



Second Quarter of 2022
Presentation of Financial Results

August 9, 2022

FAN Communications, Inc.

Contents

Second Quarter of 2022 Results Highlights	.....	P3
Management Indicators (Quarterly Basis)	.....	P8
Overview by Service Category	.....	P14
• CPA Solution Business		
• AD Communication Business		
Consolidated Group Businesses	.....	P28
Stock Information	.....	P31
Reference Materials	.....	P33

Second Quarter of 2022 Results Highlights

Second Quarter of 2022 (Apr.–Jun.): Key Points

Results Highlights

- Results remained sluggish with ordinary income down 8.1% YoY, despite the transaction volume slightly improving 4.1% YoY.
- Versus the previous quarter (first quarter of 2022), however, the transaction volume and ordinary income were up 16.3% and 22.4%, respectively.
- Results were largely in line with the initial performance forecast.

Consolidated Results of Operations

Results Highlights

(¥ thousands)	2022 Q2	2021 Q2	YoY Change	% of transaction volume
Transaction volume	13,976,234	14,059,399	-0.6%	100%
Net sales	3,834,912	-		27.4%
Operating income	1,260,167	1,272,554	-1.0%	9.0%
Ordinary income	1,299,417	1,438,655	-9.7%	9.3%
Profit attributable to owners of the parent	871,990	969,237	-10.0%	6.2%
Ordinary income to transaction volume ratio	9.3%	10.2%	-0.9pt	-
Earnings per share	¥12.47	¥13.22	-5.7%	-
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	June 30, 2022
Assets		
Current assets	22,975,204	21,816,123
Cash and deposits	19,362,918	18,047,635
Accounts receivable – trade	2,970,155	3,288,139
Securities	200,010	200,700
Other	455,432	292,237
Allowance for doubtful accounts	-13,312	-12,589
Fixed assets	1,679,603	2,274,474
Property, plant and equipment	101,082	100,081
Intangible assets	423,676	406,493
Investments and other assets	1,154,844	1,767,899
Total assets	24,654,807	24,090,598
Liabilities and net assets		
Current liabilities	4,807,135	5,707,830
Accounts payable – trade	3,959,465	4,549,648
Income taxes payable	322,619	454,487
Other current liabilities	525,048	703,694
Long-term liabilities	141,903	135,037
Total liabilities	4,949,038	5,842,868
Total net assets	19,705,769	18,247,729
Total liabilities and net assets	24,654,807	24,090,598

Main component was ¥1,326,753 thousand in investment securities.

Main factors for the decline included ¥1,347,176 thousand in dividend payments and ¥999,980 thousand spent in share buyback, which were only partially offset by profit attributable to owners of the parent of ¥871,990 thousand.

Consolidated Performance Forecast

Results
Highlights

(¥ millions)	2022 Full-Year Forecast	2022 Q2 Results	Progress (% of Full-Year Forecast)
Net sales	7,680	3,834	49.9%
Operating income	2,410	1,260	52.3%
Ordinary income	2,430	1,299	53.5%
Profit attributable to owners of the parent	1,670	871	52.2%

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

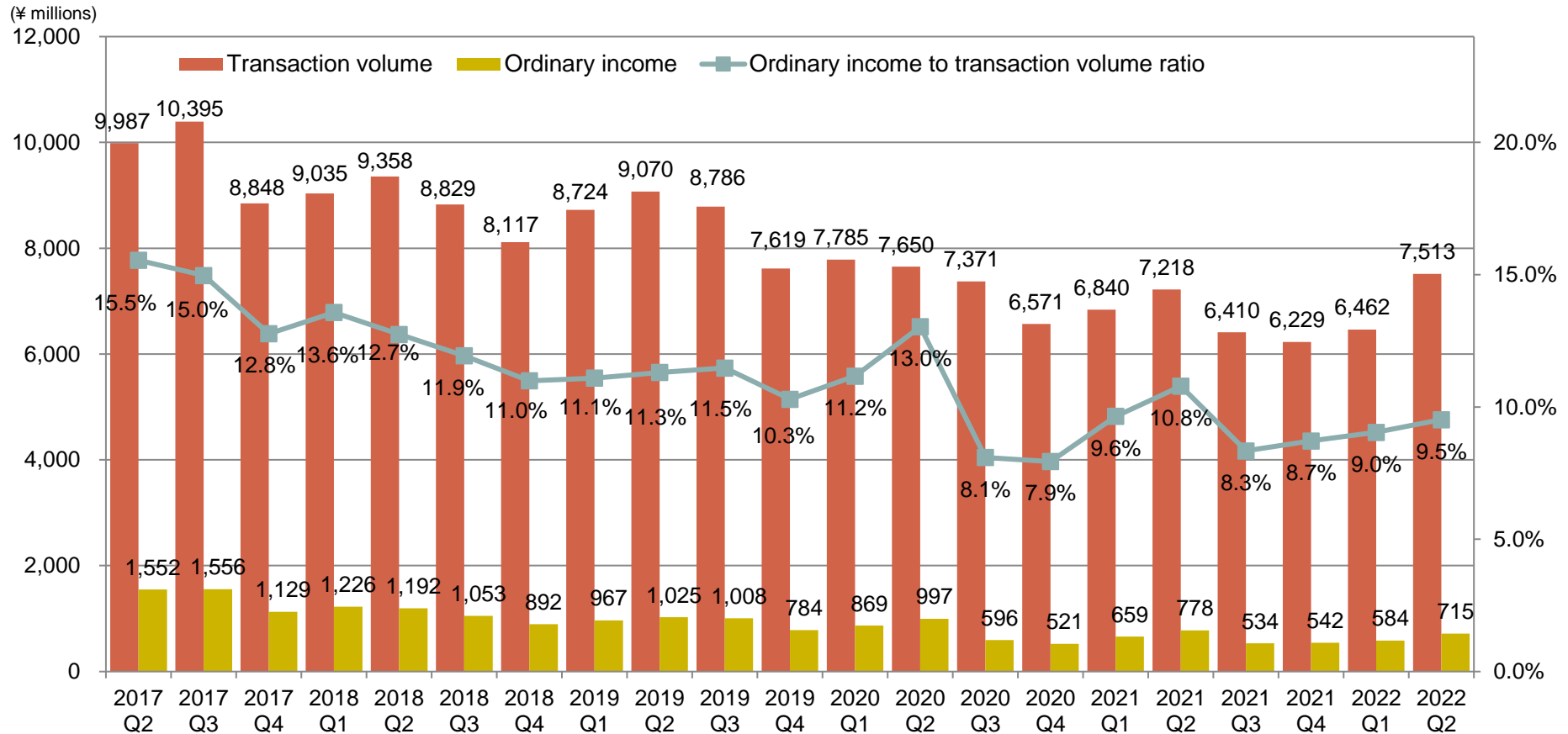
Dividend Forecast

	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)

