

Materials for Growth Opportunities and Strategies

Macbee Planet, Inc. (TSE: 7095)

July 2022

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Highlights



What we want to achieve

Predict LTV* and achieve optimal ROI *

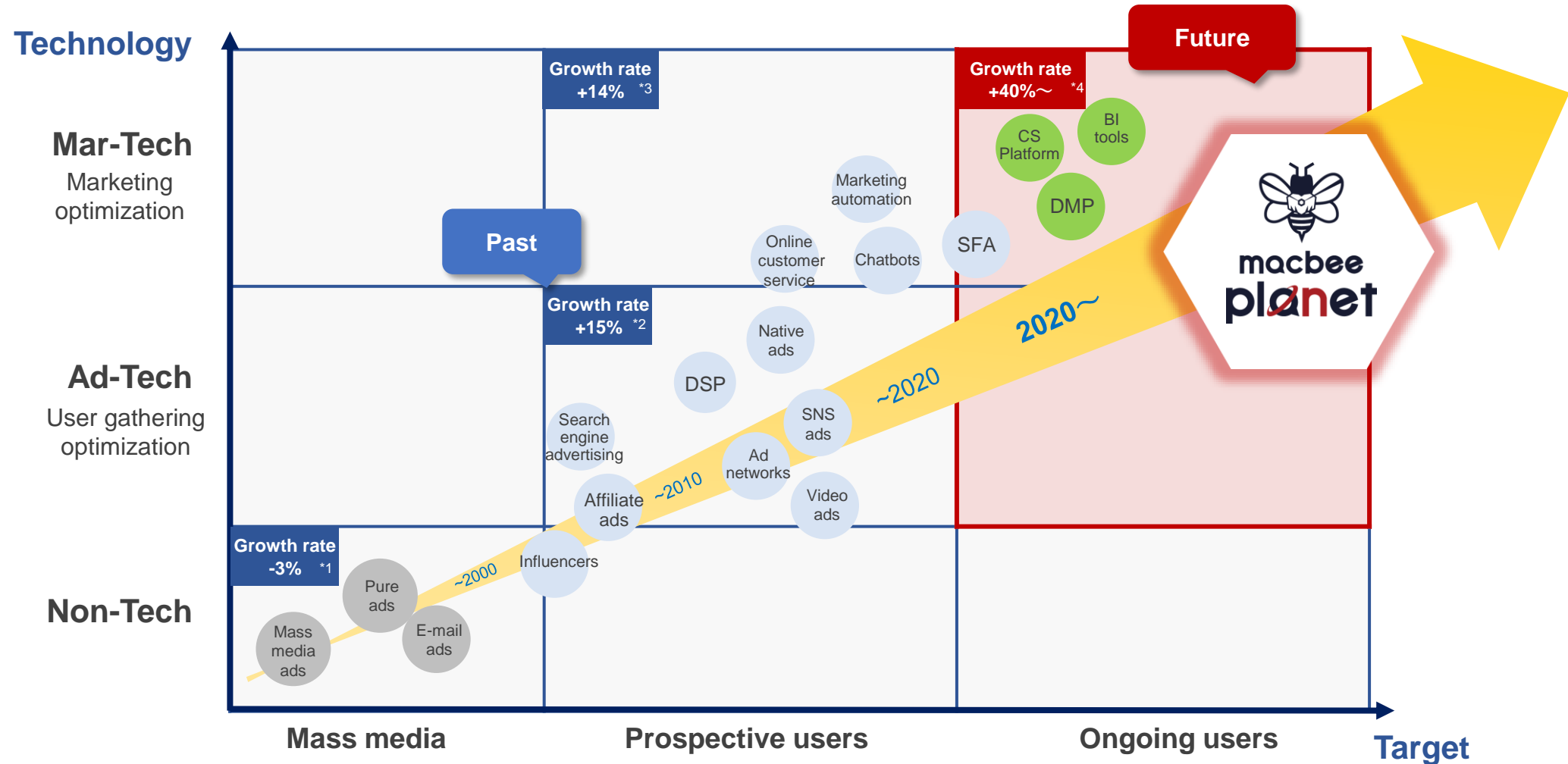
*What is Lifetime Value (LTV)?

LTV refers to the profit that a user (consumer) brings to a company throughout their lifetime, and is a measure used in calculating the cost that can be spent to acquire one user.

* What is Return On Investment (ROI)?

A measure of how much profit can be made on an investment.

Unlike traditional **quantity-oriented marketing** which other agencies offer, we focus on the **quality of customer**. We will continue to achieve rapid growth by reshaping Japan's marketing landscape.



*1 Traditional market expenditures in “2021 Advertising Expenditures in Japan” (Dentsu)
 *2 Traditional market expenditures in “2021 Internet Advertising Expenditures in Japan” (Dentsu)

*3 “Movement in scale of online customer service market and forecasts” (ITR) and “DMP (Data Management Platform) & MA (Marketing Automation) Market 2020” (Yano Research Institute)
 *4 Macbee Planet Sales CAGR (FY04/18 to FY04/22)

As the market leader in LTV marketing, we will provide solutions to overcome challenges in the industry and lead the **transition of the 3-trillion-yen online advertising market to LTV marketing.**

Client Needs: Increase LTV and Optimize Marketing ROI

Current challenges facing the online advertising market

3tn yen market

Results

Advertising costs do not necessarily lead to increased sales

Cost: Charging system based on ad delivery and clicks
KPI: Number of leads, user acquisition costs

Data

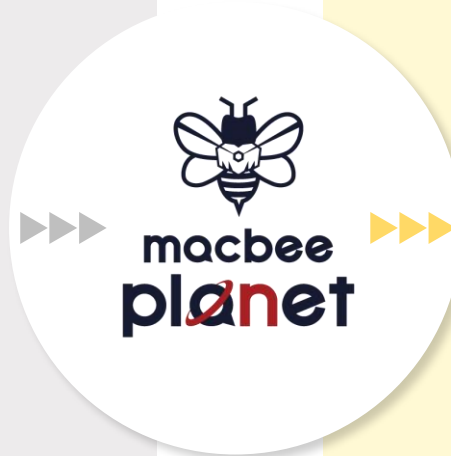
Lower data accuracy due to cookie regulations

Higher acquisition cost and lower ROI due to less accurate ad targeting

Skills

Ad management depends on individual skills

Results vary depending on the skill of the person in charge



LTV marketing

Results

Performance-based compensation directly linked to long-term sales

Cost: Performance-based compensation based on sales/LTV
KPI: Number of recurring users, LTV & ROI

Data

Cookie-less data collection

Cookie-less marketing solutions that achieve results without being hampered by regulations

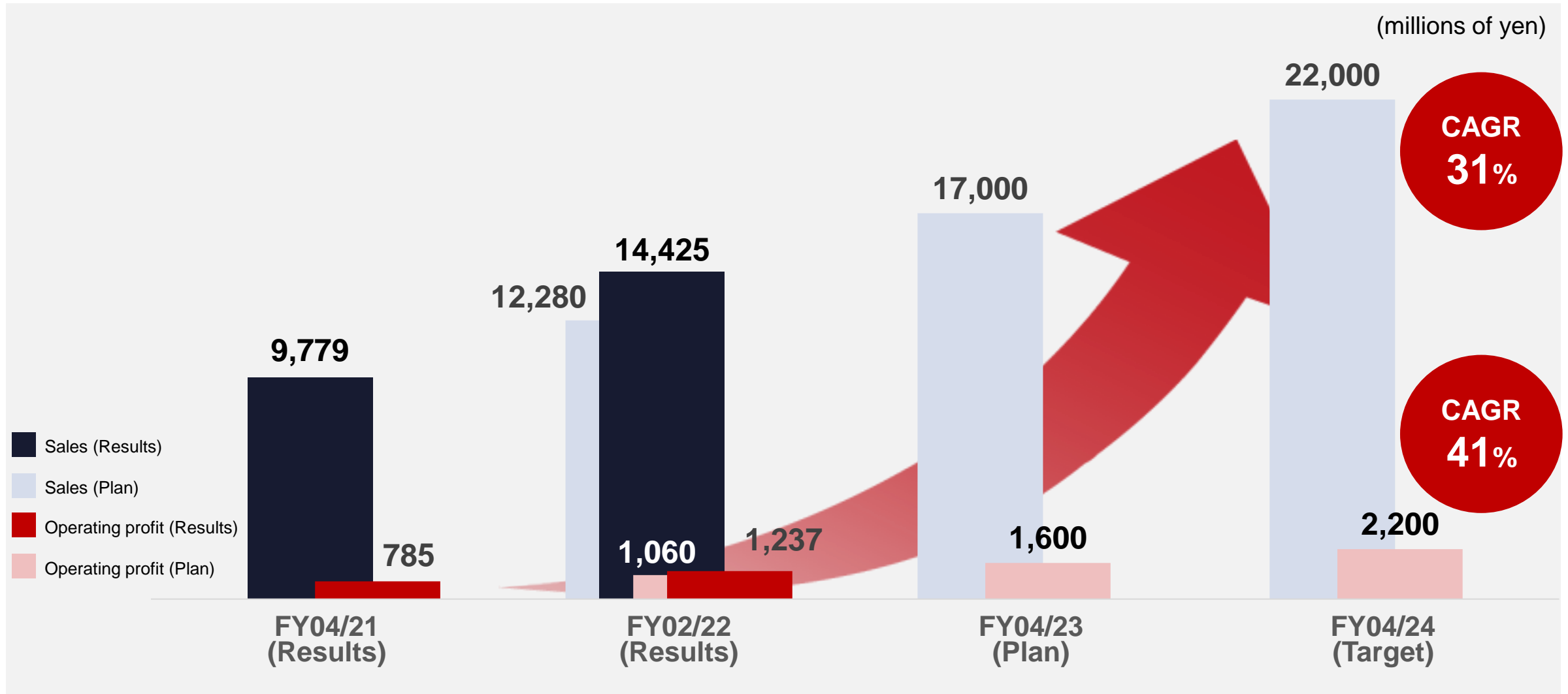
Skills

Optimization through AI

Instantly turns employees into team assets and increases productivity
High service quality independent of the experience of the person in charge

Progress of medium-term management plan

Steady progress toward achieving the Medium-Term Management Plan.



*The impact of M&A is not included in the plan.

