Q4 FY2021
Financial Results

February 14, 2022

safie

Safie Inc.

TSE : 4375

Agenda

1. Company Overview
2. FY2021 Financial Highlights
3. Medium Term Target and Growth Strategy
4. FY2022 Financial Forecast
5. Appendix

1. Company Overview

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   a. Use Cases
   b. Company Information, KPIs and Business Environment
   c. Service Characteristics

Who we are

At a Glance

Established

October 2014

Number of Employees as of January 2022※1

268

Revenue in FY2021

¥8,456 million

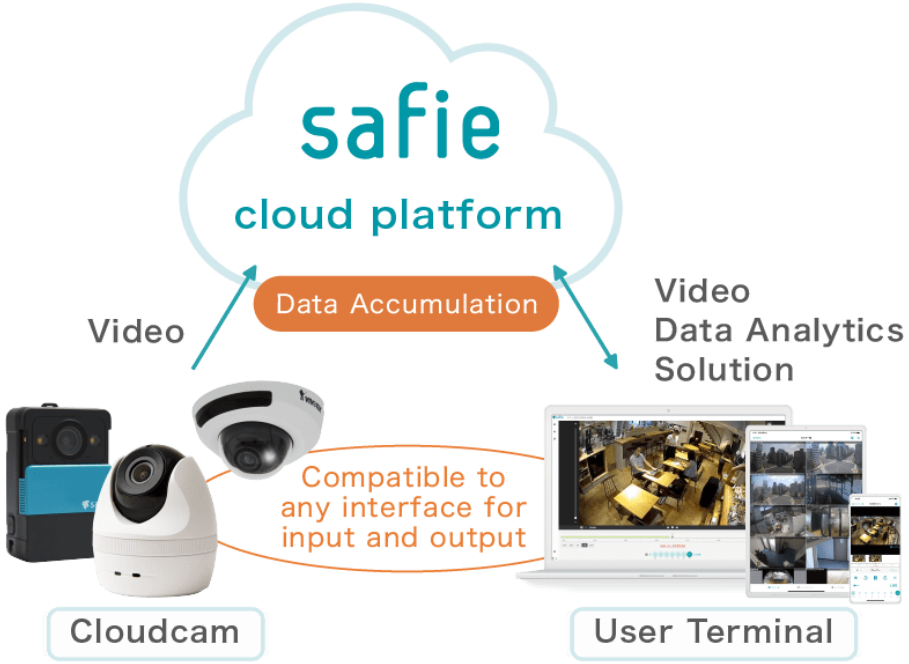
ARR as of end of December 2021 ※2

¥5,679 million

Number of billing cloudcams as of end of December 2021 ※3

140K

Overview of products and services



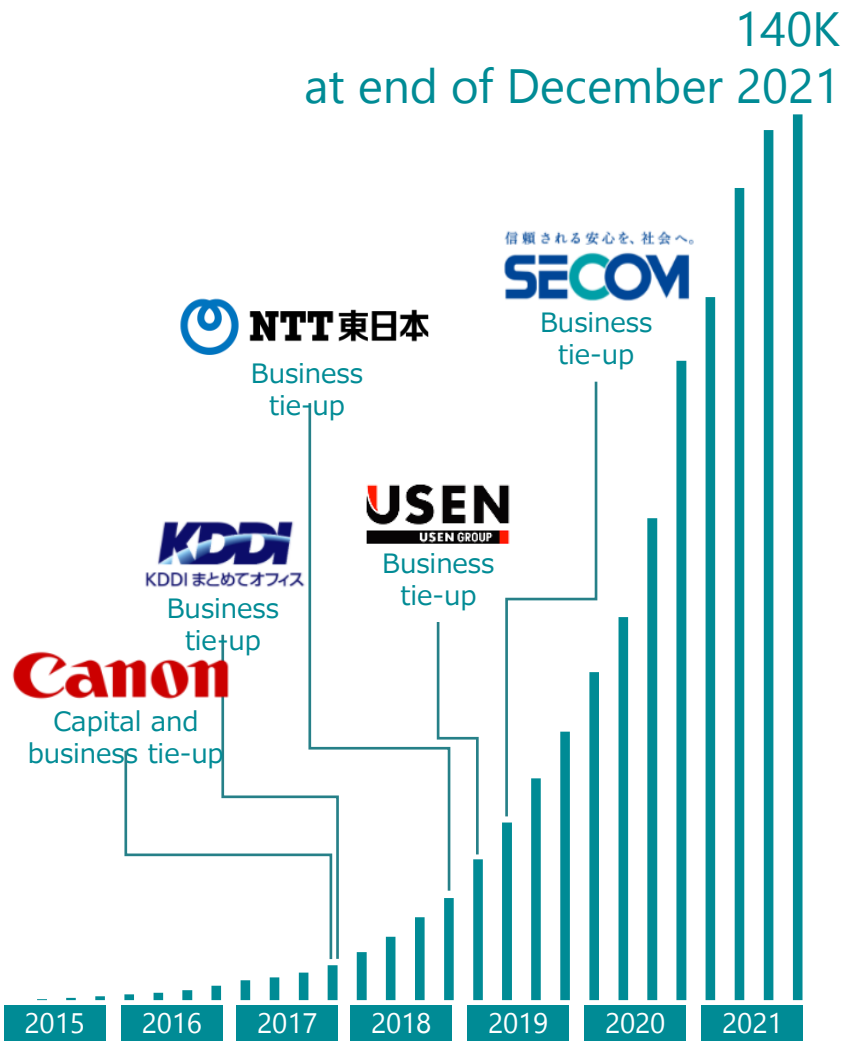
One-time revenue
revenue from cloudcam sales

Recurring revenue
revenue from monthly charges for cloud recording services, viewing and use of applications

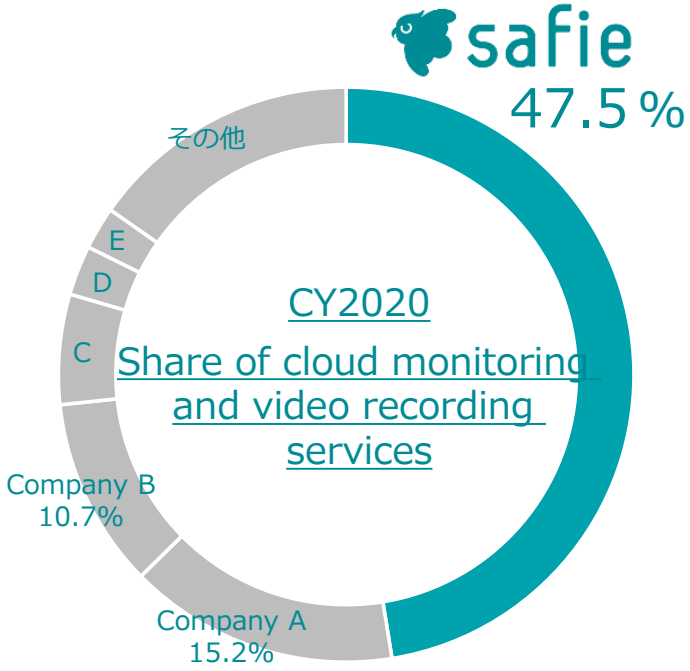
※1 Number of employees is counted at the beginning of the month.
※2 ARR:Annual Recurring Revenue. ARR is calculated by multiplying MRR at the end of the month by 12 (months), MRR: Monthly Recurring Revenue. MMR is the total amount of charges for the current month based on the contract with continuous billing as of the end of the applicable month (including sales through sales partners)
※3 Billing cloudcam is defined as the number of cloudcams in operation and is fee-charging as of the end of each quarter and is not the number of cloudcams sold in each quarter.

History and Market share

Number of billing cloudcams / Business tie-ups



Market share



※ Techno Systems Research report on “cloud recording service market of network camera market research”. Cloud monitoring and recording service is defined as a cloud service that uses network cameras and provides monitoring or recording as a paid service. Market share is based on the number of registered cameras by engine (vendor)

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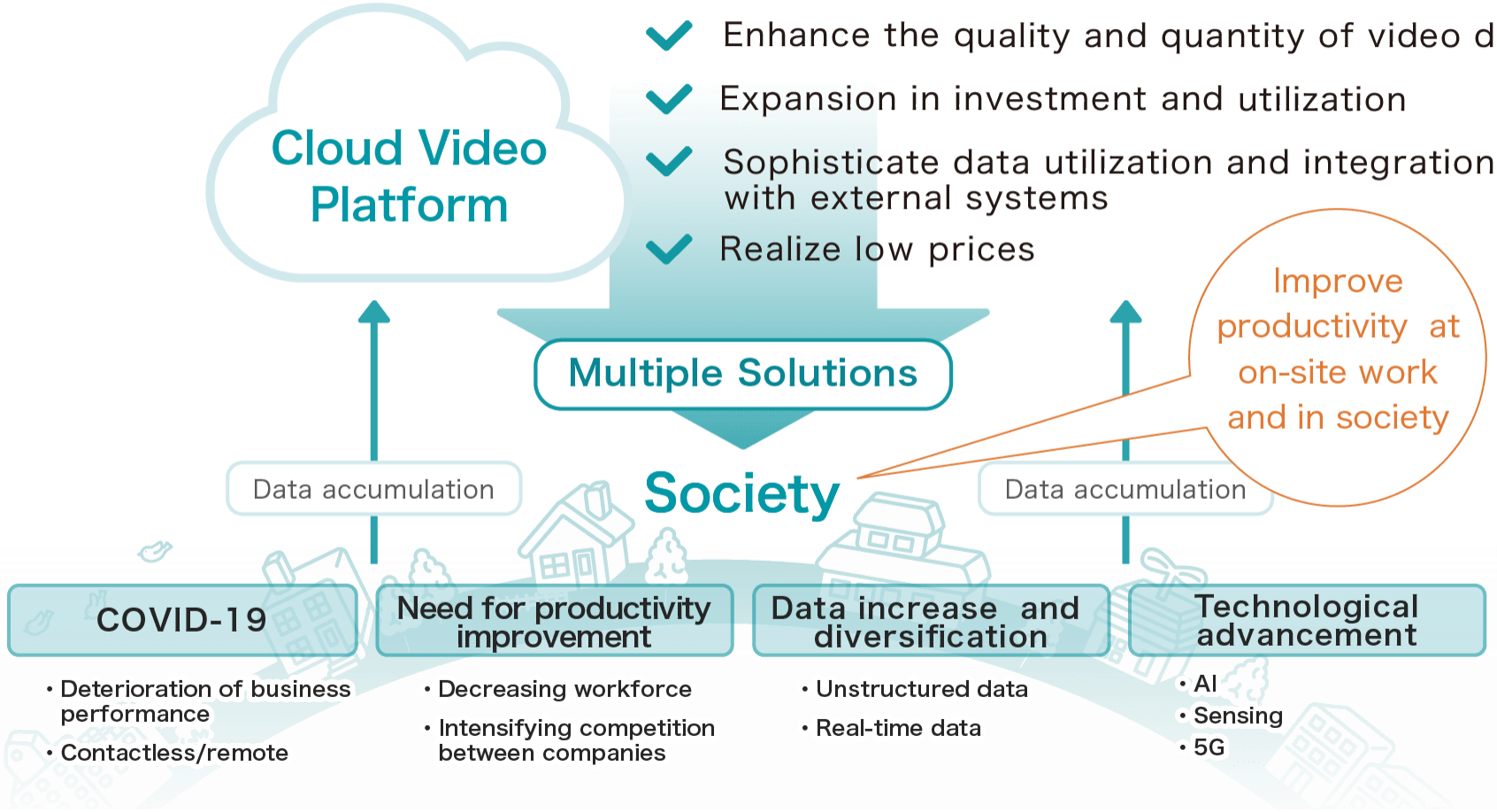
Expanding Potential Use for Safie's Services

✓ The need for DX using cloud video platform is increasing dramatically due to the declining working population and the increased adoption of remote work.



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Business growth leading to an expanding TAM

✓ Domestic market growth potential is huge at 28.63 million units, and an even larger potential exists in the global market.

Global market
Total number of operating surveillance/monitoring cameras (in year 2024; Safie Estimate)※2

400million

Domestic market
Potential number of networking cameras※1
(as of March 2021; Safie estimate)

28.63million

Domestic market
Total number of operating surveillance/monitoring※2
6.6million (2024 estimate)

safie Number of cloud billing cloud cameras
(End of December 2021)

140thousands

※1 A network camera is a commercial-use camera with a built-in IP function that can self-connect to Internet (Source: Yano Research Institute). Refer to page 69 of the Appendix for the calculation.
※2 A surveillance/monitoring camera refers to surveillance camera products which can be broadly classified into IP cameras and analog cameras. (Source: Yano Research Institute). The figures are based on Safie estimates.

Create a better future with intelligent vision

A platform to assist the decisions made by people and things by building an infrastructure of data from the household to the city

safie

Safie Inc.

2. FY2021 Financial Highlights

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FY2021 Financial Highlights

- ✓ Revenue reached **¥8.4 bn**, achieving a growth of **67.5%** YoY
  - ✓ Revenue growth only increased **2.7%** QoQ due to the decline in spot revenues caused by changes at a specific wholesale channel's sales method.
- ✓ ARR grew steadily, reaching **¥5.6 bn**
- ✓ Number of billing cameras reached **140K units**
- ✓ Gross margin was **40.2%**, a **5.0pp** improvement YoY with ongoing margin improvement
- ✓ Operating loss was **¥76 mil** due to talent recruitment to prepare for future growth and advertising spending to raise brand awareness

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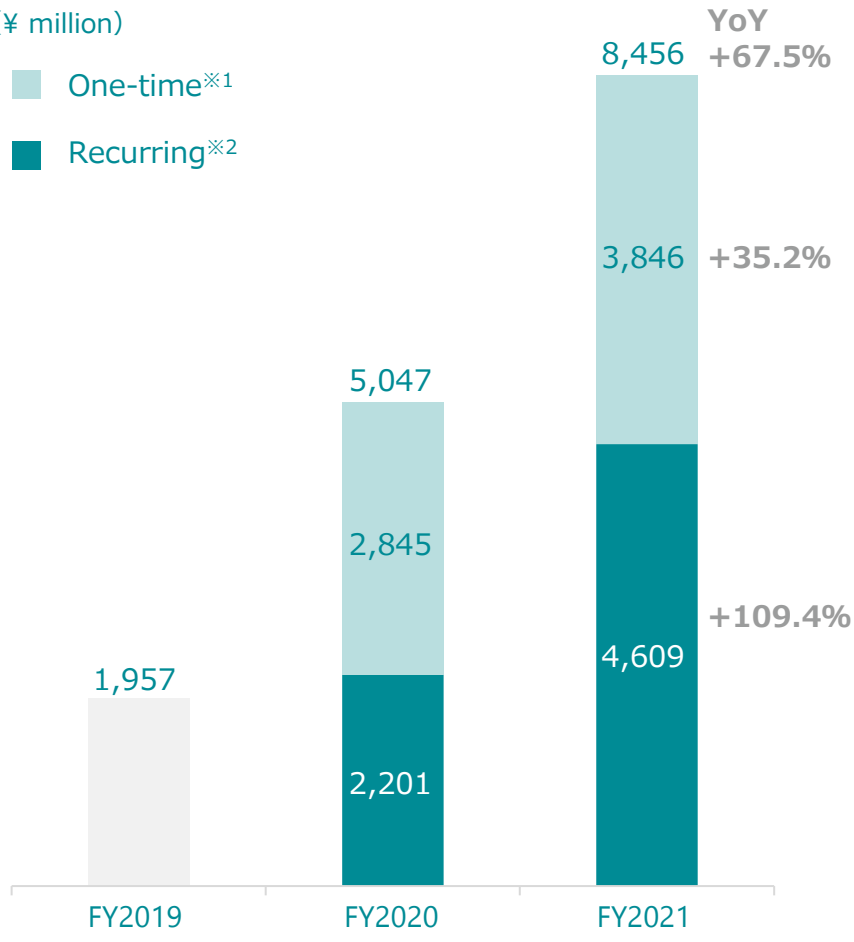
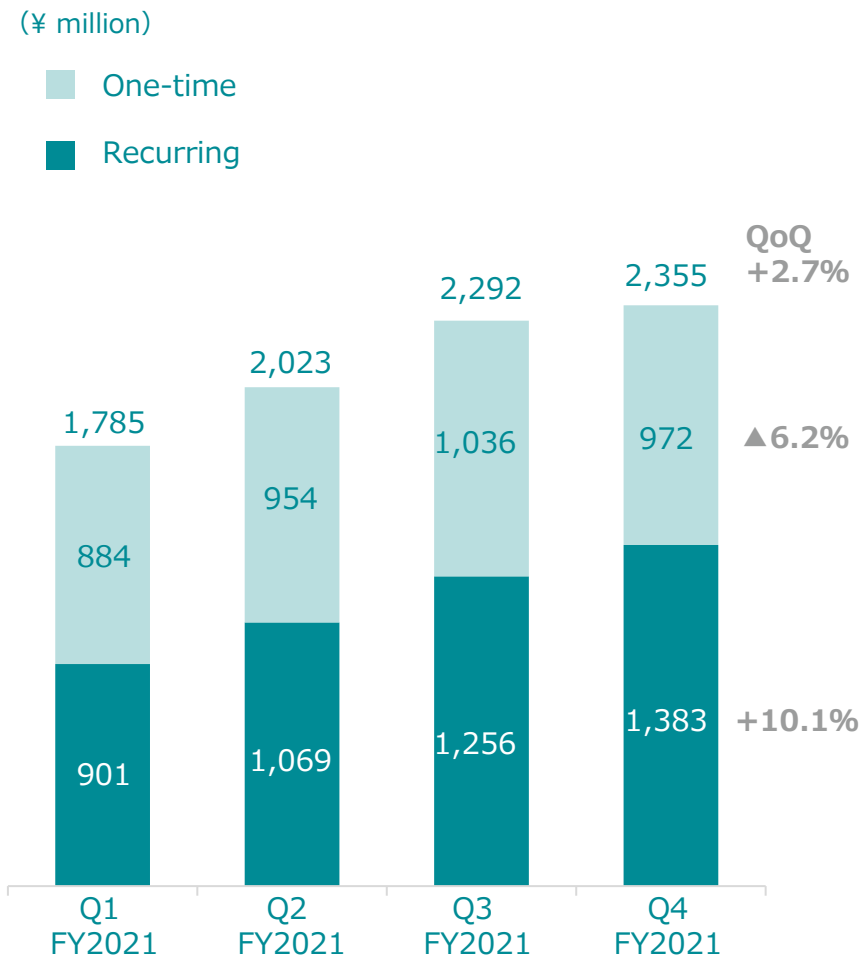
Revenue Trend

Revenue grew 67.5% YoY. Recurring revenue trended solidly, despite the decline in one-time revenue in Q4 due to a specific wholesale channel's change in their sales method

Full-year trend



Quarterly trend



※1: One-time revenue includes sales of cameras and installation charges, etc.
※2: Recurring revenue includes cloud services, application, rental, and SIM etc.

