

ASX Release

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STRUCTURAL MONITORING SYSTEMS SIGNS MILESTONE MEMORANDUM OF UNDERSTANDING WITH TESTIA, AN AIRBUS GROUP COMPANY

Structural Monitoring Systems plc ("SMS" or "the Company") (ASX: SMN) is very pleased to announce the signing of a Memorandum of Understanding ("MOU") with one of the world's preeminent companies in the field of aerospace and aviation NDT services, **TESTIA, an Airbus Group company**.

TESTIA is a worldwide non-destructive testing ("NDT") and structural health monitoring ("SHM") provider, and is fully engaged in all aspects of training, engineering, in-service inspections, manufacturing, consultancy and distribution of NDT products for aerospace, and other industries.

Broadly, under the terms of the MOU, TESTIA will be fully integrated with all current development and production aspects of SMS's technology platform, and examine and pursue global opportunities related to SHM on behalf of SMS. In doing so, TESTIA will become the key distributor/reseller and integrator of SMS products in Europe, and worldwide, and will act as SMS's elongated "workbench" to install, maintain, commercialize and promote SMS products in the global marketplace.

Additionally, TESTIA will provide manpower and technical expertise to directly assist in investigating, and advancing, the current status and readiness of CVM™ technology – this is in addition to the current personnel and resources already provided in relation to the CVM™ platform by other Airbus companies. TESTIA will also provide SMS staff access to the Airbus Verification & Validation ("V&V") Center for SHM at the Airbus Material & Process department in Bremen, Germany.

Importantly, TESTIA will support SMS in creating and identifying commercially viable business cases for supplementary type certificates ("STCs") and alternative means of compliance ("AMOC") designations with potential customers including aircraft operators/carriers and aerospace OEMs. Additionally, TESTIA will develop and promote concepts to enable SMS products to be sold, licensed, installed and maintained worldwide.

SMS will defer to TESTIA's capabilities to distribute, apply, support and re-sell SMS products worldwide, and will appoint TESTIA as a global solution-provider and service company in applying the CVM™ technology. This new alliance with TESTIA will create a partnership with the combined ability to not only produce the Company's proven CVM™ technology, but now with the ability to fully promote, identify and meet the business opportunities available to CVM™ in the world's aerospace industries – as well as numerous other industries and disciplines outside of aerospace.

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Toby Chandler, Managing Director of SMS, commented:

"SMS is very proud to embark on this key relationship with TESTIA. Over the past few years, we have successfully re-directed and focused the core strengths of the Company towards progressing and improving our technology suite in a very targeted and deliberate way. Coupled with this, we have strived to find the best possible partners to optimally execute our envisaged commercial strategies and objectives with the clear belief that doing so would provide SMS with a global platform – in all areas – that will be vastly superior to one created organically "in-house".

With our new partnership, we could not have a better-suited partner to move CVM™ towards full commercialization. We are very optimistic about the opportunities that this alliance will bring to both companies, and we look forward to an exciting future working hand-in-hand with TESTIA to achieve our goals of fully developing CVM™ as a world-leading technology application. The timing of this strategic relationship is especially gratifying as the Company prepares for pending FAA approval and the subsequent commercial rollout for our technology into the global aviation industry."

Holger Speckmann, Managing Director of TESTIA Germany, further noted:

"The CVM™ technique is one of the most promising SHM technologies for first applications in the aerospace industry. That is why TESTIA is proud to be the strategic partner of SMS and to follow-up, in a practical way, the partnership between Airbus and SMS, which has already lasted well over a decade. We will do our best to make CVM™ a successful story in aerospace and other industries".

With the execution of the MOU complete, both Companies will move to promptly establish a full Joint Operating Agreement, or similar legal document, in the coming weeks, thereby establishing the full detail and breadth of the commercial relationship between the Parties.



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