



Third Quarter of 2022  
Presentation of Financial Results

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November 8, 2022

FAN Communications, Inc.

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# Third Quarter of 2022 Results Highlights

## Third Quarter of 2022 (Jul.–Sep.): Key Points

### Results Highlights

- Transaction volume rose 11.1% YoY and ordinary income was up 24.3% YoY.
- Versus the previous quarter (second quarter of 2022), transaction volume declined 5.2% and ordinary income fell 7.1%.
- Versus the initial forecast, results were slightly above plan.

# Consolidated Results of Operations

## Results Highlights

(¥ thousands)	2022 Q3	2021 Q3	YoY Change	% of transaction volume
Transaction volume	21,100,243	20,470,395	3.1%	100%
Net sales	5,815,763	-		27.6%
Operating income	1,902,278	1,795,538	5.9%	9.0%
Ordinary income	1,964,320	1,973,320	-0.5%	9.3%
Profit attributable to owners of the parent	1,320,201	1,362,707	-3.1%	6.3%
Ordinary income to transaction volume ratio	9.3%	9.6%	-0.3pt	-
Earnings per share	¥19.04	¥18.71	1.8%	-
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	September 30, 2022
<b>Assets</b>		
<b>Current assets</b>	<b>22,975,204</b>	<b>21,175,244</b>
Cash and deposits	19,362,918	16,662,085
Accounts receivable – trade, and contract assets	2,970,155	3,200,785
Securities	200,010	299,720
Other	455,432	1,025,307
Allowance for doubtful accounts	-13,312	-12,654
<b>Fixed assets</b>	<b>1,679,603</b>	<b>2,618,015</b>
Property, plant and equipment	101,082	106,641
Intangible assets	423,676	403,925
Investments and other assets	1,154,844	2,107,448
<b>Total assets</b>	<b>24,654,807</b>	<b>23,793,260</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>	<b>4,807,135</b>	<b>5,366,088</b>
Accounts payable – trade	3,959,465	4,370,763
Income taxes payable	322,619	281,428
Other current liabilities	525,048	713,896
<b>Long-term liabilities</b>	<b>141,903</b>	<b>136,509</b>
<b>Total liabilities</b>	<b>4,949,038</b>	<b>5,502,597</b>
<b>Total net assets</b>	<b>19,705,769</b>	<b>18,290,662</b>
<b>Total liabilities and net assets</b>	<b>24,654,807</b>	<b>23,793,260</b>

Main component was ¥1,569,558 thousand in investment securities.

Main factors for the decline included ¥1,347,176 thousand in dividend payments and ¥1,420,831 thousand spent in share buyback, which were only partially offset by profit attributable to owners of the parent of ¥1,320,201 thousand.

# Consolidated Performance Forecast

Results  
Highlights

(¥ millions)	2022 Full-Year Forecast	2022 Q3 Results	Progress (% of Full-Year Forecast)
Net sales	7,680	5,815	75.7%
Operating income	2,410	1,902	78.9%
Ordinary income	2,430	1,964	80.8%
Profit attributable to owners of the parent	1,670	1,320	79.0%

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

## Dividend Forecast

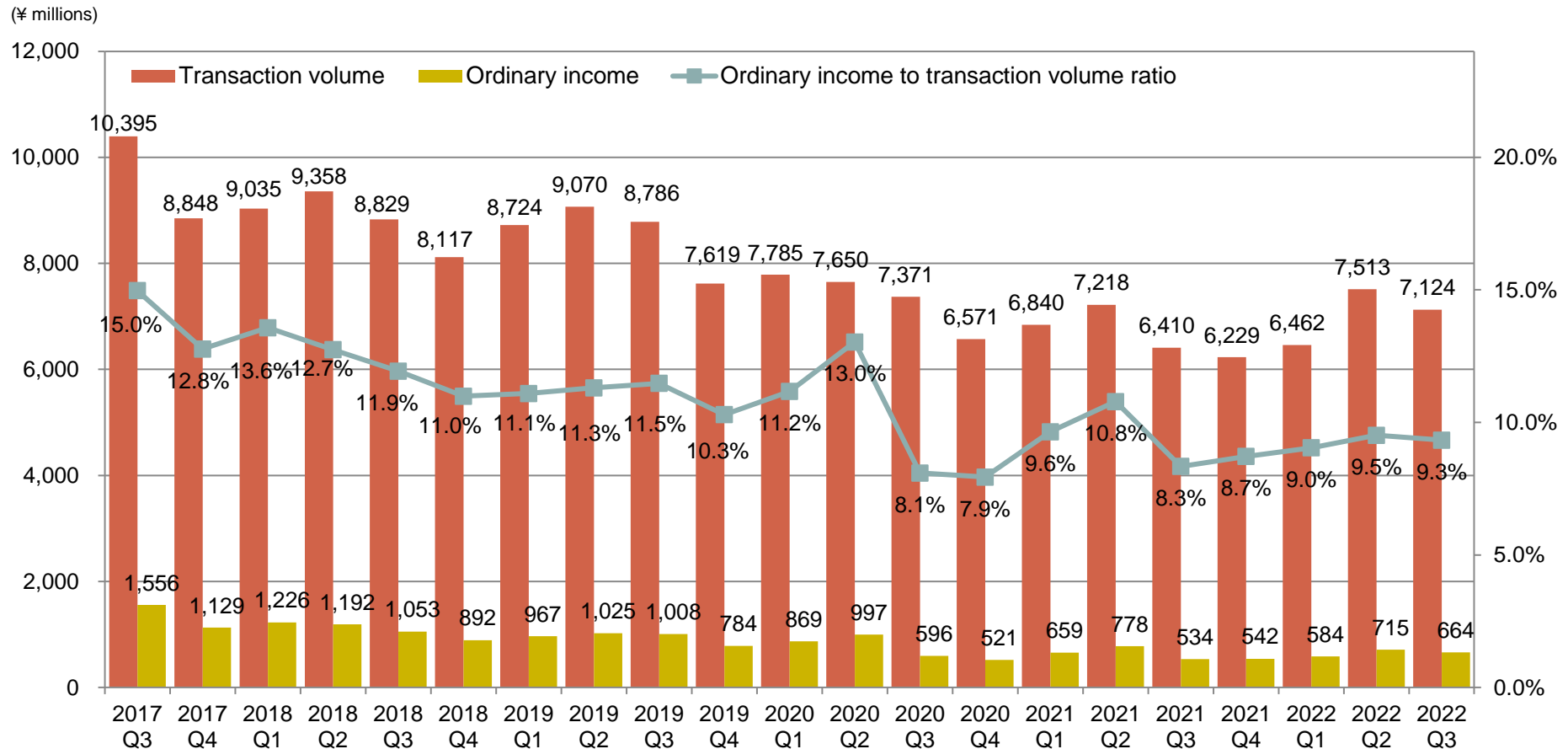
	2022 Forecast	2021 Results
Year-end dividend per share	¥19	¥19

