

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

27 March 2025

Half year results and financial report

~US 12m cost reduction underpins cash flow break-even in 2025

Market leading position with 2.88+ million cars on road across 8 automotive production programmes

New partnerships to grow market share and a strong cash position

Seeing Machines Limited (AIM: SEE), the advanced computer vision technology company that designs AI-powered operator monitoring systems to improve transport safety, today published its unaudited results and financial report for the six months to 31 December 2024 ("H1 FY2025")

Paul McGlone, CEO of Seeing Machines, commented: *"Our teams continued to make strong operational progress over the period, underpinned by our best in class technology and strong financial position, despite a backdrop of global automotive industry volatility. To ensure we are best placed to achieve our objectives in the current environment, we have taken fast and decisive action to reorganise the management structure, lower our cost base and enhance efficiency across our engineering and corporate functions. The Company's strategy and value proposition remain unchanged, with a global road safety agenda that closely aligns with our technology."*

"We remain laser focused on execution and delivery - getting programmes successfully to production to support acceleration of high margin royalty revenue. We will continue to pursue opportunities driven by the compelling structural tailwinds across our key target markets of Asia, Europe, and the US, where we expect our transport customers to increase installations of driver and occupant monitoring system technology, driven by unavoidable road safety regulatory developments."

Financial Highlights:

- Reported Revenue for H1 FY2025 of US 25.3m, broadly flat compared to the previous year (H1 FY2024: US 25.7m)
 - o OEM (Automotive and Aviation) revenue was US 14.5m, an increase of 27% on the previous year (H1 FY2024: US 11.4m)
 - High margin per vehicle royalty revenue, derived from Automotive production volumes, increased by 51% to US 6.3m (H1 FY2024: US 4.2m)
 - o Annualised Recurring Revenues of US 13.4m (H1 FY2024: US 13.0m)
 - o Aftermarket revenue of US 10.8m, a decrease from the previous period due to delay in production of Guardian Generation 3 (H1 FY2024: US 14.3m)
- Gross Profit increased 32% across the business from US 10.6m in H1 FY2024 to US 14.0m in H1 FY2025 largely due to improved revenue mix and the increased license fees (including high-margin royalty revenue derived from Automotive production volumes)
- Reduction in operating expenses^[1] for H1 FY2025 of US 4.8m compared to H1 FY2024
- EBITDA loss continues to improve with H1 FY2025 of US 9.7m (H1 FY2024: loss US 14.3m), representing a decrease of US 4.5m over the period
- Adjusted EBITDA loss improved by US 8.8m to US 17.7m (H1 FY2024: loss US 26.5m)
- Strong balance sheet, with cash at 31 December 2024 of US 39.6m (30 June 2024: US 23.4m)

Operational Highlights:

- Cars on the road with Seeing Machines' technology increased to 2,883,745 units, representing an increase of 90% from 12 months ago (Q2 FY2024: 1,516,545)
- Seeing Machines secured a landmark £26.2m (US 32.8m) investment as part of its partnership with Mitsubishi Electric Mobility Corporation ("MELMB"), a global leader in the design and manufacture of automotive products and technologies. Following an additional purchase of shares, MELMB now holds 19.9% of Seeing Machines' issued share capital, strengthening the Company's balance sheet and providing a strong foundation for future growth.
- Valeo and Seeing Machines entered a strategic collaboration to grow market share in Automotive. Associated with this collaboration, the Company acquired software company Asaphus Vision GmbH ("Asaphus"), now operating as Seeing Machines Germany, providing a significant material boost to AI and Machine Learning capabilities as well as local European presence.
- Post period end, Seeing Machines signed a Referral Agreement with Mitsubishi Electric Automotive America Inc. ("MEAA"), enabling the Company to leverage Mitsubishi's significant Aftermarket distribution network and customer base of over 1 million individual vehicles across the Americas to accelerate sales of the Company's Guardian Generation 3 AI-powered driver monitoring solution.
- Guardian Generation 3, Seeing Machines' Aftermarket safety technology targeting commercial transport and logistics segment, is now in full production and being trialled globally in several large fleets. Despite some delays, Seeing Machines is now able to begin to satisfy built up demand for the product to operators globally, and commercial vehicle manufacturers, looking to meet the upcoming EU General Safety Regulation.

