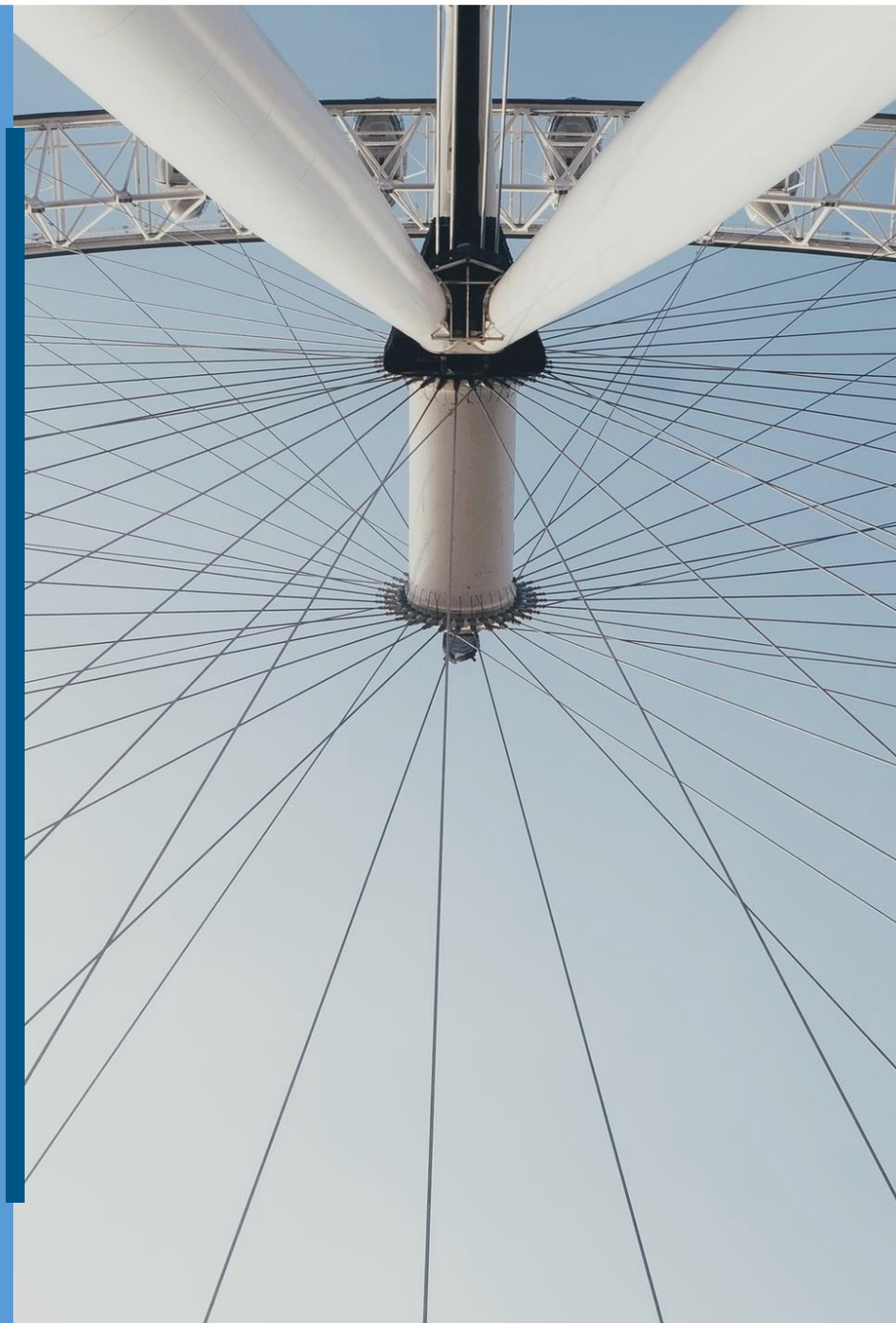


# 2021 FINANCIAL YEAR

## HALF YEAR RESULTS



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# AGENDA



Introduction & Overview



Our Business Strategy



Results H1 2021 \*



Summary

\* First six months of financial year ending 30 June 2021



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# RESILIENT PERFORMANCE

New Business of  
£76.3m PVNBP  
(H1 2020: £80.1m)

