

Hargreaves Lansdown plc

Interim results for the six months ended 31 December 2023

Clear strategic ambition and early delivery provides strong potential for future growth

Highlights

- AUA up 6% since 30 June 2023 to a record £142.2 billion (H1 2023: £127.1bn)
- Net New Business of £1.0 billion (H1 2023: £1.6bn)
- Revenue up 5% to £368.2 million (H1 2023: £350.0m)
- Underlying Diluted Earnings per Share 34.6p (H1 2023: 35.5p); Interim Dividend increased 4% to 13.2p (H1 2023 12.7p)
- Business-wide review largely complete; tangible progress against initial priorities and clear plan moving forward

Financial highlights

	6 months ended 31 December 2023	6 months ended 31 December 2022	Change %	Year ended 30 June 2023
	(H1 2024)	(H1 2023)		(FY 2023)
Net new business (NNB)	£1.0bn	£1.6bn	-38%	£4.8bn
Total assets under administration (AUA)	£142.2bn	£127.1bn	+12%	£134.0bn
Revenue	£368.2m	£350.0m	+5%	£735.1m
Profit before tax	£182.5m	£197.6m	-8%	£402.7m
Underlying profit before tax*	£221.5m	£211.9m	+5%	£438.8m
Diluted earnings per share	28.5p	33.1p	-14%	68.2p
Underlying diluted earnings per share*	34.6p	35.5p	-3%	74.3p
Interim dividend per share*	13.2p	12.7p	+4%	41.5p

*Underlying profit before tax and underlying diluted earnings per share are Alternative Performance Measures which exclude the impact of strategic investment costs, intangible impairment and restructuring costs. See the Glossary of Alternative Performance Measures on page 29 for the full definitions and page 30 where reconciliation to the relevant statutory measure is provided.

Dan Olley, Chief Executive Officer, commented:

“Our first half results are a reflection of the fundamentals of our business; AUA has increased to a record £142.2bn, revenue has increased 5% to £368.2m and our underlying profit before tax at £221.5m is also up 5%.

It is now six months since I took over as CEO and it is clear that the business is built on strong foundations; a proud heritage, with a trusted brand and knowledgeable, client-focused colleagues.

What is also clear is the work to be done to capitalise on those foundations to reposition HL to take advantage of the structural growth opportunities ahead. The detailed and data-led approach we are taking is giving clear insight into client needs which, together with our focus on execution, the strengthened leadership team and improvements in our technology capability, means we are off to a great start.

The four priorities I set out in September are the right ones to drive the business forward and I am pleased with the tangible progress we have made in the first half.

As the largest wealth platform in the UK, looking ahead, ours is a large and growing market with clear client needs. We have the scale needed to succeed and we have the right strategy and ambition to accelerate our growth.”

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Analysts' presentation

Hargreaves Lansdown will be hosting an analyst presentation at 9.00am on 22 February 2024 following the release of the results for the half year ended 31 December 2023. The meeting can only be accessed remotely via a live dial-in facility. To register as a participant please use the following link:

<https://www.netroadshow.com/events/login?show=d75b5596&confid=60707>

Slides accompanying the analyst presentation will be available this morning 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.

Alternative performance measures

Included in this announcement are various alternative performance measures used by the Company in the course of explaining the results for the six months ended 31 December 2023. These measures are listed along with the calculations to derive them and an explanation of why we use them on page 29 in the Glossary of Alternative Performance Measures. A reconciliation to profit before tax is given in the Operating and Financial Review section.

Forward-looking statements

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 2023 Annual Report, underlying such forward-looking information.

Unless otherwise stated, all figures below refer to the six months ended 31 December 2023 ("H1 2024"). Comparative figures are for the six months ended 31 December 2022 ("H1 2023"). 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.

Chief Executive's Statement

Overview

It is now six months since I took over as CEO. As I said at my first set of results a few weeks in, HL is a great business, built on a proud heritage, with a trusted brand and great people. We have a large, growing and loyal client base and, with more than 14,000 investment options, we offer our clients a broad choice of investment and savings solutions.

The last six months have been anything but smooth from a global or a UK perspective, with ongoing geo-political volatility, the cost-of-living squeeze in the UK and UK equity markets remaining challenged. Despite this backdrop, we saw growth in the platform, with an additional £1 billion in net new business and we welcomed an additional 20,000 new clients, taking our total client base to 1.82 million.

While the continued growth underlines the fundamental strength of the business, we need to do more to improve our flow performance. Our inflows continue to be strong, but our outflows have increased reflecting both the market backdrop and our product mix. We know that our clients have been impacted by the cost-of-living squeeze, however, we also know we have more to do to improve our service levels to meet our own high expectations and to evolve our digital journeys.

Having undertaken a thorough review of the business, which is largely complete, it is clear that there are areas where we can and must execute better to provide even more value to our clients to help them achieve even better outcomes, in turn, driving stronger client and asset growth.

We are building on strong fundamentals, I am excited by the leadership capability we have put in place and confident we have the strategy and ambition to accelerate our growth. The initial priorities I set out in September last year remain the right ones, and I will outline our progress against them below as well as our granular approach to delivery.

H1 2024 Business performance

Our gross inflows to the platform were up year on year, however, our outflows were up too, meaning that overall, our net new business came in at £1.0 billion compared to £1.6 billion last year. Outflows were highest in the products that our clients use for more transient saving and investing, such as our Fund and Share Account, driven by cash withdrawals to deal with cost-of-living issues and/or to pay down debts. The period also saw an increase in transfers to banks and building societies to take advantage of Cash ISA products. We responded to this by launching a Cash ISA last year and the first Multi-Bank Cash ISA in January 2024, helping clients spread their allowance across multiple banks, and across easy access, limited access and fixed-term Cash ISA products.

Our pension products continued to see the lowest level of outflows, with inflows ahead of last year.

The rally in markets, particularly towards the end of the period delivered a positive market movement of £7.2 billion which, combined with the net new business of £1.0 billion meant our AUA reached a record of £142.2 billion (June 2023: £134.0bn).

The higher AUA, combined with the impact of higher net interest margin this year, delivered a resilient financial performance with revenue up 5% to £368.2 million (H1 2023: £350.0m) and underlying profit before tax also up 5%.

Along with other platforms, we received and responded to the Dear CEO letters regarding platform cash during the period. We consider cash to be an integral part of the way clients use their investment accounts, either holding cash as part of a portfolio or as part of the running of a product, for example, making payments or receiving dividends. We retained 41% of interest during the period and expect this to be c.36% in Q3 FY24 and we do not charge platform fees on cash, the practice known as "double-dipping" and our approach is set out in more detail in the Financial Review on page 8.

Underlying costs were in line with our guidance coming in at £161.0 million (H1 2023: £146.1m) and underlying profit before tax increased 5% to £221.5 million (H1 2023: £211.9m).

Total strategic spend in the period increased to £24.7 million (H1 2023: £23.4m) as we increased the pace of our delivery. As part of my review, we have simplified our technology roadmap by adopting a more modular approach to delivery and rationalised our technology vendors. As a result, we have recognised an impairment charge of £14.4 million against two specific assets previously capitalised. We have also incurred £2.9 million restructuring costs in relation to the reset of the Executive and Digital Leadership teams.

As a result, statutory profit before tax decreased by 8% to £182.5 million (H1 2023: £197.6m).

Our purpose is more relevant than ever

At HL, our purpose – making it easy to save and invest for a better future – is more relevant than ever. Our research shows that currently only 13% of UK households are on track for a comfortable retirement¹ and one third of people (34%) have less than £1,000 in savings. We believe that everyone should be encouraged to build a financially secure future, and even putting a little aside regularly can leverage the power of compounding to make a big difference in the years to come.

