

For personal use only



HALF YEARLY REPORT DECEMBER 2025

COMPANY NUMBER: 4834265



**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

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
www.structuralmonitoring.systems

REGISTERED OFFICE UNITED KINGDOM

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

CANADA OFFICE

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

STATUTORY AUDITORS

Gerald Edelman LLP
73 Cornhill
London EC3V 3QQ
United Kingdom

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)

ASX CODE

Shares (CDI's): SMN
Options: SMNOA

CONTENTS

Directors' report	4
Condensed Consolidated Statement of Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Cash Flows	10
Condensed Consolidated Statement of Changes in Equity	11
Notes to the Half-Year Condensed Consolidated Financial Statements	12
Directors' Declaration.....	22
Independent Auditors' Review Report.....	23



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).

For personal use only

DIRECTORS' REPORT

The Directors submit their report for the half-year ended 31 December 2025.

DIRECTORS AND OFFICERS

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

- Neville Bassett AM Non-Executive Chair (appointed 23 December 2025)
- Sam Wright Non-Executive Director
- Brian Wall Non-Executive Director
- Heinrich Loechteken Non-Executive Director
- Anthony Faillace Non-Executive Director (appointed 14 August 2025)
- Ross Love Executive Chair (removed 22 December 2025)

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

AEM Avionics continued to perform strongly during the half-year, delivering revenue of \$10.0 million, an increase of 68% compared with the prior corresponding period. Growth was primarily driven by increased production volumes across existing OEM programs and improved program mix.

Segment Adjusted EBITDA was \$3.8 million, materially higher than the prior corresponding period (\$0.6 million), reflecting improved gross margins, better absorption of fixed overheads and disciplined cost control. The business benefited from operating leverage as volumes increased.

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

The Board and management team remain focused on expanding higher-margin proprietary product offerings while maintaining disciplined execution across established avionics programs.

Contract Manufacturing

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

The Group delivered revenue of \$6.6 million down 2% on the prior corresponding period.

Segment Adjusted EBITDA improved to \$1.3 million (31 December 2024: \$0.7 million), reflecting improved pricing discipline, operational efficiencies and tighter cost management.

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

CVM™ Smart Sensor Solutions

The next major milestone for CVM™ as communicated during the Annual Shareholders Meeting is Boeing submitting the Service Bulletin to the FAA for approval.

In parallel, additional CVM™ applications are being assessed, with a focus on securing OEM buy-in and establishing a clear strategy to support the development and growth of any future CVM™ applications.

CVM™ generated revenue of \$0.01 million during the period (31 December 2024: nil).

AEM Interim Chief Executive Officer, Mr Rick Freeman stated:

“Our Avionics business continues to demonstrate high market demand and interest in our special mission products. Avionics revenue increased 68% compared to the prior corresponding period, and operating leverage drove a substantial improvement in segment adjusted EBITDA to \$3.8 million.

Consolidated cashflow from operating activities was particularly strong during the period at \$4.3 million.

We continue to support Boeing senior management and their technical team's efforts to complete the CVM™ documentation and submit the Service Bulletin to the FAA. Once this milestone is complete, we will work with Boeing and the FAA to assist the FAA approval.”

Corporate

On 14 August 2025 the Company appointed Anthony Faillace as Non-Executive Director.

On 26 August 2025 the Company appointed Rick Freeman as Interim Chief Executive Officer of its wholly owned subsidiary, Anodyne Electronics Manufacturing Corp (“AEM”)

On 23 December 2025 the Company appointed Neville Bassett AM as Non-Executive Chair.

Ross Love was removed as Executive Chair following termination of his agreement on 22 December 2025.

Litigation

During the half-year, the Company provided an update regarding Federal Court proceedings involving former director Mr Ross Love and Turton House Group (THG). The Court declined to grant an injunction against the Company, removed the temporary injunction previously in place, and ordered that the former director and related party pay the Company's costs associated with the injunction.

Following this decision, the Board resolved to remove the former director and terminate the related executive services agreement.

The proceedings are continuing and allegations by Mr. Love and THG, including with respect to adverse action and whistleblowing claims, are yet to be heard by the court.

No provision or contingent liability has been recognised in relation to the ongoing litigation on the basis that it is not considered necessary on the current evidence.

Operating Results

The Group incurred an after-tax loss for the half-year ended 31 December 2025 of \$0.1 million (2024: after tax loss of \$2.3 million).

