

APPENDIX 4D

1. COMPANY DETAILS

Name of entity:	Johns Lyng Group Limited
ABN:	86 620 466 248
Reporting period:	For the half-year ended 31 December 2023
Previous periods:	For the year ended 30 June 2023 For the half-year ended 31 December 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities (sales)	down	3.9%	to	610,599
Profit from ordinary activities after tax attributable to the owners of Johns Lyng Group	down	7.3%	to	23,362
Profit after tax attributable to the owners of Johns Lyng Group	down	7.3%	to	23,362

Explanatory note on results

The profit for the Group after providing for income tax and non-controlling interests amounted to \$23,362,000 (31 December 2022: \$25,211,000). For further information refer to the 'operating and financial review' section within the attached Directors' report.

3. CONTROL GAINED OVER ENTITIES OR BUSINESSES

On 11 July 2023 (effective 1 July 2023), the Group acquired a 100% equity interest in Project Safety Holdings Pty Ltd trading as Smoke Alarms Australia ("SAA") – a Sydney-based, national provider of smoke alarm, electrical and gas compliance, testing and maintenance services.

On 11 July 2023 (effective 1 July 2023), the Group acquired a 70% equity interest in Link Fire Holdings Pty Ltd ("Linkfire") – a leading provider of fire and essential safety services in Victoria and Newcastle (NSW).

On 6 September 2023 (effective 1 September 2023), Johns Lyng's subsidiary Bright & Duggan acquired a 100% equity interest in Sydney-based Your Local Strata. Your Local Strata manages 3,077 lots across 187 buildings/strata schemes.

4. LOSS OF CONTROL OVER ENTITIES OR BUSINESSES

Not applicable.

5. DIVIDENDS

Ordinary Shares	31 December 2023 ¹	31 December 2022 ²
	\$	\$
Dividends paid during the half-year (fully franked)	12,434,000	7,824,000

¹ The final dividend in respect of the year ended 30 June 2023 was paid on 18 September 2023.

² The final dividend in respect of the year ended 30 June 2022 was paid on 19 September 2022.

On 27 February 2024, the Board declared an interim dividend of 4.7 cents per share (fully franked) (31 December 2022: 4.5 cents per share), representing 55.9% of NPAT attributable to the owners of Johns Lyng Group for the half-year ended 31 December 2023 (31 December 2022: 46.6%). The interim dividend will be paid on 19 March 2024 with a record date of entitlement of 4 March 2024.

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6. DIVIDEND REINVESTMENT PLANS

Not applicable.

7. NET TANGIBLE ASSETS

Net Tangible Assets (NTA)¹ per ordinary security for the half-year ended 31 December 2023 was 40.70 cents (31 December 2022: 38.96 cents).

¹ Includes right-of-use assets and lease liabilities and prepaid consideration for business acquisition.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

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 interim financial statements were subject to a review by the independent auditor resulting in an unmodified opinion. The review report is attached as part of the Financial Report for the half-year ended 31 December 2023.

11. ATTACHMENTS

Details of attachments (if any):

The Financial Report of Johns Lyng Group Limited for the half-year ended 31 December 2023 is attached.

12. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Refer to the attached interim financial statements.

13. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Refer to the attached interim financial statements.

14. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Refer to the attached interim financial statements.

15. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Refer to the attached interim financial statements.

16. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Refer to the attached interim financial statements.

17. OTHER INFORMATION REQUIRED BY LISTING RULE 4.2A.3

Other information requiring disclosure to comply with Listing Rule 4.2A.3 is contained in the Financial Report for the half-year ended 31 December 2023 (which includes the Directors' report).

APPENDIX 4D

18. ACCOUNTING STANDARDS

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

19. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2024, the Board declared an interim dividend of 4.7 cents per share (fully franked) (31 December 2022: 4.5 cents per share), representing 55.9% of NPAT attributable to the owners of Johns Lyng Group for the half-year ended 31 December 2023 (31 December 2022: 46.6%). The interim dividend will be paid on 19 March 2024 with a record date of entitlement of 4 March 2024.

