ANNUAL REPORT 2025



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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.

TERMINOLOGY: In this report, unless otherwise specified or appropriate in the context, the term "Company" refers to Michael Hill International Limited, the term "Group" or "Michael Hill Group" refer to the Company and its subsidiaries (as appropriate), and the use of "Michael Hill", "Bevilles", "TenSevenSeven" and "Medley" is reference to the relevant brand within the Michael Hill Group.

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The Directors are pleased to present the Annual Report of Michael Hill International Limited and its subsidiaries for the financial year ended 29 June 2025.

COMPANY PROFILE

THE MICHAEL HILL GROUP IS A MARKET LEADING JEWELLERY RETAILER, WITH A PORTFOLIO OF BRANDS, OPERATING A NETWORK OF OVER 280 STORES ACROSS AUSTRALIA, NEW ZEALAND AND CANADA, WITH INTERNATIONAL DIGITAL PLATFORMS.

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The first Michael Hill store opened in 1979 when Sir Michael Hill and his wife, Lady Christine Hill launched their unique retail jewellery formula in Whangarei, on the North Island of New Zealand.

With engaging store designs, a product range devoted to attainable fine jewellery with a high concentration of diamonds, and the clever use of high impact advertising, Michael Hill rapidly gained popularity and rose to national prominence.

In 2016, the Company moved its primary stock exchange listing to the Australian Securities Exchange and maintains a secondary listing on the New Zealand Stock Exchange (ASX/NZX: MHJ).

Over recent years, the Group has undergone a significant transformation, reshaping core aspects of the business through a clearly defined strategic agenda focused on elevating the Michael Hill brand and driving sustained growth. This customer-led framework continues to evolve in response to the dynamic retail landscape. The Michael Hill brand is now firmly positioned as an "aspirational yet accessible" offering. Complementing this, the bespoke brand TenSevenSeven targets the high-end market with its unique personalised diamond ring proposition, while the Bevilles brand - acquired in June 2023 - anchors the Group's presence at the value end of the market. Together, these brands enable the Michael Hill Group to serve all significant customer segments within the fine jewellery category.

Around the world, the Group employs over 3,200 employees across retail sales, manufacturing and corporate roles. As at 29 June 2025, the Group operates 160 stores in Australia, 45 in New Zealand and 82 stores in Canada.

From 1979 to the present day, and as we look to the future, the Michael Hill Group is dedicated to offering quality jewellery and service for our customers to celebrate the key moments in their lives.

At Michael Hill Group, we are committed to becoming a more sustainable and ethically responsible business, protecting our eco-system and contributing to the communities we serve in meaningful ways, for generations to come.

Information on our corporate governance policies and practices, including our Corporate Governance Statement, is available on our Investor Centre website at **investor.michaelhill.com**.



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LETTER FROM THE CHAIR

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DEAR SHAREHOLDERS

REFLECTING ON A CHALLENGING AND DISRUPTED YEAR

We commenced FY25 with cautious optimism, underpinned by economists' forecasts of improving economic and trading conditions. However, the year unfolded with a continuation of the challenging environment experienced in FY24—marked by subdued consumer demand across Australia and New Zealand, and persistent inflationary pressures across key input costs including occupancy, employee wages, and gold. These factors collectively placed sustained pressure on our margins throughout the year.

Faced with these challenges, we maintained a disciplined focus on managing the cost of doing business and improving the productivity of our stores and inventory in order to conserve cash and strengthen our balance sheet. At the same time, we continued to pursue our agreed strategy, invest in our brand, develop our people and systems, and evolve our product range to ensure the business is well-positioned to leverage any improvement in economic and trading conditions.

Our product innovation has been a standout, with the successful introduction of the Pendant Bar and LAB diamond collections. These initiatives have resonated strongly with our customers and reaffirmed our commitment to creativity and quality.

During the year, we proudly opened our second global flagship store on Bourke Street, Melbourne. This location showcases our new brand icons and delivers an elevated in-store experience, reflecting our commitment to innovation and customer engagement. We also refurbished our Queenstown store in New Zealand to align with our refreshed brand identity.

The business made meaningful progress in elevating our customer experience, most notably through the establishment of a new Distribution Centre in Auckland, New Zealand, which commenced operations in early FY26.

This strategic investment is expected to significantly reduce time to market, enhance order fulfilment speed and accuracy, and improve overall service levels—ensuring our customers receive their purchases faster and more reliably. These operational efficiencies will also support our broader ambition to deliver a seamless and differentiated retail experience across all channels.

Furthermore, we have placed deliberate emphasis on embracing AI across all facets of our business. This began with educating and empowering our team members to confidently engage with AI technologies, followed by thoughtful integration to enhance a range of business processes. These advancements are positioning us at the forefront of retail innovation, enabling us to operate with greater agility, insight, and customer focus.

PASSING OF OUR FOUNDER, SIR MICHAEL HILL AND OUR FORMER CEO, DANIEL BRACKEN

It is with great sadness that I acknowledge the passing of our inspirational founder Sir Michael Hill in July 2025. Sir Michael had a natural gift for storytelling, keen eye for visual merchandising, an instinct for attracting customers and a gift for selling. To every endeavour he pursued, Michael brought a deep sense of purpose, an enduring curiosity, open-mindedness and creativity that challenged all of us to embrace ever more lofty goals and be unconstrained in our thinking – a legacy that will continue to inspire us.

I would also like to acknowledge the tragic and sudden passing of our former Chief Executive Officer (CEO) Daniel Bracken in February 2025. Daniel was a passionate retailer, an innovative and strategic thinker and an inspiring leader, who transformed the Michael Hill Group.

In the face of these challenges, I am immensely proud of the grace and determination demonstrated by our entire team. Despite the disruptions to our business, our people have shown resilience and unity, upholding our values and continuing to serve our customers with dedication.



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OUR BOARD

In March 2025, Claudia Batten, serving as a non-executive director, was appointed Deputy Chair. During the interim CEO period, Claudia, Gary Smith (Chair of the Audit and Risk Management Committee), and I assisted both the business and Andrew Lowe (Interim CEO). As Deputy Chair, Claudia took on an expanded leadership role within the organisation, helping to facilitate communication between the board, management team, and key stakeholders. Her experience and strategic insights proved invaluable during the transition period, particularly as we navigated operational challenges and reassessed our priorities. Alongside Gary Smith and myself, Claudia worked closely with Andrew Lowe to ensure continuity in governance, support decision-making processes, and maintain overall stability throughout this critical phase. This collaborative approach enabled the organisation to move forward confidently while seeking a permanent CEO.

In addition, we acknowledge Andrea Slingsby for stepping in as an alternate Director for Sir Michael Hill, during his leave of absence, whilst he was undergoing treatment for cancer. Her support and leadership during this transitional period have been invaluable.

CAPITAL MANAGEMENT

Our focus on prudent capital management continues. We have taken decisive actions to strengthen our balance sheet, optimise inventory, and reduce capital expenditure, ensuring we are well-positioned for sustainable growth and to leverage any recovery in market conditions. Given continued compressed earnings in FY25, and in conjunction with a commitment to prudent investment in operating and capital expenditure in FY26, no dividends were declared for FY25.

LOOKING AHEAD

As we turn the page to a new chapter, we are excited about the arrival of our new CEO, Jonathan Waecker. Jonathan's appointment marks a pivotal moment for the Michael Hill Group, bringing fresh leadership and new perspectives to guide our next phase of growth.

The enduring heritage of Sir Michael and Lady Christine, along with the legacy of Daniel Bracken, provides a strong foundation for us to build from and shape our next chapter. Across the business, our team is more motivated than ever to honour these legacies and drive our brands forward.

With Jonathan's leadership, the Board is confident in our ability to improve profitability of the business, unlock future opportunities, and position the Michael Hill brand to reach a broader addressable market. His global experience and strategic vision will complement the great progress made in recent years and help shape an exciting future for our organisation.

Thank you for your continued support and belief in our future.



Regards,

Rob Fyfe
Chair

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TRIBUTE TO SIR MICHAEL HILL

"It is with much sadness that we acknowledge the passing of our inspirational founder Sir Michael Hill. To every endeavour he pursued, Michael brought a deep sense of purpose, an enduring curiosity, open-mindedness and creativity that challenged all of us to embrace ever more lofty goals and be unconstrained in our thinking – a legacy that will continue to inspire us."

ROB FYFE
CHAIR

Sir Michael was a celebrated jeweller, entrepreneur, philanthropist and committed father and husband who, with his wife Lady Christine, founded and grew Michael Hill from its humble beginnings in Whangārei, New Zealand to a global retail jewellery brand that spans Australia, New Zealand, and Canada.

Sir Michael's first love was music and, as a young man, he dreamed of becoming a concert violinist. However, at just 17, he was told he had started too late to reach the pinnacle of his craft. Forced to reconsider his future, he pivoted into the world of jewellery, joining his uncle's family-owned store in New Zealand.

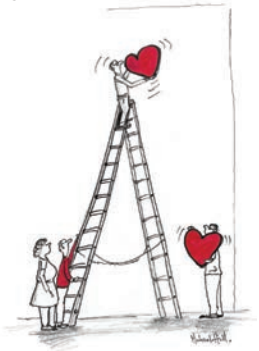
In the spring of 1964, Sir Michael met his wife Lady Christine, connecting over their shared appreciation for creativity, craftsmanship, and storytelling—foundational values that define the Michael Hill brand to this day. Sir Michael and Lady Christine married in 1965 forging a love affair and business partnership that lasted more than 60 years.

Sir Michael had a natural gift for storytelling, a keen eye for visual merchandising, an instinct for attracting customers and a gift for selling. He won international awards for his window displays and revolutionised the store's advertising with bold, unconventional campaigns.

The business will continue to honour his remarkable life and legacy, pursuing excellence through his vision and courage... and in his words, "never give up".



































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TRIBUTE TO DANIEL BRACKEN





Christine and I are heartbroken by the passing of our dear friend and colleague, Daniel Bracken. Daniel was not only a remarkable professional but also a kind-hearted individual who touched the lives of many within our organisation and beyond.

We had the privilege of witnessing the dedication, passion, and creativity that Daniel brought to our team. Daniel embodied the spirit of our heritage, his innovative ideas and genuine enthusiasm helped shape our path and pushed us to be better every day.

Christine and I will cherish all the moments we shared with Daniel and his family over the years.

Let us honour his memory by continuing to strive for greatness in all that we do.

Rest in peace, Daniel. You will always be a part of the Michael Hill family.

Sir Michael & Lady Christine Hill

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PERFORMANCE HIGHLIGHTS

KEY FINANCIAL RESULTS

Group revenue was
$644M
broadly flat against last year, with 13 fewer stores

Inventory levels were well managed, closing at
$199M

Group gross margin settled at
60.5%

Comparable EBIT of
$15.3M

Closing net debt position of
$42M

On a same store sales basis
(in local currency),

Canada was
+4.4%

Australia was
+1.2%

New Zealand was
-5.5%

OPERATIONAL PERFORMANCE

Digital sales **grew 6%** to deliver over
$50M
for the **first time**

Successful launch of the Michael Hill Pendant Bar concept

Brilliance by Michael Hill membership now over **2.9M**

Established a new **Distribution Centre in Auckland, New Zealand**, to improve customer service levels and operational efficiencies

The Michael Hill brand opened its second **global flagship store,** in Bourke St, Melbourne

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KEY FACTS

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TRADING RESULTS

	Change	2025 $000's	2024 $000's
Group revenue	(0.2%)	**643,655**	644,929
Gross profit	(0.4%)	**389,438**	390,918
Earnings before interest and tax (EBIT)*	32.5%	**18,857**	14,228
Comparable earnings before interest and tax Comparable (EBIT)*	(3.5%)	**15,345**	15,898
Net profit before tax (NPBT)	(695.9%)	**2,193**	(368)
Net profit after tax (NPAT)	(538.2%)	**2,099**	(479)
Net cash inflow from operating activities	45.8%	**55,071**	37,773

FINANCIAL POSITION

	Change	2025 $000's	2024 $000's
Contributed equity (384,819,276 ordinary shares)	0.7%	**12,850**	12,763
Total equity	2.2%	**170,619**	166,881
Total assets	(4.9%)	**518,395**	545,244
Net (debt)/cash	8.1%	**(41,852)**	(38,726)
Capital expenditure	(63.3%)	**10,130**	27,609

KEY RATIOS

	2025	2024
Return on average shareholders funds	**1.2%**	(0.3%)
Gross margin	**60.5%**	60.6%
Interest expense cover (times)	**1.1**	1.0
Equity ratio	**32.9%**	30.6%
Working capital ratio	**3.5 : 1**	3.5 : 1
Current ratio	**1.8 : 1**	1.7 : 1

[1] Includes 37 Bevilles stores (FY24 includes 36 Bevilles stores).

* EBIT and Comparable EBIT are unaudited non-IFRS information. Please refer to page 31 for an explanation of unaudited non-IFRS information and a reconciliation of EBIT and Comparable EBIT.

DIVIDENDS

	2025	2024
Per Ordinary Share	-	AU1.75c
Times covered by net profit after tax	-	(0.02)

SHARE PRICE AT YEAR END

	2025	2024
Share price (ASX)	**AUD 0.42**	AUD 0.45

KEY INVESTOR RATIOS

	2025	2024
Basic earnings per share	**0.55c**	(0.12c)
Diluted earnings per share	**0.53c**	(0.12c)
EBIT to sales	**2.9%**	2.2%
Return on average total assets	**0.4%**	(0.1%)

SEGMENT REVENUE GROWTH (LC)

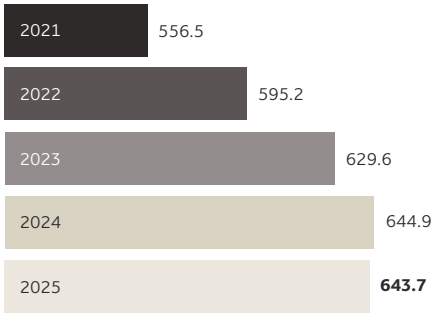
	2025	2024
Australia	**1.4%**	8.5%
New Zealand	**(5.0%)**	(13.3%)
Canada	**3.4%**	(1.1%)
Group	**(0.2%)**	2.4%

STORE NUMBERS

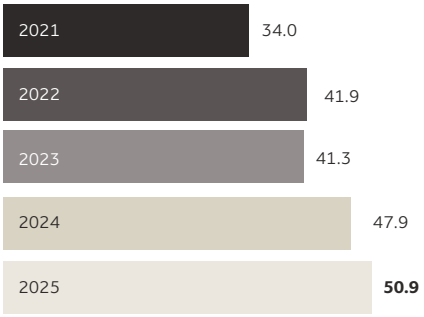
	2025	2024
Australia[1]	**160**	171
New Zealand	**45**	44
Canada	**82**	85
Total stores	**287**	300

PERFORMANCE

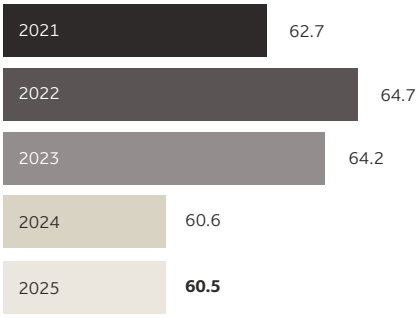
GROUP REVENUE
AU$ MILLIONS



DIGITAL SALES
AU$ MILLIONS



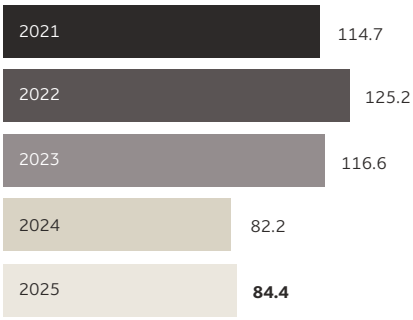
GROSS MARGIN
%



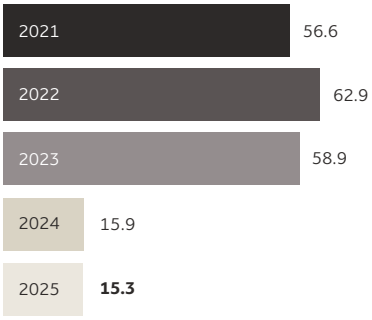
REVENUE BY COUNTRY
YEAR ENDED 29 JUNE 2025



EBITDA
AU$ MILLIONS

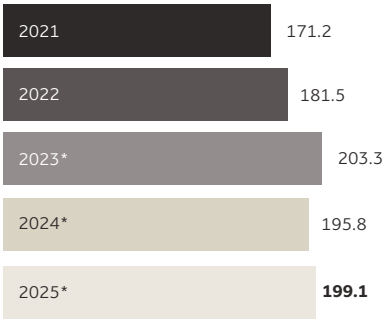


COMPARABLE EBIT
AU$ MILLIONS

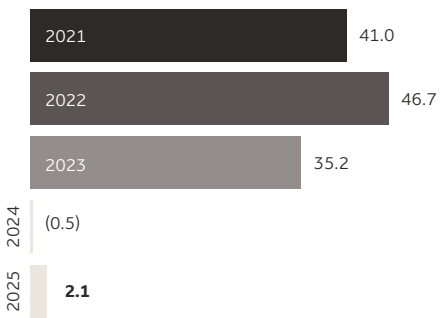


INVENTORY
AU$ MILLIONS

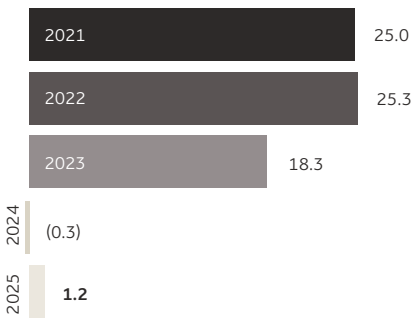
*Includes Bevilles inventory



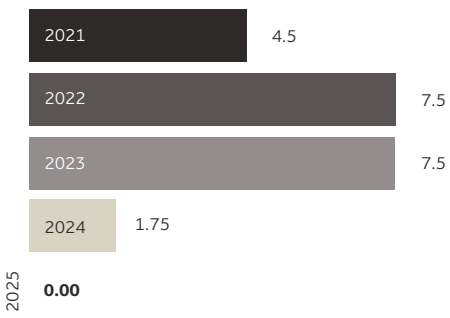
NET PROFIT FROM OPERATING ACTIVITIES AFTER TAX
AU$ MILLIONS



RETURN ON AVERAGE SHAREHOLDERS' FUNDS
%



ORDINARY DIVIDEND
AU CENTS PER SHARE



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TREND STATEMENT

FINANCIAL PERFORMANCE (AUD)	2025 $'000	2024 $'000	2023 $'000	2022 $'000	2021 $'000
Group revenue	**643,655**	**644,929**	**629,562**	**595,210**	**556,486**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	84,393	82,241	116,607	125,180	114,733
Depreciation and amortisation	65,536	68,013	57,724	51,944	48,061
Earnings before interest and tax (EBIT)	**18,857**	**14,228**	**58,883**	**73,236**	**66,672**
Net interest paid	16,664	14,596	9,136	7,533	7,591
Net profit before tax (NPBT)	**2,193**	**(368)**	**49,747**	**65,703**	**59,081**
Income tax	94	111	14,565	18,991	18,066
Net profit after tax (NPAT)	**2,099**	**(479)**	**35,182**	**46,712**	**41,015**
Net operating cash flow	55,071	37,773	80,072	111,574	134,497
Ordinary dividends paid during the year	-	20,915	30,719	25,239	11,636

FINANCIAL POSITION (AUD)	2025 $'000	2024 $'000	2023 $'000	2022 $'000	2021 $'000
Cash	10,248	20,174	20,867	95,844	72,361
Inventories	199,099	195,785	203,260	181,539	171,246
Other current assets	28,727	23,640	20,735	14,749	27,463
Total current assets	**238,074**	**239,599**	**244,862**	**292,132**	**271,070**
Other non-current assets	54,477	61,347	59,546	42,121	37,729
Deferred tax assets	56,911	52,507	49,118	58,552	68,329
Total tangible assets	**349,462**	**353,453**	**353,526**	**392,805**	**377,128**
Right-of-use assets	121,470	133,988	139,052	107,385	105,882
Intangible assets	28,240	38,580	36,215	10,989	6,013
Goodwill	19,223	19,223	17,695	-	-
Total assets	**518,395**	**545,244**	**546,488**	**511,179**	**489,023**
Total current liabilities	**135,566**	**145,042**	**155,001**	**158,596**	**151,522**
Non-current borrowings	52,100	58,900	12,500	-	-
Lease liabilities	102,601	114,303	117,518	91,386	99,382
Other long-term liabilities	57,509	60,118	72,854	66,102	63,806
Total liabilities	**347,776**	**378,363**	**357,873**	**316,084**	**314,710**
Net assets	**170,619**	**166,881**	**188,615**	**195,095**	**174,313**
Reserves and retained profits	157,769	154,118	177,503	183,707	163,028
Paid up capital	12,850	12,763	11,112	11,388	11,285
Total shareholder equity	**170,619**	**166,881**	**188,615**	**195,095**	**174,313**
Basic earnings per share	0.55c	(0.12c)	9.20c	12.03c	10.57c
Diluted earnings per share	0.53c	(0.12c)	9.00c	11.86c	10.53c
Dividends declared per share (interim)	-	AU1.75c	AU4.0c	AU3.5c	AU1.5c
Dividends declared per share (final)	-	-	AU3.5c	AU4.0c	AU3.0c
Net tangible asset backing	$0.32	$0.28	$0.35	$0.20	$0.16

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ANALYTICAL INFORMATION (AUD)	2025	2024	2023	2022	2021
EBITDA to sales	13.1%	12.8%	18.5%	21.0%	20.6%
EBIT to sales	2.9%	2.2%	9.4%	12.3%	12.0%
Net profit after tax to sales	0.3%	(0.1%)	5.6%	7.8%	7.4%
EBIT to total assets	3.6%	2.6%	10.8%	14.3%	13.6%
Return on average shareholders funds	1.2%	(0.3%)	18.3%	25.3%	25.0%
Return on average total assets	0.4%	(0.1%)	6.7%	9.3%	8.2%
Working capital ratio	3.5 : 1	3.5 : 1	3.4 : 1	3.7 : 1	3.7 : 1
Current ratio	1.8 : 1	1.7 : 1	1.6 : 1	1.8 : 1	1.8 : 1
EBIT interest expense cover	1.1	1.0	5.9	9.7	8.8
Effective tax rate	4.3%	(30.2%)	29.3%	28.9%	30.6%
Net borrowings to equity	24.5%	23.2%	(4.4%)	(49.1%)	(41.5%)
Equity ratio	32.9%	30.6%	34.5%	38.2%	35.6%
Shares issued at year end excl Treasury	384,819,276	384,623,963	379,688,884	388,285,374	388,142,149
Exchange rate for translating:					
- Canadian results	0.89	0.92	0.90	0.92	0.95
- New Zealand results	1.11	1.09	1.09	1.06	1.07

STORE NUMBERS	2025	2024	2023	2022	2021
Australia[1]	160	171	172	147	150
Canada	82	85	86	85	86
New Zealand	45	44	46	48	49
TOTAL STORES	**287**	**300**	**304**	**280**	**285**

[1] Includes 37 Bevilles stores (FY24: 36, FY23: 26).

