



Fourth Quarter of 2022
Presentation of Financial Results

February 9, 2023

FAN Communications, Inc.

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Fourth Quarter of 2022 Results Highlights

Fourth Quarter of 2022 (Oct.–Dec.): Key Points

Results Highlights

- Transaction volume rose 13.2% YoY but ordinary income was down 10.9% YoY.
- Versus the previous quarter (third quarter of 2022), transaction volume declined 1.0% while ordinary income fell 27.3%.
- Transaction volume tended to decline in the fourth quarter in previous years, but this year's results were relatively strong. Meanwhile, the declines in ordinary income and the ordinary income to transaction volume ratio were due to a combination of factors.

Consolidated Results of Operations

Results Highlights

(¥ thousands)	2022 Full year	2021 Full year	YoY Change	% of transaction volume
Transaction volume	28,153,862	26,700,229	5.4%	100%
Net sales	7,737,529	-		27.5%
Operating income	2,407,185	2,318,795	3.8%	8.6%
Ordinary income	2,447,646	2,516,213	-2.7%	8.7%
Profit attributable to owners of the parent	1,535,296	1,637,207	-6.2%	5.5%
Ordinary income to transaction volume ratio	8.7%	9.4%	-0.7pt	-
Earnings per share	¥22.34	¥22.63	-1.3%	-
Diluted earnings per share	¥22.34	-	-	-

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.

No diluted earnings per share has been provided for 2021, because there were no shares with potential dilutive effect.

Consolidated Balance Sheets

Results Highlights

(¥ thousands)	December 31, 2021	December 31, 2022
Assets		
Current assets	22,975,204	20,976,075
Cash and deposits	19,362,918	16,982,969
Accounts receivable – trade	2,970,155	3,234,869
Securities	200,010	299,740
Other	455,432	495,636
Allowance for doubtful accounts	-13,312	-37,140
Fixed assets	1,679,603	2,879,078
Property, plant and equipment	101,082	100,072
Intangible assets	423,676	331,091
Investments and other assets	1,154,844	2,447,914
Total assets	24,654,807	23,855,153
Liabilities and net assets		
Current liabilities	4,807,135	5,764,173
Accounts payable – trade	3,959,465	4,458,211
Income taxes payable	322,619	485,881
Other current liabilities	525,048	820,080
Long-term liabilities	141,903	137,200
Total liabilities	4,949,038	5,901,374
Total net assets	19,705,769	17,953,779
Total liabilities and net assets	24,654,807	23,855,153

Main component was ¥1,862,828 thousand in investment securities.

The decline was largely due to an expenditure of ¥1,954,218 thousand in purchase of treasury shares.

Consolidated Performance Forecast

Results
Highlights

(¥ millions)	2023 Full-Year Forecast	2023 1H Forecast	2022 Full-Year Results
Net sales	7,970	3,900	7,737
Operating income	2,540	1,270	2,407
Ordinary income	2,550	1,275	2,447
Profit attributable to owners of the parent	1,700	843	1,535

