

AGM Presentation

23 October 2024

MICHAEL HILL

INTERNATIONAL LIMITED



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DISCLAIMER

Certain statements in this report constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the anticipated or planned financial and operational performance of Michael Hill International Limited and its related bodies corporate (the Group). The words “targets”, “believes”, “expects”, “aims”, “intends”, “plans”, “seeks”, “will”, “may”, “might”, “anticipates”, “projects”, “assumes”, “forecast”, “likely”, “outlook”, “would”, “could”, “should”, “continues”, “estimates” or similar expressions or the negatives thereof, generally identify these forward- looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as the Group’s future results of operations; financial condition; working capital, cash flows and capital expenditures; and business strategy, plans and objectives for future operations and events, including those relating to ongoing operational and strategic reviews, sustainability targets, expansion into new markets, future product launches, points of sale and production facilities.

Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, they are not guarantees or predictions of future performance or statements of fact. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Group’s actual results, performance, operations or achievements or industry results, to differ materially from any future results, performance, operations or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; the Group’s plans or objectives for future operations or products, including the ability to introduce new jewellery and non-jewellery products; the ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the markets in which the Group operates; the protection and strengthening of the Group’s intellectual property rights, including patents and trademarks; the future adequacy of the Group’s current warehousing, logistics and information technology operations; changes in laws and regulations or any interpretation thereof, applicable to the Group’s business; increases to the Group’s effective tax rate or other harm to the Group’s business as a result of governmental review of the Group’s transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced to in this report.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company’s actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. Accordingly, you are cautioned not to place undue reliance on any forward-looking statements, as there can be no assurance the actual outcomes will not differ materially from the forward-looking statements in this report.

Except as required by applicable laws or regulations (including the ASX Listing Rules), the Group does not intend, and does not assume any obligation, to update any forward- looking statements contained herein. All subsequent written and oral forward-looking statements attributable to us or to persons acting on the Group’s behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

Board of Directors



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From left to right: Claudia Batten (Independent NED), Rob Fyfe (Independent NED, Chair), Daniel Bracken (Managing Director & CEO), Sir Michael Hill (Founder, Non-independent NED), Dave Whittle (Independent NED), Emma Hill (Non-independent NED, Chair of People Development & Remuneration Committee), and Gary Smith (Independent NED, Chair of Audit & Risk Management Committee).

