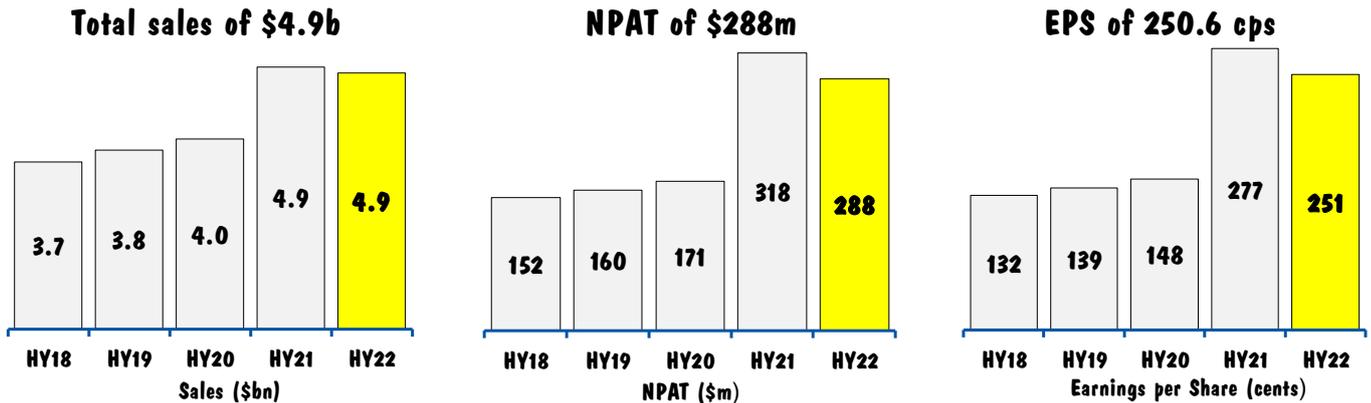


COMPANY ANNOUNCEMENT

14 February 2022

JB Hi-Fi Limited Half Year 2022 Results and Off-Market Buy-Back

HY22 Highlights

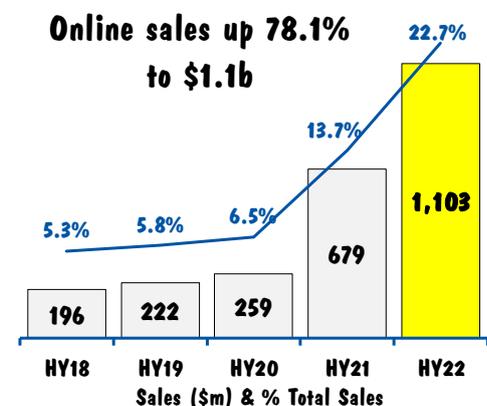


JB Hi-Fi Limited (“Group”) today reports for the 6 months ending 31 December 2021:

- Total sales down 1.6% to \$4.86 billion, but up 21.7% over a two-year period;
- Online sales up 62.6% to \$1.1 billion;
- EBIT down 9.1% to \$420.5 million, but up 59.9% over a two-year period;
- Net profit after tax (NPAT) down 9.4% to \$287.9 million, but up 68.8% over a two-year period;
- EPS down 9.4% to 250.6 cps, but up 68.8% over a two-year period;
- Interim dividend of 163 cps;
- The Board today announced a capital return of up to \$250 million to shareholders by way of an off-market buy-back;
- Up to \$437 million to be returned to shareholders through the interim dividend and the off-market buy-back.

The Group has continued to prioritise the health, safety and wellbeing of team members and customers throughout Covid-19 and is pleased with how it has continued to respond and adapt to the associated challenges, with all brands delivering strong results and all areas of the business, including stores, supply chain and online demonstrating resilience despite the ongoing disruption.

The Group has continued to invest in online and supply chain, including upgrades to its websites and distribution centres and expanded delivery options. Total online sales across the Group grew by 62.6% to \$1.1 billion, representing 22.7% of total sales. Excluding sales during the periods where stores were temporarily closed in HY22, online sales represented 14.0% of total sales. The Group’s online and supply chain operations have scaled and maintained a high level of customer service and on-time delivery, demonstrating the strength of the Group’s diversified fulfilment model during a period of significantly increased volume.



