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HILLS.TM

2022 ANNUAL GENERAL MEETING

Wednesday, 23 November 2022
2:00 pm (Sydney Time)

Hills Limited ABN 35 007 573 417

Letter from the Chairman

Dear Shareholder

I am pleased to invite you to participate in the 2022 Annual General Meeting (AGM or meeting) of Hills Limited (Hills or the Company) on Wednesday, 23 November 2022 at 2:00 pm (AEDT).

Hybrid AGM

To allow for engagement and participation by as many shareholders as possible, the Board has determined that the AGM will be held as a hybrid meeting at Australian Institute of Company Directors (AICD), 18 Jamison Street, Sydney, NSW 2000 and via Link Market Services online platform.

Items of Business

At this year's AGM you will be asked to vote on my re-appointment as a Director of the Company. You will also be asked to vote on a special resolution for the Company to have the capacity to issue an additional 10% of its issued capital pursuant to Listing Rule 7.1A, and to cast a non-binding vote in respect of the adoption of the Remuneration Report as set out in the 2022 Annual Report.

How to Participate

In addition to those Shareholders attending in person, Shareholders will be able to participate in our AGM online by:

- joining the AGM in real time via the online platform at <https://meetings.linkgroup.com/HIL22> and watching presentations given during the AGM; and
- asking questions of the Board (or the Company's external auditor) and voting on the resolutions to be considered at the AGM.

Questions

- Shareholders attending in person will be able to ask questions at the meeting whilst those attending via the online platform will be able to submit written questions.
- Shareholders who prefer to register questions in advance of the Annual General Meeting are invited to do so. Once registered on the virtual Meeting platform, you can submit questions online by clicking on the "Ask a Question" box. You will need your SRN/HIN or proxy code to do this.
- Please note that whilst we will do our best to answer shareholder questions raised at the meeting not all questions are guaranteed to be answered during the meeting. To avoid disappointment, we encourage you to submit questions for the Board (or the Company's external auditor) in advance of the AGM and we will endeavor to respond to them during the meeting.

Using the online platform

For those Shareholders attending online, we recommend logging on to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

1. Enter <https://meetings.linkgroup.com/HIL22> into a web browser on your computer or online device.
2. Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (available at the top of the voting form).
3. If you wish to ask questions Online, please click on the 'Ask Question' box on the virtual meeting platform.
4. Proxyholders will need their proxy code which Link Market Services will provide via email no later than 48 hours prior to the Meeting.

Online voting will be open between the commencement of the Meeting at 2:00 pm (Sydney time) on 23 November 2022 and the time at which the Chair announces voting closure.

More information about online participation in the Meetings is available in the Virtual Meeting Online Guide found on the Company's website.

Notice of Meeting

This year we will again be releasing the Notice of Meeting electronically online and by email to shareholders on Friday, 21 October 2022.

The Notice of Annual General Meeting explains in detail the items of business you will be asked to consider at the AGM. You should carefully read the Notice and Explanatory Notes before deciding how to vote on the resolutions.

To review and download the Notice of Meeting, Explanatory Notes and for those attending online, the Virtual Meeting Online Guide, please go to <https://corporate.hills.com.au/investors>.

If you are unable to participate in the AGM, you may vote directly or appoint a proxy to act on your behalf prior to the AGM. You may register voting instructions or appoint a proxy electronically at www.linkmarketservices.com.au or complete and return a voting form by facsimile or by post so that it is received by the Company no later than 2:00 pm (Sydney time) on Monday, 21 November 2022.

We look forward to welcoming you at the 2022 AGM.

Yours sincerely



David Chambers

Chair

21 October 2022

Notice of 2022 Annual General Meeting

ACN 007 573 417

Notice is hereby given that the Annual General Meeting ("AGM") of HILLS Limited ("Company") will be held at Australian Institute of Company Directors (AICD), 18 Jamison Street, Sydney, NSW 2000 and online on Wednesday, 23 November 2022, at 2:00 pm AEDT.

