



FY20 HALF YEAR RESULTS – GROWING THE BUSINESS

Mike Gurry - Chair
Keith Smith - Acting CEO

FY20 Half Year Results

Joyce Corporation	HY20*	HY20 Base	HY19	Variance
	\$000's	\$000's	\$000's	%
Revenue	52,406	52,406	50,150	↑ 4.5%
Contribution margin	27,591	27,591	27,103	↑ 1.8%
EBITDA	7,326	6,831	7,512	↓ 2.5%
Profit after tax from continuing operations	2,791	2,445	3,603	↓ 22.5%

KWB and Bedshed continue to perform strongly, delivering growth.

* Excludes one time costs associated with the departure of the former Executive Director.



Joyce Corporation	HY20	HY19	Variance
	\$000's	\$000's	%
Cash from operations	1,797	2,077	↓ 13.5%
Closing cash	1,881	4,010	↓ 53.1%
Drawn debt	6,952	10,693	↓ 35.0%
Gearing ratio	26.1%	40.2%	↓ 35.0%

The KWB netting of cash and debt is complete. The drawn debt and thus gearing has been reduced in preparation for upcoming investment in additional partnerships to drive in-organic growth.

Underlying Growth Potential

Steady revenue and profit growth from Bedshed and KWB

- In a flat retail market, Bedshed delivered 21% earnings growth;
- KWB Group sales increased by 15%, as returns from our investment in our people and infrastructure drive growth.



Soft market conditions impact Lloyds result

- Tough market conditions saw Lloyds return a \$1.3m loss for the period, which adversely affected the Company's overall result;
- Our program of diversifying the business to attract new revenue streams, and a relentless focus on reducing costs, has Lloyds well-positioned going forward;
- 10% of the shares in Lloyds have been sold for \$1.4m to be held in trust for the Local Management Team. Joyce believes this is the best way to align Management to the desired commercial outcomes.

Corporate

- Separation costs related to the departure of the former Executive Director had a one-off \$0.5m impact on the result for the half year.

Business Unit Review

Joyce has worked closely with the Lloyds team to reduce ongoing operational cost and simplify the business. Competitors have recently been entering into

Lloyds Online	HY20	HY19	Variance
	\$000's	\$000's	%
Continuing revenue	6,101	9,075	↓ 32.8%
Segmental profit	-1,297	-173	↓ 649.7%

adverse commercial arrangements that should cease in the medium term. It is anticipated that the restructured business is well placed to take advantage of a normal market as it returns and increased levels of liquidation business.

The restructure and simplification of the Lloyds business has positioned it for upside growth in the future.

KWB Group	HY20	HY19	Variance
	\$000's	\$000's	%
Continuing revenue	36,496	31,737	↑ 15.0%
Segmental profit	5,602	5,151	↑ 8.8%

KWB now operate out of 20 stores and is in preparation for the entry into the Northern suburbs of Sydney as the next phase of growth for the business.

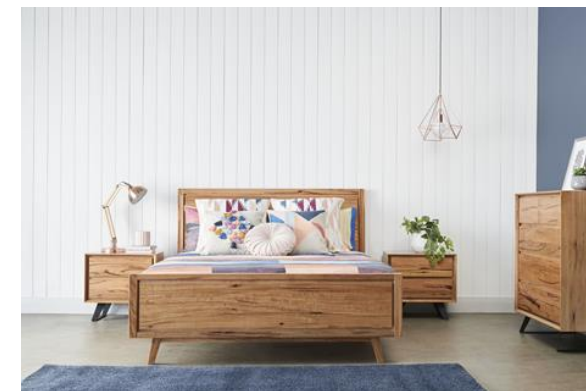
In 2019, Kitchen Connection was announced as a winner in the 2019 Australian Retail Innovators Awards.

Bedshed	HY20	HY19	Variance
	\$000's	\$000's	%
Continuing revenue	9,809	9,338	↑ 5.0%
Segmental profit	1,274	1,054	↑ 20.9%

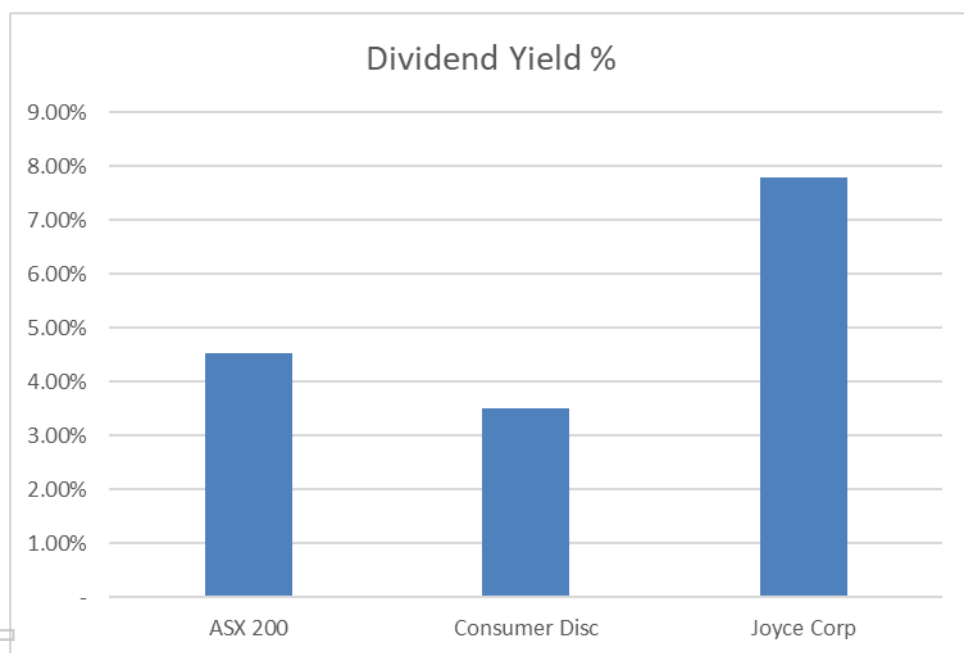
Bedshed continues to deliver strong marketing campaigns and brand development in a weak national retail market. The relationship with our franchisees is constantly growing stronger with close interaction between the teams to deliver positive commercial outcomes.

