



AGM Presentation
14 November 2023

michael hill[®]
INTERNATIONAL LIMITED



DISCLAIMER

Certain statements in this announcement 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 Company). The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimates” or similar expressions or the negatives thereof, identify certain of 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 Company’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, expansion into new markets, future product launches, points of sale and production facilities.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company’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 Company’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 Company operates; the protection and strengthening of the Company’s intellectual property rights, including patents and trademarks; the future adequacy of the Company’s current warehousing, logistics and information technology operations; changes in laws and regulations or any interpretation thereof, applicable to the Company’s business; increases to the Company’s effective tax rate or other harm to the Company’s business as a result of governmental review of the Company’s transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced to in this presentation.

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, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

The Company does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to us or to persons acting on the Company’s behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this presentation.

Board of Directors



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

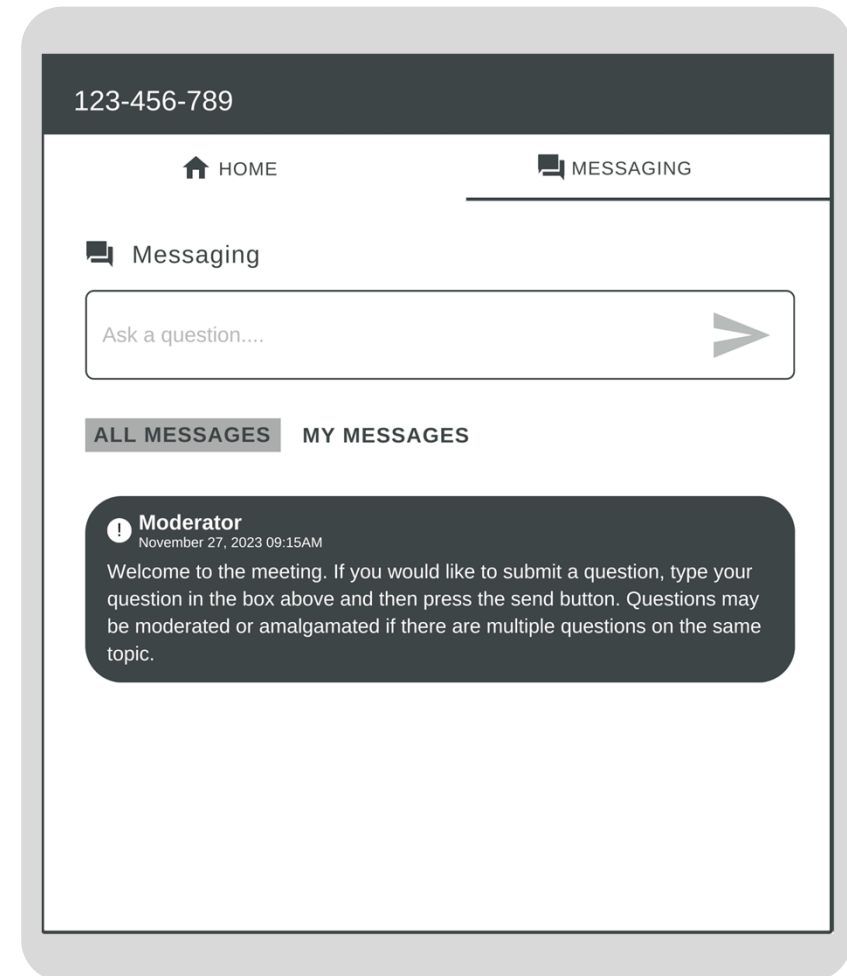
Online Text Question Process

Select the messaging tab

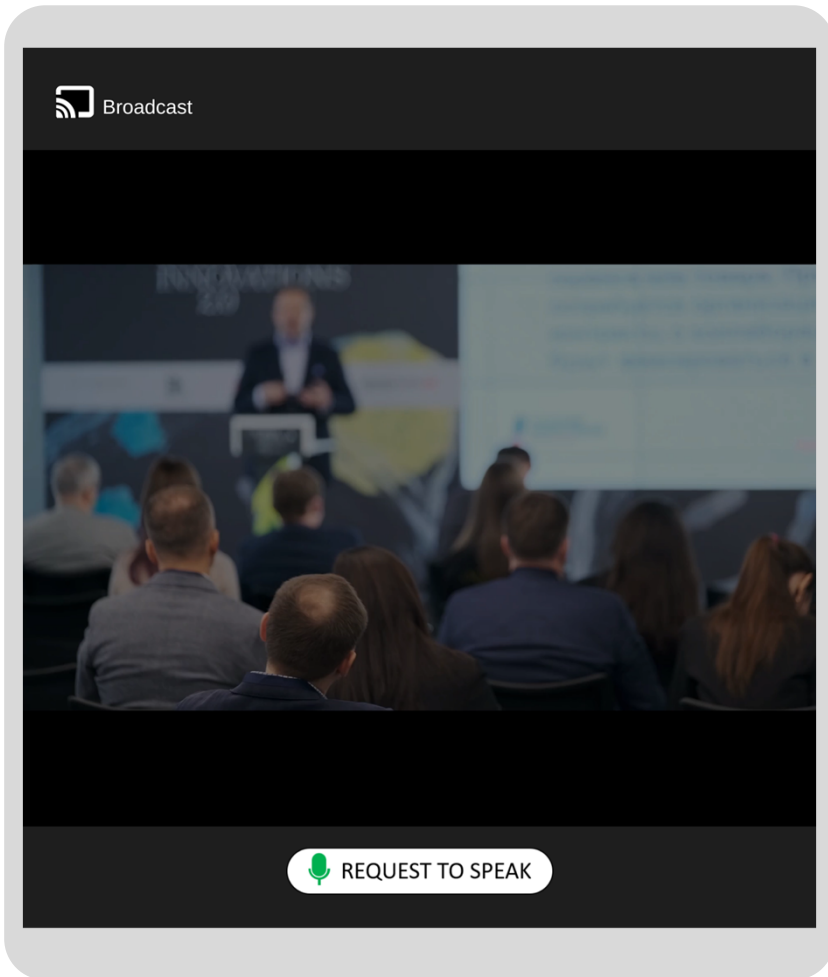
Type your question in the 'Ask a question' box

