ASX Announcement

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June 2026 Quarterly Activities Report

Structural Monitoring Systems Plc ("SMS" or "the Company") (ASX: SMN) is pleased to provide its Quarterly Report for the period ending 30 June 2026. This update provides an overview of the business and a review of operations by business segment at the close of Fiscal Year 2026 ("FY26").

Executive Summary

FY26 represented another year of strong operational and financial performance, with the Company delivering record revenue, significantly improved profitability and strong cash generation while continuing to invest in future growth initiatives.

During the year the Company strengthened its balance sheet by generating record operating cash flow, repaying all bank debt and continuing to invest in new avionics products and strategic growth opportunities.

Key financial highlights included:

• Record revenue of approximately $32.5 million, an increase of 16% on FY25.
• Net profit after tax of approximately $1.2 million, compared with $0.2 million in FY25.
• EBITDA of approximately $6.3 million, up 33% on FY25.
• Free cash flow of approximately $5.1 million, compared with an outflow of $0.6 million in FY25.
• Cash at bank of approximately $4.8 million at year end, compared to $2.1 million at the prior year end, after repayment of the Group's remaining bank debt.

These results reflect continued growth across the Company's avionics business, disciplined operational execution and a strong focus on cash generation. Q4 and Full year key financial metrics which are in the process of being audited are as follows:

	4QFY26			FY26		
A$ million	**FY26**	**FY25**	**change %**	**FY26**	**FY25**	**change %**
Avionics revenue	5.8	4.5	29%	22.2	15.8	40%
CM revenue	2.2	3.1	(29%)	10.3	12.2	(15%)
Net profit after tax	-	1.2	n/a	1.2	0.2	563%
Adj EBITDA *	0.7	1.6	(56%)	6.3	4.7	33%
Free cash flow	0.2	1.0	(75%)	5.1	(0.6)	n/a

* excludes share-based payments, unrealised fx losses and audit adjustment to manufacturing overhead on inventory

Mr Rick Freeman, AEM Chief Executive Officer commented:

"FY26 was another milestone year for the Company. We delivered record revenue, strong profitability and excellent cash generation while continuing to invest in our next generation of avionics products and advancing the commercialisation of CVM™."

"Our avionics business continues to gain market share, our balance sheet is stronger than ever, and we remain focused on creating long-term value for our shareholders."

Mr Neville Bassett AM, SMS Chairman, stated:

"These results demonstrate the successful execution of the Board's long-term strategy to build a stronger, more diversified business with multiple avenues for sustainable growth. The Company's record financial performance provides a solid foundation from which to pursue future opportunities while maintaining a disciplined approach to capital allocation and shareholder value creation."

"The Board is particularly encouraged by the continued momentum across both the established avionics business and the progress being made towards the commercialisation of CVM™. Together with our strong balance sheet and cash position, this places the Company in an excellent position to deliver long-term value for shareholders."

Avionics

FY26 avionics revenue increased 40% on FY25, driven by continued strength in digital audio systems and radio sales.

This represents another year of strong double-digit growth and reflects continued market acceptance of AEM's expanding avionics product portfolio.

FY26 radio sales increased to 322 units, representing growth of approximately 29% over FY25.

Sales momentum strengthened during the second half of the financial year as the Company increased direct customer engagement and continued expanding Supplemental Type Certificate (STC) coverage across additional aircraft platforms.

During FY26 the Company continued to increase its market penetration across critical mission avionics, supported by expanded OEM engagement, additional aircraft certifications and increased direct customer engagement.

Since receiving US Forestry Service certification 2.5 years ago, the Company's aerial firefighting radio has captured more than 20% of the market, due to the ease of use, reliability, simple programming and customer support.

There are approximately 30,000 civil and para-public helicopters worldwide that require critical mission avionics. Looking at FY27 and beyond, the Company expects to continue growing its market share in this sector.

Contract Manufacturing

Although contract manufacturing revenue was broadly consistent with FY25, the segment continued to provide important manufacturing scale, stable cash flow, improved overhead absorption and enhanced manufacturing capability.

Management continues to view contract manufacturing as a strategic business segment that supports investment in proprietary avionics products while improving manufacturing efficiency.

CVM™ Smart Sensor Solutions

CVM™ technology remains an important long-term growth opportunity for the Company. As global commercial aircraft fleets continue to age and remain in service longer than originally anticipated, operators are increasingly focused on technologies such as CVM™ that can enhance safety, improve maintenance efficiency and reduce operating costs.

The Company continues to work closely with Boeing to advance the certification pathway for CVM™ and believes the technology represents a significant long-term commercial opportunity.

Boeing has advised the Company that the FAA has scheduled commencement of its review for 7 October 2026, followed by the review of the Service Bulletin (SB) expected to commence 24 October 2026. As is consistent with all FAA regulatory reviews, these dates remain subject to change depending on FAA priorities. The Company will update shareholders should any material developments occur.

Concurrently as the certification process with Boeing progresses, Airbus continues to evaluate potential further applications for CVM™ technology.

The Company also intends to increase its focus on military applications for CVM technology in FY2027 with attendance at the Aircraft Structural Integrity Program (ASIP) conference in San Antonia Texas in November 2026 expected to provide an opportunity to engage directly with defence operators, OEMs and engineering organisations responsible for aircraft structural integrity programs.

Appendix 4C Reporting

During the quarter ASX confirmed that, following four consecutive quarters of positive operating cash flows, the Company is no longer required to lodge quarterly cash flow reports (Appendix 4C) pursuant to Listing Rule 4.7B.

The Company will continue to lodge Quarterly Activities Reports and comply with its continuous disclosure obligations.

STRUCTURAL MONITORING SYSTEMS plc

This ASX release has been approved for release by the Board of Directors.

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