



# FINANCIAL YEAR 2022 RESULTS

**STRONG OPERATIONAL AND FINANCIAL PERFORMANCE**

August 2022

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# JOYCE CORPORATION

## Flow of Economic Interest into Joyce Corporation



51% Majority Interest in Net Profit Attributable to JYC Shareholders  
**26 showrooms**



Franchise Fee Income  
**36 Stores**



100% Ownership  
**4 Stores**



100% Ownership  
**Perth Pilot**  
See ASX Announcement  
**(30 August 2022)**



## JOYCE CORPORATION (ASX: JYC)

Consolidated Net Cash  
**\$31.9M**  
at 30 Jun 2022

Property Sale Aug 22  
will add further  
**~\$16M**

Franking Credits  
**~\$9.8M**

# OPERATING RESULTS

FINANCIAL YEAR 2022 YEAR END RESULTS



# JOYCE CORPORATION

## Overview

Strong operational and financial performance delivered across the Group

Revenue growth of 16% and strong margins maintained in challenging operating conditions

Reported NPAT attributable to Joyce Shareholders of \$9.1million

Record fully-franked final dividend of 18 cents

Strong balance sheet and cash position

Financial performance and returns to shareholders delivered while maintaining deliberate focus on long-term growth opportunities

**\$129.0M**

Revenue

**\$17.6M**

Group NPAT\*

**\$25.7M**

Operating Cash Flow  
(Incl Lease Payments excl Tax)

**\$31.9M**

Group Net Cash

**\$9.1M**

NPAT Attributable to JYC  
S/holders\*

**32.2 cps**

EPS

**18 cps**

Full Year Fully Franked Dividend

*\*Includes gain on revaluation of KWB Group Investment Property*

# RESULTS OVERVIEW

## Increasing returns to shareholders

Joyce Corporation	FY 22 Final	FY 22 Total	FY 21 Total
Dividend (cents)	10.5	18.0	17.0
NPAT to JYC Shareholders (\$'000)	9,086	9,086	7,574
Normalised NPAT* to JYC Shareholders (\$'000)	7,461*	7,461*	7,238*
Dividends paid/payable (\$'000)	2,968	5,088	4,789

### SHARE PRICE (\$)



\*See end of presentation (Appendix A) for summary of normalising adjustments.

Record **10.5 cents** final dividend and **18 cent** full year dividend (**fully franked**)

Full Year dividend **68%** of normalised NPAT\* (within payout ratio of 60%-80% of normalised NPAT)

Well placed to **fund organic growth plans** and **maintain dividends**

# RESULTS OVERVIEW

## Key financial performance metrics

### STRONG OPERATIONAL PERFORMANCE ACROSS THE GROUP

Joyce Corporation Consolidated Results	FY 22 (\$'000)	FY 21 (\$'000)	Variance (\$'000)	Variance (%)
Revenue	129,016	111,224	17,792	16%
Contribution Margin	66,252	55,162	11,090	20%
Total Group Expenses	34,044	30,870	(3,174)	(10)%
Expenses (% of revenue)	26%	28%	n/a	n/a
<b>Normalised EBITDA</b>	<b>26,279*</b>	23,812*	2,467	<b>10%</b>
Normalised EBITDA Margin	20.4%	21.4%	n/a	n/a
<b>Normalised EBIT</b>	<b>20,774*</b>	19,149*	1,625	<b>8%</b>
<b>Normalised Net profit after tax</b>	<b>13,798*</b>	12,659*	1,139	<b>9%</b>
<b>Normalised NPAT Attributable to JYC Members</b>	<b>7,461*</b>	<b>7,238*</b>	<b>223</b>	<b>3%</b>
Normalised EPS (cents)	26.4*	25.7*	0.7	3%

\*See end of presentation Appendix A: Normalising adjustments

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

**Strong FY 22 Performance** against backdrop of supply chain challenges, labour constraints, COVID interruptions and rising costs

