

Partner Neil Pathak
Contact Ebony Keenan-Dunn
+61 3 8656 3305
EKeenan-Dunn@gtlaw.com.au
Our ref NP:EKD:1045001



25 March 2020

The Manager
ASX Market Announcements
ASX Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

On-market takeover offer by Gallin Pty Ltd for all of the shares on issue in McPherson's Limited (ACN 004 068 419)

We act for Gallin Pty Ltd (ACN 648 845 738) (**Gallin**).

Pursuant to item 3 of subsection 635(1) of the Corporations Act 2001 (Cth) (**the Act**), we enclose the Bidder's Statement in relation to Gallin's on-market bid for all of the fully paid ordinary shares on issue in McPherson's Limited (ACN 004 068 419) (**McPherson's**).

The Bidder's Statement is being lodged today with the Australian Securities and Investments Commission and served on McPherson's.

Yours sincerely

Gilbert + Tobin

A handwritten signature in blue ink, appearing to read 'Neil Pathak'.

Neil Pathak
Partner
T +61 3 8656 3344
npathak@gtlaw.com.au

A handwritten signature in blue ink, appearing to read 'Ebony Keenan-Dunn'.

Ebony Keenan-Dunn
Special Counsel
+61 3 8656 3305
EKeenan-Dunn@gtlaw.com.au

This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your legal, financial, tax or other professional adviser immediately.

Bidder's Statement

ACCEPT

THE UNCONDITIONAL ON MARKET CASH OFFER BY

Gallin Pty Ltd (ACN 648 845 738)

to purchase all of your ordinary shares in

McPherson's Limited (ACN 004 068 419)

for A\$1.34 cash per share

To accept this Offer you must instruct your broker to accept the Offer in the manner described on page 6

The Offer closes at 4.00pm (Sydney time) on 10 May 2021, unless extended or withdrawn

Offer Information Line:

1300 038 212 (within Australia) or +61 2 8022 7915 (from outside Australia)

Evans and Partners Pty Ltd (ABN 85 125 338 785), AFSL No. 318075 has been appointed as the Broker for Gallin Pty Ltd (ACN 648 845 738) and will stand in the market and accept McPherson's Shares offered to it at the Offer Price from 25 March 2021.

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Important notices

Nature of this document

This Bidder's Statement is issued by Gallin Pty Ltd (**Bidder**) under Part 6.5 of the Corporations Act 2001. All of the shares in Bidder are owned by Bennamon Pty Ltd, which is wholly owned by Kin Group Pty Ltd (**Kin**). This Bidder's Statement is dated 25 March 2021 and includes an offer to acquire all McPherson's Limited Shares (other than those already owned by Kin and its Associates) (**Offer**).

This Bidder's Statement is an important document and you should read it in its entirety.

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 25 March 2021. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

Investment advice

In preparing this Bidder's Statement, Bidder has not taken into account the individual objectives, financial situation or needs of individual McPherson's Shareholders. Accordingly, before deciding whether or not to accept the Offer, you may wish to consult with your legal, financial, tax or other professional adviser.

Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which McPherson's operates, as well as general economic conditions, prevailing exchange rates, interest rates and conditions in the financial markets in Australia and globally. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Bidder, Kin, their Related Bodies Corporate, or any of the officers or employees of any of them, nor any persons named in this Bidder's Statement or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Disclaimer as to McPherson's information

The information in respect of McPherson's and McPherson's securities contained in this Bidder's Statement has been prepared by Bidder using publicly available information. Further, the information in this Bidder's Statement concerning McPherson's and the assets and liabilities, financial position and performance, profits and losses and prospects of the McPherson's Group has not been independently verified by Bidder. Accordingly, subject to the Corporations Act, Bidder does not make any representation or warranty (express or implied) as to the accuracy or completeness of any such information.

Further information relating to McPherson's business may be included in McPherson's Target's Statement which McPherson's must provide to McPherson's Shareholders in response to this Bidder's Statement.

Offers outside Australia — notice to overseas McPherson's Shareholders

This Bidder's Statement and the Offer has been prepared having regard to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Bidder's Statement and the Offer do not constitute an offer (whether to buy or sell securities) in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may, in some countries outside Australia, be restricted by law or regulation and persons who come into possession of this Bidder's Statement should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify Bidder outside Australia.

If you are not an Australian resident taxpayer or are liable for tax outside Australia, you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offer.

Privacy

Bidder has obtained your information from the McPherson's Register for the purpose of making this Offer and, if accepted, administering acceptances of the Offer in respect of your McPherson's Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Related Bodies Corporate and external service providers of Bidder and Kin, and may be required to be disclosed to regulators such as ASIC.

The registered address of Bidder is Level 16, 644 Chapel Street, South Yarra, Victoria.

Websites

McPherson's maintains a website at <https://www.McPhersons.com.au>. Information contained in or otherwise accessible through this website is not part of this Bidder's Statement. All references to this website in this Bidder's Statement are for information purposes only.

Effect of rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Estimates and assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Bidder and Kin Group management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Bidder, Kin Group or McPherson's in respect of which different exchange rates may have been, or may be, used.

Time

All references to time in this Bidder's Statement are to Sydney time.

Defined terms

Capitalised terms and certain abbreviations used in this Bidder's Statement have the defined meanings as set out in section 14. Section 14 also contains rules of interpretation that apply to this Bidder's Statement.

1 How to accept the Offer

You may sell your McPherson's Shares to Bidder on-market by offering to sell some or all of your McPherson's Shares on ASX at the Offer Price on and from the Announcement Date until the end of the Offer Period.

Evans and Partners Pty Ltd will stand in the market to acquire on behalf of Bidder all McPherson's Shares offered at the Offer Price during normal trading on ASX on and from the Announcement Date, as follows:

- if you hold your McPherson's Shares in an Issuer Sponsored Holding (your SRN starts with an "I"), to sell your McPherson's Shares to Bidder you must instruct any Broker to accept the Offer before the end of the Offer Period;
- if you hold your McPherson's Shares in a CHESS Holding (your HIN starts with an "X"), to sell your McPherson's Shares to Bidder you must instruct your Controlling Participant (for example, your Broker) to accept the Offer before the end of the Offer Period; or
- if you are a Broker or a Participant, to sell your McPherson's Shares to Bidder you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.
- if you are a beneficial owner of McPherson's Shares registered in the name of a broker, investment dealer, bank, trust company or other nominee, to sell your McPherson's Shares you should contact that nominee for assistance in accepting the Offer.

You are not required to complete any forms to accept the Offer.

If you have any further questions on how to accept the Offer, please call the Offer Information Line on 1300 038 212 (within Australia) or +61 2 8022 7915 (from outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days. Please note that calls to the above numbers may be recorded.

2 Key dates

Announcement Date	25 March 2021
Date of this Bidder's Statement	25 March 2021
Earliest date from which McPherson's Shareholders can sell their McPherson's Shares to Bidder	25 March 2021
Date of Offer	9 April 2021
Offer closes (unless extended or withdrawn)	4.00pm (Sydney time), 10 May 2021

3 Letter to McPherson's Shareholders

25 March 2021

Dear McPherson's Shareholder,

Offer for Your McPherson's Shares

I am pleased to present you with this offer (the **Offer**) to acquire your shares in McPherson's for \$1.34 cash per McPherson's Share (the **Offer Price**), which delivers you certain and immediate value for your McPherson's shares.

The Company is at a critical juncture and is in urgent need of reinvigoration across its strategy, governance and leadership.

McPherson's financial performance has been deteriorating, with sales revenue¹ and EBITDA² declining by 28.9% and 8.7%, respectively, over FY16 - FY20, and the negative trend continuing in the first half of FY21 (**1H FY21**). This worrying financial profile has been reflected in McPherson's share price, with the stock materially underperforming the All Ordinaries Index over both the past 12 months and the longer-dated 10-year period.

McPherson's raised \$45.9m³ from shareholders in October 2020, only to announce a profit downgrade and a significant decline in China export sales within ~1 month of the raising. This raises a number of red flags over the Board and Management's basic understanding of the business, particularly when coupled with a general lack of transparency around the future outlook of China sales and the sudden resignation of the CEO.

Moreover, we are concerned with McPherson's poor M&A track record, with a significant number of impairments made to businesses that have been acquired over the past 10 years. Of serious concern, McPherson's has recognised adjustments in 4 out of the 5 most recent financial years and has reported ~\$56.7m⁴ of impairments, inventory write-downs and restructuring costs over FY16 - 1H FY21. Given the Company's stated aim to explore further acquisitions in the future, this heightens the risk of further impairments and value destruction.

McPherson's requires an urgent turnaround. However, any turnaround will take time and will require management stability and enhanced capability. There is no guarantee of success and any return to sustainable growth in sales revenue and earnings is highly uncertain.

The Offer Price of \$1.34 cash per McPherson's Share represents a c. 9.84% premium to the close of \$1.22 per share on 24 March 2021,⁵ and the unconditional all-cash offer delivers certain and immediate value.

Importantly, accepting the Offer will remove exposure to the risks and uncertainties associated with continuing to hold McPherson's Shares, including (but not limited to):

- further deterioration in McPherson's financial performance, which may also impact dividend payouts;

¹ Refer to footnote 6.

² Refer to footnote 11.

³ Based on 25 November 2020 announcement "Results of Share Purchase Plan" which states \$36.5m completion of placement and \$9.4m completion of share purchase plan.

⁴ Refer to footnote 39.

⁵ Last trading day prior to Announcement Date.

- lack of stable, experienced leadership at a time of significant uncertainty;
- reliance on the Chinese market to drive sales growth;
- consistent 'one-off' impairments and other impacts reappearing in future periods;
- long and uncertain turnaround required with significant execution risk; and
- general market and liquidity risks associated with maintaining a shareholding in McPherson's.

How to accept

The Offer is unconditional. You are permitted to immediately sell some or all of your McPherson's Shares for 100% cash consideration at \$1.34 per share on market and will be paid cash 2 Trading Days after your acceptance.

More information

Full details of the Offer, the reasons you should accept and instructions on how to accept are set out in this Bidder's Statement.

If you have any questions about this document or the Offer generally, please contact the Offer Information Line on 1300 038 212 (within Australia) or +61 2 8022 7915 (outside Australia), or consult with your professional adviser.

For the reasons outlined above, and detailed in the Bidder's Statement, I strongly encourage you to accept this Offer which delivers you certain and immediate value for your McPherson's Shares.

