

FULL YEAR RESULTS

2021
FINANCIAL YEAR



HANSARD
GLOBAL PLC



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AGENDA



Introduction & Overview



Our Business Strategy



Results FY 2021 *



Summary

* Financial year ended 30 June 2021



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BUILDING MOMENTUM

New Business of
£173.0m PVNBP
(2020: £159.8m)

IFRS profit before
tax of £5.1m
(2020: £4.7m)

Assets under
Administration
of £1.22bn
(30/06/20: £1.08bn)



Results and operations
continue to be resilient in light
of Covid-19 challenges

Japan proposition
developed and awaiting
end of Covid-19
restrictions in Japan

Final dividend
maintained at
2.65p per share
(2020: 2.65p)



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IMPLEMENTING OUR GROWTH STRATEGY

SHORT TERM (WITHIN 12 MONTHS)

- Japanese proposition to be launched with first distribution partner on new IT admin systems
- Extend deployment of new IT admin systems to existing IFA products
 - 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

FY 2021 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
- Expecting launch timeline to be 2-3 months from lifting of Japanese Covid-19 restrictions.

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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2021 v 2020
PVNBP TOTAL



8.3%

2021 v 2020
PVNBP RP



7.5%

2021 v 2020
PVNBP SP



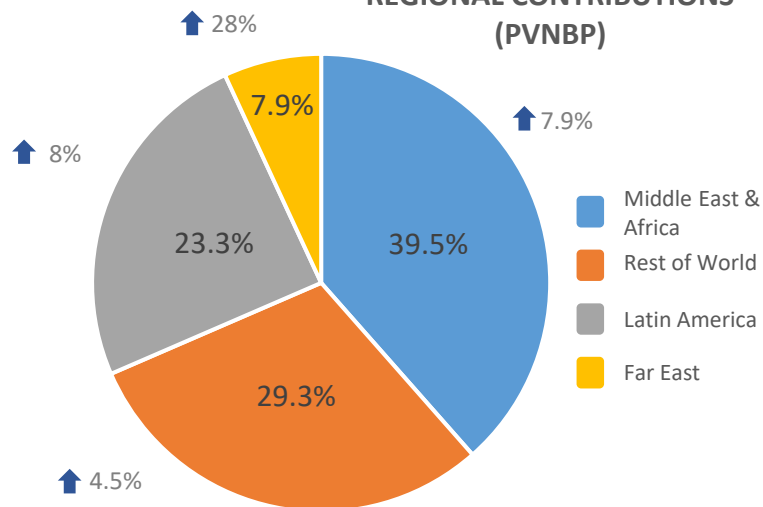
9.7%

Despite the pandemic our new business PVNBP result was up on 2020.

Our approach to support our policyholders and our distributors throughout the year paid off.

- Giving flexibility to policyholders in difficulty
- Special offers for new policies
- Introduced electronic application signatures

REGIONAL CONTRIBUTIONS (PVNBP)



↑↓ Increase/decrease year on year

BUILDING NEW BUSINESS



REGIONAL BREAKDOWN

All regions were affected by COVID-19 restrictions



Middle East & Africa held up well in light of changes to regulation, benefiting from a number of high net worth single premium policies



Rest of World was up for the year showing resilience



Latin America was hit hard by COVID-19 restrictions but managed to grow through higher net worth single and regular premium policies



Far East was up as our activity to reinvigorate the region began to work



In Japan we continued to work on completing our first distribution deal ready to bring our new proposition to market



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Exposures from
outstanding writs
of £22.7m
(30/06/20: £23.4m)

Exposures are
predominantly
categorised as
contingent liabilities
under IFRS.

HANSARD EUROPE LITIGATION UPDATE

- 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 large number of smaller claims.
- Large case in Ireland – expected insurance coverage.





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Summary Results

	<u>FY 2021</u>	<u>FY 2020</u>	<u>% Change</u>
New business sales – PVNBP	£173.0m	£159.8m	+8%
IFRS profit before tax	£5.1m	£4.7m	+9%
Underlying IFRS profit	£6.8m	£6.2m	+10%
Operating cash surplus	£23.8m	£22.7m	+5%
Assets Under Administration	£1.22bn	£1.08bn	+13%
Value of In-Force ¹	£145.8m	£147.9m	-1%
Final dividend per share	2.65p	2.65p	Unchanged

¹ Regulatory (solvency II or equivalent) basis.



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>FY 2021</u>	<u>FY 2020</u>
Present Value of New Business Premiums	£m	£m
Regular premiums	109.6	102.0
Single premium	63.4	57.8
PVNB	173.0	159.8
Annual Premium Equivalent ("APE")	23.1	24.0
New Business Margin (PVNB basis)	(0.5%)	(0.1%)

