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Joyce Corporation Ltd (JYC)

29 May 2026

Initiation Report – Designed for Growth

Recommendation: Outperform

Our View

A capital-light compounder with an enviable balance sheet, JYC's growth potential is under-appreciated by the market. Designing & installing kitchens through its KWB brand, JYC is set to benefit from rising renovation across Australia. A 9.5x FY26 EV/EBIT multiple and 17.3% discount to our 12-month price target of $7.04 are unreflective of JYC's substantial store rollout runway. A 27.5% discount to cyclically exposed peers implies JYC's flexible cost base and cash-generative operating model are misunderstood. As such, we see a compelling entry point to accumulate a multi-year portfolio holding. **We initiate with an Outperform.**

Key Points

Lean yet scalable – Operational dexterity defines JYC's KWB business, providing for a high-quality growth platform. Industry leading gross margins are supported by an integrated supply chain with volume risk outsourced to third party manufacturers**.** Market-leading scale ensures reliable trade access and volume diversification across regions. The combination produces an adaptable business capable of significant growth without onerous capex requirements**.** A commission-based workforce maintains KWB's nimble cost-base affording it growth optionality and protection from the extremes of cyclical volatility. By occupying the "Do It For Me" niche, KWB avoids the razor thin margin commoditised market. We anticipate operational leverage as the network scales from 30 stores towards a 55+ target.

Acquisitions to aid earnings – JYC does not require inorganic activity to be compelling. Multi-year growth pipelines and cash generative operations warrant consideration at 9.5x FY26 EV/EBIT. Still, it would be remiss to ignore the synergistic value of the c.49% non-controlling interest in KWB. Management have been explicit – there is no impending timeline. However, we see a transaction as a natural evolution as founder John Bourke's structured transition out of the business nears completion. We see a potential transaction as an additional opportunity to inject liquidity into a thinly traded register. Our indicative case studies assume 6.0x and 8.0x EV/EBIT acquisition multiples. Our illustrative analysis implies Bourke holds 10.9% and 12.4% of JYC post transaction.

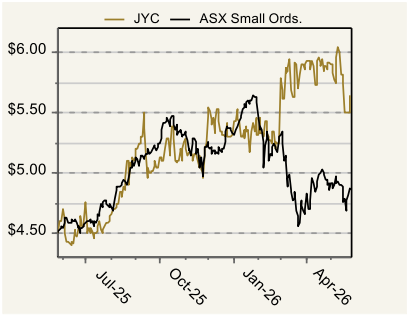
Cash at its core – A debt-free balance sheet with c.$26.2m net cash offers growth optionality not afforded to JYC's sub-scale, capital-constrained peers. A negative working capital model and limited inventory risk (<$1m) underwrite JYC's ability to endure cyclical volatility. Bedshed's franchise model, though a lower-quantum growth contributor, is a reliable earnings stream with limited capital intensity. Undemanding maintenance capex requirements ($1.0-1.5m pa) and lean infrastructure emphasise JYC's scalability. Meanwhile, a 60 - 80% NPAT dividend payout policy provides additional support through the cycle. In a micro-cap universe where cash burn and balance sheet fragility are common, we view JYC's stable cashflow as underappreciated.

Rollout & renovation – Australia's residential renovation market has consistently demonstrated greater recession resilience than new build construction. Meanwhile, Australia's structural under-build and ageing housing stocks have created considerable growth tailwinds. As such, we see clear value in KWB's store pipeline. Balance sheet-funded, we estimate each new showroom delivers attractive IRRs of 84.5% (noting this excludes all corporate costs). Site availability constraints present a short-term timing risk but our confidence in the medium-term growth profile remains central to our positive view.

Summary (AUD)

Market Capitalisation	**$172.15M**
Share price	**$6.00**
52 week low	$4.30
52 week high	$6.05

Share price graph (AUD)



Source: Factset

Key Financials (AUD)

	1H26A	FY26E	FY27E
Revenue ($m)	81.7	167.0	181.8
EBITDA ($m)	19.7	40.6	44.1
EBIT ($m)	14.8	30.6	33.6
Normalised NPAT ($m)	5.1	21.0	23.4
PE Ratio (x)	17.3	16.4	14.7
EPS (cents)	17.4	36.5	40.9
EV/EBITDA (x)	3.8	3.7	3.4
EV/EBIT (x)	4.9	4.8	4.4

Source: TC Estimates

Joyce Corporation - Summary of Forecasts | **JYC** | **$ 6.00**

PROFIT & LOSS SUMMARY (A$m)

Year end June	FY25A	1H26A	FY26E	FY27E
Revenue	**148.2**	**81.7**	**167.0**	**181.8**
Normalised EBITDA	**32.8**	**19.7**	**40.6**	**44.1**
D&A	(8.9)	(4.9)	(10.0)	(10.6)
Normalised EBIT	23.9	14.8	30.6	33.6
Net Interest	(0.3)	(0.3)	(0.4)	(0.1)
PBT	23.6	14.5	30.1	29.0
Normalised NPAT	16.7	10.0	21.0	23.4
Norm.NPAT (JYC)	**8.2**	**5.1**	**10.8**	**12.1**
Total Adjustments	(0.9)	-	-	-
Statutory NPAT	15.8	10.0	21.0	23.4
Stat NPAT (JYC)	**7.3**	**5.1**	**10.8**	**12.1**
Margins on Revenue				
Normalised EBITDA	22.1%	24.2%	24.3%	24.3%
Normalised EBIT	16.1%	18.2%	18.3%	18.5%
Normalised NPAT	5.5%	6.3%	6.5%	6.7%
Change on PCP				
Total Revenue	1.8%	11.2%	12.7%	8.9%
Normalised EBITDA	2.6%	18.8%	23.7%	8.6%
EBIT	-2.5%	21.4%	27.8%	9.8%
Normalised NPAT	-2.4%	20.9%	25.7%	11.4%

PER SHARE DATA

Year end June	FY25A	1H26A	FY26E	FY27E
EPS (c)	27.8	17.4	36.5	40.9
Growth (pcp)	-6%	29%	31%	12%
Dividend (c)	27.5	13.0	28.3	32.7
Special Dividend (c)	5.5	-		
Franking	100%	100%	100%	100%
Gross CF per Share (c)	92.8	40.5	98.6	119.1

KEY RATIOS

Year end June	FY25A	1H26A	FY26E	FY27E
Current Ratio (x)	1.4	1.4	1.5	1.6
ROE (%)	41.7%	45.7%	49.8%	57.3%
ROA (%)	17.1%	20.6%	21.5%	24.0%
Dividend Payout Ratio	119%	75%	78%	80%

VALUATION MULTIPLES

Year end June	FY25A	1H26A	FY26E	FY27E
PE (x)	21.6x	17.3x	16.4x	14.7x
EV/EBITDA (x)	4.6x	3.8x	3.7x	3.4x
EV/EBIT (x)	6.1x	4.9x	4.8x	4.4x
EV/EBIT (x) Excl. NCI	12.6x	9.8x	9.5x	8.7x
Dividend Yield (%)	5.5%	2.2%	4.7%	5.5%

BALANCE SHEET SUMMARY (A$m)