## Management Indicators (Quarterly Basis)



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

Management  
Indicators

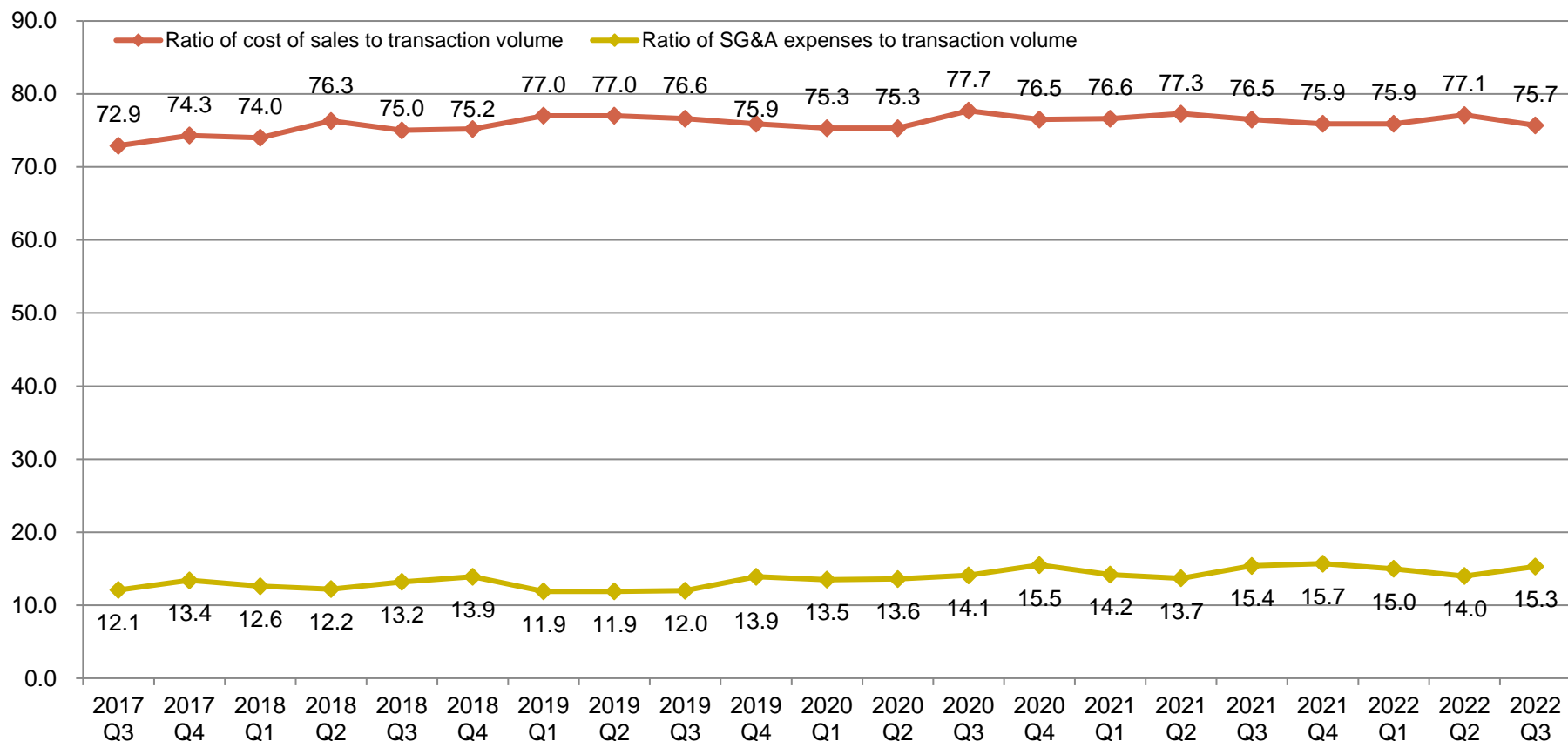


**Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction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

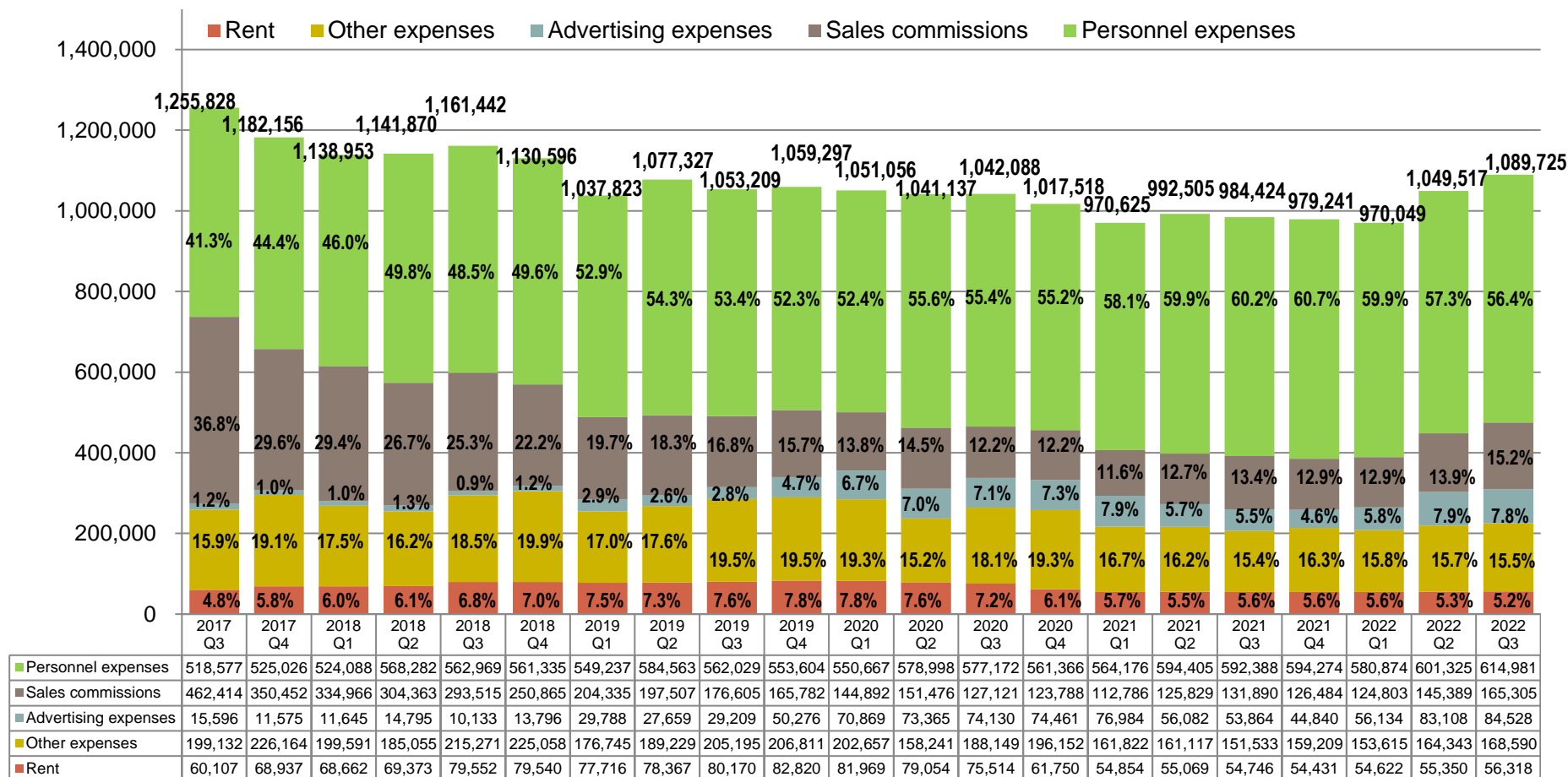
**Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.**

# Selling, General and Administrative Expenses

## (Consolidated/Quarterly Basis)

Management  
Indicators

(¥ thousands)



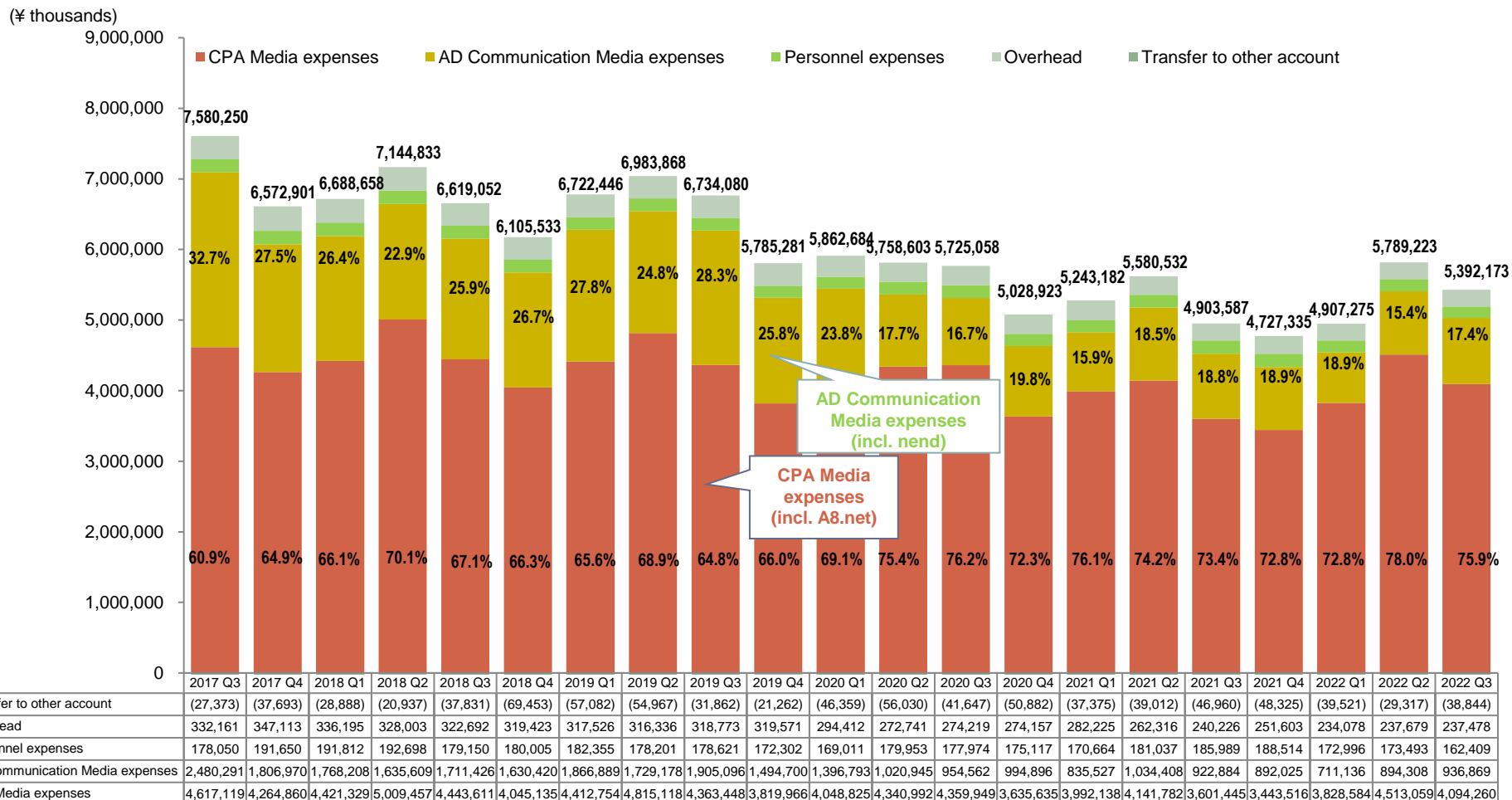
**Notes: Figures for 2022 above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.**

