# Hargreaves Lansdown plc

# Unaudited Preliminary Results for the year ended 30 June 2024

**Highlights:**

- Net new business of £4.2 billion
- Assets Under Administration, up 16% to £155.3 billion driven by net new business and positive market movement
- 1,882,000 active clients, an increase of 78,000 in the year
- Profit before tax decrease of 2% to £396.3 million
- Underlying profit before tax increase of 4% to £456.0 million
- Total Ordinary dividend up 4.0% at 43.2 pence per share

| | **Year ended 30 June 2024** | Year ended 30 June 2023 | **Change %** |
|---|---|---|---|
| **Net new business* inflows** | **£4.2bn** | £4.8bn | **-13%** |
| **Total assets under administration*** | **£155.3bn** | £134.0bn | **+16%** |
| **Revenue** | **£764.9m** | £735.1m | **+4%** |
| **Profit before tax** | **£396.3m** | £402.7m | **-2%** |
| **Underlying profit before tax*** | **£456.0m** | £438.8m | **+4%** |
| **Diluted earnings per share** | **61.7p** | 68.2p | **-10%** |
| **Underlying diluted earnings per share*** | **71.0p** | 74.3p | **-4%** |
| **Total dividend per share** | **43.2p** | 41.5p | **+4%** |

*Net New Business, Assets Under Administration, Underlying profit before tax and underlying diluted EPS 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 27 for the full definitions.

**Dan Olley, Chief Executive Officer, commented:**

"It has been an eventful first 12 months, not least with the approach from the consortium[1] which has today resulted in a firm and final[2] offer for HL, with the Independent Board of HL[3] intending to unanimously recommend the cash offer to shareholders.

As I made clear on joining, we need to help more people across the UK save and invest to secure their financial future, so for us this is more than a mission, it's an obligation. I have therefore been reassured during process that the consortium are aligned with our mission.

This year a key priority has been getting back to the fundamentals: continually striving for great client service, providing a great client experience and great client value. That means putting our clients at the heart of the organisation and serving them well, with the humility, expertise and passion that makes HL the company it is.

I'm pleased to see our strategy and focus on our priorities beginning to deliver results, with record assets under administration (AuA) of £155.3bn, up 16% on last year and 78,000 net new active clients joining the platform this year, underlining HL's position as the UK's largest and most trusted Investment Platform. Net new business for FY24 was down on FY23 at £4.2bn, with a slow H1 reflecting the long-term historic trend. However, in H2 we started to see the year-on-year trend level off from the historic slow decline as our work on client service levels, digital experience improvements and proposition enhancements started to come through.

This year also saw us start to accelerate our use of data to drive decision making and client insights. This led us to launch the UK's only multi-bank cash ISA, allowing clients to maximise their FSCS coverage on a single platform, a life-styled Ready Made Pension fund and the recently launched Managed and Multi-Index Funds which accounted for 80% of our HL funds growth in Q4.

We delivered revenue of £764.9m up 4% vs. FY23. Our increased focus on cost discipline through the year has allowed us to slow cost growth, especially in H2, delivering an underlying profit of £456m, again up 4% YoY.

Looking forward, while we made solid progress last year, my business wide review has clearly shown that there is much more we have to do to deliver on our ambition to constantly delight our clients into the future, and through this accelerate our growth. Success requires navigating a complex and broad programme of change and there is no doubt that delivery of benefits will not be linear, but we know what needs to be done and are determined to achieve it by delivering steadily and surely keeping our focus on our clients and meeting our medium to longer-term objectives.

With the momentum we are building I'm very positive about the future for HL, but even more positive about the impact we can have on people across the UK as we support them on their investing journeys and help them secure their financial future."

**About us:**

Hargreaves Lansdown is the UK's largest savings and investment platform and the UK's biggest retail stockbroker, with over 1.88 million clients and £155.3 billion savings and investments. For over 40 years, from its Bristol headquarters it has helped clients improve their financial futures. Its purpose is making it easy to save and invest for a better future, which it does via an easy-to-use platform and broad proposition supporting clients' financial needs across their lifetime.

[1] a newly formed company to be indirectly owned by CVC Private Equity Funds, Nordic Capital XI Delta, SCSp (acting through its general partner, Nordic Capital XI Delta GP SARL) and Platinum Ivy B 2018 RSC Limited

[2] The financial terms of the Offer are final and will not be increased or improved, except that BidCo reserves the right to increase and improve the financial terms of the Offer if there is an announcement of an offer or a possible offer for HL by a third-party offeror or potential offeror

[3] Comprising HL's full Board excluding Peter Hargreaves' shareholder representative, Adrian Collins, who is a non-independent non-executive director.

HL's award-winning digital platform gives clients access to a broad range of savings and investment solutions and products to manage their finances and facilitate their investment goals. This includes a full suite of tax-efficient lifetime pension investment solutions; a comprehensive investment proposition; a cash management platform, Active Savings, with access to highly competitive savings rates and the ability to spread cash savings across providers, maturities and accounts.

HL's funds provide clients with a range of options, from simple solutions (Ready Made) for low confidence clients, through to single asset funds that invest into tailored mandates, depending on clients' risk profiles.

HL provides its services via four channels: Direct-to Consumer through the app or website; Helpdesk, via phone or email; Financial Advice; and Workplace, HL's b2b arm, offering a variety of services adjacent to its core pension proposition.

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## Analysts' presentation

An analyst presentation including Dan Olley (CEO) and Amy Stirling (CFO) discussing these results will be available on our website www.hl.co.uk/investor-relations from 7:00am today. Management will be hosting a video-call for sell-side analysts at 9:30am. Attendance is by invitation only.

### 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 year to 30 June 2024. These measures are listed along with the calculations to derive them and an explanation of why we use them on page 27 in the Glossary of Alternative Financial Performance Measures. A reconciliation to profit before tax is given in the Operating and Financial Review section.

### Forward-looking statements

This document has been prepared to provide additional information to shareholders to assess the current position and future potential of the Hargreaves Lansdown Group ("the Group"). It should not be relied on by any other party for any other purpose. This document contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from the results discussed in the forward-looking statements as a result of various economic factors or the business risks, some of which are set out in this document.

# Chief Executive's Review

**Overview**

It has been an eventful first 12 months in role, not least with the approach from the consortium which has today resulted in a firm and final offer for HL, with the Independent Board intending to unanimously recommend the cash offer to shareholders. The offer is expected to complete in Q1 2025 subject to certain conditions, including shareholder and other regulatory approvals.

At HL, we have been helping people to save and invest for a better future for over 40 years. This year our focus has been on getting back to basics: continually striving for great client service, providing a great client experience and great client value. That means putting our clients at the heart of the organisation and serving them well, with the humility, expertise and passion that makes HL the company it is. We need to help more people across the UK save and invest to secure their future, so this is more than a mission, it's an obligation and our sole focus.

When I joined the business as CEO in August 2023, it was clear that HL is a great business with a passion for serving its clients, but we had work to do in areas to serve our clients better. For example, it was clear our client service in H2 2023 had fallen below the level we and our clients expect and that our website and app functionality could be significantly improved.

Based on these initial observations, I laid out four clear priorities (Delight clients, Increase pace, Save to invest and Focus on Our People) to align the organisation and increase the pace of execution, whilst undertaking a thorough business wide review. The output of this review, coupled with our analysis of client needs, has enabled us to evolve the strategy and create clear financial and operating plans to achieve our objectives.

I am pleased with the progress we have made against these initial four priorities, and importantly these changes are starting to have a positive impact on our clients, for example the significant improvements in Client Service the teams delivered through Tax Year End in March and April of this year.

The combination of great value, great service, relevant research and a broad proposition helped us welcome another net 78,000 active clients to the platform, taking assets under administration (AuA) to £155.3 billion and underlining HL's position as the UK's largest and most trusted Investment Platform. Our Net New Business (NNB) for FY24 was £4.2bn, with a stronger performance in the second half. This has delivered revenue of £764.9m up 4% vs. FY23. Our increased focus on cost discipline across the organisation through the year has allowed us to slow cost growth, especially in H2, delivering an underlying profit of £456m, again up 4% YoY.

I would like to thank every HL colleague for helping deliver this year's improved performance and for embracing the changes we are making to make HL an even stronger organisation. Guided by our purpose to "make it easy to save and invest for a better future", I am proud of what we have achieved together and excited about the road ahead.

## Getting back to basics, led by our clients.

In September 2023, I set out four immediate priorities to increase momentum across the organisation while we commenced a more comprehensive business-wide review. I am pleased to see the progress that has been made and the early positive impact this is having for both our clients and our results.

**Delighting Clients, Drive Growth**
Putting clients first has always been at the heart of Hargreaves Lansdown, so this was a very natural first priority to set. 2023 had seen a decline in our usually high levels of client service, and we had clear client feedback that there were opportunities in both our digital experience and proposition, all of which we needed to, and have, acted upon.

