Q1 FY2023
Financial Results Presentation Materials

May 15, 2023

safie

Safie Inc.

TSE : 4375

Agenda

1. Q1 FY2023 Financial Results

2. Business Update

Appendix

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1. Q1 FY2023 Financial Results

Company Overview

At a Glance

Established

October 2014

Number of employees as of Apr. 2023[1]

372

Revenue （Q1 FY2023）

¥2,525 million

ARR as of end or Mar. 2023 [2]

¥7,717 million

Number of billing cloudcams
　　as of end of Mar. 2023 [3]

195 K units

Overview of Products & Services

1. Cloud-driven camera OS
2. Powerful security
3. High quality UI/UX
4. Highly scalable platform

※1 Number of employees is counted at the beginning of the month.
※2 ARR: Annual Recurring Revenue. ARR is calculated by multiplying MRR (Monthly Recurring Revenue) at the end of the month by 12 (months). MRR: Monthly Recurring Revenue.
　　MRR is the sum of total 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 the number of cloudcams in operation that is fee-charging for each quarter. It does not represent the number of cloudcams sold in each quarter.

KPI Highlights

ARR reached **¥7.7 bn** (up 28.5**%** YoY) and billing cloudcams reached **195K** units (up 32.7**%** YoY）

ARR (YoY changes)

- Growth was driven mainly by direct sales which grew 28.5**%** YoY

Number of Billing Cloudcams (YoY changes)

- Safie PRO trended solidly, with increased adoption by enterprises in each of the sales channel

- Safie GO/Pocket units stalled due to continuation of seasonal one-off returns
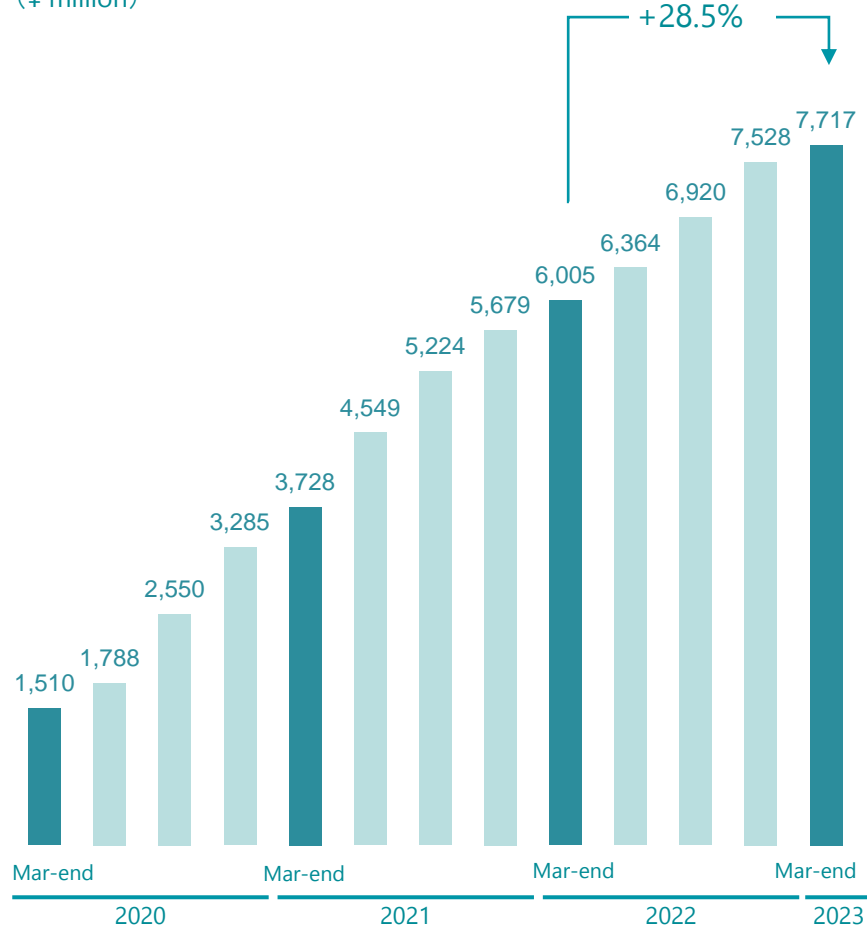
ARPC (YoY changes)

- ARPC declined slightly due to decline in the proportion of high-unit price Safie GO/Pocket

Trend of ARR and Billing Cloudcams

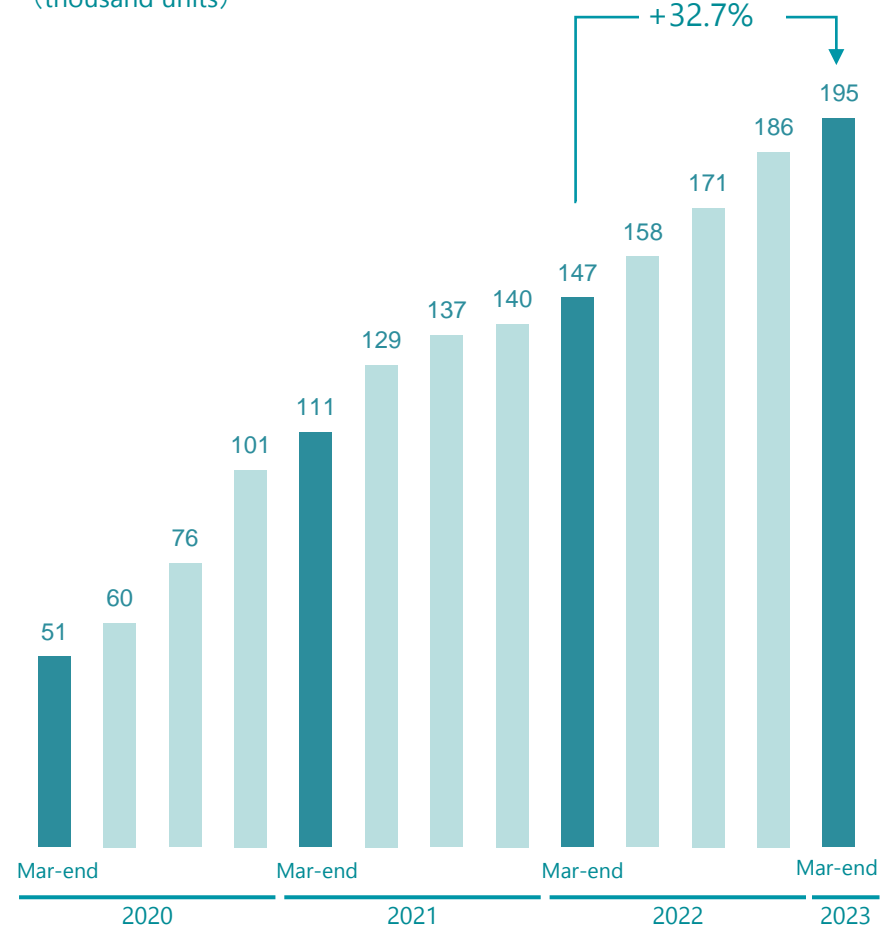✓ ARR exceeded ¥7.7 bn and billing cloudcams reached 195 K units

ARR
（¥ million）

+28.5%

1,510 / 1,788 / 2,550 / 3,285 / 3,728 / 4,549 / 5,224 / 5,679 / 6,005 / 6,364 / 6,920 / 7,528 / 7,717

Mar-end	Mar-end	Mar-end	Mar-end
2020	2021	2022	2023

Billing Cloudcams
（thousand units）

+32.7%

51 / 60 / 76 / 101 / 111 / 129 / 137 / 140 / 147 / 158 / 171 / 186 / 195

Mar-end	Mar-end	Mar-end	Mar-end
2020	2021	2022	2023

Reclassification of Billing Cloudcams by Sales Channel

✓ The number of Safie GO/Pocket has been reclassified

Reason for reclassification

Due to the increase in sales (and rental) of Safie GO/Pocket (an outdoor LTE camera and wearable camera) in method of supply caused by diversifying sales channels as we pursue further industry penetration

Up to Q4 FY2022

Method of supply: Product/Service	Sales	Rental
Mainly indoor fixed camera	Safie Pro (Specific wholesale, Other Wholesale, Direct Sales)	n/a
Outdoor LTE camera & wearable camera		Safie GO/Pocket

From Q1 FY2023

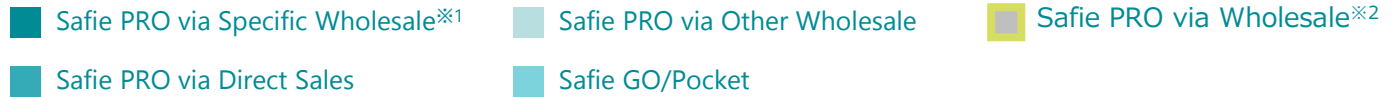| Method of supply: Product/Service	Sales	Rental
Mainly indoor fixed camera	Safie Pro (Wholesale, Direct Sales)	n/a
Outdoor LTE camera & wearable camera	Safie GO/Pocket	

⬜ : Scope of classification

Impact

- Decline in billing cloudcam units for Safie PRO sold via wholesale and direct sales channels

- Increase in billing cloudcams units of Safie GO/Pocket
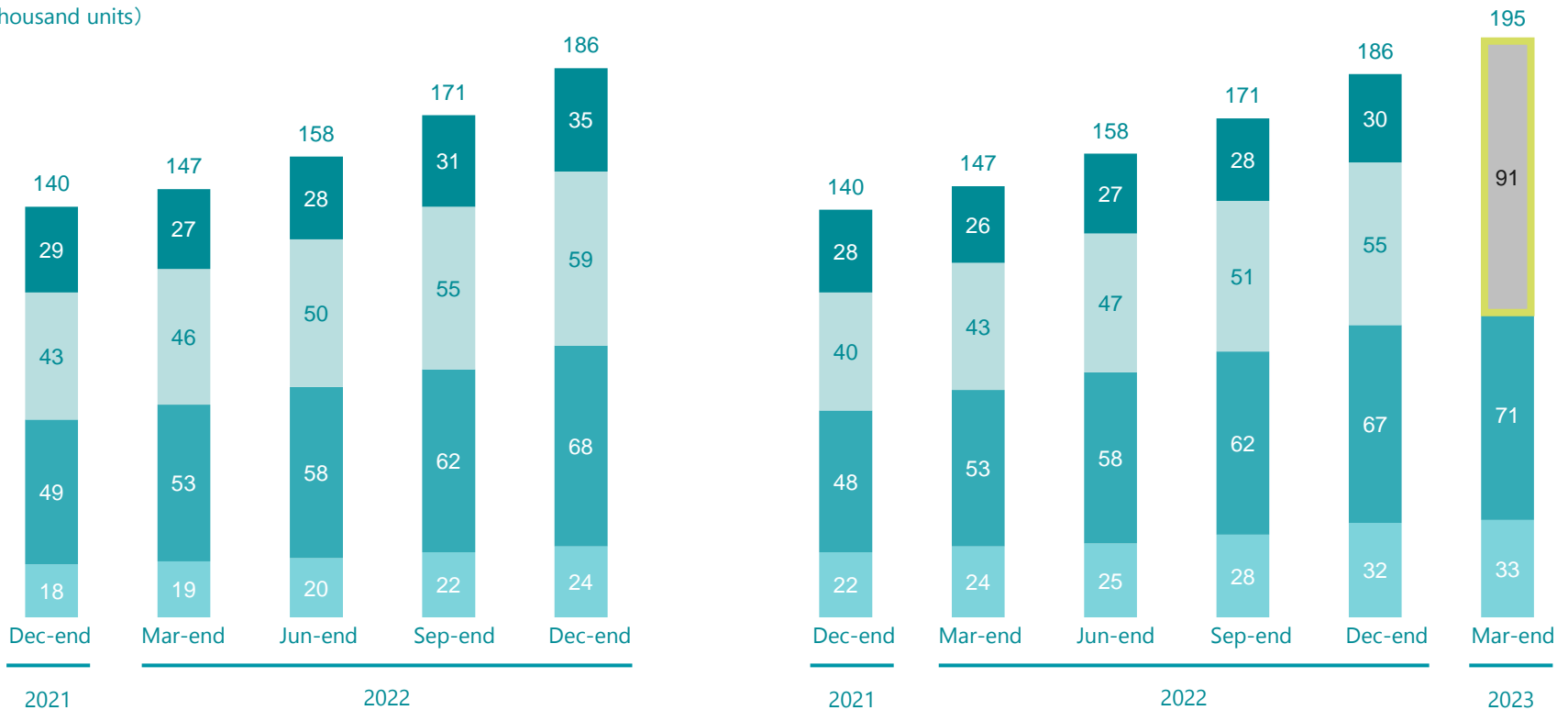
Trend of Billing Cloudcams by Sales Channel