IFRS profit before  
tax of £2.9m  
(H1 2020: £2.6m)

Assets under  
Administration  
of £1.17bn  
(30/06/20: £1.08bn)

Results and operations  
resilient to Covid-19  
challenges

Japan proposition on-  
track for Spring launch  
with first distribution  
partner

Interim dividend of  
1.8p per share  
(H1 2020: 1.8p)





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# IMPLEMENTING OUR GROWTH STRATEGY

## SHORT TERM (WITHIN 12 MONTHS)

- Japanese proposition to be launched with first distribution partner
- Launch replacement IT admin systems (policy admin, channel admin, investment admin & online portals)
  - Agility to develop & administer future products, at speed.
  - Scalable for future growth.
  - Reducing future risk of legacy system issues.
  - Continuity of award-winning service & online proposition.

## MEDIUM TERM (12-24 MONTHS)

- Expansion of Japanese proposition to additional Japanese distributors
- Enhance initial systems implementation
- Migrate existing book to new system
- Cost efficiency target of £2.5m p.a. from new systems architecture

## LONG TERM (24+ MONTHS)

- Extension of Japan-style proposition outside Japan
- 'Next-generation' propositions

## RECENT PROGRESS

- Japanese regulatory approval received for new product filing
- New IT system developed and ready for the new product
- Operational models and systems tested and agreed with distribution partner
- Fund range set up, tested and ready for launch
- Product literature finalised and ready for launch
- Additional headcount added to Hansard Tokyo branch ready for launch. Current total of 12 employees.

## ROUTE TO LAUNCH

- Distribution partner's Board to approve launch date and sign formal distribution agreement
- Sales-force training to be conducted in coming months
- Launch remains targeted for Spring although Covid-19 continues to present challenges to timelines.

## POST LAUNCH BUILD

- Distribution agreements with additional distribution partners
- Expansion of branch headcount to support local language administration and sales
- Optimisation of operational procedures and IT.



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HI 21 v HI 20  
PVNBP



4.7%

Q2 21 v Q1 21  
PVNBP

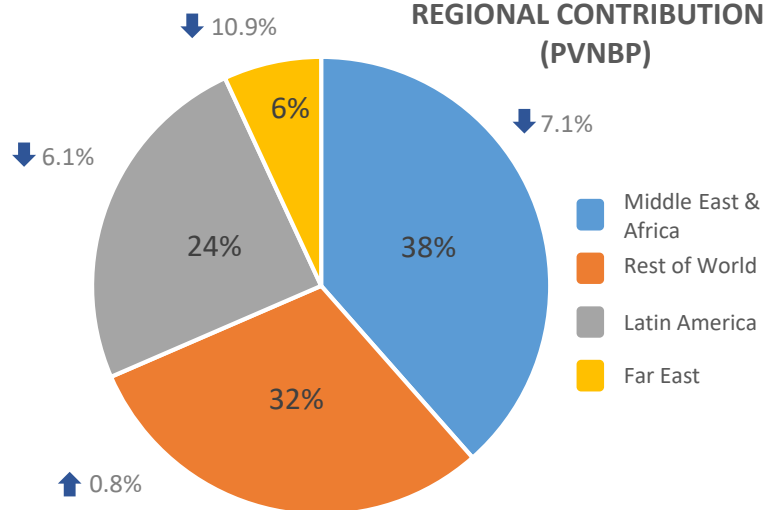


23%

We are pleased how new business held up despite the pandemic. We rolled out initiatives to help policyholders and distributors through the crisis:

- Re-explained policy flexibility to policyholders in difficulty
- Special offers for new policies
- Working closely with distributors to transition them to meeting with prospects and signing up policies online
- Introduced electronic application signatures
- Increased digital messaging to distributors to help them with dealing with their clients

### REGIONAL CONTRIBUTIONS (PVNBP)



↑↓ Increase/decrease year on year

## BUILDING NEW BUSINESS



### REGIONAL BREAKDOWN

All regions were affected by COVID-19 restrictions

- **Middle East & Africa** fell but held up well in light of changes to regulation as well as COVID-19 restrictions
- **Rest of World** was marginally up for the half year showing resilience
- **Latin America** was hit hard by COVID-19 restrictions experienced a challenging Q1 with Q2 marginally ahead of Q2 2020
- **Far East** was down with signs of recovery in the new business pipeline
- **In Japan** we continued to work on completing our first distribution deal ready to bring our new proposition to market



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Driving New  
Business

Virtual Events

Adding Value

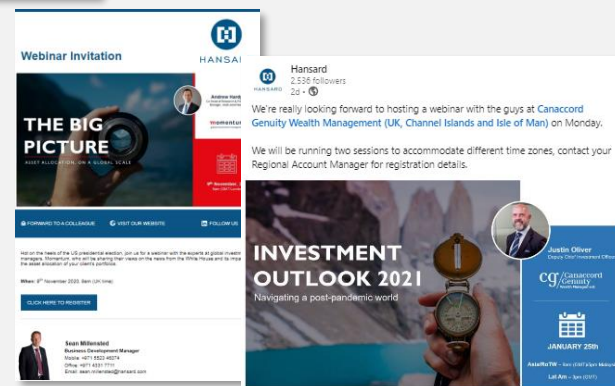
# MARKETING

## GUIDING CLIENTS AND DISTRIBUTORS DIGITALLY THROUGH THE PANDEMIC



- New Business initiatives promoted to our 1,400-strong database of sales advisors in key regions and numerous languages via targeted digital campaigns.

- Hosting virtual events to audiences of 100+ keeping the Hansard name at the forefront of distributors' minds.
- In partnership with fund management and training companies providing up to date and relevant CPD to distributors.



- Helping distributors raise their profile through social media.
- Lending our expertise & devising campaigns for distributors that they run in their regions.



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Exposures from  
outstanding writs  
of £24.6m  
(30/06/20: £23.4m)

Exposures are  
predominantly  
categorised as  
contingent liabilities  
under IFRS.

# HANSARD EUROPE LITIGATION

Group action in Italy related to illiquid assets - expected to be substantially covered by insurance.

Litigants considering next steps in large appeal case in Belgium after Supreme Court case on statute of limitations supported Hansard's defences. Insurance claim initiated for partial coverage.



Industry issue in Germany around cool-off notices resulting in new claims.

Large single case in Ireland – expected insurance coverage.



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## Summary Results

	<u>H1 2021</u>	<u>H1 2020</u>
New business sales – PVNBP	£76.3m	£80.1m
IFRS profit before tax	£2.9m	£2.6m
Operating cash surplus	£11.5m	£11.1m
Assets Under Administration	£1,167m	£1,080m
Value of In-Force <sup>1</sup>	£149.9m	£135.7m
Interim dividend per share	1.8p	1.8p

<sup>1</sup> Regulatory (solvency II or equivalent) basis. Note: 2021 figure reflects the Value of In-Force for the full Hansard Group whereas the prior year basis relates just to the Group's life assurance subsidiaries. The change in basis arose due to the introduction of a Group supervision regime in the Isle of Man. The full Group equivalent figure as at 30/6/20 was £147.9m.



Sales resilient across each of our regions despite the challenges of Covid-19.

Plan to address the improvement of new business margins remains as follows:

- i) Japanese business delivering additional scale.
- ii) New systems delivering recurring cost savings.