Potential franchisees continue to show interest in joining the Bedshed team.

Investing in the present enhances future returns in our base businesses



Joyce Dividend Yield & Market Context



Source marketindex.com.au (26/2/20)

In November 2019 a 'fully franked' 5.0c final dividend brought the dividend total to 11.7c for FY19, an increase of over 6%.

On 25 February 2020 the Board declared a 'fully franked' 5.0c interim dividend again delivering a dividend yield greater than our peers.

The Board anticipate a gradual increase in the size of dividend over the medium term.

In December 2019 Euroz (a large stock broker/funds manager), commenced coverage of Joyce and this analysis provides additional detail on the Group.

KWB Highlights — Building Our Brand

- Planning underway to establish three new showrooms in mid-calendar 2020;
- A key differentiator of KWB is the knowledge and quality of staff, particularly the design team. To support this, a bespoke 'Academy' was opened in November '19 to maintain and grow this competitive advantage;
- The wardrobe division is rapidly expanding following additional investment in training and the establishment of a mobile sales force;
- KWB continues to win awards for the service it provides to its customers.
- The business has maintained its strong operating margins through this tough economic period.



Link to the recently refurbished Jindalee Showroom - <https://my.pcloud.com/publink/show?code=XZzl4bkZ3hr9nOCYp4BffO70USPw1hE0828y>



Capalaba Team Brave Life Donation



Lloyds Online Highlights – Positioned For The Future

- Lloyds cemented its reputation as the leading auction house for unique and ultra rare Classic Cars, and has created new verticals in art, jewellery and watches;
- As a result of Lloyds delivering sector leading price records, there has been unprecedented media interest which supports the business;
- In the past 14 months we have completed a series of initiatives which have seen 30% of the original cost base move out of the business;
- Lloyds (supported by the wider Joyce entity) has responded to the Bush Fire crisis by delivering funds through a large charity auction. It was humbling to see the generosity of Australians across the country to donate to this event.



Lloyds Display Bathurst



Jeff Thomson's Donation



Lloyds Carrara

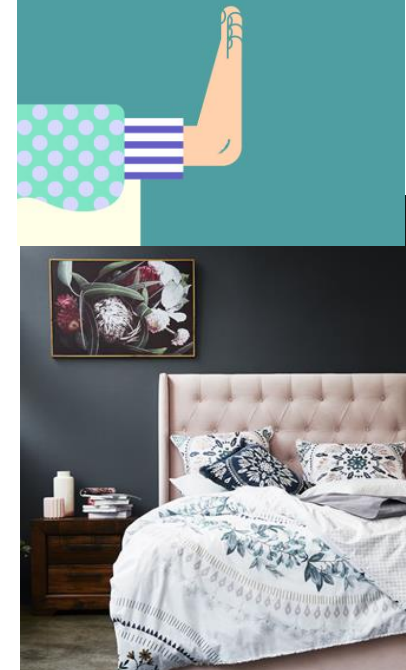
Bedshed Highlights

Profitable growth for one of Australia's leading Brands

We're listening.

- The Bedshed team is fielding record levels of interest from potential new franchisees;
- Bedshed marketing campaigns won the Large Format Retailers Association main award, a prestigious accolade in the Retail Sector;
- The team continue to deliver earnings and margin growth despite 'concerns' in the wider Retail Sector;
- Delivery of new ranges and ongoing roll out of the 'Evolution' store fit outs are enhancing customer experiences.

33%
of people want a bigger bed.



Corporate



The Board has set a target of achieving \$100m market cap. To achieve this Joyce is embarking on an organic and in-organic growth program. To enact these plans and achieve our goal it has been recognised by the Board that we will need to ensure we have the right talent and structures in place.

At Board level we have continued with the planned Board refresh:

- Travis McKenzie – Joined as NED in July '19 and brings a Legal and Property background;
- Jeremy Kirkwood – Joined as NED in January '20 and brings Board Chair and NED experience along with an M&A and Capital Markets background.

Joyce Overview

To ensure our growth and achievement of our goals we have defined the 'Joyce Way' – a set of principles by which we do business and this guides us in our dealings with current and future partners as well as the businesses we interact with.

The Group continues to invest in its people through education and developing roles where individuals can grow and add value to the organisation.

This has allowed us to execute our geographic expansion of Bedshed and KWB stores and showrooms to deliver growth in our core divisions.

With macro-economic events and competitive pressure against our Lloyds organisation we have completed a significant restructure to remove 30% of its cost base.

The Group has well defined plans for expansion through inorganic growth, which it is planned to initially be funded by banking facilities. Our partnership with CBA is strong and there is support for these plans.



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