



Third Quarter of 2023
Presentation of Financial Results

November 9, 2023

FAN Communications, Inc.

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Third Quarter of 2023 Results Highlights

Third Quarter of 2023 (Jul.–Sep.): Key Points

Results
Highlights

1. Versus the previous quarter (second quarter of 2023), transaction volume decreased 4.2% but ordinary income increased 2.4%.
2. Transaction volume and ordinary income were down 4.8% and 17.0% YoY, respectively.
3. The transaction volume of nend fell sharply due to the suspension of some advertisers' placements.

Consolidated Results of Operations

Results Highlights

(¥ thousands)	2023 Q3	2022 Q3	YoY Change	% of transaction volume
Transaction volume	21,131,716	21,100,243	0.1%	100%
Net sales	5,565,470	5,815,763	-4.3%	26.3%
Operating income	1,656,627	1,902,278	-12.9%	7.8%
Ordinary income	1,700,849	1,964,320	-13.4%	8.0%
Profit attributable to owners of the parent	971,760	1,320,201	-26.4%	4.6%
Ordinary income to transaction volume ratio	8.0%	9.3%	-1.3pt	-
Earnings per share	¥14.67	¥19.04	-23.0%	-
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 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	September 30, 2023
Assets		
Current assets	20,976,075	20,593,196
Cash and deposits	16,982,969	17,007,549
Accounts receivable – trade	3,234,869	2,871,494
Securities	299,740	299,718
Other	495,636	423,658
Allowance for doubtful accounts	-37,140	-9,223
Fixed assets	2,879,078	2,597,596
Property, plant and equipment	100,072	109,146
Intangible assets	331,091	368,260
Investments and other assets	2,447,914	2,120,189
Total assets	23,855,153	23,190,793
Liabilities and net assets		
Current liabilities	5,764,173	5,433,108
Accounts payable – trade	4,458,211	4,522,543
Income taxes payable	485,881	129,050
Other current liabilities	820,080	781,513
Long-term liabilities	137,200	119,972
Total liabilities	5,901,374	5,553,080
Total net assets	17,953,779	17,637,713
Total liabilities and net assets	23,855,153	23,190,793

Consolidated Performance Forecast

Results
Highlights

(¥ millions)	2023 Full-Year Forecast	2023 Q3 Results	Progress (% of Full-Year Forecast)
Net sales	7,600	5,565	73.2%
Operating income	2,100	1,656	78.9%
Ordinary income	2,120	1,700	80.2%
Profit attributable to owners of the parent	1,240	971	78.3%

Note: The Company revised the full-year consolidated performance forecast figures on August 2, 2023.