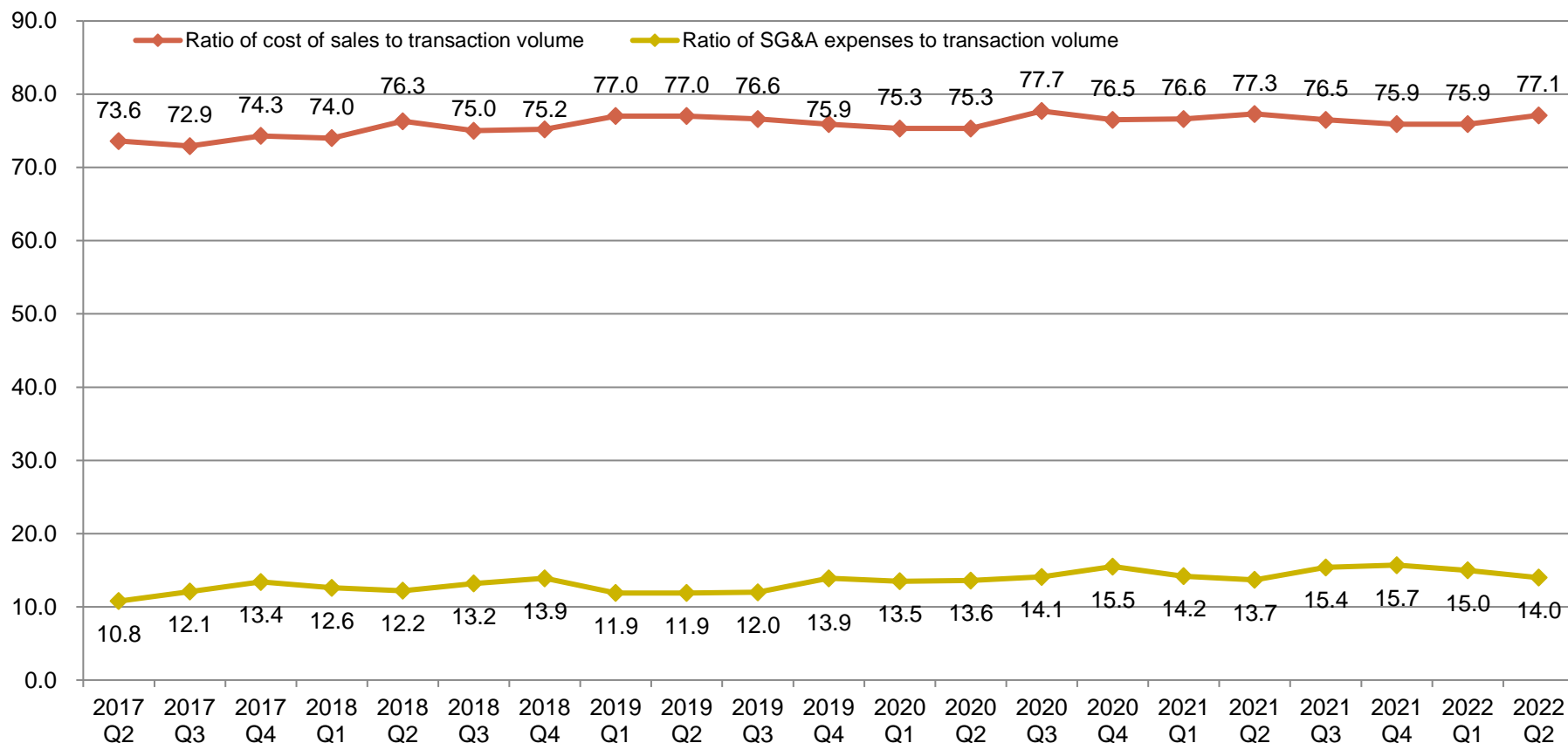
Management
Indicators



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.

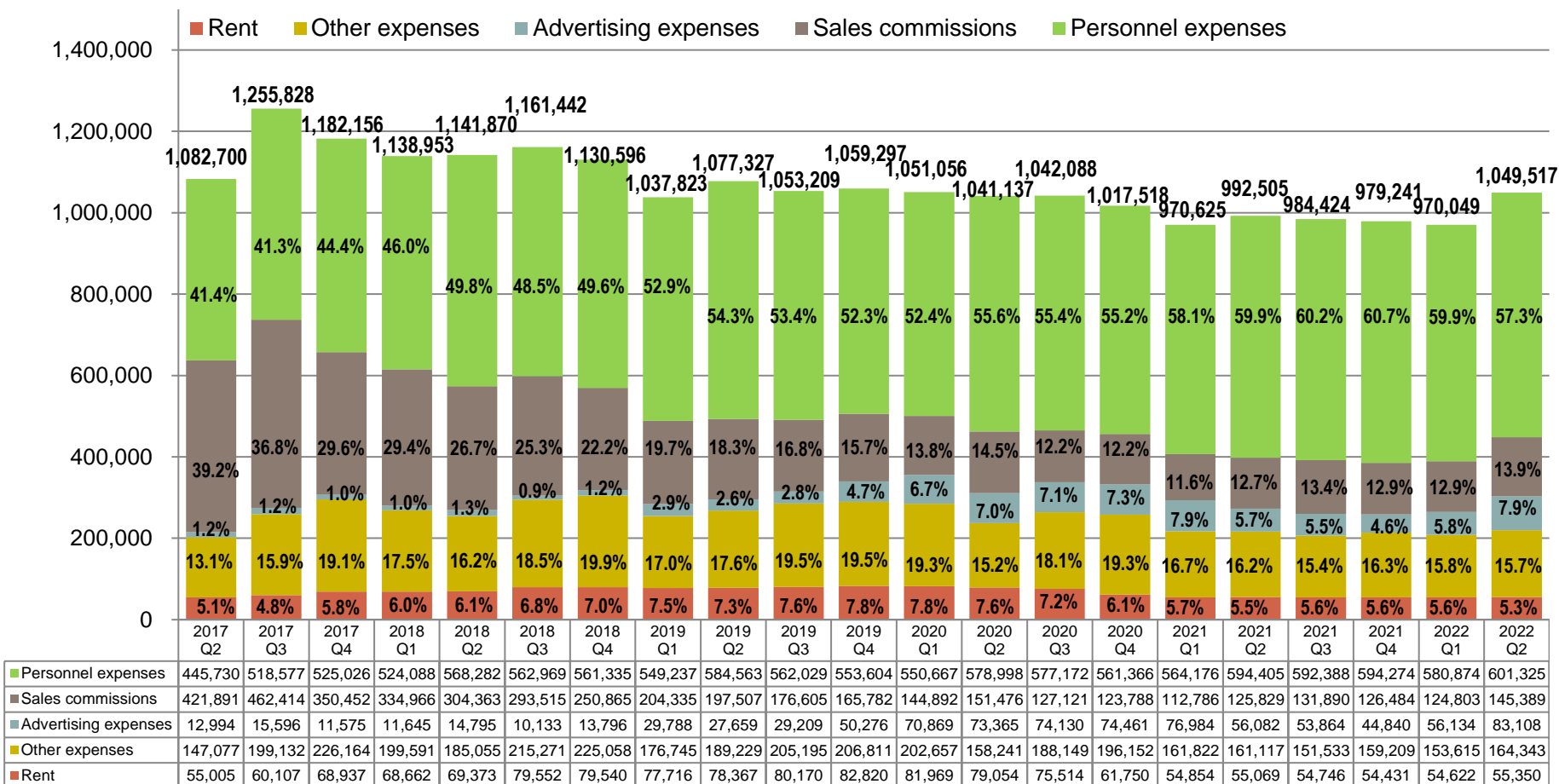
Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

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.

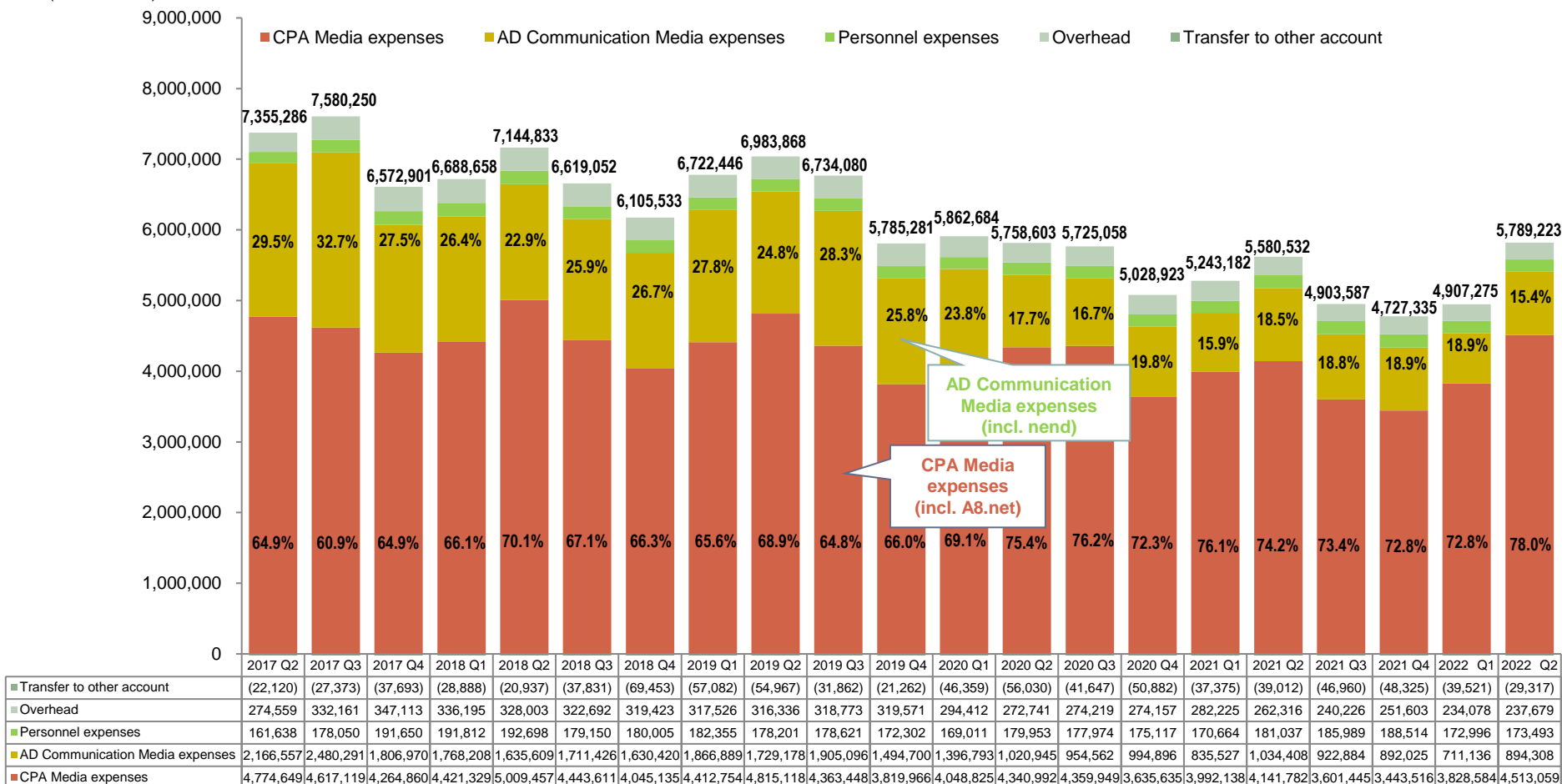
Other expenses include commissions paid, outsourcing expenses, recruiting and training expenses, etc.

