

Financial Year 2023 Results

August 2023



The graphic consists of several horizontal lines of varying lengths and colors (white, orange, red) arranged in a stepped, ascending pattern from left to right, creating a sense of growth or progress.



“Helping Australians add value to their greatest asset - the family home”

KWB Group



KWB Group’s trading brands, Kitchen Connection and Wallspan, operate a network of 26 showrooms across Queensland, NSW, and South Australia. KWB is a clear leader in the Kitchen & Wardrobe renovation market, delivering an exceptional consumer experience for its customers. It is proudly the only Kitchen and Wardrobe renovation company to achieve over 3,000 5-star reviews on Australia’s largest independent consumer review site (Productreview.com.au).

REVENUE
FY23

\$123.4M

EBIT
FY23

\$25.0M

Bedshed

Bedshed supplies quality bedding and bedroom furnishings across Australia and is one of the industry’s most recognisable brands. This year, Bedshed continued to grow its franchise network along with its e-commerce offering that supports its company-owned and franchise stores.

REVENUE
FY23

\$21.3M

EBIT
FY23

\$5.0M

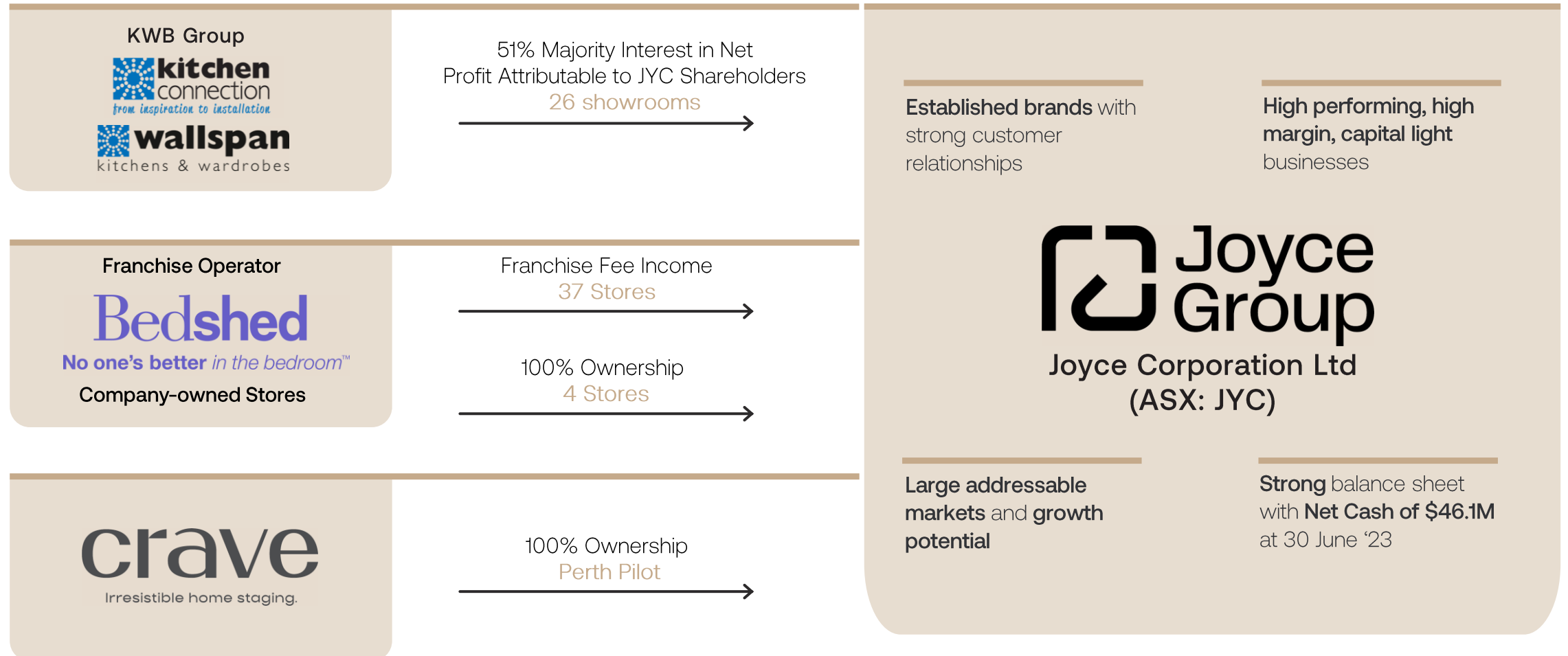
Crave

Crave is Joyce Group’s newest brand and business offering. Launched as a pilot in September 2022, into the Perth market, Crave – Irresistible Home Staging, supports property sellers and real estate agents by transforming houses for sale into homes to love. This pilot business complements Joyce’s portfolio of home-focused services and retailing.

