



FY25-27 Medium-Term Management Plan

FAN Communications, Inc.
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Agenda

- 01 Introduction to Our Management Philosophy and Vision
- 02 Business Information
- 03 FY2024 Results
- 04 FY2025-2027 Plan Targets
- 05 Business Environment and Market Trends
- 06 Growth Strategy and Key Measures
- 07 Measures to Increase Corporate Value
- 08 Summary

01 ■ 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

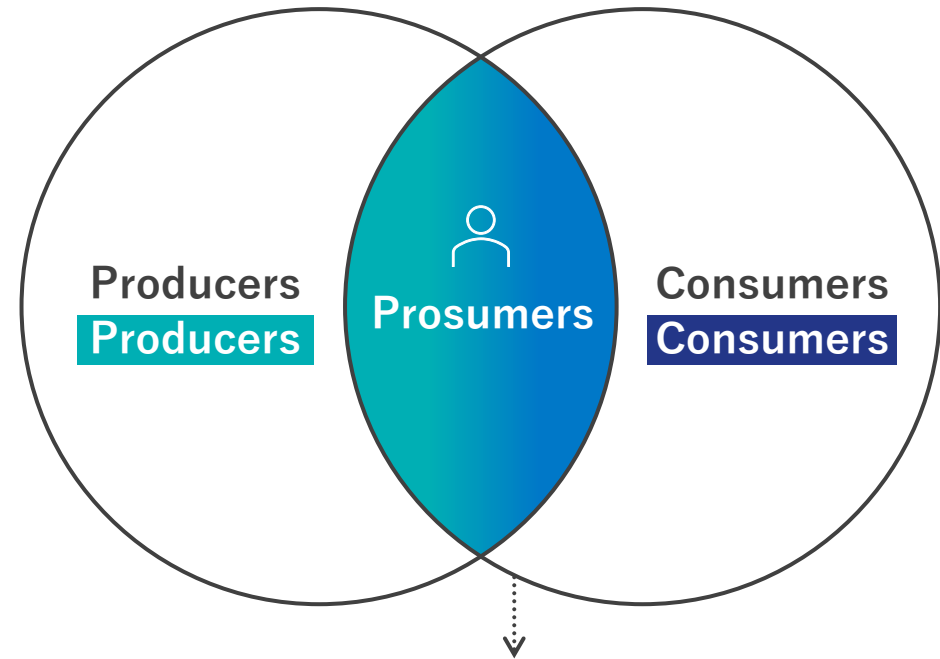
**Create new value. Believe in that potential.
We will never give up, even if it is not something
immediately accepted by society.**

**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.

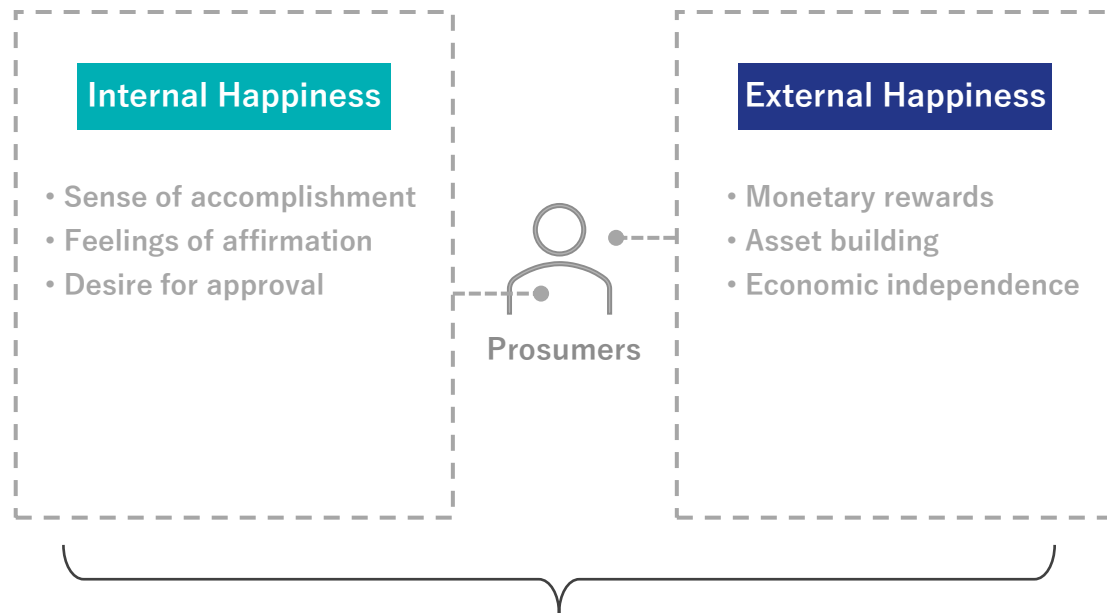
The market mechanism created by the era of mass production and mass consumption is coming to an end. The boundary between production and consumption will blur, and the world will be filled with “**prosumers**” who resemble both sides. We, FAN Communications will continue to develop our business to support 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.



= 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.

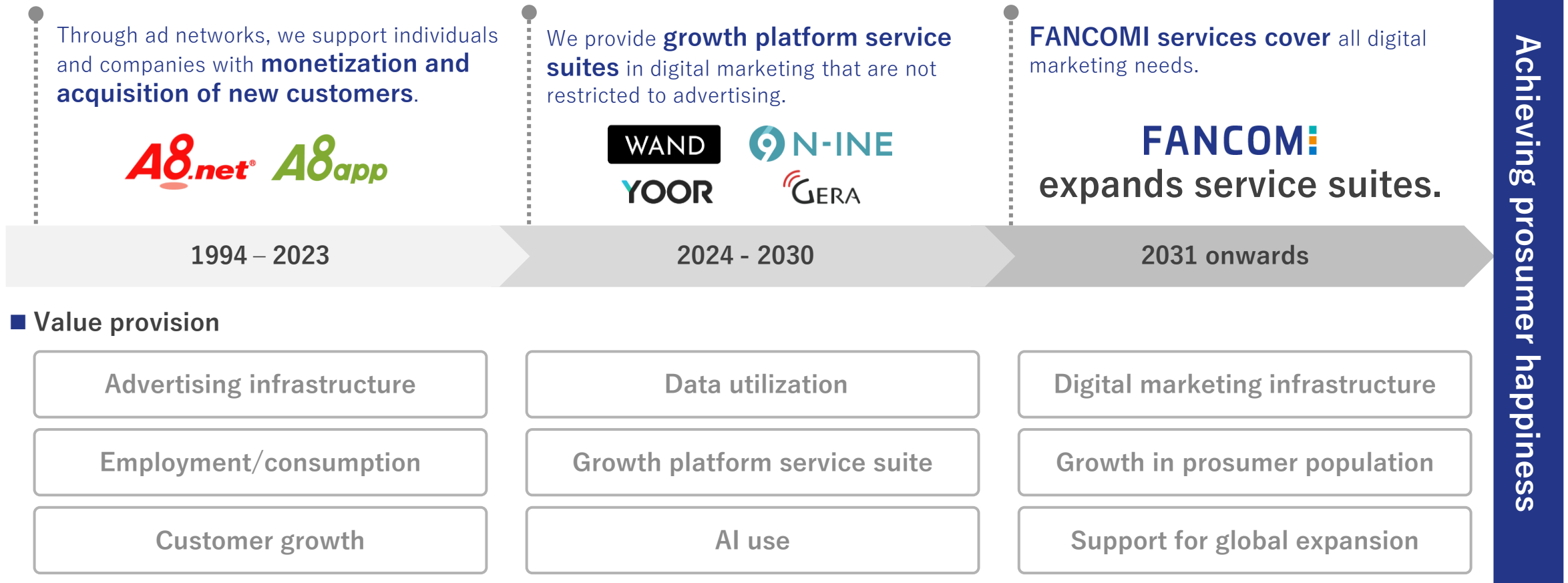
External happiness is the incentive or financial income that allows people to continue their activities as prosumers.

