



HANSARD  
GLOBAL PLC

4 March 2021

**Hansard Global plc**  
**Results for the six months ended 31 December 2020**

Hansard Global plc ("Hansard" or "the Group"), the specialist long-term savings provider, issues its results for the six months ended 31 December 2020. All figures refer to the six months ended 31 December 2020 ("H1 2021"), except where indicated.

**SUMMARY**

- Hansard's business remains resilient in light of the continuing challenges of Covid-19;
- New business levels for the Group were £76.3m for H1 2021 on a Present Value of New Business Premiums ("PVNBP") basis, down 4.7% from H1 2020;
- IFRS profit before tax was £2.9m for the period, up from £2.6m in H1 2020, primarily due to lower new business acquisition costs;
- Revenue increased with £25.6m of fees and commissions earned in H1 2021 compared to £25.5m in H1 2020;
- Value of in-force remained stable in the period at £149.9m, up from £147.9m at 30 June 2020;
- Assets under administration increased to £1.17 billion, up 8.0% since 30 June 2020;
- Continued investment in future growth; launch of first distribution agreement in Japan on track for Spring 2021;
- The Board has declared an interim dividend of 1.8p per share (H1 2020: 1.8p).

	H1 2021	H1 2020
New business sales - PVNBP	<b>£76.3m</b>	£80.1m
IFRS profit before tax	<b>£2.9m</b>	£2.6m
IFRS basic earnings per share	<b>2.0p</b>	1.9p
Interim dividend – <i>to be paid on 20 April 2021</i>	<b>1.8p</b>	1.8p
<b>As at</b>	<b>31 December 2020</b>	30 June 2020
Assets under Administration	<b>£1.17b</b>	£1.08b
Value of In-Force <sup>1</sup>	<b>£149.9m</b>	£147.9m

<sup>1</sup> Regulatory basis

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## **OUTLOOK**

We expect the external global environment will remain challenging throughout the remainder of our financial year. Regional lockdowns and travel restrictions are expected to continue until vaccination programmes have been completed. We are confident our new business will continue to be resilient in the face of these challenges albeit we expect it will continue to lag behind the levels achieved last year.

We continue to invest for the future through the on-going development of our Japanese proposition and the upgrade of our systems environment. While Covid-19 presents challenges to these projects, the launch of our Japanese proposition with our first distribution partner remains on track for Spring 2021.

### **Gordon Marr, Group Chief Executive Officer, commented:**

“I am pleased to report that Hansard has delivered a positive set of financial results under the on-going Covid-19 environment. We continue to deploy and utilise our technology and customer service strengths to support our brokers and clients wherever possible. Additionally, we are investing for the future through the on-going development of our Japanese proposition and the upgrade of our systems environment. There is good momentum behind these projects and we are working closely with our distribution partner in Japan to deliver a launch for Spring 2021.”

## **NEXT TRADING UPDATE**

The next trading update in respect of our financial year ending 30 June 2021 is expected to be published on 6 May 2021.

### **For further information:**

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**Notes to editors:**

- Hansard Global plc is the holding company of the Hansard Group of companies. The Company was listed on the London Stock Exchange in December 2006. The Group is a specialist long-term savings provider, based in the Isle of Man.
- The Group offers a range of flexible and tax-efficient investment products within a life assurance policy wrapper, designed to appeal to affluent, international investors.
- The Group utilises a controlled cost distribution model via a network of independent financial advisors and the retail operations of certain financial institutions who provide access to their clients in more than 170 countries. The Group's distribution model is supported by Hansard OnLine, a multi-language internet platform, and is scalable.
- The principal geographic markets in which the Group currently services contract holders and financial advisors are the Middle East & Africa, the Far East and Latin America. These markets are served by Hansard International Limited and Hansard Worldwide Limited.
- Hansard Europe dac previously operated in Western Europe but closed to new business with effect from 30 June 2013.
- The Group's objective is to grow by attracting new business and positioning itself to adapt rapidly to market trends and conditions. The scalability and flexibility of the Group's operations allow it to enter or develop new geographic markets and exploit growth opportunities within existing markets without the need for significant further investment.

**Forward-looking statements:**

This announcement may contain certain forward-looking statements with respect to certain of Hansard Global plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainties because they relate to future events and circumstances which are beyond Hansard Global plc's control. As a result, Hansard Global plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Hansard Global plc's forward-looking statements. Hansard Global plc does not undertake to update forward-looking statements contained in this announcement or any other forward-looking statement it may make. No statement in this announcement is intended to be a profit forecast or be relied upon as a guide for future performance.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regime.

Legal Entity Identifier: 213800ZJ9F2EA3Q24K05

## CHAIRMAN'S STATEMENT

I am delighted to present to you my first report as Chairman of Hansard Global plc ("Hansard" or "Group") and wish to formally thank Philip Gregory for his previous chairmanship, leadership and guidance provided to the Group over the past 9 years.

Hansard, like almost every other business, has experienced a period of challenge over the past 12 months as we navigated our way through the constraints arising from the Covid-19 global pandemic. This was achieved with notable success and resilience, keeping our award-winning systems and customer service operations fully operational at all times.

The Board and I remain confident in the future opportunities for the business. We are now very close to the launch of our innovative new product in Japan. This will launch on our newly implemented administration system, bringing a highly-advanced platform that will benefit our customers, our distribution partners and our own operational efficiency. We expect to announce details of a launch with our first distribution partner in the near future.

### **New business**

New business for the first six months of our 2021 financial year ("H1 2021") was £76.3m on a Present Value of New Business Premiums ("PVNBP") basis, down 4.7% over the comparative period ("H1 2020").

New business continued to be well-diversified around the world, giving some protection against specific countries or regions being hit hard by Covid-19 related lock-downs or other restrictions. Overall we have seen Hansard's on-line model and ability to accept business electronically as a strong factor in maintaining new business levels.

### **Financial performance**

The Group's profit after tax under International Financial Reporting Standards ("IFRS") of £2.8m for the period is £0.2m higher than the comparative period profit of £2.6m. In light of the external environment and our continued investment in Japan and our new systems, this was a resilient result.

Consolidated fees and commissions were up marginally to £25.6m (H1 2020: £25.5m), with lower origination costs offsetting higher administrative costs.

Litigation defence activity continued to be active with significant costs incurred during the period, primarily in Italy, Belgium and Germany. Further details can be found in the Business and Financial Review section of this report.

### **Capitalisation and solvency**

The Group continues to be well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders. Free assets in excess of the Solvency Capital Requirements of the Group were £63.8m (175% coverage) (30 June 2020: £66.5m and 180%). We have maintained our prudent investment policy for shareholder assets, which minimises market risk and has provided a stable and resilient solvency position over recent years.

### **Dividends**

Taking into account the current financial position and future outlook, the Board has resolved to maintain its interim dividend at 1.8p per share (H1 2020: 1.8p per share). This will be paid on 20 April 2021 with an ex-dividend date of 11 March 2021.

### **Board membership**

On 31 December 2020, we welcomed David Peach to our Board as an independent non-executive director with a wealth of experience in the cross-border unit linked insurance industry. David has also been appointed as Chairman of our Audit Committee.

**Graeme Easton**  
**Chairman**  
**3 March 2021**

## INTERIM MANAGEMENT REPORT

### REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER GORDON MARR

#### Strategy implementation and new business distribution

The Group provides regular and single premium savings products to expatriate and internationally minded clients around the world. We continue to pursue our strategy of growing our business organically through Independent Financial Advisor (“IFA”) relationships and the pursuit of targeted opportunities to improve our scale, either through new licences or via new institutional partnerships.

Our strategic focus for 2021 remains on our two most significant projects:

- Launching our new locally-licensed investment product in Japan via regional banks, and
- Replacing our policy administration systems to support our next generation of products and secure cost and efficiency gains.

Both of these projects have made steady and positive progress despite the challenges of Covid-19 where travel and face-to-face contact have been constrained. We expect to announce details of a launch with our first Japanese distribution partner in the near future.

Details of the work being performed by our strategic development team are contained in the Business and Financial Review section.

#### Covid-19

As reported in our 2020 Annual Report and Accounts, our business has operated throughout the pandemic without any significant disruption to our corporate systems or customer service provision.

Our technology and effective business continuity plans have allowed us to switch seamlessly to working remotely whenever required, both at our head office in the Isle of Man and our subsidiary and branch offices around the world.

For our Independent Financial Advisor (“IFA”) network around the world, the difficulties in meeting clients, providing advice and concluding sales remain challenging. We have implemented a number of key actions to facilitate the on-boarding of new business, for example rolling out additional tools to allow customers and IFAs to provide and sign documentation electronically.

We noted in our 2020 Annual Report and Accounts that we were supporting and working with our customers where they may be experiencing personal financial difficulties, for example by allowing for premium holidays without incurring any additional charges or penalties. We have for the most part concluded that initial concessionary period and come out the other side without any material difficulties.

We have not encountered any material financial concerns with our IFA relationships and have therefore been in a position to write back £0.1m of the £0.2m provision we made at 30 June 2020.

#### Results for the period

IFRS profit for the period was £2.8m after tax (H1 2020: £2.6m). Consolidated fees and commissions were up marginally to £25.6m (H1 2020: £25.5m) with lower origination costs offsetting higher administrative costs.

A summary of the results for H1 2021 are as follows:

	H1 2021	H1 2020
IFRS profit after tax	<b>£2.8m</b>	£2.6m
IFRS basic earnings per share	<b>2.0p</b>	1.9p
Interim dividend – to be paid on 20 April 2021	<b>1.8p</b>	1.8p

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As at	31 December 2020	30 June 2020
Assets under Administration	<b>£1,167.0m</b>	£1,080.5m
Value of In-Force (regulatory basis)	<b>£149.9m</b>	£147.9m

The Value of In-Force on a regulatory basis at 31 December 2020 was £149.9m as compared to £147.9m at 30 June 2020. This movement is largely as a result of positive investment market performance offset by adverse foreign exchange movements.

New business margins for H1 2021 were in line with those of the comparative period, approximately break-even. Reductions in new business were offset by lower expenses related to new business.

Details of the results for the period are contained in the Business and Financial Review.

## Capitalisation and solvency

A key financial objective is to ensure that the Group's solvency is managed safely through the economic cycle to meet the requirements of regulators, contract holders, intermediaries and shareholders. The Group remains well capitalised.

The Group's Solvency Capital Requirements under risk based solvency regulations basis have a coverage ratio of 175%, slightly down from the 30 June 2020 level of 180%. The Group's capital is typically held in a wide range of deposit institutions and in highly-rated money market liquidity funds.

Hansard Europe dac's ("Hansard Europe") capital is considered not available for distribution until there is better clarity over the expected outcome of the litigation against the company.

## Hansard Europe dac ("Hansard Europe")

Hansard Europe was closed to new business in 2013 and the Group's objective is to run the business off in an efficient and well managed manner. We continue to meet the requirements of the company's policyholders, regulators and stakeholders while utilising operational efficiencies through the use of Hansard OnLine. The servicing of policy contracts and other administrative operations are performed at the Group's head office on the Isle of Man. Regulatory control and management of outsourced activities are exercised from the company's offices in Dublin. The company remains strongly capitalised with net assets of £16.8m.

We continue to deal with complaints in circumstances where a policyholder believes that the performance of an asset linked to a particular contract is not satisfactory. We do not give investment advice and are not party to the selection of the asset and therefore we feel that we are justified in robustly defending each complaint. Sometimes these complaints progress to threatened or actual litigation with the resulting increase in cost and resource to the Group. In many cases the litigation relates to decisions taken by individuals during, or as a result of, the global financial crisis in 2007/2008.

We reported in our 2020 Annual Report that Hansard Europe was facing litigation based on writs totalling €25.8m (£23.4m) as a result of these and related complaints. As at 31 December 2020, total writs were €27.4m (£24.6m). This increase was driven primarily by a reduction in the fair value of investment assets backing the claims.

We will continue to defend ourselves from all claims, considering early settlement (without admission of liability) only where there is a clear economic benefit. During the period cases totalling less than £0.1m were settled.

We have previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. As a result, we expect that a significant amount of the contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. We continue to estimate insurance coverage to be in the range of £6m to £13m. We also continue to pursue recovery of litigation defence costs attaching to such cases.