Press the arrow symbol to submit your message

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



Online Audio Question Process



Click 'Request to Speak'

Enter the topic of your question

Click 'Submit Request'

Click 'Join Queue' and follow the audio prompts

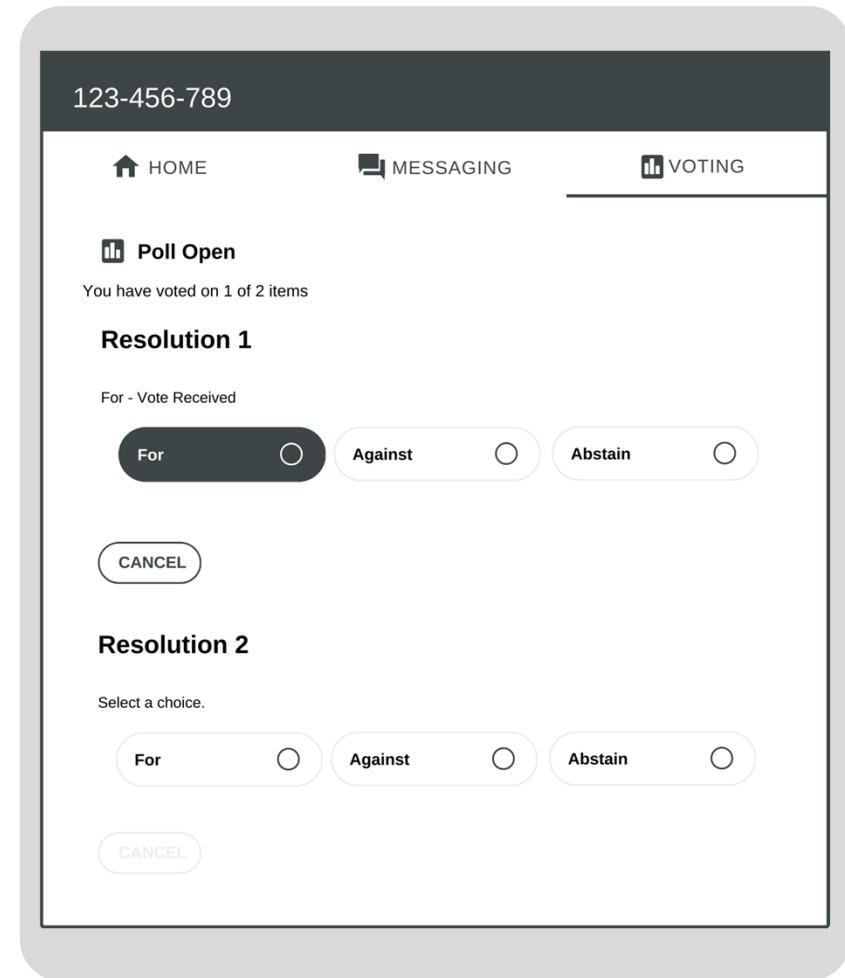
Voting

Select the voting tab

Select your voting preference for each resolution

Your selected option will change colour

You can change your vote until the poll is closed




Chair's address

Rob Fyfe



Sustainability

- Announced ESG 2030 manifesto centred around three key pillars – Product, Planet & People
- Launched circular economy offering **Re:new**:
 - Digitally-enabled gold recycling platform
 - Launching a diamond upgrade program
 - Reimagining and expansion of jewellery repair business

re:new

 Our sustainable jewellery ecosystem.

re:cycle

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

re:store

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

re:imagine

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



Product

100% of our products will be sustainable, responsible or circular



TRANSPARENCY	METAL STEWARDSHIP	CHAMPION INNOVATION
100% use of certified sustainable or responsibly sourced natural diamonds, coloured gemstones and cultured pearls	100% of Michael Hill's silver and gold products will be made from certified recycled, responsibly sourced, local or artisanal sources	We will pioneer an innovation hub to champion and integrate jewellery circularity, product innovation and Laboratory created diamonds
[By 2030]	[By 2025]	[By 2024]

Planet

We will nurture nature and reduce our negative impacts to net zero



ZERO CARBON OPERATIONS	NATURE POSITIVE	ELIMINATE WASTE
Achieve net zero carbon operations (scopes 1 & 2)	Contributing to the restoration and conservation of the natural environment in our key markets	We will send zero waste to landfill and eliminate single use plastic from our packaging
[By 2025]	[from 2025]	[By 2027]

