

# Materials for Growth Opportunities and Strategies

Macbee Planet,inc (7095-JP)

December 2021

<b>About the company</b> .....	3	<b>Medium-term management plan</b> .....	18
- Company overview / history	4	- Scope of the medium-term management plan period	19
<b>Business concept</b> .....	5	- Transition to holistic group management	20
- What we want to achieve	6	- Medium-term management strategy 21 - 25	21 - 25
- What is LTV marketing ?	7	- Medium-term management goals	26
- Data used in LTV marketing	8	- Progress	27
- Positioning	9	<b>Others</b> .....	28
- Business characteristics	10	- Business process diagram	29
<b>Changes in the business environment</b>		- Unique features of our service	30 - 33
- Business opportunities	11	- Results generation phases	34
- Scale of related markets	12	- Our Strategic Partners	35
	13	- Financial results by segment	36
<b>Business description</b>		- Risk information	37 - 38
- Source of competitive strength	14	- Safe harbor statement	39
- Analytics Consulting business	15		
- Marketing Technology business	16		
	17		

# | About the company



## Company Overview

Company name	Macbee Planet, Inc. (7095-JP)
Establishment date	August 25, 2015
Capital	403 million yen (as of end-October 2021)
Business description	Provision of data-driven marketing analytics services
Head office location	3-11-11 Shibuya, Shibuya-ku, Tokyo
No. of employees	54 (as of end-October 2021)

## 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 $\alpha$ , Inc. a wholly owned subsidiary



# Business concept



What we want to achieve

Predict LTV\* and  
achieve optimal ROI\*

**\*What is Lifetime Value (LTV)?**

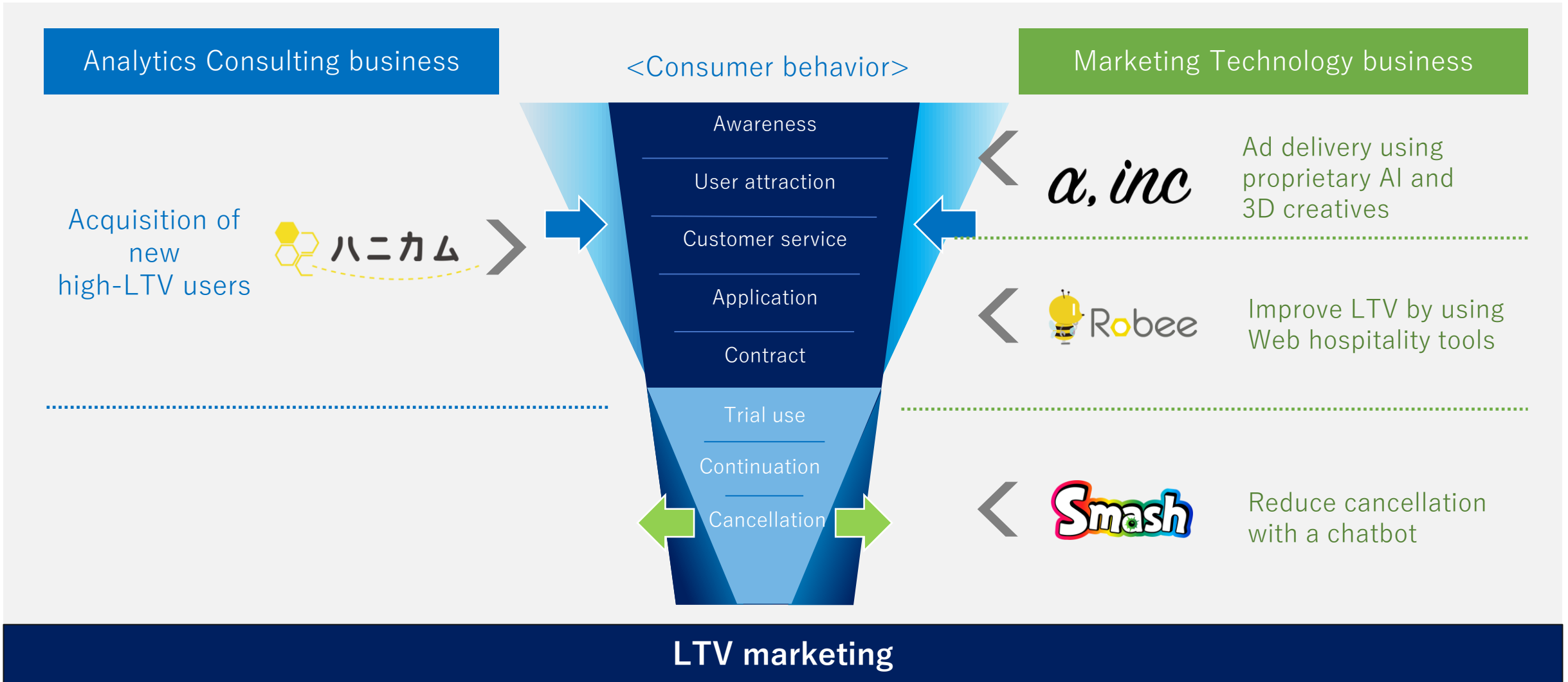
LTV refers to the profit that a user (consumer) brings to a company throughout their lifetime, and is a measure used in calculating the cost that can be spent to acquire one user.

**\* What is Return On Investment (ROI)?**

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

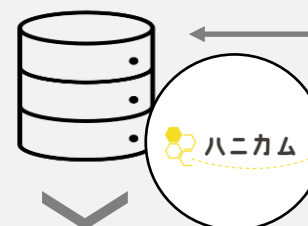
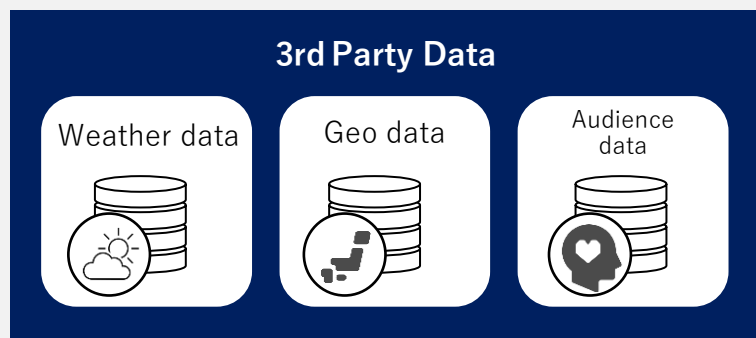
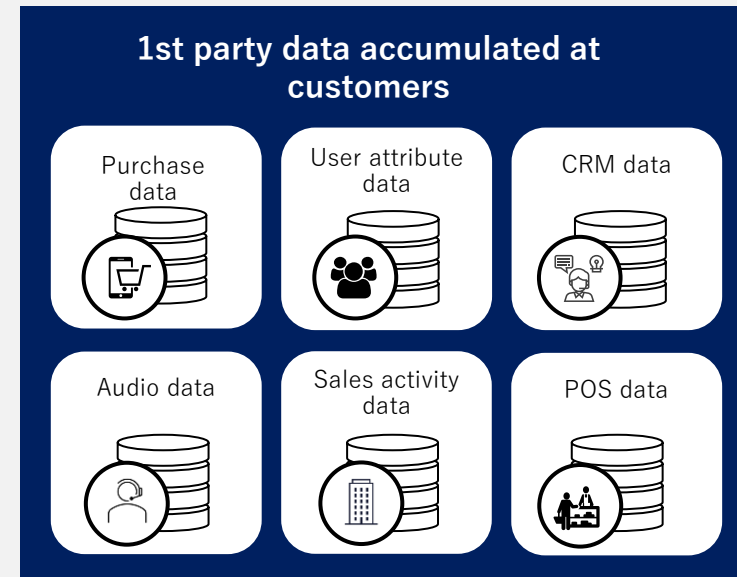
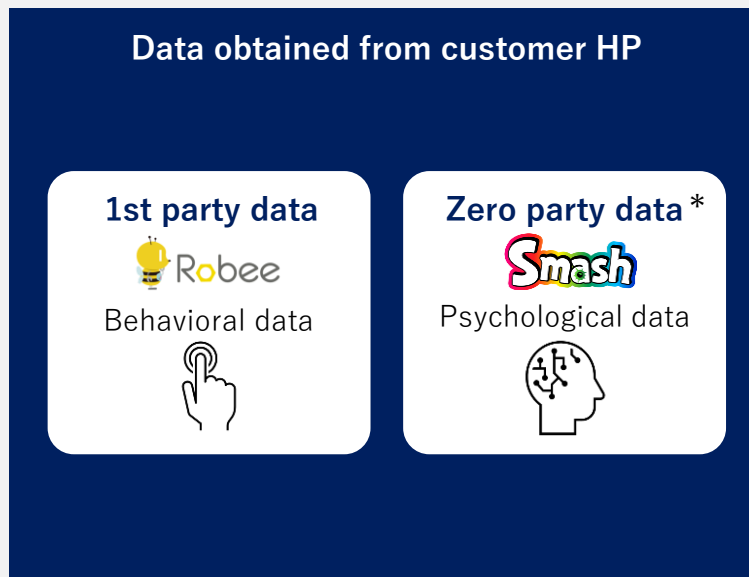
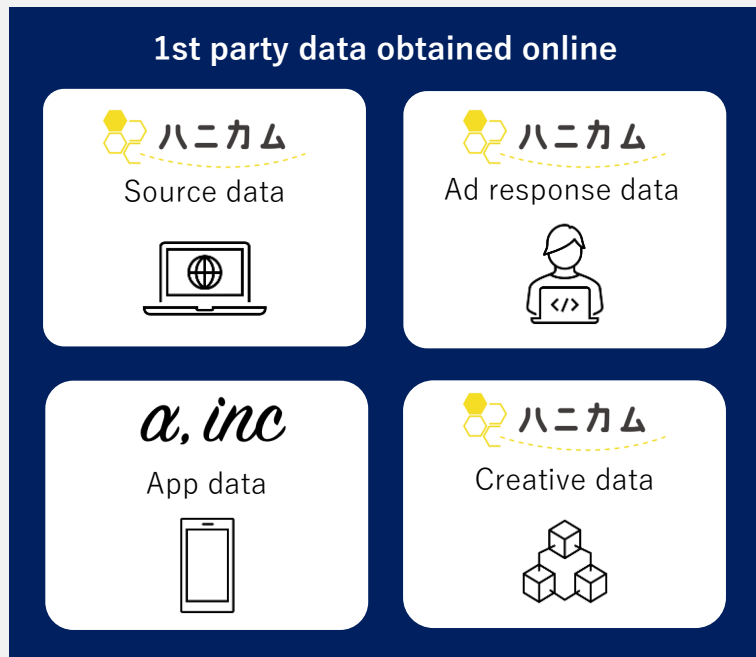
# What is LTV marketing ?

