
JOHNS LYNG GROUP

# ACQUISITION OF RECONSTRUCTION EXPERTS

JOHNS LYNG GROUP LIMITED

Johns Lyng Group Accelerates US Growth Strategy via Acquisition of Reconstruction Experts

9 December 2021

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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- JLG's proposed 1 for 35.91 pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in JLG (**New Shares**) to certain eligible shareholders (**Entitlement Offer**) to raise approximately $42.5 million; and
- an institutional placement of New Shares to institutional and sophisticated investors (**Placement**) within JLG's 15% placement capacity under ASX Listing Rule 7.1 to raise approximately $187.5 million,

together (**Offer** or **Capital Raising**).

The Entitlement Offer is being made without disclosure to investors under section *708AA of the Corporations Act 2001* (Cth) (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*.

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The financial information for Reconstruction Experts is based on audited financial statements for the financial year ended 31 December 2020 as well as financial and operating data provided by Reconstruction Experts including monthly unaudited management financial accounts. Pro-forma EBITDA reflects normalisation adjustments made to Reconstruction Experts' reported EBITDA for the impact of (i) one-time transaction and integration costs; (ii) non-recurring management fees paid to the current owner; and (iii) other non-recurring and one-off non-operational expenses.

**Acknowledgements:**

You acknowledge and agree that:

- determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of each of JLG and/or the Underwriter;
- each of JLG and the Underwriters and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- the Underwriters may have interests in the securities of JLG, including by providing investment banking and debt services to JLG. Further, they may act as market maker or buy or sell securities or associated derivatives of JLG as principal or agent; and
- the Underwriters will receive fees for acting in their capacity as joint lead managers and underwriters to the Capital Raising.

# Johns Lyng Group – Executive Leadership Team

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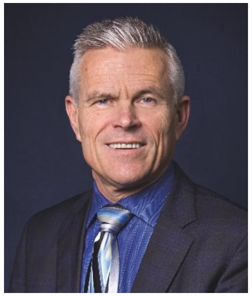
**Scott Didier AM**
JLG Global CEO



**Lindsay Barber**
JLG Global COO

**Nick Carnell**
JLG Australia CEO

**Rich Whitten**
JLG USA President[1]

**Brent Adamczyk**
JLG USA CEO

**Ali Kronebusch**
JLG USA Director of Sales, BD & Marketing[1]

**Matt Lunn**
JLG Global CFO

**Adrian Gleeson**
JLG Director, Investor & Business Relations

**Pip Turnbull**
JLG Director, Global BD & Marketing

[1] Expected leadership title following Closing of the acquisition of Reconstruction Experts - which is expected to occur on 1-Jan-22

# Reconstruction Experts Acquisition Summary

*After an extensive search meeting with hundreds of companies, we have found a perfect fit for us to unlock the U.S. market*

We embarked on an extensive 18-month search to find a cultural fit

Management are motivated and excited to join our partnership model

Existing management are extremely motivated to grow

Existing management are family people full of integrity

This business represents exciting growth opportunities

Existing management are Rockstars who are reinvesting in the business

*We said we would go slow in the USA until we got things right and found the right Business Partners to grow with*

***WE HAVE NOW DONE THAT AND ARE ABOUT TO TAKE OFF***


# Contents

#1

# Executive Summary

# 1.1 Executive Summary – Acquisition & Business Overview

JOHNS LYNG GROUP

**Johns Lyng Group announces the acceleration of its U.S. growth strategy via the US$144m (A$200m[1]) acquisition of Reconstruction Experts, a leading provider of insurance focused repair services to occupied properties - to be funded via a fully underwritten A$230m equity raising**

## 1 Strategic Acquisition

- Johns Lyng Group Limited ("JLG") has entered into a binding share purchase agreement to acquire Reconstruction Holdings, Inc. (together with its subsidiaries) ("Reconstruction Experts", "RE" or the "Company") for an up-front Enterprise Value of US$144m, plus a potential earn-out of up to US$58m ("Acquisition")
  - The potential earn-out is payable based on the 3-year trailing average EBITDA[3] performance of RE, to be tested annually over the 2 years post-Closing (12 months to 31-Dec-22 and 31-Dec-23 ("CY22" and "CY23"))
- US$144m Enterprise Value represents a multiple of 7.8x EBITDA[4] for the 12 months to 30-Jun-21 ("FY21")
- JLG will acquire 100% of RE at Closing. Subsequent to Closing, in-line with JLG's equity partnership model, key RE senior management will acquire an equity interest in the Company through a combination of cash purchased equity and share options (with an exercise price equal to the final purchase price under the share purchase agreement and a 5 year vesting period)
- Closing is subject to customary conditions precedent - expected 1-Jan-22

| Transaction Summary | | US$m | A$m[1] |
|---|---|---|---|
| **Equity Value** | | **144.9** | **201.2** |
| Third-party Debt | | - | - |
| Debt/(Cash) Equivalents[2] | | (0.4) | (0.5) |
| (Cash) Assumed[2] | | (0.5) | (0.7) |
| **Up-front Enterprise Value** | | **144.0** | **200.0** |
| **Implied FY21 EV / EBITDA Multiples** | | | |
| EBITDA[3] *(AASB 117)* | *8.0x* | 18.1 | 25.1 |
| EBITDA[4] *(AASB 16)* | ***7.8x*** | 18.5 | 25.7 |

## 2 Reconstruction Experts Overview

- Reconstruction Experts is a leading provider of insurance focused repair services to occupied properties in the U.S.
- Primary client base is Homeowner Associations ("HOAs") – the U.S. equivalent of Strata Managers/Owners' Corporations – i.e. large multi-family properties including apartments, condominiums and master planned communities
- Defect and damage related insurance work contributed ~80% of revenue in FY21
- Generated revenue of US$127.4m and EBITDA[4] of US$18.5m for FY21
- Operates in 4 key states (Colorado, Florida, California and Texas) with authorisations in place to work in a further 13 states
- Experienced management team with long tenures, extensive industry relationships and operational knowledge – leading a team of 287 employees and an extensive (relationship based) subcontractor network
- Entrepreneurial, growth focused culture – well aligned to JLG

| Financial Summary[5] ($m) | FY19(A) | FY20(A) | FY21(A) |
|---|---|---|---|
| **USD** | | | |
| Revenue | 96.4 | 108.4 | 127.4 |
| EBITDA[3] *(AASB 117)* | 11.8 | 15.1 | 18.1 |
| **EBITDA[4] *(AASB 16)*** | **12.1** | **15.5** | **18.5** |
| **AUD[1]** | | | |
| Revenue | 133.9 | 150.5 | 177.0 |
| EBITDA[3] *(AASB 117)* | 16.4 | 21.0 | 25.1 |
| **EBITDA[4] *(AASB 16)*** | **16.8** | **21.5** | **25.7** |

[1] Assumes an AUD:USD FX rate of 0.72
[2] Estimated Closing amounts – subject to post-Closing purchase price adjustment per audited Closing accounts
[3] EBITDA calculated as per note 4 less rent expense (AASB 117 (Leases))
[4] Earnings before interest, tax, depreciation and amortisation, excluding non-recurring expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction and IFRS
[5] Please refer to page 3 disclaimer regarding presented RE financials

# 1.2 Executive Summary – Financial Impact, Funding & Outlook

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**The Transaction is expected to be immediately & significantly earnings accretive: 64.2% EPS-A[1] accretive on pro-forma FY21 basis**

**JLG reconfirms its current earnings guidance plus ~A$13m expected 2H22(F) contribution from RE – JLG upgrades its FY22(F) EBITDA to A$73.1m**

## 3 Financial Impact of Acquisition & Equity Raising

- Acquisition to be funded via a fully underwritten ~A$230m equity raising comprising an institutional placement ("Placement") of ~$187.5m and a 1 for 35.91 pro-rata accelerated non-renounceable entitlement offer ("Entitlement Offer") of ~$42.5m ("Equity Raising")
- Proceeds from the Equity Raising will be applied towards the Acquisition (including transaction costs), ensuring JLG and RE maintain financial flexibility to fund their near-term growth initiatives
- The Acquisition and Equity Raising (together the "**Transaction**") are expected to be immediately and significantly earnings accretive to JLG - 64.2% EPS-A[1] accretive on a pro-forma FY21 basis

| Financial Impact Summary | | JLG | Adj | Pro-forma |
|---|---|---|---|---|
| Shares Outstanding | *m* | 224.4 | 33.8 | 258.3 |
| Share Price | *A$ / sh* | 7.14 | | 7.10 |
| Placement | *A$m* | | 187.5 | 187.5 |
| Entitlement Offer (ANREO) | *A$m* | | 42.5 | 42.5 |
| **Equity Raised** | ***A$m*** | | **230.0** | **230.0** |
| Market Capitalisation | *A$m* | 1,602.6 | 230.0 | 1,832.6 |
| EPS-A (FY21(A)) | *cps* | 9.31 | | 15.30 |
| **EPS-A Accretion (FY21(A))** | ***%*** | | | **64.2%** |

## 4 JLG Trading Update and Outlook

- JLG reconfirms its FY22 forecast revenue of A$635.4m and EBITDA of A$60.1m prior to the Acquisition, which incorporates existing known run-off work from recent CAT events but does not include future potential CAT events (refer to pg. 25)
- In addition, JLG expects RE to contribute revenue for the 6 months to 30-Jun-22 ("**2H22**") of ~A$96.9m[2] and EBITDA of ~A$13.0m[2]
  - Reflects the expected contribution for the 6-month period in which JLG will own Reconstruction Experts during FY22
- Combining JLG's prior guidance with Reconstruction Experts' forecast 2H22 contribution, JLG upgrades its FY22 forecast revenue (including the Acquisition) to A$732.3m and EBITDA to A$73.1m

| FY22 Outlook (A$m) | JLG (Aug-21) FY22(F) | RE[2] 2H22(F) | Total (Dec-21) FY22(F) | FY22(F) (Dec) vs. FY22(F) (Aug) % |
|---|---|---|---|---|
| **Revenue - BaU** | **588.9** | **96.9** | **685.8** | **16.5%** |
| Revenue - CAT | 46.4 | - | 46.4 | |
| **Revenue - Total** | **635.4** | **96.9** | **732.3** | **15.3%** |
| **EBITDA - BaU** | **54.9** | **13.0** | **67.9** | **23.7%** |
| EBITDA - CAT | 5.2 | - | 5.2 | |
| **EBITDA - Total** | **60.1** | **13.0** | **73.1** | **21.6%** |

[1] Calculated using net profit after tax attributable to JLG shareholders, excluding amortisation of acquired identifiable intangible assets and non-recurring transaction and other expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction and IFRS and assuming an AUD:USD FX rate of 0.72 and a US effective tax rate of 25.6%, divided by the pro-forma weighted average number ordinary shares outstanding for FY21

[2] Assumes an AUD:USD FX rate of 0.72

[3] Shares outstanding, price per share and market capitalisation as at 6 December 2021

[4] TERP means the 'theoretical ex-rights price' at which JLG shares should trade immediately after the ex-date of the Offer and is adjusted for placement shares. TERP is a theoretical calculation only and the actual price at which JLG's shares trade at that time will depend on many factors and may not be equal to the TERP

[5] EPS-A accretion is calculated based on the offer structure outlined on pg. 22

# 1.3 Executive Summary – Acquisition Highlights

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## Reconstruction Experts represents a transformational opportunity to acquire an established platform that will enable JLG to leverage its core competencies in insurance building & restoration services in the large U.S. market

1. **Acquisition of Reconstruction Experts for US$144m** equating to 7.8x FY21 EBITDA[1]

2. Provides an established, profitable and growing U.S. platform to **leverage JLG's core competencies** in insurance building and restoration services

3. Establishes a **strong base from which to pursue growth in the very large estimated ~US$100bn[2] U.S. market** for defect and damage insurance and property repairs and maintenance

4. Reconstruction Experts has **significant growth potential, having developed a successful and repeatable sales and operational delivery model in 4 key U.S. States** (Colorado, Florida, California and Texas), with authorisations in place to work in a further 13 States. Reconstruction Experts' existing 4 key states alone have a population c.4x times the size of Australia's population

5. **Ambition to develop a fully national footprint** over time, through organic growth and the pursuit of select M&A opportunities – U.S. market is currently highly fragmented with many local and regionally focused players. Reconstruction Experts' management team successfully acquired and integrated Florida-based roofing repair company, Advanced Roofing and Sheet Metal, in November 2019, demonstrating capability for potential follow-on acquisitions in due course

6. Valuable **opportunity to leverage and enhance JLG's existing U.S. footprint through Steamatic LLC**, a national franchise network operating across more than 40 locations in the U.S., providing water damage restoration services – intention to drive collaboration between Steamatic and Reconstruction Experts which is expected to enhance growth and value for the group

7. Footprint expected to provide many additional opportunities to further implement JLG's business model in the U.S. including **offering "MakeSafe" services and developing capability to service large-loss CAT events**

8. Reconstruction Experts is **led by a strong, long standing, high-calibre and very experienced management team, who will be fully aligned through ongoing equity ownership** - consistent with JLG's equity partnership model

[1] Earnings before interest, tax, depreciation and amortisation, excluding non-recurring expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction and IFRS
[2] Based on an independent commercial/market due diligence report as at September 2020

#2

# Business & Market Overview

# 2.1 Overview of Reconstruction Experts

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## Reconstruction Experts is a leading provider of insurance focused repair services to occupied properties in the U.S.