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

- ■ Safie PRO via Specific Wholesale※1
- ■ Safie PRO via Other Wholesale
- □ Safie PRO via Wholesale※2
- ■ Safie PRO via Direct Sales
- ■ Safie GO/Pocket

Previous classification (up to Q4 FY2022) applicable

（thousand units）

	Dec-end	Mar-end	Jun-end	Sep-end	Dec-end
Total	140	147	158	171	186
Safie PRO via Specific Wholesale	29	27	28	31	35
Safie PRO via Other Wholesale	43	46	50	55	59
Safie PRO via Direct Sales	49	53	58	62	68
Safie GO/Pocket	18	19	20	22	24
	2021		2022		

Current classification (from Q1 FY2023) applicable

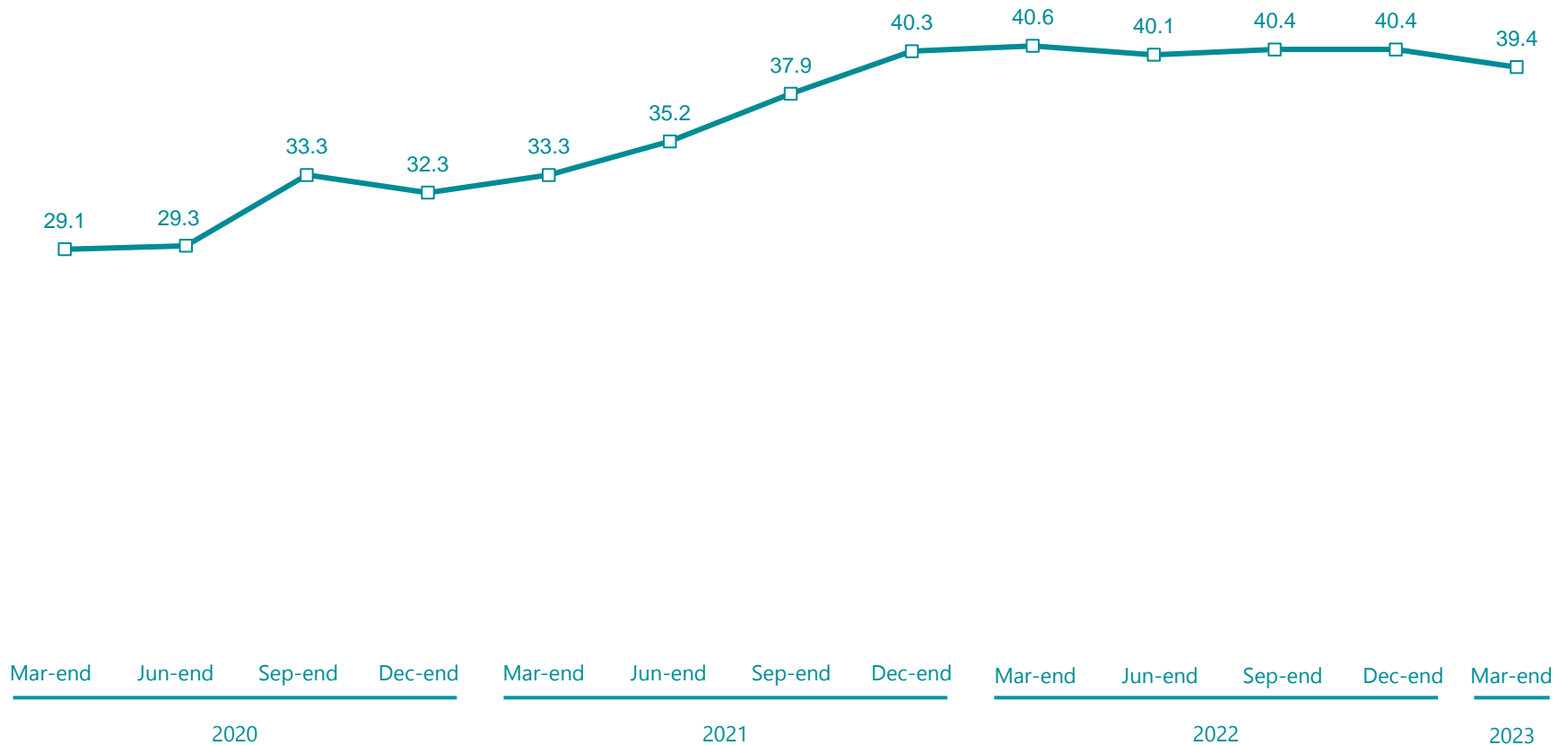|	Dec-end	Mar-end	Jun-end	Sep-end	Dec-end	Mar-end
Total	140	147	158	171	186	195
Safie PRO via Specific Wholesale	28	26	27	28	30	
Safie PRO via Other Wholesale	40	43	47	51	55	
Safie PRO via Wholesale						91
Safie PRO via Direct Sales	48	53	58	62	67	71
Safie GO/Pocket	22	24	25	28	32	33
	2021		2022			2023

※1: Refers to a wholesale channel consisting of a single sales partner., ※2: Specific Wholesale channel and Other wholesale channel have been combined to wholesale channel from FY2023Q1

Trend of ARPC (Average Revenue Per Camera) [1]

✓ ARPC declined slightly due to decline in the proportion of high-unit price Safie GO/Pocket

（¥ thousand）

	2020				2021				2022				2023
	Mar-end	Jun-end	Sep-end	Dec-end	Mar-end	Jun-end	Sep-end	Dec-end	Mar-end	Jun-end	Sep-end	Dec-end	Mar-end
ARPC	29.1	29.3	33.3	32.3	33.3	35.2	37.9	40.3	40.6	40.1	40.4	40.4	39.4

※1：ARPC stands for Average Revenue Per Camera and is calculated as ARPC = ARR ÷ number of billing cloudcams.

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Q1 FY2023 Financial Results Highlights

- Revenue was **¥2.5 bn**, **up 9.6% YoY** and **down 1.0% QoQ**

  - Recurring revenue increased by **29.0% YoY**

- Gross profit margin was **50.8%**, an **improvement of 7.7% points YoY** and **1.7% points QoQ**

  - Contribution from the build up of recurring revenue and the stability of recurring gross margins

  - One-time gross margins trended flattish from the previous quarter

- Operating loss was ¥182 million; losses shrunk on a YoY and QoQ basis

  - While reducing advertising expenses, continued to deploy upfront investment for human resources and to develop services to pursue further industry penetration

Revenue Trend

(¥ million)

■ One-time revenue[1]

■ Recurring revenue[2]
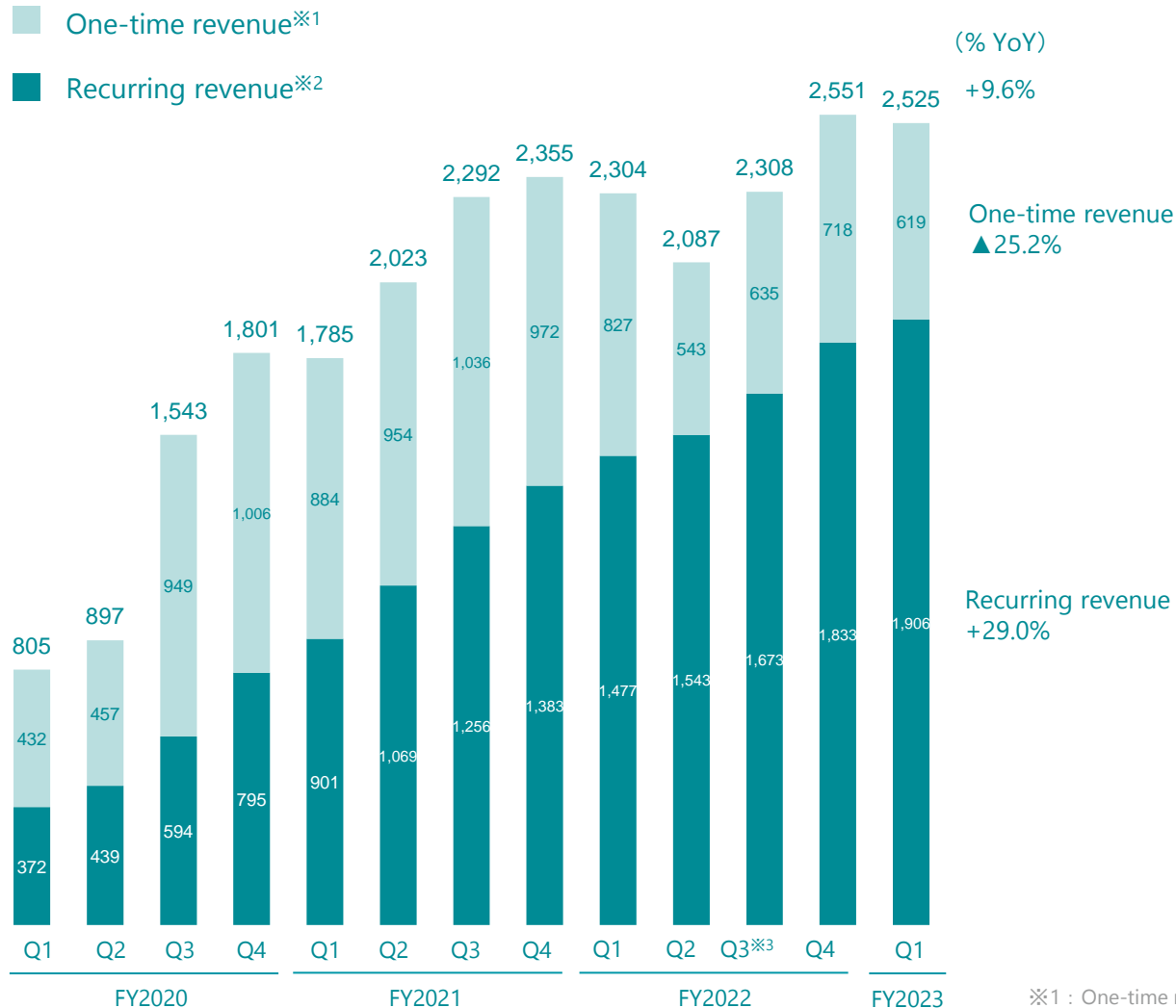
- One-time revenue declined to ¥619 mil due to decrease in large-scale projects
- Recurring revenue reached ¥1,906 mil.
  - an increase of ¥429 mil YoY (up 29.0%)
  - an increase of ¥73 mil QoQ (up 4.0%)