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



# Data used in LTV marketing

We integrate Zero/1st/3rd party data on the Honeycomb data analysis platform,  
**and build an original LTV prediction model.**

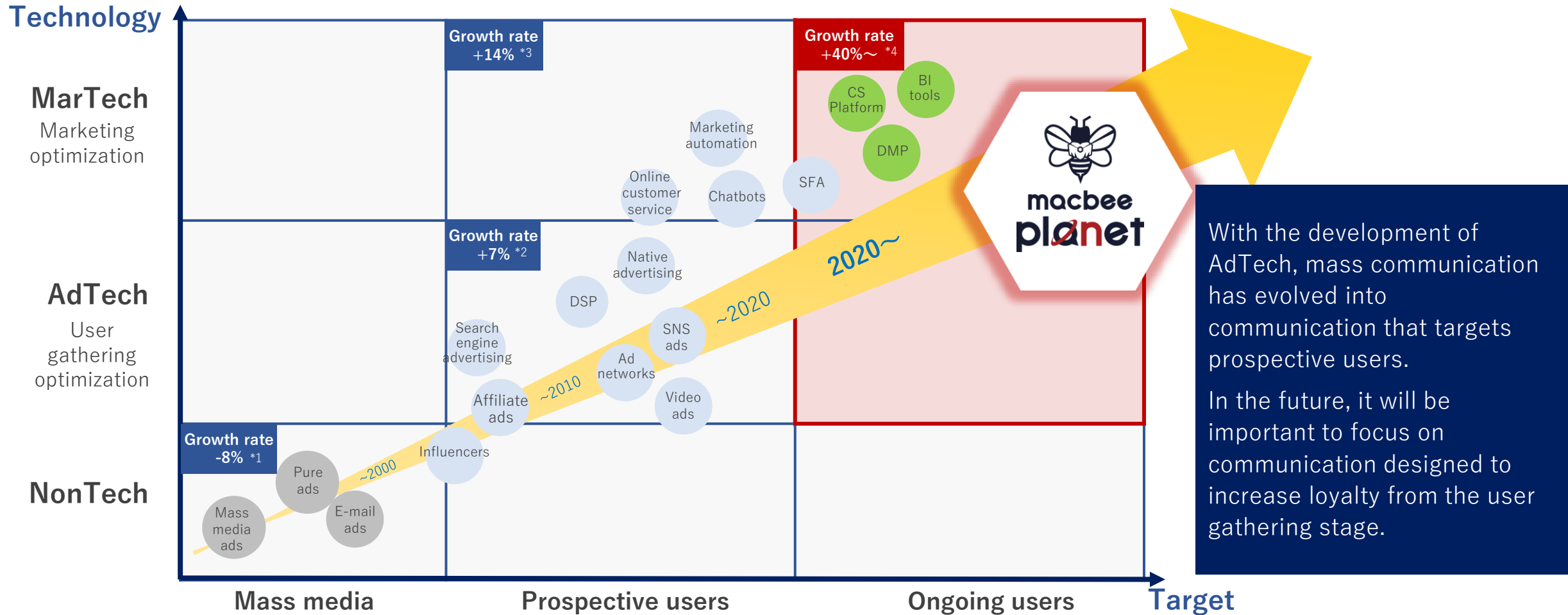


**Build LTV prediction model**

\* Insight data (e.g. tastes and preferences) provided by users



We focus on **gathering and cultivating ongoing (high LTV) users** in order to secure a unique positioning to achieve **high growth**.



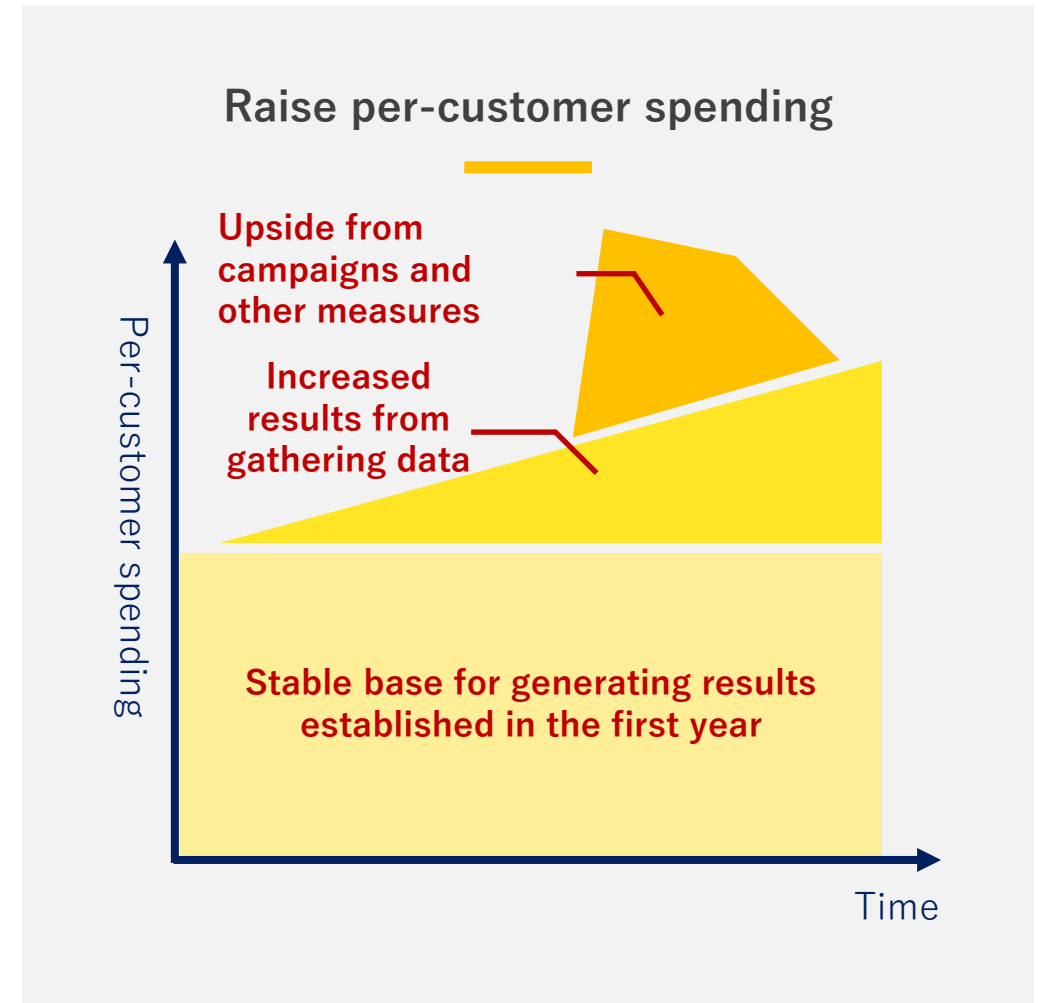
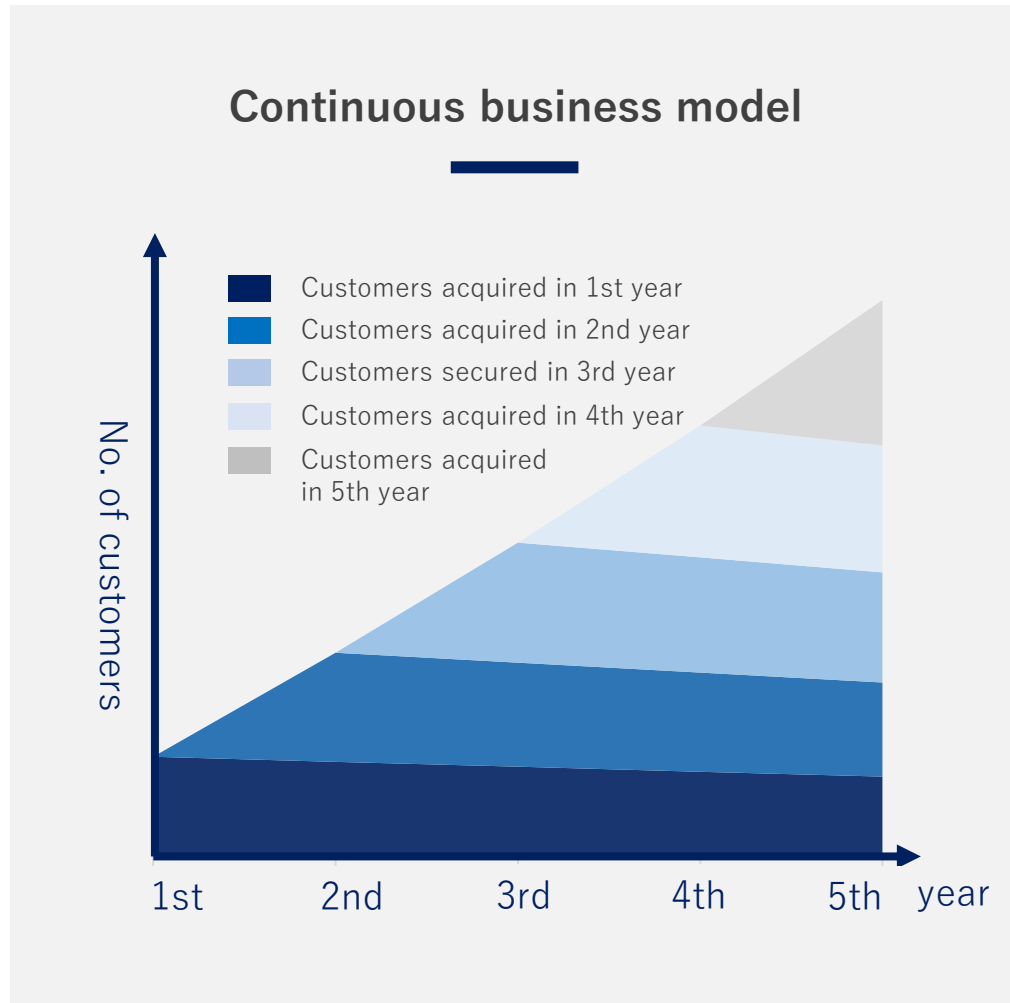
\*1 Traditional market expenditures in “2020 Advertising Expenditures in Japan” (Dentsu)

\*2 “Advertising and Promotion” in “MarTech Market Status and Outlook 2019” (MIC Research Institute)

\*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 FY04/21)

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

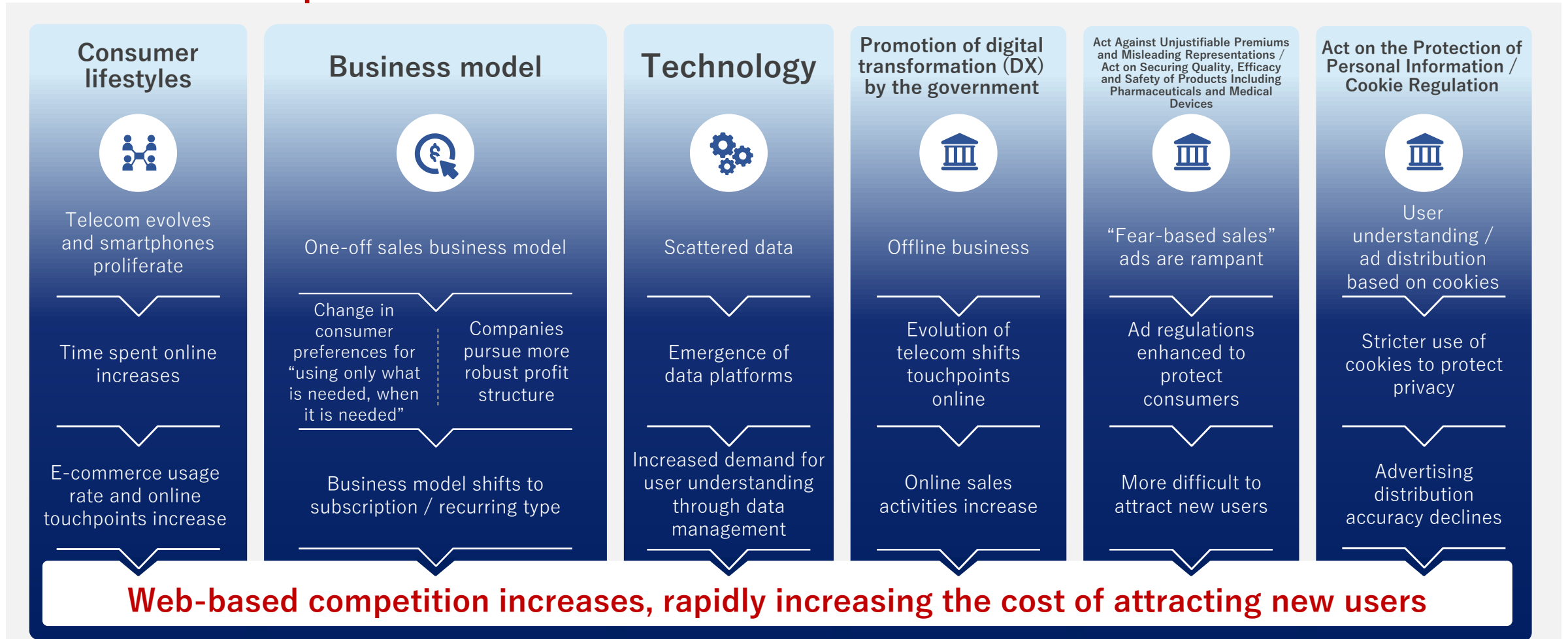




# Changes in the business environment



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



**Increased demand for LTV marketing**

The target market for LTV marketing is vast and growing.



\*1 Online advertising expenses were JP¥2.2tn as per “2020 Advertising Expenditures in Japan” (Dentsu)

\*2 Total advertising expenses in Japan were JP¥6.2tn as per “2020 Advertising Expenditures in Japan” (Dentsu)

\*3 JP¥15tn as per 3Q FY03/19 business results presentation of Yahoo Japan Corporation

\*4 Scale of DX-related solutions service market was JP¥6.3tn in 2020 as per “Survey on the Scale of Solution Services Market” by Japan Electronics and Information Technology Industries Association (JEITA)

# Business description



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

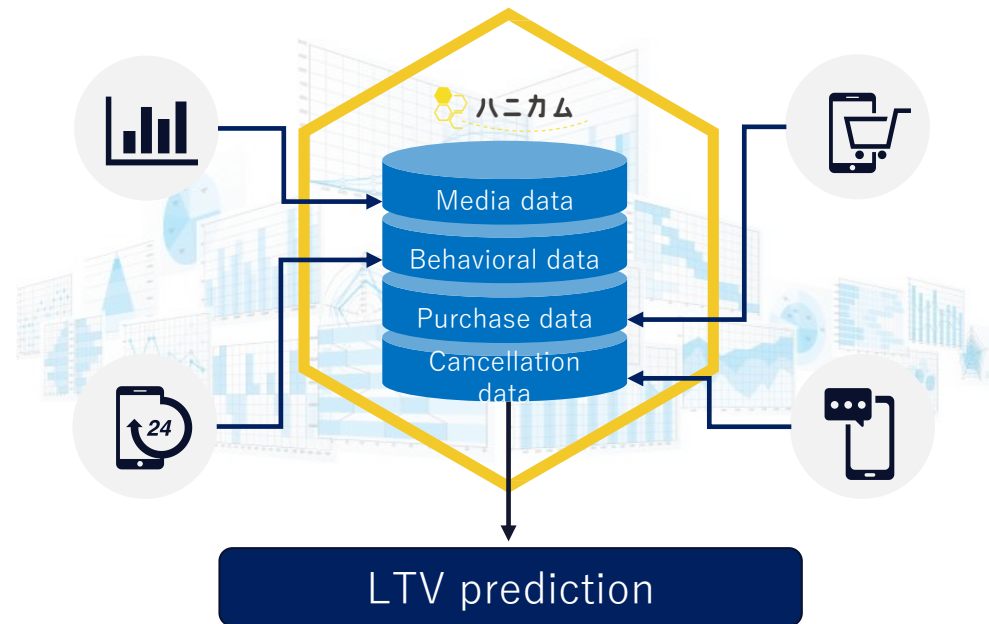
#### Use of cancellation data

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

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

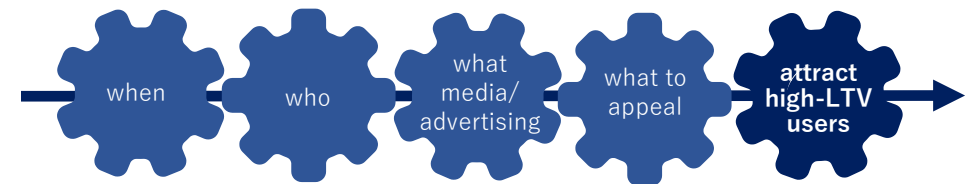
## 1 LTV data analytics

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%



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

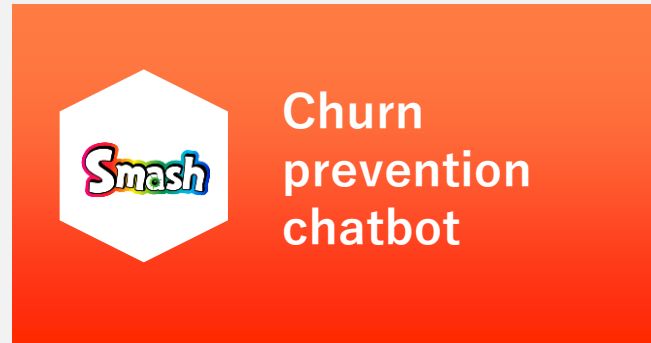
Robee provides customer service to attracted users and converts them into high LTV customers.



¥ 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 90%**

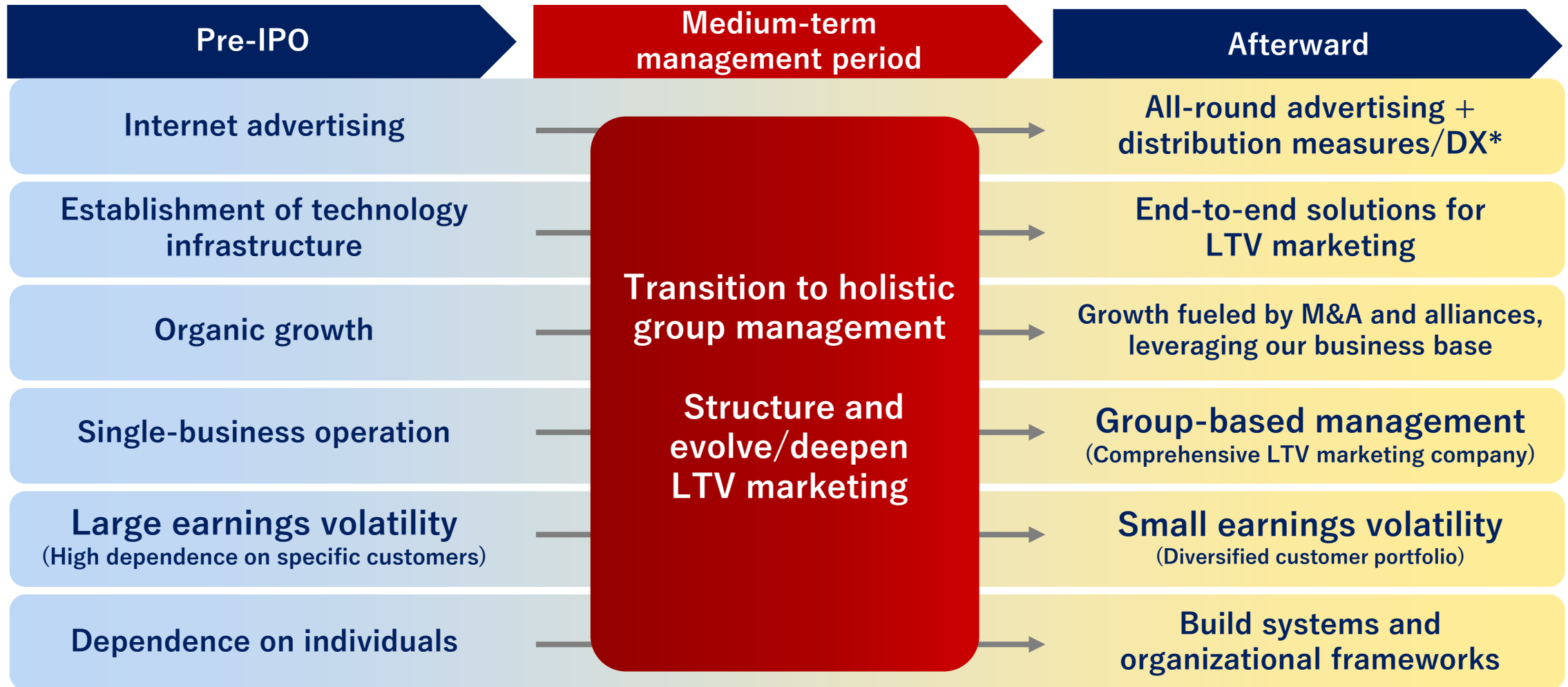


# Medium-term management plan



# Scope of the medium-term management plan period

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

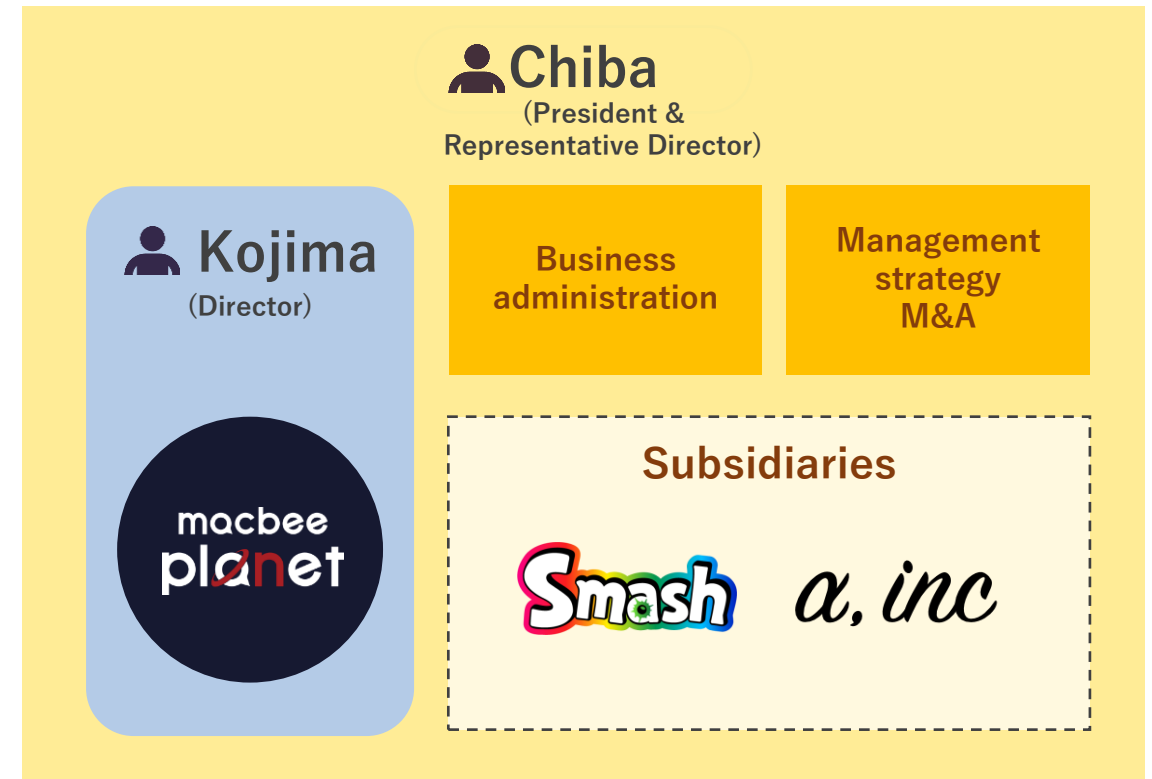
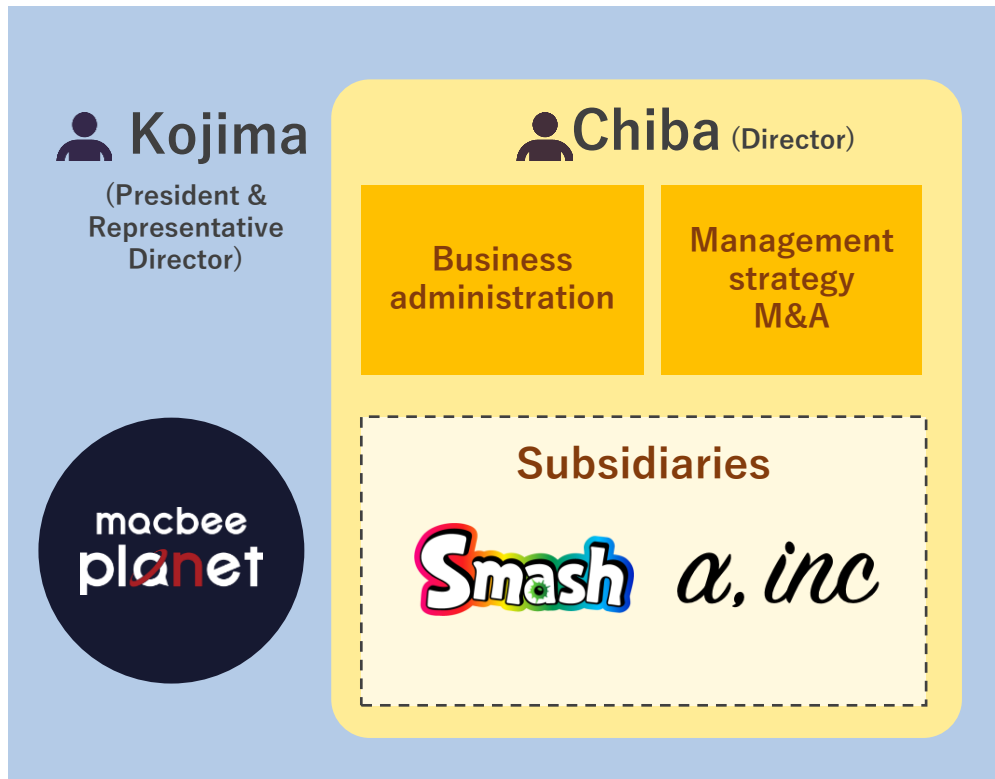


\*DX: Digital transformation

**Shift to an optimal management structure** to manage from a groupwide perspective and to simultaneously evolve and cultivate LTV marketing.

Past

Future (Holistic group management)



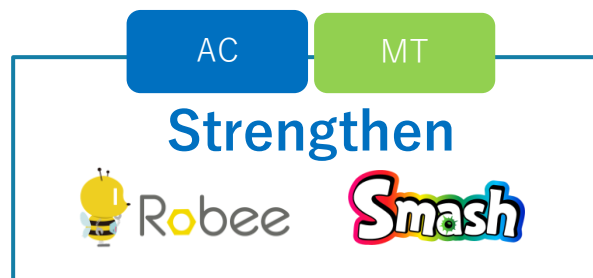
## Basic policy

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



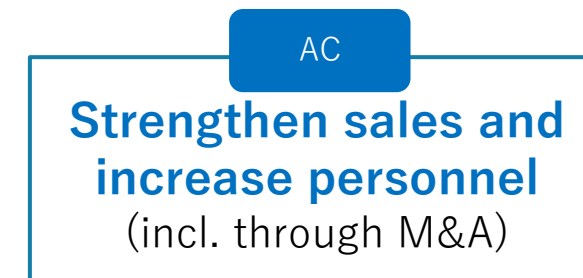
② Implement AI for data analytics and consulting



### Sales strategy

Achieve outstanding growth

③ Accelerate expansion into other industries



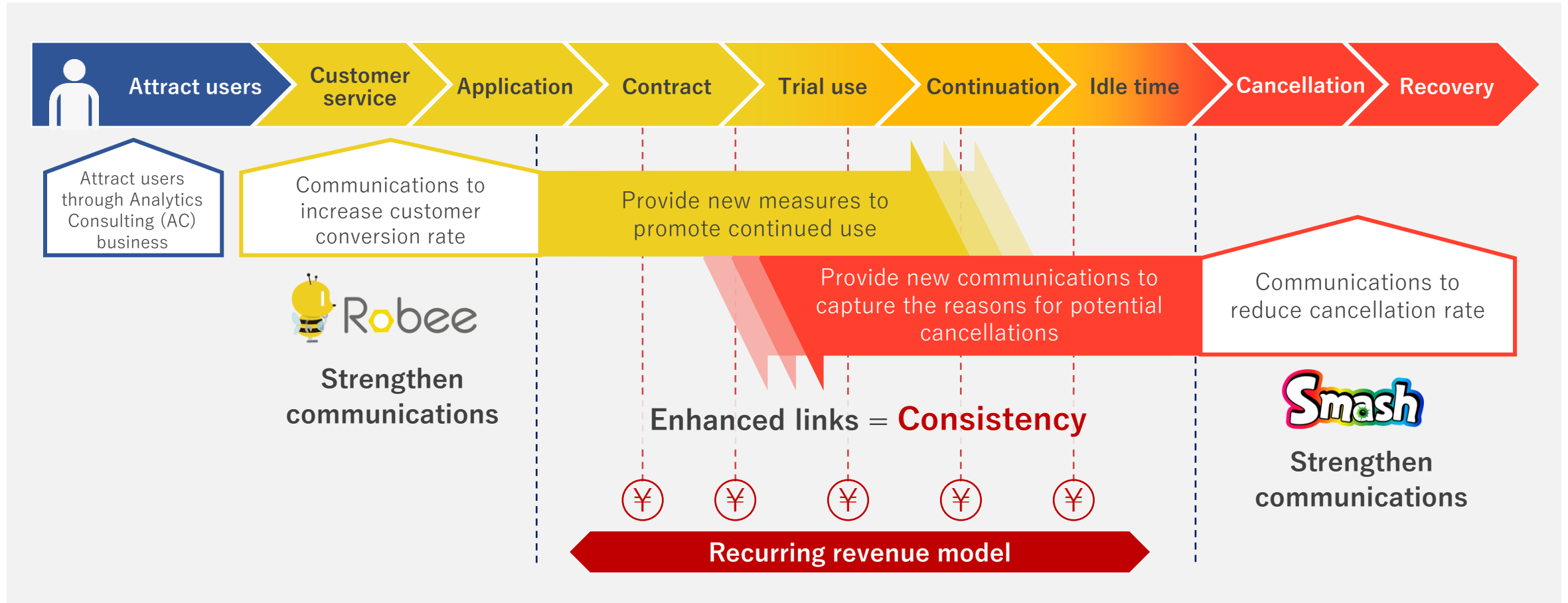
- Hire consultants who can be of immediate value to the business and improve labor productivity even further
- Build a technology framework applicable to new industries

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

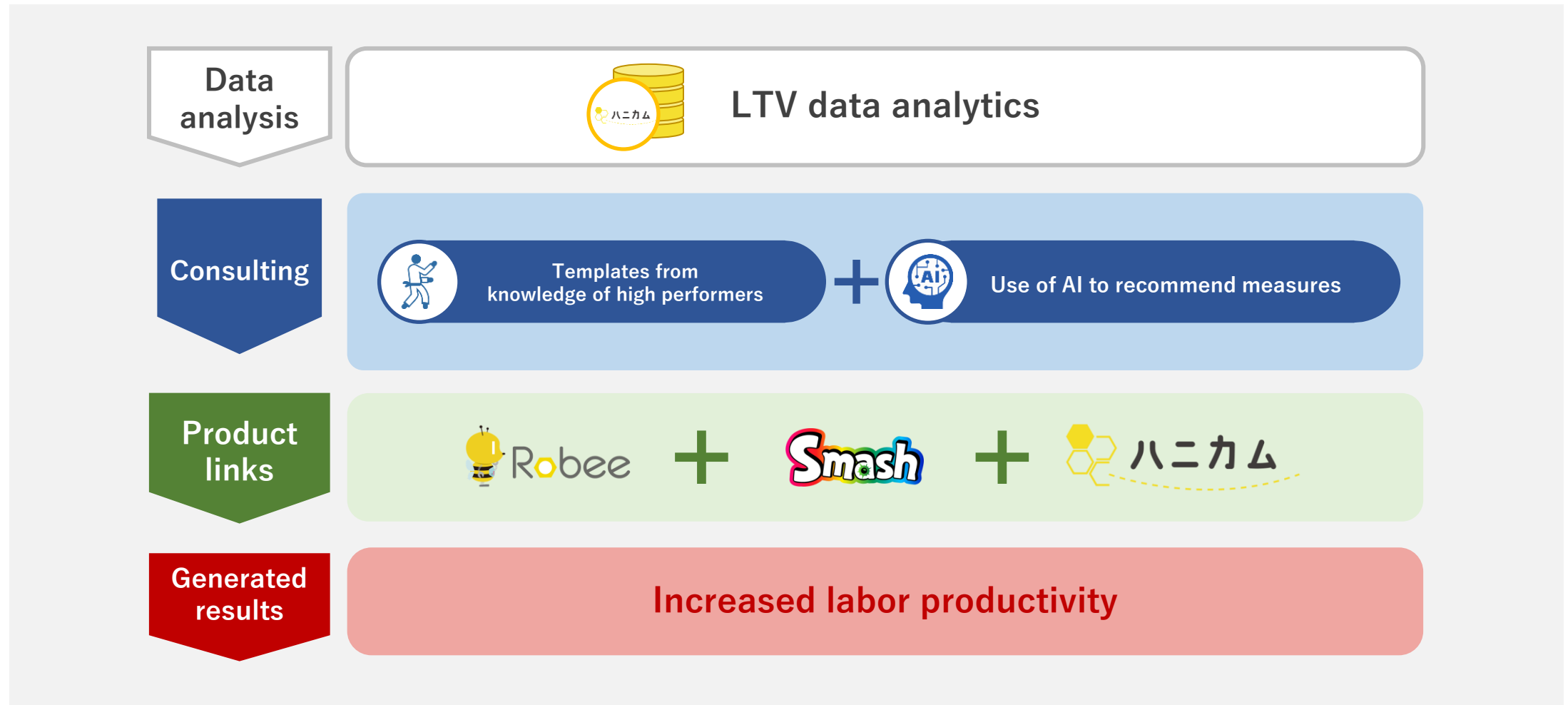
# Medium-term management strategy (1) Raise LTV improvement capability even further



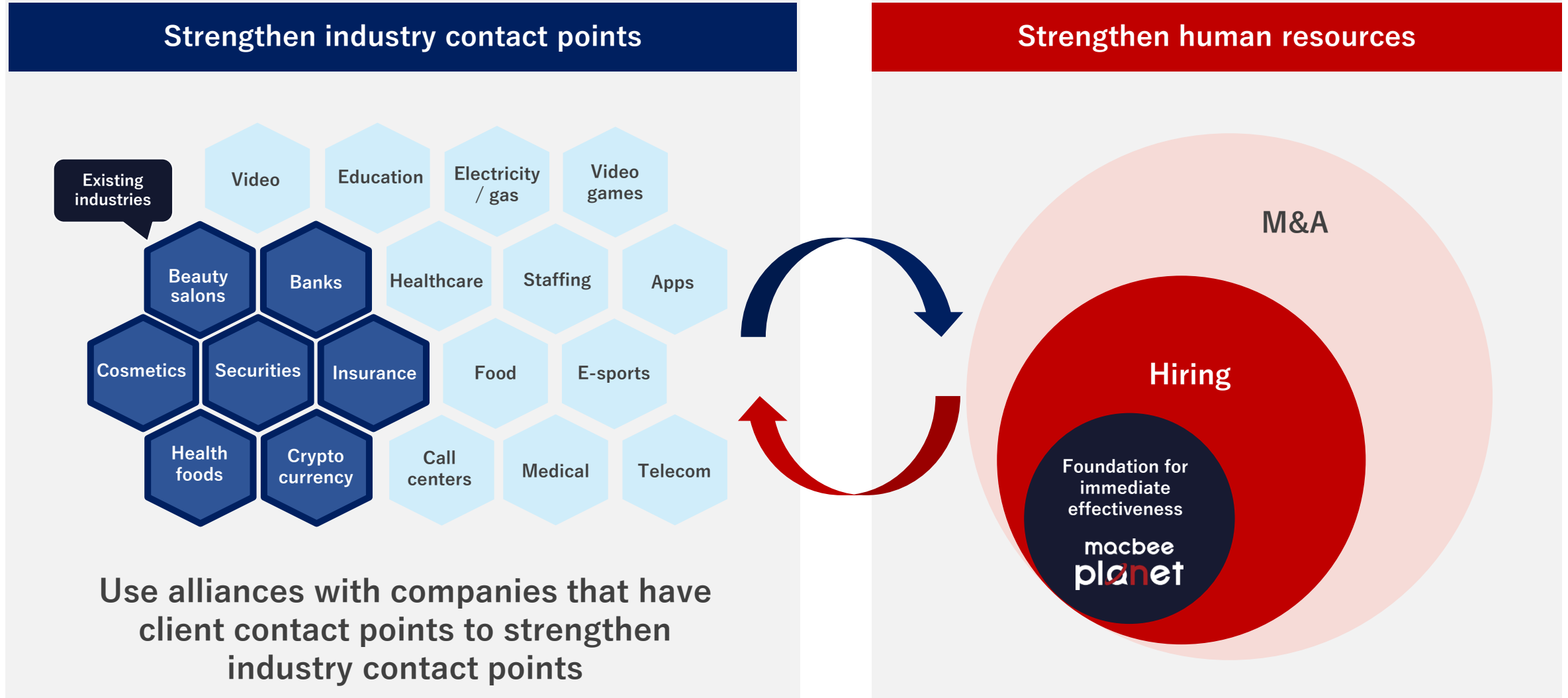
Further increase LTV by promoting continued use by users who were attracted to websites and by strengthening communications with those that might cancel after continued use.  
Enhance links between Robee and Smash, and **increase prediction capabilities** while building a **consistent provision structure** and a **recurring revenue model** tied to LTV.



Use knowledge templates and AI to increase consulting accuracy and **improve labor productivity**.  
**Build a platform for rapid growth** by increasing staff and enabling consultants to be immediately effective.

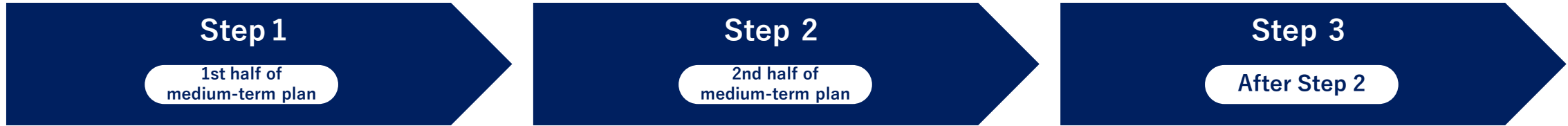


Promote rollout to other fields and **expand LTV marketing to various industries.**





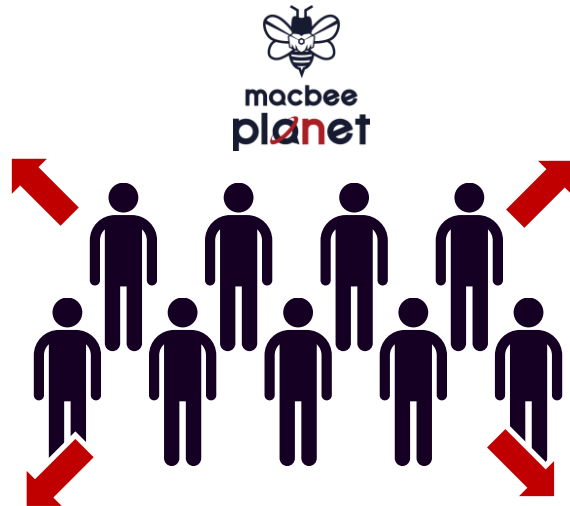
Set goals for M&As based on status of companies' growth.  
Conduct studies as needed to further accelerate growth.



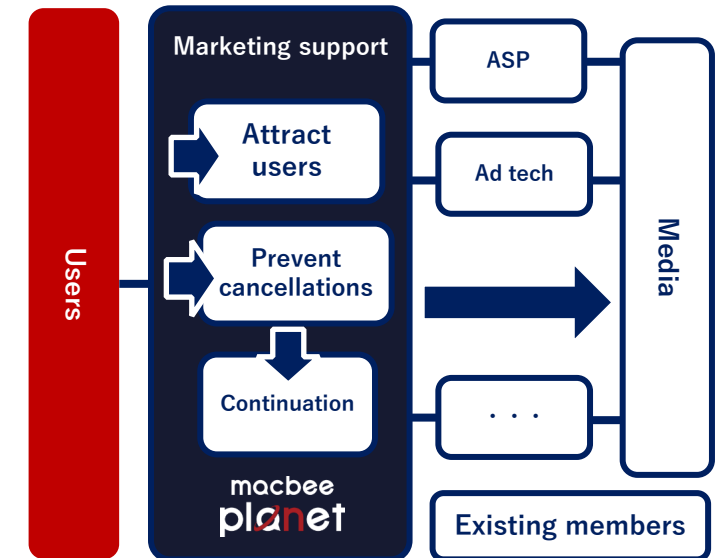
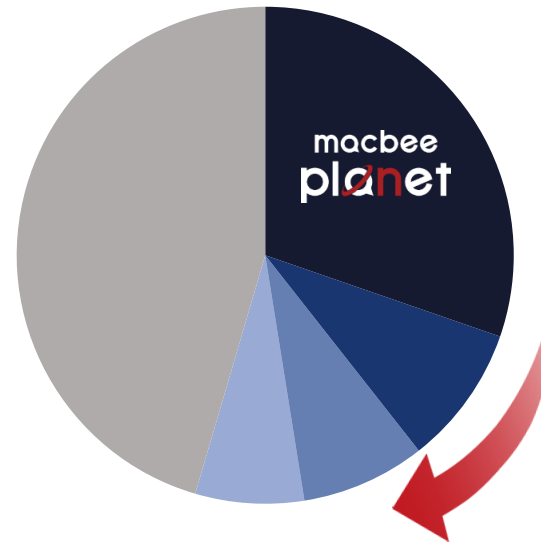
Accelerate rollout to other industries  
Increase consulting team capacity

Use data technology to expand new LTV fields and increase market share

Provide consistent LTV marketing

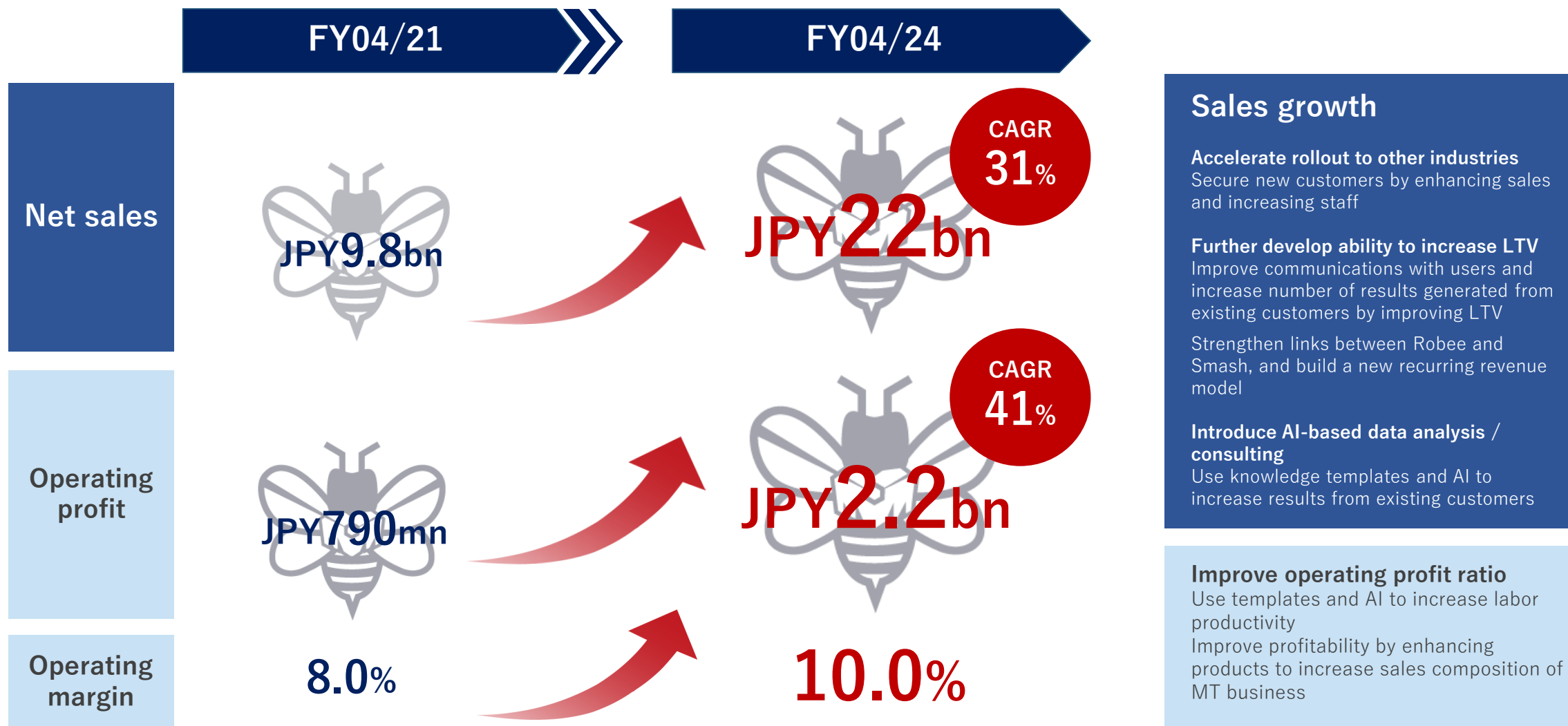


\* In parallel with hiring

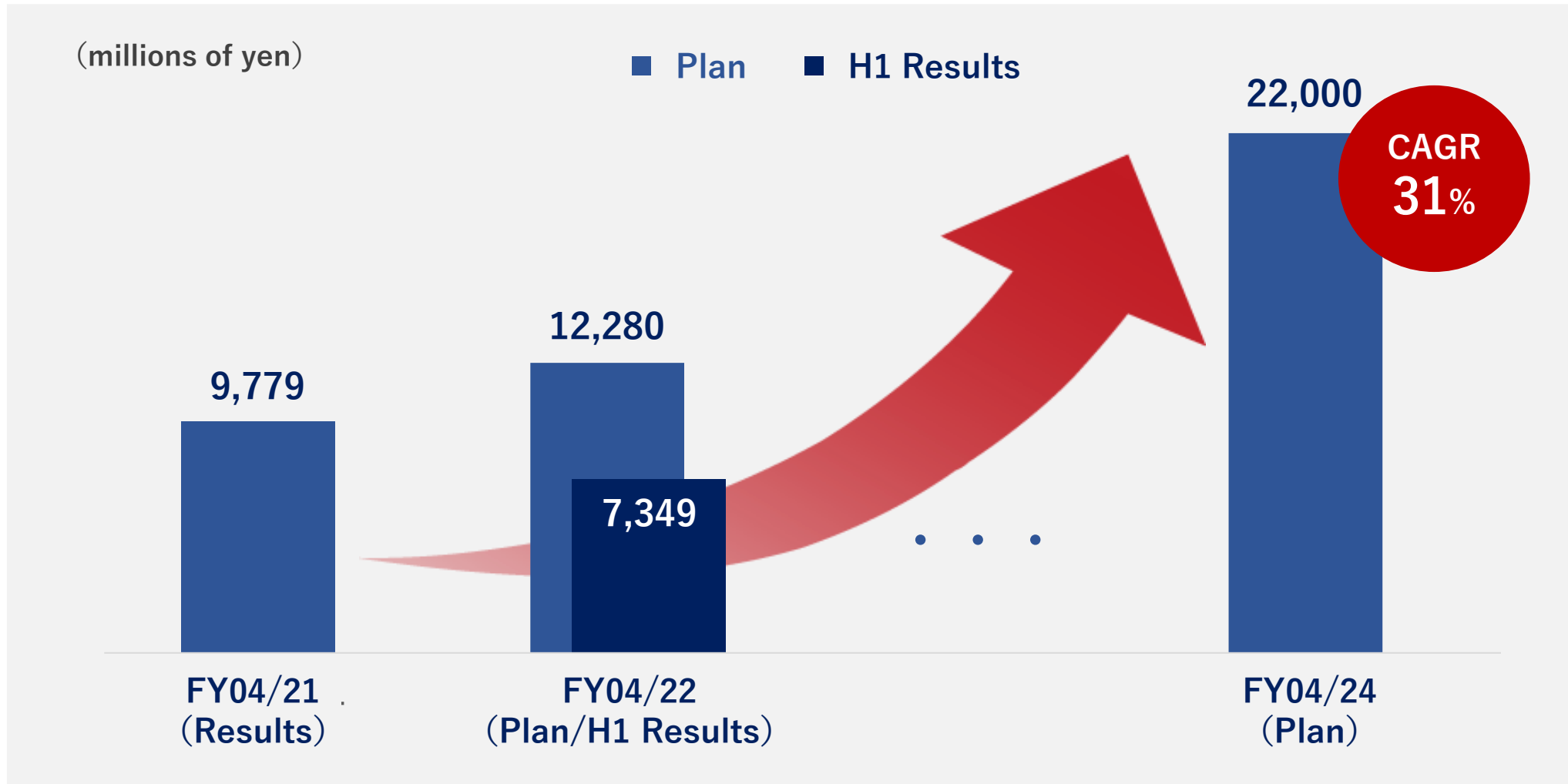


# Medium-term management goals

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



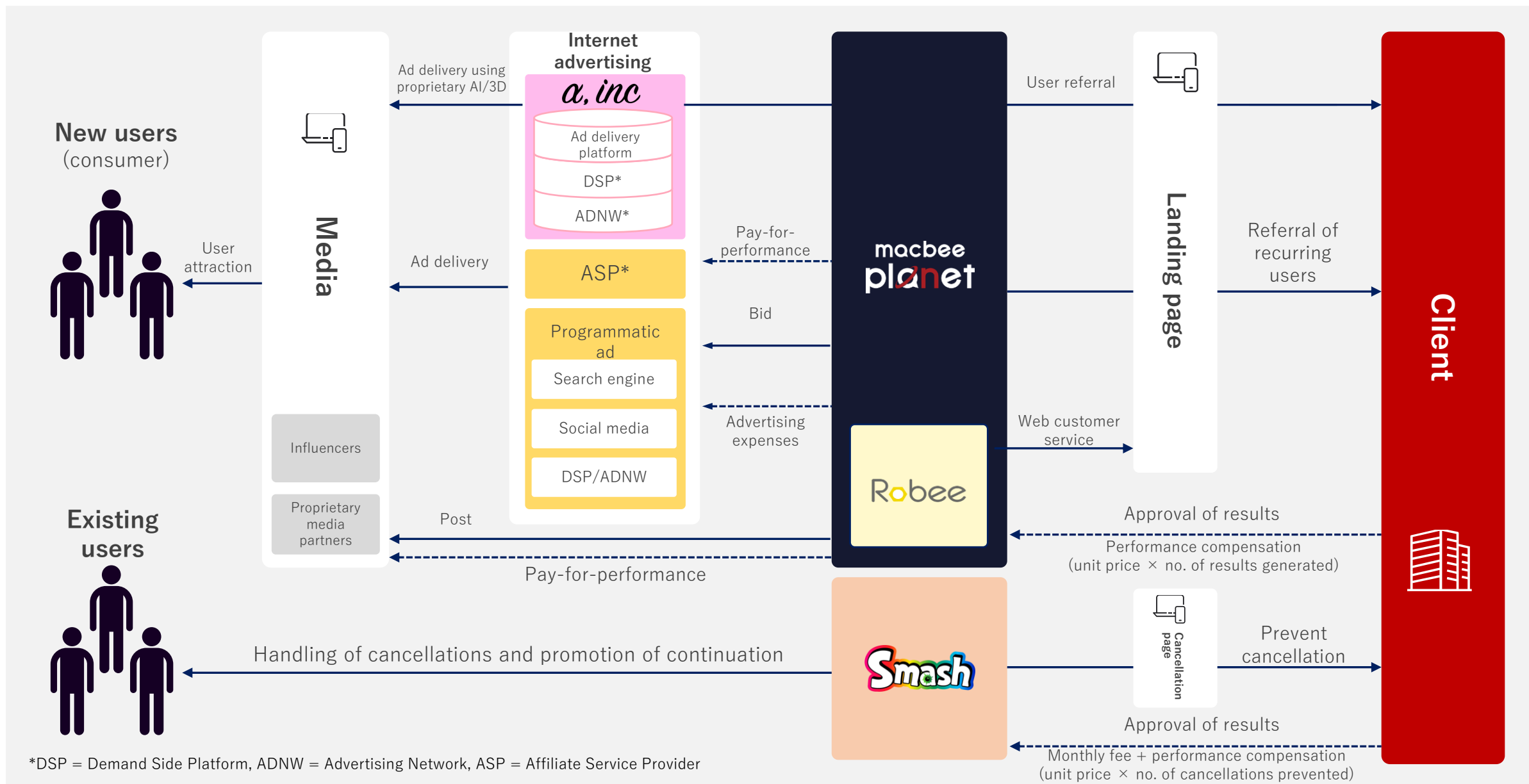
In FY04/22, we are progressing steadily toward achieving goals of the medium-term management plan.



# | Others



# Business process diagram



\*DSP = Demand Side Platform, ADNW = Advertising Network, ASP = Affiliate Service Provider

# Unique features of our service – 1

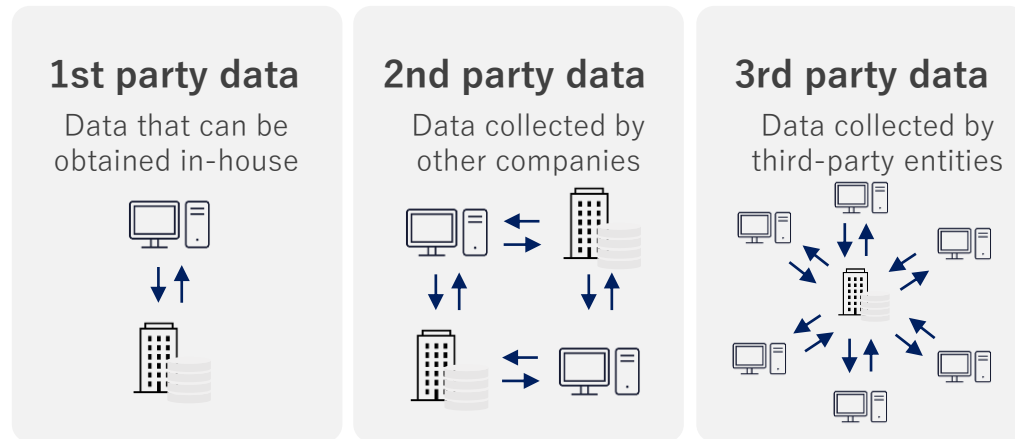
## Understand user psychology through VOC data

### Optimize marketing by directly capturing changes in the Voice of Customers (VOC)

#### Traditional advertising technologies

User psychology is inferred from cookies, so accuracy is poor

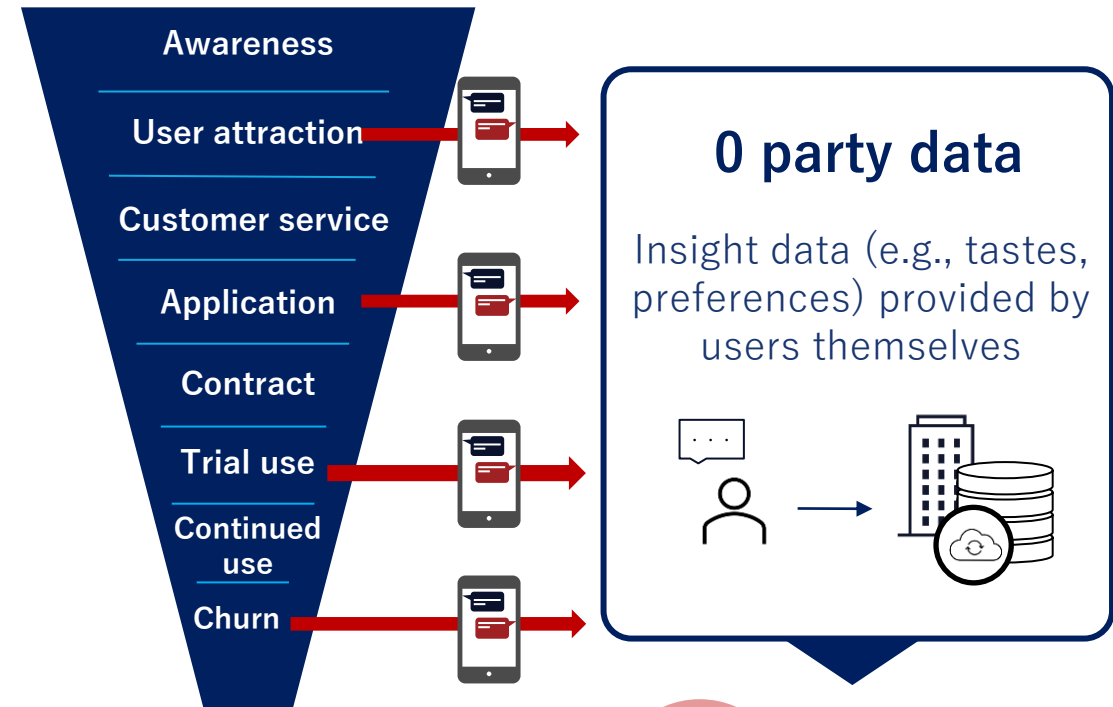
Third-party cookie regulations have a significant impact



1. Use to gather new users (targeting)

#### Macbee Planet Group

High value in usage, because data is accurate rather than inferred



1. Use to attract new users
2. Use to improve services
3. Use in retention measures

# Unique features of our service – 2

## Use cancellation data to optimize marketing



**Reasons for cancellation are a treasure box for ascertaining your marketing flaws.**

Improve LTV by optimizing marketing based on those reasons.

### Reasons for cancellations

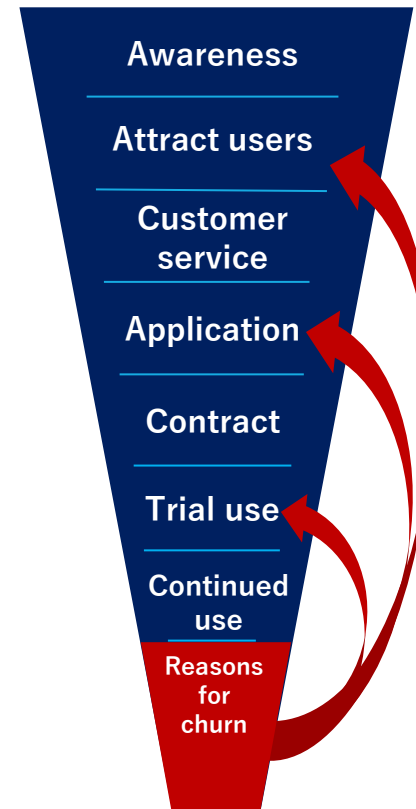
I don't use it anymore  
 No benefit  
 Didn't suit me  
 Poor response  
 Life event  
 Couldn't make good use of it  
 Too expensive  
 Other services seemed better

**Various reasons for cancellation**

1. Fell below expectations at time of application
2. Dissatisfied with response and services after application

**These are marketing issues that could be improved**

### Optimize marketing based on reasons for cancellation



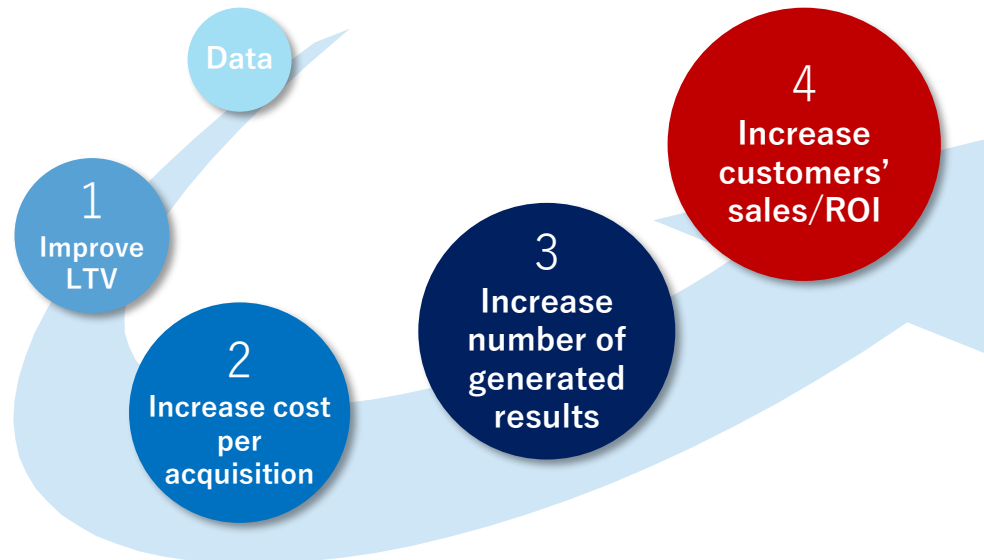
Macbee Planet Group	Competitors
<ul style="list-style-type: none"> <li>- Appeal in ads to encourage continued use</li> <li>- Deliver ads to people likely to continue use</li> </ul>	<ul style="list-style-type: none"> <li>- Appeal in ads to sell</li> </ul>
<ul style="list-style-type: none"> <li>- Communicate to encourage continued use</li> <li>Ex. Manage expected value for benefits</li> <li>Carefully explain how to use</li> <li>Ask about needs upon application</li> <li>Provide information specific to needs</li> </ul>	<ul style="list-style-type: none"> <li>- Communicate to sell</li> </ul>
<ul style="list-style-type: none"> <li>- Provide services suited to individual needs and lifestyles</li> <li>- Eliminate reasons for potential cancellation</li> </ul>	<ul style="list-style-type: none"> <li>- Provide uniform services</li> </ul>
<ul style="list-style-type: none"> <li>- With chatbots, data can be gathered and analyzed on real-time basis</li> <li>- Personas can be created based on data</li> </ul>	<ul style="list-style-type: none"> <li>- Audio data is accumulated at call centers, which makes it difficult to analyze and use them</li> </ul>

# Unique features of our service – 3

## Achieve a positive cycle by using data and improving LTV



Improving LTV further allows you to **spend more on user acquisition.**



### Macbee Planet Group

### Competitors

- |   |   |   |
|---|---|---|
| <p>1 <b>Use data to improve LTV</b><br/>Increase LTV of users (consumers) by raising ability of Robee / Smash to improve LTV</p>                | ↔ | <p>Do not consider LTV after attracting users</p> |
| <p>2 <b>Increase cost per acquisition (CPA)</b><br/>Improve LTV to increase cost per action</p>   | ↔ | <p>Pressured by clients to reduce CPA</p>         |
| <p>3 <b>Increase the number of generated results</b><br/>Increase CPA to strengthen ads, thereby increasing the number of generated results</p> | ↔ | <p>Lower CPA reduces user visits</p>              |
| <p>4 <b>Increase sales while maintaining ROI</b><br/>Because LTV is high, ROI is also high even if CPA increases</p>                            | ↔ | <p>Increasing CPA lowers customers' ROI</p>       |



# Unique features of our service – 4

## Hybrid of AI x consulting



Combine AI with consulting to **generate results that exceeds AI.**  
**Achieve higher ROI** through performance-based compensation.

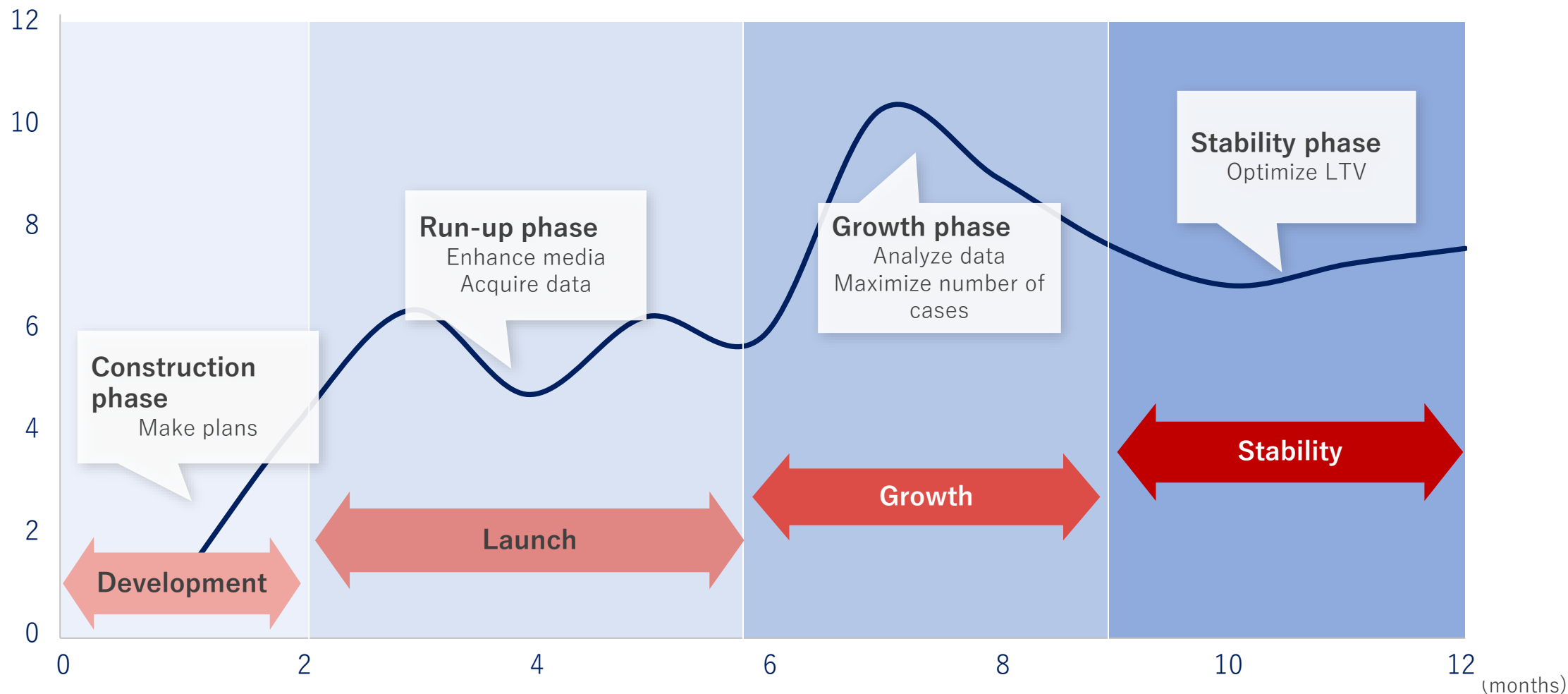


### Macbee Planet Group

### SaaS companies

Type of service	<p><b>Hybrid of AI x consulting</b></p> <p>Significant results can be generated through the expertise of consultants with detailed knowledge of products.</p>	<p><b>Platform provision</b></p> <p>Results are dependent on resources and literacy of marketing staff, so platforms are often not used effectively. Chronic shortages of digital talent.</p>
Fee structure	<p><b>Performance-based compensation</b></p> <p>Outstanding ROI as costs arise depending on results.</p>	<p><b>Monthly fixed amount</b></p> <p>Costs arise regardless of results, so ROI depends on marketing staff.</p>
Range	<p><b>User attraction to cancellation</b></p> <p>A broad range of troubleshooting measures enables comprehensive improvements.                      Ex. Changing quality of user attraction to improve CVR</p>	<p><b>Specified touchpoints</b></p> <p>Improvement measures are limited.</p>

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.

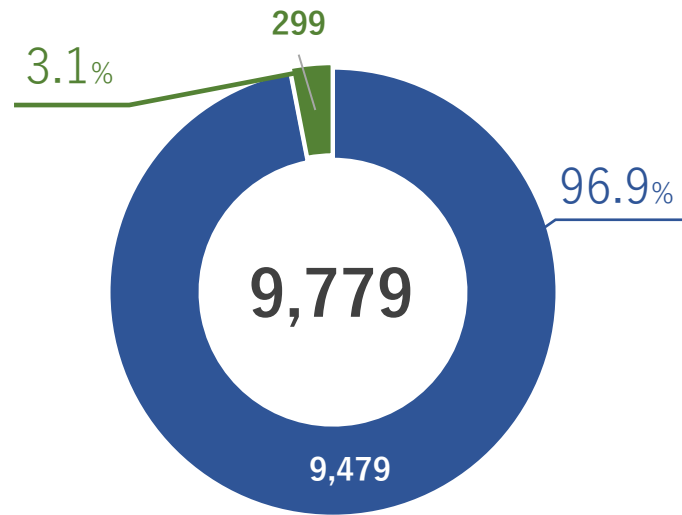
# Our Strategic Partners



## FY04/21 Results

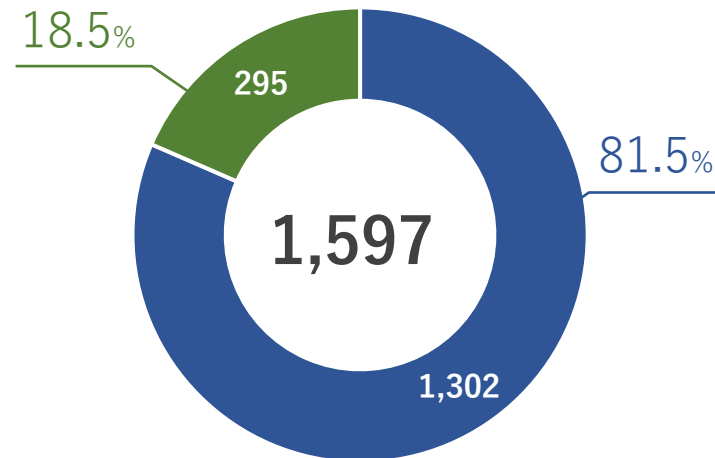
### Net Sales

(millions of yen)



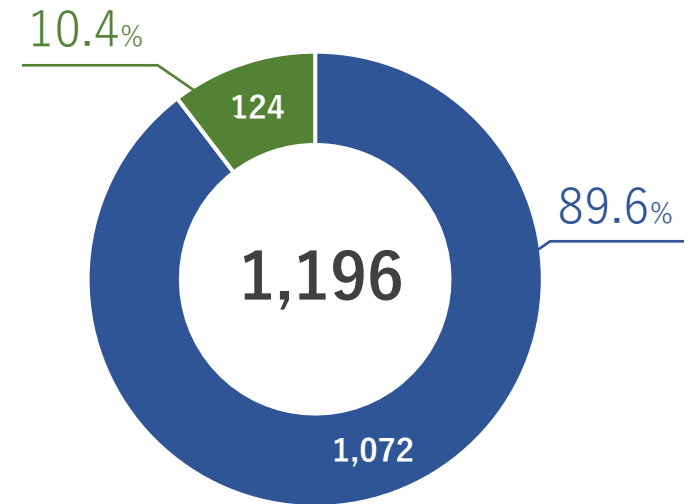
### Gross Profit



(millions of yen)



### Segment profits

(millions of yen)



-  Analytics Consulting business
-  Marketing Technology business

# 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
<b>Market scale and competitors</b>	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.
<b>Changes in market trends and client needs</b>	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.
<b>Dependence on specific clients</b>	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.
<b>Continued partnerships with media</b>	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.

Item	Main risks	Probability	Impact	Our response policies
<b>Emergence of new advertising methods</b>	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.
<b>Protection of personal information</b>	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.
<b>Legal restrictions</b>	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.
<b>Medium-term plans</b>	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.

This document contains forward-looking statements based on information available to the Company at the time it was prepared and involves risks and uncertainties. As such, these statements do not guarantee future business results or outcomes.

Actual results may differ materially from the forward-looking statements in this document due to changes in the business environment or other factors.

The above risks and uncertainties include, but are not limited to, factors such as economic conditions in Japan and overseas, and trends in the industries in which the Company operates.

The Company shall assume no obligation to update or revise any forward-looking statements contained in this document, even if new information or events occur in the future. The information contained herein, other than about the Company, is quoted from publicly available information, and the Company does not guarantee the accuracy or appropriateness of such information.