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



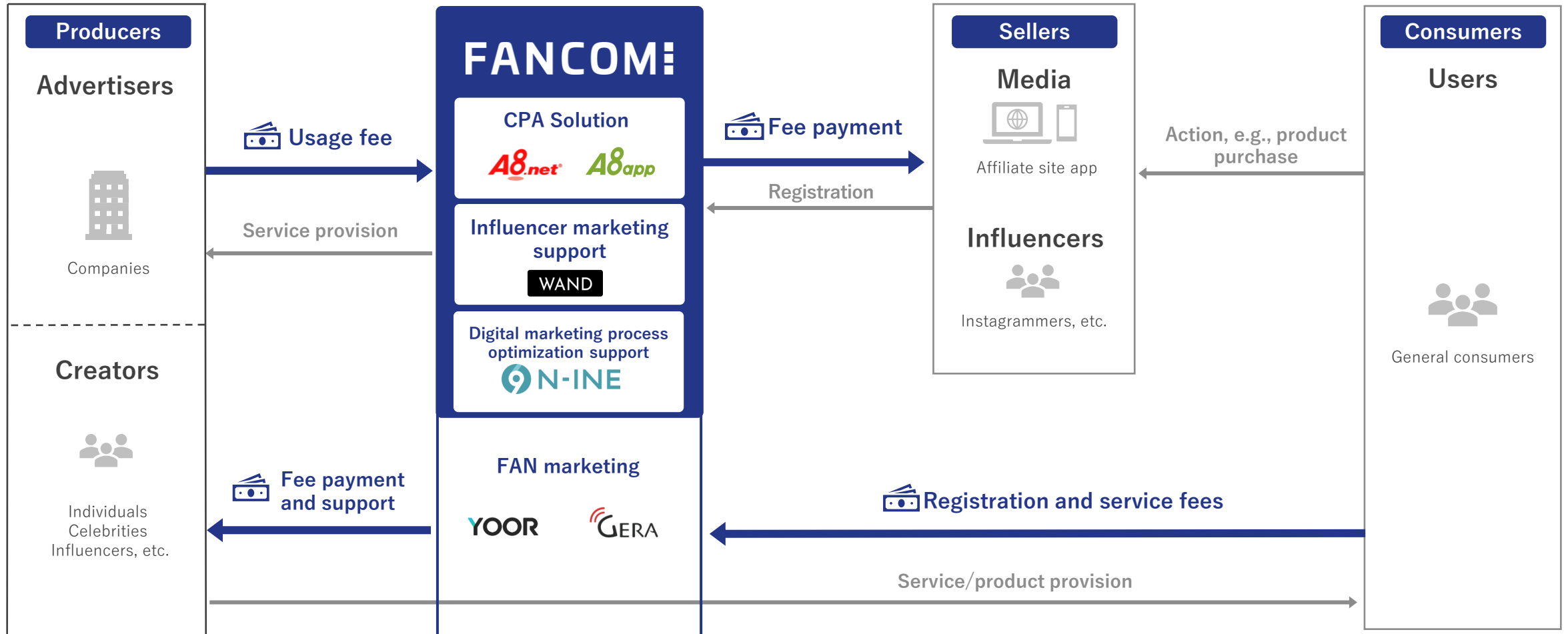
■ Value provision

02 ■ Business Information

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

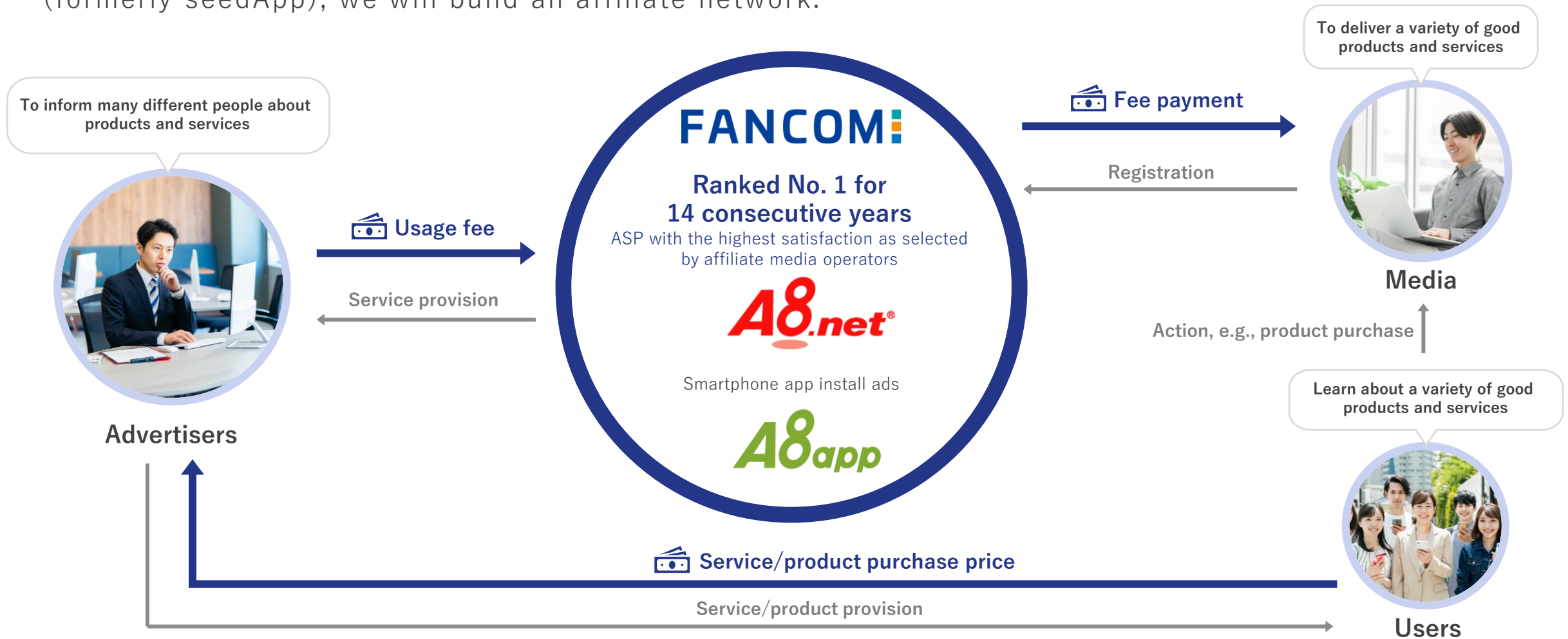
We are **in the business of connecting producers, sellers, and consumers**, and generate sales from fees we receive from advertisers.

