

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTING PERIOD

Reporting period:	26 weeks ending 29 December 2024
Previous reporting period:	26 weeks ending 31 December 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

					\$'000
Revenue from contracts with customers	Down	0.7%	to		360,169
Earnings before interest and taxation (EBIT) ¹	Up	12.4%	to		32,364
Net profit after tax for the period attributable to members	Up	9.5%	to		16,862

¹EBIT is non-IFRS information and is unaudited. Please refer to non-IFRS information in the Directors' Report for an explanation of non-IFRS information and a reconciliation of EBIT.

DIVIDENDS

	Amount per security	Franked amount per security
	cents per share	cents per share
Interim dividend for the year ended 29 June 2025	-	-
Final dividend for the year ended 30 June 2024	-	-
Interim dividend for the year ended 30 June 2024	1.75	-

NET TANGIBLE ASSETS

	29 December 2024	31 December 2023
	\$	\$
Net tangible asset ² backing per ordinary security	0.33	0.35

²Net tangible assets were calculated including the Group's right-of-use assets and lease liabilities recognised under AASB16 Leases.

COMPLIANCE STATEMENT

This report is based on accounts which have been reviewed by the auditor of Michael Hill International Limited. There have been no matters of disagreement and a report of the auditor's review appears in the half-year financial report.

This report should be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Michael Hill International Limited in accordance with the continuous disclosure requirements arising under the *Corporations Act 2021 (Cth)*, ASX Listing Rules and NZX Listing Rules.

Your Directors present their report on the consolidated entity consisting of Michael Hill International Limited and the entities it controlled at the end of, or during, the half-year ended 29 December 2024.



R I Fyfe
Chair

Brisbane
21 February 2025

Webcast scheduled to take place at 9.00am (AEST) on Monday, 24 February 2025. Please use the following link to register.

<https://meetings.lumiconnect.com/300-416-465-051>

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DIRECTORS' REPORT AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 29 DECEMBER 2024

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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 Group’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 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.

CORPORATE DIRECTORY

DIRECTORS

R I Fyfe B.Eng, F.E.N.Z., C.N.Z.M. *Chair*

Sir R M Hill K.N.Z.M.

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 (appointed 30 August 2024)

D Bracken

COMPANY SECRETARY

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

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BANKERS

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Bank of Montreal

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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 half-year ended 29 December 2024. The half-year ended 29 December 2024 is a 26-week period (1 July 2024 to 29 December 2024) compared to the half-year ended 31 December 2023 which was also a 26-week period (3 July 2023 to 31 December 2023).

DIRECTORS

The following persons were Directors of Michael Hill International Limited during the financial period and up to the date of this report:

R I Fyfe
Sir R M Hill
E J Hill
G W Smith
D Whittle
C Batten
D Bracken

PRINCIPAL ACTIVITIES

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

There were no significant changes in the nature of the Group's activities during the half-year ended 29 December 2024.

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 Strategy Update sections of this report.

REVIEW OF OPERATIONS

The Group achieved the following key outcomes for the half-year ended 29 December 2024:

KEY FINANCIAL RESULTS

- Group revenue was \$360.2m (FY24H1: \$362.7m) a decrease of 0.7% in the half, and was flat on a constant currency basis.
- Group gross margin improved to 61.3% for the half, in line with previous guidance and up on FY24 of 60.6%, underpinned by product and brand initiatives which are offsetting higher input costs and aggressive retail trading conditions. Gross margin was also enhanced by the introduction of higher margin gifting products that increased transaction volumes for the key Christmas period.
- Comparable earnings before interest and tax (EBIT)* of \$24.1m (FY24H1: \$31.3m), at the upper end of previous guidance.
- Statutory net profit after tax increased to \$16.9m (FY24H1: \$15.4m).
- Active inventory management delivered a \$6.6m reduction to \$213.2m (FY24H1: \$219.8m).
- Closing net debt position of \$9.8m (FY24H1: \$11.6m), with the business remaining committed to a reduced capital expenditure profile across both technology and stores.
- Management have deployed targeted initiatives to deliver ~\$5m of cost reductions in the second half as we align resources to our strategic priorities and trading performance.
- No interim dividend was declared.