People

We will improve the lives of people across our value chain

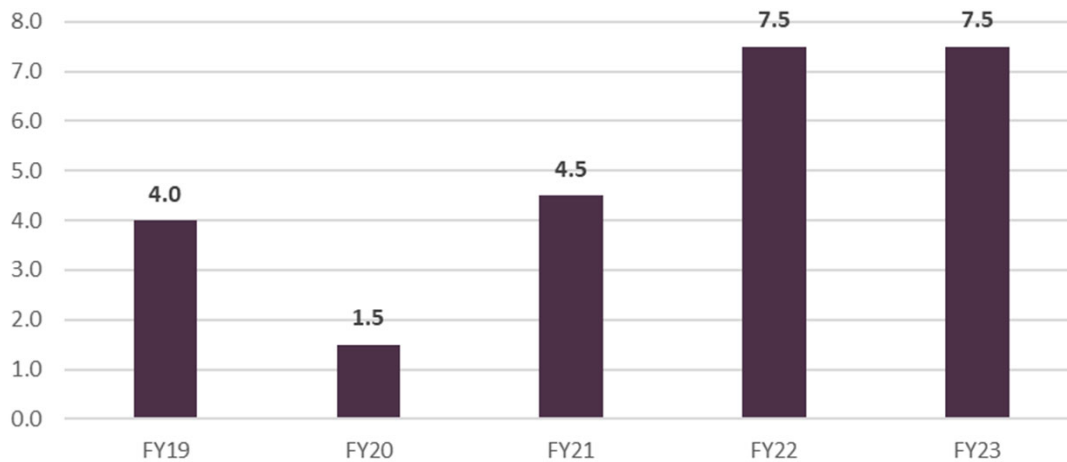


RESPONSIBLE SUPPLIERS	EMPOWERING WOMEN	GREAT PLACE TO WORK
100% of all suppliers meet our expectations on their social and environmental impacts	Deliver initiatives and develop partnerships focused on empowering and supporting over 100,000 women	Michael Hill will maintain a leading workforce engagement score of greater than 80%
[By 2030]	[By 2030]	

Capital Management Framework

- Final dividend of AU3.5 cps, resulting in total dividend of AU7.5 cps
- On-market share buy-back resulting in 8.63m shares acquired at a cost of \$10.2m, representing 2.2% of share capital
- New revenue streams: Launched *Re:cycle* program and introducing third-party jewellery insurance
- Successful acquisition of Bevilles: providing a meaningful store network expansion strategy to broaden our addressable market

Total Dividends (AU cps)



Managing Director & CEO Presentation

Daniel Bracken



FY23 Performance Overview

- Record sales, strong margin and second highest comparable EBIT underpinned by:
 - Ability to elevate ATV supported by MHJ's aspirational brand journey
 - Leveraging the loyalty program
 - Product evolution
 - Retail fundamentals
- ***Brilliance by Michael Hill*** membership now **over 2 million**
- Successful transition to new global headquarters:
 - State of the art distribution technology
 - Upgraded artisanal manufacturing workshop
 - Attract and retain high calibre talent
- Executed acquisition strategy with purchase of Bevilles
- Continued focus on digital to modernise customer experience and enter new markets of Quebec, Singapore and Malaysia
- Culture and team - unwavering focus and energy



FY23 Group Results

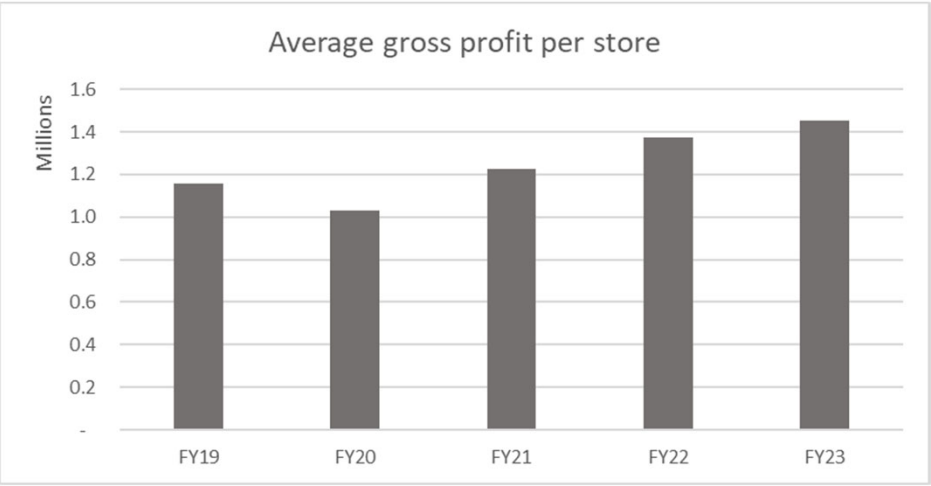
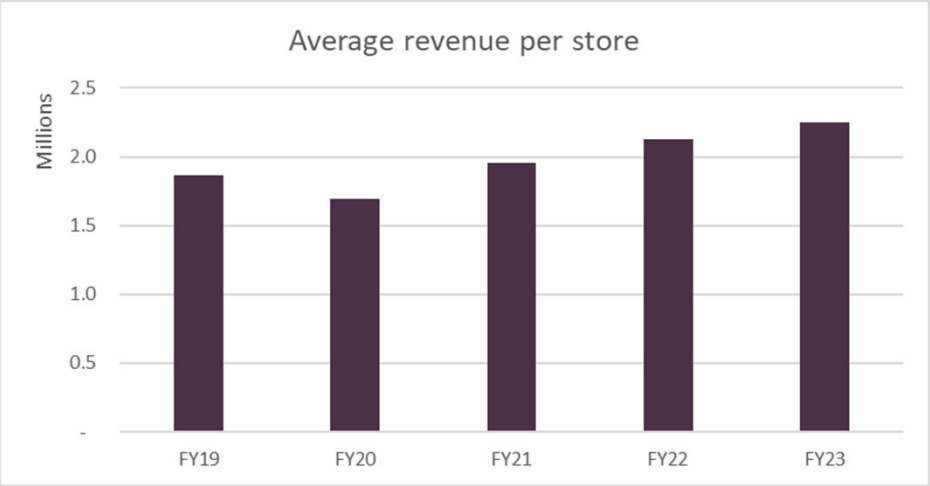
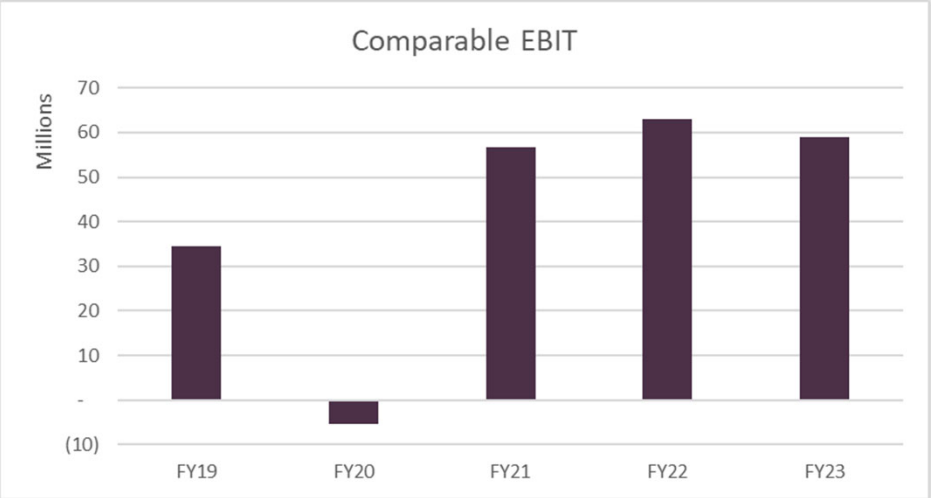
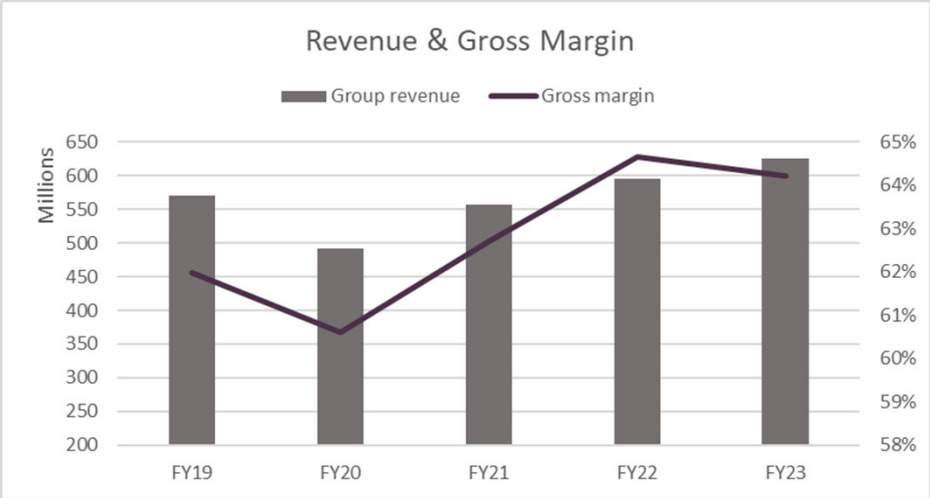
- Record revenue with growth of \$34m
- Strong gross profit up \$20m
- Elevated gross margin maintained
- Comparable EBIT down 6% but second highest year
- Balance sheet with nil net debt, having deployed cash to support dividends, share buy-back and Bevilles acquisition
- Healthy inventory, with the growth attributable to the Bevilles business
- Final dividend of AU3.5 cents per share

