

ASX Announcement

ASX: SMN

17 October 2025

Appendix 4C and Quarterly Update September 2025

1QFY26

Highlights

- **Net profit after tax (NPAT):** \$1.2 million (vs prior year net loss after tax of \$0.3 million)
- **Third consecutive quarterly profit:** NPAT exceeding \$1.0 million per quarter, totalling \$3.7 million over three consecutive quarters
- **Revenue:** \$8.1 million, up 23% year-on-year
- **Adjusted EBITDA:** \$2.1 million, up 250% year-on-year
- **Operating cashflow:** \$1.9 million (vs prior year negative \$0.7 million)
- **\$1.4 million CAL FIRE radios:** order successfully delivered
- **Mr Anthony Faillace** appointed as Non-Executive Director
- **Mr Rick Freeman** appointed as AEM Interim CEO

Structural Monitoring Systems Plc (“SMS” or “the Group”) (ASX: SMN) continued its strong turnaround momentum during the September quarter, marking the third consecutive quarter of profitability since transforming to positive results in 2HFY25.

Net profit after tax (NPAT) has now exceeded \$1.0 million per quarter, totalling \$3.7 million over the past three quarters.

The Company maintained its positive trajectory in revenue, profitability, and cash generation, supported by sustained demand in growth, disciplined cost management and ongoing strategic investment in high value, targeted product development.

Buoyed by receipts from the CALFIRE delivery announced on 11 July 2025, the Group recorded Q1 revenue of \$8.1 million, a year-on-year increase of 23%. The robust performance across three consecutive quarters underscores the benefits of an improved operating structure and margin expansion.

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Key financial performance indicators for the September quarter are highlighted below:

(A\$m)	1QFY26	1QFY25	YoY %
Revenue	8.1	6.6	23%
Profit/(loss) after tax	1.2	(0.3)	n/a
Adj EBITDA*	2.1	0.6	250%
Operating cashflow	1.9	(0.7)	n/a
EPS (cents per share)	0.76	(0.20)	n/a

* excludes unrealised losses on foreign exchange of \$0.04m (FY25: \$nil)

AEM Avionics

Q1 revenue for the growing avionics business segment was \$5.1 million for the quarter, up 111% year-on-year. The AEM Avionics business now accounts for 63% of total revenue, up from 37% year on year, driving the Company's ongoing profit growth and increasing manufacturing margins.

To support The Company's 5-year plan to be a major provider of Special Mission products across multiple markets worldwide, AEM continues to develop new mission-critical products to support this ambitious growth strategy.

Starting in early 2025 with the US Forest Service (USFS) and Department of the Interior (DOI) approval of the MTP136D Forest Service radio, which bolstered demand for the radio, the MTP136D continues to be in high demand across most major firefighting and multi-mission agencies across North America.

As reported on 11 July, the Company delivered 50 additional MTP136D radios to CAL FIRE under its ongoing fleet modernisation program, reinforcing AEM's growing position in the North American aerial firefighting Special Mission communications market.

To further support growth in this market, in September, AEM secured an additional Supplemental Type Certificate (STC) approval making it easier to sell the MTP136D to Bell Helicopter operators in the US and Canada, opening sales opportunities for up to 450 applicable aircraft.

At the end of the quarter, as part of the Company's long-term growth strategy, AEM also launched a new avionics research and development project to expand its Special Mission product offering to meet the increasing needs of additional high-value growth markets around the world. The goal is to have this product ready by the end of FY27.

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Post quarter end, Canada's government to government contracting agency (CCC) announced that it was awarded a contract by the United States Department of War (U.S. DOW) for magnetic amplifiers made by AEM. The amplifiers will support the internal communication system of V-22 Osprey aircraft operated by the U.S. Navy.

This is a significant sale as it's the first for AEM through the CCC program, which is designed to enable companies like ours deliver made-in-Canada solutions to the U.S. Navy and other entities of U.S. DOW, and gain access to nearly \$175 billion in annual spending the U.S. Navy has been allocated for procurement of shipbuilding, aircraft acquisition, and modernization efforts.

CVM™ Smart Sensor Solutions

Technical progress continues with the CVM™ Aft Pressure Bulkhead (APB) certification program.

AEM Chief Technical Officer Trevor Lynch-Staunton said that Boeing has three remaining documents awaiting sign off within Boeing, these consist of two Compliance Summary Reports, and one Stress Check Notes. Completion date for those documents is scheduled for November 2025.

“During the reporting period, the CVM™ team met with the FAA certification engineers for a demonstration of the CVM™ system and a review of the certification documents,” he said.

There are now 64 Delta Air Lines and two aircraft from another major US Airline fitted with CVM™ sensors kits, which means revenue will follow from those installations once FAA certification is achieved.

The Company continues to work on the development and refinement of the next applicable opportunities for our CVM™ product both for commercial and military applications.

AEM Contract Manufacturing

The Company's foundational contract manufacturing segment revenue for the quarter was \$3.0 million, down 29% year-on-year in line with expectations and forecasts and the ongoing focus and investment in our higher margin avionics business.

The business segment remains an important operational base, underpinning manufacturing capability, quality assurance, and cash flow stability.

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Corporate & Governance

During the quarter, SMN released its 2025 Annual Report, which highlighted a strong turnaround in financial performance in the second half of the year, and as indicated above, the Group has now recorded three consecutive quarters of profit after tax, totalling \$3.7 million.