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

OPERATIONAL PERFORMANCE

- On a same store sales basis (in local currency), Canada delivered another record sales performance with +2.7% growth, Australia was up +0.6% while New Zealand was down -7.8%, as it continued to be adversely impacted by challenging economic conditions affecting consumer confidence, declining foot traffic, and a slower return of international shoppers.
- Digital sales have continued to grow, delivering \$30.3m for the half, supported by strong traffic and deployment of Bevilles' omni-initiatives.
- Successful launch of the MH Pendant Bar concept, with a focus on both build-your-own and ready-to-wear gifting.
- MH elevated its sustainable "LAB." diamonds to the highest quality, by introducing E colour and VVS clarity into this high growth category.
- The half saw the successful opening of the second MH global flagship store showcasing the new brand icons and offering an elevated in-store experience in Bourke St, Melbourne. The MH Queenstown, New Zealand store was also refurbished to incorporate this new brand identity.
- In line with our store network strategy, MH has continued to optimise its store network throughout the half, while at the same time expanding the Bevilles' store network to 38 stores. The Group finished the half with 294 stores (FY24H1: 302).

CURRENT TRADING UPDATE

For the first seven weeks of FY25H2, Group sales were up 1.7%, and Group same stores were up 3.2% on prior year. For same stores sales (in local currency):

- Australian segment up 3.8%,
- Canadian segment up 6.7%, and
- New Zealand segment down 1.9%.

FY25H1 - GROUP BUSINESS PERFORMANCE

The prevailing macroeconomic pressures continued to impact consumer sentiment and discretionary retail trading conditions throughout 2024, with conditions in New Zealand remaining particularly challenging.

Given challenging broader economic conditions across all markets, the Group reported a decline in performance, with comparable earnings before interest and tax of \$24.1m for the half year ended 29 December 2024. This result was driven by a combination of more aggressive retail competition, higher annualised operating costs across labour and occupancy and the ongoing challenges of raw material costs, particularly gold pricing.

For the half, the Group delivered revenue of \$360.2m, down 0.7%, and flat on a constant currency basis. Sales for the half reflected strong business performance in the first three months, which was offset by a more challenging result in the second quarter as we cycled record prior year sales in both October and November.

Gross margin started its recovery journey improving from 60.6% in FY24 to 61.3% for the half, underpinned by product and brand initiatives which are offsetting higher input costs and aggressive retail trading conditions. Introduction of higher margin gifting products increased transaction volumes for the key Christmas period.

Strong digital traffic and deployment of Bevilles' omni-channel initiatives have supported the increase in digital sales, resulting in \$30.3m for the half (FY24H1: \$29.5m), and representing 8.4% of Group revenue.

Active management of inventory saw holdings reduced by \$6.6m to \$213.2m at the end of the half, reflecting a reduction in the store network profile and steps taken to reduce stock holdings.

For Michael Hill, seven stores were permanently closed (AU: 5, CA: 2), two stores were converted to Bevilles and one new NZ store was opened, taking the network to 256 (AU: 128, NZ: 45, CA: 83). For the half, the Bevilles (AU) store network expanded to 38, with two additional conversion stores. The Group network was 294 stores at the end of the half across all markets (June 2024: 300).

With inflationary pressures impacting our operating cost base, the business took the decision in January 2025 to undertake a ~\$5m cost reduction program in the second half as we align resources to our strategic priorities and trading performance.

SEGMENT RESULTS

The operational segments below reflect the performance of the Group's retail operations in each geographic segment. The segments include trading activity from our online channels presence and our Canadian in-house credit function. The segments exclude revenue and expenses that do not relate directly to the relevant retail segments, and are treated as unallocated. These predominately relate to corporate costs and Australian based support costs, but also include the manufacturing activities, warehouse and distribution, interest and company tax.

The results below are expressed in local currency.

