



First Quarter of 2022
Presentation of Financial Results

May 10, 2022

FAN Communications, Inc.

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First Quarter of 2022 Results Highlights

First Quarter of 2022 (Jan.–Mar.): Key Points

Results Highlights

- Results remained sluggish, with the transaction volume down 5.5% YoY and ordinary income down 11.5% YoY.
- Versus the previous quarter (fourth quarter of 2021), however, results improved slightly, with the transaction volume up 3.7% and ordinary income up 7.7%.
- Results were largely in line with the initial performance forecast.

Consolidated Results of Operations

Results Highlights

(¥ thousands)	2022 Q1	2021 Q1	YoY Change	% of transaction volume
Transaction volume	6,462,656	6,840,785	-5.5%	100%
Net sales	1,837,639	-		28.4%
Operating income	585,331	626,977	-6.6%	9.1%
Ordinary income	584,287	659,927	-11.5%	9.0%
Profit attributable to owners of the parent	395,936	447,015	-11.4%	6.1%
Ordinary income to transaction volume ratio	9.0%	9.6%	-0.6pt	-
Earnings per share	¥5.60	¥6.09	-8.0%	-
Diluted earnings per share	-	-	-	-

Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.
Diluted earnings per share are not stated due to the absence of dilutive shares.

Consolidated Balance Sheets

Results Highlights

(¥ thousands)	December 31, 2021	March 31, 2022
Assets		
Current assets	22,975,204	21,649,389
Cash and deposits	19,362,918	17,476,088
Accounts receivable – trade	2,970,155	-
Accounts receivable – trade and contract assets	-	2,993,170
Securities	200,010	199,890
Other	455,432	993,452
Allowance for doubtful accounts	-13,312	-13,211
Fixed assets	1,679,603	2,079,839
Property, plant and equipment	101,082	99,502
Intangible assets	423,676	419,326
Investments and other assets	1,154,844	1,561,010
Total assets	24,654,807	23,729,228
Liabilities and net assets		
Current liabilities	4,807,135	5,261,025
Accounts payable – trade	3,959,465	4,147,871
Income taxes payable	322,619	190,800
Other current liabilities	525,048	922,352
Long-term liabilities	141,903	137,203
Total liabilities	4,949,038	5,398,228
Total net assets	19,705,769	18,331,000
Total liabilities and net assets	24,654,807	23,729,228

Main component was ¥1,254,333 thousand in investment securities.

Main factors for the decline included ¥1,347,176 thousand in dividend payments and ¥430,494 thousand spent in share buyback, which were only partially offset by profit attributable to owners of the parent of ¥395,936 thousand.

Consolidated Performance Forecast

Results
Highlights

(¥ millions)	2022 Full-Year Forecast	2022 1H Forecast	2022 Q1 Results	Progress (% of Full-Year Forecast)
Net sales	7,680	3,810	1,837	23.9%
Operating income	2,410	1,200	585	24.3%
Ordinary income	2,430	1,210	584	24.0%
Profit attributable to owners of the parent	1,670	830	395	23.7%

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

Dividend Forecast

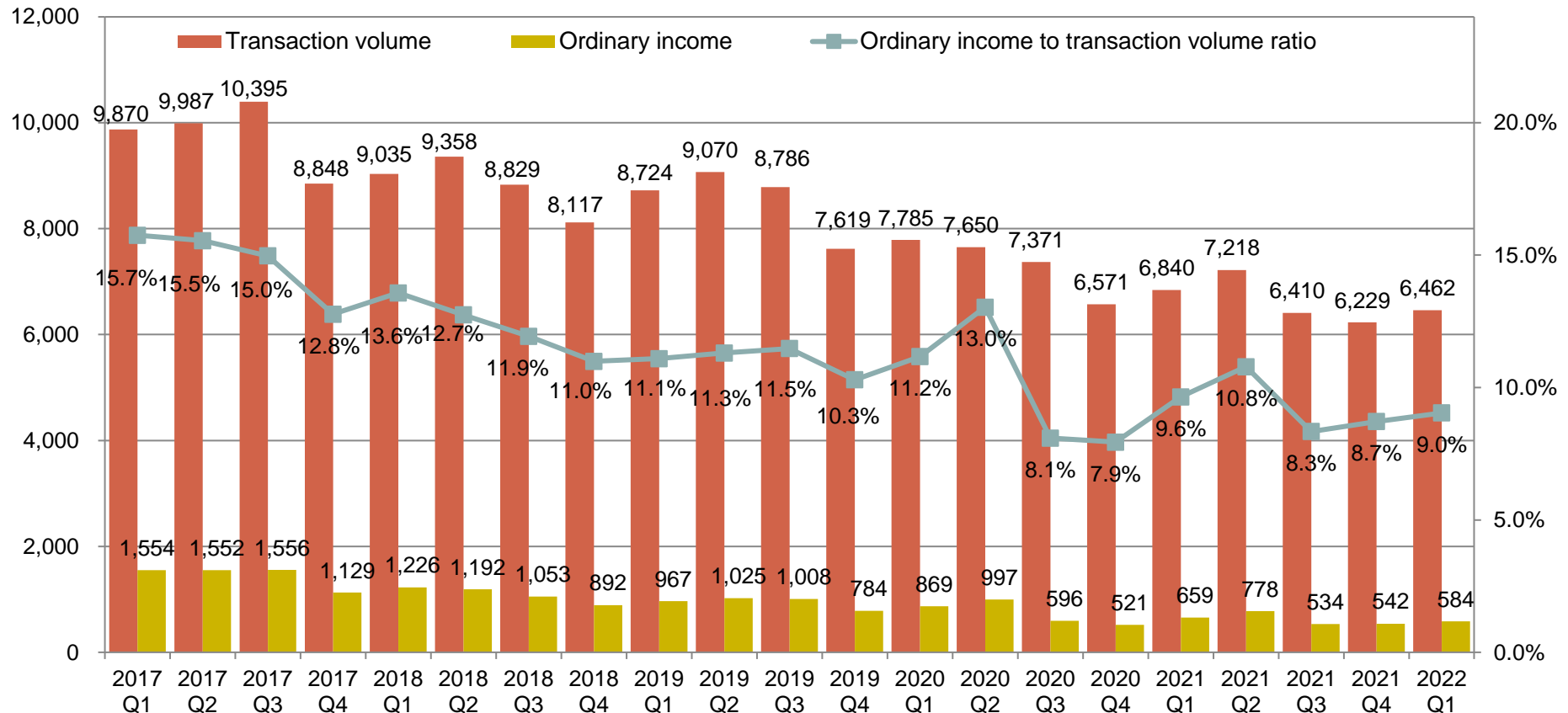
	2022 Forecast	2021 Results
Year-end dividend per share	¥19	¥19

Management Indicators (Quarterly Basis)

Transaction Volume, Ordinary Income and Ordinary Income to Transaction Volume Ratio (Consolidated/Quarterly Basis)