From launching a new lifestyling arrangement for our SIPP clients (the Ready-Made Pension Plan) to piloting digital investment masterclasses, we are committed to playing our part in getting people investing for their and their family's future.

We are operating in a large and growing market, estimated to be c. £3.7 trillion by 2026. As we expand our range of products, we open up this market, with HL able to provide one single platform for our clients to save and invest for their future.

¹ Source HL Savings and Resilience Barometer. Comfortable retirement per the Retirement Living Standards definition: £37,300 for a single person and £54,500 for a couple (as of January 2024)

Our Strategy – what we are setting out to do

Our strategy is to:

1. Transform the investing experience;
2. Leverage our scale to continuously deliver value; and
3. Combine the best of colleague and digital capability.

Transforming the investing experience – Our research shows that investing can be daunting and difficult for retail investors.

Our first strategic goal is to transform the investing experience, helping people engage with their financial security by making investing understandable, simple and accessible for all. This is nothing new for HL; it is the foundation on which Peter Hargreaves and Stephen Lansdown started the company over 40 years ago. We have proven that giving people confidence by providing relevant, timely and digestible investment information and then making it easy to act helps our clients invest and get positive outcomes.

Leveraging our scale to drive client value – Leveraging our scale is the renewed focus of our strategy; and enables us to continuously improve our client value proposition.

We are driving efficiencies in everything we do, in our operations through process improvement, simplification, automation and standardisation, and across all areas of our spend to return those benefits back to clients by reinvesting in the platform and to shareholders through stronger returns. This is the fundamental flywheel of our company and a discipline we must embrace.

Combining the best of colleague and digital capability – This means offering a great digital experience and having knowledgeable colleagues available whenever clients want to talk to us.

There is much more we will do to improve our digital journeys, and much more we are automating to drive greater efficiency, but our core value proposition will always provide our clients the option to interact with us in their preferred channel – web, app, via our expert Helpdesk or through our financial advisers.

Combining the best of our colleague and digital capability by empowering colleagues with the right tools will allow HL to scale efficiently while giving our clients the support and experience they want and deserve.

Progress against our priorities

The initial priorities I laid out in September are still the right ones to drive the business forward:

- **Delight clients, drive growth** – continue to evolve our value proposition to delight our clients and through that, drive our growth;
- **Save to invest** – always strive to be a fitter and leaner business;
- **Increase execution pace** – deliver for our clients everyday, improving our proposition on an ongoing basis;
- **Right people, right roles** – make HL great for colleagues; the right culture, with the right people in the right roles, focused on the right priorities to deliver the strategy.

We have made tangible progress against all four areas, and while there is much more to do, we are confident in our ability to execute against these priorities.

Delight clients, drive growth

We know our clients are daunted by saving and investing, the terminology can be confusing and execution difficult and once they start, they want everything in one place. This is why helping our clients build their confidence, making it easy and providing a broad choice is at the heart of our value proposition.

To start with we are focussing on three areas:

1. **Continue to deliver strong inflows, by building investing confidence through targeted content and making it easy through frictionless flows, to drive new client acquisition and AUA growth.**

HL's research and insights are often what bring clients to HL in the first place. We are focused on improving content driven inflows, providing clients with relevant investment ideas, in the right way, at the right time.

Last September we outlined how we are building people's confidence in investing in the UK gilt market. Our efforts to make gilts easy to understand and invest in for the right audience resulted in £1.8 billion of inflows over the period. HL's research team's annual "5 to watch campaign", has driven over £100m of flows in its first month.

Making it easy for clients to add money to the platform is crucial. Last year we launched Easy Bank Transfer and it recently reached an important milestone with over £1 billion payments now made this way.

2. **Enhancing the client experience, by resetting our Client Service levels and enhancing the digital experience to "make it easy" to execute with HL, driving client retention.**

We are resetting and transforming our client service for those clients who want to speak to us directly, and enhancing and extending our digital experience. We've invested in our Helpdesks, resulting in an 11pp increase in the number of calls answered within 20 seconds.

In terms of the digital experience, we are embedding analytics to improve client journeys. Our refreshed web navigation has delivered a 20% higher conversion of "transfers in" journeys. And simply making our "ready-made investments" more visible in the app has increased purchases by 51%.

3. Evolving our product mix, by expanding our proposition and digital features to drive client retention and acquisition and ultimately AUA growth, especially in Active Savings and Pensions.

Our product mix needs to evolve. We have grown our SIPP AUA more slowly as a proportion of total AUA than some of our competitors and that is naturally resulting in higher client and asset churn. Greater focus is being given to extending our proposition across all our product lines.

Analysis showed our ISA outflows were being driven by clients moving to Cash ISAs. We have recently extended Active Savings to add a first-of-its-kind Multi-Bank Cash ISA, providing clients with the full suite of Cash ISA products (fixed-term, easy access and limited access) from multiple banks.

Save to invest

During the first half of the year, we have introduced more disciplined management of third party spend across all areas of the business, such as IT licences, recruitment agencies and contractor spend.

To drive process improvements across our operations, we have established internal process automation teams with an initial focus on six processes that currently require a significant amount of manual work. Our first automated process is now launched and the other five are on track to be automated by the end of April.

Additionally, we are rationalising the operating model and optimising our organisational structure to sharpen accountabilities.

Taken together, these actions start to create capacity for us to invest in our clients through our proposition and platform, and in turn generate stronger returns for shareholders, as we make further progress with the execution of our strategy.

Increase execution pace

Over the last six months, we have successfully piloted new ways of working with the aim of increasing the pace of delivery of both small incremental change within our day-to-day activities and the larger innovation and change being delivered as part of our strategic projects. We have created efficient cross-functional teams aligned with each product line and building the organisational muscle to rapidly create ring-fenced project teams to deliver the overall strategic investment programme.

While still only a few months in, we are already seeing an increased pace of execution and tangible benefits being delivered. For example, our rollout of Amazon Connect was accelerated and delivered in half the time originally estimated. This allowed us to decommission the legacy telephony system ahead of plan and save on dual running costs. Our initial implementation of Salesforce within our Complaints and Client Service team will be achieved in four months, meaning these tools will now be in place for colleagues over tax year end.

We also continue to progress our investment in the evolution and modernisation of our technology estate which aims to:

1. Deliver a state-of-the-art digital client experience
2. Decouple our cost to serve and client growth through automation
3. Deliver a highly resilient and linearly scalable platform

We have been able to simplify the technology roadmap by adopting a more modular approach, leveraging standards or through the rationalisation of vendors. This does not impact our ability to achieve what we have set out to do and builds our confidence in our ability to deliver within the financial parameters set out.

In terms of data and relevancy, our focus has been on setting the right foundations, implementing our AI Workbench tooling and Machine Learning Operations pipeline and we are progressing our new BI platform based on Snowflake which will be launched over the coming months.

We now have in place the foundations on which to build and increasingly automate our business processes whilst giving our colleagues the tools they need to provide great client service efficiently. This is how we will decouple people and cost growth from our client growth.

Leveraging Cloud infrastructure creates a highly resilient and linearly scalable platform and we have made progress in this area.

