

ASX Announcement

ASX: SMN

23 July 2025

Appendix 4C and Quarterly Update

June 2025 Appendix 4C and Quarterly Update

Highlights

- **Breakout H2FY25 performance**, delivering Profit After Tax of **\$3.1 million**, compared to **\$0.1 million** in H2FY24, reflecting strong operating leverage post Q2 restructure
- **FY25 Adjusted EBITDA of \$5.0 million**, in line with guidance; **\$4.9 million** generated in H2FY25 (vs H2FY24: \$1.7 million)
- **Earnings per Share of 2.17 cents** for H2FY25 (vs 0.04 cents H2FY24)
- **Positive Q4FY25 operating cash flow of \$1.5 million**, versus **negative \$0.1 million** in Q4FY24
- **\$8.8 million in available funding** as at 30 June 2025, supporting ongoing growth and strategic expansion
- AEM secured over **US\$1 million** in new orders for the **MTP136D Forest Radio** from CAL FIRE, the world's largest aerial firefighting agency
- **FAA certification of CVM™** Aft Pressure Bulkhead (APB) sensors progressing, with final documentation submitted to Boeing; timing remains subject to external parties however the Company continues to work closely with Airbus and operators to advance commercial adoption.
- **Delta Air Lines** completed APB sensor installation across all eligible 737 aircraft with discussions with other major US airlines progressing
- **USFS and DOI approvals** granted for MTP136D radio, enabling use across all federally regulated firefighting aircraft, with strong sales growth expected to continue into FY26 and beyond
- AEM avionics products confirmed **tariff-free** under current US import rules
- Significant **on market share purchases made by two directors** during the quarter highlighting confidence in the Company's capacity to deliver increased shareholder value

Chairman and CEO Ross Love stated:

“This quarter marked significant ongoing progress for SMS. Our financial performance for FY25 has been driven by strong execution within the avionics division, further expansion into key North American markets, and the realisation of cost efficiencies following our corporate restructure in Q2.

“Securing more than \$US1 million dollars for our highly specialised, market leading MTP136D Forest Radio from CAL FIRE is a significant achievement for the Company and further reinforces our market leading position in the aerial firefighting space.

“The on-market share purchases by Heinrich and myself during the quarter demonstrate the Board’s confidence in our strategy and long-term value proposition.

“Our current strong financial position provides us with a solid platform for growth throughout the next financial year and beyond and ongoing targeted expansion into strong identified markets globally.

“We enter FY26 with a solid platform for growth across both core and emerging business segments and remain confident in the ongoing approval process for our CVM™ technology.”

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX:SMN & SMNOA) is pleased to provide the following Quarterly Update summarising group performance and key developments for the period ending 30 June 2025.

Preliminary Group financials FY25 (unaudited)

		H1FY25	H2FY25	FY25	FY24	YoY
AUD		\$m	\$m	\$m	\$m	%
Revenue		12.63	15.50	28.13	27.95	1%
Profit/(loss) after tax		(2.31)	3.09	0.78	(1.04)	175%
Adjusted EBITDA*		0.16	4.86	5.02	3.12	61%
Operating Cashflow		(0.83)	1.83	1.00	0.99	1%
Free cashflow		(2.23)	0.35	(1.88)	(1.64)	15%
EPS (cents per share)		(1.64)	2.17	0.53	(0.77)	169%

*excludes non-cash audit adjustment to manufacturing overhead, share-based payments, and restructure costs.

Preliminary Group FY25 Financials highlight a breakout H2 performance including net profit after tax of \$3.09 million v H2FY24 \$0.05 million following a Q2 restructure which has resulted in a significant reduction in operating costs and a targeted sales strategy. This second half-year performance lays a foundation for profitability and cashflow generation in FY26 and beyond.

Adjusted EBITDA came in as forecast at \$5.02 million v FY24 \$2.46 million.

Group financials* for Q4FY25:

	Q4FY25	Q4FY24	YoY
Q4FY25 (AUD)	\$m	\$m	%
Revenue	7.62	7.97	-4%
Profit after tax	1.16	0.51	127%
Adjusted EBITDA*	1.84	1.21	52%
Operating cashflow	1.51	(0.07)	2196%
Free cashflow	0.62	(0.61)	201%

*Based on unaudited management accounts.

