



# FINANCIAL YEAR 2022 HALF-YEAR RESULTS

**JOYCE CORPORATION DELIVERS STRONG OPERATIONAL PERFORMANCE**

February 2022

# DISCLAIMER

Information contained in this presentation may involve forward looking statements, and comments about the future including possible future performance estimates, estimated earnings, potential growth of the company or its industry or other projections. Forward looking statements can generally be identified by the use of forward-looking words such as “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws in applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Whilst “JYC” believes these are reasonable at the time of printing, actual results may differ from those expressed or implied by these forward-looking statements. Results may also be affected by a number of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, industry competition, COVID-19, legislative, fiscal or regulatory developments, changes in accounting standards, economic and financial market conditions in various countries and regions, political risks, product delay or advancements, approvals and cost estimates. These statements refer to the future and therefore involve unknown risks and uncertainties.

Non-IFRS financial information is supplied to gain meaningful insight to the underlying performance of some business units. The Company has provided this in order to assist the reader in obtaining a better understanding of reported IFRS financial data and where possible non-IFRS financial data has been identified as ‘underlying EBIT’. Investors should seek individual independent financial advice regarding the contents of this presentation. This presentation does not constitute (1) investment or financial product advice (nor tax, accounting or legal advice) or (2) any recommendation to acquire securities and does not and will not form any part of any contract for acquisition of securities. Each recipient of this presentation should make its own enquiries and investigations regarding all information in this presentation (including, without limitation, the assumptions, uncertainties and contingencies which may affect the future operations of JYC and the impact that different future outcomes may have on JYC).

accuracy, completeness or correctness of data presented the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of JYC’s Directors, employees or agents, advisers, nor any other person (Relevant Person) accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it. No Relevant Person accepts responsibility for any error or omission in this presentation.

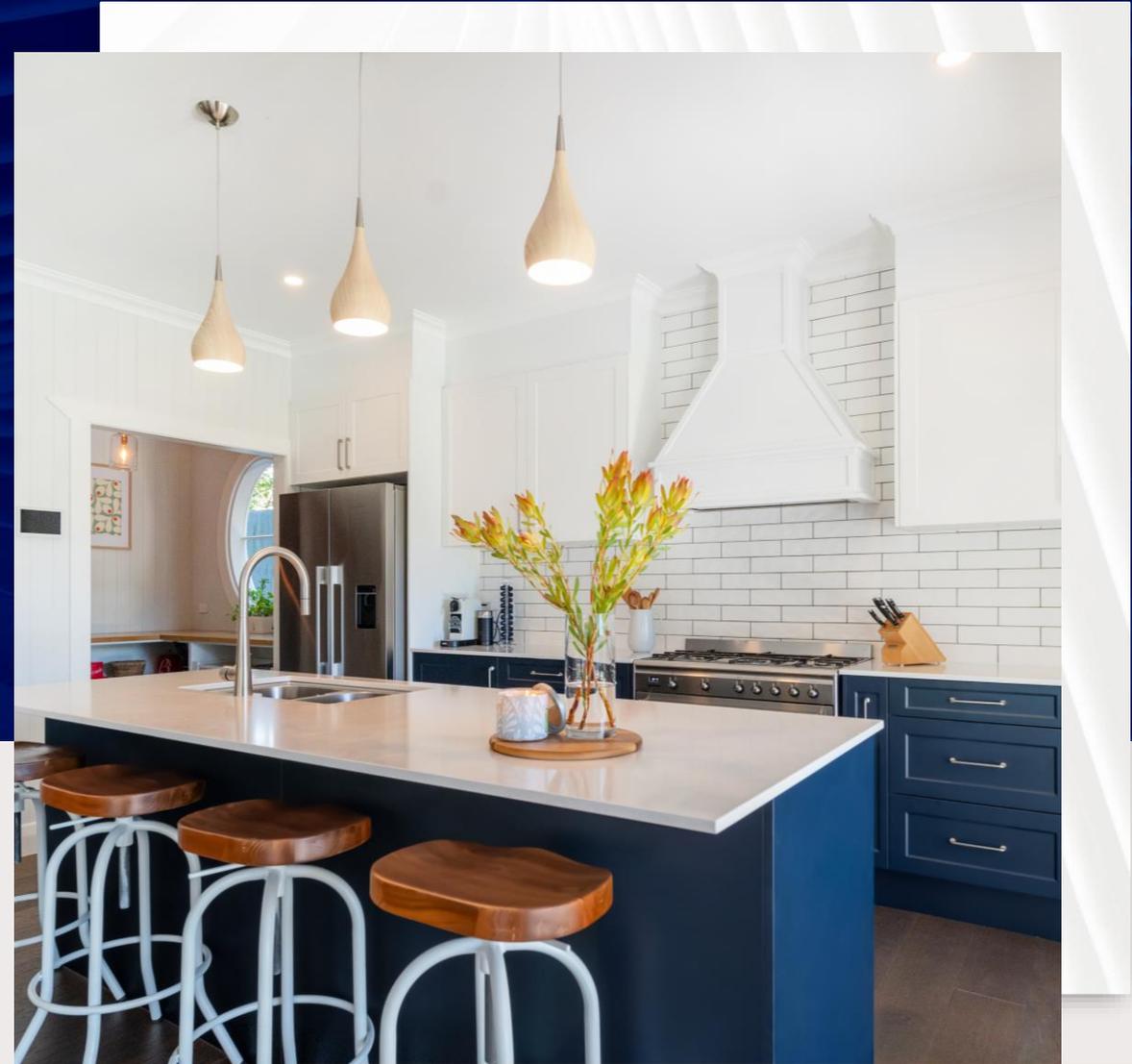
This presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This presentation is for information purposes only and is not an invitation, solicitation or offer of securities for subscription, purchase or sale in any jurisdiction.