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

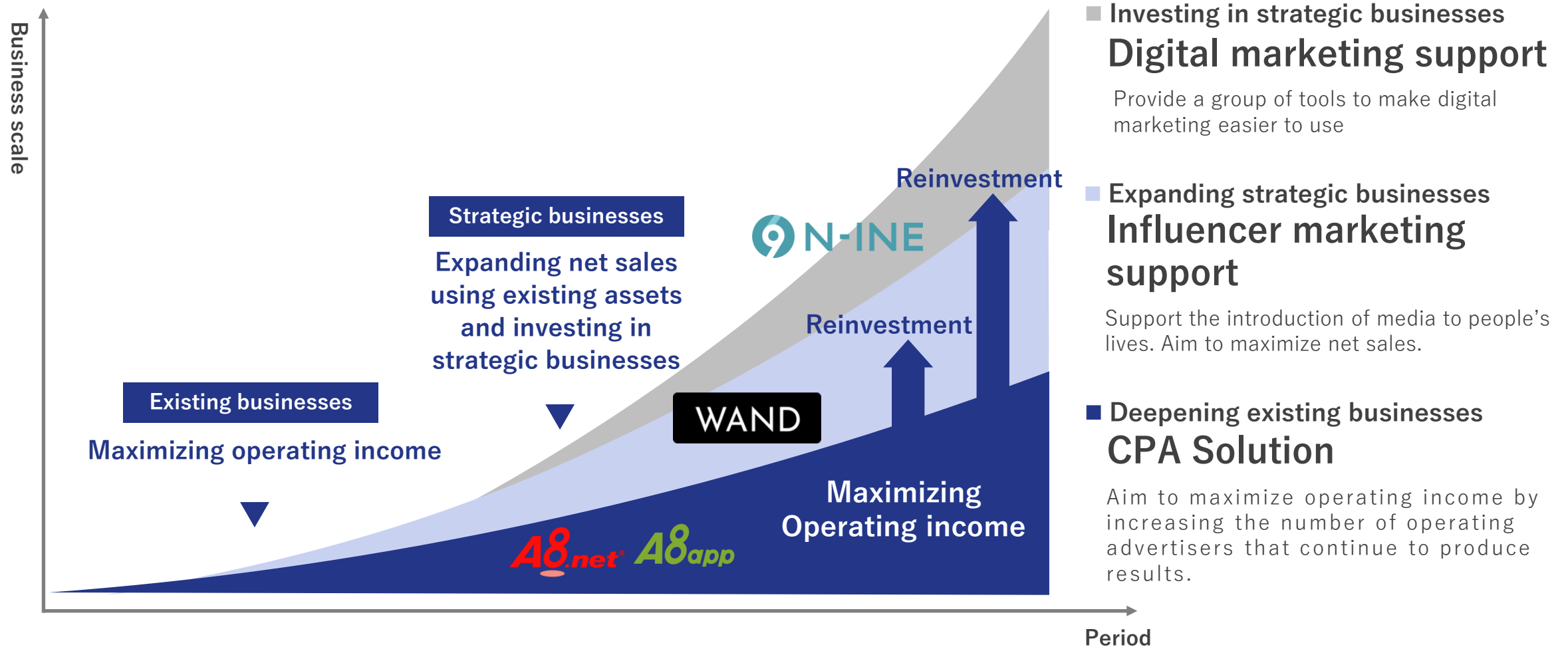
Together with **A8.net**, which has been ranked No. 1 for 14 consecutive years as the ASP with the **highest satisfaction as selected by affiliate media operators**, and the app-supporting A8app (formerly seedApp), we will build an affiliate network.



*Affiliate marketing association Ranked top among 24 major ASPs in Japan in the "2024 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**.



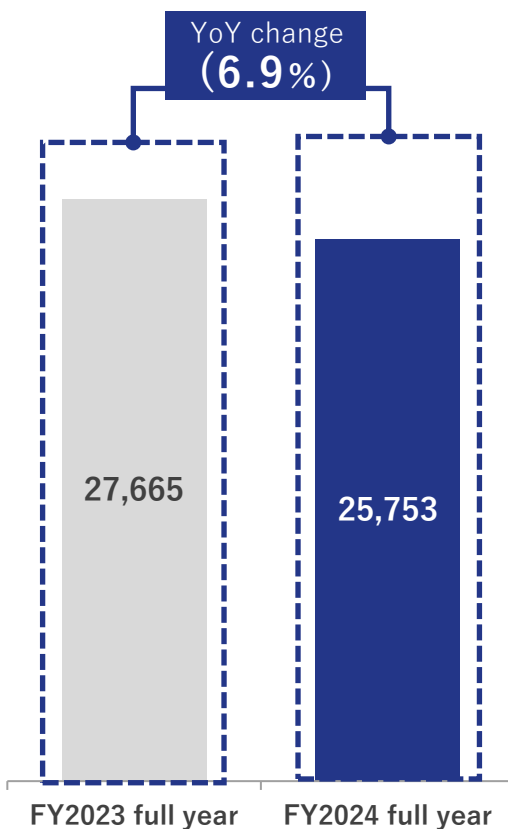
03 ■ FY2024 Results

- FY2024 Performance Trends

FY2024 Performance Trends

The year on year decrease in transaction volume and net sales was caused by a review of our business portfolio (withdrawal from nend and absorption of subsidiaries). From Q3, we accelerated investment in strategic businesses such as influencer marketing. Operating income was trending towards recovery in Q4.

(Millions of yen) **Transaction volume**



	2023	2024					前年 同期比
(Millions of yen)	FY2023 full year	Q1 results	Q2 results	Q3 results	Q4 results	FY2024 full year	増減率
Transaction volume	27,665	6,100	6,291	6,578	6,783	25,753	(6.9%)
Net sales	7,396	1,702	1,702	1,758	1,798	6,961	(5.9%)
Operating income	2,068	352	353	358	531	1,595	(22.8%)
(Operating margin)	7.5%	5.8%	5.6%	5.5%	7.8%	6.2%	—
Ordinary income	2,103	355	426	291	596	1,670	(20.6%)
Profit	1,233	515	314	165	423	1,419	+15.1%
(Profit ratio)	4.5%	8.5%	5.0%	2.5%	6.2%	5.5%	—

*Profit increased due to utilization of carried-forward losses associated with the absorption of subsidiaries.

