

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY MEMORANDUM

Pental Limited
ABN 29 091 035 353

The Board unanimously recommends that Shareholders

VOTE IN FAVOUR

of the Proposed Transaction at the Extraordinary General Meeting, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders

The Extraordinary General Meeting is to be held
at 10.00am (AEDT) on 27 October 2023 virtually at

https://us02web.zoom.us/webinar/register/WN_G8d4UetiSlm7edqljdkaVw#/registration.

Refer to the enclosed proxy form for further details on how to access and vote at the meeting. Information about participating in the Meeting is also set out in Automic's Registration and Voting Guide at

<https://www.automicgroup.com.au/virtual-agms>

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Important Notice

IMPORTANT INFORMATION

This Notice of Meeting, Explanatory Memorandum, Independent Expert's Report and proxy form are all important documents and require your immediate attention. They should be read carefully in their entirety before you make a decision on how to vote at the Extraordinary General Meeting. If you are in any doubt as to what you should do, please consult your financial or other professional adviser.

PURPOSE OF EXPLANATORY MEMORANDUM

The Explanatory Memorandum, which forms part of the Notice of Meeting, contains an explanation of, and information about, the Proposed Transaction to be considered at the Extraordinary General Meeting of Pental to be held on 27 October 2023. It is given to Shareholders to provide them with information that the Board believes to be material to Shareholders in deciding whether and how to vote on the Resolutions. Shareholders should read the Explanatory Memorandum in full because individual sections do not give a comprehensive review of the Proposed Transaction. If you are in doubt about what to do in relation to the Proposed Transaction, you should consult your financial or other professional adviser.

The Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolutions. Pental is not licensed to provide financial product advice in relation to Shares or any other financial products.

INVESTMENT DECISIONS AND FORWARD LOOKING STATEMENTS

The Explanatory Memorandum contains forward looking statements which have been based on current expectations about future events. Forward looking statements can be identified by the use of forward looking words such as "may", "should", "expect", "anticipate", "estimate", "scheduled", "believe", or "continue", their negative equivalent or comparable terminology. Similarly, statements that describe Pental's objectives, plans, goals or expectations are or may be forward looking statements. The statements contained in the Explanatory Memorandum about the impact that the Proposed Transaction may have on the results of Pental's operations and the advantages and disadvantages anticipated to result from the Proposed Transaction are also forward looking statements.

These forward looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements of Pental to differ materially from the expected future results, performance or achievements expressed, projected, described or implied in such forward looking statements. Such risks, uncertainties and other important factors include, among other things, general economic conditions, specific market conditions, exchange rates, interest rates and regulatory changes. The risk factors described in Section 4.4 of the Explanatory Memorandum could affect actual events or results causing these results to differ materially from the events or results expressed, projected or implied in any forward looking statement. Other unknown or unpredictable factors could also have a material adverse effect on future results of Pental.

None of Pental, nor any of their respective officers or any person named in the Explanatory Memorandum or involved in its preparation makes any representation or warranty (either 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, and Shareholders are cautioned not to place reliance on those statements. You should note that the historical performance of Pental is no assurance of its future financial performance.

The forward looking statements in the Explanatory Memorandum reflect views held only as at the date of the Explanatory Memorandum.

Subject to any obligations under law or the ASX Listing Rules, Pental and its related entities and directors disclaim any obligation or undertaking to disseminate, after the date of the Explanatory Memorandum, any updates or revisions to any forward looking statements to reflect any change in expectation in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

ROUNDING OF NUMERICAL INFORMATION

Any discrepancies between totals in tables and sums of components contained in the Explanatory Memorandum and between those figures and figures referred to in other parts of the Explanatory Memorandum are due to rounding. All rounded numbers have been rounded either to one decimal place or to the nearest whole number.

NOTICE TO PERSONS OUTSIDE AUSTRALIA

The Explanatory Memorandum has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

DISCLAIMER

No person is authorised to give any information or make any representation in connection with the Proposed Transaction which is not contained in this Explanatory Memorandum. Any information or representation not contained in the Explanatory Memorandum must not be relied on as having been authorised by Pental or the Board in connection with the Proposed Transaction.

RESPONSIBILITY FOR INFORMATION

The information contained in the Explanatory Memorandum (except for the Independent Expert's Report) has been prepared by Pental (**Pental Information**).

Pitcher Partners has prepared the Independent Expert's Report and has given, and has not withdrawn, as at the date of the Explanatory Memorandum, its written consent to the inclusion of the Independent Expert's Report, and the references to that report, in the form and context in which they are included in the Explanatory Memorandum. Pitcher Partners takes responsibility for that report but is not responsible for any other information contained in the Explanatory Memorandum. Neither Pental nor any of its related entities, directors, officers, employees, contractors, advisers or agents assumes any responsibility for the accuracy or completeness of the Independent Expert's Report. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

PRIVACY STATEMENT

Pental collects personal information about its shareholders' holdings of Pental in accordance with the Corporations Act. Pental will share that personal information with its advisers and service providers in connection with the Proposed Transaction. Shareholders can contact the Share Registrar, Automic Pty Ltd on meetings@automicgroup.com.au or 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) if they have questions about their personal information.

DEFINITIONS

Defined terms are used in the Explanatory Memorandum. The defined terms are in the Glossary set out in Section 6.

NO INTERNET SITE IS PART OF THE EXPLANATORY MEMORANDUM

Pental maintains an internet site at <https://pental.com.au/>. Any references in the Explanatory Memorandum to an internet site are textual references for information only and no information in any internet site forms part of the Explanatory Memorandum.

TIME

All references to time in the Explanatory Memorandum are references to Melbourne, Australia time unless otherwise stated.

CURRENCY

All references in the Explanatory Memorandum to "\$", "A\$" and "cents" are references to Australian currency, unless otherwise specified.

ASX

Neither ASX nor any of their respective officers takes any responsibility for the contents of the Explanatory Memorandum.

DATE

The Explanatory Memorandum is dated 28 September 2023.

Key Dates

Date of Explanatory Memorandum and despatch to Shareholders	28 September 2023
Deadline for returning proxy forms	10.00am (AEDT) on Wednesday, 25 October 2023
Record date for determining Shareholders' entitlement to vote at Extraordinary General Meeting	10.00am (AEDT) on Wednesday, 25 October 2023
Extraordinary General Meeting	10.00am (AEDT) on Friday, 27 October 2023
Completion of the Proposed Transaction	Tuesday, 31 October 2023
Intended first Special Dividend of \$0.06 per Share	Friday, 15 December 2023
Intended Capital Return of \$0.18 per Share (subject to Shareholder approval and further advice)	Friday, 15 December 2023
Intended second Special Dividend of \$0.07 per Share	8 months after completion of the Proposed Transaction

The key dates above (and the references to those dates through this document) are indicative only and are subject to any changes that may be agreed between Pental and Selleys or in consultation with ASX. Pental will update Shareholders via the ASX platform and Pental's website as appropriate when the relevant events are reached or changed, or decisions are made.

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Letter from the Chair

28 September 2023

Dear Shareholder

The Board is pleased to provide you with this Notice of Meeting for your consideration in relation to the proposed divestment of Pental's consumer products division including its portfolio of well known brands of household products including White King, Country Life, Huggie and Softly (excluding Duracell and Bondi Soap) (**Consumer Products Business**) and the Shepparton Property to Selleys, a division of DuluxGroup (Australia) Pty Ltd (**Selleys**).

Unless otherwise defined, terms used in this letter have the meaning given in the Explanatory Memorandum.

The Explanatory Memorandum contains important information to help you make an informed decision about how to vote at an Extraordinary General Meeting to be held on 27 October 2023, including a description of the Proposed Transaction, the reasons why the Board considers that you should vote in favour of the Proposed Transaction, and the various risks relating to the Proposed Transaction and the Independent Expert's Report. The Board recommends that you to read the Explanatory Memorandum (including the Independent Expert's Report) in its entirety.

On 13 September 2023, Pental announced it had entered into binding Transaction Documents with Selleys, which includes a condition that Shareholders approve the Proposed Transaction and the change of Pental's name at the Extraordinary General Meeting. Section 1 of this Notice of Meeting describes the Resolutions which will be put to Shareholders at the Extraordinary General Meeting.

The Proposed Transaction is described in detail in Section 3 of the Explanatory Memorandum. In summary, the Proposed Transaction involves Pental disposing of all of the assets held by it and a wholly owned subsidiary, Pental Products Pty Ltd, which are used in the conduct of the Consumer Products Business and Pental's manufacturing facility in Shepparton for a total sale price of \$60 million¹ (excluding debtors and creditors) on a debt and cash free basis, subject to certain adjustments and conditions precedent, including Shareholder approval under ASX Listing Rule 11.2 and an independent expert concluding that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Subject to successful completion of the Proposed Transaction, Pental intends to return approximately \$0.31 per Share back to Shareholders through the following:

- a first special fully franked dividend of up to approximately \$0.06 per Share (aggregate of \$10.2 million) (expected to be paid on or around 15 December 2023);
- an intended capital return up to approximately \$0.18 per Share (aggregate of \$30.7 million) subject to separate Shareholder approval at Pental's 2023 annual general meeting (**AGM**) and further advice (expected to be paid on or around 15 December 2023); and
- a second special fully franked dividend of up to approximately \$0.07 per Share (aggregate of \$11.9 million) (expected to be paid on or around 8 months after completion of the Proposed Transaction).

Following completion of the Proposed Transaction, payment of the proposed special dividends and capital return (aggregate up to approximately \$54.5 million), payment of transaction and separation costs (approximately \$5 million) and repayment of bank debt (\$1.3 million), Pental is expected to have a healthy positive net cash position.

The Proposed Transaction is expected to be completed on or around 31 October 2023, following Shareholder approval and satisfaction of other conditions precedent.

Pental will retain ownership of its online hampers and gifting business known as Hampers with Bite (**Hampers with Bite Business**). Accordingly, following the Proposed Transaction, Pental will no longer operate any business associated with the 'Pental' name and will change its name to Prestal Holdings Limited, subject to Shareholder approval at this meeting.

¹ The gross purchase price under the Business Sale Agreement is \$45 million subject to an agreed \$3 million adjustment for future capex investment and customary adjustments relating to movements in the assets of the Consumer Products Business and liabilities to be assumed by Selleys and the purchase price for the Shepparton Property under the Land Sale Contract is \$15 million.

After completion of the Proposed Transaction, Pental is committed to grow its eCommerce business underpinned by Hampers with Bite, with clear strategy and strategic investments. During the past financial year Pental has implemented several strategic initiatives to ensure it continues to grow long term Shareholder value.

These initiatives have built the underlying infrastructure required to accelerate organic growth. The business will also implement a targeted acquisition growth strategy to complement our existing product offering and enter new markets.

While not legally required to do so, the Board has commissioned Pitcher Partners to prepare an Independent Expert's Report on the merits of the Proposed Transaction. Pitcher Partners has concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders. The full Independent Expert's Report is Annexure A to the Explanatory Memorandum.

For the reasons set out in Section 2.5 of the Explanatory Memorandum and in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders, the Board unanimously recommends that you vote in favour of the Resolutions to approve the Proposed Transaction and to change Pental's name and intend to vote any shares they own or control in favour of those Resolutions. In reaching their recommendation, the Board has had regard to a range of factors including that:

- if the Proposed Transaction proceeds, it represents significant value recognition for Shareholders;
- the Proposed Transaction represents an offer from a reputable global counterparty, an attractive price and provides a bright future for the longevity of the brands, facilities and employees;
- the Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders;
- the Proposed Transaction is supported by certain of Pental's major shareholders including Alan Johnstone, John Homewood and Kevin Bamford who have informed Pental that they are supportive of the Proposed Transaction and have provided unconditional (approximately 19.90%) and conditional (approximately 22.98%) commitments to Pental to vote shares held or controlled by them in favour of the Proposed Transaction which in aggregate (together with a conditional voting commitment from Pental's independent director Mark Hardgrave), represent voting commitments in respect of 43.09% of the voting shares in Pental;²
- if the Proposed Transaction proceeds, Pental intends to return a significant proportion of the proceeds to Shareholders through Special Dividends and, subject to separate Shareholder approval at the AGM and tax advice, the Capital Return;
- if the Proposed Transaction proceeds, it will enable Pental to direct its full focus as well as necessary additional funding to growing the Hampers with Bite Business; and
- the Share price may fall if the Proposed Transaction does not proceed.

There are also reasons why Shareholders may decide to vote against the Proposed Transaction. Some of these reasons are set out in Section 2.6 of the Explanatory Memorandum and include:

- you may disagree with the Board's recommendation and the Independent Expert's conclusion;
- you may consider there is potential for other proposals to emerge;
- you may believe that Pental should continue to operate the Consumers Products Business rather than sell it to Selleys; and
- your consideration of the risks associated with the profile of Pental and the remaining business post implementation of the Proposed Transaction.

Further information in relation to the Proposed Transaction is contained in the Explanatory Memorandum and in the Independent Expert's Report which is contained in Annexure A. Various risks associated with the Proposed Transaction are summarised in Section 4.4.

I encourage you to vote on the Resolutions. If you wish the Proposed Transaction to proceed, you should vote in favour of the Resolutions. If you are unable to attend the Extraordinary General Meeting, please complete the enclosed proxy form and return it in accordance with the instructions on the form.

² Further information in relation to these voting commitments is contained in Section 2.5.

Please read all parts of this Notice of Meeting before making your decision on how to vote on the Resolutions. If you have any questions in relation to the Proposed Transaction or this Notice of Meeting, you are encouraged to submit questions to Oliver Carton, Company Secretary, +61 3 9251 2311.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M W Hardgrave', written in a cursive style.

Mark Hardgrave
Chair
Pental Limited

1 Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of Pental will be held virtually on Friday, 27 October 2023 at 10.00am (AEDT) virtually for the purpose of considering, and if thought fit, passing the Resolutions set out below.

Unless otherwise defined, terms used in this Notice of Meeting have the meaning given in the Explanatory Memorandum.

HOW DO I PARTICIPATE IN THE MEETING ONLINE?

In order to give as many Shareholders as possible the opportunity to attend the Meeting, the Company is pleased to be able to provide Shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where Shareholders will be able to watch, listen, and vote online. There will also be a facility to ask questions and comment during the meeting.

To access the meeting please go to

https://us02web.zoom.us/webinar/register/WN_G8d4UetiSlm7edqljdkaVw#/registration.

Refer to the enclosed proxy form for further details on how to access and vote at the Meeting. Information about participating in the Meeting is also set out in Automic's Registration and Voting Guide at

<https://www.automicgroup.com.au/virtual-agms>.

For any enquiries relating to virtual participation, please contact Automic on 1300 288 664 (within Australia) or +61 2 9698 5414 (overseas) or at meetings@automicgroup.com.au.

Only Shareholders or their appointed proxies and attorneys will be permitted to ask questions.

Further information will be made available on Pental's website at <https://pental.com.au/> or the ASX.

Business

Resolution 1 – Disposal of main undertaking

To consider and, if thought fit, to pass the following ordinary resolution:

That for the purposes of ASX Listing Rule 11.2 and for all other purposes, Shareholder approval is given for Pental Limited and its wholly owned subsidiary Pental Products Pty Ltd to enter into arrangements to give effect to and to implement the Proposed Transaction as described in the Explanatory Memorandum and any related or connected transaction or arrangement.

A voting exclusion statement applies to this resolution (see Important Information on page 7).

Resolution 2 – Change of name and modification of constitution

To consider and, if thought fit, to pass the following special resolution:

That, subject to the approval of Resolution 1 and completion of the Proposed Transaction and with effect from the day immediately following the date of completion of the Proposed Transaction:

- (a) in accordance with section 157(1) of the Corporations Act 2001 (Cth), Shareholder approval is given for Pental Limited to change its name to Prestal Holdings Limited; and*
- (b) in accordance with section 136(2) of the Corporations Act 2001 (Cth), all references to Pental Limited in its constitution be replaced with references to Prestal Holdings Limited.*

By Order of the Board



Oliver Carton
Company Secretary
Pental Limited

28 September 2023

Important Information

Voting entitlements

Subject to the voting exclusion statement, you will be entitled to attend and vote at the Meeting if you are registered as a Shareholder as at 10.00am (AEDT) on Wednesday, 25 October 2023.

Voting exclusion statement

Resolution 1

In accordance with ASX Listing Rules 11.2 and 14.11, Pental will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- Selleys and any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being a Shareholder); or
- any of their Associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2

There are no voting exclusions applicable to Resolution 2.

How to vote

Voting entitlement on a poll

On a poll, each Shareholder present (in person, by proxy, attorney or corporate representative) has one vote for each Share they hold.

The Chair will put each Resolution to a poll.

Requisite voting majority

Resolution 1 must be approved by Shareholders whose Shares in aggregate account for greater than 50% of the votes cast on the Resolution (whether in person, by proxy, attorney or corporate representative).

Resolution 2 must be approved by Shareholders whose Shares in aggregate account for greater than 75% of the votes cast on the Resolution (whether in person, by proxy, attorney or corporate representative).

Appointment of a corporate representative

Any corporation which is a member of Pental may appoint a proxy, as set out above, or appoint a natural person to act as its representative at any general meeting under section 250D of the Corporations Act or appoint an attorney. Corporate representatives are requested to provide appropriate evidence of appointment as a representative in accordance with the Constitution. A form of notice of appointment can be obtained from the Share Registrar.

Voting by attorney

Attorneys are requested to provide the original or a certified copy of the power of attorney under which they were appointed in accordance with the Constitution. Proof of identity will also be required for corporate representatives and attorneys. To be effective, evidence of the appointment as a representative or attorney must be returned in the same manner and by the same time as specified for proxy appointments below (unless previously provided).

Voting by proxy

A Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote on the Shareholder's behalf. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint up to two proxies to attend and vote on the Shareholder's behalf.

If a Shareholder appoints two proxies, each proxy may be appointed to represent a specified proportion or number of the Shareholder's votes. Absent this specification, on a poll, each proxy may exercise half the votes. A proxy can be either an individual or a body corporate and need not be a Shareholder. If a Shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a Shareholder's instruction is to abstain from voting for a particular item of business, the Shareholder's votes will not be counted in computing the required majority on a poll.

Where a proxy and the Shareholder both attend the Meeting, the proxy's authority to speak and vote at the Meeting is suspended while the Shareholder is present at the Meeting.

You may lodge a proxy online at Automic's internet address below by following the instructions set out on the website. Shareholders who elected to receive their notice of meeting and proxy electronically will have received an email with a link to the Automic site.

Proxy form and authorities may be lodged:

- In Person at the offices of the Share Registry – Automic Level 5, 126 Phillip Street Sydney NSW 2000
- By Email: meetings@automicgroup.com.au
- By Mail: Automic GPO Box 5193 Sydney NSW 2001
- Online at <https://investor.automic.com.au/#/loginsah>

To be effective for the Meeting, a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received by Automic at the physical address or electronic address specified above, or by Pental at its registered office, **no later than 10.00am (AEDT) on 25 October 2023** (being 48 hours before the commencement of the Meeting). Any proxy appointment received after that time will not be valid for the Meeting.

Shareholders are encouraged to submit their proxy forms online. If you wish to post a proxy form, please be aware of current postal timeframes.

Chair acting as proxy

Shareholders may appoint the Chair as their proxy. Where the Chair is appointed as a proxy by a Shareholder entitled to cast a vote the Resolution and the proxy form specifies how the Chair is to vote on the Resolution (that is, a directed proxy), the Chair must vote in accordance with that direction.

If a Shareholder has appointed the Chair as their proxy and no voting direction has been given in relation to the Resolution, the Shareholder will be expressly authorising the Chair to exercise the undirected proxy as he sees fit. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chair of the meeting as your proxy. The Chair intends to vote all undirected proxies in favour of the Resolutions.

If you do not want the Chair of the Meeting to vote, as your proxy, in favour of the Resolutions, you need to direct your proxy to vote against, or to abstain from voting on, the Resolutions by marking the appropriate box on the proxy form.

Participating and voting virtually during the Meeting

Participating in the Meeting virtually enables Shareholders to view the Meeting live, ask text based and verbal questions and cast votes in the real time poll at the appropriate times during the Meeting.

Please note that only Shareholders or their appointed proxies and attorneys may ask questions once they have been verified.

Shareholders are also strongly encouraged to lodge their proxy forms before the deadline listed above even if they are participating in the Meeting. If you do not intend, or are unable to participate in, the Meeting, please lodge your proxy forms before the deadline listed above.

2 Summary of the Proposed Transaction

2.1 BACKGROUND

On 13 September 2023, Pental announced to the ASX that it had entered into binding Transaction Documents under which it is proposing to sell all of the assets used in the conduct of the Consumer Products Business (excluding the Duracell distribution agreements which will separately terminate in accordance with their respective terms, and the Bondi Soap brand) and the Shepparton Property to Selleys for a total purchase price of \$60 million³ (excluding debtors and creditors) on a debt and cash free basis, subject to adjustments and certain conditions precedent, including Shareholder approval under ASX Listing Rule 11.2 and an independent expert concluding that the transaction is fair and reasonable to Non-Associated Shareholders (the **Proposed Transaction**).

The Proposed Transaction is further detailed in this Section 2 and Section 3.

The Board is committed to maximising value for all Shareholders and believes the Proposed Transaction represents significant value recognition for shareholders. The total sale price plus expected agreed and customary adjustments, the unwinding of the Duracell distributorship, debtors and creditors, represents approximately 118% of Pental's current market capitalisation of \$53.7 million.⁴

The Proposed Transaction will provide immediate financial and other benefits to Pental and its Shareholders and the Board unanimously recommends it to Shareholders, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders (see Section 2.3 and Annexure A).

After completion of the Proposed Transaction, Pental will be a dedicated eCommerce business underpinned by the Hampers with Bite Business, with clear strategy and strategic investments.

2.2 OVERVIEW OF THE PROPOSED TRANSACTION

The Proposed Transaction includes:

- the sale of the Consumer Products Business, including tangible assets and intellectual property (excluding the Duracell distributorship and Bondi Soap brand);
- the sale of the Shepparton Property; and
- the likely transfer of substantially all of the employees of the Consumer Products Business, with those employees being offered employment with Selleys.