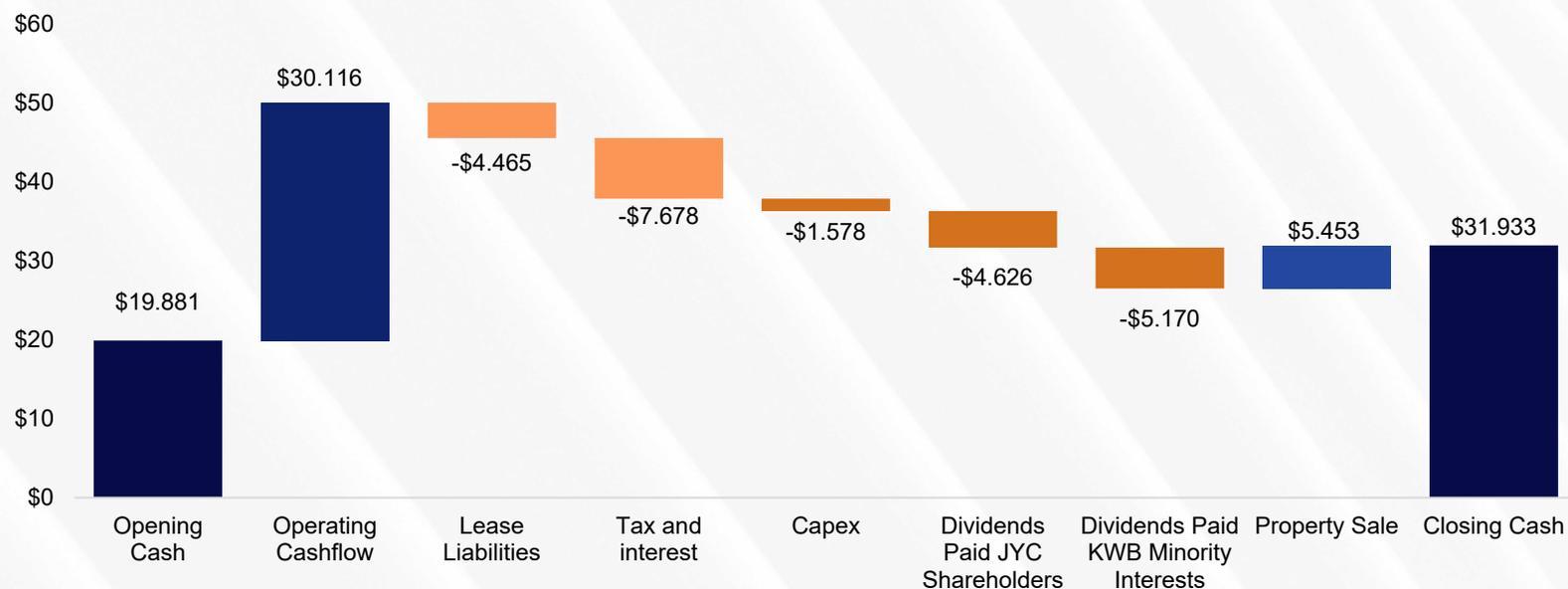
*Illustrated Profitability and EPS metrics are 'normalised' to exclude significant one-off income and expenses*  
(See Appendix A for details)

# RESULTS OVERVIEW

## Key financial position metrics

Joyce Corporation Consolidated Results	Jun 22 (\$'000)	Jun 21 (\$'000)	Variance (\$'000)	Variance (%)
Closing Group Cash	31,933	19,881	12,052	61%
Debt	-	-	-	-
Net Cash/(Debt)	31,933	19,881	12,052	61%

Cashflow 1 July 21 to 30 Jun 22 (\$'million)



\*\*Operating Cashflow excluding Tax and Interest payments.

**Strong Net Cash Position of \$31.9m** with significant borrowing capacity and gearing potential

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

**Operating cash flow of \$25.7m\*\*** (incl lease payments)

Property transactions contribute to disciplined capital management and boost platform to drive growth:

**\$5.4m JYC Property sold during year**

**\$16m KWB Group Property sale agreed Aug 22**

# KWB GROUP

HIGH PERFORMANCE IN AUSTRALIA'S  
HOME RENOVATION MARKET



# SNAPSHOT

## Kitchen Connection & Wallspan

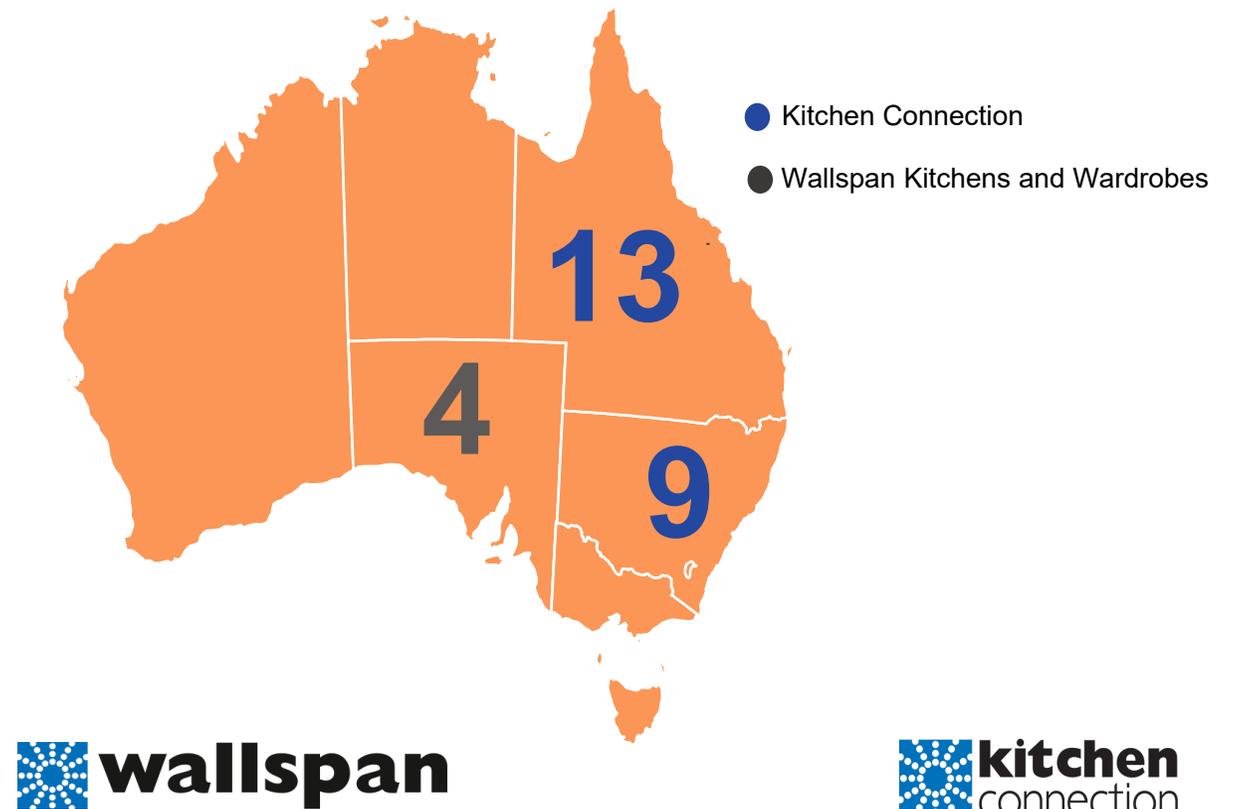
**Leader** in Australia's Kitchen and Wardrobe renovation market, delivering kitchen and wardrobe solutions