Outlook and Current Trading

Seeing Machines is well-positioned to achieve continued progress in the coming year, with an expected second-half skew despite some volatility in the Automotive sector affecting the timing of anticipated royalty revenue. This risk is partially mitigated by guaranteed portions of royalty revenue expected to be received within the originally anticipated timeframe, positively impacting cash flow starting in the second half of FY2025 and significantly increasing in FY2026. Considering these factors, the Board anticipates that Seeing Machines' performance for FY2025 will be in line with consensus expectations^[2].

Organisational Update

The Company commenced a detailed review of the organisation in December 2024, which was completed this month, and has led to a strategic reorganisation of the Company's management structure and the Executive Team. As a result of the consolidated changes over the review period, Seeing Machines has reduced annualised operating expenses by ~US 12 million, significantly reducing its ongoing cost base. Combined with expected increases in Aftermarket revenues and gross margin, as well as anticipated growth in global adoption of DMS as transport safety regulations ramp up in Europe by July 2026, the Board expects that Seeing Machines will achieve a cash flow break-even run rate during the calendar year 2025.

This announcement contains inside information under the UK Market Abuse Regulation. The person responsible for arranging for the release of this announcement on behalf of the Company is Paul McGlone, CEO.

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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

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.

www.seeingmachines.com

Review of Operations

The Group's total revenue for the half-year (excluding foreign exchange gains and finance income) decreased by 2% and adjusted EBITDA losses decreased by 33% compared to the six-month period ended 31 December 2023.

	31 Dec 2024 '000	31 Dec 2023 '000	Change '000	Change %
OEM	14,522	11,413	3,109	27%
Aftermarket	10,785	14,321	(3,536)	(25%)
Revenue	25,307	25,734	(427)	(2%)
	31 Dec 2024 '000	31 Dec 2023 '000	Change '000	Change %
OEM	(8,979)	(12,455)	3,476	(28%)
Aftermarket	(8,733)	(14,048)	5,315	(38%)
Adjusted EBITDA*	(17,712)	(26,503)	8,791	(33%)

*Adjusted EBITDA is a non-IFRS measure but included as an important metric for shareholders understanding of the business. Please refer to Note 3(a) for a reconciliation of adjusted EBITDA with loss before income tax.

OEM division

With 8 automotive programs at start of production by the end of H1 FY2025, Seeing Machines has just under 3 million cars on the road featuring its DMS technology, an increase of 90% from 12 months ago, despite some volatility in OEM quarterly volumes.

During the period, Seeing Machines and Valeo formalised a strategic collaboration to deepen their relationship with automotive Tier 1 suppliers and expand their market share in the automotive sector. The market-leading scale of Valeo, alongside its expertise in cutting-edge cameras and processing units, software and system integration, will help to accelerate adoption of the Company's AI-powered driver and occupant monitoring system (DMS/OMS) technology. The two companies are working closely together to jointly pursue new business as Seeing Machines strategically partners with a small number of blue-chip Tier 1s to enhance opportunities for growth.

Linked to the collaboration with Valeo, Seeing Machines acquired software company Asaphus Vision GmbH ("Asaphus") on 4 July 2024 for 6,000,000 (cash consideration of 1,000,000 on acquisition and deferred consideration of 5,000,000), providing a significant material boost to AI and Machine Learning capabilities. Asaphus, now operating as Seeing Machines Berlin, provides the Company with a European footprint, leaving it strongly positioned to support a rapidly growing customer base with both technical and operational staff. Please refer to Note 19 Business Combinations for further details.

Aftermarket division

Guardian Generation 3, the Company's aftermarket safety technology targeting the commercial transport and logistics segment, is now in production and being trialled across Europe, North America and Asia Pacific in several large fleets. These trials are well underway and in direct comparisons, results have seen Guardian outperform its competition due to its superior detection of fatigue and distraction. The third generation of Guardian has been significantly enhanced, leveraging the

Company's automotive grade DMS technology.

Guardian units continue to be connected across transport and logistics fleets as previously sold Guardian Generation 2 units are installed, particularly in the Asia Pacific region, contributing to Annual Recurring Revenue.

Wrightbus, the UK's largest electric bus manufacturer, became the first commercial vehicle manufacturer to achieve homologation with the Company's Guardian Generation 3 product, for Europe's General Safety Regulation and the detection of fatigue related driving events.

