



FANCOM

FY25-27
Partial Revision of the
Medium-Term Management Plan



FAN Communications, Inc.
February 9, 2026

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Agenda

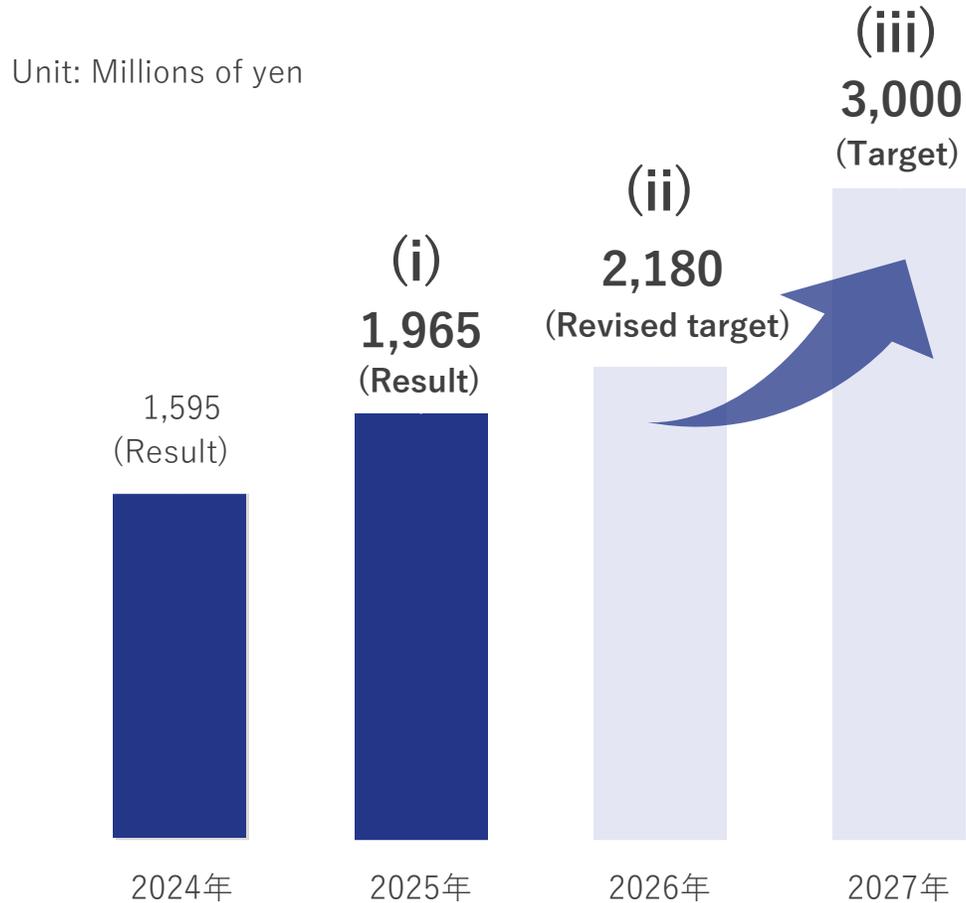
- 01 Partial Revision of the Medium-Term Management Plan
- 02 Introduction to Our Management Philosophy and Vision
- 03 Business Information
- 04 Business Environment and Market Trends
- 05 Growth Strategy and Key Measures
- 06 Summary

01 ■ Partial Revision of the Medium-Term Management Plan

- Revision of the FY2026 Operating Income Target Figures
- Reasons for Revising the Medium-Term Management Plan
- Strengthening Competitiveness through AI Use
- Capital Allocation
- M&A Strategy Centered on Existing Assets

Revision of the FY2026 Operating Income Target Figures

In FY2025, we exceeded the target. In FY2026, we will focus on two priorities: investing in response to the changing AI landscape, and strengthening the revenue base of certain strategic businesses that are behind plan by increasing the ratio of recurring revenue. We aim to achieve our final-year target of 3 billion yen.



(i) FY2025 **Achievement**

- Achieved 1.965 billion yen exceeding the initial target of 1.81 billion yen (revised upward to 1.95 billion yen in August 2025)

(ii) FY2026 **Changed**

- Revise the initial plan of 2.4 billion yen to 2.18 billion yen.
- Adapt to changing customer needs driven by increasing adoption of AI
→ Implement AI in products and actively invest in AI-driven operations
- Strategic Business: Shift to a recurring revenue model

(iii) FY2027 **No change**

- The initial plan remains unchanged.

Reasons for Revising the Medium-Term Management Plan

We are clarifying additional priorities to achieve the FY2027 operating income target of 3 billion yen and ROE of 10% or higher.

Changes in external environment

Exponential evolution of AI technology

- Utilizing AI early and thoroughly will be crucial for establishing a competitive advantage going forward
- AI provides the greatest opportunity not only to reduce costs but also to transform our business model itself.

Pursuing capital efficiency

- Disciplined capital allocation that is mindful of capital costs is essential.
- A shift toward value-maximizing corporate value through growth investments and optimal shareholder returns is imperative.

Adding strategies

Strengthening Competitiveness by utilizing AI

p.6-

Capital Allocation

p.8-

Vision

Accelerating expansion of our business portfolio toward AI-driven digital marketing support

- Transition to a highly-profitable business model of providing comprehensive support for our customers by leveraging AI-driven products and operations as our strengths
- Aim to maximize our capital efficiency and profitability by utilizing our existing assets

Strengthening Competitiveness by utilizing AI

We will establish a foundation to utilize AI and develop talent and strengthen organizational capabilities to create added value across the company.

By integrating AI into individual products, we will establish unique value and competitiveness that competitors cannot replicate.

Organizing the foundation to utilize AI

- Promote consolidation of internal big data accumulated over time and digitization of knowledge
- Organize DX/AI promotion teams to establish a system for sharing successful cases and cross-functional problem-solving
- Formulate AI use guidelines and conduct literacy training

Streamlining operations

- Develop “FANCOMI AI,” an internal operation system and establish data pipelines
- Utilize AI across all functions, including sales, operation, and back office, and promote automation and advancement across the company to minimize operational costs
- Develop the personnel capable of creating added value to utilize AI and foster a culture where AI use is standardized

Applying to individual products

- **Investment areas Clarify the utilization of AI for each product and maximize business growth**
 - A8.net: Utilize AI for operation and functions to evolve it into Japan’s No.1 AI-powered ASP
 - N-INE: Redefine digital marketing processes by utilizing AI, and maximize customer outcomes while ensuring reproducibility
 - FANCOMI AI: Connect internal data with various services to maximize customer value provision in operations

Strengthening Competitiveness by utilizing AI

Utilizing AI for all processes dramatically improves the feasibility of the Growth Circle Strategy, which is the foundation for establishing a competitive advantage.

