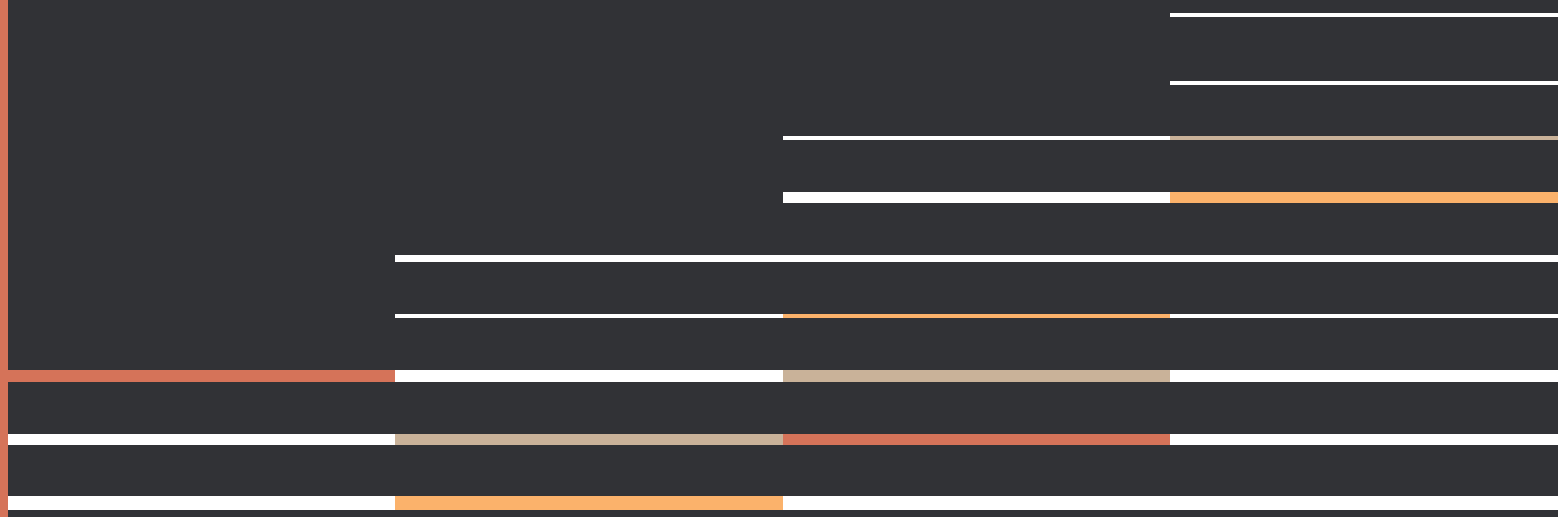


Half-Year Report

FY
23



The information contained in this report should be read in conjunction with the most recent annual financial statements.

Name of entity: Joyce Corporation Ltd

ABN: 80 009 116 269

1. Details of the current and previous reporting period

Current period: 1 July 2022 to 31 December 2022

Previous corresponding period: 1 July 2021 to 31 December 2021

2. Results for announcement to the market

	\$'000
2.1 Revenue from continuing operations	Up 11.8% from \$61,546 to \$68,800
2.2 Profit from ordinary activities after tax	Up 16.1% from \$6,729 to \$7,814
2.3 Profit after tax attributable to the owners of Joyce Corporation Limited	Down 5.2% from \$3,734 to \$3,538

2.4 and 2.5 Dividends	Amount per security	Franked amount per security	Record date	Total dividend
<i>Final</i>				
– current period (paid 30 September 2022)	10.5 cents	10.5 cents	13 Sep 2022	\$3.0m
– previous corresponding period (paid 1 October 2021)	10.0 cents	10.0 cents	14 Sep 2021	\$2.8m
<i>Interim</i>				
– current period (payable 31 March 2023)	8.0 cents	8.0 cents	14 Mar 2023	\$2.3m
– previous corresponding period (paid 25 March 2022)	7.5 cents	7.5 cents	10 Mar 2022	\$2.1m

Dividend reinvestment plan (DRP)