BUSINESS

1. Financial Statements

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the Company for the financial year ended 30 June 2022.

2. Remuneration Report (Resolution 1)

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report contained within the Annual Report of the Company, for the year ended 30 June 2022, be adopted."

3. Re-Election of Directors (Resolution 2)

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

"That, Mr David Chambers, who retires in accordance with Article 10.3(b)(iv) of the Company's Constitution and being eligible offers himself for re-election as a Director of the Company, is re-elected as a director of the Company"

4. Approval of 10% Placement Capacity (Resolution 3)

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

"That, pursuant to ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to allot and issue up to an additional 10% of its issued Equity Securities over a 12-month period, on such terms and conditions more particularly described in the Explanatory Notes accompanying this Notice."

5. Constitutional amendment to allow for virtual meetings (Resolution 4)

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Constitution of the Company be amended in the manner set out in the accompanying Explanatory Notes."

6. Questions and Comments

Shareholders will be given a reasonable opportunity to ask questions about or comment on the Company's activities and the audit of the Company. While shareholders will have the opportunity to submit questions online at the meeting, it would be desirable for the Company to receive questions in advance.

Shareholders are therefore asked to send any questions they might have for the Company, its Directors or the Auditor ahead of the AGM as follows:

- (i) **Email the Company at** secretary@hills.com.au; or
- (ii) **Submit** questions via Link's Investor Centre at <https://investorcentre.linkgroup.com>. To do so, you will need your SRN/HIN number and postcode to log into your holding. Once logged in, select 'Voting' then click 'Ask Question'.

We will attempt to respond to as many of the more frequently asked questions as possible in the addresses by the Chairman and the Chief Executive Officer at the AGM. The Chairman will also ask the Auditor to answer any written questions submitted to the Auditor.

General Information

ENTITLEMENT TO VOTE

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) and *ASX Settlement Operating Rule 5.6.1*, that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7:00 pm (AEDT) on Monday 21 November 2022 (the **Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to participate in and vote at the Meeting.

PARTICIPATING IN THE MEETING

Consistent with the Company's Constitution, the Board has determined to conduct the Meeting as a meeting being held at two or more venues and that Shareholders will have the opportunity to participate in the Meeting in person or by electronic means through an online platform.

Shareholders who wish to participate in the Meeting online may do so by logging into the online platform:

<https://meetings.linkgroup.com/HIL22>

If you choose to participate in the Meeting, you will be able to view the Meeting live, lodge a direct vote in real time and ask questions online. Shareholders are also encouraged to submit questions in advance of the Meeting in the following ways:

- (i) **Email the Company** at secretary@hills.com.au at least 5 business days before the Meeting; or
- (ii) **Submit** questions via Link's Investor Centre at <https://investorcentre.linkgroup.com>. To do so, You will need your SRN/HIN number and postcode to log into your holding. Once logged in, select 'Voting' then click 'Ask Question'

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in regarding the formal items of business as well as general questions in respect of the Company and its business.

It is recommended that Shareholders wishing to attend the Meeting online login from 1:30 pm (AEDT) on Wednesday 23 November 2022.

VOTING AT THE MEETING AND APPOINTMENT OF PROXIES

Voting on all Items of business will be decided by way of a poll. The Chair of the Meeting will open the poll at the beginning of the Meeting and the poll will remain open until the close of the Meeting.

Shareholders are encouraged to lodge a directed proxy before the proxy deadline even if they plan to attend the meeting either in person or online.

Shareholders may vote at the Meeting in one of three ways:

- during the Meeting using your voting form if attending in person;
- while participating in the Meeting online using the <https://meetings.linkgroup.com/HIL22>; or
- by appointing a proxy prior to the deadline of 2:00 pm (AEDT) on Monday, 21 November 2022.

