Johns Lyng Group Limited and controlled entities

APPENDIX 4E

Preliminary final report

1. COMPANY DETAILS

Name of entity: Johns Lyng Group Limited

ABN: 86 620 466 248

Reporting period: For the financial year ended 30 June 2023

Previous corresponding period: For the financial year ended 30 June 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

			$'000
Revenues from ordinary activities (sales)	up	43.2%	1,281,312
Profit from ordinary activities after tax attributable to the owners of Johns Lyng Group	up	88.3%	46,846
Total comprehensive income for the year attributable to the owners of Johns Lyng Group	up	67.1%	56,479

Explanatory note on results

The profit for the Group after providing for income tax and non-controlling interests amounted to $46,846,000 (30 June 2022: $24,877,000). For further information refer to the 'operating and financial review' section within the attached Directors' report.

3. CONTROL GAINED OVER ENTITIES OR BUSINESSES

On 4 November 2022 (effective 1 November 2022), Johns Lyng acquired a 60% controlling equity interest in A1 Estimates – a Byron Bay-based business specialising in cost planning solutions through estimating and tendering services.

On 10 November 2022 (effective 1 November 2022), the Group, via its subsidiary Bright & Duggan acquired an 80% controlling equity interest in North Shore Strata Management – a Sunshine Coast-based Strata Management business with 1,751 lots under management across 250 strata schemes.

On 11 November 2022 (effective 1 November 2022), the Group, via Bright & Duggan's subsidiary Capitol Strata Management acquired a 100% controlling equity interest in Adpen Strata Management – a Queensland-based Strata Management business with 372 lots under management across 40 strata schemes.

On 31 March 2023 (effective 1 April 2023), the Group, via its subsidiary Bright & Duggan acquired a 100% equity interest in Advanced Community Management – a Sydney-based Strata Management business with 2,262 lots under management across 74 strata schemes.

4. LOSS OF CONTROL OVER ENTITIES OR BUSINESSES

Not applicable.

5. DIVIDENDS

	Dividend per share	Franked amount	Record date	Payment date	Total amount $'000
Year ended 30 June 2023					
Final dividend	4.5 cents	100%	4 September 2023	18 September 2023	12,434
Interim dividend	4.5 cents	100%	27 February 2023	14 March 2023	11,754
Total dividends	**9.0 cents**	**100%**			**24,188**
Year ended 30 June 2022					
Final dividend	3.0 cents	100%	2 September 2022	19 September 2022	7,824
Interim dividend	2.7 cents	100%	28 February 2022	15 March 2022	6,998
Total dividends	**5.7 cents**	**100%**			**14,822**

Current period

On 29 August 2023, the Board declared a final dividend of 4.5 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 4.5 cents per share (fully franked), totalling 9.0 cents per share (fully franked) and representing approximately 52% of NPAT attributable to the owners of Johns Lyng Group for FY23.

The final dividend will be paid on 18 September 2023 with a record date of entitlement of 4 September 2023.

Previous period

The Board declared a final dividend of 3.0 cents per share (fully franked). The final dividend was in addition to the previously announced half year (interim) dividend of 2.7 cents per share (fully franked), totalling 5.7 cents per share (fully franked) and representing 59% of NPAT attributable to the owners of Johns Lyng Group for FY22.

The final dividend was paid on 19 September 2022 with a record date of entitlement of 2 September 2022.

6. DIVIDEND REINVESTMENT PLANS

Not applicable.

7. NET TANGIBLE ASSETS

Net Tangible Assets (NTA)[1] per ordinary security for the year ended 30 June 2023 was 44.13 cents (30 June 2022: 27.20 cents).

[1] Includes right-of-use assets and lease liabilities

8. DETAILS OF ASSOCIATES, JOINT VENTURE ENTITIES AND DIVIDEND INCOME

Not applicable.

9. FOREIGN ENTITIES

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. AUDIT QUALIFICATION OR REVIEW

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

11. ATTACHMENTS

Details of attachments (if any):

The Annual Report of the Group for the financial year ended 30 June 2023 is attached.

12. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Refer to the attached Annual Report.

13. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Refer to the attached Annual Report.

14. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Refer to the attached Annual Report.

15. CONSOLIDATED STATEMENT OF CASH FLOWS

Refer to the attached Annual Report.

16. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Refer to the attached Annual Report.

17. OTHER INFORMATION REQUIRED BY LISTING RULE 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2023 Financial Report (which includes the Directors' report).

18. ACCOUNTING STANDARDS

This report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.

19. EVENTS AFTER THE REPORTING PERIOD

On 5 July 2023, the Group announced it had signed binding share purchase agreements to acquire 100% of Project Safety Holdings Pty Ltd ("Smoke Alarms Australia" or "SAA") and 70% of Link Fire Holdings Pty Ltd ("Linkfire") for total upfront cash consideration of $61.8m plus an aggregate earn-out of up to $17.25m (together, the "Acquisitions"), to be funded by a $65m fully underwritten institutional placement ("Placement") and a non-underwritten share purchase plan ("SPP") targeting a maximum of $5m (together, the "Equity Raising").

The Acquisitions set the foundation for the Group's 5th Strategic Growth Pillar – "Essential Home Services", and progress Johns Lyng towards its goal of becoming a full turnkey solution for Homeowners, Property Managers and Strata Managers.

On 6 July 2023, the Group announced the successful completion of the Placement, raising $65m which received strong support from existing shareholders and new investors. Approximately 12.6m new fully paid ordinary shares ("New Shares") were issued under the Placement which was priced at $5.15 per New Share ("Placement Price"), representing a 5.2% discount to Johns Lyng's last closing price on 4 July 2023 of $5.43 and a premium to the underwritten floor price of $5.00 per New Share. Settlement of New Shares issued under the Placement occurred on 10 July 2023, with allotment and normal trading on 11 July 2023.

Both Acquisitions legally Completed on 11 July 2023 (effective 1 July 2023).

On 31 July 2023, the Group announced the successful completion of the SPP raising $5m.

The SPP closed on 26 July 2023 and 970,873 New Shares were issued priced at $5.15 per New Share, being the Placement Price.

On 23 August 2023, Johns Lyng's subsidiary Bright & Duggan signed a binding agreement to acquire a 100% equity interest in Sydney-based Your Local Strata (effective 1 September 2023). Your Local Strata manages 3,077 lots across 187 buildings/strata schemes. Bright & Duggan paid $2.232m cash at Completion (net of a 10% retention pending finalisation of customary post-Completion purchase adjustments), plus a potential earn-out of up to $0.62m, payable in cash subject to the financial performance of the business in FY24.

FY23 Final Dividend

On 29 August 2023, the Board declared a final dividend of 4.5 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 4.5 cents per share (fully franked), totalling 9.0 cents per share (fully franked) and representing approximately 52% of NPAT attributable to the owners of Johns Lyng Group for FY23.

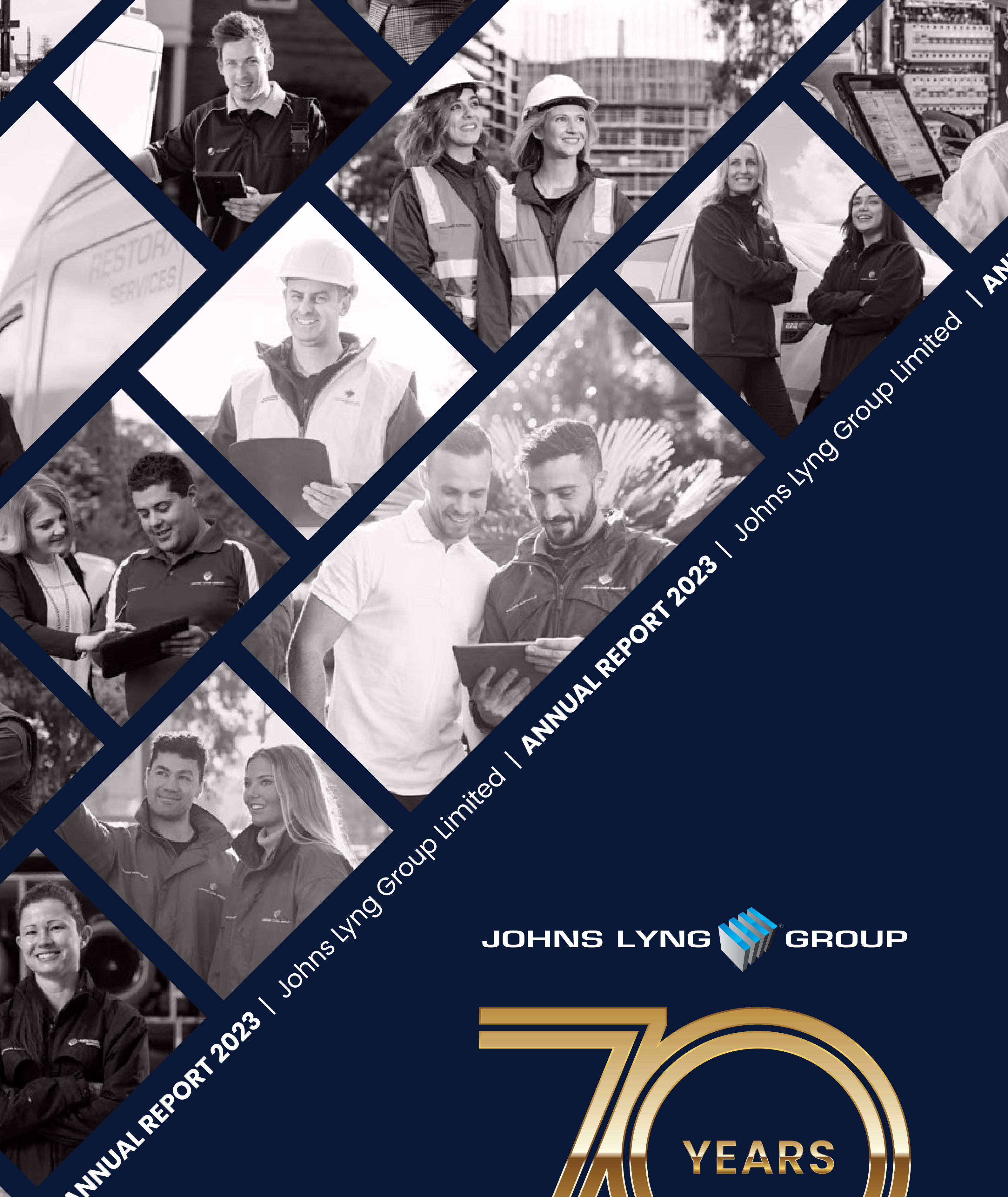
The final dividend will be paid on 18 September 2023 with a record date of entitlement of 4 September 2023.

There are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

20. ANNUAL GENERAL MEETING

Johns Lyng Group Limited advises that its Annual General Meeting will be held on Thursday, 23 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately after despatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) on Thursday, 5 October 2023.



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JOHNS LYNG GROUP

70 YEARS

JOHNS LYNG GROUP

Annual Report 2023

JOHNS LYNG GROUP LIMITED

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Peter Nash (Chairman and Non-executive Director)
Scott Didier AM (Managing Director)
Nicholas (Nick) Carnell (Executive Director)
Lindsay Barber (Executive Director – Resigned 1 March 2023)
Adrian Gleeson (Executive Director)
Philippa (Pip) Turnbull (Executive Director – Resigned 1 March 2023)
Robert Kelly AM (Non-executive Director)
Curtis (Curt) Mudd (Non-executive Director)
Larisa Moran (Non-executive Director)
Peter Dixon (Non-executive Director)

AUDITOR

Pitcher Partners
Level 13, 664 Collins Street
Docklands VIC 3008

BANKERS

Australia and New Zealand Banking Group Limited
833 Collins Street
Docklands VIC 3008

LAWYERS

MinterEllison
Level 20, Collins Arch
447 Collins Street
Melbourne VIC 3000

Hamilton Locke
Australia Square
Level 42, 264 George Street
Sydney NSW 2000

KCL Law
Level 4, 555 Lonsdale Street
Melbourne VIC 3000

COMPANY SECRETARY

Hasaka Martin

REGISTERED OFFICE

1 Williamsons Road
Doncaster VIC 3108

SHARE REGISTRY

Link Market Services
Level 13, Tower 4,
727 Collins Street
Melbourne VIC 3000

PRINCIPAL PLACE OF BUSINESS

1 Williamsons Road
Doncaster VIC 3108

ANNUAL GENERAL MEETING (AGM)

23 November 2023

STOCK EXCHANGE LISTING

Johns Lyng Group shares are listed on the Australian Securities Exchange (ASX code: JLG)

WEBSITE

www.johnslyng.com.au


JOHNS LYNG


BUILDING AUSTRALIA
BUILDING AUSTRALIA
JOHNS LYNG GROUP

FY23 SNAPSHOT

Group Revenue

$1,281.3m

+43.2% **(FY22: $895.0m)**

Group EBITDA[1]

$119.4m

+42.9% **(FY22: $83.6m)**

[1] Excluding transaction related and other non-recurring expenses of $3.5m – refer to Operating and Financial Review per page 46 (FY22: $9.4m)

Geographical Footprint

Australian Locations

52 Johns Lyng Locations Nationally

40 Steamatic Locations Nationally
(Including 5 company owned metro locations and 35 regional franchisees)

17 Bright & Duggan Locations Nationally

International Locations

42 Steamatic USA Locations
(Including 40 franchisees, 1 company owned franchise and corporate head office)

3 Steamatic International Franchise Agreements

9 Reconstruction Experts Locations (Across 4 States)

2 Johns Lyng New Zealand Locations

Recent Acquisitions

1. **A1 Estimates (60%):** effective 1 November 2022
2. **North Shore Strata Management (80%)[1]:** effective 1 November 2022
3. **Adpen Strata Management (100%)[1]:** effective 1 November 2022
4. **Advanced Community Management (100%)[1]:** effective 1 April 2023
5. **Mainland Building Services (80%):** effective 1 May 2023
6. **Linkfire (70%):** effective 1 July 2023
7. **Smoke Alarms Australia (100%):** effective 1 July 2023
8. **Your Local Strata (100%):** effective 1 September 2023

[1] Bright & Duggan's equity interest

CHAIRMAN & CEO'S LETTER

A YEAR OF GROWTH AND STRATEGIC PROGRESS

Dear Shareholders,

On behalf of the Board of Directors, management team and staff of Johns Lyng Group, we are pleased to present the FY23 Annual Report.

FY23 was another record year for our company from a financial perspective.

Revenue increased by 43.2% to $1,281.3m and EBITDA was up 42.9% at $119.4m[1]. This represents compound Revenue and EBITDA growth of more than 34% over the last 5 financial years.

This achievement is remarkable. It talks to the wonderful staff we have at Johns Lyng and their drive, energy, motivation and integrity. On behalf of the Board, we thank them unreservedly for their efforts.

Our record performance also demonstrates the robustness of our strategy and business model. We are focused on 'defensive growth' opportunities – markets that are materially insulated from the impacts of economic uncertainty, higher interest rates and inflation.

The key drivers of our growth during the year include:

1. Major new client wins and contract extensions;
2. Organic growth and diversification;
3. A strong performance from Johns Lyng Disaster Management;
4. Growth in our Strata Services business;
5. Successful integration of Reconstruction Experts and the implementation of our US strategy; and
6. Multiple strategic and bolt-on acquisitions.

Insurance Building and Restoration Services Division (IB&RS)

IB&RS is the bedrock of Johns Lyng. It comprises our traditional insurance related repair and restoration work, which was strongly supported during the year by a significant contribution from Catastrophe (CAT) related work.

In FY23, total revenue for this segment was $1,146.6m, a 52.6% increase on FY22. This comprised revenue from Business as Usual (BaU) activities of $775.3m and CAT of $371.3m. IB&RS recorded EBITDA[2] of $136.8m (BaU $92.5m and CAT $44.3m), a 61.2% increase on FY22.

Our relentless commitment to customer service is a key driver of growth and client retention. Further to this, we were pleased to announce new contract wins with Youi and Austbrokers along with contract extensions with Suncorp, QBE, Allianz, Comminsure, IAG and RACQ. To support our strong organic growth, the Group opened a number of new offices including: Davenport, Shepparton, Moruya Heads, Noosa Heads and Auckland (NZ).

Our entry into the New Zealand market allowed us to assist communities affected by Cyclone Gabrielle, which impacted wide areas of the North Island resulting in severe flooding. Our emergency response has now evolved into a significant rebuild effort.

The growth in CAT revenue is in part attributable to the success of Johns Lyng's dedicated Disaster Management division. Launched in FY22, we proudly continued working for the Victorian and New South Wales Governments during the year and signed new contracts with the Queensland and South Australian State Governments.

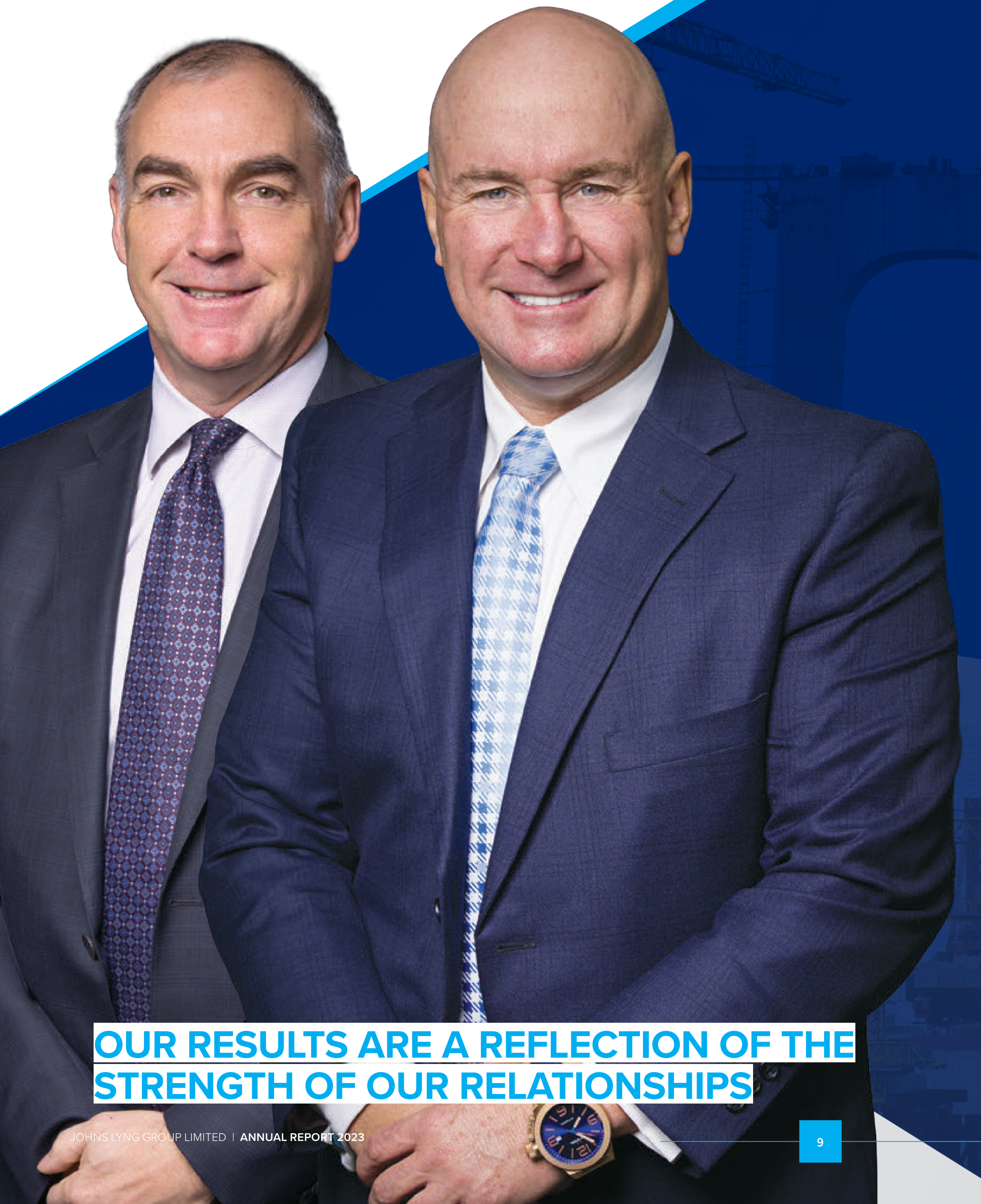
Strategic Bolt-on Acquisitions – IB&RS

Key to our growth strategy, we continue to look for great businesses and Business Partners. In FY23, this included the acquisition of a 60% equity interest in A1 Estimates (A1), which provides expert insurance repair estimating services.

Prior to the acquisition, Johns Lyng built a strong working relationship with A1 as a key subcontractor to the Group's "Flood Property Assessment Program" in Northern NSW. Going forward, A1's pool of estimating resources will support the Group's ability to scale-up and respond to rapid increases in work volume – especially beneficial from a CAT response perspective.

[1] Excluding transaction related and other non-recurring expenses of $3.5m – refer to Operating and Financial Review per page 46 (FY22: $9.4m)

[2] Excluding transaction related and other non-recurring expenses of $3.3m – refer to Operating and Financial Review per page 47 (FY22: $9.2m)



OUR RESULTS ARE A REFLECTION OF THE STRENGTH OF OUR RELATIONSHIPS

To support the Group's entry into New Zealand, effective 1 May 2023 Johns Lyng acquired an 80% equity interest in the Christchurch-based Mainland Building Services, extending our service footprint into the South Island.

Strata Services

As we have discussed previously, we see significant opportunity in Strata Services (comprising strata management and strata building services) which remains a key pillar of the Group's growth strategy. There are 2 key growth drivers in this segment:

1. Consolidation of the strata management market – there are approximately 3.1m strata lots nationally with Johns Lyng holding the second largest market share at less than 4%; and
2. Growth in strata building services – there is a significant opportunity to provide building and restoration works for strata insurers and directly to strata managers/body corporates – this includes cross-sell from Johns Lyng-owned strata management companies.

To support this growth, the Group acquired North Shore Strata Management, Adpen Strata Management and Advanced Community Management during FY23. Additionally, we acquired the 44.5% equity interest in Bright & Duggan owned by Executive Chairman, Trevor Bright on his retirement. We thank Trevor for his effort and congratulate him for his outstanding contribution to the Strata Industry.

Johns Lyng Disaster Management

Johns Lyng Disaster Management is Australia's market leading national disaster response company. This is an important business, carrying out essential work for communities when they are affected by serious weather-related events including bushfires, floods, cyclones and storms. We are immensely proud that our services alleviate some of the challenges related to these events and help impacted communities recover.

Going forward, there are significant opportunities in relation to preparedness and risk mitigation. Although it is impossible to predict the timing and severity of weather events, these events are occurring with increasing intensity at all times of the year and involve more substantial post-event work. Given these factors, Governments are seeking strategies to mitigate future events and we look forward to working closely with them along with our insurance partners on all aspects of this essential work.

We have always been very conservative when providing guidance in relation to CAT activity. These events are, by their nature, independent and difficult to predict. We note that the Intergovernmental Panel on Climate Change (August 2021) forecasts that the Earth could heat by more than 1.5 degrees Celsius over the next decade. Experience suggests that the outcome of this will be more severe and prolonged CAT events.

We now have multi-year experience in this sector, in particular in areas where weather events are most severe and post-event work is substantial and typically multi-period in nature.

Accordingly, our clients (insurers and Governments) are looking for integrated service providers to assist affected customers and communities. Our market position provides us with the ability to win major contracts associated with this work. Testament to this are the recently announced contract wins with the VIC, NSW, QLD and SA Governments.

We are committed to providing the highest quality service to this market as is evidenced by our commitment to and investment in Johns Lyng's Disaster Management division.

Johns Lyng USA

Johns Lyng has been active in the US market since 2019 when we acquired the Steamatic Global Master Franchise. Established in 1948, Steamatic has decades long experience in providing fire and flood restoration services.

This acquisition allowed Johns Lyng access and time to research the US market in order to understand its key dynamics relating to our traditional service offerings. This research culminated in the acquisition of Reconstruction Experts (RE) on 1 January 2022. RE primarily services Homeowner Associations ("HOAs") which manage multi-family properties in the US (similar to Strata Managers in Australia). RE's key services are highly compatible with Johns Lyng including defect and damage insurance and repairs and maintenance work. This work is predictable and growing and underpins the earnings profile of the business.

The Group reached important milestones during FY23 including:

- The launch of new service lines/brands including Makesafe and Express Builders;
- The initial roll-out of Johns Lyng's Business Partner equity model – Johns Lyng USA had 13 Business Partners as at 30 June 2023 which will continue to grow through FY24 and beyond; and
- Johns Lyng USA's inaugural emergency CAT response after Hurricane Ian made landfall primarily impacting Florida.

Commercial Building Services and Commercial Construction

Our Commercial Building Services division continued its strong recovery out of COVID-19 with revenue of $71.6m (+36% vs. FY22) and EBITDA[1] of $8.4m (+60.2% vs. FY22).

[1] Excluding transaction related expenses of $0.1m (FY22: nil)

As previously foreshadowed, the Commercial Construction division recorded an EBITDA loss. The business suffered from significant, industry wide, input cost inflation compounded by numerous subcontractor liquidations. The Commercial Construction division's operations are now in run-off. Going forward, existing resources will be focused on large-loss insurance building - our current work now relates solely to legacy contracts and projects.

Balance Sheet and Post Balance Date Matters

Johns Lyng continues to maintain a strong a balance sheet – net assets increased by $61.4m to $394.2m.

On 5 July 2023, we announced an Institutional Placement and Share Purchase Plan (SPP) to fund the acquisition of Smoke Alarms Australia and Link Fire Holdings.

The acquisitions set the foundation for the Group's 5th Strategic Growth Pillar – "Essential Home Services" and progress Johns Lyng towards its goal of becoming a full turnkey solution for Homeowners, Property Managers and Strata Managers. Both acquisitions are covered more extensively in this Annual Report and via the various announcements to the ASX.

Both the Institutional Placement and SPP were strongly supported by existing and new shareholders, raising approximately $70m. We thank all our shareholders for their ongoing support.

FY23 Final Dividend

On 29 August 2023, the Board declared a final dividend of 4.5 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 4.5 cents per share (fully franked), totaling 9.0 cents per share (fully franked) and representing approximately 52% of NPAT attributable to the owners of Johns Lyng Group for FY23.

Once again, we thank all our loyal clients, customers and staff. Without you, none of our achievements would be possible.

We look to the new financial year with optimism and enthusiasm.

Regards,

Peter Nash
Chairman
29 August 2023

Scott Didier AM
Managing Director
29 August 2023

Group Revenue

$1,281.3m

+43.2% (FY22: $895.0m)

Group EBITDA[1]

$119.4m

+42.9% (FY22: $83.6m)

[1] Excluding transaction related and other non-recurring expenses of $3.5m – refer to Operating and Financial Review per page 46 (FY22: $9.4m)

COMPANY PROFILE

A MARKET LEADING INTEGRATED BUILDING SERVICES GROUP

Johns Lyng Group is a market leading integrated building services provider delivering building, restoration and disaster management services nationally and internationally along with strata management services and essential home services in Australia.

The Group's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured events and natural disasters including: impact, weather and fire events.

OUR HISTORY

Beginning in 1953 as Johns & Lyng Builders, initially servicing Melbourne and its surrounding areas, the Group has grown into a diversified international business with over 2,300 employees and a subcontractor base in excess of 14,500.

Johns Lyng has a diversified client base comprising: major insurance companies, insurance brokers, loss adjusters, commercial enterprises, local and state governments, body corporates/owners' corporations and retail customers.

The Group's Australian national footprint facilitates superior project outcomes across major metropolitan and regional areas.

The Group operates offices in all major Australian cities and high risk regional areas such as northern Queensland, regional Victoria and regional New South Wales.

Johns Lyng Group's deep expertise and diversity create a unique blend of talent and capabilities which are a significant point of difference and source of sustainable competitive advantage.

The Group's values driven, meritocratic culture is built on its equity partnership model.

The majority of subsidiary businesses are partially owned by management.

This model provides a transparent and equitable incentive framework and ensures goal alignment driving synergies between group and business unit performance.

The Group's entrepreneurial and 'can do' attitude is underpinned by core values of: Respect, Integrity, Courtesy and Honesty.

Johns Lyng defines itself by delivering exceptional customer service outcomes every time – this is the reason Johns Lyng is still going strong after more than 70 years.

ASX

Oct–2017
Listed on the Australian Securities Exchange (ASX)

Jul–2018
Divestment of Club Home Response & Sankey Glass

Dec–2018
Commenced Strata Building Services operations in NSW (roll-out)

Feb–2019
Acquired Dressed for Sale (56.6%)

Apr–2019
Acquired Steamatic Inc. (100%)

Aug–2019
Acquired Bright & Duggan (51% voting/46% economic equity interest)

Jan–2020
Acquired Steamatic Nashville (USA) - inaugural franchisee buy-out (100%)

Feb–2020
Acquired Capitol Strata (85%)

Apr–2020
Acquired Air Control (60%)

Jul–2021
Acquired:
Change Strata (100%)

Structure Building Management (75%)

Shift Facilities Management (75%)

Unitech Building Services (60%)

Steamatic Australia (60%)

Commenced Johns Lyng Disaster Management

ASX300

Sep–2021
Admission to ASX 300 Companies Index

Acquired BrisBay Strata (100%)

Jan–2022
Acquired Reconstruction Experts (99.5%)

ASX200

Sep–2022
Admission to ASX 200 Companies Index

Nov–2022

Acquired:
A1 Estimates (60%)

North Shore Strata (80%)

Adpen Strata (100%)

Apr–2023
Acquired Advanced Community Management (100%)

May–2023
Acquired Mainland Building Services (80%)

Jul–2023
Acquired:
Smoke Alarms Australia (100%)

Linkfire (70%)

Sep–2023
Acquired Your Local Strata (100%)

Insurance Building & Restoration Services

Building fabric repair, contents restoration, disaster management, hazardous waste removal, strata management and essential home services.

