



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:
Friday, 8 December 2023 at 11.00 AEDT

VENUE:
Level 20, 181 William Street
Melbourne VIC 3000

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.

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NOTICE IS HEREBY GIVEN that an Annual General Meeting ("**Meeting**") of members of Structural Monitoring Systems Plc ("**the Company**") will be held at Level 20, 181 William Street, Melbourne VIC 3000 on Friday, 8 December 2023 at 11.00am AEDT.

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 Wednesday, 6 December 2023 at 11.00am AEDT, 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 2023 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).

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 UK Companies 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 £20,000 (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 UK Companies Act (but without prejudice to the validity of any allotment pursuant to such previous authority)."

RESOLUTION 2: APPOINTMENT OF AUDITORS

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

"That Gerald Edelman LLP, having consented in writing to act in the capacity of auditor, be 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. The Directors are hereby authorised to fix the remuneration of the Company's auditors."

RESOLUTION 3: RE-APPOINTMENT OF DIRECTOR – MIROLJUB MILETIC

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

Mr Miroljub Miletic

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

RESOLUTION 4: RE-APPOINTMENT OF DIRECTOR - HEINRICH LOECHTEKEN

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

Mr Heinrich Loechteken

"That Heinrich Loechteken who retires in accordance with Article 20.2 of the Articles of Association and ASX Listing Rule 14.4, and, being eligible, offers himself for re-appointment, be re-appointed as a director of the Company".

RESOLUTION 5: ADOPTION OF EMPLOYEE INCENTIVE PLAN

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 ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Incentive Plan and

for the issue of a maximum of 10,000,000 securities under that plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of the resolution set out below by or on behalf of a person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons. 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.

Voting Prohibition:

A person appointed as a proxy must not vote, on the basis of that appointment, on this resolution if:

- a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- b) the appointment does not specify the way the proxy is to vote on this resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chair; and
- d) the appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 6: ISSUE OF INCENTIVE SECURITIES TO BRIAN WALL

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 ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 75,000 CDIs in the Company to Brian Wall (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion:

The Company will disregard any votes cast in favour of the resolution by or on behalf of, Brian Wall, any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associates of Brian Wall. 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.

RESOLUTION 7: ISSUE OF INCENTIVE SECURITIES TO ROSS LOVE

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

Resolution 7A

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 300,000 CDIs in the Company to Ross Love (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Resolution 7B

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 348,837 CDIs in the Company to Ross Love (or his nominee), as repayment for a loan advanced by Ross Love to the Company, on the terms and conditions set out in the Explanatory Statement."

Resolution 7C

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 813,954 CDIs in the Company to Ross Love (or his nominee), in lieu of director fees accrued and owed to Ross Love, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion for Resolutions 7A, 7B and 7C:

The Company will disregard any votes cast in favour of each relevant resolution by or on behalf of, Ross Love Wall, any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associates of Ross Love. 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.

SPECIAL BUSINESS

RESOLUTION 8 ADDITIONAL PLACEMENT CAPACITY

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 for the purposes of ASX Listing Rule 7.1A, the directors are authorised to issue new CDIs, totalling up to 10% of the issued capital of the Company at the time of issue, calculated over the period prescribed under ASX Listing Rule 7.1A.2, and otherwise on the terms and conditions set out 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 who is expected to participate in, or who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate or that person or those persons. 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.

RESOLUTION 9: 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 UK Companies Act to allot equity securities wholly for cash pursuant to the authority conferred by Resolution 1 as if section 561 of the UK Companies 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 UK Companies 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: 6 November 2023

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.

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

The Financial Report of the Company for the year ended 30 June 2023 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).

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

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

Sections 549 and 551 of the UK 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 number of shares and may continue for a period not exceeding 5 years from the date on which the authorisation is granted.

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.

The Company had last sought approval at the extraordinary general meeting held on 23 November 2021 for such authorisation. In order to facilitate any future capital raisings, Resolution 1 seeks to grant authority to the Directors under section 551 of the UK Companies Act to allot up to £20,000 in nominal Share value (equivalent to 40,000,000 Shares or approximately 30% of the total issued ordinary share capital of the Company as at the date of this Notice) for the maximum period allowed under the UK Companies Act of 5 years. This takes into account the Company's existing 15% placement capacity under ASX Listing Rule 7.1, along with the Company's plan to issue securities pursuant to the employee incentive plan (under Resolution 5) and the Company's additional 10% Placement Facility (under Resolution 8).

