



# ANNUAL REPORT

## 2026

COMPANY NUMBER: 04834265



**STRUCTURAL  
MONITORING  
SYSTEMS** plc

# CORPORATE DIRECTORY

## **DIRECTORS**

Neville Bassett AM  
*Non-Executive Chair*

Sam Wright  
*Non-Executive Director*

Brian Wall  
*Non-Executive Director*

Heinrich Loechteken  
*Non-Executive Director*

Anthony Faillace  
*Non-Executive Director*

## **COMPANY SECRETARY**

Sam Wright

## **AEM**

Chief Executive Officer  
Rick Freeman

## **REGISTERED AND CORPORATE OFFICE**

29 The Avenue, Suite 7  
Nedlands WA 6009  
Telephone: +61 8 6161 7412  
Facsimile: +61 8 9467 6111  
Email: [info@structuralmonitoring.systems](mailto:info@structuralmonitoring.systems)

## **REGISTERED OFFICE UNITED KINGDOM**

The Old Court  
8 Tufton Street  
Ashford  
Kent TN23 1PF  
United Kingdom

## **CANADA OFFICE**

100-966 Crowley Avenue  
Kelowna BC.  
Canada V1Y 0L1

[www.aem-corp.com](http://www.aem-corp.com)

## **SHARE REGISTRY**

Computershare Investor Centre Pty Ltd  
GPO Box 2975  
Melbourne VIC 3001

Enquiries (within Australia) 1300 850 505  
Enquiries (from Overseas) +61 3 9415 4000  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

## **STOCK EXCHANGE LISTING**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: SMN, SMNOA

## **STRUCTURAL MONITORING SYSTEMS PLC WEBSITE**

[www.structuralmonitoring.systems](http://www.structuralmonitoring.systems)

## **STRUCTURAL MONITORING SYSTEMS PLC MAILING ADDRESS**

PO Box 661  
Nedlands Western Australia 6909

## **AUDITOR**

Gerald Edelman LLP  
73 Cornhill  
London EC3V 3QQ

# CONTENTS

|                                                                  |    |
|------------------------------------------------------------------|----|
| Chair's letter to shareholders .....                             | 4  |
| Strategic report .....                                           | 5  |
| Directors' report .....                                          | 12 |
| Statement of profit or loss and other comprehensive income ..... | 25 |
| Statement of financial position.....                             | 26 |
| Statement of cash flows .....                                    | 27 |
| Statement of changes in equity .....                             | 28 |
| Notes to the financial statements .....                          | 30 |
| Consolidated Entity Disclosure Statement .....                   | 73 |
| Independent auditors' report .....                               | 74 |
| Shareholder information .....                                    | 85 |



## Important Notices

Structural Monitoring Systems Plc (the Company) is incorporated in the United Kingdom under the laws of England and Wales. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (including substantial holdings and takeovers).

# CHAIR'S LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board, I am pleased to present Structural Monitoring Systems Plc's results for the financial year ended 30 June 2026 (FY26), a year in which the Group delivered record revenue, materially improved profitability and strong cash generation.

A snapshot of the year's performance:

|                            | FY26    | FY25     |
|----------------------------|---------|----------|
| Gross revenue              | \$32.5m | \$28.1m  |
| Net profit after tax       | \$1.3m  | \$0.2m   |
| Adjusted EBITDA*           | \$6.3m  | \$4.7m   |
| Free cashflow**            | \$6.0m  | (\$0.6m) |
| Earnings per share (cents) | 0.86    | 0.12     |

This result was driven by continued growth in the Group's higher-margin Avionics segment, improved manufacturing margins, disciplined cost management and a sustained focus on working capital and cash generation.

Avionics revenue grew 40% to \$22.2 million, underpinned by strong demand for AEM's digital audio and radio products — radio unit sales increased approximately 29% to 322 units during the year — together with an expanding footprint of aircraft certifications and Supplemental Type Certificates. To support this growth, in August 2025 we welcomed Rick Freeman as Chief Executive Officer of AEM, bringing more than 20 years' aerospace leadership experience to the role.

The Group also continued to advance the certification and commercialisation pathway for its CVM™ structural health monitoring technology, including progress on the Boeing 737NG certification program and continued engagement with major aircraft operators and OEMs on future applications.

The Group's balance sheet was significantly strengthened during the year. We ended FY26 with \$4.8 million in cash and a working capital surplus of \$14.2 million, having repaid the Group's remaining \$1.0 million term loan and eliminated all bank debt, while lease liabilities were reduced by a further \$1.6 million.

Looking ahead to FY27, the Board's priorities are clear:

- growing sales of AEM's digital audio and radio products;
- securing further aircraft certifications and STCs;
- progressing new proprietary avionics development programs;
- deepening direct engagement with customers and original equipment manufacturers;
- maintaining a disciplined, margin-focused approach to Contract Manufacturing;
- advancing the Boeing 737NG CVM™ certification pathway; and
- evaluating additional commercial and military applications for CVM™ technology.

With a strengthened balance sheet, no bank debt, and continued momentum across both our established avionics business and our CVM™ commercialisation program, the Board believes the Company is well positioned to deliver long-term value for shareholders.

On behalf of the Board, I thank our team, our industry partners and our shareholders for their continued support as we work to build a Company that delivers both economic value and lasting impact for the aerospace industry.

Yours sincerely,



Neville Bassett AM  
Non-Executive Chair

\*Adjusted EBITDA excludes Unrealised losses on derivative contracts of \$0.8m (2025: Unrealised gain of \$0.1m) and share-based payments of \$0.5m (2025: \$0.4m).

\*\* Free cashflow is the sum of operating and investing cashflow.

# STRATEGIC REPORT

Structural Monitoring Systems Plc ("SMS," "the Company" or "the Group") and its Canadian-based, wholly owned subsidiary, Anodyne Electronics Manufacturing Corp ("AEM"), recorded a profit after tax of \$1.3m for the year ended 30 June 2026 (FY26) (2025: profit after tax \$0.2m) representing a 669% improvement year-on-year. The Group delivered record revenue, improved profitability and strong cash generation during the year.

The result reflects continued growth in the Group's higher-margin proprietary avionics business, disciplined management of its contract manufacturing operations and continued progress toward the commercialisation of its CVM™ structural health monitoring technology.

The financial performance of the Group for the year ended 30 June 2026 is summarised as follows:

|                                      | FY26 | FY25  | YoY% |
|--------------------------------------|------|-------|------|
| Gross Revenue (\$m)                  | 32.5 | 28.1  | 16%  |
| Net Profit After Tax (\$m)           | 1.3  | 0.2   | 669% |
| Adjusted EBITDA* (\$m)               | 6.3  | 4.7   | 36%  |
| Free cashflow** (\$m)                | 6.0  | (0.6) | -    |
| Earnings per share (cents per share) | 0.86 | 0.12  | 617% |

\*Adjusted EBITDA excludes Unrealised losses on derivative contracts of \$0.8m (2025: Unrealised gain of \$0.1m), and share-based payments of \$0.5m (2025: \$0.4m).

\*\* Free cashflow is the sum of operating and investing cashflow.

During the year, the Group repaid its remaining \$1.0m term loan with Royal Bank of Canada and ended the year free of bank debt. The Group held cash at bank of \$4.8m at 30 June 2026 (30 June 2025: \$2.1m).

The improvement in financial performance was primarily driven by continued growth in the Avionics segment, improved manufacturing margins, disciplined cost management and a focus on working capital and cash generation.

AEM Avionics was the principal driver of the Group's growth during the year.

Avionics revenue increased by 40% to \$22.2 million, compared with \$15.8 million in FY25. This growth was supported by continued demand for AEM's digital audio systems and radio products, increased customer engagement and broader market acceptance of AEM's expanding proprietary avionics product portfolio.

Demand for the MTP136D aerial firefighting radio remained strong following its certification by the United States Forest Service and Department of the Interior. During FY26, the Company delivered a further 50 MTP136D radios to CAL FIRE, which operates the world's largest aerial firefighting fleet and forms a cornerstone of California's all-hazards emergency response system, as part of its fleet modernisation program.

AEM also broadened the installation opportunities for its radio products through additional Supplemental Type Certificates ("STCs").

During FY26, AEM launched the MTP138 radio, extending its critical-mission radio offering into offshore oil and gas, wind farm and other marine-related aviation applications. STC approval was also secured for installation of the MTP136D and MTP138 radios on Bell 206 and 407 aircraft.

Radio sales increased to 322 units during FY26, representing growth of approximately 29% compared with FY25. Sales momentum strengthened during the second half of the year as the Company increased direct customer engagement and expanded STC coverage across additional aircraft platforms.

AEM continued to invest in its proprietary product portfolio, with two avionics research and development programs progressing during the second half of FY26.

The Avionics segment enters FY27 with an expanding installed base, broader aircraft certification coverage and a pipeline of new and upgraded proprietary products.

## CONTRACT MANUFACTURING

Contract manufacturing revenue for FY26 was approximately \$10.3 million, compared with \$12.2 million in FY25.

The reduction in revenue reflects the Group's strategy of focusing on contract manufacturing programs that generate acceptable margins and make effective use of AEM's manufacturing capacity and technical capabilities.

Notwithstanding the lower revenue, the segment continued to provide manufacturing scale, stable cash flow, operational support and overhead absorption while supporting continued investment in proprietary avionics products.

The Group will continue to manage the Contract Manufacturing segment with a focus on margin, operational efficiency and its strategic contribution to the broader business.

## CVM™ SMART SENSOR SOLUTIONS

The Group continued to progress the certification and commercialisation pathway for its Comparative Vacuum Monitoring ("CVM™") structural health monitoring technology during FY26.

During the September quarter, the CVM™ team met with FAA certification engineers for a demonstration of the Boeing 737NG Aft Pressure Bulkhead monitoring system and a review of associated certification documentation.

At that time, 64 Delta Air Lines aircraft and two aircraft operated by another major U.S. airline had been fitted with CVM™ sensor kits.

During the December quarter, the Group continued validating the technical documentation for the Boeing 737NG application. The remaining documentation required for the FAA submission package was provided to Boeing's Engineering Unit Member in December 2025, with final updates subsequently completed.

During the March quarter, the Boeing B737NG Certification Plan and Service Bulletin were validated by the Boeing Regulatory Administration Group prior to submission to the FAA. A scope issue identified during the Boeing review process required the Certification Plan to be revised. Both the revised B737NG Certification Plan and the Service Bulletin were submitted to the FAA in April 2026 for their review and approval.

The Company continued discussions with major aircraft operators regarding potential commercial arrangements and assessed additional CVM™ applications with a focus on securing original equipment manufacturer support.

In parallel with the Boeing program, Airbus continued to evaluate potential further applications for CVM™ technology. The Company also continued to assess opportunities for CVM™ within military aircraft structural integrity programs.

## CORPORATE AND GOVERNANCE

During the year, the Company undertook a number of corporate and governance initiatives aimed at strengthening leadership capability and maintaining operational focus.

On 14 August 2025, Mr Anthony Faillace was appointed as a Non-Executive Director, bringing extensive global markets and investment management experience to the Board.

On 26 August 2025, Mr Rick Freeman was appointed Chief Executive Officer of the Company's wholly owned subsidiary, AEM. Mr Freeman has more than 20 years' leadership experience in the aerospace sector, including experience in business transformation and strategic execution.

Mr Neville Bassett AM was appointed Non-Executive Chairman effective from the close of the Company's Annual General Meeting on 23 December 2025. Mr Bassett is a Chartered Accountant with more than 30 years' experience in corporate advisory, financial management and public company governance.

During the year, the Company was involved in Federal Court proceedings commenced by former director Mr Ross Love and Turton House Group Pty Ltd. In December 2025, the Federal Court declined to grant an injunction against the Company, discharged the temporary injunction previously in place and ordered that Mr Love and Turton House Group Pty Ltd pay the Company's costs of the injunction application. Following that decision, the Board resolved to remove Mr Love as a director and terminate the related executive services agreement.

On 13 March 2026, the Company announced that the parties had entered into a Deed of Settlement and Release, fully and finally resolving all matters relating to the proceedings without any admission of liability. A Notice of Discontinuance was filed with, and approved by, the Federal Court.

Subsequent to the end of the reporting date and following four consecutive quarters of positive operating cash flow, ASX confirmed that the Company was no longer required to lodge Appendix 4C quarterly cash flow reports under Listing Rule 4.7B. The Company intends to continue lodging Quarterly Activities Reports and will continue to comply with its continuous disclosure obligations.

### SUBSEQUENT EVENTS

Subsequent to the reporting date, Boeing advised the Company that the FAA had scheduled commencement of its review of the revised Certification Plan for 7 October 2026.

The FAA's review of the Boeing 737NG Service Bulletin is expected to commence on 24 October 2026. These dates are indicative and remain subject to the FAA's review process and priorities.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### OUTLOOK

The Group enters FY27 with a strengthened balance sheet, no bank debt and a growing proprietary avionics business.

The Group's priorities for FY27 include:

- continuing to grow sales of AEM's digital audio and radio products by direct customer interface, generating sales for a new avionics products and driving sales through its US and Canadian dealer network and internationally through its regional sales representatives;
- securing further aircraft certifications and STCs by bringing Design Approval Organization (DAO) activities in-house, we will support audio systems and radio sales campaigns with new strategic aircraft STCs supporting sales efforts in US, Canada and Europe;
- progressing new proprietary avionics development programs. In FY27, we expect significant advancements in two major development projects bringing new technology and features with AEM's signature reliability and intuitive design;
- increasing direct engagement with customers and original equipment manufacturers via an expanded agency network;
- maintaining a disciplined and margin-focused approach to Contract Manufacturing. Modest growth is expected in FY27 for our contract manufacturing business where we can have strong core competencies, add value for our customers and margins are in line with expectations and achieve margins in line with expectations and
- progressing the Boeing 737NG CVM™ certification pathway, in FY27, the expectation is that the FAA will approve the B737NG Cert Plan and Service Bulletin. In FY27 we expect Airbus to start to look more closely at funding internal research and development of the A320 frame16 opportunity using CVM™ technology. In advance of this project, we are looking at a new sensor design and a focus on crack detection with a grouping of sensors as well as individual critical areas of risk.

The Board and management remain focused on disciplined capital allocation, continued cash generation and investing in opportunities capable of delivering sustainable long-term growth.

### FUTURE DEVELOPMENTS

The Company will continue to focus on further expansion of its avionics business across North America and other global markets, whilst continuing to progress FAA certification and commercialisation of CVM™ technology.

### ANALYSIS USING KEY FINANCIAL MEASURES AND MILESTONES

As at 30 June 2026, the Group had approximately \$4.8m cash at bank (2025: \$2.1m).

The Group recorded a profit after tax for the 2026 financial year of \$1.3m (2025: profit after tax \$0.2m). The increase in profit resulted from a 40% increase in sales of proprietary avionics products and an improved manufacturing margin whilst maintaining tight cost controls.

The Group recorded revenue during the year of \$32.5m (2025: \$28.1m), an increase of 16% year on year. Key expenses during the year were consumables and raw materials used of \$15.1m (2025: \$12.3m), depreciation and amortisation expenses of \$2.4m (2025: \$2.3m), employee costs of \$6.8m (2025: \$7.7m) and sales and marketing expenses of \$1.1m (2025: \$0.8m). In accordance with IAS 38 Intangible assets the Group has capitalised development expenses of \$1.9m (2025: \$1.0m) incurred in the internal development of products at the commercialisation stage of development. Income tax expense for the year increased to \$0.9m (2025: \$0.6m).

At the reporting date the Group had net assets of \$23.3m (2025: \$23.5m). The Group had trade receivables of \$3.9m (2025: \$2.8m), inventory of \$10.9m (2025: \$14.9m) and intangible assets of \$7.6m (2025: \$7.1m), including goodwill of \$1.5m (2025: \$1.6m). The key movements during the year were an increase in cash at bank of \$2.6m due to increased profitability and cash generation, an increase in accounts receivable of \$1.1m, due to increased revenue, a reduction in inventory of \$4.0m due to increased efficiency in inventory management.

Borrowings of \$1.0m were repaid during the year eliminating all bank debt from the balance sheet and lease liabilities were reduced by \$1.6m.

As a result of the CAD:AUD dollar spot rate declining by 9% during the year, a negative movement of \$2.03m in the foreign currency translation reserve has been recorded under other comprehensive income for the year reflecting the decline in Canadian dollar denominated asset value when converted to AUD.

The Group's adjusted EBITDA\* for the financial year was \$6.3m (2025: \$4.7m).

Earnings per share for the financial year was 0.86 cents per share (2025: earnings per share 0.12 cents).

Net tangible assets at the reporting date were 10.06 cents per ordinary security (2025: 10.59 cents).

\*Adjusted EBITDA excludes unrealised losses on derivative contracts of \$0.8m and share-based payments of \$0.5m.

All financials are quoted in Australian dollars unless otherwise stated.

## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and how they are managed are set out on page 22-23 of the Director's Report

## STRUCTURAL MONITORING SYSTEMS PLC – SECTION 172 STATEMENT

For the year ended 30 June 2026

The Directors recognise their duty under section 172 of the UK Companies Act 2006 to act in the way each considers, in good faith, would be most likely to promote the success of Structural Monitoring Systems Plc ("the Company") for the benefit of its members as a whole.

In discharging this duty, the Directors have regard to the likely long-term consequences of decisions; the interests of employees; relationships with customers, suppliers and other business partners; the impact of operations on communities and the environment; the importance of maintaining high standards of business conduct; and the need to act fairly between members.

The Board recognises that the Company's long-term success depends on the quality, safety and reliability of the Group's products, the expertise of its people, trusted commercial relationships and disciplined investment. These considerations inform oversight of the Group's avionics and manufacturing activities and the development and commercialisation of its CVM™ technology.

## HOW STAKEHOLDER VIEWS INFORM BOARD DECISIONS

The Board engages with stakeholders directly and through management. Day-to-day engagement is principally undertaken by the executives and operational teams closest to the relevant relationships. Significant feedback, concerns and emerging issues are brought to the Board through management reports, presentations and papers supporting decisions.

When considering a material proposal, the Board assesses the stakeholders affected, the feedback received, the available alternatives and the likely financial and non-financial consequences. Directors challenge management's assumptions, consider potential adverse impacts and assess whether changes to the proposal or additional safeguards are appropriate.

Stakeholder interests do not always align. For example, investment in product development may support customers and future growth while reducing cash available in the short term. Measures to improve efficiency may strengthen the business while affecting employees or suppliers. The Board exercises independent judgement in balancing these considerations, taking account of the Company's long-term success, financial resilience and obligations.