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.

ROB FYFE
CHAIR



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SUSTAINABILITY SNAPSHOT

AT THE MICHAEL HILL GROUP, SUSTAINABILITY IS NOT JUST A COMMITMENT - IT'S A CORE PART OF WHO WE ARE AND HOW WE OPERATE. THE ACHIEVEMENTS SET OUT IN OUR STANDALONE ESG REPORT REFLECT THE EVOLUTION OF OUR APPROACH AND THE IMPORTANCE OF TRANSPARENCY IN EVERYTHING WE DO.

This year, we refreshed our customer research and were heartened to see an 8% increase in support for our sustainability efforts. Our customers recognise the impact we're making - whether it's empowering women, reducing our carbon footprint or giving back to our communities. Their engagement validates our strategy and inspires us to keep pushing forward. Our ESG efforts have also been recognised within the retail and jewellery industries, with praise for our long-term commitment to creating lasting impact.

As we prepare for Australia's first mandatory climate reporting period, we have renamed our standalone publication our 'ESG Report' to distinguish our voluntary reporting from the mandatory sustainability reporting that will be included in our FY26 Annual Report. Our continued commitment to voluntary reporting is essential for accountability of delivering our 2030 Sustainability Strategy goals.

I am proud of the progress we've made this year and the passion our team brings to this ESG work. From achieving a 79% reduction in scope 1 and 2 carbon emissions to planting over 124,000 trees through the Michael Hill Foundation, our actions have demonstrated that our brands and our products are deeply connected to our people and planet.

We are proud to publish our ninth report on our sustainability commitments. Our ESG Report is published separately to this Annual Report and can be downloaded on our **investor website**.



Andrew Lowe
Chief Financial and Supply Chain Officer

HIGHLIGHTS ACHIEVED THIS YEAR INCLUDE:

3.76 KILOGRAMS OF GOLD PROCESSED THROUGH OUR **RE:CYCLE** PROGRAM

100% **RENEWABLE ELECTRICITY** POWERED ALL AUSTRALIAN AND NEW ZEALAND STORES AND CORPORATE SITES

83% OF JEWELLERY SUPPLIERS ARE RJC CERTIFIED OR HAVE AN APPLICATION UNDERWAY

OVER **27,500** **WOMEN EMPOWERED VIA THE MICHAEL HILL FOUNDATION**

100% **RESPONSIBLY SOURCED** PRECIOUS METALS FOR MICHAEL HILL, TENSEVENSEVEN AND MEDLEY

PLANTED 124,673 TREES VIA THE MICHAEL HILL FOUNDATION

79% **REDUCTION** IN SCOPE 1 AND 2 EMISSIONS

WORKFORCE ENGAGEMENT SCORE **INCREASED BY** **4% TO 83%**

GROUP 2030 SUSTAINABILITY STRATEGY

PRODUCT

100% OF OUR PRODUCTS WILL BE SUSTAINABLE, RESPONSIBLE OR CIRCULAR



CONFLICT FREE

We will only use conflict free natural diamonds sourced in accordance with the Kimberly Process and precious metals sourced in accordance with the OECD Due Diligence Guidance in our jewellery products **by 2027**

CIRCULARITY

We will increase precious metals circularity by using recycled precious metals in our products and operating circularity programs **by 2027**

LOWER IMPACT GEMSTONES

We will increase our offering of jewellery products made with lower impact gemstones from sustainable lab-grown or other responsible sources **by 2027**

PLANET

WE WILL NURTURE NATURE AND REDUCE OUR NEGATIVE IMPACTS TO NET ZERO



ZERO CARBON OPERATIONS

We will achieve net zero carbon operations (scopes 1 & 2) **by 2025**

NATURE POSITIVE

We will contribute to the restoration and conservation of the natural environment **from 2024**

ELIMINATE WASTE

We will send zero waste to landfill and eliminate single use plastic from our packaging **by 2027**

PEOPLE

WE WILL IMPROVE THE LIVES OF PEOPLE ACROSS OUR VALUE CHAIN



RESPONSIBLE SUPPLIERS

100% of all suppliers meet our expectations on their social and environmental impacts **by 2030**

EMPOWERING WOMEN

We will deliver initiatives and develop partnerships focused on empowering and supporting women **from 2024**

GREAT PLACE TO WORK

We will maintain a leading workforce engagement score of greater than 80% **from 2024**

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EXECUTIVE LEADERSHIP TEAM

ANDREW LOWE



INTERIM CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL AND SUPPLY CHAIN OFFICER

Andrew joined Michael Hill Group in 2017 as Chief Financial Officer, and later assumed the role of Chief Supply Chain Officer before being appointed as Interim Chief Executive Officer in March 2025. He holds a Bachelor of Commerce, a Bachelor of Laws and a Masters of Applied Finance, and is a qualified Chartered Accountant and a Chartered Taxation Adviser of the Taxation Institute of Australia.

Andrew has extensive experience in corporate governance, mergers and acquisitions, finance and leadership roles across a range of listed corporate groups with Australian and offshore operations, including with Aurizon, Cleanaway Waste Management and Anglo American.

MATT KEAYS



CHIEF TECHNOLOGY OFFICER

Matt joined Michael Hill Group in June 2015, bringing with him extensive international IT experience in the retail space. Prior to joining the Group, Matt led the global IT strategy for Forever New as their General Manager Information Technology, and prior to that worked as Chief Information Officer for Super Amart where his final project was successfully leading a full-scale disaster recovery process after the Queensland floods in 2011. He also worked for leading national footwear and apparel company, Colorado Group after enjoying a long retail apprenticeship with 11 years at Country Road, where he worked as a Finance Accountant, and also gained solid shop floor experience.

Matt has strong technical skills and a track record of building team capabilities aligned with business purpose and strategies. Matt's career has seen him lead significant technology and infrastructure programs, covering Microsoft Dynamics 365 Retail & ERP, Infor, Oracle, Adobe, Dayforce and JDE. He has helped retail businesses implement and embrace data warehousing (B.I.) with his first Microsoft based implementation as far back as 2004 and more recently cloud-based data warehousing with Snowflake.

JO FEENEY



CHIEF MARKETING OFFICER

Jo joined Michael Hill Group in March 2021 as Chief Marketing Officer to lead the revitalisation and growth of the Group's brands, delivering end to end marketing strategies in an omnichannel environment. Responsible for shaping the Group's messaging, delivering an outstanding experience to the Group's customers across both digital and traditional marketing channels, and leading the vision for a world class loyalty program, the role has direct accountability for the performance of the Brand, Marketing, Campaign and Content, and Visual Merchandising in all stores, as well as leading the Customer Data and Insights teams.

Jo brings with her over 24 years' experience in both local and global organisations, specialising in strategic brand building, end to end marketing communications and driving key customer growth strategies across channels.

Jo has held senior marketing roles in a variety of industries, gaining early retail experience at Woolworths before a shift to telecommunications, spending over four years at Telstra as Group Manager Brand and Retail. Jo then moved to Foxtel as Head of Acquisition and Brand before her most recent role as Director of Marketing at McDonald's Australia. In this role she was responsible for marketing, brand and media strategies and driving commercial growth through innovation and re-imagination of the McDonald's brand. In her time with McDonald's, she was pivotal in the development and execution of key business platforms including the introduction of McCafé in Drive Thru and Create Your Taste.

Jo is also a recognised leader in creativity - winning multiple awards both locally and internationally as well as being a judge for industry advertising awards. Jo brings with her a fresh approach to driving the future growth of the brand through a lens of commercial creativity.

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TABITHA PEARSON

CHIEF PEOPLE OFFICER



Tabitha joined Michael Hill Group in May 2024 as Chief People Officer. With 30 years' experience in people and culture across a number of ASX listed companies, including Bunnings, Super Retail Group, Myer and G8 Education, Tabitha's strength lies in her commercial and people driven approach. She is experienced in leading large and diverse teams, integrating large scale acquisitions, and implementing modern people and culture strategies. She has a focus on building capability and talent, while driving a strong performance culture in organisations.

With a workforce of over 3,000 people across Australia, New Zealand and Canada, Tabitha's experience will be invaluable in delivering Michael Hill Group's strategic priority of attracting, retaining and developing top quality teams across the Group.

Tabitha holds a Bachelor of Arts in Psychology and Post Graduate Diploma in Human Resources and Industrial Relations.

CLAIRE JAMES

CHIEF MERCHANDISING OFFICER



Claire was appointed as Chief Merchandise Officer in March 2025, bringing with her over twenty years of expertise in retail merchandising and product development. Throughout her career at Michael Hill, Claire has held pivotal roles, including Executive General Manager of Merchandising and Executive Director of Buying, Planning, and Merchandising. Before joining Michael Hill, she held key merchandising leadership roles at Watches of Switzerland Group PLC.

Claire is recognised for her strategic acumen, deep understanding of global consumer trends and innovative product development. Her leadership is instrumental in shaping Michael Hill's global product strategy, upholding its tradition of quality and distinctive craftsmanship, and advancing the customer experience across all markets. With a strong background in retail, fashion, and luxury goods, Claire is passionate about curating unique and compelling product assortments that resonate with customers worldwide. Her commitment to innovation and excellence continues to drive Michael Hill's reputation for delivering exceptional experiences and products.

AMY SZNICER

CHIEF RETAIL OFFICER



Amy has over 25 years' leadership experience across retail and beauty industries, having worked with prominent retail brands such as Witchery, GAP, Bras N Things, Guess Jeans and Aldo. She has led the roll out of over 200 new retail stores in Australia, New Zealand and Singapore and was named 2006 Australian Young Business Woman of the Year at the Telstra Business Women's Awards.

Amy's extensive career in specialty fashion retailing has built a broad skill set that goes beyond store operations. She has worked as an Executive Leader in privately owned, private-equity controlled, and listed organisations. Amy is extremely passionate about dynamic leadership, developing strong company culture and deep retail foundations and driving high performance in an ever-changing retail landscape. These qualities enable her to consistently deliver the highest standard of customer service and ultimately, strong business performance.

Amy left the Group in July 2025 and we thank her for her dedication and support during her tenure.



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DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of Michael Hill International Limited ACN 610 937 598 ('Michael Hill International' or the 'Company') and all controlled subsidiaries for the 52 week period ended 29 June 2025.

PRINCIPAL ACTIVITIES

The Group operates predominately in the retail sale of jewellery and related services sector in Australia, Canada and New Zealand.

There were no significant changes in the nature of the Group's activities during the year.

DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2025 $'000	2024 $'000
No final dividend was declared for the year ended 30 June 2024 (2023: 3.5 cents)	-	13,289
No interim dividend was declared for the year ended 29 June 2025 (2024: 1.75 cents)	-	6,906
No final dividend was declared for the year ended 29 June 2025 (2024: nil)	-	-

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the Group's operations and the expected results of operations have been included in the Review of Operations and Strategic Priorities sections of this report.

REVIEW OF OPERATIONS

The Group achieved the following key outcomes for the 2025 financial year:

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, and 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).

* Comparable EBIT is unaudited non-IFRS information. Please refer to unaudited non-IFRS information section in this report for an explanation of unaudited non-IFRS information and a reconciliation of Comparable EBIT.

DIRECTORS' REPORT, CONTINUED.

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OPERATIONAL PERFORMANCE

- On a same store 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 Michael Hill 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).

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 (FY24: $15.9m).

The Group delivered revenue of $643.7m (FY24: $644.9m), broadly flat on prior year. The second half saw an improvement in same store sales across all segments, with FY25H2 same store sales +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).

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SEGMENT RESULTS

The results below are expressed in local currency.

AUSTRALIAN RETAIL PERFORMANCE	2025	2024	2023	2022	2021
OPERATING RESULTS (AU $'000)					
Revenue	364,059	359,102	331,007	303,409	312,264
Gross profit	217,433	217,074	211,823	196,936	194,148
Gross margin	59.7%	60.4%	64.0%	64.9%	62.2%
Comparable EBIT	24,711	29,568	53,549	51,750	54,347
Comparable EBIT as a % of revenue	6.8%	8.2%	16.2%	17.1%	17.4%
Number of stores	160	171	172	147	150

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 PERFORMANCE	2025	2024	2023	2022	2021
OPERATING RESULTS (CA $'000)					
Revenue	162,368	157,094	158,894	159,661	118,445
Gross profit	97,583	95,222	100,531	103,623	72,643
Gross margin	60.1%	60.6%	63.3%	64.9%	61.3%
Comparable EBIT	18,853	18,775	27,110	28,785	12,320
Comparable EBIT as a % of revenue	11.6%	12.0%	17.1%	18.0%	10.4%
Number of stores	82	85	86	85	86

Retail segment revenue increased by 3.4% to CA$162.4m (FY24: CA$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).

DIRECTORS' REPORT, CONTINUED.

NEW ZEALAND RETAIL PERFORMANCE	2025	2024	2023	2022	2021
OPERATING RESULTS (NZ $'000)					
Revenue	109,047	114,785	132,359	125,090	127,067
Gross profit	63,566	68,453	81,961	79,288	78,771
Gross margin	58.3%	59.6%	61.9%	63.4%	62.0%
Comparable EBIT	13,714	14,538	25,622	30,130	35,119
Comparable EBIT as a % of revenue	12.6%	12.7%	19.4%	24.1%	27.6%
Number of stores	45	44	46	48	49

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:

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

Learnings across each of these strategic 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 Chief Executive Officer, 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.

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RISK MANAGEMENT

The Board believes that a strong risk management framework supports the Group's growth and success. The Group regularly reviews its risk environment and has identified the following at risk areas and mitigating strategies:

RISK	STRATEGIES AND MITIGATION
The Group continues to operate in a highly dynamic and uncertain global environment. Ongoing disparity in the timing of economic recovery in the countries we operate in, coupled with shifting geopolitical risks, is contributing to increased volatility across key markets. Within the jewellery sector, several external pressures are intensifying. Collectively, these factors may impact the Group's ability to execute its strategic initiatives effectively.	The Group has a growth strategy that embraces omni-channel expansion and strategic acquisitions in markets that limit cannibalisation of sales and focusses on improving the customer experience. Furthermore, there is executive oversight of all drivers, both internal and external, and prudent policy execution and governance mechanisms to respond accordingly.
Increase in cyber-attacks disrupting operations and increased reliance on third-party platform providers to have robust cyber controls.	The Group has tasked the Technology Governance Committee to oversee its response to cyber risk and the maturing of our cyber resilience. The Group continues to invest in new technologies and remove vulnerable points of attack throughout its digital network. External partners have been engaged to uplift our capabilities, including both proactive and reactive responses to cyber-attacks. Penetration testing and disaster recovery planning are built into our operating rhythm to further prepare and respond to attacks.
Theft appeal of our product increases during periods of financial hardship and uncertainty.	The safety and security of our staff and customers is our most important priority. We are investing in initiatives and processes which improve the overall security of our stores and contribute to the safety of our staff and customers. We are working with both local and national law enforcement bodies and other external parties to better the overall retail environment for our staff and customers. The Group continues to operate a dedicated executive led taskforce responding to the increasing escalation of theft and violence in all operating environments, with the remit of developing tailored and appropriate actions to keep our team members and customers safe.
Increasing price gaps between mined and laboratory created diamonds impacts pricing of our range and could influence consumer behaviors to the detriment of one or both precious stones.	The Group regularly reviews its product range to ensure it satisfies consumer demand and offers choices in the markets we operate. This is supported by a long-standing vendor relationships with key jewellery manufacturers and buyers who have global insights and can advise on market trends. Both mined and laboratory created diamonds feature in our core range and collections targeted to specific consumer preferences.
Breach of regulation or law in one of our jurisdictions in an increasingly complex compliance environment.	The Group has in-house legal and compliance teams who are focused on compliance in our three markets and utilise external firms for specialised advice when required. Any new legislative requirements or rectification initiatives have dedicated teams focused on ensuring our compliance and training our teams appropriately.
Ability to respond to rapidly changing customer demographics, requirements and behaviours.	The Group regularly conducts range reviews to ensure product mix is on trend and meets customer demands and customer demographics. We are investing in customer analytic platforms to better understand our current and future customers and tailoring our channels and product mix to meet the desired customer demands.
Key person dependencies exist at senior levels to oversee and execute the Group's strategy.	The Group is committed to building a resilient and future-ready organisation through strategic investment in talent acquisition, retention, and development. Our focus on cultivating internal capability has enabled the seamless continuation of key programs aligned with our strategic priorities and business plan. The Board has completed a global search for a replacement Chief Executive Officer, and appointed a globally experienced executive with senior leadership experience across retail, brand, digital, customer experience, and transformation. In conjunction with this, the board has also appointed a Deputy Chair, and along with senior Directors, provides additional support to the experienced and effective executive leadership team.



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DIRECTORS' REPORT, CONTINUED.

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NON-IFRS FINANCIAL INFORMATION

This report contains certain non-IFRS financial measures of historical financial performance. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards. The measures therefore may not be directly comparable with other companies' measures. Many of the measures used are common practice in the industry in which the Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by Australian Securities and Investments Commission (ASIC) to promote full and clear disclosure for investors and other users of financial information, and minimise the possibility of those users being misled by such information.

The measures are used by management and directors for the purpose of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the drivers of the business, performance and trends, as well as the position of the Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or controllable factors which affect IFRS measures, to aid the user in understanding the Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting. These measures are not subject to audit.

The non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest and tax (EBIT)
- Comparable EBIT
- Significant item

COMPARABLE EBIT

Comparable EBIT has been calculated as follows:

	2025 $'000	2024 $'000
Reported EBIT	**18,857**	**14,228**
Add back costs relating to:		
Impact of IFRIC SaaS-related guidance	929	4,450
Litigation judgement	(3,031)	4,000
Bevilles integration costs	1,029	2,372
Employee restructure costs	1,157	962
CEO transition costs	436	-
Brand impairment	7,400	-
Less items relating to:		
Impact of AASB16 *Leases*	(11,432)	(10,114)
Comparable EBIT	**15,345**	**15,898**

ENVIRONMENTAL REGULATIONS AND CLIMATE REPORTING

The Group has determined that no particular or significant environmental regulations apply to it.

Under New Zealand's Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024 (Notice), Michael Hill International Limited does not have a large presence in New Zealand and has a primary listing on the ASX. Michael Hill International Limited relied on the exemption in clause 6 of the Notice in respect of its FY25 period and is therefore an exempt entity. In the FY25 period, the Group was not required to comply with any Australian climate-related disclosure requirements. The climate statements voluntarily prepared by the Group can be found in the FY25 ESG Report. The Group acknowledges the upcoming application of the mandatory climate-related disclosure requirements under the Australian Sustainability Reporting Standards in the FY26 period.

INFORMATION ON DIRECTORS

Information on the directors of Michael Hill International Limited in office during the financial year and until the date of this report are set out below.

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ROBERT FYFE

B.Eng, F.E.N.Z., C.N.Z.M.



EXPERIENCE AND DIRECTORSHIPS

Rob was appointed as a director of the Company on 9 June 2016 having previously served as director of Michael Hill's listed entity in New Zealand commencing 6 January 2014. He was appointed Chair of the Board in June 2021. Prior to joining the Company, Rob served as CEO of Air New Zealand between 2005 and 2012, a period that saw a resurgence of Air New Zealand to become one of the most recognised and awarded airlines in the world and one of the best performers in a tough industry. Rob also has extensive general management and board experience in various retail businesses operating in New Zealand, Australia and Great Britain, across sectors including retail banking, telecommunications, pay television, sport, manufacturing and outdoor apparel. In 2015 Rob was awarded an Honorary Doctor of Commerce from University of Canterbury and on New Year's Eve 2020, Rob was appointed as a Companion of the New Zealand Order of Merit for services to business and tourism.

Rob is also a director of Air Canada. He has not had any other directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Chair
Non-executive and independent director
Member of ARMC
Member of PDRC

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

1,953,578 Ordinary Shares

SIR RICHARD (MICHAEL) HILL

B.Eng, F.E.N.Z., C.N.Z.M.



EXPERIENCE AND DIRECTORSHIPS

Michael was the founder of Michael Hill, and his visionary leadership has been the foundation for the Company's listing on the New Zealand Stock Exchange (NZX) in 1987 and successful international expansion. Sir Michael's dedication to the jewellery retailing industry and his commitment to excellence have been evident throughout his career. He had 23 years of jewellery retailing experience before establishing Michael Hill in 1979, and his strategic decisions and innovative approaches have played a significant role in the growth and success of Michael Hill.