Appointment of a Proxy

A Shareholder who is entitled to participate in and vote at the Meeting is entitled to appoint a proxy to participate in the meeting and vote on behalf of the Shareholder.

A Shareholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. A proxy need not be a Shareholder of the Company.

Appointment of two proxies

If the Shareholder appoints two proxies:

- The Shareholder may specify the proportion or number of votes that each proxy is entitled to exercise.
- If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes.
- If the specified proportion or number of votes exceeds that to which the Shareholder is entitled, each proxy may exercise half of the Shareholder's votes.
- Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

Proxy Voting by the Chair

With respect to Item 2 (Remuneration Report), if the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on Item 2 (by marking the appropriate box directing the Chair to vote "For" or "Against", or to "Abstain"), then, as stated on the Proxy Form, the Shareholder will be taken to be authorising the Chair to vote **IN FAVOUR** of Item 2, even though Item 2 is connected directly or indirectly with the remuneration of Key Management Personnel, which includes the Chair.

With respect to all other items of business, where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote, the Chair intends to vote all such undirected proxies **IN FAVOUR** of the resolutions in the Notice of Meeting.

Deadline for submission of Proxy Forms and online appointment of proxies

Proxies will only be valid and accepted by the Company if they are received by the Share Registry of the Company by lodging the Voting Form using one of the following methods:

- **Vote online** at <https://investorcentre.linkgroup.com>
 - **Mail** to Link Market Services, Locked Bag A14, Sydney South NSW 1235 Australia
 - **Fax to** +61 2 9287 0309 or
 - **By Hand** to 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000
- so as to be received not later than 2:00 pm (AEDT) on Monday, 21 November 2022.

Proxy Forms signed by an attorney

If the Proxy Form is signed by an attorney, the relevant original power of attorney, or a certified copy of it, must also be submitted by mail or delivered by hand, and must be received by the Company's share registry before the Proxy Deadline.

CORPORATE REPRESENTATIVES AND CORPORATE PROXIES

Bodies corporate who are Shareholders, or who have been appointed as proxies, may appoint an individual as a corporate representative to participate in and vote at the Meeting on their behalf. Corporate representatives must be appointed in accordance with section 250D of the Corporations Act.

The Company requires evidence of the appointment as a corporate representative, in the form of a copy of the letter or other document confirming that the corporate representative is authorised to act in that capacity, properly executed in accordance with the body corporate's constitution, to be received by the Company before the commencement of the Meeting. Shareholders and corporate representatives are encouraged to provide the documentation evidencing the appointment to the share registry by 2:00 pm (AEDT) on Monday 21 November 2022.

ASKING QUESTIONS – BEFORE AND AT THE MEETING

Written questions for the Company's auditor, KPMG, should be submitted to the Company no later than the fifth business day before the Meeting, being Wednesday, 16 November 2022, and should relate to the content of the Auditor's Report and the conduct of the audit. The auditor will also participate online in the Meeting.

It is preferred that written questions, for the Company's auditor and in relation to other items, are submitted by email to secretary@hills.com.au or via Link's Investor Centre at <https://investorcentre.linkgroup.com>.

Participants in the Meeting may also submit questions and comments online during the Meeting (refer to the Virtual Meeting Guide).

ANNUAL REPORT AND MEETING DOCUMENTS

A copy of the Company's 2022 Annual Report may be accessed on our website at <https://corporate.hills.com.au/investors/>.

The Notice of Meeting and Virtual Meeting Online Guide can be accessed on our website at <https://corporate.hills.com.au/investors/>.

By order of the board

Geoffrey Stirton
Company Secretary

21 October 2022

Explanatory Notes

The following Explanatory Notes explain the items of business to be considered at the 2022 AGM and form part of the Notice of Meeting. The Explanatory Notes are set out in the order of the items in the Notice of Meeting and should be read with the Notice.

