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2022 FY

ANNUAL REPORT



ABN: 80 009 116 269

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LETTER FROM THE CHAIR



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Through a challenging operating environment, Joyce Corporation has again demonstrated its resilience and potential, delivering a strong operational and financial performance in 2022.

Although homeowners, looking to add value to their most important asset, created strong demand for our products, our businesses had to manage supply chain interruptions, and disruptions for our customers and staff caused by COVID-19. They did so adroitly.

We have been able to adapt to this environment because we are an inherently resilient business, with strong financial foundations and with a capable leadership team that has been quick to anticipate and respond to challenges as they arise.

KWB continues to be our cornerstone business and again delivered outstanding returns to Joyce Corporation with increased revenue and earnings. In response to changing market conditions, KWB continued to grow its network of showrooms but slowed the pace of the expansion, deferring two new store openings. We only open new stores where we can be confident that we can deliver on our promise to customers. With supply chains constrained and labour markets tight, it was expedient to divert some expansion funds into upgrading existing showrooms, improving their productivity and sales conversion. This initiative will continue into the 2023 financial year.

KWB is a 'capital light' business model and with strong margins and excellent cash flow I am confident it will continue to grow, particularly given the great organic growth potential across Australia.

Bedshed's continued success and future growth is driven by our franchisees. Bedshed is a true Australian small to medium business success story. Our partnership with Bedshed franchisees has produced dozens of family business success stories across Australia, along with healthy earnings to Joyce shareholders. Our franchisees are customer-focused, hardworking and loyal. I am pleased to report that we had a 100% renewal success rate with seven franchisees electing to continue with us by renewing their agreements in the Financial Year. We also have a healthy pipeline of potential new franchisees that want to join the Bedshed and Joyce family.

Financially, our Company ended the 2022 reporting year with a stronger balance sheet and an improved cash position, thanks to improved earnings from KWB Group and Bedshed Franchised Operations, and the sale of our office and warehouse in Osborne Park.

This provides the Company with a solid platform to deliver both consistent earnings and future growth and has enabled the Board to resolve to pay an increased final year dividend to shareholders of 10.5 cents per share. This results in a record full year dividend of 18 cents which is in line with our stated intentions announced in 2021 of aiming for full year dividend payments of between 60-80% of normalised NPAT.

The Board and Executive Team have focused our strategy for the future. 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 – the sector on which we are concentrating.

There are significant, low-capital growth opportunities for our businesses across Australia, as we demonstrated last year with both the successful expansion of the KWB showroom footprint and Bedshed's entry into the Sydney market. We will continue that approach, being mindful of our capacity to deliver in the current economic environment.

A key initiative in implementing this strategy is the launch of our home staging business – Crave – starting next month as a pilot in the Perth Real Estate market.

Crave leverages our understanding of the needs of homeowners and builds on our core capabilities by utilising and leveraging our market knowledge, supply chain access, marketing expertise, logistics and industry relationships.

Requiring only modest capital, funded by part of the proceeds from the sale of our Osborne Park premise, we believe Crave can be an important strategic addition to our businesses by tapping into an emerging but substantial, under-serviced market segment with significant growth potential.

To be able to take advantage of such opportunities we needed to bolster Joyce's management capacity and I welcome Gavin Culmsee to his new role of COO, and the operational and retail expertise he brings to the Joyce Executive Team.

We have also strengthened our Board by welcoming Nick Palmer as a Non-Executive Director, commencing 1 September 2022.

Nick has deep retail business experience and proven executive, advisory, operational and strategic credentials. We look forward to his contribution to the Board and the Company more broadly.

Tim Hantke has advised the Board he will be retiring from his position as a Director of the Company during this financial year. Having joined Joyce as a Director in 2006, Tim has made invaluable contributions to the Company through periods of success and challenges and has been integral to setting the Company on its current trajectory.

Chris Palin retired from Executive Finance Director of KWB on 1 July 2022. I thank him for his important contribution over the years having played a key role in the growth and development of the KWB business. Chris will continue to provide important oversight and guidance of KWB as a Non-Executive Director of KWB.

Although significant risks continue in the broader economy, we enter the next financial year confidently. With a strong balance sheet, profitable businesses providing high returns on capital and a dedicated quality team, I believe we are soundly positioned.

Our businesses rely on positive customer experiences, and this comes from great people, whether they are the franchisees of Bedshed, or our employees at our Company-Owned Bedshed stores, our KWB Group business partners and staff, and their suppliers and contractors. On behalf of the Board, I sincerely thank everyone connected with Joyce Corporation for their contribution to our result.

I also thank my fellow Directors for their commitment, wisdom and challenge throughout the year. To that I add my thanks to the Executive Team led by our CEO, Dan Madden, who in his second year in the job is bringing strong values-based leadership and consistency. I also want to recognise John Bourke and the team at KWB for their dedication and hard work in what has been a challenging operating environment.

Finally, I thank Joyce Corporation's shareholders. We appreciate your ongoing support and I look forward to reporting to you again in 2023.

Jeremy Kirkwood
Chair

CEO'S ADDRESS



In 2022 our business displayed its true colours. Against a backdrop of supply chain challenges, labour constraints, COVID-19 interruptions and rising costs, Joyce Corporation delivered increased revenue, a strong profit result and our highest ever dividend for shareholders.

It is a result I am very proud of, but one on which I am sure we can improve. That improvement can be found by focusing on strategically growing our existing businesses in the right locations and by applying a disciplined and sensible approach to evolving to operate in new, adjacent areas, which we are doing with our home staging business, Crave, launching in a pilot phase.

Our financial performance was built on \$129m in revenue, a 16% increase over the previous year. Both KWB Group and Bedshed capitalised on strong demand as the trend of homeowners seeking to add value to their homes continued. EBITDA of \$32.2m was also up 33% on 2021, which led to a Group NPAT of \$17.6m.

The net profit attributable to Joyce shareholders was \$9.1m, which was up on the \$7.6m achieved in 2021. This difference is primarily attributed to; a gain on revaluation of our investment property in Lytton, Queensland, the early establishment costs of our investment in Crave, the write-back of a deferred tax asset to a tax expense resulting from the sale of our Howe St Property in WA, and the inclusion in 2021 of a one-off profit from the sale of the Bedshed Company-Owned Helensvale store.

After adjusting for these factors the normalised net profit attributable to Joyce shareholders in the current year reduced to \$7.5m versus the prior comparative of \$7.2m.

The Company is in a very sound financial position. As of June 30, Joyce Corporation was debt free, with cash on hand of \$31.9m, having generated an Operating Cashflow for the financial year of \$25.7m (inclusive of lease payments, excluding tax payments).

Our financial performance enabled us to pay a final fully franked dividend of 10.5 cents per share, which is a new high for Joyce shareholders and takes our full year dividend for FY22 to 18 cents.

Our business is driven by delivering exceptional products and service to our customers. We do that through our partners in KWB Group, our Bedshed franchisees, and our employees (who run our Company-Owned Bedshed stores), all of whom maintain the Group's strong, highly recognisable and trusted brands.

KWB Group Financial Results

KWB Group remains a cornerstone asset for Joyce and once again continued its growth trajectory, generating record revenue and EBIT. Orders continued to grow year on year converting to revenue of \$108m, a 21% increase on prior year.

During the year the KWB Group investment property was revalued resulting in a gain on revaluation of \$6.4m. Excluding the revaluation, Operating EBIT stood at \$19.2m, an 18% increase on the prior year comparative.

Pleasingly the KWB Group's order book at the end of the financial year stood in excess of \$60m reflecting strong demand for our product offering and placing us well for the forthcoming financial year.

KWB's performance was exceptional under the circumstances, which included supply chain disruption, severe rainfall events that affected showroom availability, labour shortages and the ongoing impact of the COVID-19 pandemic on staff, suppliers and customers.

New store openings continued, but were deliberately slowed, as the KWB Group focused on absorbing supply chain constraints and ensuring it maintained delivery of a premium customer experience across existing operations before undertaking further expansion. Although expansion was slowed, showrooms were opened at Penrith and Belrose in metropolitan Sydney during the year and a full refurbishment of the Newcastle showroom was completed.

Following the August 2022 opening of the Casula showroom in Sydney, the focus will now shift into upgrading existing showrooms, to further enhance customer conversion and productivity.

While kitchens remain the core business of KWB, wardrobe design and installation capability, currently available in Queensland and South Australia, also grew during the year and is something that will be strengthened in future years.

Bedshed Financial Results

Bedshed continued to maintain its excellent operational performance while delivering on its franchisee network growth ambitions.

The franchise network again grew with three new stores opened in NSW at Alexandria, Tuggerah and Rutherford in the financial year. Bedshed also maintained its excellent record of long-term relationships with franchisees, with all franchisees up for renewal recommitting to the network during the year. Being the first brand in the Homewares and Furniture category to achieve a 5-star rating on Australian Franchise Rating Scale™ was an incredible achievement, a credit to the Bedshed team and deserved recognition of the strength of the franchise network.

Franchisee operations performed well, generating increased revenue of \$5.3m compared to \$4.8m in the prior year, and delivering an EBIT margin of 53% versus 54% in prior year.

Bedshed's Company-Owned stores traded strongly and generated \$15.7m of revenue compared to \$16.7m in the prior year. EBIT of \$1.9m compared to \$3.3m in the prior year.

Company-Owned store results in FY21 included results generated by the Helensvale store, which was sold to a franchisee in December 2020. The disposal also generated a one-off \$0.5m profit before tax.

The overall FY22 Company-Owned store EBIT margin was impacted by the Sydney e-store, which was established during FY21 as a low-cost initiative to build brand awareness to support the long-term goal of establishing a franchise network across Sydney.

After successfully introducing the Bedshed Brand to NSW, the e-store has now been closed to allow the franchise network to grow.