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.

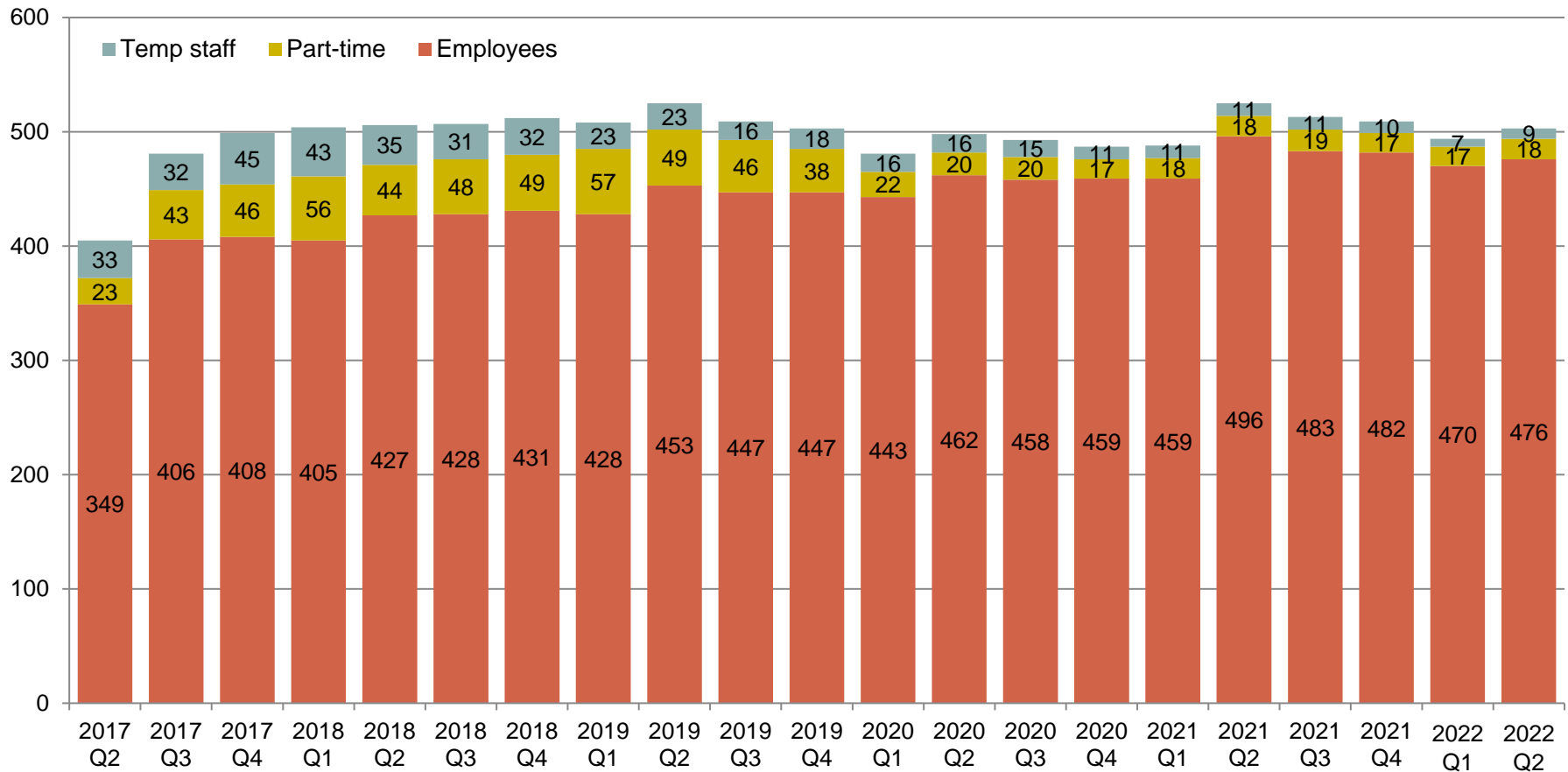
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

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

Number of Employees

(Consolidated/Quarterly Basis)

Management
Indicators



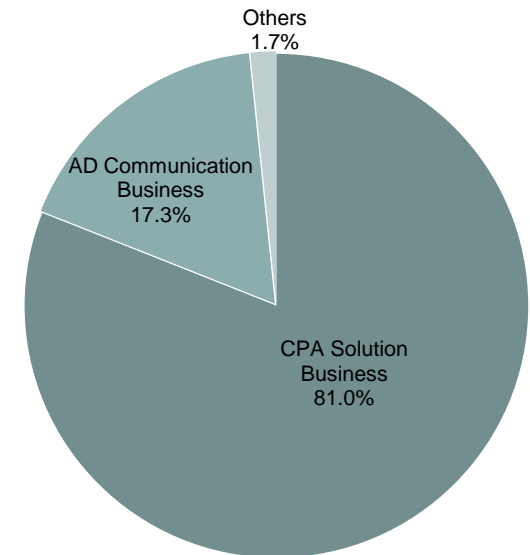
As of 2022 Q2, the Group employed 503 people (-22 YoY; +9 QoQ).

Overview by Service Category

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by Service Category

(¥ thousands)	2022 Q2 (Apr.–Jun.)	2021 Q2 (Apr.–Jun.)	YoY Change
CPA Solution Business	6,086,324 (1,579,213)	5,629,438	8.1%
AD Communication Business	1,303,317 (308,092)	1,467,609	-11.2%
Others	123,935 (109,966)	121,566	1.9%
Total transaction volume (Net sales)	7,513,577 (1,997,272)	7,218,614	4.1%



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

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

Others: Seesaa Inc.

