



Seeing Machines Limited (“Seeing Machines” or the “Company”)

22 August 2023

FY2023 Trading Update & quarterly Key Performance Indicators Q4 FY2023

***Record-breaking quarter with Seeing Machines’ class-leading technology now
installed in over 1,000,000 vehicles***

Trading for 12 months ended 30 June 2023 was ahead of expectations

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 trading update for the year ended 30 June 2023 (“FY2023”) and quarterly Key Performance Indicators (“KPIs”) for the quarter ended 30 June 2023.

Key Financial Highlights:

- Reported Revenue for FY2023 is expected to be US\$57.8m, representing a 49% increase on FY2022 and ahead of the top of end market expectations¹
- Annualised Recurring Revenues increased by 27% year on year to US\$13.6m
- Strong balance sheet, with cash² at 30 June 2023 of US\$36.8m

Key Operational Highlights:

- Exclusive collaboration with Magna International to jointly deliver driver and occupant monitoring system (DMS/OMS) technology integrated into the rear-view mirror also brought US\$65m investment into the Company, strengthening Seeing Machines’ balance sheet and fully funding the business to deliver on its current business plan
- Martin Ive appointed as CFO bringing significant public company experience
- Additional OEM program award increased the total Automotive cumulative initial lifetime value of all programs won to date to US\$321m
- Exclusive licence Agreement signed with world’s largest Tier 1 Avionics company, Collins Aerospace

¹ Consensus expectations for FY2023 are revenue of US\$53.9m

² Working capital increased due to the timing of Guardian inventory deliveries, leading to an increased level of inventory and receivables at 30 June 2023. Inventory levels are sufficient to support demand for H1 FY2024 and will unwind along with receivables in the first half of FY24.

Q4 FY2023 KPI highlights:

- Cars on road increased by 143% over 12 months to 1,086,176 units (Q4 FY22: 447,225)
- Annual production volume increase of 101% to 638,951 vehicles (FY2022: 317,491)
- Monitored Guardian connections increased 30% during the last 12 months to 51,975 units (Q4 FY2022: 39,892)
- Total Guardian hardware sales for FY2023 of 14,779 units, with Q4 achieving record sales of over 10,000 units as backlog demand met following easing of earlier supply chain constraints

Paul McGlone, CEO of Seeing Machines, said: *“We are very pleased with the progress made during what was a record quarter, and throughout the year, across both our Automotive and Aftermarket divisions. Crossing the 1 million threshold for the numbers of cars on the road with Seeing Machines’ technology installed, up 143% year on year, represents a major milestone and a great achievement. With supply chain constraints now easing, our Guardian business continues to go from strength to strength, with over 51,000 heavy vehicles now connected, an annual growth rate of 30%. We can now expect Aviation to be a meaningful contributor to the Company’s revenue and looming regulatory deadlines are driving the rapid adoption of Driver Monitoring Systems by automotive manufacturers. Our per-unit, margin accretive royalty model leaves us well positioned to capitalise on the opportunities ahead.”*

Seeing Machines is well positioned across all key transport sectors as growth momentum continued to accelerate in FY2023. The Aftermarket business has expanded, with 30% annual growth. Guardian, the Company’s aftermarket product, is now connected to over 51,000 vehicles globally, contributing to the Group’s expanding Annualised Recurring Revenue performance. As Europe’s General Safety Regulation comes into effect in 2024, the “After Manufacture” market (factory fit for Bus and Truck vehicles) presents growing opportunities and Seeing Machines’ plans are well advanced as commercial vehicle manufacturers seek to sell compliant vehicles.

In Automotive, the Company has now won 15 individual programs with 10 OEM customers. The cumulative total initial lifetime revenue for the awarded programs currently stands at US\$321m, with significant upside potential, and the majority of this program revenue is expected to be recognised over the period to 2028. Despite some recent delays in OEM program awards, the Company maintains its expectation for Automotive market share to reach 40%, by volume. This expectation is based on an average of respected third-party analyst³ views of total market penetration, together with Seeing Machines’ view of specific current and expected OEM opportunities through to 2032, as well as historical win rates for the Company.

Licensing the Company’s software into carefully chosen segments has also ensured a leadership position for Seeing Machines across key vertical markets within Automotive, in the rear-view mirror with Magna as previously announced, and more recently in Aviation.

³ Blended view of Semicast Research Ltd, “ADAS & Automotive Vision-based Driver Monitoring Systems (2023 Edition)” and ABI Research, “ADAS and Autonomous Driving Semi-Annual Update, May 12 2021.”

Seeing Machines' Aviation business has now officially launched following the recently agreed exclusive licence with Collins Aerospace, generating licence revenue over three years of US\$10m, to jointly develop pioneering eye-tracking solutions for the Aviation industry. Collins will also pay the Company Non-Recurring Engineering (NRE) payments to develop specific solutions, which will evolve into potential future royalty payments as shipsets are released to customers. This collaboration brings together the companies' collective expertise in navigation, communication, sensor technology, flight controls and aviation system design to accelerate innovation and safety across the industry, unimpeded by any close competition, as of today.

Quarterly Key Performance Indicators (KPI's) for Q4 FY2023

Automotive Production Volumes:

	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	FY2023
Production FY2023	112,077	141,747	173,802	211,325	638,951
% Growth Qtr on Qtr	6%	26%	23%	22%	
	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	FY2022
Production FY2022	53,783	60,205	98,113	105,390	317,491
% Growth Comparative	108%	135%	77%	108%	101%

Aftermarket (Guardian):

	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023
Monitored connections	39,832	41,415	46,018	49,046	51,975
% Growth Qtr on Qtr	6%	4%	11%	7%	6%
Units sold, yet to be connected	10,706	9,698	6,085	4,913	7,630

Seeing Machines delivered a strong quarter on quarter increase in **Automotive** production volumes with the Group's technology now installed in over 1 million vehicles. This performance has helped to drive high-margin royalty revenue growth, as current programs increase in volume and more programs start production. We expect this trend to continue, driven by rapidly approaching regulation deadlines and the increasing take-up of Level 2 automation driving features by consumers.

In **Aftermarket**, annual Guardian hardware sales have grown by 11%, with previous supply issues now largely overcome. Monitored connections of 51,975 excludes the sale of over 5,700 Guardian units, upgrading customers from Generation 1 to Generation 2, as Australia phases out its 3G networks in favour of 4G over the next 12 months.

The Company expects to publish its audited year end results on 16 October 2023.

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About Seeing Machines (AIM: 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 is revolutionizing global transport safety. Its 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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