Customer IDs expansion x cross-selling

Expand the number of customer IDs

Maximize sales efficiency through AI-enabled customer management and FANCOMI AI

Accumulating data and know-how

Accumulate all types of data, including data on successes and

Establish pipelines for various data, including data on services, internal information, deals, and external information

Streamline operations and accelerate the speed of delivery of customer value in all types of operations by building a unique database and utilizing AI

FANCOM
Growth Circle

Improve matching precision

Utilize accumulated data and enhance value delivered to

Provide AI capabilities for core services such as A8.net

Streamline and automate partners' operations using AI agents

Establishing competitive advantage

Fully leverage AI to simultaneously grow the number of customer IDs and improve the average customer spend

Improve the average customer spend

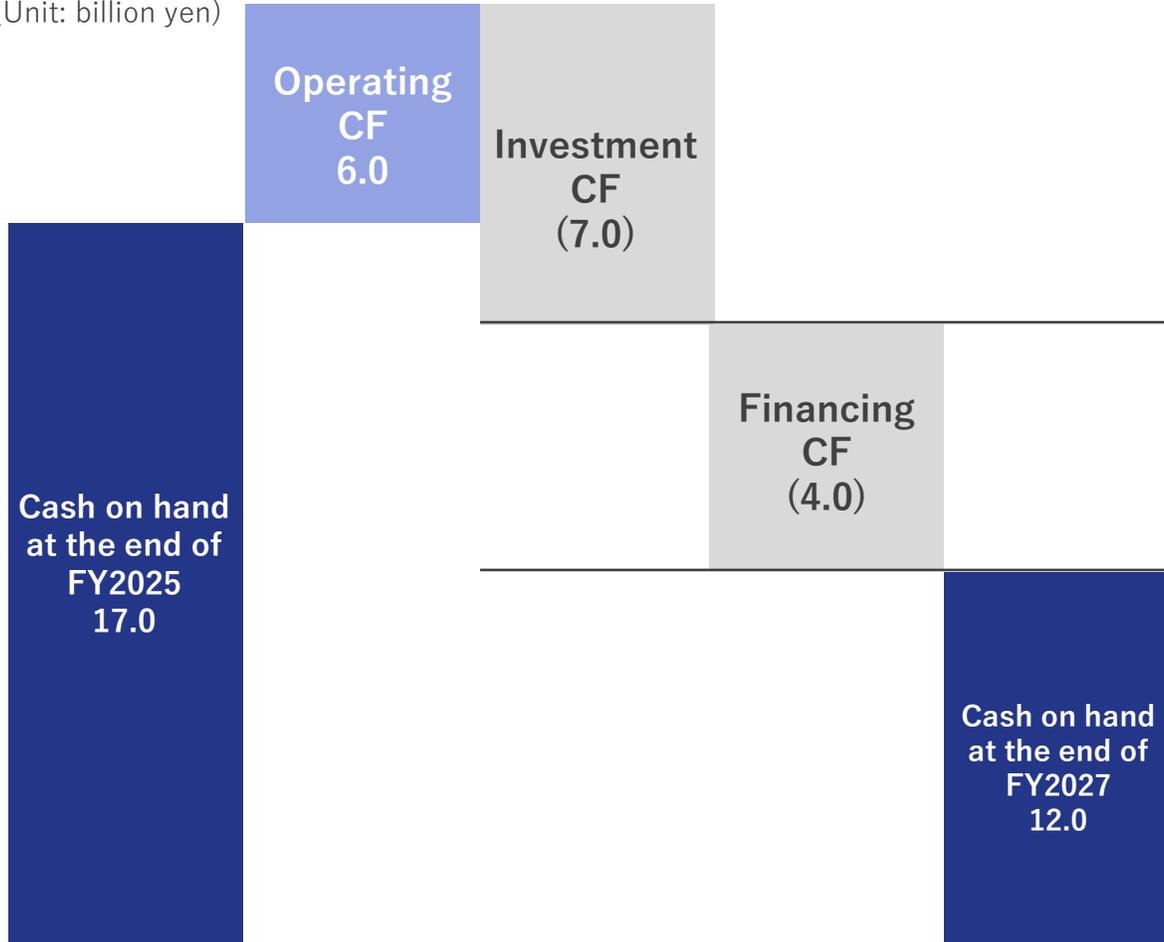
The average customer spend will increase through cross-selling, bundled pricing plans, and improved performance outcomes.

Utilize FANCOMI AI for data and deal analysis
Automate operations using AI agents

Capital Allocation

To achieve an ROE of 10% or higher in FY2027, we plan to execute the following in a balanced manner: investments to maximize the profits of our existing businesses; concrete growth investments focused on M&A; and stable shareholder returns.

(Unit: billion yen)



Actively invest to transform our business structure

- **Investment in AI utilization + internal businesses (1 billion yen)**
 - Investment in DX (AI tools, etc.)
 - Investment in AI utilization for A8.net and strategic businesses
- **M&A investment (6 billion yen)**
 - Actively invest in targets that will generate returns exceeding their capital costs
 - If unable to find an investment target, set the funds aside as strategic cash reserves

Expand shareholder returns and pursue capital efficiency

- **Maintain a baseline DOE of approx. 8% till FY2027**
- **Repurchase shares to implement the RS plan**
- **Consider opportunistic share repurchases**

Secure robust financial liquidity to sustain growth

- **Business working capital (4 billion yen)**
 - Maintain a robust financial foundation and credit, ensuring continued customer trust
 - Maintain reserves equivalent to 2 months of payments, factoring in the diversification of payment cycles for media partners
- **Strategic cash reserves (8 billion yen)**
 - Cash reserved to conduct opportunistic M&A and respond to unexpected situations
 - Efficiently manage surplus funds to ensure safety and liquidity

■ M&A Strategy Centered on Existing Assets

We will target domains where we can maximize synergies with our existing base of 3,000 corporate clients, our key asset. We will expand the range of value propositions for customers, thereby driving sustainable medium-to-long-term growth.

■ M&A policy

Basic policy

- Carefully select investees (in the digital marketing domain) that will accelerate value delivery to our customers and targets
- Selectively target investees that are likely to improve the ROE

Investment discipline

- Make investment decisions based on the expected rate of return (IRR), which reflects the capital cost, risks of individual deals, and business characteristics
- The target IRR varies depending on the category and business phase. However, we have established a 15% IRR as the hurdle rate for investment decisions, provided they contribute to improving ROE.

■ Specific direction

Investment theme	Specific targets	Expected synergies
Strengthen and deepen existing businesses	<ul style="list-style-type: none"> • Companies in the affiliate sector • Influencer marketing companies • Membership-based media companies 	<ul style="list-style-type: none"> • Expand customer base • Maximize revenue through upselling and cross-selling
Expand the digital marketing domain	<ul style="list-style-type: none"> • Online marketplace management agencies • Marketing tools companies • AI-related companies 	<ul style="list-style-type: none"> • Maximize revenue through upselling and cross-selling • Expand the range of value propositions by enhancing digital marketing support • Drive operational efficiency and advancement by utilizing AI

02 ■ Introduction to Our Management Philosophy and Vision

- Corporate Philosophy
- Long-term Milestones for Prosumer Happiness

Our corporate philosophy is our DNA that lies within us.

