

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 2022
Previous periods:	For the year ended 30 June 2022 For the half-year ended 31 December 2021

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities (sales)	up	71.2%	to	635,602
Profit from ordinary activities after tax attributable to the owners of Johns Lyng Group	up	115.5%	to	25,211
Total comprehensive income attributable to the owners of Johns Lyng Group	up	144.2%	to	29,214

Explanatory note on results

The profit for the Group after providing for income tax and non-controlling interests amounted to \$25,211,000 (31 December 2021: \$11,697,000). 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. A1 Estimates specialises 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. North Shore Strata is a Sunshine Coast-based Strata Management business with 1,751 lots under management across 250 schemes.

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

4. LOSS OF CONTROL OVER ENTITIES OR BUSINESSES

Not applicable.

5. DIVIDENDS

Ordinary Shares	31 December 2022 ¹	31 December 2021 ²
	\$	\$
Dividends paid during the half-year (fully franked)	7,824,000	6,310,000

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

2. The final dividend in respect of the year ended 30 June 2021 was paid on 14 September 2021.

On 21 February 2023, the Board declared an interim dividend of 4.5 cents per share (fully franked) (31 December 2021: 2.7 cents per share), representing 46.6% of NPAT attributable to the owners of Johns Lyng Group for the half-year ended 31 December 2022 (31 December 2021: 59.8%). The interim dividend will be paid on 14 March 2023 with a record date of entitlement of 27 February 2023.

APPENDIX 4D

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 2022 was 38.96 cents (31 December 2021: 85.94 cents / 7.21 cents (excluding \$203.0m prepaid consideration for business acquisition)).

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 financial statements were subject to a review by the independent auditor resulting in an unqualified opinion. The review report is attached as part of the Financial Report for the half-year ended 31 December 2022.

11. ATTACHMENTS

Details of attachments (if any):

The Financial Report of Johns Lyng Group Limited for the half-year ended 31 December 2022 is attached.

12. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Refer to the attached financial statements.

13. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Refer to the attached financial statements.

14. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Refer to the attached financial statements.

15. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Refer to the attached financial statements.

16. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Refer to the attached 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 2022 (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 21 February 2023, the Board declared an interim dividend of 4.5 cents per share (fully franked) (31 December 2021: 2.7 cents per share), representing 46.6% of NPAT attributable to the owners of Johns Lyng Group for the half-year ended 31 December 2022 (31 December 2021: 59.8%). The interim dividend will be paid on 14 March 2023 with a record date of entitlement of 27 February 2023.

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JOHNS LYNG  **GROUP**

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

FINANCIAL REPORT

for the half-year ended 31 December 2022

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31 December 2022

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DIRECTORS' REPORT

31 December 2022

The Directors present their report, together with the 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 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of Insurance Building and Restoration Services, Commercial Building Services and Commercial Construction. 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.)
- Lindsay Barber (Executive Director, appointed 14 July 2017.)
- Adrian Gleeson (Executive Director, appointed 28 September 2017.)
- Pip Turnbull (Executive Director, appointed 17 June 2020.)
- Nick Carnell (Executive Director, appointed 1 September 2020.)
- Robert Kelly (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.)
- Hasaka Martin (Company Secretary, appointed 23 February 2021.)

OPERATING AND FINANCIAL REVIEW

Financial information in the operating and financial review is based on the reviewed condensed consolidated financial statements for the half-year ended 31 December 2022.

Profit for the Group after providing for income tax and non-controlling interests amounted to \$25.2m (31 December 2021: \$11.7m).

- Sales revenue for the half-year ended 31 December 2022 of \$635.6m (31 December 2021: \$371.3m) was 71.2% higher due to the Group's various acquisitions detailed in note 11 of the Financial Report and increased activity in its insurance building and restoration services business segment.
- Gross margin for the half-year ended 31 December 2022 was 21.1% (31 December 2021: 21.7%).
- Profit before tax for the half-year ended 31 December 2022 of \$48.9m (31 December 2021: \$26.8m) was 82.7% higher as a result of increased sales and gross profit relative to overhead expenses.
- Income tax expense for the half-year ended 31 December 2022 was \$14.7m (31 December 2021: \$8.2m).

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.

