

Q4 FY2022 Financial Results

February 13, 2023



Safie Inc.

TSE : 4375

Agenda

1. Company Overview
2. FY2022 Financial Highlights
3. Business Update
4. FY2023 Financial Forecast
5. Appendix

1. Company Overview

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4. FY2023 Financial Forecast
5. Appendix
 - a. Use Cases
 - b. Company Information, KPIs, Business Environment
 - c. Service Characteristics

Company Overview

At a Glance

Established

October 2014

Number of employees (as of Jan. 2023)^{※1}

345

Revenue (FY2022)

¥9,252 million

ARR (as of end-Dec. 2022)^{※2}

¥7,528 million

Number of billing cloudcams
(as of end-Dec. 2022)^{※3}

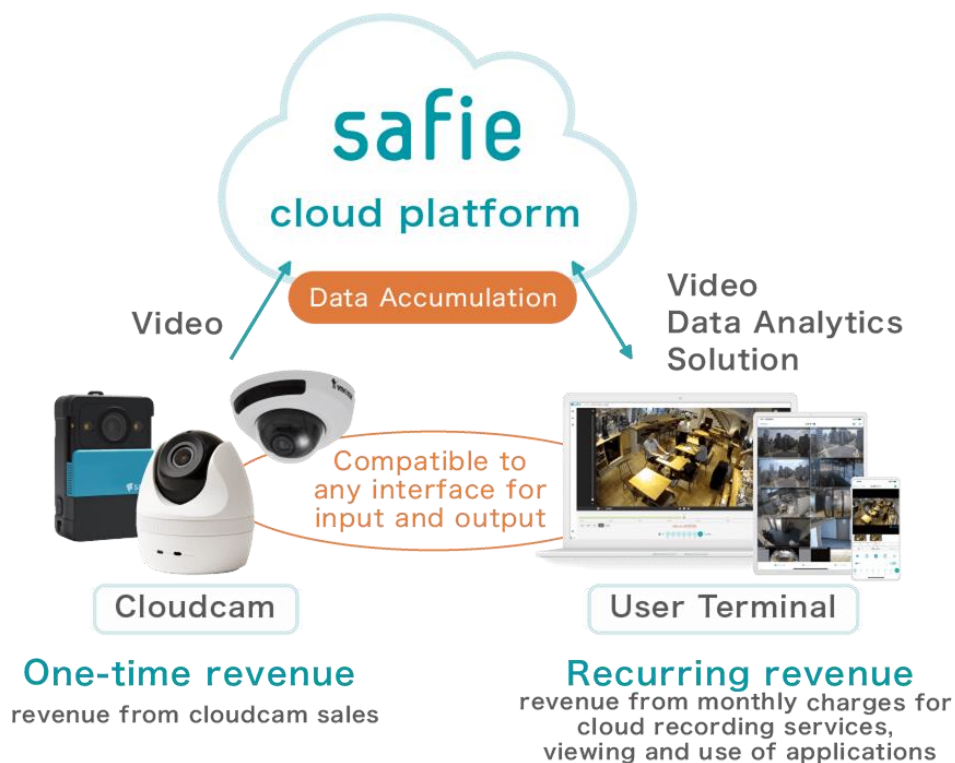
186 K units

※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.

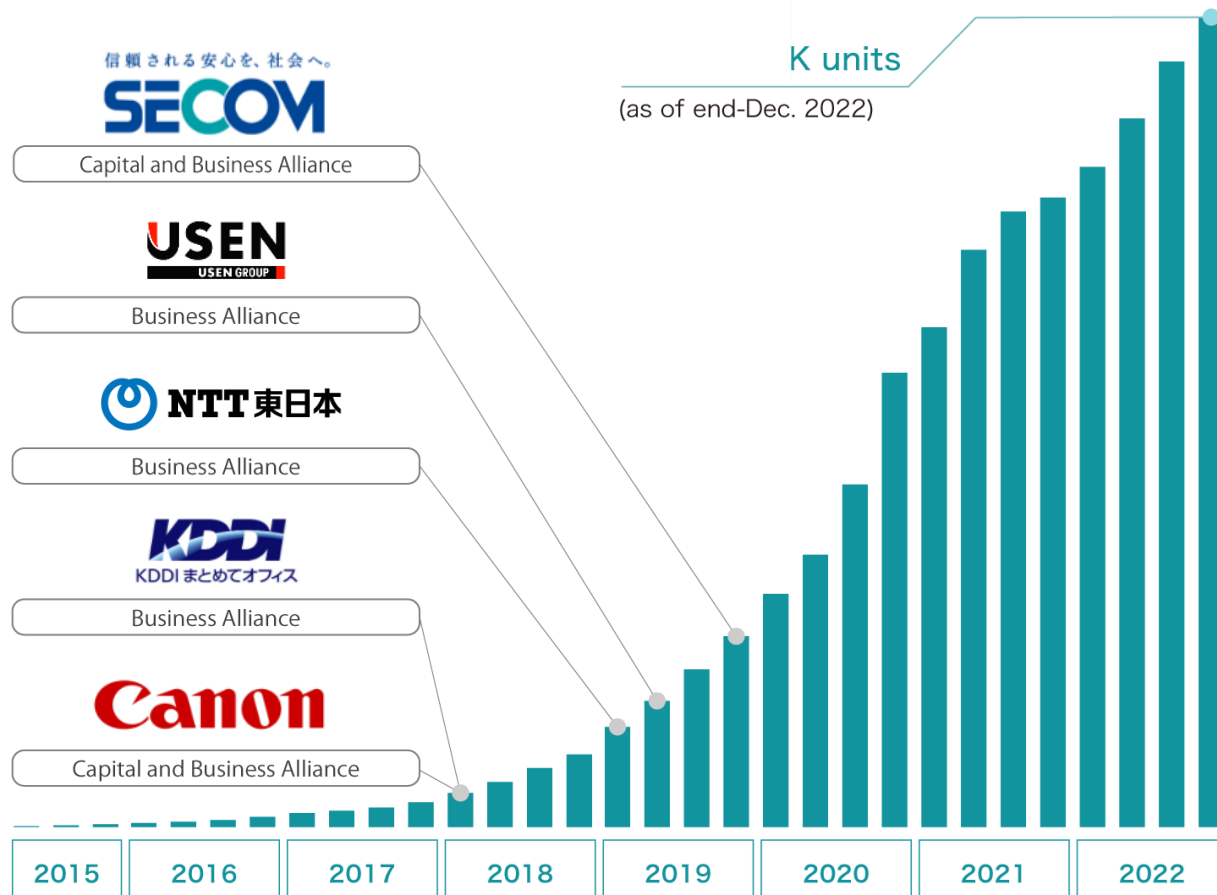
Overview of Products & Services



History and Market Share

Number of Billing Cloudcams and Major Business Alliances

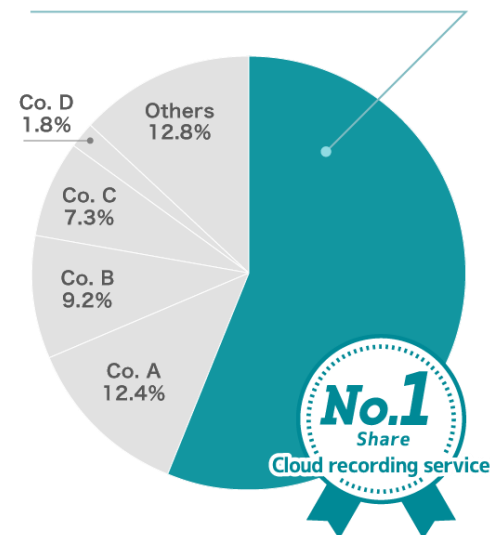
Nos. of billing cloudcams



Market Share

Market share of cloud monitoring and video recording services※

safie 56.4%
(2022)



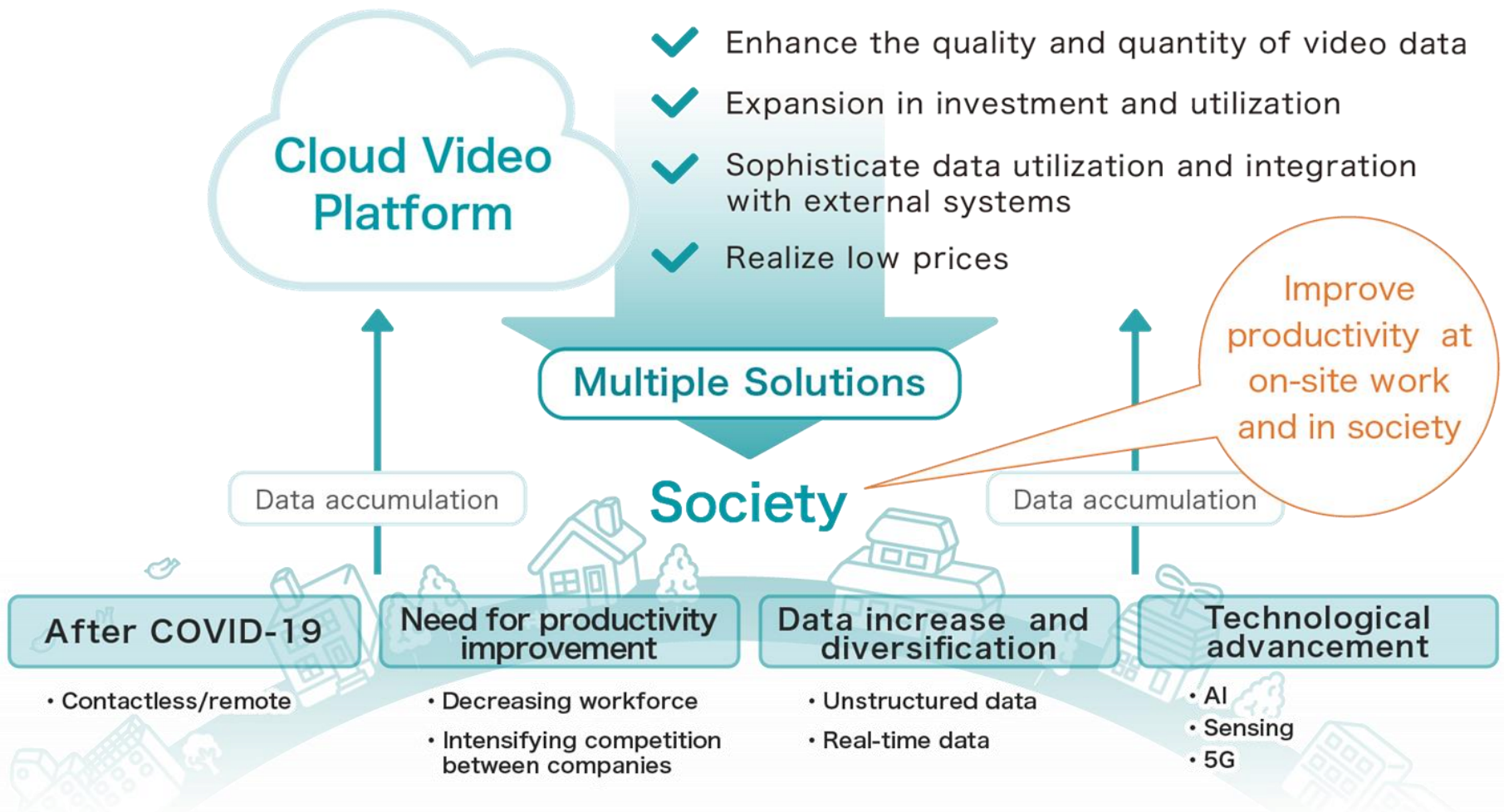
※ Source: Techno Systems Research report of "Cloud recording service market research of network camera (2022)".

Cloud monitoring and video recording service is defined as a cloud service that uses network cameras and provides monitoring and/or recording as a paid service.

Market share is based on the number of registered camera s by engine.

Expanding Potential for Safie's Service

- ✓ DX needs is increasing dramatically due to the decline in working population and accelerating adoption of remote operations.



Business Growth Leading to an Expanding TAM

- ✓ Domestic market growth potential is huge at approx. 28.63 mil. units; and an even larger potential exists in the global market

Global market

Total number of operating surveillance/monitoring cameras^{※2}
(2024 estimate; Safie estimate)

Approx.
400 mil. units

Japan market

Potential number of network cameras^{※1}
(as of Mar. 2021; Safie estimate)

Japan market

Total number of operating surveillance/monitoring cameras^{※2}
(2024 forecast)

Approx. **6.6 mil. units**

Approx.
28.63 mil. units



safie

Number of billing cloudcams
(End of Dec. 2022)

186K units

※1 Network camera refers to a usable commercial-use camera with a built-in IP function that can self-connect to the internet. (Source: Yano Research Institute)

Figures are calculated by applying certain assumptions on data from various sources. Refer to page 71 of the Appendix for the calculation method.

※2 A surveillance/monitoring camera refers to surveillance camera products which can be broadly classified as IP cameras or analog cameras. (Source: Yano Research Institute)

Figures are Safie estimates calculated by applying certain assumption to the shipment volume data stated in Yano Research Institute Ltd.'s "Surveillance Camera Market Forecast 2020 – Visual Communication Research".

2. FY2022 Financial Highlights

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FY2022 Financial Results

✓ FY2022 Financial Results Summary

(¥ million)	FY2021 Actual	FY2022		
		Prev. Guidance	Actual	Vs. Prev. Guidance
ARR	5,679	7,500	7,528	+100.3%
Billing Cloudcams (K units)	140	178	186	+104.4%
Revenue	8,456	9,200	9,252	+100.5%
Gross Profit	3,402	4,200	4,356	+103.7%
Gross Profit Margin	40.2%	45.7%	47.1%	
Operating Profit	▲76	▲1,500	▲1,283	

KPI Highlights

ARR reached **¥7.5 bn** (up 32.5% YoY) and billing cloudcams reached **186K** units (up 32.8% YoY)

ARR (YoY changes)

- ✓ Direct sales and other wholesale channel, as well as Safie GO/Pocket all grew strongly, each trending stably with an over 30% growth rate

Billing Cloudcams (YoY changes)

- ✓ Both direct sales and other wholesale channels trended firmly thanks to increased customer adoption through our major corporations and sales partners
- ✓ Progress in adoption of Safie GO/Pocket at general contractors, subcontractors and manufacturers. Also, large-scale projects via sales partners also making progress.

※1 ARR stands for Annual Recurring Revenue. ARR is calculated by multiplying the MRR at the end of each quarter by 12 (months).

MRR is the sum-total of charges for the current month for recurring billing contracts (includes sales through sales partners).

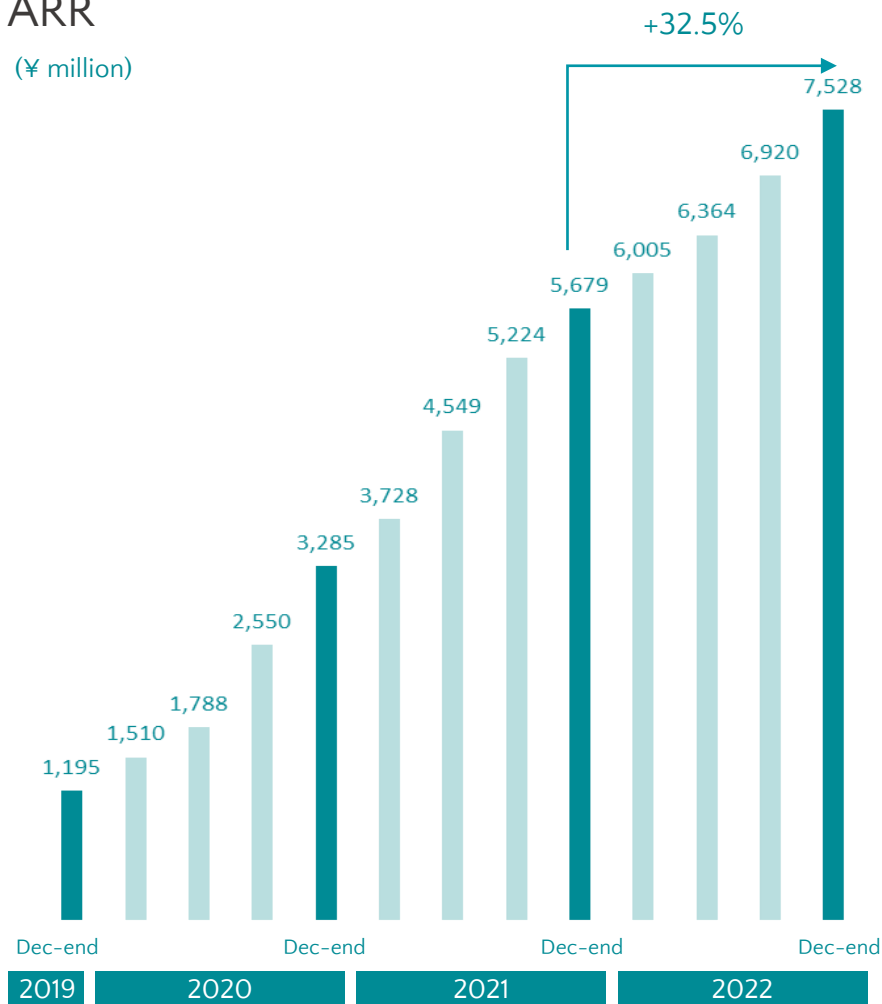
※2 Billing cloudcam is defined as the number of cloudcams in operation that is fee-charging for each quarter; and does not present the number of cloudcams sold in each quarter.

