

30 January 2020

## Half year trading 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, publishes a trading update for the six months to 31 December 2019 (“H1 2020”).

The Company is expecting to report sales revenue for H1 2020 of A\$15.8m (H1 2019: A\$13.5m). Total connected Guardian units at 31 December 2019 was 20,551, securing forward Annualised Recurring Revenues including royalties of A\$13.2m. This represents an increase of 4,500 Guardian units in this half, and a 50% growth in connections over the same period last year (H1 2019: 3,000 units).

The Board’s revenue and financial guidance for FY2020 remains unchanged.

**Paul McGlone, CEO of Seeing Machines** commented: *“We are very pleased with the results of the first half and we see continued momentum across all business units as the year progresses. As has been the trend over the past years, we expect that the pipeline developed across Fleet during the first half will result in revenue through to June 2020 significantly exceeding that of H1, with installations accelerating month by month to support the connected unit target for the full year.*

*“Seeing Machines had a very successful week at CES 2020 in Las Vegas earlier this month, a highlight being our direct involvement with BMW, where it became increasingly apparent that DMS technology will be in the majority of new cars sooner than we originally predicted. Further, our individual dealings with a range of Automotive OEMs and Tier 1 suppliers reinforced this view of the expected growth in underlying volumes and we expect an increase in RFQs and program expansion over the coming months. CES interactions were not limited to Automotive but spread across our key transport sectors and the exposure from these meetings has provided our teams with additional opportunities to progress in the second half of 2020. This was followed up with our first ever US based investor roadshow in New York City in mid-January.*

*“The previously announced licensing strategy continues to develop and the Company remains in advanced discussions with multiple parties. Execution of ongoing programs in accordance with customer expectations remains a top priority, and we are eager to build on these as we respond to requests from customers and more strategic partners to drive enhanced safety across transport with our industry leading technology.”*

### Divisional review

#### Automotive

The compelling demand for camera-based Driver Monitoring System (DMS) technology across the Automotive industry continues to be reinforced and Seeing Machines is well placed to leverage these market dynamics. The Company now counts nine ongoing program engagements with six Automotive OEMs, expected to generate a minimum of A\$200m in revenue, with the bulk to be recognised between 2021 and 2024.

Regulatory driven demand underpins the growing adoption of DMS technology. The European Council has adopted a regulation that calls for the adoption of safety features that include advanced driver distraction warning systems and driver drowsiness and attention warning systems, required across all new cars, vans, trucks and buses from 2024. The European New Car Assessment Programme (“Euro NCAP”) also requires driver drowsiness and distraction detection to achieve safety ratings from 2022 and in the US, the National Transportation Safety Board, has recommended that OEMs include direct driver monitoring to assure driver



attentiveness in semi-automated vehicles as well as pointing to a requirement for 'adequate monitoring of vehicle operator management, if applicable', in self-driving cars.

Seeing Machines has partnered with a range of suppliers to support its OEM customers as they work to implement DMS technology.

Seeing Machines announced an extended supply agreement with its silicon partner, Xilinx, to provide semi-custom versions of its automotive grade devices, supporting the Company's FOVIO Chip solution for the automotive market. The Company recently launched a reduced cost variant of the FOVIO Chip specifically targeting Euro NCAP requirements.

The Company also announced a collaboration with Qualcomm Inc., to deliver DMS solutions on high-end infotainment platforms, a solution currently being jointly developed for a leading European OEM, and both companies intend to support this integrated solution more broadly across the industry into the future.

As OEMs strive to differentiate their vehicle offerings and meet growing regulatory demands, Seeing Machines is uniquely positioned to provide the accurate and reliable driver state information required to ensure safe semi-autonomous vehicle operation, improve the effectiveness of Advanced Driver Assistance Systems, and enable new innovative driver information, comfort, and convenience systems. Recognising the diversity of OEM needs, the Company is positioned to provide a range of DMS solutions spanning features, performance, and integration goals at competitive price points. Seeing Machines continues to see, and respond to, a rich mix of OEM opportunities across the world with both existing and new customers, and expects to be successful on a number of RFQs over the calendar year.