Post 31 December 2024, Seeing Machines signed a Referral Agreement with Mitsubishi Electric Automotive America Inc. ("MEAA"), enabling the Company to leverage Mitsubishi's extensive Aftermarket distribution network and customer base of over 1 million individual vehicles across the Americas to accelerate sales of the Company's Guardian Generation 3.

Industry update

Regulatory momentum continues to underpin Seeing Machines' investment thesis as growing numbers of OEMs and transport operators in Europe are required to enhance safety through the adoption of driver monitoring system technology. While the global automotives sector has faced some challenges over the last year, Seeing Machines' Automotive production volumes continue to grow significantly, and this is expected to continue.

Other highlights

The 6-month period ended 31 December 2024 was defined by the landmark £26,207,000 (32,751,000) investment by Mitsubishi Electric Mobility Corporation ("MELMB"), a global leader in the design and manufacture of automotive products and technologies, into Seeing Machines. MELMB now hold 19.9% of Seeing Machines' issued share capital. This new partnership will provide a strong foundation for future growth.

The two companies have also joined forces through a collaboration agreement to grow their share of the Automotive market in Japan, at a time when OEMs are looking to implement driver safety solutions ahead of regulatory deadlines in Europe and beyond. The collaboration will extend to all areas of Seeing Machines' transport related business and is intended to eventually expand into adjacent markets where Seeing Machines' Intellectual Property may be leveraged to enhance segments in which Mitsubishi has an existing competitive advantage.

Assets

Current assets

Cash and cash equivalents	5	39,642	23,361
Trade and other receivables	6	11,833	25,293
Contract assets		5,231	7,044
Inventories	7	3,604	3,625
Other financial assets		294	315
Other current assets		2,931	2,113
Total current assets		63,535	61,751

Non-current assets

Property, plant and equipment	8	3,076	3,486
Right-of-use assets		3,237	3,737
Intangibles	9	68,712	61,323
Total non-current assets		75,025	68,546

Total assets

138,560	130,297
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Liabilities

Current liabilities

Trade and other payables	10	10,808	21,161
Contract liabilities		6,559	5,471
Lease liabilities	11	1,167	1,122
Provisions		4,911	4,909
Deferred consideration	19	640	-
Total current liabilities		24,085	32,663

Non-current liabilities

Contract liabilities		8,013	9,088
Borrowings	12	48,447	45,701
Lease liabilities	11	3,230	4,097
Deferred tax		1,107	1,423
Provisions		328	342
Deferred consideration	19	3,279	-

Total non-current liabilities		64,404	60,651
Total liabilities		88,489	93,314
Net assets		50,071	36,983
Equity			
Contributed equity	16	272,188	240,948
Other equity	13	5,582	5,582
Accumulated losses		(235,033)	(216,796)
Reserves		7,334	7,249
Total equity		50,071	36,983
Sale of goods		2,614	5,858
Royalty and license fees		8,789	8,153
Services revenue		13,904	11,723
Revenue	3	25,307	25,734
Cost of sales		(11,281)	(15,161)
Gross Profit		14,026	10,573
Operations expenses		(8,091)	(8,232)
Research and development expenses		(9,417)	(8,176)
Customer support and marketing expenses		(4,018)	(4,306)
General and administration expenses		(8,127)	(7,180)
Net foreign exchange gains/(losses)		75	(67)
Expenses	4	(29,578)	(27,961)
Operating loss		(15,552)	(17,388)
Finance income		483	252
Finance costs		(3,448)	(2,648)
Finance costs - net		(2,965)	(2,396)
Loss before income tax benefit/(expense)		(18,517)	(19,784)
Income tax benefit/(expense)		280	(18)
Loss after income tax benefit/(expense) for the half-year attributable to the owners of Seeing Machines Limited		(18,237)	(19,802)
Other comprehensive loss			
Exchange differences on translation of foreign operations		(21)	70
Other comprehensive loss for the half-year, net of tax		(21)	70
Total comprehensive income/(loss) for the half-year attributable to the owners of Seeing Machines Limited		(18,258)	(19,732)

		Cents	Cents
Basic loss per share	15	(0.3712)	(0.4765)
Diluted loss per share	15	(0.3712)	(0.4765)