- **Service** – We have been focused on returning our Service standards to the levels we and our clients expect. We have invested in our colleagues and technology to reduce call answering times, improve call quality and increase the number of client calls fully resolved at first point of contact. As a result, we were able to handle over 190,000 calls in the 5 weeks up to tax year end (up 21%), with ~58% answered in under 20 seconds and NPS peaking at over +50. We will never be satisfied, and we will keep working to continue to enhance and extend our service offerings, but I would like to thank all HL colleagues for their efforts to make the improvement.
- **Proposition** – This year, we completed the launch of two new "Ready-Made" HL fund ranges designed to give our clients a simple way to invest. The "Managed by Experts" range seeks to leverage the best of active funds from across the market and the "Track the Markets" range is a simple way to invest in a range of passive tracker funds. We have also launched a Ready-Made Pension Fund, which uses a life stage strategy to adjust risk based on a client's age. Since launch, the new "Ready-Made" suite of funds have seen net inflows of circa £300 million. January 2024 saw the launch of the UK's only multi-bank cash ISA, allowing clients to spread their ISA savings across multiple banks and maximise their FSCS protection. By June 2024, over 33,000 clients had taken advantage of this new offering, with AuA of £533 million.

- **Digital Experience** – Another key priority this year was initiating plans to remove all unnecessary friction from our digital journeys and extend our App functionality. Client feedback is very favourable towards our digital experience, so we are evolving our App and Website incrementally to meet client needs even more effectively. 2024 saw the introduction of our new "Easy Bank Transfer" option allowing clients to quickly and easily top up accounts in a few clicks. In 2024 this new top up option enabled clients to add £2.4 billion into their accounts whilst also reducing our costs to process top-ups by £1.9 million. Our new News section was launched, allowing HL's teams to get our clients the latest investment news and research faster than ever before and proving the new technology that we will use to power much of the Website as we migrate over the coming months. There is still much we can do, but we have started to make progress.

**Increase Pace**
We work in a fast-paced industry, and we are accelerating our pace of innovation to deliver for our clients. In 2024 we evolved our ways of working to leverage the best thinking from leading high performing digital innovators. This has seen an acceleration of both the in-year continual improvement work, evidenced in the progress in digital experience above, and a step change in delivery pace of our larger strategic initiatives, further increasing our confidence that we will deliver our strategic change programme within the original financial parameters.

**Save to Invest**
We have been constantly looking for thoughtful ways to simplify, automate and standardise to drive efficiency so that we can reinvest in our business and our clients. We have made good progress across several areas, including leveraging Robotic Process Automation (RPA) across a number of processes, freeing up colleagues and funding to allow us to invest more in improving our service ahead of tax year end. We have launched automation tools such as Salesforce and Amazon connect that help colleagues be more efficient and provide even better client service and have evolved our ways of working that have significantly reduced the dependence on contractors and 3rd party consultancies. Overall, our FY24 underlying costs were £338.5m, below guidance expectations with the growth rate down to 5% in H2.

**Focus on our People**
We welcomed several new highly experienced colleagues to the HL leadership team as we strengthened experience and capability in key areas such as Technology, Operations and Digital Product Management. Key was strengthening experience in executing digital transformation at pace, innovating with data and technology to drive client value and driving operational efficiency and cloud-based resilience at scale. While still early days, I'm pleased to see the positive impact these new colleagues are already having across the organisation as they couple their experiences with the extensive experience we already have in the organisation.

On a personal note, I have also had the pleasure to welcome Alison Platt to the organisation as Chair. Alison brings a wealth of experience and a thoughtful, supportive and engaging approach that has landed exceptionally well across HL.

## Findings from the comprehensive Business Wide Review.

In parallel with executing on our initial 2024 priorities, we have undertaken a thorough review of all aspects of the business, from our client proposition to our operations and support functions. This review has further strengthened my belief that HL is a great business, built on a strong heritage and with an important role to help more people across the UK secure their and their families financial future. However, it is has also shown that we have not always kept pace with the competitive environment, the way customers consume marketing, the increasingly sophisticated and demanding requirements of digital customer journeys and the service levels clients expect. This has caused our rate of growth to slow over the past few years, but also creates clear opportunities that, if captured, will only accelerate the number of clients we can help, and through this drive the growth of the organisation. The key findings are:

1. **Client Engagement & Retention** - Our proposition and digital experience have only changed modestly in the last few years. This has resulted in Net new business growth reducing from £8.7 billion in FY 2021 to £4.2 billion in FY 2024, reflecting declining client and asset retention rates, which have fallen from 92.1 per cent to 91.4 per cent and from 91.4 per cent to 88.5 per cent respectively over the same time period. Advances in technology, changing market dynamics and evolving client needs mean there is a significant opportunity to now take the savings we are making across the business and invest to evolve all aspects of the proposition for our clients.
   There is no single silver bullet – the already announced strategic spend alongside revenue investment to support long term client and asset retention is important and it will take a combination of continued focus on service, significantly enhancing the digital experience and client journeys, and targeted revenue investment to be successful. This revenue investment, were it to be implemented, would be expected to be largely mitigated through a combination of asset growth, and both lower cost growth and a return to pre-Covid platform asset retention levels over the medium term.

2. **Client Acquisition** – HL was built on providing clients great research and content and helping them build their confidence to invest. This need is still there today, and we know we can help a lot more people start their investing journey. What has changed radically is how we need to reach and engage potential clients through multiple channels, and while we continue to attract new and younger clients, the level of gross new inflows we are able to attract to the platform from new clients each year has dropped by 35% since FY21. We need to leverage our brand strength and data to much more effectively get our messages to target clients wherever they are. We also offer great value, that both clients and non-clients alike are not aware of, such as our fund discounts and the deal prices we achieve for our clients when trading. We need to get better at telling this story through our platform, marketing and to the press.

3. **Client Service** –We have made good progress on our Client Service from where it was at the end of 2022 and early 2023 when our monthly NPS declined to a low of +33 during the 2023 tax year end due to challenges with Helpdesk capacity and call volumes. We have significantly improved since then and as I mentioned earlier, I am proud of what our teams achieved this year given the starting point, and our NPS improved to +48 during tax year end period. However, our review has shown there is so much more we can do to really delight every client.

4. **Operational transformation & Cost Efficiency**– The review has highlighted a significant opportunity to streamline and automate our middle and back-office processes, making them more resilient, less prone to human error and freeing up colleagues and spend to invest back into serving our clients. We will seek to address the disproportionate cost growth as client numbers expanded over the last few years, with our cost to serve increasing from 22.3bp in FY21 to 23.7bp in FY24.

5. **Colleague Engagement** – My review of the organisation has also involved honest and open conversations with colleagues at all levels of the organisation. HL colleagues are passionate about our clients. It's in the DNA from when the company was founded. Colleagues' feedback identified lack of clear priorities, slow pace of change, siloed working and manual processes as key sources of frustration.

6. **Investment Spend**– HL is now two years into its original capital markets day investment programme, and while some progress has been made in certain areas, such as the launch of the new HL funds, progress has been less tangible in key areas such as operational automation and digital platform automation. As we have strengthened the HL Leadership team and changed ways of working in parallel with the review, we remain confident that the investment plans can still be delivered within the financial envelope originally set, though full completion of some activities will extend into FY27.

Many of these changes and programmes are already underway, facilitated by the initial priorities we laid out at the start of FY24, and we have made considerable progress. While we remain confident that we have identified the opportunities we need to capture, and we can deliver over the medium to longer term, I also want to be clear that the delivery of our core priorities involves significant change across large parts of the business, coupled with on-going investment over the medium term as set out above. Any transformation programme of this breadth and complexity carries significant execution uncertainty, and there is no doubt that delivery of benefits will not be linear. An ever more competitive environment only adds to the need to execute flawlessly.

## Evolving our strategy

HL has a clear and refreshed strategy, which the Board is confident will deliver over the longer term, with good progress already made against the initial priorities identified in FY 2024. The refreshed strategy comprises five strategic priorities intended to address the findings from the review, as set out at HL's interim results in February 2024:

**(1) Transform the investing experience:** Removing jargon, terminology and complexity and making it easy for its clients to set their financial goals and work towards achieving them with minimum effort and fuss. A key focus will be improving HL's digital experience and proposition as well as evolving its marketing capability.

**(2) Combine the best of colleague and digital capability:** Bringing together the deep experience of HL's colleagues with advances in AI and other digital technologies to serve clients on their terms. HL will continue to invest in its colleagues and technology to deliver a service continuum from DIY investing to full financial advice.

**(3) Leverage economies of scale to drive client value:** Decoupling cost from growth through the successful implementation of HL's transformation programme enabling greater process simplification, automation and standardisation, alongside agile ways of working to enhance efficiency and increase delivery pace. Through HL's 'Save to Invest' philosophy, cost benefits realised are intended to moderate future cost growth and fund the capability for continuous and ongoing investment in the client proposition.