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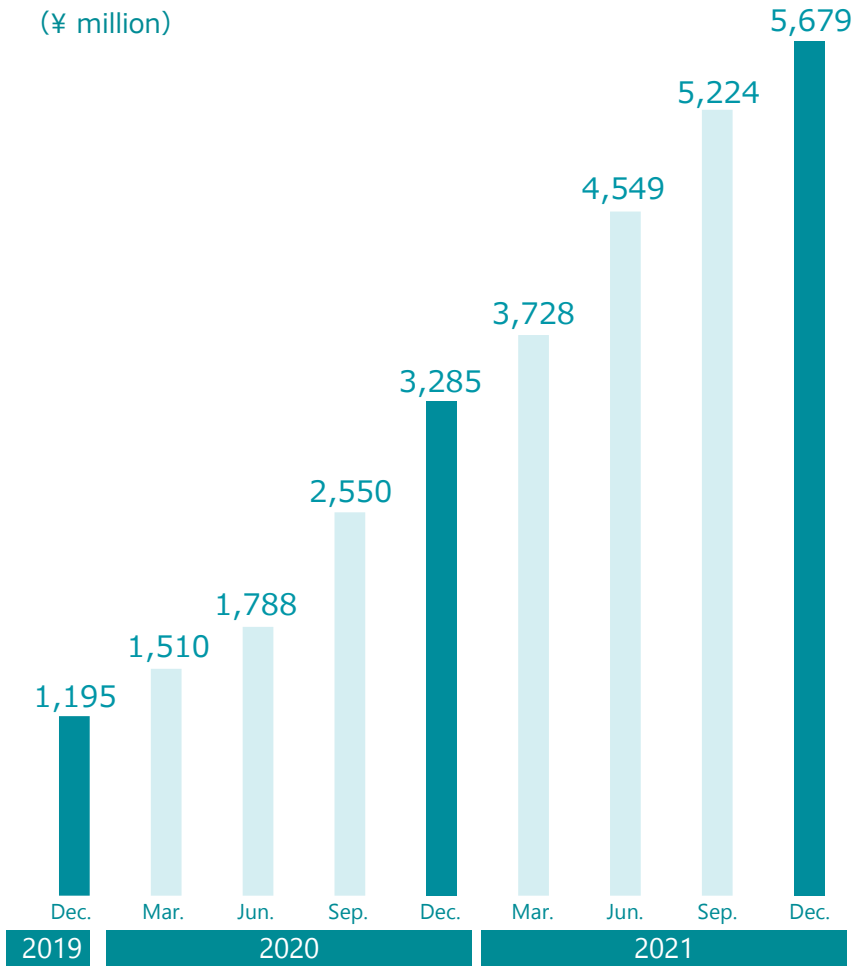
ARR and Number of Billing Cloudcams

ARR exceeds ¥5.6 bn and number of billing cloudcams reached 140K units

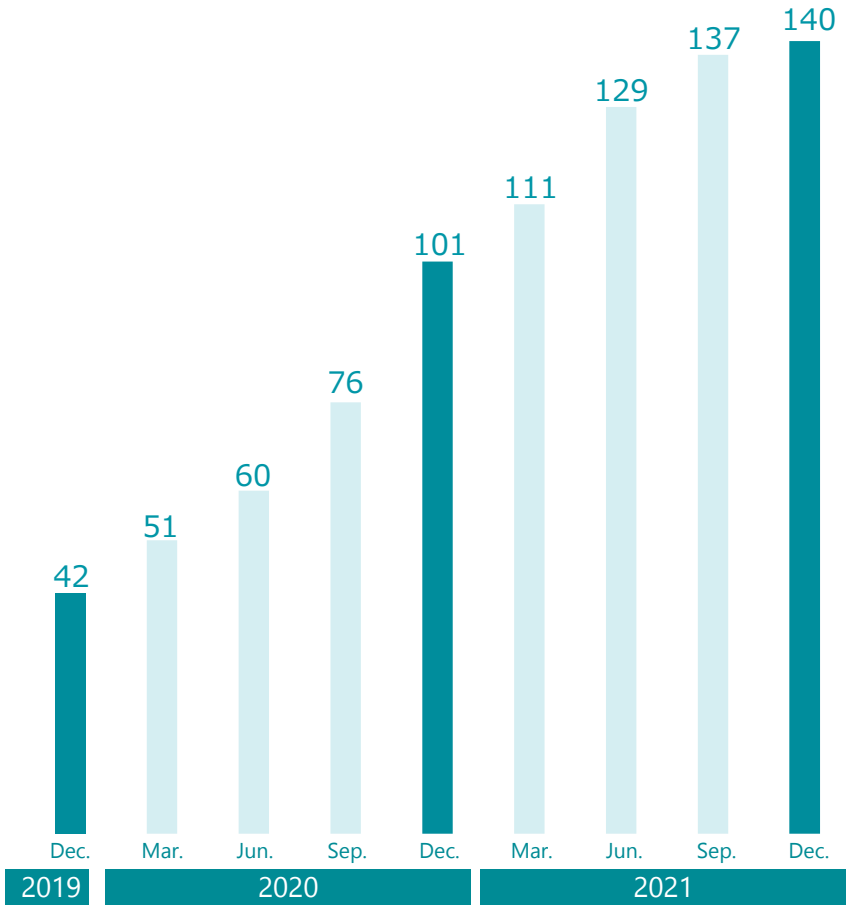
ARR

(¥ million)



Number of billing cloudcams

(thousand units)

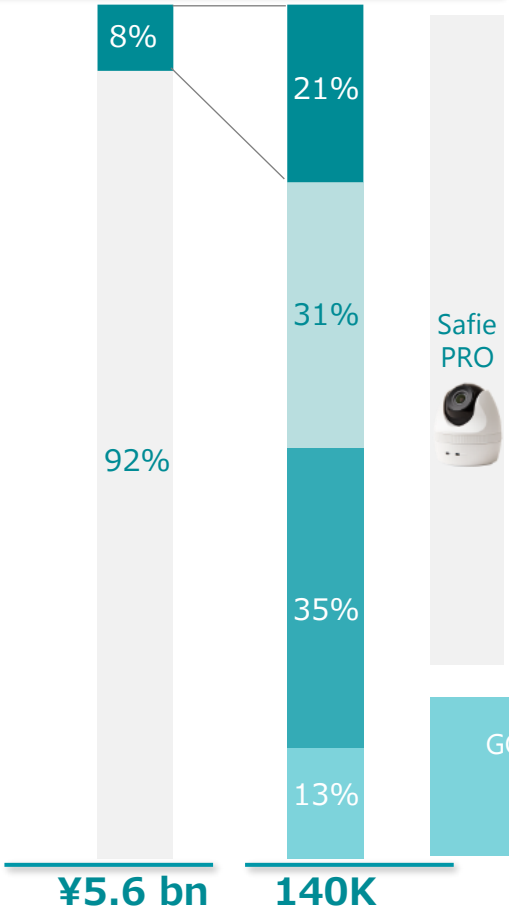


Breakdown of ARR and Billing Cloudcams

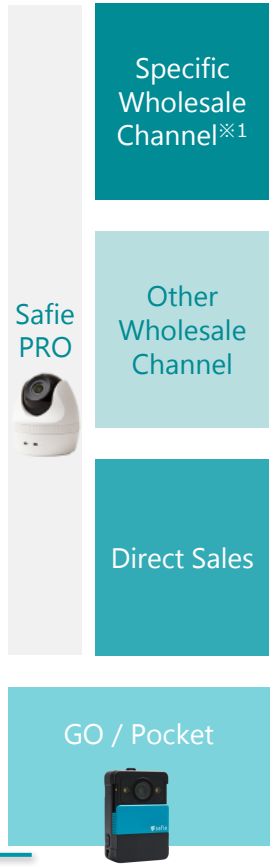
Churn rate improving after the impact of sales changes by a specific wholesale channel

ARR | Number of Billing Cloudcams

As of end of December



KPI (Dec-2021)



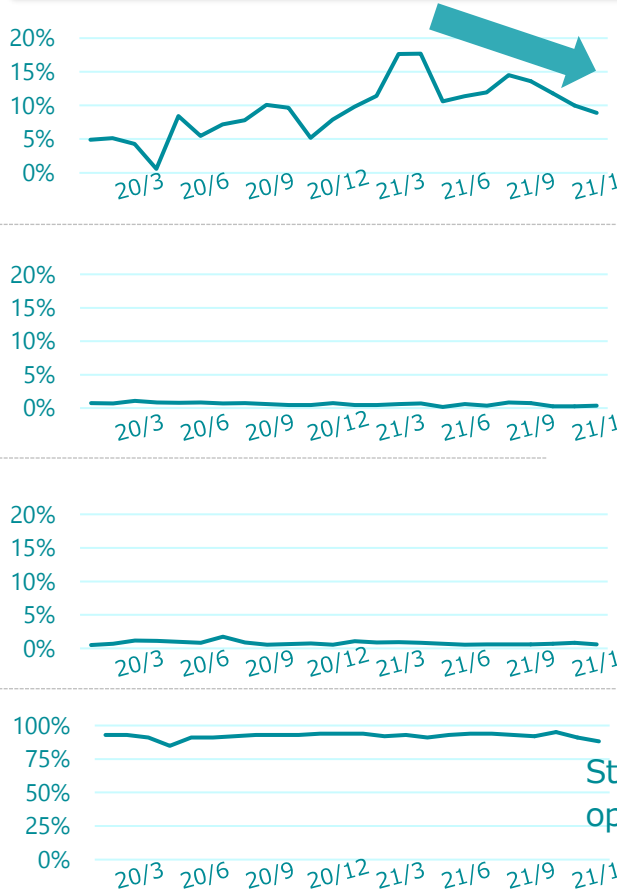
Monthly churn rate of billing cloudcams※2 : 9.4%

Monthly churn rate of billing cloudcams ※2 : 0.4%

Monthly churn rate of billing cloudcams ※2 : 0.6%

Monthly operating rate※3 : 88.3%

Monthly Trend

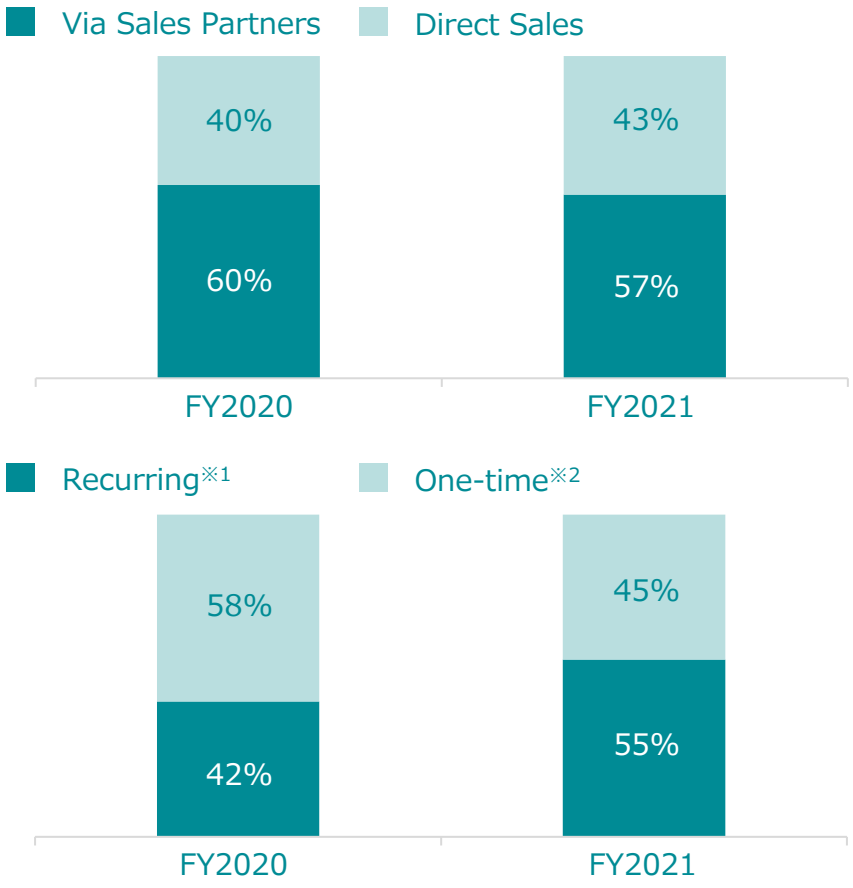


※1: Refers to a single sales partner company. ※2: Churn rate figures are as of the end of month.
※2: Monthly churn rate = Number of cloudcam cancellations / Total number of billing cloudcams at the end of the previous month.
※3: Monthly operating rate = Number of billing cloudcams at the end of the month / Number of cloudcams for rental business at the end of the month (excluding units in repair)

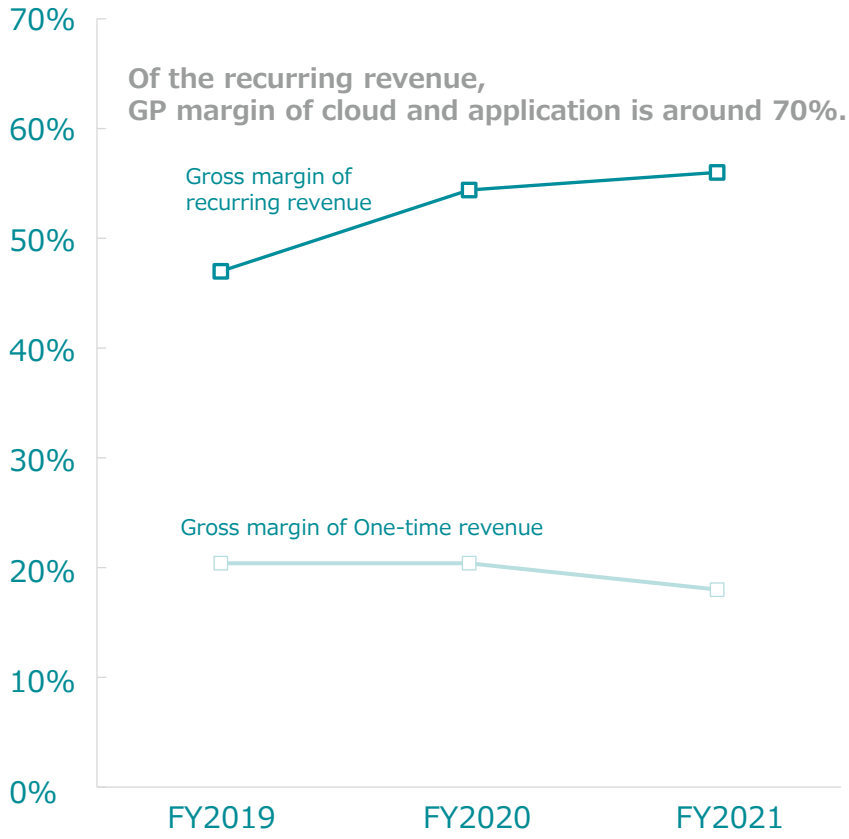
Revenue Breakdown and GP Margin of One-Time and Recurring Revenue

Proportion of recurring revenue reached 55% of total revenues and continues to contribute to margin improvement

Revenue Breakdown by Year



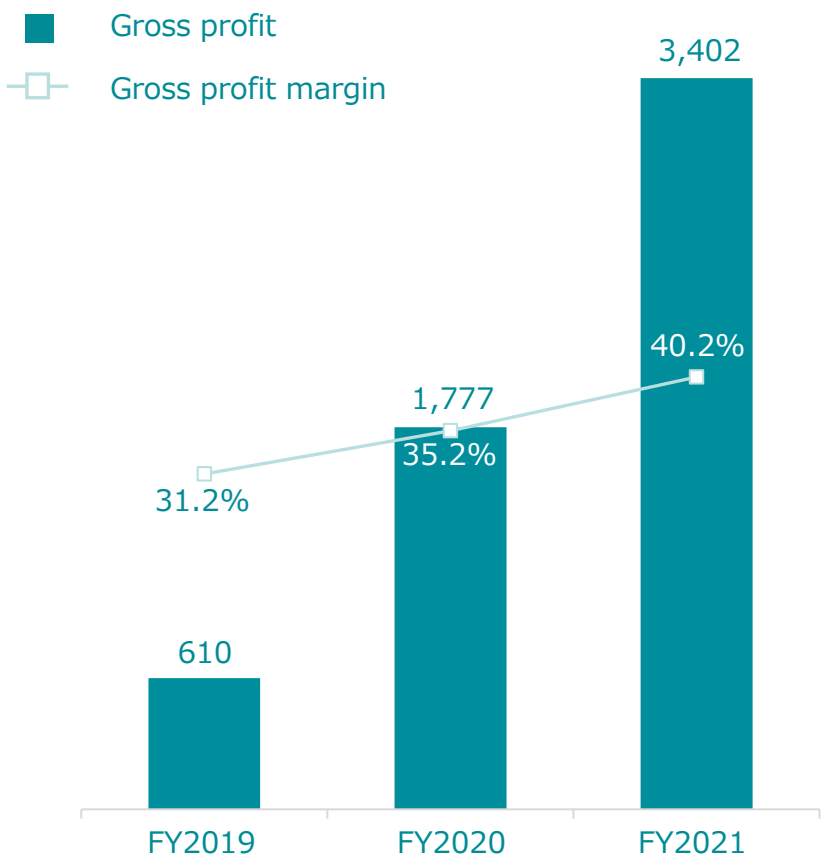
Gross Margin Trend



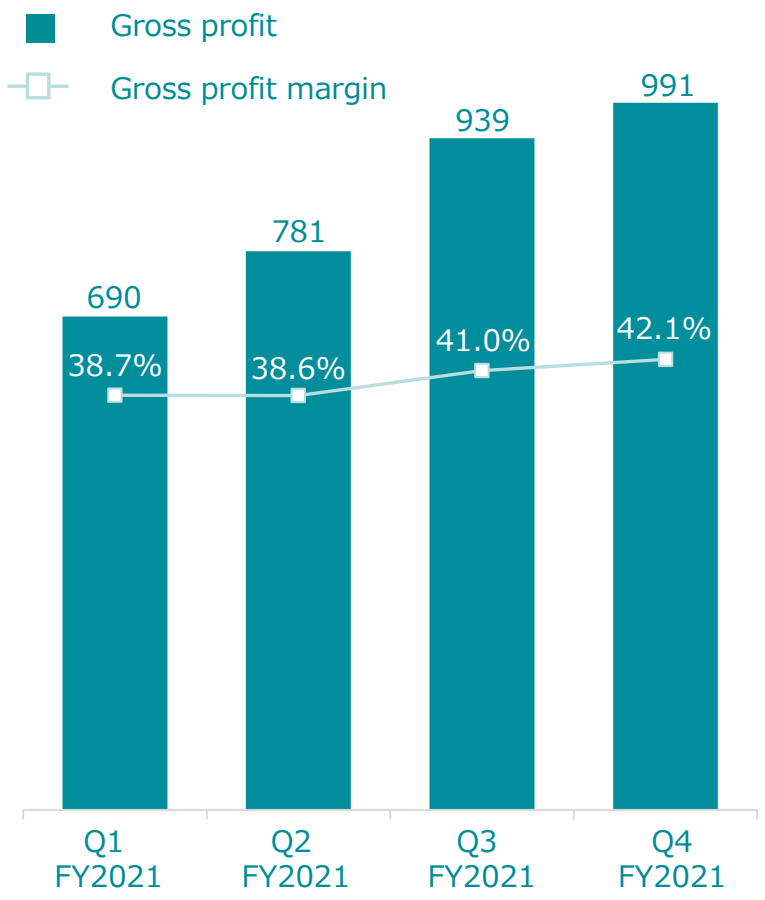
Gross Profit Trend

Gross profit margin reached 40.2%, up 5.0pp YoY

Full-year trend



Quarterly trend

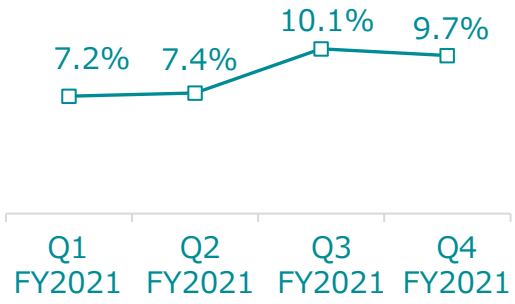


SG&A to Revenue Ratio

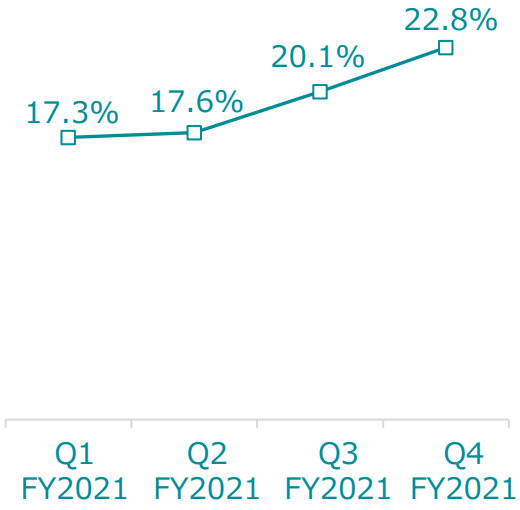
Higher proportion of personnel expense from strengthening recruitment activities. Higher proportion of outsourcing expense related to development and other expenses as well

