

JB Hi Fi continues to deliver on sales but concerns on remuneration

Company/ASX Code	JB Hi-Fi (ASX:JBH)
AGM time and date	10:00am (AEDT) on Thursday, 30 October 2025
Location	RACV City Club 501 Bourke St. Melbourne and online here .
Registry	Computershare
Type of meeting	Hybrid
Monitor	Chris Lobb assisted by Mike Robey
Pre-AGM Meeting	Stephen Goddard (Chairman) and Doug Smith (Company Secretary)

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

Item No.	Resolution description	
2	Election and Re-Election of Directors (a) Mr Stephen Goddard be re-elected as a director (b) Mr Mark Powell be re-elected as a director (c) Ms Shiela Lines be elected as a director	For For For
3	Remuneration Report	Against
4	Approval of Allocation of Restricted Shares to Executive Director	Against

2. Summary of Issues and Voting Intentions for AGM

- Following strong sales, all key Group financial metrics increased year on year for FY25, including a further special dividend at \$1.00 per share (up from \$0.80 per share in FY24).
- Our intention is to vote those proxies for which we have discretion, “for” for all resolutions relating to director elections but “against” those relating to remuneration for reasons stated below.
- CEO transition announced with well-regarded CEO Terry Smart to be replaced by long serving executive, Nick Wells in October 2025.
- A “blot” on an otherwise strong trading result being a penalty payment of \$13.5m (plus a contribution to ACCC costs of \$0.2m), which was fully accrued in FY25, to settle proceedings commenced by the ACCC in July 2024*.

- A competitive tender for the audit is overdue, with the incumbent (Deloitte) holding the position since the initial float of JBH on the ASX in October 2003.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

3. Matters Considered

Accounts and reports

The Group, consisting of JB Hi Fi, The Good Guys and the recently acquired e&s, is well entrenched in the markets in which it operates and notwithstanding increased competition (Amazon, Officeworks) has continued to build sales momentum from the prior year (up 10%). With minimal debt, free cash flow has been strong allowing increasing dividends for shareholders. This would partly explain a strong rally in the share price over the year. As per the table below, key metrics improved on the prior year results but the majority are yet to match the level achieved following Covid restrictions being lifted.

Financial performance

(As at FYE)	2025	2024	2023	2022	2021
NPAT (\$m)	462	439	525	545	506
Share price (\$)	110.35	61.27	43.70	38.46	50.48
Dividend (cents)	375(incl 100 cps special div)	341 (incl 80 cps special div)	312	316	287
Simple TSR (%)	86.2	48.0	21.8	-17.7	24.2
EPS (cents)	423	401	480	480	441
CEO total remuneration, statutory (\$m)	5.321	5.181	4.690	3.939	4.259

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Governance and culture

Apart from the CEO transition noted above, the Board has remained stable with minimal changes. Long-serving non-executive director Beth Laughton is stepping down at the conclusion of the AGM, with a like-for-like appointee in terms of financial skills, Sheila Lines, being appointed in August 2025 as her replacement. This demonstrates a strong transition process, as does the appointment of an internal candidate to the CEO role (see below), for which the JBH Board should be commended.

The Company's culture supports its aim to be a low-cost, high-volume retailer that is highly price competitive, demonstrates disciplined cost management and productivity.

Key events

On 2 September 2024, the Group completed the acquisition of 75% of retailer e&s. This business operates in the premium home appliance and bathroom market. The existing

management was retained and it will be interesting to observe results going forward for this division as it is incorporated into a much larger business operation.

Key board or senior management changes

Apart from the Board change noted above, the Company announced in August the appointment of Nick Wells as the new CEO, effective from October 2025. Mr Wells has been with JBH since 2009, serving as CFO for a decade until his appointment as COO in 2024. He has also been an Executive Board member since 2021. He therefore has been closely involved in the progression of the Company over a long period of time.

Sustainability/ESG

JBH has been producing an annual sustainability report since 2020, capturing some key elements of their work in this area. They have segregated the focus of reporting into 3 main areas, people, communities and environment and are seeking to set targets and measured outcomes in each of these areas.

ASA discussed the 32% increase in FY25 in the JB Hi Fi Division of Total Recordable Injury Frequency Rate ratio with JBH, suggesting that longer term historical ratios would assist to determine if any trends were occurring in this critical O H & S area. Currently only the prior year ratio is provided as a benchmark.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Fair Capital raising – not undertaken since September 2016 (when the ASA-preferred method was used) and unlikely in the near term given strong cash flows.

Shareholder engagement and AGM participation – pleasingly a hybrid AGM is again being held which allows shareholder participation nationwide.