Right people, right roles

I have prioritised building my executive leadership team and I am pleased to have appointed:

- Richard Hebdon as Chief Digital and Technology Officer – Richard has joined HL from RELX, the global information services provider, where he was Chief Technology Officer for a division of LexisNexis.
- Afonso Nascimento as Chief Strategy Officer – Afonso has been with us as interim CSO for the last three months driving our strategic agenda and digital transformation initiatives forward. Afonso brings extensive strategy and financial services experience from Boston Consulting Group.
- Lucy Thomas as Corporate Affairs Director – Lucy is currently Director of Corporate and Regulatory Affairs at TalkTalk, and prior to this she held senior roles at Edelman and at the BBC where she was a producer on programmes such as Newsnight and the World at One. She will join HL in March.

We have also significantly strengthened the technology leadership team with the addition of new talent leading our client-facing solution development teams and our digital automation and transformation teams.

Board changes

I am delighted that Alison Platt joined us as Chair of the Board and Non-Executive Director on 6 February 2024. Alison brings a wealth of relevant experience. She was, until recently, Chair of Dechra Pharmaceuticals plc. She is also a Non-Executive Director of Tesco plc and Chair of general insurer Ageas UK. I very much look forward to working with her.

I would like to thank Penny James for acting as Interim Chair since 8 December 2023. She has now reverted to her previous Board position as Senior Independent Director. The Board benefits greatly from her insight and expertise.

Dividend and Capital Management Framework

The Board has declared an interim dividend of 13.2 pence per share in line with our guidance of a 4% increase on H1 2023.

As stated last September, the Board has now set out our capital management framework and more detail on this can be found in the financial review on page 11.

FY24 Guidance and medium term outlook

As we begin the second half of the year, we have the all-important tax year end season ahead and whilst the current uncertain economic environment is likely to remain and weigh on investor confidence, we will do all that we can to support our clients to make the most of their tax allowances, improve their financial resilience and achieve their financial goals.

In terms of revenue margin, given our H1 performance we now expect to be at the top end of guidance on NIM and Active Savings margin, and at the lower end of the range on Shares given continued muted dealing volumes. Funds margin guidance is unchanged.

With regard to asset mix, we closed the period with cash at 8.5% of AUA, as clients continue to make active decisions to invest, put their cash to work as savings or withdraw from the platform. We expect to see this trend continue in the second half and see platform cash on a glide path to c.£11.5 billion with different profiles in Q3 and Q4 given the expected step up over tax year end driven by inflows.

We are now expecting underlying cost growth at the lower end of our 9-11% guidance range driven by our latest view on the FSCS levy which indicates that we will not see the uplift we had anticipated this year.

Given our increased momentum, full year Strategic Opex spend is now expected to be at the top end of our guidance for the year at c.£45m.

We are re-iterating our guidance of 4% growth in our ordinary dividend for the full year.

Looking further forward, we will measure our success in the delivery of our strategy through seeing a step up in AUA growth, increasing our client satisfaction and retention, driving operating leverage through a different cost trajectory for the business and enabling sustainable operating margins over the medium term.

In addition, combining the best of colleague and digital capability means that improving the engagement of our colleagues is a fundamental enabler of our future success.

HL is a financially robust business with a great heritage, and we are now on the right course to execute on our strategy, capitalise on the significant growth opportunities that lie ahead and create value for all our stakeholders.

Dan Olley

Chief Executive Officer

Financial Review

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

	6 months ended 31 December 2023 £bn	6 months ended 31 December 2022 £bn
Opening AUA	134.0	123.8
Platform growth*	0.1	0.3
Net Movement to Active Savings*	(0.4)	(0.4)
Active Savings growth*	1.3	1.7
Total Net New Business	1.0	1.6
Market growth and other*	7.2	1.7
Closing AUA	142.2	127.1

*Platform growth, Net Movement to Active Savings, Active Savings Growth and Market growth and other are alternative performance measures. See the Glossary of Alternative Performance Measures on page 29 for the full definition.

As in FY23, the economic backdrop for retail investors has remained challenging with inflation still high, higher interest rates impacting the mortgage market and macro and geo-political issues weighing on investor confidence. Against that backdrop, it is really encouraging to see new money onto the platform for the SIPP and Fund & Share accounts increasing year on year, however, flows into the ISA have been flat year on year and withdrawals and money out overall has continued to increase contributing to overall net new business of £1.0 billion (H1 2023: £1.6 billion) which is a reduction on the prior year. In terms of product mix within our client base, 42% of our Platform AUA are held in Stocks and Shares ISA accounts, 34% in SIPP (including drawdown) and 24% in General Investment Accounts (H1 2023: ISA: 42%, SIPP: 33%, GIA: 25%).

Asset retention is highest in our SIPP products given the purpose of these accounts, with lower levels of retention seen particularly over the last 2 years in Stocks and Shares ISAs as increasing interest rates have made Cash ISAs more attractive and clients have used funds previously allocated to investments to either pay down or fund increasing mortgage costs. Overall asset retention rate for the period was 89.2% (H1 2023: 91.4%).

Total AUA increased by 12% to £142.2 billion at the period end, (H1 2023 £127.1bn) driven by net new business and positive market movement experienced during both Q1 and Q2.

Engaging with clients and helping them to navigate the challenges of the economic backdrop and to improve their financial engagement and resilience remains a priority and we were pleased to welcome 20,000 net new clients to our services in the first half (H1 2023: 31,000), growing our total active client base to 1,824,000. Our client retention rate was broadly flat across Q1 and Q2 at 91.6% (H1 2023: 92.4%).

We now have 235,000 clients with an Active Savings account, (H1 2023 146,000), representing 12.9% of our total active client base (H1 2023 8.3%).

Income Statement

	6 months ended 31 December 2023 £m	6 months ended 31 December 2022 £m
Revenue	368.2	350.0
Operating costs	(200.0)	(160.4)
Finance and other income	14.6	8.4
Finance costs	(0.3)	(0.4)
Profit before tax	182.5	197.6
Tax	(47.3)	(40.4)
Profit after tax	135.2	157.2
Profit before tax	182.5	197.6
Adjusted for:		
- Strategic investment costs	21.7	14.3
- Intangible impairment	14.4	-
- Restructuring costs	2.9	-
Underlying profit before tax*	221.5	211.9
Tax on underlying profit*	(57.3)	(43.3)
Underlying profit after tax*	164.2	168.6

*Underlying profit before tax, Tax on Underlying profit, and Underlying profit after tax for the period exclude £21.7 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £2.9 million. See the Glossary of Alternative Performance Measures on page 29 for the full definition.

Revenue

Total revenue for the period increased 5% to £368.2 million (H1 2023: £350.0m), driven by both the growth in AUA across Funds, Shares and Active Savings and a continuation of higher Net Interest Margin (NIM) given sustained levels of higher interest rates.

The table below shows revenue, average AUA and margins during the period:

	6 months ended 31 December 2023			6 months ended 31 December 2022		
	Revenue £m	Average AUA £bn	Revenue margin* bps	Revenue £m	Average AUA £bn	Revenue margin bps
Funds ¹	120.4	62.4 ⁷	39	117.9	59.5 ⁷	40
Shares ²	72.4	52.6	28	70.2	47.4	30
Cash (NIM) ³	132.8	12.3	216	121.6	14.5	168
HL Funds ⁴	26.1	8.8 ⁷	59	27.0	8.2 ⁷	66
Active Savings ⁵	8.5	8.6	20	3.2	5.6	11
Other ⁶	8.0	-	-	10.1	-	-
Double-count ⁷	-	(8.7) ⁷	-	-	(8.1) ⁷	-
Total	368.2	136.0⁷	54	350.0	127.1⁷	55

* Revenue margin is an alternative performance measure, see the Alternative Performance Measures glossary on page 29 for the full definition

1 Platform fees.

2 Stockbroking commission and equity holding charges.

3 Net interest earned on cash held in investment accounts.

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

5 Revenue from Active Savings earned as fees from partner banks and interest earned on cash held in the Hub account.

6 Advisory fees and ancillary services (e.g. annuity broking, distribution of VCTs)

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 2.1% to £120.4m (H1 2023: £117.9m) reflecting the 4.9% increase in average AUA, with revenue margin reducing to 39bps as result of the removal of platform fees from Junior ISAs (JISA) and the reduction in platform fees on Lifetime ISAs (LISA) in March 2023. Funds AUA at the end of the period was £65.1 billion (H1 2023: £59.6bn), 46% of total AUA in line with prior year.