After adjusting for the impact of Helensvale and the Sydney e-store, like-for-like Company-Owned store revenue in FY22 of \$14.4m was comparable to prior year of \$14.6m. Adjusted EBIT for FY22 was \$2.1m versus \$2.5m in prior year.

Bedshed's combination of an experienced team, strong supplier relationships and brand power has allowed the business to maintain strong margins despite cost pressures and we are confident we are well positioned to continue to perform through the ongoing rising cost environment.

Introduction of Crave

During the year the Board and management team signed off on our investment in our new home staging business, Crave, which is launching this quarter as a pilot in the Perth Real Estate market.

We have identified the home-staging space as an emerging but substantial, under-serviced market segment with significant organic growth potential across Australia. In the last ten years the Australian home staging market has more than doubled and is becoming an increasingly meaningful part of the substantial Australian residential housing market which had a value of approximately \$10 trillion¹ and approximately 11 million¹ residential dwellings in Australia as at March 2022.

At Crave we will leverage our understanding of the needs of homeowners to style and prepare a home for sale in a way that appeals to buyers. This will help sellers

maximise their home's value at the time of sale. Crave will provide a sophisticated offering to the home staging space by utilising our supply chain access, marketing expertise, logistics and industry relationships to deliver a seamless service to home sellers and Real Estate Agents.

Crave has a modest capital requirement and has been funded by part of the proceeds from the sale of our Osborne Park premises earlier in the financial year, thereby ring-fencing the allocated capital to the opportunity and managing the downside risk. Further allocation of capital from the sale proceeds will be dependent on the success of the pilot program and cashflow from existing operations will not be diverted to the new opportunity.

It is an achievement by all involved to take Crave from concept to reality in less than 12 months. In doing this, we have taken a measured approach that has included extensive market and consumer research, comprehensive business planning and the development of a detailed brand and marketing strategy.

Crave is a natural fit to our portfolio and we anticipate it will be the first step in the development of a new brand with strong growth potential and longer term opportunity for Joyce to expand into close, adjacent and natural opportunities.

¹ Total Value of Dwellings, March Quarter 2022 | Australian Bureau of Statistics (abs.gov.au) <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/mar-quarter-2022>

Corporate

The Group's consolidated closing net cash balance stood at \$31.9m at 30 June 2022, compared to \$19.9m at 30 June 2021.

In late 2021 we entered into an agreement to sell our Perth Company-Owned warehouse and office premises, generating \$5.4m in cash to be allocated towards the establishment of Crave, funding organic expansion within the Joyce Group and general working capital. Late in the financial year we entered a new lease agreement for a larger facility that can support our expanded business.

Subsequent to the year end the Group entered into an agreement for the sale and leaseback for the KWB corporate office and warehouse and factory facility in Lytton, Queensland. The sale of the Property will realise approximately \$16m in cash (before costs) on a consolidated basis. In connection with the sale, KWB also entered into a leaseback arrangement with the purchaser for a 10 year lease for the office and warehouse and factory space. A long term supplier to KWB will continue to lease approximately 60% of the Property from KWB under a sub-lease with KWB.

Both property transactions are aligned with the strategic direction of the Company as we continue to apply disciplined capital management and build a solid platform from which to drive our growth ambitions.

During the year we made a significant change to our Executive Team by promoting Gavin Culmsee to the new position of Joyce Chief Operating Officer. Gavin brings extensive operational and retail experience to the role and will support our Bedshed operations and our new home staging business. I look forward to continuing to work closely with Gavin and also with John Bourke as KWB MD and am thankful for the skills and expertise that they bring to the Joyce Group as well as our CFO, Tim Allison.

Outlook

We enter FY23 with a strong balance sheet, a high performing business, growth opportunities and a strong demand for our product offerings. That is tempered by global inflationary pressures, along with the labour shortages and supply chain shortages that we will continue to manage.

KWB has a strong order book and is focused on maximising performance from the current store network where revenue has been artificially reduced in FY22 due to delays and cancellations in deliveries caused by COVID-19. The operational network in FY23 includes a number of showrooms within Sydney that were either not open or at full capacity during FY22 and which provide year on year growth potential.

In recent weeks, Bedshed has opened a new franchised store in Ballarat (VIC) and has a strong pipeline of potential franchisees. I am confident we will enter into further franchisee agreements and store openings in FY23.

We are also excited to launch Crave as a pilot in Perth which has the potential to have a national footprint and be the first step in the development of a new brand with strong long term growth potential.

Most importantly, we have excellent relationships with our customers, suppliers, business partners and staff, all of whom deliver exceptional customer service, which supports the promise of our great brands.

I thank our staff and the teams within the KWB Group and Bedshed franchise network for their commitment during what, at times, has been a difficult year.

Joyce Corporation is committed to delivering exceptional products and service to our customers that add value to the family home, and in 2023 we'll be working hard to ensure our customers and shareholders benefit from this commitment.



Sincerely,
Dan Madden

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	FY 22	FY 21	Variance	Variance
Joyce Corporation Consolidated Results	\$'000	\$'000	(\$)	(%)
Revenue	129,016	111,224	17,792	16%
Gross Profit	67,838	58,807	9,031	15%
Total Group Expenses	34,044	30,870	3,174	10%
Expenses (% of revenue)	26%	28%	n/a	
EBITDA	32,208	24,292	7,916	33%
EBITDA Margin	25%	22%	n/a	
Net Profit After Tax	17,610	12,995	4,615	36%
NPAT Attributable to Joyce Members	9,086	7,574	1,512	20%
Normalised NPAT Attributable to Joyce Members	7,461	7,238	223	3%
EPS – cents	32.19	26.92	5.27	20%
Normalised EPS – cents	26.44	25.72	0.71	3%
	FY 22	FY 21	Variance	Variance
Joyce Corporation Consolidated Results	\$'000	\$'000	(\$)	(%)
Closing group cash	31,933	19,881	12,052	61%
Debt	-	-		
Net cash	31,933	19,881	12,052	61%

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

UNIQUE VALUE PROPOSITION

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.

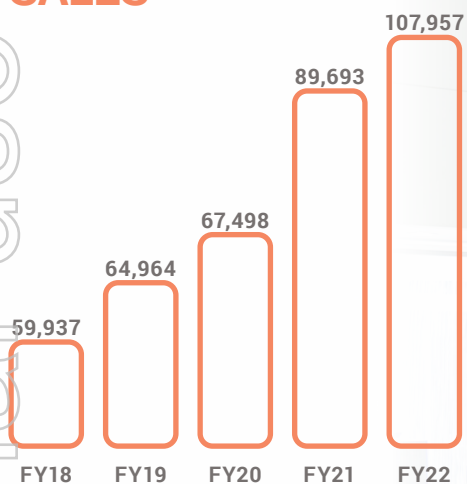


CUSTOMERS

Quality products and services, deep product knowledge and convenience.

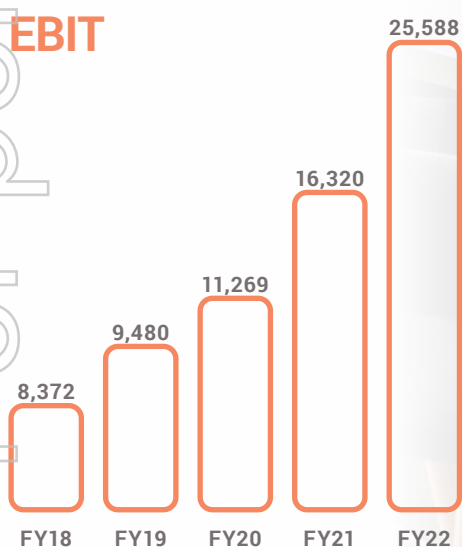
FY22 BUSINESS UNIT PERFORMANCE

SALES



NET REVENUE (\$000s)
FY18 – FY22 CAGR 12.5%

EBIT



EBIT (\$000s)
FY18 – FY22 CAGR 25.0%



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 & Wardrobe renovation market, delivering an exceptional consumer experience, for our customers.

At KWB Group we experienced strong demand for our kitchen and wardrobe renovation services delivering record orders for the past fiscal year and resulting in record revenues and profit.

Achieving this result was not straight forward. The Government imposed lockdowns and COVID-19 isolation requirements had a detrimental effect on all parts of the business. This saw delays and cancellations in our kitchen and wardrobe deliveries, which in-turn artificially reduced our revenues. Supply chain shortages and supplier cost increases were closely monitored to ensure the operating margins were protected.

These global inflationary pressures, along with the ongoing acute labour shortages, have been incredibly challenging to deal with over the past year and are impacting the renovation and construction sectors and many other parts of the global economy. Additionally, the extreme rainfall events across NSW and Queensland affected trading across five showrooms, resulting in the closure of the Windsor showroom in Brisbane.

Our people rose to the challenge, and by collaborating with our suppliers and customers we were able to negotiate through these extreme challenges and achieve a great result. Despite these challenges we were able to open two new showrooms in Sydney (Penrith and Belrose) and commence the build on our new Casula showroom, which has subsequently opened after year end. We also completed a full refurbishment of our oldest showroom in Newcastle, NSW.

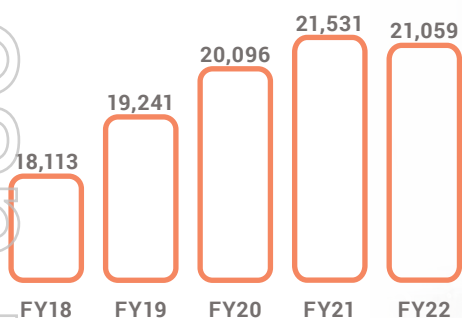
Given the extenuating business circumstances we are currently operating under, a much considered and informed decision was made by management to pause the opening of any new showroom over the next 12 months. The ongoing supply chain and labour shortages are putting constraints on the business that inhibit us from delivering the exceptional service and high standards of installation that has made KWB Group's brands what they are today. Plans will now focus our restricted resources on the updating and refurbishment of existing showrooms, to maximise their customer conversion and operating efficiency.