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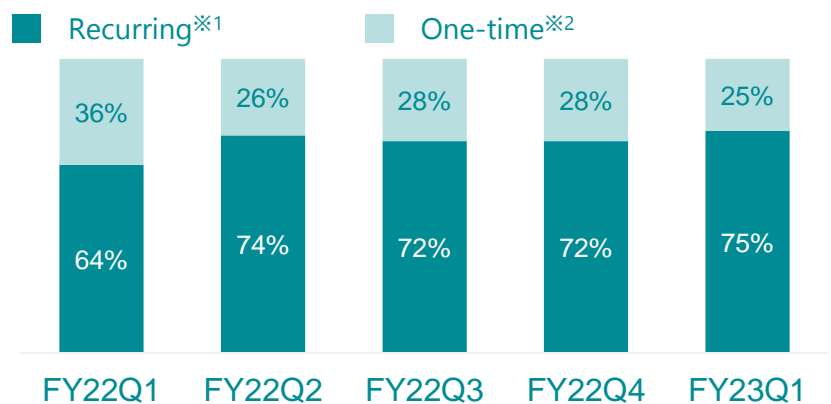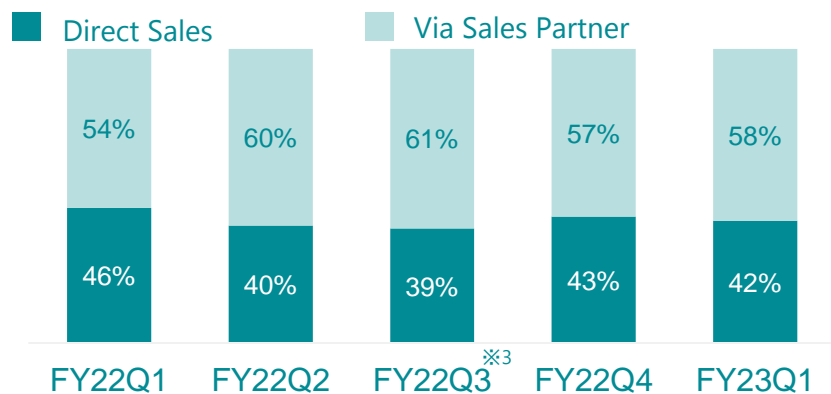※2：Recurring revenue includes cloud, applications, rental and SIM, etc.
※3：Reporting on a consolidated basis from Q3 FY2022
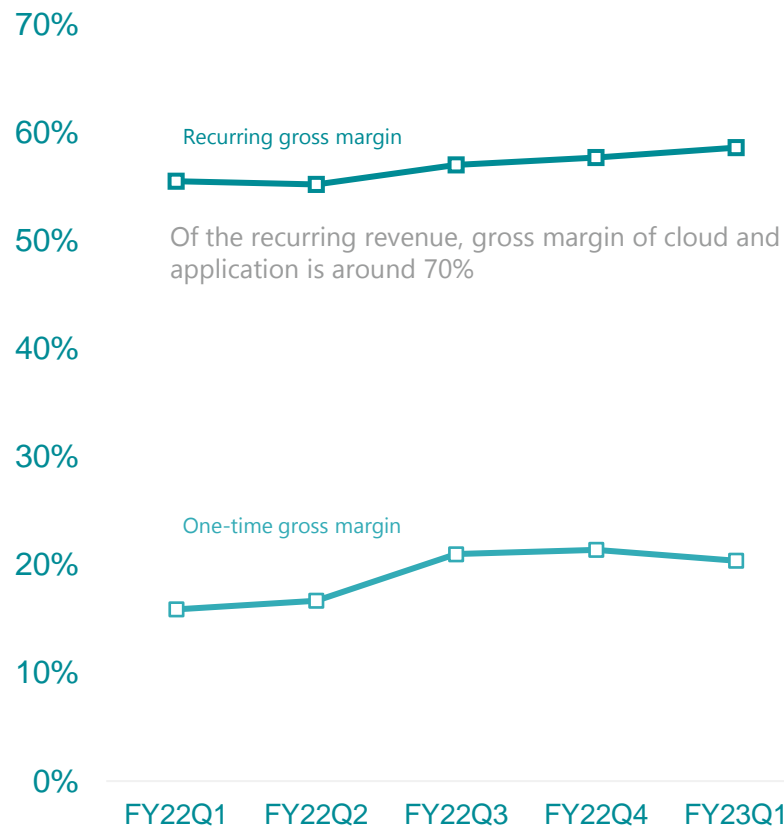
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Revenue Breakdown and Gross Margin of One-time and Recurring Revenue

✓ Recurring gross margins improved while one-time gross margin declined

Revenue Breakdown (Quarterly)

■ Direct Sales   ■ Via Sales Partner

	FY22Q1	FY22Q2	FY22Q3※3	FY22Q4	FY23Q1
Via Sales Partner	54%	60%	61%	57%	58%
Direct Sales	46%	40%	39%	43%	42%

■ Recurring※1   ■ One-time※2

	FY22Q1	FY22Q2	FY22Q3	FY22Q4	FY23Q1
One-time	36%	26%	28%	28%	25%
Recurring	64%	74%	72%	72%	75%

Trend of Gross Margin

Recurring gross margin

Of the recurring revenue, gross margin of cloud and application is around 70%
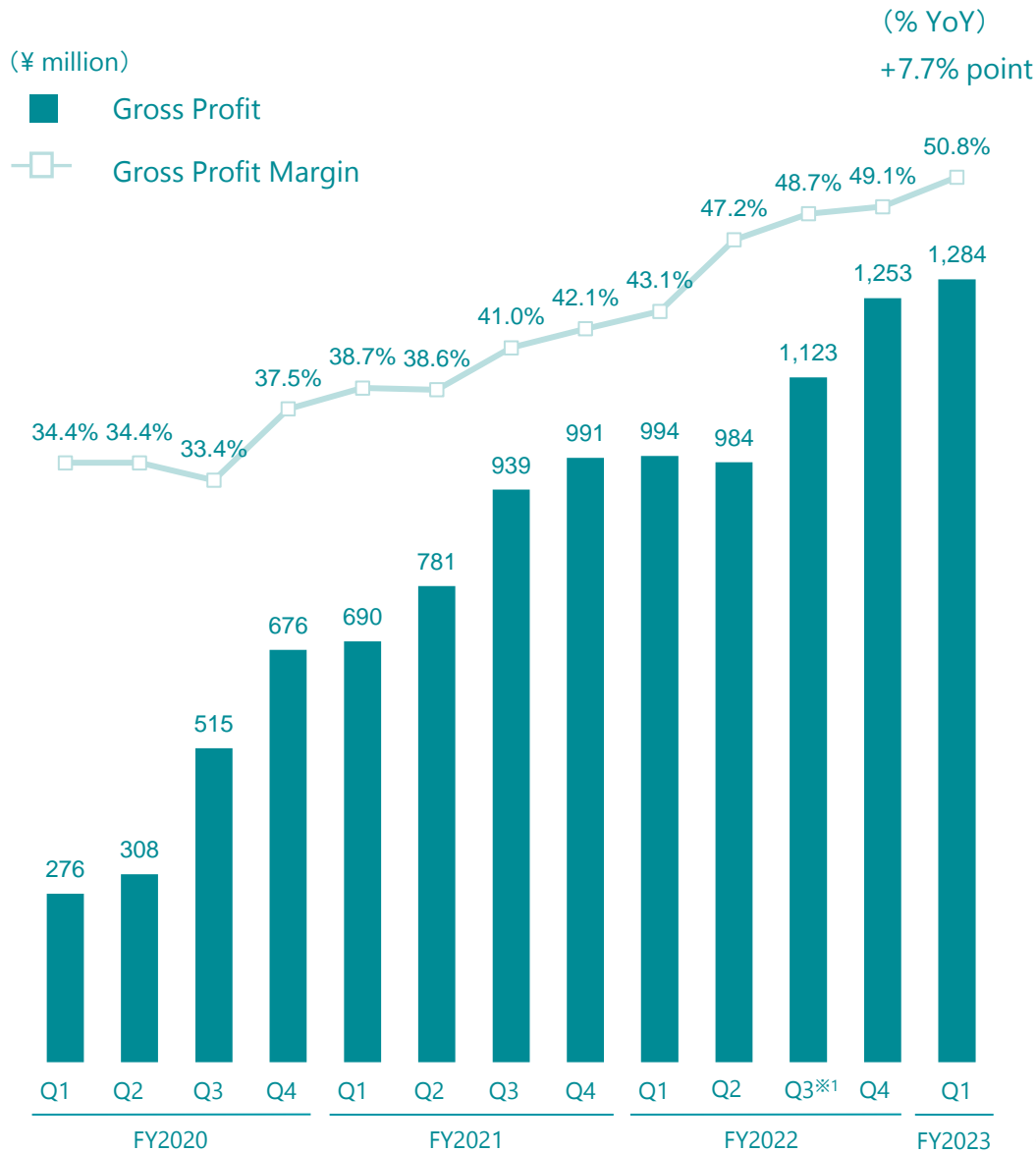
One-time gross margin

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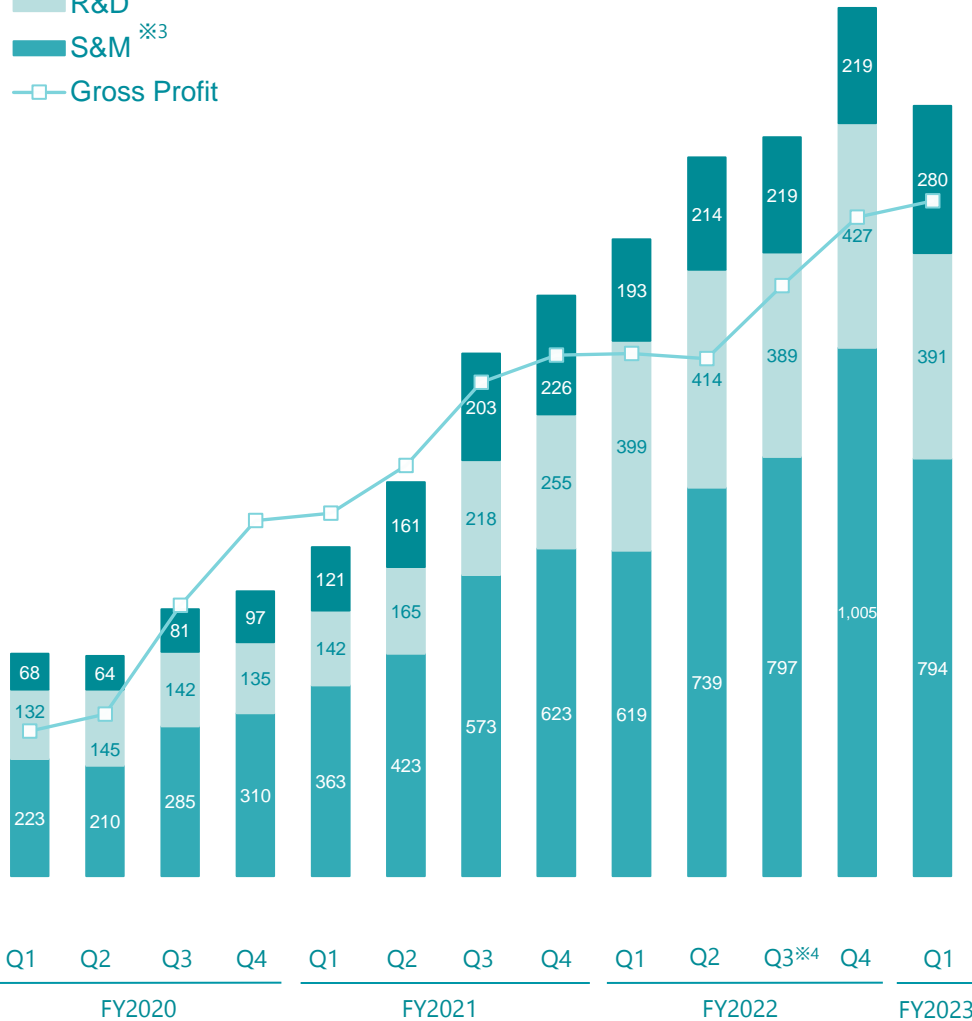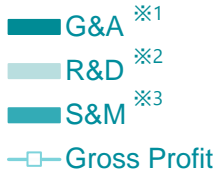※3 : Reporting on a consolidated basis from Q3 FY2022

