



First Quarter of 2023
Presentation of Financial Results

May 9, 2023

FAN Communications, Inc.

Contents

First Quarter of 2023 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

First Quarter of 2023 Results Highlights

First Quarter of 2023 (Jan.–Mar.): Key Points

Results Highlights

- Transaction volume and ordinary income were up 12.6% and 4.5% YoY, respectively.
- Versus the previous quarter (fourth quarter of 2022), transaction volume grew 3.2% and ordinary income 26.3%.
- Results were largely in line with the full-year plan, but issues remain with efforts to increase the number of operating advertisers for A8.net.

Consolidated Results of Operations

Results Highlights

(¥ thousands)	2023 Q1	2022 Q1	YoY Change	% of transaction volume
Transaction volume	7,276,571	6,462,656	12.6%	100%
Net sales	1,919,592	1,837,639	4.5%	26.4%
Operating income	628,292	585,331	7.3%	8.6%
Ordinary income	610,141	584,287	4.4%	8.4%
Profit attributable to owners of the parent	389,948	395,936	-1.5%	5.4%
Ordinary income to transaction volume ratio	8.4%	9.0%	-0.6pt	-
Earnings per share	¥5.89	¥5.60	5.2%	-
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 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were 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, 2022	March 31, 2023
Assets		
Current assets	20,976,075	20,066,678
Cash and deposits	16,982,969	16,220,572
Accounts receivable – trade	3,234,869	3,185,180
Securities	299,740	299,940
Other	495,636	386,299
Allowance for doubtful accounts	-37,140	-25,313
Fixed assets	2,879,078	2,840,225
Property, plant and equipment	100,072	94,122
Intangible assets	331,091	342,607
Investments and other assets	2,447,914	2,403,496
Total assets	23,855,153	22,906,904
Liabilities and net assets		
Current liabilities	5,764,173	5,706,137
Accounts payable – trade	4,458,211	4,570,953
Income taxes payable	485,881	176,647
Other current liabilities	820,080	958,536
Long-term liabilities	137,200	137,047
Total liabilities	5,901,374	5,843,185
Total net assets	17,953,779	17,063,719
Total liabilities and net assets	23,855,153	22,906,904

Main component was ¥1,862,483 thousand in investment securities.

Main factor for the decline was a dividend payment of ¥1,259,894 thousand, which could not be offset by the booking of ¥389,948 thousand in profit attributable to owners of the parent.

