

Structural Monitoring Systems

Investor Presentation



Contents

Introduction	2
Corporate Board of Directors & Executives	5
Management Team	6
Financial Performance	7
Product & Business Overview	8-12
Strategic Partners	13
Contact Us	19
Disclaimer	20

Overview

SMS (“the group”) through its wholly owned subsidiary AEM (Anodyne Electronics Manufacturing Corporation) operates three (3) businesses:

1 AEM Special Mission Avionics:

Based on its design and manufacturing heritage, and the acquisition of Eagle Audio, AEM manufactures, sells and supports highly regarded and branded Audio, Radio, and Accessory products for the aviation industry’s Special Mission sector.

2 AEM Contract Manufacturing:

An advanced and fully integrated manufacturer of products for the aviation industry’s Special Mission sector, and

3 CVM™ Smart Sensor Solutions:

We develop, manufacture, sell and support Comparative Vacuum Monitoring (CVM™) sensor technology and equipment for meeting crack detection and inspection requirements for certain metal components of commercial airframes. Working in collaboration with Delta Air Lines and Boeing, CVM™ is the first FAA approved airframe crack detection compliance sensor solution for use on select B737 aircraft.

All three businesses are focused on increasing value with different revenue, margin and return priorities and collectively representing the opportunity for significant value growth.



AEM is based in Kelowna, British Columbia, Canada

- Research & Development
- Electronics & Software Engineering
- Design & Manufacture
- Testing & Validation
- Sales & Marketing



119
Employees

24
Engineering Staff

3,251m²
Vertically-integrated facility

Kelowna is an Aerospace and Manufacturing Hub

British Columbia has a large Aerospace sector, which includes **200+** companies, **8,300+** direct jobs, and generates **\$2.4 billion** in annual revenue.

- 1 Kelowna has a cluster of 30+ aviation companies alone and is the fastest growing metropolitan area in Canada.
- 2 Close-proximity to the Vancouver, Asia Pacific and Washington State aerospace markets.
- 3 Home to two leading academic institutions with specialized aerospace industry feeder programs – UBC Okanagan and Okanagan College.
- 4 Attractive location for many talented engineers with first class amenities and a great lifestyle – watersports, hiking and mountain biking, Big White Ski Resort, 19 golf courses and 40+ wineries.
- 5 We anticipate Kelowna will continue to be our preferred design and manufacturing location for the foreseeable future, complemented over time by commercial and R&D centers in selected markets.



Experienced & Committed Board of Directors and Executives



Ross Love
EXECUTIVE CHAIRMAN

25+ years management consultant & former Senior Partner and Global Head of BCG's Airline Practice.



Brian Wall
NON-EXECUTIVE DIRECTOR

35+ years leadership experience, retired AEM CEO, and commercial pilot.



Miro Miletic
NON-EXECUTIVE DIRECTOR

20+ years as Senior Design Engineer at Boeing, and a strong track record in the international aerospace industry.



Sam Wright
DIRECTOR & COMPANY SECRETARY

20+ years in administration of ASX listed companies, corporate governance and corporate finance.



Heinrich Loechteken
NON-EXECUTIVE DIRECTOR

Senior Vice President of International Lease Finance Corporation (ILFC), with extensive aviation and corporate finance experience.



Gary Elwell
CFO

20+ years in senior accounting roles with Australian & UK public companies.



Terry Walsh
HEAD OF CORPORATE & LEGAL AFFAIRS

Experienced corporate counsel, led firms such as Hancock Prospecting Pty Ltd and Rio Tinto Limited.



Georgie Sweeting
COMMUNICATIONS

20+ years in journalism and corporate communications consulting.



Gerald Edelman LLP
AUDITOR



Gadens Lawyers
LEGAL ADVISORS

Highly-Qualified Management Team



Ross Love
EXECUTIVE CHAIRMAN

25+ years management consultant & former Senior Partner and Global Head of BCG's Airline Practice.



Taylor Wylie
GENERAL MANAGER

15+ years leadership and aerospace operations and manufacturing experience, and AEM's General Manager.



Trevor Lynch-Staunton
P ENG CHIEF TECHNOLOGY OFFICER

20+ years in aerospace Research & Development.



Gord Gooding
CHIEF FINANCIAL OFFICER

30+ years as CPA in financial & leadership roles, business model development & process improvement.



Tony Weller
DIRECTOR OF SALES & MARKETING

12+ year of sales & marketing, and extensive leadership experience.



Richard Poutier
SMS VP BUSINESS DEVELOPMENT

35+ years of aviation industry experience with a focus on management of advanced technology & technical operations.



Sean Cobham
P ENG RESEARCH & DEVELOPMENT OFFICER

20+ years in mission critical facilities, consultation, electrical engineering and leadership.