	Contributed Equity '000	Other Equity '000	Accumulated Losses '000	Foreign Currency Translation Reserve '000	Employee Equity Benefits & Other Reserve '000	Total Equity '000
Balance at 1 July 2023	240,948	5,749	(185,520)	(13,818)	19,172	66,531

Loss after income tax expense for the half-year	-	-	(19,802)	Foreign Currency Translation Reserve ⁷⁰	-	(19,802)
Other comprehensive income/(loss) for the half-year, net of tax	Contributed Equity '000	Other Equity '000	Accumulated Losses '000		Employee Equity Benefits & Other Reserve '000	Total Equity '000
	-	-	-		-	70
Total comprehensive loss for the half-year	-	-	(19,802)	70	-	(19,732)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	-	-	1,017	1,017
Balance at 31 December 2023	240,948	5,749	(205,322)	(13,748)	20,189	47,816

	Contributed Equity '000	Other Equity '000	Accumulated Losses '000	Foreign Currency Translation Reserves '000	Employee Equity Benefits & Other Reserve '000	Total Equity '000
Balance at 1 July 2024	240,948	5,582	(216,796)	(13,844)	21,093	36,983
Loss after income tax benefit for the half-year	-	-	(18,237)	-	-	(18,237)
Other comprehensive income/(loss) for the half-year, net of tax	-	-	-	(21)	-	(21)
Total comprehensive income/(loss) for the half-year	-	-	(18,237)	(21)	-	(18,258)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	-	-	106	106
Contributions of equity, net of transaction costs	31,240	-	-	-	-	31,240
Balance at 31 December 2024	272,188	5,582	(235,033)	(13,865)	21,199	50,071

Cash flows from operating activities

Receipts from customers (inclusive of GST)	42,178	36,113
Payments to suppliers and employees (inclusive of GST)	(49,649)	(37,448)
Interest received	481	252
Transaction costs relating to acquisition of subsidiary	(95)	-
Interest and other finance costs paid	(42)	(26)
Income taxes paid	(44)	-
Net cash used in operating activities	(7,171)	(1,109)

Cash flows from investing activities

Payments for property, plant and equipment	8 (95)	(272)
Payments for intangible assets (patents, licenses and trademarks)	9 (21)	(105)
Payments for intangible assets (capitalised development costs)	9 (8,663)	(12,350)
Maturity of term deposits	22	87
Net cash used in investing activities	(8,757)	(12,640)

Cash flows from financing activities

Proceeds from issue of shares	16 32,752	-
Repayment of lease liabilities	(597)	(439)
Net cash from/(used in) financing activities	32,155	(439)
Net increase/(decrease) in cash and cash equivalents	16,227	(14,188)
Cash and cash equivalents at the beginning of the financial half-year	23,361	36,139
Effects of exchange rate changes on cash and cash equivalents	54	264
Cash and cash equivalents at the end of the financial half-year	5 39,642	22,215

Seeing Machines Limited (the "Company" or the "Group") is a limited liability company incorporated and domiciled in Australia and listed on the AIM market of the London Stock Exchange. The address of the Company's registered office is 80 Mildura Street, Fyshwick, Australian Capital Territory, Australia.

Seeing Machines Limited and its subsidiaries (the "Group") provide operator monitoring and intervention sensing technologies and services for the automotive, mining, transport and aviation industries.

The interim consolidated financial report of the Group (the "interim financial report") for the six-month period ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors on 27 March 2025.

2. Basis of Preparation

(a) Basis of Preparation

The interim financial report for the six-month period ended 31 December 2024 has been prepared in accordance with AASB 134 Interim Financial Reporting in order to fulfil the reporting requirements of Rule 18 of the London Stock Exchange's AIM Rules for Companies issued July 2016.

The interim financial report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2024. The interim financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

There is no requirement for the interim financial report to be subject to audit or review by the external auditor and accordingly no audit or review has been conducted.