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

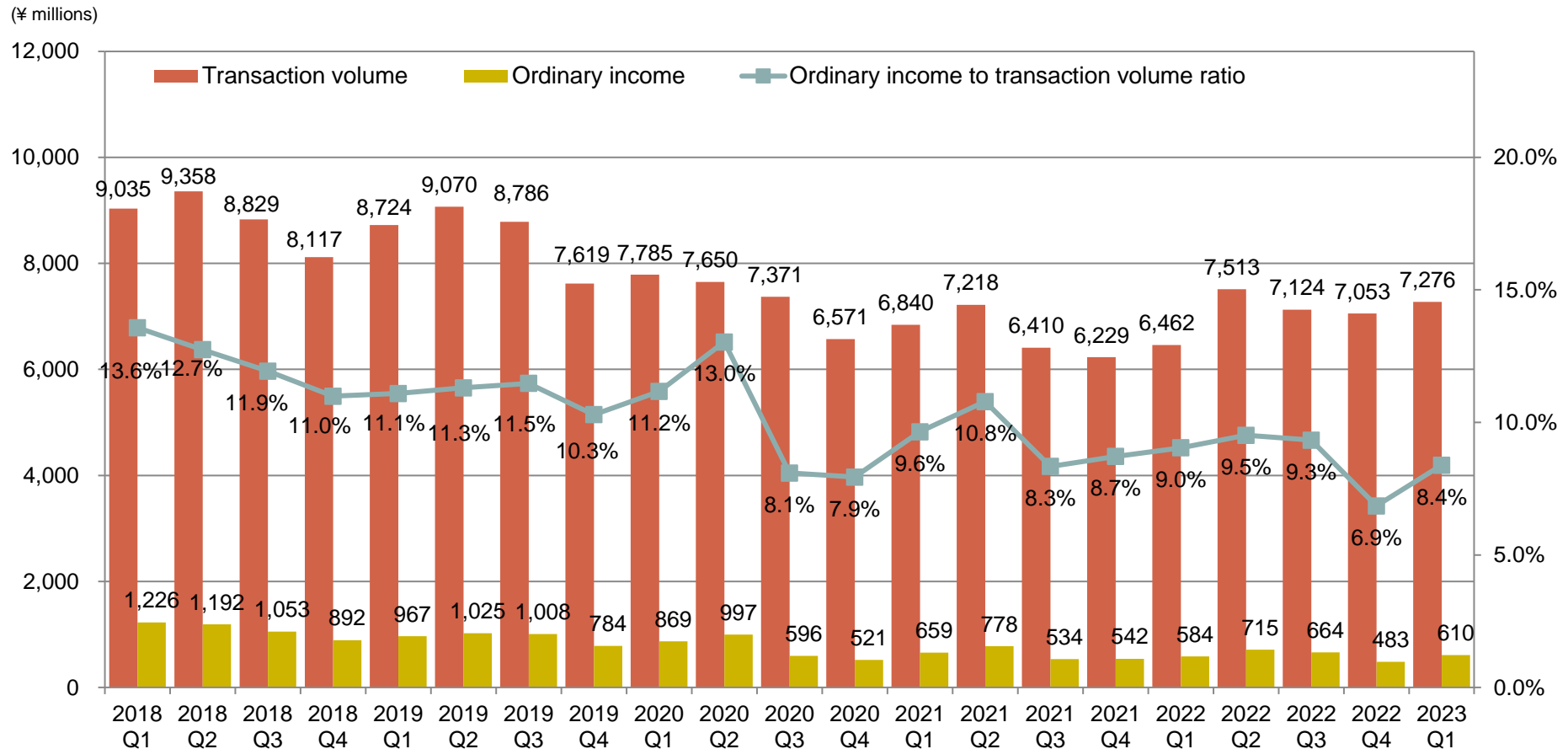
Dividend Forecast

	2023 Forecast	2022 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

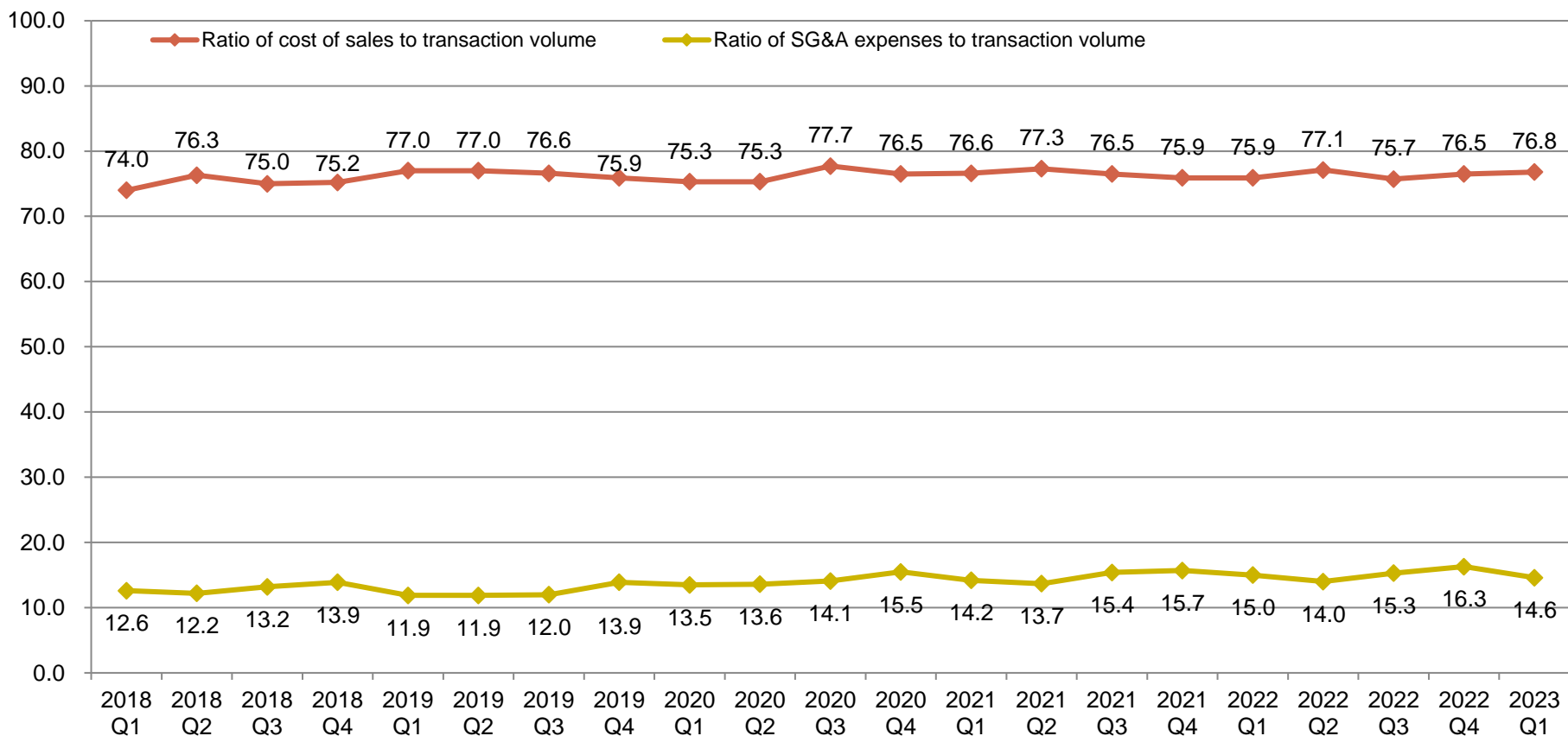


Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as net sales.

Cost of Sales Ratio and SG&A Ratio

(Consolidated/Quarterly Basis)

Management
Indicators



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

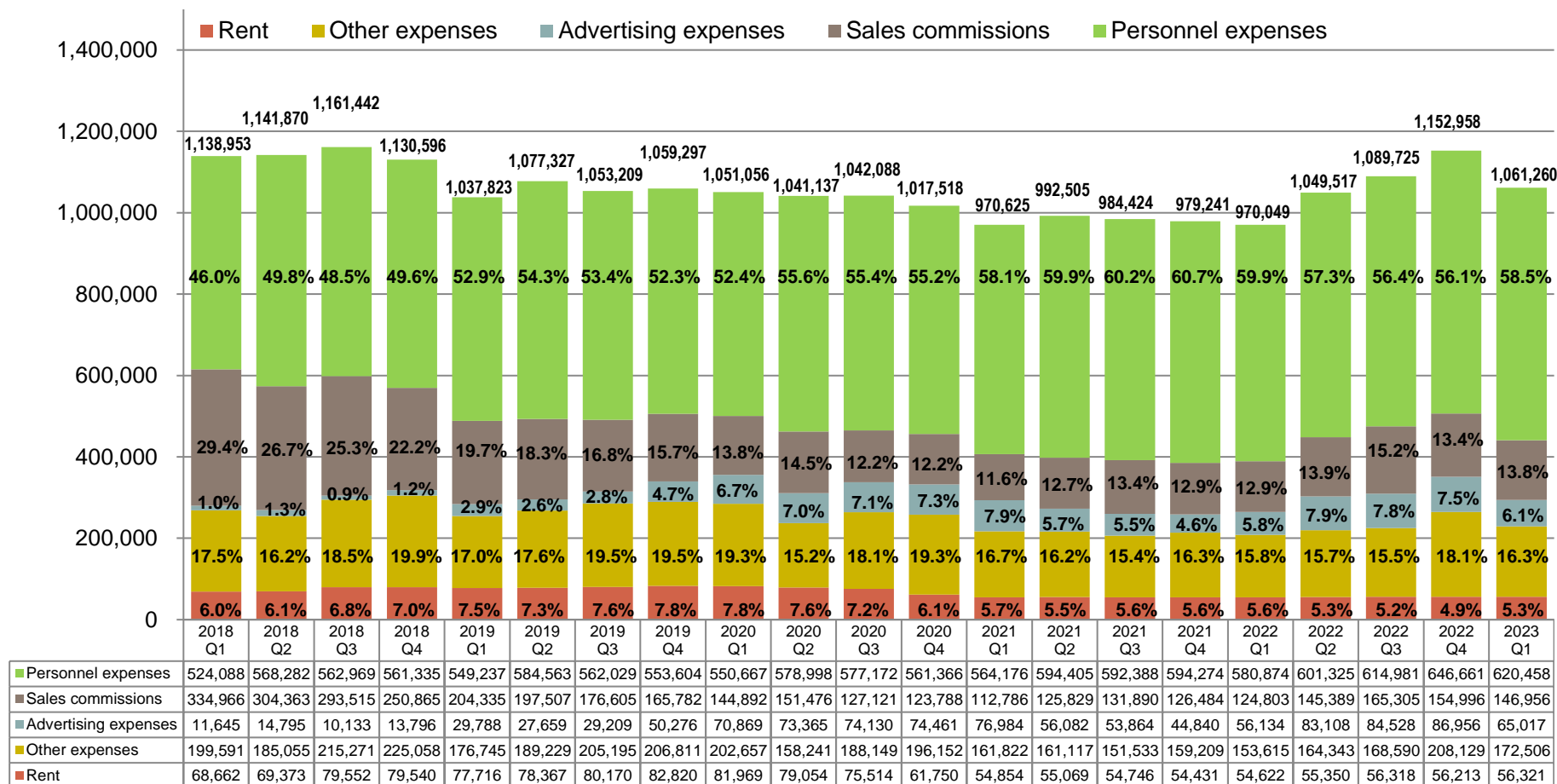
Transaction volumes for fiscal years 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as net sales.

Selling, General and Administrative Expenses

(Consolidated/Quarterly Basis)

Management
Indicators

(¥ thousands)



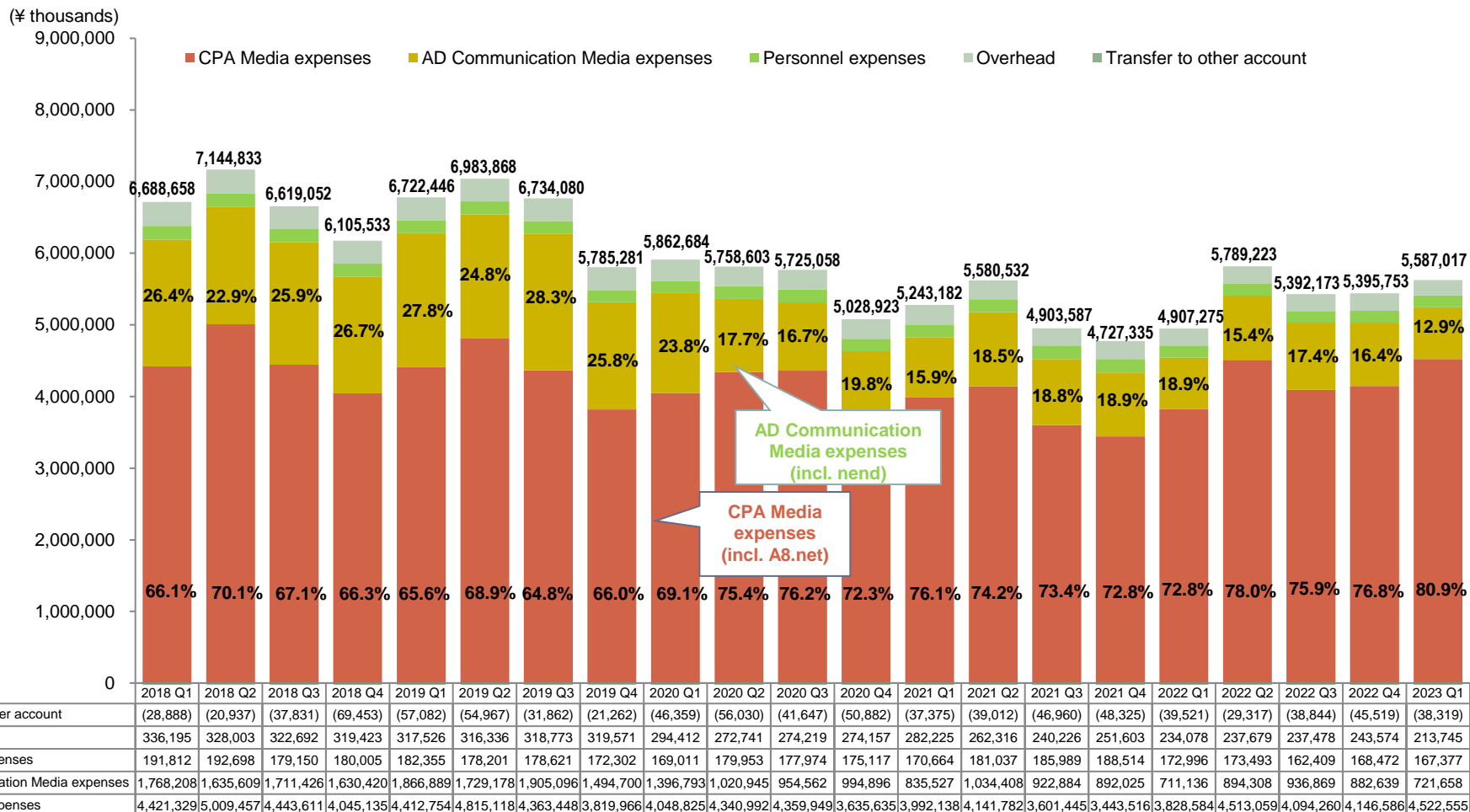
Notes: Figures for 2022 and later above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