	FY23 ^{1, 2}	FY22	Change
Revenue	\$629.6m	\$595.2m	+6%
Gross Profit	\$404.4m	\$384.8m	+5%
Gross Margin	64.2%	64.7%	-50bps
Comparable EBIT	\$58.9m	\$62.9m	-6%
Inventory	\$203.3m	\$181.5m	+\$21.8m
Net Cash	\$8.4m	\$95.8m	-\$87.4m
Total Dividend	AU7.5c	AU7.5c	-
Store Network	278 304 with Bevilles	280	-2

¹ FY23: 53-week year

² Includes four weeks of Bevilles trade from 1 June 2023

FY23 Key Performance Insights



FY24 Trading Update

- For the first 19 weeks of FY24:
 - Group sales (including Bevilles) are up 2% on prior year, and up 26% on FY22
 - While for the core Michael Hill brand, sales have continued the recent trend and are down on the record start to FY23, however are up 13% on FY22 and up 15% on pre-pandemic trade in FY19.
- Group gross margin has continued to be under pressure:
 - With sustained elevated diamond and gold pricing, and
 - Dampened consumer confidence due to economic challenges, leading to greater promotional activity across all retail categories and markets.
- Transactional sales data from multiple external sources demonstrates that both the Michael Hill brand and Bevilles continue to take market share in a challenging retail environment.

The above numbers are unaudited and prior to accounting adjustments.



Well Prepared for Christmas

- As we enter the all-important Christmas period, the start to November trade has been encouraging.
- Our new Christmas campaign launched at the start of the month and already gaining strong traction with both customers and stores.
- Earlier this year the company undertook a comprehensive product range review, enabling the largest ever injection of newness in readiness for our key Christmas trading period.
- With over 2.1m members, the *Brilliance by Michael Hill* loyalty program will be a key differentiator and enabler for customer engagement and sales driving events.
- Along with two significant store refurbishments, four new Bevilles stores will open for Christmas trade, bringing the brand's store count to 30.



