

1HY24 Financial Results

February 2024





“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 25 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 3,500 5-star reviews on Australia’s largest independent consumer review site (Productreview.com.au).

REVENUE
1HY24

\$62.1M

EBIT
1HY24

\$13.5M

Bedshed

Bedshed supplies quality bedding and bedroom furnishings across Australia and is one of the industry’s most recognisable brands. Bedshed continues to focus on the growth of its network along with its e-commerce offering that supports its company-owned and franchise stores.

REVENUE
1HY24

\$10.5M

EBIT
1HY24

\$2.3M

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.

REVENUE
1HY24

\$0.5M

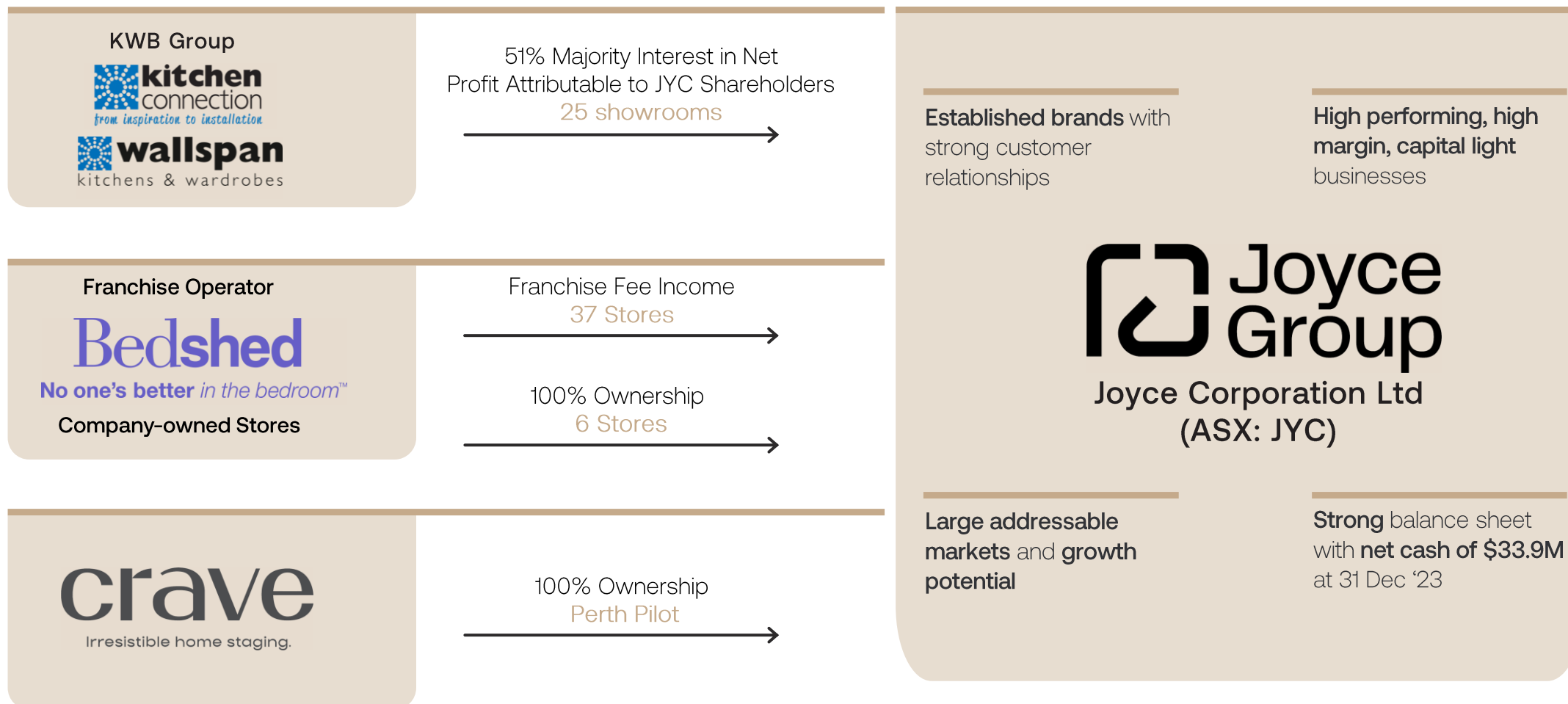
EBIT
1HY24

(\$0.1M)