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

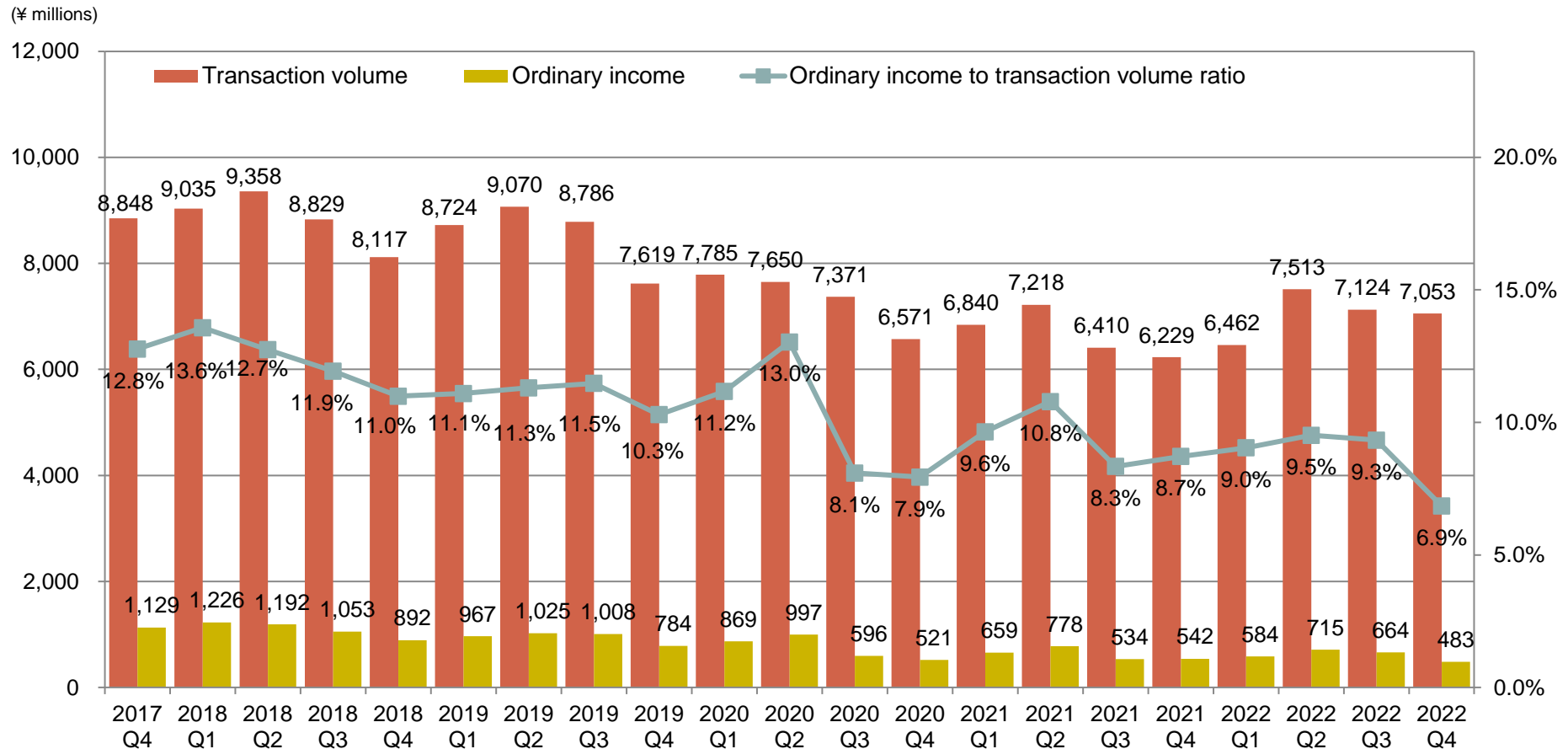
Dividend Forecast

	2023 Forecast	2022
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

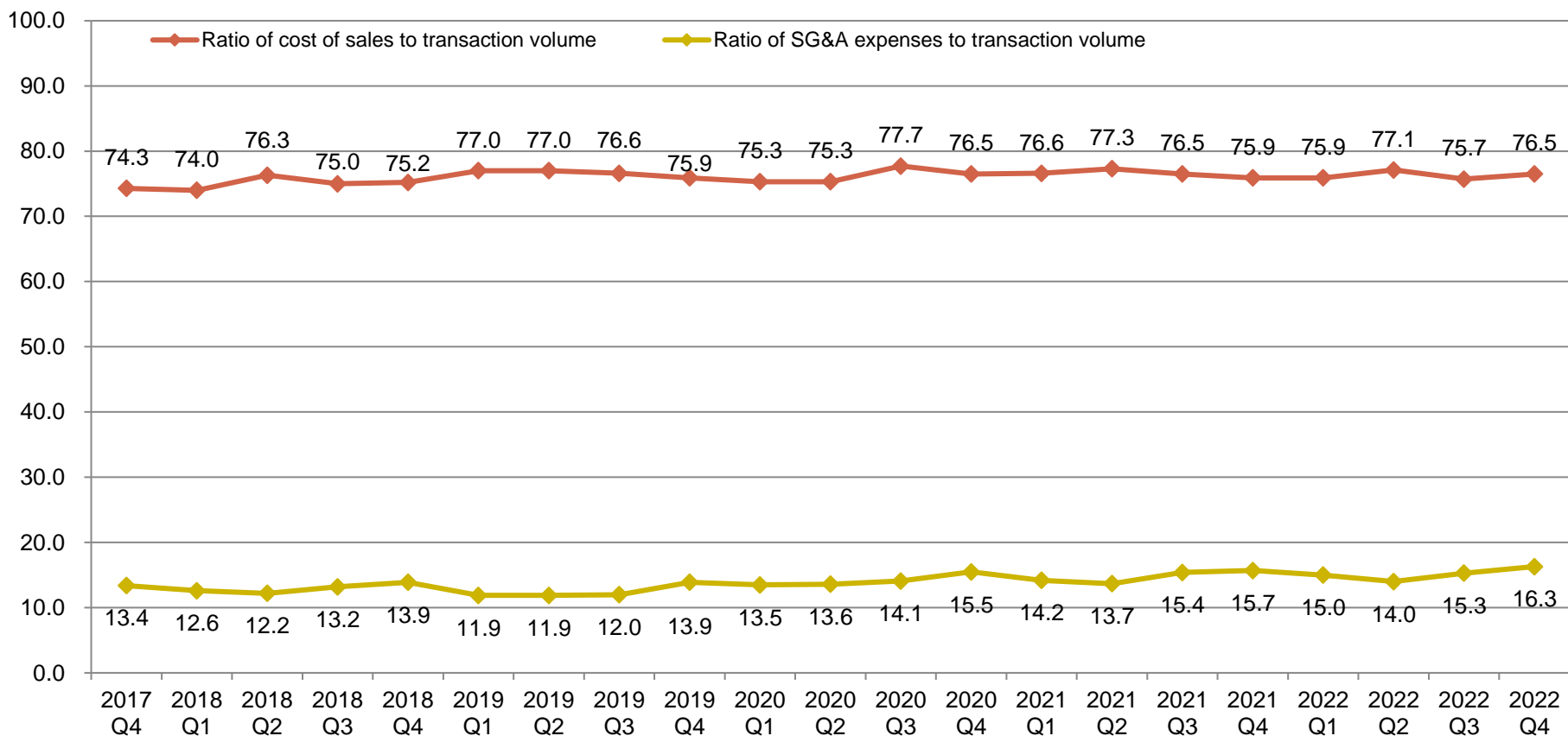


Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction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

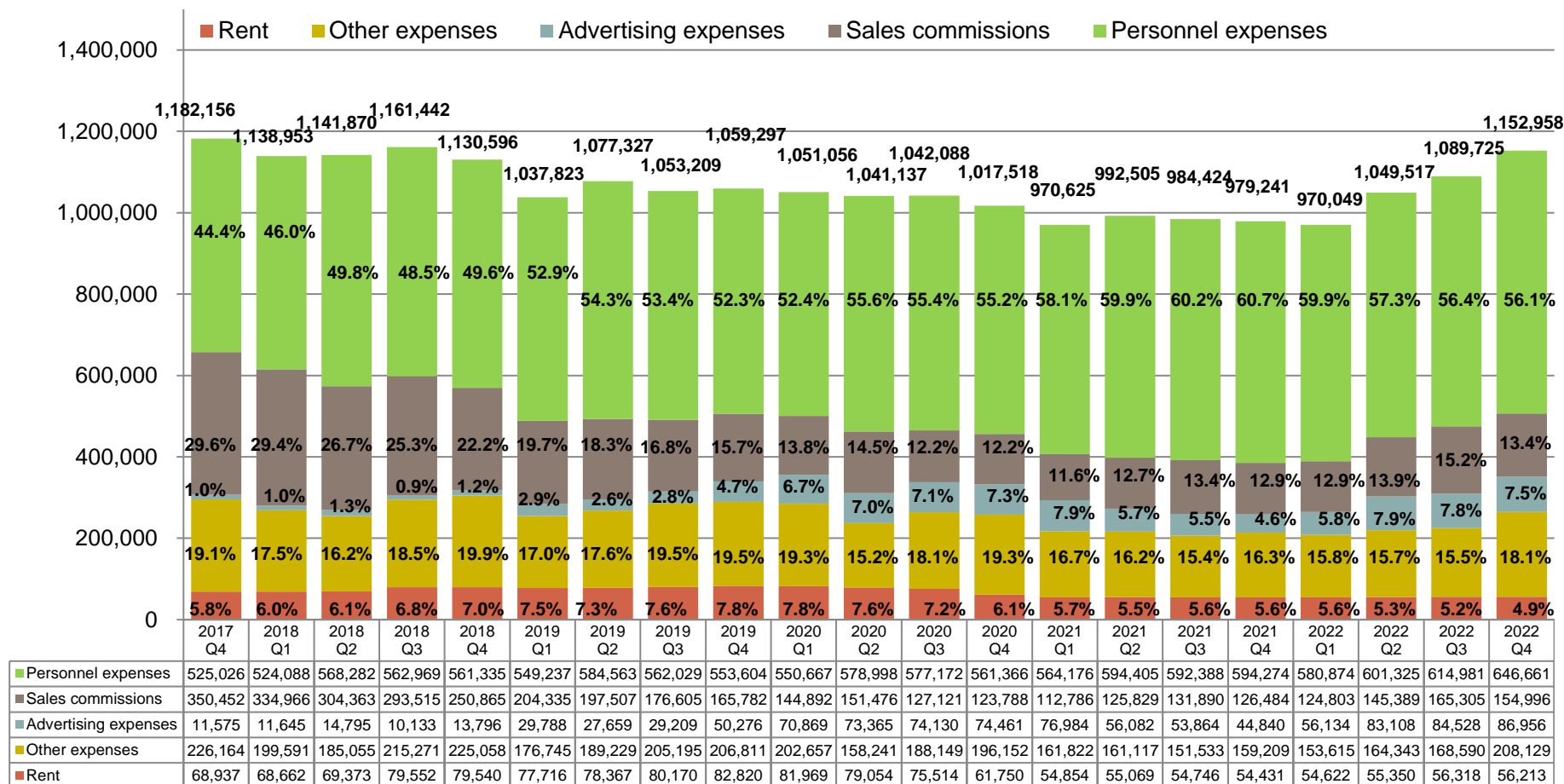
Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction volume was disclosed as net sales.

Selling, General and Administrative Expenses

(Consolidated/Quarterly Basis)

Management
Indicators

(¥ thousands)



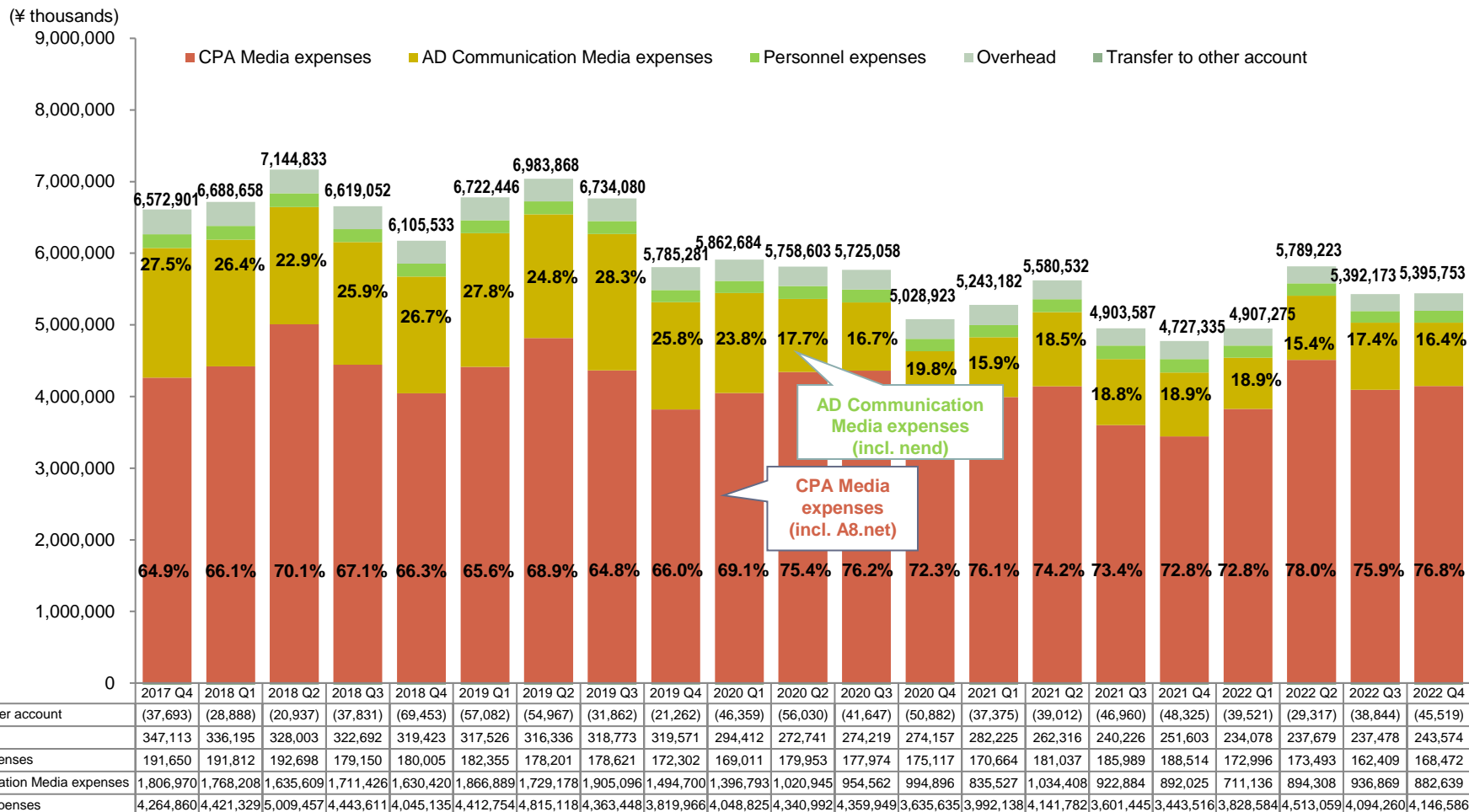
Notes: Figures for 2022 above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