AUSTRALIA RETAIL PERFORMANCE (INCLUDING BEVILLES)

OPERATING RESULTS (AU \$'000)	HALF-YEAR ENDED	
	29 December	31 December
	2024	2023
Revenue	204,730	202,286
Gross profit	123,935	122,605
Gross margin	60.5%	60.6%
Comparable EBIT	22,512	25,626
Comparable EBIT as a % of revenue	11.0%	12.7%

Retail segment revenue increased by 1.2% to \$204.7m for the half (with five fewer stores), and increased by 0.6% on a same store basis, underpinned by positive growth in the Michael Hill brand.

Gross margin for the half was 60.5%.

The Australian store network finished the half with 166 stores, including 38 Bevilles stores (FY24H1: 171 including 30 Bevilles stores).

CANADA RETAIL PERFORMANCE

OPERATING RESULTS (CA \$'000)	HALF-YEAR ENDED	
	29 December	31 December
	2024	2023
Revenue	90,682	88,588
Gross profit	55,108	54,008
Gross margin	60.8%	61.0%
Comparable EBIT	13,672	13,895
Comparable EBIT as a % of revenue	15.1%	15.7%

Retail segment revenue increased by 2.4% to CA\$90.7m for the half, and increased by 2.7% on a same store basis. This result is a credit to the Canadian team, resulting in yet another record performance, especially considering the continuing challenges in the local economy, and indicates the business is taking market share.

Gross margin for the half was 60.8%.

During the half, two stores closed, resulting in 83 stores at the end of the half (FY24H1: 85).

NEW ZEALAND RETAIL PERFORMANCE

OPERATING RESULTS (NZ \$'000)	HALF-YEAR ENDED	
	29 December	31 December
	2024	2023
Revenue	60,548	65,402
Gross profit	35,690	39,176
Gross margin	58.9%	59.9%
Comparable EBIT	9,446	10,124
Comparable EBIT as a % of revenue	15.6%	15.5%

Retail segment revenue decreased by 7.4% to NZ\$60.5m for the half, and decreased by 7.8% on a same store sales basis. Despite the focus and effort from the business, external economic factors continue to present challenging retail conditions in New Zealand. An internal strategic review of our New Zealand segment is underway as we navigate the cyclical downturn in the economy, leverage the brand's heritage and re-establish the profitability of this segment.

Gross margin for the half was 58.9%.

During the half year, one store opened, resulting in 45 stores at the end of the half (FY24H1: 46).

CAPITAL MANAGEMENT

During the half, the business has remained committed to a reduced capital expenditure profile across both technology and stores, resulting in a closing net debt position of \$9.8m. As a proactive capital management measure to support seasonal working capital requirements for Christmas trade, the existing \$90m debt facility has been increased for the four-month period from 15 September 2025 by \$20m (September 2024: \$40m). This lower funding requirement for the upcoming year reflects disciplined balance sheet management across cash, inventory and capital expenditure.

Given compressed earnings in FY25H1, and in conjunction with a commitment to prudent investment in operating and capital expenditure in FY25, the Board has decided that no interim dividend will be declared for FY25H1.

GROUP STRATEGY, THE PATH TO 2030

Even though market conditions continue to be challenging, the business remains committed to its multi-brand Group strategy, and the four phases of the Group strategy, the path to 2030, as articulated in February 2024 and our FY24 Annual Report.



PRODUCT & BRAND PROPOSITION, 2024 - 2025

With the Michael Hill Group multi-brand strategy now in place, the business is firmly focused on the third phase, reinforcing that each brand is uniquely positioned for different segments and price propositions, and with their own strategic priorities.

Michael Hill

In FY24Q4, the complete refresh of the Michael Hill brand was revealed, delivering a new elevated aesthetic across all brand assets, colour palette and logos. Elements of the new brand assets were gradually brought to life across digital platforms, stores and consumer packaging. This also saw a new global flagship store come to life in Chadstone, the most premium centre in the Australian market. The new store incorporated all aspects of the new brand product and proposition, with a new high value product offering, elevated in-store experience, and private selling spaces. To coincide with the brand refresh, and our first flagship store of the future, Michael Hill partnered with its first ever global Brand Ambassador, Miranda Kerr. Her timeless elegance resonates in all our markets. Simultaneously, new key product offerings such as the signature lock range and the exclusive cut 101 facet diamond collection were launched.