(b) Accounting policies

The accounting policies applied are consistent with those of the consolidated financial statements for the year ended 30 June 2024.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. Segment Information

a. Description of segments and principal activities

The Executives (including the Executive the Chief Executive Officer and Chief Financial Officer) and the Board, examines the Group's performance from a product and services perspective and have organised the Group into key business units and identified two reportable operating segments of the business:

1. The OEM operating segment includes both the automotive and aviation business units, which generate largely licence-based royalty and non-recurring engineering services-based revenue, channelled through Tier 1 customers.
2. The Aftermarket operating segment includes Fleet and Off-Road business units, which generate revenue from a mix of direct and indirect customers who retro-fit Seeing Machines technology into commercial vehicles.

The Executive Leadership Team uses a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. However, the Executive Leadership Team also receives information about the segments' revenue on a monthly basis.

b. Segment revenue and adjusted EBITDA

FOR THE SIX-MONTH PERIOD ENDED

	31 Dec 2024 Segment Revenue '000	31 Dec 2024 Adjusted EBITDA '000	31 Dec 2023 Segment Revenue '000	31 Dec 2023 Adjusted EBITDA '000
OEM	14,522	(8,979)	11,413	(12,455)
Aftermarket	10,785	(8,733)	14,321	(14,048)
Total	25,307	(17,712)	25,734	(26,503)

There are no inter-segment revenues and there have been no changes to how each segment's adjusted EBITDA is measured.

Corporate costs and overheads within adjusted EBITDA have been allocated to the operating segments using a percentage of revenue. Research and development costs are allocated based on actual costs that relate to an operating segment.

Adjusted EBITDA excludes the effect of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs and acquisition costs. It also adds back capitalised expenditure during the period to help assess the free cashflow of the business units.

Adjusted EBITDA reconciles to loss before income tax as follows:

FOR THE SIX-MONTH PERIOD ENDED

	31 Dec 2024 '000	31 Dec 2023 '000
31 DECEMBER		
Total adjusted EBITDA	(17,712)	(26,503)
Finance costs - net	(2,965)	(2,396)
Depreciation & amortisation expense	(5,855)	(3,136)
Capitalised costs	8,663	12,350
Restructuring costs and acquisition costs	(625)	-
Other	(23)	(99)
Loss before income tax	(18,517)	(19,784)

c. Disaggregation of revenue from contracts with customers

In the following tables, revenue segments have been disaggregated by type of goods or services which also reflects the timing of revenue recognition.

	OEM	Aftermarket	Total
FOR THE SIX-MONTH PERIOD ENDED			
31 DECEMBER 2024	'000	'000	'000
Sales at a point in time			
Hardware and Installations	665	2,273	2,938
	665	2,273	2,938
Sales over time			
Driver Monitoring	-	6,934	6,934
Non-recurring Engineering	5,381	1,264	6,645
Royalties	6,346	-	6,346
Licensing	2,130	314	2,444
	13,857	8,512	22,369
Total Revenue	14,522	10,785	25,307
	OEM	Aftermarket	Total
FOR THE SIX-MONTH PERIOD ENDED			
31 DECEMBER 2023	'000	'000	'000
Sales at a point in time			
Hardware and Installations	426	5,954	6,380
Royalties	-	1,704	1,704
	426	7,658	8,084
Sales over time			
Driver Monitoring	-	6,256	6,256

Non-recurring Engineering
FOR THE SIX-MONTH PERIOD ENDED
31 DECEMBER 2023

	OEM	Aftermarket	Total
	538	4,200	4,738
	4,200	-	4,200
	'000	'000	'000
	249	-	249
	10,987	6,663	17,650
Total Revenue	11,413	14,321	25,734

d. Revenue from contracts with customers by geographic information

FOR THE SIX-MONTH PERIOD ENDED

	31 Dec 2024 '000	31 Dec 2023 '000
Australia	7,488	7,341
North America	8,407	12,606
Asia-Pacific (excluding Australia)	1,536	1,567
Europe	6,490	2,714
Other	1,386	1,506
Total revenue	25,307	25,734

The revenue information above is based on the locations of the customers.

