



ABN 34 093 877 331

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Half Year **Financial** Report for the  
half-year ended 31 December 2020

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## Directors' Report

Your Directors submit their report for the half-year ended 31 December 2020.

### Directors

The names of the Directors of Seeing Machines Limited (the "Company") in office during the half-year and until the date of this report are listed below. All Directors were in office for this entire period covered by the report unless otherwise stated.

Kate Hill	Non-Executive Director and Chair
Paul McGlone	Executive Director & Chief Executive Officer
Yong Kang (YK) Ng	Non-Executive Director
Gerhard Vorster	Non-Executive Director
John Murray	Non-Executive Director
Michael Brown	Non-Executive Director
Les Carmichael	Non-Executive Director, Resigned: 30 November 2020
Rudolph Burger	Non-Executive Director, Resigned: 30 November 2020
Susan Dalliston	Company Secretary

## Review of Operations

### Financial Results

As reported at the end of FY2020, the Company has identified two key operating segments, OEM and Aftermarket, reflecting the different paths to market for our products. The OEM segment includes the Automotive and Aviation businesses which generate largely license based revenue, channeled through Tier 1 customers. The Aftermarket segment includes Fleet and Off-Road and generates revenue from a mix of direct and indirect customers who retro-fit Seeing Machines technology into commercial vehicles.

The Company's total sales revenue for H1 FY2021 (excluding foreign exchange gains and finance income) increased by 14.6% to A\$18.1m (H1 FY2020: A\$15.8m).

Business unit	H1FY21 \$'000	H1FY20 \$'000	Variance %
OEM	3,103	2,965	5
Aftermarket	15,040	12,866	17
<b>Sales Revenue</b>	<b>18,143</b>	<b>15,831</b>	<b>15</b>

Monitoring services revenue in Aftermarket grew by more than 42% to A\$5.8m for the half year, compared to A\$4.1m for the same period last year. Installed Guardian units increased by over 3,000 to 26,597 connected units representing a 15.6% growth in connections over the six month period (FY20: 23,000 units), demonstrating ongoing momentum for Aftermarket, despite the challenges posed by COVID-19.

Total OEM revenue increased 5% to A\$3.1m compared to the same period last year (H1 FY2020: A\$3m).

Currently, OEM revenue is primarily made up of Non-recurring Engineering (NRE), which is revenue provided by OEMs to fund the development of DMS technology solutions and feature sets for their specific requirements. Over the next few years, the nature of OEM revenue will change to consist primarily of royalty revenue, and will increase significantly as OEMs begin mass production on vehicles under existing Seeing Machines DMS technology program awards.

The Australian Government COVID-19 Grant, JobKeeper, increased other income by A\$1.6m to A\$1.7m (2019: A\$0.3m). Seeing Machines qualified for the initial phase of the JobKeeper Grant which ran from 1 March 2020 to 27 September 2020. Additional COVID-19 cost reduction initiatives reduced the cost base by A\$3.5m for the period with a range of permanent (A\$1.6m) and temporary initiatives (A\$1.9m) which included a temporary 4-day work week, CEO and Director fee reductions and enforced travel restrictions. Of the total A\$12m identified COVID cost-saving initiatives, the Company has achieved A\$8.4m, in permanent and temporary savings and grants to date with remaining savings expected to be achieved by end of FY2021.

On 23 October 2020, Seeing Machines issued 372,000,000 new ordinary shares of no par value each ("New Ordinary Shares") to Federated Hermes, a well known US institutional investor, at a price of 4.10 pence per New Ordinary Share, raising gross proceeds of approximately US\$20,000,000 (the "Purchase"). Subsequent to 31 December 2020, on 22 March 2021, Seeing Machines issued an additional 68,403,430 New Ordinary Shares to another US based investor, Toronado Fund, at a premium price of 10.50 pence per New Ordinary Share, raising gross proceeds of approximately US\$10,000,000. The net proceeds of these Placings strengthen the Company's

## Directors' Report

balance sheet as well as facilitating a range of incremental growth initiatives.

Cash and cash equivalents at 31 December totaled A\$52.4m (H1FY20: A\$47.4m).

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

## Position Holders During the Period

### Chief Executive Officer

The Group's Chief Executive Officer as at the date of this report is Paul McGlone.

