

# 1HY23 Financial Results

Robust performance and strong platform for  
further growth

February 2023





*“Helping Australians add value to their greatest asset - the family home”*

KWB Group



KWB Group’s trading brands, Kitchen Connection and Wallspan, operate a network of 26 showrooms across Queensland, NSW, and South Australia. KWB Group is a clear leader in the Kitchen & Wardrobe renovation market, delivering an exceptional consumer experience for its customers. It is proudly the only Kitchen and Wardrobe renovation company to achieve over 2,000 Five Star reviews on Australia’s largest independent consumer review site (Productreview.com.au).

**REVENUE**  
1HY23

**\$57.5M**

**EBIT\***  
1HY23

**\$10.2M**

## Bedshed

Bedshed supplies quality bedding and bedroom furnishings across Australia and is one of the industry’s most recognisable brands. This year, Bedshed continued to grow its franchise network along with its e-commerce offering that supports its Company-owned and franchise stores.

**REVENUE**  
1HY23

**\$11.3M**

**EBIT**  
1HY23

**\$2.8M**

## Crave

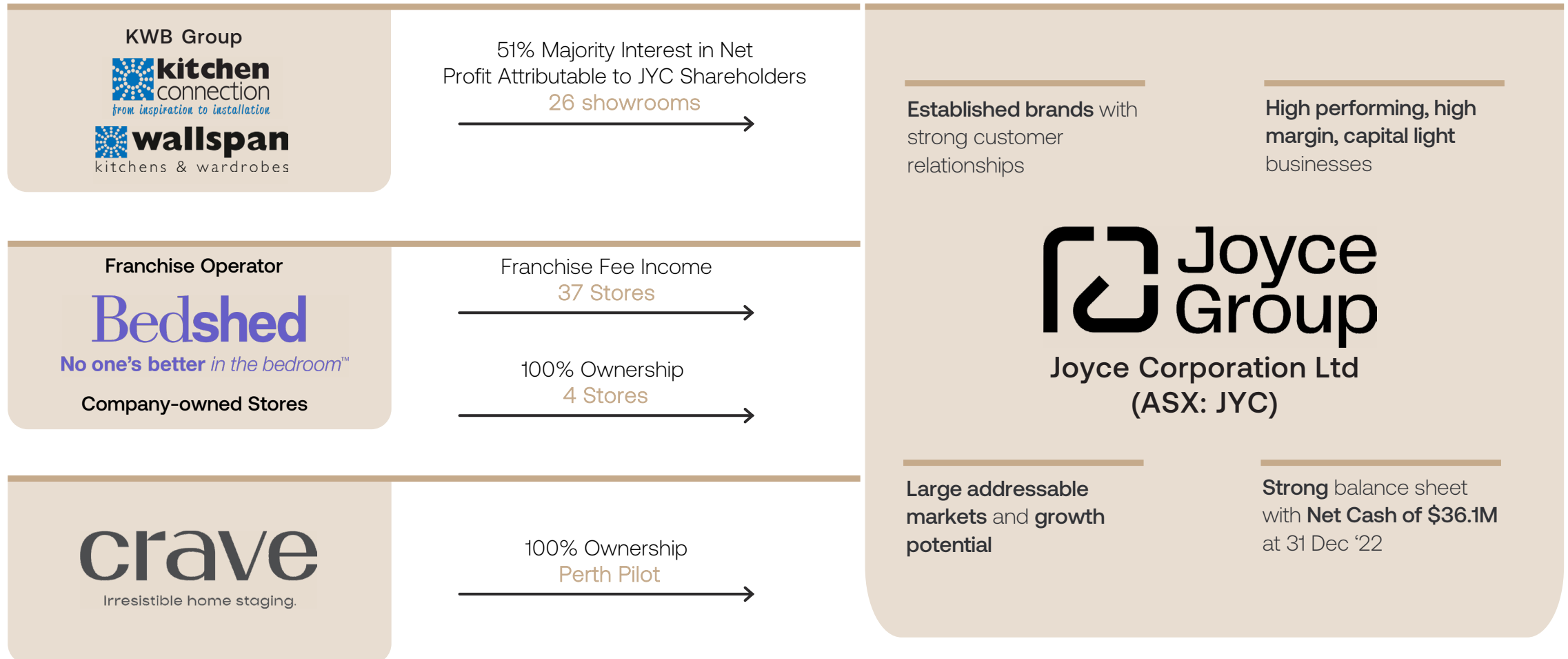
Crave is Joyce Group’s newest brand and business offering. Launching as a pilot in September 2022, into the Perth market, Crave – Irresistible Home Staging, supports property sellers and real estate agents by transforming houses for sale into homes to love. This pilot business complements Joyce’s portfolio of home-focused services and retailing.