Gross Profit Trend

（¥ million）

- ■ Gross Profit
- ▫ Gross Profit Margin

（% YoY）
+7.7% point

Gross Profit Margin:
- Q1 FY2020: 34.4%
- Q2 FY2020: 34.4%
- Q3 FY2020: 33.4%
- Q4 FY2020: 37.5%
- Q1 FY2021: 38.7%
- Q2 FY2021: 38.6%
- Q3 FY2021: 41.0%
- Q4 FY2021: 42.1%
- Q1 FY2022: 43.1%
- Q2 FY2022: 47.2%
- Q3 FY2022: 48.7%
- Q4 FY2022: 49.1%
- Q1 FY2023: 50.8%

Gross Profit:
- Q1 FY2020: 276
- Q2 FY2020: 308
- Q3 FY2020: 515
- Q4 FY2020: 676
- Q1 FY2021: 690
- Q2 FY2021: 781
- Q3 FY2021: 939
- Q4 FY2021: 991
- Q1 FY2022: 994
- Q2 FY2022: 984
- Q3 FY2022※1: 1,123
- Q4 FY2022: 1,253
- Q1 FY2023: 1,284

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3※1	Q4	Q1
FY2020				FY2021				FY2022				FY2023

- ■ Gross margin improved by 7.7% points YoY and by 1.7% points QoQ

- ■ Gross profit increased by ¥290 mil YoY and by ¥31 mil QoQ

- ■ Gross profit increased from the contribution of topline growth as well as improvement in gross margin

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

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SG&A Trend

（¥ million）

Legend:
- G&A ※1
- R&D ※2
- S&M ※3
- Gross Profit

	FY2020				FY2021				FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3※4	Q4	Q1
G&A	68	64	81	97	121	161	203	226	193	214	219	219	280
R&D	132	145	142	135	142	165	218	255	399	414	389	427	391
S&M	223	210	285	310	363	423	573	623	619	739	797	1,005	794

- Continued to deploy upfront investment for human resources and to develop services to pursue further industry penetration

  - G&A increased ¥61 mil QoQ

  - R&D decreased ¥36 mil QoQ

  - S&M decreased ¥211 mil QoQ

※1 : G&A stands for General and Administrative and is the sum-total of administrative personnel cost 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 : 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.
※4 : Reporting on a consolidated basis from Q3 FY2022.

Operating Profit Trend

（¥ million）
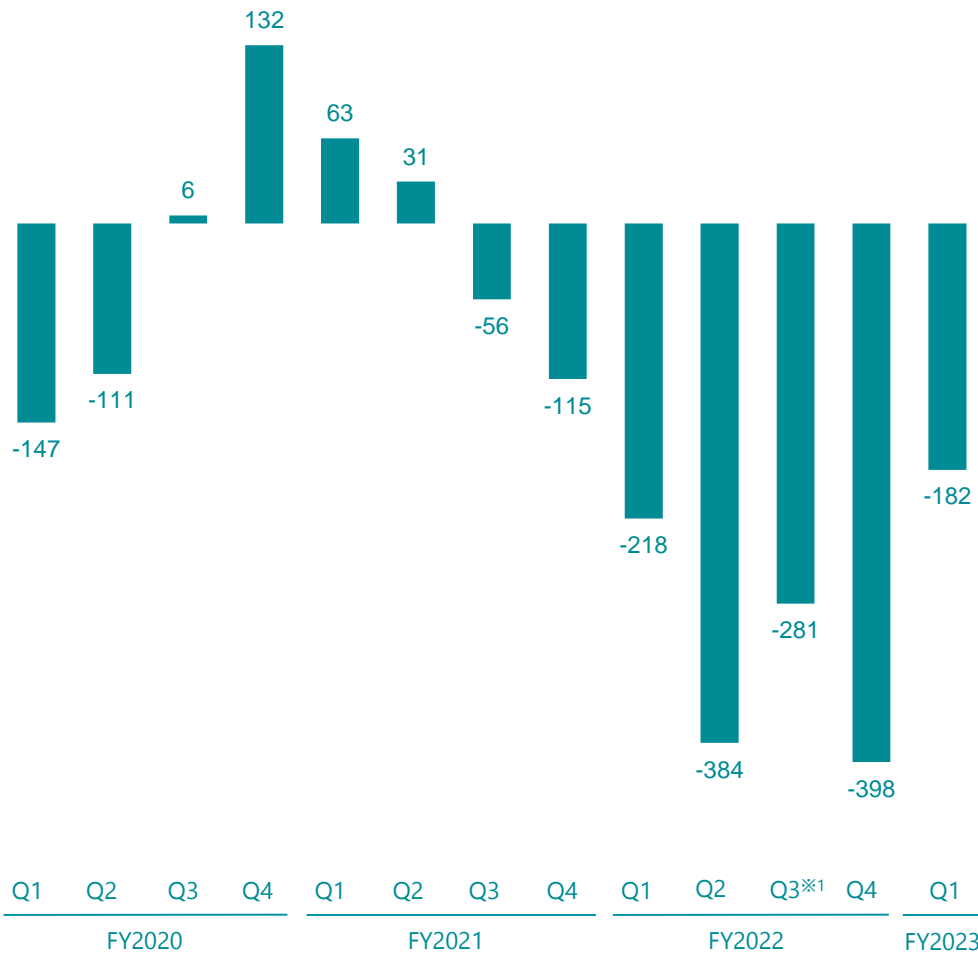
- As a result, Q1 operating loss was ¥182 mil, while operating loss shrunk on a YoY and QoQ basis
  - Improvement by ¥36 mil YoY and by ¥216 mil QoQ
- Continued to deploy upfront investment for human resources and to develop services to pursue further industry penetration

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3※1	Q4	Q1
FY2020				FY2021				FY2022				FY2023

Values: -147, -111, 6, 132, 63, 31, -56, -115, -218, -384, -281, -398, -182

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

2. Business Update

Priorities to Achieve Targets

✓ We are engaging in strengthening management to expand cloudcam market and in building the foundation to promote social integration of "video & AI"

ARR

	Nos. of Billing Cloudcams	✕	ARR per Cloudcam (ARPC※1)
Current Priority	⭐⭐⭐		⭐
Future Priority	⭐⭐		⭐⭐⭐
Initiatives	• Various initiatives to strengthen management foundation • Further enhancement of data-driven management		• Foundation building for the social integration of "video & AI"

※1 Average revenue per camera
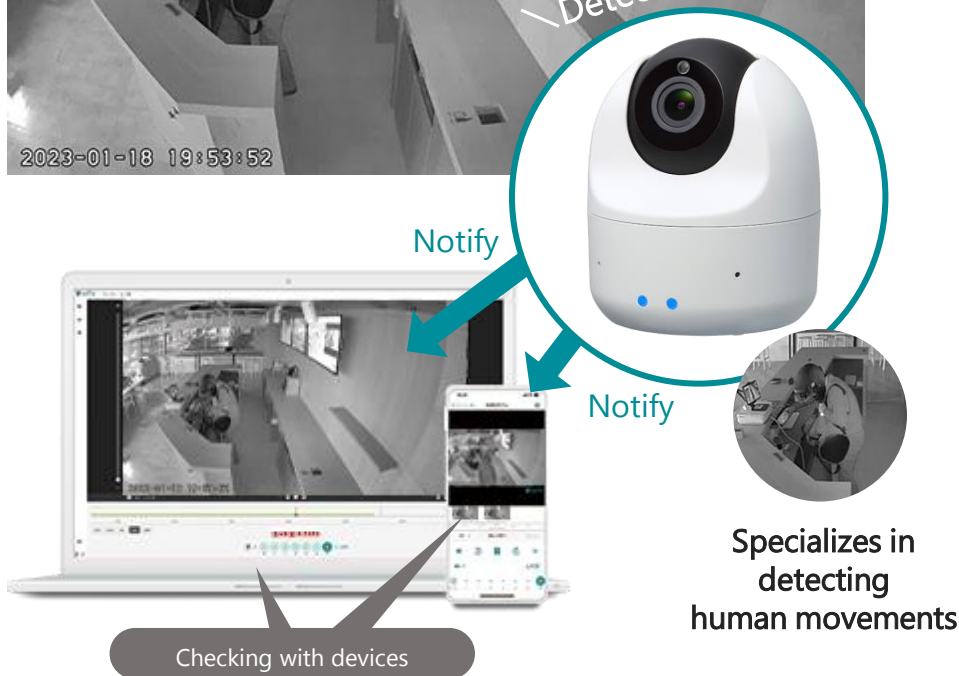
Growth Themes to Achieve Our Target
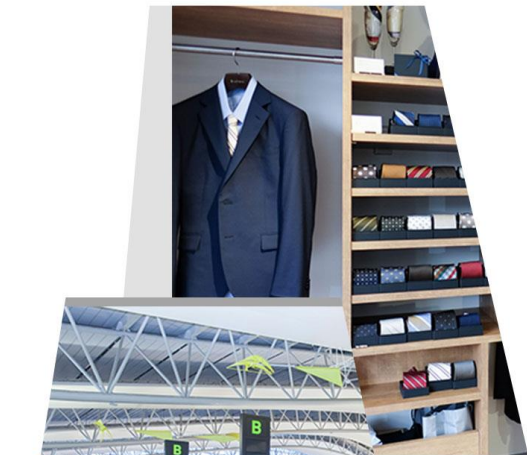
Safie One Add-on Functionality of "People Detection" NEW

> ✓ Safie One, the edge AI cloudcam, has launched the People Detection function. Its crime prevention for such as stores and offices has been improved with better night vision

2023-01-18 19:53:52

Detection

Notify

Notify

Checking with devices

Specializes in detecting human movements
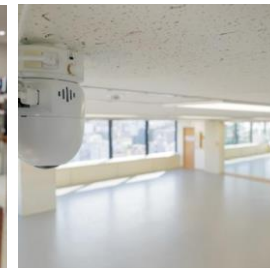
safie one

- Improved the night vision capability to enable recording in dark conditions

- Detects and notifies the various forms and movements of humans

- Push Notification on smartphones
  Video images can be easily checked using thumbnail images send as smartphone messages

Use Case

| Restaurant/ retail store | Unmanned stores | Office |

It detects various forms of human during night-time, and can also be used in danger zones in warehouses and office entrances

Cloud-based partnership with TOA Corporation

NEW

✓ Launched add-on function to Safie camera on TOA Corporation's mainstay network camera TRIFORA series

TOA

Key features of "TRIFORA series"

Service

- Designed and manufactured in Japan. Service offices across Japan
- A wide array of solutions beyond crime prevention security camera