Management
Indicators

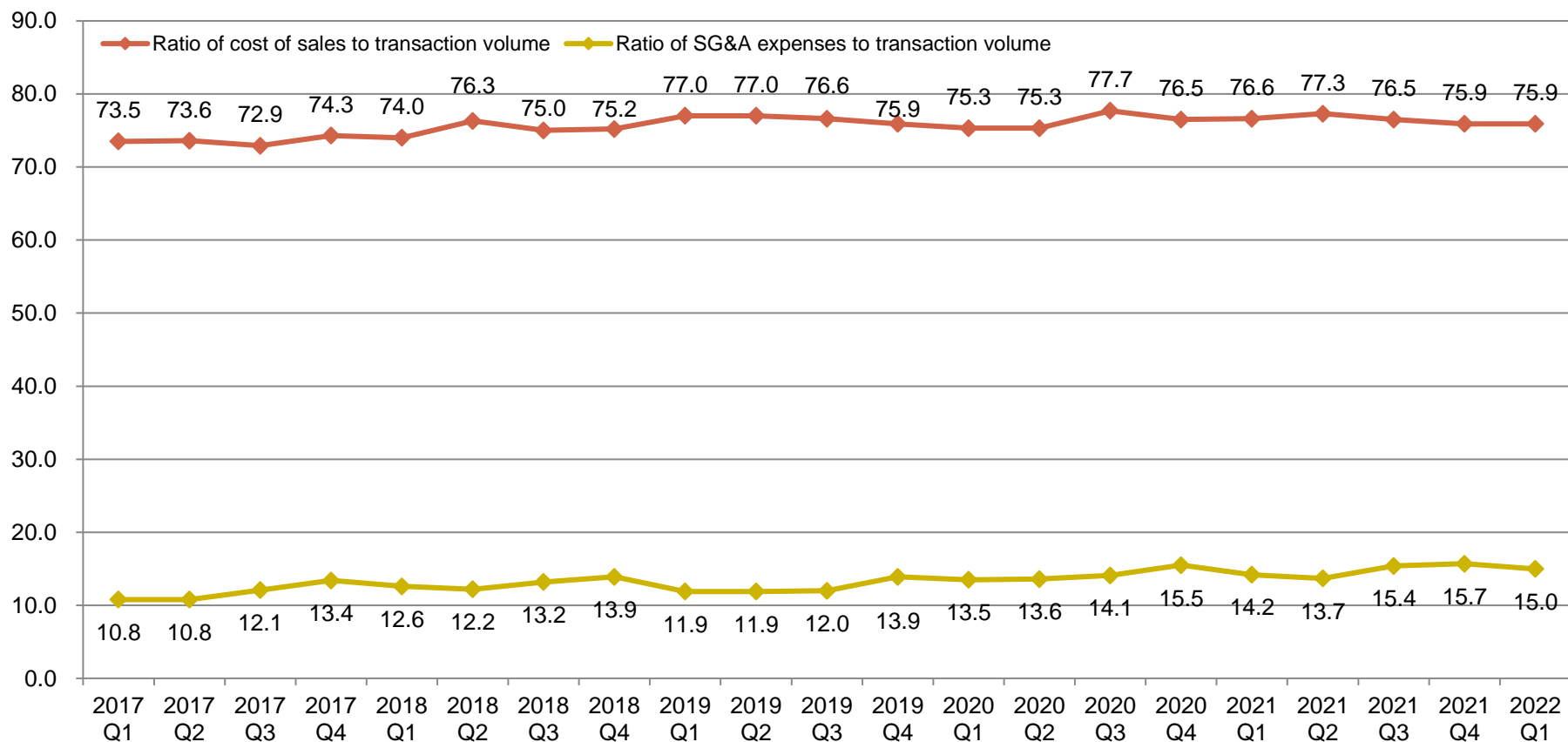
(¥ millions)



Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

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

Management
Indicators



Notes: Figures for 2022 above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

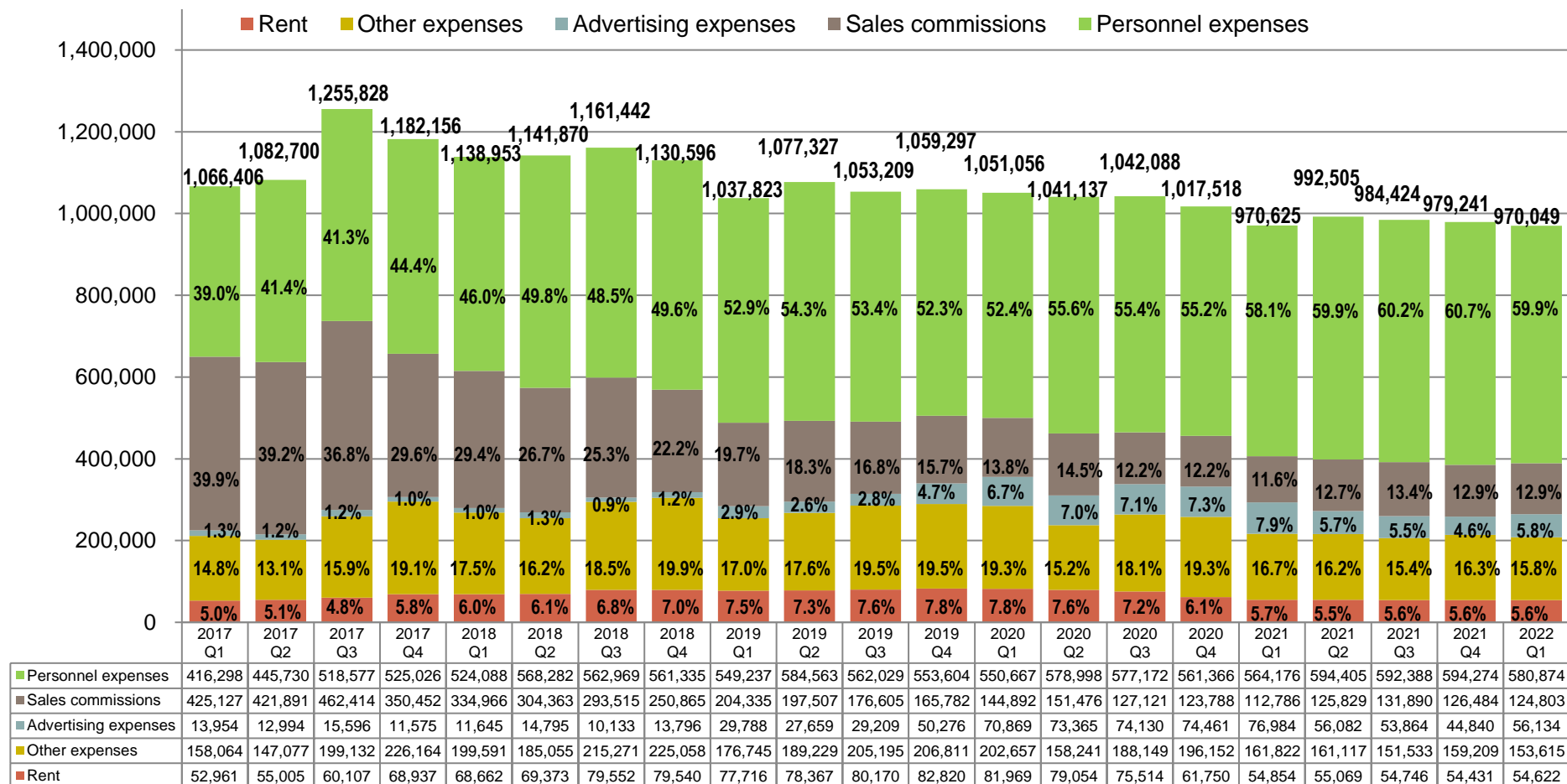
Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

Selling, General and Administrative Expenses

(Consolidated/Quarterly Basis)

Management
Indicators

(¥ thousands)



Notes: Figures for 2022 above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

