

MICHAEL HILL

INTERNATIONAL LIMITED

ASX AND NZX ANNOUNCEMENT FY2025 FULL YEAR RESULTS

25 August 2025

Michael Hill International Limited (ASX/NZX: MHJ) today announced its full year financial results for the 52-week year ended 29 June 2025.

Key Financial Results

- Group revenue was \$643.7m (FY24: \$644.9m), broadly flat against last year.
- Group gross margin settled at 60.5% (FY24: 60.6%), with the impact of record gold prices and a continued heightened promotional environment, largely offset by introducing new higher margin product.
- Comparable earnings before interest and tax (EBIT) of \$15.3m (FY24: \$15.9m).
- Statutory net profit after tax improved, to \$2.1m (FY24: \$0.5m loss). This result includes the net after tax impact of two non-cash items – a \$7.4m impairment expense of the Bevilles Brand intangible asset, partially offset by a \$3.0m favourable litigation outcome.
- Inventory levels were managed to absorb record gold prices, closing at \$199.1m (FY24: \$195.8m).
- Closing net debt position of \$41.9m (FY24: \$38.7m).
- No final dividend declared for FY25 (FY24: nil).

Operational Performance

- On a same stores sales basis (in local currency), Canada delivered another record year of sales performance with +4.4% growth, Australia was up +1.2%, while New Zealand was down -5.5%. In the second half, we saw an improving same store sales trend across all segments (CA: +6.5%, AU: +2.0%, NZ: -2.4%).
- Digital sales grew 6% to deliver over \$50m for the first time (FY25: \$50.9m, FY24: \$47.9m).
- Gross margin supported by the successful launch of the MH Pendant Bar concept, with a focus on both build-your-own and ready-to-wear gifting and an elevated sustainable “LAB.” diamond product offering.
- Established a new Distribution Centre in Auckland, New Zealand, to improve customer service levels and operational efficiencies, with successful commissioning in early FY26.
- For Michael Hill, two stores were opened (CA: 1, NZ: 1), 14 stores were closed (AU: 10, CA: 4), and two AU stores were converted to Bevilles. For Bevilles, in addition to the two converted MH stores, one store closed, taking the network to 37. The Group finished the year with 287 stores (FY24: 300).

Current Trading Update

- For the first seven weeks of FY26, Group sales were up 3.0%, and Group same store sales were up 3.2% on prior year, with same store sales for the period:
 - Australian segment up 3.4%,
 - Canadian segment up 6.8%, and
 - New Zealand segment down 3.2%.

Commenting on the announcement of the Company's full year results, Chair Rob Fyfe, said:

“FY25 saw a continuation of the challenging trading conditions experienced in FY24, with the added overlay of volatile gold and diamond prices, combined with the looming threat of US tariffs. Despite this backdrop, and the tragic loss of our CEO Daniel Bracken in February, the business has continued to pursue our agreed strategy and made hard decisions to ensure we are well-placed to benefit from any improvement in economic and trading conditions.

“It is with great sadness that I also acknowledge the passing of our inspirational founder Sir Michael Hill in July. His vision and ambition will continue to motivate the Michael Hill team for many years to come, and I couldn't be prouder of the resilience, dedication and commitment shown by every team member within the Michael Hill Group. We also thank our external suppliers and partners for their continued support of the business.”

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FY25 – Group Business Performance

Global economic uncertainty and challenging retail trading conditions persisted across all markets, with full year sales, gross margin and earnings broadly in line with prior year. The Group reported comparable earnings before interest and tax of \$15.3m for the year ended 29 June 2025 (FY24: \$15.9m).

The Group delivered revenue of \$643.7m (FY24: \$644.9), broadly flat on prior year. The second half saw an improvement in same store sales across all segments, with FY25H2 same store sales up +2.4%. In addition, the business saw productivity lift with sales per hour increasing by 5% for the year, as the business maintained its focus on wage control.

The impacts of continued aggressive promotional trading conditions and record high gold prices were largely offset by the introduction and mix of higher margin product. Accordingly, gross margin of 60.5% was broadly flat to last year (FY24: 60.6%).

Inflationary cost pressures continued to impact operating expenses across the business, particularly store labour and occupancy costs. During the second half, management took decisive action to reduce operating costs, discretionary spend, corporate roles and overheads, which enabled full year earnings to close broadly flat to prior year.

During this period of economic instability, the Group's focus has been embedding strong retail fundamentals to ensure the business is ready for economic recovery and to drive sustainable growth. This has seen a series of initiatives implemented across the organisation.

Our omni-channel offering continues to be a key strategic focus for the Group. With further maturity across ship from store, click & collect, and virtual selling, digital sales grew 6% to over \$50m for the first time (FY25: \$50.9m, FY24: \$47.9m).

Even with gold reaching multiple record highs throughout the year, continued active management of inventory including the introduction of new product offerings, saw year-end inventory holdings close at \$199.1m (FY24: \$195.8m).

As the business continues to elevate its focus on the customer experience, an important step was the consolidation of our existing marketing technology stack with Braze, a leading-edge customer engagement platform. Having established a new Distribution Centre in Auckland, New Zealand, all three markets are now serviced by their own in-country state of the art warehouse and fulfilment infrastructure, reducing supply chain risk and logistics costs, while also improving speed to market of product, for both stores and digital customers.

