FY4/24 H1 Financial Results Presentation

Dec 14, 2023

Macbee Planet, Inc

(Stock code: 7095)

Subsidiary name change

- Trading names for the Macbee Planet operating company (Macbee Planet, Inc., Preparatory Company) and Net Marketing were changed.

Prior to change			From Nov 2023
Macbee Planet, Inc., Preparatory Company	LTV marketing	Name change	MAVEL, Inc.
Alpha, Inc	Operations of 3DAD (AI marketing platform)	Absorbed	MAVEL, Inc.
Net Marketing, Inc	Ad business (LTV marketing business*)	Name change	All Ads, Inc.

* Macbee Planet, Inc. Preparatory company: Macbee Planet operating company

* LTV Marketing: Switching from an ad business to our LTV Marketing model

FY4/24 H1 results summary

■ Record high sales and profits at MAVEL* & All Ads*. We expected sales and profit declines due to seasonal factors, but sales and profits more than doubled YoY thanks to growth at financial clients and All Ads synergies.

(Units: ¥mn)

Sales

	FY4/23 H1	FY4/24 H1	Change
Sales	8,875	19,115	+115%

PMI is making progress, and both sales and profit increased YoY. Even more rapid growth is expected from the second half of the year.

▶**Sales +115% YoY**

- Ongoing growth in number of finance customers
- Sharp growth from All Ads* synergies
- 3DAD services grew on improved technology & enhanced marketing

EBITDA

	FY4/23 H1	FY4/24 H1	Change
EBITDA	1,026	2,232	+117%
Operating profit	921	2,010	+118%
OPM	10.4%	10.5%	+0.1pt

▶**EBITDA + 117% YoY**

- Alpha goodwill amortization ¥41mn/qtr
- All Ads* goodwill amortization ¥64mn/qtr

▶**Operating profit + 118% YoY**

- Business growth driven profit increase at each company

▶**Operating profit margin + 0.1pt**

- Improved productivity as MAVEL* works with larger clients
- Growth in non-game areas for 3 DAD

* MAVEL: Macbee Planet operating company　　* All Ads: Former Net Marketing

FY4/24 H1 overview

■ Growth in new & existing customers due to LTV Marketing. PMI for All Ads progressing faster than the plan, expected to drive growth in H2 and beyond.

Company	Item			FY4/24 H1 overview
MAVEL	New customers		☀	・Secured large orders that will contribute to earnings in FY4/25
	Existing customers	Wellness	☀	・Bricks-and-mortar-related sales saw seasonal dip, but decline was more muted than usual
		Finance	☀	・Sharp growth from consumer finance client ・Stable growth from brokerage industry
		Other	☀	・Sharp growth in non-game areas for 3DAD services
AllAds inc.	PMI		☀	・Start of new sales collaboration ・Beginning PoC for automation of ad operations ・Start of product delivery of Robee etc.
	PMI results	Sales	☀	・Solid progress with healthcare, consumer finance (bank) clients
		GPM	☁	・sales dip due to down on bricks-and-mortar-related sales ・Expect pickup in H2 on technology usage
		OP	☀	・Contribution higher than initial plan

＊MAVEL: Macbee Planet operating company　　＊All Ads: Former Net Marketing

FY4/24 guidance revision

■ Growth, both organic and from M&A (All Ads*) much higher than expected. We expect solid earnings in H2 also and have raised our guidance.

(Units: ¥mn)	FY4/23 Actual	FY4/24 Old guidance	FY4/24 New guidance	Change	
Sales	19,589	35,000	**37,000**	+2,000	+5.7%
(YoY)	+35.8%	+78.7%	**+88.9%**	-	-
OP	2,162	2,850	**3,700**	+850	+29.8%
(OPM)	11.0%	8.1%	**10.0%**	+1.9pt	-
(YoY)	+75%	+31.8%	**+71.1%**	-	-
RP	2,108	2,800	**3,650**	+850	+30.4%
NP attributable to owners of parent	1,567	1,800	**2,400**	+600	+33.3%
(YoY)	+106.1%	+14.9%	**+53.1%**	-	-
EPS	¥482.18	¥505.02	**¥669.57**	+164.55	+32.6%

* MAVEL: Macbee Planet operating company　　* All Ads: Former Net Marketing

Factors behind guidance revision

MAVEL

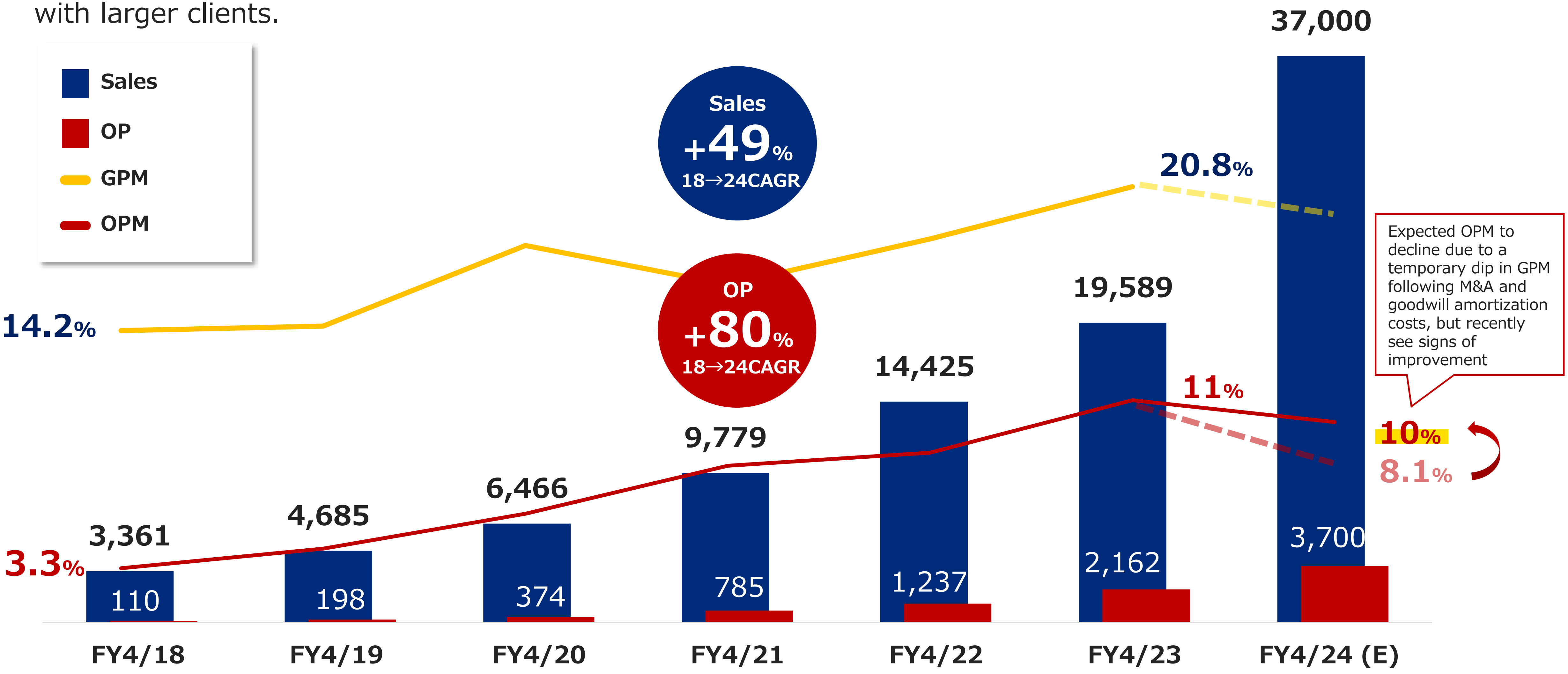
- Sharp sales growth in Q1 by capturing seasonal demand.
- Organic growth at MAVEL* from new & existing clients at much higher pace than plan

AllAds inc.

- Sales growth at All Ads* thanks to high morale of members as PMI progresses.
- Scope for more synergies with All Ads* in H2 centered on technology use.

Earnings trends, guidance

- Expect sharp sales growth from consolidation of All Ads. This was expected to cause GPM and OPM to temporarily decline but expect OPM to recover to 10% on 3DAD growth and improved productivity as we work with larger clients.



