

28<sup>th</sup> February 2025

## Interim dividend of 10.5 cents per share on normalised Net Profit After Tax to Joyce Shareholders of \$4.0 million

Joyce Corporation Ltd (ASX: JYC or “Joyce Group”, “Group” or “Joyce”) is pleased to report its financial results for the first half of FY25.

|                                                | 1HY25             | 1HY24             | Variance        |               |
|------------------------------------------------|-------------------|-------------------|-----------------|---------------|
|                                                | \$'000            | \$'000            | \$'000          | %             |
| <b>Results from operations</b>                 |                   |                   |                 |               |
| Revenue                                        | 73,420            | 73,072            | 348             | 0.5%          |
| Contribution Margin                            | 36,781            | 35,775            | 1,006           | 2.8%          |
| Reported Group EBITDA                          | 15,604            | 16,759            | -1,155          | -6.9%         |
| Group EBITDA*                                  | 16,624            | 16,759            | -135            | -0.8%         |
| Reported Group EBIT                            | 10,904            | 13,290            | -2,386          | -18.0%        |
| Group EBIT*                                    | 12,224            | 13,290            | -1,066          | -8.0%         |
| Reported Group NPAT                            | 7,386             | 9,413             | -2,027          | -21.5%        |
| Group NPAT*                                    | 8,309             | 9,413             | -1,104          | -11.7%        |
| Reported NPAT Attributable to JYC Shareholders | 3,052             | 4,739             | -1,687          | -35.6%        |
| <b>NPAT Attributable to JYC Shareholders*</b>  | <b>3,975</b>      | <b>4,739</b>      | <b>-764</b>     | <b>-16.1%</b> |
| <b>Normalised EPS (cents per share)*</b>       | <b>13.47</b>      | <b>16.65</b>      | <b>-3.18</b>    | <b>-19.1%</b> |
| Dividend per Share                             | 10.5              | 11.0              | -0.5            | -4.5%         |
|                                                | <b>At Dec '24</b> | <b>At Jun '24</b> | <b>Variance</b> |               |
|                                                | <b>\$'000</b>     | <b>\$'000</b>     | <b>\$'000</b>   | <b>%</b>      |
| Consolidated Group Net Cash                    | 31,765            | 39,148            | -7,383          | -18.9%        |

*\*Results shown are normalised to adjust for significant one-off income and expenditure in the period (See Appendix).*

Joyce Group has recorded a steady operating performance despite difficult trading conditions for the first half of financial year 2025.

The Group's revenue of \$73.4 million compares to \$73.1 million in the previous corresponding period (pcp). Normalised Group EBIT of \$12.2 million was below the pcp figure of \$13.3 million and normalised EBIT Margin was 16.6% compared to 18.2% in the prior year.

Joyce CEO Dan Madden said the Group delivered stable underlying operational performance against a backdrop of challenging trading conditions driven by cost of living pressures that continue to impact consumer demand.

“Both the KWB Group and Bedshed businesses have demonstrated their resilience in a market that continues to be characterised by softer foot traffic and consumers focused on the costs of their purchases.



“Under these circumstances Joyce Group’s normalised NPAT to shareholders is a robust result and the Group remains in a strong financial position.”

Reported NPAT has been impacted by \$0.7m of pre-tax expenditure associated with one-off corporate activity and the closure of the Crave pilot, which resulted in a pre-tax non-cash asset write down and impairment of \$0.6m.

Joyce will pay shareholders a fully franked interim dividend of 10.5 cents per share which represents 78% of normalised NPAT.

Joyce Group ended the first half of FY25 with a strong balance sheet and a net cash position of \$31.8 million, compared to \$39.1 million on 30 June 2024. The reduction in the cash balance is primarily attributable to \$9.2 million of dividend payments paid by the consolidated entity which included a special dividend of 5.5 cents per share.

## Business Unit Performance

### KWB Group (Kitchen Connection and Wallspan)

|                                         | 1HY25  | 1HY24  | Variance |       |
|-----------------------------------------|--------|--------|----------|-------|
|                                         | \$'000 | \$'000 | \$'000   | %     |
| Revenue                                 | 59,190 | 62,114 | -2,924   | -4.7% |
| Earnings Before Interest and Tax (EBIT) | 12,667 | 13,470 | -803     | -6.0% |
| EBIT Margin                             | 21.4%  | 21.7%  |          |       |

KWB continues to be the market leader in "do it for me" kitchen and wardrobe renovations, installing more than 2,000 kitchens and 1,000 wardrobes in the half year and for the fourth year in a row, winning the Annual (2025) Product Review<sup>1</sup> awards in its two categories.

