safie

Safie Inc.

TSE : 4375

Q4 FY2023

Financial Results Presentation Materials

February 14, 2024

1. Company Overview

safie

Safie Inc.

Create a better future with intelligent vision

A platform to assist the decisions made by people and

things by building an infrastructure of data from

the household to the city

At a Glance

Established

October 2014

Number of employees（as of Jan. 2024） [1]

434

Annual Revenue (FY2023 actual)

¥11,817 million

ARR (as of end-Dec. 2023) [2]

¥9,370 million

Number of billing clondcams(end-Dec. 2023) [3]

234 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 (Monthly Recurring Revenue) at the end of the month by 12 (months).
   MRR: Monthly Recurring Revenue. MRR is the sum of total charges in the current month based on the contracts 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
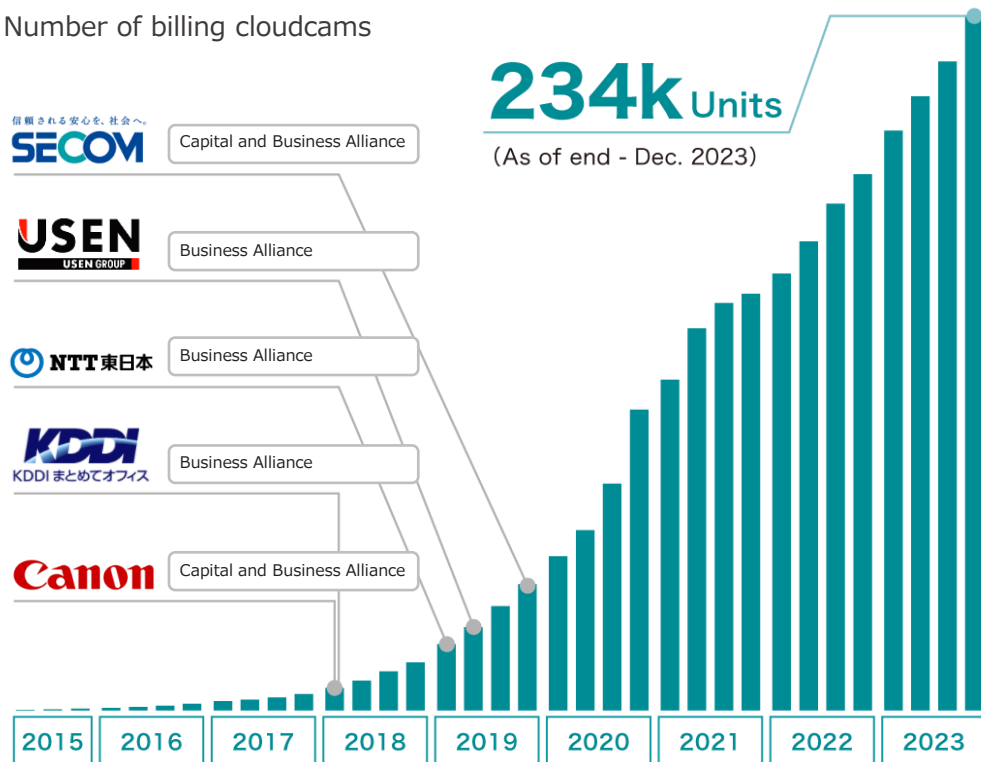   sold in each quarter.

Overview of Products & Services

01	Cloud-driven camera OS
02	Powerful security
03	High quality UI/UX
04	Highly scalable platform

History and market share

Billing Cloudcams and Major Business Alliances

Number of billing cloudcams

Company	Alliance
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

234k Units

(As of end - Dec. 2023)

2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023

Market Share

Market share of cloud monitoring and video recording services[1]

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
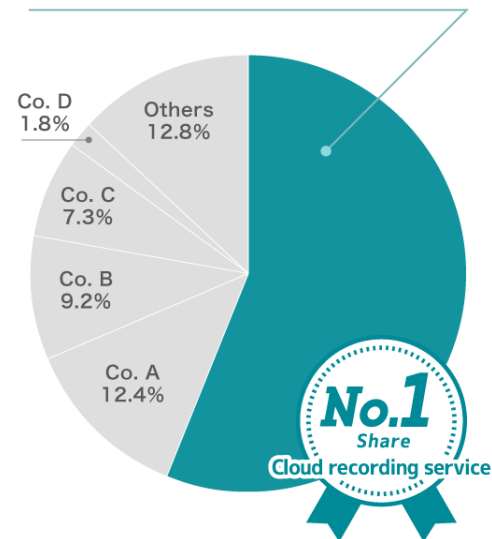
*1 Techno Systems Research report of "Cloud recording service market research of network camera (2022)". Cloud monitoring and video recording service is defined as a cloud service that uses network cameras and provides monitoring and/or recording as a paid service. Market share is based on the number of registered camera s by engine

Our Client : Track record of large enterprises (Examples)

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[2] cameras (2024; Safie estimate)

Japan market
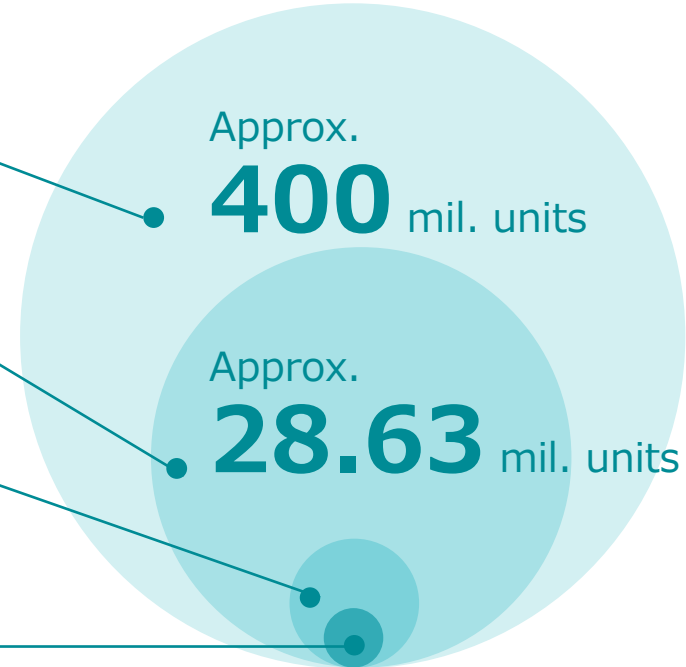Potential number of network cameras[1] (as of Mar. 2021; Safie estimate)

Japan market
Total number of operating surveillance/monitoring cameras[2] (2024 forecast)

Approx. 6.6mil. units

Number of billing cloudcams
(End of Dec. 2023)

234K units
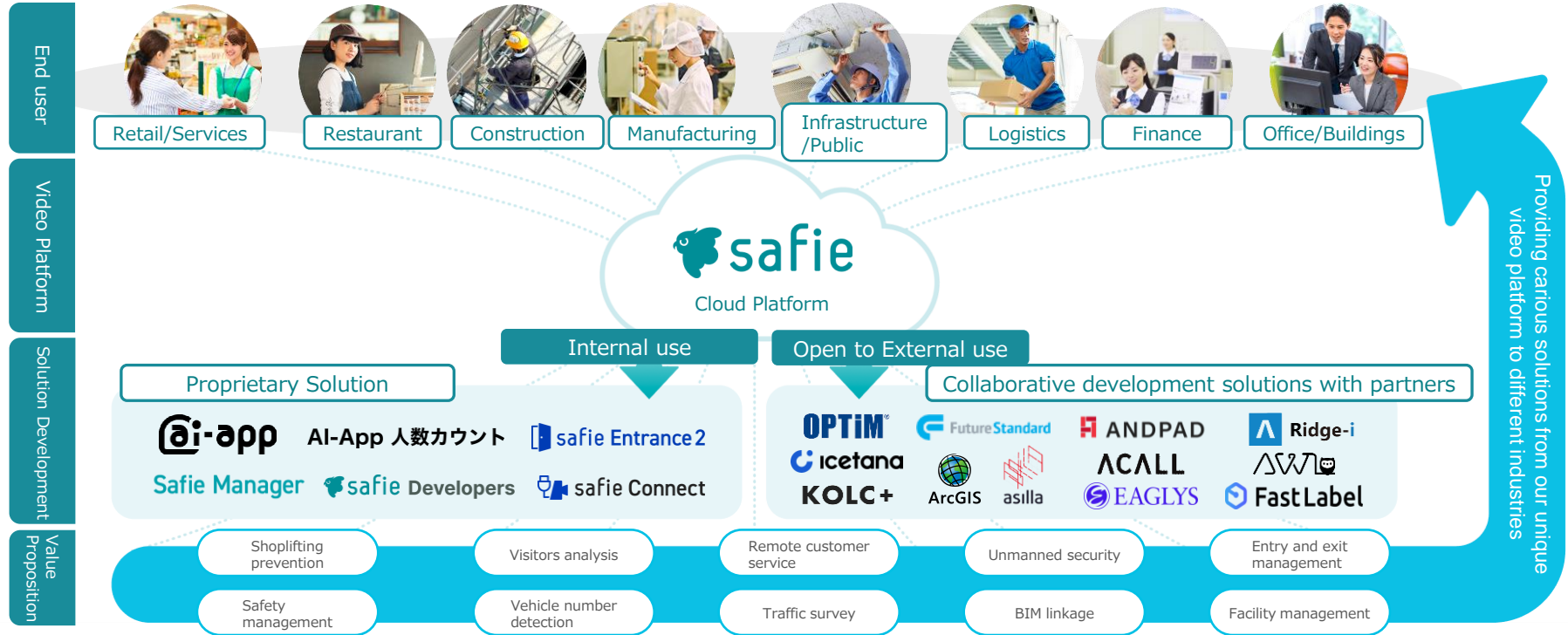
Approx.
400 mil. units

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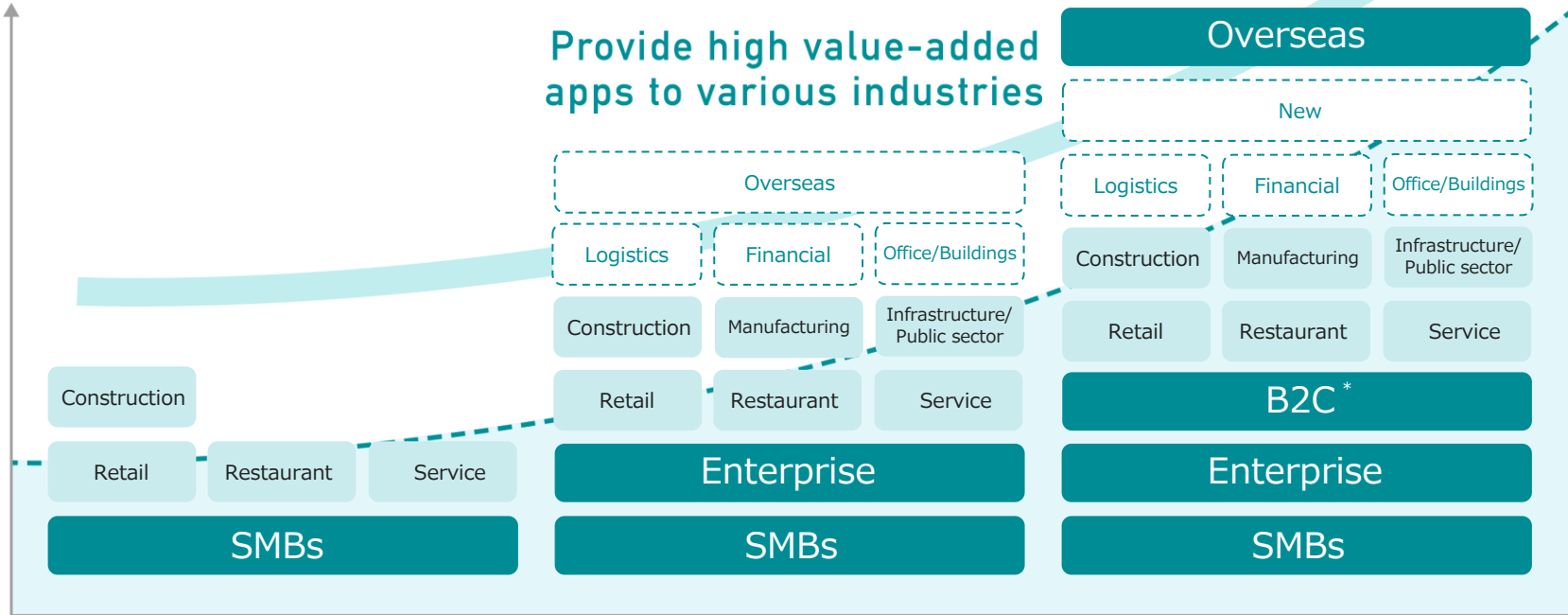   Figures are Safie estimates calculated by applying certain assumption to the shipment volume data stated in Yano Research Institute Ltd.'s "Surveillance Camera Market Forecast 2020 – Visual Communication Research".

