

**Hargreaves Lansdown plc**  
**Interim results for the six months ended 31 December 2020**

Hargreaves Lansdown plc (“HL” or “the Group”) today announces interim results for the six month period ended 31 December 2020.

**Highlights**

- Net new business of £3.2 billion.
- Assets under administration up 16% since 31 December 2019 to £120.6 billion.
- 1,496,000 active clients, an increase of 84,000 since 30 June 2020.
- Profit before tax increase of 10% to £188.4 million (H1 2020: £171.1m).
- Interim dividend up 6% to 11.9 pence per share (H1 2020: 11.2p)

**Chris Hill, Chief Executive Officer, commented:**

“I wish to thank my colleagues for their hard work throughout this incredibly difficult time. Their dedication has delivered a period of very strong growth with record new clients and increased market share against the backdrop of the pandemic and the political uncertainty of the US elections and Brexit.

As our client numbers continue to grow, we are finding that younger people are taking a greater interest in investing for the future, with the average age of our clients continuing to fall. COVID-19 has underpinned the importance of financial resilience and Hargreaves Lansdown is well placed to support clients with their saving and investment needs across their lifetimes.”

<b>Financial highlights</b>	<b>6 months ended 31 December 2020</b>	6 months ended 31 December 2019	<b>Change %</b>	Year ended 30 June 2020
	<b>(H1 2021)</b>	(H1 2020)		(FY 2020)
<b>Net new business</b>	<b>£3.24bn</b>	£2.31bn	<b>+40%</b>	£7.7bn
<b>Total assets under administration (AUA)</b>	<b>£120.6bn</b>	£105.2bn	<b>+15%</b>	£104.0bn
<b>Revenue</b>	<b>£299.5m</b>	£257.9m	<b>+16%</b>	£550.9m
<b>Underlying profit before tax*</b>	<b>£188.4m</b>	£171.1m	<b>+10%</b>	£339.5m
<b>Profit before tax</b>	<b>£188.4m</b>	£171.1m	<b>+10%</b>	£378.3m
<b>Diluted earnings per share</b>	<b>32.1p</b>	29.3p	<b>+10%</b>	65.9p
<b>Interim dividend per share</b>	<b>11.9p</b>	11.2p	<b>+6%</b>	11.2p

\*Underlying profit before tax excludes a one-off gain of £38.8m on the disposal of Funds Library in the year ended 30 June 2020.

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**Analyst presentation**

Hargreaves Lansdown will be hosting an analyst presentation at 9.00am on 1 February 2021 following the release of these results for the half year ended 31 December 2020. Attendance is by invitation only. A conference call facility will be in place with the following participant dial-in numbers – UK (toll free) 0800 640 6441, UK (local) 020 3936 2999 and all other locations +44 20 3936 2999. The participant access code is 603745. Slides accompanying the analyst presentation will be available at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations) and an audio recording of the analyst presentation will be available by close of business on the day.

*The Interim Results contain forward-looking statements which have been made in good faith based on the information available to us at the time of the approval of this report and should be treated with caution due to the inherent risks and uncertainties, including both economic and business risk factors some of which were set out in the 2020 Annual Report, underlying such forward-looking information.*

*Unless otherwise stated, all figures below refer to the six months ended 31 December 2020 (“H1 2021”). Comparative figures are for the six months ended 31 December 2019 (“H1 2020”). Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row.*

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## Chief Executive's Statement

### Growth in challenging market conditions

The first half of our financial year, and particularly the second quarter, has been a period of very strong growth in the context of some difficult external conditions. The COVID-19 pandemic presented a significant challenge for all in 2020 and that, alongside political uncertainty around both the US election and the conclusion of the Brexit deal, led to a volatile period for markets in the second half of the year. Throughout this time, we have continued our client-focused strategy, driving growth through the cycle and further deepening the lifelong relationship we have built with clients.

We provide a market leading client experience underpinned by a proposition and service that is built around client need, and it is through this that we continued to engage greater numbers of clients throughout the period, welcoming a record 84,000 net new clients. We have also seen our AUA reach £120.6 billion, a 16% increase over the last six months, driven by £3.2 billion net new business and the market recovery which contributed £13.4 billion.

Investor confidence fluctuated over the period under the influence of the broad uncertainty in markets, falling over the summer but picking up into Q2 and on through to December post the US election and positive news of the COVID-19 vaccine. These trends have led to strong equity trading volumes, up 123% on prior year, driving strong growth in Profit Before Tax, where we have delivered an increase of 10% on prior year at £188.4 million.

Whilst consumer sentiment leads to cyclical flow, what this period has showed us is that Hargreaves Lansdown and the broader wealth management industry is experiencing structural growth and that our client focused strategy has positioned us to be a key beneficiary of these trends. We recognise the need to work with stakeholders to continue to develop our wealth management platform to ensure we meet the needs of our growing and increasingly diversified client base and have continued to invest through the period to support this. We are focused on driving long term relationships that will build our business sustainably into the future and our investment decisions support this effort.

### Market Dynamics

The COVID-19 pandemic has not only reinforced the importance of saving and investing and the need for individuals to be financially resilient but also the need for wealth managers such as Hargreaves Lansdown to support the lifetime savings and investment journey of these individuals. When combined with the increasingly complex savings environment, persistent low interest rates and transfer of responsibility to individuals to manage their financial futures, the opportunity for Hargreaves Lansdown to provide the help and support that people need is very clear.

Over the course of the pandemic, many have found the time and seen the need to prioritise household savings which has enabled and led them to invest for the first time. This event is extending a trend we have seen over several years now where investing has become not just a task for those approaching retirement but is now an important tool for individuals to support themselves across their entire lifetime.

In turn, this change in behaviour is leading to a dynamic shift in the broader investment and wealth market. Younger people are taking a greater interest in investing for the future, recording an increased appetite for investment, and prioritising financial resilience and saving. In 2012, 46% of clients were aged between 55 and 80. That proportion is now 34%. Since 2012, we have seen the average age of new clients decrease from 45 to 37. This was reflected in the first half of this year where 47% of clients joining were in the 30-54 age bracket. Clients in this segment have money, are engaging with saving for the future and want help to put their money to work. By getting clients onto the platform earlier, we are able to support them for longer as they grow their wealth over time, and this enhances the lifetime value opportunity.

We can see that clients, including the recent cohorts we have welcomed during the pandemic, follow consistent growth patterns as they continue to save and invest and make use of their and their household's allowances over time. Therefore, by building a relationship with a client over a lifetime, those who are currently in the 35-44 age group, when they come to represent tomorrow's over 65's, will have an average ISA portfolio that is almost three times as large as what they have today.

### Client engagement

Whilst the dynamics of the market may shift, our focus on understanding what these groups of clients want and need in order to help them to save and invest does not. Clients require information that builds their knowledge and confidence and helps them to understand the decisions they have to make to meet their individual needs. They value a simple and intuitive experience that is supported by a range of channels, including mobile apps, website access and over the telephone. With our comprehensive proposition and easy to use digital offering, combined with the extensive expert insight and research we provide to support clients in their investment journey, we can provide this experience.

We focus on understanding and delivering what our clients want and ensure that we have the "distribution", particularly through digital channels of how to get it in front of them in the simple and easy to use ways that they value most. Over H1 our mobile app has seen 57% growth in clients logging in compared to prior year, checking their investments on average 10 times a week. We have supported 6.5m equity trades, 113 million client log-ins and 25 million minutes spent reading our insightful articles. We offer a diversified and extensive service that clients rely on and we are here for them when they need, answering 676,000 calls, responding to 275,000 emails, and seeing over 153m digital visits in H1. All of this engagement helps us to provide the proposition, service and insight that clients need and underpins the strong and differentiated relationship we build with them. This understanding also helps us to ensure that we continue to maintain a market leading client experience for all of our clients, no matter what their demographic or need and enables us to maintain consistently high client retention at around 93.0%.

We understand clients' need for a secure, stable and trusted digital wealth provider. The importance of providing such support has been very well illustrated during COVID-19 where our clients have been interacting with us more than ever. On November 9<sup>th</sup> the very high levels of volume associated with market volatility led to a brief outage of our system. This was managed swiftly by our technical teams with lessons being identified and actions taken forward to avoid future events of this type, and to ensure we are able to maintain our client service over the long term. Our experience here has only reinforced the necessity and benefits of the historical and ongoing investment in our systems and processes to ensure appropriate capacity and upgrades to meet the demands of an ever-growing client base.

## **Developing client experience**

Providing the right products and services, underpinned by a simple and intuitive experience, helps us to build client relationships that last a lifetime. By attracting clients whilst they are building their savings and starting to invest, we have an opportunity to engage them with the right offering, meet their needs as they evolve, and retain them over the long term, creating lifelong value.

