

Interim Report Safeture Q4 2022

Ending 2022 with a solid order intake and continuous focus on profitability

Summary of Interim Report

- Annual recurring revenue (ARR) growth of 28% to 41,3 MSEK.
- Recurring revenue amounts to 9,5 MSEK compared to 7,5 MSEK last year (+27%).
- EBIT of -5,3 MSEK on par with result for Q4 last year. Bottom-line result at -55% of net sales compared to -69% one year ago.
- Quarterly churn at 5,5%
- Q4 includes a write-off for a US insurance customer, affecting the Q4 comparability in sales (-0,5 MSEK), operating expenses (-0,8 MSEK), gross margin (-1,2%), ARR (-1,8 MSEK), ARR Growth year-on-year (-6%) and churn (-4,4%).

Full year (2022-01-01 to 2022-12-31)

- Net revenue amounted to 35 825 (26 796) TSEK (+34%).
- Loss after financials amounted to -17 127 (-23 320) TSEK.
- Loss per share before dilution amounted to -0,49 (-0,84) SEK.
- Loss per share after dilution amounted to -0,48 (-0,79) SEK.

Fourth quarter (2022-10-01 to 2022-12-31)

- Net revenue amounted to 9 583 (7 452) TSEK (+35%).
- Loss after financials amounted to -5 311 (-5 158) TSEK.
- Loss per share before dilution amounted to -0,15 (-0,17) SEK.
- Loss per share after dilution amounted to -0,15 (-0,16) SEK.
- The solidity increased to 65 (56) %.

SaaS Traction

Fourth quarter (2022-10-01 to 2022-12-31)

- Annual recurring revenue (ARR) at the end of Q4 2022 reached 41 325 (32 186) TSEK, a year-on-year increase of +28%.
- Recurring revenue increased 27% to 9 517 (7 480) TSEK, which represents 99% (100%) of the quarterly revenue.
- Churn for the quarter was 5,5%.
- Net revenue retention was 95,8%.

Message from the CEO:**Ending 2022 with a solid order intake and continuous focus on profitability**

Safeture continues to deliver new sales above our targets also for the fourth quarter and thus for all quarters of 2022. Sales amounted to 10 MSEK. With 41 MSEK of Annual Recurring Revenue (ARR). However, as already highlighted in the report, the numbers are affected by a one-time write-off related to a US-based customer, negatively affecting the ARR growth year-on-year with 6%. But let me come back to that.

In November, we completed an over-subscribed rights issue, raising 27 MSEK in cash. The new cash position gives us the financial stability needed to become profitable. Growing sales in 2023, combined with a nearly flat cost base and increased gross margins, will drive a steady improvement of our bottom-line throughout the coming year.

Steady inflow of partners

In the fourth quarter, we saw a nice inflow of new partners in our partner network, primarily from the security sector. Worth mentioning are Plan4risk, Med Con Team and NSSG, bringing the number partners in our partner program to over 30. We also signed partner agreements with additional risk intelligence providers, which will contribute and guarantee the quality and quantity of the content in the platform.

Throughout 2022, partners contributed to +80 % of new sales and the partner churn rate is zero. We will continue to invest in our partners and divest in direct sales. This quarter we have, being cautiously pre-emptive, decided to take a 100 % write-down of a customer receivable for one of our direct clients. It is a US start-up, which we really believe in, but due to financial shakiness and uncertainty in venture capital funding we decided to write it down to zero. This will cause a 4,4% churn and cause the NRR to drop under 100, coming in at 95,8%.

Enhancing our partner offerings

We are constantly looking for ways to improve the versatility of our technology platform and are continuously adding new features and products. Among the product launches during 2022, I would like to present one of them a bit further to underline its' potential. Last quarter we launched a Freemium. A free limited version of Safeture with a twist. It is a pure partner product.

Only our partners can offer Freemium to their prospects. It serves three purposes;

1. Strengthen our partner relationship with additional touchpoints

2. Assisting partners in their sales efforts when combining their offering in medical/security assistance with state-of-the-art technology and thereby increasing their revenue generation
3. Shorten sales lead times

Efficient client onboarding

I would also like to acknowledge the work of our client success team. It was formed less than two years ago and consists of just four people. The team has full responsibility for onboarding and developing of our clients. In the fourth quarter they onboarded 15 new clients and the vast majority being partner clients (78 % of new revenue comes from partners). The average onboarding time is 12 days. It is a fantastic number given the size and complexity of the accounts, number of users and permissions in relation to functionality and integrations that need to be enabled.

As we strive to provide an enterprise solution, we recognize that full automation may not be possible, but we remain committed to continuous improvement in this area. This will play a crucial role in our Net Revenue Retention (NRR) potential among our existing customer base.

Next step is profitability

Despite global instability and inflation, Safeture has established a strong foundation. With the unwavering support of our shareholders, we are now poised to take the next step. We enter 2023 with a robust pipeline, a stable and growing partner network, cash reserves and an improved financial stability. We are proud to lead the way in people risk management, protecting companies' most valuable assets – their employees.

Magnus Hultman, CEO at Safeture

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For additional information, visit <https://investor.safeture.com/arsredovisningar-och-rapporter/>

This information is such information as Safeture AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 15 February 2023 at 08:00 CET.

About Safeture AB

Safeture (founded in 2009) is a Software as a Service (SaaS) company based in Sweden.

The company offers a complete cloud-based platform designed to manage employee safety and risk/crisis management. Through world-leading technology and innovative solutions, Safeture helps more than 4 000 companies and organizations to protect what matters most – their employees. Safeture gives corporations the ability to effectively automate safety and security while seamlessly integrating the software to become a natural part of their internal processes.

The Safeture share is listed on NASDAQ First North Growth Market Stockholm (ticker: SFTR). Erik Penser Bank AB is the Certified Adviser. Ph: +46 8-463 83 00 E-mail: certifiedadviser@penser.se