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Providing solutions not only in-house, but also with partners in various industries

End user

Retail/Services | Restaurant | Construction | Manufacturing | Infrastructure /Public | Logistics | Finance | Office/Buildings

Video Platform

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Cloud Platform

Solution Development

Internal use | Open to External use

Proprietary Solution | Collaborative development solutions with partners

ai-app   AI-App 人数カウント   safie Entrance 2

Safie Manager   🐾 safie Developers   safie Connect

OPTiM   FutureStandard   ANDPAD   Ridge-i
icetana   ArcGIS   asilla   ACALL   AVA
KOLC+   EAGLYS   Fast Label

Value Proposition

Shoplifting prevention | Visitors analysis | Remote customer service | Unmanned security | Entry and exit management

Safety management | Vehicle number detection | Traffic survey | BIM linkage | Facility management

Providing carious solutions from our unique video platform to different industries

Promoting on-site DX in diverse industries

The number of industries utilizing Safie services is growing

ARR & Number of
cloudcams Installed

Establish a global video platform

Provide high value-added apps to various industries

Overseas		
Logistics	Financial	Office/Buildings
Construction	Manufacturing	Infrastructure/ Public sector
Retail	Restaurant	Service
Enterprise		
SMBs		

Overseas		
New		
Logistics	Financial	Office/Buildings
Construction	Manufacturing	Infrastructure/ Public sector
Retail	Restaurant	Service
B2C *		
Enterprise		
SMBs		

Construction		
Retail	Restaurant	Service
SMBs		

* Cameras for household use etc.

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Long-term growth strategy

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	Short-term	Mid-term	Long-term
Spreading cloudcams	Adding high-value	Building platform	IoT ecosystem

VDaaS
Video & Data
as a Service

PaaS

SaaS

Cloudcam

Linking
Device/Data/Service

Open API,
3rd Party App

Appropriate solution
for each industry

Increasing number of
cloudcam

Company value

Safie is a platformer that offers Onsite DX solutions

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AI×IoT Platformer
- High security -

Onsite DX solution provider
- Solving clients' challenges together -

Crime prevention x
productivity improvements
- Addressing labor shortage issue -

AI x Analytics
- used for data learning -

Evolves after implementation
- Machine learning by AI -

Generic camera vendors

Hardware providers

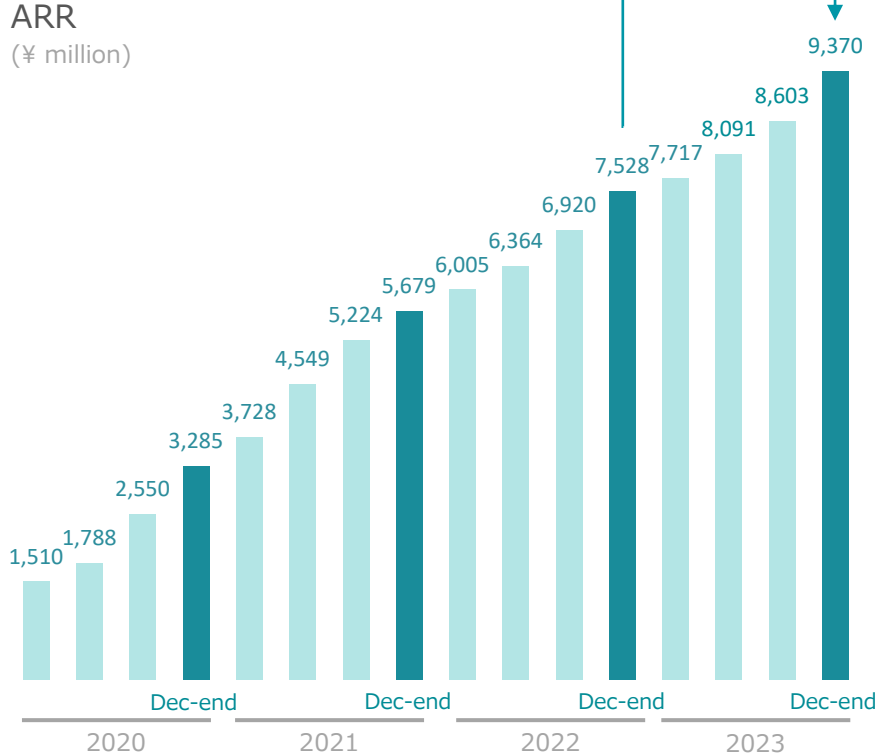| Positioning vis-à-vis customers | Equipment provider |
Value proposition to customer	Surveillance/Crime prevention
Interpreting data	Storage "box"
Service evolution	Obsolescence after implementation - In tandem with hardware obsolescence -

PDCA

2. FY2023 Financial Results

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FY2023 Financial results highlight

Revenue exceeded forecasts, up 27.7% YoY, while ARR fell slightly short

(¥ million)	FY2022	FY2023			
		Guidance	Actual	YoY	vs. guidance
ARR	7,528	9,450	9,370	+24.5%	99.2%
Billing cloudcams (K units)	186	239	234	+25.8%	97.9%
Revenue	9,252	11,615	11,817	+27.7%	101.7%
Gross Profit	4,356	5,904	5,668	+30.1%	96.0%
Gross Profit Margin	47.1%	50.8%	48.0%	-	-
Operating Profit/Loss	△1,283	△1,200~△800	△1,091	-	-
Profit/Loss before income taxes	△1,430	-	△1,434	-	-
Profit/Loss	△1,434	-	△1,438	-	-

- ARR and the number of billing cloudcams slightly underachieved

- Revenue achieved +27.7% YoY growth and exceeded forecasts
- Gross profit grew +30.1% YoY, while gross profit margin fell short of guidance

- Operating loss was within the guidance range

- Due to the revisions made to medium-to-long term business plans, an impairment loss of ¥326 mil. was recorded as extraordinary loss based on " the Guidance on Accounting Standards for Impairment of Fixed Assets."

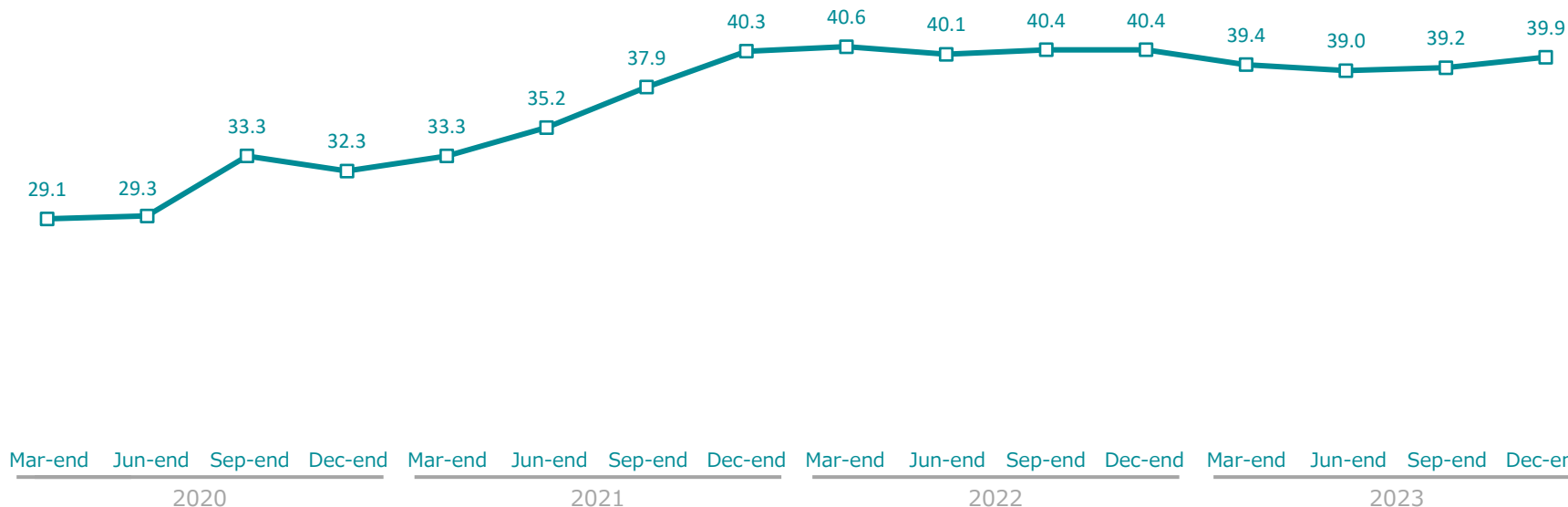# Trend of ARR and billing cloudcams

ARR reached ¥9.3 bn and billing cloudcams reached 233K units

ARR
(¥ million)

+24.5%

9,370

Year	Values
2020	1,510 / 1,788 / 2,550 / 3,285
2021	3,728 / 4,549 / 5,224 / 5,679
2022	6,005 / 6,364 / 6,920 / 7,528
2023	7,717 / 8,091 / 8,603 / 9,370

Billing cloudcams
(K units)

+25.8%

234

Year	Values
2020	51 / 60 / 76 / 101
2021	111 / 129 / 137 / 140
2022	147 / 158 / 171 / 186
2023	195 / 207 / 219 / 234

Trend of ARPC*1 (Average Revenue per Camera)
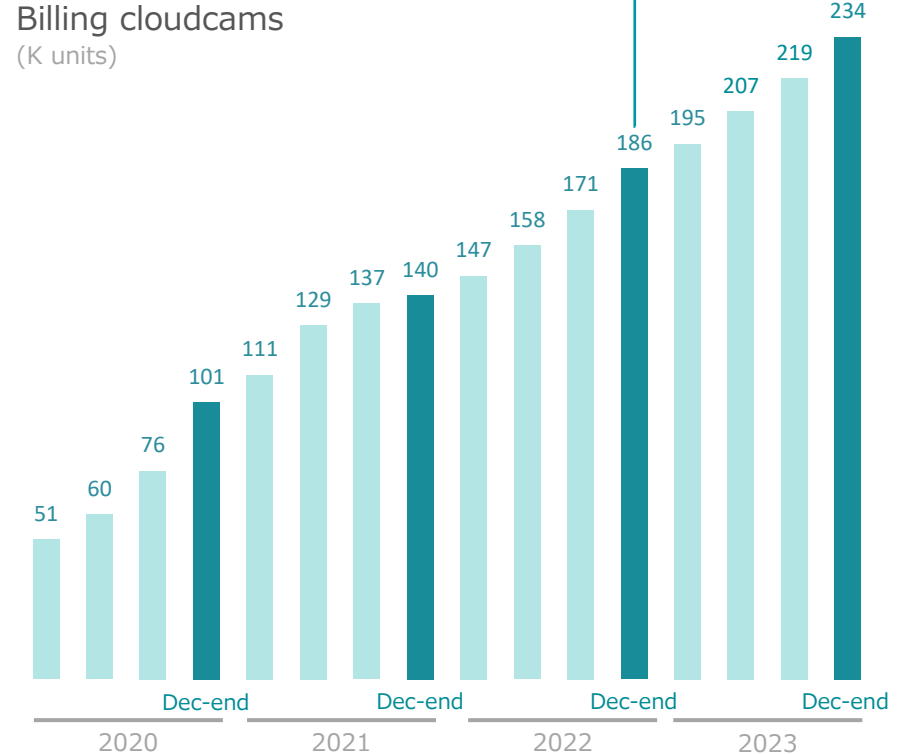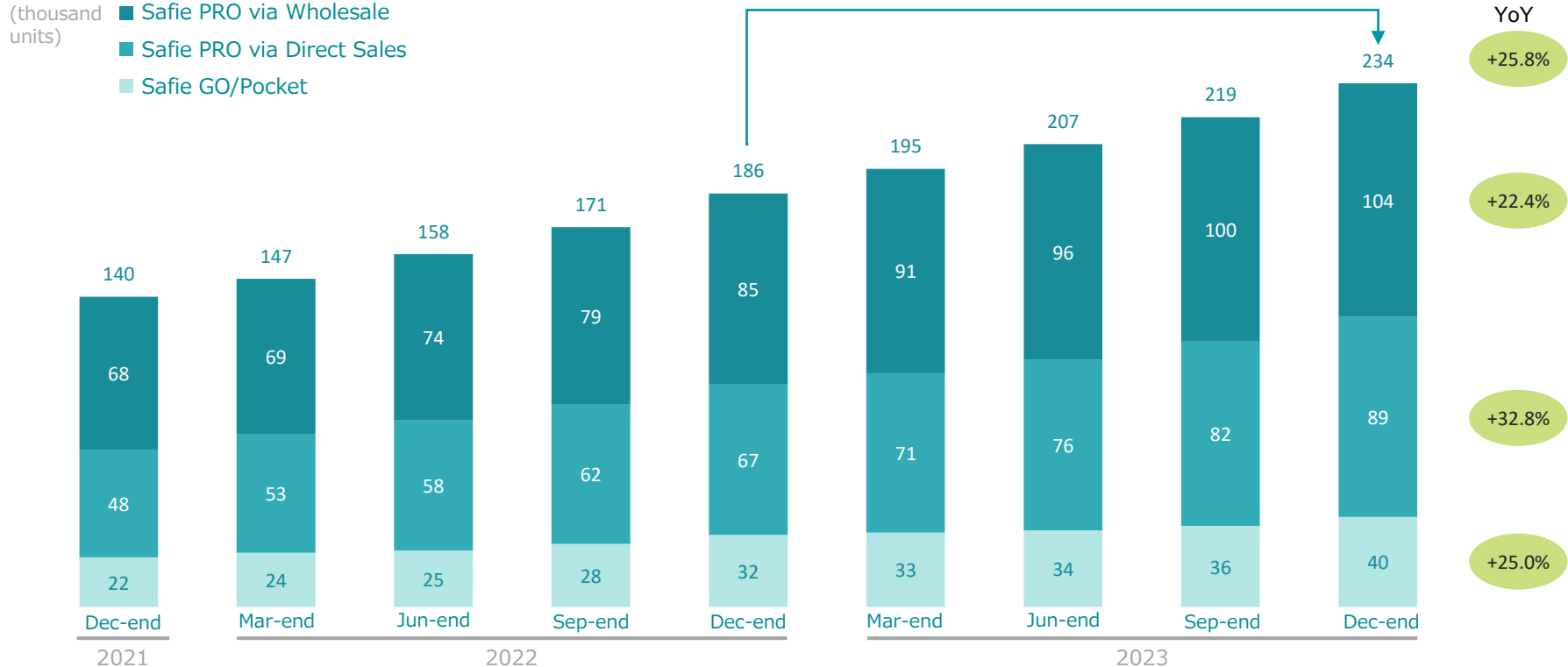
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ARPC improved due to an increase in proportion of Safie GO/Pocket, which is higher unit price than Safie PRO

