of foreign currency exchange, pawnbroking loans, precious metals buying and selling and retailing of second hand and new jewellery. Ramsdens does not offer unsecured high cost short term credit.

Headquartered in Middlesbrough, the Group operates from 157 stores within the UK (including 4 franchised stores) and has a growing online presence.

In the last financial period, the Group served over 930,000 customers across its different services. Ramsdens is fully FCA authorised for its pawnbroking and credit broking activities.

www.ramsdensplc.com
www.ramsdensforcash.co.uk

CHAIRMAN'S STATEMENT

INTRODUCTION

The Group is publishing its unaudited preliminary results to cover the 18 month period from 1 April 2019 to 30 September 2020, at a time when there is still uncertainty over the ongoing impact of the COVID-19 pandemic. Since the outbreak of the virus, our priority has been the safety and wellbeing of Ramsdens' staff, customers and wider stakeholders.

I always knew that a big strength of the business was its people and culture. The hard work, flexibility and extraordinary commitment of our teams in dealing with the unprecedented challenges presented in 2020 only reinforces that belief. I would like to personally thank each and every one of my colleagues at Ramsdens for their dedication during this period.

The Group has continued to make good progress over the 18 months. Profit before tax for the 18 months is £9.2m (FY19: £6.5m) which indicates relatively linear growth on a time basis but the reality of the 18 month period is far from linear. The reporting period has two distinct time periods with contrasting trading conditions. We have the pre COVID-19 trading period through to March 2020 and the subsequent 6 months through to the end of the reporting period:

Pre COVID-19 – trading to 23 March 2020 was ahead of the Board's expectations

We achieved tremendous progress in the first 12 months of the 18 month period through to March 2020. The business performed ahead of the Board's expectation over that time and achieved record levels of profitability. Furthermore, we were maintaining momentum by maximising the opportunity that the Money Shop acquisition from March 2019 presented and continuing to roll out new stores in line with our growth strategy.

COVID-19 impact to 30 September 2020 – trading showed strength in diversification

March 2020 brought a slowdown in activity following the onset of COVID-19, resulting in all stores closing on 23 March 2020 in line with government guidelines. Since that time, the Group's diversified business model has again shown its strength, enabling the Group to trade profitably through to the end of the financial period.

As a result of the COVID-19 disruption, we announced on 27 March 2020 that Ramsdens would change its accounting reference date from 31 March to 30 September. This decision was made by the Board in consultation with the Group's auditors. This then created a one off 18 month reporting period. Going forward, the Company's year-end will remain 30 September.

In April to June 2020 our stores were predominantly closed. While there was some customer demand online for our retail products, the vast majority of those products were located in stores and the sales were only fulfilled following store re-openings as government restrictions were eased.

During the period of the stores being closed, a significant proportion of staff were furloughed under the Coronavirus Job Retention Scheme. During this time Ramsdens topped up employees' pay to 100% of their normal salaries.

By the end of July 2020, 152 stores had re-opened and by August 2020, the significant majority of staff across the Group's store estate had returned to work. We traded through to September safely, always prioritising the protection of our staff and customers.

Following the re-opening of the Group's stores, foreign currency commission through to the end of the reporting period was approximately 30% of the comparable prior year period, due to ongoing restrictions on international travel as a result of the pandemic. However, the performance of the Group's jewellery retail segment enhanced by online sales was encouraging and the purchase of precious metals segment benefited from the strong gold price. During lockdown, the Group's pawnbroking customer base had a reduced need for borrowing while at the same time continuing to repay their loans, improving the Group's cash position. The Group completed two loan book acquisitions at the end of the Period, which added a combined £0.25m to the in-date loan book.

Six of the Group's stores did not reopen after the period of enforced closure in the Spring as we took the opportunity to take advantage of flexible leases and merged these branches into nearby Ramsdens stores.

Financial year starting October 2020 – positioned for long term growth
The beginning of the new financial year has brought further challenges with the introduction and expected continuation of both national and local lockdowns across the UK. While Ramsdens is a provider of certain services which the government has categorised as essential and therefore has been able to remain open during the latest lockdowns, consumer sentiment and footfall have inevitably been impacted.

In addition, UK businesses continue to face macroeconomic uncertainty with the scheduled end on 31 December 2020 of the Brexit transition period and, as yet, no clear idea of what will happen next.

Looking beyond the near term, the Group has a strong cash position, diversified income streams, a strong management team and a trusted brand, all of which position it well to deliver on the strategic ambitions of sustainable long-term growth as a sense of normality resumes.

FINANCIAL RESULTS & DIVIDEND
As stated above, the Financial Statements cover an 18 month reporting period. The results show that revenue increased to £76.9m and PBT increased to £9.2m.

The Board believes that comparing performance to the prior year, especially with a six-month period severely impacted by COVID-19, does not represent the achievements and progress made.

The below table highlights the financial results:

£000's	FY19 (12 months) (audited)	12M 20 (12 months) (unaudited)	FP20 (18 months) (unaudited)
Revenue	£46,785	£59,504	£76,938
Gross Profit	£30,522	£37,204	£47,149
Profit Before Tax	£6,492	£8,452	£9,221
Net Assets	£30,908	£34,961	£35,555
Net Cash	£8,236	£11,051	£15,873
EPS	16.7p	21.4p	23.1p

The table above illustrates that the unaudited 12 month period to March 2020, (12M 20) as reported in our Second Interim Report on 27 May, compares very favourably to the financial year ended 31 March 2019 (FY19) and also that the Group traded profitably in the final 6 month period.

The information that follows provides a more in-depth analysis of the trading performance and financial results of the Group.

The Board did not recommend a second interim dividend, as announced in May 2020, owing to the significant uncertainty at the time. Against the backdrop of ongoing considerable levels of uncertainty, continuing to receive government support to protect jobs and challenging trading conditions, the Board believes it is both prudent and in the long-term interest of shareholders to retain its cash resources to trade through this uncertainty. This will position the Group to maximise the opportunity when the 'new normal' returns. As a result, the Board is not recommending a final dividend for the Period. Aligned with this decision, no salary increases have been awarded to directors and senior executives and both Peter Kenyon, CEO and Martin Clyburn, CFO, have voluntarily foregone part of their bonus entitlement as will be outlined in the Remuneration Committee report. It is the Board's intention to return to its previous progressive dividend policy as soon as it is prudent to do so.

Andrew Meehan
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

INTRODUCTION
The 18 month reporting period has included the high of delivering a record 12 month performance through to March 2020 reflecting the investments made in our staff, brand, IT systems, store locations, retail jewellery proposition and digital operations. This was unfortunately followed by the low of having to close all Ramsdens stores between March and the end of May 2020, resulting in a deceleration of online operations owing to stock being held in closed stores and the pausing of our planned store roll-out strategy.

Excellent trading through to March had positioned the business well for growth with good liquidity and growing diversified income streams. We then entered a period, which I relate to the Ramsdens ship getting caught in the eye of a storm. The storm was not of our making, we could not navigate around it, and we had – and continue to have - no control over its severity or duration. We have however navigated through the first six months of the storm reasonably successfully and are grateful for the UK Government's support, which has helped us to protect the jobs of our colleagues. Pleasingly we have also remained profitable during this period, but at materially lower levels than we would have expected under normal trading conditions. The waters are still choppy, but I am pleased to say that the Ramsdens ship is still moving forward. We are still able to make progress notwithstanding the continuing stormy outlook.

As I look forward and see the storm calming - as it inevitably will at some point - either when a vaccine is developed and widely rolled out or we further adapt to living with the virus - I believe that Ramsdens will be in a great position to maximise the opportunities for continued, long term growth.

