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Hulon Aquaculture Group Limited (ASX: HUO) ("Company", "Hulon")

HUON SHARE ACQUISITION BOOKLET REGISTERED WITH ASIC

Reference is made to the announcement on 6 August 2021 of the entry into of agreements with JBS to acquire 100% of Hulon shares by way of concurrent schemes of arrangement at \$3.85 per Hulon share (**Schemes**) and the announcement on 13 August 2021 of an off-market takeover bid in parallel but not in substitution to the Schemes at \$3.85 per Hulon share (**Takeover Bid**).

Today the Australian Securities & Investments Commission registered the Hulon Share Acquisition Booklet in relation to the Schemes and Takeover Bid. A copy of the Hulon Share Acquisition Booklet, which includes the Explanatory Memorandum for the Schemes, Bidder's Statement for the Takeover Bid, Target's Statement for the Takeover Bid, Independent Expert's Report in relation to the Schemes and the Takeover Bid, Notices of Meeting in respect of the Schemes and Notice of Meeting for the 2021 Annual General Meeting of Hulon, is attached to this announcement.

The Hulon Share Acquisition Booklet can be accessed at as <https://investors.huonaqua.com.au> and will be sent to Hulon shareholders on Tuesday, 28 September 2021.

Those Hulon shareholders who have previously nominated an electronic means of notification to Hulon's share registry will be sent the Hulon Share Acquisition Booklet and related materials electronically. All shareholders will also be sent proxy forms in respect of the Schemes and acceptance forms in respect of the Takeover Bid via hard copy mail.

Shareholders who will not receive a hard copy of the Share Acquisition Booklet but would like to request a copy be sent by post or courier may do so by calling the Hulon Shareholder Information Line on 1800 606 866 (inside Australia) or +61 1800 606 866 (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays.

ENDS

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HUON SHARE ACQUISITION BOOKLET

In relation to the proposal by JBS to acquire all of the Huon Shares by way of concurrent schemes of arrangement and takeover bid at \$3.85 per Huon Share.

The Independent Board Committee of the Huon Board have unanimously determined that the Primary Scheme is fair and reasonable and in the best interests of Huon Shareholders **and unanimously recommend Huon Shareholders vote in favour of the Primary Scheme.** The Independent Board Committee of the Huon Board have unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages and **unanimously recommend Huon Shareholders vote in favour of the Surveyors Acquisition.** The Huon Directors have unanimously determined that the Secondary Scheme is fair and reasonable and in the best interests of Huon Shareholders and **unanimously recommend Huon Shareholders vote in favour of the Secondary Scheme.** The Independent Board Committee of the Huon Board has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and **unanimously recommend Huon Shareholders accept the Takeover Offers.** Each of these recommendations is subject to there being no Superior Proposal and the Independent Expert continuing to provide a positive opinion on that Transaction.

This is an important document and requires your immediate attention. You should read it in its entirety. If you are in any doubt about what to do, you should consult your licenced financial or other professional adviser immediately.

If you have any questions about this Booklet or the Schemes or the Takeover Offers, please contact the Huon Shareholder Information Line on 1800 606 866 (within Australia) or +61 1800 606 866 (outside Australia) (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays or visit <https://events.miraql.com/huo-transaction>.

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Important notices

General

This Booklet is important. You should read this Booklet in full before making any decision as to how to vote at the Meetings and whether to accept the Takeover Offers.

It is intended that if the Primary Scheme and the Surveyors Acquisition are approved by the Huon Shareholders and the Court, the Primary Scheme will be implemented. If only the Secondary Scheme is approved, the Secondary Scheme will be implemented. If either the Primary Scheme or the Secondary Scheme are approved the Takeover Offers will not proceed. If neither the Primary Scheme or the Secondary Scheme are approved, the Takeover Offers will proceed (subject to the conditions of the Takeover Offers including FIRB approval, a minimum acceptance condition of 50.1% and neither of the Schemes being implemented).

Nature of this Booklet

This Booklet is the:

- explanatory statement for the Schemes for the purposes of section 412(1) of the Corporations Act 2001 (Cth) (**Corporations Act**);
- explanatory statement for the Surveyors Acquisition prepared for the purpose of Item 7 of section 611 of the Corporations Act;
- bidder's statement issued by JBS Aquaculture Pty Ltd (ACN 653 348 700) (**JBS**) for the Takeover Bid under Part 6.5 Division 2 of the Corporations Act; and
- target's statement issued by Huon for the Takeover Bid under Part 6.5 Division 3 of the Corporations Act.

This Booklet explains the:

- terms of the proposed acquisition of all of the Huon Shares by JBS by way of two alternative schemes of arrangement between Huon and Huon Shareholders under Part 5.1 of the Corporations Act;
- terms of the proposed acquisition of all of the Surveyors Shares (and as a result, the approximate 40% of Huon Shares held by Surveyors) by way of the Share Sale Agreement; and
- terms of the takeover bid made by JBS to acquire Huon and Huon's response to that takeover bid.

This Booklet also sets out the manner in which the Schemes will be considered and implemented (if all of the conditions to the Schemes are satisfied or (if permitted) waived) and provides such information as is prescribed by law or is otherwise material to the decision of Huon Shareholders whether to vote in favour of the Primary Scheme Resolution, Secondary Scheme Resolution and Surveyors Acquisition Resolution.

This Booklet is not a disclosure document required by Chapter 6D of the Corporations Act.

If you have sold all your Huon Shares, please disregard this Booklet.

Responsibility for information

Huon has prepared, and is responsible for, the Huon Information. None of JBS or its Related Bodies Corporate or their respective directors, officers, employees and advisers have verified any Huon Information and none of them assumes any responsibility for the accuracy or completeness of any Huon Information.

JBS has prepared, and is responsible for, the JBS Information. None of Huon or its Related Bodies Corporate, or their respective directors, officers, employees and advisers have verified any of the JBS Information, and none of them assumes any responsibility for the accuracy or completeness of any of the JBS Information.

The Independent Expert, Grant Thornton, has prepared the Independent Expert's Report contained in Annexure A of this Booklet and takes responsibility for that report. None of Huon, JBS, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers takes any responsibility for the Independent Expert's Report.

ASIC and ASX

A copy of this Booklet has been provided to ASIC in accordance with sections 411(2) and 633 of the Corporations Act and was registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Booklet in accordance with section 411(2) of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Schemes. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire process in respect of the Schemes and the Surveyors Acquisition. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Booklet.

A copy of this Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Booklet.

Important notices *(continued)*

Forward looking statements and intentions

Some of the statements appearing in this Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intend', 'foresee', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Huon or JBS are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Huon or JBS and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Huon, JBS, or their respective officers, directors, employees or advisers or any person named in this Booklet or any person involved in the preparation of this Booklet 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. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Booklet reflect views held only at the date of this Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Huon and JBS and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements or (b) any change in events, conditions or circumstances on which any such statement is based.

Not investment advice

The information contained in this Booklet does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual Huon Shareholder or any other person. Before making any decision (including a decision in relation to the Schemes, the Surveyors Acquisition, the Takeover Offers or in relation to Huon generally), you should consider, with or without the assistance of a licenced financial or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Foreign jurisdictions

The release, publication or distribution of this Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. Huon disclaims all liabilities to such persons.

Huon Shareholders who are resident outside of Australia, or who are nominees, trustees or custodians for beneficial holders resident outside Australia, are encouraged to seek independent advice as to how they should proceed (including specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Schemes).

This Booklet has been prepared in accordance with Australian law and the information contained in this Booklet may not be the same as that which would have been disclosed if this Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia. No action has been taken to register or qualify this Booklet or any aspect of the Schemes or the Takeover Offers in any jurisdiction outside Australia.

Important notice associated with Court order

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meetings be convened, and has directed that this Booklet accompany the Notices of Scheme Meetings, does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how Huon Shareholders should vote (on this matter, members must reach their own decision);
- has prepared, or is responsible for the content of, the Booklet; or
- has approved or will approve the terms of either alternative Scheme.

The order of the Court that the Scheme Meetings be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Schemes.

Notice of Meetings

The Notices of Scheme Meetings is set out in Annexure F and Annexure G of this Booklet. The Notice of Annual General Meeting is set out in Annexure H of this Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve either the Primary Scheme or Secondary Scheme following the votes at the Scheme Meetings.

Any Huon Shareholder may appear at the Second Court Hearing, which is expected to be held at 10.15 am on Wednesday, 3 November 2021 at the Federal Court of Australia, 305 William Street, Melbourne VIC 3000. It is possible that the Second Court Hearing will be held either virtually (online only) or by telephone conference. Details on how to attend the Second Court Hearing will be released by Huon to ASX if each alternative Scheme or either alternative Scheme has been approved at the Scheme Meetings and, in respect of the Primary Scheme, the Surveyors Acquisition has been approved at the Annual General Meeting. Huon Shareholders should note that the protocols for attendance at the Second Court Hearing may change at short notice in light of developments relating to the COVID-19 pandemic. Any such change will be announced by Huon to ASX.

Any Huon Shareholder who wishes to oppose approval of the Primary Scheme or Secondary Scheme at the Second Court Hearing may do so by filing with the Court and serving on Huon a notice of appearance in the prescribed form, together with any affidavit on which the Huon Shareholder proposes to rely. The notice of appearance and affidavit must be served on Huon at its address for service at least one day before the Second Court Hearing.

The address for service is Level 13, 188 Collins Street, Hobart Tasmania 7000.

Tax implications of the Scheme

If the Primary Scheme or Secondary Scheme becomes Effective and is implemented or a Huon Shareholder accepts the Takeover Offers and they become unconditional, there will be tax consequences for Huon Shareholders which may include tax being payable on any gain on disposal of Huon Shares. For further detail about the general Australian tax consequences of the Schemes and the Takeover Bid, refer to Section 11 of this Booklet.

The tax treatment may vary depending on the nature and characteristics of each Huon Shareholder and their specific circumstances. Accordingly, Huon Shareholders should seek professional tax advice in relation to their particular circumstances.

Privacy

Huon and JBS may need to collect personal information in connection with the Schemes and the Takeover Bid.

The personal information may include the names, contact details and details of holdings of Huon Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meetings and the making of the Takeover Offers. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Huon and JBS to conduct the Scheme Meetings and implement the Primary Scheme or Secondary Scheme and to make the Takeover Offers.

The information may be disclosed to Huon, JBS and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Primary Scheme or Secondary Scheme and make the Takeover Offers.

Important notices *(continued)*

Huon Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Huon Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, Huon may be hindered in, or prevented from, conducting the Scheme Meetings and Annual General Meeting or implementing the Schemes and JBS may be hindered in, or prevented from, making the Takeover Offers. Huon Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the applicable Scheme Meetings or Annual General Meeting should inform that individual of the matters outlined above.

External websites

Unless expressly stated otherwise, the content of Huon's website and JBS' website do not form part of this Booklet and Huon Shareholders should not rely on any such content.

Interpretation

Capitalised terms used in this Booklet are defined in the Glossary in Section 15 of this Booklet, or otherwise in the sections in which they are used. Section 15 of this Booklet also sets out rules of interpretation which apply to this Booklet. Some of the documents reproduced in the Annexures to this Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document. All numbers are rounded, unless otherwise indicated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

Financial amounts and exchange

The financial amounts in this Booklet are expressed in Australian currency, unless otherwise stated.

Times and dates

All times referred to in this Booklet are references to times in Hobart, Australia, unless otherwise stated.

Huon Shareholder information

Huon Shareholders can call the Huon Shareholder Information Line if they have any queries in relation to the Transaction on 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia), between 8.30 am to 5.30 pm (Hobart time), Monday to Friday.

All dates following the Scheme Meetings referred to in this Booklet are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the conditions precedent to the Schemes.

Date of this Booklet

This Booklet is dated 22 September 2021.

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Letter from the Chairman of Huon

22 September 2021

Dear fellow Huon Shareholders

Proposed acquisition of Huon by JBS

On behalf of your Huon Directors, I am pleased to provide you with this Booklet, which contains information in relation to the proposed acquisition of Huon by JBS at \$3.85 per Huon Share and the Annual General Meeting of Huon.

The overall pressures placed on Huon's business from the market related impacts from COVID-19 in FY20 were significant.

On 26 February 2021 the Huon Board announced a strategic review to assess potential corporate level transactions in light of unsolicited approaches it had received. Huon approached a number of parties, including JBS, Tattarang and others, to explore the possibility of a range of alternative transactions.

Completion of that strategic review process resulted in Huon's announcement on 6 August 2021 that it had entered into an implementation agreement under which JBS would acquire all of the shares in Huon for \$3.85 per share via two alternative schemes of arrangement (**Schemes**). On 13 August 2021, to provide greater certainty that Huon Shareholders can receive the offer from JBS to acquire their Huon Shares for \$3.85 per Huon Share, Huon announced that it had entered into a process agreement with JBS under which JBS would make a recommended takeover bid under Chapter 6 of the Corporations Act to acquire all Huon Shares for the same cash price of \$3.85 (**Takeover Offers**) (the **Schemes** and the **Takeover Offers**, each a **Proposed Transaction** and together the **Proposed Transactions**).

Transaction structures

The structure of the Proposed Transactions involves two alternative and concurrent schemes of arrangement and a takeover bid, but importantly the commercial terms being offered by JBS are in each case the same, being \$3.85 per Huon Share (in the case of the Schemes, the **Scheme Consideration**; and in the case of the Takeover Offers, the **Takeover Offer Price**). The different structures to implement the Proposed Transactions involve different approval features as noted below. Voting on each of the Schemes and acceptance of the Takeover Offers is relatively straightforward.

The cash price of \$3.85 per Huon Share represents a:

- 61% premium over the undisturbed closing price of \$2.39 on 26 February 2021, being the last traded price before the strategic review was announced;
- 43% premium to the three month volume weighted average price¹ of \$2.69 to 6 August 2021; and
- 38% premium over the closing price of Huon Shares of \$2.79 on 6 August 2021, the last trading day before the announcement of the Schemes.

While there are three Proposed Transactions, each involves the sale of Huon Shares to JBS for the same price of \$3.85 per Huon Share. Only one of the Proposed Transactions will proceed.

Your Board believes that the Proposed Transactions with JBS presented here are very attractive and will realise significant value for all Huon Shareholders.

Special Dividend

The Huon Board currently intends to pay a fully franked Special Dividend of \$0.125 per Huon Share prior to implementation of the Schemes, subject to either of the Schemes being approved by Huon Shareholders and the Court and the receipt of a favourable tax ruling from the ATO before the implementation of the Schemes.

The Scheme Consideration will be reduced by the cash amount of any Special Dividend paid by Huon before the Implementation Date.²

It is currently intended that, if paid, the Special Dividend will be fully franked. The franking credits attached to the Special Dividend will represent additional value of up to \$0.05 per Huon Share to those Huon Shareholders who are Huon Shareholders on the Special Dividend Record Date and are able to take advantage of the franking credits attached to the Special Dividend. Whether

1 Volume weighted average price based on market trading volume and value up to and including 6 August 2021, being the last trading day before the announcement of the Schemes.

2 To receive both the Scheme Consideration and the Special Dividend a Huon Shareholder will need to be registered as a Huon Shareholder on both the Special Dividend Record Date (2 November 2021) and the Scheme Implementation Record Date (5 November 2021).

you will be able to receive the full benefit of the franking credits attached to the Special Dividend will depend on your personal circumstances. In assessing the value to them of any Special Dividend, Huon Shareholders should seek professional taxation advice as to whether or not the receipt of any Special Dividend and any entitlement to a tax offset in respect to the franking credits attached to any Special Dividend is beneficial to them in their own individual circumstances. Refer to Section 11 for further information.

The Special Dividend will not be payable if the Proposed Transaction proceeds via the Takeover Offers.

Independent Board Committee's and Huon Directors' recommendation

Your Huon Directors have carefully considered JBS' proposal, as well as Huon's current financial position and medium and longer term prospects, and believe that the Proposed Transactions are in the best interests of Huon Shareholders.

The Independent Board Committee of the Huon Board have unanimously determined that the Primary Scheme is fair and reasonable and in the best interests of Huon Shareholders and **unanimously recommend Huon Shareholders vote in favour of the Primary Scheme**. The Independent Board Committee of the Huon Board have unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages and **unanimously recommend Huon Shareholders vote in favour of the Surveyors Acquisition**.

The Huon Directors have unanimously determined that the Secondary Scheme is fair and reasonable and in the best interests of Huon Shareholders and **unanimously recommend Huon Shareholders vote in favour of the Secondary Scheme**.

The Independent Board Committee of the Huon Board has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and **unanimously recommend Huon Shareholders accept the Takeover Offers**.

Each of these recommendations is subject to there being no Superior Proposal and the Independent Expert continuing to provide a positive opinion on that Transaction.

Furthermore, each of your Huon Directors intends to vote all the Huon Shares held or controlled by them **IN FAVOUR** of the Meeting Resolutions³ and **ACCEPT** the Takeover Offers⁴, subject to those same qualifications. As at the date of this Booklet, your Huon Directors' aggregate Relevant Interest in Huon Shares is approximately 53%.⁵

The Independent Board Committee and your Huon Directors have made the recommendations summarised above for the following reasons (which are explained in more detail in Section 3.2 of this Booklet):

- The Independent Expert has concluded that the Schemes are in the best interest of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Offers are fair and reasonable to Huon Shareholders, in the absence of a superior proposal.
- The Scheme Consideration and Takeover Offer Price of \$3.85 per Huon Share represents a material premium to recent historical trading prices of Huon Shares.
- The all cash price provides you with certainty of value for your entire investment in Huon and in the case of the Schemes certainty of timing for the receipt of the consideration.
- The Proposed Transactions represent an attractive outcome following the completion of a comprehensive strategic review that assessed the potential for corporate level transactions for the benefit of Huon Shareholders.
- Since the announcement of the Schemes on 6 August 2021, no Superior Proposal has emerged. Additionally, at the date of this Booklet, your Huon Directors are not aware of any Superior Proposal that is likely to emerge.
- Huon Shareholders who can take advantage of the franking credits attached to the Special Dividend (if paid) may receive an additional benefit from the value of those franking credits.
- The Schemes and the Takeover Offers have limited conditionality and are only subject to customary conditions (including required Huon Shareholder approval, FIRB approval, Court approval and the Independent Expert continuing to provide a positive opinion) and is not subject to any regulatory or financing conditions or further due diligence.
- The Huon Share price is likely to fall if the Schemes are not implemented and the Takeover Offers are not accepted and no Superior Proposal emerges.
- If a Scheme does not proceed, Huon Shareholders will continue to be exposed to risks associated with Huon's business, including the ongoing impact and uncertainty surrounding COVID-19, rather than realising certain value for their Huon

3 Surveyors cannot vote on the Primary Scheme Resolution. Surveyors and its associates cannot vote on the Surveyors Acquisition Resolution.

4 Surveyors has entered into a commitment to accept the Takeover Offers for 19.9% of the issued Huon Shares if all conditions to the Takeover Offers other than the 50.1% minimum acceptance condition have been satisfied or waived. See Section 10 for more details.

5 Interests associated with Peter and Frances Bender (including Surveyors) hold 52.68% of the Huon Shares on issue.

Letter from the Chairman of Huon *(continued)*

Shares in a certain timeframe. The same considerations will apply to Huon Shareholders who do not accept the Takeover Offers unless JBS achieves compulsory acquisition.⁶

The Independent Board Committee and your Huon Directors have also considered the disadvantages of the Schemes or the Takeover Bid proceeding, and reasons why Huon Shareholders may (in pursuit of their own individual investment objectives, or otherwise) consider voting against the Schemes or not accept the Takeover Bid – these are set out in Section 3.3 of this Booklet.

You may choose to diverge from the Independent Board Committee's and Huon Directors' recommendation for a number of reasons including if you:

- disagree with the Independent Board Committee's and Huon Directors' recommendation and the Independent Expert's conclusion;
- believe it is in your best interests to maintain your current investment and risk profile;
- believe it is in your best interests to maintain your current investment and risk profile;
- consider that there is potential for a Superior Proposal to emerge; or
- consider the tax consequence of transferring your Huon Shares pursuant to the Schemes or the Takeover Offers are not attractive.

Further information to assist you in determining whether to vote in favour of the Schemes or whether to accept the Takeover Offers is set out in this Booklet, particularly in Sections 3.2 and 3.3.

The preference of the Huon Board is that either the Primary Scheme or the Secondary Scheme is implemented as those alternatives have the result that all Huon Shares are acquired by JBS and no Huon Shareholder will remain a minority shareholder in Huon.

Mr Peter Bender, Huon's CEO and Managing Director, and Mrs Frances Bender, an Executive Director of Huon, have determined not to make a recommendation in relation to the Primary Scheme, the Surveyors Acquisition and the Takeover Bid because of the interests they have in Huon and the advantages they may receive in connection with the Transactions as outlined below.

Mr and Mrs Bender hold a Relevant Interest in 57,881,567 Huon Shares representing approximately 52.68% of the issued capital in Huon⁷ and therefore control Huon.

Mr Bender will, if a Scheme becomes Effective or the Takeover Offers become unconditional, become entitled to the early vesting of up to 470,781 Huon Performance Rights (if the issue of the FY22 Performance Rights are approved at the Annual General Meeting) that convert on a one for one basis into Huon Shares.⁸ Those Huon Shares will then participate in the Schemes and the Takeover Offers and for which Mr Bender will receive the Scheme Consideration or the Takeover Offer Price.⁹

Surveyors (of which Mr Bender is the sole director and shareholder) holds 40.53% of the issued share capital in Huon. In addition, Mr and Mrs Bender holds personally a further 12.075% of the issued share capital in Huon. If the Primary Scheme becomes Effective, then the 40.53% of Huon Shares held by Surveyors will be acquired by JBS through JBS acquiring from Mr Bender his shares in Surveyors under the separate Surveyors Acquisition (to be considered at the Annual General Meeting) with the remaining 12.075% of Huon Shares held by Mr and Mrs Bender personally being acquired by JBS under the Primary Scheme.¹⁰ Under both the Surveyors Acquisition and the Primary Scheme, the amount paid by JBS per Huon Share is the same.

⁶ JBS would be entitled to acquire all Huon Shares if acceptances under the Takeover Offers represented 90% or more of the Huon Shares on issue.

⁷ Being 40.53% of Huon Shares registered in the name of Surveyors, 12.07% of Huon Shares registered in the name of Peter Bender, 0.05% of Huon Shares registered in the name of Peter Bender and Frances Bender as custodian for the PJ and FR Bender Family Trust, 0.02% of Huon Shares registered in the name of P & F Bender Super Pty Ltd as custodian for the P & F Bender Family Super Fund and 0.005% of Huon Shares registered in the name of Mrs Frances Robyn Bender.

⁸ If the issue of the FY22 Performance Rights are not approved at the Annual General Meeting then Mr Peter Bender will, if a Scheme becomes Effective or the Takeover Offers become unconditional, become entitled to the early vesting of 283,352 Huon Performance Rights.

⁹ The value of that benefit is estimated to be approximately \$1,812,506.85 upon vesting of his 470,781 Huon Performance Rights (assuming Huon Shareholders at the Annual General Meeting approve Mr Bender's 187,429 Huon Performance Rights referable to FY22). In the case of either of the Schemes becoming Effective, \$58,847.63 of this amount will be paid by way of the Special Dividend (if a favourable tax ruling is received from the ATO by the Special Dividend Record Date).

¹⁰ Subject to ASIC granting the relief described in Section 12.12(a)(iii) Mr Bender will also be able to accept by selling his shares in Surveyors, if the acquisition is approved by non-associated shareholders.

The acquisition by JBS of Mr Benders shares in Surveyors through the separate Surveyors Acquisition affords to Mr Bender an advantage in terms of the flexibility to receive the proceeds personally, which he prefers from an estate planning perspective.¹¹

These matters and other interests and benefits of Huon Directors in relation to the Scheme and Takeover Offers are set out in Sections 12.2, 12.4 and 12.6.

You may vote in favour of each Meeting Resolution and accept the Takeover Offers at the same time, as the terms of the Proposed Transactions determine which of the Transactions will be implemented. The Huon Directors encourage you to do so subject to the qualifications outlined above and your vote for the Schemes and acceptance of the Takeover Offers is important for each to proceed.

Independent Expert

Your Huon Directors appointed Grant Thornton as the Independent Expert to assess the merits of the Schemes and the Takeover Offers. The Independent Expert has concluded that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable to Huon Shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the value of a Huon Share to be in the range of \$3.75 to \$4.23 on a 100% controlling interest basis. The Scheme Consideration and Takeover Offer Price of \$3.85 per Huon Share falls within the Independent Expert's assessed valuation range on a 100% controlling interest basis.

A complete copy of the Independent Expert's Report is included in Annexure A of this Booklet and I encourage you to read it in full.

Differences between the Proposed Transaction structures

You may be wondering why there are three Proposed Transactions. The main difference between the three Proposed Transaction structures are the approval thresholds required to implement that Proposed Transactions. Those thresholds can be summarised as follows:

- The **Primary Scheme** requires the approval of Huon Shareholders (other than Surveyors) by at least 75% of the total number of votes cast on the Primary Scheme Resolution at the Primary Scheme Meeting and unless the Court orders otherwise, a majority in number (ie more than 50%) of Huon Shareholders present and voting at the Primary Scheme Meeting. In addition, by separate vote, the Primary Scheme requires, in order to proceed, the approval of Huon Shareholders (excluding Surveyors and its associates) by 50% approval of those Huon Shareholders who choose to vote on the Surveyors Acquisition Resolution at the Annual General Meeting. The Surveyors Acquisition is a separate but related transaction to the Primary Scheme. The Primary Scheme is conditional (among other conditions) on the Surveyors Acquisition Resolution being passed by Huon Shareholders (excluding Surveyors and its associates) at the Annual General Meeting. The 40.53% shareholding in Huon held by Surveyors will not be entitled to vote on the Primary Scheme as those shares are proposed to be acquired by JBS through its acquisition of Mr Bender's shares in Surveyors pursuant to the separate Surveyors Acquisition. Mr and Mrs Bender's separate holding in Huon of 12.075% is proposed to be acquired under the Primary Scheme and Mr and Mrs Bender intend to vote that 12.075 % shareholding on the Primary Scheme (see Section 3.4).
- The **Secondary Scheme** requires the approval of Huon Shareholders by at least 75% of the total number of votes cast on the Secondary Scheme Resolution at the Secondary Scheme Meeting and unless the Court orders otherwise, a majority in number (ie more than 50%) of Huon Shareholders present and voting at the Secondary Scheme Meetings. Through all Huon Shareholders being entitled to vote on the Secondary Scheme (including Surveyors), there is an increased likelihood the Secondary Scheme will be approved as compared to the Primary Scheme. Under the Secondary Scheme, the 40.53% in Huon held by Surveyors will be acquired under that Scheme and Surveyors will be entitled to vote that shareholding on the Secondary Scheme. Mr and Mrs Benders separate holding in Huon of 12.075% is proposed to be acquired under the Secondary Scheme and Mr and Mrs Bender intend to vote that 12.075 % shareholding on the Secondary Scheme (see Section 3.4).
- The **Takeover Offers** can proceed if the 50.1% minimum acceptance condition, FIRB approval condition, failure of the Schemes to proceed condition and other conditions that are similar to the conditions to the Schemes are satisfied or waived. The Takeover Offers therefore have a lower acceptance threshold than the required approval thresholds for the Schemes. Further, JBS retains the discretion to waive the 50.1% minimum acceptance condition. The Bender family can determine whether or not the 50.1%

¹¹ Under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid. Subject to ASIC granting relief, Mr Bender may also accept the Takeover Offers via the sale of Surveyors to JBS if the Surveyors Acquisition Resolution is passed.

Letter from the Chairman of Huon *(continued)*

minimum acceptance condition in the Takeover Offers is fulfilled or not. The Bender family have committed to accepting in relation to Huon Shares representing 19.9% of Huon Shares and have indicated they will accept the Takeover Offers in relation to the balance of their holding in the absence of a superior proposal. Subject to ASIC granting relief, Mr Bender may also accept the Takeover Offers by the sale of Surveyors to JBS if the Surveyors Acquisition Resolution is passed.

Huon Shareholders should note that under the Supplementary Share Sale Agreement, Peter Bender and JBS may agree to waive any failure of the Primary Scheme and Secondary Scheme to be Effective and complete the Surveyors Acquisition. While this acquisition would occur outside of the Takeover Bid, JBS has applied for relief from ASIC in connection with the Supplemental Share Sale Agreement. If this relief is granted the acquisition of the Huon Shares held by Surveyors will be treated as if it occurred under the Takeover Bid for the purpose of the compulsory acquisition provisions.

If the Primary Scheme and Surveyors Acquisition are approved by the Huon Shareholders and the Court, the Primary Scheme will be implemented. If only the Secondary Scheme is approved, the Secondary Scheme will be implemented. If either the Primary Scheme or the Secondary Scheme are approved, the Takeover Bid will not proceed. If neither the Primary Scheme or the Secondary Scheme are approved, acceptances received under the Takeover Bid will determine whether or not JBS becomes a shareholder in Huon and the level of its Huon Shareholding.

Providing Huon Shareholders with these alternative transaction structures maximises the opportunity that Huon Shareholders receive \$3.85 per Huon Share from JBS if they wish to do so.

On 10 August 2021, shortly after an implementation deed relating to the Schemes had been executed, Tattarang announced that it had increased its voting power in Huon to approximately 18.5%. This means Tattarang and a relatively small number of other shareholders might be able to block both of the Schemes. Given the offers received following the extensive strategic review process, the Huon Directors were concerned that this outcome might deprive Huon Shareholders of the opportunity to receive \$3.85 for each Huon Share.

It was in this context that JBS proposed the Takeover Offers to Huon. JBS was prepared to make the Takeover Offers if the Bender family provided an unconditional commitment in relation to 19.9% of Huon's Shares (Pre-Bid Acceptance) and an expanded non-compete undertaking. The Bender family accepted the terms of the pre-bid acceptance in order that all Huon Shareholders can receive a more flexible proposal, even though they risk financial detriment as compared to other Huon shareholders if there is a superior proposal.

Peter and Frances Bender have also made statements as Huon Directors that they will vote in favour of each Scheme resolution on which they are entitled to vote and will accept the Takeover Offers in relation to all of the Huon Shares they control. Unlike the Pre-Bid Acceptance, these statements are subject to the qualifications in Section 5.4.

Huon has determined that the votes cast in favour of the Primary Scheme by the Bender Family will be 'tagged' for the purposes of identification at the Scheme Meetings so that they can be drawn to the Court's attention at the Second Court Hearing.

Although the Primary Scheme is likely to result in a preferred outcome for the Bender family, they will receive the same price per Huon Share under the Surveyors Acquisition¹² and the Primary Scheme as all other Huon Shareholders from JBS under the Primary Scheme. For other Huon Shareholders there is no difference in treatment between the Primary Scheme and Secondary Scheme. Neither the Primary Scheme or the Secondary Scheme could have proceeded without the support of the Bender family in view of their majority shareholding in Huon.

How to vote

Your vote is important and will determine the future ownership of Huon.

Due to the ongoing COVID-19 pandemic, the real prospect of ongoing State and Territory wide lockdowns and border closures brought on with little or no notice and to minimise health risks created by the COVID-19 global pandemic generally, the Scheme Meetings and Annual General Meeting at which the Meeting Resolutions will be considered will be conducted as virtual (online only) meetings commencing at 10.00 am on 29 October 2021, with online facilities that allow for remote participation. There will be no physical venue for the Meetings.

For full details on how to participate in the Scheme Meetings and Annual General Meeting, please see Annexure F, Annexure G and Annexure H of this Booklet.

12 The purchase price for the sale of the shares in Surveyors is based on the price of \$3.85 per Huon Share.

How to Accept the Takeover Offer

The Takeover Offer made to you may be accepted by completing the Takeover Acceptance Form that accompanies this Booklet.

Further information

This Booklet sets out important information regarding the Schemes and the Takeover Bid, including the reasons for the Independent Board Committee's and your Huon Directors' recommendations and the Independent Expert's Report. It also sets out some of the reasons why you may not wish to vote in favour of the Schemes or choose not to accept the Takeover Offers.

We will also take the opportunity to hold our Annual General Meeting at the same time (see Annexure H).

Please read this Booklet carefully and in its entirety as it will assist you in making an informed decision as to how to vote. I would also encourage you to seek independent licenced financial or other professional advice before making any voting or investment decision in relation to your Huon Shares.

If you require any further information, please contact the Huon Shareholder Information Line on 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays.

On behalf of your Huon Directors, I would like to take this opportunity to thank you for your ongoing support of Huon.

Yours sincerely



Neil Kearney
Chairman

Letter from the CEO of JBS Australia

22 September 2021

Dear Huon Shareholders

Proposed acquisition of Huon by JBS Australia¹³

I am pleased to present in this Booklet the terms of our offer to acquire all of your shares in Huon for \$3.85 per Huon Share¹⁴ (the **Proposed Transaction**).

We are excited about the prospect of partnering with Huon, which represents our first step into the global aquaculture industry. As CEO of JBS Australia, you can be assured of our commitment to not only Huon, but also its employees, the local community in which it operates in, and the broader principles of environmental sustainability, animal welfare, people safety and social responsibility.

To assist you in your assessment of the Proposed Transaction, I wanted to share with you some further information about JBS S.A. and what we stand for as an organisation.

Background on JBS S.A.

Headquartered in Sao Paulo, JBS S.A. is one of the world's largest animal protein companies, with a presence in 15 countries (including Australia). JBS S.A. has a diversified product portfolio ranging from fresh and frozen meats to value-added products and prepared meals (across beef, lamb, pork, chicken and plant-based proteins), commercialised through brands recognized in Brazil and other countries, such as Friboi, Swift, Seara, Pilgrim's Pride, Plumrose and Primo, amongst others.

JBS Australia

JBS Australia is the largest meat and food processor in Australia with a strong portfolio of leading beef, lamb, pork and value-added branded products. JBS Australia operates multiple meat and food processing operations and feedlots, as well as Australia's largest smallgoods manufacturer, Primo Foods. JBS Australia exports product to more than 50 countries and employs approximately 10,000 people in Australia.

Since 2007, when JBS S.A. first came to Australia, we have demonstrated a commitment to invest and grow our businesses, which in turn has led to substantial social and economic growth within the communities in which we operate. For example, in 2015 JBS S.A. purchased Primo Smallgoods for A\$1.45 billion and has invested close to A\$350 million into the business since acquisition – growing it into Primo Foods, one of Australia's largest food companies. In Tasmania, the Australian businesses employ more than 320 people. JBS Australia has and continues to invest heavily in our Longford operation, which is the State's largest export beef processing facility.

What JBS S.A. stands for

As an organisation, JBS S.A. has an uncompromising global commitment to sustainability and animal welfare. This commitment extends to Huon, where JBS intends to build on the company's strong foundations and uphold the highest standards of fish health and sustainable farming practices, from water management to animal welfare, net zero emissions and stocking densities.

Earlier this year, JBS S.A. became the first global animal protein company to publicly commit to achieve net zero greenhouse gas emissions across our entire value chain by 2040. To support this commitment, we are investing US\$1 billion over the next decade in greenhouse gas emission reduction projects in our facilities.

In addition, we are investing US\$100 million over the next decade in research and development projects to support more sustainable on-farm practices to ensure that we are playing an active and prominent role in the climate solution.

¹³ A reference in this CEO Letter to JBS Australia is a reference to the Australian and New Zealand operations of JBS Foods Australia.

¹⁴ Less the amount of any dividend paid.

JBS S.A. already employs and unequivocally supports the principle of “no pain, no fear” animal welfare across its global operations, and indeed goes much further by adopting the globally recognised gold standard for animal welfare, known as the ‘Five Freedoms’, encompassing both the mental and physical wellbeing of animals, including:

1. Freedom from hunger and thirst;
2. Freedom from discomfort;
3. Freedom from pain, injury or disease;
4. Freedom to express normal behaviour; and
5. Freedom from fear and distress.

To guarantee compliance with our animal welfare programs, all of our production facilities are audited regularly by quality assurance personnel and government inspectors. In addition, every production facility undergoes annual third party animal handling audits to ensure compliance and to identify opportunities for improvement.

JBS S.A. recognises that sustainability is a science of continuous improvement and that businesses must constantly strive to minimise environmental impacts and preserve our precious natural resources for the benefit of future generations. To hold ourselves accountable to our sustainability principles, we were the first major global animal protein company to successfully issue a sustainability-linked bond, which firmly ties our financial strategy to our long term commitments to address climate change.

We have zero tolerance for illegal deforestation and we are advancing our monitoring system well beyond our suppliers, using blockchain technology in our “Transparent Livestock Farming Platform” and creating Green Offices to support farmers in improving the environmental performance of their properties.

JBS S.A. places sustainability at the centre of its business strategy extending beyond environment and animal welfare to encompass employee safety, food safety, waste management, chain of responsibility, modern slavery, circular economy, social programs, governance, diversity and much more.

Our commitment to Huon

We are committed to investing in the Huon business, maintaining its people and its global leading farming practices to support long term sustainable growth for not only the businesses, but also those parties that support it. JBS has the proven skills and expertise to open up and access new markets and the ability to leverage its existing strong customer relationships, both here and overseas to grow the Huon brand, whilst also fostering a recognition of Huon’s premium product farmed in the pristine waters off the Tasmanian coast. This will provide major benefits in terms of jobs and investment, which will directly benefit local communities and the broader Tasmanian State economy.

Yours sincerely



Brent Eastwood

Chief Executive Officer, JBS Australia

How to complete your Huon Proxy Form and Takeover Acceptance Form

The Independent Board Committee of the Huon Board have unanimously determined that the Primary Scheme is fair and reasonable and in the best interests of Huon Shareholders and **unanimously recommend Huon Shareholders vote in favour of the Primary Scheme**. The Independent Board Committee of the Huon Board have unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages and **unanimously recommend Huon Shareholders vote in favour of the Surveyors Acquisition**.

The Huon Directors have unanimously determined that the Secondary Scheme is fair and reasonable and in the best interests of Huon Shareholders and **unanimously recommend Huon Shareholders vote in favour of the Secondary Scheme**.

The Independent Board Committee of the Huon Board has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and **unanimously recommend Huon Shareholders accept the Takeover Offers**.

Each of these recommendations is subject to there being no Superior Proposal and the Independent Expert continuing to provide a positive opinion on that Transaction.

Complete and return all the forms that accompany this Booklet as soon as possible in accordance with the following recommendations.

First – complete your Huon Proxy Form

The Independent Board Committee or the Huon Directors (as appropriate) recommend you complete your Huon Proxy Form as follows.

STEP 1

Appoint a proxy on your behalf

DO appoint Neil Kearney – Chairman and Director of Huon as your proxy to vote on your behalf. Put a cross (X) in the left hand square box

STEP 2

Voting directions

Under Resolution 1A – Primary Scheme put a cross (X) in the FOR square box

Under Resolution 2A – Secondary Scheme put a cross (X) in the FOR square box

Under Resolution 3B – Adoption of Remuneration Report put a cross (X) in the FOR square box

Under Resolution 3C – Surveyors Acquisition Resolution put a cross (X) in the FOR square box

Under Resolution 3D – Re-election of Mrs Frances Bender as a director put a cross (X) in the FOR square box

Under Resolution 3E – Approval of the grant of Huon performance rights to Mr Peter Bender put a cross (X) in the FOR square box

STEP 3

Signature of Shareholder

Properly sign the form

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X999999999999

PROXY FORM

I/We being a member(s) of Huon Aquaculture Group Limited (**Company**) and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meetings (mark box)

OR if you are **NOT** appointing the Chairman of the Meetings as your proxy, please write the name and email of the individual or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual Meetings

Name

Email

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meetings, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme & Annual General Meetings of the Company to be held at **10:00am (Hobart time) on Friday, 29 October 2021** (the **Meetings**) and at any postponement or adjournment of the Meetings.

The Meetings will be conducted as a virtual Meetings and you can participate by logging in online at <https://agmlive.link/huonmeetings21> (refer to details in the Notice of Meeting).

Important for Resolution 3B: If the Chairman of the Meetings is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meetings to exercise the proxy in respect of Resolution 3B, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meetings intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meetings. Please read the voting instructions overleaf before marking any boxes with an ☒

Meeting 1- Primary Scheme Meeting

1A That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Huon and the holders of its ordinary shares (other than Surveyors Investments Pty Ltd), designated as the **Primary Scheme**, as contained in and more particularly described in the Booklet of which the notice convening this Meetings forms part, is agreed to, with or without alterations or conditions agreed to in writing between Huon and JBS or any alterations or conditions as approved by the Court to which Huon and JBS agree.'

For Against Abstain*

X

Meeting 2- Secondary Scheme Meeting

2A 'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Huon and the holders of its ordinary shares, designated as the **Secondary Scheme**, as contained in and more particularly described in the Booklet of which the notice convening this Meetings forms part, is agreed to, with or without alterations or conditions agreed to in writing between Huon and JBS or any alterations or conditions as approved by the Court to which Huon and JBS agree.'

X

Meeting 3- Annual General Meeting

3B Adoption of Remuneration report

X

3C Surveyors Acquisition Resolution

X

3D Re-election of Mrs Frances Bender as a director

X

3E Approval of the grant of Huon performance rights to Mr Peter Bender

X



* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

Resolution 1A (Primary Scheme) and Resolution 3C (Surveyors Acquisition Resolution) are interdependent resolutions, meaning that unless both these resolutions are approved, the Primary Scheme and the Surveyors Acquisition cannot proceed

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sign here

Sign here (if applicable)

Sign here (if applicable)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HUO PRX2101N

How to complete your Huon Proxy Form and Takeover Acceptance Form *(continued)*

Next – complete your Takeover Acceptance Form

As well as completing your Huon Proxy Form, the Independent Board Committee recommend you also complete your Takeover Acceptance Form as follows.

Work out if your Huon Shares are on the issuer sponsored register or held in CHESS and use the right form.

Issuer Sponsored Register

If your Huon Shares are on the issuer sponsored register (your shareholder reference number will commence with an 'I')

Complete the form with the heading Transfer and Acceptance Form—Issuer Sponsored Subregister

STEP 1

Instructions

Accept for all your Huon shares. You do not need to complete the box

STEP 2

Contact Details

Fill in your phone number and name

STEP 3

Signature of Shareholder

Properly sign the form

JBS Aquaculture Pty Ltd
ACN 653 348 700



Need help?

Contact Huon Shareholder Information Line
Phone 1800 606 866 (from within Australia)
Phone +61 1800 606 866 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

IID: 12345678910

Securityholder Reference Number: I12345678910

Huon Aquaculture Group Limited Shares held as at Register Date 99,999,999

If your holding has changed between Register Date and time of acceptance, then write your current holding here. Your acceptance will be granted over your updated holding. If you have already sold all your Huon Shares, do not complete or return this form.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form – Issuer Sponsored Subregister

This form relates to an offer by JBS Aquaculture Pty Ltd ("JBS") to acquire all of your Shares in Huon Aquaculture Group Limited ABN 79 114 456 781 ("Huon") the terms of which are set out in the Transaction Booklet dated 22 September 2021 as replaced or supplemented. Capitalised terms used in this form have the same meaning as in the Transaction Booklet, unless otherwise defined.

B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of ALL of your Huon Shares unless you specify a lesser number of shares by writing it in the box below. Your form must be received by the end of the Offer Period.

Offer Consideration – For every 1 HUO Share you own, you will receive A\$3.85

How many shares you wish to accept.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

Insert telephone number

Insert contact name

D You must sign this form for your instructions in this Acceptance Form to be executed

By signing this form, you represent and warrant to JBS that, both at the time of returning this acceptance form and at the time the transfer of your Huon Shares to which this form relates to JBS is registered, all those shares are and will upon registration be fully paid up and free from all mortgages, charges, liens and other encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer those shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those shares.

Shareholder 1 (Individual)

Sign here

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Sign here (if applicable)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Sign here (if applicable)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN



Holding

HUOT TKO001



How to complete your Huon Proxy Form and Takeover Acceptance Form *(continued)*

CHESS Holding

If your Huon Shares are in a CHESS holding (your holder identification number will commence with an 'X')

Instruct your controlling participant (usually your stockbroker) to initiate acceptance for all your Huon shares or complete the form with the heading Transfer and Acceptance Form - CHESS Subregister

STEP 1

Contact Details

Fill in your phone number and name

STEP 2

Signature of Shareholder

Properly sign the form

JBS Aquaculture Pty Ltd
ACN 653 348 700



Need help?

Contact Huon Shareholder Information Line
Phone 1800 606 866 (from within Australia)
Phone +61 1800 606 866 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

IID: 12345678910

Holder Identification Number: X12345678910

Huon Shares held as at Register Date 99,999,999

If your holding has changed between Register Date and time of acceptance, then write your current holding here. If you have already sold all your Huon Shares, do not complete or return this form.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME

Broker's Name printed here

Transfer and Acceptance Form – CHESS Subregister

This form relates to an offer by JBS Aquaculture Pty Ltd ("JBS") to acquire all of your Shares in Huon Aquaculture Group Limited ABN 79 114 456 781 ("Huon") the terms of which are set out in the Transaction Booklet dated 22 September 2021 as replaced or supplemented. Capitalised terms used in this form have the same meaning as in the Transaction Booklet, unless otherwise defined.

B You must give your instructions to your controlling participant to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Huon Shares unless you specify a lesser number of shares by writing it in the box below. Your form must be received by the end of the Offer Period.

Offer Consideration – For every 1 HUO Share you own, you will receive A\$3.85

How many shares you wish to accept.

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
- sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.

If your Controlling Participant acts on your instruction CHESS will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Insert telephone number

Contact Name (PRINT)

Insert contact name

D You must sign this form for your instructions in this Acceptance Form to be executed

By signing this form, you represent and warrant to JBS that, both at the time of returning this acceptance form and at the time the transfer of your Huon Shares to which this form relates to JBS is registered, all those shares are and will upon registration be fully paid up and free from all mortgages, charges, liens and other encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer those shares and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of those shares.

Shareholder 1 (Individual)

Sign here

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Sign here (if applicable)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Sign here (if applicable)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



HIN



Broker PID



Holding

HUOT TKO002



How to complete your Huon Proxy Form and Takeover Acceptance Form *(continued)*

Finally – return all of your forms

Proxy Form

You can lodge your vote online via www.linkmarketservices.com.au. You will need to log into your portfolio or as a Single Holding Login to lodge your vote on-line. Then select “Voting” and follow the prompts to lodge your vote

Alternatively you can scan and email your completed forms to registrars@linkmarketservices.com.au

If this is not possible mail to Link Market Services in the reply paid envelope

Transfer and Acceptance Form

Mail to Link Market Services in the reply paid envelope

You can also email your completed form to capitalmarkets@linkmarketservices.com.au with the subject line **“Takeover of HUO Acceptance”** and post the original to the address specified on the Transfer and Acceptance Form using the reply paid envelope

You should return your Huon Proxy Form and Acceptance Form as soon as possible.

The latest time that Huon Proxy Forms can be received is **10.00 am (Hobart time) on 27 October 2021**.

The latest time that Acceptance Forms can be received is **7.00 pm (Hobart time) on 12 January 2022**.

Questions or need help?

If you have any further questions about voting, please call the Huon Shareholder Information Line on 1800 606 866 (within Australia) or +61 1800 606 866 (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays or visit <https://events.miraql.com/huo-transaction>.

Virtual meeting online guide



Virtual Meeting Online Guide

Before you begin

Ensure your browser is compatible.
Check your current browser by going to
the website: **whatismybrowser.com**

Supported browsers are:

- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer 9 and up
- Microsoft Edge - 92.0 and after

**To attend and vote you must have your
securityholder number and postcode.**

Appointed Proxy: Your proxy number will
be provided by Link before the meeting.

**Please make sure you have this
information before proceeding.**

Corporate Markets

Virtual Meeting Online Guide



Step 1

Open your web browser and go to <https://agmlive.link/huonmeetings21>

Step 2

Log in to the portal using your full name, mobile number, email address, and participant type.

Please read and accept the terms and conditions before clicking on the blue **'Register and Watch Meeting'** button.

- On the left – a live video webcast of the Meeting
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

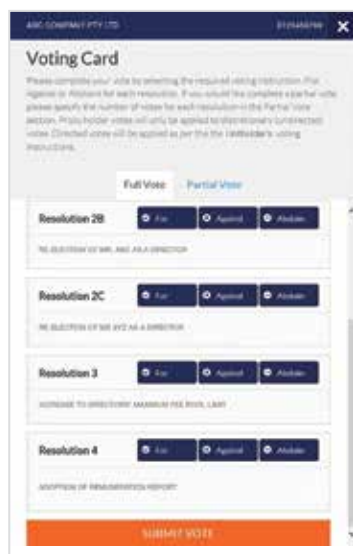
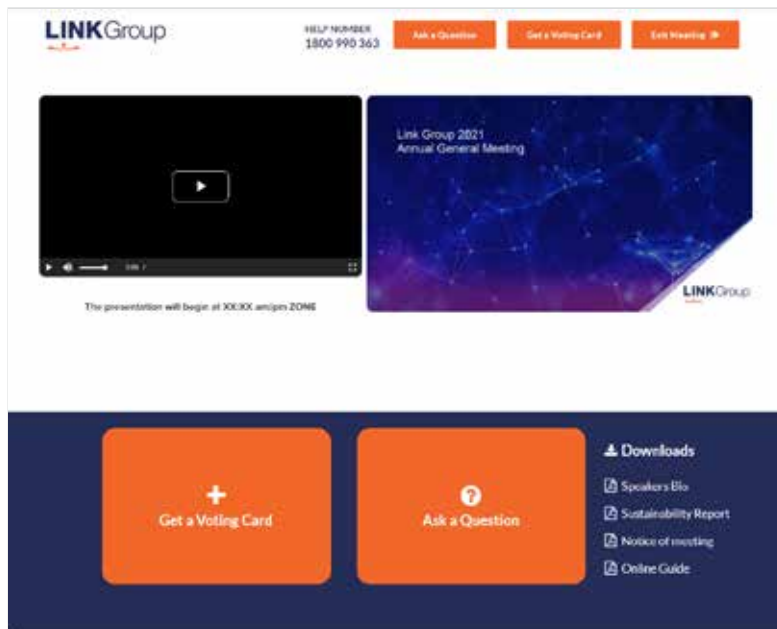
This will bring up a box which looks like this.

If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.



Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time. Please make any changes and submit your voting cards.

Once voting has been closed all submitted voting cards cannot be changed.

Virtual Meeting Online Guide *continued*

2. How to ask a question

Note: Only securityholders are eligible to ask questions.

If you have yet to obtain a voting card, you will be prompted to enter your securityholder number or proxy details before you can ask a question. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The 'Ask a Question' box will then pop up with two sections for completion.



In the 'Regarding' section click on the drop down arrow and select the category/resolution for your question.

Click in the 'Question' section and type your question and click on 'Submit'.

A 'View Questions' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.



3. Downloads

View relevant documentation in the Downloads section.

4. Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising the remaining voting time. If you have not submitted your vote, you should do so now.

5. Phone Participation

What you will need

- a) Land line or mobile phone
- b) The name and securityholder number of your holding/s
- c) To obtain your unique PIN, please contact Link Market Services on +61 1800 990 363.

Joining the Meeting via Phone

Step 1

From your land line or mobile device, call:
Conference Call Number: 1800 434 064
International Number: +61 2 9000 2115

Step 2

You will be greeted with a welcome message and provided with instructions on how to participate in the Meeting. Please listen to the instructions carefully.

At the end of the welcome message you will be asked to provide your PIN by the moderator. This will verify you as a securityholder and allow you to ask a question on the resolutions at the Meeting.

Step 3

Once the moderator has verified your details you will be placed into a waiting room where you will hear music playing.

Note: If your holding cannot be verified by the moderator, you will attend the Meeting as a visitor and will not be able to ask a question.

Step 4

At the commencement of the Meeting, you will be admitted to the Meeting where you will be able to listen to proceedings.

Asking a Question

Step 1

When the Chairman calls for questions on each resolution, you will be asked to **press *1** on your keypad should you wish to raise your hand to ask a question.

Step 2

Please advise if your question relates to an item of business or General Business. The moderator will make a note and ask if you have any additional questions.

Step 3

When it is time to ask your question, the moderator will introduce you to the meeting, your line will be unmuted and you can then start speaking.

Note: If at any time you no longer wish to ask your question, you can lower your hand by **pressing *2** on your key pad. If you have also joined the Meeting Online, we ask that you mute your laptop, desktop, tablet or mobile device while you ask your question.

Step 4

Your line will be muted once your question has been answered.

Contact us

Australia
T +61 1800 990 363
E info@linkmarketservices.com.au

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Important dates and expected timetable for the Proposed Transactions

Key dates

Date of this Booklet	Wednesday, 22 September 2021
Takeover Offers Open	Tuesday, 28 September 2021
Date of despatch of this Booklet	Tuesday, 28 September 2021
Date on which the Huon Board will determine to pay the Special Dividend, conditional on one of the Schemes being Implemented and receipt of a favourable class ruling from the ATO	Wednesday, 27 October 2021
Latest time and date for receipt of completed proxy forms for Meetings (including proxy forms lodged online)	Wednesday, 27 October 2021, at 10.00 am
Time for determining eligibility to vote at the Meetings	Wednesday, 27 October 2021, at 7.00 pm
Primary Scheme Meeting to be conducted as virtual (online only) meetings to vote on the Primary Scheme Resolution	Friday, 29 October 2021, at 10.00 am
Secondary Scheme Meeting to be conducted as virtual (online only) meeting to vote on the Secondary Scheme Resolution	Friday, 29 October 2021, at 10.00 am
Annual General Meeting to be conducted as a virtual (online only) meeting to consider and vote on the Financial Statements and Reports, the Remuneration Report, the Surveyors Acquisition, the grant of Huon Performance Rights to Mr Peter Bender and the re-election of Mrs Frances Bender as a Huon Director	Friday, 29 October 2021, at 10.00 am
Each of the Primary Scheme Meeting , the Secondary Scheme Meeting and Annual General Meeting will be opened at 10.00 am and the Secondary Scheme Meeting and Annual General Meeting will then be adjourned to the conclusion of the Primary Scheme Meeting and the Secondary Scheme Meeting respectively	

If either of the Scheme Resolutions is passed by Huon Shareholders

Special Dividend Record Date for determining entitlements to the Special Dividend (if paid)	Tuesday, 2 November 2021, at 10.00 am
Second Court Date for approval of the Scheme	Wednesday, 3 November 2021
Effective Date Scheme Order lodged with ASIC and lodgement is announced on ASX Last day of trading in Huon Shares on ASX (with Huon Shares suspended from trading on ASX from close of trading)	Thursday, 4 November 2021
Scheme Record Date for determining entitlements to Scheme Consideration	Friday, 5 November 2021
Special Dividend Payment Date (if paid)	Monday, 8 November 2021
Implementation Date Payment of Scheme Consideration and transfer of Scheme Shares to JBS	Monday, 8 November 2021

If a Scheme is NOT Implemented

JBS provides notice as to the status of the condition to the Takeover Offers ¹⁵	Wednesday, 5 January 2022
Takeover Offers close (unless otherwise extended or withdrawn)	Wednesday, 12 January 2022

All times and dates in the above timetable are references to the time and date in Hobart, Australia. All dates are indicative only and, among other things, are subject to all necessary approvals from the Court and any other conditions to the Schemes or the Takeover Offers (as applicable) having been satisfied or, if applicable, waived. Huon reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on Huon's website at www.investors.huonaqua.com.au/investors/.

¹⁵ JBS may waive any Condition other than the "FIRB approval" Condition and the "Scheme effectiveness" Condition. See Section 12.9 below for more detail.

1. Action required

The Proposed Transactions involve alternative transaction structures that will run concurrently – the Primary Scheme, the Secondary Scheme and the Takeover Offers.

The key features of each Proposed Transaction can be summarised as follows:

Transaction	Price per Huon Share	Key Features	Huon Board Recommendation
Primary Scheme and the associated Surveyors Acquisition	\$3.85	- Huon Shareholders (other than Surveyors) receive \$3.85 per Huon Share from JBS pursuant to the Primary Scheme.¹⁶ - Peter Bender receives same price of \$3.85 per Huon Share from JBS following the purchase of shares in Surveyors pursuant to the Surveyors Acquisition. - Huon becomes a wholly owned subsidiary of JBS. - The Primary Scheme requires: - the approval of Huon Shareholders (other than Surveyors) by 75% approval representing a majority in number of those Huon Shareholders who choose to vote on the Primary Scheme at the Scheme Meetings; and - unless the Court orders otherwise, a majority in number (more than 50%) of eligible Huon Shareholders who vote on the Primary Scheme Resolution. - Further, the separate but associated Surveyors Acquisition requires the approval of Huon Shareholders (other than Surveyors)¹⁷ by 50% approval of those Huon Shareholders who choose to vote on the Surveyors Acquisition Resolution at the Annual General Meeting.	The Independent Board Committee have unanimously determined that the Primary Scheme is in the best interests of Huon Shareholders unanimously recommend that you vote IN FAVOUR of the Primary Scheme Resolution, subject to the qualifications set out in 5.4. The Independent Board Committee have unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages and unanimously recommend that you vote IN FAVOUR of the Surveyors Acquisition Resolution, subject to the qualifications set out in Section 5.4.
Secondary Scheme	\$3.85	- Huon Shareholders receive \$3.85 per Huon Share from JBS pursuant to the Secondary Scheme.¹⁸ - Huon becomes a wholly owned subsidiary of JBS. - The Secondary Scheme requires: - the approval of Huon Shareholders by 75% approval representing a majority in number of those Huon Shareholders who choose to vote on the Secondary Scheme at the Scheme Meetings; and - unless the Court orders otherwise, a majority in number (more than 50%) of eligible Huon Shareholders who vote on the Primary Scheme Resolution.	Your Huon Directors have unanimously determined that the Secondary Scheme is in the best interests of Huon Shareholders and unanimously recommend that you vote IN FAVOUR of the Secondary Scheme Resolution, subject to the qualifications set out in Section 5.4.

¹⁶ Reduced by any Special Dividend.

¹⁷ Also excluding associates of Surveyors and JBS.

¹⁸ Reduced by any Special Dividend.

Transaction	Price per Huon Share	Key Features	Huon Board Recommendation
Takeover Offers	\$3.85	- Each Huon Shareholder receives an offer from JBS to buy their Huon Shares at \$3.85 per Huon Share. - Subject to receiving the ASIC Surveyors Modification, the offer made to Surveyors would be to buy the shares of Surveyors at a price of \$3.85 per Huon Share.¹⁹ - The Takeover Offers are subject to a 50.1% minimum acceptance condition, FIRB approval, the Schemes not becoming Effective and other conditions similar to the Schemes. JBS is entitled to waive those conditions (other than 'FIRB approval' and 'scheme fails' conditions). - Surveyors has committed to accept the Takeover Offer made to it for 19.99% of the issued Huon Shares if all conditions of the Takeover Offers other than the minimum acceptance condition have been satisfied or waived (subject to certain conditions). - Depending on the acceptances it receives (if the 50.1% minimum acceptance condition and other conditions including FIRB approval are satisfied) JBS would acquire between 50.1% and 100% of the Huon Shares on issue. To achieve 100% ownership under the Takeover Offers JBS would need to receive acceptances for more than 90% of the Huon Shares on issue. If JBS waived the 50.1% minimum acceptance condition (and assuming the Surveyors pre-bid acceptance commitment is exercised) JBS would acquire between 19.9% and 100% of the Huon Shares on issue.	The Independent Board Committee has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and unanimously recommend that you ACCEPT the Takeover Offers subject to the qualifications set out in Section 5.4.

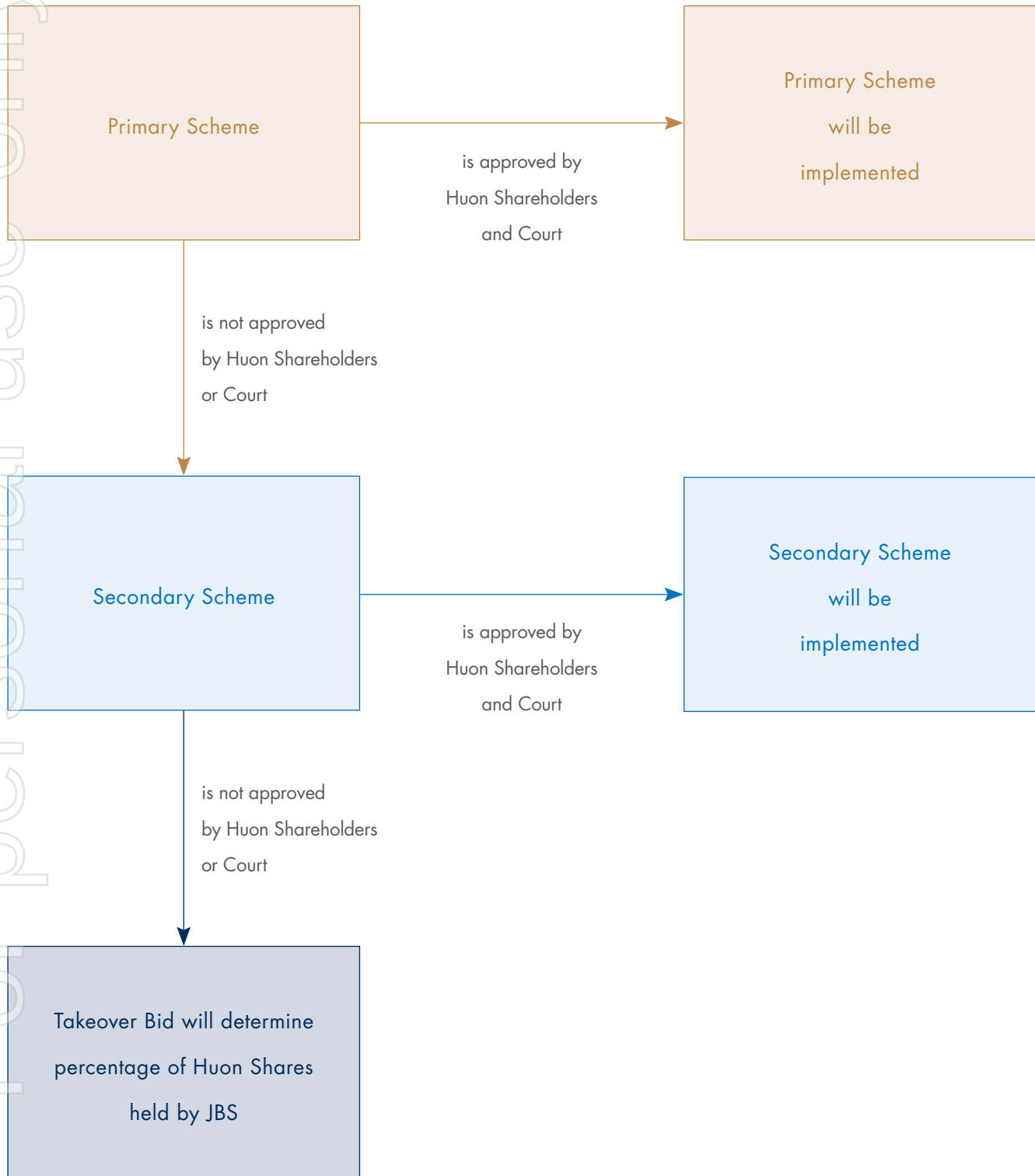
You may vote in favour of each Meeting Resolution and accept the Takeover Offers at the same time, as the terms of the Proposed Transactions determine whether the Primary Scheme or the Second Scheme will be implemented, or whether the Takeover Bid will proceed. The Huon Directors encourage you to do so.

The Huon Directors preference is that either the Primary Scheme or the Secondary Scheme is implemented as those alternatives have the result of all Huon Shares being acquired by JBS and no Huon Shareholder will remain a minority shareholder in Huon. In addition no Special Dividend would be paid in connection with the Takeover Bid.

¹⁹ If that modification is not obtained the Takeover Offer made to Surveyors will be the same as to all other Huon Shareholders. Under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid.

1. Action required *(continued)*

The interaction of the three Proposed Transaction structures and their implementation is reflected in the following diagram:



2. Next steps

2.1 Step 1: Read this Booklet

You should carefully read this Booklet in its entirety before making a decision on how to vote on the Schemes and on the Surveyors Acquisition and whether to accept the Takeover Offers.

If after reading this Booklet you have any questions about the Schemes or the Takeover Offers, please contact the Huon Shareholder Information Line on 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays, or visit <https://events.miraqle.com/huo-transaction>.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

2.2 Step 2: Vote on the Primary and Secondary Scheme at the Scheme Meetings and the Surveyors Acquisition at the Annual General Meeting

Your vote is important

For either of the Primary Scheme or the Secondary Scheme to proceed, it is necessary that sufficient Huon Shareholders vote in favour of them. Huon Shareholders should vote on BOTH the Primary Scheme Resolution and the Secondary Scheme Resolution and on the Surveyors Acquisition Resolution irrespective of the outcome in terms of which Scheme is approved. Please refer to Section 3.2 below for further information.

Who is entitled to vote

If you are registered as a Huon Shareholder by the Share Registry at 27 October 2021, you will be entitled to vote at the Scheme Meetings and Annual General Meeting.

Surveyors will not vote on the Primary Scheme Resolution. Surveyors, JBS and their respective associates will not be entitled to vote on the Surveyors Acquisition Resolution.

How to vote

Full information on how to vote on the Primary Scheme, Secondary Scheme and the Surveyors Acquisition is contained in Section 3. Due to the health risks created by COVID-19, the Scheme Meetings and Annual General Meeting will be conducted as virtual (online only) meetings with online facilities that allows for remote participation.

2.3 Step 3: Decide whether to accept the Takeover Offers

The Independent Board Committee has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and unanimously recommend that you accept the Takeover Offers, subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Offers are fair and reasonable.

You have three choices currently available to you:

(a) Accept the Takeover Offers

To accept the Takeover Offers, submit your Takeover Acceptance Form (see examples below) in accordance with the instructions set out in the "How to complete your Proxy Form and Takeover Acceptance Form" section of this Booklet and on the form itself.

(b) Sell your Huon Shares on market

If you have not accepted the Takeover Offers, you can sell your Huon Shares on market. You may be able to:

- Obtain a higher price by selling your Huon Shares on market as compared to the consideration under the Schemes or Takeover Offers.
- The latest price for Huon Shares may be obtained from the ASX website (www.asx.com.au).
- If you sell your shares and cease to be the holder of Huon Shares at the record date for voting on the Schemes, you will not be able to vote on the Scheme and any proxy appointment will cease to be effective.

2. Next steps *(continued)*

(c) **Reject the Takeover Offers and retain your Huon Shares**

If you do not wish to accept the Takeover Offers or sell your Huon Shares, you should do nothing.

There are a number of risks associated with an investment in Huon Shares if the Takeover Offers becomes unconditional and control passes to JBS, including those set out in Section 8.

For personal use only



3. Considerations relevant to your vote on the Schemes and Surveyors Acquisition and acceptance of the Takeover Offers

3.1 Summary

Reasons to vote in favour of the Schemes and Surveyors Acquisition and accept the Takeover Offers

- ✓ The Independent Board Committee of the Huon Board unanimously recommend that Huon Shareholders vote in favour of the Primary Scheme and the Surveyors Acquisition and accept the Takeover Offers and the Huon Directors unanimously recommend that Huon Shareholders vote in favour of the Secondary Scheme, subject to the qualifications set out in Section 5.4.²⁰
- ✓ The Independent Expert has concluded that Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable in the absence of a superior proposal.
- ✓ The Scheme Consideration and Takeover Offer Price of \$3.85 cash per Huon Share represents a material premium for your Huon Shares.
- ✓ The all cash price provides you with certainty of value for your entire investment in Huon and in the case of the Schemes certainty of timing for the receipt of the consideration.
- ✓ The Proposed Transactions represent an attractive outcome following the completion of a comprehensive strategic review that assessed the potential for corporate level transactions for the benefit of Huon Shareholders.
- ✓ The strategic review process gave all interested parties equal opportunity to submit a proposal for the benefit of Huon Shareholders, and the proposal received from JBS was clearly the most attractive proposal.
- ✓ Since the announcement of the Schemes, no Superior Proposal has emerged. Additionally, at the date of this Booklet, your Huon Directors are not aware of any Superior Proposal that is likely to emerge.
- ✓ The Schemes and Takeover Offers have limited conditionality and are only subject to customary conditions (including Huon Shareholder approval, FIRB approval, Court approval and the Independent Expert continuing to conclude that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable).
- ✓ The Huon Share price is likely to fall if the Schemes are not implemented and the Takeover Offers close without achieving compulsory acquisition and no Superior Proposal emerges.
- ✓ If the Schemes do not proceed, Huon Shareholders will continue to be exposed to risks associated with Huon's business, including the ongoing impact and uncertainty surrounding COVID-19, rather than realising certain value for their Huon Shares in a certain timeframe.

These reasons are discussed in more detail in Section 3.2 of this Booklet.

20 Mr and Mrs Bender are entitled to certain benefits in connection with the Scheme and Takeover Bid as outlined in Section 5.4 that should be taken into consideration when considering their recommendations.

Reasons why you may choose to vote against the Schemes and Surveyors Acquisition or not accept the Takeover Offers

- ⊗ You may disagree with the Independent Board Committee's and the Huon Directors' recommendations and the Independent Expert's conclusions.
- ⊗ You may believe it is in your best interests to maintain your current investment and risk profile.
- ⊗ The tax consequence of transferring your Huon Shares pursuant to the Schemes or the Takeover Offers may not be attractive to you.
- ⊗ You may consider that there is potential for a Superior Proposal to emerge.
- ⊗ The tax consequence of transferring your Huon Shares pursuant to the Schemes or the Takeover Offers may not be attractive to you.

These reasons are discussed in more detail in Section 3.3 of this Booklet.

3.2 Reasons to vote in favour of the Schemes and accept the Takeover Offers

- (a) **The Independent Board Committee of the Huon Board has unanimously determined that the Primary Scheme and Surveyors Acquisition are in the best interests of Huon Shareholders and has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and unanimously recommend Huon Shareholders vote in favour of the Primary Scheme and the Surveyors Acquisition and accept the Takeover Offers and the Huon Directors have unanimously determined that the Secondary Scheme is in the best interests of Huon Shareholders and unanimously recommend Huon Shareholders vote in favour of the Secondary Scheme subject to the qualifications set out in Section 5.4.**

In reaching their recommendation, the Independent Board Committee and your Huon Directors have assessed the Schemes and the Takeover Bid having regard to the reasons to vote in favour of, or against, the Schemes and accept the Takeover Offers, as set out in this Booklet.

Your Huon Directors believe the Scheme Consideration and Takeover Offer Price is attractive, and fully recognises the value of both Huon's existing business and its medium and longer term potential. The Schemes and Takeover Offers also provide certain cash proceeds in the near term which may not be achieved if the Schemes and Takeover Offers do not proceed.

In the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable, each of your Huon Directors intends to vote all Huon Shares held or controlled by them in favour of the Schemes and Surveyors Acquisition²¹ and accept all Huon Shares held or controlled by them under the Takeover Offers.²²

21 Surveyors cannot vote on the Primary Scheme Resolution. Surveyors and its associates cannot vote on the Surveyors Acquisition Resolution.

22 Surveyors has also given a pre-bid acceptance commitment to accept the Takeover Offers for 19.9% of the Huon Shares on issue if all conditions of the Takeover Offers other than the minimum acceptance condition have been satisfied or waived.

3. Considerations relevant to your vote on the Schemes and Surveyors Acquisition and acceptance of the Takeover Offers *(continued)*

(b) The Independent Expert has concluded that Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable in the absence of a superior proposal

Your Huon Directors appointed Grant Thornton to prepare an Independent Expert's Report. The Independent Expert has concluded that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of a Huon Share to be in the range of \$3.75 to \$4.23 on a 100% controlling interest basis. The Scheme Consideration and Takeover Offer Price of \$3.85 per Huon Share falls within the Independent Expert's assessed valuation range on a 100% controlling interest basis.

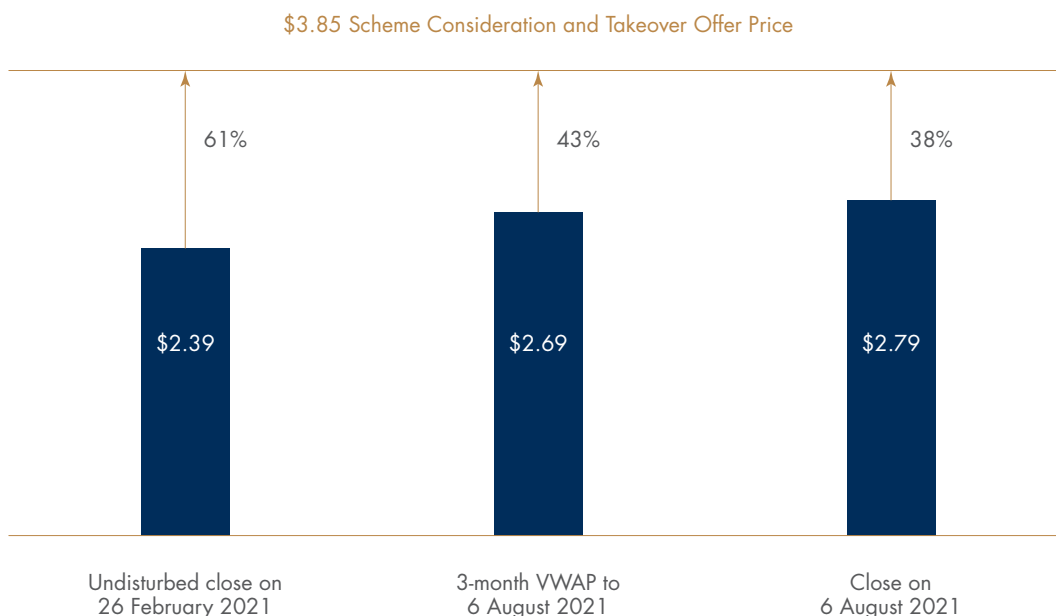
Your Huon Directors encourage you to read the Independent Expert's Report, which is set out in Annexure A of this Booklet.

(c) The Scheme Consideration and Takeover Offer Price of \$3.85 cash per Huon Share represents a material premium for your Huon Shares

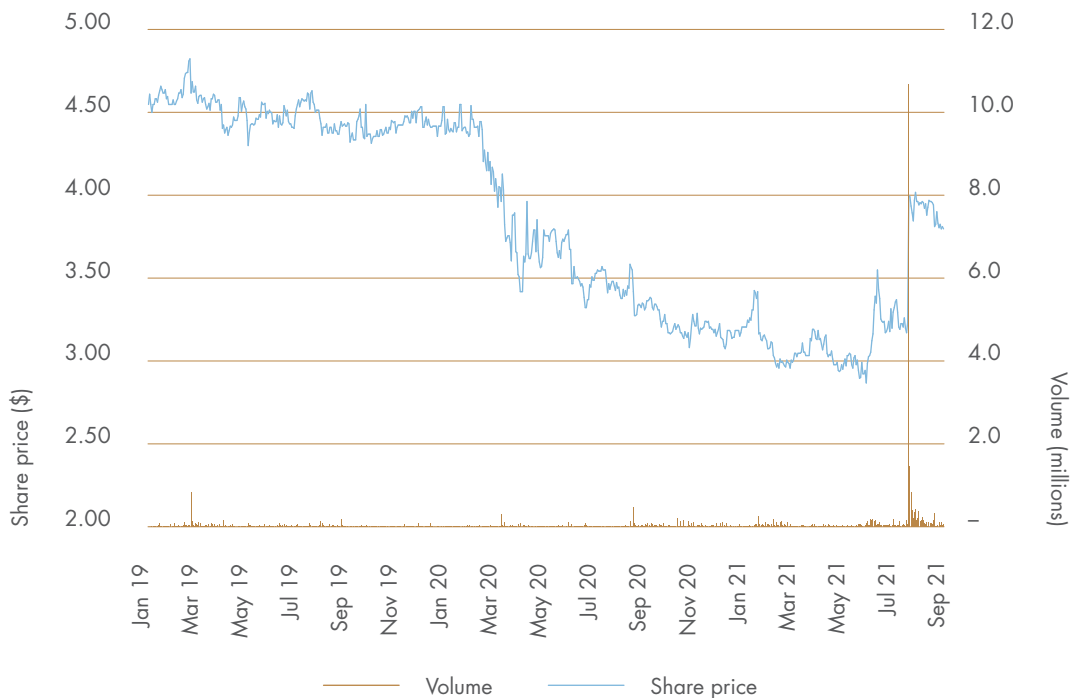
The Scheme Consideration and Takeover Offer Price of \$3.85 per Huon Share represents a:

- 61% premium over the undisturbed closing price of \$2.39 on 26 February 2021, being the last traded price before the strategic review was announced;
- 43% premium to the three month volume weighted average price of \$2.69 to 6 August 2021; and
- 38% premium over the closing price of Huon Shares of \$2.79 on 6 August 2021, the last trading day before the announcement of the Schemes.

The graph below shows the premium to the Huon Share price on the date listed above, as well as the premium to the VWAP of Huon Shares over the periods referred to above.



The following graph shows the Huon Share price from 1 January 2019:



Since the announcement of the Schemes on 6 August 2021 until the Last Practicable Date of 21 September 2021 the Huon Share price has traded in the range of \$3.61 to \$3.93.

(d) The all cash price provides you with certainty of value for your entire investment in Huon and in the case of the Schemes certainty of timing for the receipt of the consideration

The Schemes and Takeover Offers will provide you with the opportunity to obtain certain value of \$3.85 per Huon Share for all of your Huon Shares. This offers certainty of value and in the case of the Schemes, timing.

If the Schemes are implemented, Huon Shareholders will receive the Scheme Consideration in cash for each Huon Share that they own at the Scheme Record Date, to be paid on the Implementation Date. If the Schemes do not proceed, and Huon Shareholders accept the Takeover Offers and the Takeover Offers become unconditional, Huon Shareholders will receive the Takeover Offer Price on the Takeover Offer Payment Date, which is the same cash amount per Huon Share as the Scheme Consideration.

The Schemes and Takeover Offers also provide you with an opportunity to dispose of 100% of your Huon Shares in a single transaction:

- without incurring brokerage or stamp duty; and
- in circumstances where you may (depending on the size of your shareholding) presently face limited opportunities (other than under the Schemes and the Takeover Offers) to achieve full liquidity in respect of your Huon Shares, or may only do so at a discount to the applicable prevailing share price.

The certainty of the all-cash Scheme Consideration and Takeover Offer Price should be compared with the risks and the uncertainties of remaining a Huon Shareholder, which include, but are not limited to, the risks set out in Section 8 of this Booklet.

3. Considerations relevant to your vote on the Schemes and Surveyors Acquisition and acceptance of the Takeover Offers *(continued)*

(e) The Proposed Transactions each represent an attractive outcome following the completion of a comprehensive strategic review that assessed the potential for corporate level transactions for the benefit of shareholders

Huon announced on 26 February 2021 that, in light of unsolicited approaches, it had initiated a strategic review to assess the potential for corporate level transactions for the benefit of Huon Shareholders. Huon and its financial adviser actively explored a range of alternatives with a number of other parties as part of a comprehensive strategic review process, and granted access to management and due diligence materials to a range of interested parties under customary confidentiality arrangements.

The Huon Board has determined that the Proposed Transactions are the most attractive outcomes for Huon Shareholders. Since the completion of the strategic review the Huon Board has received no Superior Proposal to the Proposed Transactions.

(f) Since the announcement of the Schemes, no Superior Proposal has emerged

Since the proposed Schemes were announced on 6 August 2021 and up to the date of this Booklet, no Superior Proposal has emerged. Additionally, at the date of this Booklet, your Huon Directors are not aware of any Superior Proposal that is likely to emerge.

(g) Huon Shareholders who can take advantage of the franking credits attached to the Special Dividend may receive an additional benefit valued at up to approximately \$0.05 per Huon Share

The Huon Board currently intends to pay a fully franked Special Dividend of \$0.125 per Huon Share prior to implementation of the Schemes, if a Scheme is approved by Huon Shareholders and the Court and subject to the receipt of a favourable tax ruling from the ATO before the Implementation Date. This represents an additional franking credit benefit valued at up to \$0.05 per Huon Share. No Special Dividend would be paid in connection with the Takeover Bid. No Special Dividend will be paid if a favourable tax ruling is not received from the ATO before the Implementation Date.

The franking credits attached to the Special Dividend will represent additional value to those Huon Shareholders who are Scheme Shareholders on the Special Dividend Record Date and are able to take advantage of the franking credits attached to the Special Dividend. In assessing the value to them of any Special Dividend, Huon Shareholders should seek professional taxation advice as to whether or not the receipt of any Special Dividend and any entitlement to a tax offset in respect to the franking credits attached to any Special Dividend is beneficial to them in their own individual circumstances. Refer to Section 11 for further information.

(h) The Schemes and Takeover Offers have limited conditionality

The Schemes and Takeover Offers are not subject to any financing conditions or further due diligence.

The Schemes are subject to customary conditions consistent with schemes of arrangement (including Huon Shareholder approval, FIRB approval, Court approval and the Independent Expert continuing to provide a positive opinion on the Transactions).

The Takeover Offers are subject only to a 50.1% minimum acceptance condition, FIRB approval, a condition that the Schemes are not approved by Huon Shareholders and the Court and conditions similar to the conditions that apply to the Schemes.

(i) The Huon Share price is likely to fall if the Schemes are not implemented and the Takeover Offers close without achieving compulsory acquisition and no Superior Proposal emerges

The closing Huon Share price on ASX was \$2.79 on 6 August 2021, being the last trading day prior to the announcement of the parties' entry into the Implementation Deed.

The closing Huon Share price on ASX was \$2.39 on 26 February 2021, being the last trading day prior to the announcement of the strategic review.

If the Schemes are not implemented and the Takeover Offers close without achieving compulsory acquisition,²³ and no Superior Proposal emerges, your Huon Directors believe it is likely that the Huon Share price will fall below the price at which it has traded since the announcement of the strategic review and hence since the announcement of the parties' entry into the Implementation Deed.

This view is supported by the Independent Expert, which states in its Independent Expert's Report that in "the absence of the Proposed Transaction, all other things being equal, it is likely that HUO Shares will trade at a price below A\$3.85, at least in the short-term".

(j) If the Schemes do not proceed, Huon Shareholders will continue to be exposed to risks associated with Huon's business, including the ongoing impact and uncertainty surrounding COVID-19, rather than realising certain value for their Huon Shares in a certain timeframe. The same risks will apply to those Huon Shareholders who do not accept the Takeover Offers (if compulsory acquisition is not achieved)

If the Schemes do not proceed, the value that Huon Shareholders will be able to realise from their Huon Shares (in terms of the price of those Huon Shares and any future dividends paid in respect of them) will necessarily be uncertain and subject to a number of risks outlined in Section 8 in this Booklet.

A difference between the Schemes and the Takeover Bid is that the Takeover Offers may result in Huon Shareholders remaining shareholders in Huon, depending on whether JBS acquires Huon Shares under the Takeover Offers and whether or not the Takeover Bid results in compulsory acquisition. For details of compulsory acquisition see Section 12.9(d).

If JBS achieved control of Huon but did not satisfy the preconditions to compulsory acquisition it may consider delisting Huon from ASX. For details of a possible delisting see Section 12.9(e). If Huon was to be delisted that would substantially reduce the ability of Huon Shareholders to realise value for their Huon Shares by finding purchasers for those Huon Shares other than JBS.

Among other things, those uncertainties and risks relate to the performance of Huon's business from time to time (in particular, the uncertainties associated with Huon's outlook as described in Section 8.2 of this Booklet), general economic conditions and movements in the stock markets.

The overall pressures placed on Huon's business from the market related impacts from COVID-19 in FY20 were significant. The two main contributors were the 12% fall in the average international salmon price in FY20 compared to the previous year and the significant increase in freight charges due to limited access to international flights. The impact of these were amplified by the commencement of Huon's ramp up in production as part of its five year strategy to expand capacity to meet future growth in domestic demand.

Salmon volumes destined for overseas markets, whether under contract to retail outlets in Asia and the US or the spot market, increased by 51% on FY20. Pricing in these markets, particularly the highly competitive spot market, was on average 22% below that received in the domestic market during the year. The shut-down of international commercial flights was a major impediment to gaining access to the markets Huon needed to sell 44% of its FY21 harvest. While the government stepped in to provide industry support via the International Freight Assistance Mechanism, Huon's cost of freight to export markets doubled, further eroding margins.

The Schemes and Takeover Offers remove these risks and uncertainties for Huon Shareholders and allows Huon Shareholders to exit their investment in Huon at a price that your Huon Directors consider attractive. If the Schemes are approved and implemented or the Takeover Offers are accepted (and the conditions to the Takeover Offers are satisfied or waived), these risks and uncertainties will be assumed by JBS.

23 Compulsory acquisition would be achieved if JBS receives acceptances under the Takeover Offers exceeding 90% of the Huon Shares on issue.

3. Considerations relevant to your vote on the Schemes and Surveyors Acquisition and acceptance of the Takeover Offers *(continued)*

3.3 Reasons why you may choose to vote against the Schemes and Surveyors Acquisition or not accept the Takeover Offers

The Independent Board Committee of the Huon Board has unanimously determined that the Primary Scheme and Surveyors Acquisition are in the best interests of Huon Shareholders and has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and unanimously recommend Huon Shareholders vote in favour of the Primary Scheme and the Surveyors Acquisition and accept the Takeover Offers and the Huon Directors have unanimously determined that the Secondary Scheme is in the best interests of Huon Shareholders and unanimously recommend Huon Shareholders vote in favour of the Secondary Scheme subject to the qualifications set out in Section 5.4.

However, there may be reasons which lead you to consider voting against the Schemes or Surveyors Acquisition or not accept the Takeover Offers, including those set out below.

(a) You may disagree with the Independent Board Committee's and the Huon Directors' recommendations and the Independent Expert's conclusions

In concluding that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable, your Huon Directors and the Independent Expert are making judgements based on future trading conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

You may hold a different view from, and are not obliged to follow the recommendations of, your Huon Directors, and may not agree with the Independent Expert's conclusions.

