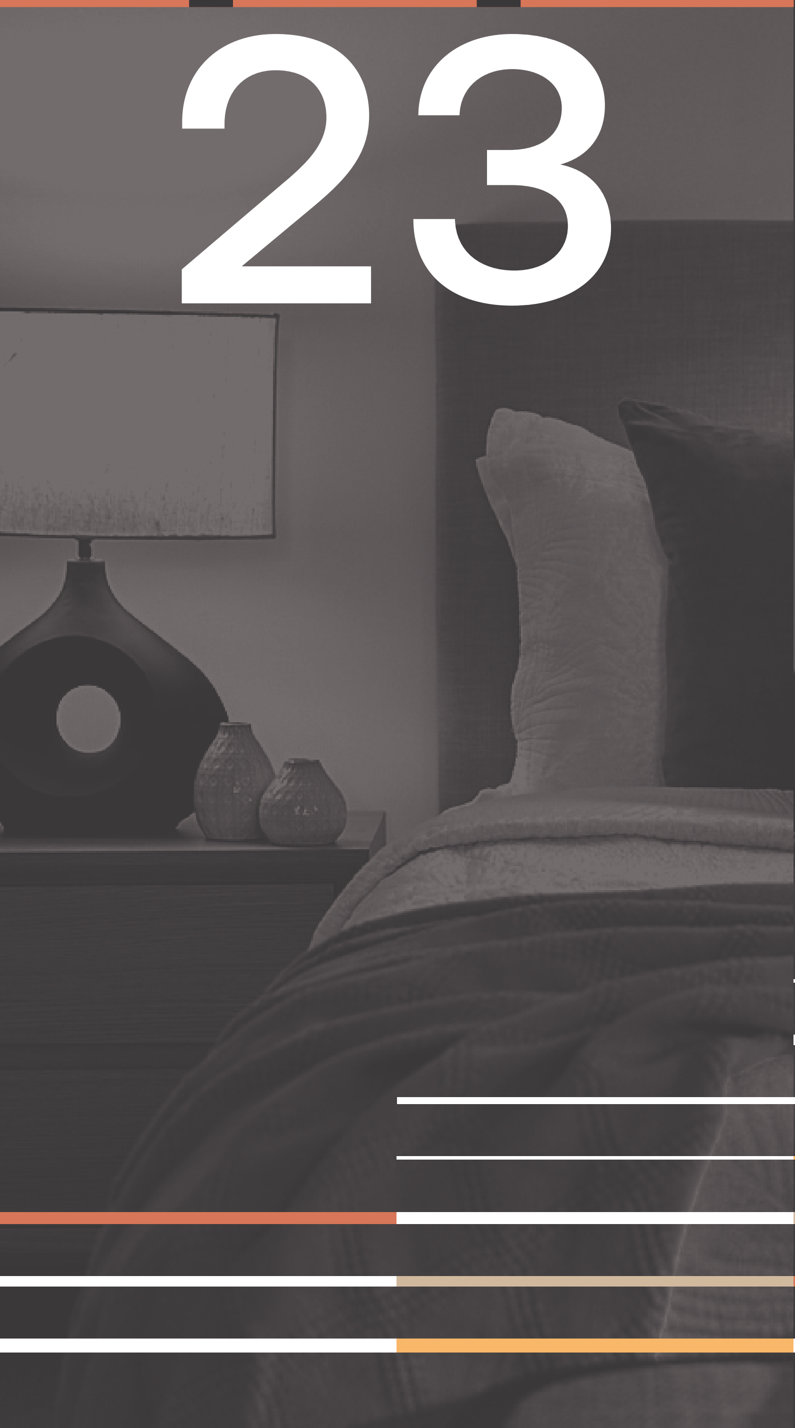
ABN: 80 009 116 269

JoyceGroup

FY 23

Annual Report 2023



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Letter from the Chair

On behalf of the Board, I am pleased to report that 2023 marked another year of success for Joyce Group, once again underscoring our commitment to excellence and resilience in the face of dynamic challenges and opportunities.
Our businesses continued to perform to a high standard, generating increased revenue and earnings, delivering high levels of customer satisfaction, and returning a record dividend to our shareholders.

We were the beneficiary of strong tailwinds for a large part of the year, with Australia's economy continuing its rebound from COVID-19 and consumers continuing to invest in their homes. This laid the foundations for KWB and Bedshed to continue to trade above pre-COVID levels and achieve substantial revenue growth.

Reported net profit after tax attributable to Joyce shareholders was $7.9 million. After normalising for after-tax impacts of significant items over the 2023 and 2022 financial years, including strategic property sales and the establishment of Crave, our underlying net profit after tax stood at $9.1 million, representing a significant increase from the previous year.

This strong profitability enabled us to declare a final dividend of 17.5 cents per share, resulting in a fully franked full-year dividend of 25.5 cents. The full year dividend is at the upper end of our policy of returning 60-80% of underlying net profit after tax attributable to Joyce shareholders in dividends.

As we conclude the year, we do so in a position of financial strength with Group cash of $46.1 million and no debt, ensuring a solid footing for the year ahead.

This achievement would not have been possible without the collective dedication of our team and the unwavering support of our business partners, franchisees and suppliers whose contribution has been integral to our success. On behalf of the Board, I extend our gratitude for their steadfast commitment.

As successful as the year was, it was not without its challenges. Towards the latter part of the financial year, successive interest rate rises began to impact consumer spending, leading to reduced foot traffic across various regions. The persistent pressures of rising costs and labour constraints remained an ongoing concern throughout the 2023 financial year, and we anticipate their continuance into the 2024 financial year.

Informed by our experiences during the COVID-19 pandemic, we recognise the necessity of agile planning to navigate changing circumstances.
I am very pleased to say that our people have demonstrated remarkable adaptability, and our strategic acumen has enabled us to confidently move forward, well-prepared for what lies ahead.

Our business model is simple, robust and repeatable. Our partnership with KWB once again delivered shared success. KWB experienced strong demand for its kitchen and wardrobe design, build and installation services and continued to grow its revenue and earnings. The business installed more than 4,300 kitchens and 2,600 wardrobes in the 2023 financial year, while maintaining its high level of quality and customer satisfaction.

Whilst we always have an eye on growth, we are not prepared to seek growth at any cost. Constrained by the scarcity of skilled labour, KWB judiciously deferred new store openings in favour of focusing on margins and delivering high levels of customer service and investing in showroom enhancements which improved productivity and customer engagement.

KWB will continue to grow, and when constraints ease, we will recommence new store openings to capture the many market opportunities we see, particularly in Sydney.

Bedshed achieved modest revenue and earnings growth, albeit with challenges posed by rising costs and shifting consumer demand. Expenses to support the franchisee network were up as we returned to pre-COVID levels of support for franchisees and suppliers. The franchise network continued to grow, with new stores in Ballarat (VIC) and Castle Hill (NSW) opened, bringing the franchise network to 37 stores. Since the close of the financial year, we have secured a further two franchise locations in Queensland.

During the year, Bedshed launched an online mattress brand called Drift. Drift was developed after detailed market research identified an opportunity to target Gen Z and Millennial markets via a simple e-commerce journey. The brand also introduces new customers to Bedshed, which we expect will build loyal customers for the business over the longer term.

Our home staging start-up, Crave, has received positive feedback since its soft launch in Perth in September 2022. Since early 2023, the home market has contracted significantly, slowing Crave's ramp up. We remain focused on nurturing Crave's potential in 2024, with aspirations for expansion only if the Perth pilot is proven.

This year we welcomed Nick Palmer to the Board as a Non-Executive Director. Nick adds invaluable retail experience and strategic insight to our Board. Nick's appointment coincides with the retirement of Tim Hantke, a stalwart contributor to our journey since 2006. We extend our gratitude to Tim and wish him the very best..

Joyce Group is a resilient business with talented and committed people, loyal customers, and great brands. As we continue to face challenging economic conditions, we do so armed with a strong financial foundation, innovative thinking, and a business that is resilient and flexible.

We remain committed to delivering exceptional products and services to our customers while continuing to honour our promise of value to shareholders. Once again, I would like to thank everyone connected with the Joyce Group from our KWB business partners led by John Bourke to our employees and our franchisees. I also extend my appreciation to my fellow Directors, our CEO Dan Madden, and the Executive team for their valuable advice and support.

Finally, thank you to our shareholders for continuing to invest in Joyce Corporation. I look forward to reporting back to you on our continued progress in 12 months' time.

CEO's Address

Introduction

2023 allowed Joyce Corporation to demonstrate its credentials amidst a challenging economic landscape characterised by supply chain complexities, labour limitations and escalating expenses. Despite these hurdles, the Company achieved strong results, including record revenue, a robust profit outcome and an increased dividend for its shareholders (the Company's highest ever).

While we take pride in this achievement, we are committed to continuous improvement. To bolster our performance, we aim to focus on strategic growth within our existing ventures and continue to adopt a disciplined and prudent approach to expanding into new, adjacent markets.

At the core of our success lies our unwavering dedication to delivering exceptional products and services to our customers. We owe our achievements to our valued partners, including the KWB Group, our Bedshed franchisees and our employees, who manage our company-owned Bedshed stores and uphold the Group's strong, reputable and trusted brands.

The Group's financial performance was underpinned by record revenue of $144.7 million, representing a 12% increase over the previous year as KWB and Bedshed continued to capitalise on the tailwinds of strong demand driven by homeowners seeking to add value to their homes.

EBITDA of $31.1 million was down 3%, delivering a Group NPAT of $16.4 million, a decrease of 7%. The reported NPAT attributable to Joyce Shareholders was $7.9 million, down from the $9.1 million achieved in 2022. After adjusting for the after-tax impacts of the significant items across the financial years (which included finalising the sales of the Group's investment property in Lytton, QLD and its Howe Street property in WA, as well as the Group's establishment, launch and ramp-up of Crave), the normalised NPAT attributable to Joyce Shareholders in 2023 is $9.1 million versus the comparative of $7.5 million in 2022.

As of June 30, the Group's financial position remains strong, with zero debt and a cash balance of $46.1 million. The Operating Cashflow for the financial year was $25.5 million (inclusive of lease payments, excluding tax payments and interest).

Thanks to our solid financial performance, we were able to deliver a final fully franked dividend of 17.5 cents per share, in line with 2022's record high dividend for Joyce shareholders. The full-year dividend for 2023 was 25.5 cents per share, reflecting our commitment to rewarding our shareholders.

KWB Group Financial Results

KWB maintained its upward growth trajectory, achieving exceptional results with record-breaking revenue and EBIT figures. Revenue grew to $123.4 million compared to $108.0 million, a 14% increase, while EBIT was $25.0 million compared to $25.6 million.

KWB's order book at the end of the financial year stood at $45.0 million highlighting the continued strength of demand for the business's unique product offering.

The Casula showroom in Sydney was opened during the year, while initiatives were also undertaken to upgrade existing showrooms and remain ongoing.

While kitchen renovations remain KWB's primary focus, the business' wardrobe design and installation capability has been steadily expanding and is poised for further strengthening in the coming years.

Bedshed Financial Results

2023 was a year which saw Bedshed uphold its robust operational performance while successfully achieving its goals of expanding its franchise network with new franchise stores opened in Ballarat, VIC and Castle Hill, NSW.

Franchisee operations performed well, generating increased revenue of $5.6 million compared to $5.3 million in the prior year, and delivered an EBIT margin of 47% versus 53% in prior year.

Bedshed's company-owned stores traded strongly and generated $15.7 million of revenue, in line with the $15.7 million generated in the prior year. EBIT was $2.3 million compared to $1.9 million in the prior year.

The strength of Bedshed's experienced team has allowed the business to foster robust supplier relationships and harness the strength of its brand, which has allowed the business to sustain impressive margins, even amidst cost challenges.

Crave

Crave Home Staging was launched as a pilot in September 2022, funded by part of the proceeds from the sale of Joyce's corporate premises in the 2022 financial year. Approximately $2.2 million has been allocated in capital and operating start-up costs prior to the soft launch in September 2022.

Since the soft launch, we have seen encouraging signs with an increase in market penetration, revenue and exceptional customer feedback however, the ramp-up of the business has been slower than initial expectations due to a contraction in the housing market in the second half of the financial year[1].

During the financial year, Crave generated $0.5 million of income. Expenditure in the first half of the year was $0.9 million including start-up costs expensed to the launch date. Income and operating expenditure in the second half of the financial year has been $0.4 million and $0.7 million respectively.

Crave is now generating recurring business with an established network of real estate agents. It will have a near-term focus on continuing to build this network and increase market penetration rates to reach its current operating capacity within its Western Australian footprint.

Corporate

The Group remains debt free, with a closing net cash balance of $46.1 million at 30 June 2023, compared to $31.9 million at 30 June 2022.

During the financial year, the sale of the Group's investment property in Lytton, QLD was finalised, with KWB commencing its leaseback arrangement. The move to the Company's new head office in Osborne Park, WA was also completed during the financial year. In June 2023, the Company executed a lease assignment agreement relating to its existing leaseback transaction on its corporate property that was sold during the 2022 financial year.

The Company continues to apply a disciplined capital management approach to build a solid platform from which to drive our growth ambitions further.

Outlook

As we reflect on the challenges and successes of the past year, it is clear that we are operating in a dynamic and uncertain economic environment. The impact of successive interest rate rises has been felt, particularly on discretionary spending, leading to a period of softened demand. As we look ahead, we anticipate continuing uncertainty and a challenging trading landscape in the coming months.

Amid these uncertainties, we are committed to navigating the evolving market conditions with resilience and agility. The current inflationary pressures and decline in discretionary spending are likely to put pressure on our revenue and margins, requiring us to be vigilant and adaptable in our approach.

Both KWB and Bedshed have solid foundations that will enable them to weather tougher market conditions and our focus remains steadfast on maintaining high standards of operational and financial performance while ensuring customer satisfaction.

Looking forward, our businesses within Joyce Group are well-positioned for growth. With large addressable markets and opportunities for footprint expansion, we see potential for significant progress in the future.

KWB will focus on expanding in Sydney when the timing is right, while also exploring opportunities to expand its wardrobe offering into new markets. Deferred store openings and further expansion into Sydney remain integral to our forward plans for the 2024 calendar year and beyond.

Bedshed remains on a network growth trajectory and we will continue to actively develop a robust pipeline of franchisees and enhance our e-commerce offering to support our bricks and mortar stores.

Whilst we continue to see an opportunity for Crave in the growing Australian home staging market, we will be carefully assessing any allocation of further capital, whether for growth within WA or for interstate expansion, which will be dependent on the success of the pilot program.

Confident in our business resilience, customer and supplier relationships, and financial strength, we look forward to generating solid returns in 2024. We are fortunate to have a dedicated and loyal team, strong brands, and an appealing offering to Australian consumers. Our commitment to putting customers first has been instrumental in building our reputation, strengthening our brands, and ultimately delivering financial performance for our shareholders.

In conclusion, I extend my gratitude to our teams and valued shareholders for their unwavering support. Together, we will navigate the challenges ahead and seize the opportunities for growth, continuing to deliver excellence and value.

[1] CoreLogic® Monthly Housing Chart Pack

Joyce Corporation Consolidated Results	FY23 $'000	FY22 $'000	Variance ($)	Variance (%)
Revenue	144,701	129,016	15,685	12%
Gross Profit	77,085	67,838	9,247	14%
Total Group Expenses	37,559	34,044	3,515	10%
Expenses (% of revenue)	26%	26%	n/a	
EBITDA	31,141	32,208	-1,067	-3%
EBITDA Margin	22%	25%	n/a	
Net Profit After Tax	16,377	17,610	-1,233	-7%
NPAT Attributable to Joyce Members	7,934	9,086	-1,152	-13%
Normalised NPAT Attributable to Joyce Members	9,129	7,461	1,668	22%
EPS – cents	28.00	32.19	-4.19	-13%
Normalised EPS – cents	32.14	26.44	5.70	22%

Joyce Corporation Consolidated Results	FY23 $'000	FY22 $'000	Variance ($)	Variance (%)
Closing group cash	46,079	31,933	14,146	44%
Debt	-	-		
Net cash	46,079	31,933	14,146	44%

Who we are

Fast growing ASX-listed company operating and invested in quality Australian businesses

Well established and consistently performing businesses and partnerships with strong organic growth potential

Committed to delivering increased earnings while establishing a solid platform for future growth

Our Vision

We seek to make a meaningful positive difference to the lives of our shareholders, partners, franchisees, employees and customers.

Primary Objective

To drive revenue growth and deliver above average returns.

Strategic Direction

"With the KWB Group and Bedshed, Joyce has established brands that are synonymous with helping Australians add value to their greatest asset – the family home – this is the sector we are concentrating on".

J. KIRKWOOD - CHAIR

Working together is key to success

Shareholders

Track record of Total Shareholder Returns.

Partners

Track record of growth and long-term mindset.

Franchises

Deep sector and operational knowledge and supportive growth-focused approach.

Employees

Ability to make an impact growing national brands in a supportive team environment.