COVID-19 IMPACT AND ACTIONS
The pandemic has had a huge impact on the lives of many who work for, engage with, or supply Ramsdens. We have seen periods of national lockdown and regional restrictions, which have affected the high street unlike anything contemplated prior to the onset of the pandemic. More broadly, we have seen a significant reduction in demand for international travel and the movement of people.

Faced with this, the strength of the Ramsdens team spirit has never been more evident. Our staff have been flexible, considerate and collaborative, and did whatever it took to re-open our stores in the summer and trade in a COVID secure way. I have immense pride in being able to lead such a committed and talented group of people and would like to thank them all for their response to the unprecedented challenges faced during the period.

The safety of our staff, customers and community
Our first priority throughout the pandemic has been the health, safety and wellbeing of our staff, customers and the community at large.

During March 2020, we facilitated more staff being able to work from home and securely connect to our centralised IT systems. We then closed our stores in line with the UK Government guidance. In the early weeks of the first national lockdown, we planned our reopening and how we could operate in a safe way. The layout of our stores supported this as they already feature segregated financial services tills with private spaces for our customers and glass screens offering additional safety. While Ramsdens became eligible to open for our essential services, mainly pawnbroking, within a week of lockdown we implemented an online portal for customers which enabled them to manage their existing in store loans and apply for new loans by posting their goods to our ecommerce team. Our message to customers was that we would not disadvantage them because of the stores being closed. We ensured we did this when we re-opened and waived interest where customers were disadvantaged.

Our stores started to reopen at the end of May, initially trialling three stores. This re-opening gathered pace through England in June, with Wales and Scotland in July. Our head office staff slowly returned to the workplace, adhering to additional social distancing rules and with screens introduced to aid staff segregation.

Once our stores were open, we strived to continue to provide the services, for which our loyal customers visit Ramsdens, in our usual friendly way. We were also able to fulfil the many pending online orders we had received for jewellery items during the lockdown period where the items had been securely stored in our closed stores.

During the two week 'firebreak' lockdown in Wales in October and the national lockdown in England in November, our stores remained open following government advice and the exemption for essential services. This decision was made with the knowledge that we could keep our stores as safe as possible for our customers and staff and adhere to COVID secure guidelines.

Liquidity

The Group was in a good position with its liquidity at the start of lockdown. We also had opportunities to generate cash from the intrinsic value of the gold in our jewellery stock if required. This position has been improved in recent months following:

- profitable trading during the final 6 months of the reporting period;
- postponing the opening of new greenfield stores and saving the associated capital expenditure;
- accelerating the merger of four stores and closure of two stores, releasing working capital;
- customers repaying their pawnbroking loans during the period at the same time as new lending being impacted from store closures and reduced customer need. This will, however, have an impact on future income generation while the loan book rebuilds over the coming months; and
- the reduction of foreign currency cash, which improves sterling cash held but not the overall net cash figure.

At 30 September 2020, the Group's cash position was £15.9m and the revolving credit facility of £10m remained undrawn.

BUSINESS REVIEW

The 18 month period encompassed the ongoing development of the core estate of branches; our ecommerce activities; the young stores which opened in 2018 and 2019; and the stores acquired in March 2019 which previously traded as The Money Shop. This resulted in Profit Before Tax for the full 18 month period increasing to £9.2m (FY19: £6.5m). The majority of the profit was generated during the first 12 months of the 18 month reporting period when the Group traded in what is best described now as normal trading conditions delivering a 27% increase in revenue and a 30% increase in Profit Before Tax to £8.5m (FY19: £6.5m).

The generation of £0.8m Profit Before Tax during the six months to September 2020 is considered to be a strong performance by the Board, given the period of store closures and significant reduction in international travel.

Each of the key income streams is discussed in greater detail below showing the results for the last two and a half years to enable comparisons.

The Group's retail estate grew to 158 stores as at March 2020 but has now reduced to 153 stores. The reduction is the result of one new store opening in Boston post-lockdown and the merger of six stores with other nearby Ramsdens stores. We have continued to achieve growth in our online jewellery retail sales as we move forward with our strategy to become a truly multi-channel business.

OUR DIVERSIFIED BUSINESS MODEL: PRODUCT OFFERING

Ramsdens operates in the four core business segments of: foreign currency exchange; pawnbroking; jewellery retail; and purchase of precious metals.

The following tables have references to;

H1 being the 6 months to 30 September 2019.

H2 being the 6 months to 31 March 2020.

12M20 being the 12 months to 31 March 2020.

H3 being the 6 months to 30 September 2020.

The FP20 represents the 18 month financial period to 30 September 2020.

Foreign Currency Exchange

The foreign currency exchange (FX) segment primarily comprises of the sale and purchase of foreign currency notes to holidaymakers. Ramsdens also offers prepaid travel cards and international bank-to-bank payments.

000's	FY19 (audited)	H1 20 (unaudited)	H2 20 (unaudited)	12M 20 (unaudited)	12M20 v FY19	H3 20 (unaudited)	FP20 (unaudited)
Total Currency exchanged	£496m	£340m	£181m	£521m	5%	£38m	£559m
Income	£11.6m	£8.4m	£4.7m	£13.1m	13%	£1.8m	£14.9m
Online C&C orders	£32m	£23.9m	£18.5m	£42.4m	32%	£3.0m	£45.4m
% of online FX	6%	7%	10%	8%	33%	8%	8%
Percentage of GP	38%	41%	28%	35%	(3%)	18%	32%

The table demonstrates the strong growth for the 12 months to March 2020.

Approximately 784,000 customers used the foreign currency service during the year to March 2020 up 11% on the previous 12 months of approximately 705,000 customers. The significant impact of COVID-19 on the reduction of international travel and consequently on the Group's foreign currency volumes is highlighted by the number of customers falling from approximately 570,000 in the six months to September 2019 to approximately 69,000 in the six months to September 2020, an 88% fall.

The improvement in the rate of commission or gross profit from the product has been driven by a focused effort by the Group to widen margins and the volume of higher margin currency purchases from customers representing a greater percentage of the total currency exchanged.

In line with our multi-channel strategy, the Group intended to refresh its currency travel card proposition in 2020 but given the impact of COVID-19 this has been delayed to 2021.

As we look forward, we see the income from this service growing in line with the easing of restrictions and as international travel returns. We strongly believe that customers' desire to go on holiday abroad remains high. While we have seen more people use card payments in the UK, we believe the need for foreign currency cash will remain high given the popular holiday destinations and known spending patterns while abroad.

Pawnbroking

Pawnbroking is a small subset of the consumer credit market in the UK and a simple form of asset backed lending dating back to the foundations of banking. In a pawnbroking transaction an item of value, known as a pledge, (in Ramsdens' case, jewellery and watches), is held by the pawnbroker as security against a six-month loan. Customers who repay the capital sum borrowed plus interest receive their pledged item back. If a customer fails to repay the loan, the pawnbroker sells the pledged item to repay the amount owed and returns any surplus funds to the customer. Pawnbroking is regulated by the FCA in the UK and Ramsdens is fully FCA authorised.

000's	FY19 (audited)	H1 20 (unaudited)	H2 20 (unaudited)	12M 20 (unaudited)	12M20 v FY19	H3 20 (unaudited)	FP20 (unaudited)
Gross profit	£7,520	£4,261	£4,706	£8,967	19%	£3,281	£12,248
Total loan book	£7,643	£7,739	£7,747	£7,747	1.4%	£6,548	£6,548
Past Due	£1,032	£763	£1,115	£1,115	8%	£1,559	£1,559
In date loan book	£6,611	£6,976	£6,632	£6,632	0.3%	£4,989	£4,989
Percentage of GP	25%	21%	28%	24%	(1%)	33%	26%

The growth in pawnbroking income to March 2020 was primarily due to the contribution from the Money Shop loan books that we acquired in March 2019.