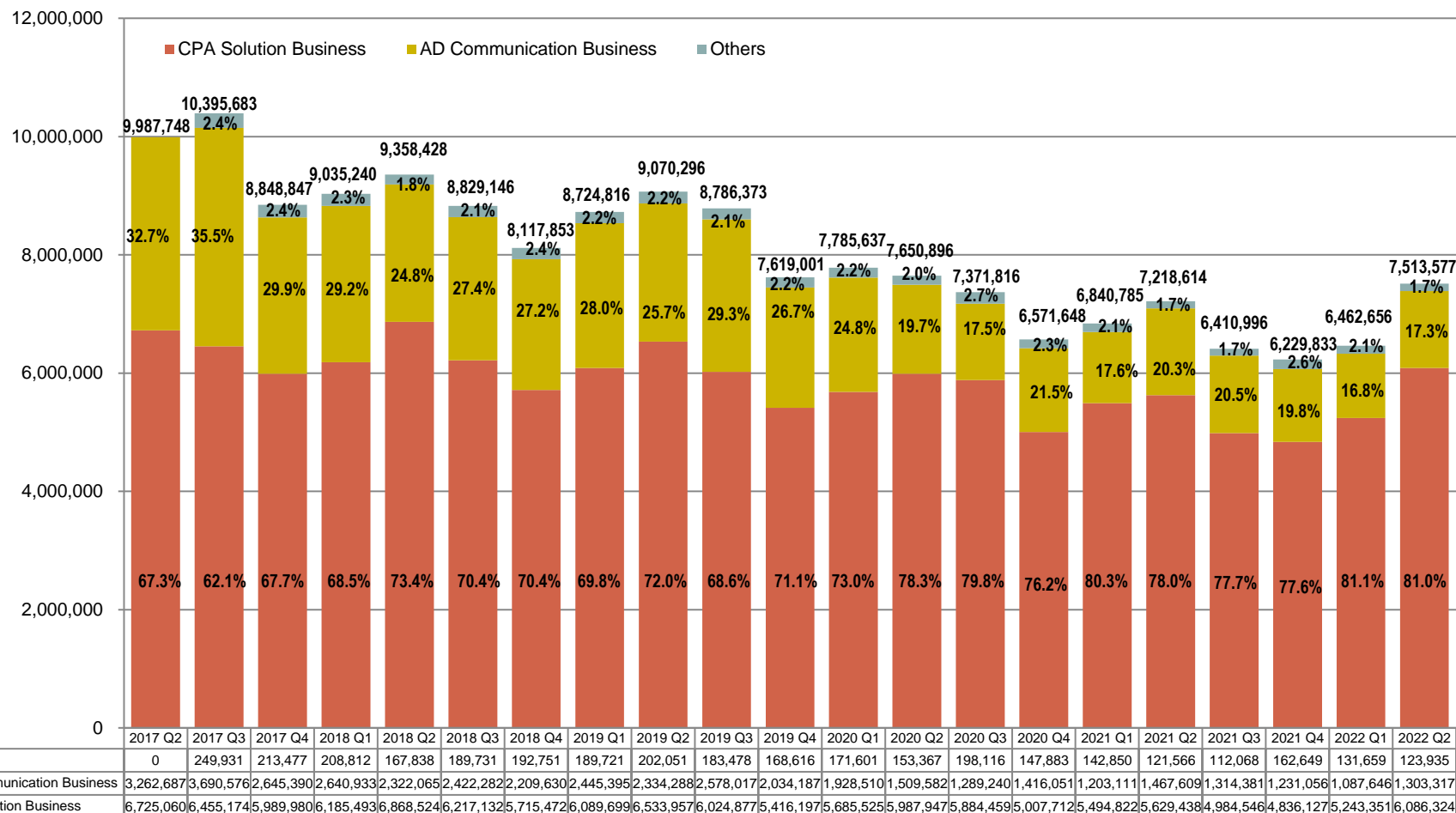
Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction 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: Figures for transaction volume represent amounts before elimination of intragroup transactions.

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 Q2 (Apr.–Jun.)	2021 Q2 (Apr.–Jun.)	YoY Change
Transaction volume (¥ thousands)	5,535,162	5,158,267	7.3%
Number of operating advertiser IDs	3,319	3,256	1.9%
Number of registered partner sites	3,131,305	2,965,290	5.6%

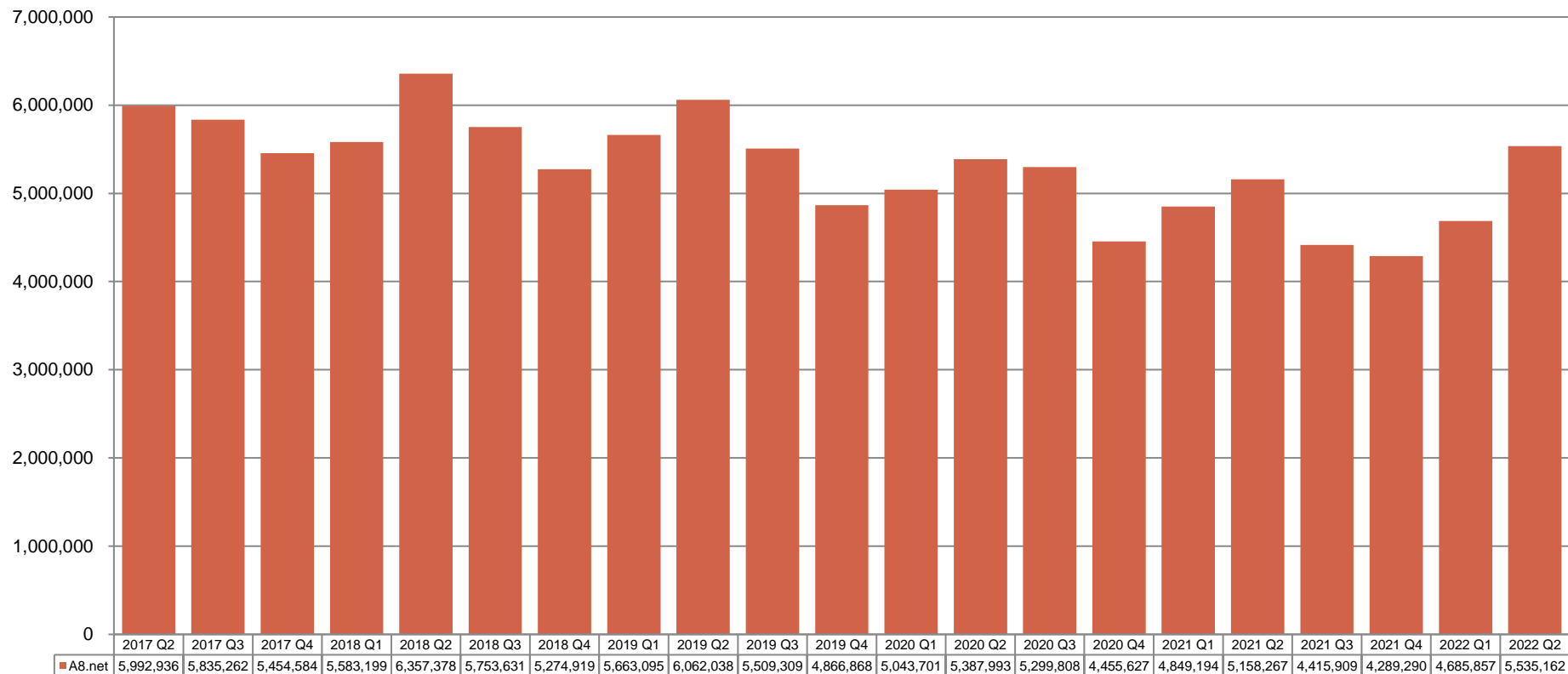
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
The number of operating advertiser IDs increased by 63 YoY.