1. Financial Statements

As required by section 317 of the Corporations Act, the Company's Financial Report, Directors' Report and Auditor's Report will be presented for consideration at the AGM. No resolution is required for this item, but shareholders will be given the opportunity to ask questions and to make comments on all aspects of these reports. Shareholders will also have a reasonable opportunity to ask the Auditor questions relevant to the conduct of the audit and the preparation and content of the Independent Auditor's Report.

2. Remuneration Report (Resolution 1)

A resolution for the adoption of the Remuneration Report must be considered and voted on in accordance with section 250R(2) of the Corporations Act.

The Remuneration Report forms part of the Directors' Report of the Company's Annual Report. The Remuneration Report details the remuneration arrangements for the key management personnel of the Company (who comprise the Directors and key executives as disclosed in the Remuneration Report) ("KMP"). The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company.

However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Directors' recommendation

The Board recommends that shareholders vote in favour of the adoption of the Remuneration Report.

Subject to the voting exclusion statement below, the Chairman of the AGM intends to vote all undirected proxies in favour of the adoption of the Remuneration Report.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 1 by, or on behalf of:

- a member of the KMP, as disclosed in the Remuneration Report; and
- their closely related parties,

unless the vote is cast:

- by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the Proxy Form; or
- by the Chairman of the AGM as proxy or attorney for a person who is entitled to vote on the resolution, and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though the resolution is connected directly or indirectly with the remuneration of a member of the Company's KMP.

3. Re-Election of Directors (Resolution 2)

Mr David Chambers retires in accordance with Article 10.3(b)(iv) of the Company's Constitution and, being eligible, offers himself for re-election. Mr Chambers was appointed to the Board on 8 July 2020. Mr Chambers is Chair of the Board, a member of the Audit, Risk and Compliance Committee and Chair of the Remuneration and Nomination Committee.

Mr Chambers has more than 30 years of international experience in the healthcare and technology sectors and recently retired as the Managing Director of Asia Pacific operations at Allscripts Healthcare Solutions Inc., a global leader in healthcare information technology.

He is a former chief executive of ASX-listed health software business Pro Medicus Limited and has worked in senior executive roles in Australia, the US, Europe and Asia. He is currently chairman of ASX-listed healthcare software provider Mach7 Technologies Ltd.

Directors' recommendation

The Board (with Mr Chambers abstaining) recommends the re-election of Mr Chambers.

The Chair of the AGM intends to vote undirected proxies in favour of the election of Mr Chambers.

4. Approval of 10% Placement Capacity (Resolution 3)

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity. The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Directors of the Company believe that **Resolution 3** is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Description of Listing Rule 7.1A

a) *Shareholder approval:*

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

b) *Equity Securities:*

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The classes of quoted equity securities of the Company at the date of the Notice are Ordinary Fully Paid Shares (**Shares**).

c) *Formula for calculating 10% Placement Facility:*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is

- the number of Shares on issue at the commencement of the relevant period
- plus the number of fully paid ordinary securities issued in the relevant period under an exception in rule 7.2 other than exception 9, 16 or 17,
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval,
- plus the number of partly paid Shares that became fully paid in the 12 months,
- less the number of fully paid Shares cancelled in the 12 months.

The "relevant period" means:

- if the Company has been admitted to the official list for 12 months or more, the 12-month period immediately preceding the date of the issue or agreement; or

Explanatory Notes (continued)

- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list (being, 10 September 2021) to the date immediately preceding the date of the issue or agreement

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

(a) Listing Rule 7.1 and Listing Rule 7.1A:

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 232,010,526 Shares. At present, the Company has a capacity to issue:

- 30,684,589 Equity Securities under Listing Rule 7.1; and
- 23,198,553 Shares under Listing Rule 7.1A.

