

## COMPANY ANNOUNCEMENT

26 October 2023

## Chairman's and Group CEO's Address 2023 Annual General Meeting

### Chairman's Address

The financial year ended 30 June 2023 ("FY23") was another strong year for JB Hi-Fi Limited and its subsidiaries (the "Group"), with the Group reporting record sales and earnings per share. In a challenging retail environment, we remained top of mind for shoppers and grew our market share by continuing to drive our value offering, leveraging the strength of our multichannel offer and maintaining our high levels of customer service.

We are thankful to our over 14,500 team members across Australia and New Zealand, whose continued focus on delivering value and maintaining our high levels of customer service will ensure the long-term success of the business. Our motivated, passionate, knowledgeable and highly trained staff continue to be our most important asset. We believe the Group is an employer of choice, with an inclusive, busy, enjoyable and, most importantly, safe working environment that helps us to continue to attract and retain high calibre people.

In August 2023, we announced the appointment of Christy Boyce as a non-executive director with effect from 16 September 2023. Christy has over 25 years' advisory experience in Australia and the United States with extensive involvement in retail, including pricing, online strategy, loyalty programs and sales & marketing. We are delighted to welcome Christy to the Board. Christy brings great strategic expertise and significant experience in working with retail companies which will add value to our Board, and we very much look forward to working together.

Turning to the Group's operating model, the Group comprises two leading retail brands: JB Hi-Fi, with a focus on Technology and Consumer Electronics; and The Good Guys, with a focus on Home Appliances and Consumer Electronics.

The value proposition for each brand centres around ranging the best brands at low prices supported by exceptional customer service across our store network, our online and phone channels, and through our commercial business.

The dual branded retail approach is underpinned by four key competitive advantages, being:

- scale;
- a low cost operating model;
- multichannel capability; and
- people and culture.

An integral part of the Group's ongoing strategy is to encourage innovation and diversification in our product range, merchandising formats, advertising, supply chain, property locations and our online offer, in a controlled and responsible manner to ensure that we remain current and relevant to our customers. We have a culture of embracing change, which is seen as a "natural" part of the business, and this approach provides opportunities to increase revenue, margin and productivity.

The Group's FY23 Sustainability Report, which can be found on the Group's investor website, outlines our commitment to having a positive impact on our people, our community and our environment. As set out in the Report, we are committed to:

- supporting our people and ensuring a safe, inclusive and respectful workplace, whilst always looking for ways to provide them with flexibility and opportunities to grow and develop;
- making a positive impact in the communities in which our team members live and work and working with our supply partners to protect and further human rights; and
- minimising the impact that our operations may have on the natural environment and pro-actively reducing our waste, energy consumption and emissions.

In closing, the Board remains focused on building long term shareholder value. Since JB Hi-Fi Limited listed in October 2003:

- the JB Hi-Fi share price compound annual growth rate is 17.6% to 25 October 2023, compared to 3.7% on the ASX 200 Index over the same period;
- the earnings per share compound annual growth rate is 20.8%; and
- the dividend per share (fully franked) compound annual growth rate is 21.9%.

More recently, in the four years since 2019:

- the JB Hi-Fi share price compound annual growth rate is 4.3% to 25 October 2023, compared to 0.4% on the ASX 200 Index over the same period;
- the earnings per share compound annual growth rate is 21.9%; and
- the dividend per share (fully franked) compound annual growth rate is 21.7%.

I would like to take this opportunity to thank my fellow directors, the executive team and our store, warehouse and support teams for their unwavering commitment to the ongoing prosperity of your company and its shareholders.

I now invite Terry to address the meeting on the Group's operations.

## Group CEO's Address

Thank you Stephen, and good morning ladies and gentlemen.

Retailing is a dynamic and exciting industry and JB Hi-Fi and The Good Guys are market leaders in their respective sectors.

The core of our proposition has always been, and will always remain, our unwavering focus on our customers who continue to turn to us for their technology and home appliance needs and our over 14,500 dedicated and knowledgeable team members across Australia and New Zealand continue to respond and adapt in an amazing manner to make sure we can meet these needs.

As Stephen highlighted, we are committed to having a positive impact on our people, our community and our environment. In our FY23 Sustainability Report we outlined the progress made in our key areas of focus, which included:

- continued improvement in gender diversity across the Group, with an increase in the number of women in leadership positions;
- ongoing focus on safety, including mental health and wellbeing training programs;
- workplace giving donations totalling \$3.9 million in FY23 and \$35.7 million since inception;
- ongoing focus on privacy, cyber security, and the Payment Card Industry Data Security Standards;
- a 9.6% reduction in Scope 1 and 2 emissions, supported by the installation of solar power generation in 9 stores in FY23, bringing the total number of stores to 24 as the Group works towards net-zero direct (scope 1 and 2) carbon emissions by 2030; and
- a 12% decrease in plastic bag usage, with plastic bags to be phased out nationally and replaced with 100% recyclable paper bags.

