

FY24 Half-Year Financial Results Presentation

Half-Year Results to 31st March 2024

Focus on Long Term Earnings and Cashflow



HANCOCK & GORE

Hancock & Gore Ltd (ASX: HNG)



H&G PURPOSE – DIVERSIFIED INVESTMENT MANAGER

Delivery of 15%+ p.a. long-term investment returns through partnership of capital and skills

We do what we say:

Since recapitalisation in 2020 and establishing the new management team, H&G has been reinvented from a small portfolio of assets into a diversified investment manager with consistent profits, dividends and a cornerstone wholly owned asset in Mountcastle which has attracted exceptional talent

**Strategic
assets
acquired¹**

11

**Total
Shareholder
Return (p.a.)²**

30%

**Strategic
assets
realised¹**

5

**NPAT since
Recap.¹**

\$33m

**Operating
business pillar
established¹**

1

**Dividends
paid over 3 Yrs¹**

4.5

cps (fully franked)

Our strategy:

- Long-term growing cashflows and dividends from operating pillars
- Extensive trusted networks driving deal origination and execution
- Alignment of values and performance with investee partners
- Ability to inject operational expertise to investees

Our values:



Integrity



Flexibility



Alignment



Longevity

¹From Oct 2020 | Recapitalisation and establishment of new management team – FY21, FY22, FY23 and 1HFY24

²From Oct 2020 | Recapitalisation and establishment of new management team to 17 May 2024

PERFORMANCE HIGHLIGHTS FOR THE HALF-YEAR ENDED 31 March 2024

\$3.9m

NET PROFIT
AFTER TAX

Up 78% on pcp

1.5cps

EARNINGS PER
SHARE

Up 50% on pcp

18.4%

FUM GROWTH
(ON FY23)¹

32.4cps

NTA
PER SHARE

Up 15% on pcp

28%

OF NTA IN CASH
& LISTED
SECURITIES

1.0cps

FULLY FRANKED
DIVIDEND DECLARED

Up 100% on pcp

¹Excludes Hyde Road property, exited post year end (30 Sep 23)

H&G STRATEGY & KEY INVESTMENT PILLARS

Hancock & Gore exists to deliver long-term investment returns for shareholders in excess of 15% p.a. through different investment offerings



Operating Businesses

Medium to long term high conviction strategic investments focused on building strong businesses

- Target 20%+ IRR
- Asset Value: \$61m
- Assets: Mountcastle

Achievements:

- Established first investment pillar with move to 100% ownership in Mountcastle



Strategic Capital

Active private and listed strategic investments

- Target 15%+ IRR
- Asset Value: \$27m
- Key Assets:
 - Disruptive Packaging
 - Rino Recycling
 - Strategic Listed

Achievements:

- 27% return for the period on 2 new strategic listed investments



Treasury & Funds Mgmt.

Diverse investments across fixed interest and equities. Funds management co-investment vehicles generating capital light profits.

- Target 10%+ IRR
- Asset Value:
 - Treasury \$13.5m
 - Funds management and co-investments \$4m

Achievements:

- Continued outperformance with High Conviction Fund return of 15% p.a. since inception

Mountcastle – Long Term Pillar for H&G

- Established in 1835, Mountcastle Group is one of the largest school uniform suppliers in Australia and New Zealand
- H&G completed the move to 100% ownership including key executives Steven Doyle (Executive Chair) and Brad Aurisch (CEO) becoming H&G shareholders in March 2024
- Organisational structure enhancement including appointment of new key executives:
 - Chief Financial Officer – Cristian Racolta (ex. Staples)
 - Head of Merchandise – Nat Cooper (ex. Michael Hill)
- Building a high caliber team to execute on Mountcastle's long term objectives

Highly Experienced & Aligned Leadership Team



Steve Doyle – Chairman

- Appointed Chairman in March 2023
- More than 30 years in the retail sector including senior executive roles at Super Retail Group and Lovisa



Brad Aurisch – CEO

- Appointed CEO following the acquisition of LW Reid in 2019
- Relative of LW Reid founder with over 20 years' management experience