Yours sincerely,



Nick Perkins
Director
Gallin Pty Ltd

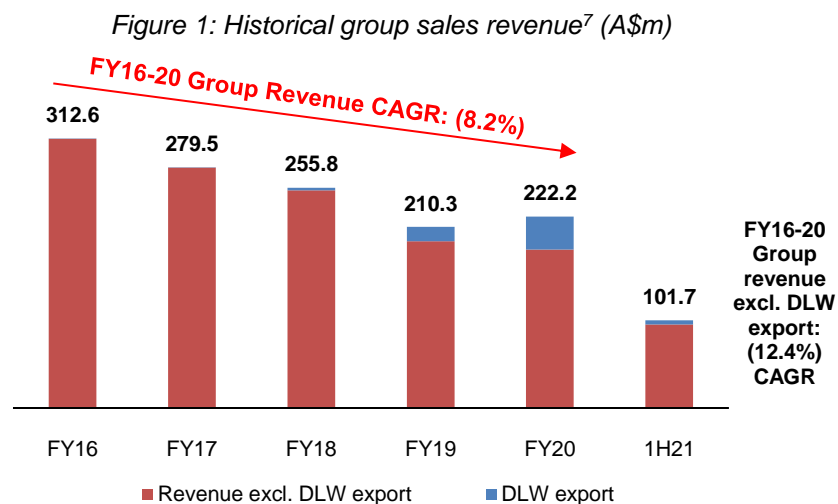
4 Why you should accept the Offer

1	McPherson's has a long history of declining revenue and earnings, and has failed to provide specific guidance on its future performance	Section 4.1
2	McPherson's share price has significantly underperformed the ASX All Ordinaries Index over the near term and long term	Section 4.2
3	Leadership instability and lack of transparency provides no confidence performance can be improved	Section 4.3
4	McPherson's poor M&A track record suggests further acquisitions will heighten risks to the business	Section 4.4
5	McPherson's is in need of a turnaround, which will take time and requires management stability and enhanced capability. Therefore, sustainable growth in revenue and earnings is highly uncertain	Section 4.5
6	100% cash consideration: certain and immediate value at an attractive price	Section 4.6
7	McPherson's share price may fall after the Offer closes	Section 4.7

4.1 McPherson's has a long history of declining revenue and earnings, and has failed to provide specific guidance on their future performance

(a) Sales revenue in decline

McPherson's sales revenue has declined by 28.9% (or 8.2% CAGR) over FY16 - FY20, as illustrated below.⁶



Dr. LeWinn's (**DLW**) has been a recent success story for McPherson's. However, the brand has been heavily reliant on sales into China, and future growth is uncertain.

- For the six months to 31 December 2020 export revenue from Dr. LeWinn's was only \$4.8m and had declined by c.65% from \$13.9m in 1H FY20.⁸
- Fall in export sales revenue has driven a \$4.8m⁹ reduction in underlying profit before Tax in 1H FY21 compared to 1H FY20.

Excluding sales revenue contribution from Dr. LeWinn's export sales (primarily to China), McPherson's sales revenue would have declined by 12.4%¹⁰ CAGR over FY16 - FY20. This sharp decline highlights the continued weakness of McPherson's other businesses and its previous reliance on export to China for revenue growth (which is now also currently facing headwinds).

⁶ FY16 - FY20 sales revenue figures based on page 12 of FY20 McPherson's Annual Report, which includes both continuing and discontinued operations.

⁷ Group sales revenues for FY 16 - FY20 are based on page 12 of FY20 Annual Report. DLW export sales revenue for FY16-20 is based on page 7 of FY20 results presentation. 1H FY21 Group sales revenue is based on page 7 of 1H21 Results Release Presentation, 1H FY21 DLW export sales revenue is based on the 1H FY20 DLW export sales revenue of \$13.9m (1H FY20 results presentation page 7), minus the 1H FY21 \$9.1m decline in DLW export sales revenue (1H FY21 results presentation page 9).

⁸ \$4.8m is calculated based on the 1H FY20 DLW export sales revenue of \$13.9m (1H FY20 results presentation page 7), minus the 1H FY21 \$9.1m decline in DLW export sales (1H FY21 results presentation page 9).

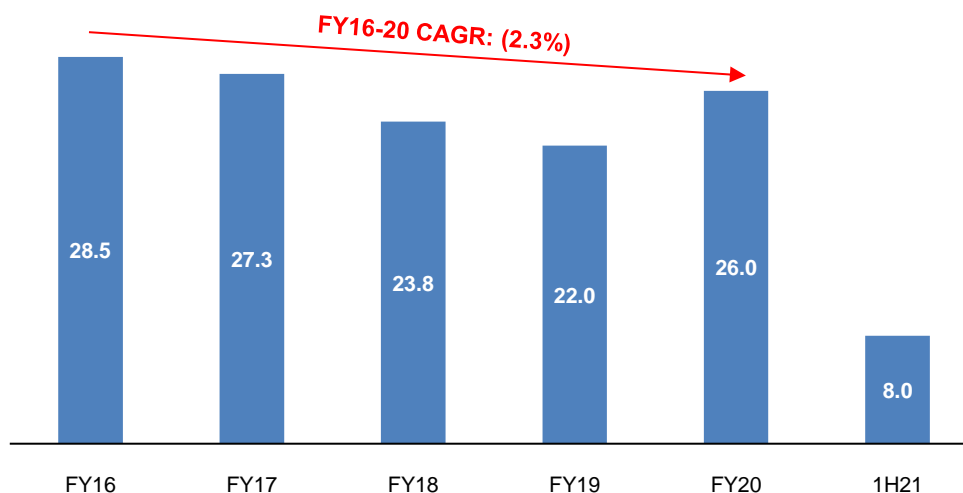
⁹ Based on page 10 of the 1H FY21 Results presentation announcement as of 17 February 2021.

¹⁰ Represents decline of statutory revenue excluding DLW export sales. Based on page 12 of FY20 Annual Report and DLW export sales revenue is on page 7 of FY20 results presentation.

(b) EBITDA in decline

The decline in revenue is reinforced by reduction in earnings. McPherson's EBITDA, on a pre-impairment and pre-AASB16 basis has reduced by 8.7% (or 2.3% CAGR) over FY16 - FY20.

Figure 2: EBITDA pre-impairments¹¹ (pre-AASB16) (A\$m)



(c) Disappointing results for Half Year 31 December 2020 ("1H FY21") and no specific guidance for FY21

McPherson's results for 1H FY21 shows that most financial metrics, disclosed by McPherson's, have performed materially below the prior comparison period. The underlying EBIT and underlying PBT are down 14.5% and 15.9% respectively.

Table 1: 1H FY21 Underlying and statutory results, compared to 1H FY20 (A\$m)¹²

	Prior Comparison Period		H1 FY21	H1 FY20
Underlying Sales Revenue	DOWN	(4.1%)	101.7	106.0
Underlying EBIT	DOWN	(14.5%)	7.7	9.0
Underlying Profit Before Tax	DOWN	(15.9%)	7.1	8.5
Underlying Profit After Tax	DOWN	(19.2%)	4.6	5.7
Statutory Profit Before Tax	DOWN	(81.1%)	1.6	8.5
Statutory Profit After Tax	DOWN	(79.7%)	1.2	5.7

Of most concern, McPherson's has been unable to provide any clarity on future performance, citing the difficulty in forecasting demand in China, and has withdrawn its specific guidance for FY21 but notes ***"it remains likely that underlying profit before tax and earnings per share for 2H FY21 and FY21 will be materially below 2H FY20 and FY20"***.¹³

¹¹ On a pre-AASB16 basis, based on McPherson's disclosed EBITDA, FY20 EBITDA adjusted for estimated AASB-16 impact based on repayment of lease liabilities (\$3.767m) (page 64 of FY2020 Annual Report) and lease interest expense (\$0.503m) (page 86 of FY2020 Annual Report). Estimated AASB16 adjustment for 1H FY21 includes repayment of lease liabilities (\$2.116m) and estimated lease interest expense (\$0.209m), based on the weighted average incremental borrowing rate of 5.67% (page 66 of FY2020 Annual Report) applied to the average lease liabilities of \$7.386m between lease liabilities as at 30 June 2020 (page 62 FY20 Annual Report) and 31 December 2020 (page 8 1H FY21 Appendix 4D).

¹² Based on McPherson's disclosed underlying and statutory financials as per page 2 of the 1H FY21 results release.

¹³ As per McPherson's announcement on page 4 of the 1H FY21 results release on 17 February 2021.

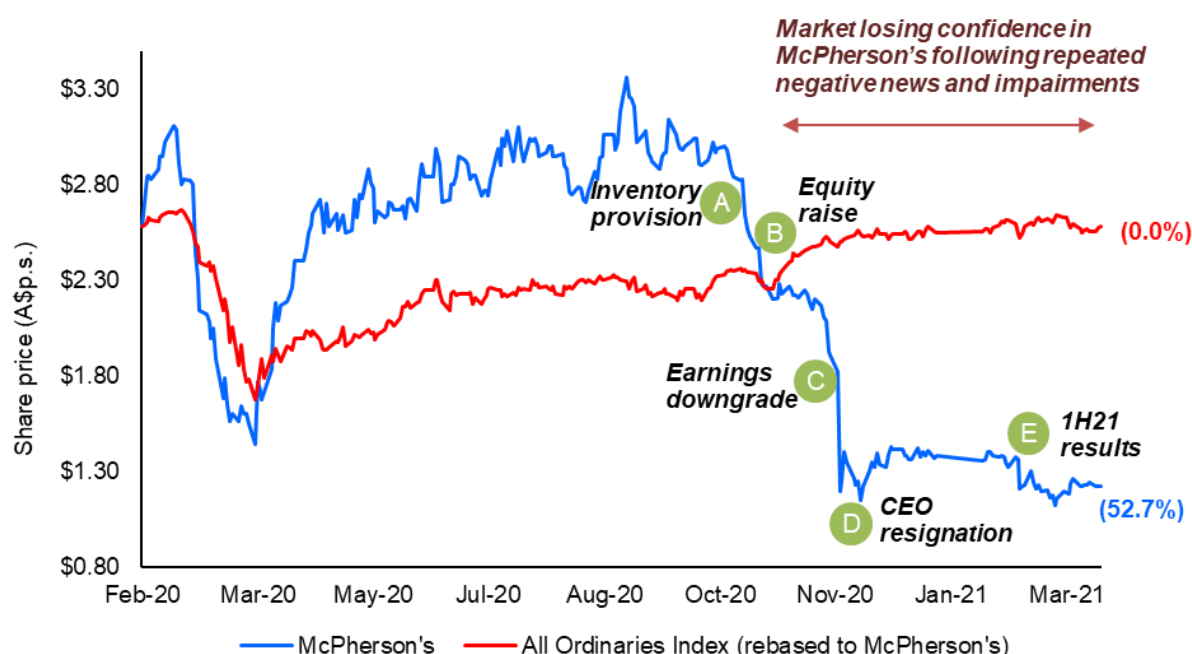
4.2 McPherson's share price has significantly underperformed the ASX All Ordinaries Index over the near term and long term

(a) Material share price decline since February 2020

Following a prolonged period of share price under performance, McPherson's share price elevated from July 2019 due primarily to the strong performance of Dr. LeWinn's, as well as due to A'kin performance and completion of four strategic investments.

However, as noted below in Figure 3, this positive momentum was arrested from October 2020 as McPherson's made a number of disappointing disclosures, including the significant decline in Dr. LeWinn's export performance which underpinned a profit downgrade for 1H FY21. In addition, McPherson's fully impaired the value of its A'kin and Moosehead brands, and impaired two of the four aforementioned strategic investments.¹⁴

Figure 3: McPherson's share price performance vs. All Ordinaries Index (Since Feb 20)¹⁵



¹⁴ In relation to the four strategic investments announced per page 1 of McPherson's preliminary FY19 results release, of which Kotia and Aware group have been impaired.

