



17 June 2020

Attention: Manager ASX Announcements

Regarding: Joyce Corporation Ltd (ASX: JYC)

Joyce divestment of the remaining 46% interest in Lloyds business, additional trading update and changes to CEO payment arrangements

Lloyds divestment

Joyce Corporation Ltd (**ASX:JYC** or “**Joyce**”) is pleased to advise that Joyce through its wholly owned subsidiary, Joyce International Pty Ltd (“**JIPL**”), has agreed to sell JIPL’s remaining 46% interest in Lloyds Online Auctions Pty Ltd (“**Lloyds**”) to Jacqst Enterprises Pty Ltd as trustee for the Sarkis Family Trust No 6 (being an entity controlled by Mr Steven Sarkis, a director of Lloyds), for \$3.8 million.

The material terms of the Transaction are set out in the schedule to this announcement.

The Transaction follows Joyce’s previous sale of a 10% interest in Lloyds (see ASX announcements 3 March 2020 and 11 March 2020).

Joyce Chairman, Mr Mike Gurry, said the divestment of Lloyds would open up new opportunities for that business and generate considerable cash for Joyce, which is particularly important during these challenging times and helps strengthen the Company’s balance sheet. Mr Gurry said once trading had normalised, the balance sheet strength would, in the longer term, allow Joyce to pursue other investment opportunities.

“We think the timing for the divestment is right, allowing Lloyds to pursue a strategy independent of Joyce and Joyce to have greater capital flexibility,” he said.

“The Lloyds business has tripled in size during our partnership and it has established itself as a major Australian auction house. This change in ownership will now increase Lloyds agility in its chosen markets, which is extremely valuable in the current environment.”

Trading update

Further to the market announcement made on 29 May 2020 we continue to see strong and encouraging levels of orders for our ongoing products in the Bedroom and Kitchen spaces. These sales levels represent a significant improvement on the levels seen in April and have added to the cash position across the Group.

Changes to the CEO payment arrangements

On 27 March 2020 Joyce communicated that its Board members and senior management team had agreed to defer 50% of their pay until trading had become more normalised. With the foregoing items the Board believe it to be prudent to reinstate full pay to those Joyce members affected by the deferred pay, backdating the re-instatement to 1 June 2020. In particular, for Keith Smith (Joyce’s CEO), has had his annual Total Fixed Remuneration re-instated to \$354,000. There has been no decision on the timing of when any deferred amounts will be paid back to the Joyce members affected. When a decision has been made on those amounts a further announcement will be made.

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Schedule

Material terms of the Transaction

Under the Transaction JIPL has agreed to sell 3,151,830 fully paid ordinary shares in Lloyds (representing a 46% shareholding in Lloyds) to Jacqst Enterprises Pty Ltd as trustee for the Sarkis Family Trust No 6 ("**Buyer**") ("**Sale Shares**").

The Buyer must pay JIPL an aggregate consideration of \$3,800,000 for the acquisition of the Sale Shares ("**Purchase Price**").

A \$0.5 million non-refundable deposit was payable by the Buyer to Joyce ("**Deposit**") on execution of the sale agreement. The remaining \$3.3 million of the Purchase Price is payable by the Buyer to an escrow account with the full amount being payable by 24 September 2020.

Completion will occur 3 days after \$3.3 million (being the Purchase Price less the Deposit) has been paid into the escrow account. The \$3.3m will be released to Joyce on completion of the Transaction. On completion, JIPL will cease to hold any shares in Lloyds.

The sale agreement contains other customary terms for an agreement of this nature, including termination rights if a defaulting party does not complete the Transaction when required. If the sale agreement is terminated, amounts held in escrow will be returned to the Buyer.