On 5 February 2024, Johns Lyng announced to the ASX that it had entered into a partnership with Allstate (one of the largest insurance companies in the United States) – to join its Emergency Response and Mitigation Panel. The arrangement represents a significant milestone in the Group's organic growth strategy.

On 23 February 2024, Johns Lyng's subsidiary Bright & Duggan signed a binding agreement to acquire a 100% equity interest in Gold Coast-based AM Strata (effective 1 March 2024). AM Strata manages 3,948 lots across 136 buildings/strata schemes. Bright & Duggan will pay \$4.036m cash at Completion (net of an approximate 10% retention pending finalisation of customary post-Completion purchase adjustments).



JOHNS LYNG GROUP LIMITED
ABN 86 620 466 248
AND CONTROLLED ENTITIES

FINANCIAL REPORT

for the half-year ended 31 December 2023



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31 December 2023

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DIRECTORS' REPORT

31 December 2023

The Directors present their report, together with the interim financial statements of 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 half-year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of Insurance Building and Restoration Services, Commercial Building Services and Commercial Construction.

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

There were no significant changes in the nature of the Group's activities during the period.

DIRECTORS AND COMPANY SECRETARY

The following persons were Directors or the Company Secretary of Johns Lyng Group during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- 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)
- Adrian Gleeson (Executive Director, appointed 28 September 2017)
- Robert Kelly AM (Non-executive Director, appointed 1 December 2017)
- Larisa Moran (Non-executive Director, appointed 10 September 2018)
- Curt Mudd (Non-executive Director, appointed 1 December 2018)
- Peter Dixon (Non-executive Director, appointed 25 February 2020)
- Alex Silver (Non-executive Director, appointed 8 February 2024)
- Shannon Coates (Company Secretary, appointed 18 September 2023)
- Hasaka Martin (Company Secretary, resigned 18 September 2023)

OPERATING AND FINANCIAL REVIEW

Financial information in the operating and financial review is based on the reviewed condensed consolidated interim financial statements for the half-year ended 31 December 2023.

Profit for the Group after providing for income tax and non-controlling interests amounted to \$23.4m (31 December 2022: \$25.2m).

- Sales revenue for the half-year ended 31 December 2023 of \$610.6m (31 December 2022: \$635.6m) was 3.9% lower due to a \$65.7m reduction in Catastrophe ("CAT") revenue offset by an increase of \$40.7m in 'Business-as Usual' ("BaU") revenue. BaU revenue increased by \$64.5m (15.8%) excluding Commercial Construction, which is in the latter stages of run-off.
- Gross margin for the half-year ended 31 December 2023 was 24.7% (31 December 2022: 21.1%). The increase of 3.6% was a result of job mix and acquisitions.
- Profit before tax for the half-year ended 31 December 2023 of \$45.9m (31 December 2022: \$48.9m) was 6.1% lower as a result of increased overheads relative to revenue including: depreciation, amortisation, interest and transaction related expenses.
- Income tax expense for the half-year ended 31 December 2023 was \$14.8m (31 December 2022: \$14.7m). The implied effective income tax rate is broadly in-line with FY23.

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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead 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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Peter Nash
Chairman

27 February 2024



Scott Didier AM
Managing Director

27 February 2024

LEAD AUDITOR'S INDEPENDENCE DECLARATION

31 December 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Johns Lyng Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Johns Lyng Group Limited and controlled entities for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that appears to be 'Tony Romeo'.