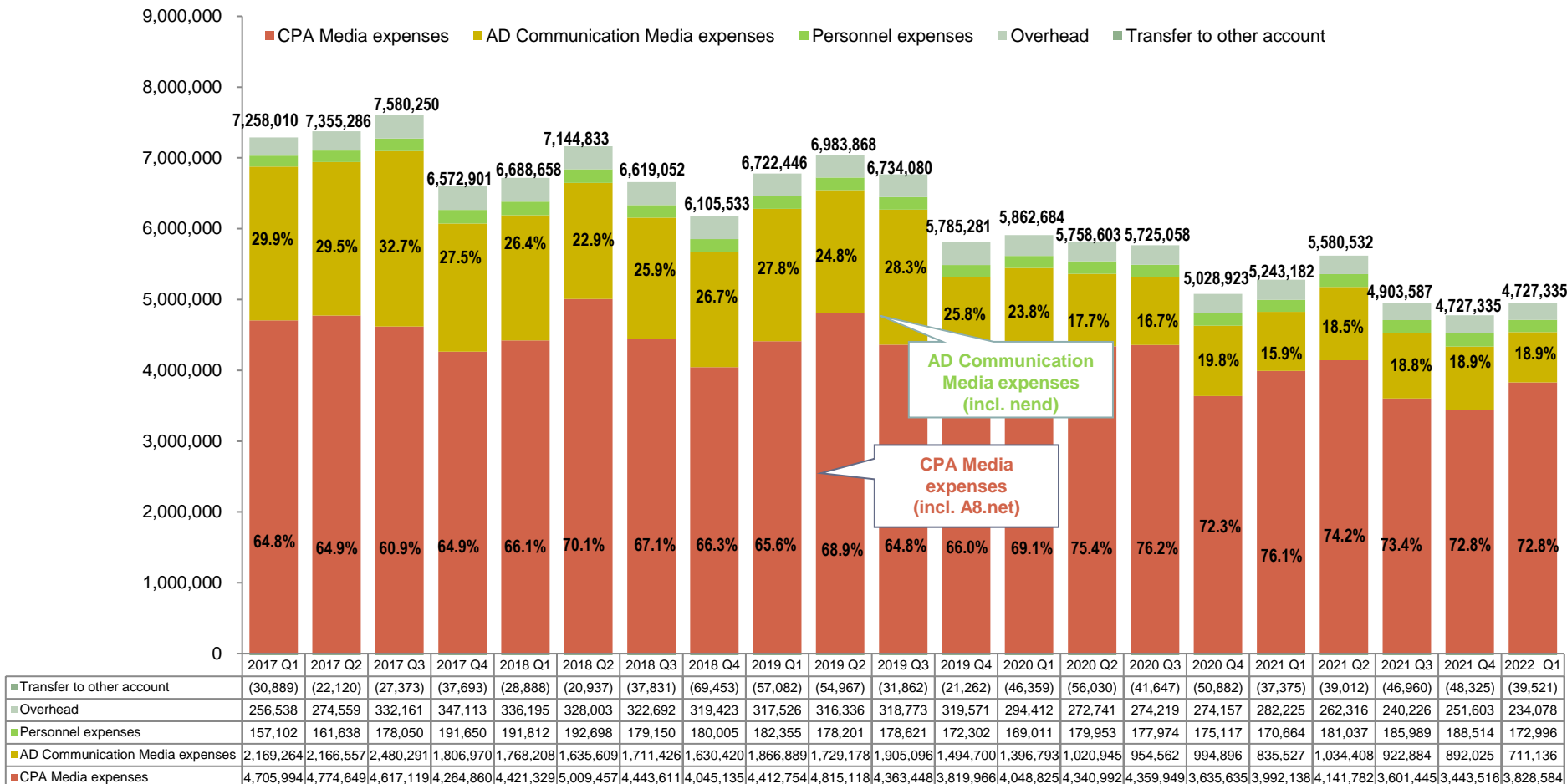
Other expenses include commissions paid, outsourcing expenses, recruiting and training expenses, etc.

Cost of Sales

(Consolidated/Quarterly Basis)

Management Indicators

(¥ thousands)



Notes: Figures for 2022 above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

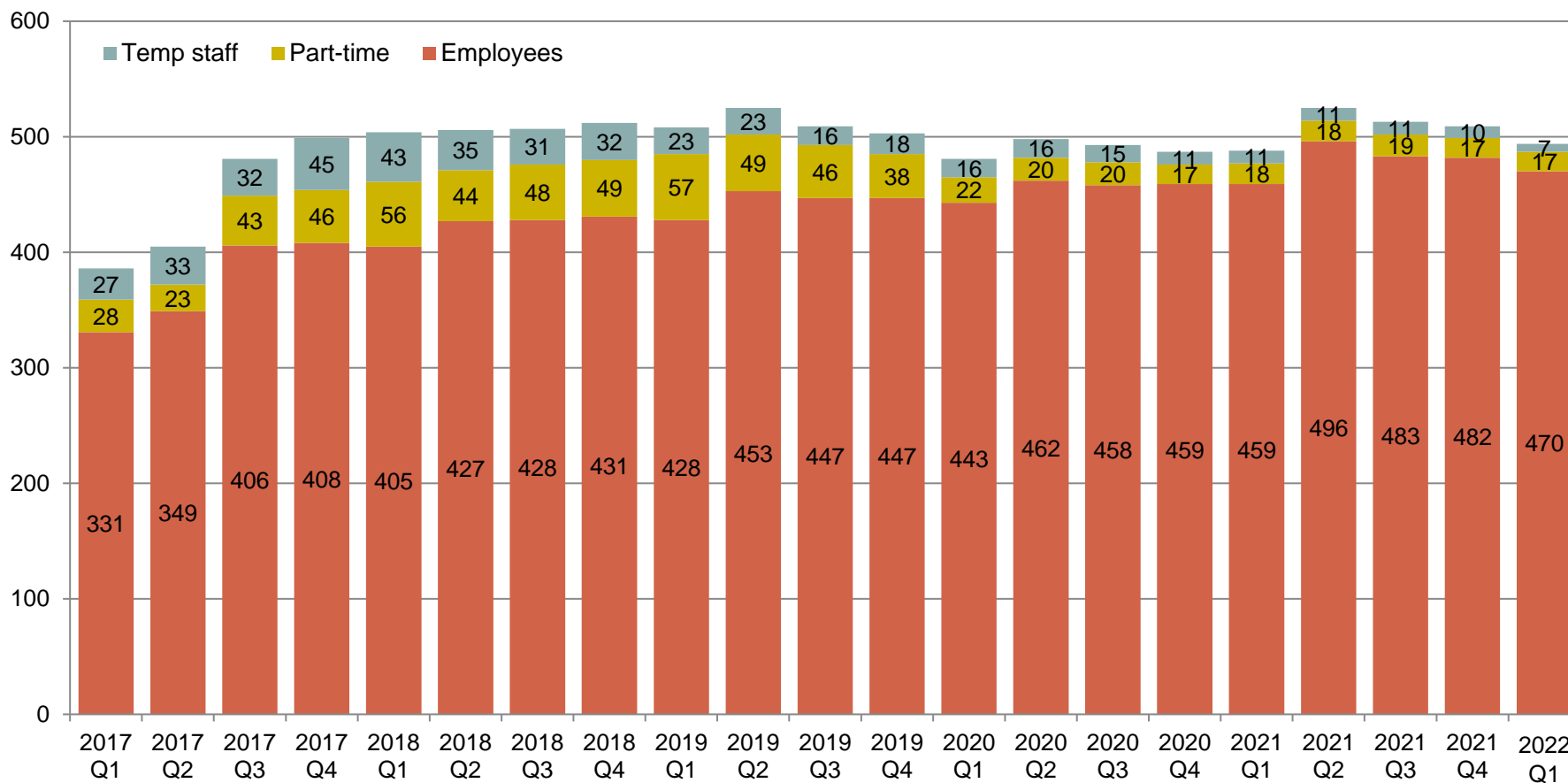
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

Overhead mainly consists of infrastructure costs such as data center costs.

Number of Employees

(Consolidated/Quarterly Basis)

Management
Indicators



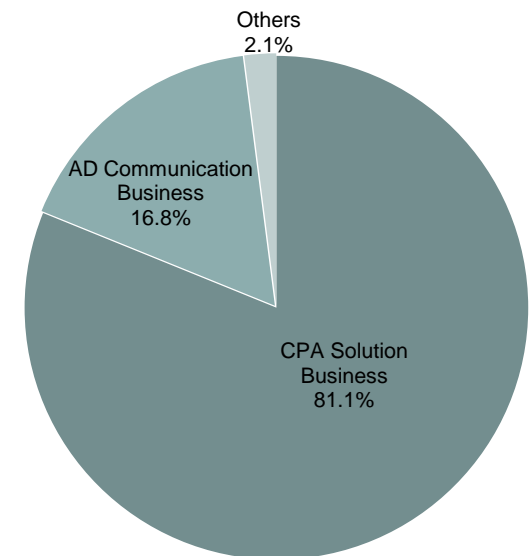
As of 2022 Q1, the Group employed 494 people (+6 YoY; -15 QoQ).