A8.net

CPA Solution Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

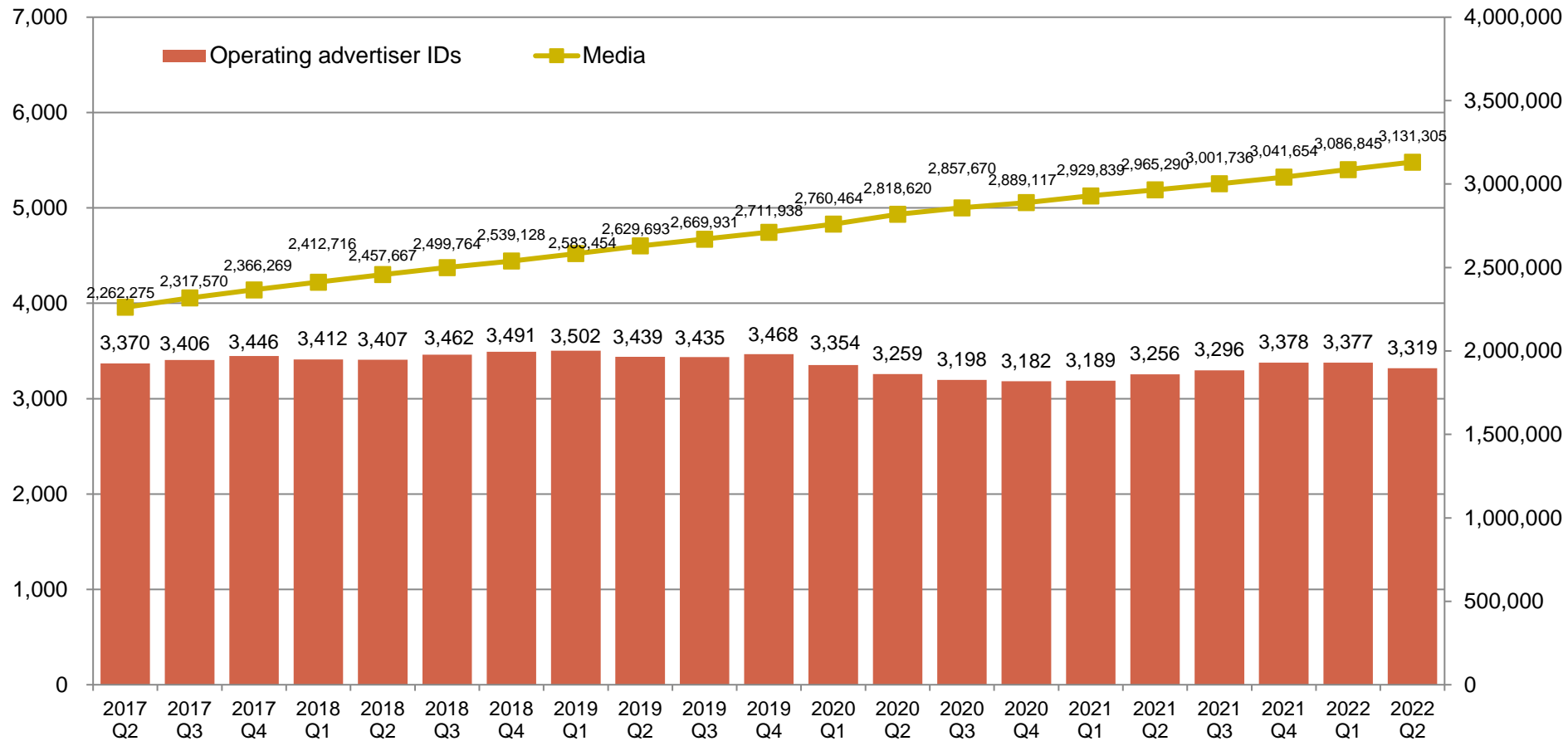


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

A8.net

CPA Solution Business

Number of Operating Advertisers and Media (Quarterly Basis)

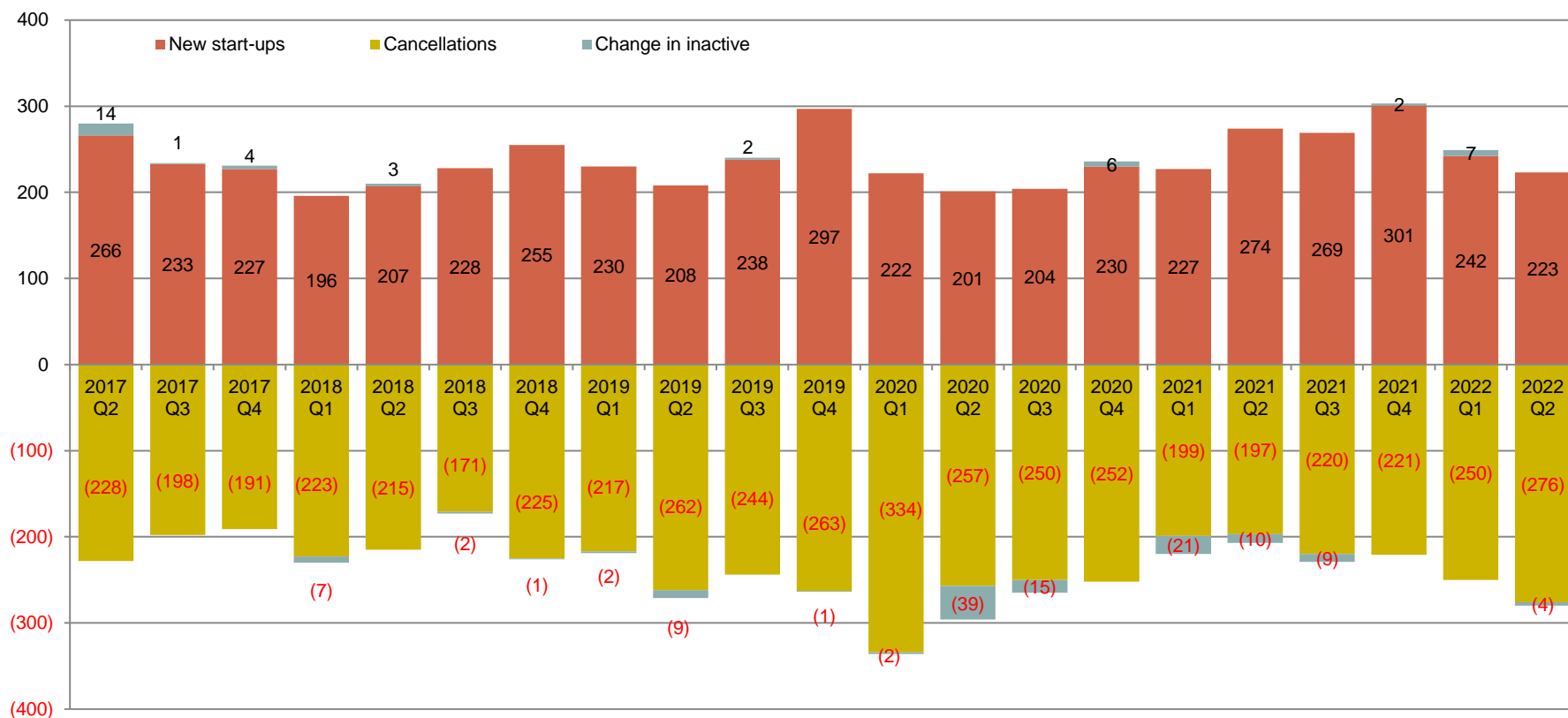


Notes: The number of operating advertisers is as of the final month of each quarter.
 The number of operating advertisers decreased by 58 from 2022 Q1.
 The number of overseas operating advertisers was 106, down five from 2022 Q1.