We are pleased with the progress we are making on our Sustainability plan and commitments, and importantly are receiving an overwhelmingly positive response from our team members.

Turning to our FY23 results, FY23 was another strong year for the Group with record sales and earnings per share. Group sales were \$9.63 billion, up 4.3% on the prior year, and when compared to the pre Covid period of FY19, up 35.7%. EBIT while down 3.2% on last year to \$769.0 million, remained strong compared to pre-Covid FY19, up 106.3%. Earnings per share was up 0.1% to 479.9 cents per share, and up 120.7% on pre Covid FY19.

The total dividend for FY23 was 312 cps, representing 65% of NPAT. While down 4 cps or 1.3% on the prior year, when compared to pre Covid FY19, the total dividend was up 170 cps or 119.7%.

The Group's balance sheet continued to be strong with low financial and operating leverage and closing net cash of \$127.5 million at 30 June 2023. The Group will continue to regularly review all aspects of its capital structure with a focus on maximising returns to shareholders whilst maintaining balance sheet strength and flexibility.

As we move into FY24 the Group has five key focus areas:

### 1. Retail Execution

In a tougher retail trading environment, our strong retail execution is vital. We will focus on growing our market share by attracting new customers to the brands and stay focused on delivering and proving value to our customers by creating best in market offers and promotions. At the same time we will leverage the efficiency of our operating model, with our flexible business model and low-cost culture key to responding to changes in the environment.

### 2. Multichannel

We will continue to expand our reach and attract more shoppers to our brands by providing easy and convenient access whether via in-store or online. We will continue to evolve our categories and store layouts to further drive the in-store experience and engagement. We will continue to improve the customer experience online and leverage our significant web traffic to provide additional sales opportunities. We will deepen our connection with our customers through our JB Hi-Fi Perks and The Good Guys Gold Service Extras membership programs and continue to find new ways to engage and deal with our customers.

### 3. New Zealand

We know we are underrepresented in New Zealand and believe there is a good opportunity to grow and expand the JB Hi-Fi business there. Seven existing store relays were completed in FY23. To date in FY24, our Queen St & Hamilton stores have been relocated, we have opened 2 duty free airport stores in Auckland and Christchurch international airports, and expect to open 2 new standard format JB Hi-Fi stores before Christmas. We continue to actively identify potential new store opportunities to expand our reach, targeting 3-5 new stores per year over the next 3 years. Our work on re-platforming the JB Hi-Fi New Zealand website is progressing well and our new website is expected to launch before the important Black Friday trading period.

### 4. Commercial

We continue to develop our commercial businesses for future growth, targeting the small to medium sized business sectors. We have a national proposition in a fragmented market and have refined our branding and go-to-market strategies. Our value proposition leverages the Group's retail proposition of best brands, big range and low prices as well as the Group's store network and supply chain and marketing capabilities, and is augmented by access to extended business ranges, value-added-services and expert teams to support businesses and education providers.

### 5. Supply Chain

We will continue to invest in a fit-for-purpose Supply Chain network that supports in-store and online fulfilment and delivers better customer offers and experiences. Examples of recent initiatives include the improved delivery options launched for The Good Guys customers, focusing on increased certainty, transparency and choice, and the JB Hi-Fi Australia 'on-demand' delivery service in partnership with Uber, which has successfully achieved an average delivery time of under 60 minutes.

Turning to recent trading, the Group has today provided a sales update for the period 1 July 2023 to 30 September 2023 (Q1 FY24):

- Total sales growth for JB HI-FI Australia was -0.1% with comparable sales growth of -1.4%. As compared to pre Covid FY19, total sales growth was 40.5%;
- Total sales growth for JB HI-FI New Zealand was 1.0% with comparable sales growth of -1.0%. As compared to pre Covid FY19, total sales growth was 22.2%; and
- Total sales growth for The Good Guys was -12.2% with comparable sales growth of -12.2%. As compared to pre Covid FY19, total sales growth was 21.1%.

Q1 FY24 sales are in line with the Group's expectations cycling the elevated period from last year. While total sales continue to be well above pre Covid Q1 FY19, the Group continues to see variability in category performance.

In closing, with the heightened uncertainty in the retail environment, our brands remain well positioned to leverage their low-price market position as shoppers look to maximise value from their purchases. As we have continued to demonstrate, we will adapt and respond to the changing retail conditions to ensure we remain the number one destination for shoppers and grow our market share.

I look forward to another exciting and successful year in FY24.

Authorised by the Board.

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