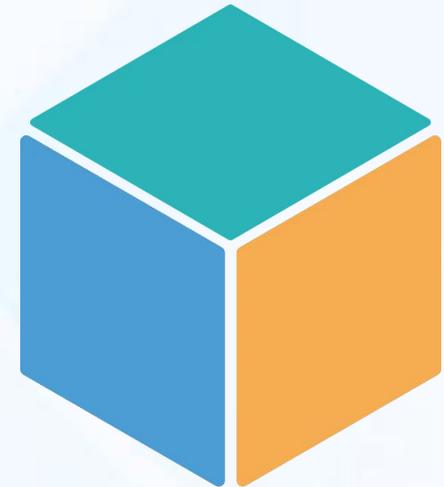
Create

Believe

Slowly and steadily

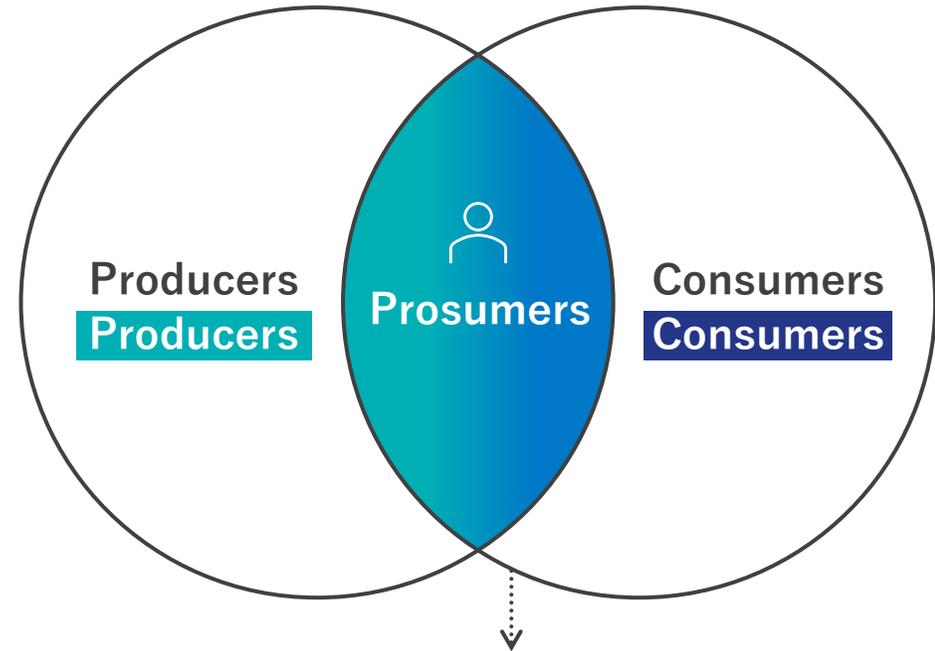
**Create new value. Believe in that potential.
We will never give up, even if it is not something
immediately accepted by society.**

**Like the tortoise, not the hare.
Slowly and steadily step by step, steadily moving forward.**



From an ad network provider to a prosumer support company.

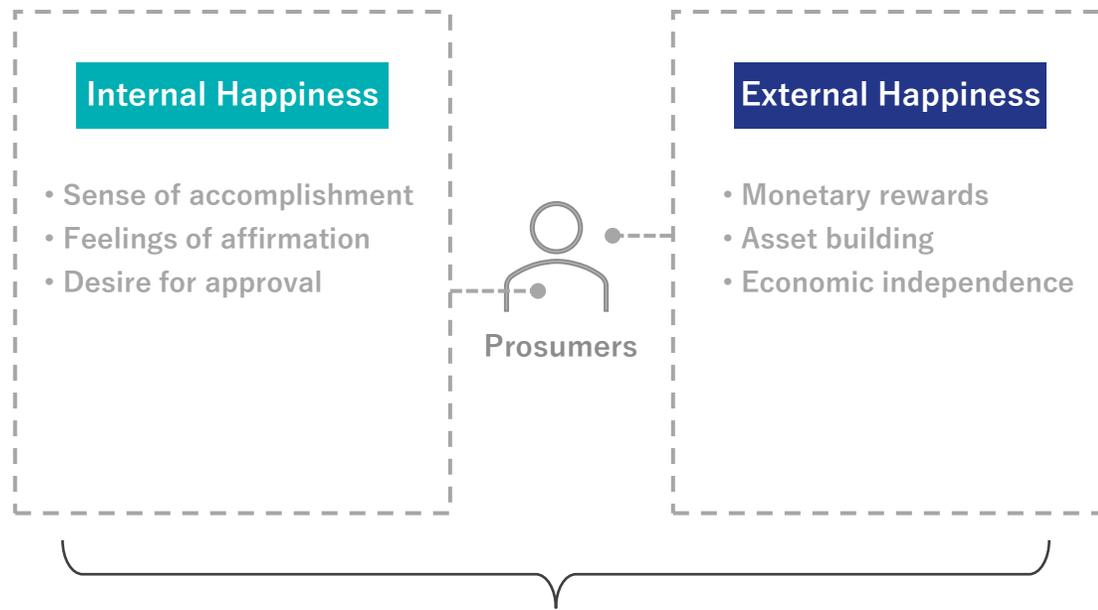
The market mechanism created by the era of mass production and mass consumption is coming to an end. The boundary between production and consumption will blur, and the world will be filled with “**prosumers**” who resemble both sides. We, FAN Communications will continue to develop our business to support such **prosumers** and move forward to become a company that can maximize their joy.



Prosumer happiness

= The “vision” we are working toward

We will offer real happiness and grow together with prosumers.



Maximizing the Two Forms of Happiness

= This is how we define “happiness.”

At FANCOMI, we believe that there are two kinds of happiness: **internal happiness** and **external happiness**.

Internal happiness refers to the actual acts of prosumers that lead to drive and motivation; the reward of being accepted by others.

External happiness is the incentive or financial income that allows people to continue their activities as prosumers.

By developing a business that is able to offer both of these, we will evolve to become an enterprise that maximizes the happiness of both customers and prosumers.

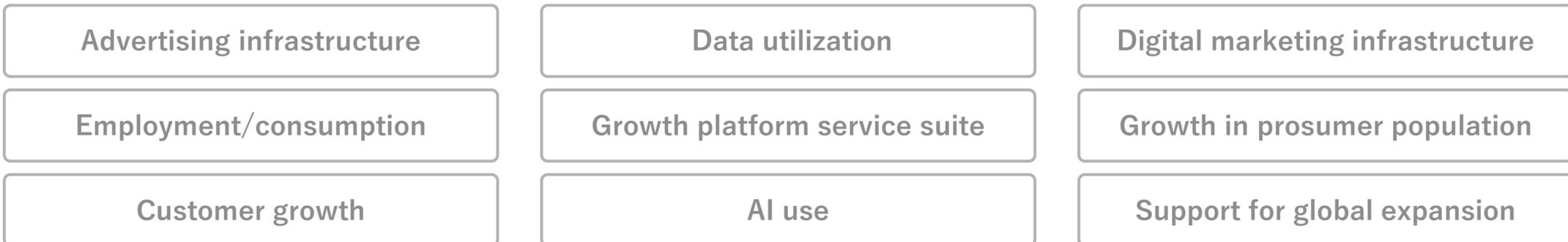
Long-term Milestones for Prosumer Happiness

Focus on the digital marketing field, and provide comprehensive support for the business growth of customers. Provide highly cost-effective digital marketing infrastructure **to realize prosumer happiness.**