KWB Group's order book continues to grow and was more than \$60m at the end of the fiscal year. When coupled with our professional management team and fantastic product ranges, we are well positioned to continue our long-term trend of revenue and EBIT growth into FY23.

John Bourke
Managing Director – KWB Group

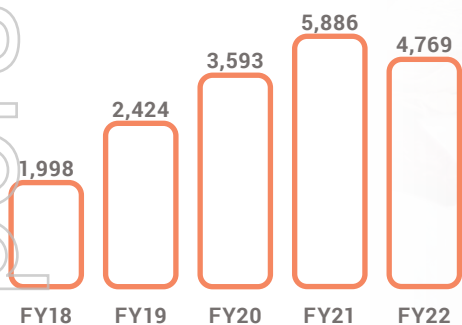
FY22 BUSINESS UNIT PERFORMANCE

SALES



NET REVENUE (\$000s)
FY18 – FY22 CAGR 3.1%

EBIT



EBIT (\$000s)
FY18 – FY22 CAGR 19.0%



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Gavin Culmsee
MANAGING DIRECTOR – BEDSHED

Bedshed Commentary

Bedshed supplies quality bedding and home furnishings across Australia, and is one of the industry's most recognisable brands. This year Bedshed continued to grow its franchise network, along with its e-commerce offering that supports our Company-Owned and franchise stores.

Bedshed has further expanded its footprint in FY22 with three new stores opened during the year in Tuggerah, Rutherford and Alexandria and we have recently opened Bedshed Ballarat, bringing our franchise network to 36 nationwide.

In addition to the new store openings, Bedshed renewed seven franchises during the year and were recently awarded a 5-star rating on Australian Franchise Rating Scale™, the first brand in the Homewares and Furniture category to do so. These achievements demonstrate the strength of the franchise system, our commitment to transparency, and the importance of holding franchisee success and satisfaction as a key priority and measure of success.

Bedshed's second half was consistent with first half performance and our final result, (adjusted for the sale of the Helensvale store in 2021) is comparable to the previous period.

Like other businesses, the impact of COVID-19 has challenged us in many ways. The strength of our franchise network has been displayed as they worked to overcome staff shortages without impacting the service to our customers. The logistics of securing products was also difficult at times, as global supply chain costs and lead times grew in line with other sectors.

Despite the challenges, demand was very healthy through the year. There are signs this trend is continuing into the early part of 2023, and we are well placed to meet that demand by diversifying our overseas supplier base and continuing to grow our franchise network.

Our people, including our franchisees, are the heart and soul of Bedshed. They have worked tirelessly in sometimes difficult conditions in 2022 and we thank them for their hard work and wish them well for 2023.

Gavin Culmsee
Managing Director – 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 market 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), Trustee of the Ross Trust and Director of Hillview Quarries Pty Ltd.

Other current directorships of listed entities

Talisman Mining Ltd

Former directorships of listed companies in the last 3 years

Kin Mining NL
(resigned 31 July 2019)

Special responsibilities

Member of the Audit and Risk Committee

Member of the Remuneration Committee

Member of the Nomination Committee

Member KWB Board

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

140,005 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 Tailor Made Spirits Co Ltd (Chair), 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 the 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



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 companies

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

11,171,579 ordinary shares

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Timothy Hantke

Non-Executive Director
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

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

21,109 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 companies

None

Former directorships of listed companies in last 3 years

None

Special responsibilities

Alternate Director Bedshed Franchising Pty Ltd
 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

15,992 ordinary shares

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 manager 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. He graduated from the University of Birmingham with a degree in Commerce and Accounting.

Other current directorships of listed companies

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, 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 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 companies

None

Former directorships of listed companies in last 3 years

None

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

Nil

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Your Directors present their report on the Consolidated Entity, consisting of Joyce Corporation Ltd ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2022 ("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 were in office for this entire period unless otherwise stated.

DIRECTORS

Name	Position	Appointment date
Jeremy Kirkwood	Non-Executive Director (Chair)	14 January 2020
Karen Gadsby	Non-Executive Director (Deputy Chair)	1 July 2017
Daniel Smetana	Non-Executive Director	30 November 1984
Timothy Hantke	Non-Executive Director	9 June 2006
Travis McKenzie	Non-Executive Director	1 July 2019
Michael Gurry ^(a)	Non-Executive Director	8 May 2007

(a) Retired 23 November 2021.

SECRETARIES

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

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Consolidated Entity 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.

REVIEW AND RESULTS OF OPERATIONS

During the financial year, the Consolidated Entity achieved revenue from operations of \$129.02 million (2021: \$111.22 million) and a profit from operations before tax of \$26.25 million (2021: \$19.11 million) and after tax of \$17.61 million (2021: \$13.00 million).

Financial position

At 30 June 2022, the Consolidated Entity had total equity of \$35.49 million (2021: \$26.64 million). Cash and cash equivalents increased from \$19.88 million at 30 June 2021 to \$31.93 million at 30 June 2022. Unused finance facilities were \$9.10 million (2021: \$9.84 million).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company plans to further develop the KWB business and continue to invest to grow the showroom network in New South Wales. The Bedshed business will develop through a planned expansion of its network of franchised stores with a particular focus in New South Wales. In addition to the focus on organic revenue growth, the Company will continue to evaluate other investment opportunities that have a natural fit to its expertise and existing portfolio.

The Board and management team signed off on Joyce's investment in the Company's new home staging business, Crave, which is launching in September 2022 as a pilot in Perth. Crave leverages the Company's understanding of the needs of homeowners to enable Crave to style and prepare a home for sale to maximise its appeal to buyers. This helps sellers realise the full potential of their home's value. Crave will provide a sophisticated offering to the home staging space by utilising the Company's supply chain access, marketing expertise, logistics and industry relationships delivering a seamless service to home sellers and real estate agents.

DIVIDENDS

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

	2022	2021
	\$'000	\$'000
FY20 final fully franked dividend of 5.0 cents per share	-	1,405
FY21 interim fully franked dividend of 7.0 cents per share	-	1,971
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	-
Total dividends paid	4,934	3,376

The Directors resolved that a FY22 final dividend of 10.5 cents per share, fully franked, be paid by Joyce Corporation Limited on 30 September 2022 to all shareholders registered as at the record date of 13 September 2022.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Throughout the year, a number of KWB showrooms and Bedshed stores experienced intermittent closures and trading restrictions as a result of the impact of COVID-19 outbreaks across Australia.

Other than the disclosed above, there were no other significant changes in the state of affairs of the Consolidated Entity during the year ended 30 June 2022.

SIGNIFICANT AFTER REPORTING DATE EVENTS

The Directors resolved that a FY22 final dividend of 10.5 cents per share, fully franked, be paid by Joyce Corporation Limited on 30 September 2022 to all shareholders registered as at the record date of 13 September 2022.

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

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 Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs.

MEETING OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the financial year and the number of meetings attended by each Director were:

Directors	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
Jeremy Kirkwood	11	11	6	6	2	2	2	2
Karen Gadsby	11	11	6	6	2	2	2	2
Daniel Smetana	11	11	6	6	2	2	2	2
Timothy Hantke	11	11	6	6	2	2	2	2
Travis McKenzie	11	11	6	6	2	2	2	2
Michael Gurry ^(a)	5	4	3	3	1	1	0	0

(a) Retired 23 November 2021.

A = Number of meetings held during the time the Director held office or was a member of the committee during the financial year.

B = Number of meetings attended during the time the Director held office or was a member of the committee during the financial year.

REMUNERATION REPORT – AUDITED

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The Remuneration Report details the key management personnel (KMP) remuneration arrangements for the Consolidated Entity, 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 Consolidated Entity, directly or indirectly, including any Director of the Consolidated Entity.

For the purposes of this report, the term “Executive” encompasses the KMP and other senior executives of the organisation.

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. Share-based compensation
- E. Link between remuneration policy and Company performance
- F. Voting at the 2021 Annual General Meeting (AGM)
- G. Independent salary and incentive review
- H. 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 Consolidated Entity include:

KMP	Position Held
Daniel Madden	CEO and Group Company Secretary, Joyce Corporation Ltd
Tim Allison	CFO and Group Company Secretary, Joyce Corporation Ltd
Gavin Culmsee	General Manager, Bedshed Franchising Pty Ltd to 30 April 2022 Chief Operating Officer, Joyce Corporation Ltd from 1 May 2022
John Bourke	Managing Director, KWB Group Pty Ltd
Chris Palin	Finance Director, KWB Group Pty Ltd Non-Executive Director as at 1 July 2022
James Versace	CFO, KWB Group Pty Ltd from 21 February 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 Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity'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. At the end of the financial year, the Remuneration Committee assesses the actual performance of the Consolidated Entity, the relevant segment and the individual against the agreed KPI targets. When the Consolidated Entity, 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. 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.

B. SERVICE AGREEMENTS

This remuneration report outlines the Director and Executive remuneration arrangements with the Consolidated Entity 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 Consolidated Entity.

Contractual arrangements

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

	Term of agreement	Notice period in months	Termination payment in months
Daniel Madden	rolling	3	3
Tim Allison	rolling	3	3
John Bourke	rolling	3	3
Chris Palin^(a)	rolling	3	3
Gavin Culmsee	rolling	3	3
James Versace	rolling	3	3

(a) Non-Executive Director as at 1 July 2022.

The Consolidated Entity 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 Consolidated Entity 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.