- Revenue: $1,146.6m (FY22: $751.3m)
- Revenue contribution: 89.5% (FY22: 83.9%)
- EBITDA[1]: $136.8m (FY22: $84.9m)
- EBITDA[1] contribution: 114.6% (FY22: 101.6%)

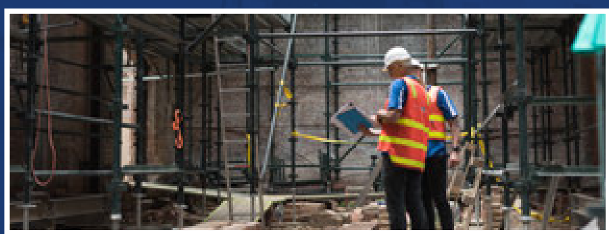
[1] Excluding transaction related and other non-recurring expenses of $3.3m – refer to Operating and Financial Review per page 47 (FY22: $9.2m)

Commercial Building Services

Residential and commercial flooring, emergency domestic (household) repairs, retail shop-fitting, HVAC mechanical services and pre-sale property staging.

- Revenue: $71.6m (FY22: $52.6m)
- Revenue contribution: 5.6% (FY22: 5.9%)
- EBITDA[1]: $8.4m (FY22: $5.2m)
- EBITDA[1] contribution: 7.0% (FY22: 6.3%)

[1] Excluding transaction related expenses of $0.1m (FY22: nil)



Commercial Construction

Commercial construction projects in the cladding rectification, education, aged care, retail, community, hospitality and residential sectors.

- Revenue: $62.5m (FY22: $90.8m)
- Revenue contribution: 4.9% (FY22: 10.1%)
- EBITDA: ($19.0m) (FY22: ($1.8m))
- EBITDA contribution: (15.9%) (FY22: (2.2%))

The Group's Commercial Construction operations are now in run-off. Going forward, existing resources will be focused on large-loss insurance building – current work now relates solely to legacy contracts and projects.

BUSINESS DIVISION OVERVIEW

INSURANCE BUILDING & RESTORATION SERVICES (IB&RS)

JOHNS LYNG MAKESAFE BUILDERS

Makesafe Builders provides an immediate emergency response service ensuring the safety of residential and commercial properties along with the general public. Operating 24/7, our teams are constantly on standby, ready to respond and make properties safe following damage from impact, weather, fire and other similar events.

RESTORX SERVICES

For over 25 years, Restorx has been delivering preventative and reactive restoration services for properties and contents in emergency situations. Restored items include: clothing, furniture, flooring and ceiling materials for a myriad of contamination events including: water, fire, soot, mould and odour.

JOHNS LYNG EXPRESS BUILDERS

Express Builders is a specialist high volume/small works reinstatement business (typically less than $30,000 in job value). Express Builders provides a range of fast response building services, reinstating residential and commercial properties following damage from impact, weather, fire and other similar events.

JOHNS LYNG INSURANCE BUILDERS

Specialising in large-loss and complex works, Insurance Builders is focused on efficient building fabric repair and restoration solutions (typically greater than $30,000 in job value). Utilising sub-contractors across a range of trades, Insurance Builders reinstates residential and commercial properties for insurers and their policy holders, often via loss adjusters.

JOHNS LYNG Aztech SERVICES

Aztech specialises in the environmentally safe removal of hazardous materials. With specific expertise and a focus on the removal of asbestos, Aztech provides specialist removal and restoration services.

JOHNS LYNG REGIONAL BUILDERS

In regional areas, the Insurance Building and Restoration Services division is represented by Regional Builders, which combines Johns Lyng's services including: Makesafe, Restorx, Express Builders and Insurance Builders throughout Australia.

Unitech is a South Australian-based insurance building services company.

Founded in 1995, Unitech has established a strong base of insurance industry clients in the South Australian market.

Onetouch Services offers expert building and facilities maintenance services for commercial properties. Onetouch's proprietary technology facilitates efficient scheduling of preventative and reactive maintenance services for its clients.

Steamatic Australia is a leading national restoration services company.

Established in 1986 under the Steamatic Inc. master franchise, the business currently employs more than 200 staff and operates a total of 40 locations including 35 regional franchisees and 5 company owned metro locations.

Strata Services

Johns Lyng Strata Services delivers domestic and commercial building and restoration services for: strata insurers, loss adjusters, brokers and property/strata managers.

Bright & Duggan is a leading strata, facilities and building management business with 95,345 lots under strata and/or building management contracts across 3,840 buildings/strata schemes.

BUSINESS DIVISION OVERVIEW

INSURANCE BUILDING & RESTORATION SERVICES (IB&RS)

Johns Lyng USA

Established in 1948, Steamatic is a US-based fire and flood restoration services company.

Steamatic operates a Global Master Franchise Network with 40 US franchisees (including 1 company owned location) and 3 International Master Franchise Agreements.

RECONSTRUCTION EXPERTS

Reconstruction Experts is a leading provider of insurance focused repair services to residential, commercial and industrial properties in the US.

Established in Colorado in 2001, Reconstruction Experts currently employs more than 400 employees across offices in four states including: Colorado, Texas, Florida and California.

The company's primary client base is Homeowner Associations ("HOAs") – the US equivalent of Strata Managers/Owners' Corporations i.e. large multi-family properties including apartments, condominiums and master planned communities.

The acquisition of Reconstruction Experts on 1 January 2022 established a strong base from which to pursue growth in the very large US market for defect and damage insurance and property repairs and maintenance.

Disaster Management

JOHNS LYNG DISASTER RECOVERY

During FY22, the Group launched its dedicated "Johns Lyng Disaster Management" service offering – specifically assisting State and Local Governments with major event preparation, response and resiliency initiatives.

As Australia's market leading national disaster response company, Johns Lyng will continue to build relationships with Local and State Governments to improve preparedness, resiliency and the effectiveness of our collective disaster response for the benefit of Australia and our local communities.

A1Services

Effective 1 November 2022, Johns Lyng acquired A1 Estimates (subsequently rebranded "A1 Services").

A1 Services is a Byron Bay-based insurance repairs estimating business that provides key sub-contractor services for external and internal clients.

A1 Services' pool of estimating resources supports the Group's ability to scale-up and respond to rapid increases in work volume.

Disaster Management

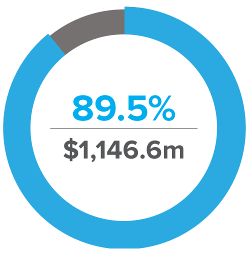
During FY23, the Group launched Johns Lyng Energy Services, which is committed to providing innovative energy solutions through our expertise in: electrification, decarbonisation, electric vehicle infrastructure, remote power, solar battery technologies, utility EPC services and recycling/repurposing initiatives.

Johns Lyng Energy Services offers comprehensive support to reduce energy costs and carbon footprints.

IB&RS Results

Insurance Building & Restoration Services	FY23 $m	FY22 $m	Change %
Revenue	1,146.6	751.3	52.6%
EBITDA[1]	136.8	84.9	61.2%

[1] Excluding transaction related and other non-recurring expenses of $3.3m – refer to Operating and Financial Review per page 47 (FY22: $9.2m)



IB&RS revenue contribution to the Group

Essential Home Services

Effective 1 July 2023, Johns Lyng acquired Smoke Alarms Australia and Linkfire which form the foundation of our 5th Strategic Growth Pillar – Essential Home Services.

Smoke Alarms Australia (SAA) is a Sydney-based provider of smoke alarm, electrical and gas compliance, testing and maintenance services.

SAA is the second largest provider in Australia with approximately 284,000 active subscribers (landlords) across more than 2,400 property manager clients.

Linkfire is a leading provider of fire and essential safety services in Victoria and Newcastle (NSW).

Annually servicing over 8,500 buildings, more than 80% of Linkfire's customer base comprises Strata Managers and Owners' Corporations.

BUSINESS DIVISION OVERVIEW

COMMERCIAL BUILDING SERVICES (CBS)

With more than 25 years in business and typically delivering work programs up to $2 million project value, Trump Floorcoverings has become a leading provider of floorcovering services to customers in both the commercial and retail sectors.

Novari is a pre-sale residential property staging and styling business operating in Melbourne and Sydney. Novari is expanding its service offering to include: residential renovations, repairs, maintenance and small scale building/construction work in collaboration with the rest of the Group.

Johns Lyng Shopfit Services plans, designs and delivers solutions for retail, food & beverage and commercial clients including new store fit-outs and upgrades of existing premises.

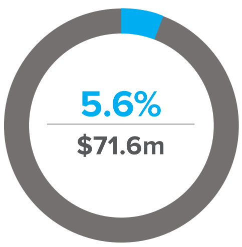
Shopfit offers a national solution typically delivering work programs up to $2 million project value.

Air Control is a leading heating, ventilation and air conditioning mechanical services business. Founded in Victoria in 2004, with an established track record servicing assets such as commercial office buildings, hotels, shopping centres and large retail chains, Air Control's recurring maintenance revenues are bolstered by project and emergency work from a diversified client base. Air Control has recently expanded its operations into NSW and QLD.

CBS Results

Commercial Building Services	FY23 $m	FY22 $m	Change %
Revenue	71.6	52.6	36.0%
EBITDA[1]	8.4	5.2	60.2%

[1] Excluding transaction related expenses of $0.1m (FY22: nil)



CBS revenue contribution to the Group

BUSINESS DIVISION OVERVIEW

COMMERCIAL CONSTRUCTION (CC) & OTHER

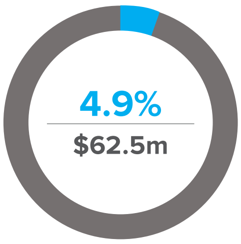
JOHNS LYNG COMMERCIAL BUILDERS

Johns Lyng Commercial Builders operates in Victoria, typically undertaking projects ranging in value between $3 million and $20 million in the education, aged care, retail, community, hospitality, residential and cladding rectification sectors.

The Group's Commercial Construction operations are now in run-off. Going forward, existing resources will be focused on large-loss insurance building – current work now relates solely to legacy contracts and projects.

Commercial Construction Results

Commercial Construction	FY23 $m	FY22 $m	Change %
Revenue	62.5	90.8	(31.2%)
EBITDA	(19.0)	(1.8)	N/A



CC revenue contribution to the Group

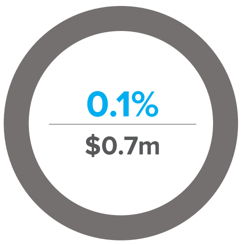
global 360 sourcing people

Global 360 is an executive search and selection specialist. Undertaking assignments for both internal and external clients, Global 360 leverages international networks and decades of experience to identify and secure candidates matching exacting criteria.

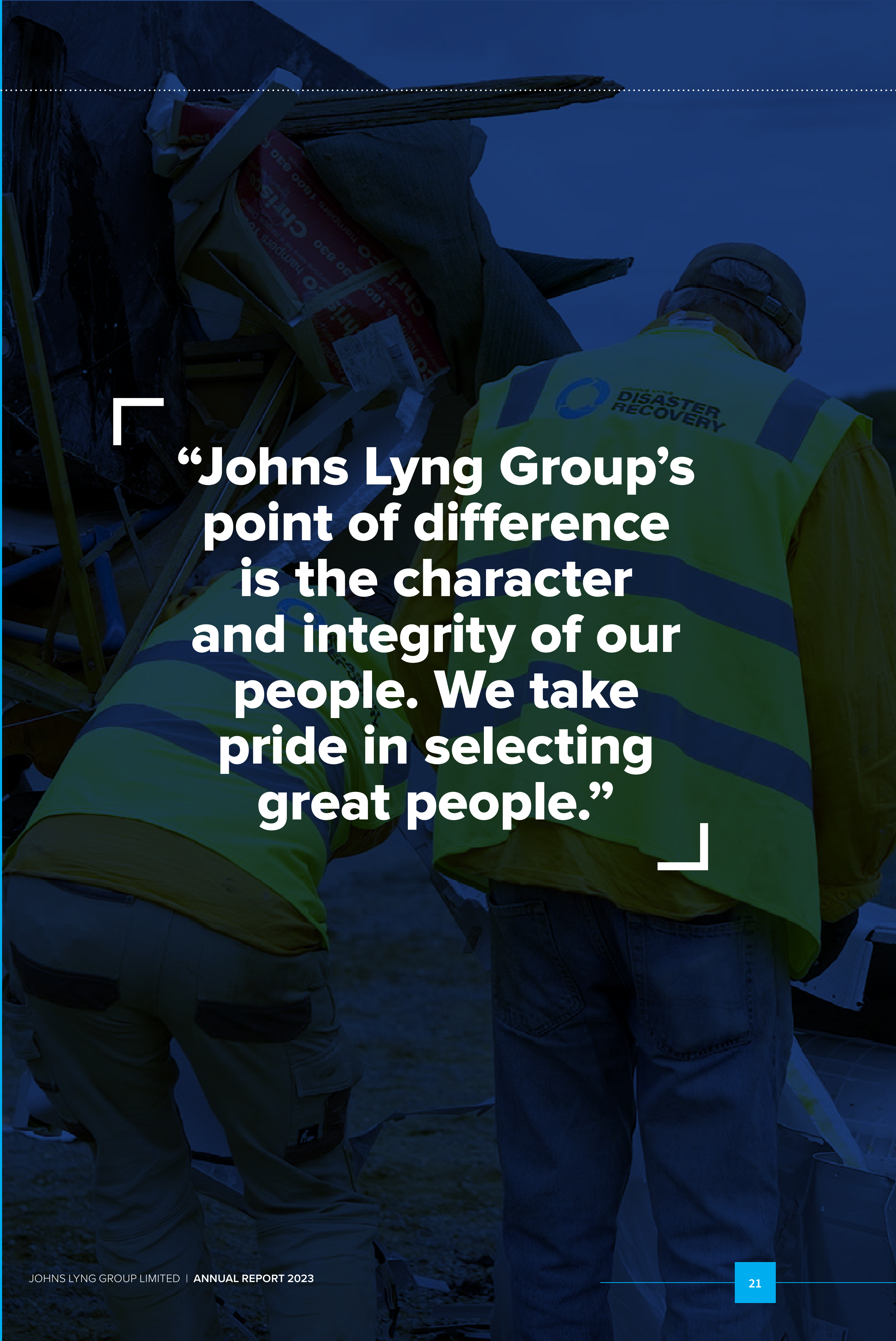
Other Results (incl. Corporate Overheads)

Global 360 & Corporate Overheads	FY23 $m	FY22 $m	Change %
Revenue	0.7	0.3	88.8%
EBITDA[1] (incl. Corporate Overheads)	(6.8)	(4.7)	N/A

[1] Excluding transaction related expenses of $0.1m (FY22: $0.2m)



Other revenue contribution to the Group



“Johns Lyng Group’s point of difference is the character and integrity of our people. We take pride in selecting great people.”

GEOGRAPHICAL FOOTPRINT

NATIONAL & INTERNATIONAL LOCATIONS

Johns Lyng's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured events and natural disasters including: impact, weather and fire events.

The Group's diversified portfolio of insurance building and restoration services businesses deliver comprehensive work programs across a variety of market segments including: insurance, commercial, industrial and government sectors along with strata management and essential home services.

Johns Lyng also operates a portfolio of complementary commercial building services businesses including: residential and commercial flooring, emergency domestic (household) repairs, retail shop-fitting, HVAC mechanical services and pre-sale property staging.

JOHNS LYNG GROUP

Australia & New Zealand Footprint

54 locations[1]

- Head Office (1)
- State/Territory Offices (6)
- Regional Offices (37)
- Operational Warehouses (3)
- Novari (2)
- Air Control (4)[2]
- Unitech Building Services (1)

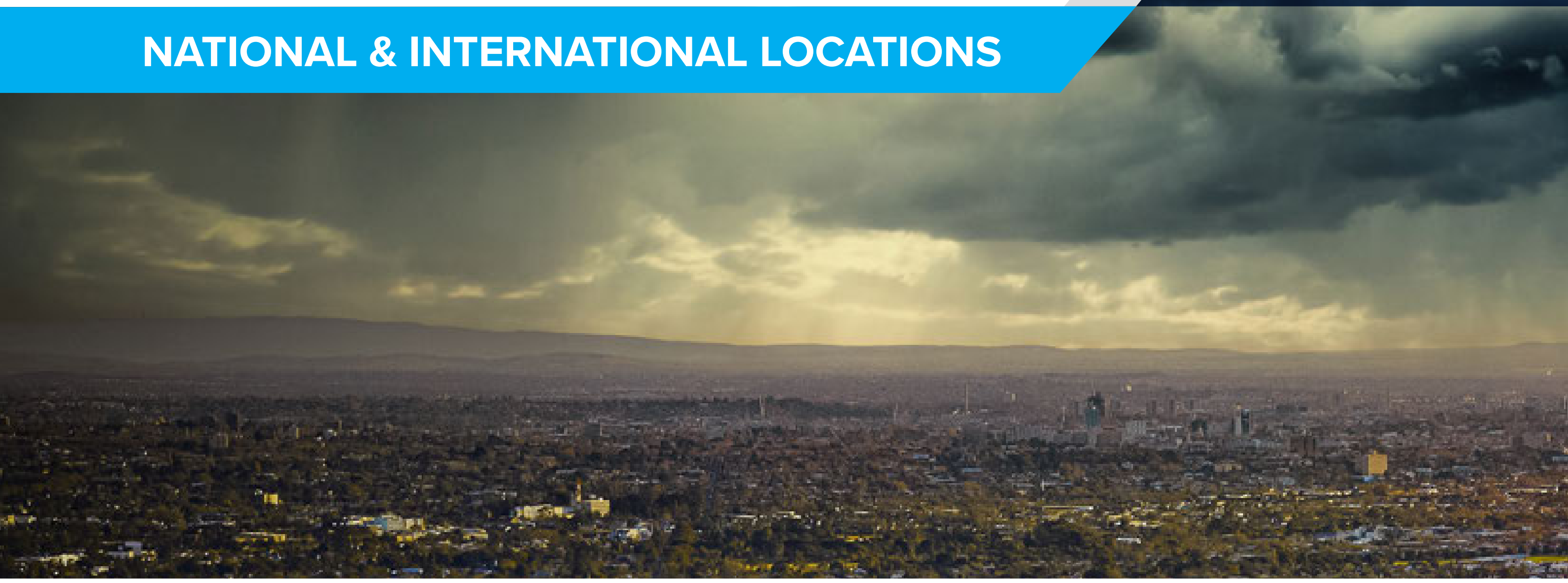
[1] Excluding Bright & Duggan Strata Management and Steamatic Australia

[2] Air Control operates from Johns Lyng's offices in Sydney, Brisbane and Adelaide.


BUSHFIRE RECOVERY VICTORIA
JOHNS LYNG GROUP
JOHNS LYNG GROUP

GEOGRAPHICAL FOOTPRINT

NATIONAL & INTERNATIONAL LOCATIONS



Steamatic Australia

Steamatic Australia is a leading national restoration services company.

Established in 1986 under the Steamatic Inc. master franchise, the business currently employs more than 200 staff and operates a total of 40 locations including 35 regional franchisees and 5 company owned metro locations.

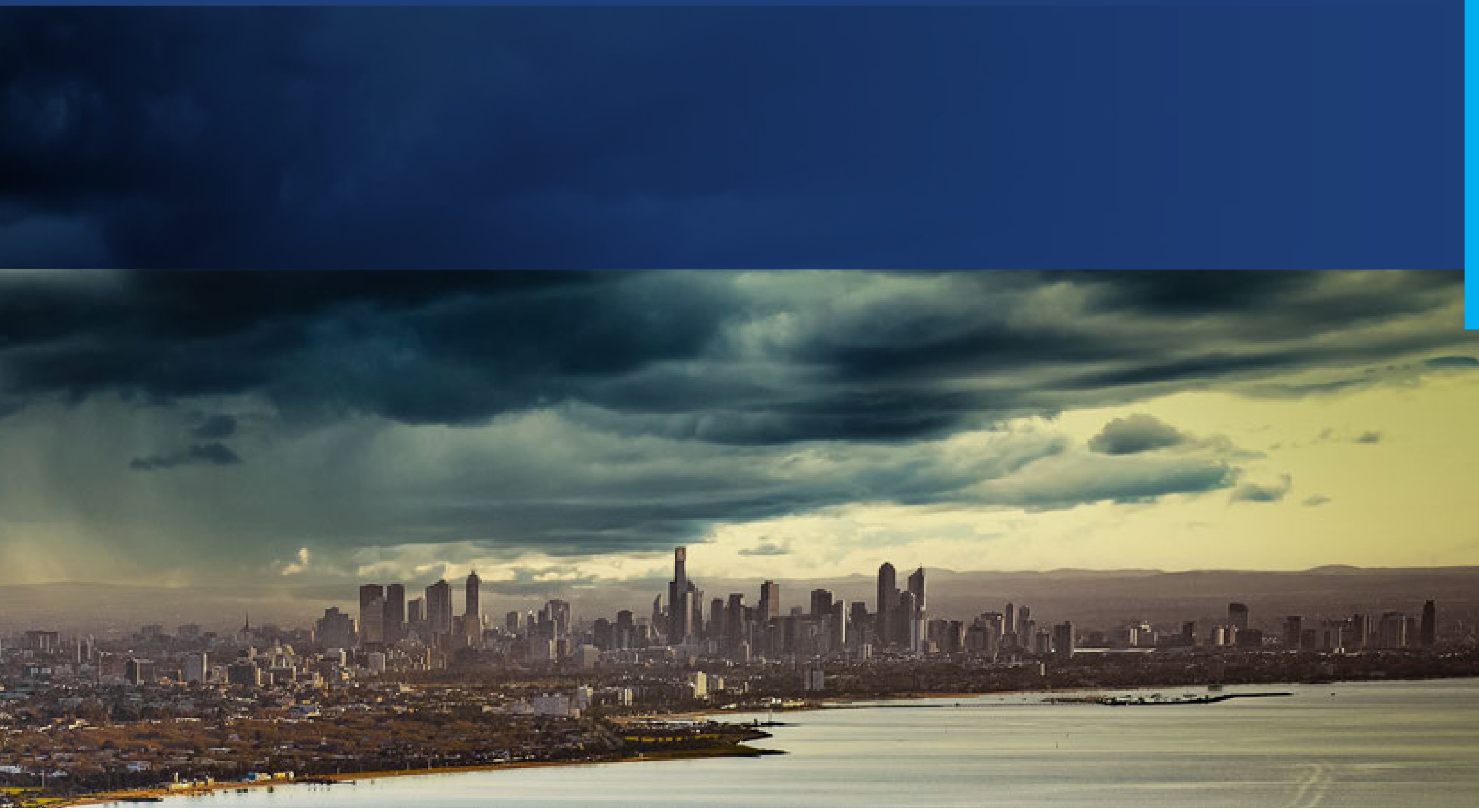
Australian National Footprint

40 locations nationally

- Company Owned Locations (5)
- Franchise Locations (35)

Regional Victoria Locations

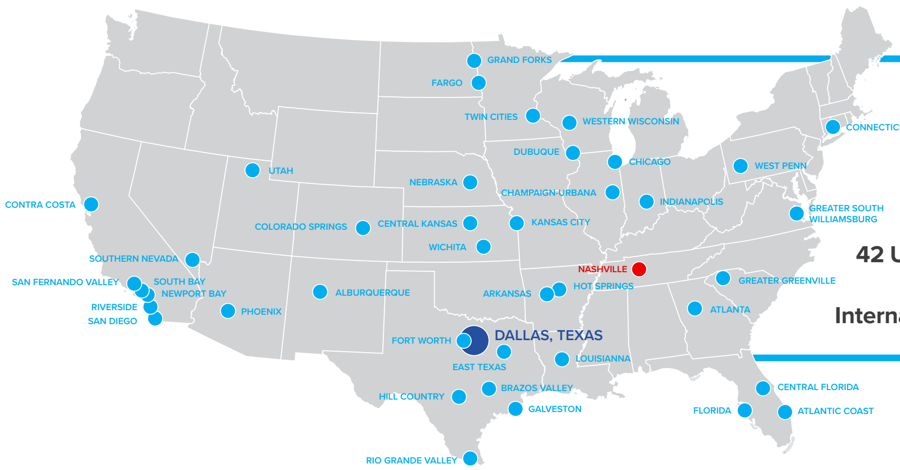
Gippsland	Brimbank
Bendigo	Yea
Ballarat	Moreland
Shepparton	Horsham
Albury-Wodonga	Warrnambool
Mildura	Geelong



USA Operations | Steamatic USA

Established in 1948, Steamatic is a US-based fire and flood restoration services company.

Steamatic operates a Global Master Franchise Network with 41 US franchisees (including 1 company owned location) and 3 International Master Franchise Agreements.



USA Footprint

42 US locations (including 40 franchisees, 1 company owned location & 3 International Master Franchise Agreements)

- **Head Office (1)**
- **Franchisees (40)**
- **Nashville (Company Owned) (1)**

USA Operations | Reconstruction Experts

On 1 January 2022, Johns Lyng acquired US-based Reconstruction Experts.

Established in Colorado in 2001, Reconstruction Experts is a leading provider of insurance focused repair services to residential, commercial and industrial properties in the US.

The company's primary client base is Homeowner Associations ("HOAs") – the US equivalent of Strata Managers/Owners' Corporations i.e. large multi-family properties including apartments, condominiums and master planned communities.

The company's key services are highly compatible with Johns Lyng's core competencies including:

- Defect and Damage Insurance – provides reconstruction repair works for clients when insured property damage losses occur or flaws in the initial construction result in a defect lawsuit; and
- Repairs and Maintenance – undertakes non-discretionary works to maintain or improve ageing properties not covered by insurance – typically in accordance with the long-term planning requirements of HOAs, or multi-family properties where reserve funds are in place for long-term capital projects.

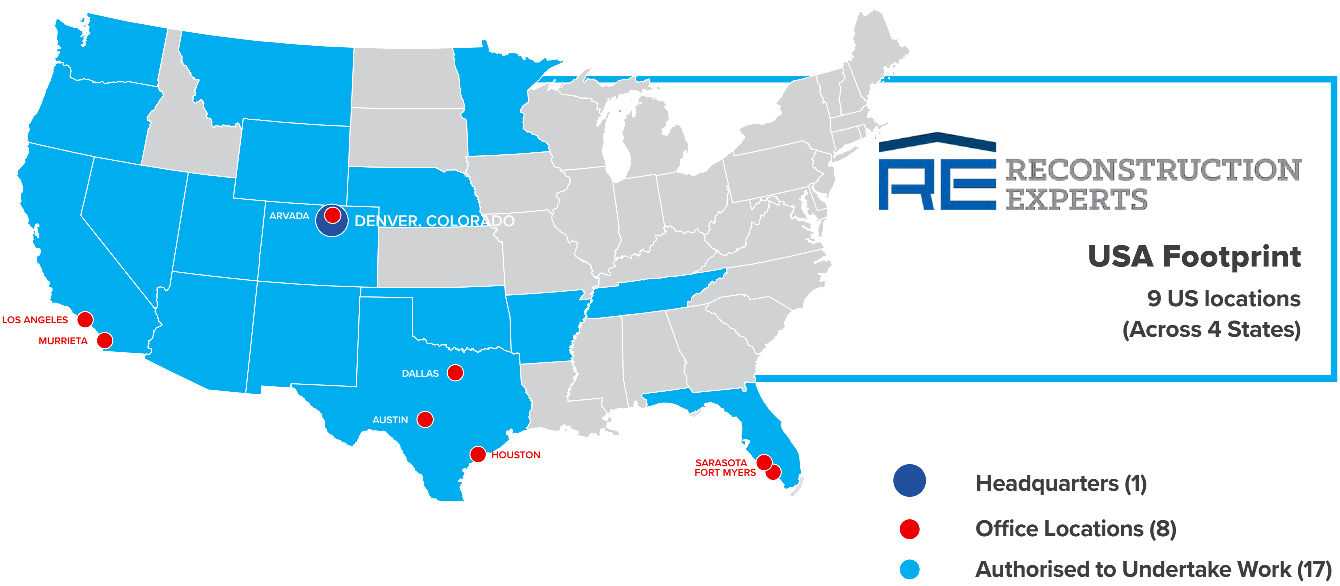
Reconstruction Experts currently employs more than 400 people across offices in four states including: Colorado, Texas, Florida and California.

Reconstruction Experts is currently authorised to undertake work in a total of 17 states nationally.

The company is led by a strong, long standing, high-calibre and very experienced management team, who are fully aligned through ongoing equity ownership – consistent with Johns Lyng's equity partnership model.

The acquisition of Reconstruction Experts established a strong base from which to pursue growth in the very large US market for defect and damage insurance and property repairs and maintenance.

Johns Lyng's long-term strategic plan is to develop a fully integrated service offering including Makesafe, Insurance Building, Restoration and Disaster Management, with a national footprint, through organic growth and the pursuit of select M&A opportunities.



GEOGRAPHICAL FOOTPRINT

DIVERSIFICATION INTO STRATA MANAGEMENT

Bright & Duggan - Strata Management

Founded in 1978, Bright & Duggan is a leading strata, facilities and building management business.