Overview by Service Category

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by Service Category

(¥ thousands)	2022 Q1 (Jan.–Mar.)	2021 Q1 (Jan.–Mar.)	YoY Change
CPA Solution Business	5,243,351 (1,439,331)	5,494,822	-4.6%
AD Communication Business	1,087,646 (282,617)	1,203,111	-9.6%
Others	131,659 (115,691)	142,850	-7.8%
Total transaction volume (Net sales)	6,462,656 (1,837,639)	6,840,785	-5.5%



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

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

Others: Seesaa Inc.

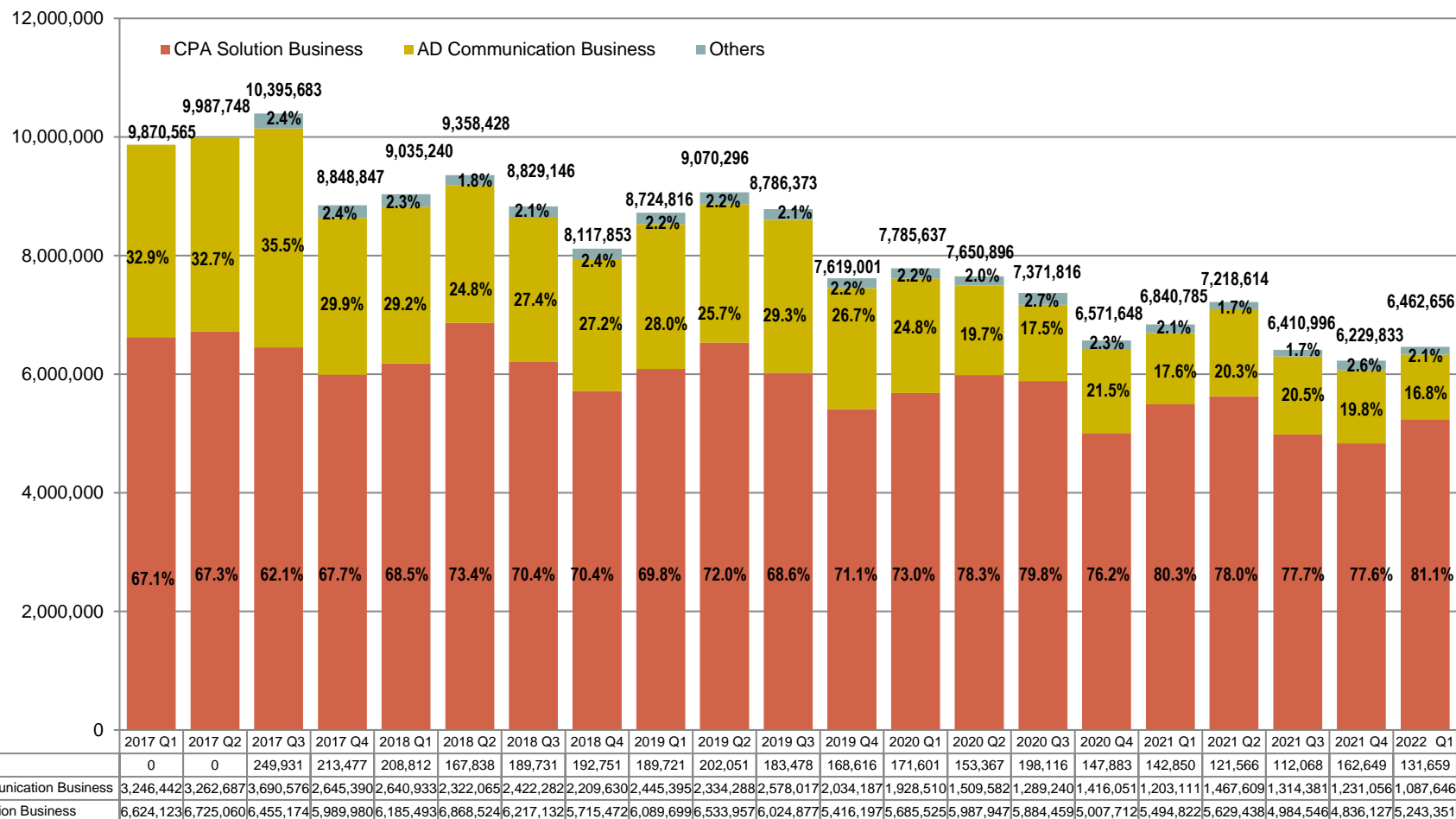
Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

Figures for transaction volume and net sales represent amounts after elimination of intragroup transactions.

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by
Service Category

(¥ thousands)



Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

A8.net

Summary

CPA Solution Business

	2022 Q1 (Jan.–Mar.)	2021 Q1 (Jan.–Mar.)	YoY Change
Transaction volume (¥ thousands)	4,685,857	4,849,194	-3.6%
Number of operating advertiser IDs	3,377	3,189	5.9%
Number of registered partner sites	3,086,845	2,929,839	5.4%

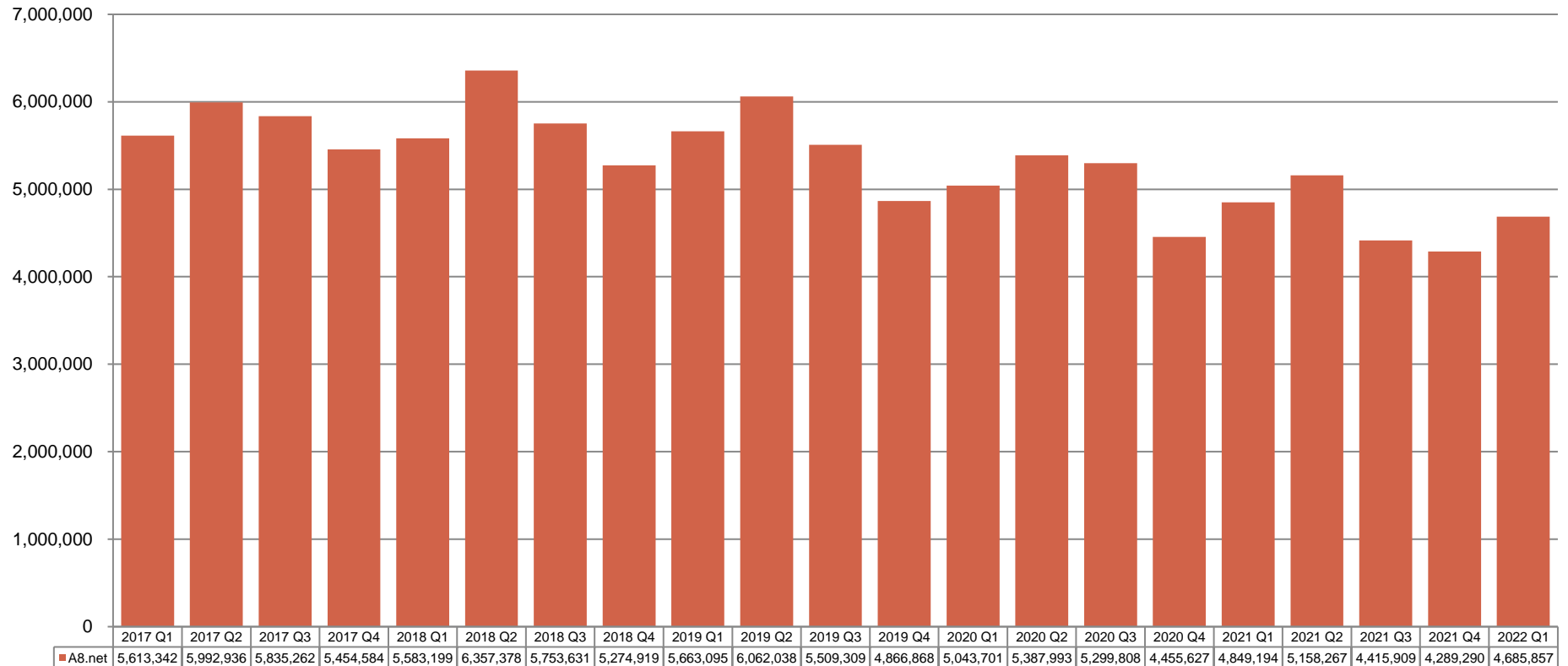
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
The number of operating advertiser IDs increased by 188 YoY.