Date of interim dividend declaration	28 February 2023
Ex date	13 March 2023
Record date for determining entitlements to the interim dividend	14 March 2023
Closing date for election to participate in the DRP	15 March 2023
Closing date for calculation of DRP share issue price based on the Volume Weighted Average Price (VWAP) (rounded to the nearest whole cent) for Joyce Corporation Limited shares sold on the ASX in the five business days commencing three days after the record date	23 March 2023
DRP discount to be applied	2.5%
DRP to be underwritten	No
Payment date for interim dividend/issue of shares under the DRP	31 March 2023
DRP share ranking with existing Joyce Corporation shares	Equally in all aspects
Date by which DRP participants' holdings will be updated with additional shares issues under the DRP	31 March 2023

2.6 Explanation of any of the figures in items 2.1 to 2.5 that may be required

A commentary on the results for the period is contained with the Half-Year Report as well as the Shareholder Presentation accompanying this announcement.

3. Net assets per ordinary share attributable to members of the parent entity

	31 December 2022	31 December 2021
Net tangible assets per share (diluted)	\$0.78	\$0.61
Net intangible assets per share (diluted)	\$0.27	\$0.26
Total net assets per share (diluted)	\$1.05	\$0.87

4. Control gained or lost over entities during the period

N/A

5. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Year Report.

Your Directors present their report on the Group, consisting of Joyce Corporation Ltd (“Joyce” or “the Company” or “the Group”) and the entities it controlled at the end of, or during the period ended 31 December 2022.

DIRECTORS

The names of the Company’s Directors in office during the period ended 31 December 2022 and until the date of this report are as stated below. Directors were in office for this entire period unless otherwise stated.

Jeremy Kirkwood	Non-Executive Director (Chair)
Karen Gadsby	Non-Executive Director (Deputy Chair)
Daniel Smetana	Non-Executive Director
Timothy Hantke	Non-Executive Director
Travis McKenzie	Non-Executive Director
Nicholas Palmer	Non-Executive Director (appointed 1 September 2022)

REVIEW OF OPERATIONS

	31 Dec 22	31 Dec 21	Change
	\$'000	\$'000	%
Group Revenue	68,800	61,546	11.8%
Group Net Profit After Tax (NPAT)	7,814	6,729	16.1%
NPAT attributable to JYC Shareholders	3,538	3,734	(5.2%)
Basic Earnings Per Share (cents)	12.50	13.24	(5.6%)
Dividend Per Share (cents)	8.0	7.5	6.7%

Group revenue for the first half of FY23 was \$68.8 million, a growth of 12% on the comparative period.

Group net profit after tax (NPAT) of \$7.8 million for the first half of FY23 was up 16% on the prior comparative period. After adjusting for costs incurred for Joyce’s new business pilot, Crave, and the sale of KWB’s corporate office and warehouse facility, Group NPAT was \$6.8 million in the current period compared to \$6.7 million in the comparative period.

KWB

The KWB Group (KWB) opened one new showroom in New South Wales during the half-year period and now has 26 showrooms across Queensland, South Australia and New South Wales.

KWB’s revenue and earnings before interest and tax (EBIT) grew during the current reporting period to \$57.5 million and \$9.9 million respectively compared to \$51.1 million and \$9.1 million in the prior comparative period.

The sale of KWB’s corporate office and warehouse facility in Lytton, Queensland finalised during the period with a corresponding increase in dividends paid to KWB shareholders.

BEDSHED

The Bedshed Group opened 2 new Franchise operations in New South Wales and Victoria during the half-year period and now consists of 37 franchise operations and 4 company-owned operations across Western Australia, Queensland, Victoria, ACT and New South Wales.

The Bedshed businesses performed strongly in the current reporting period with Bedshed franchising generating revenue of \$2.9 million compared to \$2.5 million in the prior comparative period and Bedshed company-owned stores generating \$8.4 million of revenue compared to \$7.9 million in the prior comparative period.

The combined Bedshed businesses generated EBIT for the first half of FY23 of \$2.8 million compared to \$2.5 million in the prior comparative period.

CRAVE

There has been an encouraging response from the market since Joyce's new home staging business pilot, Crave, launched in September 2022, with a consistent increase in market penetration and revenue.

Prior to the pilot's launch in September 2022, approximately \$2.2 million from the proceeds of the sale of Joyce's corporate office has been allocated in capital and operating start-up costs.

CORPORATE

The Group's consolidated closing net cash balance stood at \$36.1 million as at 31 December 2022, compared to \$31.9 million at 30 June 2022 and \$17.2 million as at 31 December 2021.