The Group recorded revenues of \$16.5 million (2024: \$12.6 million), an increase of 31% on the prior corresponding period. Key expenses during the period were costs of sales of \$8.5 million (2024: \$6.3 million) and employee expenses of \$4.0 million (2024: \$4.7 million). Other corporate and administration expenses increased to \$1.7 million during the period (2024: \$0.9 million).

The increase in cost of sales was due to a non-cash adjustment of \$1.6 million to the manufacturing overhead absorption rate against inventory recorded at 31 December 2025. This was required to bring the absorption rate in line reflecting improved efficiencies over prior years and, there is, as a result, a catch up between the lower rates used historically and the more appropriate rate used in the current course of business.

At the reporting date the Group had net assets of \$23.4 million (30 June 2025: \$23.5 million).

As at 31 December 2025, the Group held cash at bank of \$4.6 million (30 June 2025: \$2.1 million).

Adjusted EBITDA for the period was \$3.7 million (31 December 2024: Adjusted LBITDA \$0.4 million).

Adjusted EBITDA excludes non-cash items including an adjustment to the manufacturing overhead absorption rate, share-based payments and in the case of the prior half-year, one off restructure costs.

Future Developments

In the short and medium-term the Group will focus on avionics product development and its commercialisation utilising strong IP and market knowledge as well as the ongoing commercialisation of its CVM™ technology, further applications for the technology and on progressing FAA approval of its APB application in 2026.

Annual General Meeting

SMS held its Annual General Meeting of Shareholders at the offices of Computershare, Level 17, 221 St Georges Terrace, 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.

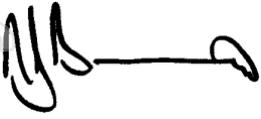
Significant Events Subsequent to Balance Date

Subsequent to the balance date the Company issued 1,201,731 CDIs to staff as compensation for performance during the 2025 financial year.

Subsequent to the balance date the Group repaid a term loan with its' bankers Royal Bank of Canada in the sum of CAD\$0.8 million.

Subsequent to the balance date, 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.



Neville Bassett AM

Non-Executive Chair

Perth, Western Australia

27 February 2026

For personal use only

Structural Monitoring Systems PLC
Condensed Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2025

		6 months to 31 Dec 2025 (reviewed)	6 months to 31 Dec 2024 (reviewed)
	Note	\$000'	\$000'
Continuing operations			
Revenue	5	16,523	12,628
Cost of sales		(8,466)	(6,320)
Gross profit		<u>8,057</u>	<u>6,308</u>
Other income		256	71
Depreciation and amortisation		(1,194)	(1,152)
Administrative and corporate expenses		(1,659)	(936)
Employee expense		(3,992)	(4,675)
Research and development expenses		-	(187)
Restructure expenses		-	(383)
Sales and marketing expenses		(379)	(395)
Share-based payments	6	(536)	(401)
Unrealised loss on derivative financial instruments		-	(600)
Profit/(loss) from continuing operations before income tax and finance costs		<u>553</u>	<u>(2,350)</u>
Finance costs		(179)	(392)
Foreign currency losses		(158)	(11)
Profit/(loss) before income tax (expense)/benefit		216	(2,753)
Income tax (expense)/benefit		(309)	443
Net profit/(loss) attributable to members of Structural Monitoring Systems PLC		<u>(93)</u>	<u>(2,310)</u>
Other comprehensive (expense) / income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(555)	331
Other comprehensive (expense) / income		(555)	331
Total comprehensive profit/(loss) for the period		<u>(648)</u>	<u>(1,979)</u>
Basic loss per share (cents per share)	7	(0.06)	(1.64)
Diluted loss per share (cents per share)	7	(0.06)	(1.64)