Content of actions



Value provision



Achieving prosumer happiness

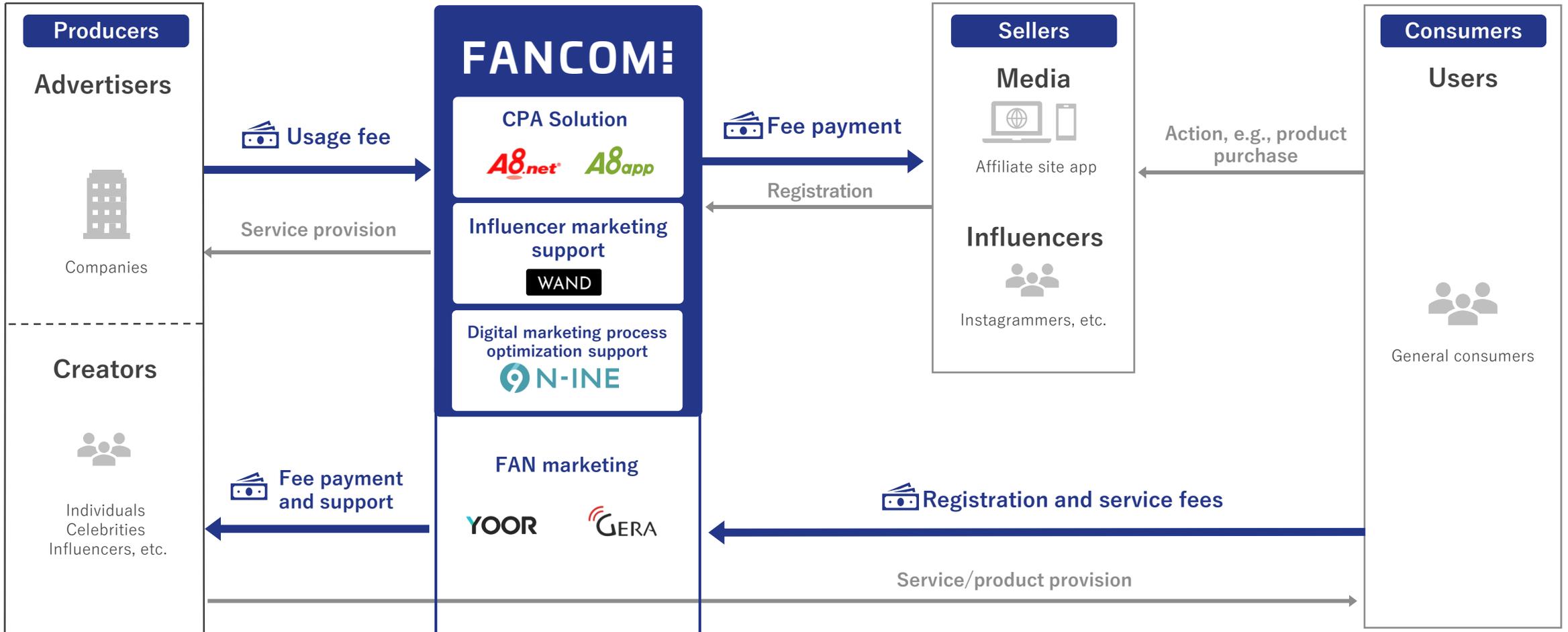
03 ■ Business Information

- Business Model
- CPA Solution Business: Business Overview
- FY2025 - FY2027 Business Expansion Image

Business Model

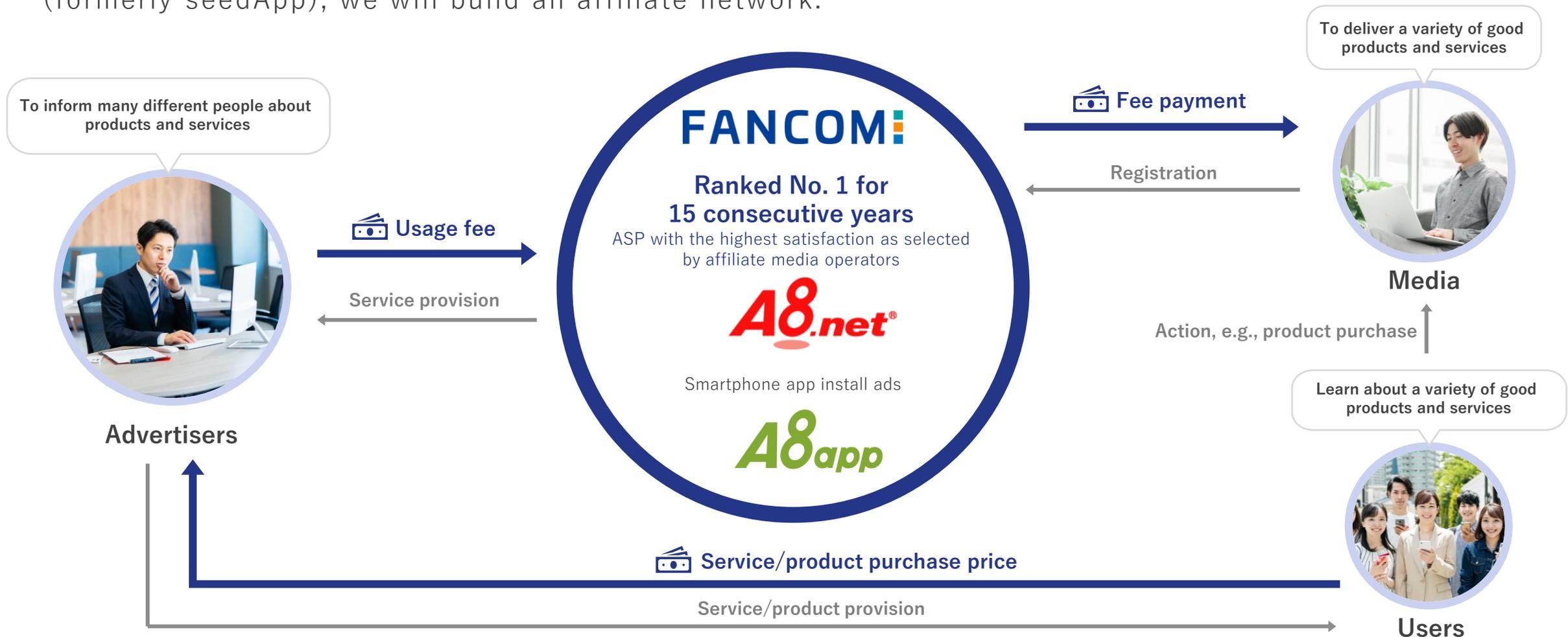
We are **in the business of connecting producers, sellers, and consumers**, and generate sales from fees we receive from advertisers.

In fan marketing, we connect producers and consumers not only through advertising but also through billing and other services.



