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Joyce Corporation Ltd (JYC)

1 **September 2026**

Stay The Course

Recommendation: Outperform

Our View

Impressive execution saw FY26 slightly exceed expectations (EBIT c.3% v. TC Forecasts). A bleaker macro likely requires this strong execution be replicated in FY27. Nonetheless, our positive thesis remains intact. Strong organic growth and margin expansion demonstrate JYC's cash generative, quality compounding characteristics. We continue to view JYC as a resilient business capable of investing through the cycle and exposed to multi-year organic growth tailwinds. A high-calibre business offering a 5.6% dividend yield and a thinly traded register, we remain comfortable holding JYC as a multi-year portfolio position. Trading on 4.6x FY27E EV/EBIT, we retain **an Outperform.**

Key Points

Rollout & Reno Cycle – We expect KWB's two store openings in FY26 to be repeated in FY27 as it continues to deliver on a balance-sheet funded pipeline despite ongoing site availability constraints. With c.$15m KWB cash (excl. Customer deposits), we see JYC's continued conversion of store pipeline as widening KWB's competitive moat. Meanwhile, a c.18.8% growth in Wardrobe revenue illustrates the capital light, organic growth benefit of a planned expansion of the category into NSW, ACT and QLD. Low capital intensity, the incremental growth strategy embodies the quality characteristics we see in JYC. Nonetheless, momentum continued to slow into 1H27 with KWB's order book softening to $46.7m and July orders -9.8% pcp. We view this as a function of a tougher macro backdrop and normal seasonality but note the order book remains above pcp and August saw the pace of decline moderate (-1% pcp). As such, we have trimmed our estimates but continue to anticipate revenue growth (+5.8% pcp).

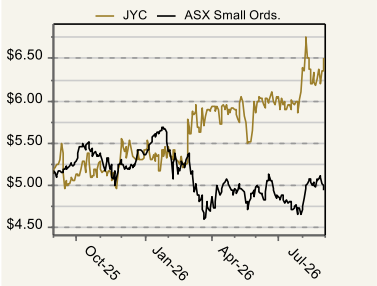
A Stable Set Up – Whilst we expect consumer demand to fluctuate in the short-term, we continue to view regional diversification and a nimble cost base as key benefits. We expect Bedshed's more commoditised offering will remain vulnerable to a value seeking consumer. Consequently, we have forecasted more muted growth in FY27 (+2%). Yet, its franchise operations remain cash generative and continue to offset corporate costs driven by continued margin expansion (EBIT margin of 17.7% v. 16.0% in FY25). Meanwhile, KWB's negative working capital model and minimal inventory risk underpin its value through the cycle. Additionally, KWB's contract workforce continues to provide scalability and operating leverage. Continued margin expansion HoH (c.22.6% 2H26 v. 21.6% 1H26) despite slowing order growth underpins our confidence in margin sustainability across FY27. Conversion rates and gross margin (>50%) both remained robust through the year. Whilst cyclically exposed, we believe this operational flexibility remains underappreciated by the market.

Transition & Tech – Cameron Crowell has now assumed the CEO role at KWB following the phased leadership transition flagged. Whilst we acknowledge the inherent risk in the departure of a founder, we note John Bourke remains engaged as a Non-Exec Director on the KWB board. Additionally, we view the structured 12-month transition period as mitigating the risk of institutional knowledge loss. KWB's technology platform also represents a proprietary, competitive advantage. FY26's elevated capex (maintenance c. $1.0-1.5m pa) to fund a systems overhaul with $0.7m of software development and CRM investment aims to scale the network and lift productivity. We look to the targeted November 2026 go-live for clarity on the associated cost savings.

Summary (AUD)

Market Capitalisation	**$192.15M**
Share price	**$6.50**
52 week low	$4.39
52 week high	$6.75

Share price graph (AUD)



Source: Factset

Key Financials (AUD)

	FY26A	FY27E	FY28E
Revenue ($m)	169.9	179.7	194.9
EBITDA ($m)	41.1	43.5	47.4
EBIT ($m)	31.5	33.2	36.6
Normalised NPAT ($m)	21.6	23.2	25.6
PE Ratio (x)	17.8	16.5	14.8
EPS (cents)	36.6	39.5	43.9
EV/EBITDA (x)	3.9	3.5	3.2
EV/EBIT (x)	4.7	4.6	4.2

Source: TC Estimates

Joyce Corporation - Summary of Forecasts

JYC $ 6.50

PROFIT & LOSS SUMMARY (A$m)