### **Fleet and Offroad**

The Fleet business has been re-set and is growing as the requirement for driver monitoring and other safety technology across commercial vehicles is becoming more commonplace, with regulation also expected to have a positive impact. Seeing Machines' Guardian technology is now connected to over 20,000 commercial vehicles in more than 26 countries globally.

The cost of Guardian hardware was successfully reduced by 21% and is expected to deliver savings of approximately A\$8.4m on Seeing Machines' current volume order which is to be delivered in batches to the Company and its channel partners over the next calendar year, to meet the expected global demand. Seeing Machines is currently working with 14 channel partners, including Caterpillar Inc., to distribute Guardian globally. Countries covered by channel partners include the US, UK, South Africa, Dubai, Thailand, Singapore, Chile, Mexico, New Zealand and Australia and as this network expands, the Company expects global sales through this channel to increase.

Insurance endorsements are adding to increased demand with existing exclusive agreements in place in Australia and Mexico, and a range of advanced opportunities in three additional geographies. Ultimately, mutual customers, under these arrangements, are eligible for insurance policy benefits and financial incentives that help remove sales barriers and raise awareness.

Significant successes during H1 2020 include collaborations with the UK's largest coach operator, National Express, North America's safest fleet, Bison, as well as organic growth in the Company's existing customer base.

### **Aviation**

In this reporting period Seeing Machines Aviation has successfully launched its Crew Training System (CTS) to support pilot training in both commercial and military simulators and continues to see increasing demand from simulator manufacturers to enhance pilot training at major global carriers with increased efficiencies using the Company's eye-tracking technology.



Seeing Machines has successfully deployed its Crew Training System into Full Flight Simulators at the operational flight training capability for a major Australian airline and multiple Full Mission Simulators for the Royal Australian Air Force.

Seeing Machines also announced a collaboration with Alaska Airlines, the fifth largest airline in the United States, to enhance pilot training and safety to understand how pilots scan and monitor instruments during complex manoeuvres and instrument flying procedures. The partnership has developed a proof of concept for Seeing Machines' Crew Training System in an Alaska Airlines Boeing 737 Full Flight Simulator environment.

As the aviation industry faces strong growth, major pilot shortage, doubling of the commercial fleet, increased levels of automation in air traffic control and the requirement for safer traffic management across global airline routes, Seeing Machines' Aviation division continues to engage with some of the largest global brands to develop additional pathways for Seeing Machines technology to manage pilot monitoring in aircraft operations and in support of air traffic control operations.

### **Board and Management**

Naomi Rule was appointed CFO on 1 October 2019, bringing a strong track record of transforming finance operations and teams. She has worked in Europe, US and Asia with exposure to global and large corporations.

On 1 December 2019, the Seeing Machines board was also strengthened with the addition of two non-executive directors, John Murray and Gerhard Vorster. Mr Murray is a highly experienced board director with significant expertise in the technology sector and is Chair of the Risk, Finance and Audit Committee. Mr Vorster is an accomplished senior executive and former Deloitte partner with a growing board portfolio and significant expertise in strategy and technology.

The Company expects to publish its half year results in March 2020.

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**About Seeing Machines (LSE: SEE)**, a global company founded in 2000 and headquartered in Australia, is an industry leader in vision-based monitoring technology that enable machines to see, understand and assist people. Seeing Machines' technology portfolio of AI algorithms, embedded processing and optics, power products that need to deliver reliable real-time understanding of vehicle operators. The technology spans the critical measurement of where a driver is looking, through to classification of their cognitive state as it applies to accident risk. Reliable "driver state" measurement is the end-goal of Driver Monitoring Systems (DMS) technology. Seeing Machines develops DMS technology to drive safety for Automotive, Commercial Fleet, Off-road and Aviation. The company has offices in Australia, USA, Europe and Asia, and supplies technology solutions and services to industry leaders in each market vertical.

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