Sir Michael led the Group as Chairman from when it listed on NZX in 1987 until 2015, and was appointed a director of the Company on 9 June 2016. In 2008, he was recognised as Ernst & Young's 'Entrepreneur of the Year' and in 2011 was appointed a Knight Companion of the New Zealand Order of Merit for services to business and the arts. As a Knight Companion of the New Zealand Order of Merit, Sir Michael's contribution to both business and the arts has been widely recognised and celebrated. His leadership inspired those within the company and the industry as a whole.

Sir Michael was not a director of any other listed entities and did not have any directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Non-executive director

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

148,330,600 Ordinary Shares

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EMMA HILL

B.Com, M.B.A.



EXPERIENCE AND DIRECTORSHIPS

Emma was appointed as a director of the Company on 9 June 2016 having previously served as director of Michael Hill's listed entity in New Zealand commencing 22 February 2007. She served as Deputy Chair of the Group from 2011 until 2015 and as Chair from 2015 until June 2021. Emma has over 30 years' experience working in various roles within the Group, commencing on the shop floor in Whangarei, New Zealand. She held a number of management positions in the Australian company before successfully leading the expansion of the Group into Canada as Retail General Manager in 2002. Emma holds a Bachelor of Commerce degree and an MBA from Bond University.

Emma is not a Director of any other listed entities and has not had any directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Non-executive director
Chair of PDRC

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

167,487,526 Ordinary Shares

GARY SMITH

B.Com, F.C.A., F.A.I.C.D.



EXPERIENCE AND DIRECTORSHIPS

Gary was appointed as a director of the Company on 24 February 2016 having previously served as director of Michael Hill's listed entity in New Zealand commencing 2 November 2012. Gary has extensive director experience across a range of boards and tourism related industry bodies. He is Chairman of Flight Centre Travel Group Ltd, one of Australia's top public companies and is a member of their Audit and Remuneration sub-committees. He is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

Gary is a director of Flight Centre Travel Group Limited (ASX: FLT). He has not had any other directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Non-executive and independent director
Chair of ARMC
Member of PDRC

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

102,000 Ordinary Shares

INFORMATION ON DIRECTORS, CONTINUED.

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DAVID WHITTLE

B.A., B.Com



EXPERIENCE AND DIRECTORSHIPS

Dave was appointed as a director of the Company on 2 August 2023. Dave has considerable brand, data, technology, omni-channel retail and digital transformation experience. He is a founder of Lexer, a global software company helping brands and retailers genuinely understand and engage their customers. In 2015, Dave became the youngest ASX 200 non-executive director when he joined the board of Myer (ASX: MYR). Previously, Dave spent 10 years with global advertising group M&C Saatchi in several local and international leadership roles, culminating in three years as Managing Director in Australia. He is currently a non-executive director of Metcash Limited (ASX: MTS) and Challenger Limited (ASX: CGF), and has held several directorships and advisory roles for private, Government and not-for-profit organisations. Dave served as a non-executive director of MYER Holdings Limited from 20 November 2015 until 10 December 2024. He has not had any other directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Non-executive and independent director
Member of ARMC

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

70,431 Ordinary Shares

CLAUDIA BATTEN

LLB (Hons), B.Com



EXPERIENCE AND DIRECTORSHIPS

Claudia was appointed as a director of the Company on 30 August 2024, and promoted to Deputy Chair in March 2025. Claudia started her professional career at law firm Russell McVeagh specialising in contract, IP, and technology law before moving to New York in 2002. Claudia was a member of the founding team of Massive Incorporated, a network for advertising in video games which helped pioneer "digital" as a media buy. Massive was sold to Microsoft in 2006, where Claudia spent three years scaling the in-game network. In 2009 she co-founded Victors & Spoils, the first advertising agency built on the principles of crowdsourcing which was acquired by French holding company Havas Worldwide just two years later.

Claudia has been widely recognised for her work supporting the technology and start up scene in New Zealand and spent three years running North American operations for NZTE, supporting disruptive thinking for the growth of NZ exports in North America. Claudia is a graduate of Victoria University of Wellington with degrees in Law (Hons) and Commerce.

Claudia is currently a director of Air New Zealand Limited (ASX/NZX: AIZ), Vista Group International Limited (NZX: VGL) and is Chair of Serko Limited (ASX/NZX: SKO). She has not had any other directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Deputy Chair
Non-executive and independent director
Member of PDRC

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Nil Ordinary Shares

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ANDREA SLINGSBY

B.A., PPL (HBS)



EXPERIENCE AND DIRECTORSHIPS

Andrea was appointed as an alternate director of the Company on 14 April 2025. Andrea has extensive Board governance, consulting and advisory experience across a range of industry sectors including global retail. Andrea brings expertise in both domestic and international growth and sustainable scaling of Australian brands such as Flight Centre and Blackmores. Andrea's previous executive roles with the Company include Interim Chief People Officer from August 2018 to December 2018 and Chief Operating Officer from January 2019 to January 2021.

Andrea is currently a director of Prime Financial Group (ASX: PFG). She has not had any other directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Alternate director
to Sir Richard Michael Hill from 14 April 2025
to 29 July 2025

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Nil Ordinary Shares

DANIEL BRACKEN



EXPERIENCE AND DIRECTORSHIPS

Daniel joined the Group as the CEO in November 2018 and was appointed to the Board as an executive director in June 2021. He had more than 25 years' experience managing some of the world's most iconic brands. He had an extensive background in corporate strategy, brand development, product design, customer engagement and digital expansion, and was instrumental in executing turnaround initiatives across many retail businesses.

Daniel was not a director of any other listed entities and had not had any other directorships of listed entities in the last three years.

SPECIAL RESPONSIBILITIES

Managing Director
Chief Executive Officer

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Nil Ordinary Shares
and 1,735,474 Share Rights (Estate of Daniel Bracken)



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INFORMATION ON DIRECTORS, CONTINUED.

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COMPANY SECRETARY

The Company Secretary is Kate Palethorpe, who is also the General Counsel of the Group. Kate was appointed to the position of Company Secretary on 18 March 2024. Kate is an experienced ASX company secretary and governance professional, starting her career at top-tier law firm Minter Ellison before moving to in-house roles including Aesop, Aussie Farmers Direct and Australian Dairy Nutritionals. She has broad legal, commercial and governance experience and a strong background in retail and consumer brands/products.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 29 June 2025, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETING OF COMMITTEES			
			Audit and Risk Management		People Development and Remuneration	
	A	B	A	B	A	B
R I Fyfe	12	12	5	5	5	5
Sir R M Hill^	9	9	-	-	-	-
E J Hill	12	12	-	-	5	5
G W Smith	11	12	5	5	5	5
D Whittle	12	12	5	5	-	-
C Batten*	10	10	-	-	3	4
A Slingsby^	3	3	-	-	-	-
D Bracken	6	7	-	-	-	-

A Number of meetings attended.
B Number of meetings held during the time the director held office or was a member of the committee during the year.
^ A Slingsby appointed as an alternate director to Sir Richard Michael Hill on 14 April 2025 and attended the relevant meetings as his alternate director.
* C Batten was appointed as a director effective at the end of the Board meeting held on 30 August 2024.

COMMITTEE MEMBERSHIP

As at the date of this report, Michael Hill International Limited has an Audit and Risk Management Committee and a People Development and Remuneration Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE

Gary Smith (Chair)
Robert Fyfe
David Whittle

PEOPLE DEVELOPMENT AND REMUNERATION COMMITTEE

Emma Hill (Chair)
Robert Fyfe
Gary Smith
Claudia Batten (commenced membership on 30 August 2024)



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AUDITED REMUNERATION REPORT

The directors present the 2025 Michael Hill International Limited remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded during FY25. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

LETTER FROM THE CHAIR OF THE PEOPLE DEVELOPMENT AND REMUNERATION COMMITTEE

Dear Shareholders,

On behalf of Michael Hill Group, I am pleased to present the FY25 remuneration report. The report outlines the Group's remuneration strategy and framework and details how the Board has approached remuneration to retain and incentivise key management personal (KMP), while aligning reward with shareholder value creation.

FY25 was a difficult period for the Group as persistent cost of living pressures and significant global uncertainty continued to weigh on consumer confidence and discretionary spending, delaying the anticipated recovery of the Group's financial performance. In addition, in late February 2025 the Group was shocked by the sudden passing of its Chief Executive Officer, Daniel Bracken. Mr Bracken was a passionate retailer who made an immense contribution to our business and is dearly missed by all members of the team. Whilst Daniel's passing was a difficult period for the Group, the Board has been impressed by the resilience and resolve which all teams have shown in navigating this period.

Despite difficult trading conditions throughout FY25 there were some bright spots, with the Group delivering full year earnings and gross margin broadly in line with prior year, despite aggressive promotional trading conditions and record high gold prices. In addition, our Canadian segment delivered record sales, as well as a focus on store productivity, saw a second half lift in Group same store sales of 2.4%.

Throughout FY25 the integration of the Bevilles business continued, including the relocation of the head office from Melbourne to Brisbane and an upgrade of operational and store systems. There was also a strong focus on improving customer experience by upskilling Bevilles' sales teams, as well as consolidation and refreshing of the product range. Our new New Zealand Distribution Centre was a key project for this year. Having our own distribution centre in New Zealand allows us to better manage replenishment, reduce logistics costs and provide rapid customer delivery, improving customer experience and accelerating digital growth.

In response to challenging trading conditions during the year further cost optimisation programs were undertaken, including a review of the support centre structure, ways of working and costs, to realign our structure to strategic delivery and productivity. A number of departments were restructured, resulting in the exit of some senior leadership roles.

In early March 2025, Andrew Lowe was appointed to the position of Interim Chief Executive Officer whilst the Group commenced an international search for a replacement Chief Executive Officer, considering both internal and external candidates. On 18 August 2025, the Group announced the appointment of Jonathan Waecker as Chief Executive Officer, commencing 27 August 2025. Mr Lowe has successfully navigated the business through this period and we thank him for his contribution.

It was pleasing to see an increase of four percentage points in our most recent engagement survey and we continue to rate well above industry average across all countries.

FY25 REMUNERATION

The Group's KMP and executive remuneration structure comprises a mix of market competitive fixed remuneration, short-term incentives (STI) to reward annual performance and long-term incentives (LTI) to align long-term financial performance and shareholder value creation.

In FY25, we amended the STI program, moving from half yearly to annual assessment and from a stepped payment to a linear payout commencing at 90% of target, with 100% payment at target. An outperformance opportunity was available, with a maximum payment at 165% of target.

Furthermore, in response to difficult trading conditions, the STI component of the Executives' remuneration was made subject to a Group financial performance hurdle. As the Group did not meet the required level of financial performance, no Executive was eligible for an STI in FY25, despite delivering several strategic and operational objectives.

Under the Group's FY25 LTI program, 1,986,468 share rights were awarded to Daniel Bracken as Chief Executive Officer and 452,168 share rights were awarded to Andrew Lowe as Chief Financial Officer. These share rights are subject to the satisfaction of certain performance metrics over a three-year performance period.

AUDITED REMUNERATION REPORT, CONTINUED.

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In response to challenging economic conditions, in FY25 there was no change to the Non-Executive Director (NED) fees and the fixed component of the Chief Executive Officer's (Daniel Bracken) remuneration package. From 1 July 2024, Andrew Lowe's fixed remuneration component was increased by 5.82% due to the expansion of his role to include supply chain responsibility. The fixed remuneration of the remaining Executives, excluding the newly appointed Chief People Officer, was increased by 3% which was below FY24 CPI of 3.8%.

When Andrew Lowe took on the role of Interim Chief Executive Officer on 6 March 2025, his role was restructured to facilitate his expanded duties and his fixed remuneration was increased to $830,000 inclusive of superannuation. No change was made to his FY25 LTI allocation at this time however his FY25 STI entitlement was assessed at the fixed remuneration applicable to his role of Interim Chief Executive Officer.

FY26 REMUNERATION UPDATE

Following the freeze on Non-Executive Director fees in FY25 and a comprehensive market review of director fees of comparable ASX and NZX listed companies, an increase of 3% will be applied to Non-Executive Director fees for FY26. The Group's policy remains that Non-Executive Director remuneration is not subject to any performance conditions or hurdles.

The fixed component of the Executives' salaries will be increased by 3% acknowledging the Executive team's resilience through prolonged difficult trading conditions, the passing of Daniel Bracken and taking on additional responsibilities during this time of significant change.

In preparation for a new Chief Executive Officer and in line with our remuneration policy, we engaged an external remuneration expert to review our Executive packages in line with a relevant peer group. Changes were recommended to the STI outperformance percentage and LTI eligibility, which have been implemented for FY26.

On 29 July 2025, we were deeply saddened by the passing of our Founder and Director, Sir Michael Hill. A visionary entrepreneur and passionate leader, Sir Michael transformed a single store in Whangarei into an international jewellery brand. His unwavering commitment to excellence in customer experience, product craftsmanship, and fostering a culture of connection will remain at the heart of Michael Hill International for generations to come.

In conclusion, the Board believes the remuneration outcomes for FY25 reflect an appropriate alignment between pay and performance during the year and are also reasonable in terms of the unexpected challenges that 2025 have presented, in addition to the uncertain operating environment.

Regards,



Emma Hill
Chair of the People Development and Remuneration Committee



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REMUNERATION OVERVIEW

This report sets out the remuneration arrangements for Michael Hill International's key management personnel (KMP). KMP have the authority and responsibility for planning, directing and controlling the activities of the entity. All KMP listed below have held their positions for the entire reporting period unless indicated otherwise.

With the passing of the Group's CEO, Daniel Bracken in February 2025, the Group's CFO, Andrew Lowe took on the Interim CEO role. Reference will be made to Daniel Bracken as CEO during the period from 1 July 2024 to 26 February 2025 and Andrew Lowe as Interim CEO during the period from 6 March 2025 to 29 June 2025. References to the CFO will be to Andrew Lowe as CFO during the period from July 2024 to 4 March 2025. During the period that Andrew Lowe has served as Interim CEO and Chief Financial Officer, he is the only executive KMP.

Name	Position	Commencement as KMP
Non-Executive Directors		
Robert Fyfe	Chair and non-executive director	2016
Sir Richard Michael Hill[1]	Founder and non-executive director	2016
Emma Hill	Non-executive director	2016
Gary Smith	Non-executive director	2016
David Whittle	Non-executive director	2024
Claudia Batten[2]	Deputy Chair and non-executive director	2025
Andrea Slingsby[3]	Alternate non-executive director to Sir Richard Michael Hill	2025
Managing Director and CEO		
Daniel Bracken[4]	Managing Director and Chief Executive Officer	2019
Executive		
Andrew Lowe[5]	Chief Financial Officer and Supply Chain Officer Interim Chief Executive Officer	2017

[1] Sir Richard Michael Hill ceased as a director on 29 July 2025 (see note I2 of financial statements).
[2] Claudia Batten was appointed a non-executive director on 30 August 2024 and was promoted to Deputy Chair on 6 March 2025.
[3] Andrea Slingsby was appointed as an alternate non-executive director to Sir Richard Michael Hill on 14 April 2025.
[4] Daniel Bracken ceased as a director on 26 February 2025.
[5] Andrew Lowe has held the position of CFO since 2017 and was appointed Interim CEO on 6 March 2025.

PEOPLE DEVELOPMENT AND REMUNERATION COMMITTEE (PDRC)

The primary objective of the People Development and Remuneration Committee (PDRC) is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Company's people strategy including remuneration components, performance measurements and accountability frameworks, recruitment, engagement, retention, talent management and succession planning.

The following non-executive directors are members of the PDRC for the 2025 reporting period:

- Emma Hill - Chair of the PDRC
- Robert Fyfe - Chair of the Board of Directors
- Gary Smith - Chair of the Audit and Risk Committee
- Claudia Batten - Deputy Chair and Committee member

USE OF REMUNERATION CONSULTANTS

The PDRC obtains independent advice every three years on the appropriateness of remuneration practices of the Group given trends in comparative companies and the objectives of the Group's remuneration strategy. In FY25 PayIQ were engaged by the PDRC to benchmark the Executive team remuneration and review the Group's STI and LTI framework. The fees paid to PayIQ were $48,400. The results of PayIQ analysis were considered by the PDRC and in setting the FY26 remuneration framework for approval by the Board. PayIQ was engaged by, and provided their recommendations to the PDRC, providing assurance to the Board that the advice provided by PayIQ was made free from undue influence by the members of the key management personnel to whom the recommendation relates.

AUDITED REMUNERATION REPORT, CONTINUED.

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REMUNERATION FRAMEWORK

Our remuneration philosophy is guided by our vision to be a modern, differentiated, omni channel jewellery group. The structure of compensation is designed with a mix of market competitive fixed remuneration, short-term incentives (STIs) to reward annual performance and long-term incentives (LTIs) to align financial performance and shareholder value creation.

OUR VALUES

WE CARE

•

WE ARE PROFESSIONAL

•

WE ARE INCLUSIVE AND DIVERSE

•

WE CREATE OUTSTANDING EXPERIENCES

OUR REMUNERATION PHILOSOPHY

ATTRACT, MOTIVATE AND RETAIN TALENT

•

REWARD THE ACHIEVEMENT OF STRATEGIC OBJECTIVES

•

ALIGN TO SHAREHOLDER VALUE CREATION

OUR REMUNERATION FRAMEWORK

	FIXED REMUNERATION	SHORT-TERM INCENTIVE (STI)	LONG-TERM INCENTIVE (LTI)
How is it set?	Fixed Remuneration is set with reference to market competitive rates in comparative companies for similar positions, adjusted to account for the experience, ability and effectiveness of the individual Executive.	Executives participate in the Group's STI program prioritising Board approved On-Target and Outperformance Targets.	The Company has established an LTI plan as deferred compensation.
How is it delivered?	Base salary plus any fixed elements including superannuation and leave entitlements.	Cash for On-Target performance and for Outperformance.	An annual issue of share rights is made to Executive KMP. The rights vest at the end of the relevant performance period if certain performance hurdles and vesting conditions are met. Under the LTI Plan Rules the Board also has discretion to settle an issue of vested shares via an equivalent cash payment.
What is the objective?	Attract and retain key Executive talent.	Drive annual profit growth and align Executive reward with achievement of performance targets that underpin Group strategy.	Reward Executives for sustainable long-term growth aligned to shareholders' interests.

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RELATIONSHIP OF REMUNERATION TO GROUP PERFORMANCE

The remuneration framework operates to create a clear link between Executive remuneration and the Group's performance. The overall level of remuneration takes into consideration the performance of the Group over several years. The performance of the Group over the past five years is summarised below:

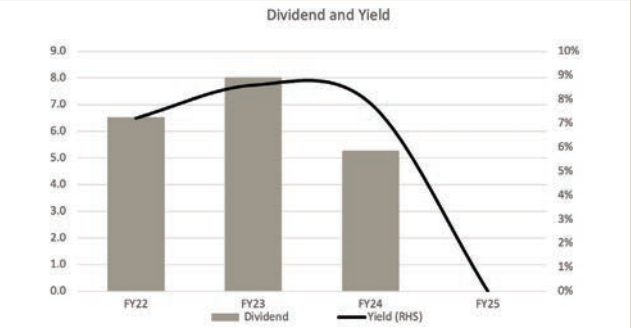
	2025	2024	2023	2022	2021
Revenue ($'000)	643,655	644,929	629,562	595,210	556,486
Comparable EBIT* ($'000)	15,345	15,898	58,889	62,870	56,594
Profit for the year attributable to owners of the Company ($'000)	2,099	(479)	35,182	46,712	41,015
Earnings per share (cents)	0.55c	(0.12c)	9.20c	12.03c	10.57c
Dividends paid during the financial year[1] ($'000)	-	20,195	30,719	25,239	11,636
Market capitalisation ($'000)	159,700	173,081	339,822	361,105	322,158
Share price at year end ($)	0.42	0.45	0.90	0.93	0.83
Compound annual growth rate	(23.3%)	(20.1%)	(2.2%)	13.9%	148.5%
Return on average total assets	0.4%	(0.1%)	6.7%	9.3%	9.0%

* EBIT and Comparable EBIT are unaudited non-IFRS Information. Please refer to unaudited non-IFRS Information in the Directors' Report for an explanation of unaudited non-IFRS information and a reconciliation of EBIT and Comparable EBIT.

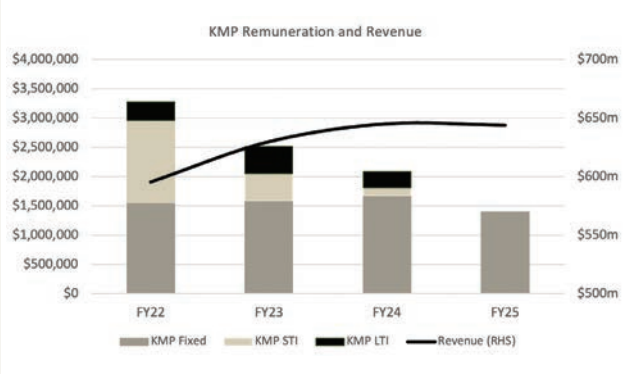
[1] The dividends paid in FY22 are the postponed interim dividend for FY21 and the interim dividend for FY22.

