



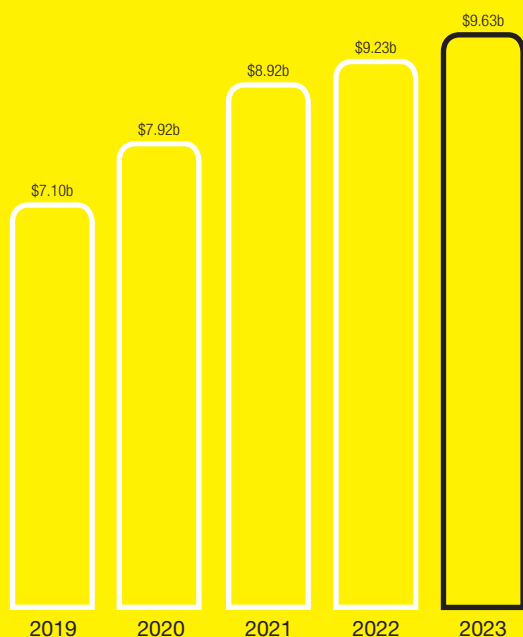
ANNUAL REPORT  
2023

# Financial Summary

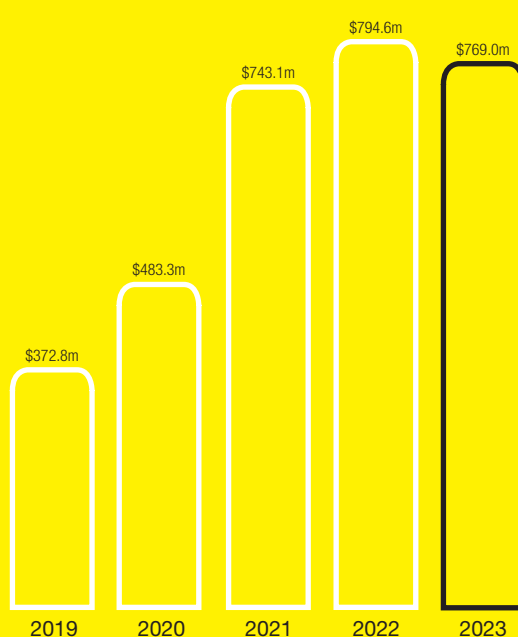
## FINANCIAL PERFORMANCE

	2019	2020	2021	2022	2023	Growth
Sales	\$7.10b	\$7.92b	\$8.92b	\$9.23b	\$9.63b	4.3%
EBIT	\$372.8m	\$483.3m	\$743.1m	\$794.6m	\$769.0m	(3.2%)
NPAT	\$249.8m	\$302.3m	\$506.1m	\$544.9m	\$524.6m	(3.7%)
Earnings per share	217.4cps	263.1cps	440.8cps	479.5cps	479.9cps	0.1%
Total dividend - fully franked	142cps	189cps	287cps	316cps	312cps	(1.3%)

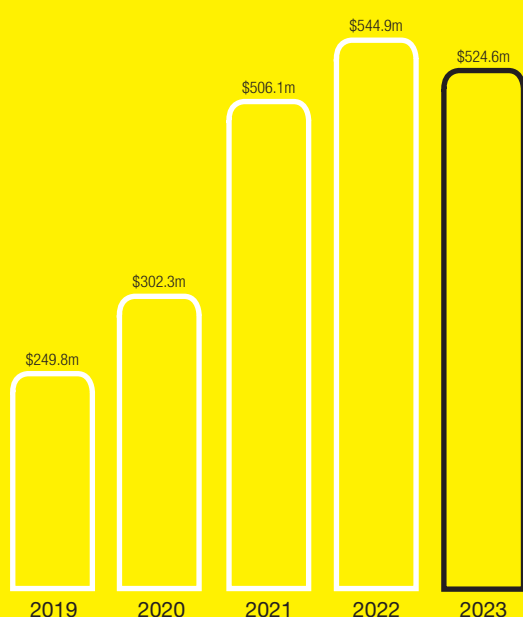
Sales \$9.63b



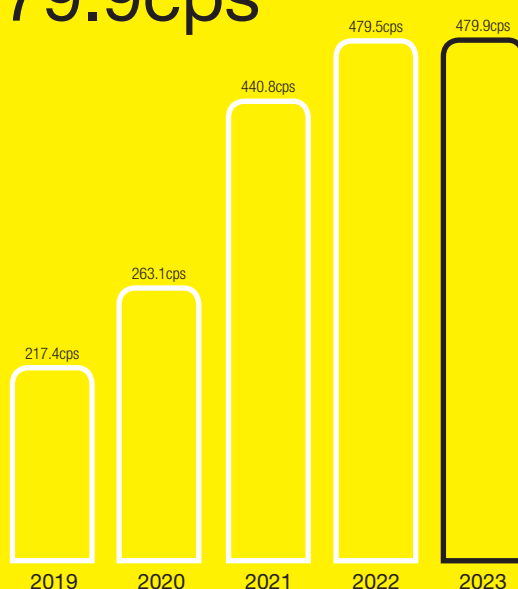
EBIT \$769.0m



NPAT \$524.6m



Earnings per share  
479.9cps



# Chairman's and Group Chief Executive Officer's Report

Dear fellow shareholder,

FY23 was a strong year for JB Hi-Fi Limited and its subsidiaries (the "Group"). We were pleased to report record sales and earnings per share for the year ended 30 June 2023. In a challenging retail environment, we remained top of mind for shoppers and grew our market share by continuing to drive our value offering, leveraging the strength of our multichannel offer and maintaining our high levels of customer service.

We are thankful to our over 14,500 team members, across Australia and New Zealand, whose continued focus on delivering value and maintaining our high levels of customer service will ensure the long-term success of the business.

## Group Overview

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 322 store network, our online and phone channels, and through our commercial business.

The dual branded retail approach is underpinned by four key competitive advantages, being:

- scale;
- a low cost operating model, evidenced by the Group's low cost of doing business ("CODB");
- multichannel capability; and
- people and culture.

It continues to be an integral part of the Group's strategy to innovate and diversify in new products, online, supply chain, merchandising formats, advertising and property locations in a controlled and responsible manner. This approach provides opportunities to increase revenue, margin and productivity.

## Generating sustainable long-term growth

The Group's FY23 Sustainability Report outlines our commitment to having a positive impact on our people, our communities and our environment.

The Group is committed to:

- supporting our people and ensuring a safe, inclusive and respectful workplace, whilst always looking for ways to provide them with flexibility and opportunities to grow and develop;

- making a positive impact in the communities in which our team members live and work, and working with our supply partners to protect and further human rights; and
- minimising the impact that our operations may have on the natural environment, and pro-actively reducing our waste, energy consumption and emissions.

The Group is pleased with the progress made across these key areas of focus, which in FY23 included:

- continued improvement in gender diversity across the Group, with an increase in the number of women in leadership positions;
- ongoing focus on safety, including mental health and wellbeing training programs;
- a 9.6% reduction in Scope 1 and 2 emissions, supported by the installation of solar power generation in 9 stores in FY23, bringing the total number of stores to 24 as the Group works towards net-zero direct (scope 1 and 2) carbon emissions by 2030;
- a 12% decrease in plastic bag usage with plastic bags to be phased out nationally and replaced with 100% recyclable paper bags;
- ongoing focus on privacy, cyber security, and the Payment Card Industry Data Security Standards (PCI-DSS); and
- workplace giving donations totalling \$3.9 million in FY23 and \$35.7 million since inception.

The FY23 Sustainability Report can be found on the Group's investor website (<https://investors.jbhifi.com.au/>).

## Management alignment with Shareholders

The relationship between the Board and management is strong and remains engaging and constructive.

The Board firmly believes that equity participation for management, through the Group's share ownership-based remuneration schemes, creates strong alignment with shareholders and is a critical tool in attracting new management, retaining existing management and rewarding performance.

Further information about the Group's remuneration schemes is included in the Remuneration Report.

### Non-Executive Director Appointment

The Group has appointed Christy Boyce as a non-executive director with effect from 16 September 2023.

Christy has over 25 years' advisory experience in Australia and the United States with extensive involvement in retail, including pricing, online strategy, loyalty programs and sales & marketing.

Christy's previous experience has included senior executive positions at Port Jackson Partners and McKinsey & Co and she has acted as a non-executive director of several ASX-listed companies. Christy is currently a non-executive director of CSR Limited, BAI Communications Australia, EMM Consulting and the SCEGGS Darlinghurst Trust.

We are delighted to welcome Christy to the Board. Christy brings great strategic expertise and significant experience in working with retail companies. Her skills will complement those of our existing directors, and we very much look forward to working together.

The Board has appointed Christy to the Board as an additional appointee ahead of its next Annual General Meeting in October 2023 and Christy will stand for election at that Meeting. Christy will also join the Company's Audit & Risk Management Committee from the date of her appointment.

### FY23 Trading Performance<sup>1</sup>

The Group reports for the 12 months ending 30 June 2023:

- total sales up 4.3% to \$9.63 billion (up 35.7% vs pre Covid FY19);
- earnings before interest and tax (EBIT) down 3.2% to \$769.0 million (up 106.3% vs pre Covid FY19);
- net profit after tax (NPAT) down 3.7% to \$524.6 million (up 110.0% vs pre Covid FY19);
- earnings per share up 0.1% to 479.9cps (up 120.7% vs pre Covid FY19); and
- total dividend for FY23 of 312.0 cps, down 4.0 cps or 1.3% (up 119.7% vs pre Covid FY19).

A summary of the performance of each of the Group's businesses is set out below.

#### *JB Hi-Fi Australia*

Total sales increased by 5.6% to \$6.55 billion, with comparable sales up 4.8%. As compared to pre Covid FY19, total sales were up 38.5%. The key growth categories were Communications, Audio, Accessories, Games Hardware and Services. Online sales declined by 20.9% to \$940 million or 14.4% of total sales. As compared to pre Covid FY19, online sales were up 264.3%.

Gross profit increased by 6.7% to \$1.48 billion, with gross margin up 23 bps to 22.6%, driven by positive sales mix. CODB was 12.1%, up 68 bps, but remained below pre Covid FY19, driven by continued disciplined cost control. The business's low CODB remains a competitive advantage and is maintained through a continued focus on productivity, minimising unnecessary expenditure and leveraging scale.

EBIT was up by 1.3% to \$551.9 million, with EBIT margin down 36 bps to 8.4%. As compared to pre Covid FY19, EBIT remained strong (FY19 EBIT of \$301.7 million with 6.4% EBIT margin).

#### *JB Hi-Fi New Zealand*

Total sales were up 11.3% to NZD292.1 million, with comparable sales up 11.3%. As compared to pre Covid FY19, total sales were up 23.6%. The key growth categories were Communications, Audio, Games Hardware, Fitness and Accessories. Online sales declined by 25.7% to NZD32.1 million or 11.0% of total sales. As compared to pre Covid FY19, online sales were up 141.9%.

Gross profit increased by 2.4% to NZD46.7 million with gross margin down 140 bps to 16.0%, driven by price competitiveness in key categories and negative sales mix. CODB was 14.2%, up 142 bps but remained below pre Covid FY19, driven by continued disciplined cost control.

EBIT was down 49.9% to NZD4.4 million with EBIT margin down 185 bps to 1.5%. Underlying EBIT, excluding the impact of impairments in the current and prior year, was negative NZD2.2 million, down NZD6.9 million, and down on pre Covid FY19 EBIT of negative NZD1.9 million.

#### *The Good Guys*

Total sales increased by 0.8% to \$2.81 billion, with comparable sales up 0.8%. As compared to pre Covid FY19, total sales were up 31.0%. The key growth categories were Refrigeration, Laundry, Floorcare, Personal Care and Audio. Online sales declined by 14.1% to \$341.1 million or 12.1% of total sales. As compared to pre Covid FY19, online sales were up 160.5%.

Gross profit was \$658.4 million with gross margin up 11 bps to 23.4%, driven by positive sales mix. CODB was 12.8%, up 104 bps, but remained below pre Covid FY19, driven by continued disciplined cost control.

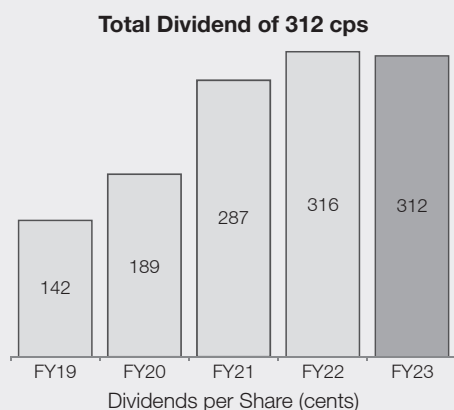
EBIT was down by 11.8% to \$213.0 million with EBIT margin down 108 bps to 7.6%. As compared to pre Covid FY19, EBIT remained strong (FY19 EBIT of \$72.9 million with 3.4% EBIT margin).

<sup>1</sup> Unless otherwise stated, all results disclosed in this Chairman's and Group Chief Executive Officer's Report are Statutory and, as a result, FY19 comparatives are prior to the adoption of AASB16 Leases

## Group Balance Sheet, Capital Management and Dividends

The Group's balance sheet continued to be strong with low financial and operating leverage and closing net cash of \$127.5 million at 30 June 2023.

The Board declared a final dividend of 115 cents per share (cps) fully franked, down 38 cps or 24.8%. As compared to pre Covid FY19, the final dividend was up 64 cps or 125.5%. The total dividend for FY23 was 312 cps, down 4 cps or 1.3%, and representing 65% of NPAT. As compared to pre Covid FY19, the total dividend was up 170 cps or 119.7%.



In FY22, the Group successfully completed a \$250.0 million off-market share buy-back which resulted in the purchase of 5.5 million of the Group's shares, being 4.8% of the shares on issue.

The Board will continue to regularly review the Group's capital structure with a focus on maximising returns to shareholders and maintaining balance sheet strength and flexibility.

## Outlook

July sales were in line with the Group's expectations cycling the elevated period from last year. While total sales continued to be well above pre Covid July FY19, the Group saw increased variability in category performance.

With the heightened uncertainty in the retail environment, both our brands remain well positioned to leverage their low-price market position as shoppers look to maximise value from their purchases. As we have continued to demonstrate, we will adapt and respond to the changing retail conditions to ensure we remain the number one destination for shoppers and grow our market share.

We look forward to another successful year in FY24.

**Stephen Goddard**

Chairman

**Terry Smart**

Group Chief Executive Officer

22 August 2023

# Annual Report

for the financial year ended **30 June 2023**

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## GOVERNANCE STATEMENT

JB Hi-Fi Limited (“the Company” or “JB Hi-Fi”) recognises the importance of governance matters and the Board continually reviews and monitors developments in corporate governance which are relevant to the Group (being the consolidated entity consisting of the Company and the entities it controls). The Company’s Governance Statement is set out below. The Company also recognises the importance of environmental and social matters to its shareholders, suppliers and customers and has released its 2023 Sustainability Report to the ASX at the same time as this Report.

### CORPORATE GOVERNANCE STATEMENT

The directors and management of the Group are committed to ensuring that the Group’s business is conducted ethically and in accordance with high standards of corporate governance.

The Board believes that:

- the Group’s policies and practices comply in all material respects with the 4th edition of the ASX Corporate Governance Council Principles and Recommendations (the “ASX Recommendations”); and
- during the 2023 financial year, the Company has been compliant with the spirit of the principles contained in the ASX Recommendations.

This Corporate Governance Statement has been approved by the Board and is effective as at 14 August 2023.

### THE BOARD

#### Role

The primary role of the Board is to protect and enhance long-term sustainable shareholder value. The Board is accountable to shareholders for the performance of the Company, and it directs and monitors the business and affairs of the Group on behalf of shareholders.

The Board’s responsibilities include: overseeing the business and affairs of the Group and demonstrating leadership of the Group; defining the Group’s purpose and approving the Group’s statement of values and code of conduct so as to underpin the desired culture within the Group and overseeing management’s implementation of these values; setting (in consultation with management) the strategic and financial objectives of the Group and overseeing management’s implementation of these objectives; approving the appointment and replacement of senior executives including the Group CEO; monitoring the performance of management and, where required, challenging management and holding it to account; approving the adoption of the Group’s major corporate governance policies; ensuring that the Group has in place an appropriate risk management framework (for both financial and non-financial risk); overseeing the reliability and integrity of the Group’s accounting, financial reporting and financial management and disclosure practices and systems; overseeing the Group’s process for making disclosure to the market; approving the Group’s remuneration framework and satisfying itself that the Group’s remuneration policies are aligned with the Group’s values, strategic objectives and risk appetite; and the establishment of a formal and transparent procedure for the selection, appointment and review of directors.

The Group Chief Executive Officer, who is accountable to the Board, is responsible for managing, directing and promoting the profitable operation and development of the Group.

A copy of the Board Charter can be found on the Company’s investor website at <https://investors.jbhifi.com.au/> via the “Investors” and “Corporate Governance” sections.

#### Composition of the Board / Selection and appointment of directors

Details of each of the Directors are set out on pages 15 and 16 of this Report.

The Board seeks to ensure that the combination of its members provides an appropriate range of experience, skills, diversity, knowledge and perspective to enable it to carry out its obligations and responsibilities.

The Board believes that having a range of different skills, backgrounds, experience and genders ensures a diversity of viewpoints which facilitate effective governance and decision making.

The Company believes that skills and experience in the areas listed in the matrix below are desirable for the Board to perform its role effectively. The Board considers that its current composition possesses an effective blend of these skills and experience which enables it and its Committees to effectively govern the business, operate effectively and add value in the context of the Company's strategy.

Skill/Experience	Description	No. of Directors
Executive/Management Experience	Holds or held an executive leadership position in a publicly listed company or large professional services firm.	8/8
Retail	Holds or held an executive leadership position in a publicly listed or large private retail company or has been an NED of a publicly listed or large private retail company for at least 3 years.	7/8
Financial Acumen	Professional accounting qualifications, experience as the CEO, CFO or Chair of the Audit Committee of a publicly listed company or large private company.	8/8
Property	Holds or held an executive leadership position with specific, or ultimate, responsibility for property in a large retailer or is/was a non-executive director in a publicly listed or large private property company.	6/8
Online/Digital	Holds or held an executive leadership position in a digital or technology company or having ultimate responsibility for, or specific focus on, online/digital in a publicly listed company or large private retail company.	6/8
Other Listed Board Experience/Governance	Is, or has been, a director of one or more other publicly listed companies for at least one year (other than JB Hi-Fi Limited).	6/8
Risk Management	Membership of the risk management committees of at least two publicly listed companies, or executive experience anticipating and identifying risks and monitoring the effectiveness of both financial and non-financial risk management frameworks and controls.	7/8
People & Culture	Experience as a Chair, NED, CEO or senior executive in a publicly listed or large private company or professional services firm in overseeing workplace culture, people management, development and succession planning, setting remuneration frameworks and promoting diversity & inclusion.	8/8
Strategy/Mergers & Acquisitions/Capital Management	Experience in a publicly listed company, large private company or large professional services firm in understanding and defining strategic objectives, assessing business plans, mergers & acquisitions/capital management.	8/8
Sustainability, Corporate Social Responsibility and Community Engagement	Understanding and experience in social responsibility and sustainability initiatives, management of workplace health & safety, community relations/workplace giving.	8/8

The Company maintains a majority of non-executive directors on its Board. The Board currently comprises eight directors, being six non-executive directors, including the Chairman, and two executive directors, being the Group Chief Executive Officer and the Group Chief Financial Officer. The Company has written agreements with each director setting out the terms of their appointment. Apart from the Group Chief Executive Officer, directors are subject to shareholder re-election by rotation at least every three years. The Company provides shareholders with all material information in its possession relevant to the election or re-election of a director.



A copy of the Company's Board Composition & Succession Policy, which includes the procedure for the selection and appointment of directors, can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections. The Board will undertake appropriate checks before appointing any person, or putting forward to shareholders a candidate for election, as a director, including checks to ensure that the candidate has sufficient capacity to perform the role.

Details of the directors as at the date of this Report, including further information about their experience, expertise and term of office, are set out in the Directors' Report.

### **Independence**

The Company considers that each of its directors (including the Chairman) is independent, with the exception of Terry Smart (Group Chief Executive Officer) and Nick Wells (Group Chief Financial Officer).

The Board regards directors as independent directors if they: do not have a material relationship with the Company other than solely as a result of being a director; are independent of management; and do not have any business or other relationship that could compromise the independent exercise of their judgement and their ability to act in the best interests of the Company. The independence of each director is considered on a case-by-case basis.

Richard Uechtritz was Chief Executive Officer of the Company between July 2000 and May 2010 and a consultant to the Company from May 2010 to November 2013. Given the passage of time, the Board is of the opinion that Richard is an independent director, and that neither these previous roles, nor his relationship with current management, compromises his ability to exercise independent, unfettered judgement or act in the best interests of the Company.

Beth Laughton is currently a non-executive director and chair of the audit, compliance & risk management committee of GPT Funds Management Limited ("GPTFM"), the responsible entity for the GPT Wholesale Shopping Centre Fund. Beth will leave these roles on 8 November 2023. Mark Powell was a non-executive director and chair of the ESG committee of Kiwi Property Group Limited until 19 May 2023. The Board notes that the GPT Wholesale Shopping Centre Fund and Kiwi Property Group have ownership interests in shopping centres in which the Group currently leases stores. The Board is, and throughout the year has been, of the opinion that Beth and Mark are independent directors on the basis that individual leasing arrangements within the Group, GPTFM and Kiwi Property Group are generally determined at a managerial level rather than Board level.

In addition, the Company's internal protocols provide that Beth and Mark would be excluded from any discussion and decision making where any conflict of interest arises between their respective roles as directors of the Company and of GPTFM/Kiwi Property Group.

Geoff Roberts was previously a partner at Deloitte until 2015. During the period that Geoff was a partner, Deloitte were the appointed auditors of the Group, however at no stage during the term of his partnership was Geoff involved in the provision of audit or other services to the Group. The Board is therefore of the opinion that Geoff is an independent director.

### **Conflict of interest**

Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Directors are required to promptly disclose to the Board interests in contracts, other directorships or offices held, possible related party transactions and any other material personal interests in a matter relating to the Company's affairs. If a material conflict of interest arises, the director concerned does not receive the relevant Board papers, is not present at the meeting whilst the item is considered and takes no part in decision making.

### **Board meetings**

The Board meets regularly, dependent on business requirements. Prior to any meeting, the directors receive all necessary Board papers. As well as holding regular Board meetings, the Board also meets to comprehensively review business plans and the strategy of the Group.

### **Access to information and independent advice**

Each director has the right of access to all relevant Company information and to the Group's executives. Subject to prior consultation with the Chairman, each director may seek independent professional advice at the Company's expense.

### Professional development of directors

The Company recognises the need for its directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively. The Company periodically reviews the need for directors to undertake professional development to maintain the skills and knowledge necessary to perform their roles. This includes, where necessary, management (including the Group Chief Financial Officer and the Company Secretary & General Counsel) and external advisors providing the directors with briefings and advice on developments in both the law and current practice in areas relevant to the Company and their role as directors (including, for example, corporate governance, accounting and remuneration). Individual directors also take advantage of professional development opportunities provided by third parties such as the Australian Institute of Company Directors and major accounting and legal firms.

The Company also has an induction program for new directors.

### BOARD COMMITTEES

Details of the Committees established by the Board are set out below.

#### Audit and Risk Management Committee

The Board has an Audit and Risk Management Committee.

The Audit and Risk Management Committee is charged primarily with assisting the Board in its:

- oversight of the reliability, adequacy and integrity of the Group's financial management, financial reporting and disclosure, its related non-financial reporting and disclosure practices, and its financial reporting framework;
- oversight of the independence, performance, appointment and removal of the external auditor;
- review of the Group's policies on risk oversight and management, and in discharging its responsibility to satisfy itself that a sound system of risk management and internal control has been implemented to manage the material risks affecting the Group's businesses, including environmental, social, governance, health & safety and cyber-security risks and compliance with all applicable laws; and
- review of the Group's plans, actions and reporting in relation to sustainability.

A copy of the Audit and Risk Management Committee Charter can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

During the 2023 financial year, the Audit and Risk Management Committee comprised the following non-executive directors, all of whom were independent and have relevant financial, commercial and risk management experience, including an independent chair who is not the Chair of the Board:

- Beth Laughton: Chair of Committee;
- Mark Powell;
- Melanie Wilson; and
- Geoff Roberts.

Details of the background and experience of each of these non-executive directors are included in the Directors' Report.

The Audit and Risk Management Committee meets regularly. Details of the meetings held and members' attendance during the 2023 financial year are listed in the Directors' Report. Directors who are not members of the Audit and Risk Management Committee may attend any Audit and Risk Management Committee meeting.

#### Remuneration and Nominations Committee

The Board has a Remuneration and Nominations Committee.