Joyce Group



Flow of economic interest into Joyce Group



Operating Results

1HY24



Joyce Group 1HY24 Performance



Overview

- Strong results in a period of macroeconomic uncertainty and challenging market conditions
- Increased Revenue, EBITDA and NPAT from pcp*
- Increased NPAT to JYC shareholders of \$4.7M
- Increased interim dividend of 11 cents per share (fully franked)
- Strong balance sheet with \$33.9M Group cash (\$24.8M JYC share) and no debt
- Capital-light and high-margin businesses drive resilience of the Joyce Group and provide a solid footing for growth

\$73.1M

Revenue

\$9.4M

Group NPAT

\$7.8M

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

\$33.9M

Group Net Cash

\$4.7M

NPAT Attributable to JYC
S/holders

16.6 cps

Earnings per Share

11.0 cps

Fully Franked Interim Dividend

*pcp = Prior Period Comparative (Half-Year ending 31 December 2022)

Results Overview



Key financial performance metrics

(\$'000)	1HY24	1HY23	Variance	
Revenue	73,072	68,913	4,159	6%
Contribution Margin	35,775	32,473	3,302	10%
Normalised* Total Group Expenses	19,016	18,401	615	3%
Normalised* EBITDA	16,759	14,072	2,687	19%
Normalised* EBITDA Margin	22.9%	20.4%	-	-
Normalised* EBIT	13,290	10,802	2,488	23%
Normalised* NPAT	9,413	6,752	2,661	39%
Normalised* NPAT - JYC Members	4,739	3,504	1,235	35%

Increased Revenue (up 6% on pcp) and Contribution Margin (up 10%) delivered against backdrop of cost inflation, skills shortages and tighter household budgets

Group operating expenses* at 26% of Group revenue (27% in 1HY23 and 25% FY23) despite inflationary pressures

23% increase in Group EBIT* to \$13.3M

35% increase in NPAT* to JYC shareholders to \$4.7M

1HY23 profitability metrics were 'normalised' to adjust for significant one-off income and expenses including property sale and launch/ramp-up of Crave*

* Refer to Appendix for details of normalising adjustments

Results Overview



Continuing track record of increasing returns to shareholders

	1HY24	1HY23
Dividend (cents per share)	11.0	8.0
NPAT to Joyce Shareholders (\$'000)	4,739	3,538
Normalised* NPAT to Joyce Shareholders (\$'000)	4,739	3,504
Normalised* EPS (cents per share)	16.6	12.4
Dividends paid/payable (\$'000)	3,136	2,267

Record interim dividend of 11 cents per share (fully franked)

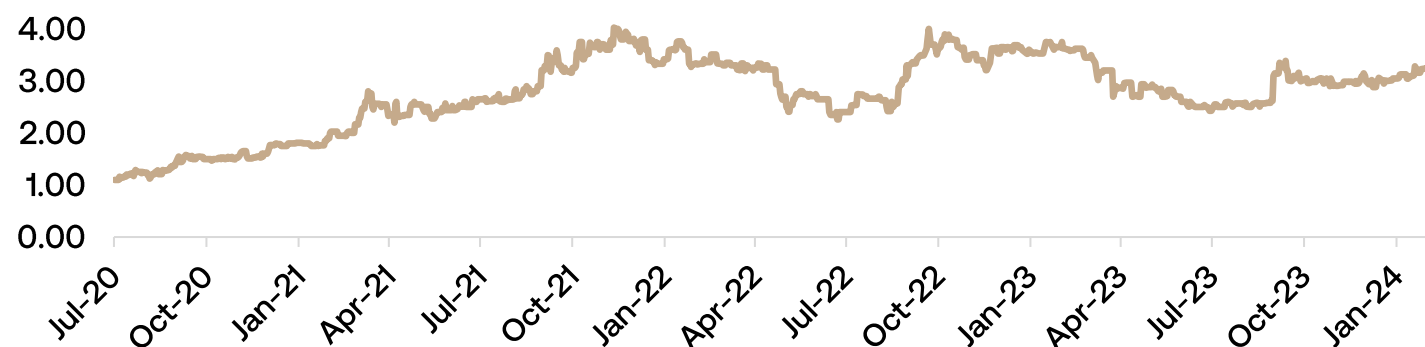
NPAT dividend payout ratio of 66%

Targeting dividend payout ratio of 60-80% of Full Year Normalised NPAT

Normalised EPS of 16.6 cents, 34% growth from prior year

Well placed to maintain healthy dividends against uncertain macroeconomic conditions