Year end June	FY25A	1H26A	FY26E	FY27E
Cash	39.2	35.8	37.9	41.6
Receivables	0.6	1.0	1.0	1.2
Inventories	4.6	4.1	4.7	5.1
Other Assets	1.2	1.6	1.6	1.6
Financial Assets	1.8	1.6	1.6	1.6
Current Tax Assets	1.2	1.1	1.1	1.1
Total Current Assets	48.6	45.2	47.9	52.2
Other Assets	3.6	3.9	3.9	3.9
DTAs	3.6	3.7	3.7	3.7
ROU Assets	27.0	26.7	27.5	28.4
PPE	6.5	5.9	6.1	6.4
Intangibles	8.3	8.6	9.0	9.3
Total Non-Current Assets	49.0	48.8	50.2	51.7
TOTAL ASSETS	**97.6**	**97.6**	**97.6**	**97.6**
Payables	24.4	20.4	21.2	21.2
Provisions	3.5	3.6	3.7	4.0
Lease Liabilities	7.8	7.9	8.0	8.2
Provisions for Income Tax	-	-	-	-
Total Current Liabilities	35.7	31.9	32.9	33.4
Lease Liabilities	21.0	20.5	21.4	22.1
Provisions	0.9	1.1	1.2	1.3
Total Non-Current Liabilities	21.9	21.7	22.6	23.4
TOTAL LIABILITIES	**57.5**	**53.6**	**55.5**	**56.8**
NET ASSETS	**40.0**	**44.0**	**42.1**	**40.8**
PARENT EQUITY	**34.7**	**35.1**	**36.9**	**41.4**
TOTAL EQUITY	**40.0**	**44.0**	**42.1**	**40.8**

CASH FLOW SUMMARY (A$m)

Year end June	FY25A	1H26A	FY26E	FY27E
NPAT	15.8	10.0	21.0	23.4
Non Cash Items	12.0	6.2	12.0	12.0
Net Working Capital	(0.4)	(4.2)	(3.8)	(0.2)
Gross Cashflows	**27.4**	**12.0**	**29.2**	**35.2**
Capex	(2.3)	(0.7)	(1.8)	(2.3)
Other	(1.3)	(0.4)	(0.7)	(0.4)
Free Cashflows	**23.8**	**10.9**	**26.6**	**32.6**
Dividends Paid	(8.4)	(5.1)	(9.0)	(9.2)
Dividends Paid to NCI	(7.4)	(4.9)	(9.8)	(9.7)
Lease Liabilities - Principal	(6.5)	(3.5)	(7.7)	(8.5)
Lease Liabilities - Interest	(1.4)	(0.8)	(1.5)	(1.4)
Net Cashflows	**0.1**	**(3.4)**	**(1.3)**	**3.7**

Source: TC Estimates

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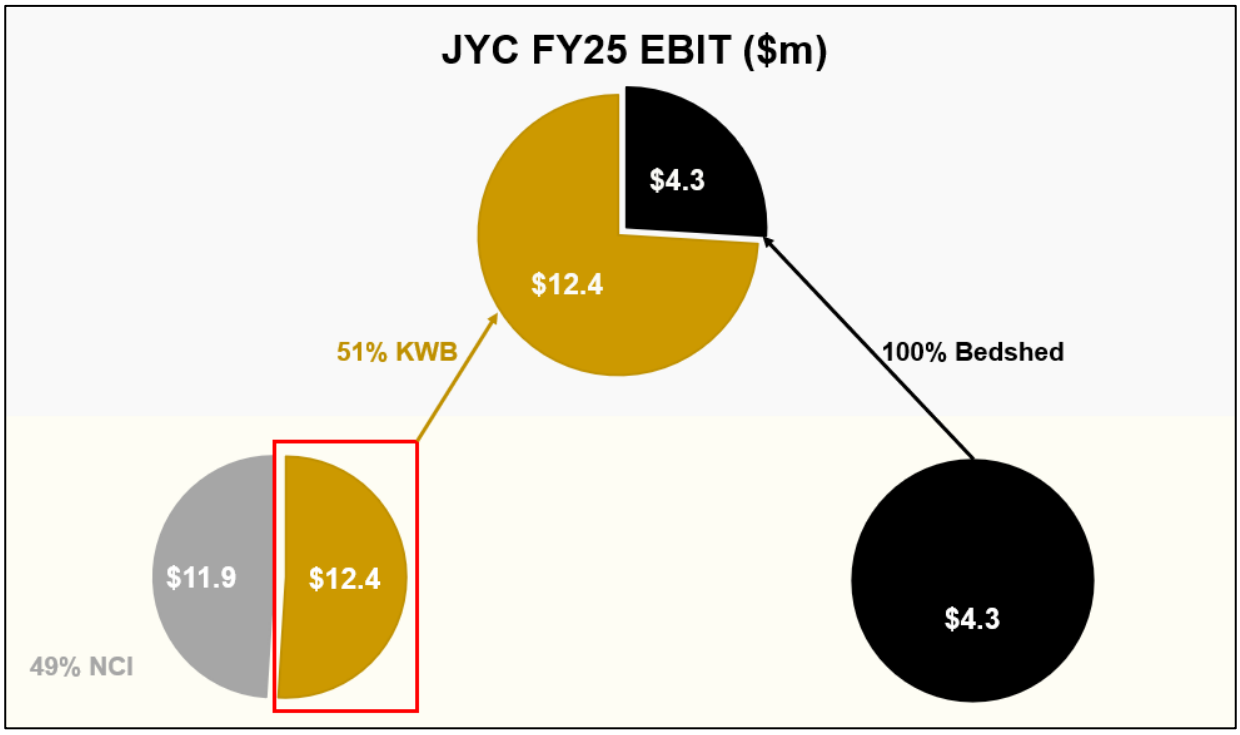
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1. Company Overview

Established in 1886 as a foam and furniture manufacturer, JYC's operations have evolved significantly over its lifetime. Despite continuing to service the home furnishing market, it has divested its manufacturing operations. Today, JYC is the parent company to two distinct, capital-light businesses:

1. **KWB Group (KWB) –** A 51% ownership stake in the designer and installer of kitchen and wardrobe renovations.
2. **Bedshed –** Retailer of mattresses and bedroom furniture operating under a franchise model.

Bedshed and KWB operate as siloed segments. Dedicated management teams focus on company-specific operations. Each business reports into Joyce Corporation led by CEO Dan Madden from its Perth headquarters. Whilst optically top-heavy, we view the layered management structure as critical to balancing operational expertise with the commercial development of two distinct business units.



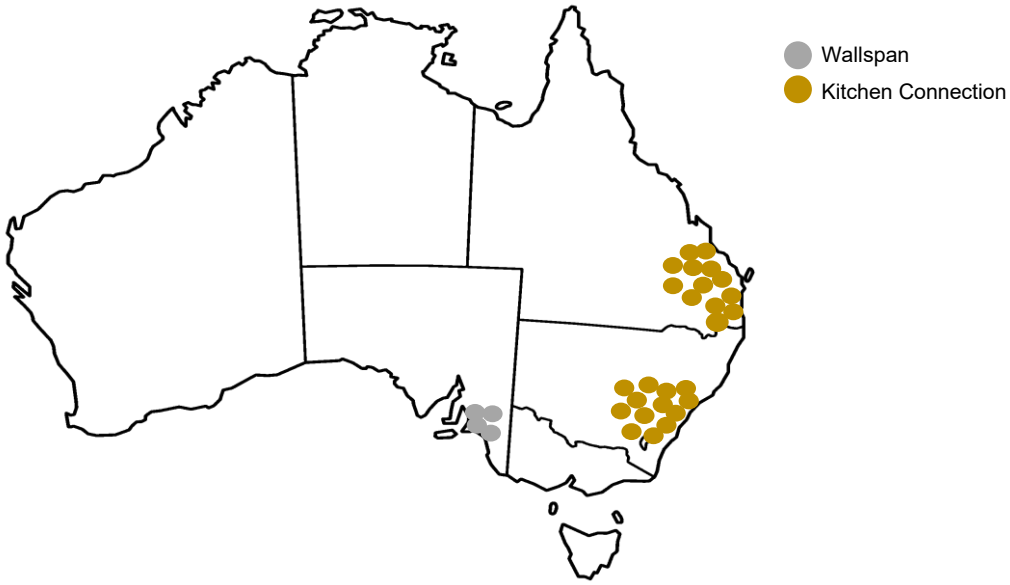
Source: Taylor Collison

2. Breakdown by Business Unit

Both business segments provide capital light exposure to Australia's home furnishing and renovation market. Store rollout plans and category expansion opportunities represent multi-year growth avenues for both units, albeit at differing rates.