Corporate data

Company overview	
Company name	Macbee Planet, Inc. (7095)
Established	August 25, 2015
Capital	2,631 million yen (as of end-October 2023)
Business description	LTV Marketing services
Head office	3-11-11 Shibuya, Shibuya-ku, Tokyo
No. of employees	142 (as of end Oct 2023)

History	
Aug 2015	Established Macbee Planet
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 (currently absorbed into MAVEL) a wholly-owned subsidiary
Mar 2023	Made Net Marketing (current All Ads) a wholly-owned subsidiary

Investment highlights

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

5 **Further acceleration of growth though 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

Data

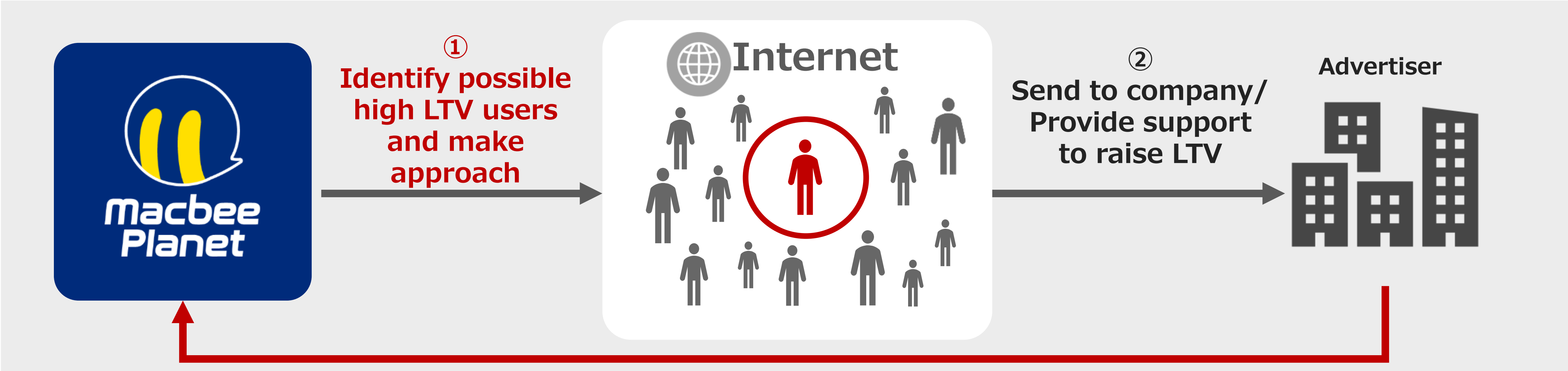
- Zero Party Data
- Zero~3rd Party Data連携
- Data Platform

Technology

- Analysis
- AI
- Digital communication

Consulting

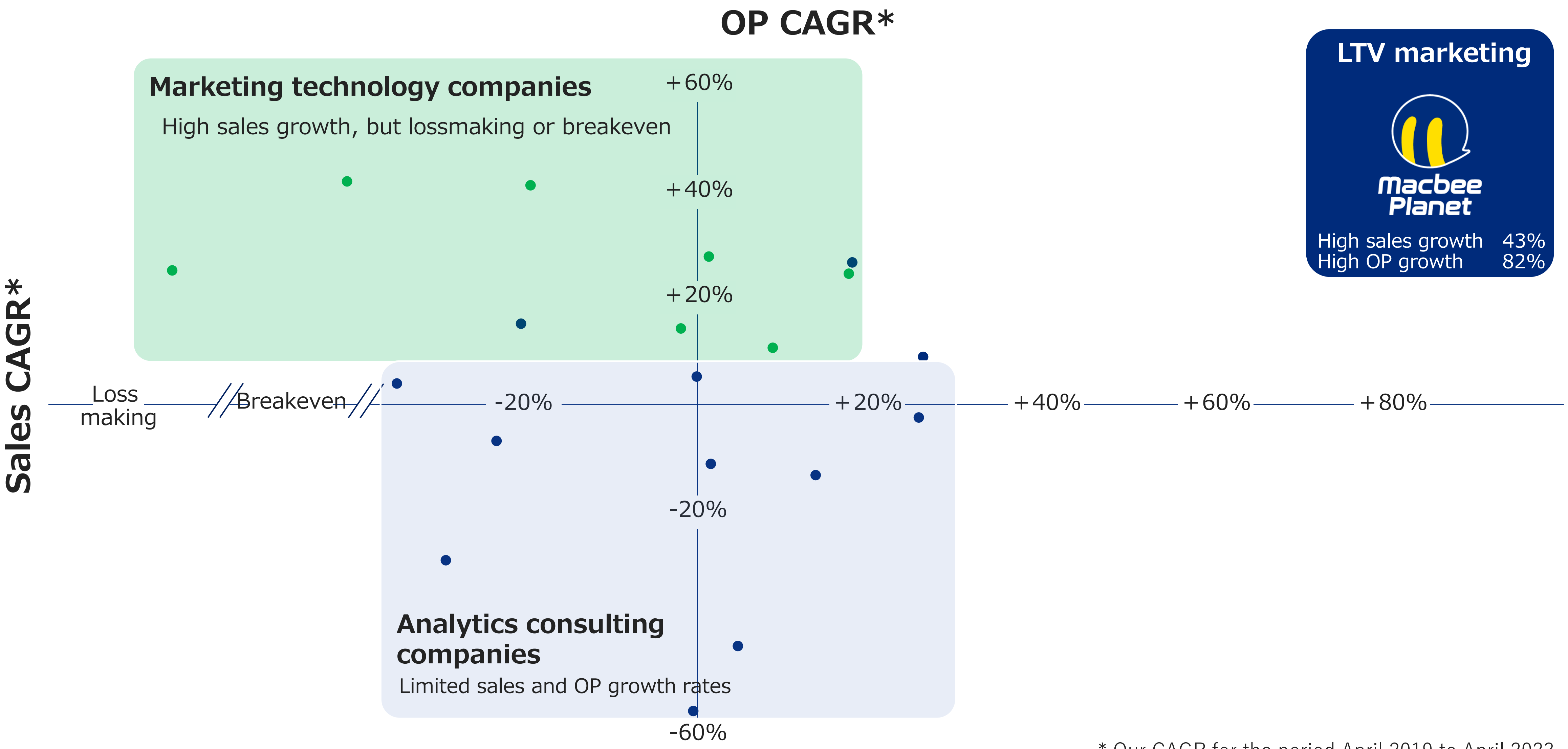
- Data Technology usage
- Success-based fee structure
- Use of cancellations data



③Fees 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.



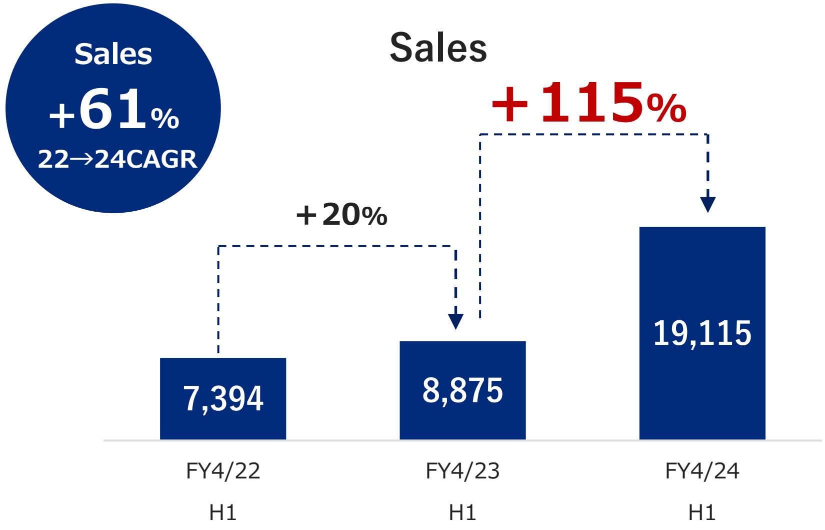
* 3-year CAGR of 19 TSE listed companies. As of July 2023