JYC Share Price (\$)

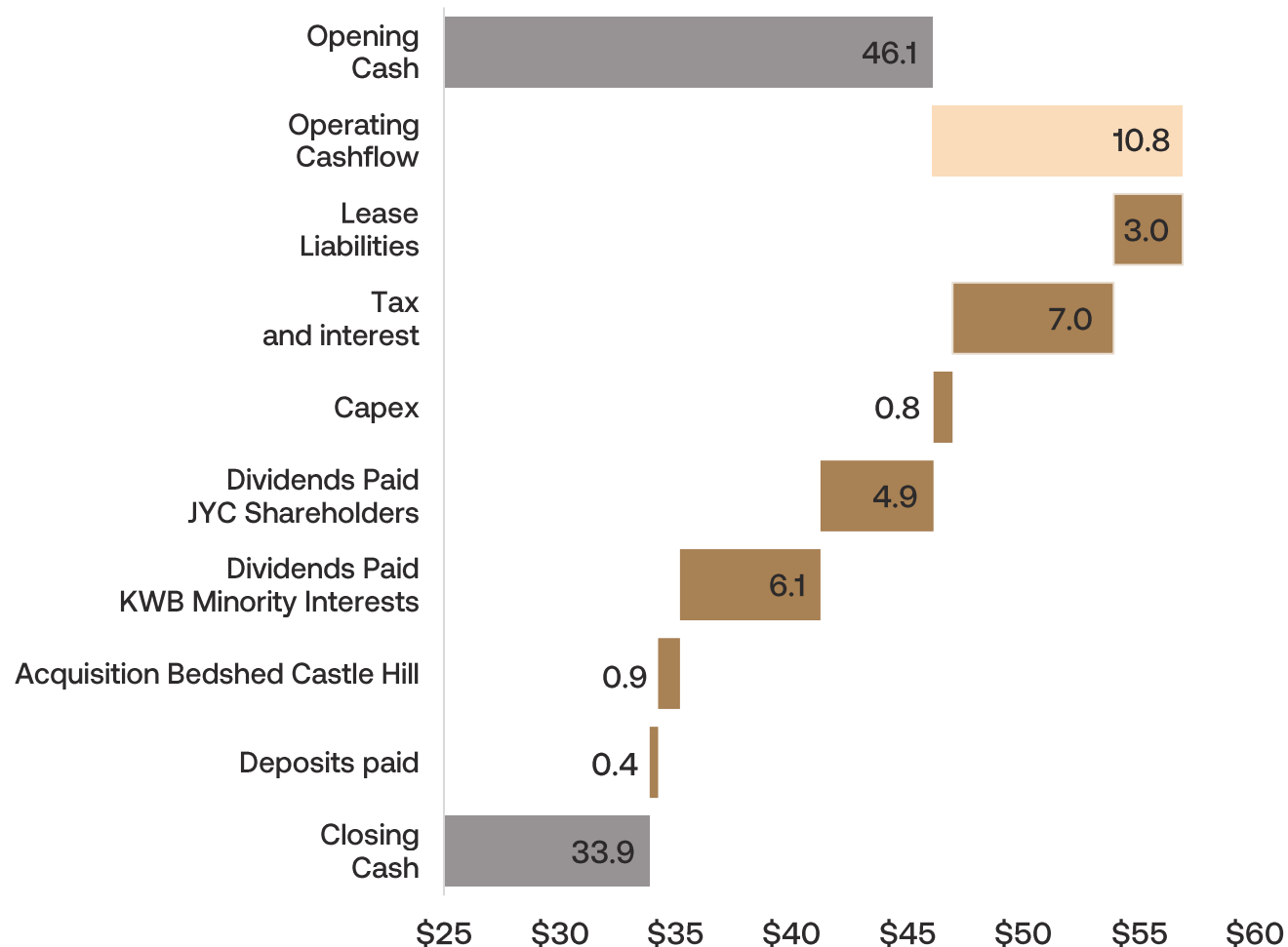


* Refer to Appendix for details of normalising adjustments

Results Overview



Cashflow 1 Jul '23 to 31 Dec '23 (\$M)