Consequently, it is crucial that we continue to invest to improve our offering and to meet clients' needs as they evolve. Over the first half of the financial year we further developed our capabilities in building solutions that will help clients across a number of different life stages. This included launching our Wealth Shortlist, which offers additional tools and greater insight to help clients make their investment decisions. We also delivered significant improvement to our retirement proposition with a new online drawdown application that personalises the experience for the client, educates them on the risks and nudges them towards better outcomes. This has led to a dramatic improvement in straight through applications and has seen an increase from 30% to 50% for clients taking partial drawdown. Clients are only taking the tax-free cash that they need and leaving the rest to grow efficiently in their pension. Alongside this we have developed new investment pathways which launched this month, which have been built with client needs and outcomes at the core.

Meanwhile, we also continue to evolve our Active Savings service, which continues to play a vital role in the savings market where the rates clients can achieve are so important. Active Savings had a record half, generating £0.7 billion net new business to reach an AUA of £2.9 billion. Despite our expectation of subdued flows due to the market-leading NS&I rates on offer over the summer we saw a strong performance over the second quarter when their rate reductions were announced in late September. At the end of December, we launched our new Cash ISA which should help drive continued momentum over the second half. We look forward to seeing how our clients use this new product to help them diversify their savings in 2021.

We continue to develop and innovate our technology and digital offering. Client interaction with our app continues to grow and we expect this trend to increase in line with the development in our client demographics. We are investing in the development of digital and connected technology to support and evolve our service and client experience. Along with the continued development of our proposition and delivering the right outcomes for clients we are well placed to meet their evolving needs over a lifetime and ensuring that they consolidate their savings with Hargreaves Lansdown over the long term. The scale of our platform allows us to have the capacity to invest in our client proposition to remain a market leader not just for today but for the long term whilst continuing to deliver sustainable and attractive value for our shareholders as well as our clients, the tangible results of which can be seen in the results we have announced today.

## **Dividend**

The Board believes the Group has strong profitability, liquidity and a capital position to execute its strategy without financial constraint and to operate a sustainable and progressive ordinary dividend policy. We remain confident in our business model and the Board has declared a 6% rise in the interim dividend to 11.9 pence per share. The Board remains committed to paying special dividends when sufficient excess cash and capital exist after taking account of the Group's growth, investment and regulatory capital requirements at the time.

## **Outlook**

I wish to highlight and thank my colleagues for their continued hard work throughout this incredibly difficult time. I continue to be inspired by their dedication to delivering for our clients and the ongoing resilience that they have and continue to demonstrate throughout the COVID-19 pandemic.

We remain excited by the structural growth opportunity in the UK savings and investments market and confident in our ability to deliver sustainable growth through the cycle. The COVID-19 pandemic has underpinned the importance of financial resilience and we are well placed to support clients with their saving and investment needs across their lifetimes.

Whilst events at the end of 2020 provided further stability to the external environment, with the conclusion of the Brexit deal and the completion of the US election, the COVID-19 pandemic and the resulting economic consequences will continue to impact markets and businesses over the remainder of this financial year and beyond. Nonetheless, we remain confident in our ability to continue to help more clients to save and invest, and to support them with achieving their financial goals in the lead up to and beyond the tax year-end.

Trading in January has been similar to other lockdown periods with strong dealing volumes, significant client engagement and robust net new business and net new client numbers. The UK's tax year-end should as ever provide us with a great opportunity to engage with existing and new clients, helping them to make the most of their tax allowances and build up their wealth. Beyond this, things become less certain but we remain committed to our client led strategy and will continue to invest to improve and increasingly personalise the client experience and our proposition.

## **Chris Hill**

Chief Executive Officer

## Financial Review

### Assets Under Administration (AUA) and Net New Business (NNB)

	Unaudited 3 months to 30 September 2020	Unaudited 3 months to 31 December 2020	Unaudited 6 months ended 31 December 2020
Opening AUA	104.0	106.9	104.0
Net New Business	0.8	2.4	3.2
Market growth & other	2.1	11.3	13.4
Closing AUA	106.9	120.6	120.6

Hargreaves Lansdown provides the leading direct wealth management service in the UK. The strength of our brand and diversified offering, by asset class and wrapper, the quality of our customer engagement and service and the strength of our marketing capabilities has allowed us to deliver strong net new customer and net new business growth in the period. These are unprecedented times, but the Group has performed exceptionally through them. The additional scale we have gained in 2020 and our relentless focus on client service positions us well for the structural growth opportunity in the UK savings and investments market.

Net new business for the first half totalled £3.2 billion. This was driven by increased client numbers, continued wealth consolidation onto our platform and strong gross inflows particularly in the second quarter. Throughout this period we have been focused on colleague welfare and have remained open for business. As seen in the initial months of COVID-19 we have continued to see strong growth in net new clients, particularly amongst a younger demographic who were particularly engaged with share dealing.

We introduced 84,000 net new clients to our services in the six months to 31 December 2020 (H1 2020: 50,000, or 32,000 excluding direct book acquisitions), growing our active client base by 6% to 1,496,000. During the 2020 calendar year, this is an increase of 222,000 clients. The average age of new clients is consistent with recent periods, albeit greater in scale, and they are behaving similarly to recent equivalent cohorts in terms of growing their AUA on the platform over time. We are encouraged by this and the additional lifetime value they have brought to the Group as a result.

This increased client population underpins future growth as clients add new money to their accounts, particularly through the use of annual tax free allowances in the SIPP and ISA products. Over a period of time, clients also typically consolidate their investments through transfers onto our platform. This growth was supported by our continued high retention rate 92.9% (H1 2020: 93.3%).

Total AUA increased by 16% to £120.6 billion as at 31 December 2020 (£104.0bn as at 30 June 2020). This was driven by £3.2 billion of net new business (H1 2020: £2.3bn) plus significant positive stock market movements impacting asset values.

### Income Statement

	Unaudited 6 months ended 31 December 2020 £m	Unaudited 6 months ended 31 December 2019 £m	Audited Year to 30 June 2020 £m
Revenue	299.5	257.9	550.9
Operating costs	(112.0)	(89.2)	(214.9)
Fair value gains on derivatives	0.6	1.0	1.7
Finance income	0.8	1.6	2.8
Finance costs	(0.5)	(0.2)	(1.0)
Underlying profit before tax	188.4	171.1	339.5
Gain on disposal	-	-	38.8
Profit before tax	188.4	171.1	378.3
Tax	(36.4)	(31.8)	(65.1)
Profit after tax	152.0	139.3	313.2

### Revenue

Revenue for the period was up 16% to £299.5 million (H1 2020: £257.9m), driven by higher average asset levels and higher share dealing volumes. This increase compares to a decline in the average FTSE All Share of 17%, showing the strength of the Group's net new business performance over the past year and diversified revenue stream. This more than offset a fall in interest on client money as the net interest margin was impacted by the emergency cuts in the base rate of interest in March 2020 and the fall in annual management charges on the HL Funds which fell in line with their lower average asset values. In addition, we no longer have the revenue derived from our FundsLibrary business, which was £4.8 million in the prior period, as it was sold in February 2020.

The table below breaks down revenue, average AUA and margins earned across the main asset classes which our clients hold with us:

	6 months ended 31 December 2020			6 months ended 31 December 2019			Year ended 30 June 2020		
	Revenue	Average AUA	Revenue margin	Revenue	Average AUA	Revenue margin	Revenue	Average AUA	Revenue margin
	£m	£bn	bps	£m	£bn	bps	£m	£bn	bps
Funds <sup>1</sup>	109.7	54.2 <sup>7</sup>	40	109.6	54.6 <sup>7</sup>	40	210.6	52.3 <sup>7</sup>	40
Shares <sup>2</sup>	113.2	39.9	56	45.7	35.0	26	148.5	34.3	43
Cash <sup>3</sup>	32.8	13.2	50	46.0	11.2	82	91.1	12.3	74
HL Funds <sup>4</sup>	29.4	8.0 <sup>7</sup>	73	33.9	9.2 <sup>7</sup>	73	63.6	8.7 <sup>7</sup>	73
Other <sup>5</sup>	14.4	2.5 <sup>6</sup>	-	22.7	1.3 <sup>6</sup>	-	37.1	1.7 <sup>6</sup>	-
Double-count <sup>7</sup>	-	(8.0) <sup>7</sup>	-	-	(9.1) <sup>7</sup>	-	-	(8.6) <sup>7</sup>	-
<b>Total</b>	<b>299.5</b>	<b>109.8<sup>7</sup></b>	<b>-</b>	<b>257.9</b>	<b>102.2<sup>7</sup></b>	<b>-</b>	<b>550.9</b>	<b>100.6<sup>7</sup></b>	<b>-</b>

1 Platform fees and renewal commission.

2 Stockbroking commission and equity holding charges.

3 Net interest earned on client money.

4 Annual management charge on HL Funds, i.e. excluding the platform fee, which is included in revenue on Funds.

5 Advisory fees, Funds Library revenues, Active Savings and ancillary services (e.g. annuity broking, distribution of VCTs and HL Currency and Market Services).