Trend of ARR and Billing Cloudcams

✓ Both ARR and billing cloudcams recorded over 30% YoY growth rates

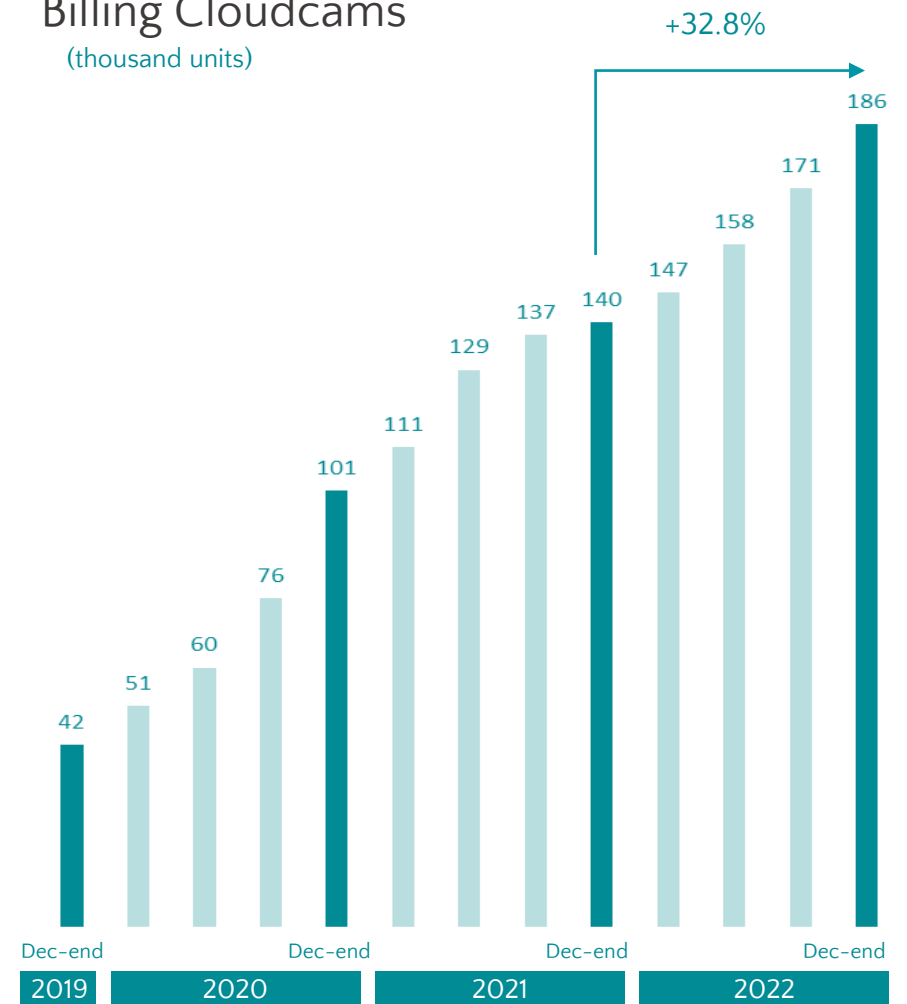
ARR

(¥ million)



Billing Cloudcams

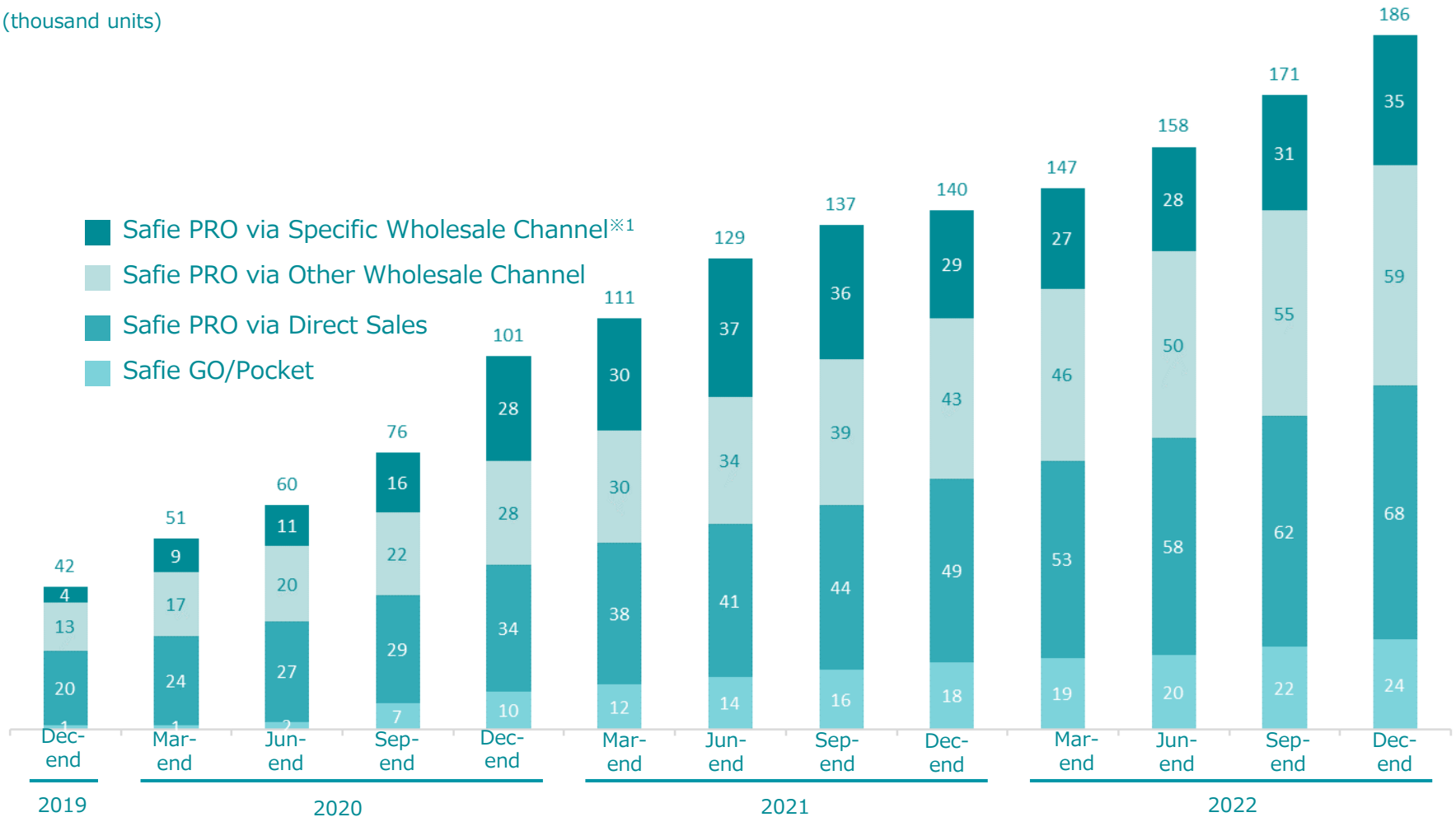
(thousand units)



Trend of Billing Cloudcams by Sales Channel

✓ Growth of billing cloudcam driven by direct sales and other wholesale channels

(thousand units)

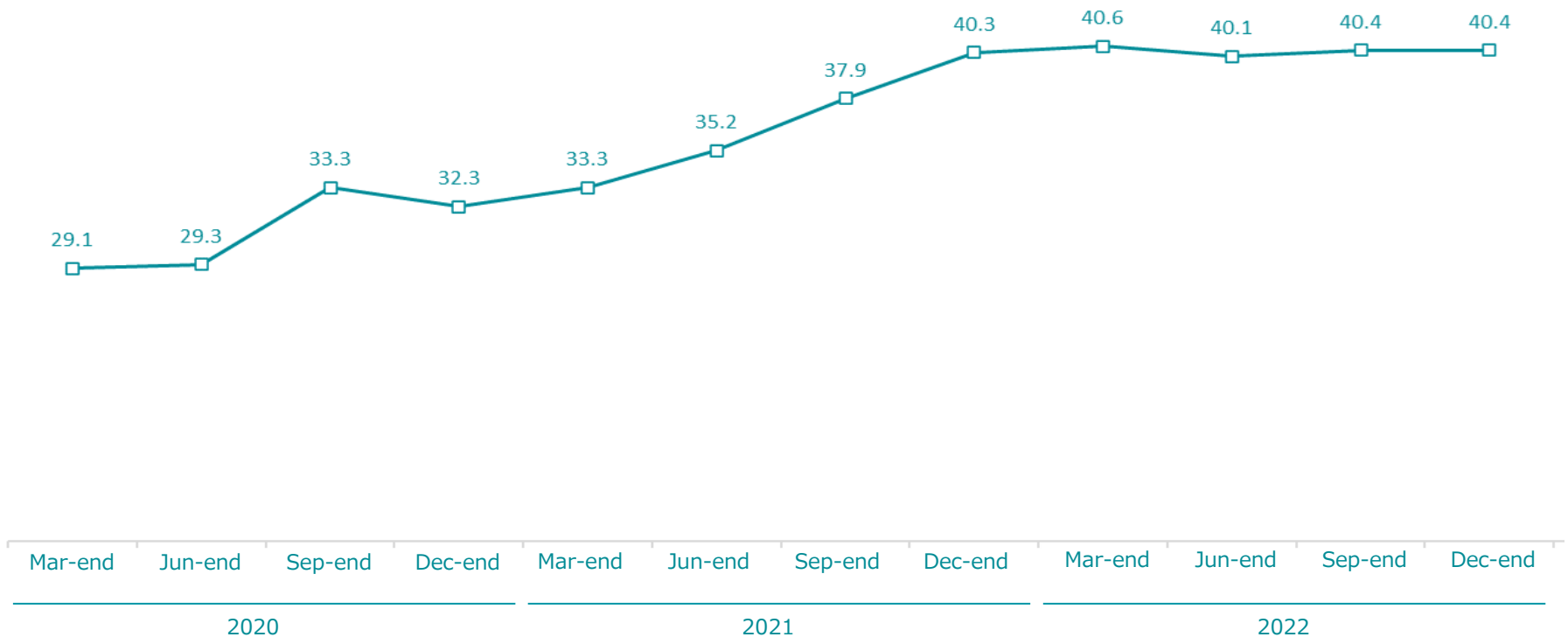


※1: Refers to a wholesale channel consisting of a single sales partner.

Trend of ARPC (Average Revenue Per Camera)

✓ Stable trend of revenue per camera

(¥ thousand)



※1 : ARPC stands for Average Revenue per camera and is calculated as $ARPC = ARR \div \text{nos. of billing cloudcams}$

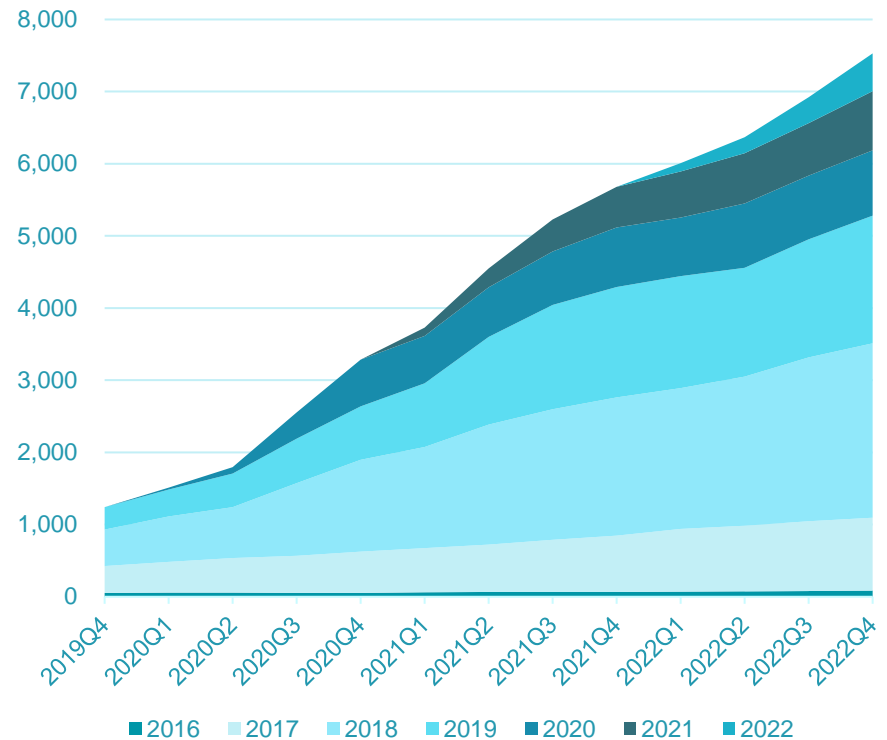
Revenue from Existing Customer (NRR)

✓ Maintain over 100% NRR for direct sales channel

NRR※1

	End-Dec 2021	End-Dec 2022
Direct sales	152.4%	112.3%
Sales Partner	153.2%	133.6%
Total	152.8%	122.6%

Total ARR (by year of customer acquisition※2)



※1 NRR stands for Net Revenue Retention. NRR for direct sales is calculated by dividing each year's December-end MRR of direct sales from paying customers acquired via direct sales channel at the end of Dec. in the previous year, by the MRR of direct sales at end of Dec. in the previous year.
 NRR for sales partner is calculated by dividing each year's Dec-end MRR from paying customers acquired via sales partners at the end of Dec in the previous year, by the MRR of sales partner channel at the end of Dec. in the previous year.

※2 ARR of direct sales channel is as of timing of contract for paying customers acquired through direct sales. ARR of sales partner channel is classified according the timing of contract with the respective sales partner.

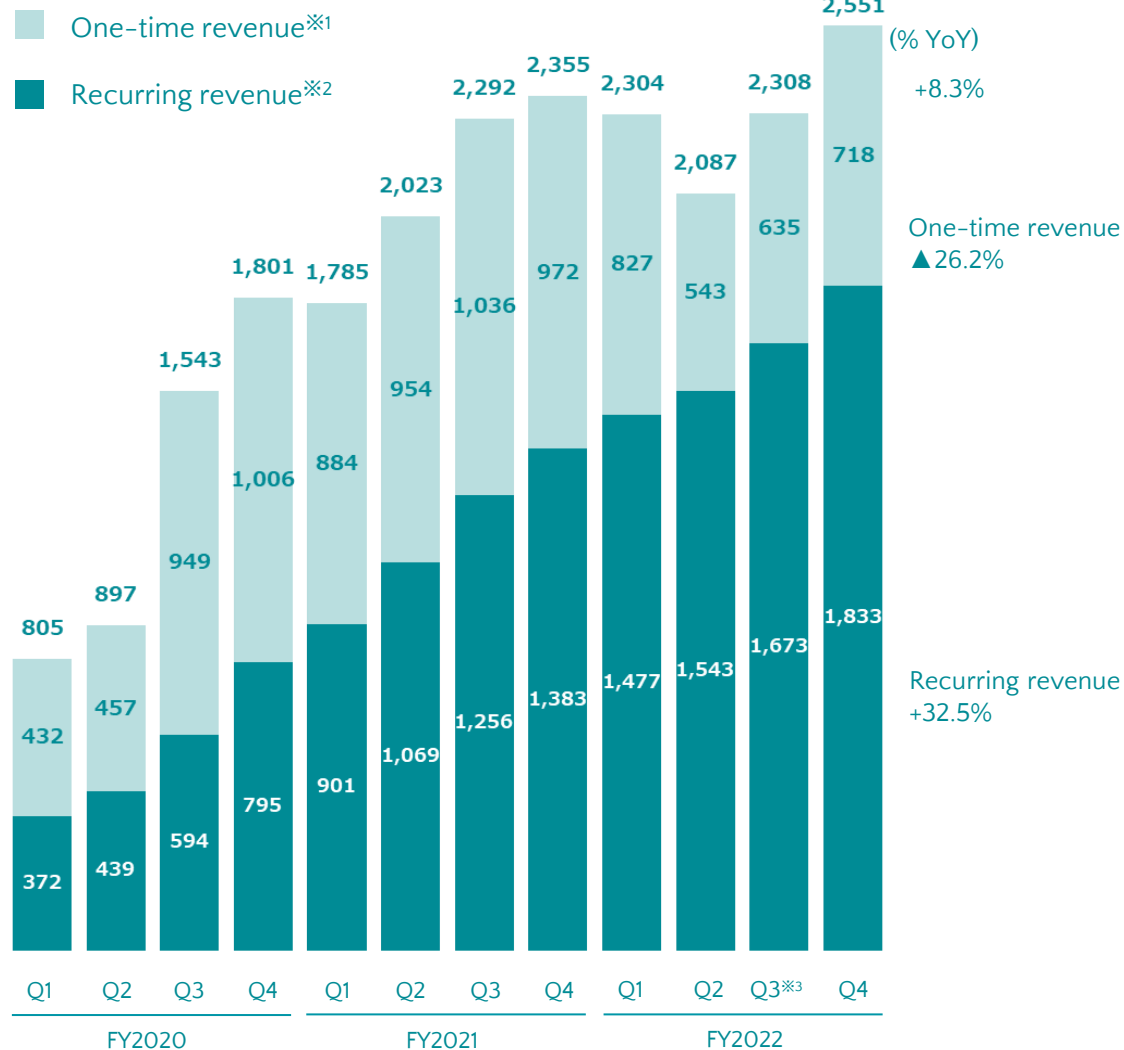
FY2022 Financial Results Highlights

- ✓ Revenue was **¥9.2 bn**, growing by **9.4% YoY**
- ✓ Gross profit margin reached **47.1%**, and **6.9pp YoY** improvement
In addition, improvement is ongoing
 - ✓ Contribution from steady increase in recurring revenue and maintaining a high level of gross margin on recurring revenue
 - ✓ Gross margin of one-time revenue on an improving trend but may fluctuate depending on orders for large-scale projects
- ✓ Full year operating loss of ¥1.2 bn from continued headcount expansion to secure future growth and advertising & marketing investments to improve corporate recognition
- ✓ Due to the revisions made to medium-to-long term business plans that incorporates relocation to the new office and further human resource investments, an impairment loss of ¥131.6 mil.^{※1} was recorded as extraordinary loss based on the “Guidance on Accounting Standards for Impairment of Fixed Assets.”