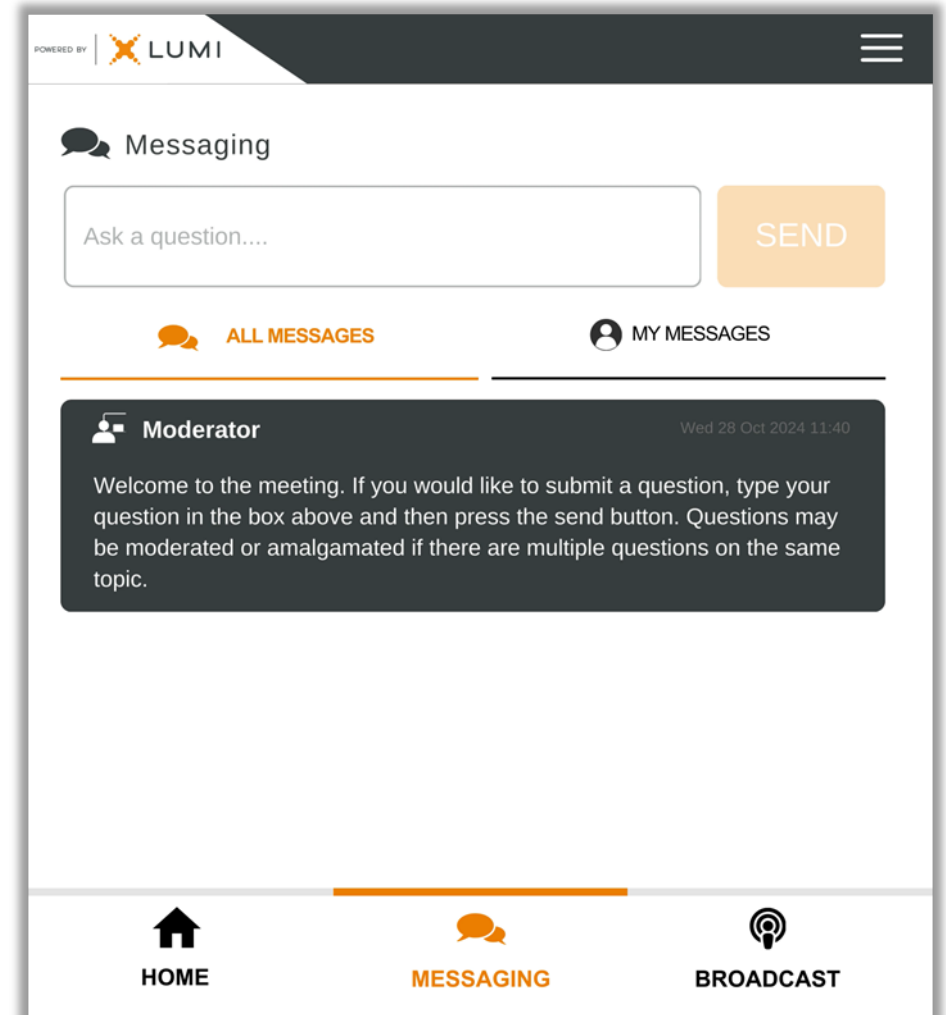
Online Text Question Process

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Select the messaging tab

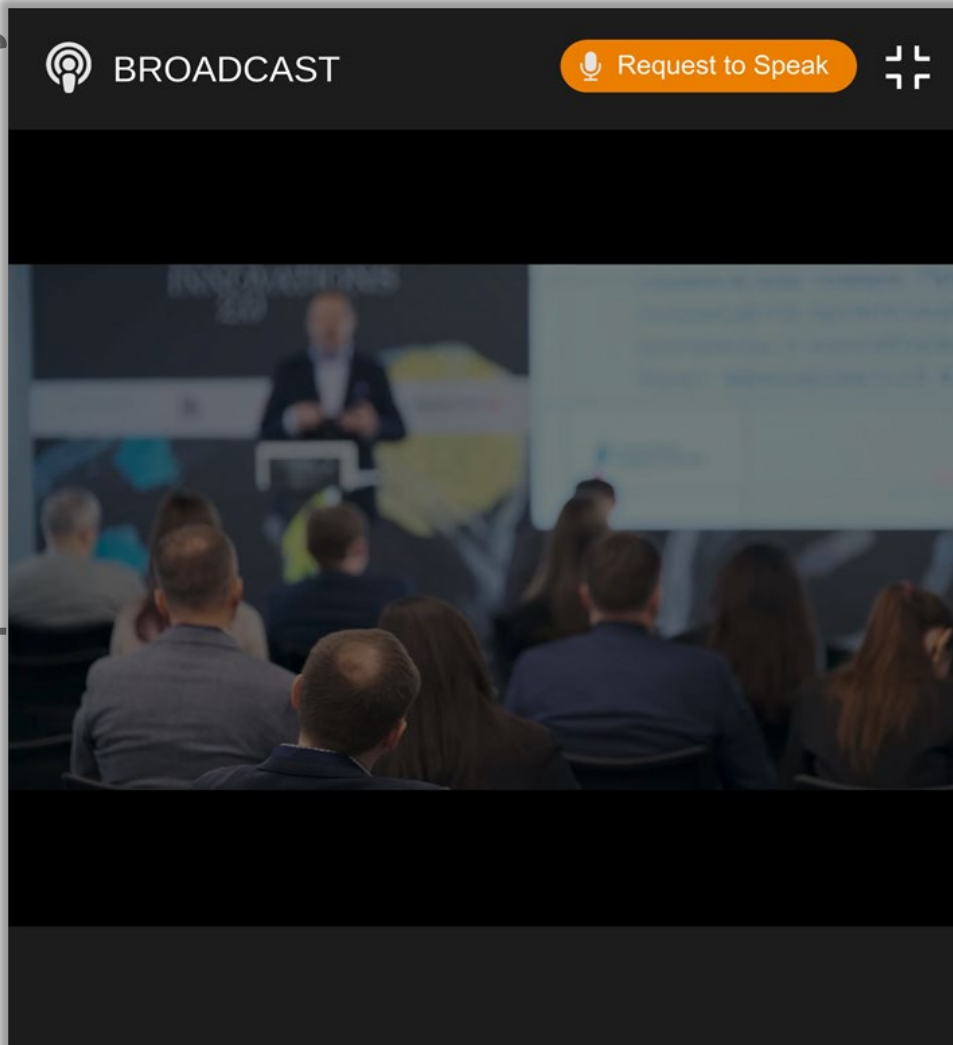
Type your question in the 'Ask a question' box

Select 'My Messages' to view your submitted messages along with any written responses



Online Audio Question Process

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Click 'Request to Speak'

Enter the topic of your question

Click 'Submit Request'

Click 'Join Queue' and follow the audio prompts

POWERED BY



LUMI

Voting

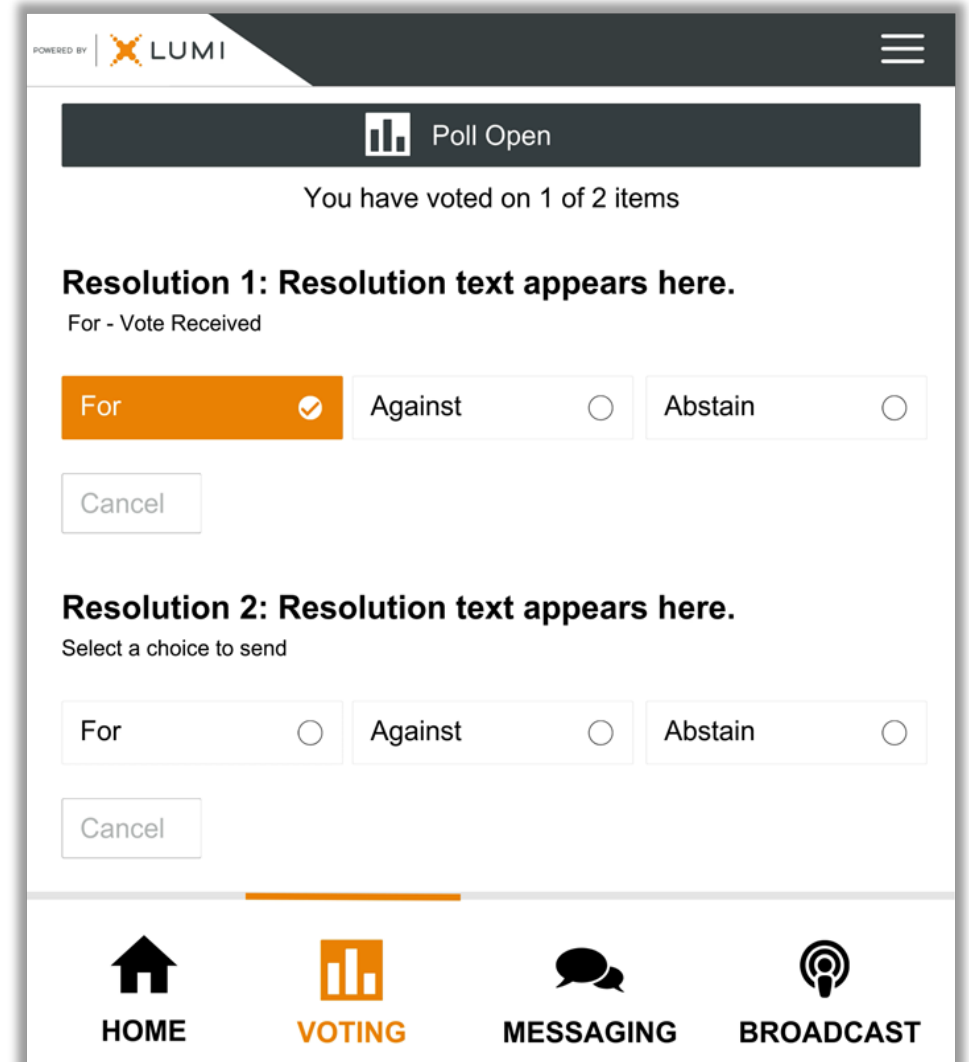
Select the voting icon

Select your voting preference for each resolution

Your selected option will change colour

You can change your vote until the poll is closed

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Chair's address

Rob Fyfe



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THE MICHAEL HILL FOUNDATION

The Michael Hill Foundation represents our ongoing commitment to meaningful change, and our dedication to a better world.