Quarterly Trend

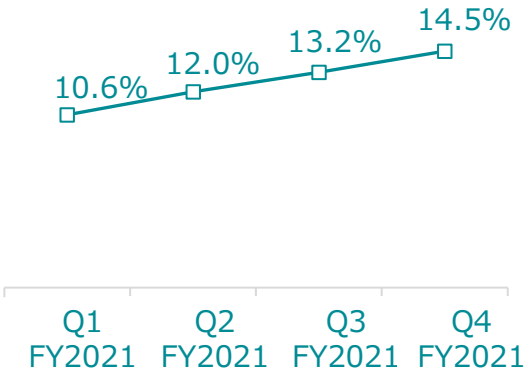
% of Advertising Expenses※1



% of Personnel Expenses※2



% of Other Expenses※3



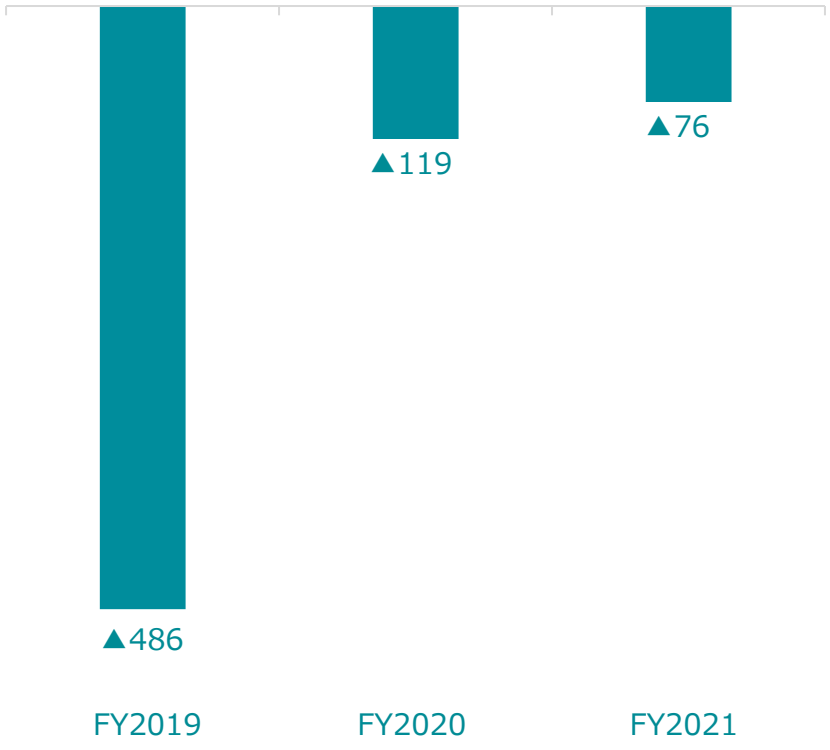
※1 Includes advertising and sales promotion expenses etc.
※2 Includes personnel expense, executive remuneration and recruitment expense etc.
※3 Mainly includes R&D expense, outsourcing cost, commission fees, packing and freight cost, and rent expense

Operating Profit Trend

Recorded operating losses in FY2021 and Q4 due to acceleration in investments

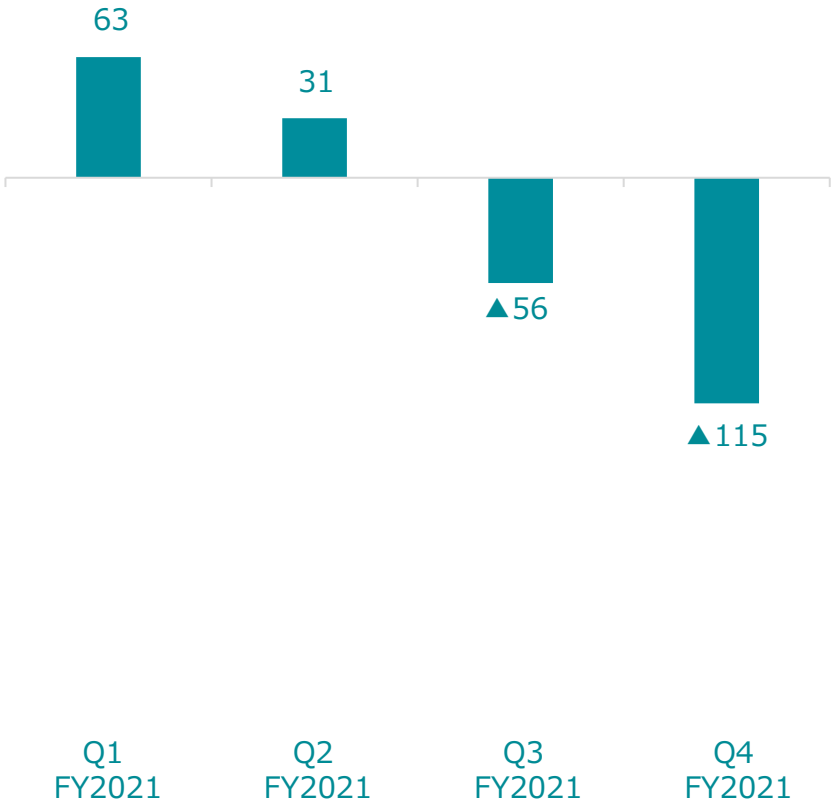
Full-Year Trend

(¥ Million)



Quarterly Trend

(¥ Million)



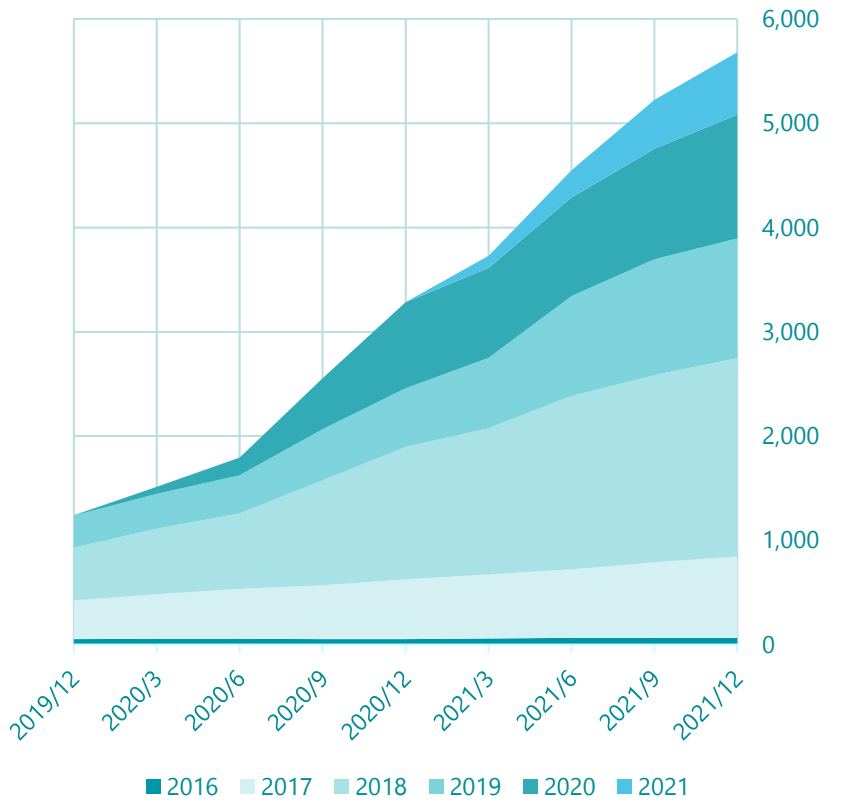
Revenue Trend from Existing Customers (NRR)

Maintaining high NRR mainly driven by the increase in number of billing cloudcams per user

NRR※1

	2020/12月末	2021/12月末
直販	137.9%	152.4%
販売パートナー	308.1%	153.2%
全社	202.8%	152.8%

Total ARR (by year of customer acquisition※2)



※1 NRR stands for Net Revenue Retention. Direct Sales NRR = Direct Sales MRR at the end of December of the applicable year / Direct Sales MRR as of the end of December of the previous year. Sales Partner NRR = Sales Partner NRR at the end of December of the applicable year / Sales Partner NRR as of the end of December of the previous year.

※2 Direct Sales ARR is classified according to the timing of contract for paying customers acquired through Direct Sales. Sales Partner ARR is classified according to the timing of contract for paying customers acquired through Sales Partners.

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3. Midterm Target and Growth Strategy

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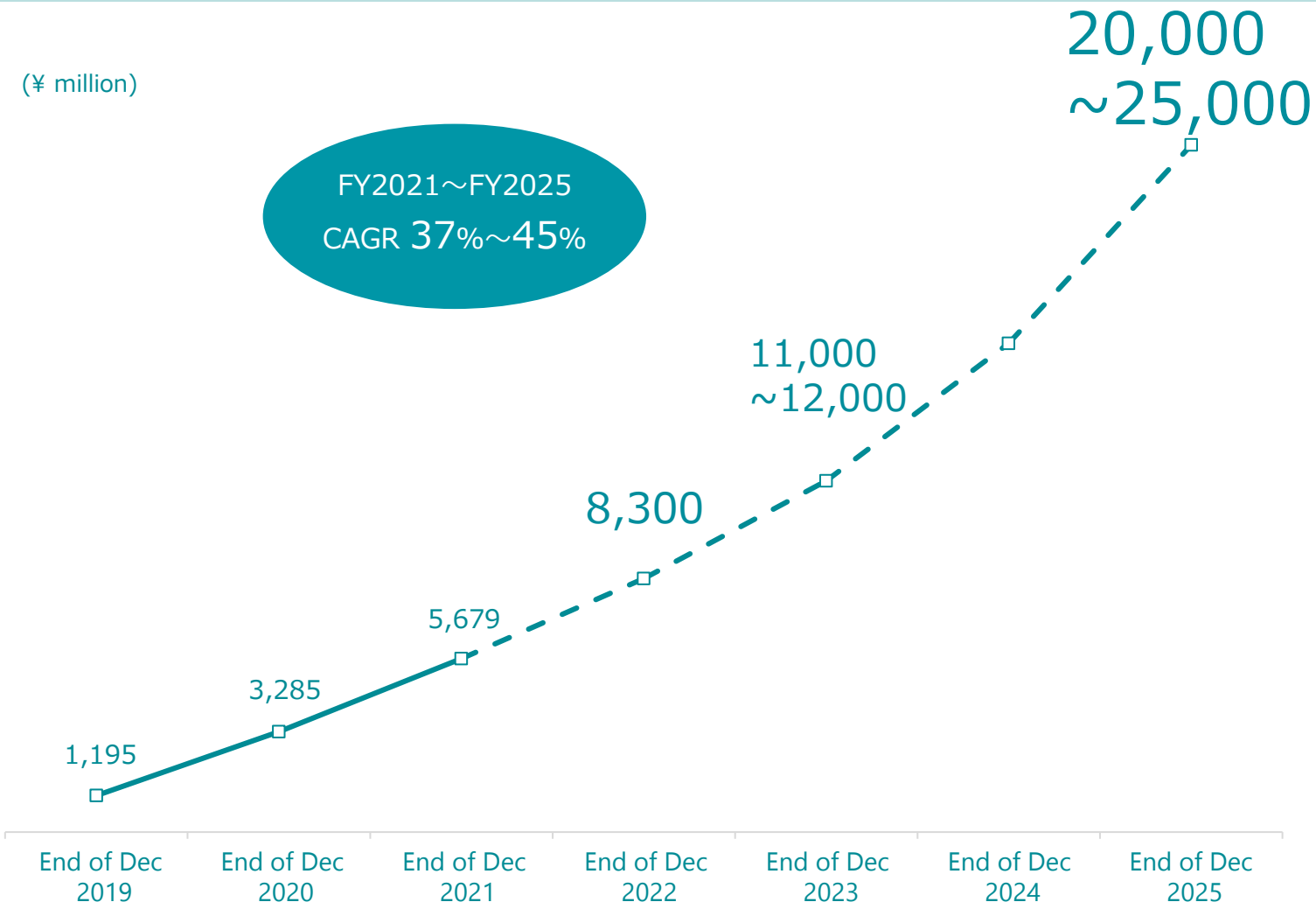
ARR Target at End of December 2025

✓ Targeting ARR of ¥20.0 bn ～ ¥25.0 bn at the end of December 2025



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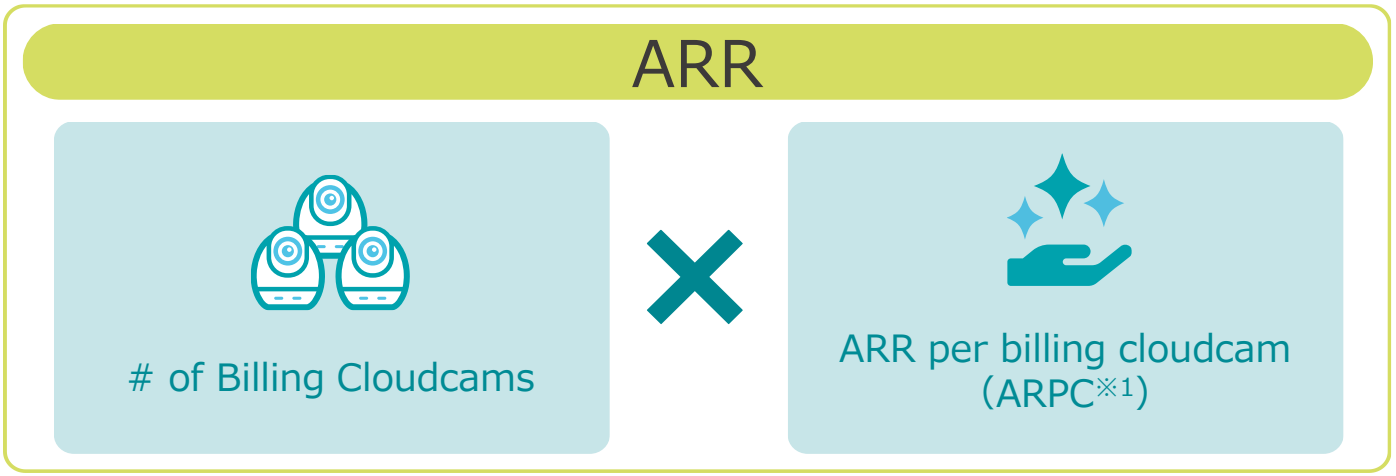
Priorities to Achieve Our Target

✓ Achieve target by focusing on growth of billing cloudcams deployed to existing and new industries



	# of Billing Cloudcams	ARR per billing cloudcam (ARPC※1)
Current Priority	★★★	★
Future Priority	★★	★★★
Action	● Further growth within the existing industries served ● Make inroads into new industries ● Expand sales with existing customers (maintain/increase high NRRs)	● No excessive reliance on unit price ● Medium term investment phase to rollout and expand the application marketplace

※1 Average revenue per camera

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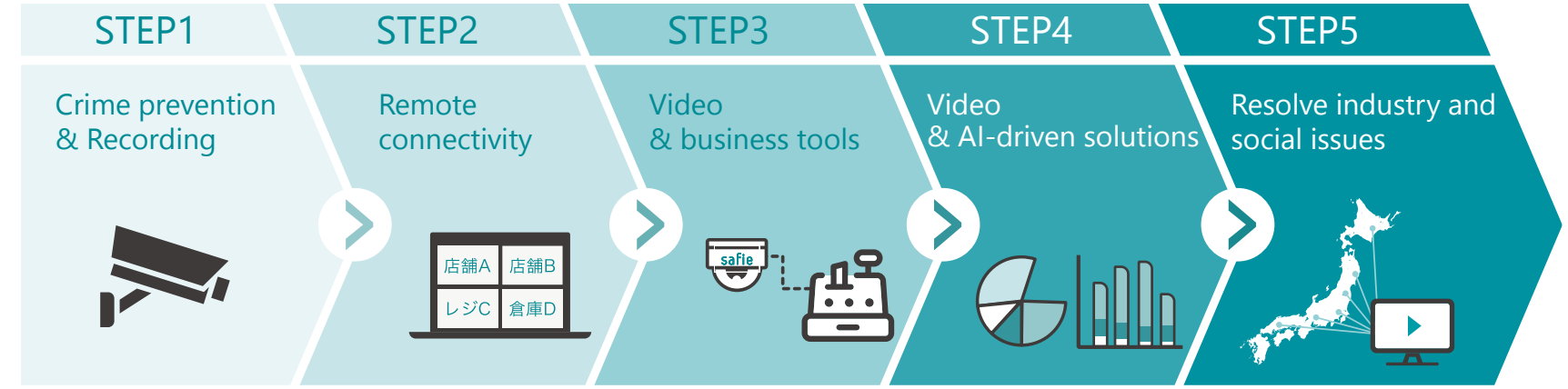
Growth Themes to Achieve Our Target – Onsite DX



