

## ASX AND NZX ANNOUNCEMENT

### CONTINUED STRONG PERFORMANCE

### DESPITE IMPACT OF ONGOING LOCKDOWNS

#### Trading Update

**12 October 2021**

Michael Hill International Limited (ASX/NZX: MHJ) is pleased to provide its quarterly trading update for the 13 week period ended 26 September 2021.

#### KEY POINTS

- **Strong same store sales in all markets** – Same store sales for the quarter were up an impressive 15.5%, against FY21Q1.
- **Continued margin expansion** – Strategic initiatives underpinned margin growth of 100 to 200 bps in all markets and channels against FY21Q1.
- **Digital sales surge** – For the quarter, digital sales were up 58.2% against FY21Q1, representing 9.4% of sales (FY21Q1: 5.3%).
- **Lost store trading days impact** – The quarter saw 7,396 lost store trading days across all markets vs 2,158 in the same period last year, representing a net loss of 20% of Q1 trading days against prior year. Despite this, all store sales were only down 10% for the quarter against FY21Q1.
- **Earnings impact well managed** – A combination of increased margins, focused cost control, digital growth and strong same store sales, has lessened the negative impact on earnings from the lockdowns.

#### **Global Store Network Update**

During the quarter, there were no store openings or closures and the network remained at 285 stores (FY21Q1: 289). In relation to performance by market and temporary store closures:

**Australia:** For the quarter, same store sales were up 9.4% and all store sales were down 24.9%. For the majority of the quarter, 71 stores were temporarily closed, representing a significant loss of 5,931 store trading days. At quarter end, of the 150 Australian stores (FY21Q1: 154), 38 NSW, 29 VIC and 4 ACT stores were temporarily closed. From 11 October 2021, NSW stores have been progressively reopening.

**New Zealand:** For the quarter, same store sales were up 17.8% and all store sales were down 13.2%. The mandated lockdowns spanning five weeks of the quarter, resulted in a loss of 1,333 store trading days. At quarter end, of the 49 New Zealand stores, 16 Auckland stores were temporarily closed.

**Canada:** For the quarter, same store sales were up 17.7% and all store sales were up 18.8%. By early July, all 86 Canadian stores were open and trading, with only 132 store trading days lost for the quarter.

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

*"I'm particularly pleased with our results, having delivered double digit same stores sales growth together with continued margin improvement for the quarter – marking our ninth quarter of positive same stores sales growth since FY19Q3. These results reaffirm our transformational agenda is enhancing all aspects of our business, broadening our omni-channel offering, elevating our brand and delivering growth."*

*"Our strategic initiatives – driving elevated margins, an intense focus on costs, and strong digital and physical sales, have all combined to lessen the negative impact on earnings from sustained store closures across Australia and New Zealand."*

*"Upon reopening, our Canadian business has been flying, delivering impressive sales and margin growth every week. This demonstrates that as territories reopen, the business is ready to meet the strong consumer demand, with the right inventory, engaged team members and appropriate safety protocols in place. We are looking forward to the progressive reopening of our NSW, VIC and Auckland stores, in readiness for the all-important trading period."*

## SEGMENT BREAKDOWN

Revenue for retail operations for **FY22Q1** (13 week trading period ended 26 September 2021):

The following figures are in Australian dollars		\$m	\$m	% Var
		Last Year	This Year	
Total same stores	AUD	88.5	102.2	15.5%
Total all stores	AUD	119.5	107.6	-10.0%
<b>Same store figures in local currency</b>				
Australia same stores	AUD	41.4	45.3	9.4%
New Zealand same stores	NZD	17.9	21.0	17.8%
Canada same stores	CAD	29.0	34.2	17.7%
<b>All stores figures in local currency</b>				
Australia all stores	AUD	64.9	48.8	-24.9%
New Zealand all stores	NZD	25.4	22.1	-13.2%
Canada all stores	CAD	29.5	35.0	18.8%
<b>Exchange rates used for FY22Q1:</b>				
New Zealand		1.08	1.05	
Canada		0.95	0.93	

Same store sales reflect sales through store and online channels on a comparable trading day basis and a proportional allocation of Professional Care Plan (PCP) revenue and accounting adjustments, and are unaudited. Same store sales do not include permanent or temporary store closures on a same trading day basis.

The above figures for all store sales represents two months sales results with accounting adjustments plus September preliminary sales figures prior to final accounting adjustments, and are unaudited. All stores 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.

This announcement is authorised for release by the Board.  
ENDS

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## 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 285 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](http://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.

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