The Foundation encompasses two key areas of focus:
Empowering Women and Nature Restoration

Through continual initiatives and key charity partnerships, we are dedicated to empowering the lives of women and conserving and restoring nature in our localities, working towards our sustainability targets for 2030.



re:new



Our sustainable jewellery ecosystem.

re:cycle

Give your precious metals a new lease on life with our gold and platinum recycling program. Make a sustainable choice, while trading in for a store gift card.

re:store

Repair and restore your Michael Hill jewellery and watches and see them shine anew (future: any jewellery).

re:imagine

Love your stone, but outgrown the size? Trade in your Michael Hill diamond and upgrade your size for even more sparkle.

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Chair's address

Rob Fyfe



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Managing Director & CEO Presentation

Daniel Bracken



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FY24 Performance Overview

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Challenging period for the business cycling record performance in FY23, yet still outperforming the market

Margin under pressure due to input costs and market conditions

Digital sales demonstrating a strong return to growth

Significant progress on multi-brand strategy:

- Complete refresh of the *Michael Hill* brand
- First global brand ambassador, **Miranda Kerr**
- Opened Michael Hill's first global flagship store, in Chadstone
- Launched **re:new** sustainability ecosystem
- Created the **Michael Hill Foundation**

- Expanded and integrated the recently acquired *Bevilles* brand
- Soft launch of *TenSevenSeven* bespoke ringbuilder
- Test & trial *Medley* pop-up kiosk



FY24 Group Results

- For personal use only.**
- Group revenue (including Bevilles) was up 4%, on a 52-week basis
 - Gross profit (including Bevilles) was down 2%, on a 52-week basis
 - Gross margin settled, due to higher COGS & increased promotional activity
 - Compressed comparable EBIT, with inflationary pressures impacting cost of doing business
 - Active management of inventory delivered a reduction of ~\$7m
 - Total dividend of AU1.75 cents per share

	FY24 ¹	FY23 ²	Change
Revenue	\$645m	\$619m	+4%
Statutory Revenue (FY23: 53-week basis)		\$630m	2%
Gross Profit	\$391m	\$399m	-2%
Statutory Revenue (FY23: 53-week basis)		\$404m	-3%
Gross Margin	60.6%	64.2%	-360bps
Comparable EBIT	\$15.9m	\$58.9m	-73%
Inventory	\$196m	\$203m	-\$7m
Net Cash/(Debt)	(\$39m)	\$8m	-\$47m
Total Dividend	AU1.75c	AU7.5c	-AU5.75c
Store Network	300	304	-4
	(including 36 Bevilles)	(including 26 Bevilles)	

¹ FY24: Includes Bevilles results for the entire reporting period

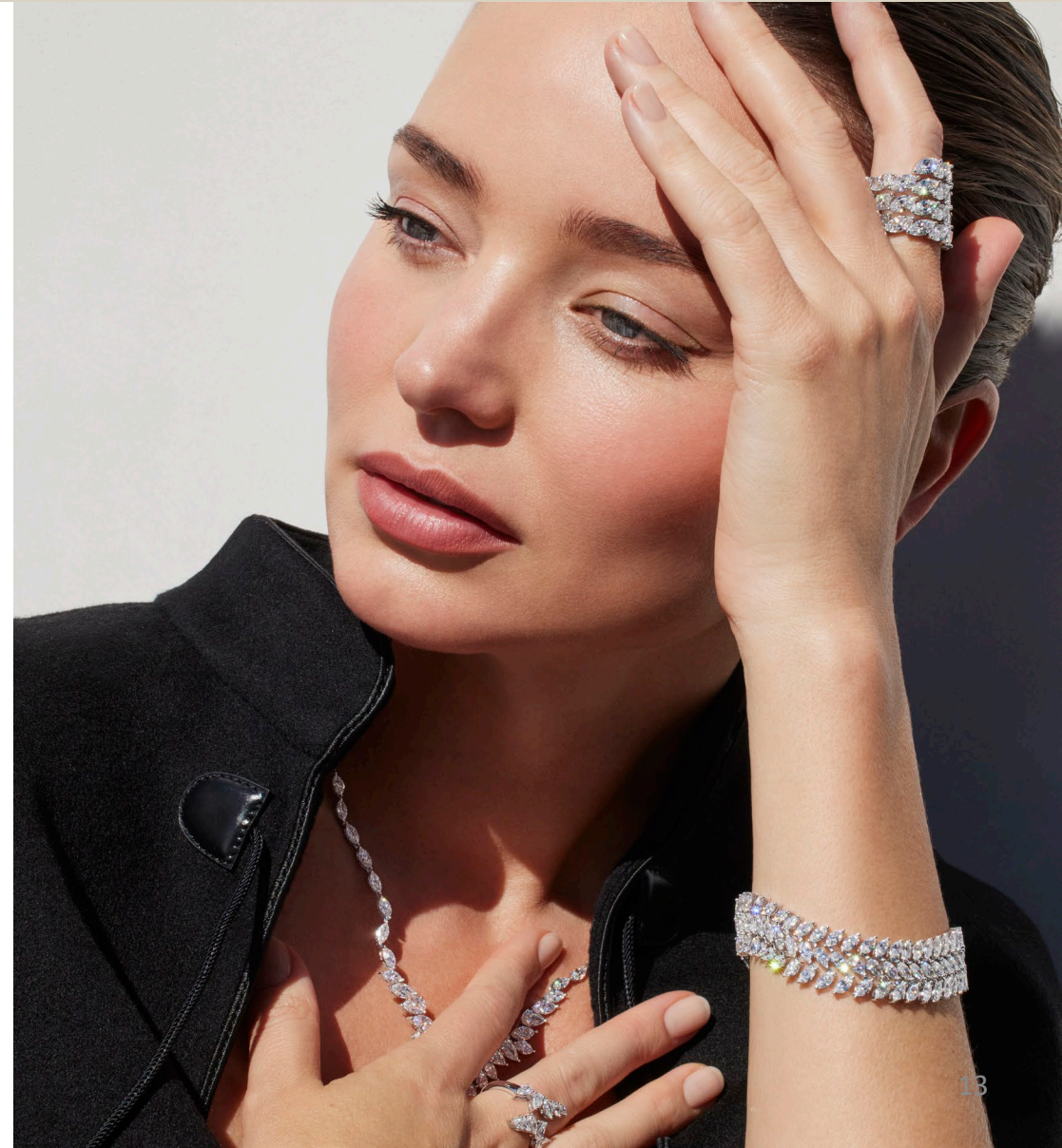
² FY23: Revenue and gross profit are restated on 52-week basis and includes Bevilles results from 1 June 2023