The year also saw the opening of the second Michael Hill global flagship store showcasing the new brand icons and offering an elevated instore experience in Bourke St, Melbourne. The Queenstown, New Zealand store was also refurbished to incorporate this new brand identity, and two new Michael Hill stores were opened during the year (CA: 1, NZ: 1). Two Michael Hill (AU: 2) stores were also converted to Bevilles. While 14 (AU: 10, CA: 4) loss-making stores were closed, overall Michael Hill sales productivity lifted, as demonstrated by sales finishing flat against prior year even with the volume of store closures. For Bevilles, in addition to the two converted Michael Hill stores, one store closed, taking the network to 37. The Group finished the year with 287 stores (FY24: 300)

Retail Segment Performance

Australia

Retail segment revenue increased by 1.4% to \$364.1m (FY24: \$359.1m), and same store sales increased by 1.2% for the year, with second half same store sales up by 2.0% on the prior comparable period.

Gross margin for the year was 59.7% (FY24: 60.4%).

Within this result, the recently acquired Bevilles business while having expanded to 37 stores, including seven stores in the new market of Queensland, has seen challenging retail trading conditions suppress sales growth and margin. Trading conditions have also been particularly difficult in Victoria, where the brand was founded and the majority of the acquired stores are located. As a consequence, we have paused further store expansion to ensure the business model is optimised before we scale the network. Given this decision, the Bevilles Brand intangible asset of ~\$20m has been the subject of a non-cash impairment of \$7.4m.

The Australian store network finished the year with 160 stores, including 37 Bevilles stores (FY24: 171 including 36 Bevilles stores), with 11 store closures (MH: 10, B: 1) and two store conversions from Michael Hill to Bevilles.

Canada

Retail segment revenue increased by 3.4% to CA\$162.4m (FY24: \$157.1m), and same store sales increased by 4.4% for the year, with second half same store sales up by 6.5% on the prior comparable period. This segment delivered another year of record sales, which is a credit to the resilience of the business and commitment of team members.

Gross margin for the year was 60.1% (FY24: 60.6%).

During the year, one store opened and four stores closed, resulting in 82 stores at year end (FY24: 85).

New Zealand

Retail segment revenue decreased by 5.0% to NZ\$109.0m (FY24: NZ\$114.8m), and same store sales decreased by 5.5% for the year, with second half same store sales down by 2.4% on the prior comparable period, an improvement in what remains a challenging economic environment.

Gross margin for the year was 58.3% (FY24: 59.6%).

During the year, one store opened, resulting in 45 stores at year end (FY24: 44).

Capital Management

Year-end net debt closed broadly in line with prior year at \$41.9m (FY24: \$38.7m). As noted in the FY25H1 results release, the existing \$90m debt facility has been increased by \$20m for the four-month period from 15 September 2025, to support seasonal working capital requirements for Christmas trade.

Given continued compressed earnings in FY25, and in conjunction with a commitment to prudent investment in operating and capital expenditure in FY26, the Board has decided that no final dividend will be declared for FY25.

Strategic Priorities

At the half, we outlined the following core priorities:

1. Embedding the repositioning of the Michael Hill brand across all markets
2. Internal strategic review of New Zealand to improve performance
3. Reinforce retail fundamentals, brand identity and awareness of the Bevilles brand

Learnings across each of these core priorities were identified through the second half, with continuing deployment of a series of targeted levers. Furthermore, there is now also an opportunity to revisit and reset the Group's strategy following the recent announcement of new CEO, Jonathan Waecker.

During this interim period, the Group's primary focus has been on building strong foundations for margin recovery to drive sustainable growth. This has seen a series of initiatives implemented to support improved intake margin, to deliver "uniquely Michael Hill" product newness and mix at higher margins, and disciplined retail execution, all of which is underpinned by a reset of the business's operational rhythm and promotional cadence.

The Group also established an AI Centre of Excellence in the second half of the year, focused on educating and training team members on the opportunities presented by AI across all facets of the business. The Group is well-advanced in an initial trial of a new consignment stock model, with one of our major long-standing inventory suppliers. This will provide immediate and direct working capital benefits, with the ability to subsequently further scale this opportunity with additional suppliers.

FY26 Trading Update

For the first seven weeks of FY26, Group same store sales were up 3.2% on prior year, with same store sales for the:

- Australian segment up 3.4%,
- Canadian segment up 6.8% and
- New Zealand segment down 3.2%.

Total sales for the Group were up 3.0% for the first seven weeks of FY26.

Analyst and investor call

An investor briefing on the results is scheduled for **10:00am (AEST) on Monday 25 August 2025**.

Please note that the webcast page will not be available until 9:30am (AEST) and it is advised that you join at least 5 minutes before the meeting commences. Participants are encouraged to register online in advance. Once registered you will be able to download a calendar invite link.

The webcast link for the briefing call and to register for Monday 25 August 2025:

<https://meetings.lumiconnect.com/300-958-143-912>

If prompted, please enter the meeting ID: 300-958-143-912

The webcast link to the briefing will also be available on the 'events' section of the investor centre website at:

<https://investor.michaelhill.com/keydates>

Important Notes

Comparable EBIT is unaudited, excludes the impact of AASB16 *Leases* and IFRIC SaaS guidance, and with normalisations. Further information on the reconciliation of comparable to the statutory result is contained in the Directors' report and investor presentation. Same store sales reflect sales through store and online channels on a comparable trading day basis and are unaudited.

This announcement is authorised for release by the Board.

– ENDS –

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ABOUT MICHAEL HILL INTERNATIONAL LIMITED

Michael Hill International was founded by Sir Michael Hill in 1979 when he opened his first jewellery store in Whangarei, New Zealand. The Group currently has 287 stores globally across Australia, New Zealand and Canada. The Group's global headquarters, including its wholesale and manufacturing divisions, are located in Brisbane, Australia. The Company is listed on the ASX (ASX:MHJ) and the NZX (NZX:MHJ).

For more information:

investor.michaelhill.com

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michaelhill.co.nz

michaelhill.ca

bevilles.com.au

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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.

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