Customers

Quality products and services, deep product knowledge and convenience.

FY23 Business Unit Performance

John Bourke
Managing Director – KWB Group

KWB Group Commentary

KWB Group's trading brands, Kitchen Connection and Wallspan, operate a network of 26 showrooms across Queensland, NSW, and South Australia. KWB Group is a clear leader in the Kitchen and Wardrobe renovation market, delivering an exceptional consumer experience and is the only Kitchen and Wardrobe renovation company to achieve over 3,000 5-star customer reviews[1] on Australia's largest independent consumer review website.

I am pleased to provide an overview of the performance of KWB for the 2023 financial year, highlighting our continued growth and record revenue and profits.

KWB continued to experience robust demand for its kitchen and wardrobe design, build and installation services. With a focus on maximising revenue through existing assets, outstanding results were achieved, with over 4,300 kitchens and 2,600 wardrobes installed. These efforts translated into improved revenue, reaching a record-breaking $123.4 million, a substantial 14% increase from the previous year's $108.0 million.

Our strategy to manage higher costs and labour constraints involved prioritising customer experience and ensuring smooth supply chains. Concentrating on maintaining KWB's reputation for quality service, allowed the business to successfully navigate the challenges it faced during the financial year.

Against a backdrop of a tight labour market we took the decision to defer new store openings in FY23, reallocating funds and resources to refurbish existing facilities. This strategic decision aimed to enhance customer conversion rates and overall productivity and yielded positive outcomes.

Despite facing cost increases, the business has effectively managed margins, resulting in strong gross profit during a period of high operational capacity. Prudent cost management, combined with significant revenue growth, contributed to a record EBIT of $25 million, a 31% increase from the 2022 financial year and a record EBIT margin of 20.5%.

Additional focus on the enhancement of operating efficiencies, lead to a reduction in rework and warranty costs compared to the previous financial year, remaining below 1.5% of net sales.

Maintaining a strong financial position, KWB concluded the financial year with cash on hand of $30.4 million, supported by customer deposits of $12.2 million.

Looking ahead to the 2024 financial year, the current macroeconomic trading conditions are anticipated to continue to pose challenges, with the expectation that gross margins will normalise and lead times reduce, returning to pre-COVID levels. A measured response to drive growth and counteract these challenges is planned, including an increase in marketing initiatives and continued tight cost control.

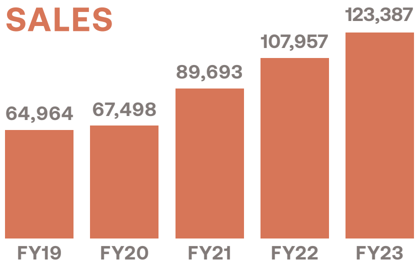
While securing skilled labour continues to be a challenge, particularly in Sydney, the business remains dedicated to maintaining high-quality customer service. Consequently, new store openings in Sydney have been placed on hold, subject to ongoing review.

The business remains committed to its growth strategy and will look to seize any potential opportunities that may arise in 'A-grade' locations within South Australia and Queensland as replacement locations for the closed Windsor showroom and soon to be closed Keswick showroom.

During the financial year, the showroom network underwent several renovations and refurbishments, all of which have contributed to improved customer conversion rates and overall productivity. This program of improvements will continue into the 2024 financial year, ensuring facilities remain up-to-date with a focus on the customer experience.

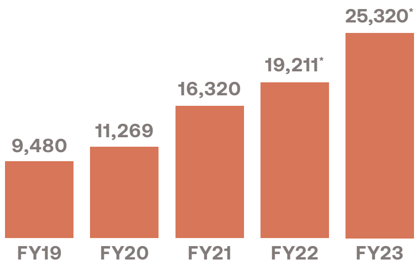
In conclusion, I extend my gratitude to the entire KWB team, whose dedication and hard work have been pivotal to our success and who remain unwavering in our commitment to delivering excellence and growth.

SALES



NET REVENUE ($000s)
FY19 – FY23 CAGR 13.7%

EBIT



EBIT ($000s)
FY19 – FY23 CAGR 21.7%
*Excluding income and expenses relating to sale of investment property

[1] https://www.productreview.com.au/listings/kitchen-connection

FY23 Business Unit Performance

Gavin Culmsee
Managing Director – Bedshed

Bedshed

Bedshed supplies quality bedding and bedroom furnishings across Australia and is one of the industry's most recognisable brands. Bedshed currently operates a 41 store network, including 37 franchise stores, all of which are supported by a sophisticated e-commerce offering. The Bedshed brand was the first in the Homewares and Furniture category of the Australian Franchise Rating Scale™ to be awarded a 5-star rating[1].

Amid challenging market conditions, I am pleased to present Bedshed's operational performance for the 2023 financial year. Despite the challenging environment, our franchisees, company-owned stores, central office marketing and product management teams delivered a robust underlying EBIT of $5.4 million.

The combined Bedshed Franchising and Company Store operations delivered revenue of $21.3 million, comparable to the previous year's $21.1 million.

Bedshed demonstrated resilience in navigating the rising cost environment, managing segment expenditure at 40.2% of revenue, an improvement from the previous year's 41.0%. EBIT increased by 3.5% to $5.0 million and the EBIT margin rose from 22.6% to 23.4%.

Franchise operations generated revenue of $5.6 million, an increase from the prior year's $5.3 million. During the year, no franchise agreements were up for renewal, a notable difference from the six agreements in the previous year.

As the franchise network returned to pre-COVID levels of activity, franchise operations expenses rose from $4.0 million to $4.6 million. The increase was primarily driven by travel expenses as valuable time was dedicated to strengthening connections in-store with franchisees and re-connecting with suppliers, as we work to enhance our overseas supply chain.

Despite the return to normal activity and increased expenditure, franchise operations EBIT stood at $2.6 million, with a strong EBIT margin of 46.2%.

While the EBIT margin decreased compared to financial year 2022 and financial year 2021, it remains significantly higher than pre-COVID levels.

Company-owned stores also performed strongly, generating $15.7 million of revenue, consistent with the prior year.

Notably, company-owned store EBIT increased to $2.3 million, a rise from the previous year's $1.9 million.

Our strategic focus continues to centre on growing the franchise network. During the financial year, new franchise stores were successfully opened in Ballarat (Regional VIC) and Castle Hill (Sydney, NSW), bringing the total franchise network to 37 stores. While a commitment to network growth remains, this is being approached with tempered expectations given the current economic climate.

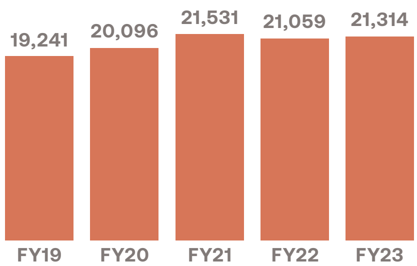
Whilst the current macroeconomic conditions have created challenges, the size and strength of the Bedshed franchise network, coupled with relatively low operating costs and high operating margins position us well to weather what are likely to be tougher trading conditions into financial year 2024.

Looking ahead, two additional franchise locations have been secured and are planned to open in financial year 2024, with Jindalee in metro Queensland scheduled to open in the first quarter and Toowoomba in regional Queensland later in the financial year.

In line with our growth strategy, in June 2023 Bedshed soft-launched an online mattress brand called Drift. This brand targets the Gen Z and Millennial market segments, offering a simplified e-commerce journey. Importantly, Drift serves as an introduction to the Bedshed brand for this customer segment, contributing to building brand presence over the longer term and enhancing the lifetime value of the Bedshed customer.

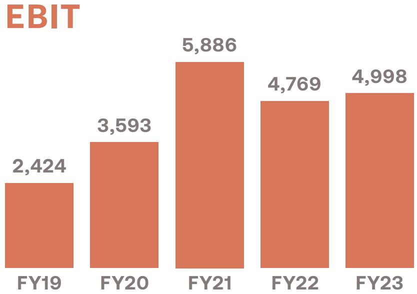
Overall, I extend my heartfelt thanks to our dedicated teams and franchise partners whose commitment and efforts have been instrumental in achieving these positive outcomes. Together, we remain steadfast in driving Bedshed's growth and success in the ever-evolving market landscape.

SALES



NET REVENUE ($000s)
FY19 – FY23 CAGR 2.1%

EBIT



EBIT ($000s)
FY19 – FY23 CAGR 15.6%

[1] https://www.thefranchiseregistry.com.au/section/Home/Franchise_Search?s=bedshed

Board of Directors

Jeremy Kirkwood

Chair
Bachelor of Commerce ANU

Jeremy was appointed a Non-Executive Director in January 2020. He has extensive experience in corporate strategy, investment banking and global capital markets and provides invaluable strategic input and guidance to the Company's board and management team. Jeremy is a principal of Pilot Advisory Group and was previously a Managing Director at Credit Suisse, Morgan Stanley and Austock. He has primarily worked in public markets, undertaking merger and acquisitions and capital raisings for companies principally in the metals and mining, energy and infrastructure sectors. Jeremy is a Director of Talisman Mining Limited (Chair until July 2020), Hawsons Iron Ltd, Trustee of the Ross Trust, a Director of Hillview Quarries Pty Ltd and a Director of Gravitas Technologies Pty Ltd.

Other current directorships of listed entities
Talisman Mining Ltd
Hawsons Iron Ltd

Former directorships of listed companies in last 3 years
Kin Mining NL
(resigned 31 July 2019)

Special responsibilities
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Chair of the Nomination Committee (effective 1 July 2023, following Mr Hantke's retirement)
Member KWB Board

Interests in shares and options held directly, indirectly, or beneficially
147,371 ordinary shares

Karen Gadsby

Deputy Chair
Bachelor of Commerce, FCA, MAICD

Karen has over 20 years' Chair/Non-Executive Director experience and has held directorships across the publicly-listed, private, government and not-for-profit sectors in Western Australia and Victoria. Karen is a Director of Mindful Meditation Australia Inc. and a Director of SOSCY Pty Ltd. Karen has a finance background and was a Chartered Accountant with Coopers and Lybrand and then worked as a senior executive with North Limited for 13 years, in various executive roles across the areas of finance, commercial, risk, IT and human resources.

Other current directorships of listed entities
None

Former directorships of listed companies in last 3 years
Talisman Mining Ltd
(retired 4 November 2020)

Special responsibilities
Chair KWB Board
Chair of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
87,500 ordinary shares

Timothy Hantke

Non-Executive Director (retired 30 June 2023)
Bachelor of Commerce, FAIM, FAICD

Tim specialises in mentoring and coaching CEOs, senior executives and business owners, along with being a commercial mediator and professional company director. Having held a broad variety of roles within organisations of all sizes, Tim now focuses on key board positions and mentoring others. His focus is to work with leaders and to get to the source of their thinking and behaviours, and help them find new ways of communicating, collaborating, and negotiating to meet their organisational, professional and personal goals.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities (up to Mr Hantke's retirement on 30 June 2023)
Chair Bedshed Franchising Pty Ltd
Chair of the Remuneration Committee
Chair of the Nomination Committee
Member of the Audit and Risk Committee

Interests in shares and options held directly, indirectly, or beneficially
22,271 ordinary shares

Travis McKenzie

Non-Executive Director

Bachelor of Law, Bachelor of Commerce, GAICD

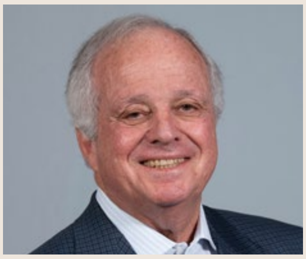
Travis has had extensive experience on private boards since 2009. These organisations operate in multiple industries including marketing, education and property development. This experience, particularly in the marketing and property space, is particularly relevant to the Joyce Board. His work in derivatives and foreign exchange trading has allowed Travis to experience business and operating in Europe and the Americas, as well as here in Australia. This exposure to international thinking allows Travis to bring fresh perspectives and approaches to the Group. His early career as a lawyer adds complementary skills to the Board and provides thought leadership for management in issue resolution.

Other current directorships of listed entities
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Director Bedshed Franchising Pty Ltd
Member of the Audit and Risk Committee
Chair of the Remuneration Committee (effective 1 July 2023, following Mr Hantke's retirement)
Member of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
16,799 ordinary shares



Daniel Smetana

Non-Executive Director, former Chair (January 1985 to November 2018)

Diploma of Commerce, FCPA, FAIM, FAICD

Dan is a Non-Executive Director and former Chairman of Joyce Corporation Ltd and Bedshed Franchising Pty Ltd. He has had 50 years' Chair/Non-Executive Director experience and has held directorships across various sectors including Defence Reserves Support Council – WA, Youth Focus, Western Power, WASO, Edge Employment, IFAP, WA Federation of PCYC and Korab Resources Limited. Dan is a visionary leader who has been deeply involved with Joyce Corporation in executive, Chair or NED roles since 1984. Dan is a recipient of the Centenary Medal.

Other current directorships of listed entities
None

Former directorships of listed companies in last 3 years
Korab Resources Ltd (retired 1 January 2020)

Special responsibilities
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
11,063,654 ordinary shares

Nicholas Palmer

Non-Executive Director (appointed 1 September 2022)

Bachelor of Business, MBA

Nick is an experienced chief executive officer, director and strategic advisor with extensive retail, consumer and financial services experience having held the roles of Group Managing Director of Spotlight Group Holdings and CEO and Managing Director of Radio Rentals Group. Nick also has an extensive background as a management consultant, serving in the senior roles of Partner at Bain & Company and Principal at The Boston Consulting Group, where he advised boards and senior executives on matters such as corporate and business unit strategy, performance improvement and merger integration. Nick has a proven track record of delivering strategic change, transformation and growth across a broad range of situations and industries.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee
Alternate Member KWB Board

Interests in shares and options held directly, indirectly, or beneficially
Nil

Information on Secretaries

Daniel Madden

CEO and Group Company Secretary

Bachelor of Commerce, ACC, ACA, Governance Institute of Australia

Dan was appointed as CEO of Joyce Corporation Ltd on 1 December 2020 and has a reputation as a values driven, people oriented executive with a collaborative approach. Dan was previously the Managing Director and CEO of Talisman Mining Ltd, an ASX listed mineral exploration and development company with a track record of creating shareholder value. Dan was appointed as Managing Director of Talisman in 2016, having been Chief Financial Officer and Company Secretary since 2009. Dan's prior background was in finance as CFO/General Manager Finance in ASX listed and large international organisations, including more than 17 years' experience in the resource sector, including Xstrata Nickel Australasia, Jubilee Mines NL and Perilya Ltd. Dan is an Associate Member of the Institute of Chartered Accountants of England and Wales and a member of the Governance Institute of Australia and Australian Institute of Company Directors. He graduated from the University of Birmingham with a degree in Commerce and Accounting.

Other current directorships of listed entities
None

Former directorships of listed companies in last 3 years
Talisman Mining Ltd
(resigned 4 November 2020)

Special responsibilities
Member KWB Board

Interests in shares and options held directly, indirectly, or beneficially
Nil

Tim Allison

CFO and Group Company Secretary

Bachelor of Commerce, CAANZ, AGIA ACG (CS), GradDip Applied Finance

Tim was appointed as CFO and Company Secretary of Joyce on 1 April 2021. His career spans more than 10 years across multiple industries with a focus on finance, including roles as CFO, General Manager of Finance and in CFO Advisory consulting. Tim is a Chartered Accountant, having qualified at BDO Audit in Perth, WA. Tim is also a member of the Governance Institute of Australia and has a Graduate Diploma in Applied Finance from Kaplan. Tim brings to Joyce a diverse skill set including process automation; big data analysis; enhancement of strategic reporting and enhancing governance standards.

Other current directorships of listed entities
None

Former directorships of listed companies in last 3 years
None

Interests in shares and options held directly, indirectly, or beneficially
Nil

Your Directors present their report on the Joyce Group ("the Group"), consisting of Joyce Corporation Ltd ("Joyce" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2023 ("the financial year").

The names of the Company's Directors and Secretaries in office during the financial year and until the date of this report are as stated below. Directors and Secretaries were in office for this entire period unless otherwise stated.

DIRECTORS

Jeremy Kirkwood	Non-Executive Director (Chair)
Karen Gadsby	Non-Executive Director (Deputy Chair)
Daniel Smetana	Non-Executive Director
Timothy Hantke	Non-Executive Director (retired 30 June 2023)
Travis McKenzie	Non-Executive Director
Nicholas Palmer	Non-Executive Director (appointed 1 September 2022)

SECRETARIES

Daniel Madden	CEO and Group Company Secretary
Tim Allison	CFO and Group Company Secretary

MEETING OF DIRECTORS

The numbers of meetings of the Board of Directors and of each Board Committee held during the financial year and the individual attendance by Directors at those meetings which they were eligible to attend, were:

	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Jeremy Kirkwood	11	11	5	5	2	2	1	1
Karen Gadsby[(a)]	11	8	5	3	2	1	1	0
Daniel Smetana	11	11	5	5	2	2	1	1
Timothy Hantke	11	11	5	5	2	2	1	1
Travis McKenzie	11	11	5	5	2	2	1	1
Nicholas Palmer	9	9	2	2	2	2	1	1

(a) Due to family bereavement and the associated personal commitments, Karen Gadsby was unable to attend some Board and Board Committee meetings. Where appropriate, Travis McKenzie assumed the role of Audit and Risk Committee Chair in Karen Gadsby's absence.

