



Fourth Quarter of 2021  
Presentation of Financial Results

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February 9, 2022

FAN Communications, Inc.

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# Fourth Quarter of 2021 Results Highlights

## Fourth Quarter of 2021 (Oct.–Dec.): Key Points

### Results Highlights

- Results remained lackluster, with net sales down 2.3% YoY and ordinary income up only 4.0% YoY.
- Versus the previous quarter (third quarter of 2021), Net sales was down only marginally versus while ordinary income was up only marginally.
- Sluggish growth in sales was attributed to the ongoing slump in nend results and the time required for progress in advertiser replacement at A8.net to be reflected in sales.

# Consolidated Results of Operations

Results  
Highlights

(¥ thousands)	2021 Full year	2020 Full year	YoY change	% of net sales
Net sales	26,700,229	29,379,998	-9.1%	100%
Operating income	2,318,795	2,852,927	-18.7%	8.7%
Ordinary income	2,516,213	2,985,053	-15.7%	9.4%
Profit attributable to owners of the parent	1,637,207	1,991,515	-17.8%	6.1%
Ordinary income margin	9.4%	10.2%	-0.8pt	-
Earnings per share	¥22.63	¥26.95	-16.0%	-
Diluted earnings per share	-	-	-	-

Note: Diluted earnings per share are not stated due to the absence of dilutive shares.

# Consolidated Balance Sheets

## Results Highlights

(¥ thousands)	December 31, 2020	December 31, 2021
<b>Assets</b>		
<b>Current assets</b>	<b>24,379,779</b>	<b>22,975,204</b>
Cash and deposits	19,532,772	19,362,918
Accounts receivable – trade	3,414,350	2,970,155
Securities	1,096,914	200,010
Other	348,491	455,432
Allowance for doubtful accounts	-12,750	-13,312
<b>Fixed assets</b>	<b>1,941,796</b>	<b>1,679,603</b>
Property, plant and equipment	156,770	101,082
Intangible assets	596,852	423,676
Investments and other assets	1,188,173	1,154,844
<b>Total assets</b>	<b>26,321,576</b>	<b>24,654,807</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>	<b>5,661,753</b>	<b>4,807,135</b>
Accounts payable – trade	4,321,757	3,959,465
Income taxes payable	434,076	322,619
Other current liabilities	905,918	525,048
<b>Long-term liabilities</b>	<b>141,537</b>	<b>141,903</b>
<b>Total liabilities</b>	<b>5,803,290</b>	<b>4,949,038</b>
<b>Total net assets</b>	<b>20,518,285</b>	<b>19,705,769</b>
<b>Total liabilities and net assets</b>	<b>26,321,576</b>	<b>24,654,807</b>

Main component was ¥855,181 thousand in investment securities.

The decline in net assets was mainly attributed to a ¥999,989 thousand decrease due to a share buyback, partially offset by a ¥243,651 thousand increase in retained earnings.

# Consolidated Performance Forecast

Results  
Highlights

(¥ millions)	2022 Full-Year Forecast	2022 1H Forecast	2021 Full-Year Results
Net sales	7,680	3,810	26,700
Operating income	2,410	1,200	2,318
Ordinary income	2,430	1,210	2,516
Profit attributable to owners of the parent	1,670	830	1,637

Note: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022.