DIRECTORS' REPORT

31 December 2022

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

On behalf of the Directors



Peter Nash
Chairman

21 February 2023



Scott Didier AM
Managing Director

21 February 2023

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AUDITOR'S INDEPENDENCE DECLARATION

31 December 2022



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

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES**

In relation to the independent auditor's review for the half-year ended 31 December 2022, 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 period.

N R BULL
Partner

21 February 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2022

	Consolidated		
	Note	31 December 2022 \$'000	31 December 2021 \$'000
Revenue			
Sales income	4	635,602	371,319
Cost of sales		(501,602)	(290,760)
Gross profit		134,000	80,559
Other revenue and income	4	1,906	976
Expenses			
Administration expenses		(1,358)	(998)
Advertising expenses		(3,319)	(1,344)
Depreciation and amortisation		(9,478)	(6,243)
Employee benefits expenses		(45,452)	(28,864)
Finance costs		(1,519)	(1,052)
Insurance expenses		(4,713)	(1,800)
IT expenses		(4,599)	(3,167)
Motor vehicle expenses		(4,968)	(2,123)
Occupancy expenses		(1,329)	(1,125)
Printing, postage and stationery expenses		(920)	(833)
Professional fees		(2,479)	(1,328)
Telephone and communication expenses		(1,560)	(968)
Transaction related expenses		(660)	(2,497)
Travel expenses		(2,614)	(593)
Other expenses		(2,052)	(1,849)
Total expenses		(87,020)	(54,784)
Profit before income tax		48,886	26,751
Income tax expense		(14,745)	(8,158)
Profit after income tax for the half-year		34,141	18,593
Attributable to:			
Owners of Johns Lyng Group		25,211	11,697
Non-controlling interests		8,930	6,896
		34,141	18,593

	Cents	Cents
Earnings per share (EPS) for profit from continuing operations attributable to equity holders of Johns Lyng Group:		
Basic earnings per share	9.68	5.15
Diluted earnings per share	9.65	5.14

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
Profit after income tax for the year	34,141	18,593
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Movement in foreign currency translation reserve	4,003	266
Total comprehensive income for the year	38,144	18,859
Attributable to:		
Owners of Johns Lyng Group	29,214	11,963
Non-controlling interests	8,930	6,896
	38,144	18,859

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the half-year ended 31 December 2022

		Consolidated	
	Note	31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		82,634	56,972
Trade and other receivables	5	166,456	174,825
Inventories		3,725	2,784
Accrued income		74,069	77,268
Current tax asset		–	1,888
Other current assets		7,401	6,104
Total current assets		334,285	319,841
Non-current assets			
Property, plant and equipment		35,744	25,983
Intangibles	6	275,426	268,078
Right-of-use assets		18,329	18,563
Deferred tax asset		5,584	6,250
Other receivables	5	31,979	–
Total non-current assets		367,062	318,874
Total assets		701,347	638,715
Liabilities			
Current liabilities			
Trade and other payables		173,921	181,225
Borrowings	7	11,368	19,496
Current tax liability		12,113	8,062
Employee provisions		10,060	9,607
Non-controlling interest liabilities		2,716	1,928
Right-of-use lease liabilities		7,405	6,859
Income in advance		47,169	39,598
Total current liabilities		264,752	266,775
Non-current liabilities			
Right-of-use lease liabilities		13,002	13,810
Borrowings	7	41,473	15,796
Deferred tax liabilities		8,022	8,355
Employee provisions		1,247	1,213
Total non-current liabilities		63,744	39,174
Total liabilities		328,496	305,949
Net assets		372,851	332,766
Equity			
Issued capital	8	310,709	297,544
Reserves	9	(22,440)	(10,137)
Retained earnings		49,692	32,305
Equity attributable to the owners of Johns Lyng Group		337,961	319,712
Non-controlling interests	10	34,890	13,054
Total equity		372,851	332,766

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 2022

	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 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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

	Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Consolidated – 31 December 2021	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	64,651	(19,826)	20,737	7,846	73,408
Profit for the half-year	–	–	11,697	6,896	18,593
Movement in foreign currency translation reserve	–	266	–	–	266
Total comprehensive income for the half-year	–	266	11,697	6,896	18,859
<i>Transactions with owners in their capacity as owners:</i>					
Transactions with non-controlling interests	–	(360)	–	39	(321)
Issue of shares in connection with business acquisitions	4,940	–	–	1,638	6,578
Non-controlling interests recognised on business acquisitions	–	–	–	142	142
Dividends	–	–	(6,310)	(1,367)	(7,677)
Distributions	–	–	–	(4,120)	(4,120)
Share based payments	–	1,787	–	–	1,787
Issue of shares – vesting of Performance Rights ¹	799	(799)	–	–	–
Issue of shares – Institutional Placement and ANREO	221,309	–	–	–	221,309
Issue of shares – exercise of call options	1,000	–	–	–	1,000
Share issue transaction expenses net of tax	(4,066)	–	–	–	(4,066)
Balance at 31 December 2021	288,633	(18,932)	26,124	11,074	306,899