The principal stakeholder groups, engagement methods and their relevance to Board decisions are set out below.

| Stakeholder group and importance to the Group                                                                                                                                          | Engagement and matters raised                                                                                                                                                                                                                                                                                             | How the Board considers the feedback                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Employees and contractors.</b> Engineering, manufacturing, quality assurance and commercial expertise are essential to product reliability, innovation and delivery.                | Engagement through management briefings, team meetings, individual discussions, performance and development reviews, and channels for raising safety or workplace concerns. Relevant matters include safe working conditions, workload, remuneration, skills development, career opportunities and organisational change. | Management brings material workforce feedback and information on retention, recruitment, capability and safety to the Board. This informs workforce planning, remuneration, succession, training and investment in operational resources. When considering organisational changes, the Board weighs efficiency benefits against effects on employees, retention of expertise and delivery capability, including measures to reduce adverse impacts. |
| <b>Customers and end users.</b> Aircraft manufacturers, operators, special-mission aviation customers and other aerospace customers depend on reliable products and technical support. | Commercial and technical meetings, product development discussions, demonstrations, customer support, and review of delivery, warranty and quality issues. Feedback concerns product performance, safety, functionality, approvals, delivery times, service and whole-of-life costs.                                      | The Board considers significant customer feedback alongside demand forecasts, order visibility, product performance and delivery risks. This informs product development priorities, manufacturing capacity, service resources and material contractual commitments. Customer interest is assessed alongside technical feasibility, approval requirements and expected returns before substantial resources are committed.                          |
| <b>Suppliers and manufacturing partners.</b> Access to suitable components, materials and specialist services supports continuity, quality and timely delivery.                        | Procurement discussions, supplier performance reviews, quality assessments and engagement on forecasts, lead times, availability, pricing and payment terms.                                                                                                                                                              | Management escalates material supply constraints, quality concerns and supplier dependencies. The Board considers these in decisions on inventory, working capital, alternative sourcing and production investment. It weighs resilience and delivery commitments against the cost of additional stock, obsolescence risk and the importance of sustainable supplier relationships.                                                                 |
| <b>Technology, development and commercialisation partners.</b> Collaboration supports validation, integration and adoption of the Group's technology, particularly CVM™.               | Technical reviews, testing programmes, development meetings and discussions concerning integration, intellectual property, commercial arrangements and routes to market. Feedback addresses technical requirements, adoption barriers, milestones and the resources required to progress applications.                    | Partner feedback informs the Board's assessment of development priorities, budgets, milestones and commercial prospects. The Board considers whether to continue, stage, redirect or defer expenditure in light of technical progress, customer demand, approval dependencies and funding requirements. It also considers intellectual property protection and reliance on individual partners.                                                     |

| Stakeholder group and importance to the Group                                                                                                                                         | Engagement and matters raised                                                                                                                                                                                                                                                                                                                              | How the Board considers the feedback                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Shareholders and investors, including CDI holders.</b> Continued investor confidence and access to capital support the Group's strategy.                                           | The annual general meeting, investor presentations and briefings, shareholder enquiries and meetings with investors. ASX announcements, periodic reports and the Company's website provide information supporting this dialogue. Relevant matters include performance, strategy, cash generation, development progress, governance and capital allocation. | The Board receives material investor feedback, recurring questions and voting results. These inform consideration of strategy, disclosure, governance and financing alternatives. For capital raisings, the Board considers funding certainty, timing, cost, dilution and participation opportunities for existing holders. Engagement is conducted consistently with continuous disclosure requirements and fair access to material information. |
| <b>Regulators, certification authorities and industry bodies.</b> Regulatory compliance and relevant product approvals underpin market access and confidence in the Group's products. | Engagement through technical submissions, certification activity, audits, inspections and compliance correspondence, directly or through relevant partners. Matters include product safety, evidence requirements, quality systems and applicable corporate and market obligations.                                                                        | The Board considers material regulatory feedback, audit findings and approval dependencies when assessing risk, project funding, development schedules and commercial commitments. It oversees responses to significant findings and considers whether additional testing, expertise or resources are required. Commercial expectations are assessed against the evidence and approvals needed for the intended application.                      |
| <b>Lenders and other finance providers.</b> Appropriate funding arrangements support liquidity, working capital and investment.                                                       | Discussions on financial performance, forecasts, facilities, security, covenants and funding requirements, where applicable.                                                                                                                                                                                                                               | The Board considers financing feedback together with cash-flow forecasts and downside scenarios. This informs borrowing, capital expenditure and liquidity decisions, including the balance between financing costs, financial flexibility and the ability to meet commitments to employees, suppliers and other creditors.                                                                                                                       |
| <b>Local communities and the environment.</b> The Group's facilities, employment and use of resources affect the communities in which it operates.                                    | Local management engagement with relevant community representatives, authorities and service providers, together with consideration of concerns raised about operations. Relevant matters include employment, responsible procurement, waste, energy use and the handling and disposal of manufacturing materials.                                         | Material community feedback and environmental issues are brought to the Board through operational and risk reporting. The Board considers these when reviewing facilities, capital expenditure, operating practices and business continuity. It assesses opportunities to reduce adverse impacts and considers environmental claims only where supported by evidence.                                                                             |

### LONG-TERM CONSEQUENCES AND STANDARDS OF CONDUCT

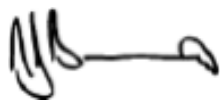
In approving strategy, budgets and material investments, the Board considers expected returns alongside execution risk, cash requirements, customer demand, workforce capability and regulatory dependencies. This includes the balance between supporting established operations and investing in products and technologies whose commercial returns may take longer to emerge.

The Board regards product quality, safety, integrity and transparent reporting as essential to the Group's reputation. Material concerns relating to conduct, compliance or conflicts of interest are considered in assessing proposals and overseeing management's response. Directors consider the interests of members as a whole and the fair treatment of different shareholder groups.

### MONITORING AND FOLLOW-THROUGH

The Board monitors implementation of material decisions through management reporting and agreed performance measures. Where stakeholder concerns remain unresolved or outcomes differ from expectations, the Board considers whether further engagement, corrective action or a change in approach is required. Management communicates relevant responses through the appropriate stakeholder channels, subject to confidentiality and market disclosure obligations.

The Strategic Report was signed on behalf of the Board.



Neville Bassett AM  
Non-Executive Chair  
28 September 2026

# DIRECTORS' REPORT

The Directors have submitted their report for the year ended 30 June 2026.

## DIRECTORS AND OFFICERS

The names of the Company's directors and officers in office during the year and until the date of this report are as below.

### **Neville Bassett AM (Independent Non-Executive Chair appointed 23 December 2025)**

Mr Neville Bassett AM is a Chartered Accountant with more than 30 years' experience in corporate advisory, financial management and public company governance.

He has played a key role in numerous public company listings, capital raisings, mergers and acquisitions, and brings extensive knowledge of Australian financial markets and the ASX regulatory environment with directorships spanning the resources, technology and services sector.

Mr Bassett has significant board and executive leadership experience and currently serves as Non-Executive Chairman of Auris Minerals Ltd (since 20 April 2018) and as a Non-Executive Director of Tennant Minerals Ltd and Bulletin Resources Ltd and spent eight years as Chairman of the Royal Flying Doctor Service (Western Operations).

He was awarded a Member of the Order of Australia (AM) in 2015 for services to aviation emergency medical services and is a Fellow of The Chartered Accountants Australia & New Zealand.

### **Sam Wright (Non-Executive Director, appointed 14 October 2020 and Company Secretary)**

Mr Wright is a seasoned corporate advisor with over 20 years of experience in corporate governance, corporate finance, and the administration of ASX-listed companies. He is a Fellow of the Australian Institute of Company Directors, and an associate of the Chartered Institute for Securities and Investment, and the Governance Institute of Australia.

Mr Wright is the Managing Director of Western Australian-based corporate advisory firm, Straight Lines Consultancy, specialising in the provision of corporate services to public companies. Throughout his career, Sam has held director and company secretary roles across Australia, North America, and the United Kingdom. He has deep expertise in public company operations, including ASX and ASIC compliance, corporate governance, statutory financial reporting, IPOs, M&A transactions, and stakeholder engagement with both retail and institutional investors.

Sam is currently a director of ASX-listed companies Reach Resources Ltd and Structural Monitoring Systems Plc, as well as First Growth Funds Ltd, which is listed on the Canadian Securities Exchange. He also serves as Company Secretary for Resolute Mining Ltd, a company dual listed on the ASX 200 and London Stock Exchange, as well as AdNeo Ltd, Buxton Resources Ltd and BWE Drilling Ltd and Findi Ltd, whose securities are traded on both the ASX and Börse Frankfurt.

### **Brian Wall (Non-Executive Director, appointed 20 June 2022)**

Mr Wall has held leadership roles in a 35 year plus career with organisations such as Cintas, Troika Ventures, The Pattison Group and most recently, Anodyne Electronics Manufacturing Corp ("AEM") a subsidiary of SMS.

Mr Wall joined AEM in August 2019 and held the position of Chief Executive until August 2022. He successfully navigated the Company through the COVID-19 pandemic, successfully positioned the company for profitable growth in several sectors and oversaw the transition to its new facility in Kelowna, BC.

Mr Wall has not held directorships of any other ASX listed companies in the last 3 years.

### **Heinrich Loechteken (Non-Executive Director, appointed 15 November 2022)**

Mr Loechteken 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 record of financial and operational restructuring of companies ahead of sale or IPO.

Heinrich has held senior executive roles with JLPS Ireland Limited, MC Aviation Partners, International Finance Corporation and AerCap.

Heinrich holds a Diplom-Kaufmann (German MBA equivalent) from the University of Muenster, Germany 1990.

Mr Loechteken has not held directorships of any other ASX listed companies in the last 3 years.

### **Anthony Faillace (Non-Executive Director, appointed 14 August 2025)**

Mr Faillace is the Founder and Chief Investment Officer of Drake Management LLC, a New York-based multi strategy investment firm with significant experience in global markets. Drake Management has investments in numerous developments and opportunities around the world, including North America, the Asia Pacific, and Europe.

Prior to founding Drake, Mr Faillace was a Managing Director and Senior Portfolio Manager at BlackRock Inc., a leading global investment management firm. Prior to joining BlackRock, he spent five years at Pacific Investment Management Company (PIMCO), where he led the firm's discussions on international and emerging markets at the annual secular forum strategy sessions.

Mr Faillace holds a Bachelor of Science from the University of Texas at Austin and a Master of Business Administration from the Kellogg School of Management, Northwestern University and is Chair of the Carnegie Council for Ethics in International Affairs.

Mr Faillace is a substantial shareholder of SMS, holding approximately 15% of the Company's issued capital, and will therefore be classified as a non-independent director for the purposes of the ASX Corporate Governance Principles and Recommendations.

Mr Faillace has not held directorships of any other ASX listed companies in the last 3 years.

### **Ross Love (Executive Chair & CEO, appointed 13 July 2022, removed 23 December 2025)**

## **PRINCIPAL ACTIVITIES**

During the financial year the principal continuing activities of the consolidated entity consisted of the design, development and manufacture of avionic products and the provision of contract electronics manufacturing services to the aviation industry as well as implementation of its commercialisation strategy for its CVM™ technology.

## **SHAREHOLDER MEETINGS**

Structural Monitoring Systems Plc held its Annual General Meeting of Shareholders in Perth, Western Australia on 23 December 2025.

All general resolutions that were put to shareholders at the meeting were passed by a poll. Two special resolutions were not carried by the requisite majority.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. In meeting the reporting requirements applicable to the Group as an Australian Securities Exchange listed entity, the directors have prepared these financial statements in accordance with UK-adopted International Accounting Standards. The financial statements have also been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements are required by law and UK adopted international accounting standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the [www.structuralmonitoring.systems](http://www.structuralmonitoring.systems) website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## EVENTS SUBSEQUENT TO THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## RESULTS AND DIVIDEND

The operating profit, after income tax, for the year was \$1.3m (2025: \$0.2m). No dividends were proposed or paid during the current or preceding financial year.

## SHARE CAPITAL

The impact on share capital and share premium account of the share issues during the year is disclosed in note 24 in the notes to the financial statements.

## GOING CONCERN

The Group held cash at bank at 30 June 2026 of \$4.8m (30 June 2025: \$2.1m) and reported a profit after tax for the year ended 30 June 2026 of \$1.3m (30 June 2025: \$0.2m) and generated a positive free cashflow for the year ended 30 June 2026 of \$6.0m (30 June 2025: negative free cashflow \$0.6m)). The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities, the continued financial performance of AEM and the realisation of assets and discharge of liabilities in the normal course of business as well as the availability of an established operating line of credit facility of up to C\$6 million which has no set date for maturity. The facility, which is reviewed on an annual basis, is provided by AEM's bankers, is long standing and is secured on receivables and inventory and is subject to loan covenants. The Directors expect the Group to comply with the covenants.

The Directors have prepared forecasts in respect of future trading. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period of 12 months from the date of signing these financial statements. The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

## DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Group during the financial year:

| Director                          | Board meetings |   | Audit committee |   | Remuneration committee |   |
|-----------------------------------|----------------|---|-----------------|---|------------------------|---|
|                                   | A              | B | A               | B | A                      | B |
| Neville Bassett AM <sup>(1)</sup> | 4              | 5 | -               | - | -                      | - |
| Sam Wright                        | 9              | 9 | 1               | 1 | -                      | - |
| Brian Wall                        | 9              | 9 | 1               | 1 | -                      | - |
| Heinrich Loechteken               | 8              | 9 | 1               | 1 | -                      | - |
| Anthony Faillace <sup>(2)</sup>   | 3              | 6 | 1               | 1 | -                      | - |
| Ross Love <sup>(3)</sup>          | 1              | 6 | -               | 1 | -                      | - |

<sup>(1)</sup> appointed 23 December 2025

<sup>(2)</sup> appointed 14 August 2025

<sup>(3)</sup> removed 23 December 2025

A – Number of meetings attended

B – Number of meetings held while the director held office during the year

In addition to formal directors' meetings held during the year regular, executive meetings were held on a weekly basis throughout the year.

## RESEARCH AND DEVELOPMENT

The Group actively reviews technical developments in its markets with a view to taking advantage of the opportunities available to maintain and improve its competitive position. This action involves the design and development of customised avionics and structural health monitoring systems applicable to the aviation industry.

# REMUNERATION REPORT (AUDITED)

---

## REMUNERATION POLICY

The Remuneration Committee of the Board of Directors of Structural Monitoring Systems Plc is responsible for determining and reviewing compensation arrangements for the directors and executives. The Remuneration Committee (or the Board of directors) assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emoluments in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and senior executives' emoluments to the Company's financial and operational performance. Executive directors and employees have the opportunity to qualify for participation in the Company Employee Incentive Plan.

It is the Remuneration Committee's policy that employment agreements shall be entered into with the Executive Chair and all other executives. Any options or performance rights held lapse when the service period is completed.

## REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

Details of the nature and amount of each major element of remuneration of each director of the Group and each of the Group executives who receive the highest remuneration are:

|                                   | Salary & Fees    |               |                      | Post<br>Employment  | Share-based<br>payments | Total            |
|-----------------------------------|------------------|---------------|----------------------|---------------------|-------------------------|------------------|
| 30 June 2026                      | Cash             | Other         | Non-cash<br>benefits | Superannu-<br>ation | CDIs                    |                  |
|                                   | \$               | \$            |                      | \$                  | \$                      | \$               |
| <b>Directors</b>                  |                  |               |                      |                     |                         |                  |
| Neville Bassett AM <sup>(1)</sup> | 39,349           | –             | –                    | –                   | –                       | 39,349           |
| Sam Wright*                       | 150,000          | 20,000        | –                    | –                   | –                       | 170,000          |
| Brian Wall                        | 75,000           | –             | –                    | –                   | –                       | 75,000           |
| Heinrich Loechteken               | 75,000           | –             | –                    | –                   | –                       | 75,000           |
| Anthony Faillace <sup>(2)</sup>   | 66,242           | –             | –                    | –                   | –                       | 66,242           |
| Ross Love <sup>(3)</sup>          | 302,190          | –             | –                    | –                   | –                       | 302,190          |
| <b>Executive</b>                  |                  |               |                      |                     |                         |                  |
| Rick Freeman <sup>(4)</sup>       | 406,357          | –             | 67,314               | 22,124              | 210,500                 | 706,295          |
| Gary Elwell                       | 150,000          | –             | –                    | –                   | 17,500                  | 167,500          |
| <b>Total</b>                      | <b>1,264,138</b> | <b>20,000</b> | <b>67,314</b>        | <b>22,124</b>       | <b>228,000</b>          | <b>1,601,576</b> |

<sup>(1)</sup> appointed 23 December 2025

<sup>(2)</sup> appointed 14 August 2025

<sup>(3)</sup> removed 23 December 2025

<sup>(4)</sup> appointed 26 August 2025

|                                 | Salary & Fees  |          |                      | Post<br>Employment  | Share-based<br>payments | Total          |
|---------------------------------|----------------|----------|----------------------|---------------------|-------------------------|----------------|
| 30 June 2025                    | Cash           | Other    | Non-cash<br>benefits | Superannu-<br>ation | CDIs                    |                |
|                                 | \$             | \$       |                      | \$                  | \$                      | \$             |
| <b>Directors</b>                |                |          |                      |                     |                         |                |
| Ross Love                       | 325,000        | –        | –                    | –                   | –                       | 325,000        |
| Sam Wright*                     | 145,000        | –        | –                    | –                   | 22,250                  | 167,250        |
| Brian Wall                      | 75,000         | –        | –                    | –                   | 55,625                  | 130,625        |
| Heinrich Loechteken             | 75,000         | –        | –                    | –                   | 22,250                  | 97,250         |
| Miroljub Miletic <sup>(1)</sup> | 20,591         | –        | –                    | 2,446               | –                       | 23,037         |
| <b>Executive</b>                |                |          |                      |                     |                         |                |
| Gary Elwell                     | 157,500        | –        | –                    | –                   | 11,071                  | 168,571        |
| <b>Total</b>                    | <b>798,091</b> | <b>-</b> | <b>-</b>             | <b>2,446</b>        | <b>111,196</b>          | <b>911,733</b> |

<sup>(1)</sup> resigned 18 October 2024

\*Sam Wright received other fees of \$20,000 (2025: \$nil) for additional services in respect of extensive time incurred in defending court action brought against the Company by a serving director. Mr Wright also receives an annual retainer of \$75,000 for the role of Company Secretary, as well as \$75,000 in director fees.

## SHARE-BASED COMPENSATION

At the 2025 AGM, the Company did not receive any feedback at the AGM regarding its remuneration practices.

The value of CDIs granted, converted and lapsed for directors and executives as part of compensation during the year ended 30 June 2026 are set out below:

| Name                | Value of CDIs/<br>options granted<br>\$ | Value of options<br>converted<br>\$ | Value of options<br>lapsed<br>\$ | Fair value per<br>CDI/option<br>\$ |
|---------------------|-----------------------------------------|-------------------------------------|----------------------------------|------------------------------------|
| <b>Directors</b>    |                                         |                                     |                                  |                                    |
| Neville Bassett AM  | -                                       | -                                   | -                                | -                                  |
| Sam Wright          | -                                       | -                                   | -                                | -                                  |
| Brian Wall          | -                                       | -                                   | -                                | -                                  |
| Heinrich Loechteken | -                                       | -                                   | -                                | -                                  |
| Anthony Faillace    | -                                       | -                                   | -                                | -                                  |
| Ross Love           | -                                       | -                                   | (185,095)                        | 0.12                               |
| <b>Executive</b>    |                                         |                                     |                                  |                                    |
| Rick Freeman        | 210,500                                 | -                                   | -                                | 0.50                               |
| Gary Elwell         | 17,500                                  | -                                   | -                                | 0.35                               |
| <b>Total</b>        | <b>228,000</b>                          | <b>-</b>                            | <b>(185,095)</b>                 |                                    |

## SERVICE AGREEMENTS

Remuneration and other terms of employment for Directors and executives are formalised in service agreements. Details of these agreements are as follows:

Name: **Rick Freeman**  
 Title: AEM Chief Executive Officer  
 Agreement commenced: 26 August 2025  
 Term of agreement: no fixed term  
 Details: Base salary of C\$450,000 plus statutory superannuation, housing allowance of C\$42,000 per year, car allowance of C\$11,000 per year, health and dental plan of C\$21,544 per year, 421,000 sign-on shares plus 421,000 retention shares per year subject to achievement of specified performance hurdles. to be reviewed annually by the Remuneration Committee. Either party may terminate the agreement on six months' notice.

Name: **Gary Elwell**  
 Title: Group Chief Financial Officer  
 Agreement commenced: 1 May 2020  
 Term of agreement: no fixed term  
 Details: Base salary \$150,000 to be reviewed annually by the Remuneration Committee. A termination period of one month is in place.

All Non-Executive Directors receive fees of \$75,000 per annum with no termination period in place.

The Company Secretary receives an annual retainer of \$75,000 with a termination period of 1 month in place (2 months' notice by the Company).

Directors and executives have no entitlement to termination payments in the event of removal for misconduct.

## SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

CDIs held in Structural Monitoring Systems Plc:

| 30 June 2026                      | Balance at beginning of year | CDIs held on appointment/ resignation date | Granted as Remuneration | Exercise of options | Net Change Other | Balance at end of year |
|-----------------------------------|------------------------------|--------------------------------------------|-------------------------|---------------------|------------------|------------------------|
|                                   | No.                          | No.                                        | No.                     | No.                 | No.              | No.                    |
| <b>Directors</b>                  |                              |                                            |                         |                     |                  |                        |
| Neville Bassett AM <sup>(1)</sup> | -                            | -                                          | -                       | -                   | -                | -                      |
| Sam Wright                        | 2,106,489                    | -                                          | -                       | -                   | -                | 2,106,489              |
| Brian Wall                        | 163,218                      | -                                          | -                       | -                   | -                | 163,218                |
| Heinrich Loechteken               | 2,998,434                    | -                                          | -                       | -                   | 940,942          | 3,939,376              |
| Anthony Faillace <sup>(2)</sup>   | -                            | 23,356,018                                 | -                       | -                   | -                | 23,356,018             |
| Ross Love <sup>(3)</sup>          | 543,000                      | (543,000)                                  | -                       | -                   | -                | -                      |
| <b>Executive</b>                  |                              |                                            |                         |                     |                  |                        |
| Rick Freeman <sup>(4)</sup>       | -                            | -                                          | 421,000                 | -                   | -                | 421,000                |
| Gary Elwell                       | 430,668                      | -                                          | 50,000                  | -                   | (40,557)         | 440,111                |
| <b>Total</b>                      | <b>6,241,809</b>             | <b>22,813,018</b>                          | <b>471,000</b>          | <b>-</b>            | <b>900,385</b>   | <b>30,426,212</b>      |

<sup>(1)</sup> appointed 23 December 2025

<sup>(2)</sup> appointed 14 August 2025

<sup>(3)</sup> removed 23 December 2025

<sup>(4)</sup> appointed 26 August 2025

| 30 June 2025                    | Balance at beginning of year | CDIs held on appointment/ resignation date | Granted as Remuneration | Exercise of options | Net Change Other | Balance at end of year |
|---------------------------------|------------------------------|--------------------------------------------|-------------------------|---------------------|------------------|------------------------|
|                                 | No.                          | No.                                        | No.                     | No.                 | No.              | No.                    |
| <b>Directors</b>                |                              |                                            |                         |                     |                  |                        |
| Ross Love                       | 300,000                      | -                                          | -                       | -                   | 243,000          | 543,000                |
| Sam Wright                      | 1,923,797                    | -                                          | 50,000                  | -                   | 132,692          | 2,106,489              |
| Brian Wall                      | 38,218                       | -                                          | 125,000                 | -                   | -                | 163,218                |
| Heinrich Loechteken             | 1,625,000                    | -                                          | 50,000                  | -                   | 1,323,434        | 2,998,434              |
| Miroljub Miletic <sup>(1)</sup> | -                            | -                                          | -                       | -                   | -                | -                      |
| <b>Executive</b>                |                              |                                            |                         |                     |                  |                        |
| Gary Elwell                     | 577,838                      | -                                          | -                       | -                   | (147,170)        | 430,668                |
| <b>Total</b>                    | <b>4,464,853</b>             | <b>-</b>                                   | <b>225,000</b>          | <b>-</b>            | <b>1,551,956</b> | <b>6,241,809</b>       |

<sup>(1)</sup> resigned 18 October 2024

## OPTIONS OVER CDIS HELD BY KEY MANAGEMENT PERSONNEL

Options over CDIs held by KMP during the current financial year and prior year are set out below:

| 30 June 2026                      | Balance at<br>beginning of<br>year<br>No. | Granted<br>during the<br>year<br>No. | Exercised<br>during the<br>year<br>No. | Other<br>changes<br>No. | Balance at<br>end of the<br>year<br>No. |
|-----------------------------------|-------------------------------------------|--------------------------------------|----------------------------------------|-------------------------|-----------------------------------------|
| <b>Directors</b>                  |                                           |                                      |                                        |                         |                                         |
| Neville Bassett AM <sup>(1)</sup> | -                                         | -                                    | -                                      | 105,699                 | 105,699                                 |
| Sam Wright                        | 117,261                                   | -                                    | -                                      | -                       | 117,261                                 |
| Brian Wall                        | 1,472                                     | -                                    | -                                      | -                       | 1,472                                   |
| Heinrich Loechteken               | 365,000                                   | -                                    | -                                      | -                       | 365,000                                 |
| Anthony Faillace <sup>(2)</sup>   | -                                         | -                                    | -                                      | 1,928,564               | 1,928,564                               |
| Ross Love <sup>(3)</sup>          | 1,500,000                                 | -                                    | -                                      | (1,500,000)             | -                                       |
| <b>Executive</b>                  |                                           |                                      |                                        |                         |                                         |
| Rick Freeman <sup>(4)</sup>       | -                                         | -                                    | -                                      | -                       | -                                       |
| Gary Elwell                       | 236,337                                   | -                                    | -                                      | -                       | 236,337                                 |
|                                   | <b>2,220,070</b>                          | <b>-</b>                             | <b>-</b>                               | <b>534,263</b>          | <b>2,754,333</b>                        |

<sup>(1)</sup> appointed 23 December 2025

<sup>(2)</sup> appointed 14 August 2025

<sup>(3)</sup> removed 23 December 2025

<sup>(4)</sup> appointed 26 August 2025

| 30 June 2025                    | Balance at<br>beginning of<br>year<br>No. | Granted<br>during the<br>year<br>No. | Exercised<br>during the<br>year<br>No. | Other<br>changes<br>No. | Balance at<br>end of the<br>year<br>No. |
|---------------------------------|-------------------------------------------|--------------------------------------|----------------------------------------|-------------------------|-----------------------------------------|
| <b>Directors</b>                |                                           |                                      |                                        |                         |                                         |
| Ross Love                       | 1,500,000                                 | -                                    | -                                      | -                       | 1,500,000                               |
| Sam Wright                      | -                                         | -                                    | -                                      | 117,261                 | 117,261                                 |
| Brian Wall                      | -                                         | -                                    | -                                      | 1,472                   | 1,472                                   |
| Heinrich Loechteken             | -                                         | -                                    | -                                      | 365,000                 | 365,000                                 |
| Miroljub Miletic <sup>(1)</sup> | -                                         | -                                    | -                                      | -                       | -                                       |
| <b>Executive</b>                |                                           |                                      |                                        |                         |                                         |
| Gary Elwell                     | -                                         | 50,000                               | -                                      | 186,337                 | 236,337                                 |
|                                 | <b>1,500,000</b>                          | <b>50,000</b>                        | <b>-</b>                               | <b>670,070</b>          | <b>2,220,070</b>                        |

<sup>(1)</sup> resigned 18 October 2024

## ADDITIONAL INFORMATION

The earnings of the Group for the 5 years to 30 June 2026 are summarised below:

|                                | 2026   | 2025   | 2024    | 2023    | 2022    |
|--------------------------------|--------|--------|---------|---------|---------|
|                                | \$000  | \$000  | \$000   | \$000   | \$000   |
| Sales Revenue                  | 32,533 | 28,058 | 27,951  | 22,381  | 15,701  |
| Adj EBITDA*                    | 6,346  | 4,714  | 2,457   | (239)   | (2,059) |
| EBIT                           | 2,483  | 1,337  | (220)   | (2,629) | (3,735) |
| Profit/(loss) after income tax | 1,331  | 173    | (1,041) | (3,314) | (3,851) |

The factors that are considered to affect total shareholder return ("TSR") are summarised below:

|                                               | 2026 | 2025 | 2024   | 2023   | 2022   |
|-----------------------------------------------|------|------|--------|--------|--------|
| Share price at financial year end \$          | 0.36 | 0.42 | 0.40   | 0.83   | 0.40   |
| Total dividends declared                      | -    | -    | -      | -      | -      |
| Basic earnings per share<br>(cents per share) | 0.86 | 0.12 | (0.77) | (2.49) | (3.11) |

\*Adjusted EBITDA excludes unrealised losses on foreign exchange, restructure costs and share-based payments.

## THIS CONCLUDES THE REMUNERATION REPORT (AUDITED)

## INFORMATION GIVEN TO AUDITORS

Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the Group's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

## CREDITOR PAYMENT POLICY

The Group's policy during the year was to pay suppliers in accordance with agreed terms and this policy will continue for the year ended 30 June 2027. The Group does not follow a specific code or standard in respect of such creditors. As at 30 June 2026, the Group's trade creditors represented 38 days' purchases (2025: 36 days).

## FINANCIAL INSTRUMENTS AND RISKS

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Executive Chair. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The Group is exposed through its operations to the following financial risks:

- credit risk;
- liquidity risk;
- foreign exchange risk

The Group is exposed to the usual credit risk associated with selling on credit and manages this through credit control procedures. Further information is provided in note 25 in the notes to the financial statements.

As a result of operations in Canada, USA and Australia, the Group's assets and liabilities can be affected by movements in the C\$/A\$ and US\$/A\$ exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

The Group is exposed to foreign currency risk through its Canadian-based subsidiary, AEM and the risk could increase in the future as international commercialisation of the Group's technologies increases. Currently the Group hedges up to 75% of its US Dollar net cashflows out for a period of 18 months. The hedge contracts are placed with Royal Bank of Canada. The unrealised losses on derivative contracts as at 30 June 2026 are \$0.7m.

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group held cash at 30 June 2026 of \$4.8m. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group monitors forecast cash inflows and outflows on a monthly basis. The Group also has an established operating line of credit facility with Royal Bank of Canada for up to C\$6 million to assist with day to day operating requirements. As at 30 June 2026 the balance drawn for this facility is \$nil. The Group also had a term loan facility with Royal Bank of Canada which was repaid during the year (the term loan had an outstanding balance of \$1.0m as at 30 June 2025).

## **BUSINESS RISKS AND UNCERTAINTIES**

### **1. CVM™ regulatory approvals and third-party dependence**

Commercialisation depends on FAA regulatory approval and aircraft manufacturers and aviation authorities completing application-specific documentation and approvals. Delays, additional technical requirements or changes in priorities could defer customer invoicing and cash receipts, increase development expenditure and reduce commercial opportunities.

### **2. CVM™ customer adoption and revenue conversion**

Regulatory approval does not guarantee airline orders or fleet-wide adoption. Sales depend on demonstrated maintenance savings, customer budgets, installation schedules and the remaining service life of applicable aircraft.

### **3. Customer and programme concentration**

Dependence on significant airline customers, aircraft manufacturers or manufacturing programmes could expose revenue to order deferrals, cancellations, pricing pressure or programme changes.

### **4. Sustainability of AEM growth and margins**

Profitability could be affected by changes in product mix, production volumes, pricing and capacity utilisation. Lower volumes or a shift away from higher-margin proprietary products could reduce overhead recovery and operating margins.

### **5. Supply chain, production capacity and component obsolescence**

Shortages of specialist electronic components, supplier failures, longer lead times or obsolete parts could disrupt deliveries and require costly redesign or requalification. Holding additional stock can protect production but increases working capital and inventory write-down exposure.

### **6. Product quality, aviation safety and liability**

Product defects or failures to meet customer specifications and certification requirements could result in rework, warranty claims, recalls, liability claims and reputational damage.

### **7. Product development, competition and intellectual property**

New avionics products and CVM applications may cost more, take longer or achieve lower sales than expected. Competing technologies, customer preferences and challenges protecting intellectual property could reduce returns on development expenditure. |

### **8. Liquidity and working capital**

Inventory commitments, development spending and delayed customer receipts could put pressure on available cash.

### **9. Foreign exchange and international trade**

Currency movements may affect operating margins, cash flows and reported Australian-dollar results. Changes in tariffs, customs requirements or export restrictions could affect cross-border supply and sales.

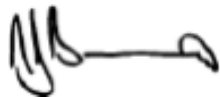
### **10. People, systems and operational continuity**

Loss of specialist engineering or certification expertise, cyber incidents, equipment failures or disruption at key facilities could interrupt production and customer support.

## **FUTURE DEVELOPMENTS**

The directors have discussed the future developments for the business within the Strategic Report on page 7, in accordance with Section 414C of the Companies Act 2006.

By order of the Board



Neville Bassett AM  
Non-Executive Chair  
28 September 2026

# Statement of profit or loss and other comprehensive income

## For the year ended 30 June 2026

|                                                                                                     |      | Consolidated   |                | Parent         |                |
|-----------------------------------------------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                                                     | Note | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000' | 2025<br>\$000' |
| Continuing operations                                                                               |      |                |                |                |                |
| Sales                                                                                               |      | 32,533         | 28,058         | -              | -              |
| Cost of sales                                                                                       |      | (15,567)       | (12,120)       | -              | -              |
| Gross profit                                                                                        |      | 16,966         | 15,938         | -              | -              |
| Other income                                                                                        | 4    | 208            | 64             | 894            | 1,112          |
| Loss on disposal of equipment                                                                       |      | -              | (2)            | -              | -              |
| Depreciation and amortisation                                                                       |      | (2,430)        | (2,332)        | -              | -              |
| Employee expenses                                                                                   | 5    | (6,799)        | (7,684)        | (728)          | (643)          |
| Impairment charges                                                                                  | 4    | -              | -              | (329)          | (343)          |
| Research and development expenses                                                                   |      | -              | (320)          | -              | -              |
| Restructure costs                                                                                   |      | -              | (390)          | -              | -              |
| Royalty fees                                                                                        |      | (132)          | (125)          | -              | -              |
| Sales and marketing expenses                                                                        |      | (1,138)        | (795)          | (157)          | (116)          |
| Share-based payments expenses                                                                       | 23   | (501)          | (439)          | (34)           | (439)          |
| Administrative expenses                                                                             |      | (2,759)        | (2,362)        | (676)          | (669)          |
| Operating profit/(loss) before finance costs and tax                                                |      | 3,416          | 1,553          | (1,030)        | (1,098)        |
| Finance costs                                                                                       |      | (226)          | (606)          | (2)            | (3)            |
| Finance income                                                                                      |      | 62             | 4              | 335            | 159            |
| Unrealised (loss)/gain on derivative contracts                                                      |      | (844)          | 90             | -              | -              |
| Foreign exchange gains/(losses)                                                                     |      | (151)          | (310)          | -              | (6)            |
| Profit/(loss) before tax                                                                            |      | 2,257          | 731            | (697)          | (948)          |
| Income tax benefit/(expense)                                                                        | 6    | (926)          | (558)          | -              | -              |
| Profit/(loss) from continuing operations                                                            |      | 1,331          | 173            | (697)          | (948)          |
| Profit/(loss) attributable to members of the parent                                                 |      | 1,331          | 173            | (697)          | (948)          |
| Other comprehensive income                                                                          |      |                |                |                |                |
| Items that may be reclassified subsequently to profit or loss:                                      |      |                |                |                |                |
| Foreign currency translation                                                                        |      | (2,033)        | 253            | -              | -              |
| Total other comprehensive income for the year                                                       |      | (2,033)        | 253            | -              | -              |
| Total comprehensive income for the year attributable to owners of Structural Monitoring Systems Plc |      | (702)          | 426            | (697)          | (948)          |
| Earnings per share (cents per share)                                                                |      |                |                |                |                |
| Basic for profit from continuing operations                                                         | 7    | 0.86           | 0.12           |                |                |
| Diluted for profit from continuing operations                                                       | 7    | 0.86           | 0.12           |                |                |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of financial position

## As at 30 June 2026

|                                                            | Notes | Consolidated  |               | Parent        |               |
|------------------------------------------------------------|-------|---------------|---------------|---------------|---------------|
|                                                            |       | 2026          | 2025          | 2026          | 2025          |
|                                                            |       | \$000'        | \$000'        | \$000'        | \$000'        |
| <b>Assets</b>                                              |       |               |               |               |               |
| <b>Current assets</b>                                      |       |               |               |               |               |
| Cash and cash equivalents                                  |       | 4,762         | 2,133         | 93            | 79            |
| Trade receivables                                          | 8     | 3,870         | 2,793         | -             | -             |
| Inventories                                                | 9     | 10,863        | 14,893        | -             | -             |
| Derivative financial instruments                           | 10    | -             | 91            | -             | -             |
| Prepayments and other receivables                          | 11    | 498           | 514           | 88            | 101           |
| <b>Total current assets</b>                                |       | <b>19,993</b> | <b>20,424</b> | <b>181</b>    | <b>180</b>    |
| <b>Non-current assets</b>                                  |       |               |               |               |               |
| Deferred tax assets                                        | 12    | 423           | 419           | -             | -             |
| Plant and equipment                                        | 13    | 997           | 1,181         | -             | -             |
| Right-of-use assets                                        | 14    | 4,130         | 5,553         | -             | -             |
| Intangible assets and goodwill                             | 15    | 7,639         | 7,113         | -             | -             |
| Loans to subsidiaries                                      | 16    | -             | -             | 17,779        | 18,171        |
| <b>Total non-current assets</b>                            |       | <b>13,189</b> | <b>14,266</b> | <b>17,779</b> | <b>18,171</b> |
| <b>Total assets</b>                                        |       | <b>33,182</b> | <b>34,690</b> | <b>17,960</b> | <b>18,351</b> |
| <b>Liabilities</b>                                         |       |               |               |               |               |
| <b>Current liabilities</b>                                 |       |               |               |               |               |
| Trade and other payables                                   | 17    | 3,545         | 2,863         | 286           | 481           |
| Borrowings                                                 | 18    | -             | 189           | -             | -             |
| Lease liabilities                                          | 19    | 1,290         | 1,523         | -             | -             |
| Derivative financial instruments                           | 10    | 726           | -             | -             | -             |
| Provisions                                                 | 20    | 205           | 301           | -             | -             |
| <b>Total current liabilities</b>                           |       | <b>5,766</b>  | <b>4,876</b>  | <b>286</b>    | <b>481</b>    |
| <b>Non-current liabilities</b>                             |       |               |               |               |               |
| Borrowings                                                 | 18    | -             | 813           | -             | -             |
| Lease liabilities                                          | 19    | 3,655         | 4,988         | -             | -             |
| Deferred tax liability                                     | 6     | 436           | 487           | -             | -             |
| <b>Total non-current liabilities</b>                       |       | <b>4,091</b>  | <b>6,288</b>  | <b>-</b>      | <b>-</b>      |
| <b>Total liabilities</b>                                   |       | <b>9,857</b>  | <b>11,164</b> | <b>286</b>    | <b>481</b>    |
| <b>Net assets</b>                                          |       | <b>23,325</b> | <b>23,526</b> | <b>17,674</b> | <b>17,870</b> |
| <b>Equity attributable to equity holders of the parent</b> |       |               |               |               |               |
| Issued capital                                             | 24    | 31,980        | 31,979        | 31,980        | 31,979        |
| Share premium reserve                                      | 24    | 53,568        | 53,068        | 53,568        | 53,068        |
| Accumulated losses                                         |       | (59,154)      | (60,670)      | (66,250)      | (65,738)      |
| Other reserves                                             | 24    | (3,069)       | (851)         | (1,624)       | (1,439)       |
| <b>Total equity</b>                                        |       | <b>23,325</b> | <b>23,526</b> | <b>17,674</b> | <b>17,870</b> |

The above statement of financial position should be read in conjunction with the accompanying notes.