OPERATING AND FINANCIAL REVIEW

Principal activities

During the financial year, the principal activities of the Group consisted of:

- Majority owner of 51% of KWB Group Pty Ltd, operator of retail kitchen and wardrobe showrooms;
- Franchisor of the Bedshed chain of retail bedding stores; and
- Owner and operator of four Bedshed retail stores.

Significant changes in state of affairs

There are no other significant changes in the state of affairs of the Group that occurred during the financial year that are not otherwise described in this report.

Review of results and operations

Group results

For the 2023 financial year, the Group delivered revenue of $144.7 million (2022: $129.0 million) and a profit before tax of $24.0 million (2022: $26.3 million) and a profit after tax of $16.4 million (2022: $17.6 million).

At 30 June 2023, the Group held total equity of $37.8 million (2022: $35.5 million) and cash and cash equivalents of $46.1 million (2022: $31.9 million). The Group remains debt free at 30 June 2023.

Operating cashflow (including principal lease payments, excluding interest and tax) was $25.5 million (2022: $25.7 million), with the decrease being driven by the addition of lease liabilities during the financial year. Further details can be found in Notes 24 and 29 to the Financial Statements.

Division results

	Segment Revenue		Segment EBIT		Segment EBIT Margin %	
	FY23	FY22	**FY23**	FY22	**FY23**	FY22
	$000	$000	**$000**	$000	**%**	%
KWB Group	**123.4**	108.0	**25.0[2]**	25.6[1]	**20.3[2]**	23.7[1]
Bedshed Franchise Operations	**5.6**	5.3	**2.7**	2.8	**47.3**	53.0
Bedshed company-owned Stores	**15.7**	15.7	**2.3**	1.9	**14.9**	12.3

[1] KWB's FY22 EBIT results include a gain on sale of its investment property of $6.3 million.
[2] KWB's FY23 EBIT results include $0.3 million of costs related to the sale of its investment property.

KWB

Against a backdrop of a tight labour market, new store openings were deferred in FY23, with funds and resources reallocated to refurbish existing facilities. This strategic decision aimed to enhance customer conversion rates and overall productivity and yielded positive outcomes, with over 4,300 kitchens and 2,600 wardrobes installed. These efforts translated into increased revenue of $123.4 million, a 14% increase from the previous year's $108.0 million.

Productivity efficiencies were addressed throughout the year, resulting in rework and warranty costs being down 6% on the previous year, running below 1.5% of net sales. Combined with the fact that cost increases experienced during the year were largely able to be recovered through pricing, KWB achieved strong gross margins during a period where the business was operating at or near capacity.

The strong gross margin and revenue growth, combined with careful management of costs, helped deliver an EBIT outcome of $25.3 million, 32% up on 2022 (after adjusting for the sale of the business's investment property) and a record EBIT margin of 20.5% (after adjusting for the selling costs of the business's investment property).

Bedshed

Bedshed demonstrated resilience in navigating the rising cost environment, managing segment expenditure at 40.2% of revenue, an improvement from the previous year's 41.0%. Segment EBIT increased by 3.5% to $5.0 million, with EBIT margin increasing from 22.6% to 23.4%.

Expenses increased from $4.0 million to $4.6 million as a return to pre-COVID levels of activity resulted in increased costs for the franchisee network, driven primarily by travel expenses, as time was devoted to strengthening valuable connections with franchisees and re-connecting with suppliers.

Inventory balances were reduced by approximately 25%, freeing up working capital to be deployed in other key strategic focus areas including further enhancing the business's e-commerce platform and expanding its omni-channel service offering.

Likely developments and future prospects

KWB plans to increase its marketing initiatives in FY24 to counteract the current and anticipated macroeconomic trading conditions. Lead times are also expected to normalise back to pre-COVID levels. To manage the risks associated with the current challenges in securing appropriately skilled labour, while maintaining a high standard of customer service, new showroom openings within NSW will remain on hold. However, KWB will continue to pursue opportunistic growth at 'A-grade' locations in SA and QLD. The program of renovations and refurbishments of existing facilities will continue into FY24.

Bedshed's strategic focus remains on growing the franchisee network, although with somewhat tempered expectations under the current economic climate. A further two franchisee locations have been secured with Jindalee (in metro Queensland) opening in the first quarter of FY24 and Toowoomba (in regional Queensland) planned to open late in the second quarter. Bedshed introduced an online mattress brand called Drift with a soft launch in June 2023. Drift is specifically targeted at Gen Z and Millennial market segments and offers the convenience of a simple e-commerce purchase journey. Importantly, it also introduces this customer segment to Bedshed, which will help build the brand over the longer term. Along with growing the DriftSleep offering, Bedshed will continue to focus on enhancing its e-commerce platform and expanding its omni-channel service offering.

In September 2022, the Company launched Crave its home staging start-up as a pilot in WA. There has been an encouraging response from the market to the soft launch with increasing market penetration, revenue and exceptional customer feedback. Crave is now generating recurring business with an established network of real estate agents and the near-term focus is to continue to build this network and increase market penetration rates within its Western Australian footprint. The Company will continue to take a disciplined approach to further capital allocation to Crave.

In addition to the focus on organic revenue growth within its existing operations, the Company will continue to evaluate other investment opportunities that have a natural fit to its expertise and existing portfolio.

Material business risks

The Board remains optimistic about the Group's future trading performance and acknowledges that there are several factors, both specific to the Group and of a general nature, which may threaten the financial performance of the Group. The financial performance of the Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest and exchange rates and government policies. The Group acknowledges the existence of these risks and in the first instance, seeks to identify and understand individual risks and then, to the extent possible, manage and mitigate those risks.

Joyce is evolving its approach to risk management to meet the demands of the Group's operating environment and the expectations of the Group's customers, the communities it operates in, its team members and investors. While the Group's approach to risk management seeks to identify and manage material risks and emerging risks, additional risks not currently known or detailed below may also adversely affect future financial performance.

The specific material business risks that could adversely affect the financial performance of the Group and how the Group manages these risks, are set out below.

Consumer discretionary spending and changes in consumer demands

The Group is exposed to both the upside and downside of consumer spending cycles and changes in consumer demands. Consumer demand can shift rapidly and the Group needs to react to the change quickly to optimise financial performance. Seasonality, rising inflation and interest rates, shifting consumer preferences and changes to purchasing trends may impact consumer demand for the Group's discretionary products. Inability to respond to rapid shifts in consumer demand may result in decreased market share and financial performance.

The Group closely monitors the information it has available regarding changes in economic environments and consumer demand, allowing it to respond quickly to any material changes. The Group also aims to reduce seasonality in product range, conducts regular reviews of category performance, retains agility in pricing and promotion and maintains a strong financial position (including its liquidity position).

Leasing arrangements

The ability to identify suitable sites and negotiate suitable leasing terms for new stores is key to the Group's ongoing financial performance.

The Group believes that it will be able to continue to do this as it has done successfully to date. Management continually assesses the Group's strategy on locations and formats to optimise the store network.

Sustained disruption to operations resulting from external factors

External factors outside of the Group's control such as geopolitical conflicts, extreme weather events, global pandemics, rising commodity and interest rates, wage growth pressures and global inflation levels have already added volatility to the complex macroeconomic environment in which the Group operates. There is the risk that further unexpected changes to the macroeconomic environment may result in volatility to the group's financial performance.

To mitigate the Group's exposure to any potential volatility caused by changes to the macroeconomic environment in which it operates, it maintains a strong financial position, backed by a diversified and effective operating model. The Group also maintains a disciplined financial policy framework and has in place robust strategic planning processes.

Compliance by franchisees with franchise agreements

This risk relates to (Bedshed) franchisees acting in breach of the terms and conditions of their respective franchise agreements. The consequences of non-compliance may include damage to the brand, fines and other penalties from regulators and a reduction in franchise fees received from franchisees.

The (Bedshed) franchisor continually monitors and evaluates the performance of each franchisee to actively assess compliance with executed franchise agreements.

Managing the impact of climate risk

The Group acknowledges that climate changes are occurring around the globe which may impact its business in various ways: governments may take action to reduce climate change or the frequency of extreme weather events could increase, both leading to operational impacts.

The Group is focussed on preparing, as much as practicable, for potential extreme weather conditions, utility price fluctuations, changing regulations and stakeholder preferences. The Group regularly monitors regulatory and market changes which may impact the Group.

Dividends

Dividends declared or paid during the financial year are as follows:

	2023 $'000	2022 $'000
FY21 final fully franked dividend of 10.0 cents per share	-	2,817
FY22 interim fully franked dividend of 7.5 cents per share	-	2,117
FY22 final fully franked dividend of 10.5 cents per share	2,968	-
FY23 interim fully franked dividend of 8.0 cents per share	2,267	-
Total dividends paid	5,235	4,934

Matters subsequent to the end of the financial year

The Directors resolved that a FY23 final dividend of 17.5 cents per share, fully franked, be paid by Joyce Corporation Limited on 28 September 2023 to all shareholders registered as at the record date of 14 September 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, the results of those operations, or the Group's state of affairs.

Environmental regulation and reporting

The Group is not subject to any particular or specific environmental regulation in any of the jurisdictions in which it operates. The Directors are not aware of any particular or significant environmental issues which have been raised in relation to the Group's operations during the financial year.

INSURANCE OF OFFICERS

During the financial year, Joyce Corporation Ltd paid a premium to insure the Directors, Secretaries and Key Management Personnel (together "the Officers") of the Group. A clause in the relevant insurance policy prevents the disclosure of the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers of the Group and any other payments arising from liabilities incurred by the Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company or more broadly to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose for taking responsibility on behalf of the Company for all or part of those proceedings.

The Remuneration Report details the key management personnel (KMP) remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director of the Company.

For the purposes of this report, the term "Executive" encompasses the KMP and other senior executives of the Group.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Service agreements
C. Details of remuneration
D. Voluntary disclosures of STI and LTI schemes settled during the financial year
E. Share-based compensation
F. Link between remuneration policy and company performance
G. Voting at the 2022 Annual General Meeting (AGM)
H. Independent salary and incentive review
I. Loans or other transactions with directors and KMP

The information provided in this remuneration report is also included in the Annual Financial Report which has been audited as required by section 308(3C) of the Corporations Act 2001.

As well as the directors previously mentioned in this Directors' Report, other KMP of the Group include:

KMP	Position/s Held
Daniel Madden	CEO and Group Company Secretary, Joyce Corporation Ltd
Gavin Culmsee	Chief Operating Officer, Joyce Corporation Ltd and Managing Director, Bedshed
Tim Allison	CFO and Group Company Secretary, Joyce Corporation Ltd
John Bourke	Managing Director, KWB Group Pty Ltd
James Versace	CFO, KWB Group Pty Ltd
Chris Palin	Finance Director, KWB Group Pty Ltd to 30 June 2022

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration Committee

The Remuneration Committee Charter establishes the role of the Remuneration Committee, which is to review and make recommendations on Board remuneration; senior management remuneration; executive share plan participation; human resource and remuneration policies and senior management succession planning, appointments and terminations.

The main responsibilities of the Remuneration Committee include reviewing and making recommendations on remuneration policies for the Group including those governing the Directors and the KMP.

The Remuneration Committee comprises a majority of Non-Executive Directors and at least three members.

The Chair of the Remuneration Committee is appointed by the Board and is a Non-Executive Director.

The Remuneration Committee meets as and when required by the Remuneration Committee Chair and at least twice annually. The Committee may invite persons deemed appropriate to attend meetings and may take any independent advice as it considers necessary or appropriate. Any Committee member may request the Chair to call a meeting.

During the financial year, the Remuneration Committee reviewed and updated its Charter. A copy of the Remuneration Committee Charter is available on the Joyce Corporation website.

Remuneration policies

The objective of the Group's executive reward framework is to ensure reward is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of the Group's strategic objectives and the creation of value for shareholders. The Remuneration Committee and Board ensure that executive reward satisfies the following key criteria:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation to organisational results;
- Transparency; and
- Capital management.

In consultation with external remuneration consultants (where appropriate), the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The framework aligns to shareholders' interests by:

- Having economic profit as a core component of the framework's design;
- Focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price and delivering consistent return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracting and retaining high calibre executives.

The framework aligns to program participants' interests by:

- Rewarding capability and experience;
- Reflecting competitive reward for contribution to growth in shareholder wealth;
- Providing a clear structure for earning rewards; and
- Providing recognition for contribution.

Non-Executive Director remuneration

Fees and payments to Non-Executive Directors reflect the demands that are made on and the responsibilities of the Directors. Non-Executive Director fees and payments are reviewed annually by the Board. The Board considers, where appropriate, the advice of independent remuneration consultants to ensure Non-Executive Director fees and payments are appropriate and in line with comparable entities. The Chair's fees are determined independently to the fees of Non-Executive Directors, based on appropriately comparable roles. The Chair is not present at any discussions relating to the determination of their own remuneration.

The current base remuneration was last independently reviewed by Godfrey Remuneration Group in April 2021 and was effective from 1 July 2021.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The limit currently stands at $700,000 per annum and was approved by shareholders at the Annual General Meeting on 30 November 2017.

Executive remuneration

Fixed Component

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and is competitive with appropriately comparable roles. Fixed remuneration is reviewed annually by the Remuneration Committee and the process involves review of the Group's performance, the segment within which the executive operates and the individual's performance.

Variable Component – Short-Term Incentives

Goals are agreed at the start of each financial year and consist of key performance indicators (KPI's) incorporating both financial and non-financial corporate and individual-specific measures of performance. These measures are aligned to the Group's strategic objectives at the time. Examples of the types of measures used are targets for safety, profit, cash balances and segment specific KPI's. Refer to section D for further details. At the end of the financial year, the Remuneration Committee assesses the actual performance of the Group, the relevant segment and the individual against the agreed KPI targets. When the Group, or the relevant segment and the individual achieve their KPI's, the Board will reward the KMP with a cash bonus paid after the end of the financial year being assessed.

The amount paid is a discretionary percentage of a pre-determined (by the Board) maximum amount contingent on the results achieved. To the extent that achievement is above target milestones, potential restricted right share-based payments may be made to participants. No bonus is awarded where performance falls below the minimum threshold set.

Variable Component – Long Term Incentives

The Remuneration Committee offers performance rights in the Joyce Corporation Ltd Rights Plan (JRP). The current JRP was approved by shareholders at the Annual General Meeting on 23 November 2021. KPI's set under the JRP are linked to achievement of targeted shareholder return measures over a rolling 3-year period, within the relevant business area for each individual. For further details on performance targets, refer to section D.

B. SERVICE AGREEMENTS

This remuneration report outlines the Director and Executive remuneration arrangements with the Group in accordance with the requirements of the Corporations Act 2001 and its regulations.

The employment conditions of all KMP are formalised in contracts. The directors, CEO, COO and CFO are engaged by Joyce Corporation Ltd. All other Executives are permanent employees of subsidiaries within the Group.

Contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are set out below.

	Term of current agreement	Notice period in months	Termination payment in months	Total Fixed Remuneration	Short Term Incentive[b]	Long Term Incentive[b]
Daniel Madden	rolling	3	3	$462,000	30%	45%
Gavin Culmsee	rolling	3	3	$363,000	30%	30%
Tim Allison	rolling	3	3	$308,000	30%	30%
John Bourke	rolling	3	3	$464,984	30%	30%
James Versace	rolling	3	3	$301,223	30%	30%
Chris Palin[a]	-	-	-	-	-	-

(a) Chris Palin employment agreement ended on 30 June 2022. Non-Executive Director of KWB Group as at 1 July 2022.
(b) Variable remuneration (Short Term Incentive and Long Term Incentive) available pool as a percentage of Total Fixed Remuneration.

The Group can terminate each contract by providing the required written notice period or providing payment in lieu of the notice period (based on the fixed component of the KMP's remuneration). The Group may terminate a KMP or Executive for serious misconduct without notice. Where termination with cause occurs, the Executive is only entitled to that portion of remuneration that is fixed up to the date of termination.

All KMP are subject to at least one performance evaluation review each year.

C. DETAILS OF REMUNERATION

The remuneration summary of KMP for the current and prior financial year is set out below.