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REMUNERATION REPORT – AUDITED

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C. DETAILS OF REMUNERATION

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

Name	Note	Year	Fixed remuneration					Variable remuneration			Total	Performance related
			Salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Other	Cash bonus paid	Equity-settled shares	Equity-settled performance rights		
<i>Non-executive Directors</i>												
Jeremy Kirkwood		2022	163,636	-	-	16,364	-	-	-	-	180,000	0.0%
	(a)	2021	105,559	-	-	10,028	-	-	-	-	115,587	0.0%
Karen Gadsby		2022	100,727	-	-	10,073	-	-	-	-	110,800	0.0%
	(b)	2021	104,862	-	-	9,962	-	-	-	-	114,824	0.0%
Daniel Smetana		2022	81,818	-	-	8,182	-	-	-	-	90,000	0.0%
		2021	82,031	-	-	7,793	-	-	-	-	89,824	0.0%
Timothy Hantke		2022	91,273	-	-	9,127	-	-	-	-	100,400	0.0%
		2021	82,031	-	-	7,793	-	-	-	-	89,824	0.0%
Travis McKenzie		2022	81,818	-	-	8,182	-	-	-	-	90,000	0.0%
		2021	72,264	-	-	6,865	-	-	-	-	79,129	0.0%
Michael Gurry		2022	34,091	-	-	3,409	-	-	-	-	37,500	0.0%
	(c)	2021	116,704	-	-	11,087	-	-	-	-	127,791	0.0%
		2022	553,363	-	-	55,337	-	-	-	-	608,700	0.0%
		2021	563,451	-	-	53,528	-	-	-	-	616,979	0.0%
<i>Other Key Management Personnel</i>												
Daniel Madden		2022	383,869	-	13,478	23,568	-	78,330	-	169,640	668,885	37.1%
	(d)	2021	229,250	-	12,230	15,939	-	-	-	23,518	280,937	8.4%
Gavin Culmsee		2022	289,108	-	(2,932)	23,568	-	134,332	-	168,900	612,976	49.5%
	(e)	2021	272,617	-	2,655	25,899	-	81,400	-	85,084	467,655	35.6%
Tim Allison		2022	248,590	-	8,219	23,568	-	4,700	-	44,000	329,077	14.8%
	(f)	2021	58,750	-	3,616	5,424	-	-	-	-	67,790	0.0%
John Bourke		2022	400,000	-	29,226	40,000	-	164,700	-	368,982	1,002,908	53.2%
		2021	334,247	-	10,642	45,079	-	140,274	-	344,945	875,187	55.4%
Chris Palin		2022	272,727	-	9,692	27,273	-	130,275	-	283,254	723,221	57.2%
		2021	264,200	-	12,490	35,640	-	110,959	-	272,847	696,136	55.1%
James Versace		2022	95,999	-	7,892	9,600	-	-	-	-	113,491	0.0%
	(g)	2021	-	-	-	-	-	-	-	-	-	0.0%
Derek Fowler		2022	-	-	-	-	-	-	-	-	-	0.0%
	(h)	2021	37,179	-	(10,513)	4,628	23,630	-	-	-	54,924	0.0%
Keith Smith		2022	-	-	-	-	-	-	-	-	-	0.0%
	(i)	2021	173,211	-	(50,725)	16,455	161,646	-	95,596	-	396,183	24.1%
		2022	1,690,293	-	65,575	147,577	-	512,337	-	1,034,776	3,450,558	44.8%
		2021	1,369,454	-	(19,605)	149,064	185,276	332,633	95,596	726,394	2,838,812	40.7%
Totals		2022	2,243,656	-	65,575	202,914	-	512,337	-	1,034,776	4,059,258	38.1%
		2021	1,932,905	-	(19,605)	202,592	185,276	332,633	95,596	726,394	3,455,791	33.4%

(a) Chair effective 1 December 2020.

(b) In FY21, Karen Gadsby received fees for additional duties performed over and above her duties as a NED.

(c) Retired 23 November 2021.

(d) Appointed CEO and Group Company Secretary, Joyce Corporation Ltd effective 1 December 2020.

(e) Appointed COO, Joyce Corporation Ltd and Managing Director, Bedshed effective 1 May 2022.

(f) Appointed CFO and Group Company Secretary, Joyce Corporation Ltd effective 1 April 2021.

(g) Appointed CFO, KWB Pty Ltd effective 21 February 2022.

(h) Contract ended effective 7 August 2020. Other payments consisted of payment in lieu of notice (\$11,538) and unused annual leave (\$12,091).

(i) CEO, Joyce Corporation Ltd from 31 March 2020 to 30 November 2020; Group Company Secretary, Joyce Corporation Ltd to 1 April 2021.

Other payments consisted of \$100,000 paid on conclusion of modified contract and unused annual leave (\$61,646).

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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	100% level STI ^(a)	% financial conditions	% non-financial conditions	STI financial condition	STI non-financial condition	% of the financial condition achieved	% of the non-financial condition achieved	STI payable
<i>Non-executive Directors</i>										
Jeremy Kirkwood		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Karen Gadsby		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Daniel Smetana		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Timothy Hantke		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Travis McKenzie		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Michael Gurry		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
<i>Other Key Management Personnel</i>										
Daniel Madden		2022	97,913	50.00%	50.00%	48,956	48,957	100.00%	60.00%	78,330
		2021	-	-	-	-	-	-	-	-
Gavin Culmsee		2022	134,332	50.00%	50.00%	67,166	67,166	100.00%	100.00%	134,332
		2021	111,000	66.67%	33.33%	74,000	37,000	100.00%	20.00%	81,400
Tim Allison		2022	4,700	50.00%	50.00%	2,350	2,350	100.00%	100.00%	4,700
		2021	-	-	-	-	-	-	-	-
John Bourke		2022	164,700	75.00%	25.00%	123,525	41,175	100.00%	100.00%	164,700
		2021	140,274	92.84%	7.16%	130,235	10,039	100.00%	100.00%	140,274
Chris Palin		2022	130,275	75.00%	25.00%	97,706	32,569	100.00%	100.00%	130,275
		2021	110,959	92.83%	7.17%	103,007	7,952	100.00%	100.00%	110,959
James Versace		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Derek Fowler		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
Keith Smith		2022	-	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-	-
		2022	531,920			339,703	192,217			512,337
		2021	362,233			307,242	54,991			332,633
Totals		2022	531,920			339,703	192,217			512,337
		2021	362,233			307,242	54,991			332,633

(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.

D. 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 performance condition not being met.

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

Terms and conditions

During the current 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.

During the prior financial year, 127,002 'FY21 performance rights' were issued to Daniel Madden, 208,448 to John Bourke, 164,879 to Chris Palin and 140,484 issued to Gavin Culmsee. In addition and in recognition of past performance, 141,677 'FY20 performance rights' were issued to John Bourke and 112,065 to Chris Palin. These are subject to meeting pre-determined performance criteria.

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Reconciliation of performance rights

The reconciliation of the performance rights is set out below.

	Year Granted	Balance at start of year Number	Granted during year Number	Vested Number	Forfeited Number	Other Number	Balance at end of year Number	Maximum value yet to vest ^(b) \$000
Daniel Madden	FY22	-	132,043	-	-	-	132,043	465
	FY21	127,002	-	-	-	-	127,002	208
Gavin Culmsee	FY22	-	72,607	-	-	-	72,607	251
	FY21	140,484	-	-	-	-	140,484	156
	FY20 ^(a)	76,387	-	76,387	-	-	-	-
Tim Allison	FY22	-	62,065	-	-	-	62,065	215
John Bourke	FY22	-	103,319	-	-	-	103,319	357
	FY21	208,448	-	-	-	-	208,448	557
	FY20 ^(a)	141,677	-	141,677	-	-	-	-
Chris Palin	FY22	-	70,445	-	-	-	70,445	244
	FY21	164,879	-	-	-	-	164,879	440
	FY20 ^(a)	112,065	-	112,065	-	-	-	-
		970,942	440,479	330,129	-	-	1,081,292	2,893

(a) The 'FY20 performance rights' vesting period ended on 30 June 2022, with expectations that these rights will fully vest. This will be approved at the next meeting of the Remuneration Committee.

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

Details of performance rights

Details of the performance rights on issue as at 30 June 2022 are summarised below.

FY20 Rights

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, with expectations that these rights will fully vest. This will be approved at the next meeting of the Remuneration Committee.

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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	63,501 - 127,002	104,224 - 208,448	82,440 - 164,879	70,242 - 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) 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.
- (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	Tim Allison	John Bourke	Chris Palin	Gavin Culmsee
Maximum number of rights granted	39,613	12,413	20,664	14,089	14,521
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.

FY22 Non-market based rights

Beneficiary	Daniel Madden	Tim Allison	John Bourke	Chris Palin	Gavin Culmsee
Maximum number of rights granted	92,430	49,652	82,655	56,356	58,086
Vesting conditions	JYC ROE metric ^(a)	JYC ROE metric ^(a)	KWB EBIT metric ^(a)	KWB EBIT metric ^(a)	Bedshed EBIT 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	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.

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 Consolidated Entity (2021: nil).

Option holdings

During the financial year, there were no options on issue to any Director or Executive of the Consolidated Entity (2021: 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 Consolidated Entity (2021: nil).

REMUNERATION REPORT – AUDITED

YEAR ENDED
30 JUNE 2022

Share holdings

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

	Balance 1 July 2021	Granted as remuneration	On exercise of options	On-market purchases ^(a)	Other net change	Balance 30 June 2022
Jeremy Kirkwood	132,978	-	-	7,027	-	140,005
Karen Gadsby	87,500	-	-	-	-	87,500
Daniel Smetana	11,171,579	-	-	-	-	11,171,579
Timothy Hantke	20,000	-	-	1,109	-	21,109
Travis McKenzie	15,086	-	-	836	-	15,922
Michael Gurry	140,593	-	-	-	(140,593) ^(b)	-
Daniel Madden	-	-	-	-	-	-
Gavin Culmsee	40,000	-	-	-	-	40,000
Tim Allison	-	-	-	-	-	-
John Bourke	165,359	-	-	-	-	165,359
Chris Palin	-	-	-	-	-	-
James Versace	-	-	-	-	-	-
TOTAL	11,773,095	-	-	8,972	(140,593)	11,641,474

(a) Includes amounts reinvested under the Company's DRP.

