seeingmachines

This announcement contains inside information

Seeing Machines Limited ("Seeing Machines" or the "Company")

15 August 2022

FY2022 trading update

Trading in line with expectations, positive underlying growth

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 2022 ("FY2022").

Key highlights:

- Revenue in line with, and cash position ahead of market expectations
- High margin Automotive royalty revenues up 139% on prior year
- Start of production vehicles on road now at 447,000, up 246% on prior year
- Non-Recurring Engineering (NRE) revenue up 61% on prior year, a lead indicator for future Automotive royalty revenue
- Cumulative Automotive order book of A$395m, up 97.5% on prior year, based on expected initial lifetime volumes
- Guardian now connected to 39,832 vehicles, up 25% on prior year, with increasing demand from customers, and has travelled more than 10 billion kms globally
- Deal signed to deploy the world's first pilot fatigue detection system in the cockpit for Air Ambulance Victoria

Seeing Machines' growth momentum accelerated as additional Automotive programs successfully start production and there are more than 447,000 cars on the road, spanning 24 vehicle models across 5 individual OEMs, with the Company's driver monitoring system (DMS) technology installed. This represents a 246% increase year-on-year, a trend that is expected to continue as more programs start production, permanently changing the Automotive revenue mix from non-recurring engineering (NRE) to high-margin royalty revenue. The cumulative Automotive order book now stands at A$395m with the majority expected to be recognised over the period to 2028. The Company also delivered a significant underlying increase in NRE revenue, 61%, year-on-year, as new programs begin, with additional, bespoke features, a strong lead indicator for future royalty revenue.

The Aftermarket business continued to grow as Guardian, now connected to 39,832 vehicles (compared to 31,771 in the previous period), is attracting commercial fleet operators, including large multi-national enterprises. In addition, Guardian is being sought by truck and bus manufacturers for 'after manufacture' fitment as Europe's deadline for General Safety Regulation (GSR) compliance fast approaches.

The global supply chain pressures have affected Guardian hardware costs and the Company's ability to secure adequate supply of hardware to meet demand. This has resulted in all available stock being sold in FY2022 and over 2,000 Guardian units ordered and not yet supplied, representing around A$3.5m in forward orders to be recognised in FY2023. Supply chain issues have been resolved with the Company's manufacturer, resulting in their guarantee to deliver satisfactory levels of stock by the end of H1 2023 to meet the growing demand for Guardian hardware.

The Aviation business is maturing across its three focus areas and, during FY2022, the Company signed a deal to deploy the world's first pilot fatigue detection system in the cockpit for Air Ambulance Victoria to detect pilot fatigue, in real time. This is ground-breaking and marks the beginning of significant commercial opportunities for this developing market, a market which Seeing Machines is clearly leading. Simulator and console-operator opportunities continue to advance as the Company works with leading avionics brands globally.

Financial highlights for FY2022

- Reported Revenue for FY2022 is expected to be A$54.2m, representing a 15% increase on the previous period and in line with market consensus[1]

- Underlying operational growth, on a like-for-like basis, excluding one-off license revenue in FY2021, of 22% when using constant currency[2]

- Annualised Recurring Revenues increased by 20% year on year to A$20.7m

- Cash at 30 June 2022 is expected to be A$59.3m, 29% above market consensus[3]

Paul McGlone, CEO of Seeing Machines commented:

"The increasing release of cars on road is very pleasing and will continue to drive positive margin mix across Automotive as more of our ongoing programs progress into production. The Aftermarket business has also grown despite market dynamics beyond our control impacting our supply chain. Guardian sales increased across all market segments including new opportunities in 'after manufacture'.

"Our success in new business across all of our transport sectors, and notably in Automotive driven by our unique systems approach, is expected to continue as we work closely with our ecosystem to deliver our industry leading driver and occupant monitoring technology into the market."

The Company expects to publish its audited year end results in late October.

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[1] Market expectations for FY2022 are for revenue of A$55.6m and EBITDA of A$(32.7m)
[2] This refers to underlying growth rates at constant currency or adjusting for currency so business results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of Seeing Machines business performance. To present this information, current period results and comparative period results are converted into Australian dollars at the 30 June 2022 exchange rate.
[3] Market expectations for FY2022 for cash are A$46.1m

The financial information in this announcement is based on the unaudited management accounts for the year to 30 June 2022.

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The person responsible for this announcement is Paul McGlone.

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' 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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