### Company Secretary

As at the date of this report the Company Secretary is Susan Dalliston.

### Employee Numbers

At 31 December 2020 the Group had 203 full-time employees (228 employees at 30 June 2020).

## Principal Activities

The Group's principal activities during the half year were:

- Developing, selling and licensing products, services and technology to detect and manage driver fatigue and distraction, including continued market development to secure sustainable channels to market for the product;
- Developing driver-monitoring technology to be incorporated into passenger cars;
- Entering commercial agreements with partners for the development, manufacturing and sale of products into key target markets;
- Research and development of the Group's core vision processing technologies to support the development and refinement of the Group's products.

## Changes in State of Affairs

During the half year there was no significant change in the state of affairs of the Group other than those referred to elsewhere in this report and in the financial statements or notes thereto.

## Environmental Regulations

The Group holds no licenses issued by relevant Environmental Protection Authorities and there have been no known breaches of any environmental regulations.

## Directors and Officers Insurance

During the half year, the Company paid a premium in respect of a contract insuring the Directors of Seeing Machines Limited (and its wholly owned subsidiaries), the Company Secretary, and all executive officers of those companies against a liability incurred as such a Director, secretary, or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Non-Audit Services

Ernst & Young rendered consulting services in connection with the taxation affairs of Seeing Machines Limited.

The Board of Directors is satisfied that the provision of non-audit services during the half year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

## Directors' Report

Signed at Canberra this in accordance with a resolution of the Directors made pursuant to *section 298(2) of the Corporations Act 2001*.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'Paul McGlone', written in a cursive style.

Paul McGlone  
Executive Director & Chief Executive Officer

## Interim Consolidated Statement of Financial Position - Unaudited

AS AT	Notes	Consolidated 31 Dec 2020 Unaudited A\$000	30 Jun 2020 Reviewed A\$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	52,361	38,138
Trade and other receivables	8	9,592	9,584
Inventories	7	4,102	4,743
Current financial assets	8	332	512
Other current assets		3,480	4,233
<b>TOTAL CURRENT ASSETS</b>		<b>69,867</b>	<b>57,210</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	6	3,171	3,208
Right-of-use assets		3,847	4,371
Intangible assets	10	1,084	899
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,102</b>	<b>8,478</b>
<b>TOTAL ASSETS</b>		<b>77,969</b>	<b>65,688</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	7,651	7,874
Provisions		3,897	3,763
Current financial liabilities	8	378	553
Contract liabilities		647	263
Interest-bearing loans and borrowings	8	1,141	1,057
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,714</b>	<b>13,510</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	8	5,196	5,766
Provisions		186	215
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,382</b>	<b>5,981</b>
<b>TOTAL LIABILITIES</b>		<b>19,096</b>	<b>19,491</b>
<b>NET ASSETS</b>		<b>58,873</b>	<b>46,197</b>
<b>EQUITY</b>			
Contributed equity		244,730	217,204
Accumulated losses		(201,454)	(184,638)
Other reserves		15,597	13,631
<b>Equity attributable to equity holders of the parent</b>		<b>58,873</b>	<b>46,197</b>
<b>TOTAL EQUITY</b>		<b>58,873</b>	<b>46,197</b>

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Interim Consolidated Statement of Comprehensive Income - Unaudited

FOR THE HALF-YEAR ENDED 31 DECEMBER	Notes	Consolidated 2020 Unaudited A\$000	Consolidated 2019 Reviewed A\$000
Sale of goods and licence fees		9,159	8,721
Rendering of services		8,981	6,947
Research revenue		3	163
<b>Revenue</b>	<b>3</b>	<b>18,143</b>	<b>15,831</b>
Cost of sales		(11,804)	(10,221)
<b>Gross profit</b>	<b>4</b>	<b>6,339</b>	<b>5,610</b>
Net (loss)/gain in foreign exchange		(2,002)	433
Finance income		196	569
Other income		1,672	323
<b>Expenses</b>			
Research and development expenses	5	(8,853)	(12,016)
Customer support and marketing expenses		(3,194)	(4,328)
Operations expenses		(3,476)	(5,463)
General and administration expenses		(7,186)	(9,769)
Finance costs		(267)	(307)
<b>Loss before tax</b>		<b>(16,771)</b>	<b>(24,948)</b>
Income tax expense		-	(4)
Loss after income tax		(16,771)	(24,952)
<b>Loss for the period</b>			
<b>Attributable to:</b>			
Equity holders of the parent		(16,771)	(24,952)
<b>Other comprehensive (loss)/ income - to be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		(22)	130
<b>Other comprehensive (loss)/income net of tax</b>		<b>(22)</b>	<b>130</b>
<b>Total comprehensive loss</b>		<b>(16,793)</b>	<b>(24,822)</b>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the parent		16,793	24,822
<b>Total comprehensive loss for the period</b>		<b>(16,793)</b>	<b>(24,822)</b>
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
Basic earnings per share		(0.01)	(0.02)
Diluted earnings per share		(0.01)	(0.02)