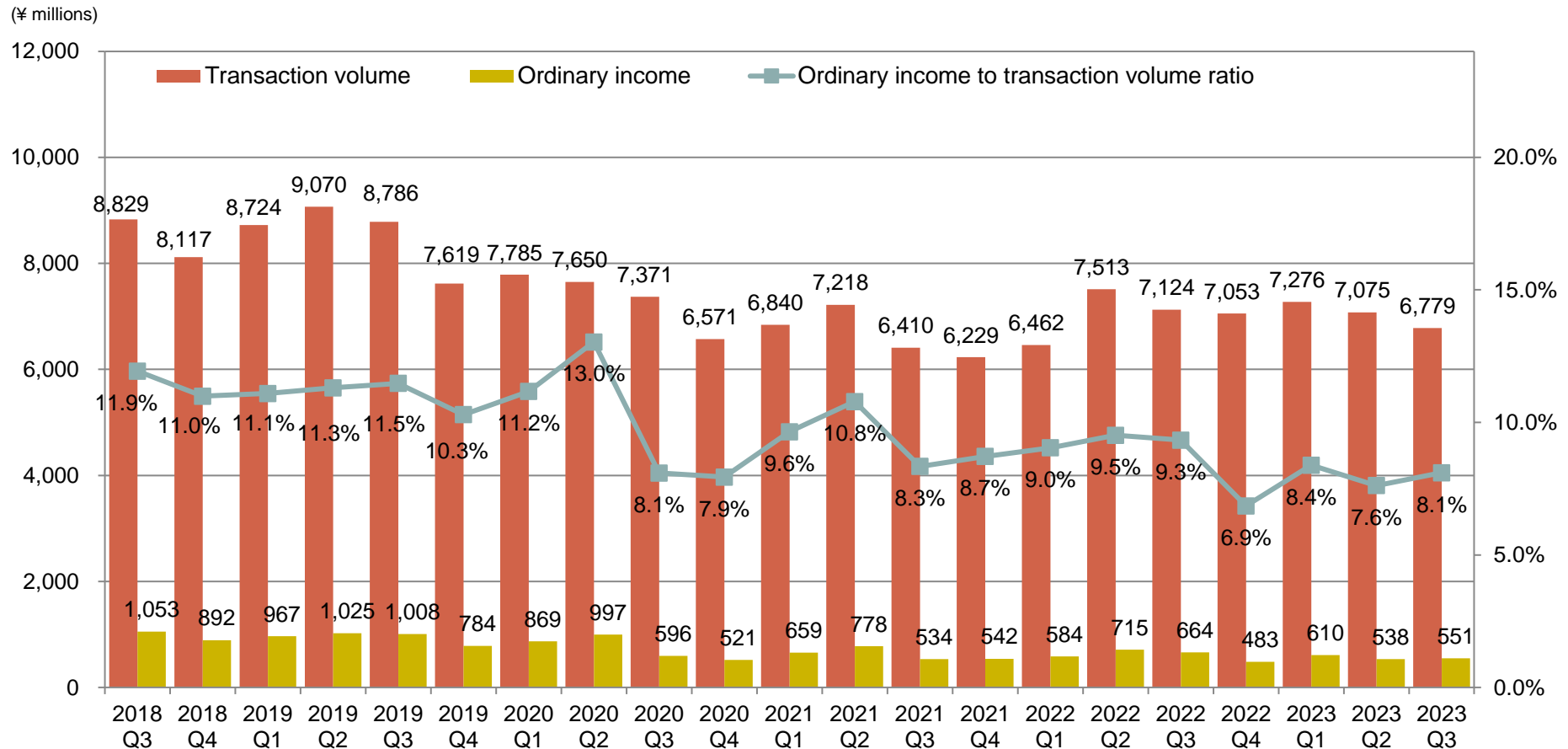
Dividend Forecast

	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

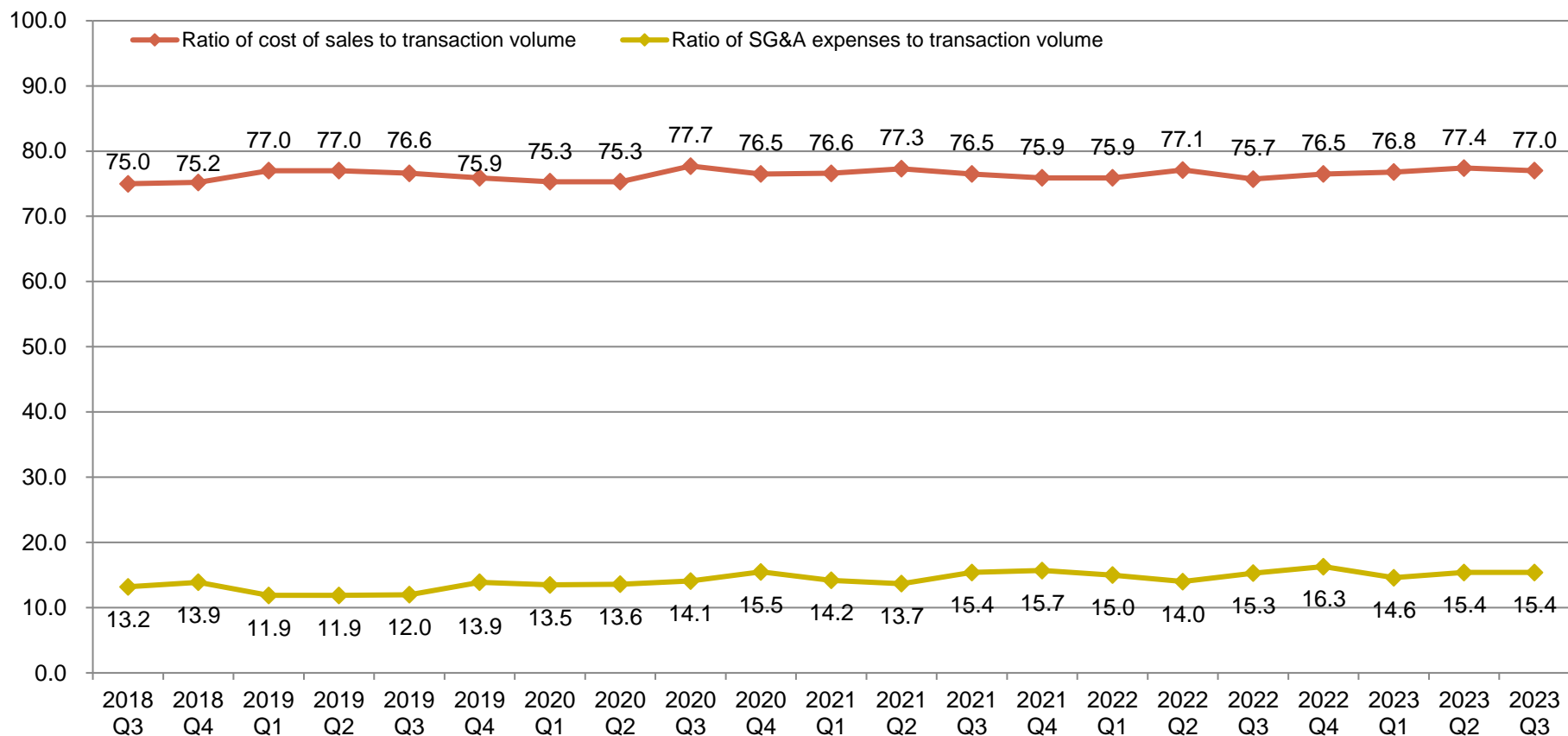


Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as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

Cost of Sales Ratio and SG&A Ratio

(Consolidated/Quarterly Basis)

Management
Indicators



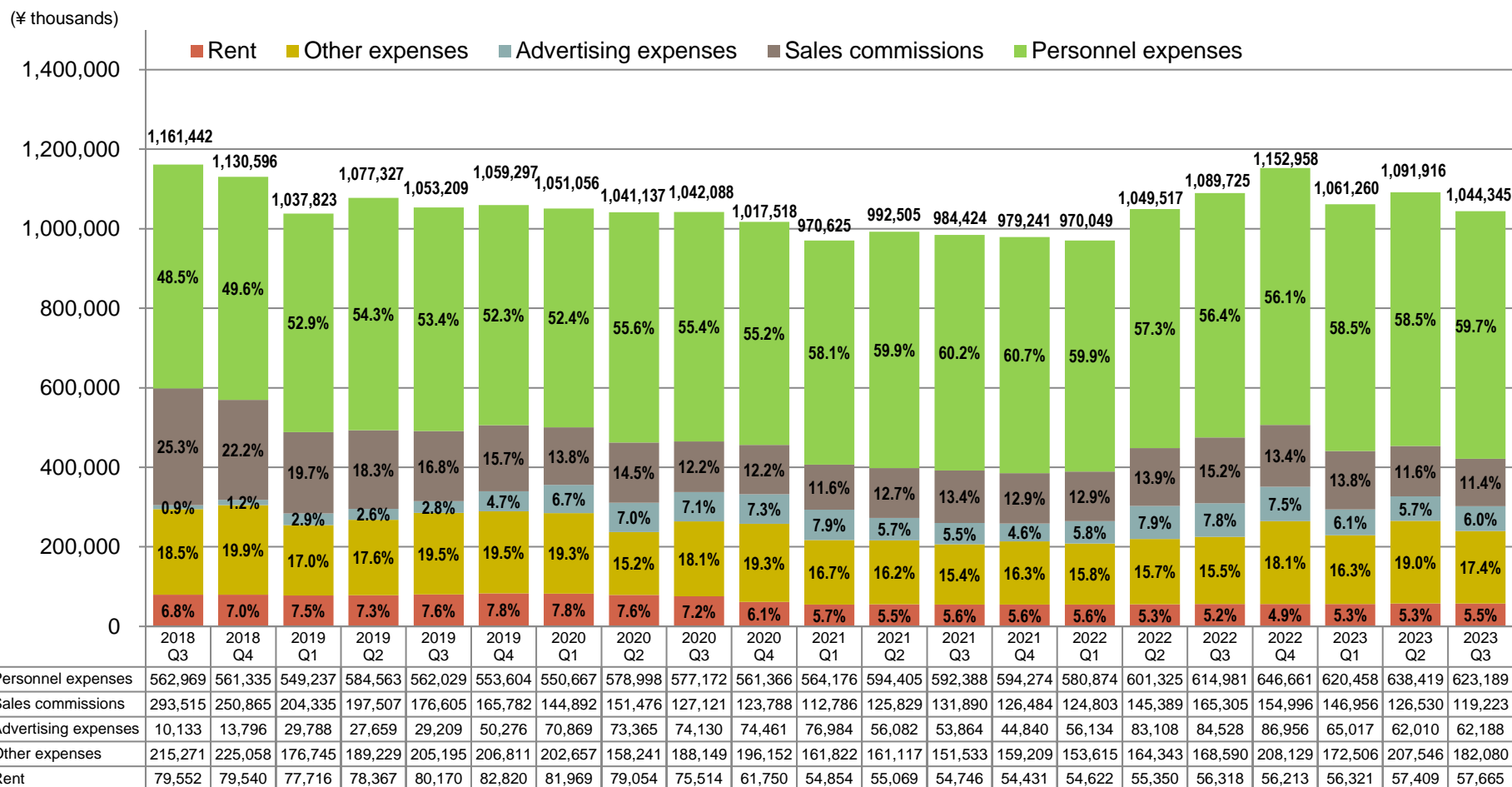
Notes: Figures for 2022 and later above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

