



This announcement contains inside information

Seeing Machines Limited

6 October 2022

Seeing Machines enters key collaboration with Magna, includes US\$65 million investment through an exclusivity arrangement and convertible note

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, is pleased to announce an exclusive collaboration agreement (“**Agreement**”) with Magna International (“**Magna**”), to pursue driver and occupant monitoring system business targeting the vehicle’s interior rear-view mirror. At the same time, Magna is also providing significant additional investment in the Company through a Convertible Note.

Highlights:

- Seeing Machines and Magna will exclusively co-market driver and occupant monitoring systems targeting the interior rear-view mirror
- In return, Magna has agreed to invest US\$65m into Seeing Machines via an exclusivity arrangement payment of US\$17.5m and up to \$47.5m through a Convertible Note maturing in October 2026 and having a conversion rate per ordinary share of 11 British pence

Paul McGlone, CEO of Seeing Machines commented: “*We are extremely pleased to see Magna’s investment as we work closely together to win market share targeting the interior rear-view mirror and grow our mutual businesses. Seeing Machines is now funded to deliver on our current business plan and we look forward to focusing on achieving significant growth across each of our target transport sectors.*”

Under the terms of the Agreement, subject to certain exceptions, Seeing Machines and Magna will exclusively co-market driver and occupant monitoring, solely where the Company’s IP is fully integrated inside the rear-view mirror, until the end of June 2025. In return for Seeing Machines granting exclusivity to Magna for the mirror, Magna will make an upfront payment to Seeing Machines of US\$10m, with an additional US\$7.5m payable over the following 2 years.

At the same time, Magna has also agreed to invest up to an additional US\$47.5m into Seeing Machines via a non-transferable 4-year convertible note maturing in October 2026 (the “**Convertible Note**”). The Convertible Note, which can be drawn down in two tranches across the 4-year term, subject to the satisfaction of certain closing conditions, is convertible into ordinary shares at a price of 11 British pence per share. The first tranche, being US\$30m, will be drawn at closing with the remainder available until December 2024. The Convertible Note has an all-in yield of 8%, inclusive of fees.

Magna may elect to convert the principal and at Seeing Machines’ election, interest outstanding under the Convertible Note at any time during its term, up to a maximum of 349,650,350 shares which, when added to Magna’s existing shareholding in the Company, will represent approximately 9.9% of the fully diluted share capital of the Company. The Convertible Note contains standard covenants, and anti-dilution provisions. The interest due at the end of the facility can be paid in cash or converted into equity at Seeing Machines’ election.

“As driver monitor systems start to become more standard safety technology, we see a lot of potential to lead the change with our integrated driver and occupant solution, an industry-first when it hits the market,” said **Sharath Reddy, Senior Vice President Magna Electronics**. *“Our solution addresses growing automaker challenges associated with managing vehicle electronics integration and cost, with the need for seamless camera packaging across a diverse line of vehicle models. It also opens up new possibilities for the integration of other ADAS vehicle technologies.”*

As previously announced, Seeing Machines has worked with Magna to help deliver integrated mirror technology to the market.

The rear-view mirror offers an effective cabin camera position and field of view for both driver and occupant monitoring for many passenger vehicles, enabling OEMs to meet the Euro NCAP and regulatory standards associated with driver distraction and impairment. The mirror is also suitable to support expanded interior occupant view which will enable a range of safety and convenience features inside the cabin.

Given over 60% of Seeing Machines revenues are in US Dollars there is a large degree of natural hedge in place and Seeing Machines will begin reporting in US\$ from the start of the current financial year.

The person responsible for this announcement is Paul McGlone, CEO.

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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.

