AUSTRALIAN SHAREHOLDERS' ASSOCIATION

JB Hi-Fi faces ongoing headwinds in a tough retail environment

Company/ASX Code	**JB Hi-Fi Limited/JBH**
AGM time and date	**10:00am (AEDT) on Thursday, 29 October 2026**
Location	RACV City Club 501 Bourke St. Melbourne and online at https://meetnow.global/JBHIFIAGM2026
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 a shareholding in this company.

1. How we intend to vote

Item No.	Resolution description	
2	Election and Re-Election of Directors a. Ms Christy Boyce be re-elected as a director b. Ms Melanie Wilson be re-elected as a director c. Mr Terry Smart 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

- FY26 was another solid year in a challenging retail and supplier environment with most key metrics being positive. Sales, Cost of Doing Business (CODB) and therefore overall performance came under increased pressure in the second half of the year and led to Key Management Personnel financial targets not being fully achieved. Reported July 2026 sales for the FY27 continued this trend and this slowdown was reflected in a material falling share price since record highs were reached 12 months ago.
- The share price decline was partly offset by the Board increasing the fully franked dividend payout ratio to 75% of NPAT this financial year, providing an increased yield on the latest dividends.
- JBH remain confident that notwithstanding a challenging economic environment, impacting both the retail and the housing market sectors in which they operate, their price and service options continue to offer value. Consumers they believe, in turn, will particularly seek this out when making their purchases in more challenging times.
- Nick Wells became Group CEO in October 2025, succeeding Terry Smart. Mr Wells has been with the Company since 2009 and was appointed an executive director in 2021. He is therefore well versed in the culture and operations of the Group.
- Mr Smart has recently been appointed a Non-Executive Director effective 5 October 2026 and seeks election at this AGM. The Board and ASA do not regard him as independent because of his former JBH executive roles. We comment further on this appointment below.
- Two current members of the Board, Ms Boyce and Ms Wilson are up for re-election as part of the director standard rotation process. Again, further comments below.
- Executive KMP earned 42% to 54% of the available FY2026 Variable Reward Plan awards. Financial outcomes were below target, while strategic non-financial outcomes were assessed at 80% to 89% of available rewards, reflecting that internally controllable KPI's were largely met.
- 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.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

The Group, comprising retailers, JB Hi-Fi, The Good Guys and e&s (E. & S. Trading Co.), with stores in Australia and New Zealand, delivered a solid FY2026 result despite more challenging conditions in the second half. The 2026 Annual Report reports sales growth of 4.8% to $11.06 billion, statutory EBIT growth of 5.8%, statutory EPS growth of 5.9%, and underlying (after allowing for the 2025 settlement of an action against The Good Guys from the ACCC) EBIT and EPS growth of 3.8% and 2.9% respectively.

Financial performance to FY2026

(As at FYE)	**2026**	**2025**	**2024**	**2023**	**2022**
NPAT ($m)	490	462	439	525	545
Share price ($)	80.48	110.35	61.27	43.70	38.46
Dividend (cents)	337	375 (incl 100 cps special div)	341 (incl 80 cps special div)	312	316
Simple TSR (%)	-24.0	86.2	48.0	21.8	-17.7
EPS (cents)	448	423	401	480	480
CEO total remuneration, statutory ($m)	3.060	5.321	5.181	4.690	3.939

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.

New CEO appointed in October 2025, at a reduced fixed pay-scale to predecessor.

These results are solid but with a further deterioration in the economic conditions since mid-year, any future growth will need to be hard fought. Inventory stocks are being monitored closely given geopolitical events leading to price increases and strong global demand in the technology categories.

Governance and culture

The Board will change at the AGM. Richard Uechtritz will retire after 15 years. Christy Boyce (appointed in 2023) and Melanie Wilson (appointed in 2020) retire by rotation and seek re-election as independent non-executive directors. Terry Smart, Group CEO until 3 October 2025, was appointed by the Board as a Non-Executive Director, effective 5 October 2026 and therefore is required to seek shareholder election at this AGM.

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. It is estimated they count for approximately 25% of the markets in which they participate, making them one of Australia's and New Zealand largest retailers, with over 350 physical stores, websites and supporting commercial businesses.

