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Company Announcements Office
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Trading Update and Acquisition to launch Investment / Funds Management Division

Trading update Q1 2021

HGL Limited (ASX: HNG) (**HGL** or **Company**) provides the market with the following (unaudited) update:

2021 has started positively for each of the HGL investments, with highlights for the quarter including:

- All continuing investments (SPOS Group, BLC Cosmetics, Pegasus Healthcare and Mountcastle), have traded ahead of prior year's EBIT contribution.
- Underlying EBIT from Continuing Operations for the quarter was \$1.2 million, compared to prior year's \$0.2 million.
- Mountcastle's contribution reflected both a solid trading performance and the integration of LW Reid.
- Pegasus is well positioned to participate in continuing industry consolidation and growth.
- Underlying uncovered corporate overheads were 20% below on the prior year, and are targeted to reduce further over the coming months via a simplification of operations and a focus on generation of investment returns.
- Divestment of JSB to FOS group and progression of planning for FOS Group to undertake an initial public offering.
- As at December 31 all debt at HGL has been repaid and HGL had a cash balance of \$1.5 million.

These results exclude any contribution in either year from JSB Lighting, 50% of which was disposed of in November 2020, as previously announced to the market.

The company will provide a further business and strategy update at the upcoming Annual General Meeting, scheduled for 24 February 2021.

Given the ongoing level of general economic uncertainty, no further guidance on the future results of the business is able to be provided at this point.



Acquisition of Supervised Investments Australia Limited

HGL is pleased to announce it has reached in principal agreement to acquire 100% of the equity in Supervised Investments Australia Limited (SIAL). SIAL is a Funds Manager, with an investment management agreement for The Supervised Fund (TSF) and its own AFSL.

The proposed acquisition will be funded by the issue of 3 million HGL shares, which will be subject to approval at the HGL Annual General Meeting in February 2021.

The acquisition represents HGL's re-entry into funds management , and with in excess of \$10 M in funds under management provides a small base and capability from which to grow and to derive both base management fees and investment performance fees.

The company intends to recruit an Investment Director to drive the division in conjunction with HGL Chair Sandy Beard and to add investment capability to HGL. It is intended that the Investment / Funds management division will be a core contributor to future profitability of HGL.

About HGL Ltd

HGL (ASX: HNG) is an investment company targeting investments in listed and unlisted entities to deliver returns in excess of 15% per annum on invested capital. We seek to achieve these returns by partnering with investee businesses with strong and aligned management teams and favourable long term investment prospects. Our core purpose is to create shareholder value through partnering with investment partners to achieve mutual investment objectives.

www.hgl.com.au