Following Johns Lyng's initial acquisition in August 2019, Bright & Duggan has made 9 bolt-on acquisitions:

1. Capitol Strata Management (85% equity interest): effective 31 January 2020;
2. Change Strata Management (100% equity interest): effective 1 July 2021;
3. Structure Building Management (75% equity interest): effective 1 July 2021
4. Shift Facilities Management (75% equity interest): effective 1 July 2021;
5. BrisBay Strata Management (100% equity interest): effective 1 September 2021;
6. North Shore Strata Management (80% equity interest): effective 1 November 2022;
7. Adpen Strata Management (100% equity interest): effective 1 November 2022;
8. Advanced Community Management (100% equity interest): effective 1 April 2023; and
9. Your Local Strata (100% equity interest): effective 1 September 2023.

As at 30 June 2023, Bright & Duggan employed more than 330 staff across 17 offices with a portfolio comprising:

- A total of 95,345 lots under strata and/or building management contracts across 3,840 buildings/ strata schemes including:
  - 84,898 lots under strata management contracts across 3,757 strata schemes;
    - Of which, Bright & Duggan also undertakes building management for 7,094 lots across 78 buildings; and
  - 10,447 lots across 83 buildings under discrete building management contracts

Portfolio under management (30 June 2023):

95,345
Lots/Units

3,840
Buildings/
Strata Schemes

Post year-end, on 23 August 2023, Bright & Duggan signed a binding agreement to acquire a 100% equity interest in Sydney-based Your Local Strata (effective 1 September 2023). Your Local Strata manages 3,077 lots across 187 buildings/strata schemes.

National Footprint

17 locations nationally

- Bright & Duggan (14)
- Capitol (3)

CORPORATE SOCIAL RESPONSIBILITY REPORT.

INTRODUCING THE GROUP'S SIX PILLAR FRAMEWORK – THE FOUNDATION OF JOHNS LYNG'S COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY.

We are pleased to deliver the Group's Corporate Social Responsibility Report for the 2023 Financial Year (FY23).

This report details our performance across a number of strategic areas and outlines some of the key initiatives introduced and progressed during the year pertaining to our social and environmental impact along with our governance.

During the year, we developed and adopted a new Corporate Responsibility Framework to formally structure our approach to environmental, social and governance matters (ESG). The framework is built on six pillars:

1. **Our People;**
2. **Our Customers;**
3. **Our Community;**
4. **Our Environment;**
5. **Our Supply Chain; and**
6. **Our Values.**

These six pillars are the foundation of Johns Lyng's approach to Corporate Social Responsibility and will enable us to effectively define our ESG impact through FY24 and beyond.

Notwithstanding the challenging operating environment during FY23, including high inflation and increasing interest rates creating cost-of-living pressures, supply chain disruptions and the ongoing impact of climate related catastrophic weather events, we continued to deliver significant value to our stakeholders while also making progress across each of the six pillars underpinning our Corporate Responsibility Framework.

JOHNS LYNG

CORPORATE RESPONSIBILTY FRAMEWORK

Our People

We value and respect our people, who are the foundation of our business and catalyst of our success.

This year, we achieved another record number of employees through organic growth and M&A. As we continue to grow, a significant focus is placed on fostering an inclusive culture that celebrates success, while providing ample learning and development support and opportunities for career progression.

Learning and Development

In-line with our Learning and Development Strategy, throughout FY23 we continued to apply our 70/20/10 principle, which involves 70% on-the-job training, 20% learning through others and 10% formal classroom-based training.

Developing the hard and soft management skills of our leaders was an area of focus for the period, with Leadership Summits held including all state management teams and high potential talent. Our Human Resources team also provided numerous training sessions covering a myriad of topics pertaining to people management.

To recognise the achievements of our people, individual efforts and accomplishments were highlighted by managers at weekly 'Kick Start' meetings. These meetings also provided cross-functional teams with the opportunity to learn more about projects outside their specific business unit and promote connection and relationship building across the Group.

The impact of these initiatives is evident in our high employee engagement score of 78% – the strongest areas included a sense of pride working for Johns Lyng Group along with the respect of co-workers and performance recognition.

Career Progression

We are committed to providing our people with opportunities to develop their skills and careers as part of the Group. Through our biannual Talent Reviews, all staff have the opportunity to share feedback on their role and performance. Individuals identified as future leaders, develop tangible career progression plans in collaboration with mentors and management. This is a cornerstone initiative which helps to attract, develop and retain talent while nurturing our culture which is fundamental to the success of the overall Group.

During the year, 22% of core insurance building and restoration services staff were provided with progressions and promotions.

Recognising the Efforts of People

Acknowledging the outstanding efforts of teams and individuals throughout the Group is an important driver of employee engagement. This year we presented 18 awards to employees, recognising individual and team performance along with the embodiment of our values and culture (those who go above and beyond for customers and communities).

Darlene Pearson, Human Resources Director, received the 2022 "Scott Didier" award in recognition of her sustained effort in supporting our culture throughout the Group.

Case study: Empowered Female Leaders at Johns Lyng

We believe in empowering women throughout the Group and creating pathways to reach their full potential – particularly in industries which are historically underrepresented.

During the year, we were pleased to have several of our employees recognised by the National Association of Women in Construction (NAWIC).

We are incredibly proud of Cassie Kiepas from Regional Builders Victoria who won the Emerging Leader award and Tessa Briese, Project Manager for Makesafe Builders in Victoria, who was recognised for exhibiting significant initiative and leadership potential in the building and construction industry.

"I was incredibly honoured to receive the award. The recognition for my efforts was humbling given the calibre and strength of the women I have worked alongside at Johns Lyng and collaborated with in the broader industry," said Tessa.

It is not the first time Tessa's achievements have been acknowledged by NAWIC. In 2020, she received the Multiplex Award for a Young Achiever, after successfully completing a challenging project restoring a fire damaged aged care home.

These fantastic achievements are a wonderful acknowledgement of the depth of our female leadership talent.

Health and Safety (H&S) Performance

FY23 saw the continued evolution of our HSE, Risk and Compliance Strategy which was developed to strengthen and formalise our commitment to people and best practices including a continued focus and investment in health and safety leadership, risk management, assurance and continuous improvement.

The health and safety of our employees is paramount and in accordance with our strategy, several HSE, Risk and Compliance initiatives were introduced and progressed during the year.

Safety performance reporting metrics were streamlined, with lead and lag indicators established for all businesses in order to better understand the effectiveness of our safety measures.

We also continued the simplification of our systems and technology to encourage greater participation, whilst leveraging data and insights to mitigate evolving risks.

Some highlights with regard to our health and safety performance during FY23 include a 42% increase in staff safety inspections and a 55% increase in completed contractor "Pre-Start" safety assessments. This demonstrates a significant increase in the resources allocated to hazard management on-site.

Coupled with HSE team inspections and safety observations, there has been continued improvement in the HSE space, which builds on strong performances in prior years.

Various gap analyses and risk profiling exercises were conducted during the period including a review of the existing HSE management system, management and staff surveys and site visits. The insights from these activities will inform the next iteration of the Group Health and Safety Strategic Roadmap.

Johns Lyng's Safety Management System, including key policies and procedures was updated during the year. The next iteration will be rolled out in the first half of FY24. The enhanced system has been designed to facilitate improved team engagement, risk awareness and mitigation. The goal is to "make safety simple".

Operationally, there was a continued focus during FY23 to support return-to-work initiatives following incidents, noting that a timely response to an injury can reduce its severity and the length of the recovery process. Our early intervention program aims to educate all staff on the support measures available to them should they be injured, whilst also putting systems in place to ensure leaders identify and respond to warning signs. We continued to improve this program throughout the year, leading to a reduction in Workers Compensation claims during the period.

Our Customers

Delivering value and a positive experience for our customers is a core focus for the Group and FY23 saw several initiatives and improvements designed to enhance our customers' experience.

The impact of this continued focus, delivered through the implementation of our Customer Experience Roadmap, is supported by customer and client feedback from our continued positive Net Promoter Score.

Building Capability

During FY23 we continued to enhance our training platform, providing more tools and training around core processes. More than 500 staff and 7,100 contractors completed our compliance training in accordance with our General Insurance Code of Practice obligations.

Looking Ahead

We are excited to develop the next three-year Customer Experience Roadmap, aimed at further refining and reinforcing our customer-centric strategy into FY24 and beyond. Our focus remains steadfast on delivering an exceptional customer experience and outcome for clients.

Supporting Australians for 70 Years

Our Community

We strive to have a positive impact on the communities in which we operate. The nature of our disaster recovery work means we are often operating in challenging environments supporting communities dealing with the traumatic impacts of a natural disaster. Ensuring these communities and their people are treated with dignity, respect and provided with holistic support is critical.

Johns Lyng Group is passionate about making a positive and meaningful contribution to the wider community through a range of charitable and community reinvestment initiatives.

Our philanthropic endeavours saw the Group raise $770,628 for the charitable organisations, CureEB and the Starlight Children's Foundation.

Community Engagement Initiatives

In FY23, Johns Lyng supported dozens of Australian communities to recover from multiple devastating weather events. This important work included conducting over 15,000 structural assessments to inform residents of damage to homes, building six temporary accommodation villages with over 1,000 beds for displaced residents and clearing over 100,000 tonnes of debris from homes, communities and the environment.

Engaging Local Trades

Through our deep experience, we understand the most successful disaster recoveries are community-led. We prioritise local subcontractors and we achieved approximately 80% local trade participation in each of our major government recovery programs during the year. This ensures Johns Lyng continues to upskill local workers and supports the economies of disaster-impacted communities.

Indigenous Engagement

We are proud to have increased our Indigenous engagement across each of our major disaster recovery programs. During FY23, Indigenous engagement within our Disaster Management business was 9%. This is significantly higher than the industry average.

Working in partnership with A2B Personnel, we have developed a market-leading methodology to identify sites of cultural significance in disaster-affected landscapes and ensure these sites are not disturbed by our operations. This methodology has already proven successful in detecting multiple culturally sensitive sites.

Our Environment

Johns Lyng is committed to minimising our impact on the environment. This applies to our site operations and corporate locations.

Sustainability and Waste

Throughout FY23, the Group invested significant resources into developing a deeper understanding of our environmental impact by establishing baseline environmental emissions reporting. This work, which will continue into FY24, will ensure we are aligned with future reporting standards. A panel of consultants was established during the second half of the year to provide guidance on meeting these future reporting standards.

Johns Lyng also participated in industry-leading workshops alongside key clients, which explored opportunities to minimise our impact on the environment. This includes a focus on sustainable waste management practices and the opportunity to 'build back better' in order to support communities and the environment.

During FY23, the Group launched Johns Lyng Energy Services, which is committed to providing innovative energy solutions through our expertise in: electrification, decarbonisation, electric vehicle infrastructure, remote power, solar battery technologies, utility EPC services and recycling/repurposing initiatives.

Johns Lyng Energy Services offers comprehensive support to reduce energy costs and carbon footprints.

Protecting and Preserving Local Ecosystems and Wildlife Following a Natural Disaster

When responding to a natural disaster, we are often operating in a fragile environment. It is imperative that at all stages of the recovery, we take every measure to mitigate further damage to the area's ecosystem, fauna and cultural history. Working closely with partners and local communities to protect biodiversity, native habitats, sites of historic or cultural significance and wildlife is a key component of our business model and approach to disaster response.

When responding to the East Coast Floods which occurred in October 2022, our teams took a number of measures to ensure our impact on local communities and wildlife was minimised and they were given the best possible opportunity to recover.

An example of this approach is the Regional Flood Waste Management Program in Victoria that was embedded into our recovery work. This initiative successfully supported the following achievements:

- Collected and processed over 500 tonnes of organic waste into materials such as mulch that reduced landfill and potential greenhouse gas emissions. The processed waste was donated back into the local community;
- Recycled 100% of the water used at the Mount Scobie waste transfer station to mitigate any nutrient contamination into nearby water bodies and reduce demand on local water resources;
- Removed all hazardous materials (e.g. asbestos and lead paint) from flood waste to mitigate any further damage to local ecosystems and risks to the community;
- Collected and treated over 540 tonnes of asbestos contaminated flood affected materials between October 2022 and June 2023; and
- Recovered approximately 3,200 tonnes of sandbags – the equivalent of an Olympic sized swimming pool. The sandbags were subsequently provided to the Shire of Campaspe for use in a variety of purposes including the reconstruction of roads (saving costs and landfill).

Our Supply Chain

Our supply chain involves suppliers and service providers that we engage to support our operations and service delivery to customers. We take our obligation to ensure our supply chain is ethical, responsible and cost-effective very seriously.

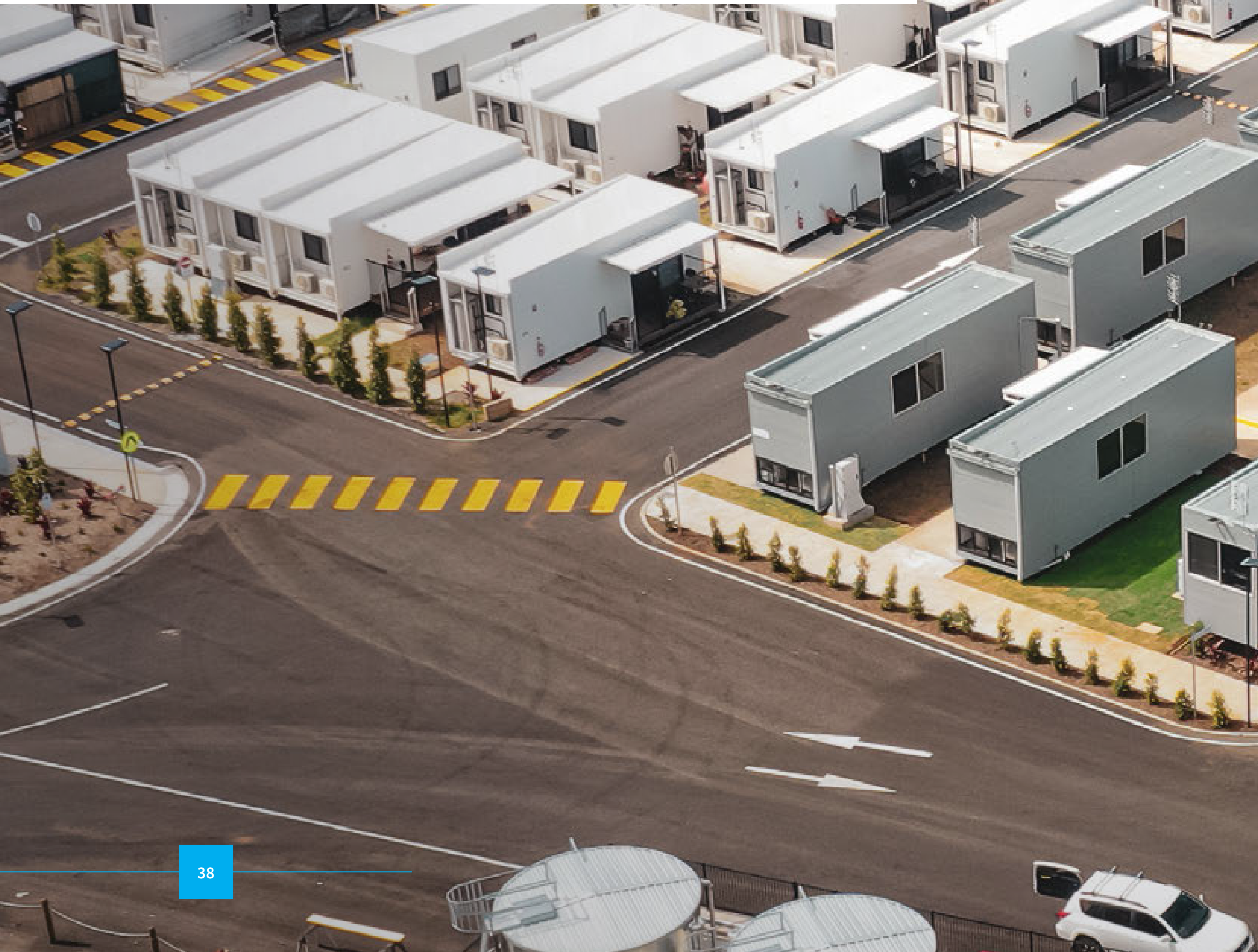
During the year, we appointed a dedicated National Purchasing and Licensing Manager, who will oversee and streamline all purchasing and procurement activities and manage licensing for the Group to ensure we meet our supply chain targets and obligations.

Modern Slavery

Johns Lyng strongly opposes slavery in all forms. We publish our annual Modern Slavery Statement in accordance with the reporting requirements of Australia's Modern Slavery Act 2018 (Cth) and associated guidelines.

In addition to modern slavery risk being included in the due diligence process for acquisitions, new businesses and our Supplier Code of Conduct, we continue to embed these disciplines and principles throughout our business and our culture.

We plan to conduct a review and refresh of our modern slavery risk assessment during FY24.



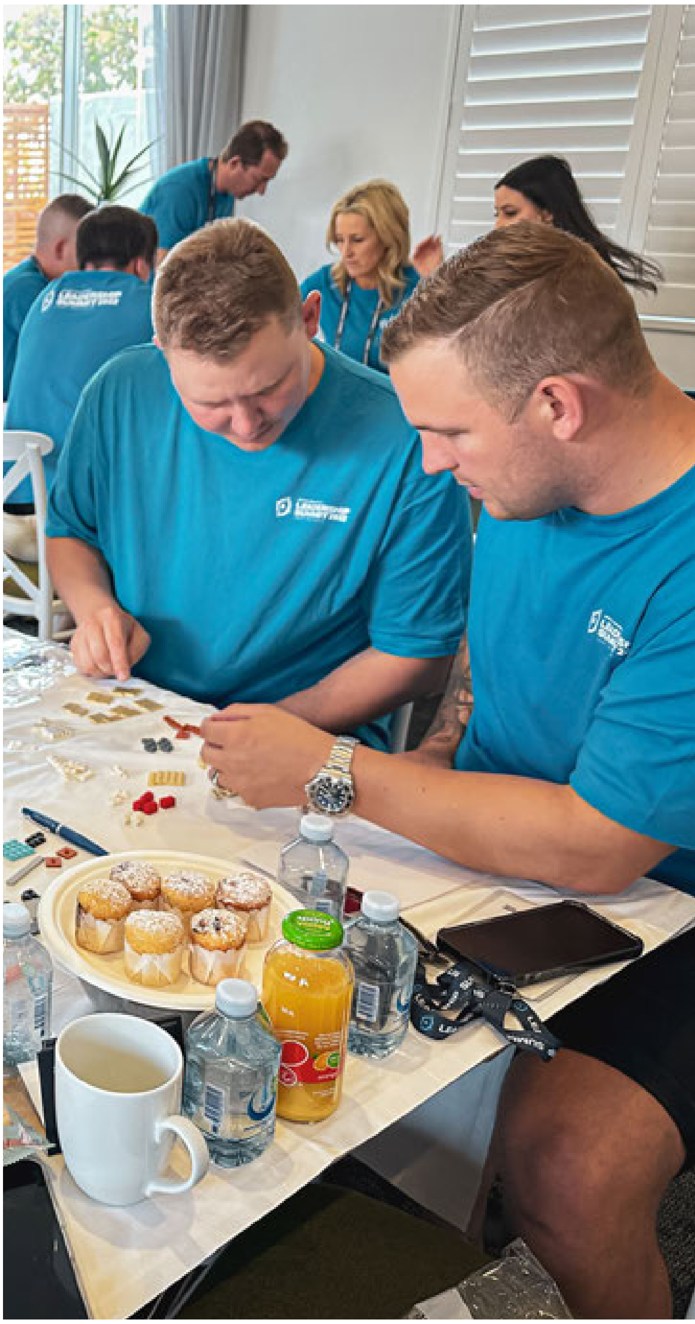
Wollongbar Temporary Accomodation

Our Values


THANK YOU!
YOUR GENEROSITY WILL HELP AUSTRALIANS DOING IT TOUGH
FOOD BANK
"Being on a single pension is challenging. If it wasn't for Foodbank I wouldn't be able to eat fresh fruit, vegetables, bread and milk every day."
FIGHTING HUNGER IN AUSTRALIA

Our values are the cornerstone of our success. Our people uphold our values of Respect, Integrity, Courtesy and Honesty.

Throughout the year, we continued to actively strengthen and embed our values-based culture through a range of activities and initiatives including Leadership Summits and HR training seminars. These important events featured a strong focus on the importance of values and culture – the essence of Johns Lyng and the foundation of our success.



Respect

Be considerate towards other people and their environment

Integrity

Always honour your promises

Courtesy

Address people by name and always display good manners

Honesty

Be true to your word in all communications

BOARD OF DIRECTORS & KMP

Peter Nash

Non-executive Chairman

Peter is an experienced Non-executive Director. In addition to his role as Chairman of Johns Lyng Group he also serves on the Boards of Westpac Banking Corporation, Mirvac Group and ASX Limited. In his executive career Peter served as the National Chairman of KPMG Australia from 2011 through 2017. In this role he also served as a member of KPMG's Global and Regional Boards. His previous positions with KPMG included: Regional Head of Audit for Asia Pacific, National Managing Partner for Audit in Australia and head of KPMG Financial Services. In his role as National Chairman, Peter was responsible for the overall governance and strategic positioning of KPMG in Australia. Peter has worked in geographically diverse and complex operating environments providing advice on a range of topics including: business strategy, risk management, internal controls, business processes and regulatory change. He has also provided both financial and commercial advice to many Government businesses at both a Federal and State level. Peter also holds a number of not-for-profit Board roles including: General Sir John Monash Foundation, Koorie Heritage Trust and The Social Policy Group.

Other current Directorships:
Westpac Banking Corporation
Mirvac Group Limited
ASX Limited
General Sir John Monash Foundation (not-for-profit)
Koorie Heritage Trust Limited (not-for-profit)
The Social Policy Group (not-for-profit)

Former Directorships (last 3 years):
None

Scott Didier AM

Managing Director and Group Chief Executive Officer

Scott has led the Group for over 19 years, taking the position of CEO on acquisition in 2004. During that time, Scott's enthusiasm, strong leadership and approach towards business has grown the organisation from a Melbourne-based, single office, building company with average revenue of approximately $12m p.a. and 30 staff, to an international company with revenue exceeding $1.2bn and a headcount of more than 2,300 across offices in Australia and the USA. Scott has a unique ability to build companies with strong disciplines and tangible cultures via his focus on people – always striving to advance people's careers and following his firm belief that drive and energy coupled with integrity are the cornerstones of any successful business. A true entrepreneur and visionary, Scott constantly demands expansion and growth in every facet of the business, fostering healthy competition and a positive 'can do' culture and attitude within the Group. Scott has also applied his business acumen to the philanthropic sector founding the "Starball" in 1998 to raise money for seriously ill children throughout Australia. Under Scott's guidance as Chairman, this prestigious event has become the Starlight Foundation's largest income generator, raising over $1.5m each year to brighten the lives of seriously ill children. For the past decade Scott has championed a team to help find a cure for Epidermolysis Bullosa, known as "the worst disease you have never heard of". Scott is also Chairman of the Cure EB Charity Foundation.

Other current Directorships:
Cure EB Foundation Limited (not-for-profit)

Former Directorships (last 3 years):
None

Nick Carnell

Executive Director and Chief Executive Officer, Australia

Nick joined Johns Lyng Group in 2014 and is currently the CEO of Johns Lyng Australia. With a strong history in leading the Group's operational and financial performance, Nick now has oversight of the entire Group's operational and financial performance in Australia. With over 17 years' experience in the construction industry, Nick has significant experience in all facets of construction along with a Diploma in Financial Strategy from Oxford University. Nick has implemented a variety of successful and innovative business solutions along with creating and nurturing new industry relationships. Nick's leadership has been pivotal in growing existing and new brands with a focus on our people. This leadership has allowed Johns Lyng to attract the very best talent to expand into new geographies and services.

Other current Directorships:
None

Former Directorships (last 3 years):
None

Lindsay Barber

Executive Director and Group Chief Operating Officer

(Resigned 1 March 2023)

Lindsay joined the Group as Chief Operating Officer in 2005. A degree qualified Civil Engineer and Oxford University alumnus of the Said Business School, Lindsay brings a wealth of experience from a long and successful career in construction and project management. Lindsay leads the day-to-day operations, strategic planning and growth initiatives of the Group. He has deep experience in all facets of the construction industry. Having commenced his career with Jennings Industries, he worked in the private sector for Tier 1 Contractors such as John Holland along with other Tier 2 and Tier 3 Contractors on numerous Construction, Design and Construct and Development projects.

Lindsay resigned as an Executive Director on 1 March 2023 and will continue in his full-time role as Group Chief Operating Officer.

Other current Directorships:
Entyr Limited
Eildon Boat Club (not-for-profit)

Former Directorships (last 3 years):
None

Adrian Gleeson

Executive Director, Investor and Business Relations

Adrian served as the Group's Chairman from 2011 to Listing. After a distinguished AFL playing career with the Carlton Football Club (where he played 176 games, was a member of the 1987 Premiership team, is a Life Member and was inducted into the Hall of Fame in March 2023), he developed a career in the wealth management and financial services industries. In 1999, he established C.A.G Wealth Management, which subsequently merged with Tribeca Financial. Adrian had a strong focus on relationship building within the SME market and he supported a number of high-net-worth individuals, family offices and corporates helping to co-ordinate their accounting, legal, banking and financial affairs in a successful manner. As an Executive Director, Adrian plays a key leadership role supporting Investor Relations, Government Relations, ESG initiatives, new client acquisitions and M&A programs.

Other current Directorships:
None

Former Directorships (last 3 years):
None

Pip Turnbull

Executive Director and Executive General Manager, Business Development and Marketing

(Resigned 1 March 2023)

Pip joined the Group in early 2014 as National Business Development and Marketing Manager. With a background in Events Management and Marketing spanning more than a decade, Pip has worked on major projects and campaigns for a range of clients across various fields. This includes BHP Billiton's 2008 Olympic Project Team, managing community events designed to strengthen relationships with clients and stakeholders globally. Pip has been a very dynamic and driven member of the leadership team at Johns Lyng Group for many years and has been influential in winning new customers and developing strong and sustainable relationships. Her deep knowledge of Johns Lyng's client base and markets more generally adds important value to the Board.

Pip resigned as an Executive Director on 1 March 2023 and will continue in her full-time role as EGM, Business Development and Marketing.

Other current Directorships:
None

Former Directorships (last 3 years):
None

BOARD OF DIRECTORS & KMP

Robert Kelly AM

Non-executive Director

Robert is the Founder, Managing Director and CEO of Steadfast Group Limited (ASX:SDF), the largest general insurance broker network and underwriting agency group in Australasia with growing operations in Asia and Europe. He has more than 50 years' experience in the insurance industry. In April 1996, Robert co-founded Steadfast with a vision to band together non-aligned insurance brokerages and adopt a unified approach to the market. In 2013, he led the company to a successful listing on the Australian Securities Exchange (ASX). Steadfast is now an ASX 100 company with a market capitalisation of over $6 billion. Robert is also a director of various subsidiaries of Steadfast (in Australia, New Zealand, UK and Asia), the Steadfast Foundation, Unisonsteadfast out of Hamburg and Chair of the ACORD International board as well as other international organisations. Robert has been recognised as a leader in the insurance industry in Australia and internationally. He was the Insurance Industry Leader of the Year at the 2011 Annual Australian Insurance Industry Awards. In 2014, Robert was awarded the prestigious ACORD Rainmaker Award. He was a finalist in CEO Magazine's 2015 CEO of the Year Awards and a national finalist for the Eastern Region in the 2016 EY Entrepreneur of the Year program. In 2016 Robert also won the prestigious Lex McKeown Trophy by NIBA and in 2017, Steadfast Group Limited won 5 awards at the East Coles Corporate Performance Awards for ASX listed companies including best company, best CEO, best CFO, best investment desirability and best growth prospects. In 2019 Robert was named the Most Influential Person in the Insurance Industry by Insurance News magazine. He recently received the prestigious award of Member of the Order of Australia (AM) in the Queen's Birthday 2022 Honours List.

Other current Directorships:

Steadfast Group Limited
Kidsxpress (not-for-profit)
Heads Over Heels (not-for-profit)
Steadfast Foundation Pty Limited (not-for-profit)

Former Directorships (last 3 years):

None

Curt Mudd

Non-executive Director

Curt has over 35 years' global professional experience that includes senior roles in Human Resources at Nike. He has a successful track record of building and developing global teams that have exceeded 150,000 employees. From start-ups to Fortune 500 companies, Curt has a high degree of expertise in a variety of wholesale and retail industry segments that include: consumer products and packaged goods, personal care and beauty, natural and organic foods, software, not-for-profits and a variety of market segments in professional services. This includes significant international experience and success with major markets in Asia and Europe.