Strategy Update - Emphasis on Growth

Brand & Loyalty	Modern, differentiated, omni-channel jewellery brand with loyal customers
Retail Fundamentals	Elevated productivity & customer experience
Digital & Omni-channel	Omni-first, digital-led & channel agnostic
Product Evolution	Elevated yet accessible, with diamonds at our core
New Territories & Services	New markets, new channels & new service propositions
Cost Conscious Culture	Unwavering focus on costs
Sustainability	<i>“the jeweller that cares”</i>

Brand and Product Elevation

*Marking the moments that create
the story of our lives*

- ◆ Elevated emotive brand-led campaigns
- ◆ Emphasis on craftsmanship, quality & sustainability
- ◆ Relentless focus on creative & visual excellence
- ◆ Focus on unique differentiated product
- ◆ Diamonds at our core
- ◆ Increasing ATV demonstrates brand elevation, up 27% over four years

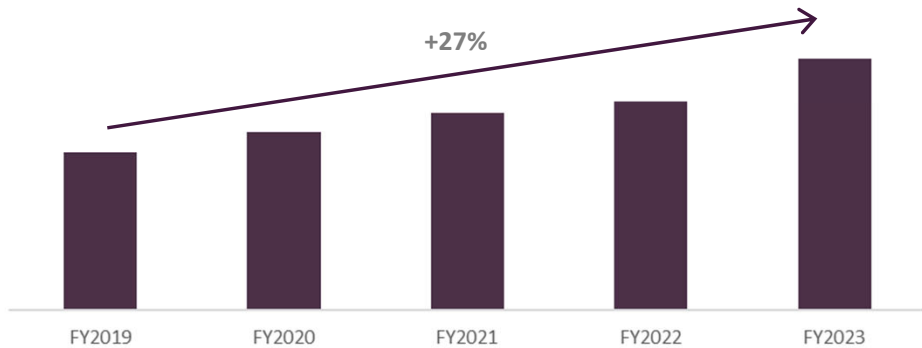


LAB. Certified Sustainable
Laboratory Grown Diamonds



Average Transaction Value

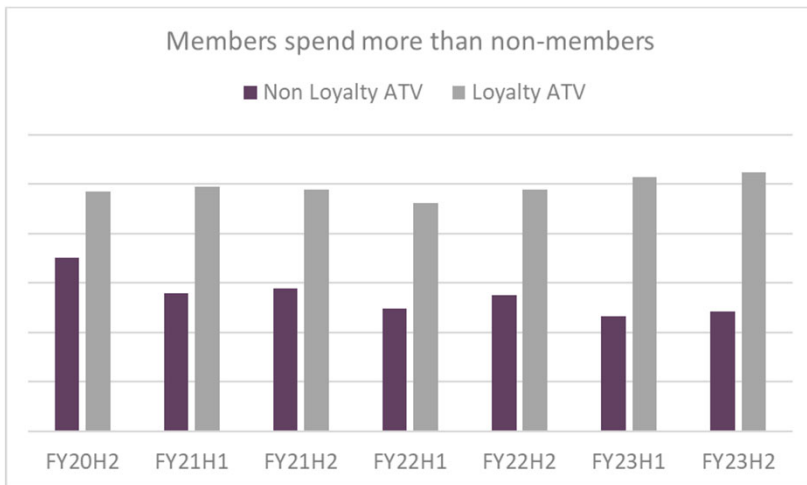
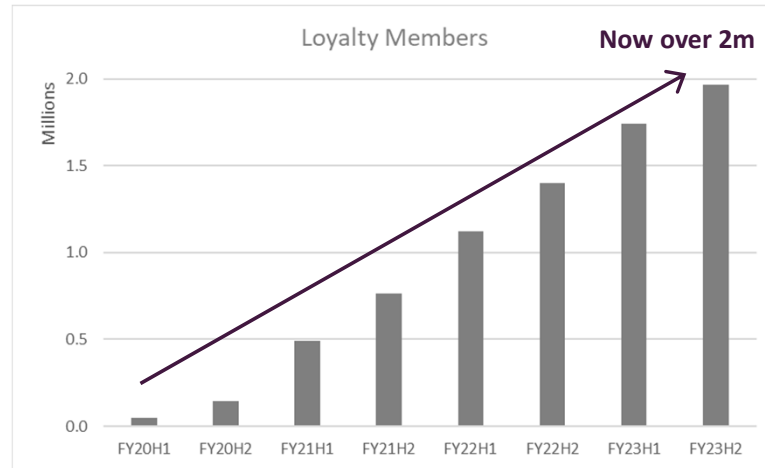
+27%



Leveraging of Loyalty Program

Your love for jewellery rewarded

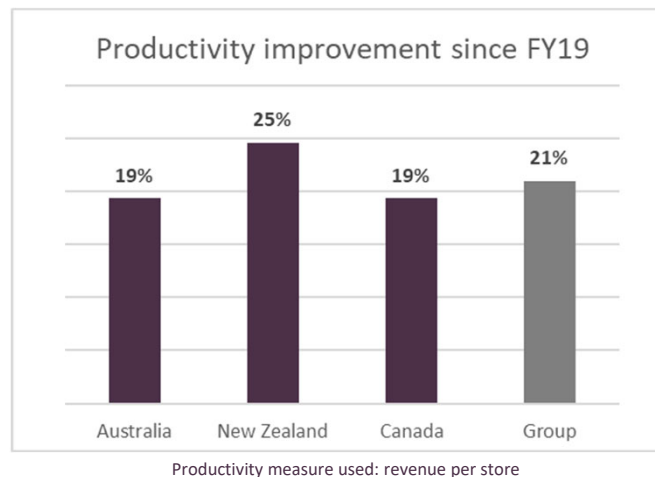
- ◆ Over 2 million loyalty members
- ◆ Focus on customer segmentation and personalisation
- ◆ Targeted AI and data insights
- ◆ Loyalty members are more valuable
 - ATV 70% higher
 - GP% 250 bps higher
 - 34% more transactions per customer
- ◆ Loyalty members represent ~82% of sales



Retail Productivity & Store Investment

Elevating productivity & retail execution

- ◆ Productivity up 21% since FY19 and up in all markets
- ◆ Focus on in-store experience, delivering increased customer engagement
- ◆ Dynamic rostering driving more productive labour
- ◆ Elevated visual merchandising resulting in increased shopfront conversion
- ◆ Significant investment in store network with more than 60 stores refreshed



MH Group - Portfolio of Brands

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INTERNATIONAL LIMITED
ASX & NZX: MHJ