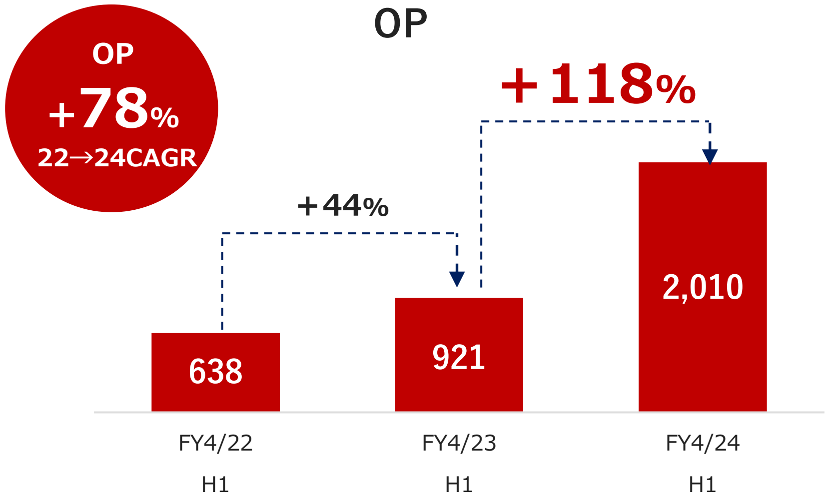
* Our CAGR for the period April 2019 to April 2023

FY4/24 H1 results

FY4/24 H1 results summary

■ Record high sales & profits at both MAVEL* & All Ads*. We expected sales and profit declines due to seasonal factors, but sales and profits more than doubled YoY thanks to growth at financial customers and All Ads synergies.





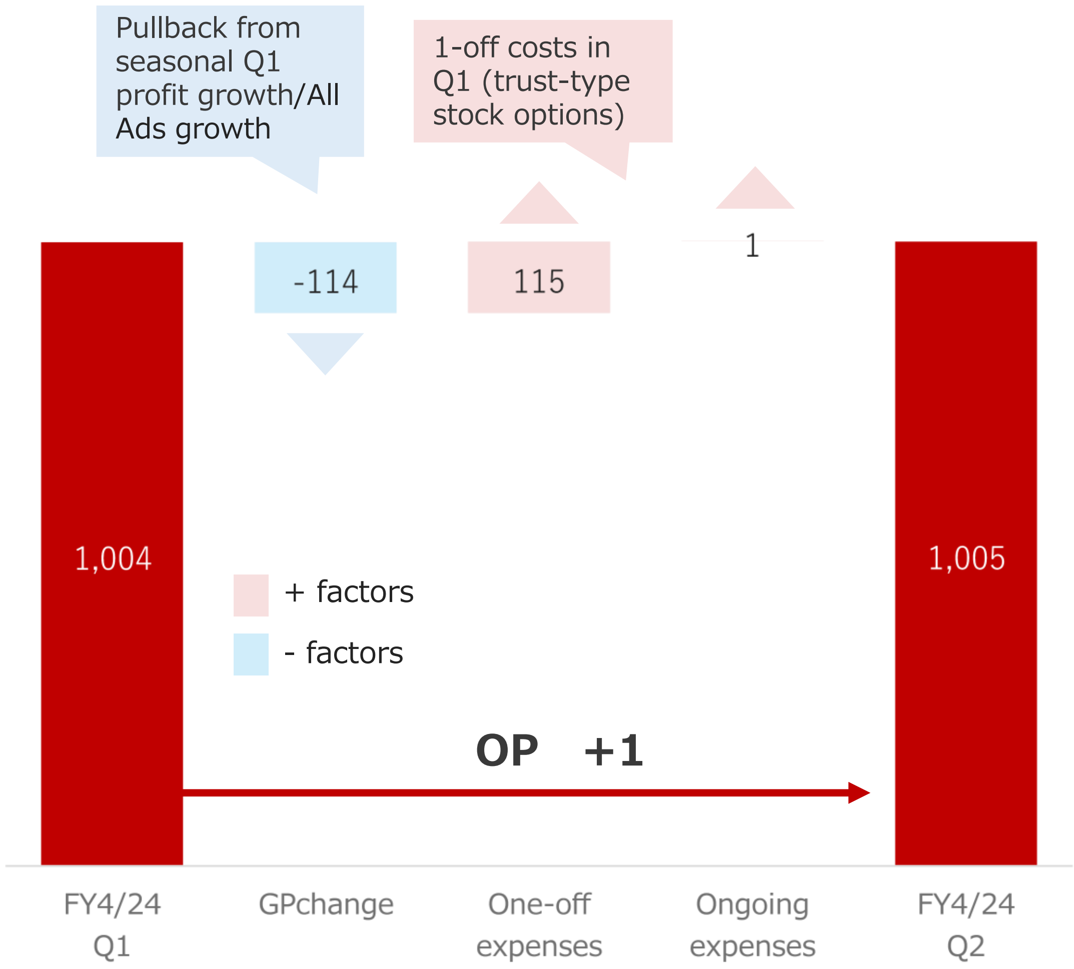
(Units: ¥mn)

	FY4/24 plan (old)	H1 vs FY plan (old)	FY4/24 plan (new)	H1 vs FY plan (new)	FY4/24 H1 result	FY4/23 H1 result	23→24 YoY
Sales	35,000	55%	37,000	52%	**19,115**	8,875	+115%
EBITDA	-	-	-	-	**2,232**	1,026	+117%
OP	2,850	71%	3,700	54%	**2,010**	921	+118%
OPM	8.1%	-	10.3%	-	**10.5%**	10.4%	+0.1pt

＊ MAVEL: Macbee Planet operating company　＊ All Ads: Former Net Marketing

OP variance analysis (QoQ)

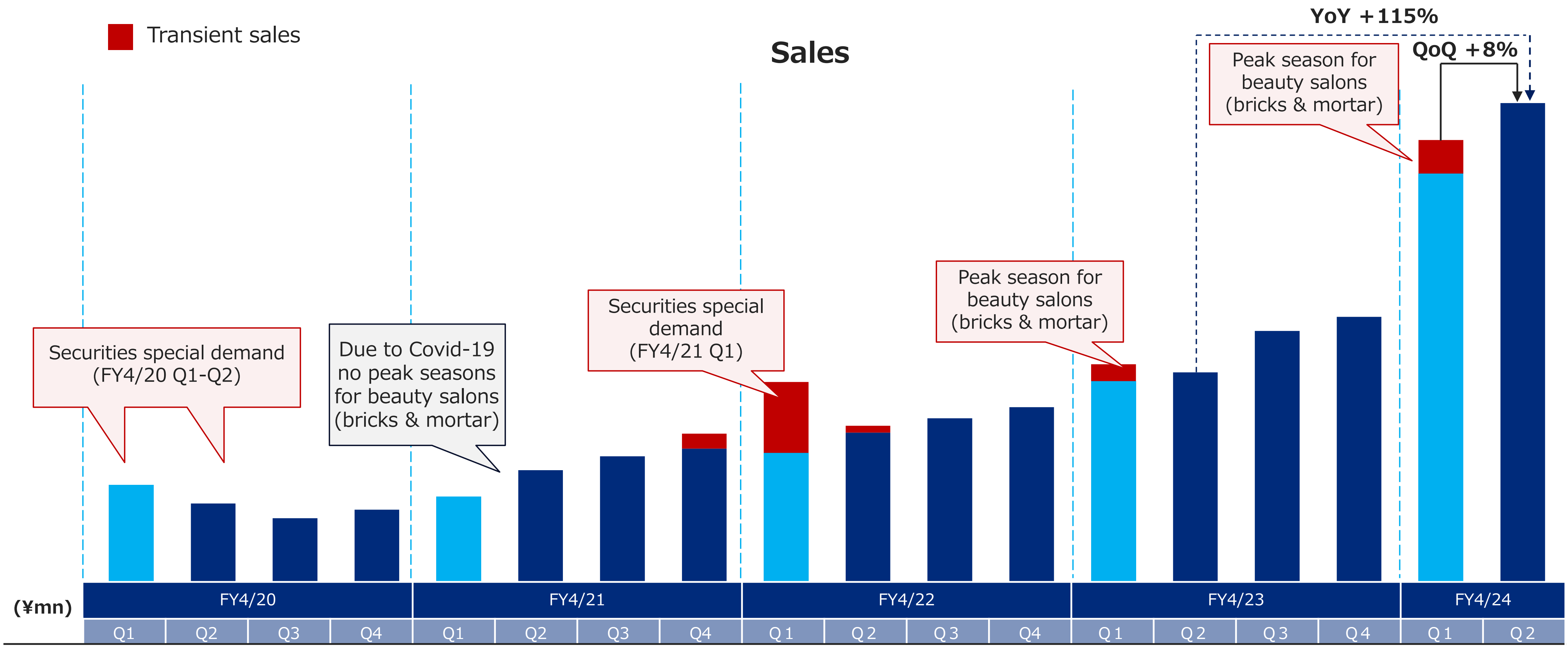
- Q1 sales grew strongly QoQ due to bricks-and-mortar peak season. Expected QoQ sales and profit declines in Q2 on reactionary pullback but achieved sales & profit growth on organic growth and All Ads growth.



(Units: ¥mn)		FY4/24 Q2 results	FY4/24 Q1 results	QoQ	QoQ
Sales*		9,945	9,169	+775	+8%
GP		1,835	1,950	-114	-6%
	Transient GP	-	Approx. 300	-	-
SG&A		830	946	-115	-12%
	1-off expenses	-	114	-	-
	Ongoing expenses	830	832	-1	-
OP		1,005	1,004	+1	-
OPM		10.5%	11.0%	-0.5pt	-

※Includes net sales

Quarterly sales trends



	FY4/20 Q1	FY4/20 Q2	FY4/20 Q3	FY4/20 Q4	FY4/21 Q1	FY4/21 Q2	FY4/21 Q3	FY4/21 Q4	FY4/22 Q1	FY4/22 Q2	FY4/22 Q3	FY4/22 Q4	FY4/23 Q1	FY4/23 Q2	FY4/23 Q3	FY4/23 Q4	FY4/24 Q1	FY4/24 Q2
Sales	2,015	1,627	1,321	1,501	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	9,945

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

Future initiatives

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.

	Current Medium-term plan (FY4/24): Initiatives for current year earnings	Current Medium-term plan (FY4/24): Initiatives for future growth	Next medium-term plan (FY4/25-FY4/27, plan)
AC Business MT Business	PMI of All Ads acquisition, progress with holding co structure; Implement and expand LTV marketing (current level)	PMI of All Ads acquisition, progress with holding co structure; Talent acquisition and training, structure formalization	Achieve strong sales and profit growth through enhancement of LTV marketing
Technology	Provide advanced advertising operations that utilize technology such as DATAHIVE	Development and launch of new services and functions	
M&A	–	Investment and M&A in unexplored, related areas; M&A in areas with strong synergies	

All Ads PMI progress (former Net Marketing)

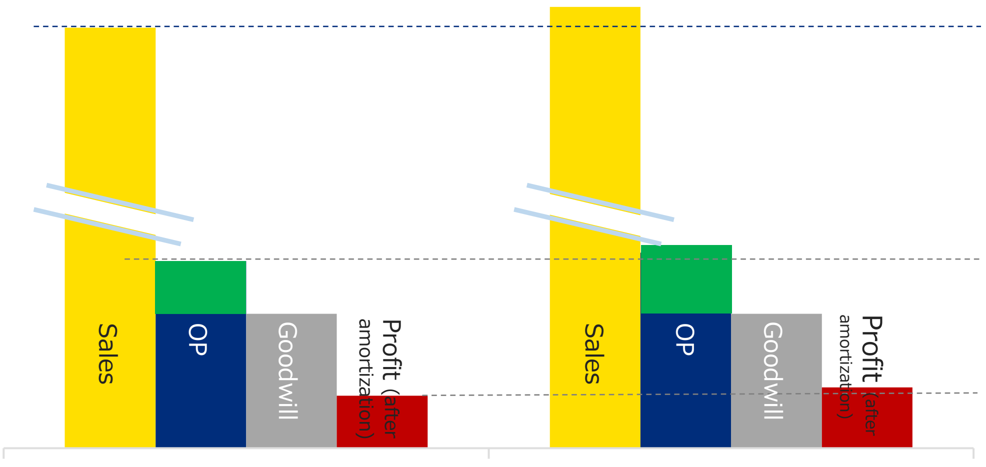
■ Smooth All Ads* PMI. Achieved OP plan (after goodwill amortization) as of Q2.
Scope for further synergies with All Ads* in H2, centered around adoption of our technology.

All Ads* initial plan

Initial assumptions
- Flat sales (based on previous results)
- OP from ad business offset by goodwill
- Profit boost from new technology around ¥100mn/yr

All Ads* H1 results, H2 outlook

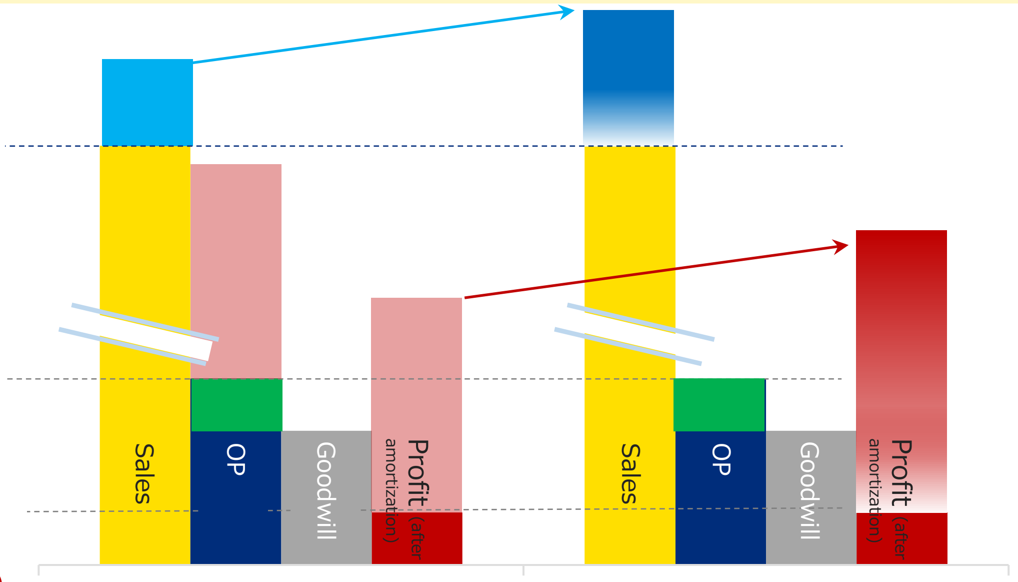
Current outlook
- Higher OP due to better-than-expected sales growth
- OP after goodwill amortization also better than expected
- Expect sales & profit growth from Q3 thanks to synergies



Initial sales plan

Initial OP plan

Initial OP plan (after goodwill amortization)



＊ All Ads : former Net Marketing

New services/functions with new technology

- Plan to provide value through productivity improvements from using AI and expanding scope of data usage. Expect to gain market share thanks to competitive edge as a result of technology development.

Automate ad optimization

<3 factors to achieve results in ad operations>

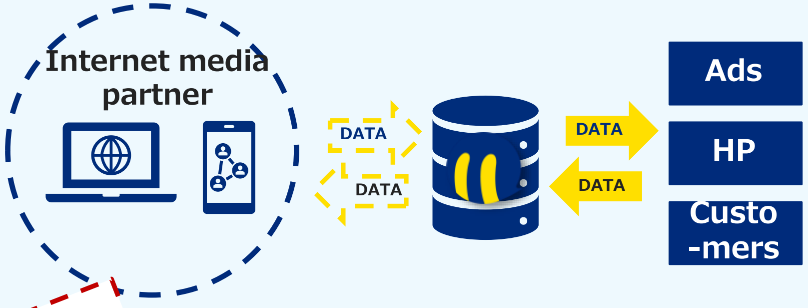
Data analytics/ utilization ✖ **Ad management** ✖ **Creativity**

Basically complete
Use of data from acquisition technology and DATAHIVE

Underway
Automate ad operation automation using AI

Underway
Use of Generative AI and Outcome Prediction

Boost links between data & media



Underway
Improve quality of customer ads by sharing/collaborating with media carrying ads

Raise sales & productivity per head
Boost growth potential, profitability

Grow market share through unique services

❹ 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.

Low

priority

Synergies

High

Expected investment

New areas — -

New areas highly compatible with our business, technologies and customers

X - Tech

・Prioritize finessing of LTV marketing

Investment, M&A in related greenfield areas — Upto 1bn

Provide LTV marketing to existing users

MarTech (optimize marketing)

・marketing automation tools
・CRM tools
・various digital communication tools

M&A in areas with many synergies — Several 100mn – several bn

Shift new user acquisition to LTV marketing

AdTech (optimize user attraction)

・Consulting companies
・online ad agencies
・ad distribution media et

Strengthen existing business/PMI — Several 100mn/year

Growth through PMI with Net Marketing and HR investment

Hiring/training tech

・Provide technology to All Ads to generate synergies
・Accelerate growth through increased hiring
・Improve labor productivity via training

(Reference) Business & capital alliance

Macbee Planet

- We concluded business and capital alliances with Digital Plus and ProjectCompany to increase added value through collaboration on areas related to LTV marketing and development of new services. We will continue to explore for ways to collaborate with partners that will contribute to the development of LTV marketing.

	デジタルプラス	ProjectCompany
Date	Sep 27, 2023	Nov 15, 2023
Amount	¥239,915,000	¥401,550,000
Purpose	Sales campaigns using digital gifts	Enhance services in marketing areas
	Development of new financial services	More customer touch points, strengthen relationships

appendix

- Business Performance
- Business environment
- Business description

Business Performance

Quarterly earnings trends

(Units: ¥mn)	FY4/21			FY4/22				FY4/23				FY4/24	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Sales	2,320	2,609	3,076	4,150	3,244	3,400	3,630	4,521	4,354	5,211	5,502	9,169	9,945
(YoY)	+42.6%	+97.5%	+104.9%	+134.2%	+39.8%	+30.3%	+18.0%	+8.9%	+34.2%	+53.3%	+51.6%	+102.8%	+128%
Gross profit	373	404	513	575	664	652	757	915	893	1,173	1,084	1,950	1,835
(GPM)	16.1%	15.5%	16.7%	13.9%	20.5%	19.2%	20.9%	20.3%	20.5%	22.5%	19.7%	21.3%	18.5%
(YoY)	+26.1%	+54.4%	+89.2%	+88.4%	+77.7%	+61.2%	+47.5%	+59.2%	+34.5%	+79.9%	+43.1%	+113.0%	+105%
SG&A	175	206	261	241	359	399	411	466	421	589	427	946	830
Personnel	108	115	95	118	131	155	160	173	175	195	178	312	307
Advertising	9	14	9	12	3	7	4	2	4	13	7	2	1
Recruiting & education	11	8	18	5	11	13	21	13	24	15	8	41	23
R&D	-	-	-	9	5	3	3	3	3	1	1	18	32
Depreciation	3	3	4	4	5	7	9	6	9	8	8	10	10
Goodwill amortization, M&A related	-	-	-	-	85	41	41	41	41	71	41	106	106
System outsourcing	10	9	7	9	12	9	8	5	4	3	4	5	5
Other	32	54	126	81	104	160	162	220	157	279	180	448	342
Operating profit	198	197	252	333	304	253	346	449	472	584	656	1,004	1,005
(OPM)	8.6%	7.6%	8.2%	8.0%	9.4%	7.4%	9.5%	9.9%	10.8%	11.2%	11.9%	11.0%	10.1%
(YoY)	+72.6%	+177.4%	-	+143.4%	53.5%	+27.8%	+37.4%	+34.8%	+54.9%	+130.8%	+90.0%	+123.6%	+113%

※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

MAVEL

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.

＋

AllAds inc.

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

→

MAVEL ＋ AllAds inc.

	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)2	FY4/23										FY4/24	
	Q1		Q2		Q3		Q4		Q1		Q2	
	Sales	Weight	Sales	Weight	Sales	Weight	Sales	Weight	Sales	Weight	Sales	Weight
ALL	4,517	-	4,357	-	5,211	-	5,502	-	9,169	-	9,945	-
Finance	2,110	47%	2,107	48%	2,584	50%	3,132	57%	3,567	39%	4,265	43%
Consumer finance	697	15%	739	16%	891	17%	1,114	20%	1,350	15%	1,866	19%
Investment	1,413	31%	1,368	31%	1,693	32%	2,018	37%	2,217	24%	2,399	24%
Wellness	1,443	32%	1,530	35%	1,609	31%	1,205	22%	3,539	39%	3,232	33%
Bricks & mortar	1,145	25%	1,281	29%	1,429	27%	1,035	19%	1,825	20%	1,472	15%
Medical	3	0%	2	0%	1	0%	1	0%	1,395	15%	1,537	15%
EC	294	7%	246	5%	177	3%	166	3%	318	4%	222	2%
Human talent	91	2%	90	2%	136	3%	260	5%	873	10%	897	9%
Others	870	19%	629	14%	881	17%	903	16%	1,189	13%	1,551	15%

Balance sheet

(Units: ¥mn)	FY4/23	FY4/24 Q1	Change (amount)
Assets	**17,519**	**19,642**	+2,122
Current assets	**13,877**	**15,258**	+1,380
(Cash & deposits)	**(9,663)**	**(9,451)**	-211
Non-current assets	**3,642**	**4,383**	+741
Liabilities	**9,352**	**9,551**	+199
Current liabilities	**7,409**	**7,824**	+415
Non-current liabilities	**1,942**	**1,727**	-215
Net assets	**8,167**	**10,090**	+1,923
Shareholders’ equity	**8,097**	**10,028**	+1,930

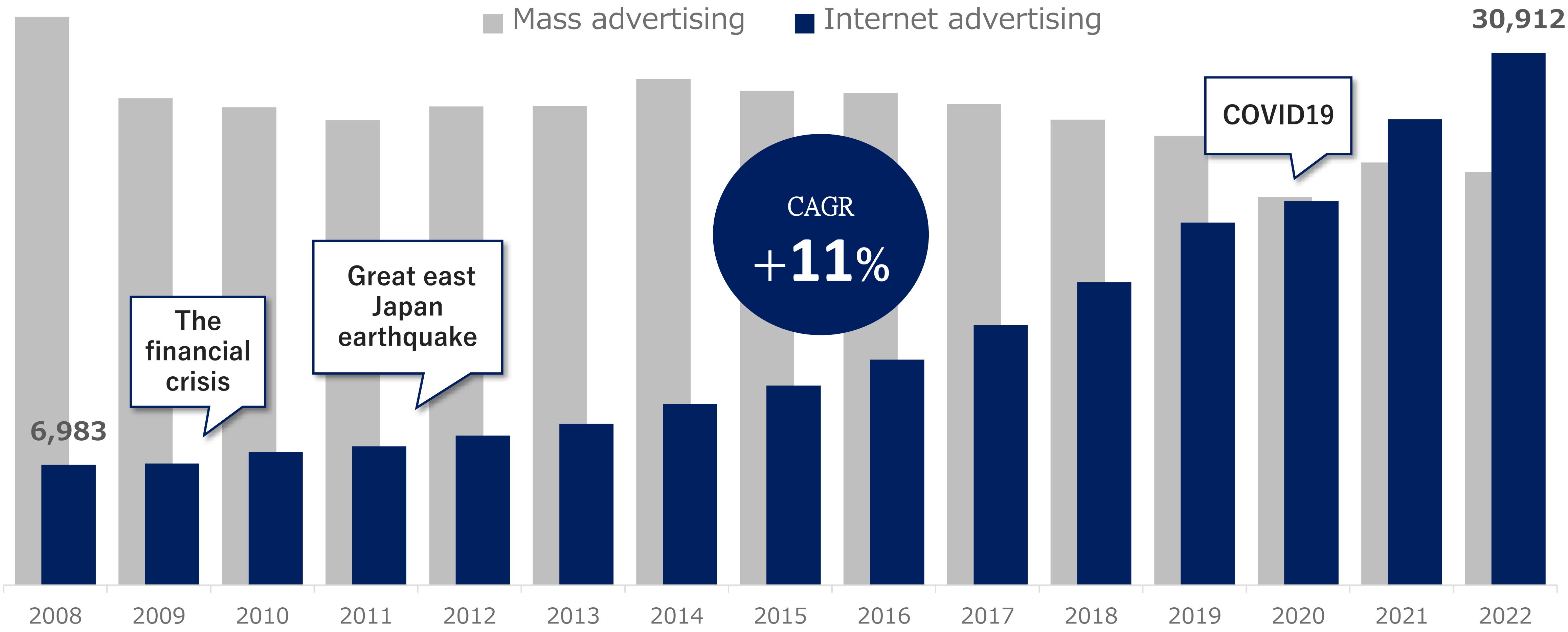
Current ratio
195%

Equity ratio
51%

Business environment

Target market: Internet advertising market

■ Digital shift of advertising budgets continues, as a result, Internet advertising surpassed Mass advertising and became a ¥3trillon 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