Tony Romeo
Partner

Melbourne
27 February 2024

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2023

	Consolidated		
	Note	31 December 2023 \$'000	31 December 2022 \$'000
Revenue			
Sales income	4	610,599	635,602
Cost of sales		(459,857)	(501,602)
Gross profit		150,742	134,000
Other revenue and income	4	4,369	1,906
Expenses			
Administration expenses		(1,993)	(1,358)
Advertising expenses		(3,920)	(3,319)
Depreciation and amortisation		(14,931)	(9,478)
Employee benefits expenses		(52,813)	(45,452)
Finance costs		(3,021)	(1,519)
Insurance expenses		(5,748)	(4,713)
IT expenses		(5,311)	(4,599)
Motor vehicle expenses		(6,407)	(4,968)
Occupancy expenses		(1,263)	(1,329)
Printing, postage and stationery expenses		(1,200)	(920)
Professional fees		(3,675)	(2,479)
Telephone and communication expenses		(1,551)	(1,560)
Transaction related expenses		(2,796)	(660)
Travel expenses		(2,235)	(2,614)
Other expenses		(2,366)	(2,052)
Total expenses		(109,230)	(87,020)
Profit before income tax		45,881	48,886
Income tax expense		(14,818)	(14,745)
Profit after income tax for the half-year		31,063	34,141
Attributable to:			
Owners of Johns Lyng Group		23,362	25,211
Non-controlling interests		7,701	8,930
		31,063	34,141

	Cents	Cents
Earnings per share (EPS) for profit from continuing operations attributable to equity holders of Johns Lyng Group:		
Basic earnings per share	8.47	9.68
Diluted earnings per share	8.45	9.65

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

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023 \$'000	31 December 2022 \$'000
Profit after income tax for the half-year	31,063	34,141
Other comprehensive income		
<i>Items that are or may be subsequently reclassified to profit or loss</i>		
Movement in foreign currency translation reserve	(8,197)	4,003
Total other comprehensive income for the period	22,866	38,144
Attributable to:		
Owners of Johns Lyng Group	15,165	29,214
Non-controlling interests	7,701	8,930
	22,866	38,144

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	
	Note	31 December 2023 \$'000	30 June 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		109,030	130,034
Trade and other receivables	5	188,738	211,171
Inventories		4,906	3,828
Accrued income		42,417	48,926
Other current assets		10,123	5,659
Total current assets		355,214	399,618
Non-current assets			
Property, plant and equipment		38,004	40,378
Intangibles	6	361,364	282,995
Right-of-use assets		20,252	24,571
Deferred tax asset		4,725	5,150
Other receivables	5	20,669	32,770
Total non-current assets		445,014	385,864
Total assets		800,228	785,482
Liabilities			
Current liabilities			
Trade and other payables		178,850	200,581
Borrowings	7	13,923	13,335
Current tax liability		8,718	13,375
Employee provisions		11,073	10,254
Non-controlling interest liabilities		2,722	3,265
Right-of-use lease liabilities		8,372	8,988
Income in advance		48,773	69,781
Total current liabilities		272,431	319,579
Non-current liabilities			
Right-of-use lease liabilities		13,896	17,657
Borrowings	7	41,443	44,830
Deferred tax liabilities		10,379	8,074
Employee provisions		1,744	1,167
Total non-current liabilities		67,462	71,728
Total liabilities		339,893	391,307
Net assets		460,335	394,175
Equity			
Issued capital	8	396,341	317,534
Reserves	9	(37,684)	(18,360)
Retained earnings		70,500	59,572
Equity attributable to the owners of Johns Lyng Group		429,157	358,746
Non-controlling interests	10	31,178	35,429
Total equity		460,335	394,175

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Consolidated – 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	317,534	(18,360)	59,572	35,429	394,175
Profit for the half-year	–	–	23,362	7,701	31,063
Movement in foreign currency translation reserve	–	(8,197)	–	–	(8,197)
Total other comprehensive income for the half-year	–	(8,197)	23,362	7,701	22,866
<i>Transactions with owners in their capacity as owners:</i>					
Transactions with non-controlling interests	–	(10,565)	–	(4,500)	(15,065)
Issue of shares in connection with business acquisitions	2,346	–	–	–	2,346
Non-controlling interests recognised on business acquisitions	–	–	–	820	820
Dividends	–	–	(12,434)	(2,897)	(15,331)
Distributions	–	–	–	(5,375)	(5,375)
Share based payments	–	1,398	–	–	1,398
Issue of shares – vesting of Performance Rights ¹	1,960	(1,960)	–	–	–
Issue of shares – Institutional Placement	65,001	–	–	–	65,001
Issue of shares – exercise of call options	5,995	–	–	–	5,995
Issue of shares – Share Purchase Plan	5,001	–	–	–	5,001
Share issue transaction expenses net of tax	(1,496)	–	–	–	(1,496)
Balance at 31 December 2023	396,341	(37,684)	70,500	31,178	460,335