- Leading fine jewellery retailer, with a material presence in Australia, New Zealand and Canada
- Catering to multiple market and consumer segments through differentiated brands and product offerings
- Customer focused, detail-oriented, nimble, multi-channel operations
- State of the art distribution technology and high calibre leadership and retail teams



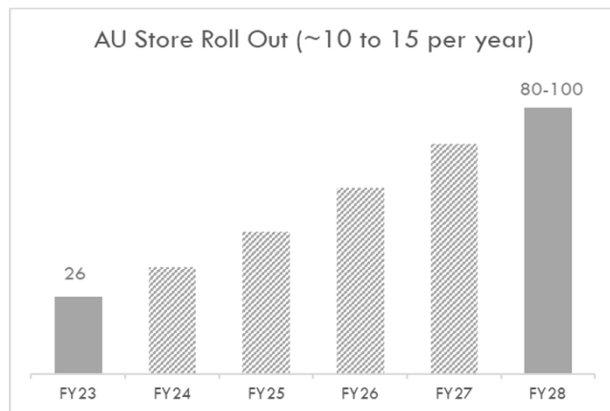
BEVILLES IS A WELL-ESTABLISHED AND REPUTABLE JEWELLERY RETAILER, WITH A NETWORK OF 26 STORES AND A GROWING ONLINE PRESENCE

INITIAL FOCUS

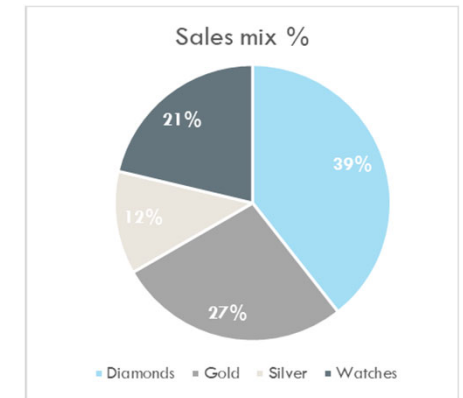
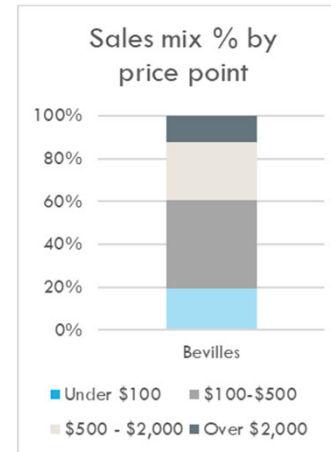
- Smooth transition of all team members
- Store roll-out plan: Four new sites opening pre-Christmas, with a further tranche identified for the second half
- IT integration progressing well and initial supply chain synergies in place

KEY GROWTH OPPORTUNITIES

- Substantial store roll-out opportunity, both new and MH conversions
- Rapidly expand lab diamonds and new category opportunities
- Enhance value add services offerings e.g. repairs, care plans and insurance
- Third party brand expansion (jewellery and watches)
- Refine and expand omni-channel offering
- New Zealand and Canada present future market expansion opportunities



PRICE POINT AND PRODUCT MIX



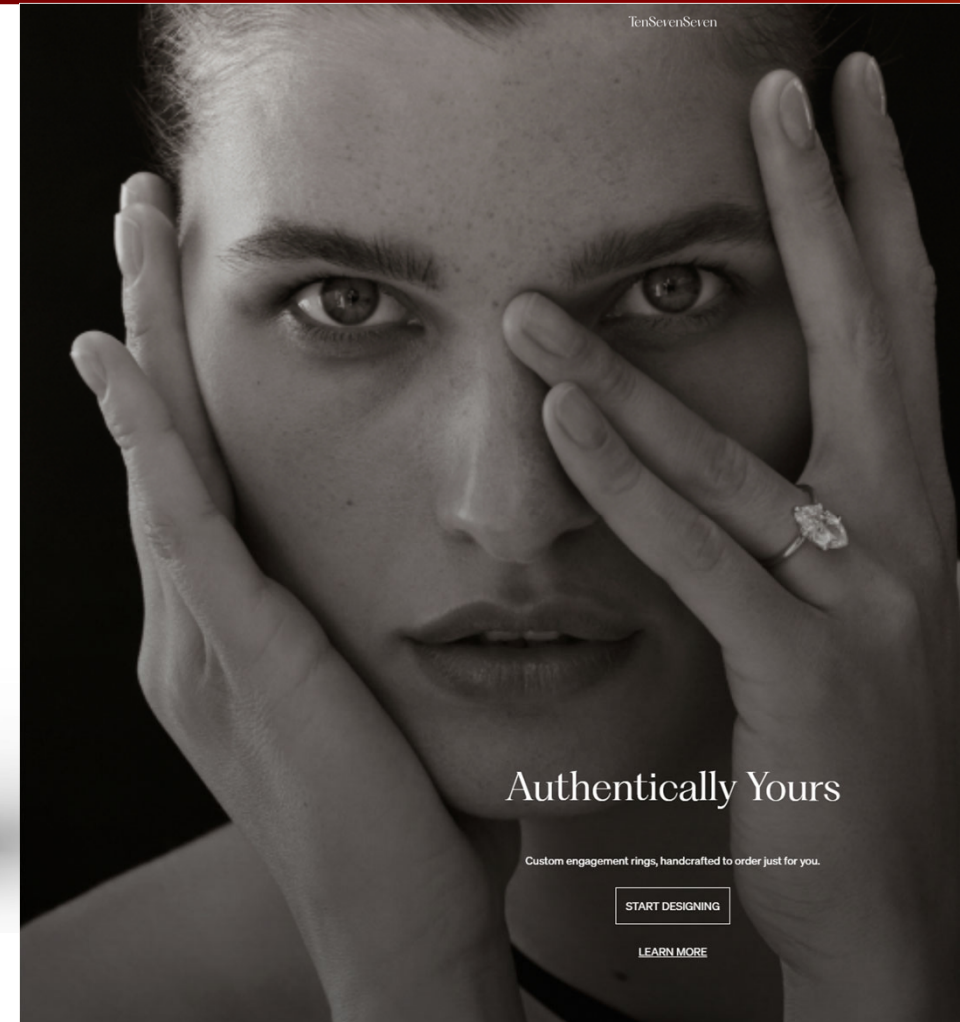
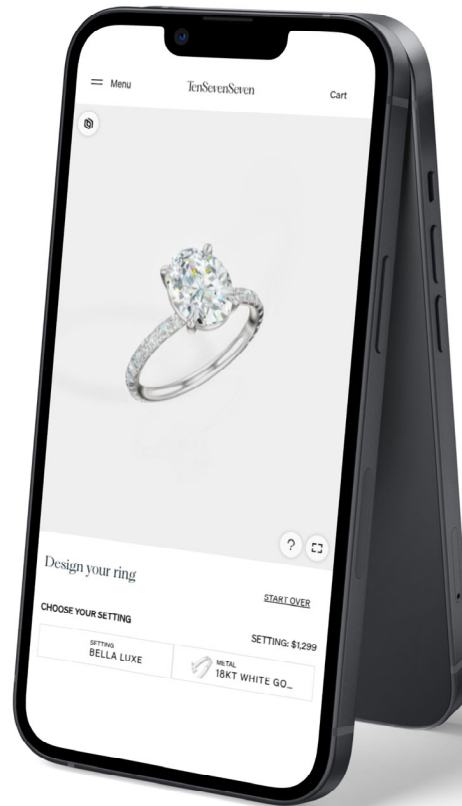
Data on this slide relates to the period March 2022 to February 2023



