



FINANCIAL YEAR 2022 HALF-YEAR RESULTS

JOYCE CORPORATION DELIVERS STRONG OPERATIONAL PERFORMANCE

February 2022

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OPERATING RESULTS

FINANCIAL YEAR 2022 HALF-YEAR RESULTS
-1HY 22-



JOYCE CORPORATION

Continued revenue growth and solid returns

STRONG PERFORMANCE ACROSS THE GROUP

Positive underlying retail demand delivers **strong operational performance and revenue growth of 16.4%** despite significant COVID disruptions

Strong balance sheet and **cash positions** driven by capital light business model

\$6.7m Group NPAT and **\$3.7m NPAT attributable to Joyce Shareholders**

Record fully-franked **interim dividend of 7.5 cents** representing **payout ratio of 57% of NPAT** attributable to Joyce shareholders. In line with targeted full year payout ratio of 60-80% of normalised NPAT

\$61.5m

Revenue

\$6.7m

Group NPAT

\$9.6m

Operating Cash Flow
(excl Tax)

\$17.2m

Group Net Cash

\$3.7m

NPAT Attributable to JYC
S/Holders

13.2 cps

EPS

7.5 cps

Fully Franked Dividend

RESULTS OVERVIEW

Increasing returns to shareholders

| Joyce Corporation | 1HY 22 | FY21 Total | 1HY 21 |
|---|--------|------------|--------|
| Dividend (cents) | 7.5 | 17.0 | 7.0 |
| NPAT to JYC Shareholders - continuing operations (\$'000) | 3,734 | 7,574 | 4,000* |
| Dividends paid (\$'000) | 2,117 | 4,789 | 1,971 |

7.5 cents fully franked
interim dividend
(57% of normalised NPAT)

On track for targeted
full year payout ratio of
60%-80% of
normalised NPAT

Well placed to **fund**
organic growth plans
and **support ongoing**
dividends

SHARE PRICE (\$)



*1HY21 NPAT is normalised after adjusting for one-off JobKeeper wage subsidy received of \$1.8m (before tax). Note it also includes \$0.5m (before tax) profit on one-off sale of Company Owned Helensvale store.

RESULTS OVERVIEW

Key financial performance metrics

STRONG OPERATIONAL PERFORMANCE ACROSS THE GROUP

| Joyce Corporation Consolidated Results | 1HY 22 (\$'000) | 1HY 21 (\$'000) | Variance (\$) | Variance (%) |
|--|--------------------|--------------------|------------------|-----------------|
| Revenue | 61,546 | 52,855 | 8,691 | 16% |
| Contribution Margin | 29,057 | 27,785 | 1,272 | 5% |
| Total Group Expenses | 16,326 | 14,054 | (2,272) | (16)% |
| Expenses (% of revenue) | 27% | 27% | n/a | -% |
| EBITDA | 12,731 | 11,904* | (827) | 7% |
| EBITDA Margin | 20.7% | 22.5%* | n/a | (8)% |
| EBIT | 10,096 | 9,551* | 545 | 6% |
| Net profit after tax | 6,729 | 6,341* | 388 | 6% |
| NPAT Attributable to JYC Members | 3,734 | 4,000* | (266) | (7)% |
| EPS - cents | 13.2 | 14.2* | (1.0) | (7)% |

*1HY21 Figures are normalised after adjusting for one-off JobKeeper wage subsidy received of \$1.8m (before tax). Note that they also include a \$0.5m (before tax) profit on one-off sale of Company Owned Helensvale store.

Ongoing trend of revenue growth driven by strong consumer demand and expansion of network

Strong 1HY 22 Performance despite the impact of significant COVID disruptions
1HY 22 EBIT of \$10M (Margin 16.4%)