Operating Cashflow

- \$10.8M cash generated from operating activities (excl. \$3.0M lease payments and \$7.5M tax payments)
- Trade payables and other liabilities decrease \$5.6M from 30 June '23

Property, Plant and Equipment

- Bedshed Castle Hill and Alexandria company-owned store acquisitions (Alexandria settled January '24)
- 2 new store leases for 2HY24 associated with acquisitions

Capital Management

- \$33.9M closing Group cash and no debt
- Cash held in KWB \$18.5M (\$30.4M 30 June '23)
- Strong financial position gives resilience to manage volatility and flexibility for potential growth

KWB Group





Showroom Network

June '23	Showrooms	Dec '23
26	(1)	25

Closure of Keswick showroom in SA following end of lease

Seeking **opportunistic expansion** in SA and QLD

Program of renovation and refurbishment continued in 1HY24

Improved customer conversion rates and enhanced productivity

NSW expansion on hold during 1HY24 due to a **tight labour market**

Labour market now improving with active recruitment ongoing

2 new store openings in NSW in planning for 1HY25

Long term network growth strategy - opportunity to double footprint (**50+ showrooms**) across Australia in '**A-grade**' locations (homemaker centres) to **capitalise on significant market opportunity** for unique offering

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





Operational Performance

- >2,100 kitchens and >1,000 wardrobes installed in 1HY24
- Record revenue of \$62.1M driven by completion of orders generated in FY23 (delivered at strong gross margins)
- \$52.3M new orders generated during 1HY24 (\$53.8M in pcp)
- Improved customer conversion rates offset the reduced showroom traffic and tight market for skilled labour
- \$34.5M Order Book** at 31 December '23 (\$45M at 30 June '23) and lead times now normalised
- Strong start to 2HY24 with January '24 orders > pcp

*Refer to Appendix for details of normalising adjustments

**Order Book represents the value of orders taken and undelivered at 31 December 2023

(\$'000)	1HY24	1HY23	Variance	
Segment Revenue	62,114	57,457	4,657	8%
Normalised* Segment EBIT	13,470	10,198	3,272	32%
Normalised* Segment EBIT Margin %	21.7%	17.7%	-	-

Financial Results

- Record EBIT and operating margins
- Reduction in rework and warranty costs (~1% of net sales)
- Potential for softer 2HY24 results:
 - *Gross margins anticipated to normalise in 2HY24*
 - *Staffing levels (and costs) expected to recover to optimal levels allowing the business to generate more orders*
 - *Potential for additional marketing initiatives in 2HY24 if foot traffic reduces*

Bedshed

Bedshed



Store Network

Store	June '23	New Stores	Jan '24
Franchised	37	-	37
Company	4	2	6

Jindalee store (Brisbane)
opened August '23

Toowoomba (SE QLD) opened
December '23

Joondalup (WA) – company-
owned and moving to new
location, with new “Evolution”
store fitout May '24

**Castle Hill & Alexandria* (Metro
Sydney)** now company-owned,
positioning NSW franchise
network for growth

**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
 - 2 x NSW Stores
- **Franchise operations**
 - 12 x WA Stores
 - 10 x QLD Stores
 - 12 x VIC Stores
 - 3 x NSW Stores



*Alexandria acquisition settled in January 2024



Operating Performance

- Combined operations business written sales* comparable to pcg - record November and December '23
- Robust results from franchise network - marginally improved on pcg
- Improved franchise network EBIT margin of 52%
- Company store operations had comparable business written sales to pcg but generated reduced revenue of \$7.5M
- Shortfall in revenue impacted by the timing of unfinalised orders converting to revenue
- Cost base of company store operations reflecting increased labour rates, refit/relocation of Mackay store and establishment costs for new metro Sydney stores

(\$'000)	1HY24	1HY23	Variance	
Revenue				
Franchise operations	2,965	2,925	40	1%
Company-owned stores	7,514	8,418	(904)	(11%)
EBIT				
Franchise operations	1,547	1,384	163	12%
Company-owned stores	714	1,462	(748)	(51%)
EBIT Margin %				
Franchise operations	52.2%	47.3%	-	-
Company-owned stores	9.5%	17.4%	-	-
Combined Operations				
Revenue	10,479	11,343	(864)	(8%)
EBIT	2,261	2,846	(585)	(21%)
EBIT Margin %	21.6%	25.1%	-	-

*Business Written Sales (BWS) are written sales orders across Bedshed. Bedshed Franchising receives revenue from franchisees on BWS. Bedshed company store operations only record revenue on completion of written sales orders.