4. Expenses

FOR THE SIX-MONTH PERIOD ENDED

	31 Dec 2024 '000	31 Dec 2023 '000
a. Research and development expenses		
Research and development expenses	18,080	20,526
Capitalised development costs during the period	(8,663)	(12,350)
Total research and development expenses	9,417	8,176
b. Depreciation and amortisation expense		
Depreciation expense - owned assets	637	605
Depreciation expense - leased assets	488	344
Amortisation expense - development costs	4,692	2,160
Amortisation expense - others	38	26
Total depreciation and amortisation expense	5,855	3,135
c. Employee benefits expense		
Wages and salaries and on-costs (excluding superannuation)	24,332	24,680
Superannuation expense	1,969	2,030
Share-based payment expense	106	1,017
Wages and salaries reported as cost of sales	(5,265)	(7,877)
Wages and salaries capitalised to development costs	(7,215)	(9,776)
Total employee benefits expense	13,927	10,074
d. Other operating expenses		
Non-recoverable foreign withholding taxes	8	99
Restructuring costs	530	-
Acquisition costs	95	-
Total other operating expenses	633	99

5. Cash and cash equivalents

AS AT

	31 Dec 2024 '000	30 Jun 2024 '000
<i>Current assets</i>		
Cash at bank	39,642	23,361
	39,642	23,361

6. Trade and other receivables

AS AT	31 Dec 2024 '000	30 Jun 2024 '000
<i>Current assets</i>		
Trade receivables	11,866	24,850
Deferred finance income	-	(2)
Less: Allowance for expected credit losses	(235)	(235)
	<u>11,631</u>	<u>24,613</u>
Net other receivables	<u>202</u>	<u>680</u>
	<u>11,833</u>	<u>25,293</u>

7. Inventories

AS AT	31 Dec 2024 '000	30 Jun 2024 '000
<i>Current assets</i>		
Stock on hand - (at lower of cost and net realisable value)	3,725	3,746
Less: Provision for obsolescence	(121)	(121)
Total inventories	<u>3,604</u>	<u>3,625</u>

8. Property, plant and equipment

During the six-month period ended 31 December 2024, the Group incurred expenditure of 95,000 for Property, Plant and Equipment (H1 FY2024: 272,000).

Property, Plant and Equipment of 97,000 (net) was acquired as part of the Asaphus acquisition.

No assets relating to plant and equipment were disposed by the Group during the six-month period ended 31 December 2024 (H1 FY2024: Nil).

9. Intangibles

During the six-month period ended 31 December 2024, the Group incurred expenditure of 8,684,000,000 (H1 FY2024: 12,455,000) related to intangibles. 21,000 (H1 FY2024: 105,000) of this expenditure related to patent and trademark applications and licenses. 8,663,000 (H1 FY2024: 12,350,000) related to capitalised development costs.

Intangibles with a value of 500,000 was acquired as part of the Asaphus acquisition.

No intangible assets were disposed by the Group during the six-month period ended 31 December 2024 (H1 FY2024: nil).

10. Trade and other payables

At 31 December 2024, the balance of the trade payables was 2,277,000 (FY2024: 11,500,000), of which an amount of 1,984,000 (FY2024: 9,211,000) was aged less than or equal to 60 days; and an amount of 293,000 (FY2024: 2,289,000) was aged over 60 days.

11. Lease liabilities

AS AT				31 Dec 2024 '000	30 Jun 2024 '000
Current					
Lease liabilities				<u>1,167</u>	<u>1,122</u>
Non-current					
Lease liabilities				<u>3,230</u>	<u>4,097</u>
				<u>4,397</u>	<u>5,219</u>
AS AT 31 DECEMBER 2024	6	6-12	>1		
	months	months	year	Total	Carrying
	'000	'000	'000	'000	value
					'000
Lease Liabilities	747	814	3,818	5,379	4,397
AS AT 30 JUNE 2024	6	6-12	>1		
	months	months	year	Total	Carrying
	'000	'000	'000	'000	value
					'000
Lease liabilities	641	829	4,830	6,300	5,219

12. Borrowings

AS AT				31 Dec 2024 '000	30 Jun 2024 '000
Non-current					
Unsecured					
Convertible notes (i)				<u>48,447</u>	<u>45,701</u>
Total borrowings - non-current				<u>48,447</u>	<u>45,701</u>

(i) Convertible notes

On 4 October 2022, Seeing Machines received funding of 47,500,000 from Magna International in the form of a non-transferable 4-year convertible note maturing in October 2026 (the "Convertible Note"). The Convertible Note can be drawn down in two tranches across the 4-year term. The Convertible Note has an all-in yield of 8%, inclusive of fees. 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.

