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FY22 RESULTS

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INTERNATIONAL LIMITED



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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.

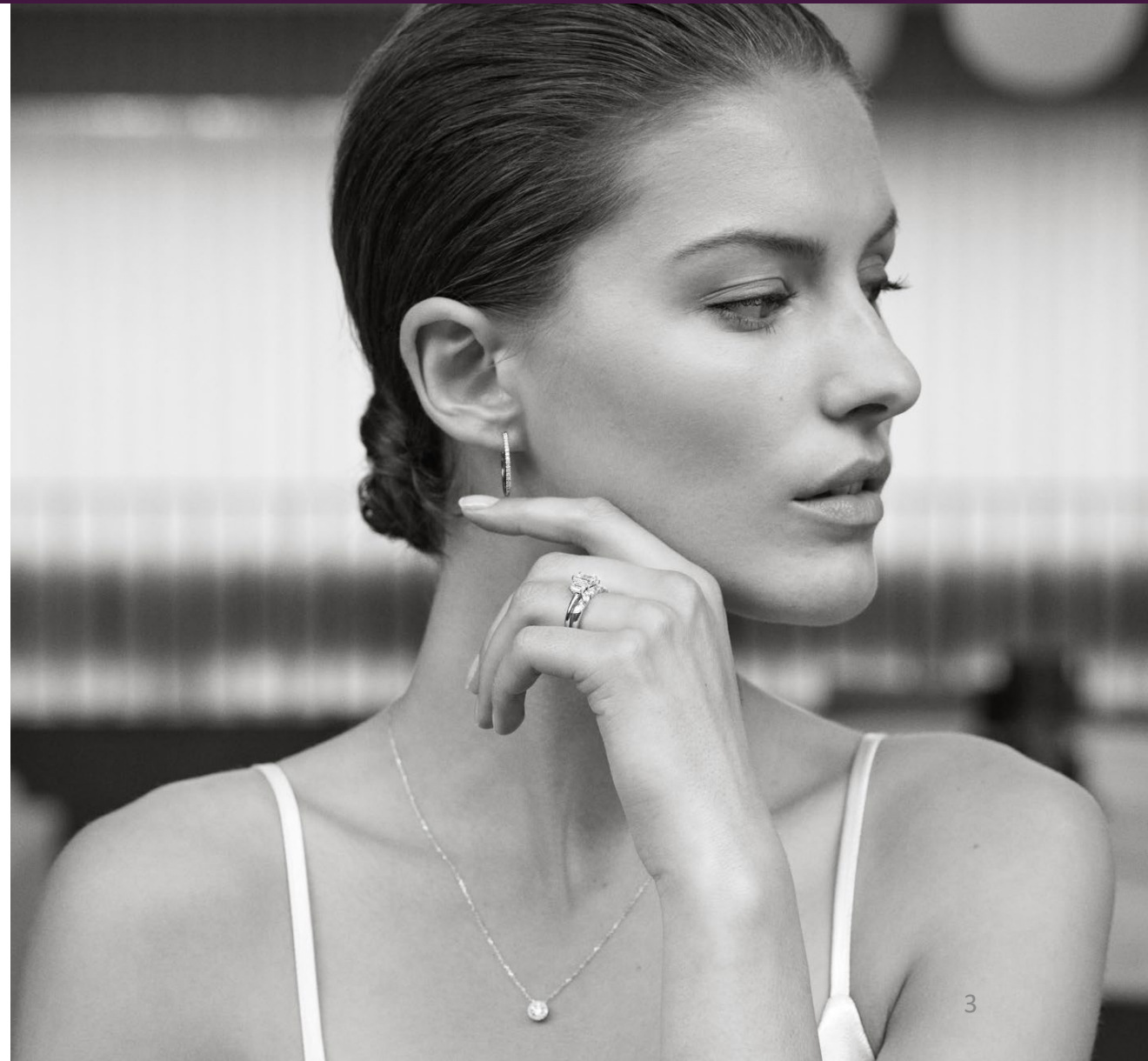
Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company’s actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. 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 does 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 presentation.

Michael Hill International Limited

CEO and CFO FY22 Update

- FY22 Performance Overview
- FY22 Financial Results
 - Group Results
 - Key Performance Insights
 - Segment Results
- Current Trading Update
- Strategy Update – Emphasis on Growth
- Appendices



FY22 Performance Overview

- Record sales, gross margin and profit, despite significant disruption during H1, losing ~15% of trading across AU & NZ
 - Revenue up 7%
 - Gross profit up 10%
 - Comparable EBIT up 11%
- Profit growth outpaced sales growth, with continued gross margin expansion driven by strategic initiative across:
 - Product evolution
 - Retail fundamentals
 - Digital acceleration
 - Loyalty penetration, ~80% of sales from members
 - Brand elevation and reduction in promotions
- Successfully shifted from transformation to growth
- High performance team throughout the business, with energy and passion that underpins our growth agenda
- Twelve consecutive quarters of positive same store sales growth (excluding FY20Q4)