About the company



Company Overview

Company name	Macbee Planet, Inc. (7095-JP)
Establishment date	August 25, 2015
Capital	403 million yen (as of end-April 2022)
Business description	Provision of data-driven marketing analytics services
Head office location	3-11-11 Shibuya, Shibuya-ku, Tokyo
No. of employees	66 (as of end-April 2022)

History

Aug. 2015	Established Macbee Planet, Inc.
Aug. 2015	Released data analytics platform “Honeycomb”
Nov. 2017	Released web customer service tool “Robee”
Mar. 2020	Listed on Mothers section of the Tokyo Stock Exchange
Mar. 2021	Established Smash Co., Ltd.
Aug. 2021	Made α , Inc. a wholly owned subsidiary

Corporate Philosophy

To be an organization that continues to support you in achieving your dreams and goals

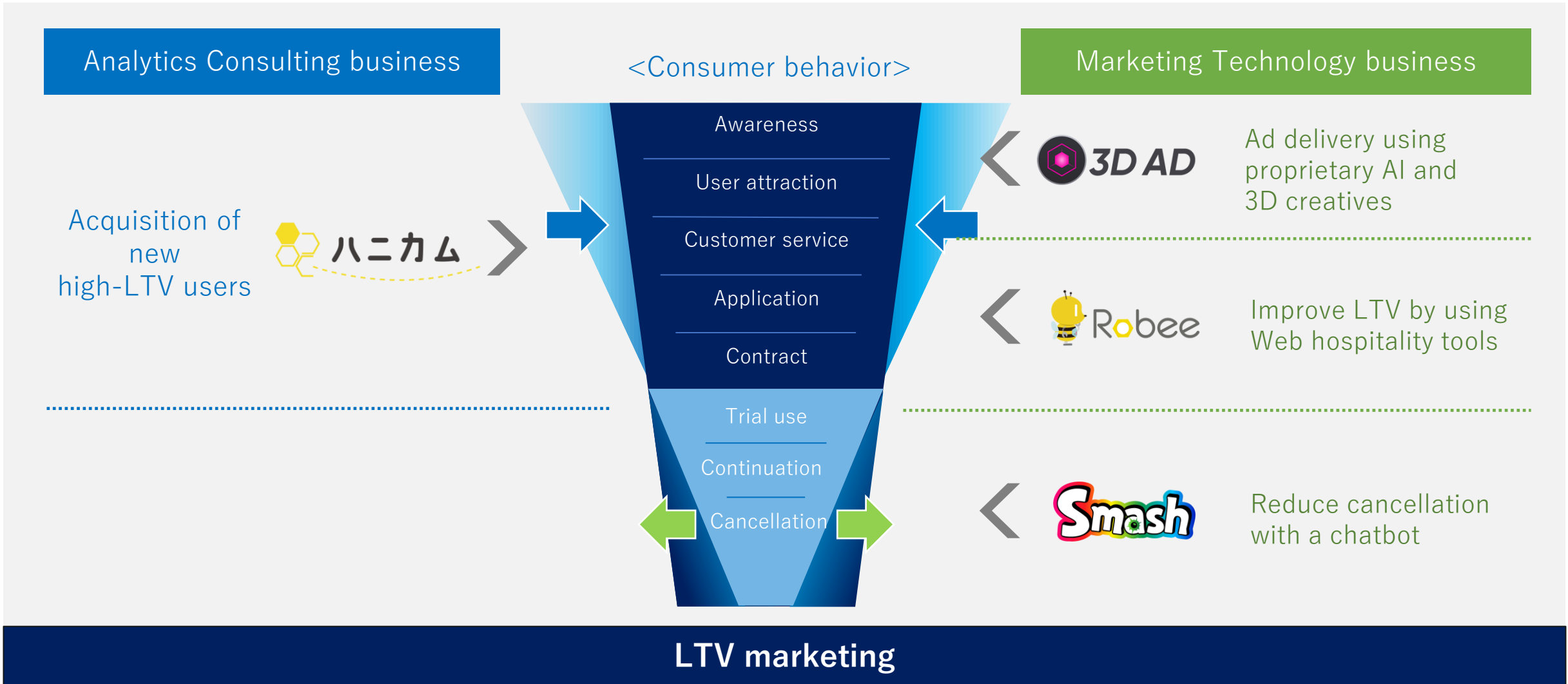
Vision

Become a global market leader through innovative marketing solutions



Business description

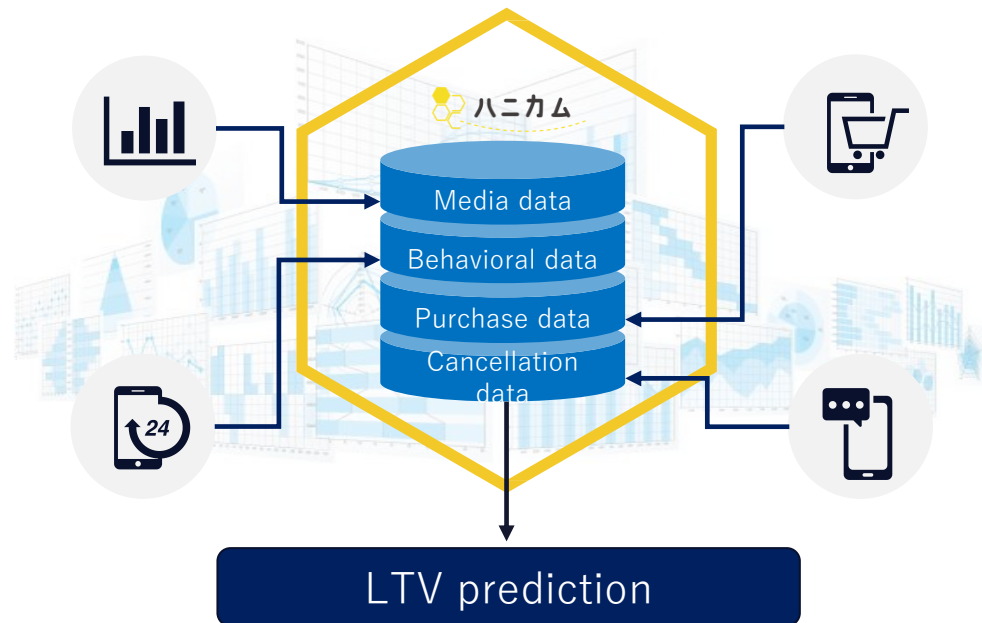
LTV marketing is a data-driven digital marketing strategy for **maximizing the spending and retention period of users.**



We attract users on a **pay-for-performance** basis using LTV predictions built with data analytics.

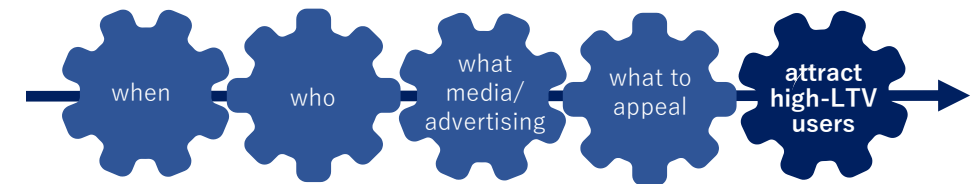
1 LTV data analytics

Data obtained from media and in-house tools are analyzed in order to identify the attributes of high-LTV users.



2 Use data to attract users on a pay-for-performance basis

Based on the data, our consultants plan and implement ways to attract new users on a fully pay-for-performance basis.



Unit price of performance compensation ×
No. of results generated

Costs: Media publishing costs
Gross profit margin: Approx. 15%*

* AC Business Segment Gross Profit Margin for FY20 - FY22

Improve LTV by **raising the LTV of new customers** and **lowering the cancellation rate of existing customers**. Optimize ad delivery by using **AI and 3D technology**.

1 Convert attracted users into customers

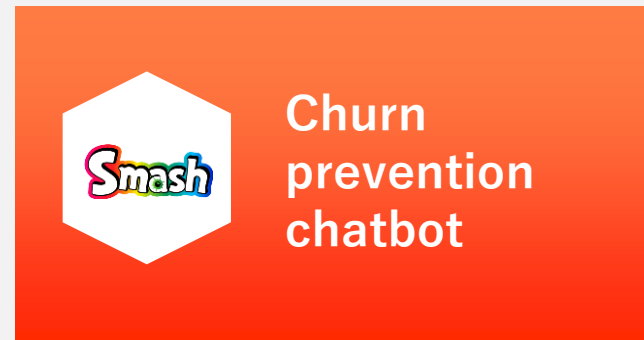
Robee provides customer service to attracted users and converts them into high LTV customers.



¥ Fixed monthly rate or Performance compensation

2 Prevent existing customers from churning

A chatbot is used to encourage existing users considering canceling to continue, thereby reducing the churn rate and improving LTV.