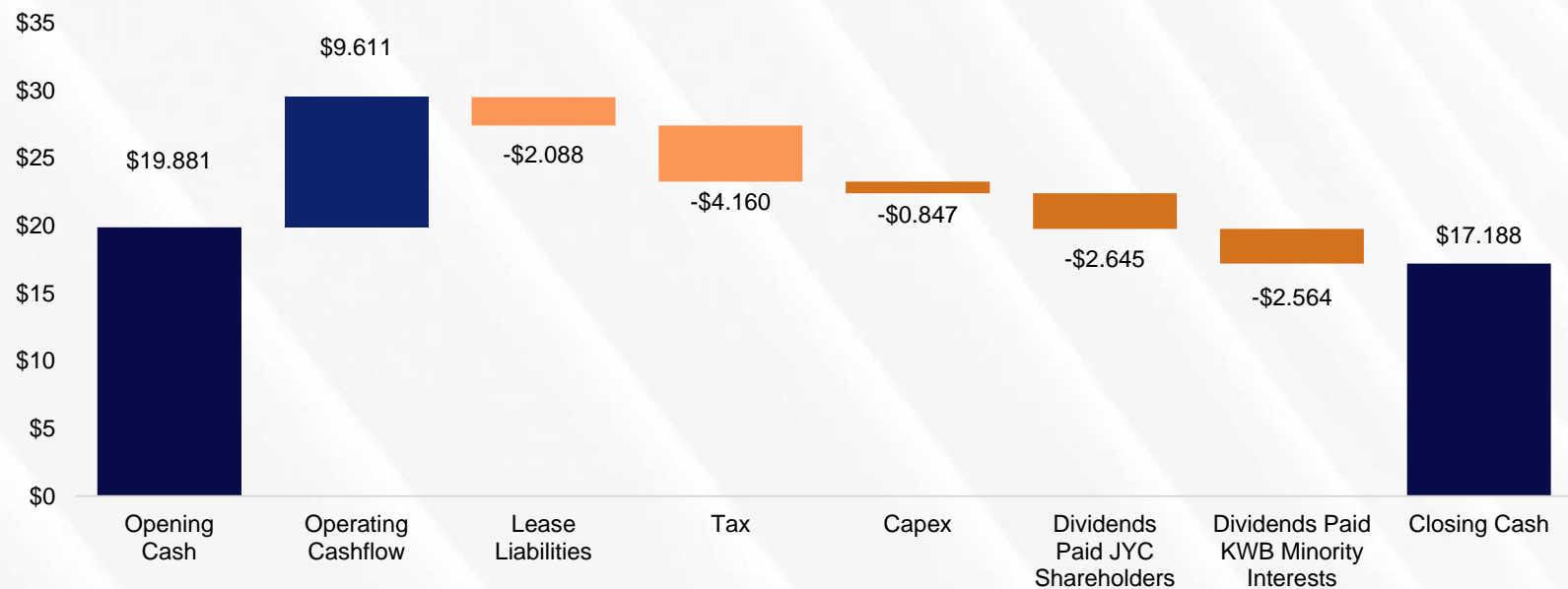
Illustrated 1HY21 EBITDA and NPAT are 'normalised' to exclude one-off JobKeeper receipts of \$1.8m (before tax)
 (nb: Excess JobKeeper receipts returned in the second half of the 2021 Financial Year)

RESULTS OVERVIEW

Key financial position metrics

| Joyce Corporation Consolidated Results | Dec 21 | Jun 21 | Dec 20 |
|--|--------|--------|---------|
| Closing Group Cash | 17,188 | 19,881 | 18,203 |
| Debt | - | - | (5,521) |
| Net Cash/(Debt) | 17,188 | 19,881 | 12,682 |

Cashflow 1 July to 31 Dec 21 (\$'million)



*Operating Cashflow net of Tax and Interest payments.

Strong Net Cash Position of \$17.2m with significant borrowing capacity and gearing potential

