

ASX AND NZX ANNOUNCEMENT

ANOTHER RECORD RESULT

FY23H1 Trading Update

19 January 2023

Michael Hill International Limited (ASX/NZX: MHJ) is pleased to provide a trading update for the FY23H1 period ended 1 January 2023:

KEY POINTS

- **Continued EBIT growth** – The Company anticipates FY23H1 Group comparable EBIT of between \$52m to \$55m (FY22H1: \$51.6m).
- **Double digit sales growth** – For the half, Group sales were up 11.7% on LY, and for a more meaningful reflection of performance, up 14.5% on FY21 (with seven fewer stores).
- **Strong margin performance maintained** – Despite experiencing higher input costs, and a more promotionally driven retail environment, the Company continued to deliver strong margins in line with prior year.
- **Rebasing of digital sales** – Following last year's surge in digital sales from closed stores and with a strong consumer return to physical retail, digital sales declined by 9% on LY, however were still up 30% on FY21H1.
- **Strong balance sheet maintained** – Having initiated the share buy-back program, declared an uplifted dividend, invested in new growth opportunities and a strengthened inventory position, strong sales and margin performance led to a healthy cash position at the end of the half.
- **Successful transition to new Global HQ** – The new state of the art building is home to the Company's global leadership team and functions, high tech distribution centre and reimagined artisanal jewellery workshop.
- **Store portfolio management** – Three new stores opened (AU:2, CA:1) and one under-performing store permanently closed in Australia during the half, with a network total of 282 stores across all markets at the end of the half (FY22: 280).

Retail Segment Update

Australia: For the half, segment revenue grew by 18.0% on LY and by 8.8% on FY21. There were 148 stores trading at the end of the half (FY22H1: 150).

New Zealand: For the half, segment revenue grew by 13.8% on LY and by 10.0% on FY21. There were 48 stores trading at the end of the half (FY22H1: 49).

Canada: For the half, segment revenue grew by 0.5% on LY, and by 25.0% on FY21. There were 86 stores trading at the end of the half (FY22H1: 86)

Commenting on the result, Managing Director and CEO of Michael Hill International Limited, Daniel Bracken said:

"I'm particularly proud of these results, given we were comping a record second quarter last year, where we benefited from pent-up demand and strong economic conditions. This year, while the first quarter results were cycling store closures, the delivery of 4% growth in Q2 was outstanding, underpinned by yet another strong Christmas execution.

Pleasingly, first half sales were up 12% on last year, and for a more meaningful reflection of FY23 performance, up 14% on two years ago. The first half sales of \$363m represent a new record, up \$30m on the previous best half in FY20, even with 22 fewer stores.

While record sales were a highlight, equally pleasing was our ability to maintain elevated margins despite significant input cost pressures and increased promotional activity in the market.

Considering Canada had a record first half last year, this year's result still delivered growth, and represents 26% growth on two years ago."

SEGMENT BREAKDOWN

Revenue for retail operations for **FY23H1**:

		\$m Last Year (26 weeks)	\$m This Year (27 weeks)	% Var to Last Year	% Var to FY21
Segment figures in local currency					
Australia segment	AUD	161.5	190.6	18.0%	8.8%
New Zealand segment	NZD	67.0	76.3	13.8%	10.0%
Canada segment	CAD	91.7	92.2	0.5%	25.0%
Total Sales	AUD	325.2	363.3	11.7%	14.5%

Exchange rates used for FY23H1:

New Zealand	1.05	1.09
Canada	0.92	0.89

The above figures are prior to final accounting adjustments, and are unaudited. Revenue/Sales figures stated above include the PCP revenue recognised during the period and sales through our store and online channels. The PCP income recognition pattern is based on existing estimates and is subject to ongoing management review and adjusted at half-year/year-end as required.

Comparable EBIT is unaudited, pre-AASB16, pre-IFRIC SaaS-related adjustments, and with normalisations.

This announcement is authorised for release by the Board.

ENDS

For more information, please contact:

Investors:

Andrew Lowe
CFO & Company Secretary
+61 7 3114 3500
andrew.lowe@michaelhill.com.au

Investors:

Anthea Noble
Head of Investor Relations
+61 438 770 704
anthea.noble@michaelhill.com.au

Media:

Mark Rudder
+61 411 362 362

ABOUT MICHAEL HILL INTERNATIONAL LIMITED

Michael Hill International was founded by Sir Michael Hill in 1979 when he opened his first jewellery store in Whangarei, New Zealand. The Group currently has 282 stores globally across Australia, New Zealand and Canada. The Group's global headquarters, including its wholesale and manufacturing divisions, are located in Brisbane, Australia. The Company is listed on the ASX (ASX:MHJ) and the NZX (NZX:MHJ).

www.investor.michaelhill.com

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 do 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 announcement.

Michael Hill International Limited ABN 25 610 937 598
34 Southgate Avenue, Cannon Hill, QLD 4170