
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Smart Metering Systems plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



Smart Metering Systems plc
(Incorporated in Scotland under the Companies Act 2006
with registered number SC367563)

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(Incorporated in Scotland under the Companies Act 2006 with registered number SC367563)

Registered office: 2nd Floor
48 St. Vincent Street
Glasgow G2 5TS

10 April 2019

To: Holders of ordinary shares of Smart Metering Systems plc

Dear shareholder

Smart Metering Systems plc (the “Company”)

Annual General Meeting (the “AGM”)

This year's AGM of the Company is to be held at Smart Metering Systems plc, 3rd Floor, 48 St. Vincent Street, Glasgow G2 5TS, on 28 May 2019 at 9.00 am. The notice of AGM (the “Notice”), which follows this letter, sets out the business to be considered at the meeting. The Notice contains items of business which are of a technical nature and the purpose of this letter is to explain certain elements of that business to you.

Resolution 1 (ordinary resolution)

Accounts and reports

Shareholders are given the opportunity to vote on whether or not they receive the Company's Annual Report and Financial Statements for 2018, copies of which have been sent to all shareholders and are obtainable from the registered office of the Company and the Company's website, www.sms-plc.com.

Resolution 2 (ordinary resolution)

Election of Director

In accordance with the Company's Articles of Association, a third of all Directors are required to present themselves for re-election by rotation at each Annual General Meeting. Willie MacDiarmid therefore presents himself to the shareholders for re-election.

Resolution 3 (ordinary resolution)

Election of Director

In accordance with the Company's Articles of Association, a third of all Directors are required to present themselves for re-election by rotation at each Annual General Meeting. Miriam Greenwood therefore presents herself to the shareholders for re-election.

Resolution 4 (ordinary resolution)

Directors' Remuneration Report

This resolution is to approve the Directors' Remuneration Report, set out in the Annual Report and Accounts for the financial year ended 31 December 2018, which sets out the Company's policy towards, and gives details of, Directors' remuneration and other relevant information.

Resolutions 5 and 6 (ordinary resolutions)

Re-appointment of auditor and its remuneration

It is proposed that Ernst & Young LLP be re-appointed as auditor of the Company to hold office from the conclusion of the AGM until the conclusion of the next AGM. As usual, remuneration is to be fixed by the Directors.

Resolution 7 (ordinary resolution)

Final dividend

It is proposed to approve the payment of a final dividend of 3.98p per ordinary share, making 5.98p in aggregate for the full financial year 2018.

Resolution 8 (ordinary resolution)

Directors' authority to allot

It is proposed to renew the Directors' authority to allot (or grant the right to subscribe for) shares up to an aggregate nominal amount of £375,618. This figure is approximately one-third of the issued ordinary share capital of the Company as at 10 April 2019 (being the latest practicable date before the date of the notice of AGM (the “Latest Practicable Date”) (£1,126,856.03 being the nominal value of the issued ordinary share capital at that date) (this is consistent with previous years and is within the limits of the standard authority which the Investment Association recommends is sought by AIM companies). This resolution (as was done at last year's Annual General Meeting) renews the authority for another five years. It is the Board's intention to seek similar renewal at future Annual General Meetings.

Resolution 9 (special resolution)**Disapplication of pre-emption rights**

It is proposed to renew the authority of the Directors to allot shares for cash without first being required to offer such securities to existing shareholders in proportion to their shareholdings. The authority relates to allotments: (i) in connection with a rights issue of shares to existing shareholders in proportion to their existing holdings; (ii) pursuant to the existing share option schemes; and (iii) other than as mentioned at (i) and (ii), up to a nominal amount of £56,343, which is approximately 5% of the existing issued share capital as at the Latest Practicable Date. This amount is in line with institutional shareholders' recommendations.

Unless renewed, the authority sought at the AGM will expire at the conclusion of the next Annual General Meeting.

Resolution 10 (special resolution)**Notice period**

To amend the notice period for general meetings, other than an annual general meeting of the Company, from 21 clear days' notice to 14 clear days' notice.

Recommendation

The Directors consider that all of the resolutions to be considered at the AGM are in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

Yours sincerely

Willie MacDiarmid

Non-executive Chairman

Notice of Annual General Meeting

Smart Metering Systems plc (Company number: SC367563)

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of the above-named company (the “Company”) will be held at Smart Metering Systems plc, 3rd Floor, 48 St. Vincent Street, Glasgow G2 5TS, on 28 May 2019 at 9.00am for the purpose of transacting the following business:

Ordinary business

To consider and, if thought fit, pass resolutions 1 to 7, which will be proposed as ordinary resolutions.