Current Trading Update

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- For the first 14 weeks of FY25, Group same store sales were **up 4.0%** on prior year, with same store sales for the:
 - Australian segment up 6.3%
 - Canadian segment up 4.7%
 - New Zealand segment down 4.2%
- Total sales for the Group were **up 4.3%** for the first 14 weeks of FY25.
- As previously signaled, product and brand initiatives are delivering group gross margin recovery, resulting in meaningful improvement since FY24H2.
- The Group remains focused on inventory management, capital and operational cost control, along with optimisation of store rostering.

The above numbers are unaudited and prior to accounting adjustments.



Well prepared for Christmas



- As we prepare for the all-important Christmas Trading period, the positive momentum we have seen in the first 14 weeks is very encouraging.
- Our two largest markets of Australia and Canada have shown good consistent growth, and our digital channels are performing well, driving strong omni-channel adoption from our customers.
- While New Zealand is still under-performing, the recent economic improvements, are encouraging, and we are seeing some green shoots in performance.
- In the all-important world of product:
 - Successfully launched our new Pendant Bar concept, with a focus on both build-your-own and ready-to-wear gifting. This provides a unique gifting proposition in our markets.
 - Introduced a range of higher margin gifting products to drive transaction volumes for the key Christmas period.
 - Elevating our sustainable Lab Grown Diamonds to the highest quality, introducing E colour and VVS clarity into this high growth category, so that Michael Hill represents the very best in market.

Group Strategy – Emphasis on Sales & Margin Growth

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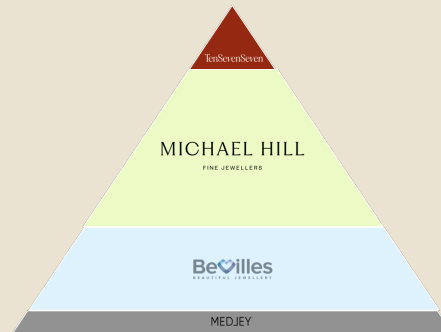
2020 – 2023

**Reposition
Michael Hill
Brand**



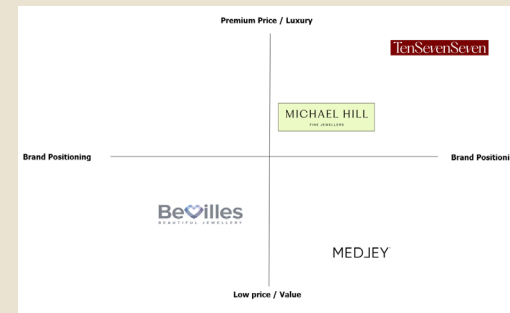
2023 – 2024

**Establish
Portfolio of
Brands**



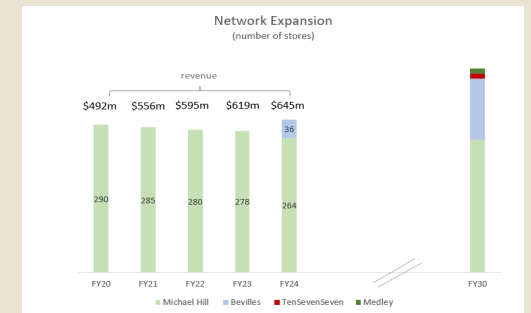
2024 – 2025

**Product &
Brand
Proposition**



2025 – 2030

**Network
Expansion &
Productivity**



Group Strategy – Emphasis on Sales & Margin Growth

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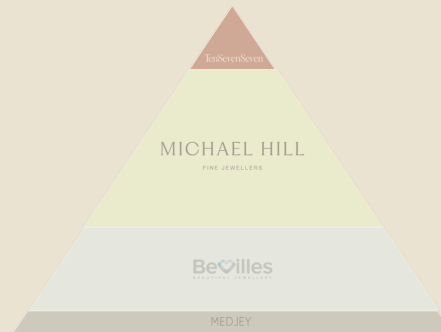
2020 – 2023

**Reposition
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2023 – 2024

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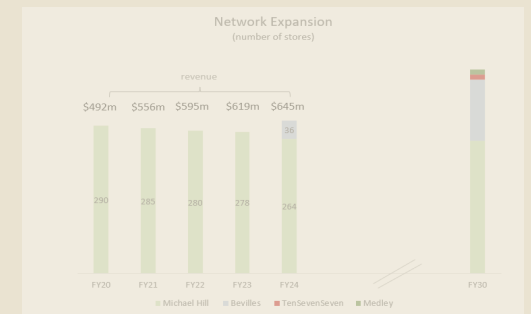
2024 – 2025

**Product &
Brand
Proposition**



2025 – 2030

**Network
Expansion &
Productivity**



Group Strategy – Emphasis on Sales & Margin Growth

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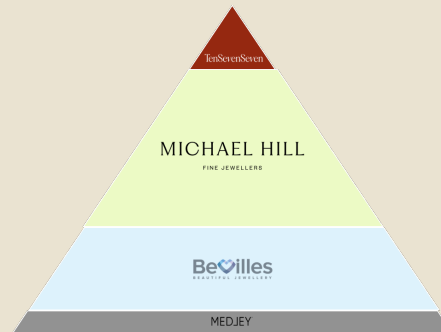
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**Reposition
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2023 – 2024

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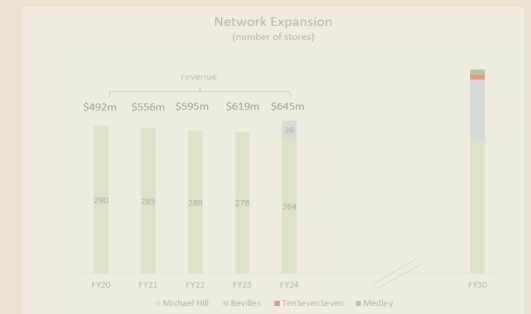
2024 – 2025

