HANCOCK & GORE

Schoolblazer Merger with Mountcastle and Equity Placement

Creation of a Global School Uniform Platform

HANCOCK & GORE

Hancock & Gore Ltd (ASX: HNG)

September 2024

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This presentation includes certain pro forma financial information in relation to H&G, taking into consideration the proposed acquisition of Schoolblazer and the Placement. The pro forma financial information provided in this presentation has been prepared on the basis set out on, and includes certain adjustments described on slide 16. The historical financial and other information of Schoolblazer and the pro forma financial and other information relating to the impact of the proposed acquisition of Schoolblazer and the Placement has been prepared by H&G in reliance on information (including unaudited financial information) that was provided to H&G by Schoolblazer in connection with the proposed acquisition.

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Mountcastle merger with Schoolblazer creates global uniforms platform

1. **Merger of Hancock & Gore Ltd.'s ("H&G") 100%-owned asset Mountcastle with Schoolblazer to create a global uniforms platform with school wear segment leadership positions in UK, Australia and New Zealand**
2. **Founder, product and technology-led business with strong margins and global scalability – Schoolblazer's model is pure e-commerce and is innovating the customer experience with a focus on expansion into Australia and New Zealand**
3. **High calibre, deep and proven management team with global experience, led by Mountcastle Chairman Steve Doyle and Schoolblazer Chairman and vendor Tim James**
4. **Attractive transaction metrics, with Schoolblazer valued at c.$60m[1] and c.7x EV / FY24 normalised EBITDA – before identified procurement synergies and plan for revenue acceleration through complementary offerings in respective markets**
5. **Strong alignment with Schoolblazer founders receiving 45% consideration in H&G scrip. The leadership teams of H&G, Mountcastle, and Schoolblazer are expected to own >35%[2] of H&G in aggregate post-merger**
6. **Enhances the key pillar of H&G, creating a 100%-owned operating business generating c.$109m revenue[3] and c.$17m EBITDA[3] before synergies plus strong capability for M&A and optionality over capital structure**
7. **Upfront cash consideration to be funded through a placement to raise a target of $15m, with $1.7m indicatively committed by H&G and Mountcastle Executives and Directors, subject to shareholder approval where required**

Note: 1. Converted at a GDP/AUD exchange rate of 1.94. 2. Assumes placement of $15m at an issue price of $0.30 per share. 3. Based on assumptions outlined on slide 16

Synergistic transaction primarily funded through equity

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Transaction overview

Overview of Schoolblazer	▪ Schoolblazer is a pure online retailer of school wear to independent schools (i.e. private schools) in the UK ▪ Schoolblazer will merge with H&G's 100% owned subsidiary Mountcastle, a leading school wear supplier in Australia New Zealand
Compelling strategic rationale	▪ Schoolblazer is an innovative business that has grown each year of its c.20-year history to achieve a c.30% share of its segment ▪ Schoolblazer has a long-growth runway (steady state target to double network), underpinned by its 88% tender win rate and c.1% churn rate[1] ▪ The merger creates a global school wear platform with material scale and growth avenues in ANZ, UK and other international markets ▪ Schoolblazer complements Mountcastle's market offering in ANZ by providing a sophisticated online capability and tailor-made proposition to private schools (Australia has more private schools than the UK) ▪ The merged business has strong cultural alignment and will be led by a high quality and proven leadership team
Synergies	▪ Identified procurement savings of $1–2m to be realised over 3 years ▪ Opposite peak sales cycles (Jan–Feb for Mountcastle, July–Aug for Schoolblazer) smooth profitability and working capital cycles ▪ Preparations are underway for Schoolblazer to enter the ANZ market leveraging Mountcastle's regional infrastructure and network to target Australian premium private schools initially

Funding and key dates

Transaction terms	▪ Binding agreement with Schoolblazer, which will see it merge with H&G's 100% owned subsidiary Mountcastle, subject to shareholder approval, for a transaction equity value of $60.1m[2] ▪ Schoolblazer EV / FY24 EBITDA multiple of c.7x (pre-synergies)
Transaction consideration and funding	▪ Consideration of $60.1m[2] will be funded by $27.2m[2] H&G scrip upfront at 30 cents per share (escrowed 24-months), $15.5m[2] cash upfront and $17.5m[2] cash deferred 12-months ▪ Tim James (co-founder) to remain deeply involved and become H&G's largest shareholder with approximately 14.6%[3]. Robin Horsell (co-founder) transitioning to a consultancy role but retaining meaningful alignment with an estimated 4.9%[3] shareholding in H&G ▪ Upfront cash component to be funded through a placement to raise an indicative target of $15m at $0.30 per share
Impact to H&G	▪ H&G to own 100% of a combined operating business with c.$109m revenue and c.$17m EBITDA pre-synergies in FY24 ▪ H&G pro-forma net assets of $133m, with the combined Mountcastle-Schoolblazer business representing c.75% of gross assets ▪ Pro-forma shares on issue of 465.1m (incl. employee share plan)[3] ▪ New shares rank equally 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 1cps dividend
Timing	▪ Completion of the acquisition is expected mid-October 2024, subject to H&G shareholder approval of vendor share issuance at the EGM

Notes: 1. Annual average over the last 10 years. 2. Transaction equity value of £31m, converted at a GDP/AUD exchange rate of 1.94. Estimated net cash at completion of £1.5m. 3. Assumes placement of $15m at an issue price of $0.30 per share

01

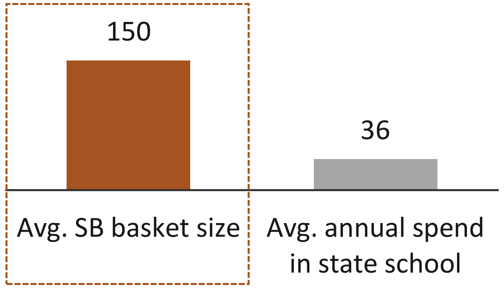
Overview of Schoolblazer

Schoolblazer is the clear leader in the UK independent school wear market

Schoolblazer services the independent school sector and has organically built a market leading position by disrupting the industry through a pure e-commerce model with a focus on premium products and customer experience

