



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

(Registered in England with Company No. 4834265
ARBN 106 307 322)

NOTICE OF EXTRAORDINARY GENERAL MEETING
and
EXPLANATORY STATEMENT
and
PROXY FORM

DATE AND TIME OF MEETING:
23 November 2021 at 3:00 pm (WST)

VENUE:
Claremont Football Club
3 Davies Rd, Claremont, Western Australia

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.

For personal use only

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**Meeting**") of members of Structural Monitoring Systems Plc ("**the Company**") will be held at Claremont Football Club, 3 Davies Rd, Claremont, Western Australia on 23 November 2021 at 3:00 pm (WST).

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 by no later than 3:00 pm (WST) on 21 November 2021, 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 Extraordinary General Meeting unless a proxy is appointed. Each CDI holder has the right to:

- (a) direct CHESSE 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 in respect of the business of the Extraordinary General Meeting; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the CDI holder as the CDI holder's proxy for the purposes of attending and voting at the Extraordinary 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

RESOLUTION 1: DIRECTORS' GENERAL AUTHORITY TO ALLOT SHARES UNDER UK COMPANIES ACT

To consider and, if thought fit, to pass, with or without amendment (to the extent permitted by English law), the following resolution as an ordinary resolution:

"That, in addition to any power granted under all other existing authorities to allot equity securities which remain in full force and effect, the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot Shares in the Company or to grant rights to subscribe for or to convert any security into Shares in the Company, up to a maximum aggregate nominal amount of £12,500 (in addition to the issued share capital at the date of this resolution), provided that:

- (i) *the authority granted under this resolution shall expire five years after the passing of this resolution; and*
- (ii) *the Company may, before such expiry under paragraph (i) above of this resolution, make an offer or agreement which would require Shares to be allotted or rights to subscribe for or to convert any security into Shares to be granted after such expiry and the directors may allot such Shares or grant such rights (as the case may be) in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.*

This authority shall apply in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Act (but without prejudice to the validity of any allotment pursuant to such previous authority).

RESOLUTION 2: RATIFICATION OF APPOINTMENT OF BRYANT MCLARTY AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment (to the extent permitted by English law), the following resolution as an ordinary resolution:

“That, for the purposes of section 160 of the Companies Act 2006 (the "Act") and in accordance with article 25.6 of the Company’s Articles of Association, the appointment of Bryant McLarty as a director of the Company is hereby ratified and approved.”

SPECIAL BUSINESS

RESOLUTION 3: GENERAL DISAPPLICATION OF PRE-EMPTION RIGHTS UNDER UK COMPANIES ACT

To consider and, if thought fit, to pass, with or without amendment (to the extent permitted by English law), the following resolution as a special resolution:

“That, subject to the passing of resolution 1 above, the Directors be generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities wholly for cash pursuant to the authority conferred by resolution 1 above as if section 561 of the Act did not apply to any such allotment (the expression "equity securities" and references to the allotment of "equity securities" bearing the same respective meanings in this resolution as in section 560 of the Act).

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: 22 October 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, unless otherwise defined.

1. **RESOLUTION 1: DIRECTORS' AUTHORITY TO ALLOT SHARES UNDER UK COMPANIES ACT**

As announced to the market on 21 October 2021, the Company intends to conduct a capital raising of \$10 million predominantly by way of a Non-Renounceable Rights Issue to existing shareholders (**Rights Issue**) at \$0.73 per share (being a 25% discount to the last closing price of \$0.97 on 4 October 2021) subject to requisite shareholder approvals and prevailing market conditions.

Sections 549 and 551 of the Companies Act provides that directors of a company must (unless exceptions apply) be authorised to exercise generally the power to allot shares in the company or grant rights to subscribe for or to convert any security into shares in a company. Such authorisation allows directors to allot a stated maximum amount of shares and may continue for a period not exceeding five years from the date on which the authorisation is granted.

The purpose of Resolution 1 is to grant authority to the Directors under section 551 of the Companies Act to allot up to £12,500 in nominal Share value (equivalent to 25,000,000 Shares or approximately 20% of the total issued ordinary share capital of the Company as at the date of this Notice) for the maximum period allowed under the Companies Act of 5 years. The primary reason for the inclusion of Resolution 1 is to permit the Company to undertake the Rights Issue.

Such authorisation permits the Board to make decisions in a timely manner, and allows the Company to efficiently participate in necessary capital raising exercises for its strategic acquisition and working capital requirements.

