

# LIQUIDITY

## ANALYST

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## COMPANY STATEMENT

GICS Industry Code	Technology Hardware
Location	Australia
Shares on Issue	154,305,048
Share Price	\$0.36
52 Week High/ Low	\$0.330-\$0.785
90 Day Average Volume	85,094
Market Capitalisation	\$57.86m

## MANAGEMENT

Ross Love

Heinrich Loechteken

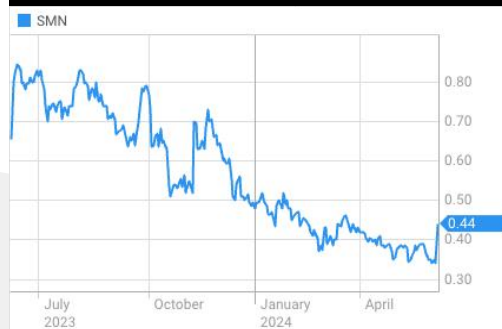
Brian Wall

Sam Wright

## MAJOR SHAREHOLDER

Drake Private Investments LLC	15.68%
Mr Robert Gregory Looby	2.27%
BNP Paribas Nominees Pty Ltd	2.25%
TOP 20	40.23%

## 12 MONTH PERFORMANCE



## LIQUIDITY TECHNOLOGY PTY LTD

Corporate Authorised Representative  
(CAR: 001293556) of Australian Financial  
Services Licence (AFSL No. 338731)

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## EQUITY UPDATE

MARCH 2025

# Structural Monitoring Systems Plc (ASX:SMN)

*FAA approved structural health monitoring systems to slash aircraft maintenance costs.*

## Aerospace Innovation With Real-World Impact

### Latest Forecast and Financials

Structural Monitoring Systems has just released its revised forecast for FY25, and despite some minor setbacks, the company appears to be in a strong financial position.

- **Revised FY25 Revenue Forecast:** Adjusted downward to \$29.6M from \$30M, but H2 FY25 is expected to generate \$17.1M, implying an annualised run rate of \$34.2M
- **Adjusted EBITDA:** Reduced to A\$5.0M from A\$7.6M but still marks a 105% increase from FY24's A\$2.5M. The adjustment is due to lower Avionics revenue, rework-related margin pressures, and reduced R&D cost capitalisation
- **Strong H2 FY25 Outlook:** Adjusted EBITDA of A\$4.9M aligns with the upper range of original forecasts
- **Cash Flow Improvement:** Net cash flow from operations (excluding working capital) is projected at A\$2.0M, reversing Q1's A\$1.4M cash burn. Year-end cash is expected to exceed A\$8.0M, supported by an A\$8.7M capital raise. This improved cash position puts SMS in a favorable stance to fund growth initiatives in its Avionics and Structural Health Monitoring segments.

Looking ahead, SMS is evaluating new product investments in Audio Systems and Radios, as well as potential acquisitions in Avionics and Structural Health Monitoring. While challenges such as potential US tariffs and delays in FAA approvals loom, the company appears confident in its market position and future prospects.



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## Company Overview

Structural Monitoring Systems PLC (ASX:SMN) operates in the specialised aerospace technology sector through three key business segments:

- AEM Avionics: Design and manufacture of specialised aviation communication systems, including the recently USFS-approved MTP136D Panel-Mount Forest Service Radio.
- AEM Contract Manufacturing: High-value manufacturing services for the aviation industry.
- CVM™ Technology: Patented structural health monitoring solution for microscopic crack detection in airframe structures.