As our stores closed in March 2020, we quickly leveraged our strengths as a multi-channel business and made a full service online pawnbroking facility available. Whilst the volume of loans being requested through the portal has been low, reinforcing the view that customers prefer a face to face service, the portal did enable a significant number of customers to repay their loans during the lockdown period and collect their goods when stores re-opened.

The impact of the national lockdown was that our customer base had a reduced borrowing need. The restrictions on normal life expenditure within the customer base and the significant UK Government support – in particular the Coronavirus Job Retention Scheme - led to a greater number of customers repaying their loans over the normal redemption patterns.

The average loan value as at 30 September 2020 was £248, up from £229 as at 31 March 2020 and £224 as at 31 March 2019. The loan book is considered of high quality with a low loan to value ratio of approximately 60% on the gold price alone at the period end. Where loans are not repaid, the current high gold price enables an improved recovery of interest where goods are scrapped as opposed to being appropriate for retailing.

As we look forward, the Board is confident that the loan book will rebuild over time. The typical pawnbroking customer is cautious. They know that the item pledged is their store of wealth and that this enables them to borrow when needed.

Jewellery Retail

The Group offers new and second-hand jewellery for sale. The Board believes there is significant growth potential in this segment by leveraging Ramsdens' retail store estate and ecommerce operations. The Group aims to cross-sell its retail proposition to existing customers of the Group's other services as well as attracting new customers.

Retailing of new jewellery products complements the Group's second hand offering to give our customers greater choice in breadth of products and price points. In addition, the retailing of new jewellery enables the Group to attract some customers who prefer not to buy second hand. New jewellery items now account for 31% of the retail revenue.

000's	FY19 (audited)	H1 20 (unaudited)	H2 20 (unaudited)	12M 20 (unaudited)	12M20 v FY19	H3 20 (unaudited)	FP20 (unaudited)
Revenue	£9,771	£5,499	£7,054	£12,553	28%	£4,556	£17,109
Gross Profit	£5,039	£2,598	£3,113	£5,711	13%	£1,990	£7,701
Margin %	52%	47%	44%	45%	(7%)	44%	45%
Jewellery retail stock	£9,085	£8,111	£8,919	£8,919	(2%)	£9,496	£9,496
Online sales*	£568	£322	£779	£1,101	94%	£846	£1,947
% of sales online*	5%	5%	9%	7%	2%	14%	9%
Percentage of GP	17%	13%	19%	15%	(2%)	20%	16%

*this is based on total jewellery sold which includes ex-pledge items

Whilst many retailers had been recording falling sales, the performance to March 2020 was very robust. The ongoing development of the premium watch sales generates a higher cash margin per product sold but at a lower percentage margin. Watch sales are seen as incremental revenue for the Group. This is the primary reason that the gross margin percentage for jewellery retail fell during the period.

The total jewellery sold through our ecommerce activities totalled £1.9m for the 18 month period and represents 9% of all jewellery items sold. Sales of £846k were delivered in the last 6 months to September 20 and £1,101k in the 12 months to March 20 representing 94% growth over FY19 at £568k.

With the website recently developed to improve the customer experience it is hoped that conversion rates will improve and further growth will follow. 40% of our online sales are now to customers living outside the natural catchment of our branch network.

We believe there is an ongoing opportunity for improving and growing our jewellery retail business. Following a restructure of internal resources, we have placed greater focus on improving the sales of each product category, diamonds, watches, second hand and new jewellery through the store estate and online. We have been investing in the website to improve the customer experience and conversion rates. We have increased the ecommerce team headcount so that we can list more individual second hand items and fulfil the increased sales. We believe these investments will help deliver ongoing growth in our retail jewellery segment in the coming years.

Purchases of precious metals

Through its precious metals buying and selling service, Ramsdens buys unwanted jewellery, gold and other precious metals from customers. Typically, a customer brings unwanted jewellery into a Ramsdens store and a price is agreed with the customer depending upon the retail potential, weight or carat of the jewellery. Ramsdens has various second-hand dealer licences and other permissions and adheres to the Police approved "gold standard" for buying precious metals.

Once jewellery has been bought from the customer, the Group's dedicated jewellery department decides whether or not to retail the item through the store network or online. Income derived from jewellery, which is purchased and then retailed, is reflected in jewellery retail income and profits. The residual items are smelted and sold to a bullion dealer for their intrinsic value and the proceeds are reflected in the accounts as precious metals buying income.

000's	FY19 (audited)	H1 20 (unaudited)	H2 20 (unaudited)	12M 20 (unaudited)	12M20 v FY19	H3 20 (unaudited)	FP20 (unaudited)
Revenue	£12,343	£10,080	£7,499	£17,579	42%	£5,445	£23,024
Gross Profit	£4,801	£4,122	£3,214	£7,336	53%	£2,520	£9,856
Percentage of GP	16%	20%	19%	20%	4%	25%	21%

The sterling gold price increased by 50% during the 18 month period, reaching an all time record high. The current gold price is considered to be higher than where we would expect it to be on a medium-term basis.

In the 12 months to March 2020, an additional non-recurring gross profit of £0.8m was generated from the sale of older stock.

The weight of gold purchased has reduced since the re-opening of our stores after the national lockdown. This is attributed to people still not undertaking normal activities, the reduced need for additional cash and a reduction in the number of foreign currency customers to whom we have traditionally cross-sold this service. We do anticipate the weight purchased increasing as we move back to more normal trading conditions. Until then we believe the gold price will remain high, assisting margins.

Other services

In addition to the four core business segments, the Group also provides additional services in cheque cashing, Western Union money transfer, credit broking and receives franchise fees.

000's	FY19 (audited)	H1 20 (unaudited)	H2 20 (unaudited)	12M 20 (unaudited)	12M20 v FY19	H3 20 (unaudited)	FP20 (unaudited)
Revenue	£2,542	£1,594	£1,029	£2,623	3%	£412	£3,035
Gross Profit	£1,577	£1,138	£937	£2,075	32%	£410	£2,485
Percentage of GP	5%	6%	6%	6%	1%	4%	5%

Whilst this has been a steady source of gross profit, we believe that the impact of COVID has switched some Western Union customers online rather than using a store network. Cheque cashing was and continues to be a service in decline.

OUR PEOPLE

It has been clearly demonstrated since the outbreak of the pandemic earlier in 2020, that one of Ramsdens' greatest strengths is its people. Our aim is to nurture, train and develop the best talent in our industry, and to that end during the period the senior management team have been collectively undertaking a leadership development programme. This is assisting with an ongoing desire to enhance and demonstrate our three core values of being trusted, open and passionate.

The pride and enthusiasm shown by all of our employees continues to create a working environment of infectious enthusiasm to deliver the Group's mission statement, namely to provide a great customer offering and give such fantastic service that our customers become ambassadors for Ramsdens.

As well as doing the 'day job' and seeking a never ending higher bar of achievement during the 18 month reporting period, the team have successfully embedded the acquired Money Shop stores from March 2019, trained the 89 staff members who transferred to Ramsdens in the Ramsdens values and ways, maintained high levels of repeat business from loyal customers, and faced the challenges of COVID-19 head on. We have only been able to do this thanks to the team's dedication, commitment, willingness to strive for continuous improvement and its focus on delivering fantastic service to our customers.