FY22 Group Results

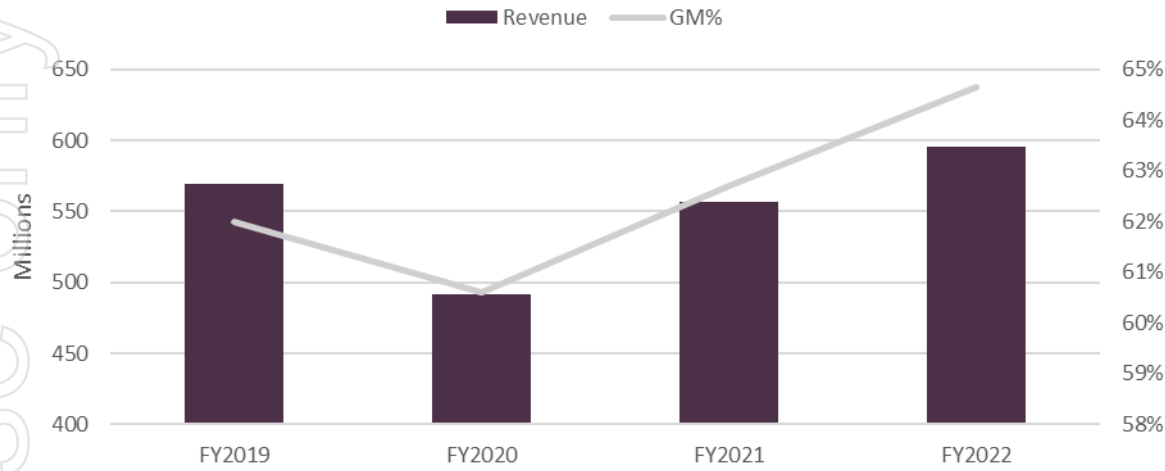
- Revenue and same store sales growth
- Gross profit up \$36m
- Further gross margin expansion
- Comparable EBIT up 11%
- Strong cash position enhanced
- Consistently delivering targeted inventory levels
- Unwavering focus on costs across the business
- Final dividend of AU4.0 cents per share

	FY22	FY21	Change
Revenue	\$595.2m	\$556.5m	+7.0%
Same store sales			+8.0%
Gross Profit	\$384.8m	\$348.9m	+10.3%
Gross Margin	64.7%	62.7%	+200 bps
Comparable EBIT	\$62.9m	\$56.6m	+11.1%
Inventory	\$181.5m	\$171.2m	+\$10.3m
Cash	\$95.8m	\$72.4m	+\$23.4m
Total Dividend	AU7.5c	AU4.5c	+66.7%
EPS	12.03c	10.57c	+13.8%
Store Network	280	285	-5