Mountcastle Objectives

- Investment year:
- Ownership transition and executive team enhancement
- Completion of acquisitions and commencing integration
- Supply chain optimisation
- Weaker consumer conditions have limited revenue and earnings but core business is resilient

FY24

- Continued operational improvements to drive profit margins and cashflow growth
- Accretive M&A activity
- Diversify Mountcastle nationally and expand retail offering
- Drive gross margin improvements through increased purchasing scale
- E-commerce and AI implementation
- Expand horizontally with high value customers

FY25 and beyond

Mountcastle remains resilient in a difficult consumer environment through an investment year, leaving it well placed to execute on long term growth ambitions

MTC Financials – Last 12 Months (unaudited)

Profitability metrics	LTM Mar 24	LTM Mar 23	
Sales	57.1	53.5	1
EBITDA	8.6	10.0	2
Cashflow from Operations ¹	9.9	10.3	
			CODB increase (personnel investment)
Balance Sheet	Mar-24	Mar-23	
Cash	4.8	2.3	3
Net Working Capital	28.2	13.2	4
Non-current assets	21.8	17.7	
Borrowings	22.2	11.0	5
Other non-current liabilities	6.1	3.9	
			Acquisition funding

Current performance drivers

- The core Schoolwear business remains robust with YTD sales up 2% on last year
- Delayed integration of MUE acquisition and consolidation of warehousing operations
- Weakness in Mountcastle's discretionary and corporate sectors (~20% of sales, down ~20% YTD)
- Roll-off of low margin wholesale contract as Mountcastle commences growth in direct retail
- Argyle NZ acquisition performing well
- Weaker AUD has limited GP% improvement
- Operating cash conversion >100% EBITDA

Outlook

FY24 result (12 months to 30 June 2024) is likely to underperform FY23 pro-forma (includes full year contributions from acquisitions) financials:

- Revenue approximately \$55-60 million vs. \$65 million FY23 pro-forma
- EBITDA approximately \$8-9 million vs. \$12.5 million FY23 pro-forma

¹ Before interest and tax

STRATEGIC CAPITAL

Investment activities have complemented Mountcastle's contribution and provided diverse earnings during the half

Strategic Private Investments

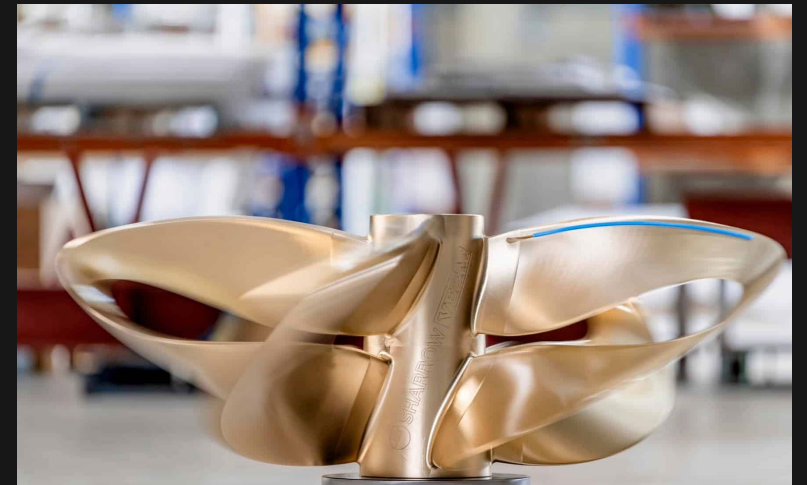
- Disruptive Packaging – Continued focus on execution of manufacturing and geographic expansion. Progressing global opportunities in transition to sustainable packaging and logistics solutions
- Rino Recycling – Operations have commenced successfully at state-of-the-art recycling facility in Pinkenba Queensland

Strategic Listed Investments

- Anagenics (AN1) – integration and turnaround continuing. Exploring M&A strategies
- FOS (FOS) – Performing well (upgraded guidance post balance date). Continued focus on balancing capital management & M&A opportunities
- Two new strategic listed positions added contributing \$2 million profit generating a 27% return in the period

Deal Pipeline

- Strong focus on simplifying Strategic Capital portfolio and bringing on a new high conviction asset
- Favourable risk-return investments continually and patiently being assessed



H&G INVESTMENT MANAGEMENT (HGIM)

Strategic Intent for HGIM is to scale into a capital light high ROI business that is a strong and consistent contributor to H&G operating earnings and cashflow.

