

Fleet Quarterly Update
2016



seeingmachines



MESSAGE FROM PAUL ANGELATOS, COO



December is always a great time for reflection. The period leading into Christmas, for those that celebrate the occasion, usually means a slow down to the working year, a time to catch up with family and friends and perhaps an opportunity to look back on what's been accomplished and think about what lies ahead in the year to come.

From a business perspective, the end of the year is clearly an opportunity for reflection however for our Guardian product line, I'm not seeing any evidence of a slow down! Quite the contrary. The last 12 months for the Guardian business have been incredible with the current quarter being particularly productive. Despite the continued frenetic pace, I think it is appropriate to reflect on what we have achieved in the past 12 months and give our investors some insight to what we can expect in 2017.

For Guardian, 2016 was all about continuing to build a market presence and awareness of the product, continuing our investment in the product development and importantly building enduring commercial partnerships that enable us to scale our support, maximise volume opportunities and exploit new geographical markets. I was fortunate enough to be able to visit customers on four separate continents and get direct feedback on what we are doing well, what is setting us apart from our competitors and gave me an understanding in the areas that we need to improve. Direct feedback from customers is always valued and this feedback does make its way back into our product and services development pipeline.

Our technology continues to be the bench mark in the industry. The Guardian business and our after-market

products are direct beneficiaries of the significant investment that our shareholders have made, and are continuing to make in our automotive business, FOVIO. The experience of working with some of the world's leading car manufacturers, and the exacting quality standards and technology improvements that are demanded by that industry are being fed directly back into the Guardian product. This continual R&D, our investment in the science of Human Factors and the access to thousands of hours of real world driver monitoring data, is one of the key factors that sets Guardian apart from our competitors. Customers also recognise the agility of our business model and our willingness to appreciate that technology solutions, particularly safety solutions, are not a 'one size fits all'. It is fundamental to our business to retain the ability to work with and meet specific customer needs.

We announced recently the formal signing of a relationship between Mix Telematics and Seeing Machines. This is an exciting development for both companies. It is a relationship that has been developing for many months, with both parties agreeing that our cultures are well aligned and our technology solutions being exceptionally complementary. The result of this relationship will see our customers, new and existing, being able to benefit from the combined decades of expertise that both organisations can now harness and provide as an integrated solution.

In the pages that follow, we outline some of the significant achievements for the Guardian business in the past quarter. I'd also like to highlight the overall progress that we have made in developing the business across the course of the year.

With a view to the assessments that are currently under way, the ever-increasing pipeline of opportunities that our sales team are continuing to build, I am confident that the faith our investors have placed in us will continue to be rewarded with further successful outcomes.

From the entire Guardian team here at Seeing Machines, we wish you and your families all a joyous and safe holiday.

Paul Angelatos
COO, Seeing Machines



MAJOR MILESTONES IN 2016 LAUNCH OF GUARDIAN

A busy, rewarding 2016 is almost at an end. For Guardian it's a year where we affirmed our commitment to the industry and established Guardian as the premier driver behavioural solution. At the start of the year we made a decision to rebrand our solution. A decision built on a clear vision of who we are and what the Guardian solution is to the professional driver.

A lot of great work has gone in to building the brand awareness, operational support and customer loyalty. Customer loyalty is something that we will continue to set as our highest benchmark. In our last update, we shared some exciting developments that were close to closing or in the early stages of assessment. In the short few months since that update we have been able to make great progress, generate new connections, long term contracts and firm up key strategic regional and global partnerships.

Here's a snapshot of our achievements:

- Over 50 technology assessments with prospective customers globally.
- 5 distributorships established in the previous 12 months.
- Achieving ISO 9001 Quality accreditation.
- Introduction of 'best practice' product management methodology and recruitment of dedicated product team.
- Introducing Agile methodology into our product engineering team.
- Development of high quality, online training material for both customers, distributors & installers.
- Rebranding of the Guardian business, multiple trade show events, high quality web presence, professional quality videos and rebranded marketing collateral.
- As at 21st December, approximately \$18M booked contract value.
- Intervened in over 20,000 fatigue events and reported 300,000 distraction events in 2016.
- Consistent quarter on quarter growth since the start of the year, both in new connections and total quarterly contract value.

In addition to these major milestones that have been achieved throughout 2016, we have been recognised globally with numerous accolades. In 2016 Seeing Machines has been awarded with the 'Most Innovative Driving Safety Technology' in the 2016 technology innovator awards, the 'Innovation Award for Face & Eye Tracking Technology' at the 2016 TMT Technology Awards, and the ACT Chief Ministers Export Award for Digital Technologies.