The Proposed Transaction and Pental's subsequent dedicated focus on eCommerce do not include the Duracell distributorship or the Bondi Soap brand. Pental intends to exercise its termination rights under the Duracell distribution agreements and provide 3 months' notice. The exit from the Duracell distributorship will release an estimated \$3.8 million in working capital.

The intention is for Charlie McLeish (MD) and Neil Godara (CFO) to assist Selleys with its transition of the Consumer Products Business for 3 months (under separate agreement).

2.3 INDEPENDENT EXPERT'S CONCLUSION

Although not legally required to do so, the Board has appointed Pitcher Partners as the independent expert to prepare a report on the merits of the Proposed Transaction.

³ The gross purchase price under the Business Sale Agreement is \$45 million subject to an agreed \$3 million adjustment for future capex investment and customary adjustments relating to movements in the assets of the Consumer Products Business and liabilities to be assumed by Selleys and the purchase price for the Shepparton Property under the Land Sale Contract is \$15 million.

⁴ Based on closing share price of 31.5 cents per share on 11 September 2023.

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

The Independent Expert's Report is Annexure A to this Explanatory Memorandum.

2.4 PROPOSED USE OF PROCEEDS

After completion of the Proposed Transaction and based on the expected net proceeds, the Board currently intends, subject to further advice, to pay the Special Dividends and undertake the Capital Return (subject to further Shareholder approval at the AGM). It is expected that Shareholders will receive:

- a first fully franked special dividend of up to approximately \$0.06 per Share (aggregate of \$10.2 million) (expected to be paid on or around 15 December 2023);
- an intended capital return up to approximately \$0.18 per Share (aggregate of \$30.7 million) subject to separate Shareholder approval at Pental's 2023 AGM and tax advice (expected to be paid on or around 15 December 2023); and
- a second fully franked special dividend of up to approximately \$0.07 per Share (aggregate of \$11.9 million) (expected to be paid on or around 8 months after completion of the Proposed Transaction).

A Dividend Reinvestment Plan (**DRP**) will be established and will be available to Shareholders who wish to participate. Full details of the DRP will be released in due course.

It is expected that the remaining proceeds from the Proposed Transaction will be used to pay transaction and separation costs (approximately \$5 million) and repay bank debt (\$1.3 million). The net proceeds from the termination of the Duracell distributorship, together with existing cash at bank, is expected to be approximately \$7.1 million, which will be retained as working capital to fund growth of the Hampers with Bite Business.

If the Shareholders do not approve the Proposed Transaction, or the Proposed Transaction does not complete for any other reason, the Board will not proceed with the Special Dividends or Capital Return.

2.5 REASONS TO VOTE IN FAVOUR OF THE PROPOSED TRANSACTION (ADVANTAGES OF THE PROPOSED TRANSACTION)

If the Proposed Transaction proceeds, it represents significant value recognition for Shareholders

The Board considers that the Proposed Transaction represents significant value recognition for Shareholders. The total sale price plus expected agreed and customary adjustments, the unwinding of the Duracell distributorship, debtors and creditors, represents approximately 118% of Pental's market capitalisation of \$53.7 million immediately prior to the announcement of the Proposed Transaction.

Attractive price and high quality offer

The Board considers that the Proposed Transaction represents an offer from a reputable global counterparty, an attractive price and provides a bright future for the longevity of the brands, facilities and employees.

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders

While not legally required to do so, the Board has appointed Pitcher Partners as the independent expert to prepare an Independent Expert's Report in relation to the Proposed Transaction.

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

The Board encourages you to read the Independent Expert's Report in full, which is set out in Annexure A.

The Proposed Transaction is supported by certain of Pental's major shareholders

Pental's major shareholders have informed Pental that they are supportive of the Proposed Transaction and have provided unconditional (approximately 19.90%) and conditional (approximately 22.98%) commitments to Pental to vote shares held or controlled by them in favour of the Proposed Transaction which in aggregate (together with the conditional voting commitment received from Pental's independent director Mark Hardgrave), represent voting commitments in respect of 43.09% of the voting shares in Pental as described further below.

Pental's major shareholders Alan Johnstone and John Homewood have informed Pental that they are supportive of the Proposed Transaction and have undertaken in favour of Pental to vote shares held or controlled by them in aggregate representing approximately 19.9% of the voting shares in Pental in favour of the Proposed Transaction.⁵ Alan Johnstone and John Homewood have separately informed Pental that they intend to vote the remaining shares held or controlled by them in aggregate representing approximately a further 19.07% of the voting shares in Pental⁶ in favour of the Proposed Transaction, in the absence of the directors of Pental recommending a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders (the **Voting Qualification**).

Pental's other major shareholder, Kevin Bamford, who holds or controls 3.91% of the voting shares in Pental, has also informed Pental that he is supportive of the Proposed Transaction, and has confirmed that he intends to vote such shares in favour of the Proposed Transaction, subject to the Voting Qualification.

Mark Hardgrave, an independent director of Pental, who holds or controls 0.21% of the voting shares in Pental, has separately confirmed to Pental that he intends to vote such shares in favour of the Proposed Transaction, subject to the Voting Qualification.⁷

If the Proposed Transaction proceeds, Pental will be able to return a significant proportion of the proceeds to Shareholders through the proposed Special Dividends and Capital Return

If the Proposed Transaction proceeds, Pental will be able to return a significant proportion of the proceeds to Shareholders through the Special Dividends and Capital Return, as outlined in Section 2.4 above.

If the Proposed Transaction proceeds, it will enable Pental management to direct its full focus on delivering on its strategy for growing its eCommerce business

If the Proposed Transaction proceeds, it will allow the management team and employees (excluding those who will transition to Selleys under the Proposed Transaction) to focus their time and attention on the development and operation of the Hampers with Bite Business.

The Share price may fall if Proposed Transaction does not proceed

If the Proposed Transaction is not approved by Shareholders and no alternative proposal emerges, the price of the Shares may fall.

2.6 DETAILED REASONS WHY YOU MAY CHOOSE TO VOTE AGAINST THE PROPOSED TRANSACTION (DISADVANTAGES OF THE PROPOSED TRANSACTION)

You may disagree with the Board's recommendation and the Independent Expert's conclusion

In recommending you vote in favour of the Proposed Transaction, the Board and Independent Expert have made judgements regarding future events which cannot be predicted with certainty and which may prove inaccurate.

⁵ Alan Johnstone and John Homewood have each undertaken to vote 16,960,720 fully paid ordinary shares (representing in each case approximately 9.95% of Pental's voting shares) held or controlled by him in favour of the Proposed Transaction.

⁶ For John Homewood this is 13,299,280 fully paid ordinary shares (representing approximately 7.8% of Pental's voting shares) and for Alan Johnstone this is 19,204,141 fully paid ordinary shares (representing approximately 11.27% of Pental's voting shares).

⁷ This confirmation supplements the conditional commitment by Mark Hardgrave to vote in favour of the Proposed Transaction made in his capacity as a director of Pental.

You may hold a different view. You are not obliged to follow the recommendation of the Board or the conclusion of the Independent Expert that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

You may consider there is potential for an alternative proposal to emerge

If the Proposed Transaction is implemented, Pental will no longer own the Consumer Products Business.

You may consider the possibility that a proposal (whether it be an alternative proposal for the Consumer Products Business, or other proposal) which is more attractive than the Proposed Transaction could materialise in the future.

The Board considers that there is no realistic alternative proposal and, as at the date of this Explanatory Memorandum, are not aware of any alternative proposals.

You may believe that Pental should continue to operate the Consumer Products Business rather than sell it to Selleys

If the Proposed Transaction proceeds, Pental will no longer operate the Consumer Products Business.

You may consider that it is in Pental's best interests to continue to operate the Consumer Products Business.

There are risks associated with the profile of Pental post implementation of the Proposed Transaction

If the Proposed Transaction proceeds, there will be a change in the risk profile to which Shareholders are exposed as a result of Pental no longer owning or operating the Consumer Products Business, as Pental's business will be focused on operating and growing the Hampers with Bite Business.

2.7 TAX CONSEQUENCES

Refer to Section 5.1 for further information.

Section 5.1 is a general statement as to the likely Australian tax consequences for Shareholders. However, it is not intended to provide taxation advice in respect of the particular circumstances of any individual Shareholder. Shareholders should obtain their own taxation advice with respect to the Proposed Transaction, the proposed Special Dividends and the Capital Return.

3 Proposed Transaction and Resolutions

3.1 OVERVIEW

The Meeting referred to in this Explanatory Memorandum is being held so that Shareholders can consider the Resolutions, including to approve the Proposed Transaction under ASX Listing Rule 11.2 and the change of Pental's name to Prestal Holdings Limited.

3.2 INDICATIVE TIMETABLE

Subject to the ASX Listing Rules requirements, Pental anticipates that completion of the Proposed Transaction and payment of the Special Dividends and Capital Return will occur in accordance with the timetable set out in the 'Key Dates' Section on page iii.

3.3 FINANCIAL EFFECT OF PROPOSED TRANSACTION ON PENTAL

An unaudited pro forma balance sheet following completion of the Proposed Transaction and payment of the Special Dividends and the Capital Return is set out in Section 4.3 below.

Following the divestment of the Consumer Products Business and the payment of the intended Special Dividends and the Capital Return, Pental will remain in a strong financial position, with forecast positive net cash and positive Earnings Before Interest and Tax (**EBIT**). This will enable Pental to execute its organic and acquisition growth strategies to accelerate the growth of its eCommerce business and create further Shareholder value.

3.4 IMPLICATIONS OF PROPOSED TRANSACTION PROCEEDING

If the Proposed Transaction is implemented, Pental will be entitled to the proceeds from the Proposed Transaction, which will be used as set out in Section 2.4. Further information on the profile of Pental following completion of the Proposed Transaction is set out in Section 4.3.

3.5 IMPLICATIONS OF PROPOSED TRANSACTION NOT PROCEEDING

If the Proposed Transaction does not proceed, Shareholders will retain their current investment in the Shares. Therefore, Shareholders will continue to retain the benefits of an investment in the Consumer Products Business and the Hampers with Bite Business and will continue to be exposed to the risks presently associated with this investment. These risks include general risks of holding shares and risks that are specific to Pental's businesses as described in Section 4.4.

If the Proposed Transaction does not proceed, neither the advantages of the Proposed Transaction outlined in Section 2.5, nor the potential reasons to vote against the Proposed Transaction outlined in Section 2.6, will be relevant to Shareholders. In particular, the Board will not declare or authorise or pay any Special Dividends or under take the Capital Return if the Proposed Transaction does not proceed.

3.6 LEGAL AND REGULATORY REQUIREMENTS

Resolution 1 – disposal of main undertaking

Resolution 1 seeks the approval of Shareholders to the Proposed Transaction, for the purposes of ASX Listing Rule 11.2.

ASX Listing Rule 11.2

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders by ordinary resolution to a disposal of its main undertaking. The Board considers the Proposed Transaction to be a disposal of Pental's main undertaking for these purposes.

Resolution 1 seeks the requisite Shareholder approval to the Proposed Transaction for the purposes of ASX Listing Rule 11.2.

ASX Listing Rule 11.1

ASX Listing Rule 11.1.3 provides that where an entity proposes to make a significant change to the nature or scale of its activities, the ASX may require the entity to meet the requirements of the ASX Listing Rules as if it were applying for admission to the official list.

Based on information presently available, the ASX has determined that ASX Listing Rule 11.1 does not apply to the Proposed Transaction.

Voting exclusion

Certain shareholders of Pental are excluded from voting on Resolution 1. Please refer to the voting exclusion statement set out in the Notice of Meeting set out in Section 1 in accordance with ASX Listing Rules 11.2 and 14.11.

Resolution 2 – change of name and modification of constitution

Resolution 2 seeks the approval of Shareholders to the change of Pental's name to Prestal Holdings Limited and consequential changes to Pental's constitution to reflect that new name.

Section 157(1) of the Corporations Act

In accordance with section 157(1) of the Corporations Act, Pental proposes a special resolution to change Pental's name to Prestal Holdings Limited, subject to approval of Resolution 1 and completion of the Proposed Transaction.

The Board recommends a change of company name to reflect the sale of the Consumer Products Business and to reflect that Pental will now operate the Hampers with Bite Business only.

In accordance with section 157(3) of the Corporations Act, the change of name will take effect when ASIC alters the details of Pental's registration.

Section 136 of the Corporations Act

Consequential changes to Pental's constitution are required to reflect the change of name. Under section 136(2) of the Corporations Act, this requires a special resolution of Pental's shareholders. If this resolution is passed, Pental will lodge a copy of the resolution approving the change of name together with a copy of its updated constitution with ASIC.

3.7 BOARD'S RECOMMENDATION AND VOTING INTENTIONS

The Board unanimously recommends, after carefully considering each of the advantages and disadvantages of the Proposed Transaction and having regard to the conclusion of the Independent Expert and independent advice, that Shareholders should vote in favour of the Proposed Transaction and the change of name.

In reaching its recommendation, the Board has had regard to a range of factors including those set out in Section 2.5 above.

The Board recommends that all Shareholders read and carefully consider all the material set out in this Explanatory Memorandum before deciding how they will vote.

The Board intends to vote in favour of the Proposed Transaction and change of name, in respect of all Shares held by them or which they otherwise control. The Board does not have any material personal interest in the outcome of the Resolutions other than as a result of their interest arising solely in the capacity of Shareholders.

3.8 SUMMARY OF TRANSACTION DOCUMENTS

The Transaction Documents for the Proposed Transaction are summarised below. It should be noted that these are only the principal documents for the Proposed Transaction and there are or will be a number of ancillary or additional documents necessary to implement the Proposed Transaction.

Business Sale Agreement

The key terms of the Business Sale Agreement are set out below:

- **(Sellers)** Pental Products Pty Ltd ACN 103 213 467 and Pental.
- **(Purchaser)** Selleys.
- **(Assets being acquired)** The Business Sale Agreement contemplates the sale of all of the goodwill and assets used in the Consumer Products Business (excluding various assets, including the Bondi Soap brand and Duracell distribution agreements (which will separately terminate in accordance with their respective terms) **(Assets or Business)**).
- **(Consideration)** The Purchaser has agreed to pay \$45 million for the Assets subject to an agreed \$3 million adjustment for future capex investment and customary adjustments relating to movements in the assets of the Consumer Products Business and liabilities to be assumed by Selleys.
- **(Interdependence)** The Business Sale Agreement is interdependent with the Land Sale Contract and neither the Sellers nor the Purchaser are obliged to complete unless the each of them is ready, willing and able to complete under the Land Sale Contract.
- **(Conditions Precedent)** The Proposed Transaction is conditional on, among other things, the satisfaction or waiver of the following conditions precedent (which, if not satisfied or waived, the Proposed Transaction will not proceed, and if not fulfilled or waived prior to the Sunset Date of 30 November 2023, the Proposed Transaction may be terminated):
 - receipt of the Independent Expert's Report that states the Proposed Transaction is fair and reasonable to Non-Associated Shareholders;
 - Shareholders having passed the Resolutions;
 - counterparties to certain key business contracts providing the necessary consents to the assignment or novation of those contracts to the Purchaser, either on an unconditional basis or on terms acceptable to the Purchaser (acting reasonably);
 - lessors and their mortgagees (as applicable) under the third party leases in connection with the Business providing the necessary consents to the assignment of those leases to the Purchaser (including Pental's head office lease), either on an unconditional basis or on terms acceptable to the Purchaser (acting reasonably);
 - certain key employees accepting an offer of employment with the Purchaser and at least 80 per cent of all other employees who receive an offer of employment from Selleys accepting that offer; and
 - no material adverse change has occurred between the date of the Business Sale Agreement and completion.
- **(Recommendation and Voting Intention)** Prior to entry into the Business Sale Agreement, noting it gives a warranty to this effect, Pental must ensure that each independent Director has confirmed that:
 - his or her recommendation in respect of the Resolutions is that shareholders vote in favour of all Resolutions; and
 - he or she intends to vote, or cause to be voted all Shares in which he or she has a relevant interest (if any) in favour of the Resolutions,

in each case in the absence of a superior proposal, on the basis that the Independent Expert concludes and continues to conclude that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Pental must ensure that no independent Director withdraws, changes or modifies a recommendation or voting intention unless there is a superior proposal, the Independent Expert does not opine (or changes its opinion) that the Proposed Transaction is fair and reasonable to Non-Associated Shareholders or a Director or Directors consider, acting in good faith and having obtained legal advice, that their fiduciary or statutory duties require them to withdraw, change or modify a recommendation or voting intention. The Purchaser can terminate the agreement if a majority of independent Directors withdraw, change or modify their recommendation of the Proposed Transaction.

- **(Break Fee arrangements)** The Sellers must pay to Selleys a break fee of \$510,000 in circumstances where:
 - Pental materially breaches its obligations to, in broad terms:

- prepare and despatch a notice of meeting, and convene and hold an extraordinary general meeting for Shareholder approval of the Resolutions; or
- appoint an Independent Expert and procure an Independent Expert's Report,

Selleys is not in material breach of the agreement, and the agreement is terminated by Selleys as a result of a failure by Pental to hold the extraordinary general meeting by the Sunset Date or a failure by Pental to receive the Independent Expert's Report by the Sunset Date; or

- a superior proposal is received, a majority of the independent Directors withdraw, change or modify their recommendations to vote in favour of the Proposed Transaction as a result of the superior proposal and the agreement is terminated by Selleys.

In circumstances where the break fee is paid, the Purchaser releases the Sellers from all other claims in connection with the event giving rise to the break fee payment or other events which may constitute a breach of the agreement or Land Sale Contract.

- **(No shop, no talk)** The Sellers are subject to *no shop* and *no talk* obligations in relation to the Proposed Transaction, subject to customary carve outs and exceptions.
- **(Conduct of business prior to Completion)** The Consumer Products Business is to be conducted in the ordinary course pending completion subject to customary pre completion obligations, restrictions and exceptions.
- **(Scheduled Completion Date)** Completion will take place on:
 - if the last business day of the month is at least 5 business days after the date on which the last of the Conditions (other than any Conditions which by their nature are incapable of satisfaction until Completion) has been satisfied (or waived), the last business day of that month;
 - otherwise, the last business day of the following month,

or on any other date as the parties agree in writing. Completion is scheduled to occur on or around 30 October 2023 (subject to satisfaction of the conditions precedent).

- **(Warranties)** The Sellers provide customary warranties regarding the Assets, the Consumer Products Business and the Shepparton Property, which are subject to customary qualifications, acknowledgements and limitations of liability, including in respect of minimum claim amounts, time limitations on claims and maximum claim caps for certain types of claims.
- **(Indemnities)** The Sellers indemnify the Purchaser in relation to liabilities suffered or incurred in connection with a breach of any of the warranties and other customary indemnities relating to pre completion liabilities (including liabilities with employee or contract related claims or disputes). The Sellers also provide a specific indemnity in respect of contamination in, on, under or emanating from the Shepparton Property that occurs prior to completion and the Purchaser indemnifies and releases the Sellers from all liabilities suffered or incurred in connection with contamination in, on, under or emanating from the Shepparton Property that occurs after completion (provided that such indemnity does not apply to contamination emanating from the Shepparton Property prior to Completion). Various of the limitations of liability mentioned above also apply to the Sellers' indemnities, including time limitations on claims and maximum claim caps.
- **(Non-compete)** The Sellers agree to a restrictive covenant that includes a prohibition that it will not (i) engage in a business or an activity that is the same as or similar to the Consumer Products Business, or any material part of the Consumer Products Business, either directly or indirectly; (ii) solicit, canvass, approach or accept any approach from any person who was at any time during the 24 months ending on the Completion Date a customer of the Pental Consumer Products business with a view to obtaining the custom of that person in a business that is the same or similar to the Pental Consumer Products business or is in competition with the Pental Consumer Products business; (iii) interfere with the relationship between the Pental Consumer Products business and its customers, employees or suppliers; or (iv) induce or assist in the inducement of any employee of the Buyer to leave that employment, for a period not exceeding five years from completion anywhere in Australia and New Zealand.

Land Sale Contract

The key terms of the Land Sale Contract are as set out below:

- **(Seller)** Pental.
- **(Purchaser)** Selleys.
- **(Property to be acquired)** 48 Drummond Road, Shepparton VIC 3630.
- **(Consideration)** The Purchaser has agreed to pay \$15 million for the Shepparton Property.
- **(Interdependence)** The Land Sale Contract is interdependent with the Business Sale Agreement and neither the Seller nor the Purchaser is obliged to complete unless the other of them is ready, willing and able to complete under the Business Sale Agreement.
- **(Liability and Recourse)** Given Pental is a party to the Business Sale Agreement as a Seller, the liability regime for the Land Sale Contract and relating to the Shepparton Property is set out in the Business Sale Agreement, as described above. Accordingly, the liability of the Seller to the Purchaser, and the remedies available to the Purchaser, in respect of any liability or claim arising under or in connection with the Land Sale Contract is subject to the terms of the Business Sale Agreement.

4 Profile of Pental Group

4.1 INTRODUCTION

Pental is an ASX-listed entity (ASX:PTL). Pental is a tried and trusted Australian provider of household chemical and cleaning products. With an iconic portfolio of brands, Pental has been servicing Australians for generations with honest products that really work.

Pental operates through two business units, being:

- the Consumer Products Business which operates as a manufacturer, wholesaler, distributor and online retailer of a portfolio of well known brands of household products across Australia, New Zealand and Asia; and
- the Hampers with Bite Business which operates as an online hampers and gifting specialist.

Consumer Products Business

The Consumer Products Business unit manages a portfolio of leading consumer brands, which are household names in Australia and New Zealand. It is a branded market leader and one of the largest local manufacturers of bar soaps, liquid bleach and firelighter cubes. The Consumer Products Business unit also provides distributorship services to brands and products that are non-perishable and have a long shelf life.