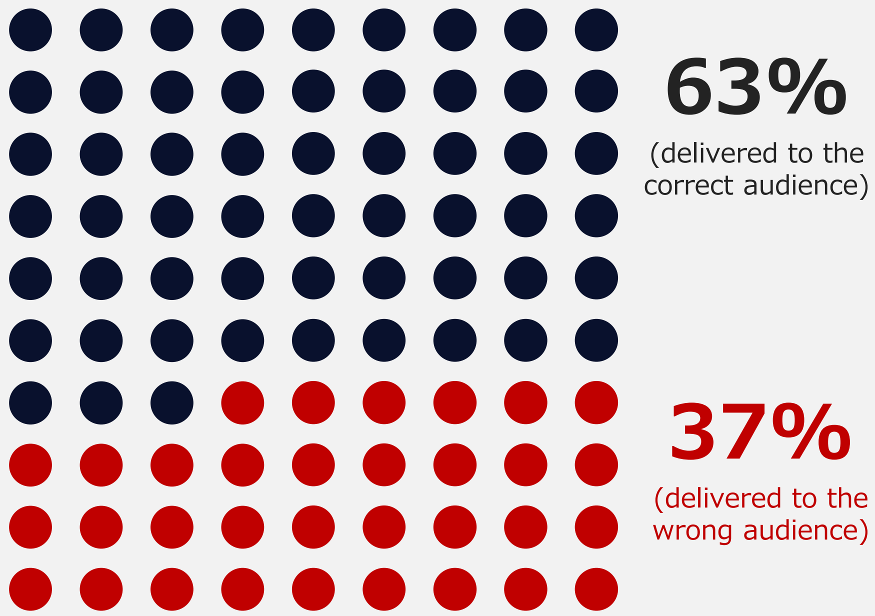
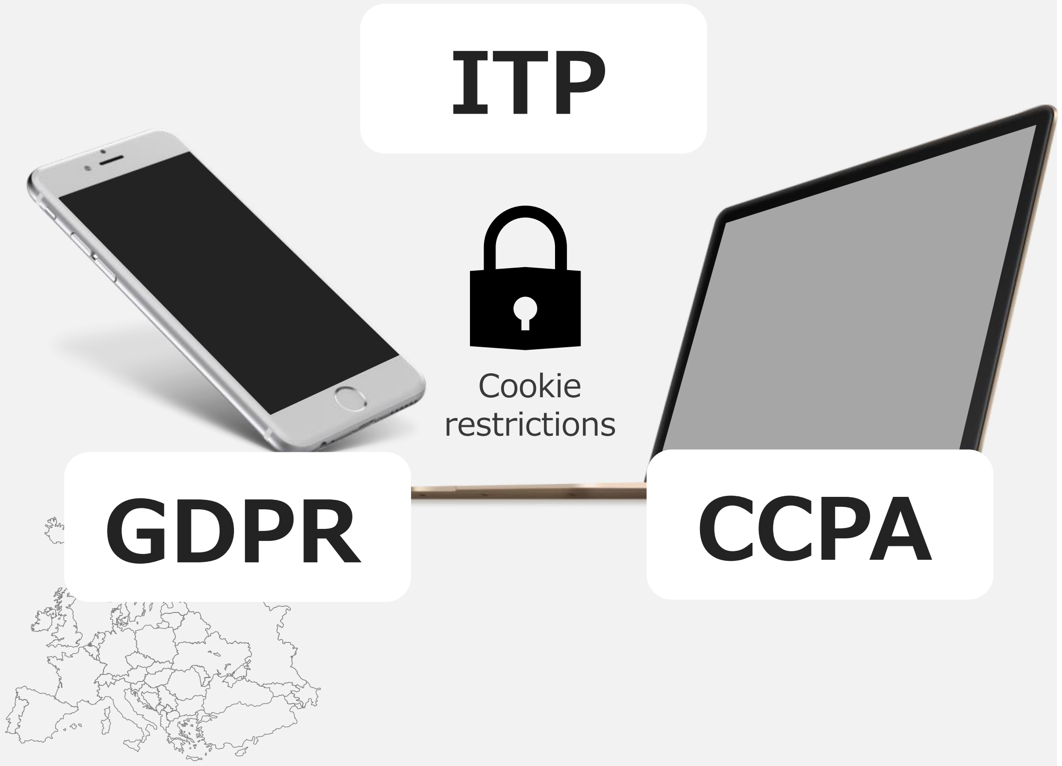


Exhibit: Nielsen Digital Ad Ratings, U.S. Benchmarks Report - Q2 2019-Q1 2020

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



What we want to achie: 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

resu lts — **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

resu lts — **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

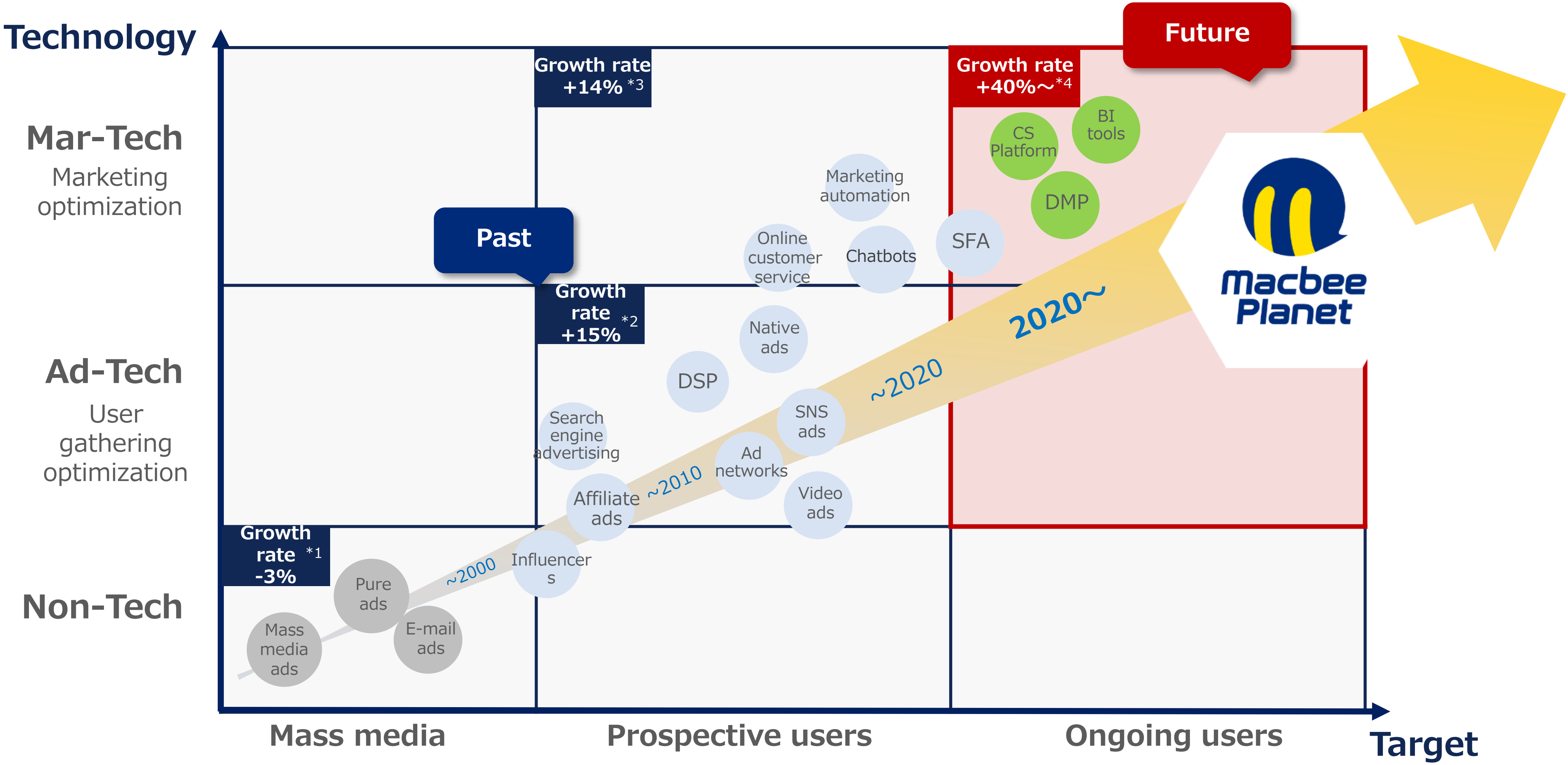
- Attract users who would continue to use the services
- Expertise in increasing LTV

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.