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 2022

	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
Receipts from customers	706,716	406,007
Payments to suppliers and employees	(636,303)	(372,791)
Interest received	1,111	81
Finance costs	(1,519)	(1,052)
Income tax paid	(8,716)	(8,501)
Net cash from operating activities	61,289	23,744
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	671	151
Payments for property, plant and equipment	(9,021)	(2,587)
Payments for intangibles (software)	(871)	(705)
Payments for intangibles (customer contracts)	–	(191)
Cash acquired on acquisition	406	1,088
Prepaid consideration for business acquisition	–	(203,002)
Payment for business acquisition – 44.5% equity interest in Bright & Duggan	(15,360)	–
Payments for business acquisitions	(3,371)	(14,731)
Net cash used in investing activities	(27,546)	(219,977)
Cash flows from financing activities		
Proceeds from share issue	–	221,309
Proceeds from borrowings	30,120	10,100
Repayment of borrowings	(15,784)	(2,742)
Payments to non-controlling interests	(7,913)	(5,911)
Payments to related parties (net)	(41)	(109)
Payment of right-of-use (principal) lease liabilities	(3,791)	(2,620)
Repayment of hire purchase liabilities	(2,848)	(2,243)
Dividends paid	(7,824)	(6,310)
Share issue transaction expenses	–	(5,809)
Net cash from/(used) in financing activities	(8,081)	205,665
Net increase in cash and cash equivalents	25,662	9,432
Cash and cash equivalents at the beginning of the financial half-year	56,972	43,313
Cash and cash equivalents at the end of the financial half-year	82,634	52,745

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

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

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 financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 21 February 2023. The Directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

These condensed consolidated financial statements for the interim half-year reporting period ended 31 December 2022 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 condensed consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial report for the year ended 30 June 2022 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 2022.

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

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 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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 3. OPERATING SEGMENTS (continued)

	Insurance Building and Restoration Services	Commercial Building Services	Commercial Construction	Other	Intercompany eliminations	Total
Consolidated – 31 December 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Sales to external customers	298,018	25,980	47,151	170	–	371,319
Intersegment sales	5,802	3,528	–	1,051	(10,381)	–
Total sales revenue	303,820	29,508	47,151	1,221	(10,381)	371,319
Total other revenue and expenses	(272,159)	(26,138)	(45,964)	(3,440)	10,381	(337,320)
EBITDA¹	31,661	3,370	1,187	(2,219)	–	33,999
Depreciation and amortisation	(4,936)	(1,244)	(96)	33	–	(6,243)
Interest income	77	2	2	–	–	81
Finance costs	(865)	(134)	91	(144)	–	(1,052)
Banking facility arrangement fee amortisation	–	–	–	(34)	–	(34)
Profit/(loss) before income tax expense	25,937	1,994	1,184	(2,364)	–	26,751
Income tax expense						(8,158)
Profit after income tax expense						18,593

¹ EBITDA includes transaction related expenses of \$2,462,839 shown in the condensed consolidated statement of profit or loss and other comprehensive income.

Geographical Information

	Australia and New Zealand	United States	Total
	\$'000	\$'000	\$'000
31 December 2022			
Sales revenue	515,582	120,020	635,602
Non-current assets	134,689	232,373	367,062

As disclosed in note 11 of the financial statements, 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 no comparative information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 4. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
Sales income		
Insurance Building and Restoration Services	560,917	298,018
Commercial Building Services	32,986	25,980
Commercial Construction	41,590	47,151
Other	109	170
	635,602	371,319
Other revenue and income		
Interest income	1,111	81
Other revenue	741	836
Profit on sale of property, plant and equipment	54	59
	1,906	976

NOTE 5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Trade receivables	144,826	155,628
Trade retentions	14,262	11,594
Other debtors	2,780	1,814
	17,042	13,408
Related parties	954	913
Non-controlling interests ¹	3,634	4,876
	4,588	5,789
Total	166,456	174,825
Non-current		
Non-controlling interests ¹	31,979	–