Revenue on Shares increased by 3% to £72.4m (H1 2023: £70.2m) and the revenue margin of 28bps (H1 2023: 30bps) was at the lower end of our expected range. Whilst average Shares AUA increased by 11% during the first half, deal volumes continue to be subdued and decreased by 3% to 3.9 million (H1 2023: 4.0m). Shares AUA at the end of the period was £55.8 billion (H1 2023: £47.1bn), 39.2% of total AUA, a modest increase on prior year.

Revenue on cash (NIM) increased in the period to £132.8m (H1 2023: £121.6m) reflecting higher level of interest earned despite the expected ongoing reduction in cash held. Cash held in Investment accounts was £12.1 billion as at 31 December 2023 (8.5% closing AUA), a reduction of £1.0 billion during the first half as clients either invested, chose to save via our Active Savings offering or withdrew cash from the platform.

In December 2023, we received, along with 41 other UK platform providers, a Dear CEO letter from the FCA as a follow up to their request for information in July 2023.

With regard to platform cash, we retained 41% of interest received during the period, and we estimate we will retain 36% of interest in the third quarter of 2024.

As of 10 January, we pass through the following interest rates to our clients:

Fund & Share Account	2.25% - 2.90%
Stocks & Shares ISA, JISA, and LISA	3.00% - 3.70%
SIPP	3.45% - 4.20%
Drawdown	3.65% - 4.55%

Our rates are competitive versus direct rates from high street banks with the average bank easy access rate at 2.73% and we do not charge clients a separate fee on cash. We are making further changes to our website navigation, content and disclosures following our Consumer Duty reviews.

Revenue from HL funds was £26.1m during the period (H1 2023: £27.0m) with Average funds under Management (AUM) up 7% versus last year, and with a margin of 59bps that was at the top end of our guidance.

We now offer a broad range of HL funds;

- nine multi-manager funds which saw broadly flat AUM during the period
- three Select equity funds demonstrating modest growth
- four new Portfolio funds which were launched during FY23 and increased to £445m AUM during the period
- three new building block funds (HL Growth, US and Global Corporate Bond) which saw AUA increase to £1,121m
- two new multi-index funds, both of which were launched in November

A broad HL fund range is an important element of our value proposition as it offers different solutions to clients to meet their varying levels of risk appetite and specific diversification objectives. Our newer funds have a lower pricing structure than the multi-manager funds and, as they build, will drive margin compression in this revenue stream.

Active Savings has continued to make great progress, with revenues now at £8.5 million (H1 2023: £3.2m) in the first half, reflecting the increase in AUA, better commercial pricing and changes in the base rate. The average margin throughout the period was 20bps (H1 2023: 11bps) and AUA has grown to £9.1 billion (31 December 2022: £6.3bn) at the end of the period.

Other revenues (comprising advisory fees, and ancillary services such as annuity broking, distribution of VCTs) have reduced partly due to decreases in annuity broking and third-party commissions. Advisory fees are up 3% on the prior year.

Underlying costs*	6 months ended	6 months ended
	31 December 2023	31 December 2022
	£m	£m
	Underlying cost	Underlying cost
People costs*	90.3	81.5
Activity costs*	21.2	19.3
Technology costs*	24.0	17.2
Support costs*	27.1	28.1
Underlying costs (pre-FSCS)	162.6	146.1
Total FSCS levy	(1.6)	-
Underlying costs**	161.0	146.1

*Definitions are shown in the Glossary of Alternative Financial Performance Measures on page 29.

**Underlying costs excludes £21.7 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £2.9 million. See the Glossary of Alternative Performance Measures on page 30 for the full definition.

Underlying costs

In line with guidance, underlying costs increased by 10.2% to £161.0 million (H1 2023: £146.1m) reflecting the on-going impact of inflation, annualisation of headcount growth in FY23 and increased technology spend.

People costs increased 10.7% to £90.3 million (H1 2023: £81.5m) reflecting the annualisation of FY23 increases, wage inflation and headcount growth. Our headcount during the period increased by 378 FTE to 2,404 FTE as at 31 December 2023, with 254 net new colleagues joining our Helpdesk and operations functions as we focus on returning our service levels to our high standards.

Activity costs comprising marketing costs, dealing related costs, and payment costs, increased 9.7% to £21.2 million (H1 2023: £19.3m). Dealing costs have increased, with the benefit of renegotiated 3rd party contracts being more than offset by a change in the mix to incorporate more overseas dealing. We have also seen higher transaction costs of £1m in relation to increased flow in Active Savings, however this is net of a saving of £0.5m as a result of new payment options for clients adding money to the platform.

As expected, Technology costs have increased during the period by 40% to £24.0 million (H1 2023: £17.2m) as a result of new software and data licences as we start to stand up our Cloud capabilities and introduce new functionality across the business as part of our Technology capability and product build out. We have also seen software and support cost inflation uplifts and an increase in users across the business during the period.

Support costs, which include legal and professional fees, office running costs, depreciation and amortisation, decreased 3.4% to £27.1 million (H1 2023 £28.1m), primarily because the prior period included a one-off increase to the dilapidations provision of £1.8 million.

Adjustments to underlying profit

Total strategic spend in the period was £24.7 million (H1 2023 £23.4m), of which £21.7 million has been expensed in the year and £3.0 million capitalised in line with our accounting policy. The level of spend has increased as expected during FY24 as we continue to build momentum, commencing new material programmes of work including on Service Transformation, driving improvements to our Helpdesk client experience and efficiency in relation to our Workplace product offering and in relation to the scalability and efficiency of our core payment and reconciliation processes.

Additionally, as a result of a detailed review of our technology roadmap during the period, we have recognised an impairment charge of £14.4m against intangible assets previously capitalised. This includes £7.2m in relation to software that was developed to support a client financial health check tool and £7.2m on development of a tool to improve efficiency for Financial Advisors for which there is now no intended future use.

During the period, we have incurred £2.9 million of spend in relation to the reset of the Executive Leadership and Digital Leadership teams.

Profit and Earnings

During the period, £14.6 million (H1 2023: £8.4m) of Finance Income resulted from higher interest rates applied to corporate cash held on deposit.

On an underlying basis, profit before tax increased by 5% to £221.5 million (H1 2023: £211.9m). On a statutory basis profit before tax was down 8% to £182.5 million (H1 2023: £197.6m) as a result of increased strategic spend and other one-off items.

The effective tax rate for the period was 25.8% (H1 2023: 20.4%), reflecting the increase in corporation tax from 19% to 25% in effect from April 2023. The Group's tax strategy is published on our website at <http://www.hl.co.uk>

Earnings per share	6 months ended 31 December 2023	6 months ended 31 December 2022
	£m	£m
Operating profit	168.2	189.6
Finance and other income	14.6	8.4
Finance costs	(0.3)	(0.4)
Profit before tax	182.5	197.6
Tax	(47.3)	(40.4)
Profit after tax	135.2	157.2
Underlying profit before tax*	221.5	211.9
Tax on underlying profit*	(57.3)	(43.3)
Underlying profit after tax*	164.2	168.6
Weighted average number of shares for the calculation of diluted EPS	474.5	474.6
Diluted EPS (pence per share)	28.5	33.1
Underlying diluted EPS (pence per share)*	34.6	35.5

*Underlying profit before tax, Tax on underlying profit before tax, Underlying profit after tax and Underlying diluted EPS for the period exclude £21.7 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £2.9 million. See the Glossary of Alternative Performance Measures on page 30 for the full definition.