The Remuneration and Nominations Committee is charged primarily with:

- reviewing and making recommendations to the Board regarding the framework, structure and quantum of remuneration of executive officers and non-executive directors; and

- reviewing and making recommendations to the Board regarding Board succession planning, the appointment and re-appointment of non-executive directors, the induction and continuing professional development of non-executive directors, the process for evaluating the performance of the Board, its committees and directors, and the succession of the Group CEO and other senior executives.

A copy of the Remuneration and Nominations Committee Charter can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

During the 2023 financial year, the Remuneration and Nominations Committee comprised the following directors, each of whom are considered by the Company to be independent:

- Stephen Goddard: Chair of Committee;
- Beth Laughton; and
- Mark Powell.

The Remuneration and Nominations Committee meets as required. Details of the meetings held and members' attendance during the 2023 financial year are listed in the Directors' Report. Directors who are not members of the Remuneration and Nominations Committee may attend a Committee meeting at the invitation of the Chairman when considered appropriate.

## **COMPANY SECRETARY**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

## **CODE OF CONDUCT**

The Group acknowledges the need for directors, executives and employees to observe the highest ethical standards of corporate behaviour. The Group has adopted a Code of Conduct to provide directors, executives and employees with guidance on what the Group deems to be acceptable behaviour. The Group will ensure that the Board and/or Audit and Risk Management Committee is informed of any material incidents in breach of this Code.

A copy of the Code of Conduct can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

## **WHISTLEBLOWER POLICY AND ANTI-BRIBERY, CORRUPTION & FRAUD POLICY**

The Group has a Whistleblower Policy and an Anti-Bribery, Corruption & Fraud Policy. The Group will ensure that the Board and/or Audit and Risk Management Committee is informed of any material incidents reported under or in breach of these policies.

Copies of these policies are available on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

## **DIVERSITY**

The Group recognises the importance of diversity and values the competitive advantage that is gained from a diverse range of skills, backgrounds, experience and gender at all levels of the organisation. The Group has a Diversity Policy which is available on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

The Group has a Group Diversity Strategy for both the JB Hi-Fi and The Good Guys businesses. This strategy is focussed on identifying and growing internal talent, underpinned by common and meaningful competency-based criteria. The Group Diversity Strategy and associated program of work is fundamental to enabling diversity by supporting women's progression to leadership roles, and is further supported by work to identify and remove potential barriers to this progression.

Details of the Group's diversity initiatives, measurable objectives and performance are set out in the Group's Sustainability Report which can be found on the Company's investor website at <https://investors.jbhifi.com.au/> in the "Corporate Social Responsibility" section.

**SAFETY**

The Group is committed to providing a healthy and safe work environment for all its team members, contractors, customers and visitors. Details of the Group's health and safety policies and performance are set out in the Group's Sustainability Report which can be found on the Company's investor website at <https://investors.jbhifi.com.au/> in the "Corporate Social Responsibility" section.

**SHAREHOLDINGS OF DIRECTORS AND EMPLOYEES**

Directors' current shareholdings are detailed in the Directors' Report and are updated by notification to the ASX as required. The Board has approved and adopted a Securities Trading Policy setting out the rules and procedures applying to directors, officers and employees dealing in securities.

All Key Management Personnel (being all Non-Executive Directors and the Executive KMP listed on page 35), are subject to the Company's Minimum Shareholding Policies which require:

- Non-Executive Directors to hold the equivalent of 1.0 times base Board fees in shares;
- the Group CEO to hold the equivalent of 1.5 times fixed pay in shares; and
- other Executive KMP to hold the equivalent of 1.0 times fixed pay in shares.

This level of shareholding is required to be built over 5 years from the introduction of the policy in FY2019 (or appointment, if later).

Subject to certain specific and limited exceptions, directors and key employees may only trade in the Company's shares, and any other securities of the Company, during designated Trading Windows. These four-week Trading Windows follow the release of the Company's Final Results (August/September), Interim Results (February/March) and the Annual General Meeting (October/November). Directors and Group executives are required to obtain the Chairman's consent in advance of any such trading and any transaction conducted by directors in shares of the Company is notified to the ASX.

A copy of the Securities Trading Policy can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

**INTEGRITY OF REPORTING**

The Company has controls designed to ensure the integrity of its financial reporting and that the Company complies with all regulatory requirements relevant to this reporting.

In accordance with the Corporations Act and the ASX Recommendations, the Group Chief Executive Officer and Group Chief Financial Officer have stated in writing to the Board that, in their opinion:

- (a) the financial records of the Group (consisting of the Company and the entities it controlled during the financial year) for the financial year ended 30 June 2023 have been properly maintained in accordance with section 286 of the Corporations Act;
- (b) the financial statements for the financial year and the notes required by the accounting standards give a true and fair view of the consolidated entity's financial position and performance, and comply with the accounting standards;
- (c) the statements in (a) and (b) above are founded on a sound system of risk management and internal control which is operating effectively; and
- (d) subsequent to 30 June 2023, no changes or other matters have arisen that would have a material effect on the operation of the risk management and internal control systems of the Group.

The Company's full year financial statements and remuneration report are subject to an annual audit by an independent, professional auditor who also reviews the Company's half-yearly financial statements. The Audit and Risk Management Committee oversees this process on behalf of the Board. Deloitte has been the Company's external auditor since 2002. The audit engagement partner is rotated every five years.

Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners can be found in the Charter of the Audit and Risk Management Committee on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

The Company also has a process in place to verify the integrity of any periodic corporate report that it releases to the market that is not audited or reviewed by the independent auditor. Such reports are written by the relevant members of the Company's senior management team and are then independently reviewed by appropriate executives to ensure the information is accurate and stated assumptions or opinions are reasonable. Data is verified by reference to a reliable source of information and information is checked to ensure that it is consistent with any audited reports where relevant. A 'third line' check is then completed by an independent internal review team. Finally, the reports are reviewed in detail by the Company's Audit and Risk Management Committee and then by the full Board which must formally authorise the release of any such report to the market.

## **CONTINUOUS DISCLOSURE**

The Company seeks to provide relevant and timely information to its shareholders and is committed to fulfilling its continuous disclosure obligations.

The Board has approved a Continuous Disclosure Policy to ensure that the procedures for identifying and disclosing material price sensitive information in accordance with the Corporations Act and ASX Listing Rules are clearly articulated. This policy sets out the obligations of employees in respect of such information. The Group Chief Executive Officer, in consultation with the Chairman where appropriate, is responsible for communication with the ASX.

A copy of the Continuous Disclosure Policy can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

The Company ensures that the Board receives copies of all material market announcements before, or promptly after, they have been made.

The Company releases a copy of any substantive investor or analyst presentation to the ASX ahead of the presentation.

## **SHAREHOLDER COMMUNICATIONS**

The Company communicates to shareholders, potential investors and other interested parties in the following ways:

- (a) by making information available on its website for investors at <https://investors.jbhifi.com.au/>, including:
- an overview of its business;
  - information about the Company's directors and senior executives;
  - the Company's Constitution;
  - the Company's Board and Committee Charters;
  - the Company's core corporate governance policies;
  - the Company's Code of Conduct;
  - a calendar of key corporate events;
  - a summary of the Company's dividend policy and its dividend payment history;
  - details of how investors can contact the Company and its share registry; and
  - the information set out in paragraphs (b) and (c) below.
- (b) in its disclosures to the ASX (including, amongst other things, its Annual Report, financial results, trading updates, Sustainability Report and investor presentations);
- (c) at its Annual General Meeting and the associated Notice of AGM;
- (d) through its engagement program with institutional investors and analysts, including post-results briefings;
- (e) through its engagement with the Australian Shareholders Association;
- (f) through its engagement with proxy advisers and the Australian Council of Superannuation Investors;
- (g) where appropriate, by responding to questions submitted via its investor website; and
- (h) through its engagement with the financial media.

Shareholders can elect to receive communications from, and send communications to, the Company's share registry electronically. The registry also gives shareholders the opportunity to manage their account details and holdings electronically. Shareholders are also able to send communications to the Company and receive responses to these communications electronically.

The Company has an investor relations program which involves regular meetings with significant current and potential investors, and with analysts and the financial media.

The Company holds an Annual General Meeting to which all shareholders are invited. In 2022, the Company held a "hybrid" Annual General Meeting, allowing shareholders to attend either in person or online, and the Company will hold its AGM in this format in FY2023. All resolutions at Annual General Meetings are decided by a poll rather than a show of hands. Shareholders who are unable to attend are able to appoint a proxy to attend and vote or, alternatively, can vote by proxy in advance of the Meeting or online during the meeting. The Company ensures that the external auditor attends its Annual General Meetings and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Further detail is set out in the Company's Shareholder Communication Policy which can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

### **RISK IDENTIFICATION AND MANAGEMENT**

The Group's policy is to consider the balance of risk and reward, as far as practicable, in order to optimise the returns gained from its business activities, and to meet the expectations of its shareholders, other key stakeholders and the broader community.

The Board has delegated to the Audit and Risk Management Committee responsibility for overseeing the implementation of policies and procedures aimed at ensuring that the Group conducts its operations in a manner that adequately manages risk to protect its people, the environment and the Group's assets and reputation. The Group has an effective risk management framework in line with ISO31000 which enables management to identify and manage risk appropriately. The Committee regularly reviews and revises this framework and the Board reviews the framework at least annually to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board. The risk management framework was last reviewed by the Board in November 2022.

Risk identification and management is also a key focus of the executive and management teams.

The Group does not have a formal internal audit function. Instead, risk identification and management is managed on a day-to-day basis by a dedicated risk management and business assurance team. The risk management and business assurance team evaluate and look to continually improve the effectiveness of the Group's governance, risk management and internal control processes.

A copy of the Group's Risk Management Policy can be found on the Company's investor website at <https://investors.jbhifi.com.au/> via the "Investors" and "Corporate Governance" sections.

### **SUSTAINABILITY AND ENVIRONMENTAL AND SOCIAL RISKS**

The Group recognises the material environmental and social risks that are relevant to its activities and takes action to manage those risks. A Group Sustainability Plan has been established to provide a foundational framework to integrate sustainability and the management of these risks into the operations and strategic priorities of the businesses. Governance and oversight of the approach and progress is provided by the Audit and Risk Management Committee. Further detail about these environmental and social risks is set out in the Operating and Financial Review.

The Company has released its 2023 Sustainability Report to the ASX and this Report can be found on the Company's investor website at <https://investors.jbhifi.com.au/> in the "Corporate Social Responsibility" section. This Report provides disclosure around the material sustainability-related issues for the Group's businesses and how the Group plans to prioritise and manage these going forward.

## OUR PURPOSE & VALUES

The Group's purpose is to connect customers with the products and services that make life better.

The Group aims to do this through its two iconic and trusted retail brands, JB Hi-Fi (a leading retailer of technology and consumer electronics) and The Good Guys (a leading retailer of home appliances and consumer electronics).

Set out below are the Values which the Group and all of its team members are guided by in their activities.

**Passion** – We love what we do. We:

- are passionate about our people, our customers and our products
- show enthusiasm and take pride in our work
- strive to exceed our customers' expectations and create amazing experiences

**Respect and Empower** – We value and respect everyone. We:

- empower, support and trust our people
- treat everyone fairly and without discrimination
- act with humility, listen openly, and value others' opinions

**Integrity** – We act honestly and do the right thing. We:

- accept responsibility for our actions
- act lawfully, ethically and responsibly
- call out things that aren't right

**Innovative** – We embrace change and adapt quickly. We:

- never stand still and constantly evolve
- are entrepreneurial and look for opportunities
- are not afraid to fail and we learn from our mistakes

**Driven** – We are focused and deliberate. We:

- are results oriented and deliver on the things we commit to
- make decisions based on facts and experience
- focus on productivity and efficiency

**Social Conscience** – We care about our people, our community and our environment. We:

- give back to the communities where we live and work
- ensure our business is safe, inclusive and welcoming for everyone
- strive to minimise our impact on the environment

**Authentic** – We are diverse and embrace individuality. We:

- are informal and don't take ourselves too seriously
- are energetic and enthusiastic
- have fun, enjoy ourselves and celebrate success

## **BOARD AND EXECUTIVE PERFORMANCE**

JB Hi-Fi monitors and evaluates the performance of its Board, Board Committees, individual directors and executives in order to fairly review and continuously improve Board and management effectiveness.

In June/July of each year, each director completes a written board review and assessment document, and subsequent one-on-one interviews then take place between the Chair and each director which cover:

- review of Board performance as a whole;
- review of the individual director's performance;
- the director's ongoing capacity to continue to perform their role with the Company; and
- review of the Chair's performance.

The Chair reports back to the Board on the discussions and the Board considers any issues as necessary.

Directors may also discuss the Chair's performance with the Chair of the Company's Audit and Risk Management Committee, who will report back to the Board if necessary.

The Chair provides informal feedback to directors throughout the year as necessary.

Each Board Committee reviews its performance and reports the results of the review to the Board. Where necessary, recommendations will be made to the Board for improving the effectiveness of the relevant Committee.

Review of the Group CEO's performance is evaluated by the Chair, with ultimate oversight by the Board. This involves an assessment against both financial and non-financial performance measures. All other Group executives are evaluated by the Group CEO including assessment against both financial and non-financial performance measures. The Group CEO provides a summary of the evaluation of each executive to the Board and the Remuneration and Nominations Committee.

Evaluation of the performance of the Board, Board Committees, individual directors and Group executives has been conducted in respect of the 2023 financial year.

## **DIRECTORS' FEES AND EXECUTIVE REMUNERATION**

### **Directors' fees**

The details of remuneration paid to each non-executive director during the financial year and the principles behind the setting of such remuneration are included in the Remuneration Report.

### **Executive KMP remuneration**

The amount of remuneration, both monetary and non-monetary, for the executives who had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year, and the principles behind the setting of such remuneration, are included in the Remuneration Report.



The directors of JB Hi-Fi Limited (the "Company") submit herewith the annual financial report of the consolidated entity consisting of the Company and the entities it controlled (the "Group") for the financial year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

<i>Name</i>	<i>Particulars</i>
<b>Mr Stephen Goddard</b> Non-Executive Director MSc, BSc (Hons)	Stephen was appointed to the Board in August 2016 and became Chairman on 1 July 2020. Stephen is also Chair of the Company's Remuneration and Nominations Committee and was a member of the Audit and Risk Management Committee until 30 June 2020. Stephen has more than 30 years' retail experience having held senior executive positions with some of Australia's best-known retailers. These include Finance Director and Operations Director for David Jones, founding Managing Director of Officeworks, and various senior management roles with Myer. Stephen is currently a non-executive director and Chair of the Audit and Risk Management Committees of Accent Group Limited and Nick Scali Limited and was previously a non-executive director and Chair of the Audit and Risk Management Committee of GWA Group Limited.
<b>Ms Beth Laughton</b> Non-Executive Director B.Ec, FAICD, FCA	Beth was appointed to the Board in May 2011, became Chair of the Audit and Risk Management Committee in June 2012, and is also a member of the Company's Remuneration and Nominations Committee. After qualifying as a Chartered Accountant, Beth spent over 25 years in corporate finance, providing mergers and acquisition advice and arranging equity funding for companies in a range of industries including specialty retail. For 12 years her primary focus was on information technology, telecommunications and entertainment. She is a non-executive director of Region Group (formerly Shopping Centres Australasia Property Group) and Chair of its Audit, Risk Management and Compliance Committee. In November 2023, Beth will end an eight-year term as a member of the board of GPT Funds Management Limited where she is also Chair of its Audit, Compliance & Risk Management Committee. Beth was previously a member of the Defence SA Advisory Board, a non-executive director of Port Adelaide Maritime Corporation, a non-executive director and Chair of the Audit Committee of both Sydney Ferries and CRC Care Pty Ltd, and a non-executive director of the ASX listed Australand Property Group companies.
<b>Mr Mark Powell</b> Non-Executive Director BSc (Hons), MSc, MBA (Distinction), BApp. Theol, MA (Hons)	Mark was appointed to the Board in March 2017 and is a member of the Audit and Risk Management Committee and the Remuneration and Nominations Committee. Following initial training and experience in underground coal mining, Mark has gained over 30 years' executive experience in retail, logistics and wholesale distribution in the UK, Spain, North America, Australia and New Zealand. This includes being UK Logistics Operations Director for Tesco Plc, running Wal-Mart Canada's logistics operations and as CEO of the Warehouse Stationery retail chain in NZ. Mark also spent five years as Group CEO for The Warehouse Group, a NZX listed retail group which includes Noel Leeming, NZ's largest technology and appliances retailer. He was also an advisor to the board of The Good Guys for 18 months prior to its acquisition by JB Hi-Fi. Mark is currently a non-executive director of Bapcor Limited and Chair of its Nominations, Remuneration and ESG Committee, a non-executive director of My Food Bag Group Limited, a non-executive director of Stihl Pty Ltd, and a non-executive director and member of the Strategy and Audit, Compliance & Risk Committees of 7-Eleven Australia. Mark was previously a non-executive director of Kiwi Property Group and Chair of its ESG Committee.
<b>Mr Geoff Roberts</b> Non-Executive Director Exec. MBA, B.Comm, FCA, FAICD	Geoff was appointed to the Board in January 2021. Geoff is a non-executive director and honorary treasurer for both the Melbourne Cricket Club and Walter and Eliza Hall Institute of Medical Research, and is a non-executive director of Djerriwarrh Investments Limited. His executive career included 13 years as Group Chief Financial Officer of Seek Limited and AXA Asia Pacific Holdings Limited, and 15 years as a partner with Deloitte, including as Managing partner Victoria.
<b>Mr Richard Uechtritz</b> Non-Executive Director	Richard has over 30 years' experience in retailing. He was co-founder of Australia's two leading photo chains, Rabbit Photo and Smiths Kodak Express, and was a director of Kodak (Australasia) Pty Ltd. Richard led the management buy-in of JB Hi-Fi in July 2000 and was CEO and Managing Director until his resignation from these positions in May 2010. Richard re-joined the Board in April 2011 as a non-executive director. He is also a non-executive director of Seven Group Holdings Limited.

**Ms Melanie Wilson**

Non-Executive Director  
MBA, B.Comm (Hons), GAICD

Melanie was appointed to the Board in June 2020 and is a member of the Audit and Risk Management Committee. Melanie gained extensive experience in senior management roles across global retail brands, including Woolworths (Head of Online, Big W and Manager, Strategy Group), Limited Brands (Victoria's Secret and Bath & Bodyworks, New York), and Diva/Lovisa. Her retail experience includes online/e-commerce, store operations, merchandise systems, marketing, brand development and logistics/fulfilment. Melanie has also held roles with Bain & Company (Boston) and Goldman Sachs (Hong Kong/Sydney) and completed an MBA at Harvard Business School. Melanie is currently a non-executive director and Chair of Baby Bunting Group Ltd and a member of its Remuneration & Nominations and Audit & Risk Committees. She is also a non-executive director of Property Guru Group (Singapore). Melanie was previously a non-executive director of Shaver Shop Group Limited and EML Payments Ltd, and a non-executive director and Chair of the Audit & Risk Committee of iSelect Limited.

**Mr Terry Smart**

Group Chief Executive Officer  
and Executive Director

Terry was appointed Group CEO and joined the Board in August 2021. He was previously CEO of JB Hi-Fi from May 2010 to June 2014, following ten years as Chief Operating Officer, and oversaw significant expansion and growth during this time. Terry returned to the JB Hi-Fi Group in April 2017 as Managing Director of The Good Guys and led the repositioning and significant improvement in performance of The Good Guys business.

**Mr Nick Wells**

Group Chief Financial Officer  
and Executive Director  
B.Comm, CA

Nick was appointed Chief Financial Officer of the Group in 2014 and joined the Board in August 2021. Nick oversees the finance, property, risk, sustainability and M&A functions and, during his time as CFO, has implemented significant strategic initiatives, including leading the acquisition of The Good Guys in 2016. Prior to joining JB Hi-Fi in 2009, Nick was a Manager at Deloitte where he provided audit and assurance services to a broad range of companies, including a number of Australian retail businesses.

Each of the aforementioned directors held office for the whole financial year and since the end of the financial year.

On 14 August 2023, the Company announced the appointment of Christy Boyce as a non-executive director with effect from 16 September 2023.

*Company Secretary**Particulars***Mr Doug Smith**

BA (Hons). Admitted to legal  
practice in Victoria & in England  
& Wales

Doug was appointed Company Secretary in June 2012. Doug joined JB Hi-Fi as General Counsel in September 2010 and has over 25 years' legal and company secretarial experience in-house and in private practice.

**Directorships of other listed companies**

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year, and since the end of the financial year, are as follows:

<i>Name</i>	<i>Company</i>	<i>Period of Directorship</i>
Stephen Goddard	GWA Group Limited	October 2016 – June 2023
	Accent Group Limited	Since November 2017
	Nick Scali Limited	Since March 2018
Beth Laughton	Region Group	Since December 2018
Mark Powell	Kiwi Property Group Limited (NZX)	October 2017 – May 2023
	Bapcor Limited	Since September 2020
	My Food Bag Group Limited (NZX)	Since November 2022
Geoff Roberts	Djerriwarh Investments Limited	Since July 2022
Richard Uechtritz	Seven Group Holdings Limited	Since June 2010
Melanie Wilson	Baby Bunting Group Limited	Since February 2016
	iSelect Limited	March 2016 – October 2021
	Shaver Shop Group Limited	June 2016 – May 2020
	EML Payments Limited	February 2018 – February 2023

### **Principal activity**

The Group's principal activity in the course of the financial year was the retailing of home consumer products. The Group offers a wide range of leading brands with particular focus on consumer electronics, software (including music, games and movies), whitegoods and appliances. There have been no significant changes in the nature of the principal activity of the Group during the financial year.

### **Operating and Financial Review**

The Operating and Financial Review, which forms part of this Directors' Report, is presented separately on pages 20 to 33.

### **Changes in state of affairs**

During the financial year there was no significant change in the state of affairs of the Group.

### **Subsequent events**

There have been no matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **Future developments**

Information regarding likely developments in the operations of the Group in future financial years is set out in the Operating and Financial Review and elsewhere in the Annual Report.

### **Environmental regulations**

The Group's operations are not subject to any particular and significant environmental regulation. The Group's Sustainability Report provides disclosure around the material sustainability-related issues for the Group's businesses. The Group has not incurred any significant liabilities under any environmental legislation during the financial year.

### **Dividends and Off-Market Share Buy-Back**

In respect of the financial year ended 30 June 2022, as detailed in the Directors' Report for that financial year, an interim dividend of 163.0 cents per share and a final dividend of 153.0 cents per share, both franked to 100% at the 30% corporate income tax rate, were paid to the holders of fully paid ordinary shares on 11 March 2022 and 9 September 2022 respectively.

In respect of the financial year ended 30 June 2023, an interim dividend of 197.0 cents per share was paid to the holders of fully paid ordinary shares on 10 March 2023 and the directors have declared the payment of a final dividend of 115.0 cents per share to be paid to the holders of fully paid ordinary shares on 8 September 2023. Both dividends are franked to 100% at the 30% corporate income tax rate. The total dividend for the financial year of 312.0 cents per share represents a payout ratio of approximately 65% of net profit after tax of \$524.6 million.

In FY2022, the Company successfully completed a \$250.0 million off-market share buy-back which resulted in the purchase of 5.5 million of the Company's shares, being 4.8% of the shares on issue. The buy-back was comprised of a \$232.4 million (92.9%) fully franked dividend and a \$17.6 million (7.1%) capital component.

### **Indemnification of officers and auditors**

The Company indemnifies current and former directors and officers for any loss arising from any claim by reason of any wrongful act committed by them in their capacity as a director or officer (subject to certain exclusions as required by law). During the financial year, the Company has paid premiums in respect of contracts insuring the directors and officers against any liability of this nature. In accordance with normal commercial practices, under the terms of the insurance contracts the nature of the liabilities insured against, and the amount of the premiums paid, are confidential. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by an officer or auditor.

### Directors' meetings

The following table sets out the number of directors' meetings (including meetings of Committees of directors) held during the 2023 financial year and the number of meetings attended by the members of the Board or the relevant Committee. During the financial year, 15 Board meetings, 5 Remuneration and Nominations Committee meetings and 6 Audit and Risk Management Committee meetings were held.

Directors	Board of Directors		Remuneration and Nominations Committee		Audit and Risk Management Committee	
	Held	Attended	Held	Attended	Held	Attended
S. Goddard	15	15	5	5	–	–
B. Laughton	15	15	5	5	6	6
M. Powell	15	15	5	5	6	6
G. Roberts	15	15	–	–	6	6
R. Uechtritz	15	14	–	–	–	–
M. Wilson	15	15	–	–	6	5
T. Smart	15	15	–	–	–	–
N. Wells	15	15	–	–	–	–

### Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company, or a related body corporate, as at the date of this Report.