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

Cost of Sales

(Consolidated/Quarterly Basis)

Management Indicators



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

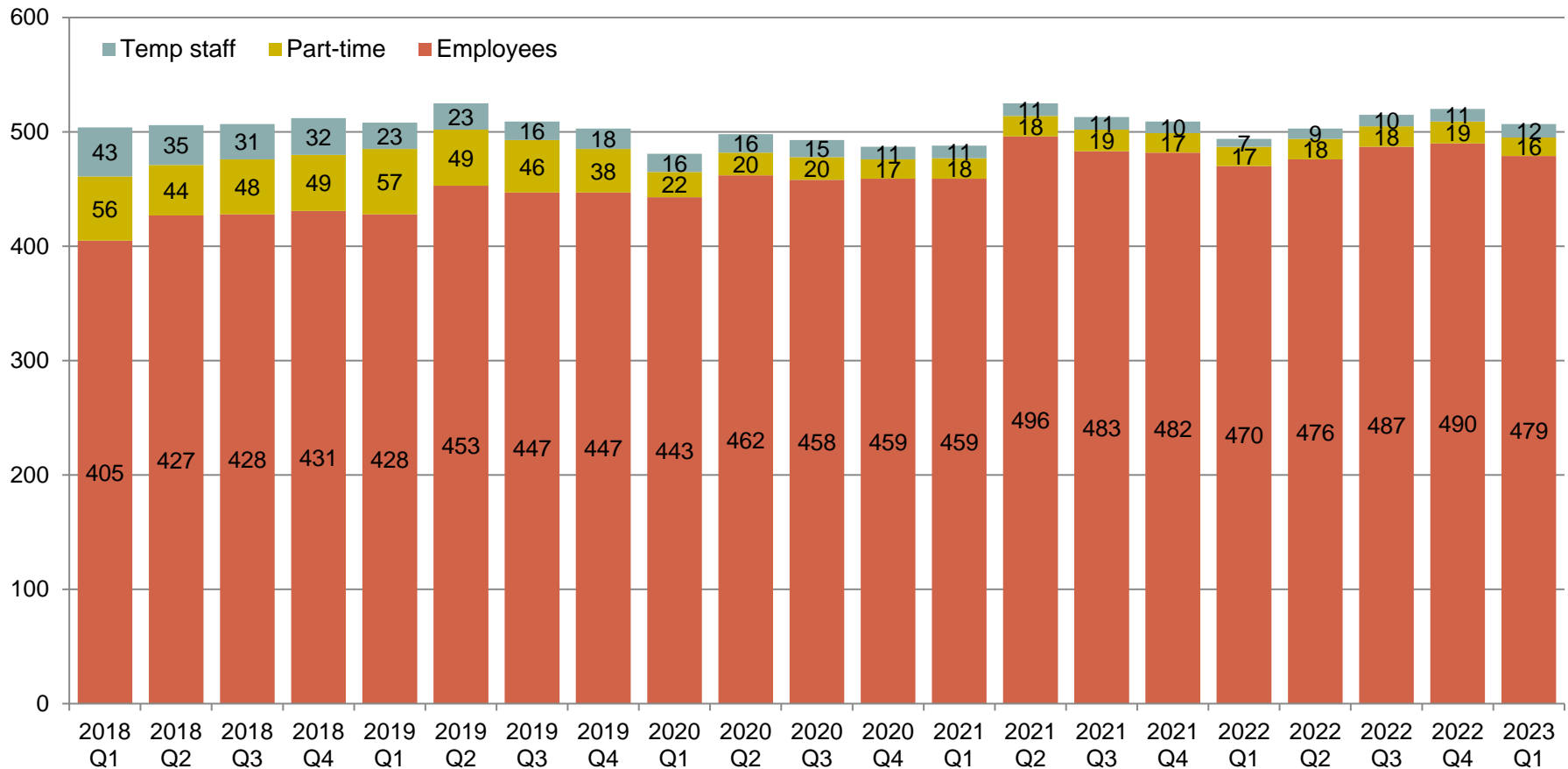
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

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

Number of Employees

(Consolidated/Quarterly Basis)

Management
Indicators



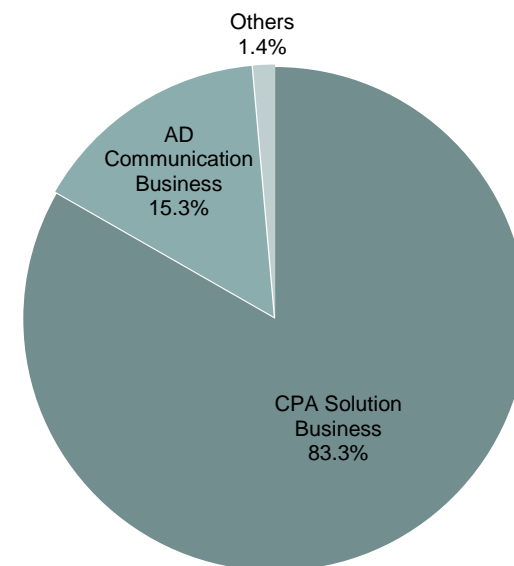
As of 2023 Q1, the Group employed 507 people (+13 YoY; -13 QoQ).

Overview by Service Category

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by Service Category

(¥ thousands)	2023 Q1 (Jan.–Mar.)	2022 Q1 (Jan.–Mar.)	YoY Change
CPA Solution Business	6,059,391 (1,538,628)	5,243,351 (1,439,331)	15.6%
AD Communication Business	1,115,026 (291,049)	1,087,646 (282,617)	2.5%
Others	102,153 (89,914)	131,659 (115,691)	-22.4%
Total transaction volume (Net sales)	7,276,571 (1,919,592)	6,462,656 (1,837,639)	12.6%



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

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

Others: Seesaa Inc.

