Hargreaves Lansdown plc
Interim results for the six months ended 31 December 2021

Hargreaves Lansdown plc ("HL" or "the Group") today announces interim results for the six month period ended 31 December 2021.

Highlights

- Net new business of £2.3 billion.
- Assets under administration up 17% since 31 December 2020 to £141.2 billion.
- 1,693,000 active clients, an increase of 48,000 since 30 June 2021.
- Interim dividend up 3% to 12.26 pence per share (H1 2021: 11.9p)

Chris Hill, Chief Executive Officer, commented:

In the first half of this financial year, we saw a gradual return to the office and calmer markets which led to more normalised share trading levels, albeit still higher than before the pandemic. Our assets under administration have reached record levels, and we now have a record 1.7 million customers.

As the market leader, with a stronger than ever 43.3% market share, now is the right time to target the broader wealth management market and set a new standard for how the UK saves and invests. At our Capital Markets Day today, we will set out a clear plan for HL's next phase of growth – to redefine wealth management.

Financial highlights	**6 months ended 31 December 2021**	6 months ended 31 December 2020	**Change %**	Year ended 30 June 2021
	(H1 2022)	(H1 2021)		(FY 2021)
Net new business (NNB)	**£2.32bn**	£3.24bn	**-28%**	£8.7bn
Total assets under administration (AUA)	**£141.2bn**	£120.6bn	**+17%**	£135.5bn
Revenue	**£291.1m**	£299.5m	**-3%**	£631.0m
Underlying profit before tax*	**£163.5m**	£188.4m	**-13%**	£366.0m
Profit before tax	**£151.2m**	£188.4m	**-20%**	£366.0m
Underlying diluted earnings per share*	**27.8p**	32.1p	**-13%**	62.5p
Diluted earnings per share	**25.7p**	32.1p	**-20%**	62.5p
Interim dividend per share	**12.26p**	11.9p	**+3%**	11.9p

*Underlying profit before tax and underlying diluted earnings per share are new Alternative Performance Measures which exclude the impact of strategic investment costs. See the Glossary of Alternative Performance Measures on page 29 for the full definitions and pages 9 and 10 where reconciliation to the relevant statutory measures are provided.

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Analyst and Capital Markets Day presentations

Hargreaves Lansdown will be hosting an analyst presentation at 8:00am on 22 February 2022 following the release of these results for the half year ended 31 December 2021. Attendance is by invitation only. Slides accompanying the analyst presentation will be available at www.hl.co.uk/investor-relations and an audio recording of the analyst presentation will be available by close of business on the day.

Hargreaves Lansdown will also be hosting a Capital Markets Day at 10:30am on 22 February 2022. To register for the live webcast please use the following link:
https://www.lsegissuerservices.com/spark/HargreavesLansdownBristol/events/4ace123a-ba0c-4b65-b034-48947ee380d8

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 2021 Annual Report, underlying such forward-looking information.

Unless otherwise stated, all figures below refer to the six months ended 31 December 2021 ("H1 2022"). Comparative figures are for the six months ended 31 December 2020 ("H1 2021"). 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.

LEI Number: 2138008ZCE93ZDSESG90

Chief Executive's Statement

Our client led strategy, with its focus on developing lifelong relationships built upon a market-leading proposition and service, has always provided the foundations for our historic success. These trusted relationships - and consistent focus on the client - remain at the heart of our plans to redefine wealth management. We will be outlining more details of this strategy at our Capital Markets Day this morning.

Retail investors are focused more than ever on building their wealth and financial resilience. They are doing so against a backdrop of significant volatility and uncertainty caused by COVID-19 and the wider macro-economic challenges it has created. In the first half of this financial year we saw a gradual return to the office and calmer markets which led to more normalised share trading levels, albeit still higher than before the pandemic. We also saw signs of a fall in investor confidence as concerns over the Omicron variant and inflation emerged.

First half performance

During the period we generated £2.3 billion (H1 2021: £3.2bn) of net new business, a level similar to the last pre-pandemic period which was itself impacted by adverse macroeconomic news. Our AUA reached a record level of £141.2 billion, a 4% increase over the last six months, and we welcomed 48,000 net new clients, taking our total client base to a record 1.7 million. Our client retention rate increased to 92.7% supported by our focus on client service and engagement; and our market share of the UK Direct to Consumer (D2C) wealth market increased to 43.3%[1].

Despite the macro-economic uncertainty, net revenues of £291.1 million were only slightly down on last year. The end of 2020 was a unique period, with market events like Vaccine Monday that drove record-breaking stockbroking volumes, along with very strong net new client growth and net new business. As management expected, this was not the case in 2021 and we also saw the full impact of the record low interest rates on our revenues. However, the strong performance from fund platform fees (+21%) demonstrates the benefit of our diverse revenue streams and our ability to deliver under various market conditions.

Faced with economic uncertainty, our clients realise the need to take control of their finances. The clients that we have welcomed over the period continue to be high quality, with our latest intake bringing a higher initial value of joining assets compared to the prior year, showing a return to pre-COVID 19 levels of purchasing a fund as their first investment and the biggest proportion (68.8%) of new clients opening an ISA for 5 years. We expect to build trusted and lifelong relationships with these high-quality new clients as we have done with previous cohorts.

In assessing the opportunities for future growth, the acceleration of changes in behaviour during the pandemic, and critical need for clients to engage with their finances, we decided to invest further in establishing the strategic capabilities and technology, as well as the associated compliance and support functions needed to deliver excellent client outcomes at scale and support growth with the next generation of wealth management. As a result, whilst our underlying costs grew by 14% during the last six months, statutory costs which include strategic investment cost increased by 25%. Together with the lower levels of share trading compared to 2020 and lower interest rates, this resulted in statutory profit before tax being 20% lower year-on-year and underlying profit before tax 13% lower year-on-year.

First half client-focused execution

Hargreaves Lansdown is the market leader with 1.7 million clients. Our scale provides significant strategic advantage because of the unique insight that we acquire into their behaviours and needs and how we can then use this continuously to improve how we address those needs and deliver the right outcomes across their lifetimes.

We have built a powerful front-end digital platform to support our clients. The volume of interaction and consistent engagement with our service highlights how digital wealth management stands out from traditional adviser and online trading or investment models. Over the period we had 150 million digital visits, 63 million log-ins to our mobile app and 817,000 calls and emails to our helpdesk. We have a strong appreciation of what content works best to help drive our clients' understanding and engagement – with 1.2 million visitors to the insight and research we provide, and clients spending 6.5 million minutes reading our content in H1. Through this consistent and growing interaction we have built a deep understanding of clients and a service that we constantly adapt to their needs.

This insight into how to engage our clients and provide them with what they need to make saving and investment decisions has helped us introduce new services. In this period, we launched our new Responsible Investment Hub, providing ESG insight and investment ideas for this increasingly important area for clients. We also continued to refine our Active Savings service, which helps clients build diversification options and plays a vital role in the savings market where the rates clients achieve are so important. Active Savings continued to grow in the half, generating £0.6 billion net new business to reach an AUA of £3.7 billion and it now serves over 100,000 clients. We see further opportunities for growth in this service, especially with a potentially rising rates environment, which we will set out today at our Capital Markets Day presentation.

