

23 March 2023

## Partially underwritten pro-rata renounceable entitlement offer to raise approximately A\$7 million; and completion of share placement

Hills Limited ACN 007 573 417 (ASX: HIL) (**Hills** or the **Company**) is pleased to announce a partially underwritten 1.35 for 1 renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an offer price of A\$0.02 per New Share (**Offer Price**) to raise gross proceeds of up to approximately A\$7 million (before costs) (**Entitlement Offer**).

This Entitlement Offer supersedes the entitlement offer announced on the 13 March 2023, which has been withdrawn.

On the date of this announcement, the Company completed a placement for A\$0.9 million with Historical Holdings Pty Ltd (**Historical Holdings**) at an issue price of A\$0.03 per Share, being a 50% premium to the last traded market price of Shares on 16 March 2023, and following which the Company issued to Historical Holdings 30,897,772 Shares (**Placement Shares**).

The Offer Price is equal to the closing price on the ASX market of fully paid ordinary shares in the Company (**Shares**) on 16 March 2023 of A\$0.02 (being the last trading day before Hills went into trading halt) and represents a discount of approximately:

- 33.3% to the issue price under the placement of A\$0.03 per Placement Share; and
- 24.34% to the volume weighted average market price (as defined in the ASX Listing Rules) of Shares of A\$0.026 for the thirty trading days prior to 17 March 2023.

The Entitlement Offer is partially underwritten by Historical Holdings to the extent of A\$3.5 million, less the aggregate Offer Price for any entitlements taken up by Historical Holdings (or its associates) under the Entitlement Offer. The underwriting is subject to conditions precedent, as detailed in the accompanying Entitlement Offer Booklet (**Offer Booklet**).

Directors of Hills have committed to taking up all of their respective entitlements under the Entitlement Offer.

Hills Chief Executive Officer and Managing Director, David Clarke, stated:

*"The funds from the Entitlement Offer provide additional capital to support our strategic growth objectives. This is a particularly important juncture for our proudly Australian company, as we pursue numerous market development activities and aim to expand our product portfolio and commercial reach. It is important we continue to support and build on the strong position of our core businesses whilst pursuing our future growth pathways. This capital raise enables those activities and I encourage all shareholders to get behind your company and participate in this opportunity."*

### Indicative Use of Funds

The Board and executive management have been undertaking a rejuvenation of Hills to address legacy issues. These actions, including the divestment/closure of the loss-making Hills Security and IT distribution businesses in Australia and New Zealand, have created a platform to deliver improving

business performance of the remaining businesses, and simplification of the investment proposition for shareholders.

The funds received from the issue of the Placement Shares, and proposed to be raised from the Entitlement Offer are proposed to be used to strengthen Hills' balance sheet, seize the positive market conditions, improve operational performance, and invest in Hills' future growth backed by the iconic brand to drive shareholder returns and aim to return the Company to profitability.

Those funds will be primarily used to support the Company's strategic objectives to grow the business, improve operating performance and leverage the iconic brand and strong established base in health technology, to return the Company to profitability. To achieve this, the funds will support the following business objectives:

- strengthen the balance sheet to support the Company's working capital requirements increased due to the growing order-book, timing of new project delivery and disrupted electronics supply chain;
- invest in expanded commercial and marketing capabilities to increase revenue, and investment in services to enhance brand reputation;
- focus on and acceleration of longer-term product and market development;
- allow upgrades to systems and processes to take advantage of technology-supported efficiencies and performance; and
- provide ability to pursue acquisition and partnering opportunities.

The above proposed goals and proposed use of net proceeds are indicative only and will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities and other factors relevant to the Board's discretion as to usage of funding. Due to market conditions and the development of new opportunities or any number of other factors (including the key risks outlined in the "Key Risks" section of the Investor Presentation accompanying this announcement), actual use of net proceeds may differ significantly to the above estimates.

### Entitlement Offer Overview

Eligible Shareholders (as defined in the Offer Booklet) are being invited to subscribe (at the Offer Price) for 1.35 New Shares for every 1 Share held as at the Record Date of 7:00pm (Sydney time) on Tuesday, 28 March 2023 (**Record Date**). The Entitlement Offer opens on Friday, 31 March 2023 and will close at 5:00pm (Sydney time) on Thursday, 13 April 2023 (unless modified by the Hills Board).

Under the Entitlement Offer, Hills will offer a maximum of up to approximately 354,892,453 New Shares (subject to rounding of entitlements), which, if the maximum number is issued, would result in the total share capital of Hills upon the completion of the Entitlement Offer increasing to up to approximately 617,775,751 Shares. New Shares issued under the Entitlement Offer will rank equally with Shares already on issue.

The Company will dispatch a copy of the Offer Booklet including a personalised entitlement and acceptance to Eligible Shareholders on Friday, 31 March 2023. The Offer Booklet will provide the details of how to participate in the Entitlement Offer.

