

ASX Announcement

ASX: SMN
23 January 2026

December 2025 Appendix 4C and Quarterly Update

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX:SMN & SMNOA) is pleased to provide its Appendix 4C and Quarterly Update for the period ended 31 December 2025, summarising group performance and key operational and corporate developments.

Highlights

- **1HFY26 profit after tax of \$1.5 million**, compared with a **1HFY25 loss after tax of \$2.3 million**
- **1HFY26 EBITDA of \$3.6 million**, compared with **1HFY25 EBITDA of \$0.4 million**
- **Cash at bank of \$4.6 million** at 31 December 2025, an increase of **\$1.5 million during the quarter**
- **2QFY26 revenue of \$8.4 million**, up **40% on the prior corresponding period**
- **1HFY26 revenue of \$16.5 million**, up **31% on the prior corresponding period**
- **Progressing CVM™** from technical documentation validation toward **commercial adoption** through **FAA engagement** and targeted OEM applications
- **Neville Bassett AM appointed Non-Executive Chair**

Chief Executive Officer, Mr Rick Freeman stated:

“The December quarter marks our fourth consecutive quarter of positive profitability and cash generation.

“AEM continues to deliver strong revenue growth, improved manufacturing margins and sustained profitability, reflecting the strength of our diversified product portfolio and disciplined operational execution. I am especially encouraged by the strong avionics sales and the pipeline of new avionics products expected to enter the market in FY27 and FY28, which supports the Group’s growth plan over the next five years.”

Please find a link [here](#) to listen to Rick Freeman’s presentation at the AGM in December 2025.

Preliminary Group financials (unaudited)

For the quarter ended 31 December 2025 (2QFY26), the Group recorded a profit after tax of \$0.4 million and EBITDA of \$1.6 million. Revenue for the quarter was \$8.4 million, representing a 40% increase on the prior corresponding period. The December quarter marked the Group's fourth consecutive quarter of profitability and cash generation, reflecting continued execution against the Group's operating plan. AEM Avionics delivered a particularly strong result, with revenue increasing by 48% year-on-year.

2QFY26 Financials

A\$million	2QFY26	2QFY25	YoY %
Avionics revenue	5.2	3.5	48%
CM revenue	3.2	2.5	29%
Total revenue	8.4	6.0	40%
Profit/(loss) after tax	0.4	(2.0)	n/a
Adj EBITDA*	1.6	(1.0)	n/a
Free cashflow	1.9	(0.6)	n/a

For the half-year ended 31 December 2025 (1HFY26), the Group recorded a profit after tax of \$1.5 million, compared with a loss after tax of \$2.3 million in 1HFY25. EBITDA for the half-year was \$3.6 million, compared with EBITDA of \$0.4 million in the prior corresponding period.

Revenue for the half-year was \$16.5 million, compared with \$12.6 million in HY25, representing an increase of 31%. These results demonstrate sustained improvements in profitability, margins and cash flow compared with the prior corresponding period.

1HFY26 Financials

A\$ million	1HFY26	1HFY25	YoY %
Avionics revenue	10.0	5.9	68%
CM revenue	6.5	6.7	-2%
Total revenue	16.5	12.6	31%
Profit/(loss) after tax	1.5	(2.3)	n/a
Adj EBITDA/LBITDA*	3.6	(0.4)	n/a
Free cashflow	3.5	(1.6)	n/a

*Adjusted EBITDA excludes share-based payments of \$nil (1HFY25: \$0.4 million) and restructure costs of \$nil (1HFY25: \$0.4 million).

Free cashflow comprises the sum of operating and investing cashflows.
(preliminary financial results are based on management accounts which are subject to audit review)

AEM Operational Activities – December 2025 Quarter

AEM Avionics

AEM Avionics continued to perform strongly during the quarter, delivering revenue growth of 48% compared with the prior corresponding period.

The avionics business segment remains a core growth engine for the Group, underpinned by strong demand across special mission applications, a growing installed base and an active pipeline of new and upgraded products supporting long-term growth.

AEM Contract Manufacturing

During the quarter, the Group continued to execute its revised contract manufacturing strategy, retaining selected programs where margins are attractive and capacity utilisation supports profitability.

Contract manufacturing continues to provide operational leverage, supporting overhead absorption and investment in new product development while contributing positively to group performance.

CVM™ Smart Sensor Solutions

During the quarter, the Group continued to progress CVM™ technical documentation validation for the Boeing 737NG application and remains focused on completing this technical documentation validation milestone. Upon completion, the Company will advance to FAA engagement, including review of the Service Bulletin for the targeted OEM application.

The remaining two documents required for submission of the FAA package were provided to the Engineering Unit Member on 19 December, with final updates currently being completed.

In parallel, the Group continued discussions with major operators regarding potential commercial agreements for CVM™. Additional applications are also being assessed, with a focus on securing OEM buy-in and establishing a clear strategy to support the development and growth of CVM™ applications.

Corporate and Governance Update

During the quarter, the Company undertook a number of governance and corporate actions aimed at strengthening Board composition and maintaining operational focus.