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



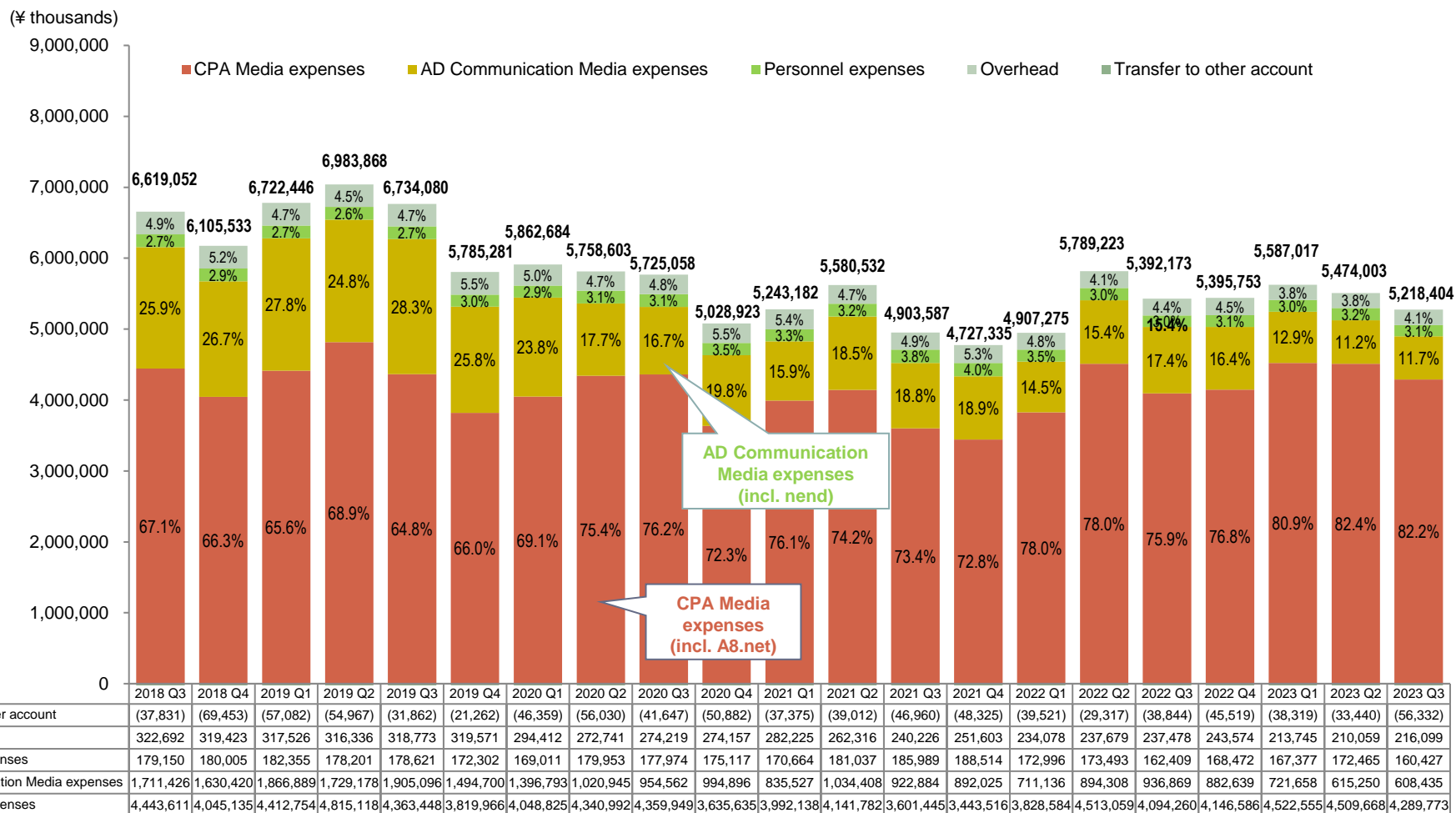
Notes: Figures for 2022 and later above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

Other expenses include outsourcing expenses and commissions paid, etc.

Cost of Sales

(Consolidated/Quarterly Basis)

Management Indicators



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

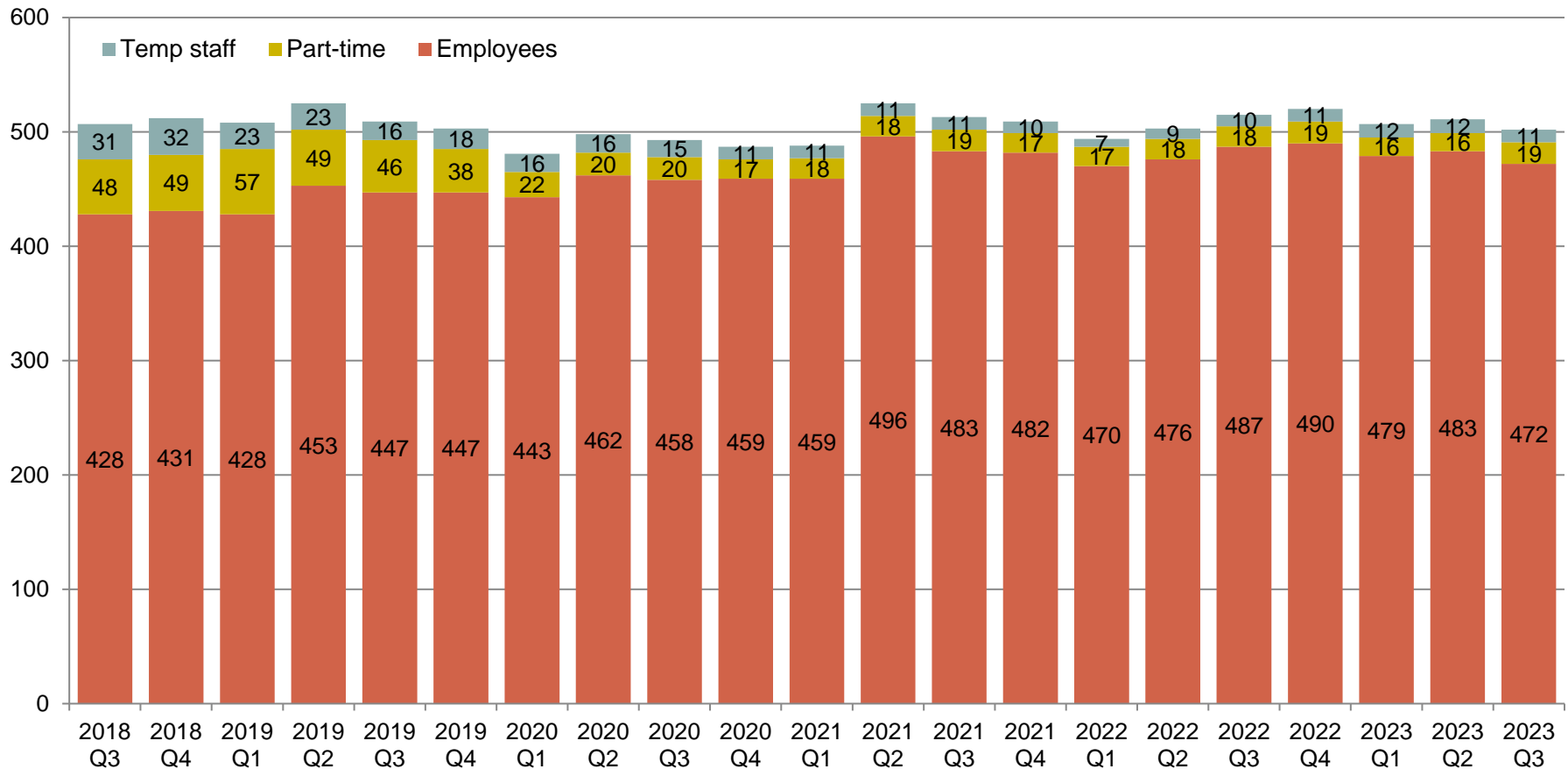
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

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

Number of Employees

(Consolidated/Quarterly Basis)

Management
Indicators



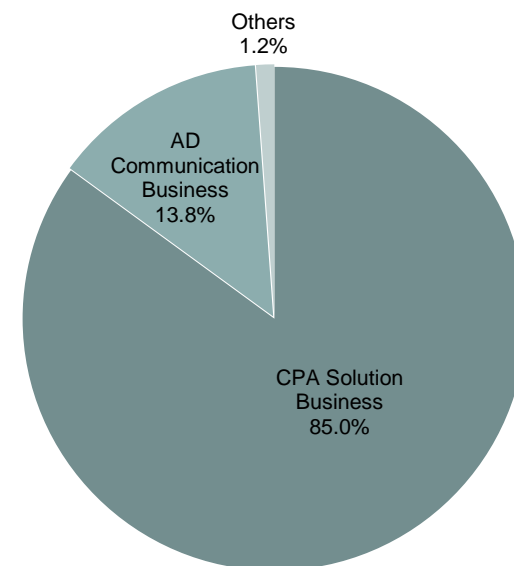
As of 2023 Q3, the Group employed 502 people (-13 YoY; -9 QoQ).

Overview by Service Category

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by Service Category

(¥ thousands)	2023 Q3 (Jul.–Sep.)	2022 Q3 (Jul.–Sep.)	YoY Change
CPA Solution Business	5,764,181 (1,477,636)	5,589,680 (1,515,746)	3.1%
AD Communication Business	936,325 (250,091)	1,404,086 (351,663)	-33.3%
Others	78,885 (73,221)	130,241 (113,440)	-39.4%
Total transaction volume (Net sales)	6,779,392 (1,800,949)	7,124,009 (1,980,850)	-4.8%



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

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

Others: Seesaa Inc.