Hampers with Bite Business

The Hampers with Bite Business was acquired by Pental on 1 September 2021. Hampers With Bite Pty Ltd (**HWB**) is a Melbourne based online hamper and gifting specialist. Its range of premium hampers and gifts are targeted at affordable prices towards gifts to friends and family and corporate clients. provides customers with the option of creating their own hamper or simply purchasing one of HWB's pre-designed hampers online. HWB operates from its main operations site at Maidstone in the state of Victoria, Australia.

4.2 CAPITAL STRUCTURE

Capital structure

As at the date of this Explanatory Memorandum, the total securities of Pental on issue are as follows:

Security	Number
Shares	170,459,499

Substantial shareholders

The details of Pental's substantial Shareholders as at the date of this Explanatory Memorandum are set out below.

Shareholder	Number of Shares	Percentage
Alan Johnstone*	36,164,861	21.22%
Mr John Rostyn Homewood	30,320,000	17.79%
Total	66,484,861	39.01%

* Note: Alan Johnstone has a relevant interest in Shares held by Johnos Holdings Pty Ltd, P.M.S.F. Company Pty Limited, Mrs Joy Dorothy Johnstone and Aurisch Investments Pty Ltd.

Marketable securities of Pental held by or on behalf of the Directors

The details of securities of Pental held by or on behalf of Directors as at the date of this Explanatory Memorandum are set out below.

Director's name	Shares held by or on behalf of the Director	Share options	Unvested performance rights
Mark Hardgrave	363,158		
Jeff Miciulis	1,000,000		
Fred Harrison	447,368		
Charlie McLeish	84,595	685,000	903,000
Kerrie Parker	77,000		
Total	1,972,121	685,000	903,000

4.3 PROFILE OF PENTAL FOLLOWING PROPOSED TRANSACTION

Details of changes to Pental's business model

As part of the Proposed Transaction, Pental will not retain their owned brands or contracted brands divisions and instead would operate as a stand-alone HWB eCommerce business. Building on the foundations of HWB, Pental aims to transform the business into a multi-dimensional eCommerce platform with a focus on 12-month product offerings, broader target customer demographics and increased average order value. Subject to completion of the Proposed Transaction, Pental will seek to bolster both the Board and management team with further industry expertise. This will be disclosed to Shareholders in due course.

Details of Directors' intentions regarding Pental following Proposed Transaction

Subject to completion of the Proposed Transaction, Pental will transition into a dedicated eCommerce business underpinned by the Hampers with Bite Business.

Pental remains optimistic about the growth opportunities that lie ahead and throughout FY23 Pental implemented several strategic initiatives to ensure it continues to grow long term shareholder value.

These initiatives have built the underlying infrastructure required to accelerate organic growth. The business will also implement a targeted acquisition growth strategy to complement our its existing product offering and enter new markets.

Details of changes to senior management

It is intended that managing director Charlie McLeish and CFO Neil Godara will assist Selleys with its transition of the Consumer Products Business for 3 months (under separate agreement).

Subject to completion of the Proposed Transaction, Pental will seek to bolster both the Board and management team with further industry expertise. This will be disclosed to Shareholders in due course.

Capital Structure

There will be no change to the capital structure of Pental detailed in Section 4.2 as a result of the Proposed Transaction. Shareholders who elect to participate in the DRP to be established following completion of the Proposed Transaction will be issued new Shares to the value of the special dividends in place of those dividends. The number of new Shares to be issued will depend on the level of participation. Further details of the DRP will be given in due course.

Pro forma and historical financial statements

An unaudited historical pro forma income statement and balance sheet of the Hampers with Bite Business following implementation of the Proposed Transaction is set out below.

The pro forma income and balance sheet of the Hampers with Bite Business also takes into account the proposed Special Dividends and Capital Return. The historical pro forma financial information has been adjusted to reflect Pental as if the Proposed Transaction with Selleys had occurred for the full historical period covered by the financial information, but does not include items such as completion adjustments and the net proceeds from the termination

of the Duracell distributorship. As stated in Section 2.4, it is anticipated that there will be working capital of \$7.1m following completion to fund the growth of the Hampers with Bite Business.

To enable this comparison, the historical financial information has been adjusted to show adjusted or “pro forma” historical financial information. In preparing this information some assumptions were made about the allocation of shared centralised corporate overheads.

Pental Limited's audited and proforma income statement for FY23

	FY23 Statutory Income Statement (Audited)	FY23 HWB Pro Forma Income Statement (Unaudited)
Revenue	115,261	24,344
EBITDA	11,220	2,781
EBIT	7,438	2,352
NPAT	4,890	1,621

Pental Limited's audited and proforma balance sheet as at 30 June 2023

\$'000	FY23 Statutory Statement of Financial Position (Audited)	FY23 HWB Pro Forma Statement of Financial Position	Change
Assets			
Cash	1,784	128	(1,656)
Trade & Other Receivables	15,469	180	(15,289)
Inventories	18,647	3,069	(15,578)
Property, Plant & Equipment	17,451	351	(17,100)
Leased Assets	2,105	300	(1,805)
Brand Names and Other Intangible Assets	41,350	29,184	(12,166)
Other	1,664	167	(1,497)
Total Assets	98,470	33,379	(65,091)
Liabilities			
Trade & Other Payables	13,132	946	(12,186)
Lease Liabilities	2,119	256	(1,863)
Employee and Other Provisions	2,814	230	(2,584)
Borrowings	2,125	-	(2,125)
Other Financial Liabilities	54	-	(54)
Deferred Tax Liabilities	6,347	3,047	(3,300)
Total Liabilities	26,591	4,479	(22,112)
Net Assets	71,879	28,900	(42,979)

4.4 RISK FACTORS

Shareholders are currently exposed to various risks as a result of their investment in Pental.

If the Proposed Transaction proceeds, there will be a change in the risk profile to which Shareholders are exposed as a result of the disposal of the Consumer Products Business and Pental's operations being focused on the Hampers with Bite Business.

As with all investments, investors should be aware that the market price of Shares may fall as well as rise. The potential returns of Pental will be dependent on risks specific to Pental and to general investment risks. While it is impossible to identify all risks, the attention of investors is drawn to the potential risks discussed in this Section 4.4.

Shareholders are encouraged to read this Section in its entirety.

The risks identified in this Section 4.4 are not exhaustive, and no assurances or guarantees of future performance of, profitability of, or payment of dividends by, Pental are given.

General risks relating to holding Shares

(a) The price of shares may fluctuate

As an ASX listed company, Pental is subject to general market risks that are inherent in all securities listed on a securities exchange.

The price at which Shares are quoted on ASX may increase or decrease due to a number of factors, many of which are outside of Pental's control and are not attributable to the underlying operations and activities specific to Pental. These factors may cause the Shares to trade at prices below the levels as at the date of this Explanatory Memorandum. It is also likely that the price of the Shares will decrease following the implementation of the Proposed Transaction as a result of the disposal of the Consumer Products Business and payment of the Special Dividends and the Capital Return.

Some of the factors which may affect the price of the Shares in addition to Pental's financial position and performance include fluctuations in the domestic and international market for listed stocks, investor sentiment, general economic conditions (including interest rates, inflation rates, exchange rates), changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Pental operates, force majeure events, announcement of new technologies, geo-political instability, including international hostilities and acts of terrorism, demand for and supply of Shares, announcements and results of competitors, analysts reports and general operational and business risks.

(b) Force majeure events may occur

Events may occur within or outside Australia that could impact on the Australian economy, the operations of Pental and the price of Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (such as COVID-19) or other natural or man made events or occurrences that can have an adverse effect on the Hampers with Bite Business. Pental has only a limited ability to insure against some of these risks.

Specific risks associated with Pental and Hampers with Bite Business if the Proposed Transaction proceeds

(a) Future capital requirements

Pental will require additional capital to fund growth of the Hampers with Bite Business.

Following the sale of the Pental Consumer Products business and the payment of the intended Special Dividends and the Capital Return, Pental will remain in a strong financial position, with forecast positive net cash and positive EBIT.

Pental's ability to raise sufficient further capital within an acceptable time frame and on terms acceptable to it, will vary according to a number of factors including, without limitation, the prospects of new acquisition opportunities, the results of its operations and broader industry and stock market conditions.

(b) Risks associated with the Transaction Documents

Pental has entered into the Transaction Documents in respect of the Proposed Transaction which are summarised in Section 3.8. As part of the Transaction Documents, Pental has agreed to provide certain warranties and

indemnities. Any claims, disputes and liabilities arising from the Transaction Documents may adversely affect the financial position, performance or prospects of Pental post transaction.

(c) Hampers with Bite Business model

There are various risks associated with the operation of the Hampers with Bite Business, including but not limited to those connected to its direct to consumer channels, product manufacturing, supply chains, legal and regulatory environment and use of technology systems and data. If risks associated with the Hampers with Bite Business were to be realised, Pental would be exposed to these risks, which could adversely affect Pental's financial position, performance and prospects.

For example, as an eCommerce platform, Hampers with Bite relies on online technology solutions to operate its business. While processes will be put in place to mitigate the risk of technology outages or unauthorised access to data or systems (including data breaches that could involve personal information), it is possible that these measures may not prevent disruption as a result of issues connected with the Hampers with Bite's technology, systems and information of the Hampers with Bite Business. If these events were to occur, Pental could suffer loss impacting its performance and ability to continue operating the Hampers with Bite Business.

Specific risks associated with Pental if the Proposed Transaction does not proceed

Shareholders should be aware that if the Proposed Transaction does not proceed, they will retain their Shares, however the Board will not declare or authorise any Special Dividends or the Capital Return in those circumstances.

If the Proposed Transaction does not proceed, Shareholders will continue to be exposed to the risk factors relating to holding Shares and the Hampers with Bite Business described above, respectively, above as well as the following risk factors relating to the current profile of Pental.

(a) Pental will have incurred substantial costs and expended management time and resources for the Proposed Transaction

If the Proposed Transaction does not proceed, Pental will have incurred substantial costs in respect of a transaction that does not eventuate. This includes a significant proportion of management's time (six months) as well as legal and other advisory fees. Further, the break fee of \$510,000 will likely be payable in certain circumstances, see Section 3.8 for further details on when the break fee is payable.

(b) Failure to grow

There is a risk that Pental will be unable to offer a sufficient number of successful new products which could potentially result in reduced or negative growth.

There is a risk that new Pental products developed and launched to the market may be unprofitable because they are not supported by sufficient market interest and purchases or otherwise not adequately marketed and fail to sell. There is also a risk that new products:

- waste operating costs;
- incur operating costs earlier than necessary or greater than forecast; and/or
- impact revenues of existing products to a greater extent than predicted.

(c) People safety

Employees of Pental involved in the production or transport of Pental's products may be injured. Following the occurrence of employee injuries on Pental production sites or otherwise while employees are undertaking work for Pental, Pental may be subject to compensation payments, payment of significant penalties, loss of production capacity and reputational damage, all of which may have a material adverse impact on the financial position of Pental.

(d) Product quality and safety

Food and beverages are perishable products and improper and/or poor handling and processing can critically affect the safety of the end product. Further, there is a risk of product contamination in the supply, production and storage process by a range of agents or pathogens including salmonella, Ecoli and listeria.

An incident or threat of product contamination or any other type of food safety incident or the perception that such an incident has occurred may cause considerable reputational damage to Pental and its brands from the perspective of its suppliers, customers, the general public and regulators, the loss of contracts for the supply of products and

may also result in significant product recall costs, compensation payments and the payment of significant penalties. All of these circumstances may have a material and adverse effect on Pental's revenue, profitability and growth.

(e) Climatic conditions

The quantity and quality of Pental's products may be adversely affected by climatic conditions. Any adverse change to climatic conditions, in particular, lack of rainfall, in the short or long term may impact on the sustainability of Australian ingredients supply. This may have a material adverse effect on Pental's revenue and profitability.

(f) Competition

Majority of Pental branded products are sold in supermarkets in Australia and New Zealand. In both countries competition between retail chains is intense, leading to aggressive reviews of product mixes as well as increased moves towards own or private label products to improve retail margins. This situation is not unique to Pental and affects suppliers of the vast majority of products stocked across supermarket chains. New entrants into Pental's market segment have the potential to cause market disruptions across ours and competitors' brands as they bid to secure shelf space. This disruption has the potential to erode sales.

(g) Changes in regulations

There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which the Pental sells, or sources its ingredients and/or products. Changes to the regulatory environment could have a material effect in a number of ways. For example, the financial and production effects resulting from changing requirements to:

- product packaging and/or labelling requirements as a requirement of increases to mandatory dietary content disclosures; or
- the introduction of taxation measures that reference food content; and/or
- restrictions that prevent or restrict access to markets by amendments to regulations governing the export or importation of products. (i.e. Free Trade Agreements).

(h) Adverse customer behaviour or loss of customer

Pental sells its products to a range of customers including major Australian supermarket chains. A significant change in demand for, or the prices paid for, Pental's products by Pental's key customers including because of the customer's competitive position, a strategy by them to grow their private label product offerings, a change in demand from the end purchasers of Pental's products or the actions of competitors, including increased supply, new and different products and lower prices, may affect Pental's sales volumes and margins and may have a material and adverse effect on Pental's revenue, profitability and growth.

Pental could lose key customers due to a range of events. Any loss of key customers may materially and adversely affect Pental's revenue, profitability and growth.

(i) Decrease in demand for Pental's products

Pental's current business and growth plans depend on there being an active market domestically and internationally for Pental's products. Consequently, any decrease in demand for Pental's products including due to changing consumer preferences and tastes, consumers substituting Pental's products for competitor's products, product and price competition, performance and reliability, Pental's reputation, changes in law or regulation or economic and market conditions, will adversely affect sales of Pental's products and may have a material and adverse effect on Pental's revenue, profitability and growth.

(j) Brand and reputation

The Pental group portfolio of brand names and related intellectual property are key assets of the business. The reputation and value associated with these brands and related intellectual property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage, including social media, or other circumstances including those beyond the direct control of Pental.

Significant erosion in the reputation of, or value associated with Pental brands, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for Pental products.

(k) Disruption or failure of technology and software systems

As Pental's e-commerce business continues to grow, the performance, reliability and availability of our websites and e-commerce software systems becomes more important. There is a risk that these systems may be adversely affected by disruption, failure, service outages, improper configuration, maintenance error, data corruption (as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber attacks) or other disruptions including natural disasters and power outages. In part, some of these disruptions may be caused by events outside of our control and may lead to prolonged disruption to our e-commerce websites, or operational or business delays and damage to our reputation. This could potentially lead to a loss of customers, legal claims by customers, and an inability to attract new customers, any of which could adversely impact our operating and financial performance.

(l) Failure to effectively manage growth

Pental has experienced a period of growth and based on our projections, our future growth could place additional pressure on current management, operational and finance resources and on the infrastructure supporting Pental. Failure to appropriately manage this growth could result in failure to retain existing customers and attract new customers, which could adversely affect our operating and financial performance.

(m) Ability to attract and retain key personnel

A critical component of our success is the ongoing retention of key management personnel. There is a risk Pental may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel, or any delay in their replacement, could have a significant negative impact on our ability to operate the business and achieve financial performance targets and strategic growth objectives.

(n) No guarantee of future dividends

There is no guarantee that dividends will be paid in the future as this is a matter to be determined by the Board in its discretion. The Board's decision will have regard, among other things, to our financial performance and position, relative to our capital expenditure and other liabilities.

(o) Litigation risk

In the ordinary course of business, we may be involved in litigation disputes from time to time. Litigation disputes brought by third parties; including but not limited to customers, suppliers, business partners and employees may adversely impact the financial performance and industry standing of Pental where the impact of litigation is greater than or outside the scope of our insurance.

5 Additional Information

5.1 TAX CONSEQUENCES OF THE PROPOSED TRANSACTION

The Proposed Transaction should result in a capital gains tax event for Pental. However, the current expectation is that the Proposed Transaction should not give rise to any material cash tax payable by Pental on the disposal having regard to the expected proceeds and existing tax cost base of the assets.

The tax consequences of the Proposed Transaction will ultimately depend on the specific circumstances existing at completion of the Proposed Transaction.

5.2 SUMMARY OF TAX ISSUES FOR SHAREHOLDERS

This section sets out a general summary of the key Australian income tax consequences of the receipt of the Special Dividends by Shareholders. The purpose of the summary is to assist Shareholders understand the potential Australian tax consequences of the proposed Special Dividends. The summary is intended as a general guide and is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this Explanatory Memorandum. Shareholders should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws, regulations or administrative practices may affect the taxation treatment to the Shareholders as described in this summary.

This summary is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Shareholder, and is not intended to be advice and should not be relied on as such. The tax consequences arising to Shareholders will vary depending on their specific profile, characteristics and circumstances. Accordingly, Shareholders should obtain independent professional advice in relation to their own particular circumstances and should not rely upon the comments contained in this summary. The Australian tax consequences outlined below are relevant to Shareholders who are individuals, companies, trusts and complying superannuation funds that hold their Shares on capital account for Australian income tax purposes.

This summary does not cover Shareholders who:

- hold their Shares as trading stock, as part of a profit making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account;
- may be subject to special rules, such as banks, insurance companies, tax exempt organisations, certain trusts, superannuation funds (unless otherwise stated) or dealers in securities;
- are 'temporary residents' as that term is defined in section 995-1(1) of the *Income Tax Assessment Act 1997* (Cth);
- change their tax residence whilst holding Shares; or
- are non-residents for Australian income tax purposes and who hold their Shares as an asset of a permanent establishment in Australia.

Any persons who may be subject to tax in any jurisdiction outside Australia should also obtain independent professional advice on their particular circumstances.

Australian income tax treatment of Special Dividends

(a) Entitlement to tax offset for franking credits

Australian tax resident Shareholders should include the Special Dividends and the attached franking credits in their assessable income. Generally, a tax offset should be available for franking credits received. However, Shareholders will not be entitled to obtain a tax offset for the franking credits (and will not be required to include this amount in their assessable income) unless the Shareholders are 'qualified persons' in relation to the Special Dividends and certain franking integrity measures do not apply.

Individuals and complying superannuation funds may be entitled to a refund of franking credits where the offset exceeds their tax liability.

Non-resident Shareholders will not include any amount in their assessable income, but may be subject to withholding tax – see (d) below.

(b) **‘Qualified person’ rule**

For a Shareholder to be considered a ‘qualified person’ in relation to the Special Dividends, Shareholder must have held their Shares ‘at risk’ for a continuous period (excluding the day of acquisition and the day of disposal) of at least 45 days during the relevant qualification period.

A Shareholder will not be considered to have held their Shares ‘at risk’ where the Shareholder has materially diminished risks of loss or opportunities for gain in respect of the Shares (i.e. the Shareholder’s net position in relation to the Shares has less than 30% of those risks and opportunities).

Shareholders should seek independent professional advice regarding the application of the ‘qualified person’ rule to their particular circumstances.

The ‘qualified person’ rule is taken to be satisfied where the Shareholder is an individual with combined franking credits that do not exceed \$5,000 in the income year.

(c) **Franking integrity rules**

The franking integrity rules are intended to prevent abuse of the imputation system, e.g. by streaming franking credits. The rules are complex, and Shareholders should seek independent professional advice regarding the application of the franking integrity rules to their particular circumstances, particularly where Shareholders hold their Shares through a partnership or trust.

(d) **Withholding tax**

Australian resident Shareholders will be subject to PAYG withholding on the unfranked portion of any Special Dividend paid unless they quote their TFN or ABN. No withholding applies with respect to fully franked dividends.

Non-resident Shareholders should not pay any withholding tax on the Special Dividend to the extent that it is fully franked. Dividend withholding tax may be payable on the unfranked portion of the Special Dividend at rates up to 30%, but this is subject to the terms of any applicable double tax agreement between Australia and the country of the non-resident Shareholder’s tax residence.

Capital Return

Subject to obtaining further advice, Shareholder approval of the Capital Return is proposed to be sought at Pental’s 2023 AGM. The tax consequences for Australian Shareholders of the Capital Return will be summarised in the notice of meeting for that AGM.

6 Glossary

Defined term	Meaning
\$	Australian dollars.
AEDT	Australian Eastern Daylight Time.
AGM	has the meaning given in the Letter from the Chair.
Associate	has the meaning given to that term in ASX Listing Rule 19.12.
ASX	ASX Limited ABN 98 008 624 691 or the financial market operated by ASX, as the context requires.
ASX Listing Rules	the listing rules of the ASX.
Australian Accounting Standards	the Australian Accounting Standards as issued by the Australian Accounting Standards Board.
Board	the board of Directors.
Business Sale Agreement	the business sale agreement entered into between Pental, Pental Products and Selleys on 13 September 2023 in relation to the Proposed Transaction.
Capital Return	a proposed capital return or capital reduction of up to approximately \$0.18 per Share subject to Shareholder approval at the AGM.
CEO	chief executive officer.
Chair	the chair of Pental.
Completion Date	the date for completion of the Proposed Transaction, expected to be 31 October 2023.
Constitution	the constitution of Pental.
Consumer Products Business	Pental's consumer products division including its portfolio of well known brands of household products such as White King, Country Life, Huggie and Softly (excluding Duracell and Bondi Soap).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Directors	the directors of Pental.
Explanatory Memorandum	this document including the Notice of Meeting.
Extraordinary General Meeting or Meeting	the meeting convened by this Notice of Meeting and proposed to be held on 27 October 2023.
FY23	the 12 months ended 30 June 2023.
Hampers with Bite Business or HWB	the business of Pental which operates as an online hampers and gifting specialist known as Hampers with Bite.