The Company held its Annual General Meeting (AGM) on 23 December 2025 in Perth Western Australia, at which all ordinary resolutions were carried. Two special resolutions relating to additional placement capacity and the general disapplication of pre-emption rights were not carried, with no impact on the Company's existing authorities or near-term funding plans.

Following the conclusion of the AGM, Mr Neville Bassett AM was appointed as Non-Executive Chairman.

Mr Bassett brings more than 30 years' experience in public company governance, corporate advisory and financial management, and his appointment further strengthens the Board's strategic and governance capability.

Additionally, during the quarter, the Company provided an update regarding Federal Court proceedings involving a former director. The Court declined to grant an injunction against the Company, removed the temporary injunction previously in place, and ordered that the former director and related party pay the Company's costs associated with the injunction.

Following this decision, the Board resolved to remove the former director and terminate the related executive services agreement. The Company will continue to defend the remaining proceedings while maintaining its focus on operational performance and disciplined execution.

Mr Bassett commented:

"I am excited to join Structural Monitoring Systems at such a pivotal time for the Company.

"My role as Non-Executive Chair will be to support the Board and management through strong governance, clear strategic oversight and constructive challenges. I place a strong emphasis on board cohesion, effective decision making, and a positive company culture.

"The Company's multi-faceted business approach offers immense potential to support the aviation industry and, importantly, to create long-term shareholder value via the post certification commercial rollout.

"I look forward to offering independent governance and oversight, whilst contributing to the Company's ongoing growth and success in delivering valuable outcomes and solutions to its existing and future customers."

Appendix 4C Details

SMS consolidated cash-at-bank as at 31 December 2025 was \$4.6 million. Unused finance facilities available at quarter end were \$6.5 million. Total available funding at quarter end was \$11.1 million. Operating cash flow for the quarter was \$2.5 million.

Payments for Product Manufacturing and Operating costs of \$2.3 million represent wholly owned subsidiary AEM's expenditure allocated to productive manufacturing and general operating costs. Payment for staff costs of \$2.7 million represents salaries for manufacturing, administration, sales and general management activities and directors' fees.

Payments for Administration and Corporate Costs of \$0.8 million represent general costs associated with running the Company including ASX fees, legal fees, audit etc plus legal costs in relation to Court proceedings brought against the Company.

The aggregate amount of payments related to parties and their associates included in the December quarter cash flows from operating activities was \$84,992 in respect to fees paid to directors.

Please refer to Appendix 4C attached for further details on cash flows for the quarter.

This ASX release has been approved for release by the Board of Directors.

Communications

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Structural Monitoring Systems Plc

ARBN

106 307 322

Quarter ended ("current quarter")

31 December 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,653	16,644
1.2 Payments for		
(a) research and development	(124)	(235)
(b) product manufacturing and operating costs	(2,258)	(4,698)
(c) advertising and marketing	(181)	(283)
(d) leased assets	-	-
(e) staff costs	(2,706)	(5,602)
(f) administration and corporate costs	(798)	(1,264)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(81)	(157)
1.6 Income taxes received/(paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash provided by operating activities	2,505	4,405
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(327)	(345)
(d) investments	-	-
(e) intellectual property ⁽¹⁾	(249)	(553)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash (used in) investing activities	(576)	(898)
(1)	Capitalised R&D expenditure		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(135)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(152)	(234)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (ROU leases principal repaid)	(302)	(616)
3.10	Net cash (used in) financing activities	(454)	(985)
4.	Net increase in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,108	2,133
4.2	Net cash provided by operating activities (item 1.9 above)	2,505	4,405
4.3	Net cash used in investing activities (item 2.6 above)	(576)	(898)
4.4	Net cash used in financing activities (item 3.10 above)	(454)	(985)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	7	(65)
4.6	Cash and cash equivalents at end of period	4,590	4,590

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,590	3,108
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,590	3,108

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	85
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Line of credit	6,545	-
7.3i Term loan	888	888
7.3ii Other (equipment leases)	3,712	3,712
7.4 Total financing facilities	11,145	4,600
7.5 Unused financing facilities available at quarter end		6,545
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Royal Bank of Canada (RBC) operating line of credit of C\$6.00 million secured at 6.05% variable, no maturity date, reviewed annually.</p> <p>RBC 7 year term loan of C\$1.25 million secured at 6.78% fixed for 3 years.</p> <p>HSBC equipment lease facility of US\$2.20 million, secured at various rates of between 2.61% and 4.41% fixed with a term of between 3-5 years according to the type of equipment financed.</p> <p>RBC C\$0.50 million equipment lease finance facility. A drawdown of C\$0.39 million has been made to date. The term is 3 years at a fixed interest rate of 7.63%.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash provided by operating activities (item 1.9)	2,505
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,590
8.3 Unused finance facilities available at quarter end (item 7.5)	6,545
8.4 Total available funding (item 8.2 + item 8.3)	11,135
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	n/a
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

23/01/2026

Date:

By the Board

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.