This presentation has been prepared without taking into account any person’s individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. An investment in JYC shares is subject to known and unknown risks, some of which are beyond the control of JYC. JYC does not guarantee any particular rate of return or the performance of JYC. We do not undertake to update or revise this presentation, whether as a result of new information, future events or otherwise.

This presentation should be read in conjunction with the 4E, Full Year Report and any subsequent announcements posted on the ASX and company websites - [www.joycecorp.com.au](http://www.joycecorp.com.au).

# 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

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.

**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**

# 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	-%
<b>EBITDA</b>	<b>12,731</b>	11,904*	(827)	<b>7%</b>
EBITDA Margin	20.7%	22.5%*	n/a	(8)%
<b>EBIT</b>	<b>10,096</b>	9,551*	545	<b>6%</b>
<b>Net profit after tax</b>	<b>6,729</b>	6,341*	388	<b>6%</b>
<b>NPAT Attributable to JYC Members</b>	<b>3,734</b>	<b>4,000*</b>	<b>(266)</b>	<b>(7)%</b>
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%)**

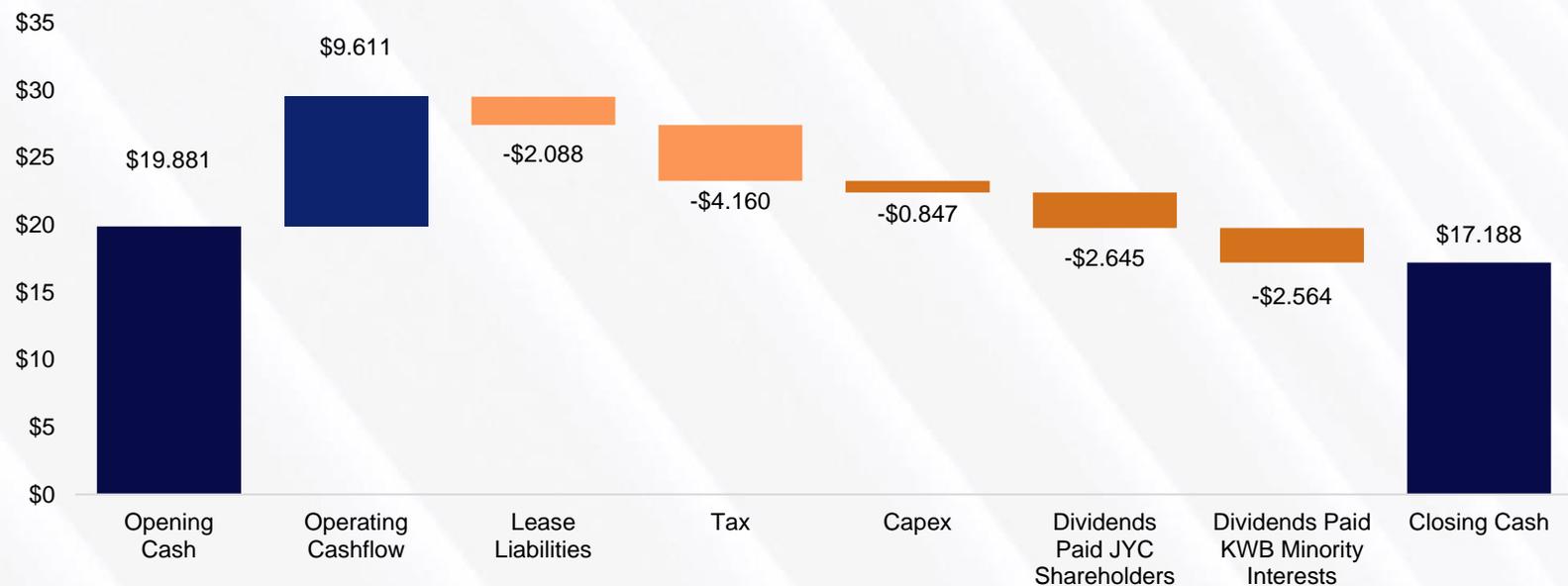
Illustrated 1HY21 EBITDA and NPAT are 'normalised' to exclude one-off JobKeeper receipts of \$1.8m (before tax)  
*(nb: Excess JobKeeper receipts returned in the second half of the 2021 Financial Year)*