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Interim Consolidated Statement of Changes in Equity – Unaudited

	Contributed Equity A\$000	Treasury Shares A\$000	Accumulated Losses A\$000	Foreign Currency Translation Reserve A\$000	Employee Equity Benefits & Other Reserve A\$000	Total Equity A\$000
As at 1 July 2019	217,204	(1,109)	(137,928)	(1,738)	11,051	87,480
Loss for the half year	-	-	(24,952)	-	-	(24,952)
Other comprehensive income	-	-	-	130	-	130
Total comprehensive income	-	-	(24,952)	130	-	(24,822)
Transactions with owners in their capacity as owners:						
Reclassification of treasury shares	-	1,109	-	-	(1,109)	-
Shares issued	263	-	-	-	-	263
Employee shares held in trust	-	-	-	-	1,680	1,680
At 31 December 2019 - Audited	217,467	-	(162,880)	(1,608)	11,622	64,601
As at 1 July 2020	217,204	-	(184,638)	(1,516)	15,147	46,197
Loss for the period	-	-	(16,771)	-	-	(16,771)
Other comprehensive income	-	-	-	(22)	-	(22)
Total comprehensive loss	-	-	(16,771)	(22)	-	(16,793)
Transactions with owners in their capacity as owners:						
Share-based payments (Note 12)	-	-	-	-	1,943	1,943
Shares issued	27,526	-	-	-	-	27,526
Employee shares held in trust	-	-	-	-	-	-
At 31 December 2020 - Unaudited	244,730	-	(201,409)	(1,538)	17,090	58,873

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Interim Consolidated Statement of Cash Flows - Unaudited

	Notes	31 Dec 2020 Unaudited A\$000	31 Dec 2019 Reviewed A\$000
<b>Operating activities</b>			
Receipts from customers (inclusive of GST)		18,519	21,082
Payments to suppliers (inclusive of GST)		(32,556)	(36,512)
Receipt of government grants		1,565	-
Interest received		45	367
Interest paid		(267)	(307)
Income tax paid		-	(4)
<b>Net cash flows used in operating activities</b>		<b>(12,694)</b>	<b>(15,374)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	6	(92)	(681)
Payments for intangible assets		(190)	(233)
Purchase/(maturity) of term deposits		180	9,049
<b>Net cash flows (used in)/from investing activities</b>		<b>102</b>	<b>8,135</b>
<b>Financing activities</b>			
Proceeds from issue of new shares		28,160	-
Cost of capital raising		(634)	-
Payment of lease liabilities	8	-	(387)
Repayment of borrowings		(700)	(292)
<b>Net cash flows from/(used in) financing activities</b>		<b>26,826</b>	<b>(679)</b>
Net foreign exchange difference		193	459
Cash and cash equivalents at 1 July		38,138	54,809
Net increase/(decrease) in cash and cash equivalents		14,030	(7,918)
<b>Cash and cash equivalents at 31 December</b>	9	<b>52,361</b>	<b>47,350</b>

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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## 1 Corporate information

The interim consolidated financial statements of Seeing Machines Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 25 March 2021.

Seeing Machines Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the AIM market of the London Stock Exchange.

## 2 Basis of preparation and changes to the Group's accounting policies

### (a) Basis of preparation

The interim consolidated financial statements for the half year ended 31 December 2020 have 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 consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2020.

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

### (b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2020.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim consolidated financial statements of the Group.