**Approved by the Board and authorised for issue on 28 September 2026**



.....  
Neville Bassett AM, Non-Executive Chair

# Statement of cash flows

## For the year ended 30 June 2026

|                                                                                 |       | Consolidated   |                | Parent         |                |
|---------------------------------------------------------------------------------|-------|----------------|----------------|----------------|----------------|
|                                                                                 | Notes | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000' | 2025<br>\$000' |
| <b>Cashflows from operating activities</b>                                      |       |                |                |                |                |
| Receipts from customers                                                         |       | 31,426         | 27,294         | 894            | -              |
| Payments to suppliers and employees                                             |       | (23,054)       | (25,581)       | (1,744)        | (1,352)        |
| Interest received                                                               |       | 62             | 4              | 335            | 4              |
| Interest paid                                                                   |       | (226)          | (651)          | (1)            | (2)            |
| <b>Net cash generated by/(used in) operating activities before tax received</b> | 21(a) | 8,208          | 1,066          | (516)          | (1,350)        |
| Income tax received                                                             |       | -              | -              | -              | -              |
| <b>Net cash generated by/(used in) operating activities</b>                     |       | 8,208          | 1,066          | (516)          | (1,350)        |
| <b>Cashflows from investing activities</b>                                      |       |                |                |                |                |
| Payments for development expenses capitalised                                   |       | (1,942)        | (1,052)        | -              | -              |
| Payments for plant and equipment                                                |       | (270)          | (577)          | -              | -              |
| <b>Net cash (used in) investing activities</b>                                  |       | (2,212)        | (1,629)        | -              | -              |
| <b>Cashflows from financing activities</b>                                      |       |                |                |                |                |
| Proceeds from issue of shares                                                   |       | -              | 8,700          | -              | 8,700          |
| Share issue costs                                                               |       | -              | (568)          | -              | (660)          |
| Repayment of borrowings                                                         |       | (1,002)        | (5,382)        | -              | -              |
| Repayment of lease liabilities                                                  |       | (1,952)        | (1,297)        | -              | -              |
| Proceeds of borrowings from subsidiaries                                        |       | -              | -              | 530            | -              |
| Repayment of borrowings to subsidiaries                                         |       | -              | -              | -              | (6,645)        |
| <b>Net cash generated by/(used in) financing activities</b>                     |       | (2,954)        | 1,453          | 530            | 1,395          |
| <b>Net increase in cash and cash equivalents</b>                                |       | 3,042          | 890            | 14             | 45             |
| Cash and cash equivalents at beginning of year                                  |       | 2,133          | 1,260          | 79             | 34             |
| Effect of foreign exchange on balances                                          |       | (413)          | (17)           | -              | -              |
| <b>Cash and cash equivalents at end of year</b>                                 | 21(b) | 4,762          | 2,133          | 93             | 79             |
| Cash and cash equivalents                                                       |       | 4,762          | 2,133          | 93             | 79             |
| Borrowings                                                                      |       | -              | (1,002)        | -              | -              |
| <b>Cash and cash equivalents net of borrowings at end of year</b>               |       | 4,762          | 1,131          | 93             | 79             |

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Statement of changes in equity

### For the year ended 30 June 2026

|                                                | Issued capital<br>\$000' | Accumulated<br>losses<br>\$000' | Share<br>premium<br>reserve<br>\$000' | Share-based<br>payments<br>reserve<br>\$000' | Foreign<br>currency<br>translation<br>reserve<br>\$000' | Total<br>\$000' |
|------------------------------------------------|--------------------------|---------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------------------------|-----------------|
| <b>Consolidated</b>                            |                          |                                 |                                       |                                              |                                                         |                 |
| At 1 July 2025                                 | 31,979                   | (60,670)                        | 53,068                                | 832                                          | (1,683)                                                 | 23,526          |
| Profit for the year                            | -                        | 1,331                           | -                                     | -                                            | -                                                       | 1,331           |
| Foreign currency translation                   | -                        | -                               | -                                     | -                                            | (2,033)                                                 | (2,033)         |
| Total comprehensive income/(loss) for the year | -                        | 1,331                           | -                                     | -                                            | (2,033)                                                 | (702)           |
| Transactions with owners:                      |                          |                                 |                                       |                                              |                                                         |                 |
| Share-based payments: CDIs                     | 1                        | -                               | 500                                   | -                                            | -                                                       | 501             |
| Expiry of options                              | -                        | 185                             | -                                     | (185)                                        | -                                                       | -               |
| Total transactions with owners                 | 1                        | 185                             | 500                                   | (185)                                        | -                                                       | 501             |
| <b>At 30 June 2026</b>                         | <b>31,980</b>            | <b>(59,154)</b>                 | <b>53,568</b>                         | <b>647</b>                                   | <b>(3,716)</b>                                          | <b>23,325</b>   |
| At 1 July 2024                                 | 31,962                   | (60,994)                        | 44,612                                | 977                                          | (1,936)                                                 | 14,621          |
| Profit for the year                            | -                        | 173                             | -                                     | -                                            | -                                                       | 173             |
| Foreign currency translation                   | -                        | -                               | -                                     | -                                            | 253                                                     | 253             |
| Total comprehensive income for the year        | -                        | 173                             | -                                     | -                                            | 253                                                     | 426             |
| Transactions with owners:                      |                          |                                 |                                       |                                              |                                                         |                 |
| Issue of CDIs for cash                         | 16                       | -                               | 8,684                                 | -                                            | -                                                       | 8,700           |
| Share-based payments: options                  | -                        | -                               | -                                     | 130                                          | -                                                       | 130             |
| Share-based payments: CDIs                     | 1                        | -                               | 432                                   | -                                            | -                                                       | 433             |
| Share-based payments: accrual prior year       | -                        | -                               | -                                     | (124)                                        | -                                                       | (124)           |
| Expiry of performance rights                   | -                        | 151                             | -                                     | (151)                                        | -                                                       | -               |
| Share issue costs                              | -                        | -                               | (660)                                 | -                                            | -                                                       | (660)           |
| Total transactions with owners                 | 17                       | 151                             | 8,456                                 | (145)                                        | -                                                       | 8,479           |
| <b>At 30 June 2025</b>                         | <b>31,979</b>            | <b>(60,670)</b>                 | <b>53,068</b>                         | <b>832</b>                                   | <b>(1,683)</b>                                          | <b>23,526</b>   |

## Statement of changes in equity For the year ended 30 June 2026

| Parent                                   | Issued capital<br>\$000' | Accumulated<br>losses<br>\$000' | Share<br>premium<br>reserve<br>\$000' | Share-based<br>payments<br>reserve<br>\$000' | Foreign<br>currency<br>translation<br>reserve<br>\$000' | Total<br>\$000' |
|------------------------------------------|--------------------------|---------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------------------------|-----------------|
| At 1 July 2025                           | 31,979                   | (65,738)                        | 53,068                                | 832                                          | (2,271)                                                 | 17,870          |
| Loss for the year                        | -                        | (697)                           | -                                     | -                                            | -                                                       | (697)           |
| Total comprehensive loss for the year    | -                        | (697)                           | -                                     | -                                            | -                                                       | (697)           |
| Transactions with owners:                |                          |                                 |                                       |                                              |                                                         |                 |
| Share-based payments: CDIs               | 1                        | -                               | 500                                   | -                                            | -                                                       | 501             |
| Expiry of options                        | -                        | 185                             | -                                     | (185)                                        | -                                                       | -               |
| Total transactions with owners           | 1                        | 185                             | 500                                   | (185)                                        | -                                                       | 501             |
| <b>At 30 June 2026</b>                   | <b>31,980</b>            | <b>(66,250)</b>                 | <b>53,568</b>                         | <b>647</b>                                   | <b>(2,271)</b>                                          | <b>17,674</b>   |
| At 1 July 2024                           | 31,962                   | (64,941)                        | 44,612                                | 977                                          | (2,271)                                                 | 10,339          |
| Loss for the year                        | -                        | (948)                           | -                                     | -                                            | -                                                       | (948)           |
| Total comprehensive loss for the year    | -                        | (948)                           | -                                     | -                                            | -                                                       | (948)           |
| Transactions with owners:                |                          |                                 |                                       |                                              |                                                         |                 |
| Issue of CDIs for cash                   | 16                       | -                               | 8,684                                 | -                                            | -                                                       | 8,700           |
| Share-based payments: options            | -                        | -                               | -                                     | 130                                          | -                                                       | 130             |
| Share-based payments: CDIs               | 1                        | -                               | 432                                   | -                                            | -                                                       | 433             |
| Share-based payments: accrual prior year | -                        | -                               | -                                     | (124)                                        | -                                                       | (124)           |
| Expiry of performance rights             | -                        | 151                             | -                                     | (151)                                        | -                                                       | -               |
| Share issue costs                        | -                        | -                               | (660)                                 | -                                            | -                                                       | (660)           |
| Total transactions with owners           | 17                       | 151                             | 8,456                                 | (145)                                        | -                                                       | 8,479           |
| <b>At 30 June 2025</b>                   | <b>31,979</b>            | <b>(65,738)</b>                 | <b>53,068</b>                         | <b>832</b>                                   | <b>(2,271)</b>                                          | <b>17,870</b>   |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the financial statements

## 30 June 2026

---

### 1. Corporate information and authorisation of financial statements

The financial statements of Structural Monitoring Systems Plc for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of the directors on 28 September 2026 and the statements of financial position were signed on the Board's behalf by Neville Bassett AM.

Structural Monitoring Systems Plc is a public limited company incorporated and domiciled in the United Kingdom. The Company's registered office and principal place of business are disclosed on page 2 of this report. The Company's ordinary shares, when held as a Chess Depository Interest ("CDI") and registered on the CDI register, are tradable on the Australian Securities Exchange ("ASX"). Ordinary shares on the UK register cannot be traded on the Australian Securities Exchange.

### 2. Material accounting policy information

#### (a) Basis of Preparation

The consolidated financial statements and those of the parent entity are presented in Australian dollars which is the Company's functional currency and are rounded to the nearest one thousand Australian dollars. The average AUD:CAD rate for the year was 0.9375 (2025: 0.9039) and the reporting date AUD:CAD spot rate was 0.9778 (2025: 0.8957). CAD is the presentational currency of Anodyne Electronics Manufacturing Corp ("AEM"), a wholly owned subsidiary of the Company.

#### (b) Financial Position

The Group reported a profit after tax of \$1.3 million (2025: profit after tax of \$0.2 million) and an operating cash inflow of \$8.2 million (2025: inflow \$1.1 million) for the year ended 30 June 2026 and reported working capital of \$14.2 million (2025: \$15.5 million) including cash of \$4.8 million (2025: \$2.1 million) as at that date.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities, the continued financial performance of AEM, the continued development of the CVM™ technology and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group also has access to an established operating line of credit facility of C\$6.0million with Royal Bank of Canada ("RBC") which has no maturity date and is secured on receivables and inventory and is subject to compliance with loan covenants. As at 30 June 2026 no amounts were drawn under the facility (2025: nil).

The Directors have prepared forecasts in respect of future trading. Achievement of such forecasts would allow the entity to manage within its current funding facilities for the foreseeable future. In developing these forecasts, the Directors have made assumptions and performed sensitivity analysis on variables such as revenues and employee costs based upon their view of the current and future economic conditions that will prevail over the forecast period of 12 months from the date of signing these financial statements.

The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

#### (c) Statement of compliance

The Group's and the Company's financial statements have been prepared in accordance with UK adopted international accounting standards as they apply to the financial statements of the Group for the year ended 30 June 2026 and are applied in accordance with the Companies Act 2006. The Group and the Company have not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

adopted will have a material impact on the financial statements for the year ended 30 June 2026. See note 2(d) for further consideration.

#### (d) Accounting standards and Interpretations

##### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

The Group adopted all new and amended IFRS and Interpretations that became effective for the annual reporting period commencing 1 July 2025. The adoption of these standards and interpretations did not have a material impact on the Group's financial position, financial performance, cash flows or disclosures.

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet adopted for the year ended 30 June 2026. The Group's assessment of the impact of these new or amended Standards and Interpretations, most relevant to the Group, is set out below.

##### *IFRS 18 Presentation and Disclosure in Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ("EBITDA") or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027, and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

#### (e) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Structural Monitoring Systems Plc at the end of the reporting period. A controlled entity is any entity over which Structural Monitoring Systems Plc is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### *Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired, and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured at the end of each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

#### **(f) Foreign currency translation**

##### **(i) Functional currency**

Items included in the financial statements of each of the companies in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of Structural Monitoring Systems Plc is Australian dollars, and its presentation currency is Australian dollars. The functional currency of its overseas subsidiary, Structural Monitoring Systems Limited, is Australian dollars and the functional currency of its overseas subsidiary, Anodyne Electronics Manufacturing Corp is Canadian dollars.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### (iii) Group entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity and in other comprehensive income.
- On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

#### (g) Impairment of property, plant and equipment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (h) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

##### Financial assets

###### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

###### Trade, Group and other receivables

Trade, other and group receivables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### Trade, other and Group payables

Trade, Group and other payables are initially measured at fair value net of direct transaction costs and subsequently measured at amortised cost using the effective interest method.

#### Equity instruments

Equity instruments issued by the Group are recorded at fair value on initial recognition net of transaction costs.

#### Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset, it is derecognised ("written off"). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

#### Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary and weighted for probability likelihood variations in cash flows.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### *Definition of default*

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

#### *Write-off policy*

Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration. Receivables will also be written off when the amount is more than materially past due.

#### **(i) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **(j) Share-based payment transactions**

The Group provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions'). The fair value of options is determined using the Black-Scholes pricing model or using the trinomial option pricing model.

There is currently one plan in place to provide these benefits, the Employee Incentive Plan (EIP), which provides benefits to directors and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Structural Monitoring Systems Plc ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired. This opinion is formed based on the best available information at the reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

#### (k) Revenue

##### Revenue recognition – Repair services

Repair services represent a distinct performance obligation that is satisfied at a point in time. Revenue is recognised when control of the repaired part or component is transferred to the customer following completion of the repair service and delivery of the asset. This conclusion is supported by the customer obtaining legal title and physical possession of the asset, accepting the asset, assuming the significant risks and rewards of ownership, and the Group obtaining a present right to payment. Transaction prices are fixed and determinable based on agreed pricing schedules reflecting stand-alone selling prices.

##### Revenue recognition – Product sales (stock or customised parts)

Revenue from the sale of stock and customised parts is recognised at a point in time, as each sale represents a distinct performance obligation. Revenue is recognised when control of the product is transferred to the customer, which generally occurs upon shipment or delivery of the product in accordance with the contractual terms.

The Group determines that control has transferred when the customer obtains the ability to direct the use of, and substantially all of the remaining benefits from, the product. Indicators that control has transferred include:

- the Group has a present right to payment for the product;
- the customer has legal title to the product;
- physical possession of the product has been transferred to the customer;
- the customer has assumed the significant risks and rewards of ownership; and
- the customer has accepted the product.

Prices are fixed and determinable under contractual arrangements and agreed pricing schedules, which establish the stand-alone selling prices of the products sold. Following transfer of control, there are generally no further performance obligations associated with the sale.

Certain customer contracts may include the sale of multiple products and services. Where contracts specify separate stand-alone selling prices for each product or service, consideration is allocated directly to the respective performance obligations based on those contractual prices. Payment terms are specified within each customer contract.

The Group recognises revenue from stock parts, customised products and customer-owned products when the relevant performance obligation is satisfied, which is generally upon shipment of the product to the customer. Revenue from prototyping and other service-based arrangements is recognised either upon shipment of the completed prototype or, where no physical item is delivered, as the services are performed and control transfers to the customer. Revenue is recognised when the Group satisfies its performance obligations under the contract and the customer obtains control of the related goods or services.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### Rendering of services

Revenue from a contract to provide services is recognised over time as the performance obligation is rendered based on a fixed price.

#### (l) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (m) Property, plant and equipment

Plant and equipment and leasehold improvements are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

|                        |             |
|------------------------|-------------|
| Plant and equipment    | 3 - 5 years |
| Leasehold improvements | 5 years     |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### (n) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### (o) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in the statement of comprehensive income arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

##### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised.

##### *Research and development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

##### *Certifications*

Significant costs associated with certifications are amortised on a straight-line basis over the period of their expected benefit, being the finite life of 5 years.

##### *Licence agreement*

Significant costs associated with a licence agreement are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

##### *Technology*

Significant costs associated with technological intellectual property are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

##### *Customer relationships*

Value attached to relationships with key customers arising from business acquisitions is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

##### *Intellectual property*

Significant costs incurred in securing supplementary type certificates are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### (p) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### (q) Income tax

The charge for taxation for the year is the tax payable on the profit or loss for the year based on the applicable income tax rate for each jurisdiction and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

#### (r) Other taxes

Revenues, expenses and assets are recognised net of the amount of VAT/GST except:

- where the VAT/GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of VAT/GST included.

The net amount of VAT/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the VAT/GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the taxation authority.

#### (s) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### (t) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise fixed repayments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### (u) Employee entitlements

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

##### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### (v) Investments in subsidiary undertakings

Investments in subsidiary undertakings are accounted for at cost less, where appropriate, allowances for impairment which are charged to the statement of profit or loss and other comprehensive income.

#### (w) Critical accounting judgement and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions concerning the future which impact the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

##### *i) Share-based payment transaction:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either a Black-Scholes or binomial pricing models, using the assumptions detailed in note 23 Share-based payments in the notes to the financial statements.

# Notes to the financial statements

## 30 June 2026

---

### 2. Material accounting policy information (continued)

#### ii) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

#### iii) *Impairment resulting from acquisition of Anodyne Electronics Manufacturing (AEM)*

Impairment of goodwill and intangible assets

An annual review is carried out (as set out in Note 15) as to whether the current carrying value of goodwill is impaired. Detailed calculations are performed based on (i) discounting expected pre-tax cash flows of the relevant cash generating units and discounting these at an appropriate discount rate; and/or (ii) the comparison of carrying value to the net selling price of the cash generating unit; the determination of these factors require the exercise of judgement.

#### iv) *Impairment of inter-company receivables*

The Company has intercompany loans to its subsidiary companies which are repayable on demand. (Refer Note 16: Loans). As the subsidiaries did not have sufficient highly liquid resources to repay the loans at 30 June 2026, an expected credit loss provision is calculated under IFRS 9.

For Structural Monitoring Systems Canada Corporation, the calculation is based upon the expectation that AEM will trade profitably in the future and that this will allow it to repay the loans in time. Forecast cash flows under a range of possible outcomes are assessed to derive a probability-weighted value for the loan based upon the time taken to repay the outstanding amount in full. These calculations rely on management judgements as to the future cash flow forecasts and the probability weightings assigned.

As at 30 June 2026, there are no other critical accounting estimates and judgements contained in the financial report.

# Notes to the financial statements

## 30 June 2026

### 3. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group operates predominantly in three industries, being avionics, contract manufacturing and structural health monitoring (CVM™). Costs associated with maintaining the parent company listing on the Australian Securities Exchange and share-based payments are included under other segments.

The main geographic areas that the entity operates in are the USA, Canada and Europe. The Group has operations in Canada. The parent company is registered in the United Kingdom.