A8.net

CPA Solution Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

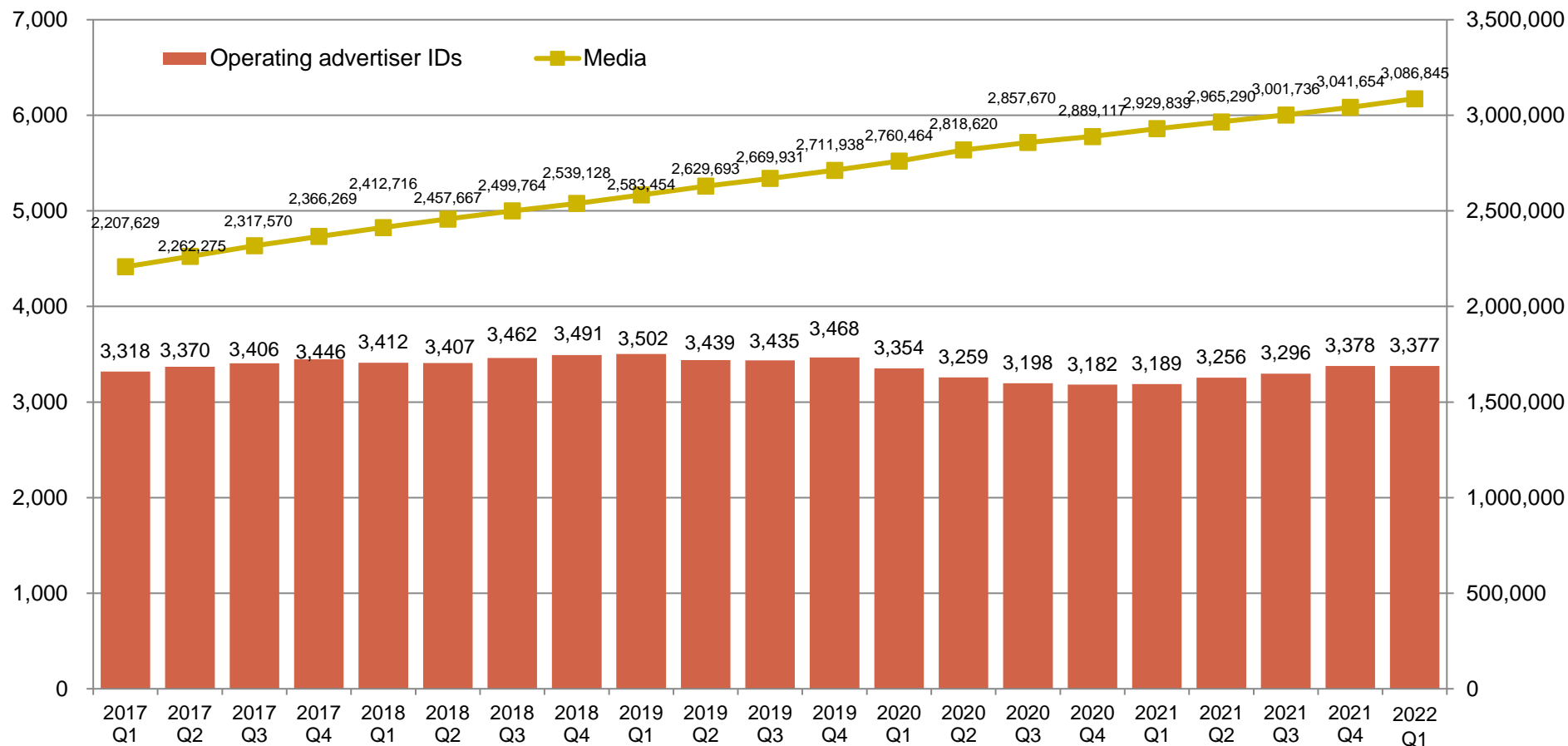


Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.

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 decreased by one from 2021 Q4.
 The number of overseas operating advertisers was 111, down nine from 2021 Q4.