The Five Steps for Onsite DX using Cloudcams



Viewed as & when needed only	Using as an extension of your eyes	Easy linking with other systems	Smart Camera	Even smarter camera
Passive Use	Dynamic use	API linkage	Increased functions on cloud platform	An ecosystem that includes third parties



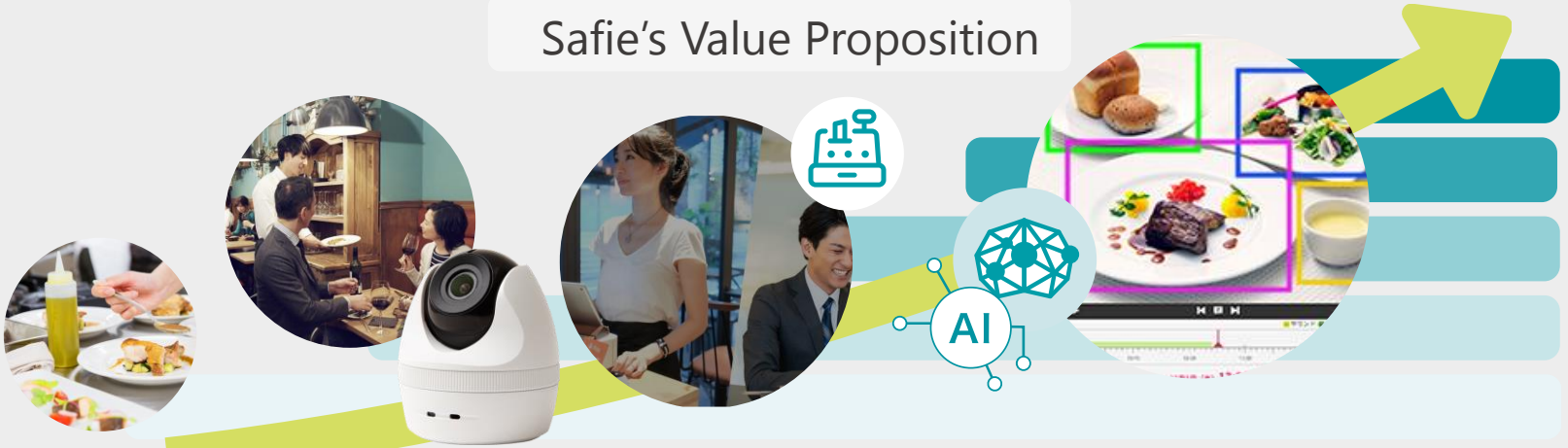
Huge Growth Potential –
Safie Capable of Resolving a Diverse Range of Customers' Issues

	STEP1 Crime prevention & Recording	STEP2 Remote connectivity	STEP3 Video & business tools	STEP4 Video & AI-driven solutions	STEP5 Resolve industry and social issues
Retail Restaurant/ Services Construction Manufacturing Infrastructure/ Public Utility …	Crime prevention Fraud Prevention Reporting & Recording Talent Development	Operation improvement Transportation cost reduction Labor-saving Simultaneous multiple site management	POS linkage Chat linkage In-store announcements Linkage to construction work management	Visitor attribute analysis Congestion analysis Quality confirmation Receiving deliveries Safety confirmation Vehicle detection Quality assurance	User-generated new business Cross industry solutions

The Five Steps Onsite DX – Restaurant/Service Industry

STEP1	STEP2	STEP3	STEP4	STEP5
Crime prevention & Recording	Remote connectivity	Video & business tools	Video & AI-driven solutions	Resolve industry and social issues

Safie's Value Proposition



Restaurant/ Services

Crime prevention Fraud Prevention Reporting & Recording Talent Development	Operation improvement Onsite cost reduction Labor-saving Simultaneous multiple site management	POS linkage Chat linkage In-store announcements	Visitor attribute analysis Congestion analysis Quality confirmation Receiving deliveries	User-generated new business Cross industry solutions

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Belc CO., LTD.

Retail





STEP2



Belc Co. Ltd. currently operates around 126 food supermarket stores mainly located in the Kanto region. Safie Cameras were initially implemented for crime prevention but has expanded its use and succeeded in reducing opportunity loss.

Monitoring the sales volume via the video feed and replenishing SKU items preemptively has led to increased revenue.

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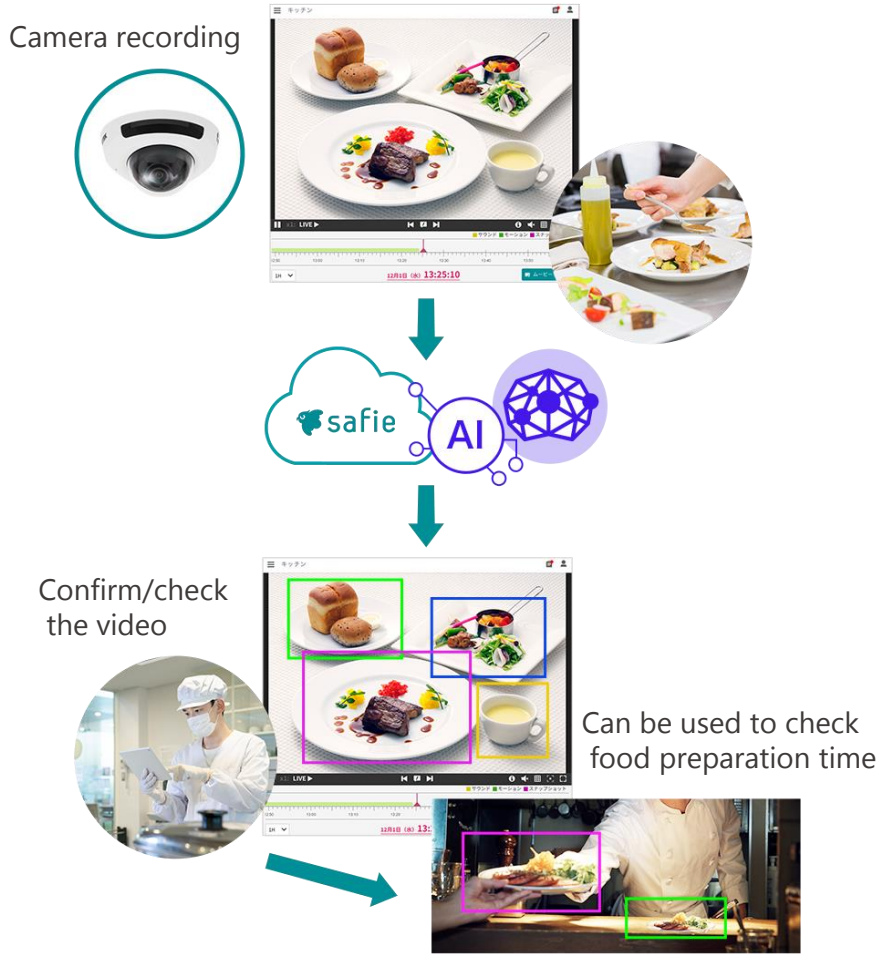
Collaboration with EAGLYS

Restaurant/Services



STEP4



EAGLYS

The development of an AI image analytics services for the restaurant industry has commenced with the collaboration of EAGLYS Inc., a company known for its high precision and ultra-high speed AI image analytics technology. This collaboration aims to combine the video data collected from Safie cameras with AI analytics in order to reduce the labor on food quality inspection and to raise the food quality itself.

This enables restaurant/food service operators to provide quality assured food items to their customers by using the instantaneous assessment of the time lapsed since the food was cooked and the food's presentation.

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The Five Steps for Onsite DX – Construction Industry

STEP1	STEP2	STEP3	STEP4	STEP5
Crime prevention & Recording	Remote connectivity	Video & business tools	Video & AI-driven solutions	Resolve industry and social issues

Safie's Value Proposition











Construction

Crime prevention Fraud Prevention Reporting & Recording Talent Development	Operation improvement Onsite cost reduction Labor-saving Simultaneous multiple site management	Linkage to construction work management	Safe confirmation Vehicle detection Quality assurance	User-generated new business Cross industry solutions

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Daito Construction Co., Ltd.

Construction





STEP3



大東建託グループ
大東建設株式会社

Daito Construction Co., Ltd. implemented Safie Entrance to all construction sites, which resulted in operational efficiency by reducing 252 man-hours per onsite supervisor per year.

Before the implementation, the site supervisor would expend one hour per day in confirming safety records and documents required for entry inside the construction site, and in checking entry records of skilled laborers. After implementation, tasks such as personal identification of skilled laborers entering the construction site and confirmation of pre-registered information has been automated.

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KAJIMA CORPORATION

Construction



STEP4

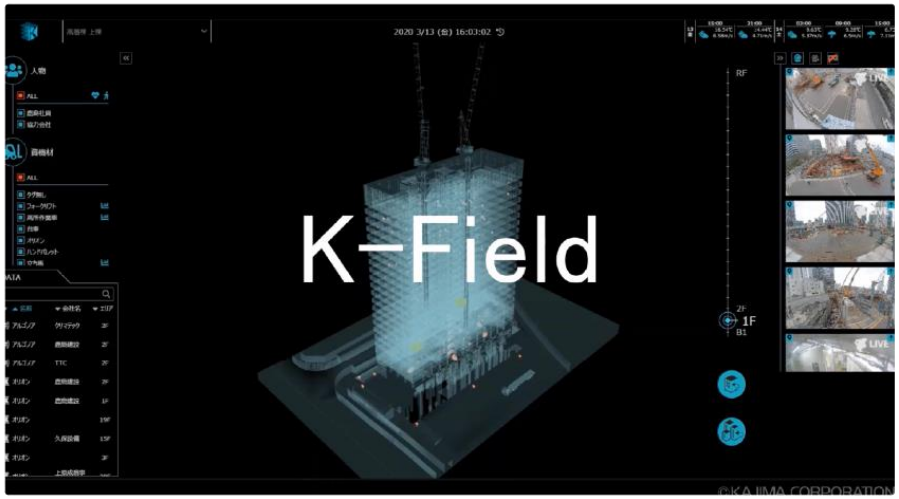


100年をつくる会社
in 鹿島

KAJIMA CORPORATION upholds the Kajima Smart Future Vision which aims to digitalize all processes related to construction work by promoting initiatives such as ‘half of the work with robots’ and ‘half of project management done remotely.’

The company has implemented Safie cameras in order to carry out these initiatives.

Safie cameras are also deployed in Kajima Corporation’s real-time site management system “3D K Field”.



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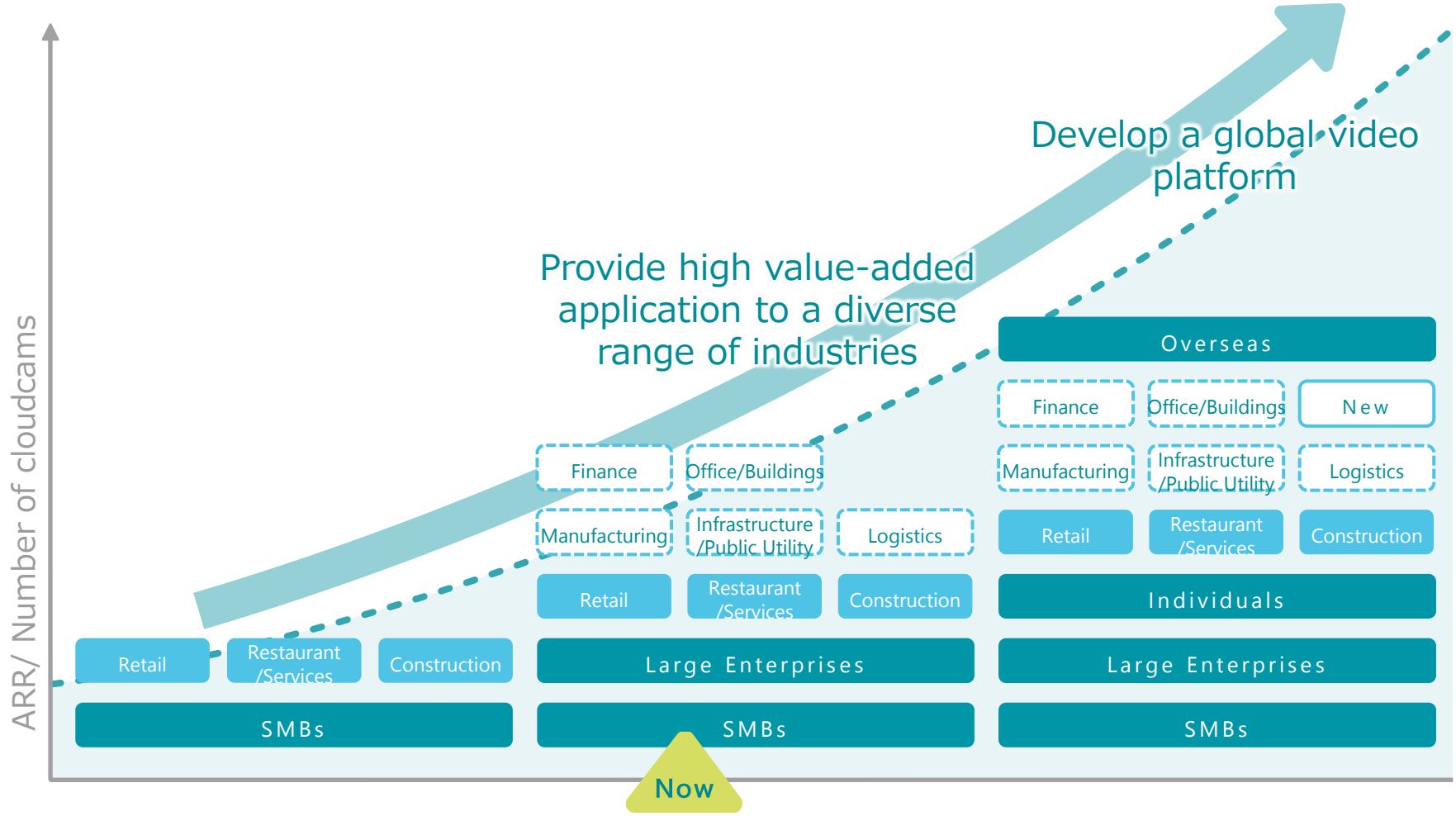
Growth Acceleration in Newly Entered Industries

✓ Larger number of industries are utilizing Safie camera



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Mitsubishi Chemical Corporation

Manufacturing







STEP2



Mitsubishi Chemical Corporation implemented Safie cameras at chemical plant sites to ensure safe and speedy operations by using an optimal information sharing of video data. Specifically, Safie cameras are used as an alternative to the expert's keen eye to apply DX for safety management and workload reduction for plant workers, for making onsite work and witness-required work more efficient, and reduction of administrative staff.

- Progress confirmation of regular maintenance work of plant
- Monitoring status of plant equipment and measurement equipment
- Remote support provided by construction work experts for human-required labor
- Remote inspection of production facilities
- Safety patrol within and outside premises

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Makuake, Inc.

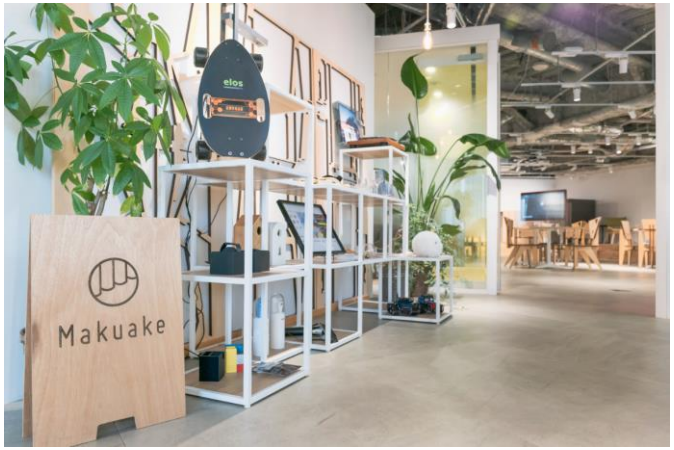
Office/Buildings



STEP3



Makuake



Implemented Safie Entrance to manage the office attendance of each employee by using facial recognition.

Makuake, Inc. switched from paying a commuting allowance to expense reimbursement due to the increase in remote work. This was achieved with minimal increase in workload for employees and the administrator and has also contributed to actual cost reductions.

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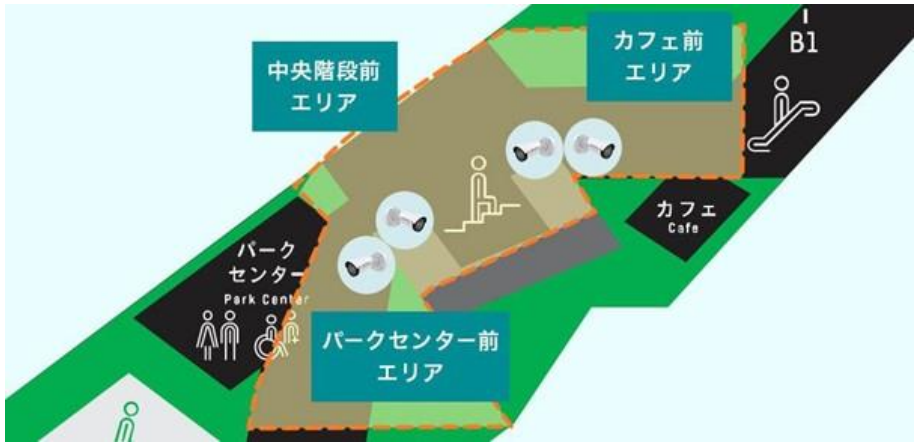
Shibuya City

Infrastructure/Public Utility



- Project overview: Install cameras for human flow tracking in Miyashita Park to analyze number of users and estimated attribute data.
- Project term: February 8, 2022 (Tuesday) to February 24, 2022 (Thursday)

* Data that can identify an individual will only be used for the analysis in this project and for no other purpose. Such data will be erased by the last day of storage (March 31, 2022) and only the statistical information will be preserved.

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STEP4



ちがいを
ちからに
変える街。
渋谷区
Shibuya City

In order to realize Shibuya City's future vision of 'Shibuya City – turning difference into strength,' the City has adopted the Safie's cloudcams and video analytics AI for users' data analysis project to collect data required for the prompt and accurate assessment of issues that the City faces.

By utilizing Safie, the City expects to create even more convenient and comfortable public spaces by assessing the estimated attributes of users and user trends in public spaces. This would also contribute to better lifestyles for the users by creating attractive public spaces.