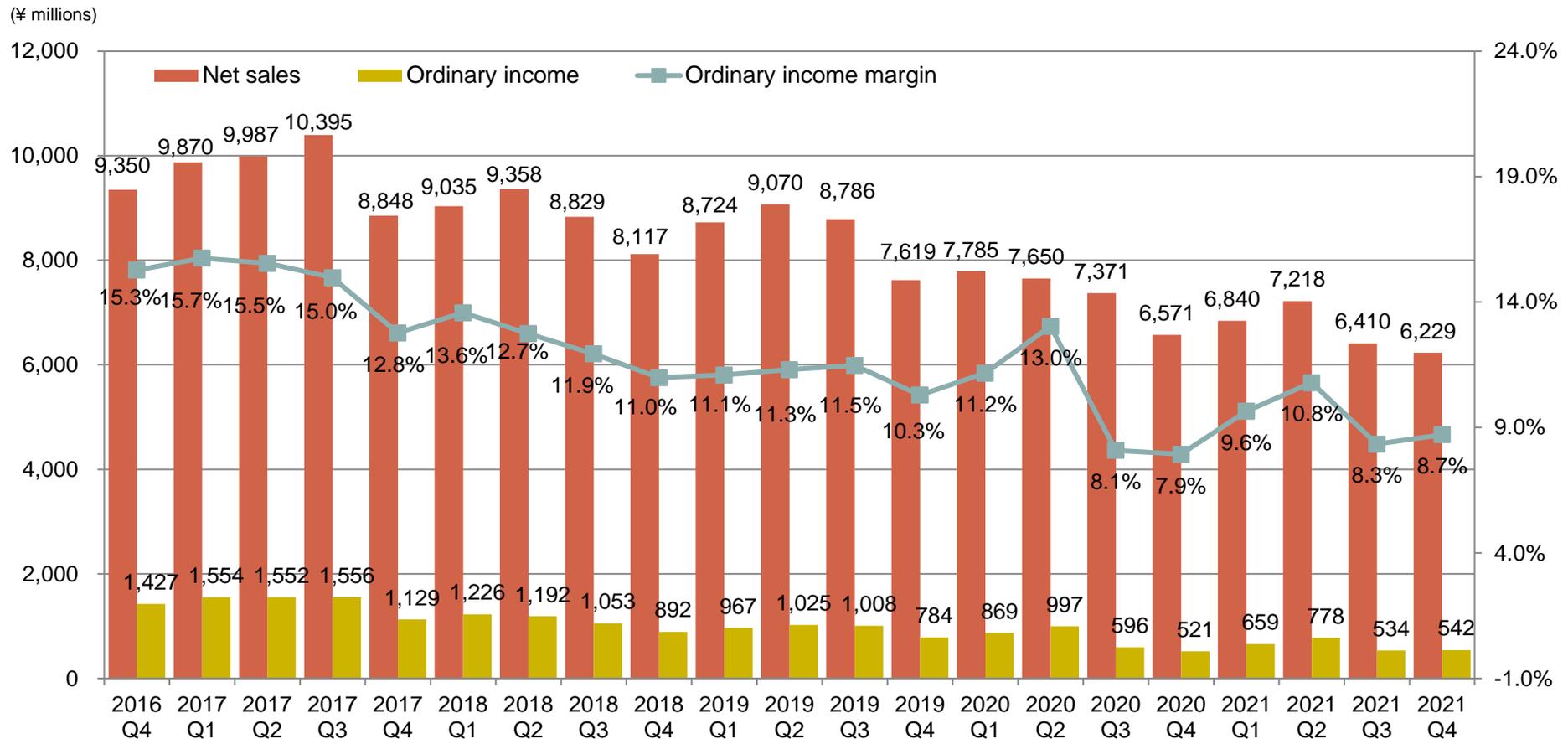
## Dividend Forecast

	2022 Forecast	2021
Year-end dividend per share	¥19	¥19

## Management Indicators (Quarterly Basis)

# Net Sales, Ordinary Income and Ordinary Income Margin (Consolidated/Quarterly Basis)

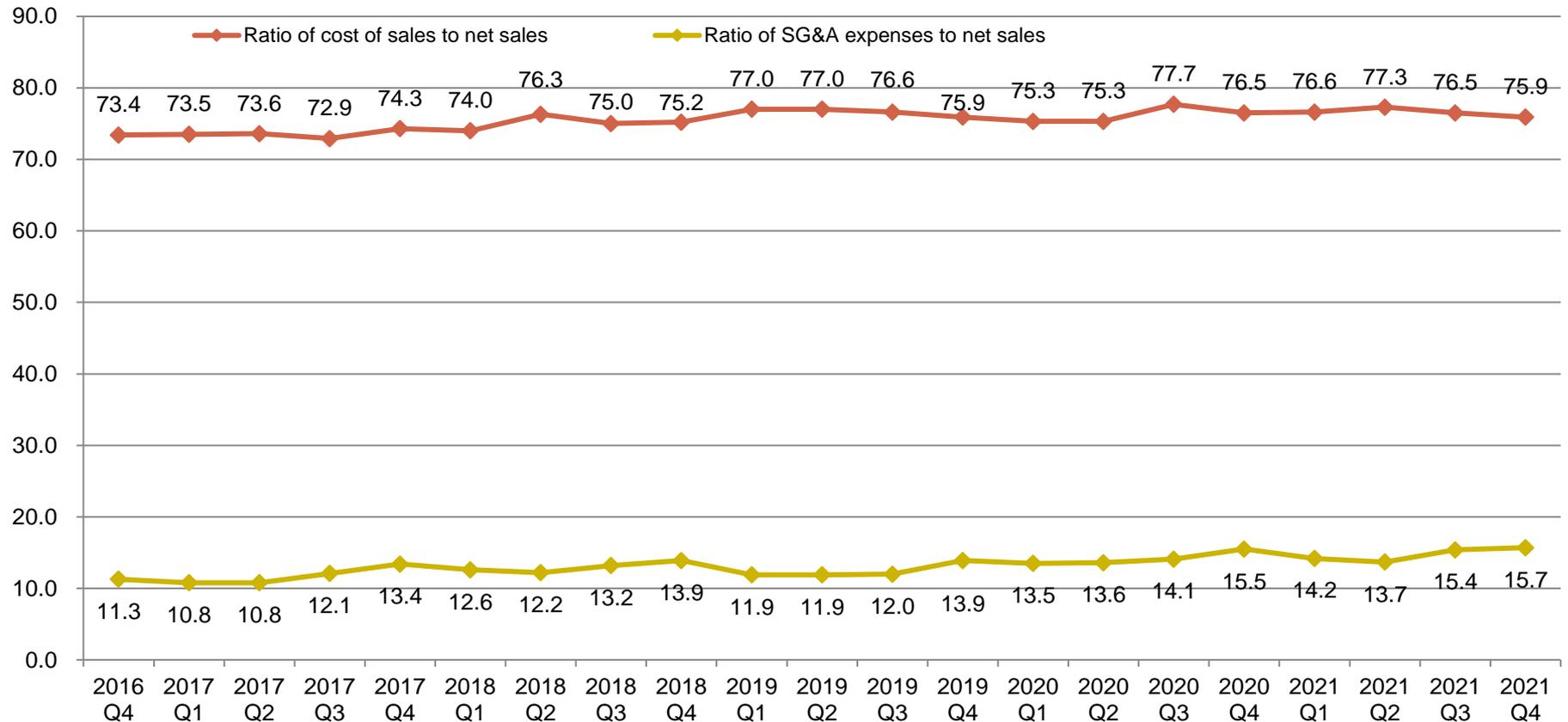
Management  
Indicators



Ordinary income margin was up 0.4 pp QoQ and up 0.8 pp YoY.

# Cost of Sales Ratio and SG&A Ratio (Consolidated/Quarterly Basis)

Management  
Indicators

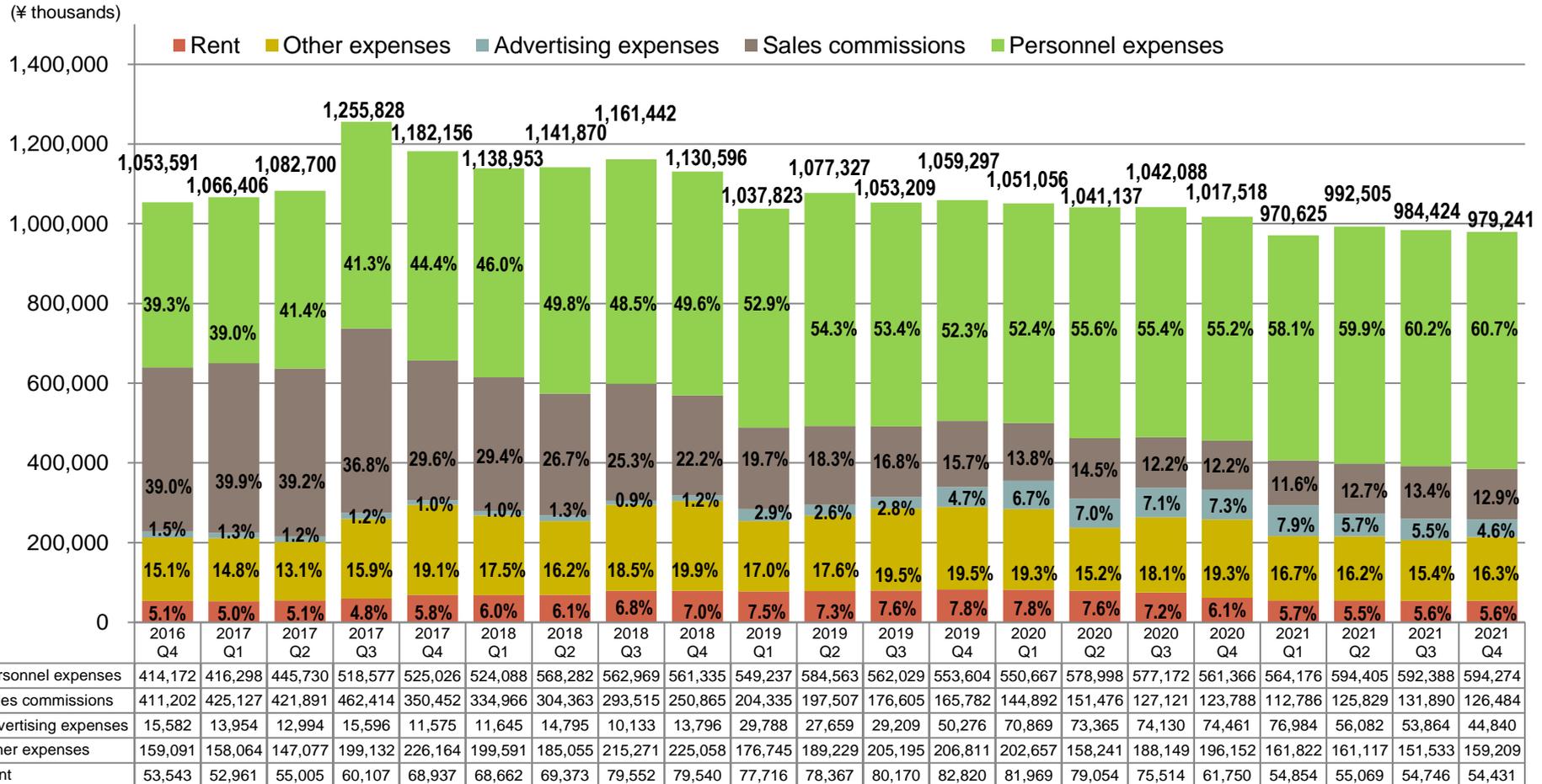


Versus the previous quarter (Q3), cost of sales ratio was down 0.6pp while SG&A expense ratio was up 0.3pp on lower sales.

# Selling, General and Administrative Expenses

## (Consolidated/Quarterly Basis)

Management  
Indicators



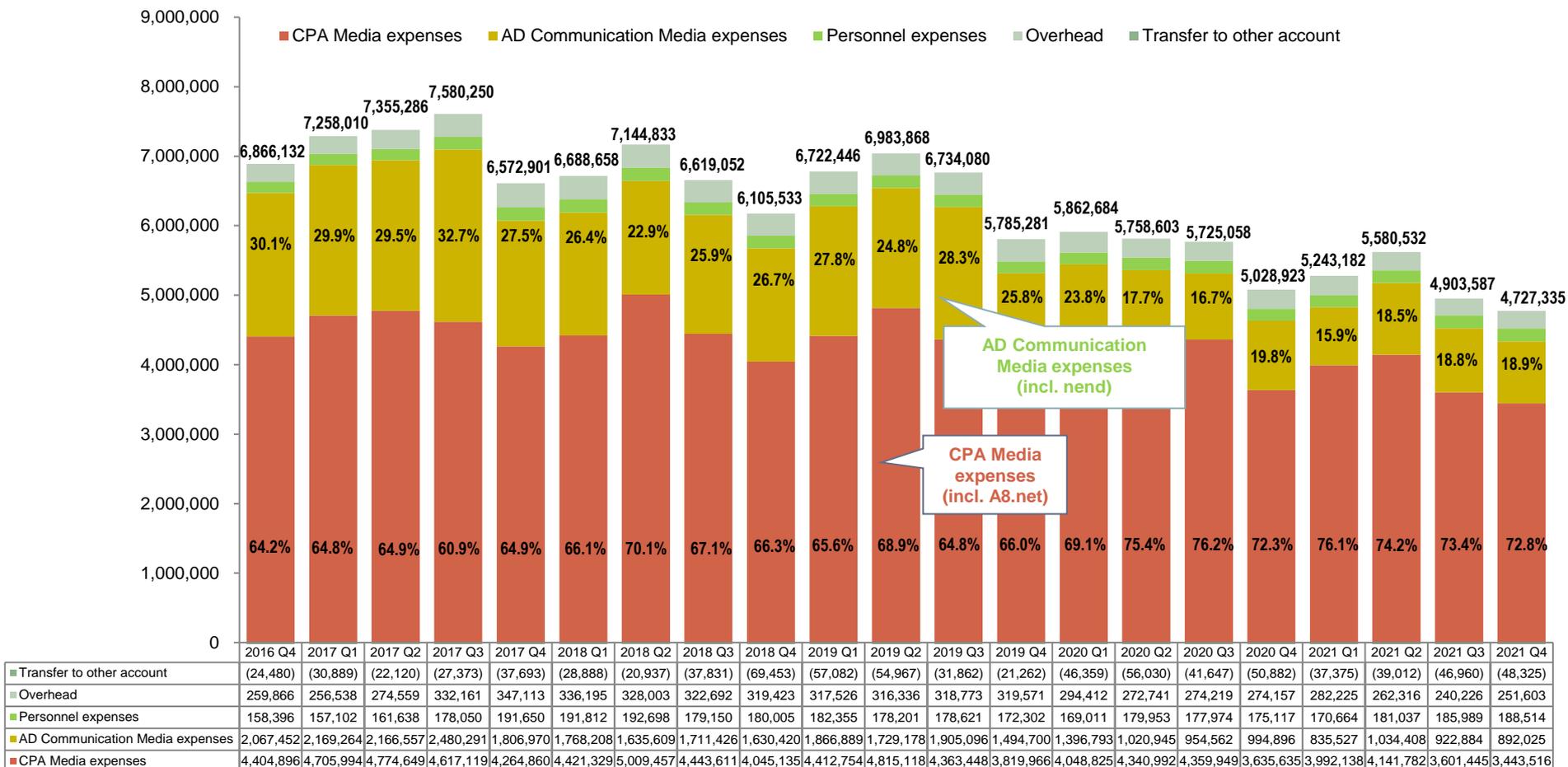
Note: Other expenses include commissions paid, outsourcing expenses, recruiting and training expenses, etc.