During the first half of FY23, Joyce completed its rebranding and moved into its new premises in Osborne Park, Perth.

EVENTS AFTER REPORTING DATE

The Directors have resolved to distribute a fully franked interim dividend of 8.0 cents per share. The record date is 14 March 2023 and the payment date is 31 March 2023.

Other than disclosed above, no event has occurred since the reporting date to the date of this report that has significantly affected, or may significantly affect the Group's operations, or the results of those operations, or the Group's state of affairs.

ROUNDING OF AMOUNTS

The Group has applied the relief available to it in ASIC Corporate Legislative Instrument 2016/191 and accordingly, certain amounts in the financial report and the Directors' Report have been rounded off to the nearest \$1,000.

AUDITOR'S DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 of this report.

Signed in accordance with a resolution of the Directors, made pursuant to section 306(3)(a) of the *Corporations Act 2001*.



Jeremy Kirkwood
Chair

Perth, 28 February 2023



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Australia

DECLARATION OF INDEPENDENCE BY MELISSA REID TO THE DIRECTORS OF JOYCE CORPORATION LTD

As lead auditor for the review of Joyce Corporation Ltd for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Joyce Corporation Ltd and the entities it controlled during the period.

Melissa Reid
Director

BDO Audit (WA) Pty Ltd

Perth

28 February 2023

Six months ended 31 December	Note	2022 \$'000	2021 \$'000
Revenue	10	68,800	61,546
Cost of sales		(31,962)	(29,019)
Gross profit		36,838	32,527
Other revenue	10	1,175	1,205
Variable costs		(5,540)	(4,675)
Contribution margin		32,473	29,057
Expenses			
Employment expenses	11	(14,683)	(11,980)
Occupancy expenses		(913)	(660)
Marketing expenses		(1,154)	(1,345)
Administration expenses		(2,701)	(2,341)
Profit before depreciation, interest and tax		13,022	12,731
Depreciation and amortisation		(3,373)	(2,635)
Profit before interest and tax		9,649	10,096
Net interest expense		(197)	(239)
Profit before tax		9,452	9,857
Income tax expense		(1,638)	(3,128)
Profit for the period		7,814	6,729
Profit is attributable to:			
Ordinary equity holders of the company		3,538	3,734
Non-controlling interests		4,276	2,995
Total comprehensive income for the period		7,814	6,729
Earnings per share for profit attributable to ordinary equity holders of the company:			
Basic earnings per share (cents per share)		12.50	13.24
Diluted earnings per share (cents per share)		12.35	13.24

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

Half-Year Ended
31 December 2022 

<i>Six months ended 31 December</i>	Note	2022 \$'000	2021 \$'000
Profit for the period		7,814	6,729
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		7,814	6,729
Total comprehensive income for the period attributable to:			
Ordinary equity holders of the company		3,538	3,734
Non-controlling interests		4,276	2,995
		7,814	6,729

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.


Consolidated Statement of Financial Position

Half-Year Ended
31 December 2022 

	Note	At 31 Dec 2022 \$'000	At 30 Jun 2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		36,055	31,933
Trade receivables		930	1,079
Inventories		3,288	3,182
Other receivables and prepayments		1,196	1,068
Other financial assets		1,530	1,218
Current tax assets		148	-
Assets held for sale	5	-	16,000
Total current assets		43,147	54,480
Non-current assets			
Other receivables and prepayments	5	1,818	635
Deferred tax assets		7,729	6,147
Right-of-use assets	5	18,906	13,933
Property, plant and equipment		4,678	3,423
Intangible assets	6	7,788	7,597
Total non-current assets		40,919	31,735
TOTAL ASSETS		84,066	86,215
Current liabilities			
Trade and other payables	12	19,836	24,784
Provisions		2,942	2,884
Lease liabilities	5	5,735	4,890
Provision for income tax		-	382
Total current liabilities		28,513	32,940
Non-current liabilities			
Lease liabilities	5	14,530	10,443
Deferred tax liabilities		6,522	6,760
Provisions		564	584
Total non-current liabilities		21,616	17,787
TOTAL LIABILITIES		50,129	50,727
NET ASSETS		33,937	35,488
EQUITY			
Issued capital	8	18,939	18,705
Reserve		2,721	1,777
Retained earnings		8,615	8,045
Parent entity interest		30,275	28,527
Non-controlling interest		3,662	6,961
TOTAL EQUITY		33,937	35,488

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.