Joyce Group



Flow of economic interest into Joyce Group



Operating Results

FY23



Joyce Group FY23 Performance



Overview

- Improved operational and financial performance across the Group
- Revenue growth across all operating businesses
- Improved normalised operating unit EBIT margins against pcp
- Normalised NPAT to JYC shareholders \$9.1M
- Record final dividend of 17.5 cents per share (fully franked)
- Improved cash position of \$46.1M Group Cash (\$31.2M JYC share)
- Strengthened balance sheet, capital-light and high-margin businesses provide a solid footing to face macroeconomic uncertainty and softening demand

\$144.7M

Revenue

\$17.7M

Group NPAT*

\$25.5M

Operating Cash Flow
(incl. lease payments excl. tax and interest)

\$46.1M

Group Net Cash

\$9.1M

NPAT Attributable to JYC
S/holders*

32.1 cps

Earnings per share*

17.5 cps

Fully Franked Final Dividend

* Refer to Appendix B & C for details of normalising adjustments

Results Overview



Key financial performance metrics

(\$'000)	FY23	FY22	Variance	
Revenue	144,701	129,016	15,685	12%
Contribution Margin	68,700	66,252	2,448	4%
Normalised* Total Group Expenses	36,100	33,596	(2,504)	(7)%
Normalised* EBITDA	32,600	26,279	6,321	24%
Normalised* EBITDA Margin	22.5%	20.4%	-	-
Normalised* EBIT	25,945	20,774	5,171	25%
Normalised* NPAT	17,673	13,798	3,875	28%
Normalised* NPAT - JYC Members	9,129	7,461	1,668	22%

Increased revenue and profitability delivered against labour market tightness, inflationary environment and weakened consumer sentiment in 2nd half of financial year

Group operating expenses* steady at 25% of Group revenue

25% increase in Group EBIT* to \$25.9M

22% Increase in NPAT to JYC shareholders to \$9.1M

Profitability metrics are 'normalised' to adjust for significant one-off income and expenses including property sale and launch/ramp-up of Crave

* Refer to Appendix B & C for details of normalising adjustments

Results Overview



Continuing track record of increasing returns to shareholders

	FY23	FY22
Dividend (cents per share)	25.5	18.0
NPAT to Joyce Shareholders (\$'000)	7,934	9,086
Normalised* NPAT to Joyce Shareholders (\$'000)	9,129	7,461
Normalised* EPS (cents per share)	32.1	26.4
Dividends paid/payable (\$'000)	7,237	5,085

Record final dividend of 17.5 cents per share (fully franked)

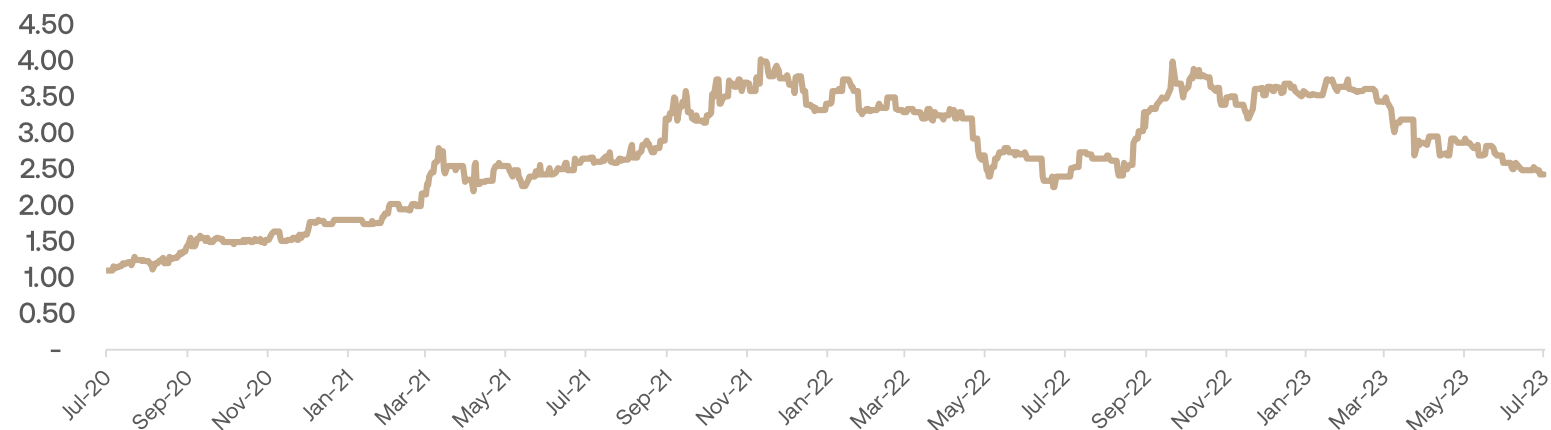
Record full year dividend of 25.5 cents per share (fully franked)