Other expenses include outsourcing expenses, commissions paid, provision of allowance for doubtful accounts, 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.

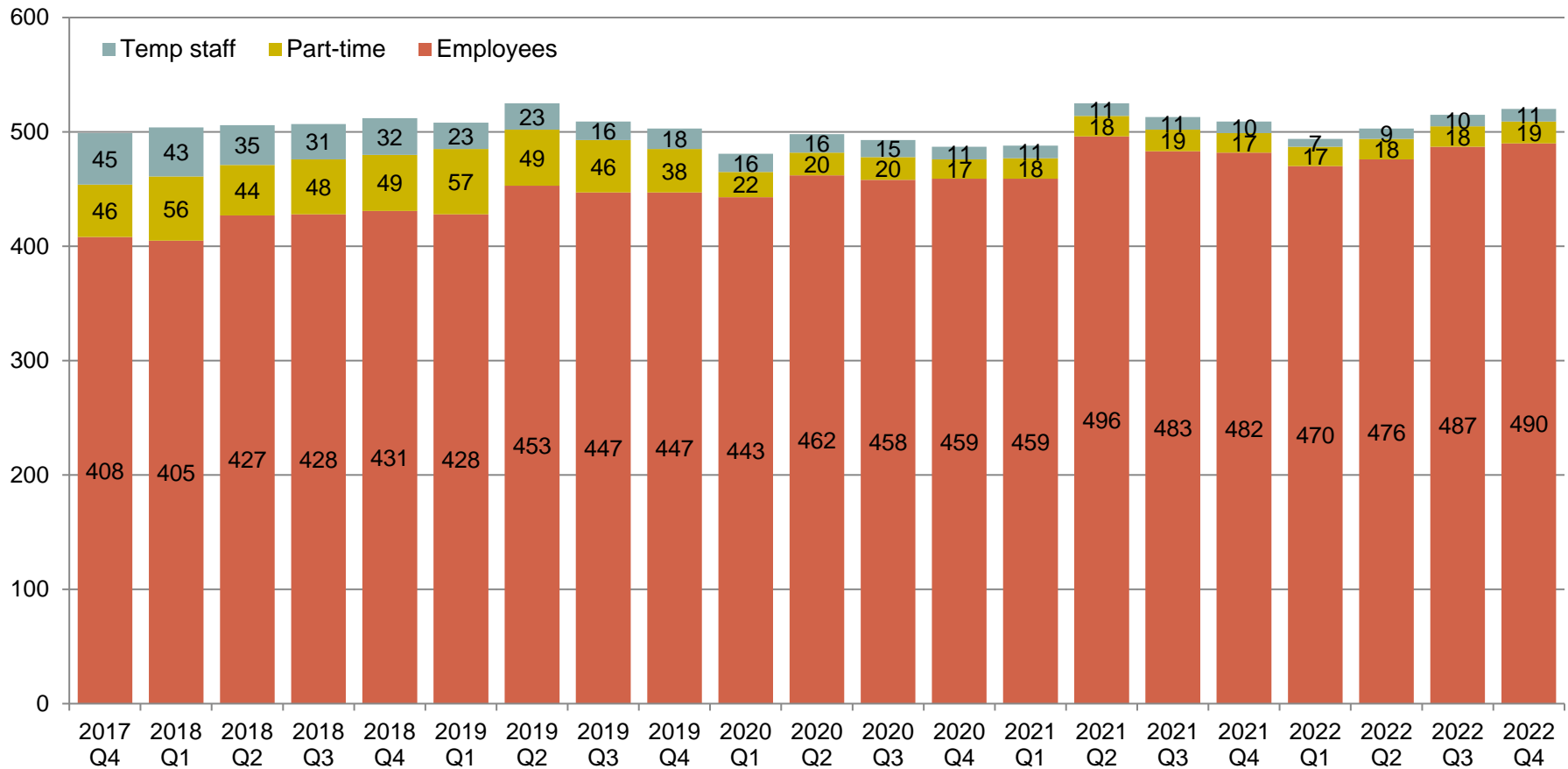
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

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

Number of Employees

(Consolidated/Quarterly Basis)

Management
Indicators



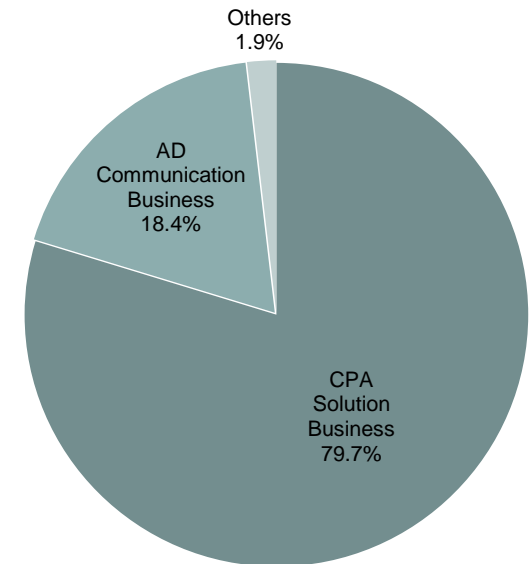
As of 2022 Q4, the Group employed 520 people (+11 YoY; +5 QoQ).

Overview by Service Category

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by Service Category

(¥ thousands)	2022 Q4 (Oct.–Dec.)	2021 Q4 (Oct.–Dec.)	YoY Change
CPA Solution Business	5,622,459 (1,495,170)	4,836,127	16.3%
AD Communication Business	1,299,936 (308,087)	1,231,056	5.6%
Others	131,223 (118,507)	162,649	-19.3%
Total transaction volume (Net sales)	7,053,619 (1,921,765)	6,229,833	13.2%



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

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

Others: Seesaa Inc.

