



**STRUCTURAL**  
**MONITORING**  
S Y S T E M S  
p l c

(Registered in England with Company No. 4834265;  
registered as a foreign company in Australia under ARBN 106 307 322)

**NOTICE OF ANNUAL GENERAL MEETING**  
and  
**EXPLANATORY STATEMENT**  
and  
**PROXY FORM**

**DATE AND TIME OF MEETING:**  
25 January 2022 at 10:00 am (WST)

**TO BE HELD AS A VIRTUAL MEETING**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

These documents should be read in their entirety. If you are in any doubt as to what action you should take, you are recommended to seek your own advice from your accountant, solicitor or other duly authorised professional adviser.

If you have sold or transferred all of your ordinary shares in Structural Monitoring Systems plc, please send this document, together with the accompanying form of proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.



## CHAIRMAN'S LETTER - 2021 ANNUAL GENERAL MEETING – FULLY VIRTUAL MEETING

Dear Securityholder,

I am pleased to invite you to attend the 2021 Annual General Meeting of Structural Monitoring Systems plc (“SMN” or “The Company”), which will be held at 25 January 2022 at 10:00 am (WST) (“Meeting”).

In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the 2021 Annual General Meeting be held virtually in the method stated below. In addition, the SMN Notice of Meeting will not be mailed to Shareholders. Instead, it is available for you to view and download on the SMN website at: [www.smsystems.com.au/investor](http://www.smsystems.com.au/investor)

Your participation in the Meeting is important to us. The Meeting will be webcast live via the Computershare Meeting Platform. Shareholders and proxy holders will be able to listen to the proceedings, ask questions of the Board and vote in real-time. You may attend the Meeting online using your computer, your mobile phone or device. CDI holders will be able to listen to the proceedings and ask questions however will not be able to vote in real time.

If you use your computer to attend the Meeting, you should use the Computershare platform (by entering this URL in your browser: <http://meetnow.global/MSYQSY> . Further information on how to participate in the Meeting is provided in the Notice of Meeting.

If you will not be able to attend the Meeting online at the scheduled time, you can participate in the Meeting by appointing a proxy to attend and vote live at the Meeting.

Shareholders are encouraged to submit questions in advance of the Meeting to the Company by emailing the Company on [s.forman@smsystems.com.au](mailto:s.forman@smsystems.com.au). Responses will be provided at the Meeting in respect of all valid questions received prior to the proxy cut-off time.

You are encouraged to vote on each of the resolutions to be considered at the Meeting. You may do this by voting online at [www.investorvote.com.au](http://www.investorvote.com.au) or by completing and returning the provided CDI Voting Instruction Form not later than 48 hours before the commencement of the Meeting in accordance with instructions on the CDI Voting Instruction Form.

The situation regarding COVID-19 is constantly evolving. Shareholders are encouraged to monitor the Company's ASX announcements and website for any further updates in relation to the Meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "W. Rouse", is written over a horizontal line.

William Rouse  
Executive Chairman

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting ("**Meeting**") of members of Structural Monitoring Systems Plc ("**the Company**") will be held on 25 January 2022 at 10:00 am (WST). Due to the circumstances presented by the COVID-19 pandemic, the meeting will be held virtually.

To vote by proxy, please complete and sign the enclosed proxy form and return in accordance with the instructions on that form so that it is received not later than 48 hours before the commencement of the Meeting, whether or not you propose to be present at the Meeting.

### **CDI Holders Attendance, Voting and Proxy Appointment**

CDIs, representing beneficial interests in the Shares, have been issued to allow trading on the electronic transfer and settlement system operated by the ASX. A CDI holder is not a Shareholder and is not entitled to vote at the Annual General Meeting unless a proxy is appointed. Each CDI holder has the right to:

- (a) direct CHESS Depository Nominees Pty Ltd (CDN), the legal holder of the Shares to which the CDIs relate, how to vote the underlying Shares in respect of their CDIs regarding the business of the Annual General Meeting;
- or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the CDI holder the CDI holder's proxy for the purposes of attending and voting at the Annual General Meeting.

