



TARGET MARKET DETERMINATION

Made by:	Structural Monitoring Systems Plc (ARBN 106 307 322) of Suite 116, 1 Kyle Way, Claremont WA 6010 (Company)
Product:	Unlisted free-attaching options which are being issued in connection with the issue of CDIs of the Company issued under a prospectus dated 10 March 2022
Effective date:	10 March 2022

This target market determination (**TMD**) has been prepared by the Company in relation to an offer of 1 free-attaching option (with an exercise price of \$1.20 per option and having an expiry date of 6 April 2024) (**Attaching Options**) for every 2 CHESS Depository Interests (**CDIs**) subscribed for under a 1 for 12 entitlement issue of CDIs (**Entitlement Offer**), as held by those CDI holders registered on the record date (being 4.00pm (AWST) 16 March 2022 (**Record Date**)) and having a registered address situated in Australia, New Zealand, the province of British Columbia, Canada, or any other CDI holder as elected by the Company to offer to (**Eligible CDI Holder**).

The issue of the Attaching Options is made by the Company under a prospectus relating to the Entitlement Offer dated 10 March 2022 (**Prospectus**). A copy of the Prospectus is available on the Company's website, www.smsystems.com.au.

The offer will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. There is no cooling off period in respect of the issue of the Attaching Options. This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the Attaching Options.

Class of investors that fall within this Target Market	<p>The information below summaries the overall class of investors that fall within the target market, based on the key attributes of the product and the objectives, financial situation and needs that they have been designed to meet.</p> <p>The Attaching Options have been designed for investors whose likely objectives, financial situation and needs (as listed below) are consistent with the product (including the key attributes).</p>
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	<p>The Attaching Options are for those CDI holders who:</p> <ul style="list-style-type: none"> • are accustomed to participating in speculative investments in the aviation sector; and • wish to profit from gains in the market price of CDIs in the Company.
Product description and key attributes	<p>The key eligibility requirements and product attributes of the Attaching Options are:</p> <ul style="list-style-type: none"> • the Entitlement Offer is a pro-rata non-renounceable offer to Eligible CDI Holders of 1 CDI for every 12 CDIs held by those CDI holders; • 1 Attaching Option will be issued for every 2 CDIs subscribed for pursuant to the Entitlement Offer; • the Attaching Options will be issued for nil issue price and are exercisable at \$1.20 per Attaching Option with an expiry date of 6 April 2024; • a maximum of 5,115,476 Attaching Options will be issued pursuant to the Entitlement Offer; • the Entitlement Offer is only extended to, and the Attaching Options will only be issued to, CDI holders whose registered address is situated in Australia, New Zealand, British Columbia, Canada or any other CDI holder as elected by the Company to offer to.
Objectives, financial situation and needs	<p>The Attaching Options are issued only to Eligible CDI Holders and consequently have been designed for investors who have:</p> <ul style="list-style-type: none"> • a pre-existing equity position in the Company; • the financial ability to consider the economic risk of the exercise of the Attaching Options; • such knowledge and experience in financial and business matters that are capable of evaluating the merits and risks of exercising the Attaching Options; and/or • determined that the exercise of the Attaching Options is a suitable investment.
Excluded class of consumers	<p>The Attaching Options have not been designed for individuals who:</p> <ul style="list-style-type: none"> • require an income stream from their investment; and/or



	<ul style="list-style-type: none"> are not Eligible CDI Holders.
Consistency between Target Market and the Attaching Options	<p>A key feature to the Attaching Options is that the exercise price of each Attaching Option is at a premium to the market price of the CDIs in the Company as at the date of the Prospectus.</p> <p>There is a risk that the Attaching Options may become worthless in value if the Company's CDI price on the expiry date of the Attaching Option is less than the exercise price of the Attaching Options.</p>
Distribution conditions	<p>The Attaching Options are designed to be distributed through the following means:</p> <ul style="list-style-type: none"> under the Prospectus to Eligible CDI Holders of the Company only; on ASX's trading platform once the Attaching Options are issued, exercised and granted quotation as CDIs.
Adequacy of distribution conditions and restrictions	<p>For the purposes of the Entitlement Offer of Attaching Options under the Prospectus, the Company has emphasized that an investment in Attaching Options, and in the CDIs underlying the Attaching Options, is speculative in nature and is not suitable for investors for whom such an investment is inappropriate.</p>
Review Triggers	<p>As the Entitlement Offer is to a discrete class of persons, being the Eligible CDI Holders and the Company is subject to continuous disclosure requirements, the Company considers it is not necessary or appropriate to implement the requirement of periodic review of this TMD.</p> <p>The Company will review this TMD where any event or circumstance has arisen that would suggest this TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> ASIC raising concerns with the Company regarding the adequacy of the design or distribution of the Attaching Options or this TMD; and significant adverse changes to the Company's circumstances such as suspension from trading or the appointment of administrators. <p>This TMD will be reviewed within 10 business days upon the occurrence of an above review trigger.</p>
Maximum Period	<p>The maximum period of this TMD is from 10 March 2022 to the date that is 2 years from the date of issue of the Attaching Options.</p>
Reporting Period	<p>The Company will review all complaints received in relation to the Attaching Options on a continuous basis.</p>



	<p>The Company considers that it is not necessary or appropriate to monitor for significant dealings as the Attaching Options are unlisted. As such, the Company will not be in a position to determine any dealings that occur upon exercise of the Attaching Options or on-sale of any resultant CDI, as it has no capacity to identify the objectives, financial situation and needs of investors who exercise the Attaching Options or acquire the resultant CDIs.</p>
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This announcement is authorised by the Board.

For further details please contact:

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