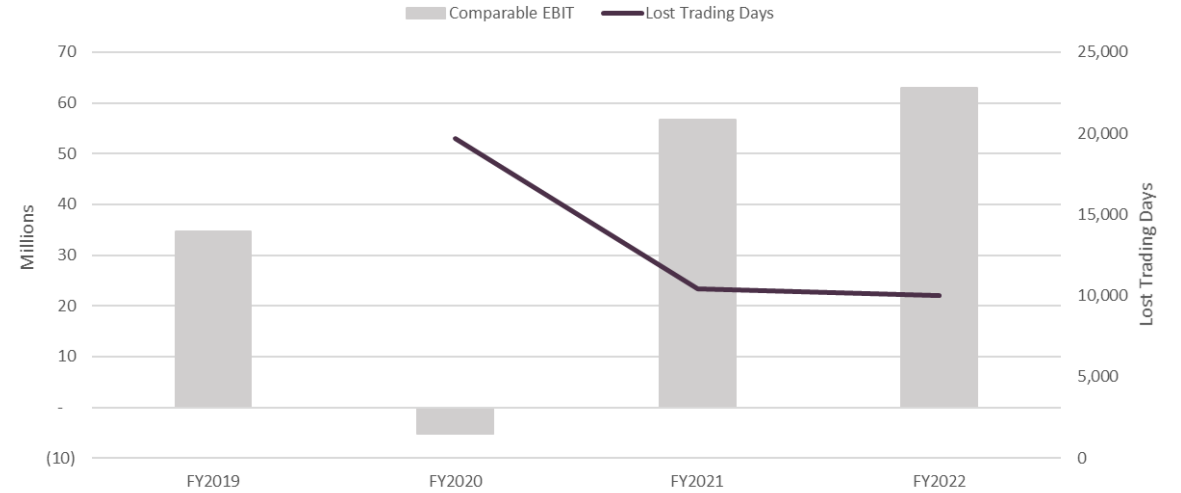
Key Performance Insights

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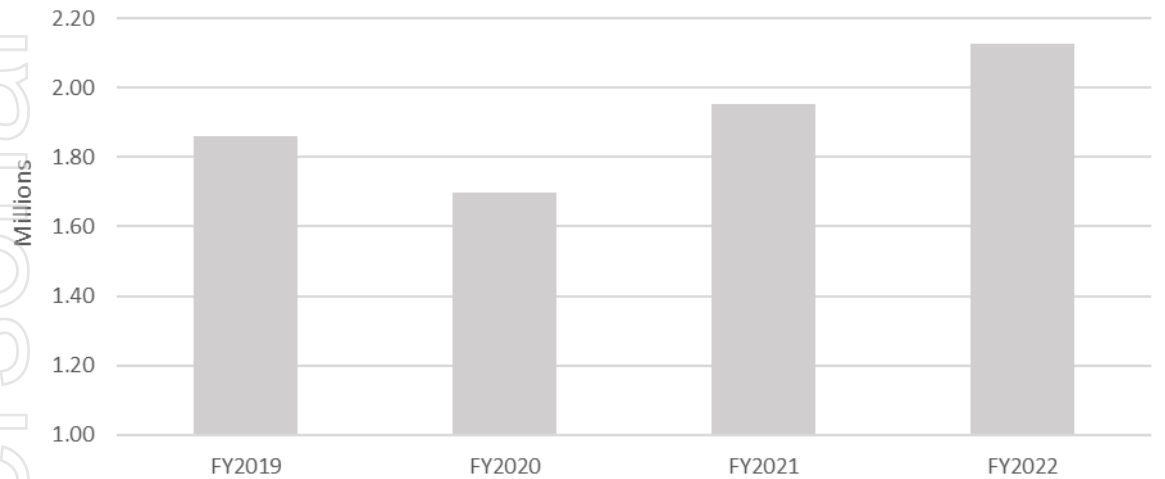
Revenue & Gross Margin



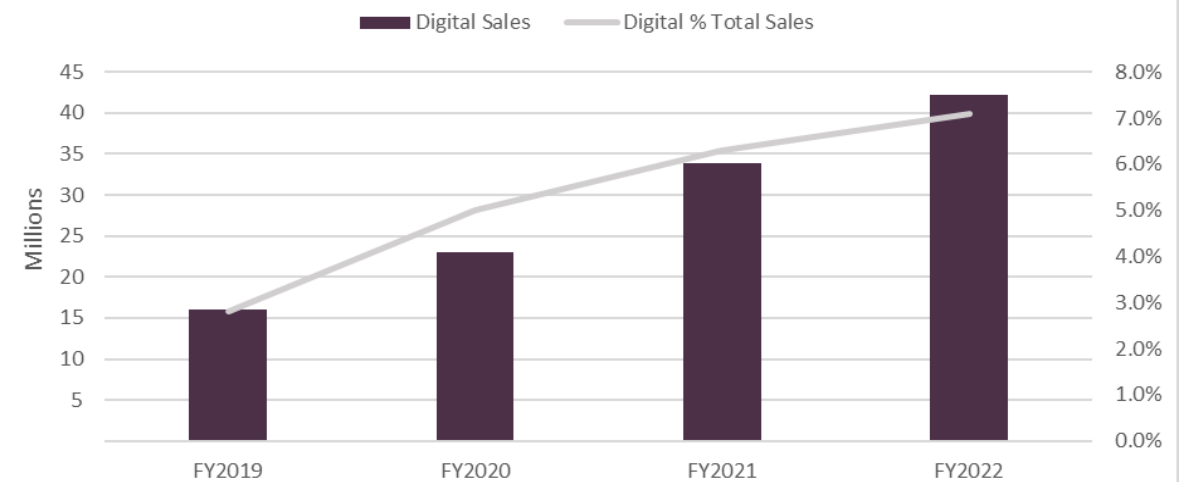
Comparable EBIT & Lost Trading Days



Average Revenue Per Store



Digital Sales & % Total Sales



Segment Results

	Australia (AUD)			New Zealand (NZD)			Canada (CAD)		
	FY22	FY21	Change	FY22	FY21	Change	FY22	FY21	Change
Revenue	303.4m	312.2m	-2.8%	125.1m	127.1m	-1.6%	159.7m	118.4m	+34.8%
Gross profit	196.6m	193.9m	+1.4%	79.3m	78.8m	+0.7%	103.6m	72.6m	+42.6%
Gross margin	64.8%	62.1%	+270 bps	63.4%	62.0%	+140 bps	64.9%	61.3%	+360 bps
Segment Comparable EBIT	51.8m	54.3m	-4.8%	30.1m	35.1m	-14.2%	28.8m	12.3m	+133.6%
Comparable EBIT as a % of revenue	17.1%	17.4%	-30 bps	24.1%	27.6%	-350 bps	18.0%	10.4%	+760 bps
Lost store trading days	7,551 14%	3,458 6%	4,093	2,241 13%	464 3%	1,777	228 1%	6,525 21%	-6,297
Store network	147	150	-3	48	49	-1	85	86	-1

- Significant lost trading days impacting segment results for Australia and New Zealand
- Reset of cost base post-COVID for leasing, wages and marketing
- Canadian productivity lifting to Australia and New Zealand levels