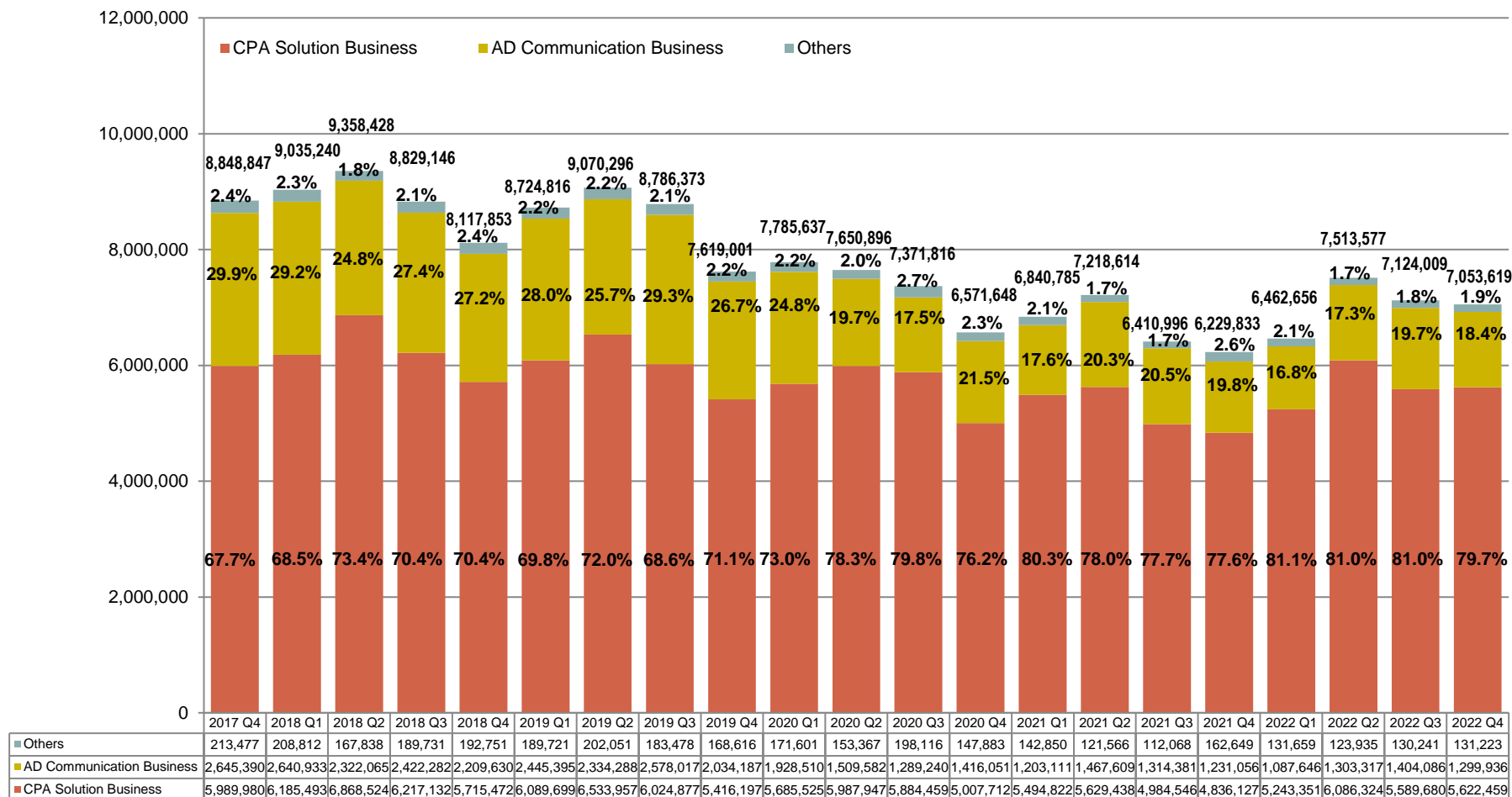
Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction 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 Q4 (Oct.–Dec.)	2021 Q4 (Oct.–Dec.)	YoY Change
Transaction volume (¥ thousands)	5,121,394	4,289,290	19.4%
Number of operating advertiser IDs	3,328	3,378	-1.5%
Number of registered partner sites	3,206,592	3,041,654	5.4%

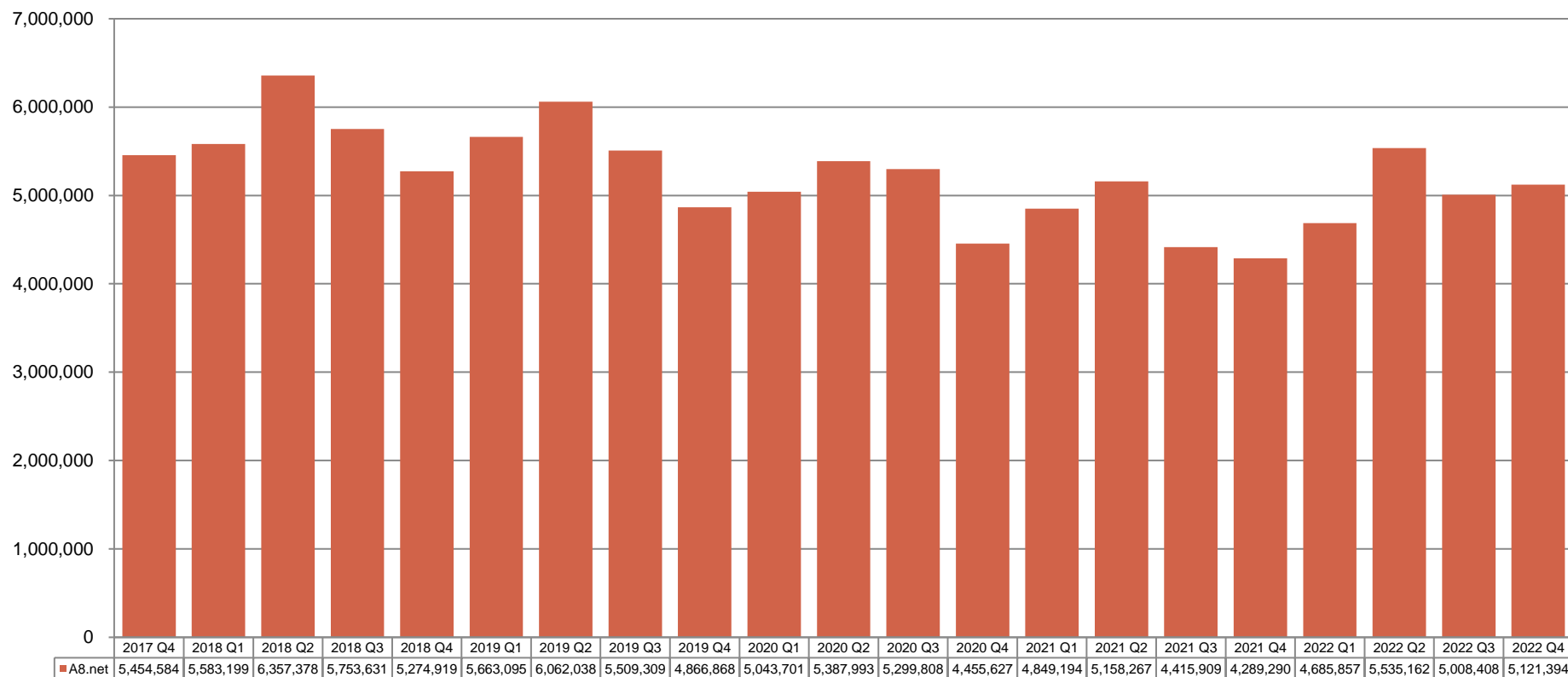
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
The number of operating advertiser IDs decreased by 50 YoY.