TenSevenSeven

BESPOKE DIAMONDS
BY LADY CHRISTINE HILL

- New start-up brand designed to test a completely unique and elevated proposition, capturing an entirely new high-end customer
- Brought to life through an immersive digital experience supported by the gradual roll-out of a limited number of showrooms in key capital cities
- Customers will be invited to select from tens of thousands of unique diamonds, paired with a ring design of their choice and ultimate handcrafting in our artisanal Australian workshop
- Launched on 10 October 2023



Questions



Business of the Annual General Meeting



Financial Statements and Reports

- Audited financial statements
- Directors' report
- Auditor's report



Resolution 1: Adoption of Remuneration Report

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

“That the Remuneration Report for the year ended 2 July 2023 (as set out in the Directors’ Report) is adopted.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	87,439,413	824,367	1,153,176	310,055	167,003,959
% OF ELIGIBLE VOTES	97.79%	0.92%	1.29%	N/A	N/A
% OF ALL SECURITIES	22.73%	0.21%	0.30%	0.08%	43.42%



Resolution 2: Re-election of Robert Fyfe as Director

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

“That Mr Robert Fyfe who retires by rotation in accordance with ASX Listing Rule 14.4 and Rule 38.6 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	250,706,407	3,706,349	362,281	1,955,933	0
% OF ELIGIBLE VOTES	98.39%	1.46%	0.15%	N/A	N/A
% OF ALL SECURITIES	65.18%	0.96%	0.09%	0.51%	0.00%

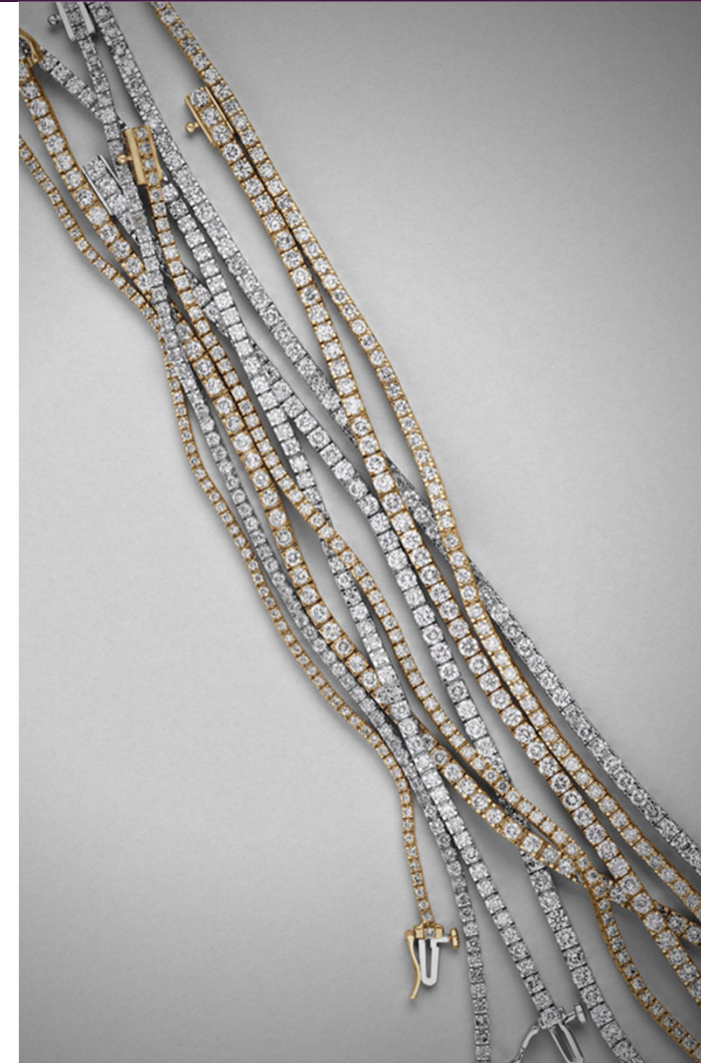


Resolution 3: Re-election of Jacqueline Naylor as Director

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

“That Ms Jacqueline Naylor who retires by rotation in accordance with ASX Listing Rule 14.4 and Rule 38.6 of the Company’s Constitution and, being eligible, offers herself for re-election, be re-elected as a Director of the Company.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	256,227,047	122,142	362,281	19,500	0
% OF ELIGIBLE VOTES	99.82%	0.04%	0.14%	N/A	N/A
% OF ALL SECURITIES	66.62%	0.03%	0.09%	0.01%	0.00%



