

FY24 full-year results presentation

Full year results to 30 September 2024

HANCOCK
& GORE

Hancock & Gore Ltd (ASX: HNG)

November 2024



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Performance highlights for the full-year ended 30 September 2024

Financial highlights

✓ **\$5.1m**
Underlying Net profit after tax
Up 13% on FY23

✓ **2.0c**
Dividends per share
Up 33% on FY23

✓ **\$7.3m**
Revenue excluding fair value
gains/losses
Up 5% on FY23

✓ **1.8cps**
Underlying Earnings Per Share
Down 10% on FY23

✓ **31.4c**
NTA per share
Up 2% on FY23

✓ **\$8.4m**
Wholly owned investee EBITDA
(\$16.6m Pro-Forma for
Schoolblazer merger
completed post year-end)

Operational and Strategic highlights

✓ **Moved to 100% ownership of Mountcastle**
Note Mountcastle remains accounted for as an investment with H&G's P&L reflecting dividends received. Mountcastle achieved \$8.4m EBITDA (unaudited) during the financial year

✓ **Merged Mountcastle with Schoolblazer to create a global uniforms platform (Global Uniform Solutions "GUS")*** with school wear segment leadership positions in UK, Australia and New Zealand – Pro-Forma FY24 Revenue of ~\$109m and EBITDA of ~\$17 million

✓ **Executive enhancement with Schoolblazer team joining GUS Chairman Steve Doyle, new GUS CEO Joanne Goldman and other key Mountcastle appointments to build on the platform**

✓ **Continued rationalisation of the investment portfolio and repositioning to liquid and income based investments which can be realised and reallocated to the highest returning assets**

**Working corporate name (not brand / customer facing)*

Overview of Hancock & Gore

H&G is a diversified investment group and GUS is its key asset



Operating Businesses

Controlling interest in quality companies in aligned partnership with operating management.

Shareholder returns derived from dividends, investment growth from organic earnings and growth supported by H&G investment banking strengths including M&A support.

Current asset:

- “Global Uniform Solutions” (Mountcastle + Schoolblazer)