04 ■ FY2025-2027 Plan Targets

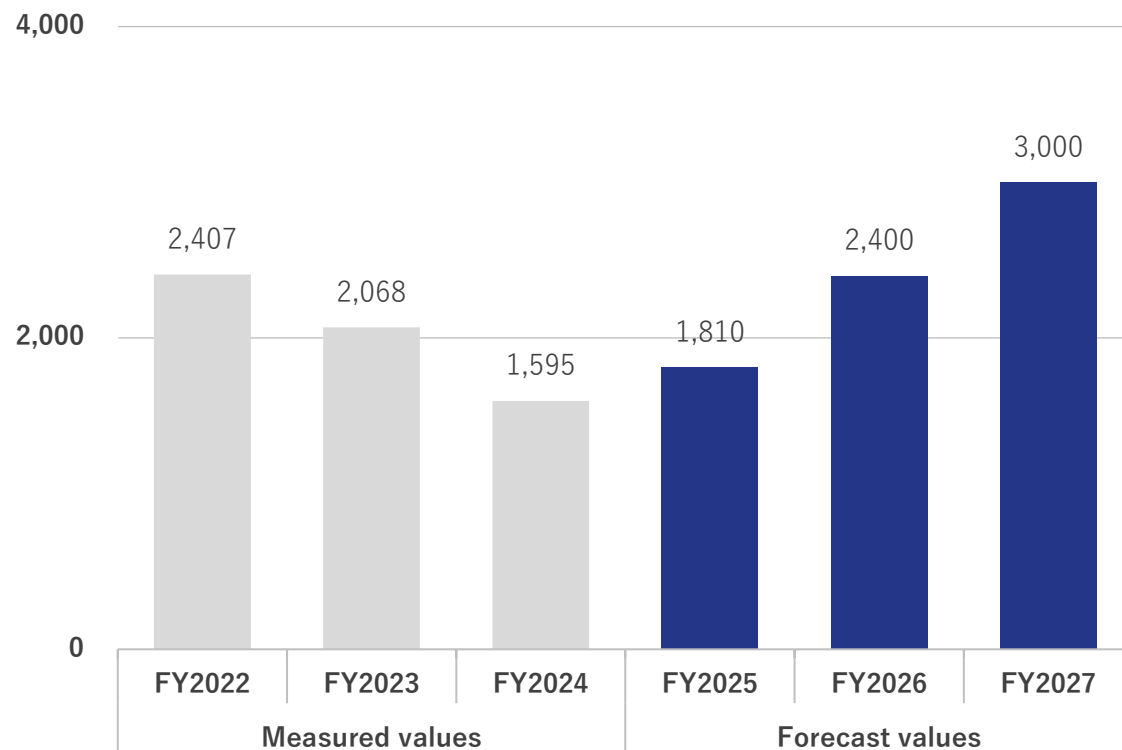
- FY2025-2027 Medium-Term Management Plan Target Figures

FY2025-2027 Medium-Term Management Plan Target Figures

We aim to **increase operating income by 88% (compared to FY2024)** and return on **equity (ROE) by 10% or more in the three years** between now and FY2027 (if a dividend of 19 yen is maintained).

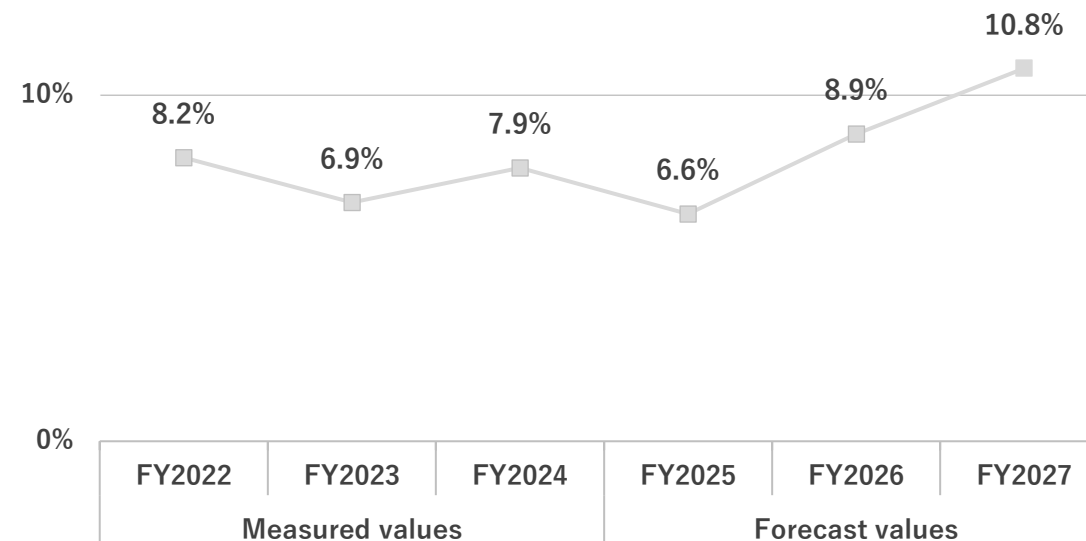
Operating income [quarterly basis] target

(Millions of yen)