			Fixed remuneration				Variable remuneration				
Name	Note	Year	Salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Cash bonus paid	Cash – other[f]	Equity-settled performance rights[g]	Total	Performance related
Non-executive Directors											
Jeremy Kirkwood		**2023**	**171,041**	**-**	**-**	**17,959**	**-**	**-**	**-**	**189,000**	**0.0%**
		2022	163,636	-	-	16,364	-	-	-	180,000	0.0%
Karen Gadsby		**2023**	**105,285**	**-**	**-**	**11,055**	**-**	**-**	**-**	**116,340**	**0.0%**
		2022	100,727	-	-	10,073	-	-	-	110,800	0.0%
Daniel Smetana		**2023**	**85,520**	**-**	**-**	**8,980**	**-**	**-**	**-**	**94,500**	**0.0%**
		2022	81,818	-	-	8,182	-	-	-	90,000	0.0%
Timothy Hantke		**2023**	**95,403**	**-**	**-**	**10,017**	**-**	**-**	**-**	**105,420**	**0.0%**
		2022	91,273	-	-	9,127	-	-	-	100,400	0.0%
Travis McKenzie		**2023**	**85,520**	**-**	**-**	**8,980**	**-**	**-**	**-**	**94,500**	**0.0%**
		2022	81,818	-	-	8,182	-	-	-	90,000	0.0%
Nicholas Palmer	(a)	**2023**	**71,267**	**-**	**-**	**7,483**	**-**	**-**	**-**	**78,750**	**0.0%**
		2022	-	-	-	-	-	-	-	-	0.0%
Michael Gurry		**2023**	**-**	**-**	**-**		**-**	**-**	**-**		**0.0%**
	(b)	2022	34,091	-	-	3,409	-	-	-	37,500	0.0%
		2023	**614,036**	**-**	**-**	**64,474**	**-**	**-**	**-**	**678,510**	**0.0%**
		2022	553,363	-	-	55,337	-	-	-	608,700	0.0%
Other Key Management Personnel											
Daniel Madden		**2023**	**436,708**	**-**	**(5,115)**	**25,292**	**126,720**	**925**	**296,060**	**880,590**	**48.1%**
		2022	383,869	-	13,478	23,568	78,330	-	169,640	668,885	37.1%
Gavin Culmsee		**2023**	**337,708**	**-**	**21,302**	**25,292**	**94,050**	**20,841**	**250,320**	**749,513**	**48.7%**
	(c)	2022	289,108	-	(2,932)	23,568	134,332	-	168,900	612,976	49.5%
Tim Allison		**2023**	**282,708**	**-**	**10,497**	**25,292**	**79,800**	**589**	**64,440**	**463,326**	**31.3%**
		2022	248,590	-	8,219	23,568	4,700	-	44,000	329,077	14.8%
John Bourke		**2023**	**420,800**	**-**	**6,667**	**44,184**	**128,700**	**34,073**	**383,680**	**1,018,104**	**53.7%**
		2022	400,000	-	29,226	40,000	164,700	-	368,982	1,002,908	53.2%
James Versace		**2023**	**272,600**	**-**	**12,517**	**28,623**	**-**	**-**	**38,170**	**351,910**	**10.8%**
	(d)	2022	95,999	-	7,892	9,600	-	-	-	113,491	0.0%
Chris Palin	(e)	**2023**	**-**	**-**	**(32,035)**	**-**	**83,250**	**26,952**	**253,420**	**331,587**	**109.7%**
		2022	272,727	-	9,692	27,273	130,275	-	283,254	723,221	57.2%
		2023	**1,750,524**	**-**	**13,833**	**148,683**	**512,520**	**83,380**	**1,286,090**	**3,795,030**	**49.6%**
		2022	1,690,293	-	65,575	147,577	512,337	-	1,034,776	3,450,558	44.8%
TOTALS		**2023**	**2,364,560**	**-**	**13,833**	**213,157**	**512,520**	**83,380**	**1,286,090**	**4,473,540**	**42.1%**
		2022	2,243,656	-	65,575	202,914	512,337	-	1,034,776	4,059,258	38.1%

(a) Appointed 1 September 2022.
(b) Retired 23 November 2021.
(c) Appointed COO, Joyce Corporation Ltd and Managing Director, Bedshed effective 1 May 2022.
(d) Appointed CFO, KWB Pty Ltd effective 21 February 2022.
(e) Retired 30 June 2022.
(f) Cash -Other: In accordance with the Joyce Rights Plan, cash payments were made for the dividend equivalent on issuable shares from vested FY20 LTI and FY22 STI remuneration.
(g) Share based payments expense relating to unvested rights, valued in accordance with AASB 2.

STI - Cash Bonus

The details of the STI variable component of KMP remuneration paid during the current and prior financial year is set out below.

Name	Note	Year	Maximum STI[a]	% financial conditions	% non-financial conditions	STI financial condition	STI non-financial condition	% of the financial condition achieved[b]	% of the non-financial condition achieved	STI paid (cash)	STI payable (shares) AASB 2 valuation[b]	Total STI paid
Other Key Management Personnel												
Daniel Madden		**2023**	**165,000**	**60.00%**	**40.00%**	**99,000**	**66,000**	**76.03%**	**92.00%**	**126,720**	**13,495**	**140,215**
		2022	97,913	50.00%	50.00%	48,956	48,957	100.00%	60.00%	78,330	-	78,330
Gavin Culmsee		**2023**	**123,750**	**60.00%**	**40.00%**	**74,250**	**49,500**	**100.00%**	**90.00%**	**94,050**	**36,047**	**130,097**
		2022	134,332	50.00%	50.00%	67,166	67,166	100.00%	100.00%	134,332	-	134,332
Tim Allison		**2023**	**105,000**	**60.00%**	**40.00%**	**63,000**	**42,000**	**76.03%**	**90.00%**	**79,800**	**8,587**	**88,387**
		2022	4,700	50.00%	50.00%	2,350	2,350	100.00%	100.00%	4,700	-	4,700
John Bourke		**2023**	**165,000**	**60.00%**	**40.00%**	**99,000**	**66,000**	**66.67%**	**95.00%**	**128,700**	**-**	**128,700**
		2022	164,700	75.00%	25.00%	123,525	41,175	100.00%	100.00%	164,700	-	164,700
James Versace		**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2022	-	-	-	-	-	-	-	-	-	-
Chris Palin		**2023**	**112,500**	**60.00%**	**40.00%**	**67,500**	**45,000**	**66.67%**	**85.00%**	**83,250**	**-**	**83,250**
		2022	130,275	75.00%	25.00%	97,706	32,569	100.00%	100.00%	130,275	-	130,275
		2023	**671,250**	**-**	**-**	**402,750**	**268,500**	**-**	**-**	**512,520**	**58,129**	**570,649**
		2022	531,920	-	-	339,703	192,217	-	-	512,337	-	512,337
TOTALS		**2023**	**671,250**	**-**	**-**	**402,750**	**268,500**	**-**	**-**	**512,520**	**58,129**	**570,649**
		2022	531,920	-	-	339,703	192,217	-	-	512,337	-	512,337

(a) KMP cash bonus STI's are payable at the discretion of the Board and are based on key performance criteria, which require performance to meet or exceed pre-determined targets. Key performance criteria include both financial and non-financial criteria.

(b) In accordance with Joyce FY22 STI scheme, the proportion of financial metric payments for achievement of results above 100% is payable in restricted right shares. These have not yet been issued as at 30 June 2023.

D. VOLUNTARY DISCLOSURES OF STI AND LTI SCHEMES SETTLED DURING THE FINANCIAL YEAR

The following is the cash payment or share based payment issued to Executive during the financial year on settlement of a prior year STI or LTI scheme.

FY22 STI's Realised in FY23

Total

Participant	Maximum STI Entitlement ($)	Total STI Received ($)	Overall Payout Ratio (%)	Received as Cash Payment ($)	Received as Non-Cash ($)[(a)]	Number Shares Issuable as Non-Cash
Dan Madden	165,000	135,986	82%	126,720	9,266	3,845
Gavin Culmsee	123,750	118,800	96%	94,050	24,750	10,270
Tim Allison	105,000	85,696	82%	79,800	5,896	2,447
John Bourke	165,000	128,700	78%	128,700	-	-
Chris Palin	112,500	83,250	74%	83,250	-	-

(a) Valued at 30 day VWAP to 30 June 2022.

FY22 STI's Realised in FY23

Financial Targets

Participant	Financial Target	% of Total STI Entitlement	Target Quantum ($M EBIT)	Target Achieved[(b)] (%)	% of Financial STI Entitlement	Cash Payment ($)	Non-Cash ($)
Dan Madden	JYC Group EBIT	60%	19.9	107%	76%	66,000	9,266
Gavin Culmsee	Bedshed EBIT	60%	2.8	168%	100%	49,500	24,750
Tim Allison	JYC Group EBIT	60%	19.9	107%	76%	42,000	5,896
John Bourke	KWB EBIT	60%	20.2	98%	67%	66,000	-
Chris Palin	KWB EBIT	60%	20.2	98%	67%	45,000	-

(b) Financial targets are normalised for the impact of non-cash LTI accounting adjustments and one-off significant income or expenses, as determined by the Board.

FY22 STI's Realised in FY23

Non-Financial Targets

Participant	% of Total STI Entitlement	Target Achieved (%)	Cash Payment ($)	Non-Cash ($)
Dan Madden	40%	92%	60,720	-
Gavin Culmsee	40%	90%	44,550	-
Tim Allison	40%	90%	37,800	-
John Bourke	40%	95%	62,700	-
Chris Palin	40%	85%	38,250	-

FY21 STI's Realised in FY22

Total

Participant	Maximum STI Entitlement ($)	Total STI Received ($)	Overall Payout Ratio (%)	Received as Cash Payment ($)	Received as Non-Cash ($)	Number Shares Issuable as Non-Cash
Dan Madden	97,912	78,330	80%	78,330	-	-
Gavin Culmsee	134,332	134,332	100%	134,332	-	-
Tim Allison	4,700	4,700	100%	4,700	-	-
John Bourke	164,700	164,700	100%	164,700	-	-
Chris Palin	130,275	130,275	100%	130,275	-	-

FY21 STI's Realised in FY22

Financial Targets

Participant	Financial Target	% of Total STI Entitlement	Target Quantum ($M EBIT)	Target Achieved[(a)] (%)	% of Financial STI Entitlement	Cash Payment ($)	Non-Cash ($)
Dan Madden	JYC Group EBIT	50%	13.9	141%	100%	48,956	-
Gavin Culmsee	Bedshed EBIT	50%	3.3	180%	100%	67,166	-
Tim Allison	JYC Group EBIT	50%	13.9	100%	100%	2,350	-
John Bourke	KWB EBIT	60%	12.8	127%	80%	98,820	-
	KWB Contribution Margin	15%	36.9	104%	20%	24,705	-
Chris Palin	KWB EBIT	60%	12.8	127%	80%	78,165	-
	KWB Contribution Margin	15%	36.9	104%	20%	19,541	-

(a) Financial targets are normalised for the impact of non-cash LTI accounting adjustments and one-off significant income or expenses as determined by the Board.

FY21 STI's Realised in FY22

Non-Financial Targets

Participant	% of Total STI Entitlement	Target Achieved (%)	Cash Payment ($)	Non-Cash ($)
Dan Madden	50%	60%	29,374	-
Gavin Culmsee	50%	100%	67,166	-
Tim Allison	50%	100%	2,350	-
John Bourke	25%	100%	41,175	-
Chris Palin	25%	100%	32,569	-

FY21 LTI's Realised in FY23

Participant	Maximum LTI Entitlement (No. Rights)	Target LTI Entitlement (No. Rights)	Target Metric (3 year cumulative FY21 to FY23)	Target Quantum ($M EBIT)	Target Achieved[a] (%)	% of Maximum LTI Entitlement	Expected to vest (No. Rights)[b]
Dan Madden	127,002	63,501	Joyce Group EBIT	46.2	140%	100%	127,002
Gavin Culmsee	140,484	70,242	Bedshed EBIT	11.0	143%	100%	140,484
John Bourke	208,448	104,224	KWB EBIT	42.3	143%	100%	208,448
Chris Palin	164,879	82,440	KWB EBIT	42.3	143%	100%	164,879

(a) Financial targets are normalised for the impact of non-cash LTI accounting adjustments and one-off significant income and expenses as determined by the Board.
(b) It is expected that the rights will vest as at 30 June 2023. To be confirmed at the next meeting of the Remuneration Committee.

FY20 LTI's Realised in FY22

Participant	Maximum LTI Entitlement (No. Rights)	Target LTI Entitlement (No. Rights)	Target Metric (3 year cumulative FY20 to FY22)	Target Quantum ($M EBIT)	Target Achieved[a] (%)	% of Maximum LTI Entitlement	Vested (No. Rights)
Gavin Culmsee	76,387	38,194	Bedshed EBIT	7.3	170%	100%	76,387
John Bourke	141,677	70,839	KWB EBIT	35.0	134%	100%	141,677
Chris Palin	112,065	56,033	KWB EBIT	35.0	134%	100%	112,065

(a) Financial targets are normalised for the impact of non-cash LTI accounting adjustments and one-off significant income and expenses as determined by the Board.

E. SHARE-BASED COMPENSATION

Performance rights granted as compensation under the JRP

Recognition and measurement

The agreements in place can only be equity-settled and are accounted for accordingly. The cost of equity-settled transactions with employees is measured using their fair value at the date which they were granted. In determining the fair value at grant date, where non-market based conditions are attached, no account is taken of the probability of achieving the related performance conditions. Where market-based conditions are attached, the probabilities of meeting these targets are built into the underlying valuation.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions are met, ending on the date on which the employee becomes fully entitled to the award (vesting date). The cumulative expense recognised for these transactions at each reporting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest.

No expense is recognised for awards that do not ultimately vest due to a non-market performance condition not being met.

On conversion, the performance rights convert to one ordinary share.

Terms and conditions

During the current financial year, 171,288 'FY23 performance rights' were issued to Daniel Madden, 89,722 to Gavin Culmsee, 76,128 to Tim Allison, 114,930 to John Bourke, and 73,743 to James Versace. These are subject to meeting pre-determined performance criteria.

During the prior financial year, 132,043 'FY22 performance rights' were issued to Daniel Madden, 72,607 to Gavin Culmsee, 62,065 to Tim Allison, 103,319 to John Bourke and 70,445 to Chris Palin. These are subject to meeting pre-determined performance criteria.

Reconciliation of performance rights

The reconciliation of the performance rights held by Key Management Personnel is set out below.

	Year Granted	Balance at start of year	Granted during year	Vested	Forfeited	Balance at end of year	Issuable	Maximum value yet to vest[c]
		Number	Number	Number	Number	Number	Number	$000
Daniel Madden	FY23	-	171,288	-	-	171,288	-	498
	FY22[d]	132,043	-	-	-	132,043	3,845	309
	FY21[b]	127,002	-	127,002	-	-	-	-
Gavin Culmsee	FY23	-	89,722	-	-	89,722	-	258
	FY22[d]	72,607	-	-	-	72,607	10,270	84
	FY21[b]	140,484	-	140,484	-	-		-
	FY20[a]	–	-	-	-	-	76,387	-
Tim Allison	FY23	-	76,128	-	-	76,128	-	219
	FY22[d]	62,065	-	-	-	62,065	2,447	154
John Bourke	FY23	-	114,930	-	-	114,930	-	330
	FY22	103,319	-	-	-	103,319	-	257
	FY21[b]	208,448	-	208,448	-	-	-	-
	FY20[a]	-	-	-	-	-	141,677	-
Chris Palin	FY22	70,445	-	-	-	70,445	-	175
	FY21[b]	164,879	-	164,879	-	-	-	-
	FY20[a]	-	-	-	-	-	112,065	-
James Versace	FY23	-	73,743	-	-	73,743	-	212
		1,081,292	**525,811**	**640,813**	**-**	**966,290**	**346,691**	**2,495**

(a) The 'FY20 performance rights' vesting period ended on 30 June 2022, with all rights fully vested. Resulting shares are issuable to Key Management Personnel as at 30 June 2023.

(b) The 'FY21 performance rights' vesting period ended 30 June 2023, with expectations that these rights will fully vest. This will be approved at the next meeting of the Remuneration Committee.

(c) 'Maximum value yet to vest' represents the full accounting value assuming 100% of the rights will vest.

(d) The short term incentive (STI) scheme 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. As a result, restricted right shares are issuable to Key Management Personnel in line with the STI scheme.

Details of performance rights

Details of the performance rights on issue as at 30 June 2023 are summarised below.

FY21 Rights

Beneficiary	Daniel Madden	John Bourke	Chris Palin	Gavin Culmsee
Number of rights granted	127,002	208,448	164,879	140,484
Fair Value per right (JYC share price on grant date)	$1.64	$2.67[d]	$2.67[d]	$1.11
Total fair value	$208,283	$556,556	$440,227	$155,937
Commencement date	1 December 2020[c]	1 July 2020	1 July 2020	1 July 2020
Expected vesting date	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)
Vesting conditions	Profit metric of Group EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of Bedshed EBIT cumulative over 3 years[a]
No. of rights expected to vest[b]	127,002	208,448	164,879	140,484

(a) The expense recognised in respect of the performance rights is based on the Board's assessment of the probability that certain milestone earnings will be achieved, measured cumulatively over the three-year period commencing 1 July 2020 and ending 30 June 2023. 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.
(b) The vesting period ended on 30 June 2023, with expectations that these rights will fully vest. This will be approved at the next meeting of the Remuneration Committee.
(c) Daniel Madden's contract of employment commenced on 1 December 2020 and as a result for the financial year ended 30 June 2021 only a prorated expense was recognised.
(d) The formal grant date of the 'FY21 performance rights' to John Bourke and Chris Palin was determined post the 30 June 2021 year end and under the requirements of the Australian Accounting Standards, the associated accounting expense is based on the underlying share price at formal grant date.