Shareholders should note that an authority given under section 551 of the Companies Act to allot the maximum number of Shares stated in the Resolution does not affect or impinge upon the restrictions under the ASX Listing Rules whilst the Company is listed. As such, any exercise of authority granted under this Resolution will still be subject to the ASX Listing Rules (such as placement capacity under Listing Rule 7.1).

However, Shareholders should also be aware that without any authority under section 551 of the Companies Act (and the corresponding waiver of pre-emptive rights under Resolution 3) the Directors will be restricted by the Companies Act from undertaking equity fundraising activities in the ordinary course *irrespective* of whether or not it has the necessary approvals or placement capacity under the ASX Listing Rules.

Board recommendation

The Board recommends the approval of Resolution 1.

2. RESOLUTION 2: RATIFICATION OF APPOINTMENT OF BRYANT MCLARTY AS DIRECTOR

On 20 October 2021, Mr Bryant McLarty was appointed to the Board as a casual vacancy.

Pursuant to article 25.6 of the Company's Articles of Association, the Company's Shareholders may, from time to time, appoint new Directors. This resolution seeks member approval for the ratification and appointment of Mr Bryan McLarty as a director.

Mr. Bryant McLarty is the executive chair of Mac Equity Partners and has more than 20 years of experience in public capital markets and raising capital for technology ventures. He was also a non-executive director of Avation PLC (LSE: AVAP), a specialist commercial passenger aircraft leasing company managing a fleet of 24 aircraft.

Mr. Bryant McLarty is considered by the Board to be an independent Director.

Board recommendation

The Board recommends the approval of Resolution 2.

3. RESOLUTION 3: DISAPPLICATION OF PRE-EMPTION RIGHTS UNDER UK COMPANIES ACT

If the Directors wish to allot new Shares or grant rights over Shares for cash (other than in certain circumstances such as pursuant to an employee share scheme or allotment of bonus shares), the Companies Act requires that these Shares are first offered to existing Shareholders in proportion to their existing holdings.

There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Shares without a pre-emptive offer to existing Shareholders.

This cannot be done unless the Shareholders have first waived their pre-emption rights.

This Resolution 3 asks the Shareholders to do this and, apart from rights issues conducted under the Companies Act (which, the Company as an ASX listed company is unlikely to do) or any other pre-emptive offer concerning equity securities, the authority will be limited to the issue of shares for cash up to a maximum number of 25,000,000 (being the maximum number approved under the allotment authority in Resolution 1), which is equivalent to approximately 20% of the Company's issued Share capital as at the date of this Notice.

If given, the waiver authority contained in this Resolution 3 will expire at the same time as the general allotment authority (if approved) in Resolution 1, being at the end of the maximum period allowed under the Companies Act of 5 years.

Interdependency

Shareholders should note that Resolution 3 is dependent on the passing of Resolution 1. Therefore, the failure of Resolution 1 to be passed, will result in this Resolution 3 being deemed not to have been passed.

Board recommendation

The Board recommends the approval of Resolution 3.

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"	means the ASX Limited (ACN 008 624 691).
"ASX Listing Rules" or "Listing Rules"	means the official Listing Rules of ASX as amended from time to time.
"Board"	the Board of Directors of the Company.
"CDI"	means a CHESS depository interest.
"Company" or "SMN"	means Structural Monitoring Systems plc, registered in England and Wales with Company Number 4834265 (ARBN: 106 307 322)
"Companies Act"	Means the UK <i>Companies Act 2006</i> .
"Director"	means a director of the Company.
"Explanatory Statement"	means the explanatory statement accompanying this Notice.
"Meeting" or "General Meeting"	the Extraordinary General Meeting of the Company to be held on 23 November 2021.
"Notice of Meeting"	the notice convening the Meeting, which accompanies this Explanatory Statement.
"Share"	a fully paid ordinary share with nominal value of £0.0005 each in the capital of the Company and, where the context requires, means a CDI.
"Shareholder"	the registered holder of one or more Shares.
"Resolutions"	the proposed resolutions set out in the Notice of Meeting.
"WST"	Western Standard Time (Australia).
"\$" or "\$A"	Australian dollars.
"£"	British pounds.



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



YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **3:00pm (WST) Sunday, 21 November 2021**.

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 Sunday, 21 November 2021 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:

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Online:

Lodge your vote online at 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: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to 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

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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 Extraordinary General Meeting of Structural Monitoring Systems plc ("the Company") to be held at Claremont Football Club, 3 Davies Rd, Claremont, Western Australia on Tuesday, 23 November 2021 at 3:00pm (WST) 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 Director's general authority to allot Shares under UK Companies Act | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Ratification of appointment of Bryant McLarty as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 General disapplication of Pre-emption Rights under UK Companies Act | <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

999999A



Computershare +