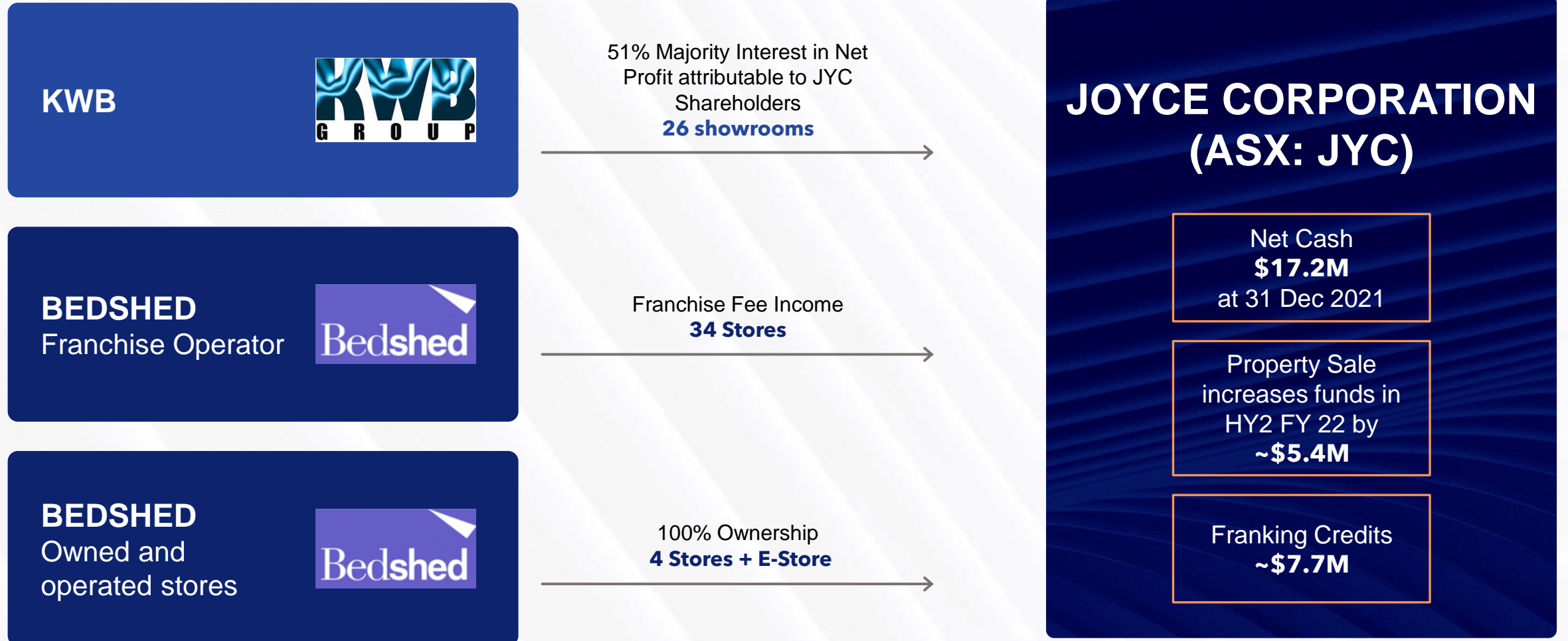
Strong operational performance and **capital-light business models** generate solid cash returns and support record dividend cash payments

Property Sale further increases strength of the Dec 21 balance sheet by **\$5.4m million** (transaction completed and funds received **16 Feb 2022**)

nb: Operating cashflow of \$9.6m impacted by timing of creditor payments and Eastern States COVID-19 interruptions in Dec 2021*

JOYCE CORPORATION

Flow of Economic Interest into Joyce Corporation



KWB GROUP

CONTINUED GROWTH IN AUSTRALIA'S
HOME RENOVATION MARKET



KWB GROUP

Kitchen Connection, Wallspan,
Wardrobe Connection



Leader in Australia's home renovation market, focus on delivering outstanding kitchen and wardrobe solutions to customers looking to renovate their homes



Target "Do It For Me" market by delivering positive, seamless and hassle-free renovation and design experiences – from inspiration to installation



26 sites under the Kitchen Connection and Wardrobe Connection brands across Queensland, New South Wales and South Australia



 **kitchen**
connection
from inspiration to installation

 **wallspan**
kitchens & wardrobes

 **wardrobe**
connection

KWB GROUP SNAPSHOT

Strengthening the brand and growing the footprint

26 showrooms across Queensland, South Australia
and New South Wales

Further Expansion into NSW in 1HY 22 and 2021
calendar year:

- Artarmon May 2021
- Penrith July 2021
- Belrose October 2021

Strong trading and operational performance
across new stores and established stores despite
significant COVID interruptions

Further **showroom expansion** into Sydney
planned for 2022 calendar year

Longer term growth potential in untapped locations
including Victoria and Western Australia



KWB GROUP RESULTS

Continued Revenue and Order Growth



Continued strong demand despite widespread lockdowns and government restrictions interrupting showroom traffic and installations



Record revenue of **\$51.1M** (26% increase on 1HY 21 \$40.7M)