Each segment boasts its own merits. We view KWB as the growth driver due to its competitive moat and meaningful network expansion strategy. A rollout strategy is also central to Bedshed's growth pathway but we expect store deployment to be more opportunistic due to its franchise structure. Consequently, we view Bedshed's stable, capital-light cash generation as its core contribution.

KWB Group



Source: Taylor Collison

Region	Current Showrooms	Target Additions	Target Total
QLD	13	1	**14**
NSW / ACT	13	3	**16**
VIC	-	14	**14**
SA	4	1	**5**
WA	-	6	**6**
Total	**30**	**25**	**55**

Source: Joyce Corporation Investor Day Presentation

Overview

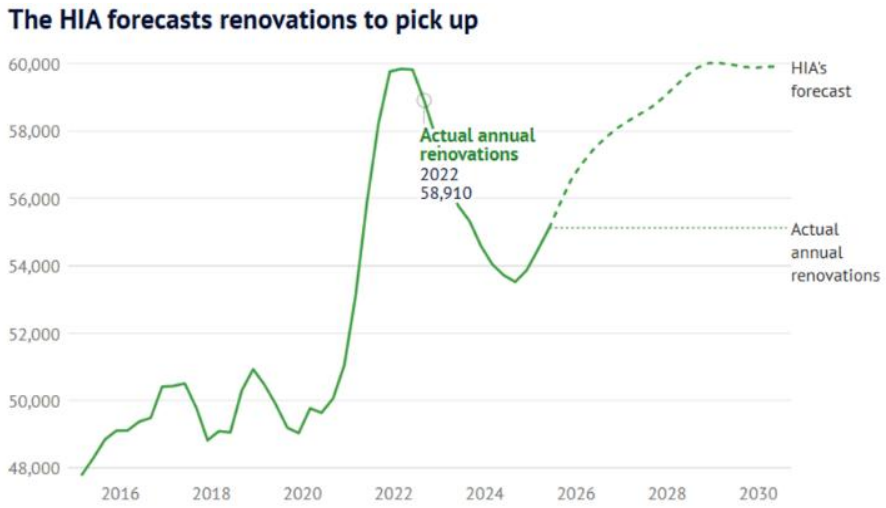
Headquartered in QLD, KWB designs kitchens and wardrobes for Australian homeowners. KWB designed and installed over 4,100 kitchens and 2,000 wardrobes across its two brands (Kitchen Connection and Wallspan) in FY25. Having joined the group as a solely commercial investment in 2013, KWB has evolved into a substantial component of both current earnings and growth potential.

Founders of KWB, John Bourke and Chris Palin hold the non-controlling interest (49%). Both have remained engaged in the business to date. Palin is a Non-Executive Director of JYC and Bourke has remained Managing Director of KWB. We believe the retention of the founder-led mentality has been pivotal to the business's consistent execution. Cameron Crowell was appointed Deputy CEO in June 2025 as part of a structured 12-month handover as Bourke transitions to retirement. We anticipate a pragmatic approach to miminsing the risk typically associated with founder departures.

Customer Profile & End-Market Exposure

By servicing the home renovation market, KWB aims to capitalise on Australia's structural under-build and minimise cyclicality. Family homeowners with a mortgage and a combined income of $120k+ are the target demographic. Marketing is directed towards women in the 35-65 age bracket. Focusing on the "time poor, do it for me" market reduces KWB's exposure to macro cycles versus commoditised DIY and new-build orientated competitors. A typical customer budget ranges between $20 - $60k excluding trades. Average transaction values sit at c.$31k (c.3% of the median Australian home value). We view this price point versatility as a key method to maintaining attractive margins (c.21.4%) and navigating housing cycles.

By positioning kitchen renovations as an investment, KWB effectively capitalises on Australia's structural under-build. Families are remaining in homes longer due to a shortage of housing stock. Consequently, an increasing number of homeowners are choosing to invest in their current dwellings. HIA noted Australians are renovating c. 30% more than pre-pandemic – around 10% more loans in volume and a further 10% in value on top. Customers typically draw on home equity (85% of sales are credit card or refinanced mortgage funded). NAB noted renovation loans increased 21% in 2025 – a trend which the HIA expect to continue.



Source: HIA

Australia's ageing housing stock – 8 million homes are older than 15 years – represents a multi-year pipeline of demand. Lower housing churn is leading to an increased number of homeowners investing in their current properties. A 39.1% increase in the median house price over five years emphasises funding capacity. Noting kitchen cabinets were c.53.7% of the Australian kitchen furniture market in 2025, we believe JYC's TAM is significant. KWB are increasingly moving from traditional advertising mediums to digital and social media marketing to capture this spend.

Operations

KWB leverage an extensive showroom footprint and team of in-home designers to sell and install kitchens and wardrobes. A rigorously systematic sales and installation process leads to high conversion rates and minimises risk. The result is a capital-light, cash generative sales model with a net conversion rate of 10% and limited reworks (c.1% net sales).

KWB Sales & Installation Process	
Stage 1	**Show Room Visitation** • 60 – 90-minute tour
Stage 2 **10% DEPOSIT**	**In-Home Design Consultation**
Stage 3 **30% PAYMENT**	**Final Site Measure** • Conducted by Customer Service Manager • Materials ordered & trades scheduled
Stage 4 **60% PAYMENT**	**Delivery Scheduled**
Stage 5	**Delivery & Installation**
Stage 6	**Seek Customer Referral**

Source: Joyce Corporation Investor Day Presentation

Sales Process

Showrooms are the lynchpin of KWB's sales process. 65% of customers are direct walk-ins. Online sales funnels (Facebook, Google AdWords) channel the remaining 35% to a local showroom via a national call centre. No sales take place in showrooms yet they are critical to conversion and upselling. Showroom staff schedule a free in-home consultation at the end of the 60 – 90 min tour.

c.20% of showroom visitors progress to an in-home visit. Designers use CAD software to design in-situ and trade costs are estimated (typically $4-5k). All key decision makers are required to attend and contracts typically signed in-home. We view the regimented, streamlined process as underwriting an impressive 50% conversion rate. KWB's 26 designers work on commission-based contracts (c.6.5 – 7% of revenue) providing a nimble cost base in an industry exposed to demand fluctuations.

Installation Process

A 10% deposit is paid upon signing. A delivery date is confirmed within 48 hours of sale. A Customer Support Manager conducts a final measure check, orders materials and schedules trades. At this juncture, a further 30% payment is made by the customer. KWB's service managers (c.1.2 per showroom) are typically e-cabinet makers and oversee four projects a week. We view this additional measure as critical to KWB's profitability – ensuring accuracy and minimising costly delays and callbacks.

Trades are scheduled approx. one month in advance using proprietary software. KWB does not employ trades – they are paid directly by the customer. Instead, the referral nature of KWB's operations provides a consistent revenue stream for one to three van operators. As such, we view the relationship as symbiotic. KWB are able to offer a comprehensive service without the cost-heavy operational base. Meanwhile, trades are dependable as KWB is a meaningful, consistent income stream.

Installation is overseen by KWB's Customer Support Managers with the remaining 60% of payment due prior to delivery. The staged payment process allows KWB to operate on a negative working capital basis – significantly reducing inventory and construction risk. The average lead time is two months from order generation to completion.

Supply Chain & Inventory Management

Due to KWB's cookie cutter sales and installation process, cabinetry is only held for approx. two days and inventory rarely breaches $1m. Wood and cabinetry are sourced within Australia and manufacturing is outsourced to two companies:

1. **KT3** – Supplies 100% of KWB's QLD & SA volumes. KWB is KT3's sole customer in QLD.
2. **Artline Kitchens** – Supplies c.100% of KWB's NSW volumes. KWB is a substantial customer for Artline.

Both manufacturers operate single shifts with capacity to scale operations. KWB's volumes provides consistent workflow and supports efficient labour utilisation. We see the long-standing supplier relationships as supporting KWB's consistently strong (49.5 – 52%) GP margins.