Normalised* **NPAT payout ratio of 79%**

Normalised* **Earnings per share of 32.1 cents**, 21% growth from prior year

Well placed to maintain healthy dividends against uncertain macroeconomic conditions

JYC Share Price (\$)

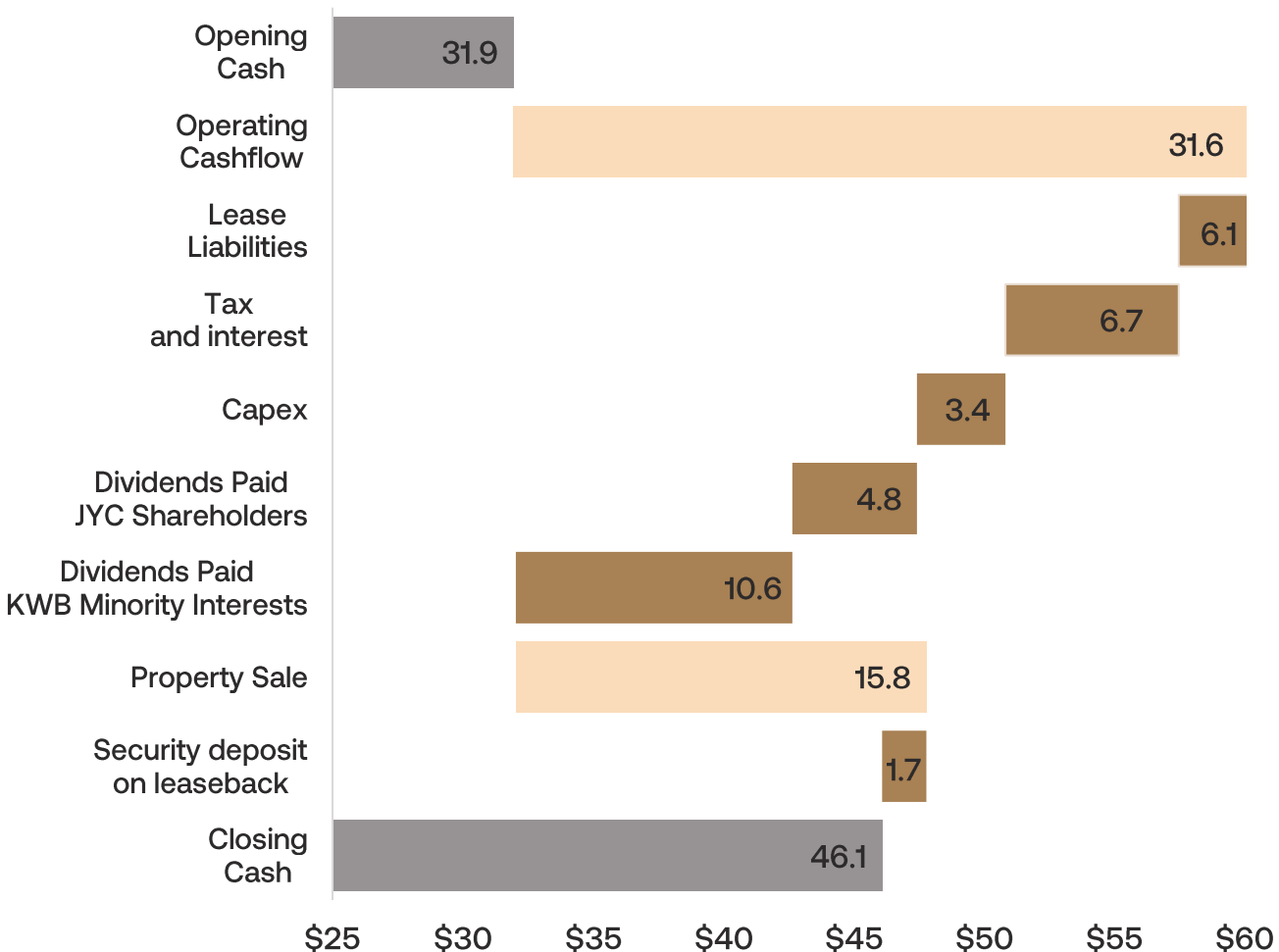


* Refer to Appendix B & C for details of normalising adjustments

Results Overview



Cashflow 1 Jul '22 to 30 Jun '23 (\$M)



Operating Cashflow

- \$31.6M cash generated from operating activities (excl. \$6.1M lease payments and \$6.7M tax payments)