If you are a CDI holder and you wish to direct or instruct CDN in the manner contemplated above, please read, complete and sign the enclosed CDI Voting Instruction Form and return by one of the methods and by the deadline set out on the CDI Voting Instruction Form. CDI Voting Instruction Forms received later than the specified time will be invalid.

## **A G E N D A**

### **ORDINARY BUSINESS**

#### **Financial Statements and Reports**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report. Copies of the Financial Report, Directors' Report and Auditor's Report are available on the Company's website ([www.smsystems.com.au](http://www.smsystems.com.au)).

#### **RESOLUTION 1: RE-APPOINTMENT OF DIRECTOR – WILLIAM ROUSE**

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

##### **Mr William Rouse**

*"That William Rouse who retires by rotation in accordance with Article 25.2 of the Articles of Association, ASX Listing Rule 14.4 and, being eligible, offers himself for re-appointment, be re-appointed as a director of the Company".*

#### **RESOLUTION 2: RE-APPOINTMENT OF AUDITORS**

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

*"That Elderton Audit (UK) Pty Ltd, having previously consented in writing to act in the capacity of auditor, be re-appointed as auditor of the Company from the conclusion of this Meeting until the conclusion of the next "accounts meeting" of the Company pursuant to section 489(4)(a) of the UK*

*Companies Act 2006. The Directors are hereby authorised to fix the remuneration of the Company's auditors."*

### **RESOLUTION 3: ADDITIONAL PLACEMENT CAPACITY**

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

*"That for the purposes of Listing Rule 7.1A, the directors are authorised to issue Equity Securities, totalling up to 10% of the issued capital of the Company at the time of issue, calculated over the period prescribed under Listing Rule 7.1A.2, and otherwise on the terms and conditions set out in the Explanatory Statement."*

### **RESOLUTION 4: APPROVAL OF FUTURE ISSUANCES UNDER THE EMPLOYEE INCENTIVE PLAN (EIP)**

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

*"That, for the purposes of ASX Listing Rule 7.2, Exception 13 and for all other purposes, approval is given for the Company to issue Equity Securities (including the issue of Shares pursuant to the conversion of any such Equity Securities) under its EIP, the terms and conditions of which are summarised in the Explanatory Statement."*

#### **Voting exclusion:**

The Company will disregard any votes cast in favour of the resolution by or on behalf of, any person (or any associates of such a person) who is eligible to participate in the EIP. However, this does not apply to a vote cast in favour of a resolution by:

- a) 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
- b) 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
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) 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 a resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **PROXIES**

Shareholders are advised that:

1. As a holder of ordinary shares in the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. A proxy need not be a member of the Company.
2. In the case of joint holders, the vote of the person first named in the register of members tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
3. In the case of a corporation, the form of proxy must be expressed to be executed by the corporation and must be executed under its common seal, or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
4. To be valid, the form of proxy and any power of attorney or other authority under which it is signed or a notarial certified copy of such power or authority must be returned in accordance with the instructions on the form by no later than 48 hours prior to the Meeting.
5. The completion and return of a proxy card will not affect the right of a member to attend, speak and vote in person at the meeting convened by this notice.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
7. To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "abstain" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
8. Members will be entitled to virtually attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

## **BY ORDER OF THE BOARD**



**Sam Wright**  
**Director & Company Secretary**  
Dated: 17 December 2021

## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared to provide Shareholders with certain information known to the Company that the Company deems to be material to Shareholders in deciding whether or not to approve the proposed Resolutions.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Certain capitalised terms in this Explanatory Statement are defined in the Glossary.

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### **1. RECEIPT OF FINANCIAL REPORT, DIRECTORS' REPORT & AUDITOR'S REPORT**

The Financial Report of the Company for the year ended 30 June 2021 together with the Directors' Report in relation to that financial year and the Auditor's Report on the financial report will be received at the Annual General Meeting. Copies of the Financial Report, Directors' Report and Auditor's Report are available on the Company's website ([www.smsystems.com.au](http://www.smsystems.com.au)).

There is no requirement for a formal resolution on this item.