A8.net

CPA Solution Business

New Advertiser Start-Ups and Cancellations

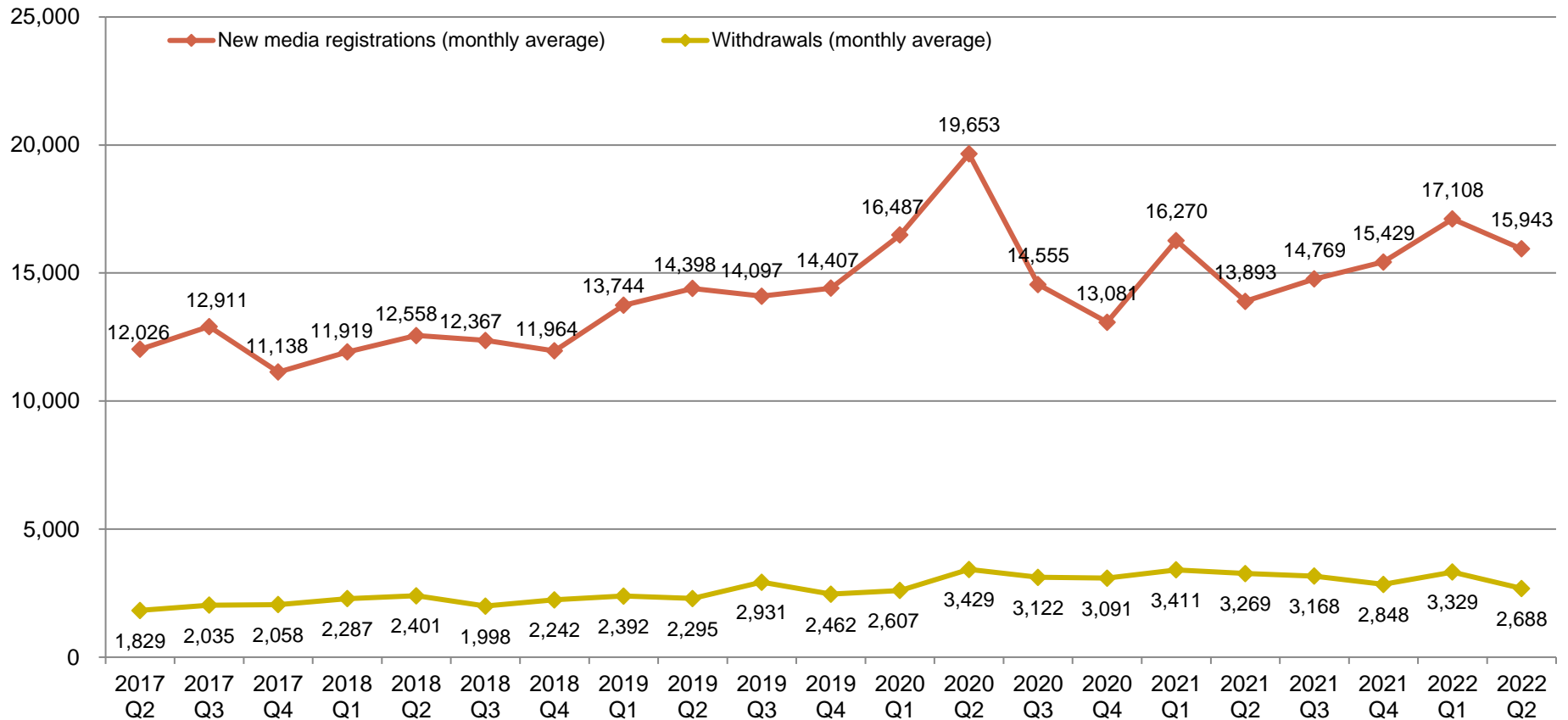


Note: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

Average Monthly New Media Registrations and Withdrawals

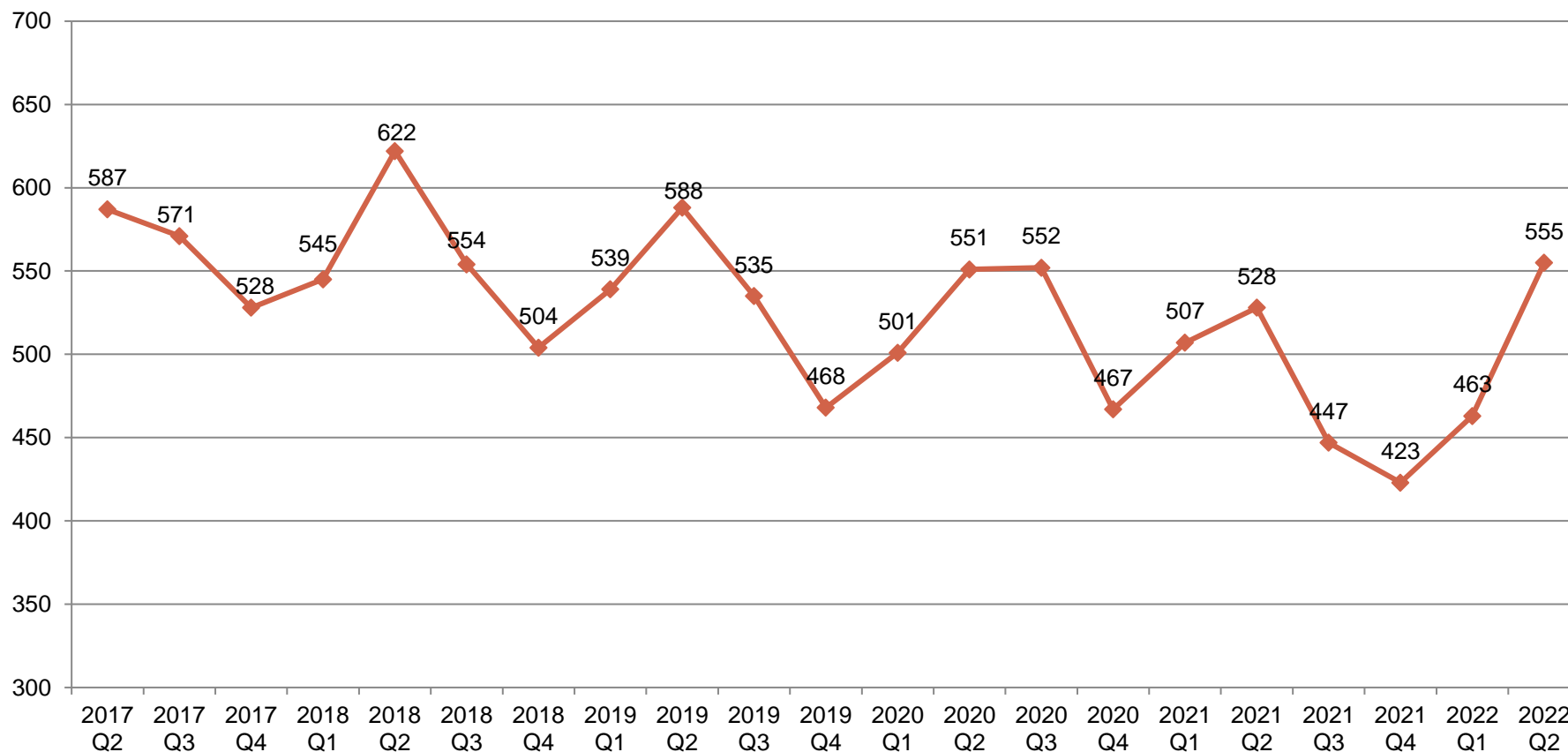


A8.net

CPA Solution Business

Average Monthly Transaction Volume per Advertiser

¥ thousands)



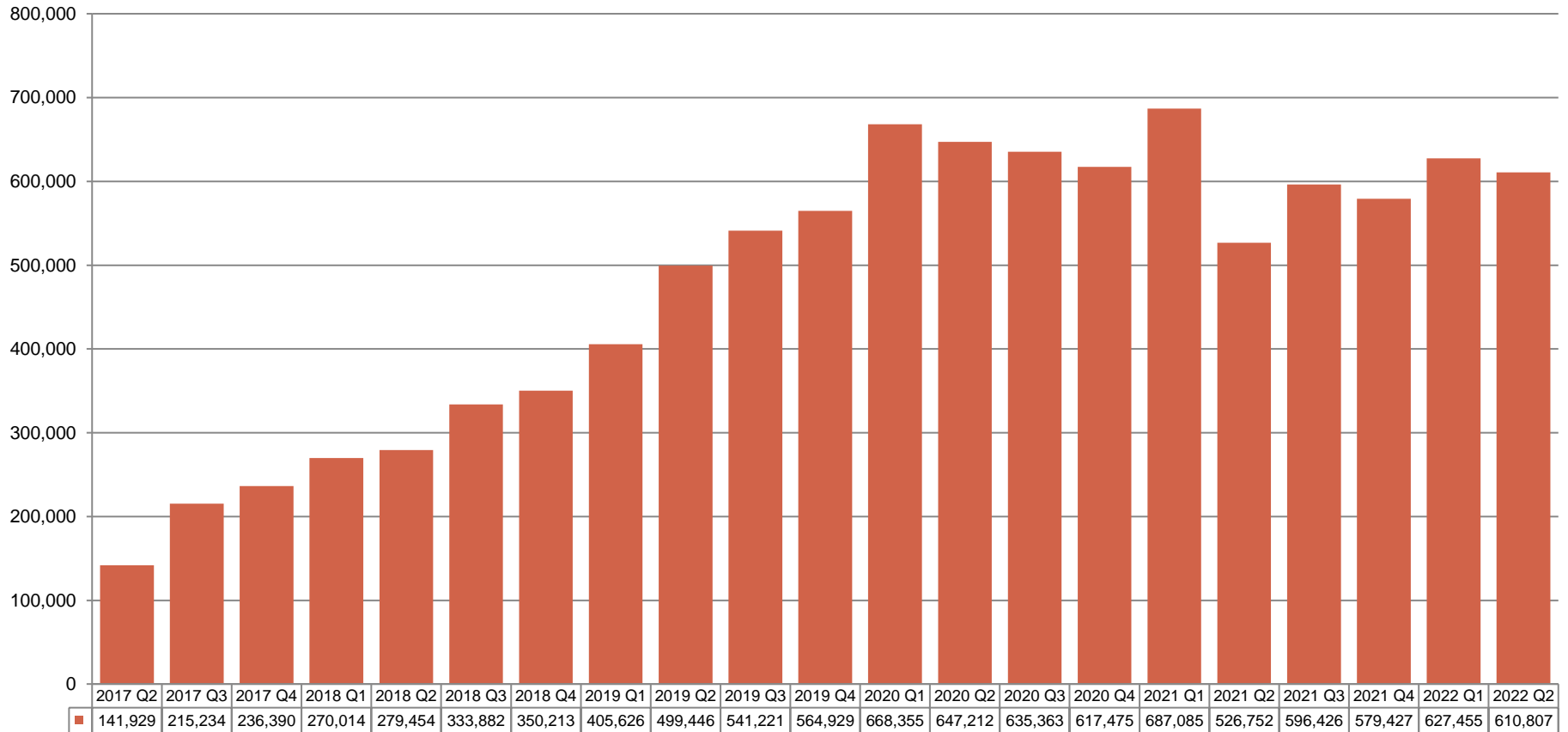
Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

seedApp

Transaction Volume (Quarterly Basis)