Defined term	Meaning
Independent Expert	Pitcher Partners.
Independent Expert's Report	the report prepared by the Independent Expert which is contained in Annexure A.
Land Sale Contract	the land sale contract entered into between Pental and Selleys on 13 September 2023 in relation to the sale and purchase of the Shepparton Property.
Non-Associated Shareholder	a Shareholder who is not precluded from voting at the Meeting in accordance with the voting exclusion statement.
Notice of Meeting	the notice of Extraordinary General Meeting including this Explanatory Memorandum.
Pental	Pental Limited ABN 29 091 035 353.
Pental Group	Pental and each of its subsidiaries.
Pental Information	all information in this Explanatory Memorandum other than the Independent Expert's Report.
Pental Products	Pental Products Pty Ltd ACN 103 213 467
Pitcher Partners	Pitcher Partners Corporate Pty Ltd
Proposed Transaction	the transaction (and other arrangements) summarised in Sections 2 and 3.
Record Date	means the date for determining Shareholders' entitlement to vote at the Extraordinary General Meeting, being 10.00am (AEDT) on 25 October 2023.
Resolutions	the resolutions set out in the Notice of Meeting.
Section	a section in this Explanatory Memorandum.
Sellers	Pental and Pental Products.
Selleys	DuluxGroup (Australia) Pty Limited ACN 000 049 427 and its operating division known as <i>Selleys</i> .
Share	a fully paid ordinary share in the capital of Pental.
Shareholder	a person who is registered in the Share Register as the holder of at least one Share.
Share Register	the register of members of Pental maintained by Pental in accordance with the Corporations Act.
Share Registrar or Automic	Automic Pty Ltd.
Shepparton Property	the property situated at 48 Drummond Road, Shepparton VIC 3630, being a manufacturing facility used in the Consumer Products Business.
Special Dividends	an intended first fully franked dividend of up to approximately \$0.06 per Share expected to be paid on or around 15 December 2023 and an

Defined term	Meaning
	intended second fully franked dividend of up to approximately \$0.07 per Share expected to be paid on or about 8 months after the completion of the Proposed Transaction.
Transaction Documents	the Business Sale Agreement and the Land Sale Contract.

Corporate directory

Company

Pental Limited
Level 6, 390 St Kilda Road
Melbourne VIC
Telephone: +613 9251 2311
Website: <https://pental.com.au/>

Company secretary

Oliver Carton

Company share registry

Automic Pty Ltd
Automic Registry Services
447 Collins Street
Melbourne VIC 3000
GPO Box 5193
Sydney NSW 2001

Telephone within Australia: 1300 288 664
Telephone outside Australia: +61 2 9698 5414
Email: meetings@automicgroup.com.au
Website:
<https://www.automicgroup.com.au/automic-registry/>

Legal adviser

MinterEllison
Level 20, 447 Collins Street
Melbourne VIC 3000

Financial adviser

Henslow Pty Ltd
Level 7, 333 Collins Street
Melbourne VIC 3000

Annexure A – Independent Expert's Report



Pental Limited

INDEPENDENT EXPERT REPORT

27 September 2023



27 September 2023

Private and confidential

Mr Mark Hardgrave
Chairman
Pental Limited
Level 6
390 St Kilda Road
MELBOURNE VIC 3004

Dear Mark

INDEPENDENT EXPERT REPORT

On 13 September 2023, Pental Limited (Pental) entered into a Business Sale Agreement (the Agreement) with DuluxGroup (Australia) Pty Limited (Dulux) in respect of the sale of its Consumer Products Business division, Pental Products Pty Ltd (Pental Consumer Products or PCP). The Directors of Pental have requested Pitcher Partners Corporate Pty Ltd (Pitcher Partners) to prepare an independent expert report (IER) in respect of the Proposed Transaction.

We greatly appreciate the opportunity to work with you on this engagement. Please don't hesitate to contact us if you would like to discuss this further or if there's anything else we can assist with.

Yours sincerely
PITCHER PARTNERS CORPORATE PTY LTD



LIESL MALCOLM
Executive Director
AFSL Authorised Representative



MICHAEL SONGEO
Executive Director
AFSL Authorised Representative

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

Pitcher Partners Corporate Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

Pitcher Partners Corporate Pty Ltd
ABN 28 082 323 868
AFS LICENCE NO. 229841

Level 13, 664 Collins Street
Docklands, VIC 3008

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GPO Box 5193
Melbourne, VIC 3001

p. +61 3 8610 5000
e. MelbournePartners@pitcher.com.au

SUMMARY OPINION

In our opinion the **Proposed Transaction is both fair and reasonable** to non associated shareholders of Pental. Further detail on our summary opinion is set out in the Executive Summary (Section 2).

The opinion is based on economic, market and other conditions prevailing at the date of valuation. This opinion should be read in conjunction with the full text of this report which sets out our detailed findings.

Please refer to the important information on pages 4 and 5 regarding this opinion.

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Important Information

PURPOSE OF REPORT

The purpose of the report is to provide the Board with an IER to present to the shareholders of Pental, to assist them to form a view on whether to vote in favour or against the Proposed Transaction, and whether the Proposed Transaction is fair and reasonable to non associated shareholders.

The IER should not be quoted or referred to or utilised for any other purpose unless written consent has been provided by Pitcher Partners.

In undertaking this IER, we have had regard to ASX Listing Rule 11.2, the Australian Securities and Investments Commission's (ASIC) Regulatory Guide 111 Content of Expert Reports (RG111), ASIC Regulatory Guide 112 Independence of Experts (RG112) and APES 225 Valuation Services.

ASX Listing Rule 11.2

ASX Listing Rule 11.2 requires a company obtain shareholder approval at a general meeting when the company proposes to dispose of its main undertaking. The Proposed Transaction meets this definition, and as such Pental will require shareholder approval.

Whilst there is no regulatory requirement to commission an IER in relation to the Proposed Transaction, the Pental Board wish to present non associated shareholders with the IER to assist these shareholders to form a view on whether to vote in favour of or against the Proposed Transaction.

ASIC Regulatory Guide 111 – Content of Expert Report (RG111)

Whilst RG111 does not specifically prescribe the form of assessment of an expert in relation to the disposal of a company's main undertaking (such as the Proposed Transaction), it provides guidance in relation to the content of IERs prepared for a range of circumstances.

The terms 'fair' and 'reasonable' are not defined in the Corporations Act 2001, however, guidance as to the meaning of these terms is provided by ASIC in RG111. For the purpose of the IER, we have defined them as follows:

- **Fairness** – the Proposed Transaction is 'fair' if the value of the consideration receivable by the Company is equal to or greater than the value of the Business that the Company may dispose of.
- **Reasonable** – the Proposed Transaction is 'reasonable' if it is fair. It may also be 'reasonable' if, despite not being 'fair' but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable is summarised as follows:

1. In determining whether the Proposed Transaction is fair, we have:
 - assessed the value of the Business to be disposed of by the Company;
 - assessed the value of the consideration receivable by the Company; and
 - compared the value of the Business to be disposed of by the Company with the value of the consideration receivable by the Company.
2. In determining whether the Proposed Transaction is reasonable, we have considered whether it is fair. Should the Proposed Transaction not be considered fair, we will consider any other significant factors which may deem the Proposed Transaction to be reasonable.

All reports prepared with regard to RG111 are required to include a Financial Services Guide (FSG). We have included a FSG as Section 7 of this IER.

Important Information

DEFINITION OF MARKET VALUE

For the purposes of our valuation, market value is defined as the price at which a business would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell, and both having reasonable knowledge of relevant facts.

Market value, as defined above, is a concept of value which may or may not equal the sale price that could be obtained if the business was sold to a special purchaser in an actual transaction in the open market. Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of revenue, achieve cost savings arising on business combinations following acquisitions or other synergies which could be enjoyed by the purchaser.

SOURCES OF INFORMATION

Appendix A to this report sets out details of information referred to and relied upon by Pitcher Partners during the course of preparing this report and forming our opinion.

TERMS OF ENGAGEMENT

Please refer to our engagement letter dated 15 September 2023 for further details regarding the terms and conditions of our engagement.

DISCLAIMER

In completing this engagement, we have necessarily relied on information and material supplied by Pental. Our procedures and enquiries did not include verification of work, nor constitute an audit or review in accordance with generally acceptable auditing standards for accounting or review services, respectively. Our report is issued on the understanding that you have drawn our attention to all matters of which you are aware which may have an impact on our report up to the date of signature.

We reserve the right to revise our opinion in light of any information existing at the report date which becomes known to us after the date of the report. We have no responsibility to update the report for events and circumstances occurring after the date of the report.

We will not be responsible for any error in our report caused by, or arising out of, or in any way connected with any omission of information or any misrepresentation, misleading or deceptive information or materials supplied to us.

Furthermore, recognising that Pitcher Partners may rely on information provided by Pental, Pental has agreed to make no claim against Pitcher Partners to recover any loss or damage which Pental, or any associates may suffer as a result of that reliance and also has agreed to indemnify Pitcher Partners against any claim arising out of this engagement, except where the claim has arisen as a result of any proven wilful misconduct or negligence by Pitcher Partners.



Section 1

Summary of the Proposed Transaction

Summary of the Proposed Transaction

SUMMARY OF THE PROPOSED TRANSACTION

We have been provided with the Business Sales Agreement (the Agreement) and Land Sale Contract (the Contract) both dated 13 September 2023. A summary of the key details of the Proposed Transaction from the Agreement and the Contract is set out below:

- **Purchase Price** – Dulux, via its Selleys division, has detailed a purchase price offer of \$55 million (subject to completion account adjustments) on a cash-free, debt-free basis for Pental Consumer Products and the Shepparton manufacturing facility, as set out below:

Purchase Price

	Note	\$'000
Gross Purchase Price	1	60,000
Future Investment Capex Amount		(3,000)
Employee Entitlements	2	(2,030)
Completion Adjustments		[TBC]
Adjusted Purchase Price		54,970

Source: Business Sale Agreement and Land Sale Contract

Note 1: Combined purchase price for PCP and the Shepparton Manufacturing Facility.

Note 2: Gross value of entitlements of transferring employees, excluding the tax benefit.

- **Business Assets** – the following business assets form part of the Proposed Transaction:
 - normal level of saleable inventory and stock;
 - land and buildings held at Pental Consumer Products' premises in Shepparton, Victoria;
 - plant and equipment;

- business contracts including customer and supplier agreements, licence agreements and distributor agreements (but excluding the Duracell distribution agreement);
- customer lists and business records;
- brands, trademarks, copyright, product formulations and other intellectual property used in the operation of the business; and
- all other assets required by Dulux for the ongoing conduct of the business post completion including property leases, equipment leases and authorisations, but specifically excluding those noted in the following paragraph.

- **Excluded Items** – Pental would retain full ownership and liability for the following items:
 - the Duracell business and assets including the distribution agreement, and Bondi Soap business and assets, including intellectual property and stock;
 - cash and security deposits;
 - related company loans and any external borrowings or debt;
 - unsaleable, damaged, obsolete and slow-moving inventory;
 - Book Debts, Excluded Contracts, Excluded Records and Shared Assets as per their definitions in the Agreement;
 - insurance policies relating to the business;
 - entitlements (and other liabilities in respect) of any non-transferring employees; and
 - all other liabilities of Pental and its shareholders in respect of the period prior to completion.

Summary of the Proposed Transaction

SUMMARY OF THE PROPOSED TRANSACTION (CONT.)

- **Employees** – Dulux will offer continuing roles to selected Pental employees, identified during due diligence, on overall terms and conditions no less favourable to those prevailing at completion of the Proposed Transaction.
- **Other Conditions** – the Proposed Transaction is based on a number of standard practice conditions being met, including but not limited to the approval of Pental shareholders, obtaining certain third party consents, and no material adverse change occurring prior to completion.



Section 2

Executive Summary

Executive Summary

SUMMARY OPINION

In our opinion the **Proposed Transaction is both fair and reasonable** to the non-associated shareholders of Pental.

Our principal reasons for reaching this opinion are:

Fairness

- In Section 4 of this IER, we assessed the enterprise value of Pental Consumer Products to be in a range of approximately **\$43.5 million to \$56.0 million (\$49.6 million mid-point) on a control basis.**
- In Section 6, we calculated the adjusted consideration receivable by Pental for Pental Consumer Products to be approximately \$58.3 million.
- As the value of the adjusted consideration receivable by Pental (\$58.3 million) is higher than the enterprise value range of Pental Consumer Products on a control basis (\$43.5 million to \$56.0 million), we have concluded that the **Proposed Transaction is fair.**

Reasonableness

- As noted on page 4, a transaction is reasonable if it is fair.
- In Section 6, we also considered other significant factors in assessing the reasonableness of the Proposed Transaction.
- In light of these factors and in particular our conclusion that the Proposed Transaction is fair, we have concluded that the **Proposed Transaction is reasonable.**

Further detail on our summary opinion is set out in Section 6.

Summary

\$'000	Low	High	Mid
Consideration plus Excluded Working Capital	58,318	58,318	58,318
Enterprise Value - PCP (Control Basis)	43,531	56,022	49,606
Difference	14,787	2,295	8,712
Conclusion: Proposed Transaction is Fair and Reasonable			

Source: Pitcher Partners



Section 3

Background

Background to Pental

OVERVIEW

Headquartered in Melbourne and listed on the Australian Securities Exchange (ASX:PTL), Pental manufactures, markets, and distributes personal, household, and commercial products.

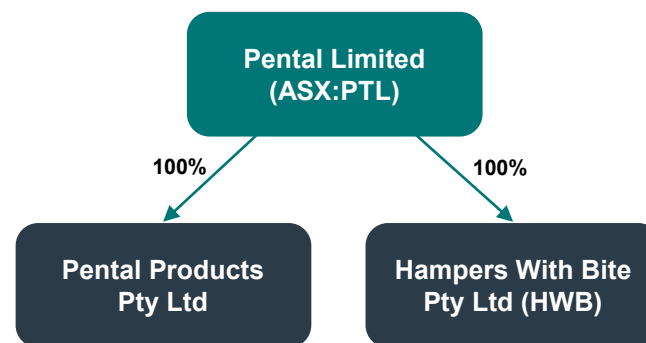
The Company's products span across the personal care, household cleaning, fabric care and firelighters sub sectors. They are sold primarily via major retailers in the Australian and New Zealand markets, along with a small but growing Asian export business into China, Vietnam and Thailand.

Pental supplies its products to some of the largest supermarkets/retailers in Australia including Woolworths, Coles, Chemist Warehouse, Big W, Officeworks, Bunnings Warehouse and Kmart.



LEGAL ENTITY STRUCTURE

A high level ownership structure of Pental as at the date of this report is summarised below. A more detailed group structure detailing which business units form part of the Proposed Transaction is presented on page 15.



Source: Management



**HAMPERS
WITH BITE**

Background to Pental

DIRECTORS

Pental's current Directors are presented in the table below.

Pental - Directors

Name	Role
Mr. Charles McLeish	Managing Director
Mr. Mark Hardgrave	Chairman / Non-Executive Director
Ms. Kerrie Parker	Non-Executive Director
Mr. Jeff Miciullis	Non-Executive Director
Mr. Fred Harrison	Non-Executive Director

Source: Pental Website

SHAREHOLDERS

As at the date of this IER, Pental had on issue 170,459,499 Ordinary Shares. The major shareholders of Pental are presented in the table below.

Pental - Top 10 Shareholders

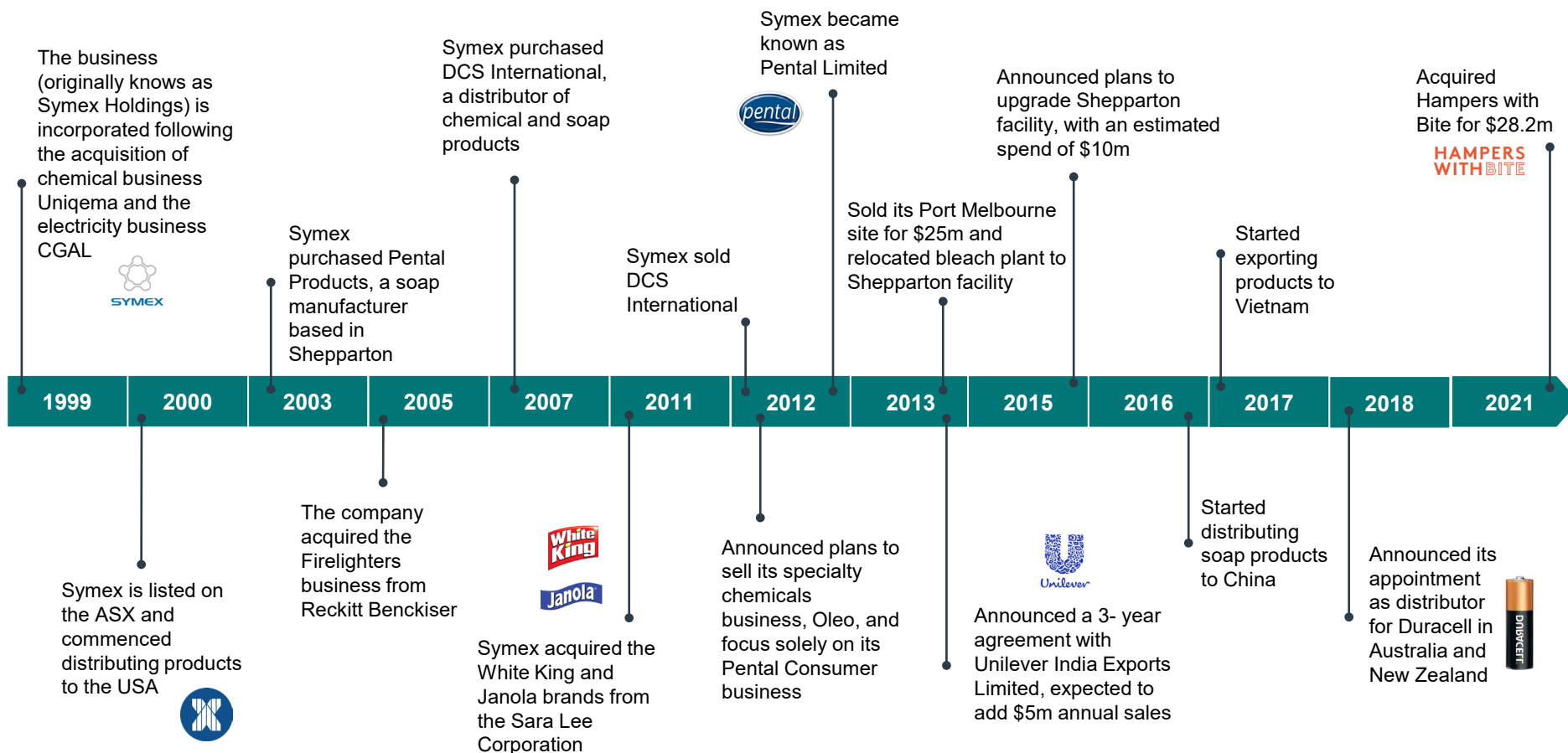
Shareholder Name	Number of Ordinary Shares Held	% of Total Holdings
Johnos Holdings	31,603,617	18.5%
Mr John Rostyn Homewood	30,320,000	17.8%
Mr Garry George Johnson	6,670,739	3.9%
J P Morgan Nominees Australia	4,392,057	2.6%
Rathvale	4,178,896	2.5%
Bnp Paribas Noms(Nz)	3,250,001	1.9%
P M S F Company	3,197,431	1.9%
Dallmount	2,666,668	1.6%
W A Peatt	2,641,918	1.5%
Dallmount Custodians	2,504,761	1.5%
Total - Top 10	91,426,088	53.6%
Other	79,033,411	46.4%
Total	170,459,499	100.0%

Source: Management

Background to Pental

BRIEF HISTORY

We have summarised below a number of milestones/key events in Pental's history.



Source: IBIS World Pental Limited Company Report, June 2022

Background to Pental

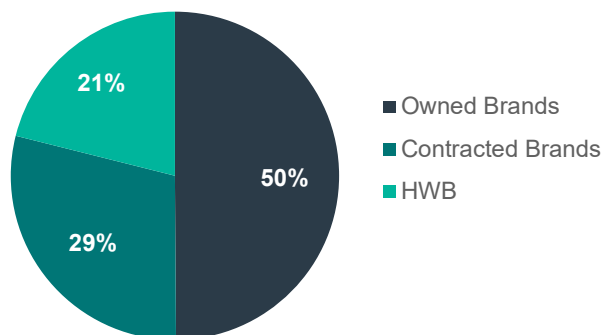
BUSINESS SEGMENTS

Pental operates through three business segments:

- **Owned brands** – manufacturing, wholesale, brand management, and promotion of brands owned by the Company;
- **Contracted brands** – contract manufacturing and distribution of private label products, where Pental does not manage or promote products; and
- **Hampers with Bite (HWB)** – an online gifting business specialising in assembling and delivering gift hampers to businesses and consumers in Australia.

A breakdown of FY23 revenue by segment is set out below.

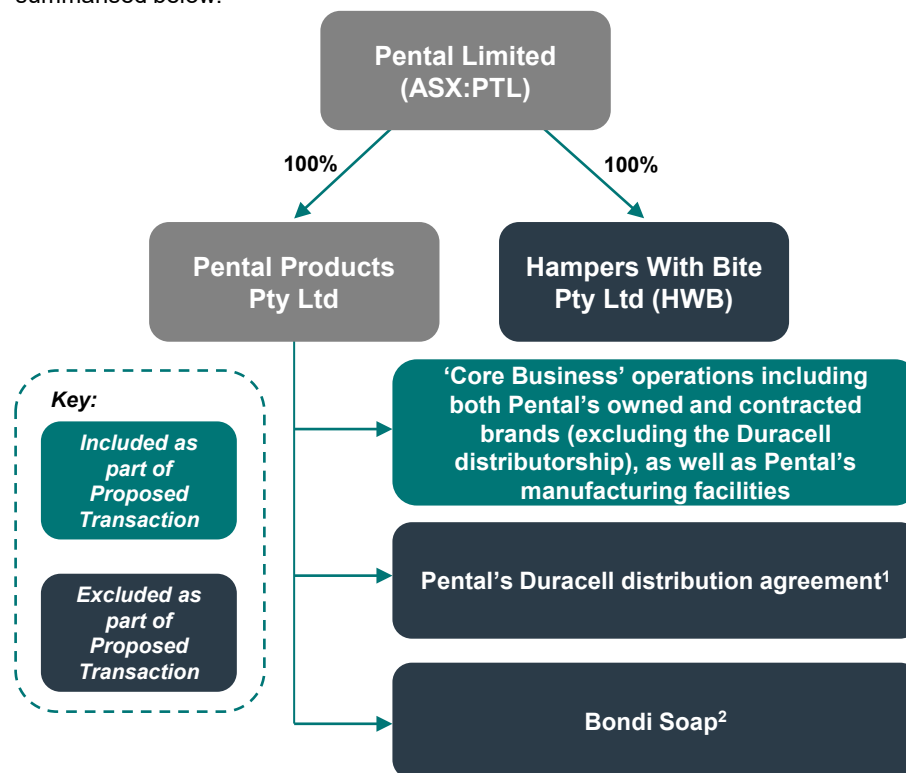
Pental - Revenue by Business Segment FY23



Source: Management

PROPOSED TRANSACTION PARAMETER

The businesses to be divested of as part of the Proposed Transaction are summarised below.