¹⁵ IRESS price data overlaid with selected McPherson's announcements listed below the chart. Share price shown from 3 February 2020 as of 24 March 2021. As permitted by ASIC Class Order 07/429, this figure contains ASX share price trading information sourced from IRESS without its consent.

Key recent announcements:

- A. *20 October 2020*: Q1 FY21 trading update which included the announcement of a \$5.7m inventory provision related to hand sanitisers.¹⁶
- B. *27 October 2020*: \$27m acquisition of Global Therapeutics, \$36.5m institutional placement at \$2.27 per share (vs share price of \$1.22 on 24 March 2021¹⁷) and up to \$10m share purchase plan.¹⁸
- C. *1 December 2020*: Trading update (provided only 35 days after equity raise) detailing, amongst other things Dr. LeWinn's performance significantly below expectation, 1H FY21 earnings downgrade and withdrawal of specific full year guidance. **This indicates McPherson's significant lack of control, governance and understanding of their business, and has accelerated loss of market confidence in the company.**¹⁹
- D. *10 December 2020*: Resignation of CEO Laurie McAllister (no reasons provided based on the announcement) and appointment of Grant Peck (non-executive Director) as Interim CEO.²⁰
- E. *17 February 2021*: Release of 1H FY21 results, highlighting further underperformance and uncertainty surrounding Chinese export sales, and Global Therapeutics' ~\$1.2m sales revenue for the first month under McPherson's ownership, well below actual FY20 sales revenue of \$19.5m on a run-rate basis.²¹

McPherson's share price prior to October 2020 is not an appropriate benchmark for value today. Its share price performance prior to October 2020 was heavily leveraged to brands including Dr. LeWinn's, A'kin and its strategic investments. Many of these aspects, particularly Dr. LeWinn's exports to China, have since disappointed and there remains material uncertainty as to future performance which may continue to impact the McPherson's share price.

¹⁶ Based on page 1 of the 1H FY21 trading update released on 20 October 2020.

¹⁷ Last trading day prior to lodgment of this Bidder's Statement.

¹⁸ Based on the 20 October 2020 ASX announcement "Global Therapeutics Acquisition & Equity Raise".

¹⁹ 35 days between 27 October 2020 and 1 December 2020. "McPherson's Trading Update" ASX announcement on 1 December 2020.

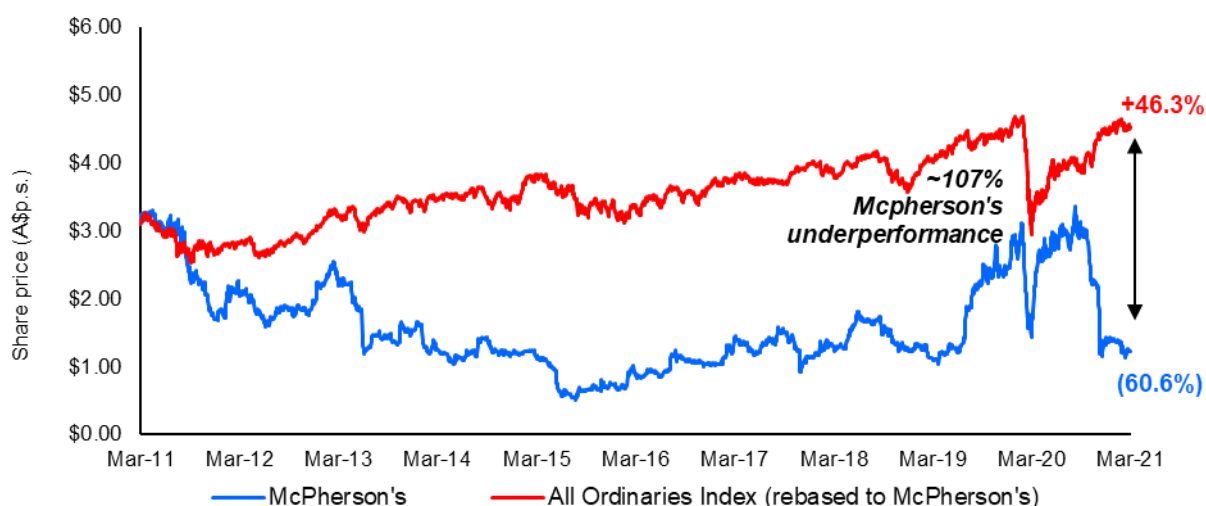
²⁰ Based on page 1 of the 10 December 2020 ASX announcement "McPherson's CEO Change".

²¹ \$1.2m revenue is based on page 1 of the 1H FY20 Appendix 4D released on 17 February 2021 and FY20 actual sales revenue of \$19.5m is based on page 15 of the "Equity Raising Presentation" released on 27 October 2020.

(b) Long history of underperformance compared to ASX All Ordinaries Index

The McPherson's share price over the last 10 years has significantly underperformed the ASX All Ordinaries Index by ~107%, as illustrated in Figure 4 below.

Figure 4: McPherson's share price performance vs. All Ordinaries Index to 24 March 2021²²



4.3 Leadership instability and lack of transparency provides no confidence performance can be improved

(a) Significant leadership instability and inexperience

Grant Peck's appointment as Interim CEO represents the third CEO McPherson's has had in the past 5 years (with potential for a fourth shortly),²³ demonstrating instability in the Company's leadership and the inherent risks in delivering upon strategy and financial performance.

Grant Peck does not appear to have the required skills and experience to lead the Company through these turbulent times:

- no previous experience running an ASX-listed public market company;²⁴ and
- limited experience in the health, wellness and beauty products sector, with a large part of his career spent in the food and beverages industry.²⁵

(b) Lack of transparency raises a number of red flags over the Board and management's understanding of the business

Bidder is concerned with McPherson's lack of transparency surrounding various recent material events, and believes they raise critical questions regarding disclosure and the Board and management's understanding of the business:

²² IRESS closing price data shown from 24 March 2011 to 24 March 2021.

²³ Based on McPherson's announcements - 22 August 2016 (Paul Maguire retires and Laurie McAllister appointed) and 10 Dec 2020 (Laurie McAllister resigns and Grant Peck appointed as interim CEO).

²⁴ Based on Grant W. Peck's biography as per the page 32 of the FY20 Annual Report.

²⁵ Based on Grant W. Peck's biography as per the page 32 of the FY20 Annual Report.

- **No clarity with respect to its China operations** – McPherson's cites COVID-19 as a reason for the poor performance in the 11/11 sales event and Q4 CY2020, but is unable to provide confidence on the potential turn-around of the brand.

Despite Access Brand Management (**ABM**), McPherson's joint venture partner in China, on 1 December 2020 forecasting sales growth of 40-50% in Dr. LeWinn's to its reseller community in CY2021,²⁶ there remains significant uncertainty and lack of clarity in relation to Dr. LeWinn's China export performance.

Given the completion of the Women's Day shopping event in China (8 March 2021), we would expect McPherson's to provide an update as to current performance in this crucial market segment.

- **Lack of transparency surrounding the sudden resignation of previous CEO, Laurie McAllister** – concerning, no reason was provided, and the timing is at odds with the insistence that the profit downgrade delivered on 1 December 2020 (~1 month post the equity issuance) was as a result of externalities in the China export market.

Bidder believes the sustained underperformance and recent headwinds, instability in the crucial leadership position of CEO, and lack of transparency and clarity only further increases the risk of McPherson's performance deteriorating and therefore increases the risk to McPherson's shareholders.

4.4 McPherson's poor M&A track record suggests further acquisitions will present risk to the business

McPherson's has clearly demonstrated a poor track record of M&A execution, having impaired 5 out of 8 acquisitions and equity investments, made over the past 10 years (includes investments that are greater than \$3m only).²⁷

Table 2: McPherson's acquisitions since FY11 and their relative impairments (excl. acquisition and investment for less than \$3.0m)

Date acquired/invested	Business	Amount invested ²⁸ (\$m)	Amount impaired (\$m)
30 November 2020	Global Therapeutics ²⁹	\$27.5m	
FY20	Aware Group ³⁰ (10.7% equity investment)	\$6.0m	\$4.0m

²⁶ Based on page 1 of "McPherson's Trading Update" released on 1 December 2020.

²⁷ Based on review of Business Combination, Acquisitions and Investment in Joint Ventures sections of the Notes to and forming part of the Financial Statements section of Annual Reports over FY11-20, and Appendix 4D for 1H FY21, excludes acquisitions, equity investments and investment in joint ventures that are less than \$3m.

²⁸ Includes potential contingent consideration at the time of acquisitions.

²⁹ Based on page 1 of 1H FY21 Appendix 4D, as of 17 February 2021.

³⁰ Based on page 3 of the FY20 results release as of 19 August 2020, the amount invested includes conversion of the \$3m convertible notes in Aware to equity and an additional \$3m equity investment. Impairment is based on page 3 of the 1H FY21 Appendix 4D as of 17 February 2021.

Date acquired/invested	Business	Amount invested ²⁸ (\$m)	Amount impaired (\$m)
1 December 2014	A'kin, Al'chemy and Lapurete ³¹	\$8.1m	\$7.3m
31 October 2013	Dr. LeWinn's and Revitanail ³²	\$19.6m	\$6.9m related to Revitanail brand
1 July 2013	Maseur ³³	\$5.3m	
7 March 2013 (initial 82.21%) and 6 July 2015 (remaining 17.79%)	Home Appliances ³⁴	\$27.0m	\$6.4m in FY18 and \$5.0m in FY17
1 August 2012	Footcare International ³⁵	\$8.1m	
20 January 2012	Cosmex International ³⁶ (Moosehead and Davinci brands)	\$5.8m	Moosehead - \$1.2m
Total (excl. Global Therapeutics)		~\$79.8m	~\$30.8m 5 out of 7 impaired
Total (incl. Global Therapeutics)		~107.4m	~\$30.8m 5 out of 8 impaired

³¹ Based on page 80 of FY15 Annual Report, impairment based on page 12 of the FY20 Annual Report.

³² Based on page 88 of the FY14 Annual Report, amount invested includes contingent considerations, impairment based on page 69 of the FY17 Annual Report.

³³ Based on page 87 of the FY14 Annual Report.

³⁴ Based on page 81 of the FY13 Annual Report, includes contingent considerations, impairments based on pages 62 and 69 of the FY18 and FY17 Annual Reports, respectively.

³⁵ Based on page 80 of the FY13 Annual Report, includes contingent considerations.

³⁶ Based on page 72 of the FY12 Annual Report, impairment based on page 17 of the FY20 Annual Report.

Furthermore, following McPherson's acquisition of Global Therapeutics on 27 October 2020, the business has delivered only \$1.2m³⁷ of sales revenue in December 2020, implying annualised run-rate of ~\$14.1m which is below the FY20 actual sales revenue of \$19.5m.³⁸ It is unclear as to how Global Therapeutics is currently performing and whether it is now meeting prior expectations, or whether it too is at risk of impairment.