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 6. INTANGIBLES

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Goodwill	240,768	233,006
Trademarks	11,970	11,808
Customer contracts	24,608	24,528
Less: accumulated amortisation	(4,417)	(2,988)
	20,191	21,540
Software	2,964	2,093
Less: accumulated amortisation	(467)	(369)
	2,497	1,724
	275,426	268,078

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 2022	233,006	11,808	21,540	1,724	268,078
Additions	–	–	–	871	871
Additions through business acquisitions	4,762	–	–	–	4,762
Foreign exchange movements	3,000	162	54	–	3,216
Amortisation expense	–	–	(1,403)	(98)	(1,501)
Balance at 31 December 2022	240,768	11,970	20,191	2,497	275,426

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 7. BORROWINGS

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Current borrowings		
Secured:		
Insurance premium funding	3,562	3,090
Hire purchase	5,571	4,682
Bank loans	2,235	11,724
	11,368	19,496
Non-current borrowings		
Secured:		
Hire purchase	7,146	4,846
Bank loans	34,327	10,950
	41,473	15,796

NOTE 8. EQUITY – ISSUED CAPITAL

	Consolidated			
	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$'000	30 June 2022 \$'000
Ordinary shares – fully paid	261,209,404	259,195,074	310,709	297,544

Movements in ordinary share capital

Details	Date	Shares	\$'000
Opening balance	1 July 2022	259,195,074	297,544
Issue of new shares – vesting of performance rights	1 July 2022	113,092	190
Issue of new shares – vesting of performance rights	1 July 2022	75,984	193
Issue of new shares – vesting of performance rights	1 July 2022	40,274	269
Issue of new shares – business acquisition	30 August 2022	1,349,765	10,240
Issue of new shares – Executive Incentive Plan	30 August 2022	22,138	120
Issue of new shares – vesting of performance rights	7 September 2022	84,105	–
Issue of new shares – business acquisition	17 October 2022	281,292	1,796
Issue of new shares – vesting of performance rights	24 November 2022	47,680	357
Balance	31 December 2022	261,209,404	310,709

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 9. EQUITY – RESERVES

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Foreign currency translation reserve	12,406	8,403
Options reserve	3,880	3,779
Changes in subsidiary interests reserve	(38,726)	(22,319)
Balance at 31 December 2022	(22,440)	(10,137)

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 2022	8,403	3,779	(22,319)	(10,137)
Transactions with non-controlling interests	–	–	(16,407)	(16,407)
Movement in foreign currency translation reserve	4,003	–	–	4,003
Share based payments	–	1,110	–	1,110
Issue of shares – vesting of Performance Rights ¹	–	(1,009)	–	(1,009)
Balance at 31 December 2022	12,406	3,880	(38,726)	(22,440)

¹ Issued under the Employee and Executive Incentive Plan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 10. NON-CONTROLLING INTERESTS

	Consolidated	
	31 December 2022 \$'000	30 June 2022 \$'000
Non-controlling interests – paid up capital in subsidiaries	32,567	3,953
Non-controlling interests – share of retained earnings	(2,594)	1,717
Non-controlling interests – share of acquisition date net intangible assets recognised on consolidation ¹	4,917	7,384
	34,890	13,054
Non-controlling interests – paid up capital in subsidiaries		
Opening balance	3,953	2,037
Transactions with the Group	28,614	278
Issue of shares to non-controlling interests	–	1,638
Closing balance	32,567	3,953
Non-controlling interests – share of retained earnings		
Opening balance	1,717	505
Share of profit after income tax	9,224	13,790
Share of dividends	(3,778)	(2,655)
Share of distributions	(6,159)	(7,816)
Transactions with the Group	(3,781)	–
Retained earnings/(accumulated losses) (net of fair value adjustments) acquired through business acquisition	185	(2,107)
Foreign exchange translation differences	(2)	–
Closing balance	(2,594)	1,717
Non-controlling interests – share of acquisition date net intangible assets recognised on consolidation¹		
Opening balance	7,384	5,304
Transactions with the Group	(2,173)	–
Reserves acquired through business acquisition ¹	–	2,523
Share of customer contracts amortisation expense net of tax	(294)	(443)
Closing balance	4,917	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 11. BUSINESS COMBINATIONS

Reconstruction Experts

On 1 January 2022, Johns Lyng acquired a 99.48% controlling equity interest in 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 strategic rationale for the acquisition was to deeper penetrate the very large US market for insurance building and restoration services.