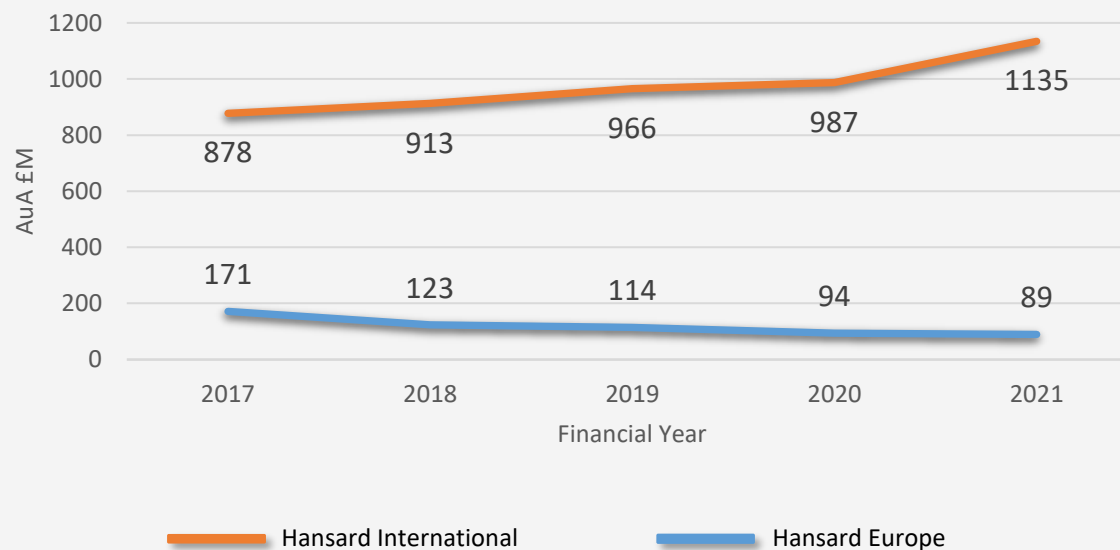


Hansard International continues positive upward trend.

Hansard Europe closed to new business in 2013.

Assets under Administration

5 year trend





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

FY 2021
£m

FY 2020
£m

42.3

41.4

3.0

3.3

45.3

44.7

0.5

2.5

45.8

47.2

(16.4)

(18.0)

(21.7)

(21.2)

(0.9)

(1.8)

(1.7)

(1.5)

5.1

4.7

(0.2)

(0.2)

4.9

4.5

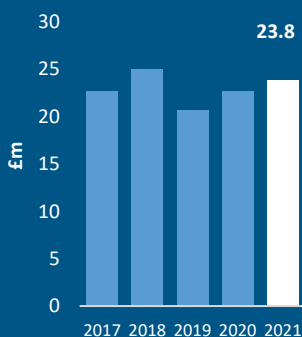


IFRS - Abridged balance sheet

	<u>30/06/21</u>	<u>30/06/20</u>
	£m	£m
Deferred origination costs	125.1	122.3
Other assets	15.2	16.4
Shareholder cash and bank deposits	63.5	60.8
Total assets	203.8	199.5
Deferred income	142.5	137.8
Other payables	36.7	35.8
	179.2	173.6
Net assets	24.6	25.9
Shareholders' Equity	24.6	25.9



Operating cash surplus
in year ended 30 June



Cash Flows

	<u>FY 2021</u>	<u>FY 2020</u>
	£m	£m
Operating cash surplus	23.8	22.7
Interest and other income	0.4	1.6
Cash inflow from operations	24.2	24.3
Investment in new business	(16.5)	(19.1)
Capital expenditure	(3.8)	(3.0)
Corporation tax	(0.3)	(0.1)
Net Cash inflow/(outflow) before dividends	3.6	2.1
Dividends paid	(6.1)	(6.0)
Net Cash outflow for the year	(2.5)	(3.9)

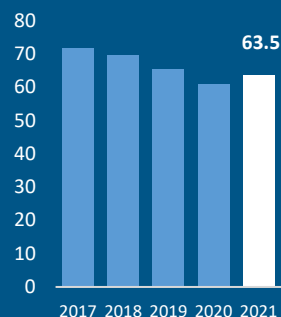
Operating cash flows up with higher AuA income and lower cash expenses.

Less cash spent acquiring new business.

Capital expenditure reflects the current investment in replacement administration systems.



Shareholder cash
balances at 30 June



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

Cash Liquidity

	<u>30/06/21</u> £m	<u>30/06/20</u> £m
Total Group cash and deposit balances	63.5	60.8
Less net shareholder payables	(5.6)	(3.7)
Less policyholder claims payable	(27.4)	(23.9)
Less net assets restricted within Hansard Europe *	(16.4)	(17.6)
Available Group cash and deposit balances	14.1	15.6

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

Hansard Global plc dividends are limited to its available retained earnings.



Own Funds

	<u>Own Funds</u> <u>30/06/21</u> £m	<u>Own Funds</u> <u>30/06/20</u> £m
Value of In-Force	145.8	147.9
Risk Margin	(29.4)	(29.5)
Net Worth	29.1	30.7
Total Own Funds	145.5	149.1

Own Funds per share: 106p (31/06/20: 108p).

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 £6.1m dividends during the year.



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IFRS

IFRS profit before tax of
£5.1m (2020: £4.7m)



Continued resilient financial
and operational position



Japanese proposition ready
to deploy upon resolution of
Covid-19 restrictions



First stage of new IT
systems delivered to
support Japan launch



2.65p

Final dividend of 2.65p
per share maintained