Splash backs and kitchen countertops follow a similar model. Contrastingly, kitchen appliances are purchased through Winning Appliances as a retailer with limited supply rebates and produce minimal margin benefit. Gross margin leverage is derived from kitchen cabinetry.

Growth Opportunities

In addition to industry tailwinds (ageing housing stock, population growth), we see KWB as possessing three clear accelerants:

1. **Store Rollout –** The backbone of KWB's growth.
2. **Category Expansion –** Provides incremental organic growth and margin expansion.
3. **Inorganic Growth –** A clear earnings catalyst with subsequent scale benefits.

The timeline and capital required for each opportunity varies significantly. We have discussed each below.

1. Store Rollout

Striving for 55 (currently 30) stores in "A-Grade" locations, KWB's rollout plan represents a significant growth potential. Criteria for showrooms locations is explicit to ensure expansion occurs in a disciplined, accretive manner. "A grade" is defined as located in a homemaker centres where surrounding housing stock has an average age over 10 years. Locations are screened by owner-occupier mix, affluence and traffic density. Customers and subbies should be located within a one hour drive. Australia's Eastern Seabord and WA represent the most immediate opportunity to favourable demographics and higher home values.

We believe KWB's store expansion to be an effective, accretive growth pathway. Balance sheet-funded and maturing within 18 months, showrooms demonstrate attractive return metrics.

Both quantity and rate of KWB's roll out will drive valuation. Using Beacon Lighting Group (BLX) as a yardstick, we view KWB's medium target of 55 stores as reasonable. We believe (BLX) to be KWB's most comparable listed peer as it:

- Targets the home renovation market in a specialist category
- Offers design consultations and leverages trade relationships in its sales process
- Boasts margin protection from an integrated supply chain with limited manufacturing risk
- Is the largest scale player in Australia with a national presence
- Drives growth via footprint expansion

Item	JYC	BLX
TAM ($bn)	**$4**	**$4**
Store Target	**55**	**217**
Current Store Network	32	130
Rollout Capacity (p.a.)	3	6
Years of Runway	7.7	14.5
Average Rev per Store ($m)	$4.50	$2.55
Average EBIT per Store ($m)	$0.68	$0.40
Capex Per Store ($m)	$0.4	$0.8
Time to Maturity (Yrs)	1 - 1.5	3 - 4
Average Spend Per Transaction	$31,000	$350
Store Size (m2)	350 - 400	900

Year	0	1	2	3	4	5	Total ($m)
Cash	-$0.4	0	$0.7	$0.7	$0.7	$0.7	**$2.3**
						IRR	**84.5%**

Source: Taylor Collison

Our indicative analysis uses average EBIT per store (see left). We note this does not account for corporate costs as such it is illustrative and we acknowledge fluctuations in ramp-up periods can cause this to be lower.

BLX is targeting 217 stores for a comparatively sized retail market. We believe KWB's store saturation number will be lower due to higher average transaction value and lower number of units per dwelling. Nonetheless, we see BLX as a validating reference point for KWB's c.8-year rollout pipeline of A grade locations.

Showrooms generate an average revenue of $4.5m and management are targeting three new sites annually. Fluctuations here would meaningfully impact earnings. We see two factors affecting rollout rate. Five months is the average timeframe required to identify, fit out and open a showroom. A well-publicised national shortage of retail spaces is elongating this process and we anticipate a degree of lumpiness to openings. Whilst a hurdle, we believe it to be surmountable and an indication of the macro environment as opposed to underlying demand.

Trades and personnel are an additional bottleneck. Profitability hinges on quality in KWB. Both rollout and ramp up rates require strong trade relationships and reliable showroom staff. Australia's labour shortage poses a potential drag on store rollout. However, we anticipate network effects will reduce this barrier once a beachhead showroom is established in a new market.

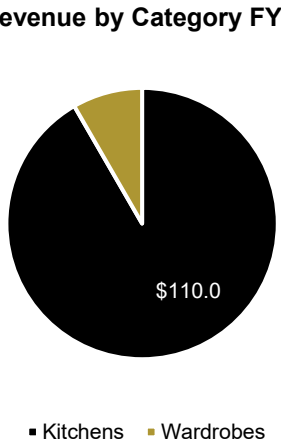
Sensitivity Table of Number of Stores Rolled Out Per Anum on 12-month Price Target:

Stores Pa	0	1	2	3	4
Share Price ($)	$6.12	$6.65	$6.87	$7.12	$7.58

Source: Taylor Collison

Moore Park (NSW) in late FY26, Fyschwick (ACT) in 2Q27 and Fortitude Valley (QLD) in late FY27 constitute KWB's near term expansion pipeline. Subsequently, we expect focus will shift to NSW infill and Melbourne into FY27 and FY28.

2. Category Expansion



Network enlargement is KWB's core earnings driver. Per store volume growth is unlikely to be double digits. Still, category expansion into wardrobes and flooring offers revenue synergies. Utilising established showrooms minimises additional capex requirements producing attractive returns by increasing average transaction values.

Wardrobes are currently sold in QLD and SA. They are a synergistic product category – manufactured under current kitchen supply agreements at comparative margins. We anticipate the category will be introduced to NSW showrooms in FY28 and provide additional growth leverage.

3. Inorganic Growth

Scale is a clear competitive advantage in the residential renovation market. Unlike its capital constrained competitors, JYC's robust balance sheet ($26.2m net cash) provides a solid foundation for inorganic growth. That said, retaining balance sheet flexibility is a central tenant for JYC. Only opportunities with a clear strategic fit and demonstrable value accretion are considered. It follows that the most coherent opportunity exists within the group. JYC holds a majority interest in KWB and we see the path to full ownership as a natural, earnings-accretive step. We highlight the success of any transaction would hinge on respecting and preserving the contribution of current ownership which has been central to KWB's success to date. We outline a potential transaction structure on pg 17.

Competitive Positioning

Against the backdrop of a cottage industry, KWB's scale affords it three major competitive advantages:

1. **Volume Diversification & Premiumisation**
2. **Educated & Consistent Workforce**
3. **Bespoke Software Development**

Scale and systems underwrite KWB's c.5-10% market share of a c.$4bn pa renovation industry. In a highly fragmented industry, size offers procurement advantages and volume diversification. Servicing the "Do It For Me" sub-segment enables upselling and affords KWB higher margins versus commoditised peers (eg.Bunnings and IKEA). Meanwhile, its lean infrastructure and cost base provides greater dexterity versus specialised peers. KWB's nimble opex profile means it is less vulnerable to volume fluctuations. Its scale presents a barrier to entry.

KWB's size advantage is similarly reflected in its workforce. Investing in training drives sales and widens margins. Showroom staff receive a week of training in KWB's dedicated Brisbane centre. Customer service managers receive three weeks. Three travelling trainers provide continuous development. KWB's structured training program ensures consistency in customer experience and reduces employee churn. Both are a tangible benefit to revenue and margins. Smaller sub-scale competitors rely on on-the-job training leading to lower levels of conformity and replicability. KWB's trade pool is also a beneficiary. With KWB installation encapsulating c.50% of a trades work, the group provides three to four months of work security. In return, KWB receives a reliable, scalable contractor base at no cost.

Proprietary software complements KWB's rigorous training program. A bespoke, fully integrated system underpins everything from scheduling to completion. By centralising processes, it allows KWB seamlessly scale its offering producing margin leverage.

Smaller competitors rely on manual processes which bottleneck growth and introduce error. As the network trends toward its 55-plus showroom target, we believe the software becomes an increasingly valuable asset.