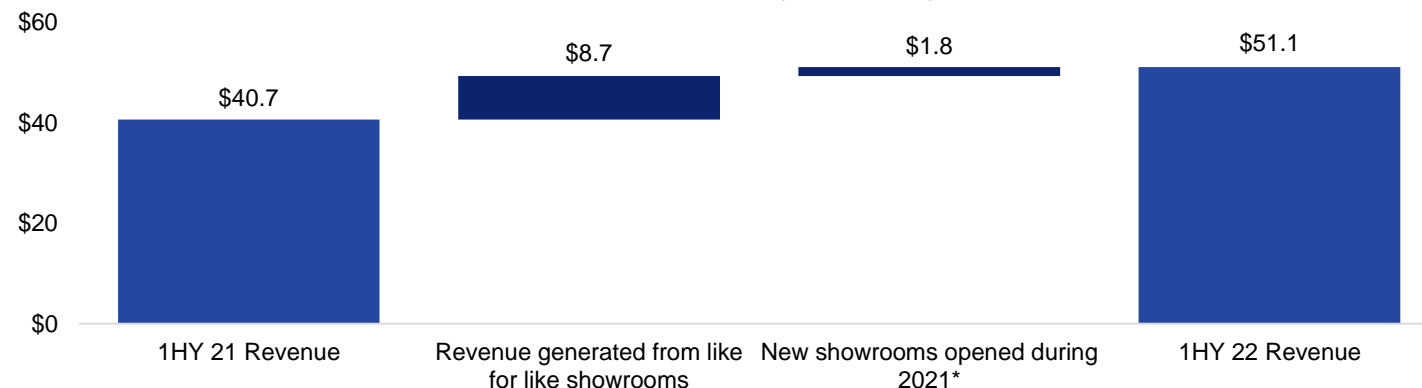


Order Book of **\$56.4M** exceeds Revenue by ~\$5.3M



Delivery of Strong order book in Jan 2022 positions business well for 2HY 22

Revenue Growth (\$ million)



Segment Revenue \$m (1HY 22 vs 1HY 21)

\$51.1M **\$40.7M**

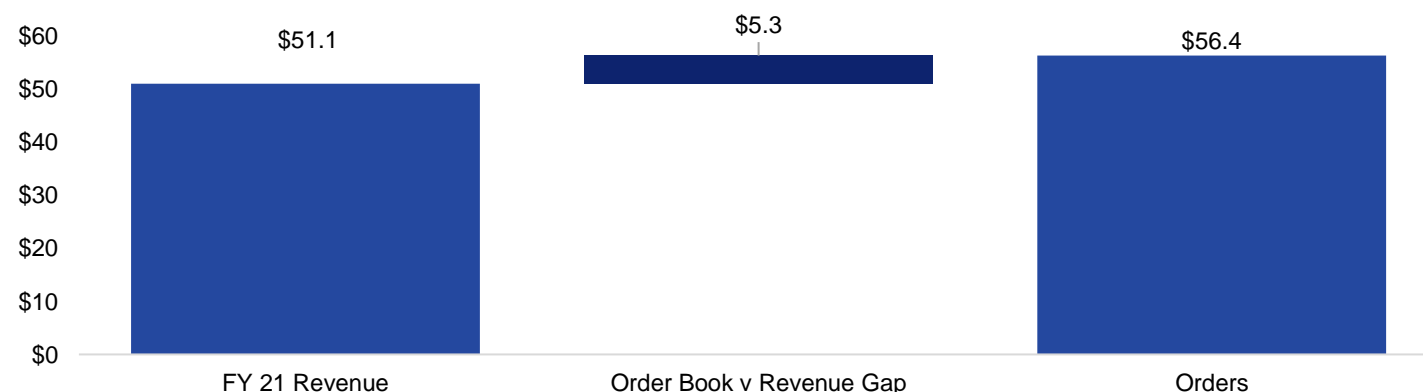
Revenue Growth%

26%

Order Book > Revenue

+\$5.3M

Revenue and Order Book (\$ million)



*Showrooms opened in 2021 include: Artarmon (May 21), Penrith (Jul 21) and Belrose (Oct 21). Revenue is only recognised on point of product delivery and therefore there is a delay in revenue recognition from showroom opening date.

