



ASX announcement Media Release 18 December 2020

Market update: Hills to book one-off impairments as trading recovers in FY21

Hills Limited (**ASX: HIL**, the **Group** or **Hills**) announces that following the completion of the external foreign exchange review, announced at the full-year results, it has been undertaking follow-up assessments of the carrying value of the Group's assets and liabilities.

As a result, \$4.9 million of one-off items, predominantly non-cash, will be adjusted in the first half ending 31 December 2020, comprising:

- Write-offs of assets relating to exited businesses (\$1.7 million);
- Write-offs of assets relating to exited vendor arrangements (\$0.4 million);
- Reassessment of valuation of aged, slow-moving and demonstration stock (\$1.4 million);
- Reassessment of asset lives and property settlements (\$0.86 million); and
- Write-off of NZ deferred tax assets arising from the current poor trading conditions (\$0.57 million).

Excluding these one-off items, the underlying Australian Distribution business has started to recover from the tough first quarter trading conditions and is well placed for growth in the second half of FY21. Further, the Health Solutions business has returned to pre-COVID 19 trading levels in the second quarter, as foreshadowed at the Annual General Meeting on 6 November 2020. Hills' New Zealand business continues to face difficult trading conditions and is not expected to recover to pre-COVID-19 levels during this financial year.

As outlined at the AGM, it was Hills' objective to deliver a full-year net profit in FY21 but, based on these developments, the company will now focus on maximising second half net profit. A further trading update will be provided with the release of the first half results in early 2021.

Hills Chief Executive Officer and Managing Director David Lenz said: "While it is disappointing to have to recognise further one-off adjustments to our asset values, we are pleased that the underlying businesses are recovering from the impact of COVID-19 and remain well positioned to capitalise on market opportunities in the second half as Australia emerges from the pandemic and our cash position remains strong."

This ASX announcement is authorised for release by the Board of Hills Limited.

About Hills Limited

Hills is a majority Australian-owned publicly listed company and consists of two businesses: Hills Health Solutions – the leading provider of nurse call solutions, patient engagement systems and wi-fi networks in Australian and New Zealand hospitals and aged care facilities; and Hills Distribution – a leading provider of integrated Security, IT and Technical Services across Australia and New Zealand. For more information, visit www.hills.com.au



**ASX announcement
Media Release
18 December 2020**

Contacts

Hills Limited

David Lenz
Chief Executive Officer and Managing Director
Hills Limited
+61 2 9216 5560

Media

Clive Mathieson
Cato & Clive
P: +61 411 888 425
E: clive@catoandclive.com