Directors	Fully paid ordinary shares			Executive share options		
	Direct number	Indirect number	Total	Direct number	Indirect number	Total
S. Goddard	4,500	–	4,500	–	–	–
B. Laughton	5,804	–	5,804	–	–	–
M. Powell	4,000	–	4,000	–	–	–
G. Roberts	–	4,000	4,000	–	–	–
R. Uechtritz	4,816	–	4,816	–	–	–
M. Wilson	–	3,500	3,500	–	–	–
T. Smart	–	128,648	128,648	–	–	–
N. Wells	–	44,493	44,493	–	–	–

### Remuneration Report

The Remuneration Report, which forms part of this Directors' Report, is presented separately on pages 34 to 50.

### Proceedings on behalf of the Company

The directors are not aware of any persons applying for leave under s.237 of the Corporations Act 2001 to bring, or intervene in, proceedings on behalf of the Company.

### Non-audit services

Given the size and complexity of the Group, it can be in the interests of the Group to engage the services of its auditor to assist in a range of related projects. The directors are aware of the issues relating to auditor independence and have in place policies and procedures to address actual, potential and perceived conflicts in relation to the provision of non-audit related services by the Company's auditor.

Details of the non-audit services undertaken by, and amounts paid to, the auditor of the Group are detailed in Note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Australian Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Auditor's independence declaration

The auditor's independence declaration is included on page 51 of the Annual Report.

### Rounding off of amounts

The Company is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and financial report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



**Stephen Goddard**

Chairman

14 August 2023



**Terry Smart**

Group Chief Executive Officer

### OVERVIEW OF OPERATIONS

The Group includes two iconic retail brands:

- JB Hi-Fi – a leading retailer of technology and consumer electronics with a strong position with a young tech-savvy demographic; and
- The Good Guys – a leading retailer of home appliances and consumer electronics with a strong position with home-making families.

Both businesses aim to sell the best brands, providing a big range, at low prices with exceptional customer service provided by passionate, knowledgeable team members.

The Group holds significant market-share in many of its product categories and sells the following products:

- consumer electronics and technology products including televisions, audio equipment, computers, fitness, health and wellbeing products, smart home products and cameras;
- telecommunications products and services;
- home appliances including whitegoods, cooking products, heating & cooling products, small appliances and kitchen accessories; and
- software (music, movies and games) and associated collectibles and merchandise.

The Group also provides information technology and consulting services.

The Group has multichannel sales capability with sales primarily from its branded retail store networks (202 JB Hi-Fi/JB Hi-Fi Home stores in Australia, 14 JB Hi-Fi stores in New Zealand and 106 The Good Guys stores in Australia as at 30 June 2023), online operations (JB Hi-Fi and The Good Guys websites) and over the phone. Sales are also generated from the Group's commercial and education businesses.

The Group Model is underpinned by 4 unique competitive advantages:

#### *Scale:*

- #1 player in Australian Consumer Electronics and Home Appliance market
- local and global relevance to suppliers
- strong and engaged supplier relationships both locally and globally
- large, engaged and diversified customer base across the two brands provides suppliers with the ability to execute promotions and new product launches at scale
- young customer base drives ongoing brand importance to suppliers to maximise sales of new technology and innovation
- high volume website traffic provides significant marketing opportunities and reach
- Group function enables business to drive efficiencies across large cost base

#### *Low Cost Operating Model:*

- constant focus on productivity and minimising unnecessary expenditure
- highly productive floor space with high sales per square metre
- efficiency of model allows the Group to:
  - respond to market price activity and maintain focus on market share; and
  - compete effectively with traditional competitors and new market entrants

#### *Multichannel Capability:*

- focus on providing the customer with an integrated and frictionless shopping experience regardless of their chosen sales channel
- customer choice on how to shop with us:
  - in-store – high quality store locations that provide convenience and easy access
  - online – high brand awareness and optimised digital experience drives high traffic through websites
  - over the phone – convenient and personalised sales experience giving customers the ability to negotiate a deal
- fast fulfilment, via in-store shopping, click-and-collect, or delivery from the store network or big and bulky Home Delivery Centres
- aftersales support via any channel provides confidence when buying
- national Commercial business supporting corporate, government and education customers

#### *People & Culture:*

- knowledgeable and passionate teams who put customers first and provide exceptional customer service
- strong, overarching culture that also reflects the individual brand personalities
- dynamic and flexible environment allows the business to pivot quickly and adapt to any changing market conditions
- highly engaged teams who have a connection with the business and its purpose
- diverse and inclusive workforce
- unrelenting focus on health and safety

**GROUP FINANCIAL PERFORMANCE FY2023 – HIGHLIGHTS**

	<i>FY2023</i>	<i>FY2022</i>	<i>Growth</i>	
Total Sales (\$m)	9,626.4	9,232.0	394.4	+4.3%
Earnings before interest and tax (\$m)	769.0	794.6	(25.6)	(3.2%)
Net profit after tax (\$m)	524.6	544.9	(20.4)	(3.7%)
Earnings per share (basic ¢)	479.9	479.5	+0.4 cps	+0.1%
Dividend per share (¢)	312.0	316.0	(4 cps)	(1.3%)

Total sales were up 4.3% to \$9.63 billion (up 35.7% vs pre Covid FY2019). Earnings before interest and tax (EBIT) was down 3.2% to \$769.0 million (up 106.3% vs pre Covid FY2019). Net profit after tax (NPAT) was down 3.7% to \$524.6 million (up 110.0% vs pre Covid FY2019). Earnings per share was up 0.1% to 479.9 cps (up 120.7% vs pre Covid FY2019). The total dividend for FY2023 was 312.0 cps, down 4.0 cps or 1.3% (up 119.7% vs pre Covid FY2019).

**DIVISIONAL PERFORMANCE**

**JB Hi-Fi Australia**

	<i>FY2023</i>	<i>FY2022</i>	<i>Growth</i>
Sales (\$m)	6,546.1	6,196.5	+5.6%
Gross Profit (\$m)	1,481.4	1,387.7	+6.7%
Gross Margin (%)	22.63%	22.40%	+23 bps
Cost of Doing Business (%)	12.07%	11.40%	+68 bps
EBITDA (\$m)	690.9	681.4	+1.4%
EBITDA Margin (%)	10.55%	11.00%	(44 bps)
EBIT (\$m)	551.9	544.9	+1.3%
EBIT Margin (%)	8.43%	8.79%	(36 bps)

Total sales were up 5.6% to \$6.55 billion with comparable sales growth up 4.8%. When compared to pre Covid FY2019, total sales were up 38.5%.

Hardware and services sales (all sales excluding the Music, Movies and Games Software categories) were up 5.8% for the financial year, with comparable sales up 4.9%, driven by the Communications, Audio, Accessories, Games Hardware and Services categories. Software sales were up 2.4%, and on a comparable basis were up 1.9%, as a result of growth in the Music and Games Software categories partially offset by a decline in the Movies category. By value, software sales represented 4.5% of total sales (FY2022: 4.7%).

Online sales declined 20.9% to \$940 million or 14.4% of total sales. When compared to pre Covid FY2019, online sales were up 264.3%.

Gross profit increased by 6.7% to \$1.48 billion, with gross margin increasing by 23 bps to 22.6%, driven by positive sales mix. Cost of Doing Business ("CODB") was up 68 bps to 12.1% for the year but remained below pre Covid FY2019 CODB, driven by continued disciplined cost control. Depreciation increased by 1.8% with an increase in depreciation on right-of-use assets partially offset by a decline in depreciation on fixed assets. EBIT was up 1.3% to \$551.9 million, with EBIT margin down 36 bp to 8.4%, but remained strong when compared to pre Covid FY2019 (FY2019 pre-AASB 16 EBIT of \$301.7 million and EBIT margin of 6.4%).

Unless otherwise stated, all results disclosed in this Operating & Financial Review are Statutory and, as a result, FY2019 comparatives are prior to the adoption of AASB 16 Leases.



**JB Hi-Fi New Zealand<sup>(i)</sup>**

	<i>FY2023</i>	<i>FY2022</i>	<i>Growth</i>
Sales (NZ\$m)	292.1	262.4	+11.3%
Gross Profit (NZ\$m)	46.7	45.7	+2.4%
Gross Margin (%)	16.00%	17.40%	(140 bps)
Cost of Doing Business (%)	14.18%	12.75%	+142 bps
EBITDA (NZ\$m)	5.3	12.2	(56.3%)
EBITDA Margin (%)	1.82%	4.64%	(282 bps)
EBIT (NZ\$m)	4.4	8.8	(49.9%)
EBIT Margin (%)	1.52%	3.37%	(185 bps)
Underlying EBIT (NZ\$m) <sup>(ii)</sup>	(2.2)	4.7	(148.1%)
Underlying EBIT Margin (%)	(0.77%)	1.77%	(254 bps)

(i) Amounts disclosed for JB Hi-Fi New Zealand are in local currency to remove the impacts of foreign currency translation on trading performance. The Australian dollar performance is presented in Note 2 of the financial statements.

(ii) Underlying EBIT represents EBIT adjusted for the add back of non-cash impairment losses associated with right-of-use assets and fixed assets of NZ\$0.0 million (FY2022: NZ\$3.3 million), minus depreciation of NZ\$6.7 million (FY2022: NZ\$7.5 million) that would have been recognised if right-of-use assets and fixed assets had not been impaired.

Total sales were up 11.3% to NZ\$292.1 million, with comparable sales also up 11.3%. When compared to pre Covid FY2019, total sales were up 23.6%. Hardware and Services sales (all sales excluding the Music, Movies and Games Software categories) were up 11.0%, with comparable sales also up 11.0%. The key growth categories in FY2023 were Communications, Audio, Games Hardware, Fitness and Accessories. Software sales were up 14.5% with comparable sales also up 14.5%. Software sales were 7.6% of total sales (FY2022: 7.4%). Online sales declined 25.7% to NZ\$32.1 million or 11.0% of total sales. When compared to pre Covid FY2019, online sales were up 141.9%.

Gross profit was up 2.4% to NZ\$46.7 million with gross margin down 140 bps on FY2022 to 16.0% driven by price competitiveness in key categories and negative sales mix. CODB was up 142 bps on FY2022 to 14.2% but remained below pre Covid FY2019 CODB, driven by continued disciplined cost control. EBITDA was NZ\$5.3 million, down 56.3% and EBIT was also down 49.9% to NZ\$4.4 million, with EBIT margin down 185 bps to 1.5%. Underlying EBIT, excluding the impact of impairments in the current and prior year, was negative NZ\$2.2 million, down NZ\$6.9 million on FY2022 and down on pre Covid FY2019 EBIT of negative NZ\$1.9 million (pre-AASB 16).

**The Good Guys**

	<i>FY2023</i>	<i>FY2022</i>	<i>Growth</i>
Sales (\$m)	2,813.0	2,789.4	+0.8%
Gross Profit (\$m)	658.4	649.9	+1.3%
Gross Margin (%)	23.40%	23.30%	+11 bps
Cost of Doing Business (%)	12.83%	11.79%	+104 bps
EBITDA (\$m)	297.4	321.1	(7.4%)
EBITDA Margin (%)	10.57%	11.51%	(94 bps)
EBIT (\$m)	213.0	241.4	(11.8%)
EBIT Margin (%)	7.57%	8.65%	(108 bps)

Total sales grew by 0.8% to \$2.81 billion with comparable sales growth of 0.8%. When compared to pre Covid FY2019, total sales were up 31.0%. The key growth categories for FY2023 were Refrigeration, Laundry, Floorcare, Personal Care and Audio.

Online sales for FY2023 were down 14.1% to \$341.1 million or 12.1% of total sales. When compared to pre Covid FY2019, online sales were up 160.5%.

Gross profit for FY2023 was up 1.3% to \$658.4 million, with gross margin up 11 bps to 23.4%, driven by positive sales mix. CODB for FY2023 was up 104 bps to 12.8% but remained below pre Covid FY2019 CODB, driven by disciplined cost control. Depreciation grew by 5.0% with an increase in both depreciation on right-of-use assets and fixed assets.

EBIT was down by 11.8% to \$213.0 million with EBIT margin down 108 bps to 7.6% but remained strong when compared to pre Covid FY2019 EBIT (FY2019 pre-AASB 16 EBIT of \$72.9 million and EBIT margin of 3.4%).

## GROUP BALANCE SHEET, CAPITAL MANAGEMENT AND DIVIDENDS

The Group's total net assets at the end of the financial year were \$1,419.6 million, which was \$139.3 million higher than at the end of FY2022.

The Group has a total of \$429.2 million external finance facilities which are unchanged from the prior year and are comprised as follows, with \$379.2 million undrawn as at 30 June 2023:

- \$200.0 million trade finance facility renewable annually;
- \$20.0 million and NZ\$10.0 million overdraft facilities renewable annually (total AU\$29.2 million); and
- \$200.0 million term debt facility with an expiry date of February 2025.

The financial covenants included in the Group's financing facilities are leverage and fixed charges cover ratios. The Group has complied with each of its financial covenants throughout the period.

At the end of the financial year the Group had total interest bearing liabilities of \$49.8 million and cash on hand of \$177.3 million, resulting in net cash of \$127.5 million, compared to net cash of \$66.2 million in the prior year.

The total dividend for the 2023 financial year of 312.0 cents per share represents a payout ratio of approximately 65% of net profit after tax. The final dividend for the 2023 financial year of 115.0 cents per share fully franked will be paid on 8 September 2023 with a record date of 25 August 2023.

The Board will continue to regularly review the Group's capital structure with a focus on maximising returns to shareholders and maintaining balance sheet strength and flexibility.

## INVESTMENTS FOR FUTURE PERFORMANCE

Investments of \$72.0 million were made during the financial year in capital expenditure projects, an increase of \$14.4 million from \$57.6 million during the previous financial year. Capital expenditure increased from FY2022 as the Group continued to invest in the store portfolio, online and strategic initiatives. The Group's investing activities are anticipated to contribute towards future earnings growth.

## WORKING CAPITAL

Total inventory on hand decreased from the previous financial year by \$94.4 million or 8.3% to \$1,040.9 million. Inventory turnover was down 5 bps to 6.8 times from 6.9 times in FY2022, but up 58 bps on pre Covid FY2019 (FY2019: 6.3 times). Compared to pre Covid FY2019, inventory was up 17.4% compared to sales growth of 35.7% over the same period.

Payables, were down 8.5% or \$61.1 million in FY2023 compared to FY2022 in line with the movements in inventory.

Financial and operating leverage remains low as evidenced by solid fixed charges cover<sup>1</sup> of 4.5 times (FY2022: 4.8 times) and interest cover<sup>1</sup> of 170.9 times (FY2022: 602.1 times). The Company's gearing ratio<sup>1</sup> was low at 0.1 (FY2022: 0.1) as there were only \$50.0 million of borrowings at 30 June 2023 (FY2022: \$60.0 million).

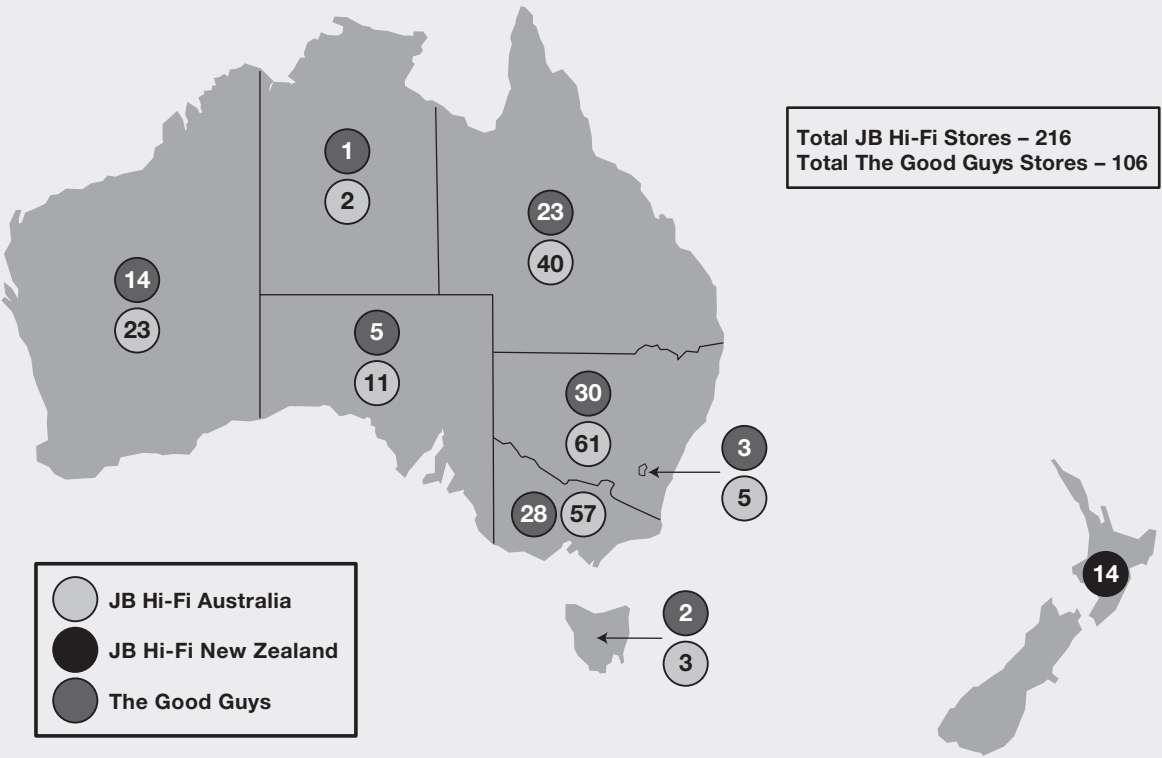
Operating cash flows and operating cash conversion continue to be strong. The Group had net cash of \$127.5 million at 30 June 2023.

<sup>1</sup> Calculated prior to the impact of AASB 16

**STORES**

The Group's sales are primarily from its branded retail store networks, located both in stand-alone destination sites and shopping centre locations.

The store locations as at 30 June 2023 are set out below.



In Australia, five new JB Hi-Fi stores were opened and two JB Hi-Fi stores were closed in FY2023. No The Good Guys or JB Hi-Fi New Zealand stores were opened or closed in FY2023.

## BUSINESS STRATEGIES AND PROSPECTS

The following factors are considered important in understanding the strategy of the Group and the main opportunities and threats that may have a significant effect on its results and its prospects for future years. These factors are listed regardless of whether they were significant in FY2023.

### Business risks

There are a number of factors, both specific to the Group and of a general nature, which may threaten both the future operating and financial performance of the Group, and the outcome of an investment in the Group. There can be no guarantee that the Group will achieve its stated objectives or that forward looking statements will be realised. The operating and financial performance of the Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, may have an adverse impact on the Group's business or financial condition.

The specific material business risks faced by the Group, and how the Group manages these risks, are set out below.

- Competition – the markets in which the Group operates remain highly competitive and any increased competition from new and existing competitors may lead to price deflation and a decline in sales and profitability. As the #1 player in a fragmented Australian market, the Group's scale allows it to maintain focus on market share and absorb margin pressure during periods of heightened market price activity and consolidation. The Group also believes that its competitive advantages and the plans for growth set out below will allow it to maintain its market leading position.
- A loss or erosion of reputation – both the JB Hi-Fi business and The Good Guys business enjoy a high level of loyalty and trust with customers. Any decline in this high level of loyalty and trust could compromise the market leading positions of the JB Hi-Fi business and The Good Guys business and adversely affect the Group's operating and financial performance. This could occur as a result of a wide range of factors or events, including:
  - a loss or erosion of the reputation of the JB Hi-Fi and The Good Guys businesses for price leadership. The Group constantly reviews and updates its pricing strategy and takes a pro-active approach to responding to the competitive environment including careful monitoring of its competitors' pricing and strategic and tactical marketing campaigns to maintain its price position;
  - a loss or erosion of the reputation of the JB Hi-Fi and The Good Guys businesses for high levels of customer service, and/or the in-store experience provided by the businesses does not meet customer expectations. The Group seeks to mitigate this risk through the use of customer service and engagement analytics, senior management monitoring of customer complaints, targeted capex investment, optimising floor layouts and category space allocation, the trialling of new store formats, and an ongoing program of work to improve in-store experience and evolve its service model;
  - the online experience provided by the Group's businesses does not meet customer expectations. The Group demonstrated its ability to capture online sales during the Covid-19 pandemic and continues to invest in its digital and online capability;
  - a major information security breach of the Group's IT systems. Information security breaches remain a key area of focus for organisations globally to mitigate the risk of financial and/or reputational damage. The Group seeks to mitigate this risk through investment in IT security measures, including incident response planning and testing. Noting the constant evolution of the nature and sophistication of external threats, management conduct regular reviews of, and continuous improvement over, the Group's network security and information security controls (including a continuous program of system updates, patching and vulnerability assessments to ensure core systems are kept secure on an on-going basis), and monitors the external environment for new and emerging risks;
  - a major workplace health and safety incident or customer injury. The Group seeks to mitigate this risk through having appropriate occupational health and safety procedures and staff training in place for all of its sites. Particular areas of focus in recent years include mental health and wellbeing of the Group's team members, how to deal with disgruntled or aggressive customers, safety within the Group's home delivery centres, Covid-safe working environments and hazard, incident and injury management. Further detail is set out in the Group's Sustainability Report;
  - a significant breach of regulatory or legislative requirements. The Group seeks to mitigate this risk through appropriate staff training on key regulatory and legislative requirements relevant to its business, as well as making legal and regulatory compliance a key focus of the management team; or

- the Group failing to meet its sustainability or corporate social responsibility objectives, or not operating in accordance with community and stakeholder expectations in these areas and the potential for adverse media coverage should this occur. The Group seeks to mitigate this via its sustainability and corporate social responsibility initiatives under its Group Sustainability Framework, details of which can be found in the Group's annual Sustainability Reports. Management monitors progress against the Group's Sustainability Plan and engages with suppliers, investors and across industry forums to ensure that changes in stakeholder expectations are understood. In addition, the Group actively monitors both social and traditional media on an ongoing basis and, where appropriate, responds to issues raised, as well as taking any steps necessary to promptly address valid concerns or underlying issues.
- Consumer discretionary spending and changes in consumer demands – the Group is exposed to both the upside and downside of consumer spending cycles and changes in consumer demand. A reduction in consumer spending and demand (for example, due to an increase in inflation) may lead to a decline in the Group's sales and profitability. The Group maintains its relevance using its strong market position supported by its low price proposition. Many of the products sold by the Group are now considered less "discretionary" than in the past, with products such as mobile phones and computers now being seen as "essential" by many consumers. The Group's stores, which are both in convenient and high traffic locations, seek to maximise both destination and impulse sales, reflected in the Group's high sales per square metre of floor space. The Group also closely monitors changes in the economic environment, consumer demand and new products, and is able to respond quickly to such changes.
- Online competition taking sales from the Group's stores – the Group seeks to provide customers with a quality online offer, while leveraging the benefits of its physical stores. The Group continues to invest and innovate both in-store and online in order to give customers the choice as to how to transact with the JB Hi-Fi and The Good Guys businesses, and is focusing on continuing to integrate the in-store and online experience. The Group's market leadership and scale gives it global relevance with suppliers and drives significant buying power which enables the Group to compete successfully with online players, as does its low cost of doing business. The Group also believes that the existence of its store networks will continue to provide confidence in after-sales service and support to its online customers, whilst also enabling fast online fulfilment via delivery from stores and click-and-collect.
- Digitisation of physical software leading to a fall in traditional software sales beyond expectations – the JB Hi-Fi business will maintain a software presence in store while the category is still providing solid returns, whilst adjusting inventory, range and in-store space allocated to the category as appropriate.
- Ineffective inventory management – a failure to maintain sufficient inventory (or holding excessive inventory) may adversely affect the Group's operating and financial performance. The Group mitigates this risk through regular monitoring of inventory quality and stock levels.
- Shortage of inventory due to supply chain disruption – a shortage of inventory due to global or local supply chain disruption may adversely affect the Group's operating and financial performance. The Group's scale and strong relationships with a large number of different suppliers means that it is in a strong position to obtain inventory even when supply chains are disrupted.
- Failure to maintain key supplier relationships – the Group has strong partnerships with all major suppliers, with its dual brand retail approach providing ranging and merchandising optionality and facilitating the execution of strategic initiatives at scale. The Group's store locations and high traffic websites provide suppliers with high visibility for their products. The Group has significant supplier management processes to mitigate the risk of failing to maintain key supplier relationships and, whilst at any one time certain products and suppliers are more important than others, the large and diverse range of products stocked by the businesses means that reliance on any one supplier or product is less than for some smaller competitors. In addition, the JB Hi-Fi and The Good Guys businesses have proven records of expansion into new product categories and introducing new brands, rather than solely remaining reliant on those products and brands which were successful in previous years.
- Supply chain capability does not support the Group's growth objectives – the Group continues to develop and improve its supply chain through initiatives such as the rationalisation of the warehouse network into Group-operated Home Delivery Centres, the improvement of inventory planning and ordering processes, and the expansion of delivery options.
- The "JB Hi-Fi Business", "JB Hi-Fi Education", and "The Good Guys Commercial" businesses do not deliver the expected growth outcomes for the Group – the Group continues to invest in these businesses to support their continued growth and expand their product and service offerings.
- Growth from expansion of the Group's product and services offerings does not deliver the expected growth outcomes for the Group – the Group continues to invest and innovate in these areas to support continued growth.

