

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

13 March 2025

Dear Dale,

Response to ASX Aware Letter Reference: 106915

In response to the questions contained in the ASX Aware Letter dated 7 March 2025, 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 half year ended 31 December 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 paragraphs 1.1 and 1.2 are not applicable, JLG's earnings for the prior corresponding period, being the financial year ended 31 December 2023.***

JLG does not consider that any measure of its statutory or underlying earnings for the half year ended 31 December 2024 (1H FY25), 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 did not publish earnings guidance for 1H FY25. JLG issued earnings guidance for the financial year ending 30 June 2025 (FY25) on 27 August 2024 with the release of its FY24 results and further updated its guidance at its AGM on 13 November 2024. FY25 guidance was for Sales Revenue of \$1.228bn and EBITDA of \$132.5m.

This guidance was downgraded by JLG with the release of its 1H FY25 results on 25 February 2025 to Sales Revenue of \$1.167bn (-5.0% vs. previous guidance) and EBITDA of \$126.5m (-4.5% vs. previous guidance).

- 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 18 February 2025 and JLG determined the FY25 consensus estimate for Revenue to be \$1.260bn and EBITDA to be \$134.3m
- 1.3. Not applicable, noting the FY25 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 18th February 2025 and considered the draft unaudited 1H FY25 financial statements. A Board meeting was held on 21 February 2025, 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 24 February 2025 and the Results Announcements were released to the ASX pre-market on the morning of 25 February 2025.

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 1.2 and 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. JLG did not publish earnings guidance for 1H FY25. The variance between the updated guidance released with the 1H FY25 results and the estimate of market expectations for FY25 was not material. EBITDA was approximately 4.5% behind company guidance and Revenue was approximately 5% behind company guidance. Accordingly, JLG does not consider that its results materially differed from market expectations for FY25.

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 FY25 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.

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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.

As noted in the response to question 1.1 above, at the same time as the release of the 1H FY25 Results, JLG issued a revised forecast for FY25. The total Revenue and EBITDA forecast for FY25 represents a non-material decrease compared to FY24 (Revenue +0.7% and EBITDA -2.3%) but was a downgrade to the previous Revenue and EBITDA guidance of 5% and 4.5% respectively. This is likely to have contributed to the trading in JLG securities after the release of the 1H FY25 Results Announcements. The FY25 forecast was published immediately after it was approved.

7. Having regard to the trading in JLG's securities following the release of the results announcements for FY24 and 1H25 and JLG's Response to ASX Aware Query, does JLG consider that it has in place adequate and effective arrangements to disclose promptly and without delay any information concerning it that a reasonable person would expect to have a material effect on the price or value of JLG's securities?

Yes, JLG confirms that it has adequate and effective arrangements in place to disclose promptly and without delay any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

8. If the answer to question 7 is "yes", please provide the basis for that view in light of the recurring price movements following the release of JLG's periodic financial results.

JLG has internal reporting systems that allow for the regular monitoring of financial and operational performance against budgets, forecasts, and previous periods' results. Management regularly reviews analyst earnings estimates to form a view of market consensus.

The Board of directors receives regular reports from management and meets regularly to review performance against forecasts and market expectations.

The Board has adopted a Market Disclosure Policy which embraces the principles under Guidance Note 8 and sets out clear guidance for assessing if information is price-sensitive. Further, the Board has established a Disclosure Committee that is responsible for ensuring compliance with the Company's continuous disclosure policy and deciding if information should be disclosed to ASX.

9. If the answer to question 7 is "no", has JLG taken any steps, or does it propose to take any steps, to improve its disclosure arrangements in place? If not, please explain the basis for that view.

Not applicable.

10. 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.

11. 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.

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JLG confirms that the responses to the questions above have been authorized and approved by the Disclosure Committee of the Company.

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

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7 March 2025

Reference: 106915

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 25 February 2025 in connection with its half year results ('Results Announcements'), being:
 - 1.1 "1H25 Appendix 4D and Interim Financial Report", released on MAP at 8:00am;
 - 1.2 "1H25 Results Presentation", released on MAP at 8:01am; and
 - 1.3 "1H25 Results Announcement", released on MAP at 8:01am.
- B. The change in the price of JLG's securities from \$3.80 at the close of trading on the day prior to the release of the Results Announcements to a low of \$2.36 following the release of the Results Announcements.
- C. JLG's response and ASX aware letter released on MAP on 9 September 2024 concerning a 27.1% decline in the price of JLG's securities during the day of release of its full year results for the period ended 30 June 2024 ('FY24'), where JLG suggested that the FY25 forecast was likely to have contributed to the trading in JLG securities and confirmed its compliance with Listing Rule 3.1 ('Response to ASX Aware Query').
- D. 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.
- E. 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."
- F. Section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- G. 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."*

H. 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 half year ended 31 December 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 paragraphs 1.1 and 1.2 are not applicable, JLG's earnings for the prior corresponding period, being the half year ended 31 December 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. Having regard to the trading in JLG’s securities following the release of the results announcements for FY24 and 1H25 and JLG’s Response to ASX Aware Query, does JLG consider that it has in place adequate and effective arrangements to disclose promptly and without delay any information concerning it that a reasonable person would expect to have a material effect on the price or value of JLG’s securities?
8. If the answer to question 7 is “yes”, please provide the basis for that view in light of the recurring price movements following the release of JLG’s periodic financial results.
9. If the answer to question 7 is “no”, has JLG taken any steps, or does it propose to take any steps, to improve its disclosure arrangements in place? If not, please explain the basis for that view.
10. Please confirm that JLG is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
11. 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 **4:30 PM AEDT Thursday, 13 March 2025**.

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.

Kind regards

ASX Compliance