The first tranche of 30,000,000, was drawn on 5 October 2022 and the second tranche of 17,500,000 was drawn down on 27 June 2023. The liability portion of tranches 1 and 2 are valued at amortised cost in accordance with AASB 9 Financial Instruments ("AASB 9") and have effective interest rates of 13.14% and 11.84% respectively.

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 conversion will be at a price of 11 British pence per share. The option provided to Magna is deemed to be an embedded derivative and is classified as other equity.

AS AT	31 Dec 2024 '000	30 Jun 2024 '000
Face value of notes issued	47,500	47,500
Other equity securities - value of conversion rights	(7,974)	(7,974)
Transaction costs on borrowings	(1,202)	(1,202)
Other costs on borrowings	(513)	(317)

Interest costs on borrowings

AS AT	31 Dec 2024 '000	30 Jun 2024 '000
Interest expense	10,636	7,694
Total borrowings - non-current	48,447	45,701

13. Other equity

AS AT	31 Dec 2024 '000	30 Jun 2024 '000
Value of conversion rights - convertible notes	7,974	7,974
Deferred tax liability component	(2,392)	(2,392)
Total other equity	5,582	5,582

(i) Conversion right of convertible notes

The amount shown for other equity securities is the value of the conversion rights relating to the convertible note, details of which are shown in Note 12 Borrowings

14. Dividends paid

No interim dividends or distributions have been made to members during the six-month period ended 31 December 2024 (H1 FY2024: nil) and no interim dividends or distributions have been recommended or declared by the directors in respect of the six-month period ended 31 December 2024 (H1 FY2024: nil).

15. Loss per share

The following table reflects the loss and share data used in the basic and diluted loss per share computations:

Loss used in calculating loss per share

FOR THE SIX-MONTH PERIOD ENDED	31 Dec 2024 '000	31 Dec 2023 '000
<i>Loss per share for loss</i>		
Loss for the period	(18,237)	(19,802)
Loss after income tax attributable to the owners of Seeing Machines Limited used in calculating diluted loss per share	(18,237)	(19,802)

Weighted average number of shares

AS AT 31 DECEMBER	2024 Thousands	2023 Thousands
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic loss per share	4,912,392	4,156,019
Weighted average number of ordinary shares used in calculating diluted loss per share	4,912,392	4,156,019

16. Contributed equity

AS AT	31 Dec 2024	30 June 2024	31 Dec 2024	30 June 2024
AS AT	Share 2024	Share 2024	Share 2024	Share 2024
	Shares	Shares	'000	'000
Ordinary shares - issued and fully paid	'000	'000	'000	'000
	<u>4,912,392</u>	<u>4,156,019</u>	<u>272,188</u>	<u>240,948</u>

Fully paid shares carry one vote per share and carry the right to dividends. The Company has no set authorised share capital and shares have no par value.

On 26 November 2024 Board issued a total of 118,904,187 new ordinary shares of no par value in the Group ("New Ordinary Shares") for the benefit of key members of staff for previously announced performance awards under the terms of the Group's Long Term Incentive ("LTI") scheme (the "Award").

On 23 December 2024, the company issued 640,746,822 new shares at a price of 4.09 pence per share, resulting in a total investment of 32,752,000. The shares were issued to Mitsubishi Electric Mobility Corporation. The contributed equity (net of transaction costs) and the cash balance increased by 31,240,000 due to the issuance of new shares.

17. Share-based payments

Long Term Incentive - 2020 Performance rights or share options offers - Executive and key staff

From 1 July 2015, senior staff and other key staff are offered long term incentive (LTI) performance rights or share options. Under this structure, the staff are only able to exercise the rights, and have new ordinary shares issued to them, if any performance, market and vesting conditions are met. These conditions typically include a performance condition requiring the staff member to achieve a minimum "meets expectations" rating and some rights have included a market condition in the form of a minimum Target Share Price (TSP). The vesting period ranges from 9 months to 5 years from the end of the relevant financial year or grant date. Performance rights or options are often offered as part of the annual remuneration review and may be offered at other times. Any offer of performance rights or options requires Board approval and, when granted, is announced to the market.

In March 2023 the Company awarded a total of 12,420,232 performance rights in respect of ordinary shares to Executive and key staff to be issued at nil cost.