¥ Fixed monthly rate or Monthly fee + Performance compensation

3 AI-powered ad delivery

Ad delivery using proprietary AI-powered delivery algorithms and 3D creatives

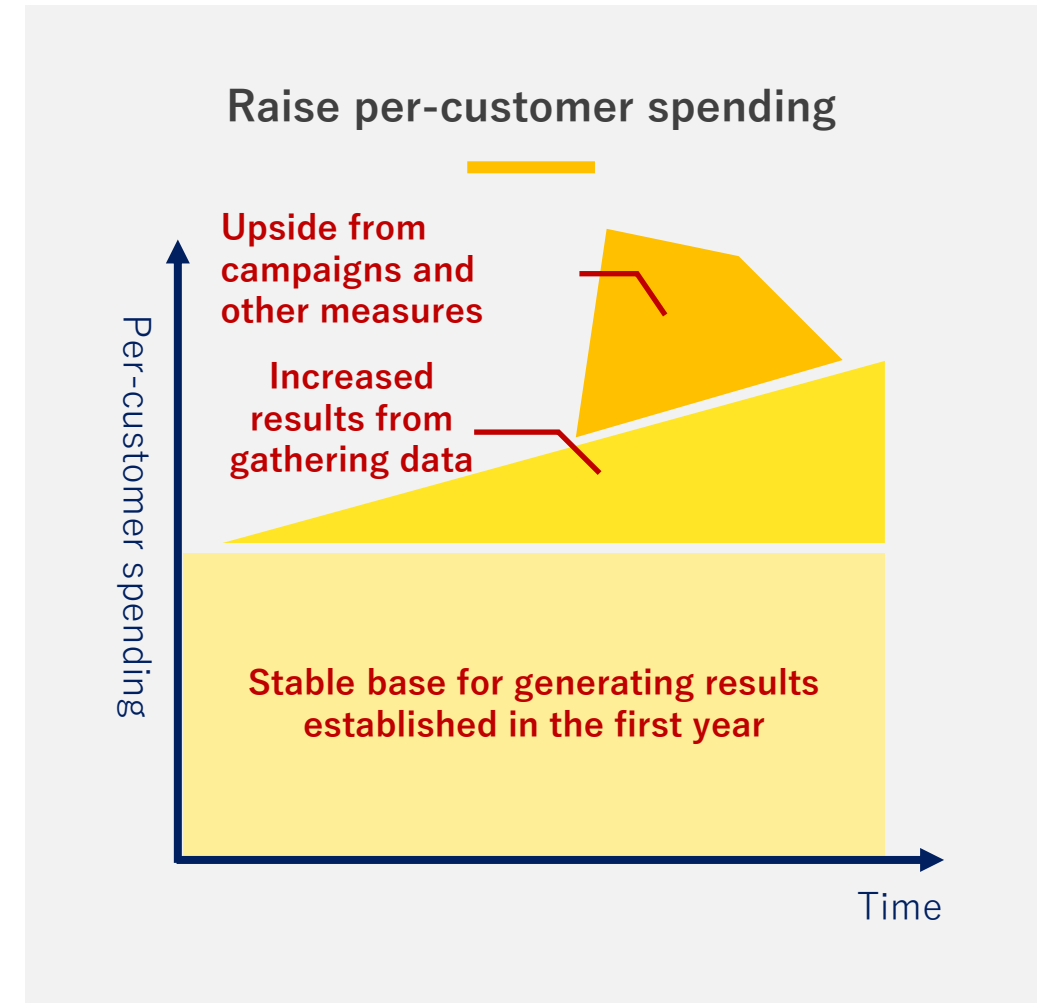
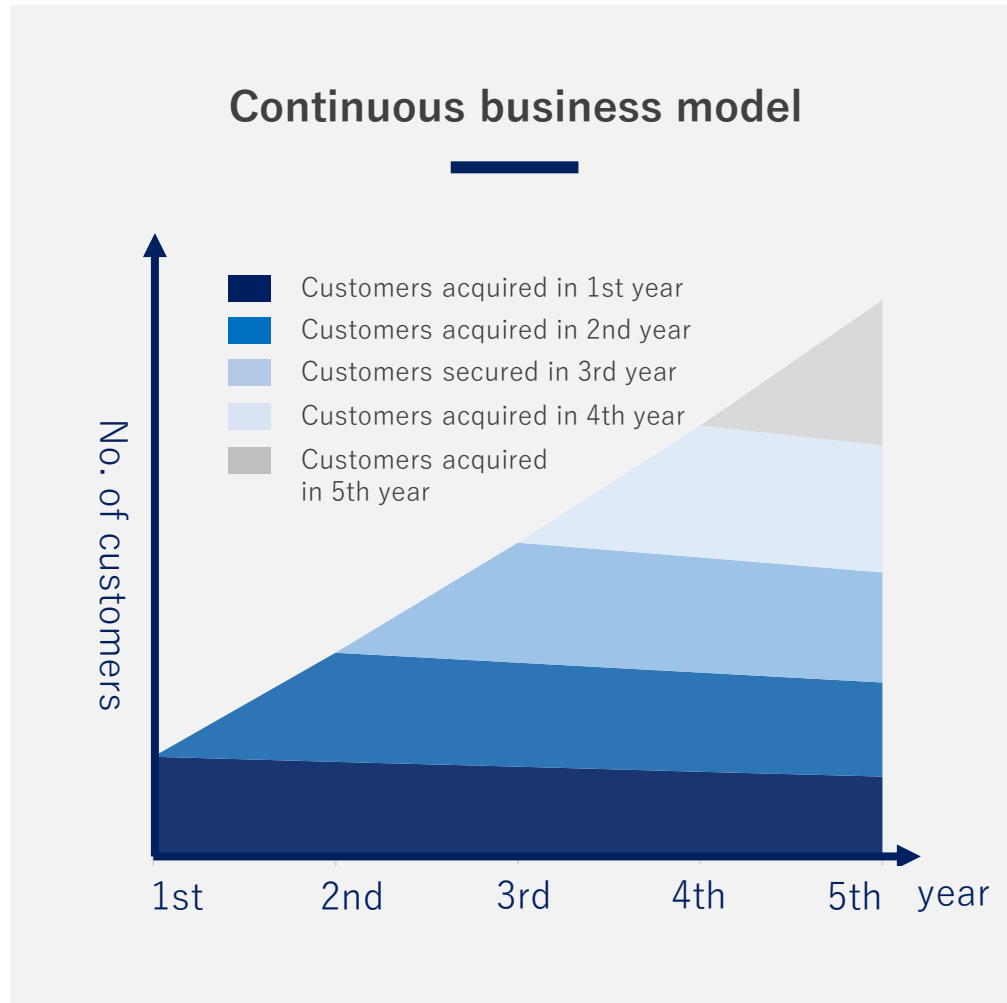


¥ Depends on ad delivery volume

Gross profit margin: Over 95%*

* MT Business Segment Gross Profit Margin for FY20 - FY22

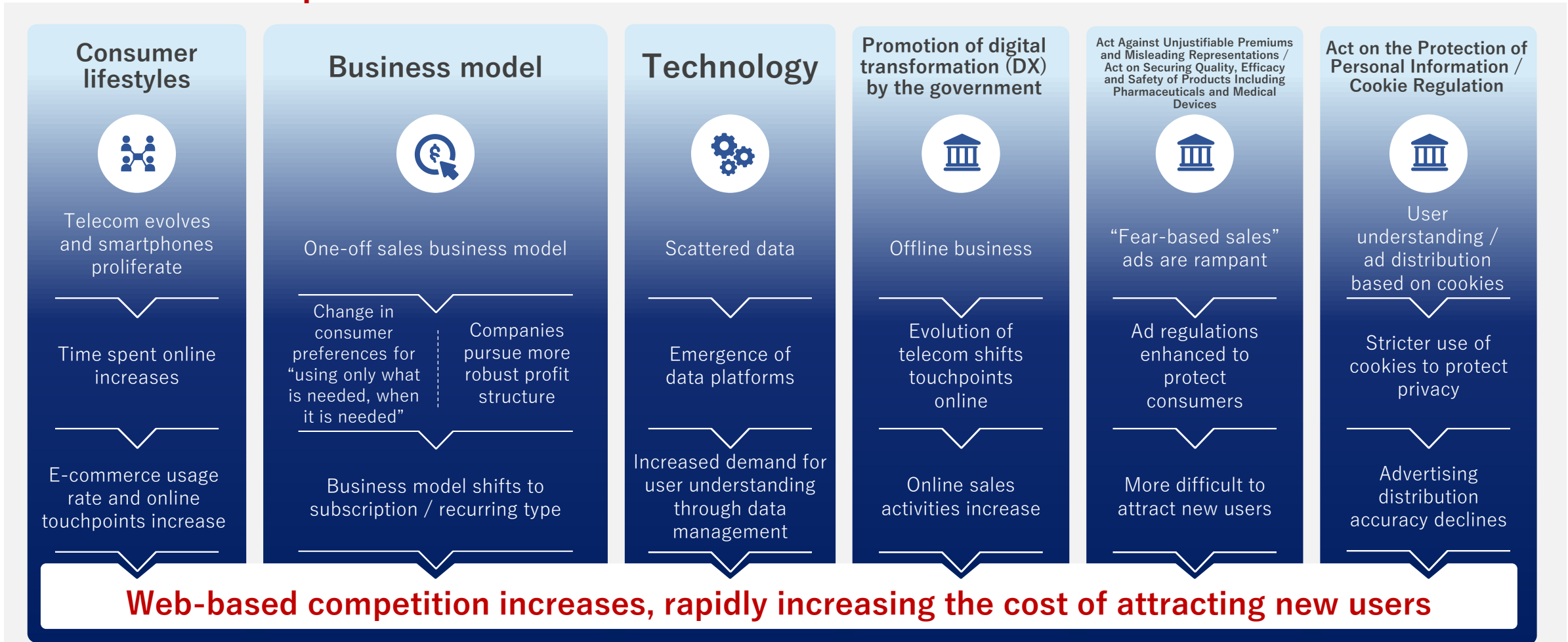
We accelerate growth by **increasing new customers and raising per-customer spending.**



Business environment



As costs for attracting new users rise rapidly, the emphasis on LTV will accelerate even further in various industries.

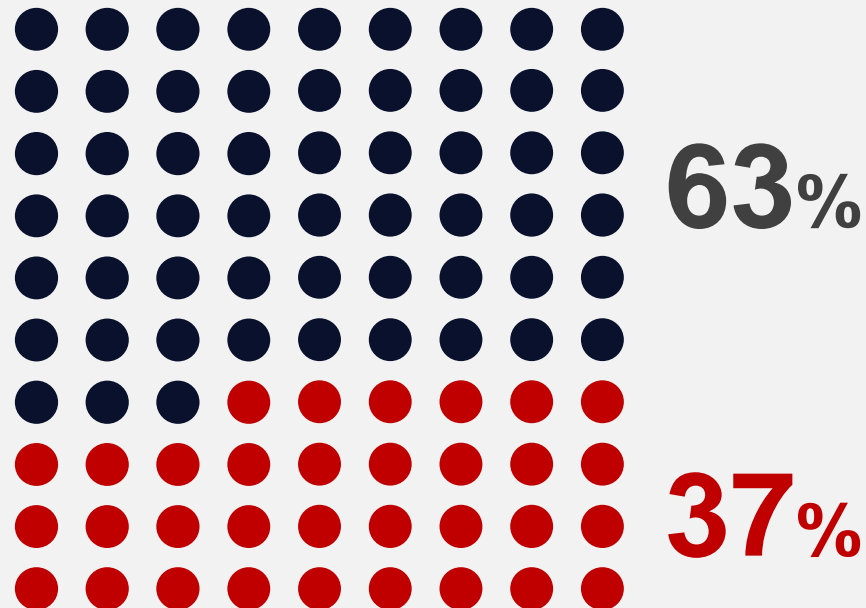


Increased demand for LTV marketing

Demand for marketing ROI optimization

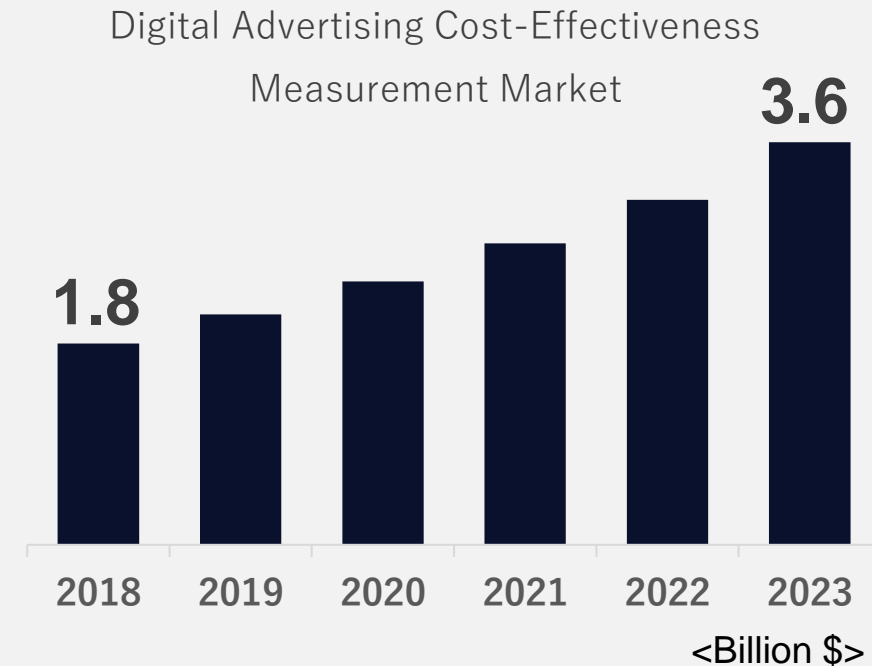
With approximately 40% of digital ad spend wasted, optimizing ROI is of great value to clients, and the **demand for LTV marketing will continue to increase.**