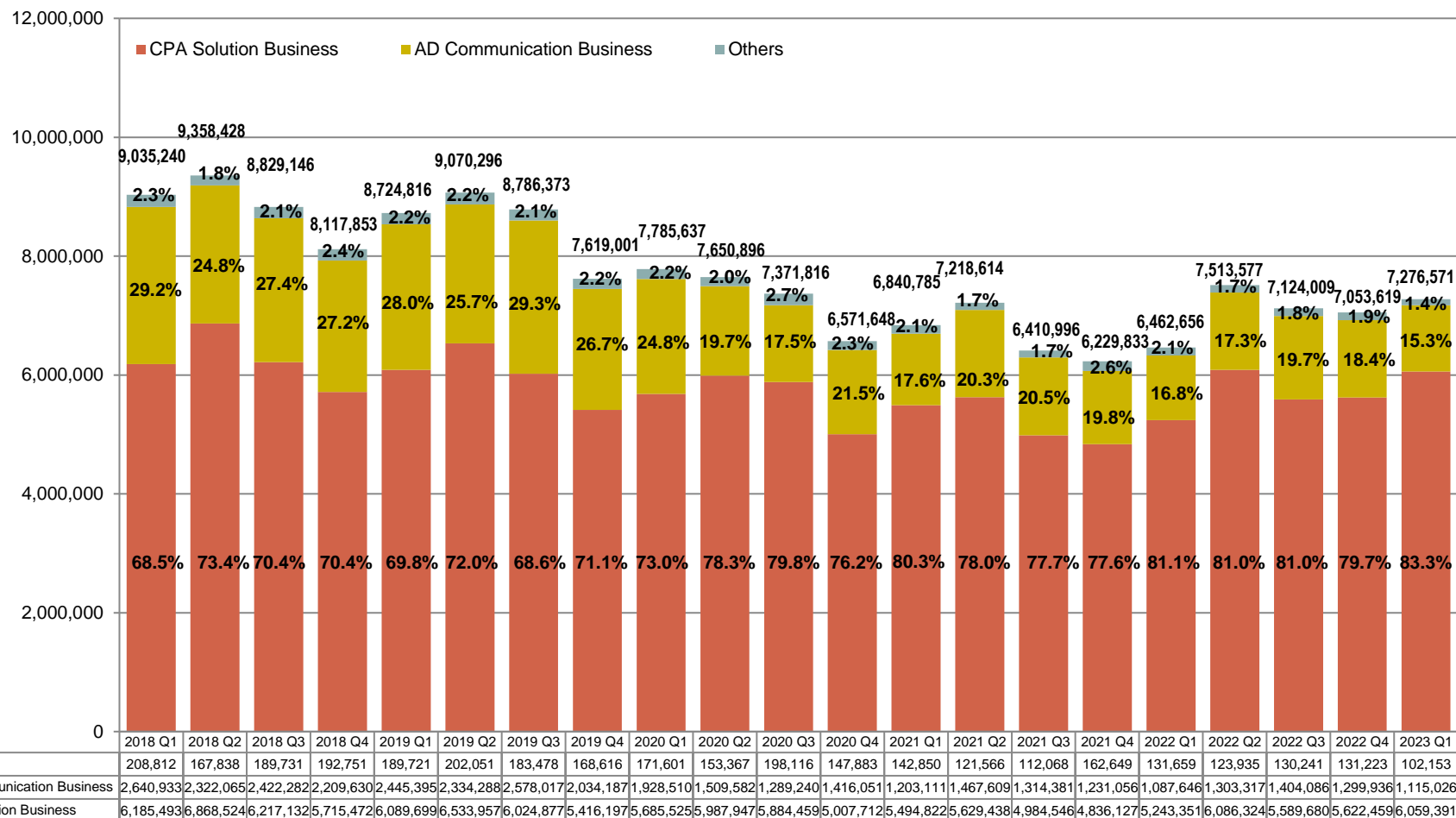
Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as 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 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as net sales.

A8.net

Summary

CPA Solution Business

	2023 Q1 (Jan.–Mar.)	2022 Q1 (Jan.–Mar.)	YoY Change
Transaction volume (¥ thousands)	5,581,577	4,685,857	19.1%
Number of operating advertiser IDs	3,341	3,377	-1.1%
Number of registered partner sites	3,257,599	3,086,845	5.5%

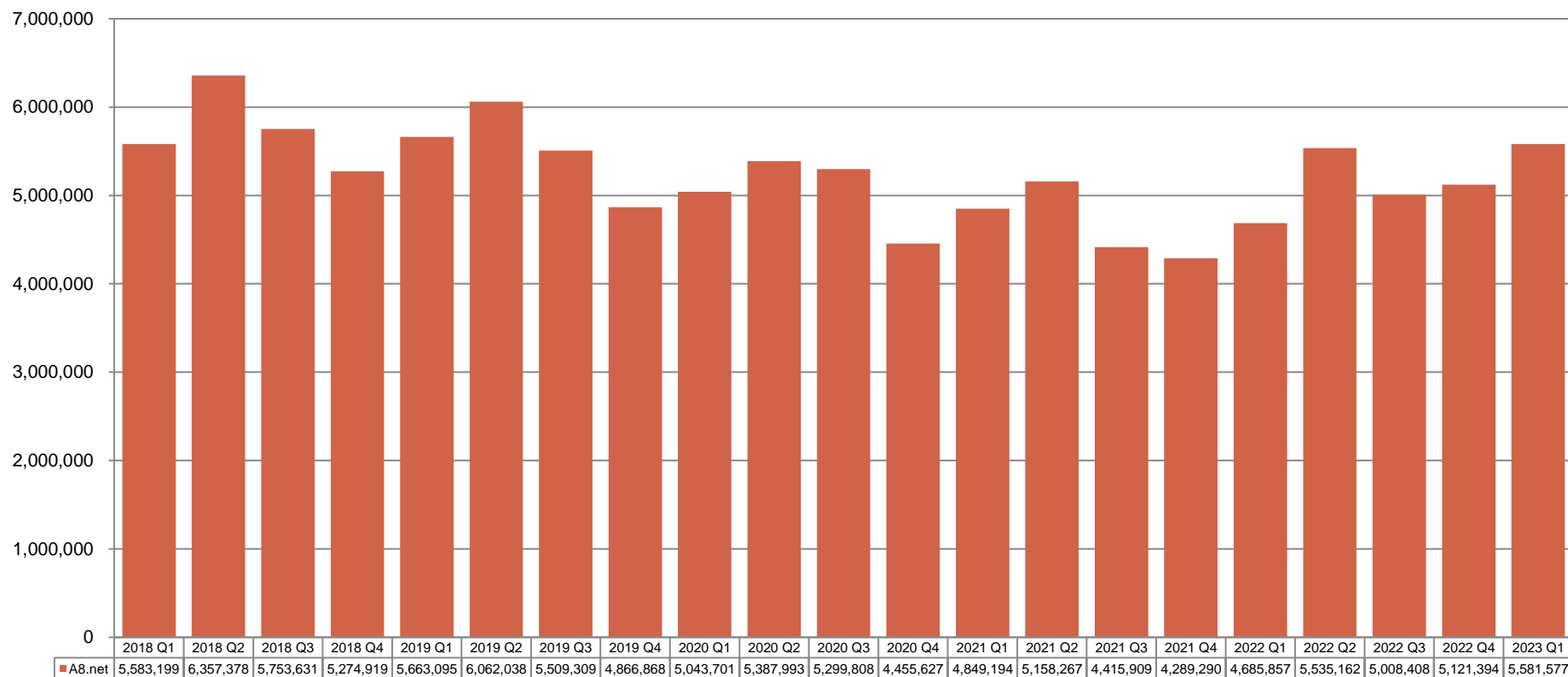
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
The number of operating advertiser IDs decreased by 36 YoY.