¹ Issued under the Employee and Executive Incentive Plan.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Consolidated – 31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	297,544	(10,137)	32,305	13,054	332,766
Profit for the half-year	–	–	25,211	8,930	34,141
Movement in foreign currency translation reserve	–	4,003	–	–	4,003
Total other comprehensive income for the half-year	–	4,003	25,211	8,930	38,144
<i>Transactions with owners in their capacity as owners:</i>					
Transactions with non-controlling interests	–	(16,407)	–	22,660	6,253
Issue of shares in connection with business acquisitions	12,036	–	–	–	12,036
Non-controlling interests recognised on business acquisitions	–	–	–	185	185
Foreign currency translation differences	–	–	–	(2)	(2)
Dividends	–	–	(7,824)	(3,778)	(11,602)
Distributions	–	–	–	(6,159)	(6,159)
Share based payments	120	1,110	–	–	1,230
Issue of shares – vesting of Performance Rights ¹	1,009	(1,009)	–	–	–
Balance at 31 December 2022	310,709	(22,440)	49,692	34,890	372,851

¹ Issued under the Employee and Executive Incentive Plan.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities		
Receipts from customers	677,537	706,716
Payments to suppliers and employees	(647,801)	(636,303)
Interest received	2,767	1,111
Finance costs	(3,021)	(1,519)
Income tax paid	(17,840)	(8,716)
Net cash from operating activities	11,642	61,289
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,903	671
Payments for property, plant and equipment	(2,854)	(9,021)
Payments for intangibles (software)	(891)	(871)
Cash acquired on acquisition	3,245	406
Payment for business acquisition – 44.5% equity interest in Bright & Duggan	–	(15,360)
Payments for business acquisitions	(57,489)	(3,371)
Payments for business acquisitions - liabilities assumed and paid at Completion	(7,559)	–
Payments for business acquisitions - deferred consideration	(1,062)	–
Net cash used in investing activities	(64,707)	(27,546)
Cash flows from financing activities		
Proceeds from share issues	70,002	–
Proceeds from borrowings	5,754	30,120
Repayment of borrowings	(9,309)	(15,784)
Payments to non-controlling interests	(10,782)	(7,913)
Payments to related parties (net)	–	(41)
Payment of right-of-use (principal) lease liabilities	(4,769)	(3,791)
Repayment of hire purchase liabilities	(4,263)	(2,848)
Dividends paid	(12,434)	(7,824)
Share issue transaction expenses	(2,138)	–
Net cash from/(used in) financing activities	32,061	(8,081)
Net (decrease)/increase in cash and cash equivalents	(21,004)	25,662
Cash and cash equivalents at the beginning of the financial half-year	130,034	56,972
Cash and cash equivalents at the end of the financial half-year	109,030	82,634

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 1. GENERAL INFORMATION

The condensed consolidated interim financial statements ("interim financial statements") cover Johns Lyng Group Limited and its controlled entities as a group. The interim 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

1 Williamsons Road
Doncaster VIC 3108

Principal place of business

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 interim financial statements.

The interim financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2024. The Directors have the power to amend and reissue the interim financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation of the condensed consolidated half-year financial report

These interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 (Interim Financial Reporting) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 (Interim Financial Reporting) ensures compliance with International Financial Reporting Standard IAS 34 (Interim Financial Reporting).

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Except as described below, the accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2023.

(b) New accounting standards and interpretations issued

The Group 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 half-year. There has been no material effect.