Despite its poor track record, McPherson's has guided that the Company will continue to explore further accretive acquisitions in the health, wellness and beauty space over the medium to long term. There is real risk that this could lead to more future impairments and shareholder value destruction.

Moreover, since FY 16 McPherson's has reported total impairment of goodwill, brand value and investments, inventory write-downs and restructuring costs of ~\$56.7m.³⁹

This consistent need for one-off adjustments to earnings demonstrates a poor track record in acquisition and operational management. The risk of these consistent "one-offs" reappearing creates further pressure on McPherson's earnings outlook and shareholder price performance.

4.5 McPherson's is in need of a turnaround, which will take time and requires management stability and enhanced capability. Therefore sustainable growth in sales revenue and earnings is highly uncertain

McPherson's is at a critical juncture, with sales revenue and EBITDA (refer to section 4.1 of the bidder statement) declining over the past 5 years, with there being significant management instability and disruption, and with uncertainty over its key growth market, China.

Kin Group believes a deep operational review of the business will be required, before a strategy can be employed to arrest decline in financial performance and return the business to growth.

McPherson's operates in a highly competitive industry and there can be no assurance on the success of any turn-around, requirement of any additional capital (including equity), and the timeframe to achieve a turnaround.

³⁷ Sales revenue for the period of 1 December 2020 to 31 December 2020, based on page 1 of McPherson's 1H FY21 Appendix 4D.

³⁸ \$1.2m revenue is based on page 1 of the 1H FY20 Appendix 4D as of 17 February 2021 and revenue of \$19.5m on run-rate basis is based on page 15 of the "Equity Raising Presentation" released on 27 October 2020.

³⁹ On a pre-tax basis based on review of the significant items section of the FY16 to 1H FY21 financial reports and financial reports media release. Includes impairment of intangibles and investments, inventory write-down and restructuring costs. \$42.7m in impairments of intangibles and investments, \$6.1m in inventory write-downs and \$7.9m in restructuring costs.

4.6 100% cash consideration: certain and immediate value at an attractive price

The Offer Price represents an attractive premium to McPherson's historical trading prices, as illustrated by Figure 5.

Figure 5: Offer premium relative to recent trading prices⁴⁰



This Offer is **unconditional**. This means you can sell any or all of your McPherson's Shares for 100% cash consideration at \$1.34 per share on market immediately and be paid cash two Trading Days after your acceptance.

If you remain a shareholder in McPherson's, the future value of McPherson's Shares would be exposed to a number of risks including:

- further deterioration in McPherson's financial performance, which may also impact dividend payouts;
- lack of stable, experienced leadership at a time of significant uncertainty;
- reliance on the Chinese market to drive sales growth;
- consistent 'one-off' impairments and other impacts reappearing in future periods;
- long and uncertain turnaround required with significant execution risk; and
- general market and liquidity risks associated with maintaining a shareholding in McPherson's.

As a result, McPherson's shareholders may find it difficult to realise a cash return for their McPherson's Shares at an amount of \$1.34 or above in the absence of accepting the Offer.

If you wish to sell only some (and not all) of your McPherson's Shares, you are permitted to do so.

Page 6 of this Bidder's Statement provides instructions on how you may accept the Offer.

The offer is not subject to any financing or due diligence conditions.

4.7 McPherson's share price may fall after the Offer closes

As at the date of this Bidder's Statement, no other party has announced an offer to acquire all of McPherson's Shares or any alternative control transaction.

If no other offers are made for the Shares, McPherson's share price may fall below the Offer Price after the Offer closes.

5 Frequently asked questions

You may have questions in relation to the offer. The following set of questions and answers is intended to assist in your understanding of the Offer. They are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

Question	Answer
What is the Offer?	Bidder is making an on-market, unconditional cash offer to acquire your McPherson's Shares at \$1.34 cash per McPherson's Share, on the terms set out in this Bidder's Statement.
When can I sell my McPherson's Shares?	<p>You can sell your McPherson's Shares on-market to Bidder immediately.</p> <p>Evans and Partners Pty Ltd will stand in the market on behalf of Bidder and purchase all McPherson's Shares offered to it at the Offer Price from the Announcement Date until 10 May 2021, being the date the Offer is scheduled to close (unless extended or withdrawn in accordance with the Corporations Act).</p>
What is the Bidder's Statement?	This Bidder's Statement has been prepared by Bidder for distribution to McPherson's Shareholders. It contains information about the Offer and other information relevant to your decision whether to accept the Offer.
Who is Bidder?	<p>The Bidder is Gallin Pty Ltd (ACN 648 845 738) and has been incorporated specifically for the purpose of acquiring an interest in McPherson's Shares, including those pursuant to the Offer.</p> <p>All of the shares in Bidder are owned by Bennamon Pty Ltd, which is wholly owned by Kin Group, which is ultimately controlled by the Geminder family.</p>
Can I sell part of my shareholding?	<p>Yes.</p> <p>You may sell some or all of your McPherson's Shares. You are able to choose the number of McPherson's Shares you wish to sell until the end of the Offer Period.</p>
If I accept the Offer, when will I receive consideration for my McPherson's Shares?	The usual rules for settlement of transactions which occur on-market on ASX will apply to Bidder's purchase of McPherson's Shares on-market. This means that, if you accept the Offer, you will be paid cash on a T+2 basis (being 2 Trading Days after your acceptance).
When does the Offer close?	The Offer closes at 4.00pm (Sydney time) on 10 May 2021, unless it is extended or withdrawn under the Corporations Act.

Question	Answer
Can the Offer Period be extended?	<p>Yes, Bidder may, at its discretion and in accordance with the Corporations Act, extend the Offer Period.</p> <p>The Offer Period will be automatically extended by law if Bidder's voting power in McPherson's increases to more than 50% during the last seven days of the Offer Period. In this case, the Offer Period will end on the 14th day after Bidder's voting power in McPherson's increases to more than 50%.</p> <p>Bidder may extend the Offer Period in its discretion at any time prior to the last five Trading Days of the Offer Period or in certain limited circumstances at any time prior to the end of the Offer Period (subject to compliance with the law).</p>
What are the conditions to the Offer?	The Offer is not subject to any conditions.
Where to go if I have questions?	If you have questions in relation to the Offer, please contact your Broker or legal, financial or professional adviser. You can also contact the Offer Information Line on 1300 038 212 (within Australia) or +61 2 8022 7915 (from outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.
Will I need to pay brokerage, stamp duty or GST on acceptances?	<p>There will be no stamp duty or GST payable by you on the transfer of your McPherson's Shares pursuant to the Offer (other than GST payable by you to your Broker in respect of brokerage fees charged to you).</p> <p>As the Offer is taking place by way of an on-market takeover bid, the Offer will be made during trading hours on ASX. McPherson's Shareholders who accept the Offer may only do so through Brokers or Controlling Participants who are members of ASX. You should ask your Broker or Controlling Participant if any fees or charges will apply. Any fees or other charges of such Brokers or Controlling Participants will be the sole responsibility of the accepting McPherson's Shareholder.</p> <p>Bidder will bear its own brokerage on transfers of McPherson's Shares acquired through acceptances of the Offer.</p>
How do I accept the Offer?	<p>The Offer can only be accepted by selling some or all of your McPherson's Shares on ASX through your Broker to Evans & Partners Pty Ltd, acting on behalf of Bidder, before the end of the Offer Period.</p> <p>You are not required to complete any forms to accept the offer.</p> <p>Depending on the nature of your holding, you may accept the Offer in the following ways:</p>

Question	Answer
	<ul style="list-style-type: none"> • If your McPherson's Shares are in an Issuer Sponsored Holding (SRN beginning with "I"): Instruct any broker to accept the Offer before the end of the Offer Period. • If your McPherson's Shares are in a CHESS Holding (HIN beginning with "X"): Instruct your Controlling Participant (usually your broker) to accept the Offer on your behalf before the end of the Offer Period. • If you are a Broker or an ASX Settlement Participant: Acceptance of the Offer must be initiated in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period. • Beneficial owners of McPherson's Shares: If you are a beneficial owner of McPherson's Shares registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.
What will happen if I don't accept the Offer?	If you do not accept the Offer, you will retain your McPherson's Shares and will not receive the Offer Price.
What are the tax consequences of accepting the Offer	<p>A general summary of the Australian tax consequences of accepting the Offer is set out at section 12 of this Bidder's Statement. You should not rely on that summary as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice applicable to your circumstances before making a decision as to whether or not to accept the Offer for your McPherson's Shares.</p>
What if I have further questions or require further information in relation to the Offer?	<p>If you have any questions in relation to the Offer, please contact the Offer Information Line on 1300 038 212 (within Australia) or +61 2 8022 7915 (from outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.</p> <p>Please note that calls to the above numbers may be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of Bidder, Kin Group or its advisers.</p>
What will holders of McPherson's Performance Rights receive?	<p>The Offer will not extend to the acquisition of any Performance Rights (or any other securities that confer rights to be issued McPherson's Shares).</p> <p>See section 9.3 for further details.</p>

Question	Answer
Will the McPherson's Performance Rights vest?	<p>Under the McPherson's Limited Performance Rights Plan, the Board may determine that Performance Rights have vested and may be exercised, whether or not any or all of the exercise conditions have been satisfied, in certain circumstances including:</p> <ul style="list-style-type: none"> • if a takeover bid is made in respect of McPherson's and the Board recommends acceptance by shareholders; • any event above involving a change in ownership or control of McPherson's or all or substantial part of the assets of the McPherson's; or • any other event as determined by the Board in its absolute discretion. <p>Whether or not unvested Performance Rights will vest and may be exercised is subject to Board discretion. Bidder would not expect McPherson's Board to exercise such discretion in circumstances where Bidder has a relevant interest in less than 50% of McPherson's Shares.</p> <p>Bidder reserves its rights to withdraw unaccepted Offers if the McPherson's Board exercises this discretion before Bidder has acquired voting power in more than 50.1% of the McPherson's Shares. We expect that McPherson's will confirm its intention regarding the exercise of any discretion in its Target's Statement.</p>
Can Bidder withdraw the Offer?	<p>Bidder may withdraw the Offer in respect of any Offers that are unaccepted at any time:</p> <ul style="list-style-type: none"> • with the written consent of ASIC and subject to the conditions (if any) specified in such consent; • where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence Bidder's voting power in McPherson's is at or below 50%; or • upon the occurrence of an Insolvency Event in relation to McPherson's (regardless of the Bidder's voting power in McPherson's). <p>Notice of withdrawal of the Offer must be given by Bidder to ASX.</p>

Important notice

The information in this section 5 is a **summary only** of the Offer and is qualified by the detailed information set out elsewhere in the Bidder's Statement.

You should read the entire Bidder's Statement and the Target's Statement before deciding whether to accept the Offer.