Property

- \$15.8M received from sale of KWB investment property via sale and leaseback
- nb: lease on JYC corporate property sold in FY22 reassigned in June '23

Capital Management

- \$46.1M closing Group cash and no debt
- Cash held in KWB \$30.4M at 30 June '23
- Strong balance sheet and capital light businesses provide solid bases to face potential volatility

 JoyceGroup

KWB Group



 kitchen
connection

 wallspan



Showroom Network

June '22	New Stores	June '23
25	1	26

Casula Showroom (Metro Sydney) opened August '22

Program of renovation and refurbishment undertaken in FY23 - improved customer conversion rates and enhanced productivity

Continued **labour market tightness in NSW** - expansion currently on hold, subject to ongoing review

Showroom improvement program to continue in FY24 - continue to seek opportunistic expansion in SA and QLD

Committed to long term growth strategy - opportunity to double footprint (50 + Showrooms) across Australia in 'A-grade' locations (homemaker centres)

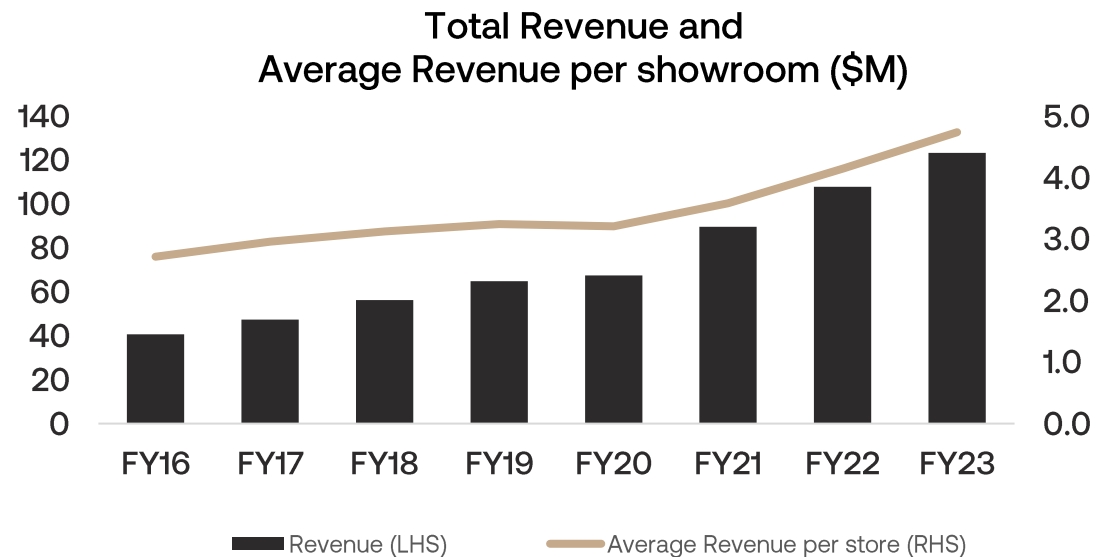
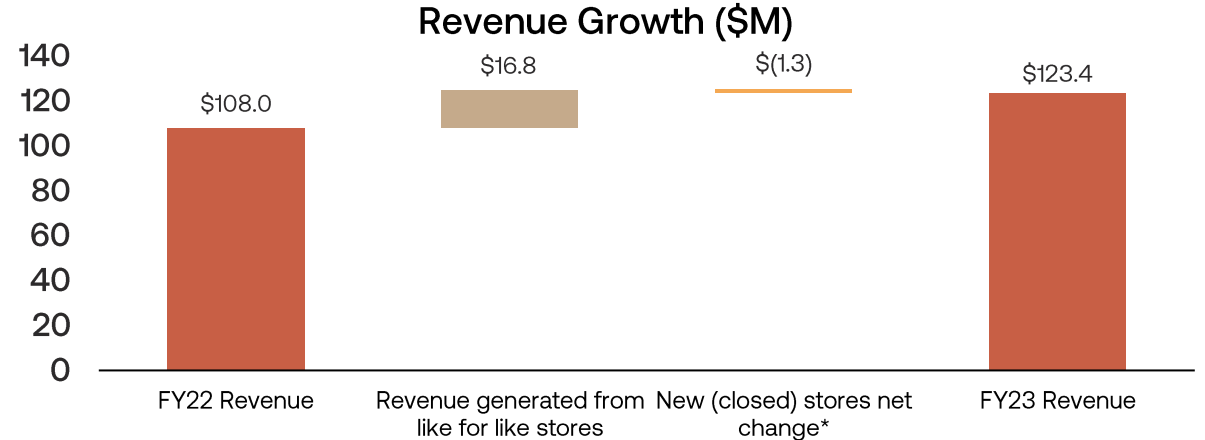
- **Wallspan**
 - 4 x SA Showrooms
- **Kitchen Connection**
 - 12 x QLD Showrooms
 - 10 x NSW Showrooms