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

# Cost of Sales

## (Consolidated/Quarterly Basis)

### Management Indicators



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

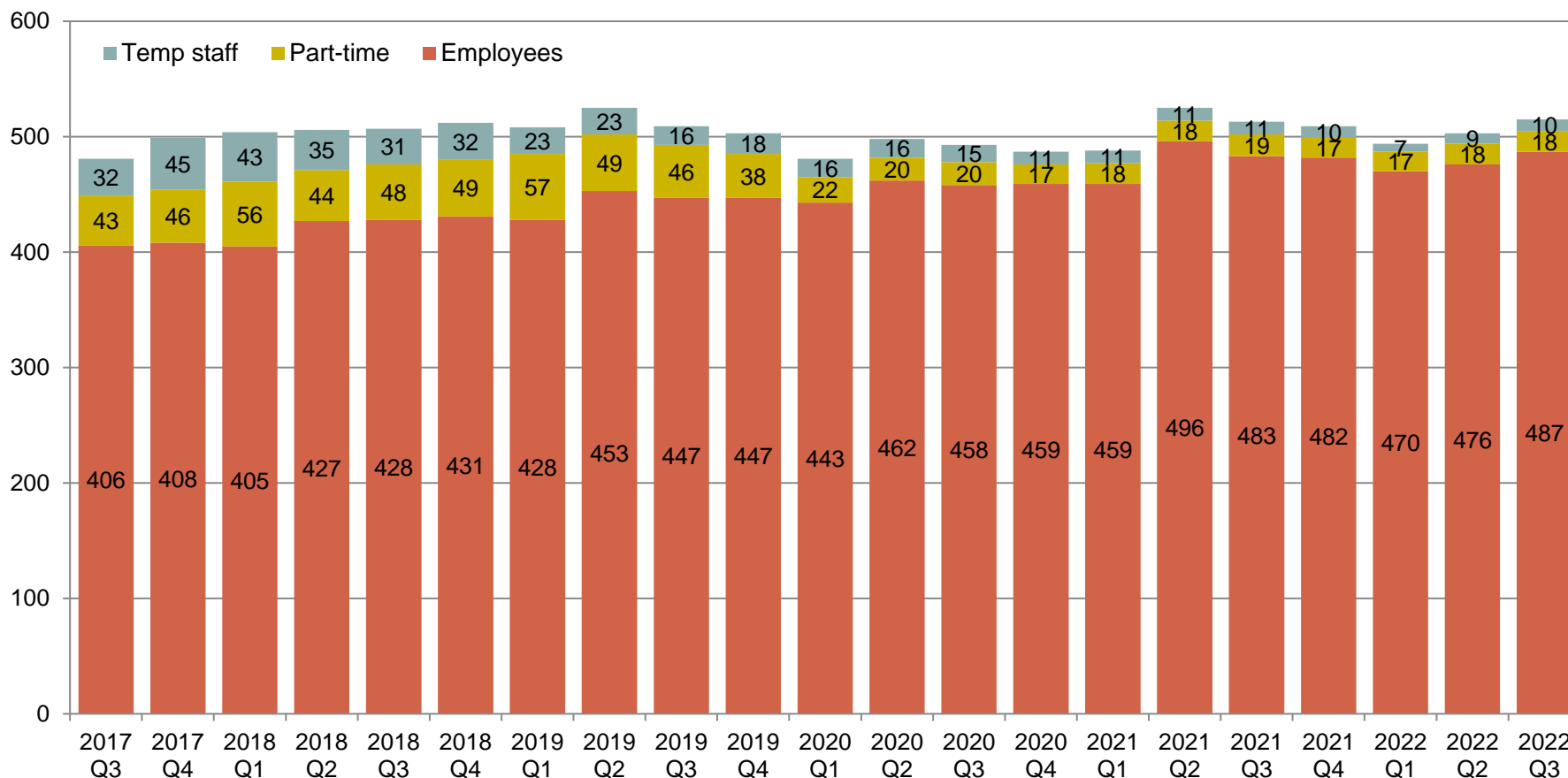
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

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

# Number of Employees

(Consolidated/Quarterly Basis)

Management  
Indicators



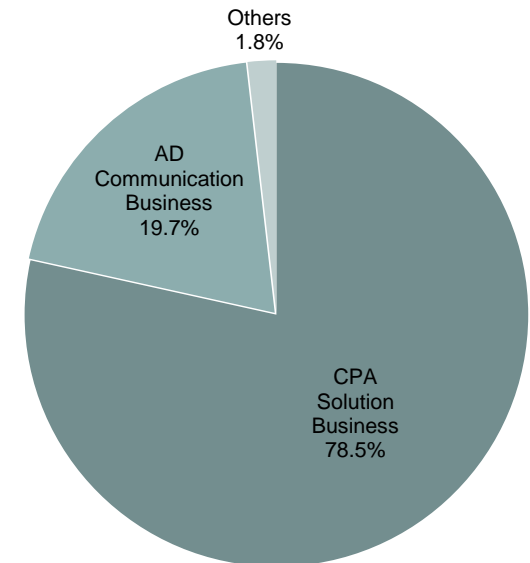
As of 2022 Q3, the Group employed 515 people (+2 YoY; +12 QoQ).

## Overview by Service Category

# Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

## Overview by Service Category

(¥ thousands)	2022 Q3 (Jul.–Sep.)	2021 Q3 (Jul.–Sep.)	YoY Change
CPA Solution Business	<b>5,589,680</b> (1,515,746)	<b>4,984,546</b>	<b>12.1%</b>
AD Communication Business	<b>1,404,086</b> (351,663)	<b>1,314,381</b>	<b>6.8%</b>
Others	<b>130,241</b> (113,440)	<b>112,068</b>	<b>16.2%</b>
<b>Total transaction volume (Net sales)</b>	<b>7,124,009</b> (1,980,850)	<b>6,410,996</b>	<b>11.1%</b>



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

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

Others: Seesaa Inc.