A8.net

CPA Solution Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

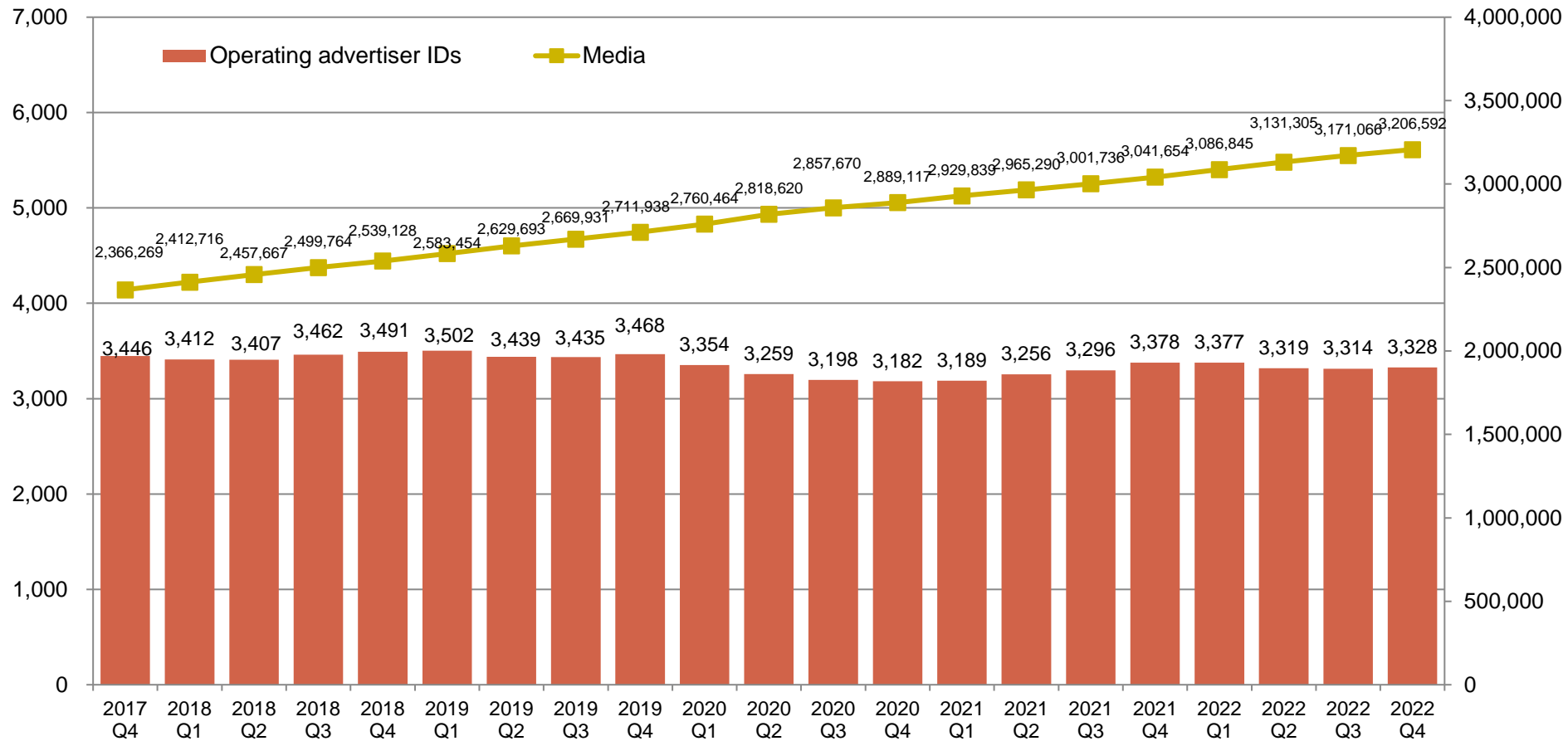


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

A8.net

CPA Solution Business

Number of Operating Advertisers and Media (Quarterly Basis)

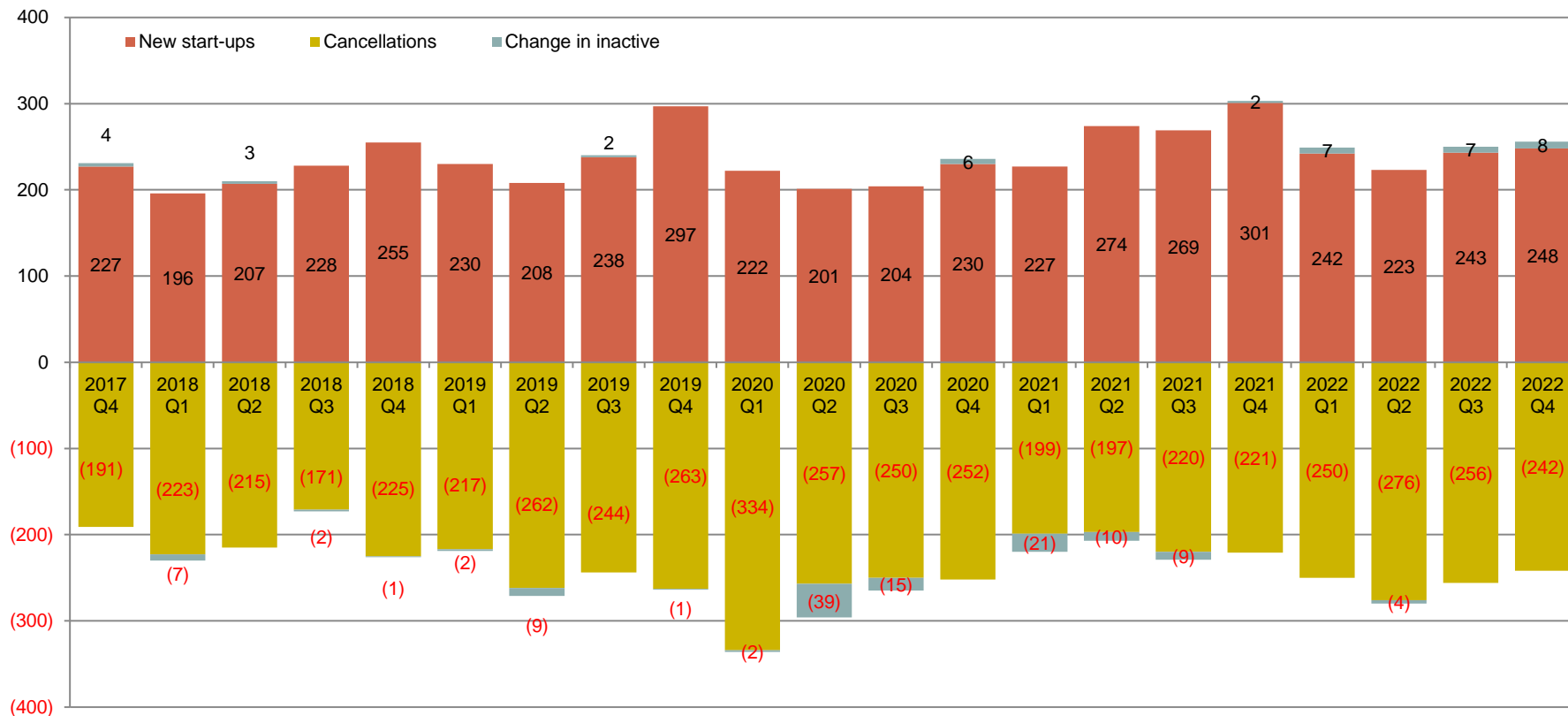


Notes: The number of operating advertisers is as of the final month of each quarter.
 The number of operating advertisers increased by 14 from 2022 Q3.
 The number of overseas operating advertisers was 86, down 14 from 2022 Q3.