FY22 Market based rights

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	Chris Palin
Maximum number of rights granted	39,613	14,521	12,413	20,664	14,089
Vesting conditions	TSR metric[a]	TSR metric[a]	TSR metric[a]	TSR metric[a]	TSR metric[a]

Fair value model inputs	
Grant date	30 December 2021
Expected life	3 years
Share price on grant date	$3.33
Expected volatility (%)	50%
Risk-free interest rate (%)	0.925%
Model used	Monte Carlo

(a) The probability of the performance rights vesting has already been considered 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 2021 and ending 30 June 2024. The TSR metric for maximum number of rights granted is a compound annual growth rate of 20% over a three year period from the 30 day VWAP on 1 July 2021.

FY22 Non-market based rights

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	Chris Palin
Maximum number of rights granted	92,430	58,086	49,652	82,655	56,356
Vesting conditions	JYC ROE metric[(a)]	Bedshed EBIT metric[(a)]	JYC ROE metric[(a)]	KWB EBIT metric[(a)]	KWB EBIT metric[(a)]
Number of rights expected to vest	23,107 - 69,323	14,522 - 43,565	12,413 - 37,239	20,664 - 61,991	14,089 - 42,267

Fair value model inputs	
Grant date	30 December 2021
Expected life	3 years
Share price on grant date	$3.33
Expected volatility (%)	50%
Risk-free interest rate (%)	0.925%
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 Earnings Before Interest and Tax (EBIT) metrics will be achieved, measured cumulatively over the three-year period commencing 1 July 2021 and ending 30 June 2024. 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.

FY23 Market based rights

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	James Versace
Maximum number of rights granted	51,386	17,944	15,226	22,986	14,749
Vesting conditions	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. The TSR metric for maximum number of rights granted is a compound annual growth rate of 20% over a three year period from the 30 day VWAP on 1 July 2022.

FY23 Non-market based rights

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	James Versace
Maximum number of rights granted	119,902	71,778	60,902	91,944	58,994
Vesting conditions	JYC ROE metric[(a)]	JYC ROE metric[(a)]	JYC ROE metric[(a)]	KWB NPAT metric[(a)]	KWB NPAT metric[(a)]
Number of rights expected to vest	29,976 - 89,927	17,945 - 53,834	15,226 - 45,677	22,986 - 68,958	14,749 - 44,246

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.

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

The short term incentive (STI) scheme offered to the Executive relating to the 12 months to 30 June 2023, 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 assessment of the achievement of STI targets will be determined at the next meeting of the Remuneration Committee, therefore no related rights have been granted at this point in time.

Option and holding rights granted as compensation

During the financial year, no options were granted or vested as equity compensation benefits to any Director or Executive of the Group (2022: nil).

Option holdings

During the financial year, there were no options on issue to any Director or Executive of the Group (2022: nil).

Partly paid ordinary shares as compensation

There were no partly paid ordinary shares held or granted during the financial year as compensation to any Director or Executive of the Group (2022: nil).

Shareholdings

The number of shares in the Company held during the financial year by each Director and KMP of the Group, including their personally related parties, are set out below.

	Balance 1 July 2022	Granted as remuneration	On exercise of options	On-market purchases	Dividend Reinvest-ment Plan	Other net change[(a)]	Balance 30 June 2023
Jeremy Kirkwood	140,005	-	-	-	7,366	-	147,371
Karen Gadsby	87,500	-	-	-	-	-	87,500
Daniel Smetana	11,171,579	-	-	-	-	(107,925)	11,063,654
Timothy Hantke	21,109	-	-	-	1,162	-	22,271
Travis McKenzie	15,922	-	-	-	877	-	16,799
Nicholas Palmer	-	-	-	-	-	-	-
Daniel Madden	-	-	-	-	-	-	-
Gavin Culmsee	40,000	-	-	-	-	-	40,000
Tim Allison	-	-	-	-	-	-	-
John Bourke	165,359	-	-	-	-	-	165,359
Chris Palin	-	-	-	-	-	-	-
James Versace	-	-	-	-	-	-	-
TOTAL	**11,641,474**	**-**	**-**	**-**	**9,405**	**(107,925)**	**11,542,954**

(a) Note: movement in the current year is in relation to related party shareholdings only.

F. LINK BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The Group provided Executives with variable remuneration in the form of short-term and long-term incentives as described in Part A of the Remuneration Report. These incentives are payable upon the achievement of certain goals covering both financial and non-financial, corporate and individual measures of performance. Included in the measures are contributions to profit, cash targets and departmental functional KPI's.

The following table shows the revenue, profit and dividends for the last five years for the Group, as well as the share price at the end of the respective financial year. The dividend includes ordinary and special dividends paid or payable in respect of each financial year. The effectiveness of the Executives' variable remuneration in driving performance is reflected in the long term trends represented in the figures below.

	FY23 $'000	FY22 $'000	FY21 $'000	FY20 $'000	FY19 $'000
Revenue from continuing operations[(a)]	144,701	129,016	111,224	85,757	84,205
Earnings before interest and tax	24,172	26,703	19,629	6,471	9,969
Profit from continuing operations after tax[(a)]	16,377	17,610	12,995	2,674	6,385
Share price at year-end $	2.43	2.40	2.65	1.10	1.53
Basic earnings per share from continuing operations (cents)	28.00	32.19	26.92	(3.95)	11.73
Dividends (cents)	25.5	18.0	17.0	10.0	12.7

(a) Revenue and profit exclude any discontinued operations.

G. VOTING AT THE 2022 ANNUAL GENERAL MEETING (AGM)

At the 2022 Annual General Meeting ("AGM"), 36% of shareholders' votes cast were against adopting the 2022 Remuneration Report - Audited ("Remuneration Report"), constituting a "second strike" under the Corporations Act 2001 (Cth) ("Corporations Act"). The subsequent board spill resolution required to be held under the Corporations Act was not carried.

Shareholders should note that the 2023 Remuneration Report requires a 75% majority vote at the 2023 AGM, otherwise the Company will receive a "first strike".

As with previous years, during the 2023 financial year, the Remuneration Committee and the Board considered the views of shareholders and continues to assess the appropriateness of the Company's remuneration policies and competitiveness to ensure it aligns with the Company's performance against key business goals and objectives. The Board is committed to ensuring there is continued demonstrable alignment between performance and compensation for key management personnel.

H. INDEPENDENT SALARY AND INCENTIVE REVIEW

Although no formal independent remuneration review was undertaken during the year, the Company consistently checked any proposed remuneration changes with independent advisors.

I. LOANS OR OTHER TRANSACTIONS WITH DIRECTORS AND KMP

There are no loans outstanding with any Director or Executive as at 30 June 2023 (2022: $nil).

There are no other material transactions with KMP not in the ordinary course of business.

END OF AUDITED REMUNERATION REPORT.

OPTIONS OVER UNISSUED SHARES

No options over unissued shares in the Company were in existence at the beginning of the financial year or granted during, or since the end of, the financial year.

NON-AUDIT SERVICES

The Group has, from time to time, employed the external auditor and its network firms on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or its network firms on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (Independence Standards).

Details of the amounts paid or payable to the auditor and its network firms for non-audit services provided during the financial year by the auditor are outlined in Note 28.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 41.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Directors.

Jeremy S. Kirkwood

J Kirkwood
Chair
Perth, 31 August 2023

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF JOYCE CORPORATION LTD

As lead auditor of Joyce Corporation Ltd for the year ended 30 June 2023, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

31 August 2023

Joyce Corporation Ltd ("the Company") and the Board are committed to achieving and demonstrating a high standard of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2023 Corporate Governance Statement reflects the corporate governance practices in place throughout the financial year. The Company's current Corporate Governance Statement can be viewed at www.joycegroup.com.au.

Joyce Corporation Ltd

AND CONTROLLED ENTITIES

ABN: 80 009 116 269

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2023

Consolidated Statement of Profit or Loss

	Note	2023 $'000	2022 $'000
Revenue	22	144,701	129,016
Cost of sales	22	(67,616)	(61,178)
Gross profit		**77,085**	**67,838**
Fair value gain on investment property revaluation	15	-	6,377
Other revenue	22	2,507	2,114
Other selling costs	22	(10,892)	(10,077)
Employment expenses	22	(27,787)	(25,202)
Occupancy expenses		(2,273)	(1,364)
Marketing expenses		(2,488)	(2,458)
Administration expenses	22	(5,011)	(5,020)
Depreciation and amortisation	22	(6,969)	(5,505)
Profit before interest and tax		**24,172**	**26,703**
Net interest	22	(170)	(453)
Profit before tax		**24,002**	**26,250**
Income tax expense	23	(7,625)	(8,640)
Profit for the year		**16,377**	**17,610**
Profit is attributable to:			
Ordinary equity holders of the company		7,934	9,086
Non-controlling interests		8,443	8,524
		16,377	**17,610**
Earnings per share (cents per share) for profit attributable to ordinary equity holders of the Company:			
Basic earnings per share	19	28.00	32.19
Diluted earnings per share	19	27.66	32.19

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

Consolidated Statement of Comprehensive Income

	Note	2023 $'000	2022 $'000
Profit for the year		16,377	17,610
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**16,377**	**17,610**
Total comprehensive income for the year attributable to:			
Ordinary equity holders of the company		7,934	9,086
Non-controlling interests		8,443	8,524
		16,377	**17,610**

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

Consolidated Statement of Financial Position

	Note	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	46,079	31,933
Trade receivables	10	726	1,079
Inventories	11	2,587	3,182
Other assets	12	962	1,068
Other financial assets	13	1,652	1,218
Assets held for sale	30	-	16,000
Total current assets		**52,006**	**54,480**
Non-current assets			
Other assets	12	2,007	635
Deferred tax assets	23	1,970	6,147
Right-of-use assets	24	17,790	13,933
Property, plant and equipment	14	4,897	3,423
Investment property	15	-	-
Intangible assets	5	7,734	7,597
Total non-current assets		**34,398**	**31,735**
TOTAL ASSETS		**86,404**	**86,215**
LIABILITIES			
Current liabilities			
Trade and other payables	16	22,722	24,784
Provisions	17	2,970	2,884
Lease liabilities	24	5,426	4,890
Provision for income tax	23	3,334	382
Total current liabilities		**34,452**	**32,940**
Non-current liabilities			
Lease liabilities	24	13,629	10,443
Deferred tax liabilities	23	-	6,760
Provisions	17	553	584
Total non-current liabilities		**14,182**	**17,787**
TOTAL LIABILITIES		**48,634**	**50,727**
NET ASSETS		**37,770**	**35,488**
EQUITY			
Issued capital	18	19,161	18,705
Share-based payments reserve	20	3,072	1,777
Retained earnings		10,744	8,045
Parent entity interest		32,977	28,527
Non-controlling interest	26	4,793	6,961
TOTAL EQUITY		**37,770**	**35,488**

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

	Note	2023 $'000	2022 $'000
Cash flows from / (used in) operating activities			
Receipts from customers		146,397	133,822
Payments to suppliers and employees		(114,794)	(103,706)
Income tax paid		(7,256)	(7,714)
Interest received		603	36
Net cash flows from operating activities	29	**24,950**	**22,438**
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(3,234)	(1,371)
Purchase of intangible assets	5	(242)	(207)
Payment of security deposit	24	(1,700)	-
Proceeds from sale of investment property	15	15,751	-
Proceeds from sale of property, plant and equipment	14	83	5,453
Net cash flows from investing activities		**10,658**	**3,875**
Cash flows (used in) financing activities			
Dividends paid		(4,779)	(4,626)
Dividends paid to non-controlling interests	26	(10,611)	(5,170)
Payment of lease liabilities - principal	24	(5,299)	(3,976)
Payment of lease liabilities - interest	24	(773)	(489)
Repayment of borrowings	6	-	-
Net cash flows (used in) financing activities		**(21,462)**	**(14,261)**
Net increase in cash and cash equivalents		14,146	12,052
Cash and cash equivalents at beginning of year		31,933	19,881
Cash and cash equivalents at end of year	9	**46,079**	**31,933**
Reconciliation of cash			
Cash at bank and in hand	9	46,079	31,933
		46,079	**31,933**

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

Consolidated Statement of Changes in Equity

	Note	Contributed Equity $'000	Share-based Payments Reserve $'000	Retained Earnings / (Losses) $'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 / (loss) for the year:						
Profit attributable to members of the parent entity		-	-	9,086	-	9,086
Profit attributable to non-controlling interests		-	-	-	8,524	8,524
Total comprehensive income / (loss) for the year		-	-	9,086	8,524	17,610
Transactions with owners in their capacity as owners:						
Shares issued	18	308	-	-	-	308
Share-based payments	20	-	1,035	-	-	1,035
Dividends paid or provided for	21, 26	-	-	(4,934)	(5,170)	(10,104)
Balance at 30 June 2022		**18,705**	**1,777**	**8,045**	**6,961**	**35,488**

	Note	Contributed Equity $'000	Share-based Payments Reserve $'000	Retained Earnings / (Losses) $'000	Non-Controlling Interest $'000	Total Equity $'000
Balance at 1 July 2022		**18,705**	**1,777**	**8,045**	**6,961**	**35,488**
Total comprehensive income / (loss) for the year:						
Profit attributable to members of the parent entity		-	-	7,934	-	7,934
Profit attributable to non-controlling interests		-	-	-	8,443	8,443
Total comprehensive income / (loss) for the year		-	-	7,934	8,443	16,377
Transactions with owners in their capacity as owners:						
Shares issued	18	456	-	-	-	456
Share-based payments	20	-	1,295	-	-	1,295
Dividends paid or provided for	21, 26	-	-	(5,235)	(10,611)	(15,846)
Balance at 30 June 2023		**19,161**	**3,072**	**10,744**	**4,793**	**37,770**

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

1. CORPORATE INFORMATION

The consolidated financial statements of Joyce Corporation Ltd ("the Company") for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors of the Company dated 31 August 2023. Joyce Corporation Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity for the purpose of this financial report.

The nature of the operations and principal activities of the Company and its controlled entities are described in the Directors' Report.

The consolidated financial statements comprise the financial statements of Joyce Corporation Ltd and its controlled subsidiaries ("the Group").

Significant Accounting Policy: Basis of preparation

These general-purpose financial statements for the financial year ended 30 June 2023 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the Group's investment property (held for sale at June 2022) and *certain other financial instruments which are measured at fair value.*

Significant Accounting Policy: Principles of consolidation

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All controlled entities have a 30 June financial year end. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Refer to Note 26 in relation to the list of controlled entities.

Consolidated financial statements are the financial statements of the Group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All significant intra-group balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation.

The results of the entities acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal. On disposal, the attributable amount of goodwill, if any, is included in the determination of the gain or loss on disposal.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income.

Amounts held on trust for the Bedshed 'Marketing Fund' and Bedshed 'Deposit Guarantee' are not funds of the Group and have not been consolidated.

Significant Accounting Policy: Comparatives

When required by accounting standards, comparative figures have been adjusted to maintain consistency with classification and presentation for the current financial year.

Significant Accounting Policy: Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. SIGNIFICANT AFTER REPORTING DATE EVENTS

The Directors resolved that a FY23 final dividend of 17.5 cents per share, fully franked, be paid by Joyce Corporation Limited on 28 September 2023 to all shareholders registered as at the record date of 14 September 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, the results of those operations, or the Group's state of affairs.

3. FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial instruments:

	Note	2023 $'000	2022 $'000
Financial assets			
Cash and cash equivalents	9	46,079	31,933
Trade receivables	10	726	1,079
Other receivables	12	2,026	323
Other financial assets	13	1,652	1,218
		50,483	34,553
Financial liabilities			
Trade and other payables	16	22,722	24,784
Lease liabilities	24	19,055	15,333
		41,777	40,117

Market risk

(i) Foreign exchange risk

The Group's exposure to foreign currency risk is not material and is largely limited to indirect foreign exchange exposure through purchases of inventory within the company-owned Bedshed stores. This is managed by freight forwarding arrangements.

(ii) Cash flow interest rate risks

As at the reporting date, the Group held cash of $46.08 million (2022: $31.93 million) and nil debt (2022: nil). Refer to Note 6 for a list of current debt facilities.

The Group's main interest rate risk has historically arisen from its borrowings activities. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's polices seek to manage both interest rate and liquidity risks (see below), by assessment of expectations about interest rates in the medium term and the Group's need for flexibility to minimise the Group's interest expense.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are modelled taking into consideration refinancing, renewal of existing positions and alternative financing. This allows the Group to manage its cash flow interest rate risk by adopting an appropriate mix of fixed versus variable rate debt and an appropriate mix of debt and investment maturities to provide it with flexibility to repay debt as quickly as possible whilst maintaining liquidity to take advantage of business opportunities as they arise. With regard to the cash flow interest rate risk on average cash balances held, an increase (or reduction) in the interest rate of 100 basis points would result in an estimated increase (or reduction) of profit before tax of $390,000 (2022: $259,000 on 100 basis point movement).