Client Base: Track Record of Adoption by Large Enterprises (Sample)

Retail

ユニクロ GU ベルク ソフマップ PARIS MIKI はるやまホールディングス AUTOBACS BIKE王 FABRIC TOKYO

Restaurant/Services

焼肉ライク TASTY! QUICK! VALUE! 牛角 Gyu-Kaku 炭火焼肉 DD HOLDINGS R&K Food Service RED LOBSTER FRESH FISH・LIVE LOBSTER 寿し常

Other Retail Store Operation

T-GAIA CONEXIO OPTAGE RAKUTEN EAGLES Rakuten Mobile H.I.S カラオケ館 Human ヒューマンライフケア

Construction

三井不動産 MITSUI FUDOSAN 100年をつくる会社 鹿島 OBAYASHI NTT都市開発 SEKISUI HOUSE 人と自然を、技術でむすぶ。奥村組 OKUMURA CORPORATION IHI (駐車場) 想いをかたちに 未来へつなぐ TAKENAKA Daiwa House 大東建託グループ 大東建設株式会社 あなたの誇りを建てる。Panasonic Homes

Manufacturing

JFE 高砂熱学 House

Infrastructure/Public Utility

関西電力 power with heart TEPCO 富士急行 JR九州 九州旅客鉄道株式会社 KYUSHU RAILWAY COMPANY Shinagawa City 品川区 MUSAKO HOUSE TOKYO GAS KANSAI AIRPORTS 千葉市 CHIBA CITY ちがいをちからに変える街。渋谷区 Shibuya City

Office/Buildings

ORIX KOKUYO Money Forward OPEN HOUSE Makuake SPACEMARKET BASE

Logistics Facilities

ASKUL モノタロウ 思いに応えるロジスティクス 神鋼物流株式会社

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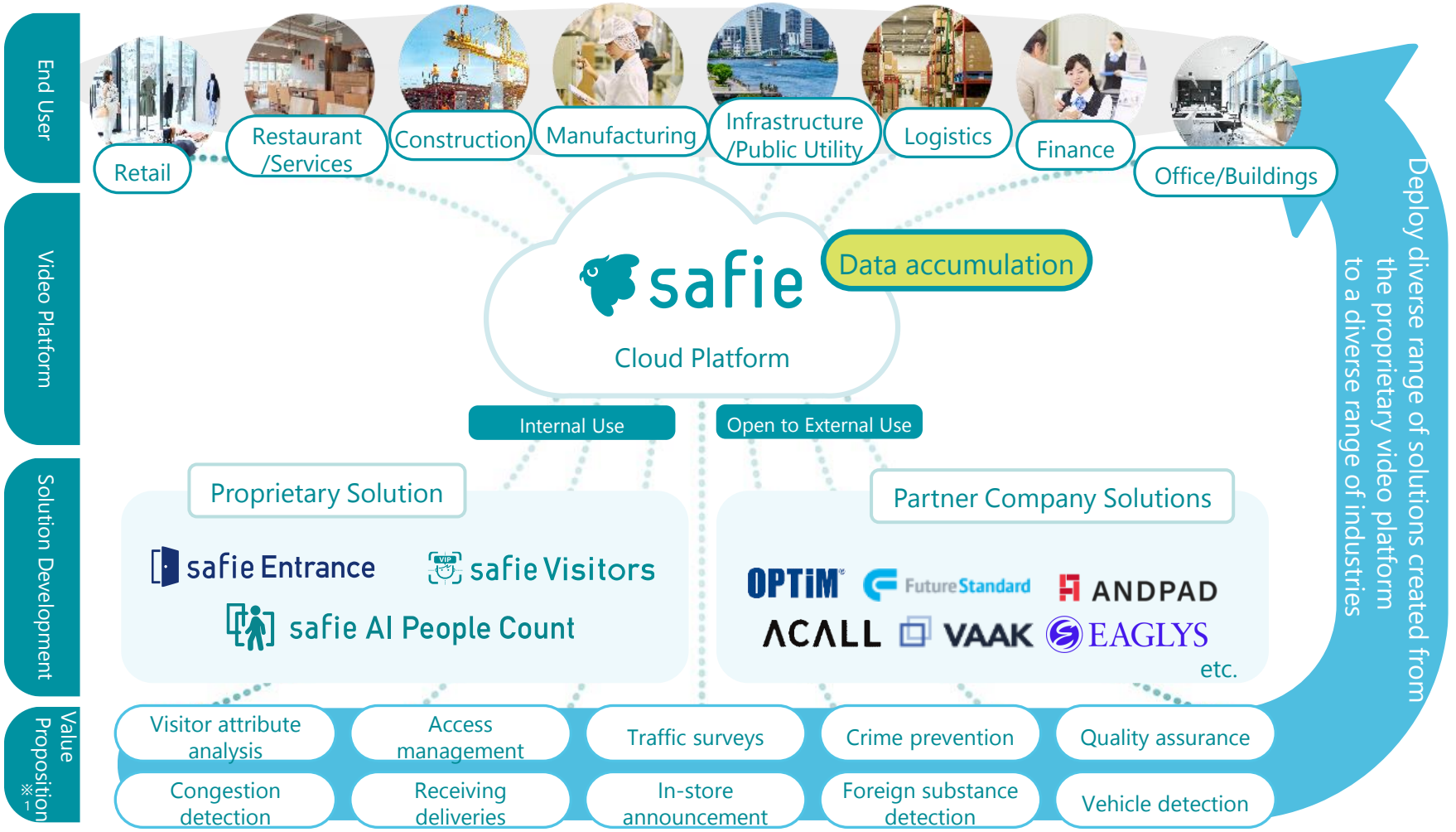
Expanding into Application Business leveraging accumulated data

✓ Safie creates application to improve the customers' decision-making by accumulating data from diverse industries



※1 including cases undergoing proof of concept

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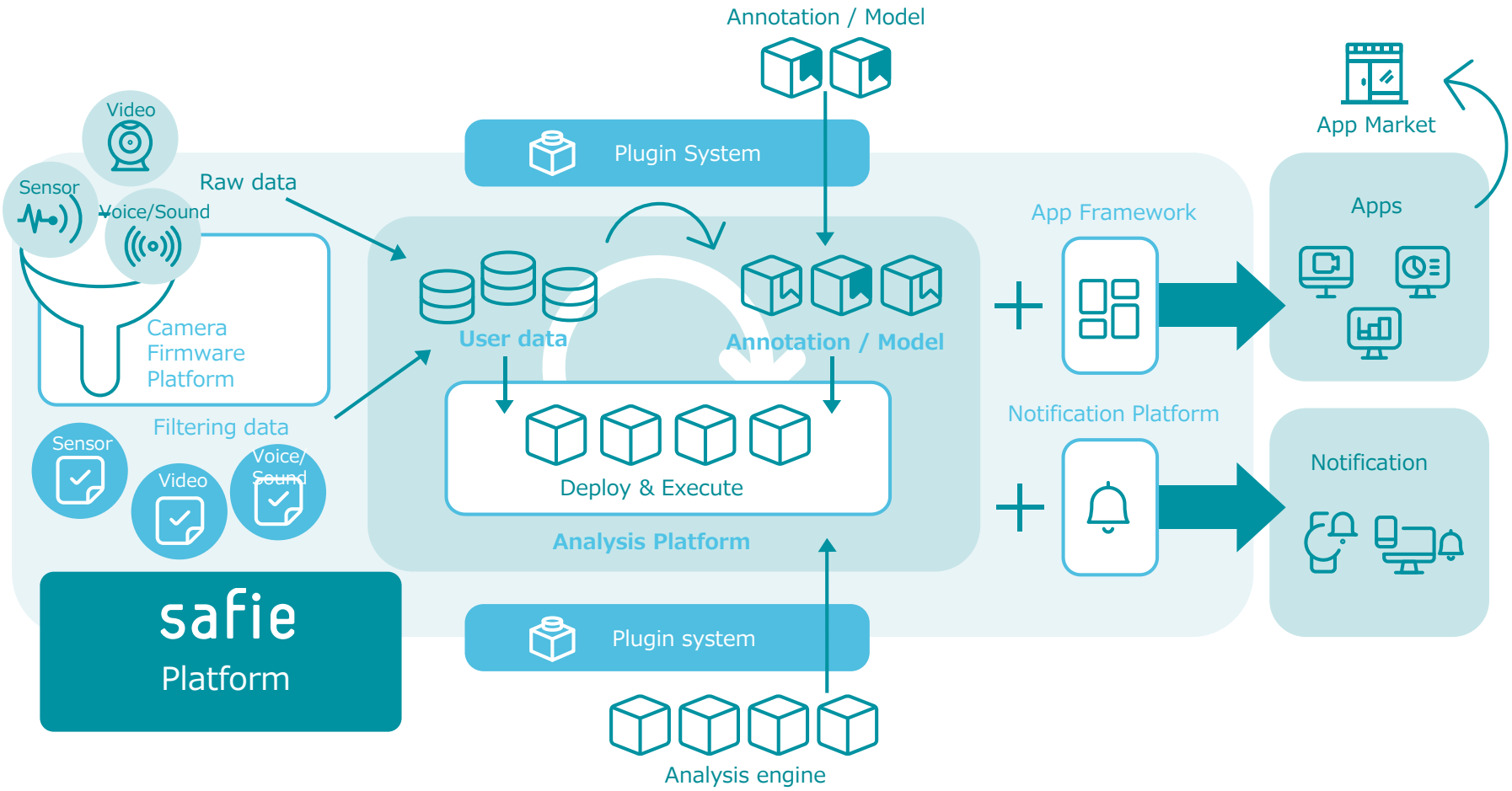
Moving To Realize an Application Platform

✓ Strengthen the entire domain from data input to output to create a video-based platform that can be easily used by anyone



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Application Marketplace that Utilizes Video Data

✓ We aim to develop an easy-to-use application marketplace for in-house and third-party applications.

safie Application Portal Services

Proprietary apps developed by Safie

Apps developed by third parties; App linkages with Others



- Introduce proprietary and third-party applications
- Complete download and payment online
- Continue viewing on existing Safie Viewer



Summary

- Promote onsite DX and target ARR of ¥20.0 bn～¥25.0 bn in 2025
  - ✓ Penetrate every industry to grow number of billing cloudcams
- Strengthen collaboration with partner companies to boost solutions
  - ✓ Strengthen initiatives from Step 3 onwards
- Investments to buildout Safie platform
  - ✓ Platform that only Safie can create by leveraging its massive accumulated data
  - ✓ Create a development environment for anyone to create applications and solutions usable in any industry's frontline

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Investment Up to 2025

Purpose of Investment

- Expand number of billing cloudcams



Areas of Investment

- Recruitment of sales and marketing personnel
- Sales promotions and raising brand awareness

- Strengthen the device line-up
- Develop an analytics platform and an application marketplace



- Recruitment of engineers
- Development related costs (outsourcing, license fees)

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4. FY2022 Financial Forecast

1. Company Overview
2. FY2021 Financial Highlights
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Financial Forecast for FY2022

✓ FY2022 earnings expected to accelerate after Q1 when the impact from sales changes by a specific wholesale channel cycles through

(¥ million)	FY2021	FY2022	% YoY
ARR	5,679	8,300	+46.1%
Number of billing cloudcams ('000 units)	140	200	+42.1%
Revenue	8,456	11,000	+30.1%
Gross Profit	3,402	4,700	+38.1%
Gross Profit Margin	40.2%	42.7%	-
Operating Profit	▲76	▲500～▲1,000	-

- ✓ Expect over 40% growth in number of billing cameras after the impact from sales changes by a specific wholesale channel cycles through
- ✓ Revenue will be explained in the following page
- ✓ Expect high gross profit growth from the combined effect of revenue growth and margin expansion
- ✓ Expect to make aggressive investments in S&M and R&D. Details provided in the following pages.

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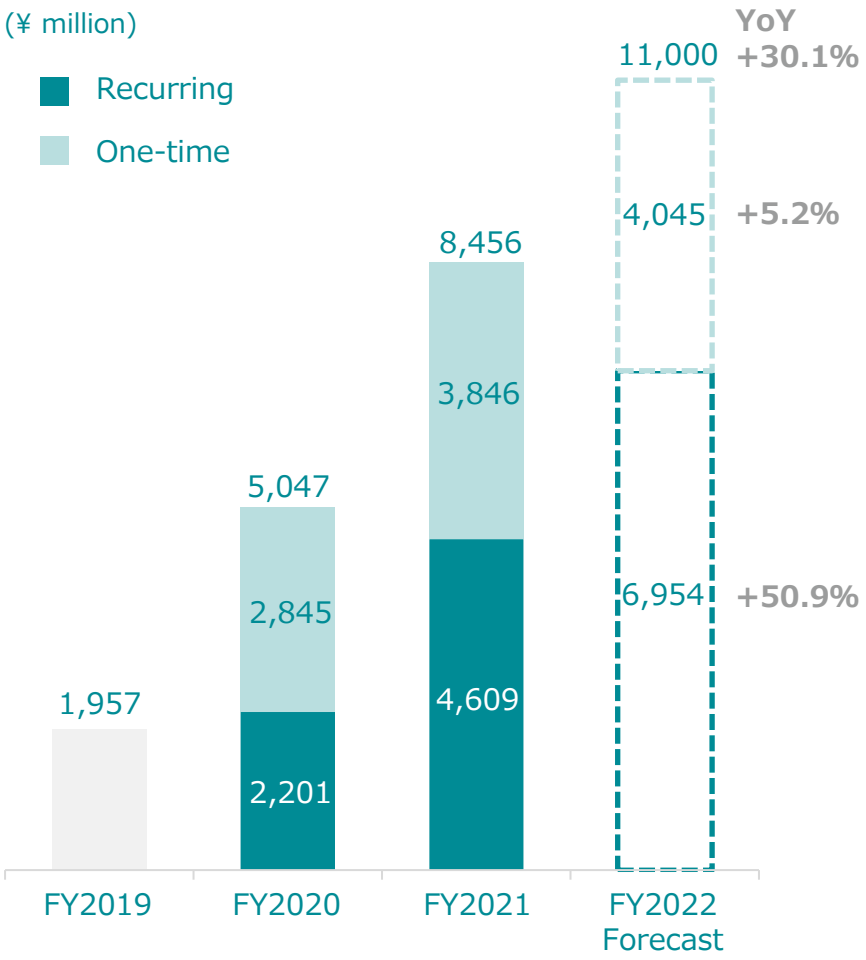
FY2022 Financial Forecast - Revenue

Expect recurring revenue to be the major driver of total revenue growth

Full-Year Trend



- FY2022 revenue expected to grow around 30% YoY
- One-time revenue growth is likely to be limited from the impact of sales changes by a specific wholesale channel and some channels which do not entail a one-time revenue from camera sales
- Recurring revenue expected to grow around 50% YoY

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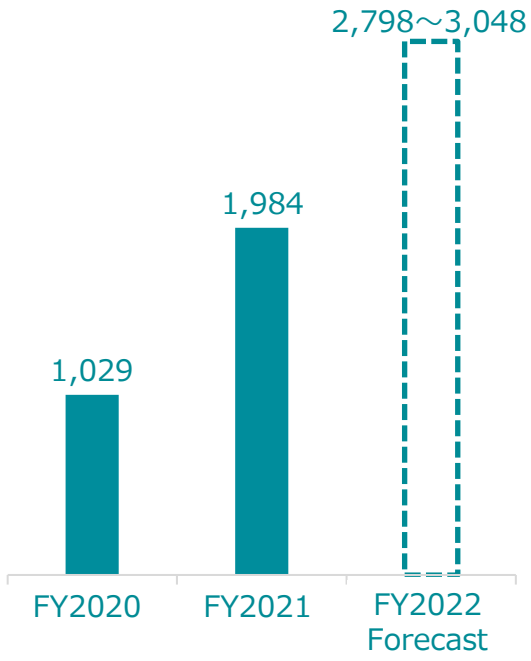
SG&A to Revenue Ratio

Investments earmarked for recruitment of engineers and sales personnel, building of brand awareness and, sales promotions

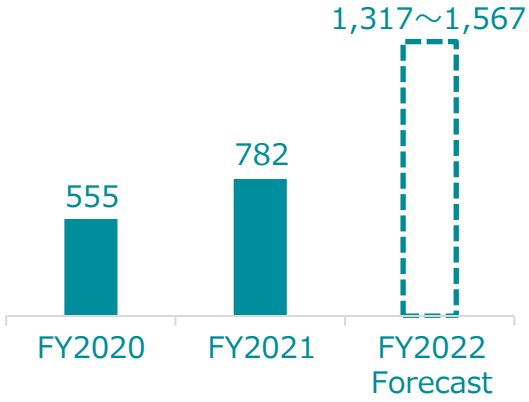
Quarterly Trend

(¥ million)

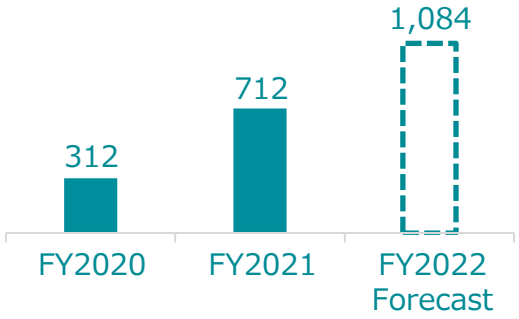
S&M※1



R&D※2



G&A※3



Main purpose of investment in FY2022

- ✓ S&M related recruitment, recruitment expense, A&M, and sales promotion expenses, etc.
- ✓ Personnel cost, recruitment cost, development outsourcing expenses, etc.
- ✓ G&A personnel expense and company-wide expenses, etc.

※1 S&M stands for sales and marketing. A&M stands for advertising and marketing. These figures is the sum total for sales promotion expenses, advertising expense, sales related personnel expense, and other related and common expenses.
※2 R&D stands for research and development. These figures is the sum total for engineer personnel cost related to R&D, outsourcing expense, and other related and common expenses.
※3 G&A stands for general and administrative expenses. These figures is the sum total of administrative personnel expense and related and common expense.

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Create a better Future
with intelligent vision



Appendix.

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a. Use Cases

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Major Restaurant Chain Operator

Restaurant/Services

Before



- Weekly biz trips to pre-open regional stores
- Create biz trip report with pictures and text

After

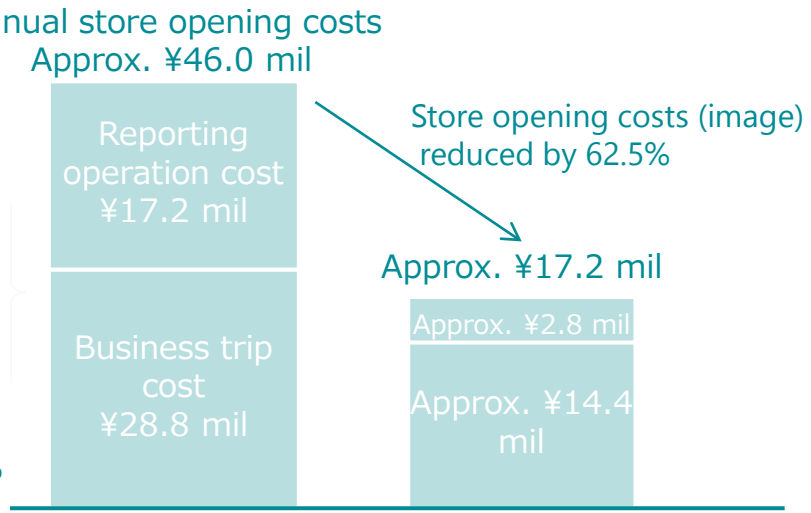


- Confirm operation remotely from HQ
- Replace biz trip report with relevant video clips

STEP2



This restaurant chain operator reduced their reporting operational cost and store opening costs by centrally managing the video feed at the Head Office (HQ) by implementing Safie camera.