Functionality

- Clear record images of objects far away using 30x optical zoom lens and 12x electric zoom
- Diverse usage proposals thanks to flexible connection with external devices by cameras with image recognition function and network protocols (e.g., HTTP, RTMP etc.)
- RBSS (Recognition of Better Security System) certified products

TRIFORA

優良防犯機器
RBSS
公益社団法人
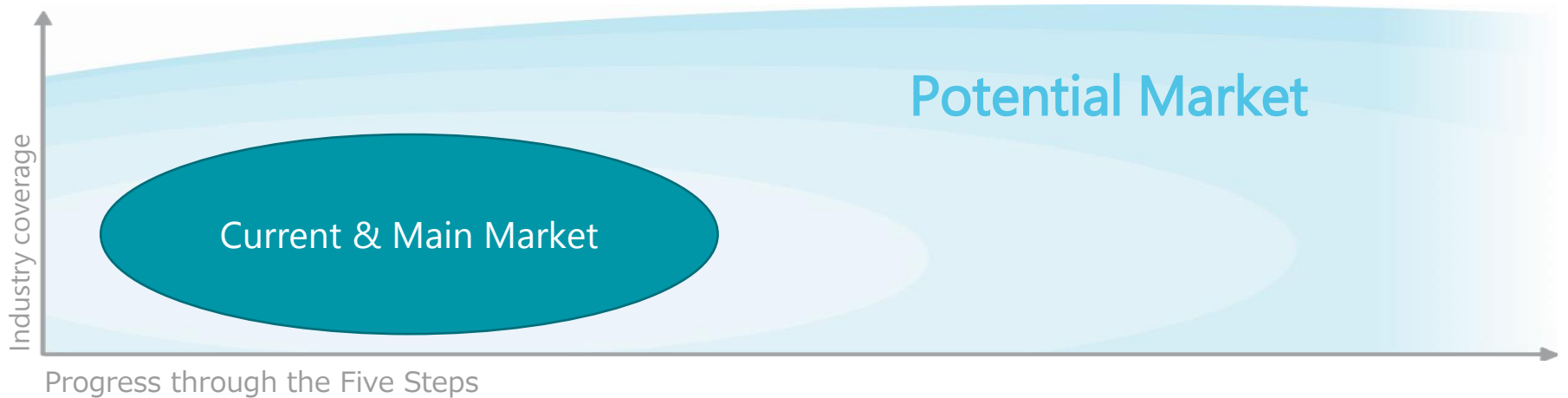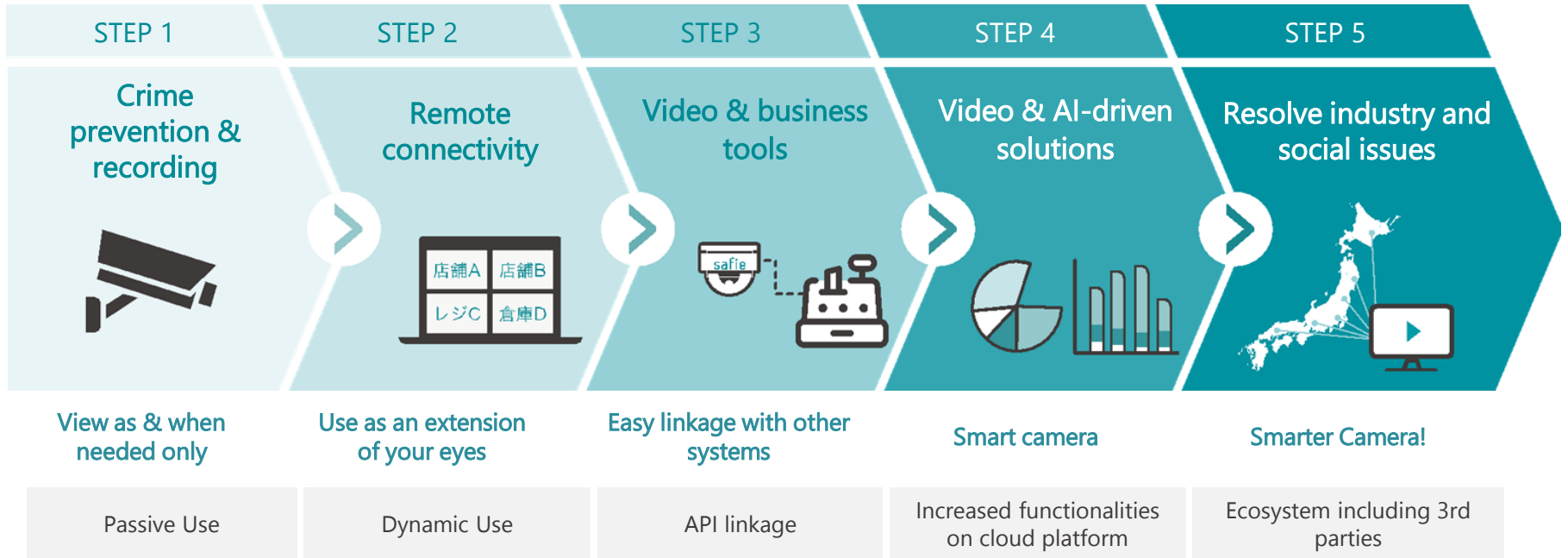日本防犯設備協会

Launch of Safie Pocket2 Plus

✓ Safie Pocket 2 Plus was launched as the new standard model for wearable cameras that enables remote operations without visiting a site

safie Pocket 2 plus

Mobile charge

Call via speaker

Many new functions for various sites

Camera shake reduction

Digital zoom

The Five Steps for Onsite DX Using Cloudcams

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Crime prevention & recording	Remote connectivity	Video & business tools	Video & AI-driven solutions	Resolve industry and social issues
View as & when needed only	Use as an extension of your eyes	Easy linkage with other systems	Smart camera	Smarter Camera!
Passive Use	Dynamic Use	API linkage	Increased functionalities on cloud platform	Ecosystem including 3rd parties

Potential Market

Current & Main Market

Industry coverage

Progress through the Five Steps

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Improve Operational Efficiency and Safety Management with "Video & Alert Device"
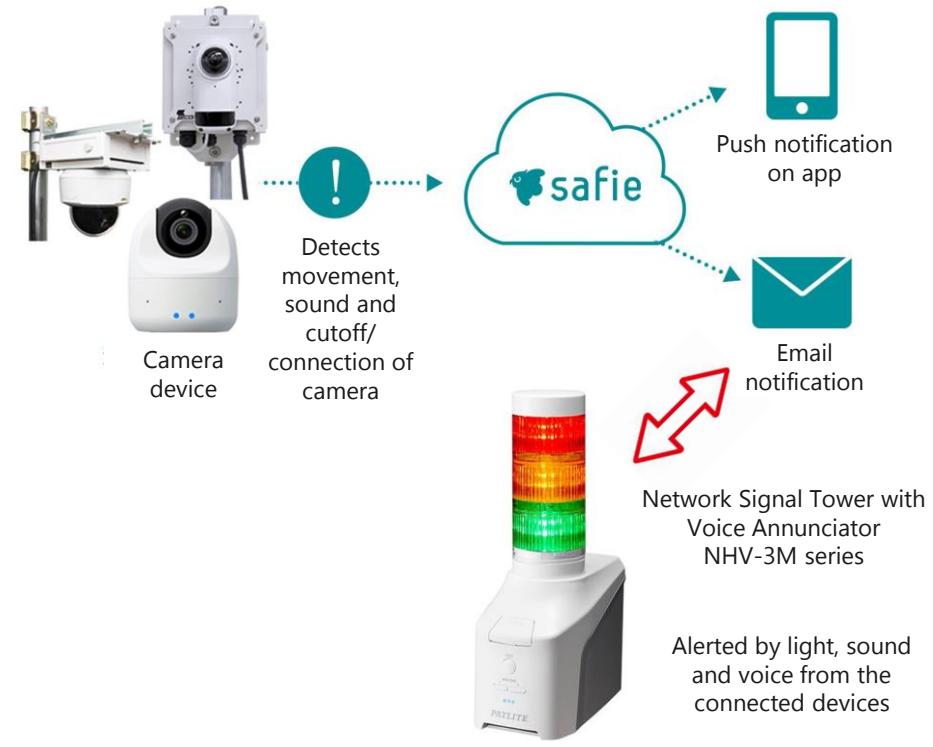
PATLITE®

Reason for installation

Uses of anomaly detection are diverse, such as disaster prevention, crime prevention, safety measures (danger avoidance), etc. Needs in alerting method for anomalies are also diverse such as visual, audio and text. And they are different in each case due to varying needs of the industry/sector.

Use case

When the "motion detector" is activated based on video data stored in the cloud, the detection alert email and PATLITE's Network Monitor Signal Tower are linked. It enables alert to many people by light, sound and voice.

Benefit

Enable early detection and prevention of delayed response. It aims to improve operational safety management and efficiency such as emergency response by accurate and prompt decisions according to the on-site circumstances and crime prevention.

Camera device

Detects movement, sound and cutoff/connection of camera

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Push notification on app

Email notification

Network Signal Tower with Voice Annunciator NHV-3M series

Alerted by light, sound and voice from the connected devices

現場DX Powered by safie

STEP3 Video & operational tools

Advancement of security operation via "video & AI"
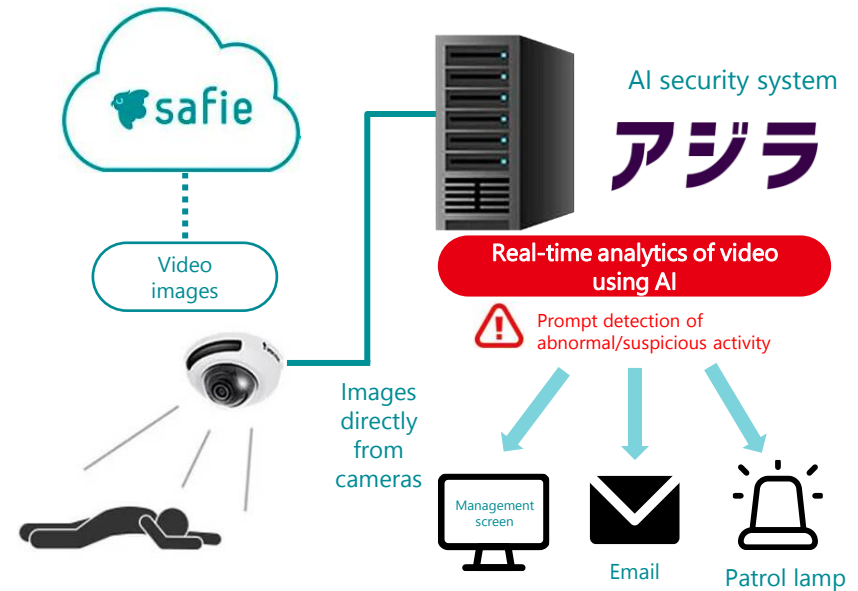
Reason for installation

Tokyo Tatemono Co., Ltd. is engaged in various DX (digital transformation) activities for productivity improvement and problem solving at the facility management sites by deploying the latest technology.

Use Case

Video images and "asilla", an AI security system for facilities, are linked for real-time video analytics. A system to promptly detect abnormal and/or suspicious movements has been developed.

Benefit

Real-time and remote assessment of local situation is possible when an incident occurs.