※1 The main items subject to impairment losses were property, plant and equipment related to head office and the equivalent amount of asset retirement obligation. These are one-time losses and do not affect the cash flow.

Revenue Trend

(¥ million)



- One-time revenue increased for two consecutive quarters from the increase in new adoptions
- Recurring revenue is driven by adoption of Safie GO/Pocket

※1 : One-time revenue includes merchandise and construction work

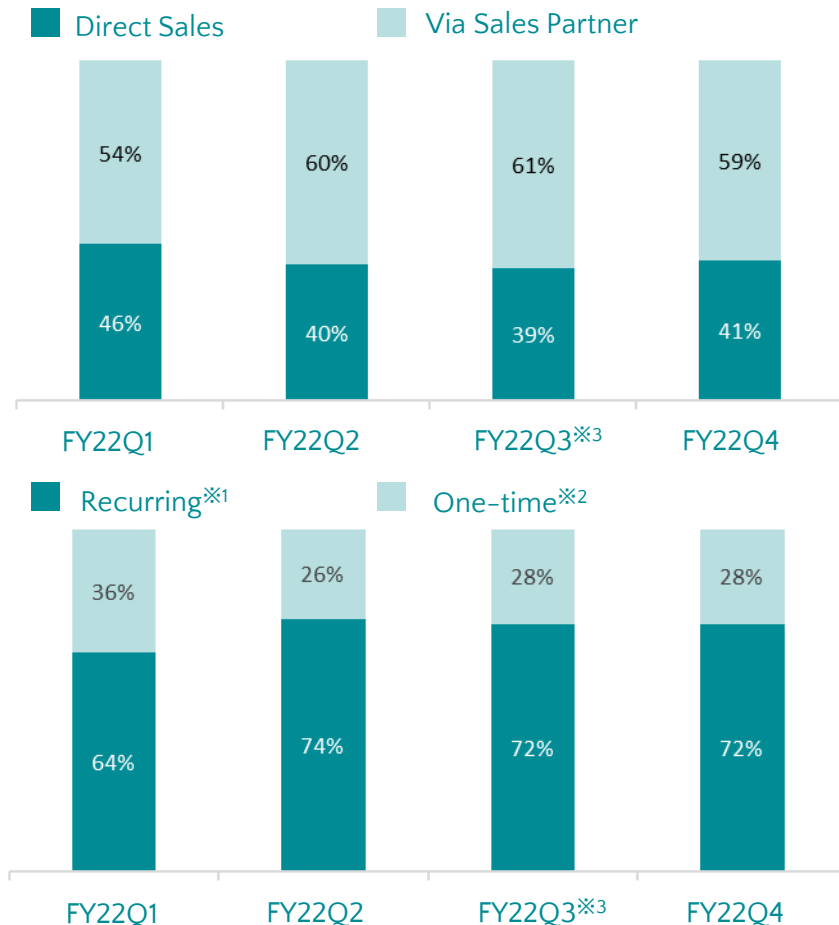
※2 : Recurring revenue includes cloud, applications, rental and SIM, etc.

※3 : Reporting on a consolidated basis from Q3 FY2022

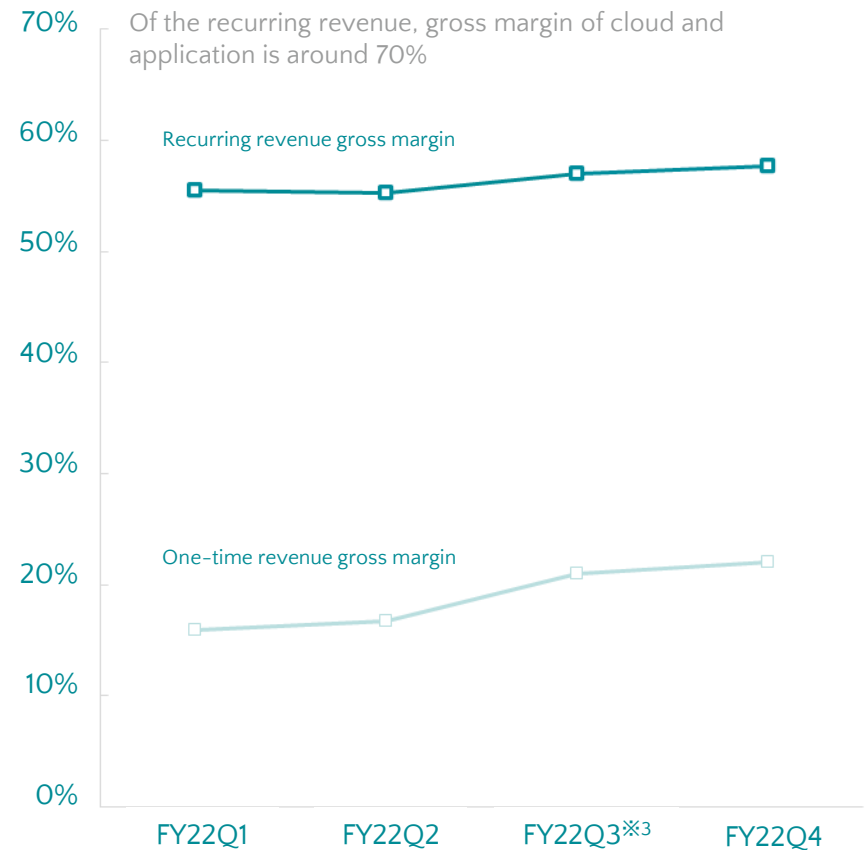
Revenue Breakdown and Gross Margin of One-time and Recurring Revenue

✓ Recurring revenue reached 72% of total revenue, contributing to improving profitability

Revenue Breakdown (Quarterly)

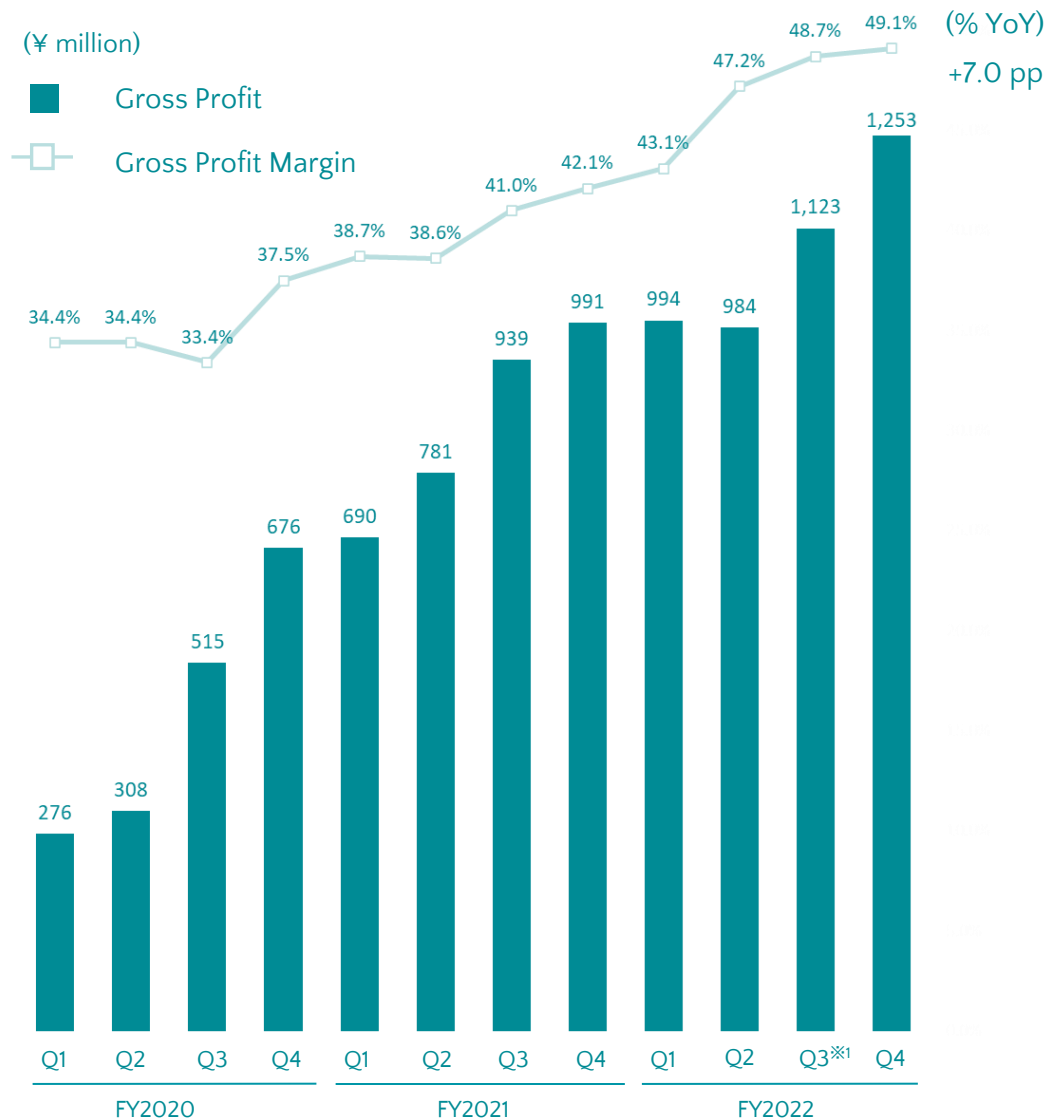


Trend of Gross Profit Margin



※1 : Recurring revenue includes cloud, applications, rental and SIM, etc.
※2 : One-time revenue includes merchandise and construction work, etc.
※3 : Reporting on a consolidated basis from Q3 FY2022

Gross Profit Trend



- Gross profit margin improved by 7.0 percentage points (pp) YoY
- Growth of gross profit driven by revenue increase as well as improving gross profit margin

※1: Reporting on a consolidated basis from Q3 FY2022.

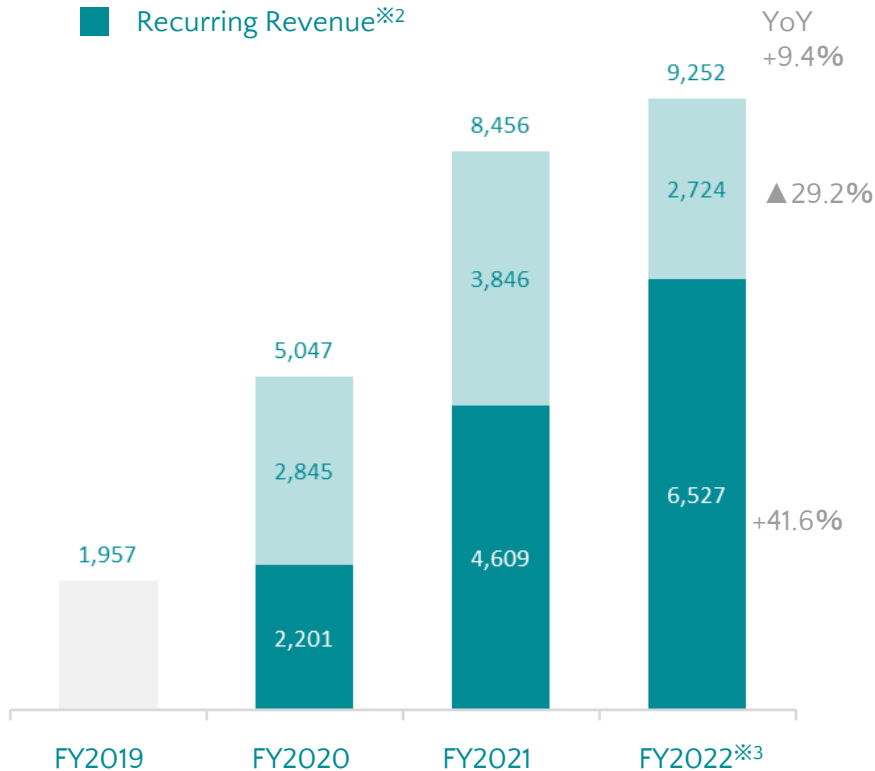
Revenue and Gross Profit Trend

✓ Gross profit grew by 28% YoY and gross profit margin reached 47%

Trend of Full Year Revenue

(¥ million)

- One-time Revenue^{※1}
- Recurring Revenue^{※2}



※1 : One-time revenue includes merchandise and construction work, etc.

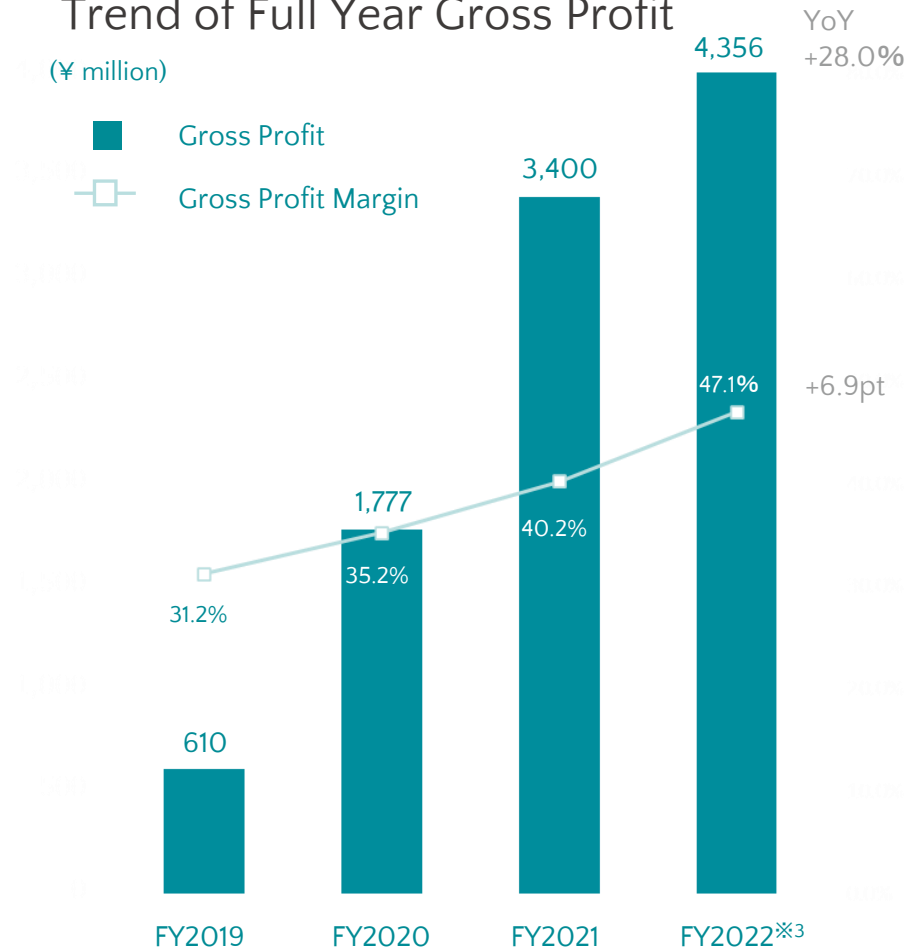
※2 : Recurring revenue includes cloud, applications, rental and SIM, etc.

※3 : Reporting on a consolidated basis from Q3 FY2022

Trend of Full Year Gross Profit

(¥ million)

- Gross Profit
- Gross Profit Margin



SG&A Trend

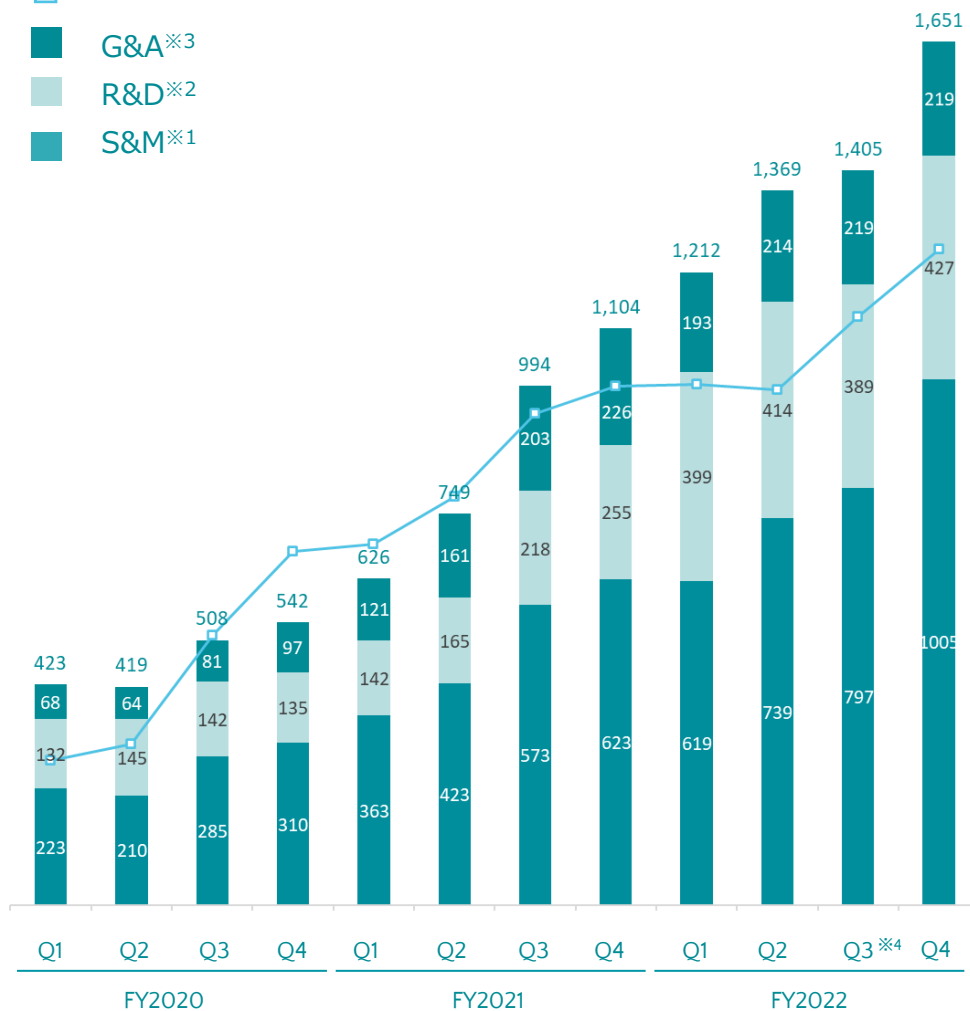
(¥ million)

—□— Gross Profit

■ G&A※3

■ R&D※2

■ S&M※1



■ S&M expense increased QoQ from continued aggressive marketing initiatives

■ R&D expense increased QoQ due to new product development and updates to existing products.