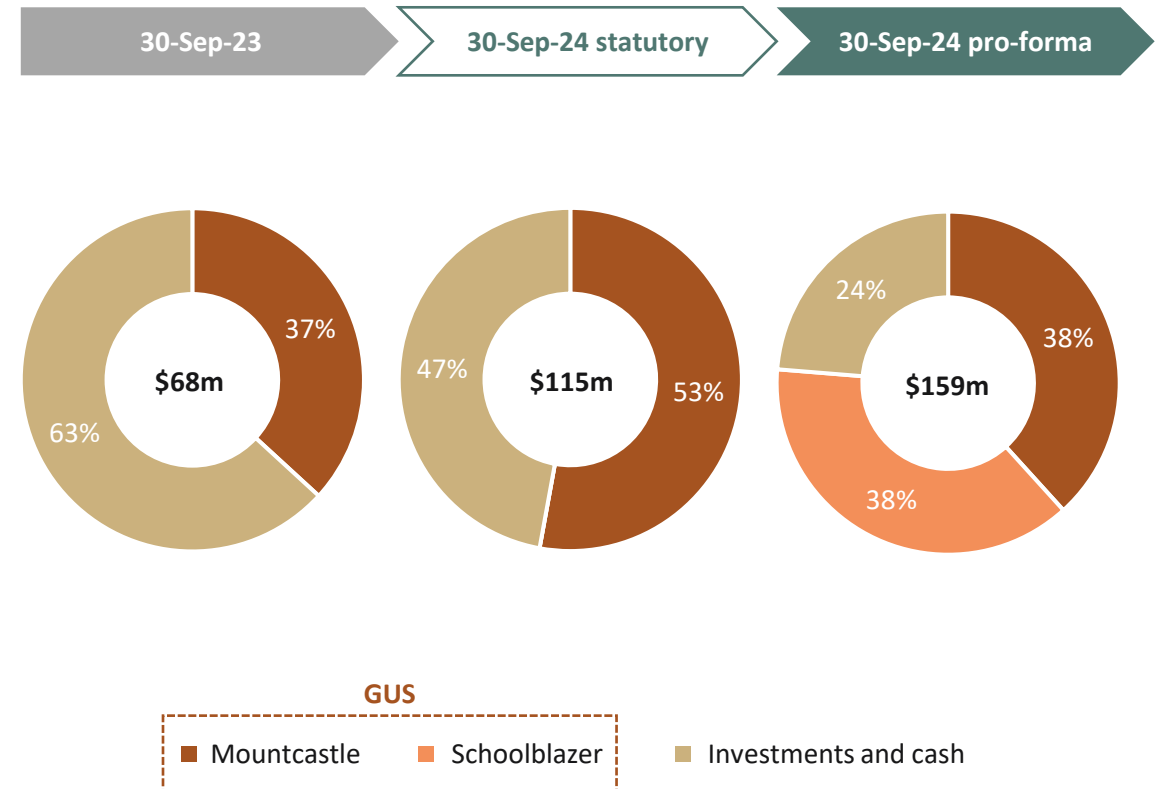
Investments

Investment strategies aimed at delivering enhanced risk adjusted returns and identifying new operating businesses.

Current key assets/strategies:

- Disruptive Packaging
- Fixed Income Portfolio
- High Conviction Fund

Evolution of portfolio in FY24 – enhanced and simplified (gross assets)



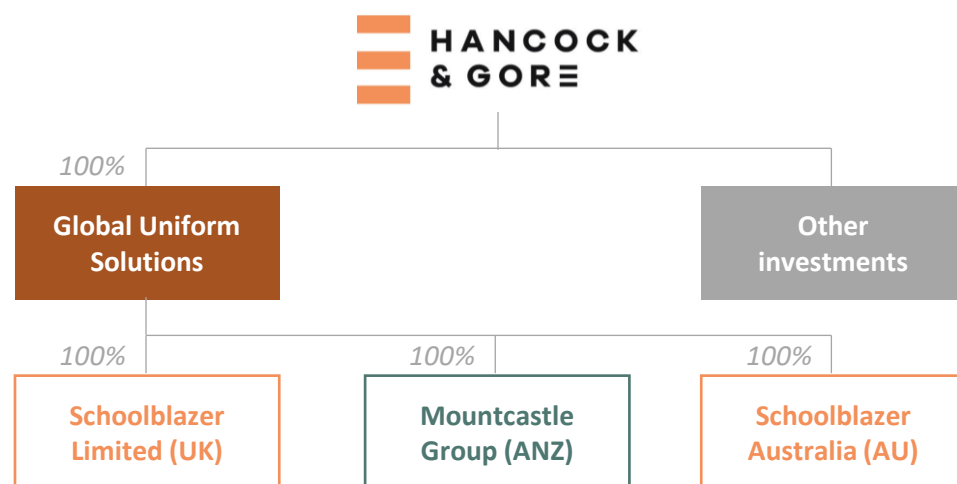
Merger of Mountcastle with Schoolblazer was H&G's key achievement

- ✓ Creates a global uniforms platform with school wear segment leadership positions in UK, Australia and New Zealand
- ✓ Creates a 100%-owned operating business generating c.\$109m revenue and c.\$17m EBITDA before synergies (\$1m–\$2m cost savings p.a. identified, to be progressively realised)
- ✓ Combines two high calibre, deep and proven management teams with global experience, led by Mountcastle Chairman Steve Doyle and Schoolblazer Chairman Tim James
- ✓ Combines two highly complementary businesses to create an integrated wholesaler-retailer with omnichannel retail delivery and ability to service all segments of the market (private and public; primary, secondary and K-12; value to premium)
- ✓ Schoolblazer is the clear leader in the UK private school wear market and has 15+ years of growth runway on current trajectory in that segment (i.e. excluding public schools)
- ✓ Move into school wear retail in Australia by both Mountcastle and Schoolblazer through an aligned approach represents a considerable growth opportunity
- ✓ Strong capability and pipeline for continued domestic and international M&A with optionality over capital structure

GUS is wholly owned by H&G and is led by a high quality & experienced team

H&G now owns an established global platform with brands, channels and personnel to drive growth

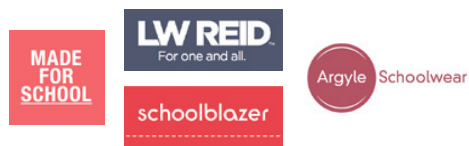
Group structure



Product brands



Channels to market



Leadership team – owns c.22% of H&G

GUS leadership



Steve Doyle
Exec. Chair



Jo Goldman
CEO



Tim James
SB co-founder

Mountcastle leadership



Cristian Racolta
CFO



Nat Cooper
GM Merch Mktg



David Flynn
Argyle NZ MD

Schoolblazer leadership



Robin Horsell
Co-founder



Louise Crofts
MD

Mountcastle FY24 performance review

Financial results - unaudited FY24 financials (September year end)