#### **Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

#### **Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

#### **Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

### (b) New standards, interpretations and amendments adopted by the Group (continued)

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

## 2 Basis of preparation and changes to the Group's accounting policies (continued)

### Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help prepares develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

### Classification of operating expenses

The Group has revised the presentation of operating expenses within the categories of research and development, customer support and marketing, operations and general and administration. Management believes this provides more relevant information to stakeholders as it more fairly reflects the split between business functions and key activity drivers. Comparatives have been restated to reflect this change in presentation.

## 3 Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	For the half year ended 31 December 2020		
	OEM	Aftermarket	Total
	Unaudited A\$000	Unaudited A\$000	Unaudited A\$000
<b>Type of goods or service</b>			
Hardware and Installations	221	6,679	6,900
Non-recurring Engineering	2,101	797	2,898
Paid Research	3	-	3
Driver Monitoring	-	5,811	5,811
Licensing	778	1,753	2,531
<b>Total revenue from contracts with customers</b>	<b>3,103</b>	<b>15,040</b>	<b>18,143</b>
<b>Geographical markets</b>			
Australia	315	6,567	6,882
North America	50	5,370	5,420
Asia-Pacific (excluding Australia)	270	1,740	2,010
Europe	2,468	734	3,202
Other	-	629	629
<b>Total revenue from contracts with customers</b>	<b>3,103</b>	<b>15,040</b>	<b>18,143</b>
<b>Timing of revenue recognition</b>			
Goods and services transferred at a point in time	1,002	6,679	7,681
Goods and services transferred over time	2,101	8,361	10,462
<b>Total revenue from contracts with customers</b>	<b>3,103</b>	<b>15,040</b>	<b>18,143</b>

### 3 Revenue from contracts with customers (continued)

Segments	For the half year ended 31 December 2019		
	OEM Unaudited	Aftermarket Unaudited	Total
	A\$000	A\$000	A\$000
<b>Type of goods or service</b>			
Hardware and Installations	717	6,321	7,038
Non-recurring Engineering	1,998	-	1,998
Paid Research	153	568	721
Driver Monitoring	-	4,065	4,065
Licensing	87	1,922	2,009
<b>Total revenue from contracts with customers</b>	<b>2,955</b>	<b>12,876</b>	<b>15,831</b>
<b>Geographical markets</b>			
Australia	108	4,598	4,706
North America	365	5,100	5,465
Asia-Pacific (excluding Australia)	196	1,079	1,275
Europe	2,286	446	2,732
Other	-	1,653	1,653
<b>Total revenue from contracts with customers</b>	<b>2,955</b>	<b>12,876</b>	<b>15,831</b>
<b>Timing of revenue recognition</b>			
Goods and services transferred at a point in time	957	6,563	7,520
Goods and services transferred over time	1,998	6,313	8,311
<b>Total revenue from contracts with customers</b>	<b>2,955</b>	<b>12,876</b>	<b>15,831</b>

The Group recognised impairment losses on receivables and contract assets arising from contracts with customers, included under Administrative expenses in the statement of profit or loss, amounting to A\$27,000 for the half year ended 31 December 2020 (H1FY20:A\$241,000). The company has reclassified comparative revenues into the two key operating segments, OEM and Aftermarket, reflecting the different paths to market for our product.

### 4 Segment information

The following tables present revenue and gross profit information for the Group's operating segments for the half year ended 31 December 2020 and 2019, respectively:

	OEM Aftermarket		Total
	A\$000	A\$000	A\$000
<b>FOR THE HALF YEAR ENDED 31 DECEMBER 2020</b>			
<b>Segment revenue</b>	<b>3,103</b>	<b>15,040</b>	<b>18,143</b>
<b>Segment gross profit</b>	<b>1,174</b>	<b>5,165</b>	<b>6,339</b>
<b>FOR THE HALF YEAR ENDED 31 DECEMBER 2019</b>			
<b>Segment revenue</b>	<b>2,955</b>	<b>12,876</b>	<b>15,831</b>
<b>Segment gross profit</b>	<b>1,325</b>	<b>4,285</b>	<b>5,610</b>

## 5 Research and development expenses

The total research and development expenses in H1FY20 was \$8,853,287 (H1FY19: \$12,015,664).

Research and development expense relates to ongoing investment in the group's core technology.

## 6 Property, plant and equipment

### Acquisitions and disposals

During the half year ended 31 December 2020, the Group acquired assets with a cost of A\$92,000 (H1FY20: A\$681,284).