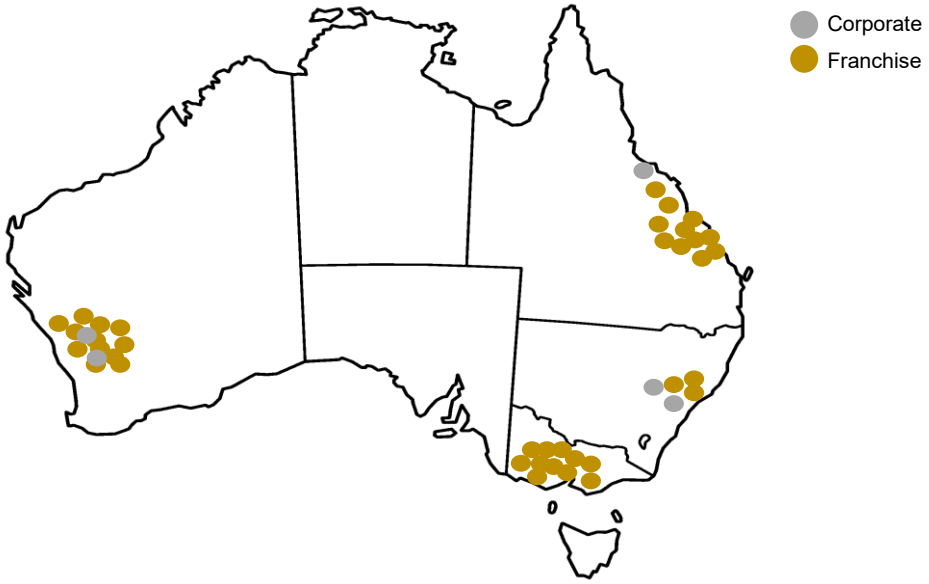
We view KWB as a strong-market contender operating in an attractive market bracket. Its scale represents a competitive moat and its focus on the “Do It For Me” price point affords it a compelling balance of volume and margin.

Company	Locations	Stores	Wardrobes	Design	In-Home Design	In-House Manufacturing	Manage Installation
KWB	**NSW, QLD, SA**	**30**	**Y**	**Y**	**Y**	**Y (3rd Party)**	**Y**
Freedom Kitchens	NSW, VIC, QLD	17	Y	Y	Y	Y	N
Kinsman	NSW, VIC, QLD, SA	26(1)	Y	Y	Y	Y	N
Granite Transformations	National	40	N	Y	Y	Y	Y
Kaboodle Kitchens (2)	National	n/a	N	N	N	Y	N
IKEA	NSW, VIC, QLD, SA, WA	25	Y	N	N	Y	N
Bunnings	National	511	Y	Y	Y	Y	N
Kitchen Innovations	VIC, QLD	National	Y	Y	N	Y	Y
Nobby's Kitchen	NSW	5	N	Y	Y	Y	Y
Dream Doors Australia (3)	NSW, VIC, QLD, SA, WA, ACT	29	Y	Y	Y	N	Y
Hacker Kitchens (4)	VIC, QLD, WA	3	N	Y	Y	N	Y
Dan Kitchens	NSW	1	Y	Y	Y	Y	Y
Impala Kitchens	NSW	3	N	Y	Y	Y	Y
Wonderful Kitchens	NSW	14	N	Y	Y	Y	Y
A-Plan Kitchens	NSW	2	Y	Y	Y	Y	Y
Badel Kitchens & Joinery	NSW	1	N	Y	Y	Y	Y
Brindabella Kitchens	NSW	1	N	Y	Y	Y	Y
Lovely Kitchens	NSW	2	N	Y	Y	Y	Y
Creative Design Kitchens	NSW	1	N	Y	Y	Y	Y
Brilliant SA Renovations	SA	1	N	Y	Y	Y	Y
Adelaide Prestige Kitchens	SA	1	Y	Y	Y	Y	Y
Innovative Kitchens	SA	1	N	Y	Y	Y	Y
Farquhar	SA	2	N	Y	Y	Y	Y
Haute Kitchens	SA	2	Y	Y	Y	Y	Y
Western Cabinets	WA	1	N	Y	Y	Y	Y
Zeel Kitchens	WA	2	N	Y	Y	Y	Y
KitchenU	QLD	1	Y	Y	Y	Y	Y
CCW	QLD	1	Y	Y	Y	Y	Y
Damco Kitchens	VIC	2	N	Y	Y	Y	Y
Kind Kitchens	VIC	4	Y	Y	Y	Y	Y
eKitchens	WA	6	N	Y	N	Y	N
Hunter Kitchen Renovations	NSW	1	N	Y	Y	Y	Y
Hunter Designer Kitchens	NSW	1	Y	Y	Y	Y	Y
Lake Macquarie Designer Kitchens	NSW	1	N	Y	Y	Y	Y
Everlong Joinery	NSW	1	N	Y	Y	Y	Y

(1) Located within the Good Guys (2) Bunnings Exclusive Supplier (3) Franchise Model (4) German brand supplied through Aussie partnerships

Source: Taylor Collison

Bedshed



Region	Franchise	Corporate	Total
QLD	11	1	**12**
NSW	4	2	**6**
VIC	11	-	**11**
WA	13	2	**15**
Total	**39**	**5**	**44**

Source: Joyce Corporation Investor Day Presentation

Overview

Since its inception in 1980, the specialist bedding and bedroom furniture retailer has grown from its WA roots into a nationally recognised brand. Led by Managing Director Gavin Culmsee from its Perth-headquarters, Bedshed operates predominantly under a franchise model. We view Bedshed as the steady, capital lite cash contributor of the JYC group.

Operations

As an omni-channel retailer, Bedshed's 44 store network is supported by a growing e-commerce platform. Five are corporate stores and directly contribute to earnings. The remaining 39 are franchises. JYC earns fees and royalties whilst maintaining brand standards and product consistency. Franchisees provide input on merchandising and new product introductions through a state-based elected body but JYC retains ultimate veto authority over ranging and supplier decisions.

Revenue Generation

Revenue recognition differs by store type. Corporate stores recognise revenue at point of delivery. Franchise operations convert at point of order and pay a commission rate on written sales (BWS). Commission rates ramp up to a fixed percentage over three years providing an organic earnings tailwind as the franchise network matures.

Structure & Responsibilities

Product design, supplier relationships, and marketing are controlled by JYC. Franchisees benefit from procurement scale and pricing leverage. JYC does not hold leases or stock on behalf of franchisees – preserving its capital-light characteristics.

National marketing campaigns are anchored around key promotional periods (eg. Black Friday) and co-ordinated by JYC. Franchisees and corporate stores contribute a proportion of weekly written sales to a marketing fund. It is treated as a pass-through rather than operating revenue.

Supply Chain

The majority of Bedshed's mattresses are supplied directly by family-owned manufacturing businesses in Australia. The balance (c.32%) is imported overseas alongside a portion of Bedshed's furniture range.

Growth Opportunity

Although Bedshed primarily functions as a steady-state cash contributor in the JYC's ecosystem, we also see network expansion as a growth avenue. Echoing KWB (albeit at a lower quantum), Bedshed's rollout strategy is a fundamental earnings driver. A 65-store network target represents a sizeable (c.48%) increase on current operations. However, we anticipate the bulk of the footprint expansion to primarily occur via franchises. As a result, we anticipate a more passive rollout which preserves JYC's lean infrastructure model.

By maintaining total entry costs below $1m, management aims to reduce the financial barriers for prospective franchisees without compromising operator quality. Shifting to modular designs sourced from China has halved fitout costs (now c.$400k). Additionally, JYC's five-star franchisor accreditation supports incoming franchisees by easing the bank financing process. Whilst a slower-burn, we believe Bedshed can generate low risk, medium-term value accretion.

Competitive Positioning

Australia's c.$1.1bn mattress market is forecasted to grow at c.3.0% CAGR from CY24 to CY28. Whilst Bedshed is amongst the largest national operators but product differentiation at the category level is limited. We view Bedshed's extensive value range and physical store footprint as its most tangible advantage. A variety of product price points allows Bedshed to capture a customer across their lifecycle – reducing customer acquisition costs and generating a degree of margin benefit. A physical retail presence enables upselling and premiumisation. It also leads to lower rates of costly returns compared to pureplay online operators. As such, we view the in-store experience as providing a natural buffer against the volume-driven, low-margin dynamics of online players.