| Profitability metrics | FY23 | FY24 |
|---|------|------|
| Sales | 49.7 | 58.3 |
| EBITDA | 8.1 | 8.4 |
| Cash flow from operations (excl. leases, interest, tax) | 8.7 | 10.5 |
| EBIT | 6.6 | 6.2 |
| Cash flow from operations (incl. leases; excl. interest, tax) | 7.4 | 8.8 |

| Balance sheet | FY23 | FY24 |
|---------------------|------|------|
| Cash | 4.4 | 1.6 |
| Net working capital | 27.5 | 31.2 |
| Term borrowings | 20.2 | 19.5 |
| Net assets | 26.3 | 24.1 |

Commentary

Performance drivers

- The core school wear business remained in line with previous year
- Market sentiment drove weakness in Mountcastle's discretionary and corporate sectors
- Roll-off of low margin wholesale contract as growth commences in direct retail
- Delayed integration of MUE acquisition and consolidation of warehousing operations
- Operating cash conversion remains strong
- Strong inventory position ahead of FY25 back-to-school period

Operational actions to return Mountcastle to growth

- Strengthened executive capability under Steve Doyle with new CEO, CFO, GM of Merchandise and Marketing and Supply Chain Manager
- Optimised product range and evolved customer focus
- Developed an on-campus retail offering to be used to continue the diversification into retail – wholesale relationships already held with >2k on-campus stores
- Continued integration of acquisitions and realization of procurement savings
- Various synergistic activities commenced with Schoolblazer team

Pro-forma combined business – Mountcastle & Schoolblazer

Normalised FY24 P&L – Sep. year-end (\$m)¹

| | Mountcastle | Schoolblazer | Combined |
|--------------------|-------------|--------------|--------------|
| Revenue | 58.3 | 50.2 | 108.6 |
| COGS | (29.9) | (19.8) | (49.6) |
| Gross profit | 28.5 | 30.4 | 58.9 |
| Operating expenses | (20.0) | (22.3) | (42.3) |
| EBITDA | 8.4 | 8.1 | 16.6 |
| D&A | (2.2) | (0.6) | (2.8) |
| EBIT | 6.2 | 7.6 | 13.8 |
| Gross margin | 48.8% | 60.6% | 54.3% |
| EBITDA margin | 14.5% | 16.2% | 15.3% |
| EBIT margin | 10.7% | 15.1% | 12.7% |

Balance sheet as at 30-Sep-24 (\$m)^{1,2}

| | Mountcastle | Schoolblazer | Combined |
|----------------------------|-------------|--------------|-------------|
| Cash | 1.6 | 7.6 | 9.2 |
| Stock | 29.3 | 19.2 | 48.5 |
| Debtors and prepayments | 7.7 | 2.5 | 10.2 |
| PPE and right-of-use asset | 8.9 | 3.5 | 12.3 |
| Intangible assets | 13.0 | - | 13.0 |
| Trade finance | (5.0) | - | (5.0) |
| Creditors and accruals | (6.7) | (9.8) | (16.5) |
| Borrowings | (19.5) | (1.3) | (20.9) |
| Lease liability | (4.2) | - | (4.2) |
| Tax | 1.6 | (1.6) | (0.1) |
| Other | (2.4) | - | (2.4) |
| Net Assets | 24.1 | 20.0 | 44.1 |

¹ Unaudited financials. Schoolblazer figures converted at a GDP/AUD exchange rate of 1.94

² Side by side pro-forma, not incorporating acquisition accounting adjustments

Integration update and focus areas for FY25

Integration Focus

FY25 Priorities

✓ Schoolblazer & Mountcastle teams have conducted two joint trips to owned and third-party factories to advance **sourcing strategy**

✓ Current focus on Mountcastle back to school period (Jan- March 2025)

✓ Established Schoolblazer presence in Australia in collaboration with Mountcastle to commence **new school sales pitches** under the Schoolblazer e-commerce model

✓ Accelerate integration activities already commenced, target new schools wins in Australia

✓ Schoolblazer in-house development team have commenced work on **Mountcastle ERP upgrade** to owned Seraph system