Resolution 4: Re-election of David Whittle as Director

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

“That Mr David Whittle (appointed as a Director of the Company on 2 August 2023), in accordance with ASX Listing Rule 14.4 and Rule 36.2 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	256,216,047	133,142	362,281	19,500	0
% OF ELIGIBLE VOTES	99.81%	0.05%	0.14%	N/A	N/A
% OF ALL SECURITIES	66.61%	0.03%	0.09%	0.01%	0.00%



Resolution 5: Approval of Company Equity Incentive Plan

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

“That for the purposes of ASX Listing Rule 7.2 (exception 13(b)) and for all other purposes, the Shareholders approve the Company’s Equity Incentive Plan (as defined in the Explanatory Notes to this Notice), and the issue of securities under the Equity Incentive Plan, as an exception to ASX Listing Rule 7.1.”



	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	254,680,249	1,331,714	470,255	248,752	0
% OF ELIGIBLE VOTES	99.29%	0.52%	0.19%	N/A	N/A
% OF ALL SECURITIES	66.22%	0.35%	0.12%	0.06%	0.00%

Resolution 6: Approval of Increase to Non-Executive Director Remuneration Pool

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

“That, for the purposes of ASX Listing Rule 10.17 and Rule 39.5 of the Company's Constitution, the maximum aggregate annual Directors' fees that may be paid by the Company to the Non-Executive Directors be increased from \$840,000 per annum to \$1,200,000 per annum.”

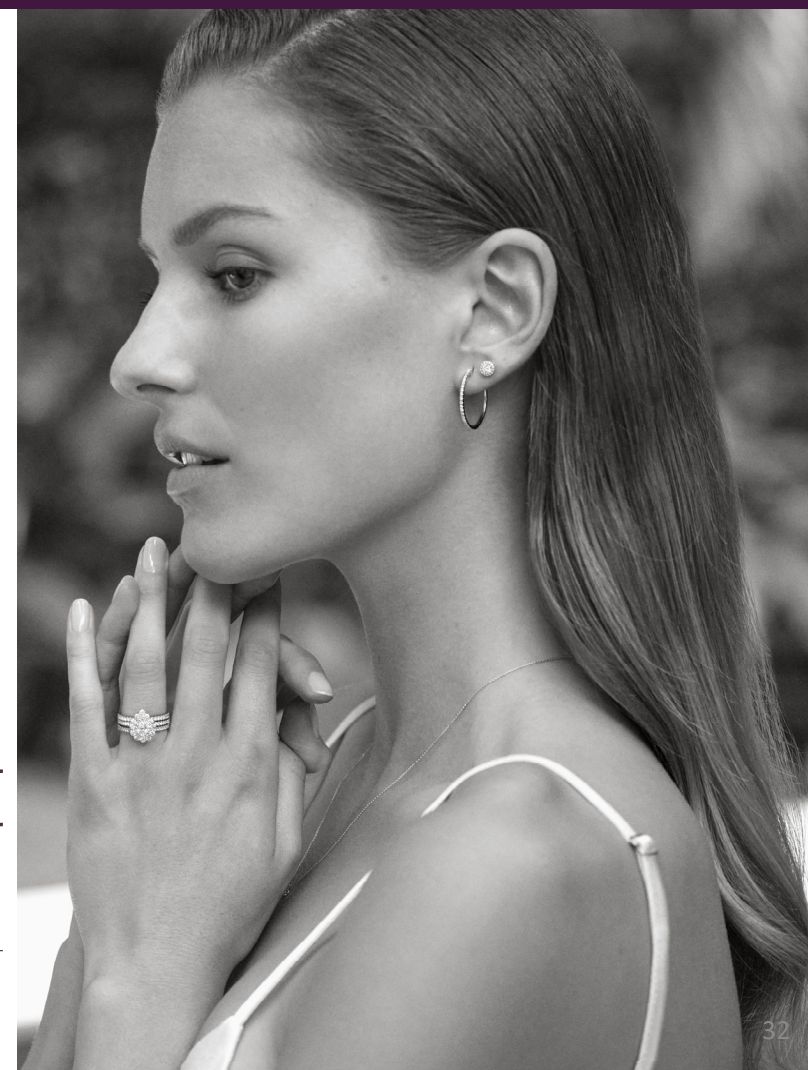


	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	69,457,201	19,827,484	361,281	167,085,004	0
% OF ELIGIBLE VOTES	77.48%	22.12%	0.40%	N/A	N/A
% OF ALL SECURITIES	18.06%	5.16%	0.09%	43.44%	0.00%

Resolution 7: Approval of grant of share rights to Mr Daniel Bracken under the Company's Equity Incentive Plan

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant 1,123,592 share rights to the Managing Director & Chief Executive Officer of the Company, Mr Daniel Bracken, and to issue ordinary shares in the Company on the vesting of those share rights, under the Equity Incentive Plan (as defined in the Explanatory Notes to this Notice) for FY24 as part of his long-term incentive arrangements, as described in the Explanatory Notes.”



	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	254,640,672	1,615,072	361,281	113,945	0
% OF ELIGIBLE VOTES	99.23%	0.63%	0.14%	N/A	N/A
% OF ALL SECURITIES	66.21%	0.42%	0.09%	0.03%	0.00%



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