During FY25H1, the business continued to embrace the aspirational brand positioning, that being "aspirational and yet accessible", with the successful opening of its second global flagship store showcasing our new brand icons and offering an elevated instore experience in Bourke St, Melbourne. In addition, the Queenstown, New Zealand store was refurbished to incorporate this new brand identity.

Prior to the all-important Christmas trading period, the business:

- Successfully launched its new Pendant Bar concept, with a focus on both build-your-own and ready-to-wear gifting, which provided a unique proposition in our markets.
- Introduced a range of higher margin gifting products to drive transaction volumes for the key Christmas period.
- Elevated our sustainable Laboratory Grown Diamonds to the highest quality, introducing E colour and VVS clarity into this high growth category, so that Michael Hill represents the very best in market.

These initiatives demonstrate that the business is continuing its product evolution and tactical introduction of newness, with a focus on quality, innovation and sustainability.

Bevilles

Following the acquisition, the store network expanded into the new territory of Queensland, with five new stores and two conversion stores. This was accompanied by three new stores and two conversion stores in existing territories, increasing the total store network to 38 stores (FY24H1: 30). In FY24H2, the Bevilles operations transitioned to Group operational IT systems, and relocated its Melbourne head office and distribution centre to Brisbane.

During FY25H1, the business delivered highly engaging discount-led promotions to capture customers in the value segment and expand brand awareness. Given the current cost-of-living pressures in Australia, the value segment of the market was highly competitive with extensive retail promotional activity. The business sourced new product engineered to deliver higher gross margin to counter the required level of promotional activity.

NETWORK EXPANSION & PRODUCTIVITY, 2026 - 2030

With each brand uniquely positioned for their target customer segments, and with both product and brand propositions established, the Group will be well-placed to grow revenue and profits through a more productive and expanded distribution network. The opportunity remains for the Bevilles network to grow in the value segment, as the Michael Hill brand continues to optimise its store network, embed its elevated brand proposition and attract new target customers.

Strategic Priorities

Over the next 12 months, the Group's primary focus is on margin recovery and building a strong foundation for sustainable growth, underpinned by the following three key strategic priorities:

1. *Embedding the repositioning of the Michael Hill brand across all markets*

The business will continue focusing on repositioning the Michael Hill brand across all markets, with our product and our people as the key enablers. Product newness and quality are the cornerstone of an aspirational brand positioning. As an example, the business is introducing a new Canadian diamond range which is ethically sourced and renowned for their exceptional quality. This will further bolster our Canadian segment, and expand our product offering in Australia and New Zealand. Along with our standard cadence of product newness, the business will maintain its focus on margin enhancing product initiatives.

Our people are core to our business, and the continual investment in development, upskilling and training is an important lever to ensure our people align with the repositioned Michael Hill brand. It is particularly important that our people have in-depth product knowledge to guide our customers with their milestone moment purchases.

2. *Internal strategic review of New Zealand to improve performance*

Our New Zealand segment has suffered due to the economic downturn in New Zealand. An internal strategic review has commenced to ensure our New Zealand business is well-placed to dominate the jewellery market as the economy recovers.

3. *Reinforce retail fundamentals, brand identity and awareness of the Bevilles brand, in preparation for expansion*

Since acquisition, the Bevilles business has undergone a significant transformation as it expanded into a new territory, opened 12 stores, transitioned to new IT systems and relocated its Head Office/Distribution centre to Brisbane. The Bevilles business is now focused on instilling core retail fundamentals with the team, articulating a clear brand identity to our customers, and continuing to create brand awareness through highly engaging marketing. Furthermore, the team are focused on re-establishing the brand's dominance in its core and everyday value product offering with a more productive and streamlined product range to increase disruption in the value jewellery segment.