Monty McEwen
QUALITY ASSURANCE MANAGER

30+ years in aerospace QA/QC – regulatory, standards and certification.



Brad Grainge
MSC DIRECTOR OF INFORMATION TECHNOLOGY

30+ years in aerospace IT systems, infrastructure and solutions.



Marlena Klassen
PEOPLE & CULTURE MANAGER

Certified CPHR professional with 20+ years experience in leadership & systems in manufacturing and global mining.



Omar Mwangari
OPERATIONS MANAGER

9+ years in operations managements, manufacturing/production and leadership.

Revenues Grew by 40% and Operating EBITDA Doubled in FY 2022/23

Year Ended June 30, 2023 – Actual CAD

	AEM AVIONICS	AEM CONTRACT MANUFACTURING	CVM™ SMART SENSOR SOLUTIONS
Products	Design, development and manufacture of digital avionics systems for special mission fleets	Contract electronics and component manufacturing services for avionics equipment suppliers	Research, design, development and manufacture of airframe crack detection and monitoring sensors and equipment
Key customers In 22/23	Bell, Boeing, Leonardo Helicopters, Airbus Helicopters, and Sikorsky	Canyon AeroConnect, SkyTrac, Flyht, SEI Industries, and others	Delta Air Lines

	AEM IP			AEM CONTRACT			CVM			TOTAL		
	2021/22 Actual	2022/23 Actual	2023/24 Budget	2021/22 Actual	2022/23 Actual	2023/24 Budget	2021/22 Actual	2022/23 Actual	2023/24 Budget	2021/22 Actual	2022/23 Actual	2023/24 Budget
Revenue	7,328,456	10,510,148	12,666,110	7,035,587	9,320,487	9,732,267	66,045	328,902	1,884,436	14,430,088	20,159,537	24,282,814
Gross Margin	63%	62%	68%	41%	37%	40%	59%	67%	72%	52%	50%	57%
Operating EBITDA	1,008,056	1,904,450	2,113,149	967,771	1,688,882	3,589,979	(683,955)	(968,182)	(1,213,745)	1,291,871	2,625,151	4,718,129
Group Expenses										(3,218,674)	(2,872,953)	(1,164,053)
Group EBITDA										(1,926,803)	(247,803)	3,554,076

AEM provides high-quality, customer-driven solutions designed to meet the unique requirements of the special mission aviation industry.

- Including aerial firefighting, law enforcement, search and rescue and airborne utility operators
- Based on unique research, design, development and manufacturing capabilities
- With products such as aircraft communication systems, avionics consoles, loudspeaker systems, specialty audio accessories, and mission radios.

MARKET TRENDS DRIVING DEMAND:

- Technological advances in mission equipment
- Increased need for intelligence gathering
- Increased national and regional security threats
- Global rise in national disasters frequency and severity
- Rise in environmental monitoring
- Ageing fleets replaced with new aircraft
- Component obsolescence

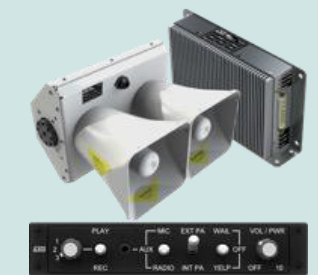
P139-HD DIGITAL AUDIO SYSTEM

Largest and most flexible, configurable in the market, with strong demand from all special mission operators.



LOUDSPEAKER SYSTEMS

High-performance and lightweight, certified on almost every helicopter airframe and positioned on military programs.



AS350/H125 AVIONICS CONSOLES

Customizable, easy to install and in high demand as a user friendly replacement for many troublesome OEM units.



MISSION RADIOS

Newest digital technology and design to ensure high performance in demanding environments.



Many New Products and Market Development Initiatives Underway



Continued product development and innovation.

	MISSION AUDIO	LOUDSPEAKERS	AS350/H125 CONSOLES	MISSION RADIO
Current product	P139-HD Gen II audio system is the most flexible and powerful mission audio system in its class	AEM is the leading airborne loudspeaker system provider with currently only one minor competitor	AEM is the only solution provider outside of Airbus for the troublesome OEM console	MTP136D US Forest Service (USFS) radio scheduled to complete development in Dec 2023
Products in development	Expanding Gen III audio development will further elevate our product offering over the competition, future proofing our installed system base and gaining increasing influence at the lucrative OEM and institutional operator level. Current system being constantly upgraded in the meantime.	Continuing developing of already market leading leading loudspeaker solutions, with further weight reductions, increased output performance, and improvements in structural integrity.	Exploring direct factory installations for new aircraft with Airbus Helicopters	Launching industry-leading radio for US Forest Service as the first of a larger suite of multi-mission radio solutions which will compete strongly against the current rival market leader, Technisonic Industries.