AI security system

アジラ

Real-time analytics of video using AI

⚠ Prompt detection of abnormal/suspicious activity

Video images

Images directly from cameras

Management screen

Email

Patrol lamp

現場DX Powered by safie

STEP 4 Video & AI-driven problem solving

Better use of public space with "video & AI"

中部電力パワーグリッド

TRIAL PARK
トライアルパーク蒲原

Reason for installation

"Trial Park Kambara" was developed as a place for residents, community, corporates and government to put their ideas to the try out. The facility has been aiming to be the catalyst for visiting and interacting with the local area.

Use case

AI analyzes the number of people based on video data from cameras, aiming to understand the number of visitors as well as time series usage of public area during events.

Benefit

Video data is utilized for marketing initiatives and event planning based on user's needs. It contributes to effective use of public area for residents, community, corporates and government.

AI people count assess the number of facility visitors and time-series usage rates
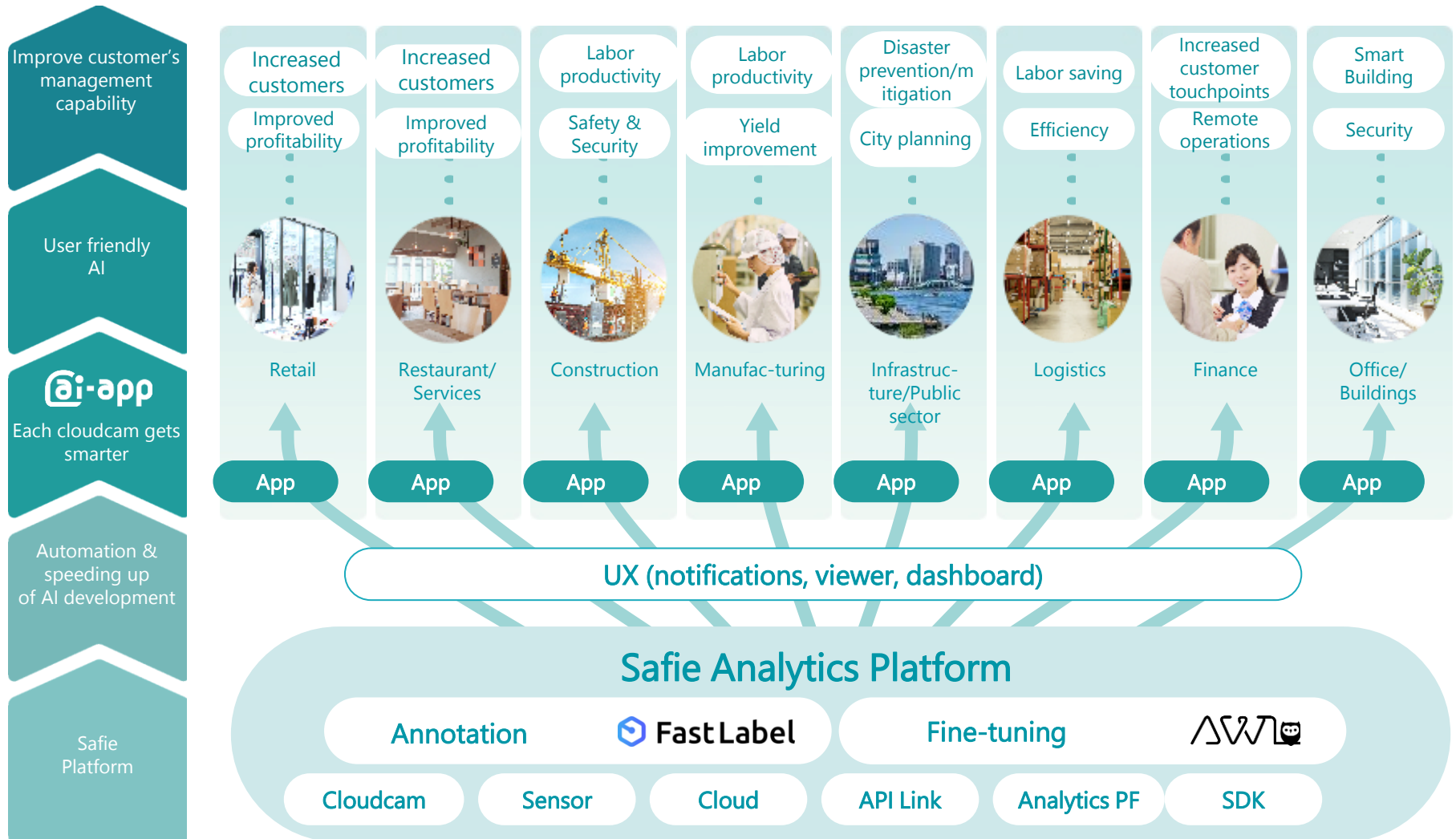
safie AI People Count

現場DX
Powered by safie

STEP 4 Video & AI-driven problem solving

Looking Ahead

Pursue further cloudcam growth

Create customer value-add through remote connectivity

Strengthen management foundation

Building Out a Platform for an App Marketplace (Reference)

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

Improve customer's management capability									
	Increased customers	Increased customers	Labor productivity	Labor productivity	Disaster prevention/mitigation		Labor saving	Increased customer touchpoints	Smart Building
	Improved profitability	Improved profitability	Safety & Security	Yield improvement	City planning		Efficiency	Remote operations	Security

User friendly AI

Retail

Restaurant/ Services

Construction

Manufac-turing

Infrastructure/Public sector

Logistics

Finance

Office/ Buildings

ai-app

Each cloudcam gets smarter

App	App	App	App	App	App	App	App

Automation & speeding up of AI development

UX (notifications, viewer, dashboard)

Safie Platform

Safie Analytics Platform

Annotation   **Fast Label**   Fine-tuning

Cloudcam	Sensor	Cloud	API Link	Analytics PF	SDK

映像から未来をつくる

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Appendix

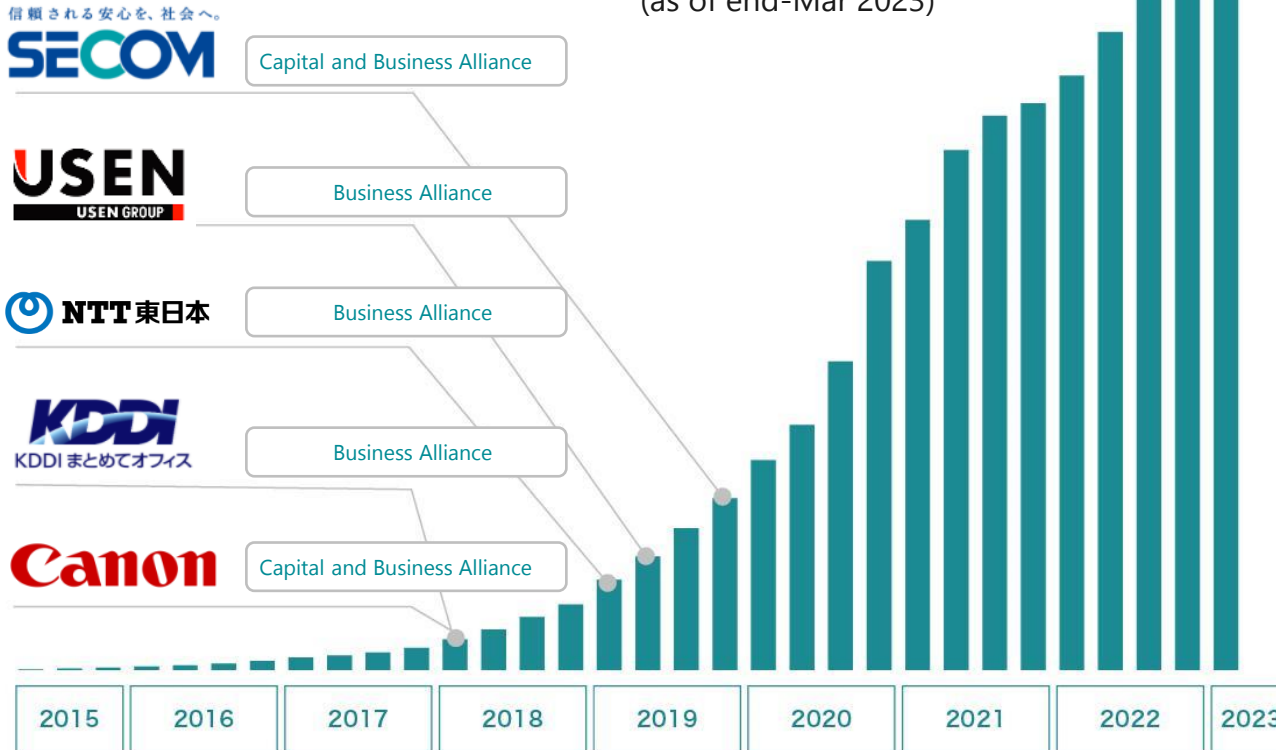# History and Market Share

Billing Cloudcams and Major Business Alliances

Number of billing cloudcams

195K Units

(as of end-Mar 2023)

SECOM — Capital and Business Alliance

USEN — Business Alliance

NTT東日本 — Business Alliance

KDDI まとめてオフィス — Business Alliance

Canon — Capital and Business Alliance

2015 2016 2017 2018 2019 2020 2021 2022 2023

Market Share

Market share of cloud monitoring and video recording services※

safie **56.4**% (2022)

Co. D 1.8%
Others 12.8%
Co. C 7.3%
Co. B 9.2%
Co. A 12.4%

No.1 Share
Cloud recording service
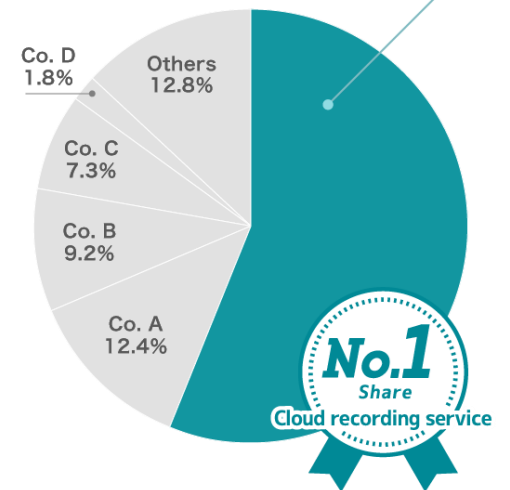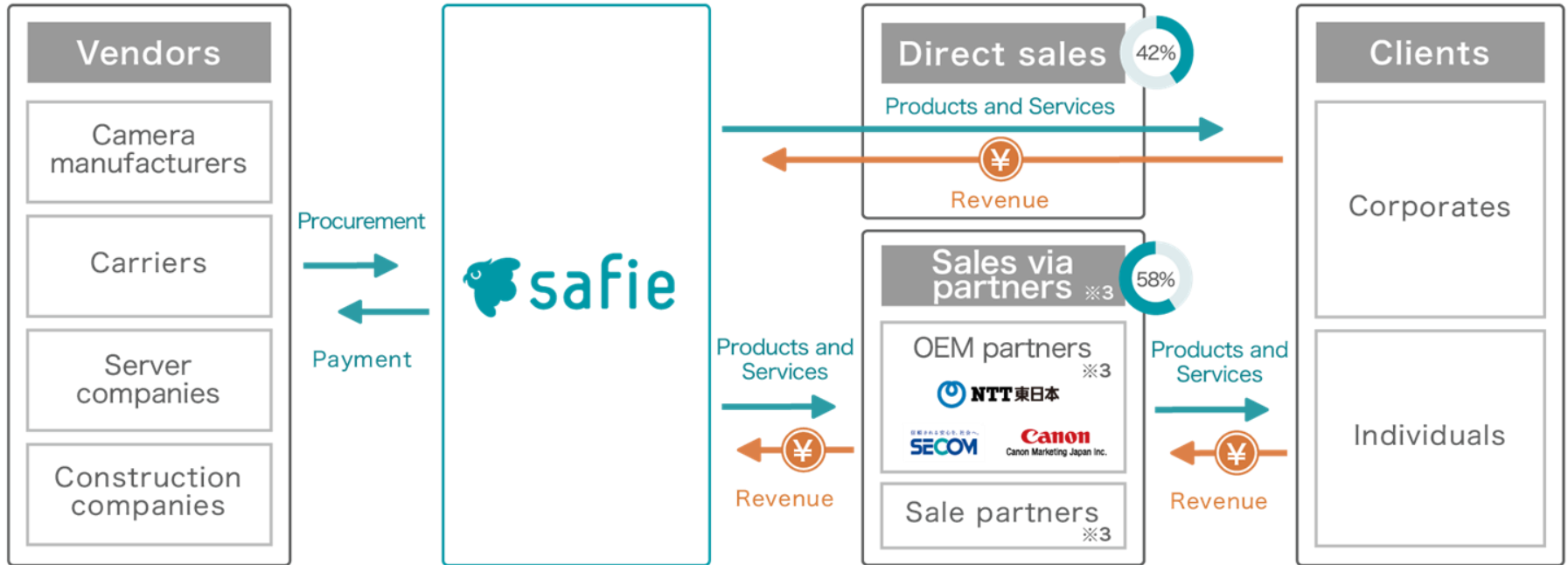
※ Source: Techno Systems Research report of "Cloud recording service market research of network camera (2022)". Cloud monitoring and video recording service is defined as a cloud service that uses network cameras and provides monitoring and/or recording as a paid service. Market share is based on the number of registered camera s by engine.