## New Business

	<u>H1 2021</u>	<u>H1 2020</u>
<b>Present Value of New Business Premiums</b>	<b>£m</b>	<b>£m</b>
Regular premiums	49.6	51.6
Single premium	26.7	28.5
<b>PVNBP</b>	<b>76.3</b>	<b>80.1</b>
<b>Annual Premium Equivalent ("APE")</b>	<b>10.9</b>	<b>12.8</b>
<b>New Business Margin (PVNBP basis)</b>	<b>0.1%</b>	<b>(0.4%)</b>

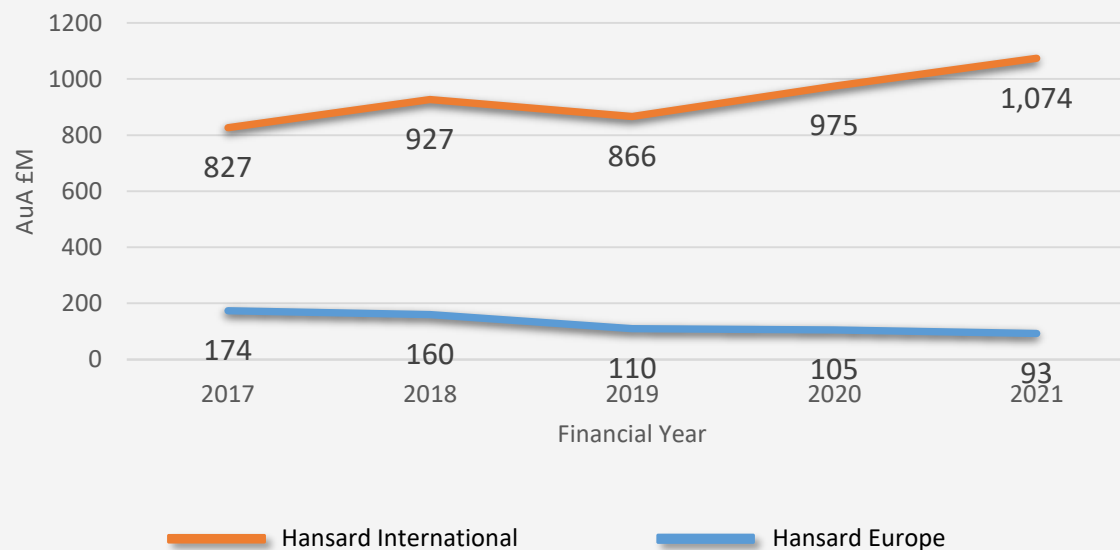


Hansard International continues positive upward trend.

Hansard Europe closed to new business in 2013.

## Assets under Administration

### 5 year trend



Premiums acquired by Hansard Worldwide are reinsured to Hansard International and included within Hansard International's AuA.



HI income resilient in face of impact of Covid-19.

HE continues to run-off its business having closed in 2013.

Lower commissions paid and lower sales and marketing expenditure due to Covid-19 restrictions.

Additional administrative expenses as build out new Japanese proposition and IT systems.

## IFRS - Abridged income statement

### Fees and commissions

- Hansard International
- Hansard Europe

### Investment and other income

### Origination costs

### Administrative and other expenses

### Strategic spend

### Litigation costs and other non-recurring items

### Profit for the period before taxation

### Tax

### Profit for the period

H1 2021  
£m

H1 2020  
£m

21.3

21.2

1.6

1.8

22.9

23.0

0.5

0.5

23.4

23.5

(8.4)

(9.1)

(11.0)

(10.4)

(0.4)

(0.7)

(0.7)

(0.7)

2.9

2.6

(0.1)

-

2.8

2.6

Fees and commissions for Hansard Worldwide are reinsured to Hansard International and presented on a consolidated basis within the Hansard International line item.