### Reconstruction Experts – Key Stats

| | | |
|---|---|---|
| **US$127.4m** FY21 Revenue | **US$18.5m[2]** FY21 EBITDA | **~US$100bn** Market Size[1] |
| **287** Employees as at Oct-21 | **4** Key States | **~700** Managed Trade Partners (2021) |

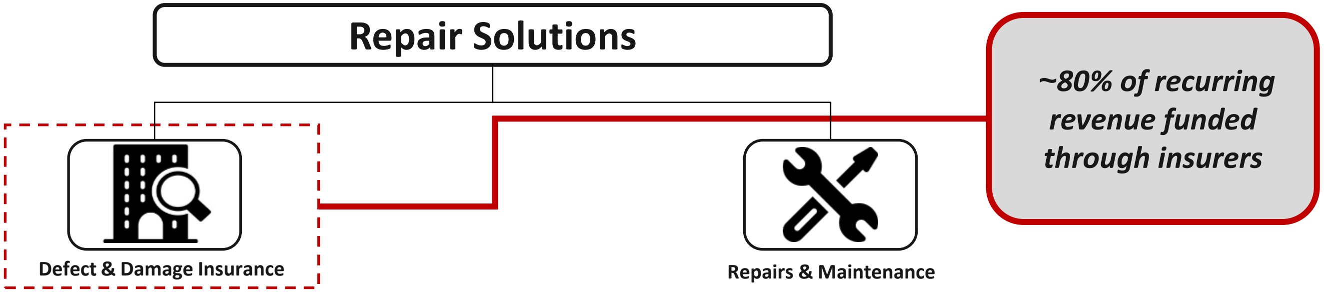
### Key Milestones

- 2001 — Reconstruction Experts founded in **Colorado**
- 2008 — Added branch in **Dallas**, Texas
- 2012 — Added branch in **Austin**, Texas
- 2013 — Added branch in **Los Angeles**, California
- 2013 — Commenced partnership with Linx Partners (Private Equity – acquired controlling interest)
- 2019 — Acquisition of Advanced Roofing and Sheetmetal ("ARSM") and entered the **Florida** market
- 2020 — Achieved >US$100m revenue
- 2021 — Acquisition by JLG announced

[1] Based on an independent commercial/market due diligence report as at September 2020
[2] Earnings before interest, tax, depreciation and amortisation, excluding non-recurring expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction and AASB 16 (Leases)

# 2.2 Reconstruction Experts' Service Offering

**Reconstruction Experts is a leading provider of insurance focused repair services to occupied properties in the U.S.**




## Defect & Damage Insurance (~80% FY21 revenue)

***Flaws in initial construction resulting in a defect lawsuit and insured damage from human-induced causes and everyday weather events***

- **~80% of FY21 revenue**
- **Estimated U.S. market size: ~US$17bn-US$20bn[1]** (including untapped non-HOA multi-family market)
- Services include:
  - Co-ordinated post-litigation and insurance repair management
  - Emergency services
  - Claims adjusting support (determination of project scope)
  - Insurance agreement (loss estimating)
  - Managed short-term repairs
  - Destructive testing (cause analysis and determination)
  - Expert witness and estimating
- **Average project duration: 6-18 months (defect insurance) / 2-24 weeks (damage insurance)**
- **Average project size: ~US$1.1m[2]**
- **Current pipeline: ~US$472m at Sept-21**
- Market is currently growing, driven by:
  - Increased volume of claims due to U.S. housing boom from CY10–CY16 (expected to continue)
  - Increased building complexity
  - Increasing number and severity of adverse weather events
- Opportunities include:
  - Introduction of 'Construction Defect Services' to Florida market in the short-term
  - Increase exposure to immediate repair work from CAT events (RE currently undertakes minimal CAT-related work)

## Repairs & Maintenance (~20% FY21 revenue)

***Reactive repairs and proactive property maintenance***

- **~20% of FY21 revenue**
- **Estimated U.S. market size: ~$78bn–90bn[1]** (including untapped non-HOA multi-family market)
- Services include:
  - General repairs
  - Roofing
  - Reserve study (asset management/R&M program)
- **Average project duration: 1-90 days**
- **Average project size: ~US$90k**
- **Current pipeline: ~US$237m at Sept-21**
- Opportunity to expand roofing capabilities to Texas in CY22 and Colorado thereafter
- Advanced Roofing and Sheetmetal ("ARSM") subsidiary operating in Florida provides roofing and repair solutions for a large pipeline of multi-scope work

[1] Based on an independent commercial/market due diligence report as at September 2020
[2] Excludes routine work (<US$30K) completed throughout litigation process

# 2.3 Strong Financial Profile

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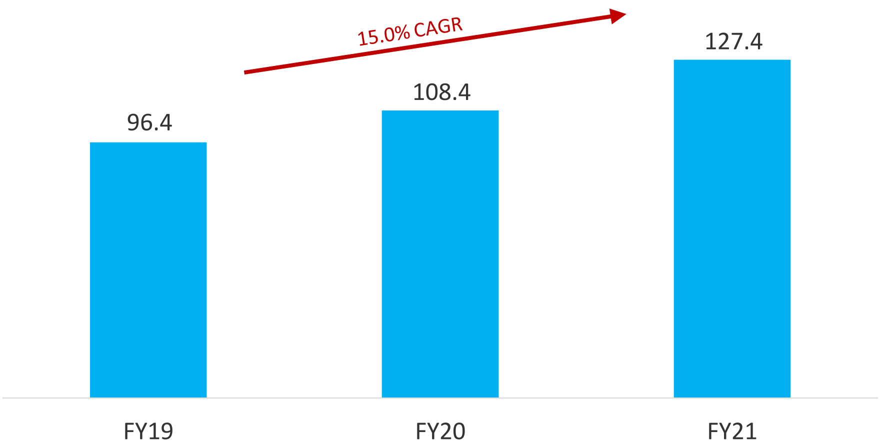
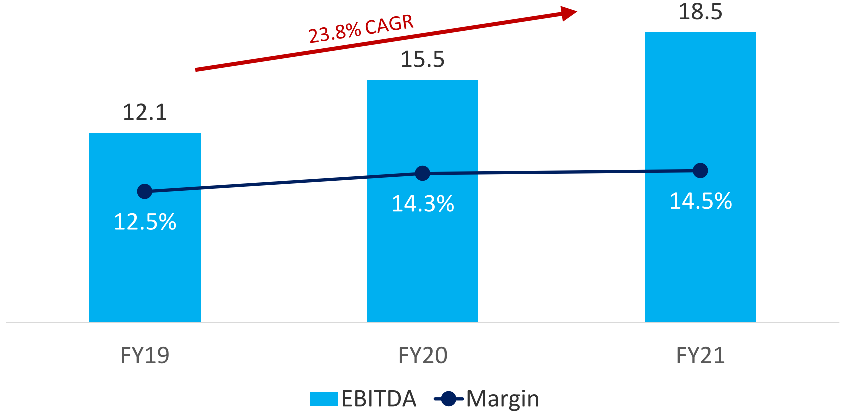
## Reconstruction Experts generated US$127.4m revenue & US$18.5m EBITDA[1] in FY21 (23.8% FY19-FY21 CAGR)

### Revenue (US$m)




### EBITDA & Margin % (US$m)[1]




### Commentary

- Strong historical growth profile with FY21 revenue[2] and EBITDA[1] up 17.6% and 19.7% on FY20 respectively
- EBITDA margin expansion from 12.5% in FY19 to 14.5% in FY21 driven by
  - Job mix – increasing volume at higher margin damage insurance work; and
  - Operating leverage (scale efficiencies)
- Insurance related work contributed ~80% of FY21 revenue
- >70% of Reconstruction Experts' projects are bilaterally negotiated ("no-bid") - therefore typically higher margin
- Capex light business model - consistent with existing JLG Australian operations
- Primary client base is Homeowner Associations ("HOAs") – the U.S. equivalent of Strata Managers/Owners' Corporations – i.e. large multi-family properties including apartments, condominiums and master planned communities
- **RE has extensive and deep relationships with:**
  - Property Managers;
  - Construction Defect Attorneys;
  - Engineers and Design Professionals; and
  - HOAs directly
- **Opportunity to:**
  - Leverage RE's existing relationships to grow interstate;
  - Leverage and grow Steamatic's existing direct relationships with insurance companies (building and restoration panels) and third-party administrators; and
  - Target similar opportunities in traditional single-family homes and commercial properties (i.e. Steamatic's/JLG's existing core business)

[1] Earnings before interest, tax, depreciation and amortisation, excluding non-recurring expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction and IFRS



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# 2.4 High-calibre, Experienced & Equity Aligned Leadership Team

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**Reconstruction Experts is led by a strong, long standing, high-calibre & very experienced management team who will be fully aligned through ongoing equity ownership - consistent with JLG's equity partnership model**

## Leadership Team – Reconstruction Experts

**Rich Whitten | Chief Executive Officer**

**Joined:** 2011 as CFO

Promoted to COO in 2013 and CEO in 2019 - Rich is responsible for implementing many of RE's standardised reporting and operating procedures.

Rich will continue to drive the strategy and culture of RE to scale operations and build-out a national footprint.

**Mike Barclay | Chief Operating Officer**

**Joined:** 2008 as Colorado Regional Vice President

Mike has nearly 30 years' experience in the construction industry having joined RE from Wyndham Homes.

Mike oversees the Regional Operations Managers and is responsible for driving RE's operating standards and procedures.

**Steve Williams | Chief Financial Officer**

**Joined:** 2014 as CFO

Steve has over 20 years' experience, including leadership roles at the U.S. SEC and Grant Thornton Audit.

Steve is responsible for managing RE's finance and accounting function, including financial reporting and analysis to support strategic decision-making.

**Ali Kronebusch | Chief Sales Officer**

**Joined:** 2006 as Vice President of Business Development

Having worked at RE for approx. 15 years, Ali has hand-selected and grown RE's current sales teams.

Ali is responsible for Sales and Marketing and works closely with each division of RE to drive customer satisfaction.

## Leadership Team – Johns Lyng USA

**Brent Adamcyzk |**

**Chief Executive Officer**

**Joined:** 2013 (JLG)

Brent joined JLG in Australia in 2013 and was promoted to Operations Manager in 2017.

Having proven himself as a leader within the business, Brent relocated to the U.S. to lead Steamatic shortly after acquisition by JLG in 2019.

Brent now leads Johns Lyng USA as CEO.

## Management Retention Arrangements

- Reconstruction Experts is led by a strong, long standing, high-calibre and very experienced management team who will be fully aligned through ongoing equity ownership - consistent with JLG's equity partnership model
- JLG will acquire 100% of RE at Closing. Subsequent to Closing, in-line with JLG's equity partnership model, key RE senior management will acquire an equity interest in the Company through a combination of cash purchased equity and share options (with an exercise price equal to the final purchase price under the share purchase agreement and a 5 year vesting period)

# 2.5 Examples of Reconstruction Experts' Projects

**RE's comprehensive service offering provides opportunities to engage with discrete end-clients multiple times over the life of a property to deliver RE's high quality repair services**

## Heights at Cross Creek (Colorado)

**Situation:** RE identified a repeat issue at a relatively new property after performing repair and maintain work for a HOA. RE referred the Attorney, provided destructive testing and professional services prior to being awarded the exclusive contract and was subsequently contracted for a damage insurance hail claim

- *2010: Repair & Maintain*
  *(Siding repair from water damage)*
- *2015: DT/Professional Services*
  *(Destructive testing & expert cost of repair)*
- *2016: Defect Insurance*
  *(Firewall repairs, civil grading & drainage & porch columns)*
- *2018: Damage Insurance*
  *(Roof & siding replacement from hail damage)*

**>US$5m**

**Total Relationship Revenue**

## Gold Peak (Colorado)

**Situation:** RE was not selected for DT and professional services but was able to network through the Property Manager and eventually win the defect insurance repair work. RE was then allocated additional work as a result of high-quality execution and the relationship

- *2015: Defect Insurance*
  *(Building envelope, civil grading & drainage and driveways & curbs)*
- *2015: Damage Insurance*
  *(Roof replacement from hail damage)*
- *2016: Repair & Maintain*
  *(Exterior painting)*
- *2017: Repair & Maintain*
  *(Detention pond repairs)*