- Failure to achieve the expected improved results for the JB Hi-Fi New Zealand business may have an adverse impact on the Group's operating and financial performance – the Group is encouraged by the improved sales performance of the JB Hi-Fi New Zealand business and is investing in the business for future growth.
- Increasing cost of doing business – certain costs of doing business are outside of the Group's control. For example, the Group's cost of doing business is impacted by the annual Fair Work Award wage reviews and rising energy costs. However, the increasing scale of the Group's operations continues to deliver cost benefits and the Group remains focused on controlling costs.
- Leasing arrangements – the ability to identify suitable sites and negotiate suitable leasing terms for new and existing stores and warehouses is key to the Group's ongoing growth and profitability. The Group believes that it will continue to be able to do this as it has done successfully to date, and management continually assess the Group's strategy on locations and formats to optimise the store and warehouse network in light of changes in the market.
- Loss of, or inability to attract and retain, key staff – the Group's ability to attract and retain talented staff is critical to its operating and financial performance. In recognition of this, succession planning and executive/senior management team composition is a key focus for the Board and Group executive team. The Group continues to focus on providing a safe, inclusive and welcoming environment for all of its employees and on developing and improving its programs and strategies relating to diversity & inclusion, the prevention of harassment, discrimination or bullying, and development of its team members. Further detail is set out in the Group's Sustainability Report.
- IT systems – the Group's increasing reliance on IT systems means that outages, disruptions and security breaches could have a detrimental impact on its operating and financial performance, and any failure to maintain and upgrade its IT systems over time has the potential to inhibit the achievement of the Group's business initiatives. To mitigate these risks, the Group has disaster recovery processes (including off-site IT back-up infrastructure) and invests in IT security measures. The Group also continues to invest and develop its IT resources and capabilities to support the Group's strategic objectives.
- Sustained disruption to operations resulting from external factors – external factors outside of the Group's control, such as pandemic, disruption to supply chains, systemic utility failures or extreme weather events could materially impact the Group's businesses. The Group mitigates these risks by contingency planning as far as practicable, and its flexible model allows management to quickly take appropriate action to react to any such risks as they arise.
- Changes in regulatory environment – changes in the regulatory environment in which the Group operates may increase compliance costs, and even (in extreme cases) affect the ability of the Group to sell certain types of products and services or conduct certain activities. Whilst such changes are outside the control of the Group, the Group monitors proposed changes in the regulatory environment so that it can assess the impact of such changes and develop appropriate response strategies where possible.
- Finance – a breach of the Group's debt covenants or inability to access financing facilities could adversely affect the Group's operating and financial performance. The Group has significant headroom in both its debt facilities and covenants. Additionally, cash flow forecasts and debt capacity are closely monitored by management. Details of the Group's financing facilities are set out on page 24.
- Fraud and corruption – the Group has no history of material fraud or corruption and seeks to minimise the risk of loss arising from fraud and corruption through appropriate policies, procedures and controls. Risk identification and management is managed on a day-to-day basis by a dedicated risk management and business assurance team which evaluates, and looks to continually improve, the effectiveness of the Group's governance, risk management and internal control processes.
- Litigation/breach of legal or regulatory requirements – legal proceedings and claims may arise from time to time in the ordinary course of the Group's businesses and may result in high legal costs, adverse monetary judgements and/or damage to the Group's businesses which could have an adverse impact on the Group's financial position and financial performance. Additionally, a significant breach of regulatory requirements or laws could adversely impact the Group's ability to carry on its business. The Group seeks to mitigate this risk through appropriate staff training on key regulatory and legislative requirements relevant to its business, as well as making legal and regulatory compliance a key focus of the management team.

## Business Strategies

The Group believes that the following strategies/factors will continue to drive growth in sales and earnings:

- catering for our customers' different shopping requirements by:
  - continuing to focus on in-store experience and engagement;
  - constant category and store layout evolution;
  - continued data driven evaluation of new store opportunities with 5 new JB Hi-Fi stores opened in FY2023 (including two smaller "curated range" stores) with additional new store opportunities in Australia and New Zealand in FY2024;
  - focus on improving customer conversion and online spend;
  - expand our reach and convenience for our customers by implementing personalised promotional campaigns using our substantial customer membership data, live chat on the JB Hi-Fi Australia website, The Good Guys Online "Price Beat", and JB TV/The Good Guys Facebook;
  - leveraging significant web traffic to drive additional sales opportunities and stickiness; and
  - extending the online aisle in relevant adjacencies.
- continue to leverage brand awareness and improve the customer experience:
  - national launch of the JB Hi-Fi Perks membership program for JB Hi-Fi Australia, with approximately 809,000 customers joining the program since November 2022; and
  - The Good Guys Gold Service Extras membership program currently has over 1.2 million active members;
- continued investment in a fit-for-purpose Group supply chain that supports in-store and online fulfilment:
  - highly focused on customer delivery solutions;
  - continued growth of the JB Hi-Fi Australia "on-demand" delivery service in partnership with Uber, with an average delivery time under 60 minutes;
  - Launch of improved delivery options for The Good Guys' customers focusing on increased certainty, transparency and choice;
  - continuing the roll-out of the Group's big and bulky Home Delivery Centres ("HDC") that enable an improved customer experience and greater stock efficiency, and reinforce the Group's safety first approach:
    - 2HY23 – Newcastle HDC opened and Brisbane relocated to larger facilities; and
    - Perth to relocate to larger facility in FY2024;
  - continual review of supply chain network to ensure it remains fit for purpose, evolves with our multichannel strategy and continues to improve the customer experience.
- opportunity to grow and expand the JB Hi-Fi New Zealand business:
  - investment in key hires to strengthen local capability and support growth;
  - refresh of store network to deliver an improved in-store customer shopping experience and engagement;
  - completion of 7 store relays in FY2023 and relocation of 2 stores in early FY2024;
  - actively identifying potential new store opportunities to expand our reach, targeting 3-5 new stores per year over the next 3 years;
  - evolve multichannel offer including the re-platforming of the JB Hi-Fi NZ website to Shopify in FY2024;
  - increased focus on retail execution to deliver strong market share gains;
  - developing JB Hi-Fi New Zealand commercial channel; and
  - continued focus on the learning and development of our team members;

- developing the Group's commercial businesses for future growth:
  - evolving the brand to align to our key market segments: "JB Hi-Fi Business"; "JB Hi-Fi Education"; and "The Good Guys Commercial";
  - targeting growth in small to medium sized business sectors;
  - national proposition in a fragmented market;
  - leveraging the Group's retail proposition of best brands, big range and low prices, as well as the Group's store network and supply chain and marketing capabilities;
  - augmented by access to extended business ranges, value-added services, and expert teams to support businesses and education providers;
  - expert support via help desk and direct access to account managers with continued investment in our sales team and inside sales channel;
  - continued investment in e-commerce program, integrating legacy platforms and enabling self-service transactions;
  - expansion of product range, integration with supplier catalogues, improving stock availability and fast quotations; and
  - fast online order fulfilment, order tracking and integration with store click-and-collect (within 1 hour);
- focus on retail execution:
  - leverage the Group's low price and discount heritage;
  - utilising our supplier relationships to continue to create best in market offers and promotions;
  - using the breadth of our range, brands and price points to give customers the choice to trade up or trade down;
  - leverage our scale and productivity to manage costs;
  - knowledgeable team members educating and engaging to create an entertaining and unique in-store experience; and
  - staying highly focused on actively providing our great value offering to our customers;
- leveraging the efficiency of the model:
  - low cost culture with a focus on minimising unnecessary expenditure;
  - diverse product categories, brands and store locations;
  - well managed stock position with high stock turns and low weeks' cover; and
  - flexible business model with the ability to respond quickly to changes in the consumer environment; and
- continued mitigation of the business risks faced by the Group detailed on pages 26 to 28.



## Environmental & Social risks

There are a range of environmental and social risks that could negatively impact the Group:

- if its activities adversely affect the natural environment or human society; and/or
- if its activities are adversely affected by changes in the natural environment or human society.

In order to understand and prioritise these risks, the Group has undertaken a materiality assessment utilising a globally recognised assessment framework. The most material environmental and social risks identified and the actions to mitigate those risks are set out below and additional information can be found in the Group's 2023 Sustainability Report:

- Employee safety, wellbeing and engagement – the Group creates and maintains a safe and healthy workplace that strives to prevent fatalities, minimise physical injuries and illness and promote good mental health and wellbeing by: maintaining a strong leadership focus and implementing a Group Strategy for safety; employing a systematic approach to incident management and risk mitigation supported by its Group Occupational Health and Safety System; implementing policies and practices to provide a safe, inclusive and welcoming environment for all of its customers and employees, and by taking positive action to prevent harassment, discrimination or bullying; and establishing key performance indicators and safety targets to monitor and improve performance. Key health & safety and engagement initiatives implemented in FY2023 included: ongoing focus on, and enhancement of, mental health & wellbeing training; enhancement of training on the management of aggressive customers and shoplifters on the shopfloor and over the phone; focus on safe manual handling practices and introduction of new manual handling equipment to safely move “big & bulky” products; and conducting full and “pulse” engagement surveys of our team members and an annual inclusion survey.
- Diversity and Inclusion – the Group recognises the importance of diversity and understands that, by adapting to the differing needs of its employees, it will build stronger teams and create value for its customers and shareholders. Initiatives implemented in FY2023 under the Group's Diversity and Inclusion Strategy include: further embedding behavioural competencies for all roles throughout the Group to identify high potential talent and equalise recruitment & selection practices; continued promotion of the “Speak Up” initiative to create an environment where team members can bring forward any concerns relating to inclusion, respect, and safety in the workplace; and participation of additional team members in the Group's Women in Leadership Program. FY2023 also saw improvements in gender diversity across the Group with an increase in the number of women in leadership positions.
- Strong governance, business ethics and compliance – the Group's stakeholders expect the Group to act responsibly and ethically and to comply with all relevant laws and regulations. The Group acts with integrity and transparency in conducting its businesses and has established a Statement of Values and a Code of Conduct to help guide its behaviours, together with additional policies and procedures including a Whistle-blower Policy, an Anti-Bribery, Corruption & Fraud Policy, and a Securities Trading Policy, which clearly outline the standards of behaviour required and which provide avenues to report wrongdoing. Governance and oversight is also provided by the Group's Board of Directors and Board Committees, including an Audit and Risk Management Committee.
- Ethical sourcing and modern slavery – the Group recognises the importance of sourcing responsibly and the potential social and environmental impacts that its purchasing decisions can have. The Group also recognises the risk of modern slavery and the potential for human rights abuses in its supply chain and is committed to sourcing its products and services in an ethical and responsible manner and, in doing so, ensuring that minimum standards concerning labour, health & safety, environmental management and ethics are maintained across the supply chain. The Group has an Ethical Sourcing Policy outlining the minimum standards expected of its suppliers. Supporting this policy is a risk-based approach to supplier due diligence, which helps the Group assess compliance with the Policy. This includes a combination of inherent risk assessments conducted by the Group, self-assessments completed by suppliers, and social compliance audits carried out by independent parties on selected supplier manufacturing facilities. Initiatives undertaken in FY2023 include: the submission of the Group's third Modern Slavery Statement; continued membership of, and utilisation of the resources of, the Responsible Business Alliance; enhanced processes for assessing social compliance audits and prioritising engagement with suppliers on significant issues identified by these audits; the Group seeking information from 100+ further suppliers in order to enable the Group to prioritise further engagement with those that may be at a higher risk of modern slavery; and review of the Group's cleaning supply chain to identify risks and improvement opportunities.

- Sustainable Packaging/Operational Waste and Recycling – the products that the Group sells and related packaging can have an adverse impact on the environment if not recycled or re-used. To mitigate this risk, the Group has operational processes and systems in place to facilitate the recycling of cardboard, paper, hard and soft plastics and polystyrene waste. Processes are also in place to facilitate the salvage and re-use of unwanted technology from both the Group's own operations, and from product returns by customers. In FY2023 the Group continued to improve its existing waste and recycling systems and processes including: finalising the implementation of standardised waste and recycling systems and training across the store networks; implementing packaging improvements for outbound deliveries in line with the 2025 National Packaging Targets; ongoing work with private label suppliers to redesign packaging in line with the APCO Sustainable Packaging Guidelines; putting in place plans for a trial in early FY2024 for customer battery and e-waste recycling drop-off points in selected stores; and the removal of expanded polystyrene (EPS) packaging from all JB Hi-Fi core private label products.
- Energy consumption and emissions reduction/Climate-related risks – the Group aims to ensure that its business is climate resilient, and pro-actively responds to the climate-related risks and opportunities that are most material to the Group. The majority of greenhouse gas (GHG) emissions resulting from the Group's business operations come from the electricity used to power its store and warehouse network. In addition, the Group consumes natural gas for heating, and fuel for company-owned cars. In FY2021 the Group set a strategic goal to achieve net-zero direct (scope 1 and 2) carbon emissions by 2030 (measured against the Group's FY2020 emissions (66,888 t-CO<sub>2</sub>-e)). As it works towards this target, the Group's activities in FY2023 included: completing the installation of solar power generators at an additional 9 stores with a further 8 stores having received approval from landlords to proceed with installation; undertaking a review to evaluate potential renewable energy options for the Group; improving the way in which the Group records and monitors energy consumption and emissions, which will improve our ability to identify opportunities to reduce consumption and/or increase energy efficiency in the future; undertaking an estimate of its primary and secondary scope 3 emissions; and further engaging with suppliers on emissions reduction. The Group conducts an annual review of its key risks and opportunities relating to climate change and applies climate scenario analysis to evaluate how the most material physical and transition risks will impact the Group under different climate scenarios. Each risk/opportunity is assigned to a member of the senior management team to manage on an on-going basis, with progress reported to the Audit & Risk Management Committee twice a year. These key risks and opportunities are set out in the 2023 Sustainability Report.
- Data security and Privacy – the Group recognises the need to take appropriate action to secure its information systems in order to reduce the risk of customer, employee or company information being stolen by cyber criminals or otherwise accessed by unauthorised persons. The Group's Technology Director is responsible for co-ordinating the security of these information systems and has a dedicated cyber security function which monitors the environment, responds to events, assesses risk, and implements new capabilities. In addition, relevant team members receive regular privacy, cyber security and PCI-DSS training. In order that the Group can conduct its business, a number of third parties used by the Group hold personal information of the Group's customers and employees. The Group works with these third parties to ensure that such information is held securely and is only held to the extent absolutely necessary.
- Product design, quality and safety – the Group expects its suppliers to ensure that the products that it sells are safe and seeks commitments in its contracts with suppliers that all products, packaging and documentation supplied to the Group will comply with all relevant laws and standards. The majority of the products sold by the Group are manufactured by large, global brands who are well practised in ensuring compliance with relevant legislation. The Group's private label products (such as cables, headphones, chargers, and small electronic appliances such as radios and turntables) are relatively low risk products in terms of product safety but, again, manufacturers must ensure compliance. The Group pays particular attention to the safety of any products containing button batteries which can pose a particular risk to health and safety.

## **SALES UPDATE AND TRADING OUTLOOK – AS AT 14 AUGUST 2023**

### **July 2023 sales update**

The Group provides the following sales update for the period 1 July 2023 to 31 July 2023:

- Total sales growth for JB Hi-Fi Australia was -1.8% with comparable sales growth of -2.9%. As compared to pre Covid FY2019, total sales growth was 38.7%;
- Total sales growth for JB Hi-Fi New Zealand was 10.0% with comparable sales growth of 10.0%. As compared to pre Covid FY2019, total sales growth was 27.9%; and
- Total sales growth for The Good Guys was -12.0% with comparable sales growth of -12.0%. As compared to pre Covid FY2019, total sales growth was 22.0%.

July sales are in line with the Group's expectations cycling the elevated period from last year. While total sales continue to be well above pre Covid July FY2019, the Group has seen increased variability in category performance.

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### SUMMARY

#### Remuneration overview

The Board recognises that the performance of the Group depends on the quality and motivation of its people, including both the Executive KMP (being those persons listed on page 35) and the approximately 14,500+ employees of the Group across Australia and New Zealand. The Company's remuneration strategy seeks to appropriately reward, incentivise and retain key employees. The Board aims to achieve this by setting competitive remuneration packages ("packages") that include a mix of fixed remuneration and incentives under the Company's Variable Reward Plan ("VRP").

#### Snapshot

##### *Another year of financial and strategic achievement*

The 2023 financial year has been another outstanding year for the Group and follows the exceptional results achieved in the previous three financial years. The performance of the Group was very strong throughout the year, with the Group's unique consumer electronics and home appliance offering resonating with its customers and strong execution by management growing its market share in a challenging economic environment.

This strong performance has been reflected in the Group's financial results, with management having delivered record revenue (up 4.3%) and EPS (up 0.1%), cycling record results in FY2022. Over the four years from FY2019 to FY2023, management have delivered four-year absolute revenue growth of 35.7% and compound annual revenue growth of 7.9%, and four-year absolute EPS growth of 120.7% and compound annual EPS growth of 21.9%.

In addition to driving these financial outcomes, management has also executed on a number of key strategic initiatives aimed at further developing and reinforcing the Group over the longer term. These include further enhancing the Group's multichannel capability, improving the Group's supply chain and successfully implementing sustainability initiatives.

As a result of the above, and despite macroeconomic headwinds, the Group has continued to grow dividends paid to shareholders to new record levels of \$382.7m in FY2023 and generate absolute total shareholder return of more than 21.7% in the past 12 months. This has resulted in excellent outcomes for shareholders, and is reflected in the Executive KMP VRP achievement outcomes for the year as set out below.

##### *Executive KMP FY2023 Incentive Achievement*

Vesting outcomes in respect of FY2023 VRP incentives resulted in Executive KMP earning between 95% and 97% of rewards available for FY2023.

The VRP scorecard for FY2023 provided that 75% of available rewards were linked to financial measures, primarily four-year compound annual EPS growth, in order to reflect the elevated demand experienced in FY2020 to FY2022 and to address the potential volatility of the trading environment in FY2023. 100% of available rewards for financial performance were earned by each Executive KMP as a result of the exceptional four-year compound annual EPS growth achieved (21.9%).

The remaining 25% of available rewards were dependent upon the achievement of various strategic measures deemed relevant for the individual executive, and between 80% and 90% of available rewards for this strategic component were earned by Executive KMP. Further detail is set out on pages 38 to 40.

As with recent years, 25% of VRP rewards achieved in relation to FY2023 are paid in cash and the remaining 75% of the VRP rewards achieved in relation to FY2023 are delivered in deferred shares. One third of these shares will be released from dealing restrictions in each of August 2024, August 2025 and August 2026, such that the vast majority of VRP rewards will therefore be subject to share price performance and align Executive KMP with the experience of shareholders over the medium to longer term.

## EXECUTIVE KMP REMUNERATION

### Details of executive key management personnel

The following executive directors and Group executives (**Executive KMP**) are considered members of key management personnel for reporting purposes. Each of them was engaged throughout and since the end of the financial year.

Terry Smart	Group Chief Executive Officer and Executive Director
Nick Wells	Group Chief Financial Officer and Executive Director
Cameron Trainor	Managing Director – JB Hi-Fi Australia
Biag Capasso	Managing Director – The Good Guys

### Strong Correlation between Group Performance and KMP reward

The Board believes that remuneration for Executive KMP should be fair and reasonable, structured effectively to attract, motivate, retain and reward valued executives, and designed to produce value for shareholders.

The financial performance of the Group over the past five years and the significant value created for shareholders over this period is summarised in the table below.

	<i>FY2019<sup>(i)</sup></i>	<i>FY2020</i>	<i>FY2021</i>	<i>FY2022</i>	<i>FY2023</i>
<b>Financial results:</b>					
Sales (\$m)	7,095.3	7,918.9	8,916.1	9,232.0	9,626.4
EBIT (\$m)	372.9	483.3	743.1	794.6	769.0
NPAT (\$m)	249.8	302.3	506.1	544.9	524.6
Basic EPS (cents)	217.4	263.1	440.8	479.5	479.9
<b>Shareholder returns:</b>					
Company share price at the end of the reporting period (\$)	25.85	43.03	50.58	38.46	43.75
Dividends paid to shareholders during the financial year (\$m)	157.4	172.3	310.2	310.2	382.7
Off-market share buy-back (\$m)	–	–	–	250.0	–
Shareholder value created – rolling last 5 years (\$m) <sup>(i)</sup>	1,969.3	3,380.1	4,015.7	2,330.5	3,254.1
Shareholder value created – CAGR last 5 years (%)	15%	22%	21%	12%	16%

(i) Shareholder value created is measured as the increase in the enterprise value (the sum of market capitalisation and net debt), plus cash dividends and share buy-backs paid during the financial year.

(ii) FY2019 results are prior to the adoption of AASB 16 Leases.

The effectiveness of the Executive KMPs' performance related remuneration in driving performance is reflected in the long term growth of the share price of the Company. The following graph plots the JB Hi-Fi closing share price and the ASX 200 on a daily basis over the past five years between 1 July 2018 and 30 June 2023. The JB Hi-Fi closing share price compound annual growth rate between 1 July 2018 and 30 June 2023 is 14.2%, whilst the ASX 200 compound annual growth rate over the same period is 3.1%.



#### Executive KMP remuneration packages – FY2023

The Remuneration and Nominations Committee annually reviews the remuneration packages of Executive KMP and makes recommendations to the Board. Remuneration packages are reviewed with due regard to performance and data on remuneration paid by comparable companies. Where appropriate, the Remuneration and Nominations Committee may receive expert independent advice regarding remuneration levels required to attract, retain and compensate Executive KMP given the nature of their work and responsibilities.

In setting the remuneration packages for FY2023, the Board and the Remuneration and Nominations Committee considered a number of factors including Group performance, current market practice, external benchmarking, and the skills and experience required for, and complexity and responsibilities of, the roles. The Company benchmarks its Remuneration Packages for Executive KMP against the companies comprising the ASX 51 – 150 and the ASX 76 – 125 indices. The Group's policy in relation to executive remuneration is to target total remuneration levels (i.e. fixed pay plus the maximum opportunity under the Variable Reward Plan) at a level between the 60<sup>th</sup> and 75<sup>th</sup> percentile of peers. This is because the Board believes executive reward should approach top quartile outcomes if the challenging targets set under the incentive plans are achieved.

The Remuneration and Nominations Committee also considered current market conventions with regard to the splits between fixed remuneration and incentive elements. The package splits for FY2023 were as follows:

Executive	Fixed	Incentive	Total
T. Smart	33%	67%	100%
N. Wells	38%	62%	100%
C. Trainor	37%	63%	100%
B. Capasso	37%	63%	100%

The remuneration of Executive KMP is directly related to the performance of the Group through the linking of the incentives to certain financial and strategic measures as detailed previously and below.

Further details on each of the key elements of Executive KMP remuneration for the 2023 financial year are set out below.

### **Fixed remuneration – FY2023**

Fixed remuneration is paid by way of base salary, motor vehicle allowances and superannuation. No elements of fixed remuneration are dependent on performance conditions.

For all Executive KMP other than B. Capasso, fixed remuneration was increased by 3% for FY2023 taking the factors referred to above into account. B. Capasso received a 10% increase in fixed remuneration (increasing to \$605,000), recognising that his remuneration on becoming Managing Director of The Good Guys in August 2021 had been set at a level allowing scope for appropriate increases as he gained experience and performed in the role.

### **Variable Reward Plan (VRP) Incentive – FY2023**

The Group operates a variable reward plan to incentivise, attract and retain valued executives. The VRP allows for flexibility in setting performance targets year by year to take into account changing trading conditions, which is particularly important in a fast moving and volatile retail environment. It therefore provides a more motivating remuneration framework for Executive KMP, as well as greater alignment with shareholders, than traditional structures. Following a review of the Executive KMP remuneration structure for FY2023 and the performance of the Group, the Board remained of the view that the VRP was the most appropriate form of incentive plan.

Under the VRP, performance is assessed at the end of each financial year against a scorecard of robust measures, and awards under the VRP for Executive KMP are delivered:

- 25% in cash at the end of the one-year performance period; and
- 75% in restricted shares, to be released progressively in equal tranches over years 2, 3 and 4.

By granting the majority of the reward as shares that are restricted over the medium to longer term and are subject to long term share price risk and clawback, the VRP provides for strong alignment with shareholders. This, combined with the minimum shareholding guidelines as set out on page 44, encourages Executive KMP to think and act like shareholders and to make decisions in the long term interests of the Group.

During the restricted period, dividends are paid on the restricted shares and the executive may exercise votes attaching to these shares. The market value of a share used to calculate the number of restricted shares granted will be the volume weighted average price of shares traded on the ASX in the 5 trading days immediately following the release of the Company's financial results for the year to which the award relates.