Services private schools, a large market with high parent spend

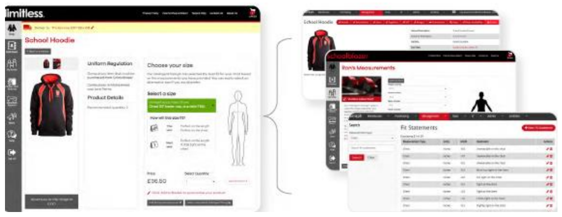
Typical parent spend (£)



- Targets UK private schools with 300+ pupils – initial addressable market of c.675 schools and c.440k pupils
- Currently services c.240 schools and c.140k pupils
- Customer base has high annual school wear spend
- Low-touch solution for schools – in-house design team, webshop, customer service, no on-campus store

Pure e-commerce B2C model maximises convenience for schools and parents

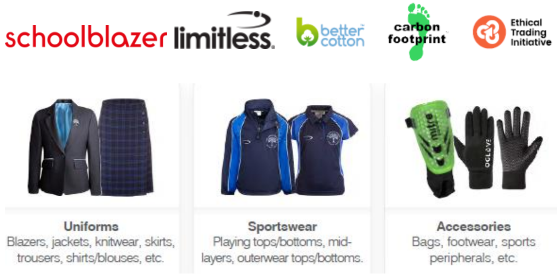
Screenshots of proprietary sizing app



- "Seraph" – Schoolblazer's integrated ERP and CRM – purpose-built and developed in-house over c.20 years
- Webshop offers proprietary intelligent sizing and has fully integrated returns – complete shop typically takes 7 minutes
- Seraph streamlines complex operations and represents a major barrier to scale
- Name-taping of every item, made possible by pure online supply chain

Premium product-led offering – in-house team design uniforms that students want

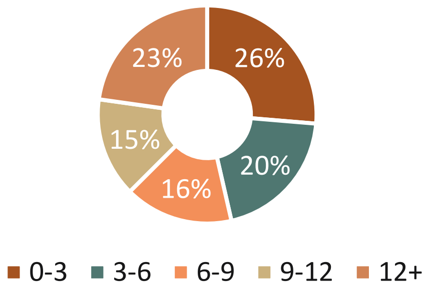
Product range



- Offers uniforms, sportswear, team kit, staff wear, and accessories
- Own sportswear brand "Limitless" represents c.50% of revenue
- Premium priced products reflecting quality and service offering
- Focus on sustainability – sustainable cotton, recycled polyester, reduced single-use plastic, carbon neutrality, clean waste water

High quality revenue base, underpinned by 5-year contracts and low churn

Current school tenure in years as at Aug-24



- Schools are contracted on an exclusive basis for online sales and for 5-year terms
- Contracts allow for inflation protection
- Average annual churn rate of c.1% over the last 10 years
- High barriers to entry due to cost and complexity of servicing even a single school, along with the risk of failure

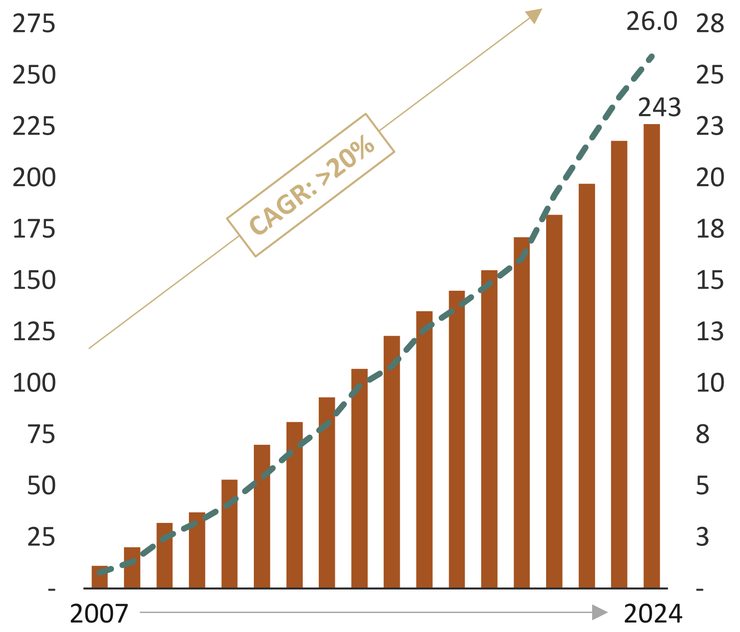
Sources: third party due diligence reports and company data

Schoolblazer's disruptive model has driven compound growth

Schoolblazer's customer-first online model has resonated well with schools and parents, delivering strong satisfaction across key metrics and making it the gold standard in school wear retailing in the UK

Unbroken track record of growth over 17 years

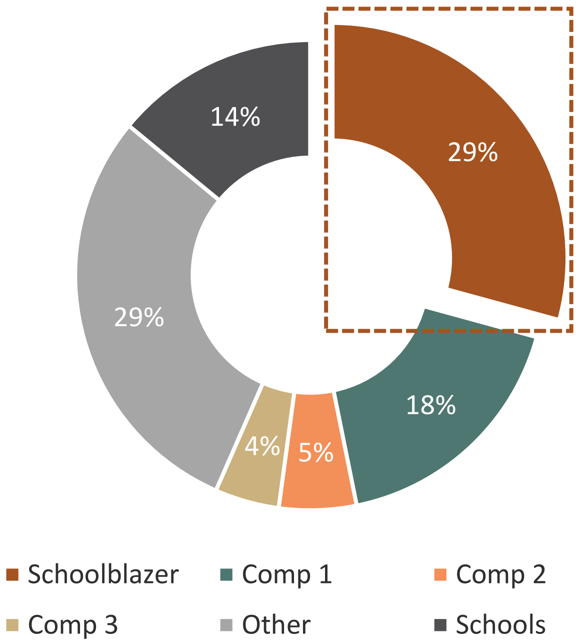
Schoolblazer schools (bar, LHS, #) and revenue (line, RHS, £m)