(b) Minimum Issue Price:

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the relevant class were recorded immediately before:

- a. the date on which the price at which the Equity Securities are to be issued is agreed; or
- b. if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(c) 10% Placement Period:

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commence on the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of the following:

- a. the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- b. the time and date of the entity's next annual general meeting;
- c. the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Listing Rule 7.1A

If **Resolution 3** is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If **Resolution 3** is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% capacity limit in Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- 7.3A.1 If shareholders approve **Resolution 3**, the 10% Placement Facility under Listing Rule 7.1A commence on the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of the following:
- a. the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
 - b. the time and date of the entity's next annual general meeting;
 - c. the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Explanatory Notes (continued)

- 7.3A.2 The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in the relevant class were recorded immediately before:
- the date on which the price at which the Equity Securities are to be issued is agreed; or
 - if the Equity Securities are not issued within 10 Trading Days of the date in paragraph a. above, the date on which the Equity Securities are issued.

7.3A.3 The Company may seek to issue the Equity Securities for cash consideration under Listing Rule 7.1A. In such circumstances, the Company intends to use the funds raised for the following purposes:

- to develop and expand the Company's business
- to fund business transformation and strategic initiatives
- to acquire assets and investments

7.3A.4 If **Resolution 3** is approved by Shareholders and the Company Issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date Shareholders provide their approval at the Annual General Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue to all Shareholders) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' Meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

		Dilution		
		\$0.029 50% decrease in Issue Price	\$0.058 Issue Price	\$0.116 100% increase in Issue Price
Variable A in Listing Rule 7.1A.2				
Variable A	10% Voting Dilution	23,198,553	23,198,553	23,198,553
231,985,526	Funds Raised	\$672,758	\$1,345,516	\$2,691,032
50% increase in Variable A	10% Voting Dilution	34,797,829	34,797,829	34,797,829
347,978,289	Funds Raised	\$1,009,137	\$2,018,274	\$4,036,548
100% increase in Variable A	10% Voting Dilution	46,397,105	46,397,105	46,397,105
463,971,052	Funds Raised	\$1,345,516	\$2,691,032	\$5,382,064

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- All Resolutions under this Notice are carried.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Explanatory Notes (continued)

- d. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- e. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% Placement capacity under Listing Rule 7.1.
- f. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- g. The issue price is \$0.058, being the closing price of the Shares on ASX on 10 October 2022.
- 7.3A.5 The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.
- a. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
- b. the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing Shareholders can participate;
- c. the effect the issue of the Equity Securities might have on the control of the Company;
- d. the financial situation and solvency of the Company; and
- e. advice from corporate, financial and broking advisers (if applicable).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- 7.3A.6 The Company has not issued or agreed to issue any equity securities under rule 7.1A.2 in the 12 months period preceding the date of the meeting.
- It is noted that the company currently does not intend to issue ordinary shares under the additional 10% placement capacity.
- 7.1A.7 At the date of this Notice of Meeting the Company has not invited and has not determined to invite any particular existing Shareholder or an identifiable class of existing Shareholder to participate in an offer under ASX Listing Rule 7.1A. Accordingly, no existing Shareholder will be excluded from voting on this Resolution.

Board Recommendation

The Board unanimously recommends that Shareholders vote **IN FAVOUR** of this resolution.

Voting Exclusion

The Company will disregard any votes cast in favour of **Resolution 3** by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or associates of those persons.

However, this does not apply to a vote cast in favour of **Resolution 3** by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Constitutional amendment to allow for virtual meetings (Resolution 4)

The Company's Constitution was adopted by Shareholders in November 2019. Under Section 136(2) of the Corporations Act, a company can modify its constitution by special resolution. Accordingly, the Company seeks Shareholder approval to amend its Constitution to ensure flexibility in managing meetings.

Clause 8.3 of the Constitution currently states:

Use of technology at general meetings

The Company may hold a meeting of Members at two or more venues using any technology that gives the Members as a whole a reasonable opportunity to participate.

The proposed amendment consists of the replacement of existing clause 8.3 with the following:

“Virtual meetings

Subject to any applicable Law, the Company may hold a general meeting that gives all persons entitled to attend the meeting a reasonable opportunity to participate in the general meeting without being physically present in the same place (Virtual Meeting).