※ These figures and estimates are Safie's estimate using models and assumptions based on interviews with our client, the restaurant chain operator. The figures and estimates may differ from the actual store opening costs and the magnitude of cost reduction. These figures do not indicate or guarantee similar reductions in costs for other customers as conditions and assumptions may differ.
Business trip cost is computed assuming 10 employees making 8 business trips per month to the branch office at a cost of ¥30,000 per trip for transportation and other expenses. We have assumed that implementing Safie camera resulted in halving the number of business trips.
Reporting operation cost is computed assuming 10 employees make 8 business trips per month and spend 6 working hours for compiling the business trip report (using text and pics) after each business trip. We have assumed that implementing Safie camera reduced report operation time to just one working hour by clipping the relevant video clips (hourly wages assumed as ¥3.000/hr./employee).

Large Restaurant Chain Operator (Cont'd)

Restaurant/Services

STEP2



	Before	After
Product Launch	• Only few stores can be visited on the opening day to provide improvement instructions and confirmations • Pushes out operation improvements at the other stores	• Only visit the stores with the busiest opening day. • Conduct operation improvements for the other stores remotely by using video data as early as possible
Weekend/Holiday Work	• Not all store managers can work on weekends/holidays, especially those managers with shortened workdays	• Remote operations was made partially possible by utilizing video data
Optimizing time allocation of tasks	• High work burden and manhours used by area managers, owners, and HQ staff, that reduces the time available for other work	• Frequency of store visits reduced by utilizing video data. Makes it possible to allocate time for other important tasks such as food safety and compliance.

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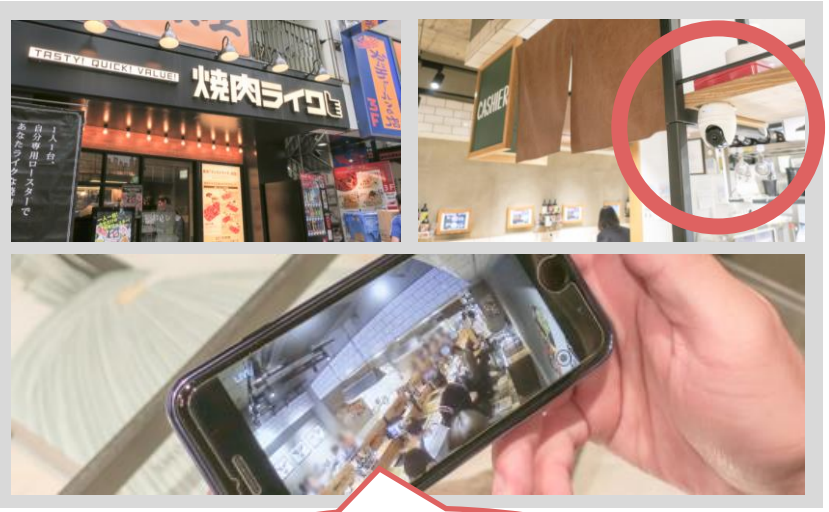
Significant improvement in work quality was seen for area managers, owners, and HQ staff by reducing the reporting operations and transportation time.

YAKINIKU LIKE Ltd.

Restaurant/Services



Instructions for operation improvements can be made by reviewing video

STEP2



焼肉ライク
TASTY! QUICK! VALUE!

Safie camera was implemented at YAKINIKU LIKE Ltd., a company that provides Korean BBQ for one person with a motto to serve the dish within three minutes.

Operational improvements were made possible by enabling sharing and analysis of video data of the in-store and kitchen operations of all the stores.

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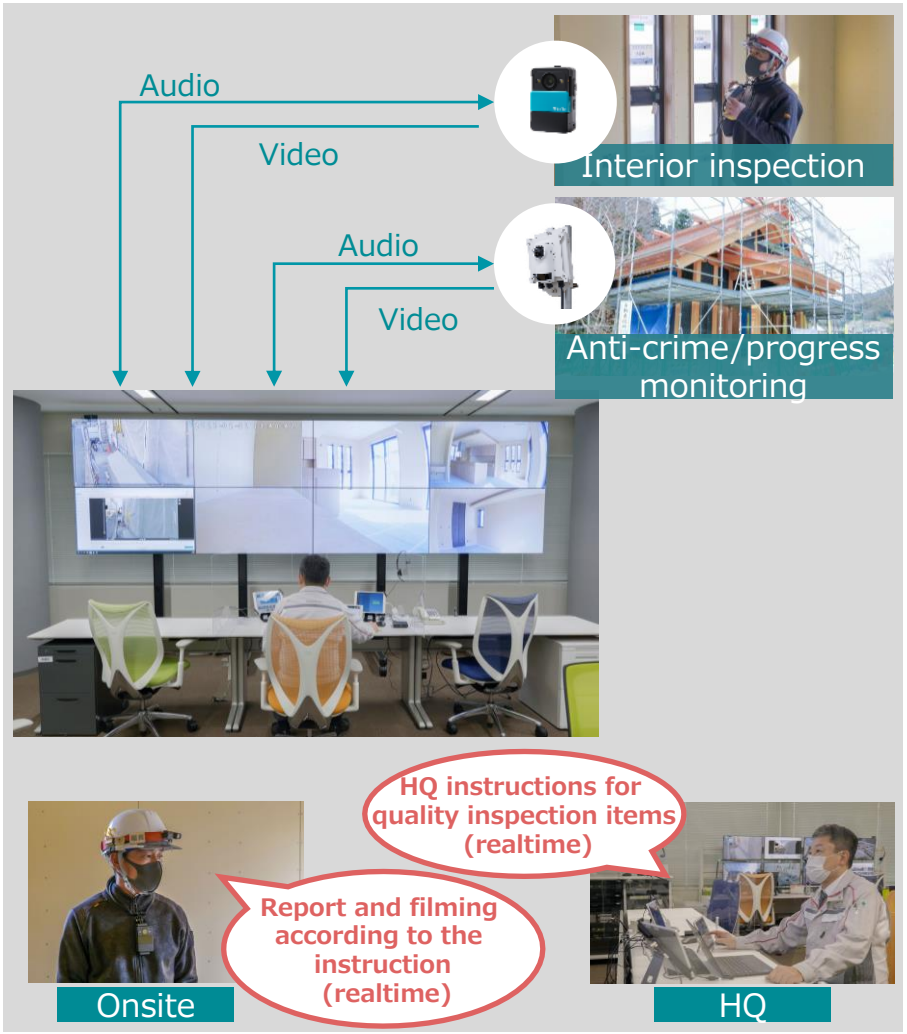
Daiwa House Industry Co. Ltd.

Construction



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STEP2



Daiwa House®

Daiwa House Industry Co. Ltd, a company that provides high quality residential homes in Japan, is digitalizing the construction site in order to reduce the labor force.

In the trial operations to test centralized management of construction sites of detached homes, the Company established 12 Smart Control Centers (SCCs) located throughout Japan and installed stationary and wearable cameras to carry out monitoring of the construction work conditions and quality management.

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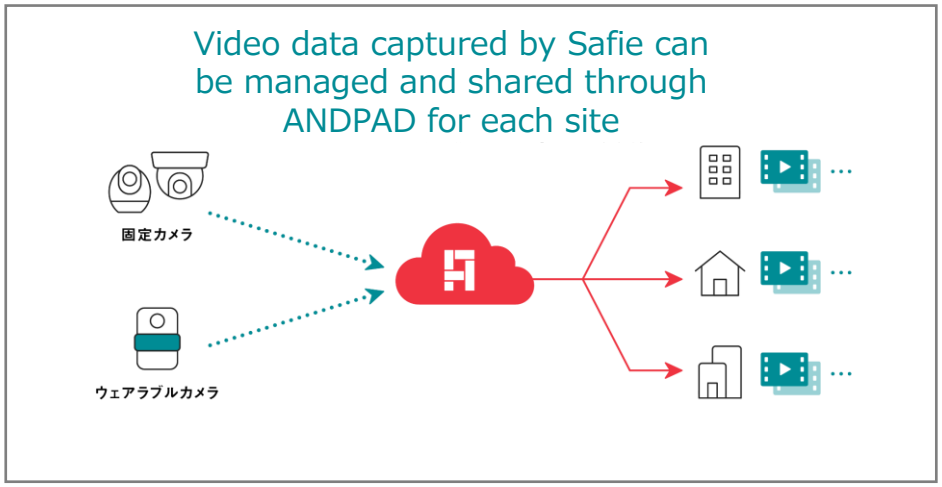
Collaboration with ANDPAD

Construction



STEP3



ANDPAD | safie

The functional alliance between the two companies enables a one-stop centralized management by linking information captured from Safie's stationary and wearable cloudcam devices with ANDPAD's on-site information.

This alliance contributes to enhance smooth operations at construction sites by improving video communication and video data management at the construction site that requires remote instruction/supervision.

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House Foods

Manufacturing





STEP2



The development laboratory of House Foods Corp. comprehensively undertakes development of new products and improvement of existing products, from the taste-creation stage all the way to the production line.

By using Safie Pocket2 for on-site processes, the company was able to resolve three issues of: (1) enabling remote on-site participation, (2) participation by researchers unable to travel to the site, and (3) reduction of travel time and other costs.

Safie contributed to create an environment where each employee can work actively and agilely.

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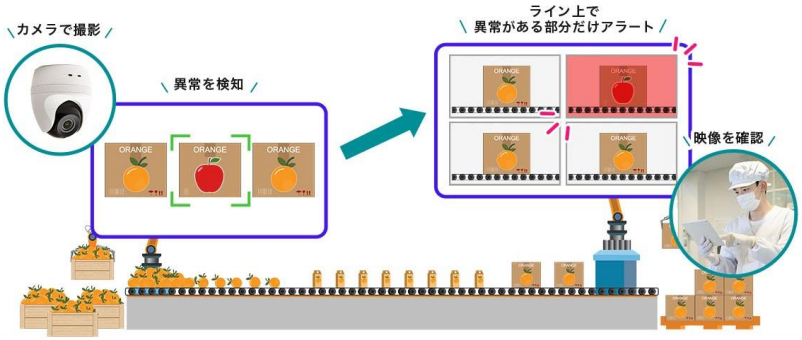
Collaboration with EAGLYS

Manufacturing



STEP4



EAGLYS

The development of an AI image analytics service has commenced by collaborating with EAGLYS, which aims to merge the video data with AI analytics to be used for malfunction and foreign substance detection in production lines of manufacturers.

A pilot test was conducted using the AI image analytics service at a manufacturing plant. The service succeeded in detecting foreign substances at production lines located 24 meters away with a 91% probability, without the need to change existing production facilities and flow lines of the workers.

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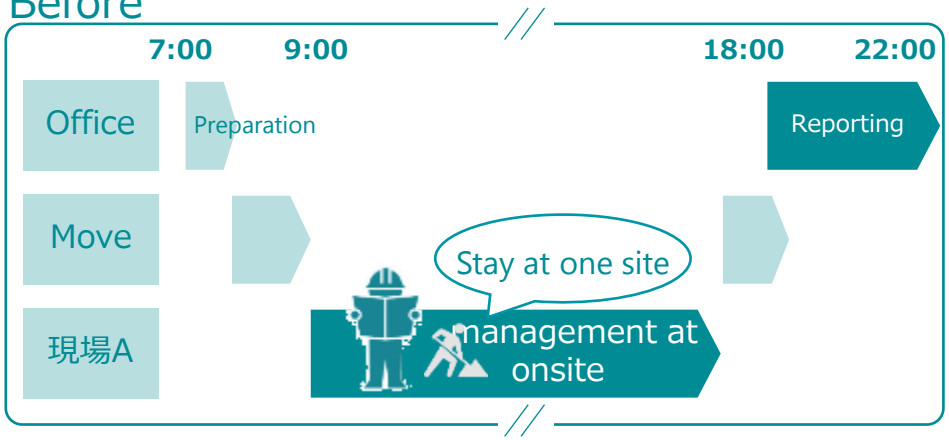
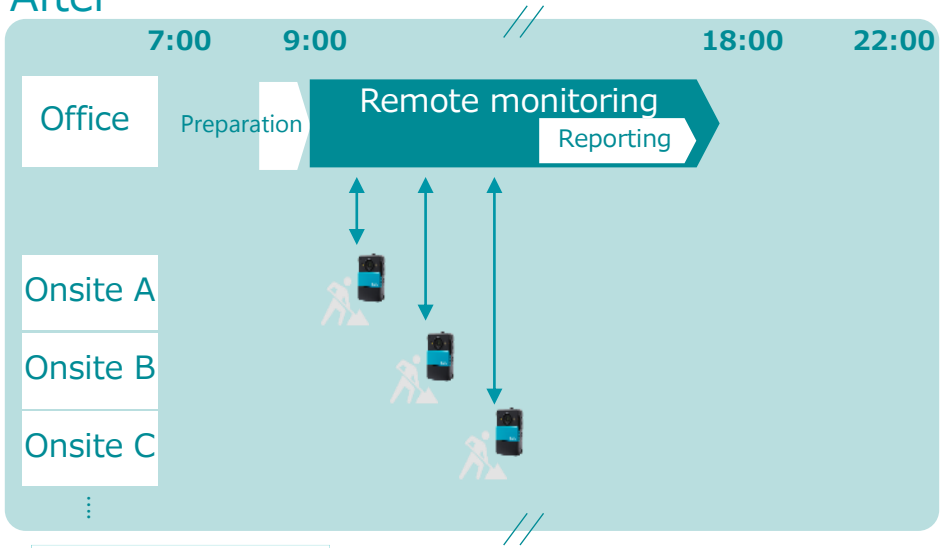
Gas Company

Infrastructure/Public Utility

Before



After



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STEP2



By using Safie cameras, it is possible to manage multiple sites at the same time and reduce working hours.

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Chiba City

Infrastructure/Public Utility



STEP2



千葉市 CHIBA CITY

Chiba City is carrying out proof-of-concept test to assess the conditions at evacuation centers during natural disasters as well as to confirm landslide damage using Safie Pocket2.

Also used to inspect roads and cliffs prone to collapsing before disaster strikes, and actual pilot test have been carried out.

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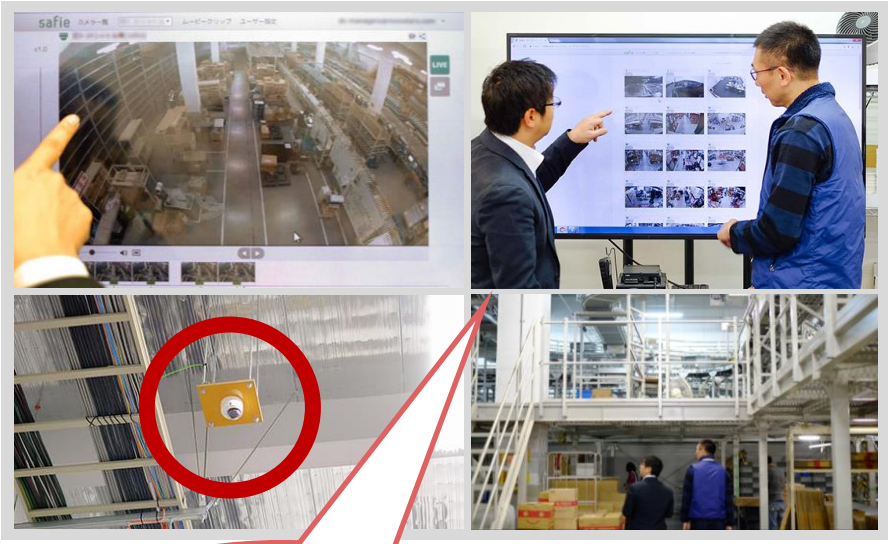
MonotaRO Co. Ltd.

Logistics



Monitor & confirm bottleneck points from HQ and dispatch personnel (in real time)

STEP2



モノタロウ

A lot of cameras have been installed in the warehouse to monitor the status of the line in real time.

Bottlenecks such as packages piling up, can be video monitored in real time, and prompt decision to send relief personnel can be made, contributing to improving speedy shipment.

The Safie Pocket2, which can be easily used anywhere, is also utilized in the same way.

Rather than monitoring the operation status of the equipment, it is used to find out the cause of “choco-tei”.

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b. Company Information, KPIs and Business Environment

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Management team



Ryuhei Sadoshima
President and CEO
Co-founder



Kazuma Morimoto
Director
Co-founder



Moriaki Shimozaki
Director
Co-founder



Tetsuharu Furuta
Director
CFO

SONY
Sony Network Communications

SONY

SONY
Sony-Kihara
Research Center

McKinsey & Company

INCJ

Forbes JAPAN
1st Prize in
“Japanese entrepreneur
ranking 2021”

Expert committee on Data Governance

✓ Build a system to proactively examine how our services ought to be.

Members



Mr. Tatsuhiko Yamamoto
Professor, Keio University Law School



Mr. Atsushi Okada
Partner, Mori Hamada & Matsumoto
Audit & Supervisory Board Member, Safie Inc.



Mr. Shoichiro Iwata
CEO, FORCE marketing and management,inc.
Outside Director, Safie Inc.