(b) You may prefer to continue your investment in the Huon business, and continue to share in any potential upside or downside associated with that investment

If the Schemes are implemented or JBS achieves compulsory acquisition under the Takeover Offers, you will no longer be a Huon Shareholder and will forgo any benefits that may result from being a Huon Shareholder.

This will mean that you will not participate in the future performance of Huon (either positive or negative), retain any exposure to Huon's business or assets, or have the potential to share in the value that could be generated by Huon in the future. However, there is no guarantee as to Huon's future performance, as is the case with all investments.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your Huon Shares to preserve your investment in a listed company with the specific characteristics of Huon.

In particular, you may consider that, despite the risk factors relevant to Huon's potential future operations (including those set out in Section 8 of this Booklet), Huon may be able to return greater value from its assets by remaining a standalone entity.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Huon or may incur transaction costs in undertaking any new investment.

(d) You may consider that there is potential for a Superior Proposal to emerge

It is possible that a more attractive proposal for Huon Shareholders could materialise in the future, such as a change of control transaction with a higher offer price than the Scheme Consideration and Takeover Offer Price of \$3.85 per Huon Share.

However, as at the date of this Booklet, your Huon Directors have not received or become aware of any Superior Proposal.

(e) The tax consequence of transferring your Huon Shares pursuant to the Schemes or the Takeover Offers may not be attractive to you

The tax consequences of the Schemes and acceptance of the Takeover Offers will depend on your personal situation. You may consider that the tax consequences of transferring your Huon Shares to JBS pursuant to the Schemes or the Takeover Offers are not attractive to you. A general guide to the taxation implications of the Schemes and Takeover Offers is set out in Section 11 of this Booklet. However, the outline in Section 11 is expressed in general terms only, and Huon Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Schemes and Takeover Offers.

3.4 Additional consideration relevant to the Surveyors Acquisition

The Independent Board Committee has unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages and unanimously recommend that you vote in favour of the Surveyors Acquisition and the Independent Expert has concluded that the advantages of the Surveyors Acquisition outweigh the disadvantages to non-associated Huon Shareholders (other than Surveyors), in both instances in the absence of a Superior Proposal and, in the case of your Huon Directors' recommendation, subject to the qualifications set out in Section 5.4.

The Independent Board Committee understands that the Surveyors Acquisition provides the Bender family with a financial advantage in terms of the flexibility to receive the proceeds personally that would not be available to them if the Huon Shares held by Surveyors were acquired directly by JBS under the Primary Scheme or the Takeover Bid.

The Bender family controls 57,881,567 Huon Shares representing approximately 52.68% of the issued Huon Shares and as such have an influential impact on the implementation of the three Proposed Transactions. The Bender family agreed to support the announcement of the three Proposed Transaction on the basis the Primary Scheme and associated Surveyors Acquisition was put forward for consideration by Huon Shareholders. In that regard:

- Surveyors cannot vote its 44,527,252 Huon Shares representing approximately 40.53% the issued Huon Shares on the Primary Scheme Resolution and Surveyors and its associates cannot vote their Huon Shares on the Surveyors Acquisition Resolution;
- the Bender family can vote 13,354,315 Shares not held by Surveyors, representing approximately 12.15% of the shares in Huon in favour of the Primary Scheme and will do so in the absence of a superior proposal and subject to the Independent Expert continuing to provide a positive opinion;
- the Bender family can vote all 57,881,567 Huon Shares they control on the Secondary Scheme Resolution and have indicated they will vote all of these shares in favour of the Secondary Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to provide a positive opinion; and
- the Bender family can determine whether or not the 50.1% minimum acceptance condition in the Takeover Offers is fulfilled or not, have committed to accepting in relation to Huon Shares representing 19.9% of Huon Shares and have indicated they will accept the Takeover Offers in relation to the balance of their holding in the absence of a superior proposal.²⁴

Huon has determined that the votes cast in favour of the Primary Scheme by the Bender Family will be 'tagged' for the purposes of identification at the Scheme Meetings so that they can be drawn to the Court's attention at the Second Court Hearing.

The reasons why you may consider voting against the Surveyors Acquisition are similar to the reasons why you may consider voting against the Schemes and the Takeover Offers, as set out in Section 3.3.

²⁴ It should be noted in this regard that the pre-bid acceptance commitment requires Surveyors to lodge acceptances for 19.9% of the Huon Shares on issue if all conditions to the Takeover Offers other than the minimum acceptance condition are satisfied or waived (subject to the other requirements of that commitment) and that JBS can waive the Takeover Offers minimum acceptance condition. Further, under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid. Additionally, if ASIC grants the relief described in Section 12.12(a)(iii), the acquisition of Surveyors under the Takeover Bid will only be able to proceed if the Surveyors Acquisition Resolution is approved.

4. Frequently asked questions

This section answers some questions you may have about the Schemes, Surveyors Acquisition and Takeover Bid. It is not intended to address all relevant issues for Huon Shareholders. This section should be read together with all other parts of this Booklet.

Question	Answer	More information
OVERVIEW OF THE PROPOSED TRANSACTIONS		
Why have I received this Booklet?	This Booklet has been sent to you because you are a Huon Shareholder. Huon Shareholders are being asked to consider and vote and accept Proposed Transactions that would allow them to receive \$3.85 cash per Huon Share for the acquisition of those Huon Shares by JBS. If you have transferred all of your Huon Shares please disregard this Booklet as you will not be entitled to vote at the Scheme Meetings or Annual General Meeting or accept the Takeover Offers.	Letter from the Chairman
What are the Proposed Transactions?	The Proposed Transactions are three alternative transactions which embody a proposal from an Australian subsidiary of JBS S.A, a Brazilian company that is one of the world's largest animal protein companies, to acquire all of the Huon Shares on issue for \$3.85 per Huon Share by way of two concurrent schemes (each in the alternative) and takeover offers.	Sections 5, 9 and 10
Why are there multiple Proposed Transactions?	Each of the Primary Scheme, Secondary Scheme and Takeover Offers are proposed, being transactions in the alternative but concurrently proposed, to allow Huon Shareholders the opportunity to receive the \$3.85 price per Huon Share offered by JBS. Either of the Primary Scheme or the Secondary Scheme (which are proposed as concurrent but alternative schemes) can only proceed if, among other conditions, the requisite majorities of Huon Shareholders (being more than 50% in number present and voting and at least 75% of votes cast) (excluding Surveyors in respect of the Primary Scheme but including Surveyors in respect of the Secondary Scheme) vote in favour of the Scheme. The Primary Scheme is also conditional (among other conditions) on the Surveyors Acquisition Resolution being passed by Huon Shareholders (other than Surveyors and its associates) at the Annual General Meeting. The Surveyors Acquisition requires the approval of Huon Shareholders (other than Surveyors and its associates) by 50% approval of those Huon Shareholders who choose to vote on the Surveyors Acquisition Resolution at the Annual General Meeting. The Primary Scheme has been proposed at the request of Huon's majority shareholders, Peter and Frances Bender and the Secondary Scheme is being proposed to provide additional certainty to JBS as it permits all Huon Shareholders to vote on the Secondary Scheme. As the date of this Booklet, Tattarang has a relevant interest in 18.51% of the total Huon Shares. Tattarang has made various public comments in relation to the Proposed Transactions which the Huon Board considers make its intentions with respect to the Proposed Transactions unclear. If Tattarang votes against the Schemes, there is a risk that the Schemes may not be approved at the Scheme Meetings. In that circumstance, the parallel Takeover Offers can proceed because it requires a lower threshold of acceptances from Huon Shareholders holding at least 50.1% of the Huon Shares (and the satisfaction or waiver of other conditions, other than the condition in respect of FIRB approval). The Takeover Bid enhances the possibility of delivering value to Huon Shareholders by providing the opportunity to Huon Shareholders to receive the \$3.85 offer price regardless of whether the Schemes are approved or not.	Sections 9, 12, Annexure B and Annexure C

Question	Answer	
How do the Schemes and the Takeover Bid relate to each other?	The Huon Directors' preference is that either the Primary Scheme or the Secondary Scheme is implemented as those alternatives have the result that all Huon Shares will be acquired by JBS and no Huon Shareholder will remain a minority shareholder in Huon. If the Primary Scheme and Surveyors Acquisition are approved by the Huon Shareholders and the Court, the Primary Scheme will be implemented. If only the Secondary Scheme is approved, the Secondary Scheme will be implemented. If either the Primary Scheme or the Secondary Scheme are approved the Takeover Bid will not proceed. If neither the Primary Scheme or the Secondary Scheme are approved the Takeover Bid will determine whether or not JBS becomes a shareholder in Huon and the level of its Huon shareholding.²⁵ You can vote in favour of all Meeting Resolutions and accept the Takeover Offers at the same time as the terms of each Proposed Transaction determine which of the Proposed Transactions will be implemented.	Sections 5, 9 and 10

SCHEMES OF ARRANGEMENT AND SURVEYORS ACQUISITION

What is a scheme of arrangement?	A "scheme of arrangement" is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Required Majorities. The Primary Scheme and the Secondary Scheme are both schemes of arrangement that are proposed in accordance with those requirements.	Sections 5 and 12
What is the Primary Scheme?	Under the Primary Scheme, JBS will acquire all Huon Shares via a scheme of arrangement, other than Huon Shares held by Surveyors. Huon Shareholders (other than Surveyors) will be asked to approve the Primary Scheme at the Primary Scheme Meeting. The Primary Scheme is conditional (among other conditions) on the Surveyors Acquisition Resolution being approved by Huon Shareholders (other than Surveyors and its associates) at the Annual General Meeting. Under the Surveyors Acquisition it is proposed that the 40.53% of Huon Shares held by Surveyors will be acquired by JBS through JBS acquiring from Mr Bender his shares in Surveyors under the Share Sale Agreement.	Sections 9, 12, Annexure B and Annexure C

²⁵ Surveyors has committed to accept the Takeover Offer for 19.9% of the issued Huon Shares if all conditions of the Takeover Offers other than the minimum acceptance condition have been satisfied or waived (subject to certain conditions).

4. Frequently asked questions *(continued)*

Question	Answer	More information
What is the Surveyors Acquisition?	In connection with the Primary Scheme, the majority shareholder of Huon, Peter Bender, has entered into a separate agreement to sell his shares in Surveyors, his investment vehicle which holds approximately 40% of the Huon Shares on issue, to JBS. This is documented in the Share Sale Agreement. Approval of an indirect acquisition of this nature beyond the 20% takeovers threshold requires shareholder approval under the Corporations Act. Subject to ASIC granting relief, Mr Bender may also accept the Takeover Offers by selling Surveyors if the Surveyors Acquisition Resolution is passed. Huon Shareholders should note that under the Supplemental Share Sale Agreement, Peter Bender and JBS may agree to waive any failure of the Primary Scheme and Secondary Scheme to be Effective and complete the Surveyors Acquisition. Huon Shareholders will be asked to approve the Surveyors Acquisition at the Annual General Meeting. Huon Shareholders will also be asked to consider and approve the Financial Statements and Reports, the Remuneration Report, the grant of Huon Performance Rights to Peter Bender and the election and re-election of Huon Directors.	Sections 9, 12, Annexure B and Annexure C
What is the Secondary Scheme?	As an alternative to the Primary Scheme, under the Secondary Scheme JBS will acquire all Huon Shares via a scheme of arrangement, including the Huon Shares held by Surveyors. Huon Shareholders will be asked to approve the Secondary Scheme at the Secondary Scheme Meeting.	Sections 9, 12, Annexure B and Annexure C

Question	Answer	More information
What will I receive if the Primary Scheme or Secondary Scheme is implemented?	If the Primary Scheme becomes Effective, Huon Shareholders (other than Surveyors) will receive the Scheme Consideration of \$3.85 per Huon Share (less the amount of any Special Dividend) held on the Scheme Record Date (currently expected to be 7.00 pm on 5 November 2021), paid by JBS on implementation of the Scheme, in return for the transfer of their Huon Shares to JBS under the Primary Scheme. Alternatively, if the Secondary Scheme becomes Effective, Huon Shareholders (including Surveyors) will receive the Scheme Consideration of \$3.85 per Huon Share (less the amount of any Special Dividend) held on the Scheme Record Date (currently expected to be 7.00 pm on 5 November 2021), paid by JBS on implementation of the Scheme, in return for the transfer of their Huon Shares to JBS under the Secondary Scheme. The Huon Board currently intends to pay a fully franked Special Dividend of \$0.125 per Huon Share prior to implementation of the Schemes, if either of the Schemes are approved by Huon Shareholders and the Court and subject to receiving a favourable tax ruling from the ATO by the Implementation Date. The amount payable by JBS under the Schemes will be reduced by the Special Dividend. It is intended that, if paid, the Special Dividend will be fully franked. The franking credits attached to the Special Dividend will represent additional value of up to \$0.05 per Huon Share to those Huon Shareholders who are Huon Shareholders on the Special Dividend Record Date and are able to take advantage of the franking credits attached to the Special Dividend. In assessing the value to them of any Special Dividend, Huon Shareholders should seek independent professional taxation advice as to whether or not the receipt of any Special Dividend and any entitlement to franking credits attached thereto is beneficial to them based on their own particular circumstances. Refer to Section 11 of this Booklet for further details. If the Special Dividend is paid and noting that the Scheme Consideration to be paid by JBS is \$3.85 less the amount of any Special Dividend, then in order for Huon Shareholders to receive the aggregate amount of \$3.85 per Huon Share, Huon will need will be registered as a Huon Shareholder on each of: - the Special Dividend Record Date (currently scheduled to be 10.00 am on 2 November 2021); and - the Scheme Record Date (currently scheduled to be 7.00 pm on 5 November 2021).	Section 5.3
What are the conditions to the Schemes?	The Schemes are subject to a number of outstanding conditions, including (but not limited to) the following: - Huon Shareholders approve the Schemes by the Required Majorities; - FIRB approval is given in respect of the Schemes; - the Court approves the Primary Scheme or Secondary Scheme; - there is no Huon Material Adverse Effect, no Huon Prescribed Effect and no JBS Prescribed Event before 8.00 am on the Second Court Date; and - in respect of the Primary Scheme, the approval of the Surveyors Acquisition at the Annual General Meeting A summary of the conditions to the Schemes is set out in Sections 9.7 and 12.5(d) of this Booklet.	Sections 9.7 and 12.5(d)

4. Frequently asked questions *(continued)*

Question	Answer	More information
What are the conditions to the Surveyors Acquisition?	The Surveyors Acquisition is subject to a number of outstanding conditions, including (but not limited to) the following: - Huon Shareholders (other than Surveyors) approve the Primary Scheme²⁶ and Surveyors Acquisition by the Required Majority; and - FIRB approval is given in respect of the Surveyors Acquisition. A summary of the conditions to the Surveyors Acquisition is set out in Section 12.7(d) of this Booklet.	Section 12.7(d)
When will the Schemes become Effective?	Subject to the satisfaction or (if applicable) waiver of the conditions to the Primary Scheme or Secondary Scheme and, in respect of the Primary Scheme only, the Surveyors Acquisition, the Primary Scheme or Secondary Scheme will become Effective on the date on which the Court order approving the relevant Scheme is lodged with ASIC (this is the Effective Date). This is expected to occur on 4 November 2021.	Section 9.8
What happens on the Implementation Date?	If the Primary Scheme is approved by Huon Shareholders and the Court: - Scheme Shareholders will be paid the Scheme Consideration and Surveyors will be paid the effective price of \$3.85 per Huon Share (less any Special Dividend); and - Subject to the Scheme Consideration being paid to Scheme Shareholders, JBS will acquire all the Scheme Shares and all Huon Shares held by Surveyors indirectly through the acquisition of the Surveyors Shares. If the Secondary Scheme is approved by Huon Shareholders and the Court: - Scheme Shareholders will be paid the Scheme Consideration (less any Special Dividend); and - Subject to the Scheme Consideration being paid to Scheme Shareholders JBS will acquire all the Scheme Shares. If the Bidder is required by law to pay an amount to the Commissioner of Taxation in relation to foreign resident capital gains withholding in respect of the acquisition of Scheme Shares it shall be entitled to withhold that amount (see Section 11 for further details). The Schemes provide that Scheme Shares must be transferred to the Bidder free of all security interests and provides that each Scheme Shareholder is deemed to have warranted to that effect and that they have the full power and capacity to sell and transfer their Scheme Shares including all rights and entitlements attaching to those Scheme Shares. The Implementation Date is currently expected to be 8 November 2021.	Section 9.8

26 Under the Supplemental Share Sale Agreement Mr Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid.

Question	Answer	More information
What happens if the Schemes are not implemented?	If neither the Primary Scheme or Secondary Scheme are implemented: • you will not receive the Scheme Consideration or the Special Dividend, however you will still have the opportunity to accept the Takeover Offers; and • you will retain your Huon Shares and continue to have exposure to the benefits and risks associated with an investment in Huon, subject to the result of the Takeover Bid, and, in the absence of a Competing Proposal and subject to the result of the Takeover Bid: • Huon will continue to operate as a stand-alone entity and remain listed on ASX; and • the price of Huon Shares traded on ASX is likely to fall.	Section 5.5
CONSIDERATION TO BE RECEIVED BY HUON SHAREHOLDERS – OTHER MATTERS		
What premium is being offered to Huon Shareholders?	The cash price of \$3.85 cash per Huon Share represents a: • 61% premium over the undisturbed closing price of \$2.39, being the last traded price on 26 February 2021 before the strategic review was announced; • 43% premium over the 3 month VWAP²⁷ of \$2.69 on 6 August 2021; and • 38% premium over the closing price of Huon shares of \$2.79 on 6 August 2021, the last trading day before this announcement.	Section 3.2(c)
When and how will I receive my Scheme Consideration/ Takeover Offer Price?	If the Primary Scheme or Secondary Scheme becomes Effective: • Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently expected to be 8 November 2021); and • If the Special Dividend is paid, it is your Huon Directors' intention that Huon Shareholders on the Register as at the Special Dividend Record Date will be paid the \$0.125 Special Dividend per Huon Share on the Special Dividend Payment Date (currently expected to be 8 November 2021) subject to a favourable tax ruling being received before that date. All payments will be made by direct deposit into your nominated bank account, as advised to the Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your Registered Address. If neither the Primary Scheme nor the Secondary Scheme becomes Effective, Huon Shareholders that accept the Takeover Offer made to them by JBS will, subject to the provisions of the Corporations Act and the Takeover Offers, receive \$3.85 for each Huon Share.	Section 9.6
What are the tax implications of the Schemes and the Takeover Offers?	The tax implications of the Schemes and Takeover Offers will depend on your personal circumstances. A general outline of the Australian tax implications of the Schemes and Takeover Offers is set out in Section 11 of this Booklet. As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to vote in favour of the Schemes or accept the Takeover Offers.	Section 11

²⁷ Volume weighted average price based on market trading volume and value up to and including 6 August 2021, being the last trading day before the announcement of the Schemes.

4. Frequently asked questions *(continued)*

Question	Answer	More information
THE SPECIAL DIVIDEND		
What is the Special Dividend?	The Huon Board currently intends to pay a fully franked Special Dividend of \$0.125 per Huon Share if either of the Schemes are approved by Huon Shareholders and the Court, subject to a favourable tax ruling being received from the ATO before the Implementation Date (currently expected to be 8 November 2021). No Special Dividend will be paid if the Takeover Offers proceed.	Sections 6 and 11
Will any Special Dividend be franked?	The Special Dividend, if paid, will be fully franked. The franking credits attached to the Special Dividend will represent additional value to those Huon Shareholders who are Huon Shareholders on the Special Dividend Record Date and are able to take advantage of the franking credits attached to the Special Dividend. Huon Shareholders who can capture the full benefit of the franking credits associated with such a Special Dividend may receive an additional benefit valued at up to approximately \$0.05 per Huon Share. In assessing the value to you of any Special Dividend or franking credits, you should seek independent professional taxation advice as to whether or not the receipt of any Special Dividend and any entitlement to franking credits attached thereto is beneficial to you based on your own particular circumstances.	Sections 6 and 11
What happens if a favourable tax ruling is not received from the ATO before the Implementation Date?	No Special Dividend will be paid.	

Question

Answer

VOTING CONSIDERATIONS

What do the Independent Board Committee and Huon Directors recommend and what do they intend to do with Huon Shares held or controlled by them?	The Independent Board Committee of the Huon Board has unanimously determined that the Primary Scheme and Surveyors Acquisition are in the best interests of Huon Shareholders and has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and unanimously recommend Huon Shareholders vote in favour of the Primary Scheme and the Surveyors Acquisition and accept the Takeover Offers and the Huon Directors have unanimously determined that the Secondary Scheme is in the best interests of Huon Shareholders and unanimously recommend Huon Shareholders vote in favour of the Secondary Scheme subject to the qualifications set out in Section 5.4. Each member of the Independent Board Committee and Huon Board (as applicable) who holds or controls Huon Shares intends to vote all Huon Shares held or controlled by them in favour of the Schemes and Surveyors Acquisition²⁸ subject to the qualifications set out in Section 5.4. In relation to Mr Bender's voting recommendation, Huon Shareholders should have regard to the advantages to be received by him as referred to in the Chairman's letter. Details of the Huon Directors' interests in Huon Shares are set out in Section 12.1 of this Booklet.	Sections 5.4 and 12.1
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable, in the absence of a Superior Proposal.	
Why might I vote in favour of the Schemes and the Surveyors Acquisition?	Reasons why you might vote in favour of the Schemes and Surveyors Acquisition are set out in Section 3.2 of this Booklet.	Section 3.2
Why might I vote against the Schemes and the Surveyors Acquisition?	Reasons why you might vote against the Schemes and Surveyors Acquisition are set out in Section 3.3 of this Booklet.	Section 3.3
Is the Huon Board aware of a Superior Proposal?	No. On 26 February 2021 the Huon Board announced a strategic review to assess corporate level transactions in light of unsolicited approaches received. Huon actively explored with a number of parties a range of alternatives. The proposal from JBS was considered the most attractive proposal received. As at the date of this Booklet, no Superior Proposal has emerged. In this regard, Huon Shareholders should also bear in mind the restrictions imposed on Huon under the Implementation Deed, which are summarised in the Frequently Asked Questions immediately below and in Section 12.5(l) of this Booklet, may reduce the likelihood that a Superior Proposal emerges or is ultimately completed.	Sections 3.2(f) and 12.5(l)

28 Surveyors and its associates may not vote on the Surveyors Acquisition. Further, Surveyors may not vote on the Primary Scheme.

4. Frequently asked questions *(continued)*

Question	Answer	More information
What happens if a Competing Proposal emerges?	Until the Primary Scheme or Secondary Scheme is approved by the Court, there is nothing preventing other parties from making unsolicited acquisition proposals for Huon. If a Competing Proposal for Huon emerges prior to the Second Court Hearing, the Huon Directors will carefully consider the proposal and determine whether it is a Superior Proposal. Your Huon Directors will keep you informed of any material developments. Huon must notify JBS of a Competing Proposal in accordance with the Implementation Deed. JBS has a right to match any unsolicited Superior Proposal if one is received by Huon. If any Huon Director publicly withdraws or changes his or her current recommendation in response to a Competing Proposal, JBS may terminate the Implementation Deed before 8.00 am on the Second Court Date. Huon may also be obliged to pay JBS a break fee of \$4.25 million in these circumstances. These (and other) provisions of the Implementation Deed are summarised in greater detail in Section 12.5 of this Booklet.	Section 12.5(l)
TAKEOVER BID		
What is a takeover bid?	A “takeover bid” is a permitted way for a person to acquire 20% or more of the issued shares of a listed company such as Huon. Under a takeover bid the bidder (here JBS) must offer to acquire Huon Shares in accordance with the procedural and disclosure requirements of the Corporations Act. The Takeover Bid is a takeover proposal that complies with those requirements and the Takeover Offers are the offers.	
What are the Takeover Offers?	JBS is offering \$3.85 cash for each Huon Share held by you if the offer conditions are satisfied or waived. The Takeover Offers are a further means by which JBS may acquire your Huon Shares. Subject to receiving the ASIC Surveyors Modification, it is proposed that the Takeover Offer made to Surveyors differs from the Takeover Offer made to other Huon Shareholders to allow the shareholder of Surveyors (Mr Bender) to accept for his shareholding in Surveyors.²⁹	Sections 10 and 12, Annexure B and Annexure C
What is the Takeover Offer period?	The Takeover Offers are available for acceptance from the date of this Booklet and closes on 12 January 2022, unless extended by JBS.	Section 10.2

²⁹ If that modification is not obtained the Takeover Offer made to Surveyors will be the same as to all other Huon Shareholders. Under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid.

Question	Answer	More information
What are the conditions to the Takeover Offers?	- JBS obtains a Relevant Interest in at least 50.1% (by number) of Huon Shares (minimum acceptance condition); - JBS receives FIRB approval in respect of the Takeover Bid; - Neither of the Schemes are approved at the Scheme Meetings by the required majorities or the Court does not approve the Schemes; and - There is no Huon Material Adverse Effect, no Huon Prescribed Effect and no restraint by a Court or government agency. JBS may waive any of these conditions (other than the FIRB approval and Schemes non-approval condition).	Sections 10.5 and 10.7
What happens if the conditions of the Takeover Offers are not satisfied or waived?	If the conditions are not satisfied or waived before the end of the Offer Period, the Takeover Offers will lapse and any acceptances of the Takeover Offers will be void. In those circumstances, Huon Shareholders who have accepted the Takeover Offers will continue to hold their Huon Shares and be free to deal with them as if the Takeover Offers had not been made.	Section 10
What does the Independent Board Committee recommend?	Your Independent Board Committee has unanimously determined that the Takeover Bid is fair and reasonable to Huon Shareholders and unanimously recommend that all Huon Shareholders accept the Takeover Offers, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Takeover Bid is fair and reasonable. Each member of the Independent Board Committee who holds or controls Huon Shares intends to accept the Takeover Offers for all Huon Shares held or controlled by them,³⁰ in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Takeover Bid is fair and reasonable.	Sections 1 and 3
Can I vote for the Schemes and also accept the Takeover Offers?	Yes, the terms of the Proposed Transactions determine whether the Primary Scheme or Secondary Scheme will be implemented or whether the Takeover Bid will proceed. The Takeover Offers will not proceed if either Scheme is approved.	Section 10
Can I accept the Takeover Offers before the Meetings?	Yes. The Independent Board Committee unanimously recommends that you accept the Takeover Offers before the Meetings. However, please make sure you also vote on the Meeting Resolutions. Your vote will be very important in determining whether either of the Schemes will proceed. The Huon Directors urge you to read this Booklet and vote on the Schemes.	Sections 3 and 10.2
How do I accept the Takeover Offer?	To accept the Takeover Offers, complete the enclosed Acceptance Form in accordance with the "How to complete your Huon Proxy Form and Takeover Acceptance Form" section of this Booklet and instructions on it and return it in the enclosed pre-addressed envelope so that it is received before the end of the Offer Period. Acceptances must be received before the end of the Offer Period at 7.00 pm (AEDT time) on 12 January 2022, unless the Takeover Offers are extended or withdrawn.	Sections 10.2 and 10.3

³⁰ Surveyors has committed to accept the Takeover Offer for 19.9% of the issued Huon Shares if all conditions of the Takeover Offers other than the minimum acceptance condition have been satisfied or waived (subject to certain conditions).

4. Frequently asked questions *(continued)*

Question	Answer	More information
Can I accept the Takeover Offer made to me for part of my holding?	Yes. You can accept for some or all of your holding.	Section 10.3
What is the consequences of accepting the Takeover Offer made to me now?	You will be entitled to payment of the Takeover Offer Price when the Takeover Bid becomes or is declared unconditional. Huon Shareholders will be notified when this occurs via an announcement to the ASX. However, unless withdrawal rights are available (see below), you will give up your right to sell your Huon Shares on ASX or otherwise deal with your Huon Shares.	Sections 10.12 and 10.13
If I accept the Takeover Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if JBS varies the Takeover Offers in a way that postpones the time when JBS is required to satisfy its obligations by more than one month.	Section 10.11
When will I receive payment under the Takeover Offers?	Subject to the Corporations Act and the terms of the Takeover Offers, if you accept the Takeover Offer in respect of your Huon Shares, you will be sent the Takeover Offer Price from JBS on or before the earlier of: - one month after the date of your acceptance or, if the Takeover Offer is subject to a condition when you accept the Takeover Offer, within one month after the Takeover Offer becomes unconditional; and - if the Takeover Offer becomes unconditional, 21 days after the end of the Offer Period.	Section 10.13
What if the Primary Scheme or Second Scheme does not become Effective and I accept the Takeover Offer?	If the Takeover Offers become unconditional, you will receive the Takeover Offer Price.	Section 4
What if the Primary Scheme or Secondary Scheme does not become effective and I do not accept the Takeover Offer?	You will continue to hold your Huon Shares, unless compulsorily acquired or sold.	Section 5.7
What happens if JBS receives acceptances under the Takeover Offers of greater than 90%?	If JBS receives acceptances under the Takeover Bid of greater than 90%, JBS may compulsorily acquire your interests in Huon and you may be forced to receive consideration under the Takeover Bid.	Section 7.7(c)

Question	Answer	More information
What happens if JBS receives acceptances under the Takeover Offers of greater than 50.1% but less than 90%?	If JBS becomes the holder of more than 50.1% but less than 90% of the Huon Shares pursuant to the Takeover Offers, JBS will acquire a majority shareholding in Huon but will not be able to compulsorily acquire the Huon Shares which have not been accepted into the Takeover Offers. In addition, if JBS acquires at least 75% of the Huon Shares, it will be able to pass a special resolution of Huon. This will enable JBS to, among other things, change Huon's constitution. If JBS acquires a Relevant Interest in at least 75% of the Huon Shares, JBS intends to request that the Huon Board review the benefits and suitability of Huon remaining listed on ASX after the close of the Takeover Offers having regard to the requirements of the Listing Rules and the additional corporate and compliance costs.	Section 8.4(a)
Can JBS extend the Offer Period?	Yes, the Offer Period can be extended at the discretion of JBS in accordance with the Corporations Act. In addition, if, within the last seven days of the Offer Period, either of the following events occur: - the Takeover Offers is varied to improve the consideration offered; or - JBS' Voting Power in Huon increases to more than 50%, the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act. If the Takeover Offers are extended, an announcement will be made to ASX.	Section 10.2
How will Huon Performance Rights be treated under the Takeover Offers?	The Takeover Offers do not extend to Huon Performance Rights. However, the Takeover Offers will extend to any new Huon Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) due to the exercise or vesting of Huon Performance Rights that are in existence as at the Register Date.	Section 10.1
JBS		
Who is JBS and JBS Group?	JBS is the company that is offering the \$3.85 cash price for your Huon Shares under the Proposed Transactions. JBS is a newly incorporated proprietary company incorporated in Australia under the Corporations Act. JBS is a Subsidiary of Industry Park. The ultimate shareholder of JBS and Industry Park is JBS S.A., a company incorporated in Brazil and listed on the São Paulo Stock Exchange under the ticker JBSS3 (JBS S.A.). JBS S.A. is a processor of fresh beef, chicken, pork and value added food products with a presence in five continents with operations in Brazil, the United States, the Netherlands, Australia, Canada, Italy, Mexico, the United Kingdom, New Zealand and other countries. In Australia, JBS S.A. is positioned as the country's largest meat and food processing company, operating technologically advanced production and value-added facilities and feedlots, whilst also owning Australia's largest smallgoods manufacturer and operating a leading high quality meat cutting, retail food and case ready production facility.	Section 7

4. Frequently asked questions *(continued)*

Question	Answer	More information
Does JBS own Huon Shares?	No. As at the date of this Booklet, JBS does not own any of the Huon Shares on issue. JBS has a technical disclosable relevant interest for substantial shareholding purposes over the Huon Shares held by Surveyors arising by virtue of the entry into the Share Sale Agreement but does not have a relevant interest in those shares for the purposes of the 20% takeovers threshold of the Corporations Act from that Share Sale Agreement. JBS has a relevant interest over 19.9% of the Huon Shares arising from entry into the pre-bid acceptance commitment with Surveyors concerning the Takeover Bid. Pursuant to the terms of a confidentiality deed between Huon and Baybrick Pty Ltd (a Subsidiary of Industry Park), JBS, Baybrick Pty Ltd and its Related Bodies Corporate (which include JBS and JBS Australia) are prohibited from acquiring any Huon Shares until 11 May 2022 (other than via the Schemes and Surveyors Acquisition and as permitted under the Surveyors pre-bid acceptance commitment).	Section 7.8
How is JBS funding the Scheme Consideration or Takeover Offer Price?	JBS intends on funding the aggregate amount of the Scheme Consideration and the aggregate amount of the Takeover Offer Price from committed funding through an external credit facility agreement, as described in Section 7.6. JBS, JBS Australia and Industry Park have each entered into Deed Polls to covenant in favour of the Huon Shareholders to perform the actions attributed to JBS under the Schemes. Those actions include providing the Scheme Consideration to the Huon Shareholders in accordance with the Schemes. Industry Park has agreed to guarantee the obligations of JBS under the Implementation Deed. On the basis of the arrangements described above and in Section 7.6 of this Booklet, JBS believes that it will be able to satisfy its obligation to provide the aggregate amount of the Scheme Consideration and the aggregate amount of the Takeover Offer Price as and when it is due under the terms of the Schemes and the Takeover Bid.	Sections 7.5 and 7.6

Question	Answer	More information
THE SCHEME MEETINGS AND VOTING DETAILS		
When and where will the Scheme Meetings be held?	The Scheme Meetings will be virtual meeting held online, at 10.00 am on Friday, 29 October 2021. At 10.00 am both Scheme Meetings will be opened and the Secondary Scheme Meeting will then be adjourned until the conclusion of the Primary Scheme Meeting.	Annexure F and Annexure G
What am I being asked to vote on?	You are being asked to vote on whether to approve the Schemes by voting on the Scheme Resolutions. The text of the Scheme Resolutions is set out in the Notice of Scheme Meetings in Annexure F and Annexure G of this Booklet.	Annexure F and Annexure G
What vote is required to approve the Schemes?	Scheme Meetings The Primary Scheme and Secondary Scheme can only proceed if, at the Scheme Meetings, the Primary Scheme Resolution or Secondary Scheme Resolution are passed. For this to occur, the Scheme Resolutions must be approved by: • unless the Court orders otherwise, a majority in number (more than 50%) of eligible Huon Shareholders who vote on the Scheme Resolution; and • holders of at least 75% of the votes cast by Huon Shareholders on the Scheme Resolution. In this Booklet, approval of this nature is described as the Required Majorities. Under the Primary Scheme, Huon Shares held by Surveyors, which represents 40.53% of the Huon Shares, will not be directly acquired by JBS and will instead be indirectly acquired under the Surveyors Acquisition, through the acquisition of Surveyors itself. As a result Surveyors is not entitled to vote on the Primary Scheme Resolution at the Scheme Meetings.	Sections 5.7, 9, Annexure F and Annexure G
Who is entitled to vote at the Scheme Meetings?	Each Huon Shareholder who is registered on the Register at 7.00 pm on 27 October 2021 is entitled to attend and vote at the Scheme Meetings. Surveyors may not vote on the Primary Scheme Resolution.	Sections 5.7, 9, Annexure F and Annexure G
How do I vote?	You may vote on the Scheme Resolutions: • by attending the Scheme Meetings online; • by proxy or attorney, by completing and lodging the proxy form enclosed with this Booklet, or a duly executed power of attorney, as applicable so that it is received by 7.00 pm on 27 October 2021; or • by a corporate representative (in the case of a Huon Shareholder which is a body corporate). Voting is not compulsory. However, your vote is important and the Schemes may be implemented if the Required Majorities are satisfied even if you do not vote on the Scheme Resolutions required to implement the Schemes.	Sections 5.7, 9, Annexure F and Annexure G
How will voting at the Scheme Meetings be conducted?	Voting at the Scheme Meetings will be conducted by way of a poll. This means that every Huon Shareholder, at the Scheme Meetings, who is entitled to vote and is present or by proxy, representative or attorney will have one vote for each Huon Share held by them.	Annexure F and Annexure G

4. Frequently asked questions *(continued)*

Question	Answer	More information
What will happen to my Huon Shares if I do not vote, or vote against the Schemes, and the Schemes becomes Effective?	If you do not vote on, or you vote against, the Primary Scheme or Secondary Scheme, and the Primary Scheme or Secondary Scheme becomes Effective: - any Huon Shares held by you on the Scheme Record Date (expected to be 7.00 pm (Hobart time) on 5 November 2021) will be Scheme Shares and will be transferred to JBS on the Implementation Date; and - you will receive the Scheme Consideration and, if paid the Special Dividend (provided you are registered as a Huon Shareholder on the Scheme Record Date and, if the Special Dividend is paid, the Special Dividend Record Date).	Section 5.7
When will the result of the Scheme Meetings be available?	The results of the Scheme Meetings will be announced to ASX shortly after their conclusion and will be available on Huon's website at www.investors.huonaqua.com.au/investors/ .	Section 9.8
THE ANNUAL GENERAL MEETING AND VOTING DETAILS		
When and where will the Annual General Meeting be held?	The Annual General Meeting will be a virtual meeting held online, at 10.00 am on 29 October 2021. At 10.00 am the Annual General Meeting will be opened and then be adjourned until the conclusion of the Secondary Scheme Meeting.	Section 9 and Annexure H
What am I being asked to vote on?	You are being asked to consider and (if applicable) vote on whether to approve: - the Surveyors Acquisition, (Surveyors Acquisition Resolution), - the Financial Statements and Reports; - the Remuneration Report; - the grant of Huon Performance Rights to Peter Bender; and - the re-election of Frances Bender as a Huon Director, (AGM Resolutions). The text of the Surveyors Acquisition Resolution and AGM Resolutions is set out in the Notice of Annual General Meeting in Annexure H of this Booklet.	Annexure F, Annexure G and Annexure H
What vote is required to approve the Surveyors Acquisition?	The Primary Scheme and Surveyors Acquisition can only proceed if, in addition to approval of the Primary Scheme Resolution, the Surveyors Acquisition Resolution is passed at the Annual General Meeting. This is a requirement of Item 7 of section 611(7) of the Corporations Act. For this to occur, the Surveyors Acquisition Resolution must be approved by holders of at least 50% of the Huon Shares present and entitled to vote at the Annual General Meeting. Even if the Surveyors Acquisition is approved at the Annual General Meeting, the Surveyors Acquisition is still subject to other outstanding conditions and the approval of the Primary Scheme by the Court.³¹ As the seller, Surveyors and its associates are not entitled to vote on the Surveyors Acquisition Resolution at the Annual General Meeting.	Section 9 and Annexure H

31 Under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid.

Question	Answer	More information
What vote is required for the AGM Resolutions at the Annual General Meeting?	In respect of: - the Financial Statements and Report, Huon Shareholders will not vote on these but will have an opportunity to ask questions of the Huon Directors; - the Remuneration Report, 50% of Huon Shareholders present and entitled to vote; and - the re-election of Frances Bender as a Huon Director, 50% of Huon Shareholders present and entitled to vote.	Annexure H
Who is entitled to vote at the Annual General Meeting?	Each Huon Shareholder who is registered on the Register at 7.00 pm on 27 October 2021 is entitled to attend and vote at the Annual General Meeting. Surveyors and its associates are not entitled to vote on the Surveyors Resolution at the Annual General Meeting but will be entitled to vote on all other AGM Resolutions.	Sections 3, 9 and Annexure H
How do I vote?	You may vote on the Surveyors Acquisition Resolution and AGM Resolutions: - by attending the Annual General Meeting online; - by proxy or attorney, by completing and lodging the proxy form enclosed with this Booklet, or a duly executed power of attorney, as applicable so that it is received by 7.00 pm on 27 October 2021; or - by a corporate representative (in the case of a Huon Shareholder which is a body corporate). Voting is not compulsory. However, your vote is important.	Section 9, Annexure F, Annexure G and Annexure H
How will voting at the Annual General Meeting be conducted?	Voting at the Annual General Meeting will be conducted by way of a poll. This means that every Huon Shareholder, at the Annual General Meeting, who is entitled to vote and is present or by proxy, representative or attorney will have one vote for each Huon Share held by them.	Section 9 and Annexure H
When will the result of the Scheme Annual General Meeting be available?	The results of the Annual General Meeting will be announced to ASX shortly after their conclusion and will be available on Huon's website at www.investors.huonaqua.com.au/investors/.	Section 9.8

4. Frequently asked questions *(continued)*

Question	Answer	More information
VOTING CONSIDERATIONS		
What does the Independent Board Committee recommend and what do they intend to do with Huon Shares held or controlled by them?	The Independent Board Committee of the Huon Board has unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages and unanimously recommends Huon Shareholders vote in favour of the Surveyors Acquisition. Details of the Independent Board Committee's interests in Huon Shares are set out in Section 12.1 of this Booklet.	Sections 1 and 3
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Schemes are in the best interests of Huon Shareholders and the advantages of the Surveyors Acquisition outweigh the disadvantages and the Takeover Bid is fair and reasonable, in the absence of a Superior Proposal.	Annexure A
Why might I vote in favour of the Schemes and the Surveyors Acquisition?	Reasons why you might vote in favour of the Schemes and Surveyors Acquisition are set out in Section 3.2 of this Booklet.	Section 3.2
Why might I vote against the Schemes and the Surveyors Acquisition?	Reasons why you might vote against the Schemes and Surveyors Acquisition are set out in Section 3.3 of this Booklet.	Section 3.3
Is the Huon Board aware of a Superior Proposal?	No. On 26 February 2021 the Huon Board announced a strategic review to assess corporate level transactions in light of unsolicited approaches received. Huon actively explored with a number of parties a range of alternatives. The proposal from JBS was considered the most attractive proposal received. As at the date of this Booklet, no Superior Proposal has emerged. In this regard, Huon Shareholders should also bear in mind the restrictions imposed on Huon under the Implementation Deed, which are summarised in the Frequently Asked Questions immediately below and in Section 12.5(l) of this Booklet, may reduce the likelihood that a Superior Proposal emerges or is ultimately completed.	Sections 3.2(f), 4 and 12.5(l)

Question	Answer	More information
What happens if a Competing Proposal emerges?	Until the Primary Scheme or Secondary Scheme is approved by the Court, there is nothing preventing other parties from making unsolicited acquisition proposals for Huon. If a Competing Proposal for Huon emerges prior to the Second Court Hearing, the Huon Directors will carefully consider the proposal and determine whether it is a Superior Proposal. Your Huon Directors will keep you informed of any material developments. Huon must notify JBS of a Competing Proposal in accordance with the Implementation Deed. JBS has a right to match any unsolicited Superior Proposal if one is received by Huon. If any Huon Director publicly withdraws or changes his or her current recommendation in response to a Competing Proposal, JBS may terminate the Implementation Deed before 8.00 am on the Second Court Date. Huon may also be obliged to pay JBS a break fee of \$4.25 million in these circumstances. These (and other) provisions of the Implementation Deed are summarised in greater detail in Section 12.5 of this Booklet.	Sections 4 and 12.5(l)
ADDITIONAL INFORMATION		
Can the Implementation Deed and Share Sale Agreement be terminated?	The Implementation Deed and Share Sale Agreement may be terminated in certain circumstances. These are summarised in Sections 12.5(g) and 12.7(c) of this Booklet. If the Implementation Deed is terminated, the Schemes will not proceed and the Share Sale Agreement will also terminate.	Sections 12.5(g) and 12.7(c)
Is there a reimbursement or break fee payable?	Under the Implementation Deed, a Break Fee of approximately \$4,250,000 (which represents approximately 1% of the equity value of Huon (based on the aggregate amount of the Scheme Consideration) may become payable by Huon to JBS or JBS to Huon if certain events occur. The situation where the Scheme Resolutions or the Surveyors Acquisition Resolution is not passed by the Required Majorities will not trigger the payment of the Break Fee by Huon or JBS. The circumstances in which the Break Fees are payable by Huon and JBS are summarised in Section 12.5(n) of this Booklet.	Section 12.5(n)
Can I sell my Huon Shares now?	You can sell your Huon Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price. Huon intends to apply to ASX for Huon Shares to be suspended from official quotation on ASX from the close of trading on the Effective Date (which is currently expected to be 2 November 2021).	Sections 5.7 and 9.8
Will I need to pay brokerage or stamp duty?	Scheme Shareholders will not incur any brokerage or stamp duty on the transfer of their Scheme Shares under the Primary Scheme, Secondary Scheme or Takeover Offers.	Sections 5.7 and 11
Is there a number that I can call if I have further queries about the Scheme?	If, after reading this Booklet, you have any questions about the Scheme, please contact the Huon Shareholder Information Line on 1 800 606 866 (inside Australia) or +61 1 800 606 866 (outside Australia) on Business Days between 8.30 am and 5.30 pm (Hobart time).	

5. Summary of Proposed Transactions

5.1 Background

The background to the Proposed Transactions is that on 26 February 2021 Huon announced that it would conduct a strategic review to assess corporate level transactions for the benefit of Huon Shareholders. This announcement was made in the context of Huon's performance having been impacted by the COVID-19 pandemic and the subsequent receipt of expressions of interest from potential strategic partners and investors.

Huon and its advisors explored a range of alternatives through the strategic review process with a number of parties. Following the receipt of indicative offers Huon granted access to management and due diligence materials to selected persons under customary confidentiality and standstill arrangements and invited the making of final offers.

The Huon Board considers that the strategic review process has permitted a rigorous procedure to be undertaken in a structured way so as to allow for interested parties to put forward their best proposal.

The final offer received from JBS Australia was considered by the Huon Board to be the most attractive proposal received through the strategic review process.

The proposal received from JBS Australia was to acquire all Huon shares at \$3.85 per share on the basis that the Bender family sign a non-compete undertaking in favour of JBS. The Bender family confirmed they were prepared to provide these undertakings if the Primary Scheme structure involving the separate Surveyors Acquisition was put forward. Structuring the transaction in this way provides financial advantages to Mr Bender. Under the Primary Scheme transaction which involves the separate but related Surveyors Acquisition, Mr Bender will receive the proceeds from the sale of his shares in Surveyors personally through the sale of his shares in Surveyors to JBS under the Surveyors Acquisition. Conversely, under the Secondary Scheme, Surveyors will receive the proceeds from the sale of its Huon Shares as the Huon Shares held by Surveyors will be acquired by JBS under the terms of the Secondary Scheme. Mr Bender has determined that the flexibility of receiving the proceeds personally is preferable to him from a long term estate planning perspective.

Further, different capital gains consequences arise from the two alternatives. If Mr Bender receives proceeds personally from the sale of shares in Surveyors he will be entitled to a capital gains discount through the first 50% of capital gains being disregarded and will be subject to capital gains on the balance at the personal marginal rate. If Surveyors receives the proceeds from the sale of its Huon Shares it will be subject to capital gains on the full amount but at the corporate rate.

Negotiations with JBS Australia took place after Tattarang had acquired an approximate 7.33% interest in Huon but had not made a proposal to acquire Huon. In these circumstances, JBS Australia was only willing to agree to the Primary Scheme if the Board also proposed and supported a Scheme that would permit all Huon Shareholders to vote on the transaction. The Secondary Scheme provided this security. The Bender family agreed to the Secondary Scheme as an alternative even though Mr Bender would not receive the financial advantages referred to above in order to secure the offer price of \$3.85 for Huon Shareholders.

On 10 August 2021, shortly after an implementation deed relating to the Schemes had been executed, Tattarang announced that it had increased its voting power in Huon to approximately 18.5%. This means Tattarang and a relatively small number of other shareholders might be able to block both of the Schemes. Given the offers received following the extensive strategic review process, the Huon Directors were concerned that this outcome might deprive Huon Shareholders of the opportunity to receive \$3.85 for each Huon Share.

It was in this context that JBS proposed the Takeover Offers to Huon. JBS was prepared to make the Takeover Offers if the Bender family provided an unconditional commitment in relation to 19.9% of Huon's Shares (**Pre-Bid Acceptance**) and an expanded non-compete undertaking. The Bender family accepted the terms of the pre-bid acceptance in order that all Huon Shareholders can receive a more flexible proposal, even though they risk financial detriment as compared to other Huon shareholders if there is a superior proposal.

Mr and Mrs Bender have also made statements as Huon Directors that they will vote in favour of each Scheme resolution on which they are entitled to vote and will accept the Takeover Offers in relation to all of the Huon Shares they control. Unlike the Pre-Bid Acceptance, these statements are subject to the qualifications in Section 5.4.

Although the Primary Scheme and the associated Surveyors Acquisition is the preferred outcome for the Bender family, the dollar amount payable to Mr Bender for the sale by him of his shares in Surveyors to JBS is based on the same amount per Huon Share as other Huon Shareholders will receive (including Mr and Mrs Bender in respect of the

12.075% parcel of Huon Shares held by them personally) from JBS under the Primary Scheme. For Huon Shareholders other than the Bender family and their associated interests (including Surveyors) there is no difference in treatment between the Primary Scheme and Secondary Scheme, in that they will receive the same amount per Huon Share under either Scheme. Neither the Primary Scheme nor the Secondary Scheme could have proceeded without the support of the Bender family in view of their majority shareholding in Huon.

In announcing the Proposed Transactions with JBS Australia, Huon has entered into customary deal protection restrictions in the Implementation Deed, including restrictions that it will not solicit Competing Proposals. However there is nothing that prevents a third party from making an unsolicited Competing Proposal. As at the date of this Booklet, no Superior Proposal has emerged.

5.2 The Proposed Transactions

Under the Implementation Deed, Huon has agreed to propose a:

- **Primary Scheme**, under which JBS would acquire the Huon Shares held by Huon Shareholders (other than the Huon Shares held by Surveyors) under the Primary Scheme for the \$3.85 Scheme Consideration. Under the associated Surveyors acquisition, JBS would acquire all Surveyors Shares in Surveyors pursuant to the Share Sale Agreement. Surveyors hold approximately 40.53% of the Huon Shares. It is a condition of the Primary Scheme that the Surveyors Acquisition Resolution is passed at the Annual General Meeting.
- **Secondary Scheme**, under which JBS would acquire all Huon Shares held by Huon Shareholders (including the Huon Shares held by Surveyors) under the Secondary Scheme for the \$3.85 Scheme Consideration.
- **Takeover Bid**, under which JBS has agreed to make Takeover Offers for the \$3.85 Takeover Offer Consideration Price subject to a 50.1% minimum acceptance condition and other conditions similar to the conditions of the Schemes, in parallel but not in substitution to the Schemes.

5.3 Consideration under the Proposed Transactions

The consideration that Huon Shareholders will receive if they are paid in accordance with any of the Proposed Transactions is the same – \$3.85 per Huon Share.

The Scheme Consideration payable under both the Primary Scheme and the Secondary Scheme is \$3.85 per Huon Share.

The Huon Board currently intends to pay a fully franked Special Dividend of \$0.125 per Huon Share prior to implementation of the Schemes, if either of the Schemes are approved by Huon Shareholders and the Court and subject to receiving a favourable tax ruling from the ATO before the Implementation Date.

If either of the Schemes becomes Effective, Huon Shareholders registered as such on the Scheme Record Date will receive the Scheme Consideration of \$3.85 per Huon Share, less the amount per Huon Share of the Special Dividend (if any) paid by Huon.

If the Takeover Offers becomes unconditional Huon Shareholders who accept the Takeover Offer made to them will also receive \$3.85 per Huon Share. As stated in this Booklet, the Takeover Bid is an alternative to the Schemes. Accordingly, the Takeover Offers will only proceed if neither of the Schemes becomes Effective and the conditions of the Takeover Offers are otherwise satisfied or waived. The Special Dividend will not be payable if the Proposed Transaction proceeds via the Takeover Offers.

5.4 Recommendation and voting intentions

The Independent Board Committee and your Huon Directors' recommendations in relation to the various Proposed Transaction alternatives are as follows. In considering the recommendations you should have regard to the interests and benefits of the Huon Directors set out in Sections 12.1 to 12.4 and 12.6.

5. Summary of Proposed Transactions *(continued)*

Proposed Transaction	Recommendation	Context of Recommendation	Independent Expert's Opinion	Qualifications to Recommendation
Primary Scheme	The Independent Board Committee has unanimously determined that the Primary Scheme is fair and reasonable and in the best interests of Huon Shareholders. The Independent Board Committee unanimously recommends Huon Shareholders vote in favour of the Primary Scheme Resolution. The Independent Board Committee believes that the reasons for Huon Shareholders to vote in favour of the Primary Scheme outweigh the reasons to vote against the Primary Scheme. Those reasons and other relevant considerations are set out in Section 3. Peter Bender and Frances Bender (each being a Huon Director) make no recommendation on this Transaction as they control Surveyors which would be acquired under the Surveyors Acquisition.	If the Primary Scheme and the Surveyors Acquisition are approved by the Required Majorities and the Primary Scheme is approved by the Court the Primary Scheme will be implemented in priority to the Secondary Scheme and Takeover Offers.	The Independent Expert has concluded that the Primary Scheme is fair and reasonable and in the best interests of Huon Shareholders.	The Independent Board Committee unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Primary Scheme is fair and reasonable and in the best interests of Huon Shareholders.
Surveyors Acquisition	Independent Board Committee has unanimously determined that the advantages of the Surveyors Acquisition outweigh the disadvantages. The Independent Board Committee unanimously recommends that Huon Shareholders entitled to vote on the Surveyors Acquisition Resolution vote in favour of that resolution. The Independent Board Committee believe that the reasons for Huon Shareholders to vote in favour of the Surveyors Acquisition outweigh the reasons to vote against the Surveyors Acquisition. Those reasons and other relevant considerations are set out in Section 3. Peter Bender and Frances Bender (each being a Huon Director) make no recommendation on this Transaction as they control Surveyors.	The Surveyors Acquisition must also be approved by the Required Majority at the Annual General Meeting in order for the Primary Scheme to be implemented.	The Independent Expert has concluded that the advantages of the Surveyors Acquisition outweigh the disadvantages.	The Independent Board Committee unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the advantages of the Surveyors Acquisition outweigh the disadvantages.

Proposed Transaction	Recommendation	Context of Recommendation	Independent Expert's Opinion	Qualifications to Recommendation
Secondary Scheme	The Huon Directors have unanimously determined that the Secondary Scheme is fair and reasonable and in the best interests of Huon Shareholders. The Huon Directors unanimously recommend that Huon Shareholders vote in favour of the Secondary Scheme Resolution. The Huon Directors believe that the reasons for Huon Shareholders to vote in favour of the Secondary Scheme outweigh the reasons to vote against the Secondary Scheme. Those reasons and other relevant considerations are set out in Section 3.	The Secondary Scheme will not proceed if the Primary Scheme is approved by the Court. If the Secondary Scheme is approved by the Required Majority and is approved by the Court the Secondary Scheme will be implemented in priority to the Takeover Bid.	The Independent Expert has concluded that the Secondary Scheme is fair and reasonable and in the best interests of Huon Shareholders.	The Huon Directors unanimous recommendation is subject to there being no Superior Proposal and the Independent Directors continuing to conclude that the Secondary Scheme is fair and reasonable and in the best interests of Huon Shareholders.
Takeover Bid	The Independent Board Committee has unanimously determined that the Takeover Bid is fair and reasonable. The Independent Board Committee unanimously recommends that Huon Shareholders accept the Takeover Offers. The Independent Board Committee believes that the reasons for Huon Shareholders to accept the Takeover Offers outweigh the reasons not to accept the Takeover Offers. Those reasons and other relevant considerations are set out in Section 3. Peter Bender and Frances Bender (each being a Huon Director) make no recommendation on this Transaction as they control Surveyors which may be acquired under a different form of offer.	The Takeover Offers will not become unconditional if either the Primary Scheme or the Secondary Scheme is approved by the Court.	The Independent Expert has concluded that the Takeover Bid is fair and reasonable to Huon Shareholders.	The Independent Board Committee unanimous recommendation is subject to there being no Superior Proposal and the Independent Expert continuing to conclude that the Takeover Bid is fair and reasonable to Huon Shareholders.

Providing Huon Shareholders with these alternative Proposed Transaction structures maximises the opportunity for Huon Shareholders to receive \$3.85 per Huon Share. You may vote in favour of each Resolution and accept the Takeover Offers at the same time, as the terms of the Proposed Transactions determine which of the Schemes will be implemented or whether the Takeover Bid will proceed.

The preference of the Huon Board is that either the Primary Scheme or the Secondary Scheme is implemented as those alternatives have the result that all Huon Shares are acquired by JBS and no Huon Shareholder will remain a minority shareholder in a company controlled by JBS.

Each Huon Director intends to cause any Huon Shares held or controlled by them to be voted **in favour of the Primary Scheme**, to the extent those Huon Shares are entitled to be voted on the Primary Scheme³², subject to the qualifications outlined above.

32 As noted above, if the Primary Scheme is implemented, this Huon Shares held by Surveyors Investments will be acquired under the Surveyors Acquisition rather than the Primary Scheme and will not be permitted to be vote on the Primary Scheme Resolution.

5. Summary of Proposed Transactions *(continued)*

Each Huon Director intends to cause any Huon Shares held or controlled by them to be voted **in favour of the Surveyors Acquisition**, to the extent those Huon Shares are entitled to be voted on the Surveyors Acquisition,³³ subject to the qualifications outlined above.

Each Huon Director intends to cause any Huon Shares held or controlled by them to be **voted in favour of the Secondary Scheme**, subject to the qualifications outlined above.

Each Huon Director intends to cause any Huon Shares held or controlled by them to be **accepted into the Takeover Offers**,³⁴ subject to the qualifications outlined above.

As at the Last Practicable Date, the Huon Directors held Relevant Interests in an aggregate of 57,925,603 Huon Shares, comprising approximately 52.73% of the issued capital in Huon.

Mr Bender, Huon's CEO And Managing Director, and Mrs Frances Bender, Huon's Executive Director, have determined not to make a recommendation in relation to the Primary Scheme and the Takeover Bid because of the interests they have in Huon and the advantages they may receive in connection with the Transactions as outlined below.

Mr Bender and Mrs Bender hold a Relevant Interest in 57,881,567 Huon Shares representing approximately 52.68% of the issued capital in Huon³⁵ and therefore control Huon.

Peter Bender will, if a Scheme becomes Effective or the Takeover Offers become unconditional, become entitled to the early vesting up to 470,781 Huon Performance Rights (if the issue of the FY22 Performance Rights are approved at the Annual General Meeting) that convert on a one for one basis into Huon Shares. If the issue of the FY22 Performance Rights are not approved at the Annual General Meeting then Mr Bender will, if a Scheme becomes Effective or the Takeover Offers become unconditional, become entitled to the early vesting of 283,352 Huon Performance Rights. Those Huon Shares will then participate in the Schemes and the Takeover Bid and for which Mr Bender will receive the Scheme Consideration or the Takeover Offer Price.³⁶ The Huon Board (excluding Mr Bender and Mrs Bender) exercised discretion to give effect to these arrangements in accordance with the Huon Performance Rights terms and allocation of Huon Performance Rights previously approved by Huon Shareholders. These matters and other interests and benefits of Huon Directors in relation to the Scheme and Takeover Offers are set out in Section 12.4.

Surveyors (of which Mr Bender is the sole director and shareholder) holds 40.53% of the issued share capital in Huon. In addition, entities associated with Mr and Mrs Bender holds a further 12.075% of the issued share capital in Huon. If the Primary Scheme becomes Effective, then the 40.53% of Huon Shares held by Surveyors will be acquired by JBS through JBS acquiring from Mr Bender his shares in Surveyors under the separate Surveyors Acquisition with the remaining 12.075% of Huon Shares held by entities associated with Mr and Mrs Bender being acquired by JBS under the Primary Scheme. Under both the Surveyors Acquisition and the Primary Scheme, the amount paid by JBS per Huon Share is the same. Further, subject to the receipt of the ASIC Surveyors Modification, it is proposed that Mr Bender may accept the Takeover Offers by selling his shares in Surveyors.³⁷ The acquisition by JBS of Mr Benders shares in Surveyors affords Mr Bender advantages in terms of the flexibility to receive the proceeds personally that would not be available if the Huon Shares held by Surveyors were acquired by JBS under the Primary Scheme or the Takeover

33 Shares held by Surveyors and any Associate of Surveyors may not be voted on the Surveyors Acquisition Resolution.

34 Surveyors has committed to accept the Takeover Offer for 19.9% of the issued Huon Shares if all conditions of the Takeover Offers other than the minimum acceptance condition have been satisfied or waived (subject to certain conditions).

35 Being 40.53% of Huon Shares registered in the name of Surveyors, 12.07% of Huon Shares registered in the name of Peter Bender, 0.05% of Huon Shares registered in the name of Peter Bender and Frances Bender as custodian for the PJ and FR Bender Family Trust, 0.02% of Huon Shares registered in the name of P & F Bender Super Pty Ltd as custodian for the P & F Bender Family Super Fund and 0.005% of Huon Shares registered in the name of Mrs Frances Robyn Bender.

36 The value of that benefit is estimated to be approximately \$1,812,506.85 upon vesting of his 470,781 Huon Performance Rights (assuming Huon Shareholders at the Annual General Meeting approve Mr Bender's 187,429 Huon Performance Rights referable to FY22). In the case of either of the Schemes becoming Effective, \$58,847.63 of this amount will be paid by way of the Special Dividend (if a favourable tax ruling is received from the ATO by the Special Dividend Record Date).

37 If that modification is not obtained the Takeover Offer made to Surveyors will be the same as to all other Huon Shareholders. Under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid.

Bid arrangements. These advantages will not be available under the Secondary Scheme as the Huon Shares held by Surveyors will be acquired by JBS under the Secondary Scheme rather than under the separate Surveyors Acquisition or the Takeover Bid.

See Section 12.1 of this Booklet for more information about the interests of the Huon Directors in Huon Shares.

Huon has determined that the votes cast in favour of the Primary Scheme by the Bender Family will be 'tagged' for the purposes of identification at the Scheme Meetings so that they can be drawn to the Court's attention at the Second Court Hearing.

5.5 Independent Expert's conclusion

Your Huon Directors appointed Grant Thornton as the Independent Expert to assess the merits of the Schemes, the Surveyors Acquisition and the Takeover Bid. The Independent Expert has provided a **positive opinion**, concluding that:

- the Primary Scheme is fair and reasonable, and therefore, is in the best interests of Huon Shareholders, in the absence of a Superior Proposal;
- the advantages of the Surveyors Acquisition outweigh the disadvantages;
- the Secondary Scheme is fair and reasonable, and therefore, is in the best interests of Huon Shareholders, in the absence of a Superior Proposal; and
- the Takeover Offers are fair and reasonable to Huon Shareholders.

The Independent Expert has assessed the value of a Huon Share to be in the range of \$3.75 to \$4.23 on a 100% controlling interest basis. The Scheme Consideration and Takeover Offer Price of \$3.85 per Huon Share falls within the Independent Expert's assessed valuation range on a 100% controlling interest basis.

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Booklet. Your Huon Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Schemes and the Surveyors Acquisition and whether to accept the Takeover Offers.

5.6 Implications if the Schemes are not implemented

If neither the Primary Scheme nor the Secondary Scheme is implemented:

- Huon Shareholders will be able to accept the Takeover Offers and receive the \$3.85 Takeover Offer Price provided the Conditions to the Takeover Offers are satisfied or waived;
- Huon Shareholders will, subject to JBS not achieving compulsory acquisition under the Takeover Offers or seeking to delist Huon from ASX, continue to hold their Huon Shares and will be exposed to general risks as well as risks specific to Huon, including those set out in Section 8 of this Booklet;
- Huon Shareholders will not receive the \$3.85 Scheme Consideration;
- No Special Dividend will be paid;
- Huon will continue to operate as a stand-alone, ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to the Announcement Date, subject to JBS not achieving compulsory acquisition under the Takeover Offers or seeking to delist Huon from ASX; and
- the Huon Directors are of the opinion that the price of a Huon Share on the ASX is likely to fall.

A Break Fee of \$4,250,000 (excluding GST) may be payable by Huon to JBS under certain circumstances. Those circumstances do not include the situation where Huon Shareholders do not approve either of the Schemes at the Scheme Meetings. Further information on the Break Fee is set out in Section 12.5(n) of this Booklet.

5. Summary of Proposed Transactions *(continued)*

5.7 Your choices as a Huon Shareholder

As a Huon Shareholder, you have a number of choices currently available to you, which are as follows:

Vote in favour of both Schemes	This is the course of action unanimously recommended by the Independent Board Committee and Huon Directors, as applicable (as outlined in Section 5.4). To follow the recommendations, you should vote in favour of both the Primary Scheme Resolution and the Secondary Scheme Resolution at the Scheme Meetings, and in favour of the Surveyors Acquisition Resolution at the Annual General Meeting.³⁸ For a summary of how to vote on the Schemes and the Surveyors Acquisition, please refer to the “How to Complete your Huon Proxy Form and Takeover Acceptance Form” section of this Booklet, the Notice of Scheme Meetings and the Notice of Annual General Meeting contained in Annexure F, Annexure G and Annexure H of this Booklet.
Vote in favour of the Secondary Scheme only	If, despite the recommendations set out in Section 5.4, you do not support the Primary Scheme, you may vote against the Primary Scheme Resolution at the Scheme Meetings and against the Surveyors Acquisition Resolution at the Annual General Meeting, but in favour of the Secondary Scheme at the Scheme Meetings. However, if all the Conditions Precedent for the Primary Scheme are satisfied or waived (if capable of waiver) and the Primary Scheme becomes Effective, the Primary Scheme will bind all Huon Shareholders, including those who vote against the Primary Scheme Resolution at the Scheme Meetings, those who vote against the Surveyors Acquisition Resolution at the Annual General Meeting and those who do not vote at all.
Vote against both Schemes	If, despite the recommendations set out in Section 5.4, you do not support the Primary Scheme or the Secondary Scheme, you may vote against the Primary Scheme Resolution and the Secondary Scheme Resolution at the Scheme Meetings and the Surveyors Acquisition Resolution at the Annual General Meeting. However, if all the Conditions Precedent for the Primary Scheme or the Secondary Scheme are satisfied or waived (if capable of waiver) and either the Primary Scheme or the Secondary Scheme becomes Effective, the Primary Scheme or the Secondary Scheme will bind all Huon Shareholders, including those who vote against the Primary Scheme Resolution and/or the Secondary Scheme Resolution at the Scheme Meetings, those who vote against the Surveyors Acquisition Resolution at the Annual General Meeting and those who do not vote at all.
Accept the Takeover Offers	To accept the Takeover Offers, submit your Acceptance Form in accordance with the instructions set out in Section 10.3, the “How to Complete your Huon Proxy Form and Takeover Acceptance Form” section of this Booklet and on the form itself. If you accept the Takeover Offer made to you by JBS and the Takeover Bid becomes unconditional your Huon Shares will be acquired by JBS and you will receive the Takeover Offer Price. However, if all the Conditions Precedent for the Primary Scheme or the Secondary Scheme are satisfied or waived (if capable of waiver) and either the Primary Scheme or the Secondary Scheme becomes Effective, the Conditions to the Takeover Offers will not be satisfied and the Takeover Offers will fail and the Primary Scheme or the Secondary will bind all Huon Shareholders including those who voted against the Primary Scheme Resolution and/or the Secondary Scheme Resolution at the Scheme Meetings, those who vote against the Surveyors Acquisition Resolution at the Annual General Meeting and those who do not vote at all.

³⁸ Noting that the recommendation in relation to the Surveyors Acquisition Resolution is unanimously made by the Independent Board Committee. It is a condition of the Primary Scheme that the Surveyors Acquisition Resolution is passed at the Annual General Meeting.

Reject the Takeover Offers

If you do not wish to accept the Takeover Offers or sell your Huon Shares, you should do nothing.

However, if all the Conditions Precedent for one of the Schemes are satisfied or waived (if capable of waiver) and either the Primary Scheme or Secondary Scheme becomes Effective, that Scheme will bind all Huon Shareholders, including those who vote against the Primary Scheme Resolution and/or the Secondary Scheme Resolution at the Scheme Meetings, those who vote against the Surveyors Acquisition Resolution at the Annual General Meeting and those who do not vote at all.

Further, if JBS achieves compulsory acquisition under the Takeover Offers it will be entitled to acquire all Huon Shares of Huon Shareholders, including those that did not accept the Takeover Offers.

There are a number of risks associated with an investment in Huon Shares if the Takeover Offers becomes unconditional and control passes to JBS, including those set out in Section 8.

In that event, the Huon share price is likely to fall following the end of the Takeover Offer Period, liquidity of Huon Shares may be lower than at present and Huon may be removed from the official list of ASX.

Sell your Huon Shares on market

The Schemes do not preclude you from selling some or all of your Huon Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be 4 November 2021), when trading in Huon Shares will end.

If you have not accepted the Takeover Offers, you can sell your Huon Shares on market.

You may be able to obtain a higher price by selling your Huon Shares on market as compared to the consideration under the Schemes or Takeover Offers.

The latest price for Huon Shares may be obtained from the ASX website (www.asx.com.au).

If you sell your shares and cease to be the holder of Huon Shares at the voting record date for the Scheme Meetings, you will not be able to vote on the Schemes and any proxy appointment will cease to be effective.

If you are considering selling some or all of your Huon Shares:

- you should have regard to the prevailing trading prices of Huon Shares and compare those to the Scheme Consideration and Takeover Offer Price. You may ascertain the current trading prices of Huon Shares through the ASX website (www.asx.com.au); and
- you should contact your stockbroker for information on how to effect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

Huon Shareholders who sell some or all of their Huon Shares on market:

- may receive payment (which may vary from the Scheme Consideration and Takeover Offer Price) for the sale of their Huon Shares sooner than they would receive the Scheme Consideration under the Schemes or the Takeover Offer Price under the Takeover Offers;
 - may incur a brokerage charge;
 - will not be able to participate in the Schemes or the Takeover Bid or, if one emerges, a Superior Proposal, in respect of those Huon Shares they have sold; and
 - may be liable for CGT on the disposal of their Huon Shares (as they also may be under the Schemes – see the Section 11 of this Booklet).
-

Do nothing

Huon Shareholders who elect not to vote at the Scheme Meetings or on the Surveyors Acquisition Resolution, do not accept the Takeover Offers or do not sell their Huon Shares (either on market or off-market as set out above) will:

- if either the Primary Scheme or the Secondary Scheme is implemented – have their Huon Shares transferred to JBS by operation of the applicable Scheme and receive the Scheme Consideration; or
 - if neither the Primary Scheme nor the Secondary Scheme is implemented and JBS does not achieve compulsory Acquisition under the Takeover Bid – retain their Huon Shares.
-

6. Information relating to Huon

6.1 Introduction and business overview

Since its establishment in 1986 by Peter Bender and Frances Bender, Huon has grown into one of Australia's largest vertically integrated salmon production businesses. Operations span all aspects of the supply chain from hatcheries and marine farming to harvesting and processing as well as sales and marketing. Huon's marine farms are located in Tasmania, supported by integrated logistics ensuring quick delivery of Atlantic salmon and trout to the major fish markets around Australia. Huon's primary product is HOG (head on gutted) which it sells to wholesale customers and is well known for its high quality. The business also produces a range of value added products including fresh portions, fillets and cutlets, smoked and cured products as well as gourmet products such as paté and caviar.

Huon is listed on ASX (ASX: HUO). As at 21 September 2021, being the Last Practicable Date, Huon had a market capitalisation of approximately \$396.6 million (based on a closing price of \$3.61 per Huon Share).

For the financial year ended 30 June 2021, Huon reported revenue of \$426.4 million and Operating EBITDA of \$16.7 million.

6.2 Overview of Huon's operations

Due to its continued focus on quality and sustainability, Huon has positioned itself as a premium producer of Atlantic salmon and trout in Australia.

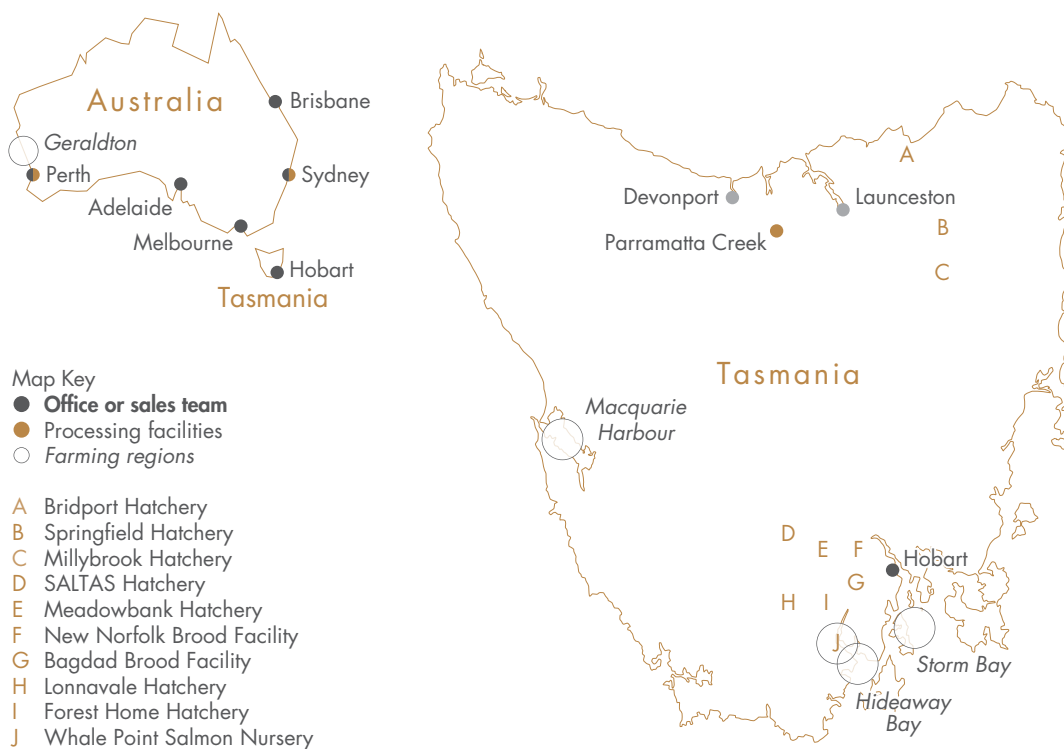
Characteristics of Huon salmon	How Huon achieves this
Raised responsibly	• Huon employees are trained to understand fish welfare and to act respectfully and responsibly, and to place the needs of the fish at the centre of operations. Huon's commitment to best practice is underpinned by independent audit by RSPCA and GLOBAL G.A.P. accreditation. • Huon has a biosecurity plan that covers all aspects of fish farming and processing. This includes education and training, and implementing good fish husbandry through water quality management, health monitoring, vaccine use and ongoing research.
Low stress	• Huon operates with one of the lowest stocking densities in the world at approximately half the 15kg/m³ maximum stocking density allowed under the RSPCA Standards for salmon (pens are 99% water, 1% fish). Lower stocking densities give fish more room to move and the freedom to express their natural behaviours. • Nets are routinely cleaned in-situ and changed after each Year Class of fish is removed. Clean nets allow good water circulation and maximise oxygen levels which ensure strong salmon growth. • Huon uses two wellboats in innovative, low stress bathing methods and proactive bath treatments. Regular bathing of the fish reduces risk of disease, in particular AGD (amoebic gill disease). • Huon's patented double-netted fortress pen technology was developed in-house to minimise predator interactions. Seals are a natural predator to fish and their presence stresses the salmon even if the seals cannot access the fish. • Huon participates in an industry selective breeding program to develop high performing broodstock adaptable to Tasmania's farming conditions. Since the founder populations were recruited, there has been a steady increase in genetic gain where growth potential and amoeba resistance have improved by roughly 2–3% a year. • Fish are handled in a low-stress manner and harvested at night when they are more relaxed, using a humane harvest system pioneered at Hideaway Bay.

Characteristics of Huon salmon	How Huon achieves this
Clean and healthy	• Huon complies with a range of environmental monitoring processes for the regulator (EPA), compliance reasons (MAST, Marine Farm Branch), internal purposes and research collaboration (IMAS, CSIRO, FRDC and the Blu Economy CRC). Ensuring sites stay clean and healthy is essential to protect the marine environment, allowing fish to thrive in oxygen abundant, clean and open ocean waters. • Regularly fallowing farm sites preserves the marine environment. Huon's strategy includes at least one month whole-lease fallowing each year for disease control and up to 18 months pen-bay fallowing every 2 to 3 years to return the benthos (sea floor) to baseline conditions.
Well nourished	• All feed ingredients are approved under the Australian Stockfeed and Petfood Regulations, governed by the Australian Pesticides and Veterinary Medicines Authority (APVMA). Huon feeds are formulated to meet a specification that changes with each stage of the salmon's growth, and Huon's suppliers manufacture to this specification. A small component of salmon feed comes from the marine environment, specifically fish meal and fish oil. Salmon need to eat a certain amount of fish meal and fish oil to obtain the appropriate level of Omega-3 and other micro nutrients. These ingredients are sourced from responsibly managed fisheries and are often by-products of fish that are caught for direct human consumption. An ideal FIFO (fish-in/fish-out) ratio should be less than 1.0, meaning more fish protein is produced than consumed. Huon's forage fish FIFO ratio is 0.87 compared to a global industry average of 1.68 due to the use of alternative proteins and carbohydrates (such as vegetable and land-animal by-products) to increase the sustainability of its operations. • Huon operates a trial pen system to undertake ongoing, extensive diet testing to further enhance fish health, welfare, fish performance and flesh quality, and to ultimately drive down reliance on marine feed inputs. Huon continues to work on a fish oil and fish meal replacement to improve sustainability while maintaining the nutrient composition of farmed fish. Altering fish diets, such as reducing the use of fish meal, could have consequences for human nutrition in potentially reducing essential minerals, such as iodine and selenium; vitamins, such as vitamin D; and beneficial Omega-3 fatty acids. The results from these trials provide a scientifically sound basis for ongoing decision-making across Huon's commercial operations. • Huon only works with feed companies that ensure full traceability of feed ingredients and responsibly source marine ingredients. All of Huon's feed is sourced from Tasmanian-based mills. Salmon grow best when they are provided quality feed at times that match their natural feeding cycle. • An automated remote feeding system developed by Huon ensures tightly controlled feeding practices. Fish are fed to their optimal appetite without overfeeding to avoid waste and inefficiencies.

6. Information relating to Huon *(continued)*

(a) Locations

Huon's marine farms are located in the cool, pristine waters of Tasmania. Huon's locations and unique harvesting process enable salmon to be harvested and distributed fresh and quickly to major fish markets around Australia; the closest regional markets (Tasmania and Victoria) receive produce within 36 hours of harvest.



(b) Hatcheries

Huon currently sources smolt from several Huon-owned hatcheries, one third party hatchery, as well as one hatchery owned by Saltas (in which Huon has a shareholding). The current hatchery capacity is approximately 10 million smolt. The hatcheries are located throughout Tasmania on different river systems, allowing Huon to take advantage of different water and environmental conditions, providing the precise range of smolt needed to deliver consistent high quality fish all year round, as well as reducing the potential impact of disease outbreak in Tasmania, and smolt supply disruption.

Huon also operates the Whale Point Salmon Nursery, a grow-out facility commissioned at the beginning of 2019. Whale Point Salmon Nursery is the southern hemisphere's first onshore salmon nursery and represents a step change in Huon's production capability. By growing salmon larger on land, Huon has improved the efficiency of its overall production cycle by reducing the time salmon spend at sea from 14 months, to approximately 9–10 months. Importantly the reduced time at sea reduces Huon's agricultural and environmental risks.

(c) Marine farms

Huon has production capacity of 40,000 tonnes across three marine regions: the Huon and D'Entrecasteaux Channel, Macquarie Harbour, and offshore in Bruny Island's Storm Bay. Each region is serviced by a nearby ancillary site which is typically used as a storage facility and shore-base for on-water employees.

To service its leases, Huon has a fleet of approximately 100 vessels which is a mix of Huon-owned, contract operated and long-term leased vessels including two wellboats the Ronja Huon and Ronja Storm.

Fish are harvested using a UK RSPCA fish welfare-accredited system at Hideaway Bay.

(d) Processing facilities

Huon operates three processing facilities in Parramatta Creek, Tasmania, Ingleburn, New South Wales and Forrestdale, Western Australia.

Huon's wet processing facility is based at Parramatta Creek close to the ferry terminal in Devonport. All fish are transferred here post-harvest to be processed quickly pre-rigor to ensure that they are delivered to market as fresh as possible. With a strong focus on food safety, Parramatta Creek is the only seafood processing facility in Australia to hold British Retail Consortium AA rating.

From Parramatta Creek, whole fish, fillets or value-added products are dispatched for sale while HOG and fillets are sent to the Ingleburn and Forrestdale factories for further value-adding. These facilities create value-added, MAP (modified atmosphere packaging) and frozen lines for major retailers and other customers.

(e) Sales and marketing

The increased availability of fish together with larger fish size both support Huon's commitment to focus on providing a reliable source of supply to our key markets both domestically and offshore.

The domestic market is Huon's focus and represented 63% of FY21 revenue. Within the domestic market, Huon focuses on the wholesale channel, which represented 38% of Huon's total harvest volume in FY21, due to the higher margins Huon typically achieves relative to the retail channel.

Huon supplies fish to several major retailers and has made strong, direct gains in the domestic retail segment with salmon sales up 63% in FY21 as a result of new supply agreements, the launch of a new range of value added products and increased focus on customer development. Huon also sells a select range of its value added products direct to customers via its website.

International sales now account for 12% of volume, up 150% from FY20. Huon has established strong relationships with niche wholesalers in key Asian markets and utilises this channel selectively when conditions in the domestic market soften. Huon now sells into nine different markets across the Asian region as well as the United States with increasing volumes and diversification of markets over time aimed at limiting Huon's exposure to the more volatile pricing environment of the spot export market.

(f) Accreditations

Huon holds several international certifications that cover the entire process, including world class farming certifications to strict packaging and food safety standards. Huon seeks independent certification of its processes to assist with risk mitigation and as a means of validating compliance with global best-practice. These include:

- **Royal Society for the Prevention of Cruelty to Animals (RSPCA):** In 2018, Huon was the first (and remains the only) seafood producer in Australia to meet the RSPCA's detailed animal welfare standards for farmed Atlantic Salmon, and cooperate with the rigorous ongoing assessments by the RSPCA to ensure compliance. The RSPCA Approved logo offers consumers the assurance that Huon Salmon have been farmed humanely and in an environment that meets their needs.
- **Global G.A.P.:** In 2012, Huon became the first Australian salmon producer to achieve the internationally recognised accreditation, Global G.A.P. This pre-farm gate standard covers the whole production process of the certified product from the hatchery to the point of harvest and packing and recognises ongoing, continuous improvement.
- **British Retail Consortium (BRC):** Huon is a BRC AA-rated seafood processor. The BRC Global Standards specify requirements to be met to enable the production, packaging, storage and distribution of safe food and consumer products. These standards are specified by growing numbers of retailers and branded manufacturers across the globe. Huon's Parramatta Creek processing facility first achieved BRC AA rating in 2016. At the time it was the first seafood processing facility in Australia to achieve the BRC AA rating.
- **Hazard Analysis and Critical Control Point (HACCP):** Huon is HACCP certified. Safe food production is achieved by applying HACCP techniques to ensure that potential hazards during the process are recognised, monitored and controlled.
- **Australian Quarantine and Inspection Service (AQIS):** AQIS undertakes regular inspections and assesses Huon's certification process compliance to approve the sale of Huon products overseas.

6. Information relating to Huon *(continued)*

6.3 Huon Board and senior management

(a) Huon Board

As at the date of this Booklet, the Huon Board comprised:

Name	Position
Neil Kearney	Chairman
Peter Bender	Managing Director and Chief Executive Officer
Frances Bender	Executive Director
Simon Lester	Non-executive Director
Tony Dyonon	Non-executive Director

(b) Senior management

As at the date of this Booklet, Huon's Key Management Personnel are:

Name	Position
Peter Bender	Managing Director and Chief Executive Officer
Philip Weise	Deputy Chief Executive Officer
Thomas Haselgrove	Chief Financial Officer and Company Secretary
David Morehead	General Manager Processing
David Mitchell	General Manager Aquaculture
Anthony Baker	General Manager People, Safety and Sustainability
Natalie Isaac	General Manager Sales and Marketing

6.4 Huon securities and capital structure

(a) Huon securities on issue

As at the Last Practicable Date, the capital structure of Huon comprised of the following securities.

Type of security	Number on issue
Huon Shares	109,872,959
Huon Performance Rights	803,891 ³⁹

No other securities in Huon were on issue as at the Last Practicable Date.

³⁹ 187,429 are subject to Huon Shareholder approval at the Annual General Meeting and are not included in this figure as they are not on issue.

(b) Substantial shareholders

Based on publicly available information, as at the Last Practicable Date, Huon had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act.

Name	Number of Huon Shares	Percentage shareholding
Peter Bender and Frances Bender ⁴⁰	57,881,567	52.68%
JBS and its Related Bodies Corporate ⁴¹	44,527,252	40.53%
Tattarang Agrifood Pty Ltd ⁴²	20,334,166	18.51%
AustralianSuper Pty Ltd	13,868,563	12.62%

6.5 Historical financial information

This Section 6.5 contains financial information relating to Huon for the financial years ended 30 June 2019, 2020 and 2021.

The financial information in this Section 6.5 is a summary only and has been prepared and extracted for the purposes of this Booklet only. The information has been extracted from the audited financial reports of Huon for the financial years ended 30 June 2019, 2020 and 2021.

(a) Basis of interpretation

The historical financial information of Huon presented is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Huon recommends that Huon Shareholders read the following in conjunction with the financial statements of Huon for the respective periods including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements (copies of which are available on Huon's website at www.investors.huonaqua.com.au/investors/ and on ASX's website at www.asx.com.au).

The historical financial information of Huon has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Schemes or Takeover Offers.

40 Huon Shares held personally and via controlled entities (Surveyors, PJ & FR Bender Family Trust and P & F Bender Family Super Fund).