Company	Locations	Stores	Online	Franchise
Forty Winks	National	115	Y	Y
Beds R Us	NT, QLD, NSW, VIC, TAS	52	Y	Y
Snooze	National	80+	Y	Y
Sleeping Giant	QLD, NSW, VIC, SA	28	Y	N
Fantastic Furniture	National	88	Y	N
Best in Beds	NSW	3	Y	N
Beds n Dreams	QLD, NSW, VIC, SA, WA	32	Y	N
Bedworks	NSW	1	Y	N
Orignal Mattress Factory	QLD, NSW, VIC, ACT	52	Y	N
Wohlers	SA	4	Y	N
Sleepy's	QLD, NSW, VIC, SA, TAS	21	Y	Y
Focus on Furniture & Bedding	QLD, NSW, VIC, SA, ACT	27	Y	N

Source: Taylor Collison

3. Valuation & Forecasts

A strong growth pipeline, sturdy balance sheet and cash generative operations see JYC trade at a discount across a variety of metrics. Acknowledging the uncertain macro backdrop, we view JYC as an efficient operator leveraged to multi-year tailwinds.

In our analysis, we evaluated JYC via:

1. **DCF**
2. **Peer Comparison**
3. **SOTP**

We view inorganic expansion as a key lever to deepening the value discount. Given JYC's cash balance and the strategic rationale, we have conducted an indicative analysis of a potential KWB transaction (see page 14).

Discounted Cash Flow

A 10.5% discount rate and 2.5% terminal growth rate produced a 12-month price target of $7.04 – a 17.3% discount to JYC's current share price. We view this as an appealing entry point at which to accumulate a cash-generative, growth stock.

Peer Comparison

Housing both KWB and Bedshed under its corporate banner, we do not see explicit peers for JYC at a group level. Nonetheless, clear parallels can be drawn to listed peers by end-market exposure, scale and strategy. Each peer bracket below highlights under-appreciated value in JYC's FY26 multiple (at a c.27.5 % - 44.8% discount versus peers). Recognising JYC's smaller scale justifies a degree of discount to peers, we believe a c.10% - 15% to be more appropriate considering JYC's growth pipeline, negative working capital requirements and market position. Therein lies the opportunity.

	Market Cap	EV	EBIT	EBIT Margin	Sales	EV/EBIT (x)		PE (x)	
Aus. Home & Specialty Retailers	**(AU$m)**	**(AU$m)**	**FY1**	**FY1**	**FY1**	**FY1**	**FY2**	**FY1**	**FY2**
ADAIRS LIMITED	232.2	508.7	59.1	9.1%	649.3	8.6	7.6	7.2	6.1
NICK SCALI	1220.5	1460.6	127.0	23.8%	534.3	11.5	11.2	16.0	15.2
HARVEY NORMAN	5681.8	7809.2	797.0	17.2%	4635.2	9.8	9.6	12.0	11.9
MYER HOLDINGS	415.4	1673.3	171.1	4.1%	4148.9	9.8	8.0	6.5	4.7
TEMPLE & WEBSTER	630.2	535.7	9.4	1.4%	673.1	54.0	20.2	74.7	30.9
THE KOALA COMPANY LIMITED	n/a	238.2	19.9	6.0%	332.1	n/a	n/a	23.1	14.9
BEACON LIGHTING	350.9	473.2	48.6	14.4%	338.3	9.8	9.2	12.5	11.6
Aus. Home & Specialty Retailers Avg.	**-**	**-**	**-**	**10.8%**	**-**	**17.2**	**11.0**	**21.7**	**13.6**
Aus. Home & Specialty Retailers Med.	**-**	**-**	**-**	**9.1%**	**-**	**9.8**	**9.4**	**12.5**	**11.9**
JOYCE CORPORATION	**177.4**	**151.2**	**15.9**	**-**	**-**	**9.5**	**8.7**	**16.4**	**14.7**
Premium/ (Discount) to Home & Specialty Retailers						**-44.8%**	**-21.0%**	**-42.4%**	**-12.3%**

Source: Factset and Taylor Collison

Conceding JYC's scale and tighter TAM warrants a discount to large-scale competitors such as BLX and MYR, we view the current 44.8% as excessive and unreflective of KWB's robust market position.

Aus. General Retailers	Market Cap (AU$m)	EV (AU$m)	EBIT FY1	EBIT Margin FY1	Sales FY1	EV/EBIT (x) FY1	EV/EBIT (x) FY2	PE (x) FY1	PE (x) FY2
JB HI-FI	8085.2	8351.1	737.0	6.6%	11132.9	11.3	11.0	16.5	15.9
LOVISA	2534.8	3001.9	157.0	16.5%	951.4	19.1	16.0	27.0	21.9
SUPER RETAIL GROUP	2599.2	3779.4	363.6	8.7%	4197.0	10.3	9.3	12.9	11.4
DUSK GROUP	46.1	49.9	8.1	5.6%	145.0	6.1	4.7	7.8	5.9
MICHAEL HILL	123.1	245.1	30.7	4.6%	661.3	7.9	6.0	8.6	5.5
UNIVERSAL STORE	499.5	545.5	63.4	17.0%	373.4	8.6	8.0	12.4	11.4
PREMIER INVESTMENTS	1956.0	1843.1	183.3	22.7%	808.8	10.0	9.4	12.7	11.7
BREVILLE GROUP	4372.7	4535.7	207.3	11.2%	1847.1	21.7	19.3	32.0	28.1
BABY BUNTING GROUP	203.1	387.1	32.3	5.7%	572.0	11.7	9.5	11.6	9.0
KATHMANDU	109.8	407.5	9.2	1.1%	864.0	48.2	17.0	n/a	12.0
SHAVER SHOP GROUP	172.9	176.1	23.1	10.2%	225.2	7.6	7.0	11.4	10.4
CITY CHIC COLLECTION	14.6	40.8	-2.3	-1.7%	139.2	n/a	7.0	n/a	4.2
ACCENT GROUP	339.7	883.9	82.0	5.3%	1540.5	10.8	9.1	9.6	7.4
Aus. General Retailers Avg.	**-**	-	-	**9.6%**	-	**14.4**	**10.3**	**14.8**	**11.9**
Aus. General Retailers Med.	**-**	-	-	**6.6%**	-	**10.6**	**9.3**	**12.4**	**11.4**
JOYCE CORPORATION	**177.4**	**151.2**	**15.9**	**-**	**-**	**9.5**	**8.7**	**16.4**	**14.7**
Premium/ (Discount) to General Retailers						**-34.1%**	**-15.4%**	**11.3%**	**23.2%**

Source: Factset and Taylor Collison

Although technically a specialist in home furnishing, we believe Bedshed is more aptly comped against general retailers due to the competitive product category. Again, a smaller scale versus peers should produce a degree of valuation discount but we consider -34.1% as inordinate. We view the current multiple as failing to ascribe sufficient value to Bedshed's strong margins, minimal inventory risk and cash-generative nature.