**>US$13.5m**

**Total Relationship Revenue**

## RE Payment Process

Insurance Company

↓ *Pays*

HOA

↓ *Pays*

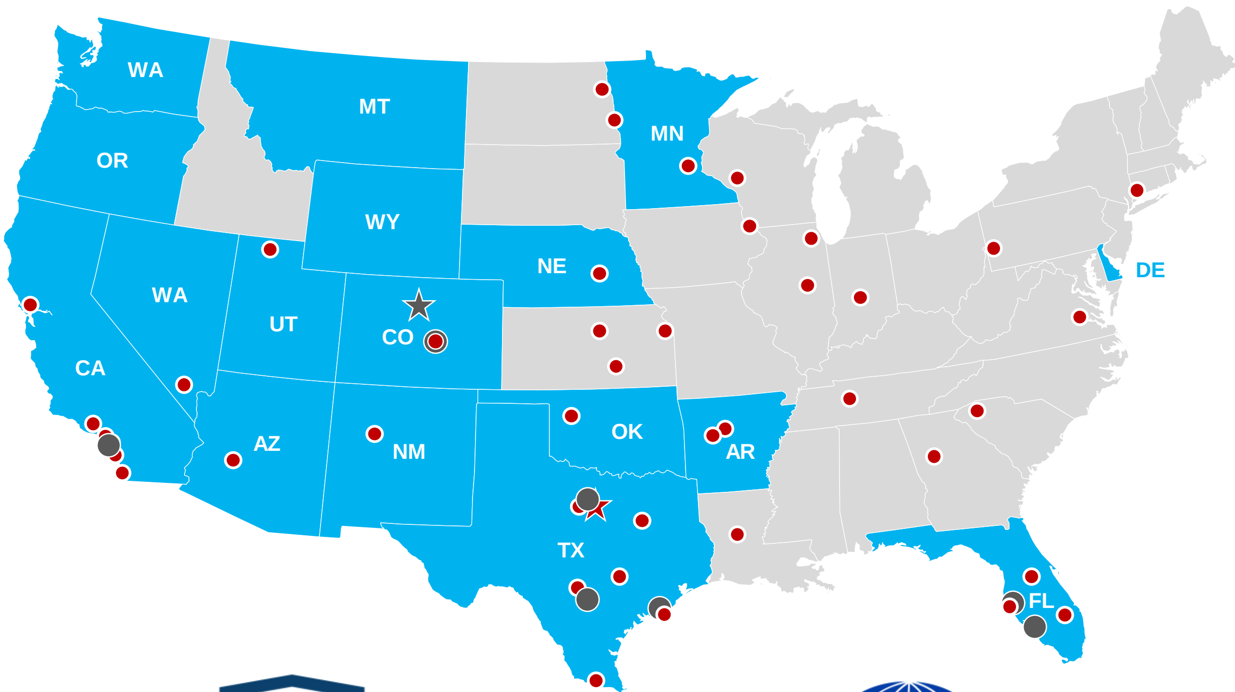
RECONSTRUCTION EXPERTS

# 2.6 Expanded U.S. Geographic Footprint Post-acquisition of RE

JOHNS LYNG GROUP

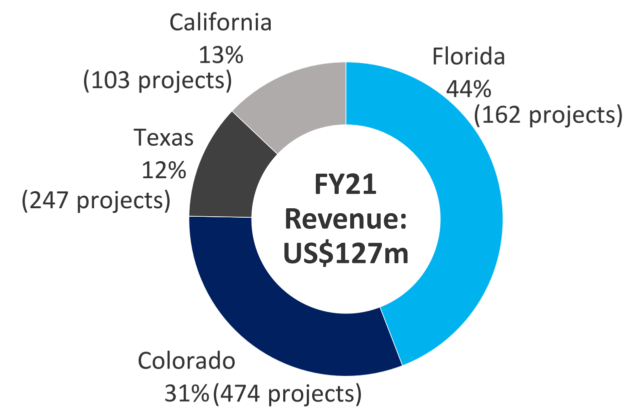
**Reconstruction Experts has a growing U.S. presence with offices in 4 key states and authorisations to operate in a further 13 states plus a growing pipeline of work**

## Geographical Footprint

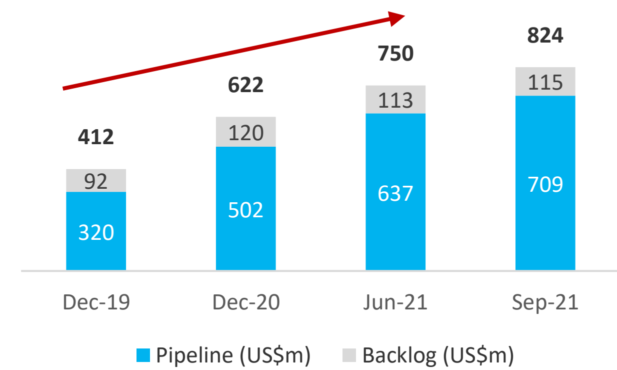



- ★ RE Headquarters (Denver, CO)
- ● RE Office Locations
- ■ RE authorised to conduct business
- ★ Steamatic Headquarters (Dallas)[3]
- ● Steamatic Locations[3,4]

## FY21 Revenue by Geography




## Historical Pipeline[1] & Backlog[2] (US$m)




[1] Pipeline refers to opportunities which are highly probable, but currently uncontracted
[2] Backlog refers to all signed/contracted projects yet to commence
[3] Steamatic locations shown are all currently owned/operated by JLG
[4] Includes 41 franchisees and 1 company owned location in Nashville

# 2.7 Very Large U.S. Market Opportunity

JOHNS LYNG GROUP

## Total U.S. residential property repair & improvements market estimated at US$200bn-US$250bn[1]

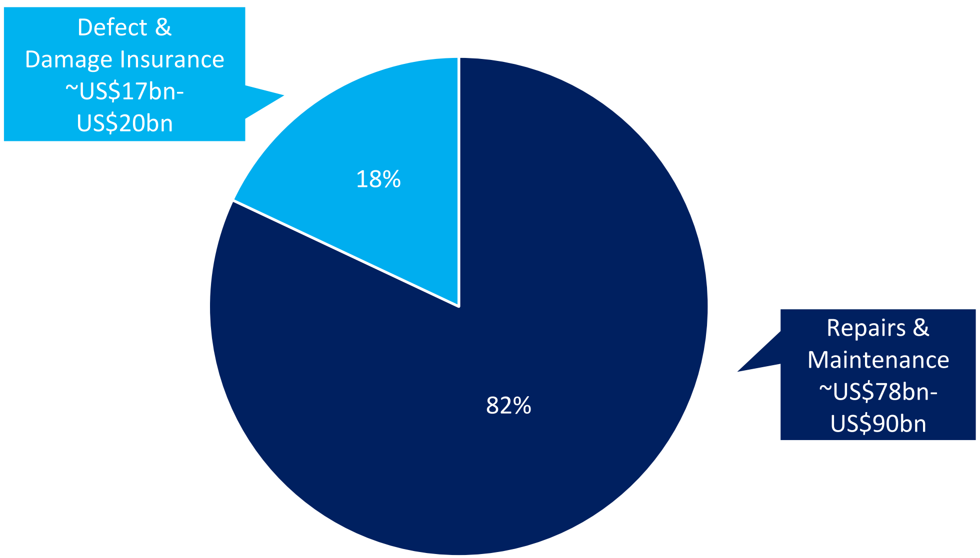
## Total U.S. multi-family market segment estimated at ~US$100bn[1] (excluding traditional single-family homes)

- RE's current focus on the multi-family HOA sub-segment is estimated to represent a US$16bn-US$19bn[1] national market opportunity
- Interstate expansion and penetration of the non-HOA multi-family and single-family segments present significant upside

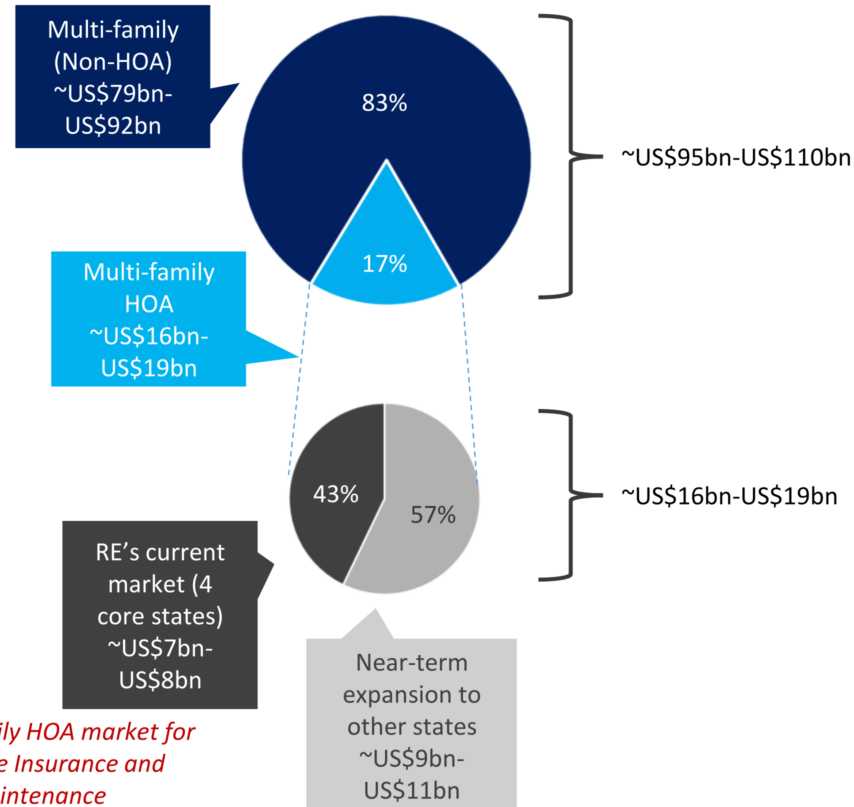
### Multi-family Market Size[1]

**Total U.S. multi-family property repair & improvements market estimated at ~US$100bn**

*Represents HOA and non-HOA multi-family market for Defect and Damage Insurance and Repairs & Maintenance*




### Existing Market Breakdown[1]




*Represents multi-family HOA market for Defect and Damage Insurance and Repairs & Maintenance*

[1] Market size estimates based on an independent commercial/market due diligence report as at September 2020

# 2.8 Compelling Strategic Rationale

JOHNS LYNG GROUP

## The Acquisition significantly expands JLG's U.S. presence & provides an opportunity to leverage its core competencies to accelerate growth in the U.S. insurance building & restoration services market

### 1 Expansion into Attractive U.S. Market

- Intention to continue to drive growth in RE's core markets with existing referral network and accelerate growth by targeting untapped referral opportunities
- Provides a starting position with 'critical mass' in the U.S. market with the necessary scale and capability to facilitate growth - targeting a future national platform across all of JLG's key markets
- Significant ~US$100bn[1] immediately addressable market opportunity via interstate expansion and growing the offering into the non-HOA multi-family market

### 2 Complementary Business with Large Runway for Growth

- ~80% of Reconstruction Experts' revenue for FY21 is derived from defect and damage insurance work for HOA's
- Opportunity to continue to pursue growth in the ~US$100bn[1] multi-family market, targeting:
  - Non-HOA multi-family properties; and
  - Interstate expansion organically (leveraging existing client base) and via select M&A opportunities

### 3 Cross-selling Opportunities

- Leverage RE's and Steamatic's existing client relationships to grow volumes and revenue
- Opportunity to cross-sell services to capture large multi-scope projects

### 4 Opportunity to Build Out Full-service Operation with High Calibre Management Team *(Steamatic Synergies)*

- Reconstruction Experts is led by a strong, long standing, high-calibre and very experienced management team, who will be fully aligned through ongoing equity ownership - consistent with JLG's equity partnership model
- Opportunity to implement JLG's existing core competencies including:
  - MakeSafe/Board-up;
  - Leverage and grow Steamatic's existing direct relationships with insurance companies (building and restoration panels) and third-party administrators;
  - Insurance building and restoration services in traditional (single-family) homes and commercial properties (i.e. JLG's existing core business); and
  - Emergency CAT response
- Achieve full-scale insurance capability to attract key management personnel
- Leverage JLG's existing U.S. footprint (>40 Steamatic locations) to drive growth and enhance value for the group
- Genuine platform for interstate growth both organically and via select M&A (existing pipeline of potential acquisition opportunities to develop a fully national footprint)
- Opportunity to further broaden service offering to directly service insurance companies - consistent with JLG's Australian capabilities

### 5 Other Opportunities

- Centralise purchasing for trade vendors to improve margins through preferential purchasing power
- General cross-pollination of competencies and knowledge between both RE and Steamatic to optimise client offering and profitability
- Corporate (cost) synergies will be derived from greater scale in the U.S. market overtime

[1] Market size estimates based on an independent commercial/market due diligence report as at September 2020

#3

# Transaction Structure, Pro-forma P&L & Equity Raising Overview

# 3.1 Financial Impact of the Transaction

JOHNS LYNG GROUP

**The Transaction is expected to be immediately & significantly earnings accretive: 64.2% EPS-A[1] accretive on pro-forma FY21 basis**

## Pro-forma FY21 Financial Profile[1]

| Financial Impact (A$m) | JLG | RE (Pro-forma)[3] | Total (Pro-forma) |
|---|---|---|---|
| **Revenue** | **568.4** | **177.0** | **745.4** |
| Gross Profit | 119.6 | 55.0 | 174.6 |
| *Gross Margin (%)* | *21.0%* | *31.1%* | *23.4%* |
| **EBITDA** | **52.6** | **25.7** | **78.3** |
| *EBITDA Margin (%)* | *9.3%* | *14.5%* | *10.5%* |
| EBIT | 43.0 | 23.5 | 66.5 |
| PBT | 41.4 | 23.5 | 64.8 |
| **NPAT (Consolidated)** | **29.6** | **17.7** | **47.3** |
| NPAT Attributable to JLG Shareholders | 20.7 | 17.7 | 38.4 |
| NPAT-A Attributable to JLG Shareholders | 20.8 | 18.6 | 39.4 |
| **Weighted Average Ordinary Shares Outstanding** | **223,633** | | **257,457** |
| **EPS-A** | **9.31** | | **15.30** |
| **EPS-A Accretion %** | | | **64.2%** |