We also use our understanding of how clients want to engage with us to make our own communications with them relevant and effective. This includes new podcast channels, such as our 'Switch your Money On' podcast, and our Better Investors programme that we started during the pandemic. This programme leverages our technology and data to deliver multi-channelled, personalised and targeted communications that increase client engagement with their investments, build understanding of key investment topics and improve confidence in managing their financial futures. The impact of this work is clear, with 30% of clients showing an improved risk score and 40% showing an increased diversification score in their portfolios after the campaign. Our clients know that we are their trusted partner, with the tools and insight to support them on their journey from starting out their portfolios to building their wealth and financial resilience through their lifetime.

Our continuous development, engagement with clients and the data and insight we gather, give us the foundations to deliver a market-leading digital wealth management service, at scale.

Track record of innovation

HL does not stand still. It is just not in our nature, because developing at speed is essential for any market- leading business in a market that is also changing rapidly. In 2016, it was clear that the wealth management market represented a significant and growing opportunity, with the ageing population, increased responsibility on individuals to manage their own retirement savings and a complex savings environment all coming together to drive the importance of providing a service that empowers people to save and invest with confidence.

Over the last five years we have therefore invested to expand our proposition, our digital capabilities and our client service to meet these demands: we have introduced the Lifetime ISA, new Retirement services, the new Select Funds, Active Savings and a new mobile app; and we have invested in our brand to position ourselves strongly in this market: in 2019 we launched the national 'Switch Your Money On' campaign, which helps underpin our strong brand recognition in the D2C investment market and has delivered a 7% increase in awareness in 2021 alone. Our digital platform is omni-channel, from client log-ins of 233 million in 2021 compared to 45 million 5 years ago, to our mobile app where continued investment has ensured best in class ratings and led to 67% of active clients logging in each month and 40% of trades in H1 as more clients use it as their primary channel across the iOS or Android platforms. We have also invested in Governance, Risk Management and Technology – building significant capability and ensuring that HL has robust structures to maintain resilience as we grow.

As a result of this investment, HL has scaled to take advantage of the market growth – our clients have more than doubled from 0.8 million to 1.7 million and assets have more than doubled from £61.7 billion to £141.2 billion. We are the UK's largest retail wealth manager, with the broadest offer in the market, the best insight, best investor experience and a track record of strong returns.

This position and the growth we have seen in recent years and in the latest period would not have been possible without the hard work and dedication of my colleagues. They underpin HL's success and their talent and commitment is key to the execution of our strategy.

Outlook for FY22

Looking ahead to the remainder of our financial year, we are now rapidly approaching the all-important tax year-end season. We enter this period with more clients than ever before, with improved client service levels and greater levels of client engagement. Combined with the launch of our latest national advertising campaign, "Switch Your Money On" we are well placed to increase new clients and net new business above the levels seen in the first half of the year. Such a skew towards an improved second half performance is not new, but what is, are the significant levels of inflation we are currently seeing along with geo-political tension and it is not clear how this may impact on markets and investor confidence in the coming months. As ever though, we will be there to support our clients helping them to navigate such issues and achieve better financial outcomes.

The opportunity: Redefining Wealth Management

The platform and record client base we have built gives us unrivalled insights into our client needs and behaviours and the major trends driving market growth. It is evident to us that the UK wealth management industry is once again at a key inflection point. The size of the market opportunity has never been this significant. Therefore, at our Capital Markets Day we will set out a clear plan for HL's next phase of growth – to redefine wealth management in the UK.

There are five key external drivers of this opportunity:

1. **Underlying market and societal trends have been accelerated by the COVID-19 pandemic.** Individuals and society have been acutely reminded of the importance of financial resilience and the responsibility they hold for managing their own savings and investments. These trends are driving exponential growth in the industry, meaning by 2026 alone the total UK addressable wealth and cash market opportunity will be c£4 trillion and set to grow further. HL's scale, brand awareness, client insight and market -leading service ensures that we are well positioned to support consumers.
2. **Clients' expectations of how they manage and interact with their savings and investments are changing**. Client expectations and demands have been accelerated by the pandemic. They no longer compare just to other wealth managers or financial services companies, but to the customer experience offered by the likes of Amazon. Hargreaves Lansdown has been using its insight and innovating to meet client needs for many years and will invest in these digital, personalised and on-demand technologies to retain its leadership in client service and experience.
3. **Incumbents in the wider wealth market are failing customers:** with expensive adviser fees and confusing, time-consuming and jargon heavy investment providers and services. No one has all the capabilities required. We do. Our digital insight is unmatched in the direct-to-consumer space – we understand what clients want from their wealth management service and the tools they need.
4. **Competition is growing.** Many have recognised the opportunity and a number have sought to enter the UK market in recent years. We are acutely aware of competitors, have a 40 year track record of successfully growing market share in an increasingly crowded market and recognise when we must invest to ensure we maintain our strong position over the long-term.
5. **Regulation is supporting a greater focus on investment.** The regulator has a clear focus on client outcomes and the value of long-term investing: its recent consumer strategy recognises the need for people to participate in markets with a specific target of a '20% reduction in the number of consumers with higher risk tolerance holding over £10k in cash by 2025'. This is equivalent to 1.7 million people. Focus on outcomes and long term investing have long been key principles for Hargreaves Lansdown with our clear purpose to empower clients to save and invest with confidence.

Given this opportunity created by these drivers, we intend to position ourselves and maximise our ability to take advantage of it.

Hargreaves Lansdown was the original disruptor and successfully established the D2C market. The evolvement of our proposition and strategy means now is the right time to target the broader wealth management market and rethink how we set a new standard for how the UK saves and invests.

We will have an even more comprehensive offering, with a greater share of client wallet. We are passionate about transforming the savings and investing experience to support consumers managing their wealth and financial resilience throughout their lifetimes. We seek to provide a personalised experience which uses the best of human expertise, augmented by digital capability and built completely around evolving client needs.

Our clients will benefit from an integrated service: digital tools that help to manage and monitor investments and wealth; intuitive, customised and personalised nudges at scale; expanded investment solutions, new products and unparalleled data and insights, combined with essential human support. The solutions we provide have always changed the way people manage their money. We expect to re-define the landscape again, with the support of a platform with the efficiency and agility to scale to add even more clients and products, at lower long-term service costs.

There are five core elements of our strategy:

1. **Developing our digital backbone:** By investing in more digital capabilities – from data analytics, to transferring data to the cloud, and better managing basic end-to-end client journeys – we will be able to continue to take advantage of the growth to scale our platform to improve both our proposition and service whilst reducing the cost to service, create operating leverage and use the infinite scalability of the cloud. More automation and digitisation supports client service, innovation, reduced errors and the risk of downtime. Increased efficiency, higher client retention and reduced cost to serve, is part of our guidance today.
2. **Leveraging data-driven insights for clients:** Our agile teams will capitalise on the highly scalable and secure digital backbone, allowing them to leverage data insights and build new products and services faster than ever before. This investment in digital analytics and data will help us offer an increasingly tailored, faster and seamless omnichannel client experience, allowing clients to move their wealth to the right products, adopting the 'buy it now' ease of our favourite retailers and benefiting from timely personalised nudges that create better outcomes. Data will be used to drive efficiency in all our processes, ensuring that we have more time to engage our clients in high value conversations.
3. **Rapidly expanding our Investment Solutions:** We will launch 19 new funds by 2024, and new ESG funds will be a critical part of this expanded offer. The new HL Fund capabilities and suite of solutions will provide a wide range of cost competitive choices, tailored for investor experience and investment objectives. This will drive significant increases in the proportion of our clients' assets that are held in HL Funds over time and support enhanced net new business as new clients bring money on to our platform. By 2024 we also expect to have practical new tools including Portfolio Health Checks and tools to help build Portfolios.
4. **Accelerating Active Savings:** Given the outlook for UK interest rates, our existing cash savings offer is set for significant growth to help our clients diversify. We will grow the assets held with strong new bank partnerships, better functionality, increased marketing to existing HL clients and the general public and a clearer transition to our Savings service, so we have the best and most complete offer available.
5. **Creating the best digital and human advice service:** We will build a new omni-channel advice proposition that combines the best of human interaction and our 40 years of insight into clients' needs, augmented by better data analytics and digital capabilities to provide a game-changing proposition. With the new HL Advice offering we aim to bridge the gap from D2C to Advice and offer an integrated service with a platform that helps our clients manage key life events and adapts to their current needs. This expansion will lead to a higher share of wallet as clients consolidate their savings and investments with us and increase retention as more choose to build lifelong relationships because we can help at all the key financial moments that matter. We expect to have a phased launch of this proposition commencing from FY24, enabled by access to Open Finance as it develops.