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 2025

		As at 31 December 2025 (reviewed)	As at 30 June 2025 (audited)
	Note	\$000'	\$000'
ASSETS			
Current assets			
Cash and cash equivalents		4,591	2,133
Trade receivables		2,936	2,793
Inventory	8	11,848	14,893
Derivative financial instruments		-	91
Other current assets	9	463	514
Total current assets		<u>19,838</u>	<u>20,424</u>
Non-current assets			
Deferred tax assets		831	419
Plant & equipment		1,137	1,181
Right-of-use assets		4,969	5,553
Intangible assets and goodwill	10	7,258	7,113
Total Non-current assets		<u>14,195</u>	<u>14,266</u>
Total assets		<u>34,033</u>	<u>34,690</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	2,653	2,863
Borrowings		191	189
Lease liabilities		1,633	1,523
Provisions		988	301
Total current liabilities		<u>5,465</u>	<u>4,876</u>
Non-current liabilities			
Borrowings		697	813
Lease liabilities		4,257	4,988
Deferred tax liability		200	487
Total non-current liabilities		<u>5,154</u>	<u>6,288</u>
Total liabilities		<u>10,619</u>	<u>11,164</u>
NET ASSETS		<u>23,414</u>	<u>23,526</u>
Equity			
Issued capital	12	31,979	31,979
Share premium reserve	12	53,078	53,068
Other reserves	13	(1,065)	(851)
Accumulated losses		(60,578)	(60,670)
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS OF STRUCTURAL MONITORING SYSTEMS PLC		<u>23,414</u>	<u>23,526</u>

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 2025

	6 months to 31 Dec 2025 (reviewed)	6 months to 31 Dec 2024 (reviewed)
	\$000'	\$000'
Cash flows provided by / (used in) operating activities		
Receipts from customers	16,639	13,248
Payments to suppliers and employees	(12,168)	(13,656)
Interest expense	(157)	(419)
Net cash flows provided by/(used in) operating activities	<u>4,314</u>	<u>(827)</u>
Cash flows used in investing activities		
Payments for development expenses capitalised	(553)	(576)
Payments for plant and equipment	(345)	(164)
Net cash flows used in investing activities	<u>(898)</u>	<u>(740)</u>
Cash flows (used in) / from financing activities		
Repayment of borrowings	(234)	(207)
Proceeds from borrowings	-	1,382
Repayment of lease liability	(616)	(663)
Proceeds from issue of CDIs	-	7,197
Costs of issue	(135)	(351)
Net cash flows (used in) / from financing activities	<u>(985)</u>	<u>7,358</u>
Net increase in cash and cash equivalents	2,431	5,791
Net of borrowing cash and cash equivalents at beginning of period	2,133	1,260
Effect of foreign exchange on balances	27	34
Cash and cash equivalents at end of period	<u>4,591</u>	<u>7,085</u>
Cash and cash equivalents	4,591	7,085
Borrowings	(888)	(7,711)
Cash and cash equivalents net of borrowings at end of period	<u>3,703</u>	<u>(626)</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 2025

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 2025	31,979	(60,670)	53,068	832	(1,683)	23,526
Loss for the period	-	(93)	-	-	-	(93)
Other comprehensive expense	-	-	-	-	(555)	(555)
Total comprehensive loss for the period	-	(93)	-	-	(555)	(648)
Transaction with owners in their capacity as owners:						
Accrual for share-based payments – CDIs (note 13)	-	-	-	526	-	526
Share-based payments – CDIs (note 12)	-	-	10	-	-	10
Expiry of options (note 13)	-	185	-	(185)	-	-
At 31 December 2025	31,979	(60,578)	53,078	1,173	(2,238)	23,414
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 2025

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 2025 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 2025, 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 be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2025, together with any public announcements made during the following half-year.

The interim financial information for the period from 1 July 2025 to 31 December 2025 is 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 2024 to 31 December 2024 and audited as at 30 June 2025.

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 2025 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 2025 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 27 February 2026.

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 2025 and corresponding interim reporting period.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

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 2025.

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/loan facility of up to CA\$6 million, none of which has been drawn down to date 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 made a loss after tax of \$0.1 million and had net cash inflows from operating activities of \$4.3 million for the half-year ended 31 December 2025.

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.

3. SUBSEQUENT EVENTS

Subsequent to the balance date the Company issued 1,201,731 CDIs to staff as compensation for performance during the 2025 financial year.

Subsequent to the balance date the Group repaid a term loan with its' bankers Royal Bank of Canada for the sum of CAD\$0.8 million.