(¥ 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	Jun-end	Sep-end	Dec-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	39.0	39.2	39.9

Direct NRR continued to be above 100%, the same level as FY2022

NRR[1]

	FY2022	FY2023
Direct sales	112.3%	110.9%
Wholesale	133.6%	118.3%
Total	122.6%	115.6%

Total ARR (by year of customer acquisition[2])
(¥ million)

Legend: 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023
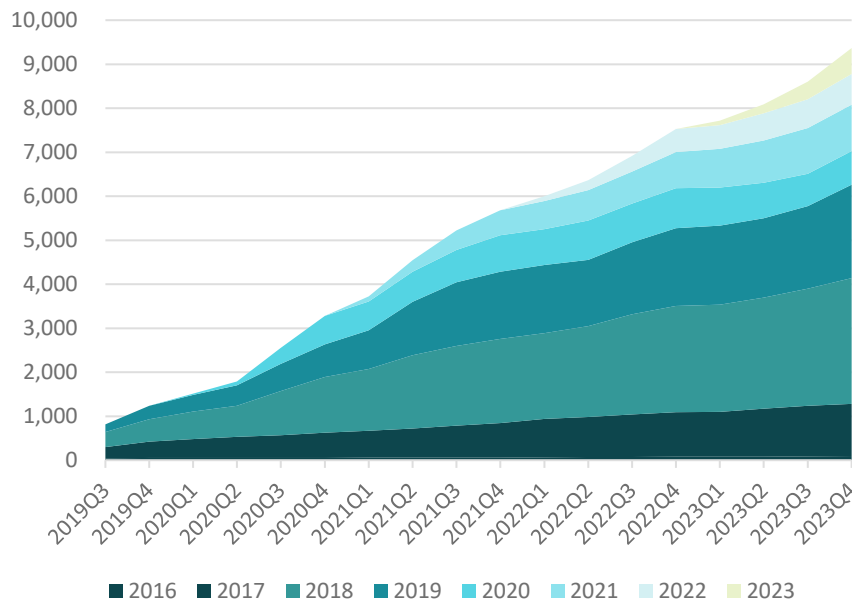
- Direct sales achieved ARR growth with over 1,600 existing clients

- Among them, business has expanded with major companies in retail, construction, infrastructure and housing industries

[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 diving 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

Revenue trend
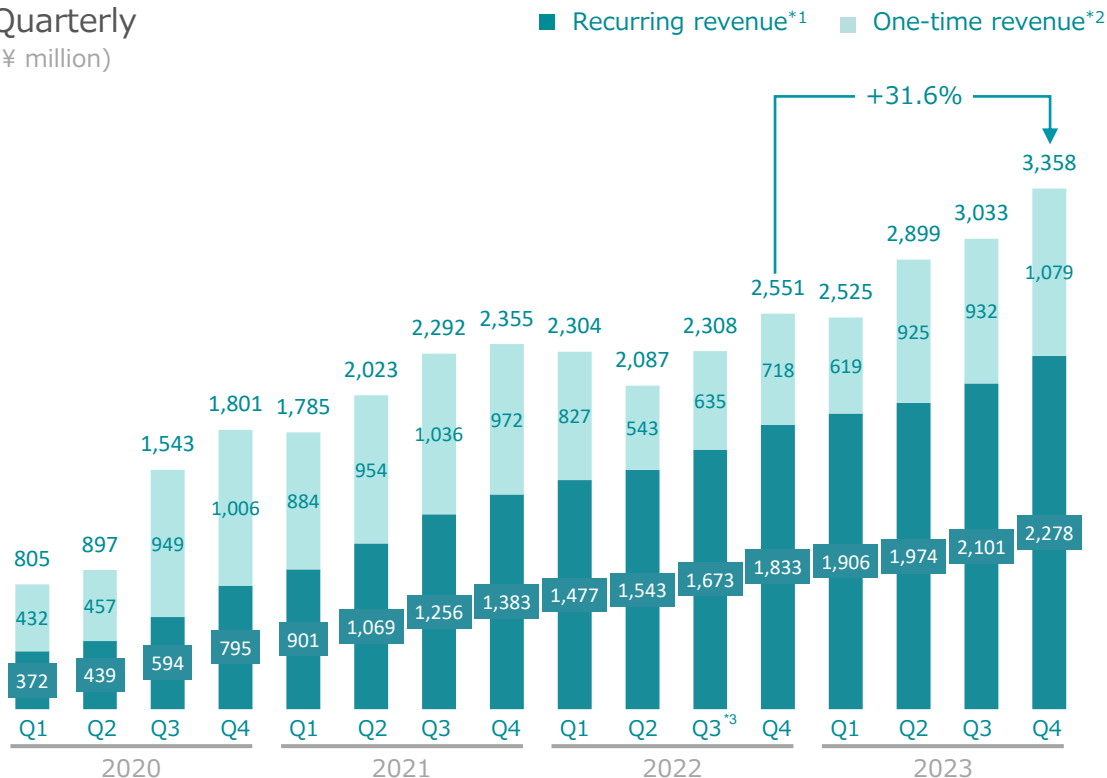

Annual revenue grew +27.7% YoY
Q4 revenue was up +31.6% YoY

Recurring gross profit margin improved as cloud cost optimization progressed
One-time gross profit margin declined with inventory valuation loss for some products, but it improved slightly without inventory valuation losses
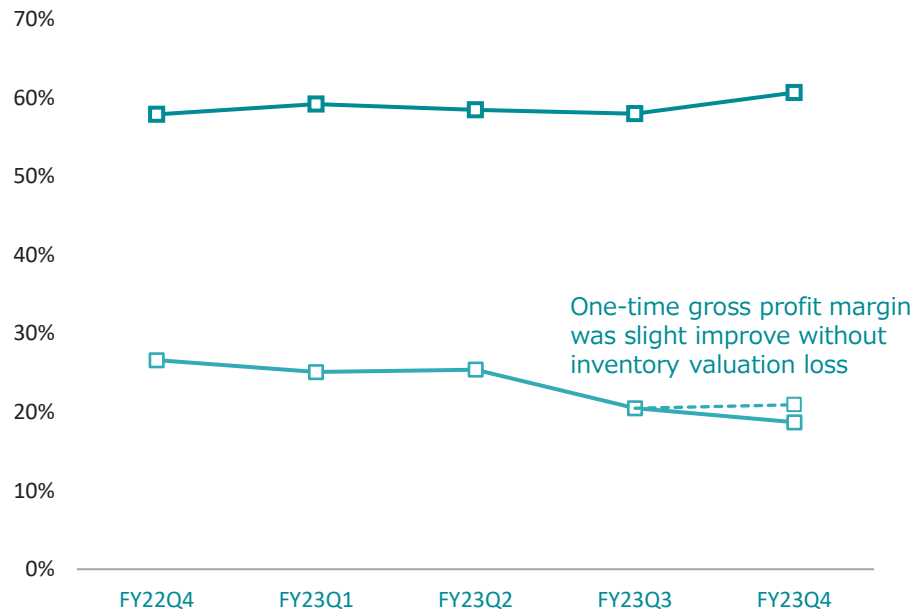
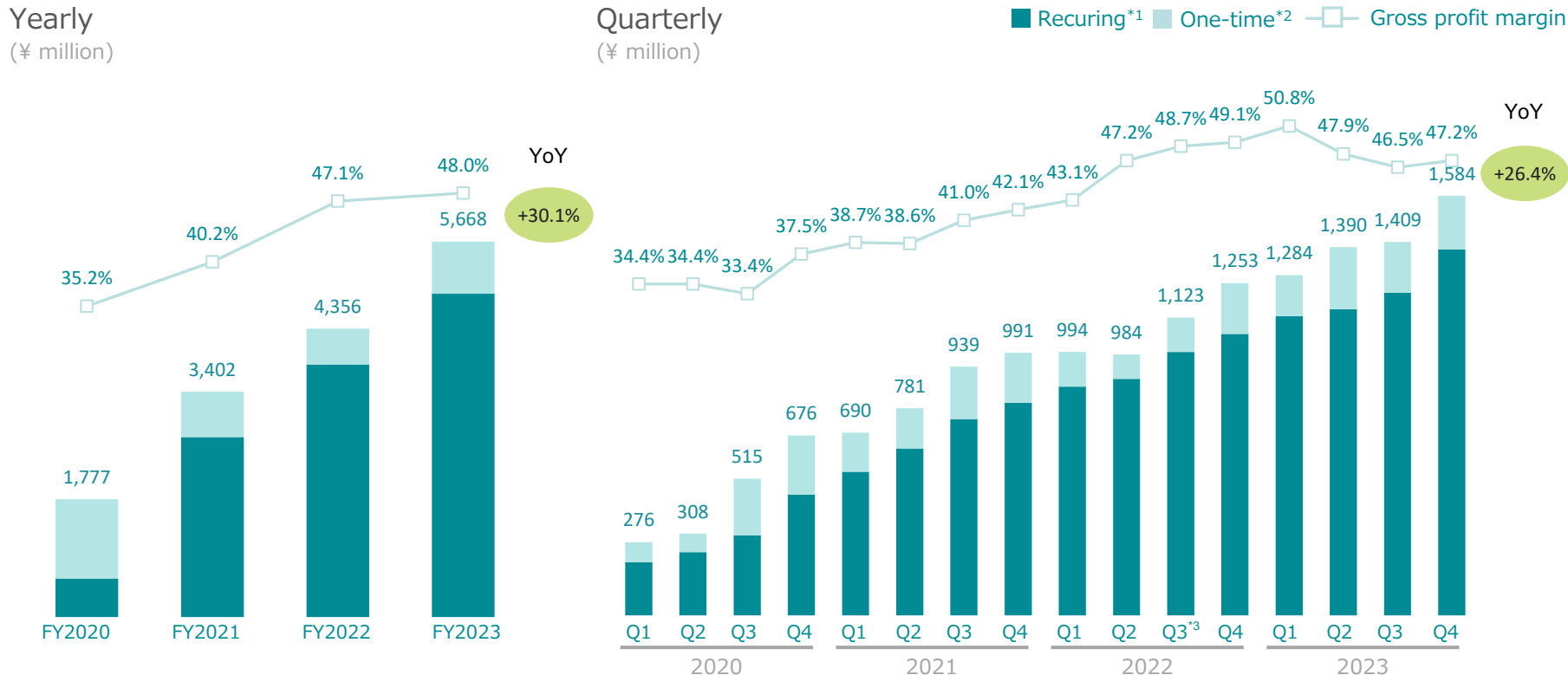### Revenue Breakdown (Quarterly)

■ Recurring[2]
■ One-time[1]

	FY22Q4	FY23Q1	FY23Q2	FY23Q3	FY23Q4
One-time	28%	25%	32%	31%	32%
Recurring	72%	75%	68%	69%	68%
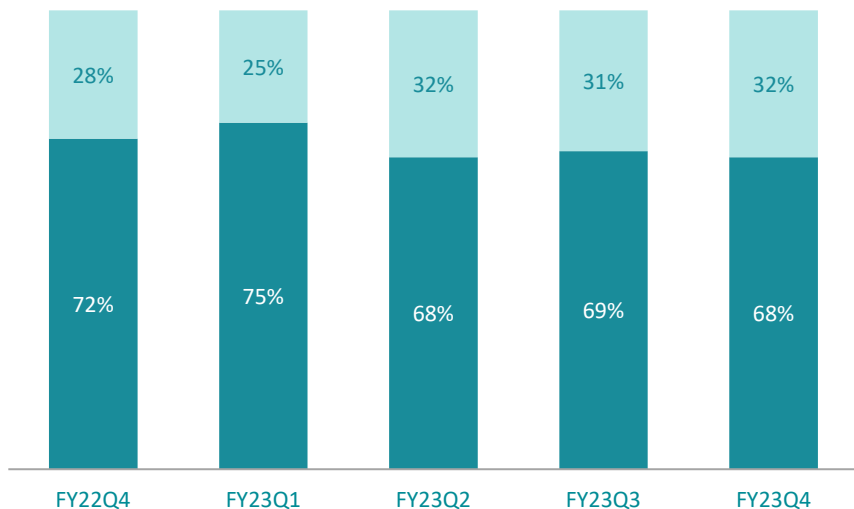
Trend of Gross Profit Margin