CPA Solution Business: Core Business Overview

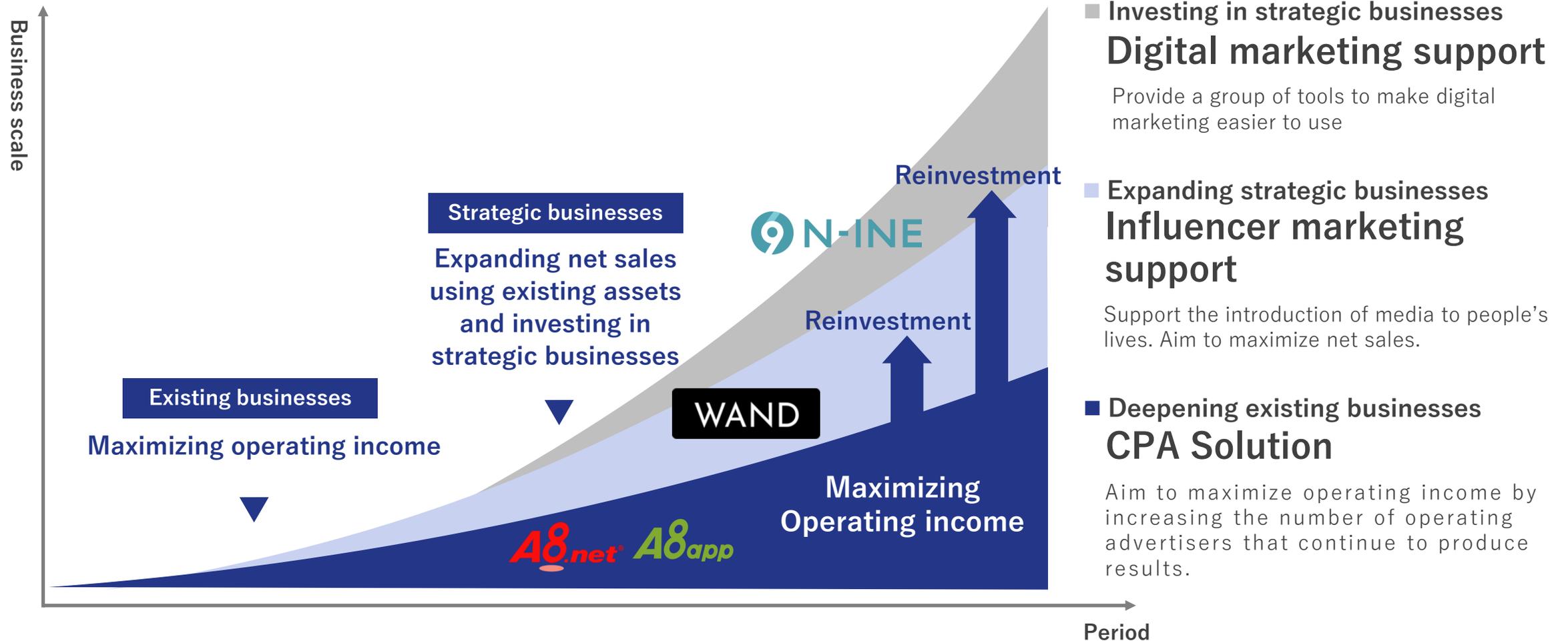
Together with **A8.net, which has been ranked No. 1 for 15 consecutive years as the ASP with the highest satisfaction as selected by affiliate media operators,** and the app-supporting A8app (formerly seedApp), we will build an affiliate network.



*Affiliate marketing association Ranked top among 23 major ASPs in Japan in the "2025 Affiliate Program Awareness Survey"

FY2025 - FY2027 Business Expansion Image

From FY2025: Aim to maximize operating income and add value to existing businesses, and **expand and invest in strategic businesses and target new business opportunities**.



04 ■ Business Environment and Market Trends

- Business Environment (Affiliate Domain)
- Business Environment (Influencer Marketing Domain)
- Business Environment (Digital Marketing Support Domain)
- Summary

Business Environment (Affiliate Domain)

The Internet advertising market is expected to continue to grow, which is **expected to be a tailwind for our affiliate network business.**

Domestic affiliate market size and forecast

(Billions of yen)



Future trend forecast

Growth expected in young generation participation, with focus on social media

Our actions

Focusing on A8.net with the largest number of registered users in the industry and **aiming to expand by attracting influencers**

Source: From "Research on the Affiliate Market (2024)" by Yano Research Institute Ltd. https://www.yano.co.jp/press-release/show/press_id/3523

Business Environment (Influencer Marketing Domain)

The market size of influencer marketing continues to grow by at least 10% year on year, and it is highly compatible with the affiliate market, **so synergies can be expected by linking the two.**

Trends and forecasts for the domestic influencer marketing market

(Billions of yen)



The size of the market in FY2027 is forecast to exceed **¥130.2 billion.**

Future trend forecast

Companies are strengthening their influencer marketing

with the spread of social media and changes in consumer behavior

Our actions

We provide and support a cost-effective method of attracting customers

by linking affiliates and influencers

Business Environment and Market Trends

Business Environment (Affiliate Influencer Marketing Support Domain)

Influencer marketing is expanding further due to the development of social media. On the other hand, the current issues are becoming clearer. **Becoming the No.1 company in the field of influencers and affiliates.**

Current issues in influencer marketing

Cost-effectiveness is unclear. Operating costs are high.

- Cost-effectiveness is poor if charged based on the number of followers.
- There is no data on the results of influencers, so it is not possible to efficiently invest in costs.
- Communicating with a large number of influencers is time and labor intensive.
- High cost for checking that the content of posts complies with the law.



Issues on the influencer side

- Want to post various advertiser projects, but there are not many projects.
- Uncertain about whether posted content complies with the law.
- Managing communications with multiple advertisers individually is difficult.



WAND

We will invest all the knowhow we have gained from operating A8.net for 25 years in influencer affiliates and expand.

We will strengthen the matching of influencers with the many advertisers on A8.net. There are plans for starting fullscale initiatives with group company WAND.

Business Environment (Digital Marketing Support Domain)

The market for digital marketing support tools (such as CRM and MA) continues to grow steadily at a growth rate of at least 10%. **Use by SMEs is on the rise.**

Trends and forecasts for the domestic marketing market

(Billions of yen)



Source: From "Research on the Digital Marketing Market (2024)" by Yano Research Institute Ltd. https://www.yano.co.jp/press-release/show/press_id/3604

Future trend forecast
The market is expanding not only for large companies, but also for untapped SMEs.

Our actions
Accumulating all types of marketing data and **providing value through systemization and AI utilization.**

Business Environment (Digital Marketing Support Domain)

The aim is to solve the digital marketing issues that many companies currently face **provide “N-INE”, a tool that makes digital marketing easy for anyone.**

Current issues in digital marketing

The increasing complexity and diversification of digital marketing methods

- It is difficult to determine what to choose among web, apps, platforms, etc.
- The means and methods vary depending on the chosen channel.



Shortage of human resources with expertise in digital marketing

- There is a shortage of human resources with expertise.
- Many people handle multiple roles, so there is a shortage of resources.
- AI is not yet fully utilized, so human labor is required.