Source: Management

Note 1: Comprising of agreements with 1) Duracell Australia, 2) Duracell US and 3) Duracell Hong Kong.

Note 2: A small e-commerce business providing soap, body wash, hand sanitiser and air freshener products. The business was acquired by the Company in May 2021, and it is proposed that it will be transferred to HWB.

Background to Pental

PCP PRODUCTS AND BRANDS

Pental owns and manages a range of household brands.

Products offered include firelighters, household, bathroom, gift packs, bleach, dishwashing, laundry, toilet, personal care, hand sanitiser, hand soap, hand wash and toothpaste as well as fabric care and conditioner.

A breakdown of PCP's sales by product for FY23 is set out opposite. We note that the Business has a diverse range of product offerings and is not considered to be overly reliant on any one product type.

From a brand perspective, White King represented approximately 28% of PCP's sales in FY23, significantly higher than the second largest brand (Janola with 7% of sales). White King is Australia's largest household cleaning brand, with a diverse product offering of over 40 products spanning the bleach, toilet, cleaning and laundry product categories.

Sales achievements noted in Pental's FY23 half year results presentation include:

- **White King** – the #1 brand in Bleach, #2 brand in bathroom cleaners and #3 brand in manual toilet cleaners;
- **Jiffy** – the #1 selling firelighter in Australia with more than 1.2 million units sold; and
- **Country Life** – the #2 brand in bar soaps.



Top 5 Product Categories - FY23

	Net Sales (\$'000)	% of Total Net Sales
Bleach	18,542	20.3%
Toilet	10,862	11.9%
Bar Soap	10,862	11.9%
Cleaners	8,915	9.8%
Firelighters	8,448	9.3%
Total - Top 5	57,630	63.2%
Other	33,508	36.8%
Total*	91,138	100.0%

Source: Management

* differences to management accounts due to classification of trade spend

Background to Pental

PCP CUSTOMERS

Pental Consumer Products distributes to a large number of independent suppliers across Australia, New Zealand and Asia.

A breakdown of FY23 sales by top customers is presented opposite.

The Business supplies a selection of the largest supermarkets/retailers in Australia including Woolworths, Coles, Chemist Warehouse, Big W, Officeworks, Bunnings Warehouse and Kmart.

In FY23 Woolworths and Coles together represented approximately 40% of PCP's sales.

Management have advised that their customers have terms of trade agreed on an ongoing basis, as is standard in the FMCG industry. Grocery retailers typically review their product ranges every year, and are required to provide just three months' notice before altering their products. Management have further advised that the Business manages the performance of products by ensuring they meet the performance criteria of the customer e.g. units per store per week, market share, etc.

The Business is constantly assessing potential new distribution channels for its products, with several products recently introduced into the hardware store channel. Two primary channels identified for future growth include the e-commerce and export markets, both of which offer significant expansion opportunities.

Top 5 Customers - FY23

	Net Sales (\$'000)	% of Total Net Sales
Woolworths	19,517	21.4%
Coles	17,590	19.3%
Costco	9,980	11.0%
Foodstuffs	8,699	9.5%
Metcash	6,312	6.9%
Total - Top 5	62,098	68.1%
Other	29,039	31.9%
Total*	91,138	100.0%

Source: Management

* differences to management accounts due to classification of trade spend



Background to Pental

PCP SUPPLIERS

PCP has an extensive and reliable supply chain that enables it to efficiently procure and deliver products to customers.

While the Business relies on a handful of suppliers for major materials like bottles and packaging, management have advised that the Business can substitute/replace suppliers if required.

PCP OPERATIONS

PCP has a manufacturing facility in Shepparton, Victoria and a head office on St. Kilda Rd, Melbourne.

The Shepparton manufacturing base, which has been expanded and upgraded over time, enables the Business to reduce the time it takes to get products to market and somewhat reduces the risk of supply chain disruption.

The local base also provides the Business with a key competitive advantage as the time to market for its new products is significantly less than that of its multinational competitors.



PCP manufacturing facility in Shepparton, Victoria
Source: Google Maps

PCP MANAGEMENT / EMPLOYEES

As at September 2023 Pental Consumer Products employs 120 employees between its Shepparton manufacturing facility and Melbourne head office.

A split of employees is set out below:

Pental Consumer Products - Employees - September 2023

	Full-Time	Part-Time	Casual	Total
Shepparton (Manufacturing Facility)	78	6	18	102
Melbourne (Head Office)	18	-	-	18
Total	96	6	18	120

Source: Management; *does not include 4 employees which are not transferring

Management have advised that the Business is not materially reliant on any particular employee(s).

Background to Pental

PCP RISKS AND OPPORTUNITIES

Management have advised of a number of risks and opportunities inherent in the Business.

RISKS



Supermarkets / Margin Compression – the Business' major customers have the ability to review product mix / move towards own or private label products, which could negatively impact the Business.



Damage to Key Brands – the Business' reputation could be adversely impacted by several factors outside of the Business' control, including product tampering, disputer and social media coverage¹.



Loss of Key Retailers – any negative change in the Business' relationships with key distributors and retailers could have a material adverse impact on its operations and financial performance.



Increased Competition from Multinationals – the Business competes with many large multinational companies.



Supply Chain Disruption – disruption to any aspect of the Business' supply chain could have a material adverse impact operational and financial performance.



Growth of Key Brands – continually investing in product innovation and advertising with the aim of growing shelf space and market share.



Developing New Products – the Business' local manufacturing base provides a key competitive advantage in that time to market for its new products is significantly less than many of its competitors.



New Distribution Channels – the Business is constantly assessing new distribution channels, with several products recently introduced into the hardware store channel.



Continuous Manufacturing Improvement – the Business continually invests in upgrading its Shepparton manufacturing site to improve efficiency, capacity and quality.



Strategic Acquisitions – the Business continues to seek acquisitions to further its strategic objectives.

Source: Management

Note 1: Management have advised that only one batch of the Business' products (which was white label) has been recalled due to poor quality in PCP's recent history. This was due to contaminated raw material supplied by the supplier. Recall costs were compensated by the supplier.

Background to Pental

PCP COMPETITION

Pental Consumer Product's primary competitors are predominantly large scale multinational organisations which are well established and have well known brand names and strong relationships with downstream retailers.

These retailers include Unilever, Colgate-Palmolive, Henkel and Reckitt Benckiser. An overview of these competitors is set out below. Imports satisfy 44% of product demand in Australia, highlighting the prominence of these multinational competitors.

As companies rely primarily on price discounting to compete for retail shelf space, the competitive pressures on upstream manufacturers has intensified in recent years. Additionally, private label brands are increasing competitive tension in the industry as consumers look for improved quality and affordable price points.



Ticker	ASX: PTL	LSE: ULVR	NYSE: CL	XTRA: HEN3	LSE: RKT
Selected Brands	<ul style="list-style-type: none"> White King Country Life Sunlight Softly Jiffy Huggie 	<ul style="list-style-type: none"> OMO Dove Rexona Sunsilk Vaseline Lynx Comfort 	<ul style="list-style-type: none"> Colgate Palmolive Softsoap Ajax Cuddly Protex Sanex 	<ul style="list-style-type: none"> Dynamo Schwarzkopf Cold Power Loctite Bref Teroson Napro Palette 	<ul style="list-style-type: none"> Dettol Air Wick Clearasil Durex Finish Vanish Mortein
Market Cap	~\$62.0m	~\$186.9b	~\$95.4b	~\$43.2b	~75.9b
Revenue	~\$117.6m	~\$82.0b	~\$24.0b	~\$32.7b	~24.8b
Market	APAC	Global	Global	Global	Global
Segments	<ul style="list-style-type: none"> Personal care Household care Commercial 	<ul style="list-style-type: none"> Beauty Personal care Household care Food & Bev. 	<ul style="list-style-type: none"> Personal care Household care Pet nutrition 	<ul style="list-style-type: none"> Beauty Household care Adhesives 	<ul style="list-style-type: none"> Beauty Personal care Household care

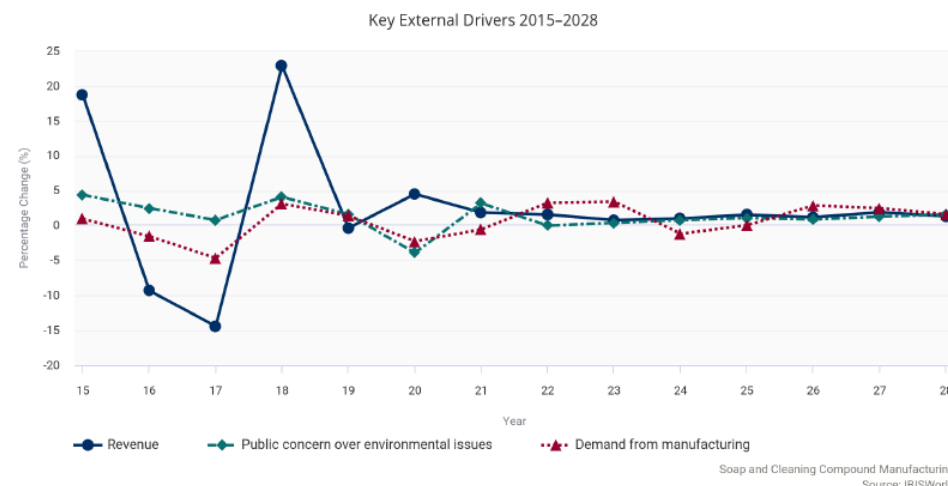
Source: Research Initiation report prepared by Henslow Pty Ltd, dated 3 February 2023

Industry Overview – Soap and Cleaning Manufacturing

We have provided below an industry overview of the performance of the Australian Soap and Cleaning Compound Manufacturing industry and considered the possible economic impacts of the sector on the performance of PCP.

INDUSTRY OVERVIEW

- The Soap and Cleaning Manufacturing industry was presented with a growth opportunity in the wake of COVID-19. Demand for soaps, anti-bacterial liquid hand wash and hard-surface disinfectants spiked. Looking ahead, further revenue growth is supported by a continued focus on personal hygiene and stringent cleaning protocols.
- According to IBISWorld, Soap and Cleaning Manufacturing industry revenue has increased by an annualised 1.7% over the past 5 years, to \$2.5 billion through 2022-23.
- The continued shift in soap and cleaning compounds towards more green and environmentally friendly lines is expected to continue. In response, the industry is set to become more environmentally responsible to address sustainability concerns and related regulatory pressures. This focus will influence the industry's operating environment in the coming years. Industry revenue is forecast to post modest growth of 1.4% annualised over the five years to 2027-28 to \$2.7 billion.
- Industry concentration is low, with the four largest players accounting for less than 40% of revenue and many small players in the industry. Market concentration has gradually increased over the past decade, following several acquisitions and facility closures. Downstream retail concentration can be higher. Pental constitutes the majority of the bleach market through its White King brand and as a third-party contractor for Woolworths, Coles and Aldi-private label bleach products.



Annual Revenue Growth

2018 - 2023

↑ 1.7%

2023 - 2028

↑ 1.4%

Source: IBISWorld Report – Soap and Cleaning Manufacturing, June 2023

Financial Performance

Profit and Loss Statement (Normalised) - Pental Consumer Products

(\$'000)	Actual 30-Jun-19	Actual 30-Jun-20	Actual 30-Jun-21	Actual 30-Jun-22	Actual 30-Jun-23
Revenue	96,125	104,614	96,118	98,601	100,777
Trade Spend	(28,532)	(26,760)	(26,165)	(26,168)	(25,009)
Net Sales	67,593	77,854	69,953	72,433	75,768
Cost of Sales	(38,873)	(42,344)	(38,905)	(40,088)	(43,670)
Gross Profit	28,720	35,510	31,048	32,346	32,098
Gross Margin %	29.9%	33.9%	32.3%	32.8%	31.9%
Other Income	1,031	905	1,397	347	316
Expenses					
Operating	(7,666)	(12,270)	(9,349)	(11,726)	(11,169)
Employee	(8,642)	(10,158)	(10,025)	(9,399)	(9,575)
Administration	(2,221)	(2,883)	(2,477)	(1,699)	(1,447)
Occupancy	(1,052)	(1,198)	(1,887)	(1,625)	(1,311)
Total Expenses	(19,582)	(26,508)	(23,736)	(24,448)	(23,502)
Normalised EBITDA	10,170	9,906	8,708	8,244	8,912
Normalised EBITDA Margin %	10.6%	9.5%	9.1%	8.4%	8.8%
Depreciation & Amortisation	(3,265)	(3,958)	(3,209)	(2,916)	(2,831)
Normalised EBIT	6,904	5,949	5,499	5,328	6,081
Normalised EBIT Margin %	7.2%	5.7%	5.7%	5.4%	6.0%
Interest Expense	-	(116)	(78)	-	(318)
Normalised NPBT	6,904	5,833	5,421	5,328	5,764
Income Tax Expense	(2,347)	(2,146)	(2,082)	(2,029)	(2,145)
Normalised NPAT	4,557	3,686	3,339	3,299	3,619

Source: Management Accounts

PCP FINANCIAL PERFORMANCE

Summarised opposite is the profit and loss statement for Pental Consumer Products for the four historical financial years ended 30 June 2023.

We note that the profit and loss statement opposite presents the normalised performance of the Business. The adjustments/normalisations, all of which have been proposed by management, are presented on page 24.

Revenue

Despite changing market conditions and significant cost pressures, the Business' revenue has been relatively stable since FY19.

Revenue in FY23 is forecast to increase marginally as online sales normalise post COVID-19. Domestic sales are continuing to grow for both owned and contracted brands.

Trade Spend comprises of rebates and discounts to major retailers (e.g. Coles and Woolworths), and has remained steady at approximately \$26 million to \$27 million over the review period.

Gross Margin

Cost of Sales comprises of raw materials, consumables and utilities. The Business' gross margin has fluctuated between approximately 30% to 34% over the review period.

Other Income

Other Income comprises of sundry revenue, management fees and net foreign exchange gains/losses. Other income reduced significantly in FY22 due to lower management fees charged, as a result of a decline in the Duracell distributorship business triggered by changes to the distribution agreement effective May 2021.

Financial Performance

Profit and Loss Statement (Normalised) - Pental Consumer Products

(\$'000)	Actual 30-Jun-19	Actual 30-Jun-20	Actual 30-Jun-21	Actual 30-Jun-22	Actual 30-Jun-23
Revenue	96,125	104,614	96,118	98,601	100,777
Trade Spend	(28,532)	(26,760)	(26,165)	(26,168)	(25,009)
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Normalised EBIT	6,904	5,949	5,499	5,328	6,081
Normalised EBIT Margin %	7.2%	5.7%	5.7%	5.4%	6.0%
Interest Expense	-	(116)	(78)	-	(318)
Normalised NPBT	6,904	5,833	5,421	5,328	5,764
Income Tax Expense	(2,347)	(2,146)	(2,082)	(2,029)	(2,145)
Normalised NPAT	4,557	3,686	3,339	3,299	3,619

Source: Management Accounts

PCP FINANCIAL PERFORMANCE (CONT.)

Expenses

The main expense items for the Business are as follows:

- **Operating** – primarily comprising of freight costs, energy/water treatment and repairs and maintenance expenditure.
- **Employee** – comprising of all employee-related costs including direct/indirect wages, movements in annual leave balances and training/recruitment costs.
- **Administration** – primarily comprising of marketing, sales research, communications, travel and entertainment costs. These costs declined in FY22 due to a reduction in marketing costs. Management have advised that this lower level of marketing costs is maintainable going forward, as the Business has altered its marketing approach more towards price promotions.
- **Occupancy** – primarily comprising of rental costs in relation to PCP's head office in Melbourne, insurance costs, electricity, land tax and council rates. Management have advised that the fluctuation in occupancy costs in FY21 and FY22 was due to higher insurance costs, specifically an enhancement of fire safety systems at the Shepparton facilities undertaken over 2021 and 2022. Management have advised that these costs declined in FY22 following a restructure.
- We note that the warehouse premises is owned by PCP, and as such no market rental has been incorporated. Given this, the land and building asset has been incorporated as a business asset, at its current book value, on the balance sheet on page 25.

Normalised EBITDA

Normalised EBITDA has declined from approximately \$10.2 million in FY19 and FY20 to approximately \$8.2 – \$8.9 million in FY21, FY22 and FY23. Similarly the normalised EBITDA margin has declined from approximately 10.6% to 8.8%.

Financial Performance

Normalisations

	Actual	Actual	Actual	Actual	Actual
(\$'000)	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23
1 Board Costs	355	378	395	382	382
2 Listing Costs	420	485	497	915	495
Brand Impairment	2,185	-	348	-	-
3 Management Fee Reversal	-	-	-	(457)	(457)
4 Consulting Costs	224	178	274	662	188
Entertainment	34	29	35	18	30
Directors & Officers Insurance	77	(214)	(192)	(169)	(7)
5 Raw Material Prices	-	-	-	1,213	371
Inventory Write-off	174	-	-	-	-
Freight	-	-	-	-	103
Labour Efficiencies	-	-	-	-	150
Bondi Soap / Design	27	30	100	250	-
Total Normalisations	3,495	886	1,457	2,814	1,256

Source: Management Accounts, Pitcher Partners

PCP NORMALISATIONS

We have set out opposite the normalisations/adjustments to EBITDA proposed by management that will arise from joining Dulux. For the purpose of our valuation we have accepted these normalisations.

The key normalisations in FY22 and FY23 include:

- 1 Board Costs** – including the costs for the Chairman and Non-executive Directors. The Board is the governing body of the parent (publicly-listed) company and responsible for providing strategic directions for the business. The Board has no input regarding the operations of the Business.
- 2 Listing Costs** – comprising of the costs of being publicly listed, including ASX listing fees, share registry fees, audit fees, company secretary fees, legal fees, etc.
- 3 Management Fee Reversal** – comprising of the reversal of management fees received from HWB with respect to the sharing of resources.
- 4 Consulting Costs** – relating to one-off and non-recurring consulting fees.
- 5 Raw Material Prices** – relating to the normalising of H2 costs in FY23 after high raw material prices were incurred in H1.

Financial Position

Balance Sheet - 2 September 23

(\$'000)	PCP
Working Capital	
Trade Receivables	13,024
Inventory	11,834
Trade Payables	(10,929)
Employee Entitlements	(2,576)
Prepayments	687
Other Assets	270
Net Working Capital	12,310
Net Business Assets	
Property, Plant & Equipment	16,813
Goodwill	813
Intangible Assets	12,113
Deferred Tax Provision	(4,763)
Leased Assets	1,719
Lease Liability	(1,787)
Future Income Tax Benefit	1,387
Total Business Assets	26,295
Net Business Assets	38,605
Surplus Assets / Net Debt	
Net Related Party Loans	(43,208)
Cash	2,215
Current Tax Asset	228
Total Surplus Assets / Net Debt	(40,765)
Net Assets	(2,160)

Source: Management

Note: The highlighted items above, are excluded items as per the Agreement. As noted on page 7 Pental as the vendor will retain liability for employee entitlements relating to non-transferring employees. As shown in the table on page 7, management have provided us with an estimate of the gross value of employee entitlements relating to transferring employees.

PCP FINANCIAL POSITION

Summarised opposite is the balance sheet for PCP for the period ended 2 September 2023, the latest balance sheet available.

We have set out in Appendix C the consolidated balance sheet for Pental Group as at 2 September 2023.

The key balance sheet items as at 2 September 2023 are as follows:

- **Trade Receivables** – relating to amounts owed to PCP from customers. This balance also comprises of a provision for doubtful debts and trade spend accruals.
- **Inventory** – comprising of raw material, work in progress and finished stock, as well as a provision for stock obsolescence.
- **Trade and Other Payables** – relating to amounts owed to suppliers. This balance also comprises of a supplier purchase provision.
- **Employee Entitlements** – comprising of provisions for annual leave, long service leave, as well as superannuation and payroll tax payable.
- **Property, Plant and Equipment** – primarily comprising of the written down value of land/buildings and plant/equipment at PCP's manufacturing facility in Shepparton.
- **Intangible Assets** – primarily comprising of brand names (\$12.0 million).
- **Related Party Loans** – comprising of related party loans to Pental.
- **Cash** – the Business has a surplus cash position as at 2 September 2023.

We have been advised by management that current tax payables are recorded under the parent company as head of the tax group, and are indicative/prima facie only until the tax return is prepared for the financial year.



Section 4

Valuation of Pental Consumer Products

Valuation of Pental Consumer Products

SELECTION OF APPROACH & METHODOLOGY

In assessing the value of the business and equity in Pental Consumer Products we have considered the following methodologies:

- share price history;
- capitalisation of future maintainable earnings (CME);
- discounted cash flow (DCF);
- asset based methodologies; and
- industry specific methodologies.

An overview of each of these methodologies is provided in Appendix B.

In valuing Pental Consumer Products we have considered the following:

- as the share price history of Pental will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to use in assessing the value of PCP¹;
- we have been provided with historical management accounts splitting out the results attributable to each of Pental's main business lines, including PCP.
- we have not been provided with forecast financial information for PCP; and
- the asset based approach has not been adopted because it ignores any value for goodwill or other intangibles such as brands.