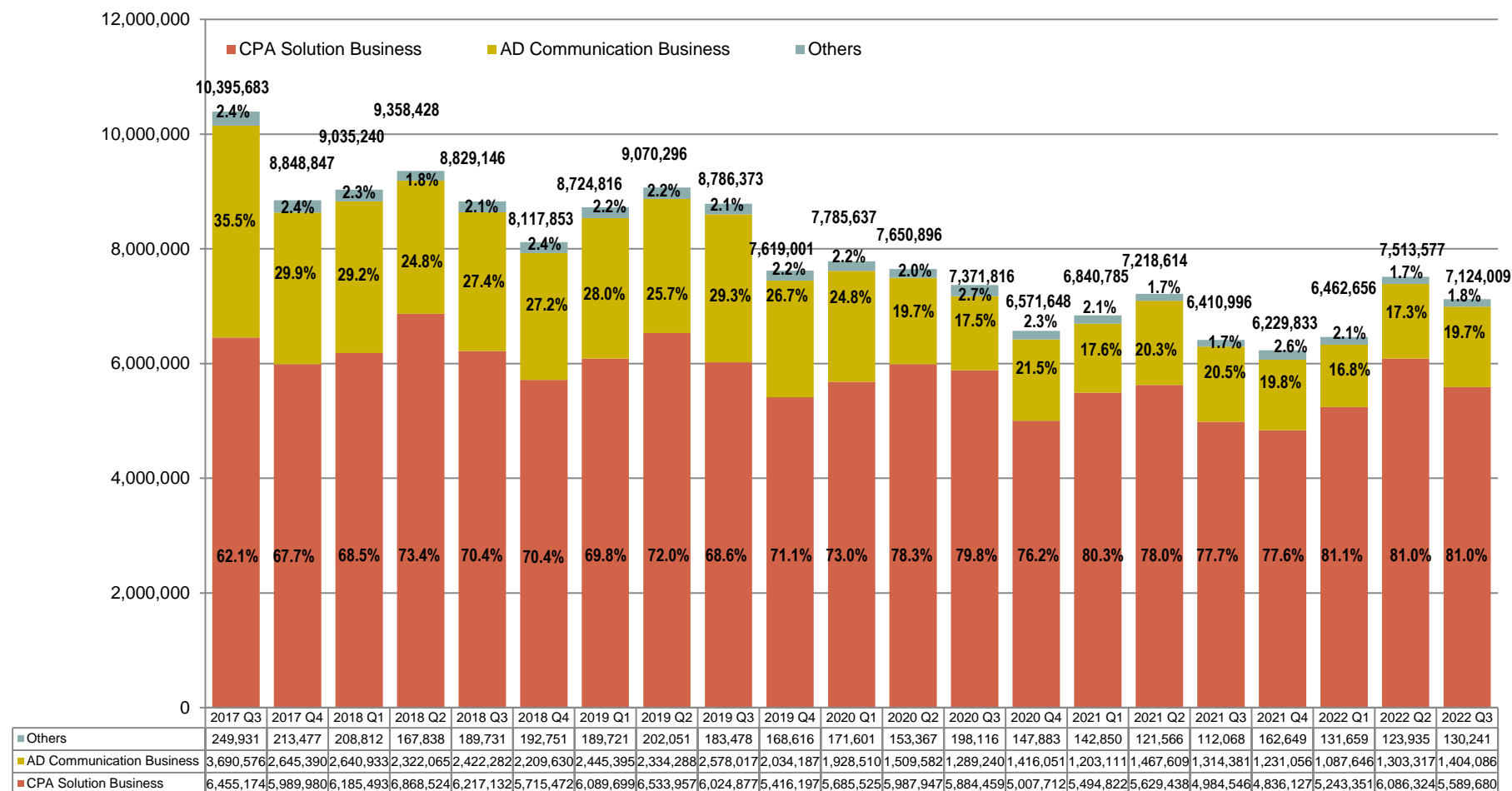
**Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction 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 Q3 (Jul.–Sep.)	2021 Q3 (Jul.–Sep.)	YoY Change
<b>Transaction volume</b> (¥ thousands)	<b>5,008,408</b>	<b>4,415,909</b>	<b>13.4%</b>
<b>Number of operating advertiser IDs</b>	<b>3,314</b>	<b>3,296</b>	<b>0.5%</b>
<b>Number of registered partner sites</b>	<b>3,171,066</b>	<b>3,001,736</b>	<b>5.6%</b>

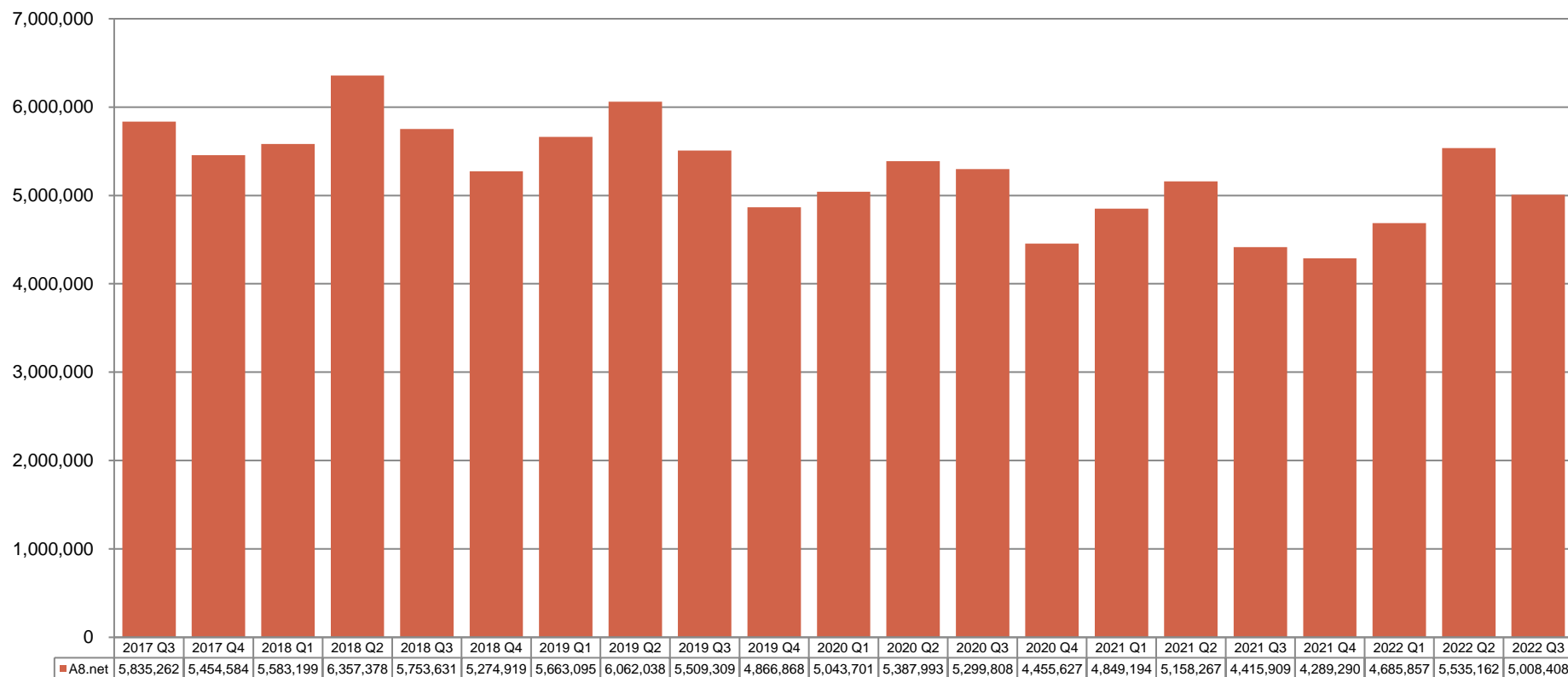
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.  
The number of operating advertiser IDs increased by 18 YoY.

## A8.net

## CPA Solution Business

## Transaction Volume (Quarterly Basis)

(¥ thousands)

