TAKEOVERS PANEL
TE PAE WHITIMANA

Takeovers Code (Scott Technology Limited) Exemption Notice 2024

Pursuant to section 45 of the Takeovers Act 1993, the Takeovers Panel, being satisfied of the matters set out in section 45(6) of that Act, gives the following notice.

Contents

Notice

1 Title

This notice is the Takeovers Code (Scott Technology Limited) Exemption Notice 2024.

2 Application

This notice applies to acts or omissions occurring on or after 10 July 2024.

3 Revocation

This notice is revoked on the close of 1 January 2027.

4 Interpretation

(1) In this notice, unless the context otherwise requires,-

Act means the Takeovers Act 1993.

B3 means the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão).

BDR means a Brazilian Depositary Receipt, which is sponsored by JBS N.V. under a program to permit JBS N.V. Class A Common Shares represented by BDRs to be listed for trading on the B3.

BNDES means the Brazilian Economic and Social Development Bank (Banco Nacional de Desenvolvimento Econômico e Social – BNDES).

BNDESPar means BNDES Participações S.A., a wholly owned subsidiary of BNDES.

BNDES entity means:

(a) BNDES;

(b) any body corporate that is ultimately wholly owned and controlled by BNDES, including, for clarity, BNDESPar; and

(c) any person or body corporate which, alone or together with associates, controls BNDES.

Code means the Takeovers Code under the Act.

Conversion Record Date means the opening of trading on the first trading day of the JBS N.V. BDRs on the B3.

J&F means J&F Investimentos S.A.

J&F entity means:

(a) J&F;

(b) any body corporate that is ultimately wholly owned and controlled by J&F, including, for clarity, LuxCo and JBS N.V.; and

(c) any person or body corporate which, alone or together with associates, controls J&F.

JBS N.V. means JBS B.V. (to be renamed JBS N.V. upon becoming a public company as part of listing on the New York Stock Exchange).

JBS group means the group of companies of which JBS S.A. is the current holding company

JBSP means JBS Participações Societárias S.A, a wholly owned subsidiary of JBS N.V.

JBS reorganisation means the reorganisation of the JBS group, under which JBSP would increase its shareholding in JBS S.A. to 100%, and its sole shareholder, JBS N.V. would become the new holding company of the JBS group, under a dual class share structure, with its Class A Common Shares being listed on the New York Stock Exchange, and BDRs over its Class A Common Shares being listed on the B3.

JBS share conversion means the acquisition by any J&F Entity or BNDES entity of Class B Common Shares in JBS N.V. over the period starting on the first trading day of the JBS N.V. Class A Common Shares on the New York Stock Exchange and ending on 31 December 2026, by way of conversion of their Class A Common Shares held on the Conversion Record Date to Class B Common Shares.

LuxCo means J&F Investments Luxembourg S.à r.l., an entity that is ultimately wholly owned by J&F.

Scott means Scott Technology Limited.

(2) In this notice, a reference to a person increasing voting control is a reference to the person becoming the holder or controller of an increased percentage of voting rights in Scott, including where a person is deemed to have increased the percentage of the voting rights in Scott under rule 6(2)(c) of the Code.

(3) Any term or expression that is defined in the Act or the Code and used, but not defined, in this notice has the same meaning as in the Act or the Code.

5 Exemption from rule 6(1) of the Code for JBSP and J&F entities

JBSP and each J&F entity is exempted from rule 6(1) of the Code in respect of any increase in their voting control which occurs on or before 1 January 2027 resulting only from the JBS reorganisation or the JBS share conversion.

6 Exemption from rule 6(1) of the Code for BNDES entities increasing extent of control in Scott

Each BNDES entity is exempted from rule 6(1) of the Code in respect of any increase in its voting control which occurs on or before 1 January 2027 resulting only from the JBS share conversion.

Dated at Auckland this 8th day of July 2024

[signed]

Sacha Judd
Temporary Deputy Chair

Statement of Reasons

This notice applies to acts or omissions occurring on or after 8 July 2024 and expires on 1 January 2027.

The Takeovers Panel (the **Panel**) has granted an exemption from rule 6(1) of the Takeovers Code to:

- JBSP, J&F Investimentos S.A. (**J&F**) and entities wholly owned and controlled by J&F in respect of any increase in their voting control of Scott Technology Limited (**Scott**) resulting from a reorganisation of the group of companies whose current ultimate holding company is JBS S.A. (the **JBS Group**); and

- Brazilian Economic and Social Development Bank (Banco Nacional de Desenvolvimento Econômico e Social – BNDES) (**BNDES**), and entities wholly owned and controlled by it.

Current upstream ownership of Scott

JBS S.A. (**JBS SA**), via several intermediate holding companies, controls approximately 53% of the voting rights in Scott.

JBS S.A. is listed on the São Paulo Stock Exchange in the Novo Mercado segment. Although JBS SA is listed, it has two main shareholders:

- J&F (which is ultimately owned by Messrs. Joesley and Wesley Batista) controls 48.48% of the shares in JBS SA in part directly and in part through a corporate chain described below; and

- BNDES, controls approximately 20.81% of the shares in JBS SA.

J&F holds its 48.48% interest in JBS SA in two ways:

- J&F holds 23.69% of the shares in JBS SA directly.