Current Trading Update



In the first eight weeks of FY23, the Company has delivered strong early performance across sales and gross margin:

- In comparison to FY22, Group all store sales were up +18.5%
- In comparison to FY21, a more meaningful reflection of FY23 performance, Group all store sales were up +13.4% (total stores FY23: 280 vs FY21: 289)
- Gross margin remains strong

Strategy Update - Emphasis on Growth

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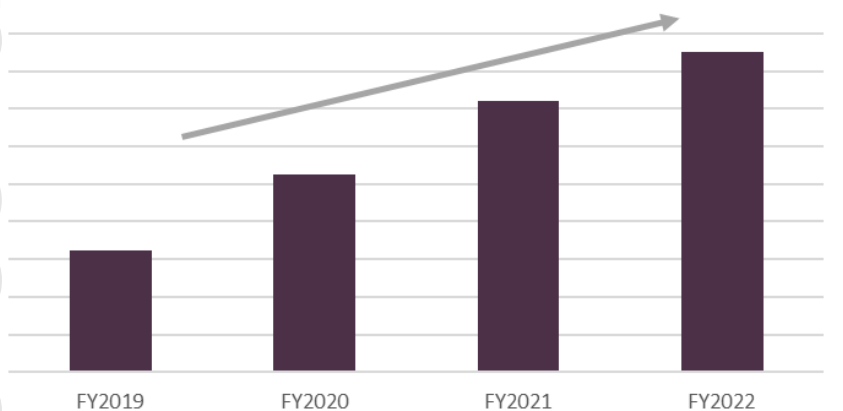
Brand & Loyalty	Modern, differentiated, omni-channel jewellery brand with loyal customers
Digital & Omni-channel	Omni-first, digital-led & channel agnostic
Retail Fundamentals	Elevated productivity & customer experience
Product Evolution	House of diamonds
New Territories & Services	New markets, new channels & new service propositions
Cost Conscious Culture	Unwavering focus on costs
Sustainability	<i>"the jeweller that cares"</i>

Elevating Brand

*Marking the moments that create
the story of our lives*

- ◆ Elevated brand messaging
- ◆ Focus on craftsmanship, quality & sustainability
- ◆ Emotive storytelling brand-led campaigns
- ◆ Relentless focus on creative & visual excellence
- ◆ House of diamonds
- ◆ Aspirational media placements
- ◆ Increasing ATV demonstrates brand elevation, up 15% over three years

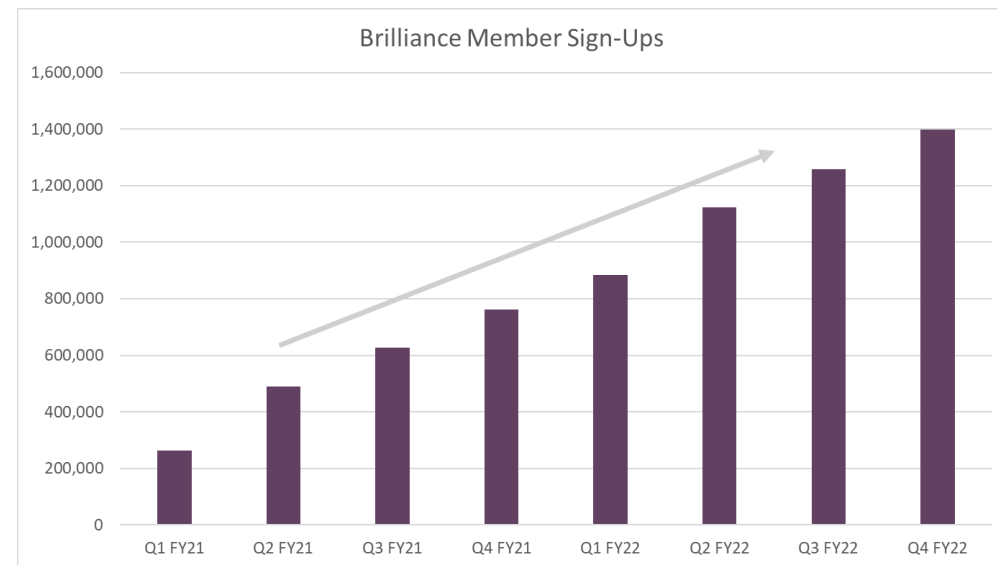
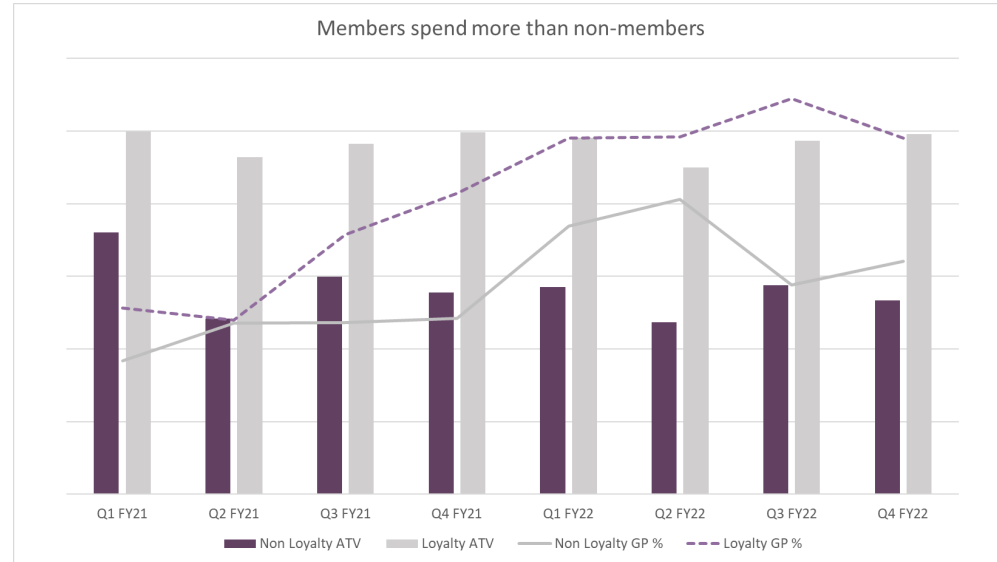
Average Transaction Value