(b) Michael Gurry resigned as a Director on 23 November 2021.

E. LINK BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The Consolidated Entity 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 Consolidated Entity, 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.

	FY22 \$'000	FY21 \$'000	FY20 \$'000	FY19 \$'000	FY18 \$'000
Revenue from continuing operations ^(a)	129,016	111,224	85,757	84,205	78,093
Profit from continuing operations after tax ^(a)	17,610	12,995	2,674	6,385	6,204
Share price at year-end \$	2.40	2.65	1.10	1.53	1.42
Dividends (cents)	18.0	17.0	10.0	12.7	11.0

(a) Revenue and profit exclude discontinued operations.

F. VOTING AT THE 2021 ANNUAL GENERAL MEETING (AGM)

At the 2021 Annual General Meeting (“AGM”), 54.25% of shareholders votes cast were against adopting the 2021 Remuneration Report – Audited (“Remuneration Report”) constituting a “first strike” under the Corporations Act 2001 (Cth) (“Corporations Act”).

Shareholders should note that in order to be carried, the 2022 Remuneration Report requires a 75% majority vote at the 2022 AGM, otherwise the Company will receive a “second strike” under the Corporations Act. Should this ‘second strike’ eventuate, a subsequent board spill resolution will be required to be held (under the Corporations Act).

As with previous years, during the 2022 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.

G. 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.

H. LOANS OR OTHER TRANSACTIONS WITH DIRECTORS AND KMP

There are no loans outstanding with any Director or Executive as at 30 June 2022 (2021: \$nil).

During the financial year, the entities of the Consolidated Entity entered into the following transactions with Key Management Personnel:

Related party	Type of transaction
Key Management Personnel	Received dividend payments totalling \$1,860,355, with \$28,695 reinvested under the Company’s DRP ^(a) .

(a) Includes amounts paid to Michael Gurry during his tenure as a Director up to date of his retirement (23 November 2021).

Other than the items disclosed above, there are no other material transactions with KMP not in the ordinary course of business.

END OF AUDITED REMUNERATION REPORT.

INSURANCE OF OFFICERS

During the financial year, Joyce Corporation Ltd paid a premium to insure the Directors, Secretaries and KMP of the Consolidated Entity. 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 Consolidated Entity 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 Consolidated Entity. 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 taking responsibility on behalf of the Company for all or part of those proceedings.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

Joyce Corporation Ltd is party to licenses issued by the Environmental Protection Authority as per NGER Act 2007 and various other authorities throughout Australia. These licenses regulate the management of air and water quality, the storage and carriage of hazardous materials and disposal of wastes associated with the Consolidated Entity's properties. There have been no new or material known breaches associated with the Consolidated Entity's license conditions.

NON-AUDIT SERVICES

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

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the \$118,070 of non-audit services provided by BDO during the year (as disclosed in Note 28) do not compromise the external auditor's independence requirements of 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 integrity 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 issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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 35.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative 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 made pursuant to section 298(2) of the Corporations Act 2001.



J Kirkwood
Chair

Perth, 30 August 2022

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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF JOYCE CORPORATION LTD

As lead auditor of Joyce Corporation Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

Neil Smith
Director

BDO Audit (WA) Pty Ltd
Perth
30 August 2022

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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 2022 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.joycecorp.com.au.

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Joyce Corporation Ltd

AND CONTROLLED ENTITIES

ABN: 80 009 116 269

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Revenue	22	129,016	111,224
Cost of sales	22	(61,178)	(52,417)
Gross profit		67,838	58,807
Fair value gain on investment property revaluation	15	6,377	-
Other revenue	22	2,114	4,385
Variable costs	22	(10,077)	(8,030)
Contribution margin		66,252	55,162
Expenses			
Employment expenses	22	(25,202)	(22,031)
Occupancy expenses		(1,364)	(1,238)
Marketing expenses		(2,458)	(2,694)
Administration expenses	22	(5,020)	(4,907)
Profit before depreciation, interest and tax		32,208	24,292
Depreciation and amortisation	22	(5,505)	(4,663)
Profit before interest and tax		26,703	19,629
Net interest	22	(453)	(521)
Profit before tax		26,250	19,108
Income tax expense	23	(8,640)	(6,113)
Profit for the period		17,610	12,995
Profit is attributable to:			
Ordinary equity holders of the Company		9,086	7,574
Non-controlling interests		8,524	5,421
		17,610	12,995
Earnings per share (cents per share) for profit attributable to ordinary equity holders of the Company:			
Basic earnings per share	19	32.19	26.92
Diluted earnings per share	19	32.19	26.92

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Profit for the year		17,610	12,995
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		17,610	12,995
Total comprehensive income for the year attributable to:			
Ordinary equity holders of the Company		9,086	7,574
Non-controlling interests		8,524	5,421
		17,610	12,995

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	31,933	19,881
Trade receivables	10	1,079	591
Inventories	11	3,182	3,225
Other assets	12	1,068	464
Other financial assets	13	1,218	582
Assets held for sale	30	16,000	-
Total current assets		54,480	24,743
Non-current assets			
Other assets	12	635	114
Deferred tax assets	23	6,147	6,005
Right-of-use assets	24	13,933	12,454
Property, plant and equipment	14	3,423	8,892
Investment property	15	-	9,623
Intangible assets	5	7,597	7,450
Total non-current assets		31,735	44,538
TOTAL ASSETS		86,215	69,281
LIABILITIES			
Current liabilities			
Trade and other payables	16	24,784	19,747
Provisions	17	2,884	2,410
Lease liabilities	24	4,890	3,974
Provision for income tax	23	382	1,710
Total current liabilities		32,940	27,841
Non-current liabilities			
Lease liabilities	24	10,443	9,788
Deferred tax liabilities	23	6,760	4,364
Provisions	17	584	649
Total non-current liabilities		17,787	14,801
TOTAL LIABILITIES		50,727	42,642
NET ASSETS		35,488	26,639
EQUITY			
Issued capital	18	18,705	18,397
Share-based payments reserve	20	1,777	742
Retained earnings		8,045	3,893
Parent entity interest		28,527	23,032
Non-controlling interest	26	6,961	3,607
TOTAL EQUITY		35,488	26,639

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from / (used in) operating activities			
Receipts from customers		133,822	115,904
Payments to suppliers and employees		(103,706)	(83,931)
Income tax paid		(7,714)	(4,815)
Interest received		36	8
Net cash flows from operating activities	29	22,438	27,166
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(1,371)	(1,394)
Purchase of intangible assets	5	(207)	
Proceeds from sale of discontinued operations	29	-	3,300
Proceeds from sale of property, plant and equipment	14	5,453	111
Net cash flows from investing activities		3,875	2,017
Cash flows (used in) financing activities			
Dividends paid		(4,626)	(4,760)
Dividends paid to non-controlling interests	26	(5,170)	(5,472)
Payment of lease liabilities	24	(4,465)	(3,963)
Repayment of borrowings	6	-	(5,750)
Net cash flows (used in) financing activities		(14,261)	(19,945)
Net increase in cash and cash equivalents		12,052	9,238
Cash and cash equivalents at beginning of year		19,881	10,643
Cash and cash equivalents at end of year	9	31,933	19,881
Reconciliation of cash			
Cash at bank and in hand	9	31,933	19,881
		31,933	19,881

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Joyce Corporation Ltd ("the Company") for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors of the Company dated 30 August 2022. 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 Consolidated Entity").

Critical Accounting Estimates and Judgements: COVID-19 pandemic

Judgement has been exercised in considering the impacts the COVID-19 pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably at the reporting date.

Significant Accounting Policy: Basis of preparation

These general-purpose financial statements for the financial year ended 30 June 2022 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 Consolidated Entity's investment property and certain other financial instruments which are measured at fair value.

Significant Accounting Policy: Principles of consolidation

The Consolidated Entity controls an entity when the Consolidated Entity 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 Consolidated Entity controls another entity.

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

Consolidated financial statements are the financial statements of the Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated Entity, 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 Consolidated Entity 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 Consolidated Entity is of a kind referred to in ASIC Legislative 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.

Significant Accounting Policy: Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operation ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is the Consolidated Entity's functional and presentation currency.

2. SIGNIFICANT AFTER REPORTING DATE EVENTS

The Directors resolved that a FY22 final dividend of 10.5 cents per share, fully franked, be paid by Joyce Corporation Limited on 30 September 2022 to all shareholders registered as at the record date of 13 September 2022.

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

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 Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity'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 Consolidated Entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

The Consolidated Entity holds the following financial instruments:

	Note	2022 \$'000	2021 \$'000
Financial assets			
Cash and cash equivalents	9	31,933	19,881
Trade receivables	10	1,079	591
Other receivables	12	323	130
Other financial assets	13	1,218	582
		<u>34,553</u>	<u>21,184</u>
Financial liabilities			
Trade and other payables	16	24,784	19,747
Lease liabilities	24	15,333	13,762
		<u>40,117</u>	<u>33,509</u>

Market risk*(i) Foreign exchange risk*

The Consolidated Entity's exposure to foreign currency risk is not material and is largely limited to purchases of inventory within the Company-Owned Bedshed stores.

(ii) Cash flow interest rate risks

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at the reporting date, the Consolidated Entity had the following variable and fixed rate financial instruments:

	Average interest rate		2022	Average interest rate		2021
	Variable	Fixed	\$000	Variable	Fixed	\$000
Financial assets						
Cash and cash equivalents	0.01%	-	31,933	0.01%	-	19,881
Financial liabilities						
CBA market rate loan (revolving facility)	3.00%	-	-	-	-	-
NAB business loan	2.99%	-	-	2.99%	-	-
CBA market rate loan 1	-	-	-	2.25%	-	-
CBA market rate loan 2	-	-	-	2.25%	-	-
			-			-

An analysis by maturities is provided in (b) below.