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.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

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 2025 Revenue					
Revenue from contracts with customers	5,942	9,573	8	-	15,523
Revenue from the rendering of services	608	392	-	-	1,000
Segment revenue	6,550	9,965	8	-	16,523
Sales revenue by customer location:					
North America	6,544	7,909	8	-	14,461
Europe/UK	6	1,651	-	-	1,657
Other	-	405	-	-	405
Total revenue	6,550	9,965	8	-	16,523
Results					
Adjusted EBITDA*	1,264	3,815	(697)	(639)	3,743
Manufacturing overhead absorption rate adjustment					(1,618)
Share-based payments					(536)
Depreciation and amortisation					(1,194)
Finance costs					(179)
Profit before tax expense					216
Income tax expense					(309)
Loss for the period					(93)

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

4. OPERATING SEGMENTS (CONTINUED)

	Contract manufacturing	Avionics	CVM™	Admin/ corporate	Total
	\$000'	\$000'	\$000'	\$000'	\$000'
Assets and liabilities					
Segment assets	11,580	20,122	1,534	797	34,033
Segment liabilities	4,484	5,513	-	622	10,619
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*	651	646	(1,006)	(716)	(425)
Share-based payments					(401)
Restructure costs					(383)
Depreciation and amortisation					(1,152)
Finance costs					(392)
Loss before tax benefit					(2,753)
Income tax benefit					443
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

Segment revenues represent revenue generated from external customers. There were inter-segment revenues of \$nil (2024: \$nil) in the current period.

Adjusted EBITDA* excludes share-based payments, non-cash adjustment to manufacturing overhead absorption rate and one-off restructure costs incurred in FY25.

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from product sales and repair services, both recognised at a point in time in the following major geographical segments. 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 2025 (31 December 2024: none).

6. SHARE-BASED PAYMENT EXPENSES

	6 months to 31 December 2025 \$000'	6 months to 31 December 2024 \$000'
Grant of CDIs to Directors	-	100
Grant of CDIs to employees	536	171
Grant of options to employees	-	130
	<u>536</u>	<u>401</u>

20,000 CDIs granted to a staff member on 26 November 2024 with a fair value of \$0.01m were not included in the 30 June 2025 statement of accounts and have therefore been included in the half-year ended 31 December 2025. The fair value was calculated using the closing share price on the grant date. The 20,000 CDI were issued on 5 January 2026.

1,181,731 CDIs were granted to staff on 5 January 2026 with a fair value of \$0.53m was accrued at the balance date calculated using the closing share price on the grant date.

7. LOSS PER SHARE

Basic loss per share

The basic loss per share for the half-year ended 31 December 2025 is 0.06 cents per share (2024: loss per share 1.64 cents per share).

Diluted loss per share

The diluted earnings per share for the half-year ended 31 December 2025 is 0.06 cents per share (2024: diluted loss per share 1.64 cents per share).

Earnings

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 period.

	6 months to 31 December 2025 \$000'	6 months to 31 December 2024 \$000'
Net loss attributable to equity holders from continuing operations	(93)	(2,310)
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for basic loss per share	155,068,079	140,478,355
Weighted average number of ordinary shares for diluted loss per share	155,068,079	140,478,355

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

8 INVENTORY

	As at 31 December 2025 \$000'	As at 30 June 2025 \$000'
Raw materials	4,924	6,190
Work in progress	3,387	2,096
Finished goods	3,588	6,609
Provision for obsolescence	(51)	(2)
	11,848	14,893
	11,848	14,893

9. OTHER CURRENT ASSETS

	As at 31 December 2025 \$000'	As at 30 June 2025 \$000'
Prepayments	335	339
GST receivable	128	175
	463	514
	463	514

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 2025	1,603	3,342	2,107	61	7,113
Development expenses capitalised	-	553	-	-	553
Amortisation expense	-	(215)	(162)	(26)	(403)
Effect of FX on balances	(36)	78	(46)	(1)	(5)
Balance at 31 December 2025	1,567	3,758	1,899	34	7,258
	1,567	3,758	1,899	34	7,258
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
	1,614	2,797	2,285	88	6,784

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

11. TRADE AND OTHER PAYABLES

	As at 31 December 2025 \$000'	As at 30 June 2025 \$000'
Trade payables	933	1,717
Other payables	1,677	1,086
Taxes payable – HST, payroll tax	43	60
	2,653	2,863

12. ISSUED CAPITAL

	As at 31 December 2025 \$000'	As at 30 June 2025 \$000'
Chess Depositary Interests (CDIs)		
Issued and fully paid	31,979	31,979

	Shares on Issue (no.)	\$000'
<i>Movement in CDIs in issue</i>		
At 30 June 2025	155,048,079	31,979
Share-based payments - CDIs	20,000	-
At 31 December 2025	155,068,079	31,979

	As at 31 December 2025 \$000'	As at 30 June 2025 \$000'
Share Premium Account		
Share Premium Account	53,078	53,068

	Shares on Issue (no.)	\$000'
<i>Movement in ordinary shares in issue</i>		
At 30 June 2025	155,048,079	53,068
Share-based payments - CDIs	20,000	10
At 31 December 2025	155,068,079	53,078