Aus. Trade & Housing Exposed	Market Cap (AU$m)	EV (AU$m)	EBIT FY1	EBIT Margin FY1	Sales FY1	EV/EBIT (x) FY1	EV/EBIT (x) FY2	PE (x) FY1	PE (x) FY2
WAGNERS LIMITED	942.7	1070.7	63.3	13.0%	488.1	16.9	15.3	25.0	22.6
CAPRAL LIMITED	182.4	209.0	37.7	5.3%	716.5	5.2	4.6	5.6	4.7
BIG RIVER INDUSTRIES	127.2	171.8	14.3	3.3%	434.4	12.7	8.9	20.3	12.9
RELIANCE WORLDWIDE	2400.5	3107.5	240.8	13.0%	1853.0	12.6	10.5	14.7	11.6
REECE LIMITED	8463.7	10791.9	529.0	5.7%	9278.8	20.1	18.1	29.8	25.8
GWA LIMITED	567.5	694.9	75.9	18.0%	422.8	9.1	8.8	11.7	11.0
JAMES HARDIE	17386.2	23621.7	1539.4	20.4%	7562.9	15.3	13.1	18.0	14.7
Aus. Trade & Housing Exposed Avg.	**-**	-	-	**11.2%**	-	**13.1**	**11.3**	**17.9**	**14.8**
Aus. Trade & Housing Exposed Med.	**-**	-	-	**13.0%**	-	**12.7**	**10.5**	**18.0**	**12.9**
JOYCE CORPORATION	**177.4**	**151.2**	**15.9**	**-**	**-**	**9.5**	**8.7**	**16.4**	**14.7**
Premium/ (Discount) to Trade & Housing Exposed						**-27.5%**	**-23.4%**	**-8.0%**	**-0.6%**

Source: Factset and Taylor Collison

Our view is further reinforced by a 27.5% discount to building materials peers. As with retail peers, TAM size and scale are valid justifications for a component of JYC's discount. Yet, we believe the value of JYC's exposure to a more stable renovation market as underestimated. A lean opex model with low capital intensity affords JYC greater margin stability through the cycle. We believe a 27.5% discount to peers to be unnecessarily aggressive and demonstrating a valuation opportunity.

We note the JYC multiple used excludes earnings and cash attributable to the non-controlling interest (NCI). It does not exclude associated corporate costs. As such, there is additional value not captured in printed multiples.

SOTP

Our SOTP implied a c.9.6% premium to JYC's current share price. The group's growth pipeline remains under acknowledged.

Segment	EBIT FY27E ($m)	Multiple Assumed	Valuation ($m)	$/Share
KWB	16.8	9.8x	164.5	5.6
Bedshed	5.5	7.5x	41.3	1.4
Corporate & Other	(5.0)	7.5x	(37.6)	(1.3)
Total Segment Value	**17.3**	**9.7x**	**168.2**	**5.7**
		Cash at 1H26 ($m)	26.2	0.9
		Borrowings at 1H26 ($m)	-	-
		Total Enterprise Valuation	**194.4**	**6.57**
		Current Market Capitalisation	**177.4**	**6.00**
		Upside to Current Share Price	**9.6%**	**9.6%**

Source: Taylor Collison

9.8x EV/EBIT multiple assumed for KWB represents a discount to both specialised retail peers and trade and housing exposed peers. A discount was chosen to reflect KWB's smaller scale. A similar discount was applied to general retail peers in section 2 for Bedshed.

Inorganic Optionality

In a cottage industry where balance sheet capacity constrains smaller competitors, scale is a clear benefit. With c.$26.2m net cash, we see an opportunity to inorganically accelerate growth and deepen KWB's moat. Still, conservative capital allocation is a cornerstone to our JYC investment thesis. Management are explicit – M&A will only be considered where there is a clear strategic, accretive alignment. The 49% NCI in KWB is the intuitive candidate. The 49% NCI is owned equally by John Bourke (24.5%) and Chris Palin (24.5%).

OUR VIEW: We see the c.49% NCI in KWB as the most strategically rational and earnings-accretive capital allocation opportunity available to JYC. In our case studies, we assessed the transaction on two acquisition multiples:

- **6.0x EV/EBIT – produced a $88m purchase price and 29.5% EBIT Per Share Accretion**
- **8.0x EV/BIT – produced a $118m purchase price and 15.9% EBIT Per Share Accretion**

We assume consideration for the NCI is split 25% scrip (all to John Bourke) and 75% cash. Although debt availability exists and may be used, for simplicity, we assume the cash consideration will be funded entirely by an equity raise occurring at a 5.0% discount to JYC's current share price of $6.00. We note the scenario is purely indicative as management have provided no insights on the immediacy nor intention for this possible opportunity. We see a blended cash and scrip structure as optimal allowing JYC to retain balance sheet flexibility and preserving the founder alignment that has been instrumental to KWB's success.

We emphasise management have made no commentary surrounding a potential timeline but any such transaction would impact earnings, balance sheet and valuation significantly. As such, we believe it prudent to attempt to illustrate the potential mechanics of such an event. **The first table illustrates an 8.0x EV/EBIT acquisition multiple. The results for 6.0x can be found in the second table.**

8.0x EV/EBIT FY26F Acquisition Multiple Outputs:

		JYC (excl NCI)	49% KWB	MergeCo	MergeCo
Market Stats				(Theoretical)	(JYC multiple maintained)
Share Price / Selected VWAP	**A$**	**6.00**	**-**	**5.70**	**8.26**
Shares Outstanding	m	30	-	49	49
Market Cap	**A$m**	**177**	**127**	**280**	**406**
Cash	A$m	26	10	20	20
Debt	A$m	-	-	-	-
Enterprise Value	**A$m**	**151**	**118**	**260**	**386**
Financials (FY26E)					
Revenue	A$m	99	68	167	**167**
EBIT	**A$m**	**16**	**15**	**31**	**31**
NPAT	**A$m**	**11**	**10**	**22**	**22**
EBIT per share	cps	53.8	-	**62.3**	**62.3**
EBIT per share accretion	**%**			**15.9%**	**15.9%**
Valuation Multiples					
EV/EBIT	x	9.5	8.0	8.5	9.5
PE	x	15.9	12.4	12.7	18.5
Shareholders					
JYC Other Existing Holders	%	97.3%	-	58.6%	58.6%
John Bourke	%	1.7%	50.0%	12.4%	12.4%
Chris Palin	%	0.9%	50.0%	0.6%	0.6%
Equity Raise Investors	%	-	-	28.4%	28.4%

Source: Taylor Collison

6.0x EV/EBIT FY26F Acquisition Multiple Outputs

		JYC (excl NCI)	49% KWB	MergeCo	MergeCo
Market Stats				(Theoretical)	(JYC multiple maintained)
Share Price / Selected VWAP	A$	**6.00**	-	**5.70**	**9.23**
Shares Outstanding	m	30	-	44	44
Market Cap	A$m	**177**	**98**	**251**	**406**
Cash	A$m	26	10	20	20
Debt	A$m	-	-	-	-
Enterprise Value	A$m	**151**	**88**	**231**	**386**
Financials (FY26E)					
Revenue	A$m	99	68	167	**167**
EBIT	A$m	**16**	**15**	**31**	**31**
NPAT	A$m	**11**	**10**	**22**	**22**
EBIT per share	cps	53.8	-	**69.6**	**69.6**
EBIT per share accretion	%			**29.5%**	**29.5%**
Valuation Multiples					
EV/EBIT	x	9.5	6.0	7.5	9.5
PE	x	15.9	9.5	11.4	18.5
Shareholders					
JYC Other Existing Holders	%	97.3%	-	65.5%	65.5%
John Bourke	%	1.7%	50.0%	10.9%	10.9%
Chris Palin	%	0.9%	50.0%	0.6%	0.6%
Equity Raise Investors	%	-	-	23.0%	23.0%

Source: Taylor Collison

All JYC head office, board and corporate costs are borne by JYC corporation excluding interest on operating leases for liabilities associated with 49% NCI in KWB. We deem these immaterial in the context of our illustrative case study. As such, we assume all corporate costs are house in the JYC entity.

Forecasts

Characterised by elevated cost pressures, softening consumer confidence, and global uncertainty, Australia's broader macroeconomic outlook is increasingly complex. We view JYC's underlying business mix as providing a degree of insulation. Resi renovation has historically demonstrated greater resilience through economic downturns when compared with new build construction. Meanwhile, JYC's lean operating model and supply chain discipline offer additional margin levers to navigate the impacts of global turmoil. We expect further operating leverage to emerge as JYC scales both divisions.