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:

	HALF-YEAR ENDED	
	29 December	31 December
	2024	2023
Reported EBIT	32,364	28,800
Add back costs relating to:		
Impact of IFRIC SaaS-related guidance	64	2,702
Bevilles acquisition transaction costs	-	1,058
Bevilles integration costs	696	-
Employee restructure costs	272	205
Less items relating to:		
Impact of AASB16 <i>Leases</i>	(6,280)	(5,509)
Litigation judgement	(3,031)	4,000
Comparable EBIT	24,085	31,256

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relation 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.

The report is made on 21 February 2025 in accordance with a resolution of Directors.



R I Fyfe

Chair

Brisbane

21 February 2025



**Shape the future
with confidence**

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

As lead auditor for the review of the half-year financial report of Michael Hill International Limited for the half-year ended 29 December 2024, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Kellie McKenzie
Partner
21 February 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	HALF-YEAR ENDED	
		29 December	31 December
		2024	2023
		\$'000	\$'000
Revenue from contracts with customers	2	360,169	362,688
Other income		1,335	4,422
Cost of goods sold		(139,282)	(139,646)
Employee benefits expense		(93,277)	(93,816)
Occupancy costs		(8,911)	(7,946)
Marketing expenses		(23,246)	(22,500)
Selling expenses		(13,685)	(13,131)
Impairment of property, plant and equipment and other assets		(209)	(202)
Depreciation and amortisation expense		(31,720)	(32,038)
Loss on disposal of property, plant and equipment		(218)	(85)
Administrative expenses		(7,049)	(15,834)
Other expenses		(11,436)	(12,974)
Finance expenses		(8,720)	(7,080)
Profit before income tax		23,751	21,858
Income tax expense		(6,889)	(6,464)
Profit for the half-year		16,862	15,394

	NOTES	HALF-YEAR ENDED	
		29 December	31 December
		2024	2023
		\$'000	\$'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising during the half-year		977	(1,234)
Other comprehensive income for the half-year, net of tax		977	(1,234)
Total comprehensive income for the half-year		17,839	14,160
Total comprehensive income for the half-year is attributable to:			
Owners of Michael Hill International Limited		17,839	14,160

	NOTES	HALF-YEAR ENDED	
		29 December	31 December
		2024	2023
		cents	cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		4.38	4.02
Diluted earnings per share		4.31	3.95

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	AS AT	AS AT	AS AT
		29 December	31 December	30 June
		2024	2023	2024
		\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents		27,571	22,780	20,174
Trade and other receivables	4	14,258	19,101	14,803
Inventories		213,161	219,845	195,785
Current tax receivables		3,191	1,375	704
Contract assets	2	1,033	784	557
Other current assets		6,133	7,033	7,576
Total current assets		265,347	270,918	239,599
Non-current assets				
Trade and other receivables	4	1,327	1,306	990
Right-of-use assets	3	126,707	136,629	133,988
Property, plant and equipment	5	57,882	60,342	59,707
Intangible assets	6	56,396	56,552	57,803
Deferred tax assets		49,492	50,413	52,507
Contract assets	2	199	318	251
Other non-current assets		287	359	399
Total non-current assets		292,290	305,919	305,645
Total assets		557,637	576,837	545,244
LIABILITIES				
Current liabilities				
Trade and other payables	4	93,092	85,563	68,135
Lease liabilities	3	39,658	40,617	40,278
Contract liabilities	2	20,427	21,341	19,616
Provisions	7	12,293	13,375	13,114
Current tax liabilities		1,349	5,146	812
Deferred revenue		272	257	236
Deferred consideration		1,194	1,814	2,851
Total current liabilities		168,285	168,113	145,042
Non-current liabilities				
Lease liabilities	3	106,763	113,875	114,303
Contract liabilities	2	53,626	59,612	52,955
Borrowings		37,400	34,400	58,900
Provisions	7	6,822	8,608	7,163
Deferred consideration		-	2,557	-
Total non-current liabilities		204,611	219,052	233,321
Total liabilities		372,896	387,165	378,363
Net assets		184,741	189,672	166,881
EQUITY				
Contributed equity	8	12,826	11,132	12,763
Reserves		833	1,714	(102)
Retained profits		171,082	176,826	154,220
Total equity		184,741	189,672	166,881