The following tables present revenue, expenditure and certain asset and liability information regarding operating segments for the years ended 30 June 2026 and 30 June 2025:

|                                | AEM<br>Avionics<br>\$000' | AEM Contract<br>Manufacturing<br>\$000' | AEM<br>CVM™<br>\$000' | Other<br>segments<br>\$000' | Total<br>\$000' |
|--------------------------------|---------------------------|-----------------------------------------|-----------------------|-----------------------------|-----------------|
| <b>Year ended 30 June 2026</b> |                           |                                         |                       |                             |                 |
| <b>Revenue</b>                 |                           |                                         |                       |                             |                 |
| Sale of goods                  | 21,838                    | 8,850                                   | -                     | -                           | 30,688          |
| Rendering of services          | 345                       | 1,493                                   | 7                     | -                           | 1,845           |
| Total sales revenue            | 22,183                    | 10,343                                  | 7                     | -                           | 32,533          |
| Other income                   | -                         | -                                       | -                     | 208                         | 208             |
| Finance income                 | -                         | -                                       | -                     | 62                          | 62              |
| <b>Total revenue</b>           | <b>22,183</b>             | <b>10,343</b>                           | <b>7</b>              | <b>270</b>                  | <b>32,803</b>   |

# Notes to the financial statements

## 30 June 2026

### 3. Operating segments (continued)

|                                            | AEM<br>Avionics<br>\$000' | AEM Contract<br>Manufacturing<br>\$000' | AEM<br>CVM™<br>\$000' | Other<br>segments<br>\$000' | Total<br>\$000' |
|--------------------------------------------|---------------------------|-----------------------------------------|-----------------------|-----------------------------|-----------------|
| <b>Year ended 30 June 2026</b>             |                           |                                         |                       |                             |                 |
| <b>Sales revenue by customer location:</b> |                           |                                         |                       |                             |                 |
| Americas                                   | 18,381                    | 10,337                                  | 7                     | -                           | 28,725          |
| Europe/UK                                  | 3,029                     | 6                                       | -                     | -                           | 3,035           |
| Asia/Middle East                           | 479                       | -                                       | -                     | -                           | 479             |
| Australasia                                | 294                       | -                                       | -                     | -                           | 294             |
| Total sales revenue                        | 22,183                    | 10,343                                  | 7                     | -                           | 32,533          |
| <b>Result</b>                              |                           |                                         |                       |                             |                 |
| <b>Adjusted EBITDA</b>                     | 7,478                     | 569                                     | (1,298)               | (403)                       | 6,346           |
| Depreciation and amortisation              |                           |                                         |                       |                             | (2,430)         |
| Unrealised loss on derivative contracts    |                           |                                         |                       |                             | (844)           |
| Share-based payments                       |                           |                                         |                       |                             | (501)           |
| Foreign exchange losses                    |                           |                                         |                       |                             | (151)           |
| Finance income                             |                           |                                         |                       |                             | 62              |
| Finance costs                              |                           |                                         |                       |                             | (226)           |
| Profit before income tax expense           |                           |                                         |                       |                             | 2,257           |
| Income tax expense                         |                           |                                         |                       |                             | (926)           |
| <b>Profit for the year</b>                 |                           |                                         |                       |                             | 1,331           |
| <b>Assets</b>                              |                           |                                         |                       |                             |                 |
| Segment assets                             | 17,932                    | 8,604                                   | 1,318                 | 566                         | 28,420          |
| <i>Unallocated assets</i>                  |                           |                                         |                       |                             |                 |
| Cash and cash equivalents                  |                           |                                         |                       |                             | 4,762           |
| <b>Total assets</b>                        |                           |                                         |                       |                             | 33,182          |
| <b>Liabilities</b>                         |                           |                                         |                       |                             |                 |
| Segment liabilities                        | 2,623                     | 2,535                                   | -                     | 54                          | 5,212           |
| <i>Unallocated liabilities</i>             |                           |                                         |                       |                             |                 |
| Trade and other payables                   |                           |                                         |                       |                             | 3,483           |
| Derivative financial instruments           |                           |                                         |                       |                             | 726             |
| Deferred tax liability                     |                           |                                         |                       |                             | 436             |
| <b>Total liabilities</b>                   |                           |                                         |                       |                             | 9,857           |

# Notes to the financial statements

## 30 June 2026

### 3. Operating segments (continued)

|                                            | AEM<br>Avionics<br>\$000' | AEM Contract<br>Manufacturing<br>\$000' | AEM<br>CVM™<br>\$000' | Other<br>segments<br>\$000' | Total<br>\$000' |
|--------------------------------------------|---------------------------|-----------------------------------------|-----------------------|-----------------------------|-----------------|
| <b>Year ended 30 June 2025</b>             |                           |                                         |                       |                             |                 |
| <b>Revenue</b>                             |                           |                                         |                       |                             |                 |
| Sale of goods                              | 694                       | 1,169                                   | 30                    | -                           | 1,893           |
| Rendering of services                      | 15,109                    | 11,056                                  | -                     | -                           | 26,165          |
| Total sales revenue                        | 15,803                    | 12,225                                  | 30                    | -                           | 28,058          |
| Other income                               | -                         | -                                       | -                     | 64                          | 64              |
| Unrealised gain on derivatives             | -                         | -                                       | -                     | 90                          | 90              |
| Foreign exchange gain/(losses)             | -                         | -                                       | -                     | 4                           | 4               |
| <b>Total revenue</b>                       | <b>15,803</b>             | <b>12,225</b>                           | <b>30</b>             | <b>158</b>                  | <b>28,216</b>   |
| <b>Sales revenue by customer location:</b> |                           |                                         |                       |                             |                 |
| Americas                                   | 12,291                    | 12,187                                  | 30                    | -                           | 24,508          |
| Europe/UK                                  | 2,999                     | 38                                      | -                     | -                           | 3,037           |
| Asia/Middle East                           | 380                       | -                                       | -                     | -                           | 380             |
| Australasia                                | 90                        | -                                       | -                     | -                           | 90              |
| Africa                                     | 43                        | -                                       | -                     | -                           | 43              |
| Total sales revenue                        | 15,803                    | 12,225                                  | 30                    | -                           | 28,058          |
| <b>Result</b>                              |                           |                                         |                       |                             |                 |
| <b>EBITDA</b>                              | <b>5,570</b>              | <b>2,214</b>                            | <b>(1,689)</b>        | <b>(1,381)</b>              | <b>4,714</b>    |
| Depreciation and amortisation              |                           |                                         |                       |                             | (2,332)         |
| Restructure costs                          |                           |                                         |                       |                             | (390)           |
| Share-based payments                       |                           |                                         |                       |                             | (439)           |
| Unrealised gain on derivative contracts    |                           |                                         |                       |                             | 90              |
| Foreign exchange gain/(losses)             |                           |                                         |                       |                             | (310)           |
| Finance income/(costs)                     |                           |                                         |                       |                             | (602)           |
| <b>Profit before income tax expense</b>    |                           |                                         |                       |                             | <b>731</b>      |
| Income tax expense                         |                           |                                         |                       |                             | (558)           |
| <b>Profit for the year</b>                 |                           |                                         |                       |                             | <b>173</b>      |
| <b>Assets</b>                              |                           |                                         |                       |                             |                 |
| Segment assets                             | 19,490                    | 10,709                                  | 1,756                 | 602                         | 32,557          |
| <i>Unallocated assets</i>                  |                           |                                         |                       |                             |                 |
| Cash and cash equivalents                  |                           |                                         |                       |                             | 2,133           |
| <b>Total assets</b>                        |                           |                                         |                       |                             | <b>34,690</b>   |
| <b>Liabilities</b>                         |                           |                                         |                       |                             |                 |
| Segment liabilities                        | 4,685                     | 4,349                                   | 3                     | -                           | 9,037           |
| <i>Unallocated liabilities</i>             |                           |                                         |                       |                             |                 |
| Trade and other payables                   |                           |                                         |                       |                             | 638             |
| Borrowings                                 |                           |                                         |                       |                             | 1,002           |
| Deferred tax liability                     |                           |                                         |                       |                             | 487             |
| <b>Total liabilities</b>                   |                           |                                         |                       |                             | <b>11,164</b>   |

# Notes to the financial statements

## 30 June 2026

---

### 3. Operating segments (continued)

#### Major customers

During the year ended 30 June 2026 approximately \$9.1m (2025: \$10.5m) of the Group's sales revenue was derived from sales to a single US aircraft and parts company.

#### Revenue

In accordance with IFRS 15, the Group's revenue of \$32.5m (2025: \$28.1m) is made up of revenue from customers only and does not include any other revenue. Goods are transferred at a point in time, not over time, as detailed in the group's revenue recognition policy. Revenue from contracts to provide services is recognised over time as the services are rendered based on a fixed price.

The Group does not have any contract assets or contract liabilities at 30 June 2026 (\$nil at 30 June 2025) as the Group does not fulfil any of its performance obligations in advance of invoicing to its customer or bill in advance for work performed. The Group, however, does have contractual balances in the form of trade receivables which are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses.

The Group also does not have any contractual costs capitalised at 30 June 2026 (\$nil at 30 June 2025) or have any outstanding performance obligations at 30 June 2026 (\$nil at 30 June 2025).

# Notes to the financial statements

## 30 June 2026

### 4. Income and expenses

|                                                           | Consolidated |        | Parent |        |
|-----------------------------------------------------------|--------------|--------|--------|--------|
|                                                           | 2026         | 2025   | 2026   | 2025   |
|                                                           | \$'000       | \$'000 | \$'000 | \$'000 |
| <b>Income</b>                                             |              |        |        |        |
| <b>Other income</b>                                       |              |        |        |        |
| SRED Recovery                                             | 208          | 64     | -      | -      |
| Management fees                                           | -            | -      | 894    | 703    |
| On-charge of costs                                        | -            | -      | -      | 409    |
|                                                           | 208          | 64     | 894    | 1,112  |
| <b>Finance income/(costs)</b>                             |              |        |        |        |
| Interest received                                         | 62           | -      | 335    | -      |
| Unrealised gain/(loss) on derivative contracts            | (844)        | 90     | -      | -      |
| Foreign exchange gains/(losses)                           | (151)        | (310)  | -      | 6      |
| Interest and finance charges payable on borrowings        | (50)         | (365)  | (2)    | -      |
| Interest and finance charges payable on lease liabilities | (176)        | (241)  | -      | -      |
|                                                           | (1,159)      | (826)  | 333    | 6      |
| <b>Analysis of expenses by nature</b>                     |              |        |        |        |
| Employee remuneration (see note 5)                        | 6,799        | 7,684  | 728    | 643    |
| <b>Intangible assets</b>                                  |              |        |        |        |
| Amortisation of other intangible assets                   | 764          | 756    | -      | -      |
| <b>Property, plant and equipment</b>                      |              |        |        |        |
| Depreciation of plant and equipment                       | 265          | 245    | -      | -      |
| Depreciation of ROU assets                                | 1,401        | 1,331  | -      | -      |
|                                                           | 1,741        | 1,576  | -      | -      |
| Total depreciation and amortisation                       | 2,430        | 2,332  | -      | -      |
| Consumables and raw materials used                        | 15,141       | 12,292 | -      | -      |
| Provision for obsolescence                                | 96           | 119    | -      | -      |
| Freight                                                   | 331          | 344    | -      | -      |
| Auditor's remuneration (see note 29)                      | 448          | 405    | 231    | 231    |
| Impairment charges                                        | -            | -      | 329    | 343    |
| Share-based payments expense (see note 23)                | 501          | 439    | 34     | 439    |
| Research and development                                  | -            | 320    | -      | -      |
| Other costs of sales, distribution, and administration    | 2,528        | 3,820  | 602    | 560    |
|                                                           | 19,045       | 17,739 | 1,196  | 1,573  |

# Notes to the financial statements

## 30 June 2026

### 5. Employees and directors

The average number of employees and directors employed by the Group during the year was:

|                                          | Consolidated |      | Parent |      |
|------------------------------------------|--------------|------|--------|------|
|                                          | 2026         | 2025 | 2026   | 2025 |
|                                          | No.          | No.  | No.    | No.  |
| <b>Number of employees and directors</b> |              |      |        |      |
| Production                               | 62           | 52   | -      | -    |
| Research and development                 | 18           | 21   | -      | -    |
| Sales and distribution                   | 7            | 9    | -      | -    |
| Administration (including directors)     | 19           | 18   | 9      | 9    |
|                                          | 106          | 100  | 9      | 9    |

|                              | Consolidated |        | Parent |        |
|------------------------------|--------------|--------|--------|--------|
|                              | 2026         | 2025   | 2026   | 2025   |
|                              | \$000'       | \$000' | \$000' | \$000' |
| <b>Employee remuneration</b> |              |        |        |        |
| Wages and salaries           | 5,734        | 6,786  | 728    | 643    |
| Social security costs        | 674          | 529    | -      | -      |
| Defined contribution costs   | 391          | 369    | -      | -      |
| Total employee costs         | 6,799        | 7,684  | 728    | 643    |
| Share-based payments         | 501          | 439    | 34     | 439    |
|                              | 7,300        | 8,123  | 762    | 1,082  |

### Directors' remuneration

Directors' fees, comprising cash and superannuation of \$0.7m (2025: \$0.6m) are included in employee expenses in the Statement of profit or loss and other comprehensive income. Directors' share-based payments of \$0.2m (2025: \$0.1m) are included in share-based payments in the Statement of profit or loss and other comprehensive income. Refer to the Remuneration report in the Directors' report for further details. This also includes details of the highest paid director.

# Notes to the financial statements

## 30 June 2026

### 6. Income tax

|                                                                                                                    | Consolidated |        | Parent |        |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------|--------|--------|
|                                                                                                                    | 2026         | 2025   | 2026   | 2025   |
|                                                                                                                    | \$000'       | \$000' | \$000' | \$000' |
| <b>The major components of income tax benefit/(expense) for the years ended 30 June 2026 and 30 June 2025 are:</b> |              |        |        |        |
| a) Income tax (expense)/benefit                                                                                    |              |        |        |        |
| Current tax (expense)/benefit                                                                                      | (937)        | (579)  | -      | -      |
| Deferred tax (expense)/benefit                                                                                     | 11           | 21     | -      | -      |
| Income tax (expense)/benefit reported in statement of comprehensive income                                         | (926)        | (558)  | -      | -      |

**A reconciliation of income tax (expense)/benefit applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the effective income tax rate for the years ended 30 June 2026 and 30 June 2025 is as follows:**

|                                                                                                                          |         |       |       |       |
|--------------------------------------------------------------------------------------------------------------------------|---------|-------|-------|-------|
| Profit/(Loss) before tax                                                                                                 | 2,257   | 731   | (697) | (948) |
| Accounting profit/(loss) before tax from continuing operations at the statutory income tax rate of 27.00% (2025: 27.00%) | 609     | 198   | (188) | (256) |
| Expenses/(income) not assessable for income tax purposes                                                                 | 141     | 111   | 1     | 354   |
| Deferred tax (expense)/benefit not recognised                                                                            | (1,676) | (867) | 187   | (98)  |
| Income tax (expense)/benefit reported in statement of comprehensive income                                               | (926)   | (558) | -     | -     |

**Deferred tax liabilities/(assets)**

Deferred tax liabilities and assets are attributable to the following:

|                                           |          |          |         |         |
|-------------------------------------------|----------|----------|---------|---------|
| Plant & equipment and Right of use assets | 415      | 684      | -       | -       |
| Deferred development costs                | 853      | 699      | -       | -       |
| Lease liabilities                         | (1,345)  | (1,667)  | -       | -       |
| SR&ED Investment tax credits              | 214      | 129      | -       | -       |
| Warranty provision                        | (58)     | (72)     | -       | -       |
| Unrealised loss on derivative contracts   | (158)    | -        | -       | -       |
| Intangible assets                         | 545      | 716      | -       | -       |
| Accrued expenses                          | (20)     | 90       | (4)     | 89      |
| Tax losses                                | 14,462   | 14,134   | 3,942   | 3,709   |
| Deferred tax assets not recognised        | (14,472) | (14,217) | (3,938) | (3,798) |
| Deferred tax liabilities recognised       | 436      | 487      | -       | -       |

The Company and its subsidiaries are subject to the tax regime of the countries they operate in. Under UK and Australian tax regimes, tax losses can be carried forward indefinitely, subject to meeting certain requirements. Under the Canadian tax regime, non-capital losses can be carried forward for 20 years and carried back for up to 3 years.

# Notes to the financial statements

## 30 June 2026

### 6. Income tax (continued)

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2026 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. The Group delivers future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
  - ii. The Group continues to comply with conditions for deductibility imposed by law; and
- No changes in legislation adversely affect the Group in realising the benefit from the deductions for the loss.

|                                                       | Business<br>combination<br>\$000' | Tax losses<br>\$000' | Other<br>timing<br>difference<br>\$000' | Total<br>\$000' |
|-------------------------------------------------------|-----------------------------------|----------------------|-----------------------------------------|-----------------|
| <b>2026</b>                                           |                                   |                      |                                         |                 |
| <b>Recognised deferred tax liabilities</b>            |                                   |                      |                                         |                 |
| Movement in deferred tax liabilities during the year: |                                   |                      |                                         |                 |
| Brought forward                                       | 716                               | 8                    | (237)                                   | 487             |
| Charge/(credit) to Statement of comprehensive income  | (139)                             | (2)                  | 130                                     | (11)            |
| Effect of foreign exchange on balances                | (54)                              | (1)                  | 15                                      | (40)            |
| Carried forward                                       | 523                               | 5                    | (92)                                    | 436             |

|                                                       | Business<br>combination<br>\$000' | Tax losses<br>\$000' | Other<br>timing<br>difference<br>\$000' | Total<br>\$000' |
|-------------------------------------------------------|-----------------------------------|----------------------|-----------------------------------------|-----------------|
| <b>2025</b>                                           |                                   |                      |                                         |                 |
| <b>Recognised deferred tax liabilities</b>            |                                   |                      |                                         |                 |
| Movement in deferred tax liabilities during the year: |                                   |                      |                                         |                 |
| Brought forward                                       | 845                               | 9                    | (355)                                   | 499             |
| Charge/(credit) to Statement of comprehensive income  | (144)                             | -                    | 123                                     | (21)            |
| Effect of foreign exchange on balances                | 15                                | (1)                  | (5)                                     | 9               |
| Carried forward                                       | 716                               | 8                    | (237)                                   | 487             |

# Notes to the financial statements

## 30 June 2026

### 7. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The number of options at 30 June 2026 was 24,910,673 (2025: 26,410,673). Those options have been excluded from the diluted earnings per share calculation on the basis they are anti-dilutive.

The following reflects the income and share data used in the total operation's basic earnings per share computations:

|                                                                           | Consolidated            |                         |
|---------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                           | 2026                    | 2025                    |
|                                                                           | \$000'                  | \$000'                  |
| Net profit attributable to equity holders from continuing operations      | 1,331                   | 173                     |
|                                                                           | <i>Number of shares</i> | <i>Number of shares</i> |
| Weighted average number of ordinary shares for basic earnings per share   | 155,556,959             | 147,522,851             |
| Weighted average number of ordinary shares for diluted earnings per share | 155,556,959             | 147,522,851             |

### 8. Current assets – Trade receivables

|                   | Consolidated |        | Parent |        |
|-------------------|--------------|--------|--------|--------|
|                   | 2026         | 2025   | 2026   | 2025   |
|                   | \$000'       | \$000' | \$000' | \$000' |
| Trade receivables | 3,870        | 2,793  | -      | -      |
|                   | 3,870        | 2,793  | -      | -      |

### 9. Current assets - Inventory

|                            | Consolidated |        | Parent |        |
|----------------------------|--------------|--------|--------|--------|
|                            | 2026         | 2025   | 2026   | 2025   |
|                            | \$000'       | \$000' | \$000' | \$000' |
| Raw materials              | 6,820        | 6,190  | -      | -      |
| Work in progress           | 1,984        | 2,096  | -      | -      |
| Finished goods             | 2,139        | 6,609  | -      | -      |
| Provision for obsolescence | (80)         | (2)    | -      | -      |
|                            | 10,863       | 14,893 | -      | -      |

# Notes to the financial statements

## 30 June 2026

### 10. Current assets/(liabilities) – Fair value measurement of derivative financial instruments

|                                             | Consolidated |        | Parent |        |
|---------------------------------------------|--------------|--------|--------|--------|
|                                             | 2026         | 2025   | 2026   | 2025   |
|                                             | \$000'       | \$000' | \$000' | \$000' |
| Unrealised gain/(loss) at beginning of year | 91           | 0      | -      | -      |
| Movement during the year                    | (844)        | 90     | -      | -      |
| Effect of fx on balances                    | 27           | 1      | -      | -      |
| Unrealised gain/(loss) at end of year       | (726)        | 91     | -      | -      |

The Group holds USD/CAD foreign-exchange forward contracts and flexible foreign-exchange contracts. These derivatives are measured at fair value on a recurring basis, with changes in fair value recognised in profit or loss.

#### *Fair value hierarchy*

The derivatives are classified within Level 2 of the fair value hierarchy because the inputs significant to their valuation are observable, either directly or indirectly. There are no Level 1 or Level 3 measurements within these two classes at 30 June 2026 and at 30 June 2025.

| Financial assets/(liabilities) measured at fair value | Hierarchy | 30 June 2026<br>USD\$ | 30 June 2025<br>USD\$ |
|-------------------------------------------------------|-----------|-----------------------|-----------------------|
| Foreign-exchange forward contracts                    | Level 2   | (371,229)             | 69,000                |
| European foreign-exchange options                     | Level 2   | -                     | (29,216)              |
| Flexible foreign-exchange contracts                   | Level 2   | (128,038)             | 19,593                |
| Total derivative financial assets/(liabilities)       |           | (499,267)             | 59,377                |

#### *Valuation techniques and inputs*

| Class                               | Valuation technique                                                                                                                                              | Significant valuation inputs                                                                                                                                     |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Foreign-exchange forward contracts  | Discounted cash-flow valuation based on the difference between contractual exchange rates and market forward exchange rates for the remaining contractual terms. | USD/CAD spot exchange rate, forward exchange rates or forward points and applicable discount factors derived from market interest rate curves.                   |
| Flexible foreign-exchange contracts | Discounted cash-flow valuation based on the difference between contractual exchange rates and market forward exchange rates for the remaining contractual terms. | USD/CAD spot and forward exchange rates, relevant interest rate curves and where applicable observable implied FX volatilities and other confirmed model inputs. |

## Notes to the financial statements

### 30 June 2026

#### 10. Current assets/(liabilities) – Fair value measurement of derivative financial instruments (continued)

Valuations are obtained from RBC Capital Markets.