41 Technical disclosable relevant interest arising by virtue of entry of Share Sale Agreement and relevant interest arising from entry of pre-bid acceptance agreement with Surveyors.

42 Together with Forrest & Forrest Pty Ltd and John Andrew Henry Forrest.

6. Information relating to Huon *(continued)*

(b) Consolidated statement of profit or loss

The following table presents the historical consolidated statement of profit or loss and other comprehensive income the financial years ended 30 June 2019, 2020 and 2021.

\$'000	FY19	FY20	FY21
Revenue from continuing operations	281,955	339,869	426,408
Other income	9,258	13,594	23,401
EXPENSES			
Fair value adjustments of biological assets	(9,118)	1,507	(15,959)
Changes in inventories of finished goods and work in progress	49,299	59,896	(28,390)
Raw materials and consumables used	(184,410)	(218,997)	(214,189)
Employee benefits expense	(69,363)	(80,764)	(102,081)
Depreciation & amortisation expense	(30,321)	(52,089)	(50,230)
Impairment losses	-	-	(113,958)
Finance costs	(8,174)	(8,370)	(12,667)
Freight & distribution expense	(13,454)	(31,764)	(65,956)
Other expenses	(21,374)	(21,588)	(29,024)
Total expenses	(286,915)	(352,169)	(632,454)
Profit before income tax expense	4,298	1,294	(182,645)
Income tax expense	5,154	3,621	54,576
Net profit for the period attributable to members of Huon	9,452	4,915	(128,069)

(c) **Consolidated statement of financial position**

The following table presents the historical consolidated statement of financial position as at 30 June 2019, 2020 and 2021.

\$'000	FY19	FY20	FY21
ASSETS			
Cash and cash equivalents	2,611	5,934	5,877
Trade and other receivables	30,468	24,472	39,951
Inventories	12,810	19,321	20,741
Biological assets	209,129	264,021	218,252
Derivative assets	56	2,255	-
Current tax receivable	1,578	382	3
Other current assets	9,168	12,844	13,554
Total current assets	265,820	329,229	298,378
Investments in financial assets	1,342	1,342	1,996
Property, plant and equipment	320,386	305,581	229,800
Right of use assets	-	162,590	97,799
Other non-current assets	8,853	8,411	7,969
Intangible assets	3,325	3,325	-
Deferred tax assets	-	-	1,957
Total non-current assets	333,906	481,249	339,521
Total assets	599,726	810,478	637,899
LIABILITIES			
Trade and other payables	72,430	82,865	71,080
Borrowings	9,652	23,413	12,469
Lease liabilities	-	16,777	16,691
Derivative liabilities	2,222	3,025	2,585
Provisions	7,581	8,688	10,878
Other current liabilities	464	3,534	1,017
Total current liabilities	92,349	138,302	114,720

6. Information relating to Huon *(continued)*

\$'000	FY19	FY20	FY21
Borrowings	131,742	149,772	126,680
Lease liabilities	-	152,459	143,153
Deferred tax liabilities	58,190	53,186	-
Provisions	1,365	5,506	6,008
Other non-current liabilities	1,960	3,022	1,621
Total non-current liabilities	193,257	363,945	277,462
Total liabilities	285,606	502,247	392,182
Net assets	314,120	308,231	245,717
EQUITY			
Contributed equity	164,302	164,999	230,607
Other reserves	1,324	810	757
Profit distribution reserve	-	-	192,805
Retained earnings	148,494	142,422	(178,452)
Total equity	314,120	308,231	245,717

(d) Consolidated statement of cash flows

The following table presents the historical consolidated statement of cash flows for the financial years ended 30 June 2019, 2020 and 2021.

\$'000	FY19	FY20	FY21
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	295,934	362,080	432,220
Payments to suppliers and employees	(271,034)	(344,709)	(422,481)
	24,900	17,371	9,739
Interest received	7	115	7
Interest and other costs of finance paid	(8,174)	(6,626)	(4,825)
Interest on lease liabilities	-	(5,883)	(8,273)
Income tax (paid)/refunded	(2,243)	3,399	378
Net cash inflow/(outflow) from operating activities	14,490	8,376	(2,974)

\$'000	FY19	FY20	FY21
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	190	-	25
Payments for property, plant and equipment	(64,211)	(21,554)	(9,062)
Payments for other assets	(330)	-	(654)
Net cash inflow/(outflow) from investing activities	(64,351)	(21,554)	(9,691)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	-	-	66,000
Payment for share issue costs	-	-	(1,886)
Proceeds from borrowings	66,330	37,834	17,522
Repayment of borrowings	(9,057)	(6,043)	(51,558)
Payment of lease liabilities	-	(12,670)	(17,424)
Dividends paid to company's shareholders	(6,987)	(2,620)	-
Payment of shares for employee share plan	(601)	-	(46)
Net cash inflow/(outflow) from financing activities	49,685	16,501	12,608
Net increase/(decrease) in cash held	(176)	3,323	(57)
Cash and cash equivalents at beginning of financial year	2,787	2,611	5,934
Cash and cash equivalents at end of financial year	2,611	5,934	5,877

6.6 Material changes in Huon's financial position

Other than:

- as disclosed in this Booklet or as otherwise disclosed to ASX by Huon;
- the accumulation of profits in the ordinary course of trading; and
- the harvesting of fish stock in the ordinary course of trading.

to the knowledge of the Huon Directors, the financial position of Huon has not changed materially since 30 June 2021, being the last date of the period to which the financial statements for the financial year ended 30 June 2021 relate.

Copies of Huon's periodic reports (including for the financial year ended 30 June 2021) can be obtained from Huon's website at www.investors.huonaqua.com.au/investors/, ASX's website at www.asx.com.au and from Huon free of charge following a request in writing (huonaqua@huonaqua.com.au) received before a Scheme is approved by the Court.

6. Information relating to Huon *(continued)*

6.7 Intentions regarding the continuation of Huon's business

The Corporations Regulations require a statement by the Huon Directors of their intentions regarding Huon's business. If the Scheme is implemented, JBS has stated that it intends to reconstitute the Huon Board as appropriate for such an entity.

It is for the reconstituted Huon Board to determine its intentions as to:

- (a) the continuation of the business of Huon or how the existing business will be conducted;
- (b) any major changes to be made to the business of Huon; or
- (c) the future employment of the present employees of Huon,

and accordingly, it is not possible for the Huon Directors to provide such a statement.

JBS' intentions if a Scheme is implemented are set out in Section 7.7 of this Booklet.

6.8 Recent Huon Share price performance

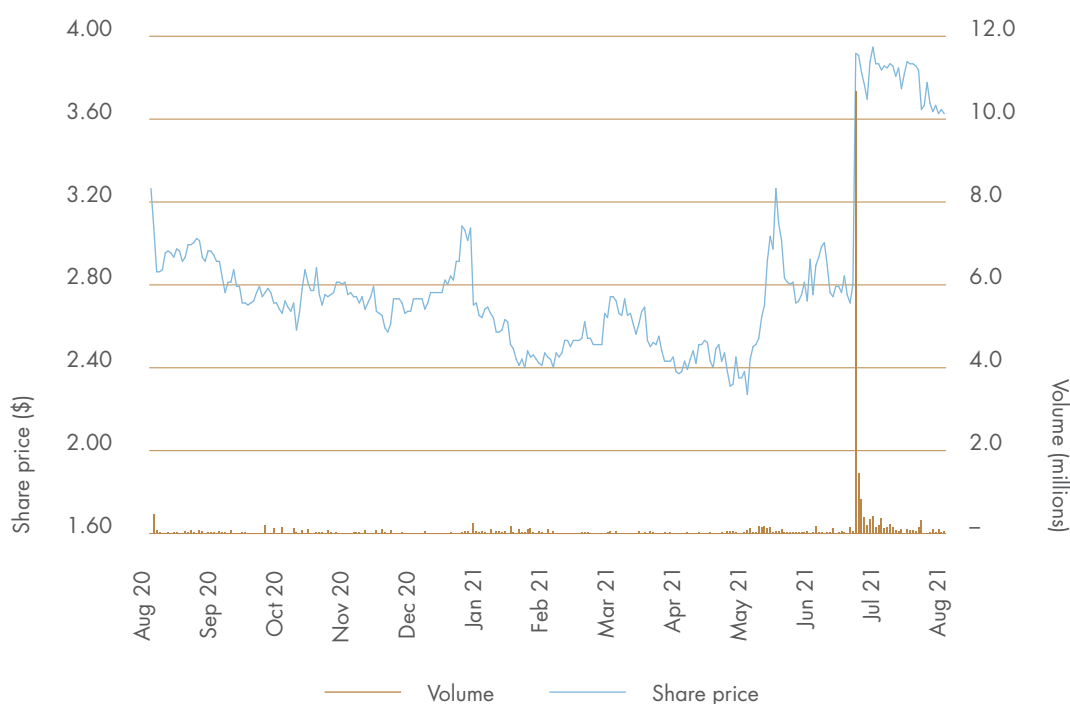
Huon Shares are listed on ASX under the ASX code 'HUO'.

On 6 August 2021, being the last trading day prior to the announcement of entry into the Implementation Deed, the closing Huon Share price on ASX was \$2.79. From announcement of entry into the Implementation Deed to 21 September 2021 (being the Last Practicable Date), the closing Huon Share price on ASX has ranged from \$3.61 to \$3.93.

In the three months up to the Announcement Date (being from 6 May 2021 to 6 August 2021):

- the highest recorded daily closing price for Huon Shares on ASX was \$3.25 on 30 June 2021; and
- the lowest recorded daily closing price for Huon Shares on ASX was \$2.26 on 16 June 2021.

The graph below shows the Huon Share price and trading volume over the 12 months before the Last Practicable Date.



6.9 Public information available for inspection

Huon is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require Huon to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Huon is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning Huon will continue to be made available on ASX's website after the date of this Booklet.

Copies of the documents filed with ASX may be obtained from ASX's website at www.asx.com.au and Huon's website at www.investors.huonaqua.com.au/investors/. Copies of the documents lodged with ASIC in relation to Huon may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au including at ASIC's self-service kiosks at ASIC's service centres. Copies of these documents will also be made available free of charge following a request in writing to Huon at any time before the Scheme Meetings.

7. Information relating to JBS

7.1 Introduction

This Section 7 forms part of the JBS Information and has been prepared by, and is the responsibility of, JBS. This Section 7 contains information relating to JBS and outlines how JBS is funding the Scheme Consideration and its vision, intentions, views and opinions in relation to Huon. Although JBS believes that the intentions, views and opinions reflected in this Section 7 have been made on a reasonable basis, no assurance can be given that such intentions, views or opinions will prove to be correct.

7.2 Overview of JBS

(a) Overview and ownership of JBS

JBS Aquaculture Pty Limited (ACN 653 348 700) (**JBS**), is a newly incorporated Australian proprietary company registered in Queensland. Industry Park Pty Ltd (ACN 007 256 215) (**Industry Park**) owns all of the ordinary shares in JBS and JBS Australia Pty Ltd (ACN 011 062 338) (**JBS Australia**) owns one Z class share in JBS.

It is proposed that JBS will acquire all of the Scheme Shares under the Schemes (a summary of the Schemes is set out in Section 9), or if both of the Schemes do not proceed, all of the Huon Shares under the Takeover Offers (a summary of the Takeover Offers is set out in Section 10).

JBS Australia and Industry Park are subsidiaries of JBS S.A., a company incorporated in Brazil and listed on the São Paulo Stock Exchange under the ticker JBSS3 (**JBS S.A.**). As at 30 July 2021, JBS S.A.'s market capitalisation was approximately A\$21.25 billion and 33.70% of its equity owned by public investors. The remaining approximate 66.30% of its equity is held by J&F Investimentos & FIP Formosa (43.13%), BNDES Participações S.A. – BNDESPAR (23.16%) and treasury shares (0.01%).

(b) Board of directors of JBS S.A.

As at the date of this Booklet, the board of directors of JBS S.A. comprises the following directors:

Name	Position	Biography
Jeremiah O'Callaghan	Director	Born in Ireland, Jeremiah is an engineer and immigrated to Brazil in 1979. Jeremiah joined the Brazilian meat industry in 1983, developing global trade strategies for the Brazilian beef industry. Jeremiah initially worked at Mouran (1983 to 1989), then at Bordon (1989 to 1995), finally joining JBS S.A. in 1996 to JBS S.A.'s international strategy. Jeremiah served as the Investor Relations Officer at JBS S.A. from 2008 to 2019 and today he is the Chair of the board of directors.
José Batista Sobrinho	Director	Current Vice-President of the Board and CEO of the JBS S.A., Mr. Batista is the founder of JBS S.A. Mr. Batista has more than 50 years of experience in beef production.
Aguinaldo G. Ramos Filho	Director	Aguinaldo Filho has experience in the beef business in Brazil and in Latin America. Aguinaldo began his career as a member of the beef sales team of JBS S.A. in Brazil and became the Head of JBS Uruguay. Aguinaldo was also the Head of JBS Paraguay where he was responsible for the consolidation of the operations, making JBS Paraguay the most important player in that country, and where he led the project of construction of the most modern slaughterhouse in Latin America. Today, Aguinaldo is the CEO of J&F Investimentos S.A.

Name	Position	Biography
Gilberto M. Xandó Baptista	Director	Graduated in Business Administration from Fundação Getúlio Vargas, Xandó has a degree in Retail Management at USP/FEA and specialised in Business Management at Fundação Dom Cabral/INSEAD – France. Xandó was the CEO of Vigor Alimentos S.A. for 9 years and today is an independent member of the board of directors, and is also a director of JSL S.A., Quimica Amparo Ltda. and Grupasso S.A. During his career, Xandó worked in several areas, such as Corporate Finance, Controlling, Trade Marketing, Marketing, Sales (in Brazil and abroad) and Business Unit management at Natura, Sadia S.A. and Cooper & Lybrand.
Wesley Mendonça Batista Filho	Director	Wesley Filho began his career with JBS USA as a trainee at the Greeley Beef plant located in Colorado. Upon completing the Trainee program, Wesley moved to Brazil joining JBS S.A.. In South America Wesley served in various senior roles including, Asian Export Sales, Head of JBS Uruguay and Head of JBS Paraguay. In 2014 Wesley assumed the position of President of JBS Canada and relocated to Calgary, Alberta. From February 2016, Wesley was the president of the beef business in Canada and USA. Today, Wesley is the president of JBS S.A.'s operations in South America.
Alba Pettengill	Director	Alba joined the beef business industry in 1985 as an officer of Frigorífico Guarani, where she was responsible for implementing the ISO9000 Quality standards. Dedicating over 30 years to the beef industry, she is an expert in production processes. Alba was the founder and president of the Paraguayan Chamber of Meat and was awarded by the government of Paraguay for the implementation of renewable energy. Currently, Alba is the owner and manager of land in Paraguay, dedicating herself to cattle raising with the improvement of genetic production. In addition, she is a member of the Board of Directors of the Rural Association of Paraguay and of the Animal Health Commission of Paraguay.
Márcio Guedes Pereira Júnior	Director	Graduated in Business Administration from Fundação Getúlio Vargas and MBA from FGV after studying at the Stern School of Business at New York University. He is currently a partner at Pangea and director of Anbima-Brazilian Association of Financial and Capital Market Entities. Previously, he led the Investment Banking group at Banco J. Safra, and was director of investment banking at Unibanco, Citigroup and Credit Suisse. He has extensive experience in M&A and Capital Market transactions, including both debt and equity transactions.
Gelson Luiz Merisio	Director	Gelson Luiz Merisio is from Xaxim, Santa Catarina. He graduated in Business Administration from Universidade do Oeste de Santa Catarina (Unoesc). He was the President of Associação Comercial e Industrial de Xanxerê (ACIX), of Federação das Associações Comerciais e Industriais de Santa Catarina (FACISC), of Conselho Deliberativo do SEBRAE/SC and Vice President of Confederação das Associações Comerciais do Brasil (CACB). Representing the entrepreneurs of Santa Catarina, Gelson was a state deputy in the Legislative Assembly of Santa Catarina, from 2005 to 2018. In 2010, he became the President of the Legislative Assembly by unanimous vote, and during the periods 2011/12 and 2015/16.

7. Information relating to JBS *(continued)*

Name	Position	Biography
Leila Abraham Loria	Director	Graduated in Business Administration from Fundação Getúlio Vargas, with a postgraduate degree in Administration from COPPEAD-UFRJ (1978); Post-MBA in Corporate Governance and Capital Markets for executives by B.I. International (2015); course for Board of Directors by IBGC (2015); International Executive MBA from the Amana Key Advanced Management Program (1994). She is currently a member of the Board of Directors and the Statutory Audit Committee of Companhia Paranaense de Energia-COPEL; member of the Advisory Board of Casas Pernambucanas (since 2018); member of the Board of the Brazilian Institute of Corporate Governance-IBGC (since 2018); member of the Board of Directors (since 2017) and of the Investigation Committee (since 2018) of Madeira Energia – MESA and Santo Antônio Energia – SAE; member of the Advisory Board of INPLAC Plastic Industry (since 2016); and member of the Advisory Board of Costão do Santinho Resort (since 2016). Previously, she was Executive Director of the Telefonica Brasil group and member of the Board of Directors of Telefônica Vivo (2010-2015); President and General Director of TVA (Grupo Abril) and Member of the Administrative Council of Tevecap (1997-2006); General Director and member of the Board of Directors of Direct TV (1997-1999); Commercial Director of Walmart (1994-1997); and Director of Marketing, Sales, Business, Purchasing and Human Resources at Mesbla (1978-1994).

Further information in relation to the above directors, including their appointment date and other appointments is available at <https://ri.jbs.com.br/en/esg-investors/corporate-governance/board-council-and-committees/>.

(c) Board of directors of JBS

As at the date of this Booklet, the JBS Board comprises the following directors:

Name	Position	Biography
John Kenneth Berry	Director	John is head of Corporate and Regulatory Affairs of the JBS S.A.'s Australian and New Zealand business with responsibility for industry, government and corporate relations activities along with environmental and sustainability operations. John has been involved in the Australian meat industry for over 20 years, and possesses a Bachelor of Business majoring in Government and Law and a Masters of Business Administration (MBA). John is a Graduate and Fellow of the Australian Institute of Company Directors (AICD), and is also an alternate director of Scott Technology Limited (Scott), a subsidiary of JBS S.A. and leading innovative robotics and automation business listed on the stock exchange in New Zealand.
Brent Eastwood	Director	Brent has built his career in the meat industry. After a move to Australia from New Zealand in 1989, Brent went on to hold senior management roles including in Australia Meat Holdings which was acquired by JBS S.A. in 2007. Between 2007 and 2012, Brent held senior management roles with JBS S.A. USA including Head of JBS S.A. Trading Worldwide, Vice President Beef Sales USA and President of JBS S.A. Carriers. Brent is the Chief Executive Officer of the JBS S.A.'s Australian and New Zealand business, a position he has held since returning to Australia in 2012. Brent is also a director of Scott and a Graduate of the AICD.

Name	Position	Biography
Edison Alvares	Director	Edison is the Chief Financial Officer of the JBS S.A.'s Australian and New Zealand business, a position he has held since moving from Brazil to Australia in 2007. Edison has worked in finance for more than 30 years, with much of that time spent in management and leadership positions including prior roles with JBS S.A. and Brasil Telecom. He possesses a degree in Economics completed in Brazil and an Executive Masters of Business Administration (MBA) from QUT. Edison is also a director of Scott and a member of the AICD.

(d) Principal activities of the JBS S.A.

JBS S.A. is headquartered in Sao Paulo, Brazil and is one of the world's largest animal protein businesses. JBS S.A. is a processor of fresh beef, chicken, pork, lamb, smallgoods and value-added and plant-based food products, as well as the marketing of leather products, pet foods, smallgoods, cans, collagen, biodiesel, and transportation. JBS S.A. is present in five continents with operations in Brazil, the United States, the Netherlands, Australia, Canada, Italy, Mexico, China, the United Kingdom, New Zealand and other countries.

Globally, JBS S.A. has approximately 300 production plants, with 133 plants located in Brazil, 127 in the United States, two in Canada, 10 in Australia, 11 in Mexico, 3 in Italy, 19 in the United Kingdom, 3 in France, and one each in Ireland and the Netherlands. In addition, it has feedlot operations in Australia and Brazil.

JBS S.A.'s Australian business is positioned as the country's largest meat and food processing company, operating technologically advanced production and value-added facilities and feedlots, whilst also owning Australia's largest smallgoods manufacturer and operating a leading high quality meat cutting, retail food and case ready production facility.

JBS S.A. employs more than 10,000 people through its Australian businesses.

More information can be found on its website: <https://jbsfoodsgroup.com/businesses/jbs-foods-australia>.

7.3 JBS S.A.'s environmental standards and commitments to animal welfare

(a) Animal welfare

JBS S.A. employs and unequivocally supports the principle of "no pain, no fear" animal welfare across its global operations.

JBS S.A.'s approach to animal welfare goes beyond the "no pain, no fear" principle and is based on the globally recognised gold standard for animal welfare, known as the 'Five Freedoms', encompassing both the mental and physical well-being of animals, including:

- Freedom from hunger and thirst;
- Freedom from discomfort;
- Freedom from pain, injury or disease;
- Freedom to express normal behaviour; and
- Freedom from fear and distress.

JBS S.A.'s Australian businesses uphold these high standards of animal welfare through industry leading policy relating to responsible care for animals under its control, regular internal and external audits, extensive CCTV monitoring, training for livestock handlers and livestock transport checks.

JBS S.A.'s Australian businesses fully comply with Australian Animal Welfare Standards and is certified under the AusMeat – Industry Animal Welfare Certification Program (**AAWCS**) for livestock processing facilities. JBS S.A.'s production facilities in Australia are independently audited by the Federal Government, AusMeat and key customers to guarantee compliance with established animal welfare programs and standards.

7. Information relating to JBS *(continued)*

(b) Environmental sustainability – net zero by 2040 and US\$1 billion investment

Sustainability is at the heart of JBS S.A.'s strategy globally. Earlier this year, JBS S.A. became the first global meat and poultry company to publicly commit to achieve net zero greenhouse gas emissions across its entire value chain by 2040. To support this commitment, JBS S.A. are investing US\$1 billion over the next decade in greenhouse gas emission reduction projects in its facilities.

In addition, JBS S.A. are investing US\$100 million over the next decade in research and development projects to support more sustainable on-farm practices to ensure that farmers remain a part of the climate solution.

JBS S.A. recognises that sustainability is a science of continuous improvement and that businesses must constantly strive to minimise environmental impacts and preserve our precious natural resources for the benefit of future generations. To hold itself accountable to its sustainability principles, JBS S.A. was the first major global meat and poultry company to successfully issue a sustainability-linked bond, which firmly ties JBS S.A. financial strategy to its long-term commitments to address climate change.

JBS S.A. has a zero tolerance for illegal deforestation and is advancing its monitoring system well beyond its suppliers, using blockchain technology in its "Transparent Livestock Farming Platform" and creating Green Offices to support farmers in improving the environmental performance of their properties.

JBS S.A. places sustainability at the centre of its business strategy extending beyond environment and animal welfare to encompass employee safety, food safety, waste management, chain of responsibility, modern slavery, circular economy, social programs, governance and diversity.

For further information on JBS S.A.'s global commitment to sustainability, including investment initiatives please visit www.jbsfoodsgroup.com/our-purpose/sustainability.

7.4 Rationale for proposed acquisition of Huon

Over the past 15 years, JBS S.A. has grown rapidly, both through organic initiatives and via strategic acquisitions to build a national presence in Australia.

JBS S.A. is committed to growing its animal and alternative value-added businesses both locally in Australia and globally, and as such, has an intention to be a long-term holder of assets and to provide the necessary capital and support to Huon to enable it to achieve its growth ambitions.

The Proposed Transactions, if implemented, will see JBS gain a foothold into the highly attractive and growing aquaculture industry through a strong local player with a long history of performance in Huon. This acquisition is a first for JBS S.A. in the aquaculture sector and represents a new and exciting growth platform for JBS S.A. JBS considers the Proposed Transactions support and strengthen JBS S.A.'s global sustainability strategy, of efficient and balanced protein production in a way that contributes to preserving marine resources and the environment. JBS S.A. believes there would be opportunities to leverage its and Huon's combined capabilities and know-how to enhance the growth prospects of both businesses.

7.5 Funding of the Scheme Consideration and Takeover Offer Price

(a) Scheme Consideration

The Scheme Consideration is A\$3.85 per Scheme Share, less the cash amount of any Special Dividend paid.

If a Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration per Scheme Share held on the Scheme Record Date.

Based on the total number of Huon Shares and Huon Performance Rights currently outstanding of 110,864,279, the maximum aggregate amount of cash consideration payable by JBS to holders of Scheme Shares (including Scheme Shares to be issued as a result of the vesting and exercise of the Performance Rights currently on issue and assuming no Special Dividend is paid by Huon) will be \$426,827,474.

JBS, JBS Australia and Industry Park have executed Deed Polls in favour of the Scheme Shareholders. Pursuant to the Deed Polls, JBS, JBS Australia and Industry Park have covenanted in favour of Scheme Shareholders that, subject to a Scheme becoming Effective, they will observe and perform the obligations of them under

the Scheme. This includes the obligation to deposit (or procure the deposit) in immediately available funds the aggregate amount of the Scheme Consideration payable to all relevant Scheme Shareholders into the trust account operated by Huon as trustee for the Scheme Shareholders, by no later than one Business Day before the Implementation Date.

(b) Takeover Offer Price

The Takeover Offer Price is A\$3.85 per Huon Share.⁴³

If the Takeover Offer becomes unconditional, Huon Shareholders who have accepted the Takeover Offers will be entitled to receive the Takeover Offer Price for each Huon Share for which they accept the Takeover Offer.

Based on the total number of Huon Shares and Huon Performance Rights currently outstanding of 110,864,279, the maximum aggregate amount of cash consideration payable by JBS to Huon Shareholders (including Huon Shares to be issued as a result of the vesting and exercise of the Performance Rights currently on issue) will be \$426,827,474, if the Takeover Offer becomes unconditional and JBS proceeds to compulsory acquisition.

7.6 Overview of funding arrangements

(a) Primary Scheme

If the Primary Scheme is implemented, JBS will fund the payment of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Scheme. See Section 7.5(a) of this Booklet for further details.

JBS intends to fund the Scheme Consideration from committed funding through an external credit facility agreement it is a party to, as described below in Section 7.6(d). The total proceeds available to JBS under this external credit facility agreement are in excess of the maximum amount that is required to fund the aggregate amount of the Scheme Consideration.

(b) Secondary Scheme

If the Secondary Scheme is implemented, JBS will fund the payment of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Scheme. See Section 7.5(a) of this Booklet for further details.

JBS intends to fund the Scheme Consideration from committed funding through an external credit facility agreement it is a party to, as described below in Section 7.6(d). The total proceeds available to JBS under this external credit facility agreement are in excess of the maximum amount that is required to fund the aggregate amount of the Scheme Consideration.

(c) Takeover Offers

If the Takeover Offers become unconditional, JBS will fund the payment of the Takeover Offer Price to the Huon Shareholders in accordance with the terms of the Takeover Offer. See Section 7.5(b) of this Booklet for further details.

JBS intends to fund the Takeover Offer Price from committed funding through an external credit facility agreement it is a party to, as described below in Section 7.6(d). The total proceeds available to JBS under this external credit facility agreement are in excess of the maximum amount that is required to fund the aggregate amount of the Takeover Offer Price.

(d) Debt funding

JBS' source of debt will be a Revolving Syndicated Facility Agreement that JBS Australia and other wholly owned subsidiaries of JBS S.A. (namely, JBS USA LUX S.A., JBS USA Food Company and JBS Food Canada ULC) entered into on 12 October 2018 (**RBC Credit Agreement**) with a maturity of 12 October 2023. Under the RBC Credit Agreement, an aggregated amount of up to US\$900,000,000 is available to JBS Australia

⁴³ Deducted by the value of any dividends declared after 13 August 2021. However, Huon is not intending to pay a dividend in connection with the Takeover Offers.

7. Information relating to JBS *(continued)*

from a syndicate of banks, financial institutions and other entities arranged by Royal Bank of Canada. As at 30 August 2021 there were no outstanding drawdowns.

The RBC Credit Agreement contains no conditions precedent to drawdown. JBS Australia is able to drawdown funds by submitting a drawdown request and funds are payable within 3 business days.

Therefore, JBS Australia may fund both the aggregate amount of the Scheme Consideration or the aggregate amount of the Takeover Offer Price in a single drawing under the RBC Credit Agreement. Upon receipt of the funds by JBS Australia, the funds will be immediately on lent to JBS pursuant to an unconditional intercompany loan agreement between JBS Australia and JBS.

In addition to the RBC Credit Agreement, as at 30 August 2021 JBS Australia also has access to an additional A\$200 million through a committed credit facility agreement arranged by Australian and New Zealand Banking Group Limited (**ANZ Facility Agreement**).

(e) **Equity funding**

Whilst the intention of JBS is to use the RBC Credit Agreement to fund the aggregate amount of the Scheme Consideration or aggregate amount of the Takeover Offer Price, JBS Australia also has cash on hand as at 30 August 2021 of over A\$270 million which can also be lent to JBS pursuant to the unconditional intercompany loan agreement between JBS Australia and JBS described above.

(f) **Conclusion**

On the basis of the RBC Credit Agreement, ANZ Facility Agreement and cash described above, JBS believes that it has reasonable grounds for holding the view, and holds the view, that JBS will be able to satisfy its obligations to pay both the aggregate amount of the Scheme Consideration or aggregate amount of the Takeover Offer Price as and when it is due under the terms of the Schemes or Takeover Bid, respectively.

Neither the Schemes nor the Takeover Bid are conditional on JBS obtaining finance to fund the payment of the aggregate Scheme Consideration and aggregate Takeover Offer Price respectively.

7.7 JBS' intentions following implementation of either Scheme or conclusion of the Offer Period

(a) **Introduction**

This Section 7.7 sets out the present intentions of JBS in relation to the following:

- the continuation of the business of Huon;
- any major changes to be made to the business of Huon, including any redeployment of fixed assets of Huon; and
- the future employment of Huon's present employees.

These intentions have been formed on the basis of facts and information concerning Huon and the general business environment which are known to JBS at the time of preparing this Booklet. Final decisions about any major changes to the future commercial operating plan and management organisation for Huon will only be made by JBS in light of all material facts and circumstances at the relevant time. Accordingly, statements set out in this Section 7.7 are statements of current intention only and may change as new information becomes available or circumstances change.

(b) **Intentions upon either Scheme becoming Effective or JBS becoming the holder of 90% or more of the Huon Shares under the Takeover Offers**

JBS' current intentions if either Scheme becomes Effective or if JBS acquires a Relevant Interest in 90% or more of Huon's Shares pursuant to the Takeover Offers and is entitled to proceed to compulsory acquisition of the outstanding Huon Shares are set out below:

(i) Compulsory acquisition

In the event JBS becomes entitled to do so under the Corporations Act, it intends to give notices to Huon Shareholders to compulsorily acquire any outstanding Huon Shares (including any Huon Shares which are issued as a result of the exercise of Huon Performance Rights) in accordance with Part 6A.1 of the Corporations Act. If JBS compulsorily acquires the remaining Huon Shares under this avenue, the applicable Huon Shareholders will receive the Takeover Offer Price.

(ii) ASX listing

Upon the Scheme becoming Effective or at the conclusion of the compulsory acquisition process, JBS intends to arrange for Huon to be removed from the Official List of ASX (subject to any required approvals on the part of ASX).

(iii) Directors

Following implementation of either Scheme or at the conclusion of the Offer Period, JBS intends to reconstitute the Huon Board. Final decisions regarding the composition of the Huon Board will be made closer to the time of implementation of the Scheme or the conclusion of the Offer Period.

(iv) Huon's business, assets and employees

Following implementation of the Scheme or at the end of the Offer Period, if JBS is entitled to compulsorily acquire outstanding Huon Shares, JBS intends to conduct a broad-based general review of Huon's strategic, financial and commercial operations to:

- evaluate the performance, profitability and prospects of Huon and its businesses;
- identify opportunities on how to best integrate the businesses of JBS and Huon and to achieve greater efficiencies and synergy benefits over time; and
- determine the optimal manner of operating and managing the Huon businesses going forward.

JBS considers Huon's management personnel and other employees to be an integral part of the success of the Huon Group. JBS does not intend to make material changes to Huon's management personnel and employees. However, final decisions on these matters (including any changes to the employment of the present employees of Huon) will, if necessary, only be made following implementation of either Scheme or completion of the Takeover Offers based on all material facts and circumstances at the relevant time.

Under the Share Sale Agreement and the Deeds of Restraint, Peter Bender, Frances Bender, James Nicholas Bender, Paul Anthony Bender, Laura Kate Shield, Katie Abdilla and Boz George Shield have each agreed that, subject to either Scheme being implemented or the Takeover Offers becoming unconditional, they will not engage in, be involved in, or be interested in any business which competes with the business substantially undertaken by Huon or solicit business away from the Huon Group, interfere with the relationship between Huon and its customers or suppliers, induce any employee of the Huon Group to leave their employment or use or disclose any confidential information of the Huon Group. These restraints are effective for up to four years and in Australia.

(c) Intentions upon JBS becoming the holder of less than 90% of the Huon Shares under the Takeover Offers

JBS' current intentions if it acquires a Relevant Interest in more than 50.1% but less than 90% of Huon's Shares are set out below:

(i) ASX listing

JBS considers that there may be advantages and disadvantages of Huon continuing to remain listed on the ASX after the close of the Takeover Offers, depending on the Relevant Interest held by JBS at the close of the Takeover Offers.

7. Information relating to JBS *(continued)*

If JBS acquires a Relevant Interest in at least 75% of the Huon Shares, JBS intends to request that the Huon Board review the benefits and suitability of Huon remaining listed on ASX after the close of the Takeover Offers having regard to the requirements of the Listing Rules and the additional corporate and compliance costs. JBS anticipates that the Huon Board's determination will likely depend on a range of factors, including:

- the number of Huon Shares acquired by JBS under the Takeover Offer;
- the spread (i.e. number) of Huon Shareholders after the Takeover Offers close;
- the level of liquidity of Huon Shares after the Takeover Offers close; and
- the costs of listing and associated compliance.

If the Huon Board were to decide that it is in the best interests of Huon to cease to be listed on ASX, JBS would likely support a resolution to delist Huon from ASX.

JBS is also mindful of the requirement under the Listing Rules for a listed company to maintain a spread of holdings which, in ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. ASX may suspend or delist a company which does not meet its spread requirements. Depending upon the level of acceptances under the Takeover Offers, it is possible that ASX may seek to delist Huon on this basis. Should ASX seek to do so, JBS does not currently intend to oppose such a delisting.

(ii) Directors

At the conclusion of the Takeover Offers, if JBS has acquired a Relevant Interest in 50% of more of the Huon Shares, JBS intends to reconstitute the Huon Board. Final decisions regarding the composition of the Huon Board will be made closer to the conclusion of the Takeover Offers.

(iii) Further acquisitions of Huon Shares

JBS may acquire additional Huon Shares under the 'creep' provisions set out in the Corporations Act. In summary, those provisions permit JBS and its associates to acquire up to 3% Huon's Shares every six months. JBS has not yet decided whether it will acquire further Huon Shares under the 'creep' provisions in the future, as that will be dependent upon (amongst other things) the extent of the Voting Power of JBS and its associates in Huon and market conditions at the time.

(iv) Continuation of business and assets

Other than as set out in this Section 7, it is the present intention of JBS that:

- the Huon business will be conducted in substantially the same manner in which it currently operates;
- no major changes will be made to the Huon business; and
- there will be no redeployment of the fixed assets of Huon.

(v) Limitations on intentions

The ability of JBS to implement the intentions set out in this Section 7 will be subject to:

- the legal obligations of the Huon Board at the time, including any nominees of JBS, to act in good faith in the best interest of Huon Shareholders and for proper purposes and to have regard to the interests of all Huon Shareholders; and
- the law (including the Corporations Act and the Listing Rules), including relation to conflicts of interests and related party transactions.

These obligations and requirements may limit JBS' ability to implement the intentions set out in this Section 7 or may require the approval of Huon Shareholders (other than JBS) in order to implement these intentions. Accordingly, this Section 7 must be read and understood on that basis.

7.8 Interests in Huon Shares

As at the Last Practicable Date:

- the Voting Power of JBS, JBS Australia, Industry Park and their associates in Huon was 19.99%; and
- JBS, JBS Australia, Industry Park and their associates have a disclosable relevant interest in Huon of 40.53% under section 671B(7) and section 608(8) of the Corporations Act, pursuant to the Share Sale Agreement dated 6 August 2021 between JBS, Industry Park and Peter James Bender, which is conditional on shareholder approval under item 7 of section 611 of the Corporations Act such that a relevant interest does not arise pursuant to section 609(7) of the Corporations Act.

Other than as described above, no entity in the JBS Group holds any Huon Shares and is otherwise precluded from acquiring Huon Shares in accordance with the standstill provisions under the Confidentiality.

7.9 Dealings in Huon Shares in the previous four months

During the four months before the date of this Booklet, neither JBS nor any of its Associates has provided or agreed to provide consideration for any Huon Shares under any transaction or agreement except for the Scheme Consideration which JBS, JBS Australia and Industry Park have agreed to provide under the Scheme (as reflected in the Implementation Deed and the Deed Polls), the Takeover Offer Price which JBS Australia and Industry Park have agreed to provide under the Takeover Offers or the Purchase Price JBS Australia and Industry Park have agreed to provide under the Share Sale Agreement.

7.10 Benefits given in the previous four months

During the four months before the date of this Booklet, none of JBS or any of its associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an associate to:

- vote in favour of the Schemes;
- vote in favour of the Surveyors Acquisition;
- accept the Takeover Offers; or
- dispose of Huon Shares,

where the benefit was not offered to all Huon Shareholders under the Schemes or the Takeover Offers (as applicable).

7.11 No escalation agreements

None of JBS or any of its associates has entered into any escalation that is prohibited by section 622 of the Corporations Act.

7.12 Benefits to Huon Directors

None of JBS or its associates will be making any payment or giving any benefit to any current officers of Huon as compensation for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented or the Takeover Offers become unconditional and the Huon Board is reconstituted.

8. Risk factors

In considering the Schemes and Takeover Offers, Huon Shareholders should be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of Huon and the value of Huon Shares.

The risk factors in this Section 8 are existing risks that relate to Huon's business and the industry in which it operates, or that are generally associated with an investment in listed securities. These risks will only continue to be relevant to you if the Schemes do not proceed or JBS does not achieve compulsory acquisition under the Takeover Offers, in which case (in the absence of a Competing Proposal that is ultimately implemented) Huon will continue to operate as a stand-alone entity, and you will retain your investment in Huon.

If either Scheme proceeds, Huon Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be Huon Shareholders and will no longer be exposed to the risks set out in this Section 8. If you accept the Takeover Offers and the Takeover Offers become unconditional you will cease to be a Huon Shareholder and will no longer be exposed to the risks set out in this Section 8.

You should carefully consider the risks discussed in this Section 8, as well as the other information contained in this Booklet generally, before voting on the Meeting Resolutions and accepting the Takeover Offers. You should consult your licenced financial or other professional adviser if you are unclear or uncertain about any matter mentioned in this Section 8 or elsewhere in this Booklet.

Additional risks and uncertainties not currently known to Huon may also have a material adverse effect on Huon's financial and operational performance and the information set out in this Section 8 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Huon, its business or an investment in Huon Shares.

8.1 General risk factors

As with any entity with listed securities on ASX, the future prospects and operating and financial performance of Huon and the value of Huon Shares may be affected by a variety of factors. These general risk factors may include:

- changes in investor sentiment and overall performance of the Australian and overseas stock markets;
- changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- economic and political factors in Australia and overseas, including economic growth;
- changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment;
- natural disasters, catastrophes and disease or pandemic (including the outbreak, escalation or impact of, and recovery from, the COVID-19 pandemic) and other macroeconomic occurrences, including but not limited to geopolitical events such as an outbreak of hostilities, acts of terrorism and declarations of war;
- uncertainty around the likelihood, timing, franking or quantum of future dividends;
- failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
- changes in accounting or financial reporting standards; and
- changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, adverse foreign exchange rate movements, the Australian and overseas stock markets, and catastrophic events may also affect Huon's operating and financial position.

8.2 Specific risk factors for the Huon business

There are a range of business-specific risks associated with your current investment in Huon Shares, as set out below. You will only continue to be exposed to these risks if the Schemes do not proceed or the Takeover Offers do not become unconditional or you do not accept the Takeover Offers and you retain your investment in Huon Shares. While Huon has in place what it considers are appropriate policies and procedures to help manage these risks, there is no guarantee that Huon will be able to manage these risks completely. Furthermore, certain aspects of these risks (or Huon's ability to respond to and manage them) may be partly or wholly outside of Huon's control.

(a) Weather conditions and natural events

As Huon is an agricultural producer (predominantly water-based), there is a risk that Huon could be exposed to a number of natural events such as floods, storms, fire, oil spills and adverse movements in the marine environment, such as changes in water temperatures, dissolved oxygen and salinity levels.

Other natural events beyond Huon's control include the occurrence of wildlife that prey on salmon, particularly birds and seals, algae blooms and jellyfish which can cause increased salmon mortalities.

The impact of climate change on Huon's operations include:

- higher ocean temperatures; warm summer temperatures cause slower growth in salmon;
- increased extreme weather events, particularly storms impacting high-energy marine environments increasing the risk for infrastructure damage; and
- lack of freshwater for nursery operations due to reduced or infrequent rainfall.

Weather variability and natural events can impact harvest volumes and quality and therefore result in varied revenue outcomes for Huon.

(b) Salmonid diseases and viruses

There is a risk that outbreak of disease in Huon's fish stock and resulting higher mortality rates could have a material adverse impact on Huon's profits, operations and financial performance.

The major diseases that can affect salmon are:

- **AGD:** Salmon can be affected by AGD that compromises gill function and, if left untreated, can lead to significant mortality among fish stock. The disease is only prevalent in the east coast of Tasmania.
- **ISA:** A viral disease that has infected farmed salmon in South America and Europe. The causative agent of ISA has never been found in Tasmania; however, if ISA were to be imported into Australia and impact Huon's fish stocks, then higher than normal mortality levels would arise.
- **SOMV:** Typically caused by stress and high stocking density. While Huon has not suffered any significant losses from SOMV to date, the occurrence of this disease may have a material adverse impact on Huon's operations.

(c) Market prices for fish

Huon's profitability and the market value of its biological assets are sensitive to salmon prices in both the domestic and international market. Prices are dependent on short and long-term supply and demand variations, and market conditions. Major factors that can influence demand and supply in the salmon market and, therefore, the price of salmon, include:

- an increase in supply of salmon from either domestic or offshore competitors, or increased competition from alternative fish species and food sources;
- the level of world salmon production relative to consumption requirements;
- changes in import restrictions imposed by the Department of Agriculture; and
- movements in exchange rate relativities between the currencies of the major salmon export and import countries.

8. Risk factors *(continued)*

Within the wholesale market, which is a key distribution channel, Huon typically negotiates prices on a spot basis, and as a result, it is not possible to guarantee consistency in respect of prices and terms for future sales. There is a risk that a significant reduction in salmon prices could occur, which could have a material adverse impact on Huon's financial performance and operational results.

(d) Reduction in demand for salmon

There is a risk that a change in economic conditions could cause consumers to reduce their consumption of salmon as they "trade down" to cheaper sources of seafood and proteins. Changes in consumer dietary preferences or sentiment towards seafood and salmon could also result in lower demand for salmon. Such lower demand could reduce the price at which Huon is able to sell its salmon, resulting in an adverse effect on Huon's financial performance.

(e) Market disruption due to COVID-19

The Australian food services sector of the wholesale market has been disrupted by the closure or severe restrictions placed on the operations of restaurants, clubs and the food catering industry, as a result of government-imposed lockdowns. Access to international salmon export markets has also been interrupted due to the ongoing disruption to international air freight services. Continued lockdowns or other impacts to this sector may negatively impact Huon's business.

(f) Trade embargos affecting export markets

During the year, China has implemented trade blocking manoeuvres against a number of Australian industries. Whilst the salmon and trout industry has not yet been directly impacted by restrictions or tariffs this remains a risk to the industry.

(g) Price fluctuations of key inputs including feed, fuel, energy and freight

The largest fish production cost relates to feed. Feed costs are, in turn, a function of the cost of production of key inputs such as vegetables, land-animal by-products, and fish meal and fish oil.

Fuel is a material operating expense for Huon and is used across the business by tankers transporting smolt from the hatcheries to the sea pens, trucks transporting harvested fish to the processing plants, and vessels and wellboats at the marine farms.

Huon is exposed to energy price risk through the use of electricity at freshwater and processing operations as well as fuel for marine operations, particularly the vessel fleet.

There is a risk that there could be significant increases to feed, fuel or energy prices. Such increases could significantly increase Huon's cost of operations, including third party freight costs (both domestic and international), and have a material adverse effect on Huon's financial performance.

(h) Risks associated with debt funding

(A) Interest rates may increase

As a borrower of money, Huon is exposed to increases in interest rates which would increase the cost of servicing Huon's debt. This could result in a reduction in profits and distributions.

Huon engages in interest rate hedging through the use of interest rate swaps for the debt facilities in order to help protect against these interest rate movements. While these swaps provide more certainty in a changing interest rate market, they may also result in interest expenses that are higher than the spot rate. In addition, for accounting purposes, interest rate swaps are required to be recorded at fair value and this may lead to fluctuations in comprehensive income.

Increases in interest rates may also affect the level of customer demand. Accordingly, there is a risk that any increase in interest rates may have a materially adverse effect on Huon's future financial performance and position.

(B) Debt covenants may be breached if performance declines or a change of control occurs

Huon is required to comply with a number of undertakings and financial covenants in relation to its debt facilities. An event of default may occur under the debt facilities if Huon fails to comply with any of these financial covenants or undertakings, which could result in Huon's lenders demanding immediate repayment of all or part of the debt facilities (together with accrued interest). Huon may need to dispose of some or all of its assets for less than market value or raise additional equity in order to repay the debt facilities.

Additionally, a "Review Event" under the Huon Facility Agreement will be triggered if a person (other than Peter James Bender or Frances Robyn Bender or their associates or their controlled entities) acquires control of Huon or a person alone or together with associates or controlled entities (other than Peter James Bender or Frances Robyn Bender or their associates or their controlled entities) together exercise control of Huon. Accordingly if a change of control occurs (including as a result of either of the Schemes being implemented or JBS acquiring control as a result of acceptances under the Takeover Bid) and the Huon Facility Agreement is not repaid in full prior to implementation, a 30 day review period will be triggered and, unless resolution is reached, a 60 day period to arrange repayment of the facilities in full will apply.

(C) Ability to obtain new or renew existing debt finance

There is a risk that Huon may be unable to refinance or renew its debt facilities following expiry, or will only be able to refinance or renew those debt facilities on terms which are less favourable to Huon than the existing terms. Any inability to refinance debt facilities or obtain capital or financing generally, on favourable terms or at all, may have a materially adverse effect on Huon's future financial performance and position.

(i) Environmental and regulatory risk

Huon is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to Huon include environment, occupational health and safety, quarantine, customs, and tariff and taxation laws. Safety, employment and similar regulations also give rise to significant requirements and compliance costs for Huon.

National and local environmental laws and regulations (including the granting of marine leases and water licences) affect nearly all of Huon's operations. Whilst Huon endeavours to ensure that its operations and activities comply with applicable environmental laws, there is a risk that failure to comply with such laws could occur, which may result in penalties, damages and/or loss of permits or licences required by Huon to operate its hatcheries, marine farms or processing facilities.

In addition, Huon must renew the appropriate permits and licences required to operate its business. Huon is subject to regular inspections, examinations and audits by governmental authorities to renew the various licences and permits. Huon is also subject to periodic and spot inspections conducted by government authorities in order to maintain its operating licences. If serious or repeated findings of non-compliance did occur, there is a risk this would have a negative impact on Huon's ability to renew its licences and have a materially adverse impact on its business operations and financial performance.

There is also a risk that Huon's marine leases could not be renewed at the expiration of their current terms, which would hinder Huon's operations.

(j) Insurance risk

Huon seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sector. Huon cannot assure that it will be able to obtain insurance coverage in the future at reasonable rates, or at all, or that any coverage it arranges will be adequate and able to cover all claims. Any increase in the cost of insurance policies of Huon or the industry in which it operates could adversely affect Huon's business, financial condition and operational results.

8. Risk factors *(continued)*

(k) Risk factors relevant to Huon Shares

(A) Prices of Huon Shares may fluctuate

The price at which Huon Shares are quoted on the ASX may increase or decrease. Therefore, there may be for periods of time, sometimes extended periods, where Huon Shares may trade below the value of the Scheme Consideration.

(B) No guarantee of dividends

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

(C) Trading in Shares may not be liquid

Trading in Huon Shares may not be liquid given the limited free float. Significant blocks of Huon Shares held by individual investors may also reduce liquidity in the trade of the Huon Shares.

(D) Risk of Huon Shareholder dilution

In the future, Huon may elect to engage in various types of capital raisings, including the issue of new Huon Shares to raise equity. If you do not participate in a future entitlement offer or choose not to reinvest your dividends, this may result in your percentage interest in Huon being diluted. While Huon is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period without shareholder approval (other than where exceptions apply), your holdings at the time may be diluted as a result of such capital raisings if you do not participate.

(l) Other risks

Other areas of risk faced by Huon include:

- Cyber security risk: Huon relies on its own and third party technology for its day-to-day operations. Any failure of, or disruption to, these systems could limit Huon's ability to carry out its operations; and
- Social risk: Misinformation about Huon's operations and the aquaculture industry could adversely affect the reputation and hence financial performance of Huon.

In addition, as a result of considering the Proposed Transactions, putting the Proposed Transactions to Huon Shareholders and (if it becomes Effective) implementing the Proposed Transactions, Huon is exposed to risks associated with potential business distraction.

8.3 Risks specific to the Schemes

(a) Conditions to the Schemes

The implementation of the Schemes are subject to a number of conditions, which are summarised in Section 12.5(d) of this Booklet. The Schemes will not proceed to the Second Court Date unless all Conditions Precedent (other than approval by the Court) are satisfied or waived (if permitted).

If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date, the Implementation Deed may be terminated, which will mean neither Scheme will be implemented.

A failure to satisfy any of the Conditions Precedent, or a delay in satisfying the Conditions Precedent and implementing the Schemes, may adversely affect the trading price of Huon Shares.

(b) Court approval

The Court may not approve either of the Schemes, either at all or in the form proposed, or the Court's approval of the Schemes may be delayed. In particular, if there is a material change in circumstances between the Scheme Meetings and the Second Court Date, the Court will take the change into account in deciding whether it should approve a Scheme. If there is a material change of sufficient importance so as to materially alter the Schemes, there is a risk that the Court may not approve a Scheme on the Second Court Date.

(c) Tax consequences for Scheme Shareholders

If either Scheme is implemented, there may be tax consequences for Scheme Shareholders that may include tax being payable on any gain on the transfer of Scheme Shares to JBS.

The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances.

Accordingly, Scheme Shareholders should seek professional tax advice in relation to their particular circumstances.

For general information about certain Australian tax consequences of the Scheme for Scheme Shareholders, please refer to Section 11 of this Booklet.

(d) Transaction and other costs

Costs of approximately \$2,400,000 (excluding GST) are expected to be paid by Huon in connection with the Schemes and the Takeover Bid irrespective of whether one of the Schemes becomes Effective (and is implemented) or whether the Takeover Offers become unconditional. The costs include advisory fees for Huon's financial, legal, accounting and tax advisers, the Independent Expert's and Share Registry's fees, general administrative fees, Booklet design, printing and distribution costs, and expenses associated with convening and holding the Scheme Meetings and the Annual General Meeting.

8.4 Risks specific to the Takeover Bid

This Section 8.4 contains a general summary of the risks to Huon Shareholders associated with the Takeover Offers becoming unconditional. The Takeover Offers will only become unconditional if one of the Schemes is not implemented and if all conditions of the Takeover Offers other than the minimum acceptance condition have been satisfied or waived (subject to certain conditions).

(a) Minority ownership (if JBS acquires more than 50% but less than 90% of the Huon Shares)

If JBS acquires more than 50% but less than 90% of the Huon Shares, JBS will acquire a majority shareholding in Huon. In this situation, JBS will not be entitled to compulsorily acquire the remaining Huon Shares, however, Huon Shareholders who do not accept the Takeover Offers will be minority shareholders in Huon. This has a number of possible consequences for Huon Shareholders, including:

- Huon Shareholders who do not accept the Takeover Offers will continue to hold Huon Shares, unless sold on-market, and remain exposed to the general risks set out in Section 8.1 and the specific risk factors to Huon's business set out in Section 8.2;
- JBS will be in a position to cast the majority of votes at a general meeting of Huon. This will enable JBS to control the composition of the Huon Board and senior management, determine Huon's dividend policy and control the strategic direction of the businesses of the Huon Group;
- the Huon Share price is likely to fall following the end of the Takeover Offer Period if compulsory acquisition by JBS cannot be achieved and no Superior Proposal emerges. Furthermore, it is unlikely that Huon's share price will contain any takeover premium;
- Huon will continue to be subject to listing and other compliance costs associated with Huon remaining an ASX listed company;
- liquidity of Huon Shares may be lower than at present and there is a risk that Huon could be fully or partially removed from the ASX market index due to limited free float and/or liquidity;

8. Risk factors *(continued)*

- if the number of Huon Shareholders is less than that required by Listing Rules to maintain an ASX listing then JBS may seek to have Huon removed from the official list of ASX. If this occurs, Huon Shares will not be able to be bought or sold on the ASX; and
- the future Huon dividend policy under the control of JBS may vary significantly from the current Huon dividend policy.

(b) Special resolutions and ASX delisting (if JBS acquires more than 75% but less than 90% of the Huon Shares)

If JBS acquires more than 75% but less than 90% of the Huon Shares, then all of the risks outlined in Section 8.4(a) will apply. In addition, JBS will be able to pass a special resolution of Huon. This will enable JBS to, among other things, change Huon's constitution. Huon may also be removed from the official list of ASX (see Section 3.2(j) for further details).

Furthermore, if JBS holds more than 75% of the shares and only 50 Huon Shareholders or less remain, JBS may be able to convert Huon into a private company. Private companies are not as heavily regulated as public companies under the Corporations Act. As a result, remaining Huon Shareholder will have less rights including relating to, among other things, disclosure by Huon and shareholder approval.

(c) Compulsory Acquisition (if JBS acquires more than 90% of the Huon Shares)

If JBS acquires more than 90% of the Huon Shares, JBS will be entitled to acquire any Huon Shares in respect of which it has not received an acceptance of the Takeover Offers on the same terms as the Takeover Offers. In this situation, regardless of whether Huon Shareholders have accepted the Takeover Offers, it is possible that their Huon Shares may be compulsorily acquired by JBS under the Takeover Bid and in accordance with applicable law, and they will be forced to receive the Takeover Offer Price.

Huon Shareholders are entitled to apply to the court under section 661E of the Corporations Act for an order that their Huon Shares not be compulsorily acquired. The application will be successful if the court is satisfied that the Takeover Offer Price is not "fair value" for the Huon Shares. If the court makes such an order, then Huon Shareholders who have not accepted the Takeover Offers will not be compulsorily acquired as part of the current process, and JBS may make a further offer for those Huon Shares, or commence a further compulsory acquisition process, with revised consideration.

Huon Shareholders that accept the Takeover Offers will not be eligible to make an application to the court to challenge the compulsory acquisition process, and if successful, will not benefit in any possible revised offer for, or compulsory acquisition process in respect of, Huon Shares which JBS may make or undertake.

Although it is a separate process Huon Shareholders should understand that the Independent Expert has determined the Takeover Offers to be fair and reasonable for Huon Shareholders.

9. Key features of the meetings

9.1 Primary Scheme and Secondary Scheme

The Scheme Meetings involves the consideration of two alternative schemes of arrangement, the Primary Scheme and the Secondary Scheme:

- The **Primary Scheme** involves the acquisition of all Huon Shares by JBS, other than Huon Shares held by Surveyors. The Primary Scheme contemplates that the shares in Surveyors, and, as a result the approximate 40.53% of issued Huon Shares held by Surveyors, will be acquired by JBS pursuant to the Share Sale Agreement at the same time as all other Huon Shares are acquired by JBS pursuant to the Primary Scheme. The acquisition of the shares in Surveyors requires the approval of Huon Shareholders at the Annual General Meeting, which will be held immediately following the Scheme Meetings.
- The **Secondary Scheme** involves the acquisition of all Huon Shares, including the Huon Shares held by Surveyors.

Under both the Primary Scheme and the Secondary Scheme all Huon Shares will be directly or indirectly acquired by JBS for a cash price per Huon Share equal to the Scheme Consideration.

Huon Shareholders will be asked to vote on both the Primary Scheme and the Secondary Scheme at the Scheme Meetings:

- **If both the Primary Scheme and the Secondary Scheme are approved** by the Required Majorities of Huon Shareholders at the Scheme Meetings and the Surveyors Acquisition Resolution is approved by the Required Majority of Huon Shareholders at the Annual General Meeting, the Court will be asked to approve the Primary Scheme at the Second Court Hearing and, if that approval is obtained from the Court, the Secondary Scheme will not proceed.
- **If the Primary Scheme is not approved** by the Required Majorities of Huon Shareholders at the Scheme Meetings, the Surveyors Acquisition Resolution is not approved by the Required Majority of Huon Shareholders at the Annual General Meeting or the Primary Scheme is not approved by the Court at the Second Court Hearing, but the Secondary Scheme is approved by the Required Majorities of Huon Shareholders at the Scheme Meetings, the Primary Scheme will not proceed and the Court will be asked to approve the Secondary Scheme.

9.2 Surveyors Acquisition and requirements of section 611(7)

The Surveyors Acquisition will be proposed at the Annual General Meeting.

It is a condition of the Primary Scheme that the Surveyors Acquisition Resolution is passed. It will be passed if more than 50% of the votes that are cast on the resolution are in favour of it. Surveyors, JBS and their respective associates cannot vote on that resolution.

If the Huon Shareholders do not approve of the Surveyors Acquisition, the Primary Scheme will not proceed. The Secondary Scheme may proceed if the Huon Shareholders vote in favour of the Secondary Scheme Resolution by the Required Majorities.

Section 611(7) of the Corporations Act allows the acquisition of a Relevant Interest in Huon (being more than 20% of Huon Shares) in the manner referred above to take place without being in breach of the Corporations Act, provide:

- Huon Shareholders approve the Surveyors Acquisition; and
- such approval is given by no later than 6 November 2021, being not later than 3 months after the date of the Share Sale Agreement.

The acquisition of the Surveyors Shares by JBS from Peter Bender represents the acquisition of a Relevant Interest of more than 20% of the Huon Shares on issue as Surveyors holds 40.53% of Huon Shares and requires the approval of Huon Shareholders to proceed.

As at the date of this Booklet JBS and its associates do not have a Relevant Interest in Huon Shares by virtue of 609(7) of the Corporations Act. If the Surveyors Acquisition Resolution is approved by Huon Shareholders then JBS and its associates will have a Relevant Interest in, and Voting Power of, 40.53% of all Huon Shares immediately following the Annual General Meeting. If the Primary Scheme is implemented JBS and its associates voting power will increase to 100%.

Under the Supplemental Share Sale Agreement Peter Bender and JBS may agree to waive any failure of the Primary and Secondary Scheme to be Effective and complete the Surveyors Acquisition 5 Business Days after the close of

9. Key features of the meetings *(continued)*

the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority). The effect of these arrangements is that the Huon Shares held by Surveyors would be indirectly acquired by JBS through the acquisition of Surveyors outside the Takeover Bid.

The acquisition of Surveyors under the Takeover Bid, which can occur if ASIC grants relief as described in Section 12.12(a)(iii) will only proceed if the Surveyors Acquisition Resolution is approved.

9.3 How to vote at the Meetings

You should carefully read this Booklet in its entirety before deciding whether to vote in favour of the Schemes and the Surveyors Acquisition.

Huon Shareholders should refer to Section 3.3 of this Booklet for further guidance on the reasons to vote for and against the Schemes and Surveyors Acquisition. However, as noted elsewhere in this document, this Booklet does not take into account the investment objectives, financial situation and particular needs of any individual Huon Shareholder.

If you have any questions about this Booklet or the Scheme, please contact the Huon Shareholder Information Line on 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays, or visit <https://events.miraqle.com/huo-transaction>.

If you require further advice in relation to the Schemes or the Surveyors Acquisition, contact your legal, financial, taxation or other professional adviser.

For the Schemes to proceed, the Scheme Resolutions and Surveyors Acquisition Resolution must be approved by the Required Majorities at the Scheme Meetings and Annual General Meeting.

The Independent Board Committee of the Huon Board unanimously recommends Huon Shareholders vote in favour of the Primary Scheme and the Surveyors Acquisition and accept the Takeover Offers and the Huon Directors unanimously recommend that Huon Shareholders vote in favour of the Secondary Scheme. In all cases in the absence of a Superior Proposal and subject to the Independent Expert continuing to provide a positive opinion and subject to the qualifications set out in Section 5.4.

If you are unable to attend the Scheme Meetings or Annual General Meeting, the Huon Directors recommend that you complete and return, in the enclosed reply-paid envelope, the personalised proxy form that accompanies this Booklet, or lodge your proxy form online at www.linkmarketservices.com.au. You will need to log into your portfolio or as a Single Holding Login to lodge your vote on-line. Then select "Voting" and follow the prompts to lodge your vote. Alternatively you can scan and email your completed forms to registrars@linkmarketservices.com.au.

Details of the Scheme Meetings

The Scheme Meetings will be held virtually (online only), at 10.00 am (Hobart time) on Friday, 29 October 2021. The Second Scheme Meeting will be opened at 10.00 am but be adjourned until the conclusion of the First Scheme Meeting.

Details about the Scheme Meetings are set out in the Notice of Scheme Meetings contained in Annexure F of this Booklet.

Details of the Annual General Meeting

The Annual General Meeting will be a meeting held virtually (online only), at 10.00 am (Hobart time) on Friday, 29 October 2021. The Annual General Meeting will be opened at 10.00 am but will be adjourned until the conclusion of the Second Scheme Meeting.

In addition to voting on the Surveyors Acquisition the Annual General Meeting will also consider the Financial Statements and Reports, and consider and vote on the Remuneration Report, the grant of Huon Performance Rights to Peter Bender and the re-election of Frances Bender as a Huon Director.

Details about the Annual General Meeting are set out in the Notice of Annual General Meeting contained in Annexure H of this Booklet.

Entitlement to vote

Each Huon Shareholder who is registered on the Register at 7.00 pm (Hobart time) on 27 October 2021 is entitled to attend and vote at the Scheme Meetings and Annual General Meeting.⁴⁴

In the case of jointly held Huon Shares, only one of the joint shareholders is entitled to vote. If more than one Huon Shareholder votes in respect of jointly held Huon Shares, only the vote of the Huon Shareholder whose name appears first in the Register will be counted.

Details about the permitted methods of voting are set out in Section 9.4 and in the Notice of Scheme Meetings contained in Annexure F and the Notice of Annual General Meeting contained in Annexure G of this Booklet.

9.4 How to vote

Voting on the Scheme Resolutions and Surveyors Acquisition Resolution will be conducted by way of a poll.

If you are a Huon Shareholder entitled to vote at the Scheme Meetings or Annual General Meeting, you may vote:

- **online:** by attending and voting online;
- **by proxy:** by appointing one or two proxies to attend the Scheme Meetings or Annual General Meeting and vote on your behalf, by completing and returning, in the enclosed reply paid envelope, the personalised proxy form that accompanies this Booklet or lodging your proxy form online at www.linkmarketservices.com.au in accordance with the instructions given there. Alternatively you can scan and email your completed forms to registrars@linkmarketservices.com.au;
- **by attorney:** by appointing an attorney to attend the Scheme Meetings or Annual General Meeting and vote on your behalf, using a duly executed power of attorney; or
- **by corporate representative:** in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meetings or Annual General Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

Further information on how to vote using each of these methods is contained in the Notice of Scheme Meetings attached as Annexure F and Annexure G and the Notice of Annual General Meeting attached as Annexure H to this Booklet.

If you are in favour of the Schemes, you should vote in favour of the Schemes and the Surveyors Acquisition.

The Primary Scheme or Secondary Scheme considered and voted on at the Scheme Meetings will not be implemented unless the Primary Scheme, Secondary Scheme and, in respect of the Primary Scheme only, the Surveyors Acquisition, is approved by the Required Majorities of Huon Shareholders.

9.5 Special Dividend

Subject to a Scheme becoming Effective and the receipt of a favourable tax ruling by the Implementation Date, the Huon Board currently intends to pay a fully franked Special Dividend of \$0.125 per Huon Share on the Special Dividend Record Date. No Special Dividend will be paid if the Takeover Bid proceeds.

9.6 Provision of Scheme Consideration

The Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently expected to be 8 November 2021).

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you hold Huon Shares at the Scheme Record Date (currently expected to be (7.00 pm Hobart time) on 5 November 2021 or such other time and date as Huon and JBS agree in writing).

Huon Shareholders on the Register as at the Special Dividend Record Date will be paid the Special Dividend (if paid) on the Special Dividend Payment Date (currently expected to be 8 November 2021).

44 Surveyors and its associates will not be entitled to vote on the Surveyors Acquisition at the Annual General Meeting.

9. Key features of the meetings *(continued)*

All payments will be made by direct deposit into your nominated bank account as advised to the Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your Registered Address.

For Huon Shares held in joint names, Huon will make the payment to the joint holders and will send the relevant amount to the holder whose name appears first in the Register.

9.7 Conditions to the Schemes

Pursuant to the Implementation Deed, a number of outstanding conditions need to be satisfied or (if permitted) waived before the Primary Scheme or Secondary Scheme can be implemented. These conditions are the following.

- **Orders convening Scheme Meetings:** the Court makes order convening the Scheme Meetings under section 411(1) of the Corporations Act;
- **Huon Shareholder approval:**
 - in the case of the Primary Scheme only, Huon Shareholders approve the Primary Scheme at the Scheme Meetings and the Surveyors Acquisition at the Annual General Meeting by the Required Majorities; or
 - in the case of the Secondary Scheme only, Huon Shareholders approve the Secondary Scheme at the Scheme Meetings by the Required Majorities;
- **Scheme priority:** in the case of the Secondary Scheme only:
 - at the Scheme Meetings, the Primary Scheme is not approved by Huon Shareholders by the Required Majorities; or
 - at the Second Court Date, the Primary Scheme is not approved by order of the Court under section 411(4)(b) of the Corporations Act or is only approved on conditions that impose unduly onerous obligations upon the parties (each acting reasonably);
- **Court approval:** the Court approves the Primary Scheme or the Secondary Scheme;
- **Order lodged with ASIC:** an office copy of the Court order approving the Primary Scheme or Secondary Scheme is lodged with ASIC;
- **FIRB approval:** before 5.00 pm on the Business Day before the Second Court Date, either, JBS has received FIRB approval in respect of the Schemes;
- **Regulatory Approvals:** all Regulatory Approvals (if any) are obtained and those approvals have not been withdrawn or revoked;
- **No regulatory intervention:** no court or Government Agency has issued or taken steps to issue a restraint in respect of the Schemes as at 8.00 am on the Second Court Date;
- **Independent Expert's Report:** the Independent Expert's Report concludes that:
 - in relation to the Primary Scheme only, the Primary Scheme is in the best interests of Huon Shareholders;
 - in relation to the Secondary Scheme only, the Secondary Scheme is in the best interests of Huon Shareholders; and
 - in relation to the Primary Scheme only, the advantages of the Share Sale Agreement outweigh the disadvantages to Huon Shareholders (other than Surveyors);
- **No Material Adverse Effect:** during the period commencing on 6 August 2021 and ending at 8.00 am on the Second Court Date, no Huon Material Adverse Effect occurs;
- **No Prescribed Event:** during the period commencing on 6 August 2021 and ending at 8.00 am on the Second Court Date, no Huon Prescribed Event nor any JBS Prescribed Event occurs; and
- **Representations and warranties:** the representations and warranties given by Huon, JBS and Industry Park under the Implementation Deed are true and correct in all material respects as at the time given.

The conditions precedent to the Primary Scheme and Secondary Scheme are summarised in Section 12.5 of this Booklet. The status of the conditions precedent as at the date of this Booklet is also included. The Primary Scheme or Secondary Scheme will not proceed unless all of the conditions precedent are satisfied or (if permitted) waived in accordance with the Implementation Deed.

9.8 Keys steps to implement the Schemes

Each key step to implement the Schemes and relevant information concerning these steps are set out below. All dates following the Scheme Meetings and Annual General Meeting are indicative only and may be subject to change. Huon will announce to ASX any change to the dates set out in the "Important Dates and Expected Timetable for the Scheme" on page 18.

Step 1. Scheme Meetings and approval requirements of the Schemes

In accordance with an order of the Court dated 22 September 2021, Huon has convened the Scheme Meetings to be held at 10.00 am on 29 October 2021. The Notice of Scheme Meetings is set out in Annexure F and Annexure G of this Booklet.

At the Scheme Meetings, the Huon Shareholders will be asked to approve the Primary Scheme Resolution and the Secondary Scheme Resolution. The Required Majorities of Huon Shareholders to approve the Schemes are:

- **(headcount test)** unless the Court orders otherwise, a majority in number (ie more than 50%) of Huon Shareholders present and voting at the Scheme Meetings (either themselves, or by proxy, attorney or, in the case of corporate Huon Shareholders, body corporate representative); and
- **(voting test)** at least 75% of the total number of votes cast on the Scheme Resolutions by Huon Shareholders present and voting at the Scheme Meetings (either themselves, or by proxy, attorney or, in the case of corporate Huon Shareholders, body corporate representative).

The Court has the power to waive the first requirement.

Instructions on how to vote at the Scheme Meetings are set out in the "How to Vote" section after the JBS CEO's Letter to Huon Shareholders and the Notice of Scheme Meetings in Annexure F and Annexure G of this Booklet.

The results of the Scheme Meetings will be available as soon as possible after the conclusion of the Scheme Meetings and will be announced to the ASX (www.asx.com.au) once available.

Steps 3 to 6 described below will only occur if the Primary Scheme Resolution or the Primary Scheme Resolution is passed by the Required Majorities at the Scheme Meetings.

Step 2. Annual General Meeting and Surveyors Acquisition approval requirements

Huon has convened the Annual General Meeting to be held immediately after the Scheme Meetings on 29 October 2021. The Notice of Annual General Meeting is set out in Annexure H of this Booklet.

At the Annual General Meeting, the Huon Shareholders will be asked to approve the Surveyors Acquisition Resolution. The Required Majority of Huon Shareholders to approve the Surveyors Acquisition is a simple majority of Huon Shareholders present and voting at the Annual General Meeting (either themselves, or by proxy, attorney or, in the case of corporate Huon Shareholders, body corporate representative) (other than JBS, Peter Bender and their associates).

Instructions on how to vote at the Annual General Meeting are set out in Section 3 and the Notice of Annual General Meeting in Annexure H of this Booklet.

The results of the Annual General Meeting will be available as soon as possible after the conclusion of the Annual General Meeting and will be announced to the ASX (www.asx.com.au) once available.

9. Key features of the meetings *(continued)*

Step 3. Court approval of the Schemes

In the event that:

- either the Primary Scheme or the Secondary Scheme is approved by the Required Majorities; and
- all of the other conditions precedent to the Schemes (other than Court approval) have been satisfied or (if permitted) waived,

Huon will apply to the Court for an order approving the Primary Scheme or the Secondary Scheme.

If each of the Primary Scheme and the Surveyors Acquisition is approved by the Required Majorities, Huon will seek Court orders to approve the Primary Scheme. If the Primary Scheme or the Surveyors Acquisition is not approved by the Required Majority or the Court does not approve the Primary Scheme, Huon will seek Court orders to approve the Secondary Scheme.

The Second Court Hearing is expected to take place on Wednesday, 3 November 2021. Any Huon Shareholder and, with the Court's permission, any other interested person, has a right to appear at the Second Court Hearing.

Step 4. Effective Date

If the Court makes an order approving either the Primary Scheme or the Secondary Scheme at the Second Court Hearing (referred to in this Booklet as the **Scheme Order**), Huon will lodge an office copy of the Scheme Order with ASIC. Once lodged, the Primary Scheme or the Secondary Scheme will become Effective and binding on JBS, Huon and each Scheme Shareholder (referred to in this Booklet as the **Effective Date**).

On the Effective Date, Huon will notify ASX that the Primary Scheme or the Secondary Scheme has become Effective and lodge a copy of the Scheme Order with ASX. Trading in Huon Shares on ASX will be suspended from close of trading on the Effective Date. If the Scheme Order is made (and the Second Court Hearing occurs on the expected date), the Effective Date is expected to be Thursday, 4 November 2021.

Once the Primary Scheme or Secondary Scheme becomes Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Huon and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purposes of enforcing the Deed Polls against JBS and Industry Park, and executing any document or doing any other act necessary, desirable or expedient to give full effect to the Primary Scheme or Secondary Scheme and the transactions contemplated by it. This includes executing a proper instrument of transfer in respect of a Scheme Shareholder's Scheme Shares.

Step 5. Special Dividend Record Date, entitlement to any Special Dividend and Special Dividend Payment Date

Huon Shareholders who are recorded on the Register on the Special Dividend Record Date (currently expected to be 7.00 pm (Hobart time) on Tuesday 2 November 2021) will be entitled to receive the Special Dividend (if paid) in respect of the Huon Shares they hold at that time and will be paid the Special Dividend (if paid) on the Special Dividend Payment Date (currently expected to be 8 November 2021).

Step 6. Scheme Record Date and entitlement to Scheme Consideration

Those Huon Shareholders on the Register on the Scheme Record Date (currently expected to be 7.00 pm (Hobart time) on Friday, 5 November 2021), will be entitled to receive the Scheme Consideration in respect of the Huon Shares they hold at that time.

(a) Dealings in Huon Shares on or prior to the Scheme Record Date

For the purposes of determining who is a Scheme Shareholder (ie a Huon Shareholder on the Scheme Record Date), dealings in Huon Shares will only be recognised if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Huon Shares at or before 7.00 pm (Hobart time) on the Scheme Record Date; and
- in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received by 2.00 pm (Hobart time) on the Scheme Record Date at the place where the Register is kept.

Huon will not accept for registration or recognise for any purpose, any transfer or transmission application in respect of Huon Shares received after the Scheme Record Date.

(b) Dealings in Huon Shares after the Scheme Record Date

For the purposes of determining entitlements to the Scheme Consideration, Huon will maintain the Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Scheme Shares will cease to have any effect as documents relating to title in respect of those shares; and
- each entry on the Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

Step 7. Implementation Date

Pursuant to the Deed Polls, JBS must, and Industry Park must procure, no later than the day that is the Business Day before the Implementation Date, payment or procure the payment into an Australian dollar denominated trust account, operated by Huon as trustee for the Scheme Shareholders for the purpose of paying the cash component of the Scheme Consideration to Scheme Shareholders, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders.

If the Bidder is required by law to pay an amount to the Commissioner of Taxation in relation to foreign resident capital gains withholding in respect of the acquisition of Scheme Shares it shall be entitled to withhold that amount (see Section 11 for further details).

The Schemes provide that Scheme Shares must be transferred to the Bidder free of all security interests and provides that each Scheme Shareholder is deemed to have warranted to that effect and that they have the full power and capacity to sell and transfer their Scheme Shares including all rights and entitlements attaching to those Scheme Shares.

9. Key features of the meetings *(continued)*

On the Implementation Date (which is expected to occur on Monday, 8 November 2021):

(a) if the Primary Scheme is implemented:

- each Scheme Shareholder will be paid the Scheme Consideration from the trust account operated by Huon;
- once the Scheme Consideration has been provided, the shares in Surveyors will be transferred to JBS; and
- the Scheme Shares will be transferred to JBS, without the Scheme Shareholders needing to take any further action, and the Register will be updated so that JBS is listed as the holder of all the Huon Shares; or

(b) if the Secondary Scheme is implemented:

- each Scheme Shareholder will be paid the Scheme Consideration from the trust account operated by Huon; and
- once the Scheme Consideration has been provided, the Scheme Shares will be transferred to JBS, without the Scheme Shareholders needing to take any further action, and the Register will be updated so that JBS is listed as the holder of all the Scheme Shares.

Details about the funding of the Scheme Consideration are set out in Section 7.6 of this Booklet.

9.9 Deemed warranties by Scheme Shareholders

The Schemes provide that each Scheme Shareholder is taken to have warranted to JBS, and appointed and authorised Huon as its attorney and agent to warrant to JBS, that:

- all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the relevant Scheme will, at the time of transfer of them to JBS, be fully paid and free from all:
 - mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise; and
 - restrictions on transfer of any kind;
- they have full power and capacity to transfer their Scheme Shares to JBS together with any rights attaching to those shares; and
- as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of Huon securities.

9.10 Delisting from ASX

On or after the Implementation Date, Huon will apply for termination of the official quotation of Huon Shares on ASX, and for Huon to be removed from the official list of ASX on the trading day immediately following the Implementation Date.

10. Terms of the Takeover Offers

In this Section 10, a reference to:

- (a) **“your Huon Shares”** means:
- (i) if you return an Acceptance Form to accept the Takeover Offer in respect of some but not all of your Huon Shares, the Huon Shares specified in your Acceptance Form; or
 - (ii) otherwise, all your Huon Shares.

10.1 The Takeover Offer

- (a) JBS offers to acquire any or all of the Huon Shares you hold subject to the terms and conditions set out in this Section 10.
- (b) This Takeover Offer extends to all Huon Shares that are issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the exercise or vesting of Huon Performance Rights that are on issue as at the Register Date.
- (c) Subject to receipt by Huon and JBS of the ASIC Surveyors Modification, the Takeover Offers extend to the Surveyors Shares.
- (d) The consideration under the Takeover Offer is \$3.85 cash per Huon Share, subject to the operation of Section 10.1(e).
- (e) By accepting the Takeover Offer, you undertake to transfer to JBS not only your Huon Shares to which the Takeover Offer relates but also all Rights attached to your Huon Shares (see Sections 10.11(c)(v), 10.11(c)(vi) and 10.12). In broad terms, the effect of this is that the Takeover Offer Price of \$3.85 cash per Huon Share will be reduced by the per Share amount of any dividends declared, determined or paid by Huon after 13 August 2021 (being the date the Takeover Offer was announced) and that accrue to or arise from your Huon Shares.
- (f) The Takeover Offer is dated 28 September 2021.

10.2 Offer Period

- (a) Unless withdrawn, subject to Section 10.2(d) the Takeover Offer will remain open for acceptance during the period commencing on the date of the Takeover Offer (28 September 2021) and ending at 7.00 pm (AEDT time) on the later of:
 - (i) Wednesday, 12 January 2022; and
 - (ii) any date to which the Offer Period is extended.
- (b) JBS reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Offer Period, either of the following events occur:
 - (i) the Takeover Offer is varied to improve the consideration offered; or
 - (ii) JBS' Voting Power in Huon increases to more than 50%,the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.
- (d) Despite anything else in this Section 10 the Offer Period must not expire prior to the date that is 10 Business Days after the date of the Scheme Meetings.

10. Terms of the Takeover Offers *(continued)*

10.3 How to accept the Takeover Offer

(a) General

- (i) Subject to Sections 10.4(b) and 10.4(c), you may accept the Takeover Offer for any or all of your Huon Shares.
- (ii) If you accept the Takeover Offer for some of your Huon Shares you can still accept the Offer for more or all of your Huon Shares during the Offer Period.
- (iii) You may accept the Takeover Offer at any time during the Offer Period.
- (iv) When accepting this Offer, you should also forward for inspection:
 - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Huon Shareholder, the relevant grant of probate or letters of administration.

(b) Issuer sponsored holdings

To accept the Takeover Offer for Huon Shares held in your name on Huon's issuer sponsored sub register (in which case your Shareholder Reference Number will commence with an 'I'), you must:

- (i) **complete and sign** the Acceptance Form in accordance with the terms of the Takeover Offer and the instructions on the Acceptance Form; and
- (ii) **ensure** that the Acceptance Form (including any documents required by the terms of the Takeover Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

(c) CHESS Holdings

If your Huon Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with an 'X'), to accept the Takeover Offer you must do one of the following:

- (i) **instruct** your Controlling Participant (usually your stockbroker) to initiate acceptance of the Takeover Offer on your behalf, so as to be effective before the end of the Offer Period. However, if you are the Controlling Participant in respect of your Huon Shares, to accept the Takeover Offer you must initiate acceptance of the Takeover Offer before the end of the Offer Period; or
- (ii) **complete and sign** the enclosed Acceptance Form in accordance with the instructions on it and return it together with all other documents required by those instructions on it, so that they are received at the address given on the Acceptance Form in sufficient time for your Controlling Participant to act on your instruction before the end of the Offer Period.

10.4 Offerees

(a) Registered holders

- (i) The Takeover Offer is being made to each person registered as the holder of Huon Shares in the register of Huon Shareholders at 7.00 pm (Hobart time) on the Register Date. It also extends to:
 - (A) holders of Huon Shares issued during the period from the Register Date to the end of the Offer Period (inclusive) as a result of the exercise or vesting of Huon Performance Rights that are on issue as at the Register Date;
 - (B) any person who becomes registered, or entitled to be registered, as the holder of Huon Shares during the Offer Period; and
 - (C) subject to receipt by Huon or JBS of the ASIC Surveyors Modification, the Takeover Offers extend to the Surveyors Shares.

(b) Transferees

If at any time during the Offer Period another person is able to give good title to some or all of your Huon Shares and you have not already accepted the Takeover Offer for your Huon Shares, then that person may accept the Takeover Offer as though the Takeover Offer had been made to them in respect of your Huon Shares.

(c) Trust and nominees

- (i) If, at any time during the Offer Period, you are registered or entitled to be registered as the holder of one or more parcels of Huon Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate Takeover Offer on the same terms and conditions as this Takeover Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the offer for each parcel, you must comply with the procedure in subsection 653B(3) of the Corporations Act.
- (ii) If, for the purposes of complying with that procedure, you require additional copies of this Booklet and/or the Acceptance Form, please call the Huon Shareholder Information Line on 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) between 8.30 am and 5.30 pm (Hobart time) Monday to Friday, excluding public holidays, or visit <https://events.miraqle.com/huo-transaction>.
- (iii) If your Huon Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that party for assistance in accepting the Takeover Offer.

10.5 Conditions of the Takeover Offer

Subject to Section 10.6, the completion of the Takeover Offer and any contract that results from the acceptance of the Takeover Offer will be subject to each of the following conditions (and no other defeating conditions):

- (a) **Minimum Acceptance Condition:** JBS has a Relevant Interest in at least 50.1% (by number) of the Huon Shares (then on issue);
- (b) **FIRB Approval:** before the end of the Offer Period one of the following occurs:
 - (i) JBS has received written notification by or on behalf of the Treasurer of the Commonwealth of Australia under the FATA to the effect that the Commonwealth Government has no objection under its foreign investment policy to JBS acquiring up to 100% of the Huon Shares under the Takeover Offers, either on an unconditional basis or subject only to:
 - (A) 'standard' tax conditions which are in the form, or substantially in the form, of those set out in items 1 to 6 of Part D of the Australian Foreign Investment Review Board's Guidance Note 12 'Tax Conditions' (in the form last updated on 18 December 2020); and
 - (B) such other conditions acceptable to JBS acting reasonably;
 - (ii) the period provided for under the FATA during which the Treasurer may make an order or interim order under the FATA prohibiting JBS acquiring Huon Shares under the Takeover Offers has elapsed without such an order being made; or
 - (iii) if an interim order has been made to prohibit JBS acquiring Huon Shares under the Takeover Offers, the subsequent period for making a final order under the FATA has elapsed without any final order being made;.
- (c) **Schemes fail:** either:
 - (i) the Primary Scheme or the Secondary Scheme is not approved at the Scheme Meetings by the Required Majorities under subparagraph 411(4)(a)(ii)(B) of the Corporations Act; or
 - (ii) following approval of the Primary Scheme or the Secondary Scheme at the Scheme Meetings by the Required Majorities under subparagraph 411(4)(a)(ii)(B) of the Corporations Act, the Court does not approve the relevant Scheme in accordance with section 411(b) of the Corporations Act;.

10. Terms of the Takeover Offers *(continued)*

- (d) **No Huon Material Adverse Effect:** no Huon Material Adverse Effect occurs between (and including) 13 August 2021 (being the date of announcement of the Takeover Offer) until the end of the Offer Period;.
- (e) **No Huon Prescribed Event:** no Huon Prescribed Event occurs between (and including) 13 August 2021 (being the date of announcement of the Takeover Offer) until the end of the Offer Period;.
- (f) **No restraints:** no restraining order, injunction or other order of a Court or Government Agency that would prevent or delay the Takeover Offer is in effect at the end of the Offer period;.
- (g) **Huon representations and warranties:** each of the representations and warranties given by Huon in the Implementation Deed are accurate and not misleading at all times between (and including) 13 August 2021 (being the date of announcement of the Takeover Offer) until the end of the Offer Period;.
- (h) **Regulatory Approvals:** all regulatory approvals of a Governmental Agency (including all ASIC modifications) that are necessary or desirable to implement the Takeover Offer or any aspect of it are obtained and those approvals have not been withdrawn or revoked;.
- (i) **Conduct of business:** between (and including) 13 August 2021 (being the date of announcement of the Takeover Offer) until the end of the Offer Period, Huon has complied with the obligations set out in clauses 6.1 and 6.2 of the Implementation Deed; and.
- (j) **Performance Rights:** Huon has caused all of the unvested Huon Performance Rights to vest and, following such vesting caused the relevant number of Huon Shares to be issued to each of the relevant former holders of Huon Performance Rights in sufficient time to allow the relevant former holders the ability to participate in the Takeover Offer in respect of those Huon Shares.