## Sources & Uses of Funds[2]

| Sources | A$m | US$m |
|---|---|---|
| Placement | 187.5 | 131.3 |
| Entitlement Offer (ANREO) | 42.5 | 29.8 |
| **Total Sources of Funds** | **230.0** | **161.0** |
| Potential Earn-out Consideration | 82.9 | 58.0 |
| **Uses** | | |
| Up-front Cash to RE Shareholders | 175.0 | 122.5 |
| RE Debt/(Cash) Equivalents Assumed | (0.5) | (0.4) |
| Repayment of RE's Gross Third-party Debt | 31.9 | 22.3 |
| Estimated Post-Closing Purchase Price Adjustments | 8.2 | 5.7 |
| Cash Balance / Working Capital | 2.1 | 1.4 |
| Transaction Costs | 13.3 | 9.3 |
| **Total Uses of Funds** | **230.0** | **161.0** |
| Potential Earn-out Consideration | 82.9 | 58.0 |

## Update of Financing & Headroom

- Undrawn (committed) revolving credit facilities: >A$20m post-Closing
- Credit approved term sheet for A$35m increase to JLG's existing group revolving credit facility
- Ample liquidity and sufficient balance sheet capacity to fund organic growth and current bolt-on M&A pipeline
- Intention to retain Reconstruction Experts' existing revolving credit facility with up to US$10m undrawn headroom

[1] Financial information presented excludes amortisation of acquired identifiable intangible assets and non-recurring transaction and other expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction and IFRS and assuming an AUD:USD FX rate of 0.72 and a US effective tax rate of 25.6%. EPS-A is calculated using pro-forma weighted average number ordinary shares outstanding for FY21

[2] Assumes an AUD:USD FX rate of 0.70. Transaction costs include advisory and due diligence costs, warranty and indemnity insurance premium, Equity Raising fees, legal, travel and other non-recurring transaction related expenses

[3] RE pro-forma financial information has been independently reviewed. Please refer to page 3 disclaimer regarding presented RE financials

# 3.2 Equity Raising Summary

JOHNS LYNG GROUP

| | |
|---|---|
| **Offer Structure and Size** | • Fully underwritten A$230.0m Equity Raising comprising:<br>– an institutional placement to raise approximately A$187.5m ("Placement"); and<br>– a 1 for 35.91 pro-rata accelerated non-renounceable entitlement offer to raise approximately A$42.5m ("Entitlement Offer") |
| **Offer Price** | • The Equity Raising will be conducted at $6.80 per New Share ("Offer Price"), representing a:<br>– 4.8% discount to the last traded price of $7.14[1]<br>– 7.2% discount to the 5-day VWAP price of $7.33[2]<br>– 4.2% discount to TERP of A$7.10[3]<br>• The Placement and institutional shortfall price will be determined by a bookbuild with the Offer Price being the underwritten floor price |
| **Use of Proceeds** | • Proceeds from the Equity Raising will be applied to fund the acquisition of Reconstruction Experts, associated transaction expenses and to ensure JLG and RE maintain financial flexibility to fund their near-term growth initiatives |
| **Placement and Institutional Entitlement Offer** | • The Placement and institutional shortfall Offer will be conducted by way of a bookbuild process on Thursday, 9 December 2021<br>• Entitlements under the Institutional Entitlement Offer that are not taken-up, entitlements of ineligible institutional shareholders and ineligible retail shareholders under the Entitlement Offer will be sold under an institutional shortfall bookbuild on Thursday, 9 December 2021 |
| **Retail Entitlement Offer** | • The Retail Entitlement Offer will open on Wednesday, 15 December 2021 and close on Thursday, 30 December 2021<br>• Eligible existing retail shareholders in Australia and New Zealand have the opportunity to apply for additional New Shares up to 100% of their entitlement under a "Top-up Facility" (subject to scale back at the Company's discretion) |
| **Ranking** | • Each New Share issued under the Equity Raising will rank equally with existing fully paid ordinary shares on issue |
| **Underwriting[4]** | • The Placement and Entitlement Offer are fully underwritten by the Joint Lead Managers<br>• Certain directors and senior management intend to sub-underwrite the Retail Entitlement Offer up to an aggregate of A$4.5m |
| **Director Participation** | • Directors and other senior management have committed to participate for A$13.5m of their entitlements |

[1] Last closing share price as at 6 December 2021
[2] 5-day Volume Weighted Average Price (VWAP) to 6 December 2021
[3] TERP means the 'theoretical ex-rights price' at which JLG shares should trade immediately after the ex-date of the Offer and is adjusted for placement shares. TERP is a theoretical calculation only and the actual price at which JLG's shares trade at that time will depend on many factors and may not be equal to the TERP

[4] Please refer to Appendix 6 for a summery of the Underwriting Agreement and Sub-underwriting Arrangements

# 3.3 Equity Raising Timetable

| Item | Date |
|---|---|
| Trading Halt | Tuesday, 7 December 2021 |
| Announcement of the Acquisition and Equity Raising, Institutional Entitlement Offer and Placement open | Thursday, 9 December 2021 |
| Institutional Entitlement Offer and Placement closes | Friday, 10 December 2021 |
| Announcement of results of Institutional Entitlement Offer and Placement | Monday, 13 December 2021 |
| Trading halt lifted and trading re-commences on an ex-entitlement basis | Monday, 13 December 2021 |
| Record date for determining entitlement to subscribe for New Shares | 7:00pm Monday, 13 December 2021 |
| Retail Entitlement Offer opens and retail offer booklet despatched | Wednesday, 15 December 2021 |
| Settlement of New Shares issued under the Institutional Entitlement Offer and Placement | Monday, 20 December 2021 |
| Allotment and trading of New Shares issued under the Institutional Entitlement Offer and Placement | Tuesday, 21 December 2021 |
| Retail Entitlement Offer closes | Thursday, 30 December 2021 |
| Announcement of results of Retail Entitlement Offer | Wednesday, 5 January 2022 |
| Settlement of New Shares issued under the Retail Entitlement Offer | Friday, 7 January 2022 |
| Allotment of New Shares issued under the Retail Entitlement Offer | Monday, 10 January 2022 |
| Quotation of New Shares issued under the Retail Entitlement Offer | Tuesday, 11 January 2022 |
| Expected despatch of holding statements | Tuesday, 11 January 2022 |

Note: The timetable is indicative only and dates and times are subject to change without notice. All references are to Sydney, Australia time

#4

# FY22 Outlook

# 4.1 FY22 Outlook

JOHNS LYNG GROUP

## JLG reconfirms its current earnings guidance plus ~A$13m expected 2H22(F) contribution from RE – JLG upgrades its FY22(F) EBITDA to A$73.1m

**FY22 Outlook[1,2,3]**

- **Group Revenue: $732.3m**
  - **BaU Revenue: $685.8m** (+16.5% from 2H22(F) RE contribution)
    - +42.3% vs. FY21(A)
- **Group (Operating) EBITDA: $73.1m**
  - **BaU EBITDA: $67.9m** (+23.7% from 2H22(F) RE contribution)
    - +59.1% vs. FY21(A)

**Potential FY22 Upside:**

- Commencement of RE integration plan
- New client contracts
- Full year impact of previous acquisitions (Change, Structure, Shift, Unitech, Steamatic & Brisbay):
  - Integration ongoing – synergies expected; and
  - Cross-sell strategy in progress (B&D acquisitions)
- Additional strategic acquisitions under assessment
- Future CAT events (not forecast) – 'storm season' runs Nov-April

| FY22 Outlook (A$m) | JLG FY21(A) | JLG (Aug-21) FY22(F) | RE[1] 2H22(F) | Total (Dec-21) FY22(F) | FY22(F) (Dec) vs. FY22(F) (Aug) % | FY22(F) (Dec) vs. FY21(A) % |
|---|---|---|---|---|---|---|
| **Revenue - BaU** | **481.8** | **588.9** | **96.9** | **685.8** | **16.5%** | **42.3%** |
| Revenue - CAT | 86.5 | 46.4 | - | 46.4 | | |
| **Revenue - Total** | **568.4** | **635.4** | **96.9** | **732.3** | **15.3%** | **28.8%** |
| **EBITDA - BaU** | **42.7** | **54.9** | **13.0** | **67.9** | **23.7%** | **59.1%** |
| EBITDA - CAT | 9.9 | 5.2 | - | 5.2 | | |
| **EBITDA - Total** | **52.6** | **60.1** | **13.0** | **73.1** | **21.6%** | **39.0%** |

| Margin Analysis | | | | |
|---|---|---|---|---|
| *EBITDA - BaU Margin* | *8.9%* | *9.3%* | *13.4%* | *9.9%* |
| *EBITDA - CAT Margin* | *11.4%* | *11.2%* | *-* | *11.2%* |
| *EBITDA Margin* | *9.3%* | *9.5%* | *13.4%* | *10.0%* |

**JLG does not forecast for CAT events.**

CAT revenue is contracted run-off work from various recent CAT events

- **FY22(F) does not include any contribution from JLG's recently announced contract with the State Government of Victoria for clean-up and Makesafe works related to Victoria's recent severe storms (CAT) – initial funding allocation of $55.5m with potential further work phases[4]**

**Potential revenue upside**

**(VIC Storms – Jun 21)**

**$55.5m**

| Historical CAT Revenue vs. Forecast | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|
| CAT Revenue Forecast (original at start of FY) | 37.0 | 13.5 | 31.6 | 20.3 |
| CAT Revenue - Actual | *69.2* | *46.2* | *89.0* | *86.5* |
| **Historical CAT Outperformance vs. Fcst** | **32.2** *86.9%* | **32.7** *241.6%* | **57.4** *181.7%* | **66.2** *325.9%* |

[1] Assumes an AUD:USD FX rate of 0.72. Please refer to page 3 disclaimer regarding presented RE financials
[2] EBITDA presented under AASB 16 (Leases)
[3] The FY22 outlook is subject to the Risk Factors set out in Appendix 4
[4] Work-in-progress not yet fully quantified – JLG's policy is to include contracted work-in-hand in its CAT Forecast only

# Appendices

## Appendix #1

# Summary of Key Transaction Terms

# Appendix 1: Summary of Key Transaction Terms

JOHNS LYNG GROUP

| Term | Detail |
|---|---|
| **Enterprise Value (100% ownership basis)** | **US$144m** – Up-front Enterprise Value |
| **Earn-out** | **Up to US$58m** in aggregate<br>The potential earn-out is payable in up to 2 tranches based on 8.0x the uplift in EBITDA above US$18m, achieved based on the 3-year trailing average EBITDA[1] performance of RE, to be tested annually over the 2 years post-Closing (CY22 and CY23)<br>Any tranche 2 (CY23) earn-out payment to be calculated net of any tranche 1 (CY22) earn-out paid |
| **Acquisition Structure** | JLG will acquire 100% of Reconstruction Holdings, Inc. at Closing<br>Subsequent to Closing, in-line with JLG's equity partnership model, key RE senior management will acquire an equity interest in the Company through a combination of cash purchased equity and share options (with an exercise price equal to the final purchase price under the share purchase agreement and a 5 year vesting period) |
| **Acquisition Vehicle** | Johns Lyng Intermediary Holdings, LLC |
| **Funding** | Equity Value of US$144.9m (including (target) cash acquired) to be fully funded via proceeds from the underwritten Equity Raising |
| **Conditions Precedent** | Closing is subject to customary conditions precedent - expected 1-Jan-22<br>No regulatory approvals required - JLG has already submitted a HSR filing for which the waiting period has now expired |
| **Representations & Warranties** | JLG and the vendors each make representations and warranties that are customary for an acquisition of this nature including a tax indemnity and an indemnity in respect of pre-Closing litigation matters and warranty claims<br>Vendor warranties and the tax indemnity are supported by a warranty and indemnity insurance policy on market standard terms, with a policy limit of US$14.4m |

[1] Earnings before interest, tax, depreciation and amortisation, excluding agreed non-recurring expenses identified during due diligence and including pro-forma adjustments in respect of the Transaction