Brilliance by Michael Hill

Your love for jewellery rewarded

- ◆ Over 1.4 million loyalty members
- ◆ Increased focus on customer segmentation and personalisation
- ◆ Targeted AI and data insights
- ◆ Loyalty members are more valuable
 - ATV 83% higher
 - GP% 192 bps higher
- ◆ Loyalty members now represent ~80% of sales



Brilliance™
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Digital & Omni-Channel

Omni-first, digital-led & channel agnostic

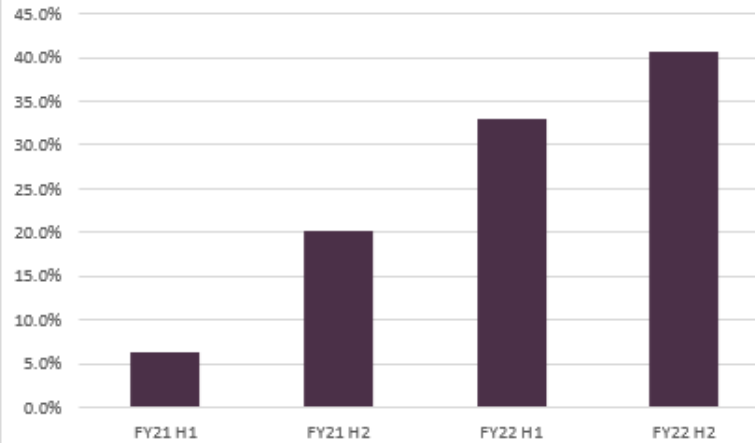
💎 Traffic ↑ conversion ↑ sales ↑

💎 Successful launch of click & collect and ship-from-store globally

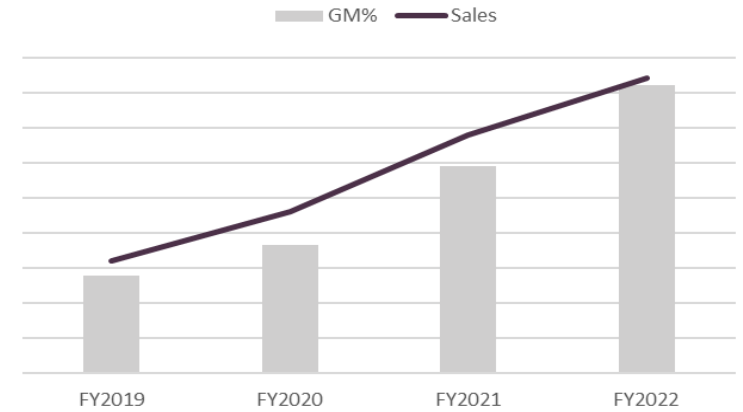
💎 Highest margin channel

💎 Omni-channel now represents more than 40% of digital sales

Omni % of Total Digital Sales



Digital Sales and GM%



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ENGAGEMENT & WEDDINGS

JEWELLERY

COLLECTIONS

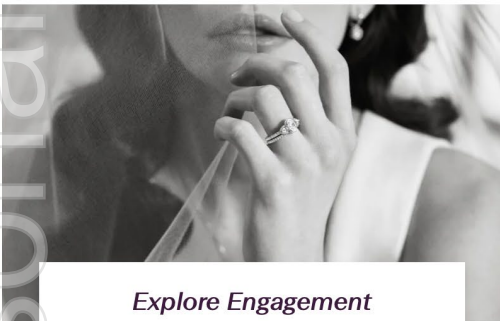
GIFTS

SALE

LEARN



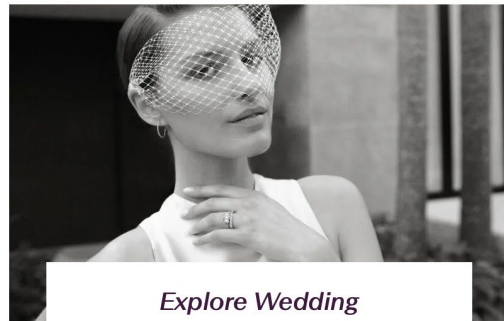
Explore our Range



Explore Engagement

Find the perfect ring to symbolise your love.