# 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

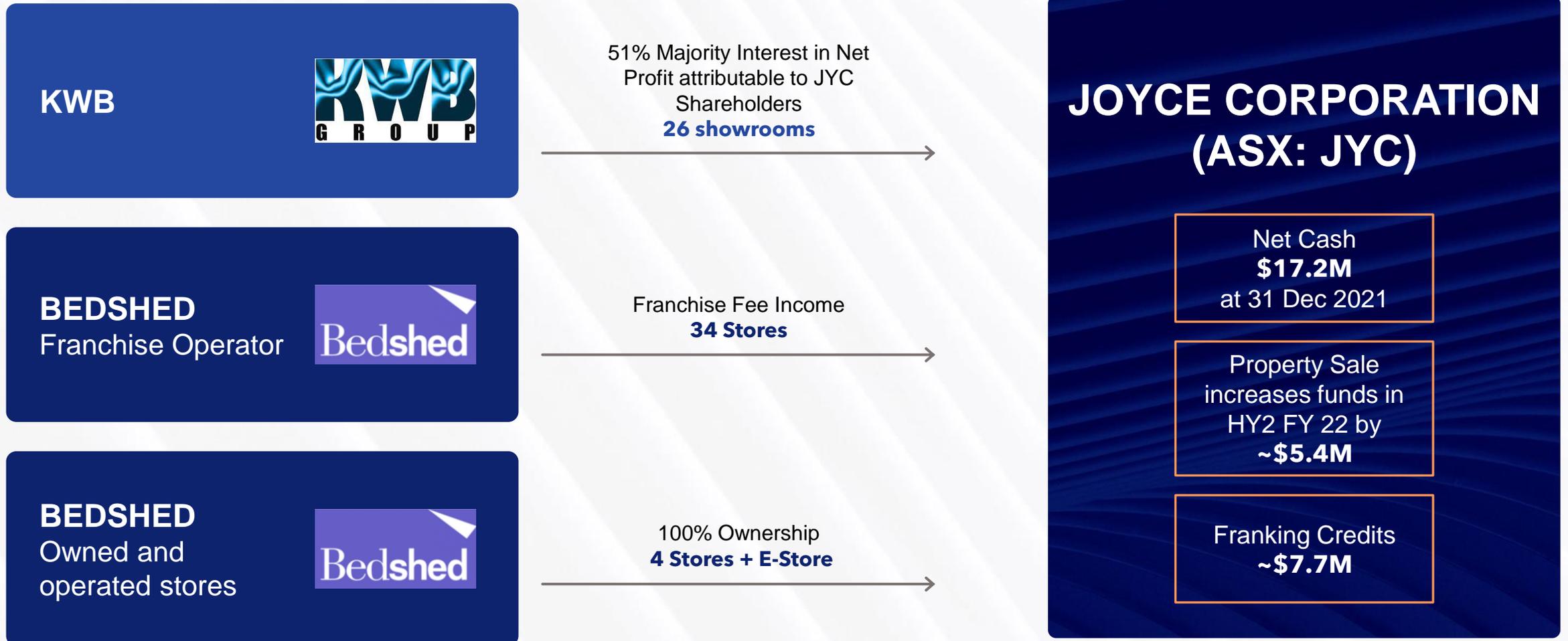
Strong operational performance and **capital-light business models** generate solid cash returns and support record dividend cash payments