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### **2. RESOLUTION 1: RE-APPOINTMENT OF DIRECTOR – WILLIAM ROUSE**

Resolution 1 seeks approval for the re-appointment of William Rouse as Director.

Article 25.2 of the Articles of Association provides that at each annual general meeting of the Company one-third of the Directors (other than those retiring as Directors appointed by the Board in accordance with Article 20.2) or, if their number is not three or a multiple of three, then such number as is nearest to but not exceeding 33.3% shall retire from office. Article 25.3 of the Articles of Association provides that any Directors to so retire shall be the Directors who have been longest in office since their last election. ASX Listing Rule 14.4 provides that a director of an entity (other than a managing director) must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Mr Rouse was last re-appointed a Director at the 2019 annual general meeting on 12 December 2019. Mr Rouse will retire from office at the Meeting in accordance with the above requirements and submits himself for re-appointment.

Mr Rouse is the Executive Chairman of the Company. Details of the qualifications and expertise of Mr Rouse are set out in the 2021 Annual Report of the Company.

The Board (other than Mr Rouse, who abstains) unanimously recommends shareholders vote in favour of this resolution.

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### **3. RESOLUTION 2 - RE-APPOINTMENT OF AUDITORS**

Resolution 4 seeks Shareholder approval for the re-appointment of Elderton Audit (UK) Pty Ltd as the Company's auditors and for the Directors to fix their remuneration.

The UK Companies Act 2006 ("**2006 Act**") provides that shareholders may appoint auditors of public companies by ordinary resolution at the general meeting of the company at which the company's annual accounts are laid (usually the annual general meeting) defined as the "accounts meeting" (section 489(4)(a), 2006 Act) and that there is no deemed re-appointment. Resolution 2, therefore, proposes the re-appointment of Elderton Audit (UK) Pty Ltd as the Company's auditors until the conclusion of the next "accounts meeting" of the Company.

In accordance with section 492 of the 2006 Act, the remuneration of the auditors appointed by a company in general meeting is to be fixed by the company in general meeting or in a manner that the company in general meeting determines. Resolution 2 authorises the Directors to fix the remuneration of the auditors in accordance with this requirement.

The Board unanimously recommends shareholders vote in favour of this resolution.

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#### **4. RESOLUTION 3 – ADDITIONAL PLACEMENT CAPACITY**

##### **4.1 Listing Rule 7.1A**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% ("**10% Placement Facility**").

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. As at 17 December 2021, the Company was not included in the S&P/ASX 300 Index and the Company's market capitalisation was approximately \$67,524,287.05. As such, the Company is an eligible entity for these purposes. *[Note: based on closing price of \$0.55 on 17 December 2021 and 122,771,431 currently issued shares]*

Resolution 3 seeks shareholder approval by way of a special resolution for the Company to have the 10% Placement Facility provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

##### **4.2 Disclosures provided for Listing Rule 14.1A**

For the purposes of Listing Rule 14.1A, the following is disclosed:

- (a) 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.
- (b) If Resolution 3 is not passed, the Company will not be able to access the 10% Placement Facility to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

##### **4.3 Securities issued under the 10% Placement Facility**

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 only quoted Equity Securities that the Company has on issue are its CDIs. Therefore, any Equity Securities issued under the 10% Placement Facility must be CDIs.

The number of Equity Securities which may be issued by a company under Listing Rule 7.1A is calculated in accordance with the following formula:

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

where

**A** is the number of fully paid ordinary shares on issue at the commencement of the relevant period:

- plus the number of fully paid ordinary shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within Listing 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 the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing 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 the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of partly paid ordinary shares that became fully paid in the relevant period;
- less the number of fully paid ordinary shares cancelled in the relevant period.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement to issue has not been subsequently approved by the holders of the Company's ordinary securities under Listing Rule 7.4.

**Relevant Period** is the 12 month period immediately preceding the date of the issue or agreement.

The Directors are seeking approval to issue a number of Equity Securities representing 10% of the issued share capital of the Company pursuant to Listing Rule 7.1A.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any shares.