Crave



Performance

crave

- Reputation as one of Perth's leading professional home staging companies - increased penetration of Perth market during 1HY24
- Ability to stage properties across design styles to suit a variety of property types, locations and buyer demographics
- Further growth of referring real estate agent network
- Growing network of property developers partnering with Crave for staging of new-builds
- \$0.5M of revenue generated during 1HY24
- EBITDA positive for 1HY24
- Results delivered against challenging market conditions*
- >\$1M of revenue and more than 300 assignments completed since launch in September '22
- Remains as a pilot project

* CoreLogic® Monthly Housing Chart Pack



Future Growth



Future Growth Initiatives



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

KWB Group



- Sole focus on residential renovation in substantial national kitchen renovation market
- Expansion of wardrobe design and installation offering
- Expansion of benchtop range to provide customers with more options at a range of price points
- Near term expansion in Sydney
- Longer term plans to double current footprint

Bedshed

- Focus on operational performance of new company stores in Sydney
- Leveraging new company stores to spearhead growth in Sydney
- Continued focus on expansion of national network
- Strategic initiatives to further enhance omni-channel and e-commerce offering

Crave

- Near-term focus on fortifying network and increasing market penetration rates to reach targeted WA operating capacity and remain EBITDA positive
- Enhancement and refinement of customer and real estate agent offering
- Maximise operating efficiencies and margins
- Additional capital for potential Eastern State expansion dependent on proven success of pilot over remainder of FY24

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

Disciplined management of costs and capital whilst remaining open to growth opportunities that are aligned with our strengths

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 – 21st February 2024

	Units	% Units
1. ADAMIC PTY LTD	7,711,568	27.05
2. UFBA PTY LTD	1,564,000	5.49
3. ANACACIA PTY LTD <WATTLE FUND A/C>	1,227,394	4.31
4. DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.30
5. ONE MANAGED INVT FUNDS LTD <1 A/C>	1,178,962	4.14
6. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,041,928	3.65
7. MR DONALD TEO	990,000	3.47
8. MR DAN SMETANA	734,022	2.57
9. TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	587,317	2.06
10. MR DANIEL ALEXANDER SMETANA	563,726	1.98
11. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	539,508	1.89
12. MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	440,000	1.54
13. GLIOCAS INVESTMENTS PTY LTD <GLIOCAS GROWTH FUND A/C>	416,425	1.46
14. MRS JUDITH ANNA SMETANA	389,999	1.37
15. VANWARD INVESTMENTS LIMITED	388,627	1.36
16. CONARD HOLDINGS PTY LTD	347,940	1.22
17. ESTATE LATE FELIX SMETANA	328,006	1.15
18. FELIX SMETANA	307,116	1.08
19. MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	241,619	0.85
20. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	228,200	0.80
Total	20,451,008	71.73
Balance of register	8,058,150	28.27
Grand total	28,509,158	100.00

References



This Presentation should be read in conjunction with the following documents lodged with the ASX on 27 February 2024 under the ASX ticker JYC:

- Investor Presentation – Half-Year Results 31 December 2023
- Appendix 4D and 31 December 2023 Half-Year Financial Report
- Dividend/Distribution – JYC

Appendix: 1HY24 and 1HY23 normalising adjustments



(\$'000)	EBITDA	EBIT	PBT	Tax	NPAT	NPAT attributable to JYCs/holders
1HY24 Results per financial statements	16,759	13,290	13,442	(4,029)	9,413	4,739
1HY24 Normalised Results	16,759	13,290	13,442	(4,029)	9,413	4,739
1HY23 Results per financial statements	13,022	9,649	9,452	(1,638)	7,814	3,538
Crave business	756	859	859	177	1,036	1,036
Sale of KWB Property	294	294	294	(2,392)	(2,098)	(1,070)
1HY23 Normalised Results	14,072	10,802	10,605	(3,853)	6,752	3,504

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