Growing global footprint

- US/Canada
- Eastern Europe
- Brazil
- Japan
- India
- Eastern Africa



Acquisitions

AEM is actively identifying acquisition targets in complementary technologies to broaden our solution suite.





MTP136D panel-mount P25-compliant Forest Service radio boasts a robust design to ensure the highest performance in lengthy and demanding firefighting environments.

It's easily integrated for tactical systems, platform upgrades, and is a plug-and-play replacement for existing legacy radios.

Yellowhead Helicopters is the first major service provider to place an order for AEM's newest P25 radio and is set to update its entire fleet to the MTP136D starting in January 2024.



“ Integrating this new radio across our whole fleet will ensure our specialist operators have the most up-to-date tools and equipment necessary to complete complex missions for our customers. ”

ROB PARSONS
DIRECTOR OF SUPPLY CHAIN
MANAGEMENT, YELLOWHEAD
HELICOPTERS

What are CVM™ Smart Sensor Solutions?

- Comparative Vacuum Monitoring (CVM™) is the first technology to become commercially available, and FAA certified, to significantly reduce costs associated with airframe structural health monitoring inspections at heavy and out-of-sequence checks.
- Maximizes scheduled maintenance program efficiencies, reduces downtime, and restores thousands of flight hours across entire fleet networks.
- CVM™ has been designed and developed for more than 15 years, working in partnership with several major industry airlines and OEMs.
- Airline operator adoption of CVM™ technology has occurred & routine use is underway.

- FAA certification process has been established to streamline future applications.
- At the forefront of the move to predictive, remote and automated non-destructive testing.



1

SUBSTANTIAL COMMERCIAL FLYING (GREEN) TIME RESTORED

- 950 scheduled hours per year, every year, for Delta's 71 B737 NGs (from a single APB application).

2

MAINTENANCE PLANNING IMPROVED & COSTS REDUCED

- Crack detection tests anytime, at the gate, in fewer than 20 mins.
- Eliminates complexity from heavy checks.



QUALITY CONTROL IMPROVED

- Eliminates false positives (15%) and human error from current checks.

4

CONDITION-BASED MAINTENANCE

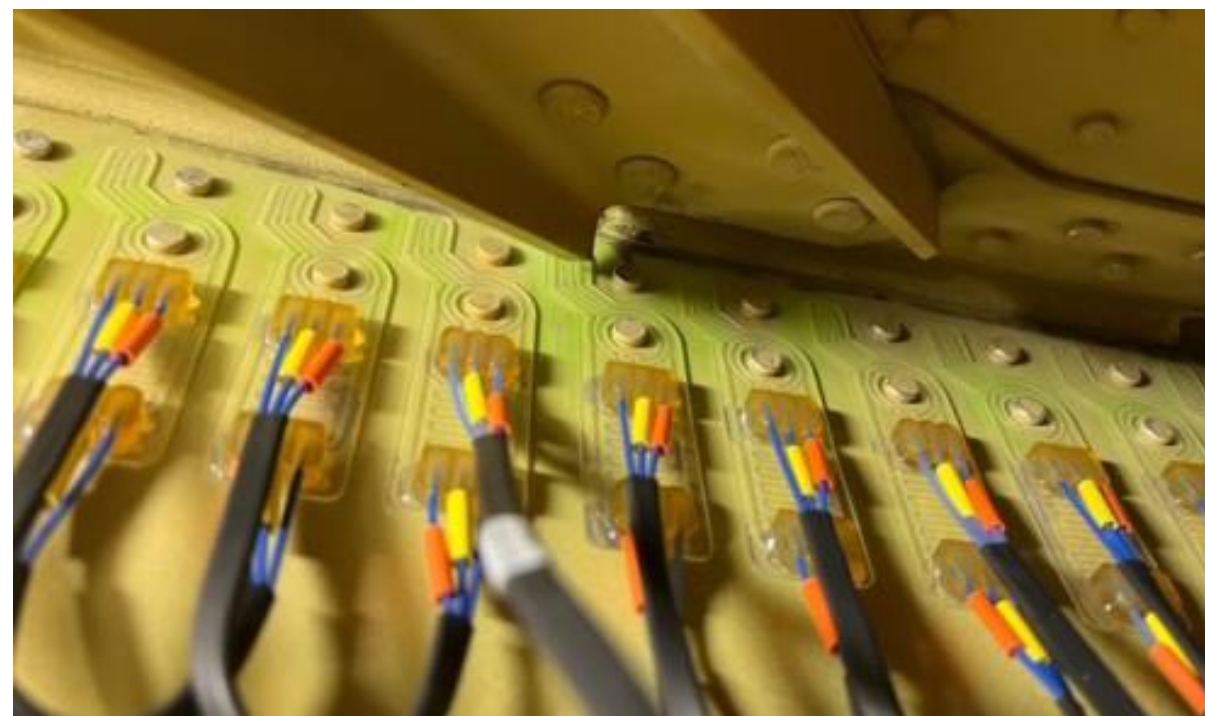
- First, likely of many, condition-based monitoring for airframe structures.