Approximately 40% of digital ad spend is directed to the wrong audience, leaving significant room for improving ROI



Nielsen: The 2022 ROI Report For Advertisers

Expanding market for solutions that analyze each touchpoint's revenue contribution in order to optimize marketing ROI



*Multi-touch attribution market

Mordor Intelligence Pvt Ltd : Multi-Touch Attribution Market - Growth, Trends, COVID-19 Impact, and Forecasts (2022 - 2027)

Vast LTV marketing-related market

First, we will reshape the online advertisement market into an LTV marketing market.




*1 Online advertising expenses were JPY2.7tn as per “2021 Advertising Expenditures in Japan” (Dentsu)

*2 Total advertising expenses in Japan were JPY6.8tn as per “2021 Advertising Expenditures in Japan” (Dentsu)

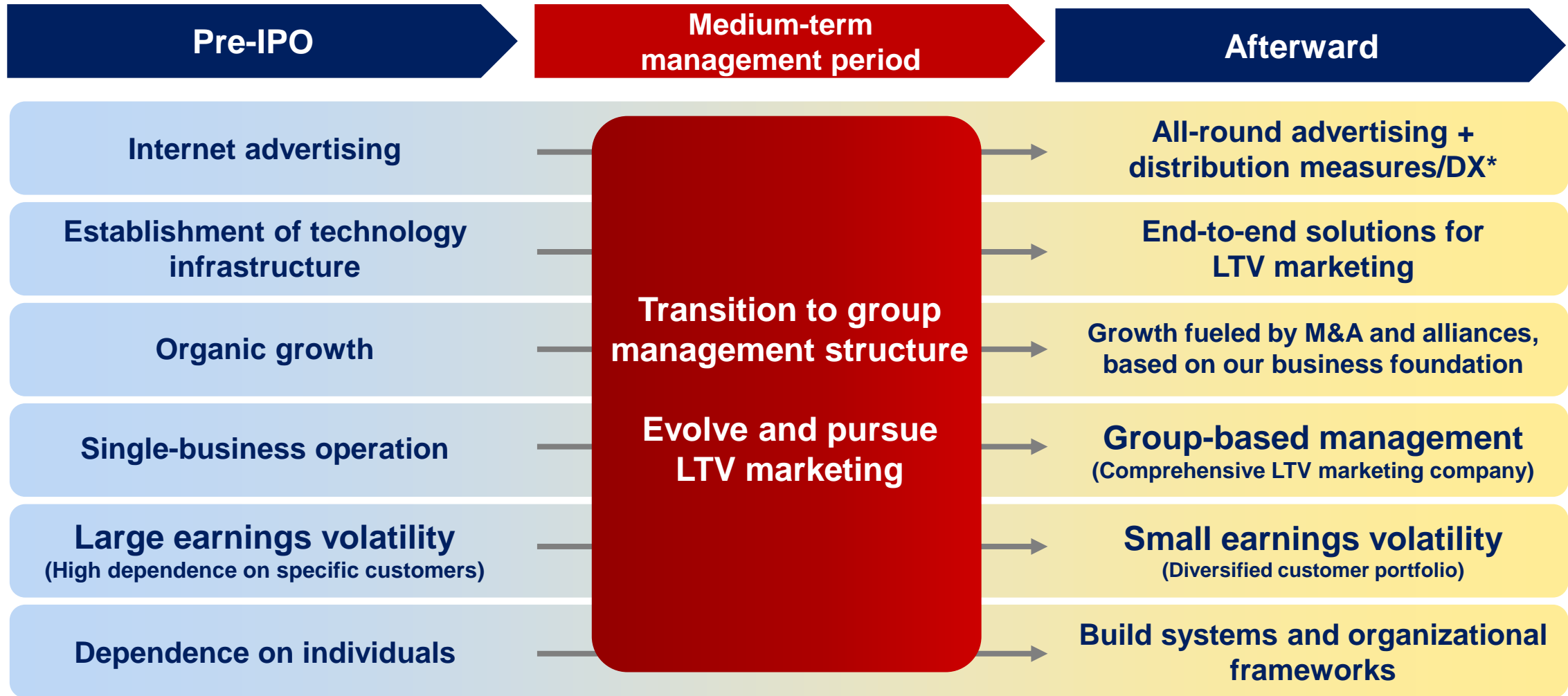
*3 JPY15tn as per 3Q FY03/19 business results presentation of Yahoo Japan Corporation

*4 Scale of DX-related solutions service market was JPY6.3tn in 2020 as per “Survey on the Scale of Solution Services Market” by Japan Electronics and Information Technology Industries Association (JEITA)

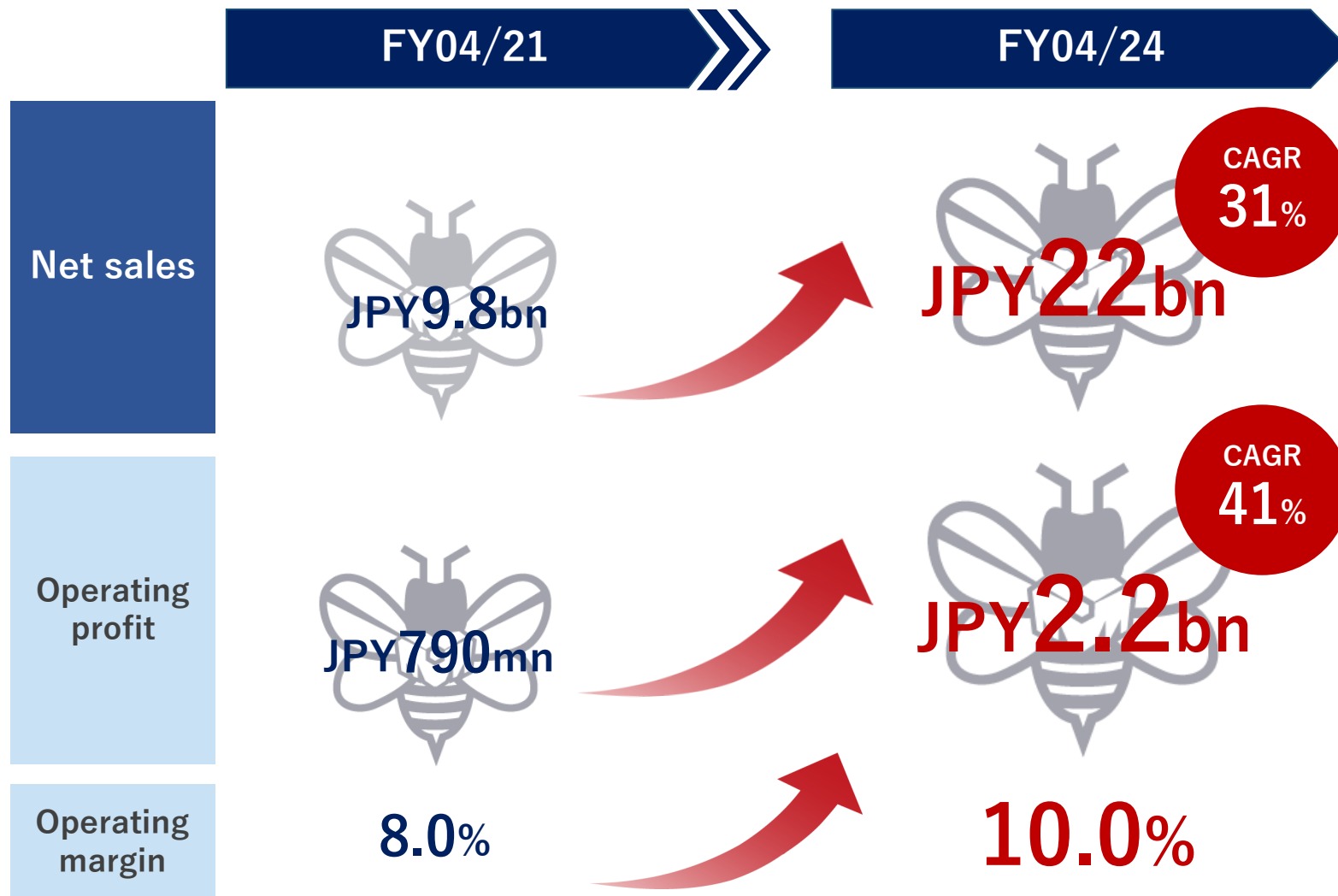


Medium-term management plan (FY2022–FY2024)

As a leading company in LTV marketing,
we will establish a business foundation to achieve long-term growth.



Business goal for FY04/24 is JPY22bn in net sales and JPY2.2bn in operating profit.



Sales growth

- Accelerate rollout to other industries**
Secure new customers by enhancing sales and increasing staff
- Further develop ability to increase LTV**
Improve communications with users and increase number of results generated from existing customers by improving LTV
- Strengthen links between Robee and Smash, and build a new recurring revenue model
- Introduce AI-based data analysis / consulting**
Use knowledge templates and AI to increase results from existing customers

Improve operating profit ratio

- Use templates and AI to increase labor productivity
- Improve profitability by enhancing products to increase sales composition of MT business

*The impact of M&A is not included in the plan.