## Hansard OnLine

Our award-winning IT systems and online customer platform are key aspects of our proposition. Hansard OnLine is a powerful sales and business administration tool that is used by independent financial advisors

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("IFAs") and clients the world over. It is an integral part of the Group's operating model and allows us to better service IFAs and clients, embed process efficiencies and be flexible in operational deployment.

Hansard OnLine provides IFAs and clients with a reliable online self-service model which they can access 24/7 from anywhere around the world with an internet connection. It provides an important foundation to our strategic goal of delivery of excellent customer service. It has been a strong factor in facilitating the continued smooth operation of the business during the Covid-19 pandemic. We were delighted to see this recognised as part of winning International Investment's "Excellence in Fintech" award in October 2020.

As noted in our 2020 Annual Report, we have embarked on a project to replace our administration systems and ensure our infrastructure remains fit for purpose for our next generation of products and strategic development. Phase One of this project has delivered the functionality for our Japanese product due to be launched in the coming months. We have extended the timing for migration of our existing products to 2022 to allow us to focus and capitalise on the opportunities in Japan and recognising the challenges of the current Covid-19 working environment.

## **Regulation and risk management**

The pace, scale, and complexity of regulatory developments continues to evolve and the Group devotes significant resources in this area to meet these challenges.

The Group's Enterprise Risk Management ("ERM") Framework provides for the identification, assessment, management, monitoring and control of current and emerging risks, recognising that systems of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's internal control and risk management processes have operated satisfactorily throughout the period under review.

## **Dividend**

The Board has resolved to pay an interim dividend of 1.8p per share (H1 2020: 1.8p). This dividend will be paid on 20 April 2021.

## **Our people**

Our people are critical to our success. We have a dedicated dynamic workforce across a number of locations around the world. I would like to recognise and thank them for their continued commitment, flexibility and resilience in managing both our on-going day-to-day operations and our key strategic projects throughout the challenges of the Covid-19 environment.

We have a commitment to service and quality at the highest level in relation to servicing contract holders and intermediaries. It was therefore pleasing to have again been recognised externally in this area. In October 2020 we won "Excellence in Client Service – Industry" from International Investor for both the Asian region and as overall global winner. We also maintained our five-star rating for customer service by AKG Financial Analytics in their 2020 review.

**Gordon Marr**  
**Chief Executive Officer**  
**3 March 2021**

## BUSINESS AND FINANCIAL REVIEW

### 1. BUSINESS MODEL

Hansard is a specialist long-term savings provider that has been providing innovative financial solutions for international clients since 1987. We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with savings and investment products within secure insurance wrappers to meet long-term savings and investment objectives. We administer assets in excess of £1 billion for just under 40,000 client accounts around the world.

The Company's head office is in Douglas, Isle of Man, and its principal subsidiaries operate from the Isle of Man, The Bahamas and the Republic of Ireland.

Hansard International Limited ("Hansard International") is regulated by the Financial Services Authority of the Isle of Man Government. It has a branch in Malaysia, regulated by the Labuan Financial Services Authority, and one in Japan to support its Japanese proposition which is regulated by the Japanese Financial Services Agency.

Launched in 2019, Hansard Worldwide underwrites international and expatriate business around the world. It is regulated by the Insurance Commission of The Bahamas.

Hansard Europe is regulated by the Central Bank of Ireland. Hansard Europe ceased accepting new business with effect from 30 June 2013.

Our products are designed to appeal to affluent international investors, institutions and wealth-management groups. They are distributed exclusively through IFAs and the retail operations of financial institutions.

Our network of Account Executives provides local language-based support services to financial advisors in key territories around the world, supported by our multi-language online platform, Hansard OnLine.

### 2. VISION AND STRATEGY

Our vision for the Hansard Group is:

*"to share success with our clients by providing simple, understandable and innovative financial solutions".*

To deliver this vision, client outcomes will be the central focus within our business and consequently we will seek to evolve all aspects of our products, processes and distribution in order to constantly improve.

Our talented people are the foundation of our business. We have created an empowering culture, which values innovation, quality, integrity and respect.

Our strategy to improve, grow and future-proof our business will be delivered through three key areas of strategic focus:

- i. Improve our business: We will improve customer outcomes through the introduction of new disclosures, the provision of new products and services, focusing on the quality of our IFAs with whom we work with and continuing to drive up the engagement of our people within our business.
- ii. Grow our business: In recent years we established a new life company in The Bahamas and entered into a strategic alliance with Union Insurance in the UAE. We have acquired the necessary licence and approvals to access the Japanese market. We will continue to seek out opportunities for locally licenced business in other targeted jurisdictions over the coming years.
- iii. Future-proof our business: We are actively testing innovative technologies, propositions and business models. It remains critical to support the online and digital needs of our clients alongside improving organisational efficiency and scalability.



## 3. HANSARD ONLINE

Hansard OnLine is a powerful and secure tool that is used by our IFAs around the world. Available in multiple languages, it allows them to access information about their clients, to generate reports for their clients, to submit new business applications online, to place dealing and switch instructions online, to access all client correspondence and to access a library of forms and literature.

Almost all investment transactions are processed electronically by intermediaries, on behalf of their clients, using Hansard OnLine and over 90% of all new business applications are submitted via the platform.

The straight-through processing of contract holder instructions (whether received directly or through their appointed agents) reduces the Group's operational risk exposures, as does the ability of the Group to communicate electronically with contract holders and intermediaries, irrespective of geographical boundaries. Data validation happens in real-time to ensure there are no delays to the investment of client funds.

Hansard OnLine Lite provides prospective IFAs with easy access to a subset of the online system. Its purpose is to showcase our online proposition to prospective and new IFAs and to allow easy access to non-sensitive documents and functionality. Users can access our online document library, the Unit Fund Centre, company news and submit new business online.

The benefit of Hansard OnLine is recognised by many IFAs as market leading and our online proposition has been nominated for and won a number of independent industry awards in recent years. Most recently this included winning International Investment's "Excellence in Fintech" award in October 2020.

### Online accounts

Whilst many of our IFAs are technologically sophisticated and have been utilising our online offering for years, our client base has typically lagged behind. However, we are now observing a growing trend amongst our clients to take more control of their financial wellbeing by embracing mobile technology to better monitor and manage their finances.

To support our commitment to delivering 'excellent customer service', we believe it is vital to provide our clients with a modern and secure online platform that allows them to access their finances easily and comprehensively, 24/7. We provide this through our client-facing version of Hansard OnLine, called Online Accounts.

Similar to our IFA-facing online platform, the client's Online Account allows them to access all their policy information, valuation statements, transaction history, premium reports, switch funds online, access all correspondence, access a library of forms and literature, and more.

A large and increasing number of clients have signed up for this service which allows them to view all documentation and communications relating to their contracts via their Online Account as well as choosing to receive post electronically, rather than in hard-copy form. This not only provides a more secure, faster and cost efficient means of communication with clients but also the convenience to manage their own contract within a timeframe which is more suitable. This has gained further traction during the restrictions encountered during the Covid-19 pandemic.

### Cyber security

As cyber crime continues to increase and target commercial and public enterprises alike, Hansard has continued to invest in its cyber security. This includes continuous upgrades to our firewall protection, encryption of data, tokenisation of sensitive data and annual external review and testing.

## 4. NEW BUSINESS

### PROPOSITION

The Group's proposition is to develop and enhance relationships with contract holders and intermediaries through the use of our people, products and technology in a way that meets shared objectives.

The results of activities in each region in H1 2021 are reported in the table below.

### NEW BUSINESS PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

New business for the first six months of our 2021 financial year ("H1 2021") was £76.3m on a PVNBP basis, down 4.7% from the comparative period ("H1 2020"). While the Covid-19 pandemic impacted new business across all locations, this result was a positive reflection of our ability to manage resiliently through the challenges presented by using our technology-driven tools and process.

New business flows for H1 2021 are summarised as follows:

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
Present value of New Business Premiums	76.3	80.1	159.8
Annualised Premium Equivalent	10.9	12.8	24.0

The following tables show the breakdown of new business flows calculated on the basis of PVNBP:

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
<b>By type of contract</b>			
Regular premium	49.6	51.6	102.0
Single premium	26.7	28.5	57.8
	76.3	80.1	159.8

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
<b>By geographical area</b>			
Middle East and Africa	28.6	30.8	63.3
Rest of World	24.3	24.1	48.5
Latin America	18.5	19.7	37.3
Far East	4.9	5.5	10.7
Total	76.3	80.1	159.8

We continue to receive new business from a diverse range of financial advisors around the world. The majority of new business premiums are denominated in US dollars at approximately 78% (H1 2020: 82%), with approximately 17% denominated in sterling (H1 2020: 16%), and the remainder in euro or other currencies.

Our largest region, Middle East and Africa fell 7.1% in H1 2021 but held up well in light of a number of challenges in the region. These included Covid-19 restrictions and brokers adapting to regulatory changes in the UAE which came into force in October 2020.

The Rest of World region was broadly consistent with the comparative period, up 0.8%.

Despite Latin America being hit hard by Covid-19 and experiencing a challenging Q1, new business recovered in Q2, leaving new business for H1 2021 down 6.1% compared to H1 2020.

New business in our Far East region was down 10.9% from a low base as Covid-19 restrictions reduced sales activity. As we have noted in previous reports, our main strategic focus in the Far East is to develop and bring our new Japanese proposition to market.

## 5. IFRS RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

The Group administers, and earns fees from, a portfolio of unit-linked investment contracts distributed to contract holders around the world.

The nature of the Group's products means that new business flows have a limited immediate impact on current earnings reported under IFRS, as initial fees and acquisition costs from the contracts sold are mostly deferred and amortised over the life of the contract. The benefit of sales to fee income levels are felt in future financial periods, noting also that our newer products have a longer earning period than our older products.

The Group also continues to invest strategically for the future, particularly in relation to new markets and new licensing opportunities.

### Results under IFRS

Consolidated profit after taxation for the period was £2.8m (H1 2020: £2.6m), primarily driven by lower origination costs.

The following is a summary of key items to allow readers to better understand the results of the period.

### ABRIDGED INCOME STATEMENT

The condensed consolidated statement of comprehensive income which is presented within these half-year results reflects the financial results of the Group's activities during the period under IFRS. This statement however, as a result of its method of presentation, incorporates a number of features that might affect a clearer understanding of the results of the Group's underlying transactions. This relates principally to:

- Investment gains attributable to contract holder assets were £98.0m (H1 2020: £7.0m). These assets are selected by the contract holder or an authorised intermediary and the contract holder bears the investment risk and are also reflected within 'Change in provisions for investment contract liabilities'.
- Third party fund management fees collected and paid onwards by the Group to third parties having a relationship with the underlying contract. In H1 2021 these were £2.7m (H1 2020: £2.5m). These are reflected on a gross basis in both income and expenses under IFRS.

An abridged consolidated income statement is presented below, excluding the items of income and expenditure indicated above.

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	Six months ended 31 December		Year ended 30 June 2020
	2020 £m	2019 £m	2020 £m
Fees and commissions	22.9	23.0	44.7
Investment and other income	0.5	0.5	2.5
	23.4	23.5	47.2
Origination costs	(8.4)	(9.1)	(18.0)
Administrative and other expenses attributable to the Group	(11.4)	(11.1)	(23.0)
Operating profit for the period before litigation and non-recurring expense items	3.6	3.3	6.2
Net litigation and non-recurring expense items	(0.7)	(0.7)	(1.5)
<b>Profit for the period before taxation</b>	<b>2.9</b>	<b>2.6</b>	<b>4.7</b>
Taxation	(0.1)	-	(0.2)
<b>Profit for the period after taxation</b>	<b>2.8</b>	<b>2.6</b>	<b>4.5</b>

## Fees and commissions

Fees and commissions attributable to Group operations for H1 2021 were £22.9m, marginally lower than £23.0m in H1 2020. A summary of fees and commissions attributable to Group activities is set out below:

	Six months ended 31 December		Year ended 30 June 2020
	2020 £m	2019 £m	2020 £m
Contract fee income	16.3	16.5	32.2
Fund management fees	4.2	4.2	7.9
Commissions receivable	2.4	2.3	4.6
	22.9	23.0	44.7

Included in contract fee income is £8.6m (H1 2020: £8.7m) representing the amounts prepaid in previous years and amortised to the income statement, as can be seen in section 7 in the reconciliation of deferred income.

