

ASX AND NZX ANNOUNCEMENT

BUSINESS UPDATE

31 May 2023

Michael Hill International Limited (ASX/NZX: MHJ “Michael Hill” or the “Company”) today provides a business update.

Bevilles Acquisition Completion

The Company is pleased to advise the acquisition of the Bevilles Jewellers business has today successfully completed on the terms announced to the market on 19 April 2023. Michael Hill takes ownership and operational control of the business with effect from 1 June 2023, with the Bevilles leadership and retail team members, stores and corporate office having successfully transitioned to the Michael Hill Group.

Bevilles is a fast growing and profitable Australian jewellery retailer that centres its brand and products on the ‘value’ customer segment. As such, this provides a strong strategic fit and complements the strategy to elevate the Michael Hill brand to a ‘premium’ market positioning.

Initial steps for the Bevilles’ store rollout growth strategy are progressing well. Offers of new locations from a number of landlords have been tabled and are currently being considered to prioritise the highest potential new locations. Further updates on new Bevilles’ store locations and the broader network plan will be provided as part of future company announcements.

Trading Update

Given the prevailing economic conditions and resulting softening of consumer sentiment, trade has been more challenging for the jewellery industry in the second half, particularly in Australia and New Zealand, with New Zealand having also been impacted by significant weather events and a recent resurgence of security incidents and related costs.

Third party transactional data for the total Australian retail jewellery segment has shown a double-digit decline in sales for the first four months of the second half. However, Michael Hill group sales for the second half¹ are only down 3.5%, demonstrating that Michael Hill has continued to take market share even in a more challenging environment. Michael Hill’s total group sales for FY23 year to date² are up 5.5%.

Credit Facility Update

Michael Hill’s Revolving Credit Facility requires refinancing prior to year end. Credit approval has been provided by ANZ and HSBC for the refinancing of a new three year \$90m facility. Formal documentation is expected to be executed prior to financial year close.

This new facility will support Michael Hill’s strategic initiatives including the national expansion of the Bevilles store network; the launch of the new digitally-led Bespoke diamond jewellery brand; further rollout of the gold recycling platform; continued international digital expansion; along with additional organic strategic growth initiatives.

¹ For the 20 weeks trading of FY23H2 to 21 May 2023

² For the 47 weeks trading of FY23 to 21 May 2023

Managing Director and CEO of Michael Hill International Limited, Daniel Bracken commented:

"I'm excited the Bevilles Jewellers acquisition has completed and welcome the Bevilles team members to the Michael Hill family. This acquisition not only demonstrates the Board's commitment to strategic investment and growth, but also provides a platform for significant store network expansion and delivery of incremental earnings."

"Despite the more challenging market conditions and the resulting impact on many retailers, I'm encouraged by the Michael Hill performance, as we continue to take market share in our category. Looking forward to FY24, I'm energised by the pipeline of strategic initiatives that underpin our growth aspirations for the group."

Important notes

The above sales percentages are based on trading sales which do not include Professional Care Plan revenue and accounting adjustments and are unaudited. The above represents the current decisions and intentions of the Company. Further information will be provided if the Company's decisions or intentions change or the Company has new information, in accordance with the Company's disclosure obligations.

This announcement is authorised for release by the Board.

– ENDS –

For more information, please contact:

Investors:

Andrew Lowe
CFO & Company Secretary
+61 478 301 320
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 Limited was founded by Sir Michael Hill in 1979 when he opened his first jewellery store in Whangarei, New Zealand. The Group currently has 280 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).

For more information:

investor.michaelhill.com
michaelhill.com.au
michaelhill.co.nz
michaelhill.ca

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.

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