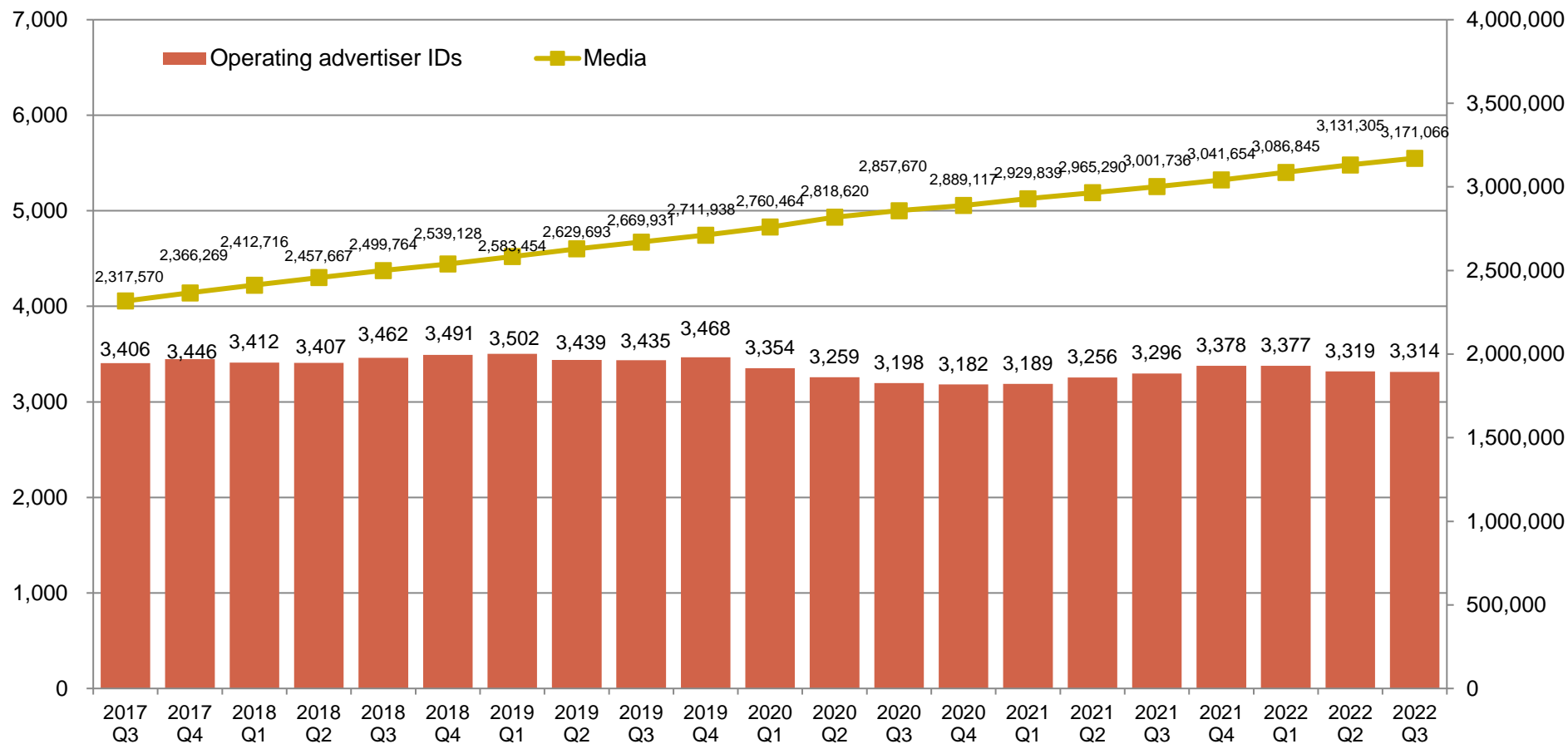


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

A8.net

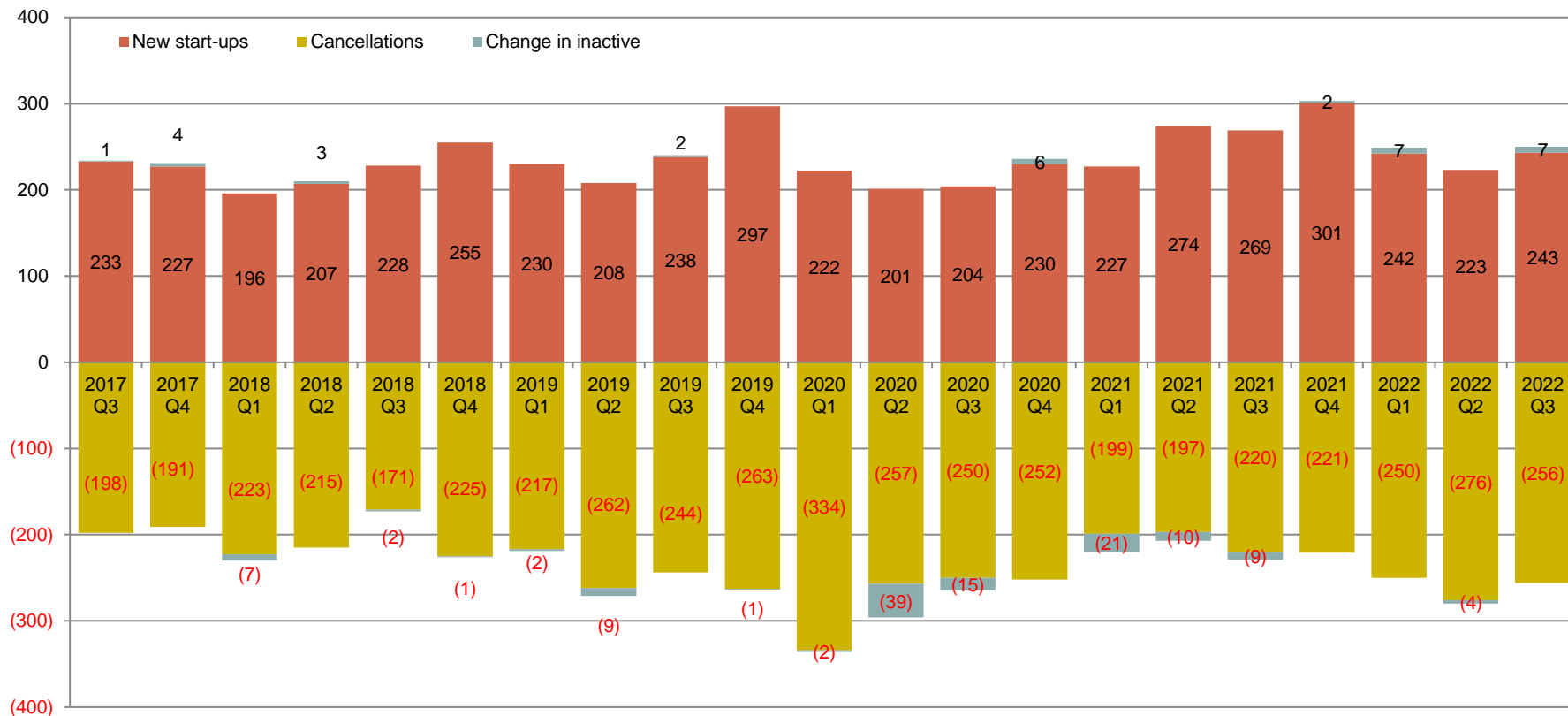
CPA Solution Business

## 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 five from 2022 Q2.  
 The number of overseas operating advertisers was 100, down six from 2022 Q2.

