

COMPANY ANNOUNCEMENT

28 April 2021

Group CEO Transition

The Board of JB Hi-Fi Limited (Company) today announced the appointment of Terry Smart to succeed Richard Murray as Group Chief Executive Officer, following Richard's decision to leave the Company for a new role at the end of August 2021.

Terry was 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 Group in April 2017 as Managing Director of The Good Guys and has led the repositioning and significant improvement in performance of The Good Guys business.

JB Hi-Fi Chairman, Stephen Goddard, paid tribute to Richard Murray. "On behalf of our shareholders, the Board would like to express its thanks and appreciation to Richard for his significant contribution to the Company since he joined in 2003. During Richard's time as Group CEO, he oversaw the acquisition and successful integration of The Good Guys business into the Group whilst delivering record sales and EBIT growth in the JB Hi-Fi business. We are sorry to see him go and wish him well in his future endeavours."

Commenting on his decision to leave JB Hi-Fi, Richard said "The decision to leave was a very difficult one to make. After 18 years with the Company it is time for me to take on a new challenge. I am proud to leave the business in such a strong position and the Group will continue to go from strength to strength under Terry's leadership."

Stephen Goddard said "Terry's appointment demonstrates the quality and depth of our management team. Terry has a proven record as one of Australia's leading retail executives, both as CEO of the JB Hi-Fi business and more recently as Managing Director of The Good Guys. We look forward to him applying his considerable talents to both of the Group's brands."

Terry Smart said "I am excited to take on the role of Group CEO. In JB Hi-Fi and The Good Guys we have two of Australia's most loved, respected and successful retail brands. Both businesses continue to be well positioned to maximise the opportunities ahead of them and I look forward to working with the two best retail management teams in the business."

Terry will join the Board of the Company as an Executive Director on a date to be determined. The Group's Chief Financial Officer, Nick Wells, will join the Board as an Executive Director at the same time. Nick has been with the Group since 2009 and Group CFO since 2014.

Speaking about Nick's appointment, Chairman Stephen Goddard said: "Nick is a highly rated and valued member of the Group's executive team. We see Nick as an important part of the Group's future, and his appointment to the Board alongside Terry reflects this."

Terry's successor as Managing Director of The Good Guys business will be named in due course.

Details of the key terms and remuneration of the new CEO and the key terms of the exit package for the outgoing CEO are set out in Attachments A and B respectively.

Authorised by the Board

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ATTACHMENT A

New CEO's remuneration package and key terms

Term

Terry Smart will be appointed Group Chief Executive Officer on an ongoing basis, subject to the termination provisions set out below.

Fixed Remuneration

The Group CEO's fixed annual remuneration will, from appointment, be \$1.7 million per annum. This remuneration level will next be reviewed, in accordance with annual salary reviews, at the end of the 2022 financial year.

Incentives

The CEO is entitled to participate in the Group's Variable Reward Plan. His incentive opportunity will be a maximum of 206% of his fixed remuneration. Under the terms of the Plan, 25% of any incentive earned (subject to the achievement of KPIs) will be paid in cash, with the remaining 75% delivered in restricted shares. Further detail about the Variable Reward Plan can be found in the Company's 2020 Annual Report.

Termination

Either party must give 12 months' notice of termination (other than by the Company for cause). The Company can choose to pay out the notice period, should it terminate the contract for convenience.

Other terms

The remainder of Mr Smart's employment agreement will be on standard terms, including a 12 month non-compete and non-solicitation clause.

ATTACHMENT B

Outgoing CEO's exit terms

No severance payment will be made upon Mr Murray's departure.

At the time of his departure, Mr Murray will hold a number of restricted shares in the Company issued in previous years following testing against the applicable year's performance scorecard pursuant to its Variable Reward Plan. He will be permitted, pursuant to the terms of that Plan, to continue to hold those shares subject to the applicable restriction periods.

Recognising that Mr Murray will have led the Group for the whole of FY21, the Board has determined that Mr Murray will be paid the cash element (25%) of his Variable Reward Plan benefits for FY21, subject to the achievement of the relevant KPIs. However, the Board has determined that Mr Murray will not receive the remaining 75% of his FY21 VRP, which would otherwise have been paid in restricted shares.

Mr Murray's employment contract contains a one-year restraint prohibiting him from working for competitors of JB HI-FI for 12 months following his departure (until August 2022), and a 12 month non-solicitation restriction. Mr Murray has agreed the non-solicitation restriction will be increased in duration to 36 months and cover senior employees of the Group. In the event that Mr Murray were to breach the non-compete or non-solicitation provisions he will forfeit any of the restricted shares issued pursuant to the Variable Reward Plan that he holds at that time.

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