# Cost of Sales

## (Consolidated/Quarterly Basis)

### Management Indicators

(¥ thousands)

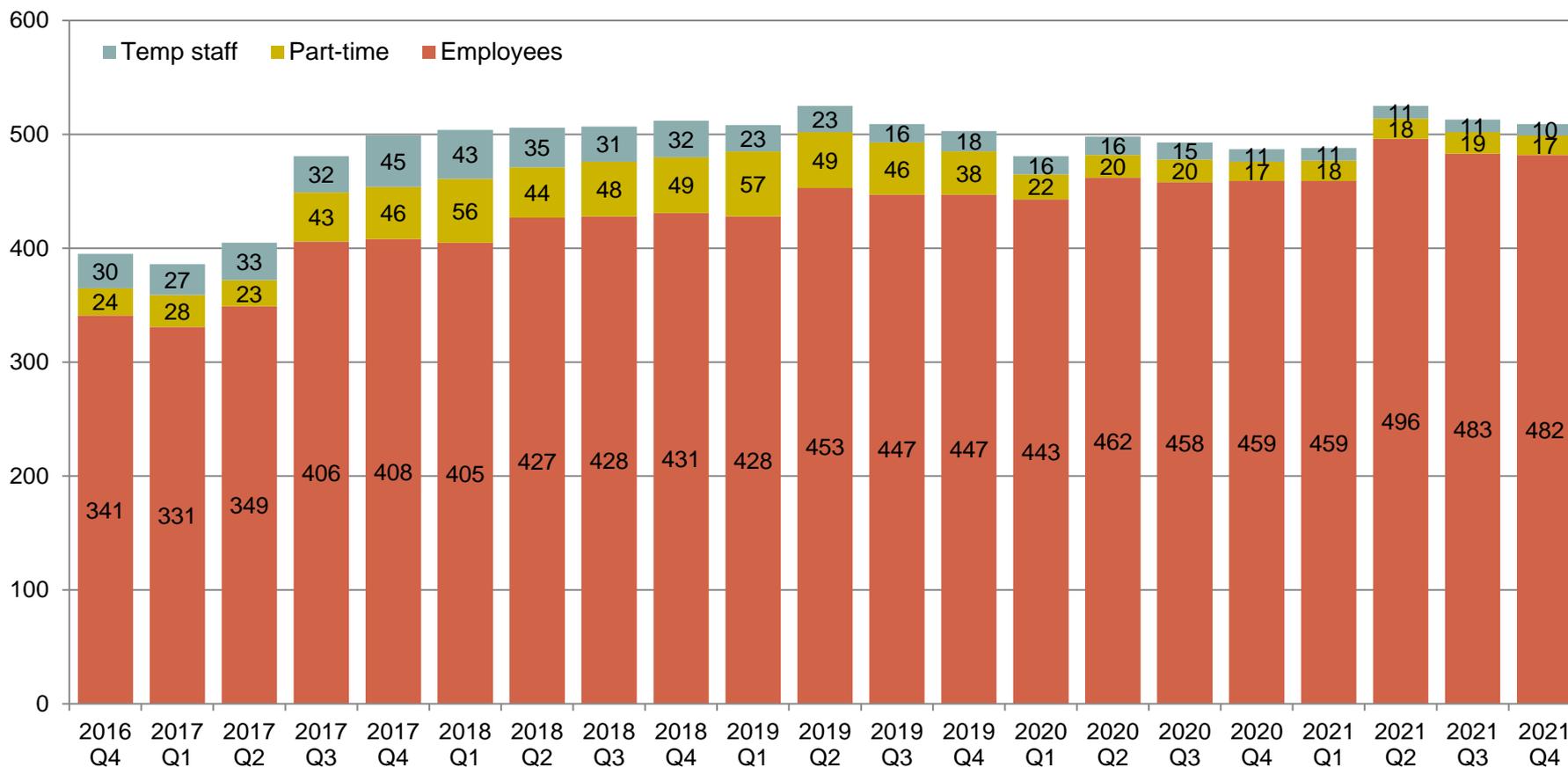


Notes: CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend. Overhead mainly consists of infrastructure costs such as data center costs.

# Number of Employees

(Consolidated/Quarterly Basis)

Management  
Indicators



As of 2021 Q4, the Group employed 509 people (+22 YoY; -4 QoQ).

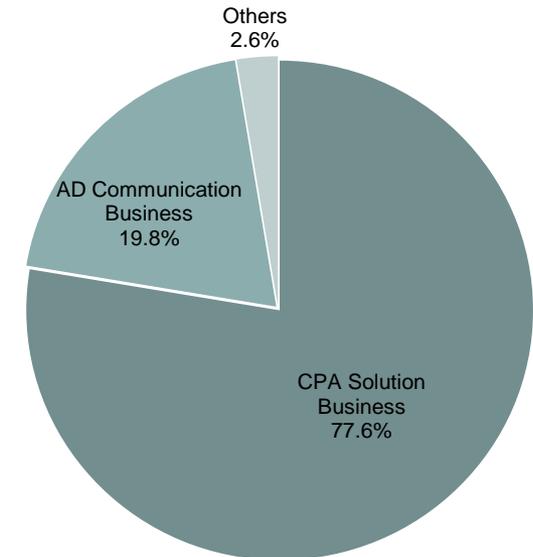
## Overview by Service Category

# Net Sales by Reportable Segment

(Consolidated/Quarterly Basis)

## Overview by Service Category

(¥ thousands)	2021 Q4 (Oct.–Dec.)	2020 Q4 (Oct.–Dec.)	YoY Change
CPA Solution Business	4,836,127	5,007,712	-3.4%
AD Communication Business	1,231,056	1,416,051	-13.1%
Others	162,649	147,883	10.0%
<b>Total net sales</b>	<b>6,229,833</b>	<b>6,571,648</b>	<b>-5.2%</b>



Main services of CPA Solution Business: A8.net, seedApp

Main services of AD Communication Business: nend, FAN Communications Global, Inc.

Others: Seesaa Inc.