(c) Rounding of amounts

The Company is of a kind referred to in *ASIC 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.

(d) Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the last annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 3. 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's')) in assessing performance and in determining the allocation of resources.

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

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

Accounting policy for operating segments

Operating segments are presented using the 'management approach', whereby 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.

Operating segment information

	Insurance Building and Restoration Services	Commercial Building Services	Commercial Construction	Other	Intercompany eliminations	Total
Consolidated – 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Sales to external customers	546,493	46,249	17,769	88	–	610,599
Intersegment sales	14,558	2,578	–	956	(18,092)	–
Total sales revenue	561,051	48,827	17,769	1,044	(18,092)	610,599
Total other revenue and expenses	(492,420)	(44,168)	(23,613)	(7,402)	18,092	(549,511)
EBITDA¹	68,631	4,659	(5,844)	(6,358)	–	61,088
Depreciation and amortisation	(13,556)	(1,373)	–	(2)	–	(14,931)
Interest income	2,280	51	–	436	–	2,767
Finance costs	(2,344)	(143)	242	(776)	–	(3,021)
Banking facility arrangement fee amortisation	(22)	–	–	–	–	(22)
Profit/(loss) before income tax expense	54,989	3,194	(5,602)	(6,700)	–	45,881
Income tax expense						(14,818)
Profit after income tax expense						31,063

¹ EBITDA includes transaction related expenses of \$2,773,748 shown in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 3. OPERATING SEGMENTS (continued)

	Insurance Building and Restoration Services	Commercial Building Services	Commercial Construction	Other	Intercompany eliminations	Total
Consolidated – 31 December 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Sales to external customers	560,917	32,986	41,590	109	–	635,602
Intersegment sales	13,274	2,615	–	2,158	(18,047)	–
Total sales revenue	574,191	35,601	41,590	2,267	(18,047)	635,602
Total other revenue and expenses	(510,400)	(32,006)	(46,651)	(5,771)	18,047	(576,781)
EBITDA¹	63,791	3,595	(5,061)	(3,504)	–	58,821
Depreciation and amortisation	(8,074)	(1,349)	(86)	31	–	(9,478)
Interest income	1,049	43	13	6	–	1,111
Finance costs	(1,091)	(5)	17	(440)	–	(1,519)
Banking facility arrangement fee amortisation	(15)	–	–	(34)	–	(49)
Profit/(loss) before income tax expense	55,660	2,284	(5,117)	(3,941)	–	48,886
Income tax expense						(14,745)
Profit after income tax expense						34,141

¹ EBITDA includes transaction related expenses of \$611,690 shown in the condensed consolidated statement of profit or loss.

Geographical Information

	Australia and New Zealand	United States	Total
	\$'000	\$'000	\$'000
31 December 2023			
Sales revenue	497,418	113,181	610,599
Non-current assets	222,319	222,695	445,014
31 December 2022			
Sales revenue	515,582	120,020	635,602
Non-current assets	134,689	232,373	367,062

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 4. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2023 \$'000	31 December 2022 \$'000
Sales income		
Insurance Building and Restoration Services	546,493	560,917
Commercial Building Services	46,249	32,986
Commercial Construction	17,769	41,590
Other	88	109
	610,599	635,602
Other revenue and income		
Interest income	2,767	1,111
Other revenue	1,345	741
Profit on sale of property, plant and equipment	257	54
	4,369	1,906

NOTE 5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Current		
Trade receivables	157,497	179,664
Trade retentions	13,187	19,231
Other debtors	3,995	3,215
	17,182	22,446
Related parties	913	913
Non-controlling interests ¹	13,146	8,148
	14,059	9,061
Total	188,738	211,171
Non-current		
Non-controlling interests ¹	20,669	32,770

¹ These amounts represent receivables from non-controlling interests arising from their acquisition of paid up capital.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 6. INTANGIBLES

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Goodwill	317,702	248,129
Trademarks	14,387	12,184
Customer contracts	33,038	26,024
Less: accumulated amortisation	(7,781)	(5,925)
	25,257	20,099
Software	4,347	2,600
Less: accumulated amortisation	(329)	(17)
	4,018	2,583
	361,364	282,995