Medium-term management strategy

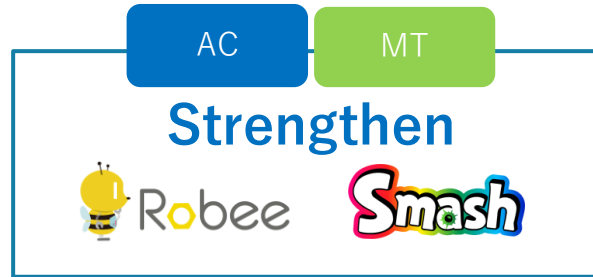
Basic policy

We will leverage our products and AI technology and evolve/deepen LTV marketing to optimize LTV and achieve outstanding growth.

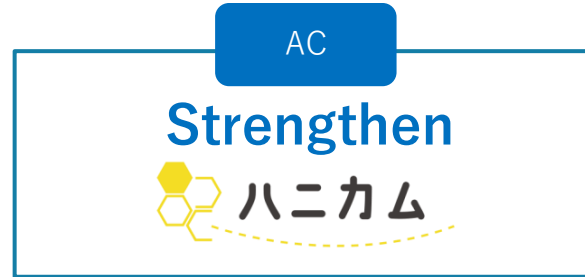
Product strategy

Combine Macbee Planet's knowledge with Alpha & Smash's AI technology

① Raise LTV improvement capability even further



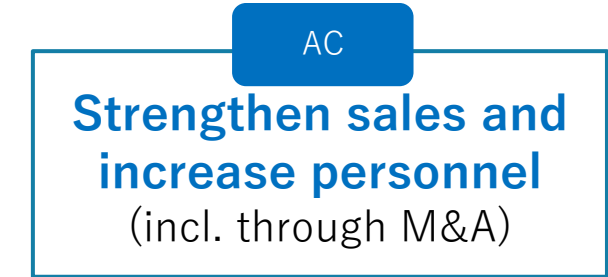
② Implement AI for data analytics and consulting



Sales strategy

Achieve outstanding growth

③ Accelerate expansion into other industries



- Hire consultants who can be of immediate value to the business and improve labor productivity even further
- Build a technology framework applicable to new industries

Create a customer portfolio that is less dependent on specific clients, thereby ensuring sustainable growth

Steady progress is being made in both product and sales strategies.

Product strategy

- ① Raise LTV improvement capability even further



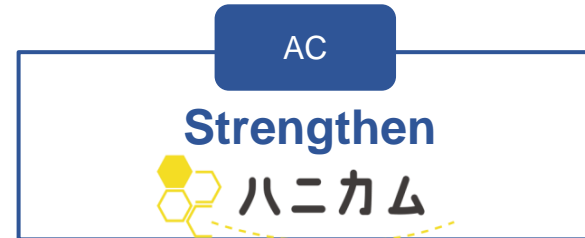
Robee Improved acquisition efficiency and gross profit through collaboration with AC business

Smash Joined Emotech JAPAN, launched by Hakuholdo, and began research activities



Made progress on PMI of Alpha and expanded the engineering team by +150%. Started development of new products

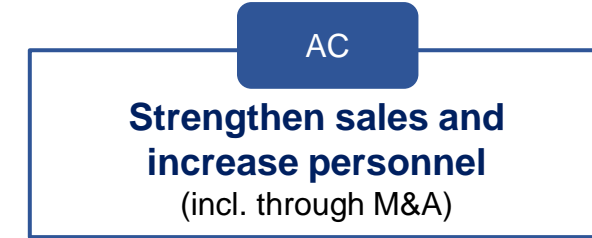
- ② Implement AI for data analytics and consulting



Analyzed operational data and finished defining processes of top performers

Sales strategy

- ③ Accelerate expansion into other industries



Expand into other industries

Working to expand into HR, personal training gyms, and subscription services

Started offering 3DAD to non-gaming industry

Enhance personnel

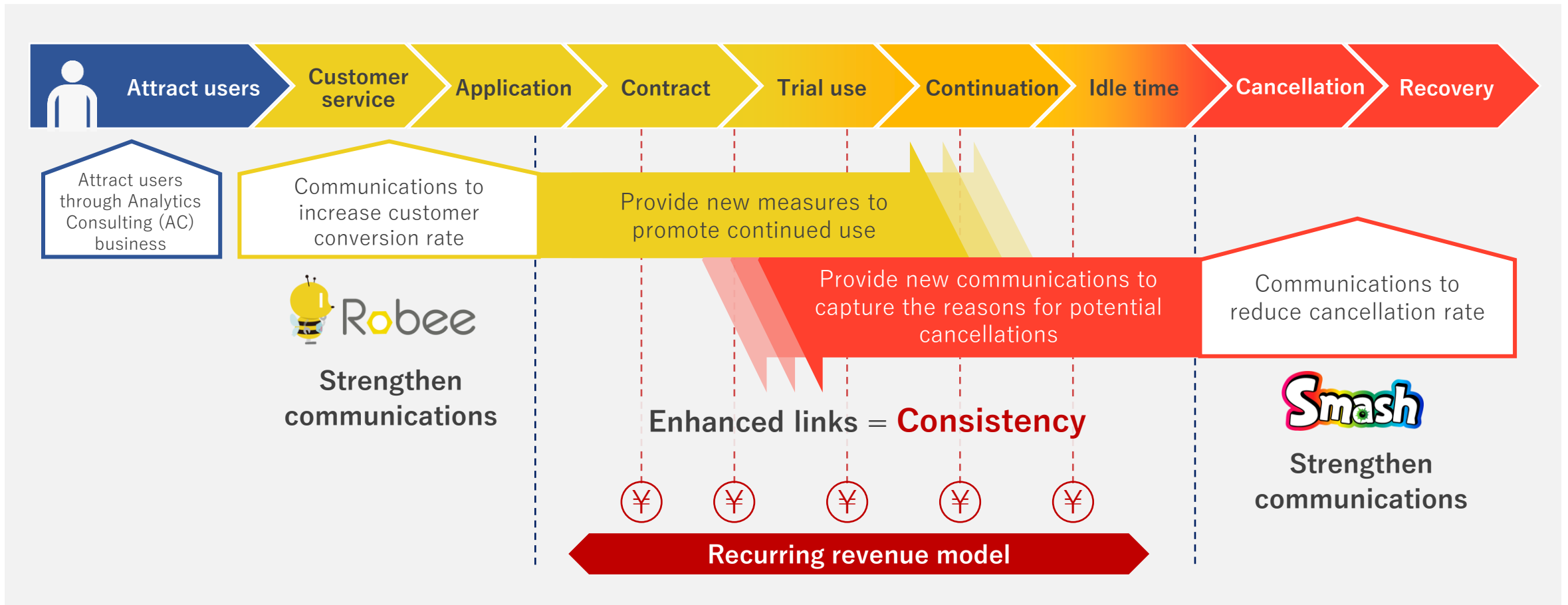
Strengthened hiring activities and adding 20 new employees (+43% from end-FY04/21)

Medium-term management strategy (1)

Raise LTV improvement capability even further

Further increase LTV by promoting continued use by users who were attracted to websites and by strengthening communications with those that might cancel after continued use.

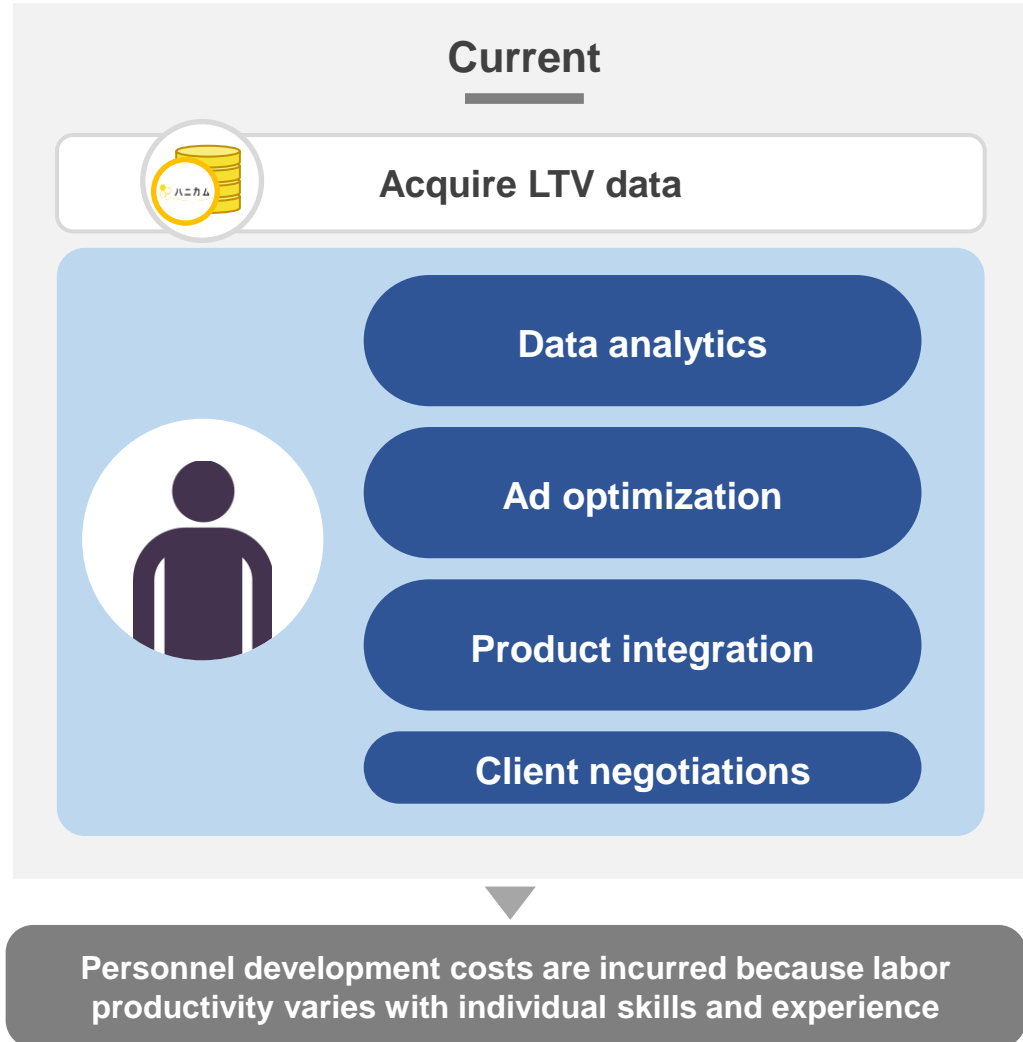
Enhance links between Robee and Smash, and **increase prediction capabilities** while building a **consistent provision structure** and a **recurring revenue model** tied to LTV.