1. To receive the accounts of the Company as at 31 December 2018 and the reports of the Directors and auditor thereon.
2. To re-elect Willie MacDiarmid, who retired by rotation, as a Director of the Company.
3. To re-elect Miriam Greenwood, who retired by rotation, as a Director of the Company.
4. To approve the Directors’ Remuneration Report contained in the Company’s Annual Report and Accounts.
5. To re-appoint Ernst & Young LLP as auditor of the Company.
6. To authorise the Directors of the Company to set the auditor’s remuneration.
7. To approve a final dividend of 3.98p per ordinary share.

Special business

To consider and, if thought fit, pass resolutions 8, 9 and 10 which will be proposed as follows:

As an ordinary resolution

8. THAT the Directors be and they are 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 and to grant rights to subscribe for or to convert any security into shares in the Company to an aggregate nominal amount of £375,618, provided that this authority is for a period expiring five years from the date of this resolution, but the Company may before such expiry make an offer or agreement which would or might 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 shares and grant such rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

As a special resolution

9. THAT the Directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority given in accordance with section 551 of the Act, referred to in resolution 8 of the Notice convening this meeting, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities or the transfer of equity securities which are held in treasury:
 - 9.1 in connection with or the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of ordinary shares and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, or record dates, or to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever);
 - 9.2 pursuant to the terms of the share schemes (as defined in the Admission Document), or any other share option scheme adopted by the Company, and any shares acquired or held by the Company in treasury may be transferred in satisfaction of the exercise of options under any such share option scheme; or
 - 9.3 (otherwise than pursuant to sub-paragraphs 9.1 and/or 9.2 above) up to an aggregate nominal amount of £56,343 (representing approximately 5% of the Company’s issued ordinary share capital at 10 April 2019), and shall expire at the conclusion of the AGM of the Company in 2020 or, if earlier, on the date falling 15 months after the date of the passing of this resolution, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements and all authorities previously conferred under section 570 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

For the purposes of this resolution “Admission Document” shall mean the Admission Document relating to the Company dated 24 June 2011.

10. To amend the notice period for general meetings, other than an annual general meeting of the Company, from 21 days' clear notice to 14 days' clear notice.

To transact such other ordinary business as may be properly transacted at the AGM.

BY ORDER OF THE BOARD

Craig McGinn

Secretary

Date: 10 April 2019

Registered office of the Company:

2nd Floor
48 St. Vincent Street
Glasgow G2 5TS

Notice of Annual General Meeting continued

Smart Metering Systems plc (Company number: SC367563)

Notes:

1. Voting

All shareholders who wish to attend and vote at the meeting must be entered on the Company's register of members no later than 5.00pm on 23 May 2019 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

2. Proxy

Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of their rights to attend and to speak and to vote on their behalf. A proxy need not be a member of the Company. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Proxies may vote on a poll or on a show of hands on any resolution. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Shareholders are invited to complete and return the enclosed Proxy Form. To appoint more than one proxy you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. Completion of the Proxy Form will not prevent a shareholder from attending and voting at the meeting if subsequently he/she finds they are able to do so. To be valid, completed Proxy Forms must be received at the offices of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by not later than 9.00am on 23 May 2019 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours prior to the time of the adjourned meeting.

3. CREST proxy voting service

To appoint a proxy, or to give or amend an instruction to a previously appointed proxy, via the CREST system, the CREST message must be received by Computershare Investor Services plc (agent ID: 3RA50) by 9.00am on 23 May 2019 (being 48 hours prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your Proxy Form must be received by the Company's registrars no later than 9.00am on 23 May 2019 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting.

4. Changing proxy instructions

To change your proxy instructions simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard copy Proxy Form and would like to change the instructions and require another hard copy Proxy Form for this purpose, please contact the Company's registrars at the address set out in note 2 above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

5. Termination of proxy appointments

In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars at the address set out in note 2 above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars no later than 9.00am on 23 May 2019 (being 48 hours (disregarding any day that is not a working day) prior to the time fixed for the meeting) or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the immediately following sentence, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

6. Corporate shareholders

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.

7. CREST

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares registered in the register of members of the Company at 5.00pm on 23 May 2019 or, in the case of an adjournment, not later than 48 hours (disregarding any day that is not a working day) prior to the time of the adjourned meeting shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 5.00pm on 23 May 2019 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

8. Service contracts

Copies of the Directors' service contracts will be available for inspection at the registered office of the Company during normal business hours, from the date of this Notice until the date of the meeting, and at the place of the meeting for a period of 15 minutes prior to the meeting and during the continuance thereof.



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2nd floor

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