10.6 Nature and benefit of Conditions

- (a) Any contract arising from your acceptance of the Takeover Offer does not become binding unless and until the FIRB Condition is fulfilled or waived. Despite your acceptance of the Takeover Offer, unless and until this condition is fulfilled or waived:
 - (i) no contract for the sale of your Huon Shares will come into force or be binding on you or on JBS;
 - (ii) JBS will have no rights (conditional or otherwise) in relation to your Huon Shares;
 - (iii) if your Huon Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of your Huon Shares by having your Controlling Participant transmit a valid originating message to ASX specifying your Huon Shares to be released from the sub-position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules; and
 - (iv) if your Huon Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of your Huon Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form so that it is received at the relevant address at any time prior to the fulfillment or waiver of the FIRB Condition.
- (b) The conditions in Section 10.5 other than the FIRB Condition (**Remaining Conditions**) are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your Huon Shares from arising, but entitles JBS by written notice to you to rescind the contract resulting from your acceptance of the Takeover Offer.
- (c) None of the Remaining Conditions are to be read as imposing a condition that would be prohibited by paragraph 629(1) of the Corporations Act.
- (d) Subject to the Corporations Act, JBS alone is entitled to the benefit of the Remaining Conditions or to rely on any non-fulfilment of any of them.
- (e) Each condition in Section 10.5 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

10.7 Freeing the Takeover Offer of conditions

JBS may waive the FIRB Condition, but it will only do so if such waiver would not be in breach of the FATA.

JBS may only waive the Condition in Section 10.5(c) if the Implementation Deed has been terminated.

Subject to the foregoing, JBS may free the Takeover Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 10.5 (including, for the avoidance of doubt the Minimum Acceptance Condition), either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Huon declaring the Takeover Offers to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. By JBS giving such a notice in relation to a condition, JBS waives the condition.

This notice may be given not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period the conditions in Section 10.5 have not been fulfilled and JBS has not declared the Takeover Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Takeover Offers will be automatically void.

10.8 Notice on status of conditions

The date for giving the notice on the status of the conditions required by subsection 630(1) of the Corporations Act is Wednesday, 5 January 2022 being not more than 14 days and not less than 7 days before the end of the Offer Period (subject to extension in accordance with subsection 630(2) if the Offer Period is extended).

10.9 Contract void if conditions not fulfilled

Your acceptance of the Takeover Offer, and any contract resulting from your acceptance of the Takeover Offer, will be automatically void if at the end of the Offer Period, any of the conditions in Section 10.5 is not fulfilled or waived in accordance with Section 10.7.

10.10 Validity of acceptances

- (a) Subject to this Section 10.10, your acceptance of the Takeover Offers will not be valid unless it is made in accordance with the procedures set out in Section 10.3.
- (b) JBS will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Takeover Offers and time of receipt of an acceptance of the Takeover Offers. JBS is not required to communicate with you prior to making this determination. The determination of JBS will be final and binding on all Huon Shareholders.
- (c) Despite Sections 10.3(b) and 10.3(c), JBS may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your Huon Shares (as specified in your Acceptance Form), even if a requirement for acceptance has not been complied with. However, the payment of the consideration in accordance with the Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by JBS.
- (d) JBS will provide the consideration to you in accordance with Section 10.13 in respect of any part of an acceptance determined by JBS to be valid.
- (e) If any Huon Shares delivered by you are not exchanged for cash for any reason under the terms and conditions of the Takeover Offer, they will be returned to you (at your risk) as promptly as practicable following the expiration or withdrawal of the Takeover Offer. In such case, JBS will return, at your risk, your Acceptance Form together with any other documents forwarded by you, to your address as shown on the Acceptance Form or such other address as you may notify JBS in writing.
- (f) The transmission by you of the Acceptance Form and any documents in accordance with Section 10.3 is at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of JBS.

10. Terms of the Takeover Offers *(continued)*

10.11 The effect of acceptance

- (a) Once you have accepted the Takeover Offer, you will be able to revoke your acceptance at any time while the FIRB Condition has not been fulfilled or waived. When the FIRB Condition has been fulfilled or waived, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. You will consequently be unable to withdraw your Huon Shares from the Takeover Offer or otherwise dispose of those Huon Shares, except as follows:
- (i) if, by the relevant times specified in Section 10.11(b), the conditions in Section 10.5 have not all been fulfilled or waived, the Takeover Offer will automatically terminate and your Huon Shares will be returned to you; or
 - (ii) if the Offer Period is extended for more than one month and, at the time, the Takeover Offer is subject to one or more of the conditions in Section 10.5, you may be able to withdraw your acceptance in respect of your Huon Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant time for the purposes of Section 10.11(a)(i) is in relation to all conditions in Section 10.5, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting the Takeover Offer under Section 10.3, you will be deemed to have:
- (i) accepted the Takeover Offer (and any variation of it) in respect of your Huon Shares and, subject to all of the conditions to the Takeover Offer in Section 10.5 being fulfilled or waived, assigned all of your beneficial interest in your Huon Shares to JBS, conveyed beneficial title to your Huon Shares to JBS and agreed to transfer to JBS your Huon Shares, subject to Sections 10.4(b) and 10.4(c);
 - (ii) represented and warranted to JBS, as a fundamental condition going to the essence of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Huon Shares (including any Rights) to JBS is registered, that your Huon Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership in your Huon Shares (including any Rights) to JBS, and that you have paid to Huon all amounts which at the time of acceptance have fallen due for payment to Huon in respect of your Huon Shares;
 - (iii) irrevocably authorised JBS (and any director, secretary, agent or nominee of JBS) to alter the Acceptance Form on your behalf by inserting correct details of your Huon Shares (if you have elected to accept the Takeover Offers for all of your Huon Shares), filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by JBS to make it an effective acceptance of the Takeover Offer or to enable registration of your Huon Shares in the name of JBS;
 - (iv) if you signed the Acceptance Form in respect of Huon Shares which are held in a CHESS Holding, irrevocably authorised JBS (or any director, secretary, agent or nominee of JBS) to:
 - (A) instruct your Controlling Participant to initiate acceptance of the Takeover Offer in respect of your Huon Shares; and
 - (B) give any other instructions in relation to your Huon Shares to your Controlling Participant, as determined by JBS acting in its own interests as a beneficial owner and intended registered holder of your Huon Shares;
 - (v) irrevocably authorised and directed Huon to pay to JBS, or to account to JBS for, all Rights in respect of your Huon Shares, subject to, if the Takeover Offer is withdrawn, JBS accounting to you for any such Rights received by JBS;
 - (vi) except where Rights have been paid or accounted for in accordance with Section 10.11(c)(v), irrevocably authorised JBS to deduct from the consideration payable in accordance with the terms of the Offer the amount of all Rights referred to in Section 10.11(c)(v) or any amount equal to the value of those Rights as reasonably assessed by JBS;

- (vii) irrevocably authorised JBS to notify Huon on your behalf that your place of address for the purpose of serving notices on you in respect of your Huon Shares is the address specified by JBS in the notification;
- (viii) with effect from the date on which all the conditions to the Takeover Offer in Section 10.5 have been fulfilled or waived:
 - (A) irrevocably appointed JBS (and any director, secretary or nominee of JBS) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Huon Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of Huon and to request Huon to register, in the name of JBS or its nominee, your Huon Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable); and
 - (B) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Huon or to exercise or purport to exercise any of the powers and rights conferred on JBS (and its directors, secretaries and nominees) in Section 10.11(c)(viii)(A);
- (ix) agreed that in exercising the powers and rights conferred by the powers of attorney granted under Section 10.11(c)(viii)(A), the attorney will be entitled to act in the interests of JBS as the beneficial owner and intended registered holder of your Huon Shares;
- (x) agreed to do all such acts, matters and things that JBS may require to give effect to the matters the subject of this Section 10.11(c) (including the execution of a written form of proxy to the same effect as this Section 10.11(c) which complies in all respects with the requirements of the constitution of Huon if requested by JBS);
- (xi) represented and warranted to JBS that, unless you have notified it in accordance with Section 10.4(c), your Huon Shares do not consist of separate parcels of Huon Shares;
- (xii) irrevocably authorised JBS (and any nominee) to transmit a message in accordance with the ASX Settlement Operating Rules to transfer your Huon Shares to JBS' takeover transferee holding, regardless of whether it has paid the consideration due to you under the Takeover Offer; and
- (xiii) agreed, subject to the conditions of the Takeover Offer in Section 10.5 being fulfilled or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that JBS may consider necessary or desirable to convey your Huon Shares registered in your name and Rights to JBS.
- (d) The undertakings and authorities referred to in Section 10.11(c) will remain in force after you receive the consideration for your Huon Shares and after JBS becomes registered as the holder of your Huon Shares.

10.12 Rights and other entitlements

- (a) If you accept the Takeover Offer, JBS is entitled to all Rights in respect of your Huon Shares. Rights do not include any franking credits attached to any dividend that a Huon Shareholder is entitled to by being registered as a shareholder on the Special Dividend Record Date.
- (b) JBS may require you to provide all documents necessary to vest title to those Rights in it, or otherwise to give it the benefit or value of those Rights.
- (c) If you do not give those documents to JBS, or if you have received the benefit of those Rights, JBS will deduct from the Takeover Offer Price otherwise due to you the amount (or value, as reasonably assessed by JBS) of those Rights.
- (d) If any non cash Rights are issued, made, arise or accrue to you as the holder of your Huon Shares, JBS may reduce the Takeover Offer Price by the value (as reasonably determined by JBS) of the non cash Rights, unless the benefit of the Rights is otherwise passed on to JBS.

10. Terms of the Takeover Offers *(continued)*

10.13 Provision of consideration

- (a) Subject to Section 10.10(b), this Section 10.13, and the Corporations Act, JBS will provide the consideration due to you for your Huon Shares on or before the earlier of:
- (i) one month after the date of your acceptance or, if the Takeover Offer is subject to a condition when you accept the Takeover Offer, within one month after the Takeover Offer becomes unconditional; and
 - (ii) if the Takeover Offer becomes unconditional, 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Acceptance Form, JBS will provide the consideration in accordance with Section 10.13(a);
 - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while the Takeover Offer is subject to a condition, JBS will provide the consideration due to you on or before the earlier of:
 - (A) one month after the Takeover Offer becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while the Takeover Offer is not subject to a condition, JBS will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the Takeover Offer is not subject to a condition, JBS will provide the consideration within 21 days after that document is delivered.
- (c) Payment of any cash amount to which you are entitled under the Takeover Offer will be made by:
- (i) electronic funds transfer to the bank account validly registered with the Share Registrar before the end of the Offer Period; or
 - (ii) cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or, in the case of overseas Huon Shareholders, by airmail) to the address as shown on your Acceptance Form. For the purpose of compliance with any timing requirement of the Takeover Offer or the Corporations Act, payment of any cash amount to which you are entitled under the Takeover Offer will be deemed to be made once the cheque is posted to the address as shown on your Acceptance Form.
- (d) If at the time you accept the Takeover Offer, any consent, authority or clearance is required for you to receive any consideration under the Takeover Offer including, but not limited to consent, authority or clearance of:
- (i) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made under the above legislation, or otherwise);
 - (ii) the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise);
 - (iii) the Australian Taxation Office; or
 - (iv) any other person required by any other law of Australia that would make it unlawful for JBS to provide any consideration for your Huon Shares,

then acceptance of the Takeover Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration for your Huon Shares until all requisite authorities, clearances or approvals have been received by JBS.

- (e) If any amount (**Withholding Amount**) is required under any Australian law or by any Government Agency, to be:
- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Government Agency; or
 - (ii) retained by JBS out of any consideration otherwise payable to you under this Offer,
- the payment or retention by JBS of the Withholding Amount (as applicable) will constitute full discharge of JBS' obligations to pay the consideration to you to the extent of the Withholding Amount.
- (f) If you are entitled to receive a fraction of a cent under the Takeover Offer, then the fractional entitlement will be rounded to the nearest whole cent, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent.
- (g) Under no circumstances will interest be paid on the consideration payable under the Takeover Offer, regardless of any delay in paying the consideration or any extension of the Takeover Offer.

10.14 Withdrawal of the Takeover Offer

- (a) The Takeover Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, JBS will give notice of the withdrawal to ASX and to Huon and will comply with any other conditions imposed by ASIC.
- (b) If, at the time the Takeover Offer is withdrawn, all the conditions in Section 10.5 have been fulfilled or waived, all contracts arising from acceptance of the Takeover Offer before it was withdrawn will remain enforceable.
- (c) If, at the time the Takeover Offer is withdrawn, the Takeover Offer remains subject to one or more of the conditions in Section 10.5, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal under this Section 10.14 will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date those conditions are satisfied.

10.15 Variation of the Takeover Offer

JBS may at any time before the end of the Offer Period vary the Takeover Offer in accordance with the Corporations Act:

- (a) by extending the Offer Period;
- (b) by increasing the consideration payable under the Takeover Offer; or
- (c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

If JBS extends the Offer Period, you will receive notice of the extension, unless, at the date of the extension, you have already accepted the Takeover Offer and the Takeover Offer has become free from the conditions in Section 10.5 or those conditions have been fulfilled.

10.16 Return of documents

If this Takeover Offer does not become unconditional or any contract arising from this Takeover Offer is rescinded by JBS on the grounds of a breach of a condition of that contract, JBS will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

10. Terms of the Takeover Offers *(continued)*

10.17 No stamp duty or brokerage

JBS will pay any stamp duty on the transfer of your Huon Shares to it. As long as those Huon Shares are registered in your name and you deliver them directly to JBS, you will not incur any brokerage in connection with your acceptance of the Takeover Offer. If your Huon Shares are registered in a CHESS Holding or you hold your Huon Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker), or the bank, custodian or other nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Takeover Offer.

10.18 Costs

JBS will pay all costs and expenses of the preparation and circulation of the Takeover Offers.

10.19 Governing law

The Takeover Offer and any contract that results from your acceptance of it are to be governed by the laws in force in the State of Victoria, Australia. In relation to them and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

10.20 Foreign laws

The Takeover Offers are not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of this Booklet being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept the Takeover Offer.

10.21 Notices

(a) Service on Huon

JBS may give a notice to Huon under the Takeover Bid by leaving it at, or sending it by prepaid ordinary post to, the registered office of Huon.

(b) Service on JBS

You or Huon may give a notice to JBS under the Takeover Bid by leaving it at or sending it by prepaid ordinary post to JBS at the address set out on the Acceptance Form.

(c) Service on you

JBS may give a notice to you under the Takeover Bid by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to JBS by Huon under section 641 of the Corporations Act.

11. Taxation implications

This Section 11 contains a general summary of certain Australian income tax, GST and stamp duty consequences of the Schemes or Takeover Bid (as applicable) for Disposing Shareholders. 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 Booklet. Disposing Shareholders should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws, regulations or administrative practices may impact the taxation treatment described below. Except where the context requires otherwise, terms used in this Section 11 take their meaning from the Tax Act.

This summary is not intended to be an authoritative or exhaustive statement of the law applicable to the particular circumstances of every Disposing Shareholder. It is also not intended to be advice and should not be relied on as such. Australian taxation laws are complex and the tax consequences arising to Disposing Shareholders will vary depending on their particular characteristics and circumstances. Accordingly, Disposing 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 Disposing Shareholders who are individuals, companies, trusts and complying superannuation funds that hold Huon Shares on capital account for Australian income tax purposes. This summary does not cover Disposing Shareholders who:

- hold their Huon Shares as trading stock or are otherwise subject to taxation on revenue account in respect of gains and losses on their Huon Shares (including pursuant to the "Taxation of Financial Arrangement:" rules in Division 230 of the Tax Act);
- are holding their Huon Shares under an employee share scheme;
- are subject to special rules applying to particular entities only (eg insurance companies, temporary residents (within the meaning of the Tax Act), banks, exempt entities, certain types of trusts);
- are dealers in securities;
- change tax residence whilst holding Huon Shares;
- are non-residents (within the meaning of the Tax Act):
 - holding Huon Shares in carrying on business at or through a permanent establishment in Australia; or
 - holding, alone or together with their associates (within the meaning of the Tax Act), 10% or more of the shares in Huon; or
- are subject to the "Investment Manager Regime" in Subdivision 842-I of the Tax Act in relation to their Huon Shares.

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

11.1 Australian income tax – Disposing Shareholders that are residents for tax purposes

(a) Disposal of Huon Shares

The disposal of a Huon Share by a Disposing Shareholder to JBS under the Schemes or Takeover Bid should give rise to a CGT event. The time of the disposal for CGT purposes should be the Implementation Date in the case of the Schemes, or the later of the date the FIRB Condition is satisfied and the date the Huon Shareholder accepts the offer from JBS to acquire their Huon Shares in the case of the Takeover Bid (together, the **Disposal Date**).

Disposing Shareholders should make:

- a capital gain on the disposal of their Huon Shares to the extent that the capital proceeds received exceed the cost base of their Huon Shares;
- a capital loss on the disposal of their Huon Shares to the extent that the reduced cost base of their Huon Shares exceeds the capital proceeds received.

Below summarises some aspects of Australia's CGT regime which may be relevant to determining the income tax consequences arising to a Disposing Shareholder as a result of the Schemes or the Takeover Bid.

(i) Capital proceeds

The capital proceeds from the disposal of the Huon Shares should be the Scheme Consideration or the Takeover Offer Price (as applicable). As the payment of the Special Dividend (if it is paid) will occur independently of the Schemes or Takeover Bid (as applicable) and be subtracted from the Scheme Consideration or the Takeover Offer Price, the Special Dividend should not form part of the capital proceeds that a Disposing Shareholder receives in respect of the disposal of their Huon Shares.

11. Taxation implications *(continued)*

(ii) Cost base and reduced cost base

Generally, the cost base or reduced cost base of a Disposing Shareholder's Huon Shares should include consideration paid or required to be paid to acquire their Huon Shares, plus any non-deductible incidental costs incurred in acquiring or disposing of the Huon Shares.

(iii) Discount capital gains

Certain Disposing Shareholders might be able to obtain discount capital gains treatment to reduce any capital gain made in respect of the disposal of the Huon Shares if those Huon Shares have been held for at least 12 months before the Disposal Date. The CGT discount is 50% in the case of an individual or trust, or 33⅓% in the case of a complying superannuation fund. No CGT discount is available for companies. The CGT discount and related rules applying to trusts and their beneficiaries are particularly complex.

(iv) Net capital gain or net capital loss

Any capital gain or capital loss made in respect of the disposal of the Huon Shares is required to be aggregated with any other capital gains or capital losses made by the Disposing Shareholder in respect of the relevant income year. Any resulting net capital loss may be carried forward and offset against future taxable capital gains (subject to satisfying any applicable loss recoupment rules). Any resulting capital gain (after offsetting any available carried forward capital losses) should be reduced by any applicable CGT discount and any remaining net capital gain should be included in the Disposing Shareholder's assessable income.

(b) Special Dividend

(i) Entitlement to tax offset for franking credits

Huon Shareholders should include the Special Dividend (if paid) and the attached franking credits in their assessable income. Generally, a tax offset should be available for franking credits received. However, Scheme 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 relevant Huon Shareholder is a 'qualified person' in relation to the Special Dividend and certain franking integrity measures do not apply.

(ii) Qualified person rules

For a Huon Shareholder to be considered a 'qualified person' in relation to the Special Dividend, the Huon Shareholder must have held their Huon Shares 'at risk' for a continuous period (excluding the day of acquisition and the day of disposal) of at least 45 days during a 90-day period (beginning on the 45th day before, and ending on the 45th day after, the day on which the shares become ex dividend). A Huon Shareholder will not be considered to have held their Huon Shares 'at risk' where the Huon Shareholder has materially diminished risks of loss or opportunities for gain in respect of the Huon Shares (ie the Huon Shareholder's net position in relation to the Huon Shares has less than 30% of those risks and opportunities). Huon Shareholders should seek independent professional advice regarding the application of the 'qualified person' rule to their particular circumstances.

(iii) Franking integrity rules

The franking integrity rules are intended to prevent abuse of the imputation system, eg by streaming franking credits. Huon Shareholders should seek independent professional advice regarding the application of the franking integrity rules to their particular circumstances.

(iv) Entitlement to franking credits in excess of tax liability

Provided that Huon Shareholders are 'qualified persons' in relation to the Special Dividend and none of the franking integrity measures apply, to the extent that the Huon Shareholders' entitlement to franking credits exceeds their tax liability for the income year:

- (A) Huon Shareholders who are Australian resident individuals and complying superannuation funds should be entitled to receive a refund of the excess franking credits; and
- (B) Huon Shareholders that are Australian resident companies may be able to convert excess franking credits into tax losses and credit their franking account with the amount of the franking credit attached to the Special Dividend.

11.2 Australian income tax – Disposing Shareholders that are non-residents for tax purposes

Disposing Shareholders that are non-residents of Australia (particularly those holding (alone or together with their associates) a 10% or greater interest in Huon or those holding their Huon Shares in carrying on business at or through a permanent establishment in Australia) should seek independent professional advice on the Australian tax consequences arising from the disposal of their Huon Shares having regard to their particular circumstances.

(a) Disposal of Huon Shares

As outlined below, it is not expected that the Huon Shares will be “indirect Australian real property interests”. Accordingly, disposing Shareholders that are non-residents of Australia and who are not holding their Huon Shares in carrying on business at or through a permanent establishment in Australia should be able to disregard a capital gain or capital loss arising from a disposal of their Huon Shares to JBS as their Huon Shares should not constitute taxable Australian property within the meaning of the Tax Act.

(b) Special Dividend

For Huon Shareholders that are non-residents of Australia, and who are not holding their Huon Shares in carrying on business at or through a permanent establishment in Australia, the Special Dividend (if paid) should not be included in their Australian assessable income and if fully franked should not be subject to Australian dividend withholding tax.

(c) Foreign resident capital gains withholding tax

The foreign resident capital gains tax withholding regime may impose a 12.5% payment obligation on transactions involving the acquisition of an asset that is an indirect Australian real property interest. Broadly, a share in a company would be an indirect Australian real property interest where the market value of the company’s shares is principally attributable (whether directly or indirectly) to assets that are taxable Australian real property and certain other conditions are met.

It is not expected that the Huon Shares will be “indirect Australian real property interests” and therefore this regime is not expected to apply.

11.3 GST

GST should not be payable on the disposal of Huon Shares under the Schemes or Takeover Offers (as applicable) or the receipt of the Special Dividend (if paid). Disposing Shareholders may be charged GST on costs incurred in relation to the Schemes or the Takeover Bid (eg tax, legal or other advisory fees). Certain Disposing Shareholders that are registered (or required to be registered) for GST may be entitled to claim input tax credits (or reduced input tax credits) in relation to GST incurred on these costs.

11.4 Stamp duty

Disposing Shareholders should not be liable for any stamp duty on the disposal of their Huon Shares.

12. Additional information

12.1 Interests of Directors in Huon Shares

As at the Last Practicable Date, each Huon Director had the following Relevant Interest in Huon Shares.

Director(s)	Number of Huon Shares	Percentage interest in Huon Shares
Peter and Frances Bender*	57,881,567	52.68%
Neil Kearney	16,590	0.02%
Simon Lester	14,516	0.02%
Tony Dynon	12,930	0.01%
Total	57,925,603	52.73%

* Shares held personally and via controlled entities (Surveyors, PJ & FR Bender Family Trust and P & F Bender Family Super Fund).

In the four month period ending on the date immediately before the date of this Booklet Mr Bender acquired an interest in 8,692 Huon Shares in accordance with the Huon Long Term Incentive Plan described below. Otherwise, no Huon Director acquired or disposed of a Relevant Interest in any Huon Share or other security in a member of the Huon Group.

12.2 Interests of Key Management Personnel and other senior managers in Huon Shares, Huon Performance Rights and units in the Huon Employee Share Trust

As at the Last Practicable Date, the Key Management Personnel and other senior managers held the following Relevant Interests in Huon:

Key Management Personnel	Number of Huon Shares	Number of Huon Performance Rights	Units in Huon Employee Share Trust
Peter Bender	57,881,567 ⁴⁵	283,352 ⁴⁶	Nil
Philip Wiese	26,931	164,219	Nil
David Morehead	42,897	76,897	Nil
Thomas Haselgrove	45,309	76,891	Nil
David Mitchell	26,665	74,759	Nil
Steve Percival ⁴⁷	18,447	59,369	Nil
Antony Baker	870	68,404	Nil
Natalie Isaac	0	0	Nil
Total	58,042,686	803,891	Nil

⁴⁵ Shares held personally and via controlled entities (Surveyors, PJ & FR Bender Family Trust and P & F Bender Family Super Fund).

⁴⁶ In addition, 187,429 Huon Performance rights remain subject to the approval of Huon Shareholders as set out in the Notice of Annual General Meeting.

⁴⁷ Steve Percival is not a member of the Key Management Personnel but has been issued with Huon Performance Rights.

Key Management Personnel who hold Huon Shares will be entitled to vote at the Scheme Meetings (other than Surveyors in respect of the Primary Scheme) and, if either Scheme is implemented, receive the Scheme Consideration for their Huon Shares, along with the other Huon Shareholders.

(a) Huon Long Term Incentives

Huon has awarded Long Term Incentives to Key Management Personnel to expose these individuals to long-term movements in the price of Huon Shares, by aligning the interests of these persons with Huon Shareholders through the use of a performance hurdle.

As at the Last Practicable Date, Huon had the following Long Term Incentives on issue and allocated to participants:

- 803,891 unvested Huon Performance Rights; and
- 0 unvested units in the Huon Employee Share Trust.

The unvested Huon Performance Rights were granted to Key Management Personnel in respect of FY19 and FY20. Due to COVID-19, Huon Performance Rights granted in FY18 did not vest because the performance criteria for those Huon Performance Rights were not satisfied.

(b) Treatment of Long Term Incentives

The Huon Board intends to exercise its discretion to approve the early vesting of all Huon Long Term Incentives in accordance with their terms, conditional upon the Primary Scheme or Secondary Scheme becoming Effective or the Takeover Offers becoming unconditional. Accordingly, if the Primary Scheme or Secondary Scheme is implemented, it is proposed that unvested Huon Long Term Incentives will be treated as follows:

- **(Huon Performance Rights)** the vesting of the unvested Huon Performance Rights will be accelerated and holders of any Huon Performance Rights will receive, for each unvested Performance Right, Huon Shares on a one for one basis and, in the case of the FY22 Huon Performance Rights (for all holders other than Mr Peter Bender), a cash payment of an amount equivalent to the Scheme Consideration;⁴⁸ and
- **(Units in Huon Employee Share Trust)** there are no units on issue in the Huon Employee Share Trust and accordingly no action will be taken by the Huon Board.

(c) Huon Performance Rights for FY22

On 6 September 2021 the Huon Board resolved to issue 391,273 Huon Performance Rights in respect of FY22. Of these, the 187,429 proposed to be issued to Mr Bender remain subject to the approval of Huon Shareholders as outlined in the Notice of Annual General Meeting.

12.3 Interests and dealings of Huon Directors in securities of the Acquirer

(a) Huon Directors' interests in securities in JBS

No Huon Director has a Relevant Interest in any securities of JBS or any of its Related Bodies Corporate.

(b) Huon Directors' dealings in securities in JBS

No Huon Director has acquired or disposed of a Relevant Interest in any securities in JBS or any of its Related Bodies Corporate in the four month period ending on the date immediately before the date of this Booklet.

12.4 Benefits and agreements

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any Huon Director, secretary or executive officer of Huon or any of its Related Bodies Corporate as compensation for the loss of, or consideration for or in connection with their retirement from, office in Huon or any of its Related Bodies Corporate in connection with, or that is materially affected by the implementation of, the Schemes or the Takeover Bid.

48 See Section 12.6 for further details.

12. Additional information *(continued)*

(b) Other agreements or arrangements connected with or conditional on the Schemes

Other than the matters described below and in Section 12.2 and the Share Sale Agreement and Supplemental Share Sale Agreement, there are no agreements or arrangements made between any Huon Director and any other person, including JBS or its Related Bodies Corporate, in connection with, or conditional on the outcome of, the Schemes or the Takeover Bid.

(c) Interests of Directors in contracts with JBS

No Huon Director has any interest in any contract entered into by JBS or any of its Related Bodies Corporate.

(d) Benefits from JBS

No Huon Director has agreed to receive, or is entitled to receive, any benefit from JBS, which is conditional on, or is related to, the Schemes or the Takeover Bid other than in their capacity as a Huon Shareholder.

12.5 Implementation Deed

(a) Introduction

On 6 August 2021, Huon, JBS and Industry Park entered into a scheme implementation deed. A full copy of the implementation deed was attached to Huon announcement to the ASX relating to the Scheme dated 6 August 2021. A copy of the implementation deed can be obtained from the ASX website www.asx.com.au and from Huon's website at www.investors.huonaqua.com.au/investors/.

On 13 August 2021, Huon and JBS entered into a Takeover Alternative Process Agreement in respect of the Takeover Offer. The terms of the implementation deed entered on 6 August 2021 were amended and restated on 3 September 2021 to reflect this agreement and a copy of the amended and restated Implementation Deed was filed with the ASX on 3 September 2021. A copy of the Implementation Deed can be obtained from the ASX website www.asx.com.au and from Huon's website at www.investors.huonaqua.com.au/investors/. A summary of the Implementation Deed appears below in this Section 12.5.

(b) Structure

Parallel Schemes and Takeover Bid

Huon will propose the Primary Scheme and the Secondary Scheme concurrently to Huon Shareholders. The Takeover Offers will be made to Huon Shareholders simultaneously but will only proceed if the Primary Scheme or Secondary Scheme do not proceed.

Primary Scheme and Secondary Scheme

If the Primary Scheme and Secondary Scheme are approved by the Required Majorities of Huon Shareholders, Huon will implement the Primary Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of the Implementation Deed.

If the Primary Scheme is not approved by the Required Majorities of Huon Shareholders and the Secondary Scheme is approved by the Required Majorities of Huon Shareholders, Huon will implement the Secondary Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of the Implementation Deed.

Takeover Bid

If the Primary Scheme or the Secondary Scheme are not approved by the Required Majorities of Huon Shareholders or the Court does not approve the relevant Scheme, JBS will proceed with the Takeover Bid.

JBS is required to obtain a number of ASIC modifications in accordance with the Corporations Act to allow the Takeover Offers to proceed in parallel to the Schemes.

The terms of the Takeover Offers are set out in Section 10.

(c) Scheme Consideration and Takeover Offer Price

The consideration for each Huon Share under the Schemes, as set out in the Implementation Deed, is an amount of \$3.85 per Huon Share less the cash amount of the Special Dividend of \$0.125 to be paid by Huon before the Implementation Date.

The consideration for each Huon Share under the Takeover Offers, as set out in the Implementation Deed, is an amount of \$3.85 per Huon Share. No Special Dividend will be paid by Huon if the Takeover Offers proceed.

(d) Conditions Precedent (clause 3)

Primary Scheme and Second Scheme – Conditions Precedent (clause 3)

Implementation of the Primary Scheme or Secondary Scheme is subject to the satisfaction or waiver (as applicable) of the following Conditions Precedent. The Conditions Precedent in clause 3 of the Implementation Deed cannot be waived if this would result in a breach of law. Huon and JBS have agreed to use their reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent.

As far as Huon is aware, immediately before the date of this Booklet no circumstances have occurred which will cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until the latest time each Condition Precedent is to be satisfied, which for many of the Conditions is 8.00 am on the Second Court Date. A summary of the Conditions Precedent and status as at the date of this Booklet follows.

Condition Precedent	Status
Conditions for benefit of Huon and JBS	
(i) Orders convening Meeting: the Court orders convening the Scheme Meetings under section 411(1) of the Corporations Act.	An order of the Court in accordance with section 411(1) of the Corporations Act will be sought at the First Court Hearing.
(ii) Regulatory Approvals: all Regulatory Approvals (if any) are obtained and those approvals have not been withdrawn or revoked.	JBS has submitted a FIRB application to FIRB and awaits approval.
(iii) No regulatory intervention: no Court or Government Agency has issued or taken steps to restrain or prevent the Schemes.	As at the Last Practicable Date, no restraint had been sought by a Court or Government Agency.
(iv) Court approval: the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	An order of the Court in accordance with section 411(4)(b) of the Corporations Act will be sought at the Second Court Hearing.
(v) Order lodged with ASIC: a copy of the Court order approving the Scheme is lodged with ASIC.	Huon will lodge a copy of the Court order approving the Scheme once issued by the Court.

12. Additional information *(continued)*

Condition Precedent		Status
Conditions for benefit of JBS	(vi) FIRB approval: JBS obtains FIRB approval in respect of the Schemes.	JBS has submitted a FIRB application to FIRB and awaits approval.
	(vii) No Huon Material Adverse Effect (described at Section 12.5(f)): there is no Huon Material Adverse Effect prior to 8.00 am on the Second Court Date.	To Huon's knowledge, as at the Last Practicable Date no Huon Material Adverse Effect has occurred.
	(viii) No Huon Prescribed Event: there is no Huon Prescribed Event prior to 8.00 am on the Second Court Date.	To Huon's knowledge, as at the Last Practicable Date no Huon Prescribed Event has occurred.
	(ix) Representations and warranties (described at Section 12.5(k) below): each of the representations and warranties given by Huon is true and correct as at the time it was given or made.	To Huon's knowledge, as at the Last Practicable Date each representation and warranty given by Huon is true and correct.
Conditions for benefit of Huon	(x) Shareholder approvals Primary Scheme: Huon Shareholders approve the Primary Scheme at the Primary Scheme Meeting and Surveyors Acquisition at the Annual General Meeting by the Required Majorities. Secondary Scheme: Huon Shareholders approve the Secondary Scheme at the Secondary Scheme Meeting by the Required Majorities.	The Scheme Meetings are scheduled to be held virtually (online only) on 29 October 2021. The Annual General Meeting is scheduled to be held virtually (online only) at 29 October 2021.
	(xi) Scheme priority: If the Primary Scheme is not approved by Huon Shareholders, the Secondary Scheme is approved by Huon Shareholders.	Huon Shareholders will vote on the Schemes.
	(xii) Independent Expert Report: the Independent Expert issues a report concluding that the Schemes are in the best interests of Huon Shareholders and, in respect of Primary Scheme only, the Surveyors Acquisition is fair and reasonable to Huon Shareholders (other than Surveyors).	The Independent Expert Report is contained at Annexure A.
	(xiii) No JBS Prescribed Event: there is no JBS Prescribed Event prior to 8.00 am on the Second Court Date.	To JBS' knowledge, as at the Last Practicable Date no Huon Prescribed Event has occurred.
	(xiv) Representations and warranties: each of the representations and warranties given by JBS is true and correct as at the time it was given or made.	To JBS' knowledge, as at the Last Practicable Date each representation and warranty given by JBS is true and correct.

Takeover Bid – Conditions Precedent (schedule 2)

The Takeover Offers are subject to the satisfaction or waiver (as applicable) of the following Conditions Precedent. The Conditions Precedent in schedule 2 of the Implementation Deed may be waived by JBS (other than the FIRB condition, which JBS may waive if such waiver does not breach the FATA). Huon and JBS have agreed to use their reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent.

The Conditions Precedent are set out in Section 10.5.

As far as Huon is aware, immediately before the date of this Booklet no circumstances have occurred which will cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction.

These matters will continue to be assessed until the latest time each Condition Precedent is to be satisfied, which for many of the Conditions is the date the Offer Period closes. The terms of the Takeover Offers are set out in Section 10. A summary of the Conditions Precedent and status as at the date of this Booklet follows.

Condition Precedent	Status
(i) Minimum Acceptance Condition: JBS has a Relevant Interest in at least 50.1% (by number) of the Huon Shares (then on issue).	Huon Shareholders will be asked to accept the Takeover Offers up to the close of the Offer Period. JBS may waive this Condition Precedent.
(ii) FIRB approval: JBS obtains FIRB approval in respect of the Takeover Offers.	JBS has submitted an application to FIRB and awaits approval.
(iii) Schemes fail: the Primary Scheme and the Second Scheme are not approved by the Required Majorities or the Court does not approve of the Primary Scheme or the Secondary Scheme.	Huon Shareholders will vote on the Primary Scheme and Secondary Scheme at the Scheme Meeting.
(iv) No Huon Material Adverse Effect (described at Section 12.5(f) below): there is no Huon Material Adverse Effect prior to close of the Offer Period.	To JBS' knowledge, as at the Last Practicable Date no Huon Material Adverse Effect has occurred.
(v) No Huon Prescribed Event: there is no Huon Prescribed Event prior to close of the Offer Period.	To JBS' knowledge, as at the Last Practicable Date no Huon Prescribed Event has occurred.
(vi) No restraints: no restraining order, injunction or other order of a Court or Government Agency that would prevent or delay the Takeover Offer is in effect at the end of the Offer Period.	To JBS' knowledge, as at the Last Practicable Date no restraining order, injunction or other order of a Court has been made.
(vii) Huon representations and warranties: each of the representations and warranties given by Huon in the Implementation Deed are accurate and not misleading at all times between (and including) 13 August 2021 (being the date of announcement of the Takeover Offers) until the end of the Offer Period.	To Huon's knowledge, as at the Last Practicable Date each representation and warranty was accurate and not misleading.
(viii) Regulatory Approvals: all Regulatory Approvals (if any) are obtained and those approvals have not been withdrawn or revoked.	JBS has submitted an application to FIRB and awaits approval.
(ix) Conduct of business: between (and including) 13 August 2021 (being the date of announcement of the Takeover Offers) until the end of the Offer Period, Huon has complied with the obligations set out in clause 6.1 and 6.2 of the Implementation Deed.	To JBS' knowledge, as at the Last Practicable Date Huon has complied with all pre-completion obligations under the Implementation Deed.
(x) Performance Rights: Huon has caused all of the unvested Huon Performance Rights to vest and, following such vesting caused the relevant number of Huon Shares to be issued to each of the relevant former holders of Huon Performance Rights in sufficient time to allow the relevant former holders the ability to participate in the Takeover Offer in respect of those Huon Shares.	The Huon Directors intend to pass a resolution that, subject to the Takeover Offers becoming unconditional, all Performance Rights vest.

(e) Approval of the Surveyors Acquisition

On 6 August 2021, in connection with the Primary Scheme, Peter Bender, JBS and Industry Park entered into the Share Sale Agreement. On 3 September 2021 the parties amended and restated this document. Section 12.7 below sets out further details concerning these arrangements.

12. Additional information *(continued)*

It is a condition of the Primary Scheme that the Surveyors Acquisition is approved by Huon Shareholders (other than Surveyors and its associates) for the purposes of section 611(7) of the Corporations Act. This approval will be sought from Huon Shareholders at the Annual General Meeting.

Surveyors and its associates will not vote on this resolution.

(f) **Huon Material Adverse Effect (clause 3, schedule 2 and definitions)**

The Huon Material Adverse Effect condition will be triggered if a Huon Material Adverse Effect occurs, is announced or becomes known to JBS between 6 August 2021 and:

- in respect of the Schemes, 8.00 am (Hobart time) on the Second Court Date; and
- in respect of the Takeover Bid, the date that the Takeover Offers become unconditional.

A Huon Material Adverse Effect is an event that has, has had or is reasonably likely to have, either individually or when aggregated with any Specified Events of a similar kind or category, the effect of reducing the consolidated net assets of the Huon Group (calculated in accordance with the accounting policies and practices applied by Huon as at 6 August 2021) by at least \$50,000,000, but does not include:

- any matter Disclosed (or which ought reasonably have been expected to arise from a matter, event or circumstance which was so Disclosed);
- any change or disruption to the general economic, business or political conditions or changes in any such conditions (including disruptions to, or fluctuations in, stock markets or other financial markets, or changes in interest rates, foreign currency exchange rates or commodity prices) that directly or indirectly impact Australian aquaculture businesses;
- any act of terrorism, war (whether or not declared) natural disaster, pandemic, epidemic or the like;
- any change arising from the COVID-19 virus (or any mutation, variation or derivative), or from any law, order, rule or direction of any Government Agency in relation thereto;
- any change in generally accepted accounting principles or standards (including Accounting Standard AASB141) or the interpretation of them;
- any change relating to or arising from an impairment of or depreciation in the consolidated net assets of the Huon Group, other than where the impairment of or depreciation in the consolidated net assets is in connection with or arising from a Specified Event that would otherwise constitute a Huon Material Adverse Effect;
- any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Implementation Deed, the Schemes, the Share Sale Agreement or the transactions contemplated by them;
- in respect of the Schemes only, the Special Dividend;
- any change in any generally applicable law or governmental policy;
- any change occurring with the written consent of JBS; or
- any loss, damage or expense that is recoverable under Huon's insurance policies.

(g) **Termination (clause 15)**

Mutual termination rights

Huon and JBS can terminate the Implementation Deed:

- if the FIRB condition is not capable of being satisfied;
- for failure of a Condition Precedent (as described at Section 12.5(d) above), providing the parties have consulted in good faith in respect of the outstanding Condition Precedent;
- if Huon Shareholder approval has not been obtained in respect of the Schemes by reason only of the non-satisfaction of the Headcount Test and Huon or JBS has not given notice to the other party to apply to the Court to exercise its discretion to approve the Schemes or, if the parties have applied to the Court to exercise its discretion to approve the Schemes, the Court has not approved the Schemes;
- for material breach of the Implementation Deed prior to 8.00 am on the Second Court Date in respect of the Schemes or the close of the Takeover Offers which has not been remedied within 5 Business Days of the notification of breach;
- if the Primary Scheme or Second Scheme has not become Effective by 28 February 2022; or
- if the Takeover Offers are withdrawn or the Takeover Offer Period expires without Huon Shares being acquired under the Takeover Offers.

JBS termination rights

JBS can terminate the Implementation Deed:

- if any Huon Director or any member of the Independent Board Committee, as applicable, fails to provide their recommendation or give their voting intention in accordance with the Implementation Deed, withdraws or adversely modifies their recommendation or voting intention or makes a public statement indicating that they no longer recommend the Schemes, the Takeover Offers or the Surveyors Acquisition or no longer intend to vote in favour of them or accept the Takeover Offers; or
- if any Huon Director or any member of the Independent Board Committee, as applicable, acts inconsistently with obtaining approval of the Schemes or supporting the Takeover Bid.

Huon termination rights

Huon can terminate the Implementation Deed:

- if any JBS Director publicly withdraw their support for the Schemes (other than, in the case of withdrawal of support for the Schemes, if approval by Huon Shareholders for both the Primary Scheme and the Secondary Scheme is not obtained at the Scheme Meeting); or
- the Huon Board publicly recommends a Superior Proposal, provided the terms of the Implementation Deed are complied with prior to the recommendation.

If the Schemes are terminated, the Share Sale Agreement automatically terminates, subject to the terms of the Supplemental Share Sale Agreement.

(h) Recommendations and voting intentions (clause 8.1)

Huon must use its best endeavours to:

- procure a unanimous Huon Board recommendation in favour of the Schemes and the Takeover Offers (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Schemes are in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition outweigh the disadvantages of the Surveyors Acquisition and the Takeover Bid is fair and reasonable to Huon Shareholders);
- procure an Independent Board Committee recommendation (subject to the qualifications above) to vote in favour of the Surveyors Acquisition;
- include a statement that each Huon Director will (subject to the qualifications above) vote, or procure the voting of, any Huon Shares held by them at the time of the Scheme Meeting in favour of the Schemes and accept the Takeover Offers;
- include a statement that each member of the Independent Board Committee will (subject to the qualifications above) vote, or procure the voting of, any Huon Shares held by them at the time of the Annual General Meeting in favour of the Surveyors Acquisition at the Annual General Meeting; and
- include the recommendations and voting intentions of the Huon Board and the Independent Board Committee, as applicable, in this Booklet.

Huon must use its reasonable endeavours to ensure that the Huon Board and the Independent Board Committee, as applicable, individually and collectively, do not change, withdraw or modify any recommendation or voting intention, unless a Huon Director or member of the Independent Board Committee has obtained legal advice to abstain from making a recommendation or giving a voting intention or the change or withdrawal, modification occurs because of a requirement or request by a Court or Government Agency that the Huon Director or member of the Independent Board Committee abstain or withdraw from making the recommendation or giving the voting intention.

The Huon Board and the Independent Board Committee, as applicable, can change its recommendation if its fiduciary duties require it. This includes if the Independent Expert concludes that the Schemes are not in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition do not outweigh the disadvantages of the Surveyors Acquisition and the Takeover Bid is neither fair nor reasonable or not fair and not reasonable to Huon Shareholders (other than Surveyors) or if Huon receives a Superior Proposal. A Break Fee may be payable in certain circumstances where there is a change of recommendation (described at Section 12.5(n) below).

12. Additional information *(continued)*

(i) Conduct of business (clause 7)

In general terms, during the period between signing the Implementation Deed and the earlier of implementation of the Schemes or close of the Offer Period, Huon must conduct its business and operations in the ordinary course.

In addition, during this period Huon:

- must also, amongst other things:
 - preserve relationships with customers, suppliers, joint venture parties, landlords, licensors, licensees and others having business dealings with them;
 - retain the services of all key employees;
 - maintain existing insurances;
 - ensure that all assets are maintained in the normal course consistent with past practice;
 - comply in all material respects with all material contracts, laws, authorisations and licences applicable to the Huon Group; and
 - notify JBS if Huon becomes aware of any events, facts or circumstances giving rise to a Huon Material Adverse Effect or which might have a material adverse effect on the financial or operational performance or the reputation of the Huon Group;
- must not, amongst other things:
 - allow any member of the Huon Group to incur any additional Financial Indebtedness over \$10 million (except for draw-downs approved in writing by JBS on existing banking facilities). **Financial Indebtedness** includes such things as borrowing, financial accommodation and providing a guarantee;
 - undertake any action that would give rise to any existing financier of the Huon Group taking any action to amend any Financial Indebtedness arrangements (including existing financing agreements); and
 - commence, settle or offer to settle any litigation with potential costs equal to or greater than \$300,000 (after allowing for insurance recoveries).

(j) Change of control provisions (clause 7.6)

Huon and JBS must each seek to identify any change of control or unilateral termination rights in the material contracts and agree a proposed course of action to contact the relevant counterparties and request that those parties provide consent to the change of control in Huon that will arise from Implementation of either of the Schemes or completion of the Takeover Offers.

Huon is required to initiate contact, including joint discussions if required, with the relevant counterparties and request that they provide any consents or confirmations required or appropriate, including confirmation that the counterparties will not terminate those contracts because of a change in control in Huon.

Huon must take all reasonable action necessary to obtain such consents and provide any information reasonably required by the relevant counterparty.

(k) Representations and warranties (clause 13)

Huon gives a number of representations and warranties to JBS, including that:

- it is validly incorporated and has the power to carry out the Schemes and actions required in respect of the Takeover Bid;
- it has not contravened any applicable law and it is not subject to any Insolvency Event;
- it has complied with its continuous disclosure obligations;
- due diligence information provided to JBS is not false or misleading;
- it is not in default under any arrangement or agreement binding on the Huon Group, which would result in any liability, acceleration of an obligation or diminution in value of an asset, of \$3,000,000 or more; and
- it is not a party to any litigation or other proceedings which are taking place, pending or are threatened which could result in any liability, acceleration of an obligation or diminution in value of an asset, of \$3,000,000 or more.

JBS and Industry Park each give a number of representations and warranties to Huon, including that:

- it is validly incorporated and has the power to carry out the Schemes and actions required in respect of the Takeover Bid;
- all information it has provided for the Booklet will not be misleading or deceptive and will comply in all material respects with the Corporations Act, Listing Rules and ASIC regulatory guides; and
- it will have sufficient funding on the Second Court Date to pay the Scheme Consideration.

(l) Exclusivity (clause 10)

The Implementation Deed contains the following customary exclusivity provisions that apply until the earlier of the End Date (being 28 February 2022), the Effective Date, the close of the Takeover Offer Period or termination of the Implementation Deed (**Exclusivity Period**).

No shop

During the Exclusivity Period, Huon must ensure that it nor any of its representatives directly or indirectly:

- solicits, invites, encourages or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions with any person (other than any member of the Bidder Group); or
- communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person, or which may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal.

No-talk

- Subject to fiduciary exceptions, during the Exclusivity Period, Huon is restricted from negotiating, discussing entering into or participating in discussions that may reasonably be expected to encourage or lead to, an actual or potential Competing Proposal, or otherwise facilitates a Competing Proposal, or announces or communicates to any person any intention to do any of these things, even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Target or any of its Representatives or the person has publicly announced the Competing Proposal.

No due diligence

- Subject to fiduciary exceptions, during the Exclusivity Period, Huon is restricted from soliciting parties other than JBS to participate in due diligence or from providing access to non-public information.

Huon also represents and warrants to JBS that it is not currently in discussions or negotiations with any third party regarding any Competing Proposal.

(m) Notification and matching rights (clause 11)

During the Exclusivity Period, Huon is required to take steps to notify JBS of a Competing Proposal and in the case of a Superior Proposal, provide JBS the opportunity to amend the terms of the Schemes.

(n) Break Fees (clause 12)

Huon Break Fee

The Implementation Deed contains a customary Break Fee of \$4,250,000 (which is approximately 1% of the equity value of Huon) payable to JBS which will be triggered if:

- any member of the Huon Board or Independent Board Committee, as applicable, fails to make their recommendation or give their voting intention, withdraws or adversely modifies a recommendation or voting intention, recommends a Competing Proposal or makes a public statement that they no longer recommend the Schemes, the Takeover Offers or the Surveyors Acquisition or no longer intend to vote in respect of the Schemes or the Share Sale, other than if:
 - a Huon Director or Independent Board Committee, as applicable, has obtained legal advice to abstain from making a recommendation or giving a voting intention or the change or withdrawal,

12. Additional information *(continued)*

modification occurs because of a requirement or request by a Court or Government Agency that the Huon Director or Independent Board Committee, as applicable, abstain or withdraw from making the recommendation or giving a voting intention;

- Huon terminates the Implementation Deed if the Conditions Precedent are not fulfilled; or
- the Independent Expert concludes that the Schemes are not in the best interests of Huon Shareholders, the advantages of the Surveyors Acquisition do not outweigh the disadvantages of the Surveyors Acquisition or the Takeover Bid is not fair and not reasonable to Huon Shareholders;
- Huon accepts and enters into an agreement to give effect to a Competing Proposal; or
- Huon is in material breach of the Implementation Deed and JBS terminates the Implementation Deed.

JBS Break Fee

The Implementation Deed contains a customary Break Fee of \$4,250,000 payable to Huon which will be triggered if:

- JBS is in material breach of the Implementation Deed and Huon terminates the Implementation Deed; or
- Huon terminates the Implementation Deed as a result of a JBS Director withdrawing its support for the Schemes.

(o) Guarantee by Industry Park (clause 14)

Industry Park guarantees to Huon the performance of JBS' obligations under the Implementation Deed and must indemnify Huon on demand for any loss arising as a result of JBS failing to perform its obligations under the Implementation Deed.

(p) Huon Directors and officers (clause 8.3)

JBS agrees to release and not make any claim against Huon Directors and officers in connection with breaches of representations, covenants and warranties or false or misleading disclosures.

Huon provides the same release in respect of JBS Directors and officers.

JBS must:

- for a period of 7 years from the Implementation Date or completion of the Takeover Offers ensure that constitutions of the Huon Group contain rules for the indemnification of directors and officers against liability; and
- ensure Huon maintains directors' and officers' insurance cover.

12.6 Treatment of Huon Performance Rights (clause 5.1)

(a) Overview

As detailed in Section 12.2(b), Huon operates the Long Term Incentive Plan under which Huon Performance Rights have been granted to Key Management Personnel.

(b) Implications of the Schemes and the Takeover Offers for Huon Performance Rights

The Implementation Agreement requires that Huon must ensure that in respect of the Schemes (by no later than the Effective Date) there are no unvested Huon Performance Rights and in respect of the Takeover Bid (by no later than the close of the Offer Period) there are no unconverted Huon Performance Rights.

In accordance with the terms of the Long Term Incentive Plan and the relevant terms of offers to Key Management Personnel,⁴⁹ the Huon Board has taken into account various considerations, including Huon's performance to date, and determined that subject to the Primary Scheme or Second Scheme becoming effective or the Takeover Bid becoming unconditional, the 600,047 presently unvested Huon Performance Rights in respect of FY19 and FY20 will vest on the Effective Date or the date on which Takeover Offers become unconditional (as applicable).

⁴⁹ Clause 8 of the Long Term Incentive and Bonus Sacrifice Plan Rules specifies that the Huon Board has absolute discretion to determine that all or a specified number of Huon Performance Rights vest in the case of a control transaction (ie the Schemes) or takeover bid (ie the Takeover Bids).

Of the Huon Performance Rights referable to FY22:

- in respect of those granted to Key Management Personnel (other than Mr Bender), the Independent Board Committee has resolved that these will vest if either of the Schemes become Effective or the Takeover Offers become unconditional (as applicable) with payment to be made to the holder of the Huon Performance Rights on the date that is 12 months after that date provided that the holder is still employed by Huon at the time (except where their employment was terminated by Huon other than for cause). Each such holder will be paid a cash amount of \$3.85 per vested Huon Performance Right on that date (or a greater amount per Huon Performance Right if the Scheme Consideration or Takeover Offer Price is increased); and
- in respect of those granted to Mr Bender, the Independent Board Committee has resolved that if Huon Shareholders approve the issue of 187,429 Huon Performance Rights to Mr Bender at the Annual General Meeting, then those Huon Performance Rights will vest if either of the Schemes become Effective or the Takeover Offers become unconditional (as applicable) and on vesting convert to Huon Shares on a one to one basis and participate in the Schemes or Takeover Offers (as applicable).

On the vesting of the Huon Performance Rights, Huon intends to issue one Huon Share per vested Huon Performance Right to each entitled member of the Key Management Personnel. In the case of the Schemes, this will enable Key Management Personnel who have the benefit of Huon Performance Rights to participate in the Scheme and receive the Scheme Consideration for each Huon Share that is issued to them in respect of those Huon Performance Rights (in addition to any other Huon Shares held by them).

Discussions regarding the treatment of Huon Performance Rights occurred after negotiations concluded about the price at which JBS would offer to acquire the Huon Shares under the Schemes and the Takeover Offers. In other words, the outcome for Key Management Personnel that hold Huon Performance Rights has not impacted the outcome of Huon Shareholders.

12.7 Share Sale Agreement

(a) Introduction

On 6 August 2021, in connection with the Primary Scheme, Mr Bender, JBS and Industry Park entered into a share sale agreement for the purpose of agreeing, as between the parties, the transfer of Surveyors Shares held by Mr Bender in Surveyors to JBS. Surveyors itself holds 44,572,252 Huon Shares, equivalent to 40.53% of the shares on issue in Huon.

The terms of the share sale agreement were amended and restated on 3 September 2021 to reflect the offer of the Takeover Offers to Huon Shareholders and a copy of the amended and restated Share Sale Agreement was filed with the ASX on 3 September 2021. A copy of the Share Sale Agreement can be obtained from the ASX website www.asx.com.au and from Huon's website at www.investors.huonaqua.com.au/investors/. A summary of the Share Sale Agreement appears below in this Section 12.7.

Mr Bender, JBS and Industry Park subsequently amended the Share Sale Agreement and entered into the Supplemental Share Sale Agreement. A summary of this document appears below in Section 12.7(g).

Surveyors and its associates will not vote on the Surveyors Acquisition Resolution.

(b) Structure

If the Primary Scheme becomes Effective, the Surveyors Shares will be acquired by JBS. If the Secondary Scheme becomes Effective, the Surveyors Shares will not be acquired by JBS.

Completion of the Share Sale Agreement is conditional on Huon Shareholders approving of the Surveyors Acquisition under section 611(7) of the Corporations Act. If the Primary Scheme is implemented, completion of the Share Sale Agreement will occur on Implementation simultaneously.

(c) Consideration

Surveyors will be acquired for the same price as for each Huon Share held by Surveyors.

12. Additional information *(continued)*

(d) Conditions Precedent (clause 4)

Completion of the Share Sale Agreement is subject to the satisfaction or waiver (as applicable) of the following Conditions Precedent. The Conditions Precedent in clause 4.1(b) and (c) of the Share Sale Agreement cannot be waived. Mr Bender and JBS have agreed to use their reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent.

As far as each of the Mr Bender and JBS is aware, immediately before the date of this Booklet no circumstances have occurred which will cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until the latest time each Condition Precedent is to be satisfied, which is 28 February 2022. A summary of the Conditions Precedent and status as at the date of this Booklet follows.

Condition Precedent	Status
(i) Primary Scheme: the Primary Scheme becomes Effective.	Huon Shareholders will vote on the Primary Scheme at the Scheme Meeting.
(ii) Shareholder approval: Huon Shareholders approve the Surveyors Acquisition at the Annual General Meeting by the Required Majorities.	The Annual General Meeting is scheduled to be held online on 29 October 2021.
(iii) FIRB approval: JBS obtains FIRB approval in respect of the Share Sale Agreement.	JBS has submitted a FIRB application to FIRB and awaits approval.

(e) Termination (clause 8)

The Share Sale Agreement terminates if:

- the Share Sale Agreement is not approved by the Required Majority of Huon Shareholders at the Annual General Meeting under section 611(7) of the Corporations Act;
- the Primary Scheme is not approved by the Required Majorities at the Scheme Meeting;
- the Court does not approve the Primary Scheme; or
- the Conditions Precedent are not satisfied or waived by 28 February 2022.

(f) Non-compete (clause 7)

The Share Sale Agreement contains customary non-compete provisions for the benefit of JBS that apply to Mr Bender and close family members of Mr Bender.

The non-compete provisions relate solely to business restraints and only apply following Implementation of the Primary Scheme or Secondary Scheme, or if the Schemes do not become Effective, the date on which the Takeover Offers become unconditional.

(g) Supplemental Share Sale Agreement

On 20 September 2021 Peter Bender, JBS and Industry Park entered into the Supplemental Share Sale Agreement.

The Supplemental Share Sale Agreement becomes operative if the Primary Scheme does not become Effective, the Secondary Scheme does not become Effective and the parties agree that the Supplemental Share Sale Agreement should become operative (JBS and Industrial Park may not unreasonably withhold consent if it is reasonably likely that JBS will not achieve compulsory acquisition under the Takeover Bid).

If the Supplemental Share Sale Agreement becomes operative the Share Sale Agreement will not terminate as a result of Supplemental failure of the Primary Scheme and the Secondary Scheme to become Effective and completion of the Surveyors Acquisition will take place 5 Business Days after the close of the Takeover Bid (subject to the satisfaction or waiver of the other conditions to the Surveyors Acquisition, including approval of the Surveyors Acquisition Resolution by Huon Shareholders by the Required Majority).

12.8 Deed Polls

JBS, JBS Australia and Industry Park have each executed the Deed Poll in favour of the Scheme Shareholders under which JBS covenants to provide the Scheme Consideration in accordance with the Primary Scheme or Secondary Scheme approved by the Court and Industry Park covenants to guarantee the performance of JBS' obligations under the relevant Scheme.

Pursuant to the Deed Poll, JBS must, by no later than the day that is the Business Day before the Implementation Date, pay or procure the payment into an Australian dollar denominated trust account, operated by Huon as trustee for the Scheme Shareholders for the purpose of paying the Scheme Consideration to Scheme Shareholders, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders.

Under the Scheme, each Scheme Shareholder irrevocably appoints Huon as its attorney and agent to enforce the Deed Polls against JBS and Industry Park.

A copy of the Deed Polls signed by JBS and Industry Park are set out in Annexure D and Annexure E, respectively, of this Booklet.

12.9 Takeover Bid

(a) Consent to making of Takeover Offers

Huon has agreed that the Takeover Offers may be sent to Huon Shareholders at the same time as this Booklet (which includes the JBS Bidders Statement).

(b) Takeover Offer Period

The Takeover Offers are dated the date of this Booklet and are open from acceptance from the date of this Booklet and close on 12 January 2022, unless extended by JBS.

(c) Status of Takeover Offer conditions

The Takeover Offers are subject to the following Conditions Precedent. The Conditions Precedent are set out in Section 10.5 of the Takeover Offers (refer Section 10 of this Booklet). The Conditions Precedent in item (ii) and (iii) below cannot be waived.

As far as each of Huon and JBS is aware, immediately before the date of this Booklet no circumstances have occurred which will cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction, other than the Condition Precedent relating to the Schemes being approved.

Condition Precedent	Status
(i) Minimum acceptance condition: JBS has a relevant interest in at least 50.1% (by number of Huon Shares).	Huon Shareholders may accept the Takeover Offer.
(ii) FIRB approval: JBS has received FIRB approval in respect of the Takeover Offers.	JBS has submitted a FIRB application to FIRB and awaits approval.
(iii) Schemes not approved: each of the Schemes is not approved at the Scheme Meetings by the required majorities or following approval of one or more of the Schemes at the Scheme Meeting the Court does not approve the Schemes.	The Scheme Meetings are scheduled to be held virtually (online only) on 29 October 2021. An order of the Court in accordance with section 411(4) (b) of the Corporations Act will be sought at the Second Court Hearing.
(iv) Huon Material Adverse Effect: there is no JBS Material Adverse Effect.	To JBS' knowledge, as at the Last Practicable Date, no Huon Material Adverse Effect has occurred.
(v) Huon Prescribed Occurrence: there is no JBS Prescribed Occurrence.	To JBS' knowledge, as at the Last Practicable Date, no Huon Prescribed Occurrence has occurred.

12. Additional information *(continued)*

Condition Precedent	Status
(vi) No restraint: no Court or Government Agency has issued or taken steps to restrain or prevent the Takeover Offers.	As at the Last Practicable Date, no restraint had been sought by a Court or Government Agency.

(d) Compulsory Acquisition following Takeover Offers

If JBS were to receive acceptances under the Takeover Offers so that its Relevant Interest in Huon Shares was at least 90% by number of the Huon Shares on issue and JBS has acquired 75% by number of the Huon Shares that JBS has offered to acquire under the Takeover Offers, it would be entitled to acquire all remaining Huon Shares that it did not acquire under the Takeover Offers in accordance with the compulsory acquisition provisions of Part 6A.1 of the Corporations Act.

JBS' intentions with respect to compulsory acquisition are set out in Section 7.7.

(e) ASX Delisting following Takeover Offers

If JBS were to acquire control of Huon pursuant to the Takeover Offers but did not achieve compulsory acquisition it may consider delisting Huon from ASX.

JBS' intentions with respect to a possible ASX delisting are set out in Section 7.7.

12.10 Pre-bid acceptance agreement

On 13 August 2021 Mr Bender entered into a letter agreement with JBS under which Surveyors agreed that it will accept a public takeover offer under Chapter 6 of the Corporations Act for all the issued shares in Huon in respect of 21,963,064 Huon Shares then held by it on the terms now set out in the Takeover Offers.

Under the letter agreement Surveyors must deliver acceptances under the Takeover Offers by 5.00 pm on the second business day after the date on which JBS provides written notice to Surveyor to accept the Takeover Offers, which JBS can only provide if the Takeover Offers have become free of all conditions except the minimum acceptance condition.

Surveyors must not dispose of any of the acceptance shares other than pursuant to the Takeover Offers until the termination of the letter agreement. JBS must not within 24 months of the letter agreement without the prior consent of Surveyors dispose of the acceptance shares.

The letter agreement will terminate if either Scheme becomes effective, the Takeover Offers do not become unconditional within 6 months of 22 September 2021 or 28 February 2022.

12.11 Standstill arrangements

Under the confidentiality deed Huon and Baybrick Pty Ltd (a Related Body Corporate of JBS and Industry Park) dated 11 May 2021, JBS and its Related Bodies Corporate (**JBS Parties**) are subject to a standstill regime under which the JBS Parties must not until 11 May 2022, among other things and subject to certain exceptions:

- acquire a Relevant Interest in any Huon Shares by any means; or
- enter into any arrangement or undertaking relating to Huon Shares or any assets of Huon.

12.12 ASIC relief and ASX waivers

(a) ASIC relief

ASIC has published various 'Class Orders' and other legislative instruments providing for modifications and exemptions that apply generally to all persons, including JBS, in relation to the operation of Chapters 6 and 6A of the Corporations Act.

As required by Class Order 13/521, JBS will make available a copy of these documents (or relevant extracts of these documents), free of charge, to Huon Shareholders who request them during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Huon Shareholders may call the Huon Shareholder Information Line on 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia), between 8.30 am and 5.30 pm (Hobart time), Monday to Friday.

In addition, as permitted by ASIC Corporations (Consents to Statement) Instrument 2016/72, this Booklet may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- a correct and fair copy of, or extract from, a public official document or a published book, journal or comparable publication,

where the statement was not made, or published, in connection with the Takeover Bid or JBS or Huon or any business, property or person the subject of this Booklet.

(i) Technical modification to Item 7 of section 611

As outlined in Section 9.1 above, Item 7 of section 611 of the Corporations Act provides a mechanism whereby Huon Shareholders are able to approve the JBS acquiring a relevant interest in the Huon Shares held by Surveyors. In connection with this approval Huon applied for technical relief to clarify that Item 7 is able to approve this acquisition in circumstances where JBS will acquire Surveyors rather than directly acquiring the Huon shares that company owns. ASIC has advised that it does not generally grant relief where it is not presently required and where no breaches of the law will occur. Accordingly, ASIC is not presently minded to grant the relief requested as it does not consider that the modification of item 7 is the appropriate mechanism to address the concerns which Huon raised.

(ii) Payments or benefits to be made or given to directors or officers

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Booklet to set out particulars of any payment or benefit made or given to any Huon director, secretary or executive officer of Huon or a Related Body Corporate as compensation for loss of, or consideration for or in connection with their retirement from, office in Huon or a Related Body Corporate.

ASIC has granted Huon relief from this requirement so that this Booklet need only set out particulars of any payment or benefit made or given to any Huon director, secretary or executive officer of Huon in relation to their resignation or retirement from office where those proposed payments or benefits are made in connection with or are materially affected by the implementation of the Scheme. Under the relief granted, Huon may also describe such payments or benefits on an aggregate (rather than individual) basis and, unless that person is a Huon Director, refrain from disclosing the name of any director, secretary or executive officer who will lose office or retire from office in connection with the Scheme.

(iii) ASIC Surveyors Modification

Section 619(1) of the Corporations Act requires that all offers under a takeover bid must be on the same terms. Huon has applied for a modification to allow JBS to acquire Surveyors under the Takeover Offers rather than the Huon Shares held by Surveyors. As at the Last Practicable Date that application has not been resolved with ASIC. If ASIC declines that application the Takeover Offer applicable to Surveyors will be the same as the Takeover Offers made to all Huon Shareholders. If relief is granted the acquisition of Surveyors will be conditional on the Approval of the Surveyors Acquisition Resolution.

Alternatively, Surveyors may be acquired outside the bid under the Supplemental Share Sale Agreement.

(iv) Modification to extend the Takeover Offers to Huon Shares that may be issued after the Register Date

ASIC has provided confirmation in relation to the extension of the Takeover Bid to all Huon Shares that are issued after the Register Date upon vesting or exercise of the Huon Performance Rights on issue.

12. Additional information *(continued)*

(v) Modification to allow for electronic despatch of Booklet

Due to the coronavirus pandemic and related issues, ASIC has also granted Huon and JBS relief from the usual requirement under the Corporations Act to send Bidder's Statement and Target's Statements to shareholders by post.

This means that when the Booklet (which includes the Bidder's Statement and Target's Statement) are released:

- (A) if you have nominated an email address to receive communications from Huon, then you will receive an email to your nominated email address with a link to an electronic copy of the Bidder's Statement and Target's Statement; and
- (B) if you have not nominated an email address to receive communications from Huon, then you will receive a letter from Huon to your registered address, which will contain details of a link to an electronic copy of the Booklet.

(vi) Supplemental Share Sale Agreement modification

JBS has applied for a modification to Part 6A.1 of the Corporations Act (section 661A) so that for purposes of determining whether JBS has acquired relevant interests in at least 90% (by number) of the Huon Shares on issue for compulsory acquisition, that the indirect acquisition of Huon Shares in accordance with the terms of the Supplemental Share Sale Agreement will be treated as an acquisition for purposes of satisfying that requirement.

12.13 ASX waivers

No ASX waivers were sought for the purposes of the Scheme or the issue of this Booklet.

12.14 Formal disclosures and consents

The following parties have given and have not, before the date of this Booklet, withdrawn their written consent:

- (a) to be named in this Booklet in the form and context in which they are named; and
- (b) if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appear in this Booklet.

Name	Role
Ashurst	Australian legal advisers to Huon
Grant Samuel	Financial adviser to Huon
PwC	Auditors to Huon
Grant Thornton	Independent Expert
Ashurst	Australian tax adviser to Huon
Link Market Services Limited	Share Registry
MinterEllison	Australian legal advisers to JBS
Rothschild & Co	Financial adviser to JBS

JBS:

- (a) has assumed and accepted responsibility for the preparation and inclusion of the JBS Information; and
- (b) has given and has not, before the date of this Booklet, withdrawn its written consent to the inclusion of the JBS Information in the form and context in which it appears in this Booklet.

Grant Thornton has given, and not withdrawn before the date of this Booklet, its written consent to the inclusion of its Independent Expert's Report in this Booklet in the form and context in which it appears in Annexure A and references to the Independent Expert's Report in the form and context in which they appear.

Ashurst has given, and not withdrawn before the date of this Booklet, its written consent to the inclusion of Section 11 in this Booklet in the form and context in which it appears in Section 11, and references to that Section 11 in the form and context in which they appear.

Each person named above:

- (a) has not authorised or caused the issue of the Booklet;
- (b) does not make or purport to make any statement in this Booklet or any statement on which a statement in this Booklet is based, other than JBS in respect of the JBS Information and Grant Thornton in respect of the Independent Expert's Report; and
- (c) to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Booklet, other than JBS in respect of the JBS Information and Grant Thornton in respect of the Independent Expert's Report.

12.15 Material litigation

To the best knowledge of the Huon Directors and senior management (including the Key Management Personnel), Huon is not involved in any litigation or dispute which is material in the context of the Huon Group taken as a whole.

12.16 No unacceptable circumstances

The Huon Directors believe that the Schemes and Takeover Bid do not involve any circumstances in relation to the affairs of Huon that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

12.17 Fees and expenses

The aggregate amount of the fees and expenses expected to be incurred by Huon in connection with the Schemes and consideration of the Takeover Bid is approximately \$9,000,000 (excluding GST). This includes the following amounts (all excluding GST):

- (a) fees and expenses paid or payable (excluding GST) to Huon's professional advisers (including its financial, legal, accounting, communications and tax advisers) of approximately \$7,400,000,
- (b) fees paid or payable to the Independent Expert of approximately \$190,000; and
- (c) Share Registry costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Booklet, expenses associated with convening and holding the Scheme Meeting and other general and administrative expenses in connection with the Schemes, of approximately \$120,000 in aggregate.

These amounts do not include the transaction costs that may be incurred by JBS in relation to the Scheme.

12.18 Other information material to the making of a decision in relation to the Schemes or Takeover Bid

Except as set out in this Booklet, so far as the Huon Directors are aware, there is no information material to the making of a decision by a Huon Shareholder in relation to the Schemes or the Takeover Bid, being information that is within

12. Additional information *(continued)*

the knowledge of any Huon Director or director of any Related Body Corporate of Huon, as at the date of this Booklet, which has not been previously disclosed to Huon Shareholders.

Except as set out in this Booklet, so far as JBS is aware, there is no information material to the making of a decision by a Huon Shareholder in relation to the Takeover Bid, being information that is known to JBS, as at the date of this Booklet, which has not been previously disclosed to Huon Shareholders.

12.19 Nature of Huon Information and JBS Information

All Huon Information is included in this Booklet in connection with Huon obligation to issue a target's statement for the Takeover Bid under Chapter 6 Part 6.5 Division 3 of the Corporations Act and is subject to the liability regime in Chapter 6B of the Corporations Act.

All JBS Information is included in this Booklet in connection with JBS' obligation to issue a bidder's statement for the Takeover Bid under Chapter 6 Part 6.5 Division 2 of the Corporations Act and is subject to the liability regime in Chapter 6B of the Corporations Act.

12.20 Supplementary information

Huon and JBS will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of this Booklet and the Effective Date:

- (a) a material statement in the Booklet is or becomes false or misleading in a material respect;
- (b) a material omission from this Booklet;
- (c) a significant change affecting a matter included in this Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the date of this Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Huon may circulate and publish any supplementary document by:

- (e) making an announcement to ASX;
- (f) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (g) posting the supplementary document to Huon Shareholders at their registered address as shown in the Register, or by email for Huon Shareholders who have elected to receive communications electronically; or
- (h) posting a statement on Huon's website at www.investors.huonaqua.com.au/investors/,

as Huon, in its absolute discretion, considers appropriate.

13. Approval of bidder's statement

This bidder's statement has been approved by a resolution by the directors of JBS in accordance with section 637(1)(a)(i) of the Corporations Act.

Dated: 22 September 2021

For personal use only

14. Approval of target statement

This target statement has been approved by a resolution by the Huon Directors in accordance with section 639(1)(a) of the Corporations Act.

Dated: 22 September 2021

15. Glossary

15.1 Definitions

The meaning of the terms used in this Booklet are set out below.

Term	Meaning
ACCC	the Australian Competition and Consumer Commission.
Acceptance Form	the acceptance and transfer form enclosed with this Booklet.
AGM Resolutions	resolutions to approve the following to be considered and voted on at the Annual General Meeting, as set out in the Notice of Annual General Meeting: • consideration of the Financial Statements and Reports; • the resolution to approve the Remuneration Report; • the Surveyors Acquisition Resolution; • the grant of Performance Rights to Mr Bender; and • the resolution to approve the re-election of Frances Bender as Huon Director.
Announcement Date	6 August 2021, being the date of announcement of the Schemes to the ASX.
Annual General Meeting	the meeting of Huon Shareholders convened pursuant to the notice of meeting attached as Annexure H to consider and approve the Financial Statements and Reports, Remuneration Report, Surveyors Acquisition, the grant of Performance Rights to MrPeter Bender and re-election of Huon Directors.
ASIC	the Australian Securities and Investments Commission.
ASIC Surveyors Modification	a modification obtained from ASIC to allow Surveyors to accept the Takeover Offer in respect of the Surveyors Shares by executing a share sale agreement in the same form as the Share Sale Agreement with such changes as are necessary (including, without limitation, clause 4.1 (a) and (b) of the Share Sale Agreement) provided that any conditions to such relief imposed by ASIC are not considered unreasonably burdensome by JBS.
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) included a reference to this Booklet and Huon was the designated body.
ASX	ASX Limited ACN 008 624 691, or the financial market operated by it, as the context requires.
ASX Listing Rules	the official listing rules of ASX.
ASX Settlement	ASX Settlement Pty Ltd ABN 49 008 504 532 or, where the context requires or permits, the clearing and settlement facility operated by it.
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement.
ATO	the Australian Taxation Office.
Australian Accounting Standards	the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts.
Booklet	this document, including the Annexures to it.

15. Glossary *(continued)*

Term	Meaning
Break Fee	\$4,250,000. The circumstances in which the Break Fee will be payable by either Huon or JBS (as applicable) are summarised in Section 12.5(n) of this Booklet.
Business Day	has the meaning given in the ASX Listing Rules.
CGT	Australian capital gains tax.
CHESS	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.
CHESS Holding	a holding of Huon Shares on the CHESS subregister of Huon (usually a CHESS Holding will be through a Controlling Participant).
Closely Related Party	Closely Related Party of a member of the Key Management Personnel means: • a spouse or child of the member; • a child of the member's spouse; • a dependant of the member or of the member's spouse; • anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with Huon; or • a company that the member controls; or • a person prescribed by the Corporations Regulations.
Competing Proposal	a proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person (other than JBS or its associates) whether alone or together with its associates would: • acquire a Relevant Interest in 20% or more of the Huon Shares; • acquire control of Huon, within the meaning of section 50AA of the Corporations Act; • acquire, directly or indirectly, an interest in all or a substantial part of the assets of or business conducted by the Huon Group; or • otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Huon.
Conditions Precedent	• the conditions to implementation of the Schemes set out in clause 3 of the Implementation Deed; • the conditions to completion of the Surveyors Acquisition set out in clause 4 of the Share Sale Agreement; or • the conditions to the Takeover Offers, as the context requires.
Control	has the meaning given in section 50AA of the Corporations Act.
Controlling Participant	in relation to your Huon Shares has the same meaning as in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).

Term	Meaning
Court	the Federal Court of Australia Melbourne Division, or such other court of competent jurisdiction as Huon and JBS agree.
Deed Polls	the Deed Polls in respect of the Primary Scheme and Secondary Scheme executed by JBS, JBS Australia and Industry Park on 21 September 2021 under which JBS and Industry each undertakes in favour of each Huon Shareholder to undertake all other actions attributed to them under the Schemes (including providing or procuring the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Schemes). A copy of the executed Deed Polls are included in Annexure D and Annexure E of this Booklet.
Deeds of Restraint	the Deeds of Restraint referred to in Section 7.
Disclosed	disclosed: • by Huon in writing to the JBS Group prior 6 August 2021; or • in any announcement made by Huon on ASX prior to 6 August 2021.
Disposing Shareholder	each Huon Shareholder whose Huon Shares are acquired under the Primary Scheme, Secondary Scheme or the Takeover Bid.
EBITDA	earnings before interest, tax, depreciation and amortisation.
Effective	when used in relation to the Schemes, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to a Scheme.
Effective Date	the date on which the Primary Scheme or Secondary Scheme becomes Effective.
End Date	the earlier of: • 28 February 2022 (being seven months after the date of the Implementation Deed); or • such other date as the parties may agree in writing is the 'End Date' for the purposes of the Implementation Deed.
Exclusivity Period	the period beginning on 6 August 2021 and ending on the earlier of: • the termination of the Implementation Deed in accordance with its terms; • the close of the Takeover Offer Period; • the Effective Date; and • 28 February 2022, being the End Date.
FATA	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth).</i>

15. Glossary (continued)

Term	Meaning
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: • borrowing from any bank or other financial institution; • bill, bond, debenture, note or similar instrument; • guarantee; • finance or capital lease; • swap, hedge arrangement, option, futures contract, derivative or analogous transaction; • agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or business; • agreement for the deferral of a purchase price or other payment in relation to the provision of services other than in the ordinary course of business of Huon; or • obligation to deliver goods or provide services paid for in advance by any financier.
Financial Statements and Reports	Huon's Annual Report, including the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2021.
FIRB	Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Schemes is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard. The hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme is the First Court Hearing.
FY18	financial year ending 30 June 2018.
FY19	financial year ending 30 June 2019.
FY20	financial year ending 30 June 2020.
FY21	financial year ending 30 June 2021.
FY22	financial year ending 30 June 2022.
FY22 Performance Rights	Huon Performance Rights issued to Key Management Personnel for the FY22.
Government Agency	a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the ACCC, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.
GST	has the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Primary Scheme at the Scheme Meetings or the Secondary Scheme at the Scheme Meetings is passed by a majority in number of Target Huon Shareholders (other than Surveyors in respect of the Primary Scheme) present and voting either themselves or by proxy.

Term	Meaning
Holder Identification Number	the number used to identify a Huon Shareholder on the CHESS subregister of Huon.
Huon	Huon Aquaculture Group Limited ABN 79 114 456 781.
Huon Board	the board of directors of Huon.
Huon Director	any director of Huon comprising part of the Huon Board.
Huon Facility Agreement	the secured club facility agreement dated 3 October 2014 (as amended) for Huon arranged by Commonwealth Bank of Australia and Coöperatieve Rabobank U.A., Australia branch.
Huon Group	Huon and its Related Bodies Corporate.
Huon Information	the information contained in this Booklet, other than the JBS Information and the information in Annexure A of this Booklet.
Huon Material Adverse Effect	an event that has, has had or is reasonably likely to have, either individually or when aggregated with any Specified Events of a similar kind or category, the effect of reducing the consolidated net assets of the Huon Group (calculated in accordance with the accounting policies and practices applied by Huon as at 6 August 2021) by at least \$50,000,000, but does not include: - any matter Disclosed (or which ought reasonably have been expected to arise from a matter, event or circumstance which was so Disclosed); - any change or disruption to the general economic, business or political conditions or changes in any such conditions (including disruptions to, or fluctuations in, stock markets or other financial markets, or changes in interest rates, foreign currency exchange rates or commodity prices) that directly or indirectly impact Australian aquaculture businesses; - any act of terrorism, war (whether or not declared) natural disaster, pandemic, epidemic or the like; - any change arising from the COVID-19 virus (or any mutation, variation or derivative), or from any law, order, rule or direction of any Government Agency in relation thereto; - any change in generally accepted accounting principles or standards (including Accounting Standard AASB141) or the interpretation of them; - any change relating to or arising from an impairment of or depreciation in the consolidated net assets of the Huon Group, other than where the impairment of or depreciation in the consolidated net assets is in connection with or arising from a Specified Event that would otherwise constitute a Huon Material Adverse Effect; - any change occurring directly or indirectly as a result of any matter, event or circumstance required by the Implementation Deed, the Schemes, the Share Sale Agreement or the transactions contemplated by them; - the Special Dividend; - any change in any generally applicable law or governmental policy; - any change occurring with the written consent of JBS; or - any loss, damage or expense that is recoverable under Huon's insurance policies.
Huon Performance Rights	performance rights issued to the Key Management Personnel where, subject to satisfaction of performance and service conditions, at the end of a specified performance period, each performance right will be satisfied by a cash payment, the issue of Huon Shares or an offer to participate in the Huon Employee Share Trust, at the discretion of the Huon Board.

15. Glossary *(continued)*

Term	Meaning
Huon Prescribed Event	the occurrence of any of the following: • Huon converting all or any of the Huon Shares into a larger or smaller number of Huon Shares; • Huon resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; • Huon: – entering into a buy-back agreement; or – resolving to approve the terms of a buy-back agreement under the Corporations Act; • Huon declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to Huon Shareholders, other than the Special Dividend; • a member of the Huon Group: – issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than: • to a wholly-owned subsidiary of Huon; or • the granting of Huon Performance Rights disclosed prior to 6 August 2021; or • the issue of shares in Huon on the vesting of Huon Performance Rights granted prior to 6 August 2021; – making any change to, or repealing, its constitution; – other than in the ordinary course of business acquiring, offering to acquire or agreeing to acquire any one or more assets (including any one or more shares in any company) having a market value that in aggregate is, or the consideration for which in aggregate is, \$2,000,000 or more; – other than biological assets or in the ordinary course of business, disposing, offering to dispose or agreeing to dispose of any one or more assets (including any one or more shares in any company), or an interest in any one or more assets, having a market value that in aggregate is, or the consideration for which in aggregate is, \$2,000,000 or more (and, for the avoidance of doubt, “dispose” includes sell, transfer, grant an option over, declare or create a trust over, surrender, allow to lapse or encumber); – other than in the ordinary course of business and consistent with past practice of the Huon Group, creating or agreeing to create any new Security Interest over the whole or a substantial part of its business or property; – entering into, or offering to enter into, any joint venture, asset or profit sharing arrangement, partnership or merger of businesses or of corporate entities (including through a multiple listed companies structure) in respect of any one or more assets (including any one or more shares in any company) or undertakings; – other than in the ordinary course of business or as Disclosed before 6 August 2021: • incurring or committing to, or bringing forward the time for incurring or committing, or granting to another person a right the exercise of which would involve a member of the Target Group incurring or committing to, any capital expenditure or liability for one or more related items or amounts of \$1,000,000 or more; or • foregoing any revenue for one or more related items or amounts of \$100,000 or more;

Term	Meaning
Huon Prescribed Event (continued)	- entering into a contract or commitment restraining a member of the Huon Group from competing with any person or conducting activities in any market; - other than in the ordinary course of business entering into or resolving to enter into a transaction with any related party of Huon (other than a related party which is a wholly owned member of the Huon Group) as defined in section 228 of the Corporations Act; - other than in the ordinary course of business and consistent with past practice: • varying or agreeing to vary the employment arrangements or remuneration of any director or employee of any member of the Huon Group whose annual remuneration as 6 August 2021 is \$250,000 or more; • amending the terms of the Long Term Incentive Plan or any other plan or scheme operated for the benefit of directors or employees of any one or more members of the Huon Group; • paying or agreeing to pay any bonus, termination or retention payment to any director or employee of any member of the Huon Group; or - experiencing an Insolvency Event; except to the extent the occurrence: • is Disclosed; • is contemplated under the Implementation Deed or the Schemes; or • has been expressly consented to in writing by JBS.
Huon Share	an issued fully paid ordinary share in the capital of Huon.
Huon Shareholder	each person who is registered in the Register as a holder of a Huon Share.
Huon Shareholder Information Line	the information line set up for the purpose of responding to enquiries from Huon Shareholders in relation to the Scheme, being 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) on Business Days between 8.30 am and 5.30 pm (Hobart time).
Implementation Date	The Business Day after the Scheme Record Date, which is expected to be Monday, 8 November 2021.
Implementation Deed	the Share Acquisition Implementation Deed between Huon, JBS and Industry Park dated 6 August 2021, as amended and restated on 3 September 2021. A summary is set out in Section 12.5 of this Booklet and a copy is attached in full to Huon's ASX announcement on 3 September 2021, which is available on ASX's website at www.asx.com.au and on Huon's website at the investors section of Huon's website.
Independent Board Committee	Neil Kearney, Simon Lester and Tony Dynon.
Independent Expert	Grant Thornton Corporate Finance Pty Ltd ACN 127 556 389.
Independent Expert's Report	the report by the Independent Expert set out in Annexure A of this Booklet.
Industry Park	Industry Park Pty Ltd ACN 077 256 215.