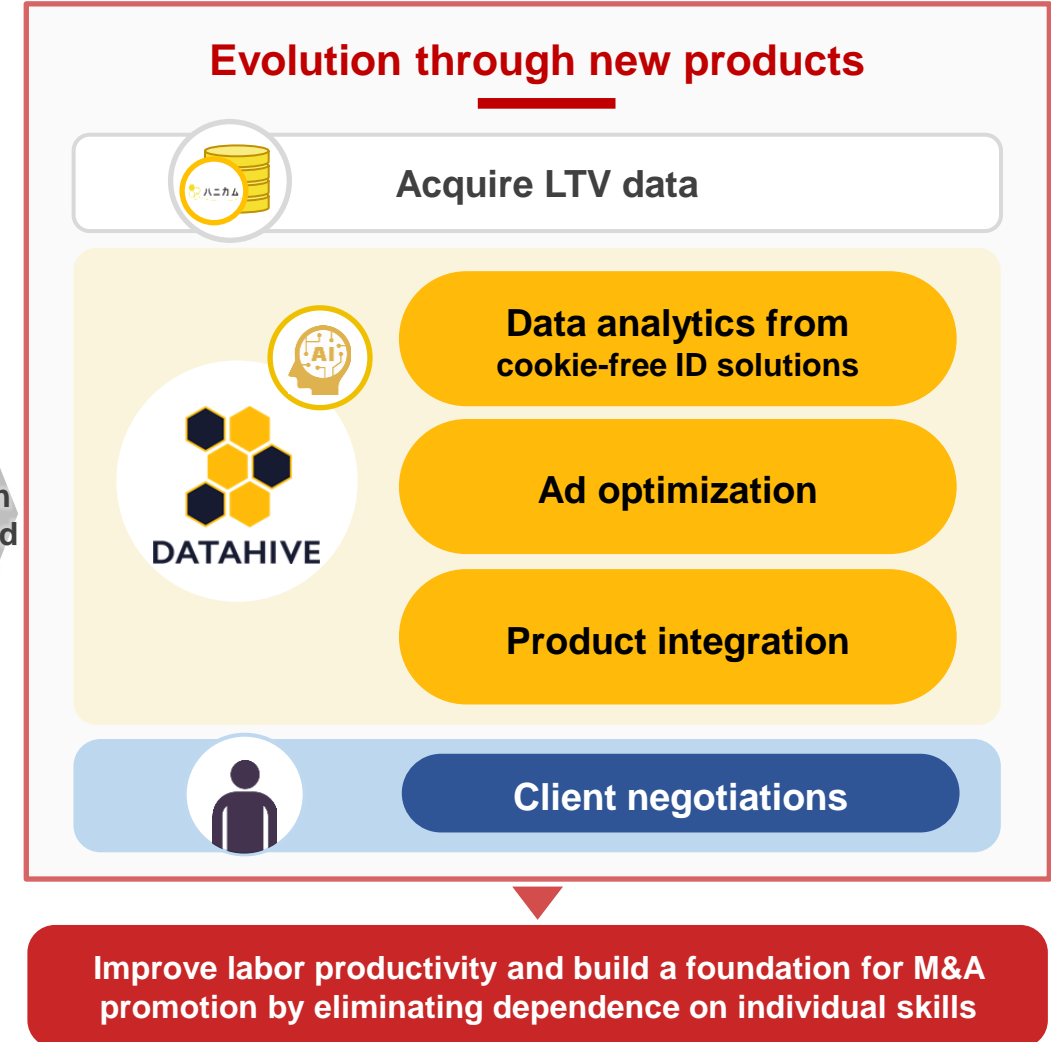
Medium-term management strategies(2)

Implement AI for data analytics and consulting

By creating AI based on our accumulated data and LTV marketing expertise, we are **building a foundation to improve labor productivity and promote M&A.**



Create AI based on accumulated know-how



Medium-term management strategies (2)

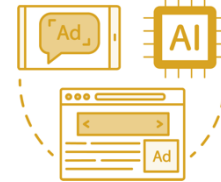
Implement AI for data analytics and consulting

DATAHIVE is a **cookieless LTV solution and provides data analysis by AI which will optimize advertising budget and improve marketing ROI.**



Advanced ID solutions that do not rely on cookies

Creates results unhindered by cookie regulations by providing flexible ID solutions that link IDs across multiple channels



Ad deliveries with increased efficiency by incorporating AI

Enables central audience management and builds audience segments across multiple ad channels to help formulate optimal ad budgets and ad delivery



Visualization and analysis of marketing ROI

Evaluates and visualizes the ROI of each marketing initiative. Integrates data with products to enhance efficiency and provide a sustainable revenue stream

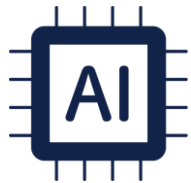
Expected benefits of DATAHIVE

The value provided to clients by **DATAHIVE will differentiate from other services, which will increase the acquisition of new client** and improves the certainty of achieving the medium-term management plan.

Value provided to clients



Since it does not rely on cookies, DATAHIVE can deliver results unhampered by cookie regulations



Incorporates AI to provide service quality independent of consultant knowledge



Raises marketing ROI by cutting unnecessary costs

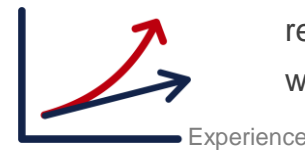
Impact on our earnings

No. of customers



Original proposals increase the number of new customers acquired

Results Growth



Enhances productivity by reducing labor-intensive work

Avg. customer spend



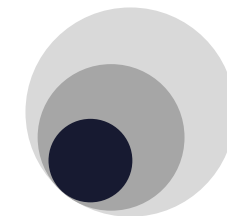
Raise average spend per existing customer

Medium-to long-term development

Expand organization through hiring

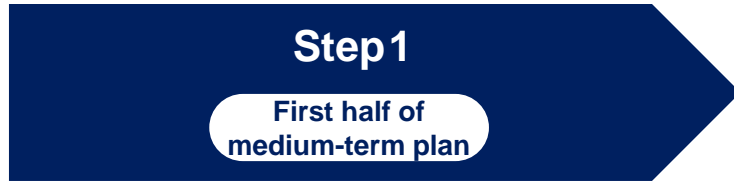


Increase the value of acquired companies

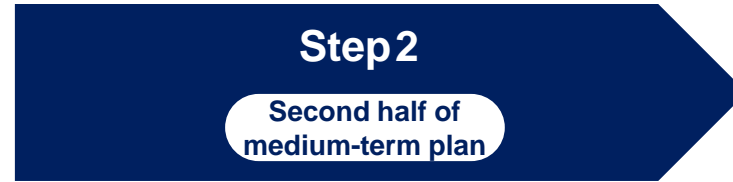
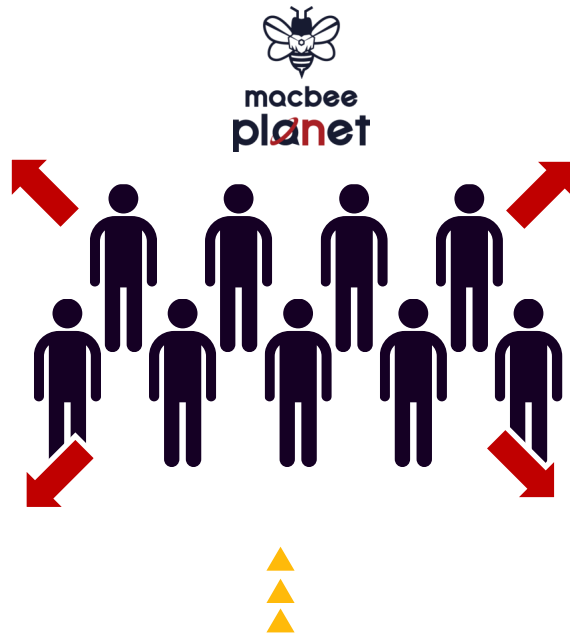


Medium-term management strategies – M&A strategy

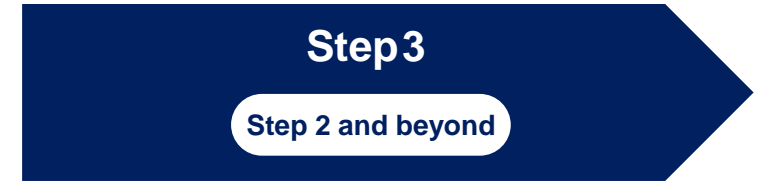
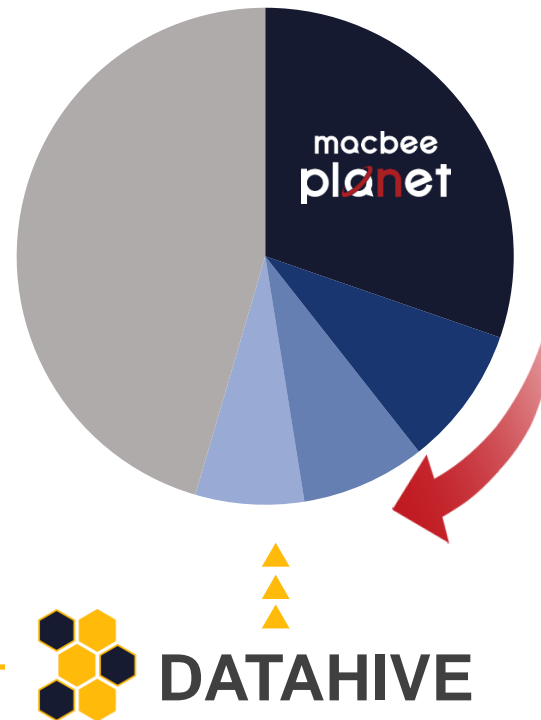
We will set our M&A goals in line with the company's growth status
and maximize the value of acquired companies by leveraging DATAHIVE.



