

Appendix 4D

Half-Year Report for the period ended 31 December 2024

Results for announcement to the Market

Financial Performance

Structural Monitoring Systems Plc - Consolidated			
(AUD'000)	Half-year ended 31 Dec 2024	Half-year ended 31 Dec 2023	Movement %
Revenue	12,628	13,289	(5%)
(Loss) before tax attributable to members	(2,753)	(1,102)	(150%)
(Loss) after tax attributable to members	(2,310)	(1,088)	(112%)

Review of Operations

Refer to Directors' Report included in the attached half-year period under review.

Dividends

No Dividends were paid or declared for payment during the half-year period under review.

Earnings Per Share

	Half-year ended 31 Dec 2024	Half-year ended 31 Dec 2023
(Loss) per share (basic & diluted)	(1.64 cents)	(0.81 cents)

Net Tangible Asset Backing

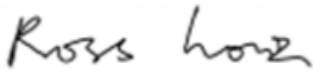
	Half-year ended 31 Dec 2024	Half-year ended 31 Dec 2023
Net tangible asset backing	8.56 cents	5.53 cents

Compliance Statement

The report is based on financial statements which have been reviewed by the auditor, copies of which are attached.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

A handwritten signature in black ink that reads "Ross Love". The signature is written in a cursive style and is positioned above a thin horizontal line.

Ross Love

Chairman & CEO

Dated: 28 February 2025

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**HALF-YEAR
FINANCIAL REPORT
31 DECEMBER 2024**



**STRUCTURAL
MONITORING
SYSTEMS** plc

CORPORATE DIRECTORY

DIRECTORS

Ross Love
Chairman & CEO

Sam Wright
Non-Executive Director

Brian Wall
Non-Executive Director

Heinrich Loechteken
Non-Executive Director

COMPANY SECRETARY

Sam Wright

REGISTERED AND CORPORATE OFFICE

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London EC3V 3QQ
United Kingdom

STOCK EXCHANGE LISTING

Australian Securities Exchange
Home Exchange: Perth, Western Australia

ASX CODE

Shares (CDI's): SMN
Options: SMNOA

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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 acquisitions of shares (including substantial holdings and takeovers).

DIRECTORS' REPORT

The Directors submit their report for the half-year ended 31 December 2024.

DIRECTORS

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

Ross Love	Chairman & CEO
Sam Wright	Non-Executive Director
Brian Wall	Non-Executive Director
Heinrich Loechteken	Non-Executive Director
Miroljub Miletic	Non-Executive Director (resigned 18 October 2024)

Directors were in office for the entire period unless stated otherwise.

REVIEW OF OPERATIONS

Structural Monitoring Systems Plc ("SMS" or "the Company") (ASX: SMN) is pleased to provide a review of operations by business segment for the half-year period.

Avionics

Anodyne Electronics Manufacturing Corp. (AEM) Avionics business segment experienced a successful half year period ending 31 December 2024.

The Avionics business segment generated gross revenue of \$5.93 million, an increase of 32% from the prior period's \$4.51million.

AEM's growing Avionics segment continues to demonstrate strong performance, achieving key milestones that expanded its suite of offerings and reinforced positive growth momentum, particularly in the Special Mission Aviation Sector.

In the September 2024 quarter, AEM secured a new Transport Canada Supplemental Type Certificate (STC) for its modern MTP136D P25 Service Radio. Approval from the United States Fire Service (USFS) for the product was announced on 11 February 2025. This approval is expected to generate exponential growth for this 'in demand' product and facilitate keenly anticipated expansion into the lucrative US market comprising over 3,000 applicable aircraft.

AEM also announced the expansion of its P139-HD Digital Audio System and plans to release two additional products to enhance this system before the end of the current financial year.

The Company is finalising its latest loudspeaker system, designed for aerial law enforcement, aerial firefighting and air medical transport sectors.

Forest Radio sales were particularly strong in December generating revenue of over \$2 million as customers took advantage of a competitive year-end sales campaign. Negotiations with Cal Fire for a significant order of 150 radios are well advanced.

AEM's sales and marketing team actively engaged in international trade shows and industry events across Canada, the US, and globally, during the half-year strengthening market interest and support for its special mission products.

Contract Manufacturing

AEM's contract manufacturing segment recorded revenue of \$6.70 million, a decrease of 23% from the prior period's \$8.66 million. This decline reflects a strategic shift towards increasing capacity in the higher margin Avionics sector.