## New Advertiser Start-Ups and Cancellations

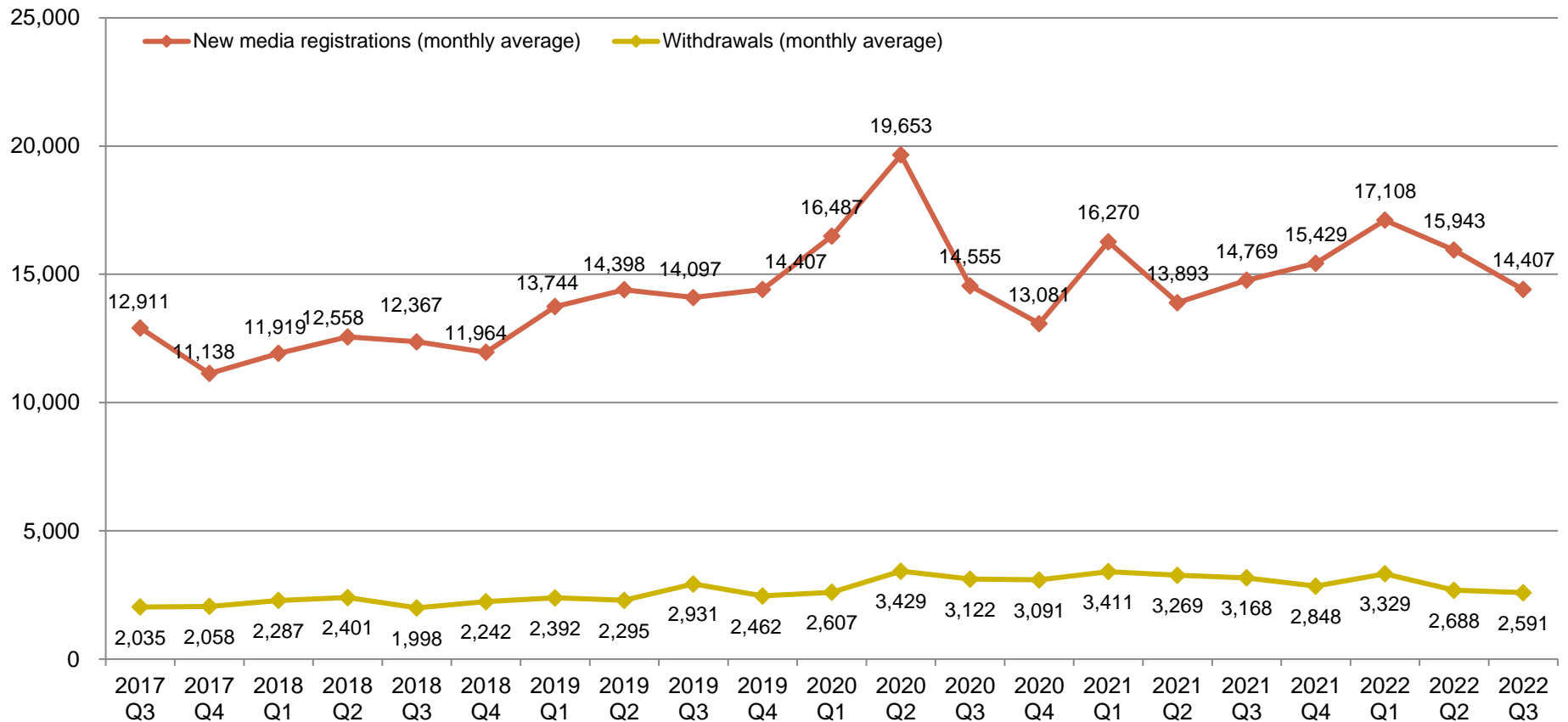


Note: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

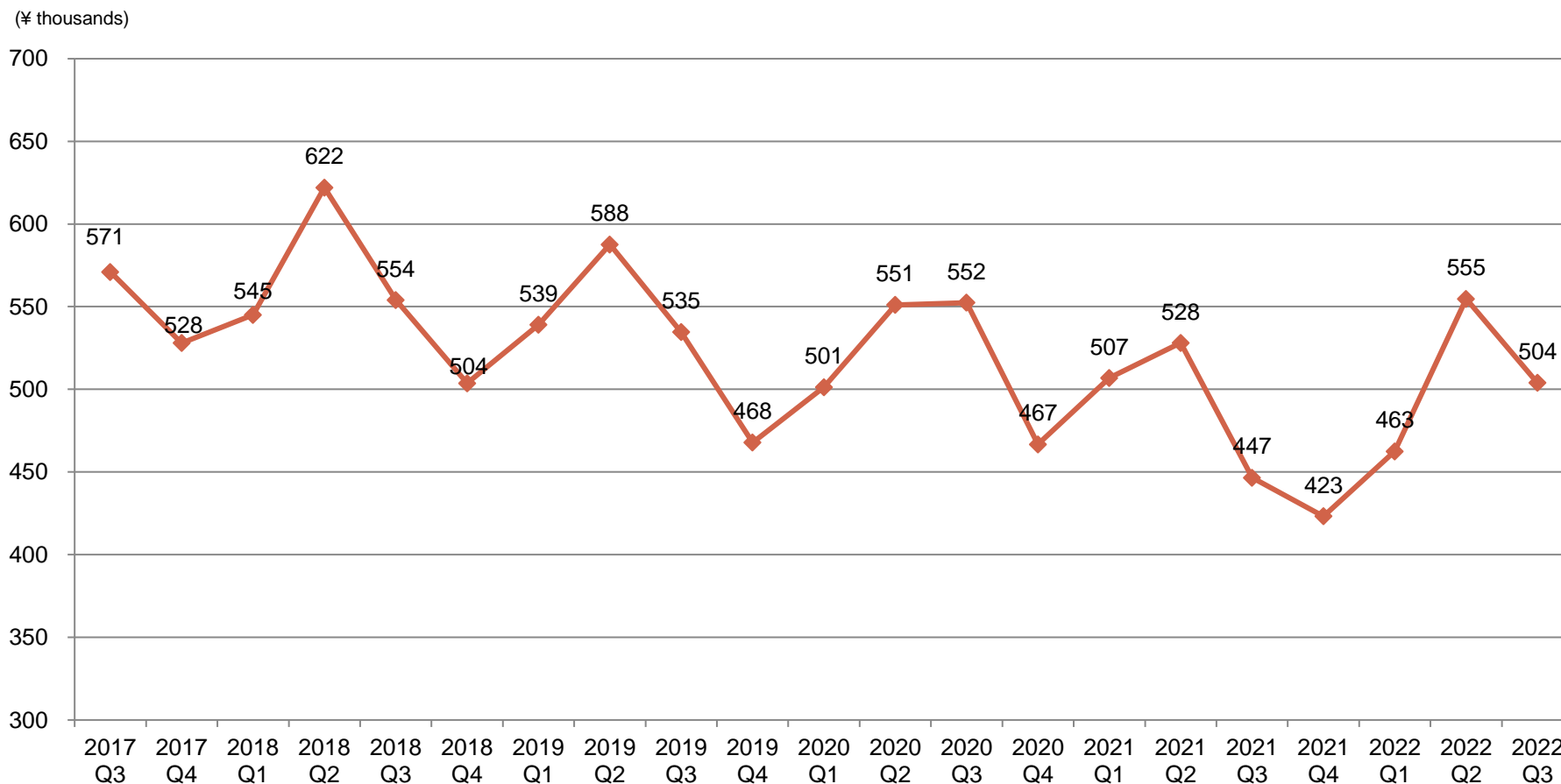
## Average Monthly New Media Registrations and Withdrawals



A8.net

CPA Solution Business

## Average Monthly Transaction Volume per Advertiser

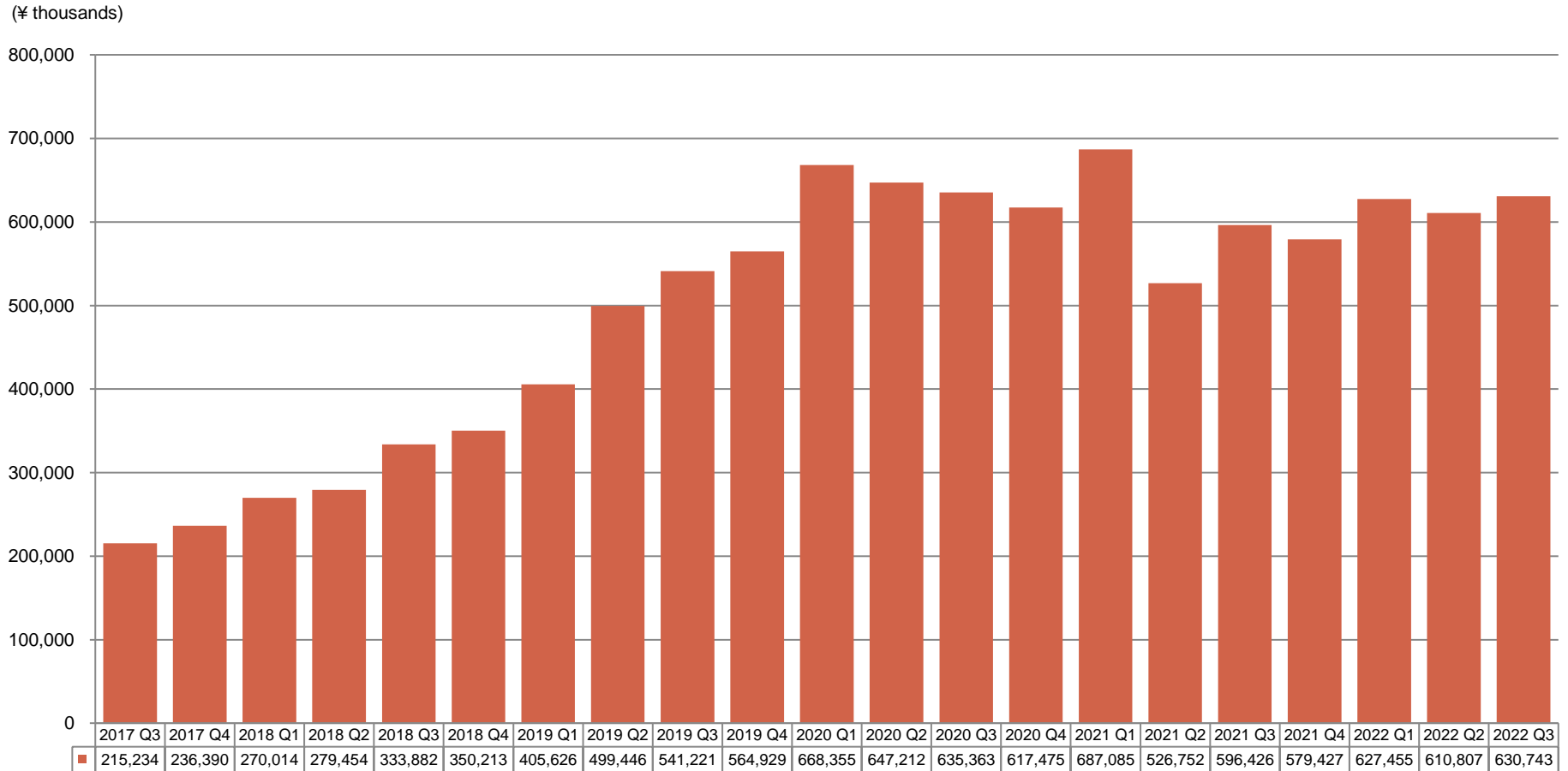


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

## seedApp

## Transaction Volume (Quarterly Basis)

CPA Solution Business



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

# nend

## Summary

### AD Communication Business

	2022 Q3 (Jul.–Sep.)	2021 Q3 (Jul.–Sep.)	YoY Change
Transaction volume (¥ thousands)	<b>1,106,419</b>	<b>898,378</b>	<b>23.2%</b>
Number of operating advertiser IDs	<b>117</b>	<b>136</b>	<b>-14.0%</b>
Number of ad spaces on registered partner sites	<b>1,062,439</b>	<b>1,039,837</b>	<b>2.2%</b>