A8.net

CPA Solution Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

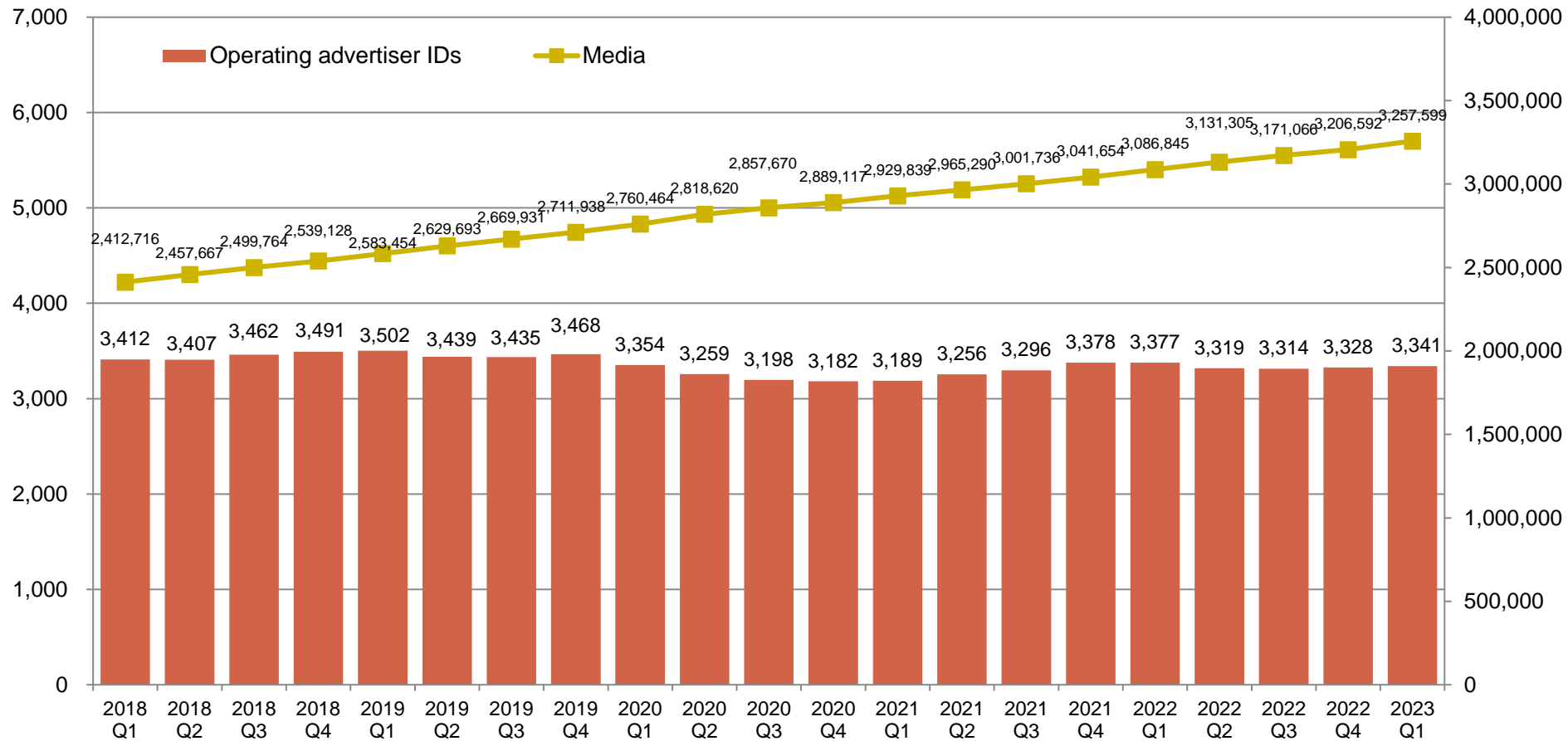


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

A8.net

CPA Solution Business

Number of Operating Advertisers and Media (Quarterly Basis)

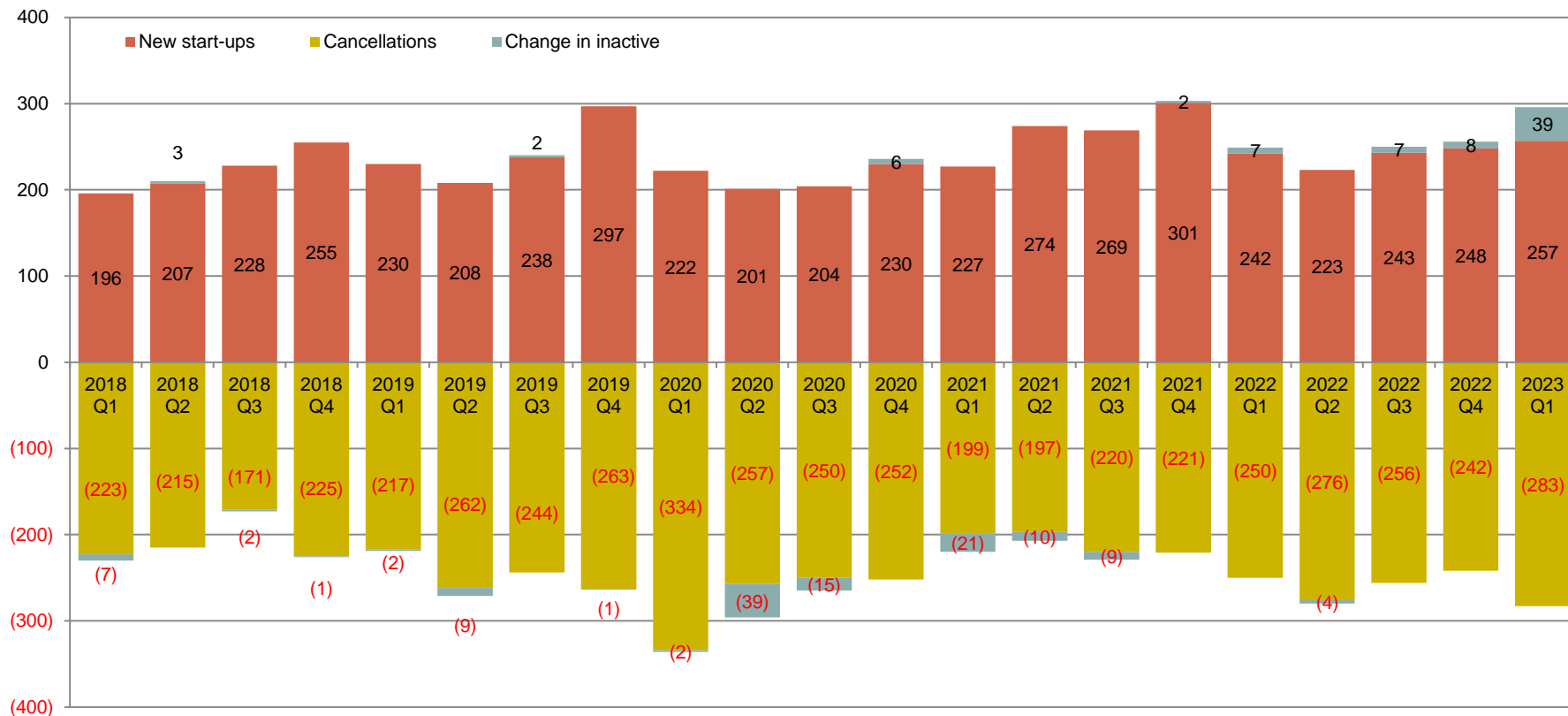


Notes: The number of operating advertisers is as of the final month of each quarter.
 The number of operating advertisers increased by 13 from 2022 Q4.
 The number of overseas operating advertisers was 86, unchanged from 2022 Q4.