As reported during the half-year, AEM continues to prioritise high value contract manufacturing projects optimising returns on investment.

Despite the revenue decline, the contract manufacturing business remains a key foundational segment and is expected to benefit from operational efficiencies implemented during the reporting period.

CVM™ Smart Sensor Solutions

The certification process for the Company's CVM™ sensor solution for Aft Pressure Bulkhead (APB) inspections advanced significantly, during the half-year with the FAA finalising its certification requirements in January 2025.

While the Company has achieved full technical approval of the APB sensor solution within Boeing, the FAA requires additional testing using Low Frequency Eddy Current technology every 2,400 cycles (every second inspection) until sufficient data is collected. This additional testing requirement is temporary with the Company remaining confident of ultimate approval by the FAA.

As reported during the half year to December 2024, the Company remains confident of progressing to a positive conclusion regarding FAA approval while concurrently actively engaging with other major airline customers across the US in anticipation of approval in 2025.

Delta Air Lines confirmed its commitment to install the Company's APB sensors across its fleet of 71 applicable aircraft subject to inspection requirements with five additional installations completed in January 2025.

United Airlines was qualified as an AEM supplier, with its APB sensor trial expected to commence in the weeks ahead.

No revenue was recorded for CVM™ during the period (prior period \$0.12 million).

Tariff Resilience

The Company is actively assessing exposure to potential US tariffs on Canadian products and vice versa. Currently, a significant portion of sales are to US customers, and some of our materials and components are sourced from US suppliers. While many of our products are essential to critical services and hold regulatory certifications that limit alternative options, the Company remains vigilant in implementing risk mitigation strategies. Resilience testing indicates the Company can effectively manage cash flow implications under all likely tariff scenarios.

CORPORATE

Capital Raise/SPP

During the half-year the Company successfully raised \$5.00 million through a share placement at \$0.52 per share. The Placement included three free attaching options for every four shares subscribed. The options which are listed have an exercise price of \$0.78 and an expiry date of 30 November 2027. Bell Potter Securities Limited acted as Lead Manager for the Placement.

Following the Placement the Company completed a Securities Purchase Plan (SPP) on the same terms as the Placement. There was high demand for the SPP with the Company accepting applications for a total of \$2.20m in excess of the initial target of \$2.0m.

Subsequent to the period end substantial shareholder, Drake Private Investments LLC participated in a share placement on the same terms as the November 2024 share placement raising \$1.33m before issue costs. Also subsequent to the period end, following approval by shareholders at the AGM held on 18 December 2024, Director, Heinrich Loechteken participated in the SPP subscribing \$0.17m to bring the total raised for the year to date of \$8.7m before issue costs.

Funds raised from the Placement and SPP will be used for:

- continued product development and manufacturing capacity expansion for opportunities in avionics, including digital audio, radio and loudspeaker;
- expanded product development and business development capacity in CVM™ technology; and
- general working capital and costs of the offers.

Issue of Chess Depositary Interests (CDIs) and Options over CDIs

On 26 November 2024 the Directors approved the issue of 632,000 CDIs to staff under the Company Employee Incentive Plan. The CDIs are escrowed until 23 December 2025.

On the same date Directors granted 585,000 options to staff under the Company Employee Incentive Plan. The options are unlisted and have an exercise price of 69c and an expiry date of 18 December 2027.

At the Annual General Meeting held on 18 December 2024 shareholders approved the issue of CDIs to Non-Executive Directors as part of their remuneration package as follows: Brian Wall 125,000 (of which 75,000 CDIs were part of a retirement package as AEM CEO in 2023), Sam Wright and Heinrich Loechteken 50,000 CDIs each.

For further details refer to Note 6: Share-based payments expenses in the notes to the condensed consolidated financial statements.

AEM Restructure

In December 2024 a review of staff structure and production processes was completed resulting in the identification of annualised operating cost reductions in excess of \$2.50 million effective January 2025. Restructure costs of \$0.38 million were incurred during the period.

Operating Results

The Group incurred an after-tax loss of \$2.31 million for the half year (2023: \$1.09 million), an increase of 112% on the prior period. The loss was attributable to the costs associated with operating an ASX listed company in Australia, share-based expenses of \$0.40 million and restructuring costs \$0.38 million related to wholly owned subsidiary, AEM.

