ASX ANNOUNCEMENT

6 May 2024

Company Announcements Office
Australian Securities Exchange

Authorised by the Board for immediate release

HANCOCK AND GORE (ASX.HNG) HALF YEAR RESULTS AND MOUNTCASTLE UPDATE:

Half Year Reporting and Business Update:

Hancock and Gore Limited ("H&G") advises that it will release its results for the half year ended 31 March 2024 on 21 May 2024.

In advance of the formal results release H&G advises the following:

- Expected NPAT (subject to audit review) of approximately $4 million representing an increase of 80% on 1HFY23
- Intention to declare a dividend of 1 cent per share (100% increase on 1HFY23)
- Key H&G profit drivers during the half include;
    - $3 million dividend received from Mountcastle
    - Revenues of approximately $1 million across funds management and fixed income treasury investments
    - 27% IRR on new strategic listed investments contributing $2m profit

The H&G result has been positive in a half which included completing acquisitions of Mountcastle shareholdings to move to 100% ownership in March 2024. Mountcastle's contribution has been complemented by H&G's continued diversified investment activities.

Mountcastle Executive Chair Steven Doyle also joined the H&G Board on 21 November 2023 and is working closely with H&G's investment team and the board to identify the next key operating pillar to provide long term growth in cash generation.

Key Business Update Mountcastle:

Significant change has been implemented during Mountcastle's FY24 (30 June year end) to position it for continued development and execute on its long term objectives:

- Completion and integration of the Argyle and MUE acquisitions
- Completion of the H&G move to 100% ownership including key executives Steven Doyle (Executive Chair) and Brad Aurisch (CEO) becoming H&G shareholders
- Organisational structure transition including appointment of new key executives:
  - Chief Financial Officer – Cristian Racolta (ex. Staples, NXP)
  - Head of Merchandise – Nat Cooper (ex. Michael Hill, Super Retail)

Weakness in Mountcastle's discretionary corporate and fashion sectors flagged at H&G's AGM has persisted in recent months and will likely impact its 30 June 2024 year end results. Whilst the majority of Mountcastle's revenue is from schoolwear which remains resilient, the FY24 result 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

Mountcastle's operating cashflow has exceeded its 9-month YTD EBITDA of approximately $7.5 million which has facilitated dividends to H&G and reducing debt. Mountcastle has joined H&G's tax consolidated group as of 1 March 2024.

Key drivers of the result include:

- Corporate and Fashion sales down 20% YTD
- Delayed integration of MUE acquisition and consolidation of warehousing operations
- Roll-off of low margin wholesale contract as Mountcastle commences growth in direct retail
- Core schoolwear business remains robust with YTD sales up 2% on LY
- Weaker AUD has limited GP% improvement
- Argyle NZ acquisition performing well

Mountcastle continues to assess schoolwear M&A opportunities but is taking a cautious approach in the current macroeconomic environment.

H&G's Board remains confident in the carrying value of Mountcastle and its long term growth prospects. H&G will provide a further update and detail on Mountcastle when it releases its half year results on 21 May 2024.

For further information, shareholders are advised to contact Sandy Beard, Executive Chairman Hancock & Gore Limited 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.