

## ASX Announcement

ASX: SMN  
6 June 2024

# Structural Monitoring Systems forecasts maiden quarterly profit

**Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX: SMN)** is pleased to provide the following update ahead of the release of the July 2024 quarterly report.

### Highlights:

- Forecast FY2024 annual revenue of \$28.38m, representing year on year growth of 27% building on revenue growth of 43% in FY2023.
- Forecast FY2024 Group EBITDA of \$3.38m v FY2023 Group LEBITDA of \$0.27m

### Avionics

- Increased avionics sales expected to see the Group record a quarterly profit for the first time in the June quarter (before any audit adjustments).
- Stronger than anticipated results bolstered by the strong performance of the Group's Contract Manufacturing segment.
- Forest Radio added as an approved Cooperator Agencies radio for USFS contracts for the States of Washington, Oregon, California, Colorado.
- First Supplement Type Certificate (STC) for installation of the MTP136D on the AS350 helicopter type expected to be completed by the end of June 2024.

### CVM™

- Boeing confirms circulation of draft copy of proposed new service bulletin to the four largest US carriers.
- Boeing undergoing evaluations of final testing completed in May, expected to be completed by the end of June.
- Boeing expected to submit the final documentation for the proposed service bulletin to the FAA by Sep 30, 2024.
- SMS launches new website to show clearer link between SMS corporate entity, wholly owned subsidiary AEM, and the three separate business segments.

### Chairman and CEO Ross Love commented:

“As we approach the end of the current financial year, I wanted to give you a short update on current performance and our planning for the next financial year and beyond ahead of the release of our next quarterly report at the end of July.

“We are now confident of exceeding our revenue forecast for the current financial year, despite having to defer our expected CVM™ sales due to the testing delays with the Aft Pressure Bulkhead (APB) application.

“Our Contract Manufacturing segment has performed strongly this year, and the team were able to bring forward production to both offset the CVM™ revenue shortfall and take advantage of this segment’s shorter ‘production to cash’ cycle to support our cash flow at a difficult time.

“Equally significant, and even more important for the future, our Avionics segment developed some real sales traction, particularly in the current half year, as demand for our new Forest Radio product begins to materialise.

“Increased avionics sales will see the Group expected to record a quarterly profit for the first time in the June quarter (before any audit adjustments).

“This strong conclusion to the financial year is expected to continue in succeeding quarters as AEM critical mission products are received by the market.

“The Forest Radio product is meeting sales expectations with extremely positive feedback from the field and has been officially added as an approved Cooperator Agencies radio for USFS contracts for the States of Washington, Oregon, California, Colorado.

“Our first Supplement Type Certificate (STC) for installation of the MTP136D on the AS350 helicopter type is expected to be completed by the end of June 2024 and we expect the certification on the most popular helicopter for firefighting/utility missions to assist in the adoption of the radio with operators.

“The CVM™ certification process continues, although we are still waiting for the final test results to be processed by Boeing. These final tests have been underway in Boeing’s own laboratory throughout May, and we are advised that they require some final evaluations which we expect to be completed at the end of in this month.

“In the meantime, the fact that Boeing has circulated a draft copy of the proposed new service bulletin to the four largest US carriers who will be able to take advantage of our sensor solution (Southwest, United, Delta and American) is a strong signal of their confidence that the outstanding technical issues will ultimately be resolved.

“We are also aware of key milestone dates that Boeing have set for the next critical steps in the certification process, including their intention to submit the final documentation to the FAA by Sep 30, 2024.

“As always, we are cautious about relying on these milestone dates as we have experienced them slipping in the past – however they are clear evidence of the commitment to the program and continue to support our confidence in a positive outcome by the end of this calendar year as we have previously advised you.

“Notwithstanding this CVM™ certification delay, your company is performing strongly based on the growth and profitability of the Contract Manufacturing and Avionics segments, and our cash position is sound.

By the end of this current financial year, it is forecast that annual gross revenue will have grown by 27% building on revenue growth of 43% in FY2023 with a figure of 28% revenue growth budgeted for in FY2025.

We have also forecasted Group EBITDA of \$3.38 million for the current financial year which represents a significant turnaround on LBITDA of \$0.27 million for FY2023.

“We are well advanced in the preparation of our budget for the next financial year and our five-year forecasts – with a good base case with only internal funding sources and an even better growth case with potential further investment.

“We are confident we can grow the business profitably next year by as much as 20% (and by over 50% in five years) without further investment – and with conservative assumptions on CVM™ segment sales.

“With further investment we believe we can generate significantly more growth (at least double the base case) over the five-year forecast period.

“The Group also launched a new digital presence for SMS which we believe refines the SMS corporate narrative more accurately and shows a clearer link between our SMS corporate entity, our wholly owned subsidiary AEM, and our three (3) separate business segments: AEM Avionics, AEM Contract Manufacturing and AEM Comparative Vacuum Monitoring (CVM™).

“The main objective of the new domain and updated website is to more accurately position the SMS corporate entity and its digital property as an investor relations channel which will provide more accurate and up to date information as it is released to the market while moving away from the .au domain also ensures we can grow and scale into the future and further demonstrates that we are in fact a global company that has evolved beyond its Australian roots.

“You can visit the new website at [www.structuralmonitoring.systems](http://www.structuralmonitoring.systems).”

(All FY2024 forecasts are based on unaudited management accounts translated to AUD at an average exchange rate of C\$1=A\$1.126)

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

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