

JB Hi-Fi 2022 AGM report

ASX code	JBH
Meeting date	27 October 2022
Type of meeting	Hybrid
Monitor	Steve van Emmerik assisted by Mike Robey
Pre AGM-meeting	With Chair Stephen Goddard and Company Secretary Doug Smith

Meeting Statistics

Number of holdings represented by ASA	132
Number of shares represented by ASA	155,000
Value of shares represented by ASA	\$6.6m (down from \$8.1 million last year but share price is lower)
Total number attending meeting	Physical: 50 shareholders/14 visitors Online: 100 shareholders Total shareholders 150
Market capitalization	\$4.7 billion
ASA open proxies voted	For all resolutions

Tabcorp's AGM was held in Melbourne at the RACV club. Speaking to the Computershare representative it is unlikely that there will be any AGM's held at Computershare Offices in Abbotsford due to refurbishment and change of layout at Computershare premises (apart from Computershare's own AGM).

Chairman and CEO speeches were posted on ASX prior to meeting, along with the proxy voting position prior to the meeting. Both spoke to the script, with no ad libs. https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02588834-3A605630?access_token=83ff96335c2d45a094df02a206a39ff4

The chair and CEO both focussed on incremental improvements in financial performance and efforts in the ESG and Diversity/employee leadership areas. A new Manager of the NZ operation has been brought in and scale and financial results are improving from a low base in NZ.

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

Only two resolutions received significant against votes, mainly the issue of restricted shares to the CEO and CFO, which were around 18% against. Details below.

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

Item 2. Mark Powell re-election

Will have a full director's card with 4 directorships outside JB's.

Spoke to his election. Execution focus is second to none in JB.

Proxies 91.7% for.

Item 3. Beth Laughton re-election

Spoke to election. Beth is on boards of property companies. So, she understands aspects of retail from this focus. Has spent time in retail advice. Continuous improvement is her thing. Is a specialised Chair of audit and risk, here and on other boards. Also she has taken on learning about sustainability, since this is a new area.

All expect a common framework soon, so she will bring this to shareholders.

Proxies 93.28% for

Item 4. Remuneration report

Proxies 94.25% for

Items 4a and b. restricted shares to CEO and CFO

Proxies 4a 81.4% for,

4b 81.4% for

ASA asked questions in three areas:

1. The lack of gender Diversity at the top of the company. i.e. no women in KMP and only 2/8 directors are women. The Chairman discussed the difficulties faced in the last couple of years in ensuring both a stable and appropriate board (death of a director, need to bring someone in with very specific are of experience etc). Were close last year, appointed CFO to board. He affirmed an intention to improve in this area in the future and referenced “starting a long way back” in this area in the past. Have a commitment to get to 30% by June next year. Haven’t moved as quickly as we would like, so lots of change and wanted stability. CEO Terry Smart has a number of programs to get more women in key roles. It will take time, but steps are being made.
2. The reasons for the significant vote against the grant of restricted shares to the CEO and CFO. Chairman replied that one proxy house had similar reservations to our own about the lack of a true LTI component and this was a protest vote against the VRP on this basis. The one-year target was the issue. JB thinks this drives the right behaviour and works for them.
3. Cybersecurity. We asked what customer data JBH held, and would they delete once it was no longer needed. The Chair replied that they held none of the more sensitive customer data (drivers’ licence etc) only addresses and phone numbers Have audited our systems in last couple of days! Believe they are in good shape and take this very seriously.

There were a few questions from retail shareholders about financial performance and possible areas of growth to which the reply was the product range moves so fast it’s hard to tell. Stephen Mayne asked a long list of standard questions to which the Chair played a straight bat. Details below.

Q. Where do you see growth areas in 12 to 36 months?

A. Terry Smart Answered. COVID is still an overhang. We are experimenting in smaller footprint stores. NZ is a growth opportunity. Benefit of JB is that they are in tech and it changes constantly, so we ride on this. Hard to say what it is. Gaming is a good growth area, with three major OTT companies releasing new products.

Q. Why has NZ underperformed for so long?

A. Largely breakeven. JB is #3. Taken time to examine the market. Not many locations, so consumers, who like the brand can't always access the brand. New GM Tim has lots of experience, so we hold high hopes with quality people.

Q. You also provide IT and consulting services. Explain what customers, % revenue and margins?

A. Very small business. It is offered mainly because we have to back up hardware sales with service, i.e., reimaging laptops at schools.

Q Stephen Mayne. Did any proxy advisors vote against Directors or remuneration.

Q Stephen Mayne. Can you advise what number of shareholders voted for and against each resolution.

A. We disclose what is legally required.

Q Stephen Mayne. Can you provide an archive of the AGM

A. Yes

Q Stephen Mayne. Can you get questions by resolution, rather than at the end?

A. Felt that online cut in and out is distracting, so intention was to make meeting flow

Q Have recent events driven more loyalty to local companies?

A. Hard to ascertain. People have been focussed on their home, so we'd like to think they associate this with us.

Q Stephen Mayne. Rent reductions from Westfield? At a prior meeting you gloated about rent reductions.

A. We don't gloat.

Q. Stephen Mayne. Fed Govt introduced IR changes law this week.

A. JB's pay award wages. No EBs. Very little union activity

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