Guidance - Growth

Our delivery on each of these initiatives will help deliver sustainable NNB growth driven by a client base c50% bigger than today's, together with operating leverage and market-leading margins. Our investment will enable us to add more clients and services at lower cost over time.

Specifically in the presentation today we will provide the following, more detailed guidance:

- We will see gradual growth in NNB to high-single digits as a % of opening AUA by FY24 and then rising to c10% by FY26 on a sustainable basis resulting in NNB of c£20 billion in FY26.
- Between now and FY26, we expect client retention to gradually increase as the proposition and service are further improved.
- We will simultaneously drive improved client acquisition to achieve a client base of c2.1 million by FY24 and c2.6 million by FY26.
- We will drive an increasing share of AUA into HL Funds, reaching over 20% of funds AUA managed by HL by FY26.
- Whilst we will continue to provide our yearly revenue margin guidance, reflecting the changing mix of business and a competitive environment, we have assumed a blended overall revenue margin that is c42-44bps from FY23 through the medium term.

Guidance - Costs

To deliver on this significant growth opportunity, we plan to invest in our platform, notably on technology spend and key capabilities over the next five years.

<u>Transparency on Investment and legacy costs</u>

- Over the 5 years from FY22 to FY26 we will undertake Investment Spend of £175 million to deliver on our strategy split as follows (FY22 c£35m, FY23 c£65m, FY24 c£45m, FY25 c£25m and FY26 c£5m).
- Our investment will deliver annual ongoing cost savings that build up to £55m over the period of investment and fund circa 80% of the investment spend.
- For the period of FY22 to FY25 we will have additional Dual Tech System Costs as we move from legacy to new systems split out as follows (FY22 c£10m, FY23 c£20m, FY24 c£15m and FY25 c£5m).

<u>Underlying costs</u>

Looking ahead, it is anticipated that the strategic investment costs and dual running costs will continue until the financial year ending June 2026. Therefore to provide better clarity on our performance, we will provide guidance and additional disclosure of results on an underlying basis (excluding investment costs, dual tech system running costs and the cost of expanding associated compliance, infrastructure and support functions).

- On an underlying basis we expect cost growth of c13% in the current year. For FY23 to FY25 we expect cost growth to be c8.0-9.5% p.a. falling gradually across the three years, before settling at c7-8% by FY26 on a sustainable basis reflecting the growth of clients and the development needed to maintain a market leading position in a competitive, regulated environment.
- This results in reducing the cost to serve from low 20s (bps of AUA) in FY22 to high teens by FY26.

Guidance – Operating Margins

The revenue and cost guidance I have outlined will ensure we are able to drive improved and sustainable operating margins.

- We expect underlying operating margins to improve from low 50s in FY23 to c55%+ by FY26 on a sustainable basis.
- We will operate with positive underlying jaws (i.e. revenue growth exceeding underlying cost growth) from FY23 onwards.
- On a statutory basis, we expect statutory operating margin to improve from mid-40s in FY23, rising to c55% by FY26 on a sustainable basis. We will operate with positive jaws (i.e. revenue growth exceeding cost growth) on a run rate basis as we exit FY23 onwards.

Dividend

The Board has declared an ordinary interim dividend of 12.26 pence per share, up 3% on the 11.9p per share declared last year. Through FY22 and FY23 we will fund the planned investment spend, in part, through the suspension of our special dividend but will reinstate it from FY24 onwards. We will maintain a 3% p.a. growth rate in our ordinary dividend for FY22 and FY23 whilst the special dividend is suspended, reflecting the confidence the Board and management have in the company's financial and strategic outlook.

Looking forward

Hargreaves Lansdown was the original disruptor and now is the right time to target the broader wealth management market. Few companies have the capabilities we have to transform the saving and investment experience. Our comprehensive digital wealth management service will help clients manage through key events and sustain lifelong relationships. As such we will ensure strong and sustainable growth, scalability and shareholder returns into the future.

Chris Hill
Chief Executive Officer

1. Source – Platforum UK D2C Market Update, February 2022.

Financial Review

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

	Unaudited 3 months to 30 September 2021	Unaudited 3 months to 31 December 2021	**Unaudited 6 months ended 31 December 2021**
Opening AUA	135.5	138.0	**135.5**
Net New Business	1.3	1.0	**2.3**
Market growth & other	1.2	2.2	**3.4**
Closing AUA	138.0	141.2	**141.2**

Hargreaves Lansdown provides the leading direct digital wealth management service in the UK. The strength of our brand and diversified offering, by asset class and wrapper, the quality of our client engagement and service and the strength of our marketing capabilities has allowed us to deliver robust net new client and net new business growth in the period. The Covid uncertainties have continued, but the Group has retained its focus on growing clients and assets through a high quality and engaging offering. The additional scale we have gained in 2021 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 £2.3 billion. This was driven by increased client numbers, continued wealth consolidation onto our platform and inflows from existing clients. The prior year comparative period saw a real benefit of impetus in net new business and net new clients as a result of Vaccine Monday on 9 November 2020 with the announcement of the Pfizer vaccine and the wave of hope this brought. In addition, net flows into Active Savings were boosted by the slashing of interest rates being paid by NS&I on their cash savings accounts. Such beneficial factors did not occur this year and the ongoing uncertainty of Covid and the new Omicron variant has hampered investor confidence. Throughout the period, however, we have maintained our focus on engaging with clients and helping them to navigate these uncertain times and improve their financial resilience. This focus combined with the quality of service and breadth of proposition is key to building long-term client relationships.

We introduced 48,000 net new clients to our services in the six months to 31 December 2021 (H1 2021: 84,000), growing our active client base by 3% to 1,693,000. During the 2021 calendar year, we had an increase of 197,000 clients. The average age of new clients remains consistent with recent periods and they are behaving similarly to pre-Covid cohorts of new clients in terms of growing their AUA on the platform over time. We are encouraged by the quality of clients we are adding and the additional lifetime value they have brought to the Group as a result.

This increased population of quality clients underpins future growth, as they 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 of 92.7% in the period, an improvement on the 92.1% seen for the financial year of 2021.

Total AUA increased by 4% to £141.2 billion as at 31 December 2021 (£135.5bn as at 30 June 2021). This was driven by £2.3 billion of net new business (H1 2021: £3.2bn) plus positive stock market movements impacting asset values.