# Appendix #2

# Pro-forma Financial Reconciliation

# Appendix 2: Pro-forma Financial Reconciliation (FY21 Profit & Loss)

JOHNS LYNG GROUP

| Pro-forma Financial Reconciliation (FY21 Profit & Loss) | RE[1] US$m | Pro-forma & Transaction Adjustments US$m | RE (Pro-forma) US$m | RE (Pro-forma)[4] A$m | JLG A$m | Total (Pro-forma) A$m |
|---|---|---|---|---|---|---|
| **Revenue** | 127.4 | - | 127.4 | 177.0 | 568.4 | 745.4 |
| **Gross Profit** | **39.6** | - | **39.6** | **55.0** | **119.6** | **174.6** |
| *Gross Margin (%)* | *31.1%* | | *31.1%* | *31.1%* | *21.0%* | *23.4%* |
| **EBITDA** | 18.1 | 0.4 | 18.5 | 25.7 | 52.6 | 78.3 |
| Depreciation | (0.4) | (0.4) | (0.8) | (1.1) | (8.9) | (10.1) |
| Amortisation | (2.7) | 2.0 | (0.8) | (1.1) | (0.6) | (1.8) |
| **EBIT** | **14.9** | **2.0** | **16.9** | **23.5** | **43.0** | **66.5** |
| Interest | (0.6) | 0.6 | 0.0 | 0.0 | (1.6) | (1.6) |
| **PBT** | **14.3** | **2.6** | **16.9** | **23.5** | **41.4** | **64.8** |
| Tax | (3.5) | (0.7) | (4.1) | (5.7) | (11.8) | (17.5) |
| **NPAT** | **10.9** | **1.9** | **12.8** | **17.7** | **29.6** | **47.3** |
| Non-controlling Interest | - | - | - | - | (8.9) | **(8.9)** |
| **NPAT Attributable to JLG Shareholders** | **10.9** | **1.9** | **12.8** | **17.7** | **20.7** | **38.4** |
| Amortisation Attributable to JLG Shareholders (Post-tax) | 2.0 | **(1.5)** | 0.6 | 0.8 | 0.2 | 1.0 |
| **NPAT-A Attributable to JLG Shareholders[2]** | **12.9** | **0.5** | **13.4** | **18.6** | **20.8** | **39.4** |
| **Weighted Average Ordinary Shares Outstanding** | | | | | **223,633** | **257,457** |
| **EPS-A[3] (cps)** | | | | | **9.31** | **15.30** |
| **EPS-A[3] Accretion %** | | | | | | 64.2% |

## Pro-forma & Transaction adjustments include:

1. *US GAAP to IFRS translation including:*
   - *Reversal of goodwill amortisation*
   - *AASB 16 (Leases)*
2. *Elimination of third-party interest-bearing debt and associated interest expense (gross debt to be repaid at Closing)*
3. *Transaction adjustments are shown for illustrative purposes only – the purchase price accounting for the Transaction and accounting for management equity arrangements to be entered into post-Closing has not yet been completed*

[1] Financial information presented excludes non-recurring transaction and other expenses identified during due diligence and calculated using a US effective tax rate of 25.6%
[2] NPAT-A excludes amortisation of acquired identifiable intangibles. The purchase price accounting for the Transaction has not yet been completed
[3] Calculated using NPAT-A, divided by the pro-forma weighted average number ordinary shares outstanding for FY21
[4] Assumes an AUD:USD FX rate of 0.72. RE pro-forma financial information has been independently reviewed. Please refer to page 3 disclaimer regarding presented RE financials

# Appendix 2: Pro-forma Financial Reconciliation (30 June 2021 Balance Sheet)

JOHNS LYNG GROUP

| Pro-forma Financial Reconciliation (Balance Sheet at 30 June 2021) | RE | Pro-forma Adjustments[1] | RE (Pro-forma) | RE (Pro-forma)[2] | JLG | Transaction Adjustments[3] | Total (Pro-forma) |
|---|---|---|---|---|---|---|---|
| | $USm | $USm | $USm | $Am | $Am | $Am | $Am |
| **Current Assets** | | | | | | | |
| Cash and Cash Equivalents | 3.9 | - | 3.9 | 5.4 | 43.3 | 15.8 | 64.5 |
| Trade and Other Receivables | 25.3 | - | 25.3 | 35.1 | 78.8 | - | 113.9 |
| Accrued Income | 3.3 | - | 3.3 | 4.6 | 40.7 | - | 45.3 |
| Other Current Assets | 1.9 | - | 1.9 | 2.6 | 3.8 | - | 6.4 |
| **Total Current Assets** | **34.3** | **-** | **34.3** | **47.7** | **166.6** | **15.8** | **230.0** |
| **Non-current Assets** | | | | | | | |
| Non-current Receivables | - | - | - | - | - | - | - |
| Property, Plant and Equipment | 1.7 | - | 1.7 | 2.4 | 15.3 | - | 17.6 |
| Intangibles | 11.0 | 10.3 | 21.4 | 29.7 | 48.2 | 148.0 | 225.8 |
| Right-of-use Lease Assets | - | 1.4 | 1.4 | 2.0 | 13.5 | - | 15.5 |
| Deferred Tax Asset | 1.3 | (1.3) | - | - | 4.9 | 1.8 | 6.7 |
| **Total Non-current Assets** | **14.1** | **10.5** | **24.5** | **34.0** | **81.8** | **149.8** | **265.6** |
| **Total Assets** | **48.4** | **10.5** | **58.8** | **81.7** | **248.4** | **165.5** | **495.6** |
| **Current Liabilities** | | | | | | | |
| Trade and Other Payables | (15.1) | - | (15.1) | (21.0) | (100.6) | 0.1 | (121.5) |
| Borrowings | (10.8) | - | (10.8) | (15.0) | (6.8) | 15.0 | (6.8) |
| Current Tax Payable | (0.1) | - | (0.1) | (0.1) | (5.2) | - | (5.3) |
| Employee Provisions | (0.1) | - | (0.1) | (0.2) | (7.5) | - | (7.7) |
| Current Right-of-use Lease Liabilities | - | (0.4) | (0.4) | (0.5) | (4.0) | - | (4.5) |
| Income In Advance | (2.2) | - | (2.2) | (3.1) | (23.7) | - | (26.8) |
| **Total Current Liabilities** | **(28.3)** | **(0.4)** | **(28.7)** | **(39.9)** | **(147.7)** | **15.0** | **(172.6)** |
| **Non-current Liabilities** | | | | | | | |
| Right-of-use Lease Liabilities | - | (1.2) | (1.2) | (1.7) | (11.4) | - | (13.1) |
| Non-current Borrowings | (12.6) | - | (12.6) | (17.5) | (11.1) | 17.5 | (11.1) |
| Deferred Tax Liability | - | (1.3) | (1.3) | (1.8) | (4.2) | - | (6.0) |
| Non-current Employee Provisions | - | - | - | - | (0.6) | - | (0.6) |
| **Total Non-current Liabilities** | **(12.6)** | **(2.5)** | **(15.1)** | **(21.0)** | **(27.2)** | **17.5** | **(30.8)** |
| **Total Liabilities** | **(40.9)** | **(2.9)** | **(43.8)** | **(60.9)** | **(175.0)** | **32.5** | **(203.3)** |
| **Net Assets** | **7.5** | **7.5** | **15.0** | **20.8** | **73.4** | **198.0** | **292.3** |
| **Equity** | | | | | | | |
| Issued Capital | 19.1 | - | 19.1 | 26.6 | 64.7 | 199.2 | 290.5 |
| Reserves | - | - | - | - | (19.8) | - | (19.8) |
| Retained Earnings | (11.7) | 7.5 | (4.1) | (5.8) | 20.7 | (1.2) | 13.8 |
| **Equity** | **7.5** | **7.5** | **15.0** | **20.8** | **65.6** | **198.0** | **284.4** |
| Non-controlling Interests | - | - | - | - | 7.8 | - | 7.8 |
| **Total Equity** | **7.5** | **7.5** | **15.0** | **20.8** | **73.4** | **198.0** | **292.3** |

## Notes to the Pro-forma Balance Sheet

1. **Pro-forma adjustments include:**
   a) *US GAAP to IFRS translation including:*
      i. *Reversal of goodwill amortisation*
      ii. *AASB 16 (Leases)*
2. **Assumes an AUD:USD FX rate of 0.72**
3. **Transaction adjustments include:**
   a) *JLG Equity Raising (net of transaction related expenses)*
   b) *Purchase price consideration and transaction expenses paid at Closing*
   c) *Repayment of third-party interest-bearing debt at Closing*
   d) *Accounting consolidation i.e. elimination of RE's share capital and retained earnings and recognition of goodwill*

*Note:*

*Transaction adjustments shown for illustrative purposes only. Purchase consideration reflects the estimated cash to be paid at Closing including any post-Closing purchase price adjustments (assumed to be nil). The purchase price accounting has not yet been completed and the potential earn-out payable has not yet been assessed. Accordingly, no potential earn-out liability has been included in the pro-forma balance sheet. Additionally, the accounting for Management equity arrangements to be entered into post-Closing has not yet been assessed.*

Note: RE pro-forma financial information has been independently reviewed. Please refer to page 3 disclaimer regarding presented RE financials

# Appendix #3

# Overview of JLG

# Appendix 3: Overview of JLG – Portfolio Summary

- JLG is a leading integrated building services group, delivering building, restoration & strata management services nationally & in the USA
- Focused on recurring revenues & deep client relationships, JLG's strategically aligned businesses deliver >100k discrete jobs p.a.

## Insurance Building & Restoration Services (IB&RS)

Building fabric repair and contents restoration after damage from insured events including: impact, weather and fire events. Hazardous waste removal, strata management and property/ facilities management.

| IB&RS ($m) | FY21(A) | Contribution |
|---|---|---|
| Revenue - JLG | 444.6 | 59.6% |
| Revenue - RE | 177.0 | 23.7% |
| **Total Revenue - Pro-forma** | **621.6** | **83.4%** |
| EBITDA - JLG | 50.8 | 64.9% |
| EBITDA - RE | 25.7 | 32.8% |
| **Total EBITDA - Pro-forma** | **76.5** | **97.7%** |

## Commercial Building Services (CBS)

Residential and commercial flooring, emergency domestic (household) repairs, shop-fitting, pre-sale property staging and commercial heating, ventilation and air conditioning mechanical services.

| CBS ($m) | FY21(A) | Contribution |
|---|---|---|
| Revenue | 45.7 | 6.1% |
| EBITDA | 3.5 | 4.4% |

## Commercial Construction (CC)

Johns Lyng Commercial Builders undertakes commercial construction projects ranging from $3m to $20m in Victoria including Large-loss insurance rebuilds and cladding rectification work

| CC ($m) | FY21(A) | Contribution |
|---|---|---|
| Revenue | 77.8 | 10.4% |
| EBITDA | 2.1 | 2.7% |
| Revenue - other | 0.2 | 0.0% |
| EBITDA - other (incl. corporate overheads) | (3.8) | (4.9%) |
| **Total Group Revenue - Pro-forma** | **745.4** | **100.0%** |
| **Total Group EBITDA - Pro-forma** | **78.3** | **100.0%** |

# Appendix 3: Overview of JLG – Global Locations

JOHNS LYNG GROUP

JOHNS LYNG GROUP

**30** Locations Nationally[1]

- Head Office (1)
- State/Territory Offices (5)
- Regional Offices (17)
- Operational Warehouses (2)
- Dressed for Sale (3)
- Air Control (1)[2]
- Unitech Building Services (1)

1 Excluding Bright & Duggan Strata Management and Steamatic Australia

2 Air Control also operates from Johns Lyng's offices in Sydney and Brisbane


bright & duggan

australia's strata leader

**19** East Coast Locations

Capitol FOLLOW THE LEADER

change strata management

structure BUILDING MANAGEMENT

SHIFT

- Bright & Duggan (14)
- Capitol (3)
- Change (1)
- Structure (1)


STEAMATIC total cleaning & restoration

**39** Locations Nationally

- Company-owned Locations (5)
- Franchise Locations (34)

**Regional Victoria Locations**

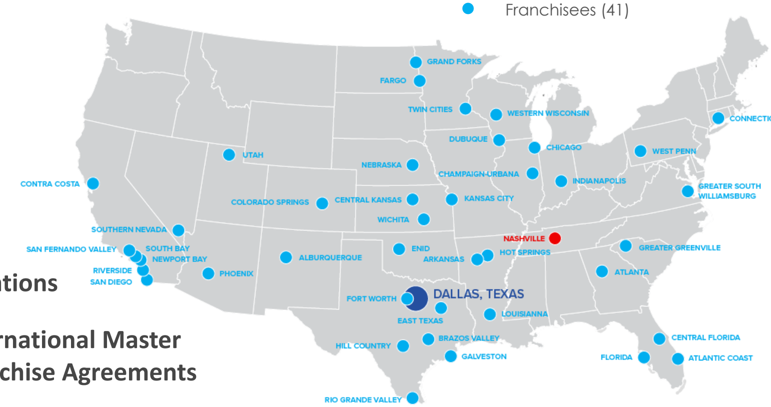
| | |
|---|---|
| Gippsland | Brimbank |
| Bendigo | Yea |
| Ballarat | Moreland |
| Shepparton | Horsham |
| Albury-Wodonga | Warrnambool |
| Mildura | Geelong |


STEAMATIC Restoration | Construction | Cleaning

- Head Office (1)
- Nashville (company owned) (1)
- Franchisees (41)

**43** US Locations

**11** International Master Franchise Agreements



# Appendix 3: Overview of JLG – Investment Highlights

JOHNS LYNG GROUP

**1 Annuity Style Revenues, CAT upside & Low Operating Costs**

- BaU represents >100k discrete jobs/'everyday claim events' p.a.
- Recurring BaU revenues are robust & generally insulated from macro-economic conditions
- CAT events offer significant revenue & margin upside (recurring but unpredictable)
- Low fixed costs mitigate business risk – JLG scales up via national panel of >6k subcontractors

**2 Experienced Management Team & Enduring Client Relationships**

- Long-standing key executive team with material equity ownership
- Management is committed to the business going forward – leadership succession plan in place
- Business Partners report monthly vs. Business Plan & KPI's (Group Operations ('GO') meetings)

**3 Market Dynamics - Attractive Industry Fundamentals**

- Market growth drivers: population, insured property values & CAT frequency/magnitude
- Highly fragmented IB&RS & Strata industries (M&A consolidation opportunity)
- Clients seeking integrated, national service providers – scale & track record are differentiators
- High barriers to entry (relationships, brand equity, credibility, trust & admin)

**4 Strong Organisational Culture & Equity Partnership Model Alignment**

- Values driven, meritocratic organisational culture
- Key employees (Business Partners) aligned with company performance via equity ownership

**5 Diversified & Strategically Aligned Service Offering**

- JLG has a market leading position with a strategically aligned portfolio of businesses
- National footprint enables rapid & efficient client outcomes

**6 Strong Track Record of Financial Performance & Control**

- >25% Revenue CAGR from acquisition in FY04-FY22(F) (c.$12m to c.$732m)[1]
- ~$73m FY22 Forecast EBITDA[1]

**7 Growth: Organic plus M&A**

- Market growth drivers: population, insured property values & CAT frequency/magnitude
- Increasing panel representation & focus on key Loss Adjuster & Broker relationships
- 'Right sizing' domestic market – deeper penetration in NSW, QLD & WA
- Consolidation of fragmented IB&RS & Strata markets – significant cross-sell opportunities

[1] Inclusive of JLG's expected contribution from Reconstruction Experts including pro-forma revenue for the six months to 30 June 2022 ("2H22") of A$96.9m and EBITDA of A$13.0m (assuming six months ownership and AUD:USD FX of 0.72).