☐ Recurring[1]
☐ One-time[2]
☐ One-time（without inventory valuation loss）

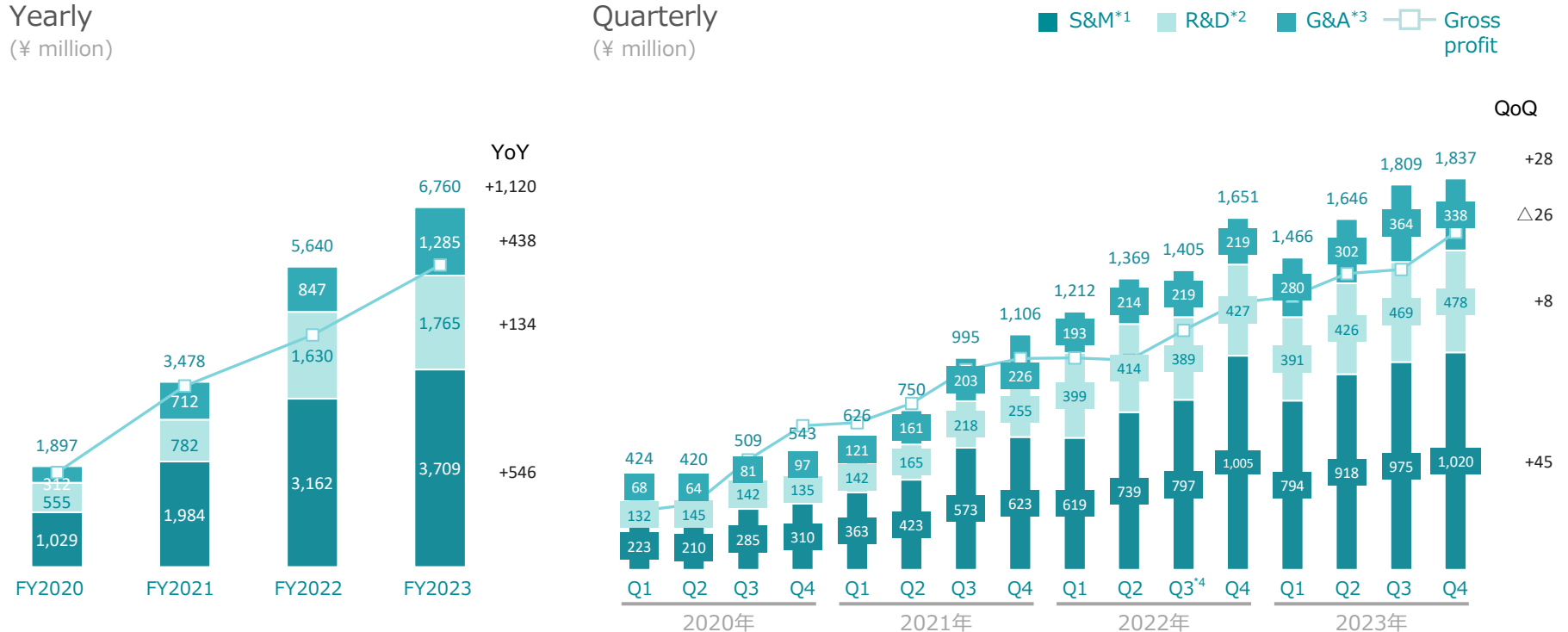One-time gross profit margin was slight improve without inventory valuation loss

*1 : Recurring revenue includes cloud, applications, rental and including SIM, etc.
*2 : One-time revenue includes merchandise and camera set up installation work etc.

Gross profit grew +30.1% YoY
Q4 gross profit was up +26.4% YoY

Yearly
(¥ million)

Quarterly
(¥ million)

■ Recuring[1] ■ One-time[2] □ Gross profit margin

Yearly chart:
- FY2020: 1,777, margin 35.2%
- FY2021: 3,402, margin 40.2%
- FY2022: 4,356, margin 47.1%
- FY2023: 5,668, margin 48.0%, YoY +30.1%

Quarterly chart:
- 2020 Q1: 276, 34.4%
- 2020 Q2: 308, 34.4%
- 2020 Q3: 515, 33.4%
- 2020 Q4: 676, 37.5%
- 2021 Q1: 690, 38.7%
- 2021 Q2: 781, 38.6%
- 2021 Q3: 939, 41.0%
- 2021 Q4: 991, 42.1%
- 2022 Q1: 994, 43.1%
- 2022 Q2: 984, 47.2%
- 2022 Q3[3]: 1,123, 48.7%
- 2022 Q4: 1,253, 49.1%
- 2023 Q1: 1,284, 50.8%
- 2023 Q2: 1,390, 47.9%
- 2023 Q3: 1,409, 46.5%
- 2023 Q4: 1,584, 47.2%, YoY +26.4%

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

SG&A trend

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An increase in expenses for FY2023 was mainly due to, for example, marketing activities, investment in human capital, and office relocation

Yearly
(¥ million)

Quarterly
(¥ million)

■ S&M[*1]　■ R&D[*2]　■ G&A[*3]　□ Gross profit

YoY

FY2020	FY2021	FY2022	FY2023
1,897	3,478	5,640	6,760
312	712	847	1,285
555	782	1,630	1,765
1,029	1,984	3,162	3,709

+1,120
+438
+134
+546

QoQ
+28
△26
+8
+45

2020年 Q1: 424, 68, 132, 223
Q2: 420, 64, 145, 210
Q3: 509, 81, 142, 285
Q4: 543, 97, 135, 310

2021年 Q1: 626, 121, 142, 363
Q2: 750, 161, 165, 423
Q3: 995, 203, 218, 573
Q4: 1,106, 226, 255, 623

2022年 Q1: 1,212, 193, 399, 619
Q2: 1,369, 214, 414, 739
Q3[*4]: 1,405, 219, 389, 797
Q4: 1,651, 219, 427, 1,005

2023年 Q1: 1,466, 280, 391, 794
Q2: 1,646, 302, 426, 918
Q3: 1,809, 364, 469, 975
Q4: 1,837, 338, 478, 1,020

*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

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Operating profit trend

Operating loss for FY2023 and FY2023 Q4 was ¥1,091 mil and ¥252 mil respectively

Yearly
(¥ million)

Quarterly
(¥ million)
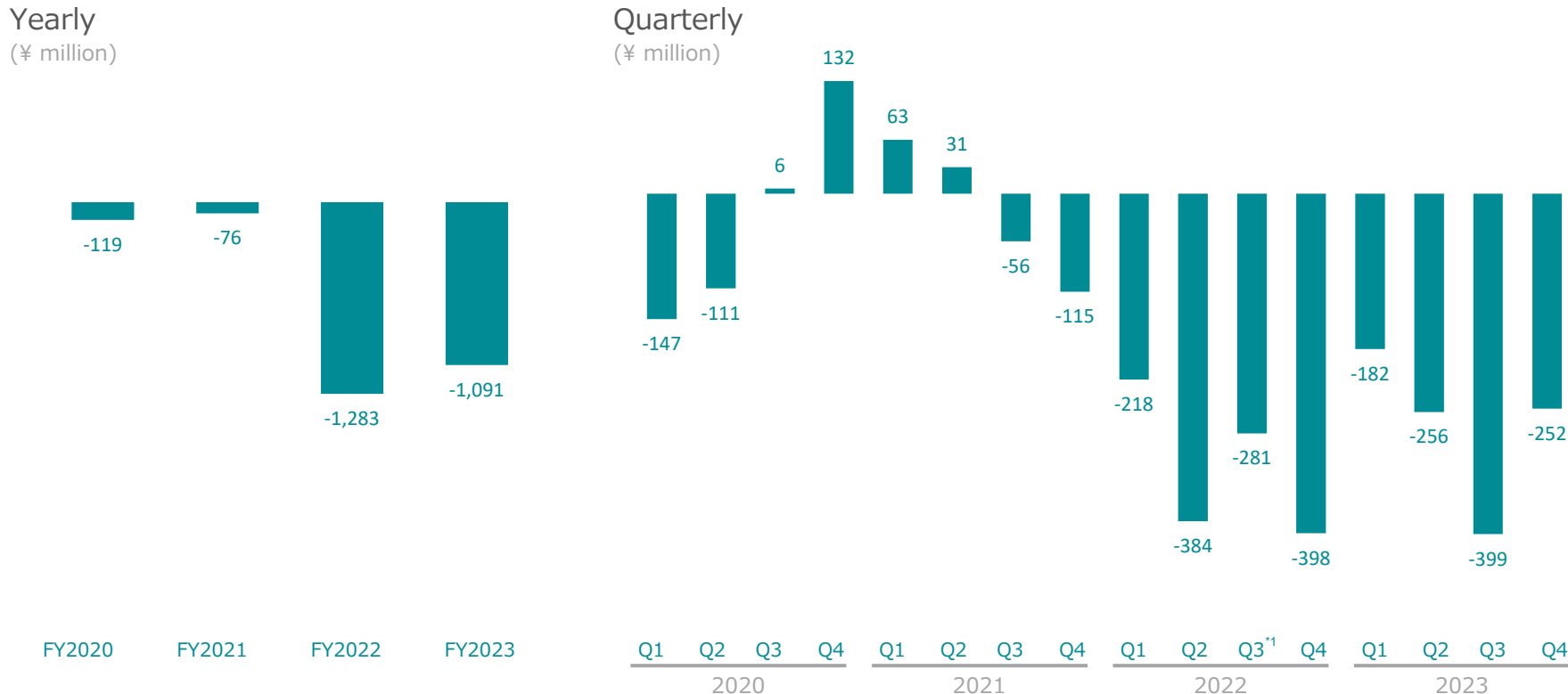
*1 Reporting on a consolidated basis from Q3 FY2022

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3. Management Strategy Update

Current and future of Safie

Safie has been accelerating investment after going public, strengthening organization and customer base, and preparing new solutions
Going forward, focus will be solution with cloudcam. Also, we aim for revenue growth as well as shifting to profitable structure

Up to now（after going public）

- Strengthening and expanding organization for future growth

- Strengthening operations up to cloudcam installation

- Expanding business with top companies in each industry

- Strengthening camera lineups, and preparing seeds for new solutions by addressing issues in each industry
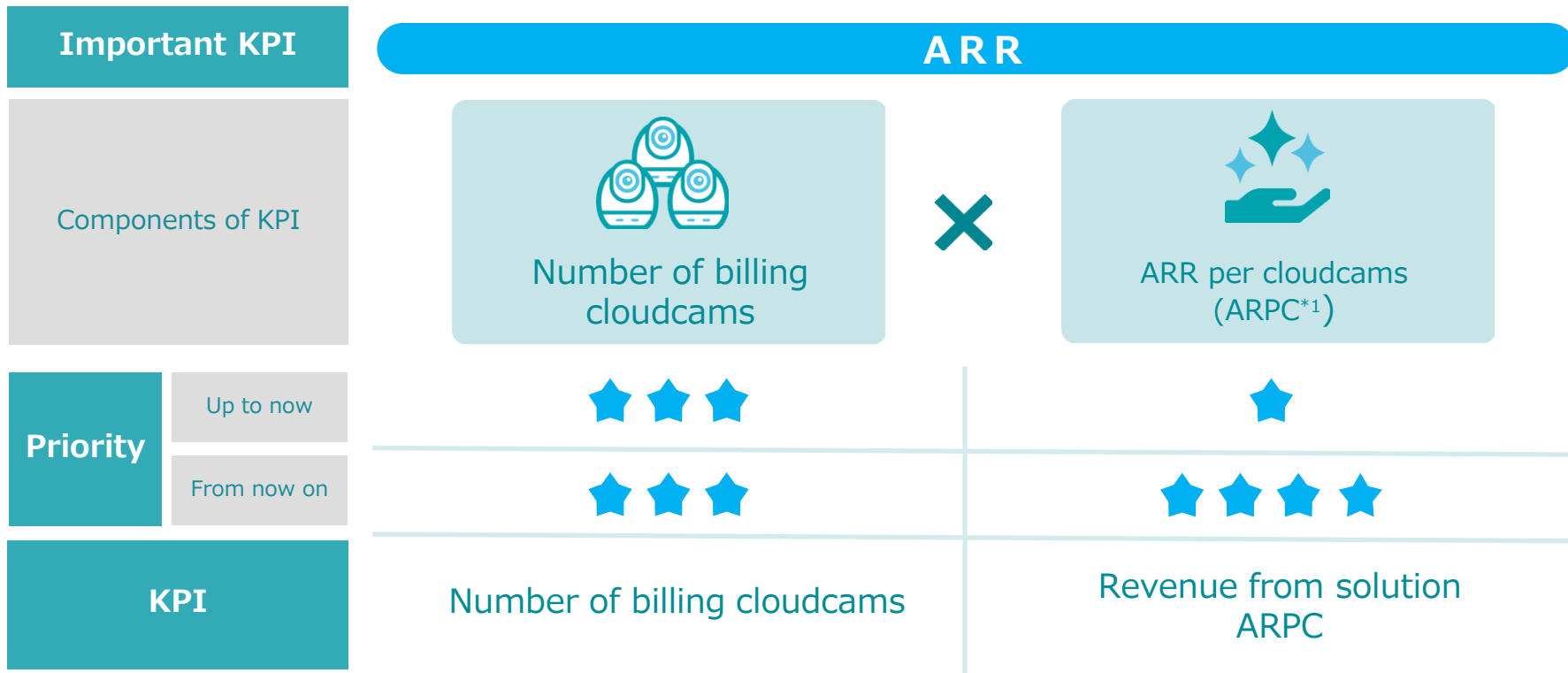
- Growth trend in sales was back in 2023