CPA Solution Business

(¥ thousands)



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

nend

Summary

AD Communication Business

	2022 Q2 (Apr.–Jun.)	2021 Q2 (Apr.–Jun.)	YoY change
Transaction volume (¥ thousands)	978,778	967,272	1.2%
Number of operating advertiser IDs	110	134	-17.9%
Number of ad spaces on registered partner sites	1,057,458	1,032,769	2.4%

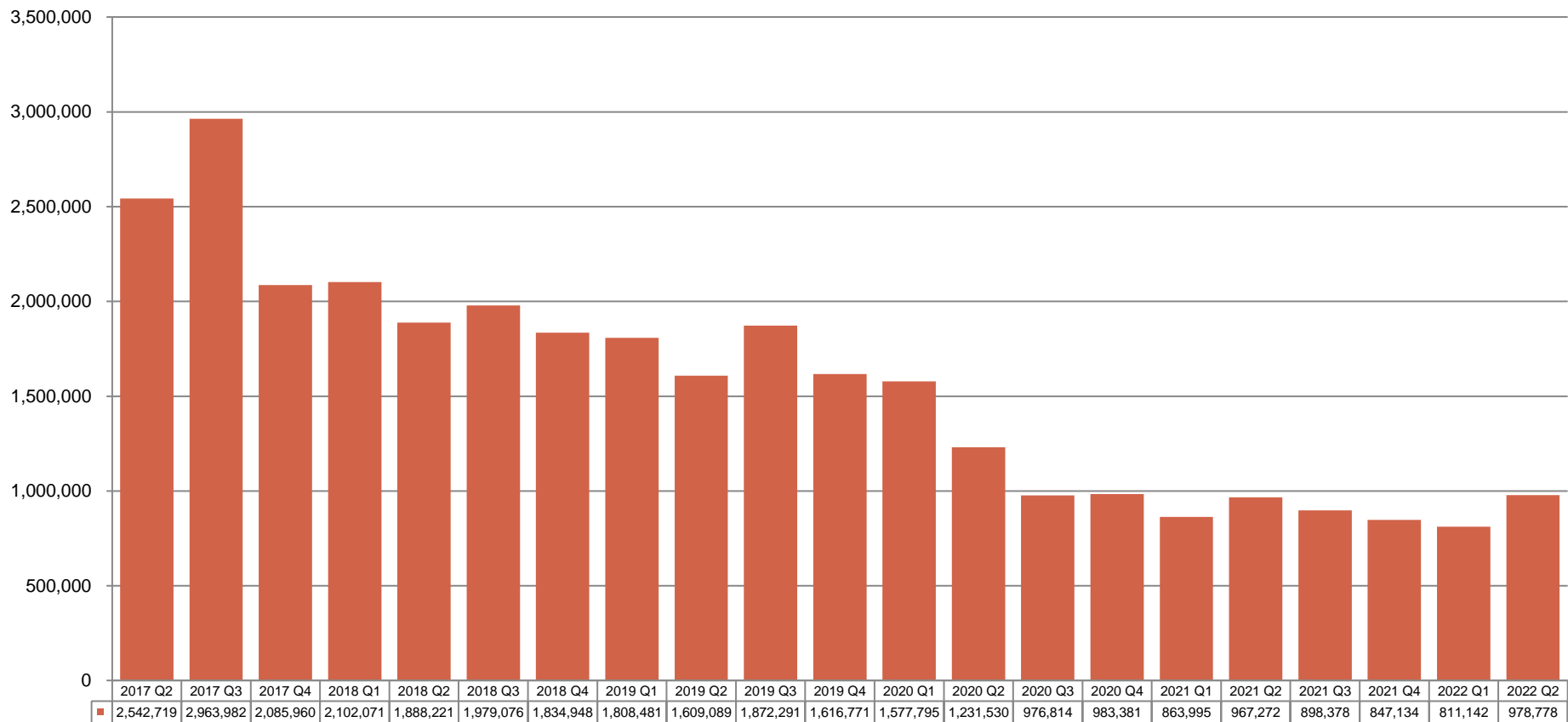
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
Figures only include results of nend and exclude other services.