Net fund management fees, together with commissions receivable, totalling £6.6m (H1 2020: £6.5m), are related to the value of contract holder Assets under Administration ("AuA") but also have elements amortised from previous periods.

## Investment and other income

	Six months ended 31 December		Year ended 30 June 2020
	2020 £m	2019 £m	2020 £m
Bank interest and other income receivable	0.8	1.0	2.3
Foreign exchange (losses)/gains on revaluation of net operating assets	(0.3)	(0.5)	0.2
	0.5	0.5	2.5

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The Group's own liquid assets are held predominantly in sterling and invested in highly rated money market funds and bank deposits.

Further information about the Group's foreign currency exposures is disclosed in note 4.1 to these condensed consolidated financial statements.

## Origination costs

Under IFRS, new business commissions paid, together with the directly attributable incremental costs incurred on the issue of a contract, are deferred and amortised over the life of that contract to match the longer-term income streams expected to accrue from it. Typical terms range between 6 and 16 years, depending on the nature of the product. Other elements of the Group's new business costs, which reflect investment in distribution resources in line with our strategy, are expensed as incurred.

This accounting policy reflects that the Group will continue to earn income over the long-term from contracts issued in a given financial year.

Origination costs in the period were:

	<b>Six months ended</b>		<b>Year ended</b>
	<b>31 December</b>		<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Origination costs - deferred to match future income streams	<b>8.6</b>	10.2	18.9
Origination costs - expensed as incurred	<b>1.2</b>	1.7	3.4
Investment in new business in period	<b>9.8</b>	11.9	22.3
Net amortisation of deferred origination costs	<b>(1.4)</b>	(2.8)	(4.3)
	<b>8.4</b>	9.1	18.0

Reflecting the long-term nature of the Group's income streams, amounts totalling £7.2m (H1 2020: £7.4m) have been expensed to match contract fee income of £8.6m (H1 2020: £8.7m) earned in H1 2021 from contracts issued in previous financial years. This reflects the profitability of the existing book.

Origination costs incurred in H1 2021 have decreased as a result of lower levels of new business and the cancellation of the majority of sales-related travel and promotional events due to Covid-19.

Summarised origination costs for the period were:

	<b>Six months ended</b>		<b>Year ended</b>
	<b>31 December</b>		<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Amortisation of deferred origination costs	<b>7.2</b>	7.4	14.6
Other origination costs incurred during the period	<b>1.2</b>	1.7	3.4
	<b>8.4</b>	9.1	18.0

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## Administrative and other expenses

We continue to manage our expense base robustly to control administrative expenses while investing strategically in our systems infrastructure and our Japanese proposition.

A summary of administrative and other expenses attributable to the Group is set out below:

	Six months ended 31 December 2020 £m	2019 £m	Year ended 30 June 2020 £m
Salaries and other employment costs	5.6	5.5	10.6
Other administrative expenses	4.3	3.5	7.7
Professional fees, including audit	1.1	1.4	2.9
<b>Recurring administrative and other expenses</b>	<b>11.0</b>	10.4	21.2
Growth investment spend	0.4	0.7	1.8
<b>Administrative and other expenses, excl. litigation and non-recurring expense items</b>	<b>11.4</b>	11.1	23.0
Net litigation defence and settlement costs	0.9	0.7	1.3
Provision for doubtful debts in respect of broker balances	(0.2)	-	0.2
<b>Total administrative and other expenses</b>	<b>12.1</b>	11.8	24.5

**Salaries and other employment costs** have increased by £0.1m over the comparative period to £5.6m, reflecting the expansion of our Japanese branch and additional contractors. The average Group headcount for H1 2021 was 185 compared to 192 for the full 2020 financial year. Headcount at 31 December 2020 was 185.

**Other administrative expenses** have increased by £0.8m over the comparative period to £4.3m but are broadly in line with H2 2020. The increase is driven by additional lease costs associated with a new head-office premises which the Company will be moving into over the course of 2021, together with additional non-capitalised IT expenditure associated with our systems project.

**Professional fees including audit** (excluding litigation defence costs) have decreased by £0.3m over the comparative period to £1.1m as a result of tight cost control during the period.

**Growth investment spend** of £0.4m represents internal and external costs to generate opportunities for growth. This includes the costs of our head office strategy team and development costs associated with our Japanese proposition.

**Litigation** costs in defending claims against Hansard Europe of £0.9m for the period were higher than H1 2020 as H1 2020 included the benefit of £0.5m insurance recoveries. A provision of £0.3m has also been made for expected future settlements.

**Provision for doubtful debts** reflects the release of a provision previously recognised for expected broker bad debts in relation to Covid-19 which have not materialised.

## 6. CASH FLOW ANALYSIS

The sale of the Group's products typically produces an initial cash strain as a result of the commission and other costs incurred at inception of a contract.

The following summarises the Group's own cash flows in the period:

	Six months ended 31 December		Year ended 30 June
	2020 £m	2019 £m	2020 £m
Net cash surplus from operating activities	11.5	11.1	22.7
Interest received	0.2	0.5	1.6
Net cash inflow from operations	11.7	11.6	24.3
Net cash investment in new business	(8.3)	(10.2)	(19.1)
Purchase of software, computer equipment and property	(1.9)	(1.5)	(3.0)
Corporation tax paid	(0.1)	-	(0.1)
<b>Net cash inflow/(outflow) before dividends</b>	<b>1.4</b>	<b>(0.1)</b>	<b>2.1</b>
Dividends paid	(3.6)	(3.6)	(6.0)
<b>Net cash outflow after dividends</b>	<b>(2.2)</b>	<b>(3.7)</b>	<b>(3.9)</b>

Cash flows from operating activities have increased in H1 2021 reflecting lower cash expenses. Initial new business cash strain is shown within "net cash investment in new business" and varies depending on the level and type of new business written. £1.9m was spent during the period on the project to upgrade the Group's IT infrastructure.

The factors described above, together with the payment of our final dividend for 2020, led to a net cash outflow of £2.2m (H1 2020: £3.7m outflow) in the Group's own cash resources since 1 July 2020. The Group continues to maintain significant cash reserves to cover short-term outflows during this period of strategic investment.

	Six months ended 31 December		Year ended 30 June
	2020 £m	2019 £m	2020 £m
Net cash outflow after dividends	(2.2)	(3.7)	(3.9)
Decrease in amounts due to contract holders	(0.7)	(0.8)	(0.2)
Net Group cash movements	(2.9)	(4.5)	(4.1)
Group cash - opening position	60.8	65.3	65.3
Effect of exchange rate movements	1.1	(0.9)	(0.4)
<b>Group cash - closing position</b>	<b>59.0</b>	<b>59.9</b>	<b>60.8</b>

### Bank deposits and money market funds

The Group's liquid assets at the balance sheet date are held in highly-rated money market liquidity funds and with a wide range of deposit institutions, predominantly in sterling. This approach protects the Group's capital base from stock market falls.

Deposits totalling £12.2m (H1 2020: £19.1m) have original maturity dates greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS.

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The following table summarises the total shareholder cash and deposits at the balance sheet date.

	31 December 2020 £m	2019 £m	30 June 2020 £m
Money market funds	38.0	39.3	35.0
Short-term deposits with credit institutions	8.8	1.5	4.6
Cash and cash equivalents under IFRS	46.8	40.8	39.6
Longer-term deposits with credit institutions	12.2	19.1	21.2
<b>Group cash and deposits</b>	<b>59.0</b>	<b>59.9</b>	<b>60.8</b>

## 7. ABRIDGED CONSOLIDATED BALANCE SHEET

The condensed consolidated balance sheet presented under IFRS reflects the financial position of the Group at 31 December 2020. As a result of its method of presentation, the consolidated balance sheet incorporates the financial assets held to back the Group's liability to contract holders, and also incorporates the net liability to those contract holders of £1,167m (31 December 2019: £1,080m). Additionally, that portion of the Group's capital that is held in bank deposits is disclosed in "cash and cash equivalents" based on original maturity terms, as noted above.

The abridged consolidated balance sheet presented below, adjusted for those differences in disclosure, allows a better understanding of the Group's own capital position. Additional factors impacting upon the Group's capital position at the balance sheet date are summarised in section 8 of this Review.

As at	31 December 2020 £m	2019 £m	30 June 2020 £m
<b>Assets</b>			
Deferred origination costs	123.7	120.8	122.3
Other assets	15.6	13.5	15.0
Bank deposits and money market funds	59.0	59.9	60.8
	<b>198.3</b>	<b>194.2</b>	<b>198.1</b>
<b>Liabilities</b>			
Deferred income	139.7	135.1	137.8
Other payables	33.5	32.8	34.4
	<b>173.2</b>	<b>167.9</b>	<b>172.2</b>
<b>Net assets</b>	<b>25.1</b>	<b>26.3</b>	<b>25.9</b>
<b>Shareholders' equity</b>			
Share capital and reserves	25.1	26.3	25.9

### Deferred origination costs

The deferral of origination costs ("DOC") reflects that the Group will earn fees over the long-term from contracts issued in a given financial year. These costs are recoverable out of future net income from the relevant contract and are charged to the consolidated statement of comprehensive income on a straight-line basis over the life of each contract.

The tables below show an increase in total deferred origination costs since the comparative periods. While new business activity (and associated origination costs) were lower in H1 2021, the level of origination costs deferred in the period remains higher than the costs amortised from previously deferred balances.



	31 December 2020 £m	2019 £m	30 June 2020 £m
At beginning of financial year	122.3	118.0	118.0
Origination costs deferred during the period	8.6	10.2	18.9
Origination costs amortised during the period	(7.2)	(7.4)	(14.6)
	123.7	120.8	122.3

## Deferred income

The treatment of deferred income ensures that initial fees are taken to the consolidated statement of comprehensive income in equal instalments over the longer-term, reflecting the services to be provided over the period of the contract. This is consistent with the treatment of deferred origination costs. Deferred income at the balance sheet date is the unamortised balance of accumulated initial amounts received on new business.

The proportion of income deferred in any one year is dependent upon the mix and volume of new business flows in previous years. The Group's focus on regular premium business means that these fees are received over the initial period of the contract, rather than being received up front, as is often the case with single premium contracts.

The majority of initial fees collected during the period relate to charges taken from contracts issued in prior financial years demonstrating the cash generative nature of the business. Regular premium contracts issued in this financial year will generate the majority of their initial fees over the next 18 months on average.

The movement in value of deferred income over the period is summarised below.

	31 December 2020 £m	2019 £m	30 June 2020 £m
At beginning of financial year	137.8	133.2	133.2
Initial fees collected in the period and deferred	10.5	10.6	21.6
Income amortised during the period to fee income	(8.6)	(8.7)	(17.0)
	139.7	135.1	137.8

## 8. ASSETS UNDER ADMINISTRATION

In the following paragraphs, AuA refers to net assets held to cover financial liabilities as analysed in note 13 to the condensed consolidated financial statements presented under IFRS. Such assets are selected by or on behalf of contract holders to meet their investment needs.

The Group receives investment inflows to its AuA from single and regular premium contracts which are offset by charges, withdrawals, premium holidays affecting regular premium policies and by market valuation movements.

The majority of premium contributions and AuA are designated in currencies other than sterling, reflecting the wide geographical spread of those contract holders. The currency denomination of AuA at 31 December 2020 is similar to that of 31 December 2019 and consists of approximately 68% denominated in US dollars, 21% in sterling and 10% denominated in euro, as reflected in note 4 to the condensed consolidated financial statements.

Certain collective investment schemes linked to customers' contracts can from time to time become illiquid, suspended or be put into liquidation. In such cases, the Directors are required to exercise their judgement in relation to the fair value of these assets. The cumulative impact on the balance sheet is not material.

The following table summarises Group AuA movements for H1 2021:

	31 December 2020 £m	2019 £m	30 June 2020 £m
Deposits to investment contracts – regular premiums	42.3	42.0	85.8
Deposits to investment contracts – single premiums	26.7	29.6	57.2
Withdrawals from contracts and charges	(78.2)	(77.9)	(142.3)
Effect of market and currency movements	95.7	7.0	0.1
Movement in period	86.5	0.7	0.8
Opening balance	1,080.5	1,079.7	1,079.7
<b>Closing balance</b>	<b>1,167.0</b>	<b>1,080.4</b>	<b>1,080.5</b>

Group AuA increased to £1,167.0m during H1 2021, an increase of £86.5m from the position at 30 June 2020. This was driven by positive global stock markets offset by a weaker US dollar versus sterling.