※1 S&M stands for Sales and Marketing and is the sum total of sales promotion expense, advertising expense, sales personnel costs and other related/common expenses.

※2 R&D stands for Research and Development and is the sum-total of R&D engineer personnel cost, outsourcing expense and other related/common expenses.

※3 G&A stands for General and Administrative and is the sum-total of administrative personnel cost and other related/common expenses.

※4 : Reporting on a consolidated basis from Q3 FY2022.

Operating Profit Trend

(¥ million)



■ As a result, Q4 operating loss was ¥398 million

※1 : Reporting on a consolidated basis from Q3 FY2022.

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Priorities to Achieve Targets

- ✓ Expand cloudcam footprint by penetrating into various industries in order to achieve targets

ARR



Nos. of Billing
Cloudcams

×



ARR Per Cloudcam
(ARPC※1)

Current
Priority



Future Priority



Initiatives

- Further growth in existing industries
- Entry into new industries/sectors
- Expand business with existing customers

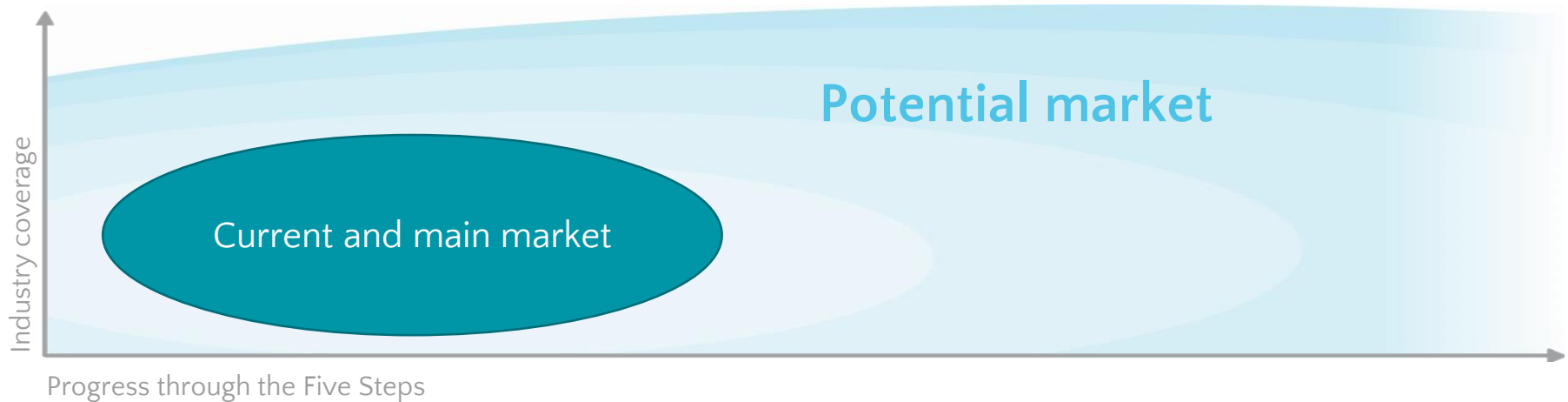
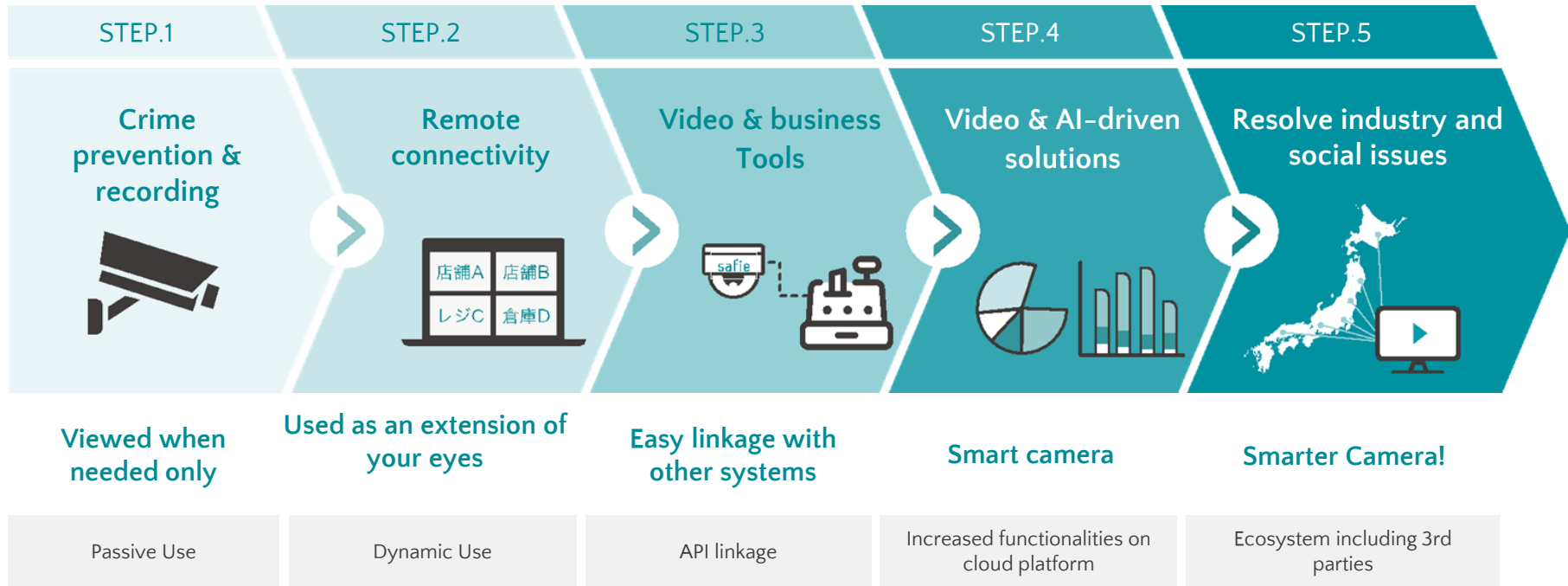
- No excessive reliance on unit price increases
- Investment phase for rollout and buildout of app-marketplace

※1 Average revenue per camera

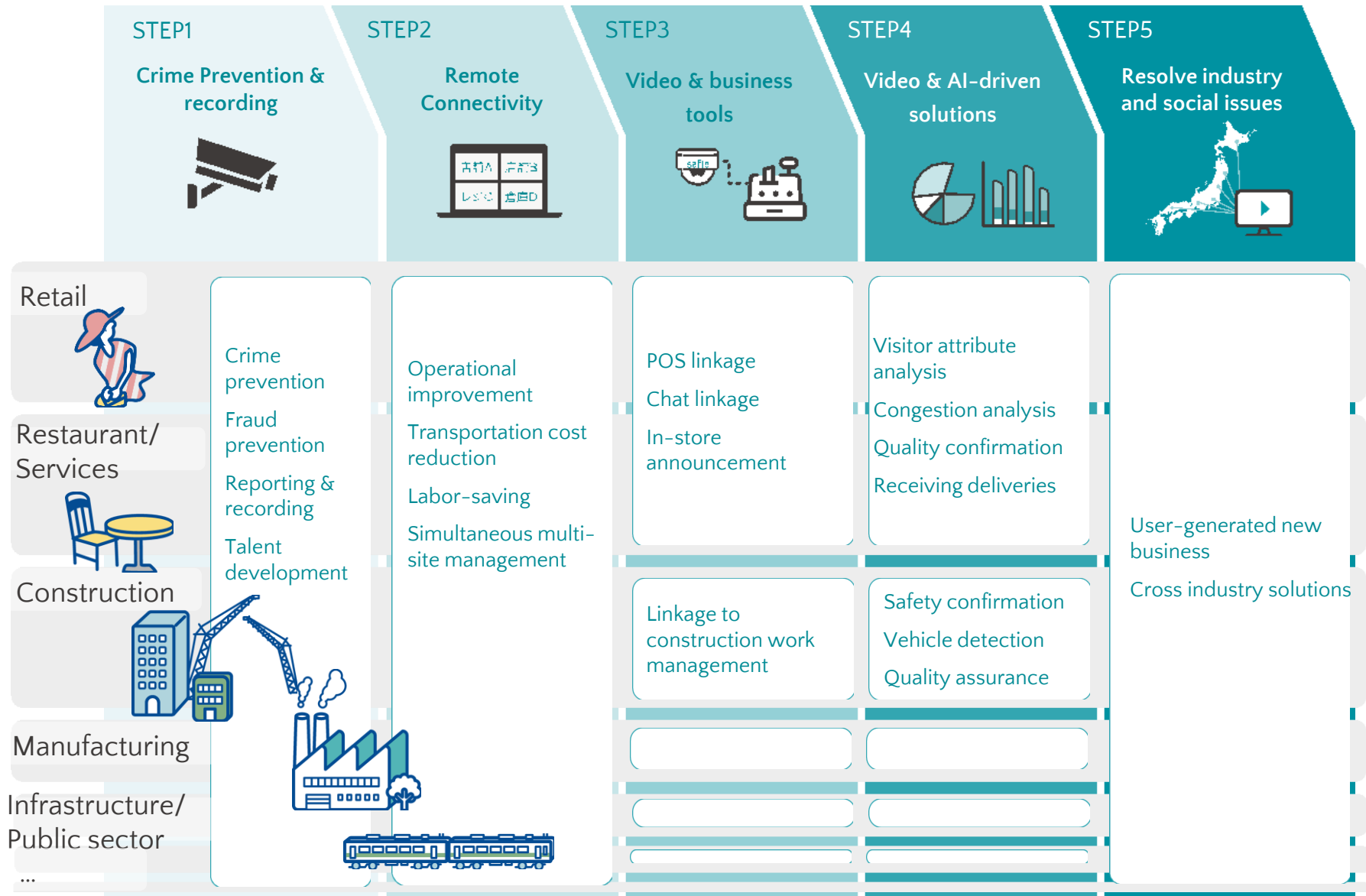
Growth Themes to Achieve Our Target – Onsite DX



The Five Steps for Onsite DX Using Cloudcams



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



Introduction of a New Product: Safie GO PTZ Plus

- ✓ Launched Safie GO PTZ Plus that improves usability at construction and civil engineering worksites; co-developed with i-PRO



Features of Safie GO PTZ Plus

PTZ Function

Film the exact location needed by remotely operating PTZ using an app



GPS Function

Confirm at-a-glance which camera's images are being displayed



Reduce transportation time for onsite attendance work

Infrastructure



safie Pocket 2

現場DX
Powered by safie



STEP.2 Remote connectivity

Reason for adoption

- An onsite attendance job of 1 hour takes up **half a day for the round-trip transport** to sites 50km away from the office
- Proposals and requests from work site required an onsite visit and in-office discussion

Use case

- Mainly used for remotely checking the completed work measurements and material inspection; collaborating with consignee for expanding scope of application
- Enables better communication for queries and confirmation **whenever any onsite confirmation is needed**

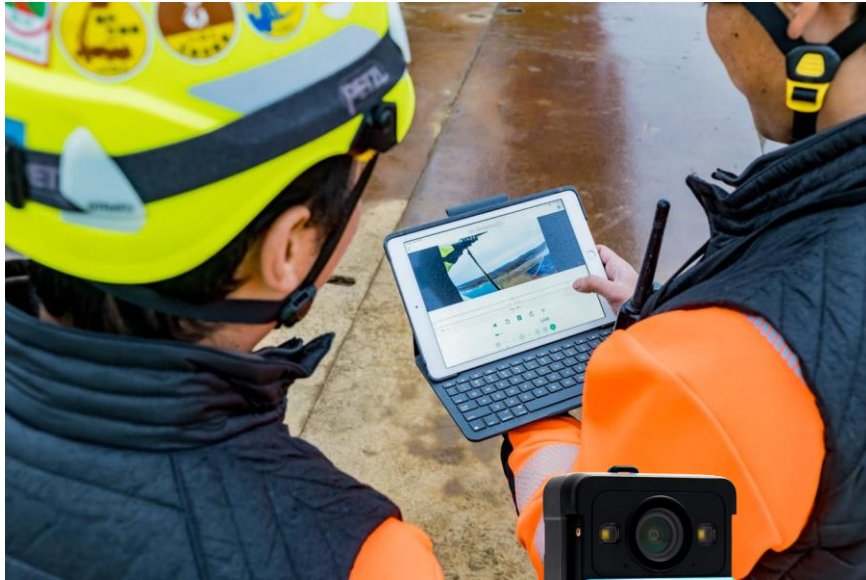
Benefit

- **Reduced the transportation time** for onsite attendance work (contribute to improving work-life balance)
- Seamless progress in work by **helping to reduce downtime at the work site**

Realize knowledge-sharing and operational efficiencies at wind-power construction sites

Infrastructure

Hitachi Power Solutions Co., Ltd.



safie Pocket 2

現場DX
Powered by safie



STEP.2 Remote connectivity

Reason for adoption

- Company was seeking a tool for confirming worksite situation that can improve work efficiency and alleviate labor shortage
- Archive videos to be used as new recruit training materials

Use case

- Used to remotely verify condition of work site and above-ground work by veterans situated in a different location

Benefit

- **Work efficiency improved** by reducing the frequency of climbing up/down from towers
- Enables **faster learning** by viewing workflow on videos, compared to reading
- **Contributes to safety** by sharing in safety confirmation and near-miss situations

Improved Safety Management by the Visualization of Danger-prone Areas

General Contractor



現場DX
Powered by safie



STEP.2 Remote connectivity

Reason for adoption

- Constructure industry faces the **need to improve coverage of safety management** due to risk of deteriorating safety management level at construction site caused by the sharp decline in construction workers and aging workforce
- In the process of **enhancing productivity** to align with overtime work regulation effective from 2024

Use case

- **Realized the visualization of danger-prone areas** such as crane operation, high-rise and elevator shafts
- Videos used for **remote attendance** by skilled safety inspector and use of video recording as **education and training materials**

Benefit

- **Sharp reduction of blind spots** in danger-prone areas
- **Reduction of transportation time by using remote participation** for quality inspection and safety patrol.
- **Quick problem-solving by sharing videos** between younger workers and skilled veterans
- Improve awareness for improvement by **using recordings for reviews.**

Adopted for room access control by leveraging the usability of a cloud system

Offices/Buildings

THECOO



safie
Entrance 2

現場DX
Powered by safie



Reason for adoption

- Needed to improve facial recognition while improving security and utilizing the convenience and hygiene of a contactless/hands-free system
- **Existing system difficult to cope with maintenance and centralized management** given the increases in businesses and employees

Use case

- Installed at 5 places on 2 floors covering all doors to the office areas
- Improved unlock speed by better accuracy of facial recognition regardless of posing angle and eyeglass

Benefit

- **Reduce workload for administrator** by centralized management of multiple devices, registration of faces, extraction of log accounts, etc.
- Considering implanting linkage with office attendance management system to use for HR management in the future

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

Retail



Other Retail



Restaurant/Services



Construction



Manufacturing



Infrastructure/Public sector



Offices/Buildings



Logistics



Summary of 2022 and Looking Ahead

- ✓ Safie was able to overcome the brief period of sluggishness in 2022. Learnings from this, we aim to further advance in 2023.