Return on equity [ROE] target

20%



05 ■ Business Environment and Market Trends

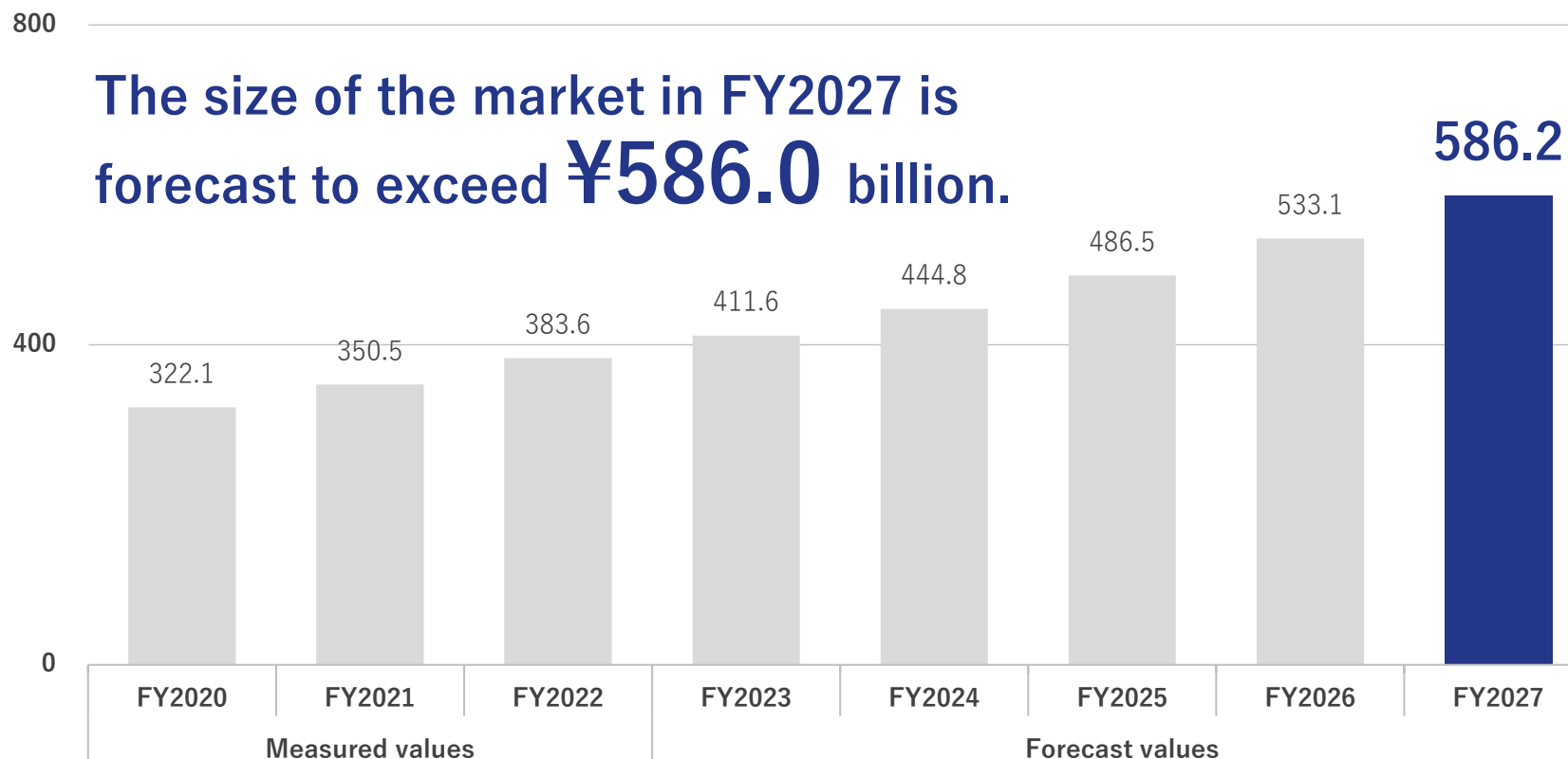
- Business Environment (Affiliate Domain)
- Business Environment (Influencer Marketing Domain)
- Business Environment (Digital Marketing Support Domain)
- Summary

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)



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

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**

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)



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

Source: CyberBuzz/Digital Infact Research <https://prtimes.jp/main/html/rd/p/0000000053.000013256.html>

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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.

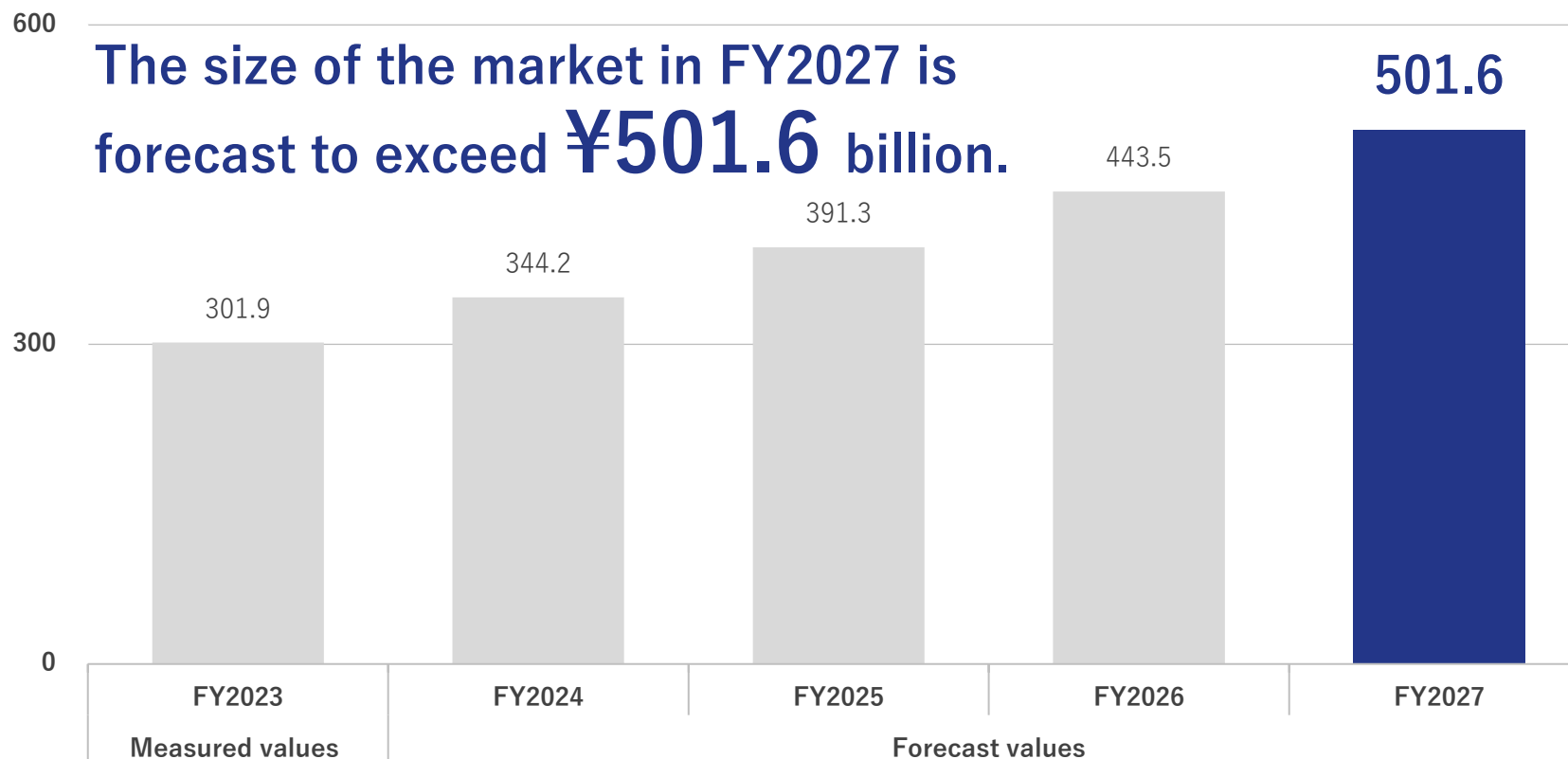
We will strengthen the matching of influencers with the many advertisers on A8.net. There are plans for starting fullscale initiatives with group company WAND.

