

## ASX AND NZX ANNOUNCEMENT

### FY24H1 Trading Update

19 January 2024

Michael Hill International Limited (ASX/NZX: MHJ) provides a trading update for the 26-week period ended 31 December 2023.

Following three years of record results at Michael Hill, retail conditions for the fine jewellery sector have been challenging throughout 2023. The macroeconomic environment impacting consumer sentiment resulted in difficult trading conditions, while both inflated input costs and aggressive competitor behaviour also placed margin under significant pressure.

- **Comparable EBIT** – FY24H1 Group comparable EBIT is anticipated to be in the range of between \$30m to \$33m.
- **Group sales** – For the half, Group sales (including Bevilles) were up 4.1% on LY, and while the sales trend for the core Michael Hill brand improved through the half, sales were still negative to the record first half of FY23.
- **Margin under pressure** – Due to higher input costs for gold and diamonds, and more aggressive retail trading conditions, margins were down and are expected to be in the range of 61% to 62% for the half.
- **Digital growth** – Digital sales have continued to return to growth and represented 8% of total Group sales for the half.
- **Inventory levels** – Group inventory levels remain well-managed and are in line with management's expectations.
- **Store portfolio management** – For Bevilles, four new AU stores opened taking the network to 30. For Michael Hill, six under-performing stores were permanently closed (AU: 5, CA:1) taking the network to 272 (AU: 141, NZ: 46, CA:85). The total Group network was 302 stores at the end of the half across all markets (FY23: 304).

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

*"Whilst the first half was definitely a challenging period for our business with sales for the core Michael Hill brand down, we are encouraged by our performance against the broader jewellery sector."*

*"Clearly margin was under pressure from both input costs and promotional activity, and inflationary forces saw elevated costs across many aspects of the business, which together impacted EBIT for the half. As a result, the company has taken direct actions to reduce operating costs, including the exit of a number of senior management roles."*

*"Even though consumers continue to monitor their discretionary spend, our multi-brand strategy puts us in a strong position to continue taking market share from our competitors as we expand the Bevilles network and elevate the Michael Hill brand."*

Revenue for retail operations for FY24H1:		\$m Last Year (26 wks)	\$m This Year (26 wks)	% Var to Last Year
<b>Segment figures in local currency</b>				
Australia segment	AUD	183.6	202.4	10.2%
New Zealand segment	NZD	72.9	65.4	(10.3%)
Canada segment	CAD	87.8	88.3	0.6%
<b>Total sales</b>	<b>AUD</b>	<b>348.5</b>	<b>362.8</b>	<b>4.1%</b>
<b>Exchange rates used for FY24H1:</b>				
New Zealand		1.09	1.08	
Canada		0.89	0.88	

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.

All last year sales/revenue numbers are on a comparable 26-week basis. Group and Australian segment sales include Bevilles sales in FY24. Comparable EBIT is unaudited, pre-AASB16, pre-IFRIC SaaS-related adjustments, and with normalisations.

**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

## **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 302 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.