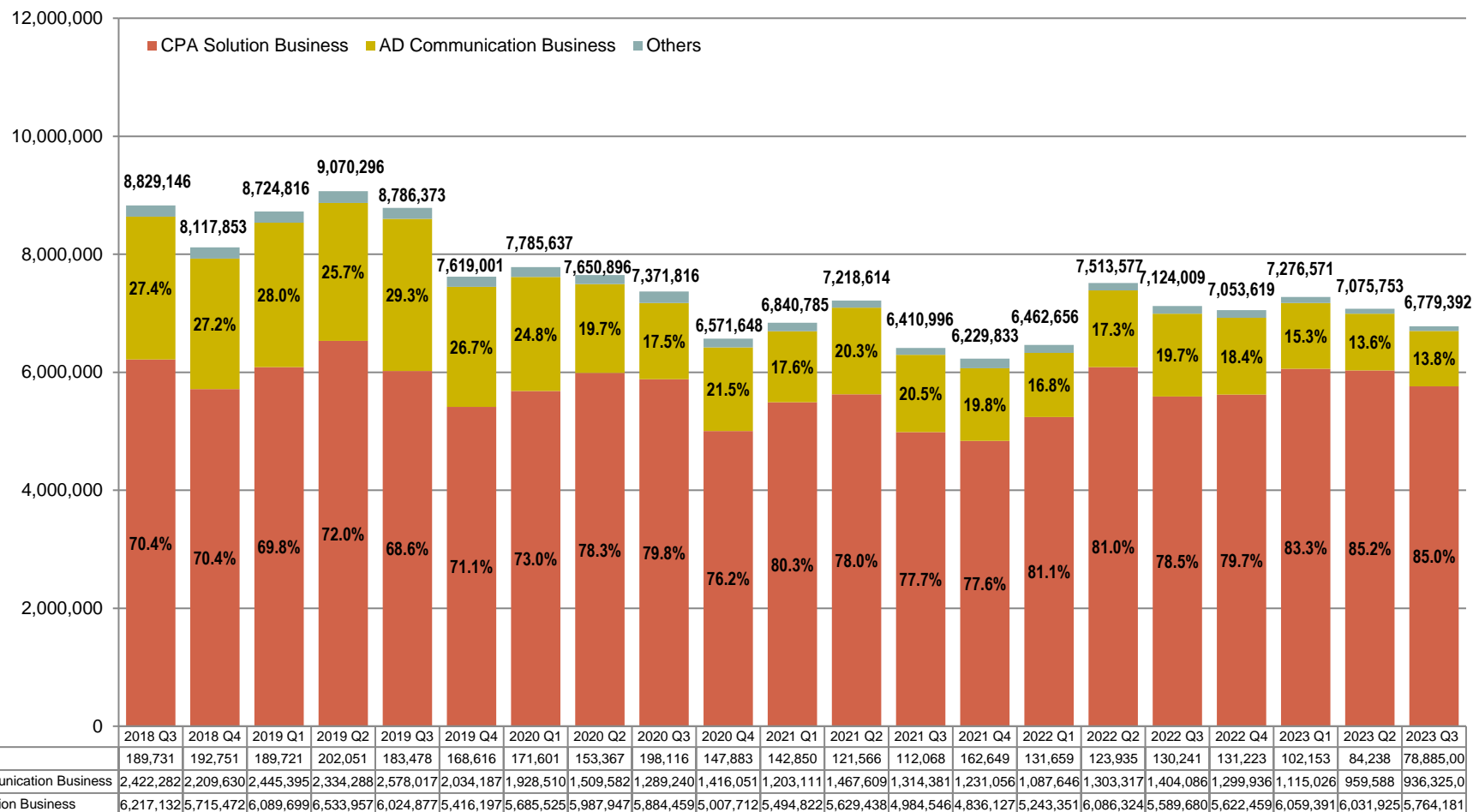
Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as 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 Q3 (Jul.–Sep.)	2022 Q3 (Jul.–Sep.)	YoY Change
Transaction volume (¥ thousands)	5,262,184	5,008,408	5.1%
Number of operating advertiser IDs	3,420	3,314	3.2%
Number of registered partner sites	3,350,198	3,171,066	5.6%

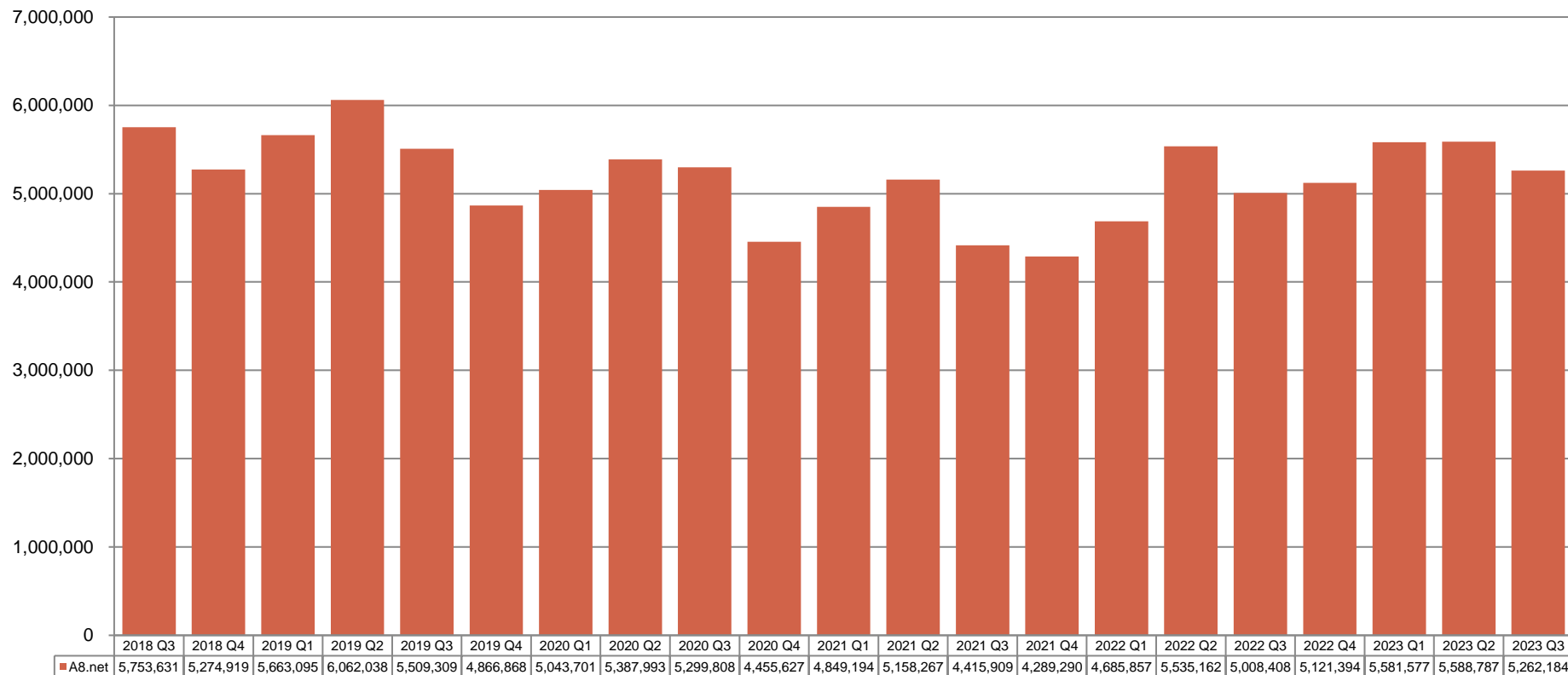
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
The number of operating advertiser IDs increased by 106 YoY.