Diluted EPS decreased by 14% from 33.1 pence to 28.5 pence, reflecting the increase in Underlying profit being more than offset by the uplift in strategic investment costs, impairment and one off cost of change and the tax rate.

Underlying diluted EPS decreased by 3% from 35.5 pence to 34.6 pence as a result of the tax rate change (See Glossary of Alternative Performance Measures on page 30 for the full definition).

Capital and Liquidity management

Total attributable shareholders' equity as at 31 December 2023 increased to £713.5 million (30 June 2023: £709.7m) with first half profitability more than offsetting the Strategic spend resulting from the Investment programme and payment of the 2023 final dividend.

In terms of liquidity, the Group's net cash position increased to £536.3 million (30 June 2023: £503.3m) during the period as long term deposits maturing led to the receipt of cash and a change in working capital. Net Cash generated from operations was £183.9 million, funding the majority of the £136.4m 2023 final ordinary dividend. The cash position is stated before funding the 2024 interim dividend of £62.6 million.

The Group's £75 million Revolving Credit Facility with Barclays Bank remained undrawn.

Capital Management Framework and Dividend

In line with guidance, the Board has declared an increased interim dividend of 13.2 pence per share (H1 2023: 12.70 pence per share). The interim dividend will be paid on 28 March 2024 to all shareholders on the register at 1 March 2024.

During the period, the Board has reviewed and agreed the capital management framework for HL, taking into account the appropriate level of capital to be held above the Regulatory Requirement, the level of organic investment required to support the business plans for growth and efficiency, and the importance of delivering sustainable and attractive shareholder returns.

The framework comprises four elements:

1. Maintaining a Robust Balance Sheet

Our priority continues to be maintaining robust financial health; holding a management buffer above the regulatory minimum to support the businesses' regulatory capital and liquidity requirements. The FCA's Investment Firm Prudential Regime (IFPR) applies to the Group and HL completes this assessment through the Group Internal Capital Adequacy and Risk Assessment (ICARA) processes. The Regulatory Requirement is driven by factors set out in the ICARA framework with the main drivers of material movement being the level of AUA managed by HL and our internal assessment of the level of risk presented within the business.

2. Investing for Growth and Efficiency

We will deploy capital for investment in the business to maintain and enhance our platform capabilities through investment in people capability, technology and innovation. Where appropriate, the Board may choose to selectively deploy capital for inorganic growth to accelerate delivery of the strategy.

3. Ordinary Dividend Policy

Recognising the importance of shareholder returns, cash distributions to shareholders will be primarily driven through our progressive ordinary dividend. We will continue to give specific dividend guidance on an annual basis whilst we are investing in the business through the Strategic Spend programme through to FY26.

4. Other Capital Returns

Where the Board assesses there to be surplus capital available for distribution after the above considerations have been taken into account, this will be returned to shareholders as part of our full year annual cycle over time. The specific mechanism for a return of surplus capital will be determined should an additional return be deemed appropriate.

Directors' Responsibility Statement

The Directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management 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 33 of the Interim Report and Condensed Consolidated Financial Statements 6 months ended 31 December 2023.

By order of the Board:

Amy Stirling
Chief Financial Officer
21 February 2024

Independent review report to Hargreaves Lansdown plc

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 2023 of Hargreaves Lansdown plc for the 6 month period ended 31 December 2023 (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 UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 31 December 2023;
- 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 2023 of Hargreaves Lansdown plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). 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 2023 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

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 2023, 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 2023 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim results for the six months ended 31 December 2023, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results for the six months ended 31 December 2023 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
21 February 2024

Section 1: Results for the period
Condensed Consolidated Income Statement
for the period ended 31 December 2023

	Note	6 months ended 31 December 2023 £m	6 months ended 31 December 2022 £m
Revenue	1.1	368.2	350.0
Operating costs	1.3	(200.0)	(160.4)
Operating profit		168.2	189.6
Finance and other income	1.4	14.6	8.4
Finance costs		(0.3)	(0.4)
Profit before tax		182.5	197.6
Tax	1.5	(47.3)	(40.4)
Profit for the period		135.2	157.2
Attributable to:			
Owners of the parent		135.2	157.3
Non-controlling interest		-	(0.1)
		135.2	157.2
Earnings per share	1.6		
Basic earnings per share (pence)		28.5	33.2
Diluted earnings per share (pence)		28.5	33.1

The results relate entirely to continuing operations.
After the Statement of Financial Position date, the Directors declared an ordinary interim dividend of 13.2 pence per share payable on 28 March 2024 to shareholders on the register at 1 March 2024.

Condensed Consolidated Statement of Comprehensive Income
for the period ended 31 December 2023

	6 months ended 31 December 2023 £m	6 months ended 31 December 2022 £m
Profit for the period	135.2	157.2
Total comprehensive income for the financial period	135.2	157.2
Attributable to:		
Owners of the parent	135.2	157.3
Non-controlling interest	-	(0.1)
	135.2	157.2

The results relate entirely to continuing operations

Notes to the Condensed Consolidated Statement of Comprehensive Income

for the period ended 31 December 2023

1.1 Revenue

Revenue represents fees receivable from financial services provided to clients, management fees charged to clients and net interest income (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, net interest income, ongoing advice charges and renewal commission.

The other source is revenue earned on individual transactions and is primarily made up of fees on stockbroking transactions and advisory event driven fees, referred to as initial advice charges in the table below. The price is determined in relation to the specific transaction type and are frequently flat fees. There is no variable consideration in relation to transactional revenue.

	6 months ended 31 December 2023	6 months ended 31 December 2022
Revenue	£m	£m
Ongoing revenue		
Platform fees*	135.3	134.4
Fund management fees	26.1	27.0
Ongoing advice charges	3.5	3.7
Active Savings revenue	8.5	3.2
Net interest income	132.8	121.7
Renewal commission	1.8	2.5
Transactional revenue		
Fees on stockbroking transactions	56.5	54.6
Initial advice charges	2.0	1.7
Other transactional income	1.7	1.2
Total Revenue	368.2	350.0

*This figure includes an adjustment in relation to discounts provided to clients on fees, which were previously offset against Other transactional income, which are now considered to be more appropriately classified against platform fees.

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 direct wealth management service administering investments in ISA, SIPP and Fund & Share accounts, and providing cash management 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.

1.3 Operating costs

	6 months ended 31 December 2023	6 months ended 31 December 2022
	£m	£m
Operating profit has been arrived at after charging:		
Depreciation of owned plant and equipment and right-of-use assets	4.1	4.1
Amortisation of other intangible assets	3.1	3.1
Impairment of intangible assets	14.4	-
Activity costs ²		
- Marketing costs	10.1	9.7
- Dealing and financial services costs	11.1	9.6
Technology costs [*]	24.8	18.0
Support costs ¹		
- Legal and professional fees	20.7	16.8
- Office running costs	3.3	5.3
- Other operating costs	7.0	7.7
Staff (including contractors) costs	101.4	86.1
Operating costs	200.0	160.4

^{*} The line item description of this category has changed from the prior period. Technology costs includes IT costs and data costs.