**Product &
Brand
Proposition**



2025 – 2030

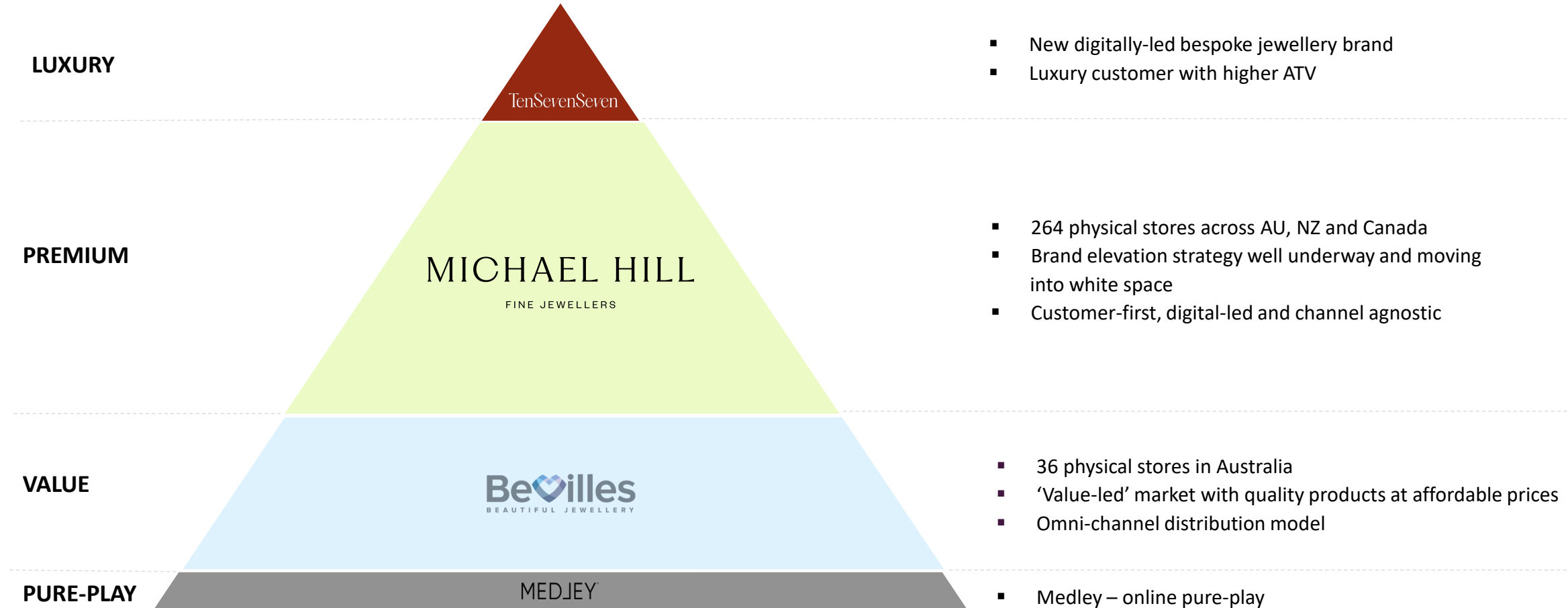
**Network
Expansion &
Productivity**



Establish Portfolio of Brands, 2023 - 2024

Michael Hill Group now services all significant customer segments of the fine jewellery category, and delivers multiple new growth pipelines.

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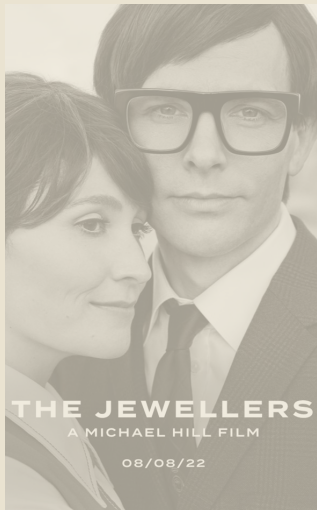


Group Strategy – Emphasis on Sales & Margin Growth

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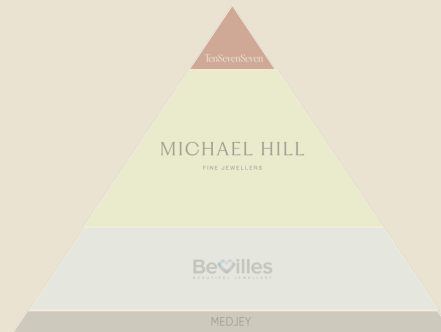
2020 – 2023

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Brand**



2023 – 2024

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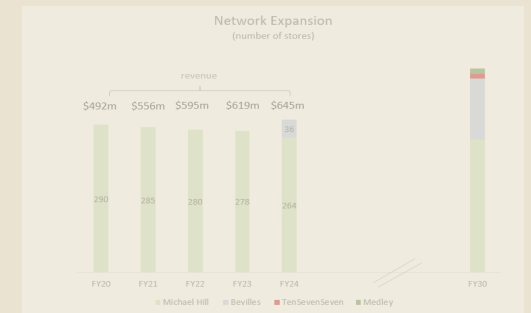
2024 – 2025

