JOYCE CORPORATION LTD
SINCE 1886

FY20 FULL YEAR RESULTS – PERFORMANCE IN ADVERSITY

Mike Gurry - Chair
Keith Smith - CEO

FY20 Results

Joyce Corporation	FY20	FY19	Variance	Variance
	$000's	$000's	$000's	%
Revenue *(from continuing operations)*	87,594	84,205	3,389	+4.0%
Network sales *(including franchisee partner sales)*	186,582	169,460	17,122	+10.1%
EBIT *(from continuing operations and prior to impairments)*	**11,997**	**9,969**	**2,028**	**+20.3%**
EPS – cents *(from continuing operations and excluding impairments)*	15.8c	11.7c	4.1c	+35.0%

Joyce has simplified its portfolio and driven significant growth in the earnings of its continuing operations

Following a thorough review the Board has determined to impair the carrying value of assets by $5.5m

In response to COVID Joyce focused on cash generation and delivered significant liquidity

Joyce Corporation	FY20	FY19	Variance
	$000's	$000's	%
Net cash from operations	13,357	12,818	+4.2%
Closing cash	10,643	6,975	+52.6%
Drawn debt	-5,751	-10,316	-44.3%
Gearing ratio	27.0%	39.6%	

Underlying Growth

Sales growth despite severe economic shocks

- KWB sales grew by $2.5m or 3.9% despite closing the network for 4 weeks, reflecting the strong positioning of KWB's brand and quality service;
- In contrast to the general retail sector, Bedshed has achieved solid growth of 4.4% in sales, reflecting the strength of its brand and knowledgeable staff, range enhancement and targeted advertising.

EBIT development

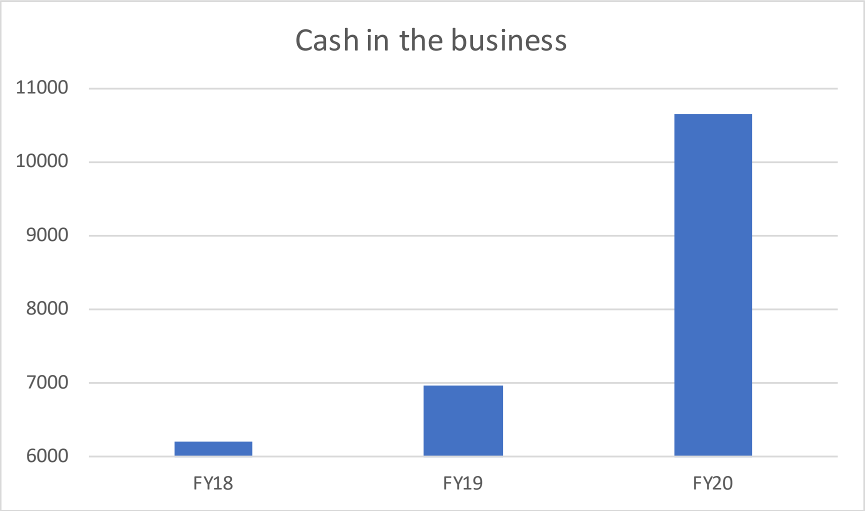
- Earnings before interest, impairments and tax grew by +20.3% which demonstrates the work that has been put in through the year to increase the quality and sustainability of growth despite external factors.

Store openings

- Store openings were prudently delayed in the FY20 year ;
- KWB opened their Tweed Heads showroom on 1 July 2020 as planned and work has commenced on the Tuggerah NSW site;
- It is expected network growth will return to FY19 levels during the year ending 30 June 2021.

Joyce Cash Generation

Joyce responded to the uncertainty created by COVID by focusing on cash preservation resulting in a +52% increase in liquidity over the year.



Since the year end cash reserves have increased by a further $2.2m;

In addition $3.3m will become available when the Lloyds final sale funds are paid over;

Cash continues to be generated by the businesses.

The delivery of this cash generation initiative reduces immediate levels of risk in this uncertain COVID environment and it allows the Group to take advantage of future investment opportunities.

Joyce Dividend

- In February 2020 a ‘fully franked’ 5.0c interim dividend was approved, with the payment deferred due to COVID-19 to September 2020;
- In August 2020 a ‘fully franked’ 2.7c final dividend was approved.
- If there is sufficient capacity when the half year results are known for FY21 then the Board will consider paying a higher interim dividend to bring overall payments up to a level experienced by shareholders immediately prior to the COVID-19 pandemic.
- This financial year’s dividend is 40% greater than the payments related to FY15, 5 years ago.
- Joyce’s dividend yield remains higher than the average of the ASX200 and the Consumer Discretionary sector.
- The Board acknowledges that this is below the prior year, but believes it is prudent to preserve cash in the business whilst the uncertainty in markets related to COVID-19 remains.

Business Unit Review

KWB Group	FY20	FY19	Variance
	$000's	$000's	%
Continuing revenue	67,498	64,964	+3.9%
Segmental profit	11,269	9,480	+18.9%

KWB now operate out of 21 showrooms and has demonstrated a significant level of flexibility and ability to pivot when faced with adverse economic conditions. Through the COVID pandemic the organisation has developed new ways for customers to access KWB and has developed a centralised customer service function which operates 7 days per week.

Kitchen Connection have a 4.4/5.0 'Product Review' rating (from >1,700 reviews), one of the highest in the industry.

Bedshed	FY20	FY19	Variance
	$000's	$000's	%
Continuing revenue	20,096	19,241	+4.4%
Segmental profit *	3,593	2,424	+48.2%

In FY20 Bedshed continued to invest in attracting new franchisees to the brand. By the end of calendar 2019 this was showing significant levels of interest. Following the impact of COVID we are seeing interest return.