KWB GROUP RESULTS

Continued Growth in Returns and Margins



Strong management and operational performance in face of COVID interruptions impacting showroom traffic, installations and supply chains



EBIT of \$9.1M (32% increase on 1HY 21 \$6.9M*)



EBIT margin of 17.8% (versus 17.0%* in 1HY 21)



Proven track record of growth in network, revenue and EBIT

Segment EBIT \$m (1HY 22 vs 1HY 21)

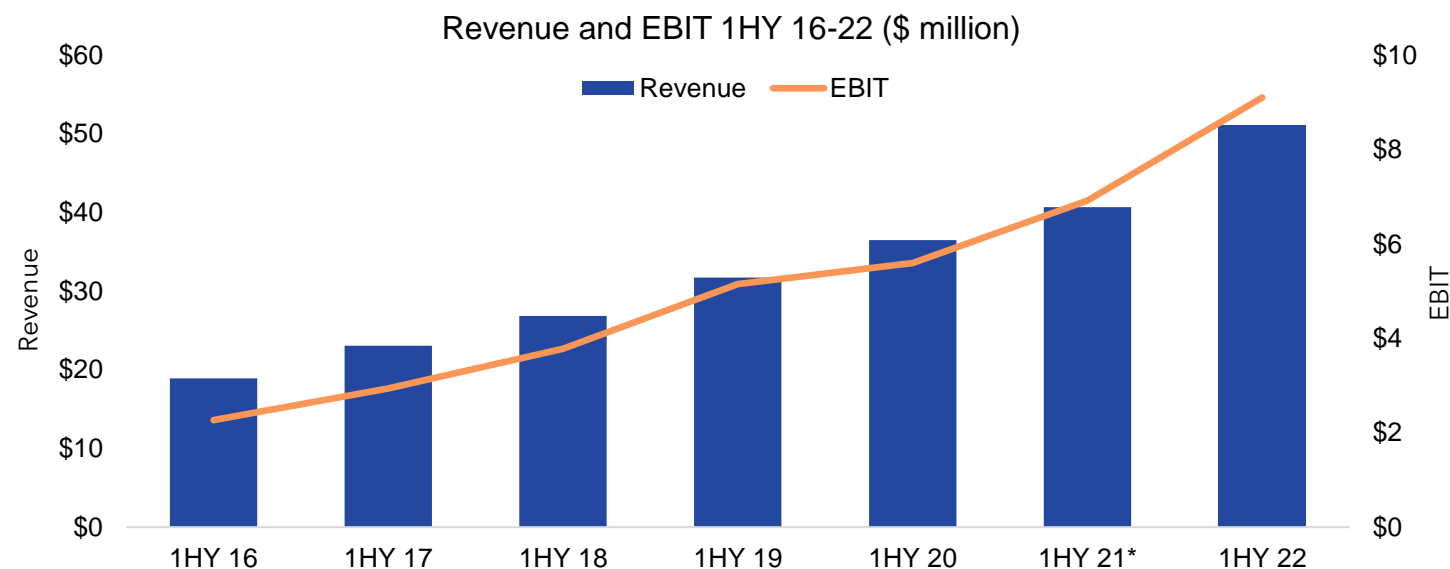
\$9.1M

\$6.9M*

Segment EBIT Margin % (1HY 22 vs 1HY 21*)

17.8%

17.0*%



Segment Revenue \$m (1HY 22 vs 1HY 16)

\$51.1M

\$18.9M

6 Y Revenue Growth%

170%

6 Yr EBIT Growth

300%

*1HY21 Figures are normalised after adjusting for one-off JobKeeper wage subsidy received of \$1.4m (before tax).

KWB BUSINESS MODEL

Targeting the middle market
“Do It For Me” renovations



Leader in Australia’s home renovation market



Deliver positive, seamless and hassle-free renovation and design experiences – from inspiration to installation