The Group recorded revenues of \$12.63 million (2023: \$13.29 million), a decrease of 5% on the prior period. Key expenses during the period were costs of sales of \$6.31 million (2023: \$7.36 million) and employee expenses of \$4.67 million (2023: \$3.46 million). Share-based payments of \$0.40 million were incurred in the period (2023: \$0.39 million) as a result of the grant of CDIs and options to Directors and staff. Restructure costs of \$0.38 million (2023: \$nil) were incurred during the period which will result in annualised operating cost reductions of over \$2.50 million commencing January 2025. Other corporate and administration expenses increased to \$0.94 million during the period (2023: \$0.74 million).

An unrealised loss on foreign currency hedges of \$0.60 million was recorded as a result of hedge contracts taken against US dollar exchange rates versus the Canadian dollar to preserve operating margins on goods sold to the US. (2023: nil). An unrealised loss is recorded because the US dollar has strengthened appreciably against the Canadian dollar in the December quarter.

At the reporting date the Group had net assets of \$19.78 million (30 June 2024: \$14.62 million).

As at 31 December 2024, the Group held cash at bank of \$7.09 million (30 June 2024: \$1.26 million).

As reported on 13 December 2024 management remains confident of achieving its financial objectives for FY25 in terms of revenue, cashflow and earnings due to a cost restructure completed in December and an improving outlook for avionics sales in the second half of the year.

As reported on 31 January 2025 the possible introduction of trade tariffs on transactions with our US customers and suppliers is under assessment and we are of the opinion we can effectively manage the cashflow implications across all likely scenarios.

Future developments

The Company will continue its focus on avionics product development and commercialisation, leveraging strong intellectual property and market expertise. Efforts will also continue in commercialising CVM™ technology and securing FAA approval for the APB application in 2025

Annual General Meeting

SMS held its AGM on 18 December 2024 at Gadens Lawyers, Melbourne.

All resolutions that were put to shareholders at the meeting were passed by a poll.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

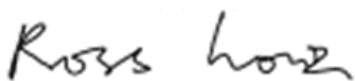
Subsequent to the balance sheet date the Company announced on 20 January 2025 that it had made significant progress in the certification of its APB sensor technology with the FAA approving and issuing the final Certification plan to Boeing. This leaves two remaining steps in the process.

Also, subsequent to balance date, an additional \$1.33 million was raised in a private placement to Drake Private Investments LLC.

A further \$166,400 was received from Director Heinrich Loechteken under the SPP following approval by shareholders at the AGM.

Other than the above, from the end of the reporting period to the date of this report no matter or circumstance has arisen which has significantly affected the operations of the Group, the results of the operations or the state of affairs of the Group.

Signed in accordance with a resolution of the Directors.



Ross Love
Chairman & CEO
Perth, Western Australia
28 February 2025

Structural Monitoring Systems PLC
Condensed Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2024

		6 months to 31 Dec 2024 (reviewed)	6 months to 31 Dec 2023 (reviewed)
	Note	\$000'	\$000'
Continuing operations			
Revenue	4	12,628	13,289
Cost of sales		(6,320)	(7,358)
Gross profit		<u>6,308</u>	<u>5,931</u>
Other income		71	109
Depreciation and amortisation		(1,152)	(1,132)
Administrative and corporate expenses		(936)	(737)
Employee expense		(4,675)	(3,461)
Research and development expenses		(187)	(93)
Restructure expenses		(383)	-
Sales and marketing expenses		(395)	(964)
Share-based payments	6	(401)	(386)
Unrealised loss on derivative financial instruments	13	(600)	-
Loss from continuing operations before income tax and finance costs		<u>(2,350)</u>	<u>(733)</u>
Finance income		-	-
Finance costs		(392)	(369)
Foreign currency translations		(11)	-
Loss before income tax benefit		<u>(2,753)</u>	<u>(1,102)</u>
Income tax benefit		443	14
Net loss attributable to members of Structural Monitoring Systems Plc		<u>(2,310)</u>	<u>(1,088)</u>
Other comprehensive income/ (expense) Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		331	(343)
Other comprehensive income/(expense)		<u>331</u>	<u>(343)</u>
Total comprehensive loss for the period		<u>(1,979)</u>	<u>(1,431)</u>
Basic and diluted loss per share (cents per share)	7	(1.64)	(0.81)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Structural Monitoring Systems PLC
Condensed Consolidated Statement of Financial Position
As at 31 December 2024