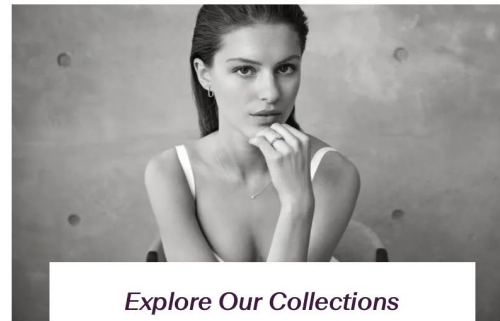
Discover more >



Explore Wedding

Wedding rings & jewellery, for your moment and always.

Discover more >

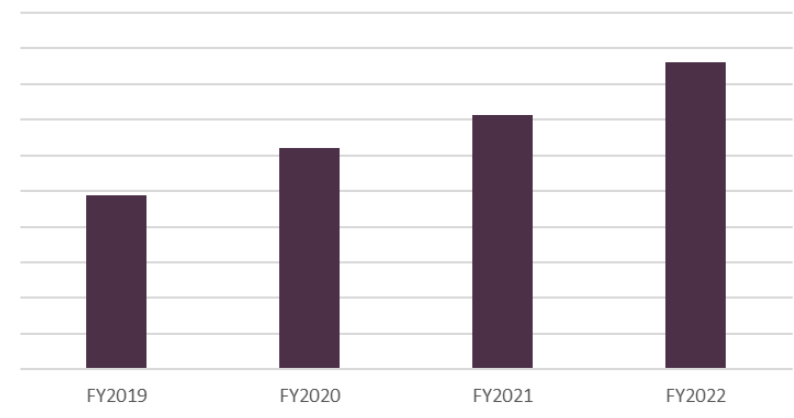


Explore Our Collections

Unique diamonds and designs, exclusive to Michael Hill.

Discover more >

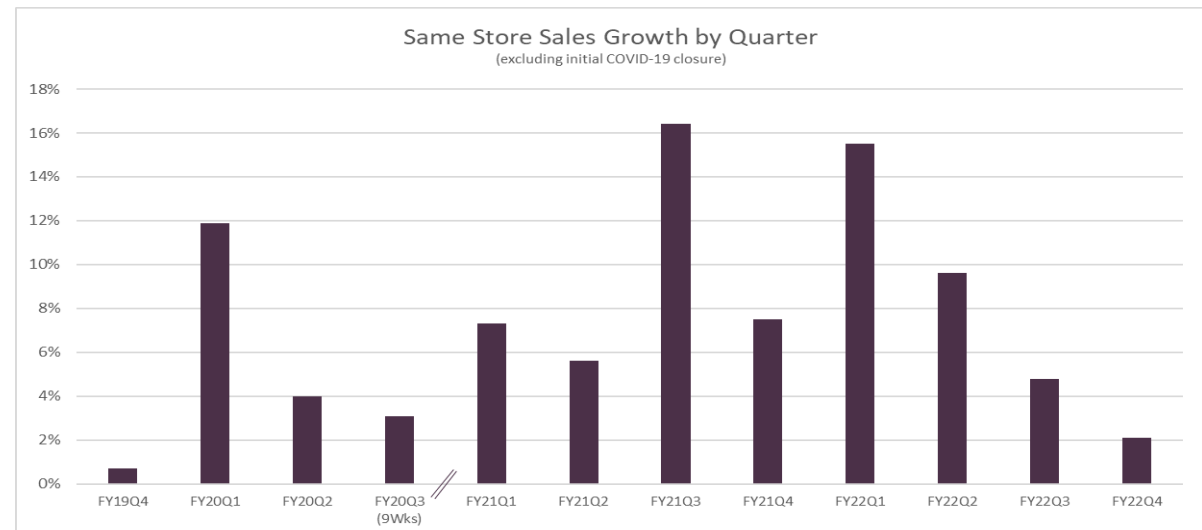
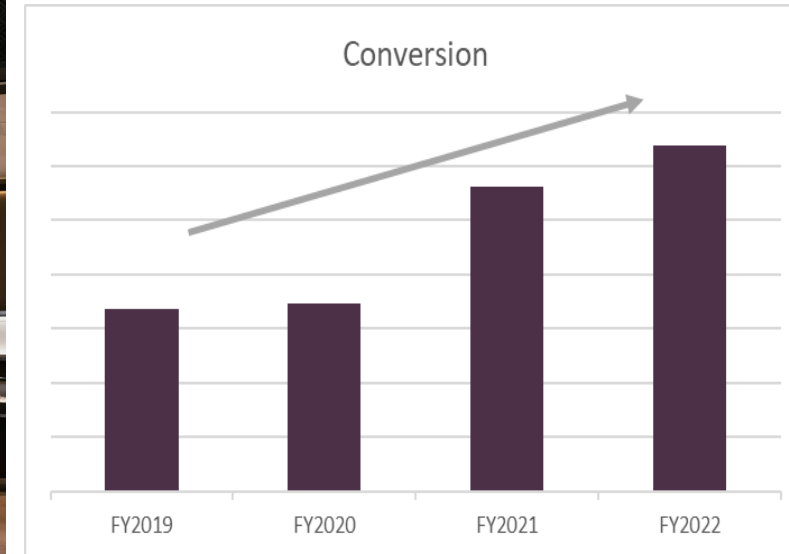
Digital Conversion Growth