The analysis of AuA held by each Group subsidiary to cover financial liabilities is as follows:

	31 December 2020 £m	2019 £m	30 June 2020 £m
Hansard International	1,074.2	975.8	986.5
Hansard Europe	92.8	104.6	94.0
	<b>1,167.0</b>	<b>1,080.4</b>	<b>1,080.5</b>

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

Since it closed to new business in 2013, Hansard Europe's AuA has been declining broadly in line with expectations as withdrawals are made or contracts mature.

## 9. CAPITALISATION AND SOLVENCY

The Group's life insurance subsidiaries continue to be well capitalised with free assets in excess of the regulatory requirements in each relevant jurisdiction. There has been no material change in the Group's management of capital during the period.

Solvency capital is a combination of future margins, where permitted by regulation, and capital. Where future margins are denominated in non-sterling currencies, it is vulnerable to the weakening of those currencies relative to sterling. All of the Group's excess capital is invested in a wide range of deposit institutions and highly-rated money market liquidity funds, predominantly in sterling. This approach protects the Group's capital base from stock market falls.

The in-force portfolio has no material investment options or guarantees that could cause capital strain and retains very little of the mortality risk that it has accepted (the balance being reinsured with premium reinsurers). There is no longevity risk exposure.

### Policy on capital maintenance

It is the Group's policy to maintain a strong capital base in order to:

- satisfy the requirements of its contract holders, creditors and regulators;
- maintain financial strength to support new business growth and create shareholder value;
- match the profile of its assets and liabilities, taking account of the risks inherent in the business;

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- generate operating cash flows; and
- fund dividend requirements.

Within the Group each subsidiary company manages its own capital. Capital generated in excess of planned requirements is returned to the Company by way of dividends. Group capital requirements are monitored by the Board. The capital held within Hansard Europe is considered not to be available for dividend to Hansard Global plc until such time as the legal cases referred to in section 11 below are substantially resolved.

## 10. DIVIDENDS

A final dividend of 2.65p per share in relation to the previous financial year was paid in November 2020. This amounted to £3.6m.

The Board has considered the results for H1 2021, the Group's continued cash flow generation and its future expectations and has resolved to pay an interim dividend of 1.8p per share (H1 2020: 1.8p). This dividend will be paid on 20 April 2021.

## 11. COMPLAINTS AND POTENTIAL LITIGATION

The Group continues to deal with contract holder complaints, principally in relation to asset performance issues arising from contract holders resident in Europe. Even though the Group does not give any investment advice, as this is left to the contract holder directly or through an agent, advisor or an entity appointed at their request or preference, the Group has been subject to a number of complaints in relation to the performance of assets linked to contracts.

Some of these complaints escalate into litigation. As at the date of the 2020 Annual Report, the Group faced litigation based on writs totalling €25.8m or £23.4m. The corresponding figure as at 31 December 2020 was €27.4m or £24.6m (31 December 2019: €24.6m or £20.8m). Between 31 December 2020 and the date of this report, there have been no material changes.

We expect that a significant amount of the £24.6m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. As of 31 December 2020, we continue to estimate coverage to be in the range of £6m to £13m.

While it is not possible to forecast or determine the final results of such litigation, based on the pleadings and advice received from the Group's legal representatives and experience with cases previously successfully defended, we believe we have a strong chance of success in defending these claims. Other than smaller cases where based on past experience it is expected a settlement might be reached, the writs have therefore been treated as contingent liabilities and are disclosed in note 18 to the condensed consolidated financial statements.

## 12. NET ASSET VALUE PER SHARE

The net asset value per share on an IFRS basis at 31 December 2020 is 18.2p (31 December 2019: 19.1p) based on the net assets in the consolidated balance sheet divided by the number of shares in issue, being 137,557,079 ordinary shares (31 December 2019: 137,557,079).

## 13. RISK MANAGEMENT

As with all businesses, the Group is exposed to risk in pursuit of its objectives. The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness. The schedule of powers reserved to the Board ensures that the Directors are responsible for determining, evaluating and controlling the nature and extent of the principal risks which the Board is willing to take in achieving its strategic objectives and the Board oversees the strategies for principal risks that have been identified.

The Executive Management Team works within the risk appetite established by the Board and the governance, risk management and internal control arrangements which constitute the Group Enterprise Risk Management ("ERM") Programme.

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Having regard to the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', the ERM Programme encompasses the policies, processes, tasks, behaviours and other aspects of the Group's environment, which cumulatively:

- facilitate the effective and efficient operation of the Group and its subsidiaries by enabling appropriate responses to be made to significant business, operational, financial, compliance and other risks to business objectives, so safeguarding the assets of the Group;
- help to ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the Group;
- seek to ensure compliance with applicable laws and regulations and also with internal policies with respect to the conduct of business; and
- Drive the cultural tone and expectations of the Board in respect of governance, risk management and internal control arrangements and the delegation of associated authorities and accountabilities.

Risk management processes are undertaken on both a bottom-up and top-down basis. The top-down aspect involves the Board assessing, analysing and evaluating what it believes to be the principal risks facing the Group. The bottom-up approach involves the identification, review and monitoring of current and forward-looking risks on a continuous basis at functional and divisional levels, with analysis and formal reporting to the Executive Risk Committee, established by the Board, on a quarterly basis and onward analytical reporting to the Board. The terms of reference of the Committee are published on the Company's website.

The system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Hansard's business model involves the controlled acceptance and management of risk exposures. Under the terms of the unit-linked investment contracts issued by the Group, the contract holder bears the investment risk on the assets in the unit-linked funds, as the contract benefits are directly linked to the value of the assets in the funds. These assets are administered in a manner consistent with the expectations of the contract holders. By definition, there is a precise match between the investment assets and the contract holder liabilities, and so the market risk and credit risk lie with contract holders.

The Group's exposure on this unit-linked business is limited to the extent that income arising from asset management charges and commissions is generally based on the value of assets in the funds, and any sustained falls in value will reduce earnings. In addition, there are certain financial risks (credit, market and liquidity risks) in relation to the investment of shareholders' funds. The Group's exposure to financial risks is explained in note 4 to the condensed consolidated financial statements.

A comprehensive review of risk management and internal control, including the principal risks and uncertainties facing the business and the Group's approach to managing these risks and uncertainties, is outlined on pages 22 to 27 of the 2020 Annual Report. These principal risks and uncertainties have not changed materially since the 2020 Annual Report was published.

In relation to the Covid-19 pandemic, the Group ERM Framework enabled the Board to take swift, decisive and informed decisions in response to the immediate risks which the pandemic presented to the Group, its employees, customers and wider stakeholder groups. The early invocation of pandemic-specific business continuity planning and the inherent strength of the Group's systems infrastructure supported a smooth and stable transition to remote working, which have remained robust and resilient throughout the period of 'lockdown' measures introduced at local and international levels.

Established ERM protocols enabled targeted risk metrics and key performance indicators to be rapidly invoked, addressing both prudential and conduct elements of the principal and subordinate risk spectrum. These metrics have supported continuous monitoring of operational performance, customer and intermediary impacts and the potential consequences of market volatilities and related stresses to global economies. Operational and Executive Risk Committee Meetings have maintained close scrutiny of these monitoring activities with formal reporting to both the Board and the Group's regulators.

## Principal Risks

The following table sets out the principal inherent risks that may impact on the Group's strategic objectives, profitability or capital and an provides an overview of how such risks are managed or mitigated. The Board robustly reviews and considers its principal risks on at least an annual basis. The below principal risks consider the impacts, uncertainties and any emerging risks generated by the Covid-19 pandemic.

Risk	Risk Factors and Management
<p><b>Market Risk:</b></p> <p><b>Arising from major market stresses, or fluctuation in market variables, resulting in falls in equity or other asset values, currency movements or a combined scenario manifesting</b></p>	<p>While the Group does not invest shareholder funds in assets subject to any significant market risk, the Group's earnings and profitability are influenced by the performance of contract holder assets and the fees derived from their value. Significant changes in equity markets and interest rates can adversely affect fee income earned.</p> <p>In addition, the Group operates internationally and earns income in a range of different currencies. The vast majority of its operational cost base is denominated in Sterling. The movement of Sterling against US Dollars is the most significant exposure to reported income levels.</p> <p>Extreme market conditions also have the capacity to influence the purchase of financial services products and the period over which business is retained.</p> <p><b>How we manage the risk:</b> The Board recognise that market volatilities and currency movements are unpredictable and driven by a diverse range of factors and these risks are inherent in the provision of investment-linked products.</p> <p>Business plans are modelled across a broad range of market and economic scenarios and take account of alternative economic outlooks within overall business strategy, which provide for a greater understanding of market and currency risk, the limits of the Company's resilience and the range of possible mitigating options.</p> <p>The stress testing referred to in our 2020 Annual Report considered the impacts of both market and currency shocks, having regard to the risks inherent to the Company's unit-linked business and macroeconomic environment generated by an extreme and aggressive event, such as the Covid-19 pandemic.</p> <p>The long-term nature of the Group's products serves to smooth currency movements over time reducing the need for active hedging policies. However, long term trends are monitored and considered in pricing models.</p>
<p><b>Credit Risk:</b></p> <p><b>Arising from the failure of a counterparty</b></p>	<p>In dealing with third party financial institutions, including banking, money market and settlement, custody and other counterparties, the Group is exposed to the risk of financial loss and potential disruption of core business functional and operational processes.</p> <p><b>How we manage the risk:</b> The Group seeks to limit exposure to loss or detriment via counterparty failure through robust selection criteria, minimum rating agency limits, pre-defined risk-based limits on concentrations of exposures and continuous review of positions to identify, evaluate, restrict and monitor various forms of exposure on an individual and aggregate basis.</p> <p>During the reporting period we have closely monitored credit exposures with counterparties and have not identified any material change in risk exposure arising out of the Covid-19 environment.</p>

<p><b>Liquidity Risk:</b></p> <p><b>Arising from a failure to maintain an adequate level of liquidity to meet financial obligations under both planned and stressed conditions</b></p>	<p>If the Group does not have sufficient levels of liquid assets to support business activities or settle its obligations as they fall due, the Group may be in default of its obligations and may incur significant sanction, loss or cost to rectify the position.</p> <p><b>How we manage the risk:</b></p> <p>The Group maintains highly prudent positions in accordance with its risk appetite and investment policies which ensures a high level of liquidity is available in the short term at all times. Generally, shareholder assets are invested in cash or money market instruments with highly rated counterparties.</p> <p>During the reporting period we have maintained a prudent approach to the availability of short-term cash but have not identified any material change in risk exposure arising out of the Covid-19 environment.</p>
<p><b>Legal and Regulatory Risk:</b></p> <p><b>Arising from changes in the regulatory landscape, which adversely impact the Group's business model, or from a failure by the Group, or one of its subsidiary entities, to meet its legal, regulatory or contractual obligations, resulting in the risk of loss or the imposition of penalties, damages or fines</b></p>	<p>The scale and pace of change in regulatory and supervisory standards at an international level continue to drive developments at a jurisdictional level. The interpretation or application of regulation over time may impact market accessibility, broker relationships and / or competitive viability. If the Group fails to monitor the regulatory environment or adequately integrate the management of associated obligations within strategic, business model or business planning processes there may be material risk to the achievement of strategic objectives both in the short and longer term.</p> <p><b>How we manage the risk:</b></p> <ul style="list-style-type: none"> <li>• Robust strategic planning processes informed by analytical review of the external environment and consideration of associated risk in the short and longer term.</li> <li>• Continuous monitoring and review of developments in international law and regulation and proactive management of how such developments might shape jurisdictional specific reaction.</li> <li>• Active and transparent engagement with regulatory authorities and industry bodies on a multi-jurisdictional basis, including active engagement in and responding to regulatory consultation exercises.</li> <li>• Maintenance of robust governance, risk management and internal control arrangements to ensure that legal and regulatory obligations are substantively met on a continuing basis.</li> <li>• Active engagement with professional advisors to address specific risks and issues that arise.</li> </ul>
<p><b>Distribution Risk:</b></p> <p><b>Arising from market changes, technological advancement, loss of key intermediary relationships or competitor activity</b></p>	<p>The business environment in which the international insurance industry operates is subject to continuous change as new market and competitor forces come into effect and as technology continues to evolve. Hansard may be unable to maintain competitive advantage in commercially significant jurisdictions, or market segments, or be unable to build and sustain successful distribution relationships, particularly in the event of any prolonged uncertainties consequent to the current pandemic environment.</p> <p><b>How we manage the risk:</b></p> <ul style="list-style-type: none"> <li>• Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels.</li> <li>• Stress and scenario modelling considers the consequences of production falling materially above or below target and enables the Board to ensure that forecasting and planning activities are sufficiently robust and revised product and distribution strategies are designed to add additional scale to the business, on a more diversified basis, through organic growth at acceptable levels of risk and profitability.</li> <li>• Continuous investment in and development of technology.</li> </ul>