Other current Directorships:

None

Former Directorships (last 3 years):

None

Larisa Moran

Non-executive Director

Larisa has extensive experience in the corporate and finance sectors with strong financial and operational skills and expertise. Larisa is currently the Global Chief Operating Officer of Woods Bagot, an international Architectural and Interior Design firm. As the COO, she has responsibility for the operations of the business globally, including the development and implementation of strategy, responsibility for Information Technology, Design Technology, Human Resources, Legal, Risk, Practice Management, Knowledge and Research, Communications, Business Planning and Development. Larisa commenced her career as a Chartered Accountant in 1994 with Grant Thornton and became a partner in 2003. In 2007 she joined KPMG as a partner and continued her focus on providing specialist accounting, taxation and advisory services. Larisa's previous roles include member of the Board of the University of Melbourne Faculty of Business and Economics, as well as Chair of its Alumni Council, member of the Advisory Panel for Sundaram Business Services, a subsidiary of Sundaram Finance, member of the Professional Advisors Committee for the Australian Communities Foundation and the Business Development Committee for Zoos Victoria. Larisa has a Bachelor of Commerce degree from the University of Melbourne and is a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Other current Directorships:

None

Former Directorships (last 3 years):

None

Peter Dixon
Non-executive Director

Peter has extensive legal, corporate advisory, strategy and investment management experience. Peter is currently an executive director and Chief Strategy Officer of HPX Group Pty Ltd, a diverse professional services group. Through its two main operating subsidiaries, Hamilton Locke and Source, HPX Group provides legal, compliance, company secretarial and outsourced business services to domestic and international clients. Peter is responsible for driving strategic growth across the group's businesses. Prior to these roles, Peter was the General Counsel and Company Secretary of Moelis Australia Limited (now MA Financial Group Limited (ASX:MAF)), a listed financial services group. In that role, Peter was responsible for the group's legal, risk, compliance and company secretarial functions and was a member of Moelis Australia's Investment Committee and Executive Committee. Prior to this role, Peter was Co-Head of Moelis Australia's Small Cap Industrials Investment Banking team for over 5 years. Before joining Moelis Australia, Peter worked for Macquarie Group Limited (ASX:MQG) in multiple divisions including Central Executive Strategy, Principal Investments, Real Estate Managed Funds and Corporate Advisory. Peter commenced his career as a solicitor in private practice with Mallesons Stephen Jacques (now King & Wood Mallesons) in Sydney and worked for a number of years at Linklaters in London specialising in Mergers & Acquisitions and Equity Capital Markets. Peter holds a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales.

Other current Directorships:
None

Former Directorships (last 3 years):
None

Key Management Personnel

Matthew Lunn
Group Chief Financial Officer

Matthew is a strategic and commercial Finance Executive. He joined the Group in late 2016, leading JLG's successful IPO in October 2017. He served as an Executive Director on the Group's Board for 3 years from July 2017 before retiring by rotation in June 2020. Matthew's responsibilities include: Capital Management, Strategic Initiatives (including M&A), Investor Relations and the overarching leadership of the Group's Accounting, Finance, Reporting and Corporate Development Functions. Matthew has significant experience in Corporate Finance across Investment Banking, Private Equity and Professional Services environments. Prior to joining the Group, he was General Manager of Corporate Development with Aligned Resources Group (Private Equity Investment Company). Prior to that, Matthew worked with Ernst & Young's Australian Mergers and Acquisitions team. Matthew relocated to Australia from the UK in 2010, where he worked in London for over 9 years, latterly with Vantis Corporate Finance and Dresdner Kleinwort Investment Bank where he focused on M&A and Private Equity Advisory. Matthew is a UK Chartered Accountant and CFq designation holder (ICAEW's Advanced Diploma in Corporate Finance).

Other current Directorships:
None

Former Directorships (last 3 years):
Johns Lyng Group Limited

Company Secretary

Hasaka Martin
Company Secretary

Hasaka has over 17 years' Company Secretarial experience working with listed companies across a number of industries both internally and through corporate service providers. Hasaka is the appointed Company Secretary for a number of listed and unlisted companies. He is a Chartered Secretary and a Fellow of the Governance Institute of Australia. Hasaka holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.

DIRECTORS REPORT

30 June 2023

The Directors present their report, together with the financial statements, on the group consisting of Johns Lyng Group Limited (referred to hereafter as the “Company” or the “Parent Entity”) and the entities it controlled (referred to hereafter as “Johns Lyng”, “Johns Lyng Group” or the “Group”) at the end of, or during the year ended 30 June 2023.

Peter Nash (Chairman and Non-executive Director, appointed 1 October 2017.)

Scott Didier AM (Managing Director, appointed 28 September 2017.)

Nick Carnell (Executive Director, appointed 1 September 2020.)

Lindsay Barber (Executive Director, appointed 14 July 2017 – Resigned 1 March 2023.)

Adrian Gleeson (Executive Director, appointed 28 September 2017.)

Pip Turnbull (Executive Director, appointed 17 June 2020 – Resigned 1 March 2023.)

Robert Kelly AM (Non-executive Director, appointed 1 December 2017.)

Curt Mudd (Non-executive Director, appointed 1 December 2018.)

Larisa Moran (Non-executive Director, appointed 10 September 2018.)

Peter Dixon (Non-executive Director, appointed 25 February 2020.)

Principal activities

The principal activities of the Group consist of Insurance Building and Restoration Services in Australia and the USA, along with Commercial Building Services and Commercial Construction in Australia.

The Group’s Commercial Construction operations are now in run-off. Going forward, existing resources will be focused on large-loss insurance building – current work now relates solely to legacy contracts and projects.

There were no other significant changes in the nature of the Group’s activities during the year.

Dividends

On 29 August 2023, the Board declared a final dividend of 4.5 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 4.5 cents per share (fully franked), totalling 9.0 cents per share (fully franked) and representing approximately 52% of NPAT attributable to the owners of Johns Lyng Group for FY23.

The final dividend will be paid on 18 September 2023 with a record date of entitlement of 4 September 2023.

Operating and Financial Review

In a year of continued market volatility driven by high inflation, rising interest rates, tight labour markets and economic uncertainty, Johns Lyng made significant strategic, operational and financial progress.

This is evidenced by yet another record financial performance with Johns Lyng’s focused and consistent growth efforts delivering compound annual revenue and EBITDA growth in excess of 34% post-IPO (FY18-FY23).

This underscores the robustness of our business model and ‘defensive growth’ investment thesis.

On a consolidated basis, the Group delivered:

- Revenue: $1,281.3m / +43.2% (FY22: $895.0m)
- EBITDA[1]: $119.4m / +42.9% (FY22: $83.6m)
- Net profit after tax: $62.8m / +64.3% (FY22: $38.2m)

[1] Excluding transaction related expenses of $1.0m (FY22: $9.4m) and a non-recurring bad debt write-off of $2.5m in FY23 in respect of a repairs, maintenance and warranty defect contract with Porter Davis prior to liquidation. JLG does not have any contracts of this nature with any other home builders

The key growth drivers (which are discussed in more detail below) include:

- **Major new client wins and contract extensions** – significant market share increase in our core Business as Usual (BaU) and Catastrophe (CAT) markets;
- **Organic growth and diversification** – increased job allocations in our established core business markets compounded by additional growth in recently entered complementary adjacencies;

- **The establishment and launch of our "Johns Lyng Disaster Management" service offering** – specifically assisting State and Local Governments with major event preparation, response and resiliency initiatives;
- **Growth in our Strata Services business** and the ongoing integration with Bright & Duggan;
- **Successful integration of Reconstruction Experts in the US** (acquired 1 January 2022), including development of the Strategic Plan in collaboration with Management and demonstrated progress including the launch of new service lines/brands along with Johns Lyng's Business Partner equity model in the US market; and
- **Multiple strategic and bolt-on acquisitions** that have contributed to the Group's record FY23 financial performance.

Insurance Building and Restoration Services (IB&RS)

The Insurance Building and Restoration Services division delivered a record financial performance during FY23:

- Revenue: $1,146.6m / +52.6% (FY22: $751.3m) – comprises:
  - » BaU revenue: $775.3m / +32.2% (FY22: $586.5m)
  - » CAT revenue: $371.3m / +125.3% (FY22: $164.8m)
- EBITDA[1]: $136.8m / +61.2% (FY22 $84.9m) – comprises:
  - » BaU EBITDA[1]: $92.5m / +39.6% (FY22: $66.3m)
  - » CAT EBITDA: $44.3m / +137.9% (FY22: $18.6m)

[1] Excluding transaction related expenses of $0.8m (FY22: $9.2m) and a non-recurring bad debt write-off of $2.5m in FY23 in respect of a repairs, maintenance and warranty defect contract with Porter Davis prior to liquidation. JLG does not have any contracts of this nature with any other home builders

The record financial performance was driven by the Group's continued focus on client relationships and delivering exceptional customer outcomes.

Notwithstanding the challenges of high inflation, rising interest rates, tight labour markets and economic uncertainty, Johns Lyng continued to grow, winning major new clients and extending significant contracts including:

New contract wins

- Youi: national building and restoration panel (5 years);
- Austbrokers: national building and restoration contract (evergreen);

Contract extensions

- Suncorp: national commercial building panel (1 year);
- QBE: national building panel (3 years);
- Allianz: national restoration panel (1 year);
- Comminsure: national building and restoration panel (1 year);
- IAG: national building panel (5 years);
- IAG: national restoration panel (3 years);
- RACQ: QLD building and restoration panel (3 years);
- Johns Lyng Disaster Management – multi-phase work programs awarded include:
  - » VIC Government (Oct-22 Floods): debris clean-up, property assessments and Elmore temporary accommodation;
  - » SA Government (Dec-22 Floods): River Murray Flood Clean-up Program; and
  - » QLD Government (event preparedness): emergency temporary mobile accommodation.

The Group also benefited from significant work relating to catastrophic and other significant events which occurred in the current and previous financial years including:

- Hailstorm: SE QLD (Oct-20);
- Floods: NSW and SE QLD (Mar-21);
- Cyclone Seroja: WA (Apr-21);
- Storms and Floods: VIC (Jun-21);
- Severe Storms: SA, VIC and TAS (Oct-21);
- Floods: SE-QLD and NSW (Feb-22);
- Floods: VIC, NSW and TAS (Oct-22);
- Hurricane Ian: Florida, USA (Oct-22); and
- Cyclone Gabrielle and Floods: Auckland, NZ (Feb-23).

During FY23, the Group continued to extend its national and international footprint opening a number of offices in new regions including: Davenport, Shepparton, Moruya Heads, Noosa Heads and Auckland (NZ).

Johns Lyng's national footprint, full-suite service offering and ability to efficiently scale up while maintaining the highest standards of quality in responding to CAT events are some of the Group's core competencies and a source of sustainable competitive advantage.

The Group's emergency response projects often lead to new client wins and deeper client relationships which translate into ongoing BaU operations.

Acquisition of A1 Estimates

On 4 November 2022 (effective 1 November 2022), Johns Lyng acquired a 60% controlling equity interest in A1 Estimates.

Tom Jordan (Founder of A1) retained a 40% equity interest and will continue as CEO and a Johns Lyng Business Partner.

Recently renamed "A1 Services", the business is based in Byron Bay and provides expert insurance repair estimating services to internal and external clients.

A1 Services is a well-known and trusted supplier to Johns Lyng having worked extensively for the Group's Flood Property Assessment Program in Northern NSW prior to acquisition.

A1's pool of estimating resources will support the Group's ability to scale-up and respond to rapid increases in work volume – especially beneficial from a CAT response perspective.

Johns Lyng paid $1.515m cash at Completion plus deferred consideration of $0.55m payable in JLG Ltd shares and an earn-out of $0.276m which was fully paid in JLG Ltd shares during FY23.

Expansion into New Zealand and Acquisition of Mainland Building Services

During FY23, Johns Lyng expanded into New Zealand, partnering with Nick Boyd – an existing Johns Lyng Business Partner returning home to Auckland from Australia.

Shortly after establishing operations in New Zealand, a number of serious weather events culminated with Cyclone Gabrielle, whose high winds and torrential rain in February 2023 caused the worst damage to the North Island in more than a decade. Johns Lyng NZ continues to respond and contribute to the significant rebuild effort.

Effective 1 May 2023, Johns Lyng acquired an 80% equity interest in Mainland Building Services (asset purchase), partnering with recent Founders Gary Middlemass and Dale Uhrbom who will lead Johns Lyng NZ's operations across the South Island of New Zealand from their base in Christchurch.

Strata Market Strategy & Acquisitions

During FY23, the Group continued to scale up “Johns Lyng Strata Services”.

Launched during FY20, Johns Lyng Strata Services delivers strata management and domestic/commercial building and restoration works for: strata insurers, loss adjusters, brokers and property/strata managers.

The strata property market comprises more than 3.1m strata titled lots nationally. This represents a significant growth market for Johns Lyng and is a key area of strategic focus going forward.

Cornerstone initiatives of the Group’s strata market strategy include:

- The recent appointment of Johns Lyng to multiple national strata insurance building and restoration panels;
- The Group’s platform acquisition of Bright & Duggan Strata Management in August 2019 and successful follow-on M&A program including 9 ‘bolt-on’ acquisitions to date, including 3 completed deals in FY23:
  - » North Shore Strata Management (80% equity interest): 10 November 2022 (effective 1 November 2022)
    - North Shore Strata Management is a Sunshine Coast-based Strata Management business with 1,751 lots under management across 250 strata schemes
    - Johns Lyng paid $1.74m cash at Completion (net of a 10% retention pending finalisation of customary post-Completion purchase adjustments) plus a potential earn-out of up to $0.446m based on the financial performance in FY23 and FY24
  - » Adpen Strata Management (100% equity interest acquired by Bright & Duggan's subsidiary Capitol Strata Management): 11 November 2022 (effective 1 November 2022)
    - Adpen Strata Management is a Queensland-based Strata Management business with 372 lots under management across 40 strata schemes
    - Johns Lyng paid $0.116m cash at Completion (net of a 10% retention pending finalisation of customary post-Completion purchase adjustments)
  - » Advanced Community Management (100% equity interest): 31 March 2023 (effective 1 April 2023)
    - Advanced Community Management is a Sydney-based strata management business with 2,262 lots under management across 74 strata schemes
    - Johns Lyng paid $2.43m cash at Completion (net of a 10% retention pending finalisation of customary post-Completion purchase adjustments)

In addition to the successful ‘bolt-on’ acquisitions set out above, on 25 August 2022, the Group acquired an additional 44.5% equity interest in Bright & Duggan from Trevor Bright on his retirement as Executive Chairman. Johns Lyng paid $15.4m cash at Completion plus $10.2m in JLG Ltd shares.

Bright & Duggan currently manages a total of 95,345 lots under strata and/or building management contracts across 3,840 buildings/strata schemes including:

- 84,898 lots under strata management contracts across 3,757 strata schemes;
  - » Of which, Bright & Duggan also undertakes building management for 7,094 lots across 78 buildings; and
  - » 10,447 lots across 83 buildings under discrete building management contracts.

The strata market is a key strategic focus for the Group going forward, presenting multiple growth opportunities including:

- Roll-up of the existing highly fragmented strata management market;
- Cross-sell of strata insurance building and restoration services work; and
- Cross-sell of direct work including:
  - » Emergency and scheduled trades for buildings under management (B2B); and
  - » Direct to consumer trades (B2C) i.e. homeowners and tenants.

Johns Lyng Disaster Management

Johns Lyng Group is Australia's largest integrated insurance building, restoration and disaster management services provider.

The Group's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured and catastrophic events such as impact, weather and fire.

Climate change is likely to increase both the frequency and severity of weather-related disasters. The Intergovernmental Panel on Climate Change's Sixth Assessment Report (August 2021) suggests that the Earth could heat by more than 1.5 degrees celsius in less than 10 years. For Australia, this likely means more of the catastrophic events that we have experienced in recent history, including bushfires and severe flooding.

During FY22, we launched our dedicated "Johns Lyng Disaster Management" service offering – specifically assisting State and Local Governments with major event preparation, response and resiliency initiatives.

Johns Lyng's track record of service delivery, capability and local community engagement has resulted in multiple milestone contracts with the Victorian, New South Wales and South Australian State Governments over the last 18 months. A significant amount of work was completed in respect of these contracts during FY23 which is expected to continue into FY24 and beyond including:

- On 5 July 2021, we announced a contract with the State Government of Victoria for the provision of clean-up and Makesafe works on private properties damaged by Victoria's severe storms. The extensive storm damage was spread across 39 Local Government Areas and the initial phase of work (focused on private properties) was delivered through joint funding of $55.5m from the Australian Federal and Victorian State Governments;
- On 30 March 2022, we announced a contract with the NSW Government as part of the ongoing recovery response to the February 2022 flooding. The Australian and NSW Government funded $142m "Property Assessment and Demolition Program" provides free structural assessments (and demolition if necessary) of eligible flood impacted properties across 58 Local Government Areas;
- On 17 October 2022, we announced a contract with the Victorian Government's Emergency Recovery Victoria agency (ERV), to assist those affected by the ongoing flood disaster impacting 24 Local Government Areas; and
- On 3 April 2023, we announced a contract with the South Australian Government to support disaster recovery operations following extensive flooding along the Murray River. Under the contract, Johns Lyng will co-ordinate and manage immediate risks to people and property, co-ordinate clean-up activities and dispose of flood debris within the 9 affected Local Government Areas. The initial $56m body of work was funded jointly by the Commonwealth Government and the SA Government and is administered via Green Industries SA (the responsible SA Government entity).

As Australia's market leading national disaster response company, Johns Lyng Group will continue to build relationships with Local and State Governments to improve preparedness, resiliency and the effectiveness of our collective disaster response for the benefit of Australia and our local communities.

US Market Strategy

Johns Lyng initially entered the strategically important US market via the successful acquisition of the Steamatic Global Master Franchise in FY19 and subsequent 'bolt-on' acquisition of the Steamatic Nashville franchise in FY20.

Established in 1948, Steamatic is a US-based fire and flood restoration services company with 40 US Franchisees (including 1 company owned franchise) and 3 International Master Franchise Agreements.

These initial investments allowed the Group to research the US market dynamics, competitive landscape and build relationships with key clients and counterparties. As a result of these initiatives, Management identified the US market as a key pillar of the Group's long-term growth strategy which subsequently led to the successful acquisition of Reconstruction Experts on 1 January 2022.

Established in Colorado in 2001, Reconstruction Experts is a leading provider of insurance focused repair services to residential, commercial and industrial properties in the US.

The company's primary client base is Homeowner Associations ("HOAs") – the US equivalent of Strata Managers/Owners' Corporations i.e. large multi-family properties including apartments, condominiums and master planned communities.

The company's key services are highly compatible with Johns Lyng's core competencies including:

- Defect and Damage Insurance – provides reconstruction and repair works for clients when insured property damage losses occur, or flaws in initial construction result in a defect lawsuit; and

- Repairs and Maintenance – undertakes non-discretionary works to maintain or improve ageing properties not covered by insurance, typically in accordance with the long-term planning requirements of HOAs or multi-family properties where reserve funds are in place for long-term capital projects.

Reconstruction Experts currently employs more than 400 staff across offices in 4 States including: Colorado, Texas, Florida and California.

The company is led by a long standing, high-calibre and very experienced management team, who are fully aligned through ongoing equity ownership – consistent with Johns Lyng's Business Partner equity model.

The acquisition of Reconstruction Experts established a strong base from which to pursue growth in the very large US market for defect and damage insurance and property repairs and maintenance.

Johns Lyng's long-term strategic plan is to develop a fully integrated national service offering including Makesafe, Insurance Building, Restoration and Disaster Management through organic growth and the pursuit of select M&A opportunities.

During FY23, Johns Lyng made significant strategic and operational progress in the US including:

- Successful integration of Reconstruction Experts;
- Development and finalisation of the strategic plan for the US market in collaboration with Management;
- Launch of new service lines/brands including Makesafe and Express Builders;
- Implementation of Johns Lyng's Business Partner equity model. Johns Lyng USA had 13 Business Partners as at 30 June 2023; and
- Inaugural US CAT response:
  - » In October 2022, Hurricane Ian made landfall wreaking havoc and destruction on the affected States – in particular Florida;
  - » Johns Lyng USA successfully launched its inaugural emergency CAT response. The Group has a significant pipeline of follow-on work to be delivered in FY24 and beyond. This was a significant milestone in the evolution of our US business model which established our CAT response capability and service offering ready to expediently respond to future events.

Commercial Building Services (CBS)

Johns Lyng's Commercial Building Services division delivered a strong financial performance during FY23:

- Revenue: $71.6m / +36.0% (FY22: $52.6m)
- EBITDA[1]: $8.4m / +60.2% (FY22: $5.2m)

[1] Excluding transaction related expenses of $0.1m (FY22: nil)

The Commercial Building Services portfolio businesses continue to trade in-line with expectations and the Board is pleased with the progress made and the financial performance for FY23.

Commercial Construction (CC)

As a result of challenging market wide conditions, Johns Lyng's Commercial Construction division underperformed during FY23. The business suffered from significant, industry wide input cost inflation, compounded by numerous subcontractor liquidations:

- Revenue: $62.5m (FY22: $90.8m)
- EBITDA: ($19.0m) (FY22: ($1.8m))

The Group's Commercial Construction operations are now in run-off. Going forward, existing resources will be focused on large-loss insurance building – current work now relates solely to legacy contracts and projects.

Reconciliation to financial statements

Refer to note 4 for a reconciliation of Revenue and EBITDA to the financial statements.

Balance sheet

The Group continues to maintain a strong balance sheet with net assets of $394.2m (FY22: $332.8m) representing an annual increase of $61.4m.

Information on directors

The current profiles of the Board of Directors are included on pages 42 to 45.

Meetings of Directors

The number of meetings of the Company's Board of Directors (Board) and of each Board Committee held during the year ended 30 June 2023 and the number of meetings attended by each Director were as follows:

	Board of Directors meetings		Audit Committee meetings[1]		Nomination & Remuneration Committee meetings[1]		Risk & Compliance Committee meetings[1]	
Directors	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended
Peter Nash (Chairman)	12	12	–	7	3	3	4	4
Scott Didier AM	12	9	–	5	–	3	–	2
Nick Carnell	12	12	–	7	–	2	–	4
Lindsay Barber (Resigned 1 March 2023)	8	8	–	5	–	1	–	1
Adrian Gleeson	12	12	–	7	–	1	–	3
Pip Turnbull (Resigned 1 March 2023)	8	7	–	5	–	–	–	1
Robert Kelly AM	12	9	–	5	3	3	–	4
Curt Mudd	12	11	7	7	3	3	–	4
Larisa Moran	12	11	7	6	–	2	4	4
Peter Dixon	12	11	7	7	–	3	4	4

[1] Members of the Board of Directors, who are not Members of the Committees, attended Committee meetings by invitation of the Committee Chair.

As at the date of this report, the Company has an Audit Committee, Nomination and Remuneration Committee and a Risk and Compliance Committee of the Board of Directors.

The current Members of the Audit Committee are: Larisa Moran, Curt Mudd and Peter Dixon. The Chairperson of the Audit Committee is Larisa Moran.

The current Members of the Nomination and Remuneration Committee are: Curt Mudd, Robert Kelly AM and Peter Nash. The Chairperson of the Nomination and Remuneration Committee is Curt Mudd.

The current Members of the Risk and Compliance Committee are: Peter Dixon, Peter Nash and Larisa Moran. The Chairperson of the Risk and Compliance Committee is Peter Dixon.

Matters subsequent to the end of the financial year

On 5 July 2023, the Group announced it had signed binding share purchase agreements to acquire 100% of Project Safety Holdings Pty Ltd ("Smoke Alarms Australia" or "SAA") and 70% of Link Fire Holdings Pty Ltd ("Linkfire") for total upfront cash consideration of $61.8m plus an aggregate earn-out of up to $17.25m (together, the "Acquisitions"), to be funded by a $65m fully underwritten institutional placement ("Placement") and a non-underwritten share purchase plan ("SPP") targeting a maximum of $5m (together, the "Equity Raising").

The Acquisitions set the foundation for the Group's 5th Strategic Growth Pillar – "Essential Home Services", and progress Johns Lyng towards its goal of becoming a full turnkey solution for Homeowners, Property Managers and Strata Managers.

On 6 July 2023, the Group announced the successful completion of the Placement, raising $65m which received strong support from existing shareholders and new investors. Approximately 12.6m new fully paid ordinary shares ("New Shares") were issued under the Placement which was priced at $5.15 per New Share ("Placement Price"), representing a 5.2% discount to Johns Lyng's last closing price on 4 July 2023 of $5.43 and a premium to the underwritten floor price of $5.00 per New Share. Settlement of New Shares issued under the Placement occurred on 10 July 2023, with allotment and normal trading on 11 July 2023.

Both Acquisitions legally Completed on 11 July 2023 (effective 1 July 2023).

On 31 July 2023, the Group announced the successful completion of the SPP raising $5m.

The SPP closed on 26 July 2023 and 970,873 New Shares were issued priced at $5.15 per New Share, being the Placement Price.

On 23 August 2023, Johns Lyng's subsidiary Bright & Duggan signed a binding agreement to acquire a 100% equity interest in Sydney-based Your Local Strata (effective 1 September 2023). Your Local Strata manages 3,077 lots across 187 buildings/strata schemes. Bright & Duggan paid $2.232m cash at Completion (net of a 10% retention pending finalisation of customary post-Completion purchase adjustments), plus a potential earn-out of up to $0.62m, payable in cash subject to the financial performance of the business in FY24.

FY23 Final Dividend

On 29 August 2023, the Board declared a final dividend of 4.5 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 4.5 cents per share (fully franked), totalling 9.0 cents per share (fully franked) and representing approximately 52% of NPAT attributable to the owners of Johns Lyng Group for FY23.

The final dividend will be paid on 18 September 2023 with a record date of entitlement of 4 September 2023.

There are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would likely result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant regulation under Australian Commonwealth or State Law.

Corporate Governance

The Company's Directors and Management are committed to conducting the Group's business in an ethical manner and in accordance with good standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (Recommendations) to the extent appropriate for the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with the ASX .

The Appendix 4G will specify each Recommendation that needs to be reported against by the Company and will provide Shareholders with information as to where relevant governance disclosures can be found. The Company's corporate governance policies and charters are all available on the Company's website:

http://investors.johnslyng.com.au/Investors/?page=Corporate-Governance

Modern Slavery

Johns Lyng Group has a zero-tolerance approach to Modern Slavery and continues to work closely with our contractors and suppliers to ensure our operations and supply chain are slavery free. This has been enforced through strict disciplines being integrated into due diligence procedures for acquisitions and new business start-ups, along with a focus on implementing our Supplier Code of Conduct within our supply chain.

Further details of Johns Lyng Group's approach to Modern Slavery risk mitigation can be found in our Modern Slavery Statement, developed in accordance with the reporting requirements of Australia's Modern Slavery Act 2018 (Cth). This was approved by the Board and published in December 2022.

REMUNERATION REPORT (audited)

Dear Shareholders,

On behalf of the Board, I am pleased to present this year's Remuneration Report for Johns Lyng Group. For FY23, every Key Performance Indicator reflects another excellent year for Johns Lyng.

Working actively with Scott Didier, Group CEO and Managing Director and leveraging a well-considered and disciplined Business and Performance Management System, the Board remains confident that the FY23 executive remuneration structure provides a fair and meaningful reward in alignment with the respective Executive's effort and Group performance.

FY23's financial result represents record levels of 'business as usual' work, supplemented by the significant weather events that impacted Australia. The extended team is proud to have successfully delivered an extensive range of services and solutions for clients and customers. The scope and scale of the Group's operations is significant and the commitment to the highest quality of outcomes has remained steadfast.

The Board is committed to reviewing the executive remuneration structure annually. The primary focus of the review is to ensure that the remuneration structure continues to support Johns Lyng's strategies, aligns with the long-term interests of our shareholders, and provides market competitive remuneration to the team.

On behalf of the Board, I invite you to review our Remuneration Report and I thank our Executives and team for their efforts and contribution to our success in FY23.

Sincerely,

Curt Mudd,

Chairman, Nomination & Remuneration Committee

Contents	
1	Remuneration Report overview
2	Nomination and Remuneration Committee
3	Principles used to determine the nature and amount of remuneration
4	Employment contracts
5	Group performance
6	Non-executive Director remuneration
7	KMP remuneration
8	Directors' interests
9	Non-executive Directors' and KMP's interests
10	Transactions with Non-executive Directors and KMP

1. Remuneration Report overview

The Remuneration Report outlines the remuneration arrangements for the Key Management Personnel (KMP) of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors, the Group Chief Operating Officer, Group Chief Financial Officer and Executive General Manager, Business Development and Marketing as listed below.

The KMP of the Group consists of Non-executive Directors and the following:

- Scott Didier AM (Group Chief Executive Officer and Managing Director);
- Nick Carnell (Chief Executive Officer, Australia and Executive Director);
- Lindsay Barber (Group Chief Operating Officer and Executive Director – Resigned 1 March 2023);
- Matthew Lunn (Group Chief Financial Officer);
- Adrian Gleeson (Director, Investor and Business Relations and Executive Director); and
- Pip Turnbull (Executive General Manager, Business Development and Marketing and Executive Director – Resigned 1 March 2023).

2. Nomination and Remuneration Committee

The objective of the Nomination and Remuneration Committee is to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and achieve its objectives to ensure that the Group:

- Has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- Has coherent remuneration policies and practices to attract and retain Executives and Directors who can reasonably be expected to create value for Shareholders;
- Observes those remuneration policies and practices; and
- Fairly and responsibly rewards Executives having regard to the performance of the Group, the performance of the Executives and the general external pay environment.

The Nomination and Remuneration Committee is also responsible for:

- Identifying and recommending to the Board, nominees for membership of the Board including the Chief Executive Officer;
- Evaluating the performance of the Board, both collectively and individually;
- Reviewing, approving and recommending to the Board for adoption, Executive remuneration and incentive policies and practices;
- Reviewing the remuneration of Non-executive Directors for serving on the Board and any Committee (both individually and in total); and
- Reviewing any insurance premiums or indemnities for the benefit of Directors and Officers.

The Nomination and Remuneration Committee regularly reports to the Board on Committee activities, issues and related recommendations that require Board attention or approval.

The Nomination and Remuneration Committee may seek professional advice from employees of the Group and from appropriate external advisors at the Group's cost.

The Nomination and Remuneration Committee engaged the services of KPMG to undertake an independent review of the Group's KMP remuneration framework in FY21. KPMG's recommendations were reflected in the Group's remuneration framework for FY22 and continue to be reflected in FY23.