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

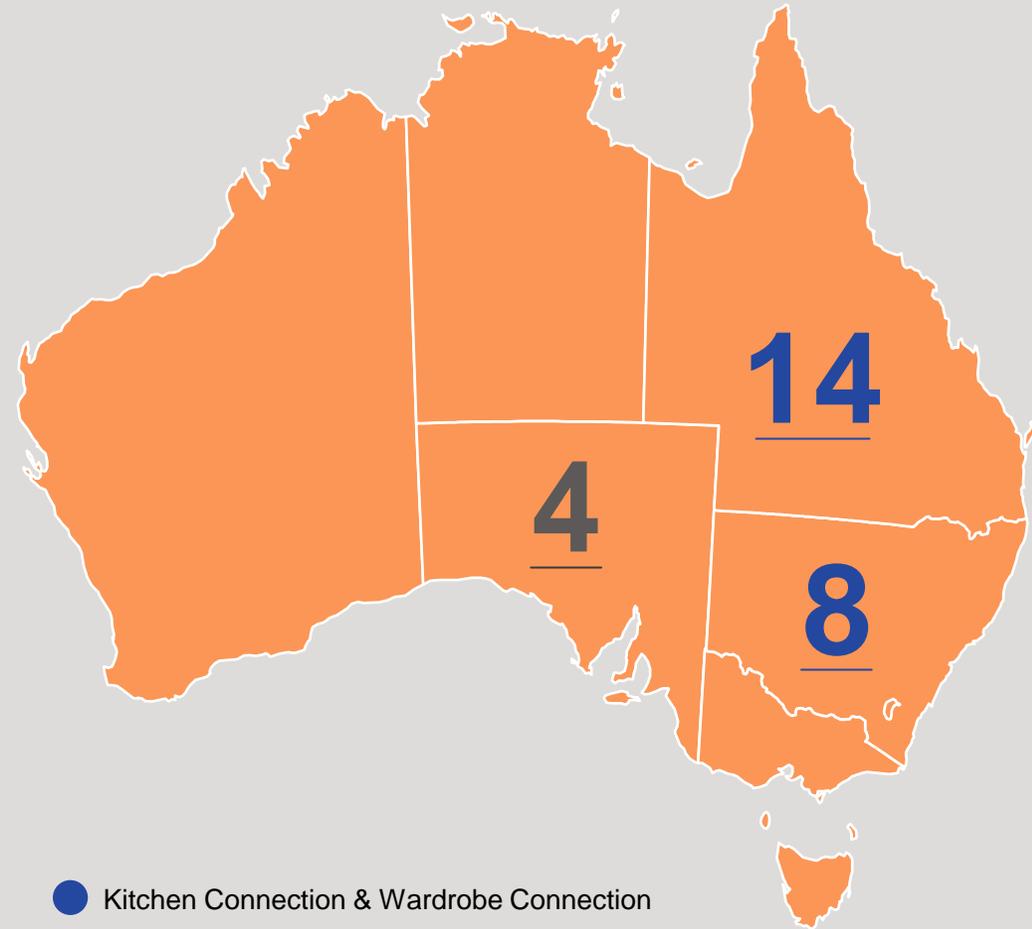
**Further Expansion** into NSW in 1HY 22 and 2021  
calendar year:

- 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



- Kitchen Connection & Wardrobe Connection
- Wallspan Kitchens and Wardrobes

# KWB GROUP RESULTS

## Continued Revenue and Order Growth



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



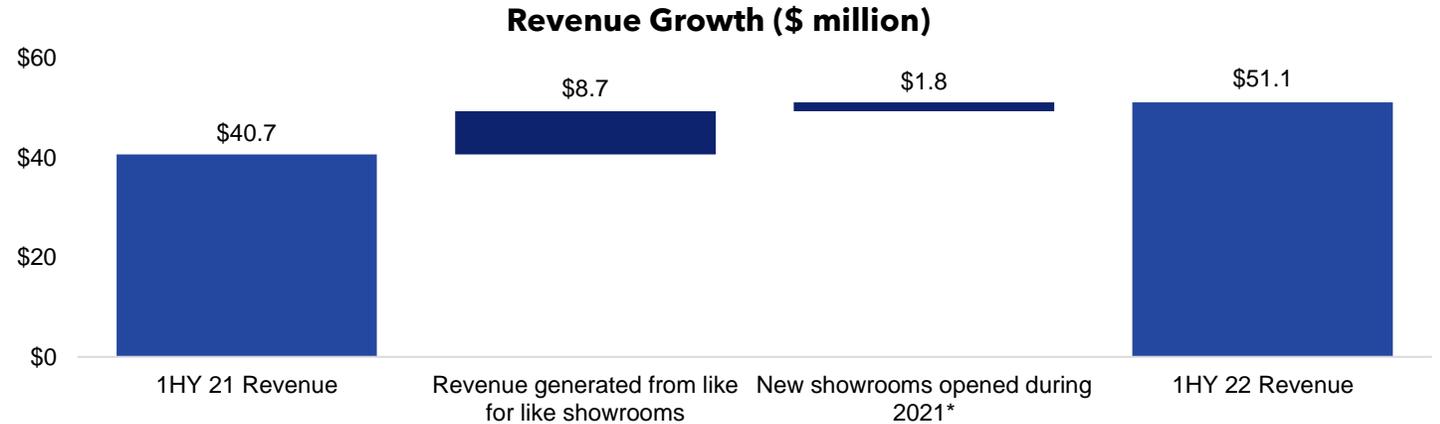
Record revenue of **\$51.1M** (26% increase on 1HY 21 \$40.7M)



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



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



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

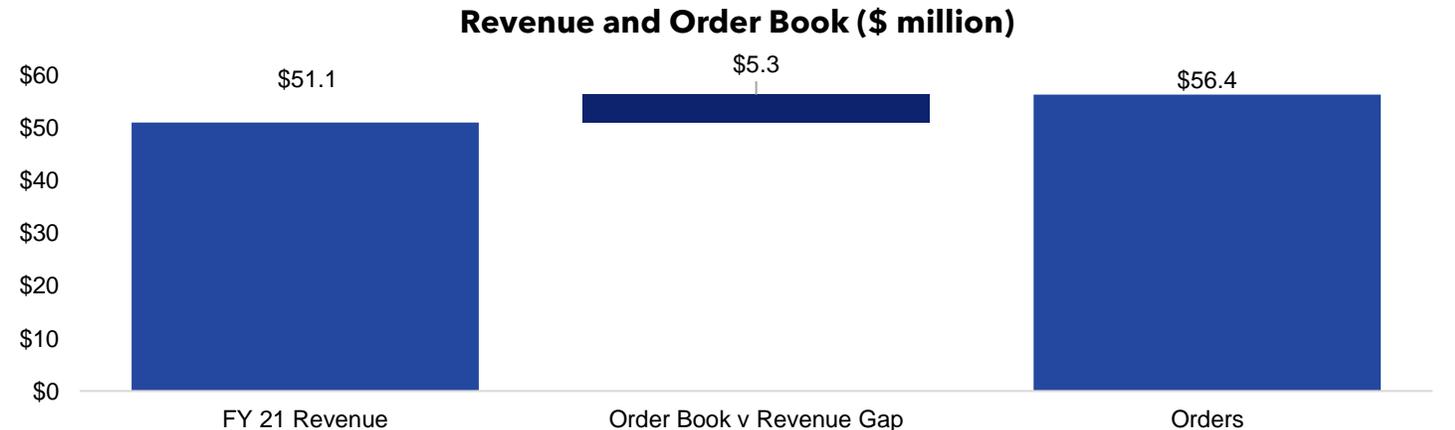
**\$51.1M** **\$40.7M**

**Revenue Growth%**

**26%**

**Order Book > Revenue**

**+\$5.3M**



\*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)