**Unique value proposition** delivering a positive, seamless and hassle-free design & installation experience

### 26 showrooms

Kitchen Connection (22) in QLD & NSW

Wallspan (4) in SA



# BUSINESS MODEL

Seeking to become the clear market leader in the 'Do It For Me' segment of the Australia Kitchen Renovation Market in both revenue and referral

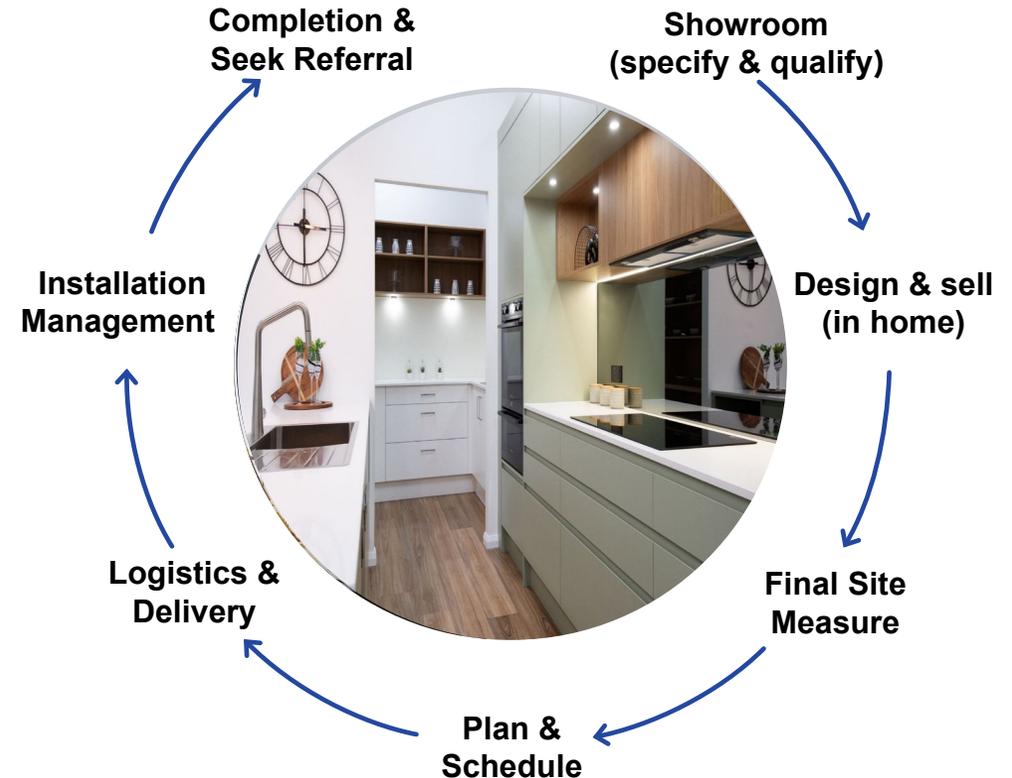
Delivery of exceptional retail and installation customer experience that creates referral

Capital light business model, strong margins and excellent cashflow

Experienced Management focused on orders growth and operational efficiencies

Customer focused model (evidenced by highest rated independent reviews)

# CUSTOMER JOURNEY



AWARD WINNER 2022

**Kitchen Connection**

[www.kitchenconnection.com.au](http://www.kitchenconnection.com.au)

★★★★★ 4.5 from 2,393 reviews ·

AWARD WINNER 2022

**Wallspan**

[wallspan.com.au](http://wallspan.com.au)

★★★★★ 4.7 from 924 reviews

# Short Term Initiatives

**Program of Showroom Upgrades in FY 23**  
Refits, Relocations and Makeovers

**Wardrobe Model Evolving**  
~\$8M Revenue FY 22  
- Integrated Manufacturing  
- In Home Sales Expansion

Continual focus on increasing **value adding product lines** and **conversion rates**