Business Model and Sales Channels

✓ Safie markets cloudcams ※1 both directly and through sales partners and also provides cloud recording services※2

Vendors
- Camera manufacturers
- Carriers
- Server companies
- Construction companies

Procurement →
← Payment

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Direct sales 42%
Products and Services →
← ¥ Revenue

Sales via partners ※3 58%
OEM partners ※3
NTT東日本
SECOM Canon Canon Marketing Japan Inc.
Sale partners ※3

Products and Services →
← ¥ Revenue

Products and Services →
← ¥ Revenue

Clients
- Corporates
- Individuals

¥ 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.
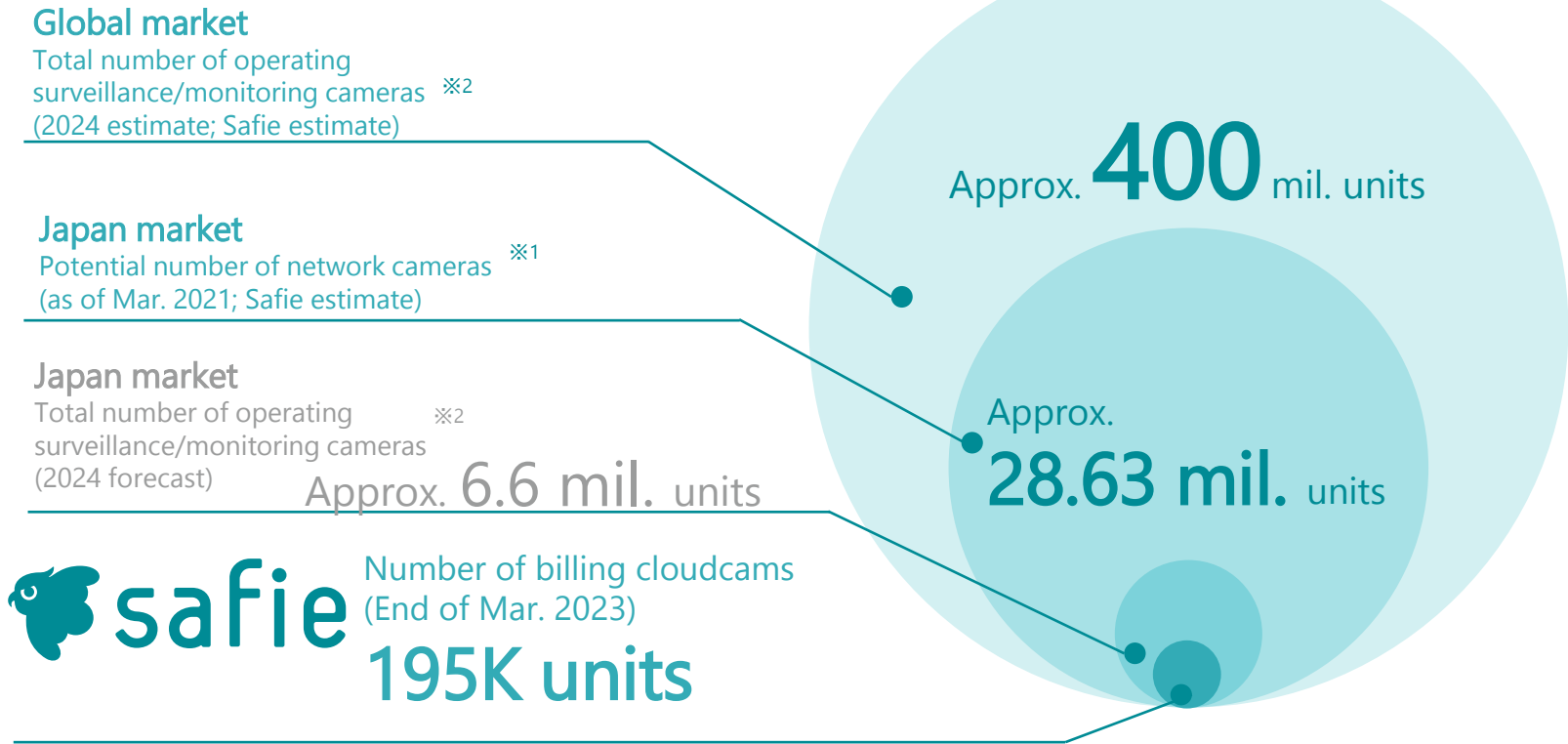※3 : "OEM partner" is a partner that purchases cloudcams and cloud services (or only the latter) from Safie and resells to end clients under the partner's brand name.
  "Other sales partners" is a partner that purchases cloudcams and cloud services (or only the latter) from Safie and resell to end customers under the Safie brand name.
  A few sales partners do not purchase cameras from Safie, only do services.

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 Mar. 2023)
195K 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 39 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".

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

Retail/Services

Other store operators, etc.

Restaurant/Services

Manufacturing

Construction

Infrastructure/Public Utility

Office Building

Logistics

Management Team (1)

Ryuhei Sadosima
Representative Director & 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

Kazuma Morimoto
Director and CTO, R&D Division Head

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	Funded Safie Inc.

Tetsuharu Furuta
Director and CFO, Administration Division Head

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)

Moriaki Shimozaki
Director

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.

Shoichiro Iwata
Outside Director

Mar. 1973	Joined Lion Fat and Oil Co., Ltd. (currently Lion Corporation)
Mar. 1986	Joined PLUS CORPORATION
May 1992	Head of ASKUL Business Promotion Office at PLUS CORP.
Mar. 1997	President of ASKUL Corporation
May 2000	President and CEO of ASKUL Corporation
Jun. 2006	Outside Director of Shiseido Company, Limited
Apr. 2008	Vice Chairman of Japan Association of Corporate Executives
Apr. 2012	Trustee of Japan Association of Corporate Executives
Sep. 2019	CEO of FORCE Marking & Management, Inc. (current position)
Aug. 2020	Outside Director of Safie, Inc. (current position)
Jun. 2021	Outside Director of S. T. Corporation (current position)
Sep. 2021	Outside Director of Arithmer, Inc. (current position)
May 2022	Outside Director of Hacobu, 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

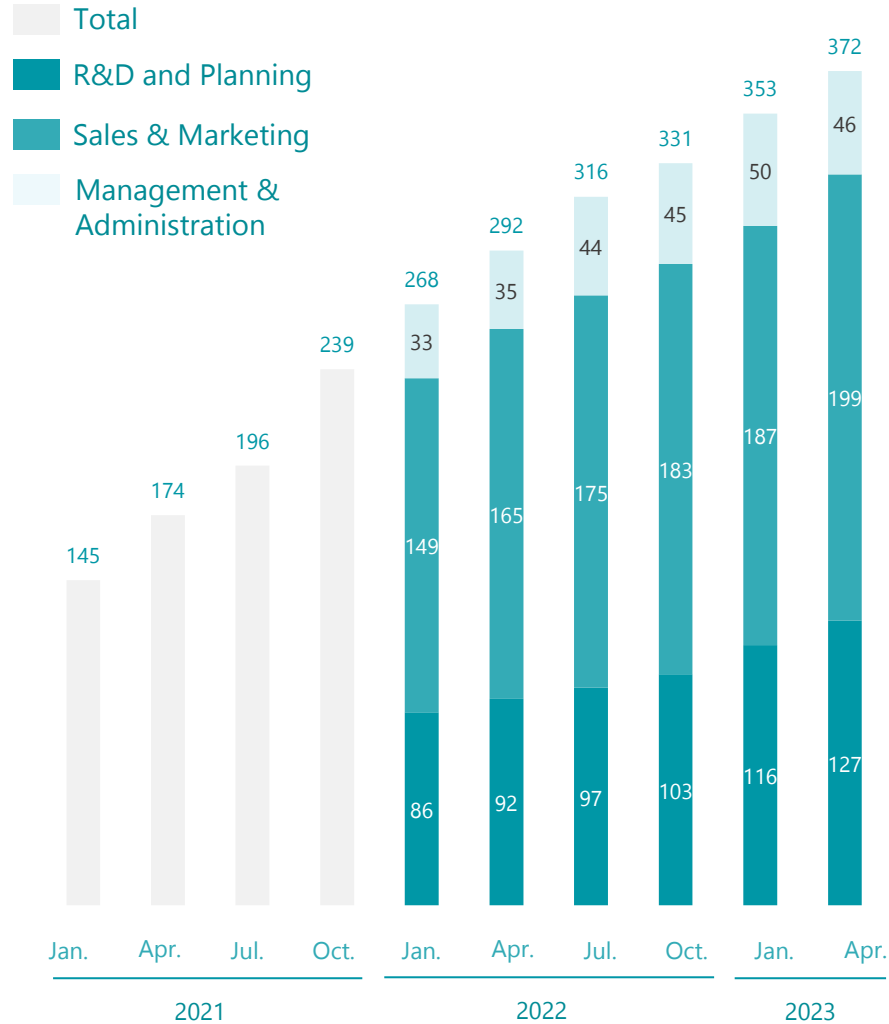|	
Mar. 1999	Masters from Division of Quantum Science and Engineering, Graduate School, Hokkaido University
Apr. 1999	Joined Hitachi Medico
	(currently Fuji Film Health Manufacturing Corporation)
Nov. 2006	Joined Sony Corporation
Jan. 2015	Joined Spotlight Inc. (currently Rakuten Payment, Inc.)
Sep.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

