Chairman's Address

25 November 2019

As you will be aware.

This is my first AGM as Chair, having had the reins handed to me by Dan in November last year. I would like to take this opportunity to acknowledge Dan for the work and achievements he has delivered for Joyce during his tenure as Chair, which extended for over three decades. Also, I want to express my gratitude to Dan for his support during the last 12 months.

I have been fortunate to be part of a Board which I believe has driven much of the success Joyce has enjoyed over the last few years. And I would like to acknowledge the rest of the Board members for their contributions and support during the last 12 months. It has been a rewarding time for me to see Joyce continue to grow and succeed even in challenging times, and I am looking forward to additional opportunities for growth this financial year.

Over the past 18 months the Group has undergone significant change as we have refined our growth strategy and implementation plans. During this process we have been guided by our partnership approach the Joyce Way, and Joyce Values. We believe these are the corner stones of our success.

Our business model is based on partnerships where we are open and honest in our communication; and act with integrity and professionalism to drive performance. We believe this is one of the major reasons Joyce has performed well again this financial year.

In a year of economic uncertainty, the overall net earnings of the combined ASX200 companies increased by 1.2% compared to the prior year. In contrast Joyce saw a 12.8% increase in earnings per share when we exclude property revaluations.

Other highlights of the Company's results for the 2019 financial year were:
- An 11% increase in revenue from continuing operations to $101m;
- A 13% increase in total network sales including auction turnover and franchisee sales to $288m; and
- An increased dividend payout, with Directors declaring a final 5 cent dividend payable this month; bringing the total full year dividend payment, fully franked, to 11.7 cents per share.

As these financial result attest, our Business Model is well suited to difficult economic times. We endeavour to create a diverse portfolio of businesses. This provides us with resilience to manage economic volatility.

Our subsidiary businesses are often small but through our partners, these businesses retain their passion and ability to develop and grow rapidly. Joyce brings support, professional

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business processes and experience, as well as the resources to allowing these businesses to focus on growth.

Having a carefully selected portfolio of different businesses all with unique Intellectual Property and significant growth opportunity means that if at some point one business is facing significant competition or challenges the financial performance of the remainder of the portfolio supports the overall group financial performance.

Although all our businesses are different, we have predominantly consumer-facing businesses and are exposed to the performance of the broader economy. Earlier this month the Commonwealth Bank announced that retail spending had contracted for the first time in 28 years.

For Lloyds this headwind is running in parallel with the insolvency industry going through a 31-year low. Insolvency work was Lloyds' principal business when we invested in the organisation three and a half years ago. The declining opportunities in insolvency have required Lloyds to respond by developing new business streams that leverage their auctioneering capability and consumer marketing expertise. When insolvency returns to more traditional levels Lloyds will be very well placed as a diversified auction house.

It has been a challenging but rewarding year and the Board is committed to leading Joyce to further growth in the future. With the additional disciplines and structures the organisation has put in place, over the last 12 months we believe we are well positioned to add new businesses to our portfolio.

Acquiring new organisations and partnering with their Management allows us to drive increasing revenue and earnings growth. We believe our business model is scalable, and, are confident our growth plans are on target to see us achieve our goal of a market capitalisation that exceeds $100m.

One issue I do wish to address here is executive remuneration. There is no doubt that there is increasing unease in the general community about executive remuneration, particularly in large companies. This unease has been topical in this reporting season.

Our experience is that there is a very strong link between appropriate executive remuneration and Joyce's financial performance. Immediately prior to the financial year end, we engaged a professional executive remuneration consultancy to ensure our remuneration levels were appropriate. Their advice was that we were paying our executive under market!

Surprisingly, at today's meeting we will record a significant vote against our remuneration report. This is a disappointing outcome given the results of the recent remuneration review and that:

1. Our level of management remuneration (Executive Director and Key Management Personnel) costs decreased from 2018 levels when we exclude the impact of staff restructure costs.

2. While Non-Executive Director remuneration has only increased by less than a quarter of one percent since 2018 and is well within the pool set in 2017.
3. And generally, we receive very positive feedback and support from our interactions with shareholders

Pleasingly, of the approximately 15,500,000 proxy shares received prior to today's meeting over 83% indicated that they did support the Board with respect to the remuneration report. Nevertheless, we will be seeking to engage and better understand the shareholders with a contrary view over the coming months.

Joyce has been fortunate to have had a very stable, hard-working and competent Board for several years which has led the organisation to enjoy considerable success. The Board recognises that key to this success has been our special approach. The key to Joyce's future success and achievement of the strategic plan is the continuity of this approach.

As a result, the Board has decided to embark upon a management restructure and Board succession program which focuses both on continuity and renewal. As has been previously announced we have now transitioned the CEO function to a full-time role and it is our plan to progressively modify the Board over the next few years, in a manner which preserves the continuity of the approach that has driven so much success to the organisation.

We welcomed Travis McKenzie onto the Board in July, and he is seeking re-election today. Travis brings a keen and analytical mind to the Board as well as his experience in the property, currency trading and legal sectors. We are also in the process of recruiting an additional non-Executive Director, who we anticipate will join the Board in 2020.

At this time, I would like to acknowledge Anthony Mankarios, here in the audience, for his contribution to the Group, including as Executive Director, over a period of nine years. Anthony was very active as our part time CEO for many years. We always knew at some point the demands of the business would necessitate a return to us needing a full time CEO. We are grateful to Anthony for the service he provided to Joyce and wish him every future success.

Anthony has recently stepped down as a Director of the Group to pursue other business opportunities. In recognition of the service and commercial achievements during his tenure the Board is recommending Anthony receive 131,579 fully paid Joyce shares, which we will be taking to a vote under Resolution 4 later in the meeting.

We continue to be very pleased with the outstanding and continued contributions made by Management across our Group; the KWB team, led by John Bourke and Chris Palin, the Lloyds team led by Lee Hames and Andrew Webber and the Bedshed team led by Gavin Culmsee (here in the room). And, the Joyce Corporate team led by Keith Smith in modernising many of our business processes.

At a time when there is a strong community focus on the gender balance within organisations, I am pleased to report that Joyce has seen the proportion of women in our workforce grow to 49%. This includes at our most senior management level, where we have welcomed Anita Hollenberg as our new Joint Company Secretary.

I have no hesitation in commending Joyce Corporation Ltd to you.

I will now pass over to Keith Smith to provide the CEO report, to provide highlights and insight into Joyce's performance for the 2018/19 financial year. Over to you Keith.