**(4) Responsible and resilient business:** Continuing to invest to provide the robust, resilient and available services expected from the UK's largest retail investment platform enabled by the migration of HL's data centre to the cloud and the transition off core legacy systems to modern architecture. HL intends to ensure its operating model is resilient and compliant by design, with risk and compliance requirements assessed during development and embedded into systems and processes.

**(5) Great people, great culture:** Attracting top talent to drive focus, pace and performance, building on a strong set of values centred around putting clients first. HL is focused on enhancing its performance culture to align the organisation to the refreshed strategy and its successful implementation.

## Outlook and Guidance

We operate in a large and growing market within a context of continued macro-economic uncertainty and market volatility. Therefore, our purpose, "to make it easy to save and invest for a better future" has never been more relevant. So we welcome the new government's early focus on growth and encouraging more people to engage with their finances.

We have work to do in order to deliver on our refreshed strategy and reinvigorate growth in the business but we have laid the foundations, identified our key priorities and aligned our operating model and people to ensure we can deliver.

As we look forward, we will continue to focus on our key priorities, to serve our clients and our communities and to start to deliver against our strategic goals.

Our priorities build on the work we have already done, positively impacting all aspects of our client value proposition, through both our strategic transformation programme and continued investment in our client value proposition to give our existing clients the experience, service and value that HL is uniquely placed to deliver. We will also strive to welcome even more new clients to the platform by improving marketing, enhancing our proposition for low confidence investors as we help them start their investing journey, and improving our onboarding and consolidation journeys.

We will continue to focus on driving efficiency and further reducing risk through standardisation, automation and simplification. We will innovate with the latest generation of technologies which, coupled with our rich data, will enable us to create new levels of automation whilst retaining and increasing client personalisation. We will be relentless in our focus to capture the tangible benefits of the work through our Save to Invest programme, and as we do, we will invest back into our business to further improve the experience and value for our clients.

While our clients are at the centre of all we do, at our heart we are a people business built on amazing colleagues. Focus and performance are the key people priorities for the year ahead as we better align the organisation to the things that really matter to our clients.

To unlock the opportunity for our clients we need to undertake a significant transformation of this business which will not be linear in its delivery and will take some time. The cost of delivering that programme is what we have announced before (£175m +£50m dual running) although certain business automation and efficiency programmes will now complete in FY27 not in FY26 as had been anticipated.

What we are keen to ensure is that we strengthen our market leadership position and in doing so we will beyond FY27, through our Save To Invest programme, generate capacity to continue to invest in the proposition.

## Financial Review

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

| | **Year ended 30 June 2024 £bn** | Year ended 30 June 2023 £bn |
|---|---|---|
| Opening AUA* | **134.0** | 123.8 |
| Platform growth* | **1.5** | 1.6 |
| Active Savings growth* | **2.7** | 3.2 |
| Total Net New Business* | **4.2** | 4.8 |
| Market growth and other | **17.1** | 5.4 |
| Closing AUA* | **155.3** | 134.0 |

* AUA, Net New Business, Platform growth and Active Savings Growth are alternative Performance Measures. See the Glossary of Alternative Performance Measures on page 27 for the full definition.

2024 has been a year of significant change for HL; we welcomed Dan Olley as our new CEO and Alison Platt as our new Chair; both of whom have brought rigorous challenge and scrutiny to where we are as a business, with Dan leading a business wide review during the course of the year, the conclusions and findings of which are set out in his CEO review on page 3.

Many of the programmes and changes identified are already well underway and have impacted our financial results this year, both in terms of increased strategic investment spend incurred and in the shape of our Underlying Operating costs, where we are starting to see the benefit in a different shape to our headcount growth particularly in the second half of the year as explained on page 9.

Overall we have delivered a good performance in the year, with strength in UK and US markets combined with modest levels of Net New Business and a step up in trading volumes together driving increased revenue and the highest level of AUA seen on the platform. Whilst Underlying operating costs have increased again during the year, this is as expected and we are pleased to report a much lower level of cost growth in the second half of the year.

As we look forward, we expect the actions already being taken as a result of the review to improve the competitiveness of our service proposition, enabling improvements to client and asset retention and to decouple cost from growth, through delivering scale efficiencies which will lead to sustained lower cost growth in the medium term.

The year has continued the trend seen in the prior year of a challenging economic backdrop and geo-political issues impacting investor confidence. Despite this, we have seen an encouraging trend in the year, with the second half of the year seeing clients and asset growth on the platform particularly buoyed around tax year-end and that trend continuing through to the end of the financial year.

Total AUA increased by 16% to £155.3 billion at the year end (2023 £134.0bn). Total net new business for the year was £4.2 billion (2023: £4.8 bn). Platform growth was £1.5 billion (2023: £1.6bn) with £0.7 billion (2023: £0.7bn) of net movement into Active Savings, where we also saw a £2.7 billion (2023: £3.2bn) of new money in the year, bringing net new business to £4.2 billion total growth.

Net new business has been seen mainly in the second half of the year, as clients took advantage of tax year end to top up their ISAs and SIPPs, as inflation declined and interest rates stabilised. We have seen more contributions into our SIPP products in the year than ever before with record pension savings. The launch of our new multi-bank cash ISA product within Active Savings in the second half of the year has had a positive impact on the Savings product and there is now over £10 billion of client cash in the service.
In addition to the net new business we have also seen market movements of £17.1 billion (2023: £5.4bn), which was seen predominantly in the second half of the year as markets increased significantly compared to the previous year.
In the year we introduced 78,000 net new clients to our services (2023: 67,000), growing our active client base by 4% to 1,882,000.During the year we reached a milestone with 300,000 clients now having had an Active Savings accounts (2023: 175,000) representing a significant increase over the prior year, buoyed by the rates available and the new multi-bank cash ISA.

Client retention been impacted through the year as we have not consistently delivered the high standards of client service and digital experience that our clients have come to expect. Whilst still high at 91.4% (2023 92.2%) we believe we should do better and addressing this is one of the key priorities for the year ahead.

Asset retention reduced to 88.5% (2023: 90.4%) for the year, as we again saw high cash withdrawals, consistent with the stable rate environment and the preference of many clients for cash ISAs, while funds allocated for investment have in many cases been utilised to cover increased living costs. Active Savings has a lower asset retention rate than the core platform as clients often use it in the short term to manage their specific cash needs, saving for a certain event and then withdrawing the cash (e.g. the payment of a tax bill in January). Asset retention excluding Active Savings would be 1.7% higher at 90.2% (FY23: 91.5%).

An active client is defined as one who holds an account containing £100 or more with us.

**Income Statement**

| | **Year ended 30 June 2024 £m** | Year ended 30 June 2023 £m |
|---|---|---|
| Revenue | **764.9** | 735.1 |
| Operating costs | **(398.2)** | (350.7) |
| Finance and other income | **30.2** | 19.0 |
| Finance costs | **(0.6)** | (0.7) |
| Profit before tax | **396.3** | 402.7 |
| Tax | **(103.1)** | (79.0) |
| Profit after tax | **293.2** | 323.7 |

| | | |
|---|---|---|
| Profit before tax | **396.3** | 402.7 |
| Adjusted for: | | |
| - Strategic investment costs | **39.9** | 36.1 |
| - Intangible impairment | **14.4** | - |
| - Restructuring costs | **5.4** | - |
| - Underlying profit before tax* | **456.0** | 438.8 |
| - Tax on underlying profit* | **(118.5)** | (86.1) |
| Underlying profit after tax* | **337.5** | 352.7 |

* Underlying profit before tax, Tax on Underlying profit, and Underlying profit after tax for the period exclude £39.9 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £5.4 million. See the Glossary of Alternative Performance Measures on page 27 for the full definition.

**Revenue**

Total revenue for the period increased 4% to £764.9 million (2023: £735.1m), with key revenue lines increasing compared to the prior year and the first half of the year in the second half of 2024, the exceptions being cash and HL Funds. This has been driven by a return to growth in asset classes, excluding cash, as asset levels benefitted from positive market movements and net new business. In the case of cash we have seen a decline in the value of cash held on the platform and an increase in the pass through to clients, which has been offset by an increased margin throughout the full period, as interest rates stabilised following high growth in the prior year.

The table below breaks down revenue, average AUA and margins earned during the period:

| | **Year ended 30 June 2024** | | | Year ended 30 June 2023 | | |
|---|---|---|---|---|---|---|
| | **Revenue £m** | **Average AUA £bn** | **Revenue margin bps** | Revenue £m | Average AUA £bn | Revenue margin bps |
| Funds[1] | 249.3 | 65.4[8] | 38 | 236.4 | 60.7[8] | 39 |
| Shares[2] | 165.7 | 55.4 | 30 | 147.7 | 48.8 | 30 |
| Cash[3] | 260.7 | 12.4 | 210 | 268.7 | 14.0 | 192 |
| HL Funds[4] | 53.2 | 9.3[8] | 57 | 54.3 | 8.4[8] | 65 |
| Active Savings[5] | 19.9 | 9.3[6] | 21 | 8.7 | 6.4[6] | 14 |
| Other[7] | 16.1 | – | – | 19.3 | – | – |
| Double-count[8] | - | (9.2)[8] | – | – | (8.3)[8] | – |
| Total | 764.9 | 142.6[8] | – | 735.1 | 130.0[8] | – |

Revenue margin is an alternative performance measure, see the Alternative Performance Measures glossary on page 27 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.
6 Average cash held via Active Savings.
7 Advisory fees and ancillary services (e.g. annuity broking, distribution of VCTs and HL Currency Services).
8 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.