6 Average cash held via Active Savings.

7 HL Funds AUM included in Funds AUA for platform fee and in HL Funds for annual management charge. Total average AUA excludes HL Fund AUM to avoid double-counting.

Revenue on Funds increased marginally to £109.7m (H1 2020: £109.6m) despite the average AUA falling slightly. Funds remain our largest client asset class at 49% of average AUA (H1 2020: 53%), and the revenue margin earned in the period was in line with our expectations at 40bps (H1 2020: 40bps). Revenue margins on Funds have been broadly stable following the completion of the Retail Distribution Review and we continue to expect them to remain at similar levels over the remainder of the financial year. Funds AUA at the end of the period was £59.2 billion (31 December 2019: £55.9bn) due to increased market levels towards the end of the period.

Revenue on Shares increased by 148% to £113.2m (H1 2020: £45.7m) and the revenue margin of 56bps (H1 2020: 26bps) was ahead of the upper end of our expected range. This margin is primarily a result of the ratio of dealing volumes to AUA, and in the period deal volumes have grown 123% whereas the average Shares AUA has grown by 14%. Hargreaves Lansdown is the leading retail stockbroking business in the UK, with a 40.3% share (source: Compeer Limited XO Quarterly Benchmarking Report Q3 2020). This has enabled us to benefit from the growth in share trading across the industry in 2020, amongst both new and existing clients. This trend goes back to December 2019 post the General Election result and which picked up further in light of the COVID-19 pandemic and the associated market falls and lockdown periods. Our guidance for the full year is 45 bps to 60 bps. Whether such elevated dealing volumes continue once lockdowns end, and life returns more to normal is difficult to say. Our focus, however, on engaging with clients, helping to build their financial knowledge and confidence, the breadth of shares available and the ease to invest via our platform may well see a higher base level of dealing volumes than pre COVID-19. Shares AUA at the end of the period was £45.9 billion (31 December 2019: £36.5bn).

Revenue on Cash decreased by 29% to £32.8m (H1 2020: £46.0m) as increased AUA levels were more than offset with a decrease in the net interest margin to 50bps (H1 2020: 82bps). Our communicated expectations at the start of the year were that margins would be within a 40bps to 50bps range for the year. We also highlighted that the margin would fall across the year as the impact of the March 2020 emergency base rate reductions take greater effect. Initially, following the emergency base rate cuts, term rates offered by the banks held up well but in more recent months they have fallen significantly. As a result, guidance for the full year is now in the range of 34bps to 40bps. Given the duration of our term deposits, which can be up to a maximum of 13 months, the impact of falling term deposit rates will be felt more in the year to 30 June 2022. Assuming there are no further rate changes, our initial guidance for that year is 10bps to 15bps. Cash AUA at the end of the period was £12.5 billion (31 December 2019: £11.1bn).

HL Funds consist of ten Multi-Manager funds, on which the management fee is 75bps per annum, and three Select equity funds, on which the management fee is 60bps. Revenue from HL Funds has fallen by 13% this year to £29.4m (H1 2020: £33.9m) due to the average funds under management being 13% lower as a result of market falls and modest net outflows. The fees are collected on a daily basis whereas the Group calculates average AUM on a month end basis, resulting in a headline margin for the period of 73bps (H1 2020: 73bps). Earlier this month we issued the annual Value for Money report on our own fund range. In the report we announced the decision to lower the annual management charge on some of our Multi-Manager funds and introduce further price reductions linked to economies of scale. These price changes are expected to take effect in the last quarter of our financial year. Based on the current fund values, the annualised current loss of revenue is estimated at £3.5 million and hence the margin for this year is now expected to be in the range of 70bps to 74bps and in the following year, where there will be a full-year impact, we anticipate the margin will be in the range of 66bps to 70bps. Please note that the platform fees on these assets are included in the Funds line and hence total average AUA of £109.8 billion (H1 2020: £102.2bn) excludes HL Funds AUM to avoid double-counting. HL Funds AUM at the end of the period was £8.5 billion (31 December 2019: £9.4bn).

Other revenues are made up of advisory fees, Active Savings and ancillary services such as annuity broking, distribution of VCTs and the Hargreaves Lansdown Currency and Market Services. These revenues are primarily transactional and not impacted by market growth. They declined by 37% in the period mainly because of the disposal of FundsLibrary, our data services provider, which made up £4.8 million of the revenue in the comparative period. In addition, advice fees were lower as COVID-19 made it more difficult to engage with existing and prospective new clients. Assets held within Active Savings on the platform and the related revenue are not yet broken out into a separate category in the table above. As highlighted previously we believe it is strategically imperative to capture the scale advantage of being a first mover. Consequently, our focus remains on growing AUA at present. Our chosen route for achieving this in the current low interest rate environment is via reducing our revenue margins to ensure the rates offered on Active Savings are highly competitive. This will attract the new clients and assets into the service that we need to capitalise on the opportunity. As at 31 December 2020 the AUA was £2.9 billion (31 December 2019: £1.6bn).

	<b>Unaudited 6 months ended 31 December 2020 £m</b>	Unaudited 6 months ended 31 December 2019 £m	Audited Year to 30 June 2020 £m
Recurring revenue	<b>193.8</b>	209.9	404.3
Transactional revenue	<b>105.7</b>	43.2	140.1
Other revenue	-	4.8	6.5
<b>Total revenue</b>	<b>299.5</b>	257.9	550.9

The Group's revenues are largely recurring in nature, as shown in the table above. The proportion of recurring revenues has decreased to 65% in the period (H1 2020: 81%) as the transactional stockbroking commission increased significantly versus last year. Recurring revenue is primarily comprised of platform fees on funds and equities, Hargreaves Lansdown fund management fees, interest on client money and ongoing advisory fees. This fell by 8% to £193.8 million (H1 2020: £209.9m) driven by lower interest rates earned on client money, which more than offset the higher platform fees and management fees from higher average AUA levels. Recurring revenues provide greater profit resilience and hence we believe they are of higher quality than non-recurring revenues.

Transactional revenue is primarily made up of stockbroking commission and advisory event-driven fees. This increased by 145% to £105.7 million (H1 2020: £43.2m) with a 162% increase in client driven equity dealing volumes being the key driver.

Other revenue was derived from the provision of funds data services and research to external parties through FundsLibrary, however, this business was sold on 28 February 2020 and hence there is no revenue for this period.

### Operating costs

	<b>Unaudited 6 months ended 31 December 2020 £m</b>	Unaudited 6 months ended 31 December 2019 £m	Audited Year ended 30 June 2020 £m
Staff costs	<b>55.5</b>	50.5	101.2
Marketing and distribution costs	<b>10.5</b>	6.0	23.9
Depreciation, amortisation & financial costs	<b>9.5</b>	8.4	17.6
Other costs	<b>36.1</b>	22.6	58.5
	<b>111.6</b>	87.5	201.2
Total FSCS levy	<b>0.4</b>	1.7	13.7
<b>Total operating costs</b>	<b>112.0</b>	89.2	214.9

Operating costs increased by 27% to £111.6 million (H1 2020: £87.5m) to support higher client activity levels, maintain client service and invest in the significant growth opportunities we see ahead for Hargreaves Lansdown. Focusing on these areas and controlling costs elsewhere has resulted in costs before the FSCS levy being slightly below their H2 2020 equivalent.

Over the past three years we have deliberately invested into our service, marketing capabilities, technology, scalability and efficiency as the Group's focus on client service is core to our success and necessary to capture the structural growth opportunity in the UK savings and investments market. This investment has been validated across the 2020 calendar year by record NNB, record levels of net new clients, increased market shares, attractive client retention rates, the continued development of our product set and growth capabilities and the resilience of our platform through COVID-19.

Key drivers of the cost growth were marketing and distribution. These rose by £4.5 million this period as we capitalised on the opportunity to accelerate new client acquisition. At current revenue margins and activity levels, the £8.6 billion of NNB we have added across 2020 is equivalent to circa £46 million of future annual revenues.

Activity based costs also rose by £6.5 million. These are primarily dealing costs linked to the additional £67 million of Shares revenue and debit card fees linked to elevated levels of cash paid onto the platform.

Looking forward we would anticipate that costs will grow broadly in line with the growth of client numbers. Cost growth in 2020 was marginally ahead of this due to the unusual marketing opportunity to acquire new clients and exceptional dealing volume costs.

Staff costs rose by 10% to £55.5 million (H1 2020: £50.5m). This was predominantly within the service functions of helpdesk and operations, driven by the need to support our increased levels of client activity and contact whilst working in a COVID-19 configuration. Average staff numbers increased by 6% from 1,588 in H1 20 to 1,691 in H1.