Reflecting the vital role of our staff and their contribution, in the period from March to July 2020 the Group topped up all furloughed employees' pay to 100% of their normal salaries. We are grateful to the UK Government for providing the Coronavirus Job Retention (Furlough) Scheme and its extension to March 2021 which has enabled the Group to protect the jobs of the Group's skilled employees whose training and development we have already invested in.

THE RAMSDENS BRAND

The high levels of repeat purchasing of foreign currency exchange and pawnbroking loans demonstrates the trust our customers have in Ramsdens.

Where our branches are located, we enjoy strong brand recognition. However, there is scope to improve this recognition across the full range of diversified services we offer, which remains a key focus for the Group. In addition, improving our online capabilities and the associated awareness of Ramsdens' great products and value will enable the brand to increase recognition beyond the branch network catchment areas.

IT AND INFRASTRUCTURE

The Group has continued to invest in and develop its bespoke customer-centric IT operating system. Underpinning this system is a scalable infrastructure, which undergoes regular capacity planning to ensure that the growth of the Group can not only accommodate its core business strategy but also readily take advantage of business acquisition opportunities. The system infrastructure is maintained with resiliency in all areas.

The Group maintains a continual focus on cyber security and the associated threat landscape. The IT team regularly review the cyber defences of the Group and have recently installed additional network security software to raise the barriers and reduce cyber risk.

The longstanding and layered approach we have to protecting our systems and the data held allowed a seamless transition to remote working for more of our staff in the last six months.

The Group's internal IT Team provide a highly effective and efficient service ensuring the support requirements of the Group are fulfilled. The IT Team are also integral to the Group's business expansion strategy provisioning new store locations, relocations and acquisitions of single and multiple stores.

STRATEGY

We have a consistent and established strategy for the long-term development and growth of Ramsdens. Underpinned by the development of our people, I am confident that the four pillars of the Group's previously proven strategy remain relevant and appropriate in the long-term.

We continue to concentrate on:

1. Improving the performance of our existing store estate
2. Expanding the Ramsdens branch footprint in the UK
3. Developing our online proposition
4. Continuing to appraise market opportunities presented by operating in a challenging market.

We remain focused on delivering our core mission, which has three component parts:

1. **To have a great customer offering…**
    - We offer very competitive exchange rates for currency
    - We offer a simple and trusted pawnbroking service
    - We have invested in the quantity and quality of our jewellery stock and how it is presented to the customer
    - We keep the store estate modern and bright and where appropriate continue to relocate stores to higher footfall locations

2. **…and give such fantastic customer service…**
    - We have a team of fully trained and motivated staff who are passionate about the business and their customers, including cross-selling to meet customer needs.
    - We have a first-class, customer-centric IT system that allows staff to have a full appreciation of a customer's history with Ramsdens, thereby facilitating efficient processing times

3. **….that our customers become our ambassadors.**
    - Recommendations from family and friends remains our biggest source of new customers.

Improving the performance of the existing store estate

Our strategic focus is on attracting more customers, cross-selling our diversified services and driving higher spend from those acquired customers. By doing this and controlling costs, the profit contribution will increase.

The growth in the four key income segments across the core estate during the first 12 months of the reporting period demonstrate the effectiveness of this strategy. We are not resting on past results and believe we have significant capacity for further improvement. We will do this by continuing to engage with our customers and provide standout products and service.

We aim to improve the performance of our key income streams:

- Foreign currency: by having competitive exchange rates to attract new and retain existing customers. Margins will continue to be managed closely with due regard to local circumstances. We will develop a market-leading multi-currency travel card to capture more of the customer's holiday spend while abroad. We have relocated stores to higher footfall locations to improve the convenience we offer our existing customers and to attract those customers who may have been unaware of our secondary location within a town.
- Pawnbroking: by doing what we believe is the right thing for the long term. This has included proactively supporting our customers through the challenges that COVID-19 has brought by waiving interest, reducing interest rates and offering long-term repayment plans. Where customers default, we will continue to obtain the best price possible for them by selling by private treaty and not using an auction process which we believe disadvantages customers. We will continue to give a great service and grow the customer base through recommendation. We have very prudent lending policies particularly given the high gold price. Whilst not losing our in-built prudent approach to business and management of cash, we are looking at improving our lending on items that are desirable to retail and offering a more attractive solution for borrowers with high value assets. The introduction of a jewellery offering in the March 2019 acquired Money Shop stores will also improve the pawnbroking results of those stores.

- Jewellery retail: by continuing to offer our customers greater product choice and depth of supply with improved stock replenishment systems and, where appropriate, greater levels of inventory. This will apply to jewellery and premium watches. We are continuing to work on the display of our products to create more customer appeal as well as continuing to invest in our retail website (see below) which also acts as a stock catalogue for our branches to facilitate further in store sales. By relocating stores to higher footfall locations we are often able to provide an improved jewellery offering with greater stock on display for similar rents. In addition, there is still the opportunity to convert stores acquired from The Money Shop in March 2019 to have a strong retail jewellery offering. An example is the recent conversion of our Altrincham store.
- Purchase of precious metals: by growing the awareness amongst our existing customer base, primarily foreign currency customers who are unaware of the service or the value held in damaged or simply unwanted or unworn jewellery.

Expanding the branch footprint in the UK
As at 30 September 2020, we had 157 stores including the four franchised stores. During the 18 month period, we:

- Opened seven greenfield sites
- Opened four stores that previously traded as The Money Shop
- Merged eight stores where we had two stores in a town, seven of which were in plan as part of the short-term strategy from The Money Shop acquisition in March 2019
- Closed two stores in towns which were marginal and relocated the pawnbroking loan book to a local Ramsdens branch

In February 2020, we had nine new greenfield sites in various stages of agreement. These were all paused when the March lockdown was implemented and will remain so as we continue to re-evaluate the impact of the pandemic in those locations.

Whilst we have paused new greenfield stores, the Group's medium-term strategy remains to open new stores and expand its geographic footprint, leveraging off the Head Office cost base which has been geared up to support our continued growth.

Developing our online proposition
Our journey to becoming truly multi-channel continues. Our ecommerce activities include our jewellery retail website www.ramsdensjewellery.co.uk and the use of ebay.

The total jewellery sold including ex pawnbroking items through our ecommerce activities totalled £1.9m for the 18 month period and represents 9% of all jewellery items sold. Sales of £846k were delivered in the last 6 months to September 20 and £1,101k in the 12 months to March 20 representing 94% growth over FY19 at £568k.

With this momentum we have recently developed and launched a new retail website in October 2020 to enhance the user experience and improve conversion rates by ensuring customers can find what they are looking for quickly and more efficiently than ever before. The development has remodelled the front end that the customer sees and also optimised the platform on which the website is built which we hope will achieve higher rankings in Google searches.

Offering a holistic set of payment options to our customers further underlines the commitment to improving conversion rate and the re-introduction of interest free finance as an additional online payment method is expected to help drive additional growth. We are looking at additional payment options for the customer early in 2021.

Additional investment to deliver website personalisation (the process of creating customised experiences for visitors to the website using AI) is also planned and is expected to further increase conversion rate.

The branch estate only covers approximately 25% of the UK population and a fast-improving online offering will allow those people outside of the Ramsdens network to have access to great jewellery at fantastic prices.

Our online retail offering will be further improved by additional investments in software to enhance product images and upload times, increased focus on organic search engine optimisation ('SEO') and online advertising. With more products being listed on the website than ever before, the customer has a greater choice and our branch network has the opportunity to sell more products from our website, which acts as a catalogue for our products.