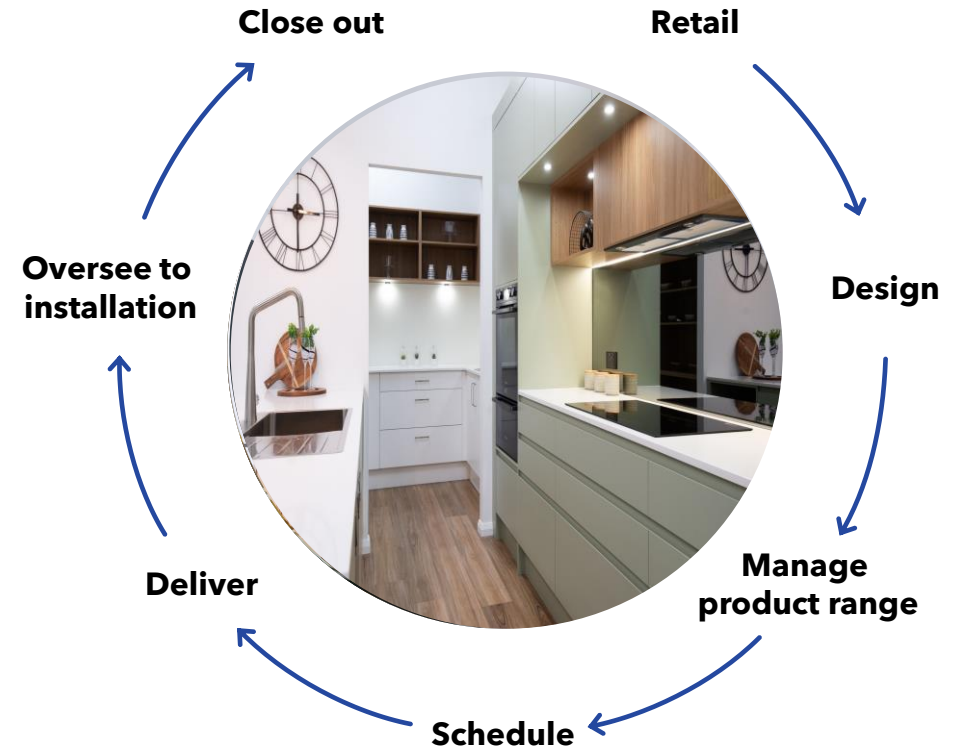


Capital light business model with strong margins and excellent cashflow



Strong Management and focus on operational and cost efficiencies

The KWB Business Model



Which creates referrals (Our Mission)

BEDSHED

DELIVERING ON GROWTH AMBITIONS



BEDSHED

Franchised and company owned stores



Well established Australian household name, delivering high quality bedroom furnishings for over 40 Years



Strong brand and loyal customer base



39-store network predominantly run and owned by franchisees including 4 company-owned stores plus Sydney E-Store



Consistent performer for Joyce Corporation
delivering network growth and ongoing improvement in performance across the network

Bedshed



BEDSHED

Growth in Franchisee Network

39 operations across WA, Queensland, Victoria, ACT and NSW

Successful e-store strategy with **2 new franchisee operations** in NSW in 1HY 22:

- Tuggerah Oct 21
- Rutherford Dec 21

Alexandria franchisee operation scheduled for opening **Q4 Financial Year 2022**

Developing a further pipeline of franchisees with a focus on Sydney Metro and NSW regional

Strong trading and operational performance despite significant COVID interruptions



BEDSHED RESULTS

Positive trading momentum continues



Consistent like for like store performance across the Bedshed network in face of COVID interruptions to store traffic and supply chains



