

JB Hi-Fi 2022 AGM report

ASX code	JBH
Meeting date	26 October 2023
Type of meeting	Hybrid
Monitor	Steve van Emmerik assisted by Mike Robey
Pre AGM-meeting	With Chair Stephen Goddard and Company Secretary Doug Smith

Meeting Statistics

Number of holdings represented by ASA	119
Number of shares represented by ASA	213,019
Value of shares represented by ASA	\$9.3 (up from \$6.6 million last year)
Total number attending meeting	Physical: 60 shareholders/15 visitors Online: 100 shareholders Total shareholders 160
Market capitalization	\$4.95 billion
ASA open proxies voted	Against resolution 4a and 4b - allocations of restricted shares. Against re-election of Melanie Wilson. For the re-election of Stephen Goddard, for the election of Christy Boyce and for the Adoption of the Remuneration Report

Tabcorp's AGM was held in Melbourne at the RACV club.

Chairman and CEO speeches were posted on ASX prior to meeting, along with the proxy voting position prior to the meeting. Both spoke to the script, with no adlibs. A recording of the meeting is available here. https://investors.jbhifi.com.au/wp-content/uploads/2023/10/jb_hi-fi_ltd_agm_on-demand-1080p-1.mp4

The chair and CEO both focussed on dealing with a more challenging retail environment after the COVID boom. Both emphasised the large increases in profitability over the COVID period and the desire to maintain these areas and grow market share. Both discussed ESG issues and improved results in gender diversity, carbon footprint and plastic bag usage.

Directors both spoke for their nominations adding some colour to the prepared comments of the Chair who outlined their experience.

Three resolutions received significant against votes, although with approval levels sufficient to carry the resolutions. The rights issue to CEO and CFO, which were both around 79.2% in favour, and the vote for the re-election of Ms Melanie Wilson who received 90.3%. Voting results are available [here](#).

Questions were all held at the end of the meeting. Details below.

Item 22. Stephen Goddard re-election

Spoke to his election. Has very extensive retail experience in Australia. Execution focus is second to none in JB.

Item 2b. Melanie Wilson re-election

Spoke to election. Has a background and interest in speciality online retail. Did not address past legal case at iSelect or the current one at EML, but implied she had learned from these scars.

Item 2c. Christy Boyce election

Is a non-executive director of 3 other companies and has a consulting background in retail strategy.

ASA asked questions in five areas:

1. Cost of business is rising and how will JB balance the short term need to control costs with the longer term need to grow the business.
2. The reasons for the significant vote against the grant of restricted shares to the CEO and CFO. Chairman replied that one proxy houses had similar reservations to our own about the lack of a true LTI component and this was a protest vote against the VRP on this basis. The one-year target was the issue. JB thinks this drives the right behaviour and works for them. Shares are not given out immediately but over the following years with clawbacks and this aids in retention.
3. Why the vote against Ms Melanie Wilson and was it related to I-Select and there \$8.5 million fine for misleading electricity customers when Ms Wilson was on the Risk and Audit committee. One proxy house recommended voting against for any directors involved in issues at EML payments, which has a fraud investigation from the Irish Government underway. They believe Ms Wilson has learned from these experiences, which she referred to as the ups and downs in her pitch for re-election.
4. Cybersecurity and third parties' access to JB Hi-Fi given the Latitude financial hack. They engage with any third parties and attempt to get them to follow best practice.
5. The improved gender Diversity in management roles. The CEO Terry Smart has several programs to get more women in key roles. Very positive in terms of getting more talent into management. Sometimes the difficulty is getting the women to believe in their capability to progress into higher level roles.

There were several questions from retail shareholders about a range of issues, including financial performance, pricing, pressure on margins, small store format (trailing), and whether to exit NZ (playing the long game) etc. Stephen Mayne asked a list of standard questions to which the Chair played a straight bat. To a question on AI, the Chairman responded that some AI functionality will be sold embedded in computers in the next 18 months, so will provide a category enhancement.

The Q1 sales update was provided (JBH -1.4%, Good Guys -12.2%, JBH NZ -1.1%) and was in line with expectations, though we note that this appears robust for the retail sector at present, with competitor Harvey Norman down 9% in Q1 sales.

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