Marketing and distribution costs rose by 75% to £10.5 million (H1 2020: £6.0m). This was due to enhanced levels of new client acquisition and higher levels of engagement with our existing client base, key to their ongoing net new business contributions and client retention. As usual, we expect marketing activity to increase in the second half and through the tax year-end, including a brand marketing campaign as per last year.

Depreciation, amortisation and financial costs increased by £1.1 million as a result of higher capital spend in recent years, primarily on our core in-house IT systems, hardware and software for increased employee numbers and the Active Savings platform.

Total capitalised expenditure in the period was £7.9 million (H1 2020: £4.7m). The majority of this expenditure was for cyclical replacement of IT hardware, the continued project to enhance the capacity and capability of our key administration systems and the ongoing development of Active Savings.

Other costs rose by £13.5 million to £36.1 million (H1 2020: £22.6m). The key drivers of this were increased dealing costs of £5.6 million relating to the record dealing volumes and computer maintenance driven by higher employee numbers and enabling so many employees to work from home throughout the period.

The Financial Services Compensation Scheme (FSCS) levy is typically charged in the second half of the year so ordinarily there is no charge in the first half, however, in November 2020 an interim levy of £0.4 million was charged by the FSCS. By comparison, in the prior year, there was an interim levy of £1.5 million and an additional charge of £0.2 million relating to an under accrual of the previous year's levy. The FSCS is the compensation fund of last resort for customers of authorised financial services firms. All authorised firms are required to contribute to the running of the scheme and the levy reflects the cost of compensation payments paid by the industry in proportion to the amount of each participant's relevant eligible income. As usual, the second half of the year will be impacted by the FSCS levy, which for last year resulted in a final net charge of £13.7 million.

#### Profit before tax

Hargreaves Lansdown's success is built around delivering high service standards, efficiently dealing with ever growing volumes of business and investing in further growth opportunities. This investment is key to driving future growth and ensuring we have a scalable operating platform which we believe will be to the benefit of both clients and shareholders across the market cycle. As a result, the Group has grown profit before tax by 10% to £188.4 million (H1 2020: £171.1m).

#### Tax

The effective tax rate for the period was 19.3% (H1 2020: 18.6%), in line with the standard rate of UK corporation tax. The Group's tax strategy is published on our website at <http://www.hl.co.uk>

#### Earnings per share

	<b>Unaudited 6 months ended 31 December 2020 £m</b>	Unaudited 6 months ended 31 December 2019 £m	Audited Year to 30 June 2020 £m
Operating profit	<b>188.1</b>	169.7	337.7
Finance income	<b>0.8</b>	1.6	2.8
Finance costs	<b>(0.5)</b>	(0.2)	(1.0)
Underlying profit before tax	<b>188.4</b>	171.1	339.5
Gain on disposal	-	-	38.8
Profit before tax	<b>188.4</b>	171.1	378.3
Tax	<b>(36.4)</b>	(31.8)	(65.1)
Profit after tax	<b>152.0</b>	139.3	313.2
Weighted average number of shares for the calculation of diluted EPS	<b>474.5</b>	475.6	474.8
Diluted EPS (pence per share)	<b>32.1</b>	29.3	65.9
Underlying diluted EPS (pence per share)	<b>32.1</b>	29.3	57.8

Diluted EPS increased by 9% from 29.3 pence to 32.1 pence, reflecting the Group's positive trading performance. The Group's basic EPS was 32.1 pence, compared with 29.3 pence in H1 2020.

#### Capital and liquidity management

Hargreaves Lansdown looks to create long-term value for shareholders by balancing our desire to deliver profit growth, capital appreciation and an attractive dividend stream to shareholders with the need to maintain a market-leading offering and high service standards for our clients.

The Group seeks to maintain a strong net cash position and a robust balance sheet with sufficient capital and liquidity to fund ongoing trading and future growth, in line with our strategy of offering a lifelong, secure home for people's savings and investments. The Group has a high conversion rate of operating profits to cash and its net cash position at 31 December 2020 was £390.7 million (H1 2020: £317.6 million) as cash generated through trading offset the payments of the 2020 final and special dividends. This includes cash on longer-term deposit and is before funding the 2021 interim dividend of £56.4 million.

The Group has a Revolving Credit Facility agreement with Barclays Bank to provide access to a further £75 million of liquidity. This is currently undrawn and was put in place to further strengthen the Group's liquidity position and increase our cash management flexibility. The Group also funds a share purchase programme to ensure we avoid any dilution from operating our share-based compensation schemes.

Total attributable shareholders' equity, as at 31 December 2020, made up of share capital, share premium, retained earnings and other reserves increased to £500.7 million (H1 2020: £442.5 million) as continued profitability more than offset dividend payments. Included within shareholders' equity are distributable reserves of £500.7 million (H1 2020: £441.0 million).

The Group has four subsidiary companies authorised and regulated by the Financial Conduct Authority ("FCA"). These firms have capital resources at a level which satisfies both their regulatory capital requirements and their working capital requirements and, as a group, we maintain a robust balance sheet retaining a capital base over and above regulatory capital requirements. Further disclosures are published in the Pillar 3 document on the Group's website [www.hl.co.uk/investor-relations/key-financial-data](http://www.hl.co.uk/investor-relations/key-financial-data).

#### **Dividend**

Hargreaves Lansdown has a progressive ordinary dividend policy. The Board considers the dividend on a total basis, with the intention of maintaining the ordinary payout ratio at around 65% across the market cycle and looking to return excess cash to shareholders in the form of a special dividend after the year-end. Any such return will be determined according to market conditions and after taking account of the Group's growth, investment and regulatory capital requirements at the time. The Board is confident that Hargreaves Lansdown has sufficiently strong financial, liquidity and capital positions to execute its strategy without constraints and can operate a sustainable and progressive ordinary dividend policy going forward.

Given the Group's dividend policy, the Board has declared an increased interim dividend of 11.9 pence per share (H1 2020: 11.2 pence per share). The interim dividend will be paid on 8 March 2021 to all shareholders on the register at 12 February 2021.



# Responsibility Statement

## Directors Responsibility Statement

The Directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The Directors of Hargreaves Lansdown plc are listed on page 26 of the Interim Report and Condensed Consolidated Financial Statements 6 months ended 31 December 2020.

By order of the Board:

Philip Johnson  
Chief Financial Officer  
31 January 2021

# ***Independent review report to Hargreaves Lansdown plc***

## **Independent review report of Hargreaves Lansdown plc Report on the consolidated interim financial statements**

### **Our conclusion**

We have reviewed Hargreaves Lansdown plc's consolidated interim financial statements (the "interim financial statements") in the Interim results for the six months ended 31 December 2020 of Hargreaves Lansdown plc for the 6 month period ended 31 December 2020 (the "period"). Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### **What we have reviewed**

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 31 December 2020;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results for the six months ended 31 December 2020 of Hargreaves Lansdown plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 5.1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

## **Responsibilities for the interim financial statements and the review**

### **Our responsibilities and those of the directors**

The Interim results for the six months ended 31 December 2020, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results for the six months ended 31 December 2020 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results for the six months ended 31 December 2020 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What a review of interim financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results for the six months ended 31 December 2020 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London

**Section 1: Results for the period**  
**Condensed Consolidated Income Statement**  
for the period ended 31 December 2020

	Note	Unaudited 6 months ended 31 December 2020 £m	Unaudited 6 months ended 31 December 2019 £m	Audited Year to 30 June 2020 £m
<b>Revenue</b>	1.1	299.5	257.9	550.9
Fair value gains on derivatives		0.6	1.0	1.7
Operating costs	1.3	(112.0)	(89.2)	(214.9)
<b>Operating profit</b>		188.1	169.7	337.7
Finance income		0.8	1.6	2.8
Finance costs	1.5	(0.5)	(0.2)	(1.0)
Other gains	1.4	-	-	38.8
<b>Profit before tax</b>		188.4	171.1	378.3
Tax	1.6	(36.4)	(31.8)	(65.1)
<b>Profit for the period</b>		152.0	139.3	313.2
<b>Attributable to:</b>				
Owners of the parent		152.2	139.2	313.1
Non-controlling interest		(0.2)	0.1	0.1
		152.0	139.3	313.2
<b>Earnings per share (pence)</b>	1.7			
Basic earnings per share		32.1	29.3	66.1
Diluted earnings per share		32.1	29.3	65.9
Underlying basic earnings per share		32.1	29.3	57.9
Underlying diluted earnings per share		32.1	29.3	57.8

The results relate entirely to continuing operations.

After the balance sheet date, the Directors declared an ordinary interim dividend of 11.9 pence per share payable on 8 March 2021 to shareholders on the register at 12 February 2021.