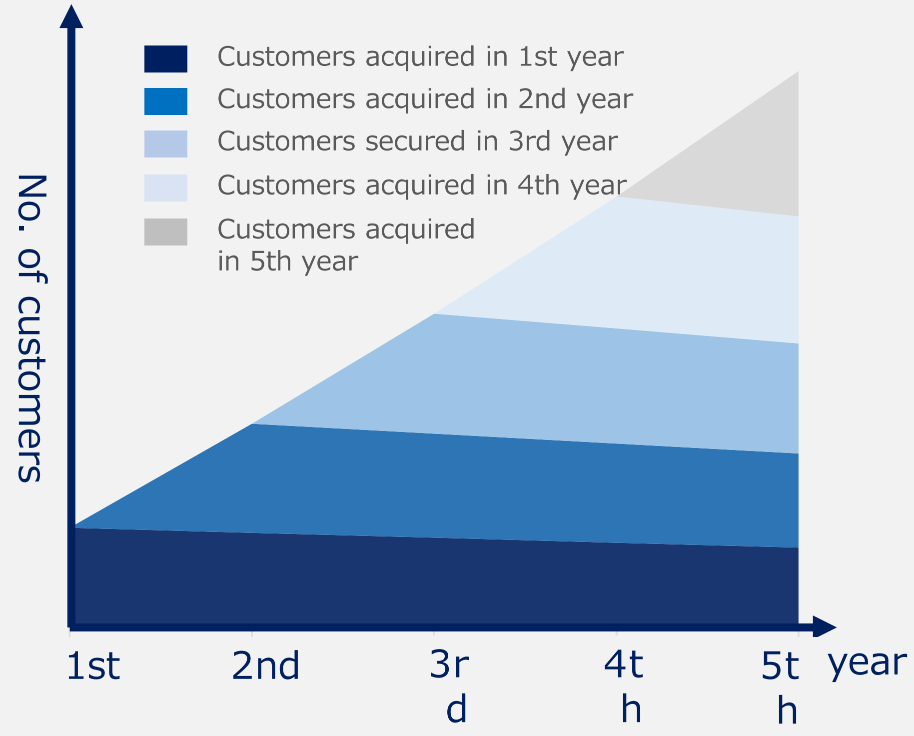


*1 Traditional market expenditures in "2021 Advertising Expenditures in Japan" (Dentsu)
*2 Traditional market expenditures in "2021 Internet Advertising Expenditures in Japan" (Dentsu)
*3 "Movement in scale of online customer service market and forecasts" (ITR) and "DMP (Data Management Platform) & MA (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.

Increase in number of customers



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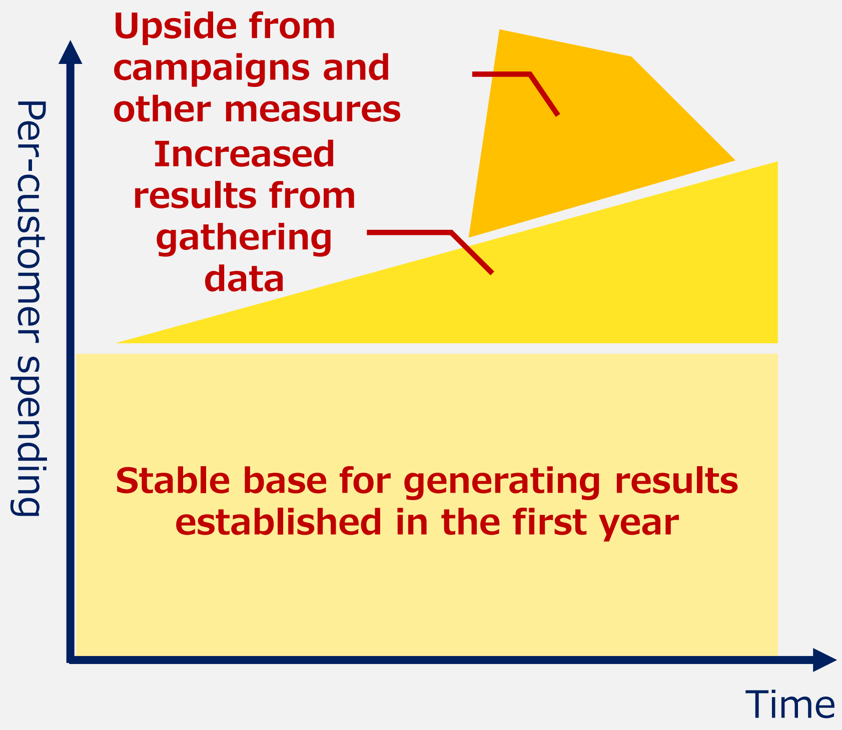
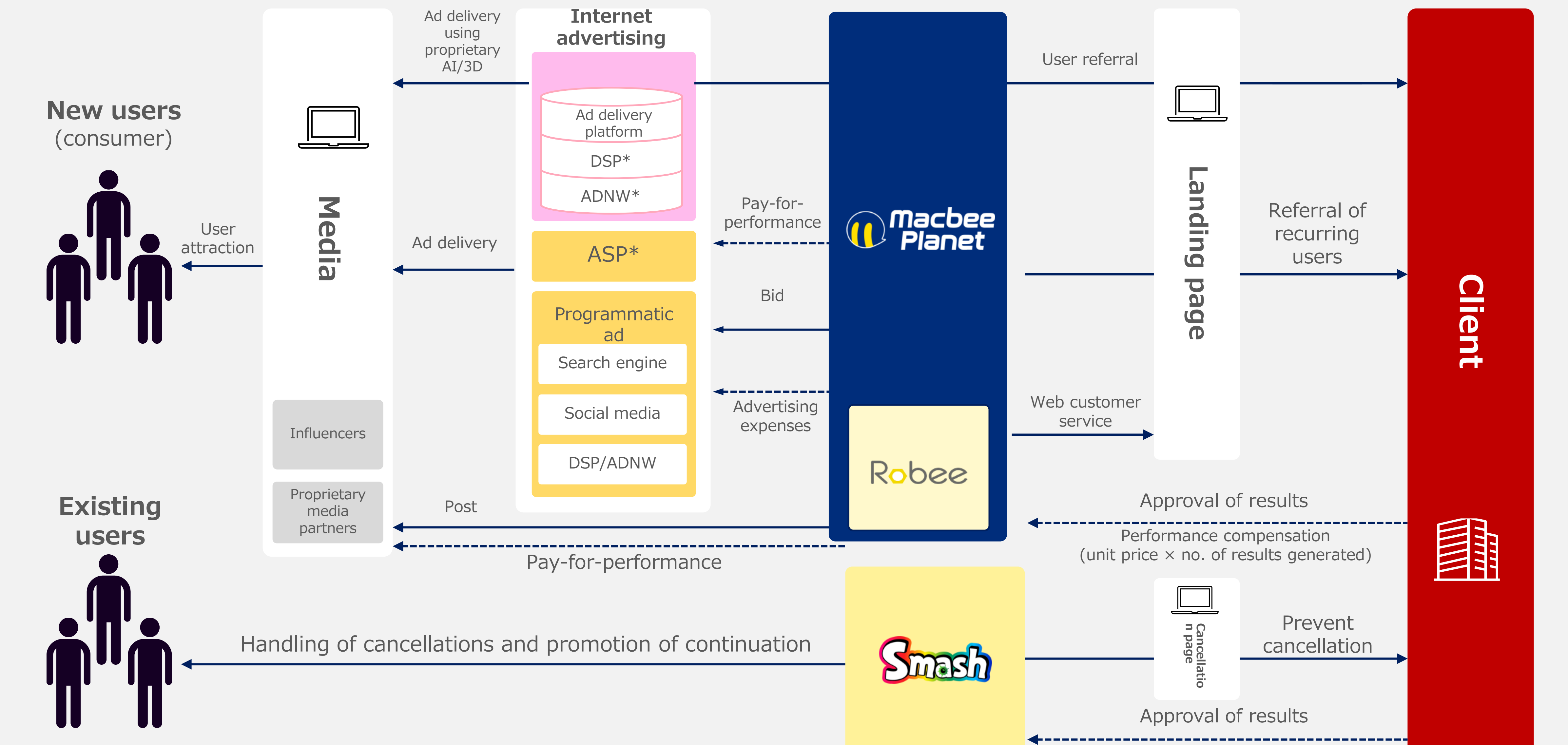
Raise per-customer spending



