



ASX ANNOUNCEMENT

ASSET DIVESTMENT, PROPOSED DIVIDENDS AND CORPORATE UPDATE

10th August 2022

Company Announcements Office
Australian Securities Exchange
Authorised by the Board for immediate release

ASSET DIVESTMENT AND PROPOSED DIVIDEND

- Hancock and Gore Limited (H&G) has today signed a binding sale and purchase agreement to divest its interest in Pegasus Healthcare for approximately \$10 million cash which will crystallise a return on that investment of approximately \$2.6 million for FY22.
- The H&G Board announces its intention to declare a 1 cent fully franked dividend (comprising 0.5 cent interim and 0.5 cent special dividend) upon completion of the transaction.
- The transaction represents a continuation of the strategy to redeploy capital, work with management teams and reposition assets to deliver a greater than 15% per annum return.

DIVESTMENT OF PEGASUS HEALTHCARE GROUP

H&G is pleased to announce it has signed a binding sale and purchase agreement for LINET Australia to acquire H&G's 70% interest in Pegasus Healthcare Group (Pegasus) for approximately \$10 million cash (the "Transaction"). The Transaction is subject to receiving material contract change of control consents and no material adverse change occurring prior to completion. We anticipate the transaction will complete during September 2022, subject to contract counterparty processes. LINET will pay H&G a \$1.1m deposit within 5 business days of signing.

H&G has been a 70% shareholder of Pegasus since 2018 in partnership with senior management who own 30% of the business. Senior management will continue to run the business as shareholders alongside LINET. LINET is a global leading manufacturer and distributor of hospital and nursing beds and mattresses with more than 1 million beds installed in more than 120 countries world-wide and has been a key supply partner of Pegasus since 2016.

The sale price represents a 120% uplift from H&G's initial investment of \$4.5 million in March 2018, and an approximate \$2.6 million uplift on the carrying value as reported in H&G's 30 September 2021 balance sheet. H&G has carried forward tax losses and therefore does not expect to pay tax on the capital gain on Pegasus.

PROPOSED DIVIDENDS

Following H&G's successful repositioning during the last 18 months and resumption of dividends (1 cent paid in October 2021) the Board is targeting a consistent dividend payout going forward in line with sustainable profitability. In the half-year results, the Directors noted that should ongoing M&A activity allow, the Directors would reconsider the payment of an interim dividend.



H&G is pleased to announce, subject to completion of the Pegasus transaction, that it now intends to declare a 1 cent fully franked dividend comprising a 0.5 cent interim and a 0.5 cent special dividend. H&G will advise shareholders and the market further on the details and timing following completion of the Transaction.

CORPORATE UPDATE

H&G continues to develop its investments across private equity, listed investments and structured finance. The Board provides the following update on recent progress:

- Mountcastle Group delivered a record unaudited operating performance of approximately \$50 million revenue and \$10 million EBIT for year ended 30 June 2022.
- Completion of capital management initiatives at Mountcastle have resulted in H&G ownership of Mountcastle increasing to 49.4%, which is intended to provide a significant base for future investment returns.
- Mountcastle paid a \$3 million dividend (\$1.5 million H&G share) in August 2022
- Completion of a new, \$8 million total investment in an innovative packaging business, Disruptive Packaging, through the H&G balance sheet and our own managed syndicate of sophisticated investors. The launch and distribution of future managed syndicates is a core strategy and we are grateful for the support of co-investors in this initial syndicate.
- Significant growth in funds under management overall, including an investment by Perennial Value Management to support the launch of an IPO prospectus for H&G High Conviction Fund.
- Following the completion of Pegasus sale and the intended payment of dividends, H&G is strongly positioned for:
 - Further support of M&A activity of existing investment portfolio
 - New private equity and ASX listed investments, with improved risk and return metrics due to recent market corrections
 - Development of further investment offerings supported by cornerstone investments to further leverage capital light funds management co-investment model
 - Continued development of H&G as a meaningful investment entity with market support, strong deal flow pipeline and active management supported by strong investment banking skills and resources.

A more detailed portfolio update will be provided with the FY22 results following close of the 30 September 2022 financial year.

For more information, please contact Executive Chair, Sandy Beard on 0412 308 263

ABOUT H&G

H&G is a diversified investment company with a focus on active management and driving shareholder returns through investing in a broad range of opportunities across Private Equity, ASX Listed Equities, funds management and real property, debt funding and other alternative investments. We seek to become a trusted partner of choice that aims to solve our partners' problems, identifying and pursuing opportunities that benefit all parties.