Note 1: We note that the share price of Pental incorporates the entire Pental business, including HWB and the Duracell agreement. We have considered this further later in this Section, making adjustments to reflect the portion of value attributable to Pental Consumer Products.

Given the above, we have adopted the share price history approach as a primary methodology.

In addition to the share price history approach, we have also undertaken a cross-checks based on the implied EBITDA multiples compared to both:

1. benchmark transactions (page 40); and
2. benchmark listed companies (page 41).



Valuation of Pental Consumer Products

SHARE PRICE HISTORY – APPROACH

In determining the value of Pental Consumer Products, we have utilised the share price history methodology, as previously defined, and adopted the following process:

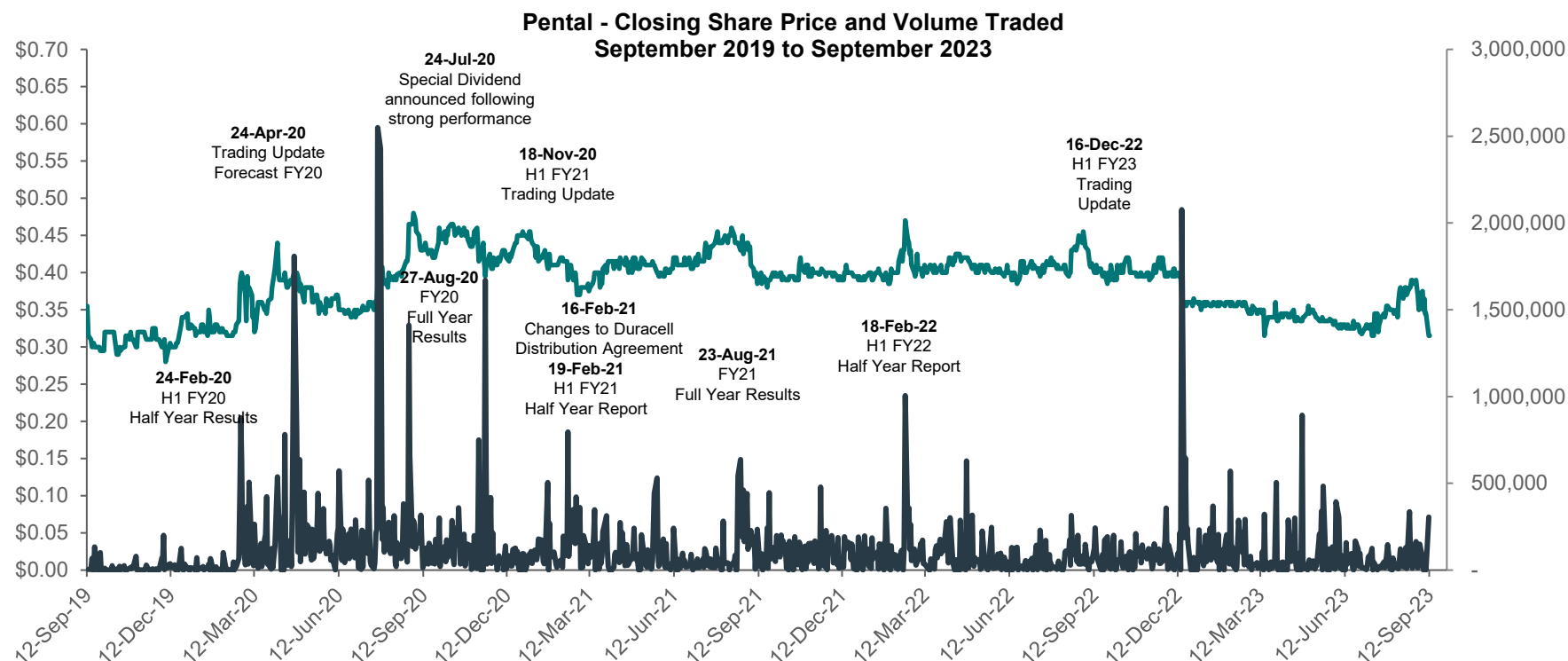
1. analysed the recent share price of Pental and considered whether the market of Pental shares is sufficiently liquid in order to adopt the share price history methodology;
2. assessed a market value per Pental share on a minority basis;
3. assessed an equity value (market capitalisation) of Pental on a minority basis, by multiplying the market value per share on a minority basis by the number of Ordinary Shares on issue;
4. adjusted for surplus assets and debt to derive the enterprise value of Pental;
5. estimated an enterprise value for HWB based on the EBITDA multiple paid by Pental for the business in 2021, and deducted this from the enterprise value of Pental on a minority basis;
6. considered whether any further deductions should be made, before concluding on the enterprise value of Pental Consumer Products on a minority basis; and
7. assessed a control premium range to apply to the enterprise value of Pental Consumer Products on a minority basis, in order to arrive at an enterprise value of Pental Consumer Products on a control basis.



Valuation of Pental Consumer Products

SHARE PRICE HISTORY

Set out below is a graph showing both the daily closing share price and the volume of Pental shares traded up to and including 13 September 2023, as well as a selection of market sensitive announcements on the ASX.



Source: S&P Capital IQ, ASX announcements

Valuation of Pental Consumer Products

SHARE PRICE HISTORY (CONT.)

We note the following regarding our key observations of the trading activity in Pental shares, prior to the announcement of the Proposed Transaction.

- The share price of Pental has traded slightly upwards from 12 September 2019 to, and including 12 September 2023.
- Between 12 September 2019 and 12 September 2023, Pental shares traded in a range of \$0.28 to \$0.48.
- Our analysis on Pental's volume weighted average price (VWAP) is set out in the table opposite (top). As can be seen, the VWAP of Pental shares ranged between \$0.33 to \$0.37 over the proceeding periods leading up to 13 September 2023.
- As at 12 September 2023, Pental had a total of 170,459,499 shares outstanding. We note that of this total, 48,460,774 (44.3%) represented 'free float' shares traded on the ASX.
- We have calculated the volume of free float shares traded in Pental over the past 90 trading days up to 13 September 2023, as set out in the table opposite (bottom).
- Despite the low value of shares traded in Pental, we consider the market in Pental shares to be relatively liquid with approximately 2.8% of the free float traded in the 30 days up to 13 September 2023.

Pental - Share Price Analysis

	Closing Share Price		Shared Traded		VWAP
	Low	High	Volume	Value	
5 days to 12 Sept 2023	\$0.32	\$0.37	368,500	\$120,625	\$0.33
10 days to 12 Sept 2023	\$0.32	\$0.38	634,440	\$218,140	\$0.34
20 days to 12 Sept 2023	\$0.32	\$0.39	1,626,810	\$602,098	\$0.37
30 days to 12 Sept 2023	\$0.32	\$0.39	2,099,580	\$775,141	\$0.37
60 days to 12 Sept 2023	\$0.32	\$0.39	3,397,070	\$1,206,555	\$0.36
90 days to 12 Sept 2023	\$0.32	\$0.39	6,229,410	\$2,145,688	\$0.34

Source: S&P Capital IQ, Pitcher Partners

Pental - Share Volume Analysis

	Volume	% Free Float ¹
5 days to 12 Sept 2023	368,500	0.5%
10 days to 12 Sept 2023	634,440	0.8%
20 days to 12 Sept 2023	1,626,810	2.2%
30 days to 12 Sept 2023	2,099,580	2.8%
60 days to 12 Sept 2023	3,397,070	4.5%
90 days to 12 Sept 2023	6,229,410	8.3%

Source: S&P Capital IQ, Pitcher Partners

Note 1: Based on a free float of 75,492,059 shares as at 12 September 2023.

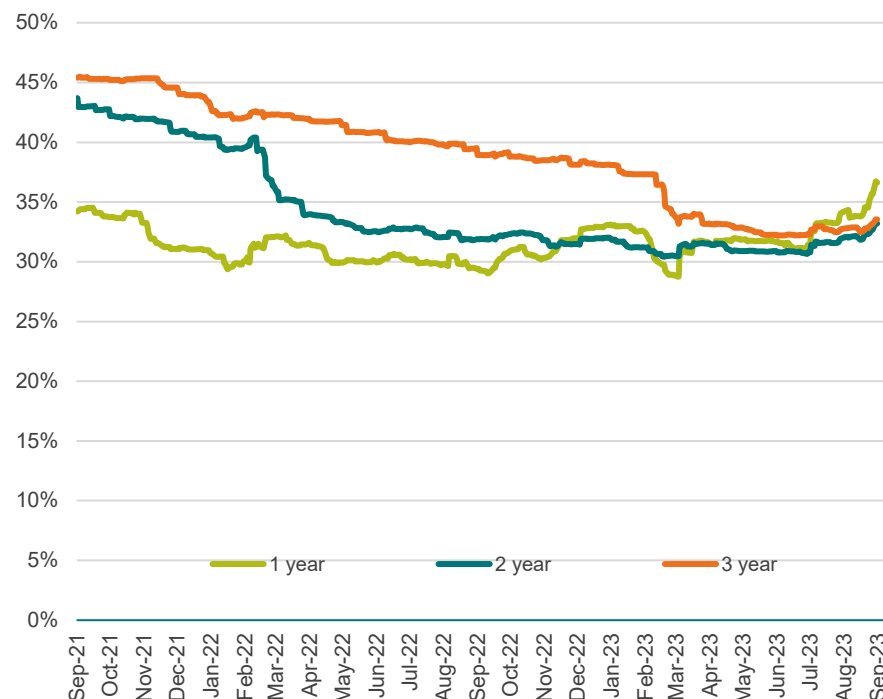
Valuation of Pental Consumer Products

SHARE PRICE HISTORY (CONT.)

- We have also analysed the historic volatility of Pental's share price from 12 September 2021 to 12 September 2023.
- Our analysis is set out opposite. We consider the volatility in Pental shares to be relatively low.

Based on the comments above and on the previous pages we consider that the market in Pental shares is sufficiently liquid in order to adopt the share price history methodology. We are of the opinion that the Pental shares have a market value in a range of **\$0.33 to \$0.37 per share on a minority basis**.

Pental - Historic Volatility



Source: S&P Capital IQ

Valuation of Pental Consumer Products

MARKET CAPITALISATION / EQUITY VALUE – MINORITY BASIS

As at 13 September 2023, Pental had on issue 170,459,499 Ordinary Shares. Accordingly, we have assessed the market capitalisation / equity value of Pental on a minority basis to be in a range of \$56.3 million to \$63.1 million.

Market Capitalisation (Equity Value) - Pental - Minority Basis

	Low	High	Mid
Value per Pental Share (Minority)	\$ 0.33	\$0.37	\$0.35
Total Ordinary Shares on Issue	170,459,499	170,459,499	170,459,499
Market Capitalisation (\$'000s)	56,252	63,070	59,661

Source: Pitcher Partners

We note that the above market capitalisation is above the net assets of Pental, excluding goodwill (approximately \$53 million as shown in Appendix C). The goodwill balance of \$18.9 million relates to the acquisition of HWB. The goodwill balance is sensitive to HWB continuing to achieving its forecast cashflows for FY24 and beyond.

SURPLUS ASSETS & NET DEBT

To arrive at the enterprise value of Pental it is necessary to assess the surplus assets and net debt of the business which are deducted from and added to the equity value respectively. We have set out the surplus assets and net debt items of Pental as at 2 September 2023 (latest balance sheets available) in the table below. The full balance sheet for Pental is included in Appendix C.

Surplus Assets & Net Debt - Pental - 2 September 2023

	\$'000
Cash	2,361
Borrowings	(1,700)
Current Tax Assets	871
Surplus Assets	1,532

Source: Management

ENTERPRISE VALUE – MINORITY BASIS

Based on the above, we have derived an enterprise value for Pental on a minority basis as at a current date as follows:

Enterprise Value - Pental - Minority Basis

\$'000	Low	High	Mid
Market Capitalisation	56,252	63,070	59,661
Less Surplus Assets	(1,532)	(1,532)	(1,532)
Enterprise Value	54,720	61,538	58,129

Source: Pitcher Partners

Valuation of Pental Consumer Products

ADJUSTMENT FOR HWB

As illustrated in Section 3, HWB is a wholly owned subsidiary of Pental, however it is excluded from the Proposed Transaction.

Accordingly we have made an adjustment to the assessed enterprise value of Pental on a minority basis to remove the portion of this value which we have deemed to relate to HWB.

As noted in Section 3, Pental acquired HWB in 2021. We have analysed this transaction and note the following transaction metrics as set out in the market announcement and presentation released by Pental on 20 August 2021:

- HWB achieved FY21 revenue and EBITDA of approximately \$24.0 million and \$5.1 million respectively;
- total consideration (enterprise value) estimated to be \$28.2 million, inclusive of earn-out, implying an EBITDA multiple of approximately 5.5x; and
- HWB operated at significantly higher gross profit margins compared to Pental (pre acquisition), due to its 'direct to consumers' primary business model.

We note that since Pental's acquisition of HWB in August 2021, HWB achieved reported EBITDA of:

- approximately \$6.9 million in FY22 (reflects 10 months of ownership from 1 September 2021 to 30 June 2022); and
- approximately \$2.8 million in for FY23.

As announced to the market in the Pental half year FY23 presentation, HWB has faced a challenging FY23, with many businesses reverting to alternative employee recognition rewards including hospitality rather than gifting which was used extensively during the COVID-19 lockdown period. Furthermore, in the B2C market, customer spending on discretionary items such as gifts has been impacted due to inflationary pressures.

Assessed Enterprise Value – HWB

Based on the above, and in particular the decline in HWB performance for FY23, we have recalculated the enterprise value of HWB. In doing so we have adopted the capitalisation of earnings methodology and applied the followings inputs:

- maintainable EBITDA of \$2.8 million, being the annual result for FY23; and
- EBITDA multiple of 5.5x, being that paid for HWB by Pental in 2021.

Enterprise Value - HWB

	\$'000
FY23 EBITDA	2,800
Multiple	5.5x
Enterprise Value - HWB	15,400

Source: Pitcher Partners

Adjustment - HWB

We have deducted the above assessed enterprise value for HWB from the enterprise value of Pental on a minority basis, as set out on the following page.

Valuation of Pental Consumer Products

ADJUSTMENT FOR DURACELL

As illustrated in Section 3, the Duracell distribution agreement forms part of Pental Consumer Products, however it is excluded from the Proposed Transaction.

As shown in Appendix C, Duracell has the following balance sheet balances as at 2 September 2023.

- inventory of approximately \$3.1 million;
- trade receivables of approximately \$1.4 million; and
- trade payables of approximately \$1.5 million.

We have made an adjustment to deduct Duracell's net asset balance from the assessed enterprise value of Pental on a minority bases, as set out opposite.

ADJUSTMENT FOR BONDI SOAP

As illustrated in Section 3, the Bondi Soap division forms part of Pental Consumer Products, however it is excluded from the Proposed Transaction.

We have discussed this with management and have been advised that:

- a normalisation adjustment has been made to remove development costs relating to Bondi Soap (refer to the table on page 24); and
- sales and costs relating to Bondi Soap outside of development costs were negligible.

Accordingly we have not made any further adjustment to enterprise value for Bondi Soap.

Enterprise Value - Pental Consumer Products - Minority Basis

\$'000	Low	High	Mid
Enterprise Value - Pental	54,720	61,538	58,129
Less: Enterprise Value - HWB	(15,400)	(15,400)	(15,400)
Less: Net Assets - Duracell	(3,044)	(3,044)	(3,044)
Enterprise Value - PCP	36,276	43,094	39,685

Source: Pitcher Partners

Valuation of Pental Consumer Products

CONTROL PREMIUM

The share prices upon which we have formed our opinion reflect the prices at which minority parcels of shares are traded on a daily basis and, as such, do not incorporate a control premium. Accordingly, we have considered the application of a control premium which represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of PCP could be acquired.

Examples of actions that a controlling owner can take that a minority owner may not be able to do include:

- determine compensation for directors and employees;
- determine dividend policy;
- undertake merger and acquisition activity; and
- determine the strategic direction of business.

The size of the control premium has regard to factors affecting the level of control including:

- the size of the shareholding interest;
- the composition of other shareholder interests (in particular, whether there is a controlling block of shares);
- the ability of the shareholders to influence management decisions; and
- any relevant provisions of the entity's constitution or shareholders' agreement or trust deed.

In practice, the control premium generally ranges from 5% to 50% depending on the specific facts and circumstances.

There have been a range of studies undertaken over the years which attempt to quantify the control premium and / or discount for lack of marketability. A sample of these key studies is provided on the following page.

It is important to note that these studies are based on very broad market data in most cases, and have a number of limitations and assumptions. Accordingly, these studies should be used as a high level guide or starting point only.

The specific circumstances and factors of the shareholding are very important to consider. There are a number of factors that influence whether the appropriate discount to apply is at the higher or lower end of the range applied in practice. These factors as they relate to the PCP shares are discussed later in this section.

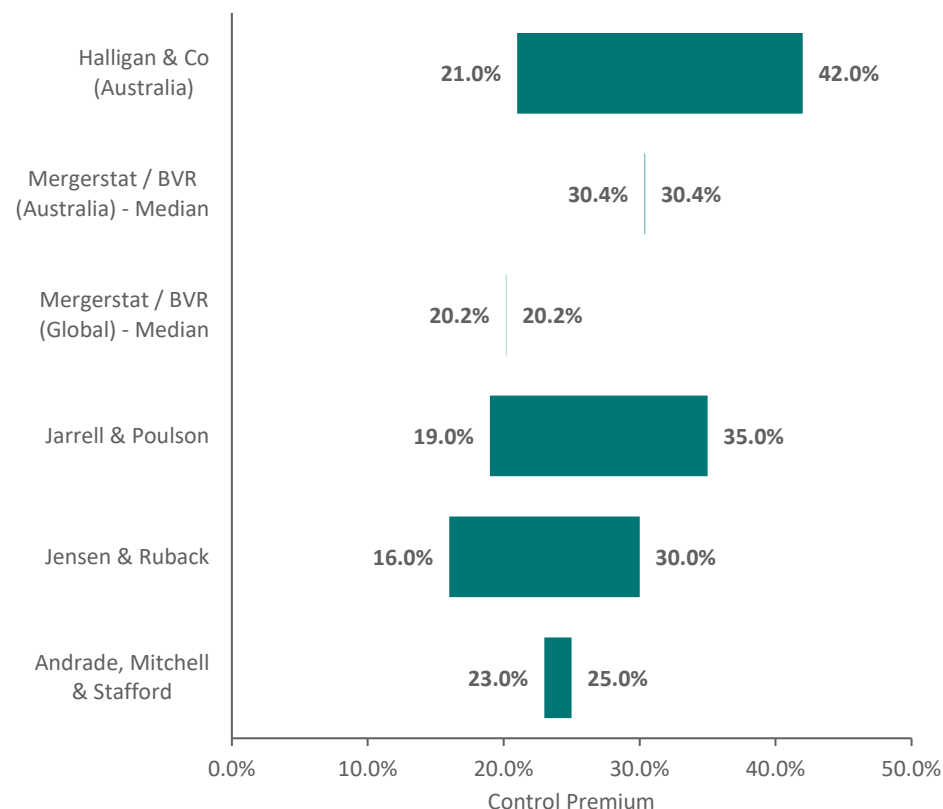
Valuation of Pental Consumer Products

CONTROL PREMIUM MARKET STUDIES

A summary of the findings from a number of control premium market studies is provided below.

- **Halligan & Co (Australia)** – A 2014 study of 605 Australian takeovers from FY01 to FY14 by Halligan & Co indicated a median takeover premium of **30%**, ranging between **21% and 42%** across various specific industries. This is considered one of the most recent and relevant studies for the Australian market.
- **Fact Set Mergerstat/BVR Control Premium Study (Global)** – this captured worldwide data of more than 9,800 transactions quantifying control premia, implied minority discounts, and public company valuation multiples. It analysed the range of median control premiums of 20 target nations from 1998 to 2015, based on transactions by country, average net sales and median net sales. The average premium was **20.2%**, with the Australian premium being **30.4%**.
- **Other US based studies** – a number of US studies have been undertaken based on M&A data published by the U.S. Federal Trade Commission's Bureau of Economics. These studies all relate to the US market which is much larger and more diversified than the Australian market, and are all over 20 years old. Notwithstanding this, we have highlighted the results of these studies as follows:
 - **Jarrell & Poulson** – 663 successful tender offers from 1962 to 1985. During this period, takeover premiums averaged **19%** in the 1960's, **35%** in the 1970's and **30%** in the first half of the 1980's.
 - **Jensen & Ruback** – 13 studies of pre-1980 stock market data. These studies detailed returns of **16% and 30%** to the targets of successful mergers and tender offers.
 - **Andrade, Mitchell & Stafford** – analysed completed mergers from 1973 to 1998. During this period, the stable target firm returns ranged from **23% to 25%**.

Control Premium Market Studies - Summary



Source: Market Studies

Valuation of Pental Consumer Products

ASSESSED CONTROL PREMIUM

In assessing an appropriate control premium to apply to Pental Consumer Products shares, we have considered the following:

- **Market Studies** – The Halligan & Co Australian study presented on the previous page indicates a control premium range of 21% to 42%, broadly consistent with the median of the Mergerstat/BVR Australian data of 30.4%;
- **Size of interest / Influence of other shareholders / Influence over company operations** – we note that the Proposed Transaction is effectively a takeover transaction, with the excluded Pental business segments being transferred to HWB. This indicates a control premium at the mid to high end of the range, all else equal.

ADOPTED CONTROL PREMIUM RANGE

Having regard to the above, as well as our view that the Proposed Transaction is effectively a takeover transactions, we consider a control premium range of 20% to 30% to be reasonable.

ENTERPRISE VALUE – CONTROL BASIS

Our calculation of the enterprise value of PCP on a control basis is set out below.