**Condensed Consolidated Statement of Comprehensive Income**  
for the period ended 31 December 2020

	Unaudited 6 months ended 31 December 2020 £m	Unaudited 6 months ended 31 December 2019 £m	Audited Year to 30 June 2020 £m
<b>Profit for the period</b>	152.0	139.3	313.2
<b>Total comprehensive income for the financial period</b>	152.0	139.3	313.2
<b>Attributable to:</b>			
Owners of the parent	152.2	139.2	313.1
Non-controlling interest	(0.2)	0.1	0.1
	152.0	139.3	313.2

**Section 1: Results for the period**  
**Notes to the Condensed Consolidated Statement of Comprehensive**  
**Income**  
**for the period ended 31 December 2020**

**1.1 Revenue**

Revenue represents fees receivable from financial services provided to clients, net interest income on client money and management fees charged to clients. It relates to services provided in the UK and is stated net of value added tax.

The largest source of revenue for the Group encompasses ongoing revenue, which includes platform fees, fund management fees, interest on client money and ongoing advisory fees.

The second largest source is revenue earned at the point of sale on individual transactions and is primarily made up of stockbroking commission and advisory event-driven fees. The price is determined in relation to the specific transaction type and are frequently flat fees.

Other revenue was made up entirely of the provision of funds data services and research to external parties through FundsLibrary, which is no longer part of the Group – see note 2.5 for further details.

	<b>Unaudited 6 months ended 31 December 2020</b>	<b>Unaudited 6 months ended 31 December 2019</b>	<b>Audited Year to 30 June 2020</b>
<b>Revenue</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Platform fees	124.0	121.5	234.4
Fund management fees	29.4	33.9	63.6
Ongoing adviser fees	4.5	5.5	10.2
Interest earned on client money	33.4	46.3	91.2
Renewal commission	2.5	2.7	4.9
Stockbroking commission	101.1	34.7	127.3
Advisory event driven fees	2.3	5.9	8.6
Other transactional income	2.3	2.6	4.2
Other revenue	-	4.8	6.5
<b>Revenue</b>	<b>299.5</b>	<b>257.9</b>	<b>550.9</b>

**1.2 Segment information**

Under IFRS 8, operating segments are required to be determined based upon the way the Group generates revenue and incurs expenses and the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. In the case of the Group, the CODM is considered to be the Executive Committee.

It is the view of the Board and of the Executive Committee that there is only one segment, being the Group – a direct-to-investor investment service administering investments in ISA, SIPP and Fund & Share accounts, providing services for individuals and corporates. Given that only one segment exists, no additional information is presented in relation to it, as it is disclosed throughout these financial statements.

The Group does not rely on any individual customer and so no additional customer information is reported.

**Section 1: Results for the period**  
**Notes to the Condensed Consolidated Statement of Comprehensive**  
**Income**  
**for the period ended 31 December 2020**

**1.3 Operating costs**

	Unaudited 6 months ended 31 December 2020	Unaudited 6 months ended 31 December 2019	Audited Year to 30 June 2020
	£m	£m	£m
<b>Operating costs</b>			
Depreciation	4.3	4.2	8.4
Amortisation	3.1	2.6	5.2
Marketing and distribution costs	10.6	6.0	23.9
Operating lease payables	0.3	0.1	0.1
Office running costs – excluding operating lease payables	0.8	1.7	4.3
FSCS costs	0.4	1.7	13.7
Dealing costs	9.9	4.4	12.8
Other costs	27.1	18.0	45.3
Staff costs	55.5	50.5	101.2
	<hr/>	<hr/>	<hr/>
Operating costs	112.0	89.2	214.9

In the current period operating lease payables include only short term leases due to the adoption of IFRS 16. See note 5.1 for further details. Other costs include data costs, computer maintenance, legal and professional fees, as well as irrecoverable VAT.

**1.4 Other gains**

	Unaudited 6 months ended 31 December 2020	Unaudited 6 months ended 31 December 2019	Audited Year to 30 June 2020
	£m	£m	£m
Gain on disposal of subsidiary	-	-	38.8
	<hr/>	<hr/>	<hr/>
	-	-	38.8

**1.5 Finance costs**

	Unaudited 6 months ended 31 December 2020	Unaudited 6 months ended 31 December 2019	Audited Year to 30 June 2020
	£m	£m	£m
Commitment fees	0.2	0.2	0.3
Interest incurred on lease payables	0.3	-	0.7
	<hr/>	<hr/>	<hr/>
	0.5	0.2	1.0

**Section 1: Results for the period**  
**Notes to the Condensed Consolidated Statement of Comprehensive**  
**Income**  
**for the period ended 31 December 2020**

**1.6 Tax**

	<b>Unaudited 6 months ended 31 December 2020</b>	<b>Unaudited 6 months ended 31 December 2019</b>	<b>Audited Year to 30 June 2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
The tax charge for the period is based on the prevailing standard rate of tax for the year to 30 June 2021 of 19.0% (30 June 2020: 19.0%).			
Current tax - on profits for the period	36.2	32.1	64.9
Current tax - adjustments in respect of prior years	(0.1)	-	0.3
Deferred tax	0.2	(0.3)	0.4
Deferred tax - adjustments in respect of prior years	0.1	-	(0.5)
	<b>36.4</b>	<b>31.8</b>	<b>65.1</b>

In addition to the amount charged to the income statement, certain tax amounts have been charged / (credited) directly to equity as follows:

	<b>Unaudited 6 months ended 31 December 2020</b>	<b>Unaudited 6 months ended 31 December 2019</b>	<b>Audited Year to 30 June 2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Deferred tax relating to share-based payments	0.4	0.1	0.7
Current tax relating to share-based payments	(0.4)	(0.3)	(0.9)
	<b>-</b>	<b>(0.2)</b>	<b>(0.2)</b>

**Section 1: Results for the period**  
**Notes to the Condensed Consolidated Statement of Comprehensive**  
**Income**  
**for the period ended 31 December 2020**

**1.7 Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in free issue during the period, including ordinary shares held in the EBT reserve which have vested unconditionally with employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by assuming the conversion of all dilutive potential ordinary shares.

The weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was nil as at 31 December 2020 (nil at 31 December 2019 and nil at 30 June 2020).

	<b>Unaudited 6 months ended 31 December 2020</b>	<b>Unaudited 6 months ended 31 December 2019</b>	<b>Audited Year to 30 June 2020</b>
<b>Earnings (all from continuing operations)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent Company	152.2	139.2	313.1
<b>Number of shares</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Weighted average number of ordinary shares</b>	474,318,625	474,318,625	474,318,625
Weighted average number of shares held by HL EBT	(528,413)	(122,231)	(527,322)
Weighted average number of share options held in relation to shares held by HL EBT which have vested unconditionally with employees	7,868	369,192	44,555
<b>Weighted average number of shares for the purposes of basic EPS</b>	473,798,080	474,565,586	473,835,858
Weighted average number of dilutive share options held in relation to shares held by HL EBT that have not vested unconditionally with employees	671,254	1,002,809	989,475
<b>Weighted average number of shares for the purpose of diluted EPS</b>	474,469,334	475,568,395	474,825,333
<b>Earnings per share</b>	<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Basic EPS	32.1	29.3	66.1
Diluted EPS	32.1	29.3	65.9
Underlying basic EPS <sup>1</sup>	32.1	29.3	57.9
Underlying diluted EPS <sup>1</sup>	32.1	29.3	57.8

Underlying earnings are defined as the net profit attributable to equity holders of the parent company allowing for deduction of one-off items. For the year ended 30 June 2020 the one-off items deducted are the gains on disposal of Funds Library and the related costs.

**Section 2: Assets & Liabilities**  
**Condensed Consolidated Statement of Financial Position**  
for the period ended 31 December 2020

		Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
	Note	£m	£m	£m
<b>ASSETS:</b>				
<b>Non-current assets</b>				
Goodwill		1.3	1.3	1.3
Other intangible assets	2.1	31.8	22.9	28.0
Property, plant and equipment	2.1	29.5	34.0	33.2
Deferred tax assets		2.5	3.8	3.1
		65.1	62.0	65.6
<b>Current assets</b>				
Trade and other receivables	2.3	1,094.3	795.2	973.2
Cash and cash equivalents	2.4	281.9	184.8	235.9
Investments	2.2	1.0	0.9	0.6
Derivative financial instruments		0.1	0.1	0.1
Current tax assets		0.3	-	0.7
Assets classified as held for sale	2.5	-	13.9	-
		1,377.6	994.9	1,210.5
<b>Total assets</b>		1,442.7	1,056.9	1,276.1
<b>LIABILITIES:</b>				
<b>Current liabilities</b>				
Trade and other payables	2.6	924.7	588.8	696.7
Derivative financial instruments		0.1	-	0.1
Current tax liabilities		-	0.1	-
Liabilities associated with assets classified as held for sale	2.5	-	2.9	-
		924.8	591.8	696.8
<b>Net current assets</b>		452.8	403.1	513.7
<b>Non-current liabilities</b>				
Provisions		0.8	0.7	0.8
Non-current liabilities		-	-	1.0
Lease liabilities		16.4	21.9	19.9
<b>Total liabilities</b>		942.0	614.4	718.5
<b>Net assets</b>		500.7	442.5	557.6
<b>EQUITY:</b>				
Share capital	3.1	1.9	1.9	1.9
Shares held by Employee Benefit Trust		(6.2)	(5.0)	(6.3)
EBT reserve		(3.1)	(0.1)	(1.9)
Retained earnings		509.0	444.2	564.6
<b>Total equity, attributable to the owners of the parent</b>		501.6	441.0	558.3
Non-controlling interest		(0.9)	1.5	(0.7)
<b>Total equity</b>		500.7	442.5	557.6

The principal statements for prior periods have not been restated upon the adoption of IFRS 16 – see note 5.1 for further details.