6 Details of the Offer

6.1 The Offer – on-market takeover bid

Bidder will make the Offer pursuant to an on-market takeover bid to purchase all McPherson's Shares on issue and listed for quotation on ASX or to be issued and listed during the Offer Period (excluding all McPherson's Shares in which Bidder has a relevant interest) for \$1.34 cash per share on the terms and conditions set out in this Bidder's Statement.

While the Offer is for all McPherson's Shares, if a McPherson's Shareholder wishes to sell some (and not all) of their McPherson's Shares, the McPherson's Shareholder is permitted to do so.

Bidder has appointed Evans and Partners Pty Ltd (ABN 85 125 338 785), to act as broker and accept McPherson's Shares offered to it at the Offer Price until the end of the Offer Period.

6.2 Offer Price

The Offer Price is \$1.34 for each McPherson's Share.

6.3 No conditions

The Offer is not subject to any conditions.

6.4 Performance Rights

The Offer will not extend to the acquisition of any Performance Rights (or any other securities that confer rights to be issued McPherson's Shares).

However, the Offer will extend to all McPherson's Shares that are issued and listed for quotation on ASX at any time during the Offer Period as a result of the vesting or exercise of any Performance Rights (or any other securities that confer rights to be issued McPherson's Shares).

6.5 How the Offer will be made

Evans and Partners Pty Ltd, on behalf of Bidder, will stand in the market and purchase all McPherson's Shares offered to it for sale on ASX at the Offer Price from the time trading in McPherson's Shares commences on the Announcement Date, on the same terms of the Offer.

6.6 Persons to whom the Offer is made

The Offer is open to all holders of McPherson's Shares which Bidder does not have a relevant interest in.

6.7 Offer Period

The Offer will officially commence at the start of trading on ASX on 9 April 2021 and will end at the close of trading on ASX on 10 May 2021 (unless extended or withdrawn in accordance with the Corporations Act).

From the time trading in McPherson's Shares commences on the Announcement Date, Evans and Partners Pty Ltd will stand in the market to acquire on behalf of Bidder all McPherson's Shares offered to it at the Offer Price, prior to the commencement of the Offer Period.

6.8 Extension of Offer Period

Bidder may, at its discretion and in accordance with the Corporations Act, extend the Offer Period.

The Offer Period will be automatically extended by law if Bidder's voting power in McPherson's increases to more than 50% during the last seven days of the Offer Period. In this case, the Offer Period will end on the 14th day after Bidder's voting power in McPherson's increases to more than 50%.

Bidder may extend the Offer Period in its discretion at any time prior to the last five Trading Days of the Offer Period or in certain limited circumstances at any time prior to the end of the Offer Period (subject to compliance with the law).

6.9 Payment Date

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of Bidder's purchase of McPherson's Shares on-market. This means that if you accept the Offer, you will be paid on a T+2 basis (being 2 Trading Days after your acceptance).

6.10 Brokerage and other costs

As the Offer by Bidder is pursuant to an on-market takeover bid, the Offer will be made during normal trading on ASX. Accepting McPherson's Shareholders may only accept the Offer through Brokers who are members of ASX. Any brokerage fees charged by such Brokers will be the sole responsibility of the accepting McPherson's Shareholder.

Bidder will bear its own brokerage fees on transfers of McPherson's Shares acquired through acceptances of the Offer.

No stamp duty or GST will be payable by you on the transfer of McPherson's Shares pursuant to the Offer (other than GST payable to your Broker in respect of brokerage fees charged to you).

6.11 Withdrawal of Offer

Bidder may withdraw the Offer in respect of any Offers that are unaccepted at any time:

- with the written consent of ASIC and subject to the conditions (if any) specified in such consent;
- where a Prescribed Occurrence occurs, if at the time of the Prescribed Occurrence Bidder's voting power in McPherson's is at or below 50%; or
- upon the occurrence of an Insolvency Event in relation to McPherson's (regardless of the Bidder's voting power in McPherson's).

Notice of withdrawal of the Offer must be given by Bidder to ASX.

6.12 Variation of Offer

Bidder may vary the Offer in accordance with the Corporations Act. If a McPherson's Shareholder has sold its McPherson's Shares prior to any such variation, that McPherson's Shareholder will not receive any benefit from the variation.

6.13 Jurisdiction

The Offer and any contract that results from a McPherson's Shareholder's acceptance of the Offer are governed by the laws of New South Wales.

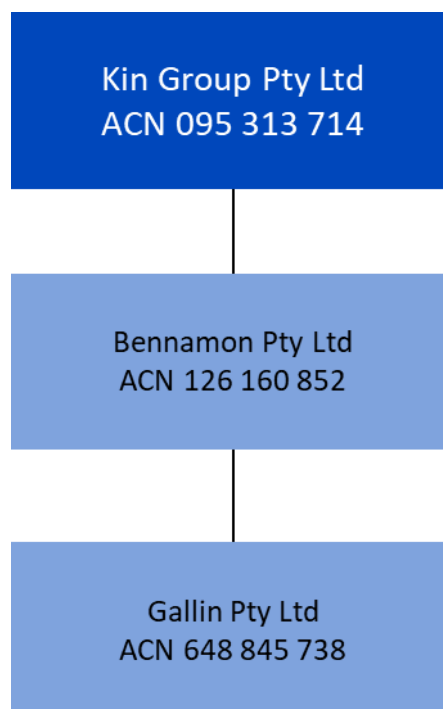
7 Information on Bidder and the Kin Group

7.1 Overview

Bidder has been incorporated specifically for the purpose of acquiring an interest in McPherson's Shares, including those acquired pursuant to the Offer.

Bidder is wholly-owned by Bennamon Pty Ltd, which is in turn wholly owned by Kin Group. Kin Group is owned by Salvage Pty Ltd, which is a trustee company for the Geminder family trust.

Mr Raphael Geminder is a director of Bidder and Bidder is ultimately controlled by the Geminder family. The chart below sets out the ownership structure of Bidder.



Kin is a diversified, global, long-term focused investor ultimately controlled by the Geminder family with offices in Melbourne, Australia and New York City, USA.

Kin Group, led by experienced investment professionals, focuses on long-term strategic investments in a variety of industries, including packaging, discount retail, food and beverage businesses and property. Kin Group seeks to add value to companies in which it invests with its expertise and knowhow.

Kin Group's more significant interests in publicly listed companies include:

(a) **Pact Group Holdings Limited (ASX:PGH)**

Pact Group Holdings Limited (**Pact Group**) is the largest manufacturer of rigid plastic packaging products in Australasia with a growing presence in Asia, operating more than 110 manufacturing sites and 6,000 employees.

Pact Group's principal activities are the conversion of plastic resin and steel into rigid packaging and other products that service customers in various sectors, including food and beverage,

personal care, household consumer, industrial and chemical, and materials handling and infrastructure.

It also provides a range of services, including contract manufacturing, filling and packing, and a range of sustainability, recycling and environmental services.

In FY20 Pact Group had sales revenue of \$1.81 billion and EBITDA of \$302 million. Pact Group's vision is to lead the circular economy through reuse, recycling and packaging solutions.

More information on Pact Group can be sourced from <https://pactgroup.com/>.

Kin Group's shareholding in Pact Group is 44.26%.

(b) Pro-Pac Packaging Limited (ASX:PPG)

Pro-Pac Packaging Limited (**Pro-Pac**) Pro-Pac is engaged in the manufacture and distribution of flexible packaging, industrial packaging & protective supplies, and rigid packaging products. Pro-Pac is Australia's largest manufacturer of industrial, agricultural and horticultural flexible film. Pro-Pac has over 850 employees with sites located through Australia, New Zealand, Asia and Canada. In FY20 Pro-Pac had sales revenue of \$478.2 million and EBITDA of \$46.4 million.

More information on Pro-Pac can be sourced from <https://www.ppgaust.com.au/>

Kin Group's shareholding in Pro-Pac is 51.6%.

(c) The Reject Shop Limited (ASX:TRS)

The Reject Shop Limited (**The Reject Shop**) operates 355 retail discount stores across Australia employing 5,300 staff. The Reject Shop's vision is 'helping Australians save money [on] every day [goods]'. In FY20 The Reject Shop had sales revenue of \$820 million and EBITDA of \$123.4 million.

More information on The Reject Shop can be sourced from <https://www.rejectshop.com.au/>.

Kin Group's shareholding in The Reject Shop is 19.34%.

7.2 Directors

As at the date of this Bidder's Statement, the directors of Bidder are:

Raphael Geminder

Raphael Geminder has over 30 years executive and investment experience in private and public companies throughout Australia and globally. Raphael founded Kin Group, a diversified, long-term and focused investment group in 2000 and it has since executed numerous investments in a range of industries and regions. Raphael founded Pact Group Limited (ASX: PGH) in 2002 and currently serves as its Executive Chairman. Prior to this, Raphael was the co-founder and Chairman of Visy Recycling, growing it into the largest recycling company in Australia. Raphael was appointed Victoria's first Honorary Consul to the Republic of South Africa in July 2006. He also holds a number of other advisory and board positions. Raphael holds a Master of Business Administration in Finance from Syracuse University, New York.

Nicholas Perkins

Nicholas Perkins is the Managing Director of Kin Group, located in Melbourne. Since 2003, Nicholas has worked in various roles within Kin Group and its subsidiary businesses. Nick is a non-executive director on the board of The Reject Shop and sits on the boards of a number of portfolio investments spanning Kin Group's packaging, food and beverage and property portfolios. Nick has significant experience in consumer businesses and has spent 20+ years in a variety of executive functions within the manufacturing and consumer sectors. Nick holds a Bachelor of Arts and a Bachelor of Laws degree from the University of Melbourne and is a Graduate of the Australian Institute of Company Directors.

Joel Cohen

Joel Cohen is the Finance and Investment Director of Kin Group, with more than 30 years association with the Geminder family. During this period, Joel has held various senior finance roles drawing upon his extensive experience and knowledge across a wide range of financial disciplines. He is CPA qualified and holds a Bachelor of Commerce from the University of Auckland.

8 Information on McPherson's

8.1 Important information

The following information about McPherson's is based on publicly available information and has not been independently verified. Accordingly, Bidder does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on McPherson's and the McPherson's Group in this Bidder's Statement should not be considered comprehensive. McPherson's Shareholders should refer to the Target's Statement to be issued by McPherson's for further information about McPherson's and the McPherson's Group.

8.2 Overview of McPherson's

McPherson's (ASX code: MCP) is an Australian ASX-listed company that markets and distributes health, wellness, beauty, household and personal care products in Australasia. McPherson's was founded in 1860 and listed on the ASX on 30 June 1962. McPherson's is headquartered in Sydney, Australia with operations in Australia, New Zealand and Asia.

McPherson's operations are carried out through its controlled entities:

- McPherson's Limited (Australia);
- McPherson's Consumer Products (NZ) Limited (New Zealand);
- McPherson's Consumer Products Pty Ltd (Australia);
- McPherson's Consumer Products Pte Ltd (Singapore);
- McPherson's America Inc. (USA);
- McPherson's Consumer Products (HK) Limited (Hong Kong);
- McPherson's (UK) Limited (United Kingdom); and
- McPherson's (Shanghai) Co.,Ltd. (China).⁴¹

8.3 McPherson's principal activities, assets and operations

McPherson's primary source of sales revenue is its portfolio of owned brands, including its "six core brands" Dr. LeWinn's, A'Kin, Manicare, Lady Jayne, Swisspers and Multix.