\* Refer to Appendix B for details of normalising adjustments

# Joyce Group



## Flow of economic interest into Joyce Group



# Operating Results

1HY23

# Joyce Group 1HY23 Performance



## Overview

- Robust operational and financial performance across the Group
- Revenue growth across all operating businesses
- Operating business margins maintained or increased against pcp
- Normalised NPAT to JYC shareholders \$3.5 million
- Record interim dividend of 8 cents per share (fully franked)
- Solid platform to deliver consistent earnings and future growth

**\$68.8M**

Revenue

**\$6.8M**

Group NPAT\*

**\$6.6M**

Operating Cash Flow  
(incl. lease payments excl. tax and interest)

**\$36.1M**

Group Net Cash

**\$3.5M**

NPAT Attributable to  
JYC S/Holders\*

**12.4 cps**

Earnings per share\*

**8.0 cps**

Fully Franked Interim Dividend

\* Refer to Appendix B for details of normalising adjustments

# Results Overview



## Key financial performance metrics

(\$'000)	1HY23	1HY22	Variance	
Revenue	68,800	61,546	7,254	11.8%
Contribution Margin	32,473	29,057	3,416	11.8%
Normalised* Total Group Expenses	18,401	16,326	(2,075)	(12.7)%
Normalised* EBITDA	14,072	12,731	1,341	10.5%
Normalised* EBITDA Margin	20.5%	20.7%	-	-
Normalised* EBIT	10,802	10,096	706	7.0%
Normalised* NPAT	6,752	6,729	23	0.3%
Normalised* NPAT - JYC Members	3,504	3,734	(230)	(6.2)%
Normalised* EPS (cents)	12.4	13.2	(0.8)	(6.5)%

**Results delivered** against backdrop of continued disruption and cost pressures across labour market and supply chain

**Group operating expenses\*** maintained at 27% of Group Revenue

**Profitability and EPS metrics** are 'normalised'\* to adjust for significant one-off income and expenses

\* Refer to Appendix B for details of normalising adjustments

# Results Overview



## Increasing returns to shareholders

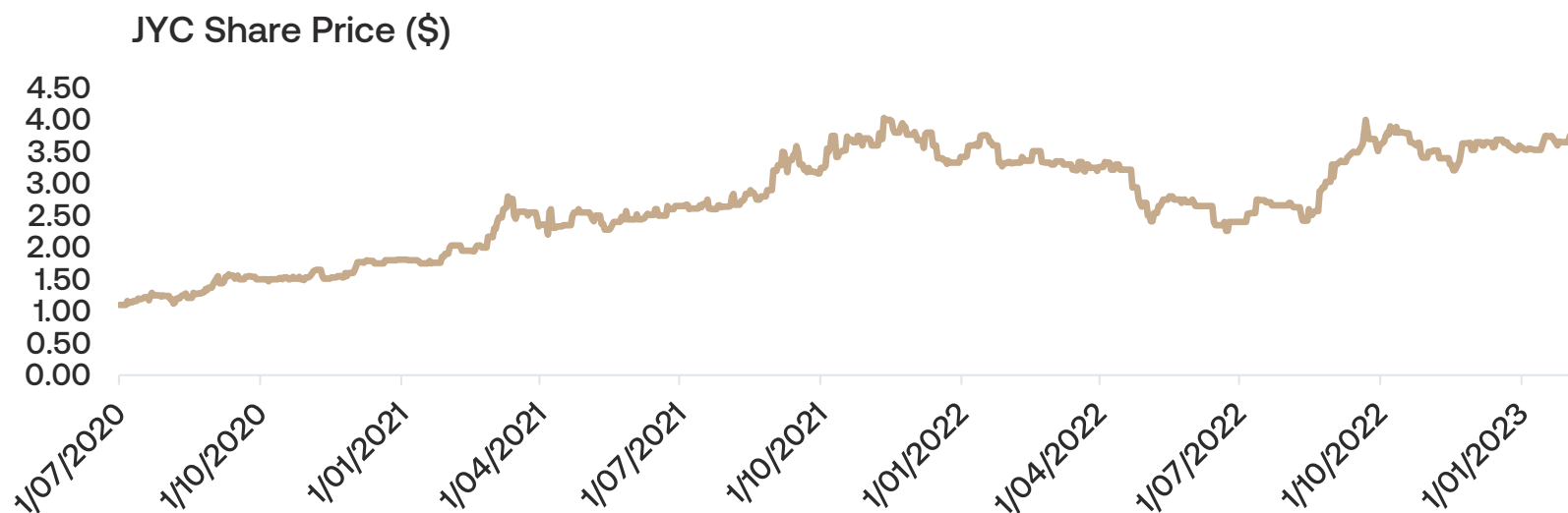
	1HY23	1HY22	FY22 Total
Dividend (cents per share)	8.0	7.5	18.0
NPAT to Joyce Shareholders (\$'000)	3,538	3,734	9,086
Normalised* NPAT to Joyce Shareholders (\$'000)	3,504	3,734	7,461
Dividends paid/payable (\$'000)	2,267	2,117	5,088