Current Avg Revenue per showroom **~\$4 million**



# Kitchen Renovation Market



**\$4 Billion** Kitchen Renovation Market<sup>1</sup>

7.5 Million homes 15 years or older<sup>2</sup>

## Long Term Showroom Footprint

Opportunity to double current footprint

Near term focus continued expansion in Sydney

Focused on A Grade Homemaker Centres

<sup>1</sup> Source: Housing Industry Association: Kitchen and Bathrooms 21/22 Report

<sup>2</sup> Internal estimate based on Housing Industry Association: Kitchen and Bathrooms 21/22 Report

# KWB RESULTS

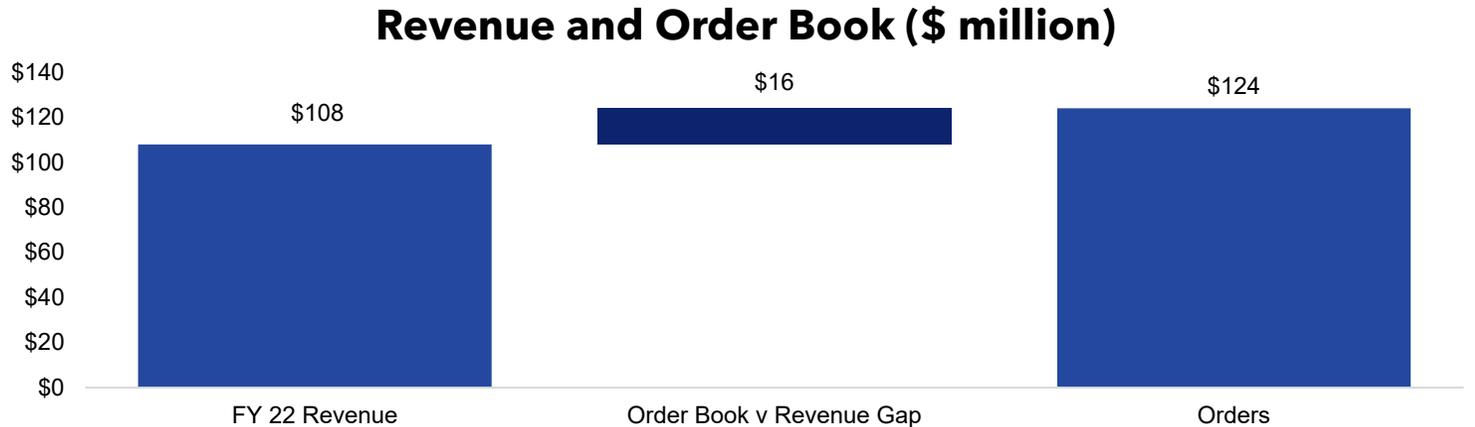
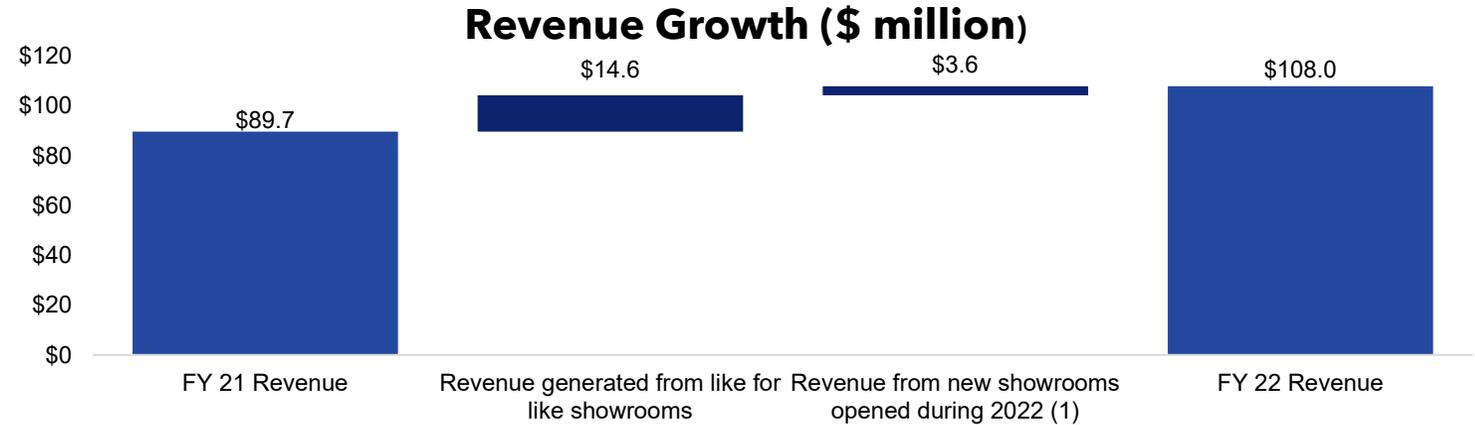
## Continued Revenue and Order Growth

Record revenue of **\$108M** (20% increase on FY 21)