5

MORE EFFICIENT SAFETY OUTCOMES

- Fully-flexible, 100% error-free, monitoring of metal fatigue.

Installed in 23 Delta 737 Aircraft so far



Significant Strategic Partners Collaborating



Delta Air Lines are our First Commercial Airline Partner



→ Delta Air Lines has installed CVM™ Aft Pressure Bulkhead (APB) sensor kits on 23 of its 71 B737s

→ For the past three years, has committed engineering support to application design, installation and testing

→ Provided support for FAA application approval, as well as market demand analysis and marketing efforts



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CVM™ could be an airframe maintenance game changer, moving unscheduled actions to scheduled maintenance.

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DAVID PIOTROWSKI
DELTA AIR LINES, SENIOR PRINCIPAL ENGINEER

Boeing has been a Strategic Development Partner for 20 Years



In collaboration with Boeing, CVM™ was the first FAA approved airframe crack detection compliance sensor solution for use on select B737 aircraft.

Boeing certification engineers have worked in lockstep with AEM to develop, test, and seek FAA approval of its Service Bulletin for the B737 Aft Pressure Bulkhead (APB) application.

The Boeing Engineering Team supporting the introduction of our technology were awarded at Boeing's internal Improvement and Innovation Showcase event at Seal Beach in November this year

BOEING-SUPPORTED CVM™ APPROVALS

- FAA approved sensor solution for use on the center wing box, front spar shear fitting
- Intelsat (Gogo) Wi-Fi antenna as an alternative method of inspections for structural health monitoring
- FAA published an Issue Paper (IP) on Structural Health Monitoring that identifies the use of CVM™ to reliably detect airframe damage for compliance





AEM and TESTIA work together on CVM™ sensor installation & training.

TESTIA is an Airbus company with 30 years of experience in aerospace inspections and non-destructive testing.

Thanks to its global presence with facilities in Europe, North America, and Asia, TESTIA can provide worldwide services and global solutions to support industry needs (including for Boeing aircraft.).

“ Supporting AEM by providing training and installation services around the CVM™ technology, and being a reliable partner, fit into the future strategy of TESTIA as an end-to-end provider of Structural Health Monitoring solutions.

HOLGER SPECKMANN
TESTIA GMBH, MANAGING DIRECTOR



Holger Speckmann, Managing Director of TESTIA GmbH, and Trevor Lynch Staunton, Chief Technical Officer, Anodyne Electronics Manufacturing Corp.

1



Target B737 fleet with ABP applications

AIRLINE	FLEET SIZE
Southwest Airlines	255
United Airlines	146
American Airlines	75
Delta Airlines	71
Alaska Airlines	29
Qantas	28
Jet2.com	28
Sun Country Airlines	27
WestJet	27
SunExpress	26
TOTAL	712

2

Further A320 & B737 (narrow-body) applications

Working with strategic partners SeaTec, Delta Air Lines and United Airlines, commercially validate the following findings:

- 10+ identified A320 applications
- Grow B737 application suite and offerings

AIRCRAFT	2023	2032
A320	9,000	16,000
737	8,200	13,000
Other	9,000	10,500

3

Growing design and testing capacity, developing alternative accreditation strategies and incorporating new technologies.

4

Entering new aerospace sectors (freighters, military).

5

Exploring new industry applications (civil infrastructure, oil and gas).

Structural Monitoring Systems Plc (“SMS or “the Company”) (ASX:SMN)

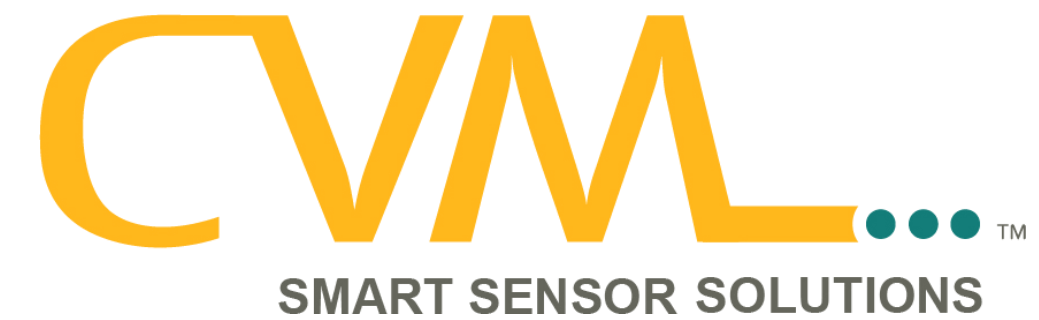


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