# Appendix #4

# Key Risks

# Appendix 4: Key Risks – Specific Risks of an Investment in JLG

JOHNS LYNG GROUP

*This section sets out some of the key risks associated with any investment in JLG, which may affect the value of JLG shares. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in JLG. Before investing in JLG, you should be aware that an investment in JLG has a number of risks, which are specific to JLG and some of which relate to listed securities generally, and some of which are beyond the control of JLG.*

*Before investing in JLG shares, you should consider whether the investment is suitable for you. Potential investors should consider publicly available information on JLG (such as that available on the websites of JLG and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.*

| Specific risks of an investment in JLG | |
|---|---|
| **Panels, tender process and pricing** | Group Members have been appointed to a number of insurance building and construction services panels. The appointment to these panels is for a fixed period (e.g. three years) and the Group Members are generally one of a number of contractors appointed to each panel. Being on the panel does not guarantee that the Group Member will be awarded contracts from the panel appointment. Each panel appointment has varying degrees of significance to the Group. If a Group Member is unable to secure its position on a panel which it currently sits on, or is unable to secure future panel positions, this may adversely impact the Group's financial performance.<br>Additionally, Group Members regularly enter into contracts for construction and services projects following a competitive tender process. A reduction in the number of tender contracts awarded to the Group may adversely impact the Group's financial performance.<br>Failure by the Group to properly assess and manage project risks may result in cost overruns which cause a project to be less profitable than expected or loss making. If this occurs, it may have an adverse impact on the Group's future financial performance and position. |
| **Compliance and regulation costs and liabilities** | Complying with and adhering to relevant regulatory and compliance standards at national and state levels impose real costs to the business both in monetary value but also allocation of resources. If there are any changes in regulatory or compliance standards with which the Group is required to comply, that may result in either one-off costs and/or ongoing expenses to the Group. They may also result in a change to the Group's business model. These increased costs may not be able to be reduced or passed on to clients/customers. This may impact on company operations, outcomes and profitability.<br>In addition, certain Group Members hold licences that authorise them to operate their businesses. These licences include building and similar licences issued by various regulatory authorities. Holders of licences and authorisations are required to comply with the conditions of those licences and authorisations. Compliance is typically monitored by those authorities which may conduct periodic reviews of regulated entities. An unsatisfactory review may cause the relevant authority to impose conditions that may make it comparatively less cost effective or profitable to operate that business with the ultimate sanction being the revocation of the licence or authorisation. If a Group Member suffers the withdrawal of a licence or authorisation to operate all or a substantial part of its business, this may require the relevant entity to cease to operate its regulated business, which may have an adverse effect on the Group's business and financial position. |

| Specific risks of an investment in JLG | |
|---|---|
| **Increasing competition in the insurance building and restoration services industry** | A number of entities compete with the Group across a number of Australian markets in the insurance building and restoration services industry. The Company faces competition from existing competitors and could face competition from new foreign participants who could aggressively attempt to grow their market share through activities including significant price reductions. A deterioration in the Group's competitive position may result in a loss of market share and a decline in revenue and profit margins, which may have an adverse impact on the Group's future financial performance and position.<br><br>The market share of the Group's competitors may increase or decrease as a result of various factors. These competitive actions may reduce the prices the Group is able to charge for its services or may reduce the Group's activity levels, both of which would negatively impact the financial performance of the Group. |
| **Personnel** | One of the Group's key strengths is its meritocratic organisational culture and its people. Accordingly, the performance and retention of the Group's professional employees and senior executives is central to its ongoing financial performance. The loss of any of the Group's key personnel may have an adverse financial impact on the Group. In addition, the departure of certain key personnel may result in the subsequent loss of key clients and other employees. The Group also depends substantially on its business partners, the loss of whose contribution might significantly delay or prevent the achievement of the Group's business strategy.<br><br>Employee remuneration costs represent the largest single component of the Group's overall cost base. Any material increase in head count or salary levels without a corresponding increase in revenue and/or decrease in other costs may adversely affect the Group's cash flows, margins and profitability.<br><br>In addition, the Group's operations are labour intensive and the Group relies on skilled and qualified labour to grow its business. Accordingly, lack of availability of skilled labour either at all or at budgeted rates may adversely impact on the Directors' forecasts and the Group's ability to grow its business.<br><br>As a result, the ability of the Group to retain and attract sufficiently qualified and experienced individuals as key employees, executives and business partners is critical to its success. Although the Group has to date attracted and retained a skilled and motivated workforce, there can be no guarantee that the Group will continue to attract and retain suitable individuals currently or in the future on acceptable terms, or at all, and the failure to do so may adversely affect the Group's business. |
| **Brand and reputation** | The Group's ability to maintain its reputation is critical to the ongoing financial performance of the Group. The Group's reputation could be jeopardised if it fails to maintain high standards for service quality or if it does not comply with regulations or accepted practices. Any consequential negative publicity may reduce demand for the Group's services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage the Group's reputation. Damage to the Group's reputation or the reputations of its clients could have a material adverse effect on the Group's results of operations, financial condition and cash flow.<br><br>Negligence in the provision of building, insurance or repair services may damage the Group's brand which would adversely impact the Group's financial performance. |
| **Sustainability of growth and margins** | The Group has achieved strong growth in revenue and profits. The sustainability of this growth and the level of profit margins from operations is dependent on a number of factors outside the Group's control. Industry margins in all sectors of the Group's activities are likely to be subject to continuing but varying pressures and these may have an adverse impact on the financial performance of the Group. |

# Appendix 4: Key Risks – Specific Risks of an Investment in JLG (Cont.)

JOHNS LYNG GROUP

| Specific risks of an investment in JLG | |
|---|---|
| **Occupational health and safety** | The Group is exposed to risks associated with the occupational health and safety of its employees. Injuries to employees may result in significant lost time for the employee and costs and impacts on the Group beyond what is covered under workers compensation schemes. |
| **Industrial accidents** | Services provided by the Group involve both risk to persons and property. A serious accident may occur, causing damage, injury or death with operational and financial implications for the Group as well as damage to the reputation and standing of the Group as well as its board and management. There can be no guarantee that the Group will not suffer some kind of industrial accident in the future. |
| **Business operating risks** | The performance of the Group may be subject to conditions beyond the control of management and these conditions may reduce sales of services.<br>It may also result in increased costs for both current and future operations. Disruption to standard business operations may result in higher operating costs or deterioration of the Group's capacity to provide services, which may adversely affect the Group's reputation, profitability and growth prospects. |
| **Activity in the insurance building and restoration industry** | The continued performance and future growth of the Group is in part dependent on continued activity and expansion in the Australian insurance building and restoration services industry. |
| **Reliance on clients and client concentration** | The historical success of the Group's business and the success of its future growth is predicated on its capacity to retain existing client relationships and foster new ones. Although no single client represented more than approximately 13% of the Group's revenues in FY21, if a significant number of the Group's existing relationships fail to deliver continued work flow, or if the Group fails to develop new clients then it may adversely impact the Group's financial performance, financial position and market share. There is also the potential that the Group will not receive payments for the provision of its services if a client becomes insolvent or fails to provide payment in accordance with its agreement with the Group. Further, not all sectors that the Group operates in have a steady customer base, the Group may not be successful with all or a majority of tender applications and it may have difficulty in passing on price increases to its customers. |
| **Capital costs and planned capital projects** | The Group's forecasts are based on the best available information at the time and certain assumptions in relation to cost and timing of planned development or expansion of facilities, receipt of design and development approvals and regulatory approvals, and the level of capital expenditure required to undertake planned development and maintenance of assets. Any significant unforeseen increases in the capital costs or delays in receipt of approvals associated with the Group's operations may adversely impact its future cash flow and profitability. |
| **Foreign exchange rate fluctuations** | Given the proposed acquisition of RE which is US based, US dollar exchange rate fluctuations may affect the profits received and costs incurred by the Group in Australian dollars. The exchange rate between the US dollar and the Australian dollar in recent years has fluctuated significantly and may continue to do so in the future which may negatively impact the Group's financial position and operating results. |

# Appendix 4: Key Risks – Specific Risks of an Investment in JLG (Cont.)

JOHNS LYNG GROUP

| Specific risks of an investment in JLG | |
|---|---|
| **Growth strategy and integration of acquisitions** | The Group has historically grown through a combination of organic initiatives and strategic acquisitions. While future acquisitions are not drivers of the Group's forecasts, part of the Group's strategic plan involves the ability to identify and acquire suitable businesses in the future. There is no assurance that the Group will secure any acquisitions to drive future growth.<br>In addition, while the Group intends that its historical and future acquisitions will improve its competitiveness and profitability, it cannot be certain that they will meet its operational or strategic expectations. |
| **Project delays** | Delays to the commencement or completion of work on projects have occurred from time-to-time and may occur in the future due to a variety of reasons, including changes in the scope of work, legal issues, supply of labour, scarcity of quality materials and equipment, lower than expected productivity levels, accidents, natural disasters, inclement weather conditions, land contamination, regulatory intervention, delays in necessary approvals, difficult site access, or industrial relations issues. These delays may be as a result of matters beyond the control of the Group. Project delays may result in revenue being recognised in a later period. In addition, where delays occur to the completion of contractor works, there is a risk that the Group will be unable to achieve maximum utility of its personnel and assets as any delays may prevent these assets from being deployed to other projects. Where any of these occur, the Group's financial performance may be adversely impacted. |
| **Payment delays and failure to receive payment** | While the Group undertakes the necessary financial review of contracting parties there are risks, including insolvency of a contracting party, that can significantly impact on the Group's financial performance. |
| **Access to sufficient levels of assets, equipment, products and parts** | The Group is reliant on its assets and equipment base to commence and perform new projects. If the Group is unable to acquire required additions to its assets and equipment or if the price of any additional assets and equipment increases because of shortages in the relevant market, the Group may be unable to commence new projects which may adversely impact on the Group's financial performance.<br>In addition, any interruptions to the availability, or increase in the cost of parts, equipment or products that the Group requires, can impact on the Group's ability to perform its contractual obligations on time and on budget which can also adversely impact on the Group's financial performance. |
| **Early termination of projects by clients** | The Directors' forecasts are based on projects being performed to completion. A number of the Group's contracts provide for termination for convenience and are not fixed term contracts. This generally means that the client can terminate the contract on short notice. Consequently, early termination may have an adverse impact on the Group's financial performance. |
| **Contractual dispute and litigation** | The Group operates in an industry in which contractual disputes are relatively common. The Group is currently a party to a number of unresolved litigation proceedings which it does not consider material. It may be exposed to other claims or disputes in the future with respect to its operations. Disputes may arise during the execution of a project with customers, sub-contractors or suppliers. While the Group endeavours to settle claims and disputes collaboratively, this is not always possible and may lead to litigation. If the litigation involves a material sum or related costs, this may have an adverse effect on the Group's financial performance and other resources. |