¹ Support costs includes costs previously known as legal and professional fees and office running costs. Also included in support costs are compensation and compliance costs, other finance costs, insurance costs and fair value movements on investments (note 2.2).

² Activity costs now includes costs previously known as marketing costs and dealing and financial services costs.

1.4 Finance and other income

	6 months ended 31 December 2023	6 months ended 31 December 2022
	£m	£m
Interest on bank deposits	14.4	5.2
Other income	0.2	3.2
	14.6	8.4

1.5 Tax

	6 months ended 31 December 2023	6 months ended 31 December 2022
	£m	£m
Current tax: on profits for the period	46.6	40.4
Current tax: adjustments in respect of prior years	-	-
Deferred tax	0.8	0.1
Deferred tax: adjustments in respect of prior years	(0.1)	(0.1)
	47.3	40.4

1.5 Tax (continued)

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

	6 months ended 31 December 2023	6 months ended 31 December 2022
	£m	£m
Deferred tax relating to share-based payments	-	(0.2)
Current tax relating to share-based payments	(0.8)	0.3
	(0.8)	0.1

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 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 1,443,260 as at 31 December 2023 (1,510,318 at 31 December 2022).

	6 months ended 31 December 2023	6 months ended 31 December 2022
	£m	£m
Earnings (all from continuing operations)		
Earnings for the purposes of basic and diluted EPS - net profit attributable to equity holders of the parent Company	135.2	157.3
Number of shares	Number	Number
Weighted average number of ordinary shares	474,318,625	474,318,625
Weighted average number of shares held by HL EBT and SIP	(603,101)	(292,518)
Weighted average number of share options held in relation to shares held by HL EBT which have vested unconditionally with employees	182,445	45,480
Weighted average number of shares for the purposes of basic EPS	473,897,969	474,071,587
Weighted average number of dilutive share options held by HL EBT and SIP that have not vested unconditionally with employees	564,668	527,453
Weighted average number of shares for the purposes of diluted EPS	474,462,637	474,599,040
Earnings per share	Pence	Pence
Basic EPS	28.5	33.2
Diluted EPS	28.5	33.1

Section 2: Assets & Liabilities
Condensed Consolidated Statement of Financial Position
for the period ended 31 December 2023

		As at 31 December 2023	Audited at 30 June 2023
	Note	£m	£m
ASSETS:			
Non-current assets			
Goodwill		1.3	1.3
Other intangible assets	2.1	39.0	50.4
Property, plant and equipment	2.1	16.1	17.4
Deferred tax assets		2.1	2.6
		58.5	71.7
Current assets			
Investments	2.2	4.9	0.5
Trade and other receivables	2.3	664.0	836.9
Cash and cash equivalents	2.4	516.3	373.3
Current tax assets		5.5	3.4
		1,190.7	1,214.1
Total assets		1,249.2	1,285.8
LIABILITIES:			
Current liabilities			
Trade and other payables	2.5	524.8	565.5
		524.8	565.5
Net current assets		665.9	648.6
Non-current liabilities			
Provisions		5.1	3.0
Non-current lease liabilities		5.8	7.6
Total liabilities		535.7	576.1
Net assets		713.5	709.7
EQUITY:			
Share capital	3.1	1.9	1.9
Shares held by EBT		(3.7)	(6.4)
EBT reserve		(3.7)	(1.0)
Retained earnings		719.0	715.2
Total equity		713.5	709.7

2.1 Changes in capital expenditure since the last annual Statement of Financial Position date

Capital expenditure

During the six months ended 31 December 2023, the Group acquired fixtures, fittings, plant, equipment and software assets and internally generated intangibles with a cost of £8.8 million (year to 30 June 2023: £23.4m).

During the period we impaired internally developed software for which there is no longer an intended future use. These assets have been written off in full and the net book value of £14.4m has been recorded in operating costs in the Income Statement.

2.2 Investments

	As at 31 December 2023	Audited at 30 June 2023
	£m	£m
At beginning of period	0.5	0.8
Purchases	5.6	2.0
Disposals	(1.2)	(2.3)
<hr/>		
At end of period	4.9	0.5
<hr/>		
Comprising:		
Current asset investment - listed securities valued at quoted market price and fund units priced daily	4.9	0.5

£4.9 million (30 June 2023: £0.5m) 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.

During the period, HLFM, the Group's fund management subsidiary, seeded two new funds with £2m each. See note 5.1 for further details.

2.3 Trade and other receivables

	As at 31 December 2023	Audited at 30 June 2023
	£m	£m
Financial assets:		
Trade receivables	489.3	510.3
Term deposits	20.0	130.0
Accrued income	135.6	169.0
Other receivables	3.8	7.6
<hr/>		
	648.7	816.9
Non-financial assets:		
Prepayments	15.3	20.0
<hr/>		
	664.0	836.9

Trade and other receivables comprise fees due from clients and counterparty positions. They are subsequently measured at amortised cost using the effective interest method less any expected credit losses. The financial assets are held in order to collect the contractual cash flows and those cash flows are payments of interest and principal only. The Group recognises Expected Credit Losses (ECLs) relating to trade receivables in line with the simplified approach per IFRS 9 and calculated based on the historic information available from the preceding years alongside factors impacting the individual debtors, economic conditions and forecast expectations. Impairment losses are recognised immediately in the Income Statement.

Term deposits comprise cash deposits held by UK licensed banks for a period of greater than three months, over which there is no recall during the term of the deposit.

In accordance with market practice and accounting standards on trade date accounting, certain balances with clients, Stock Exchange member firms and other counterparties totalling £469.9 million (30 June 2023: £486.0m) 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 £652.9 million and the gross amount offset in the Statement of Financial Position with trade payables is £183.1 million. Other than these counterparty balances trade receivables primarily consist of fees and amounts owed by clients and renewal commission, owed by fund management groups. 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.

2.4 Cash and cash equivalents

	As at 31 December 2023	Audited at 30 June 2023
	£m	£m
Group cash and cash equivalent balances	516.0	368.0
Restricted cash - balances held by HL EBT	0.3	5.3
	516.3	373.3

Cash and cash equivalents comprise cash in hand and demand deposits that are readily convertible to a known amount of cash, subject to insignificant changes in value and are holdings of less than three months or those over which the Group has an immediate right of recall. The carrying amount of these assets is approximately equal to their fair value.

At 31 December 2023, 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 £6,344 million (30 June 2023: £7,214m). In addition, there were pension trust and Active Savings cash accounts held on behalf of clients not governed by the client money rules of £5,992 million (30 June 2023: £6,224m). The client retains the beneficial interest in both these deposits and cash accounts, and accordingly, they are not included in the Statement of Financial Position of the Group.

2.5 Trade and other payables

	As at 31 December 2023	Audited at 30 June 2023
	£m	£m
Financial liabilities:		
Trade payables	468.5	487.4
Current lease liabilities	4.4	4.6
Other payables	23.1	38.0
	496.0	530.0
Non-financial liabilities:		
Deferred income	0.2	0.3
Accruals	22.0	26.5
Social security and other taxes	6.6	8.7
	524.8	565.5

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £466.3 million (30 June 2023: £483.5m) 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 staff as a bonus and rebates due to the regulated funds operated by the Group. Accruals and deferred income principally comprise amounts outstanding for trade purchases and receipts from clients, where cash is received in advance of certain services.

2.6 Contingencies

The Group operates in a highly regulated environment and, in the ordinary course of business, provides information to various regulators and 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 brought by clients, investors or other third parties. These may be notified to the Group or directly to third parties, such as the Financial Ombudsman Service in the case of client and investor complaints investigated and not upheld by the Group. These include enquiries, complaints and a threatened claim relating to the LF Equity Income Fund (formerly the Woodford Equity Income Fund).