MAJOR WINS IN Q2 - NORTH AMERICA

North America is the largest of all commercial vehicle markets and a major focus of ours. Several new accounts and a strong pipeline should see our North America operations become our largest connection generator towards end of 2017. The North American snapshot below covers 1,000 new connections under deployment and more than \$3,000,000 USD in contracts (minimum).

This quarter we continued our North American Guardian launch with a press event at the American Trucking Association's Management Conference & Exhibition in October. We have continued to have a strong presence in the market through a powerful marketing and PR strategy which involved partnering with the American Trucking Association, and a feature in their product showcase at their Management Conference & Exhibition, the most significant event in the region.

LEADING FOOD SERVICE DISTRIBUTOR:

A 60-month contract is close to being signed (due to close this week) with one of the top ten largest food service distributors in the U.S. The contract is for more than 700 vehicles. Based in the Southwest it is a leading distributor of fresh food and produce.

for 12 months and an additional 2,500 vehicles with the next generation product on a 48-month contract. The company is connected with a large European coach company which is a potential customer as a result of this contract.

ROYAL FOODS:

The North American team have closed a full fleet deployment this quarter with Royal Foods, the premier distributor of fresh produce and dairy products in the Southeast. Royal foods have Guardian installed in all 61 of their vehicles on a 36-month contract. Royal foods are the first full fleet deployment customer in North America.

ASSESSMENT WITH MULTINATIONAL COURIER:

An assessment is underway with a multinational courier delivery service with a strong possibility of deployment. The opportunity has the potential to create new conversations with the multinational in other regions.

RITCHIE TRUCKING:

Ritchie Trucking, one of the most respected names in trucking and leader in home delivery closed this quarter with fifteen vehicles signed for a 36-month contract. Ritchie Trucking has operations on the West Coast of California, Oregon, and Washington State and has the potential to close additional vehicles. Ritchie Trucking is the first customer in North America to sign without an assessment.

ASSESSMENT WITH MULTINATIONAL FOOD DISTRIBUTOR:

One of the largest food distributor fleets in the U.S. have agreed to do an assessment in the South West region. The relationship with this multinational is expected to develop into a long-term partnership with integration potential.

ENTERPRISE COACH ACCOUNT:

A contract is anticipated to be signed in early January 2017 with a large coach company in the U.S. With North East, Mid West, and Canadian operations, the contract is for over 200 vehicles

ASSESSMENT WITH LARGE TRUCKLOAD CARRIER:

An assessment is anticipated to be carried out in early 2017 with one of the largest truckload carriers in the U.S. based in the South West region. The truckload carrier is a technology and safety leader in the heavy vehicle sector and are interested in a 100-vehicle assessment.



MAJOR WINS IN Q2 - ASIA PACIFIC

Our presence and growth in Asia Pacific is exciting both due to the calibre of customers and the great customer mix across industries, countries and length of engagement. The Asia Pacific snapshot below covers 1,500 new connections under deployment and more than \$4,000,000 AUD in contracts (minimum).

FULL DEPLOYMENT OF WETTENHALLS:

Wettenhalls, a major food and beverage transporter have deployed their entire fleet with Guardian this quarter as a part of their 2020 strategic goals of improving safety standards. The contract is for all 110 of Wettenhalls prime movers.

DP WORLD:

Pusan Newport Company are deploying a further 70 Guardian systems in addition to their first deployment of 90 systems. Pusan Newport is a major port operating in Busan Korea, and is connected to the global supply chain company DP World. This contract has led to assessments across multiple ports globally, with other ports anticipated to close in the next quarter.

FULL DEPLOYMENT OF LIGHT VEHICLES WITH LARGE RAIL OPERATOR:

One of Australia's largest rail freight operators has agreed to a full deployment of their light vehicle fleet of 4WDs that perform track maintenance and shuttle drivers to and from shifts. This company is the first customer to deploy Guardian in light vehicles. Since our group update in June, more than half of the units have been installed.

FREIGHT CUSTOMER AGREES TO UPGRADE AND EXPANSION:

A large Australian freight carrier has agreed to upgrade their units to the latest Guardian technology, and have agreed to expand their current deployment by 50%.

WA HEAVY OPERATORS:

WA Heavy Operators, a collection of heavy vehicle hauliers operating in Western Australia are deploying Guardian across 250 vehicles. This deployment came after an initial deployment of 80 Guardian systems from earlier this quarter.