#### **4.4 Technical information required by Listing Rule 7.3A**

The following information is provided pursuant to and in accordance with Listing Rule 7.3A:

(a) *Period for which the 7.1A approval is valid*

If Shareholder approval is granted for Resolution 3, then that approval will cease to be valid on the earlier of:

- i. the date that is 12 months from the date of the Meeting; or
- ii. the time and date of the Company's next annual general meeting; or



- iii. the time and date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 (proposed change to nature and scale of activities) or Listing Rule 11.2 (change involving main undertaking).

*(b) Minimum price*

The Equity Securities must be issued at an issue price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i. The date of which the price at which the Equity Securities are to be issued is agreed; or
- ii. 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) Use of funds*

The primary purpose for which shares may be issued pursuant to Resolution 3 is to pursue possible further investment opportunities which may arise, for working capital to utilise within the group for operations and project development.

*(d) Risk of Economic and Voting Dilution*

Provided that Shareholder approval is granted for Resolution 3, Shareholders should note there is a risk that:

- i. the market price of Equity Securities may be significantly lower on the issue date than on the date on which approval is given to this Resolution 3 under Listing Rule 7.1A; and
- ii. the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

The table below is provided to illustrate the potential voting and economic dilution of existing Shareholders on the basis of the current market price of shares and the current number of shares for variable “A” calculated in accordance with the formula in Listing Rule 7.1A.2 as at 17 December 2021.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		\$0.28 50% decrease in Issue Price	\$0.55 Issue Price	\$1.10 100% increase in Issue Price
Current Variable A 122,771,431 shares	10% dilution	12,277,143	12,277,143	12,277,143
	Funds raised	\$3,376,214.35	\$6,752,428.71	\$13,504,857.41
50% increase in current Variable A 184,157,147 shares	10% dilution	18,415,715	18,415,715	18,415,715
	Funds raised	\$5,064,321.53	\$10,128,643.06	\$20,257,286.12

<b>100% increase in current Variable A</b> 245,542,862 shares	<b>10% dilution</b>	24,554,286	24,554,286	24,554,286
	<b>Funds raised</b>	\$6,752,428.71	\$13,504,857.41	\$27,009,714.82

The table is prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under Listing Rule 7.1A;
- (ii) The table shows only the effect of shares issues under Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under Listing Rule 7.1; and
- (iii) The issue price is \$0.55.

The table shows:

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

(e) *Allocation policy*

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issued pursuant to the 10% Placement Facility under Listing Rule 7.1A. 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:

- i. the methods of raising funds that are available to the Company, including rights issue or other issues in which existing Shareholders can participate;
- ii. the effect of the issue the Equity Securities on the control of the Company;
- iii. the financial situation of the Company;
- iv. advice from corporate, financial and broking advisors; and
- v. the potential benefits an allottee could provide to the Company as a strategic investor (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

(f) *Previous issues in the last 12 months under the 10% Placement Facility*

The Company has not obtained Shareholder approval under Listing Rule 7.1A during the last 12 months, and accordingly has not issued any Equity Securities under the 10% Placement Facility during the last 12 months.

(g) *Voting exclusion*

As at the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2021 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting for this Resolution at the Meeting.

**Recommendation**

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

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**5. RESOLUTION 4 - APPROVAL OF FUTURE ISSUANCES UNDER THE EMPLOYEE INCENTIVE PLAN**

The Company's Employee Incentive Plan (EIP) was established and adopted by the Board in 2011 to offer eligible participants, being a full or part-time employee or a Director of the Company or a subsidiary, relevant contractors, casual employees and prospective parties in these capacities, with options, performance rights or shares from time to time, as determined by the Board.

The EIP is intended to provide an opportunity to eligible participants to participate in the Company's future growth and assist with reward and retention of eligible participants.

Listing Rule 7.1 provides that a listed entity must not issue Equity Securities that total more than 15% of its fully paid ordinary shares in a 12-month period without the approval of shareholders (**15% Rule**).

Under Exception 13 of ASX Listing Rule 7.2, shareholders may approve the issue of securities under an employee incentive scheme as an exception to the 15% Rule. This means that issues of Equity Securities under such a scheme would not be included for the purposes of calculating the capacity of the Company to issue securities under the 15% Rule. This approval continues for three years, at which time it must be renewed, or it will expire.