The currency part of the Group's website has been developed to improve the customer journey throughout the 18 month period. The improvements made are demonstrated by the 32% growth in Click and Collect foreign currency volumes through www.ramsdensforcash.co.uk in the 12 months to March 2020 over the prior comparable year. Further developments are planned to improve the customer journey. While the website is mobile friendly, an app is being developed alongside the planned launch of a multi-currency travel card.

Appraising opportunities presented by operating in a challenging market
The retail landscape has been challenging for a number of years. The uncertainties of Brexit and general economic outlook created a headwind for most retailers but the COVID-19 pandemic seems to have been a challenge too far for some high street retail jewellery outlets, bureaux de change and travel agents with stores closing permanently in many towns. This changing and challenging backdrop will create an opportunity to acquire displaced customers that do not wish to shop online once we see a post-pandemic new normal. There is the caveat that certain high streets may have been damaged too badly to ever recover without large investment in towns or changes to the non-domestic rates system. Our property portfolio has been purposefully managed to be as flexible as possible to provide a defensive quality in case of one of our stores becomes isolated and performance deteriorates, or agile should the town nucleus shift.

The number of pawnbroking outlets in the UK continues to fall. Our estimation is that there are circa 130 pawnbroking businesses in the UK trading from circa 870 locations. The largest three National Pawnbroker Association members account for circa 610 locations. Within our existing geographic territories, the opportunity to acquire good pawnbrokers is limited but there may be the possibility to acquire and expand our geographic footprint in the future. In September 2020, the Group purchased two of the oldest pawnbroking names in Scotland, Robert Biggar Pawnbrokers in Glasgow and Duncanson & Edwards Pawnbrokers in Edinburgh. They were purchased from Beauly Financial Limited with the combined active loan books of £0.25m.

LOOKING AHEAD
The first half of FY21 will remain challenging, with pressure continuing on high street footfall through regional lockdowns and ongoing restrictions in line with the devolved governments' tiered systems. Added to this, we have the challenges of macroeconomic uncertainty with the scheduled end of the Brexit transition period at the beginning of 2021 and, as yet, no clarity with respect to future trading arrangements. Our foreign exchange service is dependent upon the return of international travel and we await a change to the UK Government's stance on quarantine and airport testing prior to the development and roll out of a vaccine.

While headwinds remain, we have operated and will continue to operate in a COVID secure way by ensuring that our customers continue to receive excellent, socially distanced service in our stores nationwide and by further developing our online capabilities to better reflect the well-publicised consumer shift to online. Driving this will be a greater focus on our retail jewellery proposition and staff development in this area.

The Group has a strong financial footing, the benefit of diversified income streams and a well-invested infrastructure. This gives the Board confidence that Ramsdens is well-placed to not only navigate this ongoing transitional period better than some of its competitors, but also to emerge strongly from this challenging period, with a growth strategy proven to deliver long term benefit for all our stakeholders and value for our shareholders.

Peter Kenyon
Chief Executive Officer

FINANCIAL DIRECTOR'S REVIEW

FINANCIAL RESULTS
The Group changed its accounting reference date to 30 September following consultation with the Group's auditors. To assist comparison, the previously announced second interim unaudited figures for the 12 months to 31 March 2020 have been included below.

£000's	FY19 (12 months) (audited)	12M 20 (12 months) (unaudited)	FP20 (18 months) (unaudited)
Revenue	£46,785	£59,504	£76,938
Gross Profit	£30,522	£37,204	£47,149
Profit Before Tax	£6,492	£8,452	£9,221
Net Assets	£30,908	£34,961	£35,555
Net Cash	£8,236	£11,051	£15,873
EPS	16.7p	21.4p	23.1p

Revenue increased to £76.9m for the full 18 month period with profit before tax increasing to £9.2m. As commented above the 18 month period covers two contrasting periods for trading conditions. The 12 months ended 31 March 2020 represented mainly normal trading conditions, with COVID-19 only impacting the final weeks of the year. The Group previously reported strong growth for the year to 31 March 2020 with Revenue increasing 27% and growth coming from across all segments. The final 6 months of FY20 were severely impacted by COVID-19.

In the 12 months ended 31 March 2020 profit before tax increased 30% to £8.5m (FY19: £6.5m) representing a record 12 months for the Group. In the final six months, the Group utilised government support to offset the store closure impact and was able to report a profit for the period. With store closures lasting almost three months and significantly reduced international travel impacting foreign currency volumes, these results demonstrate the strength of the Group's diversified business model.

The Group's administrative expenses for the 18 month period were £37.9m. This is after receiving the Coronavirus Job Support payments. For comparison purposes, the administrative expenses for the 12 months ended 31 March 2020 were £28.2m which was a 18% increase on FY19 reflecting an increase in staff costs to support the growth of the business and the costs associated with new stores.

In total the Group received £3.5m of Government support during the final 6 months of FP20, £0.7m has been shown as other income and £2.8m has been shown as a reduction to administrative expenses.

Finance costs from borrowing remain low reflecting the Group's strong cash position and the efficient seasonal use of the Group's revolving cash facility during peak holiday periods.

EARNINGS PER SHARE AND DIVIDEND
The statutory basic and diluted earnings per share for FP20 the year is 23.1p and 22.5p respectively up from 16.7p and 16.3p in FY19.

The Board has not recommended a final dividend (FY19: 4.8 pence per share) in respect of the reporting period ended 30 September 2020 owing to the impact of COVID-19 and the Group continuing to receive ongoing government support. The total dividend for the 18 month period ended 30 September 2020 is therefore 2.7 pence per share (FY19: 7.2 pence per share).

The Board intends to recommence its progressive dividend policy once new normal trading conditions return. Owing to the change in accounting reference date, future dividend dates are expected to be scheduled as September for interim payments and March for final payments, with the approximate proportion of one third and two thirds respectively, subject to the financial performance of the Group.

CAPITAL EXPENDITURE
During the reporting period, the Group invested in the store estate by opening new stores and relocating existing stores. Capital expenditure for tangible and intangible assets was £2.0m which mainly reflected the opening of a further 7 new stores and relocation of 4 stores during the period. Six pawnbroking loan books

were acquired. Additionally we entered new leases (or licences to occupy) in relation to four stores previously trading as The Money Shop.

CASH FLOW
The net cash flow from operating activities for the 18 month period was £15.8m which includes government support of £3.5m (FY19: £1.5m). Cash inflows have benefited from a reduction of approximately £1.8m in trade and receivables, which was mainly due to reduced pawnbroking lending during the final 6 months of the period impacted by COVID-19 restrictions. As a result of the implementation of IFRS16, property & vehicle lease payments of £3.6m are now shown as a financing cash outflow, whereas in the prior year lease payments were included in operating cash flows. The total increase in cash in the period was £2.5m after repaying £5.2m of debt.

The Group renewed its revolving credit facility in March 2020 for a further 3 years to March 2023. The Group has one covenant of 1.5x cash cover. At 30 September 2020, this facility was undrawn. The cash position and headroom on the bank facility provide the Group with the funds required to continue to deliver its current stated strategy.

Net cash at the Period end was £15.9m (FY19: £8.2m).

FINANCIAL POSITION
At 30 September 2020, cash and cash equivalents amounted to £15.9m (FY19: £13.4m) and the Group had net assets of £35.6m (FY19: £30.9m).

IFRS16
The Group adopted IFRS16 'Leases' from the start of the period applying the modified retrospective approach with no restatement of the prior year. On transition at the end of FY19, qualifying lease commitments have been brought onto the balance sheet, as both a 'Right of use' asset and a corresponding lease liability. The adoption of IFRS 16 has resulted in a reduction in balance sheet retained earnings of £0.5m, primarily resulting from the Group recognising right-of-use assets of £9.1m offset by lease liabilities of £9.7m, with further adjustment for rental prepayments, rent incentive accruals and deferred tax. Further detail on the impact of IFRS16 is provided below in Note 2.