Revenue and Orders

- Continued strong demand with >4,300 kitchens and >2,600 wardrobes installed in FY23
- \$110.7M orders generated during FY23 (net of ~\$13M of dated orders removed during the year)
- \$45M Order Book at 30 June '23 (representing orders to be delivered in FY24)
- 13% growth in wardrobe orders to \$8.9M
- Record revenue of \$123.4M (increased 14% from FY22)
- Traffic levels in second half decreased compared to FY22 and lead times now normalising
- Marketing initiatives planned for FY24 to counteract current and anticipated macroeconomic trading conditions



* Windsor showroom closed in FY22

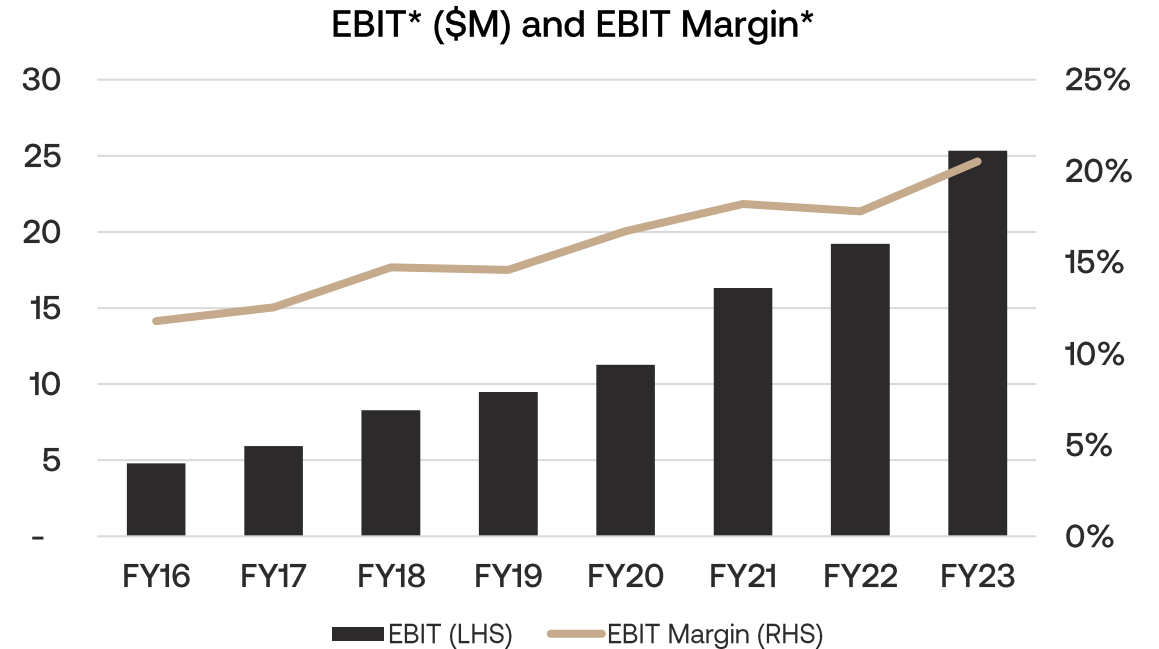


Operating Performance

- Record EBIT and operating margins against backdrop of labour constraints and inflationary environment
- Operating EBIT of \$25.3M (32% increase on FY22 \$19.2M)
- Operating EBIT margin of 20.5% (vs. 17.8% in FY22)
- Reduction in rework and warranty costs <1.5% of net sales and reduced from FY22
- Gross margins expected to normalise in FY24 as lead times return to pre-COVID levels

* Refer to Appendix B & C for details of normalising adjustments

(\$'000)	FY23	FY22	Variance	
Segment Revenue	123,387	107,957	15,430	14%
Normalised* Segment EBIT	25,320	19,211	6,109	32%
Normalised* Segment EBIT Margin %	20.5%	17.8%	-	-





Business model

Clear leader in the residential “Do It For Me” Kitchen & Wardrobe renovation market

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

Delivering an **exceptional consumer experience** that creates referrals (over 3,000 5-star customer reviews*)

Capital light business model, strong margins and excellent cashflow

Experienced management with track record of growth and continual operational efficiencies



Bedshed

Bedshed





Store Network

Store	June '22	New Stores	June '23
Franchised	35	2	37
Company	4	-	4

Ballarat Victoria store opened August '22

Castle Hill (Metro Sydney) opened December '22

Jindalee store (Brisbane) opened August '23 and **Toowoomba** (SE QLD) anticipated opening December '23

