



ASX ANNOUNCEMENT

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MOUNTCASTLE TO MERGE WITH SCHOOLBLAZER LIMITED AND EQUITY RAISING

Hancock & Gore Limited (“**H&G**”) announces that it has entered a binding agreement with United Kingdom-based Schoolblazer Limited (“**Schoolblazer**”), subject to H&G shareholder approval, to merge with its 100%-owned subsidiary Mountcastle Group (“**Mountcastle**”). The combined business of Mountcastle and Schoolblazer will represent a global uniforms platform with school wear segment leadership positions in the UK, Australia and New Zealand.

Key highlights:

- Schoolblazer valued at c.7x EV / FY24 EBITDA – 100% equity value of £31m (c.A\$60m)¹
- Strong alignment in structure with Schoolblazer vendors receiving 45% of consideration in H&G scrip, to own an estimated 19.5% of H&G post-merger
- H&G will own 100% of the combined Schoolblazer and Mountcastle business with c.A\$109m FY24 revenue and c.A\$17m EBITDA on a pro-forma basis, before synergies²
- Initial identified procurement synergies (A\$1-2m) and complementary offerings in respective markets – Australia is a key growth market for Schoolblazer³
- Upfront cash component of the transaction to be funded by a placement to institutional and sophisticated investors targeting A\$15m, with indicative commitments from H&G and Mountcastle executives of approximately A\$1.7m

Transaction overview

H&G has entered into a binding agreement to acquire 100% of Schoolblazer at an equity value of £31m (c.A\$60m), subject to H&G shareholder approval. The transaction consideration comprises:

- cash consideration of £17m (c.A\$33m) – with £8m (c.A\$15.5m) to be paid on completion and £9m (c.A\$17.5m) to be paid 12 months after completion; and
- issue of 90.7m new H&G shares at an issue price of \$0.30 per share for a value of £14m (c.A\$27.2m) to be escrowed for two years from completion.

¹ All AUD equivalent figures in this announcement are based on an exchange rate of A\$1.94 to £1.00.

² Pro-forma amounts calculated based on 10-months of actual, historical financial information (i.e. 1 October 2023 to 31 July 2024) and 2-months of forecast financial information (i.e. August and September 2024) for Mountcastle and Schoolblazer. FY24 EBITDA excludes transaction and other one-off costs as detailed in the attached presentation

³ Procurement synergies based on expected 2%-4% reduction across COGS of c.A\$50m, realised over a 3 year period

Overview of Schoolblazer

Schoolblazer has grown rapidly since its foundation in 2004 to become the dominant retailer to UK large independent schools with an estimated 30% segment share, servicing c.240 schools and c.140,000 pupils across the UK. With an innovative online offering, a new approach to product and design and "Limitless" sportswear brand, Schoolblazer has transformed the market for independent schools and their parents.

Schoolblazer is expected to deliver FY24 revenue of £26.0m (c.A\$50.4m) and EBITDA of £4.2m (c.A\$8.1m)⁴.

The merger with Mountcastle will see Schoolblazer continuing to develop and grow their UK operations and begin developing their unique offering in the Australian market before further global expansion.

Tim James, Co-Founder of Schoolblazer, will remain as Chairman of the UK business. He will join the H&G board as an Executive Director and will be the largest shareholder of H&G, holding c.14.6% of H&G shares post-merger. Louise Crofts, currently Managing Director of Schoolblazer will remain in place alongside the existing management team. Robin Horsell, Co-Founder of Schoolblazer will play an active consultancy role in building the Schoolblazer business in Australia and also become a material shareholder of H&G, holding c.4.9% of H&G shares post-merger.

Schoolblazer complements Mountcastle's offering in the Australian school wear market, including identified procurement synergies across common suppliers and a balanced seasonality with peak back to school periods in opposite hemispheres to smooth profitability and working capital cycles.

The combined Mountcastle and Schoolblazer Group will be led by Mountcastle Executive Chairman and H&G Director, Steve Doyle, supported by a deep management team with global experience. Mountcastle and Schoolblazer executives will own c.25% of H&G.

Completion of the transaction is expected in mid-October 2024, subject to H&G shareholder approval for the issue of the scrip consideration at a general meeting. H&G is preparing a notice of meeting to be distributed to shareholders shortly.

Tim James, Schoolblazer Co-Founder said:

"This is an exciting time for Schoolblazer and represents the next chapter of our growth story. It gives opportunities for our team and our customers, bringing access to more product and scale. We are certain that this will allow us to bring more change and disruption to the market, for the benefit of our customers and our people."

Sandy Beard, H&G Executive Chairman said:

"We are full of admiration for what Schoolblazer have achieved in the UK and are looking forward to bringing their skills and know-how to play in the Australian market"

⁴ Based on 10-months of actual, historical financial information (i.e. 1 October 2023 to 31 July 2024) and 2-months of forecast financial information (i.e. August and September 2024).

Placement

H&G is undertaking an equity raising by way of an institutional placement to professional and sophisticated investors to raise a target of A\$15m after costs ("**Placement**").

The Placement is expected to comprise two tranches:

- the issue of approximately 44.3m fully paid, ordinary shares ("**New Shares**") using H&G's 15% placement capacity pursuant to ASX Listing Rule 7.1; and
- the issue of approximately 5.7m New Shares to H&G directors and executives, subject to H&G shareholder approval.

The New Shares will be issued at target issue price of \$0.30, which represents a:

- 6.3% discount to last closing price per share on 2 September 2024, and
- 12.0% discount to the 10-day VWAP up to and including 2 September 2024.

New shares will rank equally with existing H&G shares on issue and will be entitled to dividends from allotment in October. H&G expects to announce its full year results in November with an expectation of declaring a 1 cent per share dividend at that time.

Proceeds of the Placement will be used to fund the upfront cash component of the Schoolblazer transaction and transaction costs. The above Placement metrics are indicative and subject to investor demand. H&G shares will be in trading halt until completion of the first tranche of the Placement. H&G will release the results of the Placement at the end of the trading halt.

Additional details

Further details of the merger and the Placement can be found in the H&G Investor Presentation released to the ASX today. The Investor Presentation contains important information that shareholders should consider, including information about key risk factors and the foreign offer restrictions with respect to the Placement.

Morgans Corporate Limited and Blue Ocean Equities Pty Ltd are joint lead managers to the Placement. Thomson Geer and Eversheds Sutherland are acting as legal advisers to H&G in Australia and the UK respectively.

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 investments across wholly owned operating businesses and strategic investments supported by a treasury and funds management capability. We seek to become a trusted partner of choice that aims to solve our partners' problems, identifying and pursuing opportunities that benefit all parties.

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