All rewards under the VRP are subject to clawback at the Board's discretion in the event of fraud, dishonesty, material misstatement, material breach or negligence by the executive and in certain other circumstances.

Subject to the Board exercising its discretion to the contrary, an executive will not be eligible to receive a VRP award in respect of a particular performance period if, during that period, the executive ceases to be employed, or has given notice of his or her resignation from employment or has been given notice of termination from employment. An executive who ceases to be employed during the restriction period may, subject to the Board's discretion:

- forfeit the restricted shares if they are a "bad leaver" (termination for cause or resignation to work for a competitor); or
- retain the restricted shares, subject to the restrictions, if they are a "good leaver" (retirement, redundancy, disablement, mental/terminal illness or death).

Treatment of restricted shares where an executive leaves in other circumstances is at the Board's discretion.

Further detail on the performance measures for each of the Executive KMP under the FY2023 VRP is set out below.

**FY2023 VRP incentive scorecard – performance conditions and outcomes**

Under the VRP, performance is assessed at the end of each financial year against a scorecard of robust measures. 75% of the rewards under the plan for each executive are dependent on financial targets and the remaining 25% of the scorecard are based on strategic measures approved by the Board and aligned with the Group's long term corporate plans. The financial targets in the scorecard are predominantly based on Group EPS, with some executives also having targets relating to aspects of the business for which that executive is responsible or where particular focus is required.

In setting the FY2023 financial targets for the VRP in late FY2022, the Board noted the elevated demand in FY2020 – FY2022 and the potential volatility of the trading environment going forward. Taking these factors into account the Board determined that the FY2023 financial targets for the VRP would be based on a four year compound annual growth rate (CAGR) from FY2019 and set growth targets under the VRP of between 14.5% and 17.3% compound EPS growth over this four year period.

The four year compound annual EPS growth from FY2019 to FY2023 was 21.9% (an increase from 217.4 cps to 479.9 cps in four years), significantly exceeding the Company's stretch target of 17.3% EPS CAGR, noting EPS has more than doubled in four years. Brand EBIT growth targets for the JB Hi-Fi and TGG Managing Directors were also exceeded. As a result, 100% of available rewards for the financial performance component were earned by each of the Executive KMP.

For strategic measures, between 80% and 90% of available rewards were earned.

A summary of FY2023 VRP achievement outcomes for each member of KMP, measured against the financial and strategic measures, is set out in the table below with additional detail on pages 39 and 40.

*Summary of VRP KPI Achievement*

	Maximum VRP Incentive Opportunity \$	Achievement			Actual VRP Incentive Achieved \$	Delivered In	
		Financial Measures	Strategic Measures	Total		Cash <sup>(i)</sup> (25%) \$	Restricted Shares <sup>(ii)</sup> (75%) \$
T. Smart	3,605,000	100%	80%	95%	3,424,750	856,188	2,568,562
N. Wells	1,596,500	100%	83%	96%	1,528,649	382,162	1,146,487
C. Trainor	1,905,500	100%	90%	97%	1,856,672	464,168	1,392,504
B. Capasso	1,028,500	100%	82%	95%	980,932	245,233	735,699
	8,135,500	100%	84%	96%	7,791,003	1,947,751	5,843,252

(i) The VRP cash earned in FY2023 will be paid in August 2023.

(ii) The VRP Shares earned in FY2023 will be allocated in August 2023. The allocation of VRP shares to the Executive Directors, T. Smart and N. Wells, will be subject to shareholder approval at the Company's Annual General Meeting held in October 2023. If shareholder approval by simple majority of those voting is not obtained, the Board will consider alternative remuneration arrangements for T. Smart and N. Wells which are consistent with the Company's remuneration principles and policy.



Detailed Assessment of VRP Scorecard Achievement

MEASURE	OUTCOME	GROUP CEO	GROUP CFO	MD JB HI-FI	MD TGG
<b>FINANCIAL (75%)</b>					
<b>Group EPS</b>	21.9% 4 year EPS CAGR from FY2019. EPS for FY2023 was 479.9 cents per share compared to 217.4 cents per share in FY2019.	At Maximum	At Maximum	At Maximum	At Maximum
<b>JB Hi-Fi Australia EBIT</b>	16.3% 4 year EBIT CAGR from FY2019. EBIT for FY2023 was \$551.9m compared to \$301.7m in FY2019.	n/a	n/a	At Maximum	n/a
<b>The Good Guys EBIT</b>	30.7% 4 year EBIT CAGR from FY2019. EBIT for FY2023 was \$213.0m compared to \$72.9m in FY2019.	n/a	n/a	n/a	At Maximum
<b>Financial outcome</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>STRATEGIC (25%)</b>					
<b>Group/Divisional OHS</b>	<p>Strong results in OHS metrics as set out in the Sustainability Report and rollout of key strategic OHS initiatives including:</p> <ul style="list-style-type: none"> <li>ongoing focus on, and enhancement of, mental health &amp; wellbeing training;</li> <li>enhancement of training on the management of aggressive customers and shoplifters, on the shopfloor and over the phone; and</li> <li>focus on safe manual handling practices and introduction of new manual handling equipment to safely move “big &amp; bulky” products.</li> </ul> <p>For the MD JB Hi-Fi Australia and MD TGG, the individual is only assessed against the OHS performance/initiatives for their division.</p>	At Target	At Target	Above Target	At Target
<b>Diversity &amp; Inclusion</b>	<p>Improvement in diversity statistics including:</p> <ul style="list-style-type: none"> <li>increase in female senior managers across the Group from 21% to 25%;</li> <li>increase in female territory/area managers from 17% to 28%; and</li> <li>increase in female store managers from 24% to 27%,</li> </ul> <p>and implementation of strategic Diversity &amp; Inclusion initiatives including:</p> <ul style="list-style-type: none"> <li>further embedding behavioural competencies for all roles throughout the Group, to identify high potential talent and equalise recruitment &amp; selection practices;</li> <li>continued promotion of the “Speak Up” initiative to create an environment where team members can bring forward any concerns relating to inclusion, respect, and safety in the workplace;</li> <li>updated Equal Opportunity and Workplace Behaviour Training and annual engagement and inclusion surveys; and</li> <li>participation of additional team members in the Group’s Women in Leadership Program.</li> </ul>	At Target	At Target	At Target	At Target

MEASURE	OUTCOME	GROUP CEO	GROUP CFO	MD JB HI-FI	MD TGG
<b>Succession/ Talent</b>	Several internal promotions to senior management positions and implementation of strategic Succession/Talent initiatives including: <ul style="list-style-type: none"> <li>continued focus on succession framework for management positions within the Group;</li> <li>ongoing use of Talent Mapping using the Group's Competency Framework across the businesses, designed to identify key behavioural competencies specific to each role type within the businesses and assist in identifying and growing diverse talent in a structured and measurable way; and</li> <li>use of individual development plans for high performers.</li> </ul>	At Target	Above Target	Above Target	Above Target
<b>Group/Brand Strategic Growth Initiatives</b>	Significant strategic initiatives implemented including: <ul style="list-style-type: none"> <li>ongoing implementation of turnaround/growth plan for the JB Hi-Fi NZ business;</li> <li>new store formats and layouts tested and trialled at multiple locations;</li> <li>ongoing implementation of long term growth initiatives, including new product lines, "multichannel", and supply chain initiatives; and</li> <li>identification and evaluation of potential growth opportunities.</li> </ul>	Above Target	At Target	At Maximum	At Target
<b>Investor Relations</b>	<ul style="list-style-type: none"> <li>Maintained strong investor relations engagement in an uncertain economic environment.</li> <li>CFO continued to lead strong investor engagement on financial performance and ESG issues.</li> </ul>	At Target	Above Target	n/a	n/a
<b>Sustainability Initiatives</b>	Driving and supporting Group Sustainability initiatives including: <ul style="list-style-type: none"> <li>implementation of initiatives to achieve "net zero" target (Scope 1 and 2) by 2030, including identification and implementation of energy reduction initiatives in store network, e.g, installation of solar panels and LED lights at certain stores;</li> <li>driving and supporting the Group's initiatives on ethical sourcing/modern slavery;</li> <li>implementation of waste management initiatives and roll-out of the Group's sustainable packaging strategy for private label products; and</li> <li>driving workplace giving program membership and initiatives.</li> </ul>	At Target	Above Target	At Target	At Target
<b>Brand Employee Engagement</b>	Continued focus on protecting and strengthening the Group's culture and attracting and retaining team members including: <ul style="list-style-type: none"> <li>good participation and results in both engagement and inclusion surveys;</li> <li>ongoing professional development and leadership training; and</li> <li>ongoing focus on flexible working arrangements.</li> </ul>	n/a	n/a	Above Target	At Target
<b>Strategic outcome</b>		<b>80%</b>	<b>83%</b>	<b>90%</b>	<b>82%</b>
<b>FINAL OUTCOME (% of maximum)</b>		<b>95%</b>	<b>96%</b>	<b>97%</b>	<b>95%</b>

Group CEO VRP incentive achievement over the last 5 financial years

Executive KMP incentive achievement outcomes continue to align with the financial performance and strategic objectives of the Group. The table below sets out the Group CEO's incentive achievement over the last 5 years under the VRP.

Financial Year	Group Financial Target			Non-Financial Target Achievement	Total Achievement
	Incentive Target (EPS Growth)	Actual EPS Growth	Achievement		
2019	0 - 10%	7.1%	77%	74%	76%
2020	0 - 10%	23.6% <sup>(i)</sup>	91% <sup>(ii)</sup>	78%	87%
2021	0 - 10%	87.6% <sup>(iii)</sup>	100%	88%	97% <sup>(iv)</sup>
2022	12.4% - 16.0% <sup>(v)</sup>	30.2% <sup>(v)</sup>	100%	79%	95%
2023	14.5% - 17.3% <sup>(vi)</sup>	21.9% <sup>(vi)</sup>	100%	80%	95%

Notes

- (i) Based on statutory profit prior to the impact of AASB 16 Leases.
- (ii) FY2020 achievement of Group Financial Target based on the Group's (pre-Covid-19) guidance of \$270 million rather than reported NPAT result of \$302.3m.
- (iii) FY2021 EPS growth from the Group's FY2020 \$270 million (pre-Covid-19) NPAT guidance.
- (iv) Unadjusted achievement of 97%, adjusted achievement of 24.25% taking account FY2021 VRP restricted share rewards foregone following R. Murray's resignation and scheduled departure in early FY2022.
- (v) 3 year EPS CAGR from FY2019 to FY2022.
- (vi) 4 year EPS CAGR from FY2019 to FY2023.

Executive KMP Remuneration FY2023 (Statutory Tables)

The compensation for each of the Executive KMP for FY2023 was as follows:

	Short-term employee benefits			Post-employment benefits	Share based payments			Total
	Salary, fees & allowances	VRP Cash <sup>(i)(ii)</sup>	Total short-term employee benefits	Super-annuation	Options <sup>(iii)</sup>	VRP Shares <sup>(iii)(iv)</sup>	Total share based payments	
2023	\$	\$	\$	\$	\$	\$	\$	\$
T. Smart	1,722,715	856,188	2,578,903	27,500	—	2,083,942	2,083,942	4,690,345
N. Wells	939,819	382,162	1,321,981	27,190	—	1,082,441	1,082,441	2,431,612
C. Trainor	1,079,254	464,168	1,543,422	27,500	—	1,329,438	1,329,438	2,900,360
B. Capasso	576,654	245,233	821,887	27,500	23,706	494,128	517,834	1,367,221
	4,318,442	1,947,751	6,266,193	109,690	23,706	4,989,949	5,013,655	11,389,538

- (i) The VRP Cash earned in FY2023 will be paid in August 2023.
- (ii) Performance based.
- (iii) In accordance with Accounting Standards, remuneration includes the amortisation of the fair value of options issued in prior years under the Group share option plans that are expected to vest, less any write-back on options lapsed or expected to lapse as a result of actual or expected performance against non-market hurdles. The fair value of options is measured at grant date in accordance with the relevant accounting standard and progressively allocated to profit and loss over the vesting period of the option.
- (iv) In accordance with Accounting Standards, remuneration includes the amortisation of the value of VRP that is paid in restricted shares. The value of shares is progressively allocated to profit and loss over the restriction period of the share.

## REMUNERATION REPORT (continued)

The FY2023 Maximum Potential accounting expense and Actual accounting expense recognised in accordance with Accounting Standards for the performance-based elements of Executive KMP remuneration is set out below:

	VRP Cash				VRP Shares <sup>(i)</sup>			
	Maximum Potential		Actual		Maximum Potential		Actual	
	% of total potential \$ remuneration		% of total actual \$ remuneration		% of total potential \$ remuneration		% of total actual \$ remuneration	
<b>2023</b>								
T. Smart	901,250	19%	856,188	18%	2,187,796	45%	2,083,942	44%
N. Wells	399,125	16%	382,162	16%	1,132,097	45%	1,082,441	45%
C. Trainor	476,375	16%	464,168	16%	1,383,640	47%	1,329,438	46%
B. Capasso	257,125	18%	245,233	18%	518,656	37%	494,128	36%
	2,033,875	17%	1,947,751	17%	5,222,189	45%	4,989,949	44%

(i) The maximum potential and actual values represent the amortisation of the VRP restricted shares over the restriction period of the share in accordance with Accounting Standards.

### Executive KMP Remuneration FY2022 (Statutory Table)

The compensation for each of the Executive KMP for FY2022 was as follows:

	Short-term employee benefits			Post-employment benefits	Share based payments			Total
	Salary, fees & allowances	VRP Cash <sup>(i)(vi)</sup>	Total short-term employee benefits	Super-annuation	Options <sup>(ii)(i)</sup>	VRP Shares <sup>(ii)(vi)</sup>	Total share based payments	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>2022</b>								
T. Smart	1,672,500	829,063	2,501,563	27,500	31,979	1,377,767	1,409,746	3,938,809
N. Wells	916,425	371,273	1,287,698	27,319	9,625	1,119,876 <sup>(vi)</sup>	1,129,501	2,444,518
C. Trainor	1,047,500	441,398	1,488,898	27,500	15,319	1,248,915	1,264,234	2,780,632
B. Capasso <sup>(iv)</sup>	432,067	162,025	594,092	22,740	42,094	206,936	249,030	865,862
R. Murray <sup>(v)</sup>	255,288	–	255,288	4,327	31,514	–	31,514	291,129
	4,323,780	1,803,759	6,127,539	109,386	130,531	3,953,494	4,084,025	10,320,950

(i) In accordance with Accounting Standards, remuneration includes the amortisation of the fair value of options issued in prior years under the Group share option plans that are expected to vest, less any write-back on options lapsed or expected to lapse as a result of actual or expected performance against non-market hurdles ("Option Accounting Value"). The fair value of options is measured at grant date in accordance with the relevant accounting standard and progressively allocated to profit and loss over the vesting period of the option.

(ii) Performance based (other than as set out in note (vi) below and the options granted to B. Capasso prior to becoming an Executive KMP).

(iii) In accordance with Accounting Standards, remuneration includes the amortisation of the value of VRP that is paid in restricted shares. The value of shares is progressively allocated to profit and loss over the restriction period of the share.

(iv) B. Capasso became a KMP on 27 August 2021 following his appointment as Managing Director for The Good Guys. The amounts disclosed for B. Capasso for FY2022 are in respect of his time as a KMP from 27 August 2021.

(v) R. Murray left the Company on 27 August 2021. The amounts disclosed for R. Murray are for the period of his employment until 27 August 2021.

(vi) In addition to the amortisation of his "standard" performance based FY2022 VRP amount of \$986,543 shown below, the figure for N. Wells includes amortisation of \$133,333 relating to a one-off grant of restricted shares in 2019, to ensure the Group retained his services over the next 3 years. The grant value was equal to \$800,000, being one year's fixed remuneration at that time, with half of the shares restricted until August 2021 and half restricted until August 2022. The shares will be forfeited in the event that N. Wells resigns prior to the end of the restriction period, but retained if employment is terminated for reasons other than for cause. In all other respects the restricted shares will be treated in the same way as restricted shares granted under the Company's Variable Reward Plan in August 2019. In accordance with Accounting Standards, the value of shares is progressively amortised to profit and loss over the restriction period of the shares.

(vii) The VRP Cash earned in FY2022 was paid in August 2022.

## Fully paid ordinary shares of JB Hi-Fi Limited held by Executive KMP

	Balance at 1 July 2022 No.	Granted as compensation <sup>(i)</sup> No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2023 No.	Balance held nominally No.
<b>2023</b>						
T. Smart	107,152	56,496	–	(35,000)	128,648	–
N. Wells	51,742	25,300	–	(32,549)	44,493	–
C. Trainor	92,138	30,079	–	(67,043)	55,174	–
B. Capasso	7,733	13,352	2,617	–	23,702	–
	258,765	125,227	2,617	(134,592)	252,017	–

(i) Shares allocated under the Company's Variable Reward Plan.

## Share options of JB Hi-Fi Limited held by Executive KMP

Other than B. Capasso (who became an Executive KMP in August 2021), no Executive KMP held any options during FY2023. Some of the options granted to B. Capasso prior to him becoming an Executive KMP vested in FY2023 and B. Capasso exercised these options. Further details of the terms of these options are included under the heading "Group Incentive Plans" on page 48.

	Balance at 1 July 2022 No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2023 No.	Balance vested at 30 June 2023 No.	Options vested during year No.
<b>2023</b>							
B. Capasso	4,659	–	(2,617)	–	2,042	–	2,617

### Options exercised during the financial year

The following table summarises the value of options exercised during the financial year by B. Capasso. All of these options were zero exercise price options.

	Series	Options exercised and shares received No.	Exercise date	Exercise price \$	Share price at exercise date \$	Value of options exercised – at the exercise date <sup>(i)</sup> \$
B. Capasso <sup>(i)</sup>	170	1,136	22/08/2022	–	43.77	49,723
	175	922	22/08/2022	–	43.77	40,356
	177	559	22/08/2022	–	43.77	24,467
		2,617				114,546

(i) Options did not contain a performance condition as they were issued to B. Capasso prior to becoming a KMP.

(ii) The value of options exercised during the year is calculated based on the share price at the exercise date multiplied by the number of options exercised.

### Options granted during the financial year

There were no share options granted during FY2023 to Executive KMP (or the five most highly remunerated officers of the Company). Instead, these employees participate in the VRP as set out on page 37.

### Options lapsed during the financial year

There were no options issued to the identified key management personnel that lapsed during the financial year.

### Options granted, exercised and lapsed since the end of the financial year

Since the end of the financial year, no options have been granted to Executive KMP (or the five most highly remunerated officers of the Company), and no options issued to Executive KMP (or the five most highly remunerated officers of the Company) have been exercised or lapsed.

### Key terms of Executive KMP employment agreements

The remuneration and other terms of employment for each of the Executive KMP are set out in individual Company employment agreements. None of these executives are subject to a fixed term of employment.

Name	Notice Periods/Termination Payment/Non-compete
T. Smart	12 months' notice (or payment in lieu) 12 months' post termination non-compete and non-solicitation restriction
N. Wells	6 months' notice (or payment in lieu) 6 months' post termination non-compete and non-solicitation restriction
C. Trainor	9 months' notice (or payment in lieu) if terminated by the Company 6 months' notice if notice is given by the executive 6 months' post termination non-compete and non-solicitation restriction
B. Capasso	6 months' notice (or payment in lieu) 6 months' post termination non-compete and non-solicitation restriction

Each Executive KMP may be terminated immediately for serious misconduct. In no instance would a payment in lieu of notice exceed the termination payments limits set out in the Corporations Act 2001.

Each of the Executive KMP service contracts contains contractual entitlements for the Company to clawback incentive remuneration in the event of fraud, dishonesty, or material misstatements in, or omissions from, the Company's financial statements, or misstatements concerning the satisfaction of a performance condition.

### Minimum shareholding guidelines

Building Executive KMP shareholdings is a priority of the Board in the context of retention, and to ensure Executive KMP are invested in the long term success of the Group and aligned with shareholder interests.

In conjunction with introducing the VRP, a Minimum Shareholding requirement for Executive KMP was introduced in FY2019, being:

- 1.5 times fixed pay for the Group CEO; and
- 1.0 times fixed pay for the other Executive KMP.

This level of shareholding is required to be built over 5 years from the introduction of the VRP (or appointment, if later).

As at 30 June 2023, all Executive KMP exceeded the Minimum Shareholding requirement.

### Executive KMP FY2024 Incentives

The Company will retain the same structure for FY2024 executive KMP remuneration as was used in FY2023. The target for the Group financial component of the FY2024 VRP (EPS growth) will be set by reference to annual budgets, longer term corporate plans and current market expectations, taking account of the effects of elevated sales and profit in FY2020 – FY2023 and the potential volatility of the trading environment going forward.

## NON-EXECUTIVE DIRECTOR REMUNERATION

### FY2023 Non-Executive Director Remuneration

The following persons acted as non-executive directors of the Company both during and since the end of the financial year and are considered members of key management personnel for FY2023:

Stephen Goddard	Non-executive Director, Chair of the Board and of the Remuneration and Nominations Committee
Beth Laughton	Non-executive Director, Chair of the Audit and Risk Management Committee and Member of the Remuneration and Nominations Committee
Mark Powell	Non-executive Director, Member of the Audit and Risk Management Committee and Member of the Remuneration and Nominations Committee
Geoff Roberts	Non-executive Director and Member of the Audit and Risk Management Committee
Richard Uechtritz	Non-executive Director
Melanie Wilson	Non-executive Director and Member of the Audit and Risk Management Committee

The overriding objective of the JB Hi-Fi remuneration policies with regard to non-executive directors is to ensure the Company is able to attract and retain non-executive directors with the skills and experience to enable the Board to discharge its oversight and governance responsibilities in an effective and diligent manner. The Board also believes that remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.

The fees payable to non-executive directors for FY2023 are set out below. Noting that there had been no increase in Committee fees since FY2018, the Company conducted benchmarking of Committee fees against comparable companies, and consequently increased these fees to ensure that they remained competitive in the market. There were no changes to the fees for membership of, or Chairing, the Board.

Role	Fees FY2023 \$	Fees FY2022 \$
Chair of the Board	\$318,000	\$318,000
Non-executive director	\$142,000	\$142,000
<i>Additional Committee Fees</i>		
Remuneration and Nominations Committee Chair	\$28,000	\$25,000
Audit and Risk Management Committee Chair	\$35,000	\$32,000
Audit and Risk Management Committee member	\$17,500	\$16,000
Remuneration and Nominations Committee member	\$15,500	\$14,000

Aggregate non-executive director remuneration for FY2023 was within the amount determined by the Company in its Annual General Meeting on 26 October 2017 being \$1,500,000.

Superannuation contributions are made by the Company on behalf of non-executive directors in line with statutory requirements and are included in the fees. It is the policy of the Company not to pay lump sum retirement benefits to non-executive directors.

It is the policy of the Company not to have any elements of non-executive director remuneration at risk. Specifically, non-executive directors do not receive any bonus payments and are not entitled to participate in any Company share option plans or the VRP. Accordingly, in FY2023, there were no share options granted to non-executive directors, and no options were exercised, vested or lapsed.

In order to further align non-executive directors with shareholders of the Company, a Minimum Shareholding requirement for non-executive directors was introduced in October 2018, being 1 times the base board fees for each non-executive director. This level of shareholding is required to be built over 5 years from the introduction of the policy (or appointment, if later). As at 30 June 2023, all non-executive directors exceeded the Minimum Shareholding requirement.

**Non-Executive KMP Remuneration (Statutory Tables)**

The compensation for each Non-Executive Director is set out below:

	<b>Short-term employee benefits</b>	<b>Post-employment benefits</b>	<i>Total</i> \$
	<i>Fees</i> \$	<i>Superannuation</i> \$	
<b>2023</b>			
S. Goddard	320,708	25,292	346,000
B. Laughton	174,208	18,292	192,500
M. Powell	158,371	16,629	175,000
G. Roberts	144,344	15,156	159,500
R. Uechtritz	128,507	13,493	142,000
M. Wilson	144,344	15,156	159,500
	1,070,482	104,018	1,174,500

	<b>Short-term employee benefits</b>	<b>Post-employment benefits</b>	<i>Total</i> \$
	<i>Fees</i> \$	<i>Superannuation</i> \$	
<b>2022</b>			
S. Goddard	319,432	23,568	343,000
B. Laughton	170,904	17,090	187,994
M. Powell	156,360	15,636	171,996
G. Roberts	143,640	14,364	158,004
R. Uechtritz	129,096	12,910	142,006
M. Wilson	143,640	14,364	158,004
	1,063,072	97,932	1,161,004

**Fully paid ordinary shares of JB Hi-Fi Limited held by Non-Executive Directors**

	<i>Balance at 1 July 2022 No.</i>	<i>Granted as compensation No.</i>	<i>Received on exercise of options No.</i>	<i>Net other change No.</i>	<i>Balance at 30 June 2023 No.</i>	<i>Balance held nominally No.</i>
<b>2023</b>						
S. Goddard	4,500	–	–	–	4,500	–
B. Laughton	5,804	–	–	–	5,804	–
M. Powell	4,000	–	–	–	4,000	–
G. Roberts	3,000	–	–	1,000	4,000	–
R. Uechtritz	4,816	–	–	–	4,816	–
M. Wilson	1,500	–	–	2,000	3,500	–
	23,620	–	–	3,000	26,620	–



**TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION (Statutory Table)**

Key management personnel for FY2023 include the non-executive directors and the Executive KMP listed on page 35.