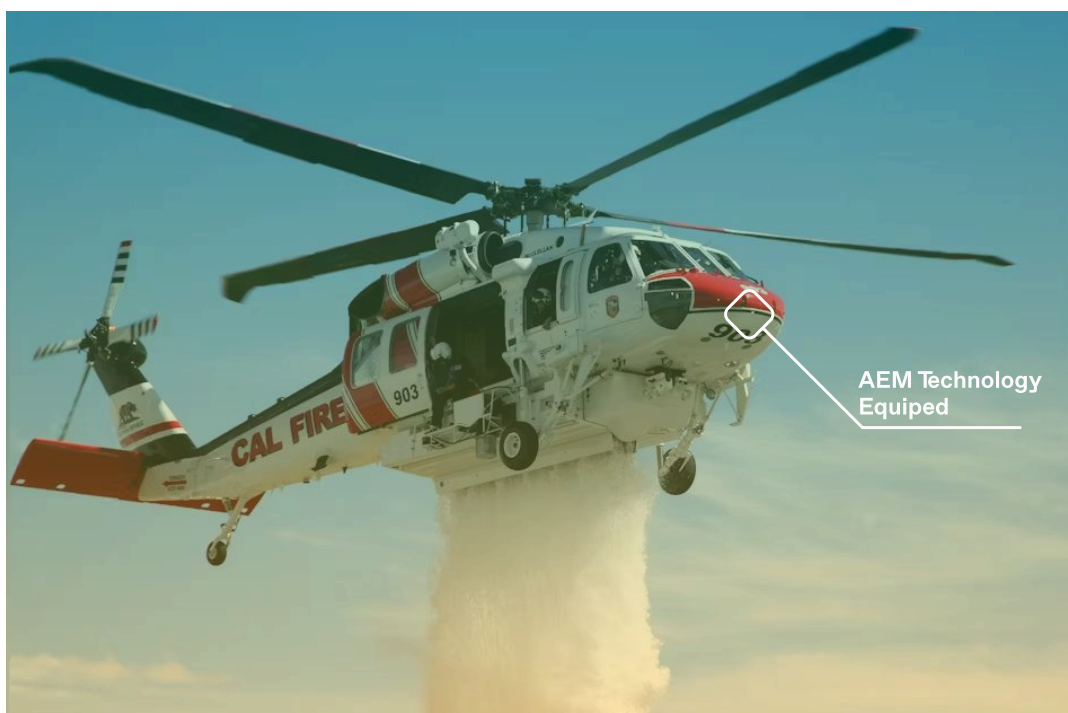
The company's wholly-owned subsidiary, Anodyne Electronics Manufacturing Corp (AEM), is at the forefront of developing mission-critical avionics for specific applications, particularly in emergency services and public safety. Recent product launches include a compact version of its P139-HD Digital Audio System and the LHS41 Loud Hailer System specifically designed for aerial firefighting operations.

### AEM Technology in the California Inferno

As California battled devastating wildfires in January 2025, technology from Structural Monitoring Systems' subsidiary AEM was quietly helping coordinate the complex aerial assault. The Palisades and Eaton fires scorched over 37,000 acres across Greater Los Angeles this January and, for the first time in its history, CAL Fire established a 24-hour remote helibase with continuous aerial operations—a tactical approach that proved crucial in containing these unusual winter blazes.

"Aircraft were able to fly throughout the night," explained CAL Fire Aviation Program Communications Officer Linnea Edmeier. "That's something new. It's given us some insight into how we can manage this [type of] multiagency, multi-aircraft, large-scale operation".

What helped make this extraordinary aerial campaign possible was cutting-edge communication technology, including purpose built loudspeaker systems from AEM that were already deployed across CAL Fire's helicopter fleet.



## Key Growth Catalysts

### 1. CAL Fire Contract

SMS is in advanced negotiations with CAL Fire for a major contract to equip its helicopter fleet with 150 units of AEM's MTP136D radio technology. This deal carries particular significance following the agency's crucial role in combating the January 2025 Los Angeles wildfires.

CAL Fire operates the world's largest firefighting air force of any civilian agency, with 67 fixed-wing and rotary aircraft. Its helicopter fleet is expanding, with plans to grow its Sikorsky S-70i FireHawk fleet from 12 to 16 units, each capable of delivering 1,000 gallons of water per drop. This expansion represents additional deployment opportunities for AEM's specialised communication systems.