Income Statement

	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Revenue	**291.1**	299.5	631.0
Fair value gains on derivatives	**-**	0.6	0.6
Operating costs	**(139.9)**	(112.0)	(266.0)
Finance and other income	**0.4**	0.8	1.4
Finance costs	**(0.4)**	(0.5)	(1.0)
Profit before tax	**151.2**	188.4	366.0
Strategic investment costs	**12.3**	-	-
Underlying profit before tax*	**163.5**	188.4	366.0
Tax	**(29.2)**	(36.4)	(69.7)
Profit after tax	**122.0**	152.0	296.3
Tax on underlying profit*	**(31.6)**	(36.4)	(69.7)
Underlying profit after tax*	**131.9**	152.0	296.3

*Underlying profit before tax, Tax on underlying profit, and Underlying profit after tax for the period exclude strategic investment costs of £12.3 million. See the Glossary of Alternative Performance Measures on page 29 for the full definition. Prior period comparatives are provided on the same basis as they were reported prior to the introduction of the new alternative performance measures.

Revenue

Revenue for the period was down 3% to £291.1 million (H1 2021: £299.5m), driven by lower share dealing revenue as some of the more extreme trading volumes during Covid were not repeated and by lower interest on client money as the full impact of the emergency cuts to the base rate of interest were felt. Both of these factors were expected by management and were partly offset by higher average asset values and the benefit that brings in higher platform and management fees. Once again this shows the benefits of our diversified revenue stream and how revenues can be maintained across varying market conditions.

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 2021			6 months ended 31 December 2020			Year ended 30 June 2021		
	Revenue £m	**Average AUA £bn**	**Revenue margin bps**	Revenue £m	Average AUA £bn	Revenue margin bps	Revenue £m	Average AUA £bn	Revenue margin bps
Funds[1]	**133.2**	**68.1[7]**	**39**	109.7	54.2[7]	40	232.9	58.5[7]	40
Shares[2]	**101.8**	**54.5**	**37**	113.2	39.9	56	258.0	45.1	57
Cash[3]	**11.3**	**12.8**	**18**	32.8	13.2	50	50.7	13.0	39
HL Funds[4]	**31.4**	**9.1[7]**	**69**	29.4	8.0[7]	73	60.7	8.4[7]	72
Other[5]	**13.4**	**3.5[6]**	**-**	14.4	2.5[6]	-	28.7	2.8[6]	-
Double-count[7]	**-**	**(9.0)[7]**	**-**	-	(8.0)[7]	-	-	(8.3)[7]	-
Total	**291.1**	**139.0[7]**	**-**	299.5	109.8[7]	-	631.0	119.5[7]	-

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, revenue from 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 by 21% to £133.2m (H1 2021: £109.7m) driven by the increase in average AUA. Funds remain our largest client asset class at 49% of average AUA (H1 2021: 49%), and the revenue margin earned in the period was in line with our expectations at 39bps (H1 2021: 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 £69.0 billion (31 December 2020: £59.2 billion).

Revenue on Shares decreased by 10% to £101.8m (H1 2021: £113.2m) and the revenue margin of 37bps (H1 2021: 56bps) was within our expected range. This margin is primarily a result of the ratio of dealing volumes to AUA, and in the period deal volumes fell by 18%, whereas the average Shares AUA has grown by 37% thanks to net inflows and a recovery on the markets. The drop in deal volumes and revenues year on year primarily relates to the significant boost seen in November and December of H1 2021 on the back of Pfizer announcing the success of their vaccine trials. Deal volumes were in line with management expectations of c40,000 deals per trading day and if we compare deal volumes to the 6 months ended 31 December 2019, they are 83% higher, indicating that they appear to have rebased much higher than pre-Covid levels.

As the UK's largest Wealth Management service with 1.7 million active clients and a market leading app giving access to both UK and overseas shares, we are well placed to benefit from any market volatility and future growth in share trading across the industry. We remain the market leader in terms of UK stockbroking volumes with a 40.1% share (source: Compeer Limited XO Quarterly Benchmarking Report Q3 2021). Our guidance for the full year remains as 35 bps to 45 bps. Shares AUA at the end of the period was £55.2 billion (31 December 2020: £45.9bn).

Revenue on Cash decreased by 66% to £11.3m (H1 2021: £32.8m) as the net interest margin fell from 50bps to 18bps. This is in line with our communicated expectations of between 15bps and 20bps given at the full year results announcement on 9 August 2021. Net interest margin has been impacted by the emergency base rate cuts in March 2020 from 0.75% to an all-time low of 0.10%. Term rates offered by the banks initially held up well but fell dramatically a few months later. With the majority of the clients' SIPP money placed on rolling 13 month term deposits, and non-SIPP money on terms of up to 95 days, the full impact of the rate fall took over a year to flow through and the peak of its impact has been in this period as expected.

As we progressed through the first half of our year, expectations of interest rate rises gained momentum until on 16 December we saw the base rate increase from 0.10% to 0.25% and a further increase from 0.25% to 0.50% on 3 February. This is beneficial to our revenues but in part it depends on whether the banks we place deposits with pass on the rate increase plus the fact that it takes 13 months to fully see the upside of such rate increases. Assuming there are no further rate changes, our revised guidance for this financial year is 20bps to 25bps. Cash AUA at the end of the period was £13.1 billion (31 December 2020: £12.5bn).

HL Funds consist of ten Multi-Manager funds, on which the management fee ranges from 60bps to 75bps per annum, and three Select equity funds, on which the management fee is 60bps. Although the average funds under management were up 14% versus last year, the revenue from HL Funds only increased by 7% to £31.4m (H1 2021: £29.4m) as previously announced price cuts took effect from 28 June 2021. These price cuts were initially announced in January 2021 as part of the annual Value for Money report on our own fund range and included cuts to the annual management charge on some of the Multi-Manager funds and the introduction of price reductions linked to economies of scale. 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 69bps (H1 2021: 73bps), which was in line with expectations. The margin guidance for the full year is maintained as 66bps to 70bps. Please note that the platform fees on these assets are included in the Funds line and hence total average AUA of £139.0 billion (H1 2021: £109.8bn) excludes HL Funds AUM to avoid double-counting. HL Funds AUM at the end of the period was £9.1 billion (31 December 2020: £8.5bn).

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 7% in the period mainly because of lower advisory charges. Assets held within Active Savings on the platform are shown in the table above but the related revenue is not yet broken out into a separate category in the table. 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 2021 the AUA was £3.8 billion (31 December 2020: £2.9bn) and we had just over 100,000 clients with an Active Savings account.

	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Ongoing revenue	**201.1**	193.8	390.5
Transactional revenue	**90.0**	105.7	240.5
Total revenue	**291.1**	299.5	631.0

The Group's revenues are largely ongoing in nature, as shown in the table above. The proportion of ongoing revenues has increased to 69% in the period (H1 2021: 65%) as the transactional stockbroking commission decreased versus last year's record levels. Ongoing 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 increased by 4% to £201.1 million (H1 2021: £193.8m) driven by higher platform fees and management fees from higher average AUA levels, which more than offset the fall in interest on client money from lower interest rates earned. Ongoing revenues provide greater profit resilience and hence we believe they are of higher quality than transactional revenues.

Transactional revenue is primarily made up of stockbroking commission and advisory event-driven fees. This decreased by 15% to £90.0 million (H1 2021: £105.7m) with a 24% decrease in client driven equity dealing volumes being the key driver.