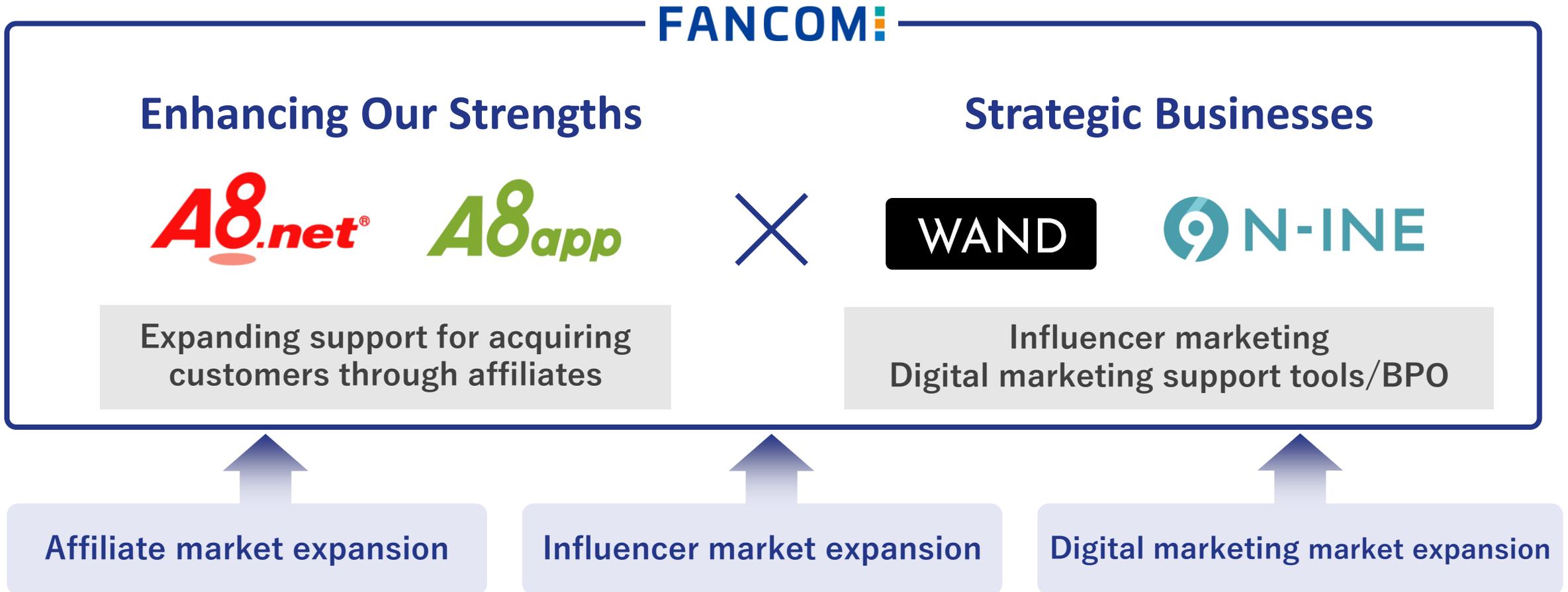


Make digital marketing easier to use

N-INE optimizes all business processes in digital marketing and offers a suite of services that support customer growth.

Summary

In addition to expanding our core business of supporting customer acquisition through affiliates, FANCOMI will provide influencer marketing and digital marketing support tools in our strategic business, **growing our business as the market expands.**

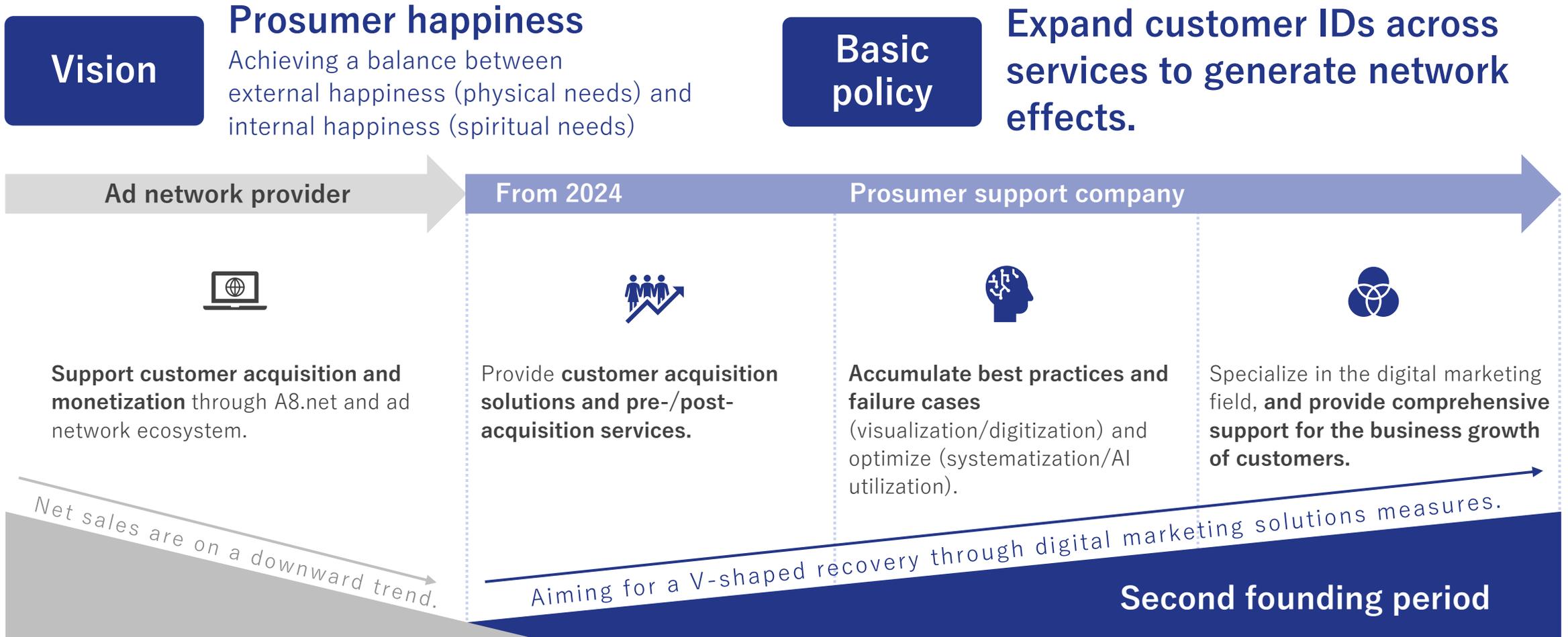


05 ■ Growth Strategy and Key Measures

- Story that begins with the second founding
- Specific Image of Digital Marketing Support
- How to Create Competitive Advantage
- Overview of FY2025 - FY2027 Growth Strategy

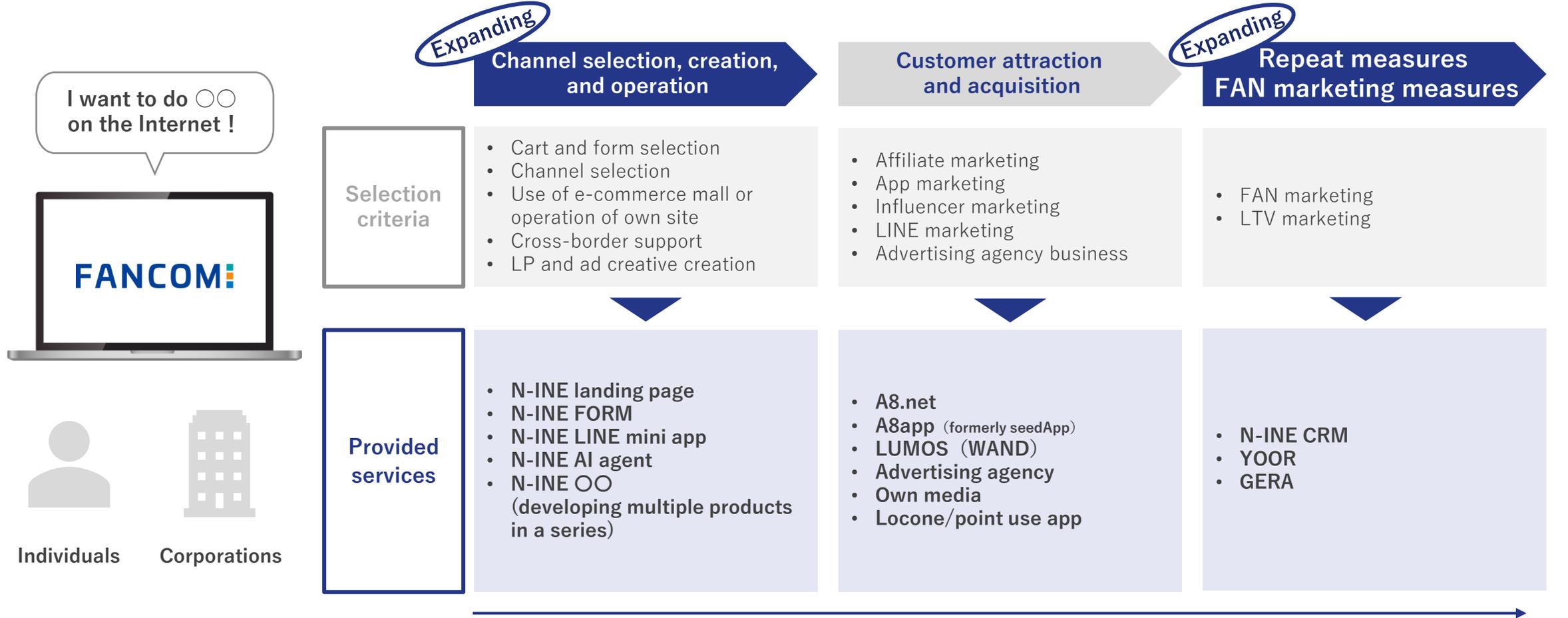
Story that begins with the second founding