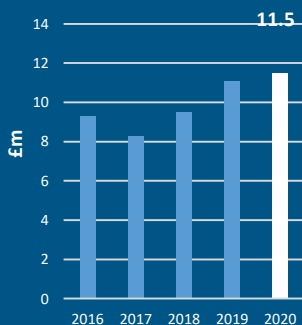


## IFRS - Abridged balance sheet

	<u>31/12/20</u>	<u>31/12/19</u>
	£m	£m
Deferred origination costs	123.7	120.8
Other assets	15.6	13.5
Shareholder cash and bank deposits	59.0	59.9
<b>Total assets</b>	<b>198.3</b>	<b>194.2</b>
Deferred income	139.7	135.1
Other payables	33.5	32.8
<b>Total liabilities</b>	<b>173.2</b>	<b>167.9</b>
<b>Net assets</b>	<b>25.1</b>	<b>26.3</b>
<b>Shareholders' Equity</b>	<b>25.1</b>	<b>26.3</b>



Operating cash surplus for  
half-year ended 31  
December



## Cash Flows

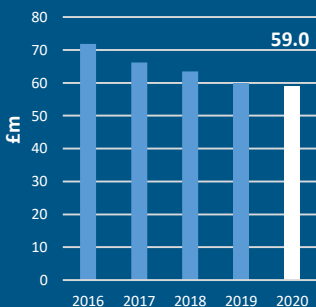
	<u>H1 2021</u>	<u>H1 2020</u>
	£m	£m
Operating cash surplus	11.5	11.1
Interest and other income	0.2	0.5
<b>Cash inflow from operations</b>	<b>11.7</b>	11.6
Investment in new business	(8.3)	(10.2)
Capital expenditure	(1.9)	(1.5)
Corporation tax	(0.1)	-
<b>Net Cash inflow/(outflow) before dividends</b>	<b>1.4</b>	(0.1)
Dividends paid	(3.6)	(3.6)
<b>Net Cash outflow for the year</b>	<b>(2.2)</b>	(3.7)

Operating cash flows up with higher AuA income and lower cash expenses.

Capital expenditure reflects the current investment in replacement administration systems.



Group cash and deposit  
balances as at  
31 December



Headline cash balance is allocated to a number of constituents before available cash can be identified.

## Cash Liquidity

	<u>31/12/20</u> £m	<u>31/12/19</u> £m
<b>Total Group cash and deposit balances</b>	<b>59.0</b>	59.9
Less net shareholder payables	(4.6)	(3.6)
Less policyholder claims payable	(23.2)	(23.4)
Less net cash restricted within Hansard Europe *	(17.1)	(18.4)
<b>Available Group cash and deposit balances</b>	<b>14.1</b>	14.5

\* Hansard Europe cash considered restricted until resolution of litigation claims.

Hansard Global plc dividends are payable solely from retained earnings.



## Own Funds

	<u>Own Funds</u> <u>31/12/20</u> £m	<u>Own Funds</u> <u>31/12/19</u> £m
Value of In-Force	149.9	135.7
Risk Margin	(29.7)	(22.2)
Net Worth	29.2	28.0
<b>Total Own Funds</b>	<b>149.4</b>	<b>141.5</b>

Own Funds per share: 109p (31/12/19: 106p).

Note: 31/12/20 figures reflect amounts for the full Hansard Group whereas the prior year basis relates just to the Group's life assurance subsidiaries. The change in basis arose due to the introduction of a Group supervision regime in the Isle of Man. The full Group equivalent Own Funds figure as at 30/6/20 was £149.1m.

Net Worth incorporates deductions for probabilistic outcomes of litigation and other regulatory reserves. It also expenses rather than capitalises software costs and reflects the payment out of £6m dividends during the year.



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## SUMMARY



**IFRS**

IFRS profit before tax of  
£2.9m (H1 20: £2.6m)



Continued resilient financial  
and operational position



Japan development  
progressing well despite  
challenges of Covid-19



First stage of new IT  
systems delivered to  
support Japan launch



**1.8p**

Interim dividend of 1.8p  
per share maintained