

ASX ANNOUNCEMENT

ASX: SMN

10 November 2022

**STRUCTURAL
MONITORING
SYSTEMS**
plc



Clarification Announcement

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX: SMN) has become aware of a letter posted by Anthony Faillace of “Drake Management” (“**Drake**”) (an associate of Drake Private Investments LLC) to the Company’s CDI holders, in connection with the resignation of Mr. Rick Deurloo and in relation to the Company’s business (“**Drake Letter**”).

The Company wishes to address some of the matters raised in the Drake Letter.

Resignation of director

The Drake Letter criticises the Company for failing to disclose Mr Deurloo had resigned in a timely manner.

The Company was made aware of Mr Deurloo’s intention to resign on Tuesday, 8 November 2022. The Company held discussions with Mr Deurloo regarding his resignation, amongst other matters, throughout Tuesday, 8 November 2022. The Company received a formal letter of resignation from Mr Deurloo after the market closed on Tuesday, 8 November 2022 and subsequently issued an announcement of resignation before the market opened on Wednesday, 9 November 2022.

Given the unusual circumstances of Mr Deurloo’s resignation, the Company considered it prudent to confirm all necessary facts had been provided, and no miscommunication had occurred, before it made an announcement regarding Mr Deurloo’s resignation. The Company is comfortable its actions and the timing of this announcement accords with ASX guidance.

Notices of General meetings

The Company would also like to update CDI holders in relation to the notice of extraordinary meeting (“**Notice of EGM**”) and notice of annual general meeting (“**Notice of AGM**”, together with the **Notice of EGM**, the “**Notices**”) published on 14 October 2022 and address certain claims relating to the Notices.

With respect to claims that Mr Deurloo was not made aware of the content and “recommendations” that were contained within the Notice of EGM, the Company considers that the usual process of approval by all directors was followed and there was nothing out of the ordinary in this instance. Here is the chronology of events:

- The Company circulated draft Notices to all directors for approval, prior to the relevant board meeting held on 23 September 2022, where resolutions were passed (“**September Meeting**”). The Company reasonably assumed that all directors had read and understood the content

ASX ANNOUNCEMENT

ASX: SMN

10 November 2022

**STRUCTURAL
MONITORING
SYSTEMS**
plc



of the documents – and so, did not consider it necessary to hold lengthy discussions about the recommendations, unless issues or queries were raised by any directors. The Notices were unanimously approved and accepted by the Board, and subsequently published.

- Mr Deurloo first raised concerns relating to the Notice of EGM with the Company's Chairman (Mr Ross Love) on Sunday, 6 November 2022 (approximately 8 weeks after the September Meeting).
- Mr Love then arranged to convene a board meeting at the earliest time that Mr Deurloo was available, which was Tuesday, 8 November 2022 ("**November Meeting**").
- At the November Meeting:
 - each of the board members (other than Mr Deurloo) confirmed their recollection of the September Meeting – that each member of the board (including Mr Deurloo) had individually and explicitly confirmed their endorsement on every motion in the draft Notices.;
 - Mr Deurloo confirmed that he did not raise any particular concerns or queries at the September Meeting in relation to the draft Notices;
 - Mr Deurloo informed the board of his intention to resign as a director due to his view that he did not have sufficient time to fully engage in the Company's board process and requirements (with Mr Deurloo currently acting as President of Commercial Engines for Pratt and Whitney), including being unable to sufficiently review the content and recommendations in the draft Notice of EGM; and
 - Mr Deurloo stated that he would instruct his lawyers to withdraw his claim (including to the ASX) that his agreement with the board position in the Notices had been misrepresented.
- Mr Deurloo then subsequently confirmed his resignation in writing on the evening of Tuesday, 8 November 2022 and the Company announced such resignation before the market opened the following day, being Wednesday, 9 November 2022.

In light of recent statements by Mr Duerloo and as a consequence of Mr Deurloo's resignation:

- all references to Mr Deurloo's signatures, statements, recommendations, opinions or directorship in both the Notice of EGM and Notice of AGM are no longer valid and are deemed removed; and
- resolution 4 in the Notice of AGM relating to Mr Deurloo's re-appointment as a director is deemed removed,

and other than the above, the Notice of EGM and Notice of AGM remains valid and correct.

ASX ANNOUNCEMENT

ASX: SMN

10 November 2022

**STRUCTURAL
MONITORING
SYSTEMS**
plc



This ASX release has been approved for release by Executive Chairman Ross Love on behalf of the Board of Directors.

For further details please contact:

Communications:

Georgie Sweeting

g.sweeting@smsystems.com.au

0417 179 024

Shareholder Enquiries:

Ross Love

r.love@smsystems.com.au

0418 752 867