A8.net

CPA Solution Business

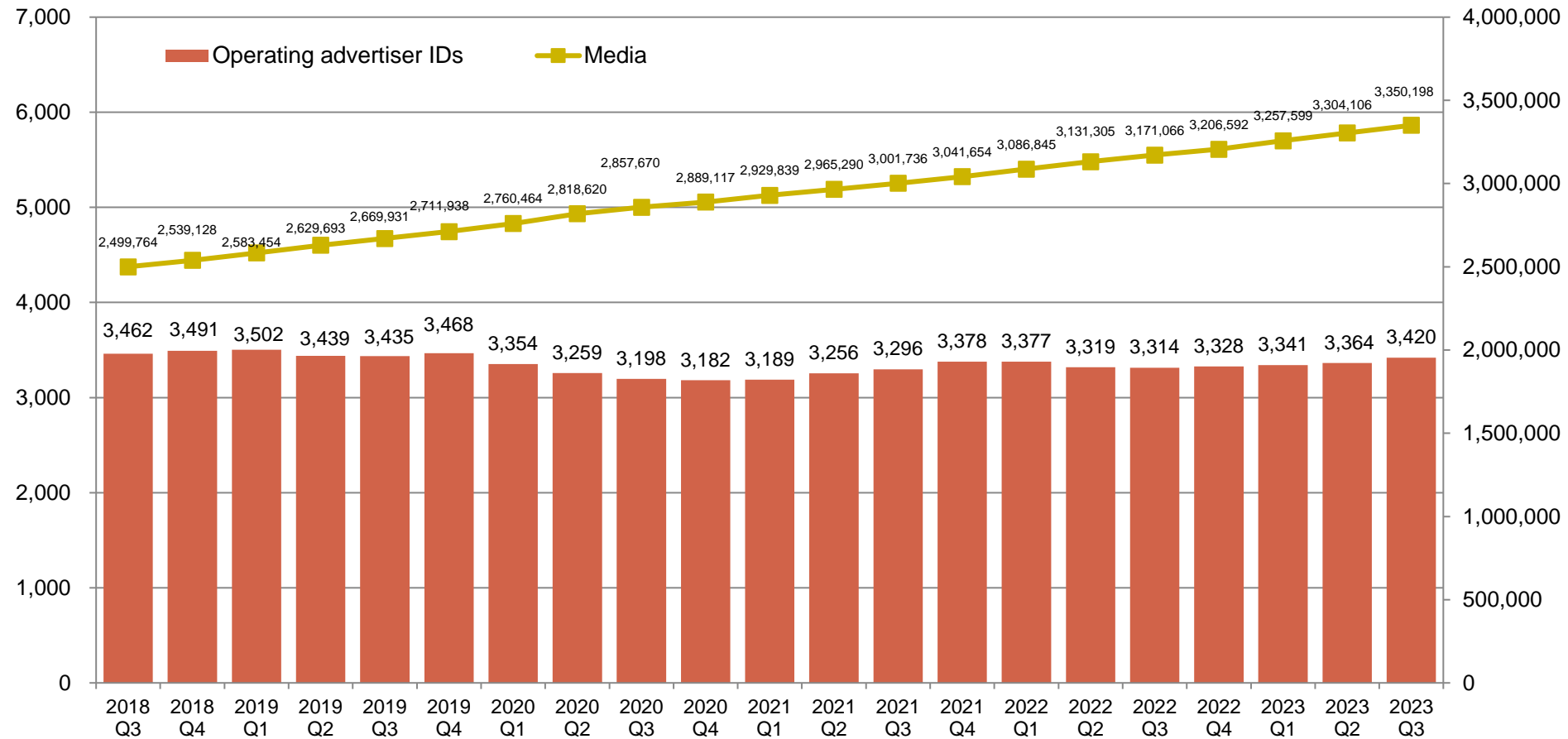
Transaction Volume (Quarterly Basis)

(¥ thousands)



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

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 56 from 2023 Q2.
 The number of overseas operating advertisers was 81, down four from 2023 Q2.

