

## ASX AND NZX ANNOUNCEMENT

### BUILDING ON A STRONG FIRST QUARTER

### POSITIVE TRENDS CONTINUE

#### Trading Update

#### 9 December 2020

Building on the strong sales and margin performance in FY21Q1, Michael Hill International Limited (ASX/NZX: MHJ) today provides an interim trading update for the 22 week period ended 29 November 2020. Despite managing the ongoing challenges of a global pandemic, the Company continued to deliver growth in both same store sales and gross margin for the October/November period.

- **Maintained strong same store sales growth in all markets and channels** – Same store sales for the 22 week period were up 7.9%, against last year. Same store sales for the October/November period were up 8.5%, against last year.
- **Sustained margin improvement** – Margin growth of ~200 bps for the 22 week period, against last year, underpinning an increase in gross profit.
- **Continued strong growth in digital sales and margin** – All markets achieved a significant lift in sales, resulting in online sales increasing by 110% for the 22 week period, against last year.

While this trading announcement is focused on the positive start to the first 22 weeks of FY2021, as we enter the final critical weeks of Christmas trade, concerns remain around further COVID-19 outbreaks, lower instore foot traffic, and their potential impact on first half earnings. In accordance with local provincial requirements, 14 Canadian stores are temporarily closed, and could remain closed through December, due to COVID-19 lockdowns. The Company continues to monitor the potential impact on trading conditions in Canada.

Despite temporary store closures and ongoing foot traffic impacts on the key Christmas trading period, it is currently anticipated the Company is likely to deliver an EBIT result for FY21H1 materially exceeding the prior year half one result (FY20H1: \$31.6m), before taking into account the favorable impact of wage subsidies and AASB 16 Leases.

#### Commenting on the result, Michael Hill International Limited, CEO Daniel Bracken said:

*“Across all channels and segments, the Company has delivered strong results for October and November, continuing on the solid growth in sales and margin from the first quarter. In addition to this impressive top line performance, the Company continues its unwavering focus on costs, and has worked diligently to deliver strong improvements in its cash and balance sheet position. These results reinforce our commitment to the strategic initiatives across retail fundamentals, omni-channel, loyalty and product evolution.*”

*As we enter the all-important month of December, I’m pleased that the Company is well-placed with a strong product offering, our best ever Christmas campaign, and an energised retail team across all geographies. Having said this, the two weeks of trade leading up to Christmas are critical to the Company’s overall performance and we are keeping a close eye on the evolving restrictions in Canada. The health and safety of our team members and customers remains a priority for the Company as we continue to provide team member support and ensure appropriate instore protocols are available.”*

Revenue for retail operations for YTD 29 November 2020 (22 week trading period ended 29 November 2020):

The following figures are in Australian dollars		\$m	\$m	% Var
		Last Year	This Year	
Total same stores	AUD	204.6	220.9	7.9%
Total all stores	AUD	227.8	224.9	-1.3%
<b>Same store figures in local currency</b>				
Australia same stores	AUD	106.8	121.8	14.0%
New Zealand same stores	NZD	45.9	47.5	3.6%
Canada same stores	CAD	49.2	51.9	5.5%
<b>All stores figures in local currency</b>				
Australia all stores	AUD	123.7	122.7	-0.9%
New Zealand all stores	NZD	49.0	48.5	-1.1%
Canada all stores	CAD	52.2	54.1	3.7%
<b>Exchange rates used for YTD 29 November 2020:</b>				
New Zealand		1.06	1.07	
Canada		0.90	0.95	

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 15 permanent store closures year on year (FY20Q2: 304; FY21Q2: 289) and temporary store closures in all markets (Melbourne, Auckland, Toronto and Manitoba).

The above figures for all store sales represents four months sales results with accounting adjustments plus November 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

For more information, please contact:

**Investors:**

Andrew Lowe  
CFO & Company Secretary  
+61 7 3114 3505  
andrew.lowe@michaelhill.com.au

**Investors:**

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

**Media:**

Mark Rudder  
GRACosway  
+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 289 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.

Michael Hill International Limited ABN 25 610 937 598  
7 Smallwood Place, Murarrie, QLD 4172