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTES	CONTRIBUTED EQUITY	SHARE BASED PAYMENTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED PROFITS	TOTAL EQUITY
Attributable to owners of Michael Hill International Limited		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 2 July 2023		11,112	2,562	47	174,894	188,615
Profit for the half-year		-	-	-	15,394	15,394
Currency translation differences		-	-	(1,234)	-	(1,234)
Total comprehensive income for the half-year		-	-	(1,234)	15,394	14,160
Transactions with members in their capacity as owners:						
Dividends paid/provided	9	-	-	-	(13,462)	(13,462)
Issue of share capital on exercise of share rights	8	20	(20)	-	-	-
Share-based payments expense		-	359	-	-	359
		20	339	-	(13,462)	(13,103)
Balance at 31 December 2023		11,132	2,901	(1,187)	176,826	189,672
Balance at 30 June 2024		12,763	1,078	(1,180)	154,220	166,881
Profit for the half-year		-	-	-	16,862	16,862
Currency translation differences		-	-	977	-	977
Total comprehensive income for the half-year		-	-	977	16,862	17,839
Transactions with members in their capacity as owners:						
Issue of share capital on exercise of share rights	8	63	(63)	-	-	-
Transfer option reserve on forfeiture of vested options		-	(17)	-	-	(17)
Share-based payments expense		-	38	-	-	38
		63	(42)	-	-	21
Balance at 29 December 2024		12,826	1,036	(203)	171,082	184,741

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	HALF-YEAR ENDED	
		29 December	31 December
		2024	2023
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST and sales taxes)		413,832	410,437
Payments to suppliers and employees (inclusive of GST and sales taxes)		(324,189)	(358,788)
		89,643	51,649
Interest received		(9)	138
Other revenue received		1,228	1,439
Interest paid		(2,930)	(1,748)
Leasing interest paid	3	(5,523)	(5,172)
Income tax paid		(6,563)	(10,543)
Net GST and sales taxes paid		(18,152)	(13,721)
Net cash inflow from operating activities		57,694	22,042
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		144	4
Payments for property, plant and equipment	5	(5,295)	(12,949)
Payments for intangible assets	6	(869)	(4,461)
Net cash outflow from investing activities		(6,020)	(17,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		38,400	100,400
Repayment of borrowings		(59,900)	(66,000)
Principal portion of lease payments	3	(22,851)	(23,711)
Dividends paid to Company's shareholders	9	-	(13,462)
Net cash outflow from financing activities		(44,351)	(2,773)
Net increase in cash and cash equivalents		7,323	1,863
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		74	50
Cash and cash equivalents at the end of the half-year		27,571	22,780

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE OVERVIEW

1	Segment information
2	Revenue
3	Leases
4	Financial assets and liabilities
5	Property, plant and equipment
6	Intangible assets
7	Provisions
8	Contributed equity
9	Dividends
10	Commitments
11	Events occurring after the end of the reporting period
12	Summary of accounting policies and significant estimates and judgements

1 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, New Zealand and Canada.

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.

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.

TYPES OF PRODUCTS AND SERVICES

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 & other	Group pre-adjustments	Adjustments	Group
Half-year ended 29 December 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue	204,730	99,491	55,042	906	360,169	-	360,169
Gross profit	123,935	60,455	32,445	4,052	220,887	-	220,887
Gross margin	60.5%	60.8%	58.9%		61.3%		61.3%
EBITDA*	28,592	18,635	10,439	(17,833)	39,833	24,251	64,084
Depreciation and amortisation	(6,807)	(3,590)	(1,866)	(1,422)	(13,685)	(18,035)	(31,720)
Segment EBIT*	21,785	15,045	8,573	(19,255)	26,148	6,216	32,364
EBIT as a % of revenue	10.6%	15.1%	15.6%		7.3%		9.0%
Interest income	11	-	-	96	107	-	107
Finance costs	(141)	-	-	(3,056)	(3,197)	(5,523)	(8,720)
Net profit before tax	21,655	15,045	8,573	(22,215)	23,058	693	23,751
Income tax expense							(6,889)
Net profit after tax							16,862