Revenue and number of schools serviced by Schoolblazer has grown at a CAGR of >20% since operations commenced in 2007

Clear market leader in UK independent school wear

Market share by number of independent schools served (%)



Schoolblazer estimates that it is c.40% larger than its next closest competitor, who has achieved its scale primarily through M&A (vs. organically for Schoolblazer)

Proposition resonates with schools and parents

Schools

- ✓ **88% tender win rate**
- ✓ **82% of Schoolblazer's schools use both its uniform and sportwear offerings**
- ✓ **Average annual churn rate of c.1% over the last 10 years**

Parents

- ✓ **92% of parents would recommend Schoolblazer**
- ✓ **4.8-star rating on Trustpilot based on 1.7k+ reviews** *(vs. 4.4-star rating for next largest competitor)*
- ✓ **c.8% return rate on webshop orders** *(vs. typically c.40% in general retail)*

Sources: third party due diligence reports and company data

Operational success has translated into attractive financial results

Schoolblazer has delivered double-digit revenue growth and managed costs well in an inflationary environment to maintain margin

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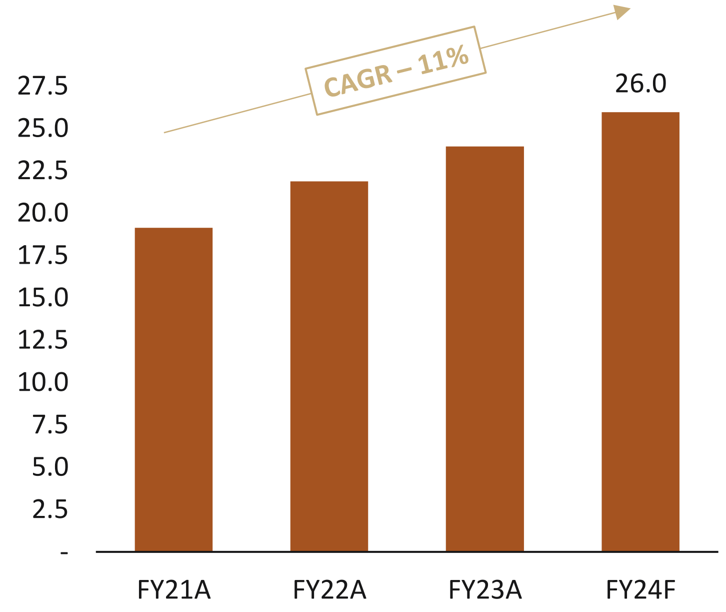
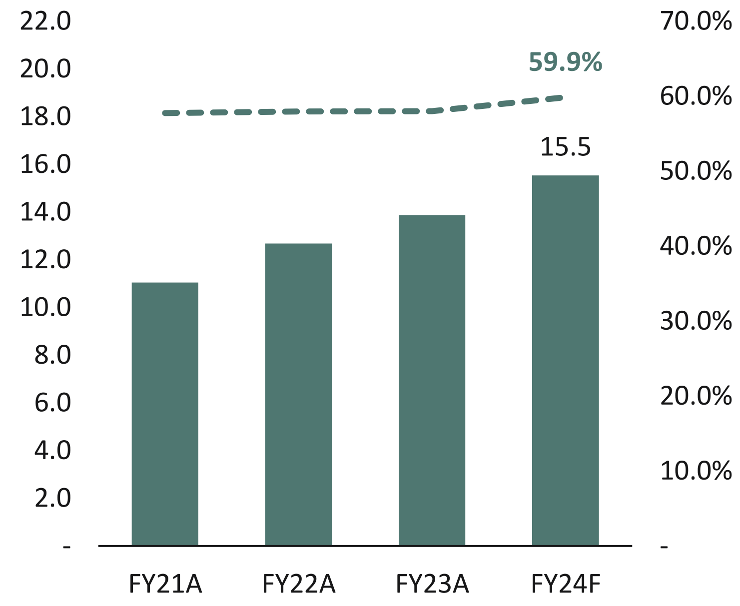
Consistent year on year growth to £26m revenue[1]

Revenue (£m)



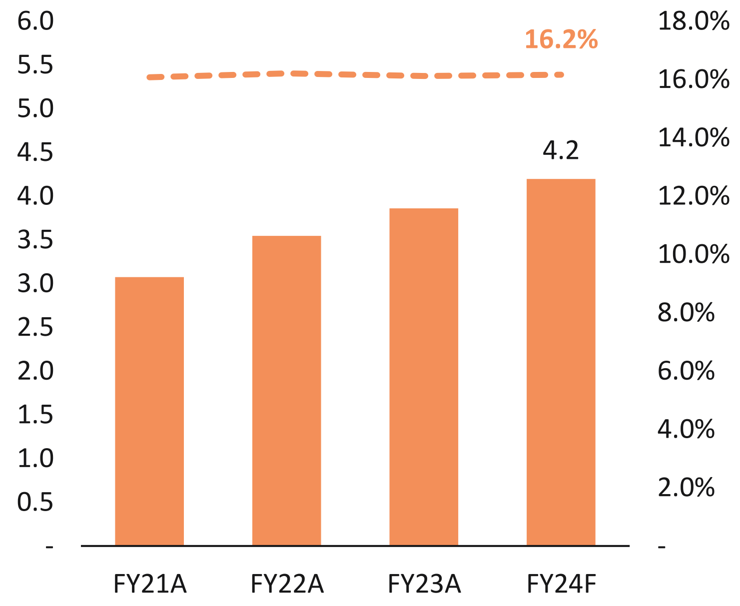
Strong and stable gross margins[1]