15. Glossary *(continued)*

Term	Meaning
Insolvency Event	in respect of a person: • an administrator being appointed to the person; • (i) a controller or analogous person being appointed to the person or any of the person's property, (ii) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property or (iii) an appointment of the kind referred to in (ii) being made (whether or not following a resolution or application); • the holder of a Security Interest or any agent on its behalf, appointing a controller or taking possession of any of the person's property (including seizing the person's property within the meaning of section 123 of the PPSA) or otherwise enforcing or exercising any rights under the Security Interest or Chapter 4 of the PPSA; • the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand; • an application being made to a court for an order for its winding up; • an order being made, or the person passing a resolution, for its winding up; • the person: – suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or – being unable to pay its debts or otherwise insolvent; • the person taking any step toward entering into a compromise or arrangement with, or assignment for the benefit of, any of its creditors; • a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or • any analogous event under the laws of any applicable jurisdiction.
Issuer Sponsored Holdings	a holding of Huon Shares on Huon's issuer sponsored subregister.
JBS	JBS Aquaculture Pty Ltd ACN 653 348 700.
JBS Australia	JBS Australia Pty Ltd ACN 011 062 338.
JBS Board	the board of directors of JBS.
JBS Director	any director comprising part of the board of directors of JBS Australia.
JBS Information	the information about JBS contained in: • the following questions and answers in Section 4 of this Booklet: – "Who is JBS and the JBS Group S.A.?"; – "Does JBS Group own Huon Shares?"; – "How is JBS funding the Scheme Consideration?"; • Section 7; • Section 10; and • Section 15 – the definitions of "JBS", "JBS Australia", "JBS Board", "JBS Director", "JBS Prescribed Event", "JBS S.A.", "Industry Park", "JBS Group", "JBS Information", "Scheme Consideration", "Takeover Offer Price" and "Takeover Offer Payment Date", "Takeover Register Date.
JBS Prescribed Event	an Insolvency Event occurring in respect of JBS or Industry Park.

Term	Meaning
JBS S.A.	JBS S.A., a company incorporated in Brazil and listed on the São Paulo Stock Exchange under the ticker JBSS3.
Key Management Personnel	the key management personnel of Huon as set out in Section 6.3(b) above.
Last Practicable Date	the date immediately before the date of this Booklet.
Long Term Incentive Plan or Plan Rules	the Huon Long Term Incentive and Bonus Sacrifice Plan adopted by Huon on 23 October 2014.
Meeting Resolutions	the Scheme Resolutions and Surveyors Acquisition Resolution.
Notice of Annual General Meeting	the notice in relation to the Annual General Meeting set out in Annexure H of this Booklet.
Notice of Scheme Meetings	the notice in relation to the Scheme Meetings set out in Annexure F and Annexure G of this Booklet.
Offer Period	the period during which the Takeover Offers will remain open for acceptance in accordance with Section 10.2 of this Booklet.
Participant	an entity admitted to participate in CHESS.
PPS Security Interest	a security interest that is subject to the PPSA.
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth).
Primary Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Huon and Huon Shareholders (other than Surveyors) in the form of Annexure B or in such other form as is agreed in writing between Huon and JBS, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by Huon and JBS and defined in the Scheme Implementation Agreement as the Primary Scheme.
Primary Scheme Meeting	the meetings of Huon Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act pursuant to the notice of meeting attached as Annexure F and to consider and vote on the Primary Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Primary Scheme Resolution	the resolution of Huon Shareholders to be considered at the Primary Scheme Meeting.
Proposed Transactions	the Schemes and Share Sale Agreement and the Takeover Bid.
Register	the share register of Huon.
Register Date	the date set by JBS under subsections 633(2) to (4) inclusive of the Corporations Act, being 7.00 pm (AEDT time) on 23 September 2021.

15. Glossary *(continued)*

Term	Meaning
Registered Address	in relation to a Huon Shareholder, the address of the shareholder shown in the Register as at the Scheme Record Date.
Regulatory Approvals	any approval of a Government Agency which JBS and Huon have agreed before the date of the Implementation Deed is necessary or desirable to implement the Schemes or any aspect of them.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Remuneration Report	the Remuneration Report that appears on pages 40 to 55 of Huon Annual Report 2021 and is available at www.investors.huonaqua.com.au/investors/ .
Required Majorities	- in respect of the Schemes, approval of the Scheme Resolutions by: - unless the Court orders otherwise, a majority in number (ie more than 50%) of relevant Huon Shareholders present and voting on the Scheme Resolutions at the Scheme Meetings, either themselves or by proxy, attorney or, in the case of corporate Scheme Shareholders, body corporate representative; and - at least 75% of the total number of votes cast on the Scheme Resolutions at the Scheme Meetings by relevant Huon Shareholders, either themselves or by proxy, attorney or, in the case of corporate Huon Shareholders, body corporate representative; - in respect of the Surveyors Acquisition, a majority in number (ie more than 50%) of Huon Shareholders present and voting on the Surveyors Acquisition Resolution, either themselves or by proxy, attorney or, in the case of corporate Huon Shareholders, body corporate representative.
Resolutions	the Scheme Resolutions and the Surveyors Acquisition Resolution.
Rights	all accretions, rights or benefits of whatever kind attaching to or directly or indirectly attaching to or arising from the Huon Shares arising on or after 6 August 2021 including all rights to receive dividends, to receive or subscribe for shares, notes or other securities and all other distributions or entitlements declared, paid, made or issued by Huon after that date, but excluding any franking credits attached to a dividend or other distribution.
Schemes	the Primary Scheme and the Secondary Scheme.
Scheme Consideration	the consideration to be provided by JBS to each Scheme Shareholder for the transfer to JBS of each Scheme Share, being for each Huon Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$3.85, less the cash amount of any Special Dividend paid by Huon before the Implementation Date.
Scheme Meetings	the Primary Scheme Meeting and the Secondary Scheme Meeting.
Scheme Order	the order of the Court under section 411(4)(b) of the Corporations Act approving the Primary Scheme or Secondary Scheme, with or without modifications or conditions as are thought fit by the Court.

Term	Meaning
Scheme Record Date	the record date for determining entitlements to the Scheme Consideration, which is expected to be 7.00 pm (Hobart time) on the second Business Day after the Effective Date.
Scheme Resolutions	the Primary Scheme Resolution and the Secondary Scheme Resolution.
Scheme Share	a Huon Share held by a Scheme Shareholder.
Scheme Shareholder	- in respect of the Primary Scheme, each Huon Shareholder (other than Surveyors) as at the Record Date; and - in respect of the Secondary Scheme, each Huon Shareholder as at the Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard. The hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme is the Second Court Hearing.
Secondary Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Huon and Huon Shareholders in the form of Annexure C or in such other form as is agreed in writing between Huon and JBS, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by Huon and JBS and defined in the Scheme Implementation Agreement as the Secondary Scheme.
Secondary Scheme Meeting	the meeting of Huon Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act pursuant to the notice of meeting attached as Annexure G to consider and vote on the Secondary Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Secondary Scheme Resolution	the resolution of Huon Shareholders to be considered at the Secondary Scheme Meeting.
Security Interest	any security interest, including: - a PPS Security Interest; - any other mortgage, charge, pledge or lien; or - any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.
Share	a fully paid ordinary share in the capital of Huon.
Share Registry	Link Market Services Limited ACN 083 214 537.
Shareholder Reference Number	the number allocated by Huon to identify a Huon Shareholder on Huon's issuer sponsored subregister.
Share Sale Agreement	the Share Sale Agreement – Surveyors Investments Pty Ltd between Mr Bender, JBS and Industry Park dated 6 August 2021 as amended and restated on 3 September 2021 in respect of the Surveyors Acquisition.

15. Glossary *(continued)*

Term	Meaning
Special Dividend	a fully franked special dividend of up to \$0.125 per Huon Share held on the Special Dividend Record Date, determined by the Huon Board to be paid.
Special Dividend Payment Date	the date of payment of any Special Dividend determined by the Huon Directors in their sole discretion, which is currently expected to be Monday, 8 November 2021.
Special Dividend Record Date	the time and date for determining the entitlements to any Special Dividend that is determined by the Huon Directors in their sole discretion, which is currently expected to be 5.00 pm (Sydney time) on Friday, 5 November 2021.
Specified Event	an event, occurrence or matter that: - occurs after 6 August 2021; or - occurs before 6 August 2021 but is only announced or publicly disclosed after 6 August 2021.
Subsidiary	has the meaning given in the Corporations Act.
Superior Proposal	a bona fide Competing Proposal which the Huon Board, acting in good faith and after taking advice from Huon's financial and legal advisers determines: - is capable of being implemented within a reasonable timeframe and in accordance with its terms; and - would, if so implemented, result in a more favourable outcome for Huon Shareholders than would result from the implementation of the Schemes.
Supplemental Share Sale Agreement	the Supplemental Share Sale Agreement – Surveyors Investments Pty Ltd dated 20 September 2021 between Peter Bender, JBS and Industry Park.
Surveyors Acquisition	the sale and purchase of the Surveyors Shares in accordance with the terms of the Share Sale Agreement and the Supplemental Share Sale Agreement.
Surveyors Acquisition Resolution	the resolution to approve the Surveyors Acquisition to be voted on at the Annual General Meeting, as set out in the Notice of Annual General Meeting.
Surveyors	Surveyors Investments Pty Ltd ACN 602 004 179.
Surveyors Shares	all of the fully paid ordinary shares in Surveyors.
Takeover Bid	the off-market takeover bid constituted by the dispatch of the Takeover Offers in accordance with the Corporations Act.
Takeover Offers	the offers for Huon Shares under the terms and conditions set out in Section 10.
Takeover Offer Price	\$3.85 per Huon Share.
Takeover Offer Payment Date	the date on which JBS will pay the Takeover Offer Price per Huon Share to Shareholders who accept the Takeover Offers if the Takeover Bid becomes unconditional, being the earlier of: 7 business days after the later of (i) receipt of your valid acceptance or (ii) the date on which the Offer becomes unconditional; and 7 business days after the end of the Takeover Offer Period.

Term	Meaning
Takeover Register Date	the date set by JBS under section 633(2) of the Corporations Act, being 7.00 pm (Hobart) on 22 September 2021.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth) and the <i>Income Tax Assessment Act 1936</i> (Cth) (jointly or as applicable).
unconditional	that the Takeover Offers and any contracts resulting from acceptance of the Takeover Offers are no longer subject to fulfilment of any of the conditions to which the Takeover Offers is subject, as set out in Section 10 of this Booklet.
Voting Power	the meaning it is given in section 610 of the Corporations Act.
VWAP	volume weighted average price.
Year Class	the calendar year in which the smolt (salmon) or fingerling (trout) enters the sea for on-growing.

15.2 Interpretation

In this Booklet, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Booklet;
- (b) words and phrases in this Booklet have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a Section or Annexure is a reference to a Section or Annexure of this Booklet;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to time in Hobart, Tasmania ; and
- (j) unless expressly stated otherwise, a reference to dollars, \$, A\$ or cents is a reference to the lawful currency of Australia.

Annexure A: Independent Expert's Report



Huon Aquaculture Group

Independent Expert's Report and Financial Services Guide

21 September 2021

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Directors
Huon Aquaculture Group Limited
Level 13, 188 Collins Street
Hobart TAS 700

21 September 2021

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Introduction

Huon Aquaculture Group Limited ("Huon", or "the Company" or "HUO") is a vertically integrated and geographically diversified player in the salmonid aquaculture industry in Australia. The Company operates seven hatcheries, five brood facilities and three marine farming regions in Tasmania as well as processing facilities in Tasmania (Parramatta Creek), NSW (Ingleburn) and WA (Forrestdale). Huon's primary products are fresh HOG¹ salmon, portioned MAP² for retail, value added products ("VA") and trout. Huon sells its products to the retail (mainly via major supermarkets), wholesale and export markets. As at 25 August 2021, HUO had a market capitalisation of c. A\$420 million³. Peter and Frances Bender and their associates ("Bender Family"⁴) hold a total interest of 52.68% in Huon Shares⁵.

JBS S.A. ("JBS") is a Brazilian company that is the largest meat processing company in the world, producing factory processed beef, chicken and pork. It is headquartered in São Paulo and listed on the Brazil Stock Exchange with a market capitalisation of c. US\$15 billion⁶ as at 25 August 2021.

On 26 February 2021, following a number of unsolicited approaches, the Board of Directors of Huon ("Board" or "Directors") announced that it had initiated a strategic review to assess the potential for corporate level transactions ("Strategic Review"). Subsequently, on 6 August 2021, HUO entered into a Scheme Implementation Deed ("SID") with an Australian subsidiary of JBS. Under the SID, it is proposed that JBS will acquire 100% of the issued shares of the Company ("HUO Shares" or "Huon Shares") by way of a scheme of arrangement ("Scheme") for a cash consideration of A\$3.85 per share ("Scheme Consideration"). The Scheme Consideration represents a premium of 61% to the undisturbed closing price of A\$2.39 per share before the announcement of the Strategic Review and it values the Company at A\$425 million on a fully diluted basis⁷.

The Scheme is expected to be implemented based on one of the following alternative structures:

- **Primary Scheme** – Acquisition by JBS of all Huon Shares for the Scheme Consideration other than the Huon Shares held by Surveyors⁸ and the simultaneous sale to JBS of the Bender's Family investment company Surveyors which holds approximately 40.53% of Huon Shares on an undiluted basis for a

¹ Head-on gutted ("HOG").

² Modified atmosphere packaging ("MAP").

³ Based on a closing share price of A\$3.85 per share.

⁴ Including Surveyors Investments Pty Ltd ("Surveyors").

⁵ Based on 109,872,959 Huon Shares and excluding 642,548 unvested performance rights.

⁶ Equivalent to A\$20.7 billion based on the exchange rate of US\$1:A\$1.378 as at 17 August 2021 ("Exchange Rate").

⁷ Based on 110,515,507 Huon Shares including 642,548 unvested performance rights.

⁸ Surveyors is an investment entity controlled by the Bender Family whose only asset is a 40.53% interest in Huon.

Annexure A: Independent Expert's Report *(continued)*



purchase price equal to the Scheme Consideration multiplied by the number of Huon Shares held⁹ by Surveyors ("Surveyors Acquisition")¹⁰ (refer to section 1 for details); or

- *Secondary Scheme (together with the Primary Scheme referred to as "Schemes")* – If the Primary Scheme is not approved and the Secondary Scheme is approved, then the Scheme will involve JBS directly acquiring 100% of Huon Shares for the Scheme Consideration. If both Schemes are approved, the Primary Scheme will be implemented.

Under both the Schemes, all Huon Shares will be directly or indirectly acquired by JBS for a cash price per Huon Share equal to the Scheme Consideration.

The Schemes are subject to the conditions precedent set out in Section 1 of this Independent Expert's Report ("IER") including approvals by HUO shareholders ("HUO Shareholders" or "Shareholders" or "Huon Shareholders") of both the Schemes and of the Surveyors Acquisition (only for the Primary Scheme), the Court and Foreign Investments Review Board ("FIRB") approvals.

On 13 August 2021, the Company also entered into a Takeover Alternative Process Agreement with JBS to provide for the making of a recommended takeover bid in parallel but not in substitution of the Schemes under which JBS will make an offer to all Huon Shareholders based on the condition that neither the Primary or Secondary Schemes being approved and the following other key terms ("Takeover Offer" or "Offer"¹¹):

- Same offer price as the Scheme Consideration of A\$3.85 per share ("Takeover Offer Price" or "Offer Price").
- 50.1% minimum acceptance condition and other conditions precedent, including FIRB approval, as set out in section 1.
- The Offer to be available for acceptance for at least 2 weeks after the Scheme Meeting in the event that the Schemes are not approved.

At the request of JBS, the Bender Family has entered into a pre-bid acceptance agreement for over 19.9% of Huon shares on issue ("Pre-Bid Acceptance Agreement").

On 3 September 2021, Huon and JBS entered an amended and restated Share Acquisition Implementation Agreement consolidating the SID and the Takeover Alternative Process Agreement ("Restated SID").

The Company entered into the Takeover Alternative Process Agreement to provide greater certainty and flexibility for the Shareholders to sell their Shares at A\$3.85 per share. This is due to the fact that on 11 August 2021, Tattarang Agrifood Pty Ltd ("Tattarang") lodged a substantial holding notice to confirm it had increased its shareholding in Huon to 18.51% of the issued capital and indicated that it may not support the Schemes. Given that the Schemes require approval by 75% of Huon Shareholders¹² representing a majority in number of those Huon Shareholders who choose to vote on the Schemes¹³ this may allow Tattarang to block the implementation of the Schemes. Conversely, the Offer has a minimum acceptance

⁹ 44,527,252 equivalent to a purchase price of A\$171.4 million.

¹⁰ In order to effect the Surveyors Acquisition, JBS has entered into a share sale agreement ("SSA") with the Bender Family.

¹¹ The Primary Scheme, the Secondary Scheme and the Takeover are collectively referred to as the "Proposed Transaction".

¹² This proportion of Huon Shareholders excludes Surveyors for the Primary Scheme, the holder of approximately 40% of the Huon Shares which are the subject of the Surveyors Acquisition.

¹³ In addition, by separate vote, the Primary Scheme requires the approval (as a condition precedent) of the Surveyors Acquisition by 50% of Huon Shareholders (other than Surveyors) who choose to vote on the Surveyors Acquisition.

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condition of 50.1% which will be achieved based on the Directors' intentions to accept the Offer subject to no superior proposal emerging and an IER concluding and continuing to conclude that the Offer is fair and reasonable or not fair but reasonable (the Directors hold up to 53% of Huon Shares).

While the structure for the implementation of the Proposed Transaction is complex, the commercial terms being offered by JBS are in each case the same, being A\$3.85 per Huon Share to acquire control of the Company.

Under the Proposed Transaction, the Board currently intends to pay a fully franked special dividend of A\$0.125 per Huon Share ("Special Dividend"¹⁴) prior to implementation of the Schemes (if either of the Schemes is implemented). The Scheme Consideration will be reduced by the cash amount of any Special Dividend paid by Huon.

Subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Schemes are in the best interests of HUO Shareholders and the Offer is fair and reasonable or not fair but reasonable, the HUO Board unanimously recommends that HUO Shareholders vote in favour of the Schemes and accept the Offer. Subject to the same qualifications, each Huon Director, including Peter and Frances Bender, intends to vote all HUO Shares held or controlled by them in favour of the Schemes to the extent that those shares are entitled to vote in the Scheme¹⁵. Each of those Huon Directors also intend to accept the Offer subject to those same qualifications other than the 19.9% Huon Shares subject to the Pre-Bid Acceptance Agreement.

Purpose of the report and approach

The Directors of the Company have requested Grant Thornton Corporate Finance to prepare an IER stating whether:

- The Primary Scheme is in the best interests of security holders of the Company for the purposes of section 411 of the Corporations Act 2001 (Cth) ("Corporations Act") and the Surveyors Acquisition, which is interdependent with the Primary Scheme, is fair and reasonable to Huon Shareholders not associated with the Bender Family ("Non-Associated Shareholders") for the purposes of Item 7 of Section 611 of the Corporations Act.
- The Secondary Scheme is in the best interests of security holders of the Company for the purposes of section 411 of the Corporations Act.
- The Takeover Offer is fair and reasonable to Huon Shareholders.

We have set out below a summary of the approach adopted in relation to the various opinions above:

- The valuation approach and test required to form an opinion if the Primary Scheme, the Secondary Scheme or the Takeover are fair to Huon Shareholders is exactly the same and it requires a comparison between the fair market value of Huon on a 100% and control basis with the Scheme Consideration/Takeover Offer Price of A\$3.85 per share. Accordingly, we have undertaken one fairness assessment for all the different transaction structures.

¹⁴ The key taxation implications of the Special Dividend, including the availability of franking credits attached to the Special Dividend (if declared) is subject to an ATO class ruling.

¹⁵ The Huon Shares held by Surveyors (40.53% of the issued capital) do not participate and hence are not entitled to be voted in the Primary Scheme.

Annexure A: Independent Expert's Report *(continued)*



- There is substantial overlap between the reasonableness considerations of the Schemes and the Takeover. Accordingly, we have considered them together and we have noted if they are pertinent to the Primary Scheme, the Secondary Scheme, the Takeover and the Proposed Transaction.
- In forming our opinion in relation to the Surveyors Acquisition, we have assessed whether the advantages outweigh the disadvantages or vice versa.

Based on the above, we have then provided individual opinions for the Primary Scheme including the Surveyors Acquisition, the Secondary Scheme and the Takeover.

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that:

- **The Primary Scheme is FAIR AND REASONABLE and hence in the BEST INTERESTS of HUO Shareholders in the absence of a superior alternative proposal emerging. The advantages of the Surveyors Acquisition OUTWEIGH the disadvantages.**
- **The Secondary Scheme is FAIR AND REASONABLE and hence in BEST INTERESTS of HUO Shareholders in the absence of a superior alternative proposal emerging.**
- **The Takeover Offer is FAIR AND REASONABLE to HUO Shareholders in the absence of a superior alternative proposal emerging.**

Fairness Assessment of the Proposed Transaction

Grant Thornton Corporate Finance has compared the fair market value of HUO before the Proposed Transaction on a control basis with the Scheme Consideration/Offer Price. The following table summarises our fairness assessment.

Fairness assessment A\$ per share	Section Reference	Low	High
Fair market value of Huon Shares before the Proposed Transaction	6	3.75	4.23
Scheme Consideration / Offer Price	1	3.85	3.85
Premium/(discount)		0.10	(0.38)
Premium/(discount) (%)		2.7%	(9.0%)
FAIRNESS ASSESSMENT		FAIR	

Source: GTCF analysis

The Scheme Consideration/Offer Price is within our assessed valuation range of HUO on a control basis. Accordingly, we conclude that the Primary Scheme, the Secondary Scheme and the Takeover are **FAIR** to HUO Shareholders.

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HUO Shareholders should be aware that our assessment of the value per HUO Share should not be considered to reflect the price at which HUO Shares may trade if the Proposed Transaction is not implemented. The price at which HUO Shares will ultimately trade depends on a range of factors, including: the available public market for HUO Shares, the demand and supply balance for salmon, macro-economic conditions, the impact of the outbreak of COVID-19 on the economy and the performance of HUO's business.

We have assessed the fair market value of HUO Shares on a control basis by adopting the discounted cash flow methodology ("DCF Method") as our primary approach, which we have cross checked with the market based approach having regard to the enterprise value as a multiple of EBITDA¹⁶ ("EBITDA Multiple") and the equity value as a multiple of net tangible assets ("P/NTA Multiple"). Whilst we have not relied on the Quoted Share Price Method given the limited liquidity in Huon Shares, we have provided some observations to assist the Shareholders in assessing the merits of the Proposed Transaction.

DCF Method

We have built a financial model projecting the post-tax free cash flows of the Company ("GT Model") based on management's internal forecast up to 30 June 2025 ("Internal Model"), historical and YTD financial performance, consensus estimates from investment analysts and industry benchmarks.

In the GT Model, we have considered some key overarching principles that have guided us in estimating the assumptions underlying the projections. They are briefly discussed below.

1. *Production capacity* – We have assessed the value under normalised conditions which take into account the production capacity of the Company under the existing infrastructure but at the same time considers that the industry is subject to adverse weather events, unfavourable growing conditions and diseases which will create some cyclicalities in the harvest as it has occurred historically.
2. *Normalisation of the sales mix* – The sales channel re-aligns to the strategy of the business to focus on contracted retail and wholesale revenue whilst reducing the proportion of sales to the more volatile spot export market contrary to what occurred in FY21 and to a certain extent in FY20.
3. *Stabilisation of salmon prices* – We have assumed that wholesale prices will gradually recover as the domestic demand returns to pre-COVID-19 levels and the recovery in export prices continues¹⁷. In the domestic retail channel, prices are agreed in the underlying contracts which often include CPI¹⁸ escalation clauses, accordingly they are expected to continue on a steadily increasing trajectory.
4. *Market positioning* – There are significant barriers to entry in the domestic market which make it difficult for potential new entrants to win market share from the existing players and considering the competition from overseas is limited to value added products given the high perishable nature of HOG salmon. These market conditions provide a safety net for any prolonged reduction in production under normal trading conditions.

We have outlined a summary of the key assumptions adopted in our valuation assessment below.

¹⁶ In the remaining of this report, we refer to the earnings before interest tax and depreciation and fair value adjustment as "EBITDA" or "Operating EBITDA".

¹⁷ Fish Pool Futures prices indicate that the price will average at NOK62-63/HOG kg in FY22, adjusting back to NOK58-59/HOG kg in FY23 which is materially above average FY21 prices.

¹⁸ Consumer Price Index ("CPI").

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Annexure A: Independent Expert's Report *(continued)*



- Production is expected to gradually increase from c. 35,000 tonnes in FY21 to c. 39,000 tonnes in FY25 which we have then maintained for the purpose of the terminal value. We note that the Company has the ability to potentially increase capacity higher than 40,000 using the existing infrastructure by increasing the average weight of the salmon and trout via either introducing the smolts at sea at a later point or harvesting later.
- Prices across wholesale, retail and export markets differ significantly. In FY20 and FY21, Huon was forced to sell a larger share of its annual production into the export market at times where prices were particularly depressed. Wholesale prices were also adversely affected in FY21 by COVID-19 given the drop in demand from the food service industry. Recently, the Company has entered into two new large three year contracts with Woolworths and Coles and the Company's domestic retail sales as a percentage of total sales are expected to increase above 30% in FY22¹⁹. The Company also expects to benefit from the reopening of the foodservice industry as operating conditions are anticipated to begin to normalise in 2022. In the discrete forecast period, we have assumed that average salmon prices will gradually increase towards the price adopted in the terminal value of A\$14.7/HOG kg. This reflects the normalised sales channel mix with low proportion of volumes into the export market.
- Cost of goods sold ("COGS") and freight costs – The assessment of COGS reflects the efficiencies introduced in the business since completion of the large capital infrastructure program but at the same time takes into account the higher proportion of sales into the retail channel which attracts higher costs in relation to portioning and packaging. We have assumed that freight costs decrease towards pre-pandemic levels by FY25.
- Capital expenditure – Based on the benchmarking undertaken and discussions with Management, we have adopted a normalised level of maintenance capital expenditure between A\$25 million and A\$30 million per annum.
- Discount rate – Assessed between 8.9% and 9.5% (post-tax) based on the WACC²⁰.

Given the subdued financial performance of the business in FY21 and the gradual recovery over the discrete forecast period, a large component of the value of Huon is derived from the terminal value assessment. The detailed assumptions underlying the GT Model adopted for the purpose of our valuation assessment results in a terminal value EBITDA²¹ of A\$3.4/HOG kg on post AASB-16²² or A\$2.7/HOG kg on a pre-AASB16 basis which we have benchmarked in the section 6.1.2 against the historical performance of the business and the EBITDA/HOG kg of Tassal Group Limited ("Tassal").

Our estimated EBITDA/HOG kg in the terminal value of A\$2.7/HOG kg on a pre-AASB16 basis is above the EBITDA/HOG kg achieved on average by Huon during the period between FY15 and FY20 of A\$2.4/HOG kg on a pre-AASB16 basis. This reflects the benefits from the large capital expenditure program completed between FY15 and FY21 (c. A\$350 million) and it is in line with the average EBITDA/HOG kg on a post AASB-16 basis realised by Tassal in FY20 and FY21²³.

¹⁹ They were 25% in FY21 with export accounting for 26%.

²⁰ Weighted Average Cost of Capital.

²¹ This is the EBITDA selected for the purpose of the perpetuity calculation and accordingly it drives a large component of the value.

²² New leasing accounting standard introduced on 1 January 2020 ("AASB 16") which removes the distinction between operating and finance leases for lessees and requires the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet for most leasing arrangements.

²³ We note c. 55% of Tassal's sales are into the domestic retail market and only less than 20% into the export market.

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We have set out below our assessment of the fair market value of HUO on a 100% control basis.

DCF Method - valuation summary A\$ '000 (except where stated otherwise)	Section Reference	Low	High
Enterprise value on a control basis	6.1	547,701	600,653
Less: Pro Forma Net debt as at 30 June 2021	6.1.3	(133,272)	(133,272)
Equity Value (control basis)		414,429	467,381
Number of outstanding shares ('000s) (fully diluted)	6.1.4	110,516	110,516
Value per share (control basis) (A\$ per Share)		3.75	4.23

Source: GT Model, GTCF analysis

It should be noted that the equity value of Huon could vary materially based on changes to certain key assumptions. We have included below an abstract of our sensitivity analysis (refer to section 6.1.6 for details).

Sensitivity analysis A\$ per share	Low	High	Low % Change	High % Change
GT assessed value	3.75	4.23		
Production Volume in terminal year (tonnes)				
35,000	3.06	3.47	(18.3%)	(18.0%)
43,000	4.44	4.99	18.3%	18.0%
Net sale price in the terminal year				
+2.5%	4.49	5.05	19.6%	19.4%
-2.5%	3.01	3.41	(19.6%)	(19.4%)
EBITDA/HOG Kg in the terminal year				
+3.0%	3.98	4.48	6.0%	5.9%
-3.0%	3.52	3.98	(6.0%)	(5.9%)

Source: GTCF analysis

EBITDA Multiple and P/NTA Multiple

In order to provide a cross check of our valuation conclusions under the DCF methodology, we have also considered the EBITDA and the P/NTA Multiples of comparable companies and transactions. In our analysis, we have considered the historical (FY20 and FY21) and forecast (FY22 and FY23) EBITDA Multiples to take into account the cyclical nature of the industry and the volatility of the underlying financial performance. Huon's FY20 and FY21 financial performance was adversely affected by specific circumstances outside of the control of the Company which are expected to normalise in the years ahead. These include the impacts of COVID-19 on the demand from the foodservice sector which forced the Company to shift significant volumes into the export market at a time when salmon prices were low and freight costs at all-time high. Accordingly, we have also estimated a normalised through the cycle FY21 EBITDA by normalising salmon prices and freight costs in line with the average between FY17 and FY19 and after removing the various government subsidies related to COVID-19. If we mechanically apply these changes, the FY21 Operating EBITDA increases from A\$16.7 million to A\$73.6 million (refer to section 6.2 for details).

Annexure A: Independent Expert's Report *(continued)*



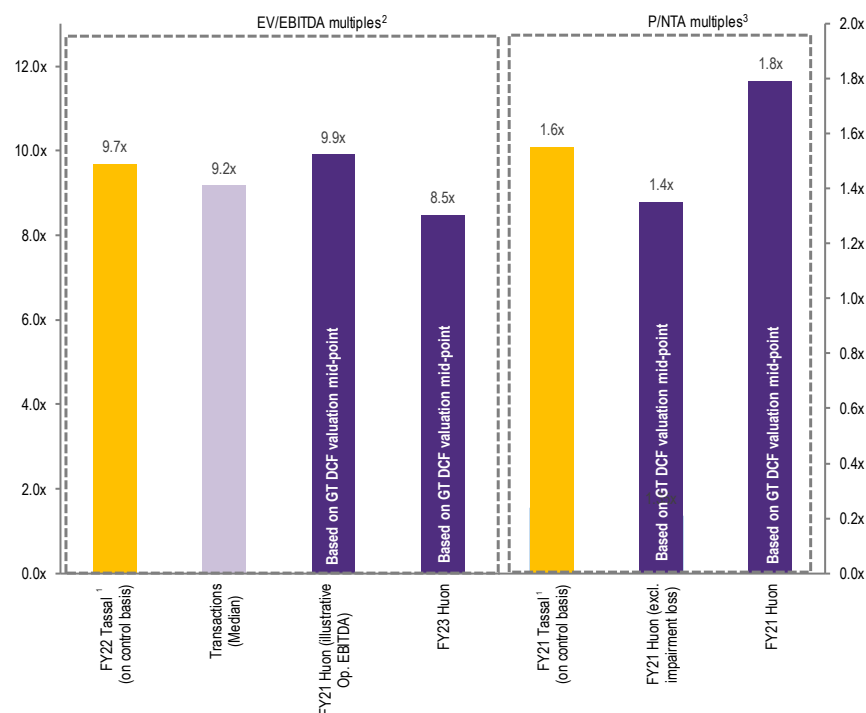
In relation to the P/NTA comparison, we have relied on both the reported FY21 NTA and the adjusted FY21 NTA where we have added back the post-tax impairment of A\$79.8 million in FY21²⁴. We are of the opinion that this impairment is not permanent in nature and it is reasonable to assume that this will be brought back on the balance sheet with improvements in financial performance ("Adjusted NTA").

In our benchmark analysis, we have mainly relied on the following:

- **Listed peers** – We are of the opinion that Tassal is the most relevant of the listed peers. We have also considered in our analysis New Zealand King Salmon Investments Limited ("NZKS") and Sanford Limited ("Sanford"), which together with Tassal represents our tier 1 listed peers ("Tier 1").
- **Comparable transactions** – There have been a number of comparable transactions in the industry over the last few years which provide directional support for the implied EBITDA Multiple whereas P/NTA multiples are not available.

We have set out below a comparison of some of the key EBITDA and NTA Multiple metrics:

EBITDA and NTA multiples



Source: GTCF Analysis

Notes: (1) We have applied a 40% control premium to Tassal's market capitalisation as at 30 August 2021 for both the EV/EBITDA and P/NTA multiples to reflect the multiple on a control basis; (2) refer to LHS y-axis; (3) refer to RHS y-axis

²⁴ The Company recognised a pre-tax impairment of A\$114.0 million in FY21 mainly in relation to PP&E of A\$50.0 million and right of use assets for A\$58.5 million which was equivalent to A\$79.8 million on a post-tax basis. .
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Based on the detailed analysis undertaken in section 6.2, we have concluded that the EBITDA Multiple and the P/NTA Multiple implied in our DCF assessment are reasonable due to the following reasons:

- The FY21 through the cycle EBITDA Multiple and the FY23 multiple implied in the mid-point DCF are substantially in line or slightly below the FY22 multiple of Tassal which also reflects more normalised trading conditions. Brokers' consensus estimates expect Huon to generate in FY23 an Operating EBITDA slightly above our assessed FY21 through the cycle EBITDA and similar to the EBITDA generated by the Company in 2018. We have placed less reliance on the FY22 EBITDA Multiple of Huon as it is still not expected to reflect fully normalised trading conditions.
- The FY21 through the cycle EBITDA Multiple and the FY23 multiple implied in the DCF are in line with the average EBITDA Multiple implied in the historical comparable transactions which occurred before the outbreak of COVID-19 and accordingly they similarly reflect normalised conditions.
- The P/NTA multiple of Tassal once a premium for control²⁵ is taken into account is 1.6x which is within the range of the P/NTA implied in the DCF based on the NTA and Adjusted NTA²⁶.

Whilst the multiples assessed above are broadly in line with Tassal's multiples or slightly below once a premium for control is taken into account²⁷, we are of the opinion that it would not be unreasonable for Tassal to trade at a higher multiple than Huon at the present time considering its greater proportion of contracted revenue to the domestic retail market (c. 55% in FY21) which is experiencing favourable conditions, its more consistent profitability, stable operations and higher margins. This, in our opinion, supports the fact that the Proposed Transaction reflects full value for Huon. An extensive comparison between Huon and Tassal is set out in section 6.2.

Share price analysis

The Scheme Consideration is at a significant premium of 61% to the undisturbed closing prices before the announcement of the Strategic Review which is materially in excess of the average premium for control paid in Australia for successful takeovers of between 20% and 40%. However, A\$3.85 per share is also at a discount to the trading prices of Huon before the outbreak of COVID-19 when the stock traded consistently in a narrow band between A\$4.25 and A\$4.75 per share.

Accordingly, we are of the opinion that it is fundamental to undertake our analysis of the trading prices over a longer period of time (across the cycle) as the industry is prone to volatility due to varying growing conditions and unpredictable salmon prices which were recently exacerbated by the outbreak of COVID-19.

We have set out below HUO's share price from 1 January 2017²⁸ to 16 June 2021²⁹ compared with the trading prices of Tassal and of an industry index ("Industry Index") comprising NZKS and Sanford, which together with Tassal represents our Tier 1 listed peers.

²⁵ Throughout this report, to assess the multiples of Tassal on a control basis, we have applied a premium for control of 40% which is at the high-end of the premium for control applied in the Australian market. This takes into account the unique infrastructure and market positioning in the Australian market.

²⁶ We have noted in section 6.2.1 some key differences in how the fair value of the biomass is assessed between Huon and Tassal which impact the P/NTA multiples.

²⁷ As noted in the graph above, we have applied a premium for control of 40% to Tassal share price in the presentation of Tassal's multiples in the graph.

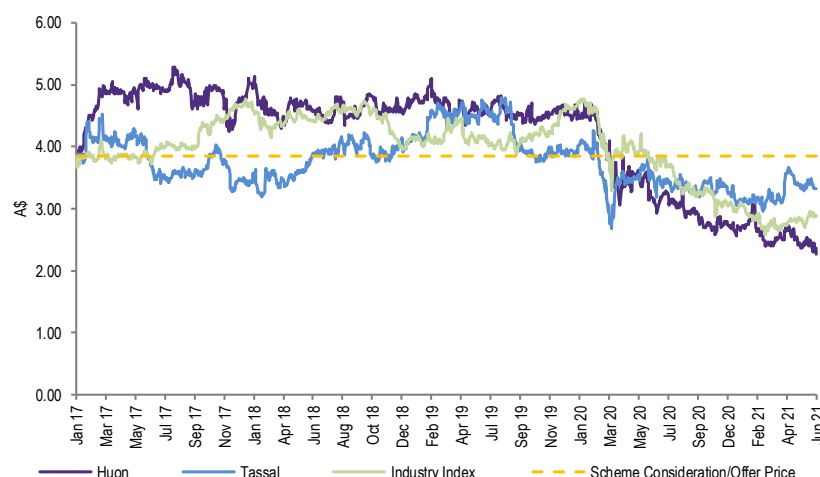
²⁸ The Operating EBITDA of the business reached an all-time high in FY18, so we are of the opinion that it is important to analyse the trading price performance in the lead-up to this milestones considering that the FY21 Operating EBITDA represents a trough in the cycle.

²⁹ We are of the opinion that this is a useful reference date as after this period, the trading prices increased by c. 40% following an update provided by the Company on the Strategic Review and Tattarang lodging a relevant holding notice. After the announcement of the Strategic Review, the trading prices did not move materially.

Annexure A: Independent Expert's Report *(continued)*



Historical share trading price comparison



Source: S&P Global, GTCF analysis

We are of the opinion that the reduction in the trading prices of the Company from pre-COVID-19 levels is more sustained rather than short term in nature and accordingly the trading prices before February 2020 are not particularly relevant to form a view on the consideration offered. We have reached this conclusion based on the following:

- *There has been value shift between Huon's stakeholders* – Operating EBITDA of Huon has reduced from A\$71.8 million in FY18 to a loss estimated by Grant Thornton at A\$8.4 million in FY21³⁰ (pre-AASB16). Over this period, the net debt of Huon increased by A\$51.7 million and the Company raised new capital in 2020 totalling A\$66 million ("Capital Raising"). Huon has not generated in the last few years an appropriate return on the assets employed and there has been a value shift of the enterprise value towards new debt and equity providers which has caused a sustained reduction in the trading prices.
- *The market does not appear to have over-reacted to the FY21 financial performance* – In our opinion, there seem to be evidence that the contraction in the trading prices is not the result of a short-term market overreaction to the financial difficulties of the business due to the following:
 - Whilst the trading prices of Huon are down materially compared with pre-COVID19 levels, the NTM³¹ rolling EBITDA Multiple has increased materially since September 2020 when the Company announced the Capital Raising to reduce the level of debt which was becoming unsustainable. This evidences that the market is trading based on a normalised performance rather than the actual FY21 performance.
 - The trading prices up to mid-June 2021 were still in line with the net assets as at 30 June 2021 notwithstanding that the Company is not generating a market returns on the underlying assets.

³⁰ EBITDA Post AASB16 of A\$16.7 million less the operating leases related depreciation and interest expense of A\$25.1 million utilised as a proxy for lease repayments.

³¹ Next Twelve Months ("NTM").

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- *Growth opportunities are uncertain at the moment* – Whilst Huon has the ability to increase production to 40,000 based on the current infrastructure, it has indicated that it expects to maintain harvest at 35,000 for the next two years based on current market conditions, so improvement of the financial performance will mainly be derived from a better sales mix. Similarly to Huon, Tassal communicated to the market that its FY21 harvest volume of 41,000 is expected to remain at this level until the domestic market is more balanced. The industry in general is capital intensive and both Huon and Tassal have limited opportunity to materially grow their output in the absence of significant capital expenditure.
- *Gearing levels* – The volatility risk attached to salmon prices is exacerbated by the high level of market gearing³² of Huon which has increased from 10% as at 30 June 2017 to 53% as at 16 June 2021³³ which, in the absence of the Proposed Transaction, may not be sustainable.
- *Listed peers have experienced similar patterns* – Similarly to Huon, Tassal's trading price at the end of August 2021 was 25% lower than the prices in mid-February 2020 and 20% lower than the capital raising completed in September 2019 notwithstanding that the company performed strongly in FY20 and FY21 considering market conditions. Sanford's trading prices were down 42% from mid-February 2020 and NZKS 49% from the same period.

Overall, the above average premium for control compensates Shareholders for any further short-term weakness which may be captured in the trading prices. Whilst we are of the opinion that the above analysis is useful for Shareholders to consider the merits of the Proposed Transaction, we note that liquidity in the trading prices is limited and accordingly the analysis should be considered with caution.

Reasonableness Assessment of the Proposed Transaction

Under RG 111, the Proposed Transaction is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages and other factors As discussed earlier, given there is substantial overlapping between the reasonableness considerations of the Schemes and the Takeover, we have considered them together below. We have noted by exception if they are not pertinent to the Proposed Transaction as a whole and only application to one or more of the various structures. In forming our opinion in relation to the Surveyors Acquisition, we have separately assessed whether the advantages outweigh the disadvantages or vice versa.

Advantages of the Proposed Transaction

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access technology, access tax benefits and control of the board of Directors of the Company. The consideration for the Proposed Transaction of A\$3.85 per HUO Share represents a premium before the announcement of the Strategic Review of:

- 61% to closing share price immediately before announcement of the Strategic Review.
- 56% to the 1-week VWAP³⁴ prior to 26 February 2021.

³² Net debt divided by market capitalisation.

³³ The period immediately before the lodgement of a relevant holder notice by Tattarang followed shortly after by the Company announcement that a number of parties were undertaking due diligence.

³⁴ Volume Weighted Average Price.

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Annexure A: Independent Expert's Report *(continued)*



- 54% to the 2-week VWAP prior to 26 February 2021.
- 45% to the 1-month VWAP prior to 26 February 2021.
- 53% to the 3-month VWAP prior to 26 February 2021.

This premium for control will not be available to HUO Shareholders in the absence of the Proposed Transaction or a superior proposal.

Certainty of the cash consideration

HUO Shareholders have the opportunity to receive a certain cash amount at a significant premium to the trading price of HUO before the announcement of the Strategic Review and at a premium to the price that HUO shares may trade at in the short term in the absence of the Proposed Transaction or an alternative transaction. If the Schemes are implemented or the Takeover becomes unconditional, HUO Shareholders³⁵ will no longer be exposed to the ongoing risks associated with holding an investment in HUO which are summarised below in a non-exhaustive manner:

- *Salmon price volatility* – The financial performance of Huon is affected by variations in salmon price both on the domestic and international markets. On the domestic side, retail prices are expected to remain stable as they are usually contracted for a period between 1 and 3 years with often inflation escalation built-in and the major supermarket retailers are experiencing strong market conditions which are expected to continue in the short term. On the flip side, wholesale prices are negotiated on a spot basis and they have contracted significantly in FY21 as a result of the reduced demand from the foodservice industry which is expected to continue into FY22 given the current lockdowns for most of the population on the Eastern Seaboard. In FY21, the Company was forced to shift the reduced volumes in the domestic wholesale into the export market where prices are very volatile. As set out in section 3.4, during the year the international salmon prices often varied between A\$8/HOG kg to A\$12/HOG kg. The trough is usually in conjunction with the end of summer in the Northern Hemisphere when the harvest of the major producers is concentrated. Whilst the Company plans to time its harvest in order to maximise the volumes sold outside the period, this maybe difficult to achieve or may be derailed by outside external factors as occurred in FY21.
- *Diseases and growing conditions* – The outbreak of diseases may result in higher mortality rates which may have an adverse impact on Huon's profits, operations and financial performance. This is evident with the problems faced by salmon producers in Chile, Norway and Scotland over the last few years due to sea lice and algae bloom. The Company also faced adverse environmental events in November 2018 (FY19) with jellyfish bloom that affected fish in the Huon River estuary resulting in increased fish mortalities and later on gill necrosis causing poor fish growth which resulted in a cost increase of A\$12 million.
- *Global warming* – Key conditions for salmon farming are water temperatures varying between 11.5°C and 16.5°C (52.7°F – 61.7°F). As a result, Tasmanian waters are the only producing region in Australia, however they are among the warmest in the world for Atlantic salmon culture. Higher water temperature can cause early maturation which can affect product availability and quality, and temperature-related diseases, which can result in biomass losses. With the predicted 1.5°C rise in average global temperature this century, increased mortalities are likely to occur for most fish, especially cold-water species, such as salmon. Whilst rising water temperature may be beneficial to

³⁵ Only those accepting the Takeover in the case of the Takeover Offer.
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the Northern European producers as they may extend the growing seasons, it may create significant problems for Australian producers given that water temperatures are already the warmest among the global producing countries.

- **Current financial performance** – The financial performance of the business has been subdued and contracting for the last few years. Operating EBITDA of Huon has reduced from A\$71.8 million (pre-AASB16 basis) in FY18 to A\$16.7 million in FY21 (post AASB16) or to a loss estimated by Grant Thornton of A\$8.4 million on a pre-AASB16 basis³⁶. Over a similar period, EBITDA/HOG kg has reduced from A\$3.4/HOG kg in FY17 (pre-AASB16) to A\$0.5/HOG kg in FY21 on a post-AASB16 basis or to an estimated loss of A\$0.3/HOG kg on a pre-AASB16 basis. Whilst the financial performance is expected to improve materially in FY22 and in the following years, there is no guarantee that the historical volatility will not persist. As discussed earlier in the executive summary, the trading prices of Huon do not reflect the current subdued financial performance but more a through the cycle profitability. If the financial performance of the Company continues to be subdued and volatile, it may adversely affect the trading prices before the announcement of the Strategic Review.
- **COVID-19 and current lockdowns** – Whilst salmon demand is expected to continue to rise driven by secular trends towards healthier and more sustainable protein consumption, there is the risk that the current lockdown on the Eastern Seaboard of Australia will increase unemployment rate and reduce disposable income. This may cause a large part of the population to opt for cheaper protein alternatives to salmon which may have an impact on demand, even if this trend is short term in nature. Further, whilst the Company's YTD financial performance is still in line with budget as it has been able to manage the channel mix during the extended lockdown period in a way which has not affected profitability, if this situation continues it may affect the recovery of Huon in FY22.

Gearing level in the absence of the Proposed Transaction

The Company currently has in place total debt facilities of A\$192.5 million with the majority expiring in October 2023. Given the current subdued financial performance, the Company revised the terms of the debt facilities for the period up until 30 June 2022. In the period up to and including 30 June 2022 there is a monthly liquidity covenant. From 30 September 2022 onwards there are a number of covenants including a leverage ratio of less than 2.75x measured quarterly on a rolling 12 month basis and an interest cover ratio of greater than 3.5x (measured on the same basis). In the table below, we have presented the historical leverage ratio, market gearing³⁷ and reported gearing³⁸.

KPI's - Gearing					
Huon Aquaculture Limited	Reference	FY18	FY19	FY20	FY21
Leverage Ratio¹	[A] / [B]	1.1x	2.9x	4.1x	NM
Market Gearing²	[A] / [C]	20.9%	35.3%	65.4%	53.7%
Reported Gearing	[A] / [D]	26.1%	44.2%	54.3%	54.2%
<i>Net Debt (as at 30 June, A\$m)</i>	<i>[A]</i>	<i>81.3</i>	<i>138.8</i>	<i>167.3</i>	<i>133.3</i>
<i>Operating EBITDA (as at 30 June, A\$m)</i>	<i>[B]</i>	<i>71.7</i>	<i>47.4</i>	<i>40.8</i>	<i>NM</i>
<i>Market Cap (as at 30 June, A\$m)²</i>	<i>[C]</i>	<i>389.5</i>	<i>393.0</i>	<i>255.6</i>	<i>248.3</i>
<i>Net Assets (as at 30 June, A\$m)</i>	<i>[D]</i>	<i>311.7</i>	<i>314.1</i>	<i>308.2</i>	<i>245.7</i>

Source: GTCF analysis, Huon Annual Reports

³⁶ Whilst Tassal does not disclose Operating EBITDA pre-AASB16 in FY21, the post-AASB16 Operating EBITDA between FY20 and FY21 is substantially the same, so we have drawn the conclusion that also the pre-AASB16 EBITDA should be aligned.

³⁷ Net debt divided by market capitalisation.

³⁸ Net debt divided by reported net assets.

Annexure A: Independent Expert's Report *(continued)*



Notes: (1) Leverage Ratio based on Operating EBITDA pre-AASB 16 (excl. SGARA); (2) Market Gearing based on 30 June market capitalisation share prices except for FY21 which is based on 16 June 2021 market capitalisation share prices

The market gearing has increased from 10% as at 30 June 2017 to 54% as at 16 June 2021³⁹ which, in the absence of the Proposed Transaction, may not be sustainable. It is possible that if the Proposed Transaction does not proceed, the Company may decide to undertake a capital raising to reduce the level of gearing which may be dilutive for Shareholders.

Franking credits attached to the Special Dividend (Schemes only)

In accordance with the terms of the Proposed Transaction, the Board currently intends to pay a fully franked special dividend of A\$0.125 per Huon Share prior to implementation of the Schemes (if either of the Schemes is implemented). The Scheme Consideration will be reduced by the cash amount of any Special Dividend paid by Huon.

Australian resident shareholders on a lower tax rate can claim an income tax offset and accordingly realise greater value compared to A\$3.85 per share. Those Shareholders are better off on a post-tax basis if the Special Dividend is paid compared with the scenario that 100% of the consideration is paid as a capital gain (nil Special Dividend). The following table summarises the after-tax cash amount from the Special Dividend that certain Shareholders could realise depending on their tax position.

Special Dividend - Franking Credits Benefit	Reference	Australian resident			Corporate
		45%	30%	0%	30%
A\$ / Huon Aquaculture Limited		Tax rate	Tax rate	Tax rate	
Special dividend	[A]	0.125	0.125	0.125	0.125
Franking credits	[B]	0.05	0.05	0.05	0.05
Gross taxable income	[C] = [A] + [B]	0.18	0.18	0.18	0.18
Tax payable	[D] = [C] x MTR ¹	(0.08)	(0.05)	-	(0.05)
Tax credit	[B]	0.05	0.05	0.05	0.05
Net after tax special dividend	[A] + [B] + [D]	0.10	0.13	0.18	0.13

Source: GTCF analysis

Notes: (1) Analysis based on a Special Dividend of A\$0.125 per Security; (2) Ignoring Medicare levy and other surcharges. (3) MTR = Marginal Tax Rate

No brokerage costs

HUO Shareholders will be able to realise their investment in HUO without incurring any brokerage or stamp duty costs.

Disadvantages

Timing of the transaction is somewhat opportunistic

The timing of the Proposed Transaction is somewhat opportunistic as market conditions are yet to normalise as a result of the outbreak of COVID-19 and the Company has not yet had the opportunity to

³⁹ The period immediately before the lodgement of a relevant holder notice by Tattarang followed shortly after by the Company announcement that a number of parties were undertaking due diligence.



translate all the investments and improvements made to the business over the last few years into an improved financial performance.

Huon has recently completed a transformative capital expenditure program, spending c. A\$350 million⁴⁰ to increase production capacity and improve production efficiencies. Harvest volume has increased significantly from between 18,448t and 22,968t in the period between FY17 and FY19 to 35,611t in FY21 which is expected to be held around 35,000 tonnes in the next couple of years versus a potential capacity of 40,000 tonnes.

However, the trading price of the Company has remained depressed and trending downwards due to a combination of factors which are outside the control of Management. Before the outbreak of COVID-19, the Company had primarily sold its products into the domestic wholesale and retail markets, which accounted for c. 93% of the FY19 revenue, with limited volumes going overseas (either spot export market or contracted retail international). However, the outbreak of COVID-19, which has caused the sudden decline of demand from the foodservice sector in conjunction with lockdowns, has occurred at a time when Huon had a significantly larger harvest than in historical periods. This has forced a shift of sales towards the export channel at a time when the international spot price was depressed and materially below long term averages which has caused the subdued financial performance of FY21 and to a lesser extent FY20. Due to the disruption from COVID-19 and the change in the sales channel mix, the average salmon price reduced from A\$14.96/HOG kg in FY19 to A\$11.97/HOG kg in FY21 which together with substantially higher international freight costs, has negatively affected Huon's profitability.

However, the outlook is brighter for the business with the sales mix in FY22 expected to be more in line with the long term target of the Company and following recent contract wins in the domestic and international retail channels. These contracts provide certainty in volumes and prices to underpin a more stable financial performance.

Further, the Company has an ability to grow its harvest from 35,000 tonnes to 40,000 tonnes with the existing infrastructure. With demand expected to continue to rise in the domestic retail market and the limited ability from other key competitors to growth their output materially, the Company may be able to capture a greater proportion of the domestic retail market growth.

Whilst the timing of the Scheme may have been somehow opportunistic, the premium for control payable by JBS of c. 61% on the undisturbed closing share price before the announcement of the Strategic Review is in excess of the average premium for control between 20% and 40% historically paid in Australia for successful takeover transactions. In the absence of the Proposed Transaction, it will be difficult for the share price to trade above A\$3.85, at least in the short term.

Growth opportunities

Huon's long-term growth objectives include achieving a more balanced channel sales mix by increasing the share of domestic retail (occurring already in FY22) and by increasing production whilst continuing its operations with an emphasis on sustainability. Among the various growth opportunities in the domestic market, the Company is considering the launch of kingfish farming. Following a trialling of kingfish farming in NSW in 2019, the Company has been allocated a permit to establish commercial farming in WA and it has secured aquaculture areas both in WA and NSW. The WA Government is currently undertaking the development of the Geraldton-based kingfish nursery project which would produce juvenile yellowtail kingfish following completion in FY23 which could be grown and processed by the Company. Huon can

⁴⁰ Based on the total payments for property, plant and equipment between FY15 and FY21.
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Annexure A: Independent Expert's Report *(continued)*



install a second processing line at its recently completed processing facility in Forrestdale, WA to allow for multiple species to be processed. To pursue this opportunity, Huon will need to incur significant upfront capital expenditure.

There are opportunities, currently being pursued, to streamline the current operations in order to reduce production costs. These primarily relate to efficiencies in relation to portioning, value-added products and processing at Ingleburn and Forrestdale and the opportunity to increase by-product sales to reduce waste.

Positive industry outlook

Huon benefits from operating in a growing industry with a positive long-term outlook driven by a growing population looking for sustainability in the food-chain. The FAO⁴¹ of the United Nations ("UN") predicts that the world's population will reach 9.7 billion by 2050, and the demand for food is set to increase by 50%. Sustainable aquaculture, including farmed salmon, is expected to play a central role in ensuring these objectives are achieved. Global per capita fish consumption is expected to increase materially between 2020 and 2030 driven by demand from China which is expected to provide a competitive advantage to Australian producers given their proximity which is critical in the supply of highly perishable goods like salmon. In Australia, consistent with global trends, there is a renewed focus on climate-friendly proteins with the per-capita consumption of salmon expected to increase from 2.6kg per person per annum in FY21 to 3.2 kg per person in FY25 on the same basis.

Salmon also has great sustainability compared with other forms of protein with a low carbon footprint and a more efficient feed conversion ratio⁴² ("FCR").

If the Schemes are approved or the Takeover becomes unconditional, Shareholders⁴³ will no longer be exposed to the potential upside and growth opportunity of the sector.

Brand value

Huon products are available in a diverse array of retail settings including major supermarkets such as Coles, Aldi and Woolworths. The Company has built its relationships with its key retail customers over a number of years and benefits from strong brand recognition in the market relative to some of its peers. Under the Proposed Transaction, Huon Shareholders will no longer be exposed to the ability of the Company to continue to leverage off its brand value.

Other factors

Share price after the announcement

As set out below, following the announcement of the SID, the share price of HUO has traded substantially in line with the Scheme Consideration/Offer which seems to indicate good support from investors, a perceived low risk of the Schemes not being implemented or the Takeover not becoming unconditional and limited expectations for a superior proposal.

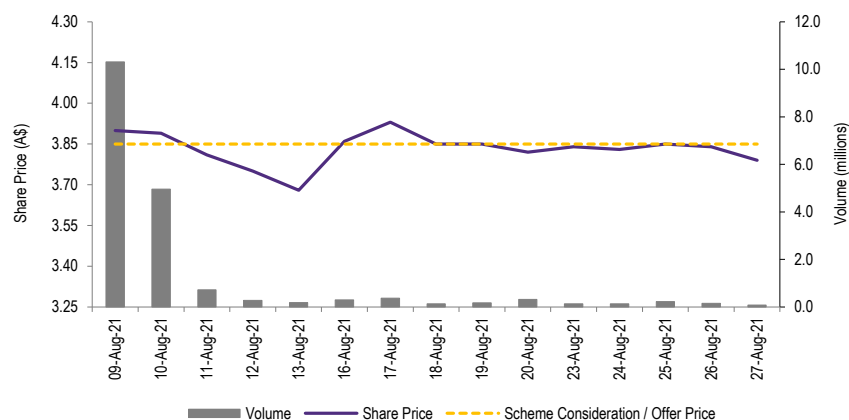
⁴¹ Food and Agriculture Organisation.

⁴² This is defined as the amount of inputs (wild fish and other inputs) compared with the amount of fish produced. The lower the FCR the better.

⁴³ Only Shareholders accepting the Offer for the purpose of the Takeover.

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Trading price after the announcement date (6 August 2021)



Sources: S&P Global, GTCF analysis.

Value of HUO for JBS

This is a strategic acquisition for JBS as it provides an entry into the fast growing aquaculture sector. JBS has had a presence in Australia since 2007, but not in the aquaculture sector. JBS is the largest meat and food processor in Australia and it operates multiple meat and food processing operations and feedlots, as well as Australia's largest smallgoods manufacturer, Primo Foods. JBS also operates in Tasmania with a beef cattle processing unit at Longford. It is possible that JBS may be able to implement some integration of its Australian operations in relation to customer relationships, distribution and marketing.

HUO currently incurs overhead expenses including but not limited to audit, directors' fees, insurance, accounting, share registry and stock exchange listing fees. Following the implementation of the Proposed Transaction, it is expected that certain overhead expenses may be rationalised as HUO will become a wholly-owned subsidiary of JBS. In our valuation assessment, we have included the synergies that would be available to a pool of potential purchasers.

Limited takeover contestability

We note that the Bender Family owns c. 53% of the issued capital and the takeover contestability of the Company is limited, in the absence of their support.

Prospects of a superior offer

Whilst HUO has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties and it will provide significant additional information in the Transaction Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions.

However, we note that the Proposed Transaction is the outcome of an extensive and comprehensive sale process undertaken by the Company with the assistance of its advisers resulting in a number of non-

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Annexure A: Independent Expert's Report *(continued)*



binding expressions of interest being received. A selected number of interested parties undertook due diligence and the JBS proposal was considered in the end the best and superior proposal.

Notwithstanding the sale process undertaken and the structure of the Proposed Transaction, if a superior proposal emerges before HUO Shareholders cast their vote on the Scheme or before the Takeover Offer becomes unconditional, the Scheme meeting may be adjourned or HUO Shareholders may vote against it or HUO Shareholders may elect to not accept the Takeover Offer.

We note that in the event that a competing superior proposal is announced and completed or the Directors withdraw their recommendation of the Proposed Transaction, HUO may be required to pay JBS a break fee of A\$4.25 million subject to certain exceptions. The break fee may also become payable under other circumstances as set out in the Transaction Booklet.

Share price in the absence of the Proposed Transaction

In the absence of the Proposed Transaction, all other things being equal, it is likely that HUO Shares will trade at a price below A\$3.85, at least in the short-term. In our opinion, the prospect of HUO shares trading above A\$3.85 in the short term is limited, however HUO's trading price may settle at a level higher than before the announcement of the Strategic Review and on 16 June 2021.

If a Scheme is not implemented, it would be the current Directors' intention to continue operating HUO as a stand alone entity in line with its stated strategy and objectives. As discussed earlier, the Company may be required to undertake a capital raising if financial performance remains subdued.

Likelihood to receive a premium for control in the future (Takeover only)

If the Offer becomes unconditional and the Directors accept the Offer in relation to their shares in accordance with their recommendation⁴⁴ and no other Shareholders accept the Offer, JBS will hold approximately 53% of the undiluted issued capital and it will be able to restructure the board of Directors and Management Team and potentially vary the strategic objectives of the business which may not necessarily be in line with the other minority Shareholders.

Under these circumstances, in our opinion, the exit options for the Continuing Shareholders may diminish. JBS is a global business and it will become a strategic investor in Huon focussed on expanding its operations into aquaculture. The presence of JBS as such a significant shareholder on the share register is likely to deter other market participants and interested parties in a takeover of the Company. We are of the opinion that this situation will be quite different from the current circumstances even if the Bender Family also owns c. 52.68% of the business as differently from JBS may seek an exit from the business at some point in the future.

JBS provides greater options for future funding (Takeover only)

If the Offer becomes unconditional and JBS acquires a relevant interest in less than 90% of the issued capital, it will have greater ability to support the growth and the potential expansion of the business going forward given its global operations, profitability and cash resources available on the balance sheet.

⁴⁴ Which is subject to no superior proposal emerging and an IER concluding and continuing to conclude that the Takeover is fair and reasonable or not fair but reasonable.
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Conversely, if the Proposed Transaction does not proceed, the Company may be required to raise capital as the debt level may not be sustainable in conjunction with volatile profitability.

Acquisition of more than 50.1% interest in Huon (Takeover only)

JBS' current intentions if it acquires a relevant interest in more than 50.1% but less than 90% of Huon's Shares is to reconstitute the Board of Directors and to consider, among other things, the advantages and disadvantages of Huon continuing to remain listed on the ASX depending on the relevant interest held by JBS.

If the Takeover becomes unconditional and JBS holds more than 75% of Huon Shares, JBS intends to request that the Huon Board review the benefits and suitability of Huon remaining listed on ASX after the close of the Takeover Offer having regard to the requirements of the Listing Rules and the additional corporate and compliance costs. If the Huon Board were to decide that it is in the best interests of Huon to cease to be listed on ASX, JBS would likely support this resolution.

Huon Shareholders should carefully monitor how the relevant shareholding of JBS in Huon evolves during the Offer period and should consider the risk of remaining as minority Shareholders in a listed Huon controlled by JBS due to the following:

- The liquidity of Huon Shares may decrease materially and their ability to sell shares at fair market value could be adversely affected.
- JBS may vary the strategic objectives of the business which may not necessarily be in line with the other minority Shareholders or how the business is currently run.
- Having regard to the requirements of the Listing Rules, JBS may seek to pursue a delisting of Huon from the ASX.

Compulsory acquisition (Takeover only)

If JBS acquires a relevant interest in 90% or more of Huon's Shares pursuant to the Takeover Offers and is entitled to proceed to compulsory acquisition of the outstanding Huon Shares under the Corporations Act, it intends to give notices to Huon Shareholders to compulsorily acquire any outstanding Huon Shares (including any Huon Shares which are issued as a result of the exercise of Huon Performance Rights) in accordance with Part 6A.1 of the Corporations Act. If JBS compulsorily acquires the remaining Huon Shares under this avenue, the applicable Huon Shareholders will receive the Offer Price. Under these circumstances, Huon Shareholders will be better off to accept the Offer before the end of the Offer period so that they can receive the consideration in a timely manner.

Tax implications

Implementation of the Proposed Transaction may crystallise a capital gains tax liability for HUO Shareholders, however the taxation consequences for HUO Shareholders will vary according to their individual circumstances and will be impacted by various factors. HUO Shareholders should read the overview of tax implications of the Transaction Booklet and also seek independent financial and tax advice.

Annexure A: Independent Expert's Report *(continued)*



Conclusion on the reasonableness

Based on the qualitative factors identified above, it is our opinion that the Primary Scheme, the Secondary Scheme and the Takeover are **REASONABLE**.

Overall conclusion on the Proposed Transaction

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the:

- The Schemes are **FAIR and REASONABLE** and hence in the **BEST INTERESTS** of HUO Shareholders in the absence of a superior alternative proposal emerging. For the Primary Scheme, we have reached this view also having regard to our conclusions discussed below on the Surveyors Acquisition.
- The Takeover is **FAIR and REASONABLE** to HUO Shareholders in the absence of a superior alternative proposal emerging.

Overall conclusions on the Surveyors Acquisition

Grant Thornton Corporate Finance has concluded that the Surveyors Acquisition is **FAIR and REASONABLE** to the Non-Associated Shareholders as the **advantages of the Surveyors Acquisition outweigh the disadvantages**.

The Surveyors Acquisition refers to the acquisition by JBS of Surveyors, which holds 40.53% of the issued capital of the Company, under Item 7 of Section 611 of the Corporations Act. The Surveyors Acquisition is interdependent with the Primary Scheme and accordingly the Surveyors Acquisition will only proceed if the Primary Scheme is implemented and vice-versa.

RG111 requires for the acquisition of existing shares under Item 7 of Section 611 the independent expert to form an opinion whether the advantages of the proposal outweigh the disadvantages or vice versa. In arriving at our conclusion, Grant Thornton Corporate Finance has examined the following factors:

- *Whether the Bender Family, as a vendor, receives a control premium from the sale of Surveyors.* The Bender Family will receive a premium for control but this will be exactly the same premium for control received by all other Non-Associated Shareholders as part of the Primary Scheme as the Surveyors Acquisition will only complete concurrently with the Primary Scheme. We have reviewed the financial position of Surveyors as at 30 June 2021 and in the preceding years and we confirm that no other assets and liabilities are held outside its interest in Huon.
- *Whether the Surveyors Acquisition will affect the opportunities of Huon receiving a takeover bid.* No, because the Surveyor Acquisition will occur at the same and interdependent with the Primary Scheme and accordingly the Bender Family and the Non-Associated Shareholders will receive the premium for control implied in the Primary Scheme and the Surveyors Acquisition, which is exactly the same, at the same time.
- *The future intentions of JBS if the Surveyors Acquisition is approved.* The intentions of JBS upon completion of the Surveyors Acquisition are not relevant as the Surveyors Acquisition can only be implemented together with the Primary Scheme which, if implemented, will provide JBS with 100% of

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the issued capital of the Company.

- *Whether any further transactions are planned between Surveyors and JBS or any of their associates.*
In addition to its interest in Huon indirectly held by Surveyors, the Bender Family owns an additional 12.15% of the issue capital of Huon which will participate into the Primary Scheme. Further the Bender Family has entered into the Pre-Bid Acceptance Agreement with JBS in relation to the Takeover. Whilst the Bender Family, as the major shareholder of Huon, may have entered into separate agreements with JBS, all them are in relation to the Proposed Transaction with the ultimate objective of ensuring that the Bender Family and the Non-Associated Shareholders receive the same cash consideration of A\$3.85 per share for their interest in Huon. We have been instructed that no separate agreements have been entered into by the Bender Family and JBS outside of agreement to effect the Proposed Transaction.
- *The implications for Huon and the Non-Associated Shareholders if the Surveyors Acquisition is not approved.* If the Surveyors Acquisition is not approved, the Primary Scheme cannot be implemented. However, we note that the Non-Associated Shareholders will still be able to sell their Shares at A\$3.85 per share by approving the Secondary Scheme or accepting the Offer if it becomes unconditional. We note that under the terms of the Proposed Transaction, Peter and Frances Bender, as directors of the Company and ultimately owner of the Bender Family's 52.68% interest in the Company, have an obligation subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Schemes are in the best interests of HUO Shareholders and the Offer is fair and reasonable or not fair but reasonable, to vote in favour of the Schemes and to accept the Offer. Accordingly, even if Non-Associated Shareholders do not approve the Surveyors Acquisition, they are still able to receive A\$3.85 per share under the Secondary Scheme or the Takeover.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

In preparing this report we have considered the interests of HUO Shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN
Director

JANNAYA JAMES
Authorised Representative

Annexure A: Independent Expert's Report *(continued)*



21 September 2021

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

HUO appointed Grant Thornton Corporate Finance Pty Ltd to provide general financial product advice in the form of an independent expert's report in relation to the Scheme.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from HUO a fixed fee of A\$190,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

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5 Independence

Grant Thornton Corporate Finance is required to be independent of HUO in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with HUO (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Annexure A: Independent Expert's Report *(continued)*



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1 Outline of the Proposed Transaction

On 6 August 2021, Huon and JBS entered into the SID to regulate the Schemes and the Surveyors Acquisition. Then on 13 August 2021, Huon and JBS entered into the Takeover Alternative Process Agreement in respect of the Takeover. On 3 September 2021, the terms of the SID were amended and restated to reflect this agreement as set out in the Restated SID.

Huon will propose the Primary Scheme and the Secondary Scheme concurrently to Huon Shareholders. If the Primary Scheme and Secondary Scheme are approved by the required majorities of Huon Shareholders and the Primary Scheme is approved by the Court at the Second Court Date, Huon will implement the Primary Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of the Restated SID.

If the Primary Scheme is not approved by the required majority of Huon Shareholders or by the Court at the Second Court Date, and the Secondary Scheme is approved, Huon will implement the Secondary Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of the Restated SID.

The Takeover Offer will be sent to Huon Shareholders at the same time of the Schemes and it will run in parallel with the Schemes, however the Takeover Offer can only become unconditional if neither of the Schemes are implemented.

1.1 Primary Scheme

We have set out below the other key terms of the Primary Scheme not discussed in the executive summary.

- *Conditions precedent* – The Restated SID includes the following conditions precedent:
 - Approval of the Scheme and the Surveyors Acquisition by HUO Shareholders (Scheme Meeting and General Meeting) and by the Court in accordance with Section 411(4) (b) of the Corporations Act.
 - *FIRB approval* before the Second Court Date in respect of the Schemes.
 - The Independent Expert issues a report which concludes that:
 - The Primary Scheme is in the best interests of HUO Shareholders before the date on which the Transaction Booklet is lodged with ASIC and the Independent Expert does not withdraw or change that conclusion before the Second Court Date⁴⁵.
 - The Share Sale Agreement is fair and reasonable to the Non-Associated Shareholders.
 - The Share Sale Agreement is approved by Non-Associated Shareholders for the purposes of section 611(7) of the Corporations Act.
 - No HUO prescribed occurrences and no material adverse changes and other conditions precedent typical for a transaction of this type.

⁴⁵ As defined in the Restated SID.

Annexure A: Independent Expert's Report *(continued)*



- *HUO Performance Rights* - The Company has 642,548 performance share rights ("Performance Rights") whose vesting will be accelerated. Accordingly, these will be converted into HUO Shares and will receive the Scheme Consideration.

A break fee of A\$4.25 million may become payable by the Company to JBS if the Proposed Transaction does not proceed due to any of the following:

- A competing proposal is announced by a third party prior to an agreed end date and within six months from its announcement, the competing proposal completes or is implemented, provided that if the competing proposal relates to an acquisition of an interest in the Company, the proponent acquires a relevant interest in more than 50% of HUO, or otherwise acquires control of the Company.
- Any of the Directors withdraws or adversely revises or qualifies their voting intention or recommendation to vote in favour of the Primary Scheme, except in limited circumstances set out in the Restated SID.
- JBS terminates the Restated SID due to a material breach by the Company of the terms of the Restated SID, the failure of conditions precedent within the control of the Company or a breach of exclusivity or conduct of business restrictions.

The Restated SID regulates circumstances under which JBS may pay to the Company a break fee of the same amount. The Restated SID also contains customary exclusivity provisions including no shop and no talk restrictions, due diligence investigation and information exclusivity, and a matching counterproposal right for JBS in the event the Directors receive a superior proposal.

The Huon Shares held by Surveyors will be excluded from the Primary Scheme and will not be voted at the Primary Scheme Meeting.

1.2 Secondary Scheme

Under the Secondary Scheme, JBS will directly acquire all the Huon Shares without undertaking the Surveyors Acquisition. References to the Primary Scheme in section 1.1 should be replaced with references to the Secondary Scheme. Whilst all the other terms remaining substantially the same between the Primary Scheme and the Secondary Scheme except the following:

- *Conditions precedent to be added:*
 - At the Scheme Meeting, the Primary Scheme is not approved by Huon Shareholders; or
 - At the Second Court Date, the Primary Scheme is not approved by order of the Court under section 411(4)(b) of the Corporations Act or is only approved on conditions that impose unduly onerous obligations upon the parties (each acting reasonably).
- *Conditions precedent to be removed:*
 - The approval by the Non-Associated Shareholders of the Share Sale Agreement is not required.



- The Independent Expert issues a report which concludes that the Share Sale Agreement is approved by Non-Associated Shareholders for the purposes of section 611(7) of the Corporations Act.

1.3 Takeover Offer

The key terms of the Takeover Offer are outlined below

- *Offer price* – A\$3.85 per share.
- *Takeover Offer Period* – Takeover Offers are open for acceptance from the date of the Transaction Booklet and close at the end of the Offer period unless extended by JBS.
- *Conditions* – It is subject to the following conditions precedent:
 - 50.1% minimum acceptance condition.
 - FIRB approval.
 - The Primary Scheme and then the Secondary Scheme are not approved and capable of being implemented.
 - Other conditions precedent typical for a transaction of this type.
- *Pre-bid acceptance agreement* – On 13 August 2021, Surveyors entered into a letter agreement with JBS under which Mr Peter Bender agreed that it will accept the Takeover Offer in respect of 21,963,064⁴⁶ Huon Shares upon JBS providing written notice to Surveyors to accept the Takeover Offers which can only be provided if the Takeover Offer has become free of all conditions except the minimum acceptance condition.

1.4 Share Sale Agreement

The Share Sale Agreement regulates the transfer of the shares held by the Bender Family in Surveyors to JBS. Surveyors holds 44,572,252 Huon Shares, equivalent to 40.53% of the undiluted issue capital and no other assets or liabilities. Surveyors and its associates will not vote on the resolution for the Surveyors Acquisition and the Huon Shares held by Surveyors will not participate into the Primary Scheme.

Implementation of the Share Sale Acquisition is subject to the following conditions precedent:

- The Primary Scheme becomes effective.
- Non-Associated Shareholders approval of the Share Sale Agreement under section 611(7) of the Corporations Act.
- FIRB approval.

⁴⁶ Of the total 44,527,252 Huon Shares held by Surveyors.

Annexure A: Independent Expert's Report *(continued)*



2 Purpose and scope of the report

2.1 Purpose

Schemes under section 411 of the Corporations Act

Section 411 of the Corporations Act 2001 regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the *Corporations Regulations 2001 (Cth)* ("Corporations Regulations") prescribes information to be sent to shareholders and creditors in relation to members' and creditors' scheme of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

While there is no legal requirement for an independent expert's report to be prepared in respect of the Schemes, the Directors of HUO have requested Grant Thornton Corporate Finance to prepare an independent expert's report to express an opinion as to whether the Schemes are in the best interests of HUO Shareholders.

Takeover under Chapter 6 of the Corporations Act

Section 640 of the Corporations Act requires that a target's statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; and
- for a bidder who is or includes an individual – is a director of the target company; or
- for a bidder who is or includes a body corporate – a director of the bidder is a director of the target company.

The independent expert's report must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's shareholders and provide the reasons for forming that opinion.

Similarly to the Schemes, as at the date of our report, there is no legal requirement to prepare an independent expert report in relation to the Takeover, however, the Directors of the Company have requested Grant Thornton Corporate Finance to prepare an independent expert's report to assist Huon Shareholders in assessing the Takeover Offer.



Section 611/7 of the Corporations Act in relation to the Surveyors Acquisition

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in the person's voting power in the company increasing from either below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.

Item 7 of Section 611 of the Corporations Act allows the shareholders not associated with the acquiring company (i.e. the Non-Associated Shareholders) to waive this prohibition by passing a resolution at a general meeting. RG 74 and RG 111 set out the view of ASIC on the operation of Item 7 of Section 611 of the Corporations Act.

RG 74 requires that shareholders approving a resolution pursuant to Item 7 of Section 611 of the Corporations Act be provided with a comprehensive analysis of the proposal, including whether or not the proposal is fair and reasonable to the Non-Associated Shareholders. The Directors may satisfy their obligations to provide such an analysis by either:

- Commissioning an independent expert's report; or
- Undertaking a detailed examination of the proposal themselves and preparing a report for the Non-Associated Shareholders.

If the Surveyors Acquisition is completed as part of the Primary Scheme, JBS will acquire a 40.53% interest in the Company. Accordingly, the Independent Directors have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Surveyors Acquisition is fair and reasonable to the Non-Associated Shareholders for the purposes of Item 7 of Section 611 of the Corporations Act.

2.2 Basis of assessment for the Schemes and Takeover

In forming our opinion, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. Pursuant to RG111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company. RG111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

RG111 also requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake substantially the same analysis as for a takeover bid (i.e. fair and reasonable analysis). Whilst the analysis is substantially the same, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a

Annexure A: Independent Expert's Report *(continued)*



takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".

Accordingly, for the purpose of forming our opinion on the Schemes and the Takeover, we have undertaken the same analysis to assess if the Schemes and the Takeover Offer are fair and reasonable to Huon Shareholders.

In our opinion, the most appropriate way to evaluate the fairness of the Schemes and of the Takeover is to compare the fair market value of HUO on a control basis with the Scheme Consideration and Takeover Offer which are the same at A\$3.85 per Huon Shares.

In considering whether the Schemes and the Takeover are reasonable for HUO Shareholders, we have considered a number of factors, including:

- Whether the Schemes/Takeover are fair.
- Our opinion in relation to the Surveyors Acquisition.
- The implications to HUO Shareholders if the Proposed Transaction is not implemented.
- Other likely advantages and disadvantages associated with the Proposed Transaction.
- Other costs and risks associated with the Proposed Transaction that could potentially affect HUO Shareholders.
- Implication for Huon Shareholders if JBS acquires a relevant interest in the Company greater than 50.1% but less than 90% (Takeover only).

2.3 Basis of assessment for the Surveyors Acquisition

The Surveyors Acquisition, which is part of the Primary Scheme, refers to the acquisition by JBS of Surveyors, which holds 40.53% of the issued capital of the Company, under Item 7 of Section 611 of the Corporations Act.

RG111 specifically differentiates between an issue and a sale of shares under Item 7 of Section 611 of the Corporations Act. Specifically, an issue of shares under Item 7 of Section 611 requires the independent expert to form an opinion whether the proposed transaction is fair and reasonable whilst a sale of shares under Item 7 of Section 611, which is the case for the Surveyors Acquisition, requires the independent expert to assess whether the advantages of the proposal outweigh the disadvantages or vice versa.

RG 111 states that security holders not associated with such a transaction may be forgoing the opportunity of receiving a takeover bid and sharing in any premium for control. RG 111 specifically requires an expert to determine:

- Whether the vendor is to receive a premium for control and it specifies that the greater the control premium, the greater the advantages of the transaction to the Non-Associated Shareholders would need to be, to support a finding that the advantages of the proposal outweighed the disadvantages. We have considered this as part of the broader Primary Scheme.



- Whether further transactions are planned between the entity, the vendor or any of their associates. If any are contemplated, the expert should determine whether those transactions would be on an arm's length basis. If not, an implication arises that they may compensate a vendor for a price that is too low. We have considered this as part of the broader Primary Scheme.

2.4 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success implementation of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of HUO and its Directors and all other relevant parties of the Scheme and Takeover.

Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

Annexure A: Independent Expert's Report *(continued)*



3 Industry overview

3.1 Introduction

Today's global food systems face significant challenges as the world's population is expected to continue to grow and hence to put pressure on resources, including food and the need of animal protein which are required to be provided in a sustainable and environmental friendly manner. The FAO⁴⁷ of the United Nations ("UN") predicts that the world's population will reach 9.7 billion by 2050, and the demand for food is set to increase by 50%. Sustainable aquaculture, including farmed salmon, is expected to play a central role in ensuring these objectives are achieved.

Salmon is a nutritious source of protein and high in omega-3 fatty acids, vitamins and minerals. In addition to this, salmon farming is environmentally friendly with a low carbon footprint relative other proteins and a more efficient feed conversion ratio⁴⁸ ("FCR") as set out in the table below which compares various metrics associated with different forms of protein.

Protein sustainability metrics	Salmon	Poultry	Pork	Beef
Edible yield	68%	46%	52%	n/a
Feed conversion ratio	1.2 - 1.5	1.7 - 2	2.75 - 5	6 - 10
Water consumption (l/kg, edible meat)	2,000	4,300	6,000	15,400
Carbon footprint (gCO ₂ /40g protein)	0.6	0.9	1.3	5.9
Edible meat (% of feed)	56%	39%	19%	7%

Source: Global Salmon Initiative Handbook 2020

The salmon farming production cycle lasts up to 3 years depending on the region. The first part of the production cycle takes place in controlled freshwater environments (brood, hatcheries and nursery facilities) and then the smolts are transported to seawater pens. Once the salmon reach a harvestable size (usually above 4kg), they are transported to processing plants to be prepared for sale. For retail consumers, most salmon is purchased in salmon portions whereas fresh HOG salmon is more common in the wholesale market.

There are very few coastlines suitable for salmon farming. Key conditions include water temperatures varying between 11.5°C and 16.5°C (52.7°F – 61.7°F), a sheltered coastline, and optimal biological conditions. Accordingly, salmon farming has historically been dominated by a small number of farming regions such as Chile, Norway, Canada, and Scotland and more recently Australia, Faroe Islands, Iceland, Ireland, and New Zealand. Tasmania waters, the only producing region in Australia, are among the warmest in the world for Atlantic salmon culture which means that salmon can grow to a harvestable size much quicker within 16-18 months. However, the higher temperature also causes early maturation which can affect product availability and quality, and temperature-related diseases can result in biomass losses.

The following graph sets out the regions which are favourable to the growth of Salmon. Australia contributes c. 2% of the global harvest with suitable growing conditions only found in Tasmania.

⁴⁷ Food and Agriculture Organisation.

⁴⁸ This is defined as the amount of inputs (wild fish and other inputs) compared with the amount of fish produced. The lower the FCR the better.



Salmon cultivation regions



Source: Mowi Salmon Industry Handbook 2021

3.2 Demand

Demand for salmon in Australia typically comes from three main channels:

- Domestic retail channel, such as supermarkets which includes fresh salmon, frozen salmon or value-added products such as smoked salmon, caviar and pate'.
- Domestic wholesale channel which mainly comprises fresh HOG sold to distributors, specialty fish "wet shops" and food service and hospitality customers. The price paid varies based on the quality of the products.
- Export market both for overseas retail clients and into the spot market.

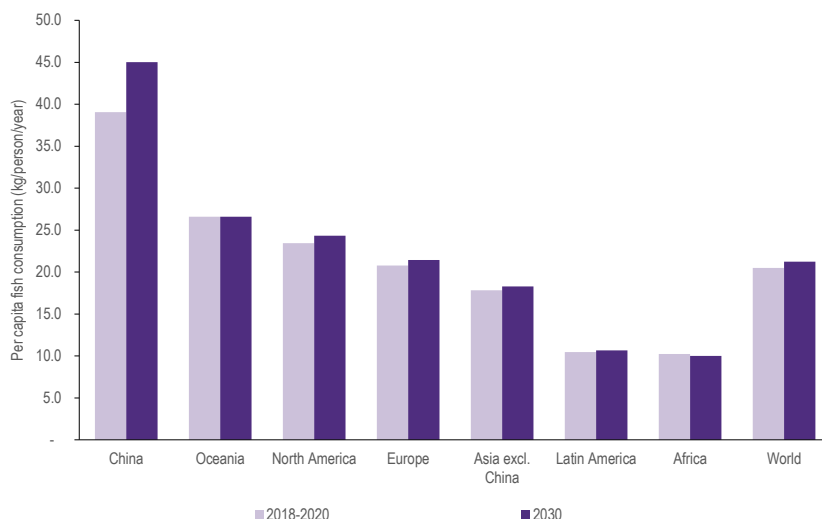
Like other industries, COVID-19 had a significant impact on the global fisheries industry which led to a change in the demand mix from these channels. Overall, the impact was multi-faceted due to both demand-side disruptions (due to closure of the food services sector) and supply-side disruptions resulting from social distancing measures across fishing and aquaculture activities and challenges in crewing vessels and sourcing inputs in some sectors. Pre-existing consumer trends have been positively impacted by COVID-19 such as increased online sales during the pandemic, more widespread online and direct-to-consumer marketing and higher consumer demand for sustainability and traceability throughout the supply chain.

The global demand for salmon has been and will continue to be positively affected by secular trends such as growing global population and demand for alternative forms of protein as set out in the graph below which shows the global per capita fish consumption between 2018 and 2020 and forecast fish consumption in 2030.

Annexure A: Independent Expert's Report *(continued)*



Historical and forecast global per capita fish consumptions 2018-20 and 2030



Source: OECD-FAO Agricultural Outlook 2021-2030 April 2021

With the exception of Africa, demand for fish is expected to increase globally with a large proportion of the growth expected to come from China. In 2015, the China-Australia Free Trade Agreement ("ChAFTA") was executed providing the platform for Australian goods and services to be exported to China. In January 2019, Australian fisheries products were granted duty-free access to Chinese markets under the ChAFTA. Given Australia's proximity to China, it is in a position to grow its export sales to one of the largest markets in the world. Whilst there are currently trade tensions between China and Australia which may jeopardise this role in the short term, Australia is considered as a reliable producer of seafood and this together with China's large per capita consumption is likely to represent a growth opportunity for the Australian players. In addition, the proximity of Australia to the Asian markets more generally is likely to provide some competitive advantage to Australian salmon producers relative to its global peers.