A8.net

CPA Solution Business

New Advertiser Start-Ups and Cancellations

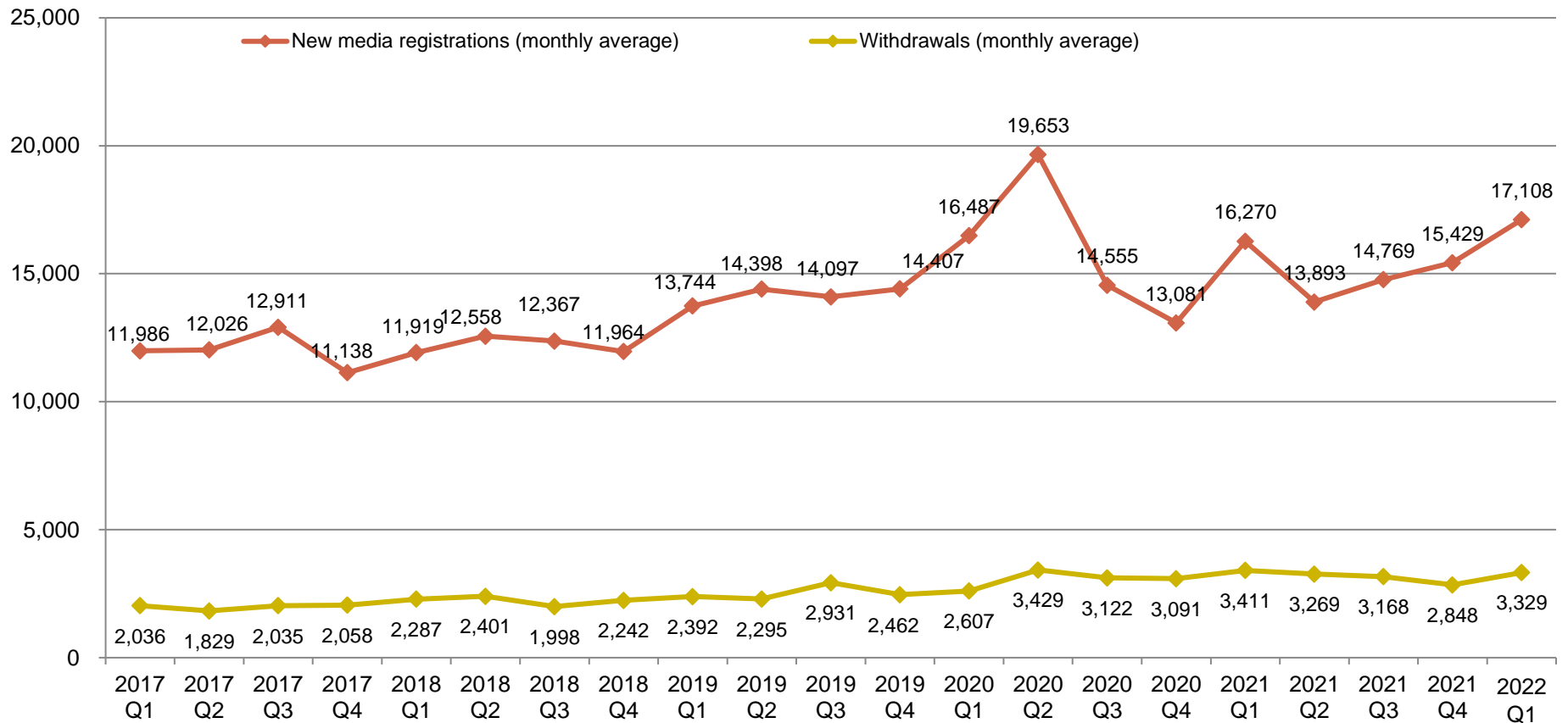


Notes: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

Average Monthly New Media Registrations and Withdrawals

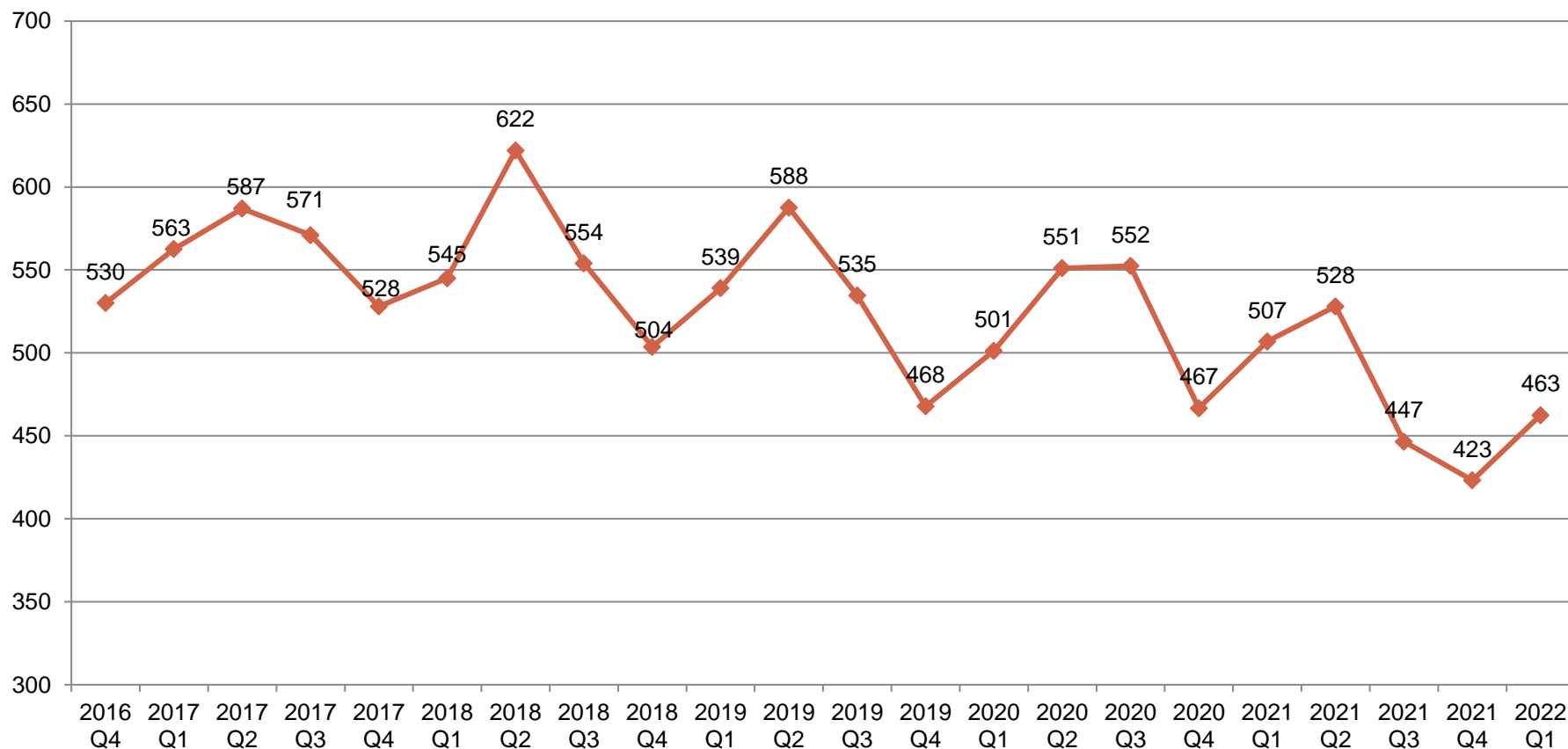


A8.net

CPA Solution Business

Average Monthly Transaction Volume per Advertiser

(¥ thousands)



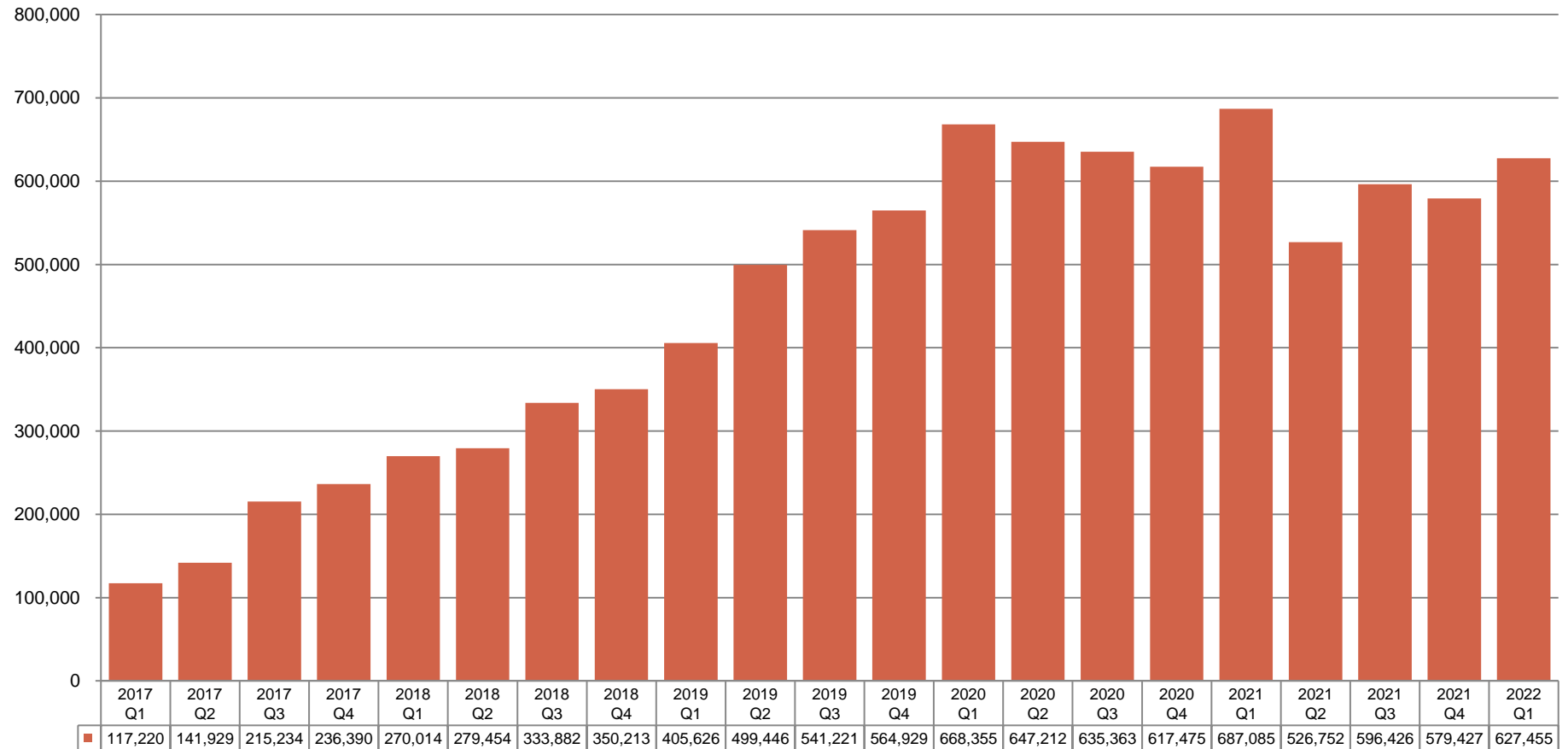
Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

seedApp

CPA Solution Business

Transaction Volume (Quarterly Basis)

(¥ thousands)



Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

Summary

AD Communication Business

	2022 Q1 (Jan.–Mar.)	2021 Q1 (Jan.–Mar.)	YoY change
Transaction volume (¥ thousands)	811,142	863,995	-6.1%
Number of operating advertiser IDs	130	167	-22.2%
Number of ad spaces on registered partner sites	1,051,880	1,025,597	2.6%