An analysis of financial assets and liabilities by maturity is provided in (b) below.

(a) Credit risk

The analysis of credit risk is focussed on the high credit quality financial institutions with which deposits are held and high credit quality wholesale customers with which the Group trades.

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is assessed internally, considering the customer's financial position, past performance and other factors as appropriate. Credit limits are then set internally based on the assessment of the above factors. The compliance with credit limits by wholesale customers is regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. For wholesale customers without a credit rating, the Group generally retains title over the goods sold until full payment is received. The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties and as such, collateral is not requested nor is it the Group's policy to securitise its trade receivables.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit ratings of the Group's financial assets are as follows:

		2023 $'000	2022 $'000
Cash and cash equivalents	AA-	46,079	31,933
Trade receivables	Non-rated	726	1,079
Other receivables	Non-rated	2,026	323
Other financial assets	Non-rated	1,652	1,218
		50,483	34,553

(b) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of its underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available and, where possible, with a variety of counterparties. Surplus funds are generally invested in term deposits or used to repay debt.

Financing arrangements

Refer to Note 6 in relation to the financing facilities available at reporting date.

Maturities of financial assets and financial liabilities

The tables below present, as at the reporting date, the Group's financial assets and liabilities in relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual discounted cash flows.

	≤ 12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Year ended 30 June 2023				
Consolidated financial assets				
Cash and cash equivalents	46,079	-	-	46,079
Trade receivables	726	-	-	726
Other receivables	1,841	185	-	2,026
Other financial assets	1,652	-	-	1,652
	50,298	185		50,483
Consolidated financial liabilities				
Trade and other payables	(25,589)	-	-	(25,589)
Lease liabilities	(5,523)	(11,543)	(1,989)	(19,055)
	(31,112)	(11,543)	(1,989)	(44,644)
Net maturity	19,186	(11,358)	(1,989)	5,839

	≤ 12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Year ended 30 June 2022				
Consolidated financial assets				
Cash and cash equivalents	31,933	-	-	31,933
Trade receivables	1,079	-	-	1,079
Other receivables	323	-	-	323
Other financial assets	1,218	-	-	1,218
	34,553	-	-	34,553
Consolidated financial liabilities				
Trade and other payables	(24,784)	-	-	(24,784)
Lease liabilities	(4,890)	(9,236)	(1,207)	(15,333)
	(29,674)	(9,236)	(1,207)	(40,117)
Net maturity	4,879	(9,236)	(1,207)	(5,564)

Capital risk management

The Board oversees the deployment of the Group's capital in a way that maintains a stable debt to equity ratio, provides shareholders with appropriate returns and ensures that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

The Board oversees the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks. These responses include the management of the level of debt, dividends to shareholders and share issues.

Estimates and judgements are continually re-evaluated in order to contemplate the most up to date information available to management.

4. SEGMENT INFORMATION

(a) 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.

(b) 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 consider that geographic areas are not a consideration in segment performance.

(c) Information about major customers

No single customer of the Group generated more than 10% of the Group's revenue during the year ended 30 June 2023 (2022: 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 year ended 30 June 2023.

	Retail kitchen and wardrobe showrooms $'000	Retail bedding – franchise operation $'000	Retail bedding stores – company-owned $'000	Total $'000
Revenue				
Revenue	123,387	5,635	15,679	144,701
Inter-segment sales	-	-	-	-
Total segment revenue	123,387	5,635	15,679	144,701
Timing of revenue recognition:				
At a point in time	123,387	-	15,679	139,066
Over time	-	5,635	-	5,635
	123,387	5,635	15,679	144,701
Unallocated revenue				-
Total consolidated revenue				144,701
Result				
Segment result	25,026	2,666	2,332	30,024
Unallocated expenses net of unallocated income[(a)]				(6,022)
Income tax expense				(7,625)
Net consolidated profit for the year				16,377
Assets and liabilities as at 30 Jun 2023				
Segment assets	51,331	9,673	7,767	68,771
Unallocated assets				17,633
Total assets				86,404
Segment liabilities	38,584	2,714	4,300	45,598
Unallocated liabilities				3,036
Total liabilities				48,634
Other segment information for the year ended 30 Jun 2023				
Capital expenditure on PPE and intangibles	1,166	23	257	1,446
Capital expenditure - unallocated				2,030
Total capital expenditure				3,476
Depreciation and amortisation	4,943	90	1,029	6,062
Depreciation and amortisation - unallocated				907
Total depreciation and amortisation				6,969

(a) Includes
- Crave pilot costs net of income earned during the period.
- Group interest expense including interest on leases in line with AASB 16.

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2022.

	Retail kitchen and wardrobe showrooms $'000	Retail bedding – franchise operation $'000	Retail bedding stores – company-owned $'000	Total $'000
Revenue				
Revenue	107,957	5,345	15,714	129,016
Inter-segment sales	-	-	-	-
Total segment revenue	107,957	5,345	15,714	129,016
Timing of revenue recognition:				
At a point in time	107,957	-	15,714	123,671
Over time	-	5,345	-	5,345
	107,957	5,345	15,714	129,016
Unallocated revenue				-
Total consolidated revenue				129,016
Result				
Segment result	25,588	2,831	1,938	30,357
Unallocated expenses net of unallocated income[(a)]				(4,107)
Income tax expense				(8,640)
Net consolidated profit for the year				17,610
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 year ended 30 Jun 2022				
Capital expenditure on PPE and intangibles	1,198	29	65	1,292
Capital expenditure - unallocated				286
Total capital expenditure				1,578
Depreciation and amortisation	4,276	85	985	5,346
Depreciation and amortisation - unallocated				159
Total depreciation and amortisation				5,505

(a) Includes
- Crave pilot costs net of income earned during the period.
- Group interest expense including interest on leases in line with AASB 16.

5. INTANGIBLE ASSETS

	2023 $'000	2022 $'000
Software development	404	267
Goodwill	7,330	7,330
Total intangible assets	7,734	7,597

Significant Accounting Policy: Intangible Assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to each individual class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to the Consolidated Statement of Profit or Loss through the 'depreciation and amortisation' expense line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits (or losses) in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised, instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGU's) for impairment testing. CGU's to which goodwill is allocated as at 30 June 2023 are as follows:

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

Software development

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software development. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Critical Accounting Estimates and Judgements: Capital development investments

Discounted cash flow models are used for business cases. These include assumptions and estimates of business outcomes and are used for capital investments, such as software. The Group has made an assessment to amortise software development costs over 3 to 5 years.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that have previously recognised an impairment amount are reviewed for possible reversal of the impairment at each reporting date.

Critical Accounting Estimates and Judgements: Impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and judgements.

An analysis of intangible assets is presented below.

	Goodwill		Software Development		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Year ended 30 June						
Net of accumulated impairment and amortisation at 1 July	7,330	7,330	267	120	7,597	7,450
Additions	-	-	242	207	242	207
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Amortisation	-	-	(105)	(60)	(105)	(60)
Net of accumulated impairment and amortisation at 30 June	7,330	7,330	404	267	7,734	7,597
At 30 June						
Cost (gross carrying amount)	7,330	7,330	629	387	7,959	7,717
Disposals	-	-	-	-	-	-
Accumulated amortisation	-	-	(225)	(120)	(225)	(120)
Net carrying amount	7,330	7,330	404	267	7,734	7,597

Goodwill

Goodwill as at 30 June 2023 reflects the interest in the KWB Group, acquired in October 2014 and the value of the Bedshed Franchising, purchased in 2006.

Software development

Software development as at 30 June 2023 reflects the value of the Group's custom built software systems, used to support multiple aspects of its operations.

Allocation of goodwill

Goodwill is allocated to cash-generating units which are based on the Group's operating segments:

	2023 $'000	2022 $'000
KWB Retail Kitchen and Wardrobe Showrooms segment	1,023	1,023
Bedshed Franchise segment	6,307	6,307
	7,330	7,330

Impairment testing of goodwill

The recoverable amount of each CGU is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond the existing budget for upcoming financial year extrapolated using estimated growth rates. The cash flows are discounted using a risk-adjusted pre-tax discount rate that is based on the specific circumstances of the Group and its CGUs and was derived from its weighted average cost of capital.

The following assumptions were used in the value-in-use calculations:

	Pre-tax Discount Rate 2023	Pre-tax Discount Rate 2022	Growth Rate 2023	Growth Rate 2022
KWB Retail Kitchen and Wardrobe Showrooms segment	13.62%	9.81%	2.21%	2.41%
Bedshed Franchising segment	13.62%	9.81%	2.21%	2.41%

The Group's value-in-use calculations incorporated a terminal value component beyond the 5-year projection period for all the operating segments.

Impairment of goodwill for the financial year ended 30 June 2023 was $nil (2022: $nil).

Impact of possible changes in key assumptions

No reasonably possible changes in the key assumptions above would result in the carrying amount of the CGUs exceeding their recoverable amounts.

6. LOANS AND BORROWINGS AND FINANCING FACILITIES AVAILABLE

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. Refer to Note 24 in relation to lease liabilities.

Compliance with loan covenants

The Group has complied with the financial covenants of its financing facilities during the financial year. The financiers assess the financial covenants bi-annually, based on the audited annual report and reviewed half-year report.

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	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**	

7. CONTINGENT LIABILITIES

At 30 June 2023, the Group had the following guarantees:

- KWB has entered into a cash-backed bank guarantee of $1.7 million during the financial year. At 30 June 2022, retail lease bank guarantees of $1.02 million were held.
- KWB has cash-backed rental deposits supporting showroom leases as at 30 June 2023 of $0.06 million (30 June 2022: $0.06 million).
- Bedshed company-owned retail stores have bank guarantees relating to payment of lease obligations as at 30 June 2023 of $0.37 million (30 June 2022: $0.37 million).

No provision has been made in the financial statements in respect of these contingencies as the possibility of a probable outflow under these guarantees is considered remote.

Significant Accounting Policy: Financial guarantees

Where material, financial guarantees are issued. These require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. The guarantees are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 Financial Instruments and the amount initially recognised.

The fair values of financial guarantee contracts are assessed using a probability weighted discounted cash flow approach. The probability is based on:

- *The likelihood of the guaranteed party defaulting in a given period;*
- *The proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and*
- *The maximum loss exposed if the guaranteed party were to default.*

8. FAIR VALUE MEASUREMENT

Fair value hierarchy

The Group uses various methods in estimating fair value. The methods comprise:

Level 1: The fair value is based on quoted market prices (unadjusted) in active markets for identical assets or liabilities at the end of the reporting period.

Level 2: The fair value is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

The fair value measurement, valuation technique and inputs used in fair valuing the non-financial instruments are set out as follows:

Class of property	Fair value hierarchy	Carrying Value June 2022 $000
Assets held for sale		
Office and factory, Lytton QLD	Level 2	16,000

As at 30 June 2022, the Group's corporate office and warehouse and factory facility in Lytton, Queensland, was recognised as an asset held for sale. Refer to Notes 15 and 30 for further details. The carrying value of the property was determined with reference to the binding sale price of the sale and leaseback transaction announced by the Group on 22 August 2022. This was determined to best reflect the fair value of the property at 30 June 2022, prior to reclassification to an asset 'held for sale'. Refer to Note 30 for further details.

Significant Accounting Policy: Fair value estimation

The fair value of relevant assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held at call with other financial institutions. Refer to Note 3 in relation to the Group's approach to managing the financial risks associated with cash. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

Funds held in Trust

Cash and cash equivalents balances exclude funds allocated for the specific use of operating the Approved Purposes activities on behalf of the Company's Bedshed franchisees. Approved Purposes cash is included in Other Financial Assets. At 30 June 2023, the total of this balance was $1.65 million (2022: $1.22 million).

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents are comprised of the following:

	2023 $'000	2022 $'000
Cash at bank and on hand	46,079	31,933

10. TRADE RECEIVABLES

	2023 $'000	2022 $'000
Current		
Trade receivables	741	1,083
Allowance for expected credit loss	(15)	(4)
	726	1,079

Trade and other receivables are non-interest bearing. Trade and other receivables are recognised at amortised cost, less an allowance for expected credit loss. Each operating segment's credit management policy requires customers to settle amounts owing in accordance within agreed payment terms. Depending on the operating segment, trade receivables are generally due for settlement within 30 days.

At 30 June, the ageing analysis of trade receivables is as follows:

	2023 $'000	2022 $'000
Within one year	726	1,079

Other balances within trade and other receivables are neither impaired nor past due. It is expected that these other balances will be received when due.

Movements in the allowance for expected credit loss for trade and other receivables were as follows:

	2023 $'000	2022 $'000
At 1 July	4	6
(Credit) / charge for the year	11	(2)
At 30 June	15	4

Critical Accounting Estimates and Judgements: Expected credit losses

Debtors in each of the Group's segments have been reviewed for the potential of non-recovery. The review is based on the lifetime expected credit loss, grouped based on days overdue and makes assumptions to allocate an overall expected credit loss rate. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

11. INVENTORIES

	2023 $'000	2022 $'000
Current		
Stock on hand at cost	3,142	3,755
Provision for obsolescence[(a)]	(555)	(573)
	2,587	3,182

(a) Write-downs of inventories to net realisable value recognised as an expense during the financial year amounted to $23,000 (2022: $45,000).

Significant Accounting Policy: Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in acquiring the inventories and in bringing them to their existing condition and location.

Costs are assigned to individual items of inventory on a basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale.

Critical Accounting Estimates and Judgements: Net realisable value of inventory

In determining the dollar amount of write-downs required for inventory, the Group has made judgements based on the expected net realisable value of that inventory. Historic experience and current knowledge of the products has been used in determining any write-downs to net realisable value.

12. OTHER ASSETS

	2023 $'000	2022 $'000
Current		
Accrued revenue	314	253
Prepayments	629	610
Other receivables	19	205
	962	1,068
Non-current		
Other receivables[a]	2,007	118
Business establishment assets[b]	-	517
	2,007	635

(a) Non-current other receivables includes $1.7 million cash-backed bank guarantee for KWB Group Pty Ltd (30 June 2022: nil).
(b) Balance relates to assets purchased for Crave new business opportunity and reclassified to identifiable assets in the 2023 financial year.

13. OTHER FINANCIAL ASSETS

	2023 $'000	2022 $'000
Current		
Funds held in trust	1,652	1,218

Funds held in trust relate to cash and cash equivalents allocated for the specific use of operating the Approved Purposes activities on behalf of Bedshed franchisees only.

14. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings $'000	Plant and equipment $'000	Leasehold improve-ments $'000	Total $'000
Year ended 30 June 2023				
At 1 July 2022, net of depreciation	-	1,718	1,705	3,423
Additions	-	2,092	1,142	3,234
Disposals	-	(48)	(21)	(69)
Depreciation charge for the year	-	(1,019)	(672)	(1,691)
At 30 June 2023, net of accumulated depreciation	-	2,743	2,154	4,897
At 30 June 2023				
Cost	-	7,174	5,917	13,091
Accumulated depreciation	-	(4,431)	(3,763)	(8,194)
Net carrying amount	-	2,743	2,154	4,897

	Property and buildings $'000	Plant and equipment $'000	Leasehold improve-ments $'000	Total $'000
Year ended 30 June 2022				
At 1 July 2021, net of depreciation	5,454	2,000	1,438	8,892
Additions	-	483	888	1,371
Disposals[a]	(5,431)	(43)	(28)	(5,502)
Depreciation charge for the year	(23)	(722)	(593)	(1,338)
At 30 June 2022, net of accumulated depreciation	-	1,718	1,705	3,423
At 30 June 2022				
Cost	-	5,463	4,821	10,284
Accumulated depreciation	-	(3,745)	(3,116)	(6,861)
Net carrying amount	-	1,718	1,705	3,423

(a) In December 2021, the Group entered into a sale and leaseback agreement with Pollutri Nominees Pty Ltd ACN 651 818 058 as trustee for The Stanja Trust (Purchaser), for its corporate office and warehouse facility in Osborne Park, Western Australia. The transaction settled on 16 February 2022. The sale of the property realised $5.5 million in cash (before costs). Refer to Note 24 for further details.

Significant Accounting Policy: Property, plant and equipment

Property and buildings are shown at cost value, based on periodic valuations completed by external, professionally qualified valuers, less depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Consolidated Statement of Profit during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:
- *Plant and equipment: 1 to 20 years;*
- *Leasehold improvements: 3 to 15 years or shorter of lease term;*
- *Buildings: 30 to 50 years; and*
- *Motor Vehicles: 3 to 6 years.*

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss. On the sale of revalued assets, the profit element of the revalued amount is taken through the Consolidated Statement of Profit or Loss.