3. Principles used to determine the nature and amount of remuneration

The remuneration of KMP is the responsibility of the Nomination and Remuneration Committee.

The Group's broad remuneration policy is to ensure KMP's remuneration packages properly reflect their duties and responsibilities and are competitive in attracting and retaining talented and motivated Executives who can contribute to the high-performance culture of the Group.

Non-executive Directors' remuneration

The Group's remuneration policy for Non-executive Directors is set up to attract and retain Directors of the highest calibre with the relevant experience, knowledge and expertise to help govern the Group effectively.

Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Committee may, from time-to-time, receive advice from independent remuneration consultants to ensure that Non-executive Directors' fees and payments are appropriate and in-line with market rates. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparable roles and market rates. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Under the Company's Constitution, the total amount of fees paid to all Non-executive Directors for their services must not exceed $1,000,000 in aggregate in any financial year. In accordance with ASX listing rules, any increase to the aggregate annual sum needs to be approved by Shareholders.

Non-executive Directors are not eligible to participate in the Group's Short-term or Long-term Incentive Plans.

The remuneration of Non-executive Directors for the year ended 30 June 2023 is detailed in Item 6 of this report.

Executives' remuneration

To assist with the Board's policy of attracting and retaining talented and motivated Executives who contribute to the high-performance culture of the Group, the Nomination and Remuneration Committee has agreed remuneration packages for KMP's including the following components:

- Fixed remuneration; and
- Variable remuneration.

Fixed remuneration

Fixed remuneration is comprised of cash salary, fees and other employee benefits including: superannuation, leave entitlements and other benefits.

Variable remuneration

The objective of variable remuneration is to create sustainable Shareholder value by providing a link between the Group's performance and KMP's remuneration by:

- Rewarding capability and experience;
- Reflecting competitive rewards for contribution to growth and Shareholder wealth; and
- Providing a clear structure for earning rewards.

Variable remuneration is made up of the following components:

- Short-term Incentive Plan (cash and Performance Rights);
- Long-term Incentive Plan (Performance Rights); and
- Employee Share Loan Plan (Loan Funded Shares).

Short-term Incentive Plan

The Group's Short-term Incentive (STI) Plan is designed to incentivise the performance of the Group's Executives via payments linked to the financial performance of the Group, while also taking into account their respective individual performance and culturally aligned actions and behaviours. The key financial performance indicator is actual versus forecast Net Profit After Tax (Net Profit).

Potential STI payments to Executives are based on:

- The Group's financial performance for the current financial year, with higher STI payments for financial outperformance versus forecast (refer to table below); and
- Performance against a number of non-financial measures (refer to following page), as determined by the Group CEO in collaboration with the Nomination and Remuneration Committee. Actual performance against these measures can be used to modify the STI outcome for an Executive determined by reference to financial measures.

For FY23, the Board determined that all financial and non-financial measures had been met. Hence there was no modification to STI outcomes determined by reference to financial performance.

<table>
<tr><th colspan="6">KMP STI Plan – Rewards & Performance Matrix</th></tr>
<tr><th>Net Profit (Actual)[1]</th><th><90% Forecast</th><th>90% Forecast</th><th>90%-100% Forecast</th><th>100%-200% Forecast</th><th>>200% Forecast</th></tr>
<tr><td>Scott Didier AM</td><td>–</td><td>0.56%</td><td rowspan="6">Calculated pro-rata (straight-line) between bands</td><td>1.88%</td><td rowspan="6">STI Plan capped at 200% of Forecast</td></tr>
<tr><td>Nick Carnell</td><td>–</td><td>0.48%</td><td>1.60%</td></tr>
<tr><td>Lindsay Barber</td><td>–</td><td>0.52%</td><td>1.72%</td></tr>
<tr><td>Matthew Lunn</td><td>–</td><td>0.48%</td><td>1.60%</td></tr>
<tr><td>Adrian Gleeson</td><td>–</td><td>0.48%</td><td>1.60%</td></tr>
<tr><td>Pip Turnbull</td><td>–</td><td>0.15%</td><td>0.49%</td></tr>
</table>

[1] Calculated post STI and LTI expense, pre non-controlling interests' share of Profit or Loss and normalised for any transaction related expenses.

BUSINESS & PERFORMANCE MANAGEMENT SYSTEM

GO Meetings

(Group Operations Meetings)

119+ Business Leaders meet monthly with the Executive Leadership Team for an extensive review of Key Performance Indicators (KPI's) and mission critical capabilities e.g. business development and culture. This includes KPI's that inform short-term incentives for Key Management Personnel (KMP).

Key Management Personnel KPI Review

To augment the monthly GO Meetings, Key Management Personnel meet quarterly with the CEO and COO to discuss and review critical KPI's and successful demonstration of Johns Lyng's leadership 'Rockstar' competencies.

Key Performance Indicators that Inform Short-term Incentives:

- Achieve or Exceed Budgeted Turnover (Sales) Growth
- Achieve or Exceed Budgeted NPAT
- Claims Lifecycle Performance
- Net Promoter Score
- Our People are Our Brand
- Health & Safety

'Rockstar' Leadership Competencies

- Extreme Character & Integrity
- Drive & Energy
- Positive Impact
- Motivation
- Business Thinking
- Strategic Thinking
- Financial Acumen
- Talent Management
- Problem Solving & Decision Making

KPI	Description					Comments	FY23 Results
	($m)	**FY23 (F)**	**FY23 (A)**	**Move**	**%**		
Achieve or Exceed Budgeted Turnover (Sales) Growth	Revenue	1,030.9	1,281.3	250.4	24.3%	Strong revenue outperformance driven by organic growth and acquisitions completed during FY23.	Revenue: $1,281.3m (+24.3% vs. forecast).
Achieve or Exceed Budgeted NPAT Performance	EBITDA[1]	105.3	119.4	14.1	13.4%	NPAT outperformance driven by organic revenue growth and acquisitions completed during FY23.	NPAT: $63.9m (+15.5% vs. forecast).
	NPAT[2]	55.3	63.9	8.6	15.5%		
Overall Claims Life Cycle						Reduction of overall claims life cycle will lead to increased capacity to handle incremental claims volume and increased job allocation from IB&RS clients.	Record volumes for FY23 handled successfully within performance parameters. This includes both performance milestones related to BaU and CAT events.
Net Promoter Score (NPS)						**Key questions:** Would you recommend Johns Lyng? How was the quality of repairs completed? How was the communication provided?	Meeting industry benchmarks. Process and software improvements continue to be a priority in support of NPS as a critical KPI.
Our People are our Brand	Talent & Succession Planning Systemic bi-annual Talent Review process					Quarterly employee KPI review & talent planning resulted in 22% of IB&RS team members being promoted or progressed in FY23.	Business growth resulted in meaningful opportunities for employees. Key talent retained and deployed throughout the year.
Health & Safety	**Key metrics:**						Continued improvement across lead indicators observed in FY23. This is expected to impact positively on health and safety results in FY24 with maturation of reporting and further integration of safety culture and resource investment.
	Critical incidents/injuries					Incidents notifiable to the Regulator.	
	Total number of injuries					Raw number of staff injuries (requiring medical attention).	
	TRIFR: rolling 12 months total					Total Recordable Injury Frequency Rate.	
	Workers compensation claims (R12)					Workers compensation claims (may include contractors).	

[1] Excluding transaction related and other non-recurring expenses of $3,494,913 - refer to Operating and Financial Review per page 46 (FY22: $9,425,143)

[2] Excluding $1,105,796 (FY22: $9,493,873) in transaction related expenses which includes bank facility arrangement fee amortisation of $74,687 (FY22: $68,730)

STI Plan payments are payable as follows:

- Cash: 75% of STI value; and
- Performance Rights: 25% of STI value.

The number of Performance Rights to be issued under the STI Plan is calculated by reference to the 30 day VWAP to the ASX market closing share price on the day prior to the FY23 Annual Report issue date.

The calculated number of Performance Rights will vest in 3 equal tranches (subject to certain conditions) as follows:

- Tranche 1 (33.3%):
  - Vesting date: 23 November 2023 (subject to shareholder approval at the FY23 AGM – shares to be issued as soon as practicable thereafter)
- Tranche 2 (33.3%):
  - Vesting date: 1 July 2024 (shares to be issued as soon as practicable thereafter)
- Tranche 3 (33.3%):
  - Vesting date: 1 July 2025 (shares to be issued as soon as practicable thereafter)

The vesting of Performance Rights and issue of shares under the STI Plan is conditional on KMP's continued employment only – which condition may be waived at the sole discretion of the Nomination and Remuneration Committee only (Good Leaver).

All Performance Rights will vest immediately on a 'Takeover', 'Take Private' or similar 'change of control' transaction.

Additional STI payments may be made to Executives at the discretion of the Nomination and Remuneration Committee having regard to the objectives of the Committee and the principles used to determine the nature and amount of remuneration set out in this report.

Long-term Incentive Plan

The Group's Long-term Incentive (LTI) Plan is designed to incentivise and retain the Group's Executives via long-term share based incentive payments linked to the financial performance of the Group. The key performance indicator is the Group's actual versus forecast Net Profit After Tax (Net Profit) and return on equity.

The Board determined that all vesting conditions in respect of the FY20 LTI (tranches 1-3) performance rights vesting 1 July 2023 had been met. This includes return on equity for FY23 of 30%[1] which outperformed the target/forecast return on equity of 22%.

[1] Underlying return on equity calculated using statutory net profit after tax attributable to the owners of Johns Lyng Group excluding tax effected transaction related expenses, other non-recurring expenses and the profit and balance sheet impact of the acquisition of Reconstruction Experts and associated equity capital raising.

LTI Plan payments to Executives are calculated based on the Group's financial performance for the current financial year as follows:

KMP LTI Plan – Rewards & Performance Matrix			
Net Profit (Actual)[1]	**<Forecast +$7.7m**	**>/=Forecast +$7.7m**	**>/=Forecast +$12.4m**
Scott Didier AM			
Tranche 1	–	–	$50,000
Tranche 2	–	–	$50,000
Tranche 3	–	–	$50,000
Total	**–**	**–**	**$150,000**
Nick Carnell			
Tranche 1	–	$33,333	–
Tranche 2	–	$33,333	–
Tranche 3	–	$33,333	–
Total	**–**	**$100,000**	**–**
Lindsay Barber			
Tranche 1	–	–	$50,000
Tranche 2	–	–	$50,000
Tranche 3	–	–	$50,000
Total	**–**	**–**	**$150,000**

KMP LTI Plan – Rewards & Performance Matrix			
Net Profit (Actual)[1]	**<Forecast +$7.7m**	**>/=Forecast +$7.7m**	**>/=Forecast +$12.4m**
Matthew Lunn			
Tranche 1	–	$33,333	–
Tranche 2	–	$33,333	–
Tranche 3	–	$33,333	–
Total	**–**	**$100,000**	**–**
Adrian Gleeson			
Tranche 1	–	$33,333	–
Tranche 2	–	$33,333	–
Tranche 3	–	$33,333	–
Total	**–**	**$100,000**	**–**
Pip Turnbull			
Tranche 1	–	$33,333	–
Tranche 2	–	$33,333	–
Tranche 3	–	$33,333	–
Total	**–**	**$100,000**	**–**

[1] Calculated post STI and LTI expense, pre non-controlling interests' share of Profit or Loss and normalised for any transaction related expenses.

LTI Plan payments are payable in the form of Performance Rights.

The number of Performance Rights to be issued under the LTI Plan is calculated by reference to the 30 day VWAP to the ASX market closing share price on the day prior to the FY23 Annual Report issue date.

The calculated number of Performance Rights will vest in 3 equal tranches (subject to certain conditions) as follows:

- Tranche 1 (33.3%):
  - Vesting date: 1 July 2026 (shares to be issued as soon as practicable thereafter)
  - Financial performance condition: Group actual Net Profit must exceed forecast and the Group must meet the return on equity target set by the Nomination and Remuneration Committee for FY24 (annual/non-cumulative measure)
  - Continued employment condition: the Executive must be employed by the Group on the vesting date
- Tranche 2 (33.3%):
  - Vesting date: 1 July 2026 (shares to be issued as soon as practicable thereafter)
  - Financial performance condition: Group actual Net Profit must exceed forecast and the Group must meet the return on equity target set by the Nomination and Remuneration Committee for FY25 (annual/non-cumulative measure)
  - Continued employment condition: the Executive must be employed by the Group on the vesting date
- Tranche 3 (33.3%):
  - Vesting date: 1 July 2026 (shares to be issued as soon as practicable thereafter)
  - Financial performance condition: Group actual Net Profit must exceed forecast and the Group must meet the return on equity target set by the Nomination and Remuneration Committee for FY26 (annual/non-cumulative measure)
  - Continued employment condition: the Executive must be employed by the Group on the vesting date

Should the vesting conditions of any Performance Rights fail to be met, the relevant Performance Rights will expire and be immediately forfeited by the Executive.

All Performance Rights will vest immediately on a 'Takeover', 'Take Private' or similar 'change of control' transaction.

The 'continued employment' vesting condition of Performance Rights issued under the LTI Plan may be waived at the sole discretion of the Nomination and Remuneration Committee only (Good Leaver).

Employee Share Loan Plan

The Group utilises the Employee Share Loan Plan (ESLP) for certain Directors and KMP, as a part of their employment arrangements and to recognise the ongoing abilities and efforts of Directors and KMP and their contribution to the performance and success of the Group along with providing a means through which Directors and KMP may acquire shares in the Company.

Loan Funded Shares are funded by a zero interest, 10 year, limited-recourse loan from the Group.

Any issue of Loan Funded Shares under the ESLP is at the discretion of the Nomination and Remuneration Committee of the Board having regard to the objectives of the Committee and the principles used to determine the nature and amount of remuneration set out in this report.

Details of the Loan Funded Shares issued to Directors and KMP as part of their remuneration during the years ended 30 June 2022 and 30 June 2023 are set out below:

Name	Date	Shares	Issue price	Face Value	Accounting Value[3]
Peter Nash[1]	30 June 2023	7,978	$6.27	$50,000	$10,212
Peter Nash[1]	22 November 2021	8,201	$6.10	$50,000	$19,275
Matthew Lunn[2]	21 December 2021	250,000	$6.80	$1,700,000	$575,022

[1] Peter Nash is entitled to $50,000 worth of Loan Funded Shares on each anniversary of his appointment as Chairman in accordance with the terms of his contract. Loan Funded Shares were not issued to Mr Nash during the FY23 and will be issued following shareholder approval at the 2023 Annual General Meeting scheduled for 23 November 2023. Mr Nash's entitlement in respect of FY23 has been recorded at the estimated fair value using a Black-Scholes option pricing model as at 30 June 2023 and will be revalued as at the future issue date during FY24.

[2] Matthew Lunn received a discretionary issue of 250,000 Loan Funded Shares (escrowed until 31 December 2024) on successful completion of the acquisition of Reconstruction Experts.

[3] Loan Funded Shares have been valued by an independent expert.

For accounting purposes, the Loan Funded Shares have been recognised as options. Therefore, no loans receivable or amounts paid within issued share capital have been recognised within the financial statements.

Annual General Meeting (AGM)

The Group will hold its Annual General Meeting on 23 November 2023. At this time, a vote will be taken to adopt the remuneration report for the year ended 30 June 2023.

4. Employment contracts

Key terms of employment contracts of Executive Directors and KMP are presented in the table below:

Name	Position	Contract duration	Notice period	Termination payments if applicable
Scott Didier AM	Managing Director & Group Chief Executive Officer	Unlimited	Six months	Six months fully paid
Nick Carnell	Executive Director & Chief Executive Officer, Australia	Unlimited	Three months	Three months fully paid
Lindsay Barber	Executive Director[1] & Group Chief Operating Officer	Unlimited	Six months	Six months fully paid
Matthew Lunn	Group Chief Financial Officer	Unlimited	Three months	Three months fully paid
Adrian Gleeson	Executive Director & Director, Investor & Business Relations	Unlimited	Three months	Three months fully paid
Pip Turnbull	Executive Director[1] & Executive General Manager, Business Development & Marketing	Unlimited	Three months	Three months fully paid

[1] Resigned 1 March 2023.

5. Group performance

	30 June 2023 $'000	30 June 2022 $'000	30 June 2021 $'000	30 June 2020 $'000	30 June 2019 $'000
Sales revenue	1,281,312	895,017	568,373	495,113	335,085
EBITDA[1]	119,406	83,560	52,596	40,987	27,779
NPAT[2]	63,916	47,718	29,708	22,919	16,102
Dividends declared (cents per share)	9.0	5.7	5.0	4.0	3.0
Share price at year end	$5.32	$5.74	$5.10	$2.35	$1.45
Performance based incentives to KMP[3]	5,694,428	4,326,906	2,876,394	1,649,838	1,371,449
Discretionary Loan Funded Share issue[4]	–	(575,022)	–	–	–
Net performance based incentives to KMP[3]	**5,694,428**	**3,751,884**	**2,876,394**	**1,649,838**	**1,371,449**

1 Excluding $1,031,109 (FY22: $9,425,143, FY21: $410,682, FY20: $662,993, FY19: $427,238) in transaction related expenses, $2,463,804 in respect of a non-recurring bad debt write-off with Porter Davis prior to liquidation in FY23 only and $1,770,929 of non-recurring goodwill written off in FY21 only.

2 Excluding $1,105,796 (FY22: $9,493,873, FY21: $476,205, FY20: $722,104, FY19: $486,349) in transaction related expenses which includes bank facility arrangement fee amortisation of $74,687 (FY22: $68,730, FY21: $65,524, FY20: $59,111, FY19: $59,111) and $1,770,929 of non-recurring goodwill written off in FY21 only.

3 Rounded to the nearest dollar.

4 Accounting value of notional embedded option in Loan Funded Shares issued on successful completion of the acquisition of Reconstruction Experts.

6. Non-executive Director remuneration

		Short-term benefits			Post employment	Long-term benefits					
		Salary and fees $	Non-monetary $	STI cash bonus $	Superannuation $	Employee benefits $	Loan funded shares[1] $	LTI performance rights $	Total $	Fixed (%)	Variable/ performance linked (%)
Non-executive Directors:											
Peter Nash[2]											
	2023	150,000	–	–	–	–	10,212	–	160,212	100%	0%
	2022	150,000	–	–	–	–	19,275	–	169,275	100%	0%
Robert Kelly AM[3]											
	2023	70,000	–	–	–	–	–	–	70,000	100%	0%
	2022	60,000	–	–	–	–	–	–	60,000	100%	0%
Curt Mudd[4]											
	2023	161,297	–	–	–	–	–	–	161,297	100%	0%
	2022	99,249	–	–	–	–	–	–	99,249	100%	0%
Larisa Moran[3]											
	2023	80,000	–	–	–	–	–	–	80,000	100%	0%
	2022	70,000	–	–	–	–	–	–	70,000	100%	0%
Peter Dixon[3]											
	2023	80,000	–	–	–	–	–	–	80,000	100%	0%
	2022	70,000	–	–	–	–	–	–	70,000	100%	0%

1 Loan Funded Shares have been valued by an independent expert.

2 Peter Nash is entitled to $50,000 worth of Loan Funded Shares on each anniversary of his appointment as Chairman in accordance with the terms of his contract. Loan Funded Shares were not issued to Mr Nash during FY23 and will be issued following shareholder approval at the 2023 Annual General Meeting scheduled for 23 November 2023. Mr Nash's entitlement in respect of FY23 has been recorded at the estimated fair value using a Black-Scholes option pricing model as at 30 June 2023 and will be revalued as at the future issue date during FY24.

3 Non-executive Directors' fees were increased by $20,000 per annum on 1 January 2022. Non-executive Directors' fees comprise $70,000 per annum plus $10,000 per annum for chairing a Board Committee.

4 Curt Mudd's salary and fees were increased from $80,000 per annum to $100,000 per annum on 1 January 2022 plus ad-hoc consulting fees.

7. KMP remuneration

	Short-term benefits			Post employment	Long-term benefits				
	Salary and fees[1] $	STI cash bonus $	STI performance rights	Superannuation $	Employee benefits[2] $	LTI performance rights $	Total $	Fixed (%)	Variable/ performance linked (%)
KMP:									
Scott Didier AM									
2023	470,500	851,152	237,900	27,500	–	101,882	1,688,934	29%	71%
2022	487,156	551,419	163,587	24,921	–	109,591	1,336,674	38%	62%
Nick Carnell									
2023	329,342	714,625	190,416	26,812	34,868	90,946	1,387,009	28%	72%
2022	240,105	389,238	115,473	22,818	17,832	74,114	859,580	33%	67%
Lindsay Barber									
2023	372,500	787,192	225,263	27,500	5,764	101,882	1,520,101	27%	73%
2022	359,694	551,419	163,587	24,921	4,185	109,591	1,213,397	32%	68%
Matthew Lunn[3]									
2023	302,500	722,004	198,027	27,500	5,532	91,202	1,346,765	25%	75%
2022	286,618	437,892	129,907	24,921	13,905	75,991	969,234	34%	66%
Adrian Gleeson									
2023	254,723	704,786	180,268	25,293	3,005	90,709	1,258,784	22%	78%
2022	239,849	324,364	96,227	22,826	10,011	72,004	765,281	36%	64%
Pip Turnbull[4]									
2023	163,105	237,730	77,735	17,126	(1,469)	90,709	584,936	31%	69%
2022	130,447	243,273	72,171	13,045	1,408	72,036	532,380	27%	73%

1 During FY22, in response to the COVID-19 pandemic, the Group's KMP took a temporary, non-refundable salary and superannuation reduction of 25% between 30 August 2021 and 24 October 2021 (4/26 pay runs).

2 Employee benefits represent the value of the movement in the relevant individual's annual leave and long service leave accruals during the year.

3 Excludes the accounting value of notional embedded option in discretionary Loan Funded Shares issued in FY22 on successful completion of the acquisition of Reconstruction Experts ($575,022 – refer to page 60).

4 Pip Turnbull worked 3 days per week as part of her maternity leave arrangements between 1 July 2021 and 31 December 2021. During this period, she received 60% of her base salary and superannuation remuneration.

8. Directors' interests[1]

	Interest in ordinary shares	Performance rights
Peter Nash[2]	377,001	–
Scott Didier AM	49,446,817	53,631
Nick Carnell	2,290,523	36,082
Lindsay Barber	8,949,893	53,631
Adrian Gleeson	1,718,838	35,099
Pip Turnbull	870,485	33,870
Robert Kelly AM[3]	6,011,940	–
Curt Mudd	728,344	–
Larisa Moran	5,366	–
Peter Dixon	79,714	–

1 Directors' interests as at Directors' Report date being 29 August 2023.

2 Includes 165,351 Loan Funded Shares. Peter Nash is entitled to $50,000 worth of Loan Funded Shares on each anniversary of his appointment as Chairman in accordance with the terms of his contract.

3 Shares owned by Steadfast Group Limited (Steadfast). Robert Kelly AM is the Managing Director and CEO of Steadfast.

9. Non-executive Directors' and KMP's interests[1]

	Shareholding at 1 July 2022	Shares sold during FY23	Shares purchased during FY23	Shares received as remuneration during FY23[2]	In-specie distribution[3]	Shareholding at 30 June 2023
Non-executive Directors						
Peter Nash[4]	371,176	–	–	–	–	371,176
Robert Kelly AM[5]	5,735,935	–	–	–	–	5,735,935
Curt Mudd	832,229	(103,885)	–	–	–	728,344
Larisa Moran	4,400	–	–	–	–	4,400
Peter Dixon	73,889	–	–	–	–	73,889
KMP						
Scott Didier AM	53,314,825	(4,000,000)	–	52,918	–	49,367,743
Nick Carnell	3,980,516	–	–	90,004	(1,833,376)	2,237,144
Lindsay Barber	12,817,901	(4,000,000)	–	52,918	–	8,870,819
Matthew Lunn[6]	408,890	(109,872)	–	46,111	–	345,129
Adrian Gleeson	1,637,180	–	–	30,269	–	1,667,449
Pip Turnbull	796,175	–	–	25,408	–	821,583
	79,973,116	**(8,213,757)**	–	**297,628**	**(1,833,376)**	**70,223,611**

[1] Non-executive Directors' and KMP's interests as at 30 June 2023.

[2] Includes shares issued on vesting of Performance Rights.

[3] In-spece distribution as a result of a court order.

[4] Includes 165,351 Loan Funded Shares. Peter Nash is entitled to $50,000 worth of Loan Funded Shares on each anniversary of his appointment as Chairman in accordance with the terms of his contract.

[5] Shares owned by Steadfast Group Limited (Steadfast). Robert Kelly AM is the Managing Director and CEO of Steadfast.

[6] Includes 294,530 Loan Funded Shares.

	Performance rights holding at 1 July 2022	Performance rights granted during FY23	Performance rights vested during FY23[1]	Performance rights holding at 30 June 2023
Non-executive Directors				
Peter Nash	–	–	–	–
Robert Kelly AM	–	–	–	–
Curt Mudd	–	–	–	–
Larisa Moran	–	–	–	–
Peter Dixon	–	–	–	–
KMP				
Scott Didier AM	140,696	44,927	(52,918)	132,705
Nick Carnell	148,531	30,934	(90,004)	89,461
Lindsay Barber	140,696	44,927	(52,918)	132,705
Matthew Lunn	104,656	33,145	(46,111)	91,690
Adrian Gleeson	88,772	27,985	(30,269)	86,488
Pip Turnbull	83,882	24,298	(25,408)	82,772
	707,233	**206,216**	**(297,628)**	**615,821**

[1] The Board determined that the vesting conditions including annual return on equity targets and continued employment conditions (as applicable), for the following tranches of performance rights were satisfied during FY23: FY20 LTI (tranches 1-3), FY21 STI (tranche 3) and FY22 STI (tranches 1 and 2).

10. Transactions with Non-executive Directors and KMP

Transactions with Non-executive Directors and KMP are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with Non-executive Directors and KMP.

During the current financial period and previous financial periods, Johns Lyng Group Limited advanced loans to, received loan repayments from and provided treasury, accounting, legal, taxation and administrative services to other entities within the Group.

Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During FY23 Curt Mudd (Non-executive Director) received consultancy fees from the Group in the amount of $61,297 (GST: nil (FY22: $15,231 (GST: nil)). These amounts have been included in salary and fees within the Remuneration Report.

During FY23 the Group paid $539,601 (plus GST) (FY22: $181,537 (plus GST)) to Hamilton Locke Pty Ltd (Hamilton Locke) for legal services (including due diligence, contract drafting and transaction advice) and $60,630 (plus GST) (FY22: $88,875 (plus GST)) to Source Governance Pty Ltd (Source) for company secretarial services. Peter Dixon is a director and shareholder of HPX Group Pty Ltd, the parent company of Hamilton Locke and Source. These services were provided on an arm's length basis and on commercial terms.

During FY23 Johns Lyng Shopfit Services Pty Ltd ATF Johns Lyng Shopfit Services Unit Trust (JLSS) entered into various contracts with Retail Prodigy Operations Pty Ltd ATF Retail Prodigy Operations Trust (RPO) for retail space design and fitout services at a number of retail stores in Australia and New Zealand. The ultimate owners of RPO include KMP[1] and other unitholders. During FY23 the amount invoiced totalled $3,289,359 (plus GST) (FY22: $553,703 (plus GST)). At 30 June 2023 a total amount of $813,362 (FY22: $10,692) was owed from RPO to JLSS in the ordinary course of business. This amount was subsequently fully paid. The arrangement is on an arm's length basis and on commercial terms.

During FY23 the Group paid $15,701 (plus GST) (FY22: $15,019 (plus GST)) to EBH Leasehold Pty Ltd ATF EBH Leasehold Unit Trust (EBH) for staff and client entertainment purposes (primarily for accommodation under a corporate arrangement of $250 per night). Scott Didier AM is a director and sole unitholder of EBH. The arrangement is on an arm's length basis and on commercial terms.*

During FY23, partially in response to the severe floods in southeast QLD and northern NSW, the Group paid $15,491 (plus GST) (FY22: $37,237) to Beach Houses of Byron Pty Ltd as trustee for BHOB Trust (BHOB) for staff and client accommodation purposes. BHOB manages 2 properties owned by 6-10 Shirley Lane Pty Ltd ATF 6-10 Shirley Lane Joint Venture and FMQ Pty Ltd ATF FMQ Pty Ltd Joint Venture. These entities are ultimately owned by KMP[1] and other unitholders. These accommodation services were provided on an arm's length basis and on commercial terms.*

* As a result of changes to the Group's Related Party Transaction Policy, these types of transactions are not expected to occur in the future. Any exception to this would require Board approval.

Leases

The Group has entered into a number of leases for office and warehouse space throughout Australia. The table below lists the names of the related party landlords and their relationship with the Group. The lease agreements with the landlords noted below have been entered into on an arm's length basis and on commercial terms.