# Appendix 4: Key Risks – Specific Risks of an Investment in JLG (Cont.)

JOHNS LYNG GROUP

| Specific risks of an investment in JLG | |
|---|---|
| **Cyber security** | The Group may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in the Group's software and infrastructure (some of which may be managed by a third party). Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a customer's or the Group's computer systems. If the Group's efforts to combat these malicious applications are unsuccessful, or if its software or infrastructure has actual or perceived vulnerabilities, the Group's business reputation and brand name may be harmed, which may result in a material adverse effect on the Group's operations and financial position.<br>Breaches of security, such as cyber attacks by hackers, could also render the Group's IT infrastructure and software platforms unavailable through a disrupted denial of service or other disruptive attacks. Unavailability of the Group's software could lead to a loss of revenues for the Group. Further, it could hinder the Group's ability to retain existing clients and attract new clients which would have a material adverse impact on the Group's prospects.<br>Breaches of security and disruption to the Group's services or clients could adversely impact on the Group's revenue and profitability. The loss of client data could have severe impacts to customer service, reputation and the ability for customers to use the products. |
| **Availability of skilled labour** | The Group's operations are labour intensive and the Group relies on skilled and qualified labour to operate and grow its business. Accordingly, lack of availability of skilled labour may adversely impact on the Directors' forecasts and the Group's ability to operate and grow the business. Although the Group has to date attracted and retained a skilled workforce, there can be no guarantee that the Group will continue to be able to do so. |
| **Performance of sub-contractors** | Non-performance or delays in performance by sub-contractors or where performance is considered sub-standard, may expose the Group to potential liabilities. |
| **Industrial disputes** | The Group operates in the commercial construction industry that has historically been subject to high levels of industrial disturbance and if the Group or a Group Member becomes a party to protracted industrial action, its financial performance could suffer. There can be no guarantee that the Group will not experience industrial action in the future. Any change to the political climate or the size of the Group's projects, may increase the risk of industrial disputes. |
| **Catastrophes and climate change** | Through its Insurance Building and Restoration Services division, the Group completes jobs arising from catastrophe events in Australia including, but not limited to, cyclones, earthquakes, wind, hail, fires and floods. It is not possible to predict the timing or severity of catastrophes. Additionally, climate change may impact on job activity volumes (i.e. increasing or decreasing frequency of climate change events outside of business as usual (BaU)). A decrease in the frequency of catastrophe events or climate change events could adversely affect the Group's business, financial performance and prospects. |
| **Outside minority interests** | The Group includes a number of subsidiaries and sub-trusts that are not wholly owned by the Group and are subject to separate shareholder and unitholder agreements. Accordingly, there is a risk that a buy-out, sale or dispute may arise in one or more of these subsidiaries and/or sub-trusts which may result in a breakdown of the commercial relationship with the relevant counterparty and such a breakdown may have an adverse effect on the performance of that subsidiary entity. Depending on the significance of that subsidiary entity to the Group, this may adversely impact the Group's financial performance. |

# Appendix 4: Key Risks – Specific Risks of an Investment in JLG (Cont.)

JOHNS LYNG GROUP

| Specific risks of an investment in JLG | |
|---|---|
| **Outlook statements** | The FY22 financial and outlook statements made in this presentation are based on a number of assumptions concerning future events. The Group believes that it has prepared the financial and outlook statements with due care and attention and considers all assumptions underlying those statements, when taken as a whole, to be reasonable at the time of preparing this presentation. Actual results may vary from the outlook statements and the variation may be materially positive or negative. The assumptions upon which the outlook statements are based are by their nature subject to significant uncertainties and contingent events, many of which are outside the control of the Group and its Directors and are not reliably predictable. Accordingly, none of the Group, its Directors or any other person can give any assurance that the outlook statements or any other prospective statement contained in this presentation will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the outlook statements. |

# Appendix 4: Key Risks – General risks, Offer risks and Acquisition risks

JOHNS LYNG GROUP

| General risks, Offer risks and Acquisition risks | |
|---|---|
| **Economic conditions** | General economic conditions, introduction of tax reform, new legislations, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's activities, as well as on its ability to fund those activities.<br><br>Deterioration in the general economic conditions, including factors that impact negatively on disposable income of consumers, could affect client expenditure, including on the demand for insurance products and insurance related advice which may adversely affect the Group's profitability. |
| **Underwriting Risk** | The Group has entered into an underwriting agreement with the Underwriters under which the Underwriters have agreed to fully underwrite the Capital Raising, subject to the terms and conditions of the underwriting agreement (**Underwriting Agreement**).<br><br>Prior to the completion of the Capital Raising, there are certain events which if they were to occur (e.g. market disruptions, defects in the offer documents, alterations, termination, material adverse changes experienced by the Group, regulatory interventions, breaches of the Underwriting Agreement by the Group, etc.), may lead to the Underwriters terminating the Underwriting Agreement.<br><br>The Underwriters' obligation to underwrite is also subject to customary terms and conditions.<br><br>The ability of the Underwriters to terminate the Underwriting Agreement in respect of some events will depend (among other things) on whether the event has or is likely to have a material adverse effect on the success, settlement or marketing of the Capital Raising, or could reasonably be expected to give rise to a contravention by, or liability for, the Underwriter under applicable laws.<br><br>If the Underwriting Agreement is terminated for any reason, the Group may not receive the full amount of the proceeds expected under the Capital Raising, its financial position might change and it might need to take other steps to raise capital, including by raising additional debt. |
| **Market conditions** | Share market conditions may affect the value of the Group's Shares regardless of the Group's operating performance. Share market conditions are affected by many factors such as:<br>• general economic outlook;<br>• introduction of tax reform or other new legislation;<br>• interest rates, inflation rates, exchange rates and commodity prices;<br>• changes in investor sentiment toward particular market sectors or generally;<br>• the demand for, and supply of, capital; and<br>• terrorism or other hostilities.<br><br>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither the Company nor the Directors warrant the future performance of the Group or any return on an investment in the Company. |
| **Liquidity Risk** | The Company is a listed entity. Therefore the ability to sell Shares will be a function of the turnover of the Shares at the time of sale. Turnover itself is a function of the size of the Company and also the cumulative investment intentions of all current and possible investors in the Company at any one point in time. |

| General risks, Offer risks and Acquisition risks | |
|---|---|
| **Dividends** | Any decisions regarding the payment of dividends in respect of the Shares is determined at the discretion of the Directors, having regard to relevant factors, which include the Company's available profits, cashflow, financial condition, operating results, future capital requirements, covenants in relation to financing agreements, as well as economic conditions more broadly. There is no guarantee that a dividend will be paid by the Company in future periods or, if paid, paid at historical levels. |
| **Access to equity and debt funding** | The Group's capital requirements depend on numerous factors. Depending on the Group's ability to generate income from its operations, the Group may require further funding in addition to amounts raised under the Offer. Volatility in the financial markets could have a material adverse effect on the Company's ability to equity or debt fund its business operations or future acquisitions. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally.<br>In addition, any deterioration in global financial markets could impact risk appetite among lending institutions which may impact the Company's ability to enter into any new loan facilities or replace existing facilities. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.<br>If the Company is unable to obtain additional funding as needed, or is unable to do so on acceptable terms, it may be required to reduce the scope of its operations and scale back its programs as the case may be. |
| **Dilution** | Current Shareholders who do not participate pro rata in the Offer will have their percentage shareholding in the Company diluted. Investors may also have their investment diluted by future capital raisings or issues of new equity securities by the Company.<br>The Company may issue new equity securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of a Shareholder's interest in the Company. |
| **Operational factors** | While the Group implements measures and procedures to manage operational risk, the Group's profitability will continue to be subject to a variety of strategic and business decisions (including any future acquisitions and operational risks arising from inadequate or failed internal processes, people and systems, or external events) including:<br>• fraud and other dishonest activities;<br>• workplace safety;<br>• compliance and regulatory risk;<br>• business continuity and crisis management;<br>• key person and personnel risk;<br>• information systems integrity; and<br>• outsourcing risk. |

# Appendix 4: Key Risks – General risks, Offer risks and Acquisition risks (Cont.)

| General risks, Offer risks and Acquisition risks | |
|---|---|
| **Taxation changes** | There is the potential for major changes to Australia's tax laws. Any change to the current rates of tax imposed on the Group is likely to affect returns to Shareholders. In addition there may be changes to the rates of tax imposed in overseas jurisdictions in which the Group may operate or tax legislation which generally may affect the Group and its Shareholders.<br>The Group obtains external expert advice on the application of the tax laws to its operations. However, an interpretation of taxation laws by the relevant tax authority or by the Courts that is contrary to the Group's view of those laws or the advice that it has received may increase the amount of tax to be paid and may lead to the imposition of penalties and a liability to pay interest. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each investor is encouraged to obtain professional tax advice in connection with any investment in the Company. |
| **Accounting Standards** | Australian Accounting Standards are set by the AASB and are outside the control of the Group. There is a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, such as revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Group's consolidated financial statements. |
| **Dividends may not be fully franked** | The Company expects future dividends to be fully franked. However, there is no guarantee that the Company will have sufficient franking credits in the future to fully frank dividends. There is also a risk that the franking system may be subject to legislative review and/or reform. The value and availability of franking credits to a Shareholder will depend on their particular taxation and financial circumstances. Shareholders should be aware that the ability to use franking credits, as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder and they should seek their own taxation advice in relation to any potential tax offset or refund claim which they may be entitled to in any particular Financial Year. |
| **Force majeure events** | Events may occur within or outside Australia (including the United States) that could impact on the Australian economy, the United States economy, the global economy, the operations of the Company and or RE, the price of the Shares and the Company's ability to pay dividends. The events include but are not limited to acts of terrorism, an outbreak of war or other international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or manmade events or occurrences that could have an adverse effect on the demand for the Group's services and its ability to conduct its business. The Group has only a limited ability to insure against some of these risks. |
| **Acquisition risk** | The Group intends to use the funds raised from the Capital Raising to fund the acquisition of RE.<br>If for any reason the Acquisition does not proceed, including because of a failure to satisfy conditions precedent or other breach of the share purchase agreement between Johns Lyng Intermediary Holdings, LLC, a Florida limited liability company (a wholly owned subsidiary of JLG) and the existing Shareholders of Reconstruction Holdings, Inc. (**Share Purchase Agreement**), the Group will need to redirect the use of the majority of the funds raised under the Capital Raising to working capital, another acquisition, a potential return of capital to Shareholders or other uses to be determined by the board of the Group. |

| General risks, Offer risks and Acquisition risks | |
|---|---|
| **Reconstruction Experts business risk** | The negotiations between the Group and RE were conducted on the basis of the information that was publicly available to the Group and on certain disclosures by RE. While the Group considers the due diligence investigations to have been adequate and consistent with market practice for a transaction of this type, the investigations were undertaken within a limited timeframe and the Group has not been able to verify the accuracy, reliability or completeness of all of the information provided by RE against independent data.<br>In addition, certain liabilities and potential exposures of RE have been identified during the course of due diligence investigations. While the Group has sought to minimise the risks arising from these liabilities and exposures through the negotiation of indemnities and warranty regimes in the Share Purchase Agreement, there is no guarantee that the risks can or will be partially or completely mitigated.<br>As a result, following the Acquisition, unknown or unquantified risks and liabilities of RE may arise, or expected types of risks and liabilities may be greater than anticipated, and this may impact negatively on profitability, results of operations, financial position or market value of RE, which in turn will affect the value and performance of the Group. |
| **Regulatory risks** | JLG will be acquiring a large interest in RE, a United States based entity. The Acquisition requires JLG to comply with the specific laws and regulations of the United States in relation to acquisitions, as well as the laws and regulations relating to operating a business in the United States. Any material breach of the relevant legal or regulatory obligations or failure to meet compliance requirements may have an adverse impact on, or will prevent completion of, the Acquisition, and may also have an adverse impact on the financial performance and operating position of JLG. |
| **Impact of COVID-19** | RE's business and operations are exposed to the effects of COVID-19. COVID 19 poses significant risks of disruption to the RE business, impaired financial performance, as well as potential impacts on the wellbeing of personnel. The long-term impacts of COVID-19 on the general economy, the insurance reinstatement industry and RE are uncertain and the future financial and operational performance of RE may continue to be adversely impacted by adverse impacts from COVID-19. |
| **RE's future earnings and JLG's accretion expectations** | JLG has undertaken financial, operational, business and other analysis of RE in order to determine its attractiveness to JLG and whether to pursue the Acquisition. It is possible that such analysis, and the best estimates and assumptions made by JLG, draw conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of incorrect data, flawed methodology, occurrence of risks which are not adequately mitigated or misinterpretation of economic circumstances). To the extent that the actual results achieved by RE are weaker than anticipated, or there any difficulties in integrating the operations of RE, there is a risk that RE's financial position, performance and prospects may be materially different from the financial information reflected in this presentation. |

# Appendix 4: Key Risks – General risks, Offer risks and Acquisition risks (Cont.)

| General risks, Offer risks and Acquisition risks | |
|---|---|
| **Key employees** | RE relies on the talent and experience of its key senior management and staff generally.<br>The loss of any key personnel could cause disruption to the conduct of RE's business in the short term and may have a material adverse impact on RE's operations and/or financial performance. |
| **Integration and synergies** | The Acquisition will have an impact on JLG's business, operational profile, capital structure and size compared to that of JLG on a standalone basis. There is a risk that the success and profitability of JLG following completion could be adversely affected if RE is not integrated effectively. There is a risk that integration could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues, divert management attention or that the anticipated benefits and cost synergies may not be achieved. Possible problems may include:<br>• delays in or conditions attached to regulatory approvals;<br>• differences in corporate culture between the businesses being integrated;<br>• lack of capability and talent to deliver integration;<br>• unanticipated or higher than expected costs, delays or failures relating to integration of businesses, support operations, accounting or other systems;<br>• unanticipated or higher than expected costs or extensive delays in the planned upgrades, migration, integration and decommission of information technology systems and platforms;<br>• loss of, or reduction in, key personnel, expert capability or employee productivity, or failure to procure or retain employees; and<br>• failure to derive the expected benefits of the strategic growth initiatives.<br>Any failure to or delay in achieving integration may impact on the financial performance, operation, position and/or market share of JLG and the future price of JLG shares. |