Orders of **\$124M** exceeded Revenue by ~\$16.1M

**\$60m** order book in Jun 2022 positions business well for FY 23

Record revenue delivered against backdrop of COVID-19 interruptions and challenging operating conditions which artificially reduced ability to deliver revenue in existing stores and put store expansion on hold



<sup>1</sup> Showrooms opened in 2022 include: 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 RESULTS

## Record Performance in Challenging Operating Conditions

Results delivered against backdrop of supply chain disruption, severe rainfall events, labour shortages, rising prices and COVID-19 interruptions

**Record Operating EBIT of \$19.2M<sup>1</sup>**  
(18% increase on FY 21 \$16.3M)

**Operating EBIT margin of 17.8%<sup>1</sup>**  
(versus 18.2% in FY 21)

Continued proven track record of growth in network, revenue and EBIT

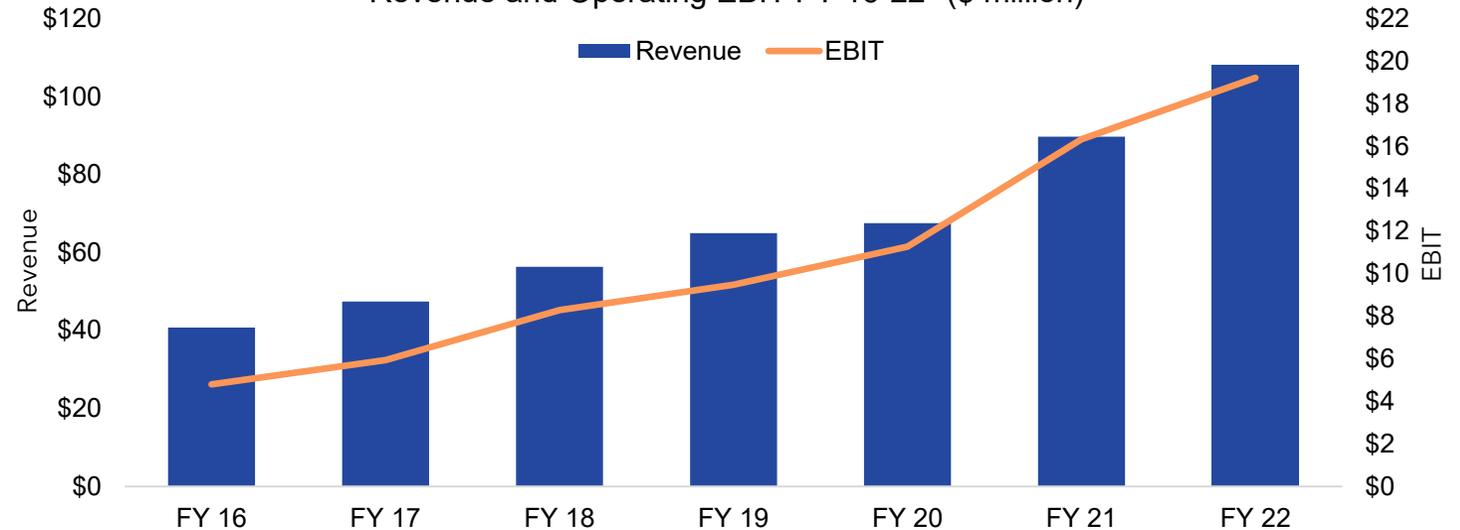
Operating EBIT \$m (FY 22<sup>1</sup> vs FY 21)

**\$19.2M** **\$16.3M**

Segment Operating EBIT Margin % (FY 22<sup>1</sup> vs FY 21)

**17.8%** **18.2%**

Revenue and Operating EBIT FY 16-22<sup>1</sup> (\$ million)



Segment Revenue \$m (FY 22 vs FY 16)

**\$107.9M** **\$40.7M**

6 Y Revenue Growth%

**165%**

6 Yr Operating EBIT<sup>1</sup> Growth

**300%**

<sup>1</sup> FY 22 Operating EBIT normalised for \$6.4m gain on Queensland investment property revaluation

# BEDSHED

DELIVERING ON FRANCHISE  
NETWORK GROWTH AMBITIONS



# SNAPSHOT

## 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

**40-store** network predominantly run and owned by franchisees (includes 4 Company-Owned stores)

Consistent **delivery of network growth and ongoing improvement in performance** across the network

**The first Brand** in the Homewares and Furniture category to achieve a **5-star rating** on the Australian Franchise Rating Scale™



Bedshed



- Franchise operations
- Company operations

# BUSINESS MODEL

## Proven Successful Franchisor

Many franchise partners in network 20+ years

Only 1 franchised store up for resale in 10+ years

7 franchise renewals in FY22 at 100% uptake demonstrates current strength of brand and franchisee relationship