		As at 31 December 2024 (reviewed)	As at 30 June 2024 (audited)
	Note	\$000'	\$000'
ASSETS			
Current assets			
Cash and cash equivalents		7,085	1,260
Trade receivables		1,917	1,963
Inventory	8	13,950	13,965
Other current assets	9	632	568
Total current assets		23,584	17,756
Non-current assets			
Plant & equipment		1,215	1,314
Right-of-use assets		5,962	6,355
Intangible assets and goodwill	10	6,784	6,770
Deferred tax assets		1,130	626
Total Non-current assets		15,091	15,065
Total assets		38,675	32,821
LIABILITIES			
Current liabilities			
Trade and other payables	11	3,247	3,786
Borrowings	12	6,797	5,332
Lease liabilities		1,396	1,337
Derivative financial instruments	13	600	-
Provisions		149	146
Total current liabilities		12,189	10,601
Non-current liabilities			
Borrowings		915	997
Lease liabilities		5,612	6,103
Deferred tax liability		178	499
Total non-current liabilities		6,705	7,599
Total liabilities		18,894	18,200
NET ASSETS		19,781	14,621
Equity			
Issued capital	14	31,976	31,962
Share premium reserve	14	51,631	44,612
Other reserves	15	(673)	(959)
Accumulated losses		(63,153)	(60,994)
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC		19,781	14,621

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

Structural Monitoring Systems PLC
Condensed Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2024

	6 months to 31 Dec 2024 (reviewed)	6 months to 31 Dec 2023 (reviewed)
	\$000'	\$000'
Cash flows provided by/(used in) operating activities		
Receipts from customers	13,248	12,265
Payments to suppliers and employees	(13,656)	(11,069)
Interest expense	(419)	(369)
Net cash flows provided by/(used in) operating activities	<u>(827)</u>	<u>827</u>
Cash flows used in investing activities		
Payments for development expenses capitalised	(576)	(651)
Payments for plant and equipment	(164)	(51)
Net cash flows used in investing activities	<u>(740)</u>	<u>(702)</u>
Cash flows from financing activities		
Repayment of borrowings	(207)	(82)
Proceeds from borrowings	1,382	158
Repayment of lease liability	(663)	(536)
Proceeds from issue of CDIs	7,197	1,000
Costs of issue	(351)	(87)
Net cash flows from financing activities	<u>7,358</u>	<u>453</u>
Net increase in cash and cash equivalents	5,791	578
Net of borrowing cash and cash equivalents at beginning of period	1,260	961
Effect of foreign exchange on balances	34	(40)
Cash and cash equivalents at end of period	<u>7,085</u>	<u>1,499</u>
Cash and cash equivalents	7,085	1,499
Borrowings	(7,712)	(5,493)
Cash and cash equivalents net of borrowings at end of period	<u>(627)</u>	<u>(3,994)</u>

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

Structural Monitoring Systems PLC

Condensed Consolidated Statement of Changes in Equity attributable to members of Structural Monitoring Systems PLC

For the Half-Year Ended 31 December 2024

Consolidated (reviewed)	Issued capital \$000'	Accumulated losses \$000'	Share premium reserve \$000'	Share-based payment reserve \$000'	Foreign exchange reserve \$000'	Total equity \$000'
At 1 July 2023	31,959	(59,953)	43,210	999	(1,308)	14,907
Loss for the period	-	(1,088)	-	-	-	(1,088)
Other comprehensive income/(expense)	-	-	-	-	(343)	(343)
Total comprehensive loss for the period	-	(1,088)	-	-	(343)	(1,431)
Transaction with owners in their capacity as owners:						
Share-based payments – CDIs	-	-	-	386	-	386
Issue of CDIs for cash	2	-	998	-	-	1,000
CDIs issue costs	-	-	(87)	-	-	(87)
At 31 December 2023	31,961	(61,041)	44,121	1,385	(1,651)	14,775
At 1 July 2024	31,962	(60,994)	44,612	977	(1,936)	14,621
Loss for the period	-	(2,310)	-	-	-	(2,310)
Other comprehensive income/(expense)	-	-	-	-	331	331
Total comprehensive loss for the period	-	(2,310)	-	-	331	(1,979)
Transaction with owners in their capacity as owners:						
Share-based payments – CDIs	1	-	294	100	-	395
Share-based payments - options	-	-	-	6	-	6
Issue of CDIs for cash	13	-	7,184	-	-	7,197
Expiry of performance rights	-	151	-	(151)	-	-
CDIs issue costs	-	-	(459)	-	-	(459)
At 31 December 2024	31,976	(63,153)	51,631	932	(1,605)	19,781