15. INVESTMENT PROPERTY

	2023 $'000	2022 $'000
Opening balance	-	9,623
Fair value adjustments	-	6,377
Transfer to asset held for sale (Note 30)	-	(16,000)
Closing balance	-	-

Fair value measurement

Critical Accounting Estimates and Judgements: Treatment of investment property in Lytton, QLD

The KWB property located at 97 Trade Street, Lytton, Queensland was classified as an investment property as the significant portion is under an operating lease to an external third-party manufacturer earning rental income. Refer to Note 8 in relation to the fair value measurement and valuation technique used.

On 22 August 2022, the Company announced that its 51% subsidiary, KWB, had agreed to the sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland. The sale process commenced prior to 30 June 2022.

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. Refer to Note 30 in relation to the asset held for sale.

Critical Accounting Estimates and Judgements: Revaluation of investment property

The investment property is subject to an annual review in comparison to fair market value. The review is completed by either an independent expert or based on management's valuation. Where appropriate, the independent valuation is performed by an external, professionally qualified valuer who holds a recognised relevant professional qualification and has specialised expertise in the property being valued. For the year ended 30 June 2022, the carrying value of the property was determined with reference to the binding sale price of the sale and leaseback transaction announced by the Group on 22 August 2022.

16. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the reporting date which remain unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Due to their short-term nature, the carrying amounts of trade and other payables are considered to be the same as their fair values.

	2023 $'000	2022 $'000
Unsecured liabilities		
Trade payables	5,356	5,827
Sundry creditors	59	60
Contract liabilities[a]	13,011	14,176
Accruals and other payables	4,296	4,721
	22,722	24,784

(a) These are deposits from customers for goods and services to be provided by the Group after reporting date.

17. PROVISIONS

	2023 $'000	2022 $'000
Current		
Make good provision	10	-
Employee benefits	2,960	2,884
	2,970	2,884
Non-current		
Make good provision	305	359
Employee benefits	248	225
	553	584

Movement in provisions

The movement in provisions during the financial year is set out in the table below:

	Employee Benefits $'000	Make good provision $'000	Total $'000
Opening balance at 1 July 2022	3,109	359	3,468
Additional / (amount released)	99	(44)	55
Closing balance at 30 June 2023	3,208	315	3,523

Make good provision

This provision primarily relates to assets used in KWB's retail kitchen and wardrobe showrooms.

Provision for employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits at a value that considers employee services up to the reporting date and is measured at the amounts expected to be paid when the liabilities are settled.

Significant Accounting Policy: Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where appropriate, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

18. ISSUED CAPITAL

Ordinary shares carry one vote per share and carry the right to dividends.

	2023 $'000	2022 $'000
Opening share capital	18,705	18,397
Fully paid ordinary shares issued during the year	456	308
Closing share capital	19,161	18,705

Movement in ordinary shares on issue:

	Number	$'000
At 1 July 2022	28,268,604	18,705
Dividend reinvestment plan issues	135,013	456
At 30 June 2023	28,403,617	19,161

Significant Accounting Policy: Issued capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the Consolidated Statement of Profit or Loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

19. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated based on a weighted average of any shares issued during the financial year.

The following reflects the earnings and share numbers used in the basic and diluted earnings per share computations:

		2023	2022
Basic earnings per share:			
Net profit attributable to ordinary Joyce shareholders	$000	7,934	9,086
Weighted average number of ordinary shares	Number	28,334,563	28,223,782
Earnings per share	Cents per share	28.00	32.19
Diluted earnings per share:			
Net profit attributable to ordinary Joyce shareholders	$000	7,934	9,086
Weighted average number of ordinary shares[(a)(b)]	Number	28,678,926	28,224,686
Earnings per share	Cents per share	27.66	32.19

(a) The 'FY20 and FY21 Performance Rights', plus FY22 STI Rights have been included in the denominator of the diluted shares.
(b) The 'FY22 and FY23 Performance Rights' have not been included in the denominator of the diluted shares as the quantum of these rights that will vest will only be determinable at a future date.

The Company has established a dividend reinvestment plan under which holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash.

20. SHARE-BASED PAYMENTS

A total share-based payments expense of $1,295,630 was recognised in the year (FY22: $1,034,776).

(a) 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 targets are met.

Details of the performance rights on issue are summarised below.

FY20 Rights - vested

Beneficiary	John Bourke	Chris Palin	Gavin Culmsee
Number of rights granted	141,677	112,065	76,387
Fair Value per right (JYC share price on grant date)	$2.67	$2.67	$1.55
Total fair value	$378,278	$299,214	$118,400
Commencement date	1 July 2019	1 July 2019	1 July 2019
Expected vesting date	30 June 2022 (3 years)	30 June 2022 (3 years)	30 June 2022 (3 years)
Vesting conditions	Profit metric of KWB EBIT cumulative over 3 years[(a)]	Profit metric of KWB EBIT cumulative over 3 years[(a)]	Profit metric of Bedshed EBIT cumulative over 3 years[(a)]
No. of rights expected to vest	141,677	112,065	76,387

(a) The 'FY20 performance rights' vesting period ended on 30 June 2022, and the rights have fully vested. The related shares are issuable to Key Management Personnel.

FY21 Rights

Beneficiary	Daniel Madden	John Bourke	Chris Palin	Gavin Culmsee
Number of rights granted	127,002	208,448	164,879	140,484
Fair Value per right (JYC share price on grant date)	$1.64	$2.67[c]	$2.67[c]	$1.11
Total fair value	$208,283	$556,556	$440,227	$155,937
Commencement date	1 December 2020[b]	1 July 2020	1 July 2020	1 July 2020
Expected vesting date	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)
Vesting conditions	Profit metric of Group EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of Bedshed EBIT cumulative over 3 years[a]
No. of rights expected to vest	127,002	208,448	164,879	140,484

(a) The FY21 performance rights' vesting period ended on 30 June 2023, with expectations that these rights will fully vest. This will be confirmed and the corresponding share issue ratified at the next meeting of the Remuneration Committee.
(b) Daniel Madden's contract of employment commenced on 1 December 2020 and as a result for the year 30 June 2021 only a prorated expense was recognised.
(c) The formal grant date of the 'FY21 performance rights' to John Bourke and Chris Palin was determined post the 30 June 2021 year end and under the requirements of the Australian Accounting Standards, the associated accounting expense is based on the underlying share price at formal grant date.

FY22 Market based rights

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	Chris Palin
Maximum number of rights granted	39,613	14,521	12,413	20,664	14,089
Vesting conditions	TSR metric[a]	TSR metric[a]	TSR metric[a]	TSR metric[a]	TSR metric[a]

Fair value model inputs	
Grant date	30 December 2021
Expected life	3 years
Share price on grant date	$3.33
Expected volatility (%)	50%
Risk-free interest rate (%)	0.925%
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 2021 and ending 30 June 2024. The TSR metric for maximum number of rights granted is a compound annual growth rate of 20% over a three year period from the 30 day VWAP on 1 July 2021.

FY22 Non-market based rights

Beneficiary	Daniel Madden	Gavin Culmsee	Tim Allison	John Bourke	Chris Palin
Maximum number of rights granted	92,430	58,086	49,652	82,655	56,356
Vesting conditions	JYC ROE metric[(a)]	Bedshed EBIT metric[(a)]	JYC ROE metric[(a)]	KWB EBIT metric[(a)]	KWB EBIT metric[(a)]
Number of rights expected to vest	23,107 - 69,323	14,522 - 43,565	12,413 - 37,239	20,664 - 61,991	14,089 - 42,267

Fair value model inputs	
Grant date	30 December 2021
Expected life	3 years
Share price on grant date	$3.33
Expected volatility (%)	50%
Risk-free interest rate (%)	0.925%
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 Earnings Before Interest and Tax (EBIT) metrics will be achieved, measured cumulatively over the three-year period commencing 1 July 2021 and ending 30 June 2024. 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.

FY23 Market based rights

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. The TSR metric for maximum number of rights granted is a compound annual growth rate of 20% over a three year period from the 30 day VWAP on 1 July 2022.

FY23 Non-market based rights

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)]
Number of rights expected to vest	29,976 - 89,927	17,945 - 53,834	15,226 - 45,677	22,986 - 68,958	14,749 - 44,246	3,687 - 11,062

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.

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, and the 12 months to 30 June 2023, 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 FY22 STI scheme. The FY23 scheme will be assessed at the next meeting of the Remuneration Committee.

Short Term Incentive

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

Significant Accounting Policy: Share-based payments

Schemes in place can only be equity-settled and are accounted for accordingly. The cost of equity-settled transactions with employees is measured using their fair value at the date which they were granted. In initially determining the fair value, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions are met, ending on the date on which the employee becomes fully entitled to the award (vesting date). The cumulative expense recognised for these transactions at each reporting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest.

No expense is recognised for awards that do not ultimately vest due to a performance condition not being met.

Critical Accounting Estimates and Judgements: Share-based payments

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model as well as an assessment of the probability of achieving non-market based vesting conditions. The probability of achieving non-market based vesting conditions of performance options is assessed at each reporting period.

21. DIVIDENDS

Dividends declared or paid during the financial year are as follows:

	2023 $'000	2022 $'000
Ordinary shares:		
FY21 final fully franked dividend of 10.0 cents per share	-	2,817
FY22 interim fully franked dividend of 7.5 cents per share	-	2,117
FY22 final fully franked dividend of 10.5 cents per share	2,968	-
FY23 interim fully franked dividend of 8.0 cents per share	2,267	-
	5,235	4,934

Franking account balance

The amount of franking credits available for subsequent financial years from continued operations are:

	Consolidated		Parent entity	
	2023 $000	2022 $000	2023 $000	2022 $000
Franking credits available for subsequent financial years at 30%	9,921	8,955	7,628	4,079

22. REVENUE, INCOME AND EXPENSES

(a) Revenue

	2023 $'000	2022 $'000
Revenue from contracts with customers		
Sale of goods	139,066	123,671
Franchise revenue	5,635	5,345
	144,701	129,016
Other revenue		
Rental revenue	616	681
Freight recovered	320	316
Gain on lease modification	13	-
Other revenue	1,558	1,117
	2,507	2,114

Disaggregation of revenue

Management review the business at the level of disaggregation shown as per Note 4. 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 earnt at the point of product delivery; and
- Franchising, the majority of revenue is earnt 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 as being the driver to an increased understanding.

The following table lays out the facts and circumstances that pertain to the Group's contracts with customers and depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Operating segment / Factor	Retail kitchen and wardrobe showrooms	Retail bedding – franchise operation	Retail bedding stores – company-owned
Nature of the revenue	Sale of goods	Franchise revenue	Sale of goods
Market	"Do It For Me" renovations	Franchising in specialty retail	Specialty retail
Economic drivers of revenue	Consumer confidence; Growth in disposable income; and Spend on renovations	Consumer confidence; and Growth in disposable income	Consumer confidence; and Growth in disposable income
Contractual arrangements	Standard form contract	Standard form contract	Standard form contract
Specific revenue recognition criteria	Recognition at the point of product delivery	Recognition based on business written sales from franchised stores	Recognition at the point of product delivery
Contractual assets or liabilities	Bank guarantees, Customer deposits	Nil	Bank guarantees, Customer deposits

(b) Expenses

	2023 $'000	2022 $'000
Cost of sales		
Cost of goods	(67,616)	(61,178)
Total cost of sales	(67,616)	(61,178)
Other selling costs		
Freight	(499)	(397)
Wages - commissions	(8,609)	(7,771)
Warranty costs	(1,784)	(1,909)
Total other selling costs	(10,892)	(10,077)
Employment expenses		
Superannuation contributions	(2,797)	(2,276)
Payroll tax	(1,599)	(1,368)
Wages and other employee benefits	(22,095)	(20,523)
Share-based payments (Note 20)	(1,296)	(1,035)
Total employment expenses	(27,787)	(25,202)
Net interest income / (expense)		
Interest income	603	36
Interest expense on lease liabilities	(773)	(489)
Net interest expense	(170)	(453)
Depreciation and amortisation		
Depreciation – property, plant & equipment	(1,691)	(1,338)
Amortisation – right-of-use asset	(5,173)	(4,107)
Amortisation – software	(105)	(60)
Total depreciation and amortisation	(6,969)	(5,505)
Administration expenses		
IT, communications and network costs	(1,835)	(1,495)
Consultancy fees	(389)	(328)
Travel expenses	(932)	(331)
Insurance	(430)	(340)
Accounting and audit fees	(379)	(315)
Legal fees	(168)	(129)
Business establishment costs	-	(448)
Other administration expenses	(889)	(1,632)
Expected credit loss (Note 10)	11	(2)
Total administration expenses	(5,011)	(5,020)

Lease payments and other expenses included in the Consolidated Statement of Profit or Loss:

	2023 $'000	2022 $'000
Lease payments	(6,071)	(4,465)

Significant Accounting Policy: Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the relevant taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The Consolidated Statement of Cash Flows includes cash flows on a gross basis.

The net amount of GST recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

23. INCOME TAX

The major components of income tax expense for the financial year ended 30 June are:

	2023 $'000	2022 $'000
Current income tax		
Current income tax expense	10,200	6,382
(Over) / under provision in respect of prior years	8	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(2,625)	2,195
Under provision in respect of prior years	42	63
Income tax expense recognised in profit or loss	7,625	8,640

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the financial years ended 30 June 2023 and 30 June 2022 is as follows:

	2023 $'000	2022 $'000
Profit before income tax	24,003	26,250
Income tax expense calculated at the statutory income tax rate of 30% (2022: 30%)	7,201	7,875
Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:		
Entertainment	37	19
Share-based payments	389	310
Other items not allowed / (not assessable) for income tax purposes	-	-
Deferred tax assets not brought into account	(52)	340
Over provision in respect of prior years	50	63
Other permanent differences	-	33
Income tax expense recognised in profit or loss	7,625	8,640
Effective income tax rate	*32%*	*33%*

Significant Accounting Policy: Tax consolidation

Joyce Corporation Ltd and its 100%-Australian-owned subsidiaries are a tax group. KWB entities are held within two tax groups. Members of the Group have not yet entered into any formal tax sharing or tax funding arrangements. At the reporting date, the possibility that the head tax group entities will default on their tax payment obligations is deemed remote.

Significant Accounting Policy: Measurement method adopted under UIG 1052 Tax Consolidation Accounting

Each tax group continues to account for their own current and deferred tax amounts. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax group.

Significant Accounting Policy: Tax consolidation contributions / (distributions)

The Group has recognised no consolidation contribution or distribution adjustments.

The major components of deferred income tax at 30 June 2023 are as follows:

	Opening balance 1 July 2022 $'000	Recognised in statement of profit or loss $'000	Closing balance 30 June 2023 $'000
Deferred tax liabilities			
Property, plant and equipment	-	418	418
Investment property / asset held for sale	2,304	(2,304)	-
Trade and other receivables	16	-	16
Fair value gains on other intangible assets	260	(87)	173
Right-of-use asset	4,180	1,155	5,335
	6,760	(818)	5,942
Deferred tax assets			
Property, plant and equipment	63	(63)	-
Trade and other payables	257	133	390
Other employer obligations	935	(44)	891
Provisions	281	(114)	167
Provisions – non-current	-	166	166
Lease liabilities	4,600	1,116	5,716
Tax losses	-	576	576
Other	11	(5)	6
	6,147	1,765	7,912

The major components of deferred income tax at 30 June 2022 are as follows:

	Opening balance 1 July 2021 $'000	Recognised in statement of profit or loss $'000	Closing balance 30 June 2022 $'000
Deferred tax liabilities			
Investment property	363	1,941	2,304
Trade and other receivables	5	11	16
Fair value gains on other intangible assets	260	-	260
Right-of-use asset	3,736	444	4,180
	4,364	2,396	6,760
Deferred tax assets			
Property, plant and equipment	708	(645)	63
Trade and other payables	187	70	257
Other employer obligations	814	121	935
Provisions	147	134	281
Lease liabilities	4,129	471	4,600
Other	20	(9)	11
	6,005	142	6,147

Significant Accounting Policy: Deferred tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets relates to the following:

	Property and buildings $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2023			
At 1 July 2022, net of accumulated amortisation	13,933	-	13,933
Additions[(a)]	7,336	-	7,336
Amortisation charge for the year	(5,173)	-	(5,173)
Modification to lease terms	2,187		2,187
Variable lease payment adjustments	(493)	-	(493)
At 30 June 2023, net of accumulated amortisation	17,790	-	17,790

(a) On 22 August 2022, the Company announced that its 51% subsidiary, KWB, had agreed to the sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland. Refer to Note 30 for further details.

The transaction settled on 19 September 2022. In connection with the sale, KWB 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 of $6.3 million and lease liability of $6.3 million during the period. The right-of-use asset is depreciated over 10 years on a straight line basis. The lease liability of $6.3 million is measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. At June 2023, the lease liability has reduced to $5.9 million. The reduction reflected the principal portion of the lease repayments.

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.