Stores & Customer Experience

Elevating productivity & retail execution

- ◆ Same store sales up 8%
- ◆ Twelve quarters of SSS growth
- ◆ Significant investment in store network with more than 40 stores updated
- ◆ Rejuvenated global leadership structure
- ◆ Elevated instore customer experience
- ◆ Retail metrics improved across the board
- ◆ Dynamic rostering driving more productive labour

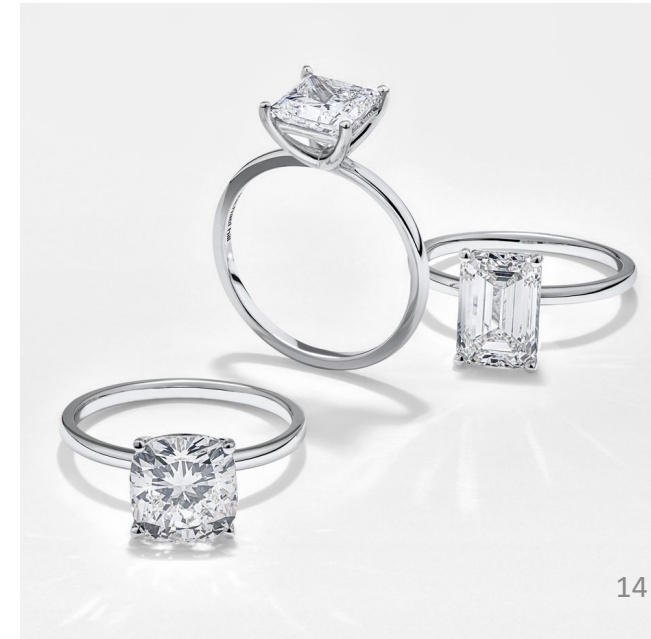
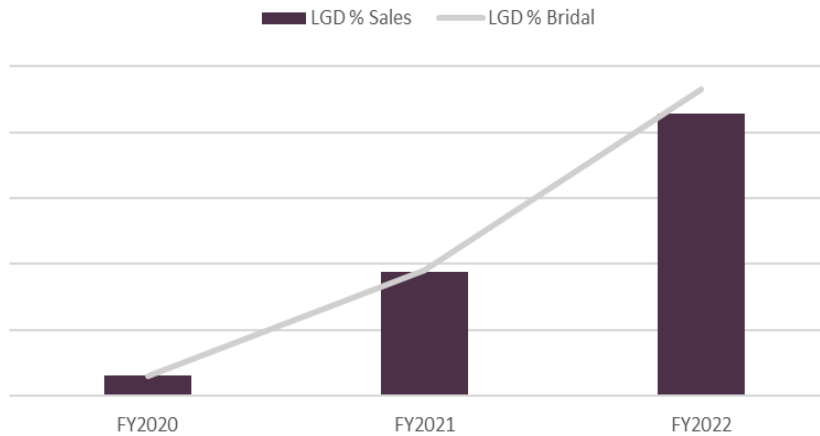


Product Evolution

House of Diamonds

- ◆ Elevated quality & craftsmanship
- ◆ Customer-led ranging
- ◆ Australian artisanal workshop
- ◆ Emphasis on sustainability & LGD
- ◆ Product mix driving margin expansion
- ◆ Product newness critical to brand elevation

LGD % of Sales & % of Bridal



New Territories & Services

- ◆ Digital marketplace strategy progressed with more partners being considered
- ◆ International shipping to all countries, live pre-Christmas
- ◆ Dual language digital expansion into Quebec this year
- ◆ Significant progress of new digital ecosystem to drive incremental revenue streams
- ◆ Pureplay brand Medley delivers \$1m sales in first full year



MEDJEY™

THE ICONIC

THE BAY

W Direct



Sustainability: *“the jeweller that cares”*



Michael Hill’s ESG vision is to transform how we source & manufacture our products, impact our planet and improve people’s lives.

We aim to move our business and influence the broader jewellery industry toward a more sustainable, innovative & responsible future.