There were no transfers between hierarchy levels during the year.

##### *Unrealised loss in profit or loss*

The Group recognised an unrealised loss of \$0.884m in derivative contracts for the year ended 30 June 2026 (year ended 30 June 2025: unrealised gain of \$0.091m).

#### 11. Current assets – Prepayments and other receivables

|                | Consolidated |        | Parent |        |
|----------------|--------------|--------|--------|--------|
|                | 2026         | 2025   | 2026   | 2025   |
|                | \$000'       | \$000' | \$000' | \$000' |
| Prepayments    | 364          | 339    | 67     | 65     |
| GST receivable | 134          | 175    | 21     | 36     |
|                | 498          | 514    | 88     | 101    |

#### 12. Non-current assets – Deferred tax assets

|                   | Consolidated |        | Parent |        |
|-------------------|--------------|--------|--------|--------|
|                   | 2026         | 2025   | 2026   | 2025   |
|                   | \$000'       | \$000' | \$000' | \$000' |
| Income tax credit | 423          | 419    | -      | -      |
|                   | 423          | 419    | -      | -      |

## Notes to the financial statements

### 30 June 2026

#### 13. Non-current assets – Property, plant and equipment

| <b>Consolidated</b>                                | <b>Leasehold<br/>improvements<br/>\$000'</b> | <b>Plant and<br/>equipment<br/>\$000'</b> | <b>Total<br/>\$000'</b> |
|----------------------------------------------------|----------------------------------------------|-------------------------------------------|-------------------------|
| Balance at 1 July 2025                             | 820                                          | 361                                       | 1,181                   |
| Additions                                          | 38                                           | 232                                       | 270                     |
| Depreciation expense                               | (136)                                        | (129)                                     | (265)                   |
| Effect of foreign exchange movement on<br>balances | (89)                                         | (100)                                     | (189)                   |
| Balance at 30 June 2026                            | 633                                          | 364                                       | 997                     |
| Balance at 1 July 2024                             | 846                                          | 468                                       | 1,314                   |
| Additions                                          | 34                                           | 131                                       | 165                     |
| Disposals                                          | (8)                                          | (5)                                       | (13)                    |
| Depreciation expense                               | (68)                                         | (176)                                     | (244)                   |
| Effect of foreign exchange movement on<br>balances | 16                                           | (57)                                      | (41)                    |
| Balance at 30 June 2025                            | 820                                          | 361                                       | 1,181                   |

#### 14. Non-current assets –Right-of-use assets

| <b>Consolidated</b>                                | <b>Land and<br/>buildings<br/>\$000'</b> | <b>Equipment<br/>\$000'</b> | <b>Total<br/>\$000'</b> |
|----------------------------------------------------|------------------------------------------|-----------------------------|-------------------------|
| Balance at 1 July 2025                             | 4,125                                    | 1,428                       | 5,553                   |
| Additions                                          | -                                        | 386                         | 386                     |
| Depreciation expense                               | (648)                                    | (753)                       | (1,401)                 |
| Effect of foreign exchange movement on<br>balances | (275)                                    | (133)                       | (408)                   |
| Balance at 30 June 2026                            | 3,202                                    | 928                         | 4,130                   |
| Balance at 1 July 2024                             | 4,709                                    | 1,646                       | 6,355                   |
| Additions                                          | -                                        | 413                         | 413                     |
| Depreciation expense                               | (672)                                    | (660)                       | (1,332)                 |
| Effect of foreign exchange movement on<br>balances | 88                                       | 29                          | 117                     |
| Balance at 30 June 2025                            | 4,125                                    | 1,428                       | 5,553                   |

## Notes to the financial statements

### 30 June 2026

The Group leases land and buildings for its offices and a manufacturing facility under a 10 year agreement.

The Group also leases manufacturing equipment and IT equipment under agreements of between 3 years and 5 years.

#### 15. Non-current assets – Intangible assets and goodwill

Reconciliations of the written down values at the beginning and end of the current financial year and prior financial year are set out below:

|                                                       | Goodwill<br>\$000' | Technology<br>(internally<br>developed)<br>\$000' | Eagle audio IP<br>\$000' | Eagle audio<br>customer<br>relationships<br>\$000' | Total<br>\$000' |
|-------------------------------------------------------|--------------------|---------------------------------------------------|--------------------------|----------------------------------------------------|-----------------|
| <b>Consolidated</b>                                   |                    |                                                   |                          |                                                    |                 |
| Balance at 1 July 2025                                | 1,603              | 3,342                                             | 2,107                    | 61                                                 | 7,113           |
| Internally developed -<br>capitalised during the year | -                  | 1,942                                             | -                        | -                                                  | 1,942           |
| Amortisation expense                                  | -                  | (362)                                             | (352)                    | (50)                                               | (764)           |
| Effect of foreign exchange on<br>balances             | (134)              | (390)                                             | (125)                    | (3)                                                | (652)           |
| Balance at 30 June 2026                               | 1,469              | 4,532                                             | 1,630                    | 8                                                  | 7,639           |

|                                                        | Goodwill<br>\$000' | Technology<br>(internally<br>developed)<br>\$000' | Eagle audio IP<br>\$000' | Eagle audio<br>customer<br>relationships<br>\$000' | Total<br>\$000' |
|--------------------------------------------------------|--------------------|---------------------------------------------------|--------------------------|----------------------------------------------------|-----------------|
| <b>Consolidated</b>                                    |                    |                                                   |                          |                                                    |                 |
| Balance at 1 July 2024                                 | 1,573              | 2,695                                             | 2,390                    | 112                                                | 6,770           |
| Internally developed -<br>capitalised during the year  | -                  | 1,052                                             | -                        | -                                                  | 1,052           |
| Written back to statement of<br>income during the year | -                  | (99)                                              | -                        | -                                                  | (99)            |
| Amortisation expense                                   | -                  | (379)                                             | (325)                    | (52)                                               | (756)           |
| Effect of foreign exchange on<br>balances              | 30                 | 73                                                | 42                       | 1                                                  | 146             |
| Balance at 30 June 2025                                | 1,603              | 3,342                                             | 2,107                    | 61                                                 | 7,113           |

# Notes to the financial statements

## 30 June 2026

---

### 15. Non-current assets – Intangible assets and goodwill (continued)

#### Intangible assets

##### *Certifications*

AEM possesses distinct aircraft manufacturing and maintenance certifications, which are requisite to the sale and maintenance of their products in key markets.

##### *Licence agreement*

AEM has a licence agreement in place with one of their key customers to be the producer and seller of certain aircraft instruments. This has identifiable cash flows in the form of future sales to aircraft manufacturing and maintenance providers who require these instruments.

##### *Technology*

AEM has developed proprietary aircraft parts and manufacturing technology which are expected to continue to yield future sales. This intellectual property is separable and identifiable to the extent that it could be licensed or acquired. In addition, there are identifiable future benefits in the form of cash flows from the sale of the resulting products to AEM customers.

#### Eagle audio

In September 2021 the Group acquired Canadian based business, "Eagle Audio" including the following intangible assets:

- Intellectual property comprising drawings and certifications, and
- Customer relationships

#### Amortisation

The amortisation periods applied to the intangible assets are as follows:

Technology – 10 years, per project

Intellectual property – 10 years, remaining amortisation period is 5.2 years; and

Customer relationships – 5 years, remaining amortisation period is 0.2 years

#### Impairment testing

Goodwill of \$1.5m as at 30 June 2026 acquired through business combinations has been allocated to the AEM cash generating unit of Contract Manufacturing (2025: one unit AEM \$1.6m).

The impairment test has been carried out using a discounted cash flow model covering a 5 year period. Cash flow projections are based on a budget for 2026/2027 and extrapolated for a further 4 years using a growth rate, together with a terminal value, approved by management. The principal assumptions made in determining the recoverable amount of goodwill as at 30 June 2026 include revenue growth of 22.9% per annum from 2027 and 23.9% from 2028 onwards, EBITDA margin of 18.6% from 2027 increasing to 20.6% by 2031 (2025: 17.1%) and a discount rate of 12.25% (2025: 13.25%).

If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 5% less favourable in management's estimate the Group would need to reduce the carrying value of goodwill by \$nil (2025: \$nil).

## Notes to the financial statements

### 30 June 2026

#### 15. Non-current assets – Intangible assets and goodwill (continued)

If the EBITDA margin applied to the discounted cash flows had been 10% less favourable in management's estimate the Group would have had to reduce the carrying value of goodwill by \$nil (2025: \$nil).

The same reduction of \$nil (2025: \$nil) applies if revenues had been 10% less favourable.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of AEM's division's goodwill is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

#### 16. Non-current assets - Loans

| <b>Company</b>                             | <b>Loans to subsidiary undertakings</b> | <b>Total</b>  |
|--------------------------------------------|-----------------------------------------|---------------|
| <b>Year ended 30 June 2026</b>             | <b>\$000'</b>                           | <b>\$000'</b> |
| <b>Cost</b>                                |                                         |               |
| At 1 July 2025                             | 32,807                                  | 32,807        |
| Arising during the year                    | (63)                                    | (63)          |
| At 30 June 2026                            | <u>32,744</u>                           | <u>32,744</u> |
| <b>Impairment</b>                          |                                         |               |
| At 1 July 2025                             | 14,636                                  | 14,636        |
| Impairment charge                          | 329                                     | 329           |
|                                            | <u>14,965</u>                           | <u>14,965</u> |
| <b>Net carrying amount at 30 June 2026</b> | <u>17,779</u>                           | <u>17,779</u> |
| <b>Year ended 30 June 2025</b>             |                                         |               |
| <b>Cost</b>                                |                                         |               |
| At 1 July 2024                             | 24,902                                  | 24,902        |
| Arising during the year                    | 7,905                                   | 7,905         |
| At 30 June 2025                            | <u>32,807</u>                           | <u>32,807</u> |
| <b>Impairment</b>                          |                                         |               |
| At 1 July 2024                             | 14,293                                  | 14,293        |
| Impairment charge                          | 343                                     | 343           |
|                                            | <u>14,636</u>                           | <u>14,636</u> |
| <b>Net carrying amount at 30 June 2025</b> | <u>18,171</u>                           | <u>18,171</u> |

Loans to/from subsidiaries are unsecured, have no fixed date for repayment and attract no interest charge.

As the parent does not intend to call in the loans within the next 12 months the loans are classified as non-current assets.

## Notes to the financial statements

### 30 June 2026

#### 16. Non-current assets – Loans (continued)

See Note 25 for further details on impairment of intercompany receivables. The consolidated financial statements include the financial statements of the Company, and the subsidiaries listed in the following table:

|                                                                                                                            | Country of Incorporation | Type of equity | % Equity Interest |      |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------|-------------------|------|
|                                                                                                                            |                          |                | 2026              | 2025 |
| Structural Monitoring Systems Limited<br>Registered office:<br>Suite 7, 29 The Avenue<br>Nedlands WA 6009<br>Australia     | Australia                | Ordinary share | 100               | 100  |
| Structural Monitoring Systems Canada Corp (SMSCC)<br>Registered office:<br>Unit 100-966Crowley Avenue<br>Kelowna BC Canada | Canada                   | Ordinary share | 100               | 100  |
| Anodyne Electronics Manufacturing Corp (AEM)<br>Registered office:<br>Unit 100-966Crowley Avenue<br>Kelowna BC Canada      | Canada                   | Ordinary share | 100               | 100  |

#### 17. Current liabilities – Trade and other payables

|                                  | Consolidated   |                | Parent         |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000' | 2025<br>\$000' |
| Trade payables                   | 1,689          | 1,717          | 45             | 233            |
| Other payables                   | 1,830          | 1,086          | 230            | 248            |
| Taxes payable – HST, payroll tax | 26             | 60             | 11             | -              |
|                                  | <u>3,545</u>   | <u>2,863</u>   | <u>286</u>     | <u>481</u>     |

Trade payables are non-interest bearing and are normally settled within 30 day terms. Other payables are non-interest bearing and have an average term of 32 days (2025: 37 days).

## Notes to the financial statements

### 30 June 2026

#### 18. Borrowings

|                    | Consolidated |        | Parent |        |
|--------------------|--------------|--------|--------|--------|
|                    | 2026         | 2025   | 2026   | 2025   |
|                    | \$000'       | \$000' | \$000' | \$000' |
| <b>Current</b>     |              |        |        |        |
| Term loan          | -            | 189    | -      | -      |
|                    | -            | 189    | -      | -      |
| <b>Non-current</b> |              |        |        |        |
| Term loan          | -            | 813    | -      | -      |
|                    | -            | 813    | -      | -      |

AEM has an operating line of credit of C\$6.0m secured at 5.80% variable with no maturity date with a Canadian banking institution. The facilities are secured on trade receivables and inventory. At the date of this report there has been no draw down on the line of credit facility.

#### 19. Lease liabilities

|                                         | Consolidated |         | Parent |        |
|-----------------------------------------|--------------|---------|--------|--------|
|                                         | 2026         | 2025    | 2026   | 2025   |
|                                         | \$000'       | \$000'  | \$000' | \$000' |
| Opening balance                         | 6,511        | 7,440   | -      | -      |
| Interest charged                        | 207          | 241     | -      | -      |
| Repayments made during the year         | (1,952)      | (1,297) | -      | -      |
| Lease finance purchases during the year | 415          | 412     | -      | -      |
| Effect of foreign exchange on balances  | (236)        | (285)   | -      | -      |
| Closing balance                         | 4,945        | 6,511   | -      | -      |
| Split between:                          |              |         |        |        |
| Current                                 | 1,290        | 1,523   | -      | -      |
| Non-current                             | 3,655        | 4,988   | -      | -      |
|                                         | 4,945        | 6,511   | -      | -      |

#### 20. Current liabilities – Provisions

|                          | Consolidated |        | Parent |        |
|--------------------------|--------------|--------|--------|--------|
|                          | 2026         | 2025   | 2026   | 2025   |
|                          | \$000'       | \$000' | \$000' | \$000' |
| Provision for warranties | 205          | 301    | -      | -      |

## Notes to the financial statements

### 30 June 2026

#### 21. (a) Reconciliation of the net profit/(loss) before tax to the net cash generated by/(used in) operating activities before tax paid

|                                                      | Consolidated   |                | Parent         |                |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                      | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000' | 2025<br>\$000' |
| Profit/(Loss) before tax for the year                | 2,257          | 731            | (697)          | (948)          |
| <i>Adjustments for:</i>                              |                |                |                |                |
| Share based payments                                 | 501            | 439            | 34             | 439            |
| Depreciation and amortisation                        | 2,430          | 2,332          | -              | -              |
| Other income - SRED                                  | (208)          | (64)           | -              | -              |
| Change in fair value of derivative contracts         | 844            | -              | -              | -              |
| Provision for expected credit losses                 | 41             | -              | -              | -              |
| Unrealised FX                                        | 151            | 110            | -              | -              |
| Impairment of investments in subsidiaries            | -              | -              | 329            | 343            |
| <i>Changes in assets and liabilities</i>             |                |                |                |                |
| Trade receivables                                    | (1,067)        | (830)          | -              | (1,266)        |
| Prepayments and other receivables                    | (25)           | 114            | 13             | 11             |
| Inventory                                            | 2,697          | (988)          | -              | -              |
| Deferred tax liability                               | -              | (11)           | -              | -              |
| Trade and other payables                             | 682            | (922)          | (195)          | 71             |
| Provisions                                           | (95)           | 155            | -              | -              |
| Net cash generated by/(used in) operating activities | 8,208          | 1,066          | (516)          | (1,350)        |

#### 21. (b) Cash and cash equivalents

|                          |       |       |    |    |
|--------------------------|-------|-------|----|----|
| Cash at bank and in hand | 4,762 | 2,133 | 93 | 79 |
|                          | 4,762 | 2,133 | 93 | 79 |

# Notes to the financial statements

## 30 June 2026

### 22. Employee benefits

#### (a) Employee incentive plan

The Company's current employee incentive plan was last updated and approved by Security Holders at its annual general meeting held on 23 December 2025 (EIP 2025). During the year ended 30 June 2026, the Company issued 1,201,731 CDIs under the EIP 2025.

#### (b) Pensions and other post-employment benefit plans

AEM maintains a defined contribution pension plan for its' employees. AEM contributes 5% of salary to the Plan. Employees must be employed with the Company for 12 months before they are entitled to the benefit. There are currently 90 employees participating in the plan. Contributions are paid monthly and recognised in the Statement of comprehensive income totalling \$0.4m (2025: \$0.4m). Contributions of \$nil (2025: \$nil) are outstanding at 30 June 2026.

### 23. Share-based payments

The share-based payment expense for the year is as follows:

|                                              | Consolidated |        | Parent |        |
|----------------------------------------------|--------------|--------|--------|--------|
|                                              | 2026         | 2025   | 2026   | 2025   |
|                                              | \$000'       | \$000' | \$000' | \$000' |
| Issue of CDIs to directors and executives    | 228          | 100    | 17     | 100    |
| Issue of options to directors and executives | -            | 11     | -      | 11     |
| Issue of CDIs to eligible staff under EIP    | 273          | 210    | 17     | 210    |
| Issue of options to eligible staff under EIP | -            | 118    | -      | 118    |
|                                              | 501          | 439    | 34     | 439    |

#### *Chess Depositary Interests (CDIs) – Directors & Executives*

On 30 January 2026 the Company issued 471,000 CDIs to Executives. The fair value of the CDIs was calculated by the closing share price on the grant date.

The expense recognised during the year on those CDIs was \$0.2m (2025: \$0.1m).

#### *Chess Depositary Interests (CDIs) - Staff*

On 30 January 2026 730,731 CDIs were issued to eligible staff under the Company's Employee Incentive Plan.

The fair value of those CDIs granted was determined by the closing share price on the grant date.

The expense recognised during the year on those CDIs was \$0.3m (2025: \$0.3m).

## Notes to the financial statements

### 30 June 2026

#### 23. Share-based payments (continued)

##### *Options over Chess Depositary Interests (CDIs) – Executives and staff*

During the year 1,500,000 options over CDIs expired unexercised.

The number of unlisted options over CDIs that were outstanding, their weighted average exercise price and their movement during the year is as follows:

|                             | 2026<br>No. | 2025<br>No. | Weighted ave ex price<br>2026<br>\$ | 2025<br>\$ |
|-----------------------------|-------------|-------------|-------------------------------------|------------|
| At 1 July 2025              | 2,085,000   | 1,500,000   | 0.84                                | 0.90       |
| Granted                     | -           | 585,000     | -                                   | 0.69       |
| Expired                     | (1,500,000) | -           | 0.90                                | -          |
| At 30 June 2026             | 585,000     | 2,085,000   | 0.69                                | 0.84       |
| Exercisable at 30 June 2026 | -           | 1,500,000   | -                                   | 0.90       |

The weighted average contractual term remaining on options outstanding at 30 June 2026 is 17.58 months (2025: 12.27 months).