Gross profit (bars, £m) and margin (line, %)



EBITDA of £4.2m at attractive 16% margin[1]

Normalised EBITDA (bars, £m) and margin (line, %)



Attractive revenue growth of 11% p.a. achieved over the last three years

Variable costs have been well managed to maintain margin in an inflationary environment

Meaningful and growing EBITDA generation despite investment opex, including all IP development costs expensed not capitalised

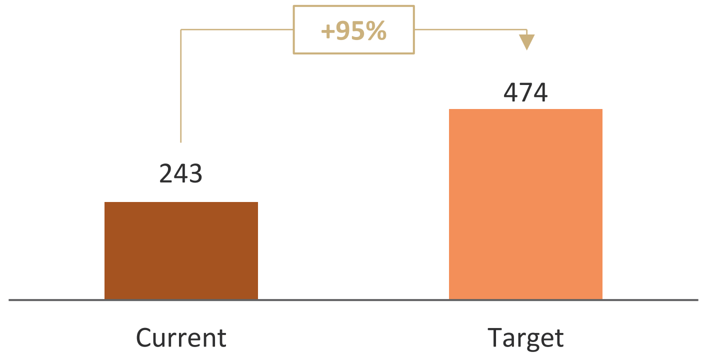
Sources: third party due diligence reports and company data. Refer page 23 for more detailed financial information and the basis of preparation. Note 1. FY24 consists of 10-months of actuals and 2-months of forecast

Schoolblazer retains a strong standalone growth profile

Schoolblazer has created a scalable platform for growth that can be leveraged for continued penetration of the UK independent school market and for expansion into new segments and geographies

15-year+ runway of growth in existing segment

Target 70% segment share, equating to 474 schools



 # schools that go to tender each year *20–25*

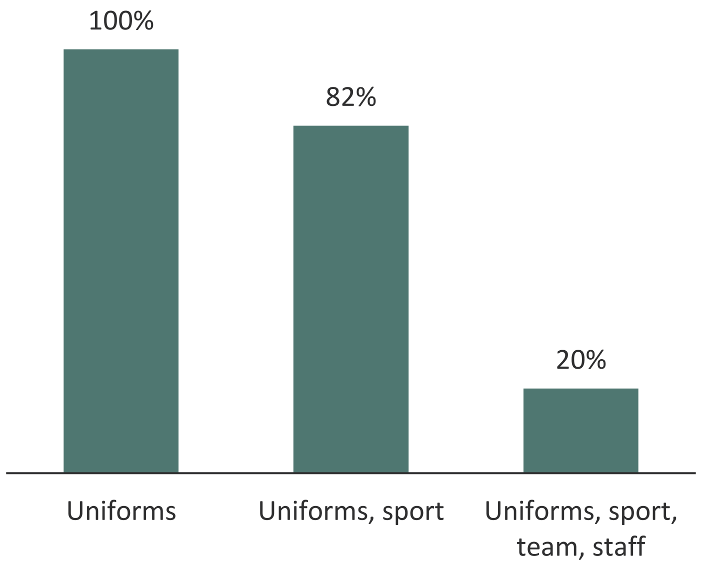
+

Schoolblazer's tender win rate *88%*

15+ years of growth in UK large independent school segment to reach target share of 70%, excluding adjacent school segments (e.g. public)

Continued growth through product cross-sell

Schoolblazer schools split by products used



Increasing cross-sell rate of sports wear to 100% and team and staff wear to 80% could add $5m+ revenue based on the current number of schools

Scalable operating model unlocks global expansion

Existing

- 550k+ students at private schools

New

- 6m students at private schools
- 1.4m students at private schools (and two seasonal uniforms vs. one in the UK)
- 425k+ students at private schools
- 326k+ students at private schools
- 100k+ students at private schools

Australia has already been identified by Schoolblazer as a priority market for international expansion and is >2x larger in number of students than the UK

Sources: third party due diligence reports and company data

02

Strategic rationale

Merger with Mountcastle unlocks cost savings and growth opportunities

Schoolblazer's model unlocks the ANZ private school market and provides the platform for further international growth. In addition, common procurement yields cost savings, and complementary capabilities enable sharing of operational expertise

Procurement synergies

- Common procurement relationships across product supplier base
- Estimated 2%–4% reduction across COGS base of c.$50m over 3 years
- $1m–$2m p.a. identified plus initiatives to add greater purchasing power over time

Operational benefits and sharing of expertise

- Opposite peak sales periods smooth profitability & working capital cycles
- Mountcastle expects to upgrade its ERP and leverage features from Schoolblazer, incl. its sizing model
- Opportunity to adopt best-in-class retail processes from Schoolblazer

Complementary product and service models

- Schoolblazer's online-only premium offering to ANZ private schools, accelerated by Mountcastle's regional infrastructure and people
- Mountcastle will explore exporting its offering to the UK segments adjacent Schoolblazer

Opportunity for market entry into other segments and geographies

- Major opportunity for Limitless sportswear brand with Mountcastle's broad customer reach
- Schoolblazer has identified other geographies for expansion – achievable with operating leverage given pure online model

Schoolblazer complements Mountcastle's market offering

Schoolblazer's customer proposition is highly complementary to Mountcastle's and provides a comprehensive online capability and compelling offering for the premium private school market, as well as adding capability in adjacent UK sub-premium segments

	Capability		Retail delivery		School type		Educational level			Market segment		
	Wholesaler	Retailer	Physical	Online	Public	Private	Primary	Secondary	K–12	Value	Mid	Premium
	●	◔	◔	◔	●	◔	●	◔	◔	●	◑	◔
schoolblazer	○	●	○	●	○	●	○	●	●	○	○	●
schoolblazer	●	●	◔	●	●	●	●	●	●	●	◑	●