Business process diagram

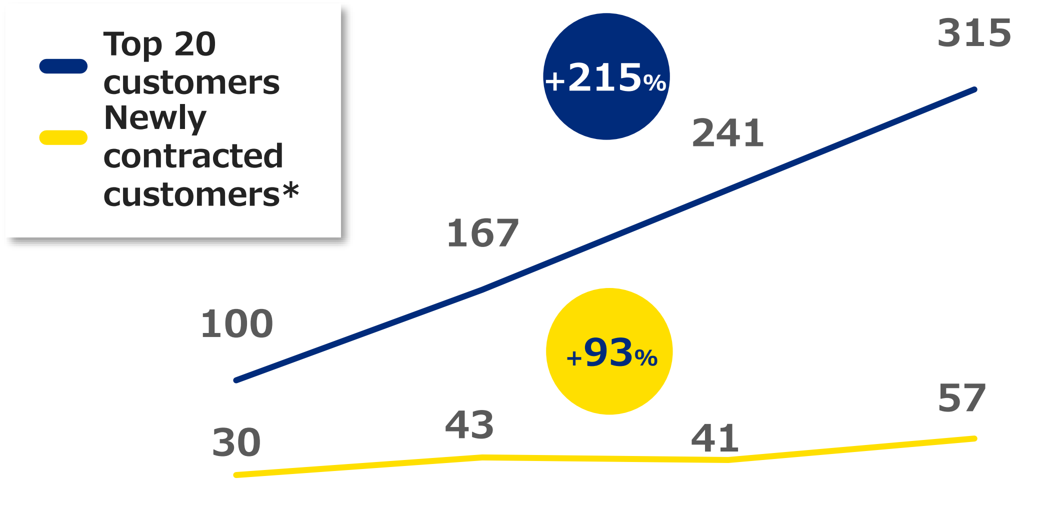


*DSP = Demand Side Platform, ADNW = Advertising Network, ASP = Affiliate Service Provider

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.

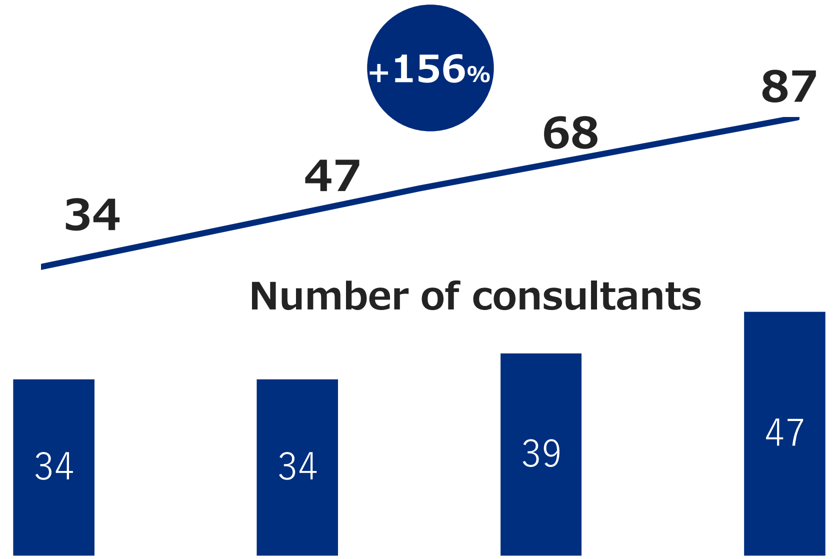
Annual revenue per customer



	FY4/20	FY4/21	FY4/22	FY4/23
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)

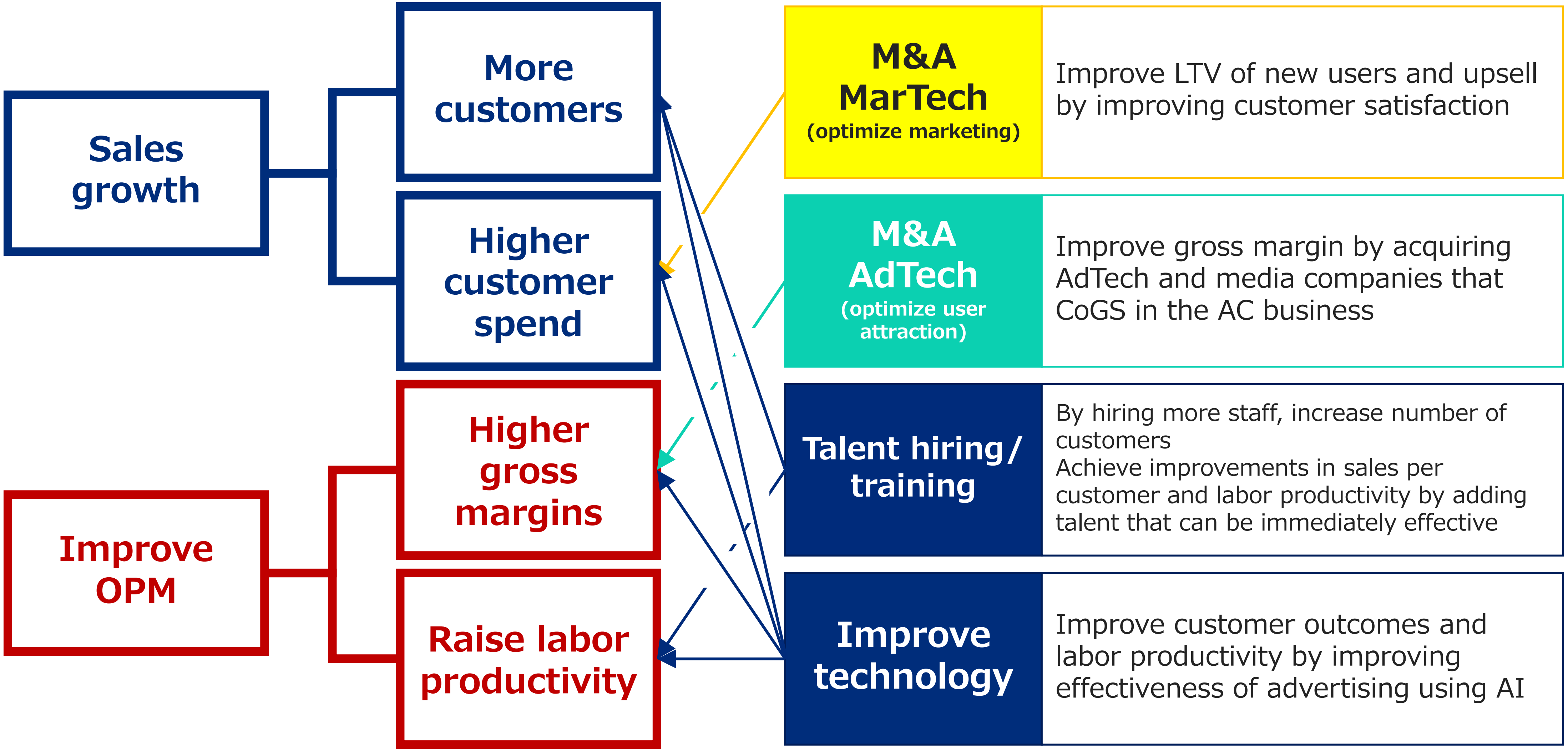


	FY4/20	FY4/21	FY4/22	FY4/23
Front office full-time employees	34	34	39	47*
Gross profit	1,173	1,597	2,649	4,067
GP per person	34	47	68	87

＊Macbee Planet only

Future investment and M&A strategy, KPIs

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



Disclaimer

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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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