	<p>During the reporting period we maintained close contact with our distribution partners and deployed technological solutions where appropriate to overcome challenges presented by the Covid-19 environment.</p>
<p><b>Conduct Risk:</b></p> <p><b>Arising from any failure of the Group's governance, risk management and internal control arrangements</b></p>	<p>Any failure to adequately assess, monitor, manage and mitigate risks to the delivery of fair customer outcomes, or to market integrity, can be expected to result in material detriment to the achievement of strategic objectives and could incur regulatory censure, financial penalty, contract holder litigation and / or reputational damage.</p> <p><b>How we manage the risk:</b></p> <ul style="list-style-type: none"> <li>• Developments in the Group's ERM framework continue to drive and deliver the integration of conduct risk management at both a cultural and practical level.</li> <li>• Business activities designed to manage the volume and velocity of regulatory change are fundamentally concerned with ensuring compliance with conduct risk obligations, managing conflicts of interest, preventing market abuse and building robust governance arrangements around new product development and product suitability processes.</li> <li>• The Group maintains regular dialogue with its regulatory authorities and with its advisors in relation to developments in the regulatory environment in which we operate.</li> </ul>
<p><b>Information Systems and Cyber Risk:</b></p> <p><b>Arising from the increased digitalisation of business activities and reliance upon technology</b></p>	<p>The increasing digitalisation of business activities incurs an inherent exposure to the risk of cybercrime together with the risk of significant, costly interruptions, customer dissatisfaction and regulatory censure.</p> <p>In the event of any material failure in our core business systems, or business processes or if the Group fails to take adequate and appropriate measures to protect its systems and data from the inherent risk of attack, disruption and/or unauthorised access by internal or external parties could arise, resulting in confidential data being exposed and/or systems interruption. A significant cybercrime event could result in reputational damage, regulatory censure and financial loss.</p> <p><b>How we manage the risk:</b></p> <ul style="list-style-type: none"> <li>• Continuous focus on the maintenance of a robust, secure and resilient IT environment that protects customer and corporate data.</li> <li>• Control techniques deployed to evaluate the security of systems and proactively address emerging threats both internally within the organisation and externally, through regular engagement with internet and technology providers and through industry forums.</li> <li>• Maintenance of detailed and robust Business Continuity Plans, including full data replication at an independent recovery centre, which can be invoked when required.</li> <li>• Frequent and robust testing of business continuity and disaster recovery arrangements.</li> </ul> <p>The Covid-19 environment, particularly during periods of remote working, involved enhanced vigilance in this area. Regular communications were made to ensure employees were aware of heightened risks such as with phishing attempts. Our business continuity plan operated well in practice and our IT environment remained robust, secure and operationally effective.</p>
<p><b>Employee Engagement and Cultural Risk:</b></p> <p><b>Arising from any failure to drive the right corporate culture and attract, develop, engage and retain key personnel</b></p>	<p>Delivery of the Group's strategy is dependent on attracting and retaining experienced and high-performing management and staff. The knowledge, skills, attitudes and behaviours of our employees are central to our success. We must attract, integrate, engage and retain the talent required to deliver our strategy and have the appropriate processes and culture in place. The inability to retain key people, and adequately plan for succession can be expected to negatively impact the performance of the Group.</p>

## How we manage the risk:

- Significant resources focussed on communicating strategy and desired cultural behaviours to all employees.
- Forums established for employees to provide feedback for continuous improvement.
- Employee engagement monitored and measured through periodic employee surveys.
- Group performance management system in place, which measures both hard and soft skills.
- Training and development strategy in place to manage talent, provide development opportunities and address any skill gaps.
- Remuneration models and trends monitored closely by the Group's Human Resources Department and the Remuneration Committee.
- Succession planning strategy in place, to manage and mitigate 'key person' risk.

We have not experienced any significant increase in risk in this area during the Covid-19 environment with no increase in employee turnover rates. Remote working produces challenges around training, development and engagement but this risk has been reduced in the Isle of Man with lock-down periods having been relatively limited. Regular communication and surveys have been undertaken to understand what has worked well or not so well.

Further detail around financial risks is outlined in note 4 (Financial Risk Management) to the condensed consolidated financial statements.



## Statement of Directors' responsibilities

The Directors, whose names are reflected on the Company's website, [www.hansard.com](http://www.hansard.com), confirm that, to the best of their knowledge, this condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year and;
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### By order of the Board

**G M Easton**  
Non-executive Chairman

**G S Marr**  
Chief Executive Officer

**3 March 2021**

## Condensed Consolidated Statement of Comprehensive Income

		Six months ended		Year ended
		31 December 2020	31 December 2019	30 June 2020
	Notes	£m	£m	£m
Fees and commissions	6	25.6	25.5	49.5
Investment and other income		98.5	7.5	2.6
		124.1	33.0	52.1
Change in provisions for investment contract liabilities		(98.0)	(7.0)	(0.1)
Origination costs		(8.4)	(9.1)	(18.0)
Administrative and other expenses	7	(14.8)	(14.3)	(29.3)
		(121.2)	(30.4)	(47.4)
<b>Profit on ordinary activities before taxation</b>		<b>2.9</b>	<b>2.6</b>	<b>4.7</b>
Taxation on profit on ordinary activities	8	(0.1)	-	(0.2)
<b>Profit and total comprehensive income for the period after taxation</b>		<b>2.8</b>	<b>2.6</b>	<b>4.5</b>

## Earnings Per Share

		Six months ended		Year ended
		31 December 2020	31 December 2019	30 June 2020
	Note	(p)	(p)	(p)
Basic	9	2.0	1.9	3.2
Diluted	9	2.0	1.9	3.2

The notes on pages 27 to 42 form an integral part of these condensed financial statements.

## Condensed Consolidated Statement of Changes in Equity

	Note	Share Capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 1 July 2019		68.8	(48.5)	6.9	27.2
Profit and total comprehensive income for the period after taxation		-	-	2.6	2.6
Share based payments reserve		-	0.1	-	0.1
<b>Transactions with owners</b>					
Dividends	10	-	-	(3.6)	(3.6)
<b>Shareholders' equity at 31 December 2019</b>		<b>68.8</b>	<b>(48.4)</b>	<b>5.9</b>	<b>26.3</b>

	Note	Share Capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 1 July 2020		68.8	(48.3)	5.4	25.9
Profit and total comprehensive income for the period after taxation		-	-	2.8	2.8
<b>Transactions with owners</b>					
Dividends	10	-	-	(3.6)	(3.6)
<b>Shareholders' equity at 31 December 2020</b>		<b>68.8</b>	<b>(48.3)</b>	<b>4.6</b>	<b>25.1</b>

The notes on pages 27 to 42 form an integral part of these condensed financial statements.

## Condensed Consolidated Balance Sheet

		31 December 2020 £m	31 December 2019 £m	30 June 2020 £m
	Notes			
<b>Assets</b>				
Intangible assets	11	7.8	4.4	5.9
Property, plant and equipment	11	3.2	1.8	3.6
Deferred origination costs	12	123.7	120.8	122.3
<b>Financial investments</b>				
Equity securities		50.8	34.4	40.7
Collective investment schemes		972.2	923.8	883.5
Fixed income securities		56.6	47.1	52.6
Deposits and money market funds		101.1	95.7	126.6
Other receivables		4.6	5.8	5.2
Cash and cash equivalents		46.8	40.8	39.6
<b>Total assets</b>		<b>1,366.8</b>	<b>1,274.6</b>	<b>1,280.0</b>
<b>Liabilities</b>				
Financial liabilities under investment contracts	13	1,167.0	1,080.4	1,080.5
Deferred income	14	139.7	135.1	137.8
Amounts due to investment contract holders		23.2	23.4	23.9
Other payables	15	11.8	9.4	11.9
<b>Total liabilities</b>		<b>1,341.7</b>	<b>1,248.3</b>	<b>1,254.1</b>
<b>Net assets</b>		<b>25.1</b>	<b>26.3</b>	<b>25.9</b>
<b>Shareholders' equity</b>				
Called up share capital	16	68.8	68.8	68.8
Other reserves		(48.3)	(48.4)	(48.3)
Retained earnings		4.6	5.9	5.4
<b>Total shareholders' equity</b>		<b>25.1</b>	<b>26.3</b>	<b>25.9</b>

The notes on pages 27 to 42 form an integral part of these condensed financial statements.

The condensed financial statements on pages 23 to 42 were approved by the Board on 3 March 2021 and signed on its behalf by:

**G S Marr**  
Director

**T N Davies**  
Director

## Condensed Consolidated Cash Flow Statement

	Six months ended		Year ended
	31 December 2020	31 December 2019	30 June 2020
	£m	£m	£m
<b>Cash flow from operating activities</b>			
Profit before tax for the period	2.9	2.6	4.7
<b>Adjustments for:</b>			
Depreciation	0.4	0.4	0.7
Dividends receivable	(2.5)	(2.6)	(4.9)
Interest receivable	(0.2)	(0.6)	(1.9)
Movement in share based payments reserve	-	0.1	0.2
Foreign exchange (gains)/losses	(1.1)	0.9	0.4
<b>Changes in operating assets and liabilities</b>			
Decrease in other receivables	0.6	(1.1)	(0.5)
Dividends received	2.5	2.6	4.9
Interest received	0.1	0.6	1.6
Increase in deferred origination costs	(1.4)	(2.8)	(4.3)
Increase in deferred income	1.9	1.9	4.6
Decrease in creditors	(0.5)	(1.5)	(0.2)
Increase in financial investments	(77.4)	5.5	3.1
Increase in financial liabilities	86.5	0.7	0.8
<b>Cash flow from operations</b>	11.8	6.7	9.2
Corporation tax paid	(0.1)	-	(0.1)
<b>Net cash from operations after taxation</b>	11.7	6.7	9.1
<b>Cash flows from investing activities</b>			
Investment in intangible assets	(1.9)	(1.5)	(3.0)
Proceeds from sale of investments	0.1	0.1	0.2
<b>Cash flows used in investing activities</b>	(1.8)	(1.4)	(2.8)
<b>Cash flows from financing activities</b>			
Dividends paid	(3.6)	(3.6)	(6.0)
Principal elements of lease liabilities	(0.2)	(0.2)	(0.5)
<b>Cash flows used in financing activities</b>	(3.8)	(3.8)	(6.5)
<b>Net increase/(decrease) in cash and cash equivalents</b>	6.1	1.5	(0.2)
Cash and cash equivalents at beginning of period	39.6	40.2	40.2
Effect of exchange rate changes	1.1	(0.9)	(0.4)
<b>Cash and cash equivalents at period end</b>	46.8	40.8	39.6

The notes on pages 27 to 42 form an integral part of these condensed financial statements.

## Notes to the Condensed Consolidated Financial Statements

### 1 General information

Hansard Global plc (“the Company”) is a limited liability company, incorporated in the Isle of Man, whose shares are publicly traded. The principal activity of the Company is to act as the holding company of the Hansard Group of companies. The activities of the principal operating subsidiaries include the transaction of life assurance business and related activities.

The Company has its primary listing on the London Stock Exchange.

These condensed consolidated interim financial statements are unaudited and do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The condensed consolidated interim financial statements were approved by the Board of Directors on 3 March 2021.

The Board of Directors approved the Group's statutory financial statements for the year ended 30 June 2020 on 23 September 2020. The report of the independent auditor on those financial statements was unmodified and did not contain an emphasis of matter paragraph.