FANCOMI is evolving **from an ad network provider to a prosumer support business.**



Specific Image of Digital Marketing Support

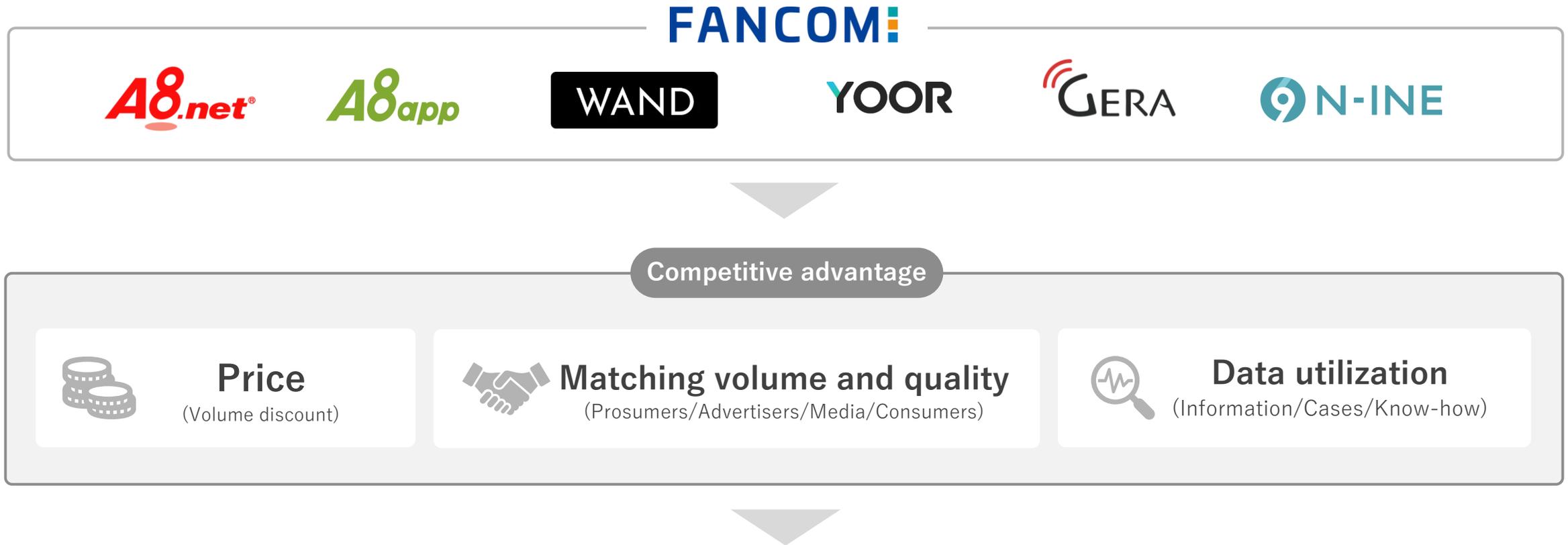
By offering a comprehensive range of services, **we will create a foundation that allows customers to use FANCOMI's services to solve their problems whenever they need to.**



Comprehensive support for digital marketing measures for products, services, etc.

How to Create Competitive Advantage

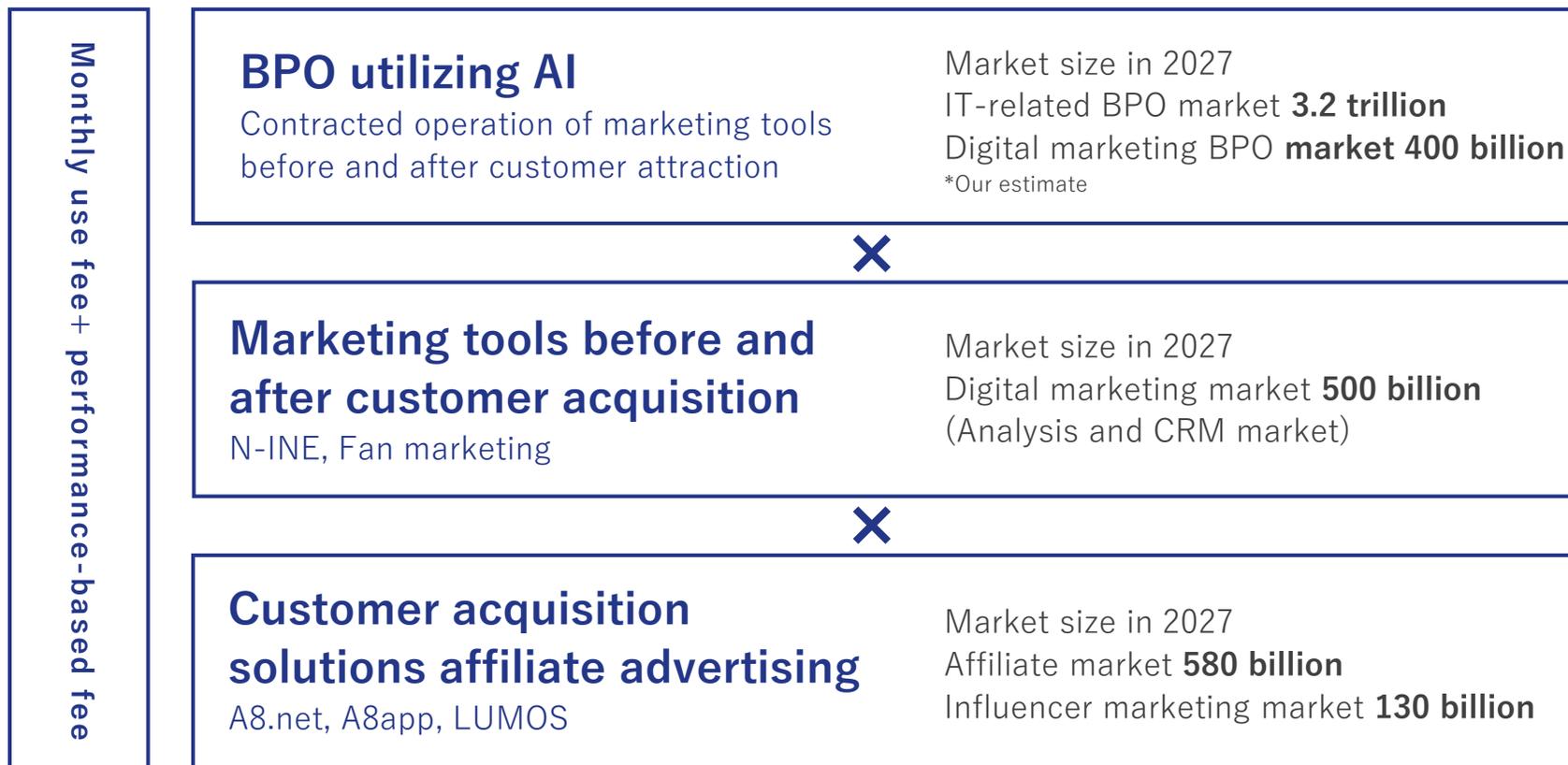
By providing a range of services, **we will create three competitive advantages—price, matching, and data utilization—and expand customer IDs.** Furthermore, that network effect also increases competitive advantage for businesses.