QUBE EXPANSION:

Qube Bulk has expanded its utilisation of Guardian by signing an extended 24-month contract for 100 vehicles. Qube Bulk is one of the largest bulk transporters in Australia, and currently transport over 20 million tonnes of bulk goods per year with operations in QLD, SA, and NT.

EXPANSION PROJECT WITH LOGISTICS PROVIDER

A global logistics provider is close to expanding its deployment of Guardian in Australia, extending their existing 5-year contract with Seeing Machines. The customer is looking to upgrade 130 of their current systems, and deploy more than 900 additional systems in their fleet.



MAJOR WINS IN Q2 - LATIN AMERICA

Latin America had a healthy pipeline this quarter and has had great success with assessments with Praxair Colombia and Brazil, a global manufacturer and distributor of chemicals and industrial gases, who are looking to purchase a large quantity of systems in the future.

This quarter has also seen key developments with a potential distributor in Mexico, Qualitas, Insurance are looking to partner with Seeing Machines to provide additional value to their sizeable customer base. Qualitas is a large and trusted insurance company specialising in insurance for fleets. This opportunity provides a fast route to market in Mexico with Qualitas subsidising the hardware for their customers and rewarding them with smaller insurance premiums if they use the technology. Partnering with a trusted insurance brand gives the Guardian brand additional credibility in Mexico and has proven to work effectively in other markets such as New Zealand. Seeing Machines and Qualitas partnered at Mexico's premier trucking event CANACAR in September which generated significant interest from many of Qualitas' customers.



MAJOR WINS IN Q2 - EUROPE

Europe was a newly introduced market in 2016 with an initial focus on the United Kingdom, and is a focus of ours for 2017. Our strategy for Europe in 2017 is to continue to include both direct and distribution channels to market.

ASSESSMENT WITH EUROPEAN ENTERPRISE ACCOUNT:

A successful assessment with a large transport infrastructure and road services company in Europe is likely to close in early next quarter. Negotiations are underway with the opportunity to deploy up to 650 vehicles.

ASSESSMENT WITH LARGE FOOD CARRIER:

An assessment has finished this quarter with a premier fresh food and flower delivery company in the UK and Europe. The fresh food carrier has a strong possibility of deployment.



VALUE ADDED RESELLER PROGRAM

The Seeing Machines 'VAR' Program is focused on identifying power distributors with extensive industry experience, and strong B2B relationships. The program is aimed at identifying, cultivating, training, and delivering local support for a global network of resellers.

The VAR program has proven to be a fast and intensive route to global markets which has proven to have numerous benefits such as shortened sales cycles, improved customer support capabilities, and localised expertise which is key to growing the Guardian brand.

In 2016, Seeing Machines has welcomed five new distributors and an Australian agent under the VAR program in addition to an existing distributor in South America. Today Seeing Machines has fleet distributors in Thailand, South East Asia, New Zealand, Chile, and the Middle East.



MIX TELEMATICS – GLOBAL DISTRIBUTION AGREEMENT

As mentioned in Paul's address we are pleased to announce a partnership with Mix Telematics, a world leading telematics provider. This non-exclusive agreement is the first partnership in our strategy to engage with major telematics providers. The partnership will involve the launch of a co-branded solution that integrates the Guardian System with Mix Telematics' fleet and mobile asset management program. This partnership is a part of the strategic global Guardian Program and will provide Seeing Machines with a large untapped customer base. The distribution agreement will allow Mix Telematics non-exclusive rights to distribute existing and future versions of Guardian globally.

"There is great potential for this relationship. MiX Telematics is well aligned to Seeing Machines' culture of safety and innovation. By combining the best of both solutions, we are confident that we are positioned to deliver an unparalleled commercial and technical offering to the fleet transport industry. We are excited that MiX Telematics, an industry leading provider, is engaged with Seeing Machines. We not only see it as another vote of confidence in our solution but a genuine path to deliver volume connections and long-term value to our customers and shareholders. We look forward to building the relationship for many years to come," said Mr. Paul Angelatos, COO, Seeing Machines.

Mr. Wayne Fee, Head of Global Sales at MiX Telematics added, "Our company is built on delivering industry-leading safety, efficiency, compliance and security solutions. In working with Seeing Machines, we are able to further extend our offering in fleet and driver safety. Together we will deliver a solution that will have a positive impact on drivers, operators and the broader fleet transportation industry."