### 2 Basis of presentation

These condensed consolidated interim financial statements for the half-year ended 31 December 2020 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (“DTR”) and with IAS 34 “Interim Financial Reporting” as adopted by the European Union (“EU”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2020, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments and financial liabilities at fair value through profit or loss.

Except where otherwise stated, all figures included in the condensed consolidated interim financial statements are stated in pounds sterling, which is also the functional currency of the Company, rounded to the nearest hundred thousand pounds.

The following new standards, amendments and interpretations are in issue but not yet effective for these financial statements and have not been early adopted by the Group. The following amended standards are not expected to have a material impact on the Group's reported results:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective from January 2021
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – effective from January 2021
- 2022 Annual Improvements to IFRS Standards 2018 – 2020 – effective from January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – effective from January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) – effective from January 2022
- IFRS 17 Insurance Contracts – effective from January 2023
- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective from January 2023

There are no other standards, amendments or interpretations to existing standards that are not yet effective, that would have a material impact on the Group's reported results.

## Going Concern

As shown within the Business and Financial Review, the Group's capital position is strong and well in excess of regulatory requirements. The long-term nature of the Group's business results in considerable recurring cash inflows arising from existing business. The Directors believe that the Group is well placed to manage its business risks successfully.

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the condensed consolidated financial statements on that basis.

In making this statement, the Directors have given specific consideration to the impact of the Covid-19 pandemic on the business. They have reviewed financial forecasts that include plausible downside scenarios as a result of Covid-19 and its impact on the global economy. These show the Group continuing to generate profit over the next 12 months and that the Group has sufficient cash reserves to enable it to meet its obligations as they fall due.

The Group has not placed any of its staff on furlough schemes nor taken any other form of government financial assistance.

The Directors expect the acquisition of new business will continue to be challenging throughout the remainder of the financial year. The impact of this however is not immediate to the Group's profit and cash flows and therefore allows for longer term adjustments to operations and the cost base. Long periods of lower new business or indeed lower AuA would be addressed by reducing the cost base and where necessary, the dividend paid.

The following factors are considered as supportive to the Group's resilience to Covid-19:

- The Group's business model focuses on long term savings products, a majority of which are regular premium paying products which continue to receive cash inflows regardless of the amount of new business sold.
- The Group earns approximately a third of its revenues from asset-based income which is not immediately dependent on sourcing new business.
- New business channels are geographically dispersed and therefore less exposed to specific regional lock-downs.
- The largest expense associated with new business is commission expenditure which reduces directly in line with reduced sales.
- The Group has, and continues to the date of this report to have, a strong capital position with significant levels of liquidity and cash (as outlined in the Business and Financial Review).
- The business has demonstrated operational resilience in being able to operate remotely from its offices during government-imposed lock-down without any material impact to processing and servicing levels. Its control environment continued to operate effectively during this time.
- The Group places its shareholder assets into conservative, highly-liquid, highly-rated bank deposits and money market funds. These are typically not subject to price fluctuation and protect the Group's assets against potential market volatility.
- The Group has no borrowings.

## 3 Principal accounting policies

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, this condensed set of consolidated financial statements has been prepared applying the accounting policies and standards that were applied, and the critical accounting estimates and judgements in applying them, in the preparation of the Group's published consolidated financial statements for the year ended 30 June 2020. The published consolidated financial statements for the year ended 30 June 2020 can be accessed on the Company's website: [www.hansard.com](http://www.hansard.com).

## 4 Financial risk management

### Risk management objectives and risk policies

The Group's operations expose it to a variety of financial risks. The Group's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk, except when necessary to support other objectives. The Group seeks to manage risk through the operation of unit-linked business whereby the contract holder bears the financial risk. The Group's exposure is limited to the extent that certain fees and commission income are based on the value of assets in the unit-linked funds. In addition, shareholder assets are invested in highly rated investments.

Overall responsibility for the management of the Group's exposure to risk is vested in the Board. To support it in this role, an Enterprise Risk Management ("ERM") framework is in place comprising risk identification, risk assessment, control and reporting processes. Information concerning the operation of the ERM framework to manage financial and other risks is contained within the Report and Accounts for the year ended 30 June 2020, and particularly in note 3 thereto, "Financial risk management".

The more significant financial risks to which the Group is exposed, and an estimate of the potential financial impact of each on the Group's IFRS earnings, are set out below. For each category of risk, the Group determines its risk appetite and sets its investment, treasury and associated policies accordingly.

### 4.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, analysed between price, interest rate and currency risk. The Group adopts a risk averse approach to market risk, with a stated policy of not actively pursuing or accepting market risk except where necessary to support other objectives. However, the Group accepts the risk that the fall in equity or other asset values, whether as a result of price falls or strengthening of sterling against the currencies in which contract holder assets are denominated, will reduce the level of annual management charge income derived from such contract holder assets and the risk of lower future profits.

### Sensitivity analysis to market risk

The Group's business is unit-linked and the direct associated market risk is therefore borne by contract holders (although there is a secondary impact as shareholder income is dependent upon the markets, as mentioned above). Financial assets and liabilities to support Group capital resources held outside unitised funds primarily consist of units in money market funds, cash and cash equivalents, and other assets and liabilities. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Group's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in interest rates and equity values have an immaterial impact on the Group's profit after tax and equity. Future revenues from annual management charges may be affected by movements in interest rates, foreign currencies and equity values. The Group does not control the asset selection strategy as assets are chosen by the policyholders.

### (a) Price risk

Unit linked funds are exposed to securities price risk as the investments held are subject to prices in the future which are uncertain. The fair value of financial assets (designated at fair value through profit or loss) exposed to price risk at 31 December 2020 was £1,079.6m (31 December 2019: £1,005.3m). In the event that investment income is affected by price risk then there will be an equal and opposite impact on the value of the changes in provisions for investment contract liabilities in the same accounting period. The impact on the profit or loss before taxation in a given financial year is negligible.



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An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% per annum, are based on the market value of contract holder assets under administration. The approximate annual impact on the Group's profits and equity of a 10% change in fund values, either as a result of price, interest rate or currency fluctuations, is £1.7m (H1 2020: £1.6m).

## (b) Interest rate risk

Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

The Group is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in money market funds. The Group has mitigated its exposure to cash flow interest rate risk by placing a proportion of its cash holdings on longer-term, fixed-rate deposits.

Taking into account the proportion of Group funds held on longer-term, fixed-rate deposits, a change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.6m (H1 2020: £0.6m) in the Group's annual investment income and equity.

A summary of the Group's liquid assets at the balance sheet date is set out in note 4.2.

## (c) Currency risk

Currency risk is the risk that the Group is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying exchange rates.

### (c) (i) Group foreign currency exposures

The Group is exposed to currency risk on the foreign currency denominated bank balances, contract fees receivable and other liquid assets that it holds to the extent that they do not match liabilities in those currencies. The impact of currency risk is minimised by frequent repatriation of excess foreign currency funds to sterling. The Group does not hedge foreign currency cash flows.

At the balance sheet date the Group had exposures in the following currencies:

	31 December					
	2020 US\$m	2020 €m	2020 ¥m	2019 US\$m	2019 €m	2019 ¥m
Gross assets	16.6	5.3	190.6	14.4	4.5	172.6
Matching currency	(13.1)	(4.5)	(130.9)	(10.7)	(3.5)	(160.1)
Uncovered currency exposures	3.5	0.8	59.6	3.7	1.0	12.5
Sterling equivalent of exposures (£m)	2.6	0.8	0.4	2.8	0.9	0.1

The approximate effect of a 5% change in the value of US dollars to sterling is £0.1m (H1 2020: £0.1m); in the value of the euro to sterling is less than £0.1m (H1 2020: less than £0.1m); and in the value of the yen to sterling is less than £0.1m (H1 2020: less than £0.1m).

### (c) (ii) Financial investments by currency

Certain fees and commissions are earned in currencies other than sterling, based on the value of financial investments held in those currencies from time to time. The sensitivity of the Group to the currency risk inherent in investments held to cover financial liabilities under investment contracts is incorporated within the analysis set out in (a) above.

At the balance sheet date, the analysis of financial investments by currency denomination is as follows; US dollars: 68% (H1 2020: 65%); sterling: 21% (H1 2020: 22%); euro: 10% (H1 2020: 12%); other: 1% (H1 2020: 1%).

## 4.2 Credit risk

Credit risk is the risk that the Group is exposed to lower returns or loss if another party fails to perform its financial obligations to the Group. The Group has adopted a risk averse approach to such risk and has a stated policy of not actively pursuing or accepting credit risk except when necessary to support other objectives.

The clearing and custody operations for the Group's security transactions are mainly concentrated with one broker, namely Capital International Limited, a member of the London Stock Exchange. At the balance sheet date, substantially all contract holder cash and cash equivalents, balances due from broker and financial investments are placed in custody with Capital International Limited. These operations are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators.

The Group has an exposure to credit risk in relation to its deposits with credit institutions and its investments in unitised money market funds. To manage these risks; deposits are made, in accordance with established policy, with credit institutions having a short-term rating of at least F1 or P1 from Fitch IBCA and Moody's respectively and a long term rating of at least A or A3 respectively. Investments in unitised money market funds are made only where such fund is AAA rated. Additionally maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group-wide basis.

These assets are considered to have a high degree of credit worthiness and no assets of a lower credit worthiness are held.

There have been no changes in the assets in the period ended 31 December 2020 attributable to changes in credit risk (31 December 2019: nil).

At the balance sheet date, an analysis of the Group's shareholder cash balances was as follows:

	<b>31 December 2020</b>	<b>2019</b>	<b>30 June 2020</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Longer term deposits with credit institutions	<b>12.2</b>	19.1	21.2
Cash and cash equivalents under IFRS	<b>46.8</b>	40.8	39.6
	<b>59.0</b>	59.9	60.8

## 4.3 Liquidity risk

Liquidity risk is the risk that the Group, though solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost.

The Group's objective is to ensure that it has sufficient liquidity over short (up to one year) and medium-term time horizons to meet the needs of the business. This includes liquidity to cover, amongst other things, new business costs, planned strategic activities, servicing of equity capital as well as working capital to fund day-to-day cash flow requirements.

Liquidity risk is principally managed in the following ways:

- Assets of a suitable marketability are held to meet contract holder liabilities as they fall due.
- Forecasts are prepared regularly to predict required liquidity levels over both the short and medium term.

The Group's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

## 4.4 Fair value of financial assets and liabilities

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where the Directors determine that there is no active market for a particular financial instrument, for example where a particular collective investment scheme is suspended from trading, fair value is assessed using valuation techniques based on available, relevant, information and an appraisal of all associated risks. When a collective investment scheme recommences regular trading, the value would be transferred back to Level 1. This process requires the exercise of significant judgement on the part of the Directors.

Due to the linked nature of the contracts administered by the Group's undertakings, any change in the value of financial assets held to cover financial liabilities under those contracts will result in an equal and opposite change in the value of contract liabilities. The separate effect on financial assets and financial liabilities is included in investment income and investment contract benefits, respectively, in the condensed consolidated statement of comprehensive income.

IFRS 13 requires the Group to classify fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring that fair value. The hierarchy is as follows:

- Level 1: fair value is determined using quoted prices (unadjusted) in active markets for identical assets.
- Level 2: fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value is determined using inputs for the asset that are not based on observable market data (unobservable inputs).

The following tables analyse the Group's financial assets and liabilities at fair value through profit or loss, at 31 December 2020:

<b>Financial assets at fair value through profit or loss</b>	<b>Level 1 £m</b>	<b>Level 2 £m</b>	<b>Level 3 £m</b>	<b>Total £m</b>
Equity securities	<b>50.8</b>	-	-	<b>50.8</b>
Collective investment schemes	<b>961.3</b>	-	<b>10.9</b>	<b>972.2</b>
Fixed income securities, bonds and structured notes	-	<b>56.6</b>	-	<b>56.6</b>
Deposits and money market funds	<b>101.2</b>	-	-	<b>101.2</b>
	<b>1,113.3</b>	<b>56.6</b>	<b>10.9</b>	<b>1,180.8</b>

During the period under review, £56.6m of assets were transferred from Level 1 to Level 2 following a review of their classification. Assets with a value of less than £0.1m were transferred from Level 1 to Level 3 as the Directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. There were no other reclassifications of assets between the different Levels in the fair value hierarchy in the period. No assets were transferred from Level 3 to Level 1 or Level 2 during the period.