A8.net

CPA Solution Business

New Advertiser Start-Ups and Cancellations

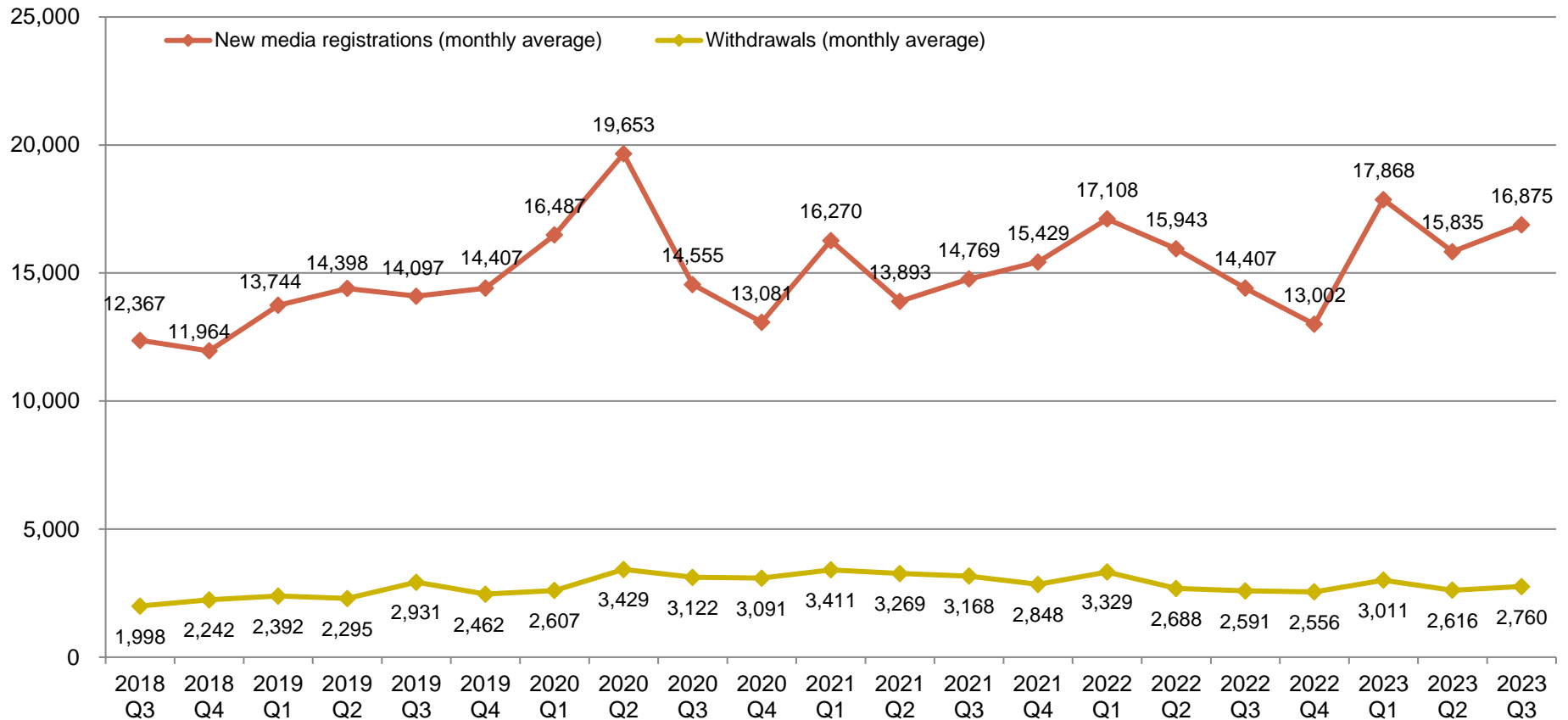


Note: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

Average Monthly New Media Registrations and Withdrawals

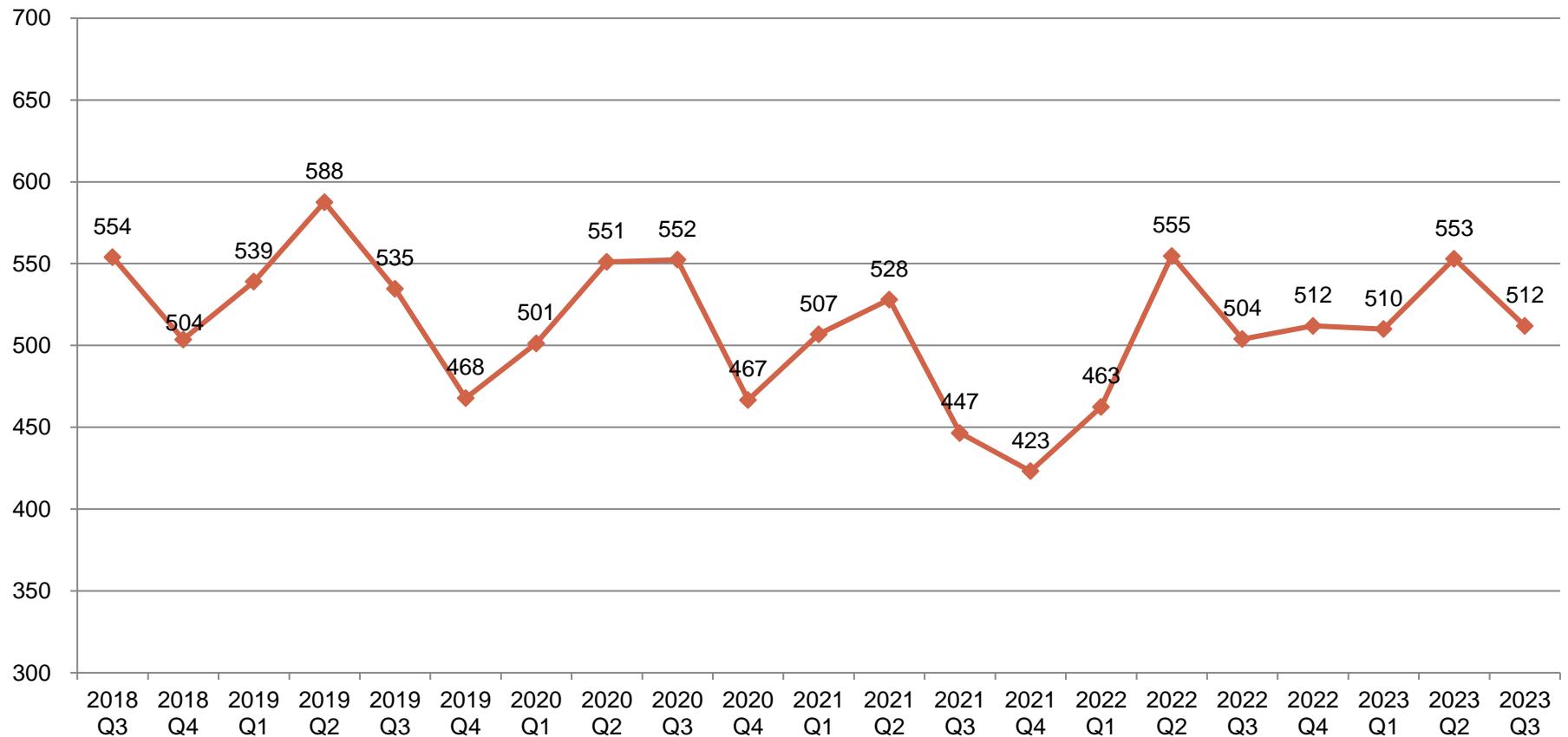


A8.net

CPA Solution Business

Average Monthly Transaction Volume per Advertiser

(¥ thousands)



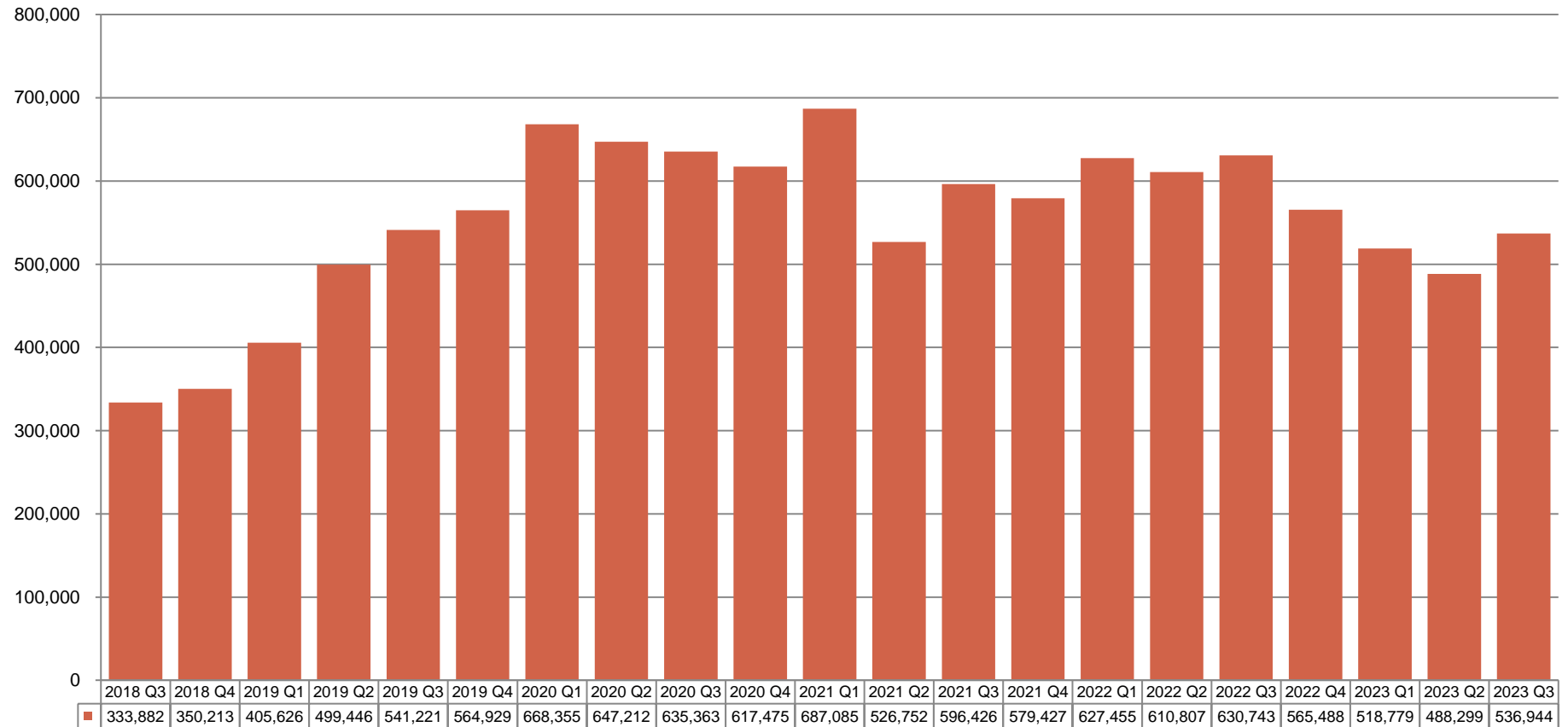
Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