**Record interim dividend** of 8 cents per share (fully franked)

Normalised\* NPAT payout ratio of 65%

**Maintaining targeted full year dividend payout ratio** at 60-80% of normalised NPAT

**Well placed to maintain healthy dividends** whilst investing to grow revenue



\* Refer to Appendix B and C for details of normalising adjustments

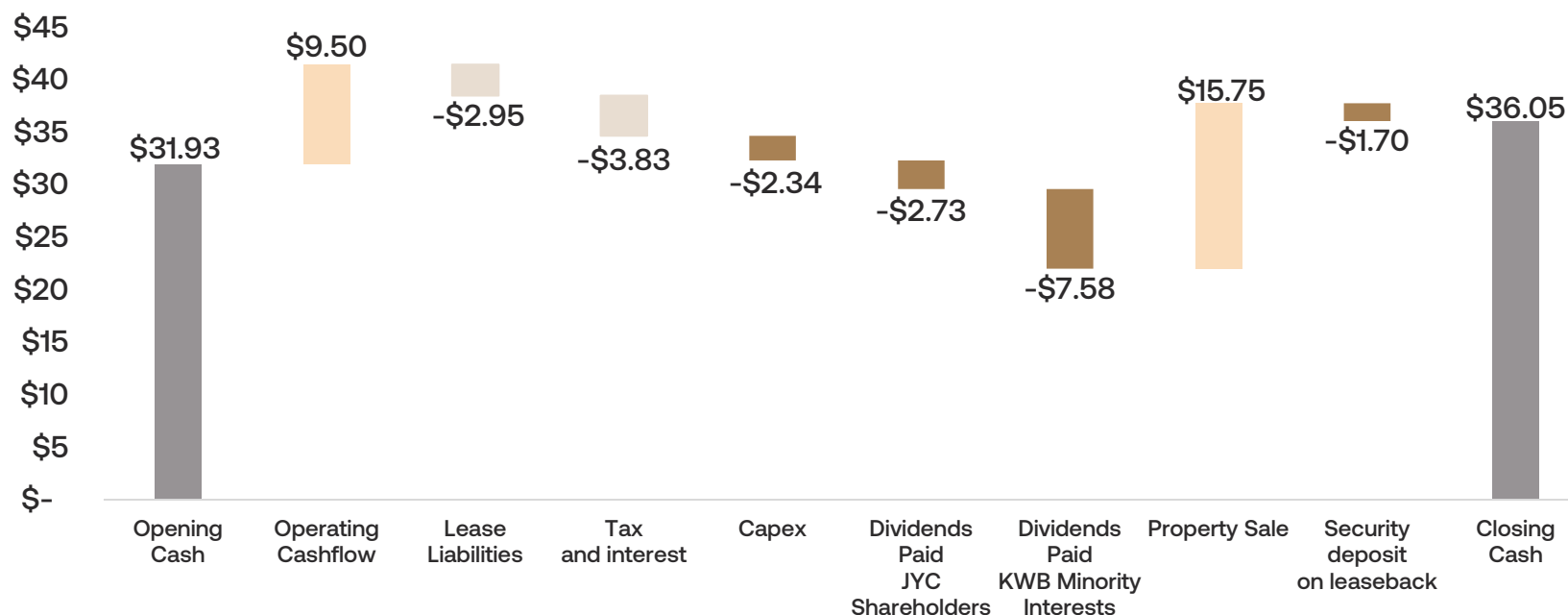
# Results Overview



## Key financial position metrics

(\$'000)	Dec '22	Jun '22	Dec '21
Group Cash	36,055	31,933	17,188
Debt	-	-	-
Net Cash	36,055	31,933	17,188