nend

AD Communication Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

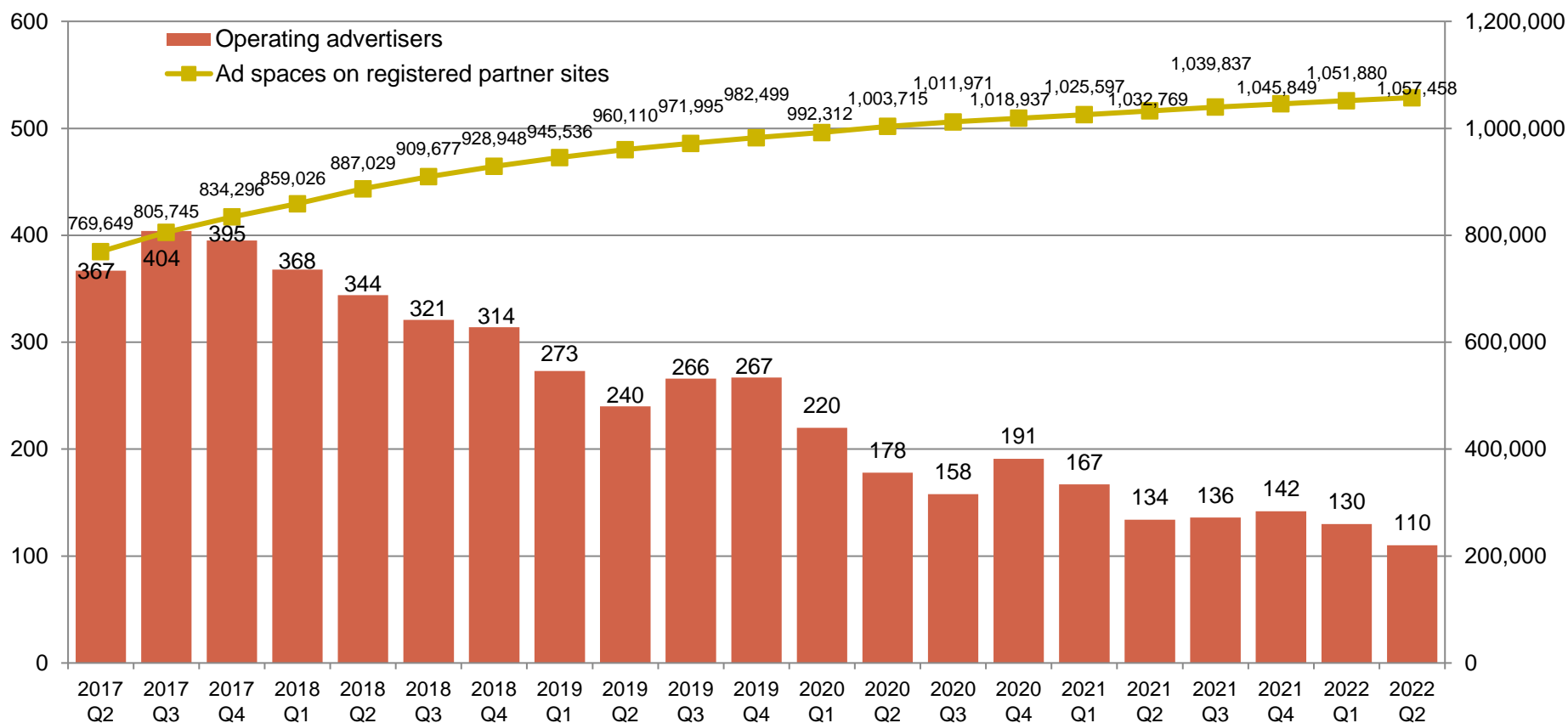


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

AD Communication Business

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



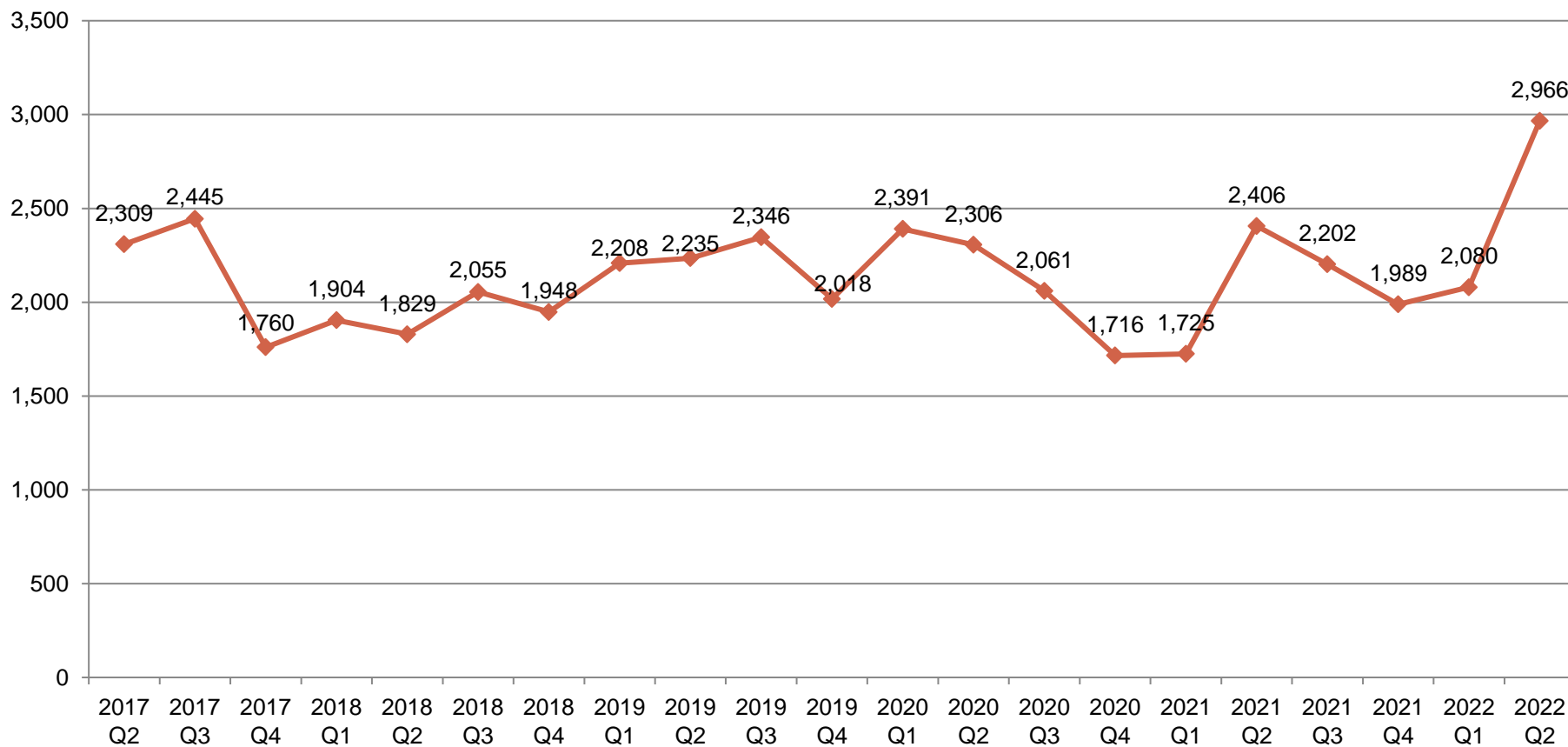
Note: The number of operating advertisers is as of the final month of each quarter.

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 Q2	2021 Full year
Transaction volume	811,603	2,227,830
Net sales	88,699	-
Operating income	7,666	123,459
Profit attributable to owners of the parent	25,018	104,881

Note: Figures represent amounts before elimination of intragroup transactions.

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

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 Q2	2021 Full year
Transaction volume	293,931	607,986
Net sales	251,789	-
Operating income (loss)	(37,073)	(115,946)
Profit (loss) attributable to owners of the parent	(36,788)	(212,751)

Note: Figures represent amounts before elimination of intragroup transactions.

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

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.

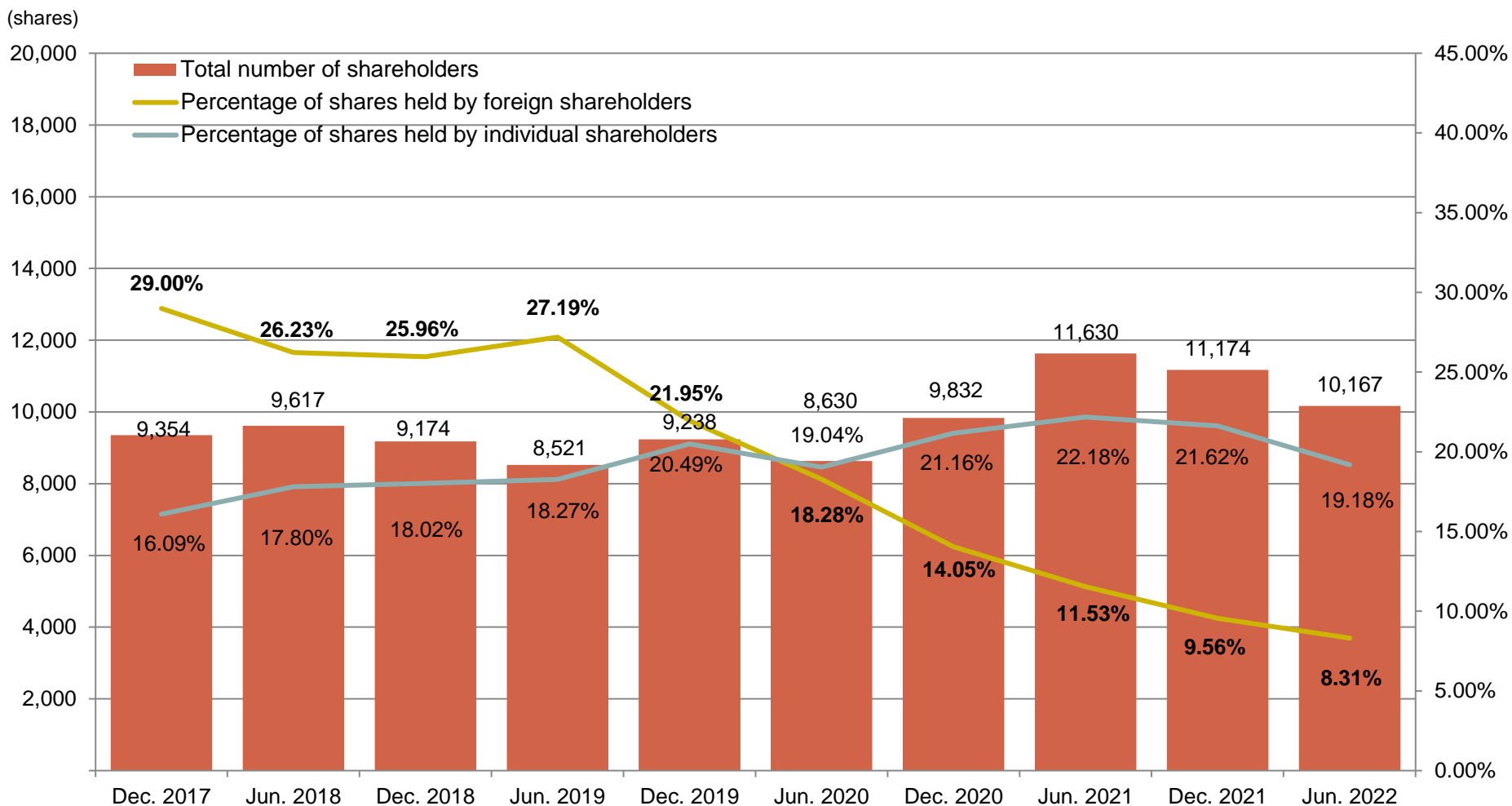


Stock Information

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 June 30, 2022)
■ President and Representative Director	Yasuyoshi Yanagisawa
■ Number of employees	Non-consolidated: 440 Group total: 503 <small>(As of June 30, 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

Forward-looking statements such as the performance forecasts and other predictions of future events and strategies published in this document are based on the Company's judgment within the scope of events foreseeable under normal conditions using data that were reasonably available at the time of preparation.

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.

The Company works to proactively disclose information that it considers important for investors. However, we strongly advise that you not rely solely on the performance forecasts in this document in making decisions.

The Company makes every effort to ensure the accuracy of published content, but takes no responsibility for errors in the information or damage caused by downloading the data.

These materials may not be reproduced or retransmitted for any purpose without the prior written consent of the Company.

Contact

FAN Communications, Inc.

E-mail : ir-info@fancs.com