A8.net

CPA Solution Business

New Advertiser Start-Ups and Cancellations

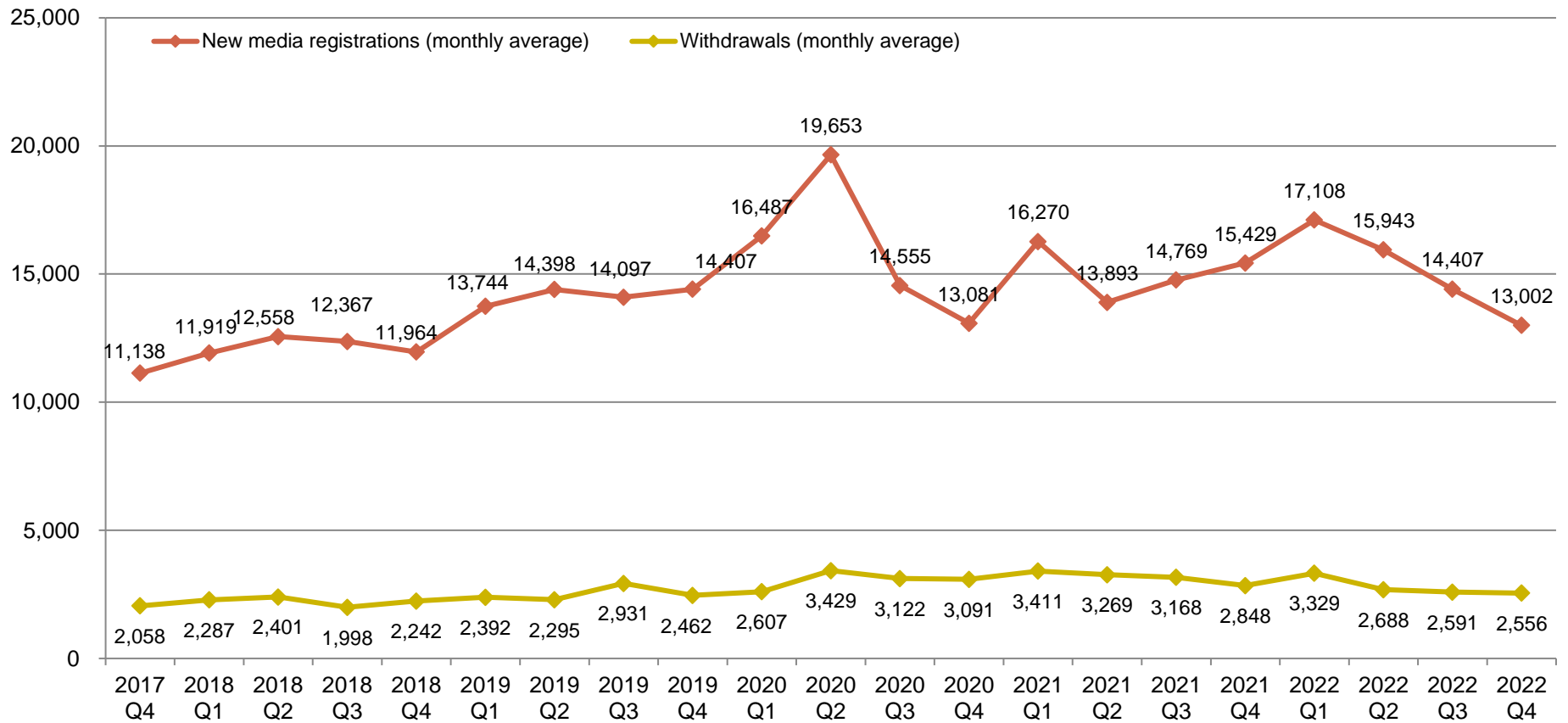


Note: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

Average Monthly New Media Registrations and Withdrawals

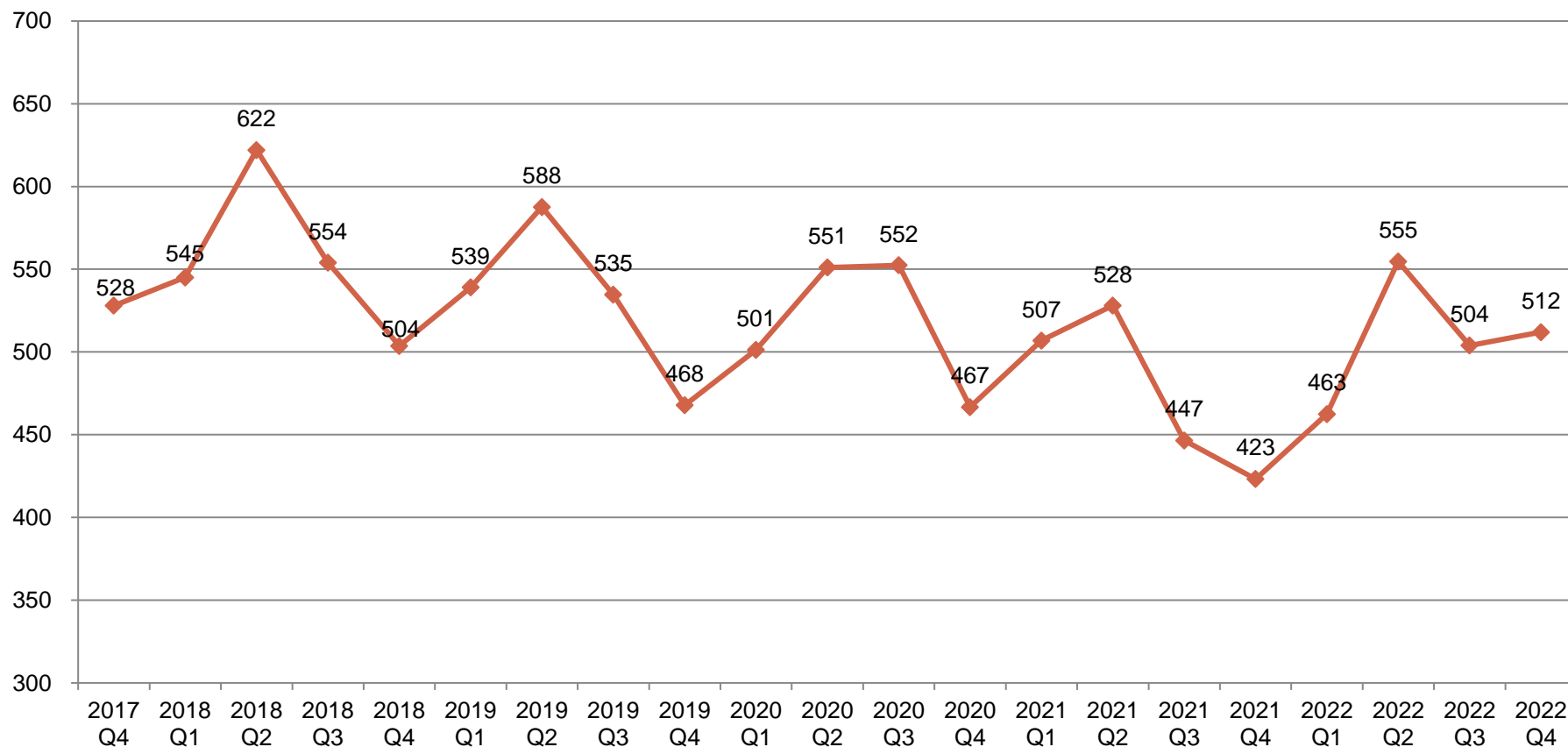


A8.net

CPA Solution Business

Average Monthly Transaction Volume per Advertiser

¥ thousands



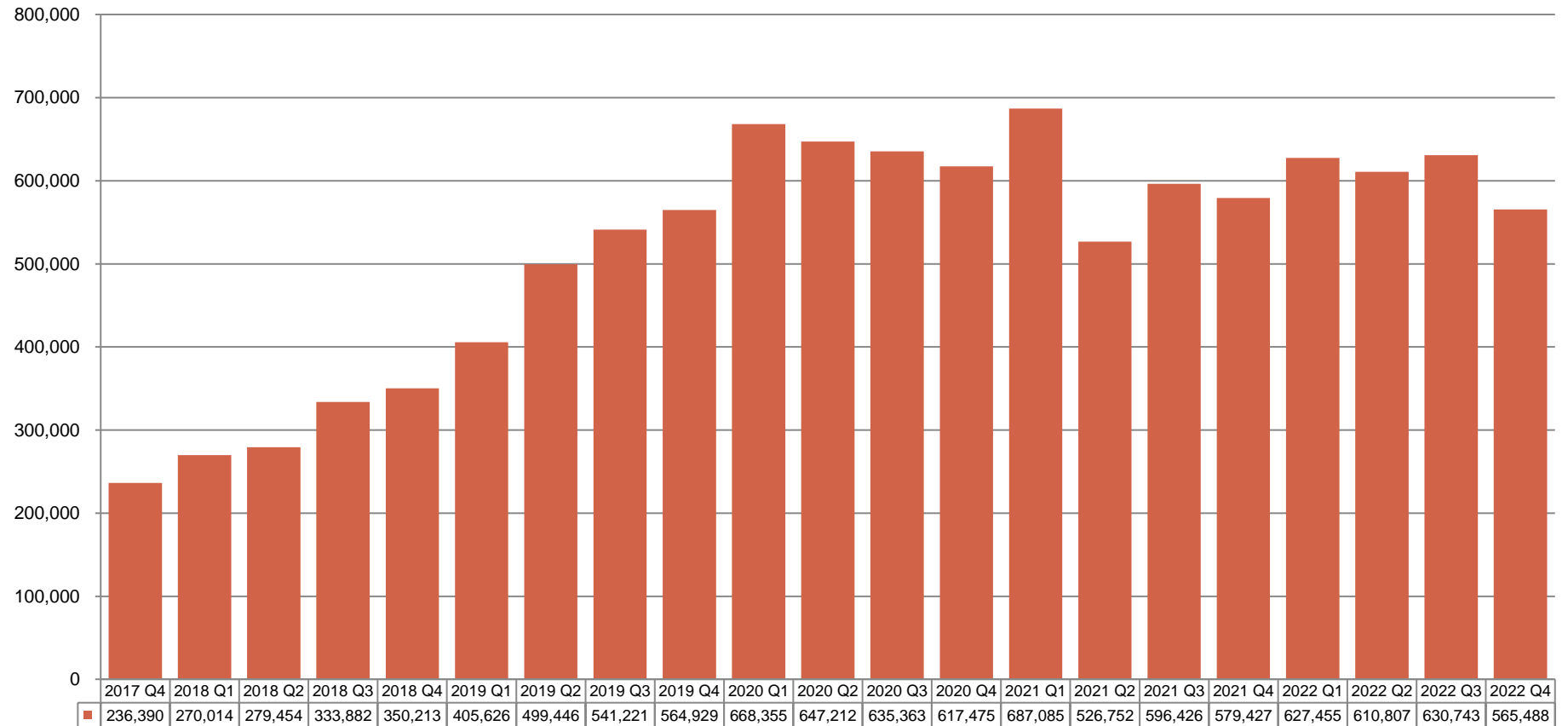
Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