Landlord/premises	KMP relationship with the Group	Payments during the period
Landlord: Trump Investments Pty Ltd ACN 006 779 791 ATF Trump Investments Trust. Premises: 17 Capital Place, Carrum Downs, Victoria 3201	Scott Didier AM is a director of Trump Investments Pty Ltd and the sole unitholder of Trump Investments Trust.	FY23: $165,544 (plus GST) FY22: $160,723 (plus GST)
Landlord: Trump Sunshine Pty Ltd ACN 151 548 202 ATF Trump Sunshine Trust. Premises: 120 Proximity Drive, Sunshine West, Victoria 3020	Scott Didier AM is a director of Trump Sunshine Pty Ltd and a unitholder of Trump Sunshine Trust (through Trump Investments Trust).	FY23: $116,846 (plus GST) FY22: $121,316 (plus GST)
Landlord: 1 Williamsons Road Pty Ltd ACN 130 622 187 ATF 1 Williamsons Road Unit Trust. Premises: 1 Williamsons Road, Doncaster, Victoria 3108	1 Williamsons Road Unit Trust is owned by Johns Lyng Investments Pty Ltd ATF Johns Lyng Investments Unit Trust. KMP[1] and other unitholders own the units in Johns Lyng Investments Unit Trust.	FY23: $429,600 (plus GST) FY22: $416,434 (plus GST)
Landlord: Is My Software Pty Ltd ACN 136 024 256 ATF Is My Software Unit Trust. Premises: 3 Williamsons Road, Doncaster, Victoria 3108	KMP[1] and other unitholders own the units in Is My Software Unit Trust.	FY23: $46,352 (plus GST) FY22: $47,045 (plus GST)

[1] KMP include: Scott Didier AM, Nick Carnell, Lindsay Barber, Matthew Lunn, Adrian Gleeson, Pip Turnbull and Curt Mudd.

Related party receivables/(payables)

	Consolidated	
	2023	**2022**
NSC Collective Pty Ltd ATF Carnell Family Trust[1]	913,495	913,495
Is My CV Australia Pty Ltd ATF Is My CV Australia Unit Trust	–	7,982,660
Retail Prodigy Operations Pty Ltd ATF Retail Prodigy Operations Trust[2]	813,362	10,692
Total related party loans – net receivable	1,726,857	8,906,847

[1] Amount receivable in respect of non-interest bearing loan to fund purchase of units in Johns Lyng Unit Trust pre-IPO. Nick Carnell is the sole Director of NSC Collective Pty Ltd. Amount is included within other receivables at 30 June 2023.

[2] Amount is included within trade receivables as at 30 June 2023 and has subsequently been fully paid.

End of Remuneration Report

DIRECTORS REPORT

30 June 2023

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Pitcher Partners

There are no Officers of the Company who are former partners of Pitcher Partners.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the Directors

Peter Nash	**Scott Didier AM**
Chairman	Managing Director
29 August 2023	29 August 2023

AUDITOR'S INDEPENDENCE DECLARATION

30 June 2023

PITCHER PARTNERS

JOHNS LYNG GROUP LIMITED

86 620 466 248

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF JOHNS LYNG GROUP LIMITED

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Johns Lyng Group Limited and the entities it controlled during the year.

N R BULL
Partner

29 August 2023

PITCHER PARTNERS
Melbourne

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Revenue			
Sales income	5	1,281,312	895,017
Cost of sales		(1,006,216)	(698,475)
Gross profit		275,096	196,542
Other revenue and income	5	6,764	3,600
Expenses			
Administration expenses		(2,894)	(2,141)
Advertising expenses		(6,549)	(3,627)
Depreciation and amortisation	6	(21,179)	(15,417)
Employee benefits expenses	6	(98,128)	(74,538)
Finance costs	6	(3,786)	(2,284)
Insurance expenses		(9,706)	(5,713)
IT expenses		(9,660)	(7,687)
Motor vehicle expenses		(9,973)	(6,226)
Occupancy expenses		(2,562)	(2,379)
Printing, postage and stationery expenses		(1,958)	(1,733)
Professional fees		(5,267)	(3,046)
Telephone and communication expenses		(3,150)	(2,317)
Transaction related expenses[1]		(1,106)	(9,494)
Travel expenses		(5,363)	(2,563)
Other expenses		(7,136)	(4,435)
Total expenses		**(188,417)**	**(143,600)**
Profit before income tax		**93,443**	**56,542**
Income tax expense	7	(30,633)	(18,318)
Profit after income tax for the year		**62,810**	**38,224**
Attributable to:			
Owners of Johns Lyng Group	23	46,846	24,877
Non-controlling interests	24	15,964	13,347
		62,810	**38,224**

Earnings per share (EPS) for profit attributable to the owners of Johns Lyng Group

	Note	2023 Cents	2022 Cents
Basic earnings per share	36	17.94	10.24
Diluted earnings per share	36	17.88	10.20

[1] Transaction related expenses include $74,687 (FY22: $68,730) in respect of banking facility arrangement fee amortisation.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Profit after income tax for the year		**62,810**	**38,224**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Movement in foreign currency translation reserve	22	9,633	8,923
Total comprehensive income for the year		**72,443**	**47,147**
Attributable to:			
Owners of Johns Lyng Group		56,479	33,800
Non-controlling interests		15,964	13,347
		72,443	**47,147**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	8	130,034	56,972
Trade and other receivables	9	211,171	174,825
Inventories	10	3,828	2,784
Accrued income	11	48,926	77,268
Current tax asset	7	–	1,888
Other current assets	12	5,659	6,104
Total current assets		399,618	319,841
Non-current assets			
Property, plant and equipment	13	40,378	25,983
Intangibles	14	282,995	269,445
Right-of-use assets	15	24,571	18,563
Deferred tax asset	7	5,150	6,250
Other receivables	9	32,770	–
Total non-current assets		385,864	320,241
Total assets		**785,482**	**640,082**
Liabilities			
Current liabilities			
Trade and other payables	16	200,581	182,536
Borrowings	17	13,335	19,496
Current tax liability	7	13,375	8,062
Employee provisions	18	10,254	9,607
Non-controlling interest liabilities	19	3,265	1,928
Right-of-use lease liabilities	15	8,988	6,859
Income in advance	20	69,781	39,598
Total current liabilities		319,579	268,086
Non-current liabilities			
Right-of-use lease liabilities	15	17,657	13,810
Borrowings	17	44,830	15,796
Deferred tax liability	7	8,074	8,355
Employee provisions	18	1,167	1,213
Total non-current liabilities		71,728	39,174
Total liabilities		**391,307**	**307,260**
Net assets		**394,175**	**332,822**
Equity			
Issued capital	21	317,534	297,544
Reserves	22	(18,360)	(10,137)
Retained earnings	23	59,572	32,305
Equity attributable to the owners of Johns Lyng Group		358,746	319,712
Non-controlling interests	24	35,429	13,110
Total equity		**394,175**	**332,822**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

Consolidated 30 June 2022	Issued capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	64,651	(19,826)	20,737	7,846	73,408
Profit for the year	–	–	24,877	13,347	38,224
Movement in foreign currency reserve	–	8,923	–	–	8,923
Total comprehensive income for the year	–	8,923	24,877	13,347	47,147
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interests	–	(1,081)	–	278	(803)
Issue of shares to non-controlling interests	–	–	–	1,638	1,638
Issue of shares in connection with business acquisitions including earn-outs	5,231	–	–	–	5,231
Non-controlling interests recognised on business acquisition	–	–	–	472	472
Dividends	–	–	(13,309)	(2,655)	(15,964)
Distributions	–	–	–	(7,816)	(7,816)
Share based payments	–	2,646	–	–	2,646
Issue of shares – vesting of Performance Rights[1]	799	(799)	–	–	–
Issue of shares – Institutional Placement and ANREO	230,209	–	–	–	230,209
Issue of shares – exercise of call options	1,000	–	–	–	1,000
Share issue transaction expenses net of tax	(4,346)	–	–	–	(4,346)
Balance at 30 June 2022	**297,544**	**(10,137)**	**32,305**	**13,110**	**332,822**

Consolidated 30 June 2023	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	297,544	(10,137)	32,305	13,110	332,822
Profit for the year	–	–	46,846	15,964	62,810
Movement in foreign currency reserve	–	9,633	–	–	9,633
Total comprehensive income for the year	–	9,633	46,846	15,964	72,443
Transactions with owners in their capacity as owners:					
Transactions with non-controlling interests	–	(19,321)	–	23,292	3,971
Issue of shares to non-controlling interests	–	–	–	165	165
Issue of shares in connection with business acquisitions including earn-outs	12,630	–	–	–	12,630
Non-controlling interests recognised on business acquisition	–	–	–	247	247
Dividends	–	–	(19,579)	(5,924)	(25,503)
Distributions	–	–	–	(11,425)	(11,425)
Share based payments	170	2,475	–	–	2,645
Issue of shares – vesting of Performance Rights[1]	1,010	(1,010)	–	–	–
Issue of shares – exercise of call options	6,180	–	–	–	6,180
Balance at 30 June 2023	**317,534**	**(18,360)**	**59,572**	**35,429**	**394,175**

[1] Issued under the Employee and Executive Incentive Plan.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		1,409,444	907,774
Payments to suppliers and employees		(1,244,033)	(865,589)
Interest received		2,572	177
Finance costs		(3,786)	(2,284)
Income tax paid	7	(23,519)	(14,763)
Net cash from operating activities	**35(b)**	**140,678**	**25,315**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,143	504
Payments for property, plant and equipment		(13,154)	(6,126)
Payments for intangibles (software)		(1,067)	(1,167)
Payments for intangibles (customer contracts)		–	(190)
Cash acquired on acquisition		419	2,633
Payment for business acquisition – 44.5% equity interest in Bright & Duggan		(15,360)	–
Payments for business acquisitions		(5,773)	(174,544)
Net cash used in investing activities		**(33,792)**	**(178,890)**
Cash flows from financing activities			
Proceeds from share issue		–	230,209
Proceeds from borrowings	35(c)	32,431	18,453
Repayment of borrowings	35(c)	(16,844)	(42,261)
Payments to non-controlling interests		(16,796)	(10,569)
Proceeds from share issue to non-controlling interests		878	1,638
Payments (to)/from related parties (net)		–	(70)
Payment of right-of-use (principal) lease liabilities	35(c)	(8,163)	(5,909)
Repayment of hire purchase liabilities	35(c)	(5,751)	(4,739)
Dividends paid	25	(19,579)	(13,309)
Share issue transaction expenses		–	(6,209)
Net cash (used in)/from financing activities		**(33,824)**	**167,234**
Net increase in cash and cash equivalents		73,062	13,659
Cash and cash equivalents at the beginning of the financial year		56,972	43,313
Cash and cash equivalents at the end of the financial year	8, 35(a)	**130,034**	**56,972**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1. GENERAL INFORMATION

The financial statements cover Johns Lyng Group Limited and its controlled entities as a group. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Johns Lyng Group is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
1 Williamsons Road Doncaster VIC 3108	1 Williamsons Road Doncaster VIC 3108

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2023. The Directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation to fair value for certain classes of assets and liabilities as described in the following notes.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Parent Entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the Parent Entity is disclosed in note 32.

(c) Principles of consolidation

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

(d) Foreign currency translation

The financial statements are presented in Australian dollars, which is Johns Lyng Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Foreign subsidiaries and operations

The assets and liabilities of foreign operations and subsidiaries are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

(e) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued and liabilities incurred by the acquirer to former owners of the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability are recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

(f) Rounding of amounts

The Company is of a kind referred to in *Corporations Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(g) New accounting standards and interpretations issued

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current year. There has been no material effect.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events that Management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined by using either the Binomial, Monte Carlo or Black-Scholes models taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share based payments will have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 14. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. The recoverable amount of the Steamatic brand name has been determined using the fair value less cost of disposal method. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Construction contracts

Revenue from construction contracts is recognised over time, as the services are provided to the customer, based on costs incurred for work performed to date as a percentage of total estimated costs under the contract or amounts billed as a percentage of the contract value. Judgements made in the application of the Australian Accounting Standards that could have a significant effect on the financial report and estimates with a risk of adjustment in the next year are as follows:

- Determination of stage of completion;
- Estimation of total contract revenue and contract costs; and
- Estimation of project completion date.

Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as Management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Deferred and contingent consideration

Deferred and contingent consideration to be potentially transferred by the acquirer is recognised at the acquisition date fair value. The fair value of contingent consideration is based on the forecast cash flows of the acquired entity. These calculations require the use of assumptions including growth rates of the estimated future cash flows.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into four operating segments: Insurance Building and Restoration Services, Commercial Building Services, Commercial Construction and Other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources.

The CODM reviews revenue and EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM's. The CODM's are responsible for the allocation of resources to operating segments and assessing their performance.

Consolidated – 2023	Insurance Building and Restoration Services $'000	Commercial Building Services $'000	Commercial Construction $'000	Other $'000	Intercompany eliminations $'000	Total $'000
Revenue						
Sales to external customers	1,146,596	71,571	62,490	655	–	1,281,312
Intersegment sales	36,120	4,496	–	3,607	(44,223)	–
Total sales revenue	1,182,716	76,067	62,490	4,262	(44,223)	1,281,312
Total other revenue and expenses	(1,049,203)	(67,811)	(81,457)	(11,153)	44,223	(1,165,401)
EBITDA[1]	**133,513**	**8,256**	**(18,967)**	**(6,891)**	**–**	**115,911**
Depreciation and amortisation	(18,411)	(2,677)	(131)	40	–	(21,179)
Interest income	2,434	95	130	15	(102)	2,572
Finance costs	(2,626)	(99)	–	(1,163)	102	(3,786)
Banking facility arrangement fee amortisation	(31)	–	–	(44)	–	(75)
Profit/(loss) before income tax expense	**114,879**	**5,575**	**(18,968)**	**(8,043)**	**–**	**93,443**
Income tax expense						(30,633)
Profit after income tax expense						**62,810**

[1] Includes transaction related expenses of $1,031,109 shown in the consolidated statement of profit or loss.

Consolidated – 2022	Insurance Building and Restoration Services $'000	Commercial Building Services $'000	Commercial Construction $'000	Other $'000	Intercompany eliminations $'000	Total $'000
Revenue						
Sales to external customers	751,265	52,612	90,793	347	–	895,017
Intersegment sales	11,016	5,080	–	3,225	(19,321)	–
Total sales revenue	762,281	57,692	90,793	3,572	(19,321)	895,017
Total other revenue and expenses	(686,623)	(52,472)	(92,628)	(8,480)	19,321	(820,882)
EBITDA[1]	**75,658**	**5,220**	**(1,835)**	**(4,908)**	**–**	**74,135**
Depreciation and amortisation	(12,505)	(2,788)	(190)	66	–	(15,417)
Interest income	168	5	206	1	(203)	177
Finance costs	(1,872)	(170)	–	(445)	203	(2,284)
Banking facility arrangement fee amortisation	–	–	–	(69)	–	(69)
Profit/(loss) before income tax expense	**61,449**	**2,267**	**(1,819)**	**(5,355)**	**–**	**56,542**
Income tax expense						(18,318)
Profit after income tax expense						**38,224**

[1] Includes transaction related expenses of $9,425,143 shown in the consolidated statement of profit or loss.

Geographical Information

	Australia and New Zealand	United States	Total
	$'000	$'000	$'000
30 June 2023			
Sales revenue	1,033,738	247,574	1,281,312
Non-current assets	148,107	237,757	385,864
30 June 2022			
Sales revenue	795,658	99,359	895,017
Non-current assets	115,621	204,620	320,241

The Group acquired a controlling equity interest in Reconstruction Experts on 1 January 2022. The acquisition resulted in a material geographical location of operation for the Group and as such 30 June 2022 has 6 months of comparative information presented.

NOTE 5. REVENUE AND OTHER INCOME

	Consolidated	
	2023 $'000	2022 $'000
Sales income		
Insurance Building and Restoration Services	1,146,596	751,265
Commercial Building Services	71,571	52,612
Commercial Construction	62,490	90,793
Other	655	347
	1,281,312	**895,017**
Other revenue and income		
Interest income	2,572	177
Other revenue	3,893	3,423
Profit on sale of property, plant and equipment	299	–
	6,764	**3,600**

Accounting policy for revenue recognition

Revenue from the rendering of services is recognised upon the delivery of the service to the customer.

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Construction contracts - Insurance Building and Restoration Services and Commercial Building Services

Revenue from construction contracts is recognised over time, as the services are provided to the customer, based on costs incurred for work performed to date as a percentage of total estimated costs under the contract. Recognising revenue on the basis of costs incurred is considered an appropriate method of recognising revenue as it is consistent with the manner in which services are provided to the customer.

Construction contracts - Commercial Construction

Revenue from construction contracts is recognised over time, as the services are provided to the customer, based on amounts billed as a percentage of total contract value. Recognising revenue on this basis is considered an appropriate method of recognising revenue as it is consistent with the manner in which services are provided to the customer.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

All expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

All revenue is measured net of the amount of goods and services tax (GST).

Accounting policy for interest

Interest revenue is measured in accordance with the effective interest method.

Accounting policy for other revenue

Other revenue is recognised when it is received or when the right to be received has been confirmed.

NOTE 6. PROFIT FROM CONTINUING OPERATIONS

	Consolidated	
	2023 $'000	2022 $'000
Profit before income tax includes the following specific expenses:		
Employee benefits:		
Gross remuneration, bonuses and on-costs	166,645	122,295
Superannuation	11,453	8,065
Share based payments expense	2,645	2,646
	180,743	133,006
Less amounts expensed through cost of sales	(82,615)	(57,506)
Less amounts expensed through transaction related expenses	–	(962)
Total employee benefits	98,128	74,538
Depreciation and amortisation:		
Depreciation	9,980	7,140
Depreciation – right-of-use assets	8,130	6,162
Amortisation	3,069	2,115
Total depreciation and amortisation	21,179	15,417
Finance costs:		
Borrowings	2,784	1,365
Right-of-use lease liabilities	1,002	919
Total finance costs	3,786	2,284
Profit/(loss) on sale of property, plant and equipment	299	(150)

Accounting policy for employee benefits

The Group's accounting policy for liabilities associated with employee benefits is set out in note 18.

Employee benefits include all consideration paid or payable by the Group in exchange for services rendered by employees. Employee benefits are expensed as incurred, including employee benefits attributable to construction work in progress, which are expensed within cost of sales.

The Group makes superannuation contributions for Australian employees (currently 10.5% of the employees' average ordinary salary) and 401(k) contributions for American employees, to the employees' defined contribution superannuation plans of their choice in respect of employee services rendered during the year.

These superannuation contributions are recognised as an expense in the same period as the related employee services are received.

The Group operates share based payment employee incentive and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at the grant date. The fair value of options, including Loan Funded Shares, is measured using an appropriate valuation model selected according to the terms and conditions of the grant. In respect of share based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that will eventually vest.

NOTE 7. INCOME TAX

	Consolidated	
	2023 $'000	2022 $'000
(a) Components of tax expense		
Current tax	30,245	17,053
Deferred tax	375	1,181
Under/(over) provision in prior years	13	84
	30,633	18,318
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit before tax	93,443	56,542
Prima facie income tax payable on profit before income tax at 30.0% (2022: 30.0%)	28,033	16,963
Add tax effect of:		
– Subsidiary losses not recognised	7,069	2,110
– Other non-deductible expenses	1,884	1,604
– Under/(over) provision in prior years	13	84
Less tax effect of:		
– Distributions to non-controlling interests	(3,427)	(2,345)
– Subsidiary losses utilised (previously not recognised)	(1,294)	(98)
– Impact of overseas tax rates	(902)	–
– Other deductible expenses	(743)	–
	30,633	18,318
(c) Current tax		
Current tax relates to the following:		
Current tax (liability)/asset		
Opening at 1 July	(6,174)	(5,181)
Current tax asset/(liability) assumed on business acquisition	(404)	1,281
Income tax expense	(30,245)	(17,053)
Tax payments	23,519	14,763
Foreign exchange movements	(58)	100
Under provision in prior years	(13)	(84)
Closing at 30 June (net)	(13,375)	(6,174)
Current tax asset	–	1,888
Current tax (liability)	(13,375)	(8,062)
Net current tax (liability)	(13,375)	(6,174)

	Consolidated	
	2023 $'000	**2022 $'000**
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
– Accruals	1,559	1,100
– Employee benefits	3,441	3,246
– Property, plant and equipment	(1,595)	(344)
– Capital raising costs and other blackhole (transaction) expenditure	1,113	1,619
– Right-of-use leases	632	629
	5,150	6,250
Deferred tax liability		
– Intangibles	(8,074)	(8,355)
	(8,074)	(8,355)
Net deferred tax asset/(liability)	(2,924)	(2,105)
Movements:		
Opening at 1 July	(2,105)	712
Income tax (expense)/benefit	(375)	(1,181)
Income tax credited directly to equity	–	1,863
Assumed on business acquisition	(353)	(3,379)
Foreign exchange movements	(91)	(120)
Closing at 30 June (net)	**(2,924)**	**(2,105)**

Accounting policy for income tax

Current income tax expense or benefit is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are expected to be settled.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2023 $'000	2022 $'000
Cash on hand	24	25
Cash at bank	129,828	56,765
Cash on deposit	182	182
	130,034	**56,972**
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows as follows:		
Balance as above	130,034	56,972
Balance as per consolidated statement of cash flows	130,034	56,972

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts (if applicable), which are shown within borrowings in current liabilities in the consolidated statement of financial position.

NOTE 9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023 $'000	2022 $'000
Current		
Trade receivables	179,664	155,628
Trade retentions	19,231	11,594
Other debtors	3,215	1,814
	22,446	13,408
Related parties	913	913
Non-controlling interests[1]	8,148	4,876
	9,061	5,789
Total	**211,171**	**174,825**
Non-current		
Non-controlling interests[1]	32,770	–

[1] Amounts represent receivables from non-controlling interests arising from their acquisition of paid up capital.

Accounting policy for trade and other receivables

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e. only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs on a monthly basis. Outstanding invoices are generally due for payment within 30 days of the invoice date.

Impairment of receivables from contracts with customers and other receivables

The Group applies the simplified approach under AASB 9 (Financial Instruments) to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 (Financial Instruments) simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The majority of the Group's debtors pertain to work completed in accordance with contracts with counterparties such as: insurance companies, local governments, homeowner associations and other corporates and are billed and typically received in accordance with the terms of those contracts.

The Group assesses the collectability of each debt on a monthly basis and where necessary provides for any portion which may be unrecoverable. The Group has low credit risk exposure given its customer profile and the fact that works are completed in accordance with contracted amounts.

Where a debtor is in 'default' (outside credit terms) the Group assesses the enforceability of the contract and takes the appropriate collection action with legal action being the last resort.

NOTE 10. INVENTORIES

	Consolidated	
	2023 $'000	2022 $'000
Raw materials	3,828	2,784

Accounting policy for inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 11. ACCRUED INCOME

	Consolidated	
	2023 $'000	2022 $'000
Accrued income	48,926	77,268

Accrued income represents construction work in progress valued at cost plus profit recognised to date less any provision for anticipated future losses, less progress claims made.

Accounting policy for construction contracts and work in progress – accrued income

Construction work in progress represents the Group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods and services transferred to the customer. Construction work in progress is measured at the amount of consideration that the Group expects to be entitled to in exchange for goods or services transferred to the customer.

The Group recovered the majority of the 2022 accrued income within the 2023 year and expects the 2023 balance to be settled within 12 months.

NOTE 12. OTHER CURRENT ASSETS

	Consolidated	
	2023 $'000	2022 $'000
Prepayments	5,659	6,104
Total other current assets	**5,659**	**6,104**

Accounting policy for prepayments

Expenditure paid in advance relating to periods exceeding one month, is recorded as a prepayment and progressively expensed over the period to which the expenditure relates.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2023 $'000	2022 $'000
Freehold land – at cost	1,388	1,335
Buildings – at cost	378	363
Less: accumulated depreciation	(42)	(28)
	336	335
Leasehold improvements – at cost	4,660	4,492
Less: accumulated depreciation	(1,715)	(2,521)
	2,945	1,971
Plant and equipment – at cost	26,144	18,434
Less: accumulated depreciation	(8,185)	(7,715)
	17,959	10,719
Motor vehicles – at cost	30,184	21,341
Less: accumulated depreciation	(12,543)	(9,892)
	17,641	11,449
Computer equipment – at cost	1,709	2,025
Less: accumulated depreciation	(1,600)	(1,851)
	109	174
Total property, plant and equipment	**40,378**	**25,983**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Freehold land $'000	Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Total $'000
Balance at 30 June 2021	1,224	318	1,480	4,204	7,767	267	15,260
Additions	–	–	322	5,649	5,483	21	11,475
Additions through business acquisitions	–	–	797	4,462	1,336	111	6,706
Disposals	–	–	(52)	(399)	(203)	–	(654)
Depreciation expense	–	(11)	(600)	(3,308)	(2,992)	(229)	(7,140)
Foreign exchange movements	111	28	24	111	58	4	336
Balance at 30 June 2022	1,335	335	1,971	10,719	11,449	174	25,983
Additions	–	–	1,552	12,979	10,420	37	24,988
Disposals	–	–	–	(298)	(530)	(16)	(844)
Depreciation expense	–	(12)	(600)	(4,609)	(4,673)	(86)	(9,980)
Foreign exchange movements	53	13	22	53	90	–	231
Reclassification	–	–	–	(885)	885	–	–
Balance at 30 June 2023	1,388	336	2,945	17,959	17,641	109	40,378

Property, plant and equipment secured under hire purchase arrangements

The total net book value of plant and equipment and motor vehicles under hire purchase arrangements at 30 June 2023 is $16,490,000 (2022: $10,079,000).

The corresponding hire purchase liability of $16,795,000 (2022: $9,528,000) has been included in borrowings note 17.

Accounting policy for property, plant and equipment

Each class of property, plant and equipment is carried at cost, less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding motor vehicles which depreciation basis is diminishing value) over their expected useful lives as follows:

Land is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2%-4%	Straight-line
Leasehold improvements at cost	10%-25%	Straight-line
Plant and equipment at cost	20%-33%	Straight-line
Motor vehicles at cost	27%	Diminishing value
Computer equipment at cost	25%-50%	Straight-line

The residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amounts and the disposal proceeds are recognised in profit or loss.

NOTE 14. INTANGIBLES

	Consolidated	
	2023 $'000	2022 $'000
Goodwill	248,129	234,373
Trademarks	12,184	11,808
Customer contracts	26,024	24,528
Less: accumulated amortisation	(5,925)	(2,988)
	20,099	21,540
Software	2,600	2,093
Less: accumulated amortisation	(17)	(369)
	2,583	1,724
	282,995	**269,445**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Trademarks $'000	Customer contracts $'000	Software $'000	Total $'000
Balance at 30 June 2021	30,667	5,114	11,724	653	48,158
Additions	–	–	191	1,167	1,358
Additions through business acquisitions	194,593	6,101	11,357	50	212,101
Foreign exchange movements	9,113	593	237	–	9,943
Amortisation expense	–	–	(1,969)	(146)	(2,115)
Balance at 30 June 2022	234,373	11,808	21,540	1,724	269,445
Additions	–	–	–	1,067	1,067
Additions through business acquisitions	6,740	–	1,313	–	8,053
Foreign exchange movements	7,016	376	107	–	7,499
Amortisation expense	–	–	(2,861)	(208)	(3,069)
Balance at 30 June 2023	**248,129**	**12,184**	**20,099**	**2,583**	**282,995**

Accounting policy for intangible assets

Goodwill

Goodwill represents the future economic benefit arising from other assets acquired in business combinations that are not individually identifiable or separately recognised. Refer to note 2(e) for a description of how goodwill arising from a business combination is initially measured.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less any accumulated impairment losses.

Trademarks

Trademarks, including brand names acquired through business combinations are initially measured at their fair value at the date of acquisition.

Trademarks are not amortised, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired and are carried at cost less accumulated impairment losses.

Customer contracts

Customer contracts and relationships acquired through business combinations are initially measured at their fair value at the date of acquisition or recognised at cost. Customer contracts and relationships are amortised using the straight-line method over their estimated useful lives commencing from the date of acquisition (as detailed below).

Software

Software is recognised at cost and amortised using the straight-line method over its estimated useful life of 3 years commencing from the time the asset is ready for use. Software is carried at cost less accumulated amortisation and any impairment losses.

Class of intangible asset	Amortisation rates	Amortisation basis
Customer contracts	4%-33%	Straight-line
Software	33%	Straight-line

The residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each reporting date.

Impairment tests for goodwill and intangible assets with indefinite useful lives

Goodwill and trademarks have been tested for impairment by comparing the carrying amounts to the recoverable amounts.

The Steamatic trademark has been tested for impairment using the fair value less cost of disposal method. Fair value has been determined using a royalty relief model. The key assumptions used in determining the fair value were a terminal growth rate of 2.5%, a discount rate of 14.0% and a royalty rate of 7.0%.

The recoverable amount of goodwill and other trademarks is based on value-in-use calculations, determined using a discounted cash flow model.

These calculations are based on projected cash flows approved by Management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. Key assumptions for each Cash Generating Unit (CGU) in determining value-in-use include:

- Trump Floorcoverings – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Novari Collective (formally Dressed for Sale Australia) – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Steamatic USA – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Bright & Duggan – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Air Control Australia – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Unitech Building Services – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Steamatic Australia – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- Reconstruction Experts – a terminal value growth rate of 2.5% (2022: 2.5%) and a discount rate of 8.5% (2022: 8.3%).
- A1 Estimates – a terminal value growth rate of 2.5% (2022: n/a) and a discount rate of 8.5% (2022: n/a).

NOTE 14. INTANGIBLES (continued)

Goodwill and intangibles with indefinite useful lives are allocated to the following CGU's:

	Consolidated	
	2023 $'000	2022 $'000
Goodwill:		
Trump Floorcoverings	1,571	1,571
Dynamic Construction	100	100
Novari Collective (formally Dressed for Sale Australia)	5,217	5,217
Steamatic USA	847	816
Bright & Duggan	33,515	28,840
Air Control Australia	2,716	2,716
Steamatic Australia	14,282	14,282
Unitech Building Services	2,006	2,006
Reconstruction Experts	185,810	178,825
A1 Estimates	2,065	–
	248,129	**234,373**
Trademarks:		
Steamatic USA	3,325	3,200
Bright & Duggan	2,179	2,179
Reconstruction Experts	6,677	6,426
Other	3	3
	12,184	**11,808**

NOTE 15. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

The Group's right-of-use assets and lease liabilities are derived from underlying operating leases – the majority of which are property leases for the Group's various offices.