Underlying operating costs*

	Unaudited 6 months ended 31 December 2021 £m	**Unaudited 6 months ended 31 December 2021 £m**	**Unaudited 6 months ended 31 December 2021 £m**	Unaudited 6 months ended 31 December 2020 £m	Audited Year ended 30 June 2021 £m
	Underlying cost	**Strategic element**	**Operating cost**	Operating cost	Operating cost
Staff costs	**67.6**	**6.0**	**73.6**	55.5	119.8
Marketing and distribution costs	**9.1**	**-**	**9.1**	10.5	28.3
Depreciation and amortisation	**7.5**	**-**	**7.5**	7.4	16.2
Activity costs	**13.6**	**-**	**13.6**	16.1	35.6
Third party data and technology	**11.2**	**2.7**	**13.9**	10.1	22.8
Other costs	**18.6**	**3.6**	**22.2**	12.0	29.4
Total costs (pre-FSCS)	**127.6**	**12.3**	**139.9**	111.6	252.1
Total FSCS levy	**-**	**-**	**-**	0.4	13.9
Total costs*	**127.6**	**12.3**	**139.9**	112.0	266.0

*Underlying costs excludes £12.3 million of strategic investment costs. See the Glossary of Alternative Performance Measures on page 29 for the full definition. Prior period comparatives are provided on the same basis as they were reported prior to the introduction of the new alternative performance measures. They are used as the comparative reference points in the discussion on cost performance below.

Underlying costs increased by 14% to £127.6 million (H1 2021: £112.0m) as we continued to support an ever growing client base and delivered an improved client service. The average number of clients across the period was 15% higher than in H1 2021. 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 period by robust net new business, net new clients, increased market share, attractive client retention rates, improved client satisfaction and NPS scores.

The key driver of cost growth was staff costs, which rose by 22% to £67.6 million (H1 2021: £55.5m). This was predominantly within the service functions of helpdesk and operations, driven by the need to support our increased levels of clients whilst working in a COVID-19 configuration. Average staff numbers increased by 14% from 1,701 in H1 21 to 1,939 in H1 22. Salary inflation has also had an impact of c4%.

Marketing and distribution costs fell by 13% to £9.1 million (H1 2021: £10.5m). During the period we were more targeted with our client acquisition spend. In addition we did no cash back transfer incentive in the period whereas we did last year. 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.

Total capitalised expenditure in the period was £5.3 million (H1 2021: £7.9m). 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. Depreciation and amortisation costs increased by just £0.1 million.

Activity based costs primarily include dealing related costs and debit card fees linked to cash paid onto the platform. Overall they fell by 16% to £13.6 million (H1 2021: £16.1m). This was driven by an 18% reduction in share dealing volumes.

Third party data and technology costs increased by 11% to £11.2 million (H1 2021: £10.1m). This was driven by the increase in employee numbers and enabling so many of them to work from home with appropriate hardware and software across the period, plus additional data costs incurred in providing our proposition.

Other costs rose by £6.6 million to £18.6 million (H1 2021: £12.0m). The key drivers of this were legal fees and other professional fees incurred as we have continued to ensure we have appropriate governance, oversight and risk management to match our growth and future ambitions.

Strategic investment costs to date comprise staff (including contractors) costs and professional fees relating to the planning and commencement of the digital technology strategy and strategic growth initiatives, along with associated compliance, infrastructure and support costs.

Looking ahead to the second half of the year, we expect underlying costs to be up year-on-year similar to the first half, such that overall underlying costs for FY22 are c13% higher than FY21.

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. 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 £13.9 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. Today, at our Capital Markets Day, we will be outlining the future vision of Hargreaves Lansdown, the improvements to the client service and proposition, the growth we intend to deliver and the strategic investment that we will be making. This strategic investment has already begun and these costs incurred in H1 are in addition to the business as usual or underlying costs of the business. The table below reconciles the underlying profit before tax to the statutory profit before tax. On an underlying basis the profit before tax fell by 13% to £163.5 million (H1 2021: £188.4m). On a statutory basis profit before tax fell by 20% to £151.2 million (H1 2021: £188.4m).

	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Profit before tax	**151.2**	188.4	366.0
Strategic investment costs	**12.3**	-	-
Underlying profit before tax*	**163.5**	188.4	366.0

*Underlying profit before tax for the period excludes £12.3 million of strategic investment cost. See the Glossary of Alternative Performance Measures on page 29 for the full definition. Prior period comparatives are provided on the same basis as they were reported prior to the introduction of the new alternative performance measure.

Strategic investment costs to date comprise staff costs and professional fees relating to the planning and commencement of the digital technology strategy and strategic growth initiatives, along with associated compliance, infrastructure and support costs. Looking ahead, as part of the strategy we will also incur the cost of running dual technology systems in parallel during the period of transformation. It is anticipated that the strategic investment cost and dual running costs will continue until the financial year ending June 2026. In order to provide clarity in the business performance, the strategic investment cost and dual running costs will be added back to statutory profit before tax to get an underlying profit before tax measure.

Tax

The effective tax rate for the period was 19.3% (H1 2021: 19.3%), 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

	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Operating profit	**151.2**	188.1	365.6
Finance income	**0.4**	0.8	1.4
Finance costs	**(0.4)**	(0.5)	(1.0)
Profit before tax	**151.2**	188.4	366.0
Underlying profit before tax*	**163.5**	188.4	366.0
Tax	**(29.2)**	(36.4)	(69.7)
Profit after tax	**122.0**	152.0	296.3
Tax on underlying profit*	**(31.6)**	(36.4)	(69.7)
Underlying profit after tax*	**131.9**	152.0	296.3
Weighted average number of shares for the calculation of diluted EPS	**474.5**	474.5	474.5
Diluted EPS (pence per share)	**25.7**	32.1	62.5
Underlying diluted EPS (pence per share)*	**27.8**	32.1	62.5

*Underlying profit before tax, Tax on underlying profit before tax, Underlying profit after tax and Underlying diluted EPS for the period exclude strategic investment costs of £12.3 million. See the Glossary of Alternative Performance Measures on page 29 for the full definitions. Prior period comparatives are provided on the same basis as they were reported prior to the introduction of the new alternative performance measures.

Diluted EPS decreased by 20% from 32.1 pence to 25.7 pence, in line with the Group's fall in profits. The Group's basic EPS was 25.8 pence, compared with 32.1 pence in H1 2021.

By removing the strategic investment cost the underlying diluted EPS decreased by 13% from 32.1 pence to 27.8 pence. The Group's underlying basic EPS was 27.9 pence compared to 32.1 pence (see Glossary of Alternative Performance Measures on page 29 for the full definition).

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 attracting, engaging and retaining clients and 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 2021 was £432.8 million (H1 2021: £390.7 million) as cash generated through trading offset the payments of the 2021 final and special dividends. This includes cash on longer-term deposit and is before funding the 2022 interim dividend of £58.1 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 2021, made up of share capital, share premium, retained earnings and other reserves increased to £534.6 million (H1 2021: £500.7 million) as continued profitability more than offset dividend payments. Included within shareholders' equity are distributable reserves of £534.6 million (H1 2021: £500.7 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.

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.

As announced today the Group will be undertaking an estimated £175 million of strategic investment cost to deliver future growth and operational efficiencies. In part, the funding for this investment will come from the suspension of any special dividends through FY22 and FY23 before we look to reinstate it from FY24 onwards. The Board, however, is confident that Hargreaves Lansdown has sufficiently strong financial, liquidity and capital positions to execute its strategy without constraints and hence has committed that the ordinary dividend will grow by at least 3% throughout the period to FY24.

