



SPECIAL MEETING OF SHAREHOLDERS

CHAIRMAN'S ADDRESS

Date

Monday 13 May 2024

Time

11:00am (NZST)

Venue

Physical: Link Market Services, Level 30, PwC Tower, 15 Customs Street West, Auckland 1010

Online: www.virtualmeeting.co.nz/jlgsm24

Chairman's Address

Earlier this year, The Harvard Group, which, together with its Associated Persons controls over 80% of JLG's shares, proposed to the JLG Board that the Company de-list from the NZX Main Board and immediately re-list on the Unlisted Securities Exchange (USX).

The USX Market

The USX is operated by Efficient Market Services Limited and offers an alternative, lower cost, platform for New Zealand companies to trade their shares.

USX is not a licensed financial product market; rather is a financial product market that operates under an exemption granted by the Financial Markets Authority. There are currently 15 issuers listed on the USX.

Issuers listed on USX remain subject to the obligations set out in their constitutions, as well as the applicable provisions of the Companies Act, the Takeovers Code and the Financial Markets Conduct Act. Trading on USX takes place in a similar way to trading on the NZX Main Board. Buy and sell orders can be made via any of the six brokers registered with USX.

The Argument for Change

Over recent years, JLG has experienced low liquidity in its share trading on the NZX Main Board and the costs of maintaining its NZX listing has been high, and it is principally for these reasons that The Harvard Group is proposing that the Company would be no worse off in terms of trading liquidity and significantly better off from a cost standpoint by moving its listing to the USX.

Upon receipt of Harvard's proposal, the Company's Non-Executive Directors investigated whether there may be other options to address Harvard's concerns, including the possibility of a privatisation by Harvard or a sell-down of its stake.

Harvard has advised it is not considering privatisation but that it would be open to a sell-down, however, at this time it has not identified any parties willing to purchase a significant minority interest in JLG.

Remaining listed on the NZX Main Board and pursuing a high-growth strategy was also considered but this would have to be at the expense of short to medium term profitability and would necessitate securing additional capital. As a dividend stock, this option was discounted as inconsistent with the Company's historical approach to rewarding its shareholders.

The Non-Executive Directors have noted that while there are strong reasons for de-listing from the NZX Main Board, there are also risks. These include the unknown impact a move to the USX may have on trading liquidity and the Company's share price, as well as the lower level of shareholder protection as a result the absence of a continuous disclosure regime on the USX and reduced regulatory obligations.

Governance

As was signalled in the letter I sent to shareholders on 22 April, each of the Non-Executive Directors intends to resign with effect from the date of the NZX de-listing and do not intend to offer themselves for re-election.

The Non-Executive Directors are currently paid market rate fees, and it is Harvard's intention to appoint replacement Non-Executive Directors at much lower fees if the proposal to de-list the Company from the NZX Main Board is approved by shareholders and it is then re-listed on the USX.

Voting Considerations

The Non-Executive Directors have chosen not to make a recommendation to the minority shareholders about the de-listing proposal. Rather, we have elected to set out the pros and cons of doing so in the letter I sent to shareholders with the Notice of Meeting.

In making your decision whether to support the de-listing proposal, the Non-Executive Directors suggest minority shareholders are mindful that the proposal is not just about short-term cost savings, and we urge you also to carefully consider how you would like the Company governed for the future and what you would like your shareholding protections to be.

This meeting today is a good example of shareholder protection in action – minority shareholders are getting the chance to define what they believe to be in their best interests. Conversely, The Harvard Group is excluded from participating in the vote in order to prevent the Group unilaterally imposing its preferred outcome on smaller shareholders by way of its majority holding.

Shareholder Letter from Tony Falkenstein

All shareholders will have received a personal letter from Tony. This was despatched shortly after the Notice of Meeting was circulated. The letter from Tony, encourages minority shareholders to vote for the de-listing proposal. Tony will talk to the messages set out in his letter during his presentation after my address concludes.

Constitution

If the de-listing proposal is approved by shareholders today, and the proposal to re-list on the USX is also supported, then the Company's constitution needs to be amended. At present, the constitution mirrors the NZX Listing Rules and the amendments that are described in the Notice of Meeting remove the requirements that relate to those Listing Rules. If the de-listing proposal is not approved, then the current constitution will remain on foot.

Buy-Back

If the resolutions before shareholders today are approved, the Company intends to make an off-market buy-back offer to all shareholders other than The Harvard Group and its Associated Persons who in aggregate hold 80.85% of JLG's shares. This means the offer will only be open to the remaining minority shareholders who in aggregate hold 19.15% of JLG's shares.

The buy-back offer will be for up to 2.5 million shares (2.51% of the shares on issue) at 30 cents per share, which at today's share price is a premium of approximately 50%. Further details of the proposed buy-back offer are set out in the Notice of Meeting, including the scaling mechanic should the offer be over-subscribed.

The buy-back, which will be actioned on 14 May 2024 if the resolutions are approved, will provide an opportunity for minority shareholders that wish to sell their shares ahead of the de-listing to do so before the de-listing takes effect.

Participation in the buy-back offer will be voluntary and shareholders will be able to accept the offer in respect of all or part of their shareholdings.

Shares acquired by the Company under the offer will be cancelled, which will increase the proportionate shareholdings of those shareholders who are either not eligible to participate or choose not to sell their shares under the buy-back offer.

Summary

In summary, if shareholders approve the resolutions before the meeting today, JLG's shares will stop trading on the NZX Main Board at close of business on 11 June 2024. De-listing will occur on 13 June, and on 14 June, trading will commence on the USX as the Company's shares are listed on that market.

If the resolutions are not approved, the Company will remain listed on the NZX Main Board, the constitution will not change and there will not be a buy-back offer made to minority shareholders.