The aggregate compensation of the key management personnel of the Group is set out below:

	<b>Consolidated</b>	
	2023 \$	2022 \$
<b>Short-term employee benefits</b>		
Salary, fees & allowances	5,388,924	5,386,852
VRP Cash	1,947,751	1,803,759
	7,336,675	7,190,611
<b>Post-employment benefits</b>		
Superannuation	213,708	207,318
<b>Share based payments</b>		
Options expense	23,706	130,531
VRP expense	4,989,949	3,953,494
	5,013,655	4,084,025
<b>Total compensation of Key Management Personnel</b>	12,564,038	11,481,954

**OTHER INFORMATION****Board policy with regard to executives limiting their exposure to risk in relation to equity options**

The Company's Securities Trading Policy prohibits directors, executives, senior management and other specified employees from altering the economic benefit or risk derived by them in relation to any unvested equity options that they hold. The Policy also requires directors and Group executives to obtain prior written approval from the Chair of the Board before altering the economic benefit or risk derived by them in relation to any shares or vested options in JB Hi-Fi held by them. Each year directors and Executive KMP are required to sign a declaration that they are in compliance with all elements of the JB Hi-Fi Securities Trading Policy. These declarations have been received in relation to FY2023 from all directors and Executive KMP.

## SHARE OWNERSHIP-BASED REMUNERATION SCHEMES

### Group Incentive Plans

The Group has the following share ownership-based remuneration schemes for Executive KMP, other executives and non-executive management (excluding non-executive directors).

*Variable Reward Plan* (as detailed on page 37)

Participants are Executive KMP, other executives and selected senior management.

*Employee Share Option Plan* (as detailed below)

Under the Employee Share Option Plan, participants are granted options to acquire shares in JB Hi-Fi Limited. Participants are executives and management. With effect from FY2019, Executive KMP no longer participate in this scheme and, instead, participate in the Variable Reward Plan. Of current Executive KMP, only B. Capasso has options outstanding under the plan, being options granted to him before he became an Executive KMP in August 2021.

Options under this Plan which are currently “on foot” or which vested, were exercised, or expired in FY2022 or FY2023 have the following features:

- Issue Price – no issue price is payable on the issue of an option;
- Exercise Price – no exercise price is payable on the exercise of an option;
- Performance Conditions – for options issued to Executive KMP and other executives, the majority of options are subject to performance conditions based on EPS growth. Some of the options issued to certain senior managers are also subject to performance hurdles. These performance hurdles require compound annual earnings per share growth of between 4% and 15% per annum. To the extent that a performance condition is not achieved in one year, the hurdle is compounded and reassessed in each subsequent year, until the earlier of the condition being satisfied or the option expiring. However, no retesting takes place in the year of expiry;
- Service Conditions – the options issued to Executive KMP and other executives in FY2017 (inclusive) vest a third each on the third, fourth and fifth anniversary of the grant date provided that the executive remains employed at that time. Options issued to Executive KMP and other executives in FY2018 vest one half each on each of the third and fourth anniversaries of the grant date, provided the relevant executive remains employed at that time. Options issued to certain (non KMP) executives since FY2019 vest a third each on the second, third and fourth anniversary of grant date provided that the executive remains employed at that time. For all options issued to non-executive management, options vest a third each on the second, third and fourth anniversary of grant date provided that the non-executive manager remains employed at that time;
- Vesting – all conditions must be satisfied for an option to vest;
- Expiry – options issued to non-executive management generally expire five years after they are issued. Options issued to Executive KMP and other executives prior to 30 June 2017 generally expire six years after they are issued. Options issued to Executive KMP and other executives between 1 July 2017 and 30 June 2018 expire five years after they are issued. Options issued to certain (non KMP) executives since FY2019 also expire five years after they are issued. All unvested options generally expire immediately upon termination of employment although, depending upon the terms of issue, the Board may have discretion to allow the options to continue or waive vesting conditions in certain circumstances. Upon termination of employment, vested options either expire upon termination, 30 days after termination, or continue in force depending upon the circumstances of the employee's exit and the terms of issue;
- Valuation – options are valued using the Black-Scholes option pricing model, which takes into account the exercise price, term of the option, the expected exercise date based on prior years' experience, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate;
- Entitlement to Shares – each option entitles the holder to one ordinary share in JB Hi-Fi Limited;
- Share Issues – holders of options do not have the right, under the options, to dividends or to participate in any share issue or interest issue of JB Hi-Fi Limited or of any other body corporate or registered scheme;
- Change of Control – upon a change of control of the Company all vested and unvested options will automatically lapse unless the Board determines otherwise; and
- Other Conditions – other conditions apply including, amongst other things, treatment of the options in the event of a capital reorganisation.

### On-market purchase of shares for purposes of Group incentive plans

During FY2023, 390,217 ordinary shares in the Company were purchased on-market at an average price of \$44.31 per share in order to satisfy the entitlements of executives and non-executive management to securities under the Group's Variable Reward Plan and Employee Share Option Plan. Accordingly, there was no dilution of existing shareholdings as a result of these entitlements.

### Shares under option

Details of interests under option at the date of this Report are set out below. 15,331 of the outstanding options are vested and exercisable. All options entitle the holder to ordinary shares in JB Hi-Fi Limited.

Option series	Number of shares under option	Grant date (GD)	Share Price at GD \$	Expiry date	Exercise price \$	Weighted average expected volatility <sup>(i)</sup>	Dividend yield at GD	Risk-free interest rate at GD	Weighted average fair value at GD <sup>(i)</sup> \$
168-170	7,247	20/08/2018	\$26.21	19/08/2023	\$0.00	27.4%	5.0%	2.2%	\$21.49
174-176	65,330	19/08/2019	\$32.06	18/08/2024	\$0.00	27.2%	4.5%	0.7%	\$26.05
177	2,386	17/08/2020	\$49.60	16/08/2025	\$0.00	36.2%	3.7%	0.4%	\$46.35
178	39,033	16/08/2020	\$47.33	15/08/2025	\$0.00	33.6%	3.7%	0.4%	\$44.66
179	38,834	14/08/2020	\$47.33	13/08/2025	\$0.00	31.8%	3.7%	0.4%	\$43.03
180-182	1,828	7/12/2020	\$43.97	6/12/2025	\$0.00	34.0%	4.1%	0.3%	\$39.86
183-185	131,758	17/08/2021	\$50.51	16/08/2026	\$0.00	34.3%	5.6%	0.6%	\$41.95
186-188	820	29/10/2021	\$50.49	28/10/2026	\$0.00	34.4%	5.5%	1.6%	\$42.71
189-191	1,760	3/11/2021	\$50.30	2/11/2026	\$0.00	34.4%	5.5%	1.3%	\$42.65
192-194	175,530	16/08/2022	\$44.15	15/08/2027	\$0.00	32.2%	6.9%	3.0%	\$35.81
195-197	3,421	5/12/2022	\$45.26	4/12/2027	\$0.00	32.6%	6.8%	3.1%	\$36.57
<hr/>									
	467,947								

(i) The values shown are the weighted average for the relevant series listed.

The following tables include all share options granted under the Group share option plans that were exercised during the current financial year and during the previous financial year. All shares are ordinary shares in JB Hi-Fi Limited and no amounts remain unpaid.

**2023**

<i>Option Series</i>	<i>Grant date</i>	<i>Options exercised No.</i>	<i>Shares received No.</i>	<i>Amount paid per share \$</i>	<i>Share price at exercise date<sup>(i)</sup> \$</i>
167	29/08/2017	769	769	\$0.00	\$41.00 to \$43.82
169-170	20/08/2018	73,215	73,215	\$0.00	\$39.04 to \$45.87
173	3/12/2018	2,532	2,532	\$0.00	\$45.53
174-176	19/08/2019	64,315	64,315	\$0.00	\$39.04 to \$45.87
177	17/08/2020	40,971	40,971	\$0.00	\$39.04 to \$45.87
178	16/08/2020	560	560	\$0.00	\$44.22
180	7/12/2020	290	290	\$0.00	\$42.28
183	17/08/2021	596	596	\$0.00	\$44.22
		183,248	183,248		

**2022**

<i>Option Series</i>	<i>Grant date</i>	<i>Options exercised No.</i>	<i>Shares received No.</i>	<i>Amount paid per share \$</i>	<i>Share price at exercise date<sup>(i)</sup> \$</i>
142	2/05/2016	880	880	\$0.00	\$49.59
148	22/08/2016	41,083	41,083	\$0.00	\$47.35 to \$48.09
159	18/04/2017	53,156	53,156	\$0.00	\$49.59
162	1/05/2017	2,317	2,317	\$0.00	\$49.59
164-167	29/08/2017	167,384	167,384	\$0.00	\$44.90 to \$53.66
168-170	20/08/2018	80,708	80,708	\$0.00	\$44.90 to \$55.85
172	3/12/2018	2,532	2,532	\$0.00	\$53.66
174-175	19/08/2019	69,273	69,273	\$0.00	\$44.90 to \$55.85
177	17/08/2020	894	894	\$0.00	\$47.89 to \$55.85
		418,227	418,227		

- (i) Where a range of prices are shown, options within the series were exercised on various dates throughout the period. The share prices shown are the maximum and minimum share prices on the exercise dates for the relevant series.



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14 August 2023

The Board of Directors  
JB Hi-Fi Limited  
Podium Level, 60 City Road  
Southbank VIC 3006

Dear Board Members

**Auditor's Independence Declaration – JB Hi-Fi Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of JB Hi-Fi Limited.

As lead audit partner for the audit of the financial statements of JB Hi-Fi Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Travis Simkin".

Travis Simkin  
Partner  
Chartered Accountants



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## **Independent Auditor's Report to the members of JB Hi-Fi Limited**

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of JB Hi-Fi Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated balance sheet as at 30 June 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Inventory existence and valuation</b></p> <p><i>Refer to Note 8 Inventories</i></p> <p>As at 30 June 2023, the carrying value of the Group's inventories was \$1,040.9 million, representing 32% of the Group's total assets.</p> <p>Inventories are primarily held at 322 retail stores and 6 home delivery centres in Australia and New Zealand.</p> <p>As detailed in Note 8 of the financial report, inventories are measured at the lower of cost and net realisable value on a weighted average basis. The cost of inventory represents its purchase price, net of associated rebates and discounts. Net realisable value represents the estimated selling price of inventories less estimated selling costs.</p> <p>Provisions are recognised against the cost of inventory for items where the net realisable value is estimated to be lower than cost.</p> <p>There is judgement inherent in:</p> <ul style="list-style-type: none"> <li>identifying obsolete, discontinued and slow moving inventory, taking into consideration the nature and condition of the inventory and historical inventory turnover compared to inventory on hand.</li> <li>the estimation of net realisable value, taking into account recent sales history, expected future mark downs and estimated selling costs.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understanding the Group's processes and controls for inventory costing, stocktakes and the measurement of inventory provisions.</li> <li>Evaluating the existence of inventory by: <ul style="list-style-type: none"> <li>Attending stocktakes at a sample of store and home delivery centre locations to observe the stocktake process and the condition of inventory.</li> <li>Testing the recording of stocktake results to the general ledger and testing inventory movements from count date to year end.</li> </ul> </li> <li>Assessing the valuation of inventory by: <ul style="list-style-type: none"> <li>Assessing the application of inventory costing methodologies for compliance with Australian Accounting Standards, including the recalculation of weighted average cost, on a sample basis, with reference to supplier invoices and associated supplier terms.</li> <li>Testing the accuracy and completeness of the report used by the Group to identify obsolete, discontinued and slow moving inventory.</li> <li>Examining and challenging the Group's estimate of net realisable value with reference to recent sales history, expected future mark downs and estimated selling costs as well as the Group's allowance for shrinkage, with reference to historical loss rates.</li> </ul> </li> <li>Evaluating the adequacy of the disclosures included in Note 8 to the financial statements.</li> </ul>
<p><b>Lease accounting</b></p> <p><i>Refer to Note 16 of Right of use assets and lease liabilities</i></p> <p>The Group holds right of use assets of \$530.1 million and lease liabilities of \$605.3 million. These balances are significant in the context of the Group's balance sheet as at 30 June 2023.</p> <p>In applying AASB 16 Leases, the Group is required to make a number of judgments and estimates as disclosed in Note 16, including:</p> <ul style="list-style-type: none"> <li>Measuring the lease term (including judgements associated with lease renewal options and the accounting for leases in hold over).</li> <li>Determining an appropriate incremental borrowing rate to be applied in the measurement of right of use assets and lease liabilities upon initial recognition of a lease and for certain lease modifications.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understanding management's processes and key controls related to the accounting for leases.</li> <li>Testing on a sample basis, movements in the right of use assets and lease liabilities and recalculating the interest and depreciation recognised in profit or loss.</li> <li>Evaluating the judgements applied by management, including the probability of exercising renewal options.</li> <li>In conjunction with our treasury specialists, assessing the incremental borrowing rates adopted by management, by preparing an independent expectation of the incremental borrowing rates.</li> <li>Evaluating the adequacy of the disclosures included in Note 16 to the financial statements.</li> </ul>

*Other Information*

The directors are responsible for the other information.

The other information comprises:

- the Governance Statement, Directors' Report, Operating and Financial Review and additional securities exchange information, which we obtained prior to the date of this auditor's report, and are included in the Group's Preliminary Final Report.
- the Chairman's and Group Chief Executive Officer's Report, which will be included in the Group's annual report, which is expected to be made available to us after the date of this auditor's report.

The other information does not include the financial report or the Remuneration Report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 34 to 50 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of JB Hi-Fi Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

*Travis Simkin*

Travis Simkin  
Partner  
Chartered Accountants  
Melbourne, 14 August 2023

## DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 22 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



**Stephen Goddard**

Chairman

14 August 2023



**Terry Smart**

Group Chief Executive Officer

**STATEMENT OF PROFIT OR LOSS**  
for the financial year ended 30 June 2023

		<b>Consolidated</b>	
		2023 \$m	2022 \$m
Revenue	5	9,626.4	9,232.0
Cost of sales		(7,443.9)	(7,151.6)
<b>Gross profit</b>		2,182.5	2,080.4
Other income		7.6	3.0
Sales and marketing expenses		(978.3)	(881.1)
Occupancy expenses		(321.8)	(302.8)
Administration expenses		(46.0)	(41.8)
Other expenses		(70.6)	(62.3)
Finance costs	6	(26.3)	(20.1)
Profit before tax		747.1	775.3
Income tax expense	7	(222.5)	(230.4)
<b>Profit for the year attributable to Owners of the Company</b>		524.6	544.9
		<i>Cents</i>	<i>Cents</i>
<b>Earnings per share</b>			
Basic (cents per share)	3	479.90	479.46
Diluted (cents per share)	3	477.91	477.45

The above statement of profit or loss should be read in conjunction with the accompanying notes.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the financial year ended 30 June 2023

	<b>Consolidated</b>	
	2023 \$m	2022 \$m
<b>Profit for the year</b>	524.6	544.9
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	0.2	(0.5)
<b>Other comprehensive income for the year (net of tax)</b>	0.2	(0.5)
<b>Total comprehensive income for the year attributable to Owners of the Company</b>	524.8	544.4

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**BALANCE SHEET**  
as at 30 June 2023

	Notes	Consolidated	
		2023 \$m	2022 \$m
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	177.3	125.6
Trade and other receivables	9	146.5	132.6
Inventories	8	1,040.9	1,135.3
Other current assets	10	34.6	31.2
Total current assets		1,399.3	1,424.7
<b>Non-current assets</b>			
Plant and equipment	11	182.8	169.0
Deferred tax assets	7	41.1	30.6
Intangible assets	12	1,031.4	1,031.4
Right-of-use assets	16	530.1	461.6
Other non-current assets	10	50.2	44.1
Total non-current assets		1,835.6	1,736.7
<b>Total assets</b>		3,234.9	3,161.4
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	660.5	721.6
Deferred revenue	14	231.0	253.5
Provisions	15	115.0	109.4
Lease liabilities	16	174.1	167.0
Current tax liabilities		4.3	54.8
Total current liabilities		1,184.9	1,306.3
<b>Non-current liabilities</b>			
Borrowings	18	49.8	59.4
Deferred revenue	14	106.9	94.7
Provisions	15	42.5	42.7
Lease liabilities	16	431.2	378.0
Total non-current liabilities		630.4	574.8
<b>Total liabilities</b>		1,815.3	1,881.1
<b>Net assets</b>		1,419.6	1,280.3
<b>EQUITY</b>			
Contributed equity	19	329.3	346.8
Reserves	20	25.4	22.8
Retained earnings		1,064.9	910.7
<b>Total equity</b>		1,419.6	1,280.3

The above balance sheet should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY**  
for the financial year ended 30 June 2023

		Contributed equity \$m	Equity- settled benefits reserve \$m	Foreign currency translation reserve \$m	Hedging reserves \$m	Common control reserve \$m	Retained earnings \$m	Total equity \$m
<b>Consolidated</b>	<i>Notes</i>							
<b>Balance at 1 July 2021</b>		393.0	84.5	4.6	0.8	(6.1)	831.6	1,308.4
Profit for the year		–	–	–	–	–	544.9	544.9
Exchange difference on translation of foreign operations		–	–	(0.5)	–	–	–	(0.5)
<b>Total comprehensive income for the year</b>		–	–	(0.5)	–	–	544.9	544.4
Off-market share buy-back	19	(17.6)	–	–	–	–	(232.4)	(250.0)
Off-market share buy-back costs (net of tax)	19	(0.4)	–	–	–	–	–	(0.4)
Dividends paid	4	–	–	–	–	–	(310.2)	(310.2)
Acquisition of shares by employee share trust	19	(28.2)	–	–	–	–	–	(28.2)
Transfer of vested equity settled benefits <sup>(i)</sup>		–	(76.8)	–	–	–	76.8	–
Share-based payments - expense	6	–	12.8	–	–	–	–	12.8
Share-based payments - income tax	7	–	3.5	–	–	–	–	3.5
<b>Balance at 30 June 2022</b>		346.8	24.0	4.1	0.8	(6.1)	910.7	1,280.3
<b>Balance at 1 July 2022</b>		346.8	24.0	4.1	0.8	(6.1)	910.7	1,280.3
Profit for the year		–	–	–	–	–	524.6	524.6
Exchange difference on translation of foreign operations		–	–	0.2	–	–	–	0.2
<b>Total comprehensive income for the year</b>		–	–	0.2	–	–	524.6	524.8
Off-market share buy-back costs (net of tax)	19	(0.2)	–	–	–	–	–	(0.2)
Dividends paid	4	–	–	–	–	–	(382.7)	(382.7)
Acquisition of shares by employee share trust	19	(17.3)	–	–	–	–	–	(17.3)
Transfer of vested equity settled benefits <sup>(i)</sup>		–	(12.3)	–	–	–	12.3	–
Share-based payments - expense	6	–	13.8	–	–	–	–	13.8
Share-based payments - income tax	7	–	0.9	–	–	–	–	0.9
<b>Balance at 30 June 2023</b>		329.3	26.4	4.3	0.8	(6.1)	1,064.9	1,419.6

(i) Upon vesting of equity-settled benefits, the expense recognised in the equity-settled benefits reserve is transferred to retained earnings. Refer to note 27 for further details on share based payments.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS**  
for the financial year ended 30 June 2023

	Notes	Consolidated	
		2023 \$m	2022 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		10,602.0	10,194.5
Payments to suppliers and employees		(9,581.9)	(9,283.5)
Interest received		4.4	0.8
Interest and other finance costs paid on borrowings		(3.7)	(1.3)
Interest on lease liabilities	16	(21.9)	(18.7)
Income taxes paid		(282.5)	(264.4)
<b>Net cash inflow from operating activities</b>	17	716.4	627.4
<b>Cash flows from investing activities</b>			
Payments for plant and equipment	11	(72.0)	(57.6)
Proceeds from sale of plant and equipment		0.3	0.2
<b>Net cash (outflow) from investing activities</b>		(71.7)	(57.4)
<b>Cash flows from financing activities</b>			
Off-market share buy-back	19	–	(250.0)
Off-market share buy-back costs	19	(0.3)	(0.6)
Payments for shares acquired by the employee share trust	19	(17.3)	(28.2)
Net (repayment)/proceeds from borrowings	18	(10.0)	60.0
Payments for debt issue costs	18	–	(0.6)
Dividends paid to owners of the Company	4	(382.7)	(310.2)
Payment of lease liabilities	16	(182.8)	(177.6)
<b>Net cash (outflow) from financing activities</b>		(593.1)	(707.2)
<b>Net increase/(decrease) in cash and cash equivalents</b>		51.6	(137.2)
Cash and cash equivalents at the beginning of the financial year		125.6	263.2
Effects of exchange rate changes on cash and cash equivalents		0.1	(0.4)
<b>Cash and cash equivalents at end of year</b>		177.3	125.6

The above statement of cash flows should be read in conjunction with the accompanying notes.

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## 1 ABOUT THIS REPORT

These are the consolidated financial statements of JB Hi-Fi Limited (Company or parent entity) and its controlled entities. JB Hi-Fi Limited and its controlled entities together are referred to in this financial report as the Group. For the purposes of preparing the consolidated financial statements the Company is a for-profit entity.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

#### (i) Compliance with IFRS

The consolidated financial statements of JB Hi-Fi Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

#### (iii) Corporation information

JB Hi-Fi Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Podium Level, 60 City Road, Southbank, Victoria.

The financial statements were authorised for issue by the directors on 14 August 2023.

### (b) Rounding off of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial report are rounded off to the nearest hundred thousand dollars, unless otherwise stated.

### (c) Sections

The notes in these financial statements have been organised into the following sections to help users find and understand the information they need to know:

- (i) **Group Performance:** focuses on the results and performance of the Group;
- (ii) **Operating Assets and Liabilities:** provides information on the assets and liabilities used to generate the Group's performance;
- (iii) **Capital Structure and Risk Management:** outlines how the Group manages its capital and various financial risks;
- (iv) **Group Structure:** explains aspects of the group structure and how any changes have affected the financial position and performance of the Group; and
- (v) **Other Disclosures:** provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements.

### (d) Critical accounting estimates and assumptions

Estimates and judgements used in the preparation of these financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Areas of judgement and estimate	Note
Inventory net realisable value	8
Impairment of goodwill and other intangible assets	12
Right-of-use assets and lease liabilities	16

## GROUP PERFORMANCE

### 2 SEGMENT INFORMATION

#### (a) Description of segments

Management has determined the Group's operating segments based on the reports reviewed by the Group Chief Executive Officer that are used to make strategic and operating decisions.

The Group Chief Executive Officer considers the business primarily from a brand and geographic perspective. On this basis, management has identified three reportable segments, JB Hi-Fi Australia (JB Aust), JB Hi-Fi New Zealand (JB NZ) and The Good Guys (TGG). The Group Chief Executive Officer monitors the performance of these three segments separately. The Group does not operate any other brand or in any other geographic segment.

#### (b) Segment information provided to the Group Chief Executive Officer

The segment information provided to the Group Chief Executive Officer for the reportable segments for the year ended 30 June 2023 is as follows:

<b>2023</b>	<i>JB Aust \$m</i>	<i>JB NZ<sup>(i)</sup> \$m</i>	<i>TGG \$m</i>	<i>Eliminations \$m</i>	<i>Total \$m</i>
Revenue from external customers	6,546.1	267.4	2,813.0	–	9,626.4
EBITDA	690.9	4.9	297.4	–	993.2
Depreciation and impairment	(139.0)	(0.8)	(84.4)	–	(224.2)
EBIT	551.9	4.1	213.0	–	769.0
Interest on leases	(13.4)	(0.4)	(8.1)	–	(21.9)
Interest revenue					4.4
Other finance costs					(4.4)
Profit before income tax	538.5	3.7	204.9	–	747.1
<b>Other segment information</b>					
Segment Assets	1,640.6	68.1	1,993.9	(467.7)	3,234.9
Segment Liabilities	1,601.6	45.3	636.1	(467.7)	1,815.3

<b>2022</b>	<i>JB Aust \$m</i>	<i>JB NZ<sup>(i)</sup> \$m</i>	<i>TGG \$m</i>	<i>Eliminations \$m</i>	<i>Total \$m</i>
Revenue from external customers	6,196.5	246.1	2,789.4	–	9,232.0
EBITDA	681.4	11.4	321.1	–	1,013.9
Depreciation and impairment	(136.5)	(3.1)	(79.7)	–	(219.3)
EBIT	544.9	8.3	241.4	–	794.6
Interest on leases	(10.9)	(0.4)	(7.4)	–	(18.7)
Interest revenue					0.8
Other finance costs					(1.4)
Profit before income tax	534.0	7.9	234.0	–	775.3
<b>Other segment information</b>					
Segment Assets	1,574.4	51.2	1,879.3	(343.5)	3,161.4
Segment Liabilities	1,526.8	33.4	664.4	(343.5)	1,881.1

(i) There were no non-cash impairments recorded in the JB Hi-Fi New Zealand 2023 financial result (2022: \$3.1 million), however there was reduced depreciation due to prior year asset impairments of \$6.2 million (2022: \$7.0 million). The benefit in JB Hi-Fi New Zealand 2023 EBIT from the impairments was therefore \$6.2 million (2022: \$3.9 million).

