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Seeing Machines Limited

Business Update

Seeing Machines Limited (AIM: SEE, “Seeing Machines” or the “Company”), the advanced computer vision technology company that designs AI-powered operator monitoring systems to improve transport safety, provides a business update ahead of its Capital Markets Day being held in London today.

Highlights

- Automotive supply chain strengthened through renewed supply agreement with Xilinx
- Guardian hardware cost reduction following collaboration with manufacturer
- Growing momentum in Fleet through increased network of distributors and expansion into additional fields of use

Automotive

Seeing Machines is pleased to announce that its FOVIO Driver Monitoring Chip (“FOVIO Chip”) strategy has been bolstered by a renewed supply agreement with its chip supply partner, Xilinx (NASDAQ: XLNX). The FOVIO Chip is currently committed to three ongoing automotive OEM programs, two in North America and one in China.

This agreement will see Xilinx now supply the FOVIO Chip directly to Seeing Machines’ automotive Tier 1 customers. This is anticipated to reduce both supply chain qualification complexity and realise related cost savings for FOVIO Chip customers and eliminate the supply chain risks and costs associated with direct supply of the FOVIO Chip by Seeing Machines for the Company.

Seeing Machines, through Xilinx, will remain the sole provider of the FOVIO Chip solution for the automotive industry, and expects that its FOVIO Chip will continue to appeal to customers looking to deploy new Driver Monitoring Systems quickly with minimal integration risk, thereby enabling advanced driver assistance and safe semi-automated driving systems.

In order to leverage the Company’s driver monitoring technology across Aviation and Fleet and enhance the products and solutions currently offered in those markets, Seeing Machines retains the right to procure FOVIO Chips directly from Xilinx at previously agreed commercial terms.

Fleet

Seeing Machines has worked with its Guardian manufacturing partner to reduce the manufacturing cost of [Guardian](#), the Company’s driver monitoring technology for commercial vehicles.

The Guardian unit hardware cost has been reduced by 21%. This reduction is expected to deliver savings of approximately A\$8.4 million on its upcoming negotiated volume order which is to be delivered in batches to Seeing Machines and its channel partners over the next calendar year, to meet expected global demand. Seeing Machines is currently channelling 70% of Guardian sales through a growing network of distributors.

The Company is also working closely with insurance companies in Australia and Mexico, and is in advanced conversations with others in three additional geographies. These insurers have either already endorsed Guardian as the preferred safety technology for commercial fleets, or are looking to do so, where mutual customers become eligible for insurance policy benefits and financial incentives.

Fleet Complete, a leading global provider of connected vehicle technology, delivering mission-critical fleet, asset and mobile workforce management solutions, has been appointed as a Seeing Machines Value Added Reseller to focus on Oil & Gas Industry opportunities in Australia. This segment is now opened up to Seeing Machines directly as a result of recent negotiations with Caterpillar which saw the Company regain the right to sell directly into additional fields of use. Fleet Complete has over 33,000 connections in Australia and 500,000 globally.



Seeing Machines has also signed an additional distributor in Turkey, AUSIS, an existing telematics, fleet management and Mobileye reseller with installations spanning a range of huge multinationals across the country. AUSIS views the Turkish opportunity at over 1,000 commercial truck and bus fleets around 50,000 individual vehicles.

Toll Group ("Toll"), part of Japan Post, is one of Australia's leading transport companies and an early adopter of Guardian. Toll has a strong commitment to safety and is currently investing A\$1.6 billion in Fleet and Equipment with a focus on improving safety and efficiency.

Having already installed over 1,300 of its Australian fleet with Guardian, Toll continues its journey to deploy this technology across all vehicles over 4.5t. This opens up additional opportunity for Seeing Machines to a total of over 4,500 Guardian installations in Australia alone. Initial installations across Toll's international locations have also commenced and are expected to continue, in line with the move to seek to standardise Guardian across its entire operation.

Paul McGlone, CEO of Seeing Machines, commented:

"I'm delighted with the progress being made across the business. Our partnership with Xilinx has been nurtured over several years and our renewed agreement for supply of the FOVIO Chip directly to our Tier 1 automotive customers seeks to leverage the particular strengths of each company to their benefit and that of our customers."

"In addition, we believe the outcome of our negotiations with our manufacturing partner, coupled with the strong momentum across the Fleet business and the strengthening relationships with distributors and other partners, will improve the division's profitability and cash flow, and will also help fund the Company through to profitability."

"We continue to work with Aviation partners to develop commercial relationships to accelerate mass-market opportunities for our Crew Training System."

"Our strategy is now set in three major transport verticals – Automotive, Fleet / Offroad and Aviation – each with a significant growth trajectory and a refined business model. Importantly, this provides diversification in cash generation and minimises risk around timing, segment and customer concentration."

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About Seeing Machines - www.seeingmachines.com

Seeing Machines (LSE: SEE), a global company headquartered in Australia, is an industry leader in computer vision technologies which enable machines to see, understand and assist people. The Company's machine learning vision platform has the know-how to deliver real-time identification and understanding of drivers through Artificial Intelligence (AI) analysis of heads, faces and eyes. This insight enables Driver Monitoring Systems (DMS), which monitor driver/operator identification and attention and can detect drowsiness and distraction across multiple transport sectors.



Seeing Machines develops DMS for the Automotive, Commercial Fleet, Aviation, Rail and Off-Road markets. The Company has offices in Australia, USA, Europe and Asia, and delivers multi-platform solutions to industry leaders in each vertical.

DMS is becoming a core safety technology integrated into ADAS offerings for the automotive industry, particularly with the development of semi-autonomous and self-driving cars. DMS is also increasingly seen to be an integral safety feature across the Commercial Transport & Logistics industry and is set to become a regulatory requirement for all cars, vans, trucks and buses in Europe from 2022, with the rest of the world expected to follow soon after.