Whilst revenue numbers are broadly in line with Q4FY24 a transition from contract manufacturing to the manufacture of higher margin AEM avionics products and reduced operating costs has boosted significantly profitability and operating cashflow.

The recently announced US\$900K CAL FIRE radios order delivery just missed the June quarter reporting cut off but will be included in Q1FY26 revenue.

AEM operational activities and achievements across business segments for the June 2025 Quarter

AEM Avionics update

During the quarter, AEM delivered 50 MTP136D radios to the California Department of Forestry and Fire Protection (CAL FIRE) as the agency commences the next phase of its fleet-wide radio upgrade. CAL FIRE purchased an initial four MTP136D aerial firefighting radios from AEM in 2024, as it began the upgrades to its aerial firefighting aircraft, with a further 10 radios purchased in February 2025 ahead of the most recent US\$900,500 purchase order for 50 units.

The AEM sales and marketing team was busy during the quarter and continued to position itself as a leader in targeted growth areas. During the reporting period, the sales team travelled to California and attended the Pasadena Rose Bowl Fly-In, where many California-based law enforcement agencies were able to see firsthand AEM's special mission equipment on display. Several customer visits during the strategic trip also took place, laying the groundwork for the subsequent CAL FIRE radio order.

In late May and early June, AEM's Sales & Marketing Director, Tony Weller, attended the annual Police Aviation Conference (PAvCon 2025) in Le Castellet, France, where he generated new qualified sales leads and strengthened relationships with applicable European law enforcement organizations and systems integrators. During the visit, Mr Weller also visited key aircraft Original Equipment Manufacturers (OEM) to discuss next generation audio system requirements and solutions as AEM's development programs begin to take shape.

Following a recent presentation to the board, major projects in the audio and radio product categories have been approved to continue to their next development stages. As previously outlined in communications, the new projects will provide substantial upgrades to current product offerings, enabling access to additional OEM installations and new operator categories to drive further revenue growth.

AEM continues to refine its data-led and targeted approach to sales, marketing and product development; as well as to help boost production capacity through efficiencies.

In support of this direction, AEM is recruiting for a Senior Financial Accountant & Analyst in Kelowna, British Columbia, to further support the team in both a financial and strategic capacity.

During the quarter AEM engaged software consultants and work on the Gen III software development program will commence in Q1FY26.

AEM Avionics recorded revenue of \$4.5 million during the quarter, an increase of 9% on Q4FY24.

Revenue from the recently announced US\$900K CAL FIRE radios order will be included in the September quarter following their receipt in July.

AEM Contract Manufacturing update

AEM's ongoing focus remains on maintaining high-value contract manufacturing projects and the segment has again delivered solid results for the quarter.

The Company's strategy in this foundational business segment remains focused on supporting a limited number of high-value customers generating the highest rate of return, while remaining agile in its ability to fulfill the continued increase in sales demand for its own IP products.

AEM Contract Manufacturing recorded gross revenue of \$3.1 million during the quarter, a decrease of 20% on Q4FY24 as resources are allocated to the manufacture of in demand higher margin AEM avionics products.

CVM™ Technology Update

Significant progress has been made in the certification of the Company's Aft Pressure Bulkhead (APB) sensor technology with the Federal Aviation Administration (FAA) approval and issuance of the final documents now with Boeing.

Boeing has completed 42 of 45 required documents for the package that is to be submitted to the FAA. Once the remaining three are approved, the next milestone will be when they are routed to the Engineering Unit Members for recommended approval which we are expecting to occur in the coming weeks.

Delta Air Lines has completed all available installations on all eligible 737 aircraft and continues to work closely with the Company as we progress towards FAA certification.

The APB sensor trial is also progressing with a second major US airline, with installation on the first of two 737 aircraft completed and the second scheduled for the end of August.

The Company is currently working on a Condition Based Maintenance (CBM) program with the FAA Technical Center for Advanced Aerospace with testing scheduled to start in July.

SMS consultant, Dr. Dennis Roach, continues to work with Airbus on identifying applications with a number of promising solutions currently being prepared to advance commercial adoption.