In 2020 McPherson's acquired for \$27 million the intellectual property rights, inventory and rights under material contracts of the Global Therapeutics business from Global Therapeutics Pty Ltd.⁴² The Global Therapeutics business supplies herbal and medicinal health products in Australia and New Zealand through its owned brands Fusion Health and Oriental Botanicals. McPherson's funded the Global Therapeutics acquisition via a fully underwritten institutional placement in late 2020, which saw McPherson's issue approximately 16.1 million new shares at an issue price of \$2.27 per share to raise approximately \$36.5 million.⁴³

⁴¹ Based on page 99 of McPherson's FY20 Annual Report.

⁴² Based on pages of McPherson's announcement "McPherson's acquisition of Global Therapeutics and associated Equity Raising", released on 27 October 2020 and Blackmores Limited's announcement "Blackmores Limited completes divestment of Global Therapeutics to McPherson's", released on 1 December 2020.

⁴³ Based on McPherson's announcement "Successful Completion of Institutional Placement \$36.5 million Raised", released 28 October 2020.

In 2019 McPherson's established a joint venture with Access Brand Management to distribute Dr. LeWinn's products in mainland China and develop new products for the Chinese market. McPherson's holds a 49% interest in the joint venture, Dr. LeWinn's China Limited, which is incorporated in Hong Kong.

In 2019 McPherson's also invested in three 51% owned joint ventures with Kotia, My Kart and SugarBaby. Kotia is a New Zealand company that supplies health and beauty products made with deer milk. My Kart (which trades under the name 'Soulful') is an Australian company that supplies health food and beverage products, including adult and student milk formulas. SugarBaby is an Australian company that supplies environmentally friendly beauty products.

McPherson's key manufacturing partner in the skincare, haircare and body care category is Aware Environmental Limited, a manufacturer and brand owner of environmentally friendly consumer products. McPherson's also owns a 10.7% stake in Aware Environmental Limited, obtained in October 2019 via the conversion of \$3 million in convertible notes and an additional equity investment of \$3 million.

8.4 McPherson's directors and management

As at the date of this Bidder's Statement, the McPherson's Directors are:

Graham Cubbin	Chairman and Non-Executive Director
Jane McKellar	Non-Executive Director
Grant Peck	Acting CEO and Managing Director
Geoffrey Pearce	Non-Executive Director
Alison Cook (Mew)	Non-Executive Director
Ari Mervis	Non-Executive Director
Paul Witheridge	CFO

Grant Peck was appointed interim CEO and Managing Director of McPherson's in December 2020, for an initial period of three months, following the resignation of former CEO and Managing Director Laurie McAllister. Grant Peck had served as a Non-Executive Director of McPherson's since 2017.

Further information about McPherson's management personnel is available at:

<https://www.McPhersons.com.au/management-team>

8.5 McPherson's issued securities

See section 9 for information on McPherson's issued securities.

8.6 Substantial holders in McPherson's Shares

As at the date of this Bidder's Statement, there were 128,403,460 McPherson's Shares on issue.

As at the date of this Bidder's Statement, based on publicly available information in relation to McPherson's, there are no substantial holders of McPherson's Shares except as set out below:

Substantial holder	McPherson's Shares held	% of McPherson's Shares
Microequities Asset Management ⁴⁴	7,465,334	7.2%
Lennox Capital Partners ⁴⁵	8,837,275	7.1%
Investors Mutual Limited ⁴⁶	5,758,266	5.3%

8.7 Other material information about the McPherson's Group

McPherson's will have the opportunity to disclose in its Target's Statement any information about the McPherson's Group it considers McPherson's Shareholders would reasonably require to make an informed assessment as to whether to accept the Offer.

8.8 Publicly available information about the McPherson's Group

McPherson's is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, McPherson's is subject to the listing rules of ASX which require continuous disclosure of any information McPherson's has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. McPherson's file is available for inspection at ASX during normal business hours or online at www.asx.com.au.

McPherson's Annual Report for the year ended 30 June 2020 was given to the ASX on 1 October 2020. On 17 February 2021, McPherson's issued its half year results for the six months ending 31 December 2021. Kin Group is not aware of any changes to McPherson's financial position since the release of the half year results other than announcements made by McPherson's to the ASX up to the day before the date of this Bidder's Statement. Since 30 June 2020, McPherson's has made a number of announcements to the ASX that may be relevant to its financial position. A copy of each of these announcements may be obtained from the ASX.

In addition, McPherson's is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by McPherson's may be obtained from, or inspected at, an ASIC office.

Further information about McPherson's (including copies of its financial statements) is available at <https://www.mcphersons.com.au/>.

⁴⁴ No. and % of shares held are based on notice of change of interests of substantial holder dated June 5, 2017, latest actual % holding may differ due to change in total number of ordinary shares outstanding since the notice.

⁴⁵ No. and % of shares held are based on notice of change of interests of substantial holder dated November 4, 2020, latest actual % holding may differ due to change in total number of ordinary shares outstanding since the notice.

⁴⁶ No. and % of shares held are based on notice of change of interests of substantial holder dated October 23, 2020, latest actual % holding may differ due to change in total number of ordinary shares outstanding since the notice.

9 Information on McPherson's securities

9.1 Disclaimer

Bidder has prepared the information about McPherson's securities contained in this Bidder's Statement from publicly available information. This information has not been independently verified by Bidder. Accordingly, Bidder makes no representation or warranty as to the accuracy or completeness of such information and assumes no responsibility for it. Further information relating to McPherson's securities may be included in the Target's Statement which McPherson's must provide in response to this Bidder's Statement.

9.2 McPherson's issued securities

According to documents lodged by McPherson's with ASX, as at the date of this Bidder's Statement, McPherson's has the following securities on issue:

- (a) 128,403,460 McPherson's Shares; and
- (b) 3,838,000 Performance Rights under the McPherson's Limited Performance Rights Plan.

Bidder expects that the Target's Statement will clarify the status of the Performance Rights.

9.3 McPherson's Performance Rights

McPherson's Performance Rights Plan was established to form the basis of McPherson's ongoing long-term incentive scheme for selected senior employees.

Under the Performance Rights Plan the McPherson's Board has discretion to grant Performance Rights to executives selected by the Board, which are exercisable into ordinary shares.

Performance Rights vest if:

- certain performance conditions (relating to earnings per share CAGR and total shareholder return CAGR) are met; and
- the executive is still employed by McPherson's at the end of the vesting period, or where not employed at the end of the vesting period is deemed to be a "good leaver" by the Board.

The Board also has discretion to permit vesting in certain circumstances in connection with a takeover (see section 9.4 below).

To the extent that any Performance Rights vest and are exercised, the Offer will extend to the McPherson's Shares that are on issue during the Offer Period.

9.4 Effect of the Offer on Performance Rights

Under the McPherson's Limited Performance Rights Plan, the Board may determine that Performance Rights have vested and may be exercised, regardless of whether the exercise conditions have been satisfied, in circumstances including:

- where a takeover bid is made in respect of McPherson's and the Board recommends acceptance to shareholders;
- any similar event involving a change in ownership or control of McPherson's has occurred or is likely to occur; and

- any other event as determined by the Board in its absolute discretion.

Whether or not unvested Performance Rights will vest is subject to Board discretion, the Performance Rights will not vest automatically.

Kin Group expects that the Target's Statement will explain how the Offer affects the McPherson's Performance Rights, however Kin Group expects that the Board will not exercise its discretion to vest the Performance Rights unless the Bidder acquires voting power of more than 50% of the McPherson's Shares. Bidder reserves its rights to withdraw unaccepted offers if the McPherson's Board exercises this discretion before Bidder has acquired voting power in more than 50% of the McPherson's Shares.

9.5 Bidder's interests in McPherson's securities

As at the date of this Bidder's Statement and the date of the Offer:

- Bidder's voting power in McPherson's is 4.95%; and
- Bidder has a relevant interest in 6,350,000 McPherson's Shares.

9.6 Dealings in McPherson's Shares in the previous four months

Kin Group has acquired a relevant interest in 6,350,000 McPherson's Shares through on-market purchases between 14 December 2020 and 22 February 2021. The highest price paid per McPherson's Share during this period was \$1.3350 per share. Further details of the on-market purchases of McPherson's Shares on behalf of Kin Group during the four months before the date of this Bidder's Statement are provided in Schedule 1 of this Bidder's Statement.

Neither Bidder nor any Associate of Bidder has provided, or agreed to provide, consideration for McPherson's Shares under any purchase or agreement during the four months before the date of this Bidder's Statement, other than the on-market purchases on behalf of the Kin Group as set out in Schedule 1.

9.7 Recent share price performance of McPherson's

The last recorded sale price of McPherson's Shares on ASX on 24 March 2021, being the last trading day prior to the date on which the Bidder's Statement was lodged with ASIC, ASX and McPherson's, was \$1.22 per McPherson's Share.

9.8 No pre-Offer benefits

Except as set out in this Bidder's Statement, during the period commencing four months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Kin Group or any of their Associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- accept the Offer; or
- dispose of McPherson's Shares,

and which is not offered to all holders of McPherson's Shares under the Offer.

9.9 No escalation agreements

Neither Kin Group or any of their Associates have entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

10 Bidder's intentions in relation to McPherson's

10.1 Introduction

This section 10 sets out the Bidder's intentions in relation to:

- (a) the continuation of McPherson's business and assets;
- (b) any major changes to be made to the business of McPherson's, including any redeployment of the assets of McPherson's; and
- (c) the future employment of the present employees of McPherson's and the future appointment of the McPherson's directors.

These intentions are based on the information concerning McPherson's, its business and the general business environment which is known to the Bidder at the time of preparation of this Bidder's Statement.

Given that Bidder has not had the benefit of a due diligence investigation into McPherson's, Bidder does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by Bidder in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section 10 are statements of current intent only (based on publicly available information) which may change as new information becomes available to Bidder or as circumstances change.

The intentions of Bidder described in this section 10 reflect the intentions of Kin Group as the parent company of Bidder.

10.2 Post Offer review

After the Offer Period, Bidder intends to undertake a general review of McPherson's operations covering current strategy, financials and operating matters (see further in section 10.3(b)).

Following this review, Bidder will give further consideration to its intentions set out in this section 10. Final decisions will only be reached after that review has been concluded and the results have been evaluated in light of all material information, facts and circumstances that exist at the time.

Consequently, the statements set out in this section 10 are statements of Bidder's current intentions only and may vary as circumstances and further information arise. The statements and intentions set out in this section should be read in that context.

10.3 Intentions for McPherson's as a wholly-owned controlled entity

This section 10.3 describes the intentions of Kin Group if at the end of the Offer Period, Kin Group acquires a Relevant Interest in at least 90% (by number) of the McPherson's Shares on issue.