From now on

To continue to pursue growth in billing cloudcams volume to strengthen customer base

To focus on solutions with cloudcams

To improve productivity and shift to a profitable structure

Update on growth drivers

Safie will focus on grow in revenue from solution, and aim to increase ARPC in mid term. Strengthening the business base continues by increasing the number of billing cloudcams

Important KPI	**ARR**		
Components of KPI	Number of billing cloudcams	×	ARR per cloudcams (ARPC[1])
Priority — Up to now	★★★		★
Priority — From now on	★★★		★★★★
KPI	Number of billing cloudcams		Revenue from solution ARPC

*1 : Average revenue per camera

Change in social environment

There is increasing expectation for Safie's new solutions because of higher needs in utilizing video data and convenience to accumulate and link data on cloud platform

Before	Now	Future
Analog security cameras	**Cloudcams**	**Cloudcams and Solutions**

〈Needs examples〉

- For just in case situations
- Crime prevention just in case

〈Needs examples〉

- Speedy check whenever wherever if something happens
- Clear image data

〈Needs examples〉

- Manpower-saving operations
- Analysis / Quantification
- Prevention of recurrence / prevention
- Secure privacy at the same time

- **Customer Perspective / Customer Driven**
- **Analytical, Quantitative, Scalable**
- **Solution Proposal**

The security market is a large emerged market. In addition, customer issues are diversifying along with the growing need for safety and security. While manpower is being reduced, there is also a growing need to prevent shoplifting and other losses, particularly in the retail industry

Large market for crime prevention

Japan market: Total number of operating surveillance/monitoring cameras (2024 forecast)

~6.6 mil units

x 28

Safie's Billing cloudcams
234k units

Diversifying needs

Providing sense of safety for users

Improving transparency of corporate activities

Protecting staff and employees

Large loss due to shoplifting

Annual Total sales amount of retail industry [1]   **¥124 tril.**

✕

Shrinkage rate [2]   **0.97%**

✕

Of which, shoplifting rate [2]   **57%**

Total amount of shoplifting damage (Safie's estimate)

¥ 685.6 bil

With a projected labor shortage of 4.6 mil people by 2030, the need for manpower savings has already become apparent. Acceleration of data utilization to meet diversifying customer needs is also expected
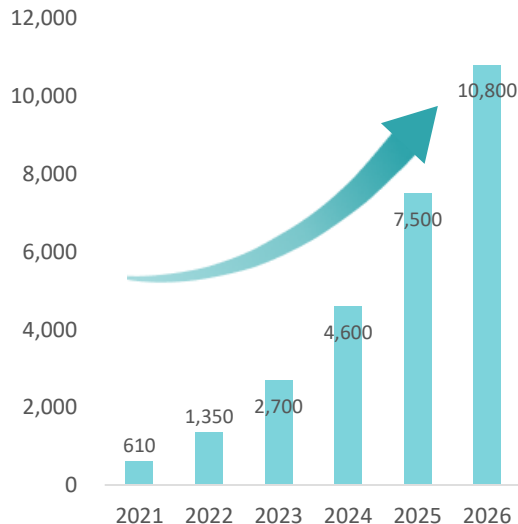
4.6 mil manpower shortage in 2030

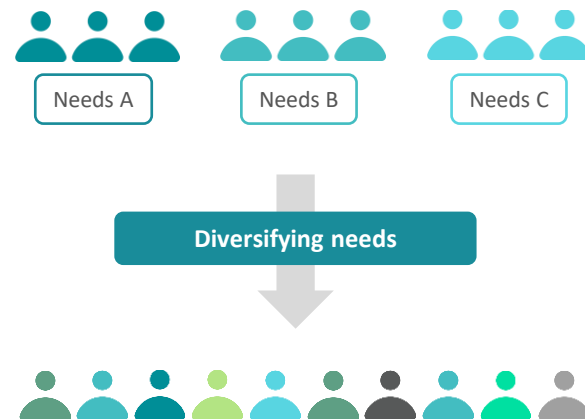Estimated workforce market [1] (Retail + Services)

4.60 mil short

Workforce demand 32.30 mil

Workforce supply 27.71 mil
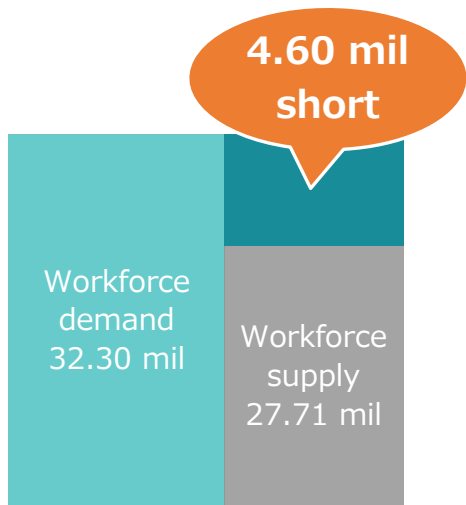
More investment expected in manpower-saving / unmanned stores

The amount of installation about manpower-saving/unmanned payment systems [2]

Year	Value
2021	610
2022	1,350
2023	2,700
2024	4,600
2025	7,500
2026	10,800

Diversifying needs

Improve return on investment through data acquisition, quantification and analysis

Needs A   Needs B   Needs C

Diversifying needs

The number of workers in the construction industry has declined by about 30% from its peak. The Work Style Reform Law, which regulates overtime work limits, will take effect in April 2024, and a review of analog regulations is underway, so the market environment is expected to undergo significant change

Continuous decline in workforce

Workforce in construction industry[1]

-30% decrease vs. the peak timing

6.85 mil

4.92 mil

1997 — 2022
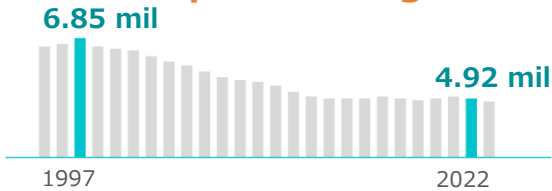
Job openings-to-applicants ratio[2]

Average	1.20
Caring jobs	4.06
Construction technicians	**5.57**

Large needs in production improvement

About the 2024 issue of construction industry

- Work Style Reform Law[3] promulgated in April 2019

- For the construction industry, the law will be applied from 2024 April after a 5-year grace period due to difficulties in improving working environment in a short time period

**1** — **Maximum limit on overtime work**
The law stipulates the maximum limit of overtime as "45 hours per week / 360 hours per year", with punishments for violations

2 — "Equal pay for equal work" applied to both regular and non-regular workers

3 — Raising overtime additional pay rate for overtime work exceeding 60 hours per month
Overtime pay rate raised from 25% to 50%, starting from 2023

Promotion for digitalization

- Review of "analog regulations" to be completed by June 2024

- **Use of conference system and wearable cameras will be allowed for "inspection/audit," "survey," and "patrol/watch" items** that are related to construction industry, **improving operation efficiency**
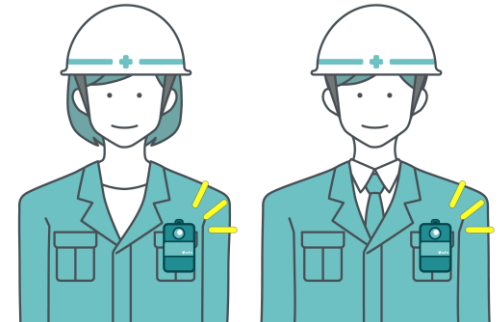
*1 EMPLOYMENT REFERRALS FOR GENERAL WORKERS (2023 Nov)" Ministry of Health, Labor and Welfare
*2 Caring job refers to workforce who conduct caring job. Construction refers to workforce who conduct construction/mining job.
*3 The full title is Act on the Arrangement of Related Acts to Promote Workstyle Reforms.

More solution expansion for retail and service industries

Safie will continue to offer more solution not only for crime prevention, but also for different kinds of services with video platform for retail and service industries

Crime prevention

Crime prevention/efficient receipt of goods

API link with other tools

Sales efficiency improvement

safie on cloud
Various types of data

☑ Increase in applications

☑ Expand linkage with external data and devices

Remote store manager

Store operation efficiency improvement Manpower saving

safie one
ai-app

Shoplifting prevention with AI Manpower saving

Customer analysis

Better customer experience

More and more solution offerings to come

Remote customer service

Remote security

Stores with minimal staffing

Self check out

Entry and exit management

Product identification AI

現場DX
Powered by safie

*Currently, we only provide cameras and APIs for linkage

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Success story and function enhancement

Retail/Service

More and more customers in retail and service industries
Function enhancement continues in order to resolve issues with retail and services industries

Success Story イマダ キッチン (SHIBUYA109 B2F) safie **one**

Various function enhancement continues

Background
- "IMADA KITCHEN" aims to create a new movement of "food" culture from Shibuya, and required precise data to understand the sales promotion of each new store

Usage
- "The number of visitors", "the number of customers with purchase", and "revenue" data collected by SHIBUYA109, as well as "the number of visitors entering to the floor", "the number of people passing in front of the store", and "the number of people stopped" analyzed by "Safie One" with edge-AI are displayed in dashboard. Such data is used for marketing activities

Future Usage
- In addition to measuring the target demographics of store visitors (young people and inbound customers), they aim to conduct analysis by viewing signage in front of the store to add value to the store area through data

Attribute recognition

People search/ Repeater analysis

Video search

Vehicle detection

Missing goods detection

Abnormal item detection

And more

Various solution is developed and promoted together with other partner companies as well as in-house development and sales

Retail/Service

Solutions for remote customer service and store management to minimize store operation staffs for retail and service industries

TIMELEAP

Remote customer solution

Remote customer interface to serve maximum number of stores with minimal staffing

HATALUCK

Store management DX app

Productivity increase through achieving both improvement in business efficiency and job satisfaction of shift workers
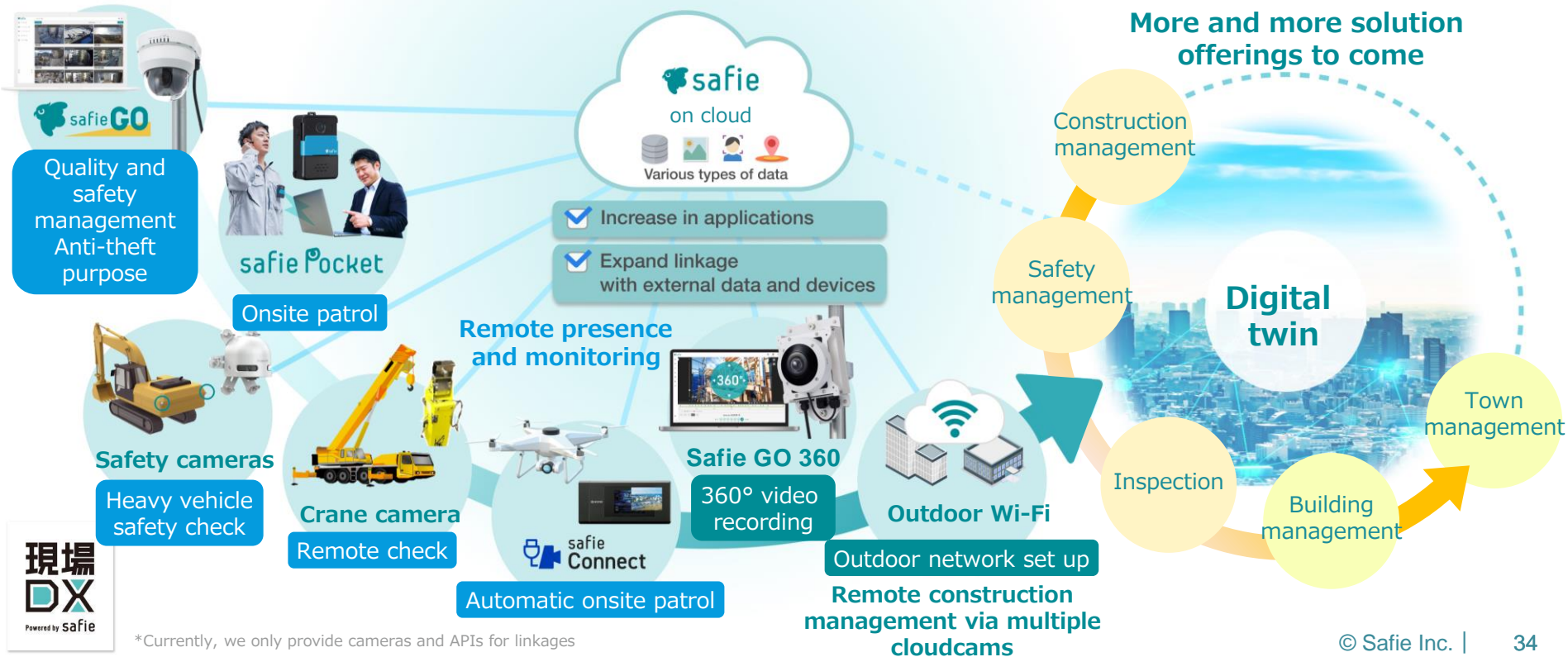
OptFit