Successful E-Store strategy supported growth of franchisee network footprint

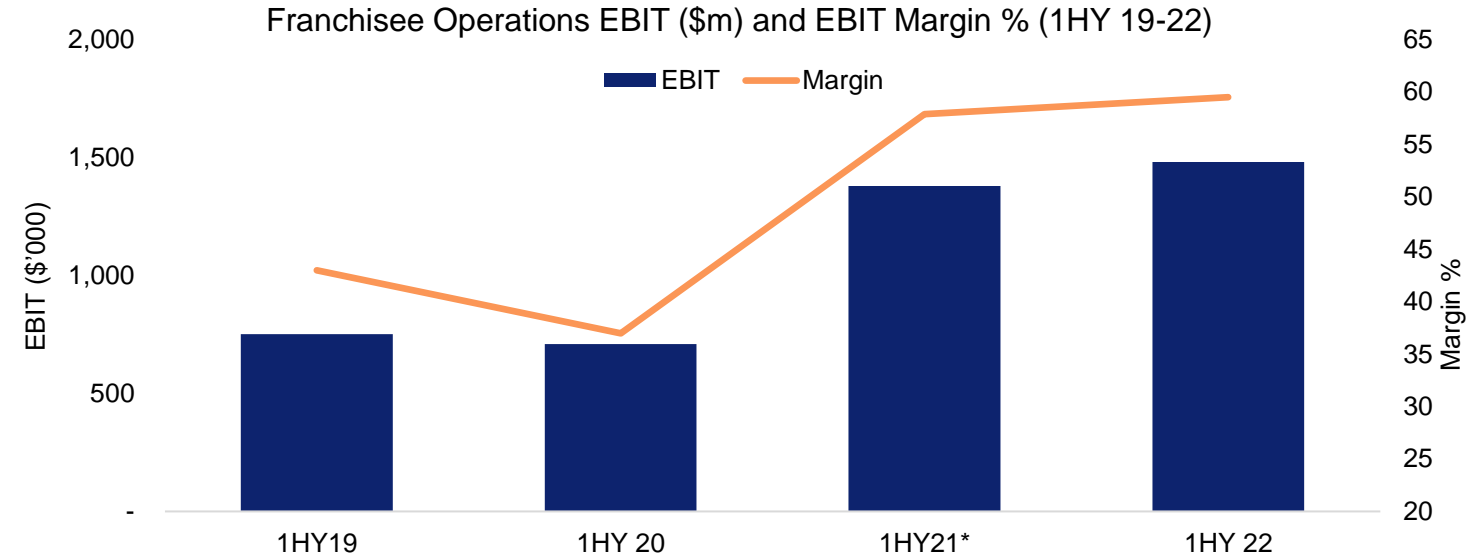


Low capital intensity and marginal cost to expand the franchisee network



nb: 1HY 21 includes 6 months of trading and one-off profit on sale of Company Store (Helensvale)

Franchise Operation EBIT



Bedshed Franchise and Company Store Results

Segment Revenue \$m (1HY 22 vs 1HY 21)

\$10.4M **\$12.2M**

1HY 21 Results Include:

- \$2M of ~6 months trading from Helensvale Company Owned Store
- \$0.5M Profit on sale of Helensvale Store

Segment EBIT \$m (1HY 22 vs 1HY 21*)

\$2.5M **\$3.4*M**

Segment EBIT Margin % (1HY 22 vs 1HY 21)

24% **28%**

Segment Results include contribution from Bedshed Franchisee operations and Company-Owned Stores

**1HY21 Figures are normalised after adjusting for one-off JobKeeper wage subsidy received of \$0.4m (before tax).*

BEDSHED

Successful Franchisee model



Many franchise partners in network
20yrs+ (1 franchised store up for resale
in 10 years)



Multiple franchise renewals in 1HY 22
demonstrate current strength of
relationship and brand

Supply Chain



Focus on maintaining supply chain for
franchisees and company stores and
maintained brand promise of “in stock,
available now”

E-Commerce



Continued focus on enhancement of e-commerce platform and linking bricks and mortar stores to e-commerce capability



Strong e-commerce results supported stores during lockdowns in Eastern States



FUTURE GROWTH



JOYCE CORPORATION

- Fast growing ASX-listed company operating and invested in quality Australian businesses
- Well established and consistently performing businesses and partnerships with strong organic growth potential
- 'Capital Light' business model and relatively low capital expansion costs
- Strong balance sheet with \$17.2M as at 31 December 2021 (+\$5.4M property sale proceeds received Feb 2022) underpins growth potential

OUR VISION

We seek to make a **meaningful positive difference** to the lives of our shareholders, partners, franchisees, employees and customers

OUR PURPOSE

Prosper in business together

We help quality small to medium Australian businesses **unlock their growth potential** and succeed on the national stage

OUR PRIMARY OBJECTIVE

To drive **revenue growth** and deliver **above average returns**

UNIQUE VALUE PROPOSITIONS

Working together is key to success



Shareholders

Track record of **Total Shareholder Returns**.



Partners

Track record of **growth** and **long-term mindset**.



Franchisees

Deep sector and operational **knowledge** and **supportive growth-focused approach**.



Employees

Ability to make an impact growing **national brands** in a **supportive team environment**



Customers

Quality products and services, deep product **knowledge** and **convenience**.