Integrated wholesaler–retailer

Omnichannel retail delivery

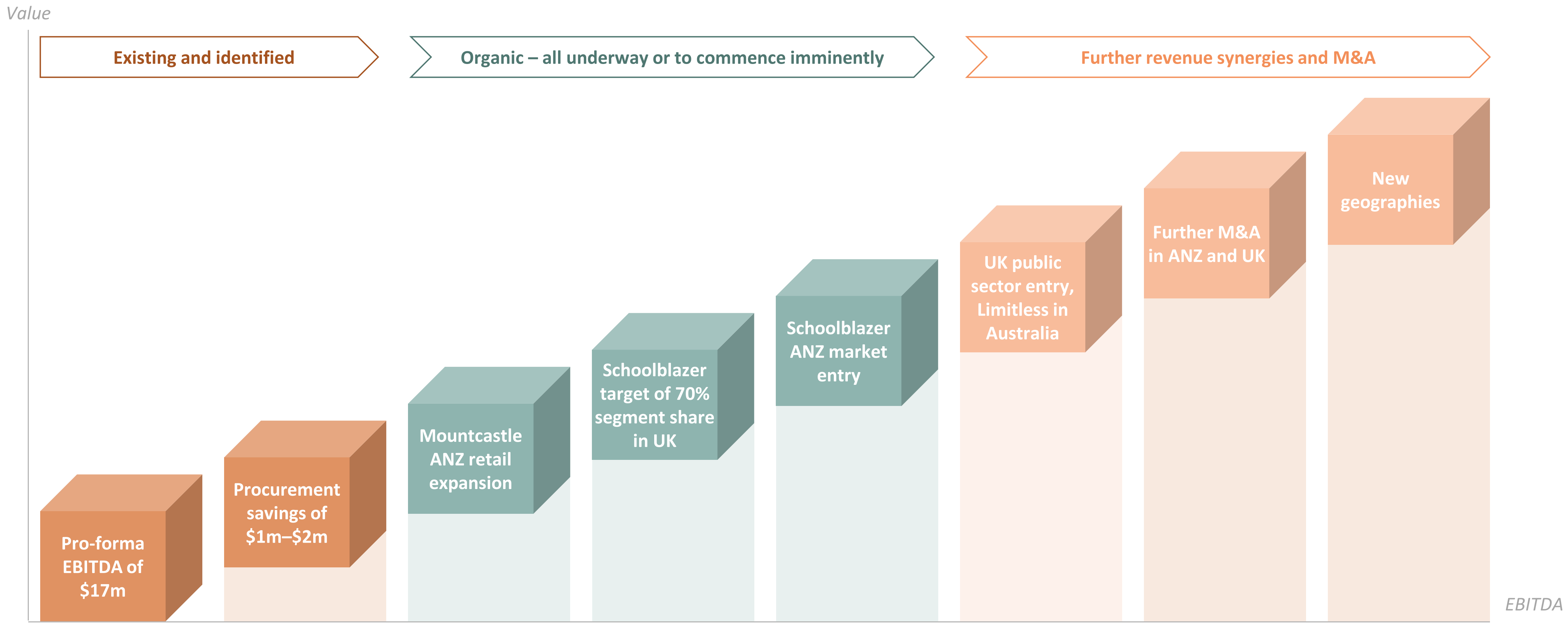
Public and private coverage

Cater to a child throughout their entire educational journey

Diverse offering to service the whole market

Several levers to drive ongoing long-term growth and compound scale

Mountcastle and Schoolblazer both have long runways of growth. Their combined capabilities and scale ensure they are well-positioned to secure continual growth and become the market leaders in school wear in ANZ and the UK, creating the springboard for further global expansion



High quality management team to lead combined global school wear platform

Mountcastle Group Chairman Steve Doyle will lead the combined business with Schoolblazer founder Tim James continuing as Chairman of Schoolblazer UK. Key Schoolblazer management will be retained in their current roles, with both founders becoming meaningful shareholders in H&G

Board leadership

Steve Doyle

Mountcastle Executive Chairman

- Appointed 2023
- >30 years' experience in retail
- Held senior executive roles at Super Retail Group and Lovisa

Mountcastle leadership

Brad Aurich

Mountcastle CEO

- Appointed 2021
- >30 years' experience in leadership roles
- Previously CEO of LW Reid, CIO at Perpetual

Cristian Racolta

Mountcastle CFO

- Appointed 2024
- >20 years' experience
- Recent executive roles at Staples (US, Aus) and NXP (NZ)

Nat Cooper

GM Merchandise & Marketing

- Appointed 2024
- >30 years' experience
- Previous roles at Woolworths, Super Retail Group, Amart

David Flynn

Argyle NZ Managing Director

- Argyle MD since 2012
- Previously held executive roles in B2B consumer product manufacturing industries

Schoolblazer leadership

Tim James

Schoolblazer Co-founder

- Background in retail
- Formerly Buying and Marketing Director at Homebase

Robin Horsell

Schoolblazer Co-founder

- Background in supply of garments and beauty products to large UK retailers, incl. Marks and Spencer, Tesco

Louise Crofts

Schoolblazer Managing Director

- Appointed 2005
- Formerly Commercial Director at Dewhirst

Mountcastle and Schoolblazer management team expected to own c.25%[1] of H&G

Note: 1. Assumes placement of $15m at an issue price of $0.30 per share

03

Pro-forma financials

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Scaled business generating strong profit margins before synergies

The merged business represents a globally scaled platform with attractive growth opportunities and material capacity to continue to invest in growth, backed by H&G's support and balance sheet

Pro-forma combined business normalised FY24 P&L – Sep. year-end ($m)[1]