**Funds**

Funds continue to be the largest asset class on the platform at 46% of average AUA for the year and 46% of closing AUA (2023: 47%) reflecting the significant range of investment solutions available to meet a broad range of client needs.

Revenue on Funds increased by 6% to £249.3 million (2023: £236.4m) reflecting the increase in average AUA, with this revenue line returning to growth in the second half of the year. Revenue margin on funds at 38bps was in line with our guidance from the prior year.

The decline in the margin in the year reflects the full year impact of the reduction in platform fees of the Lifetime ISA (LISA) in the prior year, as well as the impact of the removal of fees for the Junior ISA, both changes were made in the second half of the previous financial year.

In addition, our Workplace Solutions business, where most of the assets are held in funds, continues to grow, albeit at a slightly lower margin.

**Shares**

Revenue on Shares increased by 12% to £165.7 million (2023: £147.7m) and the revenue margin of 30bps (2023: 30bps) was in the middle of our expected range. This was as a result of a return to higher deal volumes in the second half of the year, particularly in respect of overseas trades, where we also earn a margin on foreign exchange fees, as investor confidence increased, inflation declined and markets improved, with a peak in March and April around tax year-end.

During May and June, we ran a promotional campaign to drive awareness of the breadth of the trading proposition offered on our platform, to both new and existing clients. This includes extensive research, as well as a wide range of investment choices from UK and international shares, funds, ETFs and investment trusts; with clients benefitting from a £100 rebate against any cost of trading during that period. We were pleased to see over 128,000 clients benefit from the offer.

Average deals per trading day in the first half of the year were 31,000 and rose in the second half of the year to 38,000 per day. Total deal volumes, including automated deals such as dividend reinvestment, increased by 6% to 8.8 million (2023: 8.3m) and were in line with our expectation of deals per trading day. Dealing peaked in April and June at 41,000 deals per trading day, in each of those months propelled by news of growth in UK, US and European markets, tax year end and the news of the UK election. This compared with a low in September of 27,000. Overseas dealing volumes increased and represented 25% of our total client driven deals (2023: 21%).

We continue to improve our overall proposition in relation to share trading. As investor confidence improves we believe we are still well placed to see a return to higher trading volumes as demonstrated in the second half of the year. Shares AUA, at the end of the year, was £61.4 billion (2023: £50.8bn).

**Cash**

Revenue on cash (NIM) reduced in the period to £260.7 million (2023: £268.7m) reflecting the expected ongoing reduction in client cash held on the platform, offset by an increased margin resulting from a higher, more stable base rate throughout the year. Cash held in Investment accounts was £12.4 billion as at the year end (9% closing AUA), a reduction of £1.6 billion in the year as clients either invested, chose to save via our Active Savings offering or withdrew cash from the platform.

The year saw an increase in base rate from 5.00% to 5.25%, compared to the changes in the previous year, which saw seven increases from 125bps to 500bps as at 30 June 2023.

As of 30 June, 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% |
| SIPP Drawdown | 3.65% - 4.55% |

**HL Funds**

During the year we have launched a further five funds including our Global Corporate Bond fund and the four funds in our multi-index range (the range that provides a passive and lower cost alternative to our flagship active range). These represent the continued evolution of our fund range that is underpinned by our risk managed multi-asset ('ready-made') funds, supported by our series of more specialist fund solutions. The fund range now includes solutions using active and passive funds, as well as our income focused strategies.

Net flows into the new funds (launched over the past 2 years) helped drive inflows of c. £0.5 billion, with market moves supporting AUM growth, which totaled £10.3 billion at the end of 2024. The average AUM over the year in our own funds was £9.3 billion (2023: £8.4bn) and revenues, as expected, were down 2% from £54.3m to £53.2m. This has predominantly been driven by the growth of new fund ranges that have lower charges and therefore reduced margin. This transition is expected and the margin on HL Funds has reduced to 57bps (2023: 65bps) accordingly.

HL funds are a key part of our strategy, and we continue to evolve the range and competitiveness of our own investment funds, serving client needs and generating increased asset flow.

**Active Savings**

Revenue from Active Savings has grown significantly in the year to £19.9 million (2023: £8.7m) driven by strong net flows across the period of £2.7 billion (2023: £3.2bn) and strengthening margin. Margin on Active Savings is generated through a combination of product margin, payable by the partner banks whose products we offer on the platform and a share of interest earned on cash held in the client hub account. The average margin throughout the year was 21bps (2023: 14bps).

As at 30 June 2024 the AUA was £10.6 billion (2023: £7.8bn) and over 300,000 clients now have an Active Savings account.

In the second half of the year we launched our new multi-bank cash ISA, which provides clients with the full suite of Cash ISA products (fixed-term, easy access and limited access) from multiple banks, additional functionality and incremental partner bank relationships.

**Other**

Other revenues comprise advisory fees and ancillary services, such as annuity broking and HL's Workplace Solutions for Corporate employers. The amount has declined year-on-year, with the largest movements seen in distribution income in respect of third party services.

| | **Year ended 30 June 2024 £m** | Year ended 30 June 2023 £m |
|---|---|---|
| Ongoing revenue* | **622.5** | 612.6 |
| Transactional revenue* | **142.4** | 122.5 |
| Total revenue | **764.9** | 735.1 |

*Definitions are shown in the Glossary of Alternative Financial Performance measures on page 27.

The Group's revenues are largely ongoing in nature, as shown in the table above. The proportion of ongoing revenues remained high at 81% in the period (2023: 83%) as the transactional stockbroking commission increased versus last year and the net interest income decline have offset one another. Ongoing revenue is primarily comprised of platform fees on funds and equities, fund management fees, net interest income and ongoing advisory fees. This increased by 2% to £622.5 million (2023: £612.6m) driven by higher AUA.

Transactional revenue primarily comprises stockbroking commission and advisory event-driven fees. This increased by 16% to £142.4 million (2023: £122.5m) reflecting the increase in client-driven equity dealing volumes.

**Underlying operating costs**

| | **Year ended 30 June 2024 £m** | Year ended 30 June 2023 £m |
|---|---|---|
| | **Underlying cost** | Underlying cost |
| People costs* | **179.9** | 167.9 |
| Activity costs* | **53.6** | 45.5 |
| Technology costs* | **48.2** | 38.8 |
| Support costs* | **51.8** | 56.3 |
| Underlying costs (pre-FSCS) | **333.5** | 308.5 |
| Total FSCS levy | **5.0** | 6.1 |
| Underlying operating costs** | **338.5** | 314.6 |

* Definitions are shown in the Glossary of Alternative Financial Performance Measures on page 27.

** Underlying operating costs for the period exclude £39.9 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £5.4 million. See the Glossary of Alternative Performance Measures on page 27 for the full definition.

**Underlying operating costs**

Underlying operating costs increased by 8% to £338.5 million (2023: £314.6m) reflecting wage and cost inflation, annualisation of headcount growth, increased technology spend and higher volume driven Activity costs, offset by a reduction in support costs and a lower Financial Services Compensation Scheme (FSCS) levy.

**People costs**

People costs increased 7% to £179.9 million (2023: £167.9m) as we invested to support our colleagues through the course of the year. Our pay award for the year was an average of 5% across all of our junior role levels. We have also seen the annualisation of headcount growth from the prior year.

Our headcount increased during the first half of the year, with 2,480 FTE in place at 31 December and then peaking in January in the run up to tax year end. Staff numbers have declined in relation to permanent staff and we have significantly reduced the number and subsequently the cost of contractors in the second half of the year, closing out the year at 2,409 FTE.

Staff costs in the second half of the year were lower than in the first half of the year as a result.

**Activity**

Activity costs comprise marketing costs, dealing-related costs, and payment costs for client cash transferred onto the platform. Overall activity costs have increased by £8.1 million during the period reflecting higher dealing volumes, offset by reduced debit card charges for clients moving money onto the platform.

The primary driver has been dealing costs, which have increased by 29% and specifically in relation to overseas dealing we have incurred an additional £4.5m. This is driven by the increased stockbroking deals, as noted previously.

Offsetting these increased costs are reduced costs in relation to payment costs, after the introduction of our "Easy Bank Transfer" option in the prior year. This has led to a cost saving of £1.9m over prior year. Marketing costs have remained consistent year on year, but our mix of spend has changed, with increased spend on direct client acquisition offsetting reduced brand spend.

**Technology**

Technology costs increased to £48.2 million (2022: £38.8m) driven by software support fees and service subscriptions as we build out our digital capability and transfer our systems to the Cloud. We continue to improve the security of our IT environment. As previously explained, this requires the use of more third-party software, leading to an increase in licence and subscription costs throughout the year as we invest in our overall capability.