Leadership capability was further strengthened with the appointment of experienced aviation executive and interim AEM CEO, Mr Rick Freeman to oversee AEM's strategy, operations and growth on the ground in Kelowna, British Columbia.

The experience and strength of the Board was bolstered by the appointment of Mr Anthony Faillace during the reporting period bringing additional international and relevant expertise to the board.

The Board maintained its focus on capital discipline and remains well-funded to pursue organic growth and strategic opportunities domestically and globally.

Outlook

The September quarter has positioned SMN positively for FY26, with momentum expected to continue in the second quarter of the financial year. The business mix continues its ongoing strategic shift toward higher-margin proprietary IP products with an experienced leadership and executive team in place to implement and oversee the Board's agreed strategy.

The growth and market opportunities related to the Company's Avionics business segment - radio and audio platforms - continue to gather pace with the executive sales and marketing team actively pursuing targeted domestic and global opportunities. The team's activity is focused on product sales, new product and development programs, partnerships and potential acquisitions to increase our global presence in Special Mission products and services.

CVM™ certification continues, albeit dependent on external timelines, with approval anticipated in FY26, and activating potential revenue from existing partner airlines and immediate expansion of the targeted client base following approval.

The Board and the Executive Leadership team remain confident in achieving another year of solid growth and value creation for shareholders.

Mr Rick Freeman, Interim CEO AEM, commented:

"This quarter's results reflect the hard work, focus and dedication of the whole Group.

"I join the team at a critical and exciting juncture in our ongoing journey towards revenue growth driven by the continued strong performance in the Avionics business segment and ongoing investment in strategic R&D and market leading, high-margin targeted product development.

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“The Company remains focused on sustaining profitability and expanding AEM’s Avionics IP product suite, and with three profitable quarters, the Group is well positioned to build on this momentum throughout FY26.

“I look forward to working closely with the team here in Kelowna, the Board and SMS team as a whole to deliver ongoing planned profitability and ensuring we recruit and retain a team that will work together to realise this important goal.”

Appendix 4C Details

SMS consolidated cash-at-bank as at 30 September 2025 was \$3.1 million, an increase of \$1.0 million on the previous quarter. Unused finance facilities available at quarter end were \$6.5 million. Total available funding at quarter end was \$9.6 million.

Operating cash flow for the quarter was \$1.9 million.

Payments for Product Manufacturing and Operating costs of \$2.4 million represent wholly owned subsidiary AEM’s expenditure allocated to productive manufacturing and general operating costs.

Payment for staff costs of \$2.9 million represents salaries for manufacturing, administration, sales and general management activities and directors’ fees.

Payments for Administration and Corporate Costs of \$0.5 million represent general costs associated with running the Company including ASX fees, legal fees, audit etc.

The aggregate amount of payments related to parties and their associates included in the September quarter cash flows from operating activities was \$0.2 million in respect to fees paid to directors.

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

This ASX release has been approved by Sam Wright on behalf of the Board of Directors.

Communications and shareholder enquiries:

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Appendix 4C

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

Name of entity

Structural Monitoring Systems Plc

ARBN

106 307 322

Quarter ended ("current quarter")

30 September 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,991	7,991
1.2 Payments for		
(a) research and development	(111)	(111)
(b) product manufacturing and operating costs	(2,440)	(2,440)
(c) advertising and marketing	(102)	(102)
(d) leased assets	-	-
(e) staff costs	(2,896)	(2,896)
(f) administration and corporate costs	(466)	(466)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(76)	(76)
1.6 Income taxes received/(paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash provided by operating activities	1,900	1,900
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(18)
(d) investments	-	-
(e) intellectual property ⁽¹⁾	(304)	(304)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash (used in) investing activities	(322)	(322)
(1)	Capitalised R&D expenditure		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(135)	(135)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(82)	(82)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (ROU leases principal repaid)	(314)	(314)
3.10	Net cash (used in) financing activities	(531)	(531)
4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,133	2,133
4.2	Net cash provided by operating activities (item 1.9 above)	1,900	1,900
4.3	Net cash used in investing activities (item 2.6 above)	(322)	(322)
4.4	Net cash provided by/(used in) financing activities (item 3.10 above)	(531)	(531)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(72)	(72)
4.6	Cash and cash equivalents at end of period	3,108	3,108

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,108	2,133
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,108	2,133

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Line of credit	6,530	-
7.3i Term loan	947	947
7.3ii Other (equipment leases)	4,045	4,045
7.4 Total financing facilities	11,522	4,992
7.5 Unused financing facilities available at quarter end		6,530
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Royal Bank of Canada (RBC) operating line of credit of C\$6.00 million secured at 6.05% variable, no maturity date, reviewed annually.</p> <p>RBC 7 year term loan of C\$1.25 million secured at 6.78% fixed for 3 years.</p> <p>HSBC equipment lease facility of US\$2.20 million, secured at various rates of between 2.61% and 4.41% fixed with a term of between 3-5 years according to the type of equipment financed.</p> <p>RBC C\$0.50 million equipment lease finance facility. A drawdown of C\$0.39 million has been made to date. The term is 3 years at a fixed interest rate of 7.63%.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash provided by operating activities (item 1.9)	1,900
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,108
8.3 Unused finance facilities available at quarter end (item 7.5)	6,530
8.4 Total available funding (item 8.2 + item 8.3)	9,638
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	n/a
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	

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

Answer: N/a

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

Compliance statement

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

17 October 2025

Date:

By the Board

Authorised by:

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

Notes

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