Summary of 2022

- Grew both cloudcam volume and market share by penetrating deeper into industries
- Expanded the possibilities of cloudcam usage by investing in Safie platform
- Some areas did not proceed/underperformed plans

Initiatives for Advancement

1

Pursue further cloudcam growth

2

Create customer value-add through remote connectivity

3

Strengthen management foundation



1.Pursue Further Cloudcam Growth

- ✓ Aim to further expand cloudcam footprint by responding to the unaddressed needs/domains



Actions to be taken (excerpts)

- ✓ Further expand cloudcam line-up
- ✓ Deploy cost competitive services
- ✓ Enhance middle/back offices to create value-add

2. Create Customer Value-add Through Remote Connectivity

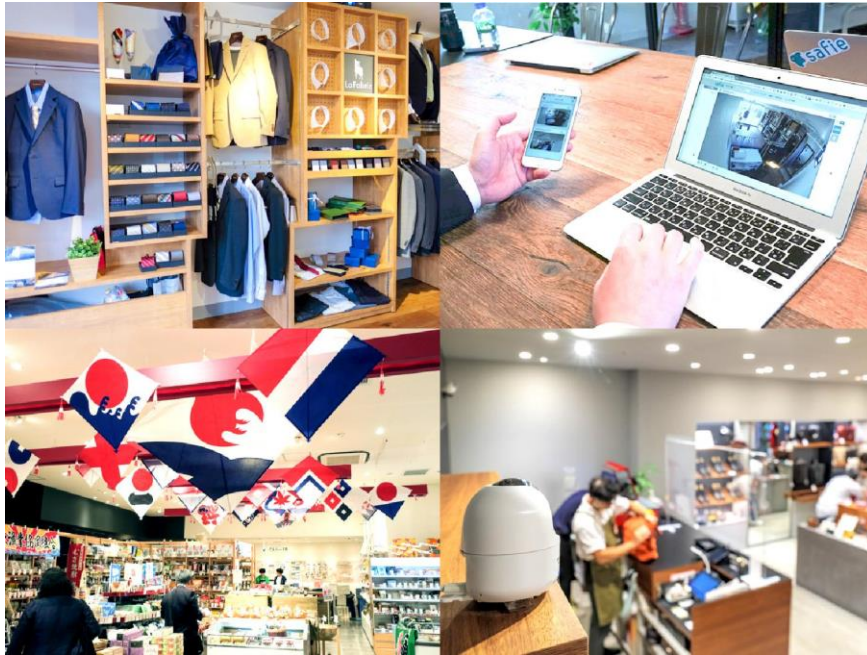
- ✓ Increase solutions that result in customer value-add by addressing issues of working population decline

Reduce burden of store visits by utilizing cloudcams as remote store manager and remote supervisor



2. Create Customer Value-add Through Remote Connectivity

Remote Store Manage



- ✓ Assess each store remotely
- ✓ Use for QSC checks with vivid images and clear audio
- ✓ Improve operations by cross comparisons of stores

Onsite Remote Supervisor

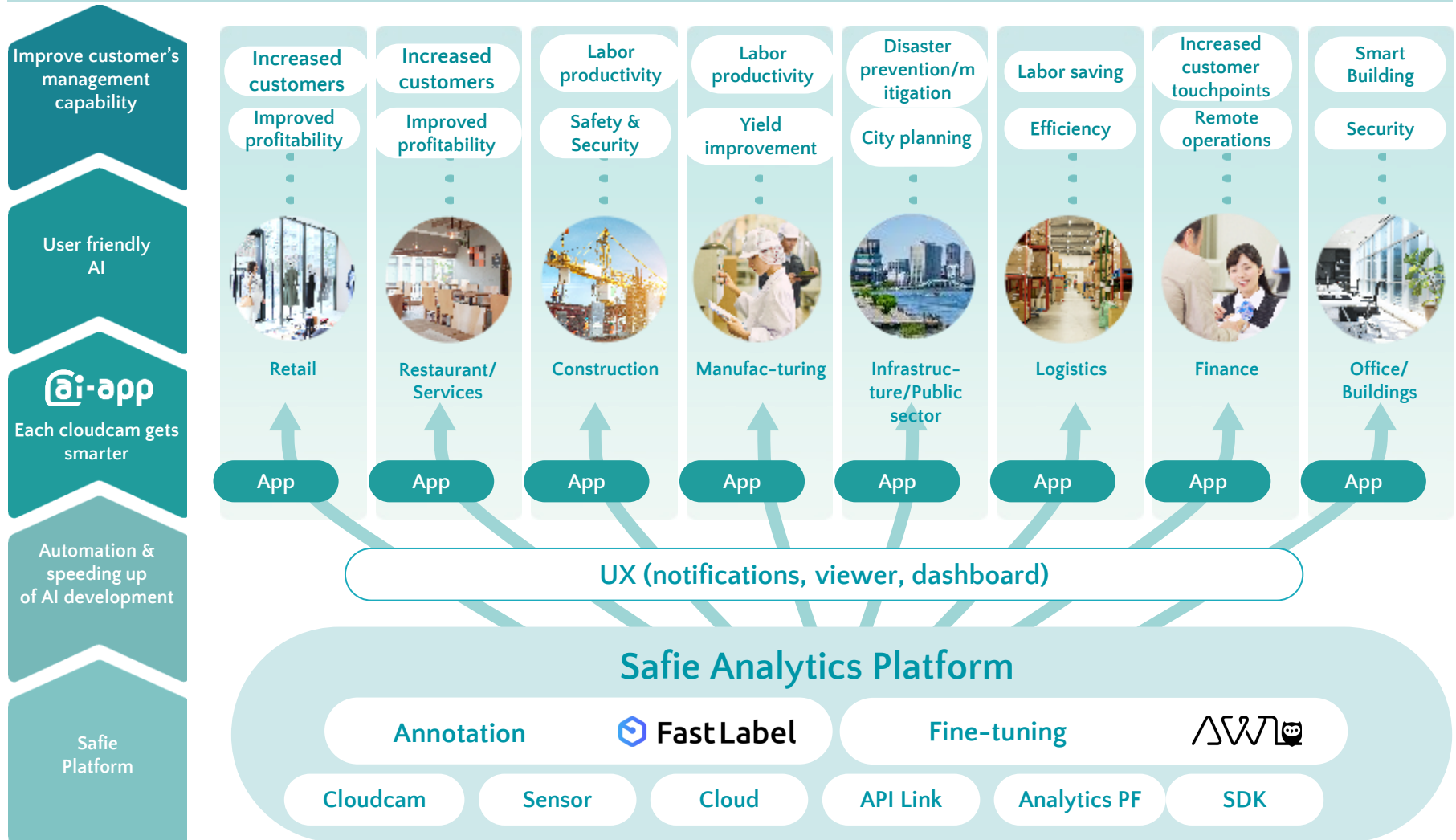


- ✓ Eliminate downtime of travelling to construction site
- ✓ Efficient management of faraway locations and/or multiple sites
- ✓ Use recorded videos for education/training

Further expand solutions by collaborating with start-ups and AI developers

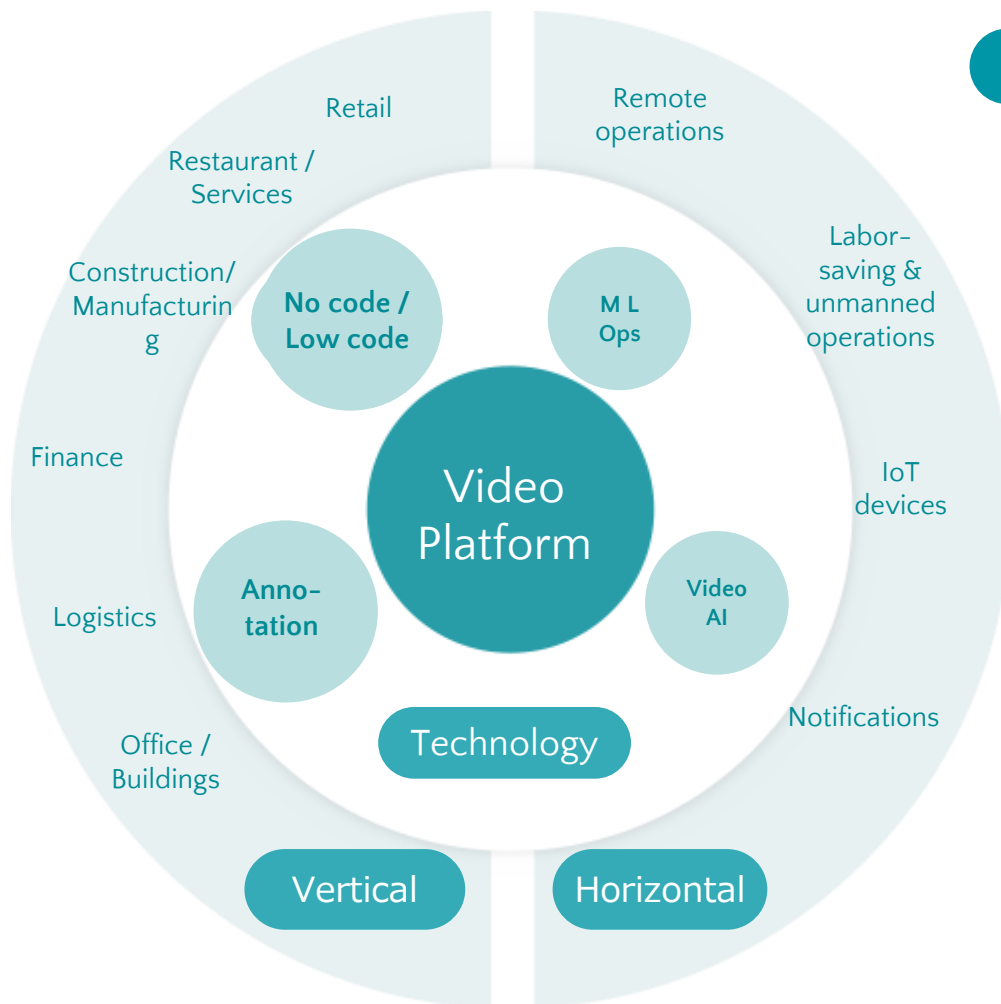
Building Out a Platform for an App Marketplace (Reference)

✓ Enable speedy buildout of app market through automation of AI development and optimization



Initiatives to Strengthen Platform Value Enhancement (Reference)

- ✓ Execute and promote strategic investments to build strong business collaborations



Established Safie Ventures, Inc.

Aim of establishment

- Promote strategic investments that can accelerate business growth and enhance value of Safie platform
- Aim to promptly respond to customers through capital investment in partners that can complement and strengthen Safie's existing services
- Wholly owned subsidiary of Safie, Inc.

Investment Track Record



Edge AI MLOps



Annotation



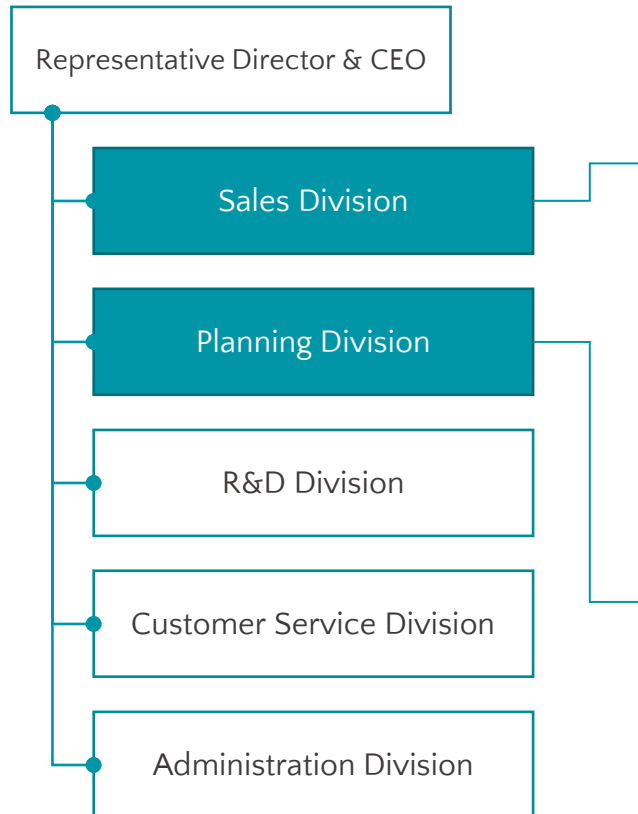
IoT device

(tele-presentation system)

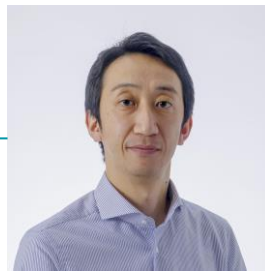
3. Strengthen Management Foundation (1) New Directors

- ✓ As part of the aim to strengthen the management foundation, a Chief Revenue Officer (CRO) in charge of Sales Division and Chief Product Officer (CPO) in charge of Planning division have been newly appointed.

Organizational Overview



Biodata of new directors



Nobuaki Nishimura

Joined ORIX Corporation after graduating from Keio University in 2001. Worked in various capacities in domestic branch offices, project development (overseas), domestic corporate business division, ORIX USA, Office of the President and new business development, gaining experience in finance (lease, lending and life/non-life insurance, etc.), investments, new business (incl. overseas) and management of overseas offices. Joined Safie in May 2022, after overseeing the investment into Safie during his assignment at the domestic corporate business division (during 2017) .



Hisaya Shiraishi

After graduating from university, joined a mid-tier system integrator and was involved in development of finance system as a programmer/system engineer (SE). Joined Yahoo Japan Corporation in 2002, where we oversaw more than 20 services as product manager and business head. Joined GYAO Corporation in 2018 as director in charge of development division responsible for video streaming service GYAO! Joined Z Entertainment Corporation (formed from the integration of entertainment divisions of Yahoo Japan Corporation and LINE Corporation) as head of the CPO office where led the strategy and planning of products in the entertainment domain. Joined Safie in June 2022.

3. Strengthen Management Foundation (2): ESG-Contributing to the diverse stakeholders

- ✓ Established materiality for sustainability management and working to contribute to a diverse stakeholder base

Materiality and SDGs

E

Environment

Build an infrastructure to support a sustainable society



S

Social

Build a future where everyone can challenge themselves



G

Governance

Build a safe and secure future



3. Strengthen Management Foundation (2): ESG-Data Governance Committee

- ✓ Discusses what an ideal platform ought to be, from a privacy and consumer protection perspective

Data governance experts' organization

Explanation



Proposal,
Advice



Safie management

Activities

- Frequency : 4 times a year
- Discussion themes:
Responsibility of the platform, technology and privacy/consumer protection, support to camera installation vendors, etc.

Expert Committee (titles omitted)



Tatsuhiko Yamamoto

Professor, Keio University Law School



Atsushi Okada

Partner, Mori Hamada & Matsumoto
Auditor, Safie Inc.



Shoichiro Iwata

FORCE Marketing and Management, Inc.
Representative Director & President
External Director, Safie, Inc.



Tomoaki Terakubo

Canon Marketing Japan, Inc.
Head of Solution Development Center



Tsukamitsu Hirabayashi

SECOM Co., Ltd. Technology
Development Division
General Manager for Special Missions

3. Strengthen Management Foundation (2): ESG-Information related to handling of video footage

- ✓ Disseminate information on cautionary points on various use cases to camera installation vendors



1.Basic Principles

2.Precision on Communication

Consumers, business partners, other stakeholders

2-1

Precaution during planning stage

2-2

Precaution during design stage

2-3

- 1.Precision during operation
- 2.Precision during administration

3. Strengthen Management Foundation (2): ESG- Supporting DX promotion by local governments

Zushi City, Kanagawa Prefecture

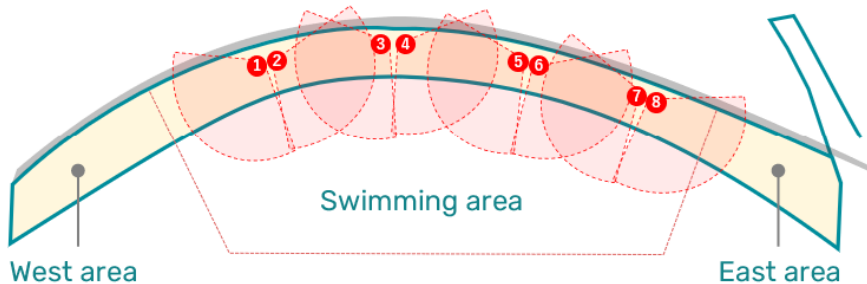


Diagram: Cloudcams installed in the swimming area

現場DX
Powered by safie



Before

City official would walk and **visually assess**
the **600m coastline**



After

Assess condition by **reducing frequency of onsite inspection** by using remote monitoring with cloudcams

Allows time to concentrate on other duties

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FY2023 Financial Forecast

✓ Revenue, ARR and billing cloudcam volumes forecast to grow in the range of 25%–29% YoY

(¥ million)	FY2022	FY2023	% YoY
ARR	7,528	9,450	+25.5%
Nos. of billing cloudcam (thousand units)	186	239	+28.4%
Revenue	9,252	11,615	+25.5%
Gross Profit	4,354	5,904	+35.5%
Gross Profit Margin	47.1%	50.8%	–
Operating Profit	▲ 1,283	▲ 1,200~▲ 800	–

✓ ARR assumed to grow 25.5% and billing cloudcam units by 28.4% YoY

✓ Refer to following pages for details on revenue

✓ Gross profit growth rate expected to be higher than revenue from topline growth and margin improvement