The network generated \$58.3 million of orders during the half, an increase of 12% compared to \$52.3 million in the pc. The strong order performance was delivered against a backdrop of reduced foot traffic across the store network, which continued to be countered by improved customer conversion rates. Like for like orders (i.e. excluding the Alexandria and Bundall showrooms opened during the half year and the closure of the Keswick store in FY24) was \$54.6 million compared to \$51.5 million in pc.

The Order Book<sup>2</sup> at 31 December 2024 stood at \$35.8 million, which is reflective of normalised lead times and compares to \$34.5 million as at 31 December 2023.

KWB’s order book at 1 July 2023 stood at \$45.0 million at a time when the business was experiencing extended lead times as a result of the Covid peak. KWB was able to deliver into this elevated order book during the pc, converting many of these orders to revenue which resulted in an elevated revenue for the pc (i.e. the half year ending 31 December 2023).

<sup>1</sup> <https://www.productreview.com.au/listings/kitchen-connection> and <https://www.productreview.com.au/listings/wallspan>.

<sup>2</sup> Order Book represents the revenue due to KWB from orders that are yet to be fulfilled. Revenue is only recognised on completion of order (installation).



As a result, the network did not have the benefit of an order book backlog in the FY25 first half and delivered \$59.2 million of revenue compared to \$62.1 million in pcp. As previously disclosed, it is expected that orders will run slightly ahead of revenue in line with long-term pre-Covid averages.

Gross margins remained at approximately 50% and continued diligent cost management resulted in robust EBITDA and EBIT margins of 26.3% and 21.4% respectively, compared to 25.7% and 21.7% in pcp.

As a result of the slightly lower revenue compared to pcp, the FY25 first half EBIT of \$12.7 million was below pcp of \$13.5 million.

KWB's cash on hand at 31 December 2024 was \$16.2 million (including cash related to customer deposits of \$9.7 million) compared to \$23.8 million at 30 June 2024 (including customer deposits of \$11.2 million).

KWB has been focused on network growth in the half with attractive sites becoming available in the current market environment. New Kitchen Connection showrooms were opened in Alexandria (July 2024) and Auburn (December 2024) in Sydney, and a new flagship showroom at Bundall in Gold Coast, Queensland in September 2024. All showrooms have delivered strong order performance since opening. Following the opening of the Bundall showroom, the Ashmore showroom has now closed.

The network is poised for further expansion, with openings scheduled for Caringbah in Sydney in April 2025, and Logan in Brisbane in May 2025.

As a result, KWB's national network expanded from 25 showrooms at 1 July 2024 to 27 showrooms at the end of February 2025 and will expand to 29 by the end of FY25. Pleasingly, we have been able to secure highly attractive sites and develop a more scaled presence in the Sydney market improving brand recognition and setting the business up well for future order and sales growth.

Further opportunities are under evaluation and the business anticipates a similar growth pattern to that experienced prior to Covid, which saw consistent growth in revenue and EBIT year on year.

The second half of FY25 has started well. January 2025 orders were a record at \$15.6 million (up 9% pcp) providing KWB with a high-quality sales pathway for the remainder of FY25, highlighting both the attraction of the KWB business model with its differentiated offering and its market leadership.

## Bedshed

|                                         | 1HY25         | 1HY24         | Variance      |          |
|-----------------------------------------|---------------|---------------|---------------|----------|
| <b>Bedshed Combined</b>                 | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>%</b> |
| Revenue                                 | 13,681        | 10,479        | 3,202         | 30.6%    |
| Earnings Before Interest and Tax (EBIT) | 2,183         | 2,261         | -78           | -3.4%    |
| EBIT Margin                             | 16.0%         | 21.6%         |               |          |

|                                         | 1HY25         | 1HY24         | Variance      |          |
|-----------------------------------------|---------------|---------------|---------------|----------|
| <b>Franchise Operations</b>             | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>%</b> |
| Revenue                                 | 3,064         | 2,965         | 99            | 3.3%     |
| Earnings Before Interest and Tax (EBIT) | 1,427         | 1,547         | -120          | -7.8%    |
| EBIT Margin                             | 46.6%         | 52.2%         |               |          |