	Consolidated	
	2023 $'000	**2022 $'000**
Right-of-use assets		
Buildings under lease arrangements at cost	45,800	32,734
Accumulated depreciation	(21,229)	(14,171)
Total carrying amount of right-of-use assets	**24,571**	**18,563**

Reconciliation of carrying amount of right-of-use assets	Buildings	Total
Carrying amount at 1 July 2021	13,491	13,491
Additions	3,622	3,622
Additions through business acquisitions	7,451	7,451
Depreciation	(6,162)	(6,162)
Foreign exchange movements	165	165
Lease terminations	(4)	(4)
Carrying amount at 30 June 2022	18,563	18,563
Carrying amount at 1 July 2022	18,563	18,563
Additions	14,226	14,226
Additions through business acquisitions	68	68
Depreciation	(8,130)	(8,130)
Foreign exchange movements	187	187
Lease terminations	(343)	(343)
Carrying amount at 30 June 2023	**24,571**	**24,571**

	2023 $'000	2022 $'000
Right-of-use lease liabilities		
Current right-of-use lease liabilities	8,988	6,859
	8,988	**6,859**
Non-current right-of-use lease liabilities	17,657	13,810
	17,657	**13,810**
Right-of-use lease expense & cashflow		
Expense relating to leases of 12 months or less and/or leases of low value assets (for which a right-of-use asset and lease liability has not been recognised)	(305)	(624)
Total cash outflow in relation to leases	(9,469)	(7,450)

NOTE 15. RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

Accounting policy for right-of-use assets and lease liabilities

At the commencement date of a lease (other than leases of 12 months or less and/or leases of low value assets), the Group recognises a right-of-use asset representing its right to use the underlying asset and a right-of-use lease liability representing its obligation to make lease payments.

Right-of-use assets

Right-of-use assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, right-of-use assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Right-of-use assets do not include any property, plant or equipment under hire purchase arrangements.

Right-of-use lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e. the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Right-of-use lease liabilities do not include any property, plant or equipment under hire purchase arrangements.

Leases of 12 months or less and leases of low value assets

Lease payments made in relation to leases of 12 months or less and/or leases of low value assets (for which a right-of-use asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTE 16. TRADE AND OTHER PAYABLES

	Consolidated	
	2023 $'000	**2022 $'000**
Trade creditors	158,645	145,582
Sundry creditors and accruals	41,936	36,954
	200,581	**182,536**

Accounting policy for trade and other payables

Trade and other payables are stated at amortised cost.

NOTE 17. BORROWINGS

	Consolidated	
	2023 $'000	**2022 $'000**
Current borrowings		
Secured:		
Insurance premium funding	3,434	3,090
Hire purchase	7,664	4,682
Bank loans	2,237	11,724
	13,335	**19,496**
Non-current borrowings		
Secured:		
Hire purchase	9,131	4,846
Bank loans	35,699	10,950
	44,830	**15,796**

Accounting policy for borrowings

Borrowings are initially recognised at fair value less attributable transaction costs. Subsequently, borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the consolidated statement of profit or loss over the tenor of the borrowings.

Plant and equipment subject to hire purchase arrangements is included in property, plant and equipment per note 13.

NOTE 18. EMPLOYEE PROVISIONS

	Consolidated	
	2023 $'000	**2022 $'000**
Current		
Employee benefits	**10,254**	**9,607**
Non-current		
Employee benefits	**1,167**	**1,213**

Accounting policy for employee benefits

Short-term employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

Accounting policy for other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 19. NON-CONTROLLING INTEREST LIABILITIES

	Consolidated	
	2023 $'000	2022 $'000
Non-controlling interest liabilities	3,265	1,928

Accounting policy for non-controlling interest liabilities

Non-controlling interest liabilities represent distributions and dividends owing to non-controlling interests. Distributions and dividends are recognised in accordance with the requirements of the distribution minutes, trust deeds and dividend statements as appropriate. Intergroup distributions and dividends have been eliminated on consolidation.

NOTE 20. INCOME IN ADVANCE

	Consolidated	
	2023 $'000	2022 $'000
Income in advance	69,781	39,598

Accounting policy for construction contracts and work in progress – income in advance

Construction income in advance represents the Group's obligation to transfer goods or services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as construction income in advance are subsequently recognised as revenue when the Group transfers the contracted goods or services to the customer.

NOTE 21. ISSUED CAPITAL

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares – fully paid	262,297,796	259,195,074	317,534	297,544

Movements in issued capital

Details	Date	Shares	$'000
Opening balance	1 July 2021	224,099,475	64,651
Issue of shares - vesting of Performance Rights	1 July 2021	301,287	528
Issue of shares - business acquisition	29 July 2021	971,940	4,790
Issue of shares - vesting of Performance Rights	22 November 2021	40,274	271
Issue of shares - Loan Funded Shares	22 November 2021	8,201	–
Issue of shares - Institutional Placement and ANREO	21 December 2021	31,752,563	221,309
Share issue transaction expenses net of tax	21 December 2021	–	(4,066)
Issue of shares - business acquisition (earn-out)	21 December 2021	24,026	150
Issue of shares - exercise of call options	21 December 2021	234,810	1,000
Issue of shares - Loan Funded Shares	21 December 2021	418,382	–
Issue of shares - Retail ANREO	10 January 2022	1,308,764	8,900
Share issue transaction expenses net of tax	10 January 2022	–	(280)
Issue of shares - business acquisition (earn-out)	23 February 2022	35,352	291
Balance	**30 June 2022**	**259,195,074**	**297,544**
Issue of shares - vesting of Performance Rights	1 July 2022	113,092	189
Issue of shares - vesting of Performance Rights	1 July 2022	75,984	193
Issue of shares - vesting of Performance Rights	1 July 2022	40,274	269
Issue of shares - business acquisition	30 August 2022	1,349,765	10,240
Issue of shares - Executive Incentive Plan	30 August 2022	22,138	120
Issue of shares - vesting of Performance Rights	7 September 2022	84,105	–
Issue of shares - business acquisition (earn-out)	17 October 2022	281,292	1,796
Issue of shares - vesting of Performance Rights	24 November 2022	47,680	359
Issue of shares - exercise of call options	21 March 2023	403,015	2,621
Issue of shares - business acquisition (earn-out)	14 April 2023	52,284	320
Issue of shares - Executive Incentive Plan	4 May 2023	7,610	50
Issue of shares - business acquisition (earn-out)	4 May 2023	42,000	274
Issue of shares - exercise of call options	4 May 2023	583,483	3,559
Balance	**30 June 2023**	**262,297,796**	**317,534**

NOTE 21. ISSUED CAPITAL (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised share capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loan Funded Shares

No Loan Funded Shares were issued during the financial year (FY22: 426,583). In accordance with relevant accounting standards, the Loan Funded Shares have been classified as options and are therefore not recognised within share capital.

Peter Nash is entitled to $50,000 worth of Loan Funded Shares on each anniversary of his appointment as Chairman in accordance with the terms of his contract. Loan Funded Shares were not issued to Mr Nash during FY23 and will be issued following shareholder approval at the 2023 Annual General Meeting scheduled for 23 November 2023. Mr Nash's entitlement in respect of FY23 has been recorded at the estimated fair value using a Black-Scholes option pricing model as at 30 June 2023 and will be revalued as at the future issue date during FY24.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure. Reducing the Group's cost of capital as a going concern will facilitate positive returns for Shareholders and benefits to other stakeholders.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group will look to raise additional capital, if required, when an opportunity to invest in a business or company is perceived to be value adding relative to the Company's share price at the time of the investment.

The Group is subject to certain covenants relating to financing arrangements and meeting said covenants is given priority in all capital and risk management decisions. There have been no events of default on the financing arrangements during the financial year.

NOTE 22. RESERVES

	Consolidated	
	2023 $'000	2022 $'000
Foreign currency translation reserve	18,036	8,403
Options reserve	5,244	3,779
Changes in subsidiary interests reserve	(41,640)	(22,319)
	(18,360)	**(10,137)**

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

Options reserve

The options reserve is used to record the fair value of Loan Funded Shares issued to Executives and employees as part of their remuneration along with the value of long-term share based incentives (Performance Rights) issued under the Executive Incentive Plan.

Changes in subsidiary interests reserve

The changes in subsidiary interests reserve is used to record transactions with non-controlling interests that result in a change in the Group's interest in a subsidiary that do not result in a loss of control.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve $'000	Options reserve $'000	Changes in subsidiary interests reserve $'000	Total $'000
Balance at 1 July 2021	(520)	1,932	(21,238)	(19,826)
Transactions with non-controlling interests	–	–	(1,081)	(1,081)
Foreign currency translation	8,923	–	–	8,923
Share based payments	–	2,646	–	2,646
Issue of shares on vesting of Performance Rights[1]	–	(799)	–	(799)
Balance at 30 June 2022	**8,403**	**3,779**	**(22,319)**	**(10,137)**
Balance at 1 July 2022	8,403	3,779	(22,319)	(10,137)
Transactions with non-controlling interests	–	–	(19,321)	(19,321)
Foreign currency translation	9,633	–	–	9,633
Share based payments	–	2,475	–	2,475
Issue of shares on vesting of Performance Rights[1]	–	(1,010)	–	(1,010)
Balance at 30 June 2023	**18,036**	**5,244**	**(41,640)**	**(18,360)**

[1] Issued under the Employee and Executive Incentive Plan.

NOTE 23. RETAINED EARNINGS

	Consolidated	
	2023 $'000	2022 $'000
Retained earnings at the beginning of the financial year	32,305	20,737
Profit after income tax for the year	46,846	24,877
Dividends paid	(19,579)	(13,309)
Retained earnings at the end of the financial year	**59,572**	**32,305**

NOTE 24. NON-CONTROLLING INTERESTS

	Consolidated	
	2023 $'000	2022 $'000
Non-controlling interests – paid up capital in subsidiaries	33,561	3,953
Non-controlling interests – share of retained earnings/(accumulated losses)	(3,150)	1,773
Non-controlling interests – share of acquisition date net intangible assets recognised on consolidation[1]	5,018	7,384
	35,429	**13,110**
Non-controlling interests – paid up capital in subsidiaries		
Opening balance	3,953	2,037
Transactions with the Group	29,443	278
Issue of shares to non-controlling interests	165	1,638
Closing balance	**33,561**	**3,953**
Non-controlling interests – share of retained earnings/(accumulated losses)		
Opening balance	1,773	505
Share of profit after income tax	16,292	13,790
Share of dividends	(5,924)	(2,655)
Share of distributions	(11,425)	(7,816)
Transactions with the Group	(3,978)	–
Retained earnings (net of fair value adjustments) acquired through business acquisitions	112	(2,051)
Closing balance	**(3,150)**	**1,773**
Non-controlling interests – share of acquisition date net intangible assets recognised on consolidation[1]		
Opening balance	7,384	5,304
Reserves acquired through business acquisition[1]	135	2,523
Transactions with the Group	(2,173)	–
Share of profit after income tax	(328)	(443)
Closing balance	**5,018**	**7,384**

[1] The non-controlling interests' share of acquisition date net intangible assets recognised on consolidation represents the non-controlling interests' proportionate share of the acquiree's identifiable net intangible assets recognised on consolidation including: trademarks, customer contracts and deferred tax liabilities.

NOTE 25. DIVIDENDS

	Consolidated	
	2023 $'000	2022 $'000
Dividends paid		
Dividends paid at $0.075 per share (FY22: $0.055) fully franked at 30%	19,579	13,309
Dividends declared after the reporting period and not recognised		
Since the end of the reporting period, the Directors have recommended/declared a dividend at $0.045 per share (FY22: $0.030) fully franked at 30%	12,434	7,824
Franking account		
Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years	38,068	20,435

NOTE 26. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives (Finance) under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group will consider cashflow hedges to manage foreign currency risk at an appropriate time when profits will be brought back to Australia net of tax, working capital, potential earn-out payments and other investment opportunities.

The Group's US-based operations trade and settle transactions in US dollars which provides a natural hedge to foreign currency risk.

As at 30 June 2023 the Group's exposure to foreign currency risk is immaterial.

NOTE 26. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group reviews its interest rate exposure on a regular basis. As at 30 June 2023, if interest rates had changed +/-1% from the year end rates, with all other variables held constant, the effect on post-tax profit for the year would have been immaterial.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining credit agency information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Group does not hold any collateral.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Maturity analysis

The following tables detail the Group's remaining contractual maturities for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

The tables include principal and (contracted) interest cash flows disclosed as remaining contractual maturities.

	< 6 months $'000	6-12 months $'000	1-5 years $'000	> 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Consolidated – 2023						
Payables	200,581	–	–	–	200,581	200,581
Borrowings	9,350	5,034	45,415		59,799	58,165
Right-of-use lease liabilities	5,154	4,729	17,190	1,169	28,242	26,645
Total non-derivatives	215,085	9,763	62,605	1,169	288,622	285,391
Consolidated – 2022						
Payables	182,536	–	–	–	182,536	182,536
Borrowings	11,622	8,286	16,276	–	36,184	35,292
Right-of-use lease liabilities	3,795	3,559	14,334	237	21,925	20,669
Total non-derivatives	197,953	11,845	30,610	237	240,645	238,497

NOTE 27. DIRECTORS' AND EXECUTIVES' COMPENSATION

Directors' and Executives' compensation is rounded to the nearest dollar in accordance with *ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports).*

Compensation by category

	Consolidated	
	2023 $	**2022 $**
Short-term employee benefits	6,451,456	4,690,723
Post-employment benefits	151,731	133,452
Long-term employee benefits	47,700	47,341
Share based payments	1,687,151	1,848,576
	8,338,038	6,720,092
Discretionary Loan Funded Share issue[1]	–	(575,022)
	8,338,038	**6,145,070**

[1] Accounting value of notional embedded option in Loan Funded Shares issued on successful completion of the acquisition of Reconstruction Experts.

NOTE 28. REMUNERATION OF AUDITORS

Remuneration of auditors is rounded to the nearest dollar in accordance with *ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports).*

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	Consolidated	
	2023 $	**2022 $**
Audit services		
Audit or review of the financial statements	589,000	502,500
Other audit services	144,000	153,750
	733,000	656,250
Other services		
Accounting and taxation compliance	392,775	227,500
Other advisory services	140,115	56,550
Corporate finance	235,000	37,953
Corporate secretarial	118,731	67,604
Other	10,334	3,701
	896,955	393,308
Amounts paid and payable to network firms of Pitcher Partners[1]:		
Accounting and taxation compliance	4,351	4,600
Other audit services	321,344	291,259
Corporate finance	–	191,670
Other advisory services	45,258	–
	370,953	487,529
Total remuneration for audit and other services	**2,000,908**	**1,537,087**

[1] Network firms of Pitcher Partners include members of the Pitcher Partners network and members of the Baker Tilly International network.

NOTE 29. CONTINGENT LIABILITIES

Contingent liabilities exist for possible future claims which may be made against the Group.

	Consolidated	
	2023 $'000	2022 $'000
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Bank guarantees	**26,248**	**23,417**

NOTE 30. COMMITMENTS

	Consolidated	
	2023 $'000	2022 $'000
Expenditure commitments contracted for:		
Contracted construction commitments		
Within one year	**136,353**	**137,973**

NOTE 31. RELATED PARTY TRANSACTIONS

Transactions with Non-executive Directors and KMP are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with Non-executive Directors and KMP.

During the current financial period and previous financial periods, Johns Lyng Group Limited advanced loans to, received loan repayments from and provided treasury, accounting, legal, taxation and administrative services to other entities within the Group.

Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During FY23 Curt Mudd (Non-executive Director) received consultancy fees from the Group in the amount of $61,297 (GST: nil (FY22: $15,231 (GST: nil)). These amounts have been included in salary and fees within the Remuneration Report.

During FY23 the Group paid $539,601 (plus GST) (FY22: $181,537 (plus GST)) to Hamilton Locke Pty Ltd (Hamilton Locke) for legal services (including due diligence, contract drafting and transaction advice) and $60,630 (plus GST) (FY22: $88,875 (plus GST)) to Source Governance Pty Ltd (Source) for company secretarial services. Peter Dixon is a director and shareholder of HPX Group Pty Ltd, the parent company of Hamilton Locke and Source. These services were provided on an arm's length basis and on commercial terms.

During FY23 Johns Lyng Shopfit Services Pty Ltd ATF Johns Lyng Shopfit Services Unit Trust (JLSS) entered into various contracts with Retail Prodigy Operations Pty Ltd ATF Retail Prodigy Operations Trust (RPO) for retail space design and fitout services at a number of retail stores in Australia and New Zealand. The ultimate owners of RPO include KMP[1] and other unitholders. During FY23 the amount invoiced totalled $3,289,359 (plus GST) (FY22: $553,703 (plus GST)). At 30 June 2023 a total amount of $813,362 (FY22: $10,692) was owed from RPO to JLSS in the ordinary course of business. This amount was subsequently fully paid. The arrangement is on an arm's length basis and on commercial terms.

During FY23 the Group paid $15,701 (plus GST) (FY22: $15,019 (plus GST)) to EBH Leasehold Pty Ltd ATF EBH Leasehold Unit Trust (EBH) for staff and client entertainment purposes (primarily for accommodation under a corporate arrangement of $250 per night). Scott Didier AM is a director and sole unitholder of EBH. The arrangement is on an arm's length basis and on commercial terms.*

During FY23, partially in response to the severe floods in southeast QLD and northern NSW, the Group paid $15,491 (plus GST) (FY22: $37,237) to Beach Houses of Byron Pty Ltd as trustee for BHOB Trust (BHOB) for staff and client accommodation purposes. BHOB manages 2 properties owned by 6-10 Shirley Lane Pty Ltd ATF 6-10 Shirley Lane Joint Venture and FMQ Pty Ltd ATF FMQ Pty Ltd Joint Venture. These entities are ultimately owned by KMP[1] and other unitholders. These accommodation services were provided on an arm's length basis and on commercial terms.*

* As a result of changes to the Group's Related Party Transaction Policy, these types of transactions are not expected to occur in the future. Any exception to this would require Board approval.

[1] KMP include: Scott Didier AM, Nick Carnell, Lindsay Barber, Matthew Lunn, Adrian Gleeson, Pip Turnbull and Curt Mudd.

Leases

The Group has entered into a number of leases for office and warehouse space throughout Australia. The table below lists the names of the related party landlords and their relationship with the Group. The lease agreements with the landlords noted below have been entered into on an arm's length basis and on commercial terms.

Landlord/premises	KMP relationship with the Group	Payments during the period
Landlord: Trump Investments Pty Ltd ACN 006 779 791 ATF Trump Investments Trust. Premises: 17 Capital Place, Carrum Downs, Victoria 3201	Scott Didier AM is a director of Trump Investments Pty Ltd and the sole unitholder of Trump Investments Trust.	FY23: $165,544 (plus GST) FY22: $160,723 (plus GST)
Landlord: Trump Sunshine Pty Ltd ACN 151 548 202 ATF Trump Sunshine Trust. Premises: 120 Proximity Drive, Sunshine West, Victoria 3020	Scott Didier AM is a director of Trump Sunshine Pty Ltd and a unitholder of Trump Sunshine Trust (through Trump Investments Trust).	FY23: $116,846 (plus GST) FY22: $121,316 (plus GST)
Landlord: 1 Williamsons Road Pty Ltd ACN 130 622 187 ATF 1 Williamsons Road Unit Trust. Premises: 1 Williamsons Road, Doncaster, Victoria 3108	1 Williamsons Road Unit Trust is owned by Johns Lyng Investments Pty Ltd ATF Johns Lyng Investments Unit Trust. KMP[1] and other unitholders own the units in Johns Lyng Investments Unit Trust.	FY23: $429,600 (plus GST) FY22: $416,434 (plus GST)
Landlord: Is My Software Pty Ltd ACN 136 024 256 ATF Is My Software Unit Trust. Premises: 3 Williamsons Road, Doncaster, Victoria 3108	KMP[1] and other unitholders own the units in Is My Software Unit Trust.	FY23: $46,352 (plus GST) FY22: $47,045 (plus GST)

[1] KMP include: Scott Didier AM, Nick Carnell, Lindsay Barber, Matthew Lunn, Adrian Gleeson, Pip Turnbull and Curt Mudd.

Related party receivables/(payables)

	Consolidated	
	2023	2022
NSC Collective Pty Ltd ATF Carnell Family Trust[1]	913,495	913,495
Is My CV Australia Pty Ltd ATF Is My CV Australia Unit Trust	–	7,982,660
Retail Prodigy Operations Pty Ltd ATF Retail Prodigy Operations Trust[2]	813,362	10,692
Total related party loans – net receivable	1,726,857	8,906,847

[1] Amount receivable in respect of non-interest bearing loan to fund purchase of units in Johns Lyng Unit Trust pre-IPO. Nick Carnell is the sole Director of NSC Collective Pty Ltd. Amount is included within other receivables at 30 June 2023.

[2] Amount is included within trade receivables as at 30 June 2023 and has subsequently been fully paid.

NOTE 32. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the Parent Entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $'000	**2022 $'000**
Profit after income tax	44,106	22,392
Total comprehensive income	44,106	22,392
Statement of financial position		
Total current assets	200,885	111,449
Total assets	415,794	351,154
Total current liabilities	12,406	14,748
Total liabilities	33,406	14,748
Net assets	**382,388**	**336,406**
Equity		
Issued capital	317,534	297,544
Options reserve	5,244	3,779
Retained earnings	59,610	35,083
Total equity	**382,388**	**336,406**

Guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries

The Parent Entity had the following guarantees in relation to the debts of its subsidiaries as at 30 June 2023:

- The Parent Entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. The deed of cross guarantee was implemented for licencing purposes in Queensland; and
- The Parent Entity provided a limited guarantee to Johns Lyng USA LLC and its controlled entities, whereby the Parent Entity has agreed to provide financial support and security to meet its obligations to Argonaut Insurance Company from time-to-time (if any) in respect of Surety Bonds issued in respect of certain construction projects in the ordinary course of business. The maximum aggregate liability of the Parent Entity is limited to the lesser of: (a) 110% of the total bonded exposure from time-to-time and (b) US$35m. The maximum liability of the Parent Entity in respect of any single Surety Bond is US$15m.

Contingent liabilities

The Parent Entity had no contingent liabilities as at 30 June 2023 (2022: nil).

Capital commitments

The Parent Entity had no capital commitments as at 30 June 2023 (2022: nil).

Significant accounting policies

The accounting policies of the Parent Entity are consistent with those of the Group, as disclosed in note 2.
except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity;
- Investments in associates are accounted for at cost, less any impairment, in the Parent Entity; and
- Dividends and distributions received from subsidiaries are recognised as other income by the Parent Entity.

NOTE 33. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

Where the Group's equity interest in a subsidiary is less than 50%, control is established through its share of voting rights in the entity.

			Ownership interest	
	Name	Principal place of business / country of incorporation	2023 %	2022 %
1	Johns Lyng Unit Trust	Australia	100.00%	100.00%
2	Johns Lyng Victoria Unit Trust	Australia	93.00%	93.00%
3	Johns Lyng Insurance Builders (Vic) Unit Trust (Dormant)	Australia	93.00%	93.00%
4	Johns Lyng Makesafe Emergency Builders (Victoria) Unit Trust	Australia	87.65%	84.86%
5	Johns Lyng Aztech Unit Trust	Australia	87.65%	84.86%
6	One Touch Services Unit Trust	Australia	87.65%	84.86%
7	Global Home Response Unit Trust	Australia	87.65%	84.86%
8	Global Trade Unit Trust	Australia	87.65%	84.86%
9	Johns Lyng Makesafe Victoria Insurance Services Unit Trust	Australia	83.27%	80.62%
10	Johns Lyng Project Solutions Unit Trust	Australia	87.65%	84.86%
11	Johns Lyng Express Claims (VIC) Unit Trust	Australia	88.35%	83.70%
12	Johns Lyng Insurance Building Solutions (Victoria) Unit Trust	Australia	83.70%	83.70%
13	JLG SC Victoria Unit Trust	Australia	83.70%	83.70%
14	Restorx (VIC) Unit Trust	Australia	85.10%	87.42%
15	Restorx (VIC) Insurance Services Unit Trust	Australia	85.10%	87.42%
16	Restorx (VIC) Major Loss Unit Trust	Australia	80.84%	87.42%
17	Restorx (VIC) Delivery Unit Trust	Australia	85.10%	87.42%
18	Restorx (VIC) Biohazard Services Unit Trust	Australia	85.10%	83.05%
19	Johns Lyng (VIC) Regional Unit Trust	Australia	86.49%	93.00%
20	Johns Lyng (VIC) Gippsland Unit Trust	Australia	82.17%	88.35%
21	Johns Lyng (VIC) Geelong Unit Trust	Australia	82.17%	88.35%
22	Johns Lyng (VIC) North Unit Trust	Australia	82.17%	88.35%
23	JL VIC North Holdco Pty Ltd (Dormant)	Australia	86.49%	93.00%
24	Johns Lyng Insurance Building Solutions (Tasmania) Unit Trust	Australia	93.00%	93.00%
25	Johns Lyng Group Disaster Management (Victoria) Unit Trust	Australia	93.00%	100.00%
26	Johns Lyng Disaster Management Australia Pty Ltd	Australia	93.00%	–
27	A1 Estimates Pty Ltd	Australia	55.80%	–
28	Johns Lyng Energy Unit Trust	Australia	74.40%	–
29	Johns Lyng Hire Unit Trust	Australia	93.00%	–
30	Johns Lyng NSW Unit Trust	Australia	90.00%	90.00%
31	Johns Lyng Makesafe Emergency Builders (NSW) Unit Trust	Australia	90.00%	90.00%
32	Johns Lyng Express Building Solutions (NSW) Unit Trust	Australia	90.00%	85.50%
33	Johns Lyng Insurance Building Solutions (NSW) Unit Trust	Australia	90.00%	85.50%

NOTE 33. INTERESTS IN SUBSIDIARIES (continued)

			Ownership interest	
	Name	Principal place of business / country of incorporation	2023 %	2022 %
34	Restorx NSW Unit Trust	Australia	81.00%	81.00%
35	Restorx (NSW) Major Loss Unit Trust	Australia	76.95%	81.00%
36	Restorx Newcastle Unit Trust	Australia	81.00%	76.95%
37	Restorx NSW Regional South Unit Trust	Australia	81.00%	–
38	JLG SC NSW Unit Trust	Australia	81.00%	90.00%
39	Johns Lyng (NSW) Regional Unit Trust	Australia	84.38%	83.25%
40	Johns Lyng Regional Makesafe NSW Unit Trust	Australia	80.16%	79.09%
41	Johns Lyng (ACT) Unit Trust	Australia	84.38%	74.93%
42	Johns Lyng Regional ACT - South Coast Unit Trust	Australia	80.16%	–
43	Johns Lyng Regional ACT - Riverina Unit Trust	Australia	80.16%	–
44	Johns Lyng Central NSW Unit Trust	Australia	80.16%	79.09%
45	Johns Lyng Newcastle Unit Trust	Australia	75.94%	74.93%
46	Johns Lyng Queensland Unit Trust	Australia	92.80%	92.80%
47	Johns Lyng Northern Territory Unit Trust	Australia	88.16%	88.16%
48	Johns Lyng Makesafe Emergency Builders (QLD) Unit Trust	Australia	88.16%	88.16%
49	Johns Lyng Express Building Solutions (QLD) Unit Trust	Australia	88.16%	83.52%
50	Johns Lyng Insurance Building Solutions (Brisbane) Unit Trust	Australia	83.52%	83.52%
51	Johns Lyng (QLD) Regional Unit Trust	Australia	92.80%	88.16%
52	Johns Lyng (QLD) Gold Coast Unit Trust	Australia	88.16%	88.16%
53	Johns Lyng (QLD) Central Unit Trust	Australia	88.16%	79.34%
54	Johns Lyng (QLD) North Unit Trust	Australia	88.16%	83.75%
55	JLG SC Queensland Unit Trust	Australia	88.16%	92.80%
56	Restorx Services QLD Unit Trust	Australia	83.52%	83.52%
57	Restorx Queensland Insurance Services Unit Trust	Australia	79.34%	83.52%
58	Restorx Queensland Major Loss Unit Trust	Australia	79.34%	–
59	Johns Lyng Large Loss Queensland Unit Trust	Australia	83.52%	83.52%
60	Trump Ceramic and Timber Unit Trust	Australia	92.80%	92.80%
61	Johns Lyng Insurance Building Solutions (QLD) Unit Trust (Dormant)	Australia	92.80%	92.80%
62	Johns Lyng Insurance Building Solutions (WA) Unit Trust	Australia	87.50%	87.50%
63	Restorx (WA) Unit Trust	Australia	83.13%	87.50%
64	JLG SC Western Australia Unit Trust	Australia	87.50%	87.50%
65	Johns Lyng WA Express Unit trust	Australia	83.13%	–
66	Johns Lyng (SA) StateCo Unit Trust	Australia	100.00%	100.00%
67	Johns Lyng (SA) HoldCo Unit Trust	Australia	90.00%	100.00%
68	Unitech Building Services Pty Ltd	Australia	54.00%	60.00%
69	Johns Lyng Insurance Building Solutions (SA) Unit Trust	Australia	54.00%	60.00%
70	Johns Lyng Steamatic Australia Pty Ltd	Australia	100.00%	100.00%
71	Steamatic Restoration and Recovery Pty Ltd	Australia	60.00%	60.00%