#### EBIT and EBITDA

The Group Chief Executive Officer assesses the performance of the Group's operating segments based on EBIT and EBITDA. EBIT excludes the effects of interest revenue, finance costs and income tax. EBITDA further excludes depreciation, amortisation and impairment charges.

	Consolidated	
	2023 Cents	2022 Cents
<b>3 EARNINGS PER SHARE</b>		
Basic (cents per share)	479.90	479.46
Diluted (cents per share)	477.91	477.45

	Consolidated	
	2023 \$m	2022 \$m
<b>(a) Reconciliation of earnings used in calculating earnings per share</b>		
<i>Basic earnings per share</i>		
Profit for the year attributable to owners of the Company	524.6	544.9
<i>Diluted earnings per share</i>		
Profit for the year attributable to owners of the Company	524.6	544.9

	Consolidated	
	2023 Number m	2022 Number m
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	109.3	113.7
Adjustments for calculation of diluted earnings per share:		
Options	0.5	0.5
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	109.8	114.2

**(c) Information concerning the classification of securities**

*Options*

Options granted under the Company's share option plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive (454,152 options are considered dilutive (2022: 477,604), zero are considered anti-dilutive (2022: zero)). The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 27.

	2023		2022	
	Cents per share	\$m	Cents per share	\$m
<b>4 DIVIDENDS</b>				
<b>Recognised amounts</b>				
Final dividend - previous financial year	153.00	167.3	107.00	122.9
Interim dividend - current financial year	197.00	215.4	163.00	187.3
	350.00	382.7	270.00	310.2
<b>Unrecognised amounts</b>				
Final dividend - current financial year	115.00	125.7	153.00	167.3

In respect of the financial year ended 30 June 2023, the directors have recommended the payment of a final dividend of 115 cents per share. The record date is 25 August 2023.

All dividends declared and subsequently paid by the Company are franked to 100% at the 30% corporate income tax rate.

**4 DIVIDENDS (continued)**

	Consolidated	
	2023 \$m	2022 \$m
<b>(a) Franking account balance</b>		
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2022: 30.0%)	517.6	450.9

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$53.9 million (2022: \$71.7 million).

	Consolidated	
	2023 \$m	2022 \$m
<b>5 REVENUE</b>		
Sale of goods and services - Stores and other channels	8,315.9	7,606.8
Sale of goods and services - Online	1,310.5	1,625.2
Total Revenue	9,626.4	9,232.0

**(a) Revenue recognition**

The Group generates revenue from the sale of products and services, both as a principal and as an agent, to retail and commercial customers. Revenue is recognised in accordance with the principles set out below, in an amount that reflects the consideration expected to be received in exchange for those goods or services. Revenue excludes goods and services tax and is recognised net of discounts and sales returns.

Where payment for the goods or services is received in advance, the amount is recognised as deferred revenue in the balance sheet until the goods or services have been delivered to, or collected by, the customer.

Gift cards are considered a prepayment for goods or services to be delivered in the future. The Group recognises deferred revenue in the balance sheet relating to the gift cards and recognises revenue when the customer redeems the gift card and the Group fulfils the performance obligation related to the transaction. Revenue is also recognised where the likelihood of the gift card being redeemed by the customer is deemed remote.

*(i) Product revenue*

The Group generates product revenue from the sale of consumer electronics and home appliances.

Product revenue is recognised on a "point in time" basis when control of the goods transfers to the customer. Control of the goods transfers to the customer either at the point of sale or when the goods are delivered to, or collected by, the customer. Any fees charged to the customer for delivery are recognised as revenue when the delivery has been completed.

In most cases, the Group is the principal in product revenue transactions, recognising revenue on a gross basis. For certain transactions, the Group acts as a sales agent and recognises commission, which represents the consideration received from the customer net of amounts payable to third parties responsible for fulfilling the performance obligation for the customer. The Group typically recognises commission arising from such transactions when the goods are delivered to the customer by the third party.

## 5 REVENUE (continued)

### (a) Revenue recognition (continued)

#### (ii) Services revenue

The Group generates revenue from installation, IT services, extended care and customer support services.

The Group recognises revenue for services, such as installation and IT services once the service is completed, as this is when the customer has the ability to direct the use of and obtain benefits from the service.

For extended care and customer support services where the Group is the principal, revenue is recognised on an “over time basis” from the date the service commences until the date the service is completed. Such contracts typically contain multiple performance obligations with service terms ranging up to 7 years. The Group recognises revenue for these services on a usage basis, an input method of measuring progress over the related contract term, which is generally time based.

For extended care and customer support services where the Group acts as an agent, the Group recognises commission, which represents the consideration received from the customer net of amounts payable to third parties responsible for fulfilling the performance obligation for the customer. The Group typically recognises commission arising from such transactions at the point of sale to the customer, which is when the Group completes arranging the sale on behalf of the third party.

The Group generated 0.4% of its total revenue on an over time basis in the current year (2022: 0.4%).

		Consolidated	
		2023 \$m	2022 \$m
<b>6 EXPENSES</b>			
<b>Profit before income tax includes the following specific expenses:</b>			
Finance costs			
Interest and other finance costs on borrowings		4.0	1.3
Interest on leases		21.9	18.7
Other interest expense		0.4	0.1
		26.3	20.1
Employee benefits expenses			
Share-based payments - expense		13.8	12.8
Defined contribution superannuation expense		79.4	68.8
Other employee benefits		828.9	751.0
		922.1	832.6
Depreciation and impairment			
Depreciation - Plant and equipment		53.3	52.0
Impairment - Plant and equipment		1.9	1.8
Depreciation - Right-of-use assets		169.0	162.8
Impairment - Right-of-use assets		–	2.7
		224.2	219.3

	<b>Consolidated</b>	
	2023 \$m	2022 \$m
<b>7 TAXATION</b>		
<b>(a) Income tax expense</b>		
Current tax	233.0	230.7
Deferred tax	(10.5)	(0.3)
	222.5	230.4
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	747.1	775.3
Tax at the Australian tax rate of 30.0% (2022: 30.0%)	224.1	232.6
Effect of expenses that are not deductible in determining taxable profit	4.4	4.1
Effect of different tax rates of subsidiaries operating in other jurisdictions	(0.1)	(0.2)
Effect of other deductibles in determining taxable profit	(4.2)	(4.9)
Unrecognised New Zealand tax losses and timing differences	(1.7)	(1.2)
Tax expense	222.5	230.4
<b>(c) Amounts recognised directly in equity</b>		
The following current and deferred amounts were charged directly to equity during the period:		
<i>Current tax</i>		
Tax effect of employee share options in reserves	0.9	3.5
<i>Deferred tax</i>		
Tax effect of share buy-back costs charged to issued capital	0.1	0.2
<b>(d) Deferred tax</b>		
The balance comprises temporary differences attributable to:		
<i>Deferred tax assets</i>		
Provisions	41.3	40.3
Inventories	9.7	10.3
Deferred revenue	45.1	40.4
Plant and equipment	21.3	13.8
Lease liabilities	174.6	159.9
Other	9.1	8.1
	301.1	272.8
<i>Deferred tax liabilities</i>		
Brand names	(85.2)	(85.2)
Prepayments	(20.6)	(18.5)
Right-of-use asset	(154.2)	(138.5)
	(260.0)	(242.2)
Net deferred tax assets/(liabilities)	41.1	30.6

All movements in the above temporary differences have been charged to income, with the exception of the share buy-back costs charged to issued capital as noted above.

## **7 TAXATION (continued)**

### **(e) Recognition and measurement**

#### *Current tax*

Current tax represents the amount expected to be paid to taxation authorities on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### *Deferred tax*

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities under financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case, the tax is also recognised directly in equity.

### **(f) Tax consolidation legislation**

The Company and its wholly owned Australian resident entities are part of a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is JB Hi-Fi Limited. The members of the tax consolidated group are identified at note 22.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

### **(g) Nature of tax funding and tax sharing agreements**

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, JB Hi-Fi Limited and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding agreement.

JB Hi-Fi calculates deferred taxes in relation to investments within the tax consolidated group using the 'change in tax status' view. This view results in no deferred tax being recognised until such time as an entity leaves the tax consolidated group.

**OPERATING ASSETS AND LIABILITIES**

		<b>Consolidated</b>	
		2023 \$m	2022 \$m
<b>8 INVENTORIES</b>			
	Finished goods	1,049.9	1,135.3

**(a) Recognition and measurement**

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a weighted average basis, comprising the purchase price, less supplier rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Inventory provisions are recognised where the net realisable value of inventory is estimated to be lower than its carrying value as well as to allow for estimated inventory losses associated with shrinkage.

When determining the net realisable value of inventories (which is most applicable to obsolete, end of life and slow moving inventory), the Group uses its judgement to determine the expected selling price and the estimated costs necessary to make the sale. These assumptions are reviewed at least annually.

		<b>Consolidated</b>	
		2023 \$m	2022 \$m
<b>9 TRADE AND OTHER RECEIVABLES</b>			
	Trade receivables	62.4	68.3
	Allowance for expected credit losses	(1.6)	(1.8)
		60.8	66.5
	Other receivables	85.7	66.1
		146.5	132.6

**(a) Terms and conditions**

*Trade and other receivables*

Trade receivables relate to amounts due from commercial customers. Other receivables primarily relate to supplier rebates that are expected to be received on a gross basis from suppliers. Supplier rebates which are net settled are presented on a net basis with the related trade payables balance (note 13).

Trade and other receivables are recognised initially at their transaction price and are subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses. The average credit period for trade and other receivables is 30 days. There are no material trade and other receivables past due.

*Allowance for expected credit losses*

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Credit insurance is carried for most amounts due from commercial customers. Individual debts which are known to be uncollectable are written off when identified.



		<b>Consolidated</b>	
		2023 \$m	2022 \$m
<b>10 OTHER ASSETS</b>			
<i>Current</i>			
Prepayments		34.6	30.3
Other		–	0.9
		34.6	31.2
<i>Non-current</i>			
Prepayments		50.2	44.1
		50.2	44.1

Prepayments includes premiums in relation to extended warranty component of The Goods Guys Gold Service Extras program and general prepaid expenses. Gold Services Extra is an extended care program operated by The Good Guys, which encompasses a range of features including extended warranty. The prepaid premiums are amortised to profit or loss over time, concurrent with the recognition of revenue from the extended warranty service.

	Plant and equipment \$m	Leasehold improvements \$m	Total \$m
<b>11 PLANT AND EQUIPMENT</b>			
<b>At 1 July 2021</b>			
Cost	431.1	237.1	668.2
Accumulated depreciation and impairment	(325.4)	(173.8)	(499.2)
Net book amount	105.7	63.3	169.0
<b>Year ended 30 June 2022</b>			
Opening net book amount	105.7	63.3	169.0
Additions	31.2	26.4	57.6
Disposals	(3.3)	(0.5)	(3.8)
Depreciation charge	(27.8)	(24.2)	(52.0)
Impairment charge	(1.1)	(0.7)	(1.8)
Closing net book amount	104.7	64.3	169.0
<b>At 30 June 2022</b>			
Cost	414.8	245.7	660.5
Accumulated depreciation and impairment	(310.1)	(181.4)	(491.5)
Net book amount	104.7	64.3	169.0
<b>Year ended 30 June 2023</b>			
Opening net book amount	104.7	64.3	169.0
Additions	38.0	34.0	72.0
Disposals	(1.9)	(1.1)	(3.0)
Depreciation charge	(27.2)	(26.1)	(53.3)
Impairment charge	(1.6)	(0.3)	(1.9)
Closing net book amount	112.0	70.8	182.8
<b>At 30 June 2023</b>			
Cost	355.8	266.7	622.5
Accumulated depreciation and impairment	(243.8)	(195.9)	(439.7)
Net book amount	112.0	70.8	182.8

**(a) Recognition and measurement**

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment and leasehold improvements. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period taking into consideration physical, economic and environmental factors, which includes, but is not limited to, asset condition, expected use, wear-and-tear, technology changes, and climate-related risks. The effect of any changes are recognised on a prospective basis.

## 11 PLANT AND EQUIPMENT (continued)

### (a) Recognition and measurement (continued)

The following estimated useful lives are used in the calculation of depreciation:

- Leasehold improvements 1 to 15 years
- Plant and equipment 1.5 to 15 years

Plant and equipment and leasehold improvements are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in other expenses in the profit or loss.

	Consolidated	
	2023 \$m	2022 \$m
<b>12 INTANGIBLE ASSETS</b>		
Goodwill	747.0	747.0
Brand names	284.4	284.4
	1,031.4	1,031.4

### (a) Recognition and measurement

#### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or business at the date of the acquisition.

Goodwill is not amortised. Instead, it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment is recognised as an expense and is not subsequently reversed. Goodwill is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the related business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit (higher of its value in use and fair value less costs of disposal) is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset.

Further details regarding the allocation of goodwill to cash generating units and the Group's impairment testing results for the year ended 30 June 2023, including an overview of key assumptions, is set out below.

#### Brand names

Brand names that are acquired as part of a business combination are recognised separately from goodwill. These assets are measured at their fair value at the date of acquisition using the relief from royalty method. Brand names are subsequently carried at cost less accumulated impairment losses.

Brand names have indefinite useful lives and therefore do not attract amortisation. As at 30 June 2023, management has concluded that an indefinite useful life remains appropriate as the Group expect to continue using the brand names for the foreseeable future and there are no legal, technical or commercial factors indicating that the brand names have a limited life.

For the purpose of impairment testing, brand names with indefinite useful lives are assessed for impairment annually, or more frequently when there is an indication that a brand name may be impaired.

## 12 INTANGIBLE ASSETS (continued)

### (a) Recognition and measurement (continued)

#### Brand names (continued)

An impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount (higher of its value in use and fair value less costs of disposal). None of the Group's brand names have incurred an impairment in previous periods.

### (b) Impairment testing

The carrying amount of goodwill and brand names is allocated to the following cash-generating units or groups of CGUs (CGUs) for impairment testing purposes:

	Consolidated	
	2023 \$m	2022 \$m
<b>Goodwill</b>		
The Good Guys	575.6	575.6
JB Hi-Fi Australia	171.4	171.4
	747.0	747.0
<b>Brand names</b>		
The Good Guys	241.3	241.3
JB Hi-Fi Australia	43.1	43.1
	284.4	284.4

The recoverable amount of each CGU has been determined based on value in use calculations.

The key assumptions used in the value in use calculations include the FY2024 financial budget, sales growth, gross margin, cost of doing business (CODB) and the discount rate. These assumptions are based on past experience and the Company's forecast operating and financial performance for each CGU taking into account current market and economic conditions, risks, uncertainties and opportunities for improvement for each CGU.

The value in use calculations use cash flow projections over a 5 year period, extrapolated into perpetuity using a long-term growth rate. The cash flows projections in Year 1 are based on financial budgets for the 2024 financial year, as approved by the Board. The cash flow projections thereafter and into perpetuity assume a steady growth rate of 2.5% (2022: 2.5%), which is consistent with the mid-point of long-term inflation forecasts by recognised bodies.

A post-tax discount rate of 9.5% (2022: 9.0%) has been used for all CGUs.

The Group has conducted sensitivity analysis taking into consideration the current uncertain macro-economic conditions, which indicated that no reasonably possible change in key assumptions would result in an impairment loss. Accordingly, the Group has concluded that no impairment is required based on current market and economic conditions and expected future performance.

	Consolidated	
	2023 \$m	2022 \$m
<b>13 TRADE AND OTHER PAYABLES</b>		
Trade payables	581.6	660.6
Goods and services tax (GST) payable	48.5	38.6
Other creditors and accruals	30.4	22.4
	660.5	721.6

Trade payables and other creditors and accruals represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are stated at amortised cost. The amounts are unsecured and are usually settled within 45 days of recognition. Supplier rebates that are expected to be settled on a net basis are presented on a net basis with the related trade payables balances.

		<b>Consolidated</b>	
		2023 \$m	2022 \$m
<b>14 DEFERRED REVENUE</b>			
<b>Current</b>			
Deferred revenue		231.0	253.5
		231.0	253.5
<b>Non-current</b>			
Deferred revenue		106.9	94.7
		106.9	94.7

Deferred revenue relates to unfulfilled services to be performed under The Good Guys Gold Service Extras program, unredeemed gift cards and customer deposits. Gold Services Extra is an extended care program operated by The Good Guys, which encompasses a range of features including extended warranty. Refer to note 5(a) for the Group's revenue recognition accounting policy.

It is expected that 74% (2022: 74%) of Non-Current Deferred Revenue will be recognised in the next 3 financial years and the remaining 26% (2022: 26%) recognised in the following 3 years.

		<b>Consolidated</b>	
		2023 \$m	2022 \$m
<b>15 PROVISIONS</b>			
<b>Current</b>			
Employee benefits		113.5	107.9
Lease make good provision		1.5	1.5
		115.0	109.4
<b>Non-current</b>			
Employee benefits		8.7	9.2
Lease make good provision		33.8	33.5
		42.5	42.7

**(a) Recognition and measurement**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

*(i) Employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and unpaid bonuses are recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contributions.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees, up to the end of the reporting period. Expected future payments are discounted using the Australian corporate bond discount rate curve as published by Milliman with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## 15 PROVISIONS (continued)

### (a) Recognition and measurement (continued)

#### (i) Employee benefits (continued)

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

#### (ii) Lease make good provision

The lease make good provision includes the Group's best estimate of the amount required to return the Group's leased premises to their original condition at the end of the lease term in accordance with the terms of the lease.

## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases various properties including retail stores, warehouses and offices and equipment in Australia and New Zealand. Lease agreements are typically entered into for fixed periods ranging from 1 to 10 years, have varying terms and commonly include extension options and annual increase clauses. Certain store leases contain variable lease payment terms that are linked to store sales.

Retail store leases can enter 'hold-over' from time to time, where the Group continues to occupy and use a property on a rolling basis beyond the contractual lease term. This typically occurs when a lease renewal process extends beyond the expiry of the lease, with both the Group and lessor having an economic incentive for the lease arrangement to continue in expectation of reaching an agreement on renewal terms. Refer to note 16(e) for the Group's key judgements in accounting for leases in hold-over.

The carrying value of right-of-use assets and lease liabilities is presented below:

	Properties \$m	Equipment \$m	Total \$m
<b>(a) Right-of-use assets</b>			
<b>At 1 July 2021</b>			
Cost	869.0	10.9	879.9
Accumulated depreciation and impairment	(339.8)	(3.8)	(343.6)
Carrying value	529.2	7.1	536.3
<b>Year ended 30 June 2022</b>			
Opening carrying value	529.2	7.1	536.3
Additions, modifications and other reassessments of leases	89.3	1.5	90.8
Depreciation	(160.4)	(2.4)	(162.8)
Impairment charge	(27)	–	(2.7)
Closing carrying value	455.4	6.2	461.6
<b>At 30 June 2022</b>			
Cost	957.4	12.4	969.8
Accumulated depreciation and impairment	(502.0)	(6.2)	(508.2)
Closing carrying value	455.4	6.2	461.6
<b>Year ended 30 June 2023</b>			
Opening carrying value	455.4	6.2	461.6
Additions, modifications and other reassessments of leases	234.2	3.3	237.5
Depreciation	(165.9)	(3.1)	(169.0)
Closing carrying value	523.7	6.4	530.1
<b>At 30 June 2023</b>			
Cost	1,192.4	15.7	1,208.1
Accumulated depreciation and impairment	(668.7)	(9.3)	(678.0)
Closing carrying value	523.7	6.4	530.1

	Properties \$m	Equipment \$m	Total \$m
<b>16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)</b>			
<b>(b) Lease liabilities</b>			
<b>Year ended 30 June 2022</b>			
Opening carrying value	624.1	7.2	631.3
New and modified leases	90.0	1.6	91.6
Payment of lease liabilities	(175.2)	(2.4)	(177.6)
Payment of interest on lease liabilities	(18.5)	(0.2)	(18.7)
Interest expense	18.5	0.2	18.7
Foreign exchange translation	(0.3)	–	(0.3)
Closing carrying value	538.6	6.4	545.0
<b>At 30 June 2022</b>			
Current	164.6	2.4	167.0
Non-Current	374.0	4.0	378.0
Total	538.6	6.4	545.0
<b>Year ended 30 June 2023</b>			
Opening carrying value	538.6	6.4	545.0
New and modified leases	239.5	3.4	242.9
Payment of lease liabilities	(179.7)	(3.1)	(182.8)
Payment of interest on lease liabilities	(21.7)	(0.2)	(21.9)
Interest expense	21.7	0.2	21.9
Foreign exchange translation	0.2	–	0.2
Closing carrying value	598.6	6.7	605.3
<b>At 30 June 2023</b>			
Current	171.1	3.0	174.1
Non-Current	427.5	3.7	431.2
Total	598.6	6.7	605.3

	2023 \$m	2022 \$m
<b>(c) Amounts recognised in the Statement of Profit or Loss</b>		
Depreciation expense on right-of-use assets	169.0	162.8
Impairment expense on right-of-use assets	–	2.7
Interest expense on lease liabilities	21.9	18.7
Property lease expense <sup>(i)</sup>	14.0	9.4

(i) The property lease expense includes short-term, low value and variable rent expenses which are included within occupancy expenses.

**(d) Recognition and Measurement**

A right-of-use asset and corresponding lease liability are recognised at commencement of the lease.

Lease liabilities are initially measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Group's incremental borrowing rate. The weighted average incremental borrowing rate used during the year was 4.55% (2022: 3.27%) which was influenced by the timing of new and modified leases.

Each lease payment is allocated between the lease liability and finance costs. The finance cost is charged to profit or loss over the period of the lease to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

### (d) Recognition and Measurement (continued)

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. Lease liabilities are remeasured, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise an extension option.

AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient.

The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any make good costs. The right-of-use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets and short-term leases of 12 months or less are expensed to profit or loss on a straight line basis. Low value assets primarily comprise office equipment such as printers and photocopiers.

### (e) Key judgements

#### *Lease term*

The lease term is determined at lease commencement or at the effective date of a lease modification. The lease term represents the non-cancellable term, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

Extension options are a common feature within the Group's property leases, providing the Group with operational flexibility should a property perform below expectations, a relocation opportunity arises or the economic outlook adversely changes. Hence, at lease commencement, extension options are not typically considered reasonably certain to be exercised, unless there is a clear economic incentive for extension.

Extension options held are exercisable only by the Group and not by the lessors. The Group does not have any options to purchase leased assets.

After lease commencement, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) an extension option.

In assessing whether the Group is reasonably certain to extend or renew a lease in hold-over, the Group considers all relevant facts and circumstances that create an economic incentive for the Group to remain in the leased premises and whether a right-of-use asset and lease liability should be recognised, or whether the lease should be accounted for as a short-term lease. When an economic incentive exists, the Group estimates the expected lease term, lease liability and related right-of-use asset based on information available at the date the lease enters hold-over. When a new lease agreement is subsequently entered into, the Group accounts for any change in terms in accordance with the principles that apply to lease modifications.

## CAPITAL STRUCTURE AND RISK MANAGEMENT

### 17 NOTES TO THE CASH FLOW STATEMENT

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts and trade finance facilities used.