### 2. MTP136D Radio USFS Approval Opens Major Market

On February 11, 2025, AEM received full approval from the United States Forest Service (USFS) and Department of the Interior (DOI) for its MTP136D Panel-Mount Forest Service Radio. This regulatory milestone authorises its use in all federally regulated aerial firefighting agency and contractor aircraft across the United States.

"With the radio already in use in Canada and by some U.S. state-led cooperator firefighting agencies, the USFS approval now unlocks the ability for all U.S. federal agencies and contractors on the front lines battling intense and devastating wildfires to have the most up-to-date radio technology at their fingertips" said AEM Sales and Marketing Director Tony Weller.

This approval opens access to an addressable market of more than 3,000 applicable aircraft eligible for upgrades from legacy systems to the MTP136D, representing a substantial growth opportunity.

### 3. FAA Certification Progress for CVM™ Technology

SMS has made significant progress toward FAA certification for its Aft Pressure Bulkhead (APB) sensor technology, with the FAA approving and issuing the final Certification plan to Boeing in January 2025. Only two steps remain before final certification, which would represent a significant milestone as the first structural health monitoring solution used in the commercial airline industry.

Delta Air Lines has already confirmed its commitment to install APB sensors across its fleet of 71 applicable aircraft, with 53 installations already completed as of January 2025. United Airlines is also preparing for a trial of the technology, demonstrating growing commercial interest.

## Conclusion

As climate change drives increasingly severe and year-round wildfire seasons, the demand for advanced aerial firefighting technology continues to grow. The January 2025 Los Angeles wildfires—occurring during what is typically California's off-season—starkly illustrate this new reality. Structural Monitoring Systems, through its AEM subsidiary, appears to be uniquely positioned to meet this critical need with its specialised avionics solutions. For investors seeking exposure to advanced aerospace technology with clear real-world applications and public safety benefits, SMS offers a compelling opportunity. The company's strengthened balance sheet, streamlined cost structure, and expanding product portfolio provide a solid foundation for growth.

## Board & Management

### Ross Love - Executive Chairman & CEO

Ross is an experienced executive and consultant with wide public and private sector experience in developing and executing policy reforms and business strategy transformations in Australia and the United States.

He has worked with senior decision makers in Government including at State and Commonwealth level in Australia, the State and City Governments of New York and the UN, as well as with Executive teams and Boards in the Corporate and Non-Profit Sectors. Formerly a Senior Partner at The Boston Consulting Group (BCG), where he worked for over 25 years, Ross was most recently as head of its New York business and prior to that its Australia and New Zealand business and was Global Head of BCG's Airline Practice from 2004-2008.

### Heinrich Loechteken - Non-Executive Director

Heinrich 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 track record of financial and operational restructuring of companies ahead of sale or IPO.

He is currently the 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 CEO role, Heinrich held senior executive roles at MC Aviation Partners, International Lease Finance Corporation and AerCap.

### Brian Wall - Non-Executive Director

Brian has held just a few leadership roles in his professional 35 year career and appreciates the value of lessons learnt in each of them. Having had the privilege of working with organizations such as Cintas, Troika Ventures, The Pattison Group and currently AEM, Brian leads by the examples of John Maxwell and Patrick Lencioni.

From his early years as a commercial pilot and throughout, Brian attributes communication and concise direction as the critical components required to lead organization through the jungles of today's realities. People are the single greatest asset that determine the health and success of any organization.

### Sam Wright - Director & Company Secretary

Sam Wright has more than two decades of experience as a company director and secretary of companies listed on the Australian Securities Exchange, London Stock Exchange and Börse Frankfurt.

Mr Wright is Managing Director of Western Australian based corporate advisory firm Straight Lines Consultancy, specialising in corporate governance, statutory financial reporting, company public listings, merger and acquisition transactions and shareholder relations.

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