

ASX ANNOUNCEMENT

ASX: SMN

26th July 2019

**STRUCTURAL
MONITORING
SYSTEMS**
plc



SMS EXECUTES UPDATED SUPPLEMENTAL LICENSING AGREEMENT (“SLA”) WITH BOEING, AND PROGRAMS UPDATE

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX: SMN) is pleased to provide a brief Company update:

SMS Executes Revised SLA with The Boeing Company:

“The Directors of Structural Monitoring Systems Plc (ASX: SMN) are pleased to announce that SMS has signed an updated agreement with The Boeing Company for the acquisition of products and services; and SMS has been granted license rights to use Boeing proprietary data for the sale of products or services.”

This document was recently executed in parallel to the progression of the aft-pressure bulkhead (“APB”) inspection approval process within Boeing.

Rich Poutier, SMS Executive Vice President of Business Development, commented “We are very excited to have reached this important milestone. It solidifies the working relationship between Boeing and the SMS management team, and the ongoing commercial advancement of the CVM™ sensor technology. Further, it opens the door to a quicker path for obtainment of certifications for future CVM™ applications”.

This milestone leaves SMS with one final document, a Technical Consultant Agreement (“TCA”), to be executed with Boeing in relation to the current 737-NG APB project. The TCA will identify in detail the engineering data support and analysis required from the OEM and the pricing associated with providing such support. SMS anticipates the finalization of this document during the current quarter. The TCA will pave the way for how the Company will address all future CVM™ approvals which may also require Boeing engineering input and technical analysis. The associated costs for all Boeing work required to approve SMS CVM™ Kits for all future Service Bulletin, Airworthiness Directive and maintenance tasks on behalf of our global operators will be covered under individual TCAs.

As previously announced, Delta Air Lines (“Delta”) is actively scheduling the installation of CVM™ sensor kits on approximately twenty (20) B737-NG aircraft in calendar year 2019. Such installations are in anticipation of receiving an ultimate approval from the OEM formalizing the use of CVM™ technology as an alternate method of inspection in relation to the APB.

Wi-Fi STC Programme:

In addition to the above critical commercial programme, the Company is pleased to report ongoing progression with the Wi-Fi antenna-support inspection program – in conjunction with Delta, Delta Engineering (“DE”) and the Federal Aviation Administration (“FAA”). SMS continues to work closely with

ASX ANNOUNCEMENT

ASX: SMN

26th July 2019

**STRUCTURAL
MONITORING
SYSTEMS**
plc



all the Parties towards achieving the Supplemental Type Certificate ("STC") for performing such inspections. Whilst the project ran into a slight delay earlier this year - caused by the U.S. government shutdown directly impacting the FAA - the FAA is now on track with the continuous review and validation of CVM™ technology, which is expected to ultimately lead to a formal STC being granted approving the use of CVM™ for the highly onerous Wi-Fi inspections presently required on multiple aircraft types. To this end, the Company is expecting to receive its inaugural approval for the B737-800 and -900 aircraft models in calendar 2019.

SMS has now completed, with valuable guidance from DE, the preliminary design configuration to address the antenna-support structure inspection areas on these two specific B737-NG aircraft models. DE has advised SMS that they continue to have routine dialogue with the FAA regarding the specific use of CVM™ sensors for the mandated performance of these inspections. DE is now waiting to receive an Issue Paper ("IP") from the FAA which will provide specific guidance for structural health monitoring requirements. This document is expected to identify the final certification requirements, including any additional testing of Wi-Fi radome related structure, if required. The IP is expected to be received in the very near future, and once it is received, it will provide full clarity on any possible near-term additional gap testing requirements to achieve full CVM™ STC certification.

Disclaimer

This announcement contains certain forward-looking statements with respect to the financial condition, operations and business of the Group and certain plans and objectives of the management of SMS. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Group to be materially different from the results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the political and economic environment in which the Group will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved, or that there is a reasonable basis for any of these statements or forecasts.

Forward-looking statements speak only as at the date of this presentation and to the full extent permitted by law, SMS, and their respective affiliates and related bodies corporate and each of their respective Related Parties and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including, but not limited to, any assumptions or expectations set out in the presentation).

Financial Information

Any pro forma and forecast financial information provided in this announcement is for illustrative purposes only and do not represent a forecast or expectation as to the Group's future financial condition and/or performance. This document has been prepared at a time where the review of financial information contained in this presentation has not been completed and accordingly, you should only rely on any forecast or expectation as to the Group's future financial condition and/or performance that is contained in a prospectus or other offering document which may be issued by SMS in connection with any offer of SMS securities.

ASX ANNOUNCEMENT

ASX: SMN

26th July 2019

**STRUCTURAL
MONITORING
SYSTEMS**
plc



For further information, please contact:

Sam Wright

Company Secretary

P: +61 408 900 277

E: sam@straightlines.net.au

W: www.smsystems.com.au