#### (a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled as follows:

	Consolidated	
	2023 \$m	2022 \$m
Cash	177.3	125.6
Bank overdrafts	–	–
Cash and cash equivalents	177.3	125.6
<b>(b) Reconciliation of net cash inflow from operating activities to profit</b>		
Profit for the year	524.6	544.9
Depreciation and amortisation	222.3	214.8
Impairment charges	1.9	4.5
Share-based payments - expense	13.8	12.8
Share-based payments - income tax	0.9	3.5
Net loss on disposal of non-current assets	2.7	3.6
Change in operating assets and liabilities:		
(Increase) decrease in inventories	95.9	(197.7)
(Increase) decrease in current receivables	(14.3)	(29.3)
(Increase) decrease in other current assets	(3.5)	4.4
(Increase) decrease in deferred tax assets	(10.5)	(0.3)
(Increase) decrease in other non-current assets	(6.1)	(5.1)
(Decrease) increase in current provisions	5.6	4.2
(Decrease) increase in current payables	(55.9)	53.8
(Decrease) increase in current deferred revenue	(22.5)	40.6
(Decrease) increase in non-current provisions	(0.2)	0.1
(Decrease) increase in non-current deferred revenue	12.2	9.8
(Decrease) increase in current tax liabilities	(50.5)	(37.2)
Net cash inflow from operating activities	716.4	627.4

	Consolidated	
	2023 \$m	2022 \$m
<b>18 BORROWINGS</b>		
<b>Unsecured non-current</b>		
Bank loans	49.8	59.4
<b>Reconciliation of liabilities arising from financing activities</b>		
Opening borrowings	59.4	–
Net (repayment)/drawdown of borrowings	(10.0)	60.0
Debt issue costs paid	–	(0.6)
Amortisation of debt issue costs	0.4	–
	49.8	59.4



## 18 BORROWINGS (continued)

The Group's trade finance facility of \$200.0 million, term debt facilities of \$200.0 million and bank overdraft facilities of \$20.0 million and NZ\$10.0 million (total \$29.2 million) remain unchanged from 30 June 2022. The Group has total borrowing facilities of \$429.2 million of which \$379.2 million are unused at 30 June 2023 in addition to cash on hand of \$177.3 million. Refer to note 21(a) for further details on the Group's financing facilities.

### (a) Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, and intends to do so.

The Group monitors compliance with its financial covenants on a monthly basis and reports compliance on a semi-annual basis to the banks. The Group has complied with all such requirements during the current and previous year.

	Parent entity		Parent entity	
	2023 Shares	2022 Shares	2023 \$m	2022 \$m
<b>19 CONTRIBUTED EQUITY</b>				
<b>(a) Share capital</b>				
Ordinary shares - fully paid	109,333,981	109,333,981	329.3	346.8

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid, including any directly attributable incremental costs (net of income taxes), is recognised directly in equity.

### (b) Movements in ordinary share capital

Date	Details	Number of shares	\$m
1 July 2021	Opening balance	114,883,372	393.0
	Unallocated shares held by employee share trust	(1,665)	–
	Balance excluding shares held by employee share trust	114,881,707	393.0
	Off-market share buy-back	(5,549,391)	(17.6)
	Off-market share buy-back costs (net of tax)	–	(0.4)
	Shares acquired by employee share trust	(567,645)	(28.2)
	Allocation of shares under share option and variable reward plan	561,983	–
	Balance excluding shares held by employee share trust	109,326,654	346.8
	Unallocated shares held by employee share trust	7,327	–
30 June 2022	Closing balance	109,333,981	346.8
1 July 2022	Opening balance	109,333,981	346.8
	Unallocated shares held by employee share trust	(7,327)	–
	Balance excluding shares held by employee share trust	109,326,654	346.8
	Off-market share buy-back costs (net of tax)	–	(0.2)
	Shares acquired by employee share trust	(390,217)	(17.3)
	Allocation of shares under share option and variable reward plan	381,516	–
	Balance excluding shares held by employee share trust	109,317,953	329.3
	Unallocated shares held by employee share trust	16,028	–
30 June 2023	Closing balance	109,333,981	329.3

## 19 CONTRIBUTED EQUITY (continued)

### (c) Share options

In accordance with the provisions of the Company's share option plans, as at 30 June 2023, executives and non-executive management have options over 470,442 ordinary shares (of which 16,029 were vested), in aggregate, with various expiry dates. Refer to note 27 for further details on the Group's share option plans.

As at 30 June 2022, executives and non-executive management had options over 497,981 ordinary shares (of which 10,177 were vested), in aggregate, with various expiry dates.

Share options granted under the Company's share option plans carry no rights to dividends and no voting rights.

### (d) Capital management

The Board reviews the capital structure on an ongoing basis. The Group's objective is to maintain an optimal capital structure which seeks to reduce the cost of capital and to ensure the Group has access to adequate capital to sustain the future development of the business.

As part of its capital management program, the Group monitors the return on invested capital and the gearing ratio. The Group defines return on invested capital as earnings before interest and tax (EBIT) divided by the sum of total equity plus net debt and the gearing ratio as term debt excluding capitalised borrowing costs, divided by earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA).

The Board has adopted a policy of monitoring the dividend payout ratio and targeting a payout ratio of 65% of net profit after tax as it seeks to strike a balance between shareholder returns and ensuring adequate capital is retained for the growth of the business so as to maximise long-term shareholder returns.

There were no changes in the Group's approach to capital management during the year.

The Group's return on invested capital and gearing ratios as at 30 June 2023 and 30 June 2022 were as follows:

	Consolidated	
	2023 \$m	2022 \$m
<b>Return on invested capital</b>		
Profit before tax	747.1	775.3
Net finance costs	21.9	19.3
EBIT	769.0	794.6
Borrowings	49.8	59.4
Cash and cash equivalents	(177.3)	(125.6)
Net cash	(127.5)	(66.2)
Total equity	1,419.6	1,280.3
Invested capital	1,292.1	1,214.1
Return on invested capital	59.5%	65.4%
<b>Gearing ratio</b>		
Term debt	50.0	60.0
EBIT	769.0	794.6
Depreciation and impairment	224.2	219.3
EBITDA	993.2	1,013.9
Gearing ratio	0.05	0.06

	Consolidated	
	2023 \$m	2022 \$m
<b>20 RESERVES</b>		
Equity-settled benefits	26.4	24.0
Common control reserve	(6.1)	(6.1)
Hedging reserves	0.8	0.8
Foreign currency translation reserve	4.3	4.1
	25.4	22.8

**(a) Nature and purpose of reserves**

*(i) Equity-settled benefits*

The equity-settled benefits reserve arises as the share options and restricted shares granted to executives and non-executive management under the Company's share option plans and variable reward plan are expensed. Further information about share-based payments is in note 27 to the financial statements.

*(ii) Common control reserve*

The common control reserve represents the excess of the purchase consideration over the balance of a non-controlling interest at the date a change in ownership of a subsidiary occurs.

*(iii) Hedging reserves*

Hedging reserves include gains and losses recognised on the effective portion of foreign currency loans in previous periods designated as net investment hedges. The gains and losses deferred due to the net investment hedge are recognised in the profit or loss when the foreign operation is disposed.

*(iv) Foreign currency translation*

Exchange differences relating to the translation of the Group's foreign controlled entities from their functional currencies into Australian dollars are brought to account directly to the foreign currency translation reserve, as described in note 29(a).

**21 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks, including market risk (foreign currency and interest rate risk), liquidity risk and credit risk.

The Group seeks to minimise the effects of these risks, by using various financial instruments, including derivative financial instruments. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives.

The Group holds the following financial assets and liabilities at reporting date:

	Consolidated	
	2023 \$m	2022 \$m
<b>Financial assets</b>		
Cash and cash equivalents	177.3	125.6
Trade and other receivables	146.5	132.6
	323.8	258.2
<b>Financial liabilities</b>		
Trade and other payables	660.5	721.6
Bank loans	49.8	59.4
Lease liabilities	605.3	545.0
	1,315.6	1,326.0

**21 FINANCIAL RISK MANAGEMENT (continued)**

**(a) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of directors, who assess the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows.

*Financing arrangements*

The Group had access to the following borrowing facilities at the end of the reporting period:

	<b>Consolidated</b>	
	<i>2023 \$m</i>	<i>2022 \$m</i>
Unsecured bank overdraft facility (renewable annually):		
amount used	–	–
amount unused	29.2	29.0
	29.2	29.0
Unsecured trade finance facility (renewable annually):		
amount used	–	–
amount unused	200.0	200.0
	200.0	200.0
Unsecured indemnity guarantees:		
amount used	2.4	3.0
amount unused	3.9	3.3
	6.3	6.3
Unsecured bank loan facilities (term debt expiring February 2025):		
amount used	50.0	60.0
amount unused	150.0	140.0
	200.0	200.0
Headroom in total borrowing facilities (excluding security indemnity guarantees)	379.2	369.0

## 21 FINANCIAL RISK MANAGEMENT (continued)

### (a) Liquidity risk (continued)

#### *Maturities of financial liabilities*

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and estimated interest cash flows.

The weighted average interest rate disclosed for lease liabilities represents the incremental borrowing rates over the lease term at the time the leases were entered into or modified. The weighted average interest rate disclosed for bank loans represents the interest rates that applied during the financial year to bank loans and does not represent the interest rates that may apply in the future.

Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at the reporting date.

	<i>Less than 6 months \$m</i>	<i>6 - 12 months \$m</i>	<i>Between 1 and 2 years \$m</i>	<i>Between 2 and 5 years \$m</i>	<i>Over 5 years \$m</i>	<i>Total \$m</i>	<i>Weighted average effective interest rate %</i>
<b>2023</b>							
<b>Financial liabilities</b>							
Trade and other payables	660.5	–	–	–	–	660.5	–
Lease liabilities	102.4	97.2	166.3	282.8	37.8	686.5	4.55%
Bank loans	1.0	1.0	51.4	–	–	53.4	4.20%
	763.9	98.2	217.7	282.8	37.8	1,400.4	

	<i>Less than 6 months \$m</i>	<i>6 - 12 months \$m</i>	<i>Between 1 and 2 years \$m</i>	<i>Between 2 and 5 years \$m</i>	<i>Over 5 years \$m</i>	<i>Total \$m</i>	<i>Weighted average effective interest rate %</i>
<b>2022</b>							
<b>Financial liabilities</b>							
Trade and other payables	721.6	–	–	–	–	721.6	–
Lease liabilities	96.0	84.6	145.4	227.5	28.2	581.7	3.27%
Bank loans	0.4	0.4	0.8	60.6	–	62.2	1.41%
	818.0	85.0	146.2	288.1	28.2	1,365.5	

### (b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has endeavoured to minimise its credit risk by dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment, represents the Group's maximum exposure to credit risk.

### (c) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk has historically been managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings through the use of interest rate swap and cap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

As at 30 June 2023, the Group has no interest rate swaps or cap contracts in place.

## GROUP STRUCTURE

### 22 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described below:

Name of entity	Country of incorporation	Ownership interest	
		2023 %	2022 %
<b>Parent entity</b>			
JB Hi-Fi Limited ^	Australia		
<b>Subsidiaries</b>			
JB Hi-Fi Group Pty Ltd ^	Australia	100	100
Clive Anthonys Pty Ltd	Australia	100	100
JB Hi-Fi (A) Pty Ltd ^	Australia	100	100
Rocket Replacements Pty Ltd	Australia	100	100
JB Hi-Fi Education Solutions Pty Ltd ^	Australia	100	100
JB Hi-Fi Group (NZ) Limited	New Zealand	100	100
JB Hi-Fi NZ Limited	New Zealand	100	100
JB Hi-Fi (B) Pty Ltd ^	Australia	100	100
The Muir Electrical Company Pty Ltd ^	Australia	100	100
The Muir Electrical Service Co Pty Ltd ^	Australia	100	100
The Good Guys Discount Warehouses (Australia) Pty Ltd ^	Australia	100	100
Muir Group Employee Share Plan Pty Ltd ^	Australia	100	100
The Muir Finance Company Pty Ltd ^	Australia	100	100
M.E.W. (Australia) Pty Ltd ^	Australia	100	100
The Muir Electrical Company Pty Ltd as Trustee of the Muir Investment Unit Trust ^	Australia	100	100
The Good Guys Discount Warehouses (Australia) Pty Ltd as Trustee of the various store Trusts	Australia	100	100
Home Services Network Pty Ltd ^	Australia	100	100

*Notes:*

- (i) JB Hi-Fi Limited is the head entity within the tax consolidated group.
- (ii) All Australian entities are members of the tax consolidated group.
- (iii) Entities identified with '^' are party to a deed of cross guarantee.
- (iv) The Company has a trust to administer the Company's share options plans and variable reward plan. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Company.

#### (a) Principles of consolidation

##### *Subsidiaries*

Subsidiaries are all entities which are controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Investments in subsidiaries are accounted for at cost, less any impairment, in the separate financial statements of JB Hi-Fi Limited.

## 23 DEED OF CROSS GUARANTEE

The subsidiaries identified with a '^' in note 22 are parties to a deed of cross guarantee under which each Company guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee. By entering into the deed, the subsidiaries who are party to the deed have been relieved from the requirement to prepare and lodge an audited financial report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and balance sheet of the entities party to the deed of cross guarantee are provided as follows:

	2023 \$m	2022 \$m
<b>(a) Consolidated statement of profit or loss, statement of profit or loss and other comprehensive income</b>		
<b>Statement of profit or loss</b>		
Revenue	6,679.8	6,330.9
Cost of sales	(5,173.8)	(4,920.3)
<b>Gross profit</b>	1,506.0	1,410.6
Other income	315.6	327.6
Sales and marketing expenses	(734.6)	(655.0)
Occupancy expenses	(222.5)	(208.5)
Administration expenses	(37.4)	(33.5)
Finance costs	(19.5)	(14.1)
Other expenses	(64.4)	(56.8)
Profit before income tax	743.2	770.3
Income tax expense	(223.1)	(229.4)
<b>Profit for the year</b>	520.1	540.9
<b>Statement of profit or loss and other comprehensive income</b>		
<b>Profit for the year</b>	520.1	540.9
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
<b>Other comprehensive income for the year (net of tax)</b>	–	–
<b>Total comprehensive income for the year</b>	520.1	540.9

	2023 \$m	2022 \$m
<b>23 DEED OF CROSS GUARANTEE (continued)</b>		
<b>(b) Balance sheet</b>		
<b>Current assets</b>		
Cash and cash equivalents	152.3	111.6
Trade and other receivables	134.8	113.0
Inventories	718.1	793.2
Other current assets	33.4	30.3
Total current assets	1,038.6	1,048.1
<b>Non-current assets</b>		
Plant and equipment	119.2	114.8
Right-of-use assets	514.0	461.6
Deferred tax assets	112.7	103.0
Intangible assets	77.9	77.9
Investments in subsidiaries	911.8	911.8
Other non-current assets	353.4	337.5
Total non-current assets	2,089.0	2,006.6
<b>Total assets</b>	3,127.6	3,054.7
<b>Current liabilities</b>		
Trade and other payables	658.5	714.5
Deferred revenue	149.2	162.0
Lease liabilities	168.4	162.0
Current tax liabilities	4.3	53.9
Provisions	113.8	108.1
Total current liabilities	1,094.2	1,200.5
<b>Non-current liabilities</b>		
Deferred revenue	106.9	94.7
Lease liabilities	413.5	370.8
Provisions	31.1	31.5
Borrowings	49.8	59.4
Total non-current liabilities	601.3	556.4
<b>Total liabilities</b>	1,695.5	1,756.9
<b>Net assets</b>	1,432.1	1,297.8
<b>Equity</b>		
Contributed equity	340.5	358.0
Reserves	24.2	21.8
Retained earnings	1,067.4	918.0
<b>Total equity</b>	1,432.1	1,297.8



	Parent Entity	
	2023 \$m	2022 \$m
<b>24 PARENT ENTITY</b>		
<b>Assets</b>		
Current assets	361.2	518.7
Non-current assets	46.2	46.1
Total assets	407.4	564.8
<b>Liabilities</b>		
Current liabilities	10.8	60.0
Non-current liabilities	0.2	0.2
Total liabilities	11.0	60.2
<b>Shareholders' equity</b>		
Contributed equity	329.3	346.8
Reserves	26.4	24.0
Retained earnings	40.7	133.8
	396.4	504.6
<b>Profit for the year</b>	277.3	551.1
<b>Total comprehensive income</b>	277.3	551.1

## 25 RELATED PARTY TRANSACTIONS

### (a) Parent entity and equity interests in related parties

The parent entity of the Group is JB Hi-Fi Limited, a listed public company, incorporated in Australia.

### (b) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22.

### (c) Key management personnel

Disclosures relating to key management personnel are set out in the Directors' report.

### (d) Transactions within the Group

During the reporting period and previous reporting periods, entities within the Group advanced amounts to, received and repaid amounts from, and provided treasury, accounting, legal, taxation, and administrative services to other entities within the Group. Entities within the Group also exchanged goods and services in sale and purchase transactions.

All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between entities within the Group have been eliminated on consolidation and are not disclosed in this note.

## OTHER DISCLOSURES

	Consolidated	
	2023 \$'000	2022 \$'000
<b>26 KEY MANAGEMENT PERSONNEL DISCLOSURES</b>		
The aggregate compensation of the key management personnel of the Group is set out below:		
Short-term employee benefits	7,337	7,191
Post-employment benefits	214	207
Share-based payments expense	5,013	4,084
	12,564	11,482

Detailed remuneration disclosures are provided in the remuneration report on pages 34 to 50.

## 27 SHARE-BASED PAYMENTS

### (a) Group share option plans

The Group has ownership-based remuneration schemes for executives and non-executive management (excluding non-executive directors). In accordance with the provisions of these schemes, executives and non-executive managers within the Group are granted options to purchase parcels of ordinary shares at zero exercise price.

Details of the features of outstanding share options are provided in the remuneration report on pages 34 to 50.

The following reconciles the outstanding share options granted under the Group's share option plans at the beginning and end of the financial year:

	Balance at start of the year Number	Granted during the year Number	Exercised/ lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>2023</b>					
Outstanding Zero Exercise Price Options	497,981	187,754	(215,293)	470,442	16,029
	Balance at start of the year Number	Granted during the year Number	Exercised/ lapsed during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>2022</b>					
Outstanding Zero Exercise Price Options	785,543	156,818	(444,380)	497,981	10,177

The weighted average remaining contractual life of share options outstanding at the end of the period was 1,101 days (2022: 1,032 days).

### Fair value of options granted

Equity settled share-based payments with employees are measured at the fair value of the equity instrument at grant date.

The weighted average fair value of options granted during the year ended 30 June 2023 was \$35.83 (2022: \$41.97). The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the expected exercise date based on prior years' experience, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The expected price volatility for options granted during the year ended 30 June 2023 is based on the daily closing share price for the number of years preceding the issue of the series, that matches the years to vesting as all of these options are expected to be exercised as soon as they vest.

Detailed share option disclosures for all options series granted and exercised during the year are provided in the remuneration report on pages 34 to 50.

## 27 SHARE-BASED PAYMENTS (continued)

### (a) Group share option plans (continued)

#### *Share based payments expense*

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in the equity-settled benefits reserve. Upon vesting of equity-settled benefits, the expense recognised in the equity-settled benefits reserve is transferred to retained earnings.

At each reporting date the Group estimates the number of equity instruments expected to vest. The number of equity instruments that are expected to vest is based on management's assessment of the likelihood of the vesting conditions attached to the equity instruments being satisfied. The key vesting condition that is assessed is the required service periods. The impact of any revision in the number of equity instruments that are expected to vest is recognised as an adjustment to the share-based payments expense with the corresponding adjustment to the equity-settled benefits reserve in the reporting period that the revision is made.

### (b) Variable reward plan

In the 2019 financial year, the Group introduced a Variable Reward Plan (VRP) for Group Executives which replaces their previous short-term and long-term incentives. Under the VRP, performance is assessed at the end of each financial year against a scorecard of robust measures, and awards under the VRP are generally delivered:

- 25% in cash at the end of the one-year performance period; and
- 75% in restricted shares, to be released progressively in equal tranches over years 2, 3 and 4.

There are also certain non-Group Executives who participate in the VRP in addition to their existing short-term and long-term incentives, however the whole amount is delivered in restricted shares that are released progressively in equal tranches over years 2, 3 and 4. Further details on the VRP are set out in the remuneration report on pages 34 to 50.

The component of the VRP that is paid in cash is treated as a bonus and is expensed to the profit and loss in the period the bonus is earned. The component of the VRP that is delivered in shares is expensed on a straight line basis over the restriction period of each tranche, with the expense recorded as part of the share-based payments expense and a corresponding increase in the equity-settled benefits reserve. Upon vesting of the equity-settled benefits, the expense recognised in the equity-settled benefits reserve is transferred to retained earnings.

	Consolidated	
	2023 \$'000	2022 \$'000
<b>28 REMUNERATION OF AUDITORS</b>		
<i>Audit or review of financial statements</i>		
Audit and review of Group financial statements	734	695
Audit and review of subsidiary financial statements	36	35
Total audit or review of financial statements	770	730
Statutory assurance services required by legislation to be provided by the auditor	10	9
<i>Other services</i>		
Tax compliance services	12	226
Accounting advisory services	–	10
Total other services	22	245
Total remuneration for audit and other services	792	975

The auditor of the Group is Deloitte Touche Tohmatsu.

During the current and prior financial years the Group also engaged Deloitte Touche Tohmatsu to assist with certain pre-acquisition tax matters associated with The Good Guys. The fees associated with these services will be paid for by the previous owner and there will be no cost to the Group, hence they have not been included in the summary above.

## **29 SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES**

The remaining principal accounting policies adopted in the preparation of these financial statements that have not already been disclosed are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is JB Hi-Fi Limited's functional and presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

#### *(iii) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### **(b) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable, to the taxation authority, are presented as operating cash flows.

### **(c) New accounting standards and interpretations**

The Group has adopted all relevant new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board which are effective for annual reporting periods beginning on or after 1 July 2022. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

## 29 SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) New accounting standards and interpretations (continued)

The effects of the following Standards and Interpretations that are issued but not yet effective are not expected to be material:

- (i) AASB 2014-10 *Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128*, AASB 2017-5 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective 1 January 2025)
- (ii) AASB 17 *Insurance Contracts* and AASB 2020-5 *Amendments to Australian Accounting Standards - Insurance Contracts* (effective 1 January 2023). In reaching this conclusion the Group notes that extended warranty does not fall within the scope of AASB 17 and the Group does not provide any form of self-insurance.
- (iii) AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current - Deferral of Effective Date* (effective 1 January 2023)
- (iv) AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective 1 January 2023)
- (v) AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 January 2023)
- (vi) AASB 2022-1 *Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information* (effective 1 January 2023)

### (d) New sustainability reporting standards

In June 2023 the International Sustainability Standards Board (ISSB) published two sustainability reporting standards in response to the demand for better information about sustainability related matters.

The standards issued were:

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.
- IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Australian climate related financial disclosure requirements are still being finalised, however disclosures are expected to be closely aligned with the ISSB Standards, with Australian equivalents to be set by the Australian Accounting Standards Board (AASB) considering Australian-specific requirements. Based on the current proposals, the climate related disclosure requirements are expected to first apply to the Group for the financial year ending 30 June 2025.

Whilst there are currently no mandatory climate related reporting requirements, the Group recognises the importance of environmental and social matters to its shareholders, suppliers and customers and discloses a significant amount of information on these topics in its annual Sustainability Reports. The Group's 2023 Sustainability Report has been released to the ASX at the same time as this report and can be found on the Company's investor website at <http://investors.jbhifi.com.au> in the "Corporate Social Responsibility" section.

## 30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no other matters or circumstances occurring subsequent to the end of the financial year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## ADDITIONAL SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable as at 7 August 2023.

### A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares		
	Total Holders	Units	% Issued Capital
1 - 1,000	33,058	8,882,949	8.12
1,001 - 5,000	5,313	10,776,058	9.86
5,001 - 10,000	381	2,657,904	2.43
10,001 - 100,000	176	4,145,776	3.79
100,001 and over	26	82,871,294	75.80
	38,954	109,333,981	100.00

All shares above are fully paid ordinary shares. Each fully paid ordinary share carries one voting right.

There were 623 holders of less than a marketable parcel of ordinary shares.

### B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	% of issued shares
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,738,636	28.11
2. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,485,943	26.05
3. CITICORP NOMINEES PTY LIMITED	11,151,888	10.20
4. NATIONAL NOMINEES LIMITED	3,341,111	3.06
5. BNP PARIBAS NOMS PTY LTD <DRP>	2,087,107	1.91
6. AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	1,131,264	1.03
7. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	915,000	0.84
8. DJERRIWARRH INVESTMENTS LIMITED	672,500	0.62
9. WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	663,266	0.61
10. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	393,929	0.36
11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	369,960	0.34
12. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	343,229	0.31
13. CPU SHARE PLANS PTY LIMITED	335,181	0.31
14. 3RD WAVE INVESTORS PTY LTD	250,000	0.23
15. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	243,612	0.22
16. MIRRABOOKA INVESTMENTS LIMITED	231,832	0.21
17. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	219,579	0.20
18. UBS NOMINEES PTY LTD	190,603	0.17
19. BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	178,778	0.16
20. SCCASP HOLDINGS PTY LTD <H & R SUPER FUND A/C>	175,400	0.16
	82,118,818	75.10

### C. Substantial holders

Substantial holders in the Company are set out below:

#### Ordinary shares

	<i>Number held</i>	<i>Voting Power %</i>
AustralianSuper Pty Ltd	15,952,471	14.59
Blackrock	8,179,096	7.48
State Street Corporation	7,993,556	7.31
Vanguard IM	5,746,950	5.26

#### D. Unquoted equity securities

Employee share options issued under the Company's share option plans

<i>Number on issue</i>	<i>Number of holders</i>
467,947	176

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**COMPANY SECRETARY**

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Doug Smith

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**SHARE REGISTRY**

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