**Support**

Support costs, which include legal and professional fees, office running costs, depreciation and amortisation decreased to £51.8 million (2023: £56.3m). This largely relates to the one off increase in the dilapidations provision and increases in relation to office running costs in the prior year, which have not been repeated. Insurance costs and professional fees have decreased in the year, but this has been offset by an increase in costs relating to client compensation.

The Financial Services Compensation Scheme (FSCS) levy run by the FCA decreased to £5.0 million (2023: £6.1m). The FSCS is the compensation scheme of last resort for customers of authorised financial services firms.

**Adjustments to underlying profit**

Total strategic spend, including impairment of intangible assets and restructuring costs in the year was £64.0 million, of which £59.7 million has been expensed, as shown in the income statement above and £4.3 million has been capitalised in line with our accounting policy. As planned our level of strategic spend increased in the year as we are now running multiple scale programmes concurrently as part of the transformation. Spend primarily comprises staff (including contractor) costs and associated professional fees, associated compliance, infrastructure and support costs. These costs incurred in the period are in addition to the business as usual, or underlying, costs of the business.

As set out in our interim results, we have recognised an impairment charge of £14.4 million against intangible assets previously capitalised in the first half of the year.

£5.4 million has been incurred in the period in relation to the reset of the Executive Leadership and the Digital Leadership teams.

**Profit and earnings**

During the year, £30.2 million of Finance Income resulted from a higher level of corporate cash combined with more stable interest rates throughout the full year. Finance costs comprise the undrawn cost of the Group's Revolving Credit Facility and the interest incurred on the Group's leases.

On an underlying basis, profit before tax increased by 4% to £456.0 million (2023: £438.8m). On a statutory basis profit before tax decreased by 2% to £396.3 million (2023: £402.7m).

**Tax**

The effective tax rate for the period was 26.0% (2023: 19.7%). This is due to the increase in the corporation tax rate in April 2023, which has now been in place for a full year.

The Group's tax strategy is published on our website at http://www.hl.co.uk

**Earnings per share**

| | **Year ended 30 June 2024 £m** | Year ended 30 June 2023 £m |
|---|---|---|
| Operating profit | **366.7** | 384.4 |
| Finance and other income | **30.2** | 19.0 |
| Finance costs | **(0.6)** | (0.7) |
| Profit before tax | **396.3** | 402.7 |
| Tax | **(103.1)** | (79.0) |
| Profit after tax | **293.2** | 323.7 |
| | | |
| Underlying profit before tax* | **456.0** | 438.8 |
| Tax on underlying profit* | **(118.5)** | (86.1) |
| Underlying profit after tax* | **337.5** | 352.7 |
| Weighted average number of shares for the calculation of diluted EPS | **475.2** | 474.9 |
| Diluted EPS (pence per share) | **61.7** | 68.2 |
| Underlying diluted EPS (pence per share)* | **71.0** | 74.3 |

* Underlying profit before tax, Tax on underlying profit before tax, Underlying profit after tax and Underlying diluted EPS for the period exclude £39.9 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £5.4 million. See the Glossary of Alternative Performance Measures on page 27 for the full definition.

Diluted EPS decreased by 10% from 68.2 pence to 61.7 pence, this highlights the impact of the increase in the tax rate that has been in effect for the full year. The Group's basic EPS was 61.9 pence, compared with 68.3 pence in 2023.

Underlying diluted EPS decreased by 4% from 74.3 pence to 71.0 pence. (See Glossary of Alternative Performance Measures on page 27 for the full definition). The Group's underlying basic EPS was 71.2 pence, compared with 74.4 pence in 2023.

**Capital and liquidity management**

Hargreaves Lansdown looks to create long-term value for shareholders by balancing delivery of profit growth, capital appreciation and an attractive dividend stream to shareholders with the need to invest in the business to maintain a broad savings and investment 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. The Group's net cash position at 30 June 2024 was £636.6 million (2023: £503.3m). Cash generated from operations more than offset the payments of the 2023 final ordinary dividend and the 2024 interim dividend. This includes cash on longer-term deposit and is before funding the 2024 final dividend of £142.2 million.

The Group has a Revolving Credit Facility agreement with Barclays Bank to provide access to a further £75 million of liquidity. This is 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 manage the impact of dilution from operating our share-based compensation schemes.

The healthy net cash position provides both a source of competitive advantage and support to our client offering. It provides security to our clients and allows us to provide them with an excellent service, for example through using available liquidity to allow same day switching between products that have mismatched settlement dates.

**Capital**

As set out in our Interim results for the six months ended 31 December 2023, the Board has reviewed and agreed the capital management framework for HL. This framework takes into account, in priority order, appropriate levels of capital 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 in priority order:

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.

| | **Year ended 30 June 2024 £m** | Year ended 30 June 2023 £m |
|---|---|---|
| Shareholder funds | **815.1** | 709.7 |
| Less: goodwill, intangibles and other deductions | **(42.0)** | (54.7) |
| Tangible capital | **773.1** | 655.0 |
| Less: provision for dividend | **(142.2)** | (136.6) |
| Qualifying regulatory capital | **630.9** | 518.4 |
| Less: estimated capital requirement | **(282.2)** | (248.3) |
| Capital held above regulatory minimum before management buffer | **348.7** | 270.1 |

Total attributable shareholders' equity, as at 30 June 2024, made up of share capital, share premium, retained earnings and other reserves increased to £815.1 million (2023: £709.7m) due to profit in the year exceeding the dividends paid.

HL plc has four subsidiary companies authorised and regulated by the FCA. 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. Our assessment of HL's capital requirements takes account of the regulatory requirements.

Consistent with the IFPR requirements, HLAM is specifically required to disclose regulatory capital information; this is available on the Group's website at https://www.hl.co.uk/investor-relations.

**Dividend (pence per share)**

| | **2024** | 2023 |
|---|---|---|
| Interim dividend paid | **13.20p** | 12.70p |
| Final dividend proposed | **30.00p** | 28.80p |
| Total dividend | **43.20p** | 41.50p |

In line with guidance, the Board has proposed an increased dividend of 30.0 pence per share (2023: 28.8 pence per share) payable on 1 November 2024 to shareholders on the register on 4 October 2024. This takes the total ordinary dividend per share for the year to 43.2p (2023: 41.5p).

**Amy Stirling**
Chief Financial Officer

9 August 2024

# SECTION 1: RESULTS FOR THE YEAR

## Consolidated Income Statement for the year ended 30 June 2024

| | Note | **Year ended 30 June 2024 (unaudited) £m** | Year ended 30 June 2023 £m |
|---|---|---|---|
| **Revenue** | | **764.9** | 735.1 |
| Operating costs | 1.3 | **(398.2)** | (350.7) |
| **Operating profit** | | **366.7** | 384.4 |
| Finance and other income | 1.5 | **30.2** | 19.0 |
| Finance costs | 1.6 | **(0.6)** | (0.7) |
| **Profit before tax** | | **396.3** | 402.7 |
| Tax | 1.7 | **(103.1)** | (79.0) |
| **Profit for the financial year** | | **293.2** | 323.7 |
| **Attributable to:** | | | |
| Owners of the parent | | **293.2** | 323.8 |
| Non-controlling interest | | **-** | (0.1) |
| | | **293.2** | 323.7 |
| **Earnings per share** | | | |
| Basic earnings per share (pence) | 1.8 | **61.9** | 68.3 |
| Diluted earnings per share (pence) | 1.8 | **61.7** | 68.2 |

The results relate entirely to continuing operations.

## Consolidated Statement of Comprehensive Income for the year ended 30 June 2024

| | **Year ended 30 June 2024 (Unaudited) £m** | Year ended 30 June 2023 **£m** |
|---|---|---|
| **Profit for the financial year** | **293.2** | 323.7 |
| **Total comprehensive income for the financial year** | **293.2** | 323.7 |
| **Attributable to:** | | |
| Owners of the parent | **293.2** | 323.8 |
| Non-controlling interest | **-** | (0.1) |
| | **293.2** | 323.7 |

The results relate entirely to continuing operations.

## 1.1 Revenue

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

| | **Year ended 30 June 2024 (Unaudited)** | Restated Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| **Revenue:** | | |
| **Ongoing revenue** | | |
| Platform fees* | **278.4** | 268.4 |
| Fund management fees | **53.2** | 54.3 |
| Ongoing advice charges | **7.1** | 7.4 |
| Active Savings revenue | **19.9** | 8.7 |
| Net interest income | **260.7** | 268.7 |
| Renewal commission | **3.2** | 3.0 |
| **Transactional revenue** | | |
| Fees on stockbroking transactions | **133.9** | 116.9 |
| Initial advice charges | **4.5** | 4.7 |
| Other transactional income* | **4.0** | 3.0 |
| Total Revenue | **764.9** | 735.1 |

* For the year ended 30 June 2023, we had previously offset £2.1m in relation to discounts provided to clients on platform fees against other transactional income. These are now considered to be more appropriately classified against platform fees, as the discounts only relate to platform fees.