- J&F holds another 24.79% of the shares in J&F via a corporate chain. As to this corporate chain:
  - J&F holds 100% of the shares in J&F Investments Luxembourg S.à r.l. (**LuxCo**);
  - LuxCo holds 100% of the shares in a company currently named JBS B.V. which is to be renamed to JBS N.V. (**JBS NV**);
  - JBS NV holds 100% of the shares in JBS Participacoes Societarias S.A (**JBSP**).

JBS Reorganisation and JBS Share Conversion

<u>Introduction</u>

It is proposed that there will be a restructure of the JBS Group which will, in general terms, involve two phases:

- the **JBS Reorganisation** which (among other things) shifts the JBS Group's listing to the NYSE and adopts a dual class share structure; and
- the **JBS Share Conversion** which allows certain shareholders to convert their shares for shares of the other class.

The stated purpose of the restructure is to create a corporate structure that allows the JBS Group to better reflect the JBS Group's global presence and diverse international operations and implement its growth strategy, which it expects will allow it to improve its rating indices and maximize shareholder value. As an NYSE-listed company, the new ultimate holding company, JBS NV, expects to improve its access to funding sources and enhance its ability to raise financing to support its operations and fund growth, as well as lower its cost of capital.

<u>JBS Reorganisation</u>

Under the JBS Reorganisation:

- JBSP would become the direct holder of J&F's entire 48.48% interest in JBS SA. This would be achieved via a series of intra-group transactions.
- JBSP will acquire all of the shares in JBS SA it does not currently own (with former JBSP shareholders becoming shareholders in JBS NV – see below).
- JBS NV would:
  - become the new holding company of the JBS Group; and
  - be listed on the New York Stock Exchange (**NYSE**), with depository receipts also listed on the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão) (**B3**); and
  - have on issue shares such that economic interests in JBS NV post the JBS Reorganisation would be identical to economic interests in JBS SA prior to the JBS Reorganisation (although voting control would change as a result of the dual class share structure – see below); and
  - adopt a dual class share structure with:
    - Class A Common Shares carrying 1 vote per share and being listed on the NYSE with depository receipts (over Class A Common Shares) being listed on the B3 – these shares will initially be held by the former shareholders of JBS S.A., including shares controlled by J&F (to be held by LuxCo); and
    - Class B Common Shares carrying 10 votes per share and not being listed – these shares will initially all be held by LuxCo (i.e., they will ultimately be controlled by J&F).

JBS SA has advised the Panel that, the end result of the JBS Reorganisation is that the shareholders in JBS S.A., will have the same economic interest in JBS NV. However, due to the adoption of a dual class share structure, J&F would control approximately 84.85% of the voting rights in JBS NV following the JBS Reorganisation.

For completeness, the Panel has also been advised that BNDES will not increase its voting control in the JBS Group as a result of the JBS Reorganisation, rather it will decrease its voting control to approximately 6.12% of the voting rights in JBS NV.

JBS Share Conversion

From the start of trading of the Class A Common Shares on the NYSE until 31 December 2026, Class A Common Shares will be convertible to Class B Common Shares (the **JBS Share Conversion**). Additionally, Class B Common Shares may convert to Class A Common Shares at any time.

JBS SA has advised the Panel that, following the JBS Share Conversion, assuming no new JBS NV shares are issued, and no further shares are acquired or sold, depending on how many Class A Common Shares are converted into Class B Common Shares (and vice versa):

- J&F's voting control in JBS NV will be between approximately 46.26% and 90.40%; and
- BNDES's voting control in JBS NV will be between approximately 3.88% and 21.71%.

Implications under the Takeovers Code

There are various potential increases of control which may be restricted by the Code. Specifically:

- the acquisition by JBSP of all of the shares in JBS SA that it does not currently hold (to the extent that JBSP controls the exercise of voting rights in Scott);
- the increase in J&F's (and any of its controllers') voting control in the JBS Group to approximately 84.85% as a result of the first phase of the reorganisation (prior to the JBS Share Conversion);
- the potential increase in J&F's (and any of its controllers') voting control of up to approximately 90.40% in the JBS Group through the JBS Share Conversion; and
- BNDES' increase in voting control of up to approximately 21.71% through the JBS Share Conversion (after it had dropped below this level).

Appropriate and consistent with the objectives of the Code

On the basis of the information provided to the Panel, the Panel considers that it is appropriate and consistent with the objectives of the Code to grant the exemptions because:

- The exemptions better provide for a balance between the costs of compliance with the Code and the benefits resulting from it. This is not a case where an exemption is being sought in order to avoid the Code or modify the Code to support a transaction structure that does not comply with the Code, or to achieve a particular commercial outcome or benefit.
- A requirement to comply with rule 6(1) of the Code would not be practical in the context of the JBS Reorganisation and would place disproportionate costs on Scott.
- Unnecessarily restricting or frustrating the JBS Reorganisation where exemption relief could facilitate it would conflict with the principle of international comity, which would not promote the international competitiveness of New Zealand's capital markets.
- Any increase in the control of voting rights in Scott could not reasonably be regarded as a significant purpose of the JBS Reorganisation (including the JBS Share Conversion).

- The exemption is consistent with the Panel's policy for exemptions in respect of upstream acquisitions.

Date of Notification in the *Gazette*: 10 July 2024