Given the Group's dividend policy, the Board has declared an increased interim dividend of 12.26 pence per share (H1 2021: 11.9 pence per share). The interim dividend will be paid on 1 April 2022 to all shareholders on the register at 4 March 2022.

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 31 of the Interim Report and Condensed Consolidated Financial Statements 6 months ended 31 December 2021.

By order of the Board:

Chris Hill
Chief Executive Officer
21 February 2022

Independent review report to Hargreaves Lansdown plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hargreaves Lansdown plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results for the six months ended 31 December 2021 of Hargreaves Lansdown plc for the 6 month period ended 31 December 2021 (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 issued by the IASB 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 2021;
- 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 2021 of Hargreaves Lansdown plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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 2021, 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 2021 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 2021 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 2021 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Independent review report to Hargreaves Lansdown plc

PricewaterhouseCoopers LLP
Chartered Accountants
London
21 February 2022

Section 1: Results for the period

Condensed Consolidated Income Statement

for the period ended 31 December 2021

	Note	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Revenue	1.1	**291.1**	**299.5**	**631.0**
Fair value gains on derivatives		-	0.6	0.6
Operating costs	1.3	(139.9)	(112.0)	(266.0)
Operating profit		**151.2**	**188.1**	**365.6**
Finance income		0.4	0.8	1.4
Finance costs	1.4	(0.4)	(0.5)	(1.0)
Profit before tax		**151.2**	**188.4**	**366.0**
Tax	1.5	(29.2)	(36.4)	(69.7)
Profit for the period		**122.0**	**152.0**	**296.3**
Attributable to:				
Owners of the parent		122.2	152.2	296.7
Non-controlling interest		(0.2)	(0.2)	(0.4)
		122.0	152.0	296.3
Earnings per share (pence)	1.6			
Basic earnings per share		25.8	32.1	62.6
Diluted earnings per share		25.7	32.1	62.5

The results relate entirely to continuing operations.

After the balance sheet date, the Directors declared an ordinary interim dividend of 12.26 pence per share payable on 1 April 2022 to shareholders on the register at 4 March 2022.

Condensed Consolidated Statement of Comprehensive Income

for the period ended 31 December 2021

	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Profit for the period	122.0	152.0	**296.3**
Total comprehensive income for the financial period	122.0	152.0	**296.3**
Attributable to:			
Owners of the parent	122.2	152.2	296.7
Non-controlling interest	(0.2)	(0.2)	(0.4)
	122.0	152.0	296.3

Section 1: Results for the period
Notes to the Condensed Consolidated Statement of Comprehensive Income
for the period ended 31 December 2021

1.1 Revenue

Revenue represents fees receivable from financial services provided to clients, management fees charged to clients and net interest income on client money (see note 2.4 for further details regarding money held on behalf of 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.

	Unaudited 6 months ended 31 December 2021	Unaudited 6 months ended 31 December 2020	Audited Year to 30 June 2021
Revenue	**£m**	**£m**	**£m**
Platform fees	150.8	124.0	263.7
Fund management fees	31.4	29.4	60.8
Ongoing adviser fees	4.3	4.5	9.0
Interest earned on client money	12.0	33.4	51.9
Renewal commission	2.6	2.5	5.1
Stockbroking commission	86.2	101.1	231.6
Advisory event driven fees	2.0	2.3	5.1
Other transactional income	1.8	2.3	3.8
Revenue	291.1	299.5	631.0

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 2021

1.3 Operating costs

Operating costs	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Depreciation	4.5	4.3	9.0
Amortisation	3.0	3.1	6.1
Impairment of intangible assets	-	-	1.1
Marketing and distribution costs	9.1	10.5	28.3
Short term lease costs	-	0.1	0.1
Office running costs – excluding short term leases	2.0	1.9	4.9
FSCS costs	-	0.4	13.9
Dealing and financial services costs	13.6	16.1	35.6
Data and technology costs	13.9	10.1	22.8
Other costs	20.1	10.0	24.4
Staff (including contractors) costs	73.7	55.5	119.8
Operating costs	139.9	112.0	266.0

Short term lease costs relate only to those leases considered “short-term” as defined by IFRS 16. Other costs include legal and professional fees, telephone and insurance costs, as well as irrecoverable VAT.

1.4 Finance costs

	Unaudited 6 months ended 31 December 2021 £m	Unaudited 6 months ended 31 December 2020 £m	Audited Year to 30 June 2021 £m
Commitment fees	0.2	0.2	0.3
Interest incurred on lease payables	0.2	0.3	0.7
	0.4	0.5	1.0

Section 1: Results for the period
Notes to the Condensed Consolidated Statement of Comprehensive Income
for the period ended 31 December 2021

1.5 Tax

	Unaudited 6 months ended 31 December 2021	Unaudited 6 months ended 31 December 2020	Audited Year to 30 June 2021
	£m	£m	£m

The tax charge for the period is based on the prevailing standard rate of tax for the year to 30 June 2022 of 19.0% (30 June 2021: 19.0%).

Current tax - on profits for the period	29.3	36.2	70.4
Current tax - adjustments in respect of prior years	(0.1)	(0.1)	(0.1)
Deferred tax	0.1	0.2	(0.6)
Deferred tax - adjustments in respect of prior years	(0.1)	0.1	-
	29.2	36.4	69.7

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

	Unaudited 6 months ended 31 December 2021	Unaudited 6 months ended 31 December 2020	Audited Year to 30 June 2021
	£m	£m	£m
Deferred tax relating to share-based payments	0.4	0.4	(0.2)
Current tax relating to share-based payments	0.2	(0.4)	1.1
	0.6	-	0.9

Section 1: Results for the period
Notes to the Condensed Consolidated Statement of Comprehensive Income
for the period ended 31 December 2021

1.6 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 2021 (nil at 31 December 2020 and nil at 30 June 2021).

	Unaudited 6 months ended 31 December 2021	**Unaudited 6 months ended 31 December 2020**	**Audited Year to 30 June 2021**
Earnings (all from continuing operations)	**£m**	**£m**	**£m**
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent Company	122.2	152.2	296.7
Number of shares	**Number**	**Number**	**Number**
Weighted average number of ordinary shares	474,318,625	474,318,625	474,318,625
Weighted average number of shares held by HL EBT	(487,907)	(528,413)	(532,185)
Weighted average number of share options held in relation to shares held by HL EBT which have vested unconditionally with employees	35,670	7,868	4,335
Weighted average number of shares for the purposes of basic EPS	473,866,388	473,798,080	473,790,775
Weighted average number of dilutive share options held in relation to shares held by HL EBT that have not vested unconditionally with employees	667,192	671,254	754,901
Weighted average number of shares for the purpose of diluted EPS	474,533,580	474,469,334	474,545,676
Earnings per share	**Pence**	**Pence**	**Pence**
Basic EPS	25.8	32.1	62.6
Diluted EPS	25.7	32.1	62.5

Section 2: Assets & Liabilities
Condensed Consolidated Statement of Financial Position
for the period ended 31 December 2021