|                                         | 1HY25  | 1HY24  | Variance |       |
|-----------------------------------------|--------|--------|----------|-------|
| Company Stores                          | \$'000 | \$'000 | \$'000   | %     |
| Revenue                                 | 10,617 | 7,514  | 3,103    | 41.3% |
| Earnings Before Interest and Tax (EBIT) | 756    | 714    | 42       | 5.9%  |
| EBIT Margin                             | 7.1%   | 9.5%   |          |       |

The Bedshed network of 43 stores (including 37 franchise operations) delivered business written sales<sup>3</sup> in excess of \$80.0 million for the half year, a 6% increase on pcp. Like-for-like network business written sales growth was a 3% increase on pcp which is a strong result in the current environment. The network achieved record business written sales during its Black Friday and Boxing Day promotions, as well as in the trading months of November and December.

The franchising business generated revenue of \$3.1 million (\$3.0 million in pcp) and delivered consistent EBIT of \$1.4 million (compared to \$1.5 million in pcp) at a strong margin of 46.6%.

The Company Store network business written sales were \$11.3 million compared to \$8.2 million in the pcp. Both Castle Hill and Alexandria have recorded improved business written sales since their acquisition<sup>4</sup> and are 42% higher for the FY25 half year compared to pcp (which was under franchisee operation). The strong business written sales resulted in combined operations (franchisee and company-owned stores) generating increased revenue of \$13.7 million compared to \$10.5 million in pcp.

Company-owned stores generated improved revenue of \$10.6 million (compared to \$7.5 million in pcp), primarily driven by the Castle Hill and Alexandria stores being included in the portfolio.

Pleasingly, the Company Store network (and the Bedshed network overall) was able to deliver an improved gross margin achieved by strong inventory control and supply chain management, including the successful introduction of new ranges of furniture.

The cost base of Bedshed company-owned store operations was higher than in the pcp as a result of the continued onboarding of Castle Hill and Alexandria and the relocation of the Joondalup store. These activities generated one-off rental expenses on the transition of warehouses and make-good payments at end of leases. Labour availability and associated productivity issues experienced in the second half of FY24 continued for much of the half year reporting period, although these are now resolved.

Importantly, whilst operational enhancements and cost control programs at the Company store network continued during much of the half year, the company store network is now seeing improved sales revenue and financial performance which is expected to continue into the second half of FY25.

Bedshed company-owned store operations generated \$1.9 million of EBITDA (AASB-16 basis) in the half year at a margin of 17.9% compared to \$1.3 million in pcp at 16.9%.

<sup>3</sup> 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 business written sales orders.

<sup>4</sup> Bedshed Castle Hill acquired December 2023 and Bedshed Alexandria January 2024.



The introduction of the new stores and the relocation of Joondalup also resulted in an increase in associated depreciation and amortisation. As a result, EBIT for 1HY25 of \$0.8 million, compared to \$0.7 million in the prior year.

The second half of FY25 has started well, with network business written sales in January 2025 approximately 6% above the prior year.

### **Crave Home Staging**

Crave was launched in August 2022 as a pilot in Perth to test the business model and assess the opportunity for expansion in the larger Eastern State markets.

Although Crave demonstrated a strong brand and generated over \$2.0 million of revenue since launch, its overall financial and operating performance remained behind expectations. The business was impacted by a significant contraction in the Perth housing market, which saw 2023 at historic lows in terms of properties listed for sale, resulting in significantly fewer opportunities for Crave to display its home staging capabilities.

The intention of introducing the business as a pilot in the Perth market was to test the business model and assess the opportunity to generate material returns from expansion in the larger scale Eastern State markets.

Management and the Board decided that an East Coast expansion did not have sufficient potential reward given the associated operational and financial risk and consequently decided to bring the pilot to a close in November 2024.

Late in the half year, Joyce sold the Crave Home Staging business for total proceeds of \$0.45 million. The closure of the Crave pilot resulted in a non-cash asset write down of \$0.6m. The total capital allocated to the establishment, operation and closure of the Crave Pilot has been limited to less than 8 cents per share.