TAXATION
The tax charge for the period was £2.1m (FY19: £1.3m) at an effective rate of 22% (FY19: 20.5%). The effective rate is higher than the standard UK rate of corporation tax of 19% (FY19: 19%) mainly due to the timing difference between depreciation charges and capital allowances and non-deductible expenses including the amortisation of certain customer lists.

SHARE BASED PAYMENTS
The share-based payment expense in the period was £398,000 (FY19: £221,000). This charge relates to the Long-Term Incentive Plan (LTIP), which is a discretionary share incentive scheme under which the Remuneration Committee can grant options to purchase ordinary shares at a nominal 1p per share cost to Executive Directors and other senior management subject to certain performance and vesting conditions.

GOING CONCERN
The Group has prepared the financial statements with due consideration to the unprecedented impact of COVID-19 on the economy and society. The Board has considered the impact of COVID-19 on each balance sheet item and conducted a going concern review to ensure this basis remains appropriate. The Group has significant cash resources of £15.9m and access to an undrawn £10m revolving credit facility with an expiry date of March 2023.

The Board has conducted an extensive review of forecast earnings and cash over the next twelve months, considering various scenarios and sensitivities given the COVID-19 situation and uncertainty around the future economic environment, including extreme stress test scenarios that are detailed in note 2 below.

The Board has been able to conclude the going concern basis is appropriate in preparing the financial statements.
Martin Clyburn,
Chief Financial Officer

Consolidated statement of comprehensive income

For the period ended 30 September 2020

	Notes	18 months to 30 September **2020** **(unaudited)** **£'000**	12 months to 31 March **2019** **(audited)** **£'000**
Revenue	3	76,938	46,785
Cost of sales		(29,789)	(16,263)
Gross profit	3	47,149	30,522
Other income		725	-
Administrative expenses		(37,858)	(23,939)
Operating profit		10,016	6,583
Finance costs	4	(795)	(131)
Gain on fair value of derivative financial liability		-	40
Profit before tax		9,221	6,492
Income tax expense		(2,103)	(1,332)
Profit for the period		7,118	5,160
Other comprehensive income		-	-
Total comprehensive income		7,118	5,160
Earnings per share in pence	5	23.1	16.7
Diluted earnings per share in pence	5	22.5	16.3

Consolidated statement of financial position

As at 30 September 2020

		30 September **2020** **(unaudited)**	31 March **2019** **(audited)**
Assets	**Notes**	**£'000**	**£'000**
Non-current assets			
Property, plant and equipment		4,845	5,485
Right of use of assets		8,536	-
Intangible assets		870	1,228
Investments		-	-
Deferred tax assets		182	167
		14,433	6,880
Current Assets			
Inventories		13,360	12,658
Trade and other receivables		8,743	10,906
Cash and short term deposits		15,873	13,420
		37,976	36,984
Total assets		**52,409**	**43,864**
Current liabilities			
Trade and other payables		6,422	6,490
Lease liability		2,005	-
Interest bearing loans and borrowings		-	5,184
Income tax payable		1,157	689
		9,584	12,363
Net current assets		**28,392**	**24,621**
Non-current liabilities			
Lease liability		7,094	-
Accruals and deferred income		153	453
Deferred tax liabilities		23	140
		7,270	593
Total liabilities		**16,854**	**12,956**
Net assets		**35,555**	**30,908**
Equity			
Issued capital	7	308	308
Share premium		4,892	4,892
Retained earnings		30,355	25,708
Total equity		**35,555**	**30,908**

Consolidated statement of changes in equity

For the period ended 30 September 2020

	Notes	Share capital	Share premium	Retained earnings	Total
		£'000	£'000	£'000	£'000
As at 1 April 2018		308	4,892	22,368	27,568
Profit for the year		-	-	5,160	5,160
Total comprehensive income		-	-	5,160	5,160
Dividends paid		-	-	(2,097)	(2,097)
Share based payments		-	-	221	221
Deferred tax on share-based payments		-	-	56	56
As at 31 March 2019		308	4,892	25,708	30,908
As at 1 April 2019		308	4,892	25,708	30,908
IFRS 16 Leases - transitional adjustment		-	-	(531)	(531)
As at 1 April 2019 - Adjusted		308	4,892	25,177	30,377
Profit for the period		-	-	7,118	7,118
Total comprehensive income		-	-	7,118	7,118
Dividends paid		-	-	(2,313)	(2,313)
Share based payments		-	-	398	398
Deferred tax on share-based payments		-	-	(25)	(25)
As at 30 September 2020		308	4,892	30,355	35,555

All figures in above table are audited for the year ended 31 March 2019 & unaudited for the period to 30 September 2020

Consolidated statement of cash flows

For the period ended 30 September 2020

Operating activities	Notes	18 months to 30 September **2020** **(unaudited)** **£'000**	12 months to 31 March **2019** **(audited)** **£'000**
Profit before tax		9,221	6,492
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		2,238	1,215
Depreciation and impairment of right of use assets		3,523	-
Amortisation and impairment of intangible assets		616	157
Change in derivative financial instruments		-	(40)
Loss on disposal of property, plant and equipment		185	74
Share based payments		398	221
Finance costs	4	795	131
Working capital adjustments:			
Movement in trade and other receivables and prepayments		1,781	424
Movement in inventories		(702)	(5,091)
Movement in trade and other payables		170	(651)
		18,225	2,932
Interest paid		(795)	(131)
Income tax paid		(1,678)	(1,278)
Net cash flows from operating activities		15,752	1,523
Investing activities			
Proceeds from sale of property, plant and equipment		4	3
Purchase of property, plant and equipment		(1,787)	(2,315)
Purchase of intangible assets		(258)	(109)
Acquisition		-	(1,504)
Net cash flows used in investing activities		(2,041)	(3,925)
Financing activities			
Dividends paid		(2,313)	(2,097)
Payment of principle portion of lease liabilities		(3,645)	(8)
Bank loans drawn down		2,600	5,183
Repayment of bank borrowings		(7,900)	(1,875)
Net cash flows from financing activities		(11,258)	1,203
Net increase in cash and cash equivalents		2,453	(1,199)
Cash and cash equivalents at 1 April		13,420	14,619
Cash and cash equivalents at 30 September / 31 March		15,873	13,420

Notes to the consolidated financial statements

1. Finance information and basis of preparation

Ramsdens Holdings PLC (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Unit 16, Parkway Shopping Centre, Coulby Newham, Middlesbrough, TS8 0TJ. The registered company number is 08811656

During the period, the Group changed its Accounting Reference Date to 30 September. The financial information set out in the preliminary announcement does not constitute the Group's Annual report and Accounts for the 18 month period ended 30 September 2020 and the year ended 31 March 2019. The statutory accounts for 2019 have been delivered to the Registrar of Companies. The auditors, Ernst & Young LLP, has reported on the 2019 accounts, their report was unmodified, does not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and does not constitute a statement under either Section 498(2) or (3) of the Companies Act 2006.

The Annual Report and Accounts for the 18 month period ended 30 September 2020 will be finalised on the basis of the financial information presented by the Directors in these preliminary results and will be delivered to the Registrar of Companies following the Annual General Meeting. The Annual Report will be made available on the Company's website (www.ramsdensplc.com), at which time a notification will be sent to shareholders.

The principal activities of the Company and its subsidiaries (the "Group") are the supply of foreign exchange services, pawnbroking and related financial services, jewellery sales, and the purchase of gold jewellery from the general public.

