

Important Global Aviation Regulator Approval Update

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX: SMN) is pleased to announce the successful completion of pivotal meetings held with *Agenica Nacional de Aviacao Civil* (“ANAC”) last week in Brazil. Representing SMS, Sandia Laboratories’ FAA Airworthiness Assurance Center led by Dr. Dennis Roach, presented detailed aircraft OEM flight test, and conjunctive laboratory test data, for CVM™. The direct feedback from ANAC during the meetings indicated that CVM™ was viewed by ANAC as a fully commercial-ready technology, commensurate with a Technology Readiness Level (“TRL”) 8-9 designation. TRLs are a universally accepted and utilized measurement system developed by NASA and are employed to assess the maturity level, development, and commercial “readiness” of a particular technology. Each technology project is evaluated against the parameters for each technology level and is then assigned a TRL rating based on that specific project’s progress and development. There are fully *nine* technology readiness levels, with “TRL 1” being the lowest, and “TRL 9” the highest.

ANAC is expected to issue a formal written confirmation of the acceptance of the data submitted in the near term. The next steps for SMN will be to enter into further airline operator-driven programmes with one, or more, global airline operators to identify additional specific Airworthiness Directive and/or Service Bulletin Revision aircraft applications which demonstrate high commercial viability - and commensurate operational costs to those operators. Subsequently, the development of expedited flight test programmes will ensue, coupled with simultaneous lab testing to be conducted at Sandia Labs for these applications.

Ultimately, as with the successful Delta/Boeing/FAA overseen programme conducted in 2015, CVM™ will receive explicit formal aircraft OEM *and* Regulator approval/s as required. The near-term goal of these programmes will be to realise the signing of one, or multiple, commercial licensing agreement(s) for CVM™ as a result of these approvals.

The Company will provide additional updates on this important programme as warranted.

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