The outstanding number of unlisted options over CDIs at 30 June 2026 and 30 June 2025 was as follows:

| Exercise price \$ | Grant date        | Expiry date      | 2026 No. | 2025 No.  |
|-------------------|-------------------|------------------|----------|-----------|
| \$0.690           | 26 November 2024  | 18 December 2027 | 585,000  | 585,000   |
| \$1.200           | 29 September 2022 | 11 November 2025 | -        | 500,000   |
| \$0.900           | 29 September 2022 | 11 November 2025 | -        | 500,000   |
| \$0.593           | 29 September 2022 | 11 November 2025 | -        | 500,000   |
|                   |                   |                  | 585,000  | 2,085,000 |

# Notes to the financial statements

## 30 June 2026

### 24. Issued capital and reserves

|                                               | Consolidated   |                | Parent         |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000' | 2025<br>\$000' |
| <b>Chess depositary interests</b>             |                |                |                |                |
| On issue , 156,249,810<br>(2025: 155,048,079) |                |                |                |                |
| Issued and fully paid                         | 31,980         | 31,979         | 31,980         | 31,979         |
| Total issued and fully paid                   | 31,980         | 31,979         | 31,980         | 31,979         |

|                                                               | Shares on issue<br>(No.) | \$000' |
|---------------------------------------------------------------|--------------------------|--------|
| <b>Movement in chess depositary interests (CDIs) in issue</b> |                          |        |
| <b>At 30 June 2024</b>                                        | 137,359,229              | 31,962 |
| Issued on 11 November 2024 – CDIs issued for cash             | 9,615,385                | 9      |
| Issued on 10 December 2024 – CDIs issued for cash             | 4,225,047                | 4      |
| Issued on 24 December 2024 – CDIs issued to staff             | 632,000                  | 1      |
| Issued on 17 January 2025 – CDIs issued to Directors          | 225,000                  | -      |
| Issued on 17 January 2025 – CDIs issued for cash              | 2,891,418                | 3      |
| Issued on 9 May 2025 – CDIs issued to staff                   | 100,000                  | -      |
| <b>At 30 June 2025</b>                                        | 155,048,079              | 31,979 |
| Issued on 30 January 2026 – CDIs issued to staff              | 1,201,731                | 1      |
| <b>At 30 June 2026</b>                                        | 156,249,810              | 31,980 |

#### Chess Depositary Interests (CDIs)

CDIs entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

# Notes to the financial statements

## 30 June 2026

### 24. Issued capital and reserves (continued)

|                                                               | Consolidated   |                | Parent                                                                |                |
|---------------------------------------------------------------|----------------|----------------|-----------------------------------------------------------------------|----------------|
|                                                               | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000'                                                        | 2025<br>\$000' |
| <b>Share Premium Reserve</b>                                  |                |                |                                                                       |                |
| Share Premium Reserve                                         | 53,568         | 53,068         | 53,568                                                                | 53,068         |
|                                                               |                |                |                                                                       |                |
|                                                               |                |                | <b>Shares on issue<br/>(No.)</b>                                      | <b>\$000'</b>  |
| <i>Movement in chess depositary interests (CDIs) in issue</i> |                |                |                                                                       |                |
| <b>At 1 July 2024</b>                                         |                |                | 137,359,229                                                           | 44,612         |
| Issued on 11 November 2024 – CDIs issued for cash             |                |                | 9,615,385                                                             | 4,991          |
| Issued on 10 December 2024 – CDIs issued for cash             |                |                | 4,225,047                                                             | 2,193          |
| Issued on 24 December 2024 – CDIs issued to staff             |                |                | 632,000                                                               | 294            |
| Issued on 17 January 2025 – CDIs issued to Directors          |                |                | 225,000                                                               | 100            |
| Issued on 17 January 2025 – CDIs issued for cash              |                |                | 2,891,418                                                             | 1,500          |
| Issued on 9 May 2025 – CDIs issued to staff                   |                |                | 100,000                                                               | 38             |
| Share issue costs                                             |                |                |                                                                       | (660)          |
| <b>At 30 June 2025</b>                                        |                |                | 155,048,079                                                           | 53,068         |
| Issued on 30 January 2026 – CDIs issued to staff              |                |                | 1,201,731                                                             | 500            |
| <b>At 30 June 2026</b>                                        |                |                | 156,249,810                                                           | 53,568         |
|                                                               |                |                |                                                                       |                |
|                                                               | Consolidated   |                | Parent                                                                |                |
|                                                               | 2026<br>\$000' | 2025<br>\$000' | 2026<br>\$000'                                                        | 2025<br>\$000' |
| <b>Other Reserves</b>                                         |                |                |                                                                       |                |
| Foreign currency translation reserve                          | (3,716)        | (1,683)        | (2,271)                                                               | (2,271)        |
| Share-based payment reserve                                   | 647            | 832            | 647                                                                   | 832            |
|                                                               | (3,069)        | (851)          | (1,624)                                                               | (1,439)        |
|                                                               |                |                |                                                                       |                |
|                                                               |                |                | <b>Options/<br/>Performance<br/>rights on issue<br/>(PRs)<br/>No.</b> | <b>\$000'</b>  |
| <b>Share-based payment reserve</b>                            |                |                |                                                                       |                |
| <b>Outstanding at 30 June 2024</b>                            |                |                | 1,800,000                                                             | 977            |
| PRs expired during the year                                   |                |                | (300,000)                                                             | (151)          |
| Incentive Options issued during the year                      |                |                | 585,000                                                               | 130            |
| SBP Reversal of prior year accrual                            |                |                | -                                                                     | (124)          |
| <b>Outstanding at 30 June 2025</b>                            |                |                | 2,085,000                                                             | 832            |
| Incentive Options expired during the year                     |                |                | (1,500,000)                                                           | (185)          |
| <b>Outstanding at 30 June 2026</b>                            |                |                | 585,000                                                               | 647            |

# Notes to the financial statements

## 30 June 2026

---

### 24. Issued capital and reserves (continued)

#### Nature and purpose of reserves

##### *Share premium reserve*

The share premium reserve is used to record increments in the value of share issues when the issue price per share is greater than the par value. The par value of shares is currently GBP0.0005 (2025: GBP0.0005). Costs of the issues are written off against the reserve.

##### *Share-based payment reserve*

The share-based payment reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration, or to other parties in lieu of cash compensation.

##### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Company.

Reserves classified on the face of the consolidated statement of financial position as retained earnings represent accumulated earnings and are distributable. All the other reserves are non-distributable.

### 25. Financial risk management objective and policies

#### Financial risk management

##### Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- Market risk, including foreign currency risk, price risk and interest rate risk
- Credit and cashflow risk
- Liquidity risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities.

The Board of Directors oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group.

# Notes to the financial statements

## 30 June 2026

### 25. Financial risk management objective and policies (continued)

The Company and the Group's principal financial instruments are cash, receivables and payables. The financial assets are categorised as receivables measured at amortised cost and the financial liabilities are categorised as other financial liabilities measured at amortised cost.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Group uses.

Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Interest bearing liabilities include lease finance on plant and equipment.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis as 2025.

|                                    | Carrying<br>value at year<br>end<br>\$000' | Profit or loss              |                             | Equity                      |                             |
|------------------------------------|--------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    |                                            | 100bp<br>increase<br>\$000' | 100bp<br>decrease<br>\$000' | 100bp<br>increase<br>\$000' | 100bp<br>decrease<br>\$000' |
| <b>Consolidated - 30 June 2026</b> |                                            |                             |                             |                             |                             |
| Cash and cash equivalents          | 4,762                                      | 47                          | (47)                        | 47                          | (47)                        |
| <b>Consolidated – 30 June 2025</b> |                                            |                             |                             |                             |                             |
| Cash and cash equivalents          | 2,133                                      | 21                          | (21)                        | 21                          | (21)                        |
| Borrowings                         | (1,002)                                    | (10)                        | 10                          | (10)                        | 10                          |
|                                    |                                            | 11                          | (11)                        | 11                          | (11)                        |

#### Credit and cash flow risk

Credit and cash flow risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit and cash flow risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and term deposits, the Group's exposure to credit and cash flow risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient Fitch Ratings credit rating of at least A-, Moody's credit rating of at least A2, and Standard & Poor's credit rating of at least A-. The Group does not place funds on terms longer than 30 days and has the facility to place the deposit funds with more than one bank. The Group does not hold collateral as security for any of its' receivables.

# Notes to the financial statements

## 30 June 2026

### 25. Financial risk management objective and policies (continued)

The Company has exposure to credit and cashflow risk arising from the making of loans to subsidiaries. The loans carry no interest rate or date for repayment. Loans are impaired to the carrying value of the subsidiary's assets.

The Group and Company undertake the following procedures to determine whether there has been a significant increase in the credit risk of its other receivables, including group balances, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The Group and Company have not determined that credit loss has increased during the year in respect of the Group's trade receivables.

### Exposure to credit and cash flow risk

The carrying amount of the Group's financial assets and liabilities represents the maximum credit exposure. The Group's maximum exposure to credit and cash flow risk at the reporting date was:

|                           | <b>Consolidated</b>    |               | <b>Parent</b>          |               |
|---------------------------|------------------------|---------------|------------------------|---------------|
|                           | <b>Carrying amount</b> |               | <b>Carrying amount</b> |               |
|                           | <b>2026</b>            | <b>2025</b>   | <b>2026</b>            | <b>2025</b>   |
|                           | <b>\$000'</b>          | <b>\$000'</b> | <b>\$000'</b>          | <b>\$000'</b> |
| Cash and cash equivalents | 4,762                  | 2,133         | 93                     | 79            |
| Trade receivables         | 3,870                  | 2,793         | -                      | -             |
| Loans to subsidiaries     | -                      | -             | 17,779                 | 18,171        |
|                           | <b>8,632</b>           | <b>4,926</b>  | <b>17,872</b>          | <b>18,250</b> |

The Group's maximum exposure to credit and cash flow risk for trade receivables and cash and cash equivalents at the reporting date by geographic region was:

|             | <b>Consolidated</b>    |               | <b>Parent</b>          |               |
|-------------|------------------------|---------------|------------------------|---------------|
|             | <b>Carrying amount</b> |               | <b>Carrying amount</b> |               |
|             | <b>2026</b>            | <b>2025</b>   | <b>2026</b>            | <b>2025</b>   |
|             | <b>\$000'</b>          | <b>\$000'</b> | <b>\$000'</b>          | <b>\$000'</b> |
| Americas    | 8,537                  | 4,985         | 17,779                 | 18,171        |
| Australasia | 95                     | 79            | 93                     | 79            |
|             | <b>8,632</b>           | <b>5,064</b>  | <b>17,872</b>          | <b>18,250</b> |

Trade receivables at 30 June 2026 represent 45 debtors' days (2025: 38 debtor days).

There were no trade receivables impairment losses at 30 June 2026 (2025: \$nil).

### Impairment of company receivables from subsidiaries

The Company's group receivables represent trading balances and loan amounts advanced to other group companies with no fixed repayment dates. Under IFRS 9 the fair value of this intercompany receivable is repayable on demand to the Company.

The Company was due the following amounts as at 30 June 2026 before the recognition of any impairment loss provisions:

## Notes to the financial statements

### 30 June 2026

#### 25. Financial risk management objective and policies (continued)

|                                | SMS Ltd<br>\$000' | SMSCC<br>\$000' | Total<br>\$000' |
|--------------------------------|-------------------|-----------------|-----------------|
| Gross                          | 14,965            | 17,779          | 32,744          |
| Impairment                     | (14,965)          | -               | (14,965)        |
| Carrying value at 30 June 2026 | -                 | 17,779          | 17,779          |

In respect of the balance due from Structural Monitoring Systems Limited (SMS Ltd), the Company did not have sufficient liquid resources at 30 June 2026 to repay the loan in full. An impairment loss provision has been recognised to the extent the carrying value at 30 June 2026 is covered by the recovery of net assets in the balance sheet of SMS Ltd. This has been measured based on lifetime expected credit losses on the basis that credit risk has increased since initial recognition.

In respect of the balance due from Structural Monitoring Systems Canada Corporation (SMSCC), the Company did not have sufficient liquid resources at 30 June 2026 to repay the loan in full. However, on the basis that there has been no significant increase in credit risk and the balance is expected to be recovered by the subsidiary's trading, no impairment loss provision has been recognised on the basis that any impairment loss provision would be immaterial (2025: \$nil). This has been measured based on 12 month expected credit losses.

#### *Credit risk*

The measurement of impairment losses depends on whether the financial asset is "performing", "underperforming" or "non-performing" based on the Company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from "performing" to "underperforming" when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12 month expected credit losses") for "performing" financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for "underperforming" financial assets.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

# Notes to the financial statements

## 30 June 2026

### 25. Financial risk management objective and policies (continued)

The following are the contractual maturities of financial liabilities:

| Consolidated - 30 June 2026 | Carrying amount<br>\$000' | Contractual cash flows<br>\$000' | 1 year or less<br>\$000' | More than 1 year<br>\$000' |
|-----------------------------|---------------------------|----------------------------------|--------------------------|----------------------------|
| Trade and other payables    | (3,545)                   | (3,545)                          | (3,545)                  | -                          |
| Lease liabilities           | (4,945)                   | (4,945)                          | (1,290)                  | (3,655)                    |
|                             | (8,490)                   | (8,490)                          | (4,835)                  | (3,655)                    |

| Consolidated - 30 June 2025 | Carrying amount<br>\$000' | Contractual cash flows<br>\$000' | 1 year or less<br>\$000' | More than 1 year<br>\$000' |
|-----------------------------|---------------------------|----------------------------------|--------------------------|----------------------------|
| Trade and other payables    | (2,803)                   | (2,803)                          | (2,803)                  | -                          |
| Borrowings                  | (1,002)                   | (1,002)                          | (189)                    | (813)                      |
| Lease liabilities           | (6,511)                   | (6,511)                          | (1,523)                  | (4,988)                    |
|                             | (10,316)                  | (10,316)                         | (4,515)                  | (5,801)                    |

The carrying amount of financial assets and financial liabilities at amortised cost recorded by category is as follows:

|                                                   | Consolidated<br>Carrying amount |                | Parent<br>Carrying amount |                |
|---------------------------------------------------|---------------------------------|----------------|---------------------------|----------------|
|                                                   | 2026<br>\$000'                  | 2025<br>\$000' | 2026<br>\$000'            | 2025<br>\$000' |
| Financial assets measured at amortised cost       |                                 |                |                           |                |
| Cash and cash equivalents                         | 4,762                           | 2,133          | 93                        | 79             |
| Trade receivables                                 | 3,870                           | 2,793          | -                         | -              |
| Loans to subsidiary undertakings                  | -                               | -              | 17,779                    | 18,171         |
|                                                   | 8,632                           | 4,926          | 17,872                    | 18,250         |
| Financial liabilities measured at amortised costs |                                 |                |                           |                |
| Borrowings                                        | -                               | 1,002          | -                         | -              |
| Trade and other payables                          | 3,457                           | 2,803          | 275                       | 481            |
| Lease liabilities                                 | 4,945                           | 6,511          | -                         | -              |
|                                                   | 8,402                           | 10,316         | 275                       | 481            |

### Foreign currency risk

The Group undertakes sales and purchases that are denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations in the US dollar, Canadian dollar and the British pound.

# Notes to the financial statements

## 30 June 2026

### 25. Financial risk management objective and policies (continued)

#### Exposure to currency risk

The Group has entered into foreign exchange forward contracts and flexible foreign exchange contracts to manage foreign exchange risk.

These contracts are not designated as hedging instruments under IFRS 9 and are accounted for at fair value through profit or loss.

As at the reporting date, the Group held forward contracts to sell USD and buy CAD. The total notional amount of these contracts was USD\$11,045,000 at forward rates ranging from 1.34 to 1.38 and maturities ranging from 2 July 2026 to 12 October 2027. The fair value of these contracts was an unrealised loss of US\$371,229 at 30 June 2026 (30 June 2025: unrealised gain of US\$69,000).

At the reporting date the Group held flexible foreign exchange contracts with a total notional value of USD\$3,490,000 at forward rates ranging from 1.3655 to 1.375 and maturities ranging from 30 December 2026 to 31 December 2026. The fair value of these contracts was an unrealised loss of USD\$128,038 at 30 June 2026 (30 June 2025: unrealised gain of USD\$19,593)

The counterparty is a reputable financial institution with a high credit rating.

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

#### 30 June 2026

| In AUD                   | AUD 000' | CAD 000' | USD 000' | GBP 000' | Total 000' |
|--------------------------|----------|----------|----------|----------|------------|
| Cash                     | 94       | 3,910    | 758      | -        | 4,762      |
| Trade receivables        | -        | 107      | 3,763    | -        | 3,870      |
| Trade and other payables | (298)    | (2,515)  | (609)    | (123)    | (3,545)    |
|                          | (204)    | 1,502    | 3,912    | (123)    | 5,087      |

#### 30 June 2025

| In AUD                   | AUD 000' | CAD 000' | USD 000' | GBP 000' | Total 000' |
|--------------------------|----------|----------|----------|----------|------------|
| Cash                     | 82       | 1,465    | 586      | -        | 2,133      |
| Trade receivables        | -        | 95       | 2,836    | -        | 2,793      |
| Trade and other payables | (496)    | (1,653)  | (610)    | (104)    | (2,863)    |
| Borrowings               | -        | (1,002)  | -        | -        | (1,002)    |
|                          | (414)    | (1,095)  | 2,812    | (104)    | 1,061      |

The Group had net assets denominated in foreign currencies of \$23.3m as at 30 June 2026 (2025: net assets of \$24.7m). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2025: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been \$2.3m lower/\$1.2m higher (2025: \$2.5m lower/\$1.25m higher).

The Board regularly monitors the Group's exposure to foreign exchange fluctuations.

The following significant exchange rates applied during the year:

|         | Average rate |        | Reporting date spot rate |        |
|---------|--------------|--------|--------------------------|--------|
|         | 2026         | 2025   | 2026                     | 2025   |
| AUD:CAD | 0.9375       | 0.9039 | 0.9778                   | 0.8957 |
| AUD:USD | 0.6785       | 0.6470 | 0.6869                   | 0.6582 |

# Notes to the financial statements

## 30 June 2026

---

### 25. Financial risk management objective and policies (continued)

#### Capital risk management

The Company and the Group's objectives when managing capital are to safeguard the Company and the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company and the Group's capital is performed by the Board.

The Group has a cash balance of \$4.8m at the reporting date and reported cashflows from operating activities of \$8.2m in the year ended 30 June 2026. The Board also has a secured overdraft facility available with a credit limit of C\$6.0m which had not been drawn upon at the reporting date. The Board regularly monitors liquidity, exchange rates, cash flow and financial assets and liabilities balances by means of financial reports and cashflow forecasting. The Company also has a history of successfully raising capital through the issue of shares to fund its activities.

None of the Group's entities are subject to externally imposed capital requirements.

# Notes to the financial statements

## 30 June 2026

### 26. Commitments and contingencies

At the reporting date there are no changes to commitments or contingent liabilities.

### 27. Related party disclosure

The consolidated financial statements include the financial statements of Structural Monitoring Systems Plc and the subsidiaries listed in the following table.

|                                                   | Country of<br>incorporation | % Equity interest<br>2026 | 2025 |
|---------------------------------------------------|-----------------------------|---------------------------|------|
| Structural Monitoring Systems Ltd                 | Australia                   | 100                       | 100  |
| Structural Monitoring Systems Canada Corp (SMSCC) | Canada                      | 100                       | 100  |
| Anodyne Electronics Manufacturing Corp (AEM)      | Canada                      | 100                       | 100  |

Structural Monitoring Systems Plc is the ultimate parent entity and is incorporated in the United Kingdom. The Company carries on the business of developing the Group's structural health monitoring technology.

Structural Monitoring Systems Limited is a subsidiary of the Group and is incorporated in Australia. It is the owner of the intellectual property pertaining to the structural health monitoring technology.

SMSCC was incorporated on 24 October 2017.

Anodyne Electronics Manufacturing Corporation (AEM) was acquired by SMSCC on 8 December 2017 for a consideration of \$10,998,750. Remuneration paid to the directors and executives, who are considered key management personnel, for the year is disclosed in the remuneration report in the Directors' Report.

The share-based payments charge for directors and executives for the year was \$0.2m (2025: \$0.1m).

The following are the amounts due to key management personnel at the reporting date:

|                                       | 2026<br>\$000' | 2025<br>\$000' |
|---------------------------------------|----------------|----------------|
| Due to Director - Neville Bassett AM  | 19             | -              |
| Due to Director – Sam Wright          | -              | -              |
| Due to Director – Brian Wall          | 19             | 19             |
| Due to Director – Heinrich Loechteken | 19             | 19             |
| Due to Director – Anthony Faillace    | 19             | -              |
| Due to Executive – Rick Freeman       | -              | -              |
| Due to Executive – Gary Elwell        | 14             | 14             |

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

# Notes to the financial statements

## 30 June 2026

### 28. Events after the balance sheet date

Subsequent to the reporting date, Boeing advised the Company that the FAA had scheduled commencement of its review of the revised Certification Plan for 7 October 2026.