(a) Corporate matters

If Bidder acquires a Relevant Interest in 90% of the McPherson's Shares, it will become entitled to proceed to compulsory acquisition of outstanding McPherson's Shares in accordance with Part 6A.1 of the Corporations Act. As at the date of this Bidder's

Statement, Bidder intends to proceed to compulsory acquisition if permitted under Part 6A.1 of the Corporations Act.

In the circumstance that Bidder exercises any right to proceed with compulsory acquisition, its current intentions are as follows:

- arrange for McPherson's to be removed from the official list of ASX;
- amend the constitution of McPherson's to reflect that it is a wholly owned subsidiary of Kin and seek to convert McPherson's from a public company to a proprietary limited company; and
- Bidder has not determined the precise size or composition of the McPherson's Board in such circumstances, however Bidder will replace some or all of the McPherson's Board with its nominees. The nominees who are likely to be considered by Bidder for appointment to the McPherson's Board are one or more of the Bidder's directors, or a suitable external director or directors with appropriate experience who may be identified and recruited as the transaction progresses.

(b) General business review

Bidder intends to conduct a general review of McPherson's on both a strategic and operational level to evaluate McPherson's performance, profitability and future growth prospects. The objective of the general review is to impartially and critically assess the existing challenges that McPherson's is facing such as the declining revenue and earnings and the historical investments and acquisitions in order to develop the strategy for the business to refocus on its near-term performance and long-term growth opportunities. Bidder's primary short-term objective will be focused on repairing McPherson's financial performance and to bring about leadership stability.

The general business review is expected to take 2 – 3 months to complete and will encompass all aspects of McPherson's business from supply and supplier arrangements, investments and joint ventures, warehousing and logistics, brands and licensing, global market and category trends and cost control.

At the end of the Offer Period, Bidder intends to increase its overall influence on the day to day operations of McPherson's business. Bidder's overall intention is to ensure McPherson's business operates efficiently and competitively.

The Bidder intends to utilise its operational expertise and experience to assist McPherson's in managing its business with the priorities focused on ensuring that the business:

- sets a business strategy that is simple and achievable recognising the growth and continual innovation that is driving the health and beauty segment and executes on this business strategy;
- has a leadership team in place that will be stable, aligned and motivated to develop and achieve the business strategy; and
- is consistent with its reporting and accountable for investment activities.

Until Bidder has undertaken its general review, it is not able to determine whether any change to McPherson's current stated dividend policy will be required. Until completion of that review, there is no intention to make any change to McPherson's current dividend policy.

(c) **Management and employees**

Bidder recognises McPherson's employees to be an integral part of the McPherson's business' success. The McPherson's business relies on the motivations and the quality of its 420 plus team members.

Bidder looks forward to working constructively with all employees in an open and transparent manner. Bidder is committed to maintaining McPherson's ability to be an attractive employer.

Bidder does not have any present intention to materially reduce or increase McPherson's current staffing levels and will work with McPherson's management team when undertaking the review of McPherson's operations.

10.4 Intentions for McPherson's if Bidder acquires 50.1% or more of McPherson's Shares

This section 10 describes Bidder's intentions if it has voting power in McPherson's of 50.1% at the close of the Offer, but Bidder is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

(a) **Corporate matters**

Bidder presently considers that the advantages of remaining listed on the ASX outweigh the disadvantages and Bidder has no current intentions to cause McPherson's to cease to remain listed on the ASX.

(b) **General operational review and review of management and employees**

If Bidder controls McPherson's following the close of the Offer, Bidder currently intends to endeavour to procure that the McPherson's Board acts consistently with the intentions of Bidder set out in section 10.3(b) and 10.3(c) above.

(c) **McPherson's board**

Subject to the Corporations Act and McPherson's constitution and all other relevant matters, Bidder intends to seek Board representation so that Bidder nominees are commensurate with Bidder's shareholding in McPherson's.

The identity of the proposed nominees to the McPherson's Board will be the subject of discussion with the McPherson's Board at the relevant time. Such nominees may include current directors of Bidder and, to the extent Bidder identifies suitable external talent with appropriate experience, Bidder will also consider discussing their nomination to the McPherson's Board. Any decisions as to these matters will be made subject to those discussions.

10.5 Intentions for McPherson's if Bidder acquires less than 50.1% of McPherson's Shares

If Bidder has less than 50.1% voting power in McPherson's at the close of the Offer, it intends to:

- (a) seek to obtain representation on the McPherson's Board which is at least consistent with its proportionate shareholding;
- (b) work with the McPherson's Board to implement the intentions of Bidder as set out in sections 10.3(b) and 10.3(c) above to the extent possible and appropriate; and

- For personal use only
- (c) gain a more detailed understanding of the business assets and operations in order to evaluate performance, profitability and prospects of McPherson's in light of the information then available to Bidder.

10.6 Limitation on ability to implement intentions

The intentions and statements of future conduct set out in this section 10 must be read as being subject to:

- (a) the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions given the Bidder is or will be a related party of McPherson's for these purposes; and
- (b) the legal obligations of the McPherson's directors at the time, including any nominees of the Bidder, to act in good faith in the best interests of McPherson's Shareholders and for proper purposes and to have regard to the interests of all McPherson's Shareholders.

Accordingly, this section 10 must be read and understood on this basis.

11 Sources of consideration

11.1 Total cash consideration

The consideration for the acquisition of the McPherson's Shares to which the Offer relates will be satisfied wholly in cash.

At the Announcement Date, McPherson's has 128,403,460 shares on issue. If acceptances are received for all McPherson's Shares on issue (which the Bidder does not already own) or if Bidder becomes entitled to and exercises the right of compulsory acquisition under the Corporations Act, the amount of cash consideration that Bidder would be required to pay would be approximately \$163,551,636.

In addition, if all unvested Performance Rights vest in accordance with the terms of their issue, and the holders exercise those Performance Rights and accept the Offer in respect of the McPherson's Shares issued to them, an additional \$5,142,920 will be payable by Bidder under the Offer. Accordingly, the maximum amount that Bidder could be required to pay under the Offer is \$168,694,556 (**Maximum Cash Consideration**).

11.2 Bidder funding arrangements

The consideration for the acquisition of McPherson's Shares under the Offer will be paid by Bidder having been funded by borrowings or equity subscriptions from entities within Kin Group. Each of these entities will in turn be funded by Bidder's parent entity, Kin Group, which has irrevocably agreed to provide such funds (directly or through its related entities) up to the Maximum Cash Consideration, plus an amount for transaction costs (**Total Aggregate Amount**).

Bidder is not permitted under the terms of those arrangements to apply those funds for any other purpose.

Kin Group has through its group companies, cash reserves deposited at Australian banks in excess of the Total Aggregate Amount and the funds committed by Kin to Bidder are internally allocated for this transaction and are not required for any other arrangements or obligations of Kin Group or its subsidiaries.

For further information about Kin Group and its business interests and background, please refer to section 7.

Under the intercompany arrangements:

- (a) funding is not subject to any conditions; and
- (b) repayment cannot be called for until after Bidder has met all of its obligations under the Offer.

11.3 Payment of cash consideration

Having regard to the matters set out above, Bidder is of the opinion that it has a reasonable basis for forming, and it holds, the view that it will be able to pay the Maximum Cash Consideration required for the acquisition of McPherson's Shares pursuant to the Offer. The Offer is not subject to any financing conditions.

12 Tax considerations

12.1 Introduction

The following is a general description of the Australian income tax, GST, CGT and stamp duty consequences for McPherson's Shareholders who accept the Offer to dispose of their McPherson's Shares in return for cash consideration.

The comments below are relevant only to those McPherson's Shareholders that hold their McPherson's Shares on capital account.

The Australian tax consequences may differ for those McPherson's Shareholders who acquired their McPherson's Shares under an employee share or option scheme, hold McPherson's Shares on revenue account or as trading stock, or who are subject to the taxation of financial arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) and have made certain elections (e.g. to apply the fair value or reliance on financial reports methodologies).

The following tax comments are based on the tax law in Australia in force as at the date of this Bidder's Statement. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for every investor or relied upon as tax advice.

Investors should seek their own independent professional advice on the Australian and foreign taxation implications of disposing of their McPherson's Shares, taking into account their own specific circumstances.

12.2 Australian resident McPherson's Shareholders

CGT consequences of accepting the Offer

Acceptance of the Offer by Australian resident McPherson's Shareholders will involve the disposal of their McPherson's Shares by way of transfer. This disposal will constitute a CGT event for Australian CGT purposes.

The time of the CGT event is when a McPherson's Shareholder disposes of their McPherson's Shares. McPherson's Shareholders should be taken to have disposed of their McPherson's Shares for CGT purposes when the contract to sell their McPherson's Shares is formed, which should be the date of acceptance of the Offer.

Calculation of the gain or loss

McPherson's Shareholders that acquired their McPherson's Shares on or after 20 September 1985 may make a capital gain or loss on the disposal of their McPherson's Shares. A capital gain will arise where the capital proceeds received on disposal exceeds the cost base of the McPherson's Shares. Alternatively, a McPherson's Shareholder will make a capital loss on the disposal of their McPherson's Shares to the extent that the capital proceeds on disposal are less than the reduced cost base of the McPherson's Shares.

The capital proceeds should be equal to the Offer Price. The cost base of the McPherson's Shares is broadly the amount paid to acquire the McPherson's Shares plus any incidental costs of acquisition and disposal (e.g. brokerage). The reduced cost base is calculated in a similar, but not identical, manner.

Capital gains and capital losses (including prior year capital losses) of a taxpayer are netted off in a year of income to determine if there is a net capital gain or loss. If a McPherson's

Shareholder makes a net capital gain in a year, this amount is, subject to the following comments, included in the McPherson's Shareholder's assessable income.

If a McPherson's Shareholder makes a net capital loss in a year, this amount is carried forward and is available to offset against capital gains derived in subsequent years, subject in some cases to the McPherson's Shareholder satisfying certain rules relating to the recoupment of carried forward losses.

CGT discount

A CGT discount may be available to reduce any capital gain made by Australian resident McPherson's Shareholders who are individuals, trustees or complying superannuation entities provided the particular shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should be offset against the capital gain before the CGT discount is applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 33⅓%. In relation to trusts, the CGT discount may flow through to presently entitled beneficiaries of the trust where the beneficiaries would themselves be entitled to apply the CGT discount.

Indexation

Where a McPherson's Shareholder acquired McPherson's Shares at or before 11.45am AEST on 21 September 1999 and is an individual, complying superannuation entity or the trustee of a trust, the McPherson's Shareholder may choose to adjust the cost base (but not the reduced cost base) of their McPherson's Shares, to the extent it includes expenditure incurred at or before that time, to include indexation by reference to changes in the consumer price index from (generally) the calendar quarter in which the expenditure was incurred until the quarter ended 30 September 1999. These indexation adjustments are taken into account only for the purposes of calculating a capital gain; they are ignored when calculating the amount of any capital loss.