Product

100% of our products will be sustainable, responsible or circular



TRANSPARENCY

By 2030

100% use of certified sustainable or responsibly sourced natural diamonds, coloured gemstones and cultured pearls

METAL STEWARDSHIP

By 2025

100% of Michael Hill’s silver and gold products will be made from certified recycled, responsibly sourced, local or artisanal sources

CHAMPION INNOVATION

By 2024

We will pioneer an innovation hub to champion and integrate jewellery circularity, product innovation and Laboratory created diamonds

Planet

We will nurture nature and reduce our negative impacts to net zero



ZERO CARBON OPERATIONS

By 2025

Achieve net zero carbon operations (scopes 1 & 2)

NATURE POSITIVE

From 2025

Contributing to the restoration and conservation of the natural environment in our key markets

ELIMINATE WASTE

By 2027

We will send zero waste to landfill and eliminate single use plastic from our packaging

People

We will improve the lives of people across our value chain



RESPONSIBLE SUPPLIERS

By 2030

100% of all suppliers meet our expectations on their social and environmental impacts

EMPOWERING WOMEN

By 2030

Deliver initiatives and develop partnerships focused on empowering and supporting over 100,000 women

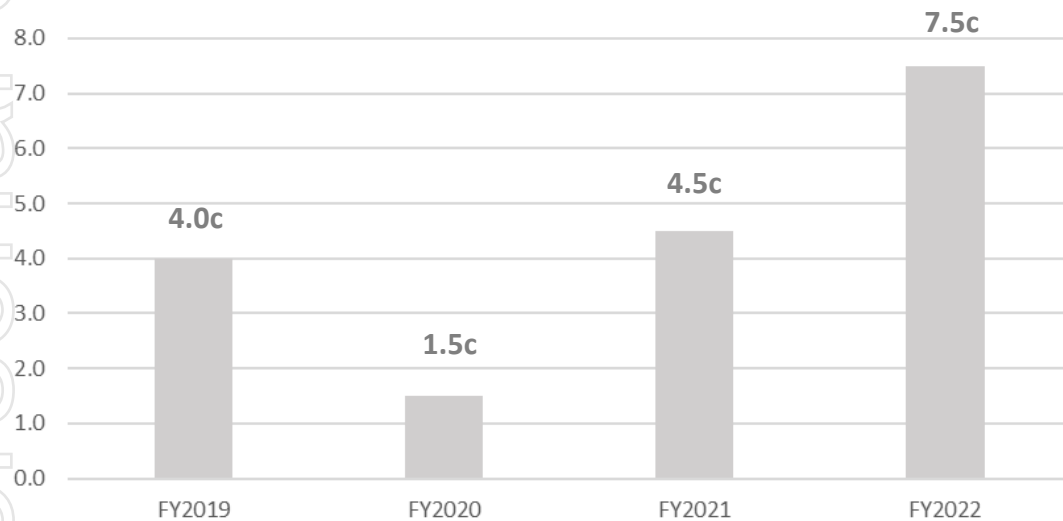
GREAT PLACE TO WORK

Michael Hill will maintain a leading workforce engagement score of greater than 80%

Capital Management Framework

- ◆ FY23 total dividend for the year of AU7.5 cps, representing ~67% of adjusted annual NPAT, and at the higher end of the target range of 50% to 75%
- ◆ Launching an on-market share buy-back of up to 5% of issued capital, funded from existing cash reserves
- ◆ Cash reserves retained for deployment into new organic growth and acquisition opportunities

Total Dividend (cps)



Appendices

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Appendix A: Bridge from Comparable EBIT to Statutory EBIT

Calculated as follows:

(AUD million)	FY22	FY21
Comparable EBIT	62.9	56.6
Impact of AASB16 <i>Leases</i>	13.4	4.2
Impact of IFRIC SaaS-related guidance	-6.0	-5.7
Government grants received (AU, NZ, CA)	2.9	14.6
Canadian credit book revaluation		-3.0
Statutory EBIT	73.2	66.7



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Appendix B: AASB16 *Leases* & SaaS Impact

(AUD million)	FY22 Stat	Impact of AASB16 & SaaS	FY22 pre-adjustments	FY21 pre-adjustments	Change pre-adjustments
Revenue	595.2		595.2	556.5	+7.0%
Cost of sales	-210.4		-210.4	-207.6	+1.4%
Gross profit	384.8		384.8	348.9	+10.3%
Employee benefits expense	-155.3	-2.5	-152.8	-147.6	+3.5%
Occupancy costs	-9.5	46.8	-56.3	-53.7	+4.8%
Marketing expenses	-41.2		-41.2	-28.3	+45.4%
Selling expenses	-17.7		-17.7	-18.0	-1.6%
Other income/(expenses)	-36.0	-2.2	-33.8	-16.4	-105.2%
EBITDA	125.1	42.1	83.0	84.9	-2.1%
Depreciation and amortisation expenses	-51.9	-34.6	-17.3	-16.7	+4.2%
EBIT	73.2	7.5	65.7	68.2	-3.6%
Finance expenses	-7.5	-6.7	-0.8	-0.9	-
Profit before tax	65.7	0.8	64.9	67.3	-3.5%



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