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

Structural Monitoring Systems PLC

Notes to the Half-Year Condensed Consolidated Financial Statements

31 December 2024

1. GENERAL INFORMATION

Structural Monitoring Systems Plc is a public company incorporated and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the Australian Securities Exchange. The address of the registered office is The Old Court, 8 Tufton Street, Ashford, Kent TN23 1QN, United Kingdom.

The interim financial report of the Company as at and for the six months ended 31 December 2024 comprises the condensed consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group's principal activity was the design and manufacture of electronic products and the provision of manufacturing services to the aviation industry.

These condensed consolidated financial statements are presented in Australian Dollars (AUD) because the Group operates in international markets and the AUD provides the most comparable currency for the peer companies.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the United Kingdom. The accounting policies are consistent with those set out and applied in the statutory accounts of the Group for the year ended 30 June 2024, which were prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

This condensed consolidated interim financial report is intended to provide users with an update on the latest annual financial statement of Structural Monitoring Systems PLC and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this interim financial report to be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024, together with any public announcements made during the following half-year.

The interim financial information for the period from 1 July 2024 to 31 December 2024 is reviewed but unaudited. In the opinion of the Directors the interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in accordance with IAS 34. The financial information incorporates comparative figures for the reviewed interim period from 1 July 2023 to 31 December 2023 and audited as at 30 June 2024.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 434 of the Companies Act 2006.

The comparative financial information for the year ended 30 June 2024 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts of Structural Monitoring Systems Plc for the year ended 30 June 2024 have been reported on by the Company's auditor, Gerald Edelman LLP, and have been delivered to the Registrar of Companies. The report of the auditor was unqualified. The auditor's report did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

The interim financial report was authorised for issue in accordance with resolution of the directors on 28 February 2025.

The interim financial report has been prepared on an accruals basis under the historical cost convention.

The accounting policies have been consistently applied with those of the year ended 30 June 2024 and corresponding interim reporting period.

Structural Monitoring Systems PLC

Notes to the Half-Year Condensed Consolidated Financial Statements

31 December 2024

BASIS OF PREPARATION

Significant accounting estimates

The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the consolidated financial statements the significant estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 June 2024.

Going Concern

The condensed consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities, the continued financial performance of AEM, the realisation of assets and discharge of liabilities in the normal course of business and the continued availability of an established line of credit facility of up to C\$6 million, none of which has been drawdown as at the date of this report. The facility, which is provided by AEM's bankers, while payable on demand is secured upon receivables and inventory is subject to loan covenants. Directors expect covenants to continue to be met. The Directors expect the company to continue to comply with the terms and covenants of the facility.

As disclosed in the condensed consolidated financial statements, the Group incurred a loss after tax of \$2.31 million and had net cash outflows from operating activities of \$0.83 million for the half-year ended 31 December 2024. Group working capital at the reporting date was \$11.40 million including cash of \$7.09 million.

As disclosed in note 3: Subsequent events – the Company received a total of \$1.50 million subsequent to the reporting date, comprising a \$1.33 million placement and \$166,400 received from a Director under the SPP.

In an assessment of risk posed by the possible introduction of trade tariffs by the United States on imports from Canada, the Company has modelled a range of scenarios which may eventuate and has concluded that operating cashflows can withstand forecast effects on sales volumes and profit margins that may result.

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 revenue and exchange rates based upon their review 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.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2024

3. SUBSEQUENT EVENTS

Subsequent to the balance date the Company announced on 20 January 2025 that it had made significant progress in the certification of its APB sensor technology with the FAA approving and issuing the final Certification plan to Boeing. This marked the achievement of the third-to-last milestone in the process with an additional two steps remaining. As noted in the announcement the timeline for these final steps is not yet confirmed but is expected to be announced in the coming months.