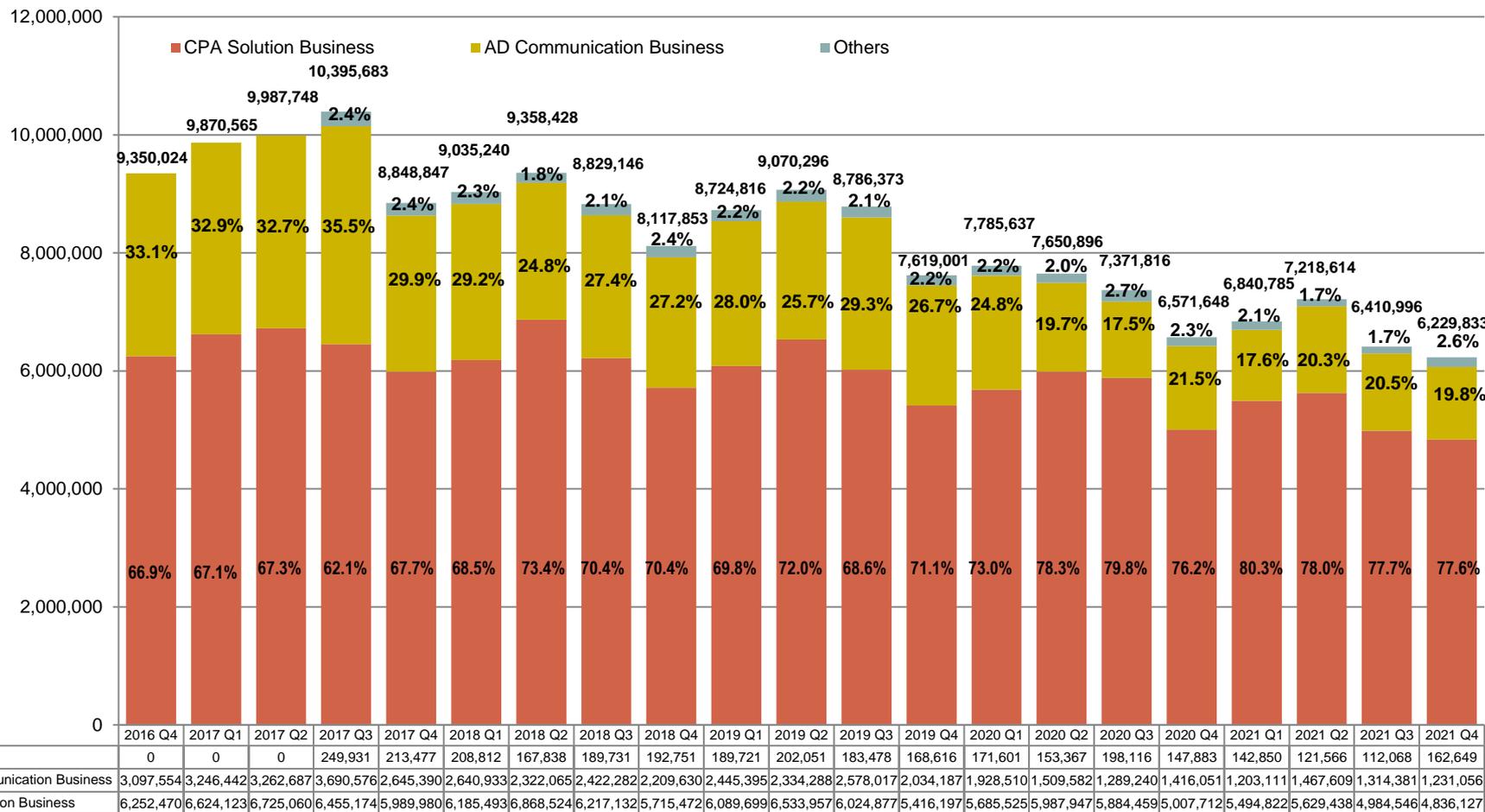
Note: Sales figures represent amounts after elimination of intragroup transactions.

# Net Sales by Reportable Segment

## (Consolidated/Quarterly Basis)

Overview by  
Service Category

(¥ thousands)



# A8.net

## Summary

### CPA Solution Business

	2021 Q4 (Oct.–Dec.)	2020 Q4 (Oct.–Dec.)	YoY Change
<b>Sales (¥ thousands)</b>	<b>4,289,290</b>	<b>4,455,627</b>	<b>-3.7%</b>
<b>Number of operating advertiser IDs</b>	<b>3,378</b>	<b>3,182</b>	<b>6.2%</b>
<b>Number of registered partner sites</b>	<b>3,041,654</b>	<b>2,889,117</b>	<b>5.3%</b>

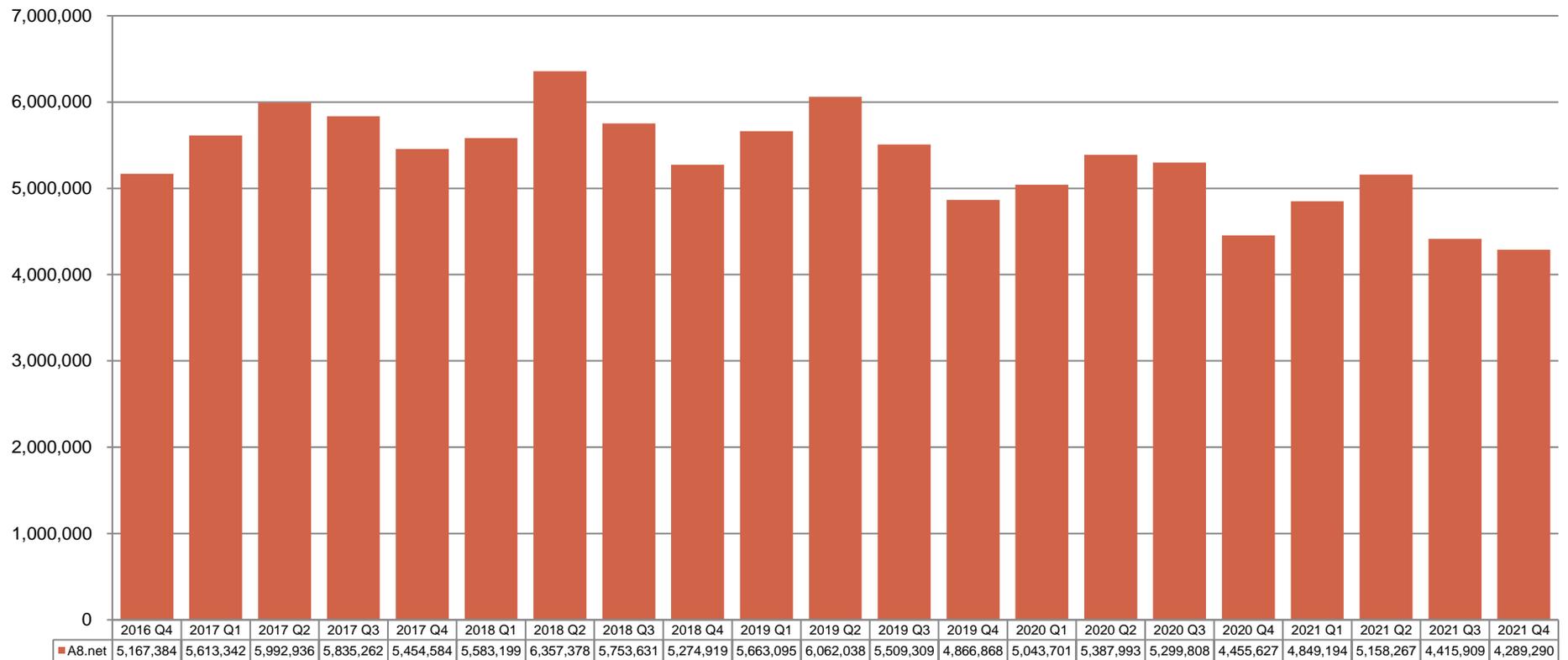
Notes: Sales figures represent amounts before elimination of intragroup transactions.  
The number of operating advertiser IDs increased by 196 YoY.

A8.net

Net Sales (Quarterly Basis)

CPA Solution Business

(¥ thousands)

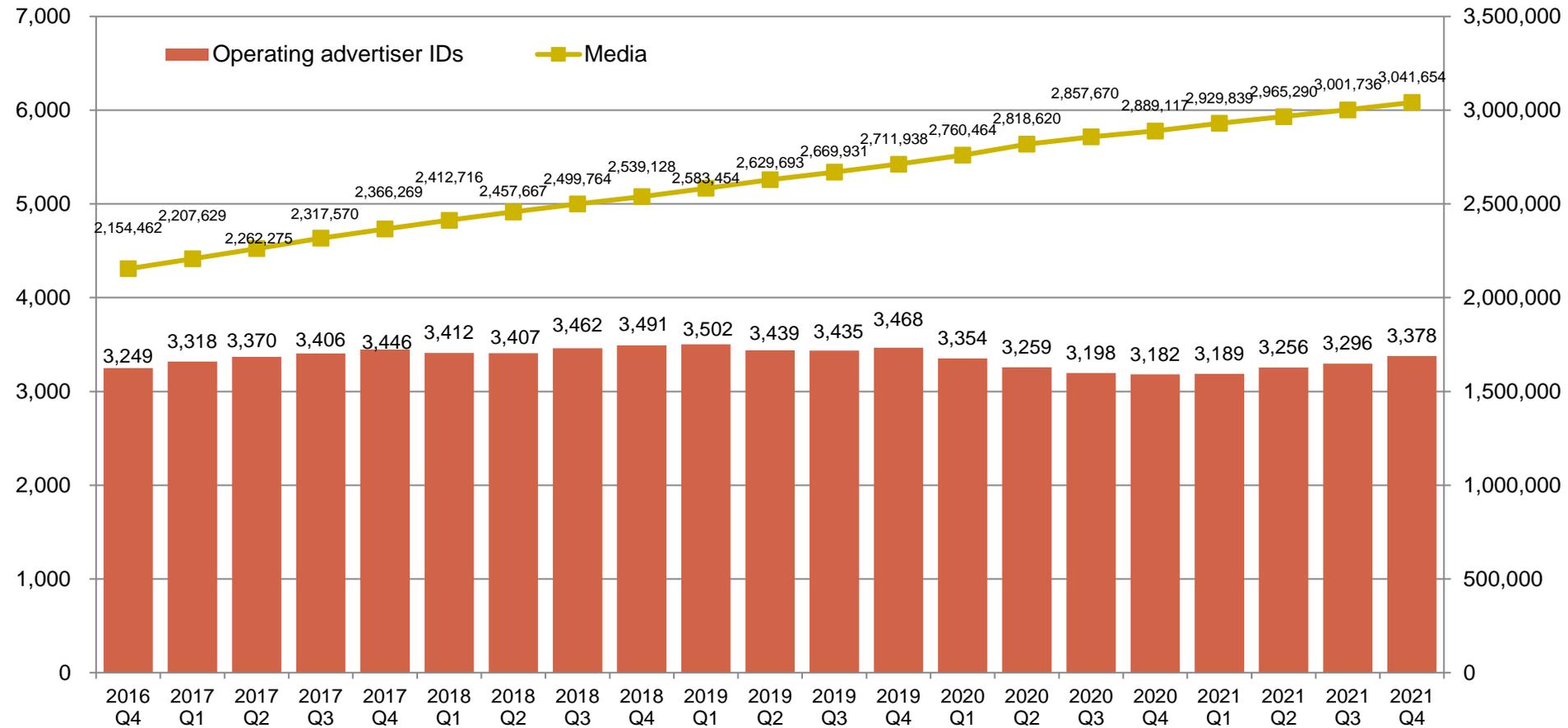


Note: Sales figures represent amounts before elimination of intragroup transactions.