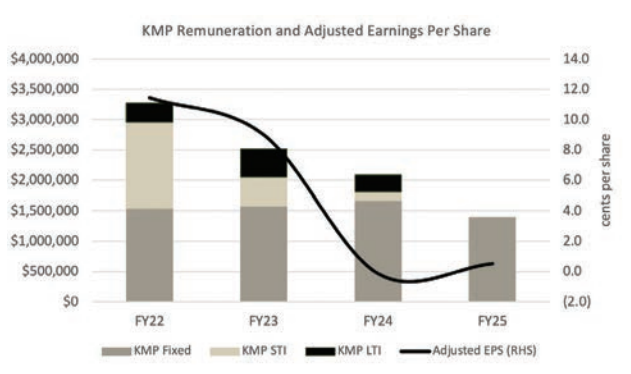
The first graph below shows the share price growth and movement compared to the ASX300 whilst the second graph shows the dividend paid and yield per financial year.





The graphs below show the relationship of KMP remuneration to revenue and Adjusted Earnings Per Share[1] for the last four financial years.





[1] Adjusted Earnings Per Share is calculated similarly to statutory Earnings Per Share except EBIT is adjusted to Comparable EBIT as set out in the Directors' Report.

AUDITED REMUNERATION REPORT, CONTINUED.

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FY25 EXECUTIVE KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION

As per our Remuneration Policy, formal benchmarking of KMP remuneration is conducted every three years. As noted above, in FY25 PayIQ were engaged to conduct a market review of the Executive remuneration framework including fixed remuneration and the STI and LTI framework. The findings from this activity were used to inform the FY26 KMP remuneration outcomes.

REMUNERATION MIX

The total remuneration for Executive KMPs comprises both fixed remuneration and at-risk components in the form of On-Target STI, Outperformance STI and LTI. Maximum STI and LTI incentives are calculated as a percent of the relevant Executive KMPs fixed remuneration component, with the actual amount delivered to the KMP subject to satisfaction of certain performance conditions. The remuneration mix is designed to compensate KMP in a way that strongly correlates to Group performance. The Outperformance STI gives the Executive KMPs the ability to earn the equivalent percent of the On-Target STI value, paid in cash.

KMP	Fixed Remuneration	Maximum STI	LTI	Total
Daniel Bracken - CEO	34.8%	32.1%	33.1%	100.0%
Andrew Lowe - CFO	48.5%	32.0%	19.4%	100.0%
Andrew Lowe - Interim CEO (from 6 March 2025)	48.5%	32.0%	19.4%	100.0%

FIXED REMUNERATION

Fixed remuneration is reviewed annually, and our policy is to consider the consumer price index (CPI), Executive performance and retention, and increases to any applicable superannuation concessional contributions cap. Remuneration is set with reference to market competitive rates in comparable companies for similar positions adjusted for the experience, ability and effectiveness of the individual Executive KMP. Fixed remuneration includes base salary and superannuation contributions at the rate of the concessional contributions cap. Due to prolonged difficult trading conditions, the CEO, Daniel Bracken agreed that no increase would be applied to his fixed remuneration in FY25. At the commencement of the reporting period, the CFO, Andrew Lowe's fixed remuneration was increased by 5.82% in recognition of the expansion of his role to include responsibility for the Group's supply chain. On 6 March 2025, when Mr Lowe took on the role of Interim CEO his fixed remuneration was increased to $800,000 per annum excluding superannuation. Superannuation was maintained at the concessional contributions cap of $30,000 for both KMP.



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SHORT-TERM INCENTIVE (STI) SCHEME

The Group's STI program is designed to reward delivery of annual profit targets and ensure achievement of strategic and operational objectives. The maximum STI is calculated as a percent of the relevant Executive KMP's fixed remuneration component and detailed in performance scorecards that are set by the People, Development and Remuneration Committee (PDRC). The scorecards detail the performance targets, indicators and weightings for each Executive across the key performance areas of Financial, Strategy, Customer and People. The CEO's scorecard is comprised of core objectives to drive the business forward, and aligned with relevant Executives.

In FY25, in response to continued difficult trading conditions the Executive STI program was made subject to a financial performance hurdle. As the financial performance hurdle was not met, no Executive KMP was eligible for an STI payment, notwithstanding that several operational and strategic objectives were met.

The STI program is supported by a performance management system giving visibility and transparency of progress by each Executive. Performance against key performance indicators (KPIs) is measured annually but reviewed on an informal basis, in regular meetings and at half year end.

The STI program in FY25 for KMP was structured as follows:

Performance period	Annual award for Financial, Strategy, Customer and People KPIs, subject to the Group meeting an annual financial performance hurdle
Opportunity	CEO – 92% of Fixed Remuneration comprised of 46% for On-Target performance, and 46% for Outperformance CFO and Interim CEO – 66% of Fixed Remuneration comprised of 33% for On-Target performance, and 33% for Outperformance
How the STI is paid?	In cash for both On-Target performance and Outperformance
On-Target performance measures	All On-Target performance subject to financial performance hurdle Financial KPI 60% weighting Strategy, Customer and People KPIs 40% weighting
Performance measure for Outperformance component	The Incentive payout begins once 90% of the EBIT target is achieved, with 100% of the At Target payout made upon reaching the target EBIT. For performance exceeding the target, an additional incentive (Outperformance STI) is paid out on a linear scale for EBIT performance between 100% and 165% of the EBIT target.
How is STI assessed?	The PDRC reviews the CEO's performance against the performance targets and objectives set for that year. The CEO assesses the performance of his direct reports which include the CFO. The PDRC reviews the assessed performance for Board endorsement.

AUDITED REMUNERATION REPORT, CONTINUED.

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STI OUTCOMES

The following tables detail the FY25 STI scorecard KPIs and assessment applied to the CEO and CFO.

Short-Term Incentives payout

	STI target		STI awarded		Earned	% Earned of Awarded	% of Target Awarded
	%	$	%	$	$	%	%
Daniel Bracken	46.0%	684,504	0%	-	-	0%	0%
Andrew Lowe	33.0%	444,901	0%	-	-	0%	0%

Short-Term Incentives performance

	CEO		CFO	
	STI Weighting	Weighted Outcome	STI Weighting	Weighted Outcome
Financial	60%	0%	60%	0%
Strategy	25%	0%	25%	0%
Customer	5%	0%	5%	0%
People	10%	0%	10%	0%
	100%	0%	100%	0%

KPI	2025 Performance Assessment
FINANCIAL (60% weighting) EBIT	Target not achieved
STRATEGY (25% weighting) Embed Bevilles acquisition	Target not achieved
CUSTOMER (5% weighting) Growth and Brand realignment	Target not achieved
PEOPLE (10% weighting) Profitability	Target not achieved

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LTI SCHEME

The FY25 LTI program for KMP was structured as follows:

Performance period	Three years
Opportunity	CEO - 95% of Fixed Remuneration CFO - 40% of Fixed Remuneration (Note: no change was made to the LTI opportunity when Mr Lowe was appointed Interim CEO)
Instrument	Share rights
Performance metrics	Total Shareholder Return (TSR) compound annual growth rate (CAGR) over three years Earnings per Share (EPS) CAGR over three years
Service condition	Awards are subject to a service condition requiring the Executive KMP to remain employed by the Group until the performance hurdle assessment date (being 10 ASX trading days following the release of the Group's FY27 results).
Vesting schedule for the Performance metrics	Subject to the KMP meeting the service condition, share rights attached to the TSR and EPS performance metrics vest in accordance with a sliding vesting schedule: **The TSR vesting schedule is as follows:** • No rights vest if TSR is equal to or less than 10% CAGR • 10% of share rights vest for each 1% increase in CAGR performance between 10% CAGR to 20% CAGR • 100% of share rights vest if TSR is equal to or above 20% CAGR **The EPS vesting schedule is as follows:** • No rights vest if EPS is equal to or less than 20% CAGR • 10% of share rights vest for each 1% increase in CAGR between 20% CAGR to 30% CAGR • 100% of share rights vest if EPS is equal to or above 30% CAGR
Rationale for the performance metric and condition	The TSR and EPS metrics have been deemed by the PDRC to be a suitable market based measure to create alignment between the interests of Executive KMP and the interests of shareholders.
What happens when a KMP ceases employment?	The treatment of the KMP's share rights (both vested and unvested) will depend on the circumstances of cessation of their employment. For example, where the KMP ceases employment due to resignation or termination for cause, they will be entitled to retain their vested and unexercised share rights but will forfeit all of their unvested share rights (unless the Board determines a different treatment). In other cases such as redundancy or bona fide retirement, the KMP will be entitled to retain their vested and unexercised share rights, and their unvested share rights. Any unvested share rights will be retained on a pro rata basis (based on the proportion of the vesting period for those share rights that will have lapsed on the date the KMP's employment ceased). In addition, the service condition applicable to a KMP's unvested share rights is automatically waived but the performance conditions remain.
Dividends and voting rights	Share rights do not confer on the holder any entitlement to any dividends or other distributions by the Group or any right to attend or vote at any general meeting of the Group.

AUDITED REMUNERATION REPORT, CONTINUED.

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FY25 LTI

Both Executive KMP were eligible to participate in the FY25 LTI in accordance with the LTI program detailed in the preceding table. For the CEO, the grant of share rights under the FY25 LTI plan was approved by shareholders at the 2024 Annual General Meeting held on 23 October 2024. Further details of the number of share rights granted to the CEO and CFO in relation to the FY25 LTI can be found later in this report under the heading 'Reconciliation of Options and Share Rights held by KMP'.

Vesting conditions	CEO LTI Weighting	CFO LTI Weighting
Continuous employment and performance hurdle - Absolute TSR	50%	50%
Continuous employment and performance hurdle - EPS	50%	50%

FY19 TRANCHE THREE LTI OUTCOMES

Based on an annual grant of share rights set at 50% of base salary remuneration at the grant date. The vesting of share rights at the end of the Vesting Period is subject to continuous employment under an engagement agreement. Upon vesting, each share right shall be eligible to be converted to one ordinary share.

Vesting conditions	LTI Weighting	CEO Weighted Outcome	LTI Weighting	CFO Weighted Outcome
Continuous employment	50%	100%	50%	100%

FY20 TRANCHE TWO LTI OUTCOMES

Based on an annual grant of share rights set at 50% of base salary remuneration at the grant date. The vesting of share rights at the end of the Vesting Period is subject to continuous employment under an engagement agreement. Upon vesting, each share right shall be eligible to be converted to one ordinary share.

Vesting conditions	LTI Weighting	CEO Weighted Outcome	LTI Weighting	CFO Weighted Outcome
Continuous employment	50%	100%	50%	100%

FY20 TRANCHE THREE LTI OUTCOMES

Based on an annual grant of share rights set at 50% of base salary remuneration at the grant date. The vesting of share rights at the end of the Vesting Period is subject to continuous employment under an engagement agreement. Upon vesting, each share right shall be eligible to be converted to one ordinary share.

When Daniel Bracken passed away, the LTI Plan Rules provided that he was entitled to retain 66,314 of his vested rights, which converted to fully paid ordinary shares on 11 April 2025.

Vesting conditions	LTI Weighting	CEO Weighted Outcome
Continuous employment	50%	93.1%

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OTHER BENEFITS

Executive KMP do not receive additional benefits, such as non-cash benefits, other than superannuation and leave entitlements, as part of the terms and conditions of their appointment. Loans are not provided.

SERVICE CONTRACTS

It is the Group's policy that service contracts for KMP are unlimited in term but capable of termination on six months' notice (twelve months in the case of Daniel Bracken (as CEO) and that the Group retains the right to terminate the contract immediately, by making payment equal to six months' pay in lieu of notice (or twelve months in the case of Daniel Bracken as CEO). KMP are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

FY25 NON-EXECUTIVE DIRECTOR REMUNERATION

Total compensation for all non-executive directors, voted upon by shareholders on 14 November 2023, is not to exceed $1,200,000 per annum. Directors' base fees for FY25 were $110,795 per annum. The Board Chair receives twice the base fee. Additional fees are paid where a director is Chair of a committee. When Claudia Batten was appointed Deputy Chair on 6 March 2025 her fees were increased to the equivalent of the Chair of the Audit and Risk Committee.

COMMITTEE CHAIR FEES	$
People Development and Remuneration	22,890
Audit and Risk	34,336

It is the Company's policy to consider CPI and the WPI in determining any increase to directors' fees annually. In FY25, CPI was 6% and WPI was 3.6%. However, as noted above, in response to difficult trading conditions the Board decided that no increase would be applied to the non-executive director fees for FY25.

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. Non-executive directors do not receive performance-related compensation. Directors' fees cover all main Board activities and membership of committees. Non-executive directors are not provided with retirement benefits apart from statutory superannuation.



AUDITED REMUNERATION REPORT, CONTINUED.

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DIRECTOR AND EXECUTIVE REMUNERATION OUTCOMES FOR FY25

Details of the nature and amount of each major element of remuneration of each Director of the Company and other KMP of the consolidated entity are:

Name	Short-term			Long-term	Post-employment	Share-based payments			Proportion remuneration performance related	Value of rights as proportion of remuneration
	Salary & fees*	STI cash bonus	Total	Long service leave	Super-annuation benefits	Termination benefits	Share rights	Total		
	$	$	$	$	$	$	$	$	%	%
NON-EXECUTIVE DIRECTORS										
Emma Jane Hill										
2025	135,856	-	**135,856**	-	-	-	-	**135,856**	-	-
2024	133,544	-	**133,544**	-	-	-	-	**133,544**	-	-
Sir Richard Michael Hill (until his passing on 29 July 2025)										
2025	112,594	-	**112,594**	-	-	-	-	**112,594**	-	-
2024	110,678	-	**110,678**	-	-	-	-	**110,678**	-	-
Gary Warwick Smith										
2025	130,017	-	**130,017**	-	15,114	-	-	**145,131**	-	-
2024	130,602	-	**130,602**	-	14,529	-	-	**145,131**	-	-
Robert Ian Fyfe										
2025	225,189	-	**225,189**	-	-	-	-	**225,189**	-	-
2024	221,356	-	**221,356**	-	-	-	-	**221,356**	-	-
David Whittle										
2025	99,257	-	**99,257**	-	11,538	-	-	**110,795**	-	-
2024	91,477	-	91,477	-	10,187	-	-	101,664	-	-
Claudia Batten (appointed 30 August 2024)										
2025	161,202	-	**161,202**	-	-	-	-	**161,202**	-	-
2024	-	-	-	-	-	-	-	-	-	-
Andrea Slingsby (appointed 14 April 2025, resigned 29 July 2025)										
2025	20,880	-	**20,880**	-	2,442	-	-	**23,322**	-	-
2024	-	-	-	-	-	-	-	-	-	-
Jacqueline Elizabeth Naylor (resigned 8 April 2024)										
2025	-	-	**-**	-	-	-	-	**-**	-	-
2024	76,781	-	**76,781**	-	8,446	-	-	**85,227**	-	-

* Salary and fees include the net leave entitlement accrual, calculated as leave accrued less leave taken.

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Name	Short-term			Long-term	Post-employment	Share-based payments			Proportion remuneration performance related	Value of rights as proportion of remuneration
	Salary & fees*	STI cash bonus	Total	Long service leave	Super-annuation benefits	Termination benefits	Share rights	Total		
	$	$	$	$	$	$	$	$	%	%
EXECUTIVE DIRECTOR										
Daniel Bracken, CEO (until his passing on 26 February 2025)										
2025	737,244	-	**737,244**	-101,906	19,615	-	-75,076	**579,877**	0.00%	-12.95%
2024	1,149,265	100,160	**1,249,425**	22,139	27,500	-	150,822	**1,449,886**	6.91%	10.40%
TOTAL DIRECTOR REMUNERATION										
2025	1,622,239	-	**1,622,239**	-101,906	48,709	-	-75,076	**1,493,966**	0.00%	-5.02%
2024	1,913,703	100,160	**2,013,863**	22,139	60,662	-	150,822	**2,247,486**	6.91%	10.40%
KMP										
Andrew Lowe, Interim CEO										
2025	656,217	-	**656,217**	41,398	30,000	-	38,251	**765,866**	0.00%	4.99%
2024	528,326	34,852	**563,178**	11,454	27,500	-	32,056	**634,188**	5.50%	5.05%
TOTAL KMP REMUNERATION										
2025	656,217	-	**656,217**	41,398	30,000	-	38,251	**765,866**	0.00%	4.99%
2024	528,326	34,852	**563,178**	11,454	27,500	-	32,056	**634,188**	5.50%	5.05%
TOTAL DIRECTOR AND KMP REMUNERATION										
2025	2,278,456	-	**2,278,456**	-60,508	78,709	-	-36,825	**2,259,832**	0.00%	-1.63%
2024	2,442,029	135,012	**2,577,041**	33,593	88,162	-	182,878	**2,881,674**	4.69%	6.35%

* Salary and fees include the net leave entitlement accrual, calculated as leave accrued less leave taken.

ADDITIONAL STATUTORY INFORMATION

EQUITY INSTRUMENTS

All options or rights refer to options or rights over ordinary shares of Michael Hill International Limited, which are exercisable on a one-for-one basis under the Company's Equity Incentive Plan (Plan).

MODIFICATION OF TERMS OF EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The terms of the Plan were approved by shareholders at the Company's 2023 Annual General Meeting held on 14 November 2023. The Plan replaced the Group's previous incentive scheme approved by shareholders to address significant changes to the Corporations Act covering employee share schemes. No changes were otherwise made to the terms of the Plan during the reporting period.

The Plan applies to any rights or shares issued after 14 November 2023 as part of the Company's LTI remuneration strategy.

The terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a KMP) entered into prior to 14 November 2023 have not been altered or modified by the Company during the reporting period or the prior period. Upon exercise of any option previously granted with a NZ$ exercise price, the exercise price will be converted to AU$ with reference to the Reserve Bank of Australia foreign exchange rate on that date. The exercise price of any future option grants will be set by using the same method, with reference to the Australian Securities Exchange ('ASX').

ANALYSIS OF OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

No options were granted to KMP as compensation for the financial year.

SHARE RIGHTS

The number of share rights issued to KMP and senior management during FY25 was 2,438,636 share rights. Of these, share rights issued to KMP are set out below. Refer to note D3 of the accompanying financial report for further details.

	Issued during the year	Fair value per share right
KMP	**Number**	**$**
Daniel Bracken	1,986,468	0.39
Andrew Lowe	452,168	0.39

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RECONCILIATION OF OPTIONS AND SHARE RIGHTS HELD BY KMP

No options are held by KMP. The number of rights over ordinary shares held during the financial year by KMP, including the number issued, vested, exercised and forfeited is set out below.

When Daniel Bracken passed away, the LTI Plan Rules provided that he was entitled to retain 66,314 of his vested rights, which converted to fully paid ordinary shares on 11 April 2025. The remainder of his unvested rights were retained on a pro rata basis, based on the proportion of the vesting period that had lapsed on the date Mr Bracken passed away. In total, 1,735,474 share rights were retained but remain subject to satisfaction of the performance conditions attached to them, while 2,286,200 were forfeited, in accordance with the Group's LTI Plan Rules. Unvested share rights are held by the Estate of Daniel Bracken as at the date of this report.

	Balance at start of the year						Balance at end of the year	
	Vested and Exercisable	Unvested	Issued	Forfeited	Vested	Exercised	Vested and Exercisable	Unvested
DANIEL BRACKEN								
FY19 LTI Plan								
Tranche three	-	55,010	-	-	55,010	(55,010)	-	-
FY20 LTI Plan								
Tranche two	-	35,615	-	-	35,615	(35,615)	-	-
Tranche three	-	71,229	-	(4,915)	66,314	(66,314)	-	-
FY22 LTI Plan								
Single Issue	-	634,081	-	(634,081)	-	-	-	-
FY23 LTI Plan								
Single Issue	-	906,699	-	(155,743)	-	-	-	750,956
FY24 LTI Plan								
Single Issue	-	1,123,592	-	(544,510)	-	-	-	579,082
FY25 LTI Plan								
Single Issue	-	-	1,986,468	(1,581,032)	-	-	-	405,436

ADDITIONAL STATUTORY INFORMATION, CONTINUED.

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	Balance at start of the year						Balance at end of the year	
	Vested and Exercisable	Unvested	Issued	Forfeited	Vested	Exercised	Vested and Exercisable	Unvested
ANDREW LOWE								
FY19 LTI Plan								
Tranche three	-	16,733	-	-	16,733	(16,733)	-	-
FY20 LTI Plan								
Tranche two	-	6,424	-	-	6,424	(6,424)	-	-
Tranche three	-	12,847	-	-	-	-	-	12,847
FY22 LTI Plan								-
Single Issue	-	200,307	-	(200,307)	-	-	-	-
FY23 LTI Plan								-
Single Issue	-	195,411	-	-	-	-	-	195,411
FY24 LTI Plan								-
Single Issue	-	241,871	-	-	-	-	-	241,871
FY25 LTI Plan								-
Single Issue	-	-	452,168	-	-	-	-	452,168
TOTAL	**-**	**3,499,819**	**2,438,636**	**(3,120,588)**	**180,096**	**(180,096)**	**-**	**2,637,771**

* Share rights granted to Daniel Bracken during the reporting period were approved by shareholders at the Company's 2024 AGM as required by ASX Listing Rule 10.14.

SHAREHOLDINGS

The number of ordinary shares held during the financial year by KMP is set out below:

	Balance at start of the year	Received on exercise of rights	Other changes	Balance at end of the year
NON-EXECUTIVE DIRECTORS	**Number**	**Number**	**Number**	**Number**
Emma Hill*	167,487,526	-	-	167,487,526
Sir Richard (Michael) Hill*	148,330,600	-	-	148,330,600
Gary Smith	102,000	-	-	102,000
Robert Fyfe	1,953,578	-	-	1,953,578
David Whittle	70,431	-	-	70,431
Claudia Batten[1]	-	-	-	-
Andrea Slingsby[2]	-	-	-	-
EXECUTIVE DIRECTOR				
Daniel Bracken[3]	2,845,693	156,939	(3,002,632)	-
NON-DIRECTOR				
Andrew Lowe	795,220	23,157	-	818,377

* Includes common shareholding due to a related party.
[1] Claudia Batten was appointed a non-executive director on 30 August 2024 and was promoted to Deputy Chair on 6 March 2025.
[2] Andrea Slingsby was appointed as an alternative director to Sir Richard Michael Hill on 14 April 2025.
[3] Daniel Bracken ceased as a director on 26 February 2025.