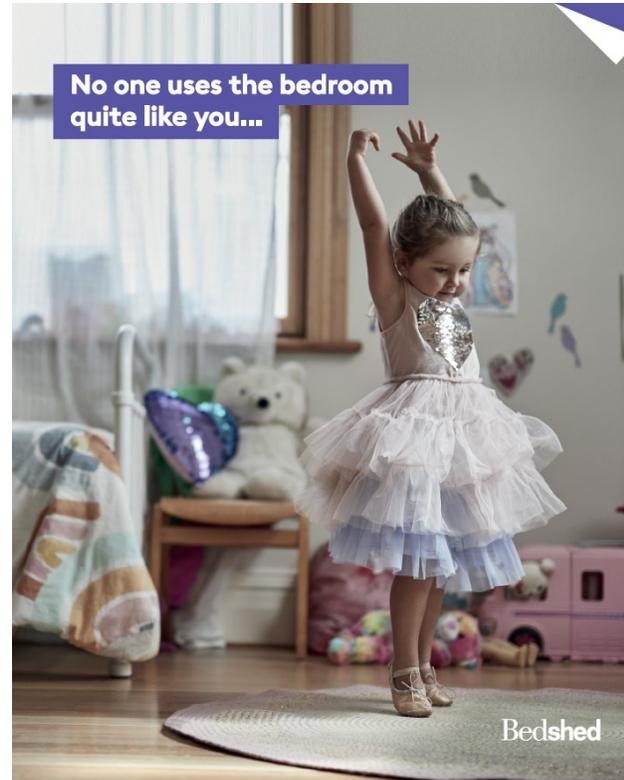
*FRANdata's Australian CEO: "a standout feature of the Bedshed Franchise System was the high level of franchisees reporting that their financial expectations were being met in the franchise and the overwhelming majority of franchisees that indicated they would recommend the franchise to a friend or family member"*<sup>\*1</sup>.



Independently Assessed & Rated by FRANdata

\*1 Unwrap (unwrapfra.com.au)

# CUSTOMER PROPOSITION



“People focused position of listening and understanding our customers changing needs. Our position is no longer just about sleep, but the whole bedroom experience. We are bedroom experts...and that’s why ***no one’s better in the bedroom.***”



# Growth Strategy

## Franchise Network Growth:

- Low capital intensity and marginal cost to expand the franchisee network
- **3 New Franchisees in NSW in FY 22** with Ballarat opened Aug 22, taking total to 36
- Focus on growth in NSW with **strong pipeline of potential franchisees in NSW** and nationally

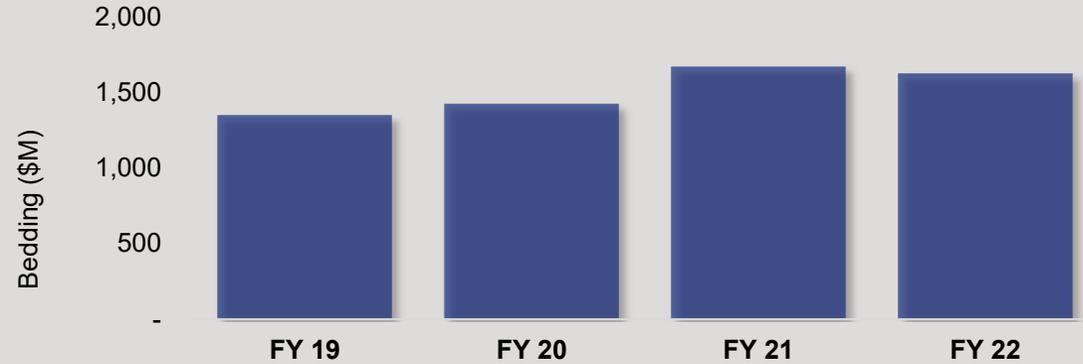
Focus on **maintaining supply chains** for franchisees to maintain brand promise of “in stock, available now”

## Omni-channel Marketing

Focus on: Enhancement of e-commerce platform, marketing automation and maximizing integrated bricks and mortar stores and e-commerce capability

Further enhance e-commerce relationship with traditional customers and develop a journey to nurture “online only” customers for long term

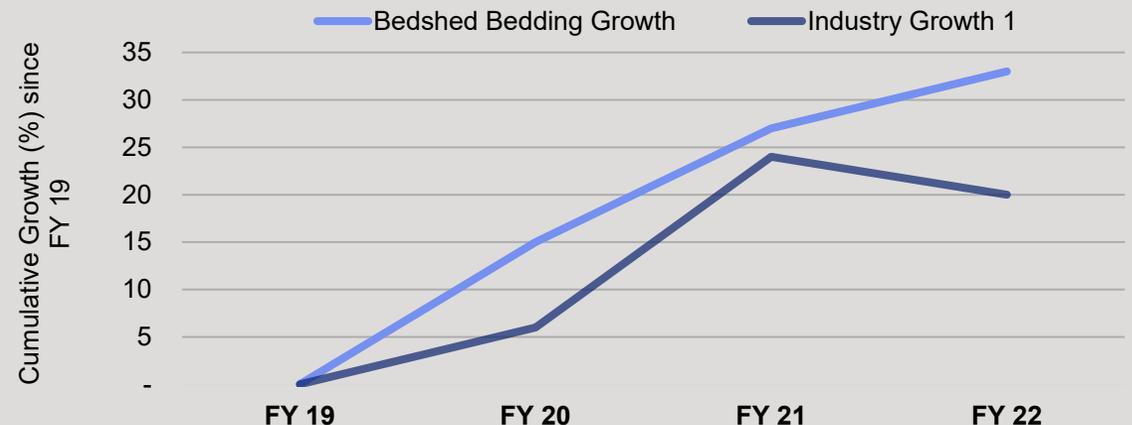
# Bedding Market<sup>1</sup>



**\$1.6 Billion** National Bedding Market<sup>1</sup>

Bedshed growth in bedding sales exceeds growth of Bedding market

## Bedshed Growth within Industry



<sup>1</sup>Source: Sealy Australia Market Research 2022

# BEDSHED RESULTS

## Strong Performance across Network

Franchise Network delivers increased Revenue of \$5.3M and increased EBIT of \$2.8M