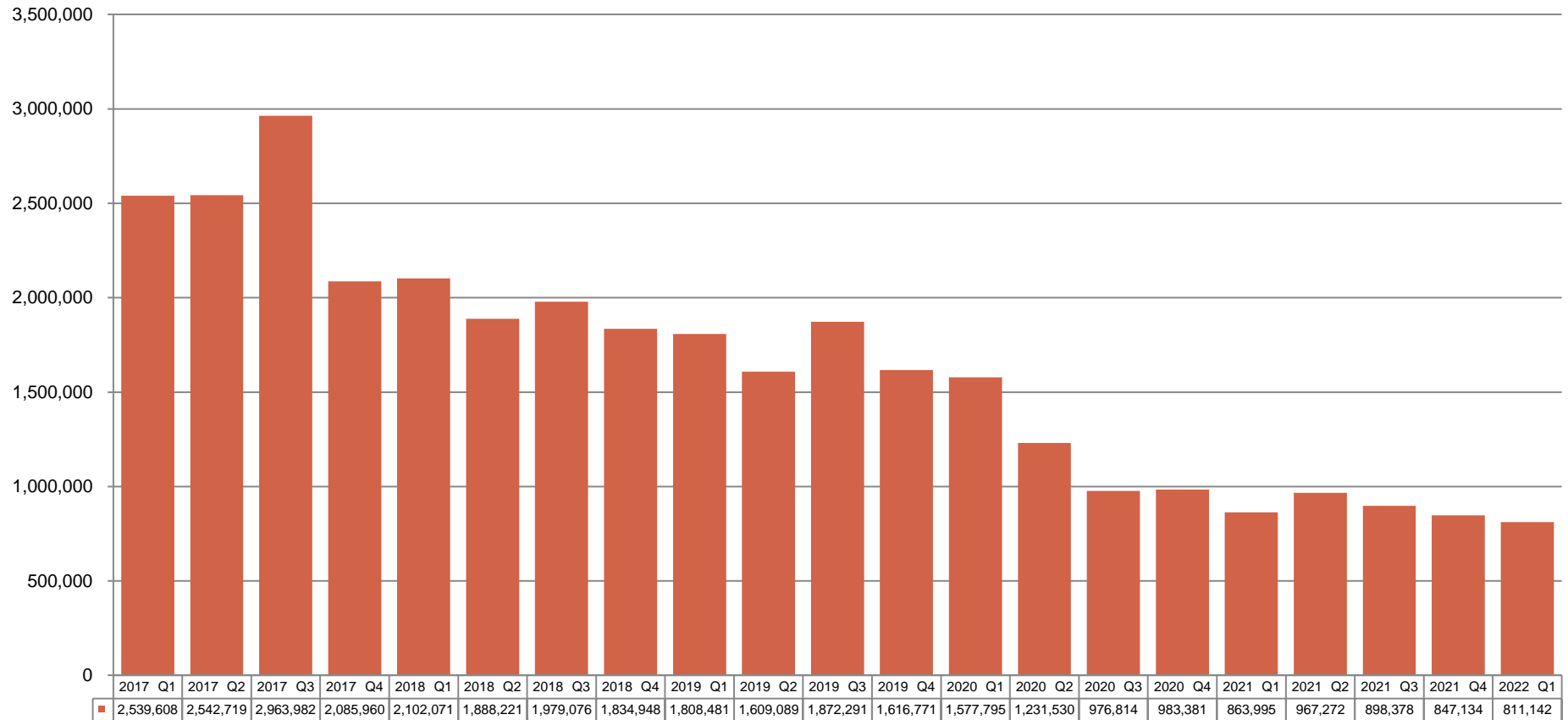
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
Figures only include results of nend and exclude other services.