Group CEO, Terry Smart said “We are pleased to report strong sales and earnings for HY22. We continued to see elevated demand across all of our sales channels, particularly online which our customers seamlessly transitioned to during the various lockdowns demonstrating the strength and trust in our brands.”

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HY22 Trading Performance**JB HI-FI Australia**

Total sales declined by 1.9% to \$3.29 billion, with comparable sales down 2.5%. Over a two-year period total sales were up 20.9% with comparable sales up 20.8%. Sales momentum was strong through the half, with continued heightened customer demand for consumer electronics and home appliance products. The key growth categories were Small Appliances, Smart Home, Games Hardware, Accessories and Visual. Online sales grew 59.9% to \$823.9 million or 25.0% of total sales.

Gross profit declined by 2.9% to \$716.3 million with gross margins down 21 bps to 21.8%. Cost of doing business ("CODB") was 10.8%, up 71 bps on the pcp. The business' low CODB remains a competitive advantage and is maintained through a continued focus on productivity, minimising unnecessary expenditure and leveraging scale.

EBIT declined 11.3% to \$292.4 million but over a two-year period EBIT was up 39.7% and EBIT margin up 120 bps as elevated sales growth, gross margin management and disciplined cost control resulted in strong earnings growth.

JB HI-FI New Zealand

Total sales were down 4.5% to NZD138.4 million, with comparable sales down 4.5%. Over a two-year period total sales were up 4.2% with comparable sales up 4.2%. The key growth categories were Games Hardware, Visual and Smart Home. Online sales in New Zealand grew 81.5% to NZD29.6 million, or 21.4% of total sales. EBIT was up 6.0% to NZD7.3 million.

The Good Guys

Total sales declined by 0.8% to \$1.44 billion, with comparable sales down 1.3%. Over a two-year period total sales were up 25.4% with comparable sales up 24.7%. Sales momentum was strong through the half, with continued heightened customer demand for consumer electronics and home appliance products. The key growth categories were Portable Appliances, Floorcare, Laundry, Dishwashers and Cooking. Online sales were up 69.8% to \$251.3 million or 17.5% of total sales.

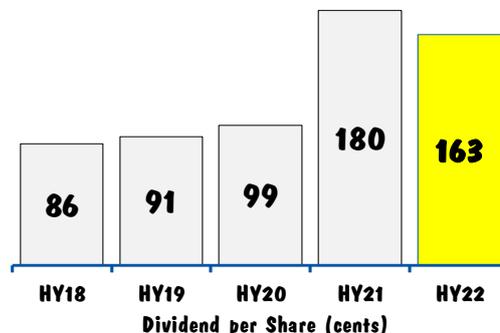
Gross profit was \$324.9 million with gross margin up 19 bps to 22.6%, driven by strong improvements in key categories. CODB was 11.4%, up 45 bps as store wages remained well controlled throughout the half.

EBIT declined 4.3% to \$121.1 million but over a two-year period EBIT was up 131.8% and EBIT margin up 386 bps as elevated sales growth, gross margin improvements and disciplined cost control resulted in strong earnings growth.

Capital ManagementInterim Dividend

The Board has today declared an interim dividend of 163 cents per share (cps) fully franked representing 65% of NPAT.

The interim dividend will be paid on 11 March 2022. The record date for determining the entitlement for the interim dividend is 24 February 2022.

Interim Dividend of 163 cps

Off-Market Buy-Back

The Group is pleased to announce a capital return of up to \$250m to shareholders by way of an Off-Market Buy-Back (“Buy-Back”) of JB Hi-Fi ordinary shares.

The Group seeks to maintain an optimal capital structure while ensuring adequate capital is retained to sustain the future development of the business. As a result of the continued strong financial performance and cashflow generation, the Group has surplus capital and a significant franking credit balance.

After returning capital to shareholders via the Buy-Back, the Group will still maintain a conservative gearing position with the financial flexibility to pursue growth opportunities.