Cashflow 1 Jul '22 to 31 Dec '22 (\$million)



**Strengthened** balance sheet and **improved** net cash position of \$36.1m

**Operating cashflow of \$6.6m** (incl. lease payments and excl. tax and interest)

**Significant** borrowing capacity and gearing **potential**  
(nb: cash held in KWB **\$21.6m** at 31 Dec '22)

**Capital light** businesses provide **solid basis** to face potential future volatility





# KWB Group

High Performance in  
Australia's Home  
Renovation Market



 **kitchen**  
connection

 **wallspan**

## 1HY23 Snapshot

**Clear leader** in the residential “Do It For Me” Kitchen & Wardrobe renovation market

Unique value proposition delivering a positive, seamless and hassle-free design and installation experience

Delivering an **exceptional consumer experience** (over 2,000 Five Star customer reviews\*)

26 showrooms in QLD, SA and NSW with **strong** footprint **growth potential** across Australia

- **Wallspan**
  - 4 x SA Showrooms
- **Kitchen Connection**
  - 12 x QLD Showrooms
  - 10 x NSW Showrooms

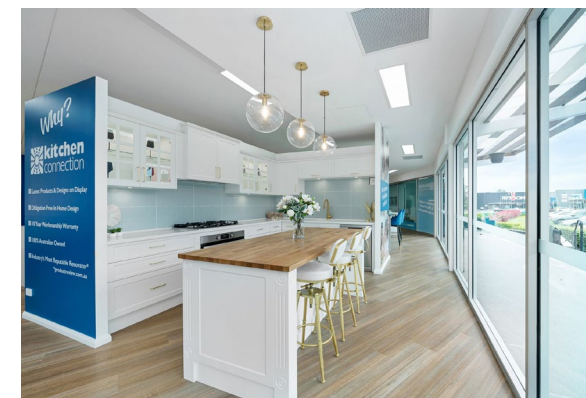


\* <https://www.productreview.com.au/listings/kitchen-connection>

## 1HY23 operating performance

- Casula showroom opened in Sydney in Aug '22
- Primary focus on maximising performance from existing assets and maintaining high-quality customer experience and strong brand reputation
- Increased EBIT and maintained operating margins against continued backdrop of supply and labour constraints and cost pressure
- \$54m orders generated during half year period
- Jan '23 delivered strong orders and revenue growth on pcp
- Robust Order Book as at 31 Jan '23 of ~\$50m following review and repricing or removal of dated orders
- Wardrobe design and installation capability lifted during half year generating \$4.3m of revenue

(\$'000)	1HY23	1HY22	Variance	
<b>Segment Revenue</b>	<b>57,457</b>	<b>51,121</b>	<b>6,336</b>	<b>12.4%</b>
<b>Normalised* Segment EBIT</b>	<b>10,198</b>	<b>9,104</b>	<b>1,094</b>	<b>12.0%</b>
<b>Normalised* Segment EBIT Margin %</b>	<b>17.7%</b>	<b>17.8%</b>	<b>-</b>	<b>-</b>



Casula Showroom

\* Refer to Appendix B for details of normalising adjustments



# Bedshed

Delivering on  
Franchise Network  
Growth Ambitions

Bedshed





# Bedshed



## Snapshot

**Well established** Australian household name **delivering quality** bedroom furnishings for over 40 years

**41 store network** predominantly run and owned by franchisees

Strong Franchise Network with **long standing and strong franchisee relationships**

**Five Star Rating on the Australian Franchise Rating Scale™\***

- **Company operations**
  - 2 x WA Stores
  - 2 x QLD Stores
- **Franchise operations**
  - 12 x WA Stores
  - 8 x QLD Stores
  - 5 x NSW Stores
  - 12 x VIC Stores