Shareholders should note that an authority given under section 551 of the UK 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 ASX Listing Rule 7.1).

However, Shareholders should also be aware that without any authority under section 551 of the UK Companies Act (and the corresponding waiver of pre-emptive rights under Resolution 9) the Directors will be restricted by the UK 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 unanimously recommends Shareholders vote in favour of this Resolution.

3. RESOLUTION 2: APPOINTMENT OF AUDITORS

Resolution 2 seeks Shareholder approval for the re-appointment of Gerald Edelman LLP as the Company's auditors and for the Directors to fix their remuneration.

The UK Companies 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), UK Companies Act). Resolution 2, therefore, proposes the re-appointment of Gerald Edelman LLP as the Company's auditors until the conclusion of the next "accounts meeting" of the Company.

Since the Company's last annual general meeting, and as announced by the Company on 29 June 2023, the Company had changed auditors and appointed Gerald Edelman LLP as auditor until the Company's next annual general meeting, pursuant to section 489(3) of the UK Companies Act.

In accordance with section 492 of the UK Companies 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.

Board recommendation

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

4. RESOLUTION 3: RE-APPOINTMENT OF DIRECTOR – MIROLJUB MILETIC

Resolution 3 seeks approval for the re-appointment of Miroljub Miletic as a Non-Executive 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 Miroljub Miletic was last re-appointed a Director at the 2022 annual general meeting held on 15 November 2022. Mr Miletic will retire from office at the Meeting in accordance with the above requirements and submits himself for re-appointment as a Director.

Mr Miletic is the Managing Director and founder of MEMKO Pty Ltd with an impressive record of leadership and achievement in both the Australian and international aerospace industries. His contribution to the field of Aviation and Aerospace was recognised by the award of an Honorary Doctorate in Engineering (Aerospace) by RMIT University, Melbourne, Australia in 2012.

During his professional career, he has worked on a range of large commercial and military aircraft projects and has held a number of senior leadership positions including Director Engineering & Quality Assurance and Manager of Business Development and Planning with the Boeing Company Australia.

Mr Miletic has not held directorships of any other ASX listed companies in the last 3 years.

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Board recommendation

The Board (other than Mr Miletic, who abstains) unanimously recommends Shareholders vote in favour of this Resolution.

5. RESOLUTION 4: RE-APPOINTMENT OF DIRECTOR – HEINRICH LOECHTEKEN

Resolution 4 seeks approval for the re-appointment of Heinrich Loechteken as a Non-Executive Director.

Article 20.2 of the Articles of Association and ASX Listing Rule 14.4, provides that the Board may from time to time and at any time appoint any other person to be a Director either to fill a causal vacancy or by way of addition to the Board. A Director so appointed shall hold office only until the Annual General Meeting following next after his appointment, when he shall retire, but shall then be eligible for re-election.

Mr Heinrich Loechteken was appointed by the Board as an additional Director at the Company's extraordinary general meeting held on 15 November 2022. He will automatically retire from office at this Annual General Meeting of the Company in accordance with Article 20.2 of the Articles of Association and ASX Listing Rule 14.4 and offers himself for re-appointment as a Director.

Mr Loechteken has held a variety of executive roles in the aviation and corporate finance fields and has a deep understanding of aircraft leasing and a strong record of financial and operational restructuring of companies ahead of sale or IPO.

He is currently CEO of JLPS Ireland Limited, which offers transportation leasing services encompassing aircraft, ships, maritime containers and solar power generation equipment. Prior to taking on his current role, Heinrich held senior executive roles at MC Aviation Partners, International Lease Finance Corporation and AerCap.

Heinrich holds a Diplom-Kaufmann (German MBA equivalent) from the University of Muenstar, Germany 1990.

Mr Loechteken has not held directorships of any other ASX listed companies in the last 3 years.

Board recommendation

The Board (other than Mr Loechteken, who abstains) unanimously recommends Shareholders vote in favour of this Resolution.

6. RESOLUTION 5: APPROVAL OF EMPLOYEE INCENTIVE PLAN

6.1 General

The Company's employee incentive plan was previously approved at the Company's annual general meeting held on 25 January 2022.