✓ Continued aggressive investment in S&M and R&D – details on following pages

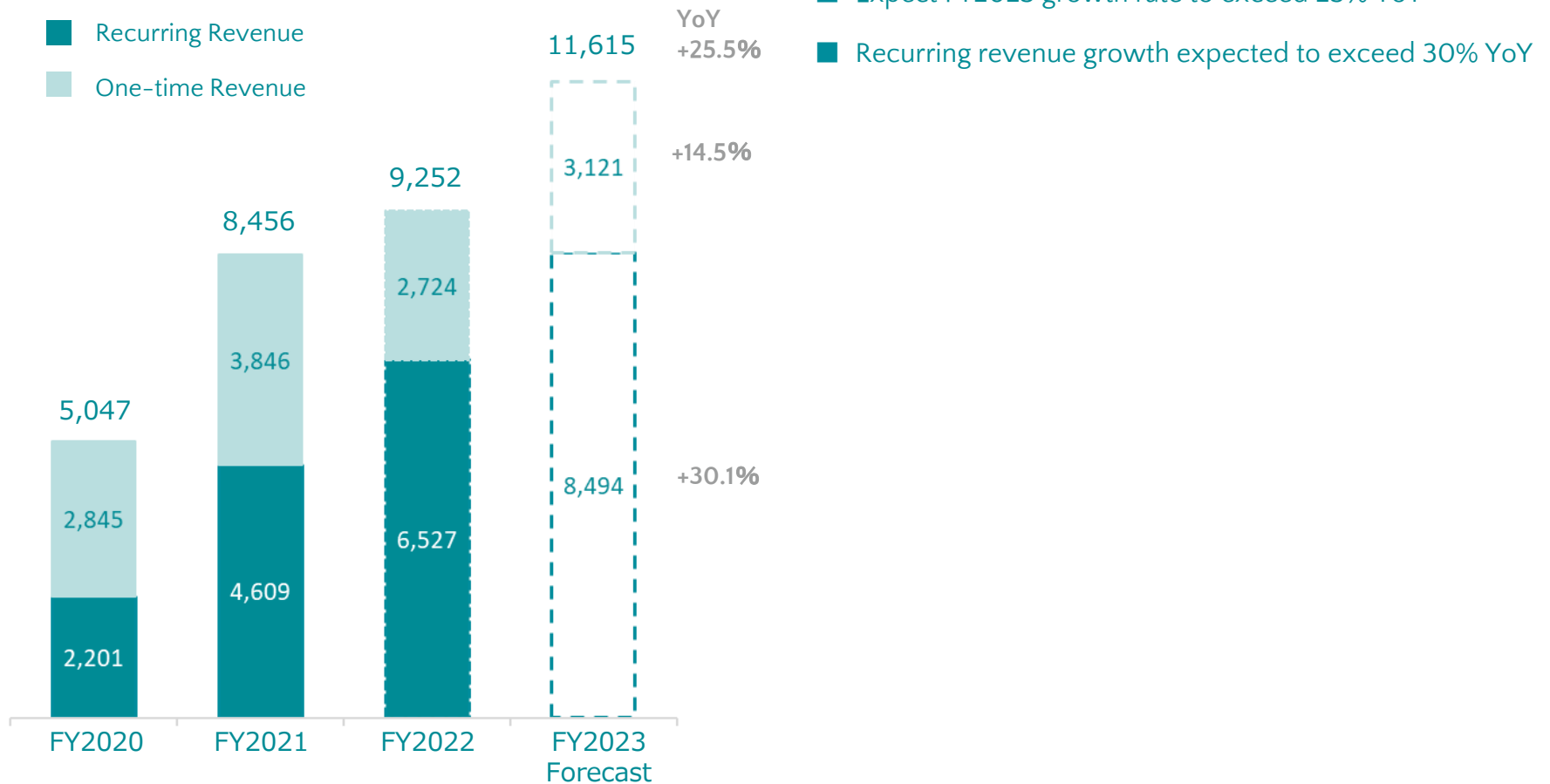
FY2023 Financial Forecast - Revenue

✓ Recurring revenue to massively drive revenue growth

Revenue trend – annual

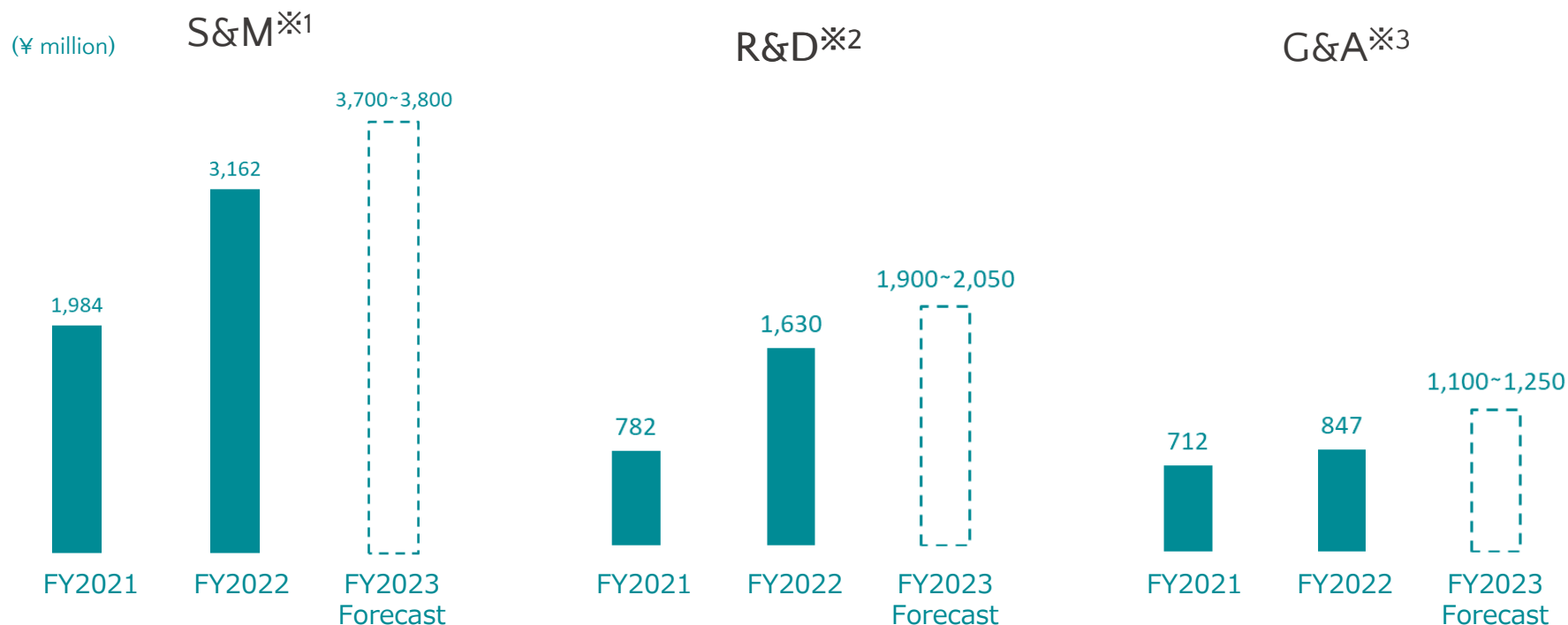
(¥ million)

- Recurring Revenue
- One-time Revenue



SG&A

- ✓ Plan to invest funds mainly into expanding engineer and sales personnel, corporate PR and sales promotion



Major investment areas during FY2023

- ✓ S&M related personnel, recruitment, advertising and marketing, etc.
- ✓ Personnel expense, recruitment expense and outsourcing expense related to system development, etc.
- ✓ Office relocation expense, administration/corporate personnel expense and other company-wide expenses, etc.

※1 S&M stands for Sales and Marketing and is the sum total of sales promotion expense, advertising expense, sales personnel costs and other related/common expenses.

※2 R&D stands for Research and Development and is the sum-total of R&D engineer personnel cost, outsourcing expense and other related/common expenses.

※3 G&A stands for General and Administrative and is the sum-total of administrative personnel cost and other related/common expenses.

映像から未来をつくる



Appendix

1. Company Overview
2. FY2022 Financial Highlights
3. Business Update
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5. Appendix
 - a. Use Case
 - b. Company Information, KPIs, Business Environment
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a. Use Case

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YAKINIKU LIKE Ltd. installed Safie's cloudcams at all their restaurants, known for their "service within 3 minute" service and offering Korean BBQ for one-person customers.

Enables operational improvements by sharing and analyzing video data of the kitchen and dining area at all the restaurants.



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STEP.2 Remote connectivity

Major Restaurant Chain Operator

Restaurant/Services

Before



- **Weekly business trips** to visit regional stores
- **Compile business trip report** with pictures and text



After



safie



HQ

- **Assess operation remotely** from HQ
- **Clip the important footage** in place of report

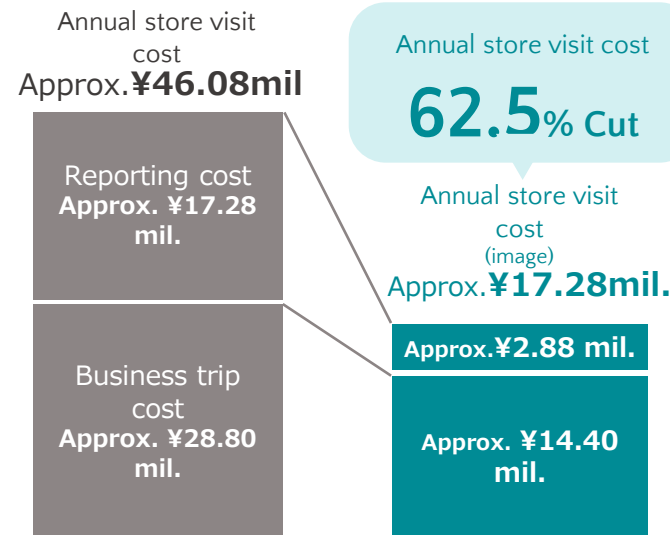
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STEP.2 Remote connectivity

The major restaurant chain operator was able to reduce costs for store visits and compiling reports by switching to centralized management of video footage by implementing Safie's cloudcams.



※ Based on interviews with Safie's customer (the major restaurant chain operator), the figures above is an image based on the following assumptions outlined below. Actual cost reduction of store visit costs and the percentage reduction may differ from this calculation. In addition, similar reduction in store visits can not be expected for other customers of Safie, since the assumptions and circumstances will differ

Business trip cost: Ten employees each make 8 business trips per month to regional branches, with each business trip costing ¥30,000 and other related expenses. By implementing Safie's cloudcam, we have assumed the number of business trips to half per employee.

Reporting cost: Assumed 10 employees each making 8 business trips per month and spending 6 work hours per employee for compiling each business trip report (with text and pictures). By implementing Safie's cloudcam and converting to clipping important video footage in place of the report, the work hour is assumed to reduce to one hour (hourly wage assumed at ¥3,000 per employee).



Video & Audio

Video & Audio



Daiwa House Industry Co., Ltd, a company that builds high-quality houses in Japan, is promoting digitalization to enable labor-saving at the construction site.

Under the pilot test for centrally managing construction sites, the Smart Control Center (SCC) was set up at 12 locations in Japan to carry out remote viewing/confirming the construction conditions and quality management at the site for detached house building across Japan, using stationary cameras and wearable cameras

Film and reply
based on instructions

(real time)



Construction site

Instruction from
Head office of quality
inspection areas

(real time)



Head office

Video & Audio

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STEP.2 Remote connectivity



Aeration tank



Meters



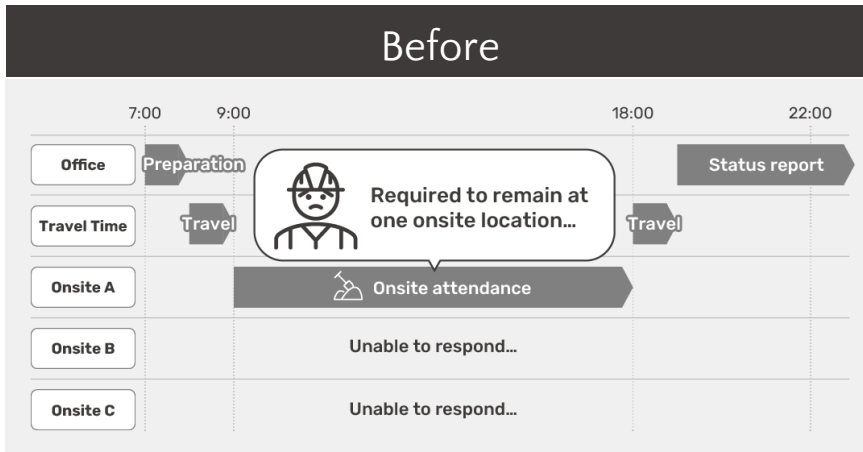
Bird's eye view of plant

Mitsubishi Chemical implemented Safie's cloudcam to achieve safe and speedy operations by information sharing using videos of the plant work sites.

More concretely, cloudcam is used as in place of an expert's eyes in achieving DX such as reducing workload and securing safety management for workers, making onsite operations and onsite attendance work more efficient and, reduce administrative personnel.

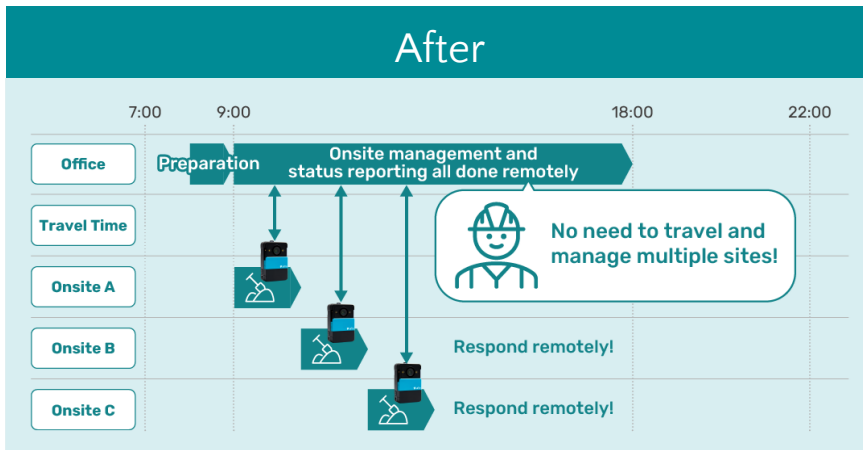
- Confirming progress for regular maintenance work at plants
- Monitor conditions of equipment and meters at the plant
- Remote support by construction veterans and assistance to human work
- Remote inspection of manufacturing facilities
- Safety patrol of on-premise and off-premise areas

Before



By utilizing Safie's cloudcam, the client can manage multiple sites simultaneously as well as contribute to reduce overall labor time.

After



Yachiyo City Fire Department Headquarters

Infrastructure/Public Sector



Yachiyo City Fire Department HQ is pilot testing the wearable camera to strengthen disaster response. This is part of promoting DX in disaster prevention having reached the eleventh year after the Great East Japan Earthquake.

Yachiyo City Fire Department Headquarters, Chiba Prefecture, has test implemented Safie Pocket2, and carried out proof-of-concept test in their lifesaving training.

The purpose of the proof-of-concept test was to use the video images to make prompt and accurate life-saving decisions onsite. The deployment of Safie Pocket2 is increasing not just for training purposes but for real-life fire hazards as well. Specific use cases are as follows.

- Real time sharing of onsite conditions between HQ and onsite personnel for determining severity of injuries of rescued victims.
- Remotely follow the rescued victims
- Utilized for reviewing firefighting activities
- Precise instructions to onsite firefighters using camera's positioning information

現場DX
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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 Pocket 2.

Also used to inspect roads and cliffs prone to collapsing before the disaster strikes, and actual pilot tests are being carried out.

During disaster

Potential use to assess evacuation centers and disaster-hit areas

During normal times

Used to confirm potential landslide prone areas





safie one

A proof-of-concept test was carried out using cloud recording service of Safie One linked to AI to enable analytics, in order to resolve the operational issues as well as create a new layout style.

Main features of proof-of-concept test

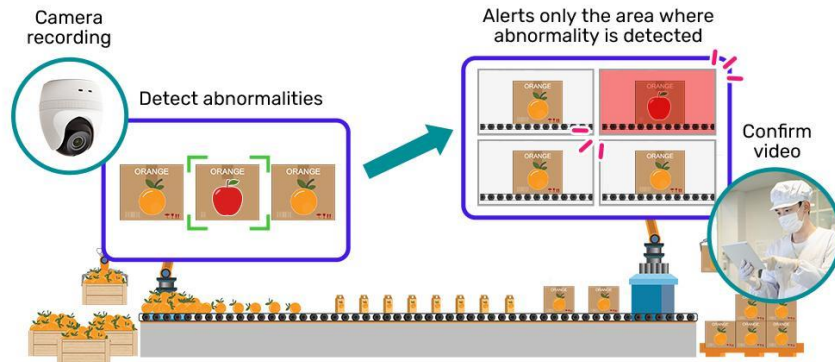
- Purpose: Reduce opportunity loss at the lunchbox (bento) area and maximize sales
- Method: Measure performance by dividing bento area to four sectors
- Detail: Numerically express the number of passing customers, shelf-dwelling time and number and the dwell-ratio by using passerby counter function.

This enable the visualization and quantification of the operational know-how, which formerly relied on implicit knowledge.

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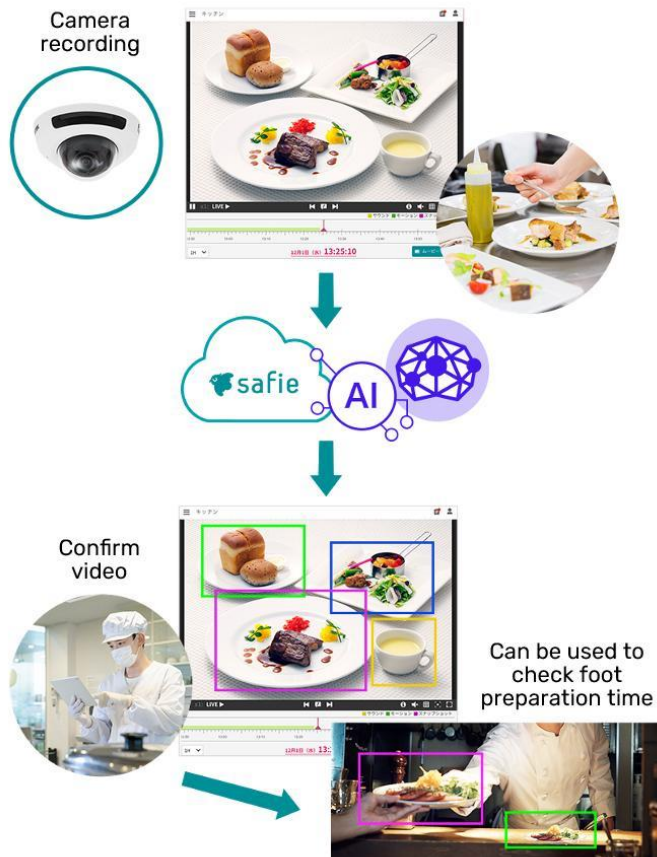


STEP.4 Video & AI-driven solutions



The collaboration with EAGLYS enables combining AI analytics to the recorded video data, we have commenced development of AI image analytics that can detect contamination and impurities in production lines at manufacturing plants.

The AI image analytics service have been deployed in manufacturing plant for a proof-of-concept test. Tests have yielded detecting impurities 24m away and undetectable to human eyes, with 91% accuracy, without changing the worker flow and production facilities.