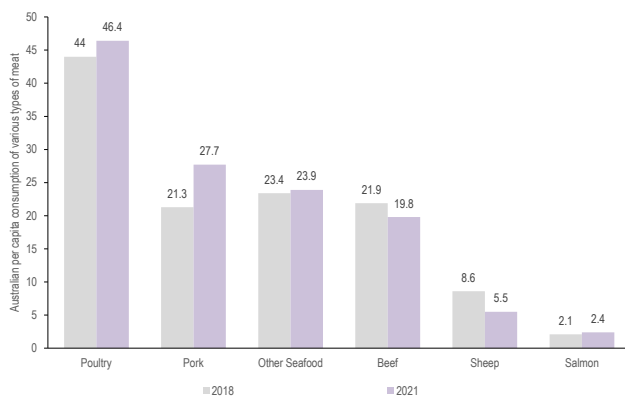
In Australia, consistent with global trends, there is a renewed focus on climate-friendly proteins with a significant increase in the per-capita consumption of salmon expected over the next few years. Over the long-term, domestic demand for salmon is expected to outweigh supply even considering that a portion of volume will generally flow to export markets due to competitor products⁴⁹ production cycle.

Favourable demand dynamics include salmon's convenience, health benefits and competitive price relative to other proteins when comparing yields. Further, the current level of salmon per capita consumption remains low compared with other sources of protein, suggesting that there is upside to salmon producers. The Australian per capita consumption of various types of protein is set out below:

⁴⁹ Competitors in Norway and Chile typically produce a large portion of their volumes in Q3 of the Australian financial year, resulting in a domestic demand-supply mismatch and necessitating sale into export markets.



Australian per capita consumption of various types of protein

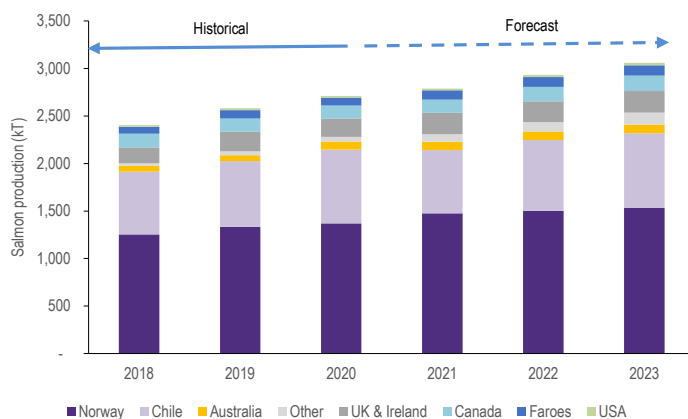


Source: HVO FY21 annual report

3.3 Supply

Salmon production is available through capture of salmon in the wild and through salmon farming. The farmed salmon industry has grown substantially in the past 40 years, and today approximately 60% of salmon produced worldwide is farmed. Tasmania produces 100% of Australia's salmon production due to favourable climatic conditions. The following graph sets out the historical and forecast global supply of salmon.

Global salmon supply



Source: Kontali analysis and Pareto Research

Salmon consumption worldwide continues to rise and so does the supply which is mainly based on salmon aquaculture now accounting for c. 70% of the market.

The main species farmed in Norway is Atlantic salmon, representing in excess of 90% of total Norwegian aquaculture production. In Norway, fish farms are strictly regulated and growth of the Norwegian farmed salmon sector is predicated upon the issuance of green licenses. Recently, Norwegian Atlantic salmon

Annexure A: Independent Expert's Report *(continued)*



farms have increasingly grappled with the biological challenge of sea lice. Europe is the primary trading partner with Norway when it comes to Atlantic salmon. Having recently resolved a trade dispute with China, Norway is looking to further expand production to satisfy this market.

Chile is the world's second-largest producer of farmed salmon and the largest exporter to the U.S., representing almost 50% of salmon imports.

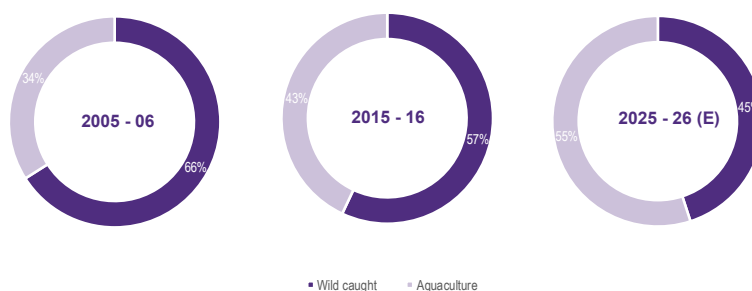
Outside these two leading producing countries, a number of other countries, including Australia, produce similar volumes for the domestic or overseas markets. Given the short-shelf life of the fresh product, location and proximity become important on the supply side.

In spite of COVID-19, there has been a strong growth in the global salmon supply driven by good growth in sea, improved yields and high harvest volumes which has also led to a biomass surplus. Over the medium term, once the restrictions due to COVID-19 ease up, salmon supply is expected to continue to lag demand.

In Australia, most of the supply is allocated for the domestic market with positive trends in per capita consumption and other macroeconomic tailwinds. The threat of products from imports is low and limited to value-added products (such as skin-on or skin-off fillets, portions and smoked products) which are often frozen. There is limited amount of imported HOG due to quarantine restrictions and the focus by wholesalers on freshness due to limited shelf-life.

Growth on the supply side has been mainly supported by aquaculture method as set out in the graph below:

Historical and forecast relative contributions from wild caught and aquaculture (as a proportion of gross value product)



Source: ABARES Agriculture Outlook 2025-26, March 2021

Note: The graph above refer to all aquaculture operations

The major competitors in the Australian market are Huon, Tassal and Petuna in the salmon market.

3.4 Price

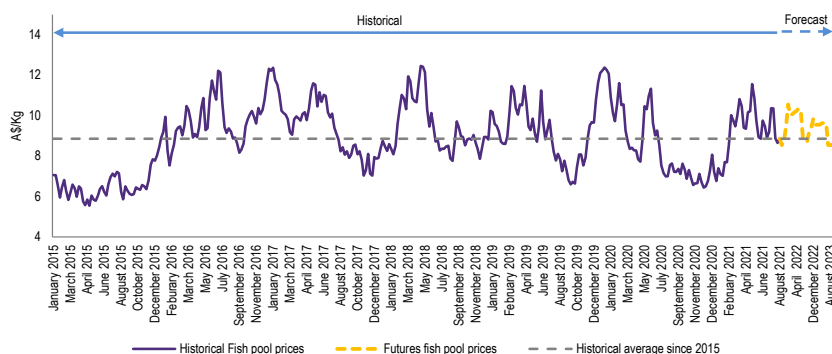
Fish Pool is the global exchange for price heading of salmon and it is considered the key reference point for export prices. It is licensed by the Norwegian Ministry of Finance and 97% owned by Oslo Stock Exchange (Euronext) and it comprises more than 200 registered trade members. There is no physical delivery with the Fish Pool whereas pricing is based on an agreement between a buyer and a seller – with Fish Pool as intermediate – on a price and a fixed volume for a future delivery. When the contract has

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come to the realisation period, the buyer and seller will either receive or pay the difference between the agreed contract price and the last month average spot price. Prices are traded in NOK/kg and a volume in 1 tonne lots for one or several future months and they reflect the price for fresh HOG salmon 3-6 kg, superior quality, delivered FCA Oslo. The spot price (NOK/KG) reflects the average monthly market price.

We have set out below the historical monthly average Fish Pool prices in A\$/kg since 2015 and the future prices for the next 24 months. We note that we have converted the historical and future prices at the spot exchange rate to provide the information in constant currency.

Historical and forecast Fish Pool Prices (A\$⁵⁰/kg)



Source: S&P Global, fishpool.eu

Note (1): To convert the NOK prices to A\$, we have adopted the spot rate of A\$:NOK of 0.15523 as at 18 August 2021 sourced from S&P Global

In relation to the graphs above, we note the following:

- Prices at the beginning of the observed period were depressed as a result of excess supply due to the ban on Norwegian and Scottish salmon into Russia which was diverted into other markets and the Norwegian Government's decision to increase the industry biomass cap which together with a good growing season caused oversupply and a softening in prices. During 2016, prices increased sharply due to supply of high quality salmon products falling short to meet the steady increase in demand. Whilst prices were volatile, they remained at high level as some of the major salmon producing countries struggle to manage problems such as sea lice and algal bloom which affected supply in Norway and Chile.
- FY20 saw a marked reduction in Fish Pool prices. During the first half, Norway and Chile increased their supply materially and in the second half, the outbreak of COVID-19 caused significant turmoil in the industry which continued in the first part of FY21.
- More recently, the reduced demand from the foodservice industry around the world and soft Fish Pool prices have resulted in a tight supply as the size of the biomass in the water reduced globally and accordingly the expected imbalance with the demand side caused the Fish Pool prices to increase from 46 NOK/kg in January 2021 to 59 NOK/kg in August 2021 with a peak for the year of 68 NOK/kg in May 2021.

⁵⁰ Based on an current exchange rate of 0.16A\$:1NOK.

Annexure A: Independent Expert's Report *(continued)*



- As a result of the currently tight supply, farmers have increased the biomass in the water which is expected to result in a more balanced market in 2022 and 2023 with prices expected to remain substantially flat from the current level.
- Fish Pool Prices are usually lower in Q4 of calendar year in conjunction with seasonality connected with the European production cycle with harvest at the end of the summer.

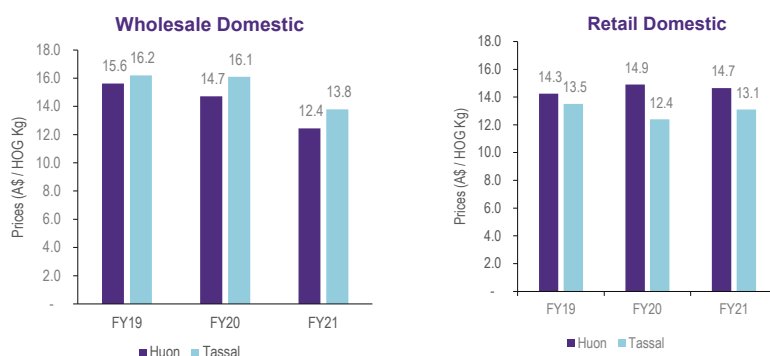
We note that Huon is able to achieve a premium to the Fish Pool prices in several export market due to brand awareness, product freshness and quality.

After the outbreak of COVID-19, the Australian Government implemented the International Freight Assistance Mechanism ("IFAM") to provide financial support to those Australian businesses moving high-value perishable goods to international customers at a time when international freight prices have increased materially due to the limited access to commercial flights. The program currently run until the end of September 2021 and Huon participates to the IFAM.

In Australia, salmon prices are generally more stable as the producers manage their biomass to match demand and prices are generally fixed for retail customers under supply agreements for periods of one to three years.

In the domestic market, the two key players, Huon and Tassal, disclose average annual retail and wholesale prices and we have included a summary below. Whilst each company negotiates prices on an individual basis which are regulated in the underlying contracts and they have a different product mix, nonetheless, the graph still provides some insights into the historical trends.

Historical net prices in the Australian market for Huon and Tassal



Source: Management information, Australian salmon industry report

Note (1): Tassal does not report retail international prices and therefore there is no information available on pricing.

Note (2): Huon reports prices by channel on a semi-annual basis. To calculate the annual average price by channel for comparison purposes, we have applied the annual sales mix data to the annual revenue to determine the annual revenue for the channel. This annual revenue is divided by the annual tonnage through each channel to determine the annual average price for the channel. The annual tonnage is calculated as the sum total of the tonnage over the two six month periods reported by Huon in its financial statements.



4 Profile of Huon

4.1 Overview

Huon, one of Australia's largest vertically-integrated salmon production companies, was established in Tasmania in 1986 by the Bender Family. In 1994 Peter and Frances Bender purchased the Company from the other family members and they became contract growers. They stepped out of contract manufacturing in 2005 by creating the Huon Aquaculture brand. The Company listed on the ASX in 2014 following its initial public offering ("IPO") under which it raised A\$133 million at an offer price of A\$4.75 per share.

Today Huon employs c. 797 people and it has a current capacity to produce 40,000 HOG tonnes from its operations. In FY21, the Company generated revenue of A\$426 million, an increase of 25% from the previous year, with salmon sold into the domestic retail and wholesale markets as well internationally.

Set out below is a summary of the current on-shore and off-shore key infrastructure:

- **Freshwater operations** – 12 freshwater facilities comprising 7 hatcheries and 5 brood facilities located throughout Tasmania which provide security of supply for the marine operations and the Whale Point nursery which opened in February 2019. The Whale Point nursery has helped to change the way salmon is farmed and increase the Company's ability to grow smolt on land to a larger size before transferring them to sea.
- **Marine operations** – Located on both the West Coast and South-East Cost of Tasmania allowing to grow fish all year round and to mitigate the risk of diseases. All the marine locations use the proprietary Fortress pens design aimed at reducing biomass loss and predators breaches. Part of the marine operations are Huon's two wellboats which provide freshwater bathing in a more efficient and less stressful manner improving the overall fish health. The bathing capacity of the Company was boosted in 2020 with the arrival of the Ronja Storm which is the world's largest active wellboat in terms of ship size and water holding capacity⁵¹. In total, Huon has 85 boats throughout the marine operations in Tasmania.
- **Processing facilities** – The Company operates out of three processing facilities in Parramatta Creek (Tasmania) opened in 2015, Ingleburn (NSW) in operation since 2019 and Forrestdale (WA) opened in 2020.

Since the IPO, Huon has undertaken—and has recently completed—a transformative capital expenditure program, spending c. A\$350 million⁵² to increase production capacity and improve production efficiencies. As a result, Huon has focussed in the last couple of years on rebuilding biomass which experienced a significant reduction at the beginning of FY19 following challenging operating conditions over the previous summer and diseases⁵³. Biomass in the water was measured at 12,960 tonnes at 30 June 2018 which increased to 26,429 tonnes in the FY20 but it has since reduced to 20,336 tonnes at 30 June 2021 due to pro-active management of the biomass in the water by the Company whilst the unfavourable market conditions caused by the outbreak of COVID-19 persist.

⁵¹ Bathing is also provided by the Ronja Huon.

⁵² Based on the total payments for property, plant and equipment between FY15 and FY21.

⁵³ The poor fish growth arising from a moon jellyfish bloom and a secondary impact from gill necrosis.

Annexure A: Independent Expert's Report *(continued)*



Harvest volume has also increased significantly from between 18,448t and 22,968t in the period between FY17 and FY19 to 35,611t in FY21. Harvest volumes are expected to be held around 35,000 tonnes in the next couple of years versus a potential capacity of 40,000 tonnes plus.

The Company generates the vast majority of its revenue from the sale of fresh HOG salmon but also produces a range of value-added products such as fresh processed cuts, smoked and cured portions, pate and caviar. Huon also produces a small amount of HOG trout and other VA trout products.

Before the outbreak of COVID-19, the Company had primarily sold its products into the domestic wholesale and retail market, which accounted for c. 93% of the FY19 revenue, with limited volumes going overseas (either spot export market or contracted retail international). However, the outbreak of COVID-19, which caused the sudden decline of demand from the foodservice sector in conjunction with lockdowns, occurred at a time when Huon had significant larger harvest than historical. This forced a shift of sales towards the export channel at a time when the international spot price was depressed and materially below long term averages.

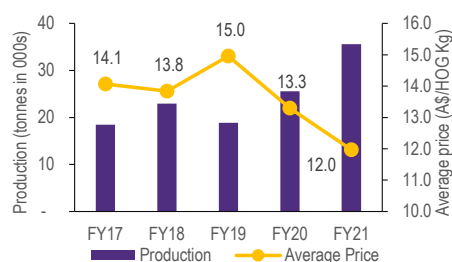
The sales mix in FY22 is expected to be more in line to the long term target of the Company following recent contract wins in the domestic and international retail channel which provide certainty in volumes and prices to underpin a more stable financial performance.

Due to the disruption from COVID-19 and the change in the sales channel mix, the average salmon price reduced from A\$14.96/HOG kg in FY19 to A\$11.97/HOG kg in FY21 which together with substantially higher international freight costs have negatively affected Huon's profitability.

So far in FY22, the Company is performing in line with the FY22 budget notwithstanding the protracted lockdown periods across the Eastern Seaboard. The reduced volumes from the foodservice industry have been shifted towards the export market which is currently benefiting from sustained prices.

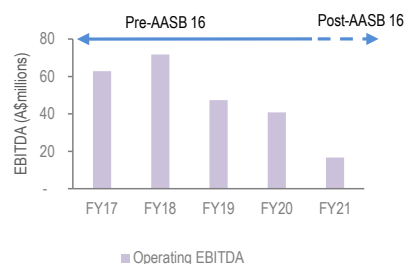
Below we present some of the KPIs of the Company.

Historical Production and average price



Source: HUO publicly available information
Note (1): Prices rounded to the nearest 1 decimal

Historical Operating EBITDA



Source: HUO publicly available information
Note (1): With the exception of FY21, all Operating EBITDA figures are on a pre-AASB 16 basis

As set out above, the financial performance of the business has been trending downwards since FY18 due to unfavourable combinations of prices and volumes. In particular, the FY20 and FY21 financial performance of the business was adversely affected by specific circumstances related to the COVID-19 outbreak outside the control of the Company which are expected to normalise in the years ahead. Refer to the valuation sections for our assessment of the normalised Operating EBITDA.

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4.2 Operations

4.2.1 Hatcheries, brood facilities and Whale Point Nursery

Huon operates seven hatchery facilities and five brood facilities under leasehold and freehold arrangements which are spread throughout Tasmania to mitigate the risk of disease outbreak. The brood facilities are where the Company produces eggs to supply the hatcheries, where Huon then produces smolt for the sea. Huon operates a selective breeding program focused on improving growth rates, better Amoebic Gill Disease ("AGD") resistance and greater ability to withstand higher water temperatures.

In February 2019, Huon commenced operating the Whale Point Nursery facility. The facility was commissioned at a cost of A\$43.7 million and enables Huon to increase the average size of smolt to sea. This allows the Company to increase the biomass of the fish and reduce the time spent growing at sea by approximately 3 months, resulting in earlier harvests, more productive use of the Company's leases and reduced mortality levels. The smolt entry weights enables the Company to target harvest weights between 4.8 and 5.3 HOG/kg compared with an average of c. 4.5kg/HOG in the previous periods⁵⁴.

The nursery also has a 1km long fish pipe for transferring smolts to Huon's well-boats for transport to marine farms. The fish pipe is more cost efficient and reduces fish stress compared to the previous trucking method.

4.2.2 Marine farms

The Company's marine farms are located in three regions in the South-East and West of Tasmania. Huon leases its marine farming locations from the Tasmanian Government Department of Primary Industries, Parks, Water and the Environment ("DPIPWE") and has remaining terms of between 15 and 30 years across its leases. The three farming regions are Macquarie Harbour, Huon River and D'Entrecasteux Channel (Huon-Channel), and Storm Bay.

Facilities on the West-Coast (Macquarie Harbour) consist of a marine shore base and 3 leases where 30 pen bays account for less than 2% of salmon production. On the South East Coast, the Huon-Channel comprises of 7 leases and 100 pen bays with Hideway Bay being the main harvesting site. The Company has also 5 leases and 48 pen bays at the Storm Bay site plus a research site at Cape Connella (6km offshore).

Huon has spent approximately A\$100 million⁵⁵ in recent years developing and installing its own patented fish pen ("Fortress Pens") able to withstand high energy environments including large storm swells and gale-force winds in offshore locations. This allows the pens to be located further offshore than traditional pens. They are also both wider and deeper allowing additional space for fish with fish maintained at a stocking density of less than 1% fish. The nets are made of a strong, lightweight material that allows better water flow and oxygen levels. The strong material also prevents tears and therefore predators from entering. The Company maintains and cleans the nets using remotely operated vehicles ("ROVs") which reduces the need for manned underwater inspection dives.

⁵⁴ 4.10kg/HOG in H2FY19, 4.78kg/HOG in H1FY19 and 4.27kg/HOG in H2FY18.

⁵⁵ Based on FY21 Annual Report

Annexure A: Independent Expert's Report *(continued)*



While in the pens, fish are fed using remotely operated feed spreaders to ensure that fish are fed at all times and in all weather conditions. Feeding is monitored remotely with the assistance of AI to ensure that all fish are fed to the optimal amount.

While at sea, fish are periodically bathed in freshwater using the Company's well boats. This reduces the prevalence of AGD, reducing fish mortalities and promoting overall fish welfare. The Ronja Storm has an on-board reverse osmosis plant that produces fresh water which eliminates the need to travel back to land for freshwater refills.

4.2.3 Key input costs

Feed costs — Feed is the single largest input cost for Huon. All feed is currently sourced from Tasmanian suppliers reducing the reliance on imports. Huon actively monitors the cost of feed, as well as the ratio of feed to salmon output, to lower the amount of feed used per kilo of salmon produced. The Company is looking at ways to optimise the fish in fish out ratio ("FIFO") by looking to substitutes. Salmon need to eat a certain amount of fish meal and fish oil in order to have a sufficient level of Omega-3 and most fish meal and fish oil is extracted from fast growing pelagic fish classified as forage fish. Ideally, the FIFO ratio should be less than 1 to ensure the amount of fish protein produced is greater than consumed. At present the Company's FIFO ratio is approximately 0.87, compared to a global industry average of 1.68⁵⁶. The Company is able to achieve this through the use of land-animal by-products and vegetables, increasing the sustainability of its operations. As a result of the above practices and recent capital expenditure, the cost of production (excluding freight and distribution) which is mainly represented by feed cost, has reduced from A\$12.02 HOG/kg in the H12019 to A\$8.86 HOG/kg in H1 FY21. This has then increased to A\$10.59 HOG/kg in H2FY21 as elevated water temperatures slowed fish growth.

Mortalities — Fish mortalities are caused by a number of factors including seals, birds, disease, bacteria, viruses, parasites and environmental factors such as jellyfish, algae blooms and warmer water temperatures. The Company expects the mortality rate to decrease in future years for a number of reasons. Whale Point Nursery allows the Company to increase the size of smolt to sea. The larger the smolt, the less susceptible they are to adverse environmental impacts. In addition, the larger smolt size reduces the growing time required at sea by 30-40%, thereby reducing the risk of disease and also minimising the number of fish going through two summers (higher water temperatures lead to increased mortalities). Huon has also introduced vaccines for a number of diseases including Pilchard Orthomyxovirus ("POMV") and vaccines are being developed for other fish diseases. Breeding and genomics improvements are also expected to lead to higher quality smolt in the future.

4.2.4 Processing

Huon has three processing facilities, Parramatta Creek in Tasmania, Ingleburn in New South Wales, and Forrestdale in Western Australia. The closest regional markets (Tasmania and Victoria) receive produce within 36 hours of harvest.

Parramatta Creek is a wet processing facility where fish are gutted, cleaned, weighed, smoked for VA products, and packed ready for distribution. Fish are delivered via the Devonport ferry to Melbourne for domestic and export markets. The facility has the ability to process the vast majority of Huon's salmon for wholesale, retail and export markets.

⁵⁶ Based on FY21 Annual Report



Ingleburn is a raw processing facility that was opened in 2019 to cater to the NSW market. The land and building are leased and the facility is used to create MAP and frozen products for the Company's retail customers in NSW and QLD. Packing in NSW as opposed to Tasmania allows products to be delivered fresher to customers.

Forrestdale in WA is a raw processing facility and the land and building are leased. The site also processes MAP and frozen packs for retail customers and was developed to provide fresher MAP to the WA market by packing in WA as opposed to Tasmania.

4.2.5 Environmental accreditations (ESG)

Huon has a strong focus on environmental sustainability and aligns itself with the United Nations ("UN") Sustainable Development Goals ("SDGs"), the Global Reporting Initiative standards ("GRI") and Sustainable Accountability Standards Board ("SASB") industry standards. The Company has developed a sustainability dashboard on its website covering all aspects of its operations which it regularly updates. Below we highlight some of the work undertaken by the Company to improve its ESG credentials.

- **Animal care** — The Company's operations are certified under the RSPCA Approved Farming Scheme, Australia's leading independent certification scheme focused on animal welfare. Huon's fish stocking densities are less than 1% across its pens, which is low compared to its competitors and approximately half the maximum stocking density allowed under the RSPCA Approved Standards. In addition, in 2012, Huon became the first Australian salmon producer to achieve the internationally recognised accreditation Global G.A.P. This pre-farm gate standard covers the whole production process of the certified product from the hatchery to the point of harvest and packing and recognises ongoing, continuous improvement.
- **Disease control and breeding program** — The Company employs strong disease control standards and biosecurity measures to limit the risk of disease outbreaks and spread of infectious diseases. Techniques include good site management and fish husbandry. Antibiotics are only used as a last line of defence and were last used at sea in 2016 and they were not used in either freshwater or marine water in FY20 or FY21. The Company has a breeding program which it established in 2004 to identify and breed fish that are more tolerant of warmer water and that display a resistance to amoeba.
- **Freshwater usage** — Freshwater is a key input in salmon farming. Huon has implemented a number of initiatives to reduce its freshwater consumption in recent years. Huon uses Recirculation Aquaculture Systems ("RAS")⁵⁷ for growing early stage fish. These are designed for low water consumption by using a filtration system that removes nutrients from the water, which is then recirculated through the facility. The RAS at Whale Point Nursery allows 98% of water to be repeatedly treated and reused. The remaining 2% is then used in the Company's offshore bathing program for the treatment of AGD. In addition, the Ronja Storm's reverse osmosis system allows a further reduction in freshwater through the use of a mixture of desalinated water and freshwater to fill its bathing tanks.
- **Waste** — Huon recycles a number of its retired marine farming equipment and donates retired nets to local communities for repurposing. Huon's also produces a large amount of organic waste particularly fish by-product. Huon reuses some of its organic by-product as pet treats and food. Hatchery waste is also used to improve soil health and in some cases for composting. Huon's goal is to achieve 100%

⁵⁷ Recirculating aquaculture systems are indoor, tank-based systems in which fish are grown at high density under controlled environmental conditions.

Annexure A: Independent Expert's Report *(continued)*



re-use of fish products by 2025 which it has already achieved for its Tasmanian operations. It also employs feed technology to reduce fish food losses to the seafloor and invests in feed R&D to improve feed efficiencies and reduce nutrient output to the natural environment.

- **Sustainable feed and FIFO ratio** — Huon's feed is sourced entirely from Tasmanian based suppliers and its ingredients are rigorously controlled. Its feed does not contain any genetically modified ingredients and Huon does not feed any growth hormones or growth promoters. In addition, Huon has a low FIFO ratio compared to its peers of 0.87, versus the global average of 1.68.

A formal sustainability report focussing on Huon's environmental, social and corporate governance reporting requirements will be prepared in 2022, outlining the Company's sustainability vision.

4.3 Sales channels and salmon prices

Huon primarily offers its products under the following categories:

- **Fresh or frozen** – HOG salmon and ocean trout are offered either in fresh or frozen form depending on the sales channel in a variety of products. Fresh salmon and trout are also sold as fillets or as MAP. The key retail brands under this product offering are "Premium" and "Chef Series" brands.
- **VA products** – Mainly smoked salmon but also caviar, pate' and other niche products sold under the "Salmon to Go", "Premium" and "Reserve" brands.

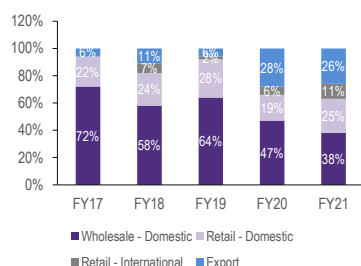
The products are sold into the following channels:

- **Domestic wholesale:** The Company usually has a contract in place with pricing set via bilateral trading with key wholesale customers. The customers in this segment include specialty fish wet shops, food service and hospitality businesses.
- **Domestic retail:** Huon predominantly operates in the highest value segment of the salmon market (fresh) but during FY21 also took advantage of strategic opportunities to grow sales of frozen and smoked salmon to increase market share. Presently, Huon's estimated total market share in the domestic retail market is 33%⁵⁸.
- **International retail:** This represents an attractive market for Huon, however it is currently challenged by the high freight costs. As part of its broader diversification mix, the Company currently sells into nine different markets and aims to continue to increase volumes to mitigate the impact of volatile prices in the spot export market.
- **Export:** Volumes are sold into the spot market with some prices based on the Fish Pool futures index after taking into account impact of freight and exchange rate differences.

The following sets out the historical channel mix of Huon over the last 5 years and pricing for the relevant channel for the same period both provided on a semi-annual basis given the underlying price volatility.

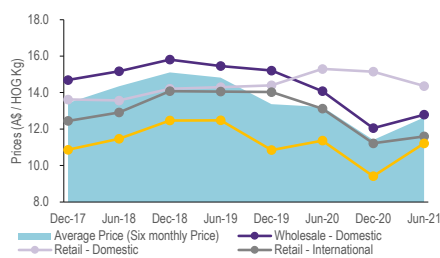
⁵⁸ Based on information provided by Management

Channel mix based on revenue over the last 5 years



Source: HUO publicly available information

Price across the various sales channel



Source: HUO publicly available information

Note (1): Pricing under each of the channels is the average price for a 6-month period.

Since FY17, one of Huon's business objectives has been to diversify the sales mix, dominated by the wholesale channel, and increasing exposure to contracted sales, primarily through increasing its presence in the domestic and international retail market. The Company secured a number of supply agreements into the Asian markets in FY18 removing some of the volatility to sell into the spot export market. Prices were favourable during the year both domestically and internationally as demand continued to outstrip supply as some of the leading salmon producing countries were impacted by diseases.

In the following year, the Company faced a challenging harvest which caused the actual volumes to reduce from 23,000t in FY18 to 19,000t in FY19. As a result of the tight supply, the Company scaled back sales into the new retail markets in Asia and export markets to focus on the more profitable and strategic domestic market. Volumes into the domestic retail market were largely maintained but increased as a proportion of the overall revenue due to the smaller harvest. Notwithstanding the reduced harvest, revenue for the year was supported by the higher salmon price in response to the shortfall in supply.

Following completion of the major capital investment program commenced after the IPO, the Company had a materially larger harvest in FY20. However, the market was adversely affected by the outbreak of COVID-19 and the lockdown measures implemented by the Australian and other governments around the world. Demand from the foodservice industry evaporated pretty much overnight in conjunction with the initial national lockdown in March 2020 and accordingly a large component of the increased production was sold into the export market. However, in 2020, international salmon prices fell to the lowest point in five years with an average of NOK55.48/HOG kg (A\$8.66/HOG kg based on the current exchange rate) compared with c. NOK60/HOG kg (A\$9.36/HOG kg based on the current exchange rate).

The international market was further impact by the increase in freight and distribution costs from A\$0.73/HOG kg in H2FY19 to A\$1.45/HOG kg in H2FY20 due to the reduced international flight availability. Volumes into the retail channel reduced in FY20 with the loss of a MAP contract in FY19, however the majority of the loss volumes were recovered through pent-up demand in the supermarkets linked to lockdown and pantry restocking which was met outside contractual requirements. As normalcy returns, the share of export is expected to decline to a normalised level of 5% to 10%.

During FY21, the Company consolidated its growth and position into the retail market which accounted for 7,225t compared with 4,421t in FY20 as a result of new supply agreements. Average price in the retail segment remained substantially flat. Volumes sold into the wholesale market recovered in FY21, however

Annexure A: Independent Expert's Report *(continued)*



pricing was significantly affected and reduced by 15% to A\$12.44/HOG kg in FY21. International retail sales also performed strongly from new and existing contracts.

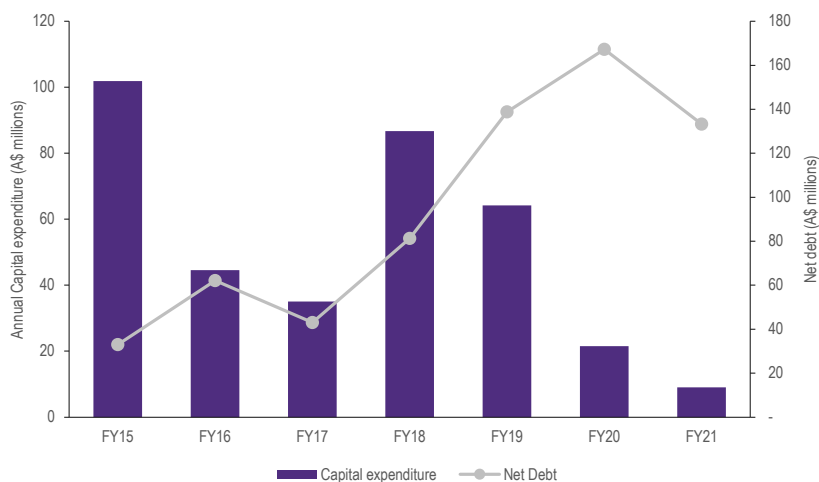
In the last quarter of FY21, international salmon prices have recovered closer to the historical average due to underlying supply constraints and remain at high level as at the date of this report. Freight and distribution costs for overseas market continued to increase in FY21 and they more than doubled during the year at A\$66 million.

Going forward, volumes sold into the retail segment are expected to increase by 80% in FY22 as a result of the win of 3 new 3 year contracts to supply deli salmon to Coles and Woolworths and a new MAP contract with Woolworths. Retail channel's share of total volumes is expected to increase to above 30% in FY22. A key factor of the increased penetration in the domestic retails channel over the last couple of years has been the improved capability to supply fresh salmon to retail and outlet in Sydney and more generally in NSW after the opening of the Ingleburn processing facility in 2019.

4.4 Capital expenditure and net debt

Since the IPO, Huon has undertaken an extensive capital expenditure program totalling to c. A\$350 million⁵⁹ to upgrade its infrastructure, reduce the cost of production and pursue growth opportunities in the domestic and international market. The large outflow was funded via existing cash reserves, the increase of net debt and cash flows generated by the business. The following chart sets out Huon's historical capital expenditure and net debt since FY15.

Annual capital expenditure¹ and net debt



Source: HUO publicly available information

Note 1: Net capital expenditure is calculated as the payments for property, plant & equipment reported in the financial statements for each year.

Note 2: Net debt is as reported by the Company in its annual financial statements.

⁵⁹ Calculated as the total expenditure on the acquisition of various property, plant and equipment from FY15 to FY21 as reported in the Company's annual financial statements.



As a result of the above investments, production capacity has increased from c. 20,000 tonnes to c. 40,000 tonnes through the following:

- In FY15, capex was focussed on the construction of the A\$35 million Forest Home recirculation hatchery on the Huon River, the roll-out of the proprietary Fortress Pen across the marine operations, the receipt of the Ronja Huon (leased) for marine bathing and construction of the Parramatta Creek processing facilities.
- The major capital expenditure in FY16 reverted on completing the Forest Home hatchery which, together with the expansion of the other existing hatcheries, increased smolt capacity by almost 50%, completing the replacement of the pens and mooring system and completing the construction of the Parramatta Creek processing facility. This meant that every single fish grown by Huon could be processed in-house and allowed Huon products to reach the Australian market up to 24 hours earlier providing a competitive advantage to the business.
- In the following two years, Huon spent c. A\$125 million on the continued expansion of the marine farms at Storm Bay as a result of a new lease site, marine fleet upgrades and efficiency projects covering fish monitoring, feeding and processing facilities and construction of the Whale Point nursery. Particularly important was the investment in two 600t feed barges in Storm Bay which allows for feed automation, improving FCR and reducing feed costs.
- FY19 saw the substantial conclusion of the growth capital expenditure with A\$64.3 million capex incurred on the completion of the Whale Point nursery (additional c. A\$14 million in FY19), expansion of marine operations at Storm Bay and completion of the Ingleburn processing facility.
- In November 2020, Huon opened its value-added processing facility in Forrestdale, Western Australia which has strengthened Huon's ability to fulfil major retail contracts and create value-added products on-site to meet local demand. Huon's long-term plan is to install a second processing line in the facility which will allow for multiple species at the site, providing another stepping stone towards farming Yellowtail Kingfish in the state (growth opportunity). The rest of the capex in FY20 and FY21 was mainly maintenance capex.

As set out in the graph above, as a result of the large capital expenditure incurred since FY15, the working capital required to rebuild the biomass over the last couple of years and the challenging market conditions arising from the outbreak of COVID-19, the net debt of the Company increased to c. A\$167.3 million at the end of FY20. Due to the high-level of debt and the continued snap/prolonged lockdowns around the country which affected demand in the wholesale channel, the Board decided to undertake a capital raising of A\$66 million⁶⁰ in September 2020 at a price of A\$3.00 per share. As a result, at the end of FY21, the net debt level reduced to A\$133.3 million, however the gearing level (net debt divided by reported net assets) remained high at c. 54% as a result of the A\$79.9 impairment charge on a post-tax basis⁶¹ in H1FY21 which materially reduced the net assets.

The Company has currently in place total debt facilities of A\$192.5 million the majority of which mature in October 2023.

⁶⁰ Comprising A\$64 million raised via an institutional placement and A\$2 million raised via a Share Purchase Plan.

⁶¹ In FY21, the Company recognised a gross assets impairment of A\$114 million with a corresponding reduction in the deferred tax liability of A\$34.2 million which caused a net assets reduction of c. A\$79.8 million.

Annexure A: Independent Expert's Report *(continued)*



Given the current subdued financial performance, the Company revised the terms of the debt facilities for the period up to 30 June 2022. In the period up to and including 30 June 2022 there is a monthly liquidity covenant. From 30 September 2022 onwards there are a number of covenants including a leverage ratio of less than 2.75x measured quarterly on a rolling 12 month basis and an interest cover ratio greater than 3.5x (measured on the same basis).

4.5 Growth strategy / opportunities

Huon's long-term growth objectives include achieving a more balanced channel sales mix by increasing the share of domestic retail, increasing production whilst continuing its operations with an emphasis on sustainability. The following is a list of near-term improvements and growth opportunities.

- *Production cost efficiencies:* Management have undertaken a number of initiatives that are expected to reduce production cost. These primarily relate to automating processes in relation to filleting, value-added products and labour cost efficiencies at Ingleburn and Forrestdale. The current year to date performance already reflects the achievement of these savings.
- *Yellowtail Kingfish ("YTK"):* The Company completed a trial for kingfish farming in NSW in 2019 and as a result it has been allocated a permit to establish commercial farming in WA. The Company has secured aquaculture areas both in WA and NSW. The WA Government is currently undertaking the development of the Geraldton-based kingfish nursery project which will produce juvenile yellowtail kingfish following completion in FY23. At its recently completed processing facility in Forrestdale, WA, Huon's long term plan is to install a second processing line which will allow for multiple species to be processed using state of the art equipment. This will enable Huon to process YTK at this facility.
- *By-product sales:* Huon has the potential to increase its by-product sales and thereby reduce waste. In the mid or long-term Huon may also engage in rendering fish oil or protein concentrate.

4.6 Financial performance

The table below illustrates the Company's audited consolidated statements of comprehensive income for the last three financial years.

Consolidated statements of financial performance	FY19	FY20	FY21
A\$ '000	Audited	Audited	Audited
Revenue from operations	281,955	339,869	426,408
Other Income	9,258	13,594	23,401
Expenses			
Fair value adjustment of biological assets	(9,118)	1,507	(15,959)
Changes in inventories of finished goods and work in progress	49,299	59,896	(28,390)
Raw materials and consumables used	(184,410)	(218,997)	(214,189)
Employee benefits expense	(69,363)	(80,764)	(102,081)
Depreciation and Amortization expense	(30,321)	(52,089)	(50,230)
Finance costs	(8,174)	(8,370)	(12,667)
Freight and distribution expenses	(13,454)	(31,764)	(65,956)
Impairment expenses	-	-	(113,958)
Other expenses	(21,374)	(21,588)	(29,024)
Total expenses	(286,915)	(352,169)	(632,454)
Profit before income tax expense	4,298	1,294	(182,645)
Income tax benefit/(expense)	5,154	3,621	54,576
Net profit for the period attributable to members of the company	9,452	4,915	(128,069)
KPIs:			
Tonnage	18,849	25,566	35,611
Revenue (A\$/HOG Kg)	14.96	13.30	11.97
Cost of production (excl. freight & distribution, A\$/HOG Kg)	11.73	10.20	9.65
Statutory:			
EBITDA (A\$millions)	38.2	48.8	(113.2)
EBIT (A\$millions)	12.5	9.7	(170.0)
EBITDA margin (%)	13.5%	14.4%	(26.5%)
EBIT Margin (%)	4.4%	2.9%	(39.9%)
Operating (excl. impact of fair value adjustment of biological assets)			
EBITDA (A\$millions)	47.3	47.3	16.7
EBIT (A\$millions)	21.6	8.2	(40.1)
EBITDA margin (%)	16.8%	13.9%	3.9%
EBIT margin (%)	7.7%	2.4%	(9.4%)

Source: Huon Transaction Booklet and annual reports

Note 1: Results for FY19 are pre AASB16 while FY20 and FY21 results are post AASB 16

In relation to the above, we note the following:

- The increase in revenue reflects Huon's investment to rebuild biomass over the past few years which resulted in larger harvest. Recovery in the wholesale channel continued to be impacted by the pandemic with prolonged and snap lockdowns across the Eastern Seaboard. However, sales in the domestic retail channel continued to grow as Huon implemented a number of initiatives to grow its retail footprint.

Annexure A: Independent Expert's Report *(continued)*



- Other income is mainly in relation to the receipt of the Government grants of A\$4.1 million in FY20 and A\$11.4 million in FY21, including \$2.7 and A\$10.3 million in Jobkeeper subsidies respectively.
- Cost of production reduced in FY20 and FY21 thanks to the significant investment in recent years which contributed to lower mortality costs and higher volumes. However, due to higher proportion of exports volumes and limited international air traffic, the freight costs for FY21 doubled to A\$66 million compared with A\$32 million in FY20.
- The Company recognised an impairment of A\$114.0 million in FY21 mainly in relation to PP&E of A\$50.0 million and right of use assets for A\$58.5 million. The market capitalisation of the Company of A\$292.3 million as at 31 December 2020 represented a deficiency of A\$66 million to the reported net assets as at 30 June 2020 and hence it was considered by the Company as an impairment indicator of the recoverable amount. The Company adopted a value in use approach based on the net present value of the future cash flows to assess the recoverable amount of the cash generating units. The subdued performance expected for FY21 in conjunction with the decline in salmon prices, high freight costs and the continued uncertainty of COVID-19 led to the impairment. A post-tax discount rate of 8.37% was used in the impairment model.



4.7 Financial position

The consolidated statement of financial position of Huon as at 30 June 2020 and as at 30 June 2021 are summarised in the table below.

Consolidated statements of financial position A\$ '000	30-Jun-20 Audited	30-Jun-21 Audited
Assets		
Cash and cash equivalents	5,934	5,877
Trade and other receivables	24,472	39,951
Inventories	19,321	20,741
Biological assets	264,021	218,252
Derivative assets	2,255	-
Current tax receivable	382	3
Other assets	12,844	13,554
Total current assets	329,229	298,378
Investments in financial assets	1,342	1,996
Property, plant and equipment	305,581	229,800
Right of use assets	162,590	97,799
Other non-current assets	8,411	7,969
Intangible assets	3,325	-
Deferred tax assets	-	1,957
Total non-current assets	481,249	339,521
Total assets	810,478	637,899
Liabilities		
Trade and other payables	82,865	71,080
Borrowings	23,413	12,469
Lease liabilities	16,777	16,691
Derivative liabilities	3,025	2,585
Provisions	8,688	10,878
Other current liabilities	3,534	1,017
Total current liabilities	138,302	114,720
Borrowings	149,772	126,680
Lease liabilities	152,459	143,153
Deferred tax liabilities	53,186	-
Provisions	5,506	6,008
Other non-current liabilities	3,022	1,621
Total non-current liabilities	363,945	277,462
Total liabilities	502,247	392,182
Net assets	308,231	245,717

Source: Huon Transaction Booklet and annual reports

We note the following in relation to Huon's financial position:

- An increase in net working capital was observed from 30 June 2020 to 30 June 2021 with the rebuild of the biomass and with a shift in sales mix towards retail channels that increased accounts receivables. Decrease in trade payables was largely a timing difference given FY20 had been used to

Annexure A: Independent Expert's Report *(continued)*



build biomass resulting in an increase in associated liabilities including payables. Inventory, which represent processed fish and finished goods plus feed and packaging, remained substantially stable.

- The biological assets include broodstock, eggs, juveniles, smolt and live fish which are measured at fair value less costs of sell in accordance with the accounting standard based on the market approach. Broodstock, eggs, juveniles, smolt and live fish below 1kg are measured at costs, fish between 1kg and 4kg are measured at fair value less cost of sell (including a portion of the expected profit at harvest) and fish above 4kg at fair value less cost of sell. The value of biological assets fell by 17% to A\$218.3 million in FY21 due to decline in the international salmon prices and biomass.
- Other assets mainly include pre-payments and investment in financial assets including the 50%⁶² investment in Salmon Enterprises of Tasmania Pty Ltd.
- Property, plant and equipment have declined from A\$305 million as at 30 June 2020 to A\$229 million as at 30 June 2021 primarily due to an impairment charge of c. A\$52.3 million recorded during the half-year in response to the continued difficult trading conditions. Similarly, the right-of-use asset has also declined on account of an impairment charge of A\$58.4 million recognised during 1H FY21.
- The Company had recognised deferred tax assets of A\$34.3 million in relation carry forward of tax losses.
- Net debt of the Company is discussed in section 4.4. The weighted average interest rate was 1.51% in FY21.

⁶² This represents the right to the biomass that Huon is entitled to. According to the Company's annual report, the Company does not believe it can exert significant influence over the operations of Salmon Enterprises of Tasmania Pty Ltd and therefore the investment is reported as an investment in financial assets.



4.8 Cash flow statement

The table below illustrates the Company's audited consolidated statements of cash flows in the last three financial years.

Consolidated statements of cash flow	FY19	FY20	FY21
A\$ '000	Audited	Audited	Audited
Cash flows from operating activities			
Receipts from customers	295,934	362,080	432,220
Payments to suppliers and employees	(271,034)	(344,709)	(422,481)
Interest received	7	115	7
Interests and other costs of finance paid	(8,174)	(6,626)	(4,825)
Interest on lease liabilities	-	(5,883)	(8,273)
Income tax (paid)/refunded	(2,243)	3,399	378
Net cash inflow(outflow) from operating activities	14,490	8,376	(2,974)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	190	-	25
Payments for property, plant and equipment	(64,211)	(21,554)	(9,062)
Payments for other assets	(330)	-	(654)
Net cash inflow(outflow) from investing activities	(64,351)	(21,554)	(9,691)
Cash flow from financing activities			
Proceeds from issue of shares	-	-	66,000
Payment for share issue costs	-	-	(1,886)
Proceeds from borrowings	66,330	37,834	17,522
Repayment of borrowings	(9,057)	(6,043)	(51,558)
Payment of lease liabilities	-	(12,670)	(17,424)
Dividends paid to shareholders	(6,987)	(2,620)	-
Payment of shares for employee share plan	(601)	-	(46)
Net cash (outflow)/inflow from financing activities	49,685	16,501	12,608
Net increase / (decrease) in cash and cash equivalents	(176)	3,323	(57)
Cash and cash equivalents at the beginning of the financial year	2,787	2,611	5,934
Cash and cash equivalents at year end	2,611	5,934	5,877

Sources: Huon Transaction Booklet and annual reports

Note: Cash conversion ratio defined as net operating cash flow divided by EBITDA

We note the following in relation to Huon's cash flow:

- Cash flow from operations have been declining over the last three years due a combination of low salmon prices, unfavourable sales channel mix and increased freight and distribution costs which have been extensively discussed earlier in this section.
- FY21 capital expenditure was largely maintenance capital expenditure of c. A\$9 million, below the Company's long term expected maintenance capital expenditure target of c. A\$15 million to A\$25 million.

Annexure A: Independent Expert's Report *(continued)*



- Increasing working capital requirements were primarily funded through debt resulting in net debt⁶³ of A\$167 million in FY20 leading to a gearing ratio⁶⁴ of 54% in FY20 from 44% in FY19. Following this, Huon undertook capital raising of A\$66 million which reduced net debt to A\$133 million.

4.9 Capital structure

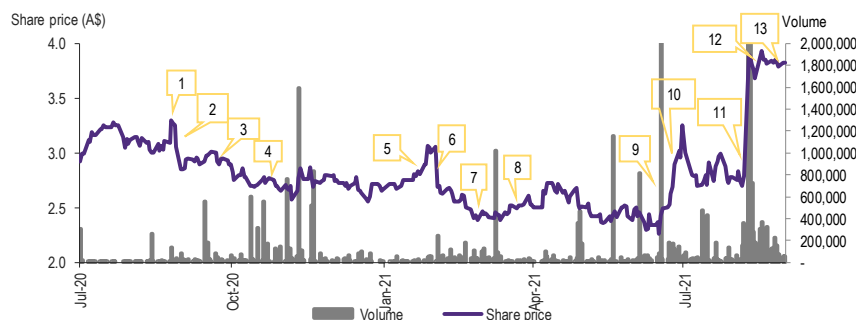
As at the date of this report, Huon's capital structure comprised the following securities:

- 109,872,959 ordinary equity shares.
- 642,548 performance rights. We have considered these performance rights in our valuation assessment.

4.9.1 Share price movements

Our analysis of the daily movements in Huon's share price and volumes since listing on the ASX in December 2020 is set out below.

Huon – Historical share trading price and volumes



Sources: S&P Global and GTCF Analysis

The following table illustrates the key events from July 2020 to August 2021, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	27-Aug-20	Huon aquaculture group securities was placed on a trading halt by ASX. Huon filed an equity offering of A\$64 million. Huon released an earnings report for full year ended June 30, 2020 with the results as follows: - Revenue of A\$339.9 million (+21% on pcp), supported by a 31% increase in harvest. - Statutory NPAT of A\$4.9 million (A\$9.5 million pcp). - Operating NPAT declined to A\$3.9 million due to change in channel mix. Additionally, depreciation charges were higher reflecting the increase in capital expenditure over the prior two years.
2	28-Aug-20	Huon completed a follow on equity offering in the amount of AUD\$64 million with fully underwritten institutional placement of approximately 21.3 million new full ordinary paid shares at a price of A\$3 per new share.
3	28-Sep-20	Huon completed a follow on equity offering in the amount of A\$2 million with approximately 685,000 shares at an issue price of \$2.92 per share.

⁶³ Net debt is total debt net of cash and cash equivalents

⁶⁴ Total gearing ratio is debt (net of cash)/ net assets

Event	Date	Comment
4	30-Oct-20	Huon conducted their annual general meeting with the following announcements: - Announced drop in sales in its wholesale market during Q4 due to its high exposure to the food service channel. - Completed A\$150 million capital expenditure, funded from cash flows and borrowings.
5	18-Jan-21	Huon identified discrepancies in stock records at the company's Ingleburn processing plant over the 6 month period to December 2020, with an estimated value of \$2.1 million. While sales for the period were unaffected, inventory and gross margins were lower by \$2.1 million than otherwise for the case period.
6	2-Feb-21	Huon provided market update for sales volumes for H12021 which were around 19,290t (pcp 13,321t) which was within their stated target of at least 36,000t for FY21.
7	26-Feb-21	Huon has reported earnings result for the half year ended December 31, 2020, as summarised below: - Delivered a statutory loss of A\$95.3 million (A\$22 million NPAT pcp). - Operating EBITDA fell 59% on pcp due to a 15% fall in average price, as there was a shift in the channel mix to spot export sales because of increase in production. - Revenue increased by 24% to A\$220.1 million. - Cash flow from operations was negative A\$4.4 million, reflecting increase in working capital requirements as freight costs per kg doubled on pcp. - Increased working capital requirements offset by A\$66 million capital raise.
8	22-March-21	Huon added to S&P/ASX Emerging index.
9	22-June-21	Tattarang Pty Ltd acquired an initial 7.33% stake in in Huon Aquaculture Group for A\$20 million.
10	25-June-21	Huon announced market update to reaffirm earnings guidance for FY21, with the following: - Provided update on harvest project of around 35,000 tonnes for FY21. - Forecasted operating earnings (EBITDA) for FY21 to be within the previous guidance of A\$15-A\$20 million.
11	6-Aug-21	Huon entered into a Scheme Implementation Deed with JBS to acquire 100% of Huon shares for A\$3.85 and equity of A\$425 million.
12	13 August 21	JBS announced the intention to make a takeover bid, in parallel, but not in substitution to the Scheme announced on 6 August 2021, at A\$3.85 cash per share and subject to a 50.1% minimum acceptance condition, among other customary conditions.
13	26 August 21	Huon released FY21 results reporting: - Operating EBITDA of A\$16.7 million in line with guidance. Operating EBITDA fell by 65% on PCP due to 10% fall in the average price, exacerbated by an increase in production that resulted in a shift in the channel mix to spot export sales at materially increased freight costs - The average harvest weight increase 4% to 5.04 kg in pcp. - Cash flows from operations was negative A\$3.0 million reflecting increased working capital requirements as freight costs doubled on pcp to A\$66 million. - Increases working capital requirements were offset by A\$66 million capital raise resulting in a 20% decrease in net debt from A\$167.3 million to A\$133.3 million.

Source: ASX announcements; GTCF research

Annexure A: Independent Expert's Report *(continued)*



The monthly share price performance of Huon since July 2020 and the weekly share price performance of Huon over the last 16 weeks is summarised below.

Huon Aquaculture Group Limited	Share Price			Average
	High	Low	Close	weekly volume
	\$	\$	\$	000'
Month ended				
Jul 2020	3.280	2.890	3.120	94
Aug 2020	3.350	2.850	2.850	144
Sep 2020	3.190	2.840	2.900	284
Oct 2020	2.900	2.650	2.650	512
Nov 2020	2.920	2.570	2.790	1,024
Dec 2020	2.810	2.540	2.660	133
Jan 2021	3.180	2.670	3.000	89
Feb 2021	3.060	2.370	2.390	301
Mar 2021	2.700	2.360	2.530	377
Apr 2021	2.740	2.480	2.510	330
May 2021	2.560	2.330	2.390	353
Jun 2021	3.250	2.250	3.250	2,332
Jul 2021	3.250	2.640	2.780	421
Week ended				
16 Apr 2021	2.740	2.610	2.720	130
23 Apr 2021	2.740	2.500	2.600	88
30 Apr 2021	2.690	2.480	2.510	1,044
7 May 2021	2.560	2.410	2.420	54
14 May 2021	2.550	2.350	2.370	96
21 May 2021	2.510	2.330	2.410	1,212
28 May 2021	2.560	2.420	2.420	103
4 Jun 2021	2.535	2.390	2.460	895
11 Jun 2021	2.490	2.290	2.340	231
18 Jun 2021	2.490	2.250	2.490	8,266
25 Jun 2021	2.900	2.440	2.900	662
2 Jul 2021	3.250	2.830	3.000	386
9 Jul 2021	3.000	2.700	2.700	168
16 Jul 2021	2.910	2.680	2.910	1,005
23 Jul 2021	3.000	2.690	2.990	281
30 Jul 2021	2.990	2.640	2.780	239

Source: S&P Global



4.9.2 Top shareholders

We have set out below the top 10 relevant shareholders of Huon as at 19 August 2021.

Number of ordinary shares as at 19 August 2021 '000	%	Number of shares
Bender, Peter & Frances	52.7%	57,881,567
Tattarang Agrifoods Pty Ltd	18.5%	20,339,729
Australian Super Pty Ltd	12.6%	13,868,563
Thorney Investment Group Australia Pty Ltd	2.1%	2,283,301
Samson Rock Capital LLP	1.9%	2,119,467
Renaissance Asset Management Pty Ltd	1.5%	1,602,430
DFA Australia Ltd	0.5%	526,772
Coutts & Co.	0.5%	507,640
Realindex Investments Pty Ltd	0.5%	595,184
Tudehope, Danielle S	0.3%	330,000
Top 10 Shareholders	91.1%	100,054,653
Other shareholders	8.9%	9,818,306
Total number of ordinary outstanding shares	100.0%	109,872,959

Source: Transaction Booklet, HUO FY21 Annual Report

Annexure A: Independent Expert's Report *(continued)*



5 Valuation methodologies

5.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Scheme Consideration/Offer with the fair market value of Huon on a control basis.

Grant Thornton Corporate Finance has assessed the value of Huon using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets ("DCF Method").
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets ("FME Method").
- Amount available for distribution to security holders in an orderly realisation of assets ("NAV Method").
- Quoted price for listed securities, when there is a liquid and active market ("Quoted Security Price Method").
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



5.3 Selected valuation methods

In our assessment of the fair value of HUO we have relied on the following valuation methodologies as outlined below:

- *DCF Method* – We have undertaken a valuation assessment of Huon utilising the DCF Method. Grant Thornton Corporate Finance has built a valuation model ("GT Model") based on the cash flow projections prepared by Management and a benchmark with public available information.
- We have cross checked our valuation assessment based on the following:
 - *Multiple approach* – Grant Thornton has considered the EBITDA Multiple and the P/NTA Multiple method to cross check our valuation assessment. We note that the EBITDA performance of the business in FY21 was subdued due to the circumstances discussed in the previous section and accordingly it is not representative of the underlying financial performance. It may take a number of years to Huon to return to a normalised level of performance and hence we have analysed the EBITDA through the cycle. Given these limitations, we have also considered the P/NTA given that the biomass is assessed at fair value and the Company has recently completed a large capex cycle.
 - *Quoted Security Price Method* – The Quoted Security Price Method is based on the Efficient Market Hypothesis, which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. Given the limited liquidity in Huon's trading, we have only made certain observations on the historical trading prices to assist Shareholders in considering the merits of the Proposed Transaction.

Annexure A: Independent Expert's Report *(continued)*



6 Valuation assessment of HUO

6.1 DCF Method

6.1.1 GT Model

For the purpose of our valuation assessment of Huon utilising the DCF Method, Grant Thornton Corporate Finance has developed the GT Model based on a critical review and consideration of the following:

- Historical financial performance of Huon.
- Market updates from investment analysts who provide coverage of Huon historical and expected performance and of the industry as a whole.
- Key performance indicators of comparable listed peers that operate in a similar segment to Huon, in particular Tassal.
- The detailed management projections prepared for the discrete period between FY22 to FY25 included in the Internal Model.
- Key industry risks, growth prospects and general economic outlook

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are reasonable and appropriate to be adopted for the purpose of our valuation, we have not disclosed them in our IER as they contain commercially sensitive information and because we have not commissioned an Investigating Accountant Report ("IAR")⁶⁵.

In accordance with the requirements of RG 111, we have undertaken a critical analysis of the FY22 Budget and FY23 to FY25 Management projections included in the Internal Model before integrating them into the GT Model and relying on them for the purpose of our valuation assessment. Specifically, we have performed the following analysis:

- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the Internal Model.
- Performed a broad review, critical analysis and benchmarking against the historical performance of Huon and current trends in the industry.
- Held discussions and interviews with Management of the Company and its advisors to discuss the Internal Model and the key underlying assumptions.
- Reviewed and benchmarked revenue growth rates, expenses and earnings margins with listed peers.

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently

⁶⁵ ASIC Regulatory Guide 170 "Prospective Financial Information" and RG111 require to commission an IAR if the Expert intends to disclose the actual projections used in the valuation in the IER

subject to considerable uncertainty and that there is significant scope for differences of opinion. It should be noted that the value of Huon could vary materially based on changes to certain key assumptions.

6.1.2 Key valuation assumptions

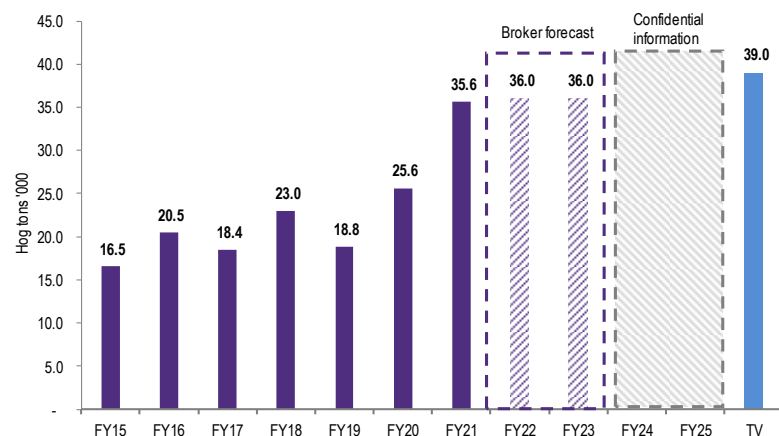
Production

As a result of the capital expenditure program implemented between FY15 and FY21, the Company's production capacity has grown to circa 40,000 tonnes per annum. In FY21 Huon harvested 35,611 tonnes and over the next couple of years, Management expects production volume to remain on or around this level whilst demand in the wholesale domestic market recovers from the pandemic. Thereafter, the Company plans to increase production levels closer to its full capacity by the end of the discrete forecast period. Expected growth in production appears reasonable due to the following:

- Domestic per capita salmon consumption is expected to continue to grow to support demand.
- The Company currently operates with excess capacity and it can quickly ramp-up operations to meet the increased demand.
- Growth in the domestic retail market is expected to continue.
- The forecast production for FY22 and FY23 is broadly consistent with the brokers' forecast.

Below we present the historical production and our forecast terminal year assumption. In addition, we have included the brokers' forecast for FY22 and FY23.

Huon historical production



Source: GTCF Analysis, S&P Global

In our assessment of the level of production in the terminal value to be maintained in perpetuity, we have normalised production at around 39,000 tonnes to take the following into account:

- Based on discussions with Management, we understand that Huon has the ability to potentially increase current capacity above 40,000 by increasing the size of the salmon.

Annexure A: Independent Expert's Report *(continued)*



- History demonstrates that events outside the control of the Company may occur periodically and these events have the ability to materially affect production.
- There are significant barriers to entry which make it difficult for potential new entrants to win market share from the existing domestic players. Competition from overseas suppliers is limited to some VA products given the high perishable nature of HOG salmon. These market conditions provide a safety net for any material reduction in production under normal trading conditions.
- We note that we have not included in our valuation assessment any material additional capex to further increase existing infrastructure, however, the Company does have the potential to expand production from 2 unused leases located at Storm Bay, but these are subject to regulatory requirements and upfront capex.

Sales channels and sale price

The adopted sales channel mix is a key determinant of the sale price achieved by the Company as the prices across wholesale, retail and export markets differ significantly. Export market pricing is usually lower than the domestic retail and wholesale markets as volumes are sold at the spot price established by Fish Pool. In FY20 and FY21, Huon was forced to sell a larger share of its annual production at low export prices due to the COVID-19 outbreak.

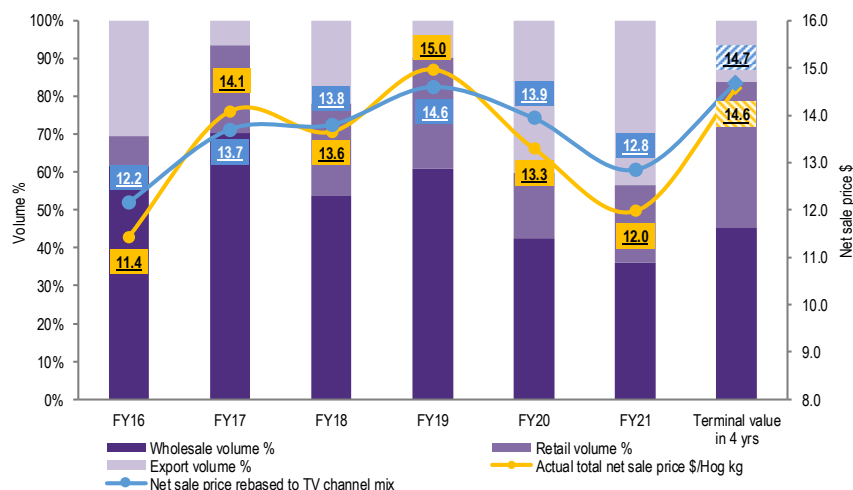
Since then, the Company has entered into 2 new large 3 year contracts with Woolworths and Coles with the Company's domestic retail sales, as a percentage of total sales, expected to increase above 30% in FY22. The Company also expects to benefit from the reopening of the foodservice industry as operating conditions are anticipated to begin to normalise in 2022. As a result, Huon aims to realign the sales channel mix to focus on contracted retail and wholesale revenue whilst reducing the proportion of sales to the more volatile spot export market.

Over the discrete period:

- Wholesale prices are expected to gradually recover as domestic demand returns to pre-COVID-19 levels.
- Prices in the retail channel are agreed under contracts often with CPI escalation clauses and accordingly they are expected to continue on a gradual increasing trajectory.
- The recovery in export prices is supported by Fish Pool Futures which indicates that the average price will be NOK62-63/HOG kg in FY22, adjusting back to NOK58-59/HOG kg in FY23.

For the purpose of assessing the average salmon price across the channel mix in the terminal year, we have analysed the historical net sales price achieved by the Company while having regard to the actual channel mix and recalculated the average price based on the channel mix adopted in the terminal year to ensure a like for like comparison. This is presented in the graph below:

Historical net sale prices achieved by Huon and sales channels mix



Source: GTCF analysis, Huon annual reports
Note: Export volumes include also international retail

As set out in the graph above, we have adopted for the purpose of our terminal value assessment, an average salmon price across all the channels of A\$14.70/HOG kg based on the following:

- The sale price was typically lower in years where the sales channel mix included a large proportion of exports. As mentioned, the forecast FY25 sales channel mix is expected to be more diversified with a lower level of exports and a larger proportion of contracted retail and wholesale sales.
- The Company achieved a similar price in FY19 when the sales mix was similar to what we have assumed in the terminal value.
- From discussions with Management, we understand that the Company, in the absence of large external market shocks similar to the pandemic, is able to take advantage of the seasonality in the export salmon prices by limiting sales into the export market in the fourth quarter of the calendar year when the price significantly declines as a result of European companies harvesting at the end of the European summer and the subsequent increase in supply.

Cost of Goods Sold

COGS includes fish inputs, mortalities and packaging and processing costs. On average, over the previous seven years, fish inputs accounted for circa 70% of COGS with the balance shared equally between packaging and processing and mortalities.

- **Fish inputs costs** – Estimated to remain in line with historical costs.
- **Mortalities** – Between FY15 and FY21, mortalities as a percentage of revenue have varied significantly with increases in FY16 and FY17 as salmon were affected by a type of fish flu, while in FY18 high mortalities were associated with unfavourable summer conditions and jellyfish blooms. More recently, in April 2021, unseasonably warm weather caused a material increase in the mortality

Annexure A: Independent Expert's Report *(continued)*



rate. As mentioned in section 4.2.3, Management has implemented a series of initiatives to reduce the mortality rate which is expected to gradually decline in the discrete forecast period. In the terminal value, we have assumed a normalised mortality rate at the low-end of the historical percentage of revenue to reflect the positive impact of Huon's initiatives.

- **Packaging and processing costs** – These costs are closely correlated to the proportion of sales to the retail sector, which attracts higher processing costs per HOG kg compared to domestic wholesale and exports. Given the shift towards the retail sale channel from FY22 and value-add products, packaging and processing costs are projected to increase above the historical level on a \$/HOG kg basis in the discrete period. However, from discussions with Management, we understand that there are currently some inefficiencies in the processing plants as the Company has taken advantage of the growth in the retail domestic market by increasing packaging and processing costs in order to be able to respond quickly to pent-up demand. The Company is projecting to reduce these inefficiencies in the coming years which we have captured in our terminal value.

Other assumptions

- **Freight costs** – In FY20 and FY21, freight costs on a per kg basis more than doubled due to the impact of the pandemic. We have assumed that freight costs will gradually revert to pre-pandemic levels by FY25 as a result of the Company realigning its sales channels mix towards domestic wholesale and retail and the effect of the pandemic on international flights to normalise.
- **Other operating expenses** – These include marketing, other selling costs and general and admin expenses which we have assumed are in line with historical trends. Given that we have valued the business on a 100% control basis, we have accordingly allowed for certain cost synergies that would be available to a pool of potential purchasers of Huon and one-off implementation costs. Our selected level of synergies is mainly associated with the costs of being publicly listed (i.e. audit fees, Directors costs, share registry, ASX fees and investor relations costs) and other cost savings associated with legal and consulting fees.
- **Tax rate** – We have assumed a 30% corporate tax rate. The Company has A\$34.3 million of accumulated tax losses as of 30 June 2021. We have reflected the benefits of the tax losses in the GT Model. Due to the uncertainty associated with the ability of a pool of potential purchasers to fully realise the associated benefits, we have assumed a 75% utilisation rate.
- **Capital expenditure** – The Company has invested circa A\$350 million since 2015, focusing on increasing production capacity and efficiency in its operations. No further growth investment in marine operations is expected for the next three to five years. Management has indicated a normalised level of maintenance capex for the discrete period of around A\$25 million. In the terminal value, we have assumed a maintenance capex of approximately A\$30 million per annum reflecting the ageing of the infrastructure by this date and the limited useful life of certain items such as nets, which have a life cycle of between four to seven years. In addition, we have benchmarked our assumption with Tassal, which has a similar level of salmon production of between 35,000 and 40,000 tonnes and which has reported maintenance capex of circa A\$30 million for salmon operations in FY21 and expected maintenance for both salmon and prawn operations at around A\$50 million in FY22⁶⁶.

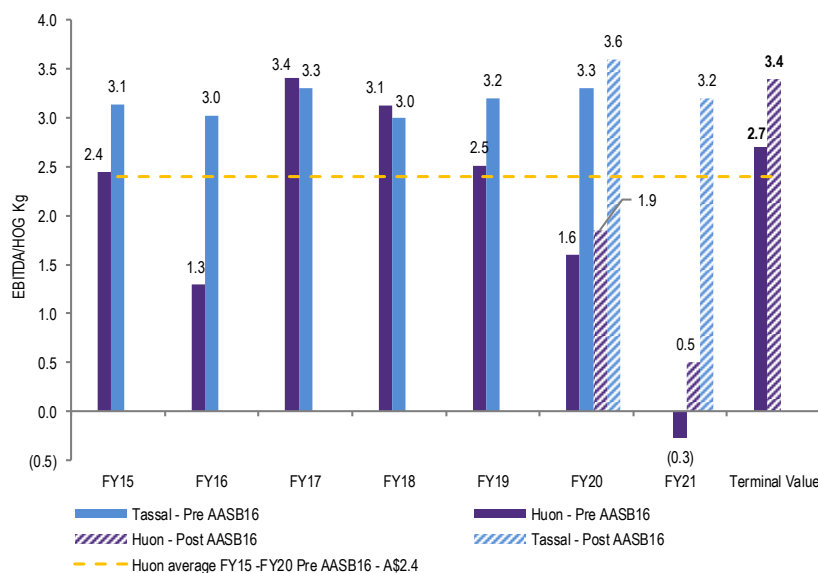
⁶⁶ Tassal FY21 results presentation.

- **Working capital** – In the terminal year, we have allowed for a normalised level of working capital, taking into consideration historical trends as well as the Company reaching steady state production of 39,000 tonnes.
- **Terminal growth rate** – We have adopted a terminal growth rate of 2.0% in line with inflation projections.
- **Discount rate** – We have assessed the discount rate between 8.9% and 9.5% based on the WACC. Refer to Appendix B for details.

Cross check on the terminal value EBITDA

As discussed throughout this section, we have calculated our terminal value under normalised conditions which take into account the production capabilities using the current infrastructure but at the same time considers that the industry is subject to adverse weather events, unfavourable growing conditions and diseases which creates some cyclical in the business. Based on our granular assumptions discussed above, we have assessed our terminal value EBITDA at A\$3.4/HOG g (post AASB-16) which we have benchmarked in the graph below against the historical performance and the EBITDA/HOG kg of Tassal. We note that the information prior to FY19 is only presented on a pre-AASB16 basis whereas, where possible, we have illustrated the information from FY20 on a pre and post AASB16 basis.

Huon EBITDA/HOG kg



Source: GTCF analysis, Huon and Tassal annual financial reports

Note: The terminal value EBITDA/HOG is inclusive of the projected cost savings and synergies

We are of the opinion that our assessment of the terminal year EBITDA on a A\$/HOG kg basis is reasonable due to the following:

Annexure A: Independent Expert's Report *(continued)*



- It is above the EBITDA/HOG kg achieved on average during the period between FY15 and FY20 of A\$2.4/HOG kg on a pre-AASB16 basis and takes into account the efficiencies realised by the large capital expenditure program.
- It is in line with the average EBITDA/HOG kg realised by Tassal in FY20 and FY21 on a post-AASB16 basis.
- It represents a through the cycle EBITDA return.

6.1.3 Net debt and other assets

The following is the pro forma net debt as at 30 June 2021, which we have adopted for the purpose of our valuation assessment.

Pro forma Net Debt as at 30 June 21	
A\$ '000	
Current borrowings	12,469
Non current borrowings	126,680
Less: Cash balance	(5,877)
Pro forma Net Debt of Huon as at 30 June 2021	133,272

Source: GTCF analysis, Huon annual report

6.1.4 Number of shares outstanding

The following is the number of shares on issue as at 30 June 2021.

Number of ordinary shares as at 30 June 21	
	Number of shares
Huon ordinary outstanding shares	109,872,959
Huon performance rights	642,548
Total number of ordinary outstanding shares	110,515,507

Source: GTCF analysis, Huon annual report

6.1.5 Summary of the value per share

We have set out below our assessment of the fair market value of HUO on a 100% control basis.

DCF Method - valuation summary	Section		
A\$ '000 (except where stated otherwise)	Reference	Low	High
Enterprise value on a control basis	6.1	547,701	600,653
Less: Pro Forma Net debt as at 30 June 2021	6.1.3	(133,272)	(133,272)
Equity Value (control basis)		414,429	467,381
Number of outstanding shares ('000s) (fully diluted)	6.1.4	110,516	110,516
Value per share (control basis) (A\$ per Share)		3.75	4.23

Sources: GT Model, GTCF analysis

6.1.6 Sensitivity analysis



It should be noted that the equity value of Huon could vary materially based on changes to certain key assumptions. Accordingly, we have undertaken certain sensitivity analyses below to highlight the impact on the value of Huon's equity value under the DCF Method caused by movements in certain key assumptions. The following table summarises our results.

Sensitivity analysis			Low	High
A\$ per share			% Change	% Change
GT assessed value	3.75	4.23		
Discount rate				
+0.5%	3.42	3.84	(8.8%)	(9.2%)
-0.5%	4.13	4.68	10.0%	10.6%
Terminal growth rate				
+0.5%	3.96	4.49	5.5%	6.2%
-0.5%	3.57	4.00	(4.8%)	(5.3%)
Mortalities as % of revenues in the terminal year				
+1.0%	3.40	3.84	(9.3%)	(9.1%)
-1.0%	4.10	4.62	9.3%	9.1%
Production Volume in terminal year (tonnes)				
35,000	3.06	3.47	(18.3%)	(18.0%)
43,000	4.44	4.99	18.3%	18.0%
Net sale price in the terminal year				
+2.5%	4.49	5.05	19.6%	19.4%
-2.5%	3.01	3.41	(19.6%)	(19.4%)
Freight costs in the terminal year				
+5.0%	3.51	3.96	(6.4%)	(6.3%)
-5.0%	3.99	4.49	6.4%	6.3%
EBITDA/HOG Kg in the terminal year				
+3.0%	3.98	4.48	6.0%	5.9%
-3.0%	3.52	3.98	(6.0%)	(5.9%)

Source: GTCF analysis

6.2 EBITDA⁶⁷ and P/NTA Multiple

In order to provide a cross check of our valuation conclusions under the DCF methodology, we have considered the EBITDA Multiples and P/NTA Multiples of comparable listed companies and recent transactions involving salmon farming and production companies. We have set out in the table below the historical (FY20 and FY21) and forecast (FY22 and FY23) EBITDA Multiples and 30 June 2021 P/NTA Multiple implied in our valuation assessment of Huon based on the DCF Method.

As discussed earlier, Huon's FY20 and FY21 financial performance was adversely affected by specific circumstances outside the control of the Company which are expected to normalise in the years ahead. Accordingly, for the purpose of our cross check, we have sought to benchmark a through-the-cycle implied EBITDA Multiple which would reflect the normalised financial performance of the Company.

⁶⁷ Throughout this section, EBITDA and Operating EBITDA refer to the EBITDA before fair value adjustments unless otherwise stated.

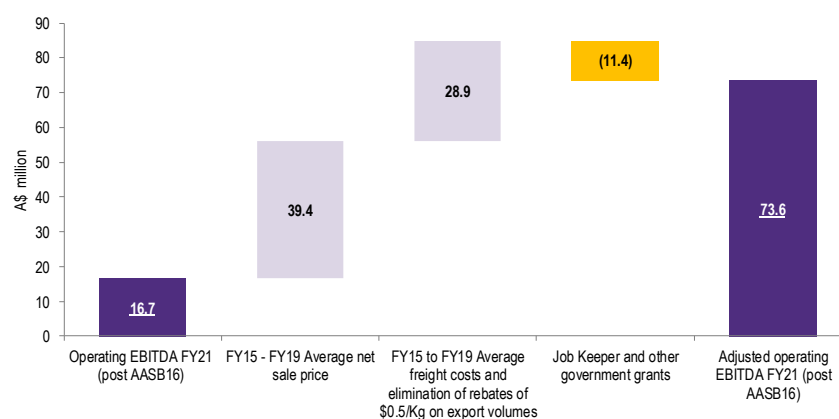
Annexure A: Independent Expert's Report *(continued)*



We have set out below the mechanical recalculation of the FY21 EBITDA of Huon based on the following normalisation adjustments to remove the impact of COVID-19 disruption on the business:

- We have adopted a salmon price equivalent to average net sale price achieved by the Company between FY15 and FY19 of A\$13.18/HOG/kg versus the actual price achieved in FY21 of A\$11.97/HOG/kg. This is a simplistic approach as it does not take into account the different channel mix and the impact on the cost structure.
- We have normalised the freight cost per HOG kg utilising the average between FY15 and FY19 of A\$0.72/HOG kg versus the actual cost in FY21 of A\$1.85/HOG kg (after Government subsidies). We have also removed the positive impact of freight subsidies under the IFAM.
- We have removed the total grants received by the Government through JobKeeper and other similar subsidies as a result of COVID-19.

FY21 Operating EBITDA adjusted for historical assumptions (A\$ million)



Source: GTCF analysis, Huon FY21 Annual Report

We note that the assessed through-the-cycle Operating EBITDA for FY21 corresponds to an Operating EBITDA of c. A\$2.1/HOG kg.

We have set out below the multiples implied in our valuation assessment.

Implied EBITDA and NTA Multiple	Section Reference	Low	High	Scheme consideration
Equity value	6.1	414,429	467,381	425,485
Enterprise value¹	6.1	705,549	758,501	716,605
EBITDA				
FY20 Operating EBITDA (post AASB 16)	4.6	47,308	47,308	47,308
FY21 Operating EBITDA (post AASB 16)	4.6	16,697	16,697	16,697
FY21 Through the cycle Operating EBITDA (post AASB 16)	6.2	73,577	73,577	73,577
FY22 Operating EBITDA (consensus, post AASB 16)		66,500	66,500	66,500
FY23 Operating EBITDA (consensus - post AASB 16)		86,458	86,458	86,458
Implied EV/EBITDA				
FY20 EV/EBITDA		14.9x	16.0x	15.1x
FY21 EV/EBITDA		42.3x	45.4x	42.9x
FY21 EV/EBITDA (through the cycle)		9.6x	10.3x	9.7x
FY22 EBITDA		10.6x	11.4x	10.8x
FY23 EBITDA		8.2x	8.8x	8.3x
Net assets				
30 June 2021 net tangible assets (post AASB 16)	4.7	245,717	245,717	245,717
30 June 2021 net tangible assets - before FY21 impairment ²		325,488	325,488	325,488
Implied P/NTA Multiple				
P/NTA (post AASB 16)		1.7x	1.9x	1.7x
P/NTA (post AASB 16) - before FY21 impairment		1.3x	1.4x	1.3x

Source: GTCF analysis

Note (1): Enterprise value computed as the enterprise value from the DCF method (section 6.1) plus the AASB 16 lease liabilities to be consistent with the peers; (2) We have added back net impairment costs of A\$79.8 million

We note the following in relation to the above calculations:

- The implied multiples are prepared on a post-adoption of AASB-16 basis, which is the same approach adopted by brokers for assessing forecast EBIT and EBITDA.
- The P/NTA are presented having regard to the reported FY21 NTA and the Adjusted NTA where we have added back the post-tax impairment of A\$79.8 million. We are of the opinion that the impairment is not permanent in nature and it is reasonable to assume that this will be brought back on the balance sheet with improvements in the financial performance.
- We note that the brokers' estimates for FY22 and FY23 have been prepared based on improving market conditions following the negative impacts of COVID-19 on the wholesale foodservice and export sales channels. As a result, Operating EBITDA is expected to improve materially from FY21 as salmon prices recover, operations in the foodservice sector return to pre-COVID levels and air freight costs normalise. The available broker consensus estimates for Huon are set out in the table below.

Annexure A: Independent Expert's Report *(continued)*



Brokers Estimates				
A\$m	Date	FY21A	FY22F	FY23F
Net Revenue				
Broker 1	26-Aug-21	426	446	469
Broker 2	27-Aug-21	426	484	531
Broker 3	30-Aug-21	426	482	485
Median		426	482	485
EBITDA ^{1,2}				
Broker 1	26-Aug-21	17	62	89
Broker 2	27-Aug-21	17	70	86
Broker 3	30-Aug-21	17	67	73
Median		17	67	86
EBIT ^{1,2}				
Broker 1	26-Aug-21	(40)	7	34
Broker 2	27-Aug-21	(40)	19	35
Broker 3	30-Aug-21	(40)	16	22
Median		(40)	16	34

Source: Broker reports on Huon

Notes: (1) EBITDA and EBIT on a post-adoption of AASB 16 basis; (2) EBITDA and EBIT figures quoted refer to Operating EBITDA and Operating EBIT (i.e. excluding SGARA); (3) As at 30 August 2021

As set out above, brokers' consensus forecast for FY23 is not inconsistent with the normalised FY21 EBITDA assessed by Grant Thornton using normalised trading conditions for the FY17-FY19 period.

6.2.1 Trading multiples

In selecting and analysing the listed comparable companies, we have considered the following:

- We have mainly relied on the Australia and New Zealand salmon producing companies given the similar economic, geopolitical and regulatory environments that they operate in. In particular, we note that Huon primarily produces fresh HOG salmon for domestic consumption and Australia has strict biosecurity regulations in place that prohibit the import of fresh HOG salmon. As a result the market is primarily influenced by local demand and supply forces. The second basket ("Tier 2") consists of international salmon producers. Whilst they sell into different end markets and face different geopolitical and economic risks, they share some similarities in risks and revenue drivers. However, given their size, market positioning and channel mix, we have placed limited reliance on these companies.
- The listed companies have differing year-ends, which we have taken into account in the assessed multiples.
- The EBITDA and P/NTA Multiples of listed peers reflect the value of the underlying companies on a minority basis and do not include a premium for control.
- The EBITDA and P/NTA Multiples have been prepared on a post-adoption of AASB-16 basis, consistent with our implied multiples.

Trading multiples analysis				EV/EBITDA Multiple				P/NTA Multiple
			Market Cap	FY20	FY21	FY22	FY23	30-Jun-21
Company	Country	Year-end	A\$ m	Actual	Projected	Projected	Projected	Actual
Tier 1 - ANZ Salmon Producers								
Tassal Group Limited	Australia	30 Jun xx	758	9.3x	9.2x	7.8x	7.1x	1.1x
New Zealand King Salmon Inv. Ltd	New Zealand	31 Jan xx	193	9.3x	13.2x	24.8x	9.5x	1.4x
Sanford Limited	New Zealand	30 Sep xx	416	9.8x	10.6x	8.3x	6.8x	3.0x
Median - Tier 1				9.3x	10.6x	8.3x	7.1x	1.4x
Average - Tier 1				9.5x	11.0x	13.6x	7.8x	1.8x
Tier 2 - International Salmon Producers								
Mowi ASA	Norway	31 Dec xx	18,909	26.8x	22.6x	16.0x	15.7x	
P/F Bakkafrøst	Denmark	31 Dec xx	7,087	32.6x	16.8x	14.4x	13.2x	
SalMar ASA	Norway	31 Dec xx	10,600	19.6x	16.4x	13.6x	13.1x	
Grieg Seafood ASA	Norway	31 Dec xx	1,517	23.7x	15.5x	8.3x	7.5x	
Lerøy Seafood Group ASA	Norway	31 Dec xx	7,343	16.8x	12.4x	9.4x	9.6x	
Salmones Camanchaca S.A.	Chile	31 Dec xx	423	NM	NM	5.8x	4.8x	
Median - Tier 2				23.7x	16.4x	11.5x	11.3x	
Average - Tier 2				23.9x	16.7x	11.2x	10.6x	

Sources: S&P Global, GTCF Analysis, Management

Notes: (1) Multiples as at 26 August 2021; (2) Enterprise Value (EV) includes net debt (interest-bearing liabilities less non-restricted cash), non-controlling interests and AASB16 liabilities. (3) Forecast trading multiples are based on the median of broker consensus estimates; (4) NZKS FY21 EBITDA Multiple has been calculated by taking NZD 10.95 million (post IFRS 16 adj.) EBITDA in the 7 months to 31 January 2021 and adding the 5 months from 31 January 2020 to 30 June 2020 implied EBITDA of NZD 7.90 million

We have also presented below EBITDA and revenue growth benchmarking assumptions for the Tier 1 companies in order to provide greater insights into the multiples:

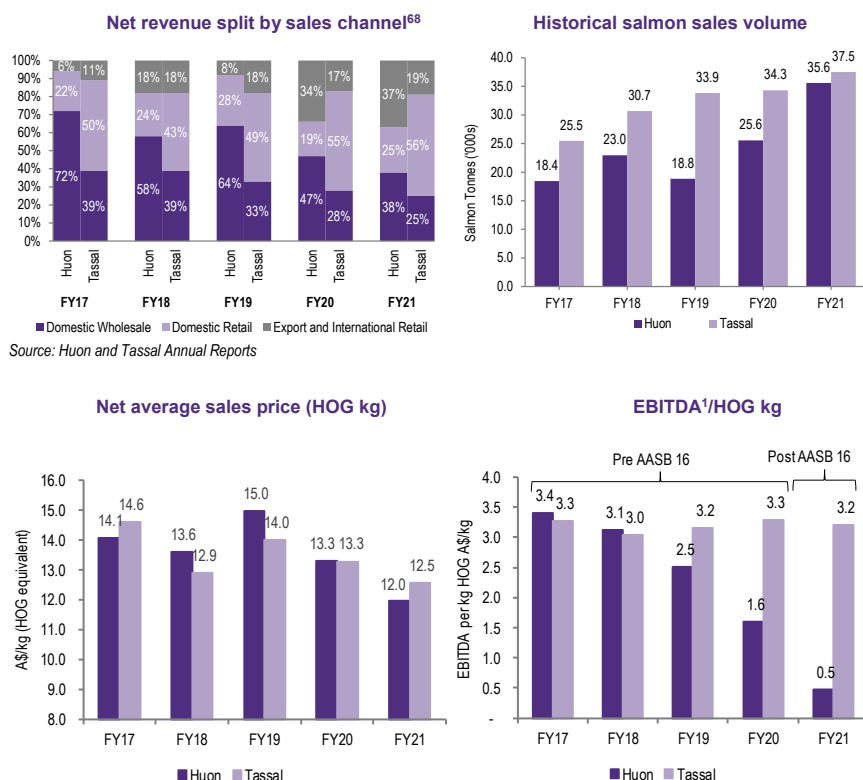
Kpis		Market	EBITDA Margin				Revenue growth	
		Cap	FY21	FY22	FY23	Avg. EBITDA Margin (FY17-FY23)	Hist. rev growth (FY17-FY21)	Fcast. rev growth (FY21-FY23)
Company	Country	A\$ m	Actual	Forecast	Forecast			
Huon Aquaculture Group Limited	Australia	421	-5.4%	13.5%	16.3%	8.1%	13.2%	5.4%
Tier 1 - ANZ Salmon Producers								
Tassal Group Limited	Australia	758	23.5%	25.0%	25.8%	22.6%	7.2%	8.5%
New Zealand King Salmon	New Zealand	193	NM	6.1%	12.9%	13.8%	4.4%	9.3%
Sanford Limited	New Zealand	416	12.6%	14.7%	16.9%	15.4%	0.4%	7.4%

Sources: S&P Global, GTCF Analysis.