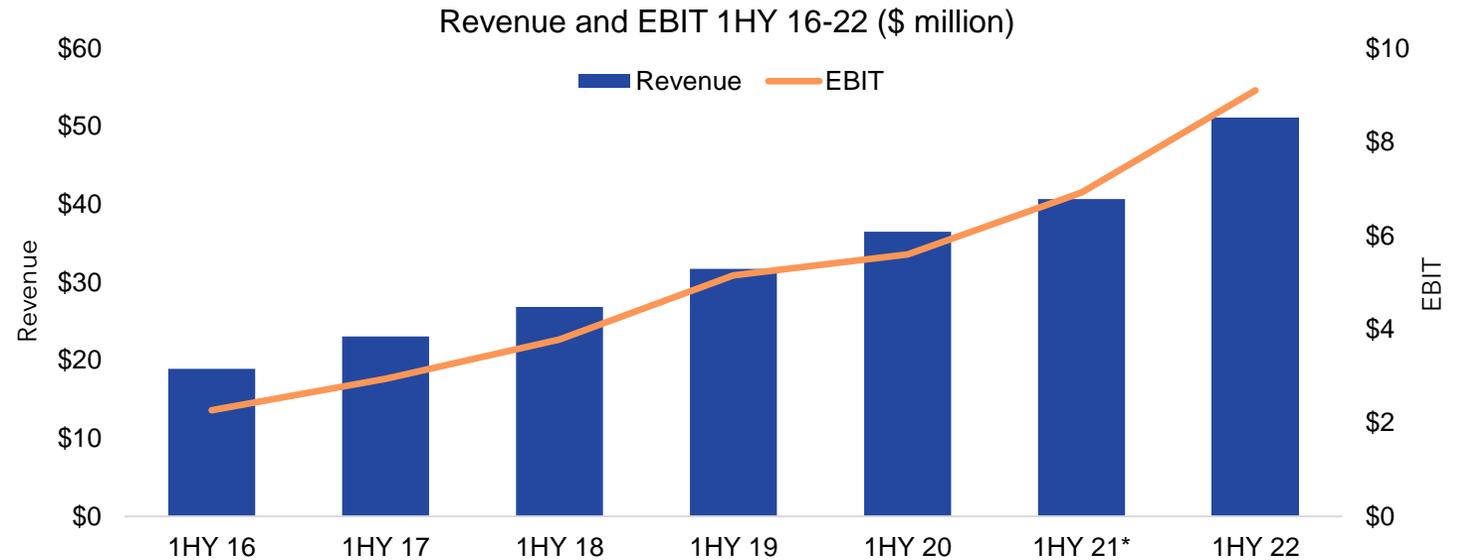
Proven track record of growth in network, revenue and EBIT