The purpose of Resolution 5 is to seek Shareholder approval for the adoption and approval of a new employee incentive plan (**EIP**), principally for the purposes of ASX Listing Rule 7.2 (Exception 13(b)). The terms and conditions of the EIP have been updated to align with the operation of Division 1A of Part 7.12 of the Corporations Act, which came into effect on 1 October 2022.

The objective of the EIP remains to attract, motivate and retain key employees and the Company considers that the adoption of the EIP and the future issue of securities under the EIP will provide selected employees with the opportunity to participate in the future growth of the Company.

6.2 ASX Listing Rule 7.1 and ASX Listing Rule Exception 13(b)

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of Equity Securities (as defined in the ASX Listing Rules) that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

ASX Listing Rule 7.2 (Exception 13(b)) provides an exception to ASX Listing Rule 7.1 such that issues of securities under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue securities under the EIP to eligible participants over a period of 3 years from the date of this Meeting. The issue of any securities to eligible participants under the EIP (up to the maximum number of securities stated in the section below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of securities under the EIP to eligible participants, but any issues of securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue of those securities.

6.3 Technical Information required by ASX Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with ASX Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 5:

- (a) A summary of the key terms and conditions of the EIP is set out in Schedule 1;
- (b) the Company is adopting a new EIP, however, since the approval of the previous employee incentive securities plan in the annual general meeting held on 25 January 2022, the Company has not issued any securities under the EIP; and
- (c) The maximum number of securities proposed to be issued under the EIP in reliance on ASX Listing Rule 7.2 (Exception 13(b)), is 10,000,000, being 7.45% of the total issued CDIs of the Company. It is not envisaged that the maximum number of securities for which approval is sought will be immediately issued. Further, if any securities issued under the EIP lapse or are cancelled (for example due to failure to achieve vesting conditions or cessation of employment) the Company may also issue new securities under the EIP up to the maximum number of securities lapsed or cancelled.
- (d) A voting exclusion statement applies to this Resolution. Please refer to Resolution 5 in the Notice.

6.4 Board recommendation

The Directors are of the view that the EIP is appropriate for the Company and in the best interests of the Shareholders and therefore recommends that Shareholders vote in favour of this Resolution.

7. RESOLUTION 6: ISSUE OF INCENTIVE SECURITIES TO BRIAN WALL

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 75,000 CDIs to Mr Brian Wall (or his nominee) on the terms and conditions set out below (**75,000 Incentive CDIs**).

7.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- A person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the 75,000 Incentive CDIs to Mr Brian Wall falls within ASX Listing Rule 10.11.1 (or ASX Listing Rule 10.11.4, in relation to his nominee), and does not fall within any of exceptions under ASX Listing Rule 10.12. It therefore requires Shareholder approval.

7.3 Technical Information required by ASX Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the 75,000 Incentive CDIs to Mr Wall no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the 75,000 Incentive CDIs (because approval is being obtained under ASX Listing Rule 10.11), the issue of the 75,000 Incentive CDIs will not use up any of the Company's 15% annual placement capacity.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the 75,000 Incentive CDIs to Mr Wall and may be required to seek other cash-based methods of remuneration.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of 75,000 Incentive CDIs to Mr Wall:

- (a) the related party to whom the 75,000 Incentive CDIs will be issued is Mr Brian Wall (or his nominee), who falls within the category set out in ASX Listing Rule 10.11.1 by virtue of Mr Wall being a Director (or ASX Listing Rule 10.11.2, in relation to his nominee);
- (b) 75,000 Incentive CDIs are proposed to be issued to Mr Brian Wall (or his nominee);
- (c) Mr Wall's total remuneration package is \$341,281 per annum (including superannuation).
- (d) the 75,000 Incentive CDIs will be issued on the same terms and conditions as the Company's existing CDIs. The Company values the 75,000 Incentive CDIs at \$40,500, based on the closing price of \$0.54 per CDI on 18 October 2023;

- (e) the 75,000 Incentive CDIs will be issued to Mr Wall (or his nominee) no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the 75,000 Incentive CDIs will be issued on one date;
- (f) the issue price of the 75,000 Incentive CDIs will be nil, as such no funds will be raised from the issue of the 75,000 Incentive CDIs, however, noting that:
- (A) the issue of the 75,000 Incentive CDIs will align the interests of Mr Wall with those of Shareholders. Further, the issue of the 75,000 Incentive CDIs is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend greater proportion of its cash reserves on its operations than it would if alternative cash forms for remunerations were given to Mr Wall; and
- (B) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the 75,000 Incentive CDIs on the terms proposed; and
- (g) a voting exclusion applies to this Resolution. Please refer to Resolution 6 in the Notice.