Both AEM Group Technical Director, Trevor Lynch-Staunton P.Eng, and Dr Dennis Roach will attend the AISC-SHM meeting and IWSHM (International Workshop on Structural Health Monitoring) at Stanford University in September - a training course open to all attendees is being offered by Testia prior to the workshop on SHM with a component included in that meeting on Comparative Vacuum Monitoring (CVM).

As identified in previous announcements, the timeline for submissions and approvals remains outside the Company's control however we remain confident in a positive outcome.

Corporate Update

During the quarter, AEM commenced preparation for both the ISO 9001:2015 and AS9100D full recertification audit. This process constitutes a full audit of AEM's Quality Management System and Processes and is one of the company's most important certificates.

The Company continues its focus on controlling costs across the business and capitalising on identified efficiencies by building a robust production plan to support sales strategies.

AEM continues ongoing and regular analysis of supply chains due to potential changes to tariff risks and favouring suppliers operating in identified "Free Trade Zones" that offer incoming essential materials protection from any additional tariffs.

Preparation, set up and testing for new key pieces of equipment (capital) are set to come online in Q1FY26 to further boost production capacity and boost revenue.

AEM avionics products continue to remain tariff free and fall under CUSMA and USMCA classification.

While the CVM™ Aft Pressure Bulkhead approvals process timeline remains outside our control, we have achieved major milestones towards this end goal with significant activities occurring concurrently with major US airlines while the approval process plays out.

The Company remains focused on growth through strategic targeted acquisitions and continued negotiations on two such businesses under consideration during the quarter.

The June quarter saw two of the Company directors make significant SMS stock on market purchases.

Appendix 4C Details

SMS consolidated cash-at-bank as at 30 June 2025 was \$2.1 million. Unused finance facilities available at quarter end were \$6.7 million. Total available funding at quarter end was \$8.8 million. Cash at bank increased by \$0.6 million during the quarter.

Operating cash flow for the quarter was \$1.5 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 \$3.2 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 for release by Chairman & CEO Ross Love on behalf of the Board of Directors.

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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 June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,048	27,294
1.2 Payments for		
(a) research and development	(96)	(478)
(b) product manufacturing and operating costs	(2,422)	(10,327)
(c) advertising and marketing	(219)	(771)
(d) leased assets	-	-
(e) staff costs	(3,226)	(11,724)
(f) administration and corporate costs	(468)	(1,836)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(109)	(651)
1.6 Income taxes received/(paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 (a) Royalty fee	-	(121)
1.8 (b) Restructure costs	-	(389)
1.9 Net cash provided by operating activities	1,509	1,002
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(277)	(536)
(d) investments	-	-
(e) intellectual property ⁽¹⁾	(300)	(1,052)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash used in investing activities	(577)	(1,588)
(1) Capitalised R&D expenditure			
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,701
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	(40)	(568)
3.5	Proceeds from borrowings	87	1,468
3.6	Repayment of borrowings	-	(6,850)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (ROU leases principal repaid)	(316)	(1,296)
3.10	Net cash provided by/(used in) financing activities	(269)	1,455
4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,479	1,260
4.2	Net cash provided by operating activities (item 1.9 above)	1,509	1,002
4.3	Net cash used in investing activities (item 2.6 above)	(577)	(1,588)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash provided by/(used in) financing activities (item 3.10 above)	(269)	1,455
4.5	Effect of movement in exchange rates on cash held	(9)	(4)
4.6	Cash and cash equivalents at end of period	2,133	2,133

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	2,133	1,479
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)	2,133	1,479

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	169
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Line of credit	6,698	-
7.3i	Term loan	1,002	1,002
7.3ii	Other (equipment leases)	3,972	3,972
7.4	Total financing facilities	11,672	4,974
7.5	Unused financing facilities available at quarter end		6,698
7.6	<p>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> <p>Royal Bank of Canada (RBC) operating line of credit of C\$6.00 million secured at 6.30% 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)	1,509
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,133
8.3	Unused finance facilities available at quarter end (item 7.5)	6,698
8.4	Total available funding (item 8.2 + item 8.3)	8,831
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/a
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/a	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/a	

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

Answer: N/a

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

Compliance statement

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

23 July 2025

Date:

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.