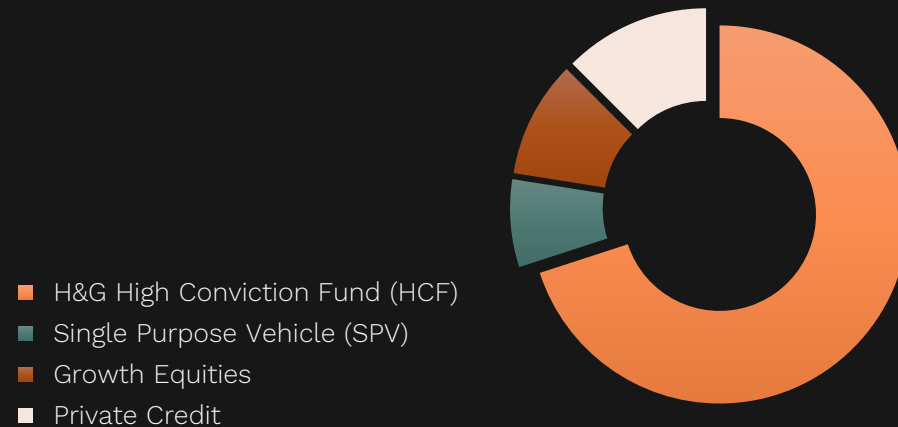
Today, HGIM is profitable, generating performance fees and scalable.

FY24 Priorities

- Continued HCF performance;
- Explore inorganic growth opportunities;
- Proactive marketing of fund products;
- New equity product fund partnership

Current Strategies – Total FUM \$40 Million

- H&G High Conviction Ltd (ASX: HCF) Listed Investment Company (LIC) – FUM \$28 Million
- Single Purpose Vehicle (SPV) – FUM \$3 Million
- Growth Equities – FUM \$4 Million
- Private Credit – FUM \$5 Million



Future Strategies

- Partnership in differentiated equities product
- Joint Venture (JV) in Property Equity and Private Credit
- SPVs in Private and Listed
- Gross FUM

1HF24 INCOME STATEMENT

(\$m)	1H24	1HY23	Movement	
Revenue from continuing operations	\$4.5m	\$4.3m	\$0.2m	1
Fair Value Gains/(Losses)	\$2.5m	(\$0.0m)	\$2.5m	2
Total Income	\$7.0m	\$4.3m	\$2.7m	
Operating Costs	\$2.6m	\$2.1m	\$0.5m	
Operating Profit (before acquisition costs)	\$4.4m	\$2.2m	\$2.2m	
Acquisition Costs	\$0.5m	\$0.0m	\$0.5m	3
NPAT	\$3.9m	\$2.2m	\$1.7m	

Mountcastle dividend of \$3m and funds mgmt. and fee income of \$1.3m

New strategic listed investment gain \$2m

Mountcastle acquisition

1HF24 BALANCE SHEET

(\$m)	Mar 24	Sep 23	Movement	
Cash	\$11.2m	\$5.6m	\$5.6m	
Listed Investments	\$15.6m	\$11.9m	\$3.7m	
Unlisted Investments	\$75.8m	\$44.1m	\$31.7m	1
Fixed Income	\$2.3m	\$6.4m	(\$4.1m)	Acquisitions of additional Mountcastle shareholdings
Intangibles	\$0.7m	\$0.7m	\$0m	
Other Assets & Liabilities Net	(\$8.7m)	\$0.5m	(\$9.2m)	2
Net Assets	\$96.9m	\$69.2m	\$27.7m	Majority deferred Mountcastle acquisition payments
Intangibles	(\$0.7m)	(\$0.7m)	\$0m	
Net Tangible Assets	\$96.2m	\$68.5m	\$27.7m	

H&G has revenue and capital losses of approximately \$19m and \$31m respectively, available to offset against tax realisations subject to utilisation rules. Franking credits as at 31 March 2024 exceed \$8m

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