After the end of the prior period the Group entered into an arrangement that impacted the accounting and presentation for the Groups financial position. See note 2.5 for further details



**Section 2: Assets & Liabilities**  
**Notes to the Condensed Consolidated Statement of Financial Position**  
**for the period ended 31 December 2020**

**2.1 Changes in capital expenditure since the last annual balance sheet date**

**Capital expenditure**

During the six months ended 31 December 2020, the Group acquired fixtures, fittings, plant, equipment and software assets and internally generated intangibles with a cost of £7.9 million (H1 2020: £4.7million, year to 30 June 2020: £15.6 million).

**2.2 Investments**

	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
	£m	£m	£m
At beginning of period	0.6	1.1	1.1
Sales	-	(0.2)	(0.5)
Purchases	0.4	-	-
At end of period	1.0	0.9	0.6
<b>Comprising:</b>			
Current asset investment - UK listed securities valued at quoted market price	1.0	0.9	0.6

£0.9 million (31 December 2019: £0.9 million, 30 June 2020: £0.6 million) of investments are classified as held at fair value through profit and loss. These investments are all level 1 financial instruments in line with the fair value hierarchy under IFRS 7 and there have been no transfers between levels in the period.

**2.3 Trade and other receivables**

	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
	£m	£m	£m
<b>Financial assets:</b>			
Trade receivables	915.2	578.0	663.8
Term deposits	110.0	135.0	230.0
Other receivables	3.7	4.4	2.6
Accrued income	55.5	69.6	64.6
	1,084.4	787.0	961.0
<b>Non-financial assets:</b>			
Prepayments	9.9	8.2	12.2
	1,094.3	795.2	973.2

Trade and other receivables are measured at initial recognition at amortised cost in accordance with IFRS 9. Assessment has been made of the expected credit loss in relation to debtors, as required under IFRS 9, this measure requires assessment of the past default experience for debtors, grouped by type and with reference to available information both historic and forward-looking. No credit losses are expected in relation to these matters.

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £898.6 million (31 December 2019: £529.1 million, 30 June 2020: £640.2 million) are included in trade receivables. These balances are presented net where there is a legal right of offset and the ability and intention to settle net. The gross amount of trade receivables is £1,139.4 million and the gross amount of offset in the balance sheet with trade payables is £213.6 million. Other than counterparty balances trade receivables primarily consist of fees and amounts owed by clients. There are no balances where there is a legal right of offset but not a right of offset in accordance with accounting standards, and no collateral has been posted for the balances that have been offset.

**Section 2: Assets & Liabilities**  
**Notes to the Condensed Consolidated Statement of Financial Position**  
**for the period ended 31 December 2020**

**2.4 Cash and cash equivalents**

	<b>Unaudited at 31 December 2020</b>	<b>Unaudited at 31 December 2019</b>	<b>Audited at 30 June 2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Group cash and cash equivalent balances	280.7	182.6	232.8
Restricted cash - balances held by Hargreaves Lansdown EBT	1.2	2.2	3.1
	<b>281.9</b>	<b>184.8</b>	<b>235.9</b>

Cash and cash equivalents comprise cash on hand and demand deposits held by the Group that are readily convertible to a known amount of cash. The carrying amount of these assets is approximately equal to their fair value.

Included within "Assets classified as held for sale" as at 31 December 2019 were cash and cash equivalents totalling £11.4m, these are classified in the same way as the cash and cash equivalents of the Group. See note 2.5 for further details.

At 31 December 2020 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Conduct Authority amounted to £7,114 million (31 December 2019: £5,634 million, 30 June 2020 £7,506 million). In addition there were cash balances held on behalf of clients not governed by the client money rules of £7,836 million (31 December 2019: £6,600 million, 30 June 2020: £6,254.0 million), which includes monies held in SIPP Trust and in accordance with the Payment Services Regulations 2017. The client retains the beneficial interest in both these deposits and cash accounts and accordingly they are not included in the balance sheet of the Group.

**2.5 Assets classified as held for sale**

In the prior year the Group entered into an arrangement to sell FundsLibrary Ltd. As at 31 December 2019, the Group was committed to the sale of the subsidiary and as such the assets and liabilities of FundsLibrary Ltd were classified as held for sale and are shown separately in the Consolidated Statement of Financial Position. The assets and liabilities of the subsidiary were as shown below:

	<b>Unaudited at 31 December 2019</b>
	<b>£m</b>
<b>Assets:</b>	
Property, plant and equipment	0.7
Intangible assets	0.1
Deferred tax assets	0.2
Trade and receivables	1.5
Cash and cash equivalents	11.4
<b>Total assets</b>	<b>13.9</b>
<b>Liabilities:</b>	
Trade and other payables	2.1
Current tax liabilities	0.5
Non-current lease liabilities	0.3
<b>Total liabilities</b>	<b>2.9</b>
<b>Net assets</b>	<b>11.0</b>

Included in the property, plant and equipment of FundsLibrary Ltd was a right-of-use asset in relation to the offices of the company, carried at £0.4m. Included in trade and other payables were current lease liabilities of £0.2m. The disposal of the subsidiary led to a gain of £38.8m for the Group – further details are available in the Group's annual report.

**Section 2: Assets & Liabilities**  
**Notes to the Condensed Consolidated Statement of Financial Position**  
for the period ended 31 December 2020

**2.6 Trade and other payables**

	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
	£m	£m	£m
<b>Financial liabilities:</b>			
Trade payables	877.4	548.8	637.1
Current lease liabilities	3.7	-	3.3
Accruals	19.7	10.6	22.3
Other payables	18.5	23.1	26.3
	<hr/>	<hr/>	<hr/>
	919.3	582.5	689.0
<b>Non-financial liabilities:</b>			
Deferred income	0.2	0.2	0.4
Social security and other taxes	5.2	5.2	7.3
Short term provisions	-	0.9	-
	<hr/>	<hr/>	<hr/>
	924.7	588.8	696.7

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £846.1 million (31 December 2019: £531.1 million, 30 June 2020: £634.8 million) are included in trade payables. As stated in note 2.3, where we have a legal right of offset and the ability and intention to settle net, trade payable balances have been presented net.

Other payables principally comprise amounts owed to clients as a loyalty bonus and to staff as a bonus, as well as the current element of IFRS 16 lease payables. Accruals and deferred income principally comprise amounts outstanding for trade purchases and revenue received but not yet earned on workplace pension schemes administered on behalf of other groups, where an ongoing service is still being provided.

**Contingencies**

The Group operates in a highly regulated environment and, in the ordinary course of business, has provided information to various authorities as part of informal and formal requests and enquiries. In addition the Group may receive complaints or claims in relation to its services from time to time. There are inherent uncertainties in the outcome of such matters and it is not practicable to estimate the financial impact, if any, on the Group's results or net assets at the period end.