Reconciliations

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

Consolidated	Goodwill \$'000	Trademarks \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Balance at 30 June 2023	248,129	12,184	20,099	2,583	282,995
Additions	–	–	–	891	891
Additions through business acquisitions	75,228	2,512	7,164	905	85,809
Post-Completion purchase price adjustment	76	–	–	–	76
Foreign exchange movements	(5,731)	(309)	(38)	(49)	(6,127)
Amortisation expense	–	–	(1,968)	(312)	(2,280)
Balance at 31 December 2023	317,702	14,387	25,257	4,018	361,364

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 7. BORROWINGS

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Current borrowings		
Secured:		
Insurance premium funding	4,692	3,434
Hire purchase	8,847	7,664
Bank loans	384	2,237
	13,923	13,335
Non-current borrowings		
Secured:		
Hire purchase	9,076	9,131
Bank loans	32,367	35,699
	41,443	44,830

NOTE 8. EQUITY – ISSUED CAPITAL

	Consolidated			
	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$'000	30 June 2023 \$'000
Ordinary shares – fully paid	277,873,789	262,297,796	396,341	317,534

Movements in ordinary share capital

Details	Date	Shares	\$'000
Opening balance	1 July 2023	262,297,796	317,534
Issue of shares – Institutional Placement	11 July 2023	12,621,360	65,001
Share issue transaction expenses net of tax	11 July 2023	–	(1,496)
Issue of shares – vesting of Performance Rights	12 July 2023	425,508	1,332
Issue of shares – Share Purchase Plan	2 August 2023	970,873	5,001
Issue of shares – Loan Funded Shares	24 November 2023	15,625	–
Issue of shares – business acquisition (deferred consideration)	24 November 2023	100,721	550
Issue of shares – business acquisition (earn-out)	24 November 2023	276,097	1,796
Issue of shares – exercise of call options	24 November 2023	1,049,666	5,995
Issue of shares – vesting of Performance Rights	27 November 2023	116,143	628
Balance	31 December 2023	277,873,789	396,341

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 9. EQUITY – RESERVES

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Foreign currency translation reserve	9,839	18,036
Options reserve	4,682	5,244
Changes in subsidiary interests reserve	(52,205)	(41,640)
Balance at 31 December 2023	(37,684)	(18,360)

Movements in reserves

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

	Foreign currency translation reserve	Options reserve	Changes in subsidiary interests reserve	Total
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	18,036	5,244	(41,640)	(18,360)
Transactions with non-controlling interests	–	–	(10,565)	(10,565)
Movement in foreign currency translation reserve	(8,197)	–	–	(8,197)
Share based payments	–	1,398	–	1,398
Issue of shares – vesting of Performance Rights ¹	–	(1,960)	–	(1,960)
Balance at 31 December 2023	9,839	4,682	(52,205)	(37,684)

¹ Issued under the Employee and Executive Incentive Plan.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 10. NON-CONTROLLING INTERESTS

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
Non-controlling interests – paid up capital in subsidiaries	29,322	33,561
Non-controlling interests – share of retained earnings	(3,677)	(3,150)
Non-controlling interests – share of acquisition date net intangible assets recognised on consolidation ¹	5,533	5,018
	31,178	35,429
Non-controlling interests – paid up capital in subsidiaries		
Opening balance	33,561	3,953
Transactions with the Group	(4,239)	29,443
Issue of shares to non-controlling interests	–	165
Closing balance	29,322	33,561
Non-controlling interests – share of retained earnings		
Opening balance	(3,150)	1,773
Share of profit after income tax	7,955	16,292
Share of dividends	(2,897)	(5,924)
Share of distributions	(5,375)	(11,425)
Transactions with the Group	–	(3,978)
Retained earnings/(accumulated losses) (net of fair value adjustments) acquired through business acquisitions	(210)	112
Closing balance	(3,677)	(3,150)
Non-controlling interests – share of acquisition date net intangible assets recognised on consolidation¹		
Opening balance	5,018	7,384
Transactions with the Group	(261)	135
Reserves acquired through business acquisitions ¹	1,030	(2,173)
Share of customer contracts amortisation expense net of tax	(254)	(328)
Closing balance	5,533	5,018