A8.net

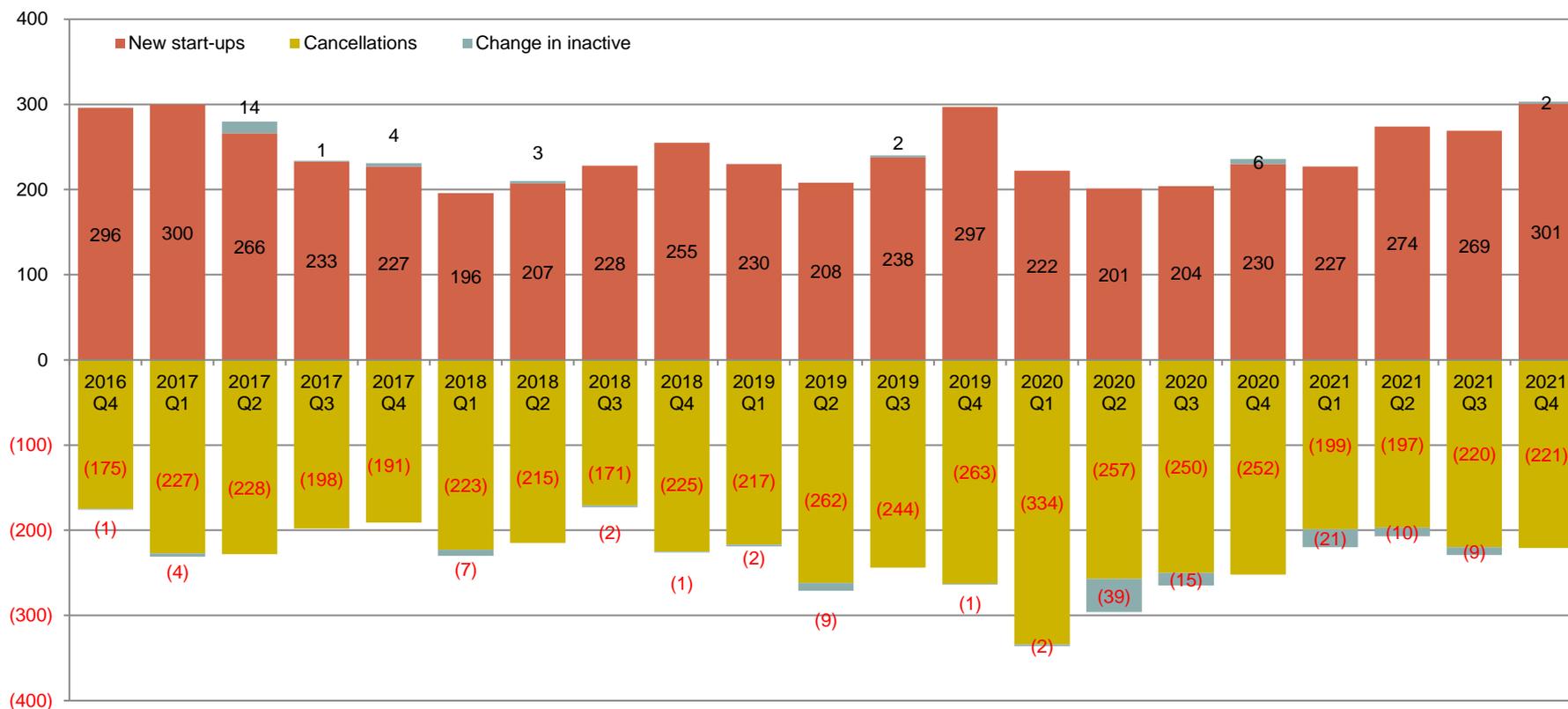
CPA Solution Business

## Number of Operating Advertisers and Media (Quarterly Basis)



Notes: The number of operating advertisers is as of the final month of each quarter.  
 The number of operating advertisers increased by 82 from 2021 Q3.  
 The number of overseas operating advertisers was 120, down four from 2021 Q3.

## New Advertiser Start-Ups and Cancellations



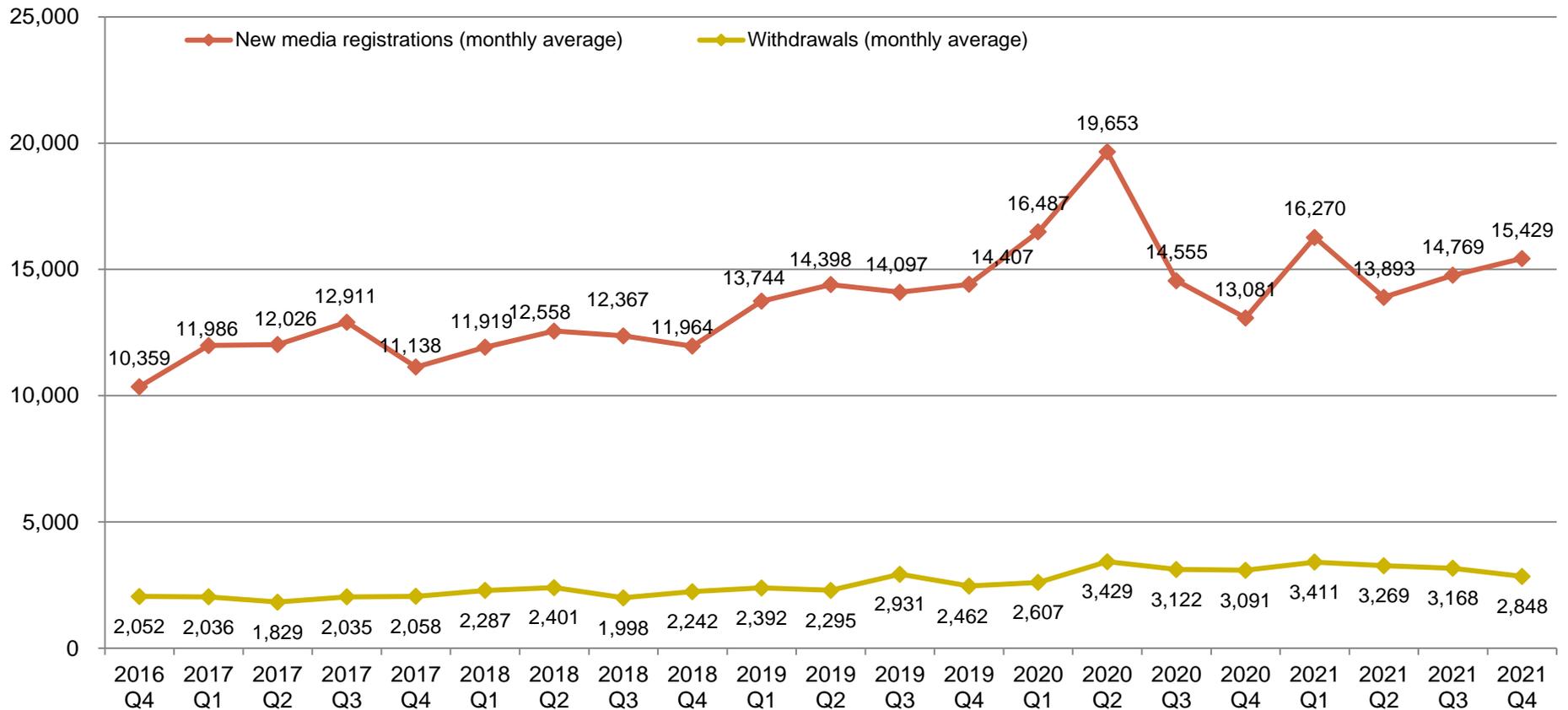
Notes: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

The number of new orders exceeded 300 for the first time in a while.