Eligible Shareholders who take up their entitlements to subscribe for New Shares pursuant to the Entitlement Offer in full may also apply (pursuant to a top up facility) for additional New Shares in excess of their entitlements at the Offer Price, subject to the terms and conditions detailed in the Offer Booklet.

The Entitlement Offer is only proposed to be made to Hills shareholders as at the Record Date with registered addresses in Australia and New Zealand (and who otherwise satisfy the requirements for eligibility detailed in the Offer Booklet). Hills has, subject to ASIC approval, appointed Taylor Collison to act as nominee for the ineligible shareholders, to arrange for the potential sale of the entitlements which would have been offered to them had they been eligible to participate in the Entitlement Offer.

Refer to the other announcements and documents released to the ASX by Hills, including those accompanying this announcement (such as the Offer Booklet), for further information.

### Historical Holdings' voting power and right to nominate Directors

Historical Holdings has current voting power in the Company of 11.75% (arising as a result of the issue of the Placement Shares pursuant to a subscription agreement between the Company and Historical Holdings (**Subscription Agreement**)) and this may potentially increase to up to approximately 47.02% pursuant to Historical Holdings' participation in the Entitlement Offer and/or, subject to the availability of shortfall, Historical Holdings' partial underwriting of the Entitlement Offer.

In accordance with the terms of the Subscription Agreement, among other things, Historical Holdings:

- has undertaken to subscribe for its entitlement under the Entitlement Offer;
- is entitled to nominate for appointment to the Board one non-executive Director, initially being Mr Balu Jega, as it holds more than 10% of the total number of Shares (considered on a fully diluted basis); and
- will be entitled to nominate for appointment to the Board one further non-executive Director, initially being Mr Harley Whitcombe, if Historical Holdings becomes the registered holder or beneficial owner, within two months after 22 March 2023, of at least 20% of the total number of issued Shares (considered on a fully diluted basis).

Further information about the Subscription Agreement is provided in the accompanying Offer Booklet.

### Key Dates for the Entitlement Offer

Key dates of the Entitlement Offer are provided in the indicative timetable below.

Event	Date
"Ex" Date Entitlements commence trading on a deferred settlement basis	Monday, 27 March 2023
<b>Record Date (7pm Sydney time)</b>	Tuesday, 28 March 2023
Offer Booklet despatched and Entitlement Offer opens	Friday, 31 March 2023
Entitlements trading ends	Tuesday, 4 April 2023
New Shares under the Entitlement Offer commence trading on ASX on a deferred settlement basis	Wednesday, 5 April 2023
Last day to extend Entitlement Offer closing date	Thursday, 6 April 2023
<b>Closing Date (5pm Sydney time)</b>	Thursday, 13 April 2023
Notification of shortfall of Entitlement Offer	By Monday, 17 April 2023
Anticipated date for the issue of New Shares under the Entitlement Offer	Thursday, 20 April 2023
New Shares under the Entitlement Offer expected to commence trading on ASX on a normal settlement basis	Friday, 21 April 2023

*Note: This timetable is indicative only and subject to change with the consent of Historical Holdings. Hills reserves the right to amend the timetable for the Entitlement Offer without notice, subject to the Corporations Act, the ASX Listing Rules, other applicable laws and with the consent of Historical Holdings. In particular, Hills reserves the right to extend the Closing Date of the Entitlement Offer at any time, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares under the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.*

## Important Information

This announcement has been authorised for release by the Company's Board of directors and is issued by the Company. This announcement is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in the Company in any jurisdiction. This announcement does not constitute financial product advice and does not and will not form part of any contract for the acquisition of securities in the Company.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other country. No action has been taken to register or qualify the Entitlement Offer, the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia. In particular, the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the New Shares may not be offered or sold within the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States. The entitlements pursuant to the Entitlement Offer and the New Shares may only be offered and sold outside the United States in "offshore transactions" in reliance on Regulation S under the US Securities Act. None of the Offer Booklet, any accompanying ASX announcements or the Entitlement and Acceptance Form may be distributed in the United States.

The content of this announcement is not, and should not be considered as, a securities recommendation or financial product advice. The information in this announcement is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.

No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this announcement, or any events or results expressed or implied in any forward-looking statement. These statements can generally be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions.

Such forward-looking statements are not guarantees of future performance and are by their nature subject to significant uncertainties, risks and contingencies.

Actual results or events may differ materially from any expressed or implied in any forward-looking statement and deviations are both normal and to be expected. Past performance is not a reliable indicator of future performance. Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

-Ends-

### About Hills

Hills (ASX:HIL) is a majority Australian-owned company that designs, develops, distributes, installs and manages integrated health technology solutions in homes, hospitals, aged care facilities and other health settings across Australia and New Zealand. [www.hills.com.au](http://www.hills.com.au).

### Contact

#### ***Hills Limited***

David Clarke, Managing Director  
and Chief Executive Officer

+61 2 9216 5510

[investors@hills.com.au](mailto:investors@hills.com.au)