

28 June 2021

Kitchen Connection and Bedshed expand into NSW as trading conditions remain strong

- ***Bedshed and KWB Group brand Kitchen Connection expand footprint in NSW and into growth areas of suburban Sydney***
- ***Strong trading conditions continue into the second half of 2021 Financial Year***

Joyce Corporation (ASX: JYC) (the Company) is pleased to provide an operations update for investors. Since the last reporting period the Company has expanded its retail offerings in the growth markets of NSW, applying its strong branding, unique product offering and exceptional service to drive new business growth.

Trading conditions remain strong, carrying on the trend from the second half of the 2020 Calendar Year as consumers look to spend discretionary income on adding value to their homes.

NSW Expansion

KWB Group -Kitchen Connection and Wallspan

The KWB Group (KWB) has expanded from 20 to 24 stores in the last 12 months, with four new Kitchen Connection showrooms opened in NSW locations:

- Tweed Heads (July 2020)
- Tuggerah Lakes (October 2020)
- Castle Hill (December 2020)
- Artarmon (May 2021)

KWB's reach now extends across South East Queensland, Adelaide, and New South Wales. Further expansion into Sydney is underway with a showroom scheduled to open in Penrith in early July and another showroom scheduled to open in Belrose in early September.

The Greater Sydney showrooms have expanded upon the existing showrooms in Rutherford and Newcastle, bringing the NSW footprint to eight showrooms by September 2021.

The KWB Group includes the industry-leading Kitchen Connection and Wallspan Brand which operate in the "Do It For Me" renovation market. KWB is Australia's leading 5 star rating Kitchen Renovator*.

KWB is planning to open approximately four showrooms per annum based on the proven and successful strategy of targeting locations with a strong growth profile in suburbs and regions with demand for home renovations. Recent new showroom openings provide confidence that KWB can deliver high levels of sales from the outset, with an accelerated payback on the investment required to establish a showroom.

The immediate focus of expansion plans is to extend into the southern suburbs of Sydney in the 2022 and 2023 financial years. Longer term opportunities exist in untapped cities of Australia such as Melbourne, Perth, and other regional areas.



Fig 1: Artarmon Showroom opened May 15th 2021.

Bedshed

Bedshed's expansion into NSW is now underway with the recent opening of an online E-Store that is supported by the company's strong brand, and a creative media and marketing campaign. This is being followed by the introduction of franchisee "bricks and mortar" stores. Two new Franchisees have recently joined the network with stores to open in Tuggerah and Rutherford in the coming months.

The E-store provides the brand with a low-cost entry to the market, building awareness of Bedshed and creating an attractive environment for new franchise operators. The combination of stock availability from a local warehouse and the "beach-head" brand and marketing campaign will allow new franchisees to hit the ground running. The E-store can be scaled back once franchisee operations are in place, putting franchisees in a strong position to successfully establish and grow their businesses.

Bedshed is planning further expansion of its franchise network within the Greater Sydney region and in other locations across Australia in the 2022 Financial Year.

Operating Performance Update and Outlook**

The trading environment in the second half of the financial year to date has been strong, and more stable than the second half of the 2020 financial year, reflecting macro-economic conditions and the successful implementation of the Company's business strategy.

The Company remains mindful of the potential for volatility as Governments respond to the uncertainties created by COVID 19. The combination of vaccine rollouts and quarantine measures have contributed to the recovering global and Australian economies, which instils confidence that supports consumer spending. The recent lockdown in Victoria and current situation in NSW are reminders that while consumer demand remains strong, the ability for markets to function will still be constrained at times as the threat of the pandemic remains.

The strong trading performance announced in Joyce's results for the first half of the 2021 Financial Year has flowed through into the second half, with written sales orders for the 2021 calendar year to the end of May across both businesses reflecting continued sales momentum.

In the first half of the current Financial Year the KWB Group saw what were record orders converted to record revenue for the period. In the second half of the Financial Year to date, both new and existing stores have exceeded expectations with an order book that is providing a platform for what is expected to be a strong full year revenue and profit result.

Bedshed stores have so far experienced robust trading conditions in the 2021 calendar year. Consumer demand through the first quarter of the 2021 calendar year was sustained at levels seen in the first half of the 2021 financial year and trading in the second quarter to date has been above pre-COVID 19 levels. Franchise store performance for the second half has been robust and Bedshed Company stores are on track to finish the half with solid revenue growth on a normalised basis.

As a result of the strong sales orders to date, consolidated revenue for the Joyce Group for the second half of the financial year is on track to be at or around consolidated revenue for first half of the financial year, being the six months ending 31 December 2020.

Joyce CEO Dan Madden said the Company had been able to continue to convert robust market conditions into excellent financial performance.

"The results we are seeing from the business to date, combined with our current and future plans to increase our footprint in the right markets, gives us confidence of a strong result in the 2021 Financial Year that we can look to continue into the next financial year," Mr Madden said.

"The market for our products and services remains healthy and is growing, giving us a great opportunity to continue to expand our footprint across Australia. When coupled with our unique position – with strong brands, a skilled and customer-focused workforce, and highly engaged and motivated franchisees, we have a great recipe for continued and consistent revenue growth across our businesses providing the platform for both capital appreciation and strong dividends for Joyce Corporation investors.

"We are driven to continue to pursue a high level of operational performance, while implementing ongoing plans for organic growth and developing a wider corporate strategy to take Joyce Corporation to the next level. We have an opportunity to use our strong revenue flow to maintain healthy dividends to shareholders and invest in further growing our revenue.

"Our intention with the full year dividend remains that the final dividend payment will be 60-80% of normalised NPAT less the interim dividend."

Corporate

Joyce Corporation previously announced that it would return funds to the ATO from JobKeeper payments received from the Australian Government during the 31 December 2020 half year. The Joyce Group has now returned \$1.5M of funds to the ATO. This refund amount is \$0.5M higher than that stated in the Half Year Results Announcement (see ASX Release 26 Feb 20: JYC: Half Year Results

31 Dec 2020) as the refund was made inclusive of tax and will be treated as deductible for tax purposes.

Joyce Corporation is in advanced discussions with its bankers to repay the Company's debt balance and expects that both the Company and the Joyce Group will have a nil debt balance by the end of the 2021 Financial Year.

Joyce Corporation has recently refreshed its Corporate Website and investors can access the new website at: www.joycecorp.com.au.

REFERENCES

**Source: productreview.com.au*

***Joyce Group consists of KWB Group, Bedshed Franchise Operations, Bedshed Company Stores and Joyce Corporation. Group Sales Revenue is Sales Revenue as per consolidated accounts; being 100% KWB, Bedshed Franchise Income and Company Store Sales Revenue*

ENDS

This release has been authorised by the Board of Joyce Corporation Ltd

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