

31 March 2021

Dear Shareholder,

**McPherson's Directors recommend shareholders take NO ACTION with regard to opportunistic takeover offer**

On 25 March 2021, McPherson's received a Bidder's Statement from Gallin setting out its unconditional on-market takeover offer to acquire all the company's shares for \$1.34 per share.

Gallin is an entity owned by Raphael Geminder's family investment company who has a history of such corporate action. Neither Mr Geminder, nor representatives of his company have engaged with the McPherson's Board about the company's performance or growth strategy, or any prospect of a takeover. As such Gallin's actions can only be described as **hostile**.

The Board of McPherson's are undertaking a critical analysis of the Bidder's Statement and will make a formal response and recommendation to shareholders within the company's Target's Statement to be dispatched to shareholders on or before 8 April 2021.

However, the Board's preliminary view is that the offer is **materially inadequate and utterly opportunistic**.

The Board advises shareholders to **take no action** in relation to this offer.

The Directors have come to this conclusion based on a number of deficiencies in Gallin's offer. McPherson's Board and management make the following initial observations:

- Gallin's takeover offer is highly opportunistic as it takes advantage of McPherson's currently lower share price which is not reflecting the true value of the business, and is particularly low when compared to where the share price has been trading for the majority of 2020.
- The offer represents a premium of only 9.8% on the closing price on the day prior to the offer, a 4.1% premium to the 3-month volume weighted average price and a discount to the volume weighted average price over a 6 and 12 month period. In the Board's view, this is significantly below that which should apply to obtain control of the Company.
- The offer does not reflect McPherson's strong core brand portfolio and its market position as a leading supplier of health, wellness and beauty products in Australasia and China.
- Management and the Board are working through a comprehensive operational review which has been underway for some months now. The outcome of this review will identify and prioritise McPherson's growth drivers, articulate steps to be taken to enhance its portfolio through research and innovation and develop the Group's growth strategy. Shareholders should not act until they have a full picture of the company's strategy to drive growth and deliver value to its shareholders.

**CEO and Managing Director appointment**

We would also like to take this opportunity to advise you of the Board's decision to permanently appoint interim CEO Mr Grant Peck as Chief Executive Officer and Managing Director.

The Board conducted a thorough search and selection process but after consideration of the available candidates, Directors were unanimous in endorsing Mr Peck due to his past experience and achievements, and strong performance in guiding the Group over the last four months as interim CEO.

McPherson's has a stable and highly credentialed management team with expertise across brand management, channel optimisation, supply chain management, marketing and product innovation and development. Mr Peck's appointment as permanent CEO and Managing Director further strengthens the capability of the existing management team.

McPherson's will benefit from Mr Peck's extensive experience in branded consumer goods, and the Directors are confident he is the ideal person to lead a revitalised McPherson's.

Attached to this letter is the recent ASX announcement that provides further detail regarding the Board's view of the offer. I encourage you to read this in detail.

### **Further Information**

If you require further information or have questions in relation to the offer, please contact the McPherson's Shareholder Information Line on 1300 219 452 (within Australia) or +61 3 9415 4328 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.

Yours Sincerely,



**Graham Cubbin**  
**Chairman of the Board**