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VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

The Company received 98.16% of "For" votes on its remuneration report for FY24. The Company did not otherwise receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of remuneration report.

INSURANCE OF OFFICERS AND INDEMNITIES

The Company's Constitution provides that it may indemnify any person who is, or has been, an officer of the Group, including the directors, the Secretaries and other officers, against liabilities incurred whilst acting as such officers to the extent permitted by law. The Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's directors, Company Secretaries and certain other officers. No director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the year.

The Company has paid a premium for insurance for officers of the Group. This insurance is against a liability for costs and expenses incurred by officers in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Ernst & Young (Australia).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in this report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made on 25 August 2025 in accordance with a resolution of directors as required by section 298 of the *Corporations Act 2001*.



R I Fyfe
Chair

Brisbane
25 August 2025

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Auditor's independence declaration to the directors of Michael Hill International Limited

As lead auditor for the audit of the financial report of Michael Hill International Limited for the financial year ended 29 June 2025, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Michael Hill International Limited and the entities it controlled during the financial year.

Ernst & Young

Kellie McKenzie
Partner
25 August 2025

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Notes	2025 $'000	2024 $'000
Revenue from contracts with customers	A2	643,655	644,929
Other income	A3	1,901	2,856
Cost of goods sold		(254,217)	(254,011)
Employee benefits expense	D1	(179,707)	(182,670)
Occupancy costs		(15,055)	(13,468)
Marketing expenses		(37,455)	(42,052)
Selling expenses		(24,796)	(22,330)
Impairment/(reversal) of property, plant and equipment and other assets	F4	(2,841)	265
Impairment of intangible assets	F5	(7,400)	-
Depreciation and amortisation expense	F1	(65,536)	(68,013)
Loss on disposal of property, plant and equipment		(518)	(413)
Administrative expenses		(18,596)	(26,847)
Other expenses		(20,335)	(23,700)
Finance expenses	F1	(16,907)	(14,914)
Profit/(loss) before income tax		**2,193**	**(368)**
Income tax expense	F8	(94)	(111)
Profit/(loss) for the year		**2,099**	**(479)**

OTHER COMPREHENSIVE INCOME	Notes	2025 $'000	2024 $'000
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising during the year		1,301	(1,228)
Other comprehensive income for the year, net of tax		**1,301**	(1,228)
Total comprehensive income/(loss) for the year		**3,400**	**(1,707)**
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Michael Hill International Limited		**3,400**	**(1,707)**

EARNINGS PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	Notes	2025 cents	2024 cents
Basic earnings per share	F2	0.55	(0.12)
Diluted earnings per share	F2	0.53	(0.12)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2025 $'000	2024 $'000
CURRENT ASSETS			
Cash and cash equivalents	B1	10,248	20,174
Trade and other receivables	F3	14,653	14,803
Inventories	A4	199,099	195,785
Current tax receivables		7,419	704
Contract assets	A2	438	557
Other current assets		6,217	7,576
Total current assets		**238,074**	**239,599**
NON-CURRENT ASSETS			
Trade and other receivables	F3	1,232	990
Right-of-use assets	A5	121,470	133,988
Property, plant and equipment	F4	52,938	59,707
Intangible assets	F5	47,463	57,803
Deferred tax assets	F8	56,911	52,507
Contract assets	A2	123	251
Other non-current assets		184	399
Total non-current assets		**280,321**	**305,645**
Total assets		**518,395**	**545,244**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	F6	68,685	68,135
Lease liabilities	A5	38,784	40,278
Contract liabilities	A2	16,785	19,616
Provisions	F7	10,215	13,114
Current tax liabilities		827	812
Deferred revenue		270	236
Deferred consideration		-	2,851
Total current liabilities		**135,566**	**145,042**
NON-CURRENT LIABILITIES			
Lease liabilities	A5	102,601	114,303
Contract liabilities	A2	49,984	52,955
Borrowings	B2	52,100	58,900
Provisions	F7	7,525	7,163
Total non-current liabilities		**212,210**	**233,321**
Total liabilities		**347,776**	**378,363**
Net assets		**170,619**	**166,881**
EQUITY			
Contributed equity	F10	12,850	12,763
Reserves		1,450	(102)
Retained profits		156,319	154,220
Total equity		**170,619**	**166,881**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ATTRIBUTABLE TO OWNERS OF MICHAEL HILL INTERNATIONAL LIMITED	Notes	Contributed Equity	Share Based Payments Reserve	Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Retained Profits	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 2 July 2023		**11,112**	**2,561**	**48**	**-**	**174,894**	**188,615**
Loss for the year		-	-	-	-	(479)	(479)
Currency translation differences		-	-	(1,228)	-	-	(1,228)
Total comprehensive income/(loss) for the year		**-**	**-**	**(1,228)**	**-**	**(479)**	**(1,707)**
Transactions with members in their capacity as owners:							
Dividends paid/provided	B3	-	-	-	-	(20,195)	(20,195)
Issue of share capital on exercise of share rights		1,651	(1,651)	-	-	-	-
Share-based payments expense	D3	-	168	-	-	-	168
		1,651	**(1,483)**	**-**	**-**	**(20,195)**	**(20,027)**
Balance at 30 June 2024		**12,763**	**1,078**	**(1,180)**	**-**	**154,220**	**166,881**
Profit for the year		-	-	-	-	2,099	2,099
Currency translation differences		-	-	1,301	-	-	1,301
Total comprehensive income/(loss) for the year		**-**	**-**	**1,301**		**2,099**	**3,400**
Transactions with members in their capacity as owners:							
Issue of share capital on exercise of share rights		87	(87)	-	-	-	-
Share-based payments expense	D3	-	338	-	-	-	338
		87	**251**	**-**	**-**	**-**	**338**
Balance at 29 June 2025		**12,850**	**1,329**	**121**	**-**	**156,319**	**170,619**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2025 $'000	2024 $'000
Receipts from customers (inclusive of GST and sales taxes)		726,427	720,045
Payments to suppliers and employees (inclusive of GST and sales taxes)		(603,363)	(624,642)
		123,064	**95,403**
Interest received		243	318
Other revenue received		647	1,674
Interest paid		(5,247)	(3,641)
Leasing interest paid	A5	(11,167)	(10,640)
Income tax paid		(11,699)	(11,912)
Net GST and sales taxes paid		(40,770)	(33,429)
Net cash inflow from operating activities	**B1**	**55,071**	**37,773**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	10
Payments for property, plant and equipment	F4	(8,787)	(21,099)
Payments for intangible assets	F5	(1,343)	(6,510)
Acquisition of business	G1	-	(250)
Net cash (outflow) from investing activities		**(10,130)**	**(27,849)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	B2	69,400	124,500
Repayment of borrowings	B2	(76,200)	(65,600)
Principal portion of lease payments	A5	(48,067)	(49,240)
Dividends paid to Company's shareholders	B3	-	(20,195)
Net cash (outflow) from financing activities		**(54,867)**	**(10,535)**
Net decrease in cash and cash equivalents		**(9,926)**	**(611)**
Cash and cash equivalents at the beginning of the financial year		20,174	20,867
Effects of exchange rate changes on cash and cash equivalents		-	(82)
Cash and cash equivalents at the end of the financial year	**B1**	**10,248**	**20,174**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CORPORATE INFORMATION

The consolidated financial statements of Michael Hill International Limited and its subsidiaries (collectively, the Group) for the 52 weeks ended 29 June 2025 were authorised for issue in accordance with a resolution of the directors on 25 August 2025. Michael Hill International Limited (the Company or Parent) is a for profit company limited by shares incorporated in Australia. The Company is listed on the Australian Securities Exchange ('ASX') as its primary listing, and maintains a secondary listing on the New Zealand Stock Exchange ('NZX').

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A. FINANCIAL OVERVIEW

A1. SEGMENT INFORMATION

Management have determined the operating segments based on the reports reviewed by the Board and Executive Management team (chief operating decision makers (CODM)) that are used to make strategic decisions. The Board and Executive Management team consider, organise and manage the business primarily from a geographic perspective, being the country of origin where the sale and service was performed.

The amounts provided to the Board and Executive Management team in respect of total assets and liabilities are measured in a manner consistent with the financial statements. These reports do not allocate total assets or total liabilities based on the operations of each segment or by geographical location.

The Group's operations are in three geographical segments: Australia, Canada and New Zealand.

The Corporate and other segment includes revenue and expenses that do not relate directly to the relevant Michael Hill Group retail segments. These predominately relate to refining income, head office staff sales, corporate costs and Australian based support costs, but also include manufacturing activities, warehouse and distribution, interest and company tax. Inter-segment pricing is at arm's length or market value and inter-segment revenue is eliminated on consolidation.

TYPES OF PRODUCTS

Michael Hill International Limited and its controlled entities operate predominately in the sale of jewellery and related services.

MAJOR CUSTOMERS

Michael Hill International Limited and its controlled entities sell goods and provide services to a number of customers from which revenue is derived. There is no single customer from which the Group derives more than 10% of total consolidated revenue.

SEGMENT RESULTS

	Australia	Canada	New Zealand	Corporate	Group pre-adjustments	Adjustments	Michael Hill Group
Year ended 29 June 2025	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue							
External customers	364,059	179,798	99,429	369	643,655	-	643,655
Total revenue	**364,059**	**179,798**	**99,429**	**369**	**643,655**	**-**	**643,655**
Income/(expenses)							
Cost of goods sold	(146,626)	(71,764)	(41,475)	5,648	(254,217)	-	(254,217)
Employee benefits expense	(90,588)	(37,558)	(19,727)	(27,437)	(175,310)	(4,397)	(179,707)
Occupancy costs	(44,271)	(17,170)	(9,200)	(1,788)	(72,429)	57,374	(15,055)
Impairment/(reversal) of property, plant and equipment and other assets	(1,846)	(991)	(65)	61	(2,841)	-	(2,841)
Impairment of intangible assets	(7,400)	-	-	-	(7,400)	-	(7,400)
Segment EBIT*	**15,886**	**20,835**	**12,476**	**(40,843)**	**8,354**	**10,503**	**18,857**
Segment net profit/ (loss) before tax	**15,796**	**20,835**	**12,476**	**(46,249)**	**2,858**	**(665)**	**2,193**

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SEGMENT RESULTS, CONTINUED.

	Australia	Canada	New Zealand	Corporate	Group pre-adjustments	Adjustments	Michael Hill Group
Year ended 30 June 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue							
External customers	359,102	176,669	106,283	2,875	644,929	-	644,929
Total revenue	**359,102**	**176,669**	**106,283**	**2,875**	**644,929**	**-**	**644,929**
Income/(expenses)							
Cost of goods sold	(142,028)	(69,554)	(42,897)	468	(254,011)	-	(254,011)
Employee benefits expense	(87,395)	(36,752)	(20,190)	(32,384)	(176,721)	(5,949)	(182,670)
Occupancy costs	(43,358)	(17,417)	(8,941)	(1,845)	(71,561)	58,093	(13,468)
Impairment reversal of property, plant and equipment and other assets	(259)	150	(104)	478	265	-	265
Segment EBIT*	**29,211**	**21,039**	**13,509**	**(55,195)**	**8,564**	**5,664**	**14,228**
Segment net profit/ (loss) before tax	**28,982**	**21,039**	**13,482**	**(58,895)**	**4,608**	**(4,976)**	**(368)**

* EBIT is unaudited non-IFRS information. Please refer to unaudited non-IFRS information in the Directors' Report for an explanation of unaudited non-IFRS information and a reconciliation of EBIT.

ADJUSTMENTS

The segment disclosures are prepared excluding the impact of AASB16 *Leases* and IFRIC SaaS guidance. An adjustment column representing these entries has been included for the purposes of reconciliation to statutory results.

	2025 $'000	2024 $'000
Segment net profit/(loss) before tax	2,858	4,608
Employee benefits expense	(4,397)	(5,949)
Occupancy costs	57,374	58,093
Other income/(expenses)	(3,987)	(5,068)
Depreciation and amortisation expenses	(38,488)	(41,412)
Finance expenses	(11,167)	(10,640)
Group net profit/(loss) before tax	**2,193**	**(368)**

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A2. REVENUE

	2025 $'000	2024 $'000
Revenue from sale of goods and repair services	609,597	609,337
Revenue from Professional Care Plans (PCP)	32,030	32,700
Interest and other revenue from in-house customer finance program	590	1,216
Revenue from Lifetime Diamond Warranty (LTDW)	1,438	1,676
Total revenue from contracts with customers	**643,655**	**644,929**

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions:

2025	Australia	Canada	New Zealand	Corporate & other	Total
Timing of revenue recognition	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At a point in time	345,805	169,631	93,793	368	609,597
Over time	18,254	10,167	5,636	1	34,058
	364,059	**179,798**	**99,429**	**369**	**643,655**

2024	Australia	Canada	New Zealand	Corporate & other	Total
Timing of revenue recognition	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At a point in time	339,948	166,057	100,167	3,165	609,337
Over time	18,824	10,612	6,116	40	35,592
	358,772	**176,669**	**106,283**	**3,205**	**644,929**

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ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

	2025 $'000	2024 $'000
Right of return assets	347	426
Deferred PCP bonuses	214	382
Total contract assets	**561**	**808**
Deferred service revenue - PCP	60,146	66,041
Deferred service revenue - Lifetime Diamond Warranty	5,968	5,652
Rights of return liabilities	655	878
Total contract liabilities	**66,769**	**72,571**

REVENUE RECOGNISED IN RELATION TO CONTRACT LIABILITIES

The following table shows how much of the revenue recognised in the current reporting year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied or partially satisfied in a prior year:

	2025 $'000	2024 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	22,404	23,371
Impact on revenue recognised relating to performance obligations satisfied in previous years	2,676	4,317

Revenue recognition patterns are regularly reassessed based on new and historical trends resulting in remeasurement of revenue recognised in previous years.

ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

(i) Sale of goods

Sales of goods are recognised when a Group entity delivers a product to the customer. Retail sales are usually by cash, payment and instalment plans or debit and credit cards. The recorded revenue is the gross amount of sale (excluding taxes), including any fees payable for the transaction and net amounts deferred under AASB15 *Revenue from Contracts with Customers* such as significant financing components and potential customer returns.

(ii) Repair services

Sales of services for repair work performed is recognised in the accounting period in which the services are performed.

(iii) Deferred service revenue and expenses

The Group offers a PCP product which is considered deferred revenue until such time that service has been provided. A PCP is a plan under which the Group offers future services, such as cleaning, repairs and resizing, to customers based on the type of plan purchased. The Group subsequently recognises the income in revenue in the Consolidated Statement of Profit or Loss and Other Comprehensive Income once these services are performed. An estimate based on the timing and quantum of expected services under the plans is used as a basis to establish the amount of service revenue to recognise in the Consolidated Statement of Profit or Loss and Comprehensive Income.

Direct and incremental sales staff bonuses associated with the sale of PCPs are capitalised in contract assets and amortised in proportion to the PCP revenue recognised.

(iv) Deferred interest revenue

Interest revenue is deferred on the in-house customer finance program when the sale of the good or service occurs. It is calculated as the difference between the nominal cash and cash equivalents received from customers and the discounted cashflows, on both interest and non-interest bearing products. Interest revenue is brought to account over the term of the finance agreement, and the rate used for non-interest bearing products is in line with current, comparable market rates.

(v) Right of return assets and liabilities

Rights of return recognises the estimated returned sales under the Group's return policy, being 30 days for all countries.

Management estimates the returned sales based on historical sale return information and any recent trends that may suggest future claims could differ from historical amounts. For sales that are expected to be returned, the Group recognises a right of return liability. The associated inventory value for sales that are expected to be returned is recognised as a right of return asset.

(vi) Lifetime Diamond Warranty

LTDW is a warranty provided to customers with the purchase of jewellery items set with a diamond (excluding watches). This has been deemed a service-type warranty and is calculated with reference to the estimated value of service provided to customers and the stand-alone value of customers obtaining the service independently. Income in relation to the LTDW is recognised in line with the estimated pattern of customers utilising this service-type warranty.

A3. OTHER INCOME

	2025 $'000	2024 $'000
Net foreign exchange gains	-	863
Interest received	243	318
Other items	1,658	1,675
	1,901	**2,856**

Net foreign exchange losses of $2,015,000 (2024: net foreign exchange gains of $863,000). Refer to note F1.

A4. INVENTORIES

	2025 $'000	2024 $'000
Raw materials	5,839	4,224
Finished goods	186,775	183,908
Packaging and other consumables	6,485	7,653
	199,099	**195,785**

Finished goods are held at the lower of cost and net realisable value (NRV). During the year, finished goods incurred a write-down of $474,000 (2024: $1,106,000) to be carried at NRV. This is recognised in cost of goods sold in the consolidated statement of profit and loss and other comprehensive income.

A5. LEASES

RIGHT-OF-USE ASSETS	2025 $'000	2024 $'000
Right-of-use assets	374,163	336,399
Less: Accumulated depreciation	(252,693)	(202,411)
	121,470	**133,988**

RECONCILIATION OF RIGHT-OF-USE ASSETS	Notes	2025 $'000	2024 $'000
Opening carrying value		133,988	139,052
Additional right-of-use assets relating to leases entered into during the year		28,386	33,582
Lease modifications agreed during the year		6,458	12,042
Depreciation expense	F1	(47,988)	(49,646)
Foreign currency translation		626	(1,042)
Closing carrying value		**121,470**	**133,988**

LEASE LIABILITIES	2025 $'000	2024 $'000
Current	38,784	40,278
Non-current	102,601	114,303
	141,385	**154,581**

RECONCILIATION OF LEASE LIABILITIES	Notes	2025 $'000	2024 $'000
Opening carrying value		154,581	158,593
Additional lease liabilities entered into during the year		28,749	35,247
Lease modifications agreed during the year		5,508	11,400
Interest expense	F1	11,167	10,640
Lease repayments		(59,234)	(59,880)
Foreign currency translation		614	(1,419)
Closing carrying value		**141,385**	**154,581**

The incremental borrowing rate used in determining the lease liability ranged between 2.52% and 10.06% (2024: 2.13% and 10.06%).

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ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets which are recognised in the profit or loss. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note J1(F).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payment (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (refer to note J1).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are expensed on a straight-line basis over the lease term.

B. CASH MANAGEMENT

B1. CASH AND CASH EQUIVALENTS

	2025 $'000	2024 $'000
Cash at bank and on hand	10,248	20,174

RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES	Notes	2025 $'000	2024 $'000
Profit/(loss) for the year		2,099	(479)
Adjustment for:			
Depreciation of property, plant and equipment	F4	13,363	14,335
Depreciation of right-of-use assets	A5	47,988	49,646
Amortisation of intangible assets	F5	4,185	4,032
Impairment of property, plant and equipment	F4	2,066	-
Impairment of other intangible assets	F5	(97)	-
Impairment of Bevilles brand intangibles assets	F5	7,400	-
Non-cash employee benefits expense - share-based payments	D3	338	168
Make good interest		149	288
Net loss on sale of non-current assets		518	413
Net exchange differences		(2,065)	981
Change in operating assets and liabilities			
(Increase)/decrease in trade and other receivables		8	(147)
(Increase)/decrease in inventories		(3,274)	7,349
(Increase)/decrease in deferred tax assets		(4,405)	(3,388)
(Increase)/decrease in other non-current assets		343	98
(Increase)/decrease in other current assets		1,867	(2,616)
(Decrease)/increase in trade and other payables		2,445	(14,321)
(Decrease)/increase in current tax liabilities		(6,700)	(5,972)
(Decrease)/increase in provisions		(5,612)	(5,067)
(Decrease)/increase in contract liabilities		(5,545)	(7,547)
Net cash inflow from operating activities		**55,071**	**37,773**

B2. BORROWINGS

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	-	52,100	52,100	-	58,900	58,900
Total secured borrowings	**-**	**52,100**	**52,100**	**-**	**58,900**	**58,900**

In 2023, the Group extended its financing agreement with ANZ Banking Group and HSBC Australia for an availability period of three years, maturing on the 31 August 2026. The financial arrangement includes a $92 million multi-option borrowing facility and ancillary working capital facilities in line with the business requirements of the Group. At balance date, $52.1m was drawn on these facilities. Refer to note C3 for details of covenants relating to the financing facilities.

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B3. DIVIDENDS

ORDINARY SHARES	2025 $'000	2024 $'000
No final dividend was declared for the year ended 30 June 2024 (2023: 3.5 cents)	-	13,289
No interim dividend was declared for the year ended 29 June 2025 (2024: 1.75 cents)	-	6,906
	-	**20,195**

No final dividend was declared with respect to the year ended 29 June 2025 (2024: nil).

FRANKING AND IMPUTATION CREDITS	2025 $'000	2024 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2024: 30.0%)	16,613	9,822
Imputation credits (NZ$) available for subsequent reporting periods based on New Zealand tax rate of 28.0% (2024: 28.0%)	4,597	2,775

The dividends paid in the previous financial period were not fully imputed and not franked.

The franking credit 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 and refund of income tax payable.

The above imputation credit amounts represent the balance of the imputation account as at the end of the financial year, adjusted for imputation credits that will arise from the payment and refund of income tax payable.