GYM DX®

Gym DX service

Digitalizing gym operation with AI cameras inside gyms

And more

safie

×

More solution for construction industry

Not only solution for construction industry, but also for building management and town management will be offered

safie GO

Quality and safety management Anti-theft purpose

safie Pocket

Onsite patrol

safie on cloud
Various types of data

✓ Increase in applications

✓ Expand linkage with external data and devices

Remote presence and monitoring

More and more solution offerings to come

Construction management

Safety management

Digital twin

Safety cameras

Heavy vehicle safety check

Crane camera

Remote check

safie Connect

Automatic onsite patrol

Safie GO 360

360° video recording

Outdoor Wi-Fi

Outdoor network set up

Remote construction management via multiple cloudcams

Inspection

Building management

Town management

現場 DX Powered by safie

*Currently, we only provide cameras and APIs for linkages

© Safie Inc. | 34

Advanced remote construction management with 360° video recording

Construction

Safie GO 360 was launched to enable remote construction management with no blind spot
It contributes advancing remote presence, safety management and inspection, and hence building digital twin

Launch of Safie GO 360

- **Wide 360° video images** enables monitoring of the entire site without having to go to the site
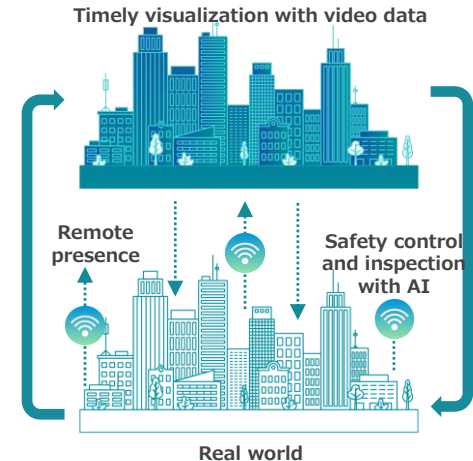

Both horizontal and vertical scrolling possible at any angle (360° scrolling possible)
Images in narrow areas can be viewed without distortion

Usage example

- **Multiple cameras of Safie GO and Safie Pocket are installed** on site to automatically record comprehensive video data

- **Digital twin can be automatically generated and constantly updated** based on those images

- Live remote monitoring site is possible for both entire site and by each location

Timely visualization with video data

Remote presence

Safety control and inspection with AI

Real world

Success story of using Safie GO 360

Construction

Safie GO 360 to be promoted wide range of customers such as house builders and constructors

House builders

Wide angle of view for remote progress and safety management

- Time spent on site visit dramatically reduced thanks to remote confirmation of process progress and work order compliance

- Its clear video image enables solid understanding of quality of the frame and foundation work, and hence results in effective management of process and safety

- It contributes to prevention of theft of construction materials by monitoring traffic and human movement in the area. Construction with consideration is conducted
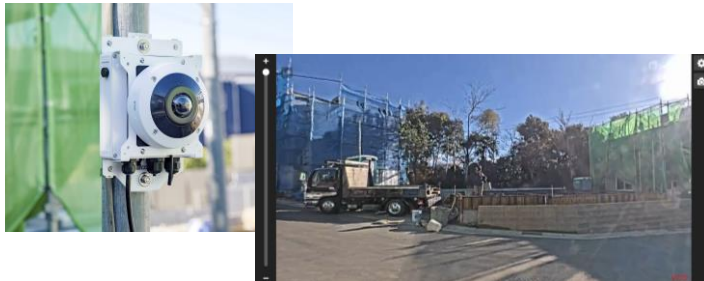
High-rise building constructors

*picture is only illustration purpose

Before
- The constructor wanted to check inside of the building when the pillars and beams of the frame were assembled on the ground, but the fixed-point camera which had been installed could not capture what was happening on the ground, so they needed to change the location of the camera

- When the camera's angle of view was fixed, it was not possible to obtain the necessary images flexibly

After
- Construction conditions such as ceilings, floors, wiring, and air conditioning equipment can now be viewed for every corner of the building by scrolling enlarging the video images. Also it is now possible to remotely check the safety and progress of heavy equipment operations and workers

- The view of the video can be flexibly changed within the wide-angle video, making it easy for each person to obtain the information they require

Expanded lineup of AI cameras for outdoor use to meet outdoor security needs

safie

Construction

The lineup of AI-equipped cameras for outdoor use is being expanded to provide on-site theft prevention, enhanced security, remote security solutions, and remote safety management and inspection operations

Expanded lineup of AI cameras for outdoor use

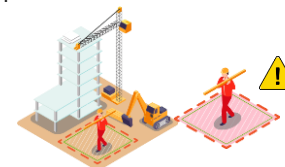| For indoor use	For outdoor use

safie **one**

Benefit for customers

● **Outdoor crime prevention including anti-theft for every industries**

✓ Live AI detection and notification of intruders at a site

✓ Affordable and easy-to-implement crime prevention

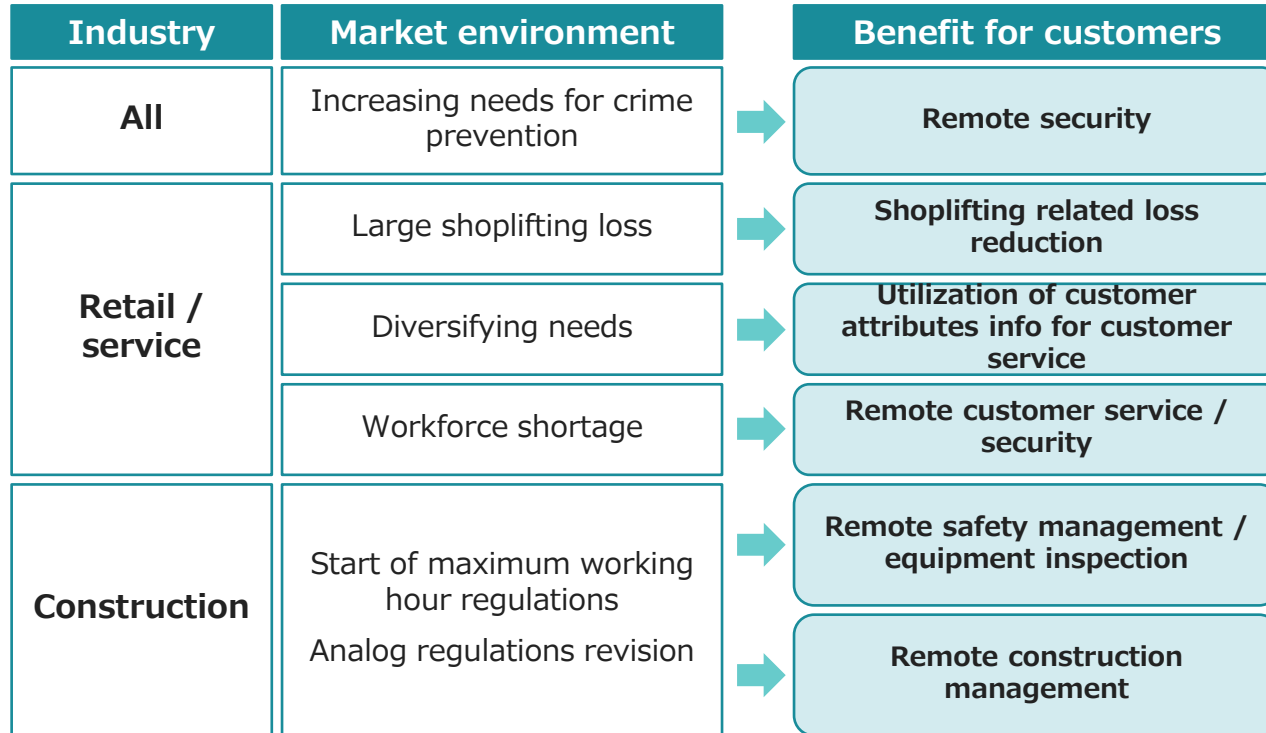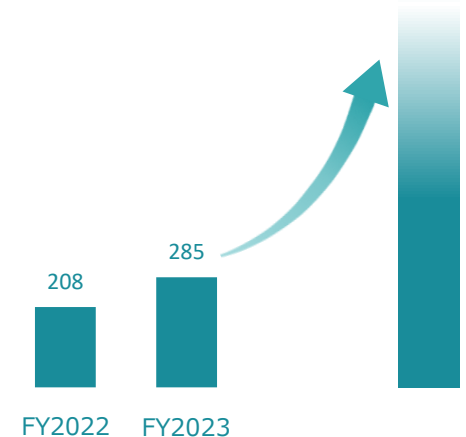● **Remote safety management and inspection**

✓ Real-time AI detection and notification of persons entering dangerous or prohibited areas on site

✓ Realize remote safety management

Focus on solution with cloundcam

Expanding solution revenue by providing appropriate solutions to industry issues

Industry	Market environment	Benefit for customers
All	Increasing needs for crime prevention	Remote security
Retail / service	Large shoplifting loss	Shoplifting related loss reduction
	Diversifying needs	Utilization of customer attributes info for customer service
	Workforce shortage	Remote customer service / security
Construction	Start of maximum working hour regulations	Remote safety management / equipment inspection
	Analog regulations revision	Remote construction management

Revenue from solution[1]
(¥ million)

- FY2022: 208
- FY2023: 285

Increase productivity and change to a more profitable structure

The declining trend of gross profit per head has passed and now on the increasing trend thanks to the recent measures to further strengthen the organization. Going forward, we aim to continue the increasing trend by providing high value-added solutions and strengthening operations

Gross profit per head[*1]
(¥ million)

Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4
FY2020 | FY2021 | FY2022 | FY2023

Values: 9.3, 9.7, 15.4, 18.7, 15.9, 16.0, 15.7, 14.8, 13.6, 12.5, 13.6, 14.2, 13.8, 14.1, 13.5, 14.6
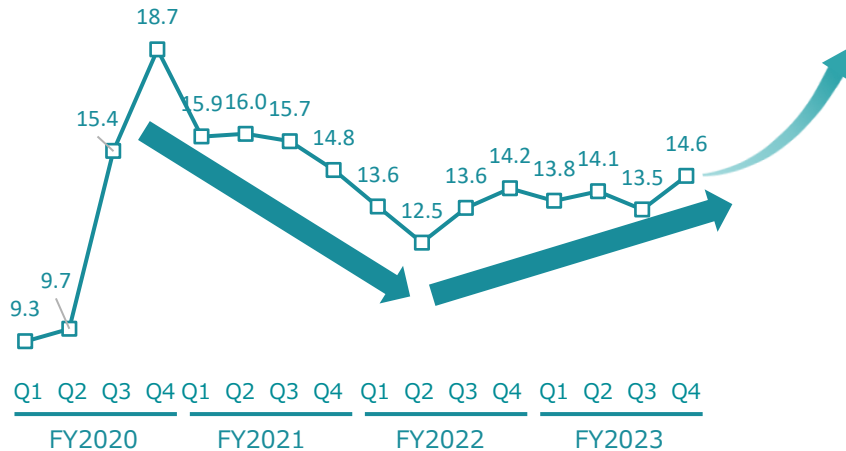
Focus for the future

Continuous improvement of sales enablement

Continuous planning and development of high-added-value solutions

Advancing operation up to service provision

- Reducing lead time of cloudcam set up preparation and cloudcam installation
- Reducing operating cost per billing cloudcam

*1 : (gross profit for each quoter x 4) / the number of employees at start of next period

Safie targets positive (>0%) adjusted operating profit at full fiscal year results of FY2026 through strengthening solutions and improving productivity
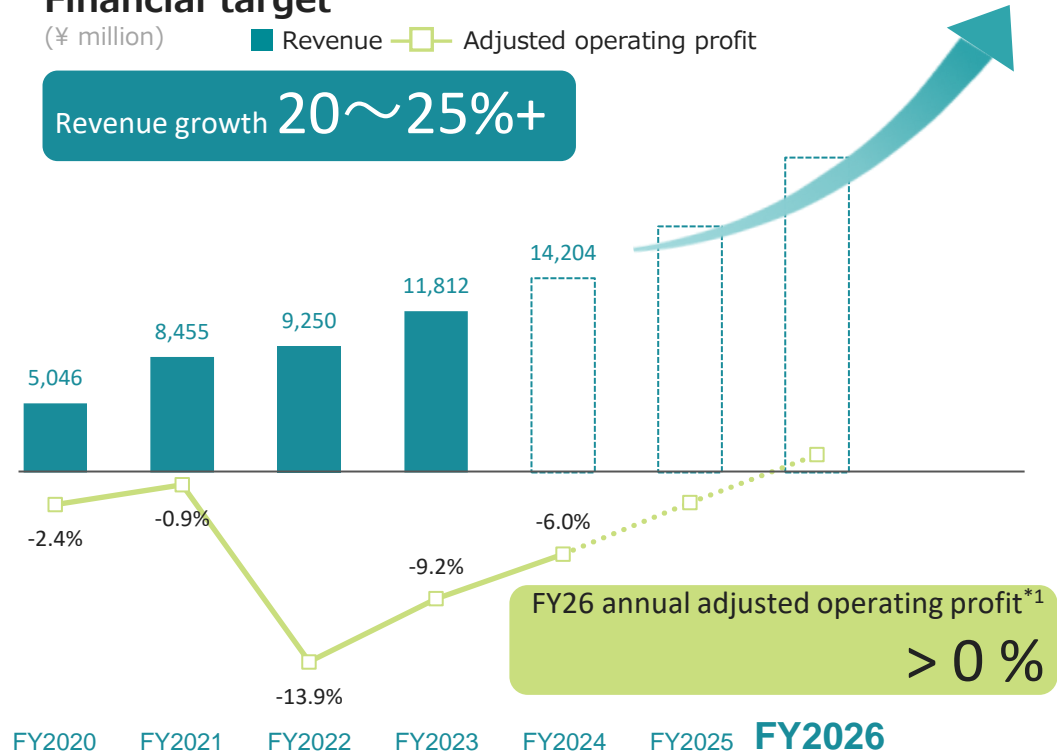
Mid-term strategic actions