Strong relationship with franchisees - 1 franchised store up for resale in 10+ years and many franchisees in network 20+ years

Long Term Planned network of 65 Stores

- **Company operations**
 - 2 x WA Stores
 - 2 x QLD Stores
- **Franchise operations**
 - 12 x WA Stores
 - 8 x QLD Stores
 - 5 x NSW Stores
 - 12 x VIC Stores



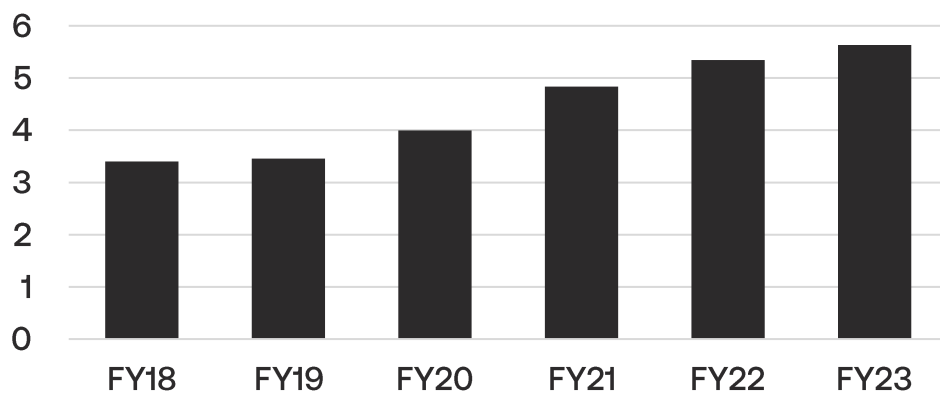


Revenue

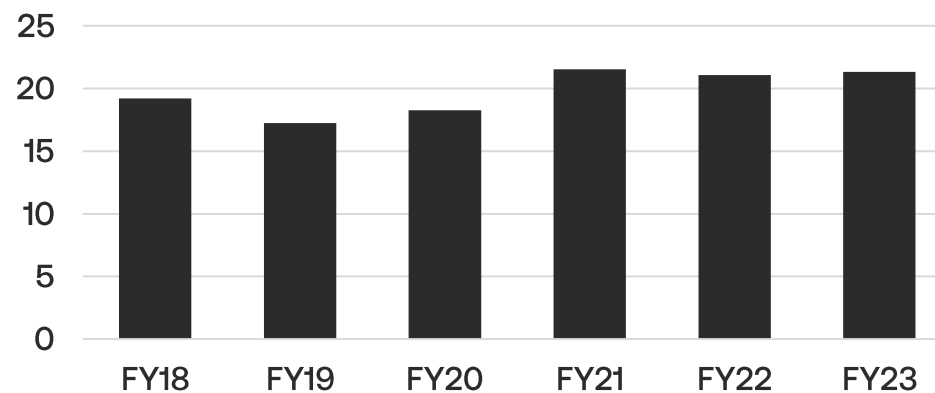
- Franchise network business written sales up 7% on FY22
- Like-for-like Combined Operations business written sales up 3% on FY22
- Combined Operations revenue up 1% on FY22
- Company-owned store revenue impacted by fit-out activity in Q4 but comparable to FY22

(\$'000)	FY23	FY22	Variance	
Revenue				
Franchise operations	5,635	5,345	290	5%
Company-owned stores	15,679	15,714	(35)	(0)%
Combined Operations				
Revenue	21,314	21,059	255	1%