Franchise Network EBIT Margin 53%

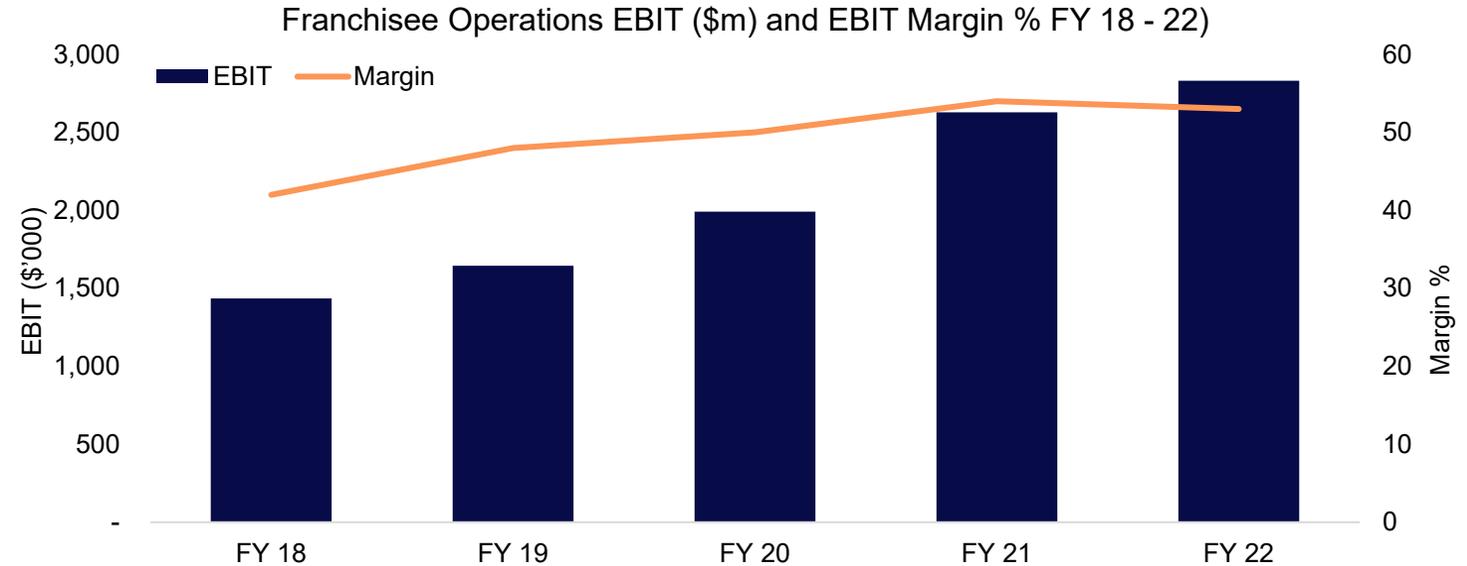
Like-for-like Company Store FY 22 revenue \$14.4M vs FY 21 of \$14.6M and FY 22 EBIT of 2.1M vs FY 21 of \$2.5M

*nb: Like-for-like Company Stores exclude Helensvale Store and Sydney E-Store*

Strong performance delivered in face of COVID impact and supply chain interruptions

Experienced team, strong supplier relationships and brand power positions business to continue to manage cost environment

## Franchise Operations EBIT



## Franchise and Company Store Results

Revenue \$m (FY 22 vs FY 21)

**\$21.0M**    **\$21.5M**

**FY 21 Results Include:**

- \$2M Revenue and associated EBIT from 6 months trading from Helensvale (Company Owned Store sold in Dec 21)

Operating EBIT \$m (FY 22 vs FY 21<sup>1</sup>)

**\$4.8M**    **\$5.4\*<sup>1</sup>M**

Segment EBIT Margin % (FY 22 vs FY 21<sup>1</sup>)

**23%**    **25%**

<sup>1</sup>FY 21 Operating EBIT Figures adjusted for one off \$0.5M profit on disposal of Helensvale Store in Dec 21

# CRAVE

NEW PILOT BUSINESS



**crave**  
Irresistible home staging.

# CRAVE SNAPSHOT

## Launching as Pilot Q1 FY 23

Targeting an emerging but fast growing and under serviced market segment

Significant potential revenue pool with high value jobs and substantial market size

Utilises strength of Joyce Group supply chain access, marketing expertise, logistics and industry relationships

Bringing sophistication and differentiated product to a highly fragmented market consisting of multiple small scale operators