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C. FINANCIAL RISK MANAGEMENT

C1. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group seeks to use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures as required by its treasury policy. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group may use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk			
- foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in AUD	Cash flow forecasting and sensitivity analysis	Forward exchange contracts (FEC)
- interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
- input prices	Components of finished goods	Sensitivity analysis	End product pricing flexibility
Credit risk	Cash and cash equivalents and trade receivables	Ageing analysis	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's overall risk management program includes a focus on financial risk including the unpredictability of financial markets and foreign exchange risk.

The policies are overseen by the Board and executed by management who undertake regular reviews to enable prompt identification of financial risks so that appropriate actions may be taken.

MARKET RISK

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including the purchase of inventory. Where it is considered appropriate, the Group enters into forward foreign exchange contracts to buy specified amounts of various foreign currencies in the future at a pre-determined exchange rate.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting year, expressed in the presentation currency, was as follows:

	2025					2024				
	USD $'000	NZD $'000	CAD $'000	EUR $'000	THB $'000	USD $'000	NZD $'000	CAD $'000	EUR $'000	THB $'000
Cash and cash equivalents	26	5	10	27	-	529	-	5	-	-
Trade receivables	117	4	30	6	-	6	38	83	27	-
Trade payables	(11,495)	(1,455)	(139)	(1,194)	(6,522)	(7,229)	(84)	(89)	(359)	-
Forward exchange contracts:										
Buy foreign currency	6,000	-	-	-	-	-	-	-	-	-
Net foreign currency exposure	**(5,352)**	**(1,446)**	**(99)**	**(1,161)**	**(6,522)**	**(6,694)**	**(46)**	**(1)**	**(332)**	**-**

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Sensitivity

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign currency risk. The foreign exchange sensitivities are based on the Group's exposure existing at balance date. Sensitivity figures are pre-tax.

	Impact on pre-tax profit		Impact on other components of equity	
	2025	2024	2025	2024
Foreign exchange rate sensitivities	**$'000**	**$'000**	**$'000**	**$'000**
AUD increases 10%	1,064	643	-	-
AUD decreases 10%	(1,300)	(786)	-	-

INTEREST RATE RISK

The Group's main interest rate risk arises from long-term borrowings and cash. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain fixed interest cover of core debt in line with the Group's treasury policy. As the Group has a working capital facility, no core debt (corporate long-term debt) was identified.

To manage variable interest rate borrowings risk, the Group may enter into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 29 June 2025, the Group had no core debt and there were no swaps in place (2024: no core debt and no swaps in place).

The interest rate derivatives require settlement of net interest receivable or payable each 30 days and are settled on a net basis.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting year are as follows:

	2025	% of total loans	2024	% of total loans
	$'000		$'000	
Variable rate borrowings	52,100	100%	58,900	100%
	52,100	**100%**	**58,900**	**100%**

An analysis by maturities is provided below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowing.

The details of the variable rate borrowings outstanding are outlined below.

	29 June 2025		30 June 2024	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Bank overdrafts and bank loans	6.48%	52,100	6.30%	58,900
Net exposure to cash flow interest rate risk		**52,100**		**58,900**

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. All other non-derivative financial liabilities have a contractual maturity of less than 6 months.

	Impact on pre-tax profit		Impact on other components of equity	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Interest rates - increase by 100 basis points	(419)	(387)	-	-
Interest rates - decrease by 100 basis points	419	387	-	-

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CREDIT RISK

Credit risk is managed on a Group basis and refers to the risk of a counterparty failing to discharge an obligation. In the normal course of business, the Group incurs credit risk from trade receivables and transactions with financial institutions. The Group places its cash and short-term deposits with only high credit quality financial institutions. Sales to retail customers are required to be settled via cash, major credit cards or passed onto various credit providers in each country.

At the reporting date, no material credit risk exposure existed in relation to potential counterparty failure on financial instruments. The Group provides interest-free consumer credit in Canada as a secondary product and the credit risk exposure which exists against this financial instrument is detailed in note F3. Other than the loss allowance recognised in trade and other receivables in note F3, no financial assets were impaired or past due. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of financial assets disclosed in note F3.

LIQUIDITY RISK

The Group maintains prudent liquidity risk management with sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Financing arrangements

The Group's objectives when managing capital are to ensure sufficient liquidity to support its financial obligations and execute the Group's operational and strategic plans. The Group continually assesses its capital structure and makes adjustments to it with reference to changes in economic conditions and risk characteristics associated with its underlying assets.

In FY25, the Group had access to an overdraft facility, as well as a $90 million working capital facility, which increased by $40 million for the four-month period from 15 September 2024 to support seasonal working capital requirements for Christmas trade.

For FY26, the Group facility limits remain in place, however the seasonal lift reduces to $20 million for the four-month period from 15 September 2025. The following were undrawn from these facilities at the end of the reporting year:

FLOATING RATE	2025 $'000	2024 $'000
- Expiring beyond one year (bank overdrafts)	2,000	2,000
- Expiring beyond one year (bank loans)	37,900	31,100
	39,900	**33,100**

The maturity date of the financing facilities provided to the Group by both Australia and New Zealand Banking Group Limited and The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch is 31 August 2026.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flow
At 29 June 2025	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives						
Lease liabilities	25,275	22,173	36,572	54,526	43,285	181,831
Trade payables	68,685	-	-	-	-	68,685
Borrowings	-	-	55,468	-	-	55,468
Total non-derivatives	**93,960**	**22,173**	**92,040**	**54,526**	**43,285**	**305,984**
Derivatives						
Outward payments FECs	9,188	-	-	-	-	9,188
Inward receipts FECs	(9,166)	-	-	-	-	(9,166)
Net FECs	**22**	**-**	**-**	**-**	**-**	**22**
At 30 June 2024						
Non-derivatives						
Lease liabilities	24,939	22,942	36,140	54,198	17,343	155,562
Trade payables	68,135	-	-	-	-	68,135
Borrowings	-	-	-	58,900	-	58,900
Total non-derivatives	**93,074**	**22,942**	**36,140**	**113,098**	**17,343**	**282,597**

The Group did not hold any derivatives at financial year end.

C2. DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group does not apply hedge accounting.

C3. CAPITAL MANAGEMENT

The Group strategically manages its capital structure, adapting it to reflect shifts in economic conditions and align with financial covenant requirements.

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

To optimize or maintain its capital framework, the Group may adjust dividend payouts to shareholders, return capital to investors, issue new shares, or sell assets to reduce debt.

There are a number of external bank covenants in place relating to debt facilities. These covenants are calculated and reported to the banks quarterly on a pre-AASB16 *Leases* basis. The principal covenants relating to capital management are: fixed cover charge ratio, gross debt to EBITDA, gross debt to capitalisation, and net debt to inventory. Net debt encompasses interest-bearing loans and borrowings, offset by cash and short-term deposits. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of these covenants for the quarters up to and including 29 June 2025.

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D. REWARD AND RECOGNITION

D1. EMPLOYEE BENEFITS

EMPLOYEE BENEFITS	2025 $'000	2024 $'000
Employee wages	156,046	160,303
Employee wages on-costs and post-retirement benefits	23,323	22,199
Employee share-based payments expense	338	168
	179,707	**182,670**

D2. KEY MANAGEMENT PERSONNEL

	2025 $	2024 $
Short-term employee benefits	2,278,456	2,577,041
Long-term benefits	(60,508)	33,593
Post-employment benefits	78,709	88,162
Share-based payments	(36,825)	182,878
	2,259,832	**2,881,674**

D3. SHARE-BASED PAYMENTS

OPTIONS

Options are granted from time to time at the discretion of Directors to senior executives within the Group. Motions to issue options to related parties of Michael Hill International Limited are subject to the approval of shareholders at the Annual General Meeting in accordance with the Company's constitution.

Options are granted under the plan for no consideration. Options expire ten years after granted, vest over five years, are exercisable at any time during the final five years and vesting is subject to remaining employed by the Group.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

	2025		2024	
Set out below are summaries of options granted under the plan:	**Average exercise price per option**	**Number of options**	**Average exercise price per option**	**Number of options**
Opening balance NZD options	1.40	200,000	1.70	700,000
Expired during the year	1.63	(100,000)	1.82	(500,000)
Closing balance NZD options	**1.17**	**100,000**	**1.40**	**200,000**
Opening balance AUD options	1.56	300,000	1.56	300,000
Closing balance AUD options	**1.56**	**300,000**	**1.56**	**300,000**

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Options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	2025	2024
10 November 2014	30 September 2024	NZ$1.63	-	100,000
22 January 2016	30 September 2025	NZ$1.14	100,000	100,000
22 September 2016	30 September 2026	AU$2.12	100,000	100,000
5 October 2017	30 September 2027	AU$1.44	100,000	100,000
22 September 2018	30 September 2028	AU$1.11	100,000	100,000
			400,000	**500,000**

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.8 years (2024: 2.3 years).

The exercise price will be converted to Australian dollars using the Reserve Bank of Australia exchange rate on the day the option is exercised.

SHARE RIGHTS

The Company's Equity Incentive Plan was approved by shareholders at the 2023 Annual General Meeting held on 14 November 2023 (Plan). The Plan allows the Board to issue share rights to executive directors, executives and other senior leaders eligible to participate in the Plan.

Each share right represents a right to receive on ordinary share in the Company, subject to the terms and conditions of the Plan including satisfaction of certain performance metrics. An allocation of share rights is made to an eligible participant on an annual basis typically calculated as a percent of the value of their total fixed remuneration. 50% of a participants share rights are allocated to an earnings per share (EPS) performance hurdle and 50% of share rights are allocated to a total shareholder return (TSR) performance hurdle. Vesting of the share rights is subject to the Company achieving a minimum compound annual growth rate (CAGR) in EPS or TSR (as the case requires) over three years (Performance Period). Subject to the participant remaining an employee of the Group at the end of the Performance Period, the share rights vest based on the following vesting schedule:

EPS CAGR	TSR CAGR	VESTING OUTCOME
Less than 5% CAGR	Less than 10% CAGR	No share rights vest
Between 5% CAGR and <10% CAGR	Between 10% CAGR and <20% CAGR	EPS: 20% of share rights vest for each 1% increase in CAGR TSR: 10% of share rights vest for each 1% increase in CAGR
Equal to or greater than 10% CAGR	Equal to or greater than 20% CAGR	100% of share rights vest

During the year, the Board agreed to grant 5,943,791 share rights to eligible participants.

	2025		2024	
	Average fair value per share right	Number of share rights	Average fair value per share right	Number of share rights
Opening balance	1.09	7,434,253	0.47	10,054,881
Granted	0.39	5,943,791	0.45	3,138,838
Exercised	0.44	(195,313)	0.33	(4,935,079)
Forfeited	0.37	(4,256,416)	0.48	(824,387)
Closing balance	**1.35**	**8,926,315**	**1.09**	**7,434,253**

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The number of share rights in each tranche is based on the prescribed dollar value for each tranche divided by the volume weighted average share price ('VWAP') of Michael Hill International Limited shares over ten trading days following the shares trading subsequent to the final Annual results announcement.

Share rights issued during the current financial year used the Monte Carlo model to determine the fair value of share rights using the following inputs:

	2025	2024
Number of rights	5,943,791	3,138,838
Share price	$0.59	$0.82
Annualised volatility	40%	40%
Expected dividend yield	5.7%	9.0%
Risk free rate	3.95%	4.11%
Fair value of share right	**$0.39**	**$0.45**

	2025 $'000	2024 $'000
Expenses arising from share-based payment transactions	338	168

ACCOUNTING POLICY

Options

The fair value was measured at grant date and is recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date for options issued during prior financial years was independently determined using a Binomial option pricing model, which is an iterative model for options that can be exercised at times prior to expiry. The model takes into account the grant date, exercise price, market performance conditions, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. It also assumes the options will be exercised at the mid-point of the exercise period.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

Share rights

Share rights are granted to eligible senior executives in accordance with the Company's deferred compensation plan ('LTI'). The fair value of rights granted is recognised as an employee benefit expense with a corresponding increase in equity.

The fair value was measured at grant date using the Monte Carlo method and is recognised over the period during which the employees become unconditionally entitled to the rights.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the entity revises its estimates of the number of share rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon the exercise of the share rights, the balance of the share-based payments reserve relating to those rights is transferred to share capital.

E. RELATED PARTIES

RELATED PARTY TRANSACTIONS	2025 $	2024 $
Contribution to Michael Hill Violin Charitable Trust	36,544	-

F. OTHER INFORMATION

F1. EXPENSES

DEPRECIATION AND AMORTISATION	Notes	2025 $'000	2024 $'000
Depreciation on property, plant and equipment	F4	13,363	14,335
Depreciation on right-of-use assets	A5	47,988	49,646
Total depreciation		**61,351**	**63,981**
Amortisation on software	F5	4,185	4,032
Total amortisation		**4,185**	**4,032**
Total depreciation and amortisation		**65,536**	**68,013**

FINANCE COSTS	Notes	2025 $'000	2024 $'000
Interest on lease liabilities	A5	11,167	10,640
Bank and interest charges		5,591	3,986
Interest on make good provision		149	288
		16,907	**14,914**

FOREIGN EXCHANGE	2025 $'000	2024 $'000
Net foreign exchange loss	2,015	-

F2. EARNINGS PER SHARE

RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE	2025 $'000	2024 $'000
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	2,099	(479)
Diluted earnings per share		
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	2,099	(479)

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR	2025 Number	2024 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	384,744,855	383,793,875
Adjustments for calculation of diluted earnings per share:		
Share rights[1]	8,471,976	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**393,216,831**	**383,793,875**

[1] The weighted average share rights of 7,465,931 have been excluded from the calculation of potential ordinary shares in 2024 as they are anti-dilutive.

Options and share rights granted to employees under the Michael Hill International Limited Employee Option Plan 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. All options outstanding at financial year end were considered to be anti-dilutive. The options and share rights have been excluded in the determination of basic earnings per share. Details are set out in note D3.

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F3. TRADE AND OTHER RECEIVABLES

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	3,446	-	3,446	3,778	-	3,778
Provision for expected credit loss	(57)	-	(57)	(127)	-	(127)
	3,389	**-**	**3,389**	**3,651**	**-**	**3,651**
Canadian in-house customer finance	5,401	1,279	6,680	5,775	1,022	6,797
Provision for expected credit loss	(207)	(47)	(254)	(184)	(33)	(217)
	5,194	**1,232**	**6,426**	**5,591**	**989**	**6,580**
Sundry debtors	6,070	-	6,070	5,561	1	5,562
	14,653	**1,232**	**15,885**	**14,803**	**990**	**15,793**

Trade receivables

Trade receivables from sales made to customers through third party credit providers are non-interest bearing and are generally on 0-30 day terms.

Sundry debtors

Sundry debtors relates to supplier credits, security deposits, insurance recoveries and other sundry receivables. Based on the credit history of these debtors, it is expected that these amounts will be received when due and no impairment is recognised.

Effective interest rates

All receivables are non-interest bearing except for a small portion of in-house customer finance receivables. In-house customer finance receivables are recognised net of significant financing components determined in accordance with AASB15 *Revenue from Contracts with Customers.*

ECL and risk exposure

An ECL analysis is performed at each reporting date. The maximum exposure to credit risk is the carrying value of in-house customer finance program and trade receivables. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to these receivables as low. For further details refer to note C1.

AGEING OF TRADE RECEIVABLES	2025 $'000	2024 $'000
Current	3,248	3,175
< 30 days past due	129	396
30 - 60 days past due	35	146
60+ days past due	34	61
	3,446	**3,778**

MOVEMENTS IN THE PROVISION FOR ECL OF TRADE RECEIVABLES ARE AS FOLLOWS:	2025 $'000	2024 $'000
Opening balance	127	225
Additional provisions recognised	57	127
Net amounts written off	(127)	(225)
Closing balance	**57**	**127**

AGEING OF CANADIAN IN-HOUSE CUSTOMER DEBTOR FINANCE	2025 $'000	2024 $'000
Current, aged 0 - 30 days	6,153	6,083
Past due, aged 31 - 90 days	244	368
Past due, aged more than 90 days	283	346
	6,680	**6,797**

MOVEMENTS IN THE PROVISION FOR ECL OF CANADIAN IN-HOUSE CUSTOMER DEBTOR FINANCE ARE AS FOLLOWS:	2025 $'000	2024 $'000
Opening balance	217	184
Additional provisions recognised	259	237
Net amounts written off	(226)	(197)
Exchange differences	4	(7)
Closing balance	**254**	**217**

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F4. PROPERTY, PLANT AND EQUIPMENT

	Notes	Plant and equipment $'000	Fixtures and fittings $'000	Leasehold improvements $'000	Display materials $'000	Total $'000
At 2 July 2023						
Cost		41,122	38,353	98,342	9,743	187,560
Accumulated depreciation and impairment		(30,595)	(30,876)	(64,118)	(4,165)	(129,754)
Net book amount		**10,527**	**7,477**	**34,224**	**5,578**	**57,806**
Year ended 30 June 2024						
Opening net book amount		10,527	7,477	34,224	5,578	57,806
Exchange difference		(211)	(60)	(320)	(31)	(622)
Additions		5,337	4,291	6,385	1,110	17,123
Acquired as part of business combination	G1	132	23	-	-	155
Disposals		(157)	(136)	(99)	(28)	(420)
Depreciation charge		(2,859)	(2,256)	(6,529)	(2,691)	(14,335)
Closing net book amount		**12,769**	**9,339**	**33,661**	**3,938**	**59,707**
At 30 June 2024						
Cost		45,104	41,086	102,283	10,527	199,000
Accumulated depreciation and impairment		(32,335)	(31,747)	(68,622)	(6,589)	(139,293)
Net book amount		**12,769**	**9,339**	**33,661**	**3,938**	**59,707**
At 29 June 2025						
Opening net book amount		12,769	9,339	33,661	3,938	59,707
Exchange difference		57	67	199	20	343
Additions		1,547	3,167	3,858	557	9,129
Disposals		(293)	(167)	(338)	(14)	(812)
Depreciation charge		(3,184)	(2,411)	(6,672)	(1,096)	(13,363)
Impairment loss		(249)	(244)	(1,566)	(7)	(2,066)
Closing net book amount		**10,647**	**9,751**	**29,142**	**3,398**	**52,938**
At 29 June 2025						
Cost		44,634	41,991	102,343	10,778	199,746
Accumulated depreciation and impairment		(33,987)	(32,240)	(73,201)	(7,380)	(146,808)
Net book amount		**10,647**	**9,751**	**29,142**	**3,398**	**52,938**

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F4. PROPERTY, PLANT AND EQUIPMENT, CONTINUED.

Impairment loss

As per the Group's accounting policies, the Group impairs assets where the recoverable amount is less than the carrying amount and reverses the impairment if no longer applicable. This also includes assets held at stores facing closure. Any assets held at an impaired store that are able to be redeployed throughout the Group are not impaired.

The Group treats each store as a separate cash-generating unit for impairment testing of property, plant and equipment and right-of-use assets. A review of impairment indicators was performed resulting in an impairment loss being recorded. The accounting policy for this is disclosed in note J1(J).

Current year

The recoverable amount of each store has been determined based on the value-in-use approach. As a result of the annual impairment assessment performed, a total impairment expense of $1.9m was recognised in relation to the stores within the Group.

	Australia	Canada	New Zealand	Michael Hill Group
Impairment loss	1,296	525	82	1,903
Closing net book amount	**1,296**	**525**	**82**	**1,903**

Prior year

There has been no impairment of property, plant and equipment in the prior year.

Key assumptions used for value-in-use

The pre-tax discount rates used in determining the recoverable amount ranged between 7.58% and 9.84%, depending on the geographical segment of the assets. These assumptions have been used for the analysis of each CGU, in line with the expected long-term inflation of each geographical location and store EBIT with no terminal value.

Impact of possible changes in key assumptions

Any adverse movements in key assumptions will not lead to a further impairment.

Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Plant and equipment 4 - 7 years
- Motor vehicles 3 - 5 years
- Fixtures and fittings 6 - 10 years
- Leasehold improvements 6 - 10 years
- Display materials 2 - 5 years

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F5. INTANGIBLE ASSETS

	Notes	Goodwill	Brand, Loyalty Programs & Trademarks	Computer software	Total
		$'000	$'000	$'000	$'000
At 2 July 2023					
Cost		17,695	20,500	33,509	71,704
Accumulated amortisation and impairment		-	-	(17,794)	(17,794)
Net book amount		**17,695**	**20,500**	**15,715**	**53,910**
Year ended 30 June 2024					
Opening net book amount		17,695	20,500	15,715	53,910
Exchange difference		-	-	(113)	(113)
Additions		-	-	6,510	6,510
Acquired as part of business combination	G1	150	-	-	150
PPA adjustment		1,378	-	-	1,378
Amortisation charge		-	-	(4,032)	(4,032)
Closing net book amount		19,223	20,500	18,080	57,803
At 30 June 2024					
Cost		19,223	20,500	40,001	79,724
Accumulated amortisation		-	-	(21,921)	(21,921)
Net book amount		**19,223**	**20,500**	**18,080**	**57,803**
Year ended 29 June 2025					
Opening net book amount		19,223	20,500	18,080	57,803
Exchange difference		-	-	(1)	(1)
Additions		-	-	1,343	1,343
Impairment of other intangible assets		-	-	(97)	(97)
Impairment of brand intangible assets		-	(7,400)	-	(7,400)
Amortisation charge		-	-	(4,185)	(4,185)
Closing net book amount		**19,223**	**13,100**	**15,140**	**47,463**
At 29 June 2025					
Cost		19,223	20,500	41,326	81,049
Accumulated amortisation and impairment		-	(7,400)	(26,186)	(33,586)
Net book amount		**19,223**	**13,100**	**15,140**	**47,463**

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F5. INTANGIBLE ASSETS, CONTINUED.