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 Q4 (Oct.–Dec.)	2021 Q4 (Oct.–Dec.)	YoY Change
Transaction volume (¥ thousands)	1,001,972	847,134	18.3%
Number of operating advertiser IDs	119	142	-16.2%
Number of ad spaces on registered partner sites	1,071,327	1,045,849	2.4%

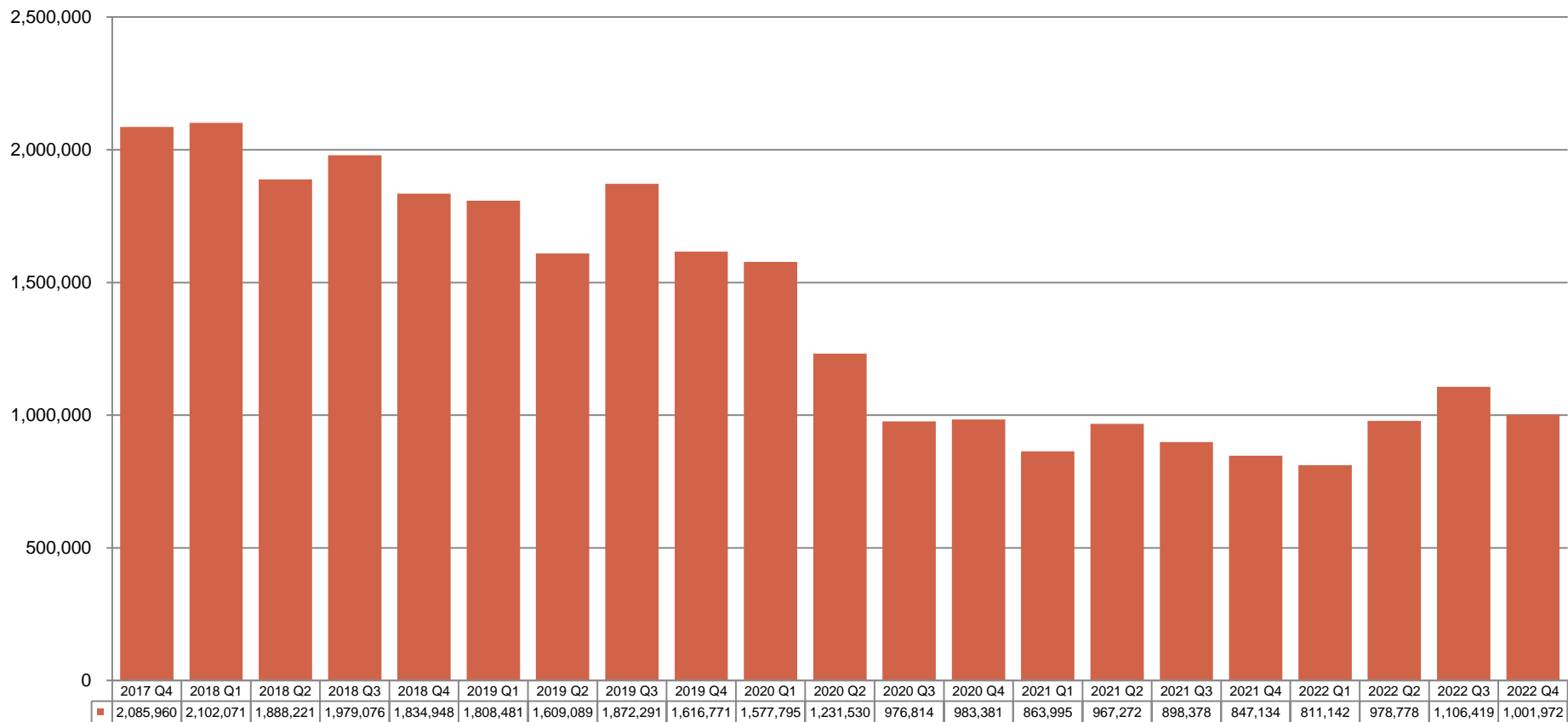
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
Figures only include results of nend and exclude other services.