- Continuous strengthen of customer base around STEP1 and STEP2

- **Thorough strengthen of solution sales by providing solutions in line with industry and customer issues**

- **Improving productivity**

Financial target
(¥ million)   ■ Revenue   □ Adjusted operating profit

Revenue growth 20〜25%+

FY26 annual adjusted operating profit[1]

> 0 %

FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	**FY2026**
5,046	8,455	9,250	11,812	14,204		
-2.4%	-0.9%	-13.9%	-9.2%	-6.0%		

*1 : adjusted operating profit = operating profit + stock-based compensation expense + depreciation of intangible assets arising from M&A

4. FY2024 Financial Forecast

safie

safie

+20% YoY growth is expected for ARR and revenue

(¥ million)	FY2023 Actual	FY2024 Guidance	YoY vs. FY23
ARR	9,370	11,300	+20.6%
Billing cloudcams (K units)	234	285	+21.8%
Revenue	11,817	14,200	+20.2%
Gross Profit	5,668	7,070	+24.7%
Gross Profit margin	48.2%	49.8%	+1.6pt
Adjusted Operating Profit/Loss*1	△1,056	△850	-

- Gross profit margin will continue to grow

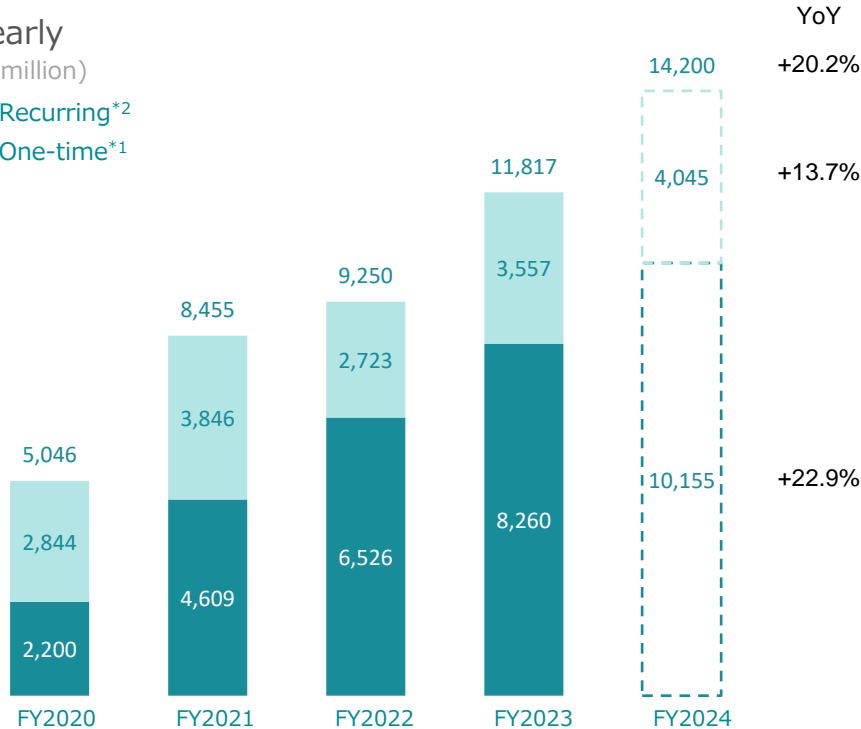- Losses are expected to narrow as Safie works to shift to profitability in FY2026

*1 : adjusted operating profit = operating profit + stock-based compensation expense + depreciation of intangible assets arising from M&A

Revenue growth in FY24 is expected to be driven by recurring revenue growth with expansion of customer base

Yearly
(¥ million)

- Recurring[*2]
- One-time[*1]

YoY

	Total	One-time	Recurring	YoY
FY2020	5,046	2,844	2,200	
FY2021	8,455	3,846	4,609	
FY2022	9,250	2,723	6,526	
FY2023	11,817	3,557	8,260	
FY2024	14,200	4,045	10,155	+20.2% / +13.7% / +22.9%

FY2024 full year

- +20.2% growth expected YoY for overall revenue
- One-time revenue growth will be limited to +13.7%
- +22.9% growth expected YoY for recurring revenue
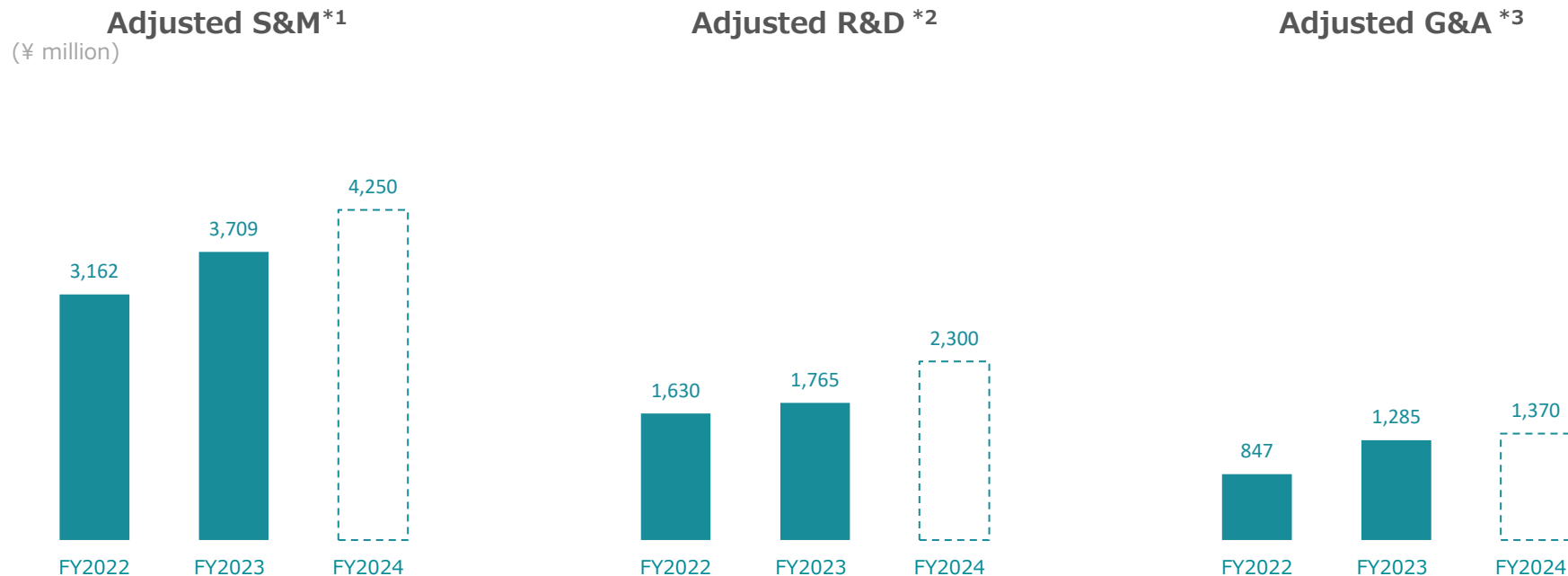
FY2024 quarterly trend forecast

- Revenue growth is expected to be limited in Q1 due to seasonal factors in the construction industry

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

FY2024 Financial forecast – SG&A expenses

Plan to invest on recruiting activities of engineers and promotion and sales activities

Adjusted S&M[1]
(¥ million)

3,162	3,709	4,250
FY2022	FY2023	FY2024

Adjusted R&D [2]

1,630	1,765	2,300
FY2022	FY2023	FY2024

Adjusted G&A [3]

847	1,285	1,370
FY2022	FY2023	FY2024

[1] G&A stands for General and Administrative and is the sum-total of administrative personnel cost and other related/common expenses excluding stock-based compensation expense and depreciation of intangible assets arising from M&A

[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 excluding stock-based compensation expense and depreciation of intangible assets arising from M&A

[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 excluding stock-based compensation expense and depreciation of intangible assets arising from M&A

5. Human Capital Management Strategy

Safie safie

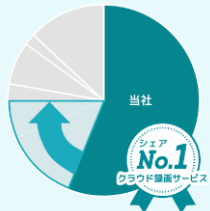## Safie2030's business image

Global expansion

+1,000 employees

Solid No.1 position in market share

Multiple new business

Organizational vision at Safie:

Gathering diversified talent, continuously challenging, and creating the future together with our customers

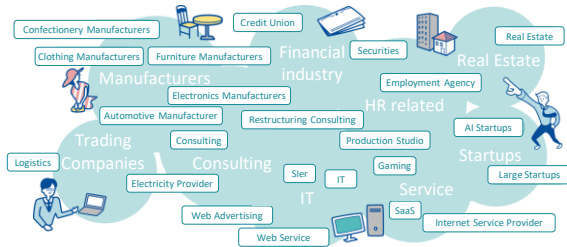| Gathering diversified talent | Diverse work experience | Talent with knowledge of various industries and issues |
	Regardless of age and gender	Talent with excellent change regardless of age or gender
	Globalization	Talent in each country in which we operate
Continuously challenging	Ensuring psychological safety	An open environment and work style that maximize full potential of talent
	Supporting for challenges	A system that rewards those who take on challenges, providing opportunities for growth through enriched training and personnel selection
Creating the future together with our customers	Deepening existing businesses	Collaborate with customers and partners to Continuously deepening existing services
	Exploring new business	Generate discontinuous growth through new business leveraging the platform

Various work experience

Regardless of age and gender

Globalization

Current challenges

● By age
■ 20s ■ 30s ■ 40s ■ +50s

Employees
Managers

0% 25% 50% 75%

● % of female   ▼ **target＝40%**

Employees **33%**
Managers **14%**

0% 25% 50% 75%
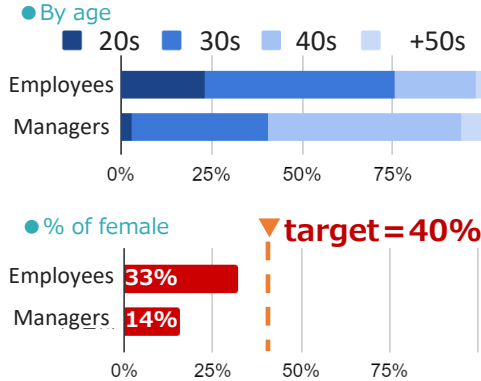
- ■ A diverse group of people with diverse backgrounds has gathered to empathize and solve customer issues in a variety of industries

- ■ More 40's males in management positions vs. overall employees, and fewer younger employees and women are active in these positions

- ■ Currently only domestic locations, majority Japanese employees

Measures

- ■ Maintaining a diverse recruitment, especially hiring talent with a proven track record in referrals

- ■ Supporting new career development after employment

- ■ Developing managers as role models for young people and women, while simultaneously increasing such talent pool

- ■ Hiring global human resources in each country when expanding overseas in the future; currently hiring in Vietnam and Thailand

safie

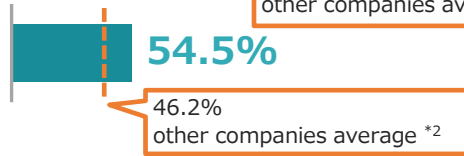## Ensuring psychological safety (Present workplace)

Supporting for challenges (Motivating workplace)

Current challenges

Employee survey*¹
(Average score on psychological safety questions)

7.71 (Max. 10)

6.99
other companies average

% of male employees taking maternity leave
(2022)

54.5%

46.2%
other companies average *²

■ Communication across departments and job areas is active and open, and employee survey results show a high level of psychological safety, allowing employees to change their work style depending on as their lifestyles change

Employee survey*¹
(Average score on challenges related questions)

7.62 (Max. 10)

6.89
other companies average
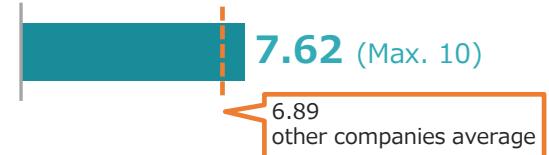
■ In particular, a wide variety of in-house training provided by employees for employees. Topics includes camera, warehouse, logical thinking, 1-on-1, management, and intellectual property.

■ Focusing on training and promotion of young employees, including new graduates hired since 2023

Measures

■ Strengthening of unique measures to promote mutual understanding: Lunch with different talents, club activities, mentoring system, mutual understanding training, 1-on-1 training
■ Assignments that prevent siloing: FA system, strategic dual roles

■ Reform of the grading system and compensation system
■ Enriching training further: management training, various in-house business training

*1 Average scores for 8 questions related to psychological safety or support for challenges in the September 2023 Employee Survey. The average of other companies is the data provided by company which provides the survey regarding the same questions
*2 "令和5年度男性の育児休業等取得率の公表状況調査 *(Reiwa 5 Nendo Dansei no Ikuji Kyugo Shutokuritu no Kouhyo Jyokyo Chosa)"*, These are the figures for companies that are required to disclose their figures, and include other companies. 17.13% in the 2022 Basic Survey of Gender Equality in Employment Management.

