

Mr Dale Wang
Adviser, Listings Compliance
Australian Securities Exchange
Level 4, 525 Collins Street
Melbourne VIC 3000

9 September 2024

Dear Dale,

Response to ASX Aware Letter Reference: 99225

In response to the questions contained in the ASX Aware Letter dated 3 September 2024, Johns Lyng Group Limited (JLG or **Johns Lyng Group**) responds as follows.

- 1. Does JLG consider that any measure of its statutory or underlying earnings for the financial year ended 30 June 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):**

1.1. If JLG had published earnings guidance, that guidance.

1.2. If JLG is covered by sell-side analysts, the earnings forecasts of those analysts.

1.3. If paragraph 1.1 and 1.2 are not applicable, JLG's earnings for the prior corresponding period, being the financial year ended 30 June 2023.

JLG does not consider that any measure of its statutory or underlying earnings for the 2024 financial year (FY24), as disclosed, differed materially from the market's expectations. JLG notes the indicators set out below (using the numbering from the ASX Aware Letter).

- 1.1. JLG issued earnings guidance for FY24 on 29 August 2023 with the release of its FY23 results. FY24 guidance was for FY24 Sales Revenue of \$1.176bn and FY24 EBITDA of \$128.0m.

This guidance was upgraded by JLG with the release of its 1H FY24 results on 27 February 2024 to FY24 Sales Revenue of \$1.207bn and FY24 EBITDA of \$129.4m.

- 1.2. JLG is covered by a number of sell-side analysts. For the purposes of internal analysis, JLG reviews analyst earnings estimates to form a view of market consensus. JLG takes the average of all the current equity research reports published by sell-side analysts to determine the consensus. This exercise was most recently undertaken on 19 August 2024 and JLG determined the consensus estimate for FY24 Revenue to be \$1.225bn and FY24 EBITDA to be \$132.8m.

- 1.3. Not applicable, noting the FY24 guidance referred to above.

- 2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how JLG determined market expectations in relation to each relevant measure of its earnings, including:**

2.1. If JLG had published earnings guidance, details of:

2.1.1. that guidance and when it was released to the market; and

2.1.2. the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.

- 2.1.1. Refer to the answer provided under 1.1 above.

2.1.2. The JLG Board met on 19 August 2024 and considered the draft unaudited FY24 financial statements. A Board meeting was held on 23 August 2024, at which it was resolved to approve the financial statements for release to the market, subject to immaterial changes and the receipt of audit clearance. The final signed audit report was received on the evening of 26 August 2024 and the Results Announcements were released to the ASX pre-market on the morning of 27 August 2024.

2.2. If JLG used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:

2.2.1. the method that JLG used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not JLG used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate;

2.2.2. the entity's estimate of market expectations using that method; and

2.2.3. the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

2.2.1 Refer to the answer provided under 1.2 above.

2.2.2 Refer to the answer provided under 1.2 above.

2.2.3 Refer to the answer provided under 2.1.2 above.

3. Does JLG consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of JLG's securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

No. The variance between actual earnings and the estimate of market expectations was not material. EBITDA was ahead of company guidance and Revenue was approximately 4% behind company guidance. Accordingly, JLG does not consider that its results as disclosed in the FY24 Results Announcements materially differed from market expectations for FY24.

4. If the answer to question 3 is "no", please provide the basis for that view.

The Company considered ASX's guidance on materiality in Guidance Note 8 in determining whether the variances to FY24 EBITDA and Revenue were material.

5. If the entity first became aware of the variance before the release of Results Announcements, did JLG make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe JLG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps JLG took to ensure that the information was released promptly and without delay.

As noted in the above responses, the Company did not consider the variances to be material. Therefore, no disclosure was made prior to the Results Announcements.

6. Please provide details of any other explanation JLG may have for the trading in its securities following the release of the Results Announcements.

At the same time as the release of the FY24 Results, JLG issued its forecast for FY25. Although forecasting an increase in BaU Revenue and EBITDA compared to FY24, the total Revenue and EBITDA forecast for FY25 represents a decrease compared to FY24 and was below FY25 market consensus. This is likely to have contributed to the trading in JLG securities after the release of the FY24 Results Announcements. The FY25 forecast was published immediately after it was approved.

7. Please confirm that JLG is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

JLG confirms that it is in compliance with the Listing Rules, including Listing Rule 3.1.

8. Please confirm that JLG's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JLG with delegated authority from the board to respond to ASX on disclosure matters.

JLG confirms that the responses to the questions above have been authorized and approved by its Board.

If you have any further queries, please do not hesitate to contact me.

Lisa Dadswell
Company Secretary
Johns Lyng Group Limited

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E: lisa.dadswell@sourceservices.com.au



3 September 2024

Reference: 99225

Ms Lisa Dadswell
Company Secretary
Johns Lyng Group Limited
1 Williamsons Road
Doncaster VIC 3108

By email: lisa.dadswell@sourceservices.com.au

Dear Ms Dadswell

Johns Lyng Group Limited ('JLG'): ASX Aware Letter

ASX refers to the following:

- A. JLG's announcements released on the ASX Market Announcements Platform ('MAP') on 27 August 2024 in connection with its full year results ('Results Announcements'), being:
 - 1.1 "FY2024 Appendix 4E and Annual Report", released on MAP at 8:03am;
 - 1.2 "FY2024 Results Announcement", released on MAP at 8:10am; and
 - 1.3 "FY2024 Results Presentation", released on MAP at 8:12am.
- B. The change in the price of JLG's securities from \$5.57 at the close of trading on the day prior to the release of the Results Announcements to \$4.06 at the close of trading on 27 August 2024, being a 27.1% decline over the course of that day's trading.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
 - "3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
 - 3.1A.1 *One or more of the following 5 situations applies:*
 - *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*

- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...

"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...

Request for information

Having regard to the above, ASX asks JLG to respond separately to each of the following questions and requests for information:

1. Does JLG consider that any measure of its statutory or underlying earnings for the financial year ended 30 June 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
 - 1.1 If JLG had published earnings guidance, that guidance.
 - 1.2 If JLG is covered by sell-side analysts, the earnings forecasts of those analysts.
 - 1.3 If paragraph 1.1 and 1.2 are not applicable, JLG's earnings for the prior corresponding period, being the financial year ended 30 June 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how JLG determined market expectations in relation to each relevant measure of its earnings, including:
 - 2.1 If JLG had published earnings guidance, details of:
 - 2.1.1 that guidance and when it was released to the market; and
 - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
 - 2.2 If JLG used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
 - 2.2.1 the method that JLG used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in

particular, whether or not JLG used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

- 2.2.2 the entity’s estimate of market expectations using that method; and
- 2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

- 3. Does JLG consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of JLG’s securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

- 4. If the answer to question 3 is “no”, please provide the basis for that view.
- 5. If the entity first became aware of the variance before the release of Results Announcements, did JLG make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe JLG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps JLG took to ensure that the information was released promptly and without delay.
- 6. Please provide details of any other explanation JLG may have for the trading in its securities following the release of the Results Announcements.
- 7. Please confirm that JLG is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
- 8. Please confirm that JLG’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JLG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00AM AEST Monday, 9 September 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, JLG’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require JLG to request a trading halt immediately if trading in JLG’s securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in JLG’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to JLG's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that JLG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance