

Q1 FY04/24 Financial Results Presentation

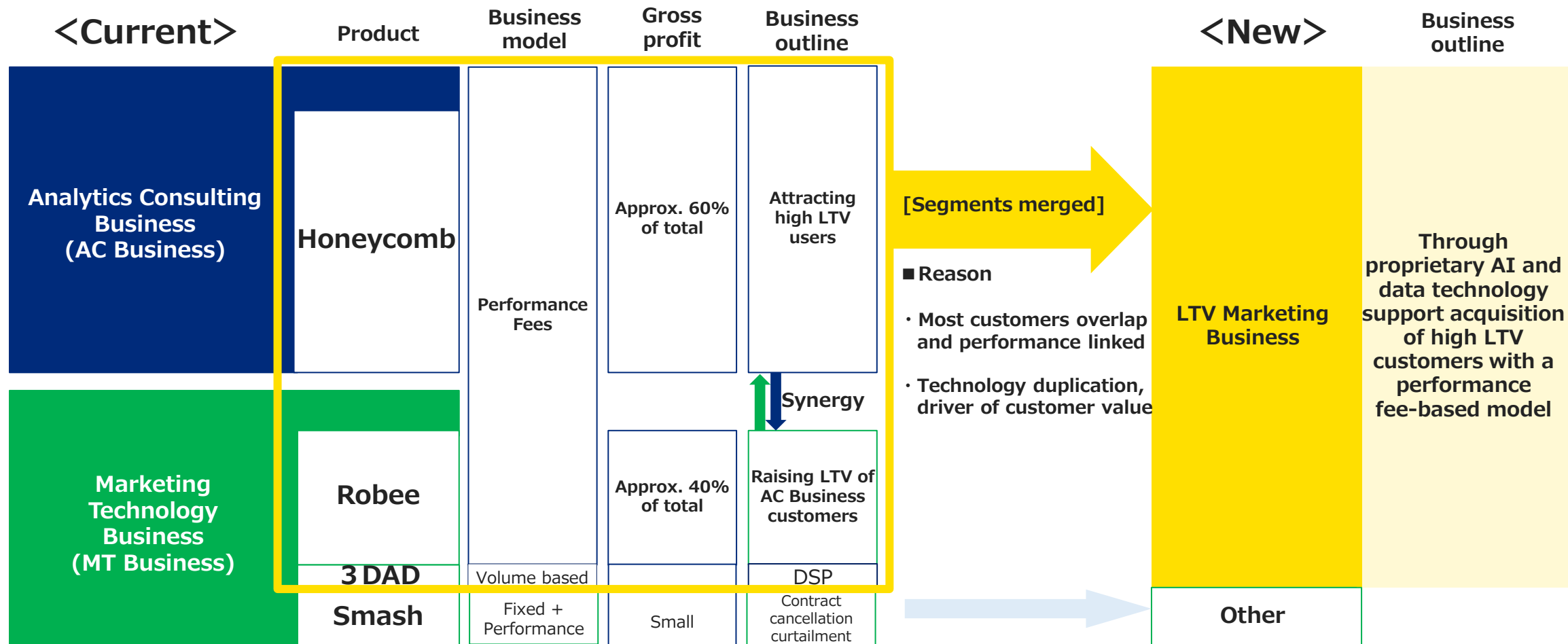
Sep 13, 2023

Macbee Planet, Inc.
(Stock code : 7095)



Segment revision

- The Company changed to a single segment to properly reflect the Group's business activities and operating environment. Integration of Robee, the AC business, and 3DAD (Alpha).



FY04/2024 Q1 results summary



- Organic growth and the consolidation of Net Marketing led to a doubling of sales growth from the previous year. Despite higher goodwill amortization due to the Net Marketing acquisition, there were also synergies which contributed to **2.2x operating profit growth**.

			(Units: ¥mn)	Net Marketing consolidated from FY4/24. PMI progressing well leading to strong business growth.
Sales				▶ Sales +103% YoY
FY4/23 Q1	FY4/24 Q1	Change		<ul style="list-style-type: none"> Solid acquisition of new customers in addition to growth of existing customers (Also sales growth due to bricks & mortar peak season seasonality) Consolidation of Net Marketing, joined group in March 2023
4,521	9,169	+103%		
EBITDA				▶ EBITDA +125% YoY
FY4/23 Q1	FY4/24 Q1	Change		<ul style="list-style-type: none"> Alpha goodwill amortization ¥41mn/qtr Net Marketing goodwill amortization ¥64mn/qtr
497	1,121	+125%		
Operating profit				▶ Operating profit +123% YoY
				<ul style="list-style-type: none"> Business growth driven profit increase
449	1,004	+123%		
OPM				▶ Operating profit margin +1.1pt
				<ul style="list-style-type: none"> Gross profit margin improvement (20.3% → 21.3%)
9.9%	11.0%	+1.1pt		

FY04/2024 Q1 overview



- Macbee Planet and Net Marketing both performed well. We continue to improve our organization and promote initiatives for further growth.



Item	FY04/24 Q1 Overview	
New customers		<ul style="list-style-type: none"> • New customers acquired in previous FY contributed to earnings growth • Working on Net Marketing collaboration initiatives
Existing customers	Wellness	<ul style="list-style-type: none"> • Grew on peak season (seasonal) demand (Sales expected to decline in Q2)
	Finance	<ul style="list-style-type: none"> • Growth in customers other than major securities firms
	Other	<ul style="list-style-type: none"> • Apps and games grew • Professions declined due to smaller budgets
PMI approach		<ul style="list-style-type: none"> • Strengthening cooperation between Net Marketing and Macbee Planet through mutual dispatch of executives. CTO-led PMI initiatives in development area.
PMI results	Motivation	<ul style="list-style-type: none"> • Focus on employees with passion for advertising. • Intra-group competition with Macbee Planet also a positive stimulus
	Sales	<ul style="list-style-type: none"> • Clients in medical field solid, growth resuming
	GPM	<ul style="list-style-type: none"> • GPM improving due to synergies from sharing of data acquisition technology

Summary of management status

Status

FY4/24 earnings






- Overall the company performed well, far exceeding plan.
 - Synergies with Net Marketing already being realised, exceeding expectations in earnings forecast. Expect further positive response.
 - Q1 supported by seasonal demand, Q2 sales and profits expected to decline QoQ.
-

Advertising market*

- The overall growth rate of the advertising is slowing, but it is still growing. We continue to benefit from market expansion due to the superiority our LTV marketing.
 - Ad efficiency has declined due to cookie restrictions, stricter ad screening standards for ad platforms and lower accuracy of attribute targeting, but the impact was limited due to our use of proprietary data acquisition technology.
 - Ad placement indicators such as purchase lift (actual number of purchases), and ROAS (sales per ad spend) remain high and this is a tailwind for us as we focus on high quality customers with a performance based fee model.
 - The advertising market is expected to turn up through the second half of 2023.
-

Initiatives for this FY

- Continue to prioritize PMI with Net Marketing, improve earnings.
 - Accelerate consideration of M&A in related areas.
 - Develop new services and functions to meet market needs.
-

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Company overview / history



Company Overview

Company name	Macbee Planet, Inc. (7095-JP)
Establishment date	August 25, 2015
Capital	2,631 million yen (as of end-July 2023)
Business description	Provision of data-driven marketing analytics services
Head office location	3-11-11 Shibuya, Shibuya-ku, Tokyo
No. of employees	143 (as of end-July 2023)

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
Mar. 2023	Made Net Marketing, Inc. a wholly owned subsidiary

1

Vast market opportunities for LTV marketing

Shift to a market beneficial for both advertisers and consumers by optimizing marketing based on LTV

2

Very strong growth from a business with high recurring revenues and rising sales per customer

High retention rates, not only rising customer numbers, sales per customer also increasing as data accumulates

3

AI and technology driving high margins

Maximizing advertiser ROI (ad cost effectiveness) by applying DX to advertising and marketing

4

Strong competitive edge through proprietary data acquisition technology

Expect continued high growth due to technology that is less susceptible to cookie regulations

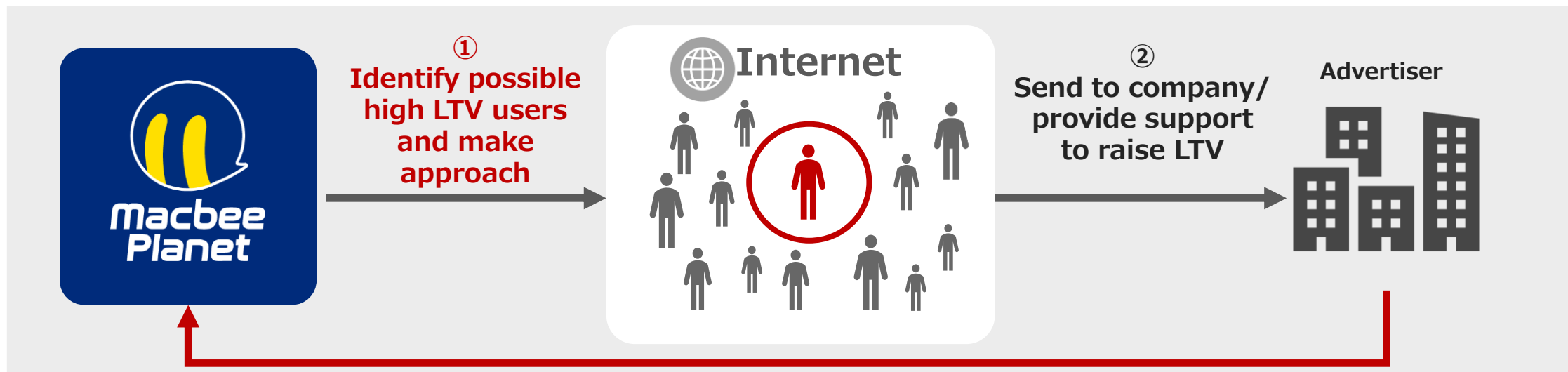
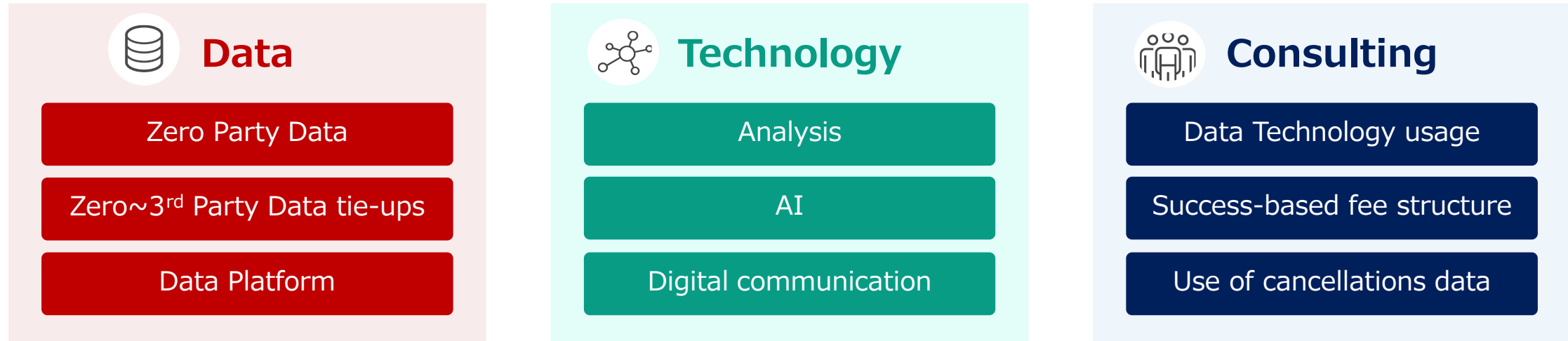
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Further acceleration of growth through strategic investment

To drive the market as the market leader, we will carry out M&A that produce synergies to achieve disruptive growth

Business overview: What is LTV marketing

■ Digital marketing that utilizes data to maximize user expenditure and duration.

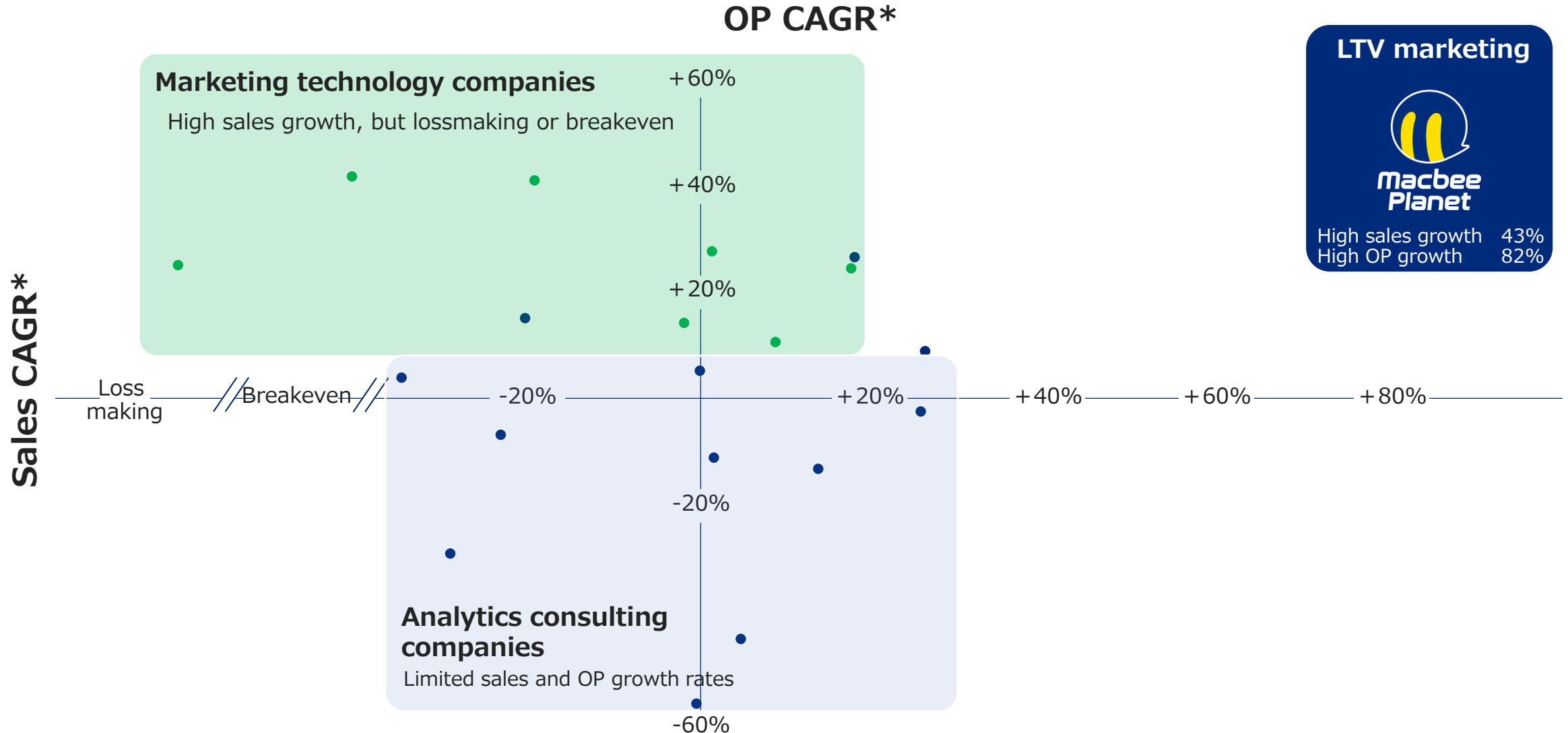


③ Fees received on a success basis

Driven by technology, high growth vs rivals



■ We have achieved far higher sales and OP growth compared to ad agencies and marketing technology firms.



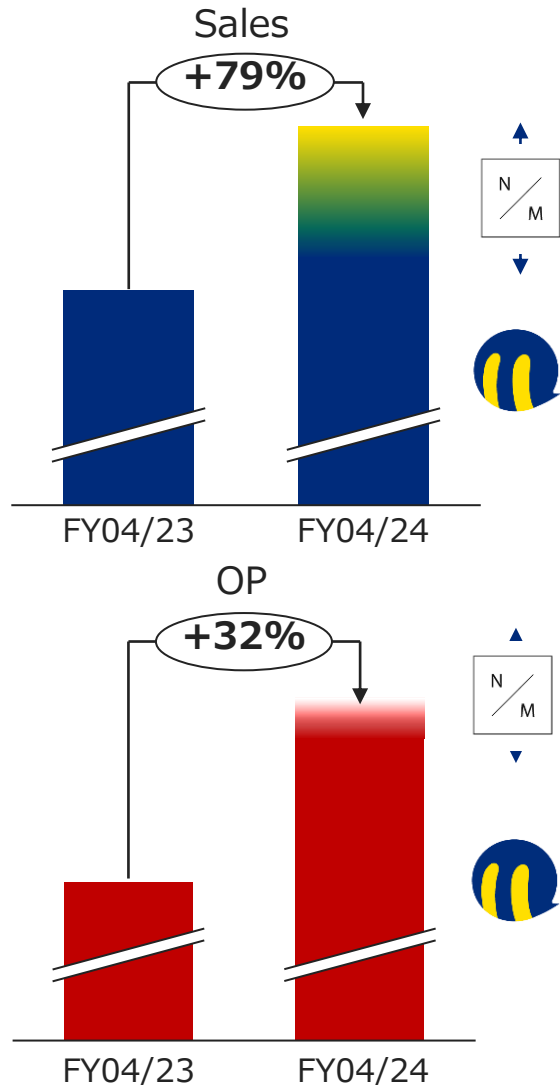
* 3-year CAGR of 19 TSE listed companies. As of July 2023

* Our CAGR for the period April 2019 to April 2023

FY04/24 forecasts

FY04/24 forecasts

■ **Expect OP growth 30% higher than medium-term plan** thanks to organic growth and consolidation of newly-acquired Net Marketing. Based on the results of the PMI, the next MTP will be disclosed in the next fiscal year.



(JPY mn)	FY04/23 results	MTP (Dec 2021)	FY04/24 target	assumptions
Sales	19,589	22,000	35,000	● Soft ad market, but tailwinds for LTV marketing from capture of high-quality users via pay-for-performance model
(YoY)	+36%	+12%	+79%	
OP	2,162	2,200	2,850	
(OPM)	11.0%	10.0%	8.1%	● Organic growth at parent, consolidation of Net Marketing & value expansion from supplying technology
(YoY)	+75%	+2%	32%	
RP	2,108	-	2,800	● Margins to temporarily dip, but GPM & OPM expected to improve longer-term. Aim to improve internet marketing ad efficiency with more data (may update forecasts)
NP attributable to parent owner	1,567*	-	1,800	
(YoY)	+106%	-	+15%	

*Extraordinary profit includes ¥244mn in sales of Net Marketing shares


Profit contribution from Net Marketing



- MT business demonstrated that Macbee Planet technology can improve Net Marketing processes. Earnings contributions expected as data accumulates, but the plan is based on numbers with a high degree of certainty.

OP contribution

Data acquisition technology has confirmed increased results. Promoting further utilization and customer adoption

 Growth in Robee, other solutions

Expect earnings contribution from 2H via improved ad effectiveness through accumulation of data

OP growth from data accumulation

New OP generated by providing solutions from MT business

OP from organic growth in the ad business
(mostly offset by goodwill : 260mn/year)

1Q FY04/24

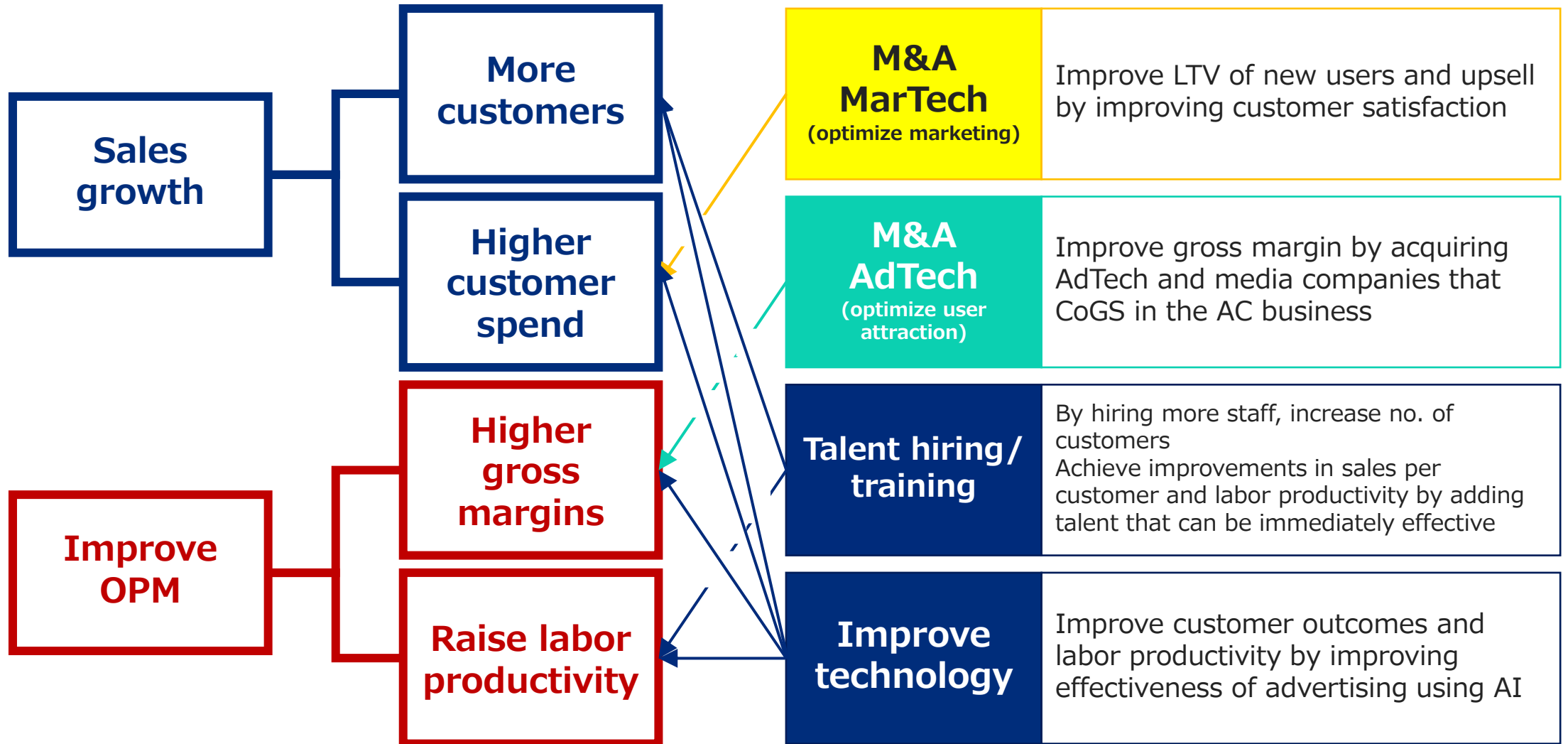
2Q FY04/24

3Q FY04/24

4Q FY04/24

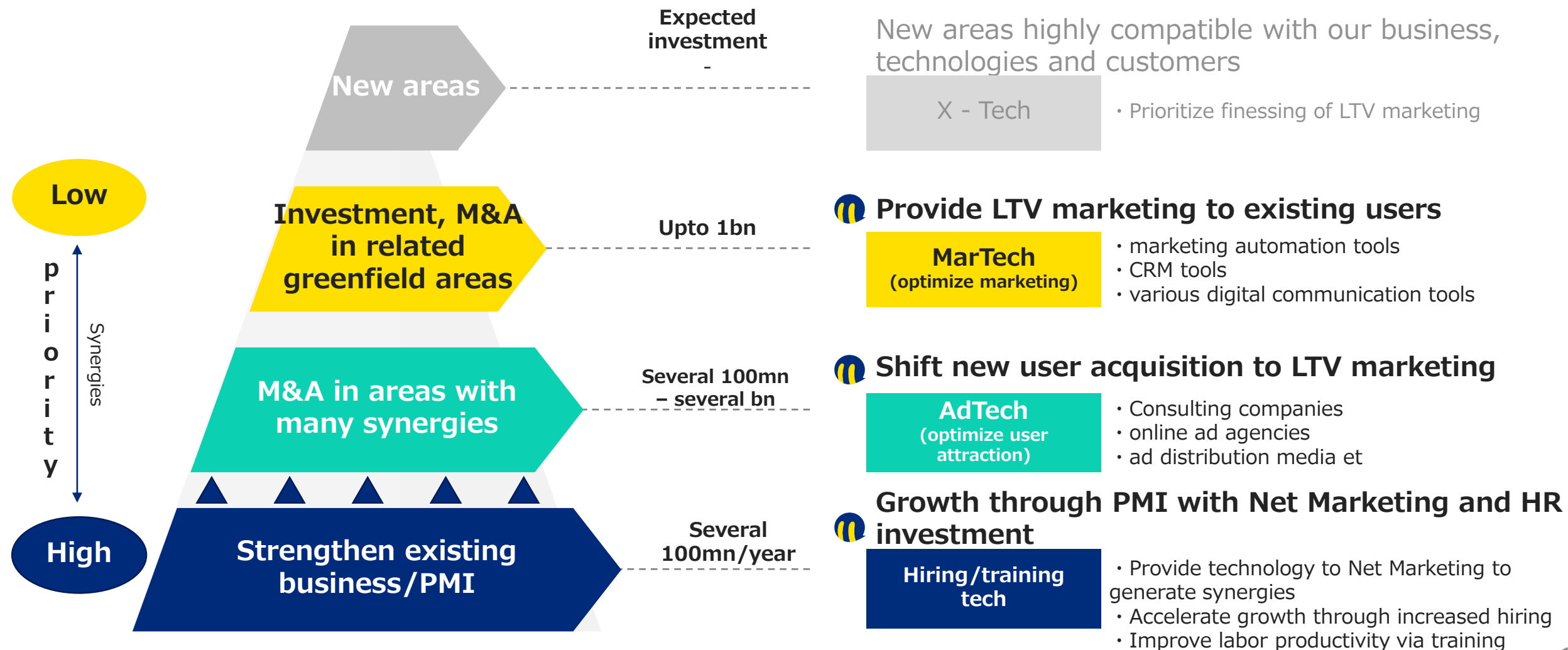
④ Future investment and M&A strategy, KPIs

- Aim to raise OPM and achieve sales growth through investment in talent and technology.



4 Future investment, M&A strategy

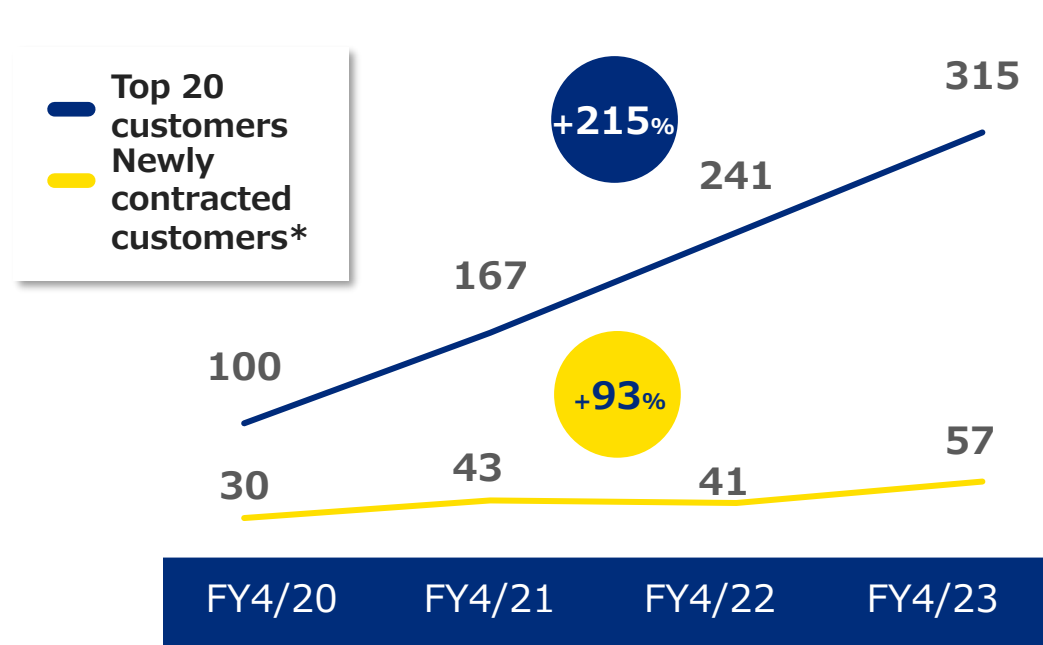
- Top priority on investment in talent and PMI. At the same time, continue to prioritize expansion of areas where we can leverage our existing edge, we will consider investment in nearby areas and new businesses.



Productivity enhancement

- Progress with in-house technology has improved labor productivity, with both unit price per customer and gross profit per consultant increasing year by year. The unit price of newly acquired clients is also increasing, building a customer base for mid- to long-term growth.

Annual revenue per customer

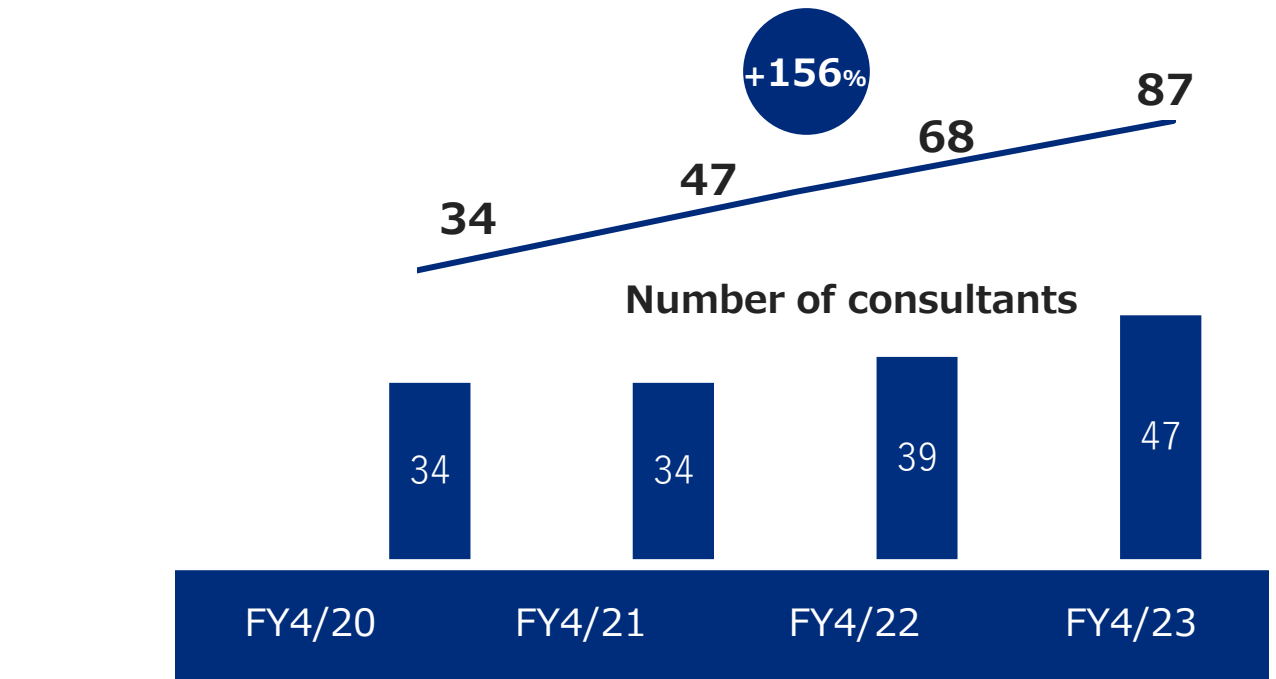


Top 20 annual unit price	100	167	241	315
Top 20 share	c.70%	c.80%	c.80%	c.70%
Newly contracted annual unit price	30	43	41	57

*Unit price is based on the unit price of existing customers for FY4/20 as 100

*New: Annual sales in FY following FY in which contracted

GP per person (¥mn)

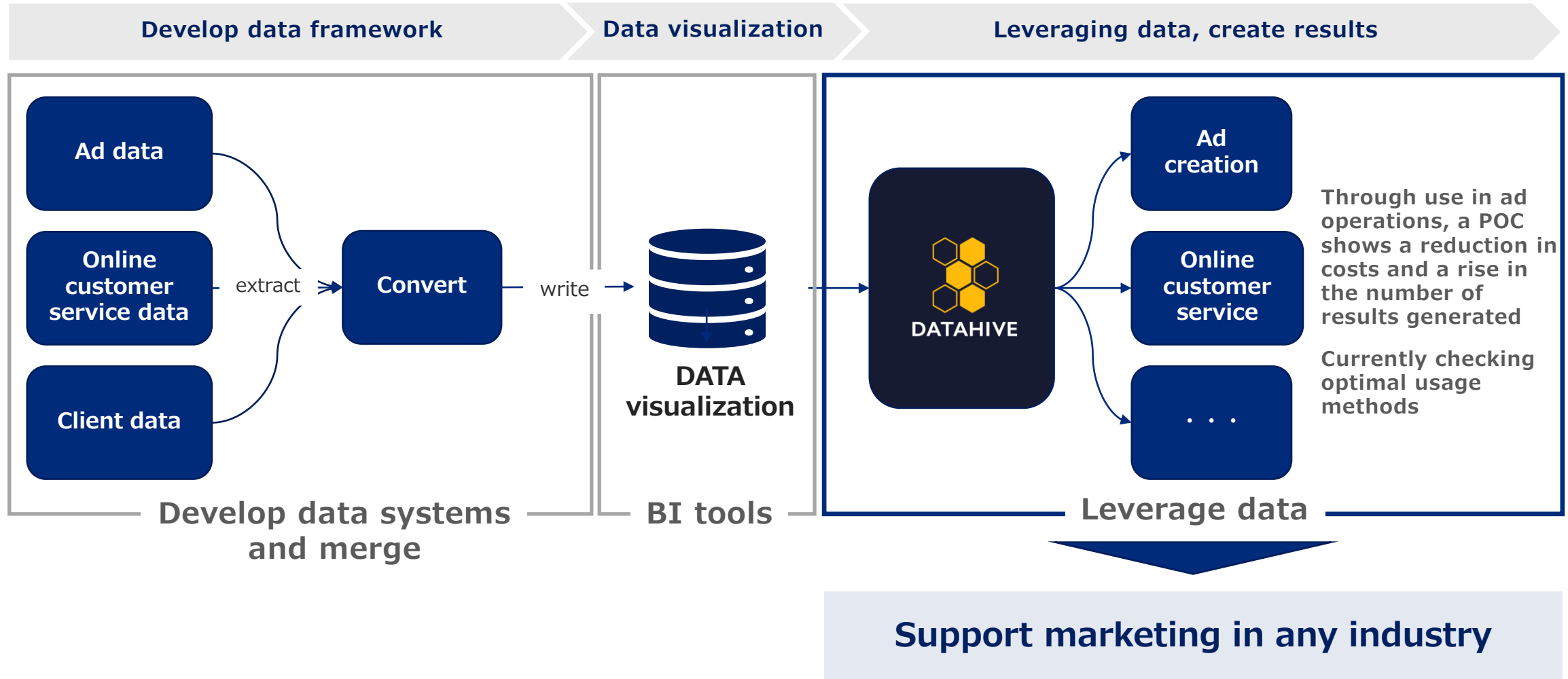


	FY4/20	FY4/21	FY4/22	FY4/23
Front office full-time employees	34	34	39	47*
Gross profit	1,173	1,597	2,649	4,067
GP per person	34	47	68	87

* Macbee Planet only

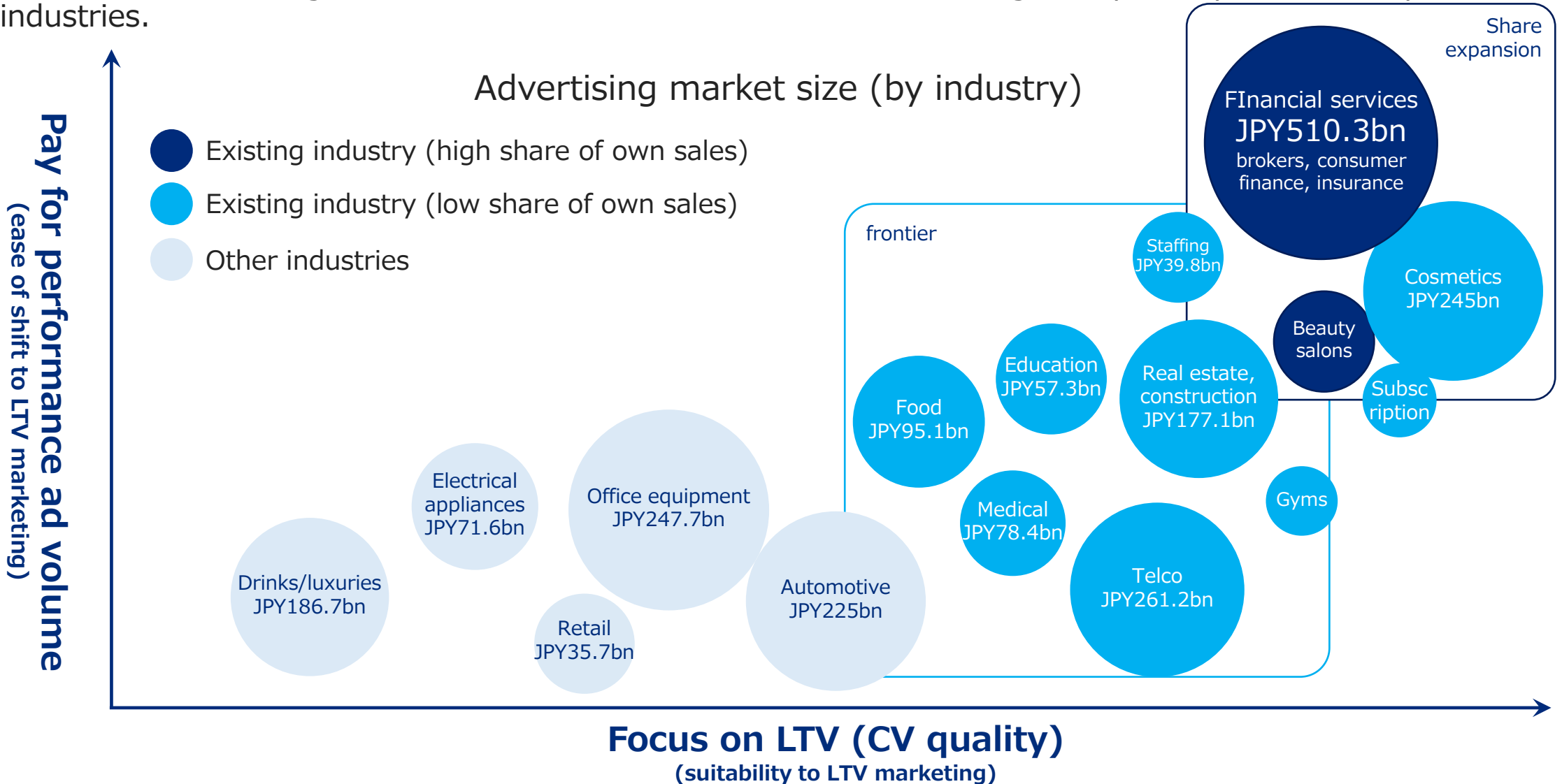
2 Progress: Build a technology framework applicable to any industry

- By using DATAHIVE (still under development), we have built a system that can support marketing in various industries through data infrastructure construction, visualization and utilization.



③ Progress: Create a customer portfolio less dependent on specific clients

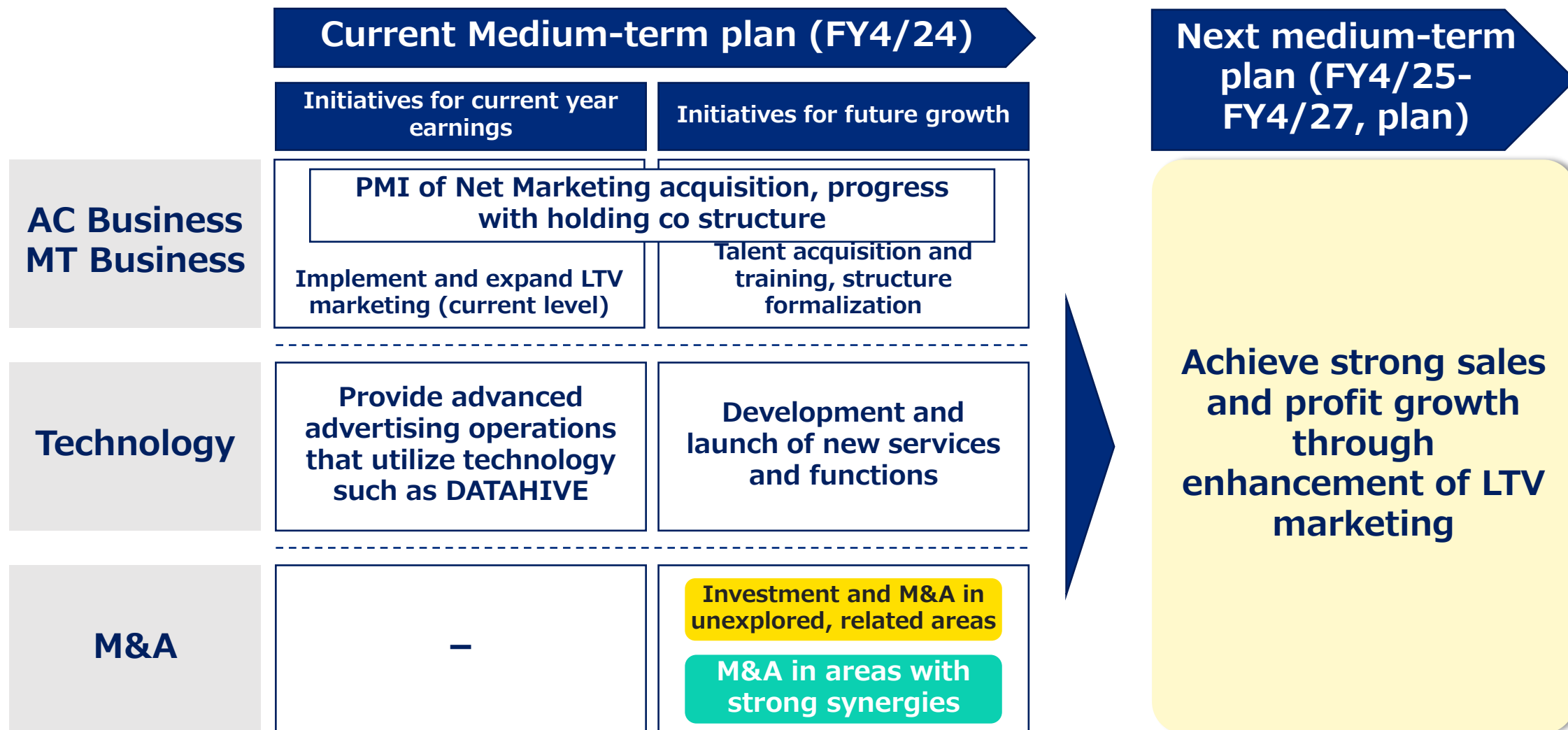
■ Market size of existing wellness and financial services industries is large, ample scope for development in other industries.



* Market sizes and classifications are from Dentsu's 'Advertising expenditures in Japan' (2022)

Initiatives in the current financial year

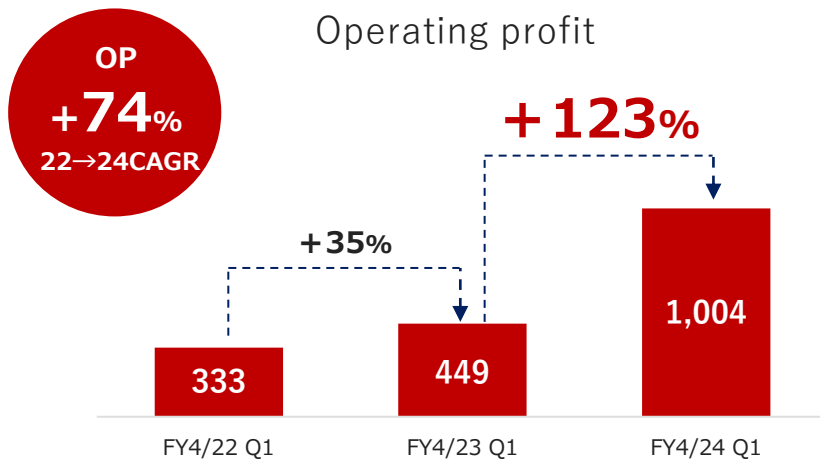
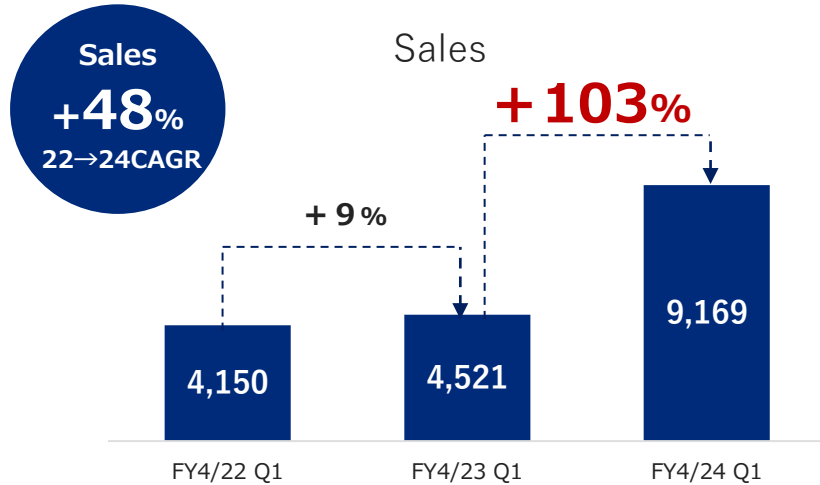
- We prepare for continuous high growth during the next medium-term plan by working on initiatives for future growth in parallel with initiatives that will contribute to business performance in the current fiscal year.



Q1 FY04/24 results

FY04/2024 Q1 results summary

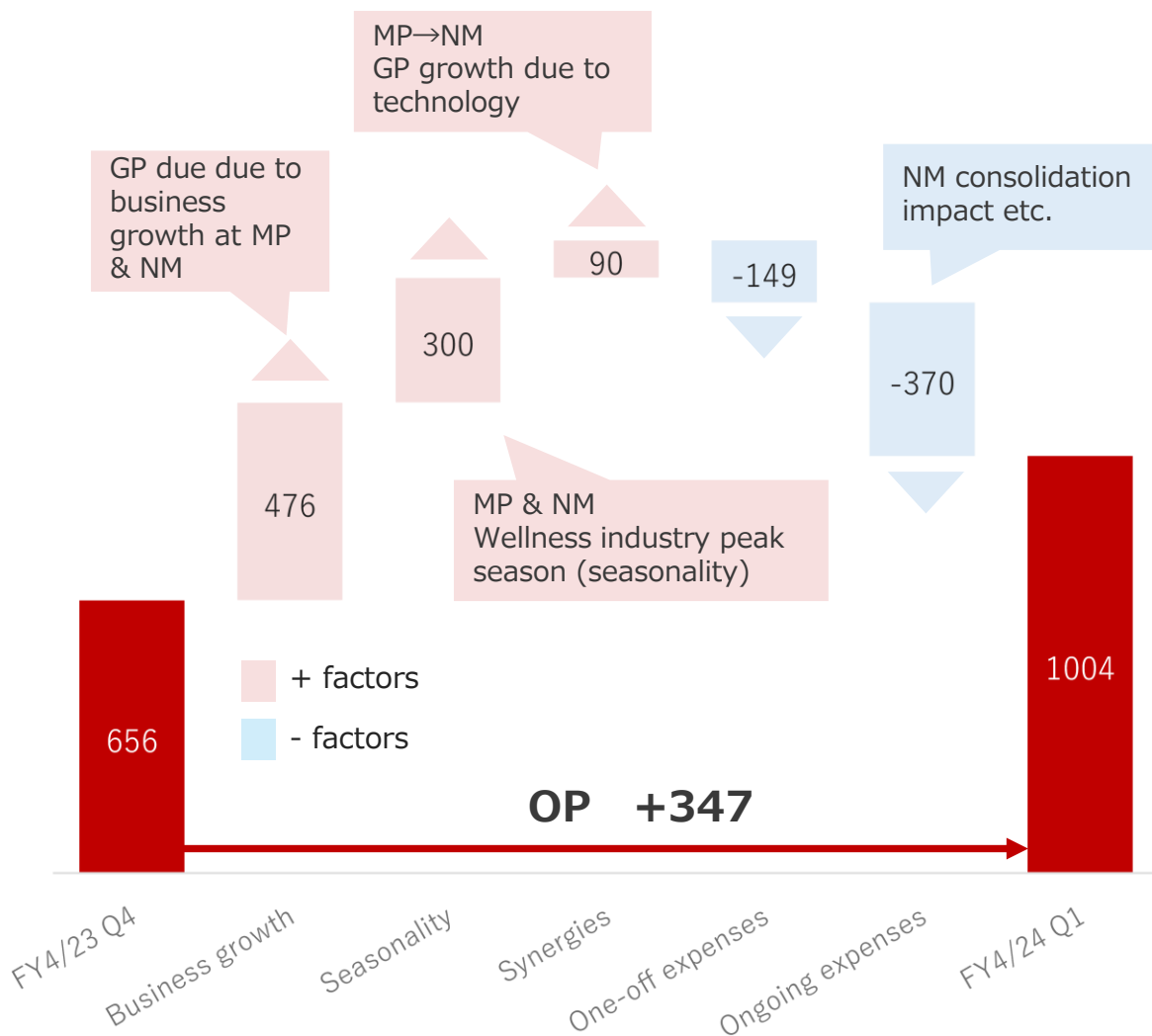
- FY4/24 OPM is expected to decline YoY due to M&A impact (goodwill, etc.), but thanks to productivity gains from peak season customers, **Q1 OP was 35% of FY3/24 plan, and Q1 OPM was above the FY plan.**



(¥mn)	FY4/24 plan	Q1 vs FY plan	FY4/24 Q1 result	FY4/23 Q1 result	(Ref) 22→23 YoY	23→24 YoY
Sales	35,000	26%	9,169	4,521	+9%	+103%
EBITDA	-	-	1,121	497	+47%	+125%
OP	2,850	35%	1,004	449	+35%	+123%
OPM	8.1%	-	11.0%	9.9%	+1.9pt	+1.1pt

OP variance analysis (QoQ)

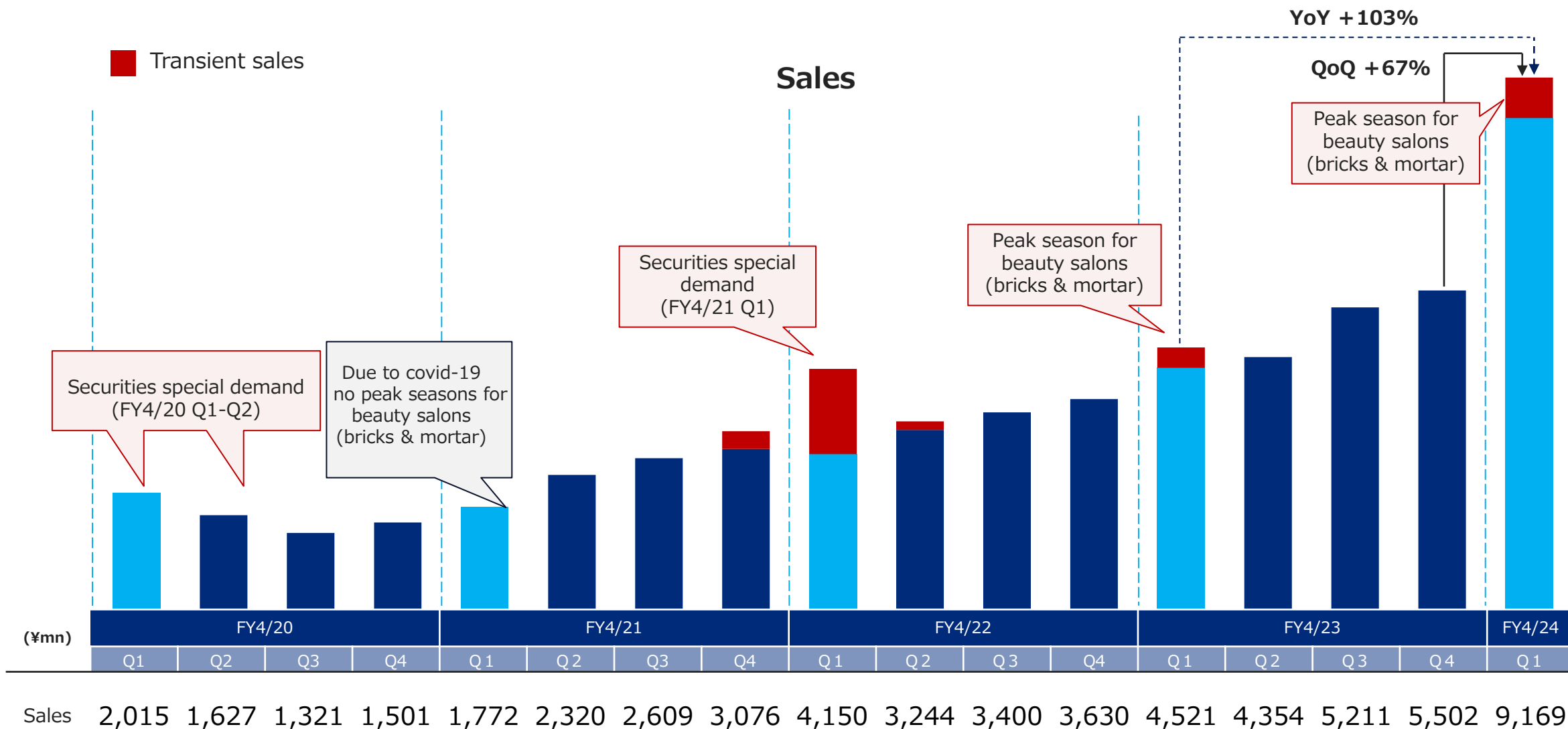
- Q1 sales and profits grew strongly QoQ due to bricks and mortar peak season, as well as business growth and synergies between Macbee Planet (MP) and Net Marketing (NM).
- Q2 sales and profits expected to decline QoQ, as peak season growth reverses.



(Units: ¥mn)

	FY4/24 Q1 results	FY4/23 Q4 result	QoQ	QoQ
Sales	9,169	5,502	+3,667	+67%
GP	1,950	1,084	+866	+80%
Transient GP	c. 300	-	+300	-
SG&A	946	427	+518	+119%
One-off expenses	114	-35	+149	-
Ongoing expenses	832	462	+370	+80%
OP	1,004	656	+347	+53%
OPM	11.0%	11.9%	-0.8pt	-

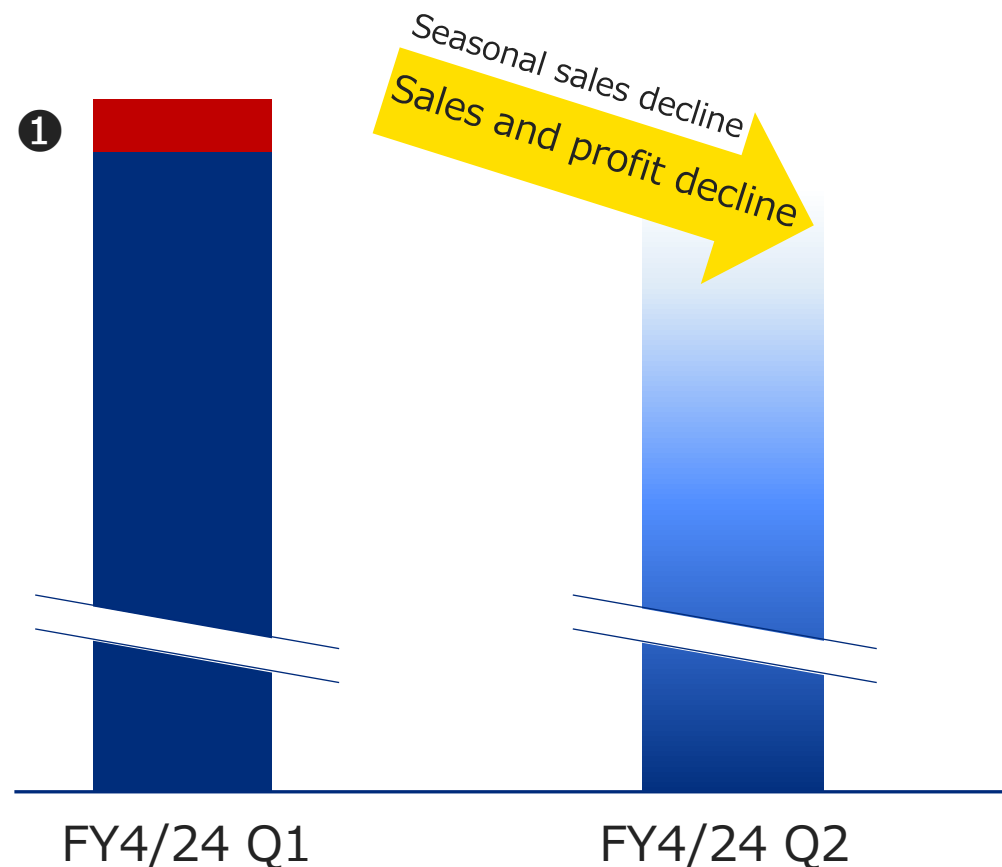
Quarterly sales trends



※Switched to consolidated financials from FY4/21, FY4/20 was non-consolidated.

Image of Q2 results

- Q2 sales and profits expected to decline QoQ on Q1 seasonality.
Sales expected to grow into H2 on Net Marketing synergies and new customer acquisition.



Sales	Flat to down from Q1
Growth potential	New customer acquisition is good, and may be able to cover ① impact
Negative factor	①Q2 sales to contract QoQ from Q1 bricks and mortar seasonal boost.
OP	Down from Q1
Growth potential	Net Marketing synergies may grow sales, but expected from Q3.
Negative factor	GPM of new customers tends to be low, so new sales is not expected to be enough to cover ①

Others

8th anniversary commemorative dividend



- Commemorating the “8th” anniversary of our founding, which we value as a numerical expression of our identity and philosophy ,we intend to pay a commemorative dividend*1.

We had previously commented that “We will begin to consider dividends three years after listing”, and have decided to pay a dividend to commemorate the 8th anniversary of our founding.



Macbee (“Bee” that spreads happiness: 8)*2

Basic Policy on Shareholder Returns

- We believe that business expansion will lead to enhanced corporate value for shareholders, and our policy is to increase internal reserves.
- We will consider profit distribution in line with business results, while balancing with internal reserves.
- Policy for FY4/24 ordinary dividends will be decided upon consideration of future business performance and the business environment.

	Projection	Most recent dividend forecast (June 13, 2023)
Record date	October 31, 2023	-
Dividends per share	<p>¥56</p> <p>(Ordinary ¥0) (Commemorative ¥56)</p>	-
Total amount of dividends	¥200,371,808	-
Effective date	Mid-December, 2023	-
Dividend source	Retained earnings	-

Note: *1 In Japanese both “bee” and “8” are pronounced *hachi*.

*2 “Macbee (“Bee” that spreads happiness: 8)” is a play on words in Japanese, “Bee” that spreads is also pronounced “Maku-bee=Macbee”

appendix

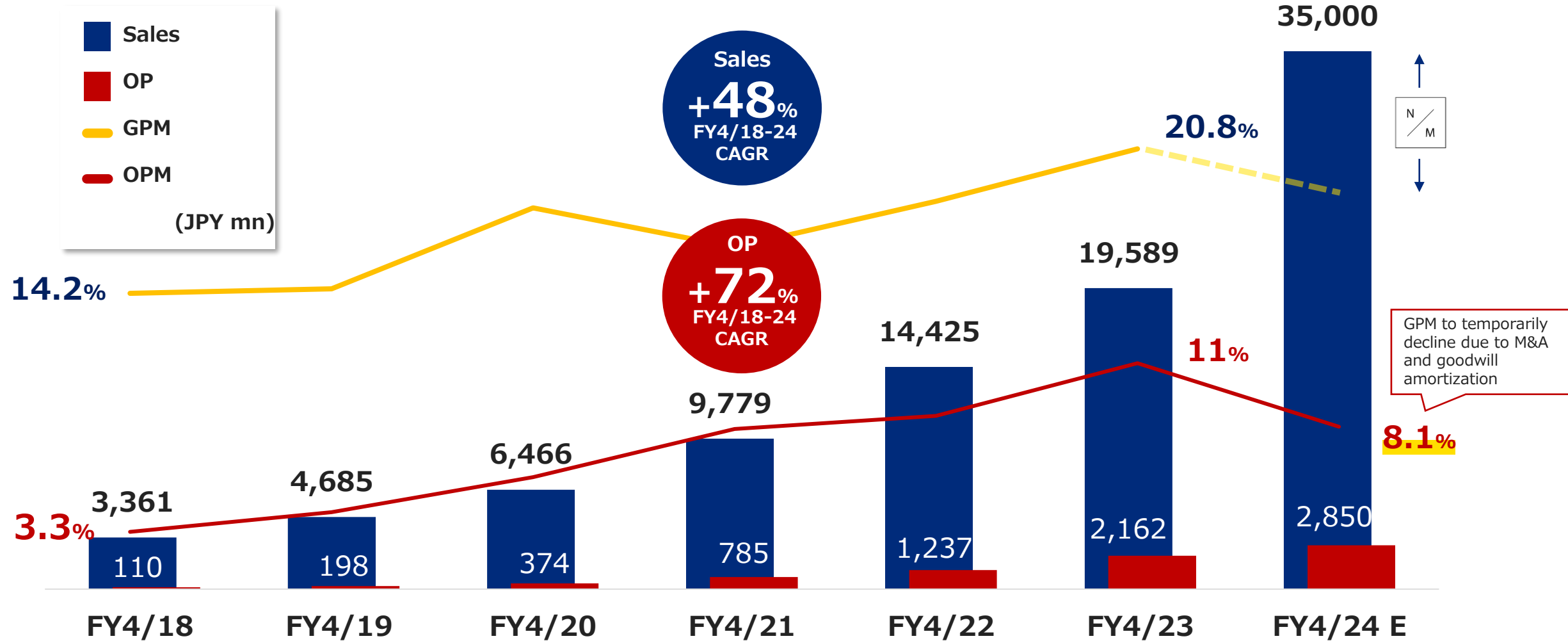
- Business Performance
- Business environment
- Business description



Business Performance

Earnings

- Sales & OP to increase following acquisition of Net Marketing. Due to differences in margins and goodwill amortization, GPM, OPM expected to temporarily decline, but should improve over the longer term.



Quarterly earnings trends

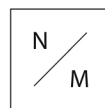


(Units: ¥mn)	FY4/21				FY4/22				FY4/23				FY4/24
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	1,772	2,320	2,609	3,076	4,150	3,244	3,400	3,630	4,521	4,354	5,211	5,502	9,169
(YoY)	-12.1%	+42.6%	+97.5%	+104.9%	+134.2%	+39.8%	+30.3%	+18.0%	+8.9%	+34.2%	+53.3%	+51.6%	+102.8%
Gross profit	305	373	404	513	575	664	652	757	915	893	1,173	1,084	1,950
(GPM)	17.2%	16.1%	15.5%	16.7%	13.9%	20.5%	19.2%	20.9%	20.3%	20.5%	22.5%	19.7%	21.3%
(YoY)	-11.0%	+26.1%	+54.4%	+89.2%	+88.4%	+77.7%	+61.2%	+47.5%	+59.2%	+34.5%	+79.9%	+43.1%	113.0%
SG&A	168	175	206	261	241	359	399	411	466	421	589	427	946
Personnel	109	108	115	95	118	131	155	160	173	175	195	178	312
Advertising	6	9	14	9	12	3	7	4	2	4	13	7	2
Recruiting & education	9	11	8	18	5	11	13	21	13	24	15	8	41
R&D	-	-	-	-	9	5	3	3	3	3	1	1	18
Depreciation	2	3	3	4	4	5	7	9	6	9	8	8	10
Goodwill amortization, M&A related	-	-	-	-	-	85	41	41	41	41	71	41	106
System outsourcing	4	10	9	7	9	12	9	8	5	4	3	4	5
Other	35	32	54	126	81	104	160	162	220	157	279	180	448
Operating profit	137	198	197	252	333	304	253	346	449	472	584	656	1,004
(OPM)	7.7%	8.6%	7.6%	8.2%	8.0%	9.4%	7.4%	9.5%	9.9%	10.8%	11.2%	11.9%	11.0%
(YoY)	-35.0%	+72.6%	+177.4%	-	+143.4%	53.5%	+27.8%	+37.4%	+34.8%	+54.9%	+130.8%	+90.0%	+123.6%

※Introduced consolidated financial statements from end of FY4/21, FY4/21 Q3 and earlier are non-consolidated.

Industry segmentation

■ Revised industry segmentation following consolidation of Net Marketing



NET
MARKETING
CO. LTD.



NET
MARKETING
CO. LTD.

Finance	
Banks	Card loan Credit card
Securities	Securities Forex
Other financial	Insurance
Wellness	
Bricks & mortar	Beauty salons Gyms
Cosmetics EC	Cosmetics online sales
Health food EC	Health food online sales
Others	
Recruitment media & training	
Professions Apps & games Communications, etc.	



Finance	
Banks	Housing loans
Forex	Forex Cryptocurrency
Other financial	Insurance
Wellness	
Bricks & mortar	Beauty salons Gyms
Medical	Online examination Medical hair removal & treatment
Health food EC	Health food online sales
Others	
Human talent Recruitment media Job change service	
Apps & games Real estate & automotive	



Finance	
Merge Consumer finance	Card loan Credit card Housing loans
Merge Investment	Securities & forex Cryptocurrency
Wellness	
Bricks & mortar	Beauty salons Gyms
New Medical	Online examination Medical hair removal & treatment
Merge EC	Cosmetics online sales Health foods online sales
Human talent	
New Human talent	Recruitment media Job change & training services
Others	
Insurance, professions, apps, real estate, automotive, games, communications, etc.	

Sales trends by industry

(Units: ¥mn)	FY4/23								FY4/24	
	Q1		Q2		Q3		Q4		Q1	
	Sales	Weight	Sales	Weight	Sales	Weight	Sales	Weight	Sales	Weight
ALL	4,517	-	4,357	-	5,211	-	5,502	-	9,169	-
Finance	2,110	47%	2,107	48%	2,584	50%	3,132	57%	3,567	39%
Consumer finance	697	15%	739	16%	891	17%	1,114	20%	1,350	15%
Investment	1,413	31%	1,368	31%	1,693	32%	2,018	37%	2,217	24%
Wellness	1,443	32%	1,530	35%	1,609	31%	1,205	22%	3,539	39%
Bricks & mortar	1,145	25%	1,281	29%	1,429	27%	1,035	19%	1,825	20%
Medical	3	0%	2	0%	1	0%	1	0%	1,395	15%
EC	294	7%	246	5%	177	3%	166	3%	318	4%
Human talent	91	2%	90	2%	136	3%	260	5%	873	10%
Others	870	19%	629	14%	881	17%	903	16%	1,189	13%

Balance sheet

(Units: ¥mn)	FY4/23 *	FY4/24 Q1	Change (amount)
Assets	17,519	18,586	+1,066
Current assets	13,877	15,062	+1,185
(Cash & deposits)	(9,663)	(9,930)	+267
Non-current assets	3,642	3,523	-118
Liabilities	9,352	9,139	-213
Current liabilities	7,409	7,305	-103
Non-current liabilities	1,942	1,833	-108
Net assets	8,167	9,446	+1,278
Shareholders' equity	8,097	9,375	+1,278

Current ratio

206%

Equity ratio

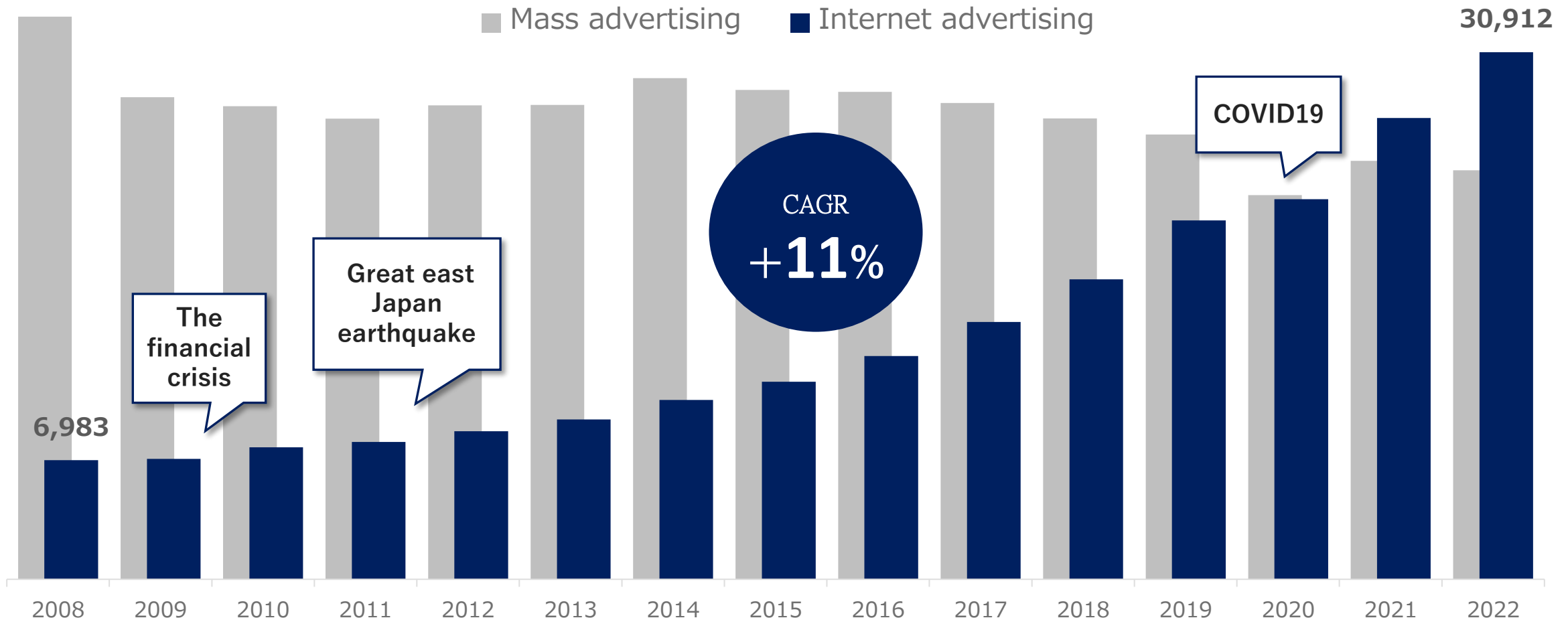
50.4%

* Includes the effect of consolidating Net Marketing, as well as debt and capital increases.

Business environment

Target market: Internet advertising market

- Digital shift of advertising budgets continues, as a result, Internet advertising surpassed Mass advertising and became a ¥3trillion market. Internet advertising has continued to grow at double-digit rates despite the recession, and is expected to continue to achieve strong growth in the future.



Source: Dentsu, Advertising Expenditures in Japan, 2008-2022

Challenges in the Internet Advertising Industry

- Digital advertising budgets have been squandered on targets that will never become customers. Cookie regulations are expected to further reduce accuracy and worsen cost-effectiveness.

Nearly 40% of digital ad budgets are wasted on the wrong audiences, leaving significant room for ROI improvement

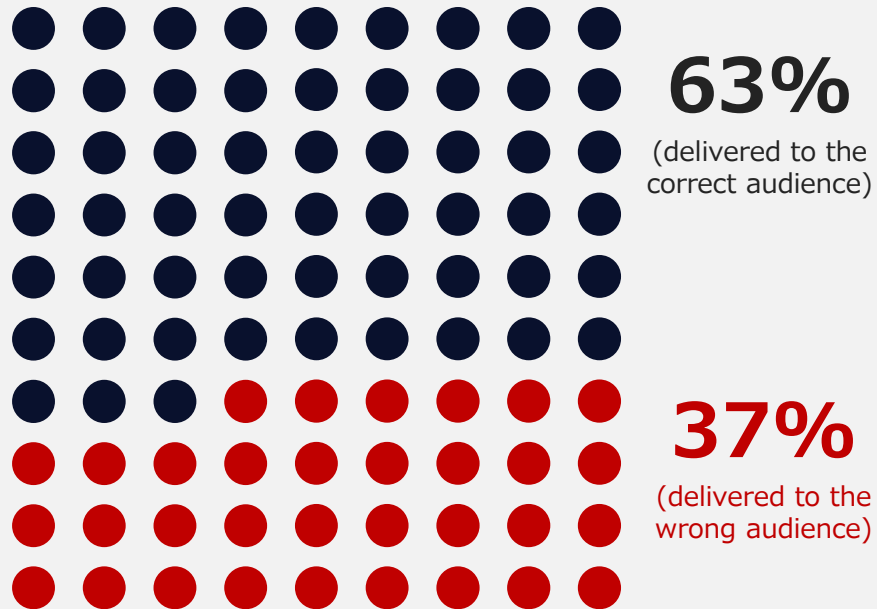
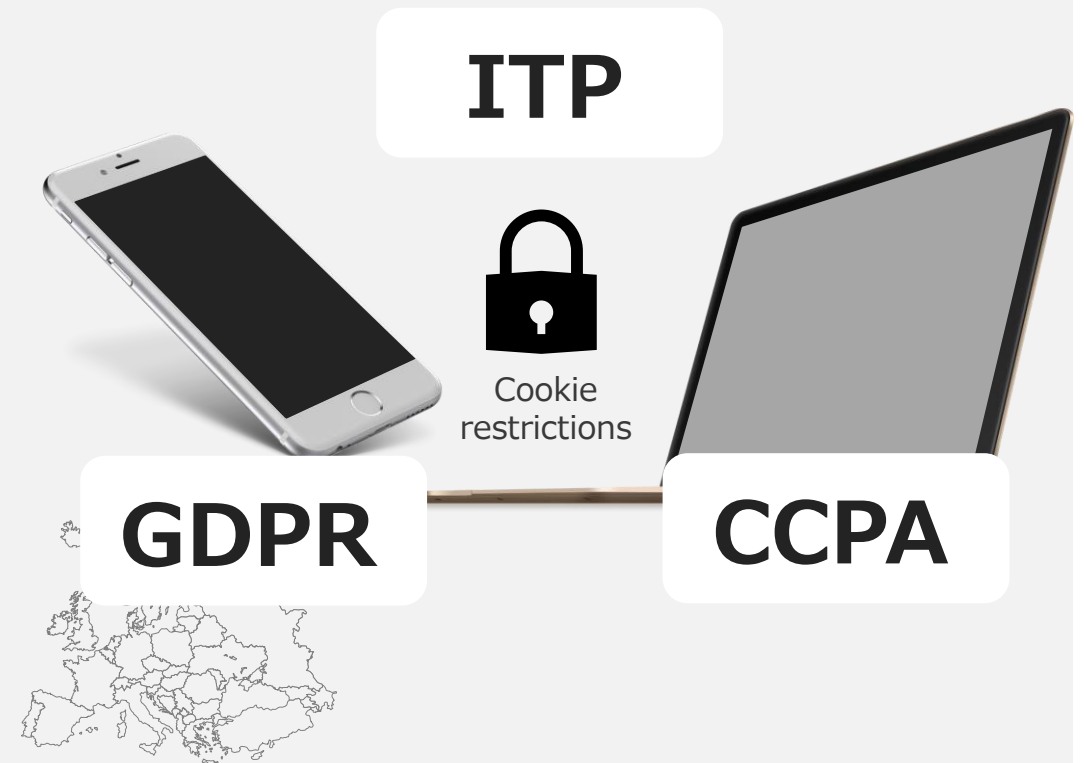


Exhibit: Nielsen Digital Ad Ratings, U.S. Benchmarks Report - Q2 2019-Q1 2020

GDPR, CCPA, and Other Privacy Regulations Advance. Cookie-based targeting becomes even more difficult.



What we want to achieve:

Transformation of the Internet advertising industry



- As the market leader in LTV marketing, we have solved the problems of the Internet advertising industry, Converting the ¥3 trillion Internet advertising market to LTV marketing.

Client Needs: To increase LTV and optimize marketing ROI

Current Internet Advertising Issues

3 trillion yen market

results

Advertising costs do not always translate into sales.

Cost: Charging system based on ad serving and number of clicks

KPI: Number of prospects User acquisition cost

Data

Cookie restrictions reduce data accuracy

Due to decreased targeting accuracy of ads
Acquisition costs soared and ROI declined

skill

Advertising management skills are in the genus

Results vary depending on the experience of the person in charge.



LTV Marketing

results

Pay-for-performance model **directly** linked to **long-term sales**

Cost : Performance-based on sales and LTV

KPI: Number of continuing users attracted LTV/ROI

Data

Proprietary Data Acquisition Technology

3rd To be independent of Party Cookies

Stable results generation even after cookie regulation

skill

Optimization by **AI**

Immediate increase in workforce and productivity

High service quality independent of the experience of the person in charge

Business description

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

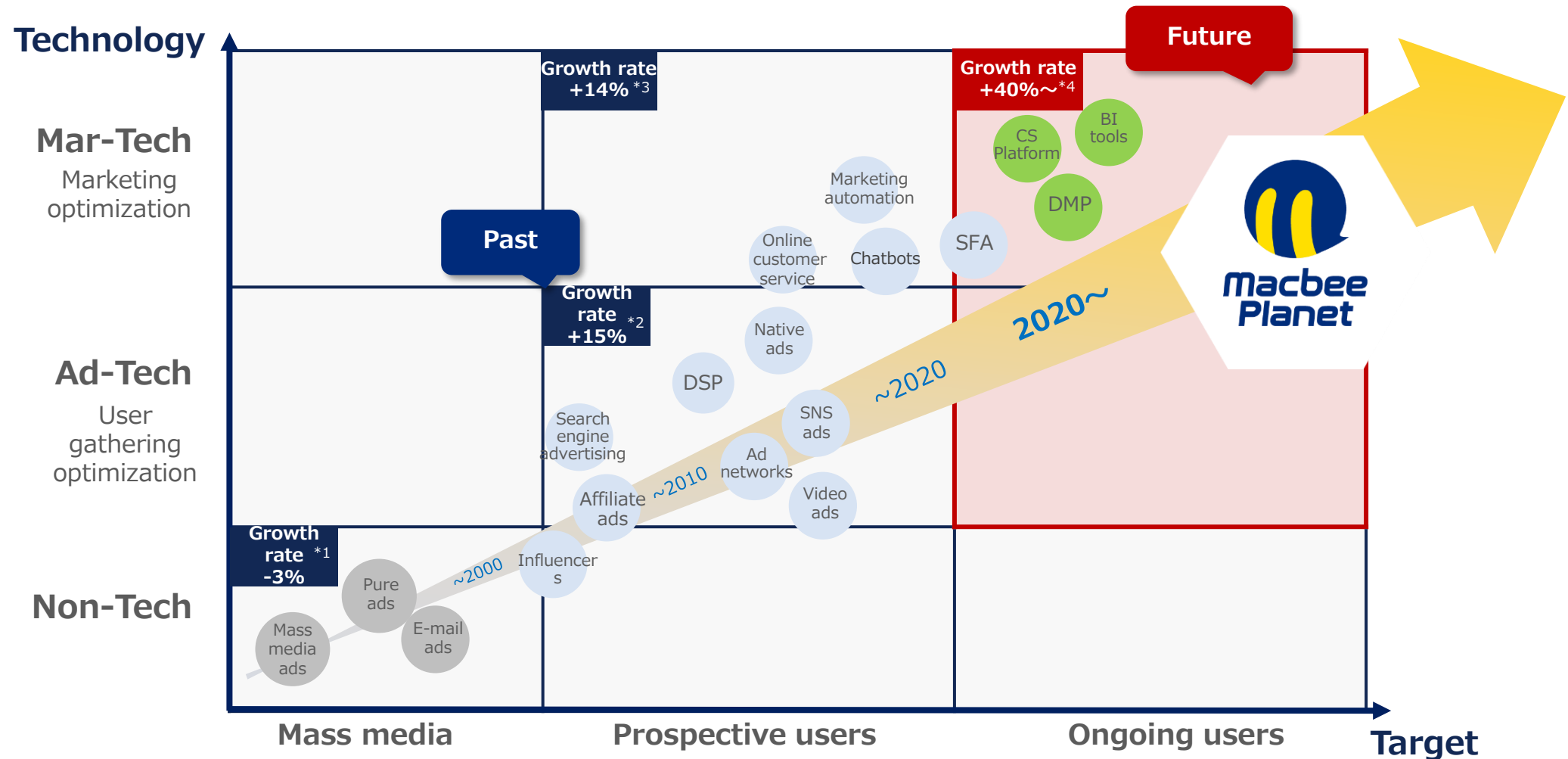
- Attract users who would continue to use the services
- Expertise in increasing LTV

Use of cancellation data

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

Positioning

- 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.