OUTLOOK FOR ORGANIC FUTURE GROWTH

KWB and Bedshed provide significant organic growth potential

KWB

Significant potential to expand footprint:

- *Near term Network Expansion in NSW*
- *Longer term opportunities in untapped States, Victoria and WA*

Proven track record of growth in returns from operational and cost efficiencies in existing stores

‘Capital Light’ business model - Low capital intensity for growth and efficient working capital structure



BEDSHED

Strategic Focus on Franchise network expansion:

- *Expansion of presence in NSW*
- *Evaluating additional States and new locations*
- *Existing State expansion and growth initiatives*

‘Capital Light’ Franchise business model - Low capital intensity for growth and efficient working capital structure



OUTLOOK FOR FUTURE GROWTH

Joyce Corporate

Corporate strategy



- Committed to delivering increased earnings while establishing a solid platform for future growth.
- Immediate focus on potential organic growth opportunities across KWB and Bedshed
- 51% Ownership in KWB a cornerstone asset
- Apply a filter to evaluate potential opportunities:
 - *Natural fit with our existing portfolio and offer other synergies*
 - *Allow us to apply our existing expertise*
 - *Organic opportunities*
 - *Pathway to ownership a focus for any potential non-organic opportunities*
 - *Attracted (but not limited) to relatively low capital intensity opportunities*
- Ensure we maintain good cash flow generation, access to funding and disciplined capital management
- Strong Balance Sheet underpins growth potential and low gearing ratio provides potential sources for growth funding

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Jeremy Kirkwood - Non-executive Director (Chair)

Karen Gadsby - Non-executive Director (Deputy Chair)

Daniel Smetana - Non-executive Director

Timothy Hantke - Non-executive Director

Travis McKenzie - Non-executive Director

KEY MANAGEMENT PERSONNEL

Dan Madden - CEO Joyce Corporation

John Bourke - Managing Director KWB Group

Chris Palin - Finance Director KWB Group

Gavin Culmsee - General Manager Bedshed

Tim Allison - CFO & Co Secretary Joyce Corporation

Top 20 JYC Shareholders – 21 February 2022

| Rank | Name | Units | % Units |
|--|--|------------|---------|
| 1 | ADAMIC PTY LTD | 7,711,568 | 27.3 |
| 2 | UFBA PTY LTD | 1,800,000 | 6.4 |
| 3 | DANIEL SMETANA <THE D A SMETANA FAMILY A/C> | 1,224,651 | 4.4 |
| 4 | ONE MANAGED INVT FUNDS LTD <1 A/C> | 1,031,055 | 3.6 |
| 5 | MR DONALD TEO | 990,000 | 3.5 |
| 6 | TRAFALGAR PLACE NOMINEES PTY LTD | 980,000 | 3.5 |
| 7 | MR DAN SMETANA | 734,022 | 2.6 |
| 8 | STARBALL PTY LTD | 653,222 | 2.3 |
| 9 | MR DANIEL ALEXANDER SMETANA | 563,726 | 2.00 |
| 10 | VANWARD INVESTMENTS LIMITED <EQUITIES A/C> | 507,474 | 1.8 |
| 11 | TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT> | 504,291 | 1.8 |
| 12 | JUDITH ANNA SMETANA | 497,924 | 1.8 |
| 13 | GLIOCAS INVESTMENTS PTY LTD <GLIOCAS GROWTH FUND A/C> | 387,406 | 1.4 |
| 14 | CONARD HOLDINGS PTY LTD | 347,940 | 1.2 |
| 15 | MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C> | 333,017 | 1.2 |
| 16 | FELIX SMETANA | 307,116 | 1.1 |
| 17 | FARROW RD PTY LTD | 240,000 | 0.9 |
| 18 | MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C> | 219,680 | 0.8 |
| 19 | MARTEHOF PTY LTD <TEMA SUPER FUND A/C> | 209,679 | 0.7 |
| 20 | EPIC TRUSTEES LIMITED | 192,645 | 0.7 |
| Totals: Top 20 holders of ORDINARY FULLY PAID SHARES | | 19,435,416 | 68.90 |
| Total: Remaining Holders Balance | | 8,760,308 | 31.10 |

REFERENCES

This Announcement should be read in conjunction with the following documents lodged with the ASX on 24 February 2022 under the ASX ticker JYC:

- Half Year Report for the financial year ended 31 December 2021
- Appendix 4D
- Dividend/Distribution
- Financial Year 2022 Half Year Results

¹ All prior comparative period ('pcp') numbers are either "for the six month period ending 31 December 2020 or "as at 30 June 2021" and are as disclosed in the Half Year Report for the period ending 31 December 2021 lodged with the ASX on 24 February 2022 (JYC: Half Year Accounts December 2020) or the Annual Report for the year ended 30 June 2021 lodged with the ASX on 31 August 2021 (JYC: Annual Report for the year ended 30 June 2021)