\* <https://frandata.com.au/franchise-ratings/>



## 1HY23 operating performance

- Combined Operations Revenue up 9% on pcip
- Combined Operations EBIT up 15% on pcip
- Two new Franchisees added to network:
  - *Castle Hill (Sydney)*
  - *Ballarat (Regional Vic)*
- Increased Franchise operations operating costs commensurate with return to pre-COVID levels of activity and in-person re-engagement with franchisees
  - *Travel expenditure anticipated to normalise in 2HY23*
- Franchise operations EBIT margin well above pre-COVID levels

(\$'000)	1HY23	1HY22	Variance	
Revenue				
Franchise operations	2,925	2,487	438	17.6%
Company-owned stores	8,418	7,938	480	6.0%
EBIT				
Franchise operations	1,384	1,481	(97)	(6.5)%
Company-owned stores	1,462	994	468	47.1%
EBIT Margin %				
Franchise operations	47.3%	59.6%	-	-
Company-owned stores	17.4%	12.5%	-	-
Combined Operations				
Revenue	11,343	10,425	918	8.8%
EBIT	2,846	2,475	371	15.0%
EBIT Margin %	25.1%	23.7%	-	-



# Crave

Update on Perth Pilot  
Business

**crave**  
Irresistible home staging.





# Crave



## Snapshot

- Home Staging business established as pilot in Perth
- Soft-Launch in Sept '22 and ramp-up during remainder of 1HY23 and into 2HY23
- Consistent increase in market penetration and revenue since launch (continued into Q3 FY23)
- \$2.2 million in capital and operating start-up costs to date of launch:
  - *Funds to launch ring-fenced from portion of proceeds from sale of Perth Property Feb '22*
  - *Costs incurred to date also leverage Crave for future growth (anticipated to be quickly scalable)*
- Joyce Board will make decision on any expansion after thorough evaluation of pilot in Perth
- Further information on performance and growth plans to be provided at financial year end





# Future Growth

FY23



# Future Growth Initiatives



- Program of Showroom upgrades
- Further enhancements of wardrobe design and installation offering
- Increasing value adding product lines and customer conversion rates
- Longer term plans to double current footprint (50+ showrooms)
- Well positioned for 2023:
  - Supply chain constraints and labour availability improving
  - Established and major player with a small share of a large market
  - Sole focus on residential renovation

## Bedshed

- Targeting expanded Franchise Network
- Leveraging Five Star rating from Fran Data to aid potential franchisees with securing finance
- Strategic initiatives to further enhance omni-channel and e-commerce offering
- Well positioned for 2023 with focus on Franchise Network:
  - Low capital intensity and marginal cost to expand
  - Relatively low cost base
  - High operating margins

## Crave

- Establishing pilot and operating model to:
  - Enhance and refine customer and agent offering
  - Maximise operating efficiencies and margins
  - Confirm business model and metrics over suitable operating period
  - Inform decision for future operations
- Joyce Group will maintain disciplined approach to further capital allocation

**All businesses have the potential to expand into new geographical areas within Australia**

# Corporate Directory



Board of Directors		Top 20 JYC Shareholders - 22 February 2023	Units	% Units
Jeremy Kirkwood	Non-executive Director (Chair)	1 ADAMIC PTY LTD	7,711,568	27.22
Karen Gadsby	Non-executive Director (Deputy Chair)	2 UFBA PTY LTD	1,770,000	6.25
Daniel Smetana	Non-executive Director	3 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,289,240	4.55
Timothy Hantke	Non-executive Director (retiring FY23)	4 DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.32
Travis McKenzie	Non-executive Director	5 ONE MANAGED INVT FUNDS LTD <1 A/C>	1,085,729	3.83
Nicholas Palmer	Non-executive Director	6 MR DONALD TEO	990,000	3.49
Key Management Personnel		7 TRAFALGAR PLACE NOMIN PTY LTD	980,000	3.46
Dan Madden	CEO - Joyce Corporation	8 MR DAN SMETANA	734,022	2.59
Gavin Culmsee	COO - Joyce Corporation	9 STARBALL PTY LTD	643,222	2.27
Tim Allison	CFO & CoSec - Joyce Corporation	10 MR DANIEL ALEXANDER SMETANA	563,726	1.99
John Bourke	MD - KWB Group	11 TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND AC>	514,291	1.82
James Versace	CFO - KWB Group	12 MRS JUDITH ANNA SMETANA	497,924	1.76
		13 GLILOCAS INVESTMENTS PTY LTD <GLILOCAS GROWTH FUND A/C>	423,791	1.50
		14 VANWARD INVESTMENTS LIMITED	388,627	1.37
		15 CONARD HOLDINGS PTY LTD	347,940	1.23
		16 MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	333,017	1.18
		17 FELIX SMETANA	307,116	1.08
		18 NATIONAL NOMINEES LIMITED	248,104	0.88
		19 MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	222,680	0.79
		20 MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	214,000	0.76
		Total	20,489,648	72.32
		Balance of register	7,842,989	27.68
		Grand total	28,332,637	100.00