A8.net

CPA Solution Business

New Advertiser Start-Ups and Cancellations

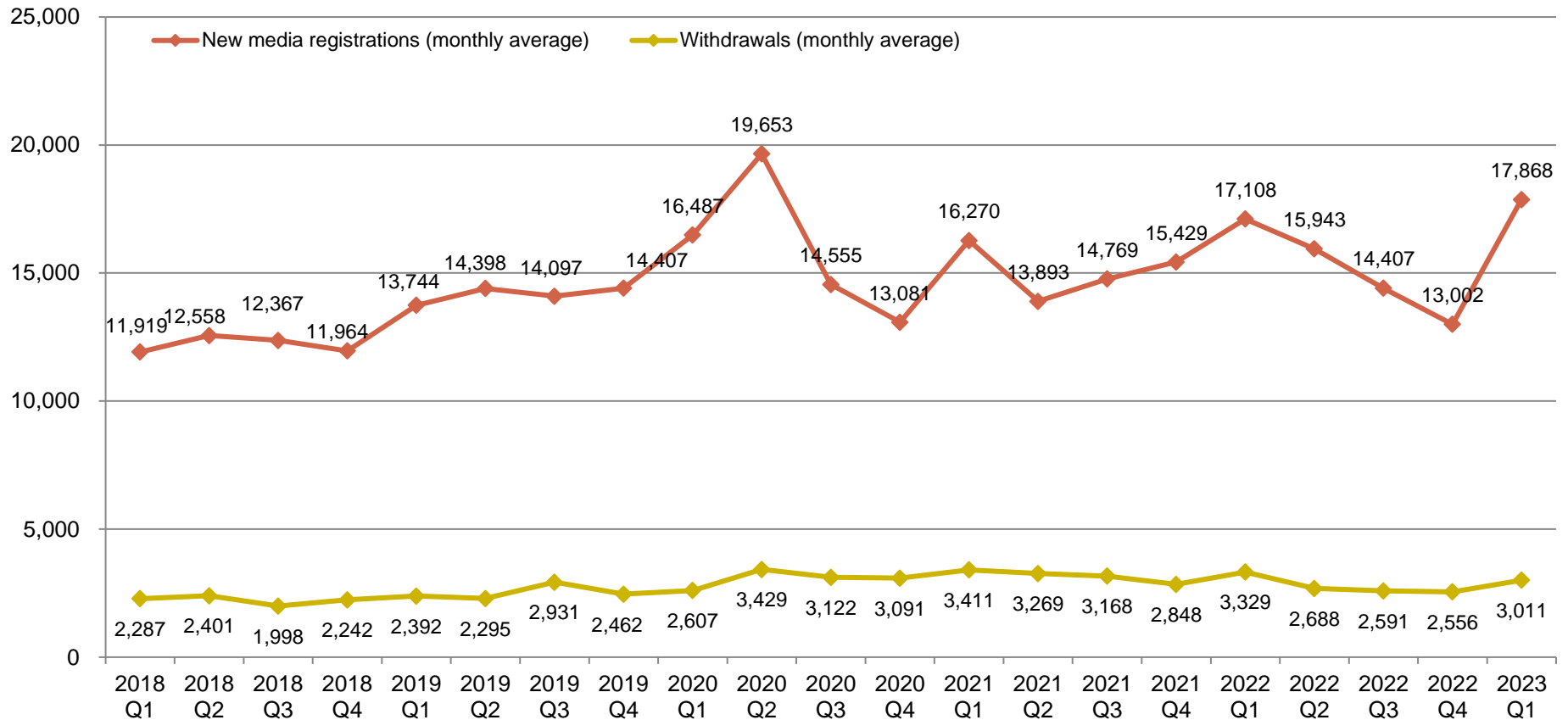


Note: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

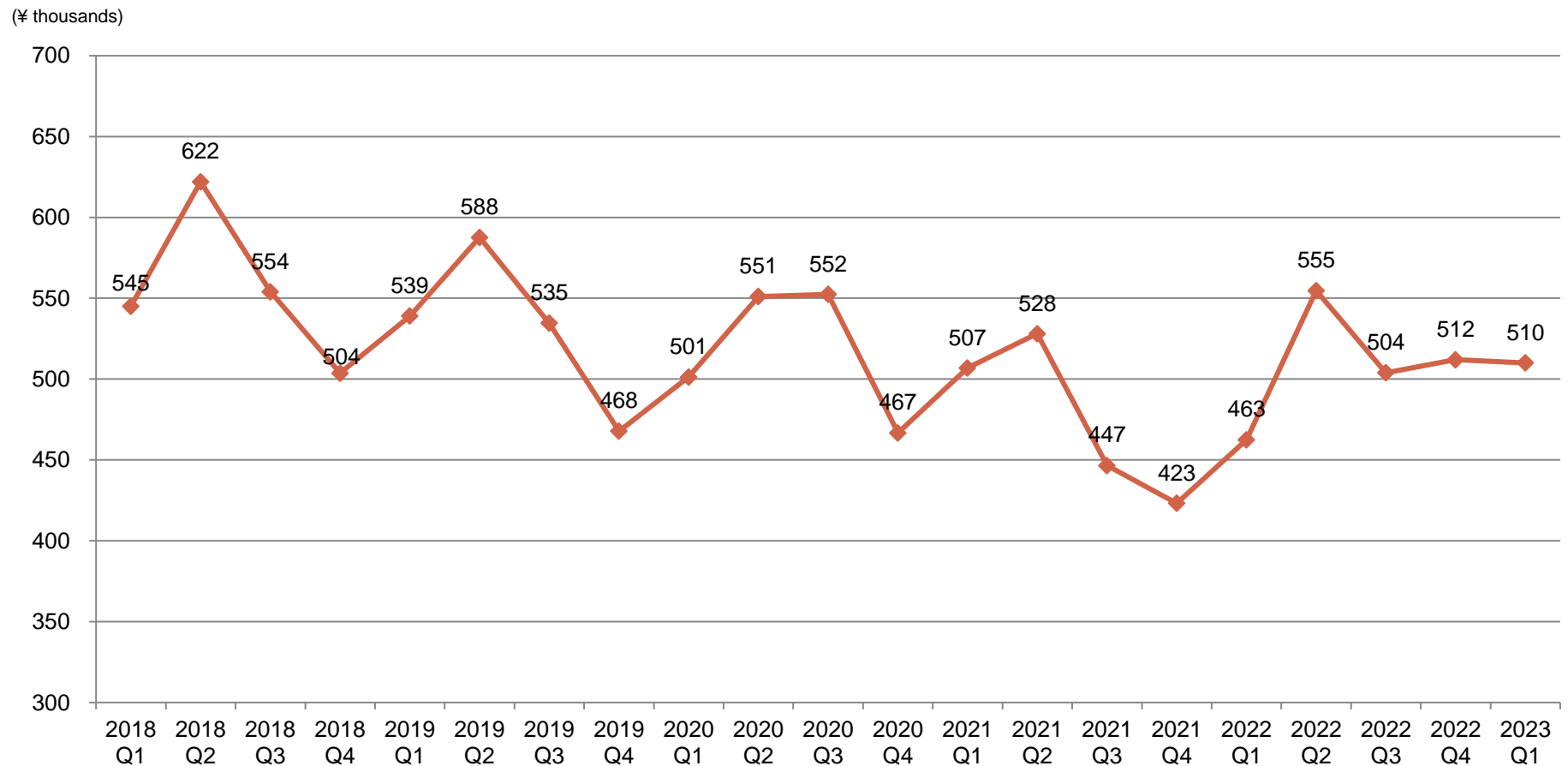
Average Monthly New Media Registrations and Withdrawals



A8.net

CPA Solution Business

Average Monthly Transaction Volume per Advertiser



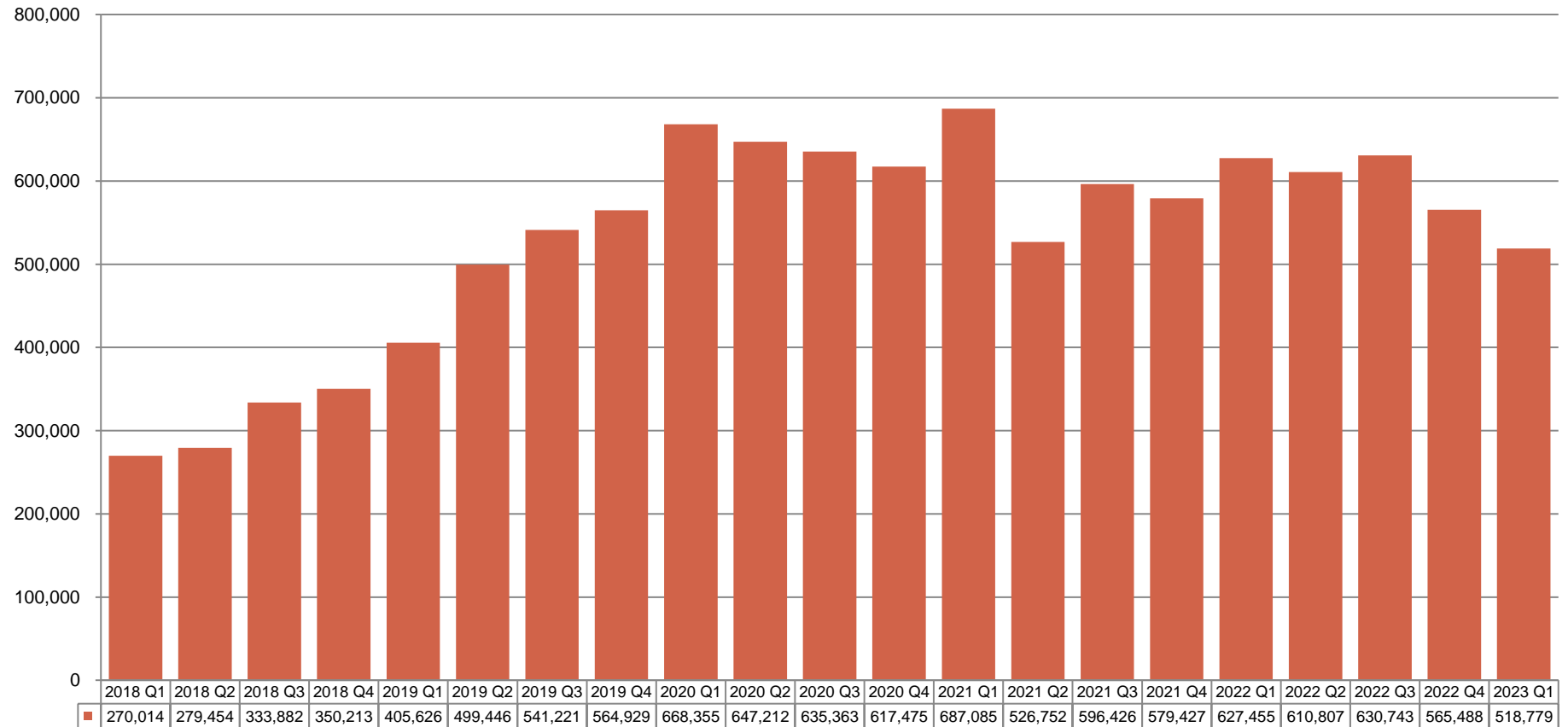
Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

