

MICHAEL HILL

INTERNATIONAL LIMITED

2025 ANNUAL GENERAL MEETING

WEDNESDAY 22 OCTOBER 2025

CHAIR'S ADDRESS

Today I'd like to give you an overview of how we view the year that's closed. Following that, Jonathan will give more detail on our 2025 operating performance, our core priorities and current trading performance.

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 when these arrive.

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.

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.

In March 2025, Claudia Batten, serving as a non-executive director, was appointed Deputy Chair.

This was the first in a series of planned steps in our board succession and renewal process, recognising the long tenure of both myself and Gary Smith our audit Chair, and which also saw the appointment of Andrea Slingsby following the passing of Sir Michael our Founding President.

In planning the retirement of Gary and myself from the Board, our overriding immediate governance imperative is ensuring we provide continuity and support to our new CEO Jonathan Waecker and to support the on-boarding of a new CFO in early 2026.

During the interim CEO period, Claudia, Gary Smith and I assisted both the business and Andrew Lowe as 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.

I would like to take this opportunity to express my gratitude to Andrew for his contribution and leadership over the past eight years. Stepping into the Interim CEO role during a particularly challenging time required resilience, clarity,

and a deep commitment to the organisation's success. Andrew's steady guidance and collaborative spirit were instrumental in maintaining momentum and stability throughout the transition. On behalf of the Board and team, thank you Andrew, for your exceptional leadership, contribution and support.

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 and pursue 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, 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.

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.

As we turn the page to a new chapter, we are excited to welcome 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.

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 build on the progress made in recent years and help shape an exciting future for our organisation.

I would like to close my address by acknowledging and thanking all our shareholders for their ongoing support and belief in our future.

I now invite CEO, Jonathan Waecker to address the meeting and discuss the 2025 operational performance, our core priorities and provide an update on our current trading.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Good morning and thank you for joining us today. I will now take you through a review of the 2025 financial results, operational achievements and core priorities. We will also provide you with our current trading performance.

FY25 saw global economic uncertainty and challenging retail trading conditions persist across all markets, with conditions in New Zealand remaining particularly challenging.

However, pleasingly our two largest segments still delivered growth, with Canada delivering another record sales performance.

The second half saw an improvement in same store sales across all segments, with FY25H2 Group same store sales up +2.4%. In addition, the business saw productivity lift with sales per hour increasing by 5% for the year, as the business maintained its focus on wage control.

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, which saw digital sales grow 6%, to over \$50m, for the first time.

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

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.

FY25 Group Results

Moving on to the FY25 Group financial results.

With full year revenue, gross margin and earnings broadly in line with prior year, the Group reported comparable earnings before interest and tax of 15.3 million dollars for the year ended 29 June 2025.

For the year, the Group delivered revenue of 644 million dollars, broadly flat on prior year.

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.

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 the prior year.

Even with gold reaching 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 million dollars.

Year-end net debt closed broadly in line with prior year at 42 million dollars.

As noted in the FY25H1 results release, the existing 90 million dollars debt facility has been increased by 20 million dollars for the four-month period from 15 September 2025, to support seasonal working capital requirements for Christmas trade.

For Michael Hill, two new stores were opened during the year, two stores were converted to Bevilles and 14 loss-making stores were closed. Pleasingly, 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.

FY25 Core Priorities

At the end of the first half of FY25, the business 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 core priorities were identified through the second half, with continuing deployment of a series of targeted levers.

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 continued 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 also 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.

I've now been with the Company for just over eight weeks, during this period, I've spent time listening, learning, and engaging with teams across the business. While our strategic foundations are strong, I believe there's an opportunity to refine and sharpen our focus to ensure we're best positioned for profitable, sustainable growth. This includes reviewing how we prioritise investment, deepen customer engagement, and accelerate innovation. I look forward to updating you on our progress as we evolve our strategy to meet the changing needs of our markets.

FY26 Trading Update

And now moving on to our current trading update. Pleasingly, our product and brand initiatives have delivered a sustained group gross margin recovery of +100bps for the first 16 weeks of FY26.

Group same store sales were flat on prior year, with same store sales for the:

- Australian segment up 0.7%
- Canadian segment up 4.1% and
- the New Zealand segment down 6.2%.

Total Group sales were down 1.3% in the first 16 weeks of FY26, despite a 4.4% reduction in store numbers from 297 to 284 over the same 16-week period.

And as always, the group remains focused on inventory management, capital and operational cost control, along with optimisation of store rostering.

Well Prepared for Christmas

As we prepare for the all-important Christmas Trading period, we are encouraged by a year on year 100 basis point uplift in group gross margin in the first 16 weeks. Additionally, our Canada segment—our second largest market—continues to deliver record-breaking sales performance, reinforcing its role as a key growth engine.

Our focus remains firmly on delivering innovation, customer experience, and retail execution across our markets.

We are driving momentum through:

- Introducing new collections: including Vermeil, Lume LAB, and Earring Bar - bringing fresh appeal and elevated design to our core offering.
- Broadened Customer Favourites: With further development of our Pendant Bar Collection and enhancing the in-store experience—a proven driver of customer engagement and conversion.
- Showcasing exceptional quality at attainable prices to reinforce value for customers
- Expanding the gifting offer with Christmas gift sets designed to meet diverse gifting needs

To support peak trading, we are also strengthening our store footprint with key flagship stores that are ready to welcome new and returning customers into our latest Michael Hill product and shopping experiences.

- Rundle Mall, Adelaide (AU) – Refurbished flagship, now open
- Bondi, Sydney (AU) – Brand-new store opening in late October
- Yorkdale, Toronto (CA) – Refurbishment completing in early November

These initiatives position us strongly for the festive season, reinforcing our commitment to product leadership, customer experience, and market growth.

As I wrap up my first AGM as CEO, I want to thank you for your continued support and belief in our business. Over the past eight weeks, I've had the privilege of meeting many of our people, partners, and stakeholders, and I've begun a thoughtful review of our strategy to ensure we're aligned for long-term success. While our foundations are strong, I see opportunities to sharpen our focus, accelerate innovation, and deepen customer engagement. I look forward to working with the team as we build on our strengths and shape the next chapter of growth together.

I will now hand back to the Chair to conduct the formal business of the meeting.