# References

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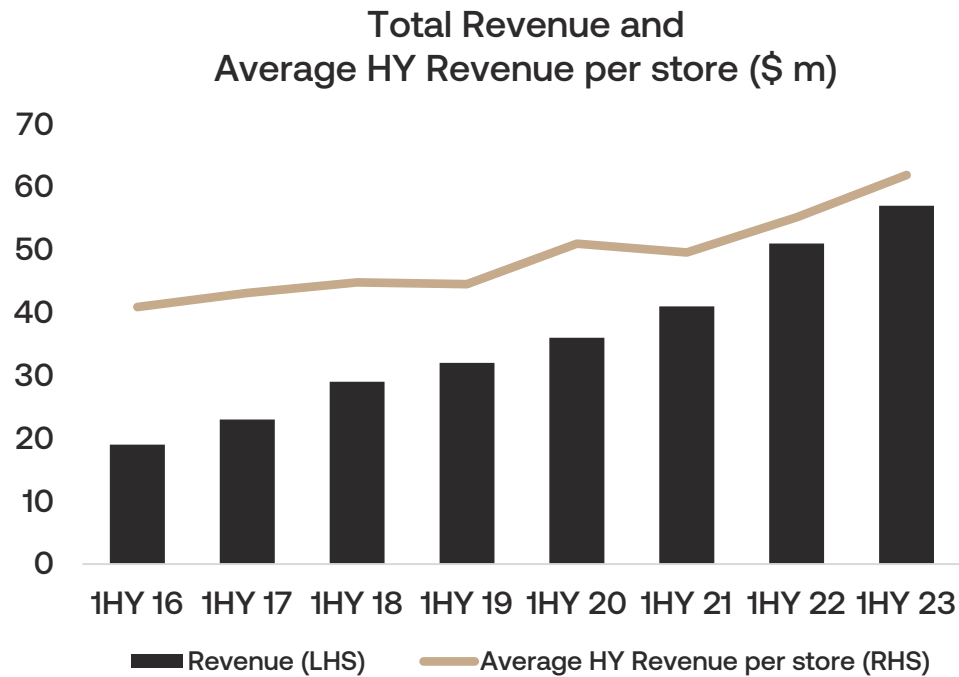
This Presentation should be read in conjunction with the following documents lodged with the ASX on 28 February 2023 under the ASX ticker JYC:

- Half-Year Financial Report - 31 December 2022, including accompanying Appendix 4D
- Half-Year 2023 Results - Media Release
- Appendix 2A: Dividend/Distribution