The Consolidated Entity 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 Consolidated Entity 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 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.

(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 Consolidated Entity trades.

Credit risk is managed on a Consolidated Entity 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 Consolidated Entity generally retains title over the goods sold until full payment is received. The Consolidated Entity does not hold any credit derivatives to offset its credit exposure. The Consolidated Entity trades only with recognised, creditworthy third parties and as such, collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated Entity's financial assets is as follows:

		2022 \$'000	2021 \$'000
Cash and cash equivalents	AA-	31,933	19,881
Trade receivables	Non-rated	1,079	591
Other receivables	Non-rated	323	130
Other financial assets	Non-rated	1,218	582
		34,553	21,184

(b) Liquidity risk

The Consolidated Entity 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 Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Maturities of financial assets and financial liabilities

The tables below present, as at the reporting date, the Consolidated Entity'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 undiscounted cash flows.

	≤ 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
	<u>34,553</u>	<u>-</u>	<u>-</u>	<u>34,553</u>
Consolidated financial liabilities				
Trade and other payables	(24,784)	-	-	(24,784)
Lease liabilities	(4,890)	(9,236)	(1,207)	(15,333)
	<u>(29,674)</u>	<u>(9,236)</u>	<u>(1,207)</u>	<u>(40,117)</u>
Net maturity	<u>4,879</u>	<u>(9,236)</u>	<u>(1,207)</u>	<u>(5,564)</u>
	≤ 12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Year ended 30 June 2021				
Consolidated financial assets				
Cash and cash equivalents	19,881	-	-	19,881
Trade receivables	591	-	-	591
Other receivables	16	114	-	130
Other financial assets	582	-	-	582
	<u>21,070</u>	<u>114</u>	<u>-</u>	<u>21,184</u>
Consolidated financial liabilities				
Trade and other payables	19,747	-	-	19,747
Lease liabilities	3,974	8,884	904	13,762
	<u>23,721</u>	<u>8,884</u>	<u>904</u>	<u>33,509</u>
Net maturity	<u>(2,651)</u>	<u>(8,770)</u>	<u>(904)</u>	<u>(12,325)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Capital risk management**

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

Management oversees the Consolidated Entity's capital by assessing the Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity has the following operating segments:

- Operation of retail kitchen and wardrobe showrooms;
- Bedshed retail bedding franchise operation; and
- Company-Owned retail bedding stores.

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 Consolidated Entity 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 Consolidated Entity generated more than 10% of the Consolidated Entity's revenue during the year ended 30 June 2022 (2021: none).

In the retail operations of the Consolidated Entity, namely KWB and Bedshed Company-Owned stores, no single customer represents a material amount of revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Showrooms \$'000	Bedshed Franchise \$'000	Retail Bedding Stores \$'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				(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
Depreciation and amortisation	4,276	85	985	5,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2021.

	Retail Kitchen Showrooms \$'000	Bedshed Franchise \$'000	Retail Bedding Stores \$'000	Total \$'000
Revenue				
Revenue	89,693	4,834	16,697	111,224
Inter-segment sales	-	-	-	-
Total segment revenue	89,693	4,834	16,697	111,224
Timing of revenue recognition:				
At a point in time	89,693	-	16,697	106,390
Over time	-	4,834	-	4,834
	89,693	4,834	16,697	111,224
Unallocated revenue				-
Total consolidated revenue				111,224
Result				
Segment result	16,320	2,629	3,257	22,206
Unallocated expenses net of unallocated income				(3,098)
Income tax expense				(6,113)
Net consolidated profit for the year				12,995
Assets and liabilities as at 30 Jun 2021				
Segment assets	41,549	8,540	12,308	62,397
Unallocated assets				6,884
Total assets				69,281
Segment liabilities	32,550	2,205	6,556	41,311
Unallocated liabilities				1,331
Total liabilities				42,642
Other segment information for the year ended 30 Jun 2021				
Capital expenditure on PPE and intangibles	1,346	25	9	1,380
Depreciation and amortisation	3,450	82	1,043	4,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

	2022	2021
	\$'000	\$'000
Software development	267	120
Goodwill	7,330	7,330
Total intangible assets	7,597	7,450

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 Consolidated Entity'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 2022 are as follows:

- KWB Group CGU; and*
- Bedshed Franchising CGU.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

An analysis of intangible assets is presented below.

	Goodwill		Software Development		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June						
Net of accumulated impairment and amortisation at 1 July	7,330	7,330	120	180	7,450	7,510
Additions	-	-	207	-	207	-
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Amortisation	-	-	(60)	(60)	(60)	(60)
Net of accumulated impairment and amortisation at 30 June	7,330	7,330	267	120	7,597	7,450
At 30 June						
Cost (gross carrying amount)	11,734	11,734	387	180	12,121	11,914
Disposals	-	-	-	-	-	-
Accumulated impairment	(4,404)	(4,404)	-	-	(4,404)	(4,404)
Accumulated amortisation	-	-	(120)	(60)	(120)	(60)
Net carrying amount	7,330	7,330	267	120	7,597	7,450

Goodwill

Goodwill as at 30 June 2022 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 2022 reflects the value of the Group's custom built software systems, used to support multiple aspects of its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Allocation of goodwill

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

	2022 \$'000	2021 \$'000
Kitchen and Wardrobe Showrooms segment	1,023	1,023
Bedshed Franchise segment	6,307	6,307
	7,330	7,330

Impairment 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.

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

	Pre-tax Discount Rate 2022	Pre-tax Discount Rate 2021	Growth Rate 2022	Growth Rate 2021
Kitchen Showrooms segment	9.81%	9.81%	2.41%	2.36%
Bedshed Franchising segment	9.81%	9.81%	2.41%	2.36%

The Consolidated Entity'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 2022 was \$nil (2021: \$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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidation Entity'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 Consolidated Entity has complied with the financial covenants of its financing facilities during the financial year. The financiers assesses 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
NAB business loan	-	-	-	4,000	4,000	31/07/2024
Total	-	-	-	9,100	9,100	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. CONTINGENT LIABILITIES

At 30 June 2022, the Consolidated Entity had entered into the following guarantees:

- KWB Group has retail lease bank guarantees held against the equity in the 97 Trade Street, Lytton property as at 30 June 2022 of \$1.02 million (30 June 2021: \$0.96 million).
- Bedshed company-owned retail stores have bank guarantees relating to payment of lease obligations as at 30 June 2022 of \$0.37 million (30 June 2021: \$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.

KWB Group also has cash-backed rental deposits supporting showroom leases as at 30 June 2022 of \$60,000 (30 June 2021: \$60,000).

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 less, where appropriate, cumulative amounts recognised in accordance with AASB 15 Revenue from Contracts with Customers. Where the Consolidated Entity gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Consolidated Entity uses various methods in estimating the fair value of instruments. 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
<i>Assets held for sale</i>		
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, has been 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 financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated Entity'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 2022, the total of this balance was \$1.22 million (2021: \$0.58 million).

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

	2022 \$'000	2021 \$'000
Cash at bank and on hand	31,933	19,881

10. TRADE RECEIVABLES

	2022 \$'000	2021 \$'000
Current		
Trade receivables	1,083	597
Allowance for expected credit loss	(4)	(6)
	1,079	591

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 with 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:

	2022 \$'000	2021 \$'000
Within one year	1,079	591

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2022 \$'000	2021 \$'000
At 1 July	6	216
(Credit) / charge for the year	(2)	(210)
At 30 June	4	6

Critical Accounting Estimates and Judgements: Expected credit losses

Debtors in each of the Consolidated Entity 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, the impact of the COVID-19 pandemic 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

	2022 \$'000	2021 \$'000
Current		
Stock on hand at cost	3,755	3,360
Provision for impairment ^(a)	(573)	(135)
	3,182	3,225

(a) Write-downs of inventories to net realisable value recognised as an expense during the financial year amounted to \$438,000 (2021: \$17,000).

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 Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. OTHER ASSETS

	2022	2021
	\$'000	\$'000
Current		
Accrued revenue	253	104
Prepayments	610	280
Other receivables	205	80
	1,068	464
Non-current		
Other receivables ^(a)	118	114
Business establishment assets ^(b)	517	-
	635	114

(a) Non-current other receivables are cash-backed rental deposits.

(b) Balance relates to assets that have been purchased for the Group's new business opportunity and are expected to be ready for use early in the 2023 financial year.

Significant Accounting Policy: Investments and other financial assets*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

13. OTHER FINANCIAL ASSETS

	2022	2021
	\$'000	\$'000
Current		
Funds held in trust	1,218	582

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'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) and will lead to a more efficient allocation of the Company's capital in accordance with the strategic direction of the business. Refer to Note 24 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Property and buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2021				
At 1 July 2020, net of depreciation	5,500	1,886	1,421	8,807
Additions	-	801	593	1,394
Disposals	-	(58)	(36)	(94)
Depreciation charge for the year	(46)	(629)	(540)	(1,215)
At 30 June 2021, net of accumulated depreciation	5,454	2,000	1,438	8,892
At 30 June 2021				
Cost	6,845	5,165	4,182	16,192
Accumulated depreciation	(242)	(3,165)	(2,744)	(6,151)
Accumulated impairment	(1,149)	-	-	(1,149)
Net carrying amount	5,454	2,000	1,438	8,892

Significant Accounting Policy: Property, plant and equipment

Land and buildings are shown at carrying 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 Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INVESTMENT PROPERTY

	2022 \$'000	2021 \$'000
Opening balance	9,623	9,623
Fair value adjustments	6,377	-
Transfer to asset held for sale (Note 30)	(16,000)	-
Closing balance	-	9,623

Fair value measurement**Critical Accounting Estimates and Judgements: Treatment of investment property in Lytton, QLD**

For the financial year ended 30 June 2021, the KWB Group property located in 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 Group, had agreed to the sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland. Refer to Note 8 for further details. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Consolidated Entity 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.