Impairment tests

The Group tests goodwill and indefinite life intangibles (brand names) annually for impairment, in accordance with the accounting policy stated in note J1(K). For all cash-generating units (CGUs) which contain goodwill or indefinite life intangibles and all other CGUs which show an indicator of impairment, the recoverable amounts have been determined based on the higher of fair value less costs of disposal or value-in-use calculations.

Goodwill acquired through business combinations is allocated to the Australian CGU, which is a reportable segment. The brand intangible asset with an indefinite useful life is allocated based on the cashflows for which the brand operates.

Current year

Goodwill

There was no impairment of goodwill in the current year.

Indefinite life brand names

The recoverable amount of the Bevilles brand has been determined based on a fair value less cost to sell calculation, using the income approach, specifically the relief from royalty method, to fair value the brand. As a result of the annual assessment performed, an impairment expense of $7.4m was recognised in relation to the Bevilles brand name. The impairment expense decreases the carrying value of the Bevilles brand to $11.9m. The impairment arose during the period given economic conditions and the results of the Bevilles business since the acquisition.

BRAND, LOYALTY PROGRAMS & TRADEMARKS	2025 $'000	2024 $'000
Bevilles brand	11,929	19,329
Other	1,171	1,171
Total	**13,100**	**20,500**

Prior year

There was no impairment of goodwill or indefinite life brand names in the prior year.

Key assumptions used for value-in-use / fair value less cost to sell calculations

Goodwill

The recoverable amount has been calculated using the value-in-use method. A pre-tax discount rate of 7.58% (2024: 8.05%) was applied. For the purposes of impairment testing, a long-term growth rate of 2.4% (2024: 3.6%) was used to extrapolate cash flows beyond the budget period and calculate a terminal value, in line with the Australian expected long-term inflation.

The basis of estimation of the five-year cash flows uses the following key operating assumptions:

- Five-year budgeted EBITDA is based on management's forecasts of revenue;
- Revenue forecasts take into account historical revenue and consider external factors such as market sector and geography; and
- Costs are calculated taking into account historical margins, forecast increases and estimated inflation rates over the period.

Indefinite life brand names

The recoverable amount has been calculated using the fair value less cost to sell method, using a discounted cash flow analysis. This is a level three estimate. The basis of estimation of the ten-year cash flows uses the following key operating assumptions:

- Three-year budgeted EBITDA is based on management's forecasts of revenue, taking into account the expected growth in the business in the coming years as a result of improving econcomic conditions and market sentiment of both retail and online operations;
- Revenue forecasts take into account historical revenue and consider external factors such as market sector and geography. These financial revenue estimates are projected for a further seven years based on an average growth rate of 3.9%;
- Costs are calculated taking into account historical margins, forecast increases and estimated inflation rates over the period, consistent with the locations in which Bevilles operate;
- A long-term EBIT margin has been applied for forecasts beyond FY27 at 7.10%;
- A long-term growth rate of 2.50% (2024: 2.40%) has been used to calculate a terminal value; and
- The royalty rate has been applied at 2.40%, indicating the hypothetical royalties the Group would have to pay for the use of the brand asset if it did not own it.

A discount rate of 13.75% (2024: 15.50%) was applied. The discount rate is based on available market data and data from comparable listed companies within the jewellery industry and is determined using the weighted average cost of capital.

Impact of possible changes in key assumptions

Goodwill

The carrying value of goodwill is not sensitive to changes in key assumptions.

Indefinite life brand names

The carrying value of the brand now approximates its recoverable value. Any adverse movements in key assumptions may lead to a further impairment.

F6. TRADE AND OTHER PAYABLES

	2025 $'000	2024 $'000
Trade payables	40,763	38,448
Annual leave liability	8,718	9,050
Accrued expenses	1,527	2,057
Consumption taxes payable	3,174	3,471
Other payables	14,503	15,109
	68,685	**68,135**

F7. PROVISIONS

	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Employee benefits	7,801	2,127	9,928	9,932	2,195	12,127
Assurance-type warranties	1,678	-	1,678	2,222	-	2,222
Make good provision	244	5,398	5,642	597	4,968	5,565
Restructuring costs	492	-	492	363	-	363
	10,215	**7,525**	**17,740**	**13,114**	**7,163**	**20,277**

Movements in provisions	Employee benefits $'000	Assurance-type warranties $'000	Make good provision $'000	Restructuring costs $'000	Total $'000
Opening carrying amount	12,128	2,221	5,565	363	20,277
Changes in provisions recognised	939	(543)	(53)	492	835
Amounts incurred and charged	(3,165)	-	117	(363)	(3,411)
Exchange differences	26	-	13	-	39
Closing carrying amount	**9,928**	**1,678**	**5,642**	**492**	**17,740**

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F7. PROVISIONS, CONTINUED.

ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

Employee benefits

Employee benefits includes provision for long service leave, assessment of employee benefits in New Zealand and the provision for remediation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

In determining the employee remediation provision, management has applied certain assumptions and judgements including interpretation of relevant legal requirements and expectations regarding final settlement of obligations with the regulator. Any such estimates and assumptions may change as new information becomes available and/or when the remediation program is completed and approved by the regulator.

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Assurance-type warranties

Provision is made for the Group's assurance-type warranties, being 12 month guarantee on the quality of workmanship and the three year watch guarantee. In addition, all Michael Hill watches sold before 30 June 2018 included a lifetime battery replacement guarantee. Management estimates the provision based on historical sale return information and any recent trends that may suggest future claims could differ from historical amounts.

Make good provision

The Group has an obligation to restore certain leasehold sites to their original condition upon store closure or relocation. This provision represents the present value of the expected future make good commitment. Amounts charged to the provision represent both the cost of make good costs incurred and the costs incurred which mitigate the final liability prior to the closure or relocation.

Restructuring

A provision has been raised for the estimated staffing exit costs from business structure changes. Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

- there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
- the employees affected have been notified of the plan's main features.

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F8. TAX

INCOME TAX EXPENSE	2025 $'000	2024 $'000
Current tax		
Current tax on profits for the year	4,669	4,145
Adjustments for current tax of prior periods	(185)	(349)
Total current tax expense	**4,484**	**3,796**
Deferred income tax		
(Increase)/decrease in deferred tax assets	(4,348)	(4,043)
Adjustments for deferred tax of prior periods	185	358
Rerecognised tax losses utilised during the year	(227)	-
Total deferred tax expense/(benefit)	(4,390)	(3,685)
Income tax expense	**94**	**111**
Deferred income tax (benefit)/expense included in income tax comprises:		
Increase in deferred tax assets	(9,753)	(8,315)
Increase in deferred tax liabilities	5,404	4,272
	(4,349)	**(4,043)**

NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE	2025 $'000	2024 $'000
Profit before income tax expense	2,193	(368)
Tax at the Australian tax rate of 30.0% (2024: 30.0%)	658	(111)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenditure/non-assessable income	403	730
	1,061	**619**
Difference in overseas tax rates	(774)	(543)
Adjustments for current tax of prior periods	(187)	(349)
Adjustments for deferred tax of prior periods	185	358
Utilisation of tax losses not recognised	(191)	-
Tax losses not recognised	-	26
Income tax expense	**94**	**111**

UNRECOGNISED POTENTIAL DEFERRED TAX ASSETS	2025 $'000	2024 $'000
Unused United States tax losses for which no deferred tax asset has been recognised	37,922	36,939
Potential tax benefit @ 25.0%	9,481	9,235
Unused New Zealand tax losses for which no deferred tax asset has been recognised	1,574	2,593
Potential tax benefit @ 28.0%	441	726

The unused tax losses incurred in the United States and New Zealand are available indefinitely for offsetting against future taxable profits of the countries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is unknown when the New Zealand losses may be used to offset taxable profits and the United States losses are not expected to be used.

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F8. TAX, CONTINUED.

DEFERRED TAX BALANCES	2025 $'000	2024 $'000
The balance comprises temporary differences attributable to:		
Expected credit loss provision	78	83
Fixed assets and intangibles	12,935	5,018
Intangible assets from intellectual property transfer	13,837	19,883
Deferred expenditure	(61)	(109)
Prepayments	16	9
Deferred service revenue	859	364
Right-of-use assets	(35,363)	(39,012)
Lease liabilities	44,178	48,177
Provisions	14,343	15,503
Unrealised foreign exchange losses	(20)	(78)
Sundry items	(26)	(8)
Inventories	42	4
Tax losses recognised	6,093	2,673
Net deferred tax assets	**56,911**	**52,507**
Expected settlement:		
Deferred tax assets expected to be recovered within 12 months	32,138	29,969
Deferred tax assets expected to be recovered after more than 12 months	24,773	22,538
	56,911	**52,507**
Movements:		
Opening balance at 1 July 2024	52,507	49,118
Credited/(charged) to the income statement	4,348	4,043
Prior year adjustment	(185)	(358)
Foreign exchange differences	241	(296)
Closing balance at 29 June 2025	**56,911**	**52,507**

F9. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, Michael Hill International Limited, its related practices and non-related audit firms:

ERNST & YOUNG (AUSTRALIA)	2025 $	2024 $
Fees for auditing the statutory financial report of the Company and its subsidiaries	549,581	577,443
	549,581	**577,443**

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F10. CONTRIBUTED EQUITY

SHARE CAPITAL	2025 Shares	2024 Shares	2025 $'000	2024 $'000
Ordinary shares - fully paid	384,819,276	384,623,963	12,850	12,763
Total share capital	**384,819,276**	**384,623,963**	**12,850**	**12,763**

MOVEMENTS IN ORDINARY SHARES	Number of shares	Total $'000
Opening balance at 3 July 2023	379,688,884	11,112
Rights converted	4,935,079	1,651
Balance at 30 June 2024	**384,623,963**	**12,763**
Rights converted	195,313	87
Balance at 29 June 2025	**384,819,276**	**12,850**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Options

Information relating to the Michael Hill International Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note D3.

Rights issue

Information relating to share rights issued under the Company's deferred compensation plan, including details of rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in note D3.

F11. RESERVES

NATURE AND PURPOSES OF OTHER RESERVES

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remunerations. Refer to note D3 for further details of these plans.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note J1(C) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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G. BUSINESS COMBINATION

G1. PRIOR YEAR ACQUISITIONS

ACQUISITION OF JEWELLERY SERVICES AUSTRALIA

On 8 December 2023, the Group acquired the business and selected assets and liabilities of Jewellery Services Australia, with consideration consisting of cash upfront.

Jewellery Services Australia is a jewellery repair workshop based in Brisbane, Australia. The acquisition provides an opportunity to stabilise the repair network for the Michael Hill Group, whilst presenting an opportunity to grow the repairs offering and revenue within Australia.

The Group measured the assets and liabilities in the acquisition at fair value. No further changes arose as a result of the finalisation of the purchase price accounting for Jewellery Services Australia.

Assets acquired and liabilities assumed

Details of the purchase consideration, the net assets acquired and goodwill are set out in the table below:

ASSETS	Notes	Fair value recognised on acquisition $'000
Property, plant and equipment	F4	155
Total assets		**155**
LIABILITIES		
Annual leave		28
Long service leave		27
Total liabilities		**55**
Total identifiable net assets at fair value		**100**
Goodwill arising on acquisition	F5	150
Purchase consideration transferred		250

The goodwill represents the synergies expected to be achieved through integrating Jewellery Services Australia and its associated workforce.

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H. GROUP STRUCTURE

H1. INTERESTS IN OTHER ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note J1(B):

	Country of incorporation	Ownership interest held by the group	
		2025 %	2024 %
Michael Hill Jeweller (Australia) Pty Limited	Australia	100	100
Michael Hill Wholesale Pty Limited	Australia	100	100
Michael Hill Manufacturing Pty Limited	Australia	100	100
Michael Hill Franchise Pty Limited	Australia	100	100
Michael Hill Franchise Services Pty Limited	Australia	100	100
Michael Hill Finance	Australia	100	100
Michael Hill Group Services Pty Limited	Australia	100	100
Michael Hill Charms Pty Limited	Australia	100	100
MH Bespoke Diamonds AU Pty Ltd	Australia	100	100
Fine Jewellery Retail AU Pty Ltd	Australia	100	100
Medley Jewellery Pty Limited	Australia	100	100
Durante Holdings Pty Limited	Australia	100	100
Michael Hill New Zealand Limited	New Zealand	100	100
Michael Hill Jeweller Limited	New Zealand	100	100
Michael Hill Finance (NZ) Limited	New Zealand	100	100
Michael Hill Franchise Holdings Limited	New Zealand	100	100
MHJ (US) Limited	New Zealand	100	100
Michael Hill Wholesale NZ Limited (previously Emma & Roe NZ Limited)	New Zealand	100	100
Michael Hill Online Holdings Limited	New Zealand	100	100
Michael Hill Jeweller (Canada) Limited	Canada	100	100
Michael Hill LLC	United States	100	100

H2. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 2016/785, the Australian wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' report in Australia.

The subsidiaries subject to the deed are: Durante Holdings Pty Ltd, Michael Hill Group Services Pty Ltd, Michael Hill Jeweller (Australia) Pty Ltd, Michael Hill Manufacturing Pty Ltd, Michael Hill Wholesale Pty Ltd, Michael Hill Franchise Services Pty Ltd, Michael Hill Franchise Pty Ltd, Michael Hill New Zealand Ltd, Michael Hill Jeweller Ltd, Michael Hill Franchise Holdings Ltd, Michael Hill Finance (NZ) Ltd, MH Bespoke Diamonds AU Pty Ltd, Michael Hill Charms Pty Ltd, Fine Jewellery Retail AU Pty Ltd, Medley Jewellery Pty Ltd, Michael Hill Online Holdings Ltd and Michael Hill Wholesale NZ Limited.

The Class Order requires the Parent Company and each of the subsidiaries to enter into a Deed of Cross Guarantee. The effect of the deed is that the Company guarantees each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the *Corporations Act 2001*, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The above companies represent a Closed Group for the purposes of the Class Order and, as there are no other parties to the Deed of Cross Guarantee that are controlled by Michael Hill International Limited, they also represent the Extended Closed Group.

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H2. DEED OF CROSS GUARANTEE, CONTINUED.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS, STATEMENT OF COMPREHENSIVE INCOME AND SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED EARNINGS

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 29 June 2025 of the closed group consisting of Michael Hill International Limited and the entities noted above.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	2025 $'000	2024 $'000
Revenue from sales of goods and services	463,867	465,857
Sales to Group companies not in Closed Group	-	2,315
Other income	(3,381)	471
Cost of goods sold	(181,507)	(183,599)
Employee benefits expense	(141,275)	(144,797)
Occupancy costs	(9,765)	(7,589)
Marketing expenses	(27,459)	(30,865)
Selling expenses	(15,889)	(14,391)
Administrative expenses	(14,237)	(23,465)
Impairment of intangible assets	(7,400)	-
Depreciation and amortisation expense	(52,701)	(54,209)
Loss in disposal of property, plant and equipment	(188)	(384)
Other expenses	(4,988)	(6,739)
Finance costs	(13,563)	(11,120)
Profit/(loss) before income tax	**(8,486)**	**(8,515)**
Income tax expense	2,683	1,995
Profit/(loss) for the year	**(5,803)**	**(6,520)**

OTHER COMPREHENSIVE INCOME	2025 $'000	2024 $'000
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,784	(3,534)
Other comprehensive income/(loss) for the period, net of tax	**1,784**	**(3,534)**
Total comprehensive income/(loss) for the year	**(4,019)**	**(10,054)**

STATEMENT OF CHANGES IN EQUITY	2025 $'000	2024 $'000
Equity at the beginning of the financial year	451,076	481,734
Total comprehensive income/(loss)	(4,019)	(10,054)
Share rights through share-based payments reserve	338	-
Issue of share capital on exercise of share rights	(87)	(409)
Dividends paid	-	(20,195)
Total equity at the end of the financial year	**447,308**	**451,076**

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H2. DEED OF CROSS GUARANTEE, CONTINUED.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Set out below is a consolidated statement of financial position as at 29 June 2025 of the Closed Group consisting of Michael Hill International Limited and the entities noted above.

CURRENT ASSETS	2025 $'000	2024 $'000
Cash and cash equivalents	6,264	9,816
Trade receivables	8,416	8,216
Inventories	148,674	148,757
Loans to related parties	234,166	249,706
Other current assets	5,688	7,627
Current tax asset	7,238	215
Total current assets	**410,446**	**424,337**
NON-CURRENT ASSETS		
Property, plant and equipment	40,327	45,235
Right-of-use assets	98,623	110,624
Investments in subsidiaries	83,346	83,346
Other non-current assets	271	573
Intangible assets	47,463	57,803
Deferred tax assets	50,665	45,539
Total non-current assets	**320,695**	**343,120**
Total assets	**731,141**	**767,457**
CURRENT LIABILITIES		
Trade and other payables	52,276	57,021
Lease liabilities	28,495	30,453
Deferred revenue	11,742	14,084
Provisions	9,603	12,494
Deferred consideration	-	2,851
Total current liabilities	**102,116**	**116,903**
NON-CURRENT LIABILITIES		
Lease liabilities	85,477	94,524
Deferred revenue	36,615	38,891
Provisions	7,525	7,163
Borrowings	52,100	58,900
Total non-current liabilities	**181,717**	**199,478**
Total liabilities	**283,833**	**316,381**
Net assets	**447,308**	**451,076**
EQUITY		
Contributed equity	320,923	320,585
Reserves	(18,598)	(20,295)
Retained profits	144,983	150,786
Total equity	**447,308**	**451,076**

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H3. PARENT ENTITY FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION

The individual financial statements for Michael Hill International Limited (the Parent) show the following aggregate amounts.

STATEMENT OF FINANCIAL POSITION	2025 $'000	2024 $'000
Current assets	158	140
Non-current assets	349,603	353,616
Total assets	**349,761**	**353,756**
Net assets	**349,761**	**353,756**
Issued capital	292,993	291,832
Reserves	32,272	33,096
Retained earnings	24,496	28,828
Total equity	**349,761**	**353,756**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2025 $'000	2024 $'000
Loss for the year	(4,332)	(24,905)
Total comprehensive loss	**(4,332)**	**(24,905)**

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The Parent has issued the following guarantees in relation to the debts of its subsidiaries:

(i) Pursuant to Class Order 2016/785, Michael Hill International Limited and the subsidiaries listed below entered into a deed of cross guarantee on 30 June 2016. The effect of the deed is that Michael Hill International Limited has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Michael Hill International Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

(ii) The subsidiaries subject to the deed are: Durante Holdings Pty Ltd, Michael Hill Group Services Pty Ltd, Michael Hill Jeweller (Australia) Pty Ltd, Michael Hill Manufacturing Pty Ltd, Michael Hill Wholesale Pty Ltd, Michael Hill Franchise Services Pty Ltd, Michael Hill Franchise Pty Ltd, Michael Hill New Zealand Ltd, Michael Hill Jeweller Ltd, Michael Hill Franchise Holdings Ltd, Michael Hill Finance (NZ) Ltd, MH Bespoke Diamonds AU Pty Ltd, Michael Hill Charms Pty Ltd, Fine Jewellery Retail AU Pty Ltd, Medley Jewellery Pty Ltd, Michael Hill Online Holdings Ltd and Michael Hill Wholesale NZ Limited.

CONTINGENT LIABILITIES OF THE PARENT ENTITY

The Parent entity had no material contingent liabilities as at balance date.

I. UNRECOGNISED ITEMS

I1. CONTINGENCIES AND COMMITMENTS

CONTINGENT LIABILITIES

From time to time, Companies within the Group are party to various legal actions as well as inquiries from regulators and government bodies that have arisen in the normal course of business. The Directors have given consideration to such matters which are or may be subject to claims or litigation at year end and are of the opinion that that any liabilities arising over and above already provided in the financial statements from such action would not have a material effect on the Group's financial performance.

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I1. CONTINGENCIES AND COMMITMENTS, CONTINUED.

CONTINGENT LIABILITIES, CONTINUED.

The Group is not aware of any significant events occurring subsequent to balance date that have not been disclosed.

The Group had no material contingent liabilities as at balance date.

CONTINGENT ASSETS

The Group has no material contingent assets existing as at balance date.

COMMITMENTS

The following sets out the various lease contracts that the Group has entered into and have yet to commence as at 29 June 2025.

	Within one year	One to five years	Greater than five years	Total
	$'000	$'000	$'000	$'000
Future lease payments for these non-cancellable lease contracts	**564**	**2,352**	**964**	**3,880**

I2. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 29 July 2025, the Group's Founder and non-executive director, Sir Michael Hill passed away. Sir Michael was a celebrated jeweller, entrepreneur, philanthropist and committed father and husband who, with his wife Lady Christine, founded and grew Michael Hill from its humble beginnings in Whangārei, New Zealand to a global retail jewellery brand that spans Australia, New Zealand, and Canada.

On 18 August 2025, we announced the appointment of Jonathan Waecker as Chief Executive Officer, commencing 27 August 2025. Jonathan is a globally experienced executive with senior leadership experience across retail, brand, digital, customer experience, and transformation. He brings deep commercial and consumer expertise developed at some of the world's most recognisable brands, including The Walt Disney Company and Yahoo, as well as 'in market' retail operations experience as Chief Customer & Sales Officer at The Warehouse Group, which he joined in 2017.

Andrew Lowe, who was appointed to the position of Interim Chief Executive Officer whilst the Group commenced an international search for a replacement Chief Executive Officer, will conclude his tenure as interim Chief Executive Officer on 26 August 2025 and has announced his resignation from Michael Hill. Andrew will resume his role as Chief Financial and Supply Chain Officer, during his six months' notice period, to ensure a smooth transition in support of Jonathan and the business.

No other matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

J. SUMMARY OF ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES AND JUDGEMENTS

J1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(A) BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements provide comparative information in respect of the previous period.

For reporting purposes, the Group adopts a weekly 'retail calendar' closing each Sunday. The current 52 week reporting period ended on 29 June 2025.