Consolidated Statement of Changes in Equity

Half-Year Ended
31 December 2022 

	Note	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Balance at 1 July 2021		18,397	742	3,893	3,607	26,639
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	3,734	-	3,734
Profit attributable to non-controlling interests		-	-	-	2,995	2,995
Total comprehensive income for the period		-	-	3,734	2,995	6,729
Transactions with owners in their capacity as owners:						
Dividends paid or provided for	3	-	-	(2,817)	(2,564)	(5,381)
Shares issued		172	-	-	-	172
Share-based payments	11	-	377	-	-	377
Balance at 31 December 2021		18,569	1,119	4,810	4,038	28,536
Balance at 1 July 2022		18,705	1,777	8,045	6,961	35,488
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	3,538	-	3,538
Profit attributable to non-controlling interests		-	-	-	4,276	4,276
Total comprehensive income for the period		-	-	3,538	4,276	7,814
Transactions with owners in their capacity as owners:						
Dividends paid or provided for	3	-	-	(2,968)	(7,575)	(10,543)
Shares issued	8	234	-	-	-	234
Share-based payments	9, 11	-	944	-	-	944
Balance at 31 December 2022		18,939	2,721	8,615	3,662	33,937

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Half-Year Ended
31 December 2022 

<i>Six months ended 31 December</i>	Note	2022 \$'000	2021 \$'000
Cash flows from / (used in) operating activities			
Receipts from customers		69,967	63,158
Payments to suppliers and employees		(60,470)	(53,560)
Income tax paid		(3,989)	(4,160)
Interest received		160	13
Net cash flows from operating activities		5,668	5,451
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(2,129)	(878)
Purchase of intangible assets		(221)	-
Payment of security deposit	5	(1,700)	-
Proceeds from sale of property, plant and equipment		8	31
Proceeds from sale of investment property	5	15,751	-
Net cash flows from / (used in) investing activities		11,709	(847)
Cash flows from / (used in) financing activities			
Dividends paid	3	(2,734)	(2,645)
Dividends paid to non-controlling interests		(7,575)	(2,564)
Payment of lease liabilities		(2,946)	(2,088)
Net cash flows used in financing activities		(13,255)	(7,297)
Net increase / (decrease) in cash and cash equivalents		4,122	(2,693)
Cash and cash equivalents at the beginning of period (1 July)		31,933	19,881
Cash and cash equivalents at the end of period		36,055	17,188
Reconciliation of cash			
Cash at bank and in hand		36,055	17,188
		36,055	17,188

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards, including AASB 134: 'Interim Financial Reporting'. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the half-year ended 31 December 2022.

Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with classification and presentation for the current financial half-year.

2. SIGNIFICANT ACCOUNTING POLICIES

Unless where specifically disclosed, the accounting policies and methods of computation adopted in the preparation of the Half-Year Report are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2022.

Adoption of new and amended standards and interpretations

No new accounting standards were adopted in the period.

Use of estimates and judgements

In September 2022, the Group's 51% subsidiary, KWB Group completed a sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland. Accordingly, the Group has entered into a 10 year lease for the continued use of the office space and the warehouse and factory space within the property. See Note 5 for further details.

Under an existing lease agreement, a long term supplier to KWB will lease a portion of the property from KWB, continuing as a tenant under a sub-lease on the same commercial terms as the existing lease arrangement.

The Group has considered the substance of the sub-lease transaction and applied judgement in determining the sublease to be accounted for as an operating lease in accordance with AASB 16.

Impact of accounting standards to be applied in future periods

Listed below are the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements that the Group reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101]. This applies to periods beginning on or after 1 January 2023.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]. This applies to periods beginning on or after 1 January 2023.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]. This applies to periods beginning on or after 1 January 2023.

The Group does not intend to take advantage of section 334(5) of the *Corporations Act 2001* and early adopt any of the above standards and interpretations.

There are other standards and interpretations that are issued, but not yet effective, which have not been listed as these are not expected to impact the Group.