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.**

FANCOM

Enhancing Our Strengths



Expanding support for acquiring customers through affiliates



Strategic Businesses



Influencer marketing
Digital marketing support tools/BPO

Affiliate market expansion

Influencer market expansion

Digital marketing market expansion

06 ■ 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.**

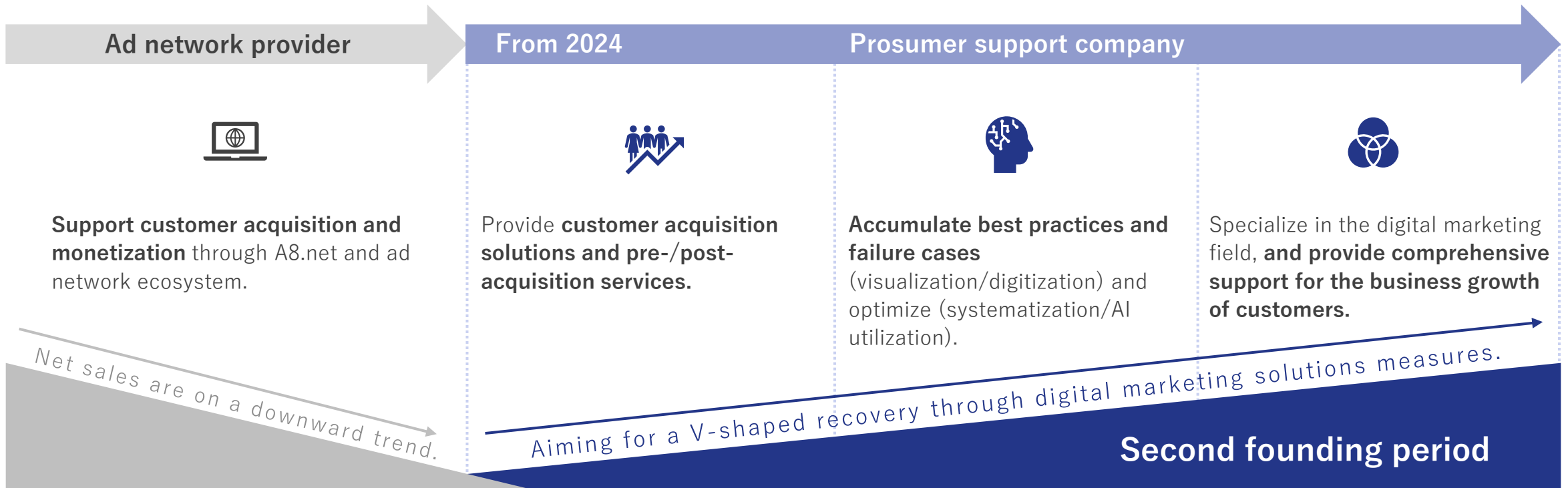
Vision

Prosumer happiness

Achieving a balance between external happiness (physical needs) and internal happiness (spiritual needs)

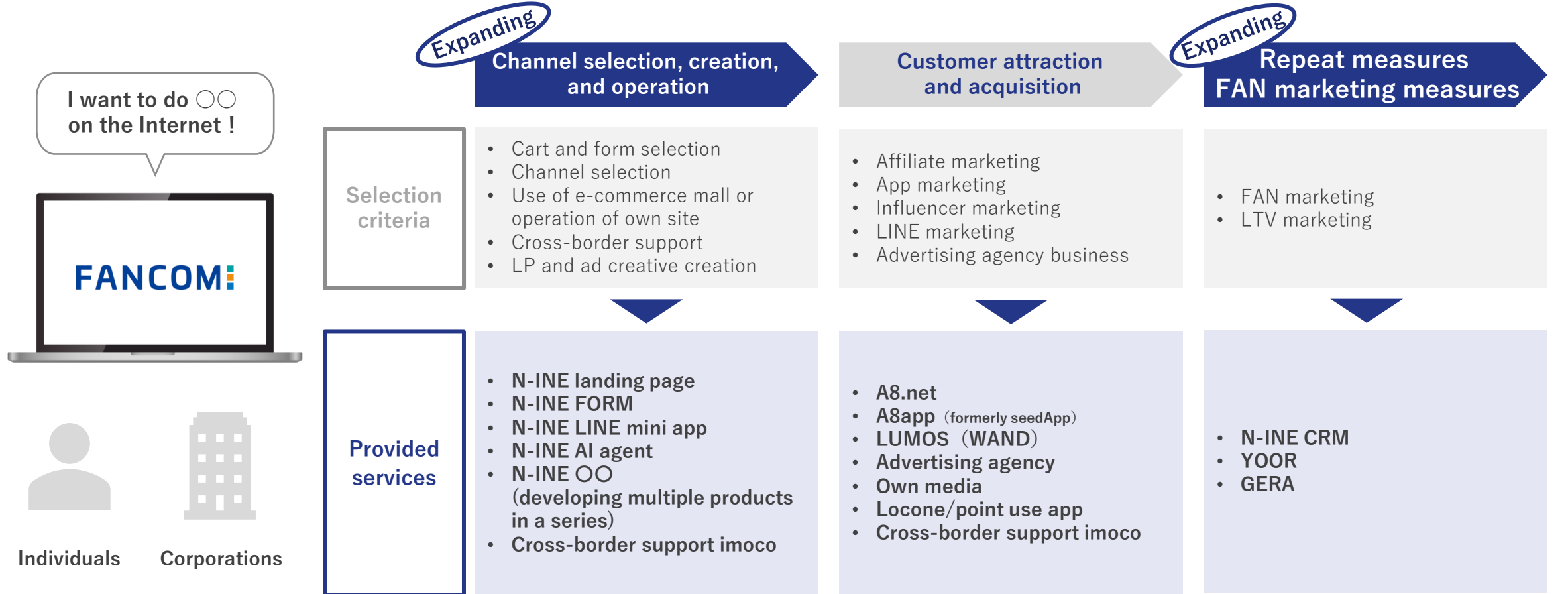
Basic policy

Expand customer IDs across services to generate network effects.