**Franchise Operations
Revenue (\$M)**



**Combined Operations
Revenue (\$M)**



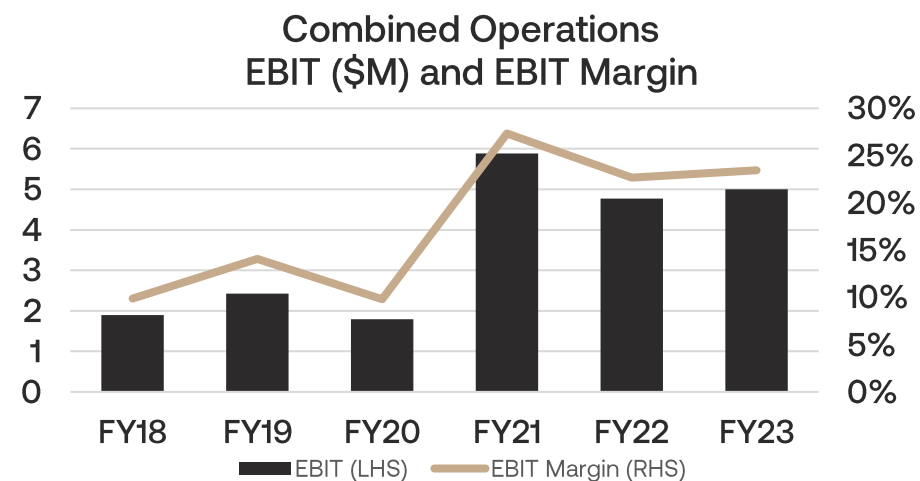
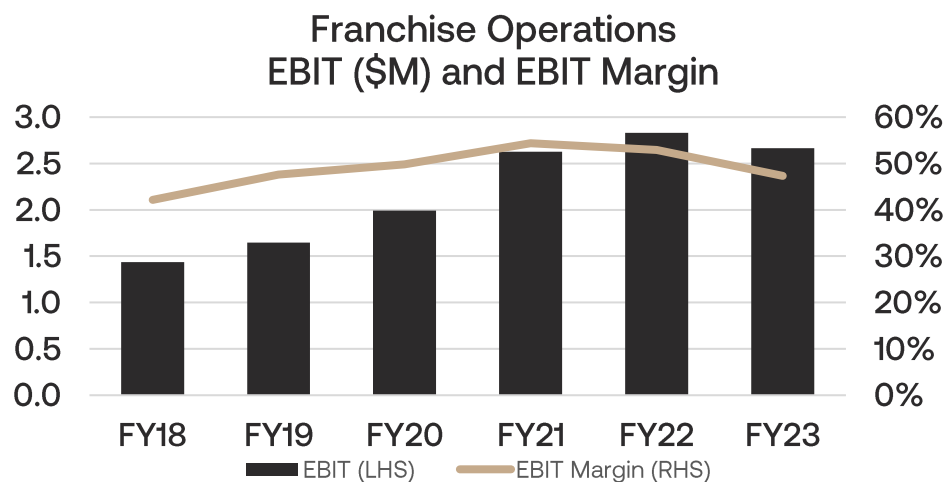
Nb: 5 Company-owned stores to Dec 2020



Operating Performance

- Increased Combined Operations EBIT of \$5.0M against rising cost environment
- Improved Combined Operations EBIT Margin of 23.4%
- Franchise Operations EBIT margin of 47% (network support activity returning to pre-COVID levels)
- Company-owned store gross margins expected to normalise in FY24

(\$'000)	FY23	FY22	Variance	
EBIT				
Franchise operations	2,666	2,831	(165)	(6)%
Company-owned stores	2,332	1,938	394	20%
Combined Operations				
EBIT	4,998	4,769	229	5%
EBIT Margin %	23.4%	22.6%	-	-



Bedshed



Omni-Channel Marketing

- Focus on enhancement of e-commerce platform, marketing automation and maximising 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

Drift (driftsleep.com.au)

- Soft launch June ‘23
- Online mattress brand specifically targeting Gen Z and Millennial market segments
- Offers convenience of a simple e-commerce purchase journey
- Available online at driftsleep.com.au or in store for testing and/or purchase
- Introduces Bedshed brand to new customer segment, building brand presence over the longer term and enhancing the lifetime value of the Bedshed customer



JoyceGroup

Crave



crave
Irresistible home staging.



Snapshot

- Home Staging business soft-launched September '22 as Perth pilot
- Consistent increase in market penetration and revenue since launch although pace impacted by contraction in housing market in second half of FY23
- Strong customer feedback - 100% of Google Reviews are 5-star (26 reviews)
- Generating recurring business and established network of real estate agents - focus in FY24 on continuing to build network and increase market penetration rates
- ~\$2.2M in capital and operating start-up costs to date of launch
- Any further allocation of capital for interstate expansion dependent on success of pilot

Testimonials

"Crave were very professional, communicative and styled our home beautifully. It sold very quickly and for a great price."

- Seller, Mt Lawley



"Very professional and furnished the house perfectly. First day open the house went under offer. Highly recommend."

- Seller, Mullaloo



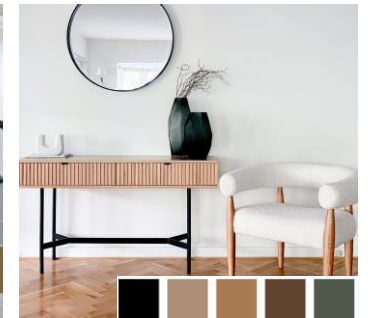
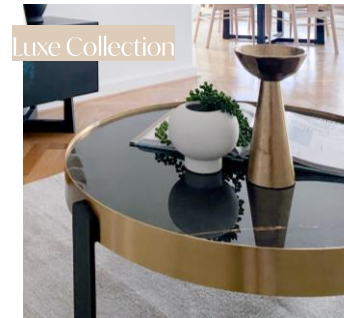
Botanic Collection



