ASX ANNOUNCEMENT
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STRUCTURAL MONITORING SYSTEMS plc

Breakthrough FAA Certification for CVM™

Structural Monitoring Systems Plc **("SMS"** or **"the Company"**) (**ASX: SMN**) is extremely pleased to announce that the US Federal Aviation Administration (FAA) has granted its authority to issue a Supplemental Type Certificate (STC) approval, for using CVM™ Sensor technology on the B737-800 Intelsat (Gogo) Wi-Fi antenna support structure inspection. This approval marks an extraordinary milestone in aviation history, the first-ever in the world regulatory agency approved sensor technology validated and certified for detecting critical structural cracks on aircraft.

The certification of CVM™ as an approved method of compliance will enable B737-800 operators to perform inspections utilising CVM™ sensors in lieu of using handheld Eddy Current probes for those inspections. The use of CVM™ eliminates the requirements to remove overhead ceiling panels, pneumatic ducting and insulation blankets currently required to gain access to perform inspections. Inspection using CVM™ sensors can be performed at the gate during a turn-around in approximately 30 minutes, as opposed to taking the aircraft to the hangar to perform the inspections.

The certification of CVM™ sensors to detect cracks on aircraft is expected to meaningfully impact the industry maintenance inspection methods. These new methods will significantly reduce operating costs for the industry at a time which has never been more important as the aviation industry recovers from the impact of the COVID pandemic.

SMS consultant and retired Chief Engineer of Sandia National Laboratories Dennis Roach commented: "The formalities of obtaining the STC and AMOC for the Wi-Fi application takes the CVM™ technology to another level. It represents the first approval for Structural Health Monitoring solutions on a fatigue critical structure. It also allows CVM™ to firmly demonstrate its engineering and economic value to airline maintenance programs. Overall, the completed series of commercial aircraft applications has produced a significant set of building blocks that are essential to the goal of widespread CVM™ use. The resulting foundation is making it easier, and quicker, to obtain formal approval for CVM™ deployment in subsequent applications and will streamline the current APB (B737 Aft Pressure Bulkhead) program being conducted by SMS with Boeing and Delta Air Lines."

Rich Poutier, SMS head of Business Development and Marketing Executive Vice President states "This industry-first approval of SMS's structural health monitoring technology granted by the FAA is validation of the tremendous efforts put forth by the entire team. We are excited to pave the way and expand the commercial market with our highly innovative CVM™ sensor technology."

Path to commercialisation:

Now that SMS has an FAA certified product available on the market, our team will be assessing all factors related to the current airline operating environment. This includes current aircraft fleet compositions, aircraft utilisation information and other factors which airlines rely upon to assess their cost benefit analysis for use of CVM™ technology. As previously announced, SMS will re-engage with the major US airlines who indicated a strong interest in CVM™ technology, to better understand their current fleet plans and maintenance requirements going forward. We will highlight to all airlines that the STC establishes a basis for certifying additional new inspection applications, beyond the Wi-Fi antenna structure. The revenue model goal for SMS remains to provide point-of-sale sales and to provide licensing agreements for use of the test equipment (PM200).

For the immediate future, in 2022, SMS will remain focused on working with airlines who currently have Intelsat (Gogo) 2Ku Wi-Fi antennas installed, to analyse their maintenance planning/scheduling practices, identifying and highlighting how they can benefit by using CVM™ sensor technology on their aircraft. In addition, SMS continues to work diligently and directly with Boeing and Delta Air Lines in pursuing an approval for use of CVM™ sensors for the B737 Aft Pressure Bulkhead inspection requirements.

In addition to the heightened dialogue with Boeing, SMS will step up its dialogue with Airbus and Embraer to highlight the success of obtaining the STC and highlight the potential upside benefit of its installation for in-service and in-production aircraft. We will initiate contact with third party engineering firms to advise them of the FAA approval, which will provide them an opportunity to incorporate CVM™ into their new modifications or designs.

The Company believes it is best to initially remain focused on a limited number of applications as this will provide us an opportunity to meet our initial production demand and to identify our ramp up requirements for production to meet our future application requirements in 2023 and beyond.

This announcement is authorised by the Board.

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