nend

AD Communication Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

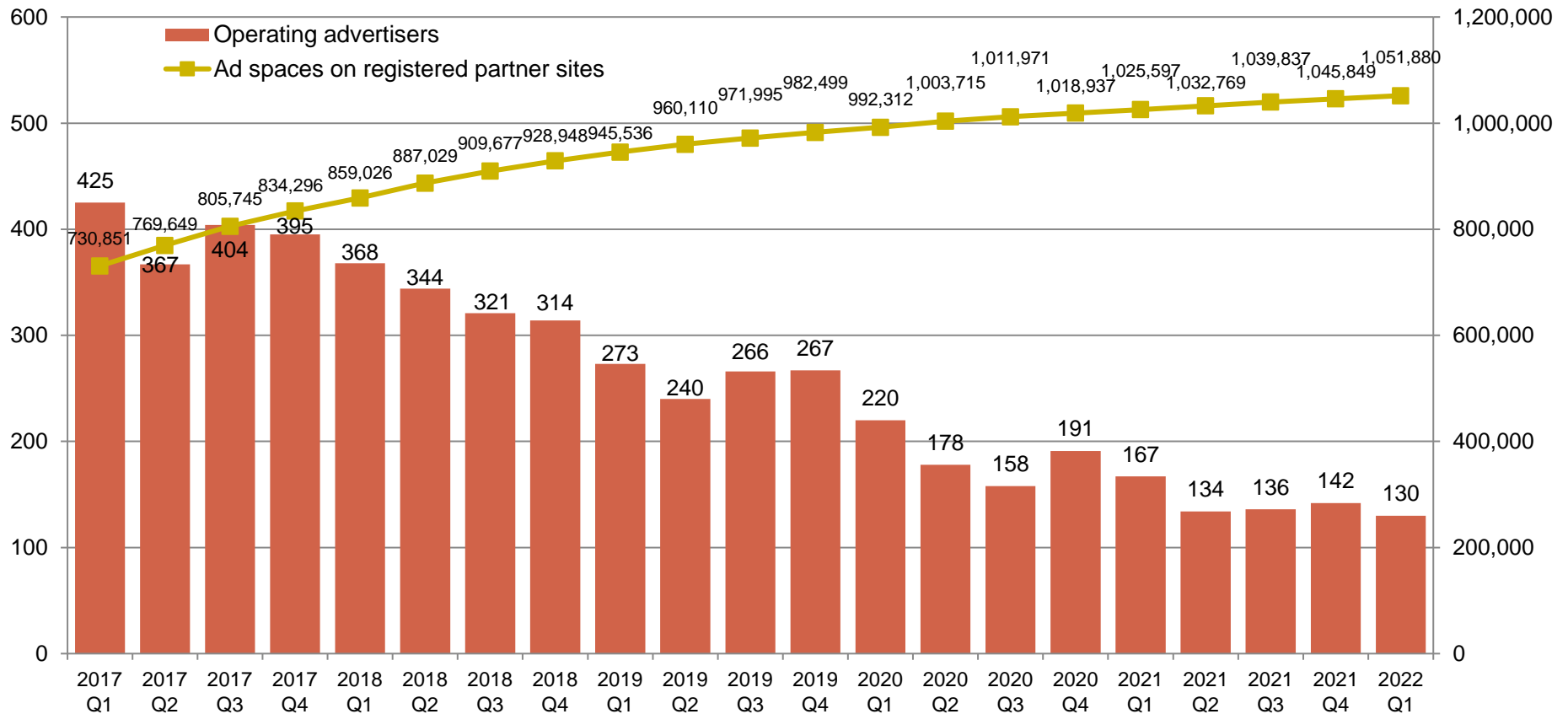


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

AD Communication Business

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



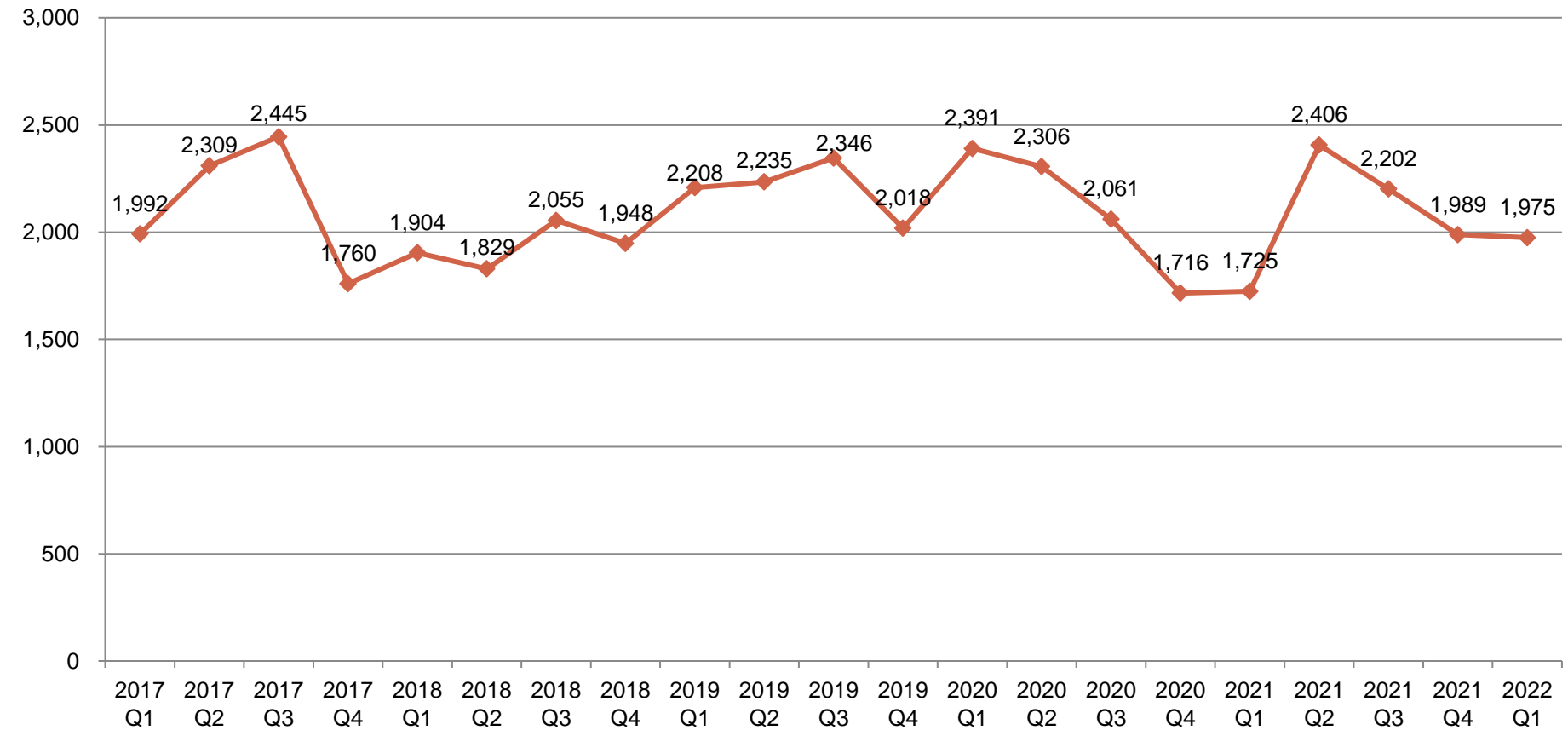
Note: The number of operating advertisers is as of the final month of each quarter.

nend

AD Communication Business

Average Monthly Transaction Volume 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)	2022 Q1	2021 Full year
Transaction volume	362,725	2,227,830
Net sales	38,018	-
Operating income	2,683	123,459
Profit attributable to owners of the parent	8,110	104,881

Note: Figures represent amounts before elimination of intragroup transactions.

Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

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)	2022 Q1	2021 Full year
Transaction volume	145,734	607,986
Net sales	125,286	-
Operating income (loss)	(16,507)	(115,946)
Profit (loss) attributable to owners of the parent	(16,209)	(212,751)

Note: Figures represent amounts before elimination of intragroup transactions.

Note: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

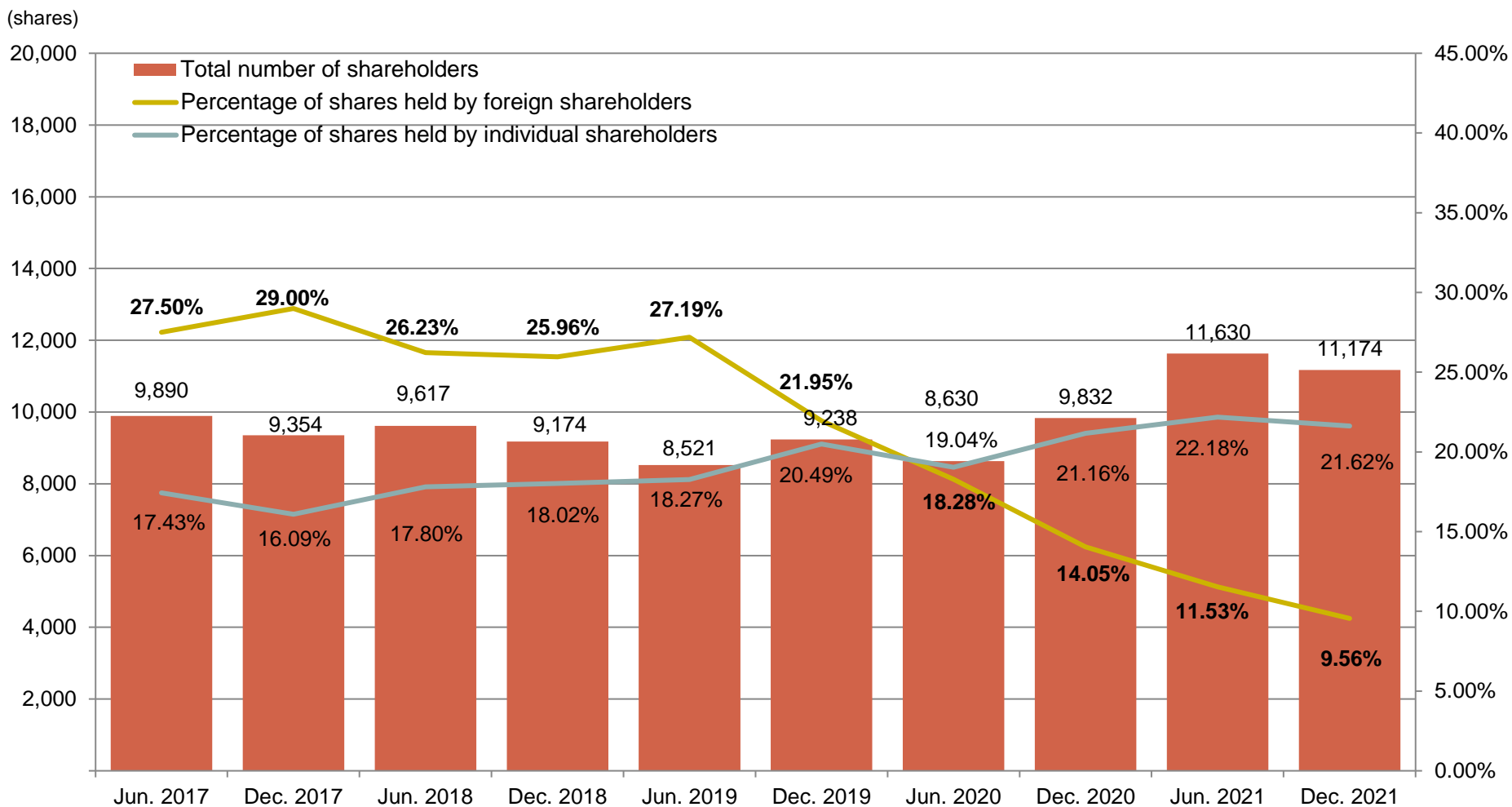


Stock Information

Stock Information

Stock Information

Percentage of Shares Held by Individual Shareholders and Foreign Shareholders



Note: Percentage of shares held by individual shareholders does not include shares held by the Company executives.

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

■ Company name	FAN Communications, Inc.
■ Securities code	2461 (Tokyo Stock Exchange, Prime Market)
■ Fiscal year-end	December
■ Established	October 1, 1999
■ Capital	¥1,173.67 million (As of March 31, 2022)
■ President and Representative Director	Yasuyoshi Yanagisawa
■ Number of employees	Non-consolidated: 430 Group total: 494 <small>(As of March 31, 2022; includes part-time and temp staff)</small>
■ Headquarters	Aoyama Diamond Building 1-1-8, Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
■ Telephone	+81-(0)3-5766-3530 (IR)
■ Fax	+81-(0)3-5766-3782

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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