The financial information set out in the preliminary announcement has been prepared on the basis of the accounting policies which are set out in Ramsdens Holdings PLC's Annual Report and Accounts for the year ended 31 March 2019, with the exception of the new standards below.

2. Significant accounting policies

Initial adoption of IFRS 16 Leases

The Group has adopted IFRS 16 – Leases using the modified retrospective approach with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.
Therefore, the cumulative effect of adopting IFRS 16 – Leases was recognised as an adjustment to the opening balance of retained earnings at 1 April 2019 with no restatement of comparative information. Comparative information continues to be reported under IAS 17 – Leases and IFRIC 4 – Determining whether an Arrangement contains a Lease.

The Group has lease contracts for properties and motor vehicles. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased asset was not capitalised and the lease payments were recognised as an expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Lease liabilities

On adoption of IFRS 16 – Leases, the Group recognised liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 – Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 April 2019. The weighted average incremental borrowing rate applied to the property leases on 1 April 2019 was 4.3% (with a range between 3.36% & 4.42%) and for motor vehicles was 3.5% (with all vehicles using the same rate).

	£'000 (unaudited)
Operating lease commitments disclosed at 31 March 2019	12,255
Removal of non-recoverable VAT	(902)
Restated operating lease commitments at 31 March 2019	11,353
Removal of prepaid lease payments	(289)
Discounted using the incremental borrowing rate at 1 April 2019	(1,327)
Lease liability recognised at 1 April 2019	9,737

Current lease liabilities	2,165
Non-current lease liabilities	7,572
	9,737

Right-of-use assets

The associated right-of-use assets for the Group's property and motor vehicle leases were measured on a retrospective basis as if the new rules had always been applied using the incremental borrowing rate as at 1 April 2019 and adjusted for any prepayments or rent incentive accruals. The recognised right of use assets at 1 April related to the following asset types:

	£'000 (unaudited)
Properties	8,919
Motor vehicles	183
Total right-of-use assets	9,102

The change in accounting policy affected the following items in the statement of financial position at 1 April 2019:

	As at 31 March 2019 (audited)	**IFRS16 adjustment (unaudited)**	**Adjusted balance (unaudited)**
	£'000	**£'000**	**£'000**
Right-of-use assets	-	9,102	9,102
Deferred tax asset	167	114	281
Trade and other receivables (prepayments)	10,906	(499)	10,407
Trade and other payables (rent incentive & onerous lease accruals)	(6,490)	166	(6,324)
Accruals and deferred income (rent incentive accrual)	(453)	323	(130)
Lease liabilities	-	(9,737)	(9,737)
Net impact on retained earnings	25,708	(531)	25,177

The change in accounting policy has also resulted in operating lease costs previously shown in administration expenses within the Income Statement being replaced with depreciation (which is contained within administration expenses) and finance costs related to the right of use assets. For the 18 month period ended 30 September 2020, deprecation and impairment of right of use assets reported within administration expenses is £3,523,000 and the interest cost of right of use assets reported in finance costs is £614,000. The table below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current period

	18m to 30 September 2020 Unaudited
Increase in depreciation of right-of-use assets	(3,483)
Increase in impairment of right-of-use assets	(40)
Increase in finance costs	(614)
Decrease in other operating expenses	4,259
Impact on profit	122

Practical expedients applied

In applying IFRS 16 – Leases for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate for a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments of whether leases are onerous
- accounting for low value operating leases and operating leases with a remaining term of less than 12 months at 1 April 2019 on a straight line basis as an expense without recognizing a right-of-use asset or a lease liability
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 – Leases and IFRIC 4 – Determining whether an Arrangement contains a Lease

•Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

•Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (under £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Going Concern
The Company has prepared the financial statements on a going concern basis, with due consideration to the unprecedented impact of COVID-19 on the economy and society. The Board has considered the impact of COVID-19 on each balance sheet item and conducted a going concern review to ensure this basis remains appropriate.

In the 18 month period to September 2020 the Company traded profitably with profit before tax of £9.2m and repaid its debt facility in full.

The Company has significant cash resources at 30 September 2020 of £15.9m and access to an undrawn £10m revolving credit facility with an expiry date of March 2023. The Company has successfully applied for government support grants including the Coronavirus Job Retention Scheme and Retail Grants. The grant support received in the period to September 2020 was c£3.5m. The company also took advantage of the VAT deferral scheme and was awarded business rates relief in respect of a number of its branches

The Company's activities include services deemed essential services by the government and therefore the Company's stores are able to open in the event of a further lockdown. The Company's essential services include pawnbroking, foreign currency, money transfer and cheque cashing. The Company 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 have conducted an extensive review of forecast earnings and cash for the period to 31 December 2021, considering various scenarios and sensitivities given the COVID-19 situation and uncertainty around the future economic environment.

One such stress test scenario was to model the closure of all stores for the period to 31 December 2021. This scenario is deemed implausible given the essential services categorisation of some of the Company's services and the fact that income has already been generated in the period elapsed since 30 September 2020 to date.

This scenario assumes that there is no revenue generation at all. The only cost reduction applied to this scenario are variable costs linked to revenue generation (such as the cost of taking payments and handling cash), and discretion spending, for example advertising. All budgeted capital expenditure and dividends were assumed to be suspended. This scenario assumes only £0.6m of further government support, despite the now confirmed extension of the Coronavirus Job Retention scheme up to March 2021. The scenario also did not include the further mitigating actions that could be taken. Further mitigation could include online income generation, staff redundancies, exit of certain store leases. Further options to improve liquidity, which are outside management's control, would be the ability to defer/renegotiate creditor payments (including rents), the opportunity to access increased government support, including for example CBILs, increase bank lending and/or relax the cash covenant on the existing £10m RCF facility, or an equity raise.

The output of this scenario without considering the available mitigation, was that the Company had enough resources to pay the costs due throughout the period despite no income. This was due to the strong cash balance at the start of the going concern period of £15.9 m and the ability to realise cash from inventory and pawnbroking assets.

Given the extreme stress test modelling the Board have been able to conclude that they a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The going concern assessment covers the period to 31 December 2021.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal 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 that reflects 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 transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, which is usually taken to be each individual branch store. These budgets and forecast calculations are estimated for three years and extrapolated to cover a total period of ten years.

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.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Revenue recognition
The major sources of revenue come from the following:

- Pawnbroking
- Foreign currency exchange
- Purchase of precious metals
- Retail jewellery sales
- Income from other financial services

Pawnbroking revenue is recognised in accordance with IFRS 9, whereas revenue from other sources is recognised in accordance with IFRS 15.

Pawnbroking revenue
Revenue from pawnbroking comprises interest on pledge loan books and comprises the following two distinct components:

Contractual interest earned:
Contractual interest is earned on pledge loans up to the point of redemption or the end of the primary contract term. Interest receivable on loans is recognised as interest accrues by reference to the principle outstanding and the effective rate applicable, which is the rate that discounts the estimated cash receipts through the expected life of the financial asset to that asset's net carrying value.

Revenue arising from the disposal of unredeemed pledge contracts:
When a customer defaults on a pawnbroking loan, the unredeemed pledge contracts are recognised as inventory. Revenue is recognised on the subsequent sale of the pledged assets supporting the pledge contract under IFRS 15.

Foreign currency exchange income
Revenue is earned in respect of the provision of Bureau de Change facilities offered and represents the margin earned which is recognised at the point the currency is collected by the customer as this represents when the service provided under IFRS 15 has been delivered.

Sale of precious metals acquired via over the counter purchases
Revenue is recognised when control of the goods has transferred, being at the point the goods are received by the bullion dealer and a sell instruction has been issued. If a price has been fixed in advance of delivery, revenue is recognised at the point the goods are received by the bullion dealer.

