

COMPANY ANNOUNCEMENT

28 October 2021

Chairman's and Group CEO's Address 2021 Annual General Meeting

Chairman's Address

Good morning ladies and gentlemen. Welcome to the 18th Annual General Meeting of JB Hi-Fi Limited.

The financial year ended 30 June 2021 was a strong year for JB Hi-Fi Limited and its subsidiaries (the "Group"). We were pleased to report record sales and earnings for the year, a period where we continued to respond and adapt to the challenges resulting from Covid-19.

Our continued focus on the customer, combined with the strength and competitive advantage of our multichannel offer, be it in-store, online or over the phone, enabled us to seamlessly meet our customers' increased demand throughout this period.

We would like to recognise and thank our team members across Australia and New Zealand who worked tirelessly to deliver this record result. 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 staff.

As the challenges associated with Covid-19 continue, the health, safety and wellbeing of our team members, customers, business partners and the wider community remain our highest priority.

As previously announced, following a smooth and successful transition period, Group Chief Executive Officer Richard Murray left the Group in August 2021 and has been succeeded by Terry Smart. Terry has a proven record as one of Australia's leading retail executives, both as CEO of the JB Hi-Fi business and more recently as Managing Director of The Good Guys. We look forward to him applying his considerable talents to both of the Group's brands and continuing to deliver on the Group's previous success. The Board also thanks Richard for his outstanding contribution to the Group over the past 18 years and wishes him all the best for the future.

In addition to Terry's appointment, the Group's Chief Financial Officer, Nick Wells, has also joined the Board as an Executive Director. Nick is a highly rated and valued member of the Group's executive team. We see Nick as an important part of the Group's future, and his appointment to the Board alongside Terry reflects this. Terry and Nick's appointments are a testament to the quality and depth of our management team and the Group's succession planning.

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 five key enablers that provide the Group with a unique competitive advantage, being:

- scale;
- a low cost operating model;
- quality store locations;
- strong supplier partnerships; and
- our multichannel capabilities.

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An integral part of the Group's ongoing strategy is to encourage innovation and diversification through new products, online, supply chain, merchandising formats, advertising and property locations, 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 FY21 Sustainability Report 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:

- developing our 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 our team members live and work; and
- minimising the impact of waste and greenhouse gases generated by our operations on the natural environment.

We are pleased with the progress made in these key areas of focus, which in FY21 included:

- our commitment to reach net-zero direct (scope 1 and scope 2) carbon emissions by 2030;
- roll out of an updated Equal Opportunity and Workplace Behaviour policy to all team members;
- launching a revised set of Diversity and Inclusion initiatives;
- workplace giving donations totalling \$3.7 million and \$28.1 million since inception of our programs;
- JB HI-FI's Helping Hands program winning Workplace Giving Australia's 2020 Best Overall Program and Best Innovation awards;
- continuing to work with suppliers to embed our ethical sourcing policy;
- continuing to explore waste reduction, re-use and recycling initiatives led by the Group's operational waste and recycling working group; and
- ongoing improvements in sustainable packaging.

The FY21 Sustainability Report, which can be found on the Group's investor website, has received an overwhelmingly positive response from our team members.

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

- the JB Hi-Fi share price compound annual growth rate is 20.3% to 26 October 2021, compared to 4.6% on the ASX 200 Accumulation Index over the same period;
- the earnings per share compound annual growth rate is 22.9%; and
- the dividend per share (fully franked) compound annual growth rate is 24.2%.

More recently, over the past three years:

- the JB Hi-Fi share price compound annual growth rate is 28.4% to 26 October 2021, compared to 9.5% on the ASX 200 Accumulation Index over the same period;
- the earnings per share compound annual growth rate is 29.5%; and
- the dividend per share (fully franked) compound annual growth rate is 29.5%.

I would like to take this opportunity to thank my fellow directors, the executive team and our store 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 operational result.