nend

AD Communication Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

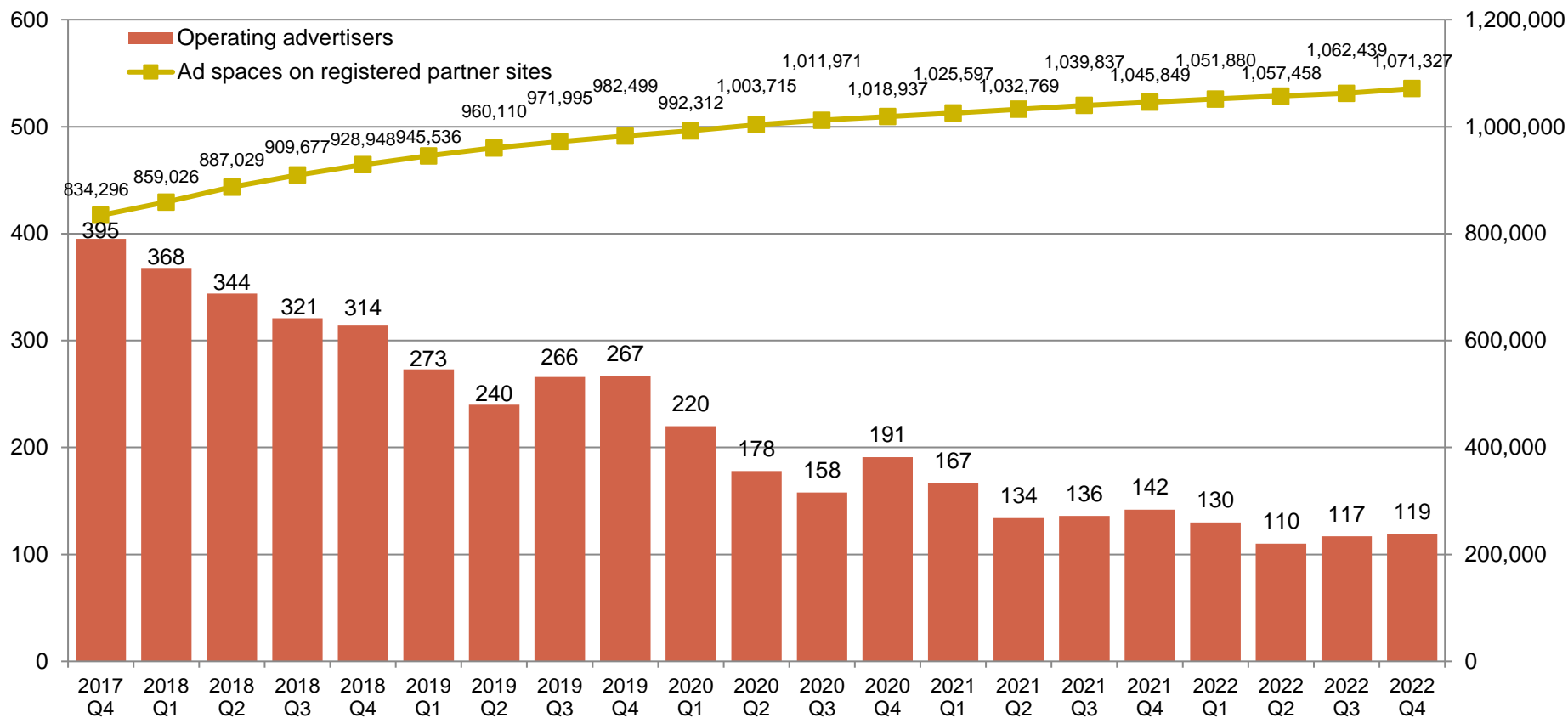


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

AD Communication Business

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



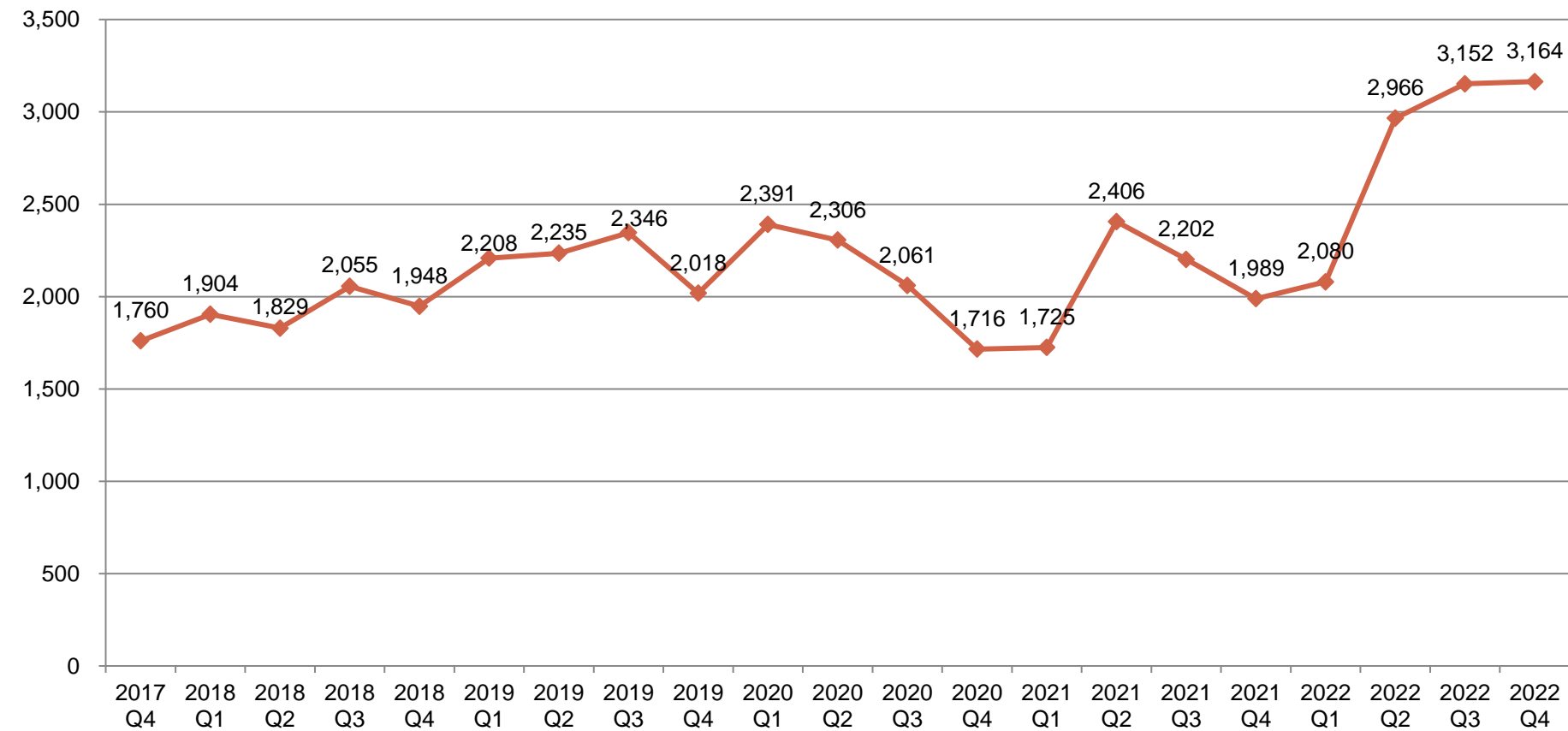
Note: The number of operating advertisers is as of the final month of each quarter.

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 Full year	2021 Full year
Transaction volume	1,580,598	2,227,830
Net sales	169,109	-
Operating income (loss)	(360)	123,459
Profit attributable to owners of the parent	17,049	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 Full year	2021 Full year
Transaction volume	621,587	607,986
Net sales	535,895	-
Operating income (loss)	(88,999)	(115,946)
Profit (loss) attributable to owners of the parent	(156,266)	(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.

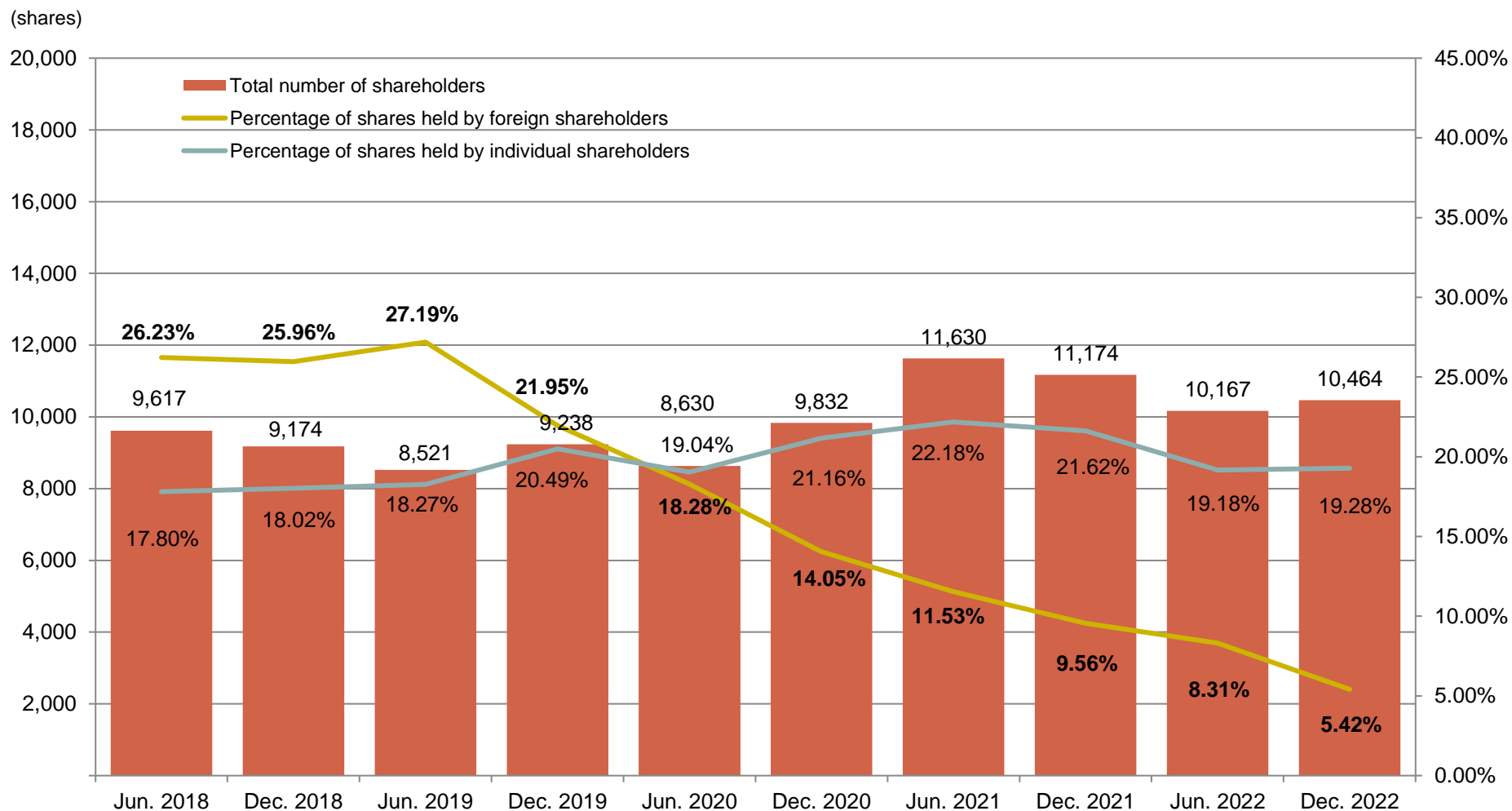
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Stock Information

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

■ 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 December 31, 2022)
■ President and Representative Director	Yasuyoshi Yanagisawa
■ Number of employees	Non-consolidated: 450 Group total: 520 <small>(As of December 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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