3. DIVIDENDS PAID TO MEMBERS OF THE PARENT ENTITY

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Fully franked final dividend of 10.5 cents (2021: 10.0 cents) per ordinary share proposed and paid during the period relating to the previous financial year's results	2,968	2,817

4. OPERATING SEGMENTS**Operating segments**

Operating segments are identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (The Board of Directors and the CEO) in order to allocate resources to the segments and to assess their performance.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has the following operating segments:

- Retail kitchen and wardrobe showrooms;
- Retail bedding – franchise operation; and
- Retail bedding stores – company-owned.

The Group's home staging business pilot, Crave, is currently not allocated to a reportable segment.

Transfer prices between operating segments are set on an arms-length basis and in a manner consistent with transactions with third parties.

Geographic segments

The Group operates in one principal geographical area namely that of Australia (country of domicile). Each segment is managed on a national basis and Management considers that geographic areas are not a consideration in segment performance.

Information about major customers

No single customer of the Group generated more than 10% of the Group's revenue during the period ended 31 December 2022 (2021: none).

In the retail operations of the Group, namely KWB and Bedshed company-owned stores, no single customer represents a material amount of revenue.

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the period ended 31 December 2022.

	Retail kitchen and wardrobe showrooms \$'000	Retail bedding – franchise operation \$'000	Retail bedding stores – company- owned \$'000	Total \$'000
Six months ended 31 Dec 2022				
Revenue				
Revenue	57,457	2,925	8,418	68,800
Inter-segment sales	-	-	-	-
Total segment revenue	<u>57,457</u>	<u>2,925</u>	<u>8,418</u>	<u>68,800</u>
Timing of revenue recognition:				
At a point in time	57,457	-	8,418	65,875
Over time	-	2,925	-	2,925
	<u>57,457</u>	<u>2,925</u>	<u>8,418</u>	<u>68,800</u>
Unallocated revenue				-
Total consolidated revenue				<u>68,800</u>
Result				
Segment result	9,904	1,384	1,462	12,750
Unallocated expenses net of unallocated income ^(a)				(3,298)
Income tax expense				(1,638)
Net consolidated profit for the period				<u>7,814</u>
Assets and liabilities as at 31 Dec 2022				
Segment assets	47,236	11,049	14,192	72,477
Unallocated assets				11,589
Total assets				<u>84,066</u>
Segment liabilities	37,035	2,605	4,822	44,462
Unallocated liabilities				5,667
Total liabilities				<u>50,129</u>
Other segment information for the six months ended 31 Dec 2022				
Capital expenditure on PPE and intangibles	780	8	62	850
Capital expenditure – unallocated				1,500
Total capital expenditure				<u>2,350</u>
Depreciation and amortisation	2,435	45	508	2,988
Depreciation and amortisation – unallocated				385
Total depreciation and amortisation				<u>3,373</u>

(a) Includes Crave pilot early development and start-up costs net of income earned during the period.

The following table presents the operating segments' revenue and profit information for the corresponding comparative period (period ended 31 December 2021) and asset and liability information as at 30 June 2022.

	Retail kitchen and wardrobe showrooms \$'000	Retail bedding – franchise operation \$'000	Retail bedding stores – company- owned \$'000	Total \$'000
Six months ended 31 Dec 2021				
Revenue				
Revenue	51,121	2,487	7,938	61,546
Inter-segment sales	-	-	-	-
Total segment revenue	51,121	2,487	7,938	61,546
Timing of revenue recognition:				
At a point in time	51,121	-	7,938	59,059
Over time	-	2,487	-	2,487
	51,121	2,487	7,938	61,546
Unallocated revenue				-
Total consolidated revenue				61,546
Result				
Segment result	9,104	1,481	994	11,579
Unallocated expenses net of unallocated income				(1,722)
Income tax expense				(3,128)
Net consolidated profit for the period				6,729
Assets and liabilities as at 30 Jun 2022				
Segment assets	52,977	10,428	13,242	76,647
Unallocated assets				9,568
Total assets				86,215
Segment liabilities	36,481	2,650	5,696	44,827
Unallocated liabilities				5,900
Total liabilities				50,727
Other segment information for the six months ended 31 Dec 2021				
Capital expenditure on PPE and intangibles	846	9	17	872
Capital expenditure – unallocated				6
Total capital expenditure				878
Depreciation and amortisation	2,057	42	493	2,592
Depreciation and amortisation – unallocated				43
Total depreciation and amortisation				2,635

5. ASSETS HELD FOR SALE

On 22 August 2022, the Company announced that its 51% subsidiary, KWB Group, had agreed to the sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland.