Enterprise Value - Pental Consumer Products - Control Basis

\$'000	Low	High	Mid
Enterprise Value - PCP (Minority)	36,276	43,094	39,685
Control Premium	20%	30%	25%
Enterprise Value - PCP (Control)	43,531	56,022	49,606

Source: Pitcher Partners

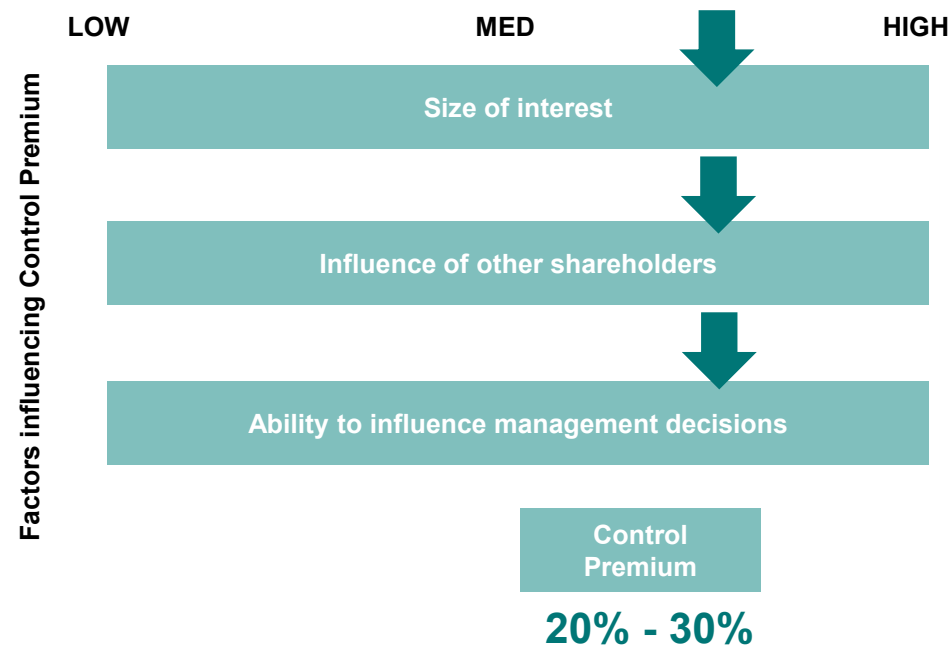
CONTROL PREMIUM REFERENCES

21%

Australian Market Studies

42%

CONTROL PREMIUM ASSESSMENT





Section 5

Cross-check – Implied EBITDA Multiples

Cross-check – Implied EBITDA Multiples

CROSS-CHECK 1 – IMPLIED EBITDA MULTIPLES

For our primary cross-check to the values derived using the share price history approach we have utilised a CME approach, as previously defined, and adopted the following process:

1. estimated future maintainable earnings;
2. calculated the implied EBITDA multiple range based on the enterprise value assessed using the share price history approach; and
3. compared the implied EBITDA multiple range to the multiples relating to both benchmark transactions and benchmark listed companies.

1. Estimated Future Maintainable Earnings

Summarised opposite is the revenue and adjusted EBITDA of PCP for the four historical years ended 30 June 2023.

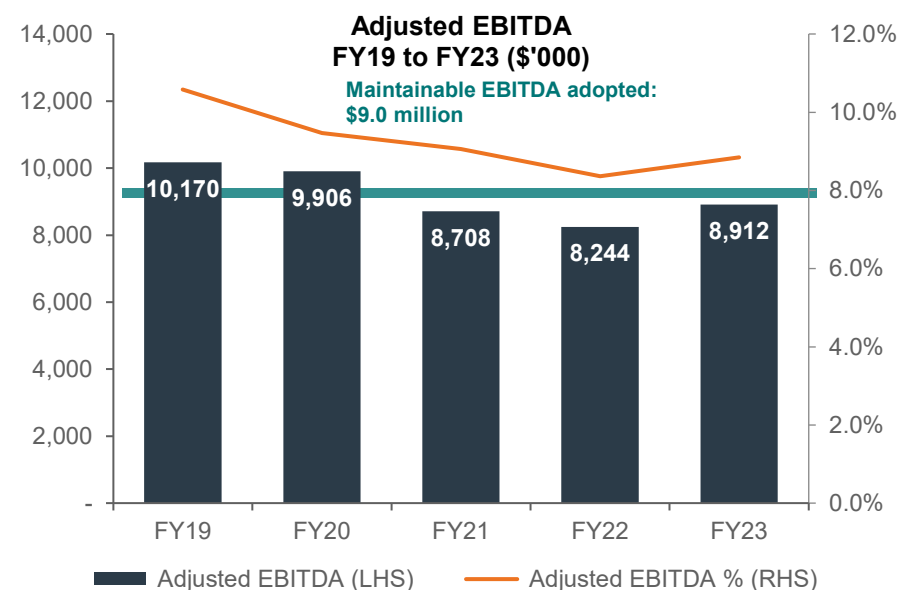
In assessing a maintainable earnings estimate for PCP, we have had regard to the fact that despite changing market conditions and significant cost pressures, PCP's revenue and adjusted EBITDA has been relatively stable since FY21.

Given the above, we consider that the future maintainable earnings for the Business is \$9.0 million, broadly assessed as the adjusted EBITDA for FY21 and FY23.

Revenue and Adjusted EBITDA

(\$'000)	Actual 30-Jun-19	Actual 30-Jun-20	Actual 30-Jun-21	Actual 30-Jun-22	Actual 30-Jun-23
Revenue	96,125	104,614	96,118	98,601	100,777
Adjusted EBITDA	10,170	9,906	8,708	8,244	8,912
Adjusted EBITDA Margin %	10.6%	9.5%	9.1%	8.4%	8.8%

Source: Management Accounts



Source: Pitcher Partners

Cross-check – Implied EBITDA Multiples

CROSS-CHECK 1 – IMPLIED EBITDA MULTIPLES (CONT.)

2. Implied EBITDA Multiple Range

Set out below is our calculation of the implied EBITDA multiple range for PCP. The inputs for this calculation include:

- the enterprise value range for PCP, as assessed using the share price history approach (Section 4); and
- the maintainable EBITDA for PCP, as assessed on the previous page.

Implied EBITDA Multiples

\$'000	Low	High	Mid
Enterprise Value - PCP (Control)	43,531	56,022	49,606
Maintainable EBITDA	9,000	9,000	9,000
Implied EBITDA Multiples	4.8x	6.2x	5.5x

Source: Pitcher Partners

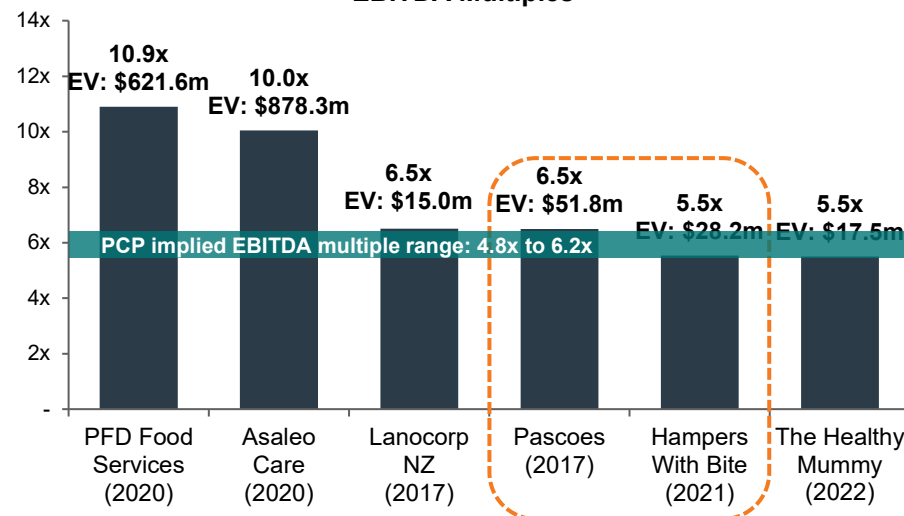
3a. EBITDA Multiples – Benchmark Transactions

We undertook a search on S&P Capital IQ and Mergermarket for acquisitions/sales of companies that operate in the consumer staples, household products and personal care products industries. Our search identified six relevant transactions, with the implied EBITDA multiples of each presented opposite. Further detail on these benchmark transactions is set out in Appendix D.

We note the following regarding the benchmark transactions:

- PFD Food Services (\$621 million) and Asaleo Care (\$878 million) are both significantly larger than the Proposed Transaction. Larger transactions typically command higher EBITDA multiples.

Benchmark Transactions EBITDA Multiples



Source: S&P Capital IQ

Note: The benchmark transactions involved the sale of 100% of the target businesses with the exception of PFD Food Services (65%), Asaleo Care (63.8%) and Lanocorp NZ (80%).

- We consider the acquisitions of Pascoes (\$52 million; 6.5x) and HWB (\$28 million, 5.5x) to be the most comparable to the Proposed Transaction.
 - Pascoes manufactures and distributes chemicals for household and industrial applications, including detergents, disinfectants and speciality chemicals; and
 - HWB was acquired by Pental in 2021, as discussed in Section 3.

Having regard to the above benchmark transactions, we consider the implied EBITDA multiple range for PCP of between 4.8x and 6.2x to be not unreasonable.

Cross-check – Implied EBITDA Multiples

CROSS-CHECK 1 – IMPLIED EBITDA MULTIPLES (CONT.)

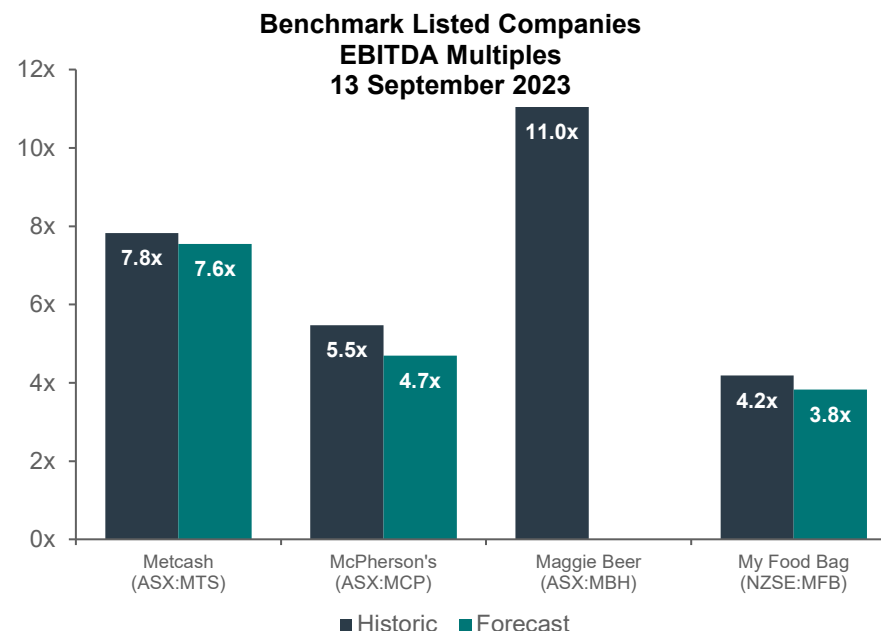
3b. EBITDA Multiples – Benchmark Listed Companies

We undertook a search on S&P Capital IQ for listed companies that operate in the consumer staples, household products and personal care products industries. The implied EBITDA multiples of these benchmark listed companies are summarised opposite. Further details for each company are provided in Appendix E.

We note the following regarding the benchmark listed companies:

- With the exception of Maggie Beer Holdings Limited (EV: \$37 million) and My Food Bag Group Limited (EV: \$62 million), the other benchmark listed companies are significantly larger than PCP.
- The large FY23 EBITDA multiple for Maggie Beer Holdings Limited reflects a large reduction in EBITDA compared to the prior year resulting from challenging trading conditions post COVID, particularly in its Hamper business segment.
- The EBITDA multiples of the benchmark listed companies are based on the prices of minority parcels being traded in these companies, compared to our controlling interest valuation of PCP.

Having regard to the these benchmark listed companies, we consider the implied EBITDA multiple range for PCP of between 4.8x and 6.2x to be not unreasonable.



Source: S&P Capital IQ



Section 6

Summary Opinion

Summary Opinion

SUMMARY OPINION

Valuation of Pental Consumer Products

- In Section 4 of this IER, we assessed the enterprise value of Pental Consumer Products to be in a range of approximately **\$43.5 million to \$56.0 million (\$49.6 million mid-point) on a control basis.**

Consideration receivable by Pental for Pental Consumer Products

- In Section 1 of this IER, we noted that the purchase price for PCP as part of the Proposed Transaction is \$57 million. This amount is subject to various completion adjustments.
- The Agreement notes that Pental as the vendor will retain liability for employee entitlements relating to non-transferring employees. The purchase price calculation on page 7 includes an adjustment for the gross value of entitlements of transferring employees. We have therefore made an adjustment in the table opposite (top) for the future tax benefit relating to this liability.
- The Agreement notes that trade receivables and trade payables in respect of the period prior to completion are excluded from the Proposed Transaction, with Pental retaining full ownership/liability for them. Accordingly, as the enterprise value incorporates the return on all business assets, including these working capital items, for the purposes of our analysis, we have made an adjustment to the purchase price, as set out opposite (top).
- We have incorporated the estimated amounts provided to us by management, but note that the balances for trade receivables and trade payables may differ to those at completion of the Proposed Transaction.
- We note that the **consideration, plus the excluded working capital, is approximately \$58.3 million.**

Consideration

	\$'000
Adjusted Purchase Price	54,970
Working Capital not included in Purchase Price	
Tax Benefit - Transferring Employee Entitlements	609
Expected Working Capital Adjustments	2,739
Purchase Price plus Excluded Working Capital	58,318

Source: Management Accounts, Management, Pitcher Partners

Comparison – PCP valuation and Consideration Receivable

- A comparison of the enterprise value range of PCP on a control basis with the consideration for PCP is set out in the table below.
- As is shown, the consideration receivable, inclusive of the excluded working capital, (\$58.3 million) is higher than the enterprise value range of PCP on a control basis (\$43.5 million to \$56.0 million).

Summary

\$'000	Low	High	Mid
Consideration plus Excluded Working Capital	58,318	58,318	58,318
Enterprise Value - PCP (Control Basis)	43,531	56,022	49,606
Difference	14,787	2,295	8,712

Conclusion: Proposed Transaction is Fair and Reasonable

Source: Pitcher Partners

Summary Opinion

SUMMARY OPINION (CONT.)

Assessment of Fairness

- As noted on page 4, the Proposed Transaction is considered fair when the value of the consideration receivable by the Company is equal to or greater than the value of the Business that the Company may dispose of.
- Given that the consideration receivable by Pental is higher than the enterprise value range of PCP on a control basis, we have therefore concluded that the **Proposed Transaction is fair.**

Assessment of Reasonableness

- As noted on page 4, a transaction is reasonable if it is fair. It may also be reasonable if, despite not being fair but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received.
- As noted above, we have concluded that the Proposed Transaction is fair.
- In addition, we note the following significant factors which we have considered in assessing the reasonableness of the Proposed Transaction.

Advantages

- The Proposed Transaction will allow Pental to realise the value of PCP, its main undertaking, in exchange for the certainty of cash consideration. This removes any uncertainty regarding future operations of PCP.
- The Proposed Transaction will allow shareholders to realise a return of capital on their investments.

Disadvantages

- Should shareholders approve the Proposed Transaction, they will forego the opportunity to receive any competing bid from an alternative acquirer in the future. Such a competing bid may be considered a superior bid to the Proposed Transaction. However we are not aware of any alternative or superior offer at present.
- Shareholders will not be able to participate in the future of PCP and therefore will forego the opportunity to benefit from realising any future prospects of PCP.
- Given the above and in particular the fact that we have concluded that the Proposed Transaction is fair, we have concluded that the **Proposed Transaction is reasonable.**



Section 7

Financial Services Guide

Financial Services Guide

FINANCIAL SERVICES GUIDE

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in this IER.

Pitcher Partners

- Pitcher Partners holds Australian Financial Services Licence (AFSL) No. 229841, authorising it to provide general financial product advice in respect of securities to retail and wholesale investors.

Financial Services Offered by Pitcher Partners

- Pitcher Partners prepares reports commissioned by a company or other entity (Entity). The reports prepared by Pitcher Partners are provided by the Entity to its members.
- All reports prepared by Pitcher Partners include a description of the circumstances of the engagement and of Pitcher Partners' independence of the Entity commissioning the report and other parties to the transactions.
- Pitcher Partners does not accept instructions from retail investors. Pitcher Partners provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. Pitcher Partners does not provide market-related advice to retail investors.

General Financial Product Advice

- In this IER, Pitcher Partners provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.
- Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

Independence

- At the date of this IER, none of Pitcher Partners, Michael Sonego or Liesl Malcolm have any interest in the outcome of the Proposed Transaction, nor any relationship with the Company, associate entities or any of their directors. Fees for this IER are not contingent on the outcome, content or future use of this IER.
- Pitcher Partners and its related entities does not have any shareholding in or other relationship with the Company that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.
- Pitcher Partners had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this IER.
- Pitcher Partners considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

Remuneration

- Pitcher Partners is entitled to receive a fee of approximately AUD \$40,000 to \$43,000 (excluding GST) for the preparation of this IER. With the exception of the above, Pitcher Partners will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this IER.

Complaints Process

- As the holder of an AFSL, Pitcher Partners is required to have suitable compensation arrangements in place. In order to satisfy this requirement Pitcher Partners holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.
- Pitcher Partners is also required to have a system for handling complaints from persons to whom Pitcher Partners provides financial services. All complaints should be in writing and sent to the Complaints Officer, Pitcher Partners at Level 13, 664 Collins Street, Docklands VIC 3008.
- Pitcher Partners will make every effort to resolve a complaint within 45 days of receiving a complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne VIC 3000.




Appendix A

APES 225 Valuation Services Definition

APES 225 Valuation Services – Relevant Information

APES 225 VALUATION SERVICES – RELEVANT INFORMATION

- This IER has been prepared in accordance with business valuation standard APES 225.
- APES 225 Valuation Services sets out mandatory requirements and guidance for members who provide valuation services. The primary professional obligations imposed by this standard are to mandate the valuation reporting and documentation requirements.
- APES 225 Section 2 defines three types of valuation engagements. The extent of evidence obtained for significant matters under each type of valuation engagement is summarised below.

Type of Valuation Service	External environment of the entity	Entity specific non-financial information	Entity specific financial information	Valuation context & assessments
Valuation Engagement	Limited to extensive	Limited to extensive	Limited to extensive	Limited to extensive
Limited Scope Valuation Engagement	Minimal to limited	Minimal to limited	Minimal to limited	
Calculation Engagement	None to minimal	None to minimal	None to minimal	

A copy of APES 225 is provided on the Accounting Professional & Ethical Standards Board (APESB) website: <https://apesb.org.au/> ([Link to APES 225 PDF here](#))

INDEPENDENCE

We have been engaged as an independent party in this valuation in accordance with the definition of independence as outlined in APES 225. Neither Pitcher Partners nor any partner or executive or employee thereof has any financial interest in the outcome of the valuation except for a fee relating to the preparation of this report based on time spent at normal professional rates.

SOURCES OF INFORMATION

In preparing this report we have had regard to the following sources of information:

- Business Sale Agreement and Land Sale Contract dated 13 September 2023;
- Normalised profit and loss statements for Pental Consumer Products for the four historical financial years ended 30 June 2023;
- Balance sheet for Pental Consumer Products as at 2 September 2023;
- Breakdown of sales for Pental Consumer Products by product/brand/customer for the financial year ended 30 June 2023;
- Breakdown of Pental Consumer Products employees as at September 2023;
- The indicative financial outcome for Pental shareholders, as detailed in a document entitled '*Financial Impact as at settlement forecast.pdf*';
- IBIS World Report – Soap and Cleaning Manufacturing, June 2023;
- Company website (<https://pental.com.au/>);
- Data from S&P Capital IQ and Mergermarket; and
- Publicly available information including ASX announcements and annual reports.

APES 225 – Qualifications and Relevant Experience



Liesl Malcolm

Executive Director

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e. liesl.malcolm@pitcher.com.au

Liesl Malcolm is responsible for the IER and her qualifications and background are as follows:

Qualifications:

- Member of Chartered Accountants Australia & New Zealand (CA ANZ)
- Business Valuation Specialist (CA ANZ)
- Accredited Senior Appraiser, American Society Appraisers (ASA)

Professional Background:

- Liesl is a Partner in the Corporate Finance division. Liesl joined the Corporate Finance division in 2006.
- Liesl specialises in the valuation of businesses, shares, intangible assets, preparation of independent expert reports and investigations for compulsory acquisitions and other claims for compensation.

Areas of Expertise:

- Valuations: accounting and tax consolidation valuation support.
- Corporate transactions: pre and post deal valuation support.
- Litigation valuations: expert valuation reports, loss of profit assessments and compulsory acquisitions.
- Employee equity schemes: valuations for allocation and accounting purposes.



Michael Sonogo

Executive Director

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e. michael.sonogo@pitcher.com.au

Michael Sonogo is responsible for the IER and his qualifications and background are as follows:

Qualifications:

- Member of Chartered Accountants Australia & New Zealand (CA ANZ)

Professional Background:

- As a Partner in the Corporate Finance team of Pitcher Partners Melbourne, Michael assists many clients, from a range of industries, with their transaction pursuits with specialist services including: mergers and acquisitions advice, financial analysis, due diligence investigations and valuations.
- He leads the Corporate Finance group across Asia as the Chair of the Asia Pacific Corporate Finance regional committee for Baker Tilly International.
- Prior to joining Pitcher Partners in 2007, Michael worked with Baker Tilly in London where he provided clients with due diligence services and assisted clients to list on the Alternative Investment Market (AIM) of the London Stock Exchange.

Areas of Expertise:

- Corporate transactions: mergers and acquisitions advice, due diligence, acquisition advice, sell side advisory and capital raisings.
- Valuations: valuations for acquisitions and disposal purposes



Appendix B

Valuation Methodology

Valuation Methodology

VALUATION APPROACH

In establishing the value of the business and equity in Pental we have considered the following valuation approaches:

- share price history;
- capitalisation of future maintainable earnings;
- discounted cash flow;
- asset based methodologies; and
- industry specific methodologies.