The FAA's review of the Boeing 737NG Service Bulletin is expected to commence on 24 October 2026. These dates are indicative and remain subject to the FAA's review process and priorities.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 29. Auditors' remuneration

Details of the amounts paid to the auditor of the Company, Gerald Edelman LLP, and other auditors for audit and non-audit services provided during the year are set out below.

|                                                                                                                                                            | Consolidated |        | Parent |        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------|--------|--------|
|                                                                                                                                                            | 2026         | 2025   | 2026   | 2025   |
|                                                                                                                                                            | \$000'       | \$000' | \$000' | \$000' |
| Fees payable to Gerald Edelman LLP and its Component in respect of both audit and non-audit services are as follows:                                       |              |        |        |        |
| Audit services – statutory audit of parent and consolidated accounts fees payable to the Company's auditors for the audit of the Company's annual accounts | 248          | 231    | 231    | 231    |
| Audit of the accounts of subsidiaries                                                                                                                      | 200          | 174    | -      | -      |
| <b>Other services</b>                                                                                                                                      |              |        |        |        |
| Audit-related assurance services                                                                                                                           | -            | -      | -      | -      |
|                                                                                                                                                            | 448          | 405    | 231    | 231    |

## Consolidated Entity Disclosure Statement

| Entity name                                       | Entity type    | Trustee partner or participation in JV | Ownership interest % | Place/Country of incorporation | Australian resident or foreign resident | Foreign jurisdiction of foreign resident |
|---------------------------------------------------|----------------|----------------------------------------|----------------------|--------------------------------|-----------------------------------------|------------------------------------------|
| Structural Monitoring Systems Plc                 | Body corporate | -                                      | n/a                  | United Kingdom                 | Australian                              | n/a                                      |
| Structural Monitoring Systems Ltd                 | Body corporate | -                                      | 100.00%              | Australia                      | Australian                              | n/a                                      |
| Structural Monitoring Systems Canada Corp (SMSCC) | Body corporate | -                                      | 100.00%              | Canada                         | Foreign                                 | Canada                                   |
| Anodyne Electronics Manufacturing Corp (AEM)      | Body corporate | -                                      | 100.00%              | Canada                         | Foreign                                 | Canada                                   |

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC**

**For the year ended 30 June 2026**

### **Opinion**

We have audited the consolidated financial statements of Structural Monitoring Systems PLC (the "Company") and its subsidiaries (the "Group"), for the year ended 30 June 2026, which comprise the consolidated and Company statements of profit or loss and other comprehensive income, the consolidated and Company statements of financial position, the consolidated and Company statements of cash flows, the consolidated and Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2026 and of the Group's profit for the year then ended;
- the Group and Company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusion relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC

For the year ended 30 June 2026

### An overview of the scope of our audit

Our group audit was scoped on a subsidiary entity basis, assessing components against the risk of material misstatement at the group level. We considered group-wide controls, and the quantum of financial statement balances and individual financial statement transactions of a significant nature.

Coverage            100% of Group revenue  
                         99% of Group total assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Full scope audit procedures have been performed by Gerald Edelman on the financial statements of the Parent Company. In addition, full scope audit procedures on the main trading subsidiaries were performed by component auditors. The Group engagement team reviewed the work performed by the component auditors. We determined the level of involvement we needed to have in their audit work at those reporting units to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

At the group level, we also tested the consolidation process including any consolidation adjustments. Procedures performed to test consolidation adjustments included assessing the business rationale for the entries and agreeing to supporting evidence. We carried out analytical procedures to confirm there were no material misstatements in the aggregated financial information of the group's non trading subsidiaries that were not subject to full scope audit.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 3 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of all reporting units.

### Key audit matters

| Key audit matter                | 30 June 2026 | 30 June 2025 |
|---------------------------------|--------------|--------------|
| Revenue recognition             | Yes          | Yes          |
| Impairment of intangible assets | Yes          | Yes          |
| Valuation of Inventory          | Yes          | Yes          |
| Going concern                   | Yes          | Yes          |

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC

For the year ended 30 June 2026

audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Revenue recognition</b></p> <p>Total consolidated revenue of the financial year amounted to AUD 32.53 million (2025: AUD 28.06 million). The Group's revenue relates to the sale of avionic products and the provision of contract electronics manufacturing services to the aviation industry.</p> <p>In line with IFRS 15, the Group recognises revenue when a performance obligation is satisfied either by transferring control over a promised good for sales of products or over time as the services are rendered based on a fixed price for revenue from a contract to provide services. The risk is that the revenue is recognised is not in compliant with IFRS 15.</p> <p>We consider revenue recognition to be a key audit matter due to the related fraud risk related to occurrence and due to revenue being a key performance indicator and therefore in internal and external stakeholders' focus. Consequently, there might be pressure to achieve forecasted results.</p> | <p>We instructed the component auditors of the audit procedures to be performed and reviewed work undertaken by them in relation to revenue. Please see below the summary of the work performed by us and the component auditors:</p> <ul style="list-style-type: none"> <li>• Reviewed inquiries made by the component auditors with the management regarding significant new contracts and relevant changes in existing contracts. The procedures also included reviewing a sample of contracts to understand the terms and conditions and their impact on revenue recognition;</li> <li>• Walkthroughs were performed to gain an understanding of processes and internal controls, including management reviews, with respect to revenue recognition;</li> <li>• Total revenue for the year was reconciled to the external sales listing to ensure that revenue recognised was complete and consistent between the listing and the financial statements.</li> <li>• A sample of sales were agreed to the supporting documentation, including sales invoices, contracts and sales orders, to confirm the occurrence of revenue that has been recognised;</li> <li>• An additional sample of sales in close proximity to the year end were also tested, alongside analytical procedures to assess whether the transactions were recorded in the current period;</li> <li>• We have also verified compliance with revenue recognition requirement of IFRS 15 in line with our audit methodology.</li> </ul> <p>Based on the audit work performed by us and component auditors we are satisfied that revenue has been correctly recognised, has occurred and it has been compliance with the requirements of IFRS 15.</p> |

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC**

**For the year ended 30 June 2026**

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Impairment of intangible assets</b></p> <p>The Group has intangible assets of AUD 7.64 million (2025: AUD 7.11 million) at the year-end relating to goodwill, licences, intellectual property, customer relationships and capitalised development cost. The goodwill of AUD 1.47 million (2025: AUD 1.60 million) is subject to annual impairment reviews and the other intangible assets are being amortised over a 5- 10 year period.</p> <p>The risk is that the goodwill may have become impaired or useful economic life of the intangible assets may be different to the management assumptions or technological advancements may render its market value below its carrying value.</p> | <p>Intangible assets are assessed for impairment where indicators of impairment exist. In making this assessment, consideration was given to the Company's share price, the nature and maturity of the underlying assets, and prevailing industry conditions. Although the Group reported a modest profit in the prior year and remained profitable in the current year, a sustained trend of profitability is only now beginning to emerge, and broader economic uncertainty remains. Accordingly, an impairment review was considered appropriate.</p> <p>We instructed the component auditors of the audit procedures to be performed and reviewed work undertaken by them in relation to impairment of intangible assets, please see below the summary of the work performed by us and the component auditors:</p> <ul style="list-style-type: none"> <li>• Obtained management's forecast for future value in use of all intangible assets;</li> <li>• Assessed the reliability of forecasts by agreeing to historical inputs;</li> <li>• Reviewed management and challenged management on their judgements of the forecasted sales and estimates useful life of the intangible assets;</li> <li>• Assessed the appropriateness and applicability of discount rate applied to the current business performance;</li> <li>• Assessed the ongoing projects viability and ensured they met the criteria defined in the accounting standards for intangibles; and tested the clerical accuracy of management's forecast;</li> <li>• Confirmed cost and useful life by reviewing the underlying contracts for purchase of the intangible assets, including those acquired on acquisition of subsidiary during the year;</li> <li>• Reviewed the latest management accounts to assess post year end cashflows due to the technology and license held.</li> </ul> |

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING  
SYSTEMS PLC**

**For the year ended 30 June 2026**

| <b>Key audit matter</b>                | <b>How our audit addressed the key audit matter</b>                                                                                                                                                                                                            |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Impairment of intangible assets</b> | Based on the audit work performed by us and the component auditors we are satisfied that no indicators of impairment of goodwill have been identified and that all intangible assets have been correctly recognised and disclosed in the financial statements. |

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC**

**For the year ended 30 June 2026**

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Valuation of Inventory</b></p> <p>Inventory consists of raw materials, work in progress and finished goods which are stated at the lower of cost and net realisable value.</p> <p>Cost comprises of direct material and delivery costs, direct labour, import duties and other taxes including an appropriate level of fixed overheads based on normal operating capacity.</p> <p>As a result, judgement is applied in determining the levels of provisions required for obsolete inventories and an appropriate apportionment of labour and overhead.</p> | <p>The inventory balance as at year was AUD 10.86 million (2025: AUD 14.89 million) which is held by Anodyne Electronics Manufacturing Corp (AEM).</p> <p>We instructed the component auditors of the audit procedures to be performed and reviewed work undertaken by them in relation to inventory, please see below the summary of the work performed by us and the component auditors:</p> <p>Our work performed included the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the work performed by components under our instructions with regards to their challenge on slow-moving inventory, verifying the accuracy of the aged inventory listing and assessed completeness of the provision of slow moving, damaged or obsolete inventory;</li> <li>• Reviewed the analytical procedure performed on the comparison of the overhead absorption rate with recent experience and operating capacity;</li> <li>• Reviewed work performed on the realisable value evidenced by sales subsequent to the year end;</li> <li>• Assessing the relevant disclosures within the annual report in line with the management's assessment and other related aspects considered.</li> </ul> <p>Based on the work we have performed by us and component auditors, we have not identified any material uncertainties to the valuation of inventory.</p> |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC

For the year ended 30 June 2026

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Going concern</b></p> <p>The Group's going concern assessment is dependent on the projected revenue growth, continuation of the loan facility of CAD 6m from the Group bank and the ability to raise additional equity funding requirements if required.</p> <p>These events or conditions, along with the business risks and uncertainties may cast significant doubt on the Group's ability to continue as a going concern.</p> | <p>Management performed an assessment in relation to the Group's ability to continue as a going concern and the assessment comprises a base case scenario that includes a reasonable worst-case scenario. The overall assessment includes key assumptions considered by management that required significant judgement in relation to the estimation of future revenues.</p> <p>We assessed the significant judgements made by the management in relation to the stress test to ensure that these are adequately considered and in line with current events and trading performance.</p> <p>Our work performed included the following:</p> <ul style="list-style-type: none"> <li>• Liaising with management and discussing their going concern assessment, including their view and perspective regarding the firm's ability to continue as a going concern;</li> <li>• Assessing the reliability of the forecast to ensure its accuracy and performing arithmetical checks;</li> <li>• Reviewing the past forecast with the actual results to determine if the prior year's estimates were adequately considered and whether management's historical approach in terms of the key assumptions was appropriate;</li> <li>• Scrutinising the forecast in line with the potential impact of slowdown in its trading activities;</li> <li>• Assessing the various scenario considered by management in line with the key assumptions involved and other relevant events to determine the potential impact that these may have in respect of the current covenants related to the external borrowing facilities;</li> <li>• Assessing the covenants attached to the external borrowing facilities and challenging management's approach and assessment of any potential breaches of covenants during the subsequent period.</li> </ul> <p>Based on the work we have performed we have not identified any material uncertainties in relation to the going concern.</p> |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC

For the year ended 30 June 2026

## Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows

|                                 | Group financial statements                                                                                                                                                                                                                                                                                                                                   | Company financial statements                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Overall materiality             | AUD 490,000 (2025: AUD 422,000)                                                                                                                                                                                                                                                                                                                              | AUD 269,000 (2025: AUD 275,000)                                                                                                                                                                                                                                                                                                                              |
| How we determined it            | 1.5% of turnover (2025: 1.5% of turnover)                                                                                                                                                                                                                                                                                                                    | 1.5% of gross assets (2025: 1% of gross assets)                                                                                                                                                                                                                                                                                                              |
| Rationale for benchmark applied | We believe that revenue is a primary measure used by shareholders in assessing the performance of the Group. All are generally accepted auditing benchmarks.                                                                                                                                                                                                 | We believe that the gross assets is an appropriate measure used by shareholders In assessing the performance of the Company and is a generally accepted auditing benchmark.                                                                                                                                                                                  |
| Performance materiality         | 70% (2025: 70%) of materiality. In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's control environment and management's attitude towards proposed adjustments. | 70% (2025: 70%) of materiality. In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's control environment and management's attitude towards proposed adjustments. |

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between AUD 269,000 and AUD 392,000.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC**

### **For the year ended 30 June 2026**

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above AUD 24,500 (2025: 21,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC**

**For the year ended 30 June 2026**

concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit procedures were primarily directed towards testing the accounting systems in operation upon which we have based our assessment of the financial statements for the period ended 30 June 2026.

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the digital marketing and advertising sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC

For the year ended 30 June 2026

- performed analytical procedures to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions;
- assessed whether critical accounting estimates and judgements set out in Note 2(w) of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

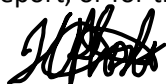
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting our audit. Our audit opinion is consistent with the additional report to the audit committee.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Hemen Doshi FCCA**

Senior Statutory Auditor  
For and on behalf of Gerald Edelman LLP

Statutory Auditors

28 September 2026  
73 Cornhill  
London  
EC3V 3QQ

# Shareholder information

## Annual Report Disclosure on Corporate Governance

The Company has established and continues to refine and improve procedures to ensure a culture of good corporate governance exists and is respected across the consolidated entity.

The Company has a written policy designed to ensure compliance with ASX Listing Rules and all other regulatory requirements for disclosures. Additionally, the Company has adopted a policy designed to ensure procedures to implement the policy are suitable and effective.

The Board wishes to acknowledge that nothing has come to its attention that would lead it to conclude that its current practices and procedures are not appropriate for an organisation of the size and maturity of the Company. The Corporate Governance Policy and the Company's corporate governance practices are set out on the Company's web site at <https://structuralmonitoring.systems/corporate-governance/>.

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 21 September 2026.

### (a) Distribution of CDI securities

| STRUCTURAL MONITORING SYSTEMS PLC |               | CHESS DEPOSITORY INTEREST (Total) |               |
|-----------------------------------|---------------|-----------------------------------|---------------|
| Range of Units As Of 21/09/2026   |               | Composition : CDI,ES1,ES2         |               |
| Range                             | Total holders | Units                             | % Units       |
| 1 - 1,000                         | 471           | 237,482                           | 0.15          |
| 1,001 - 5,000                     | 706           | 1,930,233                         | 1.24          |
| 5,001 - 10,000                    | 336           | 2,655,625                         | 1.71          |
| 10,001 - 100,000                  | 749           | 26,423,135                        | 16.97         |
| 100,001 Over                      | 247           | 124,432,158                       | 79.93         |
| <b>Rounding</b>                   |               |                                   | <b>0.00</b>   |
| <b>Total</b>                      | <b>2,509</b>  | <b>155,678,633</b>                | <b>100.00</b> |

### Unmarketable Parcels

|                                                | Minimum Parcel Size | Holders | Units   |
|------------------------------------------------|---------------------|---------|---------|
| Minimum \$ 500.00 parcel at \$ 0.3800 per unit | 1,316               | 553     | 334,045 |

# Shareholder information

## (b) Distribution of Listed Options (SMNOA)

STRUCTURAL MONITORING SYSTEMS PLC

LISTED OPTIONS EXPIRING 30 NOVEMBER 2027 @ \$0.78

Range of Units As Of 21/09/2026

Composition : OPV

| Range            | Total holders | Units             | % Units       |
|------------------|---------------|-------------------|---------------|
| 1 - 1,000        | 116           | 47,931            | 0.20          |
| 1,001 - 5,000    | 136           | 389,245           | 1.64          |
| 5,001 - 10,000   | 51            | 376,978           | 1.59          |
| 10,001 - 100,000 | 129           | 4,508,034         | 19.04         |
| 100,001 Over     | 52            | 18,360,631        | 77.53         |
| <b>Rounding</b>  |               |                   | <b>0.00</b>   |
| <b>Total</b>     | <b>484</b>    | <b>23,682,819</b> | <b>100.00</b> |

### Unmarketable Parcels

| Minimum Parcel Size | Holders | Units |
|---------------------|---------|-------|
|---------------------|---------|-------|

Minimum \$ 500.00 parcel cannot be calculated due to no price

## (c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

| Holder                    | Number of Shares    |
|---------------------------|---------------------|
| Drake Private Investments | 23,356,018 (15.00%) |

# Shareholder information

## (d) Top CDI Holders (SMN)

STRUCTURAL MONITORING SYSTEMS PLC

CHESS DEPOSITORY INTEREST (Total)

Top Holders (Grouped) As Of 21/09/2026

Composition : CDI,ES1,ES2

| Rank                                                               | Name                                                                  | Units             | % Units      |
|--------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------|--------------|
| 1                                                                  | DRAKE PRIVATE INVESTMENTS LLC                                         | 23,356,018        | 15.00        |
| 2                                                                  | BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>               | 6,209,785         | 3.99         |
| 3                                                                  | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>                | 5,692,591         | 3.66         |
| 4                                                                  | BNP PARIBAS NOMS PTY LTD                                              | 4,940,608         | 3.17         |
| 5                                                                  | CITICORP NOMINEES PTY LIMITED                                         | 4,917,332         | 3.16         |
| 6                                                                  | MR ROBERT GREGORY LOOBY <THE NOROB FAMILY A/C>                        | 2,993,122         | 1.92         |
| 7                                                                  | STRAIGHT LINES CONSULTANCY *** GROUP *** <STRAIGHT LINES CONSULT A/C> | 2,106,489         | 1.35         |
| 8                                                                  | MR ROBERT GILLIS WYNNE                                                | 1,945,000         | 1.25         |
| 9                                                                  | MR STEPHEN CAMPBELL FORMAN                                            | 1,884,976         | 1.21         |
| 10                                                                 | ROSHERVILLE PTY LTD <AYTON SUPER FUND A/C>                            | 1,840,000         | 1.18         |
| 11                                                                 | LOOBY HOLDINGS PTY LTD <K & F LOOBY SUPER FUND A/C>                   | 1,400,000         | 0.90         |
| 12                                                                 | MR IVOR WILLIAM VAN DER SLUYS                                         | 1,390,768         | 0.89         |
| 13                                                                 | LANDMARK CONSTRUCTION PTY LTD <MEYER SHIRCORE UNIT S/F A/C>           | 1,330,569         | 0.85         |
| 14                                                                 | ANODYNE ELECTRONICS HOLDING CORP                                      | 1,320,000         | 0.85         |
| 15                                                                 | PETER FRANCIS BOYLE NOMINEES PTY LTD <PETER F BOYLE S/FUND A/C>       | 1,120,000         | 0.72         |
| 16                                                                 | MR ROBERT GREGORY LOOBY <ROB LOOBY SUPER ACCOUNT>                     | 1,010,000         | 0.65         |
| 17                                                                 | MR JOHN TRIPP                                                         | 975,000           | 0.63         |
| 18                                                                 | RODNDEB INVESTMENTS PTY LTD <THE DUGGAN SUPER FUND A/C>               | 939,444           | 0.60         |
| 19                                                                 | ENDEAVOUR RIVER PTY LTD                                               | 930,000           | 0.60         |
| 20                                                                 | DARLINGHURST PTY LTD <OXFORD FAMILY A/C>                              | 920,529           | 0.59         |
| <b>Totals: Top 20 holders of CHESS DEPOSITORY INTEREST (Total)</b> |                                                                       | <b>67,222,231</b> | <b>43.18</b> |
| <b>Total Remaining Holders Balance</b>                             |                                                                       | <b>88,456,402</b> | <b>56.82</b> |



**STRUCTURAL  
MONITORING  
SYSTEMS** plc