Coastal Collection



Luxe Collection



crave

Future Growth



Future Growth Initiatives



Established brands that are synonymous with helping Australians add value to their greatest asset - the family home

KWB Group



- Well positioned with sole focus on residential renovation in substantial national kitchen renovation market
- Program of showroom upgrades to enhance productivity and increase customer conversion
- Expansion of wardrobe design and installation offering
- Continued expansion in Sydney with longer term plans to double current footprint

Bedshed

- Continued focus on expanding network
- Leveraging 5-star rating* from Fran Data to assist with franchisee recruitment
- Strategic initiatives to further enhance omni-channel and e-commerce offering
- Roll-out of Drift to new customer segment and enhancement of lifetime value of Bedshed customer

Crave

- Near-term focus on continuing to build network and increase market penetration rates
- Enhance and refine customer and agent offering
- Maximise operating efficiencies and margins
- Longer term potential to tap national market segment and/or leverage brand

Capital light businesses with relatively low capital expansion costs and strong organic growth potential

Corporate Directory



Board of Directors

Jeremy Kirkwood	Non-executive Director (Chair)
Karen Gadsby	Non-executive Director (Deputy Chair)
Daniel Smetana	Non-executive Director
Travis McKenzie	Non-executive Director
Nicholas Palmer	Non-executive Director

Key Management Personnel

Dan Madden	CEO - Joyce Corporation
Gavin Culmsee	COO - Joyce Corporation MD - Bedshed
Tim Allison	CFO & CoSec - Joyce Corporation
John Bourke	MD - KWB Group
James Versace	CFO - KWB Group

Top 20 JYC Shareholders - 18 August 2023

	Units	% Units
1. ADAMIC PTY LTD	7,711,568	27.15
2. UFBA PTY LTD	1,770,000	6.23
3. DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.31
4. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,192,503	4.20
5. ONE MANAGED INVT FUNDS LTD <1 A/C>	1,113,568	3.92
6. MR DONALD TEO	990,000	3.49
7. TRAFALGAR PLACE NOMIN PTY LTD	980,000	3.45
8. MR DAN SMETANA	734,022	2.58
9. TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	587,317	2.07
10. MR DANIEL ALEXANDER SMETANA	563,726	1.98
11. STARBALL PTY LTD	509,114	1.79
12. ANACACIA PTY LTD <WATTLE FUND A/C>	481,889	1.70
13. GLIOCAS INVESTMENTS PTY LTD <GLIOCAS GROWTH FUND A/C>	393,327	1.38
14. MRS JUDITH ANNA SMETANA	389,999	1.37
15. VANWARD INVESTMENTS LIMITED	388,627	1.37
16. CONARD HOLDINGS PTY LTD	347,940	1.22
17. MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	333,017	1.17
18. FELIX SMETANA	307,116	1.08
19. MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	231,619	0.82
20. MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	209,680	0.74
Total	20,459,683	72.03
Balance of register	7,943,934	27.97
Grand total	28,403,617	100.00

References



This Presentation should be read in conjunction with the following documents lodged with the ASX on 31 August '23 under the ASX ticker JYC:

- FY23 - Annual Report, including Appendix 4E
- FY23 - Results Announcement
- Appendix 2A: Dividend/Distribution
- Appendix 3C: Notification of buy-back

Appendix B: FY23 normalising adjustments



(\$'000)	EBITDA	EBIT	PBT	Tax	NPAT	NPAT attributable to JYC s/holders
FY23 Results per Financial Statements	31,141	24,172	24,002	(7,625)	16,377	7,934
Crave Business*	1,165	1,479	1,479	(389)	1,090	1,090
Sale of KWB Property	294	294	294	(88)	206	105
FY23 Normalised Results	32,600	25,945	25,775	(8,102)	17,673	9,129

*The Crave pilot generated \$0.5M of income during the financial year (\$0.4M in the second half). Operating expenditure in the first half of the financial year was \$0.9M including start-up costs expensed to the launch date. Operating expenditure in the second half of the financial year was \$0.7M.

Appendix C: FY22 normalising adjustments



(\$'000)	EBITDA	EBIT	PBT	Tax	NPAT	NPAT attributable to JYC s/holders
FY22 Results per Financial Statements	32,208	26,703	26,250	(8,640)	17,610	9,086
Crave Business	448	448	448	(134)	314	314
Gain on revaluation of KWB Property	(6,377)	(6,377)	(6,377)	1,913	(4,464)	(2,277)
Tax on Howe Street Property				338	338	338
FY22 Full Year Normalised Results	26,279	20,774	20,321	(6,523)	13,798	7,461

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This presentation should be read in conjunction with the Appendix 4E, the Annual Report and any subsequent announcements posted on the ASX and company websites - www.joycegroup.com.au.