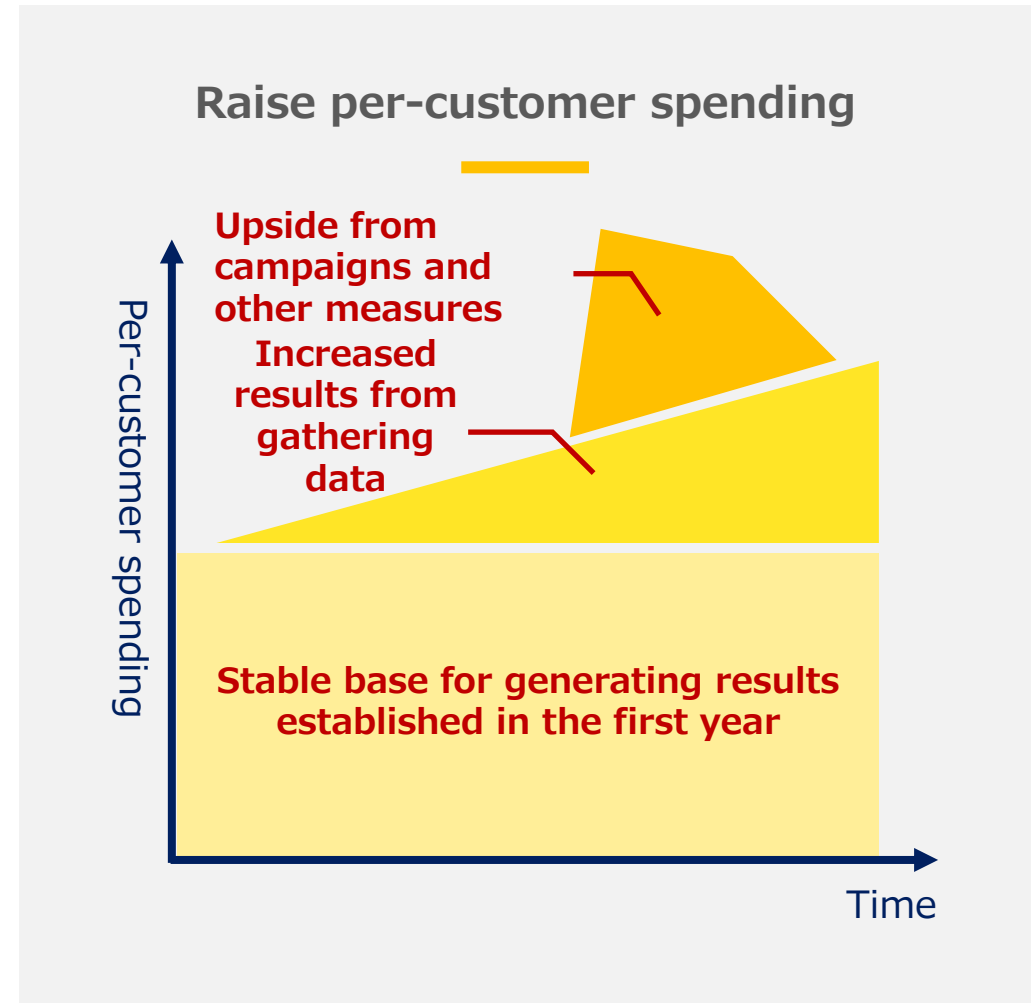
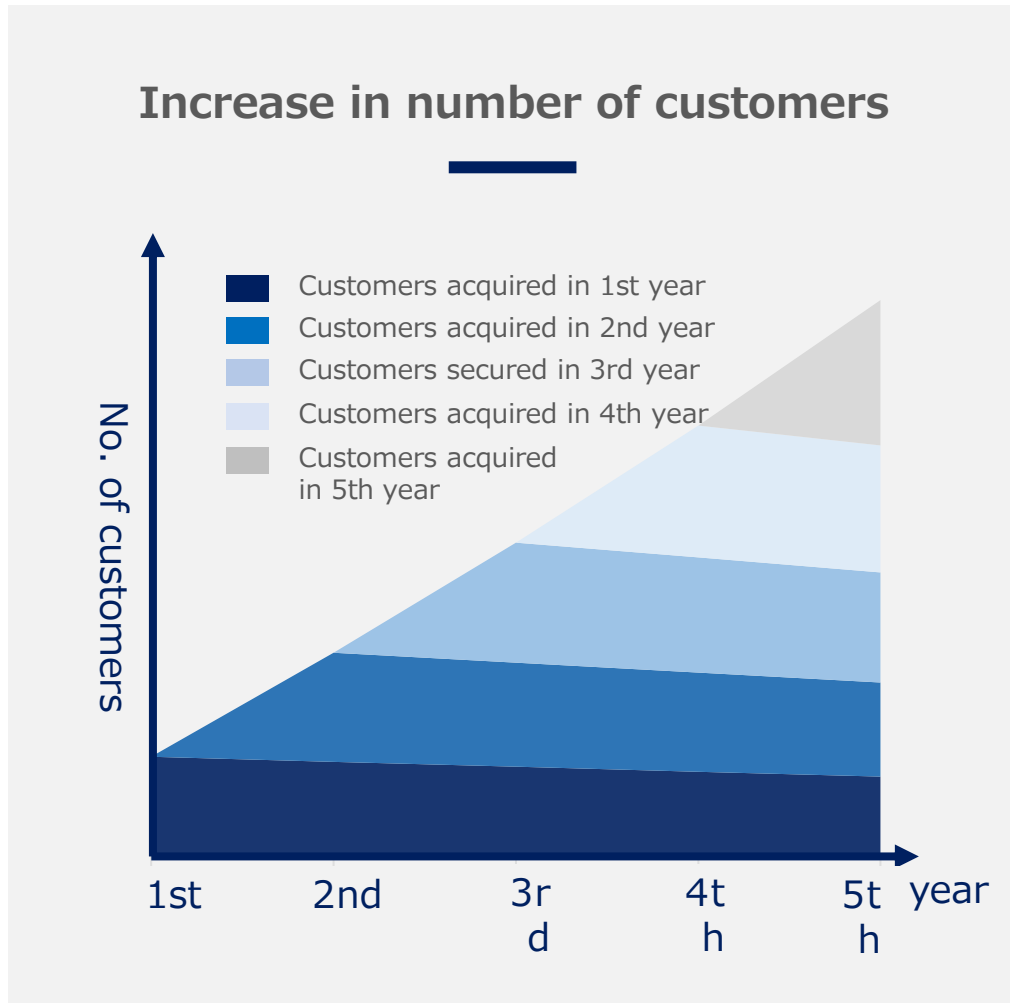


*1 Traditional market expenditures in "2021 Advertising Expenditures in Japan" (Dentsu)
 *2 Traditional market expenditures in "2021 Internet Advertising Expenditures in Japan" (Dentsu)

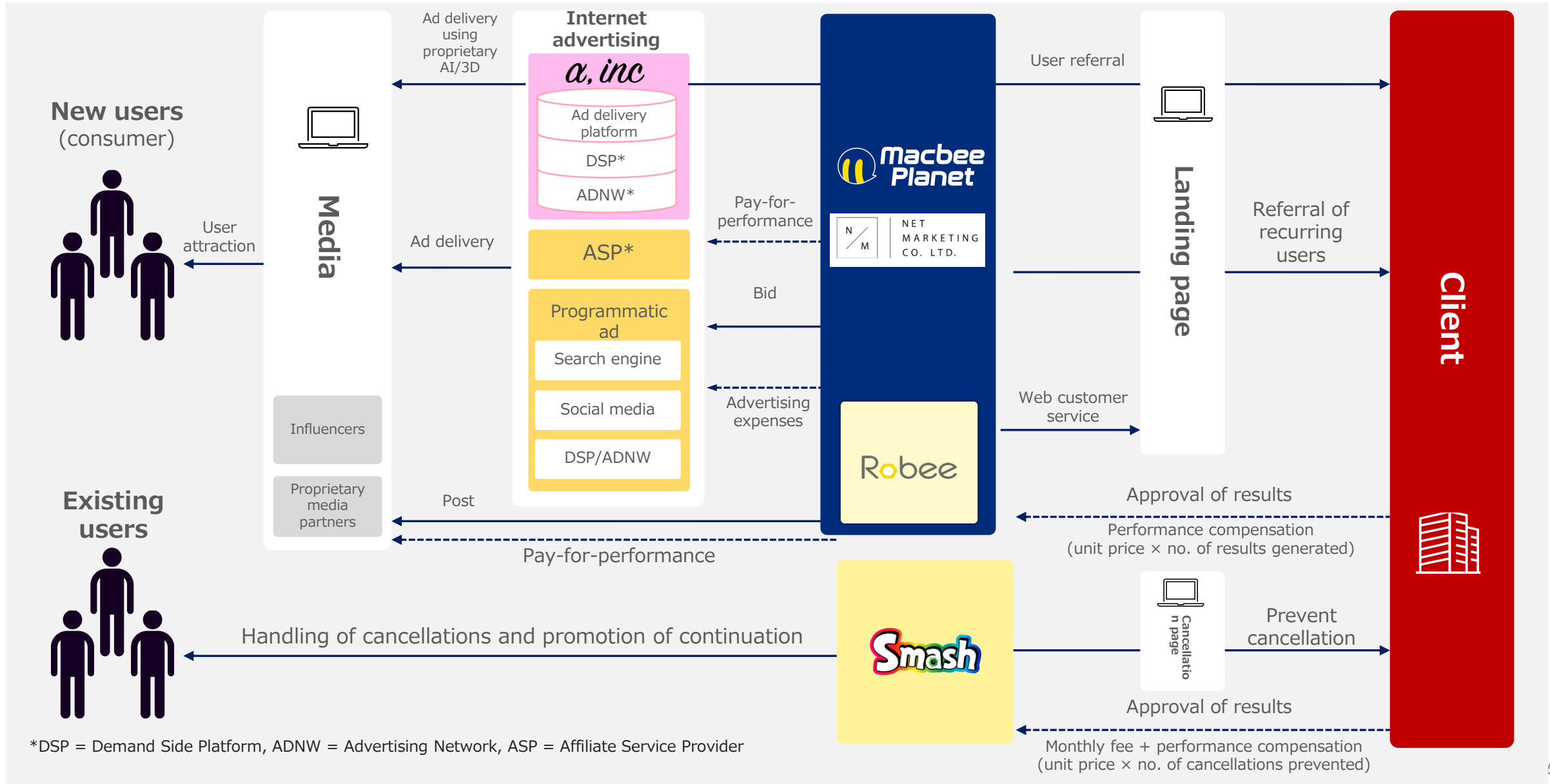
*3 "Movement in scale of online customer service market and forecasts" (ITR)
 and "DMP (Data Management Platform) & MA (Marketing Automation) Market 2020" (Yano Research Institute)
 *4 Macbee Planet Sales CAGR (FY04/18 to FY04/22)

Business characteristics

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



Business process diagram



Disclaimer



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.

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