Key events

On 2 September 2024, the Group completed the acquisition of 75% of retailer e&s with 25% remaining with the previous ownership. JBH currently recognises a put-option liability of $18.5 million at 30 June 2026 over the remaining non-controlling interest, should that interest decide to sell.

This business operates in the premium home appliance and bathroom market. Since acquisition, its operations continue to be restructured and JBH believe it provides a solid platform for further growth opportunities in the markets in which it operates.

JB Hi-Fi Group Pty Ltd is defending a class action concerning extended warranties sold by its Australian business. The proceedings allege misleading or deceptive conduct and/or unconscionable conduct in relation to the warranties. JB Hi-Fi denies the substance of the claims and the potential financial outcome remains undetermined.

Key board or senior management changes

Nick Wells became Group CEO in October 2025 following Terry Smart's retirement from the executive role. Mr Smart has now returned to the Board just on 12 months later, as a Non-Executive Director.

Richard Uechtritz (who led the management buy-in in 2000 and was CEO for 10 years until 2010) will retire from the Board at the conclusion of the AGM after 15 years as a non-executive director.

Sustainability/ESG

JBH has been producing an annual sustainability report since 2020, capturing some key elements of their work in this area. They are now required, under new legal requirements, to include their Sustainability Report within the Annual Report. They are seeking to achieve net zero carbon emissions direct scope 1 and 2 (market based) by 2030.

This year as a result of this change, they have reframed elements of previous reporting into a separate "Responsible Business Report" and have segregated the focus of reporting into 3 main areas, people, communities and the environment.

FY2026 sustainability outcomes disclosed in the Annual Report include six new solar installations, 68% of Group energy needs met by renewable sources, waste diversion increasing seven percentage points to 67%, 77 social compliance audits reviewed, and more than $4.8 million raised through workplace giving programs in the current financial year.

The OHS assessment recorded a reduction in Total Recordable Injury Frequency Rate (TRIFR) at JB Hi-Fi Australia, offset by an increase at JB Hi-Fi New Zealand and a marginal increase at The Good Guys, identified as due to injuries within the home delivery centre network. From April 2026, acquisition, e&s, has transitioned across to the same safety and reporting framework, to allow TRIFR to be measured and reported moving forward for this business. It is noted that OH&S outcomes formed part of the CEO's strategic performance assessment.

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 cash currently on hand, strong cash flows and no debt. An off-market share buyback was undertaken in FY22 but the company believes subsequent regulatory changes have made such mechanisms unattractive to shareholders.

Improve Shareholder Engagement and Provide Hybrid AGM Participation – pleasingly a hybrid AGM is again being held which allows full shareholder participation nationwide.

Disclose Individual Director Skills to Strengthen Board Accountability – whilst a director's skills matrix is provided in the Annual Report, readers of the report must determine which of the 10 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. They also contend that they are not relying on individual directors' skills or qualifications in their decision making but seek out the views of all directors based on their insights and experiences to make a collective decision. Notwithstanding this, we believe an independent assessment and disclosure to shareholders would add value and rigour to these assessments and therefore the director election process.

Strengthen Board Oversight of AI and Cybersecurity Risks – data security and privacy are identified as a material issue. JBH assigns general oversight to the Audit and Risk Management Committee but provides limited detail about how oversight was strengthened during the year. The business continues to explore the opportunities AI can provide in improving productivity and areas such as inventory management. Their awareness is maintained often via new product offerings, and they believe customers are much more alert to potential scams following wide publicity of the risks.

External Auditor Tenure – Deloitte has been JB Hi-Fi's external auditor for 24 years. JB Hi-Fi advises that it has no intention at this time to undertake a competitive tender. ASA considers periodic market testing of long-standing external audit appointments to be good governance practice.

4. Rationale for Voting Intentions

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

Three candidates face shareholders in 2026: independent Non-Executive Directors Christy Boyce and Melanie Wilson seek re-election, and former Group CEO Terry Smart seeks election following his appointment as a Non-Executive Director effective 5 October 2026.

Ms Boyce joined the Board in September 2023 and is a member of the Audit and Risk Management Committee. She brings more than 25 years of advisory experience in Australia and the United States, including retail pricing, online strategy, loyalty programs, and sales and marketing.