A8.net

CPA Solution Business

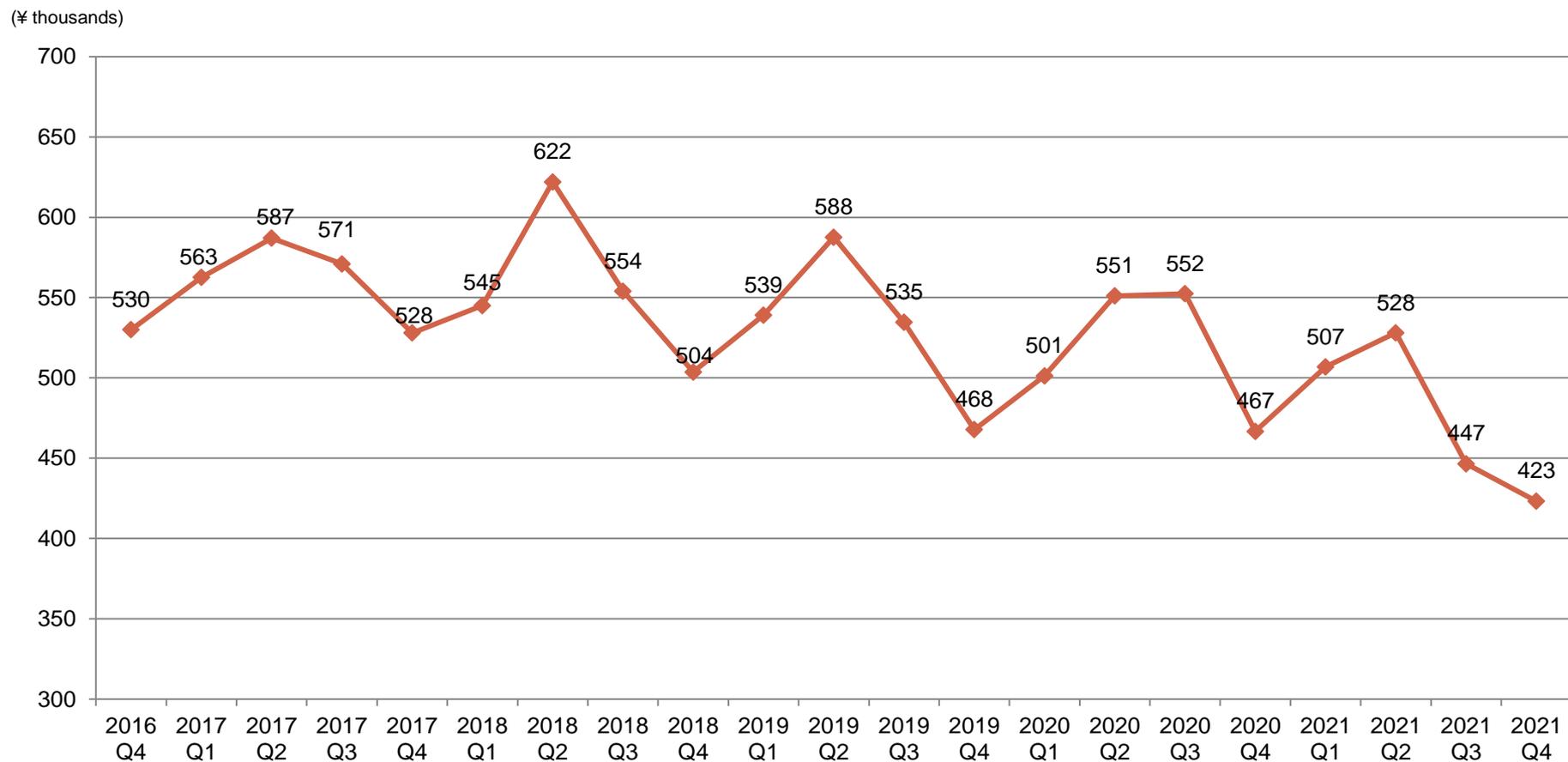
## Average Monthly New Media Registrations and Withdrawals



A8.net

CPA Solution Business

## Average Monthly Sales per Advertiser

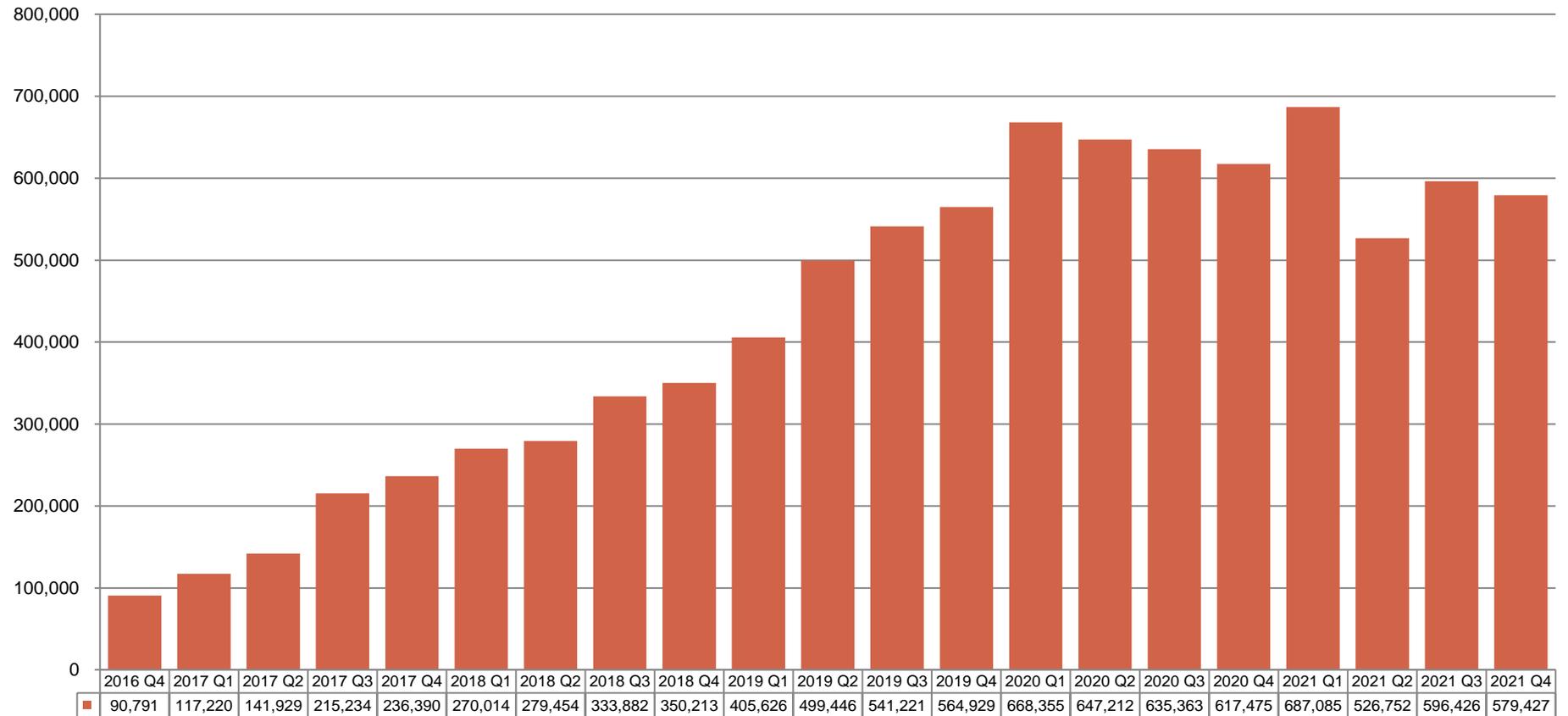


seedApp

## Net Sales (Quarterly Basis)

CPA Solution Business

(¥ thousands)



Note: Sales figures represent amounts before elimination of intragroup transactions.