In the absence of such approval, options and/or performance rights may be issued, but must fall within and be permitted by the 15% Rule at the time of issue.

The Board is seeking approval of the Shareholders for future issues under the EIP for the purposes of ASX Listing Rule 7.2, Exception 13.

By seeking shareholder approval of this Resolution, the Company is seeking flexibility in being able to satisfy, at its discretion, an issue of options and/or performance rights (including the issue of Shares to satisfy the exercise of such options and performance rights), depending on what may be in the best interests of the Company at the relevant time.

**Disclosures provided for Listing Rule 14.1A**

If Resolution 4 is passed, any Equity Securities issued under the EIP that do not exceed the maximum number set out in this Notice will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 (or if Resolution 3 is passed, the Company's combined 25% limit in Listing Rules 7.1 and 7.1A), effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of such issue.

If Resolution 4 is not passed, any Equity Securities issued under the EIP will be included in calculating the Company's 15% limit in Listing Rule 7.1 (or if Resolution 3 is passed, the Company's combined 25% limit in Listing Rules 7.1 and 7.1A), effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of such issue. Accordingly, the Board may need to consider alternative remuneration arrangements to incentivise its employees, which are consistent with the Company's remuneration principles, including providing an

equivalent cash payment or long term incentive subject to the risk of forfeiture, performance conditions and performance period.

**Technical information required by ASX Listing Rule 7.2 (Exception 13)**

A summary of the terms of the EIP is set out in Schedule 1 to this Explanatory Statement.

**Securities issued under the EIP**

A total of 3,948,238 CDIs and 510,000 performance rights have been issued pursuant to the EIP since date of last approval, being 11 December 2018.

The maximum number of equity securities proposed to be issued under the EIP follow approval of this Resolution (if approved) is 10,000,000 equity securities.

**Recommendation**

As the Directors are interested in the above matter, the Board abstains from making any recommendation on how Shareholders should vote on this Resolution.

## GLOSSARY

In this Notice of Meeting and Explanatory Statement the following expressions have the following meanings:

"Articles of Association" or "Articles"	the Company's articles of association, as amended from time to time.
"ASX"	ASX Limited (ACN 008 624 691).
"ASX Listing Rules" or "Listing Rules"	the official Listing Rules of ASX as amended from time to time.
"Board"	The Board of Directors of the Company.
"Company"	means Structural Monitoring Systems plc, registered in England and Wales with Company Number 4834265 (ARBN: 106 307 322)
"Corporations Act"	means the <i>Corporations Act 2001</i> (Cth).
"Director"	A director of Structural Monitoring Systems.
"EIP"	an employee incentive plan as summarised in Schedule 2.
"Equity Securities"	has the meaning given to that term in the Listing Rules.
"Explanatory Statement"	the explanatory statement accompanying this Notice.
"Meeting" or "General Meeting"	the Annual General Meeting of the Company to be held on 25 January 2022.
"Notice of Meeting"	the notice convening the Meeting, which accompanies this Explanatory Statement.
"Performance Rights"	a performance right, issued on the terms and conditions set out in <b>Schedule 1</b> , which subject to the achievement of certain milestones, upon conversion, converts into one Share.
"Resolutions"	the proposed resolutions set out in the Notice of Meeting.
"Section"	a section of the Explanatory Statement.
"Share"	a fully paid ordinary share of £0.0005 each in the capital of the Company and, where the context requires, means a CHESSE depository interest.
"Shareholder"	The registered holder of one or more Shares.
"Structural Monitoring Systems", "SMN" or "Company"	Structural Monitoring Systems plc, registered in England and Wales with Company Number 4834265 (ARBN: 106 307 322).
"WST"	Western Standard Time (Australia).
"\$" or "\$"	Australian dollars.
"£"	British pounds.

## SCHEDULE 1 – TERMS OF THE EIP

### 1. Purpose

The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer any of Options, Performance Rights or Shares to assist with reward, retention, motivation and recruitment of eligible participants.