### **Corporate and Dividend**

During the half, Joyce responded to an approach regarding a potentially material transaction that was received during the FY24 year. The Company's Board of Directors engaged external financial and legal advisors to conduct a comprehensive and rigorous evaluation of the potential transaction and to proactively consider alternative strategic options available to Joyce, with a view to ensuring any potential outcome would maximise shareholder value.

The costs associated with this activity<sup>5</sup> manifested in the 1st half of FY25, including external advisory fees, and are reflected in the higher corporate expenses reported for the period.

Following completion of a comprehensive analysis and careful deliberation, the Board concluded that pursuing the potential transaction was not in the best interests of shareholders at this time. Significant additional time was required from some Directors and Senior Management to appropriately assess and manage the proposal.

Jeremy Kirkwood, Chairman of Joyce Corporation said that: "The extensive evaluation and strategic analysis undertaken during this period has provided valuable insights and positions Joyce favourably for the future."

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<sup>5</sup> Approximately \$0.66m pre-tax which has been treated as a normalising item. See Appendix for normalisation.



The Board considers that the Group is in a strong position to continue returning healthy dividends to shareholders as it continues its growth trajectory.

Mr Kirkwood commented: “We will remain disciplined in managing costs and capital. The Group’s cash balance of \$31.8 million gives us the flexibility to manage volatility whilst also continuing our primary focus on the pursuit of organic growth from our large addressable markets within Australia. Further network growth is planned to capitalise on the significant market opportunity for both KWB and Bedshed, which are under-represented in several key markets across Australia and have a long growth runway ahead of them.

We will continue to be diligent in our consideration of non-organic sustainable growth opportunities which will only be considered if it is clear they will maximise shareholder value and can be leveraged with our skill set as well as having a natural fit with our existing portfolio of quality businesses.

“The Board has resolved to distribute a fully franked interim dividend of 10.5 cents per share, which represents 78% of Normalised NPAT Attributable to Joyce Shareholders and is consistent with last year’s interim 11 cents dividend.

“We maintain our stated intention of aiming for full year dividend payments to be between 60% to 80% of normalised NPAT.”

The Dividend is to be paid on 4 April 2025 to all shareholders registered as at the record date of 14 March 2025. Joyce Corporation has an established dividend reinvestment plan (DRP). The Joyce Board has elected not to activate the DRP for the upcoming dividend.

## ENDS

For further information, please contact:

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This release has been authorised by the  
Board of Joyce Corporation Ltd



## Appendix

This Announcement should be read in conjunction with the following documents lodged with the ASX on 28 February 2025 under the ASX ticker JYC:

- Investor Presentation – Half-Year Results 31 December 2024.
- Appendix 4D and 31 December 2024 Half-Year Financial Report.
- Dividend/Distribution – JYC.

### Note 1: Summary of Normalising Adjustments

| (\$'000)                                      | EBITDA        | EBIT          | PBT           | Tax            | NPAT         | NPAT attributable to JYC s/holders |
|-----------------------------------------------|---------------|---------------|---------------|----------------|--------------|------------------------------------|
| <b>1HY25 Results per financial statements</b> | <b>15,604</b> | <b>10,904</b> | <b>10,727</b> | <b>(3,341)</b> | <b>7,386</b> | <b>3,052</b>                       |
| Crave realised loss on sale of assets         | 297           | 297           | 297           | (89)           | 208          | 208                                |
| Crave impairment of software                  | -             | 300           | 300           | (90)           | 210          | 210                                |
| Wind up of Crave business operations          | 68            | 68            | 68            | (21)           | 47           | 47                                 |
| One-off corporate expenditure                 | 655           | 655           | 655           | (197)          | 458          | 458                                |
| <b>1HY25 Normalised Results</b>               | <b>16,624</b> | <b>12,224</b> | <b>12,047</b> | <b>(3,738)</b> | <b>8,309</b> | <b>3,975</b>                       |
| <b>1HY24 Results per financial statements</b> | <b>16,759</b> | <b>13,290</b> | <b>13,442</b> | <b>(4,029)</b> | <b>9,413</b> | <b>4,739</b>                       |
| <b>1HY24 Normalised Results</b>               | <b>16,759</b> | <b>13,290</b> | <b>13,442</b> | <b>(4,029)</b> | <b>9,413</b> | <b>4,739</b>                       |