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

	2023 Q1 (Jan.–Mar.)	2022 Q1 (Jan.–Mar.)	YoY Change
Transaction volume (¥ thousands)	873,691	811,142	7.7%
Number of operating advertiser IDs	103	130	-20.8%
Number of ad spaces on registered partner sites	1,082,128	1,051,880	2.9%

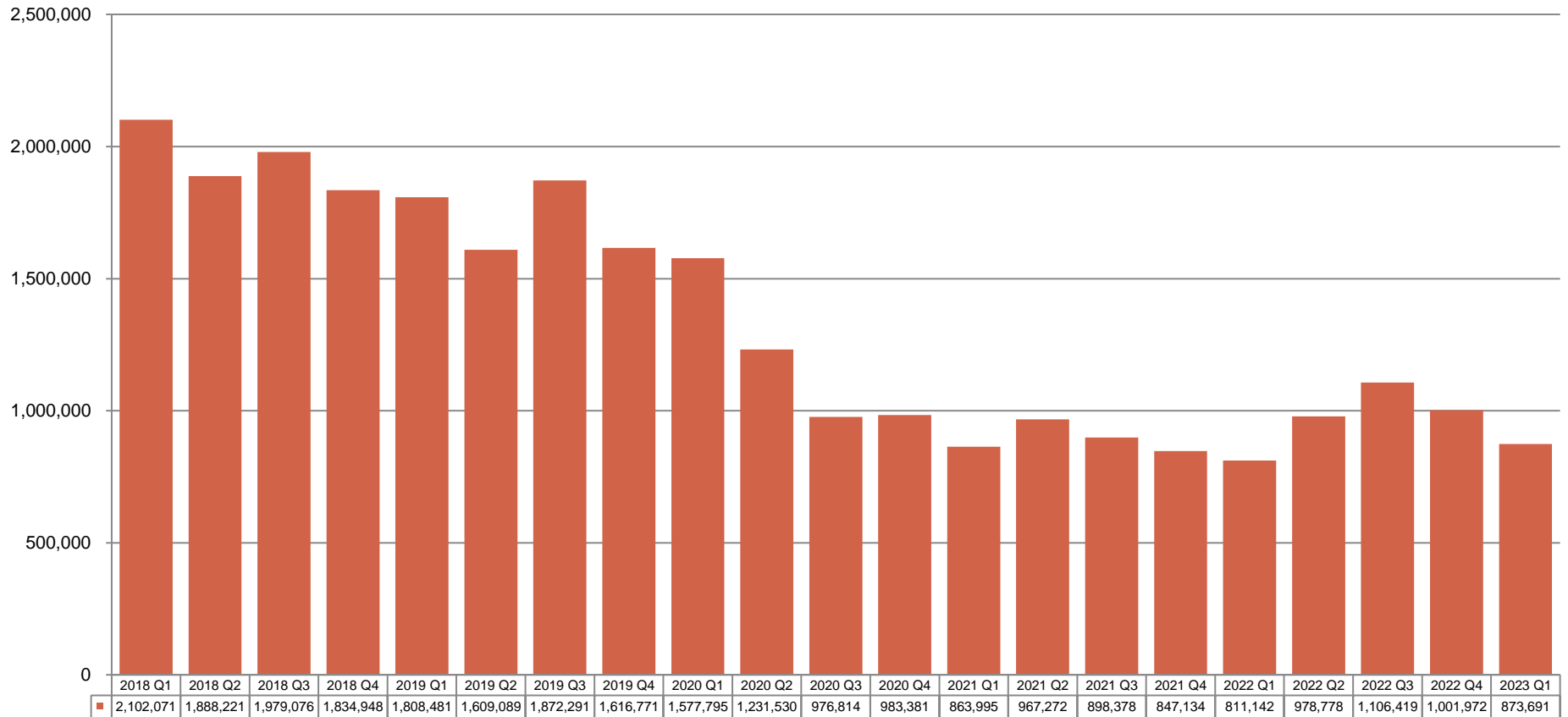
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
Figures only include results of nend and exclude other services.