**Product &
Brand
Proposition**



2025 – 2030

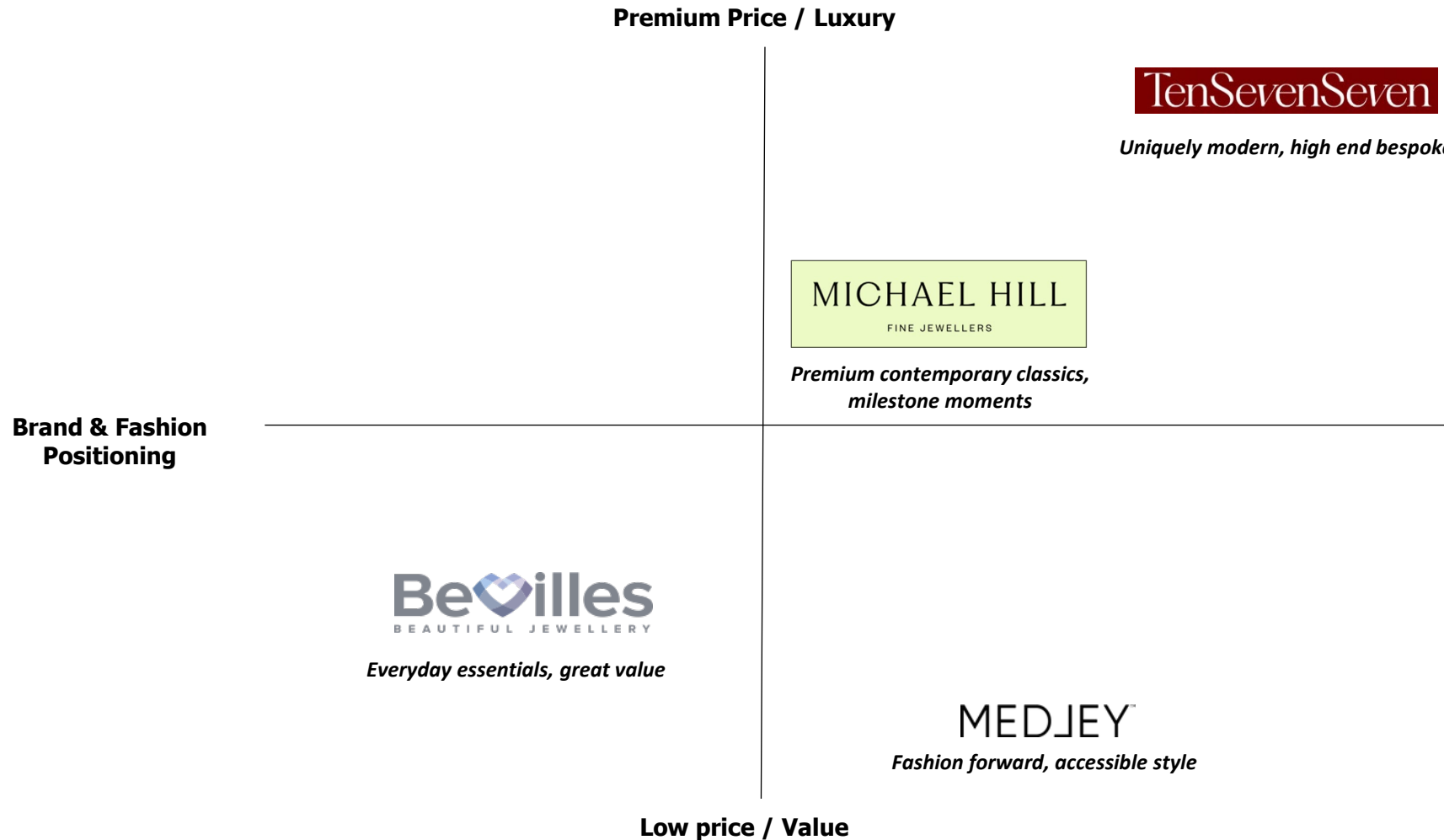
**Network
Expansion &
Productivity**



Product & Brand Proposition, 2024 - 2025

With the Michael Hill Group multi-brand strategy now in place, each brand is uniquely positioned for different segments and price propositions, and its own strategic priorities.

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Product & Brand Proposition, 2024 - 2025

MICHAEL HILL
FINE JEWELLERS

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Product & Brand Proposition, 2024 - 2025

MICHAEL HILL
FINE JEWELLERS

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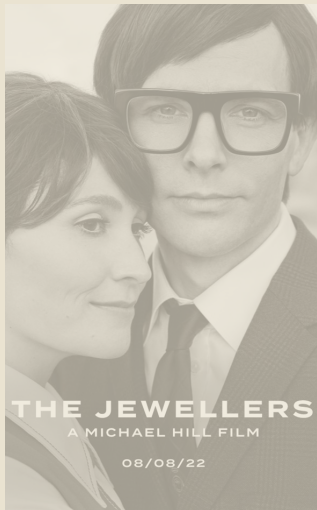


Group Strategy – Emphasis on Sales & Margin Growth

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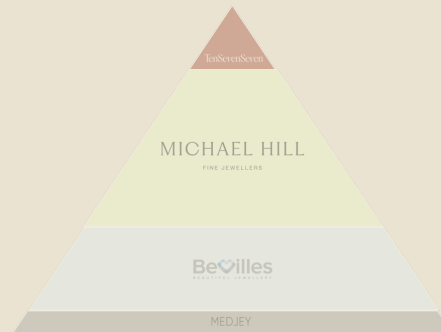
2020 – 2023

**Reposition
Michael Hill
Brand**



2023 – 2024

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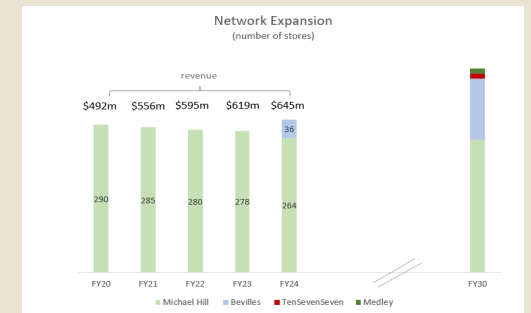
2024 – 2025