	Mountcastle[2]	Schoolblazer[3]	Combined
Revenue	58.4	50.4	**108.8**
COGS	(30.1)	(20.2)	(50.3)
Gross profit	28.4	30.1	58.5
Operating expenses	(19.8)	(22.0)	(41.8)
EBITDA	8.6	8.1	**16.7**
D&A	(2.1)	(0.6)	(2.7)
EBIT	6.5	7.5	**14.0**
Gross margin	*48.5%*	*59.9%*	*53.8%*
EBITDA margin	*14.7%*	*16.2%*	*15.4%*
EBIT margin	*11.0%*	*15.0%*	*12.9%*

Pro-forma combined business balance sheet as at 30-Sep-24 ($m)

	Mountcastle	Schoolblazer[3]	Combined
Cash	3.4	1.9	5.3
Stock	27.1	18.7	45.8
Debtors and prepayments	7.6	2.8	10.3
PPE and right-of-use asset	8.8	3.5	12.2
Intangible assets	13.3	0.0	13.4
Trade finance	(4.7)	-	(4.7)
Creditors and accruals	(7.3)	(5.2)	(12.5)
Term borrowings	(19.7)	-	(19.7)
Lease liability	(4.3)	-	(4.3)
Tax	1.7	(0.9)	0.8
Net Assets	**26.0**	**20.8**	**46.8**

Excludes synergies and transaction costs, and aligns both to a September year-end

Excludes incremental global management costs and revenues or costs from Schoolblazer's Aus expansion

Combination smooths profitability and working capital cycles, given opposite peak sales periods

Source: financial due diligence reports. Refer page 23 for more detailed financial information. Mountcastle reports on a 30-Jun year end, Schoolblazer reports on a 30-Sep year end. The above pro-forma figures align Mountcastle to Schoolblazer's Sep. year end.
Notes: 1. FY24 consists of 10-months of actuals and 2-months of forecast. 2. Operating expenses exclude $0.7m of transaction costs related to recent acquisitions. 3. Figures converted at a GDP/AUD exchange rate of 1.94

Mountcastle is well-placed to return to robust growth

Mountcastle remains resilient in a difficult consumer environment through an investment year, leaving it well placed to execute on long term growth ambitions. A significant enhancement of the executive team under Steve Doyle, Executive Chairman of Mountcastle, has taken place in FY24

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Mountcastle – unaudited FY24 financials (Jun. year end)

Profitability metrics	FY23	FY24
1 Sales	52.9	57.3
2 EBITDA	9.3	8.9
3 Cash flow from operations (excl. leases, interest, tax)	7.2	10.2
EBIT	7.9	6.8
Cash flow from operations (incl. leases; excl. interest, tax)	6.2	8.6

Balance sheet	FY23	FY24
4 Cash	3.6	4.4
5 Net working capital	19.7	27.5
6 Borrowings	12.3	20.2
Net assets	25.9	26.3

1. Acquisitions offset by softer discretionary sales and wholesale contract roll-off
2. CODB increase (personnel investment)
3. Strong cashflow generation driven by inventory optimisation
4. Mountcastle cash balance post-$3m dividend paid to H&G during the year
5. Increased through acquisition balances
6. Acquisition funding

Structural changes implemented to return Mountcastle to growth

Performance drivers

- The core school wear business remained in line with previous year
- Weakness in Mountcastle's discretionary and corporate sectors (sales down c.10%)[1]
- Roll-off of low margin wholesale contract as growth commences in direct retail
- Argyle, recently acquired school wear platform in NZ, performing in line with expectations
- Delayed integration of MUE acquisition and consolidation of warehousing operations
- Operating cash conversion remains strong

Operational actions to return Mountcastle to growth

- Strengthened executive capability under Steve Doyle with new GM of Merchandise and Marketing, CFO and Supply Chain Manager
- Optimised product range and price points to drive revenue growth and improve margin
- 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 extraction of procurement savings

Note: 1. Discretionary and corporate sales account for c.14% of Mountcastle's revenue

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Capital raise details

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Transaction sources and uses

Upfront cash consideration to be funded by a placement to professional and sophisticated investors, including H&G directors and executives. Share issuance to the Schoolbazer vendors subject to shareholder approval at an upcoming EGM

Indicative sources and uses – assuming placement of $15m at $0.30/share

Uses	$m
Acquisition of Schoolblazer	60.1[1]
Transaction costs	1.0
Total	**61.1**

Sources	
Equity issued to Schoolblazer vendors	27.2
Unconditional placement	13.3
Conditional placement	1.7
H&G cash to resolve upfront cash consideration	1.4
H&G balance sheet / cash to resolve 12-month deferred cash consideration	17.5[1]
Total	**61.1**

Figures above are indicative based on indicative placement price and volume. Details of the placement outcomes will be provided at its completion

Capital raise details – assuming placement of $15m at $0.30/share

Capital raise structure and size	▪ Initial placement utilising H&G's existing placement capacity pursuant to Listing Rule 7.1 ▪ Participation by H&G Directors and Executives likely in a second tranche subject to shareholder approval at an upcoming EGM ▪ New shares will rank equally with existing fully paid ordinary shares in H&G including access to any dividends declared around H&G's upcoming FY24 results
Pricing	▪ Target capital raise price of $0.30 per new share, which represents: – 6.3% discount to last closing price of $0.32 per share on 2 September 2024, and – 12.0% discount to the 10-day VWAP of $0.341 per share up to and including 2 September 2024
Use of proceeds	▪ $15.5m[1] to fund the upfront cash consideration to be paid to the Schoolblazer vendors ▪ $1.0m to fund the costs of the offer and transaction costs ▪ Any excess to fund working capital
Syndicate	▪ Morgans Corporate Limited and Blue Ocean Equities Pty Ltd are Joint Lead Managers