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 11. BUSINESS COMBINATIONS

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	2,506
Deferred (non-contingent) consideration	270
Total purchase consideration	2,776

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)
Current tax liability	(74)
Employee provisions	(67)
Deferred tax liability	(173)
Net identifiable assets acquired	389
Add: goodwill	2,387
Total purchase consideration	2,776

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. The full amount was expected to be collectible at the date of acquisition.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 11. BUSINESS COMBINATIONS (continued)

Linkfire (provisionally accounted)

On 11 July 2023 (effective 1 July 2023), Johns Lyng acquired a 70% controlling equity interest in Link Fire Holdings Pty Ltd ("Linkfire"). Linkfire is a leading provider of fire and essential safety services in Victoria and Newcastle (NSW).

The strategic rationale for the acquisition was to facilitate the Group's expansion into the "Essential Home Services" market.

Control was obtained via share purchase.

Details of the purchase consideration:	\$'000
Cash paid	11,676
Deferred consideration (post-Completion purchase price adjustment)	342
Contingent consideration	6,250
Total purchase consideration	18,268

A potential earn-out of up to \$6,250,000 is payable based on the financial performance of Linkfire for FY24 and FY25. Accordingly, the Group has recognised a potential earn-out liability in the amount of \$6,250,000 at the reporting date being the maximum earn-out payable.

No earn-out amounts were paid between the acquisition date and the reporting date.

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	848
Trade and other receivables	733
Inventories	35
Other current assets	10
Intangibles – customer contracts	3,978
Intangibles – trademarks	929
Right-of-use assets	175
Trade and other payables	(1,005)
Borrowings	(582)
Current tax liability	(244)
Employee provisions	(686)
Right-of-use lease liabilities	(175)
Income in advance	(168)
Deferred tax liability	(1,114)
Net identifiable assets acquired	2,734
Add: goodwill	16,354
Less: non-controlling interests based on their proportionate interest	(820)
Total purchase consideration	18,268

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. The full amount was expected to be collectible at the date of acquisition.

Transaction costs

Transaction costs of \$198,485 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 11. BUSINESS COMBINATIONS (continued)

Smoke Alarms Australia (SAA) (provisionally accounted)

On 11 July 2023 (effective 1 July 2023), Johns Lyng acquired a 100% equity interest in Project Safety Holdings Pty Ltd ("Smoke Alarms Australia" or "SAA"). SAA is a Sydney-based national provider of smoke alarm, electrical and gas compliance, testing and maintenance services.

The strategic rationale for the acquisition was to facilitate the Group's expansion into the "Essential Home Services" market. Control was obtained via share purchase.

Details of the purchase consideration:	\$'000
Cash paid	43,505
Contingent consideration	11,000
Total purchase consideration	54,505

A potential earn-out of up to \$11,000,000 is payable based on the financial performance of SAA for FY24. Accordingly, the Group has recognised a potential earn-out liability in the amount of \$11,000,000 at the reporting date being the maximum earn-out payable.

No earn-out amounts were paid between the acquisition date and the reporting date.

Assets and liabilities acquired

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

Assets and liabilities acquired	\$'000
Cash and cash equivalents	2,316
Trade and other receivables	1,555
Inventories	1,258
Current tax asset	48
Other current assets	478
Property, plant and equipment	905
Intangibles – customer contracts	2,224
Intangibles – trademarks	1,583
Intangibles – software	905
Right-of-use assets	402
Trade and other payables	(6,810)
Borrowings	(4,252)
Employee provisions	(750)
Right-of-use lease liabilities	(402)
Income in advance	(1,113)
Deferred tax liability	(257)
Net identifiable liabilities acquired	(1,910)
Add: goodwill	56,415
Total purchase consideration	54,505

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. The full amount was expected to be collectible at the date of acquisition.