Specific Image of Digital Marketing Support

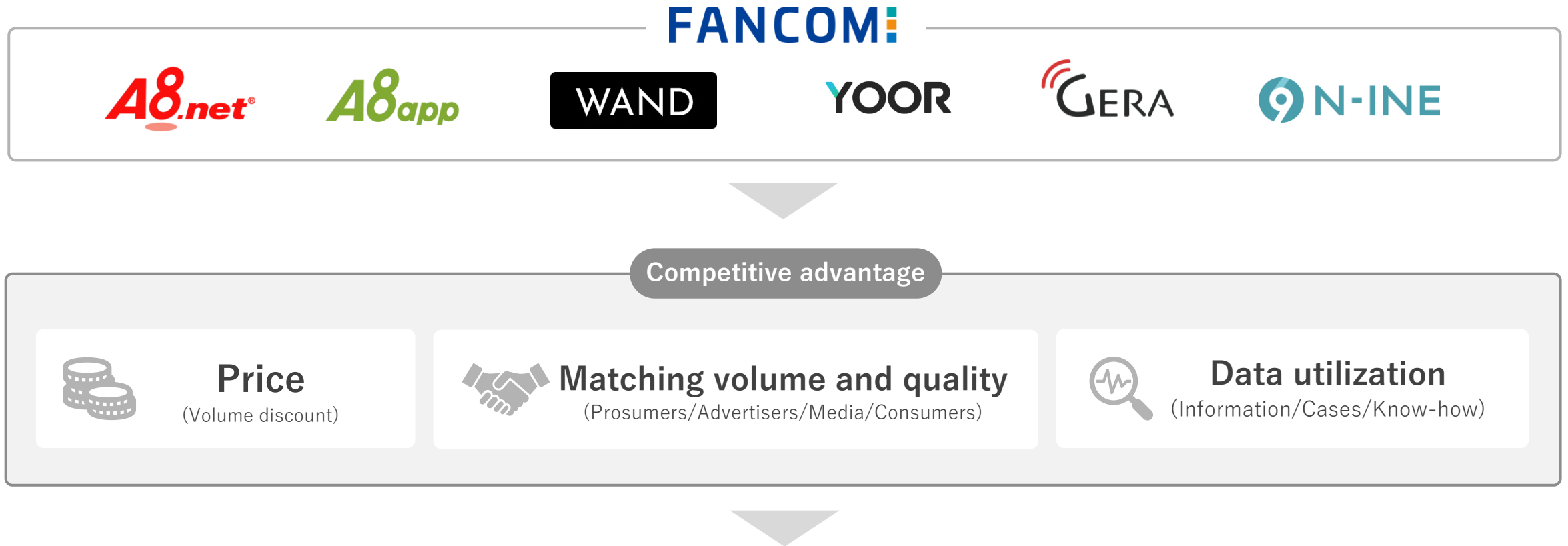
By offering a comprehensive range of services, **we will create a foundation that allows customers to use FANCOMI's services to solve their problems whenever they need to.**