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

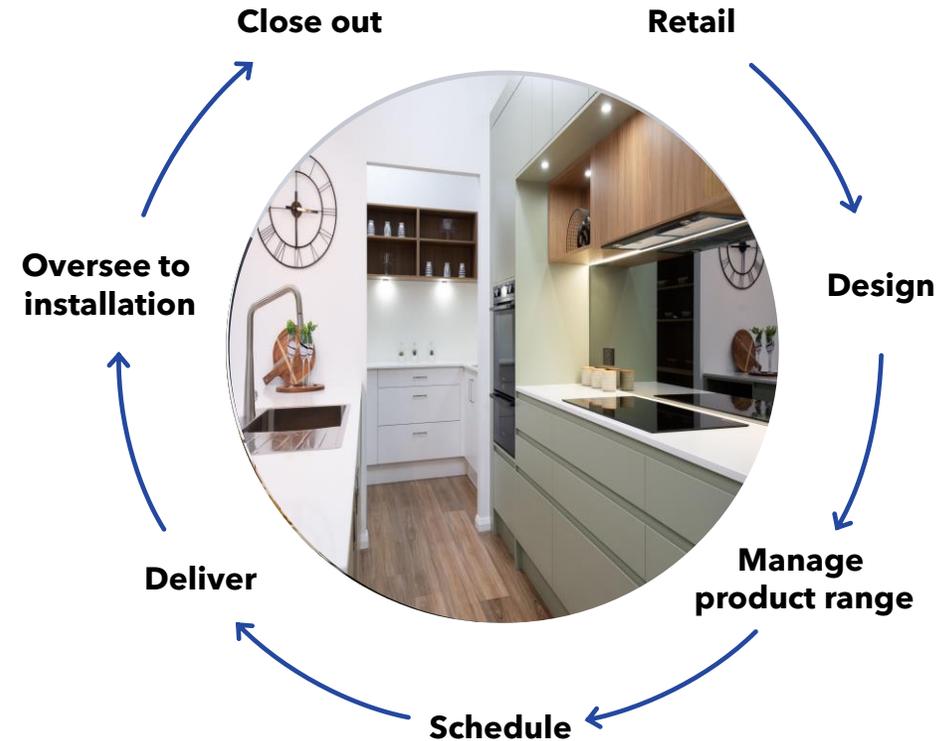


Capital light business model with strong margins and excellent cashflow



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

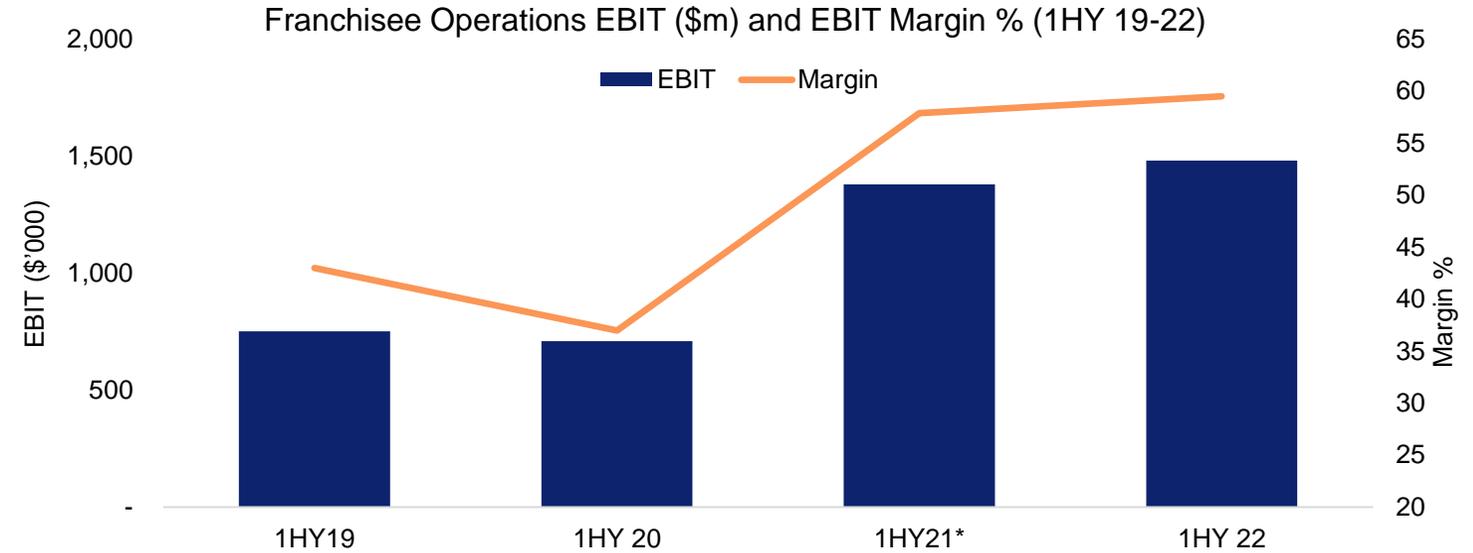


Low capital intensity and marginal cost to expand the franchisee network



*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\*<sup>M</sup>**

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



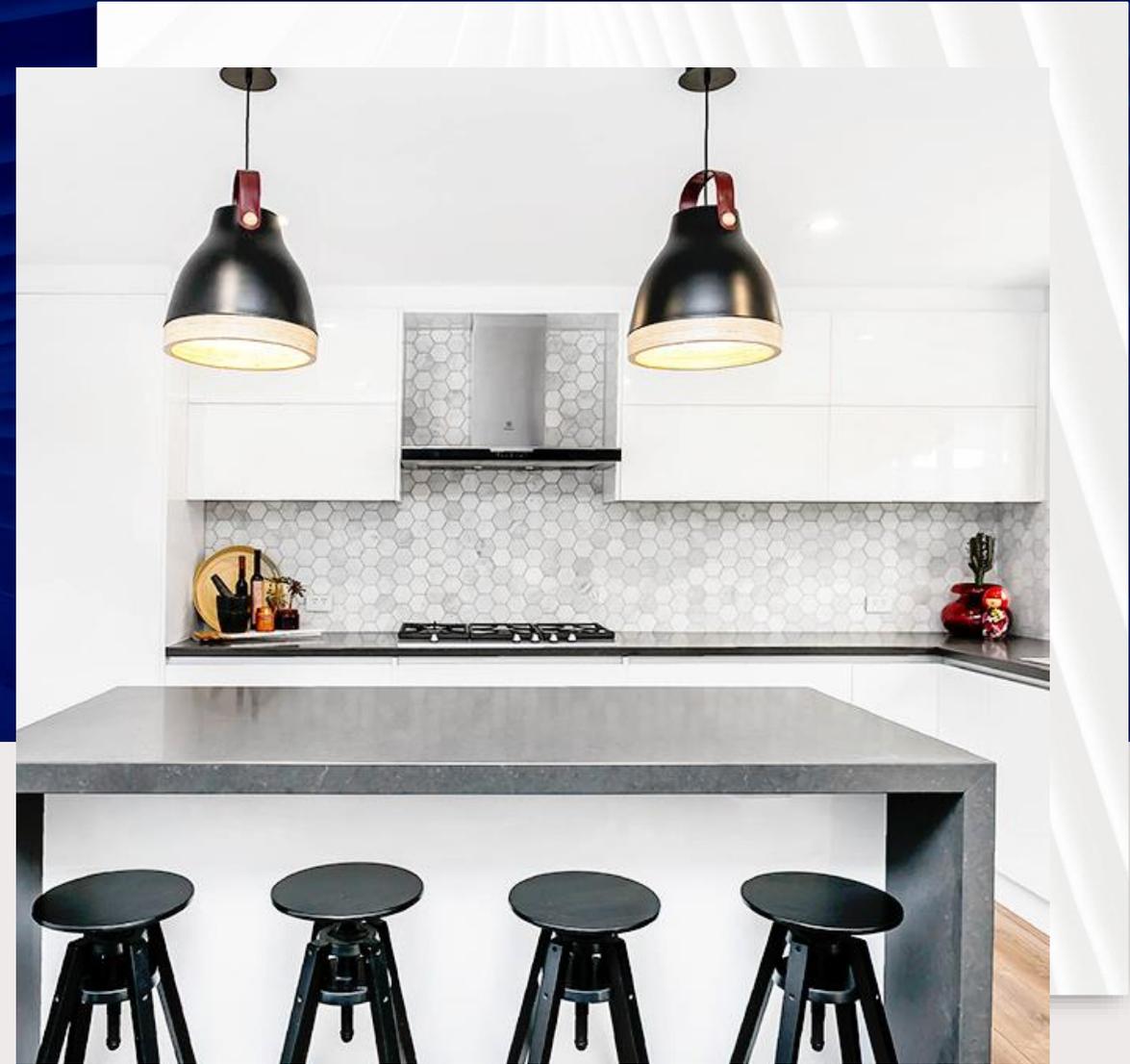