Transaction costs

Transaction costs of \$788,605 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 11. BUSINESS COMBINATIONS (continued)

Your Local Strata (provisionally accounted)

On 6 September 2023 (effective 1 September 2023), Johns Lyng's subsidiary Bright & Duggan acquired a 100% equity interest in Sydney-based Your Local Strata. Your Local Strata manages 3,077 lots across 187 buildings/strata schemes.

The strategic rationale for the acquisition 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	2,232
Deferred (non-contingent) consideration	248
Contingent consideration	620
Total purchase consideration	3,100

A potential earn-out of up to \$620,000 is payable based on the financial performance of Your Local Strata for FY24. Accordingly, the Group has recognised a potential earn-out liability in the amount of \$620,000 at the reporting date being the maximum earn-out payable.

No earn-out amounts were paid between the acquisition date and the reporting date.

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	81
Trade and other receivables	25
Intangibles – customer contracts	962
Trade and other payables	(28)
Borrowings	(29)
Current tax liability	(81)
Deferred tax liability	(289)
Net identifiable assets acquired	641
Add: goodwill	2,459
Total purchase consideration	3,100

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. The full amount was expected to be collectible at the date of acquisition.

Transaction costs

Transaction costs of \$35,388 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2023

NOTE 12. DIVIDENDS

	31 December 2023 \$'000	Consolidated 31 December 2022 \$'000
Dividends paid		
Dividends paid of 4.5 cents per share (31 December 2022: 3.0 cents per share) fully franked at 30%	12,434	7,824
Dividends declared after the reporting period and not recognised		
Since the end of the reporting period, the Directors have recommended/declared a dividend of 4.7 cents per share (31 December 2022: 4.5 cents per share) fully franked at 30%	13,060	11,754

NOTE 13. EVENTS AFTER THE REPORTING PERIOD

On 27 February 2024, the Board declared an interim dividend of 4.7 cents per share (fully franked) (31 December 2022: 4.5 cents per share), representing 55.9% of NPAT attributable to the owners of Johns Lyng Group for the half-year ended 31 December 2023 (31 December 2022: 46.6%). The interim dividend will be paid on 19 March 2024 with a record date of entitlement of 4 March 2024.

On 5 February 2024, Johns Lyng announced to the ASX that it had entered into a partnership with Allstate (one of the largest insurance companies in the United States) – to join its Emergency Response and Mitigation Panel. The arrangement represents a significant milestone in the Group's organic growth strategy.

On 23 February 2024, Johns Lyng's subsidiary Bright & Duggan signed a binding agreement to acquire a 100% equity interest in Gold Coast-based AM Strata (effective 1 March 2024). AM Strata manages 3,948 lots across 136 buildings/strata schemes. Bright & Duggan will pay \$4.036m cash at Completion (net of an approximate 10% retention pending finalisation of customary post-Completion purchase adjustments).

There are no other matters or circumstances that have arisen since 31 December 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 periods.

DIRECTORS' DECLARATION

31 December 2023

The directors declare that:

- 1 In the Directors' opinion, the interim financial statements and notes thereto, as set out on pages 1 to 21, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the half-year ended on that date.
- 2 In the Directors' opinion there are reasonable grounds, at the date of this declaration, to believe that *Johns Lyng Group Limited* will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors



Peter Nash
Chairman

27 February 2024



Scott Didier AM
Managing Director

27 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF JOHNS LYNG GROUP



Independent Auditor's Review Report

To the shareholders of Johns Lyng Group Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Johns Lyng Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Johns Lyng Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2023
- Condensed consolidated statement of profit or loss, Condensed consolidated statement of other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 13 including selected explanatory notes
- The Directors' Declaration.

The **Group** comprises Johns Lyng Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF JOHNS LYNG GROUP



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of the Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Tony Romeo
Partner

Melbourne
27 February 2024



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