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

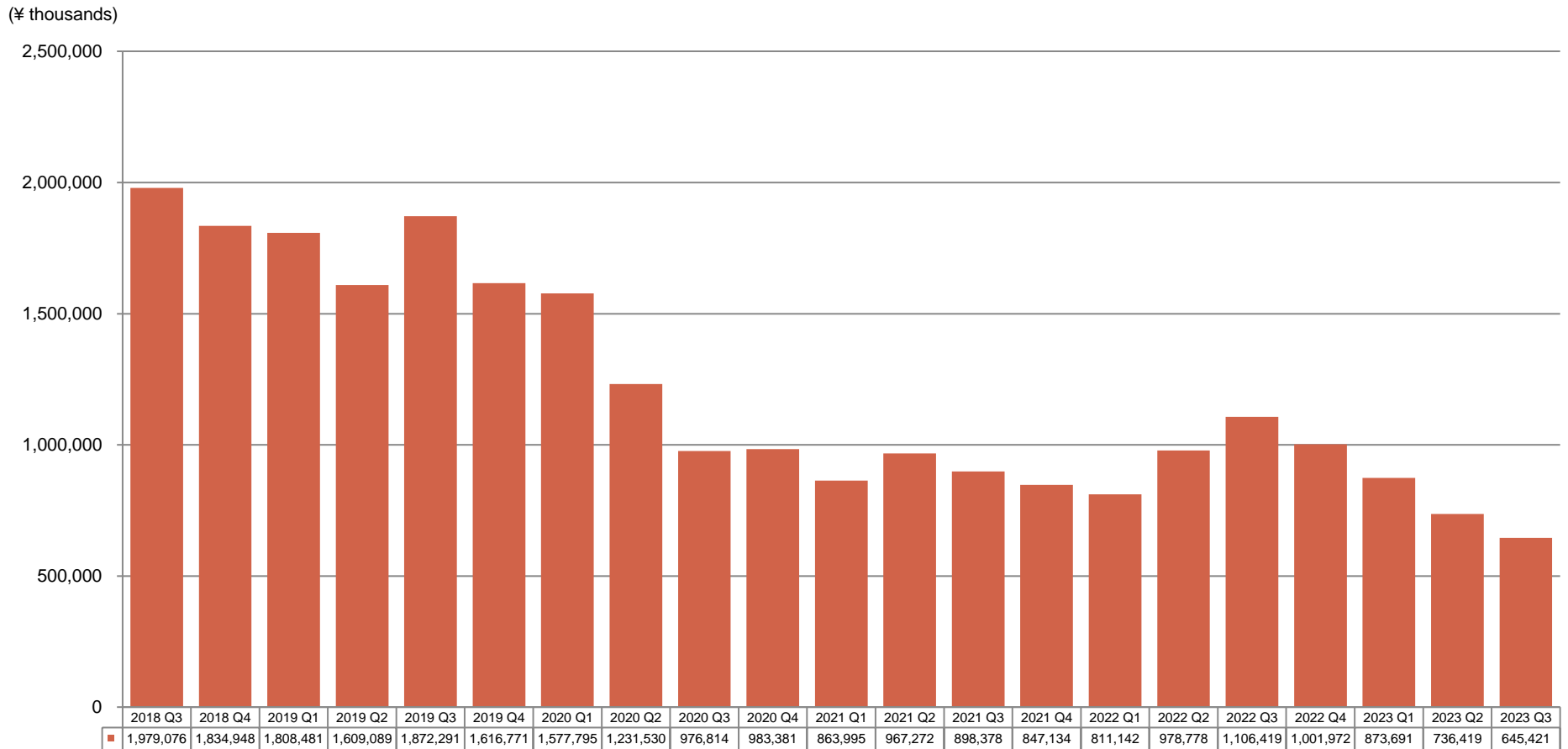
	2023 Q3 (Jul.–Sep.)	2022 Q3 (Jul.–Sep.)	YoY Change
Transaction volume (¥ thousands)	645,421	1,106,419	-41.7%
Number of operating advertiser IDs	75	117	-35.9%
Number of ad spaces on registered partner sites	1,149,952	1,062,439	8.2%

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)