## Appendix #5

# International Offer Restrictions

# Appendix 5: International Offer Restrictions

JOHNS LYNG GROUP

**International offer restrictions**

This Presentation does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

| | |
|---|---|
| **Canada (Ontario and Quebec provinces)** | This Presentation constitutes an offering of New Shares only in the Provinces of Ontario and Quebec (the Provinces), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This Presentation is not a prospectus, an advertisement or a public offering of securities in the Provinces. This Presentation may only be distributed in the Provinces to persons who are 'accredited investors' within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.<br><br>No securities commission or authority in the Provinces has reviewed or in any way passed upon this Presentation, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.<br><br>No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.<br><br>The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.<br><br>Any financial information contained in this Presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Presentation are in Australian dollars.<br><br>*Statutory rights of action for damages and rescission.*<br><br>Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.<br><br>*Certain Canadian income tax considerations.*<br><br>Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.<br><br>*Language of documents in Canada.*<br><br>Upon receipt of this Presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.* |

# Appendix 5: International Offer Restrictions (Cont.)

| International offer restrictions | |
|---|---|
| **Hong Kong** | WARNING: This Presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). Accordingly, this Presentation may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to 'professional investors' (as defined in the SFO and any rules made under that ordinance).<br>No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.<br>The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice. |
| **New Zealand** | This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).<br>The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.<br>Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:<br>• is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;<br>• meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;<br>• is large within the meaning of clause 39 of Schedule 1 of the FMC Act;<br>• is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or<br>• is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act. |
| **Singapore** | This Presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.<br>This Presentation has been given to you on the basis that you are (i) an 'institutional investor' (as defined in the SFA) or (ii) an 'accredited investor' (as defined in the SFA). If you are not an investor falling within one of these categories, please return this Presentation immediately. You may not forward or circulate this Presentation to any other person in Singapore.<br>Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. |

# Appendix 5: International Offer Restrictions (Cont.)

JOHNS LYNG GROUP

| International offer restrictions | |
|---|---|
| **Switzerland** | The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Presentation nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.<br>No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Presentation will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).<br>Neither this Presentation nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as 'professional clients' (as defined in the Swiss Financial Services Act). This Presentation is personal to the recipient and not for general circulation in Switzerland. |
| **United Kingdom** | Neither this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.<br>The New Shares may not be offered or sold in the United Kingdom by means of this Presentation or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Presentation is issued on a confidential basis in the United Kingdom to 'qualified investors' within the meaning of Article 2(e) of the UK Prospectus Regulation. This Presentation may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.<br>Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.<br>In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together 'relevant persons'). The investment to which this Presentation relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Presentation. |
| **United States** | This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.<br>The New Shares will only be offered and sold in the United States to:<br>• 'qualified institutional buyers' (as defined in Rule 144A under the US Securities Act); and<br>• dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act. |

## Appendix #6

# Underwriting Agreement
# &
# Sub-underwriting Arrangements

# Appendix 6: Underwriting Agreement

JOHNS LYNG GROUP

JLG has entered into an underwriting agreement with the Joint Lead Managers (**Agreement**) under which the Joint Lead Managers have agreed to fully underwrite the Placement and the Entitlement Offer on the terms and conditions of the Agreement.

The Agreement contains customary representations and warranties and indemnities in favour of the Joint Lead Managers for an agreement of this nature.

The Joint Lead Managers' obligations under the Agreement, including to manage and underwrite the Placement and the Entitlement Offer, are conditional on certain matters, including JLG delivering certain shortfall certificates, reports, sign-offs and opinions and meeting timetable requirements. Further, if certain events occur, some of which are beyond the control of JLG, the Joint Lead Managers may terminate the Agreement. Termination of the Agreement would have a materially adverse impact on the total amount of proceeds that could be raised under the Placement and the Entitlement Offer.

Capitalised terms in this summary have the meaning given to them in the Agreement unless otherwise defined in this Presentation.

The Joint Lead Managers may terminate their obligations under the Agreement if any of the following events occur prior to 4.00pm on the relevant settlement dates for the Placement and the Entitlement Offer by giving notice to JLG where:

| Termination events | |
|---|---|
| **Transaction documents** | • a Transaction Document is terminated, rescinded, repudiated, or threatened to be terminated, rescinded, or repudiated, is amended in a material respect, or becomes void or voidable. |
| **Listing** | • ASX announces that JLG will be removed from the official list or that any Shares will be delisted or suspended from quotation by ASX (other than a trading halt or voluntary suspension consented to by the Joint Lead Managers with such consent not to be unreasonably withheld or delayed) to facilitate the Offer. |
| **ASIC action** | • ASIC (i) applies for an order under section 1324B or 1325 of the Corporations Act in relation to the Offer or Offer Documents, (ii) makes an application under Part 9.5 of the Corporations Act in relation to the Offer or the Offer Documents, or (iii) commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or the Offer Documents. |
| **Certificate not furnished** | • a certificate which is required to be furnished by JLG under the Agreement is not furnished when required |
| **Offer Documents misleading** | • any: (i) a statement in an Offer Document being false, misleading or deceptive or likely to mislead or deceive or omitting required information, (ii) the Offer Documents do not contain all information required to comply with all applicable laws, or (iii) any forecasts, expressions of opinion, intention or expectation expressed in the Offer Documents are not based on reasonable grounds. |
| **Capital structure** | • there is an alteration to JLG' capital structure or constitution without the prior consent of the Joint Lead Managers except as disclosed in the Offer Documents or the Agreement or disclosed to ASX in writing or the Joint Lead Managers on or prior to the date of the Agreement. |
| **Insolvency** | • JLG or any Group Member is Insolvent or there is an act or omission which is likely to result in JLG or any such Group Member becoming Insolvent. |
| **Winding up** | • JLG or any of its subsidiaries (i) pass a resolution to be wound up, (ii) enters into any scheme or composition with or for the benefit of its creditors, (iii) has a receiver or manager appointed to the whole or any part of its assets or undertakings, (iv) permits any breach or default whereby it is liable to be wound up, or (v) has an administrator appointed to it. |

# Appendix 6: Underwriting Agreement (Cont.)

JOHNS LYNG GROUP

| Termination events | | |
|---|---|---|
| **Unable to issue Offer Shares** | • | JLG is prevented from issuing the New Shares within the time required by the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Governmental Agency. |
| **Withdrawal** | • | JLG withdraws all or any part of the Offer or indicates that it does not intend to or is unable to proceed with the Offer. |
| **Corrective notice** | • | JLG becomes required to give or gives a correcting notice under section 708A(9) or 708AA(10) of the Corporations Act. |
| **ASX approval** | • | unconditional approval (or conditional approval, provided such condition would not have a material adverse effect on the success or settlement of the Offer) by ASX for official quotation of the New Shares is refused, not granted or withdrawn by the time required to issue the relevant New Shares in accordance with the timetable for the Offer. |
| **Market fall** | • | at any time the S&P/ASX 300 Index falls to a level that is 90% or less of the level of the S&P/ASX 300 Index on the close of trading on the Business Day immediately preceding the date of the Agreement and closes at or below that 90% level on 2 consecutive Business Days or closes at or below that level on the Business Day immediately prior to the Placement Settlement Date, Institutional Settlement Date or Retail Settlement Date. |
| **Timetable** | • | any event set out in the Timetable is delayed for more than 2 Business Days without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed). |
| **Regulatory action** | • | there is an application to a Governmental Agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy, or a Governmental Agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it). |
| **Adverse change** | • | there is an material adverse effect, or an event occurs which is in the reasonable opinion of a Joint Lead Manager is likely to give rise to an material adverse effect, in the business, assets, liabilities, financial position or performance, profits, losses, results, operations or prospects of the Group from those disclosed to ASX in accordance with the ASX Listing Rules prior to the date of the Agreement or in the Offer Documents. |
| **Certificate*** | • | a certificate which is required to be furnished by JLG under the Agreement or is untrue, incorrect or misleading or deceptive in any material respect (including by omission). |
| **Corrective notice*** | • | in the reasonable opinion of the Joint Lead Managers, the Company becomes required to give or gives a correcting notice under section 708AA(12) of the Corporations Act. |
| **Disclosures in public information*** | • | public and other media statements made by or on behalf of JLG in relation to the affairs of JLG include (i) a statement which is or becomes misleading or deceptive or likely to mislead or deceive, or (ii) any forecasts, expressions of opinion, intention or expectation which are not based on reasonable grounds. |
| **Disclosures*** | • | any information supplied by or on behalf of JLG to the Joint Lead Managers is or becomes misleading or deceptive, including by way of omission. |

# Appendix 6: Underwriting Agreement (Cont.)

JOHNS LYNG GROUP

| Termination events | |
|---|---|
| **Change in management*** | • a change in the Chief Executive Officer, Chief Financial Officer, chairman, or board of directors of JLG is announced or occurs. |
| **Offences by directors*** | • (i) a director of JLG is charged with an indictable offence, (ii) any regulatory body commences any public action against a director of JLG in his or her capacity as such or announces that it intends to take any such action, or (iii) any director of JLG is disqualified from managing a corporation under the Corporations Act or other applicable laws and regulations. |
| **Representations and warranties*** | • a representation or warranty made or given by JLG under the Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive. |
| **Change in law*** | • there is introduced, or there is public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law or the Reserve Bank of Australia or any Commonwealth of State adopts a new policy (other than a law or policy that has been announced before the date of this Agreement), any of which does or is in the reasonable opinion of a Joint Lead Manager, likely to prohibit or restrict the Offer, capital issues, or the operation of stock markets or materially adversely affects the Group or investors in it. |
| **Breach*** | • JLG fails to perform or observe any of its obligations under the Agreement. |
| **Market or trading disruption*** | • there is (i) a suspension or material limitation in, trading in securities generally or any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand. the United States, the United Kingdom,  Hong Kong, Singapore, France, Italy, Germany or Spain or financial markets in those countries or any change in national or international political, financial or economic conditions in those countries, or (ii) a general moratorium on commercial banking activities is declared by the relevant central banking authority in any of the countries referred to in clause (i) above. |
| **Hostilities*** | • hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, the People's Republic of China, Singapore , France, Italy, Germany or Spain or a major terrorist act is perpetrated on any of those countries or on any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world. |
| **Due Diligence Committee Report*** | • the Due Diligence Committee Report or any other information supplied in writing by or on behalf of JLG to the Joint Lead Managers in relation to the Group or Offer is misleading or deceptive (including by omission). |
| **Failure to comply*** | • JLG fails to comply with a provision of its constitution, the ASX Listing Rules, the Corporations Act, applicable laws, or a requirement or order, made by or on behalf of ASIC, ASX or any governmental agency, which is not withdrawn within 2 business days after it is made, or where it is made less than 2 business days before the date of settlement of the Placement and Institutional Entitlement Offer or the date of settlement of the Retail Entitlement Offer, it is not withdrawn before the relevant date (as applicable). |
| **New circumstance*** | • in the reasonable opinion of a Joint Lead Manager, a new circumstance arises that would have been required to be disclosed in the Offer Documents had it arisen before the Offer Documents were lodged with ASX. |

# Appendix 6: Underwriting Agreement (Cont.)

No event listed with an (*) in the preceding slides of this Appendix 6, entitles a Joint Lead Manager to exercise their termination rights unless in the reasonable opinion of that Joint Lead Manager the event:

i. has or is likely to have, a material adverse effect on:

   A. the success, marketing or settlement of the Offer;

   B. the value of the JLG shares;

   C. the willingness of investors to subscribe for New Shares; or

   D. the performance of the secondary trading market of the New Shares at any time during the 30 days following the date of settlement of the Retail Entitlement Offer; or

   E. the ability of the Joint Lead Managers to market or promote the Offer, or

ii. has, or is likely to have, individually or in the aggregate, a material adverse effect on the business, financial position or prospects of the JLG Group, or

iii. leads or is likely to lead to a contravention by a Joint Lead Manager of, or a Joint Lead Manager being involved in the contravention of, or a liability a Joint Lead Manager under, the Corporations Act or any other applicable law, or the law

# Appendix 6: Sub-underwriting Arrangements

The Directors and senior executives referred to in the table below intend to sub-underwrite the Retail Entitlement Offer up to an aggregate of $4,495,000 but will not be paid any sub-underwriting or other fees in relation such sub-underwriting

| Director/Senior executive | Amount sub-underwritten |
|---|---|
| Scott Didier | A$2,021,000 |
| Lindsay Barber | A$815,000 |
| Matthew Lunn | A$108,000 |
| Adrian Gleeson | A$213,000 |
| Nick Carnell | A$1,267,000 |
| Larisa Moran | A$24,000 |
| Robert Cohen | A$47,000 |
| Total | A$4,495,000 |

If the Joint Lead Managers exercise their termination rights as a result of a termination event listed on the previous slides, the above sub-underwriting arrangements with the relevant Directors and senior executives will also be terminated.

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***JLG Site Visit***

*Head Office – Denver, Colorado*