Tassal

In our opinion, Tassal is the most comparable company to Huon as it is a similar sized salmon producer operating in Australia where the market is largely dominated by these two companies and to a lesser extent by Petuna. Accordingly, we have undertaken a detailed benchmarking exercise to compare and contrast Tassal's operations with Huon's in order to gather insights into their trading multiples. We have set out below certain KPIs of the two businesses.

Annexure A: Independent Expert's Report *(continued)*



Source: Huon and Tassal Annual Reports

Note (1): EBITDA in FY17 to FY20 on a pre-AASB 16 basis; EBITDA in FY21 on a post-AASB 16 basis

In relation to the graphs above, we note that Tassal and Huon sold a similar amount of salmon in FY21 at approximately 35,000 tonnes for Huon and 37,500 tonnes for Tassal. However, in addition to salmon, Tassal also produces prawns, which accounted for approximately A\$60 million in revenue and A\$17.2 million of EBITDA in FY21 (28% EBITDA margin).

Huon has almost doubled its sales volumes over the last two years, growing from 18.8k tonnes in FY19 to 35.6k tonnes in FY21, however a significant component of the increase in volume were sold into the export market which was not profitable. Packing and processing costs were also higher in FY21 as sales into the retail channel required additional packing and processing. As a result, Operating EBITDA reduced from A\$47.3 million in FY20 to A\$16.7 million in FY21 and the EBITDA/HOG kg to A\$0.5 (all on a post-AASB16 basis).

Conversely, Tassal's volumes have been more consistent over the last few years and Tassal's sales mix has been more stable with retail contracts accounting for more than 50% of sales on average over the last three years. As a result, Tassal has been able to substantially maintain EBITDA per HOG kg which only decreased from A\$3.6 in FY20 to A\$3.2 in FY21⁶⁹.

⁶⁸ For the purpose of this comparison, we have aggregated retail international and export sale together as Tassal does not provide information about the retail international channel.

⁶⁹ The above chart shows FY20 of A\$3.3 a pre-AASB16 basis and FY21 of A\$3.2 on a post AASB-16 basis.



Despite the significant similarity of operations, we would expect the EBITDA Multiple of Tassal to be at a premium to Huon given its greater proportion of contracted revenue to the domestic retail market which is experiencing favourable conditions over the wholesale and export markets, its more consistent profitability, stable operations and higher margins.

In relation to the P/NTA comparison, we are of the opinion that a comparison based on the balance sheet is relevant given that the biomass is assessed at fair value, the industry is capital intensive and both companies have undertaken large capital expenditure programs over the last few years that have a long useful life. We have presented both the reported NTA and the Adjusted NTA to eliminate some of the accounting discrepancies in relation to goodwill and intangible assets which may have clouded the comparison.

However, in our review of the information available, we have noticed that the fair value of Tassal's biomass at A\$463 million for 26,896 tonnes of salmon live biomass⁷⁰ as at 30 June 2021 is significantly greater than Huon's biomass fair value of A\$218.3 million for 20,336 tonnes of live finfish at sea. This seems to indicate that Tassal adopts different assumptions and benchmarking in the fair value assessment. Limited information is available to identify the differences, however, we note for example that for impairment purposes, Tassal adopted a post-tax discount rate of 6% in FY21 to net present value the future cash flows whereas Huon selected a post-tax discount rate between 8.37% and 8.44% for the same purpose. Whilst the fair value of the biomass is different on an absolute value and in terms of A\$/tonne, the difference seems to reduce if the deferred tax liabilities ("DTL") recognised in conjunction with the fair value changes of the biomass are taken into account. Tassal had a DTL in relation to the biomass of A\$132.7 million as at 30 June 2021 whereas Huon's related DTL was A\$57.2 million. If we compare the value of the biomass net of the related DTL on a per tonne basis over the last three years, the differences seem to mitigate even if they remain substantial.

Biomass - Huon vs. Tassal	Huon FY19	Tassal FY19	Huon FY20	Tassal FY20	Huon FY21	Tassal FY21
Biomass (tonnes)	16,886	18,978	26,429	27,384	20,336	26,896
Gross Biomass (fair value, \$Am)	209.1	397.2	264.0	448.4	218.3	463.0
Gross Biomass per tonnes (A\$ / tonnes)	12,383	20,929	9,990	16,375	10,735	17,214
DTL biological assets (\$Am)	(56.7)	(115.1)	(72.2)	(129.4)	(57.2)	(132.7)
Net Biomass (\$Am)	152.4	282.1	191.8	319.0	161.1	330.3
Net Biomass per tonnes (A\$ / tonnes)	9,023	14,863	7,257	11,650	7,922	12,279

Source: GTCF Analysis, Huon Annual Reports, Tassal Annual Reports

Notwithstanding the limitations identified above, driven by different accounting assumptions, which are not uncommon in a valuation assessment based on the market approach, we are of the opinion that it is not unreasonable to adopt the P/NTA to comment on the reasonableness of our valuation assessment. The P/NTA implied in the DCF Method is 1.8x based on the reported NTA or 1.35x based on the Adjusted NTA. As discussed earlier, we are of the opinion that the impairment is not permanent in nature and the net assets impaired may be written back on the balance sheet in conjunction with an improvement in the financial performance. The P/NTA multiple of Tassal once a premium for control⁷¹ is taken into account is within the range assessed based on the NTA and Adjusted NTA.

⁷⁰ Tassal also has prawn in the water which would be included in the fair value of the biomass however the split between the two is not provided.

⁷¹ Throughout this report, to assess the multiples of Tassal on a control basis, we have applied a premium for control of 40% which is at the high-end of the premium for control applied in the Australian market. This takes into account the unique infrastructure and market positioning in the Australian market.

Annexure A: Independent Expert's Report *(continued)*



New Zealand King Salmon Investments

NZKS is a New Zealand based producer of ocean farmed king salmon listed on the NZX and ASX with a market capitalisation of c. A\$187 million. King Salmon is rarer than Atlantic salmon and commands a premium price due to its perceived higher quality. NZKS is attempting to expand its operations to open ocean farming to the Cook Strait which benefits from better farming conditions such as greater current flows and cooler water temperatures. NZKS expects to be able to farm up to 10,000 tonnes annually at the site – more than double its current production. In our valuation assessment, we have placed limited reliance on NZKS due to the following:

- NZKS produces approximately half of the world's farmed supply of King Salmon which is a different market position from Huon and it has significantly greater exposure to the export market.
- It is significantly smaller than Huon with annual harvest between 8,000 and 9,000 tonnes.
- In the seven months ending 31 January 2021⁷², EBITDA was NZ\$9.96 million, approximately half the NZ\$19.6 million EBITDA for the pc⁷³. The reduction in EBITDA was primarily due to lower demand and prices during the COVID-19 pandemic. The performance is only expected to normalise from FY23.
- Its January year-end makes the multiple comparison more challenging.

Sanford

Sanford Limited is a New Zealand based seafood supplier and producer with over 90 species supplied to its customers. In 2020, approximately 56% of its revenues were generated by overseas customers. The Company's wildcatch fishing operations account for approximately 65% of its revenues and its aquaculture operations (consisting of mussels and salmon) accounted for the remainder. Salmon only contributed 12.8% of revenues for the twelve months ending 31 March 2021 and accordingly we have not relied on Sanford Limited.

International peers

The Norwegian and Danish salmon farming peers are all significantly larger than Huon and are able to command a premium price over Australian salmon aquaculture companies. As a result they generate higher EBITDA margins than Huon and they are able to apply greater influence over future prices given the size of their harvest as part of the global supply. They also benefit from the ability to expand into the cooler arctic waters which should provide resilience to warmer ocean temperatures in the future. Whilst, we have presented their multiples for completeness, we have not relied on them.

6.2.2 Transaction multiples

We have also considered multiples implied by historical transactions involving companies with similar operations to Huon. The table below summarises our comparable transaction analysis:

⁷² It recently changed its reporting period from 30 June to 31 January, accordingly we have mostly analysed its performance in the 7 month period ending 31 January.

⁷³ Previous corresponding period ("pcp").



Date	Status	Target Company	Country	Bidder Company	Stake (%)	Deal Value (A\$m)	EBITDA Multiple
20-Aug-21	Pending	Norway Royal Salmon ASA ¹	Norway	SalMar ASA	100%	1,824	16.9x
02-Jun-21	Pending	Salmonor AS ²	Norway	Midt-Norsk Havbruk	100%	447	Nd
05-Mar-20	Completed	The Scottish Salmon Company ³	United Kingdom	P/F Bakkafrøst	69%	946	8.2x
16-Dec-19	Completed	Sor Farming AS	Norway	Tombre Fiskeanlegg AS	100%	202	Nd
01-Oct-19	Completed	K.Strommen Lakseoppdrett AS	Norway	Mowi ASA	100%	131	Nm
03-Jul-19	Completed	Australis Seafoods S.A. ⁴	Chile	Joyvio Agriculture	95%	1,241	8.5x
03-Jul-18	Completed	Northern Harvest Sea Farm	Canada	Mowi ASA	100%	321	Nd
15-Jun-17	Completed	Midt Norsk Havbruk AS	Norway	NTS ASA	100%	223	9.9x
Average							10.9x
Median							9.2x

Source: S&P Global, GTCF analysis, Mergermarket

Note (1): EBITDA Multiple has been calculated by taking the average EBITDA of NRS over FY16-FY19; (2) We have excluded NOK 100 million in potential earn-outs from the deal value; (3) EBITDA Multiple has been calculated by annualising the 1H19 reported EBITDA of EUR 35.7 million (4) EBITDA Multiple has been calculated by taking an average of 2018 and 2019 operating EBITDA of USD 81.9 million and USD 136.6 million.

The comparable transactions observed took place during the period between July 2018 and August 2021. Most of these transactions involved the acquisition of controlling interests, and the EV/EBITDA Multiples have been determined having regard to the historical and forecast (when available) financial performance.

We note that none of the transactions identified in recent years involved salmon producers operating primarily in Australia. Accordingly, they are exposed to different geopolitical and economic drivers than Huon. However, we note they share some similar risks and value drivers and accordingly we have relied on them to provide directional evidence of our implied EBITDA Multiples for Huon.

Apart for the acquisition of Norway Royal Salmon by SalMar which is a significantly larger transaction than the acquisition of Huon, the other comparable transactions for which EBITDA Multiples are disclosed present a consistent EBITDA Multiple on a control basis with an average across the three of them of 8.9x. We note the following in relation to these comparable transactions:

- *The Scottish Salmon Company ("SSC")* – SSC is a fully integrated salmon farming business operating exclusively in Scotland with 60 sites across the West Coast and Hebridean Islands. It is the second-largest salmon farming company by harvest volume in the country and it produced 29,913 tonnes of salmon in 2018 and 18,463 tonnes in the first half of 2019. It has potential to produce up to 50,000 tonnes annually and it exported to 26 countries with a focus on North America and the Far East. In FY18, it generated revenue of £180 million and EBITDA of £56.7 million.
- *Midt Norsk Havbruk (MNH)* – MNH entered into an agreement to acquire NTS ASA in a reverse merger transaction in April 2017. The transaction was carried out through a rights issue which gave MNH control over 66% of NTS shares. MNH is a salmon farming company located around Vikna Island, Trøndelag, with annual production of approximately 15,000 tonnes of Atlantic salmon. The company is integrated with a smolt hatching facility, processing facility and distribution and it owns 16 salmon farming licenses. In 2016 MNH's consolidated revenue reached NOK 457.4 million and EBITDA equalled NOK 144.7 million. NTS was one of the largest wellboat owners in Norway with a fleet of ten wellboats, which operated within transportation of live fish, processing and delousing.
- *Australis Seafoods SA ("Australis")* – Australis is fully integrated into the production chain of salmon and trout and has freshwater fish farms in two regions of Chile. Its products include Atlantic salmon, Pacific salmon, and trout. Its activities involve breeding, nursing, harvesting, and fattening of salmon.

Annexure A: Independent Expert's Report *(continued)*



The company's products are exported mainly to the United States, Japan and several South American and European countries. Australis achieved its largest historical harvest of 71,976 tons in 2019 whilst historically, harvest has averaged around 60,000 tons.

We have also considered and analysed the following two transactions which are still pending.

- *Norway Royal Salmon* ("NRS") – Established in 1992, NRS is a vertically integrated salmon aquaculture company with currently 36,085 tonnes of maximum allowed biomass ("MAB") for salmon farming in Norway and 17,800 tonnes MAB for salmon farming and 5,300 tonnes MAB for trout farming in Iceland. NRS aims to harvest a total of 52,000 tonnes of salmon in 2021 as a result of growing farming operations in Iceland and a new in-house smolt facility in operation in 2021. This is significant growth compared with 2020 when the farming operations harvested 30,509 tonnes. However similarly to Huon, the financial performance was adversely affected by the outbreak of COVID-19 with Operational EBITDA reducing from NOK629 million in 2019 to NOK347 million in 2020. Accordingly, in the table above, we have presented the EBITDA Multiple by taking a 4 year average EBITDA of NOK693 million over 2016 to 2019 which better reflects a through the cycle EBITDA. On 20 August 2021, SalMar announced that intends to launch a voluntary cash offer to acquire all outstanding shares in NRS for NOK 270 per share which is at a 12.5% premium to the NTS offer of NOK 240 per share, and a premium of 54.0% and 42.0% to the 30 and 90 trading day VWAP of the Norway Royal Salmon share up to and including the date prior to the date for the NTS offer (15 July 2021), respectively. This transaction is still pending.
- *SalmoNor* – A merger between SalmoNor and Midt-Norsk Havbruk (MNH) was announced on 2 July 2021 to build an aquaculture salmon business with total harvest volume of 37,000 tonnes. The aquaculture operations of SalmoNor and MNH are both based on the Namdal coast, Western Norway. Both companies are fully integrated salmon farmer, controlling the entire value chain from hatchery to harvest facility. The merger is expected to be completed at the end of the third quarter of 2021.

6.2.3 Conclusion on the EBITDA and P/NTA Multiples

Based on the analysis above and the detailed conclusions outlined in the Executive Summary, we have concluded that the EBITDA and P/NTA multiples implied in our valuation assessment are reasonable.

6.3 Quoted Security Pricing Method

In our assessment of the fair market value of HUO shares, we have also had regard to the trading price of the listed securities on the ASX in the period prior to the announcement of the Proposed Transaction.

The assessed value per share based on the trading price is an exercise in professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of HUO.

6.3.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of HUO Shares before relying on them for the purpose of our valuation assessment. We have set out below the trading volume



from January 2020 to July 2021⁷⁴ as a percentage of the total shares outstanding as well as free float shares outstanding.

Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Aug 2020	603	3.0638	1,848	0.7%	0.7%	2.5%	2.5%
Sep 2020	1,248	2.9460	3,675	1.1%	1.8%	4.2%	6.7%
Oct 2020	2,252	2.7369	6,164	2.0%	3.9%	7.5%	14.2%
Nov 2020	4,301	2.7335	11,757	3.9%	7.8%	14.4%	28.6%
Dec 2020	613	2.6658	1,633	0.6%	8.4%	2.0%	30.7%
Jan 2021	356	2.9035	1,033	0.3%	8.7%	1.2%	31.9%
Feb 2021	1,204	2.5973	3,126	1.1%	9.8%	4.0%	35.9%
Mar 2021	1,735	2.4614	4,269	1.6%	11.4%	5.8%	41.7%
Apr 2021	1,451	2.5447	3,693	1.3%	12.7%	4.8%	46.5%
May 2021	1,481	2.3966	3,550	1.3%	14.0%	4.9%	51.5%
Jun 2021	10,263	2.4974	25,630	9.3%	23.4%	34.3%	85.8%
Jul 2021	1,854	2.7755	5,146	1.7%	25.0%	6.2%	91.9%
Min				0.3%		1.2%	
Average				2.1%		7.7%	
Median				1.3%		4.9%	
Max				9.3%		34.3%	

Sources: S&P Global and GTCF Analysis

With regard to the above analysis, we note that:

- The level of free float for HUO is low given that the Bender Family holds 52.68% of the issued capital and the top 10 Shareholders hold in excess of 90% of the shares.
- The material increase in volumes in the period between September and November 2020 and between June and July 2021 was driven by AustralianSuper purchasing 13,868,563⁷⁵ or 12.62% of the issued capital and Tattarang purchasing 20,334,166 or 18.51% of the issued capital respectively. Outside these periods, volumes were modest.
- The free-float shares % of the Company is materially lower than all the other listed peers as set out in the table below.

⁷⁴ We have excluded the trading volumes after the announcement of the SID

⁷⁵ Based on the substantial holder notices released on 7 September and 7 November 2020.

Annexure A: Independent Expert's Report *(continued)*

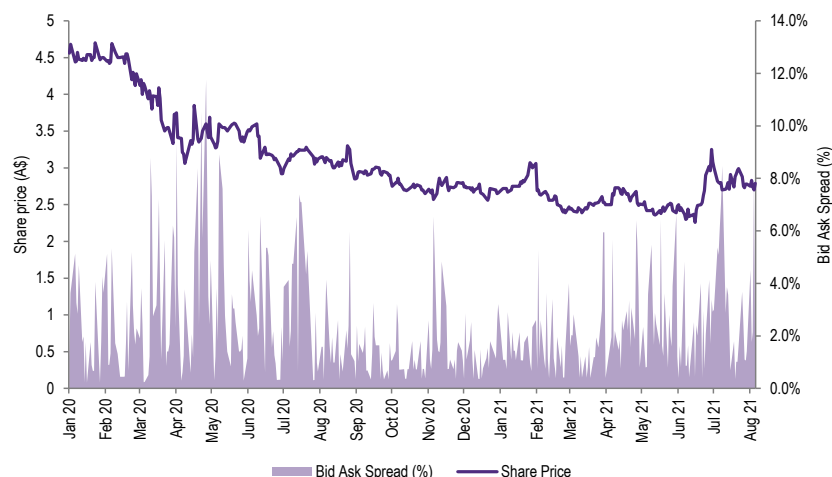


Liquidity Analysis		Free float	Average	Average	Cumulative	Cumulative
Company	Country	(%)	volume traded as a % of total shares	volume traded as a % of free float shares	volume traded as a % of total shares	volume traded as a % of free float shares
Huon Aquaculture Group Limited	Australia	47.3%	1.2%	4.5%	14.9%	54.6%
Tier 1 Comparables						
Tassal Group Limited	Australia	95.6%	10.4%	10.8%	124.5%	129.3%
New Zealand King Salmon Inv Ltd	New Zealand	41.0%	0.8%	3.1%	13.8%	51.0%
Sanford Limited	New Zealand	65.6%	2.8%	4.0%	34.1%	47.7%
Low - Tier 1		41.0%	0.8%	3.1%	13.8%	47.7%
Average - Tier 1		67.4%	4.7%	5.9%	57.5%	76.0%
Median - Tier 1		65.6%	2.8%	4.0%	34.1%	51.0%
High - Tier 1		95.6%	10.4%	10.8%	124.5%	129.3%
Tier 2 Comparables						
Mowi ASA	Norway	79.8%	5.2%	6.1%	61.9%	72.6%
P/F Bakkafrøst	Denmark	84.0%	4.2%	5.1%	50.5%	61.2%
SalMar ASA	Norway	46.2%	2.9%	3.1%	34.9%	37.5%
Norway Royal Salmon AS	Norway	32.0%	1.4%	4.7%	17.0%	57.0%
Grieg Seafood ASA	Norway	41.5%	8.0%	19.5%	95.5%	234.2%
Lerøy Seafood Group ASA	Norway	47.3%	3.1%	6.5%	36.9%	77.9%
Salmones Camanchaca S.A.	Chile	30.0%	0.7%	2.4%	8.7%	29.0%
Low - Tier 2		30.0%	0.7%	2.4%	8.7%	29.0%
Average - Tier 2		51.5%	3.6%	6.8%	43.6%	81.3%
Median - Tier 2		46.2%	3.1%	5.1%	36.9%	61.2%
High - Tier 2		84.0%	8.0%	19.5%	95.5%	234.2%

Source: S&P Global; GTCF analysis

- In the absence of a takeover or alternative transactions, the trading price represents the value at which minority shareholders could realise their investment.
- HUO complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of HUO. HUO provides updates to the market on a regular basis with information regarding the investment strategy and performance. In addition, the stock is covered by three investments' analysts which provide regular update on the performance of the business.
- Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. We have set out below the bid and ask spread since January 2020.

HUO – Bid/Ask Spread since 1 January 2020 to 6 August 2021



Sources: S&P Global and GTCF Analysis

As set out in the graph above, we note that the historical average and median bid-ask spread has been relatively low at 2.29% and 1.65% respectively with spikes above 8% in conjunction with large movements in the trading price.

Based on the analysis above, we conclude that there is limited liquidity in HUO's trading price.

6.3.2 Analysis of the trading price

Notwithstanding that liquidity in the trading prices is limited, we are of the opinion that it is useful for the purpose of assessing the merits of the Proposed Transaction to undertake a detailed analysis of the trading prices as they provide insights into the performance of the business and other listed peers.

The Scheme Consideration/Offer Price is at a significant premium of 61% to the undisturbed closing prices before the announcement of the Strategic Review and materially in excess of the premium for control paid in Australia for successful takeovers between 20% and 40%. However, A\$3.85 per share is also at a discount to trading prices before the outbreak of COVID-19 when the stock traded consistently in a narrow band between A\$4.25 and A\$4.75 per share.

Accordingly, we are of the opinion that it is fundamental to undertake our analysis of the trading prices over a longer period of time (across the cycle) as the industry is prone to volatility due to varying growing conditions and volatile salmon prices which were recently exacerbated by the outbreak of COVID-19.

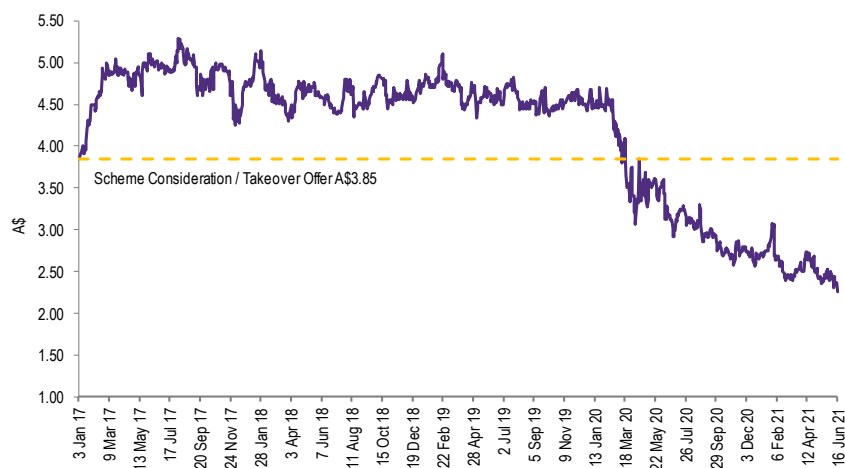
We have set out below HUO's share price from 1 January 2017 to 16 June 2021⁷⁶ compared with the Scheme Consideration/Offer Price. The Operating EBITDA of the business reached an all-time high in FY18, so we are of the opinion that it is important to analyse the trading price performance in the lead-up to this milestone considering that the FY21 Operating EBITDA represents a trough in the cycle.

⁷⁶ We are of the opinion that this is a useful reference date as after this period, the trading prices increased by c. 40% following an update provided by the Company on the Strategic Review and Tattarang lodging a relevant holding notice.

Annexure A: Independent Expert's Report *(continued)*



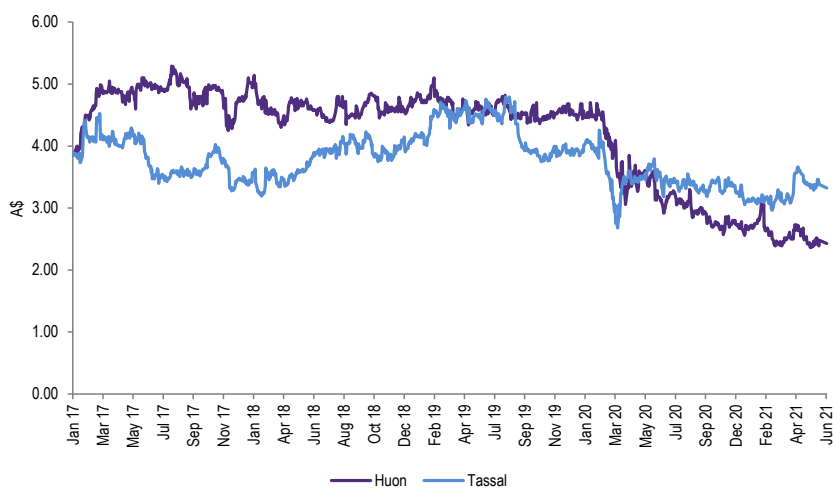
HUO – Historical share trading price and volume



Sources: S&P Global and GTCF Analysis

In our opinion, in order to assist in drawing conclusions from the share price analysis, it is relevant to present the trading prices of Huon relative to Tassal which, as discussed in the previous section, is the major competitor in the Australian market, harvest similar volumes and has a similar business model so the comparison can provide insights on how the valuation in the industry has evolved over the period analysed.

Huon and Tassal historical share trading price (rebased to Huon)



Sources: S&P Global and GTCF Analysis

Similarly to Huon, the trading prices of Tassal are currently lower than before COVID-19 notwithstanding that the Operating EBITDA of Tassal has increased from A\$89 million in FY17 to A\$127.3 million in FY20



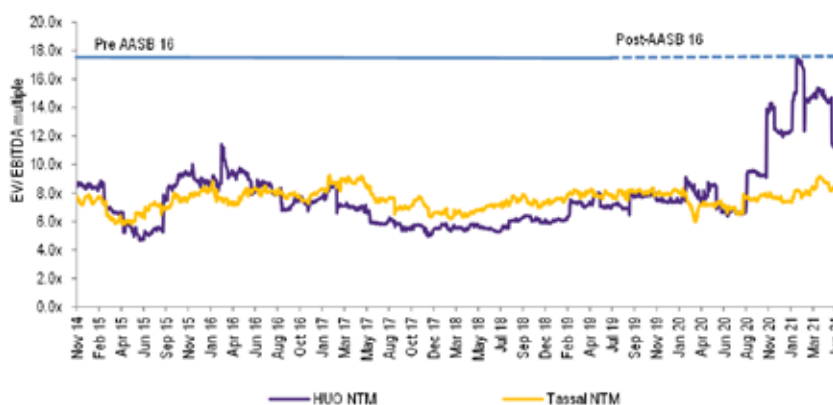
on a pre-AASB16 basis or to A\$138.6 million on a post-AASB16 basis and it was pretty much maintained in FY21 at A\$139.4 million (post-AASB16 basis).

Whilst the trading prices of the Company have reduced more than Tassal over the same period (c. 41%), this seems justified by the challenges faced by the business. The Operating EBITDA peaked at A\$71.8 million (pre-AASB16) in FY18 and then reduced in FY20 to A\$40.8 million (pre-AASB16) or A\$48.8 million (post-AASB16) and then further contracted to A\$16.7 million (post-AASB16) in FY21. In addition, the net debt increased from A\$43 million in FY17 to A\$133 million at 30 June 2021 as a result of the large capital expenditure program and the working capital required to rebuild the biomass. However due to the subdued financial performance, the Company recognised a gross impairment of A\$114 million in FY21. The market gearing⁷⁷ of the Company also increased from 10% as at 30 June 2017 to 54% as at 16 June 2021⁷⁸ which, in the absence of the Proposed Transaction, may not be sustainable.

Between FY17 and FY21, Tassal also undertook a large capital expenditure program of A\$467.6 million and the market gearing ratios⁷⁹ increased from a similar level of c. 10% as at 30 June 2017 to c. 40% at 30 June 2021.

We note that notwithstanding the relative greater contraction in the trading prices of Huon over the cycle compared with Tassal, the NTM rolling EBITDA Multiple of Huon has increased exponentially since September 2020 in conjunction with expectations of a subdued financial performance in FY21 whereas Tassal NTM rolling EBITDA Multiple has remained substantially unchanged over this period and it has traded in a narrow band around 8x multiple. This seems to indicate that the trading prices of the Company adjusted less than proportionally to the reduction in the Operating EBITDA in FY21 and they are more reflective of a normalised Operating EBITDA performance.

Huon and Tassal EV/NTM EBITDA rolling multiple



Source: S&P Global, GTCF analysis

If we analyse the relative performance of the Company over a shorter period of time as set out in the graph below, we note that Huon and Tassal trading prices were at similar level just before the outbreak of

⁷⁷ Net debt divided by market capitalisation.

⁷⁸ The period immediately before the lodgement of a relevant holder notice by Tarrang followed shortly after by the Company announcement that a number of parties were undertaking due diligence.

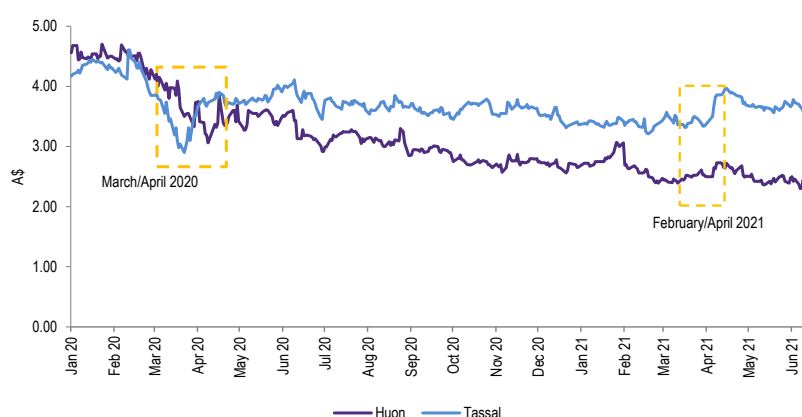
⁷⁹ Net debt divided by market capitalisation.

Annexure A: Independent Expert's Report *(continued)*



COVID-19 with the two companies trading at a similar EBITDA Multiple. However from March 2020, the underlying trading prices moved in opposite directions when Tassal trading bounced back strongly but Huon did not move materially. From that point onwards, the two stocks traded with high correlation up to April 2021, when the relative performance diverged again.

Huon and Tassal historical share price



Source: GTCF analysis, S&P Global

In relation to the graph above, we specifically note the following:

- March/April 2020** – the trading prices of Tassal reduced from c. A\$4.50 in mid-February 2020 to c. A\$2.90 towards the end of March 2020 but then recovered sharply. At the end of April 2020, Management indicated that whilst the long term impact of COVID-19 was still unknown, early indications were showing positive trends for Tassal. In particular, the company was expecting an overall increase in the Operating EBITDA \$/HOG kg returns as the domestic retail market, which accounted for 55% of Tassal revenue in FY20, was performing strongly both in terms of pricing and volumes⁸⁰ with export only accounting for 16% of FY20 revenue, a reduction from 18% in FY19. Overall, the Operating EBITDA increased from A\$112.3 million in FY19 to A\$127.3 million in FY20 (both pre-AASB16) notwithstanding the challenging environment in the last quarter of the year.

At the same time, the messaging from Huon to investors was subdued with the Company withdrawing guidance and indicating that it experienced a significant drop in sales in its wholesale market during April 2020 and that access to export was disrupted due to limited international air freight services. Further, FY20 harvest was managed down by 5% to 10% to meet reduced demand. Subsequently, in conjunction with the release of the full year accounts in August 2020, Huon announced the Capital Raising to reduce the level of net debt and Operating EBITDA and Operating NPAT reducing by 14% and 65% respectively compared with FY19 (on a pre-AASB16 basis).

- After this period, the two stocks traded fairly consistently with a slight downward trend up to April 2021 when the trading prices of Tassal increased by c. 20% in a short period of time which appears to be

⁸⁰ Volumes to domestic retail were up 13.4% between Q4FY20 and Q4FY19.



driven by two institutional investors acquiring c. 15% of the issued capital which supported the trading prices.

- *February/April 2021* – The announcement of the Strategic Review at the end of February 2021 did not affect the trading prices of Huon which remained substantially unchanged up to mid-June 2021 when the trading prices increased by c. 44% in a short period of time to the end of June 2021. This was due to positive news released by Huon in relation to the Strategic Review, with the Company indicating that there were a number of selected parties admitted to undertake due diligence and Tattarang lodging a substantial holder notice that it had acquired 7.33% of the issued. Further, the Company provided encouraging operational updates with improvements both in the wholesale and export markets.

6.3.3 Conclusions

Based on the analysis undertaken above, we are of the opinion that the reduction in the trading prices of the Company from pre-COVID-19 levels is more sustained rather than short term in nature and accordingly the trading prices before February 2020 are not particularly relevant to form a view on the consideration offered.

Overall, the above average premium for control compensates Shareholders for any further short-term weakness which may be captured in the trading prices.

Annexure A: Independent Expert's Report *(continued)*



7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports/consolidated accounts of HUO for FY17, FY18, FY19, FY20, and 1H21 and FY21.
- Huon IPO Prospectus
- Transaction Booklet
- Management accounts in FY18 to YTD FY21.
- Management presentations and CFO reports.
- Management Projection Scenarios FY22 to FY24
- Minutes of Board meetings.
- Access to other relevant documents in the Data Room.
- Transaction databases such as S&P Global Capital IQ and Mergermarket
- IBISWorld
- Other industry reports provided by the Company.
- Various broker reports for the Company and for the listed peers.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of HUO and its advisers.

7.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This Report has been prepared to assist the Directors of HUO in advising the Company's shareholders in relation to the Proposed Transaction. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion in relation to the Proposed Transaction.



HUO has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Transaction Booklet to be sent to HUO shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

Annexure A: Independent Expert's Report *(continued)*



Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which the realisable value of surplus assets is added. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Discount rate

Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$WACC = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- R_e = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- R_d = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

Required rate of return on equity capital

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with

Annexure A: Independent Expert's Report *(continued)*



the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (R_e) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- R_f = risk free rate
- β_e = expected equity beta of the investment
- $(R_m - R_f)$ = market risk premium

Risk-free rate – 3%

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 10 trading years. The following table sets out the average yield on 10-year Australian Government Bond over the last 10 years.

Australia Government Debt - 10 Year as at 7 August 2021			Daily average	
	Range		Nominal	
Previous 5 trading days	1.12%	-	1.16%	1.13%
Previous 10 trading days	1.12%	-	1.18%	1.14%
Previous 20 trading days	1.12%	-	1.31%	1.18%
Previous 30 trading days	1.12%	-	1.50%	1.25%
Previous 60 trading days	1.12%	-	1.72%	1.42%
Previous 1 year trading	0.73%	-	1.88%	1.23%
Previous 2 years trading	0.60%	-	1.88%	1.11%
Previous 3 years trading	0.60%	-	2.79%	1.45%
Previous 5 years trading	0.60%	-	2.99%	1.91%
Previous 10 years trading	0.60%	-	4.62%	2.62%
Previous 15 years trading	0.60%	-	6.79%	3.56%

Source: S&P Global



Given the current volatility in the global financial markets in conjunction with COVID-19, quantitative easing by central banks, as well as the longer investment period on infrastructure investments, we have placed more emphasis on the average risk free rate observed over a longer period of time. Accordingly, our adopted risk-free rate of 3.0% is based on the long-term real yield on Australian 10-year government bonds.

Market risk premium – 6.0%

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium between 5.5% and 6.0% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.0%.

Equity beta – 0.9 to 1.0

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity. For the purpose of the report, we would normally have regard to the observed betas (equity betas) of listed companies operating in the aquaculture industry.

Annexure A: Independent Expert's Report *(continued)*



			2 years weekly beta					5 years monthly beta				
Beta analysis	Mk cap		Equity	R	Gearing	Regeared	Adopted	Equity	R	Gearing	Regeared	Adopted
Company	Country	A\$m	Beta	Sqr	Ratio	Beta	Beta	Beta	Sqr	Ratio	Beta	Beta
Huon Aquaculture Group	Australia	423	0.19	0.01	33.4%	0.18	Nmf	0.39	0.04	23.9%	0.39	Nmf
Tassal Group Limited	Australia	745	1.02	0.49	34.6%	0.98	0.98	0.67	0.20	23.1%	0.68	0.68
NZ King Salmon Inv. Ltd	New Zealand	187	1.11	0.34	16.2%	1.18	1.18	0.50	0.03	7.2%	0.56	Nmf
Sanford Limited	New Zealand	419	0.69	0.32	34.7%	0.65	0.65	0.46	0.10	27.7%	0.45	0.45
Mowi ASA	Norway	18,059	0.29	0.05	13.1%	0.31	Nmf	0.63	0.14	11.8%	0.68	0.68
P/F Bakkafrøst	Denmark	6,883	0.26	0.03	7.1%	0.30	Nmf	0.30	0.02	5.0%	0.34	Nmf
SallMar ASA	Norway	10,830	0.01	0.00	6.8%	0.01	Nmf	0.21	0.01	7.0%	0.23	Nmf
Norway Royal Salmon AS	Norway	1,609	0.17	0.01	13.9%	0.18	Nmf	(0.16)	0.00	10.4%	(0.17)	Nmf
Grieg Seafood ASA	Norway	1,534	0.53	0.06	37.6%	0.49	0.49	0.49	0.04	27.3%	0.47	Nmf
Lerøy Seafood Group ASA	Norway	7,577	0.35	0.07	11.4%	0.38	0.38	0.43	0.04	11.0%	0.47	Nmf
Salmones Camanchaca S.A.	Chile	445	0.40	0.20	30.1%	0.39	0.39	0.87	0.29	22.4%	0.88	0.88
Empresas AquaChile S.A.	Chile	1,719	0.01	0.00	11.6%	0.01	Nmf	0.17	0.02	17.0%	0.17	Nmf
Low							0.38					0.45
Median							0.57					0.68
Average							0.68					0.67
High							1.18					0.88

Source: S&P Global and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P Global as at 24 August 2021. The betas are based on a five-year period with monthly observations based on the local index. Betas have been ungeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on the assumed regearing ratio of 25%.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (re-gearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We note that in computing the gearing for the purpose of de-gearing and re-gearing the selected equity betas we have excluded any lease liabilities from the net debt computation of Huon and of its peers.

We used the following formula to undertake the de-gearing and regearing exercise:

$$\beta_e = \beta_u \left[1 + \frac{D}{E} \times (1 - t) \right]$$

Where:



- β_e = Equity beta
- β_a = Asset beta
- t = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years. We note that most comparable companies had net cash positions. We then re-gearred based on a gearing ratio of 20% debt (see Capital Structure Section below for further discussions).

Among the peers, we have mainly relied on the beta of Tassal, being the most comparable listed peers to Huon. We note that Tassal's two years equity beta of 0.98 is materially higher than the five years beta of 0.68 as a result of the impact of COVID-19 outbreak in the financial markets. Due to the current market uncertainties, we have placed greater reliance on Tassal's two years equity beta.

As a result, for the purposes of our valuation, we have selected a beta range of between 0.9 and 1.0 to calculate the required rate of return on equity capital.

Specific risk premium – 2%

The specific risk premium represents the additional return an investor expects to receive to compensate for country, size and project related risk not reflected in the beta of observed comparable companies. We have applied a specific risk premium of 2% to reflect the risk associated with the Company achieving and maintaining its operations at assessed capacity as well as achieving the related cost savings and target sales channel mix.

We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

Cost of debt – 4.0% - 5.0%

For the purpose of estimating the cost of debt applicable to HUO, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for HUO and the comparable companies.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt between 4.0% and 5.0% on a pre-tax basis.

Capital Structure

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the

Annexure A: Independent Expert's Report *(continued)*



target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a capital structure based on 20% debt and 80% equity. In determining the appropriate capital structure, we have had regard to the current capital structure of HUO but also having regard to the comparable companies such as Tassal.

Tax rate – 27%

For the purpose of our valuation assessment we have assumed the Australian corporate tax rate of 30%. However, we note that as a result of the existing tax losses, the Company effective tax rate has been calculated at c. 27% over the forecast period.

Discount rate summary

WACC calculation	Low	High
Cost of equity		
Risk free rate	3.0%	3.0%
Beta	0.90	1.00
Market risk premium	6.0%	6.0%
Specific risk premium	2.0%	2.0%
Cost of equity	10.4%	11.0%
Cost of debt		
Cost of debt (pre tax)	4.0%	5.0%
Tax	27.0%	27.0%
Cost of debt (post tax)	2.9%	3.7%
Capital structure		
Proportion of debt	20%	20%
Proportion of equity	80%	80%
	100%	100%
WACC (post tax)	8.90%	9.53%

Source: GTCF Analysis

Appendix C – Comparable companies descriptions

Company	Description
Tassal Group Limited	Tassal Group Limited, together with its subsidiaries, engages in the hatching, farming, processing, marketing, and sale of Atlantic salmon and tiger prawns in Australia. It offers fresh, smoked, canned, and frozen salmon; and Australian black tiger prawns.
New Zealand King Salmon Investments Limited	New Zealand King Salmon Investments Limited, together with its subsidiaries, engages in the farming, processing, and sale of premium salmon products in New Zealand, China, North America, Australia, Japan, Europe, and internationally. It offers whole fish, fillets, steaks, portions, wood roasted, cold smoked, and other products. The company sells its products to chefs, consumers, retailers, and wholesalers under the Ora King, Regal, Southern Ocean, Big Catch Salmon Burley, and Omega Plus brands, as well as the New Zealand King Salmon label. New Zealand King Salmon Investments Limited was incorporated in 2008 and is headquartered in Nelson, New Zealand.
Sanford Limited	Sanford Limited engages in farming, harvesting, processing, storing, and marketing of seafood products. It operates through Wild catch and Aquaculture segments. The company catches and processes inshore and Deepwater fish species, as well as farms, harvests, and processes mussels and salmon. The company also provides auction, wharf, and research services; and retails and wholesales seafood. It operates in New Zealand and Australia; Europe; North America; Japan, China, Hong Kong, South Korea, and the rest of Asia; Africa; the Middle East; the Pacific; and Central and South America.
Mowi ASA	Mowi ASA, a seafood company, produces and supplies farmed salmon products worldwide. The company operates through three segments: Feed, Farming, and Sales and Marketing. It is involved in the salmon feed production, salmon farming and primary processing, and seafood secondary processing activities. The company offers whole gutted fish, including Label Rouge and organic salmon; and white fish and other seafood products, as well as fillets, steaks, cutlets, portions, loins, kebabs, and steak combos. It also provides value added products, such as breaded, pre-fried, dusted, marinated, grilled, battered, topped, filled with sauce, delicatessen, fresh fish ready meal, and smoked fish products. The company was formerly known as Marine Harvest ASA and changed its name to Mowi ASA in December 2018. Mowi ASA was founded in 1964 and is headquartered in Bergen, Norway.
P/F Bakkafrøst	P/F Bakkafrøst, together with its subsidiaries, produces and sells salmon products under the Bakkafrøst and Havsbrún brands in North America, Western Europe, Eastern Europe, Asia, and internationally. The company operates through four segments: Farming FO; Farming SCT; Value Added Products; and Fishmeal, Oil and Fish Feed. It is involved in the breeding and on-growing of salmon; harvesting, sale, and distribution of salmon; and production of skinless and boneless portions of salmon. The company also produces and sells fishmeal, fish oil, and fish feed. The company was founded in 1968 and is headquartered in Glyvra, Denmark.
SalMar ASA	SalMar ASA, an aquaculture company, produces and sells farmed salmon in Asia, the United States, Canada, Norway, rest of Europe, and internationally. It is involved in the broodfish, lumpfish, and smolt production; and marine-phase farming, harvesting, packaging, processing, and sale of farmed salmon. The company sells its products to importers/exporters, processing companies, and retail chains through in-house sales force and/or through partners. The company was founded in 1991 and is headquartered in Kverva, Norway.
Grieg Seafood ASA	Grieg Seafood ASA, through its subsidiaries, operates as a fish farming company. It engages in the production and sale of Atlantic salmon. The company supplies its fish products to customers in the European Union, the United Kingdom, the United States, Canada, Asia, and other markets. Grieg Seafood ASA was founded in 1884 and is headquartered in Bergen, Norway.
Lerøy Seafood Group ASA	Lerøy Seafood Group ASA produces, processes, markets, and distributes seafood products worldwide. It operates in three segments: Farming; Wildcatch; and Value-Added Processing, Sales and Distribution. The company offers smoked and gravad salmon and trout products; farmed and wild catch whole fishes; fillets and portions; ready to eat and ready to cook products; fish blocks and cubes; breaded products; pre-fried fish burgers and patties; crustaceans and molluscs; seaweed; and other products. Lerøy Seafood Group ASA markets its products primarily under the Norway Seafoods, Arctic Supreme, Fjord trout, Aurora Salmon, Fossen, Sea Eagle, and Lerøy brands to retailers, restaurants, canteens, and hotels. The company was founded in 1899 and is headquartered in Bergen, Norway. Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA.
Salmones Camanchaca S.A.	Salmones Camanchaca S.A. engages in the salmon farming business in Chile. It offers fresh and frozen Atlantic and Pacific salmon in various formats, such as whole, fillet, portion, block, and harasu; and trout. The company operates under the Camanchaca Gourmet and Pier 33 brands. It also exports its products to the United States, Russia, Brazil, Chile, China, Costa Rica, Mexico, Japan, Argentina, and internationally. The company was incorporated in 2009 and is based in Santiago, Chile. Salmones Camanchaca S.A. is a subsidiary of Camanchaca S.A.
Empresas AquaChile S.A.	Empresas AquaChile S.A. produces and distributes aquaculture products in Chile and internationally. It offers Atlantic and Coho salmon, Sea trout, Verlasso, and Tilapia products. The company owns 195 aquaculture concessions covering an area of 2,482,64.68 hectares. It also operates stores in Santiago, Puerto Montt, Aysén, Antofagasta, Magallanes, Puerto Varas, and Pucon. The company was founded in 1979 and is based in Puerto Montt, Chile. Empresas AquaChile S.A. is a subsidiary of AGROSUPER S.A.
Clean Seas Seafood Limited	Clean Seas Seafood Limited operates in the aquaculture industry in Australia and internationally. The company operates through two segments, Finfish Sales and Tuna Operations. It engages in the propagation, harvesting, growing, and selling of Spencer Gulf Hiramasa yellowtail kingfish; and production and sale of fingerlings, mulloways, and tuna. The company is also involved in the research and development activities for the aquaculture production of southern Bluefin tuna. It serves seafood distributors and wholesalers. The company was founded in 2000 and is based in Royal Park, Australia.

Source: S&P Global

Annexure A: Independent Expert's Report *(continued)*



Appendix D – Comparable transaction targets descriptions

Target Company	Description
Norway Royal Salmon ASA	Norway Royal Salmon ASA produces, harvests, sells, and markets smolt and salmon products in Norway. The company offers fresh and frozen fish, round fish, fillet, portions, and smoked and marinated products. It also exports its products to 52 countries. Norway Royal Salmon ASA was founded in 1992 and is headquartered in Trondheim, Norway.
Sør Farming AS	Sør Farming AS produces salmon products. The company was founded in 2019 and is based in Trondheim, Norway.
The Scottish Salmon Company	The Scottish Salmon Company PLC produces, processes, markets, and sells Scottish seafood products primarily in Scotland. The company provides Scottish Salmon. It offers its products under the Native Hebridean Salmon, Tartan Salmon Label Rouge, and Lochlander Salmon brand names. The company also exports its products to 26 countries. The Scottish Salmon Company PLC was incorporated in 2009 and is headquartered in Edinburgh, the United Kingdom.
K.Strømmen Lakseoppdrett AS	K. Strømmen Lakseoppdrett AS operates as a farming company and is based in Norway. As of August 22, 2019, K. Strømmen Lakseoppdrett AS operates as a subsidiary of Mowi ASA.
Midt Norsk Havbruk AS	Midt-Norsk Havbruk AS engages in smolt production and salmon farming. The company was incorporated in 1992 and is based in Rørвик, Norway. Midt-Norsk Havbruk AS operates as a subsidiary of NTS ASA.
Australis Seafoods S.A.	Australis Seafoods S.A., through its subsidiaries, produces, markets, and sells salmon in Chile and internationally. Its products include a range of Atlantic salmon – salar, Pacific salmon – coho, and trout products. Australis Seafoods S.A. was incorporated in 2007 and is based in Las Condes, Chile. As of July 1, 2019, Australis Seafoods S.A. operates as a subsidiary of Beijing Joyvio Zhencheng Technology Co., Ltd.
Northern Harvest Sea Farm	Northern Harvest Sea Farms Inc., an aquaculture company, engages in the production of farmed Atlantic salmon in eastern Canada. The company also offers fillets, portions, and steaks, as well as processes trout, char, and halibut. It sells its products primarily to customers in eastern Canada and north eastern United States. The company was founded in 1985 and is based in L'Etang, Canada. It has farming operations in New Brunswick and Newfoundland. As of July 3, 2018, Northern Harvest Sea Farms Inc. operates as a subsidiary of Marine Harvest ASA.

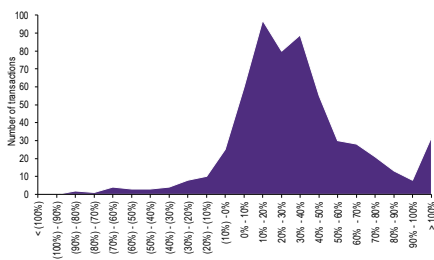
Source: S&P Global



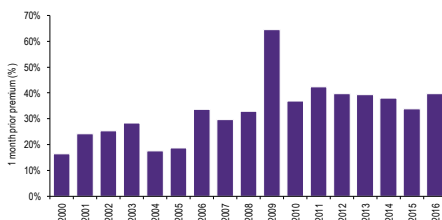
Appendix E – Control Premium study

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium can vary significantly for each transaction.

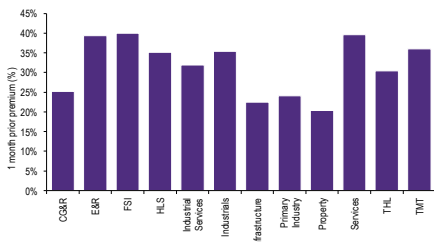
1 Month Prior Control Premium



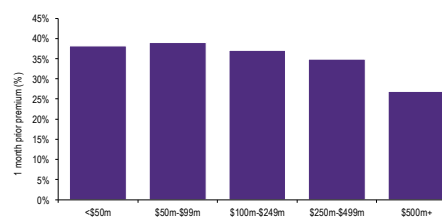
Control premium per completion date



Control premium per industry



Control premium and size



		Control premium
Average		34.33%
Median		29.34%

Source: GTCF Analysis

Annexure A: Independent Expert's Report *(continued)*



Appendix F – Glossary

\$ or A\$	Australian Dollar
Adjusted Net Assets	Reported Net assets plus FY21 impairment.
AGD	Amoebic Gill Disease
AOF	Average order frequency per customer per quarter
AOV	Average Order Value
APES 225	Accounting Professional and Ethical Standard 225 "Valuation Services"
ASIC	Australian Securities Investments Commission
ASX	Australian Securities Exchange
B2B	Business to Business
B2C	Business to Consumer
Base Case	The central case used in the valuation assessment of HUO based on the DCF Method
Benders Family	Peter and Frances Bender and their associates
ChAFTA	China Australia Free Trade Agreement
Corporations Act	Corporations Act 2001
DCF Method	Discounted Cash Flows Methodology
DPIPWE	Tasmanian Government Department of Primary Industries, Parks, Water and the Environment
Euronext	Oslo Stock Exchange
Exchange Rate	The exchange rate of €1:A\$1.60 as at 10 August 2021
FCR	Feed Conversion Ratio
FIFO	Fish In Fish Out Ratio
FIRB	Court and Foreign Investments Review Board
FME Method	Future Maintainable Earnings Methodology
Fortress Pens	Huon's own patented fish pen
FSG	Financial Services Guide
FSG	Financial Services Guide
GRI	Global Reporting Initiative Standard
GT Model	Grant Thornton Corporate Finance Valuation Model
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (CAN 003 265 987)
HOG	Head in gutter
HUO	Huon Aquaculture Group Limited
HUO Directors	The Directors of HUO
HUO Shareholders or Huon Shareholders or Shareholders	HUO shareholders
HUO Shares or Huon Shares	The issued shares of Huon Holdings Limited
HUO, Huon, or the Company	Huon Holdings Limited
IER	Independent Expert's Report
IFAM	International Flight Assistance Mechanism
Internal Model	Huon Holdings Limited management forecast up to 30 June 2024
IPO	Initial Public Offering
JBS	JBS Foods Australia
Management Projections	Projections from FY22 to FY25
Marley Spoon	Marley Spoon AG
NAV Method	Net Asset Value Methodology
NOK	Norwegian Krone
P/NTA	EBITDA and Net Assets Multiple
POMV	Pilchard Orthomyxovirus
Pre Bid Acceptance Agreement	Bender Family entered into an agreement of over 19.9% of Huon shares on issue



QSP Method	Quoted Security Price Method
RAS	Recirculation Aquaculture Systems
RAS	Recirculation Aquaculture System
Restructure	The restructuring of Huon Holdings Limited in September 2019
Revenue Multiple	Enterprise value divided by total forecasted revenue
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of Arrangement"
RGT Capital	RGT Capital Fund No. 6 (YF)
ROV	Remotely Operated Vehicle
SASB	Sustainable Accountability Standards Board
Scheme	Scheme of Arrangement
Scheme Consideration	The consideration of A\$3.85 per share
SDG	Sustainable Development Goals
Shareholder Loan	Shareholder Loan from RGT Capital
SID	Scheme Implementation Deed
SKUs	Stock Keeping Units
Special Dividend	Huon Board currently intends to pay a fully franked special dividend of A\$0.125 per Huon Share
SSA	Share Sale Agreement
Strategic Reset	The strategic reset of Huon Holdings Limited
Strategic Review	Strategic review to assess the potential for corporate level transactions
Surveyors	Surveyors Investments Pty Ltd
Surveyors Acquisition	Scheme Consideration multiplied by the number of Huon Shares held
Takeover Offer or Takeover or Offer	JBS will make an offer to all Huon Shareholders based on the condition that neither the Primary or Secondary Schemes ⁸¹ being approved and the following other key terms
Takeover Offer Price or Offer Price	A\$3.85 per share
Tattarang	Tattarang Agrifood Pty Ltd
Tier 1	Australia and New Zealand Salmon Producing Companies
Trading Multiples	Current trading multiples of comparable companies
UN	United Nations
VA	Value Added Products
YoY	Year on Year
YTK	Yellowtail Kingfish

⁸¹ The term of the SID were amended to reflect this agreement.

Annexure B: Scheme of Arrangement – Primary Scheme

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Scheme of Arrangement – Structure A Scheme

Huon Aquaculture Group Limited

ACN 114 456 781

The holders of ordinary fully paid shares issued in Huon Aquaculture Group Limited (other than the Excluded Shareholder)

2021

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ME_188879132_1

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) **Huon Aquaculture Group Limited** ACN 114 456 781 whose registered office is at Level 13, 188 Collins Street, Hobart TAS 7000 (**Target**); and
- (2) each Scheme Shareholder.

BACKGROUND

- (A) Target is a public company incorporated in Australia. It is registered in Tasmania and is a company limited by shares. Target is admitted to the official list of ASX and Target Shares are quoted on the stock market conducted by ASX.
- (B) JBS Aquaculture Pty Ltd (**Bidder**) is an Australian proprietary company limited by shares. Industry Park Pty Ltd (**Bidder Guarantor**) is an Australian proprietary company limited by shares.
- (C) Target, JBS Australia Pty Ltd (**JBS Australia**) and Bidder Guarantor entered into the Implementation Deed on or about 6 August 2021 to facilitate the implementation of the Scheme. Bidder has been nominated by JBS Australia to undertake certain actions attributable to JBS Australia under the Scheme and JBS Australia and Bidder Guarantor have guaranteed certain obligations of Bidder. The Independent Directors have proposed the Scheme to Target Shareholders (other than the Excluded Shareholder).
- (D) Bidder, JBS Australia and Bidder Guarantor have each executed the Deed Poll under which they covenant in favour of the Scheme Shareholders to carry out the certain actions attributed to each of the Bidder, JBS and the Bidder Guarantor under the Scheme, including to provide the Scheme Consideration in accordance with the terms of the Scheme.
- (E) If the Scheme becomes Effective:
 - (1) in consideration of the transfer of the Scheme Shares to Bidder, Bidder must provide or procure the provision of the Scheme Consideration in accordance with the terms of this Scheme and the Deed Poll;
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Bidder; and
 - (3) Target will enter Bidder's name in the Register as the holder of all the Scheme Shares.

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

Annexure B: Scheme of Arrangement – Primary Scheme *(continued)*

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Hobart, Tasmania, Melbourne, Victoria, and Brisbane, Queensland, Australia.

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

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

Court means the Federal Court of Australia, Melbourne division, or such other court of competent jurisdiction under the Corporations Act as agreed in writing by Bidder and Target.

Deed Poll means the deed poll executed by Bidder, JBS Australia and Bidder Guarantor in favour of the Scheme Shareholders dated 20 September 2021.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date has the meaning given in the Implementation Deed.

Excluded Shareholder means Surveyors Investments Pty Ltd ACN 602 004 179.

Independent Directors means Neil Kearney, Simon Lester, and Tony Dynon.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Target.

Implementation means the implementation of the Scheme, on it becoming Effective.

Implementation Date has the meaning given in the Implementation Deed.

Implementation Deed means the Share Acquisition Implementation Deed between Bidder, Bidder Guarantor and Target dated 6 August 2021 and amended on 3 September 2021 relating to the implementation of the Scheme.

Independent Expert's Report means a report prepared by the Independent Expert in respect of the Scheme in accordance with ASIC Regulatory Guide 111.

Permitted Dividend has the meaning given in the Implementation Deed.

Record Date means 7:00 pm on the day which is five Business Days after the Effective Date or any other date (after the Effective Date) agreed by Bidder and Target to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Register means the register of members of Target and **Registry** has a corresponding meaning.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Scheme means this scheme of arrangement between Target and Scheme Shareholders under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 4.1 of this Scheme, in consideration for the Scheme Consideration, subject to any alterations or conditions made or required by the Court under

section 411(6) of the Corporations Act to the extent they are approved in writing by Target Bidder and Bidder Guarantor.

Scheme Consideration means the consideration to be provided by Bidder to each Scheme Shareholder for the transfer to Bidder of each Scheme Share, being \$3.85 per Scheme Share, less the amount per Scheme Share of any dividend (including a Permitted Dividend) declared, determined or paid by Target prior to the Implementation Date.

Scheme Meeting means the meeting of Target Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Scheme.

Scheme Shareholder means each Target Shareholder (other than the Excluded Shareholder) at the Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 6.1.

Scheme Share means each Target Share on issue as at the Record Date, excluding the Target Shares held by the Excluded Shareholder.

Scheme Transfer means, for each Scheme Shareholder, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Shareholder for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Separate Account has the meaning given in clause 5.6.

Subdivision 14-D means Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth).

Target Share means a fully paid ordinary share in the capital of Target.

Target Shareholder means each person entered in the Register as a holder of Target Shares.

Trust Account means the trust account operated by or on behalf of Target to hold the Scheme Consideration on trust for the purposes of paying the Scheme Consideration to the relevant Scheme Shareholders.

Unclaimed Money Act means the *Unclaimed Money Act 2008* (Vic).

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;

Annexure B: Scheme of Arrangement – Primary Scheme *(continued)*

- (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
- (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
- (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **officer, related body corporate** and **security interest** have the same meaning as given by the Corporations Act.
- (g) A reference to **\$** or **dollar** is to Australian currency.
- (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (i) All references to time in this document are references to Melbourne.

1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the previous Business Day.

2. **CONDITIONS PRECEDENT**

2.1 **Conditions precedent to the Scheme**

The Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following:

- (a) all the conditions set out in clauses 3.2 to 3.4 (inclusive) of the Implementation Deed, other than the Conditions in clauses 3.2(d) and 3.2(e) of the Implementation Deed, having been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with its terms before 8:00am on the Second Court Date;
- (c) the Court having approved this Scheme, with or without any alternations, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Bidder and Target having accepted (each acting reasonably) in writing any alterations made or required by the Court under section 411(6) of the Corporations Act;
- (d) any other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to Bidder and Target, having been satisfied; and

- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Scheme.

2.2 **Certificate in relation to conditions precedent**

Each of Target and Bidder must provide to the other and to the Court before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, a certificate or such other evidence as the Court requests, confirming whether or not the Conditions set out in clauses 3.2 to 3.4 (inclusive) of the Implementation Deed included for its benefit, other than the Conditions in clauses 3.2(d) and 3.2(e), have been satisfied (or waived by it) in accordance with the terms of the Implementation Deed.

3. **THE SCHEME**

3.1 **Effective Date**

- (a) If the conditions precedent in clause 2.1 are satisfied (other than the condition precedent in clause 2.1(e)), Target must lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act and by no later than the first Business Day after the day on which the Court makes that order.
- (b) Subject to clause 3.2, the Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.2 **End Date**

The Scheme will lapse and be of no effect if the Effective Date has not occurred on or before the End Date.

3.3 **Termination**

Without limiting any rights under the Implementation Deed, if the Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective, each of Target and Bidder is released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

4. **IMPLEMENTATION OF THE SCHEME**

4.1 **Implementation steps**

- (a) Subject to this Scheme becoming Effective, Bidder will provide or procure the provision of the Scheme Consideration in the manner contemplated by clauses 5.2 and 5.3 and provide written confirmation thereof to the Target by 12 midday on the Implementation Date.
- (b) On the Implementation Date, but subject to the matters in clause 4.1(a) being satisfied and payment of the Scheme Consideration by Target to the Scheme Shareholders in the manner contemplated by clause 5.4, all the Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, will be transferred to Bidder without the need for any further act by any Scheme

Annexure B: Scheme of Arrangement – Primary Scheme *(continued)*

Shareholder (other than acts performed by Target or its directors and officers as attorney and agent for the Scheme Shareholders under this Scheme), by:

- (i) Target effecting a valid transfer or transfers of the Scheme Shares to Bidder under section 1074D of the Corporations Act; or
- (ii) if the procedure referred to in subclause 4.1(b)(i) is not available for any reason in respect of any Scheme Shares by:
 - (A) Target delivering to Bidder for execution duly completed Scheme Transfers to transfer the Scheme Shares to Bidder, duly executed by Target or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor;
 - (B) Bidder executing the Scheme Transfers as transferee and delivering them to Target for registration; and
 - (C) Target, immediately after receipt of the Scheme Transfers under subclause (B), entering or procuring entry of the name and address of Bidder in the Register as the holder of all the Scheme Shares.

4.2 **Title and rights in Scheme Shares**

Subject to the provision of the Scheme Consideration for the Scheme Shares to the Scheme Shareholders in the manner as contemplated by clause 5.4 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

5. **SCHEME CONSIDERATION**

5.1 **Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.2 **Consideration under the Scheme**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, Bidder must provide or procure the provision of (and Target must use its best endeavours to procure that Bidder provides) the Scheme Consideration to the Scheme Shareholders in accordance with clause 5.3.

5.3 **Satisfaction of obligations to pay Scheme Consideration**

The obligation of Bidder to pay the Scheme Consideration pursuant to clause 5.2 of this Scheme is to be satisfied by Bidder making, no later than 1 Business Day before the Implementation Date, a deposit (or procuring the deposit) in Immediately Available Funds of the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account) and providing written confirmation thereof to the Target by 12 midday on the Implementation Date. For the avoidance of doubt, Bidder must make the deposit referred to in this clause 5.3 (or procure the making of the deposit referred to in this clause 5.3), in full without any withholding or deduction in respect of or on account of taxes, unless that withholding, or deduction, or the payment of such taxes or amounts by Bidder, is required by law.

5.4 **Payment of Scheme Consideration**

- (a) On the Implementation Date, subject to Bidder complying with clause 5.3 and also subject to clause 5.5(b)(a), Target must pay or procure the payment from the Trust Account to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by that Scheme Shareholder as at the Record Date.
- (b) Unless otherwise directed by a Scheme Shareholder before the Record Date, the Scheme Consideration required to be paid under clause 5.4(a) of this Scheme must be paid by electronic funds transfer, direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each relevant Scheme Shareholder by pre-paid ordinary post (or, if the Registered Address of the Scheme Shareholder is outside Australia, by pre-paid airmail post) to their address recorded in the Register at 5:00pm on the Record Date (or in the case of joint holders, in accordance with the procedures set out in clause 5.8).

5.5 **Foreign resident capital gains withholdings**

- (a) Subject to clause 5.5(c), if Bidder is required by law to pay an amount to the Commissioner of Taxation under Subdivision 14-D in respect of the acquisition of Scheme Shares from a Scheme Shareholder (the **Relevant Amount**), then Bidder shall be entitled to withhold an amount, in Australian dollars, equal to the amount of the Relevant Amount from the amount otherwise required to be paid into the Trust Account under clause 5.3 (**Withholding Amount**) and payment of the reduced amount (being the Scheme Consideration less the Withholding Amount) by Bidder into the Trust Account in accordance with clause 5.3 or by Target to the relevant Scheme Shareholder in accordance with clause 5.4(a), will constitute the full discharge of each of Bidder's and Target's obligations under clause 5.3 and clause 1.1(a)5.4(a) with respect to the payment of the Scheme Consideration to the relevant Scheme Shareholder, subject to Bidder paying the Withholding Amount to the relevant taxation authority and providing evidence of the payment in accordance with clause 5.5(b).
- (b) Bidder must pay any Withholding Amount so withheld to the relevant taxation authority in accordance with and in the time required by law, and must, as soon as practicable after doing so, provide the relevant Scheme Shareholder, with a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such.
- (c) The Bidder and Scheme Shareholder agree to consult (together with Target) in good faith as to the application of Subdivision 14-D in relation to the Scheme including, without limitation, as to whether sections 14-200 or 14-210(1) of Subdivision 14-D applies, or will apply, to any Scheme Shareholder. The Bidder and Scheme Shareholder agree to take all actions that they, acting reasonably, mutually agree through that consultation, are necessary or desirable in relation to the operation of Subdivision 14-D to the Scheme, and each agree to not take any unilateral action in relation to the operation of Subdivision 14-D to the Scheme in the absence of such agreement.

5.6 **Unclaimed monies**

- (a) Target may cancel a cheque issued under clause 05.4 of this Scheme if the cheque:
 - (i) is returned to Target; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.

Annexure B: Scheme of Arrangement – Primary Scheme *(continued)*

- (b) During the period of 1 year commencing on the Implementation Date, on request from a Scheme Shareholder, Target must reissue a cheque that was previously cancelled under this clause 5.6.

- (c) In the event that:

- (i) a Scheme Shareholder does not have a registered address and no account has been notified to the Registry or a deposit into such an account of a Scheme Shareholder is rejected or refunded; or
- (ii) a cheque issued has been cancelled,

Target as trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Target (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with under the Unclaimed Money Act. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act.

- (d) Until such time as an amount referred to in clause 5.6(c) is dealt with in accordance with the Unclaimed Money Act, Target must hold the amount on trust for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Bidder. An amount credited to the Separate Account or Trust Account is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account.

5.7 Orders of a Court

In the case of notice having been given to Target (or the Registry) of an order made by a Court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with clause 5.4 of this Scheme, then Target must procure that payment is made in accordance with that order; or
- (b) which would prevent Target from dispatching payment to any particular Scheme Shareholder in accordance with clause 5.4 of this Scheme, Target may (as applicable) retain an amount, in Australian dollars, equal to the Scheme Consideration that would otherwise have been payable to that Scheme Shareholder in accordance with clause 5.4 until such time as provision of the Scheme Consideration in accordance with this Scheme is permitted by law.

5.8 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent under this Scheme will be payable to the joint holders and sent to either, at the sole discretion of Target, the holder whose name appears first in the Register as at the Record Date or to the joint holders; and
- (b) any document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

5.9 **Surplus funds**

To the extent that, following satisfaction of Target's obligations under clause 5.4 and completion of the process under clause 5.6, there is a surplus in the amount held by Target as Trustee for the Scheme Shareholders in the Trust Account, that surplus must be paid by Target to Bidder.

5.10 **Fractional entitlements and splitting**

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded to the nearest whole cent with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent, and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent.

6. **DEALINGS IN TARGET SHARES**

6.1 **Determination of Scheme Shareholders**

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Target Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 4:00pm on the date that is the Record Date at the place where the Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 **Register**

- (a) Target must register all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) before, on or as soon as practicable after the Record Date.
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been provided to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Target Shares (other than statements of holding in favour of Bidder) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each entry on the Register (other than entries on the Register in respect of Bidder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

Annexure B: Scheme of Arrangement – Primary Scheme *(continued)*

6.3 Information to be given to Bidder

As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Shareholder as shown in the Register as at the Record Date are available to Bidder in the form Bidder reasonably requires.

6.4 Suspension of trading

Target will apply to ASX to suspend trading on the ASX in Target Shares with effect from close of trading on the Effective Date.

6.5 Target to apply for termination of quotation of Target Shares

On a date after the Implementation Date to be determined by Bidder, Target will apply for termination of the official quotation on the stock market conducted by ASX of Target Shares and to have itself removed from the official list of ASX.

7. GENERAL PROVISIONS

7.1 Appointment of agent and attorney

- (a) On this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Target as its agent and attorney for the purposes of:
 - (i) in the case of Scheme Shares in a CHESS holding:
 - (A) causing a message to be transmitted to ASX Settlement Pty Ltd (ABN 49 008 504 532) in accordance with the ASX Settlement Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHESS subregister of Target to the issuer sponsored subregister operated by Target or the Registry at any time after the matters in clauses 5.3 and 5.4 have been satisfied; and
 - (B) completing and signing on behalf of Scheme Shareholders any required form of transfer of Scheme Shares;
 - (ii) in the case of Scheme Shares registered in the issuer sponsored subregister operated by Target or the Registry, completing and signing on behalf of Scheme Shareholders any required form of transfer;
 - (iii) in all cases, executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including the execution of the Scheme Transfer and the giving of the Scheme Shareholder's consent under clause 7.3; and
 - (iv) enforcing the Deed Poll against Bidder and Bidder Guarantor,and Target accepts such appointment.
- (b) Target, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.2 **Enforcement of Deed Poll**

Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Bidder, JBS Australia and Bidder Guarantor on behalf of and as agent and attorney for the Scheme Shareholders.

7.3 **Scheme Shareholders' consent**

Each Scheme Shareholder irrevocably consents to Target, Bidder and Bidder Guarantor doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the Implementation and performance of this Scheme.

7.4 **Scheme Shareholders' agreements**

Under this Scheme, each Scheme Shareholder:

- (a) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Bidder in accordance with the terms of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) acknowledges that upon becoming Effective this Scheme binds Target and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

7.5 **Warranty by Scheme Shareholders**

Each Scheme Shareholder is deemed to have warranted to Target and Bidder that as at the Implementation Date:

- (a) to the extent permitted by law, all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Bidder, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares, to Bidder.

7.6 **Title to Scheme Shares**

To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer of them to Bidder, vest in Bidder free from all mortgages, charges, liens, encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

7.7 **Appointment of sole proxy**

Subject to this Scheme becoming Effective, immediately upon provision of the Scheme Consideration to the Scheme Shareholders in accordance with clause 5.4, and until Target

Annexure B: Scheme of Arrangement – Primary Scheme *(continued)*

registers Bidder as the holder of all Scheme Shares in the Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder as its sole proxy and, where applicable or appropriate, corporate representative to attend Target Shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any Target Shareholders' resolution;
- (b) acknowledges that no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.7(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred in clause 7.7(a), Bidder and any director, officer, secretary or agent nominated by Bidder under that clause may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

7.8 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or at the Registry as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or proceedings of the Scheme Meeting.

7.9 Inconsistencies

This Scheme binds Target and all Target Shareholders, and to the extent of any inconsistency, overrides the Target constitution.

7.10 No liability when acting in good faith

None of Bidder, Target nor any director, officer, secretary or employee of Target will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

7.11 Further assurance

Target will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

7.12 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act:

- (a) Target may, by its counsel on behalf of all persons concerned, consent to only such of those conditions or alterations to this Scheme to which Bidder has consented, such consent not to be unreasonably withheld or delayed; and

- (b) each Scheme Shareholder agrees to any such alterations or conditions which Target has consented to.

7.13 Costs

If the Scheme becomes Effective, Bidder, JBS Australia and Bidder Guarantor agree to pay all costs in respect of the Scheme (including, in connection with the transfer of Scheme Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.14.

7.14 Stamp duty and registration fees

Bidder must, and JBS Australia and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to:

- (a) pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with the Scheme (including any related fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.14(a).

7.15 Governing Law

- (a) This Scheme is governed by and will be construed according to the laws of Victoria, Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria, Australia and of the courts competent to determine appeals from those courts.

Annexure C: Scheme of Arrangement – Secondary Scheme

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Scheme of Arrangement – Structure B Scheme

Huon Aquaculture Group Limited

ACN 114 456 781

The holders of ordinary fully paid shares issued in Huon
Aquaculture Group Limited

2021

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ME_188879210_1

SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) **Huon Aquaculture Group Limited** ACN 114 456 781 whose registered office is at Level 13, 188 Collins Street, Hobart TAS 7000 (**Target**); and
- (2) each Scheme Shareholder.

BACKGROUND

- (A) Target is a public company incorporated in Australia. It is registered in Tasmania and is a company limited by shares. Target is admitted to the official list of ASX and Target Shares are quoted on the stock market conducted by ASX.
- (B) JBS Aquaculture Pty Ltd (**Bidder**) is an Australian proprietary company limited by shares. Industry Park Pty Ltd (**Bidder Guarantor**) is an Australian proprietary company limited by shares.
- (C) Target, JBS Australia Pty Ltd (**JBS Australia**) and Bidder Guarantor entered into the Implementation Deed on or about 6 August 2021 to facilitate the implementation of the Scheme. Bidder has been nominated by JBS Australia to undertake certain actions attributable to JBS Australia under the Scheme and JBS Australia and Bidder Guarantor have guaranteed certain obligations of Bidder. The directors of Target have proposed the Scheme to Target Shareholders (other than the Excluded Shareholder).
- (D) Bidder, JBS Australia and Bidder Guarantor have each executed the Deed Poll under which they covenant in favour of the Scheme Shareholders to carry out the certain actions attributed to each of the Bidder, JBS and Bidder Guarantor under the Scheme, including to provide the Scheme Consideration in accordance with the terms of the Scheme.
- (E) This Scheme will only become Effective if the Structure A Scheme does not become Effective.
- (F) If the Scheme becomes Effective:
 - (1) in consideration of the transfer of the Scheme Shares to Bidder, Bidder must provide or procure the provision of the Scheme Consideration in accordance with the terms of this Scheme and the Deed Poll;
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Bidder; and
 - (3) Target will enter Bidder's name in the Register as the holder of all the Scheme Shares.

OPERATIVE PROVISIONS

1. INTERPRETATION

1.1 Definitions

The following definitions apply in this document:

ASIC means the Australian Securities and Investments Commission.

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Hobart, Tasmania, Melbourne, Victoria, and Brisbane, Queensland, Australia.

CHESS means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited, which provides for the electronic transfer, settlement and registration of securities.

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

Court means the Federal Court of Australia, Melbourne division, or such other court of competent jurisdiction under the Corporations Act as agreed in writing by Bidder and Target.

Deed Poll means the deed poll executed by Bidder, JBS Australia and Bidder Guarantor in favour of the Scheme Shareholders dated 20 September 2021.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date has the meaning given in the Implementation Deed.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Target.

Implementation means the implementation of the Scheme, on it becoming Effective.

Implementation Date has the meaning given in the Implementation Deed.

Implementation Deed means the Share Acquisition Implementation Deed between Bidder, Bidder Guarantor and Target dated 6 August 2021 and amended on 3 September 2021 relating to the implementation of the Scheme.

Independent Expert's Report means a report prepared by the Independent Expert in respect of the Scheme in accordance with ASIC Regulatory Guide 111.

Permitted Dividend has the meaning given in the Implementation Deed.

Record Date means 7:00 pm on the day which is five Business Days after the Effective Date or any other date (after the Effective Date) agreed by Bidder and Target to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Register means the register of members of Target and **Registry** has a corresponding meaning.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Scheme means this scheme of arrangement between Target and Scheme Shareholders under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 4.1 of this Scheme, in consideration for the Scheme Consideration, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act to the extent they are approved in writing by Target Bidder and Bidder Guarantor.

Scheme Consideration means the consideration to be provided by Bidder to each Scheme Shareholder for the transfer to Bidder of each Scheme Share, being \$3.85 per Scheme Share, less the amount per Scheme Share of any dividend (including a Permitted Dividend) declared, determined or paid by Target prior to the Implementation Date.

Scheme Meeting means the meeting of Target Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Scheme.

Scheme Shareholder means each Target Shareholder at the Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 6.1.

Scheme Share means each Target Share on issue as at the Record Date.

Scheme Transfer means, for each Scheme Shareholder, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Shareholder for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Separate Account has the meaning given in clause 5.6.

Structure A Scheme means the scheme of arrangement between Target and Scheme Shareholders proposed at the same time as this Scheme under which all of the Scheme Shares (other than Target Shares held by Surveyors Investments Pty Ltd ACN 602 004 179) will be transferred to Bidder under Part 5.1 of the Corporations Act, in consideration for the Scheme Consideration, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act to the extent they are approved in writing by Target Bidder and Bidder Guarantor.

Subdivision 14-D means Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth).

Target Share means a fully paid ordinary share in the capital of Target.

Target Shareholder means each person entered in the Register as a holder of Target Shares.

Trust Account means the trust account operated by or on behalf of Target to hold the Scheme Consideration on trust for the purposes of paying the Scheme Consideration to the relevant Scheme Shareholders.

Unclaimed Money Act means the *Unclaimed Money Act 2008* (Vic).

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **officer, related body corporate** and **security interest** have the same meaning as given by the Corporations Act.
- (g) A reference to **\$** or **dollar** is to Australian currency.
- (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (i) All references to time in this document are references to Melbourne.

1.3 Non-Business Days

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the previous Business Day.

2. **CONDITIONS PRECEDENT**

2.1 **Conditions precedent to the Scheme**

The Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following:

- (a) all the conditions set out in clauses 3.2 to 3.4 (inclusive) of the Implementation Deed, other than the Conditions in clauses 3.2(d) and 3.2(e) of the Implementation Deed, having been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with its terms before 8:00am on the Second Court Date;
- (c) the Structure A Scheme has not become effective by the Court making an order approving the Structure A Scheme under section 411(4)(b) of the Corporations Act in the circumstances referred to in clause 3.2;
- (d) the Court having approved this Scheme, with or without any alterations, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Bidder and Target having accepted (each acting reasonably) in writing any alterations made or required by the Court under section 411(6) of the Corporations Act;
- (e) any other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to Bidder and Target, having been satisfied; and
- (f) the coming into effect, pursuant to section 411(10) of the Corporations Act of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to this Scheme.

2.2 **Certificate in relation to conditions precedent**

Each of Target and Bidder must provide to the other and to the Court before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, a certificate or such other evidence as the Court requests, confirming whether or not the Conditions set out in clauses 3.2 to 3.4 (inclusive) of the Implementation Deed included for its benefit, other than the Conditions in clauses 3.2(d) and 3.2(e), have been satisfied (or waived by it) in accordance with the terms of the Implementation Deed.

3. **THE SCHEME**

3.1 **Effective Date**

- (a) If the conditions precedent in clause 2.1 are satisfied (other than the condition precedent in clause 2.1(d)), Target must lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act and by no later than the first Business Day after the day on which the Court makes that order.
- (b) Subject to clause 3.2, the Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.2 **Relationship with Structure A Scheme**

- (a) Target and Bidder must not seek an order of the Court to approve the Scheme under section 411(4)(b) of the Corporations Act unless the Structure A Scheme has not and will not become effective by order of the Court under section 411(4)(b) of the Corporations Act.

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

- (b) If the Conditions set out in clauses 3.2 to 3.4 (inclusive) of the Implementation Deed applicable to the Structure A Scheme (excluding the Conditions in clauses 3.2(d) and 3.2(e)) have not been satisfied (or waived) in accordance with the terms of the Implementation Deed before the Second Court Date, Target will seek an order approving the Scheme on the Second Court Date.
- (c) If the Conditions set out in clauses 3.2 to 3.4 (inclusive) of the Implementation Deed applicable to both the Structure A Scheme and the Scheme (excluding the Conditions in clauses 3.2(d) and 3.2(e)) have been satisfied (or waived) in accordance with the terms of the Implementation Deed before the Second Court Date, Target will seek an order approving the Structure A Scheme on the Second Court Date and only if the Court declines to make orders approving the Structure A Scheme under section 411(4)(b) of the Corporations Act will Target seek orders from the Court approving the Scheme under section 411(4)(b) of the Corporations Act.

3.3 **End Date**

The Scheme will lapse and be of no effect if the Effective Date has not occurred on or before the End Date.

3.4 **Termination**

Without limiting any rights under the Implementation Deed, if the Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective, each of Target and Bidder is released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

4. **IMPLEMENTATION OF THE SCHEME**

4.1 **Implementation steps**

- (a) Subject to this Scheme becoming Effective, Bidder will provide or procure the provision of the Scheme Consideration in the manner contemplated by clauses 5.2 and 5.3 and provide written confirmation thereof to the Target by 12 midday on the Implementation Date.
- (b) On the Implementation Date, but subject to the matters in clause 4.1(a) being satisfied and payment of the Scheme Consideration by Target to the Scheme Shareholders in the manner contemplated by clause 5.4, all the Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, will be transferred to Bidder without the need for any further act by any Scheme Shareholder (other than acts performed by Target or its directors and officers as attorney and agent for the Scheme Shareholders under this Scheme), by:
 - (i) Target effecting a valid transfer or transfers of the Scheme Shares to Bidder under section 1074D of the Corporations Act; or
 - (ii) if the procedure referred to in subclause 4.1(b)(i) is not available for any reason in respect of any Scheme Shares by:
 - (A) Target delivering to Bidder for execution duly completed Scheme Transfers to transfer the Scheme Shares to Bidder, duly executed by Target or any of its directors and officers as the attorney and agent of each Scheme Shareholder as transferor;

- (B) Bidder executing the Scheme Transfers as transferee and delivering them to Target for registration; and
- (C) Target, immediately after receipt of the Scheme Transfers under subclause (B), entering or procuring entry of the name and address of Bidder in the Register as the holder of all the Scheme Shares.

4.2 **Title and rights in Scheme Shares**

Subject to the provision of the Scheme Consideration for the Scheme Shares to the Scheme Shareholders in the manner as contemplated by clause 5.4 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

5. **SCHEME CONSIDERATION**

5.1 **Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.2 **Consideration under the Scheme**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, Bidder must provide or procure the provision of (and Target must use its best endeavours to procure that Bidder provides) the Scheme Consideration to the Scheme Shareholders in accordance with clause 5.3.

5.3 **Satisfaction of obligations to pay Scheme Consideration**

The obligation of Bidder to pay the Scheme Consideration pursuant to clause 5.2 of this Scheme is to be satisfied by Bidder making, no later than 1 Business Day before the Implementation Date, a deposit (or procuring the deposit) in Immediately Available Funds of the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account) and providing written confirmation thereof to the Target by 12 midday on the Implementation Date. For the avoidance of doubt, Bidder must make the deposit referred to in this clause 5.3 (or procure the making of the deposit referred to in this clause 5.3), in full without any withholding or deduction in respect of or on account of taxes, unless that withholding, or deduction, or the payment of such taxes or amounts by Bidder, is required by law.