Also, subsequent to balance date the Company raised approximately \$1.33 million in a private placement of shares issued to long term substantial shareholder, Drake Private Investments LLC. A total of 2,571,418 CDIs were issued on the same terms as those issued in the Placement and SPP completed in the December quarter.

A further \$166,400 was received from Director Heinrich Loechteken under the SPP following approval by shareholders at the Annual General Meeting held on 18 December 2024 to issue Mr Loechteken with 320,000 CDIs.

Other than the above, from the end of the reporting period to the date of this report no matter or circumstance has arisen which has significantly affected the operations of the Group, the results of the operations or the state of affairs of the Group.

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Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2024

4. OPERATING SEGMENTS

The Company has identified its operating segments based on the internal management reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates predominantly in 3 industries, being avionics, contract manufacturing and structural health monitoring. (CVM™).

Revenue to third parties by origin is Canada.

The Parent Company is registered in the United Kingdom.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The operations of the Group are not influenced by seasonal or cyclical factors.

	Contract manufacturing	Avionics	CVM™	Other segments	Total
	\$000'	\$000'	\$000'	\$000'	\$000'
Half-year ended 31 December 2024					
Revenue					
Revenue from contracts with customers	6,192	5,654	-	-	11,846
Revenue from the rendering of services	504	278	-	-	782
Segment revenue	6,696	5,932	-	-	12,628
Sales revenue by customer location:					
North America	6,684	4,321	-	-	11,005
Europe/UK	12	1,306	-	-	1,318
Other	-	305	-	-	305
Total revenue	6,696	5,932	-	-	12,628
Results					
Adjusted EBITDA/(LBITDA)*	651	646	(1,006)	(716)	(425)
Share-based payments					(401)
Restructure costs					(383)
Depreciation and amortisation					(1,152)
Finance costs					(392)
Profit/(loss) before tax benefit					(2,753)
Income tax benefit					443
Profit/(loss) for the period					(2,310)
Assets and liabilities					
Segment assets	12,645	20,908	1,822	3,300	38,675
Segment liabilities	8,919	8,855	-	1,120	18,894

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2024

4. OPERATING SEGMENTS (CONTINUED)

	Contract manufacturing	Avionics	CVM™	Admin/ corporate	Total
	\$000'	\$000'	\$000'	\$000'	\$000'
Half-year ended 31 December 2023					
Revenue					
Revenue from contracts with customers	8,096	4,315	115	-	12,526
Revenue from the rendering of services	562	193	8	-	763
Segment revenue	8,658	4,508	123	-	13,289
Sales revenue by customer location:					
North America	8,622	3,568	103	-	12,293
Europe/UK	36	680	-	-	716
Other	-	260	20	-	280
Total revenue	8,658	4,508	123	-	13,289
Results					
Adjusted EBITDA/(LBITDA)*	1,562	638	(822)	(593)	785
Share-based payments					(386)
Depreciation and amortisation					(1,132)
Finance costs					(369)
Profit/(loss) before tax benefit					(1,102)
Income tax benefit					14
Profit/(loss) for the period					(1,088)
Assets and liabilities					
Segment assets	11,452	16,980	1,355	2,403	32,190
Segment liabilities	9,424	7,194	149	648	17,415

Segment revenues represent revenue generated from external customers. There were inter-segment revenues of \$nil (2023: \$nil) in the current period.

Adjusted EBITDA/(LBITDA)* excludes share-based payments and one-off restructure costs

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2024

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from product sales and repair services, both recognised at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see note 4).

There were no impairment losses on receivables in the statement of comprehensive income for the six months ended 31 December 2024 (31 December 2023: none).

6. SHARE-BASED PAYMENT EXPENSES

	6 months to 31 December 2024 \$000'	6 months to 31 December 2023 \$000'
Grant of CDIs to Directors	100	167
Grant of CDIs to employees	171	219
Grant of options to employees	130	-
	401	386

Chess Depositary Interests (CDIs)

On 26 November 2024 Directors approved the issue of 632,000 CDIs to various staff under the Company Employee Incentive Plan. The CDIs are escrowed until 23 December 2025. The fair value of \$0.171 million was calculated using the closing share price on the grant date.