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

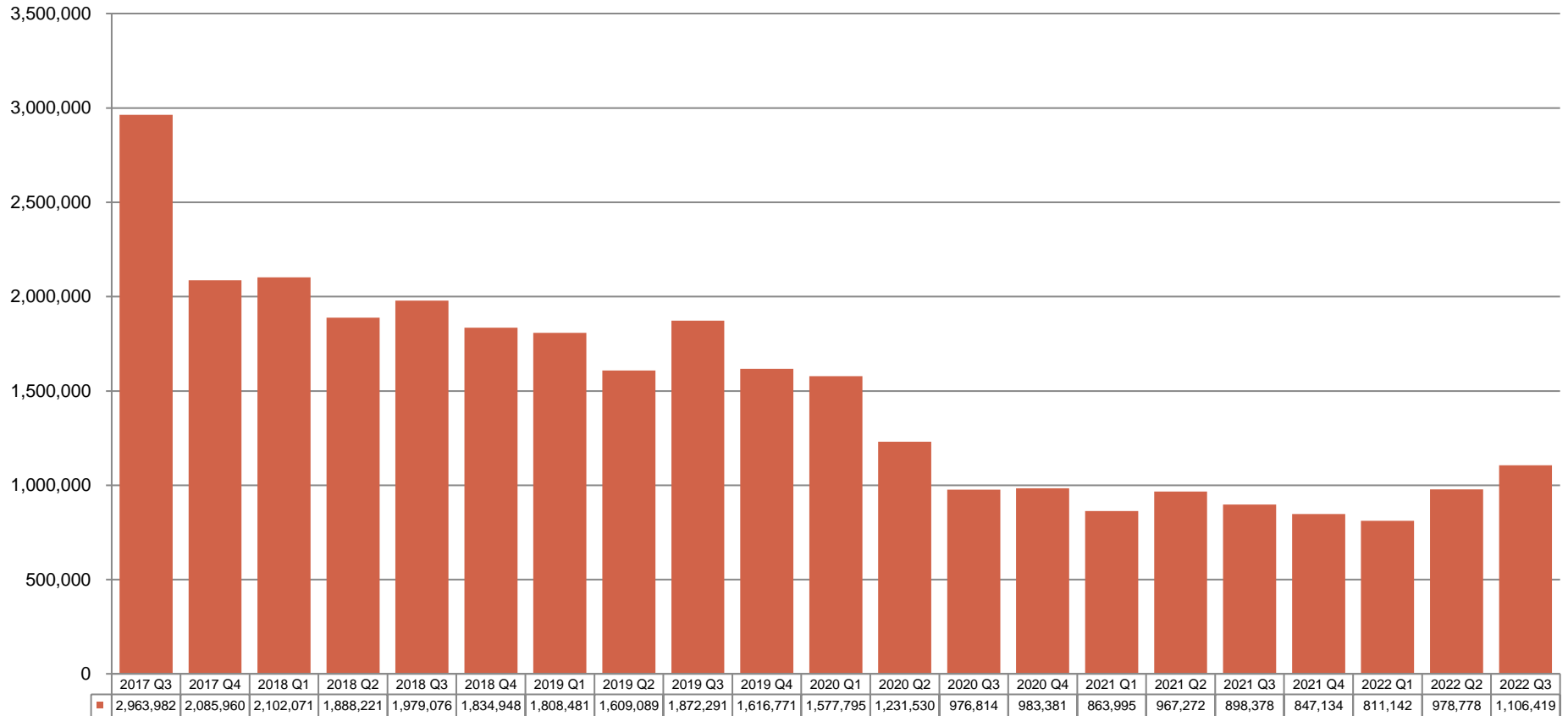


nend

AD Communication Business

## Transaction Volume (Quarterly Basis)

(¥ thousands)