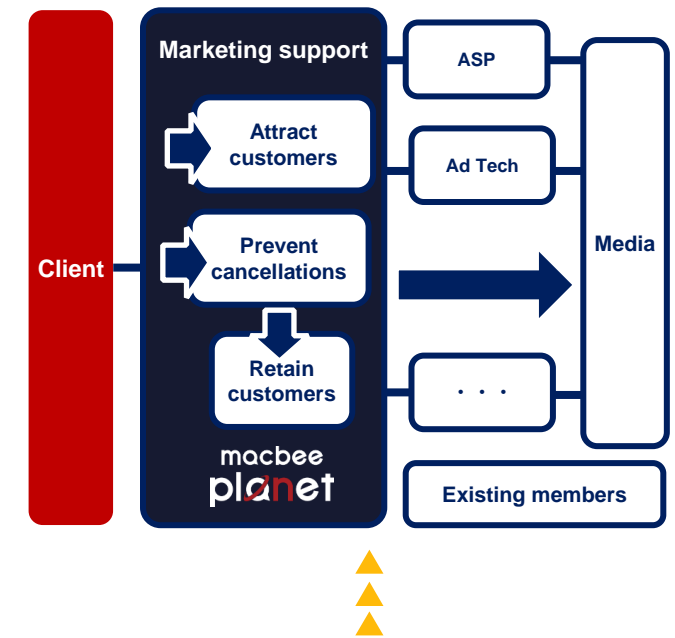
Accelerate expansion into other industries while increasing the number of consulting team members



Leverage data technology to enter new LTV markets and increase market share



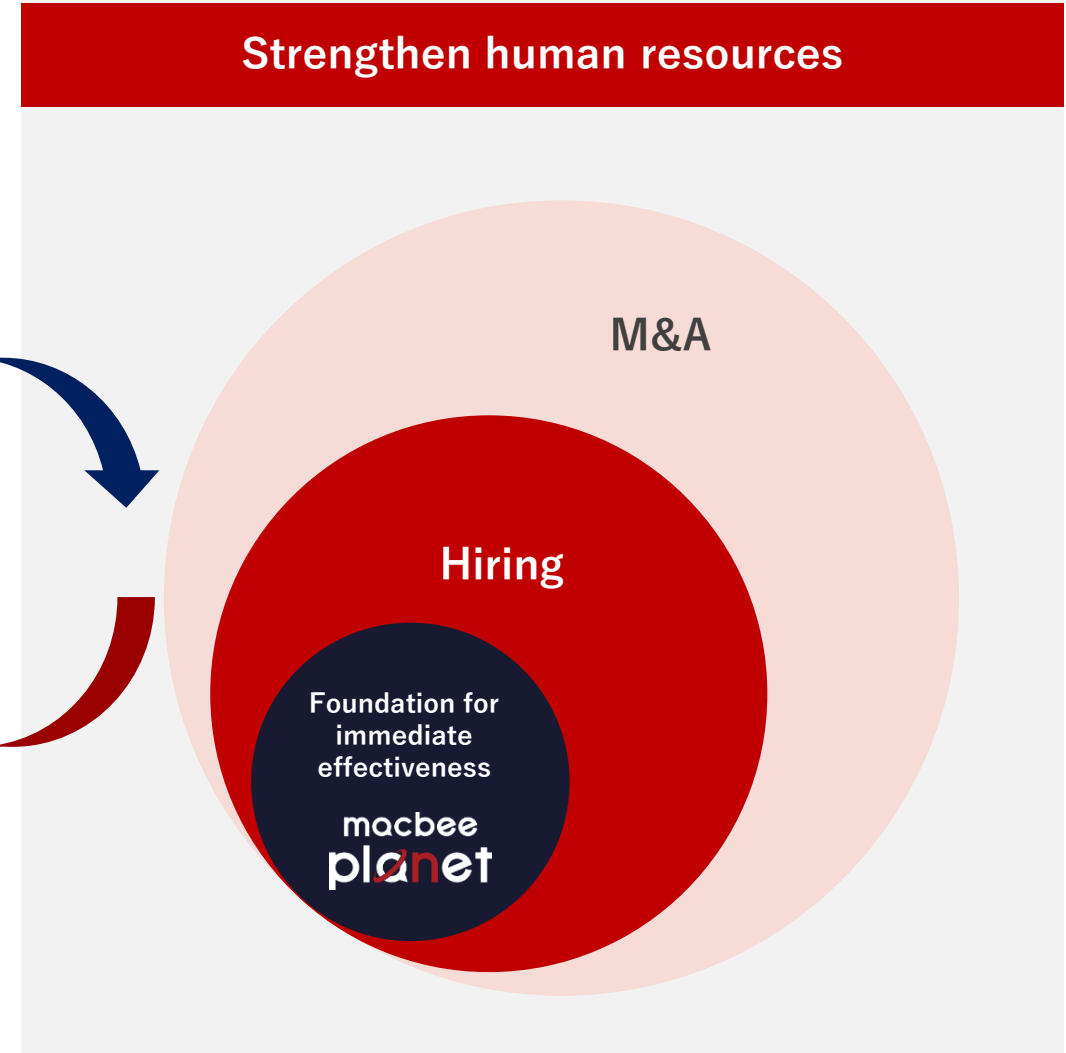
Provide end-to-end solutions in LTV marketing



Medium-term management strategies (3)

Accelerate expansion into other industries

Promote rollout to other fields and **expand LTV marketing to various industries.**



We will expand the market share within the 3-trillion-yen online advertising market, while planning new businesses that will form the basis of the long-term growth.



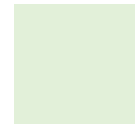
New businesses

Explore new business opportunities, mainly in the Web3 domain.



M&A strategy

Accelerate business expansion through M&A.



Product strategy

Achieve renewed growth through existing and new products.



Sales strategy

Continue to grow existing businesses by standardizing operations and strengthening hiring.



Evolve and pursue LTV marketing

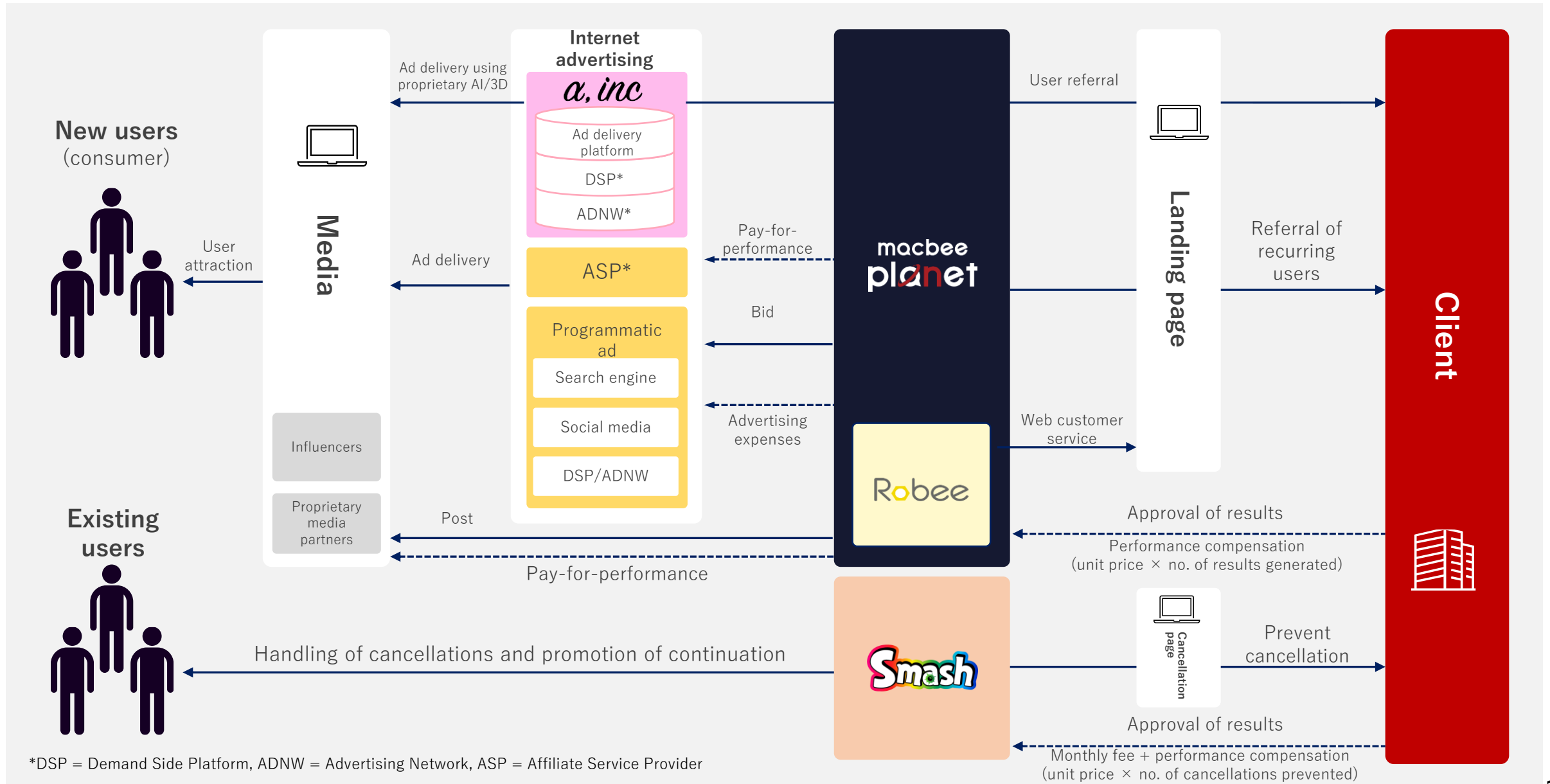


New businesses
M&A strategy
Product strategy
Sales strategy

| Others



Business process diagram



Source of competitive strength

LTV marketing is achieved through **data, technology, and consulting.**

LTV marketing components



Data

0 party data

- Reasons for cancellations
- VOC gathering
- Loyalty as data

0 to 3rd party data links

- Behavioral data
- Psychological data
- Purchase data
- Attribute data

Data platform

- Integrate data for the same ID
- Visualize user touchpoints/psychology



Technology

Analysis

- Machine learning
- Audio analysis
- Emotion analysis
- Cancellation analysis

AI

- Withdrawal prediction
- LTV prediction
- Cancellation prediction
- Delivery algorithm