**Product &
Brand
Proposition**



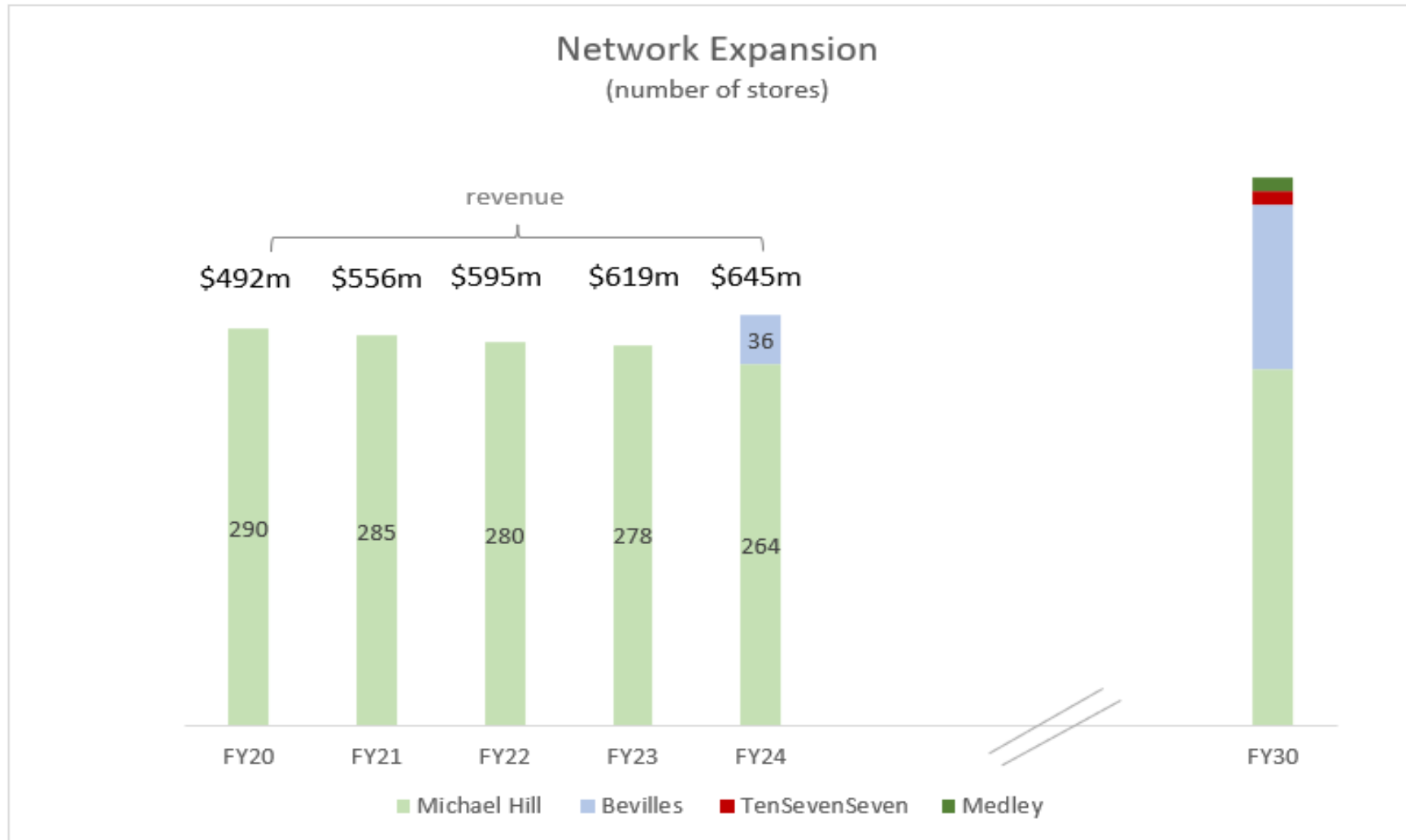
2025 – 2030

**Network
Expansion &
Productivity**



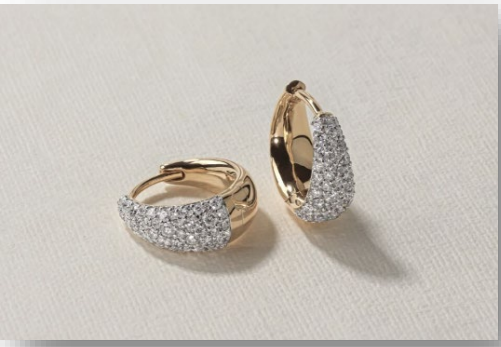
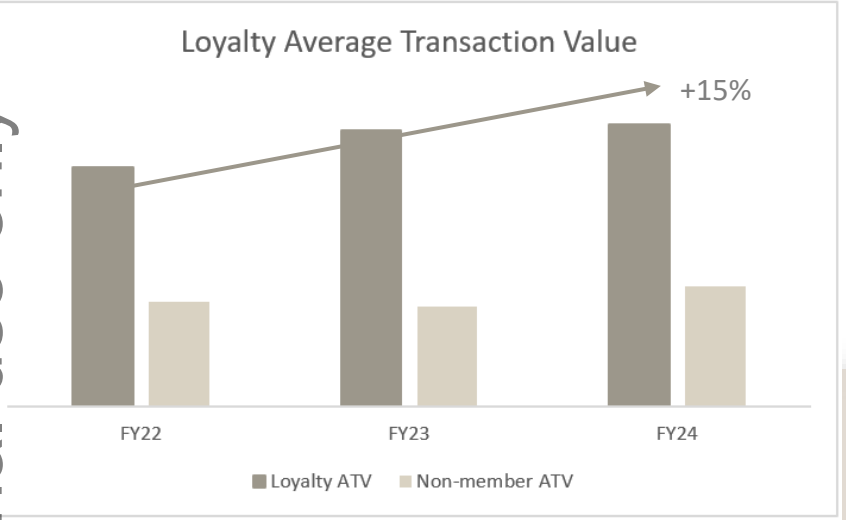
Network Expansion & Productivity, 2025 - 2030

With each brand uniquely positioned, the Group will be well-placed to grow revenue and profits through a more productive and expanded distribution network.