8,004,838 of the performance rights under the LTI have been awarded in recognition of the past achievement of the Company's objectives in FY2022. The rights were valued at the spot rate of the shares at grant date, and the value is amortised over the vesting period. The rights vest annually over 3 years in equal tranches with the first vesting date being 1 July 2022 and require the employee to remain continuously employed by the Company until each relevant vesting date. If an employee leaves before the rights vest and the service condition is therefore not met, the rights lapse.

The remaining 4,415,394 performance rights have been granted under a Key Person Agreement in respect of one nominated person. This person has been identified as having a key role directly related to the Company's long-term success and the allocation of accelerated performance rights has been implemented by the Board to successfully retain this employee and affirm successful delivery on a range of projects and customer commitments. These awards have an accelerated grant with delayed vesting taking place on 1 July 2024 and require the employee to remain continuously employed by the Company until the vesting date (80%) and specific market conditions to be met (20%). If the employee leaves before the rights vest and the service condition is therefore not met, the rights lapse. During the half-year 3,532,315 of the performance rights vested and 892,079 rights were cancelled as market condition were not met.

In some cases, for 'good leavers', determined on a discretionary basis by management, options are prorated for service in the current period and that portion is vested on termination, the remaining rights are cancelled.

There is no cash settlement of the rights. The Group accounts for the Executive Share Plan as an equity-settled plan.

18. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties during the six-

The following table presents the total amount of transactions that have been entered into that relate periods during the six-month period ended 31 December 2024 and 2023:

		Balance 1-Jul Thousands	Acquired or sold for cash Thousands	Other changes during the period Thousands	Balance 31-Dec Thousands
Directors shares:					
Directors' securities	2024	15,533	200	-	15,733
Directors' securities	2023	8,022	850	7,500	16,352

19. Business combinations

On 4 July 2024 Seeing Machines Limited acquired 100% of the issued shares in Asaphus Vision GmbH, a highly specialised development group with leading Machine Learning (ML) and Artificial Intelligence (AI) capability, for consideration of 4,665,000. The acquisition is expected to increase the Group's market share in OEM.

Details of the net assets acquired, goodwill and purchase consideration are as follows:

	Fair value '000
Cash and cash equivalents	938
Receivables	391
Other current assets	186
Plant and equipment	110
Other intangible assets	500
Payables	(142)
Other liabilities	(217)
Net assets acquired	1,766
Goodwill	2,899
Acquisition-date fair value of the total consideration transferred	4,665
Representing:	
Cash paid or payable to vendor	1,000
Deferred consideration	3,665
	4,665
Acquisition costs expensed to profit or loss	95

Goodwill is attributable to Asaphus Vision GmbH unique Intellectual Property which will add complementary skills that will accelerate the Company's feature roadmap with advanced AI and ML capability, optimise development costs and deliver enhanced engineering talent in Germany, an ideal location to support Seeing Machines' growing customer base in Europe. Goodwill is not tax deductible.

The fair value of the acquired intangible assets of 500,000 is provisional pending receipt of the final valuations.

(i) Acquisition-related costs

Acquisition-related costs of 376,000 are included in general and administration expenses in the statement of comprehensive income in the reporting period ending 30 June 2024 and 95,000 in general and administration expenses in the statement of comprehensive income in the reporting period ending 31 December 2024.

(ii) Deferred consideration

The Company has agreed to pay Asaphus 1,000,000 cash on the one-year anniversary and a further 4,000,000 over the five years from acquisition date based on 20% of royalties earned from specific customer programs. In order to account for the deferred consideration's fair value at the date of acquisition, the company has discounted the consideration to 3,665,000. At 31 December 2024, the fair value of the deferred consideration had increased to 3,919,000.

(iii) Revenue and profit contribution

The acquired business contributed revenues of 2,074,000 and net profit of 76,000 to the group for the period from 4 July 2024 to 31 December 2024.

20. Commitments

As at 31 December 2024, the group had no commitments (H1 FY2024: 5,881,000 - relating to the manufacturing contract for the Group's Guardian 2.1 product).

21. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

^[1] Operating expenses include capitalised research and development costs and exclude depreciation and amortisation

^[2] Consensus expectations for FY2025 are for revenue of US 58m, Adjusted EBITDA of US (28.9)m

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