Control was obtained via share purchase.

The acquisition accounting was provisionally accounted at 30 June 2022 and the below reflects the final acquisition accounting.

Details of the purchase consideration:	\$'000
Cash paid	155,762
Total purchase consideration	155,762

Cash paid of A\$155,762,000 is based on the foreign exchange rate as at 1 January 2022 on completion of the acquisition. Actual cash paid was A\$157,833,000 based on the foreign exchange rate on the payment date of 20 December 2021.

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	1,545
Trade and other receivables	35,844
Inventories	950
Accrued income	4,826
Other current assets	4,777
Current tax asset	2,369
Property, plant and equipment	2,235
Intangibles - customer contracts	4,457
Intangibles - trademarks	6,101
Right-of-use assets	3,102
Trade and other payables	(36,281)
Borrowings	(35,208)
Employee provisions	(104)
Right-of-use lease liabilities	(3,102)
Income in advance	(3,000)
Deferred tax liabilities	(1,298)
Net identifiable liabilities acquired	(12,787)
Add: goodwill	168,483
Add: non-controlling interests	66
Total purchase consideration	155,762

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

Goodwill is not deductible for tax purposes.

Goodwill is denominated in USD and has been translated at 31 December 2022 to be AUD \$180,444,777.

Contractual amounts

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

Transaction costs

Transaction costs of \$8,842,447 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 11. BUSINESS COMBINATIONS (continued)

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	1,515
Deferred (non-contingent) consideration	542
Contingent consideration	276
Total purchase consideration	2,333

A potential earn-out of up to \$276,000 is payable based on the cumulative financial performance of A1 Estimates up to 30 June 2024. Accordingly, the Group has recognised a potential earn-out liability in the amount of \$276,000 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	252
Trade and other receivables	876
Other current assets	2
Right-of-use assets	68
Trade and other payables	(481)
Current tax payable	(169)
Right-of-use lease liabilities	(68)
Net identifiable assets acquired	480
Add: goodwill	2,045
Less: non-controlling interests	(192)
Total purchase consideration	2,333

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 \$9,795 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 11. BUSINESS COMBINATIONS (continued)

North Shore Strata (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. North Shore Strata is a Sunshine Coast-based Strata Management business with 1,751 lots under management across 250 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 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	140
Trade and other receivables	1
Trade and other payables	(67)
Current tax payable	(110)
Net identifiable liabilities acquired	(36)
Add: goodwill	2,408
Add: non-controlling interests	7
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 \$29,311 were incurred in relation to the acquisition. These costs are included in 'transaction related expenses' within profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 11. BUSINESS COMBINATIONS (continued)

Adpen Strata (provisionally accounted)

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

NOTE 12. DIVIDENDS

	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
Dividends paid		
Dividends paid of 3.0 cents per share (31 December 2021: 2.8 cents per share) fully franked at 30%	7,824	6,310
Dividends declared after the reporting period and not recognised		
Since the end of the reporting period, the Directors have recommended/declared a dividend of 4.5 cents per share (31 December 2021: 2.7 cents per share) fully franked at 30%	11,754	6,998

NOTE 13. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2023, the Board declared an interim dividend of 4.5 cents per share (fully franked) (31 December 2021: 2.7 cents per share), representing 46.6% of NPAT attributable to the owners of Johns Lyng Group for the half-year ended 31 December 2022 (31 December 2021: 59.8%). The interim dividend will be paid on 14 March 2023 with a record date of entitlement of 27 February 2023.

There are no other matters or circumstances that have arisen since 31 December 2022 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 2022

The directors declare that:

- 1 In the Directors' opinion, the financial statements and notes thereto, as set out on pages 1 to 22, 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 2022 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

21 February 2023



Scott Didier AM
Managing Director

21 February 2023

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



JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

ABN 86 620 466 248

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Johns Lyng Group Limited, "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit and loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Johns Lyng Group Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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 annual 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 in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Johns Lyng Group Limited 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* and for 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 Responsibility for the Review of the 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 is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES

ABN 86 620 466 248

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF JOHNS LYNG GROUP LIMITED AND CONTROLLED ENTITIES**

A review of a 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.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

21 February 2023

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