## 1.2 Segmental reporting

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 in the United Kingdom. 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

| Operating profit has been arrived at after charging: | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| Depreciation of owned plant and equipment and right-of-use assets | **8.3** | 8.5 |
| Amortisation of other intangible assets | **6.3** | 6.8 |
| Impairment of intangible assets | **14.4** | - |
| Operating lease rentals payable – property | **-** | - |
| FSCS costs | **5.0** | 6.1 |
| Activity costs | | |
| - Marketing costs | **26.2** | 20.7 |
| - Dealing & financial services costs | **27.4** | 23.4 |
| Technology costs | **48.9** | 40.4 |
| Support costs | | |
| - Legal and professional costs | **34.0** | 40.9 |
| - Office running costs | **6.4** | 8.4 |
| - Other operating costs | **18.3** | 16.2 |
| Staff (including contractors) costs (note 1.4) | **203.0** | 179.3 |
| Operating costs | **398.2** | 350.7 |

## 1.4 Staff costs

| | Year ended 30 June 2024 (Unaudited) | Year ended 30 June 2023 |
|---|---|---|
| **The average monthly number of employees of the Group (including executive Directors and contractors) was:** | **No.** | No. |
| Operating and support functions | **1,668** | 1,558 |
| Administrative functions | **879** | 661 |
| | **2,547** | 2,219 |
| **Their aggregate remuneration comprised:** | **£m** | £m |
| Wages and salaries | **163.0** | 149.9 |
| Social security costs | **17.2** | 14.4 |
| Share-based payment expenses | **9.2** | 8.2 |
| Other pension costs | **21.1** | 16.0 |
| Total costs paid for staffing | **210.5** | 188.5 |
| Capitalised in the year | **(7.5)** | (9.2) |
| Staff (including contractors) costs as a deduction to operating profit | **203.0** | 179.3 |

Included in the above figures are 86 (2023: 143) contractors with a total cost of £14.3 million (2023: £17.7m).

## 1.5 Finance and other income

| | Year ended 30 June 2024 (Unaudited) £m | Year ended 30 June 2023 £m |
|---|---|---|
| Interest on bank deposits | **29.9** | 15.8 |
| Other income | **0.3** | 3.2 |
| | **30.2** | 19.0 |

## 1.6 Finance costs

| | Year ended 30 June 2024 £m | Year ended 30 June 2023 £m |
|---|---|---|
| Commitment fees | **0.3** | 0.3 |
| Interest incurred on lease payables | **0.3** | 0.4 |
| Finance costs | **0.6** | 0.7 |

## 1.7 Tax

| | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| Current tax: on profits for the year | **103.1** | 80.0 |
| Current tax: adjustments in respect of prior years | **(2.9)** | (0.2) |
| Deferred tax (note 2.3) | **(1.0)** | (0.8) |
| Deferred tax: adjustments in respect of prior years (note 2.3) | **3.9** | - |
| | **103.1** | 79.0 |

Corporation tax is calculated at 25% of the estimated assessable profit for the year to 30 June 2024 (2023: 20.5%).

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

| | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| Deferred tax relating to share-based payments | **2.0** | (0.2) |
| Current tax relating to share-based payments | **(0.1)** | (0.1) |
| | **1.9** | (0.3) |

**Factors affecting tax charge for the year**

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK corporation tax rate in the medium term, except for the impact of deferred tax arising from the timing of exercising of share options which is not under our control. The Group's taxable profits for this accounting year are taxed at 25%. Deferred tax has been recognized at 25% as that is the rate expected to be in force at the time of the reversal of the temporary difference.

**Factors affecting future tax charge**

Any increase or decrease to the share price of Hargreaves Lansdown plc will impact the amount of tax deduction available in future years on the value of shares acquired by staff under share incentive schemes.

The charge for the year can be reconciled to the profit per the Income Statement as follows:

| | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| Profit before tax | **396.3** | 402.7 |
| Tax at the standard UK corporate tax rate of 25.0% (2023: 20.5%) | **99.1** | 82.6 |
| Non-taxable income | **-** | (5.7) |
| Items not allowable for tax | **3.0** | 2.3 |
| Additional deduction for tax purposes | **-** | (0.2) |
| Adjustments in respect of prior years | **1.0** | 0.1 |
| Foreign tax suffered | **-** | 0.1 |
| Impact of the change in tax rate | **-** | (0.2) |
| Tax expense for the year | **103.1** | 79.0 |
| | | |
| Effective tax rate | **26.0%** | 19.7% |

The additional deduction for tax purposes only arises from enhanced capital allowances available from the super deduction on qualifying plant and machinery purchased within the financial year ended 30 June 2024.

## 1.8 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 year, including ordinary shares held in the Hargreaves Lansdown Employee Benefit Trust (EBT) and Hargreaves Lansdown SIP Trust (SIP) reserve which have vested unconditionally with employees.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares.

The weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was 640,804 at 30 June 2024 (2023: 1,285,599).

| | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| **Earnings** | | |
| Earnings for the purposes of basic and diluted EPS - net profit attributable to equity holders of the parent company | **293.2** | 323.8 |
| **Number of shares** | | |
| Weighted average number of ordinary shares | **474,318,625** | 474,318,625 |
| Weighted average number of shares held by HL EBT and SIP | **(454,269)** | (242,404) |
| Weighted average number of shares held by HL EBT and SIP that have vested unconditionally with employees | **150,645** | 89,116 |
| **Weighted average number of ordinary shares for the purposes of basic EPS** | **474,015,001** | **474,165,337** |
| Weighted average number of dilutive share options held by HL EBT and SIP that have not vested unconditionally with employees | **1,220,895** | 686,256 |
| **Weighted average number of ordinary shares for the purposes of diluted EPS** | **475,235,895** | 474,851,593 |
| **Earnings per share** | **Pence** | Pence |
| Basic EPS | **61.9** | 68.3 |
| Diluted EPS | **61.7** | 68.2 |

# SECTION 2: ASSETS & LIABILITIES

## Consolidated Statement of Financial Position as at 30 June 2024

| | Note | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|---|
| | Note | **£m** | £m |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | | **1.3** | 1.3 |
| Other intangible assets | | **39.3** | 50.4 |
| Property, plant and equipment | | **12.5** | 17.4 |
| Deferred tax | 2.3 | **0.5** | 2.6 |
| | | **53.6** | 71.7 |
| **Current assets** | | | |
| Investments | | **1.2** | 0.5 |
| Trade and other receivables | 2.1 | **824.6** | 836.9 |
| Cash and cash equivalents | 2.2 | **616.6** | 373.3 |
| Current tax assets | | **3.2** | 3.4 |
| | | **1,445.6** | 1,214.1 |
| **Total assets** | | **1,499.2** | 1,285.8 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 2.4 | **671.9** | 565.5 |
| | | **671.9** | 565.5 |
| **Net current assets** | | **773.7** | 648.6 |
| **Non-current liabilities** | | | |
| Provisions | | **8.0** | 3.0 |
| Non-current lease liabilities | 2.5 | **4.2** | 7.6 |
| **Total liabilities** | | **684.1** | 576.1 |
| **Net assets** | | **815.1** | 709.7 |
| **EQUITY** | | | |
| Share capital | 3.1 | **1.9** | 1.9 |
| Shares held by EBT | | **(1.4)** | (6.4) |
| EBT reserve | | **2.9** | (1.0) |
| Retained earnings | | **811.7** | 715.2 |
| **Total equity, attributable to the owners of the parent** | | **815.1** | 709.7 |
| Non-controlling interest | | **-** | - |
| **Total equity** | | **815.1** | 709.7 |

## 2.1 Trade and other receivables

| | Year ended 30 June 2024 (Unaudited) £m | Year ended 30 June 2023 £m |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | **619.2** | 510.3 |
| Term deposits | **20.0** | 130.0 |
| Accrued income | **158.5** | 169.0 |
| Other receivables | **8.4** | 7.6 |
| | **806.1** | 816.9 |
| **Non-financial assets** | | |
| Prepayments | **18.5** | 20.0 |
| | **824.6** | 836.9 |

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £595.2 million (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 £747.2 million (2023: £659.7m) and the gross amount offset in the Statement of Financial Position with trade payables is £169.7 million (2023: £186.6m). Other than 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.

Given the short-term nature of the Group's receivables and the expectation of the Group in relation to its counterparties, there has been no material expected credit loss recognised in the period.

The Group does not have any contract assets in respect of its revenue contracts with customers (2023: £nil).

## 2.2 Cash and cash equivalents

| | Year ended 30 June 2024 (Unaudited) £m | Year ended 30 June 2023 £m |
|---|---|---|
| **Cash and cash equivalents** | | |
| Group cash and cash equivalent balances | **616.3** | 368.0 |
| Restricted cash – balances held by HL EBT | **0.3** | 5.3 |
| | **616.6** | 373.3 |

At 30 June 2024, 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 £6,517 million (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 £6,322 million (2023: £6,224m). The client retains the ownership in both these deposits and cash accounts, and accordingly, they are not included in the Statement of Financial Position of the Group.