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 (2024: 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 2025

13. RESERVES

	As at 31 December 2025 \$000'	As at 30 June 2025 \$000'
Other Reserves		
Share-based payment reserve	1,173	832
Foreign currency translation reserve	(2,238)	(1,683)
	<u>(1,065)</u>	<u>(851)</u>
	Options on issue No.	\$000'
Share-based payment reserve		
Options outstanding at 30 June 2025	<u>2,085,000</u>	<u>832</u>
Share-based payment accrual - CDIs	-	526
Expiry of options	(1,500,000)	(185)
Options outstanding at 31 December 2025	<u>585,000</u>	<u>1,173</u>

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
31 December 2025

14. 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 2025	Carrying amount \$000'	Contractual cash flows \$000'	1 year or less \$000'	1 year or more \$000'
Trade and other payables (Note 11)	(2,610)	(2,610)	(2,610)	-
Borrowings	(888)	(888)	(191)	(697)
Lease liabilities	(5,890)	(5,890)	(1,633)	(4,257)
	<u>(9,388)</u>	<u>(9,388)</u>	<u>(4,434)</u>	<u>(4,954)</u>

30 June 2025	Carrying amount \$000'	Contractual cash flows \$000'	1 year or less \$000'	1 year or more \$000'
Trade and other payables (Note 11)	(2,803)	(2,803)	(2,803)	-
Borrowings	(1,002)	(1,002)	(189)	(813)
Lease liabilities	(6,511)	(6,511)	(1,523)	(4,988)
	<u>(10,316)</u>	<u>(10,316)</u>	<u>(4,515)</u>	<u>(5,801)</u>

c) Foreign Currency Risk

The Group has entered into forward currency contracts and options 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\$4,990,833 at forward rates ranging from 1.35 to 1.37 and maturities ranging from 30 January 2026 to 30 April 2027. The fair value of these contracts was an unrealised gain of US\$35,733 at 31 December 2025.

At the reporting date the Group held currency options comprising sold put options to sell CAD with a total notional value of CAD\$470,400 and buy USD with a total notional value of USD\$350,000 and bought call options to sell CAD with a total notional value of CAD\$462,000 and sell USD with a total notional value of USD\$350,000. The sold options and call options were entered into as pairs with each pair having the same maturity rate and different strike rates to provide a hedge for changes in the USD:CAD exchange rate within the band of the two strike rates. These instruments do not provide a hedge for changes in the USD:CAD exchange rates outside the band.

The strike rates for the sold put options range from 1.34 to 1.35 and the strike ranges of the bought call options range from 1.32 to 1.344. The options have maturity dates ranging from 30 January 2026 to 31 December 2026. The fair value of these options was an unrealised loss of USD\$41,441 at 31 December 2025.

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

Structural Monitoring Systems PLC
Notes to the Half-Year Condensed Consolidated Financial Statements
31 December 2025

16. COMMITMENTS AND CONTINGENCIES

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

For personal use only

DIRECTORS' DECLARATION

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 2025 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



Neville Bassett AM
Non-Executive Chair
Perth, Western Australia
27 February 2026

INDEPENDENT REVIEW REPORT

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 2025 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 2025, 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 2025 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

73 Cornhill, London, EC3V 3QQ

Statutory Auditors

27 February 2026

For personal use only



**STRUCTURAL
MONITORING
SYSTEMS** plc

Appendix 4D

Half-Year Report for the period ended 31 December 2025

Results for announcement to the Market

Financial Performance

Structural Monitoring Systems Plc - Consolidated			
(AUD'000)	Half-year ended 31 Dec 2025	Half-year ended 31 Dec 2024	Movement %
Revenue	16,523	12,628	31%
Profit before tax attributable to members	216	(2,753)	n/a
(Loss) after tax attributable to members	(93)	(2,310)	(96%)

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 2025	Half-year ended 31 Dec 2024
(Loss) per share (basic & diluted)	(0.06 cents)	(1.64 cents)

Net Tangible Asset Backing

	Half-year ended 31 Dec 2025	Half-year ended 31 Dec 2024
Net tangible asset backing	10.42 cents	8.56 cents

For personal use only

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, appearing to be 'NB', followed by a horizontal line extending to the right and ending in a small loop.

Neville Bassett AM

Non-Executive Chair

Dated: 27 February 2026

For personal use only