# nend

## Summary

### AD Communication Business

	2021 Q4 (Oct.–Dec.)	2020 Q4 (Oct.–Dec.)	YoY change
Net sales (¥ thousands)	<b>847,134</b>	<b>983,381</b>	<b>-13.9%</b>
Number of operating advertiser IDs	<b>142</b>	<b>191</b>	<b>-25.7%</b>
Number of ad spaces on registered partner sites	<b>1,045,849</b>	<b>1,018,937</b>	<b>2.6%</b>

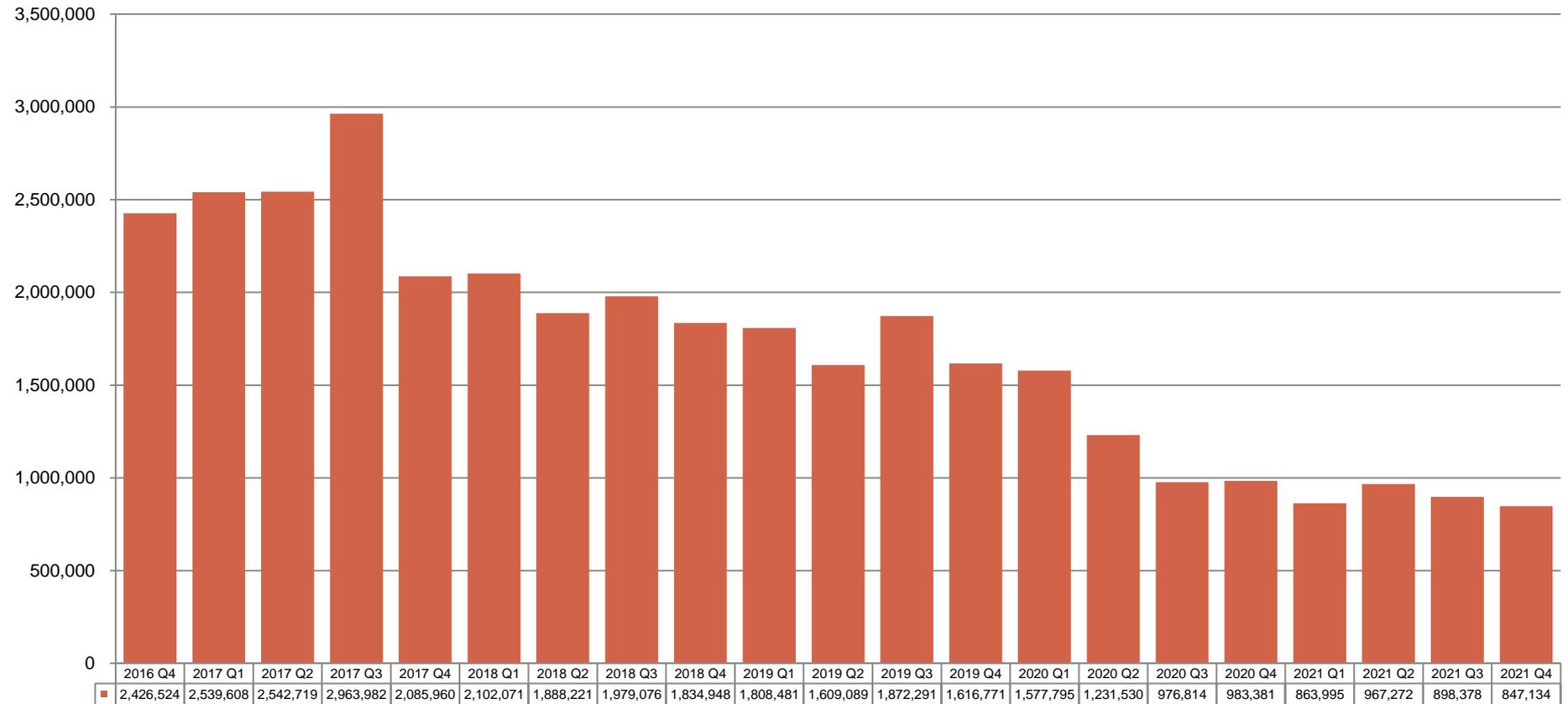
Notes: Sales figures represent amounts before elimination of intragroup transactions.  
 Figures only include results of nend and exclude other services.

nend

## Net Sales (Quarterly Basis)

## AD Communication Business

(¥ thousands)

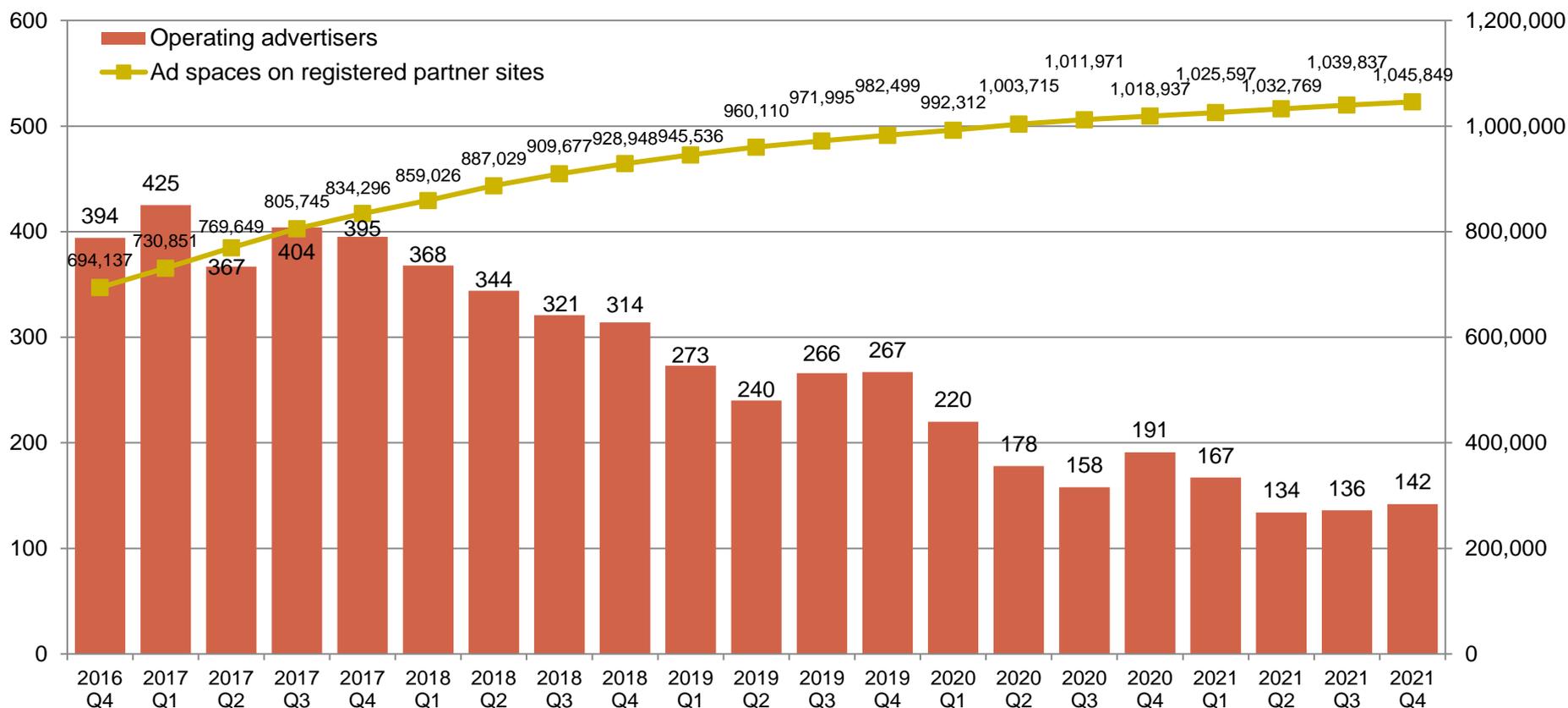


Note: Sales figures represent amounts before elimination of intragroup transactions.

nend

## AD Communication Business

## Number of Operating Advertisers and Ad Spaces on Registered Partner Sites (Quarterly Basis)



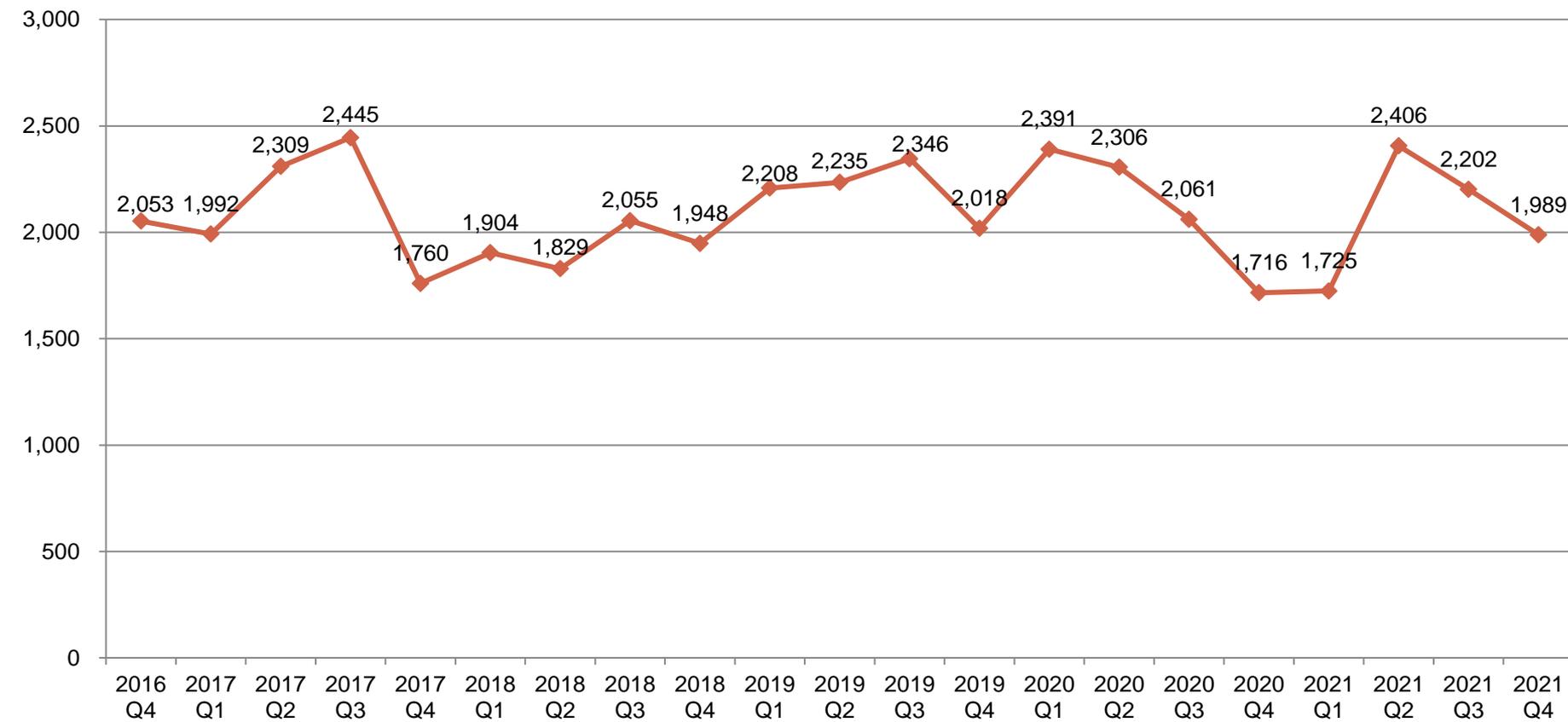
Notes: The number of operating advertisers is as of the final month of each quarter.  
The number of operating advertisers increased by six QoQ.