Group CEO's Address

Thank you Stephen, and good morning ladies and gentlemen. First, I would like to acknowledge the confidence that Stephen and the Board have shown in me in appointing me as Group Chief Executive Officer. I am excited to take on the role, and believe that in JB Hi-Fi and The Good Guys we have two of Australia's most loved, respected and successful retail brands. Both businesses continue to be well positioned to maximise the opportunities ahead of them and I look forward to working with the two best retail management teams in Australia and New Zealand.

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 have continued to turn to us for their technology and home appliance needs in these unusual times, and our over 13,000 dedicated and knowledgeable team members across Australia and New Zealand have responded and adapted in an amazing manner to make sure we can meet these needs safely and effectively.

FY21 Results

Turning to our last financial year's results, FY21 was a strong year for the Group with sales of \$8.9 billion, up 12.6% on the prior year, including Group Online sales up 78.1% to \$1.1 billion. EBIT was up 53.8% to \$743.1 million and NPAT was up 67.4% to \$506.1 million. Earnings per share was up 67.5% to 440.8 cents per share and total dividends for FY21 were up 51.9%, or 98 cents per share, to 287 cents per share. The Group had 316 stores across Australia and New Zealand as at 30 June.

JB HI-FI Australia total sales grew by 12.0% to \$5.96 billion, with comparable sales up 13.0%. Sales momentum was strong through the year, with heightened customer demand for consumer electronics and home appliance products. The key growth categories were Communications, Computers, Games Hardware, Visual and Small Appliances. Online sales grew 93.0% to \$780.0 million or 13.1% of total sales. Elevated sales growth, combined with gross margin expansion and disciplined cost control, resulted in strong earnings growth. EBIT was up 33.6% on the pcp to \$523.0 million with EBIT margin up 142 bps to 8.8%.

JB HI-FI New Zealand total sales were up 17.4% to NZD261.6 million, with comparable sales up 17.4%. The key growth categories were Computers, Visual, Communications, Games Hardware and Small Appliances. Online sales in New Zealand grew 35.6% to NZD27.6 million, or 10.6% of total sales. EBIT was NZD5.8 million, a significant improvement on the prior year and we are pleased to see our New Zealand business return to profitability.

The Good Guys total sales grew by 13.7% to \$2.72 billion, with comparable sales up 13.7%. Sales momentum was strong through the year, with heightened customer demand for home appliance and consumer electronics products. The key growth categories were Refrigeration, Laundry, Floorcare, Portable Appliances and Visual. Online sales were up 48.5% to \$258.3 million or 9.5% of total sales. Strong operating leverage from the elevated sales growth, combined with gross margin expansion and disciplined cost control, drove strong EBIT growth. EBIT was up 90.2% on the pcp to \$214.7 million with EBIT margin up 318 bps to 7.9%.

The Group's balance sheet continued to grow in strength with low financial and operating leverage, evidenced by our solid fixed charges cover of 4.6 times and no net debt.

FY22 Sales Update

With regard to FY22 trading, we have today provided a sales update.

For the period 1 July 2021 to 30 September 2021 (Q1 FY22):

Sales Growth Q1 FY22	Comparable		Total	
	vs FY21	vs FY20	vs FY21	vs FY20
JB HI-FI Australia	(7.9%)	17.3%	(7.5%)	17.3%
JB HI-FI New Zealand (NZD)	(6.4%)	(8.8%)	(6.4%)	(8.8%)
The Good Guys	(6.1%)	22.9%	(5.6%)	23.6%

In Q1 FY22, despite the disruption and variability to sales as a result of the various state based Covid-19 restrictions, we continued to see heightened customer demand and strong sales growth rates over a two-year period.

In October, we have seen sales momentum continue and have benefitted from the re-opening of stores in NSW (from 11 October) and changes to the timing of key product releases versus prior years.

While the start to this year has been significantly impacted by Covid-19 restrictions and in some states extended periods of store closures, we have demonstrated our ability to adapt and respond to continue to meet the strong demand from our customers. The combination of our passionate and knowledgeable team members, and our multichannel offer, including our quality store locations and our established online offerings, gives us confidence as we enter the important Christmas trading period.

I look forward to another exciting and successful year in FY22.

Authorised by the Board.

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