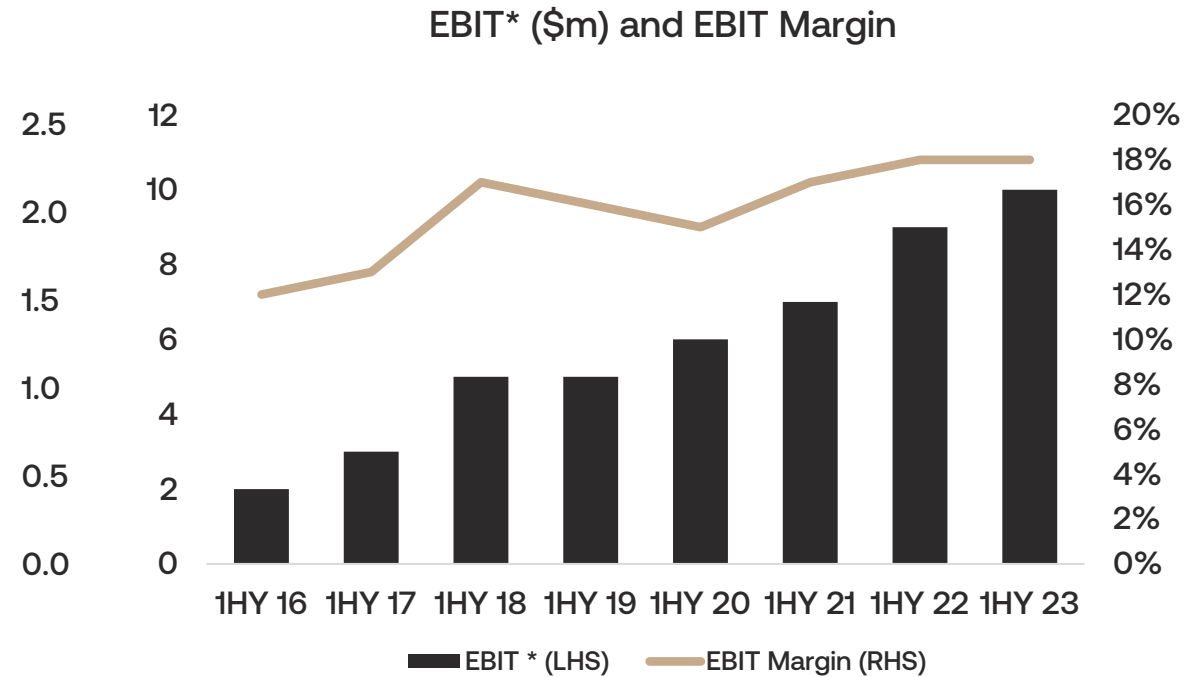
# Appendix A - long term information



KWB



KWB

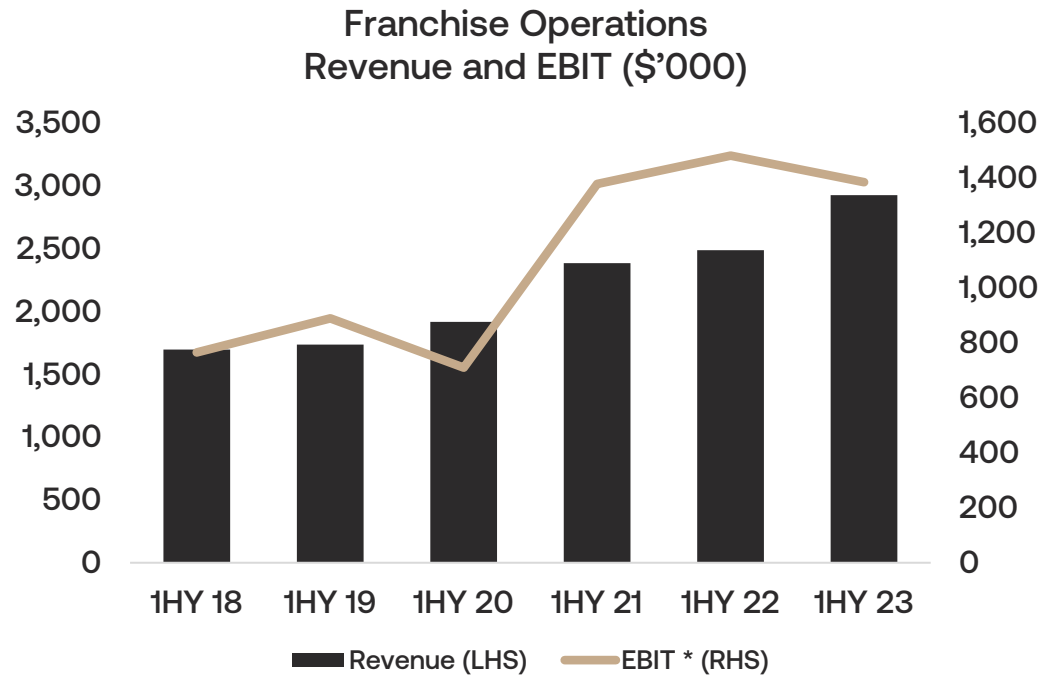


\*1HY23 EBIT normalised for \$0.3m loss on sale of property.  
1HY21 EBIT normalised for \$1.4m JobKeeper.