Board Accountability and Directors and Boards – whilst a directors skills matrix is provided in the Annual Report, readers of the report must determine which of the ten skills/experience listed as being necessary for Board oversight, apply to each individual director. JBH argue that each skill or experience has a pre-determined criteria disclosed and therefore readers only need to assess individual directors against that criterion. It would be much simpler and potentially more accurate if JBH advised as to which of the skills or experience each director holds, so shareholders could quickly assess that director's contribution to the Board mix and vote accordingly when annual director elections are held.

4. Rationale for Voting Intentions

Item 2 - Re-election/Election of Directors Resolution (for)

There are three Non-Executive Directors facing shareholders for endorsement this year. The independent Chairman, Stephen Goddard, and independent NED's Mark Powell and Sheila Lines. Ms Lines being appointed by the Board in August 2025.

As noted above, ASA again provided input on the current skills matrix provided by the Company, in an attempt to understand what individual directors contributed to the Board mix. JBH is reluctant to individualise, but it appears each of the directors facing election hold many of the skills or experience considered necessary.

Mr Powell having had significant experience in New Zealand brings insights to that geographical market. We are also influenced by the need to ensure stability at a time when a CEO transition is occurring, particularly in the role of Chairman. In this regard, Mr Goddard has confirmed his intention to serve out his full term if re-elected.

Director workloads appear appropriate for all candidates and in the case of Goddard and Powell provide "corporate memory" to the Board having joined in 2016 and 2017 respectively. All three candidates have "skin in the game" by holding shares in the Company.

In terms of the recent appointment of Ms Lines to the Board, her background includes being a Chartered Accountant with over 28 years' experience (20 years of which was within the listed environment within Australia and overseas) as a CFO, CEO and director across various industries including retail, media, telecoms and technology. Her last executive role was as CFO and Company Secretary for listed retailer, Nick Scali Limited (2022-2025).

Further details on each of these candidates can be found in the Notice of Meeting.

Item 3 - Remuneration Report (against)

JBH has adopted a remuneration structure that excludes many of the safeguards that ASA seek to have included within a transparent and long-term performance remuneration structure. In the past we have sided on supporting JBH "unique" remuneration structure given the strong performance of the company and the benefits this has delivered to shareholders. However, given the Board has conducted a further review in FY25 and has resolved to continue with its current structure we cannot continue to provide our support. The recent ACCC dispute* has demonstrated that the Board has limited levers to hold individual executives accountable in the event material issues arise (for example the recent settlement being shared across Executive KMP by its impact on the Group EPS measure applied). In addition, the Board has not addressed our concerns expressed over a number of years regarding the current remuneration structure adopted.

Some of the safeguards/disclosure not adopted by JBH include:

- No long-term incentive plan, with an annual Variable Reward Plan (VRP) offered to Executive KMP allowing for the setting of targets on year-by-year basis. Whilst 75% of rewards under the VRP are equity based, the shares are vested in year one and progressively released over years 2, 3 and 4. Whilst claw back provisions are provided, ASA experience is that claw backs are very difficult to apply and seldom used.

- The current VRP scorecard is 75% focussed on a single Group measure of Earnings Per Share growth (“EPS”) with some additional financial measures for KMP Executives responsible for the JB Hi Fi and The Good Guys divisions – with the remaining 25% of the Executive KMP scorecard assessed on strategic outcomes. The Group EPS FY25 target was 5.4% growth from FY24. ASA policy seeks Long Term Incentives hurdles to apply over a minimum 3 years with 2 performance-based hurdles, one of which is Total Shareholder Return (TSR).
- CEO’s take-home remuneration is not disclosed.
- Only broad weightings disclosed, being 75% financial and 25% strategic. ASA understands the 6 measures disclosed under the Strategic 25% scorecard were basically divided evenly but statistical outcomes were not disclosed against each of these measures.
- In addition to the Executive VRP JBH provide an Option scheme to certain employees (excluding Executive KMP) with no performance targets beyond on-going employment. Whilst ASA understands the competitor sensitivity around such rewards, as a public company shareholders also have a right to transparency and understanding how such rewards are allocated and on what basis.

It is noted however that any equity issued to employees is by way of on-market purchases and therefore shareholders do not suffer dilution in their holdings via either of the reward plans.

Item 4 - Approval of Allocation of Restricted Shares to Executive Director (against)

This approval relates to the remuneration of the new CEO, Nick Wells. With his appointment it was an opportunity for the Board to review the previous CEO remuneration structure as discussed under Item 3 above. It has chosen not to and therefore we cannot support the proposed issue of further Restricted Shares to the new CEO for the reasons stated under Item 3.

(*This action related to an alleged transgression by The Good Guys relating to advertising and fulfilment of certain store credit and StoreCash promotions during the period July 2019 and August 2023).

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY26	Target* \$m	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.65	1.65	33.0
Incentive -VRP-cash		0.83	16.6
Incentive -VRP - equity ¹		2.52	50.4
Total		5.00	100%

Note 1 – Any equity vested following year of assessment is released to CEO over years 2,3 and 4.

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. We were unable to determine the target levels.