Note: 1. Converted at a GDP/AUD exchange rate of 1.94

Equity raising timetable – indicative and subject to change

EGM to be held on 7 October, with transaction completion (provided EGM approval is received) expected to follow shortly after in mid-October

1	Notice of meeting released and mailed to shareholders	Friday, 6 September 2024
2	Settlement of new shares issued under unconditional placement	Wednesday, 11 September 2024
3	Allotment of new shares issued under unconditional placement	Thursday, 12 September 2024
4	EGM to approve scrip issuance to vendors and conditional placement	Monday, 7 October 2024
5	Completion of the Schoolblazer transaction	Friday, 11 October 2024

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Appendices

H&G is a diversified investment manager and Mountcastle is its key asset

H&G targets 15%+ p.a. long-term investment returns through partnership of capital with skills. Mountcastle + Schoolblazer is the foundation operating business and H&G maintains a focus on capital allocation to maximise group return on invested capital

H&G's strategy is based upon three key investment pillars

Operating businesses	Strategic capital	Funds management and treasury
Long term high conviction strategic investments focused on building strong cash generative businesses, with H&G providing M&A, and capital support. Potential for realisations once established	*Active private and listed strategic investments, with potential to become operating businesses for H&G, otherwise realized and redeployed to the highest return on equity assets*	*Leverage excess liquidity through diverse investments across fixed interest and equities. Generate capital and people-light profits to complement operating business earnings*
Asset value – $61m[1] (c.$120m pro-forma)	Asset value – $20m[1]	FUM – $31m[1] Asset value – $19.5m[1]
schoolblazer	D'SRUPTIVE PACKAGING, rino, FŌS CAPITAL	HANCOCK & GORE, H&G HIGH CONVICTION

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

Note: 1. As at 30-Jun-24

H&G has transformed Mountcastle over the last 4 years

- **1997** | H&G acquires c.50% stake in Mountcastle
- **2010** | Mountcastle acquires Trutex
- **2020** | Mountcastle acquires LW Reid
- **2021** | Brad Aurich appointed CEO
- **2022** | 50%-owned Hyde Road property in-specie distributed to shareholders
- **2023** | Steven Doyle appointed Chairman
- **2023** | Mountcastle enters retail and acquires Argyle Schoolwear (NZ) and MUE
- **2023** | H&G moves to c.90% ownership of Mountcastle
- **2024** | H&G moves to 100% ownership of Mountcastle
- **2024** | Mountcastle announces acquisition of Schoolblazer (UK)

- Significant work undertaken by the current H&G team over the last 4 years to consolidate and scale Mountcastle
- Built a team which can execute and integrate M&A in a globally fragmented sector
- Next focus is driving Australian retail growth in partnership with Schoolblazer

Schoolblazer financials from FY21–FY24

Normalised P&L (£'000)

	FY21A	FY22A	FY23A	FY24F
Revenue	19,125	21,871	23,927	25,959
Cost of sales	(8,080)	(9,192)	(10,053)	(10,420)
Gross margin	11,044	12,679	13,874	15,539
Gross margin %	*57.7%*	*58.0%*	*58.0%*	*59.9%*
Processing, Sales & Distribution	(4,063)	(4,786)	(5,140)	(5,809)
Contribution margin	6,981	7,893	8,734	9,730
Contribution margin %	*36.5%*	*36.1%*	*36.5%*	*37.5%*
Total overheads	(3,906)	(4,348)	(4,876)	(5,533)
EBITDA	3,075	3,546	3,859	4,197
EBITDA margin %	*16.1%*	*16.2%*	*16.1%*	*16.2%*
Depreciation and amortisation	(139)	(207)	(230)	(310)
EBIT	2,936	3,339	3,629	3,887
EBIT margin %	*15.4%*	*15.3%*	*15.2%*	*15.0%*
Interest expense, net	(112)	(171)	(356)	(350)
PBT	2,823	3,168	3,273	3,537
Income tax expense	(425)	(478)	(654)	(572)
PAT	2,399	2,690	2,619	2,965

- FY24F refers 10-months of actuals to Jul-24 and 2-months of forecast to Sep-24
- Normalisations detailed on the RHS. Note, income tax expense has been left unadjusted
- FY21A–FY23A based on audited accounts with due diligence tested normalisations applied

Normalisations (£'000)

	FY21A	FY22A	FY23A	FY24F
1 Shareholder remuneration	248	315	525	245
2 Duplicate warehouse cost	-	-	41	461
3 Transaction-related costs	-	36	68	334
4 Other	316	510	79	(142)
Total normalisations	564	861	439	898

1. Add backs for excess salaries paid to the founders and family members
2. Duplicate warehousing costs resulting from a warehouse consolidation in FY24 to expand capacity for future growth
3. Transactions costs including adviser fees and completion bonuses
4. Other abnormal (material FY21 and FY22 add-backs relate to covid related one-offs)

Pro-forma H&G balance sheet and indicative capital structure

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Pro-forma balance sheet as at Jun-24 ($m)

	Jun-24	Adjustments	Pro-forma
Cash	3.2	(1.4)	1.8
Mountcastle	60.7	–	60.7
Schoolblazer	–	60.1	60.1
Listed investments	19.5	–	19.5
Other unlisted investments	17.7	–	17.7
Other assets	1.3	–	1.3
Total assets	102.4	58.7	161.1
Mountcastle deferred	(8.5)	–	(8.5)
Schoolblazer deferred	–	(17.5)	(17.5)
Other liabilities	(1.8)	–	(1.8)
Net assets	**92.1**	**41.2**	**133.3**

Mountcastle + Schoolblazer to represent 75% of H&G gross assets, increasing from 60% pre-merger

H&G is constantly assessing capital allocation and focused on optimising and enhancing return on equity