**Section 3: Equity**  
**Condensed Consolidated Statement of Changes in Equity**  
for the period ended 31 December 2020

	Share capital £m	Shares held by EBT £m	EBT reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
<b>At 1 July 2019</b>	1.9	(3.4)	1.5	457.9	<b>457.9</b>	1.4	<b>459.3</b>
Impact of change in accounting policy	-	-	-	(4.1)	<b>(4.1)</b>	-	<b>(4.1)</b>
<b>Revised balance as at 1 July 2019</b>	1.9	(3.4)	1.5	453.8	<b>453.8</b>	1.4	<b>455.2</b>
<b>Total comprehensive income</b>	-	-	-	139.2	<b>139.2</b>	0.1	<b>139.3</b>
<b>Employee Benefit Trust:</b>							
Shares sold during the period	-	3.8	-	-	<b>3.8</b>	-	<b>3.8</b>
Shares acquired in the period	-	(5.4)	-	-	<b>(5.4)</b>	-	<b>(5.4)</b>
Loss on HL EBT share sale	-	-	(2.4)	-	<b>(2.4)</b>	-	<b>(2.4)</b>
Reserve transfer on exercise of share options	-	-	0.8	(0.8)	-	-	-
<b>Employee share option scheme:</b>							
Share-based payments expense	-	-	-	2.0	<b>2.0</b>	-	<b>2.0</b>
Current tax effect of share-based payments	-	-	-	0.3	<b>0.3</b>	-	<b>0.3</b>
Deferred tax effect of share-based payments	-	-	-	(0.1)	<b>(0.1)</b>	-	<b>(0.1)</b>
<b>Dividend paid (note 3.2)</b>	-	-	-	(150.2)	<b>(150.2)</b>	-	<b>(150.2)</b>
<b>At 31 December 2019</b>	1.9	(5.0)	(0.1)	444.2	<b>441.0</b>	1.5	<b>442.5</b>
<b>At 1 July 2020</b>	1.9	(6.3)	(1.9)	564.6	<b>558.3</b>	(0.7)	<b>557.6</b>
<b>Total comprehensive income</b>	-	-	-	152.2	<b>152.2</b>	(0.2)	<b>152.0</b>
<b>Employee Benefit Trust:</b>							
Shares sold during the period	-	6.1	-	-	<b>6.1</b>	-	<b>6.1</b>
Shares acquired in the period	-	(6.0)	-	-	<b>(6.0)</b>	-	<b>(6.0)</b>
Loss on HL EBT share sale	-	-	(4.2)	-	<b>(4.2)</b>	-	<b>(4.2)</b>
Reserve transfer on exercise of share options	-	-	3.0	(3.0)	-	-	-
<b>Employee share option scheme:</b>							
Share-based payments expense	-	-	-	2.3	<b>2.3</b>	-	<b>2.3</b>
Current tax effect of share-based payments	-	-	-	0.4	<b>0.4</b>	-	<b>0.4</b>
Deferred tax effect of share-based payments	-	-	-	(0.4)	<b>(0.4)</b>	-	<b>(0.4)</b>
<b>Dividend paid (note 3.2)</b>	-	-	-	(207.1)	<b>(207.1)</b>	-	<b>(207.1)</b>
<b>At 31 December 2020</b>	1.9	(6.2)	(3.1)	509.0	<b>501.6</b>	(0.9)	<b>500.7</b>

The share premium account represents the difference between the issue price and the nominal value of shares issued.

The shares held by the Employee Benefit Trust ("the EBT") reserve represents the cost of shares in Hargreaves Lansdown plc purchased in the market and held by the Hargreaves Lansdown plc EBT to satisfy options under the Group's share option schemes.

The EBT reserve represents the cumulative loss on disposal of investments held by the Hargreaves Lansdown EBT. The reserve is not distributable by the Company as the assets and liabilities of the EBT are subject to management by the Trustees in accordance with the EBT trust deed.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. The non-controlling interest represents a 7.5% shareholding in Hargreaves Lansdown Savings Limited and in the prior year included a 22% shareholding in Funds Library Limited, both subsidiaries of the Company.

**Section 3: Equity**  
**Notes to the Condensed Consolidated Statement of Changes in Equity**  
**for the period ended 31 December 2020**

3.1 Share capital	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
	£m	£m	£m
<b>Issued and fully paid:</b>			
Ordinary shares of 0.4p	1.9	1.9	1.9
	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>
<b>Issued and fully paid:</b>			
Number of ordinary shares of 0.4p	474,318,625	474,318,625	474,318,625

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

3.2 Dividends paid	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
	£m	£m	£m
<b>Amounts recognised as distributions to equity holders in the period:</b>			
2020 Final dividend of 26.3p per share (2019 – 23.4p)	124.7	110.9	110.9
2020 Special Dividend of 8.3p per share (2019 – 8.3p)	82.4	39.3	39.3
2020 First interim dividend of 11.2p per share	-	-	53.1
<b>Total</b>	<b>207.1</b>	<b>150.2</b>	<b>203.3</b>

The Hargreaves Lansdown Employee Benefit Trust, which held the following number of ordinary shares in Hargreaves Lansdown plc at the date shown, has agreed to waive all dividends.

	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	576,691	447,134	571,856
Representing % of called-up share capital	0.12%	0.09%	0.12%

**Section 4**  
**Condensed Consolidated Statement of Cash Flows**  
**as at 31 December 2020**

	Unaudited at 31 December 2020	Unaudited at 31 December 2019	Audited at 30 June 2020
Note	£m	£m	£m
<b>Net cash from operating activities</b>			
Profit for the period after tax	152.0	139.3	313.2
Adjustments for:			
Income tax expense	36.4	31.8	65.1
Gain on disposal of subsidiary	-	-	(38.8)
Depreciation of plant and equipment	4.3	4.2	8.4
Amortisation of intangible assets	3.1	2.6	5.2
Share-based payment expense	2.4	2.1	3.6
Interest on lease liabilities	0.3	-	0.7
Gain on termination of lease	(0.3)	-	-
Increase in provisions	-	-	0.1
Operating cash flows before movements in working capital	198.2	180.0	357.5
(Increase)/decrease in receivables	(241.1)	(128.1)	(209.6)
(Decrease)/increase in payables	226.5	104.3	208.9
Increase in derivative liabilities	-	-	0.1
Cash generated from operations	183.6	156.2	356.9
Income tax paid	(35.3)	(58.8)	(91.5)
<b>Net cash generated from operating activities</b>	<b>148.3</b>	<b>97.4</b>	<b>265.4</b>
<b>Investing activities</b>			
Decrease/(increase) in term deposits	120	80.0	(15.0)
(Purchase of) / Proceeds on disposal of investments	(0.4)	0.2	0.5
Purchase of property, plant and equipment	(1.3)	(2.1)	(5.8)
Purchase of intangible assets	(6.6)	(2.6)	(10.1)
Proceeds on disposal of subsidiary	-	-	38.2
<b>Net cash from / (used in) investing activities</b>	<b>111.7</b>	<b>75.5</b>	<b>7.8</b>
<b>Financing activities</b>			
Purchase of own shares in EBT	(6.0)	(5.4)	(14.8)
Proceeds on sale of own shares in EBT	1.9	1.4	5.8
Dividends paid to owners of the parent	(207.1)	(150.2)	(203.3)
Payments of principal in relation to lease liabilities	(2.7)	(1.8)	(4.3)
Interest paid on lease liabilities	(0.3)	-	-
<b>Net cash used in financing activities</b>	<b>(214.0)</b>	<b>(156.0)</b>	<b>(216.6)</b>
<b>Net increase in cash and cash equivalents</b>	<b>46.0</b>	<b>16.9</b>	<b>56.6</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>235.9</b>	<b>179.3</b>	<b>179.3</b>
<b>Cash and cash equivalents of Group at end of period</b>	<b>281.9</b>	<b>196.2</b>	<b>235.9</b>
<b>Cash held as part of assets classified as held for sale at end of period</b>	<b>-</b>	<b>(11.4)</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>2.4</b>	<b>184.8</b>	<b>235.9</b>

The adoption of IFRS 16 and adjustments made in relation to the adoption of that standard have had no impact on cash flows. As a result the value of current lease liabilities included in other payables does not impact the change in payables in the current period.

## Section 5

### Other Notes

#### as at 31 December 2020

##### 5.1 Basis of preparation

The consolidated Interim Financial Statements of Hargreaves Lansdown plc for the six months to 31 December 2020 have been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority. The Interim Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, and are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

The financial information contained in these Interim Financial Statements does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. However, the information has been reviewed by the company's auditor, PricewaterhouseCoopers LLP, and their report appears earlier in this document. The financial information for the year ended 30 June 2020 has been derived from the audited financial statements of Hargreaves Lansdown plc for that year, which have been reported on by PricewaterhouseCoopers LLP and delivered to the Registrar of Companies. Copies are available online at [www.hl.co.uk](http://www.hl.co.uk). The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by the way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

##### Going concern

Throughout the period, the Group was debt free, has continued to generate significant cash and has considerable financial resources enabling it to meet its day-to-day working capital requirements.

The Directors have considered the resilience of the Group, taking account of its current financial position, the principal risks facing the business in severe but plausible scenarios and the effectiveness of any mitigating actions. As a consequence, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook and has adequate financial resources to continue in operational existence for a period of at least 12 months from the date of approval of these interim financial statements. They therefore continue to adopt the going concern basis in preparing the consolidated interim financial statements.

The same accounting policies, methods of computation and presentation have been followed in the preparation of the Interim Financial Statements for the six months ended 31 December 2020 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2020.

##### Seasonality of operations

A high proportion of the Group's revenue is derived from the value of assets under administration or management on the HL platform or within HL funds. The values of these assets are influenced predominantly by new business volumes, the stock market and client withdrawals.