The Company received a letter purporting to be a pre-action letter from a law firm in March 2021. In June 2021, the Company rejected all the claims made for lack of a substantive basis of claim. The Company is aware that the law firm has since filed a claim form with the court against both Link Fund Solutions Limited and Hargreaves Lansdown Asset Management Limited ("HLAM") for an unspecified amount in October 2022. As at the date of issuing these financial statements, the law firm has not yet confirmed that it has secured sufficient funding to progress the claim, HLAM has not been served with the claim form and no timetable has been set for the conduct of any claim.

2.6 Contingencies (continued)

All such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. 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.

These matters have been re-assessed throughout the financial period and the above statement is accurate as at the reporting date and up to the date of issue.

Section 3: Equity

Condensed Consolidated Statement of Changes in Equity

for the period ended 31 December 2023

	Attributable to the owners of the Parent						Total equity £m
	Share capital	Shares held by EBT	EBT reserve	Retained earnings	Total	Non-controlling interest	
	£m	£m	£m	£m	£m	£m	
Audited at 30 June 2022	1.9	(3.6)	(2.4)	579.2	575.1	(1.6)	573.5
Total comprehensive income¹	-	-	-	157.3	157.3	(0.1)	157.2
Change in ownership	-	-	-	(1.7)	(1.7)	1.7	-
Employee Benefit Trust:							
Shares sold in the period	-	1.9	-	-	1.9	-	1.9
Shares acquired in the period	-	-	-	-	-	-	-
HL EBT share sale	-	-	(1.9)	-	(1.9)	-	(1.9)
Reserve transfer on exercise of share options	-	-	3.2	(3.2)	-	-	-
Employee share option scheme:							
Share-based payments expense	-	-	-	3.3	3.3	-	3.3
Current tax effect of share-based payments	-	-	-	(0.3)	(0.3)	-	(0.3)
Deferred tax effect of share-based payments	-	-	-	0.2	0.2	-	0.2
Dividend paid	-	-	-	(130.0)	(130.0)	-	(130.0)
As at 31 December 2022	1.9	(1.7)	(1.1)	604.8	603.9	-	603.9
Audited at 30 June 2023	1.9	(6.4)	(1.0)	715.2	709.7	-	709.7
Total comprehensive income¹	-	-	-	135.2	135.2	-	135.2
Employee Benefit Trust:							
Shares sold in the period	-	2.7	-	-	2.7	-	2.7
HL EBT share sale	-	-	(2.7)	-	(2.7)	-	(2.7)
Employee share option scheme:							
Share-based payments expense	-	-	-	4.2	4.2	-	4.2
Current tax effect of share-based payments	-	-	-	0.8	0.8	-	0.8
Deferred tax effect of share-based payments	-	-	-	-	-	-	-
Dividend paid (note 3.2)	-	-	-	(136.4)	(136.4)	-	(136.4)
As at 31 December 2023	1.9	(3.7)	(3.7)	719.0	713.5	-	713.5

¹ Total comprehensive income includes profit for the period and the total comprehensive income presented is equal to profit in both periods presented.

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 consisted 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. During the prior period, the Company purchased all of Stuart Loudon's 7.5% shareholding in Hargreaves Lansdown Savings Limited and therefore at 31 December 2022 the Company had 100% control of the subsidiary.

Section 3: Equity
Notes to the Condensed Consolidated Statement of Changes in Equity
for the period ended 31 December 2023

3.1 Share capital	As at 31 December 2023	As at 31 December 2022
	£m	£m
Issued and fully paid:		
Ordinary shares of 0.4p	1.9	1.9
	Shares	Shares
Issued and fully paid:		
Number of ordinary shares of 0.4p	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	As at 31 December 2023	As at 31 December 2022
	£m	£m
Amounts recognised as distributions to equity holders in the period:		
2023 Final dividend of 28.8p per share (2022 – 27.44p)	136.4	130.2
2023 interim dividend of 12.70p per share	-	60.2
Total	136.4	190.4

Under an arrangement dated 30 June 1997, 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.

	As at 31 December 2023	As at 31 December 2022
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	442,696	197,460
Representing percentage of called-up share capital	0.09%	0.04%

Section 4
Condensed Consolidated Statement of Cash Flows
for the period ended 31 December 2023

		As at 31 December 2023	As at 31 December 2022
	Note	£m	£m
Net cash from operating activities			
Profit for the period after tax		135.2	157.2
Adjustments for:			
Income tax expense	1.5	47.3	40.4
Depreciation of plant and equipment	1.3	4.1	4.1
Amortisation of intangible assets	1.3	3.1	3.1
Impairment of intangible assets	1.3	14.4	-
Investment income		(14.6)	(8.4)
Share-based payment expense		4.2	3.3
Interest on lease liabilities		0.1	0.2
Increase in provisions		2.1	1.8
Operating cash flows before movements in working capital		195.9	201.7
Decrease in receivables		62.9	17.2
Decrease in payables		(40.7)	(107.4)
Cash generated from operations		218.1	111.5
Income tax paid		(48.8)	(38.8)
Interest received		14.6	8.4
Net cash generated from operating activities		183.9	81.1
Investing activities			
Decrease/(increase) in term deposits		110.0	(170.0)
(Purchase of)/Proceeds on disposal of investments		(4.4)	0.1
Purchase of property, plant and equipment	2.1	(2.7)	(1.6)
Cash capitalisation of intangible assets	2.1	(6.1)	(10.5)
Net cash from/(used in) investing activities		96.8	(182.0)
Financing activities			
Proceeds on sale of own shares in EBT		-	0.1
Payments of principal in relation to lease liabilities		(1.3)	(2.1)
Dividends paid to owners of the parent		(136.4)	(130.0)
Net cash used in financing activities		(137.7)	(132.0)
Net increase/(decrease) in cash and cash equivalents		143.0	(232.9)
Cash and cash equivalents at beginning of period	2.4	373.3	488.3
Cash and cash equivalents at end of period (including restricted cash)	2.4	516.3	255.4

Section 5

Other Notes

as at 31 December 2023

5.1 Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared using accounting policies in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial reporting' and the Disclosure Guidance 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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 2023 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, with £20m in term deposits at 31 December 2023 (see note 2.3) and has adequate financial resources available to meet its day-to-day regulatory and 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 signing. Forecasts have been considered and there are no material changes in the approach taken in outlining the Group's viability as stated on pages 55 of the Group's Annual Report and Financial Statements 2023, a copy of which is available on the Group's website, www.hl.co.uk. The Directors 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 2023 as were applied in the Audited Annual Financial Statements for the year ended 30 June 2023.

Changes in the composition of the Group

During the prior period an agreement was reached to purchase Stuart Louden's shares and as at 31 December 2022 the Company had 100% control of Hargreaves Lansdown Savings Limited.

During the period Hargreaves Lansdown Fund Managers Ltd, the Group's fund management subsidiary, made seed investments into two retail funds. These funds are managed by the Group but are not consolidated into the Group at the end of the period. The total value of these investments at 31 December 2023 was £4.2m.

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 and interest rates during a particular period.

5.2 Material events after interim period-end

After the interim Statement of Financial Position date, an ordinary interim dividend of 13.2 pence per share (H1 2023: interim dividend 12.70 pence) amounting to a total dividend of £62.6 million (2023: £60.2m) was declared by the plc Directors. These financial statements do not reflect this dividend payable.