Deepening existing businesses

Gross margin per head
(mil. JPY)

Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4
2020 | 2021 | 2022 | 2023

Values: 9.3, 9.7, 15.4, 18.7, 15.9, 16.0, 15.7, 14.8, 13.6, 12.5, 13.6, 14.2, 13.8, 14.1, 13.5, 14.6
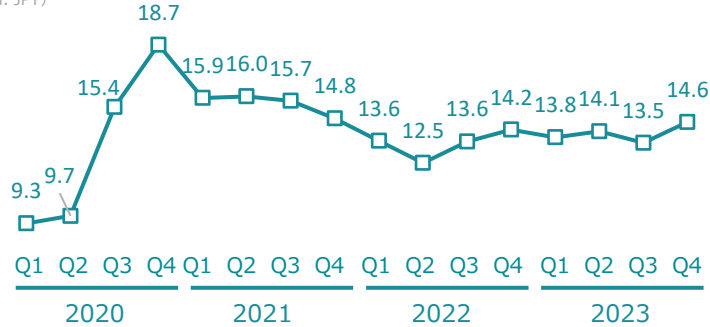
Current challenges

- Growing with competitive products and a strong customer base, maintaining high NRR from existing customers
- After going public, gross profit per employee stagnated, although the number of employees increased due to upfront investment

Measures

- Improving productivity across the entire company
- Bringing the entire company together, each employee strive to provide high added value to customers, and so create continuous use of service and additional demand

Exploring new business

safie ventures

Technology domain

Industry specific solutions

Manufacturing, Infrastructure/Public sector, Office/Buildings, Finance, Logistics, Image AI, Annotation, ML Ops, No code/Low code, Restaurant/Services, Retail, Construction

- Acquire new business opportunities through collaboration with other companies, including investments, in order to advance into new industries and apply new technologies. Promote collaboration from a personnel perspective, including secondments to investee companies

- Continuous investment & collaboration
- Compensation system that encourages discontinuous growth within the company

Create a better future with intelligent vision

Appendix

The Five steps for onsite DX using cloudcams

safie

STEP 01	STEP 02	STEP 03	STEP 04	STEP 05
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

Industry coverage

Potential Market

Current & Main Market

Progress through the Five Steps

Contributing to "safe and secure" classroom operations by deterring incidents and accidents through monitoring

Reason for installation

- Since its start, Morijuku, a private tutoring school, has been committed to "safe and secure classroom management"
- To make teaching spaces and staff in one space, glass exterior is used and postings and the placement of tall partitions in classrooms are minimized, to minimize closed spaces
- "Safie" cloudcams are introduced to further promote safe and secure classroom operations.

Use case

- As of Dec 2023, more than 650 cloudcams have been installed in all 209 classrooms
- Three cloudcams per classroom have been installed for a clear view of the entire classroom

Benefit

- As well as "monitoring" of classrooms for smooth operations of multiple locations, cloudcams are also expected to be used for crime prevention and to confirm the situation after the fact in case of any problems
- The video recordings of positive communication and atmosphere creation will be shared with the headquarter and other area managers, contributing to the quality improvement of other classroom operations

現場DX Powered by safie in 5 steps

STEP.1 Crime prevention & recoding → Shop A Shop B Cashier C Strage D → → →

Cloudcam used not only for remote progress management but also for training and instruction

House Maker

AERA HOME アエラホーム

Reason for installation

- In the housing industry, there is an urgent need to respond to the "2024 problem" regarding overtime work hour limits
- Lack of personnel to conduct inspections, manages progress and makes important decisions leads to training needs

Use case

- Total 10 wearable cloudcams "Safie Pocket2" have been installed.
  Hand-held size for easy portability; arrange the number of units you want to utilize depending on the situation
- Experienced members do not necessarily visit the site and can now remotely check and provide instructions
- The recorded video is stored on cloud, therefore the situations and progress can be checked later on

Benefit

- The cloudcam is used as an eyes of supervisors and enables accurate and more efficient progress management
- The new employees including new graduates carry the cloudcam when they visit the onsite alone
- The cloudcam is activated at the time they want to check the process and communicate via video and audio with the remote supervisor or experienced employee
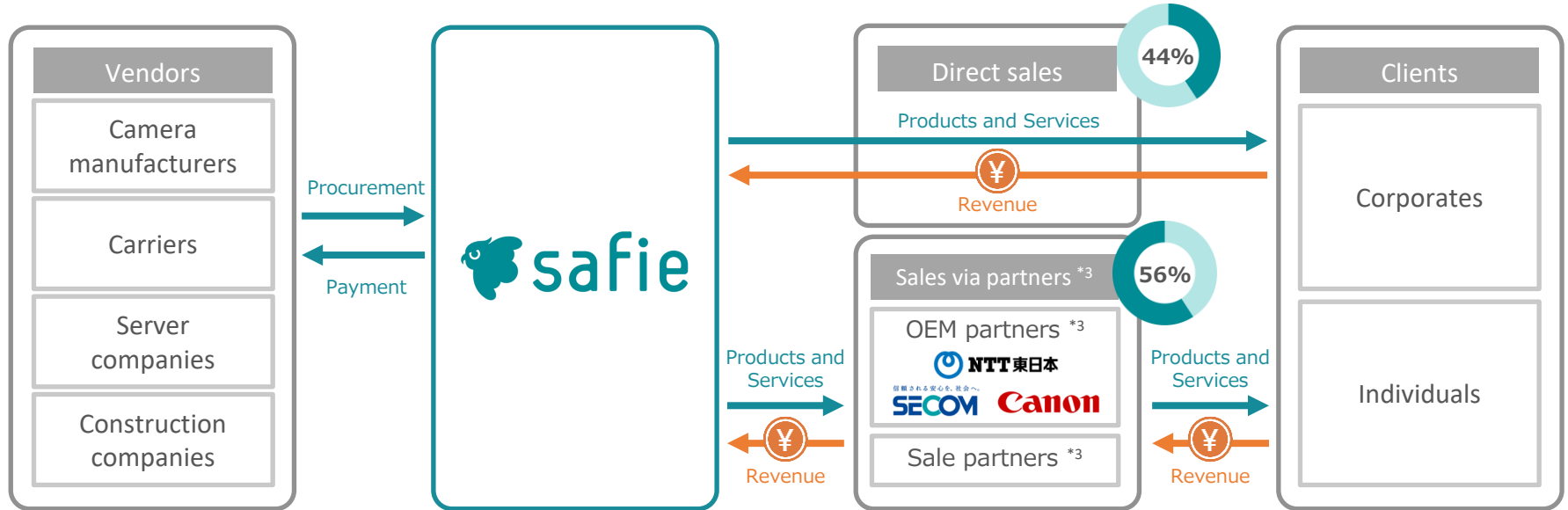
現場DX in 5 steps
Powered by safie

STEP.2
Remote connectivity

Business model and sales channel

Safie's business consist of sales of cloudcams *1 by direct and/or through sales partners as well as providing cloud recording services*2

Vendors		**Clients**
Camera manufacturers		
Carriers	**safie**	Corporates
Server companies		
Construction companies		Individuals

Procurement

Payment

Direct sales — 44%

Products and Services

Revenue

Sales via partners *3 — 56%

OEM partners *3

NTT東日本 SECOM Canon

Sale partners *3

Products and Services

Revenue

Products and Services

Revenue

¥ **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 cloudcams 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.

Ryuhei Sadoshima

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   Founded 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.
Feb. 2023   Founded Viagate 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

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
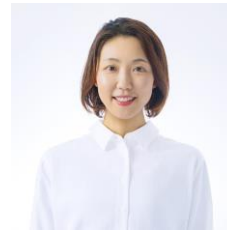
Yumi Uematsu

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 Officer

Employees

Number of employees*¹

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

	2021				2022				2023				2024
	Jan.	Apr.	Jul.	Oct.	Jan.	Apr.	Jul.	Oct.	Jan.	Apr.	Jul.	Oct.	Jan.
Total	145	174	196	239	268	292	316	331	353	372	394	417	434
Mgmt & Admin					33	35	44	45	50	46	48	50	50
Sales & Marketing					149	165	175	183	187	199	219	232	238
R&D and Planning					86	92	97	103	116	127	127	135	146

Employee Breakdown

Management & Administration
50

R&D and Planning
146

Sales & Marketing
238

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

| 58

Revenue breakdown by sales channel

Revenue Breakdown (Quarterly)

	FY22Q4	FY23Q1	FY23Q2	FY23Q3	FY23Q4
Wholesale	57%	58%	56%	54%	56%
Direct Sales	43%	42%	44%	46%	44%

Breakdown of billing cloudcams

Breakdown(as of end-Dec.)

234K units

Safie PRO Wholesale Channel	45%
Safie PRO Direct Sales	38%
Safie GO/Pocket	17%

Monthly (Dec.2023)

Safie PRO

Wholesale

Monthly churn rate*1

1.3%

Direct Sales

Monthly churn rate*1

0.7%

Safie GO / Pocket

Monthly operating rate*2

92%

Monthly trend

(Wholesale churn chart — 10.0%, 7.5%, 5.0%, 2.5%, 0.0%; 21/12, 22/3, 22/6, 22/9, 22/12, 23/3, 23/6, 23/9, 23/12)

(Direct Sales churn chart — 10.0%, 7.5%, 5.0%, 2.5%, 0.0%; 21/12, 22/3, 22/6, 22/9, 22/12, 23/3, 23/6, 23/9, 23/12)

(Operating rate chart — 100%, 90%, 80%, 70%, 60%, 50%; 21/12, 22/3, 22/6, 22/9, 22/12, 23/3, 23/6, 23/9, 23/12)

*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	2023/6	2023/9	2023/12
Wholesale	Monthly	4.0%	2.5%	2.0%	1.1%	1.6%	1.2%	1.5%	1.6%	1.3%
	12-mnth avg.	6.4%	5.4%	4.2%	2.8%	2.0%	1.6%	1.6%	1.7%	1.7%
Direct Sales	Monthly	0.6%	0.7%	0.6%	0.7%	0.8%	0.8%	0.7%	0.7%	0.7%
	12-mnth avg.	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%
Total	Monthly	2.6%	1.8%	1.4%	0.9%	1.2%	1.1%	1.2%	1.2%	1.0%
	12-mnth avg.	4.3%	3.6%	2.8%	1.9%	1.4%	1.2%	1.2%	1.3%	1.3%

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

		2021/12	2022/3	2022/6	2022/9	2022/12	2023/3	2023/6	2023/9	2023/12
Total	Monthly	88%	88%	90%	92%	94%	94%	93%	90%	92%

[1] Due to the change in method of aggregating the number of billing cloudcams, figures for the churn rate is based on new method applicable from Q1 FY2023, and past figures are based on the previous method and are not adjusted to the new aggregation method.

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Strategy	Industry	Potential business locations (unit: thousand sites)	Estimated number of cloudcams per location*1	Potential number of cloudcams (unit;: million units)
Main markets	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 sector	2,000*7	approx. 3 units	approx. 6.01 mil.
	Finance	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)

Consolidated balance sheet

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(¥: thousand)	End Dec. 2022	End Dec. 2023		End Dec. 2022	End Dec. 2023
Assets			**Liabilities**		
Current assets			Current liabilities		
Cash and deposits	8,771,628	7,216,707	Accounts payable – trade	556,961	702,369
Electronically Recorded Monetary Claims	9,500	10,300	Current portion of long-term borrowings	31,656	91,656
Accounts receivable – trade	1,137,084	1,704,684	Income taxes payable	29,869	53,602
Contract asset	15,850	8,534	Contract liability	72,034	95,703
Merchandise	1,022,136	968,061	Provision for bonuses	55,620	30,000
Other	281,583	349,749	Other	643,486	652,208
Allowance for doubtful accounts	△3,116	△3,730	Total current liabilities	1,389,628	1,625,538
Total current asset	11,234,666	10,254,307	Non-current liabilities		
Non-current assets			Long-term borrowings	94,204	2,548
Property, plant and equipment	-	-	Deferred tax liability	242	504
Investments and other assets			Other	-	56,000
Investment securities	1,056,301	1,240,534	Total non-current liabilities	94,446	59,052
Other	434,211	206,407	Total liabilities	1,484,074	1,684,591
Total investments and other assets	1,490,513	1,446,942	**Net assets**		
Total non-current assets	1,490,513	1,446,942	Shareholder's equity		
Deferred assets	363	282	Share capital	5,476,879	5,584,350
Total assets	12,725,542	11,701,532	Capital surplus	7,962,262	8,069,732
			Retained earnings	△2,203,384	△3,642,070
			Treasury shares	△167	△167
			Total shareholder's equity	11,235,590	10,011,844
			Accumulated other comprehensive income		
			Valuation difference on available-for-sale securities	549	1,144
			Total accumulated other comprehensive income	549	1,144
			Share acquisition rights	5,328	3,952
			Total net assets	11,241,467	10,016,941
			Total liabilities and net assets	12,725,542	11,701,532

Reconciliation table for adjusted operating profit

(¥ million)	FY2023
Operating profit	△1,091
+) stock-based compensation expense	33
+) depreciation of intangible assets arising from M&A	0
Adjusted operating profit	△1,057

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