	Note	Unaudited at 31 December 2021 £m	Unaudited at 31 December 2020 £m	Audited at 30 June 2021 £m
ASSETS:				
Non-current assets				
Goodwill		1.3	1.3	1.3
Other intangible assets	2.1	34.8	31.8	33.6
Property, plant and equipment	2.1	25.2	29.5	28.6
Deferred tax assets		3.6	2.5	3.7
		64.9	65.1	67.2
Current assets				
Investments	2.2	3.2	1.0	0.9
Derivative financial instruments		-	0.1	-
Trade and other receivables	2.3	620.7	1,094.3	869.2
Cash and cash equivalents	2.4	412.9	281.9	445.3
Current tax assets		0.5	0.3	1.5
		1,037.3	1,377.6	1316.9
Total assets		1,102.2	1,442.7	1384.1
LIABILITIES:				
Current liabilities				
Trade and other payables	2.5	552.7	924.7	774.0
Derivative financial instruments		-	0.1	-
		552.7	924.8	774.0
Net current assets		484.6	452.8	542.9
Non-current liabilities				
Provisions		1.0	0.8	2.7
Lease liabilities		13.9	16.4	15.0
Total liabilities		567.6	942.0	791.7
Net assets		534.6	500.7	592.4
EQUITY:				
Share capital	3.1	1.9	1.9	1.9
Shares held by EBT reserve		(3.4)	(6.2)	(4.8)
EBT reserve		(3.6)	(3.1)	(3.1)
Retained earnings		540.8	509.0	599.5
Total equity, attributable to the owners of the parent		535.7	501.6	593.5
Non-controlling interest		(1.1)	(0.9)	(1.1)
Total equity		534.6	500.7	592.4

Section 2: Assets & Liabilities
Notes to the Condensed Consolidated Statement of Financial Position
for the period ended 31 December 2021

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

Capital expenditure

During the six months ended 31 December 2021, the Group acquired fixtures, fittings, plant, equipment and software assets and internally generated intangibles with a cost of £5.3 million (H1 2021: £7.9million, year to 30 June 2021: £18.2 million).

2.2 Investments

	Unaudited at 31 December 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
	£m	£m	£m
At beginning of period	0.9	0.6	0.6
Sales	(0.4)	-	(1.8)
Purchases	2.7	0.4	2.1
At end of period	3.2	1.0	0.9
Comprising:			
Current asset investment - UK listed securities valued at quoted market price	3.2	1.0	0.9

£3.2 million (31 December 2020: £0.9 million, 30 June 2021: £0.6 million) of investments are classified as held at fair value through profit and loss. These investments are all level 1 or level 2 financial instruments in line with the fair value hierarchy under IFRS 7 and there have been no transfers between levels in the period.
Due to the nature of the investments that arise and the short term holdings, in relation to our role as an execution only broker, the changes in fair value that are unrealised are trivial.

2.3 Trade and other receivables

	Unaudited at 31 December 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
	£m	£m	£m
Financial assets:			
Trade receivables	545.2	915.2	744.5
Term deposits	20.0	110.0	60.0
Other receivables	1.2	3.7	4.1
Accrued income	42.3	55.5	46.7
	608.7	1,084.4	855.3
Non-financial assets:			
Prepayments	12.0	9.9	13.9
	620.7	1,094.3	869.2

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 significant credit losses are expected in relation to these matters.

In accordance with market practice and accounting standards on settlement date accounting, certain balances with clients, Stock Exchange member firms and other counterparties totalling £516.1 million (31 December 2020: £898.6 million, 30 June 2021: £704.8 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 £629.0 million and the gross amount of offset in the balance sheet with trade payables is £112.9 million. Other than these 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 2021

2.4 Cash and cash equivalents

	Unaudited at 31 December 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
	£m	£m	£m
Group cash and cash equivalent balances	412.8	280.7	443.5
Restricted cash - balances held by Hargreaves Lansdown EBT	0.1	1.2	1.8
	412.9	281.9	445.3

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.

At 31 December 2021 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 £7,543 million (31 December 2020: £7,114 million, 30 June 2021 £7,243 million). In addition there were cash balances held on behalf of clients not governed by the client money rules of £5,751 million (31 December 2020: £7,836 million, 30 June 2021: £5,621 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 Trade and other payables

	Unaudited at 31 December 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
	£m	£m	£m
Financial liabilities:			
Trade payables	499.2	877.4	712.5
Current lease liabilities	4.5	3.7	4.8
Accruals	19.4	19.7	21.1
Other payables	22.7	18.5	28.9
	545.8	919.3	767.3
Non-financial liabilities:			
Deferred income	0.2	0.2	0.4
Social security and other taxes	6.7	5.2	6.3
	552.7	924.7	774.0

In accordance with market practice and accounting standards on settlement date accounting, certain balances with clients, Stock Exchange member firms and other counterparties totalling £497.8 million (31 December 2020: £846.1 million, 30 June 2021: £694.6 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.

2.6 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 receives complaints or claims in relation to its services from time to time, these may be notified to the Group or directly to third parties. There are inherent uncertainties in the outcome of such matters and it is not practicable to reliably 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 2021

	Attributable to the owners of the parent						
	Share capital	Shares held by EBT	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total equity**
	£m	£m	£m	£m	**£m**	£m	**£m**
At 1 July 2020	1.9	(6.3)	(1.9)	564.6	**558.3**	(0.7)	**557.6**
Total comprehensive income	-	-	-	152.2	**152.2**	(0.2)	**152.0**
Employee Benefit Trust:							
Shares sold during the period	-	6.1	-	-	**6.1**	-	**6.1**
Shares acquired in the period	-	(6.0)	-	-	**(6.0)**	-	**(6.0)**
HL EBT share sale	-	-	(4.2)	-	**(4.2)**	-	**(4.2)**
Reserve transfer on exercise of share options	-	-	3.0	(3.0)	**-**	-	**-**
Employee share option scheme:							
Share-based payments expense	-	-	-	2.3	**2.3**	-	**2.3**
Current tax effect of share-based payments	-	-	-	0.4	**0.4**	-	**0.4**
Deferred tax effect of share-based payments	-	-	-	(0.4)	**(0.4)**	-	**(0.4)**
Dividend paid (note 3.2)	-	-	-	(207.1)	**(207.1)**	-	**(207.1)**
At 31 December 2020	1.9	(6.2)	(3.1)	509.0	**501.6**	(0.9)	**500.7**
At 1 July 2021	1.9	(4.8)	(3.1)	599.5	**593.5**	(1.1)	**592.4**
Total comprehensive income	-	-	-	122.2	**122.2**	(0.2)	**122.0**
Increase in non-controlling interest through investment	-	-	-	-	**-**	0.2	**0.2**
Employee Benefit Trust:							
Shares sold during the period	-	4.9	-	-	**4.9**	-	**4.9**
Shares acquired in the period	-	(3.6)	-	-	**(3.6)**	-	**(3.6)**
HL EBT share sale	-	-	(2.6)	-	**(2.6)**	-	**(2.6)**
Reserve transfer on exercise of share options	-	-	2.1	(2.1)	**-**	-	**-**
Employee share option scheme:							
Share-based payments expense	-	-	-	4.8	**4.8**	-	**4.8**
Current tax effect of share-based payments	-	-	-	(0.2)	**(0.2)**	-	**(0.2)**
Deferred tax effect of share-based payments	-	-	-	(0.4)	**(0.4)**	-	**(0.4)**
Dividend paid (note 3.2)	-	-	-	(182.9)	**(182.9)**	-	**(182.9)**
At 31 December 2021	1.9	(3.5)	(3.6)	540.9	**535.7**	(1.1)	**534.6**

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 an 11% shareholding in the HL Growth Fund, both subsidiaries of the Company.