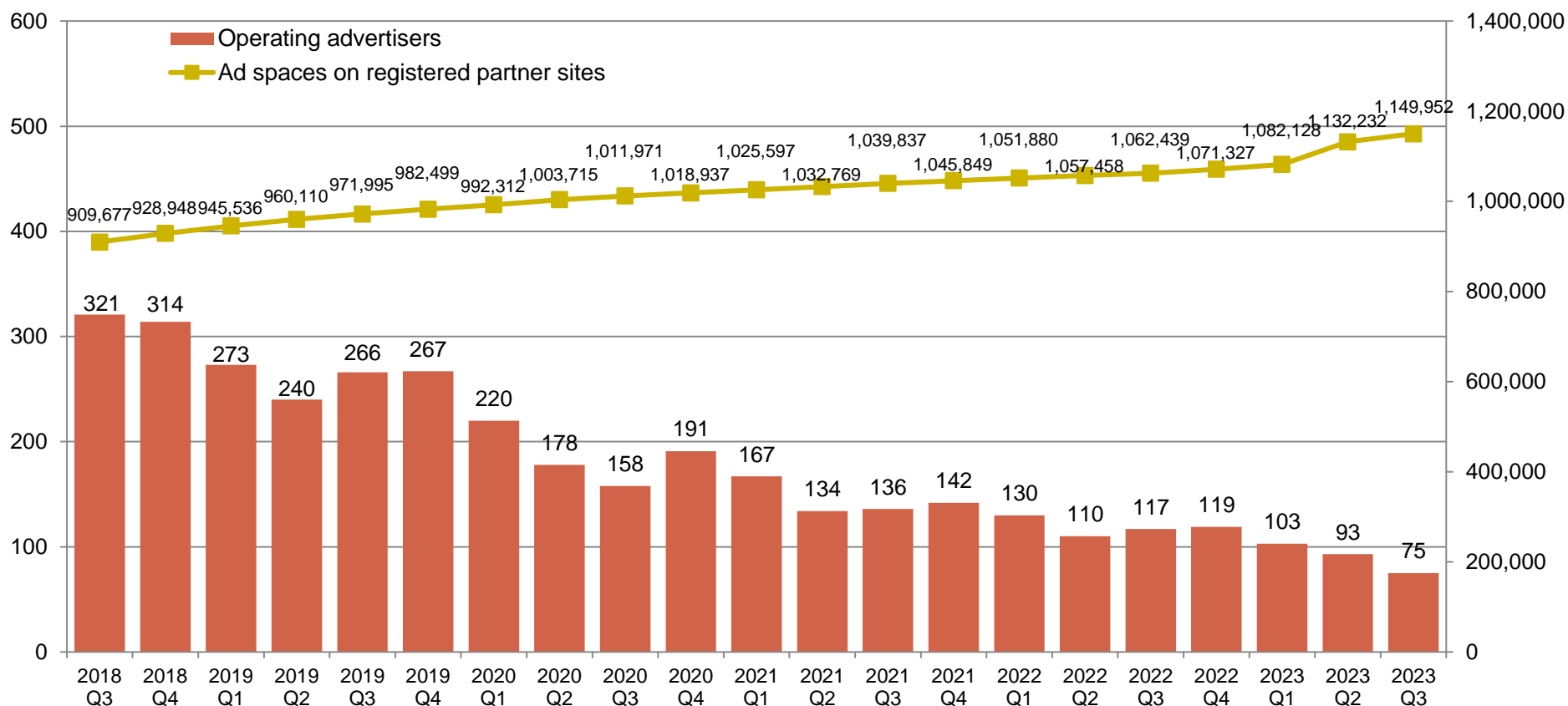


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

AD Communication Business

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



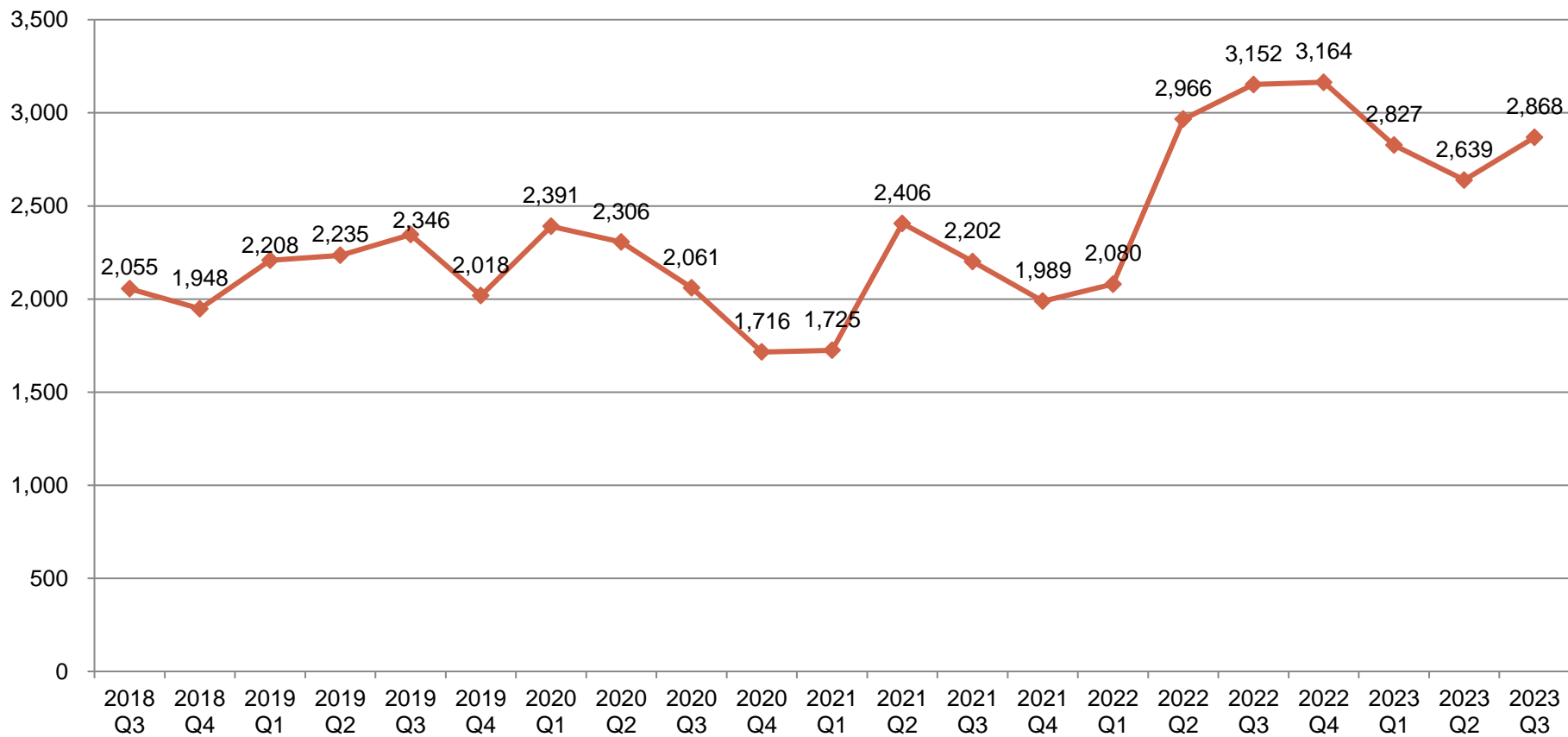
Note: The number of operating advertisers is as of the final month of each quarter.

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 Q3	2022 Full year
Transaction volume	812,889	1,580,598
Net sales	109,686	169,109
Operating income (loss)	(13,141)	(360)
Profit attributable to owners of the parent	1,425	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.

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Seesaa Inc.

Established: October 2, 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 Q3	2022 Full year
Transaction volume	319,483	621,587
Net sales	273,661	535,895
Operating income (loss)	(85,631)	(88,999)
Profit (loss) attributable to owners of the parent	(115,275)	(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.

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

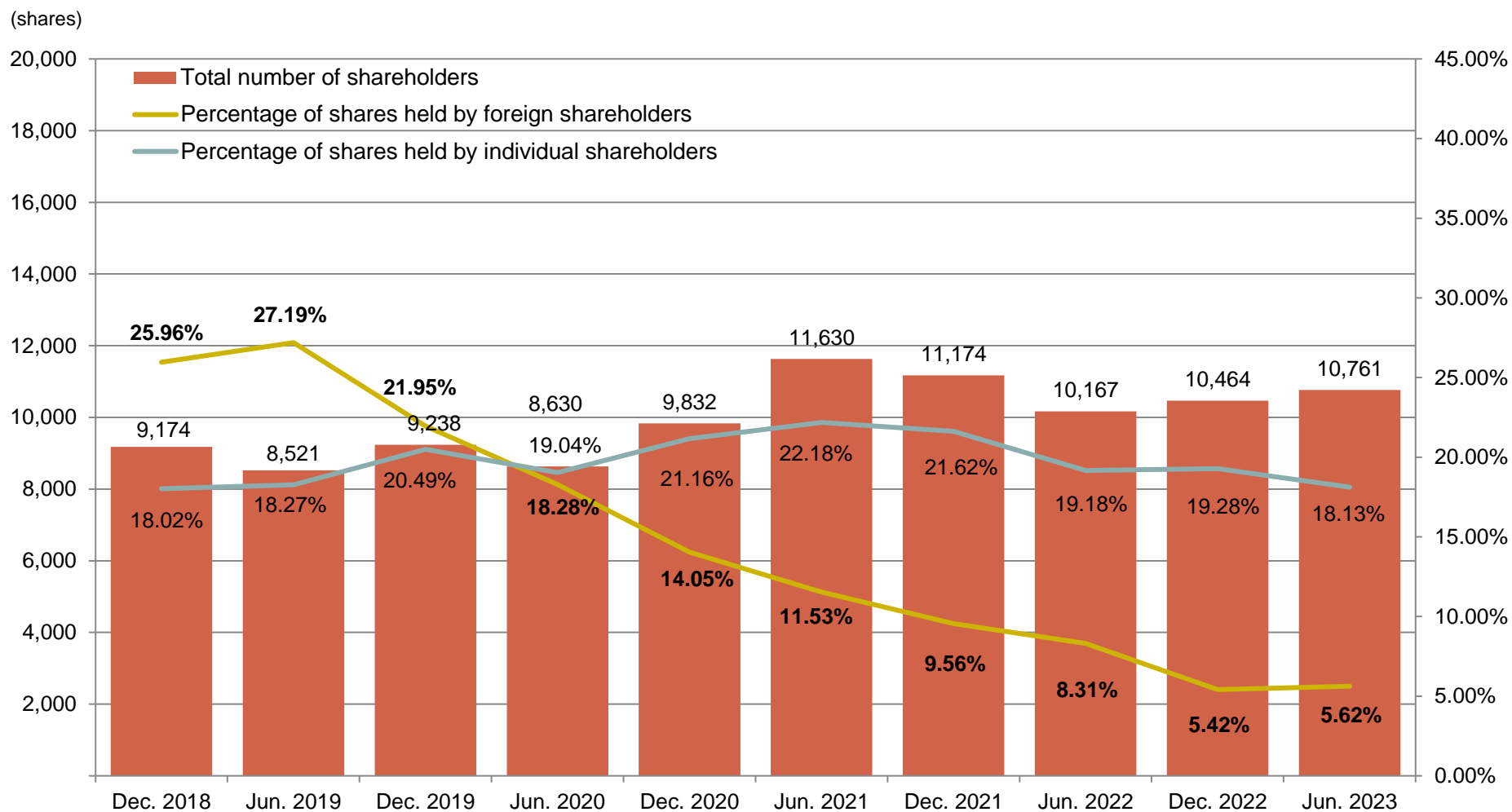
Transaction volumes for fiscal years 2022 and later were calculated internally to enable comparison with comparable figures prior and up to 2021, which were disclosed as net sales.

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 September 30, 2023)
■ President and Representative Director	Yasuyoshi Yanagisawa
■ Number of employees	Non-consolidated: 442 Group total: 502 <small>(As of September 30, 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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