nend

AD Communication Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

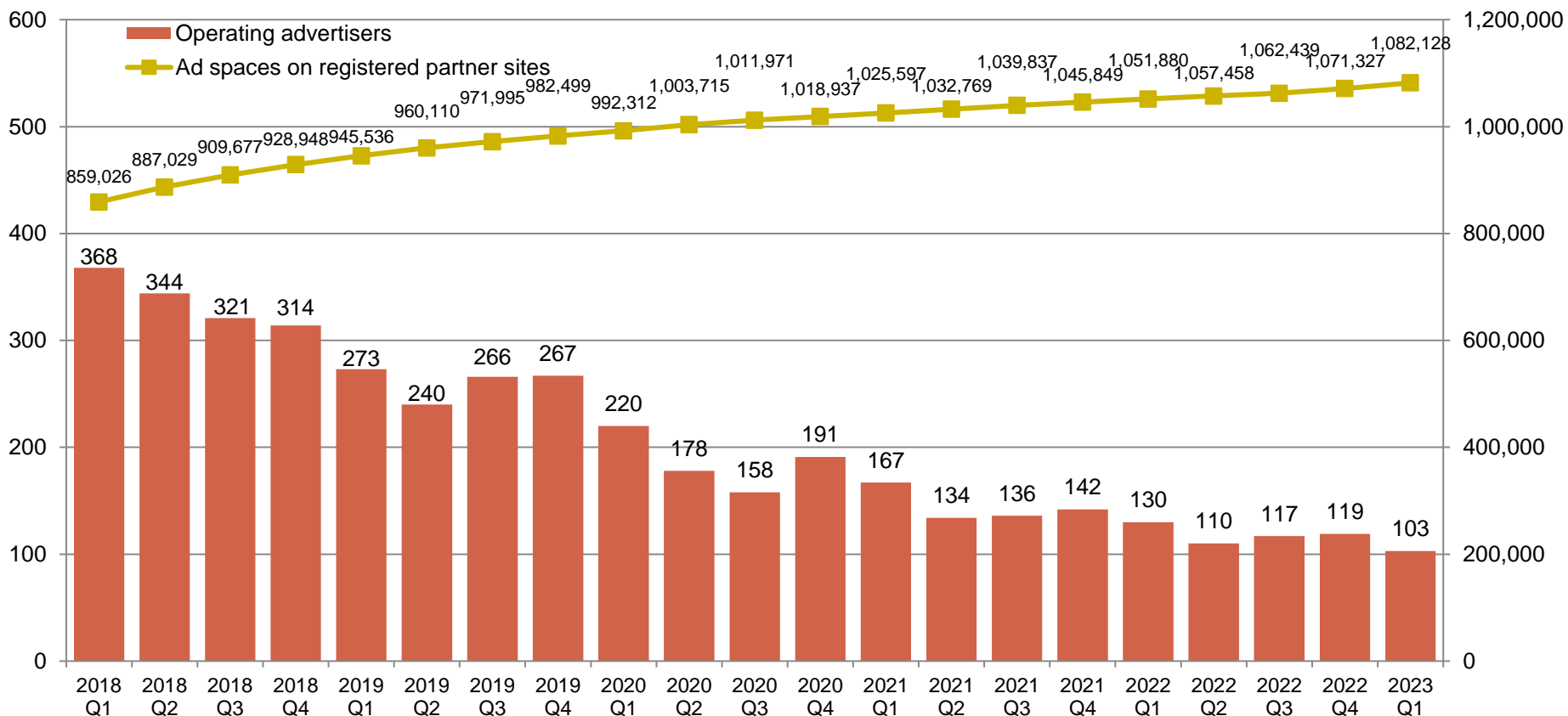


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

AD Communication Business

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



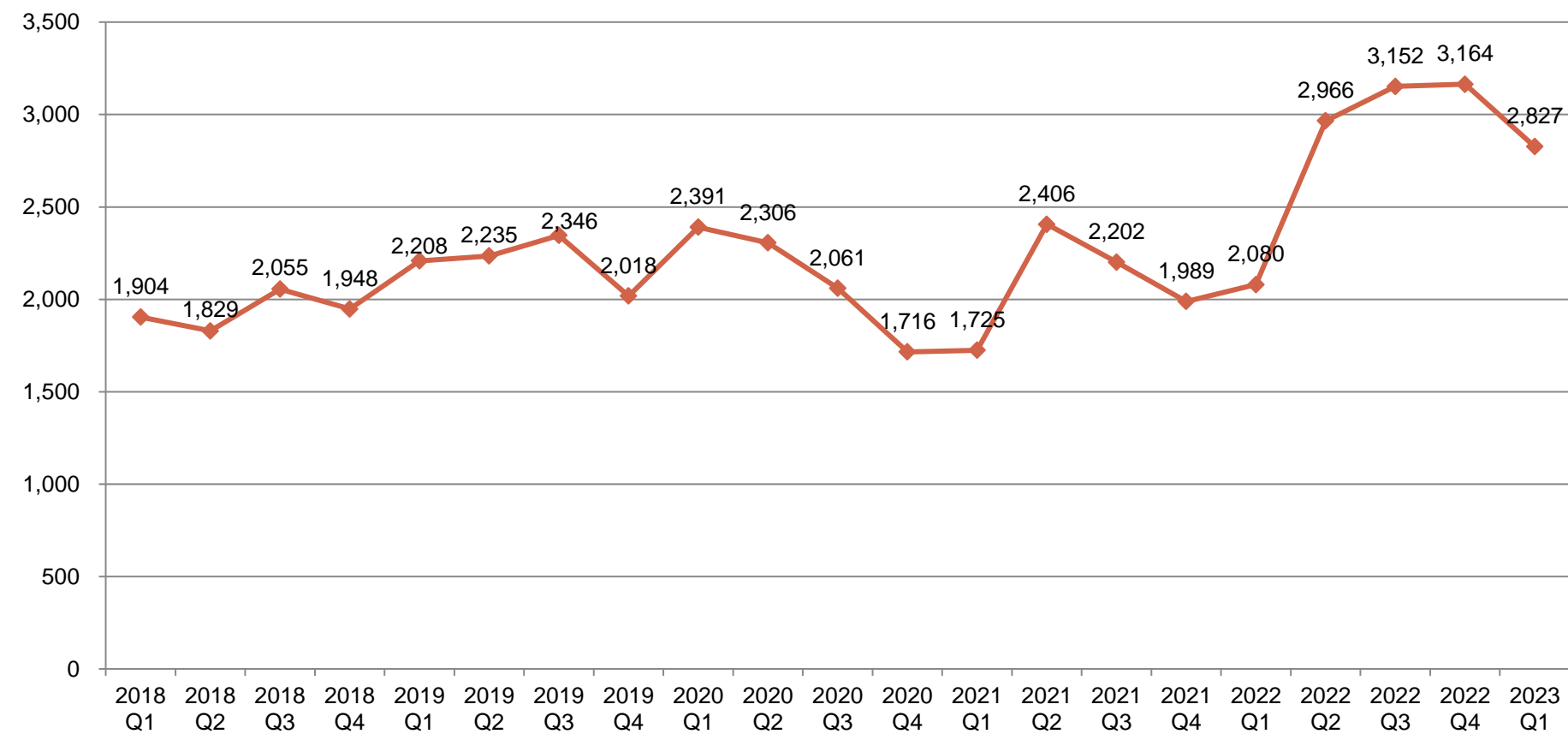
Note: The number of operating advertisers is as of the final month of each quarter.

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)	2023 Q1	2022 Full year
Transaction volume	252,126	1,580,598
Net sales	37,650	169,109
Operating income (loss)	(1,780)	(360)
Profit (loss) attributable to owners of the parent	(882)	17,049

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 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were 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)	2023 Q1	2022 Full year
Transaction volume	122,470	621,587
Net sales	89,914	535,895
Operating income (loss)	(29,943)	(88,999)
Profit (loss) attributable to owners of the parent	(51,291)	(156,266)

Note: Figures represent amounts before elimination of intragroup transactions.



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

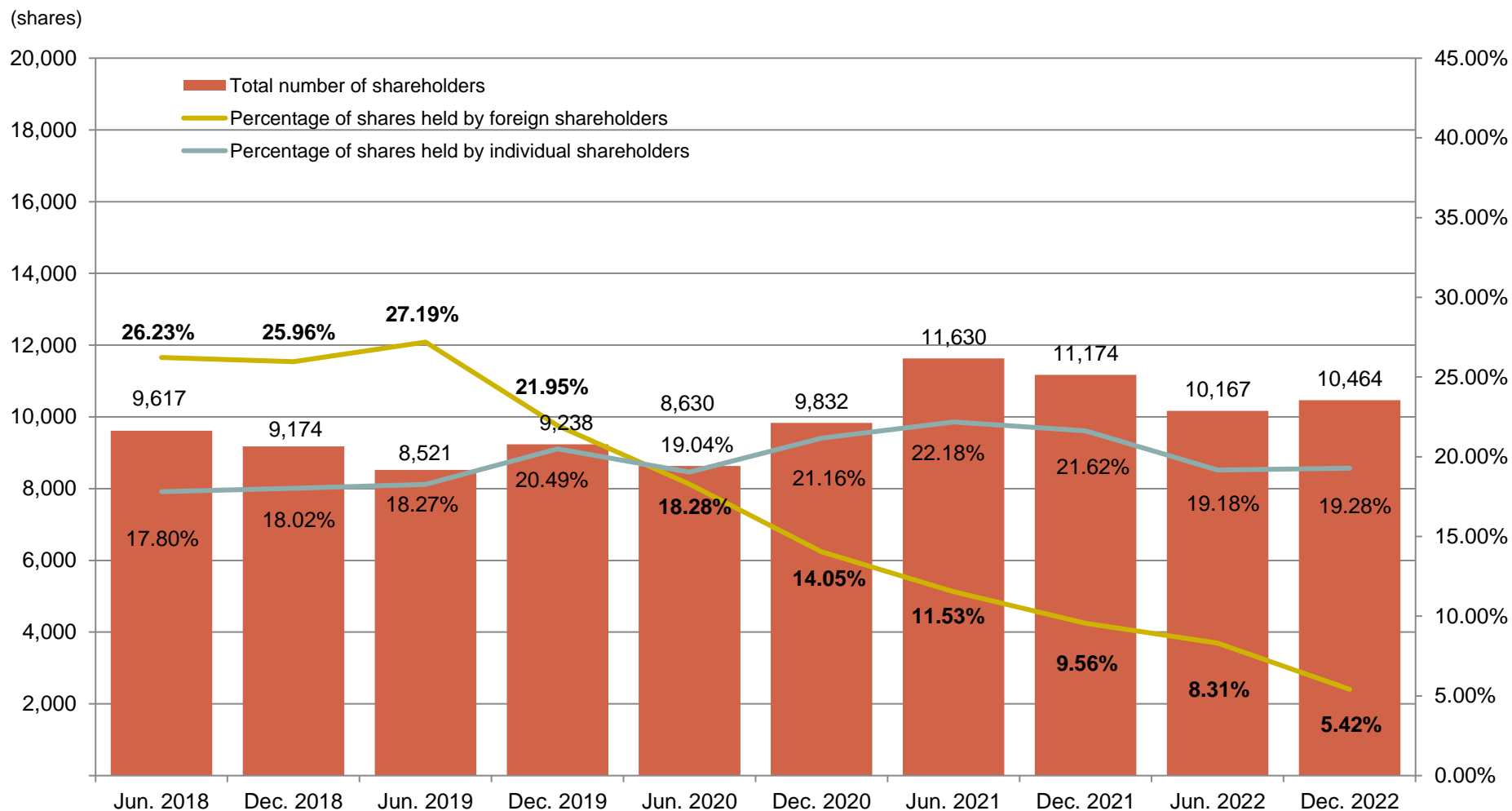
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Stock Information

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 March 31, 2023)
■ President and Representative Director	Yasuyoshi Yanagisawa
■ Number of employees	Non-consolidated: 447 Group total: 507 <small>(As of March 31, 2023; 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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Contact

FAN Communications, Inc.

E-mail : ir-info@fancs.com