			Ownership interest	
	Name	Principal place of business / country of incorporation	2023 %	2022 %
72	Fischer's Cleaning Pty Ltd	Australia	60.00%	60.00%
73	Johns Lyng NZ Limited (formerly Global Home Response NZ Limited)	New Zealand	100.00%	84.86%
74	A1 Estimates (NZ) Limited	New Zealand	60.00%	–
75	Steamatic (NZ) Limited	New Zealand	60.00%	–
76	Johns Lyng NZ Holdings Limited	New Zealand	90.00%	–
77	Mainland Building Services (NZ) Limited	New Zealand	72.00%	–
78	Johns Lyng USA, LLC	USA	100.00%	100.00%
79	Johns Lyng Intermediary Holdings, LLC	USA	86.00%	100.00%
80	Steamatic Property, LLC	USA	86.00%	100.00%
81	Steamatic of Nashville Real Property Holdings, LLC	USA	86.00%	100.00%
82	Steamatic Holdings, LLC (formerly Johns Lyng Florida, LLC)	USA	86.00%	100.00%
83	Steamatic (Operating) Holdings, LLC	USA	86.00%	100.00%
84	Steamatic, LLC	USA	81.70%	95.00%
85	Johns Lyng Customer Connect, LLC	USA	81.70%	–
86	Reconstruction Holdings, Inc	USA	86.00%	99.48%
87	Reconstruction, Inc	USA	86.00%	99.48%
88	Reconstruction Experts, Inc	USA	86.00%	99.48%
89	Johns Lyng Texas, LLC	USA	77.40%	–
90	Steamatic North Texas, LLC	USA	77.40%	–
91	Johns Lyng Florida, LLC	USA	77.40%	–
92	Johns Lyng California, LLC	USA	81.70%	–
93	Johns Lyng Colorado, LLC	USA	77.40%	–
94	Johns Lyng Tennessee, LLC	USA	86.00%	–
95	Steamatic Nashville, LLC	USA	86.00%	–
96	Steamatic of Nashville, LLC	USA	86.00%	100.00%
97	Advanced Roofing & Sheetmetal, LLC	USA	86.00%	99.48%
98	Colorado Roofing Supply, LLC	USA	86.00%	99.48%
99	Johns Lyng Strata Management Pty Ltd	Australia	100.00%	100.00%
100	Bright & Duggan Group Pty Ltd	Australia	80.00%	45.50%
101	Bright & Duggan Property Group Pty Ltd	Australia	80.00%	45.50%
102	North Shore Strata Management Pty Ltd	Australia	64.00%	–
103	Bright & Duggan (Hunter) Pty Ltd	Australia	40.80%	23.20%
104	Bright & Duggan Pty Ltd	Australia	80.00%	45.50%
105	Bright & Duggan (QLD) Pty Ltd	Australia	80.00%	45.50%
106	Bright & Duggan (VIC) Pty Ltd	Australia	80.00%	45.50%
107	Bright & Duggan (ACT) Pty Ltd	Australia	80.00%	45.50%
108	CMS Holdings (Mirvac) Pty Ltd	Australia	80.00%	45.50%

NOTE 33. INTERESTS IN SUBSIDIARIES (continued)

			Ownership interest	
	Name	Principal place of business / country of incorporation	2023 %	2022 %
109	Cambridge Management Services Pty Ltd	Australia	80.00%	45.50%
110	Cambridge Management Services (Hunter) Pty Ltd	Australia	40.80%	23.20%
111	Focus Community Management Pty Ltd	Australia	80.00%	45.50%
112	Capitol Strata Management (Holdings) Pty Ltd	Australia	74.00%	38.67%
113	Capitol Strata Management (Brisbane) Pty Ltd	Australia	74.00%	38.67%
114	Capitol Strata Management (Redcliffe) Pty Ltd	Australia	74.00%	38.67%
115	Capitol Strata Management (Gold Coast) Pty Ltd	Australia	74.00%	38.67%
116	Adpen Strata Pty Ltd	Australia	74.00%	–
117	Bright & Duggan Facilities Management Pty Ltd	Australia	60.00%	34.12%
118	Structure Integrated Group Pty Ltd	Australia	60.00%	34.12%
119	Structure Building Management Pty Ltd	Australia	60.00%	34.12%
120	Waratah Building Management Pty Ltd	Australia	60.00%	34.12%
121	Shift Facilities Management Pty Ltd	Australia	60.00%	34.12%
122	Change Strata Management Pty Ltd	Australia	80.00%	45.50%
123	BrisBay Pty Ltd	Australia	80.00%	45.50%
124	Advanced Community Management Pty Ltd	Australia	80.00%	–
125	Your Local Strata (Holdings) Pty Ltd	Australia	80.00%	–
126	Johns Lyng Strata Services Unit Trust	Australia	80.00%	80.00%
127	Johns Lyng Strata Services Victoria Unit Trust	Australia	72.00%	80.00%
128	Johns Lyng Strata NSW Unit Trust	Australia	80.00%	72.00%
129	Johns Lyng Strata Services Queensland Unit Trust	Australia	80.00%	80.00%
130	Smoke Alarms Australia Holdings Pty Ltd	Australia	100.00%	–
131	JL Linkfire Holdings Pty Ltd	Australia	100.00%	–
132	Johns Lyng Glass Unit Trust (Dormant)	Australia	100.00%	100.00%
133	Johns Lyng Commercial Builders Unit Trust	Australia	85.00%	85.00%
134	Johns Lyng Trump Unit Trust	Australia	100.00%	100.00%
135	Trump Property Maintenance (VIC) Pty Ltd	Australia	51.00%	51.00%
136	Trump Floorcoverings Victoria Unit Trust	Australia	51.00%	51.00%
137	Industry Floors Unit Trust	Australia	51.00%	51.00%
138	Floorcoverings Unit Trust	Australia	90.00%	90.00%
139	Trump Floorcoverings QLD Pty Ltd	Australia	90.00%	90.00%
140	Johns Lyng Shopfit Services Unit Trust	Australia	85.00%	85.00%
141	Johns Lyng Rapid Retail Response Unit Trust	Australia	80.75%	80.75%
142	Global 360 Unit Trust	Australia	85.00%	85.00%
143	Huski Holding Unit Trust	Australia	100.00%	100.00%
144	Huski Home Services Unit Trust	Australia	90.00%	90.00%
145	Johns Lyng Air Control Unit Trust	Australia	100.00%	100.00%

			Ownership interest	
	Name	Principal place of business / country of incorporation	2023 %	2022 %
146	Vanzis Unit Trust (trading as "Air Control Australia")	Australia	60.00%	60.00%
147	Air Control New South Wales Unit Trust	Australia	54.00%	60.00%
148	Air Control Queensland Unit Trust	Australia	54.00%	60.00%
149	Air Control Victoria Projects Unit Trust	Australia	54.00%	54.00%
150	Air Control Victoria Services Unit Trust	Australia	57.00%	57.00%
151	Air Control Victoria Residential Unit Trust	Australia	54.00%	–
152	Johns Lyng DFS Pty Ltd	Australia	100.00%	100.00%
153	Dressed For Sale Australia Pty Ltd	Australia	65.00%	65.00%
154	Furniture Rentals Australia Holdings Pty Ltd	Australia	65.00%	65.00%
155	Dressed for Sale Melbourne Pty Ltd	Australia	52.00%	52.00%
156	Dressed for Sale Adelaide Pty Ltd	Australia	65.00%	58.50%
157	Johns Lyng Group International Holdings Pty Ltd (Dormant)	Australia	100.00%	100.00%
158	Restorx Australia Unit Trust (Dormant)	Australia	100.00%	100.00%
159	Johns Lyng Group IP Unit Trust (Dormant)	Australia	100.00%	100.00%
160	Johns Lyng Services Unit Trust	Australia	100.00%	100.00%

NOTE 34. BUSINESS COMBINATIONS

A1 Estimates (provisionally accounted)

On 4 November 2022 (effective 1 November 2022), Johns Lyng acquired a 60% controlling equity interest in A1 Estimates. A1 Estimates specialises in cost planning solutions through estimating and tendering services. The strategic rationale for the acquisition was to increase Johns Lyng's insurance building estimating capacity.

Control was obtained via share purchase.

Details of the purchase consideration:	$'000
Cash paid	1,487
JLG Ltd shares issued	276
Deferred (non-contingent) consideration	550
Total purchase consideration	**2,313**

Based on the cumulative financial performance of A1 Estimates during the reporting period, the Group paid the maximum earn-out amount of $276,000 which was paid in JLG Ltd shares.

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business acquisition were:

	$'000
Assets and liabilities acquired	
Cash and cash equivalents	252
Trade and other receivables	886
Other current assets	2
Right-of-use assets	68
Deferred tax asset	15
Trade and other payables	(519)
Current tax payable	(210)
Employee provisions	(12)
Right-of-use lease liabilities	(68)
Net identifiable assets acquired	414
Add: goodwill	2,065
Less: non-controlling interests	(166)
Total purchase consideration	**2,313**

The goodwill on acquisition comprises expected future revenue and operating synergies with Johns Lyng Group.

Goodwill is not deductible for tax purposes.

Contractual amounts

The fair value of receivables from contracts with customers equals the contractual amounts due.

Transaction costs

Transaction costs of $26,095 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

North Shore Strata Management (provisionally accounted)

On 10 November 2022 (effective 1 November 2022), the Group, via its subsidiary Bright & Duggan acquired an 80% controlling equity interest in North Shore Strata Management - a Sunshine Coast-based Strata Management business with 1,751 lots under management across 250 strata schemes.

The strategic rationale was a 'bolt-on' acquisition for Bright & Duggan in-line with the Group's strata and building management strategy.

Control was obtained via share purchase.

Details of the purchase consideration:	$'000
Cash paid	1,740
Deferred (non-contingent) consideration	193
Contingent consideration	446
Total purchase consideration	**2,379**

A potential earn-out of up to $446,000 is payable based on the financial performance of North Shore Strata Management for FY23 and FY24. Accordingly, the Group has recognised a potential earn-out liability in the amount of $446,000 at the reporting date being the maximum earn-out payable.

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business acquisition were:

	$'000
Assets and liabilities acquired	
Cash and cash equivalents	10
Trade and other receivables	144
Intangibles - customer contracts	675
Deferred tax asset	(195)
Trade and other payables	(86)
Employee provisions	(23)
Current tax payable	(120)
Net identifiable assets acquired	405
Add: goodwill	2,055
Less: non-controlling interests	(81)
Total purchase consideration	**2,379**

The goodwill on acquisition comprises expected future revenue and operating synergies with Johns Lyng Group.

Goodwill is not deductible for tax purposes.

Contractual amounts

The fair value of receivables from contracts with customers equals the contractual amounts due.

Transaction costs

Transaction costs of $37,811 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

NOTE 34. BUSINESS COMBINATIONS (continued)

Adpen Strata Management (provisionally accounted)

On 11 November 2022 (effective 1 November 2022), the Group, via Bright & Duggan's subsidiary Capitol Strata Management acquired a 100% controlling equity interest in Adpen Strata Management - a Queensland-based Strata Management business with 372 lots under management across 40 strata schemes.

The strategic rationale was a 'bolt-on' acquisition for Bright & Duggan in-line with the Group's strata and building management strategy.

Control was obtained via share purchase.

Details of the purchase consideration:	$'000
Cash paid	116
Deferred (non-contingent) consideration	13
Total purchase consideration	**129**

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business acquisition were:

	$'000
Assets and liabilities acquired	
Cash and cash equivalents	14
Trade and other payables	(194)
Net identifiable liabilities acquired	(180)
Add: goodwill	309
Total purchase consideration	**129**

The goodwill on acquisition comprises expected future revenue and operating synergies with Johns Lyng Group.

Goodwill is not deductible for tax purposes.

Contractual amounts

The fair value of receivables from contracts with customers equals the contractual amounts due.

Transaction costs

Transaction costs of $10,851 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

Advanced Community Management (provisionally accounted)

On 31 March 2023 (effective 1 April 2023), the Group, via its subsidiary Bright & Duggan acquired a 100% equity interest in Advanced Community Management - a Sydney-based Strata Management business with 2,262 lots under management across 74 strata schemes.

The strategic rationale was a 'bolt-on' acquisition for Bright & Duggan in-line with the Group's strata and building management strategy.

Control was obtained via share purchase.

Details of the purchase consideration:	$'000
Cash paid	2,430
Deferred (non-contingent) consideration	270
Total purchase consideration	**2,700**

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business acquisition were:

	$'000
Assets and liabilities acquired	
Cash and cash equivalents	143
Other current assets	5
Intangibles - customer contracts	638
Trade and other payables	(83)
Employee provisions	(67)
Current tax payable	(74)
Deferred tax liabilities	(173)
Net identifiable assets acquired	389
Add: goodwill	2,311
Total purchase consideration	**2,700**

The goodwill on acquisition comprises expected future revenue and operating synergies with Johns Lyng Group.

Goodwill is not deductible for tax purposes.

Contractual amounts

The fair value of receivables from contracts with customers equals the contractual amounts due.

Transaction costs

Transaction costs of $31,143 were incurred in relation to the acquisition. These costs are included in ‘transaction related expenses’ within profit or loss.

NOTE 35. CASH FLOW INFORMATION

	Consolidated	
	2023 $'000	2022 $'000
(a) Reconciliation of cash:		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:		
Cash on hand	24	25
Cash at bank	129,828	56,765
At call deposits with financial institutions	182	182
	130,034	**56,972**
(b) Reconciliation of cash flow from operating activities with profit after income tax		
Profit after income tax for the year	62,810	38,224
Depreciation and amortisation	21,179	15,417
(Profit)/loss on sale of property, plant and equipment	(299)	150
Foreign currency translation differences	2,072	744
Share based payments expense	2,645	2,646
Change in operating assets and liabilities (excluding those assumed on acquisition):		
Decrease/(increase) in trade and other receivables	(32,044)	(56,004)
Decrease/(increase) in inventories	(1,044)	(930)
Decrease/(increase) in accrued income	28,342	(29,899)
Decrease/(increase) in other current assets	452	2,035
Decrease/(increase) in deferred tax assets/liabilities	375	1,818
Increase/(decrease) in trade and other payables	18,769	37,405
Increase/(decrease) in current tax payable	6,739	1,737
Increase/(decrease) in employee provisions	499	342
Increase/(decrease) in income in advance	30,183	11,630
Net cash from operating activities	**140,678**	**25,315**

(c) Reconciliation of liabilities arising from financing activities

Proceeds from borrowings during the year amounted to $32,431,000 (FY22: $18,453,000). Borrowings were repaid during the year of $16,844,00 (FY22: $42,261,000). Repayments were made in relation to hire purchase liabilities of $5,751,000 (FY22: $4,739,000) and right-of-use (principal) lease liabilities of $8,163,000 (FY22: $5,909,000).

NOTE 36. EARNINGS PER SHARE

	Consolidated	
	2023 $'000	2022 $'000
Profit after income tax	62,810	38,224
Non-controlling interests	(15,964)	(13,347)
Profit after income tax attributable to the owners of Johns Lyng Group	46,846	24,877

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	261,090,311	243,015,576
Weighted average number of ordinary shares used in calculating diluted earnings per share	262,034,374	243,873,133

	Cents	Cents
Basic earnings per share	17.94	10.24
Diluted earnings per share	17.88	10.20

NOTE 37. SHARE BASED PAYMENTS

The Group provided the following in the form of share based payments:

	Consolidated	
	2023 $'000	2022 $'000
Value of new shares issued under the Employee Share Loan Plan (Loan Funded Shares)[1]	10	982
Value of share based incentives (Performance Rights and Ordinary Shares) issued under the Executive Incentive Plan	2,635	1,664
	2,645	**2,646**

Loan Funded Shares

Loan Funded Shares are funded by a zero interest, 10 year, limited-recourse loan from the Group.

In accordance with Accounting Standards, the Loan Funded Shares have been treated as options, therefore no amounts have been recognised for the issued capital or loan receivable. A share based payment expense applicable to the transaction was recognised on issue.

The fair value of the Loan Funded Shares granted was determined by an independent expert using the Monte Carlo option pricing model with the following key inputs:

Grant date	30 June 2023[1]	3 December 2021	18 November 2021	23 November 2020	10 December 2019	30 November 2018	18 October 2017
Grant date share price	$5.32	$7.37	$7.00	$2.76	$1.78	$0.89	$1.00
Volatility	30%	30%	30%	40%	40%	40%	45%
Dividend yield	1.43%	1.25%	1.25%	1.27%	1.42%	2.29%	2.70%
Risk-free rate	4.52%	1.32%	1.39%	0.85%	1.11%	2.59%	2.72%
Fair value	$1.28	$2.30	$2.35	$1.65	$1.04	$0.33	$0.46

[1] No Loan Funded Shares were issued during FY23 (FY22: 426,583). Peter Nash is entitled to $50,000 worth of Loan Funded Shares on each anniversary of his appointment as Chairman in accordance with the terms of his contract. Loan Funded Shares were not issued to Mr Nash during FY23 and will be issued following shareholder approval at the 2023 Annual General Meeting scheduled for 23 November 2023. Mr Nash's entitlement in respect of FY23 has been recorded at the estimated fair value using a Black-Scholes option pricing model as at 30 June 2023 and will be revalued as at the future issue date during FY24.

NOTE 37. SHARE BASED PAYMENTS (continued)

Long-term Incentive Plan

The Group's Long-term Incentive (LTI) Plan is designed to incentivise and retain the Group's Executives via long-term share based incentive payments (Performance Rights) linked to the financial performance of the Group. The key performance indicator is actual versus forecast Net Profit After Tax.

NOTE 38. EVENTS AFTER THE REPORTING PERIOD

On 5 July 2023, the Group announced it had signed binding share purchase agreements to acquire 100% of Project Safety Holdings Pty Ltd ("Smoke Alarms Australia" or "SAA") and 70% of Link Fire Holdings Pty Ltd ("Linkfire") for total upfront cash consideration of $61.8m plus an aggregate earn-out of up to $17.25m (together, the "Acquisitions"), to be funded by a $65m fully underwritten institutional placement ("Placement") and a non-underwritten share purchase plan ("SPP") targeting a maximum of $5m (together, the "Equity Raising").

The Acquisitions set the foundation for the Group's 5th Strategic Growth Pillar – "Essential Home Services", and progress Johns Lyng towards its goal of becoming a full turnkey solution for Homeowners, Property Managers and Strata Managers.

On 6 July 2023, the Group announced the successful completion of the Placement, raising $65m which received strong support from existing shareholders and new investors. Approximately 12.6m new fully paid ordinary shares ("New Shares") were issued under the Placement which was priced at $5.15 per New Share ("Placement Price"), representing a 5.2% discount to Johns Lyng's last closing price on 4 July 2023 of $5.43 and a premium to the underwritten floor price of $5.00 per New Share. Settlement of New Shares issued under the Placement occurred on 10 July 2023, with allotment and normal trading on 11 July 2023.

Both Acquisitions legally Completed on 11 July 2023 (effective 1 July 2023).

On 31 July 2023, the Group announced the successful completion of the SPP raising $5m.

The SPP closed on 26 July 2023 and 970,873 New Shares were issued priced at $5.15 per New Share, being the Placement Price.

On 23 August 2023, Johns Lyng's subsidiary Bright & Duggan signed a binding agreement to acquire a 100% equity interest in Sydney-based Your Local Strata (effective 1 September 2023). Your Local Strata manages 3,077 lots across 187 buildings/strata schemes. Bright & Duggan paid $2.232m cash at Completion (net of a 10% retention pending finalisation of customary post-Completion purchase adjustments), plus a potential earn-out of up to $0.62m, payable in cash subject to the financial performance of the business in FY24.

FY23 Final Dividend

On 29 August 2023, the Board declared a final dividend of 4.5 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 4.5 cents per share (fully franked), totalling 9.0 cents per share (fully franked) and representing approximately 52% of NPAT attributable to the owners of Johns Lyng Group for FY23.

The final dividend will be paid on 18 September 2023 with a record date of entitlement of 4 September 2023.

There are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

30 June 2023

The Directors declare that:

1. In the Directors' opinion, the financial statements and notes thereto, as set out on pages 68 to 114, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

   (b) complying with International Financial Reporting Standards as stated in note 2(a) of the consolidated financial statements; and

   (c) giving a true and fair view of the financial position of the Group as at 30 June 2023 and of its performance for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that Johns Lyng Group Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Group Chief Executive Officer and Group Chief Financial Officer to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors

Peter Nash
Chairman

29 August 2023

Scott Didier AM
Managing Director

29 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNS LYNG GROUP

PITCHER PARTNERS

JOHNS LYNG GROUP LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Johns Lyng Group Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and work in progress on construction contracts - accrued income and income in advance Refer to note 3, note 11 and note 20.	
For the year ended 30 June 2023, the Group's revenue from construction contracts and other service revenue totalled $1.28b. Revenue from construction contracts is recognised over time as the services are provided to the customer, based on costs incurred for work performed to date as a percentage of total estimated costs under the contract or amounts billed as a percentage of the contract value. As disclosed in note 3, significant management judgements and estimates are required in determining total contract revenue and costs, which has led to our inclusion of recognition of revenue and work in progress on construction contracts as a key audit matter.	Audit procedures included, amongst others: • Obtaining an understanding of the process undertaken by management to account for the recognition of revenue and work in progress; • Testing the operating effectiveness of relevant controls in respect of revenue and work in progress recognition; • Obtaining an understanding of and evaluating the design and implementation of and testing the operating effectiveness of relevant controls in respect of the purchases process in respect of the costs incurred as a percentage of total estimated costs; • Recalculating classification between accrued income and income in advance; • Evaluating significant management judgements and estimates on a sample of contracts; • Agreeing, on a sample basis, job data back to source documentation, including customer contracts, approved variations and capitalised job costs; • Assessing the revenue recognition for compliance with AASB 15 *Revenue from Contracts with* Customers; and • Assessing the adequacy of the disclosures in the financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED

Impairment of intangible assets Refer to note 3 and note 14	
In assessing impairment of intangible assets, management have estimated the recoverable amount for each relevant cash generating unit ("CGU"). As a result of the assumptions and estimates made by management in determining the recoverable amount of each CGU, no impairment charge has been recognised for the year ended 30 June 2023. As disclosed in note 3, significant judgements and estimation is required in determining the recoverable amount of each CGU including but not limited to discount rate, growth rates, terminal growth rate and expected future cash flows, which has led to our inclusion of intangibles as a key audit matter.	Audit procedures included, amongst others: • Obtaining an understanding and evaluating the design and implementation of relevant controls in respect of intangible assets; • Assessing the reliability of management's historical forecasting in comparison to actual performance; • Evaluating management's significant judgements and estimations around future cash flow, growth rates and terminal growth rates with specific reference to historical and expected performance of each relevant CGU, current market conditions and corroborating events; • Performing sensitivity testing of management's valuation models with specific attention to the discount rate applied and the achievement of Board approved forecasts and growth assumptions; • Engaging an internal expert to evaluate management's valuation models used in assessing impairment with particular regard to observable market benchmarks, including reviewing the terminal growth rate and discount rate; • Engaging an internal expert to evaluate the discount rate adopted by management in comparison to a reasonable range of alternatives; • Evaluating the qualifications and expertise of our internal expert; and • Assessing the adequacy and accuracy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNS LYNG GROUP

PITCHER PARTNERS

JOHNS LYNG GROUP LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

PITCHER PARTNERS

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNS LYNG GROUP

PITCHER PARTNERS

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 54 to 65 of the Directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Johns Lyng Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

29 August 2023

SHAREHOLDER INFORMATION

30 June 2023

Additional Securities Exchange information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to Shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 2 August 2023 (Reporting Date).

Substantial holders

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, were as follows:

Holder of equity securities	Class of equity securities	Number of equity securities held	% of total issued securities in relevant class
– JLRX Investments Pty Limited/ Scott Didier AM	Ordinary Shares	48,966,567	17.73%
– Trump One Pty Limited/ Scott Didier AM	Ordinary Shares	469,031	0.17%
– Yvette & Scott Investments Pty Ltd/ Scott Didier AM	Ordinary Shares	11,219	–
Total – Scott Didier AM	**Ordinary Shares**	**49,446,817**	**17.90%**
Capital Research and Management Company	Ordinary Shares	17,606,087	7.85%

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities was as follows:

Class of equity securities	Number of holders
Fully paid ordinary shares	6,847

Voting rights of equity securities

The only class of equity securities on issue in the Company which carries voting rights is ordinary shares.

As at the Reporting Date, there were 6,847 holders of a total of 276,315,537 ordinary shares of the Company.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative, has one vote on a show of hands. On a poll, every member (or his or her proxy, attorney or representative) is entitled to one vote for each fully paid ordinary share held and in respect of each partly paid ordinary share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amount paid and payable on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

SHAREHOLDER INFORMATION

30 June 2023

Distribution of holders of equity securities

The distribution of holders of equity securities on issue in the Company as at the Reporting Date was as follows:

Distribution of ordinary shareholders

Holding ranges	Holders	Total ordinary shares	%
1 – 1,000	3,850	1,511,342	0.55%
1,001 – 5,000	1,938	4,788,038	1.73%
5,001 – 10,000	529	3,865,830	1.40%
10,001 – 100,000	462	11,872,718	4.30%
>100,000	68	254,277,609	92.02%
Total	**6,847**	**276,315,537**	**100.00%**

Number of holders

As at the Reporting Date, the number of holders in each class of equity securities was as follows:

Class of equity securities	Number of holders
Fully Paid ordinary shares	6,831
Fully paid ordinary shares restricted until 30 August 2023	9
Fully paid ordinary shares restricted until 1 January 2024	2
Loan Funded Ordinary Shares restricted until 31 December 2024	5
Performance rights (FY21 LTI – tranche 1)[1]	7
Performance rights (FY21 – staff bonus)[2]	1
Performance rights (FY22 STI – tranche 3)[3]	9
Performance rights (FY22 LTI – tranche 1)[4]	8
Performance rights (FY23 – staff bonus)[5]	1

[1] Performance rights vest 1 July 2024.

[2] Performance rights vest 22 November 2026.

[3] Performance rights vest 1 July 2024.

[4] Performance rights vest 1 July 2025.

[5] Performance rights vest 15 December 2027.

Escrow

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary shares	Voluntary escrow	22,138	30 August 2023
Ordinary shares	Voluntary escrow	403,015	1 January 2024
Loan Funded Ordinary Shares	Voluntary escrow	418,382	31 December 2024
Total		**843,535**	

SHAREHOLDER INFORMATION

30 June 2023

Less than marketable parcels of ordinary shares

The number of holders of less than a marketable parcel of ordinary shares (UMP) based on the closing market price at the Reporting Date is as follows:

Total ordinary shares	UMP ordinary shares	UMP holders	% of issued ordinary shares held by UMP holders
276,315,537	29,339	494	0.01%

Unquoted equity securities

Class of equity securities	Number of securities
Performance rights (FY21 LTI – tranche 1)[1]	135,566
Performance rights (FY21 – staff bonus)[2]	203,341
Performance rights (FY22 STI – tranche 3)[3]	47,680
Performance rights (FY22 LTI – tranche 1)[4]	119,134
Performance rights (FY23 – staff bonus)[5]	152,937
Total	**658,658**

[1] Performance rights vest 1 July 2024.

[2] Performance rights vest 22 November 2026.

[3] Performance rights vest 1 July 2024.

[4] Performance rights vest 1 July 2025.

[5] Performance rights vest 15 December 2027.

The Company does not have any other unquoted equity securities on issue.

SHAREHOLDER INFORMATION

30 June 2023

Twenty largest shareholders

The Company has only one class of quoted equity securities, being ordinary shares. As at the Reporting Date, the names of the 20 largest holders of ordinary shares, the number of ordinary shares and percentage of ordinary shares held by each holder was as follows:

Rank	Holder name	Balance as at Reporting Date	% of total issued ordinary shares
1	HSBC Custody Nominees (Australia) Limited	56,695,619	20.52%
2	JLRX Investments Pty Ltd	48,966,567	17.72%
3	J P Morgan Nominees Australia Pty Limited	38,393,878	13.89%
4	Citicorp Nominees Pty Limited	34,016,602	12.31%
5	National Nominees Limited	13,533,955	4.90%
6	Washington H Soul Pattinson and Company Limited	12,803,878	4.63%
7	Abilas Holdings Australia Pty Ltd	7,862,217	2.85%
8	Steadfast Group Limited	6,011,940	2.18%
9	BNP Paribas Noms Pty Ltd	4,282,268	1.55%
10	John Mc Pty Ltd	3,439,490	1.24%
11	BNP Paribas Nominees Pty Ltd	3,427,398	1.24%
12	NSC Collective Pty Ltd	2,231,245	0.81%
13	HSBC Custody Nominees (Australia) Limited – A/C 2	1,247,388	0.45%
14	P&T Folkard Investments P/L	1,240,500	0.45%
15	Mr Thomas Andrew Alvin & Mrs Sally Anne Alvin	1,200,027	0.43%
16	Abilas Super Pty Ltd	1,004,086	0.36%
17	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	974,941	0.35%
18	Sandhurst Trustees Ltd	916,481	0.33%
19	Mr Trevor Darrell Bright	914,466	0.33%
20	Two Strides Ahead Pty Ltd	870,485	0.32%
	Total number of shares of top 20 holders	**240,033,431**	**86.87%**

Other information

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the *Corporations Act 2001* which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

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RE CONSTRUCTION EXPERTS
ADVANCED ROOFING + SHEET METAL