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 cloudcams with AI analytics in order to reduce the labor for food quality inspection and to raise the food quality itself.

This makes it possible to provide quality assured food items to customers by using the instantaneous assessment of the time lapsed since the food was cooked and the food's presentation.

100年をつくる会社
鹿島

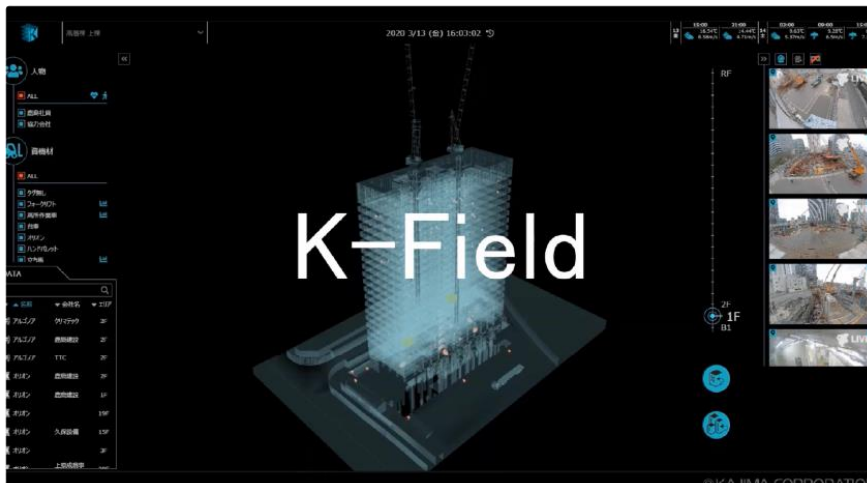


KAJIMA CORPORATION upholds the Kajima Smart Future Vision which aims to digitalize all process related to construction work by promoting initiatives such as ‘half of the work with robots’ and ‘half of project management done remotely.’

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

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

※ Excerpt from “Learning from use cases: Kajima Corporation’s use of cloudcam for remote onsite management that alleviated labor shortage and saves labor under their Kajima Smart Future Vision,” held on November 6, 2020.



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STEP.4 Video & AI-driven solutions

b. Company Information

- KPIs
- Business Environment

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Management Team (1)



Ryuhei Sadoshima

President and CEO

Dec. 1999 Founded Daigakunote.com (CEO)

Apr. 2002 Joined So-net Co., Ltd

(currently Sony Network Communications Inc.)

Oct. 2010 Joined Motion Portrait, Inc. (CMO)

Oct. 2014 Founded Safie Inc.

Dec. 2020 Ranked in first place of Forbes JAPAN's 200
Superstar Entrepreneurs 2021



Moriaki Shimosaki

Director in charge of New Business Development

Mar. 2003 Masters from Graduate School of Information Science
and Technology, Department of Mechano-Informatics,
The University of Tokyo

Apr. 2003 Joined Sony-Kihara Research Center, Inc.

Jan. 2009 Joined Ziosoft, Inc.

Dec. 2013 Joined Motion Portrait, Inc.

Oct. 2014 Founded Safie Inc.



Kazuma Morimoto

Director and CTO

Mar. 2001 Graduated from The University of Tokyo,
Department of Applied Physics, School of Engineering

Apr. 2001 Joined Sony Corporation

Aug. 2012 Joined GREE, Inc.

Nov. 2013 Joined Motion Portrait, Inc.

Oct. 2014 Founded Safie Inc.



Tetsuharu Furuta

Director and CFO

Apr. 2006 Joined McKinsey & Company Inc.

Nov. 2010 Joined INCJ. Ltd.

(Innovation Network Corporation of Japan)

Mar. 2017 Joined Safie Inc. as CFO (current position)

Oct. 2019 Director of Safie Inc. (current position)

Management Team (2)



Nobuaki Nishimura

Executive Officer and CRO, Sales Division Head

Apr. 2001 Joined ORIX Corporation
May 2018 Seconded to ORIX Corporation USA
May 2022 Joined Safie Inc.
Jan. 2023 Appointed executive officer



Shinya Nakamura

Executive Officer and CCO, Customer Service Division Head

Oct. 2001 Joined IT-it Co., Ltd.
(currently EXEO System Management, Inc.)
Mar. 2007 Joined So-net Corp.
(currently Sony Network Communications Inc.)
Apr. 2020 Joined Safie Inc., Operations Head
Dec. 2021 Appointed executive officer



Ryuta Suzuki

Executive Officer, Sales Division Deputy Head

Apr. 2004 Joined Jupiter Telecom Inc. (currently JCOM Co. Ltd.)
Jun. 2011 Joined G&H Inc. as Director and CSO
Oct. 2016 Joined Safie Inc. GM of Sales Div.
Oct. 2018 Appointed GM of Partner Sales HQ
Dec. 2020 Appointed executive officer



Yumi Uematsu

Executive Officer and VPoP, Planning Division Deputy Head

Mar. 1999 Masters from Division of Quantum Science and Engineering, Graduate School, Hokkaido University
Apr. 1999 Joined Hitachi Medico
(currently Fuji Film Health Manufacturing Corporation)
Nov. 2006 Joined Sony Corporation
Jan. 2015 Joined Spotlight Inc.
(currently Rakuten Payment, Inc.)
Sep. 2017 Joined Amazon Japan G.K.
Feb. 2020 Joined Safie Inc.
Apr. 2021 Appointed Planning Division Head
Dec. 2021 Appointed executive office



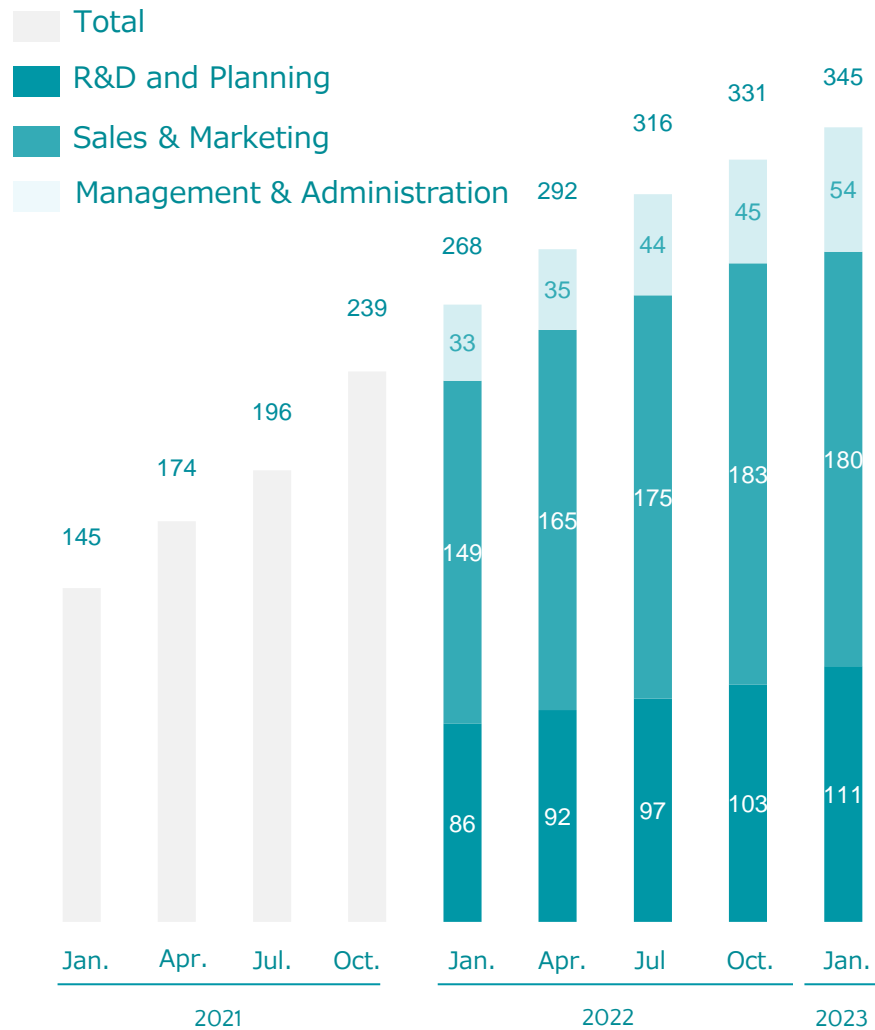
Hisaya Shiraishi

Executive Officer and CPO, Planning Division Head.

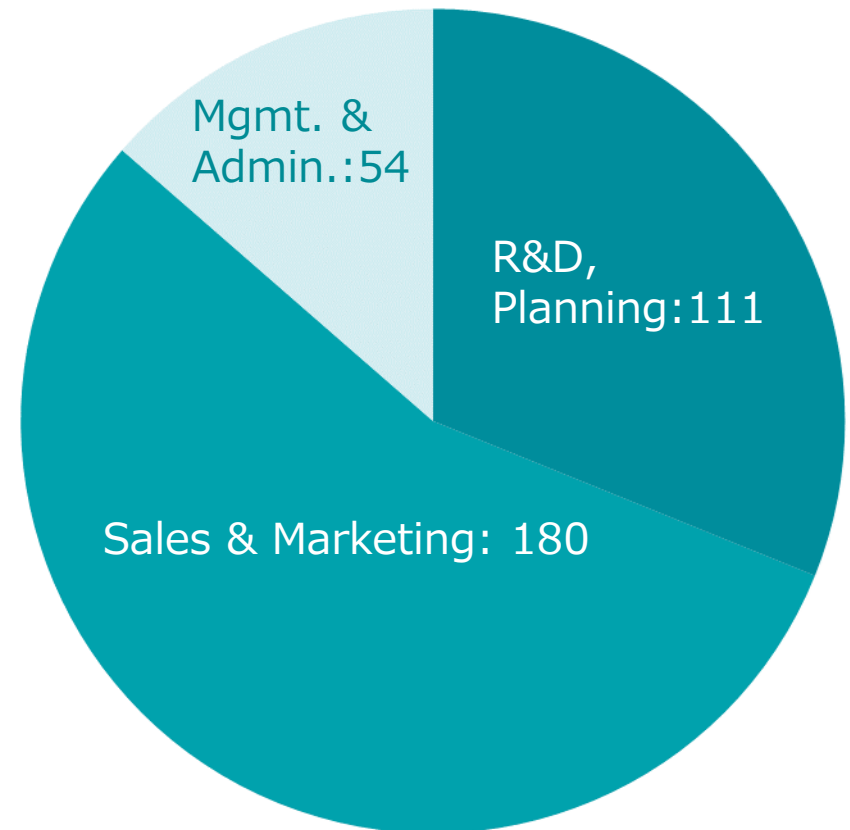
Apr. 1997 Joined TDC Soft Inc.
Oct. 2002 Joined Yahoo Japan Corporation
Jun. 2018 Joined GYAO Corporation as Director
Oct. 2021 Joined Z Entertainment Corporation as head of CPO office
Jun. 2022 Joined Safie Inc.
Jan. 2023 Appointed executive officer

Employees

Number of employees※1



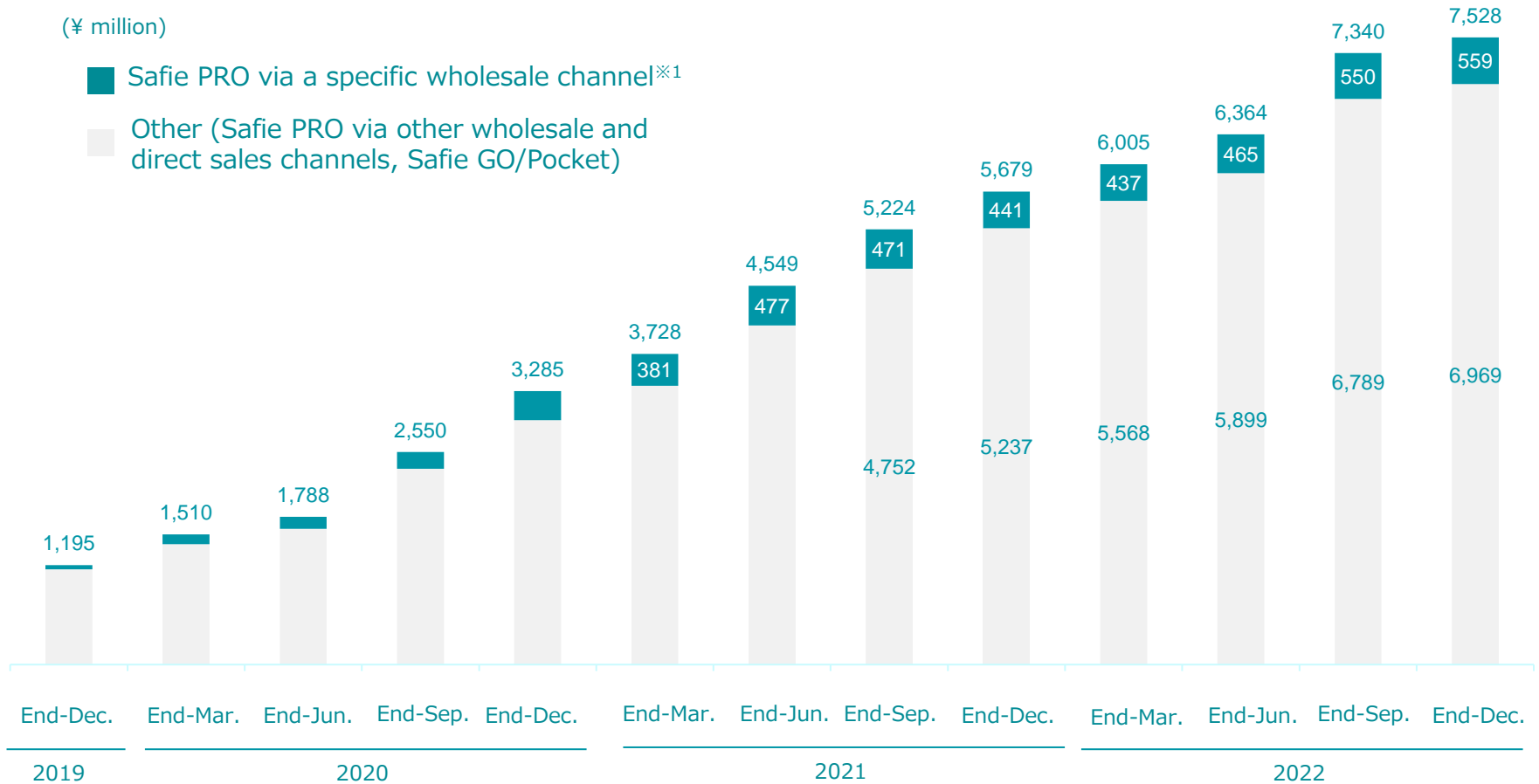
Employee Breakdown (as of Jan. 2023)



※1 Figures show the number of employees at the start of each month.

ARR Trend

(¥ million)



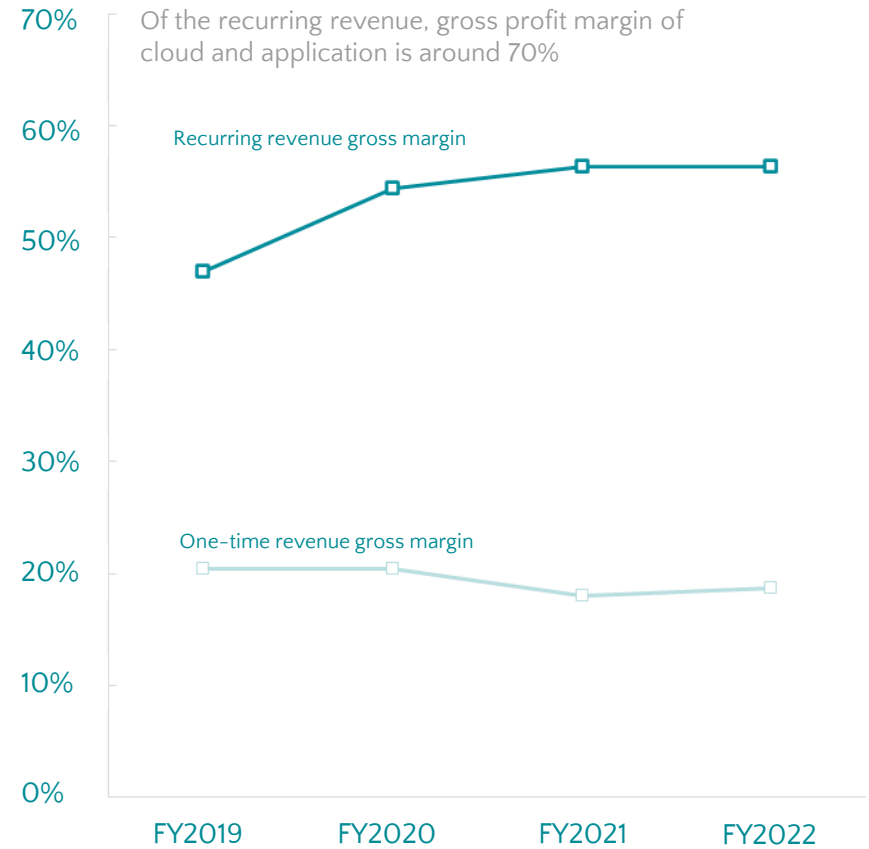
※1 : Refers to a sales channel of one sales partner.