5.4 **Payment of Scheme Consideration**

- (a) On the Implementation Date, subject to Bidder complying with clause 5.3 and also subject to clause 5.5(a), Target must pay or procure the payment from the Trust Account to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by that Scheme Shareholder as at the Record Date.
- (b) Unless otherwise directed by a Scheme Shareholder before the Record Date, the Scheme Consideration required to be paid under clause 5.4(a) of this Scheme must be paid by electronic funds transfer, direct credit or sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to each relevant Scheme Shareholder by pre-paid ordinary post (or, if the Registered Address of the Scheme Shareholder is outside Australia, by pre-paid airmail post) to their address

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

recorded in the Register at 5:00pm on the Record Date (or in the case of joint holders, in accordance with the procedures set out in clause 5.8).

5.5 Foreign resident capital gains withholdings

- (a) Subject to clause 5.5(c), if Bidder is required by law to pay an amount to the Commissioner of Taxation under Subdivision 14-D in respect of the acquisition of Scheme Shares from a Scheme Shareholder (the **Relevant Amount**), then Bidder shall be entitled to withhold an amount, in Australian dollars, equal to the amount of the Relevant Amount from the amount otherwise required to be paid into the Trust Account under clause 5.3 (**Withholding Amount**) and payment of the reduced amount (being the Scheme Consideration less the Withholding Amount) by Bidder into the Trust Account in accordance with clause 5.3 or by Target to the relevant Scheme Shareholder in accordance with clause 5.4(a), will constitute the full discharge of each of Bidder's and Target's obligations under clause 5.3 and clause 5.4(a) with respect to the payment of the Scheme Consideration to the relevant Scheme Shareholder, subject to Bidder paying the Withholding Amount to the relevant taxation authority and providing evidence of the payment in accordance with clause 5.5(b).
- (b) Bidder must pay any Withholding Amount so withheld to the relevant taxation authority in accordance with and in the time required by law, and must, as soon as practicable after doing so, provide the relevant Scheme Shareholder, with a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such.
- (c) The Bidder and Scheme Shareholder agree to consult (together with Target) in good faith as to the application of Subdivision 14-D in relation to the Scheme including, without limitation, as to whether sections 14-200 or 14-210(1) of Subdivision 14-D applies, or will apply, to any Scheme Shareholder. The Bidder and Scheme Shareholder agree to take all actions that they, acting reasonably, mutually agree through that consultation, are necessary or desirable in relation to the operation of Subdivision 14-D to the Scheme, and each agree to not take any unilateral action in relation to the operation of Subdivision 14-D to the Scheme in the absence of such agreement.

5.6 Unclaimed monies

- (a) Target may cancel a cheque issued under clause 5.4 of this Scheme if the cheque:
 - (i) is returned to Target; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 1 year commencing on the Implementation Date, on request from a Scheme Shareholder, Target must reissue a cheque that was previously cancelled under this clause 5.6.
- (c) In the event that:
 - (i) a Scheme Shareholder does not have a registered address and no account has been notified to the Registry or a deposit into such an account of a Scheme Shareholder is rejected or refunded; or
 - (ii) a cheque issued has been cancelled,

Target as trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Target (**Separate**

Account) to be held until the Scheme Shareholder claims the amount or the amount is dealt with under the Unclaimed Money Act. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act.

- (d) Until such time as an amount referred to in clause 5.6(c) is dealt with in accordance with the Unclaimed Money Act, Target must hold the amount on trust for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Bidder. An amount credited to the Separate Account or Trust Account is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account.

5.7 **Orders of a Court**

In the case of notice having been given to Target (or the Registry) of an order made by a Court of competent jurisdiction:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with clause 5.4 of this Scheme, then Target must procure that payment is made in accordance with that order; or
- (b) which would prevent Target from dispatching payment to any particular Scheme Shareholder in accordance with clause 5.4 of this Scheme, Target may (as applicable) retain an amount, in Australian dollars, equal to the Scheme Consideration that would otherwise have been payable to that Scheme Shareholder in accordance with clause 5.4 until such time as provision of the Scheme Consideration in accordance with this Scheme is permitted by law.

5.8 **Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent under this Scheme will be payable to the joint holders and sent to either, at the sole discretion of Target, the holder whose name appears first in the Register as at the Record Date or to the joint holders; and
- (b) any document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

5.9 **Surplus funds**

To the extent that, following satisfaction of Target's obligations under clause 5.4 and completion of the process under clause 5.6, there is a surplus in the amount held by Target as Trustee for the Scheme Shareholders in the Trust Account, that surplus must be paid by Target to Bidder.

6. **DEALINGS IN TARGET SHARES**

6.1 **Determination of Scheme Shareholders**

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Target Shares on or before the Record Date; and

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 4:00pm on the date that is the Record Date at the place where the Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Target must register all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 1.1(b)6.1(b) before, on or as soon as practicable after the Record Date.
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been provided to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Target Shares (other than statements of holding in favour of Bidder) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each entry on the Register (other than entries on the Register in respect of Bidder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

6.3 Information to be given to Bidder

As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Shareholder as shown in the Register as at the Record Date are available to Bidder in the form Bidder reasonably requires.

6.4 Suspension of trading

Target will apply to ASX to suspend trading on the ASX in Target Shares with effect from close of trading on the Effective Date.

6.5 Target to apply for termination of quotation of Target Shares

On a date after the Implementation Date to be determined by Bidder, Target will apply for termination of the official quotation on the stock market conducted by ASX of Target Shares and to have itself removed from the official list of ASX.

7. GENERAL PROVISIONS

7.1 Appointment of agent and attorney

- (a) On this Scheme becoming Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Target as its agent and attorney for the purposes of:
 - (i) in the case of Scheme Shares in a CHESS holding:
 - (A) causing a message to be transmitted to ASX Settlement Pty Ltd (ABN 49 008 504 532) in accordance with the ASX Settlement Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHESS subregister of Target to the issuer sponsored subregister operated by Target or the Registry at any time after the matters in clauses 5.3 and 5.4 have been satisfied; and
 - (B) completing and signing on behalf of Scheme Shareholders any required form of transfer of Scheme Shares;
 - (ii) in the case of Scheme Shares registered in the issuer sponsored subregister operated by Target or the Registry, completing and signing on behalf of Scheme Shareholders any required form of transfer;
 - (iii) in all cases, executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including the execution of the Scheme Transfer and the giving of the Scheme Shareholder's consent under clause 7.3; and
 - (iv) enforcing the Deed Poll against Bidder and Bidder Guarantor,
- and Target accepts such appointment.
- (b) Target, as agent and attorney of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

7.2 Enforcement of Deed Poll

Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Bidder, JBS Australia and Bidder Guarantor on behalf of and as agent and attorney for the Scheme Shareholders.

7.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably consents to Target, Bidder and Bidder Guarantor doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the Implementation and performance of this Scheme.

7.4 Scheme Shareholders' agreements

Under this Scheme, each Scheme Shareholder:

- (a) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Bidder in accordance with the terms of this Scheme;

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

- (b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) acknowledges that upon becoming Effective this Scheme binds Target and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

7.5 **Warranty by Scheme Shareholders**

Each Scheme Shareholder is deemed to have warranted to Target and Bidder that as at the Implementation Date:

- (a) to the extent permitted by law, all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Bidder, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares, and all rights and entitlements attaching to those Scheme Shares, to Bidder.

7.6 **Title to Scheme Shares**

To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer of them to Bidder, vest in Bidder free from all mortgages, charges, liens, encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

7.7 **Appointment of sole proxy**

Subject to this Scheme becoming Effective, immediately upon provision of the Scheme Consideration to the Scheme Shareholders in accordance with clause 5.3, and until Target registers Bidder as the holder of all Scheme Shares in the Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder as its sole proxy and, where applicable or appropriate, corporate representative to attend Target Shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any Target Shareholders' resolution;
- (b) acknowledges that no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.7(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred in clause 1.1(a)7.7(a), Bidder and any director, officer, secretary or agent nominated by Bidder under that clause may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

7.8 Notices

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or at the Registry as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or proceedings of the Scheme Meeting.

7.9 Inconsistencies

This Scheme binds Target and all Target Shareholders, and to the extent of any inconsistency, overrides the Target constitution.

7.10 No liability when acting in good faith

None of Bidder, Target nor any director, officer, secretary or employee of Target will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

7.11 Further assurance

Target will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

7.12 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act:

- (a) Target may, by its counsel on behalf of all persons concerned, consent to only such of those conditions or alterations to this Scheme to which Bidder has consented, such consent not to be unreasonably withheld or delayed; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Target has consented to.

7.13 Costs

If the Scheme becomes Effective, Bidder, JBS Australia and Bidder Guarantor agree to pay all costs in respect of the Scheme (including, in connection with the transfer of Scheme Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.14.

7.14 Stamp duty and registration fees

Bidder must, and JBS Australia and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to:

- (a) pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with the Scheme (including any related fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.14(a).

Annexure C: Scheme of Arrangement – Secondary Scheme *(continued)*

7.15 **Governing Law**

- (a) This Scheme is governed by and will be construed according to the laws of Victoria, Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria, Australia and of the courts competent to determine appeals from those courts.

Annexure D: Deed Poll – Primary Scheme



Deed Poll – Structure A Scheme

JBS Australia Pty Ltd

ACN 011 062 338

and

JBS Aquaculture Pty Ltd

ACN 653 348 700

and

Industry Park Pty Ltd

ACN 007 256 215

Deed Poll relating to proposed Scheme of Arrangement between
Huon Aquaculture Group Limited and its members

2021

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Annexure D: Deed Poll – Primary Scheme *(continued)*

DEED POLL

THIS DEED POLL is made on 20 September 2021

BY

JBS Australia Pty Ltd ACN 011 062 338 of 62 McRoyle Street, Wacol, QLD 4076 (**JBS Australia**)

JBS Aquaculture Pty Ltd ACN 653 348 700 of 62 McRoyle Street, Wacol, QLD 4076 (**Bidder**)

Industry Park Pty Ltd ACN 007 256 215 of 62 McRoyle Street, Wacol, QLD 4076 (**Bidder Guarantor**)

FOR THE BENEFIT OF

Each holder of Scheme Shares in Huon Aquaculture Group Limited ACN 114 456 781 (**Target**) as at the Record Date (other than the Excluded Shareholder) (**Scheme Shareholder**).

RECITALS

- (A) Target, JBS Australia and Bidder Guarantor have entered into the Implementation Deed, under which:
- (1) Target has agreed to propose the Scheme; and
 - (2) JBS Australia (or its nominee) has agreed to perform actions attributed to it under the Scheme (and procure that Bidder Guarantor and Bidder perform actions attributable to them) and pay or procure the payment of the Scheme Consideration to each Scheme Shareholder in accordance with the Scheme.
- (B) Bidder is required to:
- (1) perform certain actions attributed to Bidder and JBS Australia under the Scheme; and
 - (2) give each acknowledgement, representation and warranty (if any), attributed to Bidder and JBS Australia under the Scheme.
- (C) Bidder is executing this deed poll for the purpose of covenanting in favour of each Scheme Shareholder to undertake the actions attributed to Bid der under the Scheme.
- (D) Bidder Guarantor and JBS Australia are executing this deed poll for the purpose of:
- (1) guaranteeing that Bidder undertakes the actions attributable to Bidder under the Scheme;
 - (2) performing the direct actions attributable to Bidder Guarantor and JBS Australia under the Scheme;
 - (3) covenanting to procuring that Bidder undertakes the actions attributable to Bidder under the Scheme; and
 - (4) covenanting to undertake their respective guarantee obligations under the Scheme.

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JBS AUSTRALIA, BIDDER AND BIDDER GUARANTOR DECLARE AS FOLLOWS

1. INTERPRETATION

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Excluded Shareholder means Surveyors Investments Pty Ltd ACN 602 004 179.

Implementation Deed means the Share Acquisition Implementation Deed between Bidder, Bidder Guarantor and Target dated 6 August 2021 and amended on 3 September 2021 relating to the implementation of the Scheme.

Scheme means the proposed scheme of arrangement between Target and Scheme Shareholders under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form at Annexure A of the Implementation Deed, or as otherwise agreed by Bidder and Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Target and Bidder.

All other words and phrases used in this deed poll have the same meaning as given to them in the Scheme or the Implementation Deed, as applicable.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this deed poll.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

JBS Australia, Bidder and Bidder Guarantor each acknowledge that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it and that under the Scheme, Target undertakes to enforce this deed poll against Bidder and Bidder Guarantor on behalf of and as agent and attorney for each Scheme Shareholder.

2. CONDITIONS PRECEDENT AND TERMINATION

2.1 Conditions precedent

The obligations of JBS Australia, Bidder and Bidder Guarantor under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

Without limiting any rights under the Implementation Deed, if the Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective, this deed poll automatically terminates and the terms of this deed poll will be of no further force or effect.

Annexure D: Deed Poll – Primary Scheme *(continued)*

2.3 **Consequences of termination**

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) each of JBS Australia, Bidder and Bidder Guarantor is released from their obligations to further perform this deed poll except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Shareholder retains the rights, powers or remedies they have against JBS Australia, Bidder and Bidder Guarantor in respect of any breach of this deed poll which occurred before it was terminated.

3. **PERFORMANCE OF OBLIGATIONS GENERALLY**

JBS Australia, Bidder and Bidder Guarantor will each comply with its obligations under the Implementation Deed and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4. **SCHEME CONSIDERATION**

4.1 **Compliance with Scheme generally**

Subject to clause 2, Bidder covenants in favour of each Scheme Shareholder to:

- (a) observe and perform the actions attributed to it under, and otherwise to comply with, the Scheme as if named as party to the Scheme and do all acts and things necessary to give effect to the Scheme;
- (b) give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme; and
- (c) provide the Scheme Consideration to the Trust Account on behalf of each relevant Scheme Shareholder in accordance with the Scheme.

4.2 **Manner of payment**

The obligation of Bidder to pay the Scheme Consideration pursuant to clause 5.2 of the Scheme is to be satisfied by Bidder making, no later than 1 Business Day before the Implementation Date, a deposit (or procuring the deposit) in immediately available funds of the aggregate amount of the Scheme Consideration payable to all relevant Scheme Shareholders into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account) and providing written confirmation thereof to Target by 12 midday on the Implementation Date. For the avoidance of doubt, Bidder must make the deposit referred to in this clause 4.2 (or procure the making of the deposit referred to in this clause 4.2), in full without any withholding or deduction in respect of or on account of taxes, unless that withholding, or deduction, or the payment of such taxes or amounts by Bidder, is required by law.

4.3 **JBS Australia and Bidder Guarantor undertakings**

Subject to clause 2, JBS Australia and Bidder Guarantor each undertake in favour of each Scheme Shareholder that they will procure that Bidder observes and performs all obligations contemplated of it under clauses 4.1 and 4.2.

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5. REPRESENTATIONS AND WARRANTIES

Each of JBS Australia, Bidder and Bidder Guarantor represents and warrants that:

- (a) **(status)** it is a corporation validly existing under the laws of its place of registration;
- (b) **(power)** it has the legal right and full corporate power to enter into this deed poll, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this deed poll do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this deed poll, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets (or any event under any law which is analogous to, or which has substantially similar effect to, any of the events referred to in this paragraph);
- (f) **(validity of obligations)** its obligations under this deed poll are valid and binding and are enforceable against it in accordance with its terms; and
- (g) **(no conflicts)** this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

6. CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) each of JBS Australia, Bidder and Bidder Guarantor have fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

7. COSTS

7.1 Costs

If the Scheme becomes Effective, JBS Australia, Bidder and Bidder Guarantor agree to pay all costs in respect of the Scheme (including, in connection with the transfer of Scheme Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.2.

7.2 Stamp duty and registration fees

Bidder must, and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to:

Annexure D: Deed Poll – Primary Scheme *(continued)*

- (a) pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this deed poll or any other transaction contemplated by this deed poll (including any related fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8. NOTICES

Notices and other communications in connection with this deed poll must be in writing. They must be sent to the address or email address below and (except in the case of email) marked for the attention of the person referred to below. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

Target

Address: Level 13, 188 Collins Street, Hobart Tasmania Australia 7000
Email: Pwiese@huonacqua.com.au
Attention: Philip Wiese

with a copy to:

Address: Ashurst
Level 16, 80 Collins Street, Melbourne Victoria 3000
Email: John.Brewster@ashurst.com
Attention: John Brewster

JBS Australia and Bidder

Address: 62 McRoyle Street, Wacol, QLD 4076
Email: Edison.Alvares@jbssa.com.au and Jacinta.Dale@jbssa.com.au
Attention: Edison Alvares and Jacinta Dale

with a copy to:

Address: MinterEllison
Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000
Email: Michael.Scarf@minterellison.com
Attention: Michael Scarf

Bidder Guarantor

Address: 62 McRoyle Street, Wacol, QLD 4076
Email: Edison.Alvares@jbssa.com.au and Jacinta.Dale@jbssa.com.au
Attention: Edison Alvares and Jacinta Dale

with a copy to:

Address: MinterEllison
Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000
Email: Michael.Scarf@minterellison.com
Attention: Michael Scarf

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9. GENERAL

9.1 Waiver

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this deed poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,

does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy.

9.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Target, JBS Australia, Bidder and Bidder Guarantor in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event JBS Australia, Bidder and Bidder Guarantor must each enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation, alteration or amendment.

9.3 Assignment

The rights and obligations of JBS Australia, Bidder, Bidder Guarantor and each Scheme Shareholder under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt to purport to do so without the prior written consent of JBS Australia, Bidder, Bidder Guarantor and Target.

9.4 Governing law and jurisdiction

This deed poll is governed by the law in force in Victoria, Australia. JBS Australia, Bidder and Bidder Guarantor each irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

9.5 Further action

Each of JBS Australia, Bidder and Bidder Guarantor agrees to do anything including executing all documents and do all things (on their own behalf or on behalf of each Scheme Shareholder) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

Annexure D: Deed Poll – Primary Scheme *(continued)*

9.6 **Service of process**

Without preventing any other method of service, any document in an action in connection with this deed poll may be served on JBS Australia, Bidder and Bidder Guarantor respectively by being delivered or left at their addresses set out in clause 8.

9.7 **Counterparts**

This document may be executed in counterparts.

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EXECUTED as a deed poll.

**SIGNED, SEALED AND DELIVERED by
JBS AQUACULTURE PTY LTD:**



Signature of director

HUGH BRENT EASTWOOD
Name



Signature of director/secretary

Edison Alvarez
Name

**SIGNED, SEALED AND DELIVERED by
JBS AUSTRALIA PTY LTD:**



Signature of director

HUGH BRENT EASTWOOD
Name



Signature of director/secretary

Edison Alvarez
Name

**SIGNED, SEALED AND DELIVERED by
INDUSTRY PARK PTY LTD:**



Signature of director

HUGH BRENT EASTWOOD
Name



Signature of director/secretary

Edison Alvarez
Name

Annexure E: Deed Poll – Secondary Scheme

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Deed Poll – Structure B Scheme

JBS Australia Pty Ltd

ACN 011 062 338

and

JBS Aquaculture Pty Ltd

ACN 653 348 700

and

Industry Park Pty Ltd

ACN 007 256 215

Deed Poll relating to proposed Scheme of Arrangement between
Huon Aquaculture Group Limited and its members

2021

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DEED POLL

THIS DEED POLL is made on 20 September 2021

BY

JBS Australia Pty Ltd ACN 011 062 338 of 62 McRoyle Street, Wacol, QLD 4076 (**JBS Australia**)

JBS Aquaculture Pty Ltd ACN 653 348 700 of 62 McRoyle Street, Wacol, QLD 4076 (**Bidder**)

Industry Park Pty Ltd ACN 007 256 215 of 62 McRoyle Street, Wacol, QLD 4076 (**Bidder Guarantor**)

FOR THE BENEFIT OF

Each holder of Scheme Shares in Huon Aquaculture Group Limited ACN 114 456 781 (**Target**) as at the Record Date (**Scheme Shareholder**)

RECITALS

- (A) Target, JBS Australia and Bidder Guarantor have entered into the Implementation Deed, under which:
- (1) Target has agreed to propose the Scheme; and
 - (2) JBS Australia (or its nominee) has agreed to perform actions attributed to it under the Scheme (and procure that Bidder Guarantor and Bidder perform actions attributed to it under the Scheme) and pay or procure the payment of the Scheme Consideration to each Scheme Shareholder in accordance with the Scheme.
- (B) Bidder is required to:
- (1) perform certain the actions attributed to Bidder and JBS Australia under the Scheme; and
 - (2) give each acknowledgement, representation and warranty (if any), attributed to Bidder and JBS Australia under the Scheme.
- (C) Bidder is executing this deed poll for the purpose of covenanting in favour of each Scheme Shareholder to undertake the actions attributed to Bidder under the Scheme.
- (D) Bidder Guarantor and JBS Australia are executing this deed poll for the purpose of:
- (1) guaranteeing that Bidder undertakes the actions attributable to Bidder under the Scheme;
 - (2) performing the direct actions attributable to Bidder Guarantor and JBS Australia under the Scheme;
 - (3) covenanting to procuring that Bidder undertakes the actions attributable to Bidder under the Scheme; and
 - (4) covenanting to undertake their respective guarantee obligations under the Scheme.

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Annexure E: Deed Poll – Secondary Scheme *(continued)*

JBS AUSTRALIA, BIDDER AND BIDDER GUARANTOR DECLARE AS FOLLOWS

1. INTERPRETATION

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Implementation Deed means the Share Acquisition Implementation Deed between Bidder, Bidder Guarantor and Target dated 6 August 2021 and amended on 3 September 2021 relating to the implementation of the Scheme.

Scheme means the proposed scheme of arrangement between Target and Scheme Shareholders under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form at Annexure B of the Implementation Deed, or as otherwise agreed by Bidder and Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Target and Bidder.

All other words and phrases used in this deed poll have the same meaning as given to them in the Scheme or the Implementation Deed, as applicable.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this deed poll.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

1.4 Nature of deed poll

JBS Australia, Bidder and Bidder Guarantor each acknowledge that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it and that under the Scheme, Target undertakes to enforce this deed poll against Bidder and Bidder Guarantor on behalf of and as agent and attorney for each Scheme Shareholder.

2. CONDITIONS PRECEDENT AND TERMINATION

2.1 Conditions precedent

The obligations of JBS Australia, Bidder and Bidder Guarantor under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

Without limiting any rights under the Implementation Deed, if the Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective, this deed poll automatically terminates and the terms of this deed poll will be of no further force or effect.

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2.3 **Consequences of termination**

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) each of JBS Australia, Bidder and Bidder Guarantor is released from their obligations to further perform this deed poll except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Shareholder retains the rights, powers or remedies they have against JBS Australia, Bidder and Bidder Guarantor in respect of any breach of this deed poll which occurred before it was terminated.

3. **PERFORMANCE OF OBLIGATIONS GENERALLY**

JBS Australia, Bidder and Bidder Guarantor will each comply with its obligations under the Implementation Deed and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4. **SCHEME CONSIDERATION**

4.1 **Compliance with Scheme generally**

Subject to clause 2, Bidder covenants in favour of each Scheme Shareholder to:

- (a) observe and perform the actions attributed to it under, and otherwise to comply with, the Scheme as if named as party to the Scheme and do all acts and things necessary to give effect to the Scheme;
- (b) give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme; and
- (c) provide the Scheme Consideration to the Trust Account on behalf of each relevant Scheme Shareholder in accordance with the Scheme.

4.2 **Manner of payment**

The obligation of Bidder to pay the Scheme Consideration pursuant to clause 5.2 of the Scheme is to be satisfied by Bidder making, no later than 1 Business Day before the Implementation Date, a deposit (or procuring the deposit) in immediately available funds of the aggregate amount of the Scheme Consideration payable to all relevant Scheme Shareholders into the Trust Account (except that the amount of any interest on the amount deposited will be to Bidder's account) and providing written confirmation thereof to Target by 12 midday on the Implementation Date. For the avoidance of doubt, Bidder must make the deposit referred to in this clause 4.2 (or procure the making of the deposit referred to in this clause 4.2), in full without any withholding or deduction in respect of or on account of taxes, unless that withholding, or deduction, or the payment of such taxes or amounts by Bidder, is required by law.

4.3 **JBS Australia and Bidder Guarantor undertakings**

Subject to clause 2, JBS Australia and Bidder Guarantor each undertake in favour of each Scheme Shareholder that they will procure that Bidder observes and performs all obligations contemplated of it under clauses 4.1 and 4.2.

Annexure E: Deed Poll – Secondary Scheme *(continued)*

5. REPRESENTATIONS AND WARRANTIES

Each of JBS Australia, Bidder and Bidder Guarantor represents and warrants that:

- (a) **(status)** it is a corporation validly existing under the laws of its place of registration;
- (b) **(power)** it has the legal right and full corporate power to enter into this deed poll, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this deed poll do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this deed poll, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets (or any event under any law which is analogous to, or which has substantially similar effect to, any of the events referred to in this paragraph);
- (f) **(validity of obligations)** its obligations under this deed poll are valid and binding and are enforceable against it in accordance with its terms; and
- (g) **(no conflicts)** this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

6. CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) each of JBS Australia, Bidder and Bidder Guarantor have fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

7. COSTS

7.1 Costs

If the Scheme becomes Effective, JBS Australia, Bidder and Bidder Guarantor agree to pay all costs in respect of the Scheme (including, in connection with the transfer of Scheme Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.2.

7.2 Stamp duty and registration fees

Bidder must, and Bidder Guarantor unconditionally and irrevocably guarantees the obligation of Bidder to:

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- (a) pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this deed poll or any other transaction contemplated by this deed poll (including any related fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Scheme Shareholder against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8. **NOTICES**

Notices and other communications in connection with this deed poll must be in writing. They must be sent to the address or email address below and (except in the case of email) marked for the attention of the person referred to below. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

Target

Address: Level 13, 188 Collins Street, Hobart Tasmania Australia 7000
 Email: Pwiese@huonacqua.com.au
 Attention: Philip Wiese

with a copy to:

Address: Ashurst
 Level 16, 80 Collins Street, Melbourne Victoria 3000
 Email: John.Brewster@ashurst.com
 Attention: John Brewster

JBS Australia and Bidder

Address: 62 McRoyle Street, Wacol, Queensland 4076
 Email: Edison.Alvares@jbssa.com.au and Jacinta.Dale@jbssa.com.au
 Attention: Edison Alvares and Jacinta Dale

with a copy to:

Address: MinterEllison
 Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000
 Email: Michael.Scarf@minterellison.com
 Attention: Michael Scarf

Bidder Guarantor

Address: 62 McRoyle Street, Wacol, QLD 4076
 Email: Edison.Alvares@jbssa.com.au and Jacinta.Dale@jbssa.com.au
 Attention: Edison Alvares and Jacinta Dale

with a copy to:

Address: MinterEllison
 Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000
 Email: Michael.Scarf@minterellison.com
 Attention: Michael Scarf

Annexure E: Deed Poll – Secondary Scheme *(continued)*

9. GENERAL

9.1 Waiver

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this deed poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy.

9.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Target, JBS Australia, Bidder and Bidder Guarantor in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event JBS Australia, Bidder and Bidder Guarantor must each enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation, alteration or amendment.

9.3 Assignment

The rights and obligations of JBS Australia, Bidder, Bidder Guarantor and each Scheme Shareholder under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt to purport to do so without the prior written consent of JBS Australia, Bidder, Bidder Guarantor and Target.

9.4 Governing law and jurisdiction

This deed poll is governed by the law in force in Victoria, Australia. JBS Australia, Bidder and Bidder Guarantor each irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

9.5 Further action

Each of JBS Australia, Bidder and Bidder Guarantor agrees to do anything including executing all documents and do all things (on their own behalf or on behalf of each Scheme Shareholder) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

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9.6 **Service of process**

Without preventing any other method of service, any document in an action in connection with this deed poll may be served on JBS Australia, Bidder and Bidder Guarantor respectively by being delivered or left at their addresses set out in clause 8.

9.7 **Counterparts**

This document may be executed in counterparts.

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Annexure E: Deed Poll – Secondary Scheme *(continued)*

EXECUTED as a deed poll.

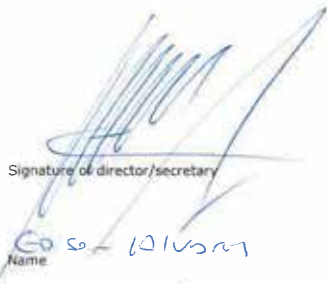
**SIGNED, SEALED AND DELIVERED by
JBS AQUACULTURE PTY LTD:**



Signature of director

HUGH BRENT EASTWOOD

Name



Signature of director/secretary

Name

**SIGNED, SEALED AND DELIVERED by
JBS AUSTRALIA PTY LTD:**



Signature of director

HUGH BRENT EASTWOOD

Name



Signature of director/secretary

Name

**SIGNED, SEALED AND DELIVERED by
INDUSTRY PARK PTY LTD:**



Signature of director

HUGH BRENT EASTWOOD

Name



Signature of director/secretary

Name

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Annexure F: Notice of Primary Scheme Meeting

Huon Aquaculture Group Limited ABN 79 114 456 781

Notice of Primary Scheme Meeting

Notice is hereby given that, by an order of the Court made on Wednesday, 22 September 2021 pursuant to section 411(1) of the Corporations Act, a meeting of Huon Shareholders (other than Surveyors) will be held as a virtual meeting (online only) at 10.00 am on Friday, 29 October 2021 (this is the **Primary Scheme Meeting**).

Shareholders can access the meeting using the following link:

<https://agmlive.link/huonmeetings21>

Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

Capitalised terms in this Notice of Primary Scheme Meeting that are not otherwise defined have the same meaning as is given to those terms in the Booklet, of which this Notice of Primary Scheme Meeting forms part.

Business of the Primary Scheme Meeting

The purpose of the Primary Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without any alterations or conditions agreed to in writing between Huon and JBS or any alterations or conditions required by the Court to which Huon and JBS agree) proposed to be made between Huon and Huon Shareholders (other than Surveyors) (**Primary Scheme**).

A copy of the Primary Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Primary Scheme are contained in the Booklet, of which this notice forms part.

Primary Scheme Resolution

Huon Shareholders at the Scheme Meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

*'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Huon and the holders of its ordinary shares (other than Surveyors Investments Pty Ltd), designated as the **Primary Scheme**, as contained in and more particularly described in the Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions agreed to in writing between Huon and JBS or any alterations or conditions as approved by the Court to which Huon and JBS agree.'*

Chairman

The Court has directed that Neil Kearney is to act as Chair of the Primary Scheme Meeting (and that, if Neil Kearney is unable or unwilling to attend, Tony Dynon is to act as Chair of the Primary Scheme Meeting).

Arrangements for the Primary Scheme Meeting in light of COVID-19

In response to the potential health risks arising from the COVID-19 pandemic, the Primary Scheme Meeting will be held virtually (online only).

Huon Shareholders (other than Surveyors) can participate in the Primary Scheme Meeting online via <https://agmlive.link/huonmeetings21>. The online platform will allow Huon Shareholders (other than Surveyors) to view the Primary Scheme Meeting, ask questions during the Primary Scheme Meeting and vote during the Primary Scheme Meeting.

To participate and vote online, Huon Shareholders (other than Surveyors) will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and their postcode (or their country code if outside Australia). Proxyholders will need their proxy code, which Link will provide via email (where requested) no later than 48 hours prior to the Primary Scheme Meeting. Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

Annexure F: Notice of Primary Scheme Meeting *(continued)*

Even if you plan to attend the Primary Scheme Meeting online, we encourage you to submit a proxy vote as early as possible by completing and returning the proxy form accompanying this Booklet or lodging your proxy form online at in accordance with the instructions in paragraph 8 of the Explanatory Notes below.

Asking questions prior to Primary Scheme Meeting

Huon Shareholders (other than Surveyors) can lodge questions prior to the Primary Scheme Meeting by submitting questions via email to schememeeting@huonaqua.com.au with the subject line "**HUON Primary Scheme Meeting**" by no later than 7.00 pm (Hobart time) on 27 October 2021.

Dated 22 September 2021

By Order of the Federal Court

Explanatory notes

1. General

This notice of Primary Scheme Meeting relates to the Scheme Meeting and should be read in conjunction with Huon's Share Acquisition Booklet dated on or about the date of this notice of Primary Scheme Meeting (**Booklet**) of which this notice forms part. The Booklet contains important information to assist you in determining how to vote on the Primary Scheme Resolution.

A copy of the Primary Scheme is set out in Annexure B of to the Booklet and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Primary Scheme is included in the Booklet (the explanatory statement being all Sections of the Booklet, other than the Appendices).

2. Shareholder approval

For the Primary Scheme to be binding in accordance with section 411 of the Corporations Act, the Primary Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Huon Shareholders (other than Surveyors) present and voting (either themselves or by proxy, attorney or, in the case of corporate a Huon Shareholder or a proxy who is a corporation, body by corporate representative) at the Primary Scheme Meeting; and
- at least 75% of the total number of votes cast on the Primary Scheme Resolution at the Primary Scheme Meeting by Huon Shareholders (other than Surveyors) present and voting (either themselves or by proxy, attorney or, in the case of a Huon Shareholder or a proxy who is a corporate Huon Shareholders, body by corporate representative).

3. Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Primary Scheme is subject to the approval of the Court. If the Primary Scheme Resolution is passed by the Required Majorities and the other Conditions Precedent to the Primary Scheme (other than approval by the Court) are satisfied or waived by the time required under the Primary Scheme, Huon intends to apply to the Court for the necessary orders to give effect to the Primary Scheme.

In order for the Primary Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Primary Scheme must be lodged with ASIC.

If the Primary Scheme (and Surveyors Acquisition at the Annual General Meeting) is approved by Huon Shareholders and the Court, the Primary Scheme will be implemented.

Entitlement to vote

It has been determined that the time for determining eligibility to vote at the Primary Scheme Meeting is 7.00 pm (Hobart time) on 27 October 2021. Only those Huon Shareholders (other than Surveyors) entered on the Register at that time will be entitled to attend and vote at the meeting, either themselves, by proxy or attorney, or in the case of a corporate Huon Shareholder or proxy who is a corporate, by a body corporate representative. Surveyors is not entitled to vote at the Primary Scheme Meeting. The remaining comments in these explanatory notes are addressed to Huon Shareholders entitled to attend and vote at the meeting.

4. How to vote

Voting will be conducted by poll.

If you are a Huon Shareholder entitled to vote at the Primary Scheme Meeting, you may vote by:

- attending the virtual (online) Primary Scheme Meeting and voting online;
- appointing one or two proxies to attend the Primary Scheme Meeting virtually, and vote on your behalf, by lodging your proxy form online;
- appointing an attorney to attend the Primary Scheme Meeting virtually, and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the Primary Scheme Meeting virtually, and vote on your behalf, using a certificate of appointment of body corporate representative.

Annexure F: Notice of Primary Scheme Meeting *(continued)*

5. Attendance

Online

Eligible Huon Shareholders can watch and participate in the Primary Scheme Meeting virtually, using a web browser or a mobile device, at <https://agmlive.link/huonmeetings21>.

To participate and vote online, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and your postcode (or country code if outside Australia). Proxyholders will need their proxy code, which the Share Registry will provide via email (where requested) no later than 48 hours prior to the Primary Scheme Meeting. Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

Online participants should register at least 30 minutes before the Primary Scheme Meeting.

Proxyholders, attorneys and corporate representatives will need to contact the Share Registry on 1800 606 866 (within Australia) or +61 1800 606 866 (outside Australia) to obtain their login details no later than 24 hours prior to the Primary Scheme Meeting and following lodgement of the appropriate documentation.

Participating in the Primary Scheme Meeting online enables Huon Shareholders to view the Primary Scheme Meeting live, ask questions, and vote in real time at the appropriate times during the meeting.

By phone

Eligible Huon Shareholders can also attend the Primary Scheme Meeting by telephone on 1800 434 064 (within Australia) or +61 2 9000 2115 (outside Australia). However, Huon Shareholders can only attend and ask questions but not vote on any resolutions at the Primary Scheme Meeting.

Further information can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

6. Jointly held securities

If you hold Huon Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote at the Primary Scheme Meeting, only the vote of the holder whose name appears first on the Register will be counted.

See also the comments in paragraph 8.2 below regarding the appointment of a proxy by persons who jointly hold Huon Shares.

7. Technical difficulties

Technical difficulties may arise during the course of the Primary Scheme Meeting. The Chair has discretion as to whether and how the primary Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of Huon Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason Huon Shareholders are encouraged to lodge a proxy by 7.00 pm (Hobart time) on 27 October 2021 even if they plan to attend online.

8. Voting

8.1 Voting online

To vote you must attend the meeting online, which will be available at <https://agmlive.link/huonmeetings21> or lodge a proxy form.

8.2 Voting by proxy

A Huon Shareholder entitled to vote at the Primary Scheme Meeting may appoint a person to attend and vote at the Primary Scheme Meeting virtually, as their proxy. A Huon Shareholder who is entitled to cast two or more votes at the Primary Scheme Meeting may appoint one or two proxies. Your proxy need not be another Huon

Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting (provided their appointing Huon Shareholder is not present).

To appoint a proxy, you should complete and return the proxy form that accompanied the Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Share Registry by 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) Online:
www.linkmarketservices.com.au (in accordance with the instructions given there)
- (b) by post in the provided reply paid envelope to the Share Registry at the following address:
Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- (c) by hand delivery (during normal business hours) to the Share Registry at the following address:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- (d) by fax to the Share Registry on:
+61 2 9287 0309

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the original power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Share Registry before the start of the meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described in paragraphs 8.2(b), 8.2(c) or 8.2(d) above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. You can obtain a second proxy form from the Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Huon Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Huon Shareholder may sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Primary Scheme Resolution, or whether to leave the decision to the proxy after they have considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit. If you instruct your proxy to abstain from voting on an item of business,

Annexure F: Notice of Primary Scheme Meeting *(continued)*

they are directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the Required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the Chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the meeting intends to vote all valid undirected proxies which nominate the Chair in favour of the Primary Scheme Resolution, in the absence of a Superior Proposal.

Proxies of eligible Huon Shareholders will be admitted to the meeting.

Your appointment of a proxy does not preclude you from attending, revoking the proxy and voting at the meeting.

If a Huon Shareholder who has previously submitted a valid proxy form attends the Primary Scheme Meeting, the virtual meeting platform will notify the Huon Shareholder and ask them if they would like the proxy to stand or be revoked. If they elect to revoke the proxy, only the vote of the Huon Shareholder cast at the virtual meeting will be counted.

Replacement proxy forms can be obtained from the Share Registry.

8.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Huon Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you in the presence of at least one witness and specify your name, the company (that is, Huon), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The original power of attorney, or a certified copy of the power of attorney, should be received by the Share Registry by 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- by post in the provided reply paid envelope to the Share Registry at the following address:
Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- by hand delivery (during normal business hours) to the Share Registry at the following address:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- by fax to the Share Registry on:
+61 2 9287 0309

Please note that the power of attorney or a certified copy of the power of attorney cannot be lodged online.

Attorneys of eligible Huon Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending and voting at the meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Primary Scheme Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.

8.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Huon will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Share Registry by calling 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) Monday to Friday between 8.30 am to 5.30 pm (Hobart time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be received by the Share Registry before 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Share Registry at the following address:
Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- (b) by hand delivery (during normal business hours) to the Share Registry at the following address:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- (c) by fax to the Share Registry on:
+61 2 9287 0309

Please note that a certificate of appointment of body corporate representative cannot be lodged online.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.

Body corporate representatives of eligible Huon Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

9. Advertisement

Where this notice of Primary Scheme Meeting is advertised unaccompanied by the Booklet, a copy of the Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Huon or the Share Registry.

Annexure G: Notice of Secondary Scheme Meeting

Huon Aquaculture Group Limited ABN 79 114 456 781

Notice of Secondary Scheme Meeting

Notice is hereby given that, by an order of the Court made on Wednesday, 22 September 2021 pursuant to section 411(1) of the Corporations Act, a meeting of Huon Shareholders will be held as a virtual meeting (online only) at 10.00 am on Friday, 29 October 2021 (this is the **Secondary Scheme Meeting**).

Shareholders can access the meeting using the following link:

<https://agmlive.link/huonmeetings21>

Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

The Secondary Scheme Meeting will be opened at 10.00 am but then be adjourned until the conclusion of the Primary Scheme Meeting.

Capitalised terms in this Notice of Secondary Scheme Meeting that are not otherwise defined have the same meaning as is given to those terms in the Booklet, of which this Notice of Secondary Scheme Meeting forms part.

Business of the Secondary Scheme Meeting

The purpose of the Secondary Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without any alterations or conditions agreed to in writing between Huon and JBS or any alterations or conditions required by the Court to which Huon and JBS agree) proposed to be made between Huon and Huon Shareholders (**Secondary Scheme**).

A copy of the Secondary Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Secondary Scheme are contained in the Booklet, of which this notice forms part.

Huon Shareholders at the Secondary Scheme Meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

*'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Huon and the holders of its ordinary shares, designated as the **Secondary Scheme**, as contained in and more particularly described in the Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions agreed to in writing between Huon and JBS or any alterations or conditions as approved by the Court to which Huon and JBS agree.'*

Chairman

The Court has directed that Neil Kearney is to act as Chair of the Secondary Scheme Meeting (and that, if Neil Kearney is unable or unwilling to attend, Tony Dynon is to act as Chair of the Secondary Scheme Meeting).

Arrangements for the Secondary Scheme Meeting in light of COVID-19

In response to the potential health risks arising from the COVID-19 pandemic, the Secondary Scheme Meeting will be held virtually (online only).

Huon Shareholders can participate in the Secondary Scheme Meeting online via <https://agmlive.link/huonmeetings21>. The online platform will allow Huon Shareholders to view the Secondary Scheme Meeting, ask questions during the Secondary Scheme Meeting and vote during the Secondary Scheme Meeting.

To participate and vote online, Huon Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and their postcode (or their country code if outside Australia). Proxyholders will need their proxy code, which the Share Registry will provide via email (where requested) no later than 48 hours prior to the Secondary Scheme Meeting. Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

Even if you plan to attend the Secondary Scheme Meeting online, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form accompanying this Booklet or lodging your proxy form in accordance with the instructions in paragraph 8 of the Explanatory Notes below.

Asking questions prior to Secondary Scheme Meeting

Huon Shareholders can lodge questions prior to the Secondary Scheme Meeting by submitting questions via email to schememeeting@huonaqua.com.au with the subject line "**HUON Secondary Scheme Meeting**" by no later than 7.00 pm (Hobart time) on 27 October 2021.

Dated 22 September 2021

By Order of the Federal Court

Annexure G: Notice of Secondary Scheme Meeting *(continued)*

Explanatory notes

1. General

This notice of Secondary Scheme Meeting relates to the Secondary Scheme Meeting and should be read in conjunction with Huon's Booklet dated on or about the date of this notice of Scheme Meeting (**Booklet**) of which this notice forms part. The Booklet contains important information to assist you in determining how to vote on the Secondary Scheme Resolution.

A copy of the Secondary Scheme is set out in Annexure C of the Booklet and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Secondary Scheme is included in the Booklet (the explanatory statement being all Sections of the Booklet, other than the Appendices).

2. Shareholder approval

For the Secondary Scheme to be binding in accordance with section 411 of the Corporations Act, the Secondary Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Huon Shareholders present and voting (either themselves or by proxy, attorney or, in the case of a Huon Shareholder or a proxy who is a corporation, by corporate representative) at the Secondary Scheme Meeting; and
- at least 75% of the total number of votes cast on the Secondary Scheme Resolution at the Secondary Scheme Meeting by Huon Shareholders present and voting (either themselves or by proxy, attorney or, in the case of a Huon Shareholder or a proxy who is a corporation, by corporate representative).

3. Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Secondary Scheme is subject to the approval of the Court. If the Secondary Scheme Resolution is passed by the Required Majorities and the other Conditions Precedent to the Secondary Scheme (other than approval by the Court) are satisfied or waived by the time required under the Secondary Scheme, Huon intends to apply to the Court for the necessary orders to give effect to the Secondary Scheme provided the Primary Scheme has not been approved.

In order for the Secondary Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Secondary Scheme must be lodged with ASIC.

If the Primary Scheme (and Surveyors Acquisition at the Annual General Meeting) is approved by Huon Shareholders and the Court, the Primary Scheme will be implemented. If only the Secondary Scheme is approved, the Secondary Scheme will be implemented. If the Primary Scheme and the Secondary Scheme are approved by Huon Shareholders and the Primary Scheme is approved by the Court, only the Primary Scheme will be implemented.

4. Entitlement to vote

It has been determined that the time for determining eligibility to vote at the Secondary Scheme Meeting is 7.00 pm (Hobart time) on 27 October 2021. Only those Huon Shareholders entered on the Register at that time will be entitled to attend and vote at the meeting, either themselves, by proxy or attorney, or in the case of a corporate Huon Shareholder or proxy who is a corporate, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Huon Shareholders entitled to attend and vote at the meeting.

5. How to vote

Voting will be conducted by poll.

- If you are a Huon Shareholder entitled to vote at the Secondary Scheme Meeting, you may vote by:
- attending the virtual (online) Secondary Scheme Meeting and voting online;
- appointing one or two proxies to attend the Secondary Scheme Meeting virtually, and vote on your behalf, by lodging your proxy form online;
- appointing an attorney to attend the Secondary Scheme Meeting virtually, and vote on your behalf, using a power of attorney; or

in the case of a body corporate, appointing a body corporate representative to attend the Secondary Scheme Meeting virtually, and vote on your behalf, using a certificate of appointment of body corporate representative.

6. Attendance

Online

Eligible Huon Shareholders can watch and participate in the Secondary Scheme Meeting virtually, using a web browser or a mobile device, at <https://agmlive.link/huonmeetings21>.

To participate and vote online, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and your postcode (or country code if outside Australia). Proxyholders will need their proxy code, which the Share Registry will provide via email (where requested) no later than 48 hours prior to the Secondary Scheme Meeting. Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraqle.com/huo-transaction/>.

Online participants should register at least 30 minutes before the Secondary Scheme Meeting.

Proxyholders, attorneys and corporate representatives will need to contact the Share Registry on 1800 606 866 (within Australia) or +61 1800 606 866 (outside Australia) to obtain their login details no later than 24 hours prior to the Secondary Scheme Meeting and following lodgement of the appropriate documentation.

Participating in the Secondary Scheme Meeting online enables Huon Shareholders to view the Secondary Scheme Meeting live, ask questions, and vote in real time at the appropriate times during the meeting.

By phone

Eligible Huon Shareholders can also attend the Primary Scheme Meeting by telephone on 1800 434 064 (within Australia) or +61 2 9000 2115 (outside Australia).

However, Huon Shareholders can only attend and ask questions but not vote on any resolutions at the Primary Scheme Meeting.

Further information can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraqle.com/huo-transaction/>.

7. Jointly held securities

If you hold Huon Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote at the Secondary Scheme Meeting, only the vote of the holder whose name appears first on the Register will be counted.

See also the comments in paragraph 9.2 below regarding the appointment of a proxy by persons who jointly hold Huon Shares.

8. Technical difficulties

Technical difficulties may arise during the course of the Secondary Scheme Meeting. The Chair has discretion as to whether and how the Secondary Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason Huon Shareholders are encouraged to lodge a proxy by 7.00 pm (Hobart time) on 27 October 2021 even if they plan to attend online.

9. Voting

9.1 Voting online and by phone

To vote you must attend the meeting online, which will be available at <https://agmlive.link/huonmeetings21> or by telephone conference on 1800 434 064 (within Australia) or +61 2 9000 2115 (outside Australia).

Annexure G: Notice of Secondary Scheme Meeting *(continued)*

9.2 Voting by proxy

A Huon Shareholder entitled to vote at the Secondary Scheme Meeting may appoint a person to attend and vote at the Secondary Scheme Meeting virtually, as their proxy. A Huon Shareholder who is entitled to cast two or more votes at the Secondary Scheme Meeting may appoint one or two proxies. Your proxy need not be another Huon Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting (provided their appointing Huon Shareholder is not present).

To appoint a proxy, you should complete and return the proxy form that accompanied the Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Share Registry by 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) Online:
www.linkmarketservices.com.au (in accordance with the instructions given there)
- (b) by post in the provided reply paid envelope to the Share Registry at the following address:
Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- (c) by hand delivery (during normal business hours) to the Share Registry at the following address:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- (d) by fax to the Share Registry on:
+61 2 9287 0309

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the original power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Share Registry before the start of the meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described in paragraphs 8.2(b), 8.2(c) or 8.2(d) above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. You can obtain a second proxy form from the Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Huon Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Huon Shareholder may sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Secondary Scheme Resolution, or whether to leave the decision to the proxy after they have considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit. If you instruct your proxy to abstain from voting on an item of business, they are directed not

to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the Required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the Chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the meeting intends to vote all valid undirected proxies which nominate the Chair in favour of the Secondary Scheme Resolution, in the absence of a Superior Proposal.

Proxies of eligible Huon Shareholders will be admitted to the meeting.

Your appointment of a proxy does not preclude you from attending, revoking the proxy and voting at the meeting.

If a Huon Shareholder who has previously submitted a valid proxy form attends the Secondary Scheme Meeting, the virtual meeting platform will notify the Huon Shareholder and ask them if they would like the proxy to stand or be revoked. If they elect to revoke the proxy, only the vote of the Huon Shareholder cast at the virtual meeting will be counted.

Replacement proxy forms can be obtained from the Share Registry.

9.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Huon Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you in the presence of at least one witness and specify your name, the company (that is, Huon), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The original power of attorney, or a certified copy of the power of attorney, should be received by the Share Registry by 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- by post in the provided reply paid envelope to the Share Registry at the following address:
Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- by hand delivery (during normal business hours) to the Share Registry at the following address:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- by fax to the Share Registry on:
+61 2 9287 0309

Please note that the power of attorney or a certified copy of the power of attorney cannot be lodged online.

Attorneys of eligible Huon Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Annexure G: Notice of Secondary Scheme Meeting *(continued)*

Your appointment of an attorney does not preclude you from attending and voting at the meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Secondary Scheme Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.

9.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Huon will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Share Registry by calling 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) Monday to Friday between 8.30 am to 5.30 pm (Hobart time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be received by the Share Registry before 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) by post in the provided reply paid envelope to the Share Registry at the following address:
Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- (b) by hand delivery (during normal business hours) to the Share Registry at the following address:
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- (c) by fax to the Share Registry on:
+61 2 9287 0309

Please note that a certificate of appointment of body corporate representative cannot be lodged online.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.

Body corporate representatives of eligible Huon Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

10. Advertisement

Where this notice of Secondary Scheme Meeting is advertised unaccompanied by the Booklet, a copy of the Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Huon or the Share Registry.

Annexure H: Notice of Annual General Meeting

Huon Aquaculture Group Limited ABN 79 114 456 781

Notice of Annual General Meeting

Notice is hereby given that a meeting of Huon Shareholders will be held as a virtual meeting (online only) at 10.00 am on Friday, 29 October 2021 (this is the **Annual General Meeting**).

Shareholders can access the meeting using the following link:

<https://agmlive.link/huonmeetings21>

The Annual General Meeting will be opened at 10.00 am but will be adjourned until the conclusion of the Secondary Scheme Meeting.

Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

Capitalised terms in this Notice of Annual General Meeting that are not otherwise defined have the same meaning as is given to those terms in the Booklet, of which this Notice of Annual General Meeting forms part.

Business of the Annual General Meeting

1. Financial statements and reports

To receive and consider the Financial Report of Huon for the year ended 30 June 2021 together with the Directors' Report and Independent Auditor's Report as set out in the Annual Report.

2. Adoption of remuneration report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That, the Remuneration Report for the financial year ended 30 June 2021 as set out in the Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Huon Directors or Huon.

3. Surveyors acquisition resolution

To consider and, if thought fit, pass (with or without amendment) the following resolution as an ordinary resolution:

"That, pursuant to and in accordance with section 611(7) of the Corporations Act 2001 (Cth), the acquisition of all ordinary shares on issue in Surveyors Investments Pty Ltd from Mr Peter Bender by JBS Aquaculture Pty Ltd in accordance with the terms of the Takeover Offers, Share Sale Agreement and the Supplemental Share Sale Agreement, is agreed to."

This is the **Surveyors Acquisition Resolution**.

Note: A copy of the explanatory statement required by section 611(7)(b) of the Corporations Act in relation to the Share Sale Agreement and Supplemental Share Sale Agreement is contained in the Booklet, of which this notice forms part. Huon Shareholders are directed to Section 9.2 of the Booklet in particular.

4. Re-election of Mrs Frances Bender as a Director

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

"That, Mrs Frances Bender, being a Director of Huon who retires in accordance with Article 47 of Huon's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of Huon."

Annexure H: Notice of Annual General Meeting *(continued)*

5. Approval of the Grant of Huon Performance Rights to Mr Peter Bender

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

"That, for the purposes of ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to the grant of 187,429 Performance Rights to Mr Peter Bender under Huon's Long Term Incentive and Bonus Sacrifice Plan on the terms set out in the Explanatory Notes accompanying the Notice of Meeting convening this meeting (including to the giving of benefits in connection with Mr Bender ceasing to hold a managerial or executive office with Huon, as described in the Explanatory Notes)."

6. General business

To deal with any other business which may be brought forward in accordance with Huon's Constitution and the Corporations Act.

Arrangements for the Annual General Meeting in light of COVID-19

In response to the potential health risks arising from the COVID-19 pandemic, the Annual General Meeting will be held virtually.

Huon Shareholders can participate in the Annual General Meeting online via <https://agmlive.link/huonmeetings21>. The online platform will allow Huon Shareholders to view the Annual General Meeting, ask questions during the Annual General Meeting and vote during the Annual General Meeting.

To participate and vote online, Huon Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and their postcode (or their country code if outside Australia). Proxyholders will need their proxy code, which the Share Registry will provide via email (where requested) no later than 48 hours prior to the Annual General Meeting. Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraqle.com/huo-transaction/>.

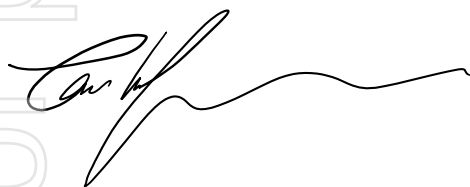
Even if you plan to attend the Annual General Meeting online, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form accompanying this Booklet or lodging your proxy form online in accordance with the instructions in paragraph 8 of the Explanatory Notes below.

Asking questions prior to Annual General Meeting

Huon Shareholders can lodge questions prior to the Annual General Meeting by submitting questions via email to schememeeting@huonaqua.com.au with the subject line **"HUON Annual General Meeting"** by no later than 7.00 pm (Hobart time) on 27 October 2021.

Dated 22 September 2021

By Order of the Huon Board



Thomas Haselgrove
Company Secretary

Explanatory notes

1. General

This Notice of Meeting relates to the Annual General Meeting and should be read in conjunction with the Booklet dated on or about the date of this Notice of Meeting (**Booklet**) of which this Notice of Meeting forms part.

2. Financial statements and reports

A copy of Huon's Annual Report, including the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2021, can be found on Huon's website at <http://investors.huonaqua.com.au/investors/>. It was first released to ASX on 26 August 2021.

Huon Shareholders may elect to receive by mail, free of charge, Huon's Annual Report. Please contact the Share Registry, Link Market Services, to request a hard copy. Huon mails a copy of the Annual Report only to those Huon Shareholders who have made an election to receive it.

During this item of business there will be an opportunity for consideration of the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2021.

Huon Shareholders as a whole at the Annual General Meeting will be allowed a reasonable opportunity to ask questions and make comments on these reports or about Huon generally.

Huon Shareholders also have the right to submit written questions to the auditors relevant to the contents of the Auditor's Report or the conduct of the audit of Huon's Financial Report. Written questions must be submitted no later than five business days before the Annual General Meeting and the answers will be available at and after the Annual General Meeting. There will be no formal resolution with respect to this item of business.

3. Adoption of Remuneration Report

During this item of business there will be an opportunity for Huon Shareholders to ask questions and comment on the Remuneration Report in the 2021 Annual Report.

The Remuneration Report appears on pages 41 to 53 of Huon Aquaculture's Annual Report 2021 and is available at <http://investors.huonaqua.com.au/investors/>.

The vote on this resolution will be advisory only and will not bind the Huon Directors. However, the Huon Board will take the outcome of the vote into consideration when reviewing the remuneration policy for Huon Directors and Key Management Personnel in the future.

3.1 Huon Board recommendation

The Huon Board considers that Huon's remuneration policies are structured to provide rewards based on its performance and to be competitive with those in the markets in which they operate. On that basis, and with the Huon Directors acknowledging their personal interest in their own remuneration, the Huon Board recommends that Huon Shareholders vote in favour of this resolution.

3.2 Voting exclusion statement

No votes can be cast on this resolution by or on behalf of any Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties, (each referred to as a Prohibited Voter) in any capacity and Huon will disregard any votes cast on this resolution (in any capacity) by any such Prohibited Voter, except where the vote is cast by the **Prohibited Voter** as a proxy on this resolution for someone other than a Prohibited Voter and either:

- the proxy is appointed by writing that specifies the way the proxy is to vote on the resolution; or
- the proxy is the Chairman of the meeting and the appointment of the proxy does not specify the way the proxy is to vote but does expressly authorise the Chairman to exercise the proxy even if the resolution is connected with the remuneration of Key Management Personnel.

Annexure H: Notice of Annual General Meeting *(continued)*

Further, a member of the Key Management Personnel (regardless of whether or not their remuneration details are disclosed in the Remuneration Report) and their Closely Related Parties must not vote as a proxy on this resolution unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form, or by the Chairman of the meeting provided the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of the Key Management Personnel.

Key Management Personnel includes Huon Directors and certain senior Huon executives who have the authority and responsibility for planning, directing and controlling the activities of the Huon Group, both directly and indirectly and whose remuneration details are disclosed in the Remuneration Report. It also includes any people who have become a Key Management Personnel since the Remuneration Report was issued on 26 August 2021.

A Closely Related Party includes a spouse, child or dependant of the Key Management Personnel (or a child or dependant of the Key Management Personnel's spouse), anyone else in the Key Management Personnel's family who may be expected to influence (or be influenced by) the Key Management Personnel in the Key Management Personnel's dealing with Huon, or any company the Key Management Personnel controls.

4. **Surveyors Acquisition Resolution approval**

The Booklet contains important information to assist you in determining how to vote on the Surveyors Acquisition Resolution. A copy of the explanatory statement required by section 611(7)(b) of the Corporations Act in relation to the Share Sale Agreement and Supplemental Share Sale Agreement is included in the Booklet.

The acquisition of Surveyors rather than the Huon Shares Surveyors holds is considered personally preferable to Huon's CEO and Managing Director from a long term estate planning perspective. Different capital gains consequences also arise from the acquisition of Surveyors. Section 5.1 of the Booklet sets out the background for the Surveyors Acquisition.

If approved, the Surveyors Acquisition Resolution will permit JBS to acquire Surveyors, which holds 40.53% of the issued share capital in Huon, from Mr Bender. This acquisition may take place:

- alongside the Primary Scheme (if approved by Huon Shareholders and the Court);
- under the Takeover Bid (if ASIC provides relief to permit the Takeover Offers to extend to Surveyors); or
- it may occur independent of the Primary Scheme and Takeover Offer pursuant to the Supplemental Share Sale Agreement.

As the Primary Scheme is conditional on members approval of the Surveyors Acquisition Resolution, voting in favour of the resolution may impact the approval of the Primary Scheme. If the Surveyors Acquisition is passed JBS' voting power in Huon may increase by between 40.53 and 100%.

For the proposed Share Sale Agreement and Supplemental Share Sale Agreement to be binding in accordance with section 611(7) of the Corporations Act, the Surveyors Acquisition Resolution must be agreed to by at least 50% of the total number of votes cast on the Surveyors Acquisition Resolution at the General Meeting by Huon Shareholders (other than Surveyors)) present and voting (either themselves or by proxy, attorney or, in the case of a Huon Shareholder or a proxy who is a corporate, body corporate representative).

In connection with the Surveyors Acquisition, Huon Shareholders have been asked to attend the Primary Scheme Meeting to consider and vote on the Primary Scheme, after which Huon Shareholders have been asked to attend this General Meeting to consider and vote on the Surveyors Acquisition. It is your Board's intention that Huon Shareholders consider and vote on the Schemes prior to considering and voting on the Surveyors Acquisition.

4.1 Huon Board recommendation

The Independent Board Committee unanimously recommends that Huon Shareholders entitled to vote on the Surveyors Acquisition Resolution vote in favour of that resolution.

Peter Bender and Frances Bender (each being a Huon Director) make no recommendation on this item of business as they control Surveyors.

4.2 Voting exclusion statement

In accordance with section 611(7) of the Corporations Act, no votes may be cast by Peter Bender, JBS and any of their respective associates will be disregarded. However, this does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the Surveyors Acquisition Resolution; and
- it is not cast on behalf of Mr Bender, JBS or any of their respective associates.

5. Re-election of Mrs Frances Bender as a Director

In accordance with Article 47 of Huon's Constitution, Mrs Bender retires from the Huon Board and seeks re-election as a Huon Director at that meeting. Mrs Bender was originally appointed to the Board in May 2005, and was last re-elected as a director at the 2018 AGM. Mrs Bender is an Executive Director of Huon.

Mrs Bender is Co-Founder of Huon with over 30 years' experience in fish farming operations. She has been instrumental in the design of the Huon brand and its marketing direction and continues to be responsible for these areas.

Mrs Bender's former directorships and committees include board member of Tasmanian Aquaculture and Fisheries Institute, member of the Huon Valley Economic Development Advisory Committee, member of Huon Valley Council Rural Health Advisory Committee, member of Tasmanian Food Industry Council and member of Tasmanian Regional Reference Group – South.

If either Scheme becomes Effective or JBS acquires a relevant interest in a majority of the Huon Shares on issue as a result of the Takeover Bid it is expected that Mrs Bender will resign as a Huon Director at that time.

5.1 Huon Board recommendation

The Huon Board, other than Mrs Bender (because of her interest in the matter), recommends that Huon Shareholders vote in favour of Mrs Bender's re-election to the Board. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

6. Approval of the Grant of Huon Performance Rights to Mr Peter Bender

By the resolution sought under Resolution 5, Huon is seeking the approval of shareholders for a proposed grant of 187,429 Huon Performance Rights to the Chief Executive Officer and Managing Director, Mr Bender under the Long Term Incentive Plan.

6.1 Background

Under ASX Listing Rule 10.14, Huon must not issue equity securities under an employee incentive scheme to a Director of Huon unless it obtains shareholder approval. If new Shares are issued (as opposed to purchasing Shares on-market) in order to satisfy the Huon Performance Rights awarded to Mr Bender (if they vest), that issue falls within ASX Listing Rule 10.14.1 because Mr Bender is a Director of Huon and therefore requires the approval of Huon Shareholders under ASX Listing Rule 10.14. Accordingly, shareholder approval is sought for the grant of Huon Performance Rights to Mr Bender. As shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required, in accordance with Listing Rule 7.2 Exception 14.

The Long Term Incentive Plan is a long term incentive plan established by the Board as part of the remuneration of Huon's executives to ensure Huon Aquaculture has the most effective reward mix in place, particularly in light of the changing legislative environment and economic conditions. The Long Term Incentive Plan is designed to attract, motivate and retain qualified and experienced Key Management Personnel by aligning Key Management Personnel interests with those of shareholders and by providing reward through market competitive variable remuneration. The primary objective of the Long Term Incentive Plan and the Huon Performance Rights, through the performance conditions, is to link the reward of selected individuals who have the capacity to influence the long term performance of Huon with the generation of shareholder wealth.

Under the Long Term Incentive Plan, Huon may grant selected eligible executives, including the Managing Director, rights to subscribe for, or be transferred, Huon Performance Rights. Each Performance Right provides the entitlement on vesting to acquire one fully paid ordinary share in Huon for nil consideration payable.

Annexure H: Notice of Annual General Meeting *(continued)*

The Board has resolved to:

- grant, subject to shareholder approval being obtained, up to 187,429 Huon Performance Rights to Mr Bender on the terms of the Long Term Incentive Plan and the terms and conditions described below; and
- issue or procure the transfer of Shares, or alternatively pay the cash amount of equivalent value, to Mr Bender on the vesting of those Huon Performance Rights.

6.2 Performance Period

The Huon Board intends to exercise its discretion to approve the early vesting of all Huon Long Term Incentives in accordance with their terms, conditional upon the Primary Scheme or Secondary Scheme becoming Effective or the Takeover Offers becoming unconditional. Accordingly, Mr Bender will receive a cash payment of an amount equivalent to the Scheme Consideration if either Scheme is implemented or the Takeover Offers become unconditional.

The Huon Performance Rights allocated will vest on the applicable Vesting Date to the extent that certain performance-based conditions are achieved in the relevant Performance Period. Mr Bender may exercise a Performance Right that has vested until the applicable expiry date. If any shares are issued to Mr Bender following exercise of a vested Performance Right prior to the applicable expiry date, then they may not be sold or transferred before 1 July 2023. The number of Huon Performance Rights to be issued and the Performance Periods applicable to the performance-based Performance Conditions are as follows:

Number of Huon Performance Rights	Performance Period
187,429	1 July 2021 to 30 June 2024

6.3 Performance conditions

The Huon Performance Rights will be tested against the following performance conditions (Performance Conditions): Earnings per share (**EPS**) growth. Earnings per share compound annual growth is calculated as the net profit after income tax (**NPAT**) (excluding adjustment for biological assets) divided by the weighted average number of ordinary shares on issue. Compared to an absolute profit measure, EPS takes into account changes in the equity base and for this reason it is preferred to other profit based metrics. Return on Assets (**ROA**). Return on Assets is calculated as statutory earnings before interest and tax (**EBIT**) (excluding adjustment for biological assets), divided by total assets excluding cash and fair value adjustment on biological assets (average of opening and closing balance). ROA is an appropriate measure for asset intensive industries which reinforces the need to invest capital on projects with a superior return.

6.4 Number of Shares to be allocated

The percentage of Huon Performance Rights that vest, and number of Shares to be allocated or amount of cash to be paid, at the end of each applicable Performance Period will be determined by reference to the following schedule:

Target 1: EPS Compound Growth

EPS – 50% of Long Term Incentive Plan Performance Rights

EPS compound annual growth rate (CAGR)	Vesting outcome
Less than 9% return	Nil
9% return	50%
Above 9% return but below 11% return	Pro-rata from 50–99%
11% return or greater	100%

Target 2: ROA

ROA – 50% of Long Term Incentive Plan Performance Rights

ROA (return for the reporting period)	Vesting outcome
Less than 10% return	Nil
10% return	50%
Above 10% return but below 15% return	Pro-rata from 50-99%
15% return or greater	100%

Any shares issued to Mr Bender upon vesting of Huon Performance Rights may not be sold or transferred by Mr Bender before 1 July 2024.

6.5 Termination of Employment

Upon ceasing employment with the Huon Group, Mr Bender's Huon Performance Rights will be dealt with as follows:

- if Mr Bender's employment ceases due to resignation or dismissal for misconduct or poor performance, then unless the Board determines otherwise prior to or within 60 days of cessation of employment, any unvested Huon Performance Rights lapse with effect from the date of cessation of employment;
- if Mr Bender's employment ceases for any other reason, then unless the Board determines otherwise prior to or within 60 days of cessation of employment:
 - any unvested Huon Performance Rights do not vest or lapse merely because the employment has ceased; and
 - the Plan Rules and all conditions of the Huon Performance Rights continue to apply in relation to the Huon Performance Rights. Any Huon Performance Rights that do not vest based on testing of the Performance Conditions at the end Performance Period, following cessation of employment, will lapse (ie there will be no subsequent re-testing).

For the purposes of sections 200B and 200E of the Corporations Act, approval is also sought for Huon to provide certain benefits pursuant to the Long Term Incentive Plan (including benefits resulting from the exercise of discretions by the Board under the Long Term Incentive Plan) in connection with the cessation of employment of Mr Bender, a person who holds managerial or executive office. The approval covers where Board discretion is exercised to waive vesting conditions, or vesting is accelerated, or vesting entitlements are granted to participants under the Long Term Incentive Plan rules, or benefits are otherwise provided by reason of the exercise of discretions by the Board or otherwise under the Long Term Incentive Plan.

Section 200B restricts the provision of benefits to individuals who hold managerial or executive office in connection with cessation of their employment with Huon, except where the giving of the benefit has been approved by shareholders under section 200E. Mr Bender holds a managerial or executive office with Huon. If shareholders approve the grant of the Huon Performance Rights to Mr Bender, the approval will also cover the provision of such benefits to Mr Bender pursuant to the exercise of relevant discretions under the Long Term Incentive Plan in connection with the cessation of his employment.

The amount and value of the termination benefits for which Huon is seeking approval is the maximum potential benefit that could be provided under the Long Term Incentive Plan, in order to provide the Board with the discretion to determine the most appropriate termination package for Mr Bender. There is no obligation to exercise this discretion.

Exercise of the discretion will depend on factors such as Mr Bender's performance, contribution and tenure. The amount and value of the termination benefits that may be provided under the Long Term Incentive Plan cannot be ascertained in advance. This is because various matters, events and circumstances will or are likely to affect the calculation of the amount and value, including:

Annexure H: Notice of Annual General Meeting *(continued)*

- the circumstances of Mr Bender's cessation of employment (for example, whether cessation of employment arises due to resignation, retirement or redundancy);
- the number of Huon Performance Rights or shares held by Mr Bender prior to cessation of employment;
- the time period served during the performance period by Mr Bender up to the date of cessation of employment;
- the terms contained within the invitation to Mr Bender (such as the applicable performance conditions);
- whether vesting of Huon Performance Rights is accelerated or vesting conditions are varied;
- whether any Huon Performance Rights vest (and if so, how many); and
- any other factors that Huon (or its delegate) determines to be relevant when exercising its discretion under the Long Term Incentive Plan.

6.6 Summary of Long Term Incentive Plan

A summary of the terms of the Long Term Incentive Plan is set out in Schedule 1 to this Notice of Meeting. A description of the Long Term Incentive Plan can also be found in the Remuneration Report on pages 45 and 46 of Huon's 2021 Annual Report. A copy of the Plan Rules of the Long Term Incentive Plan will be made available free of charge if requested by a shareholder from the Company Secretary.

6.7 Terms of the Proposed Huon Performance Rights Issue

(a) Timing of issue

If Huon Shareholder approval is obtained, the Huon Performance Rights will be granted to Mr Bender shortly after the 2021 Annual General Meeting and in any event within three years after the date of the 2021 Annual General Meeting.

(b) Consideration for issue

The Huon Performance Rights issued to Mr Bender will be issued for nil consideration payable, and each Huon Performance Right will provide the entitlement on vesting to acquire one fully paid ordinary share in Huon for nil consideration.

(c) Maximum number of Huon Performance Rights

The maximum number of Huon Performance Rights which may be acquired by Mr Bender under the shareholder approval being sought is 187,429. The number of Huon Performance Rights to which Mr Bender is entitled was calculated by dividing the annual long-term incentive component of Mr Bender's remuneration (\$522,926, being 100% of Mr Bender's total fixed annual remuneration) by Huon's 10 day VWAP as at 1 July 2021, which was \$2.79.

(d) Details of Huon Performance Rights previously granted under the Long Term Incentive Plan to Directors or their associates

Mr Bender is presently the only Director of Huon entitled to participate in the Long Term Incentive Plan. No other person referred to in Listing Rule 10.14 has received Huon Performance Rights since the date of the last approval of the Long Term Incentive Plan.

No consideration is payable for the grant of the Huon Performance Rights or for the issue or transfer of shares upon the vesting of Huon Performance Rights granted.

Details of Huon Performance Rights granted to Mr Bender are also set out on page 48 of Huon's 2021 Annual Report.

6.8 What will happen if the resolution is or is not approved?

Resolution 5 seeks Huon Shareholder approval for the grant of 187,429 Huon Performance Rights (being the maximum number that could vest) to Mr Bender under the Long Term Incentive Plan. If Resolution 5 is passed, Huon will be able to proceed with the issue of up to 187,429 Huon Performance Rights to Mr Bender and any such issue will not count towards Huon's capacity to issue equity securities under ASX Listing Rule 7.1. If Resolution 5 is not passed, Huon will not be able to proceed with the issue of Huon Performance Rights to Mr Bender. In this situation, the Board will have regard to developing alternative remuneration arrangements for Mr Bender to provide him with an appropriate long term cash incentive if the Schemes do not become Effective or the Takeover Bid does not result in JBS acquiring control of Huon.

6.9 Other information

Huon provides the following additional information to Huon Shareholders in accordance with ASX Listing Rule 10.15:

- no loans have been or will be provided by Huon in relation to the issue of Huon Performance Rights to, or the exercise of Huon Performance Rights by, Mr Bender under the Long Term Incentive Plan;
- Mr Bender is the only Huon Director entitled to participate in the Long Term Incentive Plan;
- it is proposed that Mr Bender be issued with 187,429 Huon Performance Rights;
- the details of the remuneration framework applying to Mr Bender and his current remuneration applying in FY22 consist of:
 - salary of \$522,926 plus superannuation;
 - long service and annual leave and other benefits (such as termination benefits);
 - fringe benefits (such as a motor vehicle and car parking); and
 - participation in the Long Term Incentive Plan;
- since Huon's admission to the official list of the ASX on 23 October 2014, Mr Bender has received 861,140 Huon Performance Rights under the Long Term Incentive Plan. Of these, 168,044 have vested and 409,744 have lapsed, with 283,352 Huon Performance Rights outstanding. Of this total, Mr Bender received 172,015 Huon Performance Rights following shareholder approval at the 2020 Annual General Meeting. All Huon Performance Rights have a nil exercise price;
- no amount will be payable by Mr Bender on grant of the Huon Performance Rights. If vesting occurs, no amount is payable upon the exercise of vested Huon Performance Rights (or the Shares underlying them);
- details of any Huon Performance Rights issued to a Huon Director or their associates under the Long Term Incentive Plan are published in Huon's Annual Report relating to the period in which the Huon Performance Rights have been issued. The Annual Report will also contain a statement that shareholder approval for the issue of the Huon Performance Rights was obtained under ASX Listing Rule 10.14;
- any person other than Mr Bender who becomes entitled to participate in the Long Term Incentive Plan, and who requires approval to participate in the Long Term Incentive Plan under ASX Listing Rule 10.14, will not be issued Huon Performance Rights until that approval is obtained under ASX Listing Rule 10.14; and
- the key terms of the Long Term Incentive Plan are detailed below in Schedule 1.

6.10 Board recommendation

The Non-executive Directors recommend that Huon Shareholders vote in favour of Resolution 5.

6.11 Voting exclusion statement

Pursuant to ASX Listing Rules 10.14, Huon will disregard any votes cast in favour of this Resolution by or on behalf of Mr Bender or an associate of Mr Bender.

However, Huon is not required to disregard a vote if it is cast:

- by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;

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- by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction given to the Chairman of the meeting to vote as the Chairman decides, even though the resolution is connected with the remuneration of a member of the Key Management Personnel; or
- by a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided 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 shareholder votes in accordance with the beneficiary's directions.

Further, Key Management Personnel and their Closely Related Parties must not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chairman of the meeting may vote an undirected proxy, provided the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a Key Management Personnel.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

7. Entitlement to vote

It has been determined that the time for determining eligibility to vote at the General Meeting is 10.00 am (Hobart time) on 27 October 2021. Only those Huon Shareholders entered on the Register at that time will be entitled to attend and vote at the meeting, either themselves, by proxy or attorney, or in the case of a corporate Huon Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Huon Shareholders entitled to attend and vote at the meeting.

8. How to vote

Voting will be conducted by poll.

If you are a Huon Shareholder entitled to vote at the Annual General Meeting, you may vote by:

- attending the virtual (online) Annual General Meeting and voting online;
- appointing one or two proxies to attend the Annual General Meeting virtually, and vote on your behalf, by returning the proxy form that accompanied the Booklet (or by lodging your proxy form online);
- appointing an attorney to attend the Annual General Meeting virtually, and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the Annual General Meeting virtually, and vote on your behalf, using a certificate of appointment of body corporate representative.

9. Attendance

Eligible Huon Shareholders can watch and participate in the Annual General Meeting virtually, using a web browser or a mobile device, at <https://agmlive.link/huonmeetings21>.

To participate and vote online, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and your postcode (or country code if outside Australia). Proxyholders will need their proxy code, which the Share Registry will provide via email (where requested) no later than 48 hours prior to the Annual General Meeting. Further information on the online platform can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

Online participants should register at least 30 minutes before the Annual General Meeting.

Proxyholders, attorneys and corporate representatives will need to contact the Share Registry on 1800 606 866 (within Australia) or +61 1800 606 866 (outside Australia) to obtain their login details no later than 24 hours prior to the Annual General Meeting and following lodgement of the appropriate documentation.

Participating in the Annual General Meeting online enables Huon Shareholders to view the Annual General Meeting live, ask questions, and vote in real time at the appropriate times during the meeting.

By phone

Eligible Huon Shareholders can also attend the Annual General Meeting by telephone on 1800 434 064 (within Australia) or +61 2 9000 2115 (outside Australia).

However, Huon Shareholders can only attend and ask questions but not vote on any resolutions at the Annual General Meeting.

Further information can be found in the Virtual Meeting Online Guide section of this Booklet and at <https://events.miraql.com/huo-transaction/>.

10. Jointly held securities

If you hold Huon Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote at the Annual General Meeting, only the vote of the holder whose name appears first on the Register will be counted.

See also the comments in paragraph 12.2 below regarding the appointment of a proxy by persons who jointly hold Huon Shares.

11. Technical difficulties

Technical difficulties may arise during the course of the Annual General Meeting. The Chair has discretion as to whether and how the Annual General Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of Huon Shareholders impacted and the extent to which participation in the business of the meetings is affected. Where the Chair considers it appropriate, the Chair may continue to hold the meetings and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason Huon Shareholders are encouraged to lodge a proxy by 7.00 pm (Hobart time) on 27 October 2021 even if they plan to attend online.

12. Voting

12.1 Voting online and by phone

To vote you must attend the meeting online, which will be available at <https://agmlive.link/huonmeetings21> or by telephone conference on 1800 434 064 (within Australia) or +61 2 9000 2115 (outside Australia).

12.2 Voting by proxy

A Huon Shareholder entitled to vote at the Annual General Meeting may appoint a person to attend and vote at the Annual General Meeting virtually, as their proxy. A Huon Shareholder who is entitled to cast two or more votes at the Annual General Meeting may appoint one or two proxies. Your proxy need not be another Huon Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting (provided their appointing Huon Shareholder is not present).

To appoint a proxy, you should complete and return the proxy form that accompanied the Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Share Registry by 7.00 pm (Hobart time) on 27 October 2021 (or, if a meeting is adjourned or postponed, no later than 48 hours before the resumption of the relevant meeting in relation to the resumed part of the relevant meeting) in any of the following ways:

(a) Online:

www.linkmarketservices.com.au (in accordance with the instructions given there)

(b) by post in the provided reply paid envelope to the Share Registry at the following address:

Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

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- (c) by hand delivery (during normal business hours) to the Share Registry at the following address:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)

- (d) by fax to the Share Registry on:

+61 2 9287 0309

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the original power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Share Registry before the start of the meeting (or, if a meeting is adjourned or postponed, before the resumption of the relevant meeting in relation to the resumed part of the relevant meeting) in any of the ways described in paragraphs 12.2(b), 12.2(c) or 12.2(d) above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope. You can obtain a second proxy form from the Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Huon Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Huon Shareholder may sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Resolutions, or whether to leave the decision to the proxy after they have considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit. If you instruct your proxy to abstain from voting on an item of business, they are directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the Required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the Chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the meeting intends to vote all valid undirected proxies which nominate the Chair in favour of the Resolutions.

Proxies of eligible Huon Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending the meeting. However, if you attend the Annual General Meeting, your proxy's authority to speak and vote for you at the Annual General Meeting will be suspended while you are present.

Replacement proxy forms can be obtained from the Share Registry.

12.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Huon Shareholder. Each attorney will have the right to vote on the poll and also to speak at the General Meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you in the presence of at least one witness and specify your name, the company (that is, Huon), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

Your appointment of a proxy does not preclude you from attending the meeting. However, if you attend the Annual General Meeting, your proxy's authority to speak and vote for you at the Secondary Scheme Meeting will be suspended while you are present.

- (a) by post in the provided reply paid envelope to the Share Registry at the following address:

Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

- (b) by hand delivery (during normal business hours) to the Share Registry at the following address:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)

- (c) by fax to the Share Registry on:

+61 2 9287 0309

Please note that the original power of attorney or a certified copy of the power of attorney cannot be lodged online.

Attorneys of eligible Huon Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending and voting at the meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Annual General Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.

12.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Huon will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Share Registry by calling 1800 606 866 (within Australia) and +61 1800 606 866 (outside Australia) Monday to Friday between 8.30 am to 5.30 pm (Sydney time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be received by the Share Registry before 7.00 pm (Hobart time) on 27 October 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

Annexure H: Notice of Annual General Meeting *(continued)*

- (a) by post in the provided reply paid envelope to the Share Registry at the following address:
- Huon Aquaculture Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- (b) by hand delivery (during normal business hours) to the Share Registry at the following address:
- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
- Between 9.00 am and 5.00 pm (subject to public health orders and restrictions)
- (c) by fax to the Share Registry on:
- +61 2 9287 0309

Please note that a certificate of appointment of body corporate representative cannot be lodged online.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.

13. Advertisement

Where this Notice of Annual General Meeting is advertised unaccompanied by the Booklet, a copy of the Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Huon or the Share Registry.

Schedule 1: Terms of Huon Performance Rights to be granted to Mr Bender

Restrictions on dealing with Huon Performance Rights and Huon Shares

(a) Rights

A Huon Performance Right is only transferable upon death, bankruptcy, or with the prior consent of the Huon Board. The Huon Performance Rights are subject to Huon's Securities Trading Policy and if a holder purports to deal with their Huon Performance Rights other than in the limited circumstances permitted by the Plan Rules, the Huon Performance Rights will immediately lapse.

(b) Shares

The Huon Board may, in its discretion, impose a restriction on dealing with Huon Shares allocated on vesting of a Huon Performance Right, subject to provision of notice of such restrictions to the holder.

Consequences of a change of control event

In the event of:

- a takeover bid being made, a takeover bid being recommended by the Huon Board or a takeover bid becoming unconditional; or
- a scheme of arrangement, reconstruction or winding up of Huon being put to Huon Shareholders, the Huon Performance Rights may vest at the Huon Board's discretion in accordance with the Plan Rules.

In determining whether to exercise its discretion, the Board will have regard to all relevant circumstances, including the level of satisfaction of the Performance Conditions over the period from the grant date to the date of the relevant event.

If a company obtains control of Huon as a result of a takeover bid or another corporate action, Huon, the company acquiring control and the holder, may agree together that on the vesting of Huon Performance Rights, the holder will receive shares in the company acquiring control in lieu of shares in Huon, on substantially the same terms as before.

Adjustments

If Huon makes any new issue of securities, or other alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital, or reconstruction of capital, the number of Huon Performance Rights, or the number of Huon Shares to which each participant is entitled upon vesting of Huon Performance Rights, or any amount payable on vesting of the Huon Performance Rights, will be adjusted in a manner determined by the Huon Board, having regard to the ASX Listing Rules and the terms of the Plan Rules.

Amendments

The Huon Board has power to amend at any time all or any of the provisions of the Long Term Incentive Plan and the terms and conditions of Huon Performance Rights granted under the Long Term Incentive Plan. However, the Huon Board cannot do so if the amendment would prejudicially affect the existing rights of a participant, with the exception that (even in those circumstances) the Huon Board may make an amendment if it is primarily for the purpose of complying with present or future law, to correct any manifest error or mistake, or to take into consideration possible adverse tax implications in respect of the Long Term Incentive Plan. In addition, the Huon Board has power (subject to the ASX Listing Rules) to waive in whole or in part any of the performance criteria or other terms or conditions applicable to a participant's Rights if the Board determines that the original Performance Condition is no longer appropriate or applicable, so long as the interests of the relevant participant are not, in the opinion of the Huon Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

Termination

The Huon Board can terminate or suspend the operation of the Long Term Incentive Plan at any time, however, the termination or suspension will not prejudicially affect the existing rights of existing participants.

Huon corporate directory

Directors

Neil Kearney (Non-Executive Chair)
Peter Bender (CEO and Managing Director)
Frances Bender (Executive Director)
Simon Lester (Non-Executive Director)
Tony Dynon (Non-Executive Director)

Registered office

Huon Aquaculture Group Ltd
961 Esperance Coast Road
Geeveston TAS 7116
ASX Code: HUO

Company Secretary

Thomas Haselgrove

Share Registry

Link Market Services Limited

Financial adviser

Grant Samuel Corporate Finance Pty Limited
Level 31, 101 Collins Street
Melbourne VIC 3000

Legal adviser

Ashurst Australia
Level 16, 80 Collins Street, South Tower
Melbourne VIC 3000

Auditor

PwC
Level 19, 2 Riverside Quay
Southbank VIC 3006

Independent Expert

Grant Thornton Corporate Finance Pty Ltd
Collins Square, Tower 5
Level 22, 727 Collins Street
Melbourne VIC 3008

Website

www.huonaqua.com.au

Huon Shareholder Information Line

Please contact the Share Registry on:

1800 606 866 (within Australia) and
+61 1800 606 866 (outside Australia)

The Shareholder Information Line is open on Business Days
between 8.30 am and 5.30 pm.

JBS corporate directory

JBS Aquaculture Pty Ltd

Directors

John Berry

Brent Eastwood

Edison Alvares

Company Secretary

Jacinta Dale

Registered office

62 McRoyle Street

Wacol QLD 4076

Share Registry for the Takeover Offer

Link Market Services

You can contact JBS' share registry for the Takeover Offer at the address set out below:

(For Post)

Link Market Services Limited

Huon Aquaculture Group Limited Takeover

Locked Bag A14

Sydney South NSW 1235

Legal adviser

MinterEllison

Level 40, Governor Macquarie Tower

One Farrer Place

Sydney NSW 2000

Financial adviser

Rothschild & Co.

Level 41, 120 Collins Street

Melbourne VIC 3000

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