7.5 Board recommendation

The Directors (other than Mr. Brian Wall, who abstains) recommends that Shareholders vote in favour of this Resolution.

8. RESOLUTIONS 7A, 7B AND 7C: ISSUE OF SECURITIES TO ROSS LOVE

8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue the following securities to Mr Ross Love (or his nominee) on the terms and conditions set out below:

- (a) **Resolution 7A:** 300,000 CDIs which the Company had agreed to issue to Mr Ross Love on his appointment as a Director (**300,000 Incentive CDIs**);
- (b) **Resolution 7B:** 348,837 CDIs in lieu of repayment of a loan amount of \$150,000 owed by the Company to Mr Ross Love, based on \$0.43 per CDI (as per the issue price of CDIs under a placement announced by the Company on 31 October 2023) (**Loan Conversion CDIs**); and
- (c) **Resolution 7C:** 813,954 CDIs in lieu of \$350,000 director fees payable to Mr Ross Love, based on \$0.43 per CDI (as per the issue price of CDIs under a placement announced by the Company on 31 October 2023) (**Accrued Director Fee CDIs**).

8.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a

substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

- 10.11.4 an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- A person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of each of the 300,000 Incentive CDIs, Loan Conversion CDIs and Accrued Director Fee CDIs to Mr Ross Love fall within ASX Listing Rule 10.11.1 (or ASX Listing Rule 10.11.4, in relation to his nominee), but does not fall within any of the exceptions under ASX Listing Rule 10.12. Each Resolution therefore requires Shareholder approval.

8.3 **Technical Information required by ASX Listing Rule 14.1A**

(a) **In relation to Resolution 7A:**

If Resolution 7A is passed, the Company will be able to proceed with the issue of the 300,000 Incentive CDIs to Mr Love no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the 300,000 Incentive CDIs (because approval is being obtained under ASX Listing Rule 10.11), the issue of the 300,000 Incentive CDIs will not use up any of the Company's 15% annual placement capacity.

If Resolution 7A is not passed, the Company will not be able to proceed with the issue of the 300,000 Incentive CDIs to Mr Love and may be required to seek other cash-based methods of remuneration.

(b) **In Relation to Resolution 7B**

If Resolution 7B is passed, the Company will be able to proceed with the issue of the 348,837 Loan Conversion CDIs to Mr Love no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Loan Conversion CDIs (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Loan Conversion CDIs will not use up any of the Company's 15% annual placement capacity.

If Resolution 7B is not passed, the Company will not be able to proceed with the issue of the Loan Conversion CDIs to Mr Love and may be required to seek other cash-based methods in respect of repayment of the Loan.

(c) **In relation to Resolution 7C:**

If Resolution 7C is passed, the Company will be able to proceed with the issue of the 813,954 Accrued Director Fee CDIs to Mr Love no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Accrued Director Fee CDIs (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Accrued Director Fee CDIs will not use up any of the Company's 15% annual placement capacity.

If Resolution 7C is not passed, the Company will not be able to proceed with the issue of the Accrued Director Fee CDIs to Mr Love and may be required to seek other cash-based methods of remuneration.

8.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to each of Resolution 7A, 7B and 7C:

- (a) the related party to whom the 300,000 Incentive CDIs, Loan Conversion CDIs and Accrued Director Fee CDIs will be issued is Mr Ross Love (or his nominee), who falls within the category set out in ASX Listing Rule 10.11.1 by virtue of Mr Love being a Director (or ASX Listing Rule 10.11.4, in relation to his nominee);
- (b) the following number of CDIs are proposed to be issued to Mr Ross Love (or his nominee):
 - (A) **Resolution 7A:** 300,000 CDIs
 - (B) **Resolution 7B:** 348,837 CDIs; and
 - (C) **Resolution 7C:** 813,954 CDIs;
- (c) Mr Love's total remuneration package is \$506,917 per annum (including superannuation).
- (d) the CDIs issued to Mr Love will be issued on the same terms and conditions as the Company's existing CDIs. The Company values the CDIs for each Resolution as below:
 - (A) **Resolution 7A:** 300,000 CDIs totalling \$162,000, based on the closing price of \$0.54 per CDI on 18 October 2023;
 - (B) **Resolution 7B:** 348,837 CDIs equalling the \$150,000 loan amount, based on \$0.43 per CDI (as per the issue price of CDIs under a placement announced by the Company on 31 October 2023); and
 - (C) **Resolution 7C:** 813,954 CDIs equalling \$350,000 director fees outstanding, based on \$0.43 per CDI (as per the issue price of CDIs under a placement announced by the Company on 31 October 2023);
- (e) the CDIs, the subject of Resolutions 7A, 7B and 7C, will be issued to Mr Love (or his nominee) no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the CDIs will be issued on one date;
- (f) the issue price of the CDIs, the subject of Resolution 7A, 7B and 7C, will be nil, as such no funds will be raised from the issue of the CDIs, however, noting that:
 - (A) the issue of the CDIs will align the interests of Mr Love with those of Shareholders. Further, the issue of the CDIs is a reasonable and appropriate method to provide cost effective remuneration or repayment as the non-cash form of this benefit will allow the Company to spend greater proportion of its cash reserves on its operations than it would if alternative cash forms for remunerations were given to Mr Love; and
 - (B) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the CDIs on the terms proposed; and

- (g) a voting exclusion applies to each of these Resolutions. Please refer to Resolutions 7A, 7B and 7C in the Notice.

8.5 Board recommendation

The Directors (other than Mr. Ross Love, who abstains) recommends that Shareholders vote in favour of each of Resolution 7A, 7B and 7C.

9. RESOLUTION 8: ADDITIONAL PLACEMENT CAPACITY

9.1 ASX Listing Rule 7.1A

Broadly speaking, and subject to a number of exceptions, ASX 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 ASX 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 18 October 2023, the Company was not included in the S&P/ASX 300 Index and the Company’s market capitalisation was approximately \$72,457,094. As such, the Company is an eligible entity for these purposes.

Resolution 8 seeks shareholder approval by way of a special resolution for the Company to have the 10% Placement Facility provided for in ASX Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

9.2 Disclosures provided for ASX Listing Rule 14.1A

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

- (a) If Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further Shareholder approval.
- (b) If Resolution 8 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 ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

9.3 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 ASX 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 ASX 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 ASX 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 ASX Listing Rules to have been approved, under ASX Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX 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 ASX Listing Rules to have been approved, under ASX Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under ASX Listing Rule 7.1 or ASX 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 ASX 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 ASX 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 ASX Listing Rule 7.1A.

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

9.4 Technical information required by ASX Listing Rule 7.3A

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

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

If Shareholder approval is granted for Resolution 8, 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 ASX Listing Rule 11.1.2 (proposed change to nature and scale of activities) or ASX 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 VWAP 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 CDIs may be issued pursuant to Resolution 9 is to pursue possible further investment opportunities which may arise, for working capital to utilize within the group for operations and project development.

(d) *Risk of Economic and Voting Dilution*

Provided that Shareholder approval is granted for Resolution 9, 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 8 under ASX 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 ASX Listing Rule 7.1A.2 as at 18 October 2023.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.27 50% decrease in Issue Price	\$0.54 Issue Price	\$1.08 100% increase in Issue Price
Current Variable A 134,179,803 CDIs	10% dilution	13,417,980	13,417,980	13,417,980
	Funds raised	\$3,622,855	\$7,245,709	\$14,491,419
	10% dilution	20,126,970	20,126,970	20,126,970

50% increase in current Variable A 201,269,704 CDIs	Funds raised	\$5,434,282	\$10,868,564	\$21,737,128
100% increase In current Variable A 268,359,606 CDIs	10% dilution	26,835,961	26,835,961	26,835,961
	Funds raised	\$7,245,709	\$14,491,419	\$28,982,837

The table is prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under ASX Listing Rule 7.1A;
- (ii) The table shows only the effect of shares issues under ASX Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under ASX Listing Rule 7.1; and
- (iii) The issue price is \$0.54 (based on the closing price on 18 October 2023).

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 ASX 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 ASX 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).

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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*

During the last 12 months the Company 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 2022 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting for this Resolution at the Meeting.