Ms Wilson joined the Board in June 2020 and serves on the Audit and Risk Management Committee and the Remuneration and Nominations Committee. Her experience spans global retail, e-commerce, store operations, merchandise systems, marketing, logistics and fulfilment. We raised the matter of workloads given recent additions to her outside directorships but were reassured she remains readily available to address JBH director responsibilities.

Mr Smart brings extensive operational knowledge from his service as Group CEO from August 2021 to October 2025, as JB Hi-Fi CEO from 2010 to 2014, and as Managing Director of The Good Guys from 2017. The Board (and ASA) does not consider him independent. We were advised he has developed strong supplier relationships during his executive period and JBH believes this provides added creditability to the standing of JBH as an entity, with key suppliers. Against this, is the short period that has elapsed since his executive role with the company. To satisfy ASA policy on independence, a period of 3 years must elapse. The Board structure however does meet the ASA requirement to allow a vote “for” a non-independent candidate by having an independent chair and a majority of independent directors. On balance, his availability, experience and continuity support election, while shareholders should recognise the resulting independence consideration.

Item 3 - Remuneration Report (Against)

JBH continues to use an annual Variable Reward Plan rather than a conventional long-term incentive plan with multi-year performance hurdles. For FY2026, 75% of available rewards were linked mainly to Group EPS growth and 25% to strategic non-financial measures. Executive KMP earned 42% to 54% of available awards: only 29% to 43% of the financial component was earned, while 80% to 89% of the strategic component was earned. While the below-target financial outcome appropriately reduced awards, the structural concerns described below remain and support an “against” vote.

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

- The VRP assesses performance annually. Cash (25%) and Restricted Shares (RS) (75%) are allocated after that assessment and RS are then released in thirds over one, two and three years, without additional performance-based vesting conditions during the restriction period.
- The scorecard remains heavily concentrated on a single-year EPS measure: 75% financial, primarily FY2026 Group EPS growth, and 25% strategic measures. ASA

policy seeks multi-year hurdles and more than one performance measure, including relative shareholder return.

- CEO's actual take-home remuneration is not disclosed - only statutory.
- Although the Notice describes the FY2026 strategic outcomes, the 25% strategic component remains based on measures assessed over a single year and restricted shares carry no further performance conditions after allocation. They do however require on going employment in most instances.
- 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.

JHD reporting states that Mr Wells' FY2026 remuneration package was concluded following advice from the Company's remuneration adviser. Changes to FY27 awards have also been disclosed, which centre on revised levels required for threshold level vesting to occur (95% of budgeted FY27 EPS), with linear progression after that up to the maximum outperformance (105% of budgeted FY27 EPS). These outcomes will be reported in the 2027 Remuneration Report.

The Company remains firm in its view that an annual assessment and reward structure best meets their specific requirements and is clearly understood by all executives. ASA have continued to request some of the changes noted above to be considered for inclusion without success. Under our revised remuneration guidelines, we assess this as a material shortcoming and therefore intend to vote against this resolution.

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)

Approval is sought to allocate Nick Wells 13,516 restricted shares valued at $962,001, representing 42% of the maximum FY2026 VRP share award. The shares were calculated using a five-day VWAP of $71.17, will be acquired on market, and will be released in thirds in August 2027, 2028, and 2029, after allowing for the cash component paid in August 2026. Although the award reflects below-target financial performance and includes clawback and minimum shareholding provisions, the shares have no additional performance-based vesting conditions. We recognise that shareholder approval is being sought voluntarily and that the Board may consider an equivalent cash payment if the resolution is defeated. Our opposition is therefore directed at the remuneration framework, particularly the absence of multi-year performance hurdles, rather than the use of equity itself.

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Appendix 1
Remuneration framework detail – Transition Year

CEO rem. Framework for FY26	Actual $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.57	55.0	1.65	33.0
Incentive -VRP-cash	.320	11.3	0.83	16.6
Incentive -VRP - equity[1]	.962	33.7	2.52	50.4
Total	2.852	100	5.00	100

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

The actual amounts in the table above are the amounts disclosed in the 2026 Annual Report. The CEO, Nick Wells was previously COO until 3 October 2025 and was remunerated as per that position up to that date. He subsequently received his CEO remuneration and incentive entitlements (assessed at 42%) for the remainder of FY2026. The maximum opportunity is based on him holding the position of CEO for the full year and was disclosed on his appointment. Further detail on his assessment for VRP in FY2026 is provided on page 39 of the Annual Report.