



**STRUCTURAL
MONITORING
SYSTEMS** plc

ASX Announcement

ASX: SMN

6 June 2023

An update from the Executive Chairman

Structural Monitoring Systems Plc (“SMS” or “the Company”) (ASX:SMN) provides a further update to the market regarding the additional testing currently underway for the Aft Pressure Bulkhead (APB) application as referred to in the Company’s announcement of May 1 and a general update regarding other significant Company activities during the month prior.

SMS Executive Chairman Ross Love commented:

“I would like to provide you with an update on the further progress we have been making during May towards FAA certification and an update regarding several important streams of work currently being undertaken by the various teams.

“Firstly, regarding the Aft Pressure Bulkhead (APB) installations and certification process.

“Last week our team supervised the 23rd installation of the sensor kit on a Delta aircraft – the third “commercial” installation of this kind.

“Delta remains committed to complete the installation program over their entire fleet of 71 737’s for which this application is suitable. Engineers from United, American and Southwest attended this installation – which provides us with a solid indication that we can expect further commercial sales once the certification has been confirmed.

“The final tests requested by Boeing are now almost complete and we expect the certification package to be submitted soon.

“One of the benefits of this very detailed scrutiny, and testing of the sensors under a wide range of often unlikely scenarios, is that we will be able to demonstrate that our solution for crack detection is thoroughly evaluated such that the edge conditions are evaluated allowing faster acceptance of future applications as well as being substantially more efficient in terms of cost and time savings.

“We are also currently in the process of confirming the details of our commercial agreement with Delta for their support for our sales campaign to these and other customers for the APB application.

“I am pleased to report that Airbus has confirmed during recent presentations of our CVM™ technology in Tokyo that the technology is ready for commercial deployment.

“We are also in discussion with Boeing regarding opportunities to expand the set of 737 applications, with a view to having sufficient operational data in place to consider the possibility of this technology being included in future narrow body aircraft design and manufacture.



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1 Kyle Way, Suite 116
Claremont WA
Australia 6010

EMAIL info@smsystems.com.au
TELEPHONE + 61 8 6161 7412
FACSIMILE + 61 8 9467 6111

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"I spent a very constructive week in Kelowna in early May, focusing particularly on the planning of our program and budget for the 23/24 financial year.

"We expect that the Board will sign off on that program and budget at our next meeting (June 11) which will be held in person in Kelowna. At this stage we believe we can propose a robust budget within our current resources that will support the current AEM IP and CVM sales targets, while maintaining an acceptable minimum cash balance.

"I will be back in North America for four weeks from early June and we have a good line up of commercial discussion coming together on all of these workstreams, as well some additional opportunities to engage with MRO installation partners, freighter conversion houses and the early stage of further exploration of military applications.

"In other news, as referred to in the March 2023 Quarterly update, Q3 marked Anodyne Electrical Manufacturing's (AEM) approval by the Japanese Civil Aviation Bureau (JCAB) following the successful development of its Safety Management System (SMS).

"This approval formalises the delivery and installation of repairs products into the lucrative Japanese market.

"Following on from this positive development a delegation from SMS and AEM recently travelled to Japan to participate in the annual AISC-SHM conference and to attend scheduled customer meetings.

The AISC-SHM meetings, held at the Japanese Aerospace Exploration Agency (JAXA) facility in Tokyo were very well attended.

SMS Chief Technical Officer Trevor Lynch-Staunton, SMS Senior Technical Fellow Dennis Roach and AEM Director of Sales and Marketing Tony Weller attended the meetings along with representatives from the FAA, Boeing, Airbus, JAL, ANA, KHI, Delta Airlines and others."

SMS Chief Technical Officer Trevor Lynch-Staunton P.Eng commented:

"While in Japan, our group also held dedicated meetings at the JAL and ANA facilities where the CVM technology was introduced in detail and demonstrations were completed.

"Overall, the technology was well received, and the parties are actively engaged in following along with the certification process and learning more about potential applications for their operated airframes.

"Meetings were also held at with KHI and Subaru to introduce the Company's CVM™ technology and to discuss ongoing and future projects for AEM's special mission communication products.

"I am pleased to report that interest levels were also high at these organizations for both civil and military platforms.

"All meetings were well supported by AEM's partner in Japan, Aero Facility.

"Whilst in Japan, AEM also signed a Memorandum Of Understanding (MOU) with Aero Facility, extending the existing agreement to provide support for CVM-related activities in Japan.

"Overall, this engagement with the Japanese market was extremely productive and we look forward to further developing this relationship and building on the already positive relationships developed with key targeted customers."



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Executive Chairman Ross Love further commented:

“While I appreciate the ongoing frustration from shareholders regarding the commissioning of additional testing by the FAA as we move towards certification, this is a necessary part of the comprehensive certification process and once complete will pave the way for further, streamlined application processes.

“Thank you once again for your ongoing support (and patience.) I remain very confident in the near-term potential for profitable growth which will drive significant value for all shareholders.”

This ASX release has been approved for release by Executive Chairman Ross Love on behalf of the Board of Directors.

Please contact:

Communications

Georgie Sweeting

g.sweeting@smsystems.com.au

0417 179 024

Shareholder Enquiries

Ross Love

r.love@smsystems.com.au

0418 752 867

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