Year end June	FY25A	FY26A	FY27E	FY28E
Revenue	**148.2**	**169.9**	**179.7**	**194.9**
Normalised EBITDA	**32.8**	**41.1**	**43.5**	**47.4**
D&A	(8.9)	(9.6)	(10.3)	(10.8)
Normalised EBIT	23.9	31.5	33.2	36.6
Net Interest	(0.3)	(0.3)	(0.1)	(0.1)
PBT	23.6	31.2	33.1	36.5
Normalised NPAT	16.7	21.6	23.2	25.6
Norm.NPAT (JYC)	**8.2**	**10.8**	**11.7**	**13.0**
Total Adjustments	(0.9)	-	-	-
Statutory NPAT	15.8	21.6	23.2	25.6
Stat NPAT (JYC)	**7.3**	**10.8**	**11.7**	**13.0**
Margins on Revenue				
Normalised EBITDA	22.1%	24.2%	24.2%	24.3%
Normalised EBIT	16.1%	18.5%	18.5%	18.8%
Normalised NPAT	5.5%	6.4%	6.5%	6.7%
Change on PCP				
Total Revenue	1.8%	14.7%	5.8%	8.5%
Normalised EBITDA	2.6%	25.4%	5.8%	9.0%
EBIT	-2.5%	31.8%	5.4%	10.2%
Normalised NPAT	-2.4%	29.1%	7.4%	10.4%

PER SHARE DATA

Year end June	FY25A	FY26A	FY27E	FY28E
EPS (c)	27.8	36.6	39.5	43.9
Growth (pcp)	-6%	32%	8%	11%
Dividend (c)	27.5	30.0	29.6	32.9
Special Dividend (c)	5.5	-	-	-
Franking	100%	100%	100%	100%
Gross CF per Share (c)	92.8	129.6	121.8	134.2

KEY RATIOS

Year end June	FY25A	FY26A	FY27E	FY28E
Current Ratio (x)	1.4	1.4	1.5	1.5
ROE (%)	41.7%	49.9%	49.4%	50%
ROA (%)	17.1%	20.0%	21.1%	22%
Dividend Payout Ratio	119%	82%	75%	75%

VALUATION MULTIPLES

Year end June	FY25A	FY26A	FY27E	FY28E
PE (x)	23.4x	17.8x	16.5x	14.8x
EV/EBITDA (x)	5.1x	3.9x	3.5x	3.2x
EV/EBIT (x)	6.1x	4.7x	4.6x	4.2x
EV/EBIT (x) Excl. NCI	13.8x	10.4x	9.4x	8.2x
Dividend Yield (%)	5.1%	4.6%	4.6%	5.1%

BALANCE SHEET SUMMARY (A$m)

Year end June	FY25A	FY26A	FY27E	FY28E
Cash	39.2	48.5	53.0	59.3
Receivables	0.6	1.1	1.1	1.4
Inventories	4.6	3.9	4.2	4.5
Other Assets	1.2	1.4	1.4	1.4
Financial Assets	1.8	1.9	1.9	1.9
Current Tax Assets	1.2	-	-	-
Total Current Assets	48.6	56.7	61.5	68.5
Other Assets	3.6	4.1	4.1	4.1
DTAs	3.6	3.9	3.9	3.9
ROU Assets	27.0	28.3	25.3	26.5
PPE	6.5	5.7	5.8	6.1
Intangibles	8.3	9.0	9.3	9.3
Total Non-Current Assets	49.0	51.1	48.4	49.9
TOTAL ASSETS	**97.6**	**107.8**	**110.0**	**118.4**
Payables	24.4	27.5	29.0	31.1
Provisions	3.5	3.6	3.9	4.1
Lease Liabilities	7.8	8.2	7.4	7.7
Provisions for Income Tax	-	1.9	1.9	1.9
Total Current Liabilities	35.7	41.3	42.1	44.9
Lease Liabilities	21.0	22.0	19.6	20.6
Provisions	0.9	1.2	1.3	1.4
Total Non-Current Liabilities	21.9	23.2	21.0	22.0
TOTAL LIABILITIES	**57.5**	**64.6**	**63.1**	**66.9**
NET ASSETS	**40.0**	**43.2**	**46.9**	**51.5**
PARENT EQUITY	**34.7**	**37.3**	**39.8**	**43.5**
TOTAL EQUITY	**40.0**	**43.2**	**46.9**	**51.5**

CASH FLOW SUMMARY (A$m)

Year end June	FY25A	FY26A	FY27E	FY28E
NPAT	**15.8**	**21.6**	**23.2**	**25.6**
Non Cash Items	12.0	10.9	11.4	12.2
Net Working Capital	(0.4)	5.9	1.5	1.9
Gross Cashflows	**27.4**	**38.3**	**36.0**	**39.7**
Capex	(2.3)	(1.5)	(2.3)	(2.7)
Other	(1.3)	(0.9)	(0.4)	-
Free Cashflows	**23.8**	**35.9**	**33.3**	**37.0**
Dividends Paid	(8.4)	(9.1)	(9.2)	(9.3)
Dividends Paid to NCI	(7.4)	(10.1)	(10.4)	(11.6)
Lease Liabilities - Principal	(6.5)	(7.1)	(8.0)	(8.4)
Lease Liabilities - Interest	(1.4)	(1.5)	(1.3)	(1.3)
Net Cashflows	**0.1**	**8.1**	**4.5**	**6.4**

Source: TC Estimates

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Date Prepared: September 2026
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