Digital communications

- Hospitality
- Chatbots
- Popup
- 3D creative



Consulting

Use of data technology

- Data-driven
- Use of own products
- Leverage promptly using templates

Pay-for-performance basis

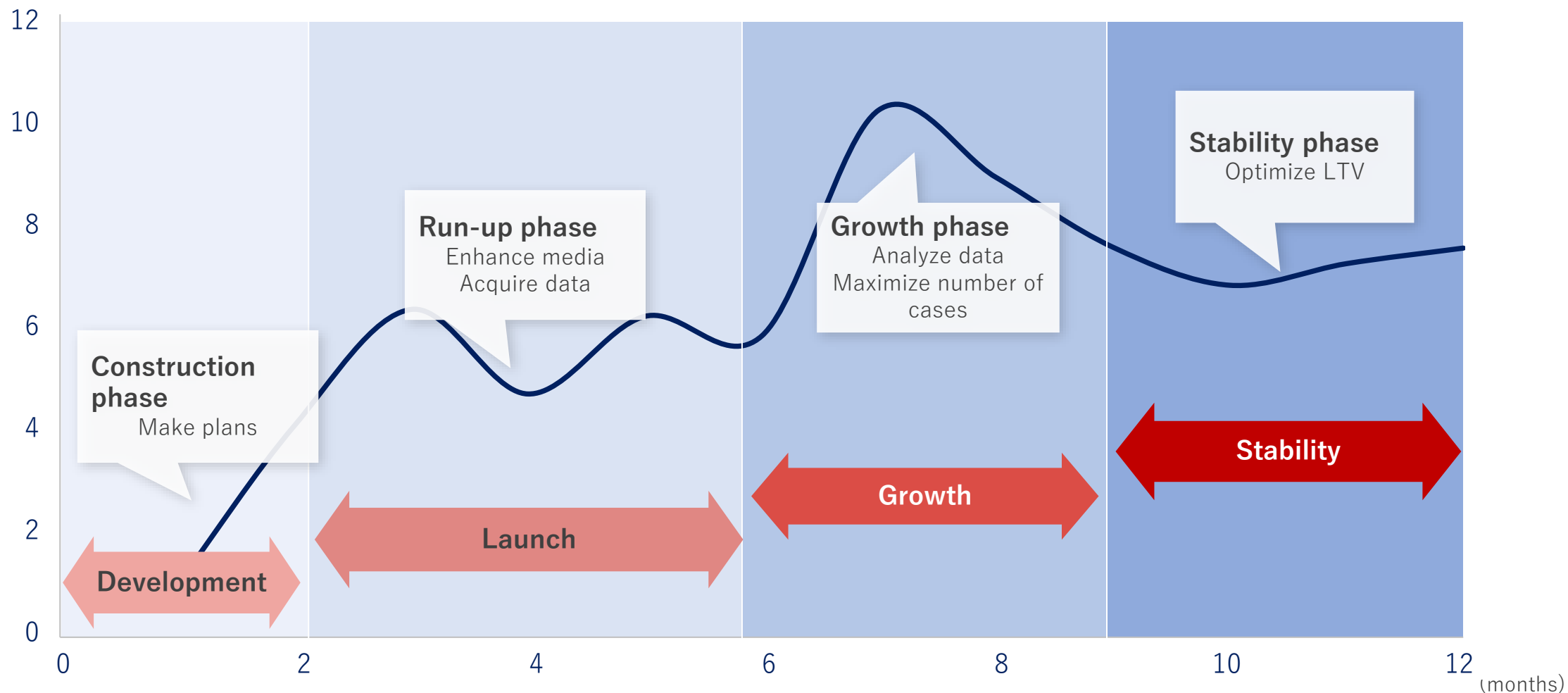
- Attract users who would continue to use the services
- Expertise in increasing LTV

Use of cancellation data

- Lower churn rate by preventing cancellations
- Identify issues in marketing

Results generation phases

The Macbee productivity curve is the locus of our customers' success.

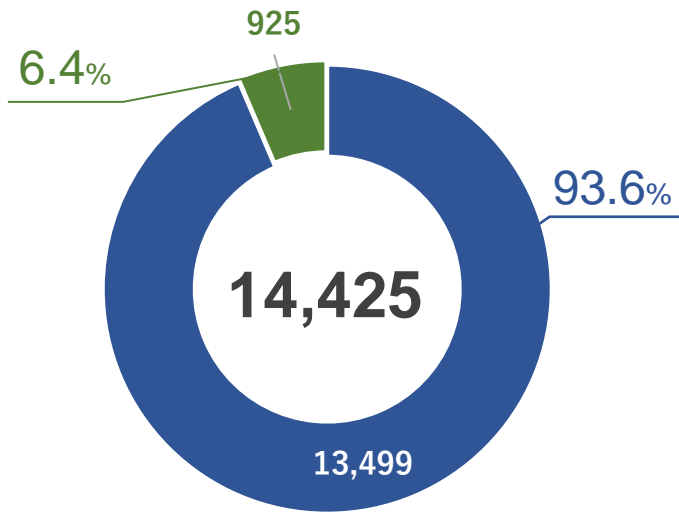


*Average trend in sales during the first year, assuming our sales in the first month of support as 1.
Estimated based on actual figures for clients whose transactions began during 2017 to 2021.

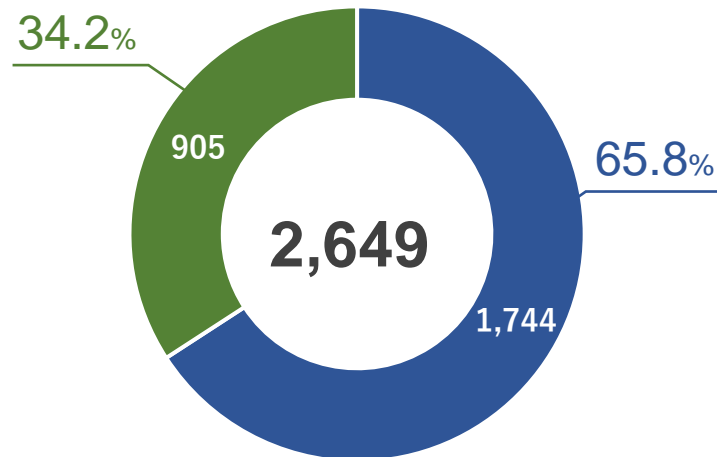
Financial Results by Segment

FY04/22 Results

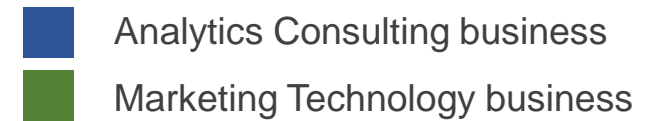
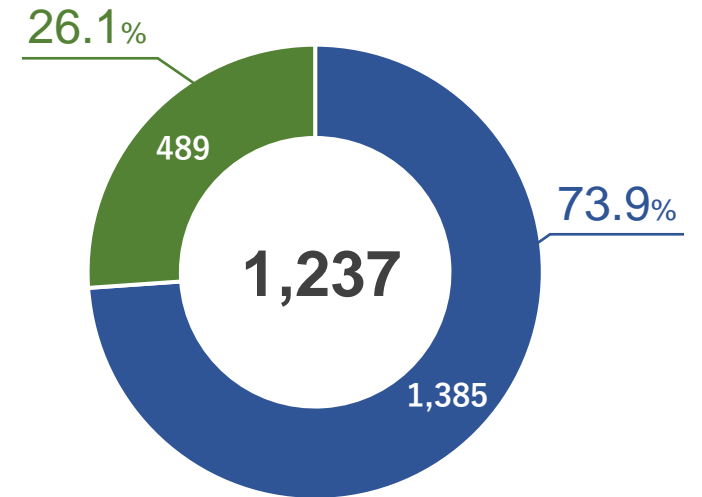
Net Sales (millions of yen)



Gross Profit (millions of yen)



Segment Profits (millions of yen)



Risk information-1

Following is an outline of the main risks and response policies that could potentially have a serious impact on the execution of the business plan or the realization of growth for the Macbee Planet Group, as of the date on which this report was submitted. For information on other risks, please refer to “Business risks” in the Securities Report.

Item	Main risks	Probability	Impact	Our response policies
Market scale and competitors	Market scale may not grow as much as expected, or companies with abundant capital may enter the market, which intensifies competition.	Medium	Large	In addition to abundant expertise, we leverage technologies to differentiate our company from others.
Changes in market trends and client needs	Unable to capture market trends and client needs; delayed response results in poor profitability.	Small	Large	Improve profitability through efficient management, and continued development of new products and improvements to existing products.
Dependence on specific clients	One segment of clients is responsible for a large percentage of sales; performance of and transaction conditions for specific clients can have a significant impact on business performance.	Medium	Large	Continue to expand sales by acquiring new clients and differentiating services we provide from those of competitors.
Continued partnerships with media	Transactions with specified influential media account for a large segment of sales; changes in those relationships or in the policies of those media clients can have a significant impact on business results.	Medium	Medium	Continue to build good relationships with influential media companies, while seeking out new media.

Risk information-2

Item	Main risks	Probability	Impact	Our response policies
Emergence of new advertising methods	New advertising models are developed with greater impact than LTV marketing; delayed response could have an impact on performance.	Small	Medium	Maintain a high growth rate by evolving LTV marketing into a more cost-effective model.
Protection of personal information	When providing Internet-related services, new laws/regulations or demands for self-regulation could limit service provision, which could have an impact on performance.	Large	Small	Continue to gather information on the trend of personal information protection worldwide, and ensure strict compliance in business operations.
Legal restrictions	Our business is subject to Act Against Unjustifiable Premiums and Misleading Representations, Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, medical advertising guideline, and other laws and regulations. Future amendments to these and new rules on self-restriction could have an impact on the rollout of business.	Large	Small	Reduce potential violations of laws and regulations as well as company rules by establishing a system to review advertisements and providing employees with training in compliance.
Medium-term plans	We created a medium-term management plan in December 2021, but if the assumptions in this plan differ from actual conditions, or if the intended growth strategies cannot be realized (e.g., because the initially scheduled investments are not executed), then the targets laid out in the plan cannot be achieved, and this could have a significant impact on the Group's business rollout and performance.	Small	Medium	If prior conditions differ from actual conditions, or if growth strategies cannot be realized, we will disclose information at the appropriate time.

Disclaimer

This material contains forward-looking statements about the Group, including its future plans and management objectives. These statements are based on our current assumptions about future events and trends, and their accuracy is not guaranteed. Please be aware that a number of factors could cause actual results to differ materially from those discussed herein.

Unless otherwise stated, the financial data in this material has been prepared in accordance with accounting principles generally accepted in Japan.

Information on companies other than the Group has been obtained from publicly available sources.

This material does not constitute a solicitation to buy, sell, or subscribe to any securities, nor does it form the basis for any contract or obligation. We plan to issue an updated version of this material within three months of the announcement of full-year financial results and to disclose progress in the quarterly financial results presentation, etc.