nend

AD Communication Business

## Average Monthly Sales per Advertiser

(¥ thousands)



## Consolidated Group Businesses

# FAN Communications Global, Inc.

Established: March 1, 2012  
(Wholly owned by FAN Communications, Inc.)

## Main Business

Provision of proposal-based sales solutions and consulting to smartphone app advertisers for their marketing activities targeting Japan  
Game publishing business



(¥ thousands)	2021 Full year	2020 Full year
Net sales	2,227,830	2,335,402
Operating income	123,459	113,781
Profit attributable to owners of the parent	104,881	64,039

Note: Figures represent amounts before elimination of intragroup transactions.

Results were strong, sufficient to cover the cost of investment in new businesses.

# Seesaa Inc.

Established: October 2003  
(Wholly owned by FAN Communications, Inc.)

## Main Business

Development, operation and sales of blog systems  
Planning, development and sales of smartphone apps  
Management of own media



(¥ thousands)	2021 Full year	2020 Full year
Net sales	607,986	766,317
Operating income (loss)	(115,946)	(58,130)
Profit (loss) attributable to owners of the parent	(212,751)	(92,067)

Note: Figures represent amounts before elimination of intragroup transactions.



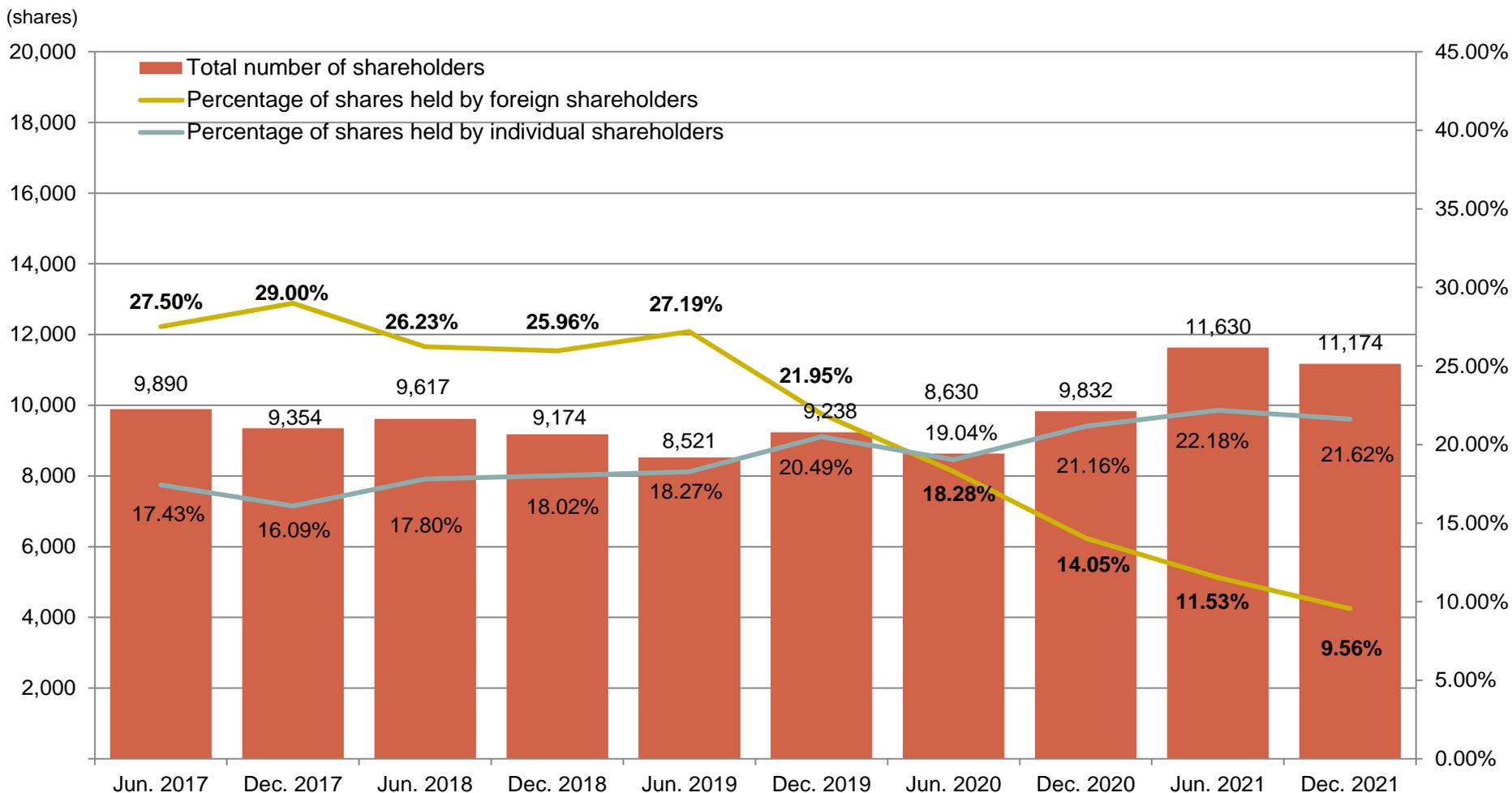
Although advertising revenue remained sluggish, Seesaa continued investing in new businesses.

## Stock Information

# Stock Information

## Stock Information

### Percentage of Shares Held by Individual Shareholders and Foreign Shareholders



Note: The percentage of shares held by individual shareholders and the percentage of shares held by foreign shareholders exclude the number of shares owned by the Company's executive officers and employees.

## Reference Materials

# Management Vision

FAN seeks to become one of the largest affiliate program network corporate groups in the world.

We strive to build ad networks that bring a performance marketing advertising model to advertisers, affiliate site and app developers (media), and consumers, forming optimal win-win-win relationships.

Our model provides sustainable benefits such as the optimization of marketing costs for advertisers, the maximization of profit for affiliate site and app developers (media), and the reduction of customer costs and enhanced quality of service for consumers.

We are the world's largest corporate group that structures ad networks committed to effective advertisements. We contribute to society by creating new added value in the cycle of production, sales, and consumption that is changing with the Internet.

# Company Overview

■ <b>Company name</b>	<b>FAN Communications, Inc.</b>
■ <b>Securities code</b>	<b>2461 (Tokyo Stock Exchange, First Section)</b>
■ <b>Fiscal year-end</b>	<b>December</b>
■ <b>Established</b>	<b>October 1, 1999</b>
■ <b>Capital</b>	<b>¥1,173.67 million (As of December 31, 2021)</b>
■ <b>President and Representative Director</b>	<b>Yasuyoshi Yanagisawa</b>
■ <b>Number of employees</b>	<b>Non-consolidated: 442</b> <b>Group total: 509</b> <small>(As of December 31, 2021; includes part-time and temp staff)</small>
■ <b>Headquarters</b>	<b>Aoyama Diamond Building</b> <b>1-1-8, Shibuya, Shibuya-ku, Tokyo 150-0002, Japan</b>
■ <b>Telephone</b>	<b>+81-(0)3-5766-3530 (IR)</b>
■ <b>Fax</b>	<b>+81-(0)3-5766-3782</b>

# Disclaimer

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However, there is a risk that actual results may differ from the Company's published performance forecasts due to reasons including special events or outcomes that are unforeseeable under normal conditions.

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