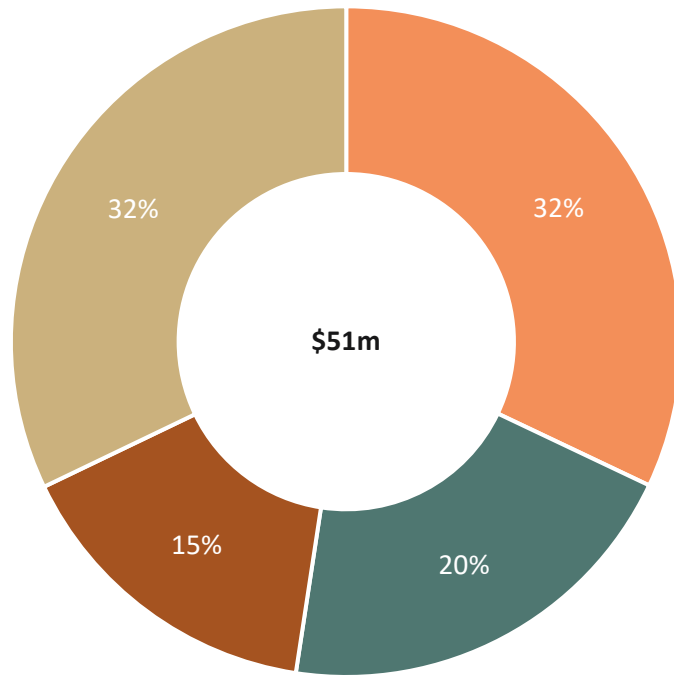
✓ Cohesion of team and development of global strategy, continue to assess M&A opportunities

✓ **Appointment of GUS CEO Jo Goldman** to lead team and initiatives with holistic global vision

✓ H&G expects to provide a detailed update on the combined school uniforms business progress and strategy at the FY25 half-year update

H&G Investments

Portfolio excluding Mountcastle as at 30 September (gross assets)



■ Listed ■ Unlisted ■ Fixed income ■ Cash

Key Highlights

- Cash balance of \$16m used to finance upfront consideration of Schoolblazer acquisition post-year end
- Listed trading portfolio returned 17% in the year to 30-Sep-24 vs. 19% for the ASX Small Ordinaries Accumulation Index
- Shareholding in H&G High Conviction LIC (managed by H&G) increased from c.7% to c.20%
- Disruptive Packaging remains H&G key unlisted asset: FY2024 consolidated group revenue was A\$30m, up from reported FY23 revenue of A\$8m (or pro-forma A\$25m including acquisitions made during FY24), with normalised EBITDA of A\$0.8m

Disruptive completed a ~\$9 million growth capital raise, led by new investors in North America, to fund accelerated expansion into the US\$7 billion USA packaging market at a 55% premium to H&G entry price (H&G recognized a \$2.8 million unrealized fair value gain in FY24 as a result).

Financial results

P&L (\$'000)

| | FY23 | FY24 |
|--|-----------------|-----------------|
| Revenue | \$6,909 | \$7,271 |
| Fair value gains / (losses) | \$5,845 | \$3,408 |
| Total income | \$12,754 | \$10,679 |
| Operating costs | (\$4,580) | (\$5,578) |
| Operating profit (pre. Tax and acquisition costs) | \$8,174 | \$5,101 |
| Tax benefit | \$0 | \$1,061 |
| Acquisition costs | \$0 | (\$1,255) |
| NPAT | \$8,174 | \$4,907 |
| Underlying Profit after tax | \$4,526 | \$5,125 |

- Underlying profit which exclude unrealised fair value movements, acquisition related costs and employee share-based payments up 13% to \$5.1m
- Statutory NPAT decreased from FY23 largely due to decrease in fair value gains (FY23 included ~\$5 million fair value gains relating to Mountcastle acquisition), increased acquisition costs and share-based payments

Balance sheet (\$'000)

| | FY23 | FY24 |
|----------------------------------|-----------------|------------------|
| Cash | \$5,644 | \$16,465 |
| Listed investments | \$11,858 | \$16,427 |
| Unlisted investments | \$47,952 | \$79,377 |
| Fixed income | \$2,500 | \$2,500 |
| Deferred acquisition liability | - | (\$8,514) |
| Net other assets and liabilities | \$1,293 | \$2,932 |
| Net assets | \$69,247 | \$109,187 |
| Intangibles | (\$712) | (\$712) |
| Net tangible assets | \$68,535 | \$108,475 |

- Unlisted Investments up 58%, or \$35.9m due to acquisition of remaining Mountcastle interests (deferred acquisition liability of \$8.5m relates to Mountcastle)
- NTA per share of 31.4 cents up 2.2%

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EXECUTIVE CHAIRMAN

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