Customer ID expansion: FANCOMI and customers both gain competitive advantage.

Building digital marketing infrastructure centered on performance-based advertising for SMBs. We will provide customers with improved business matching quality through the expansion of our customer network, and improved cost efficiency through the use of proprietary data and BPO utilizing AI.

FANCOMI's strategy [main target: SMEs] *The following three markets have the largest TAM.



Competitors

Advertising agencies
 Consultants
 (Mainly large companies)

Marketing
 Vertical SaaS
 (Mainly enterprises)

Affiliate ASP
 (Mainly large budgets)

06 ■ Summary

- Our Vision for the Next Three Years
- Key Figures for FY2027

Our Vision for the Next Three Years

As a stepping stone to becoming a company that supports prosumers, **we will become a new market leader in the field of digital marketing solutions for SMBs.**

FANCOM



Providing customers with a digital marketing infrastructure based on performance-based advertising



Aggressively leveraging AI to solve customer labor shortages using our proprietary data and BPO services

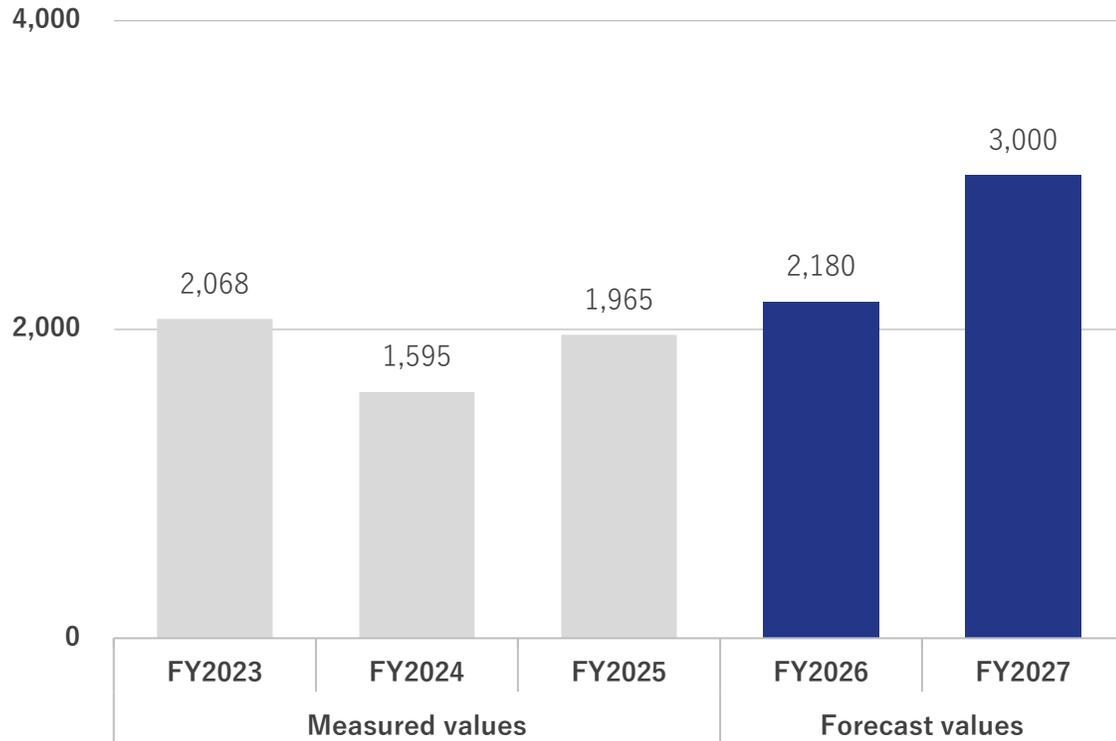


Maintaining A8.net's top market share while also having the top share in influencer and affiliate marketing

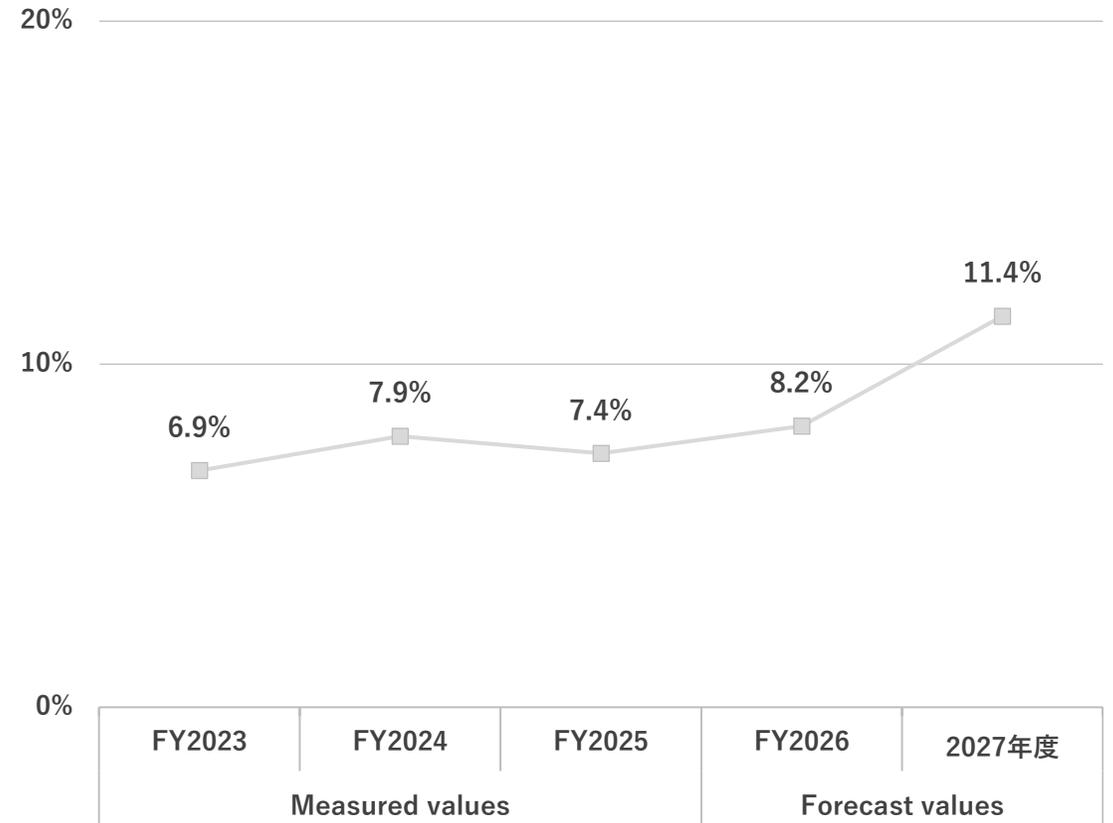
Targeting operating profit of 3.0 billion yen and an ROE of 10% or higher.

Operating income targets

(Millions of yen)



Return on equity [ROE] Year-end targets



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