The fair value of Level 3 assets has reduced since 30 June 2020 by £3.0m as a result of specific assets being revalued to nil and also due to a number of distribution payments being made to contract holders. In addition, a further £2.0m reduction is the result of revised valuations based on updated underlying fair value information being available. The residual movement reflects other changes in valuations.

<b>Financial liabilities at fair value through profit or loss</b>	<b>Level 1 £m</b>	<b>Level 2 £m</b>	<b>Level 3 £m</b>	<b>Total £m</b>
	-	<b>1,167.0</b>	-	<b>1,167.0</b>

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The following tables analyse the Group's financial assets and liabilities at fair value through profit or loss, at 31 December 2019. The classification of fixed income securities, bonds and structured notes has been restated to be presented on a consistent basis to the current period:

<b>Financial assets at fair value through profit or loss</b>	<b>Level 1 £m</b>	<b>Level 2 £m</b>	<b>Level 3 £m</b>	<b>Total £m</b>
Equity securities	34.4	-	-	34.4
Collective investment schemes	905.0	-	18.8	923.8
Fixed income securities, bonds and structured notes	-	47.1	-	47.1
Deposits and money market funds	95.7	-	-	95.7
	<b>1,035.1</b>	<b>47.1</b>	<b>18.8</b>	<b>1,101.0</b>

During the period-ended 31 December 2019, no assets were transferred from Level 1 to Level 2, other than the restatement noted above. Assets with a value of £0.2m were transferred from Level 1 to Level 3 as the Directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. There were no other reclassifications of assets between the different Levels in the fair value hierarchy in the period. No assets were transferred from Level 3 to Level 1 or Level 2 during the period.

	<b>Level 1 £m</b>	<b>Level 2 £m</b>	<b>Level 3 £m</b>	<b>Total £m</b>
<b>Financial liabilities at fair value through profit or loss</b>	-	1,080.4	-	1,080.4

## 5 Segmental information

Disclosure of operating segments in these condensed consolidated financial statements is consistent with reports provided to the Chief Operating Decision Maker ("CODM") which, in the case of the Group, has been identified as the Executive Committee of Hansard Global plc.

In the opinion of the CODM, the Group operates in a single reportable segment, that of the distribution and servicing of long-term investment products. New business development, distribution and associated activities in relation to the Republic of Ireland ceased with effect from 30 June 2013. All other activities of the Group are continuing.

The Group's Executive Committee uses two principal measures when appraising the performance of the business: net issued compensation credit ("NICC") (weighted where appropriate by product line) and expenses. NICC is a measure of the value of new in-force business and top-ups on existing single premium contracts. NICC is the total amount of basic initial commission payable to intermediaries for business sold in a period and is calculated on each piece of new business. It excludes override commission paid to intermediaries over and above the basic level of commission.

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The following table analyses NICC geographically and reconciles NICC to direct origination costs during the period as set out in section 5 of the Business and Financial Review.

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
Middle East and Africa	2.2	2.6	5.1
Latin America	2.1	2.3	4.3
Rest of World	0.7	0.9	1.6
Far East	0.3	0.5	0.8
Net issued compensation credit	5.3	6.3	11.8
Other commission costs paid to third parties	2.7	3.6	6.6
Enhanced unit allocations	0.9	0.8	1.5
<b>Direct origination costs during the period</b>	<b>8.9</b>	<b>10.7</b>	<b>19.9</b>

Revenues and expenses allocated to geographical locations contained in sections 5.1 to 5.4 below, reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

## 5.1 Geographical analysis of fees and commissions by origin

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
Isle of Man	24.0	23.7	46.2
Republic of Ireland	1.6	1.8	3.3
The Bahamas *	-	-	-
	<b>25.6</b>	<b>25.5</b>	<b>49.5</b>

\* Hansard Worldwide, which is based in the Bahamas, fully reinsures its business to Hansard International. All fees and commissions for Hansard Worldwide are therefore presented within the Isle of Man category.

## 5.2 Geographical analysis of profit/(loss) before taxation

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
Isle of Man	3.0	2.6	5.0
Republic of Ireland	(0.4)	(0.3)	(0.9)
The Bahamas	0.3	0.3	0.6
	<b>2.9</b>	<b>2.6</b>	<b>4.7</b>

## 5.3 Geographical analysis of gross assets

	31 December 2020 £m	2019 £m	30 June 2020 £m
Isle of Man *	1,247.3	1,142.3	1,158.7
Republic of Ireland	118.2	131.1	120.0
The Bahamas	1.3	1.2	1.3
	<b>1,366.8</b>	<b>1,274.6</b>	<b>1,280.0</b>

\* Includes assets held in the Isle of Man in connection with policies written in The Bahamas.

## 5.4 Geographical analysis of gross liabilities

	31 December 2020 £m	2019 £m	30 June 2020 £m
Isle of Man	1,161.1	1,109.0	1,100.3
Republic of Ireland	101.7	113.0	102.6
The Bahamas	78.9	26.3	51.2
	<b>1,341.7</b>	<b>1,248.3</b>	<b>1,254.1</b>

## 6 Fees and commissions

	Six months ended 31 December 2020 £m	2019 £m	Year ended 30 June 2020 £m
Contract fee income	16.4	16.5	32.2
Fund management fees	6.8	6.7	12.7
Commission receivable	2.4	2.3	4.6
	<b>25.6</b>	<b>25.5</b>	<b>49.5</b>

## 7 Administrative and other expenses

Included in Administrative and other expenses are the following:

	Six months ended 31 December		Year ended 30 June
	2020	2019	2020
	£m	£m	£m
Auditors' remuneration			
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	0.2	0.2	0.4
- Other services provided to the Group	0.1	0.1	0.1
Employee costs	5.8	5.7	11.1
Directors' fees	0.2	0.2	0.4
Fund management fees	2.6	2.5	4.8
Renewal and other commission	0.4	0.3	0.8
Professional and other fees	1.5	1.4	2.8
Provision for doubtful debts	0.3	-	0.9
Litigation defence and settlement costs	0.9	0.7	1.3
Licences and maintenance fees	1.0	0.8	1.7
Insurance costs	0.6	0.7	1.4
Depreciation of property, plant and equipment	0.4	0.4	0.7
Communications	0.2	0.2	0.3

## 8 Taxation

The corporation tax expense for the Group for H1 2021 was £0.1m (H1 2020: nil). The increase in taxation arose from increased activity in our Japan branch. Corporation tax is charged on any profits arising at the following rates depending on location of the company or branch:

Isle of Man	0% (2020: 0%)
Republic of Ireland	12.5% (2020: 12.5%)
Japan	23.4% (2020: 23.4%)
Labuan	24% (2020: 24%)
The Bahamas	0% (2020: 0%)

No deferred tax asset is currently being recorded in relation to losses arising in Hansard Europe.

There is no material difference between the current tax charge in the consolidated statement of comprehensive income and the current tax charge that would result from applying standard rates of tax to the profit before tax.

## 9 Earnings per share

	Six months ended 31 December		Year ended 30 June 2020
	2020	2019	
Profit after tax (£m)	2.8	2.6	4.5
Weighted average number of shares in issue (millions)	137.6	137.6	137.6
<b>Earnings per share in pence</b>	<b>2.0p</b>	1.9p	3.2p

The Directors believe that there is no material difference between the weighted average number of shares in issue for the purposes of calculating either basic or diluted earnings per share. Earnings under either measure is 2.0 pence per share (H1 2020: 1.9p).

## 10 Dividends

Interim dividends payable to shareholders are recognised in the year in which the dividends are paid. Final dividends payable are recognised as liabilities when approved by the shareholders at the annual general meeting.

The following dividends have been paid by the Group during the period:

	Six months ended 31 December				Year ended 30 June 2020	
	2020		2019			
	Per share p	Total £m	Per share p	Total £m	Per share p	Total £m
Final dividend paid	2.65	3.6	2.65	3.6	2.65	3.6
Interim dividend paid	-	-	-	-	1.80	2.4
	<b>2.65</b>	<b>3.6</b>	2.65	3.6	4.45	6.0

The Board have resolved to pay an interim dividend of 1.8p per share. This amounts to £2.4m and will be paid on 20 April 2020 to shareholders on the register at 12 March 2020.

## 11 Intangible assets and property, plant and equipment

### Intangible assets

The historical cost of computer software is the purchase cost and the direct cost of internal development. Computer software is recognised as an intangible asset.

	31 December 2020 £m	2019 £m	30 June 2020 £m
Intangible assets	7.8	4.4	5.9

The increase in computer software relates to capitalised costs associated with the development of a replacement policy administration system. The first segment of this development is expected to be put into use during Spring 2021, at which point amortisation will commence over its estimated expected life.



## Property, plant and equipment

Property, plant and equipment includes both tangible fixed assets and 'right of use assets' recognised in accordance with IFRS 16.

	31 December 2020 £m	2019 £m	30 June 2020 £m
Property, plant and equipment	0.6	0.7	0.6
Right of use assets	2.6	1.1	3.0
	3.2	1.8	3.6

## IFRS 16 – Leases

The right-of-use assets for property leases are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application, being the commencement date. The liabilities are measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on 30 June 2020 was 4%.

The Group leases various offices around the world to service its clients and operations. Rental contracts are typically made for periods of 1 to 10 years, incorporating break clauses where applicable. Lease terms are negotiated on an individual basis and contain differing terms and conditions. The lease agreements do not impose any covenants.

In determining the lease terms utilised in assessing the position under IFRS 16, management considers break clauses in leases, where appropriate. Potential future outflows exist on two leases beyond break clauses of £3.3m. These have not been included in the lease liability but would be payable in the event that the relevant lease clauses were not exercised. The current position assumes that these break clauses will be exercised.

Leases (other than those classified as short-term leases or leases of low-value assets) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and a finance cost. The finance cost is charged over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases (those with a lease term or useful life of less than 12 months at inception) and leases of low value assets (comprising IT-equipment and small items of office furniture) are recognised on a straight-line basis as an expense in administration and other expenses in the consolidated statement of comprehensive income.

During the period to 31 December 2020, the Group entered into extensions to existing leases and recognised these under IFRS 16 accordingly. The weighted average borrowing rate applied to the lease liabilities at 31 December 2020 was 4%.

The recognition of the right-of-use asset represents an increase in the property, plant and equipment figure of less than £2.6m (31 Dec 2019: £1.1m). Lease liabilities relating to the right-of-use asset are included within other payables.

	2020 £m	2019 £m
Right of use asset recognised 1 July	3.0	0.9
Additions during the period	-	0.4
Depreciation	(0.4)	(0.2)
Net book value of right of use asset as at 31 December	2.6	1.1
Lease liability recognised 1 July	3.0	0.9
Additions during the period	-	0.4
Lease payments made during the period	(0.2)	(0.2)
Lease liability recognised as at 31 December	2.8	1.1
Of which are:		
Current lease liabilities	0.5	0.5
Non-current lease liabilities	2.3	0.6

## 12 Deferred origination costs

	31 December 2020 £m	2019 £m	30 June 2020 £m
At beginning of financial year	122.3	118.0	118.0
Origination costs incurred during the period	8.6	10.2	18.9
Origination costs amortised during the period	(7.2)	(7.4)	(14.6)
	123.7	120.8	122.3
<b>Carrying value</b>			
Expected to be amortised within one year	11.5	11.4	11.4
Expected to be amortised after one year	112.2	109.4	110.9
	123.7	120.8	122.3

## 13 Financial investments held to cover liabilities under investment contracts

The following investments, other assets and liabilities are held to cover financial liabilities under investment contracts. They are included within the relevant headings on the condensed consolidated balance sheet.

	31 December 2020 £m	2019 £m	30 June 2020 £m
Equity securities	50.8	34.4	40.7
Investment in collective investment schemes	972.2	923.6	883.5
Fixed income securities, bonds and structured notes	56.6	47.1	52.6
Deposits and money market funds	89.3	76.6	105.1
<b>Total assets</b>	<b>1,168.9</b>	<b>1,081.7</b>	<b>1,081.9</b>
Other payables	(1.9)	(1.3)	(1.4)
<b>Financial investments held to cover liabilities</b>	<b>1,167.0</b>	<b>1,080.4</b>	<b>1,080.5</b>

The other receivables and other payables fair value approximates amortised cost.