Mix Telematics have been established for 20 years and are global leaders in fleet and mobile asset management solutions. Today Mix Telematics deliver its solutions to their customers in over 120 countries, and have over 580,000 connected mobile assets currently on the road. In addition to their large customer base, Mix Telematics has a



KGP

KGP our newly appointed distributor in Thailand, wholly owned by the transportation company Kiattana Transport, have had healthy growth over the quarter with five assessments completed since their appointment in September this year. KGP have conducted assessments with a multinational logistics provider, as well as large petroleum, gas and oil carriers. KGP have agreed to an upfront commitment of 1,000 units, with 500 of these already deployed within their own vehicles. The estimated revenue from our initial distribution agreement with AutoSense and KGP is estimated to be \$4.3 million AUD over 36 months with further growth through a longer term partnership.



GUARDIAN SEA

Guardian SEA, a leading integrated electronics manufacturing services provider have continued to deliver results within South East Asia this quarter. Guardian SEA has strong ties with the public transport sector, and are actively working to capitalise on cross-border transportation between Singapore, Malaysia, and Thailand. Guardian SEA have committed to 1,000 units for the region, and have engaged with one of the world's most respected public transport companies, and a large logistics provider in Singapore who have both agreed to an assessment in the new year.

This quarter Guardian SEA partnered with Seeing Machines at the Singapore International Transport Congress and Exhibition, the region's premier event for bringing together authorities, policy makers and transport operators. A Guardian system was installed in a MAN bus allowing decision makers to trial the system.

Due to the size of the opportunity in South East Asia, we have relocated an APAC Business Development Manager to Singapore to support our regional distributors in their early growth in this market.



AUTOSENSE

Our New Zealand distributor AutoSense has continued to experience early growth since being appointed as the regional distributor back in September this year. AutoSense has strong ties in the region and currently have 10-15 assessments underway with some of the most respected names in New Zealand trucking. Growth in New Zealand has been accelerated by working with NZI Insurance. NZI are offering their fleet customers free 6-week Guardian assessments, and provide their customers an incentive of a discounted insurance premium if they deploy their entire fleet with the technology. Companies who have undergone trials under this scheme include a leading distributor of frozen goods and one of New Zealand's most successful logistics and transportation companies.

AutoSense have committed to 500 units for this financial year and provide a specialised safety service for all their Guardian customers. AutoSense have invested in a state of the art driver simulator to provide driver safety and behind the wheel training, as well as driver performance and assessment programs.



HUMAN FACTORS RESEARCH PROVES AFTERMARKET TECHNOLOGY REDUCES FATIGUE BY MORE THAN 90%

Seeing Machines has continued its commitment to fund Human Factors research in 2016. A ground breaking research paper has been published this quarter finding real-time feedback using Seeing Machines' aftermarket technology can reduce the incidence of fatigue events in heavy vehicle fleets upwards of 90%. Co-authored by Seeing Machines' Chief Scientific Officer, Human Factors Professor Mike Lenné and Associate Professor Michael Fitzharris from the Monash University Accident Research Centre, the finding comes after five months of research evaluating the impact of our in-cab technology on fatigue events in forty-nine vehicles across three long haul trucking companies. The research involved an 'observation period' where data was logged but no alerts were provided to the driver, and an 'intervention period' where feedback was provided to the driver and manager.

The results found that the rate at which fatigue events occurred during the intervention period was significantly lower than in the baseline period, adjusted for number of operating days, time spent in vehicle moving and distance travelled. Across all three denominators the paper found a reduction in fatigue in the 'intervention period' by more than 90%. Analysis also found that fatigue occurred at an eleven times higher rate than in the intervention period on a per distance travelled rate.

The paper was presented by the Seeing Machines Human Factors team at the Intelligent Transport Systems World Congress in October, where it was awarded the Distinguished Scientific Papers – Asia Pacific Award.



GUARDIAN SAFEGUARDING THE FUTURE AHEAD

In 2017, Seeing Machines will continue to grow and establish the Guardian brand with the momentum that was generated in 2016 through increased marketing, sales, and operational efforts. Our focus will be growing our pipeline through increased engagement with Enterprise level accounts, our VAR Program, and partnering with global FMS providers.

Product development of the next generation fleet solution is underway with a global launch anticipated for 2017. New innovations in the next generation product will be a major breakthrough, allowing ready integration with telematics providers.



CONTACT

Seeing Machines strives to provide informative and regular communication to investors. We trust you find the information in this quarter's fleet investor update useful. We encourage you to contact us if you have any questions regarding this update.

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