	Australia	Canada	New Zealand	Corporate & other	Group pre-adjustments	Adjustments	Group
Half-year ended 31 December 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue	202,286	100,106	60,577	(281)	362,688	-	362,688
Gross profit	122,605	61,058	36,283	3,096	223,042	-	223,042
Gross margin	60.6%	61.0%	59.9%		61.5%		61.5%
EBITDA*	31,393	19,473	11,139	(22,967)	39,038	21,800	60,838
Depreciation and amortisation	(6,235)	(3,844)	(1,759)	(1,207)	(13,045)	(18,993)	(32,038)
Segment EBIT*	25,158	15,629	9,380	(24,174)	25,993	2,807	28,800
EBIT as a % of revenue	12.4%	15.6%	15.5%		7.2%		7.9%
Interest income	30	-	-	108	138	-	138
Finance costs	(130)	-	(2)	(1,776)	(1,908)	(5,172)	(7,080)
Net profit before tax	25,058	15,629	9,378	(25,842)	24,223	(2,365)	21,858
Income tax expense							(6,464)
Net profit after tax							15,394

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

2 REVENUE

	HALF-YEAR ENDED	
	29 December 2024	31 December 2023
	\$'000	\$'000
Revenue from sale of goods and repair services	344,535	347,711
Revenue from Professional Care Plans (PCP)	14,678	14,118
Interest and other revenue from in-house customer finance program	285	288
Revenue from Lifetime Diamond Warranty (LTDW)	671	571
Total revenue from contracts with customers	360,169	362,688

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:

	Australia	Canada	New Zealand	Corporate & other	Total
Half-year ended 29 December 2024					
Timing of revenue recognition	\$'000	\$'000	\$'000	\$'000	\$'000
At a point in time	196,232	94,879	52,519	905	344,535
Over time	8,499	4,612	2,523	-	15,634
	204,731	99,491	55,042	905	360,169
Half-year ended 31 December 2023					
Timing of revenue recognition	\$'000	\$'000	\$'000	\$'000	\$'000
At a point in time	194,545	95,498	57,983	(315)	347,711
Over time	7,741	4,608	2,594	34	14,977
	202,286	100,106	60,577	(281)	362,688

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

	AS AT 29 December 2024 \$'000	AS AT 30 June 2024 \$'000
Right of return assets	920	426
Deferred PCP bonuses	312	382
Total contract assets	1,232	808
Deferred service revenue - PCP	66,055	66,041
Deferred service revenue - Lifetime Diamond Warranty	5,939	5,652
Right of return liabilities	2,059	878
Total contract liabilities	74,053	72,571

3 LEASES

	AS AT 29 December 2024 \$'000	AS AT 30 June 2024 \$'000
RIGHT-OF-USE ASSETS		
Right-of-use assets	353,514	336,399
Less: Accumulated depreciation	(226,807)	(202,411)
	126,707	133,988
LEASE LIABILITIES		
Current	39,658	40,278
Non-current	106,763	114,303
	146,421	154,581

	Right-of-use assets	Lease liabilities
	\$'000	\$'000
AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Balance as at 1 July 2024	133,988	154,581
Additions	14,591	14,626
Lease modifications agreed during the half-year	799	(147)
Depreciation and amortisation expense	(22,883)	-
Interest expense	-	5,523
Lease repayments	-	(28,374)
Foreign currency translation	212	212
Balance as at 29 December 2024	126,707	146,421

4 FINANCIAL ASSETS AND LIABILITIES

Set out below is an overview of financial assets and liabilities, other than cash and short-term deposits, held by the Group as at 29 December 2024 and 30 June 2024:

	AS AT 29 December 2024	AS AT 30 June 2024
	\$'000	\$'000
FINANCIAL ASSETS AT AMORTISED COST		
Trade and other receivables	15,585	15,793
FINANCIAL LIABILITIES AT AMORTISED COST		
Trade and other payables	93,092	68,135

5 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the 26 weeks ended 29 December 2024, the Group acquired assets with a total cost of \$5,295,000 (31 December 2023: \$12,949,000).