Despite a deterioration in the broader economy, our FY26 earnings outlook remains positive with revenue +12.7% YoY. KWB constitutes the bulk of this growth – lfl revenue +13.0% in 2H26. Our confidence is underpinned by tangible data points consistent with KWB's typical 2H skew. January is a consistently strong period for the business – often running 30-50% above the monthly average. January 2026 saw a record written orders of $20 million and a current order book of $55 million – providing strong coverage into 2H26.

Our FY27 forecasts assume two new store rollouts for KWB – Fyshwick in 2Q27 and Fortitude Valley in late FY27. Noting a targeted three stores pa, we highlight potential upside to our forecasts. Lack of visibility of the current macro environment informs our more tempered lfl KWB sales assumptions (+6.5% pcp) but we see scope for growth to accelerate as productivity increases across KWB's established network. We believe KWB's contract workforce will be a key asset in managing margins (c.21.6% across FY26 and FY27) in an inflationary environment. Into the medium-term, we anticipate margin expansion through scale leverage.

Bedshed's BWS is traditionally promotion-led, with peaks concentrated around Black Friday and Boxing Day. Due to Bedshed's franchise model, we expect more moderate growth (+3.5%) but stable margins in FY27. We have conservatively assumed two franchise store openings per annum across FY26 and FY27.

Our forecasts include annual maintenance capex of $1.0-1.5 million primarily reflecting showroom refurbishments and software development. KWB is midway through a c.$2 million software overhaul (commenced in April 2024 with a go-live targeted for November 2026). The investment will remove reliance on 3rd party support and should deliver tangible cost savings.

4. Board of Directors & Key Management Personnel

Jeremy Kirkwood
Chair

Mr Kirkwood is a principal of Pilot Advisory Group with experience in banking and global capital markets, having previously served as a MD at Credit Suisse, Morgan Stanley, and Austock. His career has focused on public markets, managing M&A and capital raisings across the metals, mining, energy, and infrastructure sectors. He currently serves as a Director of Talisman Mining Ltd and Hawsons Iron Ltd.

Karen Gadsby
Deputy Chair

Ms Gadsby brings over 20 years of experience as a Chair and Non-Executive Director across publicly listed, private, government, and not-for-profit organisations in WA, NSW and VIC. Her career began in chartered accountancy before spending 13 years as a senior executive with North Limited. She is currently a Director of SOSCY Pty Ltd.

Travis McKenzie
Non-Exec Director

Mr McKenzie holds a Bachelor of Law and Commerce and is a Graduate of the Australian Institute of Company Directors (GAICD). He began his career as a lawyer before moving into derivatives and foreign exchange trading, gaining international business experience across Europe and the Americas. He has held roles on private boards since 2009, with experience spanning marketing, education, and property development.

Nicholas Palmer
Non-Exec Director

Mr Palmer is an experienced CEO, director, and strategic advisor with a background spanning retail, consumer, and financial services. He has held senior leadership roles including Group MD of Spotlight Group Holdings and CEO and Managing Director of the Radio Rentals Group. He is also a former Partner at Bain & Company and Principal at The Boston Consulting Group, where he advised boards and senior executives on strategy, performance improvement, and merger integration. He holds a Bachelor of Business and an MBA.

Daniel Madden
CEO

Mr Madden was appointed CEO of JYC in December 2020. He brings a strong background in finance and governance, having previously served as MD and CEO of ASX-listed Talisman Mining Ltd. Earlier in his career, he held CFO and GM of Finance roles across ASX-listed and large international organisations. He holds a Bachelor of Commerce and is an ACC, ACA, and member of the Governance Institute of Australia.

Tim Allison
CFO

Mr Allison joined JYC in April 2021 with over 15 years of experience across multiple industries, with a career focused on strategic finance and transformation. Prior to JYC, he held CFO, GM of Finance, and CFO Advisory Consultant roles. He holds a Bachelor of Commerce, Graduate Diploma in Applied Finance, and is a Chartered Accountant (CAANZ), GAICD, and member of the Governance Institute of Australia.

John Bourke
Co-Founder & MD of KWB

Mr Bourke is a co-founder of KWB Group and has served as its Managing Director since inception, playing a central role in building KWB into the market-leading kitchen and wardrobe renovation business it is today. In FY25, he commenced a structured 12-month phased handover of his MD responsibilities to incoming Deputy CEO Cameron Crowell.

Cameron Crowell
Deputy CEO KWB

Mr Crowell joined KWB Group in June 2025 as Deputy CEO as part of a planned leadership transition, with an expected progression to CEO following a probationary period. He brings deep retail experience and operational expertise to the role, and is being embedded into the KWB business under the mentorship of co-founder John Bourke.

Gavin Culmsee
COO of JYC, MD Bedshed

Mr Culmsee serves as MD of Bedshed, overseeing the group's bedding and bedroom furniture franchise network of over 40 stores nationally. He is a key member of the JYC executive leadership team, with responsibility for both the operational performance and strategic growth of the Bedshed business.

6. Key Risks

Macroeconomic and consumer discretionary risk
JYC's revenues are tied to consumer discretionary spending, making the group sensitive to deteriorations in consumer confidence, rising interest rates, and cost-of-living pressures. While renovation demand has historically proven more resilient than new build activity, a prolonged downturn in household spending could weigh on order intake across both KWB and Bedshed.

Housing market cycle risk
KWB's growth trajectory is closely linked to the health of the residential renovation market, which is itself influenced by property turnover, dwelling values, and broader housing activity. A structural slowdown in housing market activity could dampen demand for kitchen and wardrobe renovations, constraining both organic revenue growth and the economics of new showroom openings.

Key person risk
KWB co-founder John Bourke has commenced a structured 12-month handover to incoming Deputy CEO Cameron Crowell, representing a meaningful transition for a business whose culture, relationships, and operational excellence have been closely tied to its founding leadership. While the succession has been deliberately managed, the risk of institutional knowledge loss or disruption to KWB's operational momentum during this period cannot be fully discounted.

Execution risk
Network rollout JYC's growth strategy relies on the consistent addition of new KWB showrooms and Bedshed franchise locations, each of which carries execution risk in terms of site selection, franchisee quality, ramp-up timelines, and capital deployment. A failure to identify suitable locations or recruit quality franchise partners at the targeted pace could result in earnings growth falling short of expectations.

Minority ownership of KWB
JYC currently holds a 51% interest in KWB, meaning that 49% of KWB's earnings accrue to non-controlling interests and are not fully captured at the JYC level. Any path to full ownership — while strategically logical — would need to be negotiated carefully and could require meaningful capital allocation, with execution and valuation risk accordingly.

Franchise compliance and brand risk
As a franchisor, JYC is exposed to the risk that individual Bedshed franchisees fail to adhere to brand standards, operational requirements, or regulatory obligations. Non-compliance by franchisees could result in reputational damage, reduced network-wide BWS, and potential regulatory consequences under Australia's franchising code.

Foreign exchange risk
Bedshed sources furniture from Asian manufacturers and carries direct USD exposure, while KWB has some component sourcing from Europe and China. An adverse movement in the AUD/USD exchange rate could compress margins if cost increases cannot be fully absorbed through pricing discipline or passed on to end consumers in a timely manner.

Cybersecurity and IT infrastructure risk
JYC is currently undertaking a significant software overhaul across KWB, and any disruption, delay, or failure in the go-live of its integrated platform — targeted for November 2026 — could impact operational efficiency and customer experience. More broadly, the group faces ongoing exposure to external cyber threats, with any breach carrying the potential for operational disruption, data loss, and reputational damage.

Liquidity and small-cap risk
JYC is a small-cap ASX-listed company with relatively modest daily trading volumes, which may limit the ability of investors to build or exit positions without impacting the share price. This illiquidity can amplify share price volatility, particularly in periods of broader market stress or negative news flow.

Competitive risk
Both KWB and Bedshed operate in competitive markets, facing pressure from national specialty retailers, large-format chains, and online pure-play operators. While the physical store model provides structural advantages over online competitors — whose unit economics remain challenging — a failure to maintain product differentiation, pricing discipline, or service quality could result in market share erosion over time.

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