Section 3: Equity
Notes to the Condensed Consolidated Statement of Changes in Equity
for the period ended 31 December 2021

3.1 Share capital

	Unaudited at 31 December 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
	£m	£m	£m
Issued and fully paid:			
Ordinary shares of 0.4p	1.9	1.9	1.9
	Shares	Shares	Shares
Issued and fully paid:			
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 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
	£m	£m	£m
Amounts recognised as distributions to equity holders in the period:			
2021 Final dividend of 26.6p per share (2020 – 26.3p)	126.0	124.7	124.7
2021 Special Dividend of 12.0p per share (2020 – 17.4p)	56.9	82.4	82.4
2021 First interim dividend of 11.9p per share	-	-	56.4
Total	182.9	207.1	263.5

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 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	450,297	576,691	482,008
Representing % of called-up share capital	0.09%	0.12%	0.10%

Section 4
Condensed Consolidated Statement of Cash Flows
as at 31 December 2021

	Note	Unaudited at 31 December 2021	Unaudited at 31 December 2020	Audited at 30 June 2021
		£m	£m	£m
Net cash from operating activities				
Profit for the period after tax		122.0	152.0	296.3
Adjustments for:				
Income tax expense		29.2	36.4	69.7
Gain on disposal of subsidiary		-	-	-
Depreciation of plant and equipment		4.5	4.3	9.0
Amortisation of intangible assets		3.0	3.1	6.1
Impairment of intangible assets		-	-	1.1
Share-based payment expense		4.8	2.4	4.5
Interest on lease liabilities		0.2	0.3	0.7
Gain on termination of lease		-	(0.3)	(0.3)
(Decrease) / increase in provisions		(1.7)	-	2.0
Operating cash flows before movements in working capital		162.0	198.2	389.1
Decrease/(increase) in receivables		208.6	(241.1)	(66.0)
(Decrease)/increase in payables		(221.4)	226.5	75.8
Cash generated from operations		149.2	183.6	398.9
Income tax paid		(28.3)	(35.3)	(70.3)
Net cash generated from operating activities		120.9	148.3	328.6
Investing activities				
Decrease in term deposits		40.0	120	170.0
(Purchase of) / Proceeds on disposal of investments		(2.3)	(0.4)	(0.3)
Purchase of property, plant and equipment	2.1	(1.1)	(1.3)	(5.4)
Purchase of intangible assets	2.1	(4.2)	(6.6)	(12.8)
Proceeds on disposal of subsidiary		-	-	0.2
Net cash from / (used in) investing activities		32.4	111.7	151.7
Financing activities				
Purchase of own shares in EBT		(3.6)	(6.0)	(7.7)
Proceeds on sale of own shares in EBT		2.3	1.9	4.3
Dividends paid to owners of the parent		(182.9)	(207.1)	(263.5)
Payments of principal in relation to lease liabilities		(1.5)	(2.7)	(4.0)
Interest paid on lease liabilities		-	(0.3)	-
Net cash used in financing activities		(185.7)	(214.0)	(270.9)
Net (decrease) / increase in cash and cash equivalents		(32.4)	46.0	209.4
Cash and cash equivalents at beginning of period		445.3	235.9	235.9
Cash and cash equivalents at end of period	2.4	412.9	281.9	445.3

Section 5
Other Notes
as at 31 December 2021

5.1 Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement board. Hargreaves Lansdown plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 July 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The condensed consolidated Interim Financial Statements of Hargreaves Lansdown plc for the six months to 31 December 2021 have been prepared using accounting policies in accordance with UK Adopted International Accounting Standards and in accordance with UK-adopted International Accounting Standard (IAS) 34 Interim Financial Reporting and the Disclosure Rules and Transparency Rules sourcebook 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 2021 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. 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 available 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 2021 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2021.

Changes in the composition of the Group

During the period, Hargreaves Lansdown Fund Managers Ltd. provided the seed capital for the HL Growth fund and as at 31 December 2021 was deemed to have control of the fund. As a result, the HL Growth Fund has been consolidated into these results as a subsidiary.

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 52% 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.

5.2 Material events after interim period-end

After the interim balance sheet date, an ordinary interim dividend of 12.26 pence per share (H1 2021: interim dividend 11.9 pence) amounting to a total dividend of £58.1 million (2021: £56.4 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.

Section 5
Other Notes
as at 31 December 2021

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 50 to 58 of the Group's Annual Report and Financial Statements 2021, a copy of which is available on the Group's website, 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.

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 2021 the value of such assets on the Group balance sheet was £432.9 million (at 31 December 2020: £391.9 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 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 or arrangements during the financial period; transactions are consistent in nature with the disclosure in note 5.6 to the 2021 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**
Unaudited at 31 December 2021				
Financial assets at fair value through profit or loss	1.5	1.7	-	3.2
	1.5	1.7	-	3.2
Unaudited at 31 December 2020				
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
Audited at 30 June 2021				
Financial assets at fair value through profit or loss	0.9	-	-	0.9
	0.9	-	-	0.9

5.3 Principal risks and uncertainties (continued)

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.
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.
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.
Ongoing revenue	Revenue that is earned 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 ongoing revenue provides greater resilience and hence is of higher quality than transactional revenue.
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.
Strategic investment costs	Costs, including staff and professional fees relating to the planning and commencement of the digital technology strategy, strategic growth initiatives and the cost of expanding associated compliance, infrastructure and support functions.	Costs relating to the planning and commencement of the digital technology strategy and core growth initiatives, which include staff costs, professional fees and technology costs, that are considered separately to reflect the impact on the results of the Group.
Tax on underlying profit	Tax calculated at the effective rate (of 19.3% for this period) on the underlying profit before tax	In order to arrive at underlying profit after tax we also adjust the tax figures to consider those costs which are excluded from the underlying profit before tax
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 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 costs that are related specifically to our strategic investments.

Glossary of Alternative Performance Measures

Underlying diluted earnings per share	Underlying profits after tax 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 costs that are related specifically to our strategic investments.
Underlying profit after tax	Profit after tax attributable to equity holders of the parent company excluding strategic investment costs and the incremental cost of running dual technology systems in parallel during our period of strategic transformation.	Profit after tax includes costs that are part of strategic planning and development. This measure helps to provide clarity between the profit of the business from period to period when those costs are not considered. This is important as we go through a period of significant strategic investment.
Underlying profit before tax	Profit before tax excluding strategic investment costs and the cost of running dual technology systems in parallel during our period of strategic transformation.	Provides the best measure for comparison of profit before tax of the underlying business performance as we go through a period of significant strategic investment.
Underlying costs	Operating costs less strategic investment costs and the incremental cost of running dual technology systems in parallel during our period of strategic transformation.	Provides relevant information on the year-on-year cost of the underlying business as we go through a period of significant strategic investment.
Underlying operating margin	Underlying profits after deducting underlying costs but before the impact of strategic investment costs and the cost of running dual technology systems in parallel during our period of strategic transformation, finance income and other gains or losses divided by revenue.	Provides a measure of profitability of the core operating activities, when considering underlying measures as we go through a period of significant strategic investment.

General Information

EXECUTIVE DIRECTORS
Chris Hill
Amy Stirling

NON-EXECUTIVE DIRECTORS
Deanna Oppenheimer
Andrea Blance
Adrian Collins
Dan Olley
John Troiano
Moni Mannings
Penny James
Roger Perkin

COMPANY SECRETARY
Penelope Chapman

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

DIVIDEND CALENDAR

	First dividend (interim)
Ex-dividend date*	3 March 2022
Record date**	4 March 2022
Payment date	1 April 2022

* 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.