## 14 Deferred income

	31 December 2020 £m	2019 £m	30 June 2020 £m
At beginning of financial year	137.8	133.2	133.2
Income received and deferred in period	10.5	10.6	21.6
Income recognised in contract fees in the period	(8.6)	(8.7)	(17.0)
	<b>139.7</b>	<b>135.1</b>	<b>137.8</b>

	31 December 2020 £m	2019 £m	30 June 2020 £m
<b>Carrying value</b>			
Expected to be amortised within one year	13.1	13.0	13.0
Expected to be amortised after one year	126.6	122.1	124.8
	<b>139.7</b>	<b>135.1</b>	<b>137.8</b>

## 15 Other payables

	31 December 2020 £m	2019 £m	30 June 2020 £m
Commission payable	1.8	1.9	1.8
Other creditors and accruals	7.2	6.4	7.1
Lease liabilities of which:			
Current lease liabilities	0.5	0.5	0.4
Non-current lease liabilities	2.3	0.6	2.6
	<b>11.8</b>	<b>9.4</b>	<b>11.9</b>

## 16 Called up share capital

	31 December 2020 £m	2019 £m	30 June 2020 £m
<b>Authorised:</b>			
200,000,000 ordinary shares of 50p	100.0	100.0	100.0
<b>Issued and fully paid:</b>			
137,557,079 ordinary shares of 50p			
(30 June 2020: 137,557,079 ordinary shares)	68.8	68.8	68.8

## 17 Related party transactions

Intra-group transactions are eliminated on consolidation and are not disclosed separately here.

There have been no significant related party transactions in the period other than noted in 17.1 below, nor changes to related parties. Related party transactions affecting the results of previous periods and an understanding of the Group's financial position at previous balance sheet dates are as disclosed in the Annual Report & Accounts for the year ended 30 June 2020.

There have been no awards during the period under the Save As You Earn (SAYE) share-save programme for employees. The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

### 17.1 Transactions with controlling shareholder

Dr L S Polonsky is regarded as the controlling shareholder of the Group, as defined by the Listing Rules of the Financial Conduct Authority. As at 30 June 2020, Dr Polonsky had an investment contract issued by the Group on terms available to employees in general. This contract had a fair value of £0.9m as at 30 June 2020 (31 December 2019: £0.9m). In the period to 31 December 2020, the investment contract was redeemed by Dr Polonsky resulting in no balances with the Group as at 31 December 2020 and to the date of this report.

## 18 Contingent liabilities

The Group does not give any investment advice. Investment decisions are taken either by the contract holder directly or through a professional intermediary appointed by the contract holder. Contract holders bear the financial risk relating to the investments underpinning their contracts, as the policy benefits are linked to the value of the assets. Notwithstanding the above, financial services institutions are frequently drawn into disputes in cases where the value and performance of assets selected by or on behalf of contract holders fails to meet their expectations. At the balance sheet date a number of fund structures remain affected by liquidity or other issues that hinder their sales or redemptions on normal terms with a consequent adverse impact on policy transactions.

As reported previously, the Group has been subject to a number of complaints in relation to the selection and performance of assets linked to contracts. The Group has been served with a number of writs arising from such complaints and other asset-related issues. All such writs relate to historic business written by Hansard Europe prior to its closure to new business in 2013.

As at the date of the 2020 Annual Report and Accounts, the Group had been served with cumulative writs with a net exposure totalling €25.8m or £23.4m in sterling terms arising from contract holder complaints and other asset performance-related issues. The corresponding figure as at 31 December 2020 was €27.4m or £24.6m (31 December 2019: €24.6m or £20.8m). The increase since 30 June 2020 was driven primarily by a reduction in the fair value of investment assets backing the claims.

We have previously reported that we expect a number of our larger claims to ultimately be covered by our Group insurance cover and that during the financial year 2020 we received our first insurance payment on

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account for legal expenditure in Italy, recording £0.5m in total recoveries. We expect such reimbursement to continue during the course of that litigation.

As a result, we also expect that a significant amount of the £24.6m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. As of 31 December 2020, we continue to estimate coverage to be in the range of £6m to £13m.

While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the Group's legal representatives, the Directors believe that the Group has strong defences to such claims. Notwithstanding this, there may be circumstances where in order to avoid the expense and distraction of protracted litigation, the Board may consider it to be in the best interests of the Group and its shareholders to reach a commercial resolution with regard to certain of these claims. Such cases totalled less than £0.1m (H1 2020: less than £0.1m) during the period. A provision of £0.3m has been established where based on past experience it is expected that future settlements may be reached.

It is not possible at this time to make any further estimates of liability.

Between 31 December 2020 and the date of this report, there have been no material developments.

## 19 Foreign exchange rates

The closing exchange rates used by the Group for the translation of balance sheet items to sterling were as follows:

	31 December 2020	2019	30 June 2020
US Dollar	1.36	1.33	1.24
Japanese Yen	141	144	134
Euro	1.11	1.18	1.10

## 20 Events after the reporting period

This report for the period ended 31 December 2020 was approved for issue on 3 March 2021. No material events have occurred between the reporting date and the issue date that require disclosure under IAS 10.

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## INDEPENDENT REVIEW REPORT TO HANSARD GLOBAL PLC

### Conclusion

We have been engaged by the company to review the condensed consolidated set of interim financial statements in the half year report for the six months ended 31 December 2020 which comprises Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2020 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards as adopted by the EU and the next annual financial statements will be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

### Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### The purpose of our review work and to whom we owe our responsibilities

**This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.**

**KPMG Audit LLC**  
Chartered Accountants  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

# Hansard Global plc

## Risk Based Solvency Capital

### A) Risk Based Solvency capital position at 31 December 2020

The Group is subject to the Isle of Man (Insurance Group) Supervision Regulations 2019.

It has adopted the default consolidated accounts method ("Method 1") to calculate the Group Solvency Capital Requirement ("SCR") and Own Funds as required by these regulations. The solvency position as at 31 December 2020 and 30 June 2020 have been reported below on this basis. Previously, only the life companies within the Group were subject to a risk based solvency regime. The inclusion of the Group's non-insurance subsidiaries had the effect of increasing the total Value of In-Force, Risk Margin and SCR.

The Group shareholder Risk Based Solvency surplus at 31 December 2020 was £63.8m (30 June 2020: £66.5m), before allowing for payment of the 2021 interim dividend. All Risk Based Solvency and related data presented in this section is subject to change prior to submission to regulatory authorities.

<b>Group Risk Based Solvency capital position</b>	<b>31 Dec 2020 Total £m</b>	<b>30 June 2020 Total £m</b>	<b>31 Dec 2019 Total* £m</b>
Own Funds	<b>149.4</b>	149.1	141.5
Solvency Capital Requirement	<b>85.6</b>	82.6	62.3
Surplus	<b>63.8</b>	66.5	79.2
Solvency ratio (%)	<b>175%</b>	180%	227%

Totals may differ due to rounding

\* SCR and some components of Own Funds were only calculated for life subsidiaries prior to introduction of the Group supervision regime in the Isle of Man on 30 June 2020. For this reason, the more relevant comparative figures are the 30 June 2020 reported figures. The 31 December 2019 reported metrics were calculated on the old basis and included for reference.

All Own Funds are considered Tier 1 capital.

The following table analyses the components of Own Funds:

	<b>31 Dec 2020 Own Funds £m</b>	<b>30 June 2020 Own Funds £m</b>	<b>31 Dec 2019 Own Funds* £m</b>
Value of In-Force	<b>149.9</b>	147.9	135.7
Risk Margin	<b>(29.7)</b>	(29.5)	(22.2)
Net Worth	<b>29.2</b>	30.7	28.0
<b>Total</b>	<b>149.4</b>	149.1	141.5

\* SCR and some components of Own Funds were only calculated for life subsidiaries prior to introduction of the Group supervision regime in the Isle of Man on 30 June 2020. For this reason, the more relevant comparative figures are the 30 June 2020 reported figures. The 31 December 2019 reported metrics were calculated on the old basis and included for reference.

Own Funds slightly increased due to positive market impacts outweighing dividend payments and investment in a new policy administration system.

## **B) Analysis of movement in Group capital position**

A summary of the movement in Group Risk Based Solvency surplus from £66.5m at 30 June 2020 to £63.8m at 31 December 2020 is set out in the table below.

<b>Analysis of movement in Group shareholder surplus</b>	<b>£m</b>
Risk Based Solvency surplus at 30 June 2020	<b>66.5</b>
Operating experience	<b>0.1</b>
Investment performance	<b>11.1</b>
Changes in assumptions	<b>(2.2)</b>
Dividends paid	<b>(3.6)</b>
Foreign exchange	<b>(8.1)</b>
Risk Based Solvency surplus at 31 December 2020	<b>63.8</b>

The movement in Group Risk Based Solvency surplus in the first half of the 2021 financial year was the result of dividends paid and adverse exchange rate movements, offset by positive investment market performance.

New business written added £0.6m to the surplus for the period.

## **C) Analysis of Group Solvency Capital Requirements**

The analysis of the Group's Solvency Capital Requirement by risk type is as follows:

<b>Split of the Group's Solvency Capital Requirement*</b>	<b>31 Dec 2020</b>	<b>30 June 2020</b>	<b>31 Dec 2019</b>
<b>Risks</b>	<b>% of SCR</b>	<b>% of SCR</b>	<b>% of SCR**</b>
Market			
Equity	<b>51%</b>	48%	49%
Currency	<b>12%</b>	12%	22%
Insurance			
Lapse	<b>45%</b>	48%	47%
Expense	<b>21%</b>	21%	13%
Default	<b>1%</b>	1%	1%
Operational	<b>14%</b>	15%	14%

\* Figures are the capital requirements prior to diversification benefits expressed as a percentage of the final diversified SCR.

\*\* SCR was only calculated for life subsidiaries prior to introduction of the Group supervision regime in the Isle of Man on 30 June 2020.



## **D) Reconciliation of IFRS equity to Group Risk Based Solvency Shareholder Own Funds**

	<b>31 Dec 2020 £m</b>	<b>30 June 2020 £m</b>	<b>31 Dec 2019 £m***</b>
IFRS shareholders' equity	<b>25.1</b>	25.9	26.3
Elimination of DOC	<b>(123.7)</b>	(122.3)	(120.8)
Elimination of DIR	<b>139.7</b>	137.8	135.1
Value of In-Force	<b>149.9</b>	147.9	135.7
Liability valuation differences*	<b>(4.6)</b>	(4.7)	(8.2)
Impact of risk margin	<b>(29.7)</b>	(29.5)	(22.2)
Other**	<b>(7.3)</b>	(6.0)	(4.4)
<b>Risk Based Solvency Shareholder Own Funds</b>	<b>149.4</b>	149.1	141.5

\* Liability valuation differences relate to additional provisions made for risk based capital purposes, notably for contingent liabilities in 2020 and also non-linked reserves in 2019.

\*\* Other is related to Intangible Assets not recognised on the solvency balance sheet and some other accounting changes for IFRS 16 'Leases'.

\*\*\* SCR and some components of Own Funds were only calculated for life subsidiaries prior to introduction of the Group supervision regime in the Isle of Man on 30 June 2020.

## **E) Sensitivity analysis**

The sensitivity of the Own Funds to significant changes in market conditions is as follows:

<b>Impact of market sensitivities</b>	<b>31 Dec 2020 Group £m</b>	<b>30 June 2020 Group £m</b>	<b>31 Dec 2019 Life Companies £m</b>
Own Funds	<b>149.4</b>	149.1	131.2
Impact of:			
10% instantaneous fall in equity markets	<b>(10.1)</b>	(9.2)	(6.8)
10% increase in expenses	<b>(9.1)</b>	(9.0)	(5.0)
1% increase in expense inflation	<b>(7.4)</b>	(6.8)	(3.5)
10% strengthening of sterling	<b>(9.0)</b>	(9.2)	(6.0)

# Hansard Global plc

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<b>Financial Calendar</b>	
Ex-dividend date for interim dividend	11 March 2021
Record date for interim dividend	12 March 2021
Payment date for interim dividend	20 April 2021
Third quarter trading update	6 May 2021
Announcement of fourth quarter new business results	22 July 2021
Announcement of full year results	23 September 2021