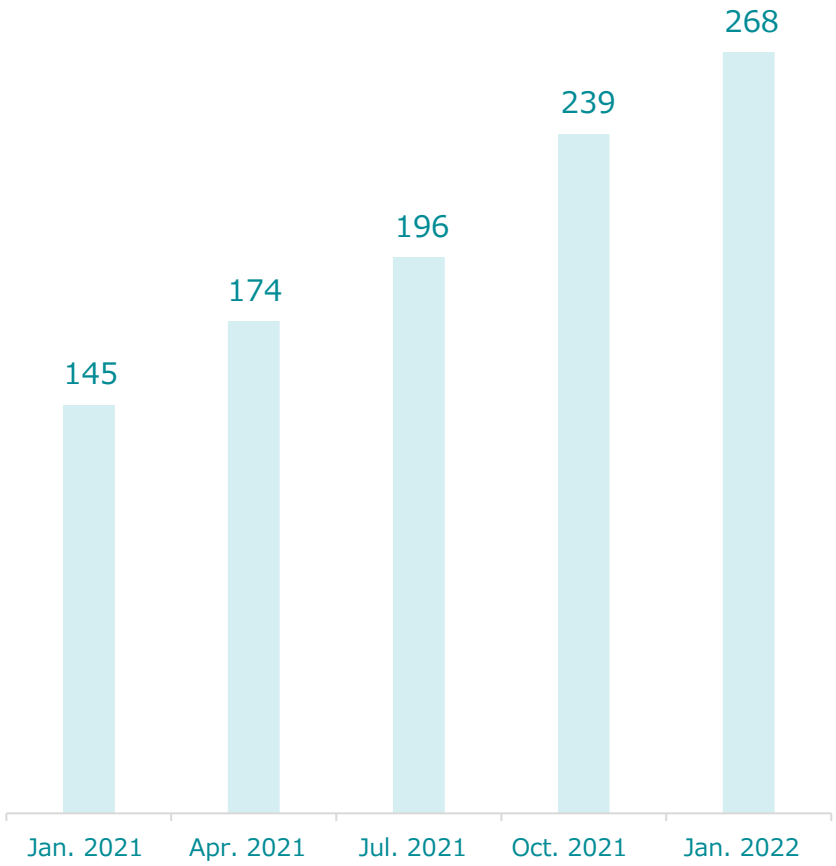
Direct advice

Safie Management

Next step to expand members and deepen discussions

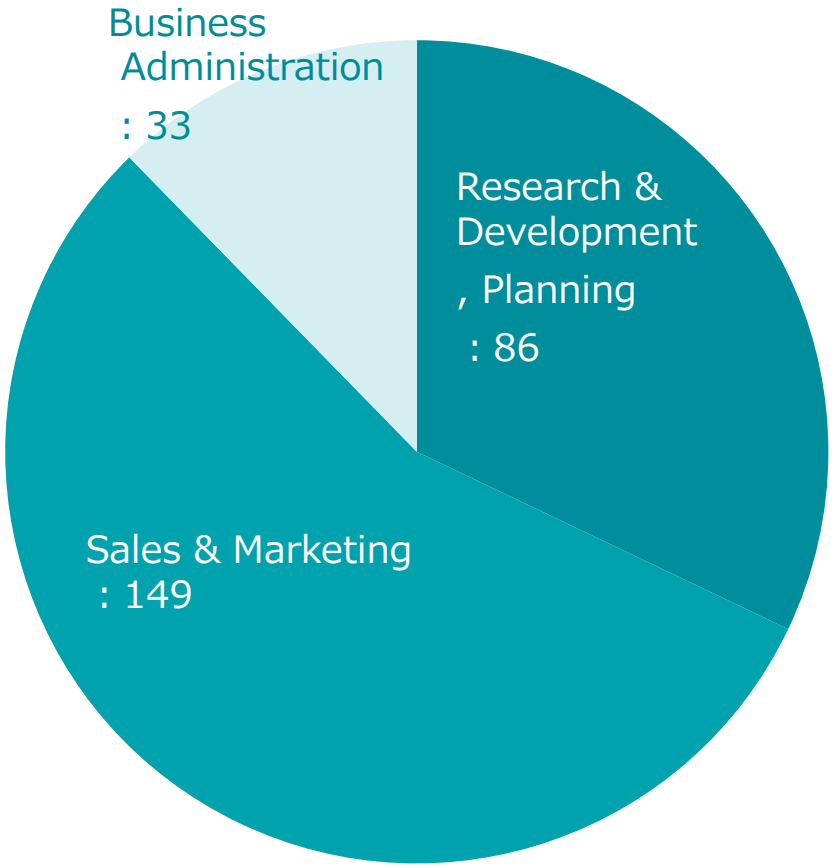
Employees

Number of employees ※1

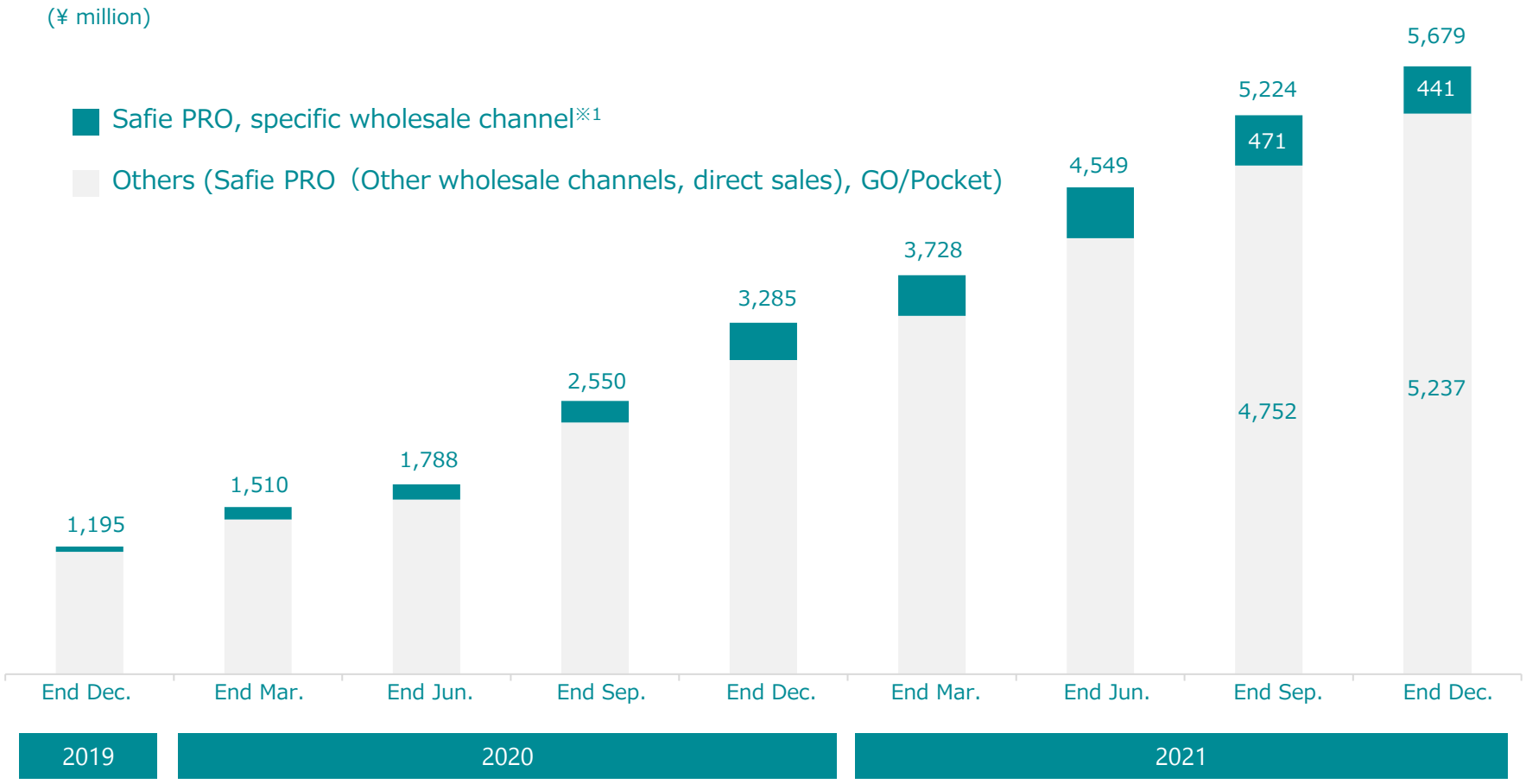


※1 Number of employees is counted at the beginning of the month.

Employee breakdown as of January 2022

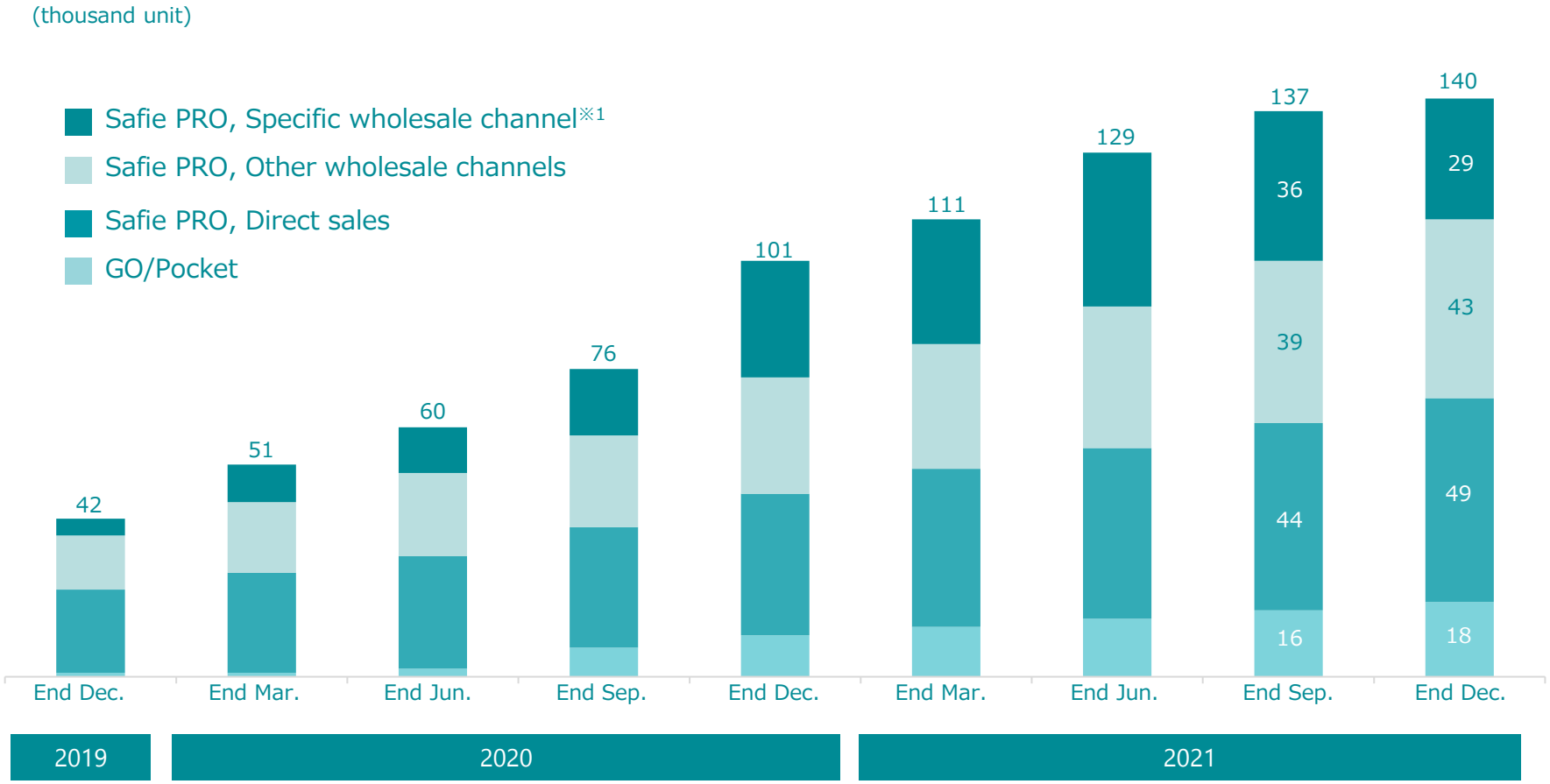


ARR



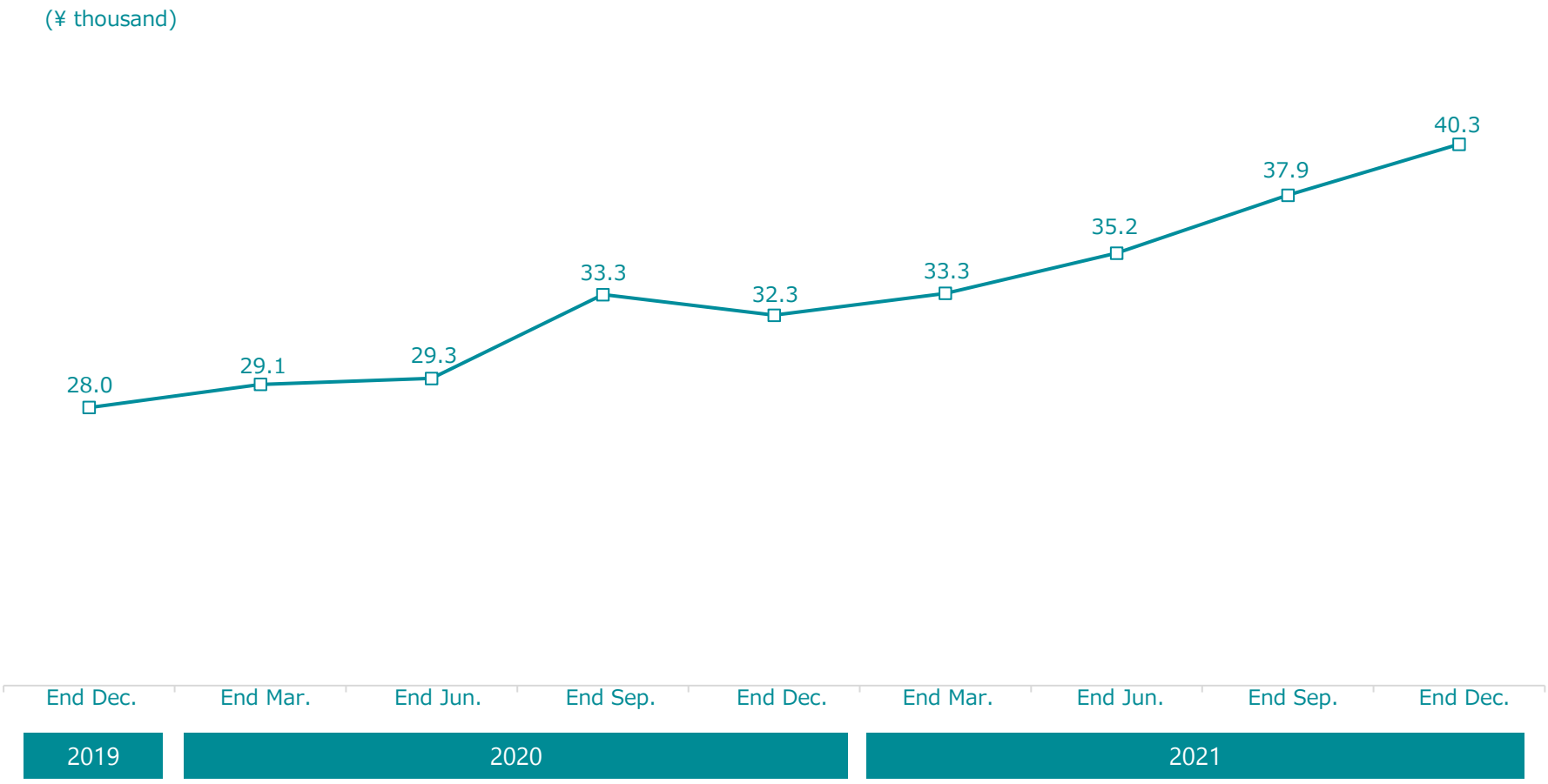
※1： The wholesale channel through a specific sales partner.

Number of billing cloudcams



※1： The wholesale channel through a specific sales partner.

ARPC



※1 : ARPC = ARR / number of billing cloudcams

Churn Rate and Operating Rate

Monthly churn rate of billing cloudcams

		Dec. 2020	Mar. 2021	Jun. 2021	Sep. 2021	Dec. 2021
Specific wholesale channel	Monthly	-	17.7%	11.4%	13.6%	9.4%
	12-month average	-	8.4%	10.5%	11.8%	12.6%
Other wholesale channel	Monthly		0.6%	0.6%	0.8%	0.4%
	12-month average		0.7%	0.6%	0.6%	0.5%
Total wholesale channel	Monthly	-	9.2%	6.2%	6.9%	4.0%
	12-month average	2.9%	4.2%	5.4%	6.2%	6.4%
Direct sales	Monthly	-	0.9%	0.5%	0.6%	0.6%
	12-month average	0.9%	0.9%	0.8%	0.7%	0.7%
Total	Monthly	-	6.0%	4.1%	4.5%	2.6%
	12-month average	2.1%	2.9%	3.6%	4.1%	4.3%

Operating rate of GO/Pocket

		Dec. 2020	Mar. 2021	Jun. 2021	Sep. 2021	Dec. 2021
Total	Monthly	94%	93%	94%	92%	88%

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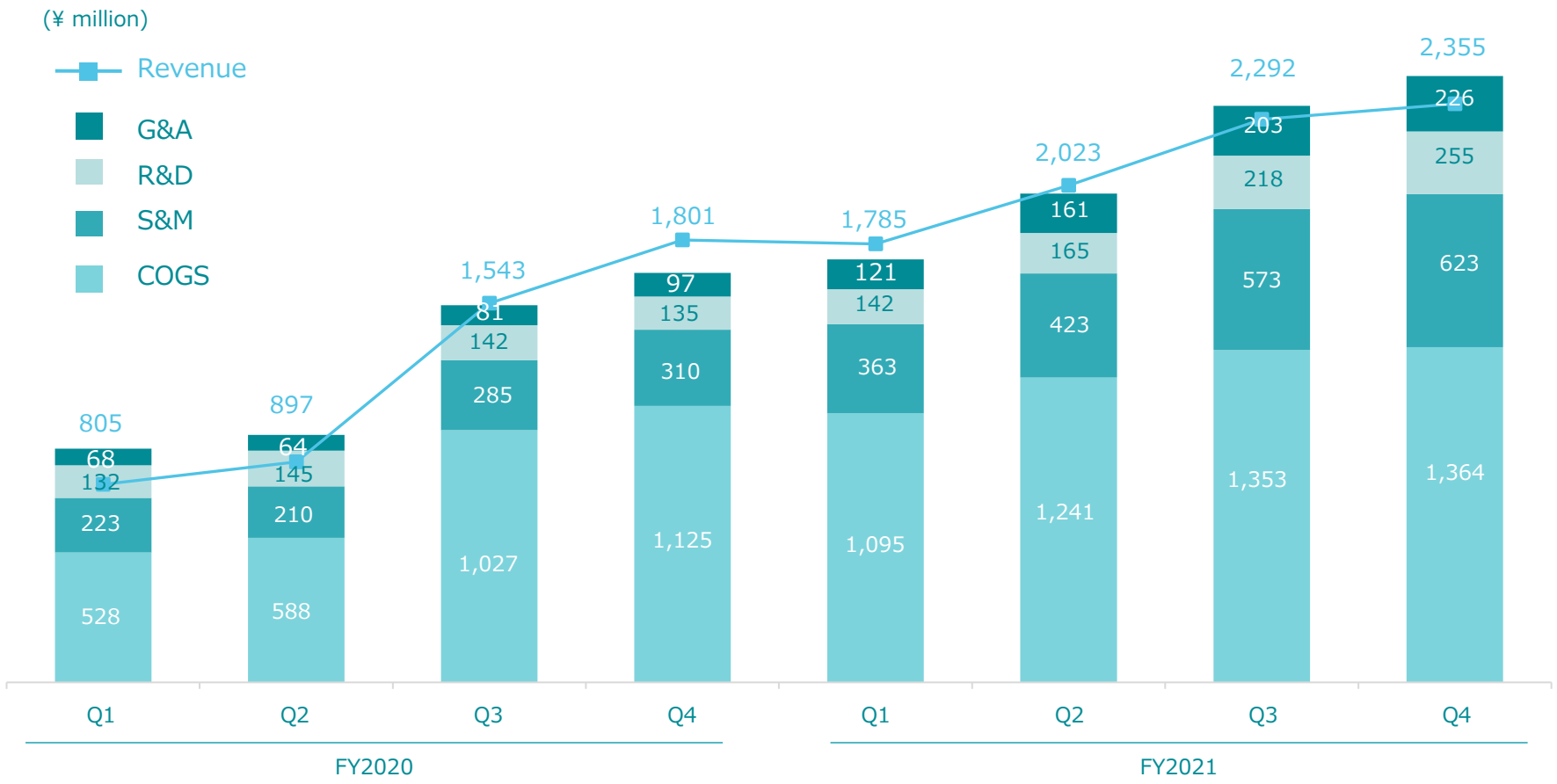
Revenue and Operating Expenses



