

## COMPANY ANNOUNCEMENT

27 October 2022

### Chairman's and Group CEO's Address 2022 Annual General Meeting

#### Chairman's Address

The financial year ended 30 June 2022 ("FY22") was another strong year for JB Hi-Fi Limited and its subsidiaries (the "Group"), with the Group reporting record sales and earnings. The result reinforces the enormous trust our customers have in our brands and the strength of our multichannel offer, which continues to provide customers with choice on how to shop.

We would like to recognise and thank our team members across Australia and New Zealand who worked tirelessly to deliver this record result, remained focused on our customers and continued to adapt and respond to meet their needs. 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.

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 FY22 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.

We are pleased with the progress made in these key areas of focus, which in FY22 included:

- solar power generation installed in 14 stores as the Group works towards net-zero direct (scope 1 and 2) carbon emissions by 2030;
- continuing to action a set of Diversity and Inclusion initiatives, to improve diversity in leadership and inclusion, including the launch of a revised Parental Leave Policy which supports all primary carers regardless of gender and doubles the amount of paid parental leave from 6 to 12 weeks;
- workplace giving donations totalling \$3.7 million in FY22 and \$31.7 million since inception;

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- continued focus on safety including mental health and wellbeing training programs;
- updated and distributed our revised Group Ethical Sourcing Policy, including a new requirement for social compliance auditing; and
- improvements in sustainable packaging across our own brand products in line with 2025 National Packaging Targets.

The Sustainability Report has received an overwhelmingly positive response from our team members.

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 18.5% to 26 October 2022, compared to 3.9% on the ASX 200 Index over the same period;
- the earnings per share compound annual growth rate is 22.0%; and
- the dividend per share (fully franked) compound annual growth rate is 23.4%.

More recently, in the three years since 2019:

- the JB Hi-Fi share price compound annual growth rate is 4.8% to 26 October 2022, compared to 0.3% on the ASX 200 Index over the same period;
- the earnings per share compound annual growth rate is 30.2%; and
- the dividend per share (fully franked) compound annual growth rate is 30.6%.

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.

As we have said before, 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. Our customers continue to turn to us for their technology and home appliance needs and our over 13,000 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.

### **FY22 Results**

Turning to our last financial year's results, FY22 was a strong year for the Group with sales of \$9.23 billion, up 3.5% on the prior year, including Group online sales up 52.8% to \$1.63 billion. EBIT was up 6.9% to \$794.6 million and NPAT was up 7.7% to \$544.9 million. Earnings per share was up 8.8% to 479.5 cents per share and total dividends for FY22 were up 10.1%, or 29 cents per share, to 316 cents per share. The Group had 319 stores across Australia and New Zealand as at 30 June.

JB Hi-Fi Australia total sales grew by 4.0% to \$6.20 billion with strong sales momentum through the year driven by continued heightened customer demand for consumer electronics and home appliance products. The key growth categories were Communications, Visual, Small Appliances, Smart Home and Accessories. EBIT was up 4.2% to \$544.9 million with EBIT margin up 1 bp to 8.8%.

JB Hi-Fi New Zealand total sales were up 0.3% to NZD262.4 million. The key growth categories were Visual, Games Hardware and Smart Home. EBIT was up 51.7% to NZD8.8 million. Underlying EBIT, excluding the impact of impairments in the current and prior year, was NZD4.7 million, down NZD1.3 million.

The Group recently completed a strategic review of the JB Hi-Fi New Zealand business and believes there is a significant opportunity to grow and expand the business. Over the next three years, the Group will be investing in improving the JB Hi-Fi New Zealand customer offer, refreshing the store network, opening new stores and upgrading its online platform.

To lead the repositioning and growth of the New Zealand business, the Group has appointed Tim Edwards as Managing Director of JB Hi-Fi New Zealand. Tim previously worked at The Warehouse Group for more than a decade, including seven years as CEO of Noel Leeming, and brings deep local experience and long-standing relationships, combined with a passion for retail. We are delighted to welcome Tim to the Group and we look forward to growing our New Zealand business under his leadership.

The Good Guys total sales grew by 2.7% to \$2.79 billion with strong sales momentum through the year driven by continued heightened customer demand for consumer electronics and home appliance products. The key growth categories were Laundry, Portable Appliances, Floorcare, Dishwashers and Visual. EBIT was up 12.5% to \$241.4 million with EBIT margin up 75 bps to 8.7%.

The Group regularly reviews all aspects of its capital structure with a focus on maximising returns to shareholders whilst maintaining balance sheet strength and flexibility. In April 2022, The Group completed a \$250 million Off-Market Share Buy-Back and through the total dividend for FY22 and the FY22 Off-Market Share Buy-Back, the Group returned \$604 million to shareholders.

### **FY23 Sales Update**

With regard to FY23 trading, for the period 1 July 2022 to 30 September 2022, total sales growth for JB HI-FI Australia was 14.6%, total sales growth for JB HI-FI New Zealand was 27.7% and total sales growth for The Good Guys was 12.3%.

Further detail can be found in the sales update released to the ASX today.

We are pleased with the start to FY23, with continued sales momentum and strong sales growth rates over a three-year period.

In an uncertain retail environment and with household budgets under increasing pressure, customers gravitate to trusted value-driven retailers. Our ongoing strategy of providing customers with the best value and outstanding service every day, will ensure our brands continue to deliver for our customers and remain a destination of choice into the future.

I look forward to another exciting and successful year in FY23.

Authorised by the Board.

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