At the Annual General Meeting held on 18 December 2024 shareholders approved the issue of CDIs to 3 Non-Executive Directors as part of their remuneration package as follows: Brian Wall 125,000 (of which 75,000 CDIs were part of a retirement package as AEM CEO in 2023), Sam Wright and Heinrich Loechteken 50,000 CDIs each. The fair value of \$0.100 million was calculated using the closing share price on the grant date. The CDIs were issued on 17 January 2025.

Options over CDIs (options)

On 26 November 2024 Directors granted 585,000 options to staff under the Company Employee Incentive Plan. The options are unlisted and have an exercise price of \$0.69 and an expiry date of 18 December 2027. The fair value of \$0.13 million was calculated using the Black-Scholes model using the following inputs:

Stock price at grant date (\$)	0.465
Exercise price (\$)	0.690
Term of options (years)	3.00
Volatility (%)	84.14
Risk-free rate (%)	3.99

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
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7. LOSS PER SHARE

Basic loss per share

The basic and diluted loss per share for the half-year ended 31 December 2024 is 1.64 cents per share (2023: 0.81 cents per share).

Earnings

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

Diluted earnings per share has not been calculated as the Group is loss making.

	6 months to 31 December 2024 \$000'	6 months to 31 December 2023 \$000'
Net loss attributable to equity holders from continuing operations	(2,310)	(1,088)
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for basic loss per share	140,478,355	134,837,032
Weighted average number of ordinary shares for diluted loss per share	140,478,355	134,837,032

8 INVENTORY

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Raw materials	7,830	7,340
Work in progress	2,092	2,798
Finished goods	4,034	3,827
Provision for obsolescence	(6)	-
	13,950	13,965

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
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9. OTHER CURRENT ASSETS

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Prepayments	381	405
GST receivable	251	163
	632	568

10. INTANGIBLE ASSETS AND GOODWILL

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

	Goodwill	Technology	Eagle audio IP	Eagle audio Customer relationships	Total
Balance at 1 July 2024	1,573	2,695	2,390	112	6,770
Development expenses capitalised	-	615	-	-	615
R&D tax refund	-	(332)	-	-	(332)
Amortisation expense	-	(154)	(161)	(25)	(340)
Effect of FX on balances	41	(27)	56	1	71
Balance at 31 December 2024	1,614	2,797	2,285	88	6,784
Balance at 1 July 2023	1,628	2,832	2,806	169	7,435
Development expenses capitalised	-	264	-	-	264
Amortisation expense	-	(123)	(167)	(27)	(317)
Effect of FX on balances	(35)	(67)	(57)	(3)	(162)
Balance at 31 December 2023	1,593	2,906	2,582	139	7,220

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
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11. TRADE AND OTHER PAYABLES

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Trade payables	1,313	2,266
Other payables	1,822	1,425
Taxes payable – HST, payroll tax	112	95
	3,247	3,786

12. BORROWINGS

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Current		
Term loan	184	173
Line of credit - secured	6,613	5,159
	6,797	5,332
Non-current		
Term loan	915	997
	915	997

AEM has an operating line of credit of C\$6.00m (increased from C\$5.00m in August 2024) secured at 6.55% variable with no maturity date and a 7 year term loan of C\$1.25m secured at 6.78% fixed for 3 years with a Canadian banking institution. The facilities are secured on trade receivables and inventory. Subsequent to the balance sheet date the line of credit has been paid down and at the date of this report no drawdown has been made on the line of credit facility.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Forward foreign exchange contracts - cash flow hedges	600	-

The Group has entered into a USD/CAD collar arrangement to protect a range between values with a nominal value of US\$7 million.

The fair value of the unrealised loss at 31 December 2024 is \$0.60 million (30 June 2024: nil).

The Group has not entered into any new arrangements since 30 August 2024 and has no other hedging arrangements in place.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2024

14. ISSUED CAPITAL

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Chess Depositary Interests (CDIs)		
Issued and fully paid	31,976	31,962
Movement in CDIs in issue		
At 30 June 2024	137,359,229	31,962
Issue of CDIs for cash	13,840,432	13
Share-based payments - CDIs	632,000	1
At 31 December 2024	151,831,661	31,976

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Share Premium Account		
Share Premium Account	51,631	44,612
Movement in ordinary shares in issue		
At 30 June 2024	137,359,229	44,612
Issue of CDIs for cash	13,840,432	7,184
Share-based payments - CDIs	632,000	294
Issue costs	-	(459)
At 31 December 2024	151,831,661	51,631