# Appendix A - long term information

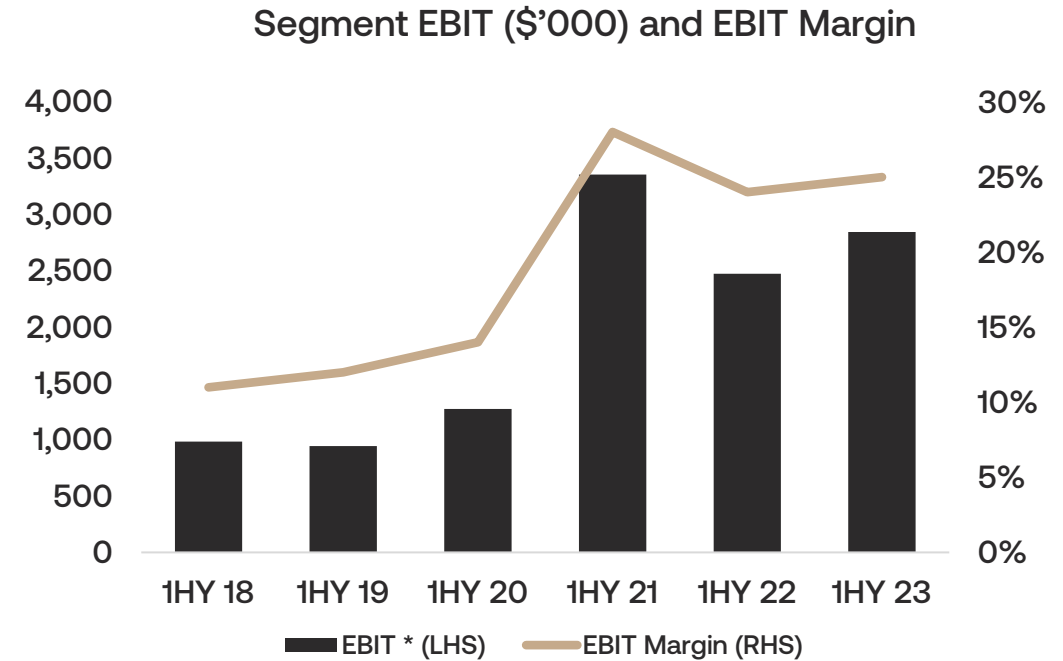


## Bedshed



\*1HY21 normalised for \$0.2m JobKeeper relating to Franchise operations

## Bedshed



\*1HY21 normalised for \$0.4m JobKeeper and \$0.5m profit on sale of Helensvale store

# Appendix B: 1HY23 normalising adjustments



(\$'000)	Group expenses	EBITDA	EBIT	PBT	Tax	NPAT	NPAT attributable to JYCs/holders
<b>HY23 Results per Financial Statements</b>	<b>(19,451)</b>	<b>13,022</b>	<b>9,649</b>	<b>9,452</b>	<b>(1,638)</b>	<b>7,814</b>	<b>3,538</b>
Crave business	756	756	859	859	177	1,036	1,036
Sale of KWB Property	294	294	294	294	(2,392)	(2,098)	(1,070)
<b>HY23 Normalised Results</b>	<b>(18,401)</b>	<b>14,072</b>	<b>10,802</b>	<b>10,605</b>	<b>(3,853)</b>	<b>6,752</b>	<b>3,504</b>

# Appendix C: Prior period normalising adjustments



(\$'000)	EBITDA	EBIT	PBT	Tax	NPAT	NPAT attributable to JYCs/holders
<b>FY22 Full Year Results per Financial Statements</b>	<b>32,208</b>	<b>26,703</b>	<b>26,250</b>	<b>(8,640)</b>	<b>17,610</b>	<b>9,086</b>
Crave business	448	448	448	(134)	314	314
Gain on revaluation of KWB Property	(6,377)	(6,377)	(6,377)	1,913	(4,464)	(2,277)
Joyce Property sale; derecognition of deferred tax asset	-	-	-	338	338	338
<b>FY22 Full Year Normalised Results</b>	<b>26,279</b>	<b>20,774</b>	<b>20,321</b>	<b>(6,523)</b>	<b>13,798</b>	<b>7,461</b>

There were no normalising adjustments for the 1HY22 period



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