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

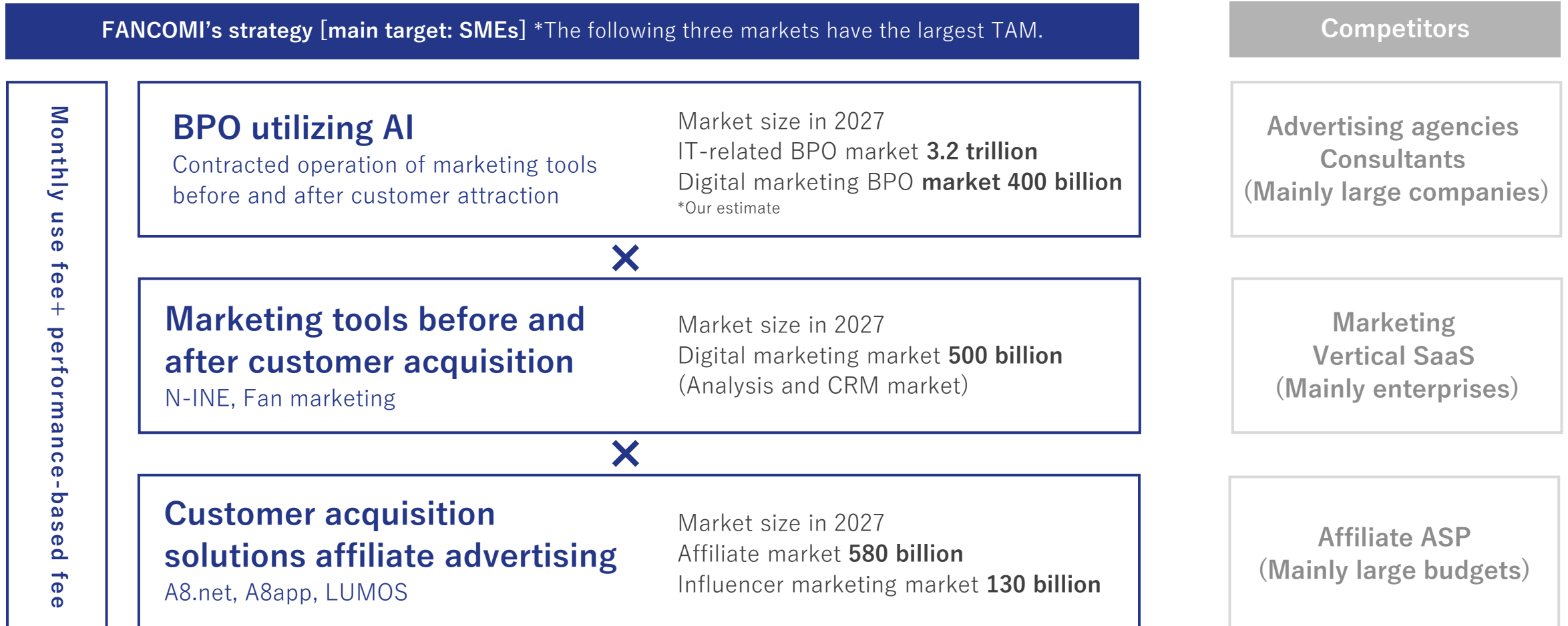
How to Create Competitive Advantage

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.**

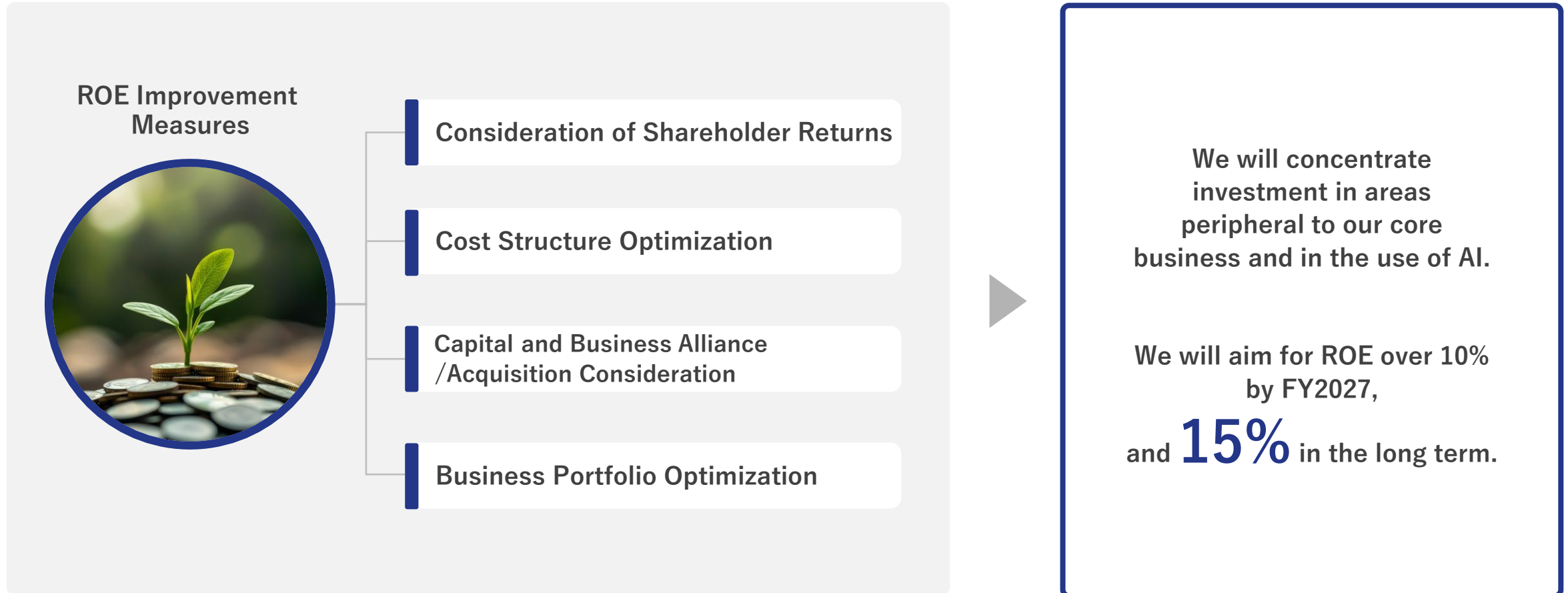
Building digital marketing infrastructure centered on performance-based advertising for SMBs. We will provide customers with improved business matching quality through the expansion of our customer network, and improved cost efficiency through the use of proprietary data and BPO utilizing AI.



07 ■ Measures to Increase Corporate Value

- Capital Policy
- Human Investment

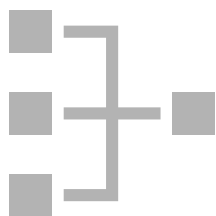
Basic policy: Always consider capital policy with ROE in mind.



Basic policy: Enhance four measures, increase competitiveness and growth potential

01

Investment in systemization

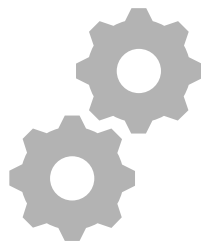


Internal systemization

Investment in **sales enablement**/Construction of information and customer management systems

02

AI/DX investment



AI/DX investment

Increase tool costs per employee (planned 50 million yen in FY2025), proactive use of **AI**, etc. to **increase productivity**

03

Human resources

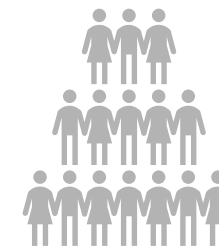


Hiring and training

Strengthen **hiring of new graduates** for sales and engineering. Train **DX and PdM personnel** with skills and an understanding of FANCOMI culture

04

Systems



Systems

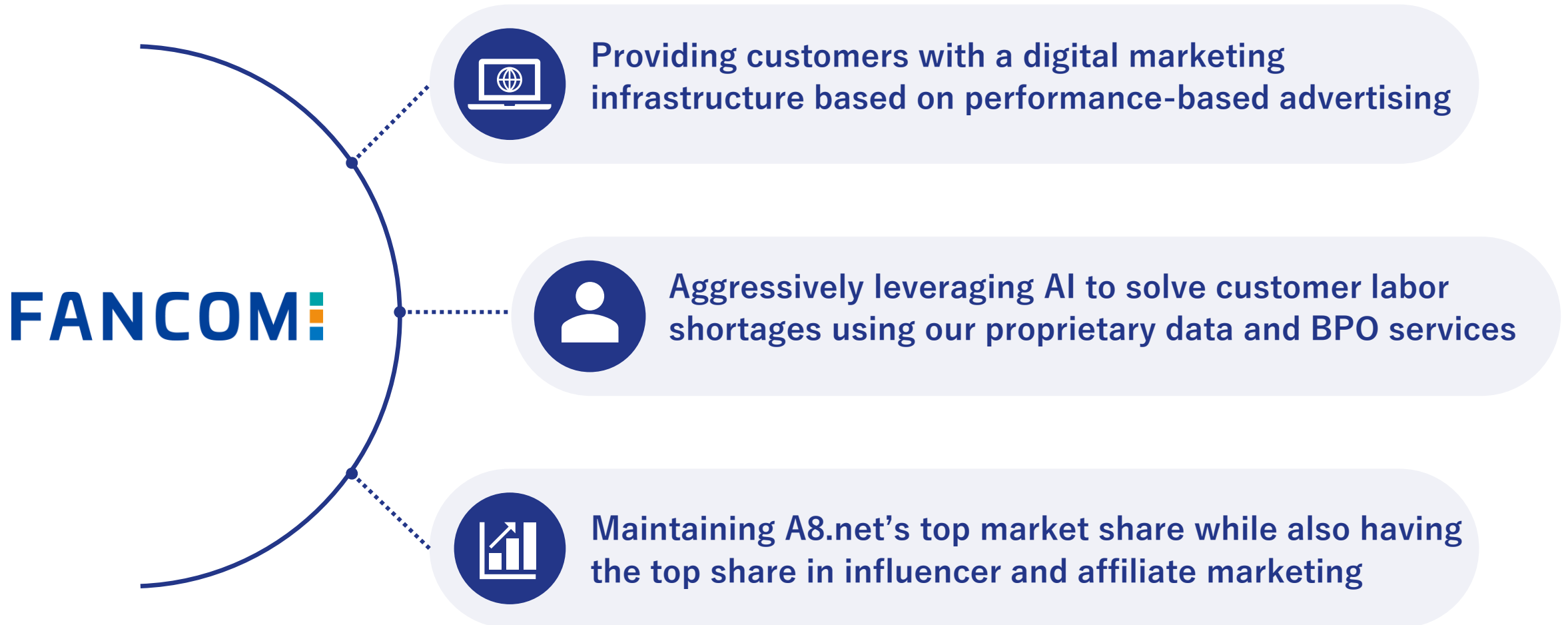
Provide **flexible** personnel systems and an environment that fosters **hypothesis-driven thinking** and allows people to acquire **execution ability** / implement evaluation systems

08 ■ 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.**



Key Figures for FY2027

We will expand our customer network.

We aim for **operating income of 3 billion yen and ROE of at least 10%.**

■ Advertiser IDs for all services

Customers

6,000

Compared to FY2024

+ 2,000

■ Number of media IDs for all services

50,000

Compared to FY2024

+ 20,000

Operating income

3 billion yen

Compared to FY2024

+ 88%

ROE

10%_{over}

FY2024 results

7.9%