Assets with a net book value of \$362,000 were disposed by the Group during the 26 weeks ended 29 December 2024 (31 December 2023: \$89,000), resulting in a net loss on disposal of \$218,000 (31 December 2023: \$85,000).

6 INTANGIBLE ASSETS

Acquisitions and disposals

During the 26 weeks ended 29 December 2024, the Group internally generated and acquired, primarily software development, with a total cost of \$869,000 (31 December 2023: \$4,461,000).

7 PROVISIONS

	AS AT 29 December 2024			AS AT 30 June 2024		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits	10,118	2,231	12,349	9,932	2,195	12,127
Assurance-type warranties	1,893	-	1,893	2,222	-	2,222
Make good provision	282	4,591	4,873	597	4,968	5,565
Restructuring costs	-	-	-	363	-	363
	12,293	6,822	19,115	13,114	7,163	20,277

8 CONTRIBUTED EQUITY

MOVEMENTS IN ORDINARY SHARES	Number of shares	Total
		\$'000
Balance at 3 July 2023	379,688,884	11,112
Rights converted	4,935,079	20
Balance at 31 December 2023	384,623,963	11,132
Balance at 1 July 2024	384,623,963	12,763
Rights converted	128,995	63
Balance at 29 December 2024	384,752,958	12,826

9 DIVIDENDS

Ordinary shares	HALF-YEAR ENDED	
	29 December 2024	31 December 2023
	\$'000	\$'000
No final dividend was declared with respect to the year ended 30 June 2024 (2 July 2023: AU 3.5 cents)	-	13,462
No interim dividend was declared with respect to year end 29 June 2025 (30 June 2024: AU 1.75 cents)	-	6,731
	-	20,193

10 COMMITMENTS

The following sets out the various lease contracts that the Group has entered into and have yet to commence as at 29 December 2024.

	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	310	2,857	2,681	5,848

11 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No other matters or circumstances have occurred subsequent to half-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.

(A) BASIS OF PREPARATION

The consolidated financial statements of Michael Hill International Limited and its subsidiaries (collectively, the Group) for the half-year ended 29 December 2024 have been prepared in accordance with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001 (Cth).

These consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Michael Hill International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth), ASX Listing Rules and NZX Listing Rules.

Michael Hill International Limited (the Company) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activity is the sale of jewellery and related services.

The financial statements have been prepared on a historical cost basis, except for assets held for sale 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 26 week reporting period ended on 29 December 2024.

Due to the seasonal nature of selling jewellery and related services, higher revenues and operating profits are usually expected in the first half of the financial year. Accordingly, inventory levels and working capital levels are higher at the end of the first half of the financial year rather than at the end of the financial year. A comparative half-year balance sheet has been included in the consolidated statement of financial position. This information is provided to allow for a better understanding of the results. However, management has concluded that this is not 'highly seasonal' in accordance with AASB134.

These consolidated financial statements of Michael Hill International Limited and its subsidiaries (collectively, the Group) for the 26 weeks ended 29 December 2024 were authorised for issue in accordance with a resolution of directors on 21 February 2025.

(B) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated interim financial statements of the Group are consistent with those of the previous financial year. These policies have been consistently applied to both periods presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

Several other amendments and interpretations apply for the first time in the period, 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.

(C) 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 consistent with those disclosed in the annual report for the year ended 30 June 2024.

The areas involving a higher degree of judgement or complexity and the estimates and assumptions applied are consistent with those disclosed in the annual report for the year ended 30 June 2024.

DIRECTORS' DECLARATION

The directors declare that in their opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 29 December 2024 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made on 21 February 2025 in accordance with a resolution of the directors.



R I Fyfe
Chair

Brisbane
21 February 2025

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**Shape the future
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Independent auditor's review report to the members of Michael Hill International limited

Conclusion

We have reviewed the accompanying half-year 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 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 29 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 29 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "K McKenzie".

Kellie McKenzie
Partner
Brisbane
21 February 2025

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