All persons so participating are taken to be present in person at the meeting while so participating.

The technology used for the purpose of this clause 8.3 must allow each Member taking part in the general meeting to communicate with the general meeting or, at a minimum, the chairperson of the general meeting, and may include any combination of telephone, television, video conferencing, messaging or email, smartphone application or any other audio and/or visual device which permits instantaneous communication.

A Virtual Meeting under this clause 8.3 shall be deemed to constitute a meeting of Members and all provisions of this Constitution as to meetings of Members shall apply to any Virtual Meeting, provided that the following minimum conditions are met:

- (a) all the Members at the time being entitled to receive notice of the meeting of Members shall be entitled to a notice of a Virtual Meeting which must:
 - (i) specify sufficient information to allow the Members to participate in the meeting by means of technology; and*
 - (ii) be given in any manner permitted by this Constitution or the Corporations Act; and**
- (b) voting at a Virtual Meeting must be by poll;*
- (c) minutes of a Virtual Meeting must meet the requirements of section 251A of the Corporations Act;*
- (d) a Member may not leave a virtual meeting by disconnecting from the technology used unless they have previously expressly notified the chairperson of the meeting of their intention to leave the meeting and a Member shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until the notified time of their leaving.*

Minutes of the proceedings of a virtual meeting shall be sufficient evidence of the proceedings and of the observance of all necessary formalities required for a meeting of Members, if certified as a correct record by the chairperson of that meeting.”

These amendments will provide that a meeting may be held using virtual meeting technology.

Temporary amendments were made to the Corporations Act to permit the use of virtual technology to facilitate the holding of General Meetings using virtual technology during the COVID-19 pandemic. These temporary amendments expired on 31 March 2022. Permanent amendments were made to the Corporations Act following the expiry of the temporary amendments. These amendments:

- permit hybrid meetings; and
- allow virtual-only meetings only if this is expressly required or permitted under the Company's constitution.

The proposed amendments will ensure that the Company has the flexibility to continue conducting virtual-only meetings, as required.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Directors of the Company believe that **Resolution 4** is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

The Chair of the Meeting intends to vote all available undirected proxies in favour of this **Resolution 4**.

Notice of meeting (continued)

6. Questions and Comments

In addition to any questions asked or comments made in relation to the specific items of business, the Chair will give shareholders a reasonable opportunity to ask questions about or comment on the activities of the Company. While shareholders will have the opportunity to submit questions online at the AGM, it would be desirable for the Company to receive questions in advance.

Shareholders are therefore asked to send any questions for the Company, its Directors or the Auditor ahead of the AGM to: secretary@hills.com.au.

For personal use only

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, Australia.

Annual General Meeting or **Meeting** or **AGM** means the meeting convened by this Notice.

Associate has the same meaning as that under the Corporations Act.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party has the meaning defined in section 9 of the Corporations Act.

Company means Hills Limited (ACN 007 573 417)

Constitution means the Company's Constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities has the meaning given to that term in the ASX Listing Rules.

Explanatory Notes means the explanatory notes accompanying the Notice.

FY22 means the Company's financial year from 1 July 2021 to 30 June 2022.

Items means the resolutions set out in the Notice, and **Item** means any one of them, as the context requires.

Key Management Personnel or **KMP** has the meaning defined in section 9 of the Corporations Act.

Meeting means the annual general meeting of the Company, convened by this Notice.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting and the Explanatory Notes.

Proxy Form means the proxy form used to appoint a proxy, which can be completed online at <https://investorcentre.linkgroup.com> or obtained from the Company's share registry.

Remuneration Report means the remuneration report set out in the Directors' Report in the Company's Annual Report for FY22.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Virtual AGM Online Guide means the guide made available on the Company's website to assist Shareholders to participate in the Meeting.