- Balance sheet based on H&G's current investment entity accounting (Schoolblazer held at cost)
- H&G regularly realises liquidity from listed investments and unlisted fixed income assets, to reinvest into operating businesses, boost cash reserves or facilitate dividends

Indicative capital structure – assuming placement of $15m at $0.30/share

Shares outstanding	*#*
Shares on issue	299,645,436
Scrip consideration to the Schoolblazer vendors	90,667,703
Unconditional placement	44,333,333
Conditional placement	5,666,667
Pro-forma shares on issue	**440,313,139**
Employee loan funded share plan	24,750,000
Aggregate shares on issue	**465,063,139**

Risks

Completion risk	Completion of the Schoolblazer acquisition (Acquisition) is conditional on approval by H&G shareholders at an upcoming EGM, which will occur after completion of the Placement. If the Acquisition does not complete due to the failure of such condition or otherwise, H&G will need to consider alternative uses for the proceeds of the equity raising, for instance by way of general working capital, options for returning capital or pursuing other acquisition opportunities. If the Placement proceeds are not used to fund the Acquisition, there is no assurance that H&G will be able to use the Placement proceeds to generate an equivalent return to that anticipated from the Acquisition, or at all. If completion of the Acquisition is delayed, H&G may incur additional costs and it may take longer than anticipated for H&G to realise the benefits of the Acquisition including the synergies described in this Presentation. Any failure to complete, or delay in completing, the Acquisition and/or any action required to be taken to return the Placement proceeds to shareholders may adversely impact H&G's financial performance and profitability.
Loss of key management personnel	H&G's future success is strongly dependent upon the expertise and experience of its key personnel and senior management. H&G may not be able to retain these staff members in the future, or be able to find equivalent replacements, either at all, or in a timely manner. The loss of key management personnel could adversely affect H&G's business, results of operations or financial performance and position.
IT risk, cybersecurity and data protection	H&G and its investee companies are highly reliant on information systems for their management, including for supplier and sales processes. Like many organisations across all industries, H&G is not immune to the threat of a cyber-security attack. Such attacks are generally malicious in nature and have the potential to compromise the confidentiality, integrity and availability of the target's data. While H&G has processes in place designed to identify and reduce the information security risks to its business and other stakeholders, there is a risk that such processes may not be effective. A failure to adequately secure such data could see H&G face significant fines or penalties and incur reputational and other damage, which could have a material adverse effect on H&G's financial and operational performance. In addition, a security or data breach could disrupt H&G's information systems and business more generally.
Legal and regulatory risk	H&G must comply with the legislation and regulatory frameworks in each of the jurisdictions in which it operates. H&G's wholly owned subsidiary holds an Australian Financial Services Licence (AFSL) which allows it to conduct investment activities on behalf of third-party investors and requires the group to comply with strict statutory obligations. A loss of the AFSL, or changes in the regulatory environment more generally, could significantly inhibit H&G's ability to conduct its activities and earn management, performance and other fees.
Exchange rates	Following the Acquisition, H&G will be exposed to movements in exchange rates. H&G's financial statements are expressed and maintained in Australian dollars. However, a portion of H&G's income (ie dividend income from its Schoolblazer investment) will be earned in a foreign currencies. Exchange rate movements affecting these currencies may impact the profit and loss account or assets and liabilities of H&G (to the extent the foreign exchange rate risk is not hedged or not appropriately hedged).
Supply chain risk	There is a risk that future events may have an adverse impact on the Combined Group's supply chain. This could occur if the ability to transport products between countries is disrupted, the Combined Group's suppliers are negatively affected or if the Combined Group is otherwise unable to efficiently distribute products to its customers. In the event that the Combined Group's supply chain is disrupted and the Combined Group is unable to secure key supply inputs in a time and economically acceptable manner, it may have a material adverse effect on the Combined Group's ability to meet customer demands and sell products profitably, which in turn may negatively impact the Combined Group's operating performance and earnings.
Intellectual property risk	The ability of the Combined Group to maintain protection of its proprietary intellectual property and operate without infringing the proprietary intellectual property rights of third parties is an integral part of the Combined Group's business. There can be no assurances that the validity, ownership or authorised use of intellectual property (both owned and licensed) relevant to the Combined Group's business cannot or will not be challenged, in particular, as Schoolblazer seeks to enter the ANZ market.
Reputational damage	The Combined Group's reputation could be adversely impacted if it suffers from any adverse publicity. Examples of adverse publicity include health and safety issues or incidents, potential breaches of the Australian Consumer Law, poor service to schools and employment related disputes. Adverse publicity may result in a failure to win new school customers and impinge on the ability to maintain relationships with existing school customers, as well as affect its ability to attract key employees. Each of these circumstances could adversely impact the Combined Group's (and H&G's) financial performance and future prospects.
Share market	On completion of the Placement, the H&G shares may trade on ASX at higher or lower prices than the issue price. Investors who decide to sell their H&G shares after the Placement may not receive the amount of their original investment. There can be no guarantee that the price of H&G shares will increase after issue. The price at which H&G Shares trade on ASX may be affected by the financial performance of H&G and by external factors over which the Directors and H&G have no control. These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.
Dependence on general economic conditions	The operating and financial performance of H&G is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on H&G's business or financial condition. Changes to laws and regulations or accounting standards which apply to H&G from time to time could adversely impact on H&G's business operations and financial performance.
Taxation	Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect taxation treatment of an investment in H&G's shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which H&G operates, may impact the future tax liabilities of H&G.
Litigation	Legal proceedings and claims may arise from time to time in the ordinary course of business for H&G and its investee companies and may result in high legal costs, adverse monetary judgments and/or damage to the reputation of H&G or its investee companies all of which could have an adverse impact on H&G's financial position or performance and the price of its shares.
Other risks	For further information in relation to other risks which might affect H&G, please refer to H&G's 2023 Annual Report announced on 21 November 2023.

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

HANCOCK
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