McPherson's Shareholders that make this choice are not entitled to apply the CGT discount.

12.3 Non-Australian resident McPherson's Shareholders

McPherson's Shareholders who are not residents of Australia for Australian tax purposes and who do not hold their McPherson's Shares through a permanent establishment in Australia should generally only be subject to Australian CGT on the disposal of their McPherson's Shares where:

- The non-Australian resident McPherson's Shareholder, together with its 'associates' (as defined in section 318 of the *Income Tax Assessment Act 1936* (Cth)), held a combined interest of 10% or more of McPherson's issued securities at the time of disposal or for a continuous 12 month period within the 24 months prior to disposal; and
- At the time of the disposal, more than 50% of the market value of the assets of McPherson's is represented (directly or indirectly) by 'taxable Australian real property', being real property situated in Australia (including leases of land situated in Australia), and mining, quarrying and prospecting rights over minerals, petroleum or quarry materials situated in Australia.

12.4 Non-resident CGT withholding

Broadly, where a foreign resident disposes of certain direct or indirect interests in taxable Australian real property, the purchaser is required to withhold an amount from the purchase

price and pay that amount to the Australian Taxation Office. The current rate of withholding is 12.5%.

The sale of the McPherson's Shares through acceptance of the Offer should not be subject to this withholding because this is an on-market transaction. McPherson's Shares disposed of on an approved stock exchange (including the ASX) are an 'excluded transaction' for the purposes of this withholding.

12.5 Stamp Duty

There will be no stamp duty payable by McPherson's Shareholders on the disposal of their McPherson's Shares.

12.6 GST

There will be no GST payable by McPherson's Shareholders on the disposal of their McPherson's Shares other than GST payable to your Broker in respect of brokerage charged to you.

McPherson's Shareholders should seek independent professional advice regarding whether they are able to claim GST credits on brokerage and other expenses associated with the disposal of their McPherson's Shares.

13 Additional information

13.1 Consents

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Bidder's Statement with ASIC:

Consenting party	Role
Gilbert + Tobin	Legal adviser to Bidder and Kin Group in respect of the Offer
E&P Corporate Advisory Pty Ltd	Financial adviser to Bidder and Kin Group in respect of the Offer
Automic Pty Ltd	Share Registrar for the Offer
Evans and Partners Pty Ltd	Broker under the Offer
Kin Group	Parent company of Bidder and counterparty to financing arrangements discussed in section 11

None of the abovementioned persons:

- have caused or authorised the issue of this Bidder's Statement;
- have made or purported to make any statement in this Bidder's Statement, or any statement on which a statement in this Bidder's Statement is based; and
- to the maximum extent permitted by law, expressly disclaims all liability, in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement (other than as specified above).

13.2 Documents lodged with ASIC or given to ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge) please contact the Offer Information Line on 1300 038 212 (within Australia) or +61 2 8022 7915 (from outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days during the Offer Period. Bidder will provide a copy of the document (or part) within 2 Business Days. Calls to these numbers may be recorded.

13.3 Official statements

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Bidder's Statement contains share price trading data sourced from IRESS without their consent.

13.4 Regulatory and other approvals

There are no regulatory approvals that Bidder is required to obtain before acquiring McPherson's Shares under the Offer.

14 Definitions and interpretation

14.1 Definitions

In this Bidder's Statement unless the context otherwise appears, the following terms have the meanings shown below:

\$ or A\$ means Australian dollars, the currency of the Commonwealth of Australia.

1H means the financial half year ended or ending on or about 31 December of the relevant year.

2H means the financial half year ended or ending on or about 30 June of the relevant year.

Announcement Date means the date on which the Offer was announced by Bidder, being 25 March 2021.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 12 of the Corporations Act.

ASX means Australian Securities Exchange.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement which govern the electronic transfer, settlement and registration of securities in Australia through CHES.

Bidder's Statement means this document, being the statement of Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Bidder means Gallin Pty Ltd (ACN 648 845 738).

Board or McPherson's Board means the Board of Directors of McPherson's.

Broker means a person who is a share broker and a participant in CHES.

Business Day means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia.

FY means financial year.

CAGR means compound annual growth rate.

CGT means capital gains tax.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

EBIT means earnings before interest and tax.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Governing law means the laws of NSW.

Government Agency means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

GST means goods and services tax or similar value added tax levied or imposed in Australia under the GST Law.

GST Law has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Insolvency Event means any of the events set out in section 652C(2) of the Corporations Act, being;

- a liquidator or provisional liquidator of McPherson's or a subsidiary being appointed;
- a court makes an order for the winding up of McPherson's or of a subsidiary;
- an administrator of McPherson's, or of a subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;
- McPherson's or a subsidiary executes a deed of company arrangement; or
- a receiver, or a receiver and manager, is appointed in relation to the whole, or a subsidiary part, of the property of McPherson's or a subsidiary.

Issuer Sponsored Holdings means a holding of McPherson's Shares on McPherson's issuer sponsored subregister.

Kin Group means Kin Group Pty Ltd and its subsidiaries (as defined in the Corporations Act).

McPherson's or Company means McPherson's Limited (ACN 004 068 419).

McPherson's Group means McPherson's and its Subsidiaries (as defined in the Corporations Act).

McPherson's Shareholder means a holder of McPherson's Shares in the Register.

McPherson's Shares means fully paid ordinary shares in the capital of McPherson's.

Maximum Cash Consideration means the maximum amount that Bidder could be required to pay under the Offer, \$168,694,556.

Offer means the offer for McPherson's Shares under this Bidder's Statement.

Offer Information Line means 1300 038 212 (within Australia) or +61 2 8022 7915 (from outside Australia).

Offer Period means the period during which the Offer will remain open for acceptance in accordance with Section 4 of this Bidder's Statement.

Offer Price means the price of \$1.34 per McPherson's Share.

Participant has the meaning given in the ASX Settlement Operating Rules.

PBT means profit before tax.

Performance Rights means performance rights granted pursuant to McPherson's Performance Rights Plan.

Prescribed Occurrence means the occurrence of any of the following events set out in section 652C(1) of the Corporations Act being: McPherson's converting all or any of the McPherson's Shares into larger or smaller numbers of shares under section 254H of the Corporations Act;

- McPherson's or any of its Subsidiaries resolving to reduce its share capital in any way;
- McPherson's or any of its Subsidiaries entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- McPherson's or any of its Subsidiaries issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- McPherson's or any of its Subsidiaries issuing, or agreeing to issue, convertible notes;
- McPherson's or any of its Subsidiaries disposing or agreeing to dispose of the whole, or a substantial part, of its business or property;
- McPherson's or any of its Subsidiaries granting, or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property; and
- McPherson's or any of its Subsidiaries resolving to be wound up.

Register means the register of McPherson's Shareholders and Performance Rights holders maintained by McPherson's in accordance with the Corporations Act.

Related Bodies Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

SRN means a Security Holder Reference Number, which is the numbers which starts with an "I" allocated by McPherson's to identify a McPherson's Shareholder with an Issuer Sponsored Holding.

Subsidiary has the meaning given to that term in the Corporations Act.

Target's Statement means the target's statement to be issued by McPherson's in response to this Bidder's Statement in accordance with the Corporations Act.

Total Aggregate Amount means the Maximum Cash Consideration, plus an amount for transaction costs.

Trading Day has the meaning given to that term in the Listing Rules.

14.2 Interpretation

In this Bidder's Statement, unless the context otherwise requires:

- words and phrases have the same meaning (if any) given to them in the Corporations Act;
- words importing a gender include any gender;
- words importing the singular include the plural and vice versa;
- an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

- For personal use only
- (e) a reference to a section, attachment and schedule is a reference to a section of and an attachment and schedule to this Bidder's Statement as relevant;
 - (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
 - (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
 - (h) a reference to time is a reference to time in Sydney, Australia;
 - (i) a reference to writing includes facsimile transmissions; and
 - (j) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

15 Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the Directors of Gallin Pty Ltd.

Signed for and on behalf of **Gallin Pty Ltd.**

A handwritten signature in black ink, appearing to be 'N. Perkins', written over a horizontal line.

Signature of Nicholas Perkins
Director of Gallin Pty Ltd

Schedule 1

Date	Number of McPherson's Shares	Price paid per McPherson's Share (\$)
14-Dec-20	748	1.2900
14-Dec-20	41,359	1.2950
14-Dec-20	88,391	1.3000
14-Dec-20	39,502	1.3050
15-Dec-20	1,316	1.2750
15-Dec-20	9,269	1.2800
15-Dec-20	15,643	1.2850
15-Dec-20	56,769	1.2900
15-Dec-20	70,151	1.2950
15-Dec-20	143,164	1.3000
15-Dec-20	43,722	1.3050
15-Dec-20	550,547	1.3100
15-Dec-20	35,417	1.3125
15-Dec-20	94,139	1.3150
15-Dec-20	205,720	1.3200
15-Dec-20	99,280	1.3250
15-Dec-20	53,847	1.3300
15-Dec-20	121,153	1.3350
16-Dec-20	688	1.3075
16-Dec-20	8,428	1.3100
16-Dec-20	5,763	1.3150
16-Dec-20	1,632	1.3175
16-Dec-20	29,558	1.3200
16-Dec-20	16,903	1.3225
16-Dec-20	426,870	1.3250
16-Dec-20	9,078	1.3300
18-Dec-20	12,781	1.3100
18-Dec-20	229	1.3125
18-Dec-20	169,157	1.3150
21-Dec-20	950	1.3100
21-Dec-20	4,054	1.3125
21-Dec-20	58,080	1.3150
21-Dec-20	2,866	1.3175

21-Dec-20	273,410	1.3200
17-Feb-21	5,448	1.1775
17-Feb-21	71,954	1.1800
17-Feb-21	127,761	1.1825
17-Feb-21	576	1.1900
17-Feb-21	15,423	1.1950
17-Feb-21	60	1.1975
17-Feb-21	37,632	1.2000
17-Feb-21	10,600	1.2475
17-Feb-21	3,102	1.2500
17-Feb-21	1,605	1.2550
17-Feb-21	6,686	1.2575
17-Feb-21	48,091	1.2600
17-Feb-21	67,517	1.2625
17-Feb-21	4,000	1.2650
17-Feb-21	32,700	1.2675
17-Feb-21	75,379	1.2700
17-Feb-21	1,000,000	1.3000
18-Feb-21	15,065	1.1800
18-Feb-21	21,098	1.1850
18-Feb-21	6,600	1.1875
18-Feb-21	13,990	1.1900
18-Feb-21	3,430	1.1925
18-Feb-21	6,311	1.1950
18-Feb-21	29,787	1.1975
18-Feb-21	70,282	1.2000
18-Feb-21	40,751	1.2050
18-Feb-21	243,073	1.2075
18-Feb-21	182,807	1.2100
19-Feb-21	683	1.2000
19-Feb-21	63,794	1.2025
19-Feb-21	21,687	1.2075
19-Feb-21	48,551	1.2100
22-Feb-21	1,382,973	1.2750
Total	6,350,000	1.2832