The offer was valued at \$16 million (before costs) and was aligned with the strategic direction of the Company as it continues to apply disciplined capital management and build a solid platform from which to drive its growth ambitions further. The carrying value of the underlying asset (\$16 million) was reclassified from investment property (non-current asset) to assets held for sale (current asset) as at 30 June 2022.

The transaction settled on 19 September 2022. In connection with the sale, the Group has entered into arrangements with the Purchaser for a 10 year lease (with two further 10 year options) for the continued use of the office space and the warehouse and factory space within the property. This has resulted in derecognition of the asset held for sale and an increase in right-of-use assets and lease liabilities during the period.

Under the terms of the lease, a bank guarantee of \$1.7 million has been secured.

Under an existing lease agreement, a long term supplier to KWB will lease a portion of the property from KWB, continuing as a tenant under a sub-lease on the same commercial terms as the existing lease arrangement. The sub-lease has been treated as an operating lease for accounting purposes.

6. INTANGIBLE ASSETS

Goodwill

Goodwill is allocated to cash-generating units (CGUs) for impairment testing. Each of those CGUs represents the Group's investment by each operating segment. CGUs to which goodwill is allocated are as follows:

- KWB Retail Kitchen and Wardrobe Showrooms CGU; and
- Bedshed Franchising CGU.

The Group is required to assess at each reporting period, whether there is any indication that an asset may be impaired. At 31 December 2022 there were no indicators of impairment relating to any of the Group's CGUs and no impairment was recognised at 31 December 2022 (2021: \$nil).

Software development

Software development as at 31 December 2022 reflects the value of the Group's custom-built software systems, used to support multiple aspects of its operations.

7. LOANS AND BORROWINGS

Secured liabilities and assets pledged as security

The financing facilities are secured by first mortgages over a combination of the Group's assets. Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the period. The financier assesses the financial covenants bi-annually, based on the audited Annual Report and reviewed Half-Year Report.

Financing facilities available

The available facilities at 31 December 2022 are as follows:

	Current \$'000	Non-current \$'000	Total \$'000	Limit \$'000	Available \$'000	Expiry date
CBA market rate loan (revolving facility)	-	-	-	4,000	4,000	30/09/2024
CBA multi-option facility	-	-	-	1,100	1,100	Subject to annual review
Total	-	-	-	5,100	5,100	

8. ISSUED CAPITAL

	31 Dec 2022 \$'000	30 June 2022 \$'000
Issued and fully paid ordinary shares	18,939	18,705

Movement in ordinary shares on issue:

	Number	\$'000
At 1 July 2022	28,268,604	18,705
Dividend reinvestment plan issues	64,033	234
At 31 December 2022	28,332,637	18,939

9. SHARE-BASED PAYMENTS

For all Long and Short-Term Incentive schemes currently in effect, \$944,460 was charged for share-based payments during the six month period to 31 December 2022.

(i) Key Management Personnel performance rights

The offer of performance rights is designed to provide long-term incentives for Key Management Personnel to deliver long-term shareholder returns. The performance rights are issued under the Joyce Corporation Ltd Rights Plan, with eligible participants being granted performance rights which only vest if certain performance standards are met.

Details of the performance rights issued during the period are summarised below.

FY2023 market based rights

KMP details

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	James Versace	Luke Clarke
Maximum number of rights granted	51,386	17,944	15,226	22,986	14,749	3,687
Vesting conditions	TSR metric ^(a)	TSR metric ^(a)	TSR metric ^(a)	TSR metric ^(a)	TSR metric ^(a)	TSR metric ^(a)

Fair value model inputs

Grant date	13 December 2022
Expected life	3 years
Share price on grant date	\$3.57
Dividend yield (%)	6.00%
Expected volatility (%)	45%
Risk-free interest rate (%)	3.115%
Model used	Monte Carlo

(a) The probability of the performance rights vesting has already been taken into account in the initial valuation of the rights. Therefore the expense recognised in respect of the market-based performance rights is based on the extent to which the vesting period has expired, within the three years commencing 1 July 2022 and ending 30 June 2025.