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

5.3 Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group for the remainder of the financial year are those detailed on pages 53 to 62 of the Group's Annual Report and Financial Statements 2023, 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.

Strategic risks

- Failure to execute strategic plans
- Business Performance

Operational risks

- Technology
- Administration
- Regulatory compliance
- Financial crime
- Data management
- Products and proposition
- Operational Resilience
- Employee relations
- Change management
- Information security

Interest rate risk is the risk that the Group will be impacted by adverse movements in rates associated with interest bearing assets and liabilities. There is an exposure to interest rates on banking deposits held in the ordinary course of business. At 31 December 2023 the value of such assets on the Group Statement of Financial Position was £536.3 million (at 31 December 2022: £445.4m).

This exposure is continually monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank, including restricted cash, earns interest at floating rates based on daily bank deposit rates, cash held on term deposits greater than 3 months, classified as receivables earns interest at a fixed rate.

Given that a source of revenue is based on the value of client cash under administration, the Group has an indirect exposure to interest rate risk on cash balances held for clients, the balance of which was £12,336 million at 31 December 2023 (30 June 2023: £13,438m). These amounts are not included in the Group Statement of Financial Position.

The below is an analysis of the impact of a change of 100bps (1.00%) in interest rates on the revenue received in relation to client cash. This calculation considers no other impacts on interest income, it is an isolated adjustment to one input to our revenue stream and as such is not indicative of a real change. The calculations assume the interest income has been earned evenly over the period and that rates have changed in isolation in the period, without any changes to balances or margin of interest earned by clients. 100bps has been chosen as it is illustrative of movements seen during the financial year from the Bank of England, it is not an expectation of actual changes.

	As at 31 December 2023
	£m
Net Interest Income +100bps (1.00%)	62.6
Net Interest Income -100bps (1.00%)	(62.6)

The above disclosure is not intended as forward guidance or analysis and does not take into account the behaviour of clients in relation to changes in interest rates, nor does it forecast future cash holdings and the level of pass through to clients. It is intended as a point in time indication of the sensitivity of the net interest income revenue category in the reporting period to unforeseen changes in the base rate.

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 2023 Annual Report.

As noted in note 5.1 the Group has made seed investments into two managed funds in the period. Management fees received in respect of these funds were nil in the period.

5.5 Financial instruments' fair value disclosure

The Group's investments are financial assets and are held at fair value through profit or loss. There have been no transfers of assets or liabilities between levels of the fair value hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which fair value is observable:

	Level 1 Quoted prices	Level 2 Directly observable market inputs other than Level 1 inputs	Total
	£m	£m	£m
As at 31 December 2023			
Financial assets at fair value through profit or loss			
- Listed equities	0.7	-	0.7
- Daily priced fund units	-	4.2	4.2
	<u>0.7</u>	<u>4.2</u>	<u>4.9</u>
Audited at 30 June 2023			
Financial assets at fair value through profit or loss			
- Listed equities	0.5	-	0.5
	<u>0.5</u>	<u>-</u>	<u>0.5</u>

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 counterparty basis.

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

Measure	Calculation	Why we use this measure	Reconciliation
Underlying Activity costs	Underlying cost related to stockbroking, financial services costs and marketing costs on a transactional basis related to the volume of activity undertaken by our clients.	This has been amended in the period to provide visibility of the costs that are associated with both client numbers and transactional volumes, to allow comparison from year to year	This measure is the same as the Activity Costs figures within note 1.3
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 (see note 3.2 to the consolidated financial statements).	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.	N/A
Underlying People costs	Underlying costs related to staff, the main driver in business.	People costs are our largest cost category and our people are the key driver of our Business and our strategy.	Equivalent to staff costs figure within note 1.3, less strategic investment costs and restructuring costs totalling £11.1 million
Platform Growth	The net value of new assets brought onto the platform less assets leaving the platform, excluding cash placed with Active Savings.	Provides the most useful measure of tracking, over time, the element of net new business that is made up on assets brought onto the platform.	N/A
Net movement to Active Savings	The net value of assets moving from the HL platform to Active Savings	Separated out from Platform Growth to highlight the change in asset mix within the business and the retention provided by Active Savings.	N/A
Active Savings Growth	The net value of new cash placed with Active Savings.	Provides the most useful measure of tracking, over time, the element of net new business that is made up of cash brought into Active Savings	N/A
Market growth and other	The underlying market movement and other retained investment income, including dividends reinvested on behalf of clients.	Provides the best measure for highlighting changes in the AUA that are not directly impacted by client activity.	N/A
Net interest margin (bps)	Revenue from cash divided by the average value of cash under administration, net of interest received by clients.	Provides the most comparable means of tracking, over time, the margin earned on the cash under administration after considering the amount received by clients.	N/A
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.	N/A
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.	N/A
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.	N/A
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.	N/A

Revenue margin from shares (bps)	Revenue from shares (stockbroking commissions, management fees where shares are held in a SIPP or ISA) 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.	N/A
Revenue from shares – Stockbroking Commission	Stockbroking commissions differs from Fees on Stockbroking Transactions, as it relates directly to client charges for trading	Provides a means of tracking, over time, the revenue earned on trading by our clients.	This is Fees on Stockbroking Transactions per Note 1.1, less £1.6m, which is included in “Other Revenue” on page 9
Strategic investment costs	The total Cost (excluding capitalisation), of the Strategic Investment Programme including staff and professional fees relating to the planning, commencement and undertaking of the digital technology strategy, strategic growth initiatives and the cost of expanding associated compliance, infrastructure and support functions.	Costs relating to the planning, commencement and undertaking 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.	See page 7
Underlying support costs	Underlying support costs includes legal and professional fees and office running costs, including operating lease rentals. Also included in underlying support costs are depreciation of owned plant and equipment, amortisation of other intangible assets and impairment.	Provides an assessment of our other costs.	The measure is the same as Support costs, within note 1.3, plus depreciation, amortisation and impairment and excluding strategic investment costs of £12.7 million
Underlying technology costs	Costs associated with the use of third-party software and data feeds used in the performance of daily business.	Provides a means of understanding the impact that increasing or changing our proposition has on our costs.	Technology costs per note 1.3, less strategic investment costs of £0.8m
Underlying costs	Operating costs less strategic investment costs, intangible impairment and restructuring costs.	Provides relevant information on the year-on-year cost of the underlying business as we go through a period of significant strategic investment.	Operating costs per note 1.3 less £39.0m of strategic investment costs, intangible impairment and restructuring costs
Underlying diluted earnings per share	Underlying profit 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 statutory profit after tax adjusted for those costs that are related specifically to our strategic investments.	N/A
Underlying profit after tax	Profit after tax attributable to equity holders of the parent company excluding strategic investment costs, intangible impairment and restructuring costs.	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.	Profit after tax per the Statement of Comprehensive income after adding back strategic investment costs, impairment of intangible assets, restructuring costs and adjusting for a tax shield effect, as shown on page 10
Underlying profit before tax	Profit before tax excluding strategic investment costs, intangible impairment and restructuring costs.	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.	Profit before tax per the Statement of Comprehensive income after adding back strategic investment costs, impairment of intangible assets, restructuring costs as shown on page 10

General Information

EXECUTIVE DIRECTORS

Dan Olley
Amy Stirling

NON-EXECUTIVE DIRECTORS

Andrea Blance
Adrian Collins (non-independent as represents Peter Hargreaves)
Penny James
Moni Mannings
Michael Morley
Alison Platt
Darren Pope
John Troiano

COMPANY SECRETARY

Claire 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*	29 February 2024
Record date**	1 March 2024
Payment date	28 March 2024

* 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.