Funded from part proceeds of FY 22 Property Sale



# FUTURE GROWTH



# JOYCE CORPORATION

## Strong Foundations for Growth

High performing businesses with strong organic growth potential provide solid platform to deliver consistent earnings and future growth

Strong balance sheet with \$31.9M net cash and disciplined Capital Management

Aligned portfolio with natural synergies and strong organic growth potential

'Capital Light' businesses with relatively low capital expansion costs

Strategic Direction refined and focused during year and under further development

New Board appointment (Nick Palmer) brings deep retail experience and strengthens Board (Commencing Sept 2022)

## OUR VISION

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

## PRIMARY OBJECTIVE

To drive revenue growth and deliver above average returns

## STRATEGIC DIRECTION

*“With the KWB Group and Bedshed, Joyce has established brands that are synonymous with helping Australians add value to their greatest asset - the family home - this is the sector we are concentrating on”.*

*J. Kirkwood (Chair)*

## 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

# FUTURE GROWTH

Focus on Organic Growth from portfolio



- ❑ Significant potential to expand footprint nationally with near term focus on continued expansion in Sydney
- ❑ Expansion of wardrobe offering
- ❑ Increasing value adding product lines

- ❑ Focus on growth in NSW with strong pipeline of potential franchisees in NSW and nationally
- ❑ Omni-channel marketing enhancing e-commerce offering and integrating bricks and mortar stores with e-commerce

- ❑ Crave Home Staging is natural fit to portfolio
- ❑ Launching as Pilot and targeting expansion decision late FY 23
- ❑ Potential longer term, close, adjacent and natural opportunities

# 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

**Nick Palmer** - Non-executive Director (Sept 2022)

## KEY MANAGEMENT PERSONNEL

**Dan Madden** - CEO Joyce Corporation

**John Bourke** - Managing Director KWB Group

**Gavin Culmsee** - Chief Operating Officer - Joyce Corporation

**Tim Allison** - CFO & Co Secretary Joyce Corporation

**James Versace** - CFO KWB Group

## Top 20 JYC Shareholders – 23 August 2022

	Name	Fully Paid Ordinary Shares Held	%
1	ADAMIC PTY LTD	7,711,568	27.28
2	UFBA PTY LTD	1,800,000	6.37
3	DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.33
4	ONE MANAGED INVT FUNDS LTD <1 A/C>	1,055,449	3.73
5	MR DONALD TEO	990,000	3.50
6	TRAFALGAR PLACE NOMIN PTY LTD	980,000	3.47
7	MR DAN SMETANA	734,022	2.60
8	STARBALL PTY LTD	653,222	2.31
9	MR DANIEL ALEXANDER SMETANA	563,726	1.99
10	TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	504,291	1.78
11	MRS JUDITH ANNA SMETANA	497,924	1.76
12	GLIOCAS INVESTMENTS PTY LTD <GLIOCAS GROWTH FUND A/C>	411,972	1.46
13	VANWARD INVESTMENTS LIMITED <EQUITIES A/C>	388,627	1.37
14	CONARD HOLDINGS PTY LTD	347,940	1.23
15	MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	333,017	1.18
16	FELIX SMETANA	307,116	1.09
17	FARROW RD PTY LTD	285,000	1.01
18	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	271,365	0.96
19	MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	219,680	0.78
20	MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	214,000	0.76
	<b>Total</b>	<b>19,483,570</b>	<b>68.96</b>
	<b>Balance of register</b>	<b>8,775,034</b>	<b>31.04</b>
	<b>Grand total</b>	<b>28,268,604</b>	<b>100.00</b>

# REFERENCES

This Announcement should be read in conjunction with the following documents lodged with the ASX on 30 August 2022 under the ASX ticker JYC:

- Annual Report for the financial year ended 30 June 2022
- Appendix 4E
- Appendix 2A: Dividend/Distribution
- Appendix 3C: Notification of buy-back
- Financial Year 2022 Results - Investor Presentation

All prior comparative period ('pcp') numbers are either "for the twelve month period ending 30 June 2021 or "as at 30 June 2021" and are as disclosed in the Annual Report for the year ending 30 June 2021 lodged with the ASX on 31 August 2021.

# APPENDIX A: NORMALISING ADJUSTMENTS

Adjustments for 'one-off' events	Consolidated effect (\$M)			NPAT attributable to JYC shareholders (\$M)
	Profit Before Tax	Tax	NPAT	
<b>2022 Financial Year</b>				
Crave establishment expenses	0.45	(0.13)	0.32	0.32
Gain on revaluation of KWB Group Investment Property	(6.38)	1.91	(4.47)	(2.28)
Joyce Property sale; derecognition of deferred tax asset	-	0.34	0.34	0.34
<b>2022 Total Normalising Adjustments</b>	<b>(5.93)</b>	<b>2.12</b>	<b>(3.81)</b>	<b>(1.62)</b>
<b>2021 Financial Year</b>				
Profit on sale of Bedshed Helensvale Operation	(0.48)	0.14	(0.34)	(0.34)
<b>2021 Total Normalising Adjustments</b>	<b>(0.48)</b>	<b>0.14</b>	<b>(0.34)</b>	<b>(0.34)</b>