Jewellery retail sales
Revenue is recognised at the point the goods are transferred to the customer and full payment has been received. Customers either pay in full at the time of the transaction and receive the goods, or pay in instalments and receive the goods once the sale is fully paid. Instalment payments are recognised as deferred income until the item is fully paid. The Company has a 7 day refund policy in store, and a 14 day refund policy online reflecting the distance selling regulations.

Other financial income
Other financial income comprises cheque cashing, buyback and other miscellaneous revenues. Cheque cashing revenue is recognised when the service is provided under IFRS 15 which includes making a payment to the customer. Buyback revenue relates to the sale of items to a customer, either the person who originally sold that item to the business, or to a third party. Revenue is recognised when the goods are transferred to the customer. Full payment is taken at the time or prior to transferring the goods.

Administrative expenses
Administrative expenses includes branch staff and establishment costs.

Government grants
Government grants that are a contribution to a specific administrative expense are recognised in the income statement as a reduction to administrative expenses in the period to which the expense relates. Other government grants are

recognised as other income when there is reasonable assurance that the entity will comply with the conditions and the grants will be received.

The grants recognised in the financial statements all relate to Covid-19 support with job retention scheme support shown net of the wage cost in administrative expenses and retail grants shown as other income. There are no unfulfilled conditions and contingencies attaching to recognised grants.

	FP20 (unaudited) £'000	FY19 (audited) £'000
Other income	725	-
Administrative expenses	2,769	-
Total	3,494	-

Any grants recognised in the Statement of Comprehensive Income but not received are included within the Statement of Financial position under Trade and other Receivables

Key sources of estimation uncertainty and significant accounting judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key sources of estimation uncertainty

Revenue recognition – pawnbroking loans interest and impairment

The group recognises interest on pawnbroking loans as disclosed in note 2 above. The pawnbroking loans interest accrual (pledge accrual) is material and is dependent on the estimate that the Group makes of both the expected level of the unredeemed pawnbroking loans and the ultimate realisation value for the pledge assets supporting those loans. An assessment is made on a pledge by pledge basis of the carrying value represented by original capital loaned plus accrued interest to date and its corresponding realisation value on sale of unredeemed pledges to identify any deficits. The principle estimates within the loan interest accrual are;

1. Non Redemption Rate

This is based upon current and historical data held in respect of non – redemption rates

2. Realisation Value

This based upon either;

- The current price of the metal that will be received through the sale of the metal content via disposal through a bullion dealer.
- The expected resale value of those jewellery items within the pledge that can be retailed through the branch network.

See note 6 for further details on pawnbroking credit risk and provision values, including sensitivity

Impairment of property, plant and equipment, right-of-use assets and intangible assets estimate

Determining whether property, plant and equipment, right-of-use and intangibles are impaired requires an estimation of the value in use of the CGU to which the assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and selecting a suitable discount rate in order to calculate present value. The review is conducted annually, in the final quarter of the year. The impairment review is conducted at the level of each CGU, which is usually taken to be each individual branch store.

Management have determined that the key sources of estimation uncertainty, to which the impairment analysis of property plant and equipment, right-of-use assets and intangible assets is most sensitive, relate to the following assumptions:

1. The Group prepares cash flow forecasts for each branch. Cash flows represent management's estimate of the revenue of the relevant CGU, based upon the specific characteristics of the branch and its stage of development.
2. The Group has discounted the forecast cash flows at a pre-tax, risk adjusted rate of 12%.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year are different from the assumptions made in relation to future cash flows, which could require a material adjustment to the carrying amount of the assets affected. The carrying amounts for tangible assets, right-of use assets and intangible assets are disclosed in the consolidated statement of financial position. Whilst the impairment review has been conducted based on the best available estimates at the impairment review date, the Group notes that actual events may vary from management expectation.

Where the recoverable amount of the CGU was estimated to be less than its carrying amount, the carrying amount of the CGU was reduced to the estimated recoverable amount.

Significant accounting judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Taxes judgement
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3. Segmental analysis

Revenue	18 months to 30 September **2020** **(unaudited)** **£'000**	12 months to 31 March **2019** **(audited)** **£'000**
Pawnbroking	18,911	10,544
Purchases of precious metals	23,024	12,343
Retail Jewellery sales	17,109	9,771
Foreign currency margin	14,859	11,585
Income from other financial services	3,035	2,542
Total revenue	76,938	46,785

Gross profit	18 months to 30 September **2020** **(unaudited)** **£'000**	12 months to 31 March **2019** **(audited)** **£'000**
Pawnbroking	12,248	7,520
Purchases of precious metals	9,856	4,801
Retail Jewellery sales	7,701	5,039
Foreign currency margin	14,859	11,585
Income from other financial services	2,485	1,577
Total gross profit	47,149	30,522
Other income	725	-
Administrative expenses	(37,858)	(23,939)
Finance costs	(795)	(131)
Gain on fair value of derivative financial liability	-	40
Profit before tax	9,221	6,492

Income from other financial services comprises of cheque cashing fees, electronics & buybacks, agency commissions on miscellaneous financial products.

Revenue from the purchases of precious metals is currently from one bullion dealer. There is no reliance on key customers in other revenue streams.

The Group is unable to meaningfully allocate 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 Consolidated Statement of Comprehensive income below Gross profit, which represents the reported segmental results.

4. Finance costs

	18 months to 30 September **2020** **(unaudited)** **£'000**	12 months to 31 March **2019** **(audited)** **£'000**
Interest on debts and borrowings	181	130
Lease charges	614	1
Total finance costs	795	131

5. Earnings per share

	18 months to 30 September **2020** **(unaudited)** **£'000**	12 Months to 31 March **2019** **(audited)** **£'000**
Profit for the period/ year	7,118	5,160
Weighted average number of shares in issue	30,837,563	30,837,653
Earnings per share (pence)	23.1	16.7
Weighted average number of dilutive shares	805,554	805,554
Effect of dilutive shares on earnings per share (pence)	(0.6)	(0.4)
Fully Diluted earnings per share (pence)	22.5	16.3

6. Pawnbroking

Expected Credit losses

The Group measures loss allowances for pawnbroking loans using IFRS 9 expected credit losses model. The Group's policy is to begin the disposal process one month after the loan expiry date unless circumstances exist indicating the loan may not be credit impaired.

Category	Gross amount £'000	Loss allowance £'000	Net carrying amount £'000
At 31 March 2019 & 30 September 2020	8,753	1,269	7,484

	Pawnbroking Trade Receivables £'000
At 1 April 2018	342
Utilised in the period	(342)
Statement of comprehensive income charge	393
At 31 March 2019	393
Utilised in the period	(390)
Statement of comprehensive income charge	1,266
Balance at 30 September 2020	1,269

All figures in above table are audited for the year ended 31 March 2019 & unaudited for the period to 30 September 2020

Expected credit losses have increased due to higher than usual past due pawnbroking loans which is a result of the Group's decision to offer further time to customers before commencing the realisation process in line with FCA guidance following the impact of Covid19.

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 £7k/(£7k).

The ageing of the Pawnbroking trade receivables excluding those in the course of realisation is as follows:

	30 September **2020** **(unaudited)** **£'000**	31 March **2019** **(audited)** **£'000**
Within contractual term	4,989	6,611
Past due	1,559	1,032
	6,548	7,643

7. Issued capital and reserves

Ordinary shares issued and fully paid	**No.**	**£'000**
At 31 March 2019 (audited) & 30 September 2020 (unaudited)	30,837,653	308