The Bedshed teams worked through the rapidly changing environment when COVID hit to support the teams who operate the 32 franchisee stores. This further solidified an already strong relationship and provides a good base from which to support future expansion plans.

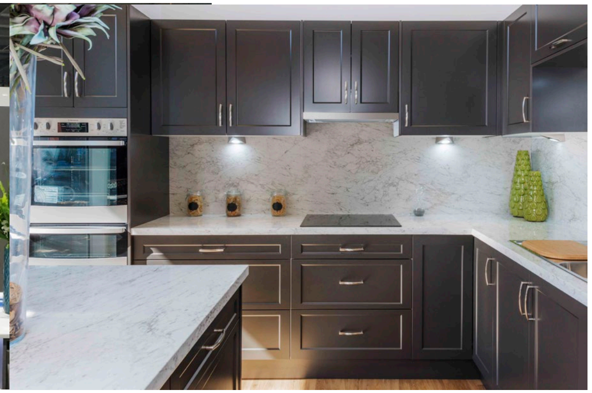
The Bedshed brand continues to be enhanced by the strength of the Marketing function within the organisation and this was publicly recognised this year by attaining the Large Format Retailers Association Marketing award.

The Bedshed team finished the year with renewed strength in their relationship with, and support from franchisees.

** - profit excluding impairments*

KWB Highlights
- Delivering customer service & expansion plans

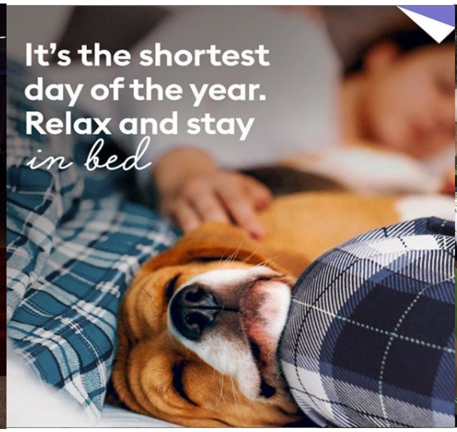
- The KWB business continues to refine its interaction with customers and is now interacting 7 days a week;
- Internal efficiencies have been enhanced in the year with the deployment of a new ERP system (NetSuite) and process monitoring systems;
- The KWB geographic expansion plan continues to be deployed with Management appraising the economic backdrop to ensure new deployment of showrooms is successful;
- The expansion plans see entry into the Northern suburbs of Sydney in FY21.

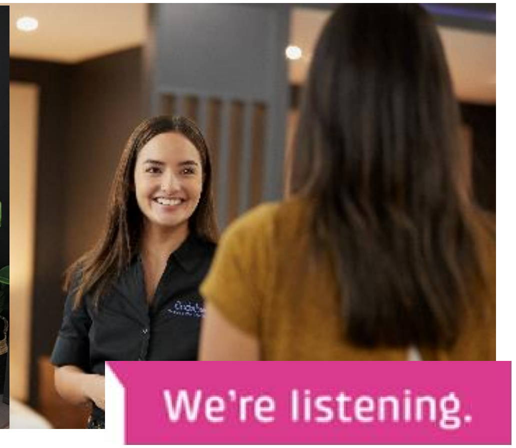


Bedshed Highlights
- Excellent execution of the operational plan

- Deployment of franchisee ‘onboarding’ resource and creation of a significant pipeline;
- Product placement in ‘I’m a celebrity get me out of here’;
- Bedshed remained ‘open’ during the initial pandemic impact giving it an ongoing advantage in the sector;
- In the year Bedshed has increased market share;
- Deployment of the ‘infinity’ range in the year continues to expand the range;
- Successful deployment of the e-Commerce and POS solutions in the year


The Bedshed Management Team





Joyce Market and Team Update

The Board are focused on increasing the profit and market valuation. FY20 has made significant progress towards this by:

- Rationalisation of the portfolio;
- Maximising funds within the entity to take advantage of market opportunities;
- Enhancing the quality of the balance sheet and earnings of the Group;
- Delivered efficiencies by system deployment, process rationalisation and continuous improvement to deliver overhead savings.

At Board level we continue with the Board Succession Plan:

Jeremy Kirkwood will move into the Chair role following the AGM and Mike Gurry intends to remain on the Board as a Non-Executive Director.

In the Executive:

Chief Executive Officer Keith Smith has announced he will be leaving the business, having made a significant contribution to optimising Joyce's business model and processes. Keith has agreed to stay on with Joyce as a new CEO is transitioned into the role.

Joyce Overview

Joyce Corporation has commenced the execution of its expansion plans for FY21, increasing its geographic footprint which will enhance the Group's brand and partner engagement.

With the recently created cash reserves the Group is well funded to take advantage of market opportunities as they present themselves.

In addition to internal cash reserves, access to additional bank facilities has been made possible by the ongoing and increasing strength of the relationship with the CBA team.

The Executive continue to optimize the organisation to generate cash and earnings.

Because of the unusual economic circumstances the Board felt it prudent to review the major assets in the Group including the investment in Lloyds. As a result of these reviews, and in today's environment, we have impaired the value of some of these assets. The total amount impaired was $5.5m, the details can be seen in Notes 16 and 18 in the annual accounts.

The delivery of these results has only been possible due to the dedication and resourcefulness of our team members. These outcomes are a direct reflection of their talent.

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