	2022	2021
	\$'000	\$'000
<i>Unsecured liabilities</i>		
Trade payables	5,827	4,318
Sundry creditors	60	44
Contract liabilities ^(a)	14,176	10,996
Accruals and other payables	4,721	4,389
	24,784	19,747

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

17. PROVISIONS

	2022	2021
	\$'000	\$'000
Current		
Employee benefits	2,884	2,410
	2,884	2,410
Non-current		
Make good provision	359	349
Employee benefits	225	300
	584	649

Movement in provisions

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

	Employee Benefits	Make good provision	Total
	\$'000	\$'000	\$'000
Opening balance at 1 July 2021	2,710	349	3,059
Additional / (amount released)	399	10	409
Closing balance at 30 June 2022	3,109	359	3,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Make good provision

This provision 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, service warranties and make good obligations are recognised when the Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. ISSUED CAPITAL

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

	2022 \$'000	2021 \$'000
Opening share capital	18,397	18,280
Fully paid ordinary shares issued during the year	308	117
Closing share capital	18,705	18,397

Movement in ordinary shares on issue:

	Number	\$'000
At 1 July 2021	28,172,284	18,397
Dividend reinvestment plan issues	96,320	308
At 30 June 2022	28,268,604	18,705

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 continuing operations basic and diluted earnings per share computations:

		2022	2021
Basic earnings per share:			
Net profit attributable to ordinary Joyce shareholders from continuing operations	\$000	9,086	7,574
Weighted average number of ordinary shares	Number	28,223,782	28,139,008
Earnings per share	Cents per share	32.19	26.92
Diluted earnings per share:			
Net profit attributable to ordinary Joyce shareholders from continuing operations	\$000	9,086	7,574
Weighted average number of ordinary shares ^{(a)(b)}	Number	28,224,686	28,139,008
Earnings per share	Cents per share	32.19	26.92

(a) The 'FY20 Performance Rights' have been included in the denominator of the diluted shares.

(b) The 'FY21 and FY22 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE-BASED PAYMENTS

A total share-based payments expense of \$1,034,776 was recognised in the year (FY21: \$726,394).

(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

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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 NPAT 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	63,501 - 127,002	104,224 - 208,448	82,440 - 164,879	70,242 - 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 2021 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) 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	Tim Allison	John Bourke	Chris Palin	Gavin Culmsee
Maximum number of rights granted	39,613	12,413	20,664	14,089	14,521
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FY22 Non-market based rights

Beneficiary	Daniel Madden	Tim Allison	John Bourke	Chris Palin	Gavin Culmsee
Maximum number of rights granted	92,430	49,652	82,655	56,356	58,086
Vesting conditions	JYC ROE metric ^(a)	JYC ROE metric ^(a)	KWB EBIT metric ^(a)	KWB EBIT metric ^(a)	Bedshed EBIT 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	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.

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 Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. DIVIDENDS

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

	2022 \$'000	2021 \$'000
<i>Ordinary shares:</i>		
FY20 final fully franked dividend of 5.0 cents per share	-	1,405
FY21 interim fully franked dividend of 7.0 cents per share	-	1,971
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	-
	4,934	3,376

Franking account balance

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

	Consolidated		Parent entity	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Franking credits available for subsequent financial years at 30%	9,825	5,508	3,832	2,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. REVENUE, INCOME AND EXPENSES

(a) Revenue from continuing operations

	2022	2021
	\$'000	\$'000
Revenue from contracts with customers		
Sale of goods	123,671	106,390
Franchise revenue	5,345	4,834
	129,016	111,224
Other revenue		
Rental revenue	681	632
Freight recovered	316	291
Gain on lease modification	-	480
Other revenue	1,117	1,155
Government grants	-	1,827
	2,114	4,385

Significant Accounting Policy: Presentation of government grants

Government grants relating to JobKeeper are recognised in profit or loss in other revenue over the period necessary to match them with the costs that they are intended to compensate.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Consolidated Entity will comply with all attached conditions.

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 earned at the point of product delivery; and
- Franchising, the majority of revenue is earned through payments made by the Franchisees for the services Bedshed provide in connection with the Franchise.

In understanding the segments, the organisation rarely considers the geographic location of the customer as being the driver to an increased understanding.

There were no new revenue streams during the financial year ended 30 June 2022 (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table lays out the facts and circumstances that pertain to the Consolidated Entity's contracts for continuing operations 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 Showrooms	Bedshed Franchise	Retail Bedding Stores	Joyce Corporation
Nature of the revenue	Sale of goods	Franchise revenue	Sale of goods	Rental revenue
Market	"Do It For Me" renovations	Franchising in specialty retail	Specialty retail	Commercial real estate
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	Property cycle
Contractual arrangements	Standard form contract	Standard form contract	Standard form contract	Lease agreement
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	Recognition is monthly as defined in the relevant lease agreement
Contractual assets or liabilities	Bank guarantees, Customer deposits	Nil	Bank guarantees, Customer deposits	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Expenses from continuing operations

	2022 \$'000	2021 \$'000
Cost of sales		
Cost of goods	(61,178)	(52,417)
Total cost of sales	(61,178)	(52,417)
Variable costs		
Freight	(397)	(241)
Wages – commissions	(7,771)	(6,613)
Warranty costs	(1,909)	(1,176)
Total variable costs	(10,077)	(8,030)
Employment expenses		
Superannuation contributions	(2,276)	(1,970)
Payroll tax	(1,368)	(1,133)
Wages and other employee benefits	(20,523)	(18,202)
Share-based payments (Note 20)	(1,035)	(726)
Total employment expenses	(25,202)	(22,031)
Net interest income / (expense)		
Interest income	36	27
Interest expense	-	(19)
Interest expense on lease liabilities	(489)	(529)
Net interest expense	(453)	(521)
Depreciation and amortisation		
Depreciation – property, plant & equipment	(1,338)	(1,215)
Amortisation – right-of-use asset	(4,107)	(3,388)
Amortisation – software	(60)	(60)
Total depreciation and amortisation	(5,505)	(4,663)
Administration expenses		
IT, communications and network costs	(1,495)	(1,174)
Consultancy fees	(328)	(201)
Travel expenses	(331)	(251)
Insurance	(340)	(294)
Accounting and audit fees	(315)	(205)
Legal fees	(129)	(120)
Business establishment costs	(448)	-
Other administration expenses	(1,632)	(1,386)
Expected credit loss (Note 10)	(2)	210
Repayment of government grants	-	(1,486)
Total administration expenses	(5,020)	(4,907)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2022 \$'000	2021 \$'000
Lease payments	(4,465)	(3,963)

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:

	2022 \$'000	2021 \$'000
<i>Current income tax</i>		
Current income tax expense	6,382	6,012
(Over) / under provision in respect of prior years	-	29
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	2,195	(67)
Under provision in respect of prior years	63	139
Income tax expense recognised in profit or loss	8,640	6,113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Consolidated Entity's effective income tax rate for the financial years ended 30 June 2022 and 30 June 2021 is as follows:

	2022 \$'000	2021 \$'000
Profit before income tax	26,250	19,108
Income tax expense calculated at the statutory income tax rate of 30% (2021: 30%)	7,875	5,732
<i>Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:</i>		
Entertainment	19	13
Share-based payments	310	217
Other items not allowed / (not assessable) for income tax purposes	-	(66)
Deferred tax assets not brought into account	340	38
Over provision in respect of prior years	63	168
Other permanent differences	33	11
Income tax expense recognised in profit or loss	8,640	6,113
<i>Effective income tax rate</i>	33%	32%

Significant Accounting Policy: Tax consolidation

Joyce Corporation Ltd and its 100%-Australian-owned subsidiaries are a tax group. Members of the Group have not entered into any tax sharing or tax funding arrangements. At the reporting date, the possibility that the head entity will default on its tax payment obligations is remote. The head entity of the tax group is Joyce Corporation Ltd.

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

The head entity and the controlled entities in the tax group continues to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax group. 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 Consolidated Entity has recognised no consolidation contribution or distribution adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Opening balance 1 July 2021 \$'000	Recognised in profit or loss statement \$'000	Closing balance 30 June 2022 \$'000
Deferred tax liabilities			
Investment property / asset held for sale	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

The major components of deferred income tax at 30 June 2021 are as follows:

	Opening balance 1 July 2021 \$'000	Recognised in profit or loss statement \$'000	Closing balance 30 June 2022 \$'000
Deferred tax liabilities			
Investment property	332	31	363
Trade and other receivables	204	(199)	5
Fair value gains on other intangible assets	260	-	260
Right-of-use asset	3,055	681	3,736
	3,851	513	4,364
Deferred tax assets			
Property, plant and equipment	887	(179)	708
Trade and other payables	125	62	187
Other employer obligations	794	20	814
Provisions	142	5	147
Lease liabilities	3,580	549	4,129
Other	36	(16)	20
	5,564	441	6,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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 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 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 Group 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 and 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 Group 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 and 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 repayments.

	Property and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2021			
At 1 July 2021, net of accumulated amortisation	10,148	47	10,195
Additions	5,721	-	5,721
Amortisation charge for the year	(3,383)	(5)	(3,388)
Modifications to lease terms	(124)	-	(124)
Variable lease payment adjustments	92	(42)	50
At 30 June 2021, net of accumulated amortisation	12,454	-	12,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	2022 \$'000	2021 \$'000
Rental income (included in Other Income)	681	632
Gain on lease modification (included in Other Income)	-	480
Interest expense (included in Net Interest Expense)	489	530
Expense relating to short term leases (included in Occupancy Expense)	176	73
Expense relating to leases of low value assets that are not short-term leases (included in Administration expenses)	3	3

Lease liabilities relates to the following:

	2022 \$'000	2021 \$'000
Current		
Lease liabilities	4,890	3,974
Non-current		
Lease liabilities	10,443	9,788

Critical Accounting Estimates and Judgements: LeasesDetermining the incremental borrowing rate

Where the interest rate implicit in a lease is not known, the Consolidated Entity is required to determine the incremental borrowing rate, being the rate of interest the Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity is reasonably certain to exercise any actual or implied extension options considering all facts and circumstances relating to the lease.