No assets were disposed by the Group during the half year ended 31 December 2020.

## 7 Inventories

During the half year ended 31 December 2020, the Group wrote down stock to the value of A\$343,000 which had been provided for during FY20.

	Consolidated entity	
	31 Dec 2020 Unaudited A\$000	30 Jun 2020 Audited A\$000
Finished goods (at lower of cost and net realisable value)	4,184	5,168
Write-down of inventories for the period	(82)	(425)
<b>Total inventories at the lower of cost and net realisable value</b>	<b>4,102</b>	<b>4,743</b>

## 8 Financial assets and financial liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 31 December 2020 and 30 June 2020:

	31 Dec Unaudited A\$000	30 Jun Audited A\$000
<b>Debt instruments at amortised cost</b>		
Trade and other receivables	9,592	9,584
Current Financial Assets	332	512
<b>Total</b>	<b>9,924</b>	<b>10,096</b>
<b>Total current</b>	<b>9,924</b>	<b>10,096</b>

Set out below is an overview of financial liabilities held by the Group as at 31 December 2020 and 30 June 2020:

	31 Dec Unaudited A\$000	30 Jun Audited A\$000
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	7,651	7,874
Financial guarantee contracts	378	553
Non-current interest bearing loans and borrowings		
Lease liabilities	5,196	5,766
Current interest bearing loans and borrowings		
Lease liabilities	1,141	1057
<b>Total</b>	<b>14,377</b>	<b>15,250</b>
<b>Total current</b>	<b>9,181</b>	<b>9,484</b>
<b>Total non-current</b>	<b>5,196</b>	<b>5,766</b>

## 9 Cash and cash equivalents

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2020 Unaudited A\$000	30 June 2020 Audited A\$000
Cash at bank and in hand	52,361	38,138
<b>Total cash and cash equivalents</b>	<b>52,361</b>	<b>38,138</b>

## 10 Intangible assets

During the half year ended 31 December 2020, the Group purchased intangibles totalling A\$190,000 (H1FY20: A\$233,042). These purchases are related to trademark and patent applications. There were no disposals of intangible assets during the period and the net movement in intangible assets net of amortisation was (\$183,799), relating to amortisation of capitalised development costs.

## 11 Dividends paid

No dividends or distributions have been made to members during the half year reporting period and no dividends or distributions have been recommended or declared by the directors in respect of the half year reporting period.

## 12 Share-based payments

### LTI 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 November 2020 the Company awarded a total of 29,964,495 performance rights in respect of ordinary shares to Executive and key staff to be issued at nil cost. 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 2021 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.

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 are vested on termination, and the remaining rights are cancelled.

There is no cash settlement of the rights.

### 2020 - Ordinary Shares

In November 2020 the Company issued a total of 1,604,166 ordinary shares to non-executive directors in lieu of some cash remuneration for FY 2020. The shares were valued at grant date at £0.04. The number of Ordinary Shares received by each individual was calculated at an issue price of 4 pence per Ordinary Share, being the average daily VWAP over the 5 trading days to 30 September 2019.

## 13 Commitments

At 31 December 2020, the Group had commitments of A\$23,674,000 (H1FY20: A\$27,781,500) relating to the manufacturing contract for the Group's Guardian 2.1 product to January 2022.

## 14 Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties during the half year ended 31 December 2020 and 2019:

		Balance 1-Jul '000	Granted as Remuneration '000	Acquired or sold for cash '000	Balance 31-Dec '000
<b>Director shares:</b>					
Directors' securities	2020	6,837	1,604	450	8,441
Directors' securities	2019	5,031	1,222	233	6,387

## 15 Events after the reporting period

On 22 March 2021, Seeing Machines issued 68,403,430 new ordinary shares of no par value each (the "New Ordinary Shares") to US based Tornado Capital Management, at a price of 10.50 pence per New Ordinary Share, raising gross proceeds of approximately US\$10,000,000 (the "Purchase").

## Directors' Declaration

In accordance with a resolution of the Directors of Seeing Machines Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of Seeing Machines Limited for the half-year ended 31 December 2020 present fairly, in all material aspects, the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date, in accordance with the Australian Accounting Standards.
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Paul McGlone  
Executive Director & Chief Executive Officer  
Canberra