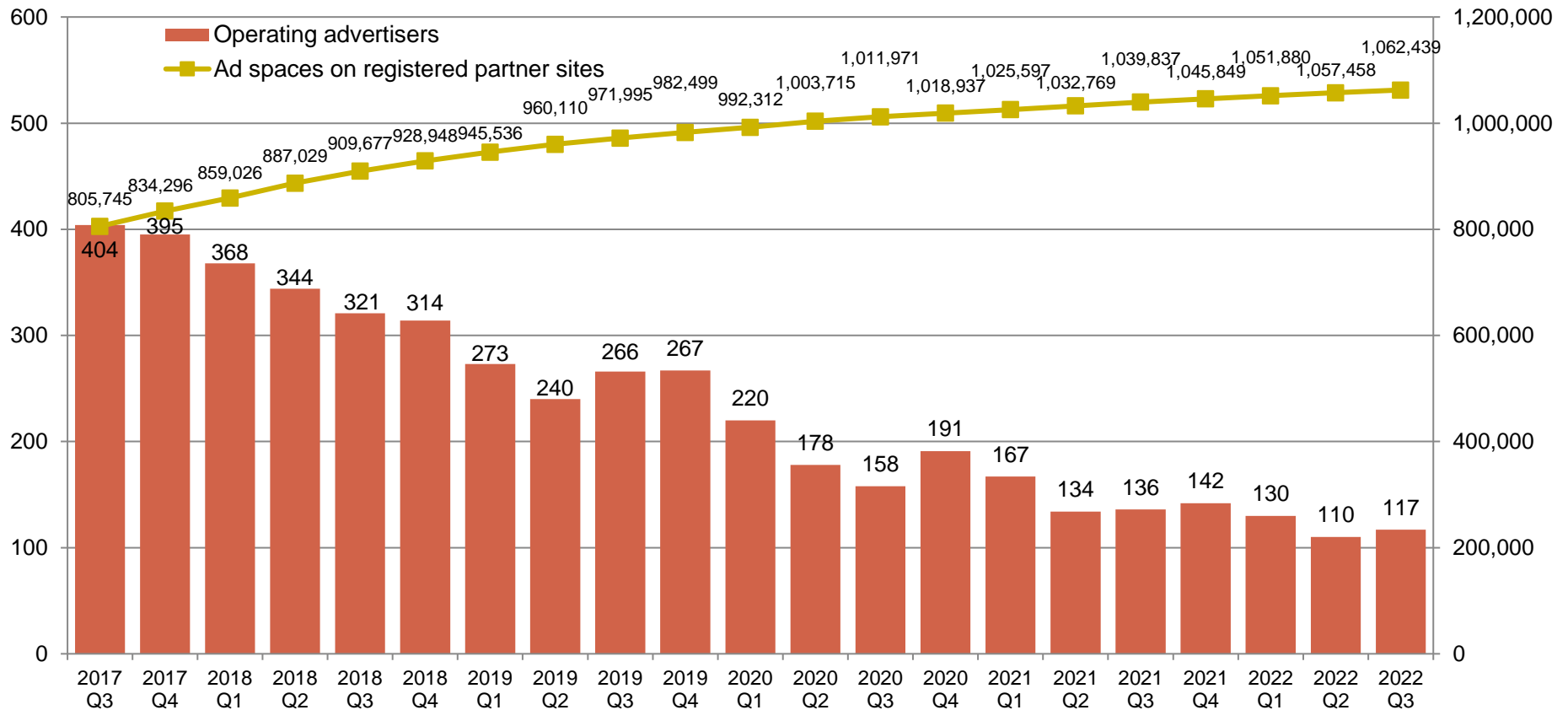


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

# nend

## AD Communication Business

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



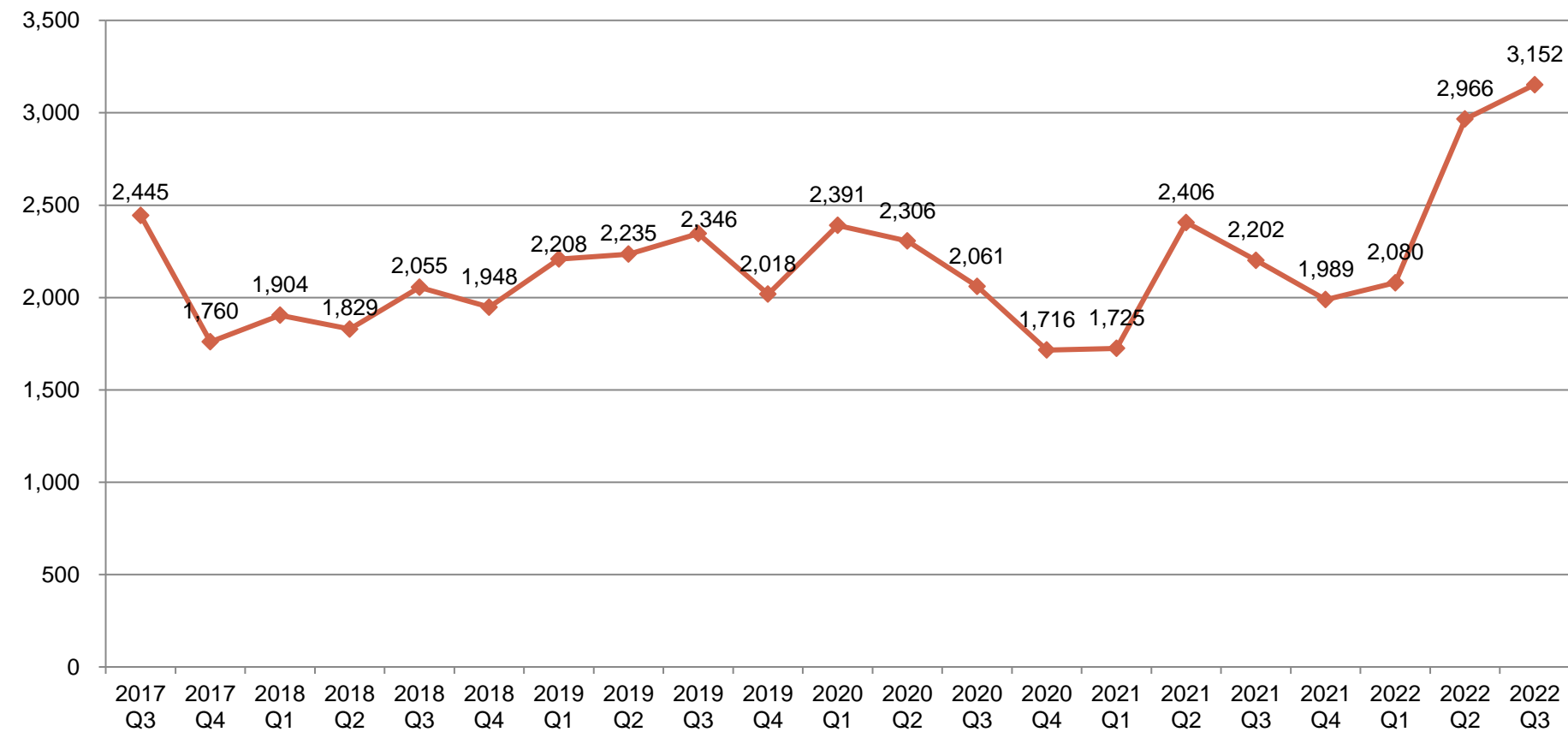
Note: The number of operating advertisers is as of the final month of each quarter.

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 Q3	2021 Full year
Transaction volume	1,206,784	2,227,830
Net sales	131,054	-
Operating income	4,432	123,459
Profit attributable to owners of the parent	30,232	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.

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# 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 Q3	2021 Full year
Transaction volume	455,392	607,986
Net sales	408,655	-
Operating income (loss)	(68,611)	(115,946)
Profit (loss) attributable to owners of the parent	(69,899)	(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.

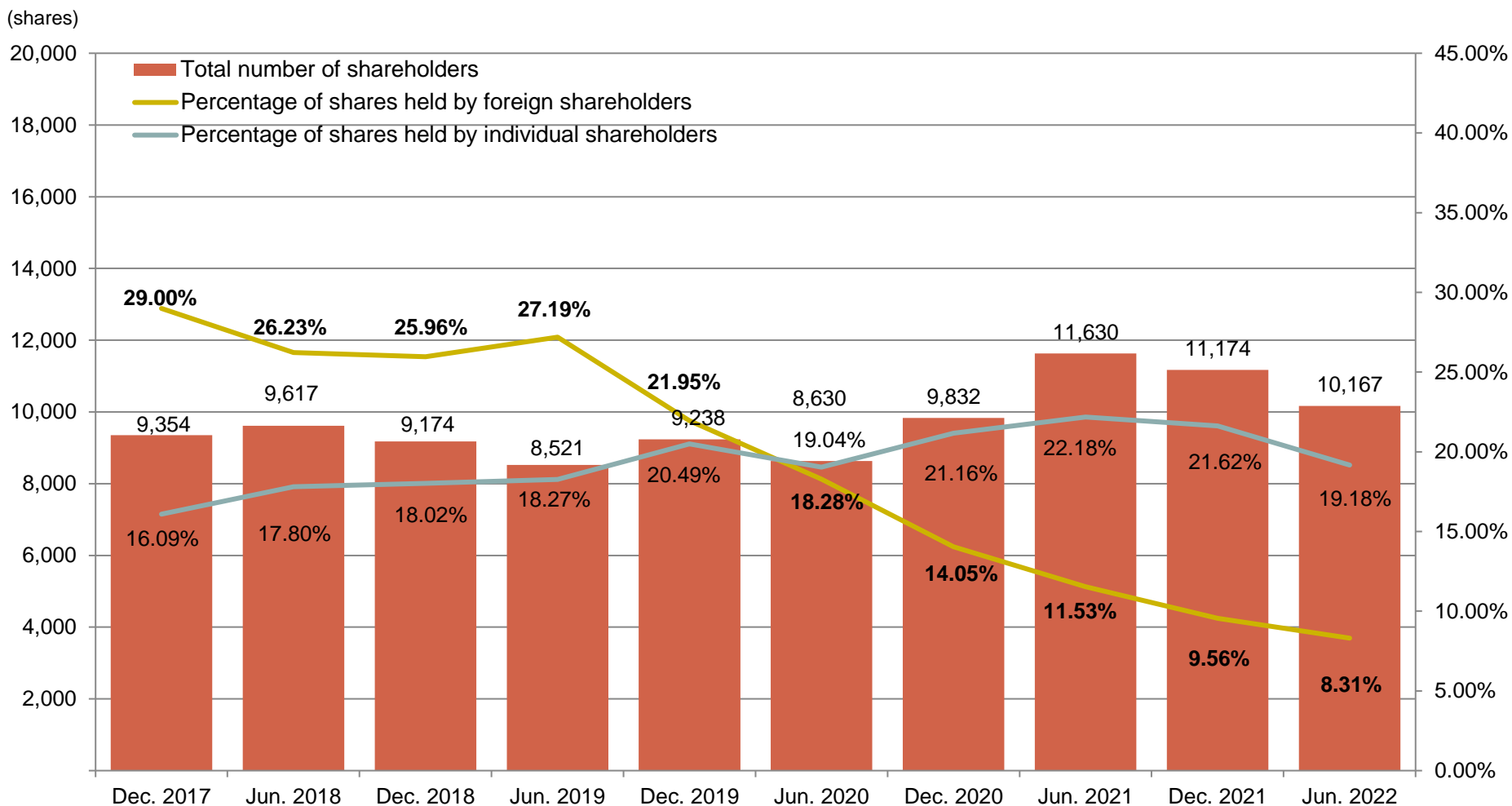
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## Stock Information

# 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

■ <b>Company name</b>	<b>FAN Communications, Inc.</b>
■ <b>Securities code</b>	<b>2461 (Tokyo Stock Exchange, Prime Market)</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 September 30, 2022)</b>
■ <b>President and Representative Director</b>	<b>Yasuyoshi Yanagisawa</b>
■ <b>Number of employees</b>	<b>Non-consolidated: 447</b> <b>Group total: 515</b> <small>(As of September 30, 2022; 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

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.

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