	Property and buildings $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2022			
At 1 July 2021, net of accumulated amortisation	12,454	-	12,454
Additions[(a)(b)]	5,506	-	5,506
Amortisation charge for the year	(4,107)	-	(4,107)
Variable lease payment adjustments	80	-	80
At 30 June 2022, net of accumulated amortisation	13,933	-	13,933

(a) In December 2021, the Company entered into a sale and leaseback agreement with Pollutri Nominees Pty Ltd ACN 651 818 058 as trustee for The Stanja Trust (Purchaser), for its corporate office and warehouse facility in Osborne Park, Western Australia. The Group determined that the transaction satisfied the requirements of AASB15 to be accounted for as a disposal/sale transaction.

In connection with the sale, the Company has also entered into arrangements with the Purchaser to retain tenancy of the office space and 1 of 3 warehouses, both areas the Group currently occupies. The lease commenced in February 2022, with an initial term of five years (with two further five-year options). According to the new lease arrangement, the Group has recognised a right-of-use asset value of $0.9 million an accordingly a lease liability of $0.9 million. The right-of-use asset is depreciated over 5 years on a straight line basis. The lease liability of $0.9 million is measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. At June 2022, the lease liability has reduced to $0.8 million. The reduction reflected the principal portion of the lease repayments.

(b) In June 2022, the Company entered a new lease arrangement for an eight-year lease (with a further five-year option) of a larger warehouse and office facility in Osborne Park, Western Australia. According to the new lease arrangement, the Group has recognised a right-of-use asset value of $2.75 million an accordingly a lease liability of $2.75 million. The right-of-use asset is depreciated over 8 years on a straight line basis. The lease liability of $2.75 million is measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. At June 2022, the lease liability has reduced to $2.73 million. The reduction reflected the principal portion of the lease repayment.

The following amounts relating to leased assets have been included as income or expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year:

	2023 $'000	2022 $'000
Rental income (included in Other Income)	616	681
Gain on lease modification (included in Other Income)	13	-
Interest expense (included in Net Interest Expense)	773	489
Expense relating to short term leases (included in Occupancy Expense)	105	176
Expense relating to leases of low value assets that are not short-term leases (included in Administration expenses)	4	3

Lease liabilities relates to the following:

	2023 $'000	2022 $'000
Current		
Lease liabilities	5,426	4,890
Non-current		
Lease liabilities	13,629	10,443

Critical Accounting Estimates and Judgements: Leases

Use of estimates and judgements

Under an existing lease agreement, a long term supplier to KWB will lease a portion of its corporate office and warehouse factory facility in Lytton, Queensland, 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.

Determining the incremental borrowing rate

Where the interest rate implicit in a lease is not known, the Group is required to determine the incremental borrowing rate, being the rate of interest the Group would have to pay to borrow a similar amount, over a similar term, with similar security to obtain an asset of similar value in a similar economic environment. As this information may not be readily available, the Group is required to estimate its incremental borrowing rate, using such information as is available and adjusting reflect the particular circumstances of each lease.

Determining the lease term

The Group has in place a number of property leases with terms that can be renewed for an additional term, equal to the period of the original lease. In determining the lease term, the Group is required to determine:

- *Whether there is an actual or implied extension or renewal option. An implied extension or renewal option will exist if both the lessee and lessor would incur a more than insignificant penalty if the lease were not extended or renewed; and*
- *Whether the Group is reasonably certain to exercise any actual or implied extension options considering all facts and circumstances relating to the lease.*

Low value leases

The Group has elected to apply the low value exemption for a lease on office equipment.

Critical Accounting Estimates and Judgements: Nature of leasing activities

As a lessee

The Group leases a number of properties. The lease contracts provide for payments to increase each year by a fixed percentage, to increase each year by inflation, to be reset periodically to market rental rates, or to remain fixed over the lease term.

25. CAPITAL AND LEASING COMMITMENTS

The following changes to commitments have occurred during the financial year.

Retail Kitchen Showrooms segment:
- The renewal of 3 leases for existing showrooms.
- Windsor showroom lease terminated on 31 May 2023.

Joyce parent entity:
- Assignment of Howe St warehouse and office lease.

There were no significant changes to capital and leasing commitments in the Retail Bedding Stores segment.

26. RELATED PARTY DISCLOSURES

Ultimate controlling entity

The ultimate controlling entity of the Group is Joyce Corporation Ltd.

Shares held by Joyce Corporation Ltd

The consolidated financial statements include the financial statements of Joyce Corporation Ltd and the subsidiaries listed in the following table.

	Country of incorporation	% Equity interest	
		2023	2022
Joyce International Pty Ltd	Australia	100	100
Joyce Consolidated Holdings Pty Ltd	Australia	100	100
Joyce Investments - 1 Pty Ltd	Australia	100	100
Joyce Investments 2 Pty Ltd	Australia	100	100
Joyce Investments 3 Pty Ltd	Australia	100	100
Joyce Investments 4 Pty Ltd	Australia	100	100
Sierra Bedding Pty Ltd	Australia	100	100
Bedshed Franchising Pty Ltd	Australia	100	100
KWB Group Pty Ltd	Australia	51	51
KWB Property Holdings Pty Ltd	Australia	51	51
Trade Street Lease Pty Ltd	Australia	51	51
Brisbane Investment Holdings Pty Ltd	Australia	51	51
Kitchen Connection Services (QLD) Pty Ltd	Australia	51	51
Kitchen Connection Services (NSW) Pty Ltd	Australia	51	51
Wallspan Services Pty Ltd Pty Ltd	Australia	51	51

Critical Accounting Estimates and Judgements: Determining control of subsidiaries (AASB 10)

In determining whether the Company has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the Company to control the day-to-day activities of the partly-owned subsidiary and its economic outcomes. In exercising judgement, the commercial and legal relationships that the Company has with other owners of partly owned subsidiaries are taken into consideration. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

Upon acquisition of partly-owned subsidiaries by the Company, judgement is exercised concerning the value of net assets acquired on the date of acquisition. The non-controlling interest's share of net assets acquired, fair value of consideration transferred and subsequent period movements in value thereof, are disclosed as outside equity interest.

(a) Related Party Transactions

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 year ended 30 June 2023, the following changes in related party relationships occurred within the Group:

Nicholas Palmer	Appointed as Non-Executive Director 1 September 2022
Timothy Hantke	Resigned as Non-Executive Director 30 June 2023
Chris Palin	Resigned as Finance Director as at 30 June 2022 and commenced as Non-Executive Director of KWB Group as at 1 July 2022

During the financial year, the entities of the Group entered into the following transactions with related parties:

Key Management Personnel compensation

	2023 $'000	2022 $'000
Fixed remuneration employee benefits	2,378,393	2,309,231
Variable remuneration employee benefits	512,520	512,337
Post-employment benefits	213,157	202,914
Share-based payments	1,286,090	1,034,776
	4,390,160	4,059,258

Other transactions

There are no other related party transactions during the financial year.

(b) Non-controlling interest

The effect on the equity attributable to the owners of Joyce Corporation Ltd during the year is as follows:

	2023 $'000	2022 $'000
Carrying amount of non-controlling interests acquired	6,961	3,607
Profits attributable to non-controlling interests	8,443	8,524
Dividends paid to non-controlling interest	(10,611)	(5,170)
Closing carrying amount of non-controlling interest	4,793	6,961

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-group eliminations.

Statement of financial position	KWB Consolidated Group	
	2023	2022
	$'000	$'000
Current assets	31,604	37,678
Current liabilities	(28,354)	(25,847)
Current net assets	3,250	11,831
Non-current assets	18,704	14,276
Non-current liabilities	(12,172)	(11,900)
Non-current net assets	6,532	2,376
Net assets	9,782	14,207
Accumulated NCI	4,793	6,961

Statement of financial performance	KWB Consolidated Group	
	2023	2022
	$'000	$'000
Revenue	123,387	107,957
Profit / (loss) for the year	17,231	17,396
Total comprehensive income	17,231	17,396
Profit allocated to NCI	8,443	8,524
Dividends paid to NCI	(10,611)	(5,170)

Statement of cash flow	KWB Consolidated Group	
	2023	2022
	$'000	$'000
Cash flow from operating activities	21,166	21,669
Cash flow from / (used in) investing activities	14,601	(1,162)
Cash flow (used in) financing activities	(26,024)	(13,814)
Net increase / (decrease) in cash and cash equivalents	9,743	6,693

27. PARENT ENTITY DISCLOSURES

(a) Financial position - as at 30 June

	2023 $'000	2022 $'000
Assets		
Current assets	12,390	933
Non-current assets	18,671	27,680
Total assets	31,061	28,613
Liabilities		
Current liabilities	828	1,545
Non-current liabilities	2,131	4,094
Total liabilities	2,959	5,639
Net assets	28,102	22,974
Equity		
Issued capital	19,161	18,705
Share-based payments reserve	3,072	1,777
Retained earnings	5,869	2,492
Net equity	28,102	22,974

(b) Financial performance - for the year ended 30 June

	2023 $'000	2022 $'000
Profit for the year	8,614	3,229
Total comprehensive profit	8,614	3,229

i. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No such guarantees existed as at 30 June 2023 (2022: $nil).

ii. Contingent liabilities of the parent entity

No contingent liabilities existed within the parent entity as at 30 June 2023 (2022: $nil).

iii. Commitments for the acquisition of property plant and equipment by the parent entity

No commitments existed for the acquisition of property plant and equipment by the parent entity as at 30 June 2023 (2022: $nil).

28. AUDITOR'S REMUNERATION

	2023 $'000	2022 $'000
Audit or review of the financial statements:		
Group	127,500	120,900
Total audit or review of the financial statements	127,500	120,900
Non-audit services:		
Taxation services	121,343	118,070
Total non-audit services	121,343	118,070
Total services provided by BDO	248,843	238,970

29. CASH FLOW STATEMENT RECONCILIATIONS

Reconciliation of non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:
– Acquisition of right-of-use assets, refer to Note 24.
– Dividends satisfied by the issue of shares under the dividend reinvestment plan, refer to Note 18.

Reconciliation of net debt

	2023 $'000	2022 $'000
Cash and cash equivalents	46,079	31,933
Net debt	46,079	31,933
Cash and liquid investments	46,079	31,933
Net debt	46,079	31,933
Reconciliation of net cash flow to movement in net debt:		
Net debt at beginning of year	31,933	19,881
Increase in cash	14,146	12,052
Net repayment of / (increase) in long-term loans	-	-
Movements in net debt	14,146	12,052
Net debt at end of year	46,079	31,933

Reconciliation of lease liability

	2023 $'000	2022 $'000
Lease liability payable within one year	5,426	4,890
Lease liability payable after one year	13,629	10,443
Total lease liabilities	19,055	15,333
Reconciliation of net cash flow to movement in lease liability:		
Lease liability at beginning of year	15,333	13,762
Lease payments in cash	(6,072)	(4,465)
Interest	773	489
Lease additions	7,336	5,479
Variable lease payment adjustments and modifications to leases	1,685	68
Movements in lease liabilities	3,722	1,571
Lease liabilities at end of year	19,055	15,333

Reconciliation of net profit / (loss) after tax to the net cash flows from operating activities

	2023 $'000	2022 $'000
Net profit after taxation	16,377	17,610
Adjustments for:		
Depreciation and amortisation	6,969	5,505
Issue of shares	-	-
Share-based payments	1,295	1,035
Non-cash finance costs	773	489
Fair value gain on investment property revaluation	-	(6,377)
Net loss / (gain) on sale of non-current assets	280	49
Changes in assets and liabilities:		
Decrease / (increase) in inventories	595	42
Decrease / (increase) in trade and other receivables	787	(1,614)
(Increase) / decrease in other assets	(434)	(636)
(Increase) / decrease in net deferred tax assets and liabilities	(2,583)	2,254
(Decrease) / increase in trade and other payables	(2,117)	5,001
Increase / (decrease) in provisions	3,008	(920)
Net cash flows from operating activities	24,950	22,438

30. ASSETS HELD FOR SALE

On 22 August 2022, the Company announced that its 51% subsidiary, KWB, had agreed to the sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland. Refer to Note 15 for further details.

The offer was valued at $16 million (before costs) and is aligned with the strategic direction of the Group 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, KWB 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. See note 24 for further details on leases.

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.

Significant Accounting Policy: Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

a. New and amended accounting standards and interpretations adopted during the year

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023. All new and amended accounting standards and interpretations effective from 1 July 2022 were adopted by the Group with no material impact.

b. New and amended accounting standards and interpretations issued but not yet effective

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, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Of the other standards and interpretations that are issued, but not yet effective, as these are not expected to impact the Group, they have not been listed.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

AASB 2021-2: Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-5: Deferred Tax related to Assets and Liabilities arising from a single transaction

Directors' Declaration

In the Directors' opinion:

(a) the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes thereto comply with the *International Financial Reporting Standards* as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

(c) the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Jeremy J. Kirkwood

J Kirkwood
Chair
Perth, 31 August 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Joyce Corporation Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Joyce Corporation Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of Goodwill

Key audit matter	***How the matter was addressed in our audit***
The Group is required under Australian Accounting Standard AASB 136 *Impairment of Assets* ("AASB 136"), to perform an annual impairment test of the carrying value of goodwill. As set out in note 5 in the financial statements, the Directors' assessment of the recoverability of goodwill using the value in use ("VIU") methodology requires the exercise of significant judgement, in particular in estimating future growth rates, discount rates and the expected cash flows of cash generating units ("CGUs") to which the goodwill and other assets have been allocated.	Our procedures included, but were not limited to the following: • Evaluating the Group's determination of CGUs and the allocation of goodwill and other assets to the carrying value of the CGUs based on our understanding of the Group's businesses; • Evaluating management's ability to accurately forecast cash flows by assessing the precision of the prior year forecasts against actual outcomes; • Comparing the Group's forecast cash flows to board approved budget; • Assessing management's discount rates based on external data available; • Performing sensitivity analysis on the growth and discount rates; • Testing the mathematical accuracy of the impairment models; and • Assessing the adequacy of the disclosures in note 5 in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 39 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Joyce Corporation Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth

31 August 2023

Additional information is required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. This information is provided below.

(a) Distribution of shareholders

Category	Holders	Fully Paid Ordinary Shares	%
1 - 1,000	248	112,519	0.40
1,001 - 5,000	220	551,966	1.94
5,001 - 10,000	86	658,074	2.32
10,001 - 100,000	157	4,700,210	16.55
100,001 - and over	34	22,380,848	78.80
Rounding			-0.01
Total	**745**	**28,403,617**	**100.00**

There were 70 shareholders holding less than a marketable parcel of ordinary securities ($500).

(b) Substantial holders

The number of shares held or controlled at the report date by substantial shareholders were as follows:

Ordinary Shareholder	Fully Paid Ordinary Shares	%
Daniel Smetana[a]	11,063,654	38.95
UFBA Pty Ltd	1,770,000	6.23
Total	**12,833,654**	**45.18**

(a) As at 18 August 2023 Daniel Smetana has a direct interest in 10,260,400 fully paid ordinary shares (23 August 2022: 10,260,400).

(c) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(d) On-Market Buy-Back

There is currently an on-market buy-back in effect relating to the Company's shares.

(e) Twenty Largest Quoted Equity Security Holders

The names of the 20 largest holders of quoted equity securities per the Company's share register are listed below:

	Name	Fully Paid Ordinary Shares Held	%
1	ADAMIC PTY LTD	7,711,568	27.15
2	UFBA PTY LTD	1,770,000	6.23
3	DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.31
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,192,503	4.20
5	ONE MANAGED INVT FUNDS LTD <1 A/C>	1,113,568	3.92
6	MR DONALD TEO	990,000	3.49
7	TRAFALGAR PLACE NOMIN PTY LTD	980,000	3.45
8	MR DAN SMETANA	734,022	2.58
9	TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	587,317	2.07
10	MR DANIEL ALEXANDER SMETANA	563,726	1.98
11	STARBALL PTY LTD	509,114	1.79
12	ANACACIA PTY LTD <WATTLE FUND A/C>	481,889	1.70
13	GLIOCAS INVESTMENTS PTY LTD <GLIOCAS GROWTH FUND A/C>	393,327	1.38
14	MRS JUDITH ANNA SMETANA	389,999	1.37
15	VANWARD INVESTMENTS LIMITED	388,627	1.37
16	CONARD HOLDINGS PTY LTD	347,940	1.22
17	MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	333,017	1.17
18	FELIX SMETANA	307,116	1.08
19	MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	231,619	0.82
20	MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	209,680	0.74
	Total	**20,459,683**	**72.03**
	Balance of register	**7,943,934**	**27.97**
	Grand total	**28,403,617**	**100.00**

(f) Registered Office

30-32 Guthrie Street
Osborne Park, WA 6017
Tel: +61 8 9445 1055

(g) Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth, WA 6000
(Within Australia) 1300 850 505
(Outside Australia) +61 3 9415 4000

(h) Auditors

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
Tel: +61 8 6382 4600

Prosper
in business
together.

ABN: 80 009 116 269

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JoyceGroup