Revenue Breakdown and Gross Margin of One-time & Recurring Revenue

Revenue Breakdown (Full year)



Gross Profit Margin Trend



*1 : One-time revenue includes merchandise and construction work
*2 : Recurring revenue includes cloud, applications, rental and SIM, etc.
*3 : Reporting on a consolidated basis from Q3 FY2022

Breakdown of ARR and Billing Cloudcams

✓ Churn rate trending at 3.8% at the specific wholesale channel

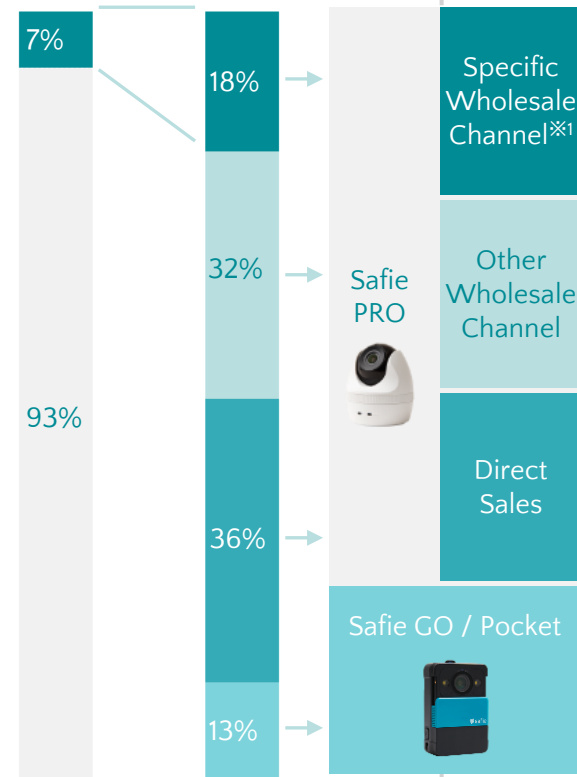
ARR

Number of Billing Cloudcams

Breakdown as of end-Dec.

¥7.5 bn

186K units



Monthly (Dec-2022)

Monthly billing cloudcam churn rate^{※2}: 3.8%

Monthly billing cloudcam churn rate^{※2}: 0.3%

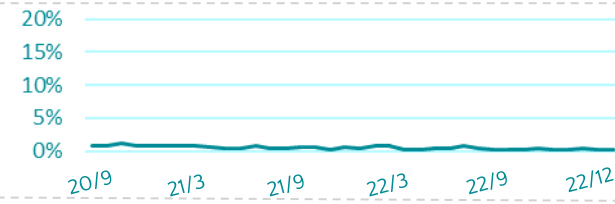
Monthly billing cloudcam churn rate^{※2}: 0.8%

Monthly operating rate^{※3}: 94.6%

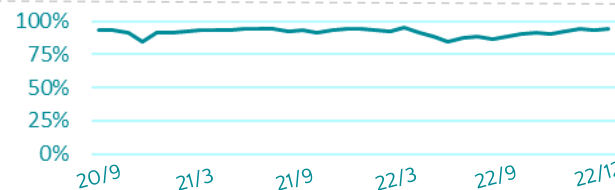
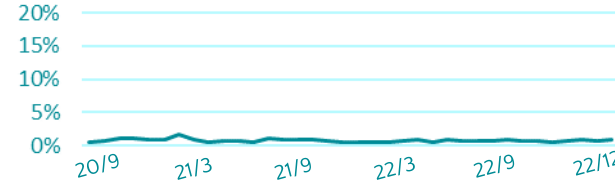
Monthly Trend



Trend of improvement continues



Stable at low churn rates



Stable at high operating rates

※1: Refers to a wholesale channel consisting of a single sales partner.

※2: Churn rate is based on the number of billing cloudcams at the end of the month and is calculated as follows: Monthly churn rate of billing cloudcams: Number of churned units in the current month ÷ Nos. of billing cloudcams at the end of the previous month. ※3: Operating rate = Nos. of billing cloudcams at the end of the month ÷ Nos. of cloudcams for rental business at the end of the month (excluding units in repair).

Churn Rate and Operating Rates

■ Safie PRO Billing Cloudcam Churn Rate (volume basis)

		2021/12	2022/3	2022/6	2022/9	2022/12
Specific Wholesale	Monthly	9.4%	6.2%	4.8%	2.7%	3.8%
	12-mnth avg.	12.6%	11.1%	9.0%	6.5%	4.7%
Other Wholesale	Monthly	0.4%	0.4%	0.3%	0.2%	0.3%
	12-mnth avg.	0.5%	0.5%	0.4%	0.4%	0.4%
Total Wholesale	Monthly	4.0%	2.5%	2.0%	1.1%	1.6%
	12-mnth avg.	6.4%	5.4%	4.2%	2.8%	2.0%
Direct Sales	Monthly	0.6%	0.7%	0.6%	0.7%	0.8%
	12-mnth avg.	0.7%	0.7%	0.7%	0.7%	0.7%
Total	Monthly	2.6%	1.8%	1.4%	0.9%	1.2%
	12-mnth avg.	4.3%	3.6%	2.8%	1.9%	1.4%

■ GO/Pocket Billing Cloudcam Operating Rate (volume basis)

		2021/12	2022/3	2022/6	2022/9	2022/12
Total	Monthly	88%	88%	90%	92%	94%

Consolidated Balance Sheet

(¥: thousand)	End Dec. 2021	End Dec. 2022		End Dec. 2021	End Dec. 2022
(Assets)			(Liabilities)		
Current Assets			Current liabilities		
Cash and deposits	11,649,281	8,771,628	Accounts payable	502,151	556,961
Electronically recorded monetary claim	12,800	9,500	Current portion of long-term borrowings payable	9,145	31,656
Accounts receivables	1,078,214	1,152,934	Income taxes payable, etc.	100,797	29,869
Product	618,984	1,022,136	Advances received	54,928	72,034
Other	158,995	281,583	Allowance for bonuses	1,100	55,620
Allowance for doubtful accounts	-3,489	-3,116	Other	396,037	643,486
Total current asset	13,514,786	11,234,666	Total current liabilities	1,064,160	1,389,628
Non-current Assets			Non-current liabilities		
Property, plant & equipment			Long-term borrowings	125,860	94,204
Building	70,974	16,865	Other	-	242
Cumulative depreciation	-4,003	-16,865	Total non-current liabilities	125,860	94,446
Building (net amount)	66,971	-	- Total liabilities	1,190,020	1,484,074
Tools, furniture and fixtures	39,933	25,595	Net assets		
Cumulative depreciation	-13,770	-25,595	Shareholder's equity		
Tools, furniture and fixtures (net amount)	26,163	-	Capital stock	5,404,872	5,476,879
Sub-total PP&E	93,134	-	Capital surplus		
Investment and other assets			Capital reserve	6,963,122	7,035,129
Investment Securities	-	1,056,301	Other capital surplus	927,132	927,132
Long term prepaid expenses	61	-	Subtotal capital surplus	7,890,254	7,962,262
Other	113,320	434,574	Retained earnings		
Sub-total investment and other assets	113,382	1,490,876	Other retained earnings		
Total non-current assets	206,517	1,490,876	Carried forward retained earnings	-769,062	-2,203,384
Total assets	13,721,304	12,725,542	Subtotal retained earnings	-769,062	-2,203,384
			Treasury stock	-108	-167
			Total shareholder's equity	12,525,955	11,235,590
			Valuation difference on available-for-sale securities	-	549
			Subscription rights to shares	5,328	5,328
			Total net assets	12,531,283	11,241,467
			Total liabilities and net assets	13,721,304	12,725,542

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 Health, 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) cited 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

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Rate Plan※1

		Initial cost	Monthly recurring usage plan	
			Recording plan	Per cloudcam
Cloud recording service		¥24,800~	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	-	¥25,455/month
	Long-term rental plan 24 months~	Open price	-	Open price
Safie Entrance2		Purchase plan ¥99,300~/unit※2	¥15,000/month up to 100 registered people※3	

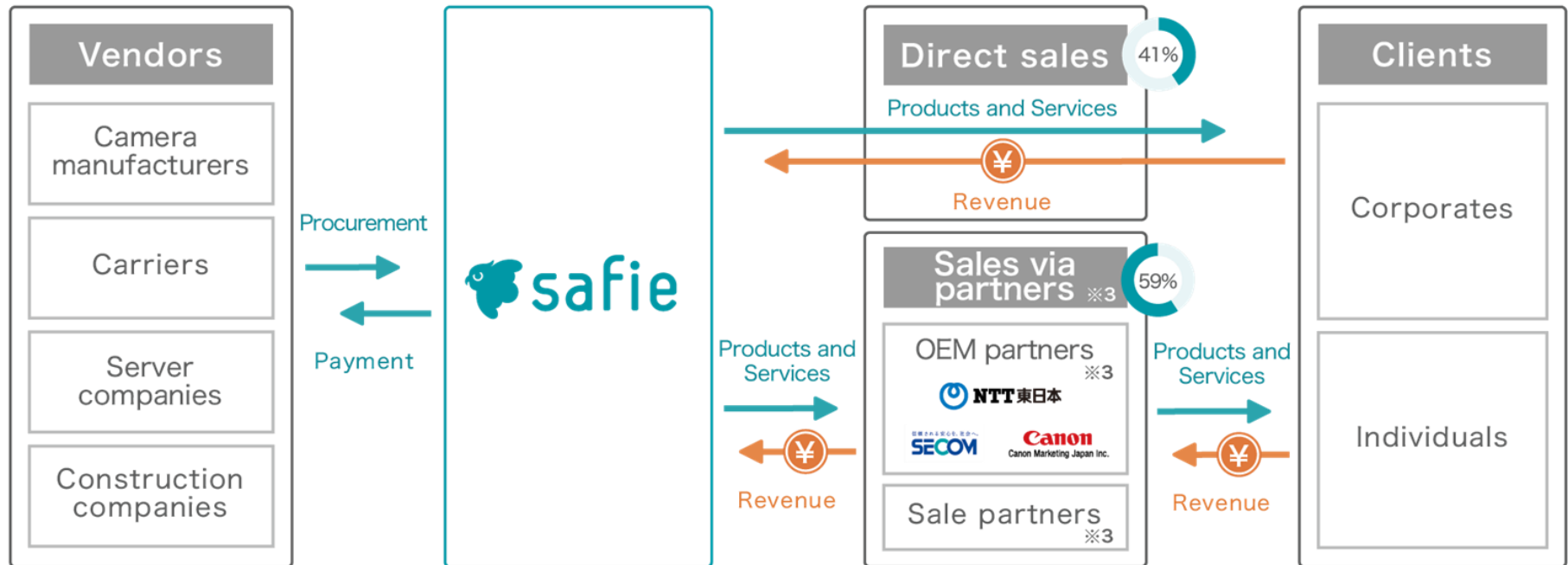
※1 Figures presented do not include taxes.

※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

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.

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

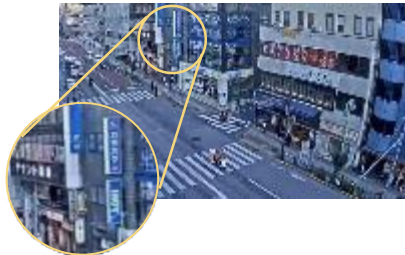


Safie's Cloudcams vs. Conventional Surveillance Cameras



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~※



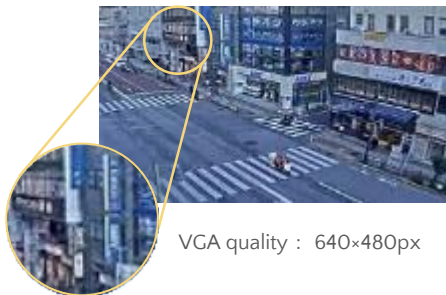
Safie-enabled cloudcams



Smartphone

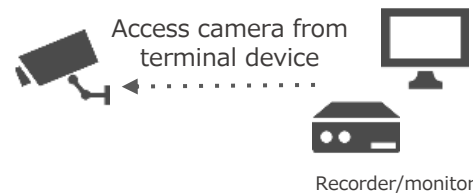
Conventional surveillance cameras

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

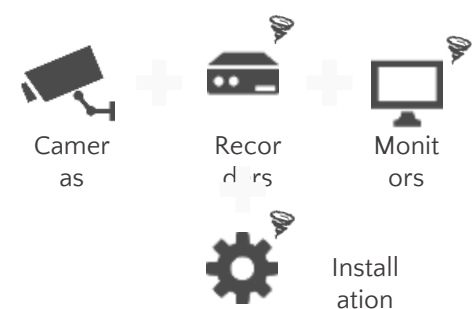


VGA quality : 640×480px

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



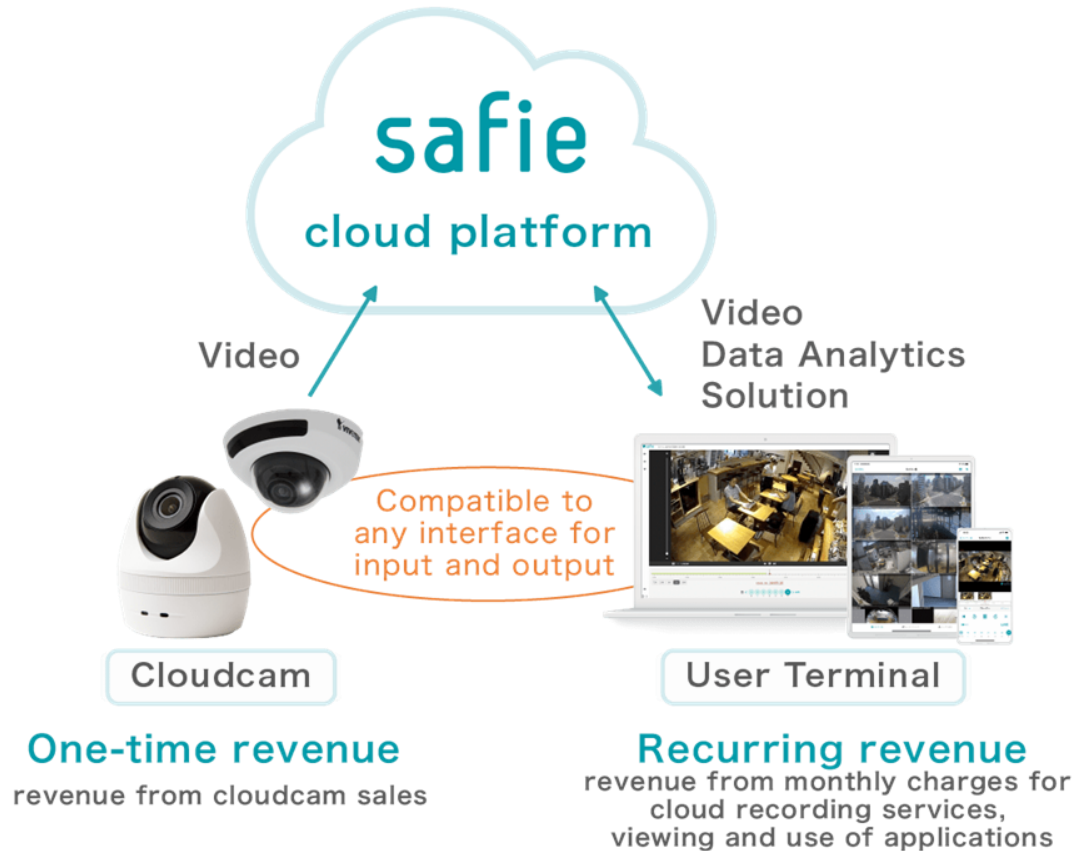
- Many devices require initial installation (cameras and other related equipment, installation)
- Monthly plan: often requires expensive usage fee



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

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.



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

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.

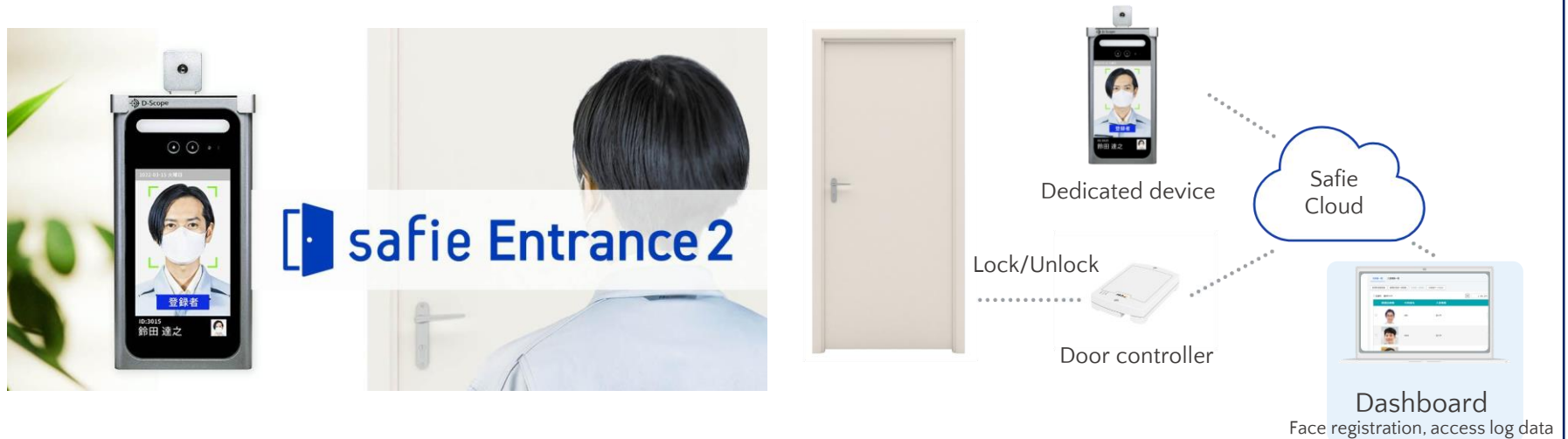
Safie Pocket Series



- 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.

Product and Service Overview: Safie Entrance2

- ✓ Safie Entrance2 is an application for access control for rooms and buildings and enables hands-free unlocking (electric locks) of doors, management of access logs and can also be linked into office attendance system.



Hands free unlock



Multi-site, multi-door management



Access management



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