9.5 Board Recommendation

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

10. RESOLUTION 9: DISAPPLICATION OF PRE-EMPTION RIGHTS UNDER UK COMPANIES ACT

10.1 General

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 UK 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 9 asks the Shareholders to do this and, apart from rights issues conducted under the UK 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 40,000,000 Shares (being the maximum number approved under the allotment authority in Resolution 1), which is equivalent to approximately 30% of the Company's issued Share capital as at the date of this Notice.

If given, the waiver authority contained in this Resolution 10 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 UK Companies Act of 5 years.

10.2 Interdependency

Shareholders should note that Resolution 9 is dependent on the passing of Resolution 1. Therefore, the failure of Resolution 1 to be passed, will result in Resolution 9 deemed to not have been passed.

10.3 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of 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"	the official Listing Rules of ASX as amended from time to time.
"Board"	The Board of Directors of the Company.
"CDI"	CHESS Depository Interests.
"Closely Related Party"	means: <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependent of the member or the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(e) a company the member controls; or(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) for the purposes of the definition of a "closely related party" in the Corporations Act.
"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 1.
"Equity Securities"	has the meaning given to that term in the ASX Listing Rules.
"Explanatory Statement"	the explanatory statement accompanying this Notice.
"Key Management Personnel"	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
"Meeting" or "General Meeting"	the Annual General Meeting of the Company to be held on Tuesday, 15 November 2022.

“Notice of Meeting” or “Notice”

the notice convening the Meeting, which accompanies this Explanatory Statement.

“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).

“UK Companies Act”

the UK Companies Act 2006

“WST”

Western Standard Time (Australia).

“VWAP”

volume weighted average price

“\$” or “A\$”

Australian dollars.

“£”

British pounds.

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SCHEDULE 1 – TERMS OF EMPLOYEE INCENTIVE PLAN

(a) **Purpose**

The purpose of the EIP 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.

(b) **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**”).

(c) **Offers**

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

(d) **Expiry Date**

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

(e) **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.

(f) **Shares Issued on Vesting**

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

(g) **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.

(h) **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.

(i) **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

(j) **Limitation on Number of Securities**

Securities to be issued or exercised for monetary consideration under the EIP when aggregated with the number of Shares issued during the previous 3 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.

(k) **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.

(l) **Operation**

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

(m) **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

SMNRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SURBURB
SAMPLETOWN 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 **11:00am (AEDT) on Tuesday, 5 December 2023.**

CDI Voting Instruction Form

How to Vote on Items of Business

Each CHES Depositary Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI registered in your name at 5:00pm (AEDT) on Monday, 4 December 2023 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 CHES Depositary 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 CHES Depositary Nominees Pty Ltd enough time to tabulate all CHES Depositary 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 using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

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.

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.



IND

CDI Voting Instruction Form

Please mark to indicate your directions

Step 1

CHES Depositary Nominees Pty Ltd will vote as directed

XX

Voting Instructions to CHES Depositary Nominees Pty Ltd

At the Annual General Meeting of Structural Monitoring Systems plc to be held at Level 20, 181 William Street, Melbourne, VIC 3000 on Friday, 8 December 2023 at 11:00am (AEDT) and at any adjournment of that meeting, I/We being a holder of CHES Depositary Interests of Structural Monitoring Systems plc, hereby:

Please mark box A **OR** B with an 'X'

A direct CHES Depositary Nominees Pty Ltd (CDN) to appoint the Chairman of the Meeting to vote on my/our behalf with respect to the Resolutions below in the manner instructed in Step 2 below to attend and vote the shares underlying my/our holding

OR

B direct CDN to appoint the following person to vote on my/our behalf with respect to the Resolutions below in the manner instructed in Step 2 below to attend and vote the shares underlying my/our holding.

If you instruct CDN to direct a Proxy to vote and do not mark either the "FOR", "AGAINST" or "ABSTAIN" box, your vote will not be counted as a vote cast.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHES Depositary 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			For	Against	Abstain
Resolution 1	Directors' general authority to allot Shares under UK Companies Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7a	Issue of Incentive Securities to Ross Love	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7b	Issue of Incentive Securities to Ross Love	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-appointment of Director – Miroljub Miletic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7c	Issue of Incentive Securities to Ross Love	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-appointment of Director - Heinrich Loechteken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	General disapplication of Pre-Emption Rights under UK Companies Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Incentive Securities to Brian Wall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

Step 3

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