Restricted cash balances relate to the balances held within the HL Employee Benefit Trust. These are strictly held for the purpose of purchasing shares to satisfy options under the Group's share option schemes.

## 2.3 Deferred tax

Deferred tax assets/(liabilities) arise because of temporary differences only. The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior reporting years. Deferred tax has been recognised at 25% as that is the rate expected to be in force at the time of the reversal of the temporary difference. A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price as at 30 June 2024.

| | **Fixed assets tax relief** | **Share-based payments** | **Other deductible temporary differences** | **Total** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| At 1 July 2022 | (0.5) | 1.5 | 0.9 | **1.9** |
| (Charge)/credit to income | (0.2) | 1.0 | - | **0.8** |
| Charge to equity | - | - | (0.1) | **(0.1)** |
| At 30 June 2023 | (0.7) | 2.5 | 0.8 | **2.6** |
| (Charge)/credit to income | (3.0) | 0.2 | (0.1) | **(2.9)** |
| Credit/(Charge) to equity | - | 0.9 | (0.1) | **0.8** |
| **At 30 June 2024** | (3.7) | 3.6 | 0.6 | **0.5** |
| Deferred tax expected to be recovered or settled: | | | | |
| Within 1 year after reporting date | (1.3) | 0.5 | 0.3 | **(0.5)** |
| > 1 year after reporting date | (2.4) | 3.1 | 0.3 | **1.0** |
| | (3.7) | 3.6 | 0.6 | **0.5** |

## 2.4 Trade and other payables

| | **Year ended 30 June 2024 (Unaudited)** | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| **Financial liabilities** | | |
| Trade payables | **597.7** | 487.4 |
| Current lease liabilities | **4.4** | 4.6 |
| Other payables | **31.7** | 38.0 |
| | **633.8** | 530.0 |
| **Non-financial liabilities** | | |
| Deferred income | **0.3** | 0.3 |
| Accruals | **27.0** | 26.5 |
| Social security and other taxes | **10.8** | 8.7 |
| | **671.9** | 565.5 |

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £593.4 million (2023: £483.5m) are included in trade payables, similar to the treatment of trade receivables. As stated in note 2.1 above, 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 for certain services.

All balances classified as deferred income in the prior year have been recognised in revenue in the current year.

## 2.5 Long-term liabilities

| | **Year ended 30 June 2024 (Unaudited) £m** | Year ended 30 June 2023 £m |
|---|---|---|
| Lease liabilities greater than 12 months | **4.2** | 7.6 |

# SECTION 3: EQUITY

## Consolidated Statement of Changes in Equity for the year ended 30 June 2024 (Unaudited)

| | 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 2022** | 1.9 | (3.6) | (2.4) | 579.2 | **575.1** | (1.6) | **573.5** |
| **Total comprehensive income**[1] | - | - | - | 323.8 | **323.8** | (0.1) | **323.7** |
| **Change in ownership** | - | - | - | (1.7) | **(1.7)** | 1.7 | **-** |
| **Employee Benefit Trust** | | | | | | | |
| Shares sold in the year | - | 2.2 | - | - | **2.2** | - | **2.2** |
| Shares acquired in the year | - | (5.0) | - | - | **(5.0)** | - | **(5.0)** |
| HL EBT share sale | - | - | (2.2) | - | **(2.2)** | - | **(2.2)** |
| Reserve transfer on exercise of share options | - | - | 3.6 | (3.6) | **-** | - | **-** |
| **Employee share option scheme** | | | | | | | |
| Share-based payments expense (note 1.4) | - | - | - | 8.2 | **8.2** | - | **8.2** |
| Current tax effect of share-based payments (note 1.7) | - | - | - | 0.1 | **0.1** | | **0.1** |
| Deferred tax effect of share-based payments (note 1.7) | - | - | - | (0.2) | **(0.2)** | - | **(0.2)** |
| **Dividend paid (note 3.2)** | - | - | - | (190.4) | **(190.4)** | - | **(190.4)** |
| **At 30 June 2023** | 1.9 | (6.4) | (1.0) | 715.2 | **709.7** | - | **709.7** |
| **Total comprehensive income**[1] | - | - | - | 293.2 | **293.2** | - | **293.2** |
| **Employee Benefit Trust** | | | | | | | |
| Shares sold in the year | - | 5.0 | - | - | **5.0** | - | **5.0** |
| HL EBT share sale | - | - | (4.7) | - | **(4.7)** | - | **(4.7)** |
| Reserve transfer on exercise of | - | - | 8.6 | (8.6) | **-** | - | **-** |
| **Employee share option scheme** | | | | | | | |
| Share-based payments expense (note 1.4) | - | - | - | 9.2 | **9.2** | - | **9.2** |
| Current tax effect of share-based payments (note 1.7) | - | - | - | (0.1) | **(0.1)** | - | **(0.1)** |
| Deferred tax effect of share-based payments (note 1.7) | - | - | - | 2.0 | **2.0** | - | **2.0** |
| **Dividend paid (note 3.2)** | - | - | - | (199.2) | **(199.2)** | - | **(199.2)** |
| **At 30 June 2024** | 1.9 | (1.4) | 2.9 | 811.7 | **815.1** | - | **815.1** |

[1] Total comprehensive income includes Profit for the year and the total comprehensive income presented is equal to Profit in both years presented.

## 3.1 Share capital

| | Year ended 30 June 2024 (Unaudited) | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| **Authorised:** 525,000,000 (2023: 525,000,000) ordinary shares of 0.4p each | **2.1** | 2.1 |
| **Issued and fully paid:** ordinary shares of 0.4p each | **1.9** | 1.9 |
| | **Shares** | Shares |
| **Issued and fully paid:** number of ordinary shares of 0.4p each | **474,318,625** | 474,318,625 |

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

The shares held by the EBT represents the cost of shares in Hargreaves Lansdown plc purchased in the market and held by the Hargreaves Lansdown EBT to satisfy options under the Group's share option schemes.

The EBT reserve represents the cumulative gain on disposal of investments held by the HL 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.

## 3.2 Dividends

Amounts recognised as distributions to equity holders in the year:

| | Year ended 30 June 2024 (Unaudited) | Year ended 30 June 2023 |
|---|---|---|
| | **£m** | £m |
| 2023 final dividend of 28.8p (final dividend 2022: 27.44p) per share | **136.6** | 130.2 |
| 2024 interim dividend of 13.20p (2023: 12.70p) per share | **62.6** | 60.2 |
| Total dividends paid during the year | **199.2** | 190.4 |

After the end of the reporting period, the Directors proposed a final ordinary dividend of 30.0p pence per share payable on 1 November 2024 to shareholders on the register on 4 October 2024. Dividends are required to be recognised in the financial statements when paid, and accordingly the declared dividend amounts are not recognised in these financial statements, but will be included in the 2024 financial statements as follows:

| | **£m** |
|---|---|
| 2024 final dividend of 30.00p (2023 final dividend: 28.80p) per share | **142.2** |
| Total dividends | **142.2** |

The payment of these dividends will not have any tax consequences for the Group.

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.

| | Year ended 30 June 2024 (Unaudited) | Year ended 30 June 2023 |
|---|---|---|
| | **No. of shares** | No. of shares |
| Number of shares held by the Hargreaves Lansdown Employee Benefit Trust | **163,348** | 779,080 |
| Representing percentage of called-up share capital | **0.03%** | 0.16% |

# SECTION 4: CONSOLIDATED STATEMENT OF CASH FLOWS

## Consolidated Statement of Cash Flows for the year ended 30 June 2024

| | Note | **Year ended 30 June 2024 (Unaudited) £m** | Restated Year ended 30 June 2023 £m |
|---|---|---|---|
| **Net cash from operating activities** | | | |
| Profit for the year after tax | | **293.2** | 323.7 |
| Adjustments for: | | | |
| Income tax expense | 1.7 | **103.1** | 79.0 |
| Depreciation of plant and equipment | 1.3 | **8.3** | 8.5 |
| Amortisation of intangible assets | 1.3 | **6.3** | 6.8 |
| Impairment of intangible assets | 1.3 | **14.4** | - |
| Interest Income* | | **(30.2)** | (15.8) |
| Share-based payment expense | 1.4 | **9.2** | 8.2 |
| Interest on lease liabilities | 1.6 | **0.3** | 0.4 |
| Increase in provisions | | **5.0** | 0.4 |
| Operating cash flows before movements in working | | **409.6** | 411.2 |
| Increase in receivables | | **(97.6)** | (203.4) |
| Increase in payables | | **101.4** | 72.2 |
| **Cash generated from operations** | | **413.4** | 280.0 |
| Income tax paid | | **(101.4)** | (80.5) |
| Interest received* | | **33.5** | 15.8 |
| **Net cash generated from operating activities** | | **345.5** | 215.3 |
| **Investing activities** | | | |
| Decrease/(increase) in term deposits | | **110.0** | (110.0) |
| Purchase of property, plant and equipment | | **(3.4)** | (3.5) |
| Cash capitalisation of intangible assets | | **(9.6)** | (19.2) |
| (Purchase)/proceeds on disposal of investments | | **(0.8)** | 0.3 |
| **Net cash generated from/(used in) investing activities** | | **96.2** | (132.4) |
| **Financing activities** | | | |
| Purchase of own shares in EBT | | **-** | (5.0) |
| Proceeds on sale of own shares in EBT | | **4.7** | 2.2 |
| Payment of principal in relation to lease liabilities | | **(3.9)** | (4.7) |
| Dividends paid to owners of the parent | 3.2 | **(199.2)** | (190.4) |
| **Net cash used in financing activities** | | **(198.4)** | (197.9) |
| **Net increase/(decrease) in cash and cash equivalents** | 2.2 | **243.3** | (115.0) |
| **Cash and cash equivalents at beginning of year** | 2.3 | **373.3** | 488.3 |
| **Cash and cash equivalents at end of year (including restricted cash)** | 2.2 | **616.6** | 373.3 |

* For the year ended 30 June 2023, interest income and interest received were not shown separately. In the prior year there was no difference between the total income and cash amount. The prior year presentation has been updated and as per IAS 7 now show interest income and interest received separately on the Consolidated Statement of Cash Flows.

# Section 5: OTHER NOTES

## 5.1 General information

Hargreaves Lansdown plc (the Company and ultimate parent of the Group) is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the London Stock Exchange. The address of the registered office is One College Square South, Anchor Road, Bristol, BS1 5HL, United Kingdom. The nature of the Group's operations and its principal activities are set out in the Operating and Financial Review.

The financial information in this preliminary announcement is presented in millions of pounds sterling (£m) which is the currency of the primary economic environment in which the Group operates.

**Basis of preparation**

The financial information in this preliminary announcement has been prepared in accordance with UK-adopted international accounting standards("UK-adopted IAS"). Whilst the information included in this preliminary announcement has been prepared in accordance with UK-adopted IAS, the financial information for the years ended 30 June 2024 and 30 June 2023 does not itself contain sufficient information to comply with UK-adopted IAS, nor does it comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006 or comply with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial information is prepared on a going concern basis as discussed below.

These results do not represent the audited financial statements of the Group.

**Going concern**

The financial information in this preliminary announcement has been prepared on a going concern basis and in assessing this the Board has considered the Group's ability to continue as a going concern for at least 12 months from the date of signing of the preliminary announcement.

The Board expects the Group to remain profitable and has no intention or expectation of liquidating the Group or ceasing trading. In all scenarios and testing of future cash flows, including the most extreme, the Group maintains sufficient liquidity and capital to continue in business, within the timeframes outlined above.

**Material uncertainty in relation to going concern**

The Board has received a firm offer for the purchase of the company, subject to shareholder and other approvals including regulatory approval, which it intends to recommend to shareholders. As a result the Directors do not have certainty on the future plans for the business, including whether the offer will be approved by shareholders and gain regulatory approval, the potential timing for transfer to the potential new owners or their future plans; including any financing arrangements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial information does not include the adjustments that would result if the Group and Company were no longer considered to be or able to continue as a going concern.

Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of this financial information.

## 5.2 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 this preliminary announcement, 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.

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 year and the above statement is accurate as at the reporting date and up to the date of issue of this announcement.

## 5.3 Non-statutory accounts

The consolidated financial information as noted in this document does not constitute the Group's statutory financial statements for the years ended 30 June 2024. Accordingly, the financial information for the year ended 30 June 2024 is presented unaudited in the preliminary announcement. Please see note 5.1 in relation to the basis of preparation – it is anticipated that the Auditors' report will be modified to include an emphasis of matter paragraph in respect of the material uncertainty around the Group and Company's ability to continue as a going concern.

The information contained within this preliminary announcement in respect of the year ended 30 June 2023 does not constitute the statutory accounts as delivered to the Registrar of Companies, but is derived from them. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditors' report thereon was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 of the Companies Act 2006.

## 5.4 Subsequent events

Please refer to the CEO Statement paragraph on page 1 and Note 3.2 of this announcement for details of events that have taken place after the reporting date.

# Section 6: Directors

**Executive Directors**

Dan Olley
Amy Stirling

**Non-Executive Directors**

Andrea Blance
Adrian Collins
Penny James
Moni Mannings
Michael Morley
Alison Platt
Darren Pope
John Troiano

# Section 7: PRINCIPAL RISKS AND UNCERTAINTIES

Managing the risks to Hargreaves Lansdown is fundamental to delivering the incredible levels of service our clients expect and generating returns for shareholders. The Board has performed a robust assessment of the principal risks facing the Group through a process of continual review, including those that would threaten its business model, future performance, solvency and liquidity. In making such an assessment the Board considers the likelihood of each risk materialising in the short and longer term.

The principal risks and uncertainties faced by the Group are detailed below.

| Risk | Associated Business Risk |
|---|---|
| Geopolitical instability | Business environment |
| Macroeconomic deterioration | Business environment; Strategic execution; Capital adequacy |
| Capital and liquidity strength | Capital adequacy; Corporate liquidity; Regulatory compliance |
| Cyber security | Information security; Technology; Operational resilience; Data management; Regulatory compliance |
| Technology failure | Information security; Technology; Operational resilience |
| Change delivery | Strategic execution; Change delivery; Regulatory compliance; Administration; Conduct |
| Data management | Data management; Information security; Regulatory compliance |
| Climate change | Environmental, Social and Governance (ESG) |
| Administration processes | Administration; Outsourcing, procurement & supplier management; Employee relations |
| Regulatory and political instability | Regulatory compliance |

## Glossary of Alternative Financial Performance Measures

Within the Announcement 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 | Definition | Why we use this measure |
|---|---|---|
| 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. |
| 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 Hargreaves Lansdown plc shares. |
| Underlying People costs | Underlying cost related to staff, the main driver of cost in our business. | People costs are our largest cost category and our people are the key driver of our Business and our strategy. |
| 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 of assets brought onto the platform. |

| | | |
|---|---|---|
| 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. |
| 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. |
| 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. |
| 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. |
| 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 | 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 and 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. |
| Underlying Support costs | Underlying support costs includes costs previously known as 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. |
| 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. |
| Assets under administration (AUA) | This is the value of all assets administered or managed by Hargreaves Lansdown on behalf of its clients. | Assets Under Administration provides a measure of the growth and strength of the business on a comparable basis. It is also a key driver of revenue, especially with respect to Ongoing Revenue. |
| Net new business (NNB) | Represents subscriptions, cash receipts, cash and stock transfers in less cash withdrawals, cash and stock transfers out. | Net new business provides a clear indication of how assets under administration changes over time, it separates those movements in AUA that are related to client movements and those that are market related. |
| Underlying basic earnings per share | Underlying profit after tax divided by the weighted average number of ordinary shares for the purposes of basic EPS. | The calculation of basic earnings per share using statutory profit after tax adjusted for those costs that are related specifically to our strategic investments. |
| 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. |

| | | |
|---|---|---|
| | In the prior year this also excluded “dual running costs”, this phrasing is no longer used, but there is no change in calculation. | |
| 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. |
| Underlying profit after tax | Profit after tax attributable to equity holders of the parent company excluding Strategic investment costs, intangible impairment and restructuring costs.<br>In the prior year this also excluded “dual running costs”, this phrasing is no longer used, but there is no change in calculation. | 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, intangible impairment and restructuring costs.<br>In the prior year this also excluded “dual running costs”, this phrasing is no longer used, but there is no change in calculation. | 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. |

| **Measure** | **Measure per Operating and Financial Review £m (Unaudited)** | **Measure per Financial Statements £m (Unaudited)** | **Difference £m (Unaudited)** | **Explanation** |
|---|---|---|---|---|
| Underlying Activity costs | 53.6 | 53.6 | – | This measure is the same as the Activity Costs figures within note 1.3 |
| Underlying People costs | 179.9 | 203.0 | 23.1 | Equivalent to staff costs figure within note 1.3, less strategic investment costs and restructuring costs totalling £23.1 million |
| Underlying Support costs | 51.8 | 87.7 | 35.9 | The measure is the same as Support costs, within note 1.3, plus depreciation, amortisation and impairment and excluding strategic investment costs of £21.5 million and impairment costs of £14.4m |
| Underlying Technology costs | 48.2 | 48.9 | 0.7 | Technology costs per note 1.3, less strategic investment costs of £0.7m |
| Underlying costs | 338.5 | 398.2 | 59.7 | Operating costs per note 1.3 less £59.7m of strategic investment costs, intangible impairment and restructuring costs |
| Underlying profit after tax | 337.5 | 293.2 | 44.3 | 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 8 |
| Underlying profit before tax | 456.0 | 396.3 | 59.7 | 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 8 |