Continued focus on enhancement of e-commerce platform and linking bricks and mortar stores to e-commerce capability



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

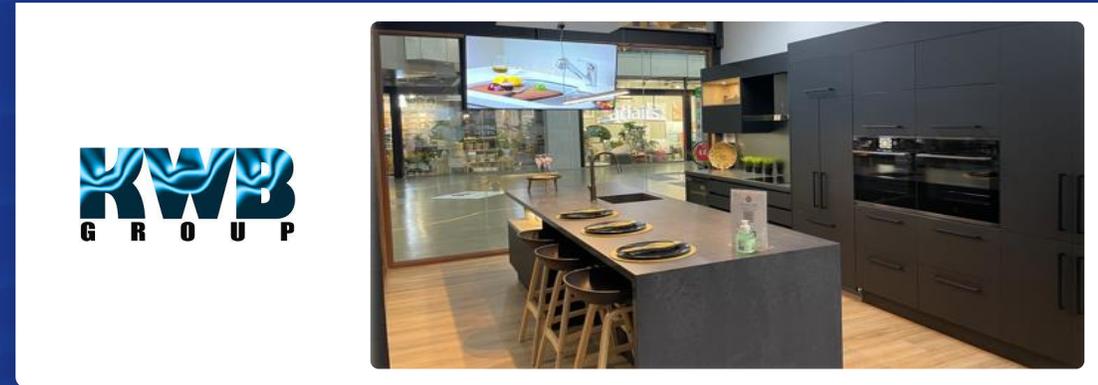
### KWB

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
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES</b>		<b>19,435,416</b>	<b>68.90</b>
<b>Total: Remaining Holders Balance</b>		<b>8,760,308</b>	<b>31.10</b>

# 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

<sup>1</sup> 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)