Hisaya Shiraishi
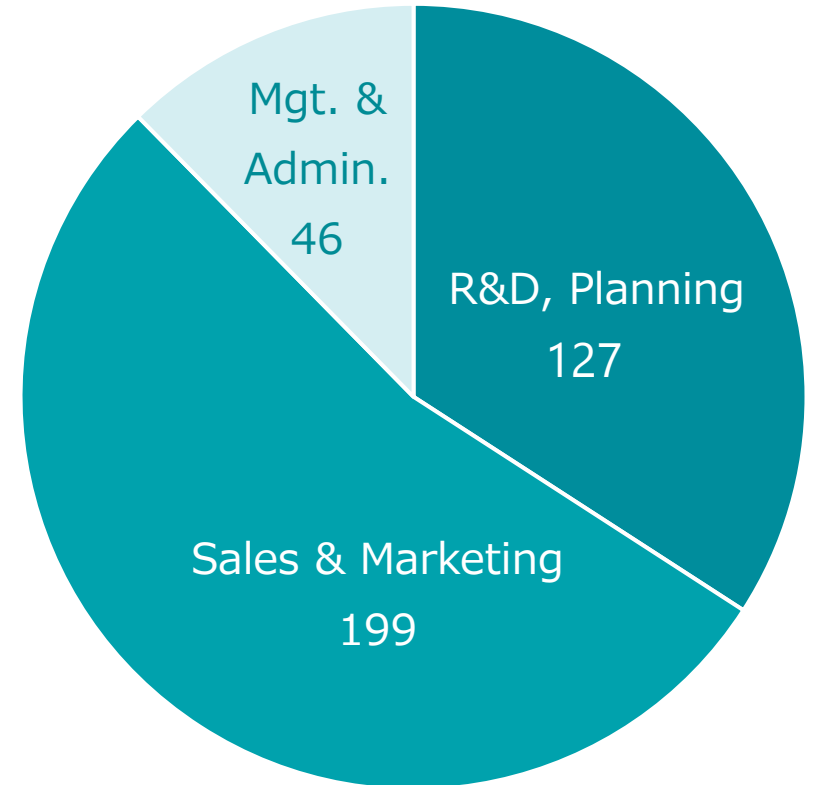### Executive Officer and CPO, Planning Division Head

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

Legend:
- Total
- R&D and Planning
- Sales & Marketing
- Management & Administration

Year	Month	Total	Management & Administration	Sales & Marketing	R&D and Planning
2021	Jan.	145			
2021	Apr.	174			
2021	Jul.	196			
2021	Oct.	239			
2022	Jan.	268	33	149	86
2022	Apr.	292	35	165	92
2022	Jul.	316	44	175	97
2022	Oct.	331	45	183	103
2023	Jan.	353	50	187	116
2023	Apr.	372	46	199	127

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

Employee breakdown (as of Apr. 2023)

- Mgt. & Admin. 46
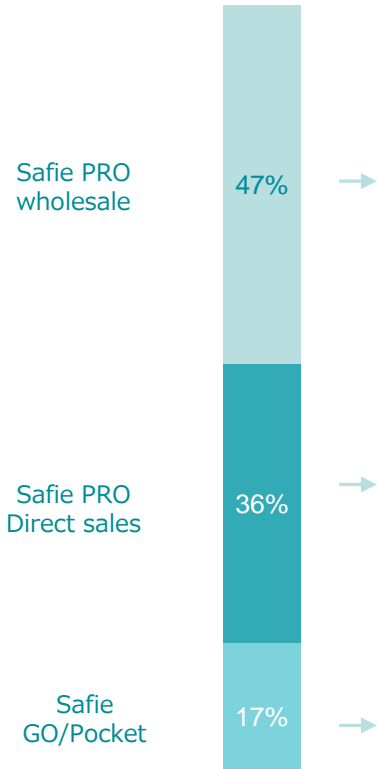- R&D, Planning 127
- Sales & Marketing 199

Breakdown of Billing Cloudcams

✓ Churn rate is maintained at low rate

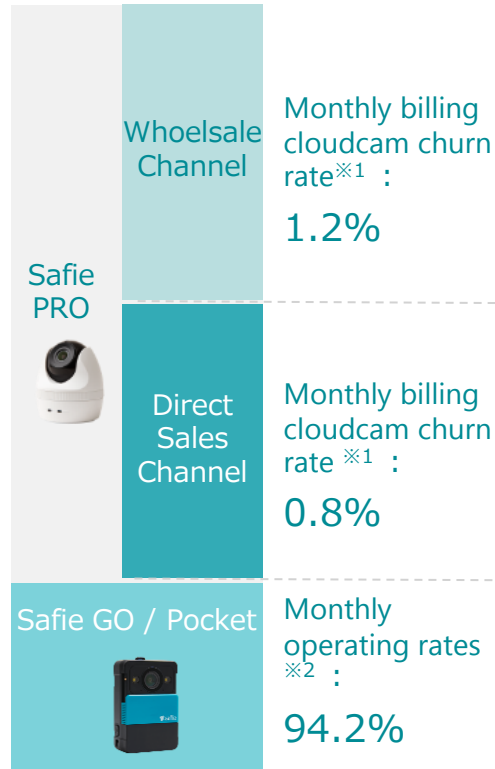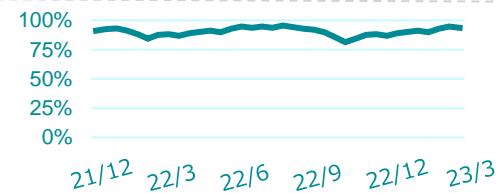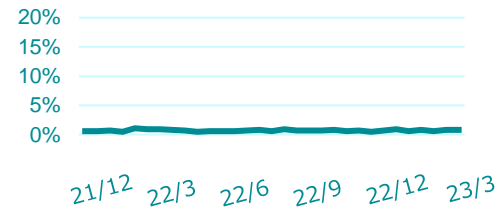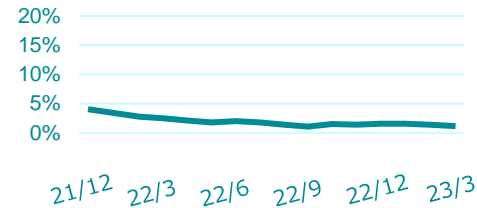Number of Billing Cloudcams ※3

Breakdown (as of end-Mar)	Monthly (Mar. 2023)	Monthly trend

195 K units

Safie PRO wholesale — 47%

Safie PRO Direct sales — 36%

Safie GO/Pocket — 17%

Safie PRO

Wholesale Channel — Monthly billing cloudcam churn rate※1 : **1.2%**

Direct Sales Channel — Monthly billing cloudcam churn rate ※1 : **0.8%**

Safie GO / Pocket — Monthly operating rates ※2 : **94.2%**

Stable at low churn rates

Stable at high operating rates

Monthly trend charts x-axis: 21/12, 22/3, 22/6, 22/9, 22/12, 23/3

※1: 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. , ※2: 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). ※3: Regarding the churn rate figures, due to the reclassification of Billing Cloudcams, the churn rate for Mar. 2023 is calculated based on the new classification from Q1 FY2023, while the new classification has not been applied for the past churn rate.

Churn Rate and Operating Rates

■ Safie PRO Billing Cloudcam Churn Rate (volume basis) ※1

		2021/12	2022/3	2022/6	2022/9	2022/12	2023/3
Wholesale	Monthly	4.0%	2.5%	2.0%	1.1%	1.6%	1.2%
	12-mnth avg.	6.4%	5.4%	4.2%	2.8%	2.0%	1.6%
Direct Sales	Monthly	0.6%	0.7%	0.6%	0.7%	0.8%	0.8%
	12-mnth avg.	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Total	Monthly	2.6%	1.8%	1.4%	0.9%	1.2%	1.1%
	12-mnth avg.	4.3%	3.6%	2.8%	1.9%	1.4%	1.2%

■ GO/Pocket's Operating Rate (volume basis)

		2021/12	2022/3	2022/6	2022/9	2022/12	2023/3
Total	Monthly	88%	88%	90%	92%	94%	94%

※1: Regarding the churn rate figures, due to the reclassification of Billing Cloudcams, the churn rate for Mar. 2023 is calculated based on the new classification from Q1 FY2023, while the new classification has not been applied for the past churn rate.

Balance Sheet

（Unit: ¥ thousand）	End of Dec. 2022	End of Mar. 2023		End of Dec. 2022	End of Mar. 2023
(Assets)			**(Liabilities)**		
Current Assets			Current liabilities		
Cash and deposits	8,771,628	8,012,244	Accounts payable	556,961	754,563
Electronically recorded receivables	9,500	6,000	Current portion of long-term borrowings payable	31,656	31,656
Accounts receivables	1,152,934	1,234,429	Taxes payable	29,869	16,799
Inventory	**1,022,136**	**1,397,556**	Advances received	72,034	130,175
Other	281,583	387,092	Provision for bonuses	55,620	33,649
Allowance for doubtful accounts	-3,116	-3,611	Other	643,486	440,692
Total current asset	11,234,666	11,033,712	Total current liabilities	1,389,628	1,407,536
Non-current Assets			Non-current liabilities		
Property, plant & equipment			Long-term borrowings	94,204	93,652
Building	16,865	16,865	Other	242	202
Cumulative depreciation	-16,865	-16,865	Total non-current liabilities	94,446	93,854
Building (net amount)	-	-	Total liabilities	1,484,074	1,501,390
Tools, furniture and fixtures	25,595	33,984	**Net Assets**		
Cumulative depreciation	- 25,595	-25,939	Shareholder's equity		
Tools, furniture and fixtures (net amount)	-	8,045	Capital stock	5,476,879	5,487,909
Sub-total PP&E	-	8,045	Capital surplus		
Investment and other assets			Capital reserve	7,035,129	7,046,159
Investment securities	1,056,301	1,006,338	Other capital surplus	927,132	927,132
Long term prepaid expenses	-	2,434	Subtotal capital surplus	7,962,262	7,973,292
Other	434,574	529,152	Retained earnings		
Sub-total investment and other assets	1,490,876	1,537,926	Other retained earnings		
Total non-current assets	1,490,876	1,545,971	Carried forward retained earnings	-2,203,384	-2,388,528
Total assets	12,725,542	12,579,683	Subtotal retained earnings	-2,203,384	-2,388,528
			Treasury stock	-167	-167
			Total shareholder's equity	11,235,590	11,072,505
			Valuation differences on available-for-sale securities	549	459
			Subscription rights to shares	5,328	5,328
			Total net assets	11,241,467	11,078,292
			Total liabilities and net assets	12,725,542	12,579,683

Estimated TAM (Safie estimates)

Strategy	Industry	Potential business locations (unit: thousand sites)	Estimated number of cloudcams per location [1]	Potential number of cloudcams (unit;: million units)
Main markets (current)	Restaurant	1,420[2]	approx. 4 units	approx. 5.67 mil
	Retail	990[3]	approx. 4 units	approx. 3.96 mil.
	Service	470[4]	approx. 4 units	approx. 1.89 mil.
	Construction	210[5]	approx. 5 units	approx. 1.05 mil.
Newly entered markets	Manufacturing and logistics	50[6]	approx. 10 units	approx. 0.45 mil.
	Infrastructure/public utility	2,000[7]	approx. 3 units	approx. 6.01 mil.
	Financial	250[8]	approx. 3 units	approx. 0.75 mil.
Potential markets (medium- to long-term)	Parking lot	5,340[9]	approx. 1 unit	approx. 5.34 mil.
	Hospital and nursing home	190[10]	approx. 5 units	approx. 0.97 mil.
	Educational institution	80[11]	approx. 10 units	approx. 0.83 mil.
	Office	190[12]	approx. 3 units	approx. 0.57 mil.
	Condominiums	120[13]	approx. 3 units	approx. 0.36 mil.
	Elevator	770[14]	approx. 1 unit	approx. 0.77 mil.
	Total	12,080	-	approx. 28.63 mil.

※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)

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