### 2. Eligible Participants

Eligible participants are a full or part-time employee, or a Director of the Company or a subsidiary, relevant contractors, casual employees and prospective parties in these capacities ("Eligible Participants").

### 3. Offers

Subject to any necessary Shareholder approval, the Board may offer Options, Performance Rights or Shares to Eligible Participants for nil consideration.

### 4. Expiry Date

The expiry date of any Options, or Performance Rights, will be determined by the Board.

### 5. Vesting Condition and Lapse

An Option or Performance Right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon which the vesting of the Options or Performance Rights are subject at its discretion. By way of example, the Board may impose share price and/or continuous service vesting hurdles.

An Option or Performance Right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or retirement) and upon misconduct by a participant.

### 6. Shares Issue on Vesting

Each Option or Performance Right entitles the holder to one fully paid ordinary share on vesting.

### 7. Transferability and Quotation

An Option or Performance Right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or Performance Rights on the ASX will not be sought. However, subject to the Company remaining admitted to the ASX, the Company will apply for official quotation of Shares issued on vesting of the Options or Performance Rights.

### 8. No Voting or Dividend Rights

The Options or Performance Rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or Performance Rights are vested and the underlying Shares have been issued.

### 9. No Participation Rights

The Options or Performance Rights do not entitle the holder to participate in the issue of securities unless the Options or Performance Rights are vested and Shares have been issued before the record date for determining entitlements.

**10. Limitation on Number of Securities**

Securities to be issued under the Employee Incentive Plan when aggregated with the number of Shares issued during the previous 5 years under any EIP of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.

**11. Administration of the Employee Incentive Plan**

The EIP will be administered under the directions of the Board, and the Board may determine procedures for the administration of the EIP as it considers appropriate.

**12. Operation**

The operation of the EIP is subject to the Listing Rules and the *Corporations Act*.

**13. Application of Subdivision 83A-C of the Income Tax Assessment Act 1996 (Cth)**

Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997 (Cth)* applies to the EIP, and holders of securities issued under the EIP may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.



**STRUCTURAL**  
MONITORING  
SYSTEMS  
plc  
ARBN 106 307 322

SMN

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **10:00am (WST) Sunday, 23 January 2022.**

# CDI Voting Instruction Form

## How to Vote on Items of Business

Each CHESSE Depository Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI registered in your name at 10:00am (WST), Sunday 23 January 2022 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESSE Depository Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESSE Depository Nominees Pty Ltd enough time to tabulate all CHESSE Depository Interest votes and to vote on the underlying shares.

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

## Lodge your Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## CDI Voting Instruction Form

Please mark  to indicate your directions

STEP 1

### CHESSE Depository Nominees will vote as directed

#### Voting Instructions to CHESSE Depository Nominees Pty Ltd

XX

Please mark Option A OR B

I/We being a holder of CHESSE Depository Interests of Structural Monitoring Systems plc, hereby direct CHESSE Depository Nominees Pty Ltd (CDN) to:

Option **A**  vote on my/our behalf with respect to the Resolutions below in the manner instructed in Step 2 below.

OR Option **B** appoint the:

**Chairman of the Meeting**

OR

to attend, speak and vote the shares underlying my/our holding at the Annual General Meeting of Structural Monitoring Systems plc ("the Company") to be held as a virtual meeting on Tuesday, 25 January 2022 at 10:00am (AWST) and at any adjournment of that meeting.

CDN instructs its proxy to vote on the resolutions proposed at the meeting in accordance with the directions in Step 2 below. Where no direction is given, the proxy may vote as they see fit. In addition, the proxy can vote as they see fit on any other business of the meeting, including amendments to the resolutions and at any adjournment of the meeting.

The Chairman of the Meeting intends to vote all valid undirected proxies in favour of each item of business, set out in Step 2 below.

STEP 2

### Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Re-appointment of Director – William Rouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-appointment of auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Additional placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of future issuances under the Employee Incentive Plan (EIP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Contact  
Name

Securityholder 2

Director

Contact  
Daytime  
Telephone

Securityholder 3

Director/Company Secretary

Date / /

SMN

2 8 4 1 9 5 A



Computershare +