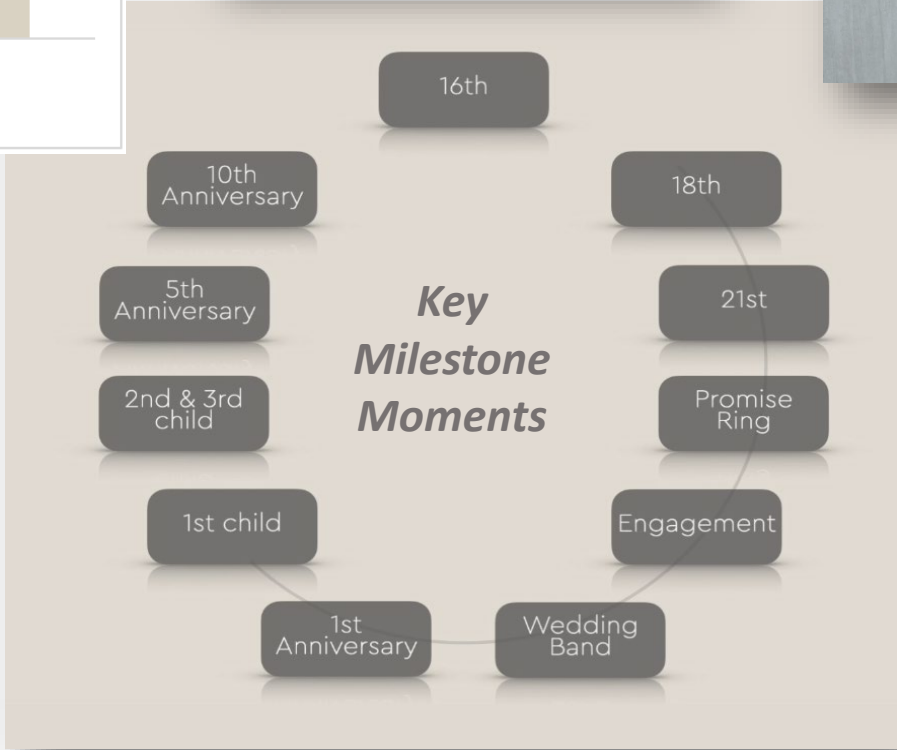


Network Expansion & Productivity, 2025 - 2030

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Loyalty members have ~80% higher ATV



Network Expansion & Productivity, 2025 - 2030

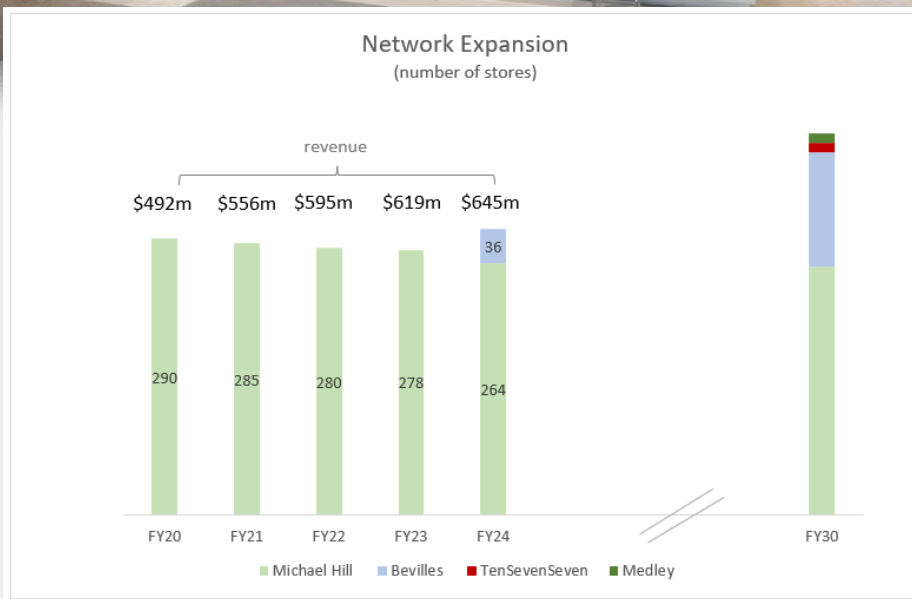
New Stores



Conversion Stores



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Questions

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Business of the Annual General Meeting



Financial Statements and Reports

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• Audited FY24 Financial Statements

• Directors' report

• Auditor's report



Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following advisory resolution:

"That the Remuneration Report of the financial year ended 30 June 2024 (as set out in the Directors' Report is adopted.)"

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	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	82,570,775	1,560,315	637,721	94,300	166,851,104
% OF ELIGIBLE VOTES	97.41%	1.84%	0.75%	N/A	N/A
% OF ALL SECURITIES	21.46%	0.41%	0.17%	0.02%	43.37%



Resolution 2: Re-election of Sir Michael Hill as Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Sir Michael Hill who retires by rotation in accordance with ASX Listing Rule 14.4 and Rule 38.6 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

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	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	249,300,794	1,843,938	537,674	31,809	0
% OF ELIGIBLE VOTES	99.04%	0.74%	0.22%	N/A	N/A
% OF ALL SECURITIES	64.80%	0.48%	0.14%	0.01%	0.00%



Resolution 3: Re-election of Emma Hill as Director

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To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Emma Hill who retires by rotation in accordance with ASX Listing Rule 14.4 and Rule 38.6 of the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company."

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	248,998,521	2,176,211	507,674	31,809	0
% OF ELIGIBLE VOTES	98.93%	0.87%	0.20%	N/A	N/A
% OF ALL SECURITIES	64.72%	0.57%	0.13%	0.01%	0.00%



Resolution 4: Re-election of Claudia Batten as Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Claudia Batten (appointed as a Director of the Company on 30 August 2024), in accordance with ASX Listing Rule 14.4 and Rule 36.2 of the Company's Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company."

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	250,007,858	681,627	637,721	387,009	0
% OF ELIGIBLE VOTES	99.47%	0.27%	0.26%	N/A	N/A
% OF ALL SECURITIES	64.98%	0.18%	0.17%	0.10%	0.00%



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Resolution 5: Grant of share rights to the MD & CEO

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant 1,986,468 share rights to the Managing Director & Chief Executive Officer of the Company, Mr Daniel Bracken, and on the vesting and exercise of those share rights, to issue up to an equivalent number of ordinary shares in the Company, under the Equity Incentive Plan (as defined in the Explanatory Notes to this Notice) for FY25 as part of his long-term incentive arrangements, as described in the Explanatory Notes."

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	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	81,571,360	2,394,780	636,721	167,111,354	0
% OF ELIGIBLE VOTES	96.42%	2.83%	0.75%	N/A	N/A
% OF ALL SECURITIES	21.20%	0.62%	0.17%	43.43%	0.00%



Resolution 6: Related party transaction to loan funds to MD & CEO

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To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of section 208 of the Corporations Act and for all other purposes, approval is given for the Company to loan up to \$1,100,000 to the Managing Director & Chief Executive Officer, Mr Daniel Bracken, on the terms and conditions described in the Explanatory Notes."

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	248,243,483	2,533,855	636,721	300,156	0
% OF ELIGIBLE VOTES	98.73%	1.01%	0.26%	N/A	N/A
% OF ALL SECURITIES	64.52%	0.66%	0.17%	0.08%	0.00%



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