Balance Sheet

(¥: thousand)	End Dec. 2020	End Dec. 2021
(Assets)		
Current Assets		
Cash and reposits	1,540,096	11,649,281
Trade notes receivable	-	12,800
Accounts receivable	813,786	1,078,214
Inventories	404,042	618,984
Supplies	5,130	2,781
Advance payments-trade	222	8,690
Prepaid expenses	84,687	145,795
Other current asset	16,593	1,727
Allowance for doubtful accounts	-1,623	-3,489
Total current asset	2,862,936	13,514,786
Fixed Assets		
Property, plant and equipment		
Facilities attached to buildings	3,742	70,974
Accumulated depreciation	-1,304	-4,003
Facilities attached to buildings(Net)	2,437	66,971
Tools, furniture and fixtures	11,769	39,933
Accumulated depreciation	-4,558	-13,770
Tools, furniture and fixtures(Net)	7,210	26,163
Total Property, plant and equipment	9,648	93,134
Investment and other assets		
Long-term prepaid expenses	10,100	61
Other	210,675	113,320
Investments and other assets	220,775	113,382
Total Fixed assets	230,424	206,517
Total Assets	3,093,360	13,721,304

	End Dec. 2020	End Dec. 2021
(Liabilities)		
Current liabilities		
Accounts payable	394,010	502,151
Current portion of long-term loans payable	130,700	9,145
Accounts payable-other	151,985	214,889
Accured expenses	98,246	148,254
Income taxes payable	2,290	100,797
Advances received	42,024	54,928
Deposits received	13,221	32,892
Provision for bonuses	30,250	1,100
Total current liabilities	862,727	1,064,160
Long-term liabilities		
Long-term loans payable	135,005	125,860
Total Long-term liabilities	135,005	125,860
Total Liabilities	997,732	1,190,020
Net assets		
Shareholder's equity		
Capital stock	100,000	5,404,872
Capital surplus		
Legal capital surplus	1,658,250	6,963,122
Other capital surplus	927,132	927,132
Capital surplus	2,585,382	7,890,254
Retained earnings		
Other retained earnings		
Retained earnings brought forward	-595,081	-769,062
Retained earnings	-595,081	-769,062
Treasury stock	-	-108
Total Shareholder's equity	2,090,300	12,525,955
Subscription rights to shares	5,328	5,328
Total net assets	2,095,628	12,531,283
Total liabilities and net assets	3,093,360	13,721,304

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Estimated TAM

Status	Industry	Potential business locations	×	Estimated number of cloudcams per location※1	=	Potential number of cloudcams
Main markets (current)	Restaurant	1.42MM※2		4 cloudcams		5.67MM
	Retail	0.99MM※3		4 cloudcams		3.96MM
	Service	0.47MM※4		4 cloudcams		1.89MM
	Construction	0.21MM※5		5 cloudcams		1.05MM
Newly entered markets	Manufacturing and logistics	0.05MM※8		10 cloudcams		0.45MM
	Infrastructure/public utility	2.00MM※7		3 cloudcams		6.01MM
	Financial	0.25MM※6		3 cloudcams		0.75MM
Potential markets (medium- to long-term)	Parking lot	5.34MM※9		1 cloudcams		5.34MM
	Hospital and nursing home	0.19MM※10		5 cloudcams		0.97MM
	Educational institution	0.08MM※11		10 cloudcams		0.83MM
	Office	0.19MM※12		3 cloudcams		0.57MM
	Apartment	0.12MM※13		3 cloudcams		0.36MM
	Elevator	0.77MM※14		1 cloudcams		0.77MM
	Total	12.08MM※14		-		28.63MM

※1 Estimated number of units installed per base: our estimated value based on past business experience, etc
※2 Number of restaurants operating facilities cited from Ministry of Heath, Labor and Welfare "Report on Public Health Administration and Services" (2019)
※3 Number of establishments of retailers cited from Ministry of Economy, Trade and Industry "Economic census-activity survey results (wholesale and retail, 2016)"
※4 Total number of amusement stores (2017), pachinko stores (2018), hotels (2017), inns (2017), museums (2018), hair dressing shops and barbers (2018), and public bathhouse (2018) cited from Yano Research and Institute Ltd." Surveillance Camera Market Forecast and Next-Generation"
※5 Total number of construction orders from public institutions based on data from Ministry of Land, Infrastructure, Transport and Tourism "Construction work order dynamic statistics survey report (2019)"
※6 Total number of bank branches (2018~19), and ATMs (2018~19) cited from Yano Research and Institute Ltd." Surveillance Camera Market Forecast and Next-Generation"
※7 Total number of renewable energy power generation equipment (2019), railway stations (2018), water crew and water purification plants (2014), sewage treatment plants (2015), and river management facilities cited from Yano Research and Institute Ltd." Surveillance Camera Market Forecast and Next-Generation
※8 Total number of facilities and workplace (2018), distribution depot (estimated, 2013), and large distribution depot (estimated, 2013) cited from Yano Research and Institute Ltd." Surveillance Camera Market Forecast and Next-Generation"
※9 Total number of shared parking lots (2018) cited from Japan Parking Association "National Parking Lot Maintenance Survey 2020"
※10 Total number of medical facilities (2019) cited from Ministry of Health, Labor and Welfare's "Medical Facility (Dynamics) Survey / Hospital Report (2019)" and pay nursing homes (2019) sited from Ministry of Health, Labor and Welfare's "Survey of social welfare facilities (2019)"
※11 Total number of schools (2019), nursery school (2019), other childcare facilities (2019), and kindergartens (2019) cited from Yano Research and Institute Ltd." Surveillance Camera Market Forecast and Next-Generation"
※12 Total number of office buildings cited from Ministry of Land, Infrastructure, Transport and Tourism "corporate land and building basic survey (2018)"
※13 Total number of condominiums cited from Condominium Management Companies Association "condominium management contract trend survey result summary (2020)"
※14 Total number of maintenance number of elevators cited from Japan Elevator Association " Report on the results of the survey on the number of elevators installed in 2019" (2020)

c. Service Characteristics

1. Company Overview
2. FY2021 Financial Highlights
3. Medium Term Target and Growth Strategy
4. FY2022 Financial Forecast
5. Appendix
   - a. Use Cases
   - b. Company Information, KPIs and Business Environment
   - c. Service Characteristics

Price List※1

		Initial cost	Monthly usage plan	
			Recording plan	Per cloudcam
Cloud recording service		¥19,800～	7days	¥1,200/month
			14days	¥1,650/month
			30days	¥2,000/month
			60days	¥2,500/month
			90days	¥3,000/month
			180days	¥4,500/month
			365days	¥7,000/month
Safie Pocket2	Rental plan 1 month～	¥15,000	-	¥25,000/month
	Long-term rental plan 24 months～	Open price	-	Open price

■ Application

Safie Entrance	Door control ¥39,800～/camera※2	¥2,000/month per camera + up to 100 registered people ¥6,000/month※3
Safie Visitors	-	¥10,000/month per cloudcam

※1 All tax is not included
※2 In addition to the price above, there is possibility to charge additional construction fee
※3 If the number of registered people exceeds 100, an additional fee will be charged

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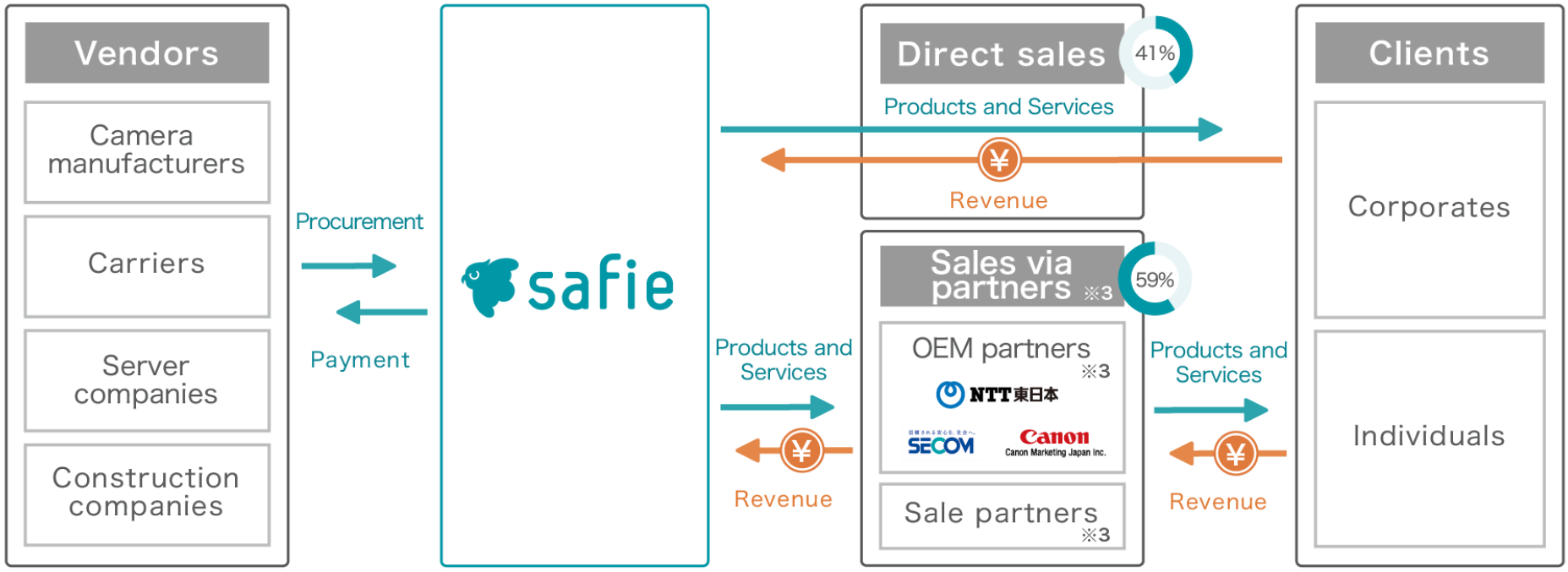
Business Model and Sales Channel

✓ Cloudcams※1 and cloud recording services ※2 sold directly and /or through sales partners



One-time revenue (revenue from cloudcam sales)

Recurring revenue (revenue from monthly charges for cloud recording services, viewing and use of applications)

※1 Safie procures cameras from various camera manufacturers (incl. Safie brand cloudcams) and does not engage in manufacturing.
※2 Safie does not develop all the cloud infrastructure on its own but utilizes the services of major cloud vendors to provide data storage and viewing services.
※3 "OEM partner" is a partner that purchases cloudcams and cloud services (or only the latter) from Safie and resells to end clients under the partner's brand name. "Other sales partners" is a partner that purchases cloudcams and cloud services (or only the latter) from Safie and resell to end customers under the Safie brand name. A few sales partners do not purchase cameras from Safie, only do services.

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Technological Advantage of Our Services

Technological points

1 Cloud-driven OS for cameras
Broad line-up of cloudcams for B2B use
Cloud-controlled videos and device

2 High security
Fully encrypted secure network

3 High quality and user-friendly UI/UX
Plug-and-use easy UX design
High quality/high compression video data

4 Highly scalable platform
A video data platform for AI development
Open API to link to various services



Customer feedback

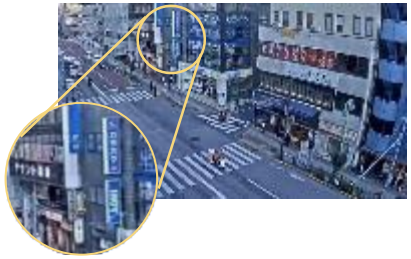
- **High quality, low price**
- **Highly scalable services**
- **Large sales network/channel**

Safie's Cloudcams vs. Conventional Surveillance Cameras

safie

High-Def Video Data & UX

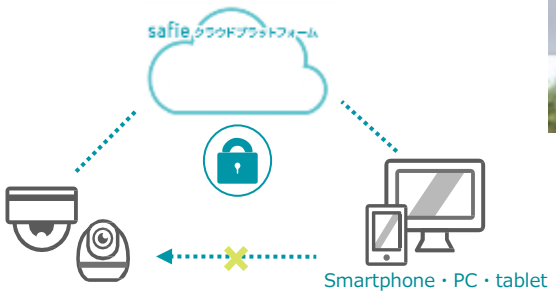
- HD, 30fps, high quality and smooth video
- Real-time access from smartphone etc
- Video sharing at multiple sites and users



HD image quality・・・ 1,280×720px

High Security

- Communication encryption
- ID management for each employee
- No direct access to cloudcams from external sources



Low Pricing

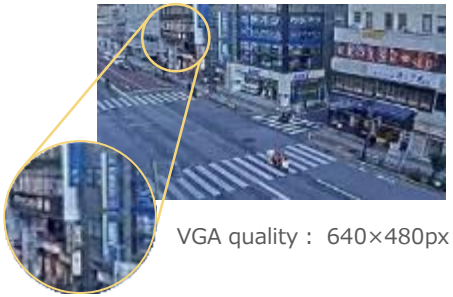
- Initial cost only for camera
- Monthly plan: ¥1,200/month~※


Safie-enabled cloudcams


Smartphone

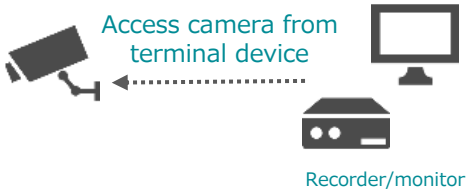
Conventional surveillance cameras

- Image quality is poor, grainy
- Video viewable only at the site's monitors/recorder



VGA quality： 640×480px

- Risk of information leakage by accessing the video stored in the camera



- Many devices require initial installation (cameras and other related equipment, installation)
- Monthly plan: often requires expensive usage fee



※ Price per cloudcam for 7-days recording plan (tax excluded)

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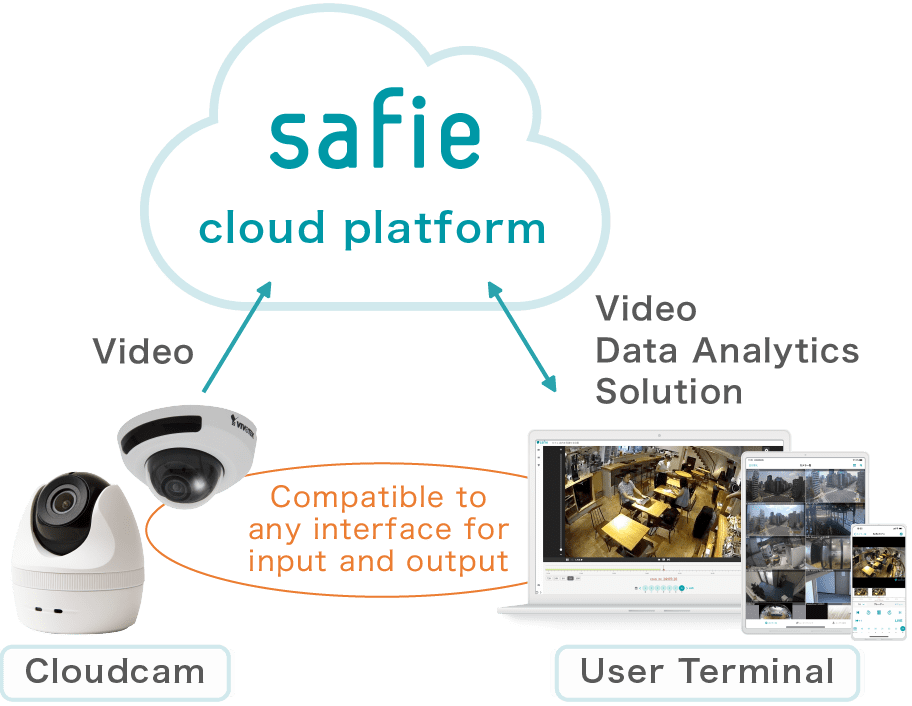
Products and Services - Safie PRO

✓ Safie PRO is a cloud video recording service, where users can view/browse the video recorded from the cloudcams and stored on the cloud on a monthly subscription basis.



One-time revenue
revenue from cloudcam sales

Recurring revenue
revenue from monthly charges for cloud recording services, viewing and use of applications

Service Characteristics

HD Image

High-Level of Security

Low Price

No Recorders

Video Sharing※

Central control for multiple units

Available 24h

※Up to 15 people per camera

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Products and Services – Safie GO & Safie Pocket

Safie GO and Safie Pocket significantly contributes to on-site digital transformation (DX) mainly in the construction industry and for outdoor work.

Safie GO Series



- Safie GO is an outdoor camera that packages LTE mobile router, communication fee and cloud recording service into a single cloudcam service.
- Suitable for various on-site work with its waterproof and compact body; helps to improve operations.

Safie Pocket Series



- Safie Pocket2 is a cloud wearable camera to support on-site remote operation
- Capable of LTE communication, built-in battery and real time communication
- Enables remote operation at various on-sites scenes.

Products and Services - Safie Entrance

✓ Safie Entrance is an application for entrances and exits that uses automatic facial recognition to enable hands-free unlocking, manage access records and, link to attendance management systems.







Tablet

Safie cloud platform

Lock/ Unlock



Door controller

Hands-free unlock

Multiple locations and doors control

Access control

Products and Services - Safie Visitors

✓ Safie Visitors is an optional function on the application suited for physical stores that uses automatic facial recognition to analyze visitor attributes and behavioral data.



- Auto Face Recognition and Recording
- Auto Attribute Prediction (age, gender, etc.)
- Visit Count

- Registration by Store (Customers' names and Labelling)
- Link with the customer DB



Measurement of purchasing rates



Customer attribute analysis



Acquisition of repeat customers



Analysis of loyal customers



Track shop-hopping※1



Crime prevention ※2



※1 Automatic face recognition and recording of visitors makes it possible to monitor the status of visits to multiple stores
※2 Store staff receives a notification when a visitor who has been previously registered for shoplifting or for suspicious conduct at other store, visits the store.

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