The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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J1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION, CONTINUED.

(B) PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities (including special purpose) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Michael Hill International Limited.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset.

(C) FOREIGN CURRENCY TRANSLATION

Functional currency translation

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Net foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised as other income or other expenses, except when 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.

Group companies

The results and financial position of all the Group entities (none of which have 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 for each balance sheet presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income 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.

(D) TAXES

Current income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Tax consolidation group

Michael Hill International Limited and its wholly-owned Australian controlled entities form a tax consolidation group. As a consequence, one income tax return is completed for the Australian tax group and is treated for income tax purposes as one taxpayer.

The tax balances have been attributed for reporting purposes to each of the entities on the basis of their individual results. Amounts of tax due to and receivable from the Australian Taxation Office are made by Michael Hill International Limited as nominated member of the Australian tax consolidated group. The current tax balance for the Australian tax group has been allocated between the members based on each entity's current tax movement for the period. Where tax losses are incurred by Australian tax group members, these are offset within the group.

(E) GOODS AND SERVICES TAX (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and 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.

(F) IMPAIRMENT OF ASSETS

At each annual reporting date (or more frequently if events or changes in circumstances indicate that they might be impaired), the Group assesses whether there is any indication that an asset may be impaired. Where such an indication is identified, the Group estimates the recoverable amount of the asset and recognises an impairment loss where the recoverable amount is less than the carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Where the recoverable amount exceeds the carrying amount of an asset, an impairment loss is recognised. Right-of-use assets are also incorporated into the calculation. Subsequent to an impairment occurring, if the recoverable amount from assets exceeds the carrying value, the impairment loss is reversed to the extent that it has been recognised.

(G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position when utilised.

(H) INVENTORIES

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Management review stock holdings based on recoverability at a product level and write-down as appropriate.

(I) FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under AASB15 *Revenue from Contracts with Customers*. Refer to the accounting policies in note A2.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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Subsequent measurement

Whilst there are four categories, two are relevant in the current reporting period for the Group, being:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables included under current and non-current financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in note F3.

The Group recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB9 *Financial Instruments.* Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB9 *Financial Instruments* are satisfied. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note C1.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(J) PROPERTY PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives (note F4).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note J1(F)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

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(K) INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Brand

Brand names are acquired as part of business combinations and are recognised initially at fair value. Where they have an indefinite useful life, they are not subject to amortisation but are tested annually for impairment or more frequently if events or changes in circumstances indicate they may be impaired. Key factors taken into account in assessing useful life of brands are:

- The brands are well established and protected by trademarks; and
- There are currently no legal, technical or commercial obsolescence factors applying to the brands which indicate that the life should be considered limited.

Loyalty program

Loyalty programs associated to brands operate a customer loyalty program which attributes value to the business by offering a returning customer base. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available;
- it can be demonstrated how the software will generate probable future economic benefits; and
- the expenditure attributable to the software during its development can be reliably measured.

In respect to cloud computing arrangements, the Group assesses whether the arrangement contains a lease and if not, whether the arrangement provides the Group with a resource that it can control. Costs associated with implementation are then assessed as to whether they can be capitalised in accordance with relevant accounting standards.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding ten years).

Useful life

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life i.e. three years for customer loyalty program and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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(L) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Present obligations arising from onerous contracts are required to be recognised and measured as a provision. An onerous contract is considered to exist where the unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(M) EMPLOYEE ENTITLEMENTS

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for employee benefits are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are 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 year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the Milliman G100 discount rates at the end of the reporting period. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting year, regardless of when the actual settlement is expected to occur.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Retirement benefit obligations

The Group provides retirement benefits to employees through a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable.

(N) BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. At the acquisition date, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values, except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with AASB 112 I*ncome Taxes* and AASB 119 *Employee Benefits* respectively.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(O) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Michael Hill International Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Michael Hill International Limited.

(P) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(Q) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note F2).

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares (note F2).

(R) ROUNDING OF AMOUNTS AND COMPARATIVES

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Some comparative amounts included within these financial statements have been reclassified, to allow greater transparency when comparing current period to prior period. The reclassification adjustments have had no impact on the prior period Profit Before Tax, Profit After Tax, or Net Assets.

(S) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Certain new accounting standards and interpretations have been published that are not mandatory or effective for the 29 June 2025 year end. The Group is in the process of determining the impact of these new standards and amendments, which are summarised below:

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

AASB 2023-5 amends AASB 121 *The Effects of Changes in Foreign Exchange Rates* to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

New disclosures are required to help users assess the impact of using an estimated exchange rate on the financial statements.

AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments

The amendment:

- provides clarification of the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they are settled using electronic payment systems. The amendment also provides an exception if certain criteria are met, for the timing of derecognition of certain financial liabilities settled using an electronic payment system;
- provides further guidance about specific types of financial assets, specifically contractually linked instruments (CLIs);
- provides clarification of the classification of financial assets that are linked to environmental, social and governance (ESG) and similar characteristics; and
- requires additional disclosure requirements with regard to investments in equity instruments measured at fair value through other comprehensive income and financial instruments with contingent features.

AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11

The amendments are annual improvements to the following standards:

- *AASB 1 First-time Adoption of Australian Accounting Standards;*
- *AASB 7 Financial Instruments: Disclosures;*
- *AASB 9 Financial Instruments;*
- *AASB 10 Consolidated Financial Statements;* and
- *AASB 107 Statement of Cash Flows*

The amendments aim to improve clarity and internal consistency.

AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity

AASB 2025-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures

The standard makes amendments to AASB 9 *Financial Instruments* to include guidance on:

- The application of the 'own-use' exemption on nature dependent power purchase agreements (PPAs); and
- Hedge accounting requirements for purchasers and sellers of PPAs that are classified as derivative financial instruments.

There are also new disclosure requirements for certain PPAs as the standard amends AASB 7 *Financial Instruments: Disclosures.*

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 *Presentation and Disclosure in Financial Statements* aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

The standard will change how companies present their results on the face of the income statement and disclose information in the notes to the financial statements. Certain 'non-GAAP' measures – management performance measures (MPMs) – will now form part of the audited financial statements.

There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures.

Several other amendments and interpretations apply for the first time from 1 July 2024, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

J2 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events 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 incorporated within the relevant note.

The significant accounting judgements relate to the pattern of PCP revenue recognition (note A2), the calculation of the net realisable value of inventory (note A4) and brand intangible impairment (note F5).

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT

			Bodies corporate		Tax residency	
ENTITY NAME	**Entity type**	**Trustee, Partner or JV Participant**	**Place formed or incorporated**	**% of share capital held (i)**	**Australian or foreign**	**Foreign jurisdiction**
Michael Hill International Limited	Body corporate	No	Queensland	N/A	Australian	N/A
Durante Holdings Pty Ltd	Body corporate	Yes - partner	Queensland	100%	Australian	N/A
MH Bespoke Diamonds AU Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Michael Hill Franchise Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Michael Hill Franchise Services Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Michael Hill Jeweller (Canada) Ltd	Body corporate	No	Canada	100%	Foreign	Canada
Michael Hill Charms Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Fine Jewellery Retail AU Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Medley Jewellery Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Michael Hill Group Services Pty Ltd	Body corporate	No	Queensland	100%	Australian	N/A
Michael Hill Manufacturing Pty Limited	Body corporate	No	Queensland	100%	Australian	N/A
Michael Hill Wholesale Pty Ltd	Body corporate	No	New South Wales	100%	Australian	N/A
Michael Hill Jeweller (Australia) Pty Ltd	Body corporate	Yes - partner	New South Wales	100%	Australian	N/A
Michael Hill Finance	Partnership	N/A	Queensland	N/A	Australian	N/A
Michael Hill New Zealand Limited	Body corporate	No	New Zealand	100%	Foreign	New Zealand
Michael Hill Jeweller Limited	Body corporate	No	New Zealand	100%	Foreign	New Zealand
Michael Hill Finance (NZ) Limited	Body corporate	No	New Zealand	100%	Foreign	New Zealand
Michael Hill Wholesale NZ Limited	Body corporate	No	New Zealand	100%	Foreign	New Zealand
MHJ (US) Limited	Body corporate	No	New Zealand	100%	Foreign	New Zealand
Michael Hill LLC	Body corporate	No	Delaware, US	100%	Foreign	Delaware, US

The above Consolidated Entity Disclosure Statement should be read in conjunction with the accompanying notes.

BASIS OF PREPARATION

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are Michael Hill International Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements.*

The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest consolidated in the consolidated financial statements controlled by Michael Hill International Limited either directly or indirectly.

In relation to the tax residency information included in the statement, judgement may be required in the determination of residency of the entities listed.

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DIRECTORS' DECLARATION

In the directors' opinion:

(a) 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 financial statements and notes of the Group for the financial year ended 29 June 2025, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements,

  (ii) giving a true and fair view of the consolidated entity's financial position as at 29 June 2025 and of its performance for the financial year ended on that date, and

  (iii) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct;

(c) as at the date of this declaration, there are reasonable grounds to believe that the members of the extended group identified in note H1 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in note H2.

Note J1(A) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Interim Chief Executive Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



R I Fyfe
Chair

Brisbane
25 August 2025

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Independent auditor's report to the members of Michael Hill International Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Michael Hill International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 29 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.
In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Group's financial position as at 29 June 2025 and of its consolidated financial performance for the year ended on that date; and

b. 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 and 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 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Existence of inventories

Why significant	How our audit addressed the key audit matter
As at 29 June 2025 the Group's inventories balance totals $199 million which represents 39% of the Group's total assets. Inventories are primarily kept in the Group's 287 retail stores located in Australia, New Zealand and Canada and the distribution and manufacturing centres. Inventories comprise a large number of physically small but high value items which are subject to misappropriation and loss. The Group accounts for inventories in accordance with the policy disclosed in Note J1(H) and further disclosure is included in Note A4 of the financial report. Inventory is considered a key audit matter due to the nature, size and geographic spread of locations where items are held.	Our audit procedures included the following: ▪ Attended a sample of stocktakes conducted at retail stores across Australia, New Zealand and Canada. ▪ In addition to the retail stores, we attended the stocktakes completed at each of the distribution and manufacturing centres in June 2025 prior to year end. ▪ Tested the operating effectiveness of key controls relevant to the conduct of physical stocktakes, the review and evaluation of inventory variances, and the approval of adjustments made to inventory quantities. ▪ At these stocktakes for the retail stores, distribution and manufacturing centres, we observed compliance with the stocktake instructions (including the suspension of inventory movements during the stocktake process) and selected a sample of items to re-count to assess the accuracy and completeness of the counts performed by the Group. ▪ For each of the locations attended, and for a further representative sample of retail stores, we inspected that stocktakes had been conducted in accordance with Group policies, inventory variances identified had been reviewed and approved, and that the adjustments if any were accurately recorded. ▪ Where stocktakes were completed prior to balance date, we performed an inventory movement analysis. On a sample basis we evidenced changes in inventory quantities to evaluate the movement of inventories between the stocktake date and balance date. For retail locations not attended at stocktake, we performed analytical procedures in relation to the year on year movements and further analysed where year end balances were outside our set expectations. ▪ Obtained details of stock-in-transit at year end, as well as movements before and after year end date and assessed the risk of incorrect cut-off of inventory quantities at year end. ▪ Assessed the adequacy and appropriateness of the disclosures included in the Notes to the financial statements.

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Professional Care Plan (PCP) revenue recognition

Why significant	How our audit addressed the key audit matter

The balance of the deferred PCP revenue liability at 29 June 2025 was $60 million, and PCP revenue recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 29 June 2025 was $32 million as disclosed in Note A2.
 	
The recognition of PCP revenue involves a significant degree of estimation in determining the appropriate revenue recognition pattern for lifetime, 10 year and three year plans offered to the Group's customers. Under these plans, revenue is deferred on receipt of the payment from the customer and recognised over time in a manner that reflects the proportion of actual services used by customers relative to the total amount of expected services to be provided under the PCPs.
 	
The estimation process for PCP revenue is based on an analysis of actual services (through historical cleaning, repairs and re-sizing service data) performed under these plans since inception, with management judgement applied to take account of emerging trends in customer behaviour, industry data and exceptional circumstances.
 	
The result of the estimation process is reviewed by the Group on at least an annual basis. As circumstances change over time, the Group updates its measure of progress, and any adjustments are recognised as a cumulative catch up in revenue recognition (or reversal) in the current year results.
 	
Accordingly, this is considered a key audit matter.
	Our audit procedures included the following:
	▪ Assessed the Group's PCP revenue recognition accounting policies and compliance in accordance with the requirements of Australian Accounting Standards.
	▪ Assessed the accuracy of the data used in the PCP revenue estimation calculation and challenged the reasonableness of the key judgements including:
	  ▪ Obtained details of the sales of PCP products to customers during the year, and on a sample basis, we vouched the cash receipts to bank statements and assessed that the revenue was appropriately deferred.
	  ▪ Obtained details of the actual cleaning, repairs and resizing services during the year and tested a sample of transactions to understand if repairs are accurately tagged to the associated PCP plan date.
	  ▪ Performed analysis over the historic repairs data, to assess whether the assumptions made by the Group were supportable, including the length of the lookback period.
	▪ Tested the mathematical accuracy of the PCP revenue estimation model and re-performed the Group's calculation supporting the estimate relating to PCP revenue recognition.
	▪ Re-performed management's sensitivity analysis over the assumptions using reasonable alternative scenarios to assess whether there would be a material impact on revenue recognised in the year.
	▪ Assessed the adequacy and appropriateness of disclosures included in the Notes to the financial statements.

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Impairment of Intangibles

Why significant	How our audit addressed the key audit matter
As at 29 June 2025, the Groups goodwill totals $19.2m and a brand intangible of $11.9m. This relates to a previous acquisition of MHI on 31 May 2023 whereby the underlying assets and liabilities of the Bevilles business were acquired. The acquisition was accounted for in accordance with AASB 3 *Business Combinations* as disclosed in Note F5. In accordance with the Group's accounting policy and the requirements of AASB 136 *Impairment of Assets*, an impairment test is required to be performed at least annually for cash generating units ("CGUs") to which goodwill and brand intangible has been allocated. Management use a value in use model for goodwill measuring the recoverable amount of a non-current asset or group of assets and comparing the recoverable amount to the assets carrying amount, and relief from royalty method for brand intangibles for their impairment testing. Impairment assessments are complex and involve judgements and estimation relating to sales forecasts, anticipated costs (including the impacts of wage inflation and labour availability), growth rates, forecast capital expenditure, and the discount rate applied. Accordingly, impairment testing of goodwill and brand intangible was considered to be a key audit matter.	Our audit procedures included the following: ▪ Evaluated the Group's identification of cash generating units ("CGU") for goodwill and brand intangibles, including quantification of the carrying amount of the CGUs. ▪ Evaluated the impairment models used by management for both goodwill and brand intangibles in terms of the requirements of Australian Accounting Standards. ▪ Evaluated the impairment models used by management for both goodwill and brand intangibles in terms of the requirements of Australian Accounting Standards. ▪ Agreed the cash flow forecasts to Board-approved budgets and assessed the historical accuracy of cashflow forecasting. ▪ Assessed future cash flow assumptions through comparison with current trading performance, externally derived data (where applicable) and inquiry of management in respect of its basis for sales increases, key growth and trading assumptions. ▪ Reviewed the competency, capabilities and objectivity of management's specialist, including the nature and scope of their engagement. ▪ Assessed discount rate and other key assumptions with involvement from EY valuation specialists. ▪ Tested the mathematical accuracy of the impairment models, including recalculating the recoverable amount. ▪ Assessed the market capitalisation of the Group relative to the recorded net asset amount at 29 June 2025. ▪ Performed independent sensitivity analysis of key impairment model assumptions. ▪ Assessed the adequacy and appropriateness of disclosure included in the Notes to the financial statements.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2025 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group 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 to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 25 of the directors' report for the year ended 29 June 2025.

In our opinion, the Remuneration Report of Michael Hill International Limited for the year ended 29 June 2025, 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.

Ernst & Young

Kellie McKenzie
Partner
Brisbane
25 August 2025

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ADDITIONAL SHAREHOLDER INFORMATION

AS AT 25 AUGUST 2025

The Company has one class of shares on issue (being ordinary shares). The Company's shares are listed on the Australian Securities Exchange and the New Zealand Stock Exchange.

	Number
Issued capital	384,819,276
Number of shareholders	4,026
Minimum parcel price	$0.375
Holders with less than a marketable parcel	770

TWENTY LARGEST SHAREHOLDERS

Rank	Shareholder Name	Number of Fully Paid Ordinary Shares	% of Fully Paid Ordinary Shares
1	HOGLETT HAMLETT LIMITED*	145,740,600	37.87
2	CITICORP NOMINEES PTY LIMITED	32,841,480	8.53
3	HSBC CUSTODY NOMINEES (AUSTRAL-IA) LIMITED	25,562,739	6.64
4	SQUEAKIDIN LIMITED*	19,156,926	4.98
5	PETER KARL CHRISTOPHER HULJICH + JOHN HAMISH BONSHAW IRVING	14,681,068	3.82
6	NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LTD	14,348,068	3.73
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,165,642	2.38
8	MOLE HILL LIMITED*	7,991,786	2.08
9	MOLE HILL LIMITED*	5,000,000	1.30
10	CHRISTOPHER PETER HULJICH + CON-STANCE MARIA F HULJICH + PETER KARL CHRISTOPHER HULJICH	3,488,861	0.91
11	NEW ZEALAND DEPOSITORY NOMINEE LIMITED	3,098,925	0.81
12	HOGLETT HAMLETT LIMITED*	2,590,000	0.67
13	BNP PARIBAS NOMINEES PTY LTD	2,540,329	0.66
14	VANWARD INVESTMENTS LIMITED	2,036,974	0.53
15	MONKEY TRUSTEE LIMITED +PETER DENNIS BROWN +COLIN JOHN BROWN	1,946,433	0.51
16	FNZ CUSTODIANS LIMITED	1,889,322	0.49
17	MR RAYMOND JAMES ALLAN	1,848,019	0.48
18	CUSTODIAL SERVICES LIMITED	1,537,286	0.40
19	MR REX CHARLES MINCHER	1,500,000	0.39
20	BNP PARIBAS NOMINEES PTY LTD	1,320,072	0.34
Total		**298,284,530**	**77.51**
Total Remaining Holders Balance		**86,534,746**	**22.49**

*Denotes entities in which a member or members of the Hill family have an interest.

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DISTRIBUTION OF SECURITY HOLDERS

Range	Number of holders of fully paid ordinary shares	Number of fully paid ordinary shares
1 - 1,000	653	369,052
1,001 - 5,000	1,278	3,824,797
5,001 - 10,000	717	5,858,084
10,001 - 100,000	1,220	39,586,042
Over 100,001	158	335,181,301
Total	**4,026**	**384,819,276**

UNMARKETABLE PARCELS

	Minimum Parcel Size	Number of Holders	Number of Units
Minimum $500.00 parcel at $0.375 per unit	1,334	770	509,273

As at 25 August 2025, there are four substantial shareholders that the Company is aware of:

SUBSTANTIAL HOLDERS

Name	Latest Notice Date	Shares
Hoglett Hamlett Limited and others*	13 October 2016	148,330,600
Mark Simon Hill	3 September 2021	163,487,902
Emma Jane Hill	13 October 2016	167,487,526
Spheria Asset Management Pty Ltd	26 June 2024	48,465,930

* Includes: Hoglett Hamlett Limited (New Zealand incorporated company with company number 5994887), Sir Richard Michael Hill, Lady Ann Christine Hill and Veritas Hill Limited (New Zealand incorporated company with company number 2303840).

The above table sets out the number of securities held by substantial shareholders in the Company as disclosed in their last substantial shareholder's notice. Those shareholders may have acquired or disposed of securities in the Company since the date of that notice. A substantial shareholder is only required to disclose acquisition or disposals where there has been a movement of at least 1% in their shareholding.

SHARE OPTIONS AND RIGHTS

The Company has 400,000 unlisted share options and 8,926,315 share rights on issue. As at 25 August 2025, there was 1 holder of share options and 36 holders of share rights.

CORPORATE DIRECTORY

As at 25 August 2025

DIRECTORS
R I Fyfe B.Eng, F.E.N.Z., C.N.Z.M. Chair
Sir R M Hill K.N.Z.M. (leave of absence from 14 April 2025, until his passing on 29 July 2025)
E J Hill B.Com, M.B.A.
G W Smith B.Com, F.C.A., F.A.I.C.D.
D Whittle B.A., B.Com
C Batten LLB (Hons), B.Com, Deputy Chair (appointed 30 August 2024)
A Slingsby B.A., PPL (HBS) (appointed as alternate non-executive director to Sir Richard Michael Hill on 14 April 2025, resigned 29 July 2025)
D Bracken (until his passing on 26 February 2025)

COMPANY SECRETARY
K Palethorpe LLB (Hons), BSc (Biochemistry) (Hons), GradDipLegalPrac, GradDipACGRM

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA
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Cannon Hill QLD 4170
Australia

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Computershare Investor Services Pty Ltd
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200 Mary Street,
Brisbane QLD 4000
1300 552 270 (within Australia)
+61 3 9415 4000 (outside of Australia)

STOCK EXCHANGE LISTING
Michael Hill International Limited shares are listed on the Australian Securities Exchange as its primary listing (ASX:**MHJ**), and on the New Zealand Stock Exchange as a secondary listing (NZX:**MHJ**).

AUDITOR
EY
Level 51,
111 Eagle Street,
Brisbane QLD 4000

SOLICITOR
Allens
Level 26,
480 Queen Street,
Brisbane QLD 4000

BANKERS
ANZ Australia
ANZ New Zealand
HSBC Australia
Royal Bank of Canada
Bank of Montreal
Commonwealth Bank of Australia

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