FY2023 non-market based rights

KMP details

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	James Versace	Luke Clarke
Maximum number of rights granted	119,902	71,778	60,902	91,944	58,994	14,749
Vesting conditions	JYC ROE metric ^(a)	JYC ROE metric ^(a)	JYC ROE metric ^(a)	KWB NPAT metric ^(a)	KWB NPAT metric ^(a)	Bedshed NPAT metric ^(a)

Fair value model inputs

Grant date	13 December 2022
Expected life	3 years
Share price on grant date	\$3.57
Dividend yield (%)	6.00%
Expected volatility (%)	45%
Risk-free interest rate (%)	3.115%
Model used	Black-Scholes

(a) The expense recognised in respect of the performance rights is based on the Board's assessment of the probability that certain milestone Return on Equity (ROE) or Divisional Net Profit After Tax (NPAT) metrics will be achieved, measured cumulatively over the three-year period commencing 1 July 2022 and ending 30 June 2025. There are three milestones: "threshold"; "target"; and "stretch and above". Meeting these milestones results in, respectively, 25%, an additional 25%, and the final 50% of the rights vesting into ordinary shares.

(ii) Key Management Personnel short term incentive scheme – related rights

The short term incentive (STI) scheme offered to the Executive relating to the 12 months to 30 June 2022, contains a clause that allows potential restricted right share-based payments to be made to participants, to the extent that they achieve above target milestones. The below restricted right shares are issuable to Key Management Personnel in line with the STI scheme.

KMP details

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison
Maximum number of rights granted	3,845	10,270	2,447
Performance conditions	Achievement of >100% Group EBIT metric	Achievement of >100% Bedshed EBIT metric	Achievement of >100% Group EBIT metric

10. REVENUE

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue from contracts with customers		
Sale of goods	65,876	59,059
Franchise revenue	2,924	2,487
	68,800	61,546
Other revenue		
Rental revenue	314	366
Freight recovered	169	160
Other revenue	692	679
	1,175	1,205

Disaggregation of revenue

Management reviews the business at the level of disaggregation shown in the Operating Segments note. The disaggregation of revenue follows the operating segments identified, being revenue from the following activities and arrangements:

- Retail kitchen and wardrobe showrooms and retail bedding stores: revenue is earned at the point of product delivery; and
- Franchising: the majority of revenue is earned through payments made by the Franchisees for the services Bedshed provide in connection with the Franchise.

In understanding the segments, the organisation rarely considers the geographic location of the customer to understand the commercial drivers of the business.

11. EMPLOYMENT EXPENSES

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Wages and other employee benefits	11,542	9,846
Share based payments	944	377
Superannuation contributions	1,395	1,087
Payroll tax	802	670
	14,683	11,980

12. TRADE AND OTHER PAYABLES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Trade creditors	3,244	5,827
Customer deposits	13,997	14,149
Other payables	2,595	4,808
	19,836	24,784

13. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the half-year ended 31 December 2022, the following changes in related party relationships occurred within the Group:

Nicholas Palmer	Non-Executive Director (appointed 1 September 2022)
Chris Palin	Resigned as Finance Director and commenced as Non-Executive Director of KWB Group as at 1 July 2022

During the half-year ended 31 December 2022, the Group's entities entered into the following new transactions with related parties who are not members of the Group:

		31 Dec 2022	31 Dec 2021
Rights issued to Key Management Personnel under a Long-Term Incentive scheme	Number of rights ^(a)	544,247	440,479
Rights issued to Key Management Personnel under a Short-Term Incentive scheme	Number of rights ^(a)	16,562	-
Dividend equivalent payments to Key Management Personnel	\$'000	47	-

(a) Refer to note 9 for details of valuation of rights issued to Key Management Personnel.

14. EVENTS AFTER REPORTING DATE

The Directors have resolved to distribute a fully franked interim dividend of 8.0 cents per share. The record date is 14 March 2023 and the payment date is 31 March 2023.

Other than disclosed above, no event has occurred since the reporting date to the date of this report that has significantly affected, or may significantly affect the Group's operations, or the results of those operations, or the Group's state of affairs.

In the Directors' opinion:

- (a) the attached financial statements and notes thereto comply with the *Corporations Act 2001*, *Australian Accounting Standard AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Jeremy Kirkwood
Chair

Perth, 28 February 2023



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Joyce Corporation Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Joyce Corporation Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO

Melissa Reid

Director

Perth

28 February 2023

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