Share Price History

The share price history valuation methodology values a company based on past trading in its shares.

Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings methodology involves capitalising the estimated future maintainable earnings at a multiple which reflects the risk and opportunities of the business and the stream of income it generates.

In utilising this methodology, it is necessary to determine the appropriate income stream to value, such as:

- Operating Profit After Income Tax (PAT);
- Operating Profit Before Income Tax (EBT);
- EBIT; or
- EBITDA.

Most commonly businesses are valued by reference to EBIT or EBITDA as such results are not affected by differing interest and taxation expenses, and in the latter depreciation, which can vary from investor to investor as a result of factors which do not relate to the nature of the business.

The selection of multiple is undertaken by reviewing either listed guideline company data or mergers and acquisition data. For the purpose of valuing a small to medium sized business, the latter is generally most applicable.

In using the mergers and acquisition data, a review is undertaken of recent transactions of comparable businesses from which the implied earnings multiples are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived are based on an analysis of recent trades of entire companies and therefore reflect value for 100% of the business.

In using guideline company data, a portfolio of public companies is selected based on comparability of the subject company from which valuation multiples and other analytics are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived for guideline companies are based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect multiples reflective of the prices at which portfolio interests change hands. That is to say, there is no premium for control incorporated within such pricing. The multiples may also be impacted by the level of liquidity in the particular stock.

Discounted Cash Flow

The discounted cash flow methodology has regard to the expected future economic benefits discounted to present value. This is considered appropriate where a forecast of future cash flows can be made with a reasonable degree of certainty. This approach is particularly relevant to the valuation of a business in its early growth stage but is equally applicable to any business with expectations of significant growth or with volatility in cash flows.

In undertaking the discounted cash flow methodology regard is generally had to:

- the projected future cash flows;
- an appropriate discount rate; and
- the perpetuity or terminal value, if any.

Valuation Methodology

Asset Based Approach

The asset based approach determines the value of the business having regard to the market value of the underlying assets and liabilities thereof. This approach includes the following methodologies:

- going concern method;
- orderly realisation method; and
- liquidation method.

Under a going concern method, the value is derived by assessing the market value of every asset and liability on a going concern basis. This may include a premium to reflect the value of intangible assets not recorded on the balance sheet, if appropriate, to reflect market position, profitability and overall attractiveness of business. A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

The orderly realisation method has regard to the amount that would be distributed to shareholders on the assumption that the entity would be liquidated with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes, being distributed to shareholders.

The liquidation method is based on the same principles except that in the orderly realisation method, the assets are realised in an orderly manner, whereas, the liquidation method assumes that the assets are sold within a shorter time frame.

Industry Specific Methodology

Depending on the industry in which the business operates, an industry specific approach may be appropriate in assessing value. Industry specific methodologies typically involve the application of a 'rule of thumb', which is accepted within the industry as an appropriate basis for benchmarking value.

Industry specific methodologies typically involve the application of a multiplier to an operating metric such as revenue, customer numbers or funds under management. The multiplier applied is determined with reference to common perception in the market, which is supported through empirical evidence from recently completed transactions.

An industry specific methodology is most appropriate as a cross-check of the value determined by applying one of the above methodologies as a primary methodology.



Appendix C

Pental Group Balance Sheet

Pental Group Balance Sheet

Balance Sheet - 2 September 23

(\$'000)	PCP	HWB	Duracell	Bondi	Elimination	HoldCo	Consolidated PTL
Working Capital							
Trade Receivables	13,024	562	1,449	-	-	-	15,035
Inventory	11,834	3,994	3,104	-	-	-	18,932
Trade Payables	(10,929)	(1,614)	(1,509)	-	-	-	(14,052)
Employee Entitlements	(2,576)	(180)	-	-	-	-	(2,756)
Prepayments	687	133	-	-	-	-	820
Other Assets	270	6	-	-	-	5	281
Net Working Capital	12,310	2,901	3,044	-	-	5	18,260
Net Business Assets							
Property, Plant & Equipment	16,813	366	-	-	-	-	17,179
Goodwill	813	18,903	-	-	(813)	-	18,903
Intangible Assets	12,113	10,287	-	-	(28,326)	28,326	22,400
Deferred Tax Provision	(4,763)	(3,164)	-	-	-	-	(7,927)
Leased Assets	1,719	237	-	-	-	-	1,956
Lease Liability	(1,787)	(200)	-	-	-	-	(1,987)
Future Income Tax Benefit	1,387	104	-	-	-	75	1,566
Total Business Assets	26,295	26,533	-	-	(29,139)	28,401	52,090
Net Business Assets	38,605	29,434	3,044	-	(29,139)	28,406	70,350
Surplus Assets / Net Debt							
Net Related Party Loans	(43,208)	3,745	-	-	-	39,463	-
Cash	2,215	142	-	-	-	4	2,361
Borrowings	-	-	-	-	-	(1,700)	(1,700)
Current Tax Liability	228	132	-	-	20	491	871
Total Surplus Assets / Net Debt	(40,765)	4,019	-	-	20	38,258	1,532
Net Assets	(2,160)	33,453	3,044	-	(29,119)	66,664	71,882

Source: Management



Appendix D

Benchmark Transactions

Benchmark Transactions

PFD FOOD SERVICES PTY LTD

Key Statistics

Date	19/08/2020
Target	PFD Food Services Pty Ltd.
Acquirer	Woolworths Group Limited
Implied EV (\$000)	621,600
EBITDA Multiple	10.9x

Source: S&P Capital IQ

- In August 2020, Woolworths Group Limited acquired a 65% stake in PFD Food Services Pty Ltd (PFD). PFD operates in Australia offering fresh and frozen foods, cleaning products and paper and packaging products via a wide variety of distributors.
- The implied EV of the transaction was approximately \$612.6 million and at the time of acquisition, the implied EBITDA of PFD Food Services Pty Ltd was approximately \$57 million.
- PFD's product offering has similar elements to PCP as both distribute cleaning products through major consumer channels in Australia. PFD has a more diverse product offering but both companies operate in the FMCG space.

ASALEO CARE LIMITED

Key Statistics

Date	10/12/2020
Target	Asaleo Care Limited
Acquirer	Essity Group Holding BV
Implied EV (\$000)	878,300
EBITDA Multiple	10.0x

Source: S&P Capital IQ

- In December 2020, Essity Group Holding BV acquired a 63.8% stake in Asaleo Care Limited (Asaleo), an Australian based supplier of hygiene, personal care, and consumer tissue products in Asia Pacific.
- The implied EV of the transaction was approximately \$878.3 million and at the time of acquisition, the implied EBITDA of Asaleo was approximately \$87.4 million.
- Asaleo provides a range of hygiene and personal products similar to PCP. Similarly the two companies sell products under owned brand names via distributors networks to end users.

Benchmark Transactions

LANOCORP NEW ZEALAND LIMITED

Key Statistics

Date	29/06/2017
Target	Lanocorp New Zealand Limited
Acquirer	Trilogy International Limited
Implied EV (\$000)	14,951
EBITDA Multiple	6.5x

Source: S&P Capital IQ

- In June 2017, Trilogy International Limited acquired an 80% stake in Lanocorp New Zealand Limited (Lanocorp). Based in Christchurch, New Zealand, Lanocorp operates as a manufacturer of natural skin care products.
- The implied EV of the transaction was approximately \$15 million and at the time of acquisition, the implied EBITDA of Lanocorp was approximately \$2.3 million.
- Although Lanocorp does not operate in the personal cleaning and hygiene space, the operations and business model make it similar to PCP as a manufacturer of goods in the FMCG space.

PASCOE'S PTY LTD

Key Statistics

Date	22/02/2017
Target	Pascoes Pty Ltd
Acquirer	Pact Group Holdings Ltd
Implied EV (\$000)	51,800
EBITDA Multiple	6.5x

Source: S&P Capital IQ

- In February 2017, Pact Group Holdings Ltd acquired Pascoe's Pty Ltd (Pascoe's), which operates in Australia manufacturing and distributing chemicals for household and industrial applications to Australian and international customers.
- The transaction was worth approximately \$51.8 million and at the time of acquisition, the implied EBITDA of Pascoe's was approximately \$8 million.
- Pascoe's provides a similar range of products and offerings as PCP, as well as a similar operational and business model as manufacturers and distributors of household and industrial chemical products, including detergents, disinfectants and speciality chemicals.

Benchmark Transactions

HAMPERS WITH BITE PTY LTD

Key Statistics

Date	20/08/2021
Target	Hampers With Bite Pty. Ltd.
Acquirer	Pental Limited
Implied EV (\$000)	28,200
EBITDA Multiple	5.5x

Source: S&P Capital IQ

- In August 2021, Pental acquired Hampers with Bite Pty Ltd (HWB), which operates in Melbourne, Australia as an online retailer of hamper and gift products.
- The transaction was worth approximately \$28.2m and at the time of acquisition, the implied EBITDA of HWB was approximately \$5.1 million.
- Although HWB does not operate in the manufacturing or distribution of personal, household or commercial cleaning products it does operate as a FMCG retailer and was acquired by Pental Limited.

THE HEALTHY MUMMY PTY LIMITED

Key Statistics

Date	15/02/2022
Target	The Healthy Mummy Pty Limited
Acquirer	Halo Food Co. Limited
Implied EV (\$000)	17,500
EBITDA Multiple	5.5x

Source: S&P Capital IQ

- In February 2022, Halo Food Co Limited acquired The Healthy Mummy Pty Limited (The Healthy Mummy), an Australian based supplier of nutritional products, active wear and related merchandise.
- The transaction was worth approximately \$17.5 million and at the time of acquisition, the implied EBITDA of The Healthy Mummy was approximately \$4 million.
- Although The Healthy Mummy does not operate in the personal cleaning and hygiene space, the operations include the production and sale of a wide range of consumer goods.



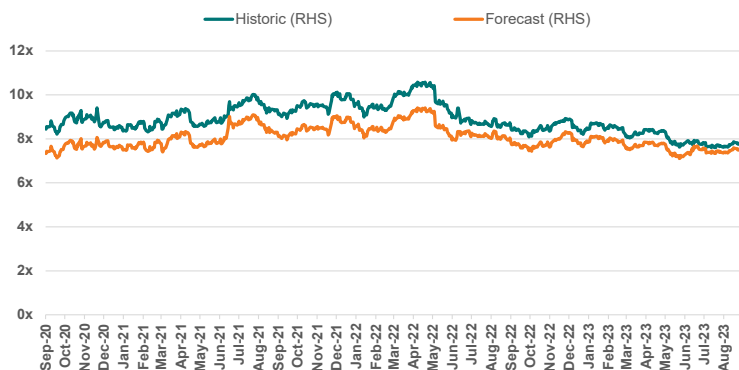
Appendix E

Benchmark Listed Companies

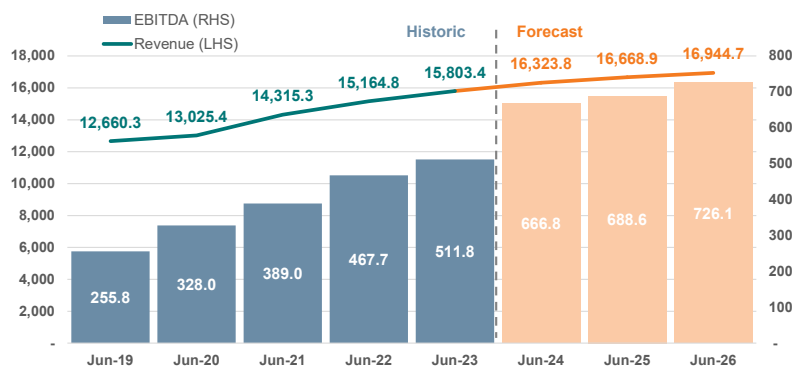
Metcash Limited (ASX:MTS)

EBITDA Multiples ¹	Sep-23	Market Cap (\$m): \$3,625
Forecast	7.6x	
Historic	7.8x	

EBITDA Multiple



Revenue and EBITDA (\$m)



¹ calculated EBITDA multiples may differ from S&P Capital IQ multiples due to normalisations and debt or equity capital classifications

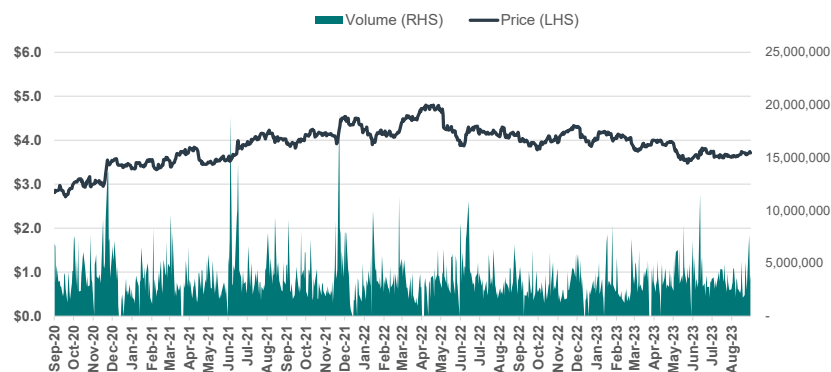
Data sourced from S&P Capital IQ

Brief Description

Metcash Limited operates as a wholesale distribution and marketing company in Australia.



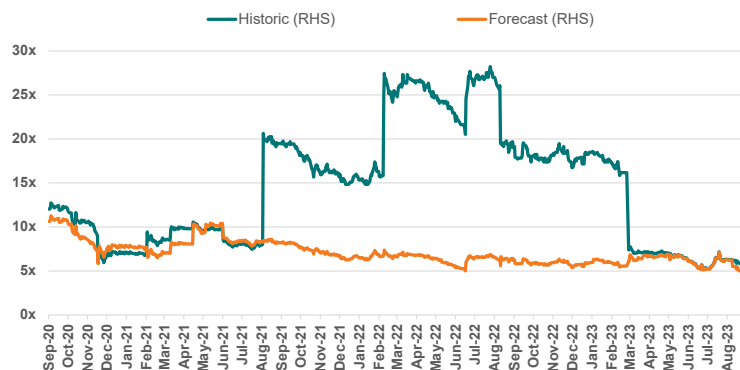
Share Price and Volume Traded



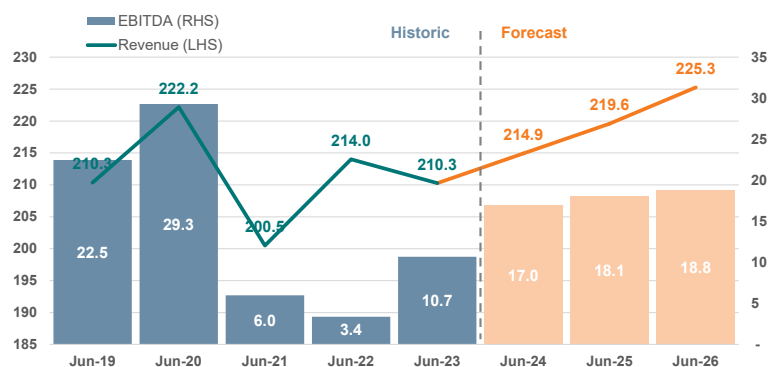
McPherson's Limited (ASX:MCP)

EBITDA Multiples ¹	Sep-23	Market Cap (\$m):	\$61
Forecast	4.7x		
Historic	5.5x		

EBITDA Multiple



Revenue and EBITDA (\$m)



¹ calculated EBITDA multiples may differ from S&P Capital IQ multiples due to normalisations and debt or equity capital classifications

Data sourced from S&P Capital IQ

Brief Description

McPherson's Limited provides health, wellness, and beauty products in Australia, New Zealand, Asia, and internationally.



Share Price and Volume Traded

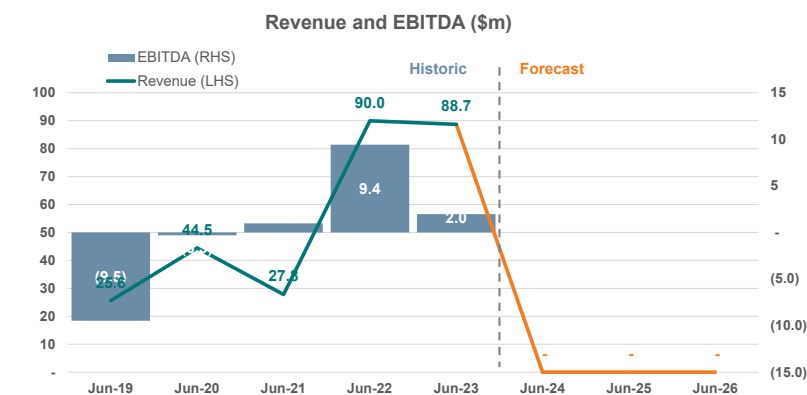
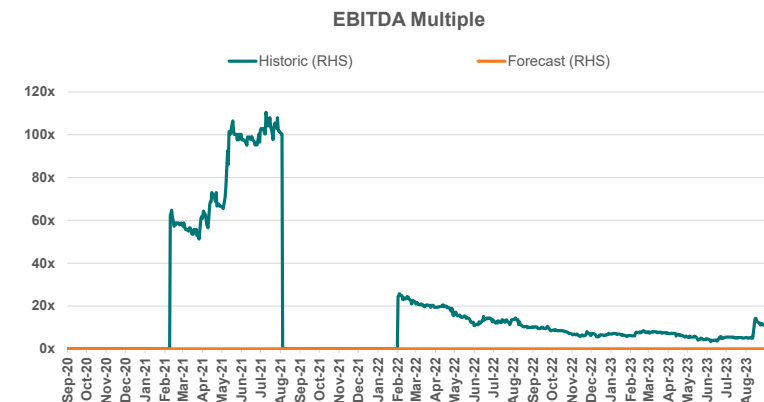


Maggie Beer Holdings Limited (ASX:MBH)

EBITDA Multiples¹ Sep-23 Market Cap (\$m): \$39
 Forecast n/a
 Historic 11.0x

Brief Description

Maggie Beer Holdings Limited manufactures and sells food and beverage products in Australia.



¹ calculated EBITDA multiples may differ from S&P Capital IQ multiples due to normalisations and debt or equity capital classifications

Data sourced from S&P Capital IQ

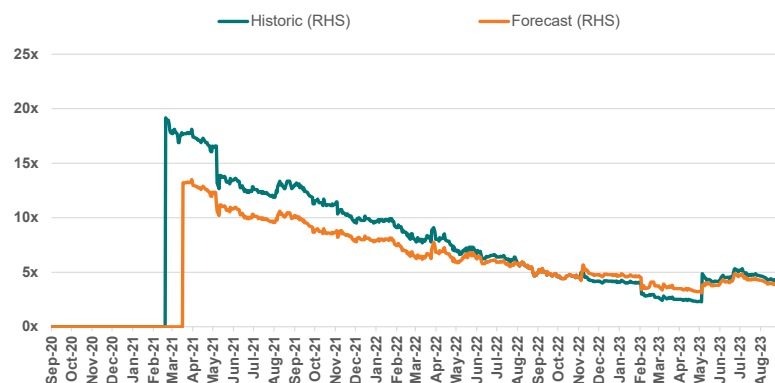
My Food Bag Group Limited (NZSE:MFB)

EBITDA Multiples ¹	Sep-23	Market Cap (\$m):	\$37
Forecast	3.8x		
Historic	4.2x		

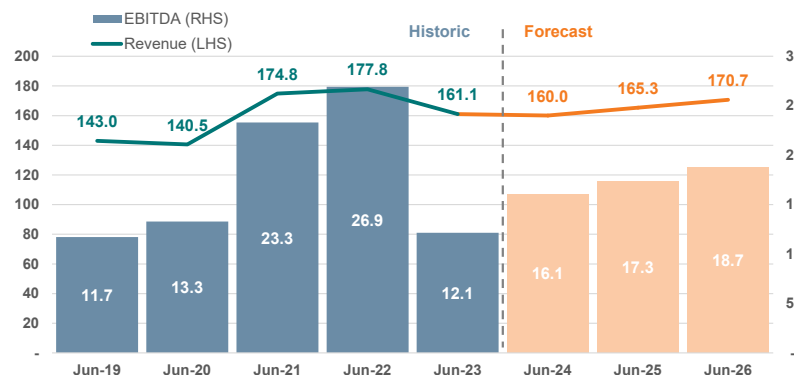
Brief Description

My Food Bag Group Limited engages in online meal-kit, grocery items, and pre-prepared ready to heat meal delivery business in New Zealand.

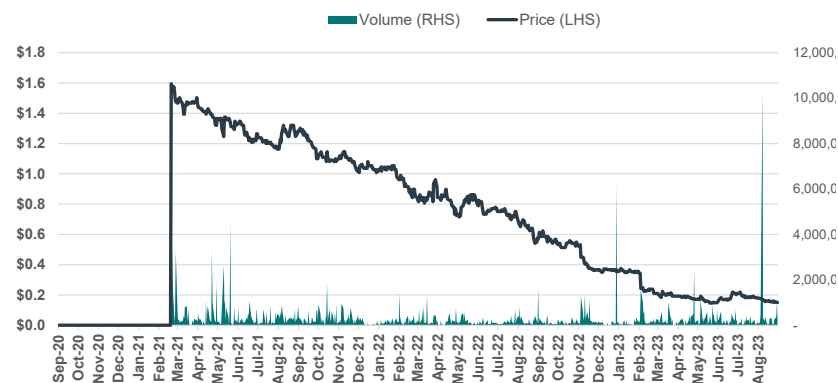
EBITDA Multiple



Revenue and EBITDA (\$m)



Share Price and Volume Traded



¹ calculated EBITDA multiples may differ from S&P Capital IQ multiples due to normalisations and debt or equity capital classifications

Data sourced from S&P Capital IQ

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Pental Limited | ABN 29 091 035 353

Proxy Voting Form

If you are attending the virtual Meeting
please retain this Proxy Voting Form
for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (AEDT) on Wednesday, 25 October 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

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