



VOLUNTARY SUSPENSION UPDATE

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX: SMN) requested a voluntary suspension of trading of its securities on 27 January 2022 pending the release of an announcement regarding cancellation of its existing entitlement offers, the lodgment of replacement prospectuses and an update in relation to the underwriting agreement.

The Company wishes to update the market as below.

Capital Raising

The Company received queries from ASIC regarding the prospectuses for the Entitlement Offer and the Options Offer, all of which were addressed promptly and to which ASIC had no further queries.

However, ASIC raised a query regarding the Company's historical issues of Performance Rights and CDIs (which were granted under the Company's employee incentive scheme (**EIS**)) and the underlying CDIs, upon conversion of such Performance Rights.

It has now come to the attention of the Company that when implementing the EIS, it was not advised by its then legal advisers of the requirement to lodge a “Notice of Reliance” regarding the EIS.

As such, the Company now needs to apply for declaratory relief under a court order pursuant to section 1322 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Application to Court

The Company has sought extension of its voluntary suspension to make an application to a court with appropriate jurisdiction (most likely the Federal Court of Australia) (**Court**) seeking declaratory relief relating to potential prior trading in certain CDIs issued while those CDIs remained subject to secondary trading restrictions under the Corporations Act.

The Company will remain in voluntary suspension until an announcement is made in relation to the above matter, which is expected to be before 28 February 2022.

Although the Board does not consider that the oversights described in this announcement are a price sensitive matter, it considered that it had no alternative but to request a suspension in accordance with section 4.5 of ASX Guidance Note 30, which provides that trading in securities is suspended while an entity makes a court application to rectify the situation.



In preparing the Company's application to the Court, the Company has identified the following:

1. the Company applied for quotation of CDIs issued, in the last 12-month period, either pursuant to the EIS or conversion of Performance Rights on the following dates (**Conversion CDIs**):

Date of Application for Quotation	Number of CDIs Issued and Quoted pursuant to the EIS
12 February 2021	171,320 CDIs
26 February 2021	264,840 CDIs
20 April 2021	170,588 CDIs
11 June 2021	489,202 CDIs
1 July 2021	324,931 CDIs
3 November 2021	574,717 CDIs
8 November 2021	392,929 CDIs

2. the Performance Rights, and the relevant Conversion CDIs, were granted under an employee incentive scheme (**EIS**) that was intended to rely on certain relief from disclosure pursuant to *ASIC Class Order 14/1000: Employee Incentive Scheme: Listed Bodies (ASIC CO 14/1000)*;
3. it has transpired the Company may not be able to rely on ASIC CO 14/1000 as it was not advised by its previous legal advisors of the requirement to file a "Notice of Reliance" pursuant to ASIC CO 14/1000, being the reason for the abovementioned application to Court; and
4. given the above, it has since come to the attention of the Company that the issue of certain CDIs or of the Conversion CDIs may have contravened sections 707(3) and 727(1) of the Corporations Act as they were issued without disclosure and the Company did not provide for their on-sale by using a prospectus under section 708(11) of the Corporations Act or a cleansing notice (if one was able to be issued).

In respect of the Conversion CDIs above, the Company is unable to ascertain whether certain CDIs or Conversion CDIs have been sold and are in breach of section 707(3) of the Corporations Act. However, it intends to implement a holding lock for a 12-month period from the issue of the relevant CDIs and Conversion CDIs, to prevent any further offers for sale, or sale, of the Conversion CDIs, in contravention the Corporations Act.

ASX ANNOUNCEMENT

ASX: SMN

4 February 2022

**STRUCTURAL
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plc



While it has received no related complaints, the Company regrets the above oversights and wishes to assure CDI holders that it is progressing a resolution of this matter as quickly as possible with a view to having the Company's CDIs reinstated to trading without delay.

Additional Information

The Company has advised ASIC and ASX of this oversight and of its intention to make the application to the Court.

It is anticipated that the Court application will be made imminently and the Company will continue to advise the market accordingly. Any affected CDI holder may wish to contact the Company directly should they have any queries.

Directors Loan

As an interim funding measure, the Directors of the Company intend to provide a unsecured bridging loan to the Company for up to \$500,000 to assist the Company with its general working capital purposes. The Directors may offset such loan amounts against any respective subscription monies that may be payable under future capital raises.

This announcement is authorised by the Board.

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