Revenues are not considered to be seasonal, with approximately 51% of revenues being earned in the second half of the financial year, based on previous financial years. The Group revenue is, however, sensitive to the impact of net new business inflows during a particular period. Although a Brexit deal has been reached there is still some uncertainty as to the economic consequences of leaving the EU, which combined with the ongoing impact of COVID-19 could have a detrimental effect on client confidence and net new business. If this were to happen there could be a subsequent impact on revenues over the coming months.

##### 5.2 Material events after interim period-end

After the interim balance sheet date, an ordinary interim dividend of 11.9 pence per share (H1 2020: interim dividend 11.2 pence) amounting to a total dividend of £56.4 million (2020: £53.1 million) was declared by the plc Directors. These financial statements do not reflect this dividend payable.

There have been no other material events after the end of the interim period.

##### 5.3 Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 25 to 29 of the Group's Annual Report and Financial Statements 2020, a copy of which is available on the Group's website, [www.hl.co.uk](http://www.hl.co.uk). These remain the principal risks and uncertainties for the second half of this financial year and beyond; the key ones of which are listed below and they are regularly considered by the Board.

##### Operational risks

- Cybercrime, fraud or security breaches in respect of the Group's information, data, software or information technology systems.
- Business continuity event.
- Changing markets and increased competition.

## Section 5

### Other Notes

#### as at 31 December 2020

#### 5.3 Principal risks and uncertainties (continued)

##### Financial risks

- Risk of a decline in earnings due to a decline in interest rates or regulatory changes affecting interest income.
- Fluctuations in the capital markets adversely affecting trading activity and /or the value of the Group's assets under administration.

The Group is exposed to interest rate risk, the risk of sustaining losses from adverse movements in interest bearing assets. These assets comprise cash, cash equivalents and term deposits. At 31 December 2020 the value of such assets on the Group balance sheet was £391.9 million (at 31 December 2019: £331.2 million). A 50bps (0.5%) move in interest rates, in isolation, would therefore, not have a material direct impact on the Group balance sheet or results. This exposure is continually monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings.

As a source of revenue is based on the value of client cash under administration, the Group also has an indirect exposure to interest rate risk on cash balances held for clients. These balances are disclosed in note 2.4 and are not on the Group Statement of Financial Position.

#### 5.4 Related party transactions

The Company has a related party relationship with its Directors and members of the Executive Committee (the "key management personnel"). There were no material changes to the related party transactions during the financial period; transactions are consistent in nature with the disclosure in note 5.6 to the 2020 Annual Report.

#### 5.5 Financial instruments' fair value disclosure

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values. There have been no transfers of assets or liabilities between levels of the fair value hierarchy and there are no non-recurring fair value measurements.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

	Level 1 Quoted prices for similar instruments	Level 2 Directly observable market inputs other than Level 1 inputs	Level 3 Inputs not based on observable market data	Total
	£m	£m		£m
<b>Unaudited at 31 December 2020</b>				
Financial assets at fair value through profit or loss	1.0	-	-	1.0
Derivative financial assets	-	0.1	-	0.1
Derivative financial liabilities	-	(0.1)	-	(0.1)
	1.0	-	-	1.0
<b>Unaudited at 31 December 2019</b>				
Financial assets at fair value through profit or loss	0.9	-	-	0.9
Derivative financial assets	-	0.1	-	0.1
Derivative financial liabilities	-	-	-	-
	0.9	0.1	-	1.0
<b>Audited at 30 June 2020</b>				
Financial assets at fair value through profit or loss	0.5	-	-	0.5
Derivative financial assets	-	0.1	-	0.1
Derivative financial liabilities	-	(0.1)	-	(0.1)
	0.5	-	-	0.5

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. Instruments included in Level 1 comprise primarily equity investments and fund units entered into on a counter-party basis. As such there is no recurring valuation of financial instruments between reporting periods.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data, such as foreign currency exchange rates, where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.



## Glossary of Alternative Performance Measures

Within the Interim Report and Condensed Financial Statements various Alternative Financial Performance Measures are referred to, which are non-GAAP (Generally Accepted Accounting Practice) measures. They are used in order to provide a better understanding of the performance of the Group and the table below states those which have been used, how they have been calculated and why they have been used.

Measure	Calculation	Why we use this measure
Dividend pay-out ratio	The total dividend per share divided by the earnings per share (EPS) for a financial year.	Provides a measure of the level of profits paid out to shareholders and the level retained in the business.
Dividend per share (pence per share)	Total dividend payable relating to a financial year divided by the total number of shares eligible to receive a dividend. Note ordinary shares held in the Hargreaves Lansdown Employee Benefit Trust have agreed to waive all dividends.	Dividend per share is pertinent information to shareholders and investors and provides them with the ability to assess the dividend yield of the Hargreaves Lansdown plc shares.
Operating profit margin	Profits after deducting operating costs but before the impact of finance income and other gains or losses divided by revenue.	Provides a measure of profitability of the core operating activities and excludes non-core items.
Net new business inflows	Represents subscriptions, cash receipts, cash and stock transfers in less cash withdrawals, cash and stock transfers out.	Provides a measure of tracking the success of gathering assets on to the platform over time.
Percentage of recurring revenue (%)	The total value of renewal commission (after deducting loyalty bonuses), platform fees, management fees and interest earned on client money divided by the total revenue.	Provides a measure of the quality of our earnings. We believe recurring revenue provides greater profit resilience and hence it is of higher quality than non-recurring revenue.
Revenue margin (bps)	Total revenue divided by the average value of assets under administration which includes the Portfolio Management Services assets under management held in funds on which a platform fee is charged.	Provides the most comparable means of tracking, over time, the margin earned on the assets under administration and is used by management to assess business performance.
Revenue margin from cash (bps)	Revenue from cash (net interest earned on the value of client money held on the platform divided by the average value of assets under administration held as client money).	Provides a means of tracking, over time, the margin earned on cash held by our clients.
Revenue margin from funds (bps)	Revenue derived from funds held by clients (platform fees, initial commission less loyalty bonus) divided by the average value of assets under administration held as funds, which includes the Portfolio Management Services assets under management held in funds on which a platform fee is charged.	Provides the most comparable means of tracking, over time, the margin earned on funds held by our clients.
Revenue margin from HL Funds (bps)	Management fees derived from HL Funds (but excluding the platform fee) divided by the average value of assets held in the HL Funds.	Provides a means of tracking, over time, the margin earned on HL Funds.
Revenue margin from shares (bps)	Revenue from shares (stockbroking commissions, management fees where shares are held in a SIPP or ISA, less the cost of dealing errors) divided by the average value of assets under administration held as shares.	Provides a means of tracking, over time, the margin earned on shares held by our clients.
Recurring revenue	Revenue that is received every month depending on the value of assets held on the platform including platform fees, management fees and interest earned on client money and represents revenue earned over a period of time.	We believe recurring revenue provides greater profit resilience and hence is of higher quality than non-recurring revenue.
Transactional revenue	Revenue that is non-recurring in nature and dependent on a client instruction such as a deal to buy or sell shares or take advice. This represents revenue earned at a point in time.	Such revenue is not as high quality as recurring revenue but helps to show the diversification of our revenue streams.
Underlying earnings	Profit after tax attributable to equity holders of the parent company adjusted for the existence of other gains outside of the normal course of business, such as the disposal of subsidiaries.	The unadjusted profit after tax includes gains from transactions that are not repeated annually or that may not indicate the true performance of the business.
Underlying basic earnings per share	Underlying earnings divided by the weighted average number of ordinary shares for the purposes of basic EPS.	The calculation of basic earnings per share using unadjusted profit after tax includes those gains that are not consistent from year to year.
Underlying diluted earnings per share	Underlying earnings divided by the weighted average number of ordinary shares for the purposes of diluted EPS.	The calculation of diluted earnings per share using unadjusted profit after tax includes those gains that are not consistent from year to year.
Underlying profit before tax	Profit before tax excluding other gains outside of the normal course of business.	Provides the best measure for comparison of profit before tax between financial periods

## General Information

### EXECUTIVE DIRECTORS

Chris Hill  
Phillip Johnson

### NON-EXECUTIVE DIRECTORS

Deanna Oppenheimer  
Andrea Blance  
Adrian Collins  
Moni Mannings  
Dan Olley  
Roger Perkin  
John Troiano

### COMPANY SECRETARY

Alison Zobel

### INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP, London

### BROKERS

Barclays  
Numis Securities Limited

### REGISTRARS

Equiniti Limited

### REGISTERED OFFICE

One College Square South  
Anchor Road  
Bristol  
BS1 5HL

### REGISTERED NUMBER

02122142

### WEBSITE

[www.hl.co.uk](http://www.hl.co.uk)

### DIVIDEND CALENDAR

	First dividend (interim)
Ex-dividend date*	11 February 2021
Record date**	12 February 2021
Payment date	8 March 2021

\* Shares bought on or after the ex-dividend date will not qualify for the dividend.

\*\* Shareholders must be on the Hargreaves Lansdown plc share register on this date to receive the dividend.