Critical Accounting Estimates and Judgements: Nature of leasing activitiesAs a lessee

The Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CAPITAL AND LEASING COMMITMENTS

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

Retail Kitchen Showrooms segment:

- 3 new showroom leases; and
- The renewal of 1 lease for existing showrooms.

Joyce parent entity:

- 2 new warehouse and office leases.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY DISCLOSURES

Ultimate controlling entity

The ultimate controlling entity of the Consolidated Entity 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	
		2022	2021
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
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	Australia	51	51

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

In determining whether the Consolidated Entity 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 financial year, the entities of the Consolidated Entity entered into the following transactions with related parties:

Key Management Personnel compensation

	2022	2021
	\$	\$
Fixed remuneration employee benefits	2,309,231	1,913,300
Variable remuneration employee benefits	512,337	332,633
Post-employment benefits	202,914	202,592
Termination benefits	-	185,276
Share-based payments (Note 20)	1,034,776	821,990
	4,059,258	3,455,791

Other transactions

	2022	2021
	\$	\$
Dividends paid to KMP	1,860,355	1,974,236

\$28,695 (FY21: \$8,628) of dividends payable to KMP's were reinvested under the Company's DRP.

Other than the items disclosed above, there are no other material 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:

	2022	2021
	\$'000	\$'000
Carrying amount of non-controlling interests acquired	3,607	3,658
Profits attributable to non-controlling interests	8,524	5,421
Dividends paid to non-controlling interest	(5,170)	(5,472)
Closing carrying amount of non-controlling interest	6,961	3,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Statement of financial position	KWB Consolidated Group	
	2022 \$'000	2021 \$'000
Current assets	37,678	14,693
Current liabilities	(25,847)	(22,518)
Current net assets	11,831	(7,825)
Non-current assets	14,276	25,831
Non-current liabilities	(11,900)	(10,645)
Non-current net assets	2,376	15,186
Net assets	14,207	7,361
Accumulated NCI	6,961	3,607
Statement of financial performance	KWB Consolidated Group	
	2022 \$'000	2021 \$'000
Revenue	107,957	89,693
Profit / (loss) for the year	17,396	11,063
Total comprehensive income	17,396	11,063
Profit allocated to NCI	8,524	5,421
Dividends paid to NCI	(5,170)	(5,472)
Statement of cash flow	KWB Consolidated Group	
	2022 \$'000	2021 \$'000
Cash flow from operating activities	21,669	23,569
Cash flow (used in) investing activities	(1,162)	(1,274)
Cash flow (used in) financing activities	(13,814)	(13,896)
Net increase / (decrease) in cash and cash equivalents	6,693	8,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARENT ENTITY DISCLOSURES

(a) Financial position – as at 30 June

	2022	2021
	\$'000	\$'000
Assets		
Current assets	933	936
Non-current assets	27,680	23,464
Total assets	28,613	24,400
Liabilities		
Current liabilities	1,545	1,063
Non-current liabilities	4,094	1
Total liabilities	5,639	1,064
Net assets	22,974	23,336
Equity		
Issued capital	18,705	18,397
Share-based payments reserve	1,777	742
Retained earnings	2,492	4,197
Net equity	22,974	23,336

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

	2022	2021
	\$'000	\$'000
Profit for the year	3,229	4,609
Total comprehensive profit	3,229	4,609

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

No such guarantees existed as at 30 June 2022 (2021: \$nil).

ii. Contingent liabilities of the parent entity

No contingent liabilities existed within the parent entity as at 30 June 2022 (2021: \$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 2022 (2021: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. AUDITOR'S REMUNERATION

	2022	2021
	\$'000	\$'000
Auditors of the Consolidated Entity		
Audit or review of the financial statements:		
Group	120,900	123,750
Total audit or review of the financial statements	120,900	123,750
Non-audit services:		
Taxation services	118,070	36,046
Total non-audit services	118,070	36,046
Total services provided by BDO	238,970	159,796

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

	2022	2021
	\$'000	\$'000
Cash and cash equivalents	31,933	19,881
Net debt	31,933	19,881
Cash and liquid investments	31,933	19,881
Net debt	31,933	19,881
Reconciliation of net cash flow to movement in net debt:		
Net debt at beginning of year	19,881	4,892
Increase in cash	12,052	9,238
Net repayment of / (increase) in long-term loans	-	5,751
Movements in net debt	12,052	14,989
Net debt at end of year	31,933	19,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of lease liability

	2022	2021
	\$'000	\$'000
Lease liability payable within one year	4,890	3,974
Lease liability payable after one year	10,443	9,788
Total lease liabilities	15,333	13,762

Reconciliation of net cash flow to movement in lease liability:

Lease liability at beginning of year	13,762	11,957
Lease payments in cash	(4,465)	(3,963)
Interest	489	529
Lease additions	5,479	5,668
Variable lease payment adjustments and modifications to leases	68	(429)
Movements in lease liabilities	1,571	1,805
Lease liabilities at end of year	15,333	13,762

Reconciliation of net profit / (loss) after tax to the net cash flows from continuing operations

	2022	2021
	\$'000	\$'000
Net profit after taxation	17,610	12,995
<i>Adjustments for:</i>		
Depreciation and amortisation	5,505	4,663
Issue of shares	-	95
Share-based payments	1,035	722
Fair value gain on investment property revaluation	(6,377)	-
<i>Changes in assets and liabilities:</i>		
(Increase) / decrease in inventories	42	(251)
(Increase) / decrease in trade and other receivables	(1,614)	742
(Increase) / decrease in other assets	(636)	(403)
(Increase) / decrease in net deferred tax assets and liabilities	2,254	72
(Decrease) / increase in trade and other payables	5,539	7,077
(Decrease) / increase in provisions	(920)	1,454
Net cash flows from operating activities	22,438	27,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. ASSETS HELD FOR SALE

On 22 August 2022, the Company announced that its 51% subsidiary, KWB Group, had agreed to the sale and leaseback of its corporate office and warehouse factory facility in Lytton, Queensland. 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 Company as it continues to apply disciplined capital management and build a solid platform from which to drive its growth ambitions further.

The carrying value of the underlying asset (\$16 million) was reclassified from investment property (non-current asset) to assets held for sale (current asset) as at 30 June 2022.

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 2022. All new and amended accounting standards and interpretations effective from 1 July 2021 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

Reference to the Conceptual Framework – Amendments to IFRS 3

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes 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 give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 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



J Kirkwood
Chair

Perth, 30 August 2022



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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 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2022 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.

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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.

Carrying Value of Goodwill and Other Assets

Key audit matter	How the matter was addressed in our audit
<p>The Group is required under Australian Accounting Standard AASB 136 <i>Impairment of Assets</i> ("AASB 136"), to perform an annual impairment test of the carrying value of goodwill.</p> <p>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.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluating the Group's categorisation 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 the 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 2022, 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.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 32 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Joyce Corporation Ltd, for the year ended 30 June 2022, 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

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a small, faint BDO logo.

Neil Smith

Director

Perth, 30 August 2022

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ASX ADDITIONAL INFORMATION
AS AT 23 AUGUST 2022

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	234	106,914	0.38
1,001 – 5,000	219	561,204	1.99
5,001 – 10,000	88	676,382	2.39
10,001 – 100,000	167	4,690,270	16.59
100,001 – and over	40	22,233,834	78.65
Rounding			0.00
Total	748	28,268,604	100.00

There were 56 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)	11,171,579	39.52
UFBA – John Roy Westwood	2,085,000	7.38
Total	13,256,579	46.90

(a) As at 23 August 2022 Daniel Smetana has a direct interest in 10,260,400 fully paid ordinary shares (20 August 2021: 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 no current on-market buy-back.

ASX ADDITIONAL INFORMATION
AS AT 23 AUGUST 2022

(e) Twenty Largest Quoted Equity Security Holders

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

Name	Fully Paid Ordinary Shares Held	%
1 ADAMIC PTY LTD	7,711,568	27.28
2 UFBA PTY LTD	1,800,000	6.37
3 DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.33
4 ONE MANAGED INVT FUNDS LTD <1 A/C>	1,055,449	3.73
5 MR DONALD TEO	990,000	3.50
6 TRAFALGAR PLACE NOMIN PTY LTD	980,000	3.47
7 MR DAN SMETANA	734,022	2.60
8 STARBALL PTY LTD	653,222	2.31
9 MR DANIEL ALEXANDER SMETANA	563,726	1.99
10 TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND ACCOUNT>	504,291	1.78
11 MRS JUDITH ANNA SMETANA	497,924	1.76
12 GLILOCAS INVESTMENTS PTY LTD <GLILOCAS GROWTH FUND A/C>	411,972	1.46
13 VANWARD INVESTMENTS LIMITED <EQUITIES A/C>	388,627	1.37
14 CONARD HOLDINGS PTY LTD	347,940	1.23
15 MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	333,017	1.18
16 FELIX SMETANA	307,116	1.09
17 FARROW RD PTY LTD	285,000	1.01
18 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	271,365	0.96
19 MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	219,680	0.78
20 MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	214,000	0.76
Total	19,483,570	68.96
Balance of register	8,775,034	31.04
Grand total	28,268,604	100.00

ASX ADDITIONAL INFORMATION AS AT 23 AUGUST 2022

(e) Secretaries

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

(f) Registered Office

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(g) Share Registry

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(h) Auditors

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