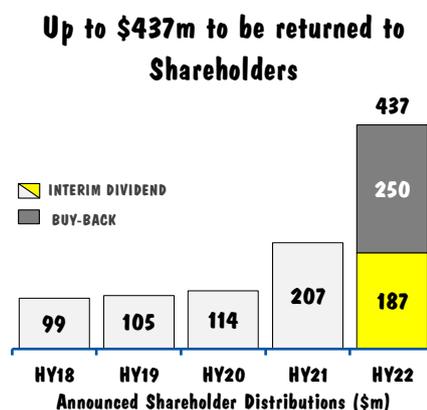
The Board considered a number of ways of returning surplus capital and concluded that the Off-Market Buy-Back is the most efficient and value enhancing mechanism to distribute surplus capital and franking credits. By way of illustration only, assuming a Buy-Back size of \$250 million, the Group will distribute to shareholders approximately \$99 million¹ worth of franking credits.

The Buy-Back will also benefit ongoing shareholders as the reduction in shares on issue is expected to improve earnings per share and return on equity.

The last day shares can be acquired on-market to be eligible to participate in the Buy-Back and to qualify for franking credit entitlements in respect of the Buy-Back consideration is 22 February 2022.

A summary of the Buy-Back details including the proposed timetable is provided in the HY22 Results presentation. Full details of the Buy-Back will be set out in the Buy-Back booklet available on the ASX Announcements platform. The Buy-Back is expected to be completed by 20 April 2022.

Through the interim dividend and the Buy-Back, the Group will be returning up to \$437m to shareholders. The Board will continue to regularly review the Group’s capital structure with a focus on maximising returns to all shareholders and maintaining balance sheet strength and flexibility.



Generating sustainable long-term growth

The Group’s FY21 Sustainability Report outlines its commitment to having a positive impact on its people, its community and its environment. As set out in the Report, the Group is committed to:

- developing its **people** and providing them with a safe and respectful workplace, whilst looking for ways to improve work flexibility, diversity and inclusion;
- giving back to the **communities** within which its team members live and work; and
- minimising the impact of waste and greenhouse gases generated by its operations on the natural **environment**.

The Group is pleased with the progress made in these key areas of focus, which in HY22 included:

- Solar power generation installed in 10 stores as the Group works towards net-zero direct carbon emissions by 2030;
- Continued to action a set of Diversity and Inclusion initiatives, to improve diversity in leadership and inclusion;
- Workplace giving donations totalling \$1.8 million in HY22 and \$29.9 million since inception with JB HI-FI’s Helping Hands program winning awards for Workplace Giving Australia’s 2021 Best Overall Program and Best Innovation;
- Continued focus on Safety with mental health and wellbeing training programs;
- Continued to work with suppliers to embed our ethical sourcing policy; and
- Improvements in sustainable packaging across own brand products in line with 2025 APCO Packaging Targets

¹ Assuming a Buy-Back size of \$250 million and a Buy-Back Price of \$43.00 (a discount of 14% to a Market Price of \$50.00)

[FY22 Trading Update](#)**January 2022 Sales Update**

The Group provides the following sales update, for the period 1 January 2022 to 31 January 2022:

Sales Growth January FY22	Comparable		Total	
	vs FY21	vs FY20	vs FY21	vs FY20
JB HI-FI Australia	3.6%	22.2%	4.3%	22.4%
JB HI-FI New Zealand (NZD)	(1.8%)	19.5%	(1.8%)	19.5%
The Good Guys	1.9%	16.4%	2.5%	17.0%

In January, despite the disruption to our supply chain and operations as a result of Covid-19, the Group continued to see heightened customer demand and strong sales growth rates over a two-year period.

Whilst the Group is pleased with the start to the second half, in view of the ongoing uncertainty arising from Covid-19, the Group does not currently consider it appropriate to provide FY22 sales and earnings guidance.

Group CEO, Terry Smart, said “While it remains an uncertain retail environment, we will continue to stay focused on what we can control. Our highly engaging in-store and online shopping experiences delivered by our passionate and knowledgeable team members, and our continued focus on leveraging our scale to deliver great value will ensure we meet our customers’ needs during these challenging times.”

Terry added “I would again like to thank our over 13,000 team members whose unwavering focus on the customer has delivered another strong result.”

Authorised by the Board.

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