Share premium account

The share premium account 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 GBP0.0005 (2023: GBP0.0005). Costs of the issues are written off against the account.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2024

15. RESERVES

	As at 31 December 2024 \$000'	As at 30 June 2024 \$000'
Reserves		
Share-based payment reserve	932	977
Foreign currency translation reserve	(1,605)	(1,936)
	<u>(673)</u>	<u>(959)</u>
Options on issue		
	No.	\$000'
Share-based payment reserve		
Options outstanding at 30 June 2024	1,500,000	977
Expiry of Performance rights	-	(151)
Grant of CDIs – directors pending issue	-	100
Issue of options – staff	585,000	6
Options outstanding at 31 December 2024	<u>2,085,000</u>	<u>932</u>

For further details of share-based payments during the period, refer to Note 6: Share-based payments expense.

Nature and purpose of reserves

Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments which represent unissued shares (i.e. grants of options/performance rights) and grants of shares that have not yet been issued.

Foreign currency translation reserve

The foreign currency translation reserve (FCTR) is used to record exchange differences arising from the translation of the financial statements of AEM, a subsidiary of the Group domiciled in Canada, from Canadian dollars to Australian dollars. The movement is recorded under other comprehensive income/(expense) in the statement of comprehensive income.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
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16. FINANCIAL RISK MANAGEMENT

a) Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents and non-interest-bearing financial assets and financial liabilities of the Group is equal to their carrying value.

b) Liquidity risk

The following are the contractual maturities of financial liabilities:

31 December 2024	Carrying amount \$000'	Contractual cash flows \$000'	1 year or less \$000'	1 year or more \$000'
Trade and other payables (Note 11)	(3,135)	(3,135)	(3,135)	-
Borrowings	(7,711)	(7,711)	(6,797)	(914)
Lease liabilities	(7,008)	(7,008)	(1,396)	(5,612)
Derivative financial instruments	(600)	(600)	(600)	-
	(18,454)	(18,454)	(11,928)	(6,526)

30 June 2024	Carrying amount \$000'	Contractual cash flows \$000'	1 year or less \$000'	1 year or more \$000'
Trade and other payables (Note 11)	(3,691)	(3,691)	(3,691)	-
Borrowings	(6,329)	(6,329)	(5,332)	(997)
Lease liabilities	(7,440)	(7,440)	(1,337)	(6,103)
	(17,460)	(17,460)	(10,360)	(7,100)

c) Foreign Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated primarily in US dollars whilst the Group's operating subsidiary Anodyne Electronics Manufacturing Corp has a Canadian dollar functional currency. The Group also has exposure to the value of its investment in Canadian subsidiary Anodyne Electronics Manufacturing Corp which is denominated in Canadian dollars.

In order to protect against exchange rate movements, the Group has entered into foreign exchange option contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge up to 100% of anticipated foreign currency transactions for the subsequent 12 months.

16. COMMITMENTS AND CONTINGENCIES

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

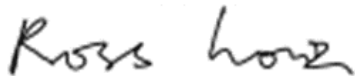
Structural Monitoring Systems PLC Directors' Declaration

The Directors of Structural Monitoring Systems Plc declare that in the opinion of the Directors:

- (a) the attached condensed consolidated financial statements and notes of the Group:
 - (i) give a true and fair view of the financial position as at 31 December 2024 and the performance for the half-year ended on that date; and
 - (ii) comply with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the United Kingdom.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Ross Love
Chairman & CEO
Perth, Western Australia
28 February 2025

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INDEPENDENT REVIEW REPORT TO STRUCTURAL MONITORING SYSTEMS PLC

Conclusion

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2024 which comprises the condensed consolidated statement of comprehensive income for the half year ended on that date, the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity for the half year ended on that date and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom" ("ISRE(UK) 2410") issued by the Financial Reporting Council. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern. 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.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with ISRE(UK) 2410. Our review work has been undertaken so that we might state to the Group those matters we are required to state to them in an independent review 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 Group, for our review work, for this report, or for the conclusions we have formed.



Hemen Doshi FCCA

Senior Statutory Auditor
For and behalf of Gerald Edelman LLP

Chartered Accountants
Statutory Auditors

28 February 2025
73 Cornhill, London
EC3V 3QQ

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**STRUCTURAL
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SYSTEMS** plc