



Fourth Quarter of 2023
Presentation of Financial Results

February 9, 2024
FAN Communications, Inc.

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Fourth Quarter of 2023 Results Highlights

Fourth Quarter of 2024 (Oct.–Dec.): Key Points

Results Highlights

1. Versus the previous quarter (third quarter of 2023), transaction volume declined 3.6% while ordinary income fell 27.0%.
2. Transaction volume and ordinary income were down 7.4% and 16.8% YoY, respectively.
3. The main reason for these decreases is the decline in earnings from nend.
4. We absorbed a continuously loss-making subsidiary and reallocated resources.

Consolidated Results of Operations

Results Highlights

(¥ thousands)	2023 Full year	2022 Full year	YoY Change	% of transaction
Transaction volume	27,665,970	28,153,862	-1.7%	100%
Net sales	7,396,661	7,737,529	-4.4%	26.7%
Operating income	2,068,048	2,407,185	-14.1%	7.5%
Ordinary income	2,103,069	2,447,646	-14.1%	7.6%
Profit attributable to owners of the parent	1,233,110	1,535,296	-19.7%	4.5%
Ordinary income to transaction volume ratio	7.6%	8.7%	-1.1pt	-
Earnings per share	¥18.61	¥22.34	-16.7%	-
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.

- 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, 2022	December 31, 2023
Assets		
Current assets	20,976,075	21,155,201
Cash and deposits	16,982,969	17,299,374
Accounts receivable – trade	3,234,869	2,877,883
Securities	299,740	596,288
Other	495,636	390,711
Allowance for doubtful accounts	△37,140	△9,057
Fixed assets	2,879,078	2,223,020
Property, plant and equipment	100,072	92,258
Intangible assets	331,091	387,974
Investments and other assets	2,447,914	1,742,787
Total assets	23,855,153	23,190,793
Liabilities and net assets		
Current liabilities	5,764,173	5,372,257
Accounts payable – trade	4,458,211	4,315,292
Income taxes payable	485,881	303,606
Other current liabilities	820,080	753,358
Long-term liabilities	137,200	117,356
Total liabilities	5,901,374	5,489,613
Total net assets	17,953,779	17,888,608
Total liabilities and net assets	23,855,153	23,378,221

Consolidated Performance Forecast

Results
Highlights

(¥ millions)	2024 Full-Year Forecast	2023 Full-Year Results
Net sales	6,980	7,396
Operating income	1,910	2,068
Ordinary income	1,920	2,103
Profit attributable to owners of the parent	1,510	1,233

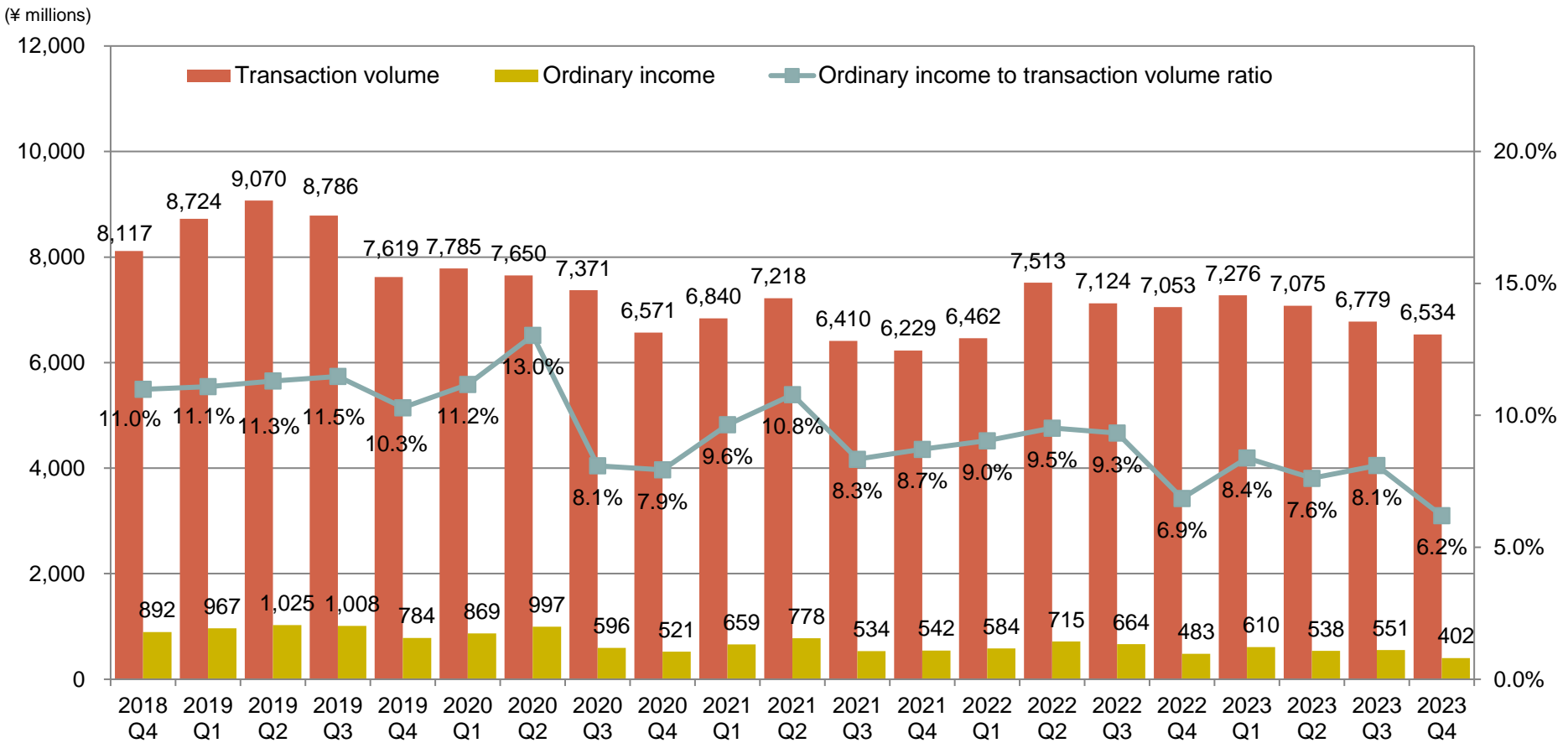
Dividend Forecast

	2024 Forecast	2023
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

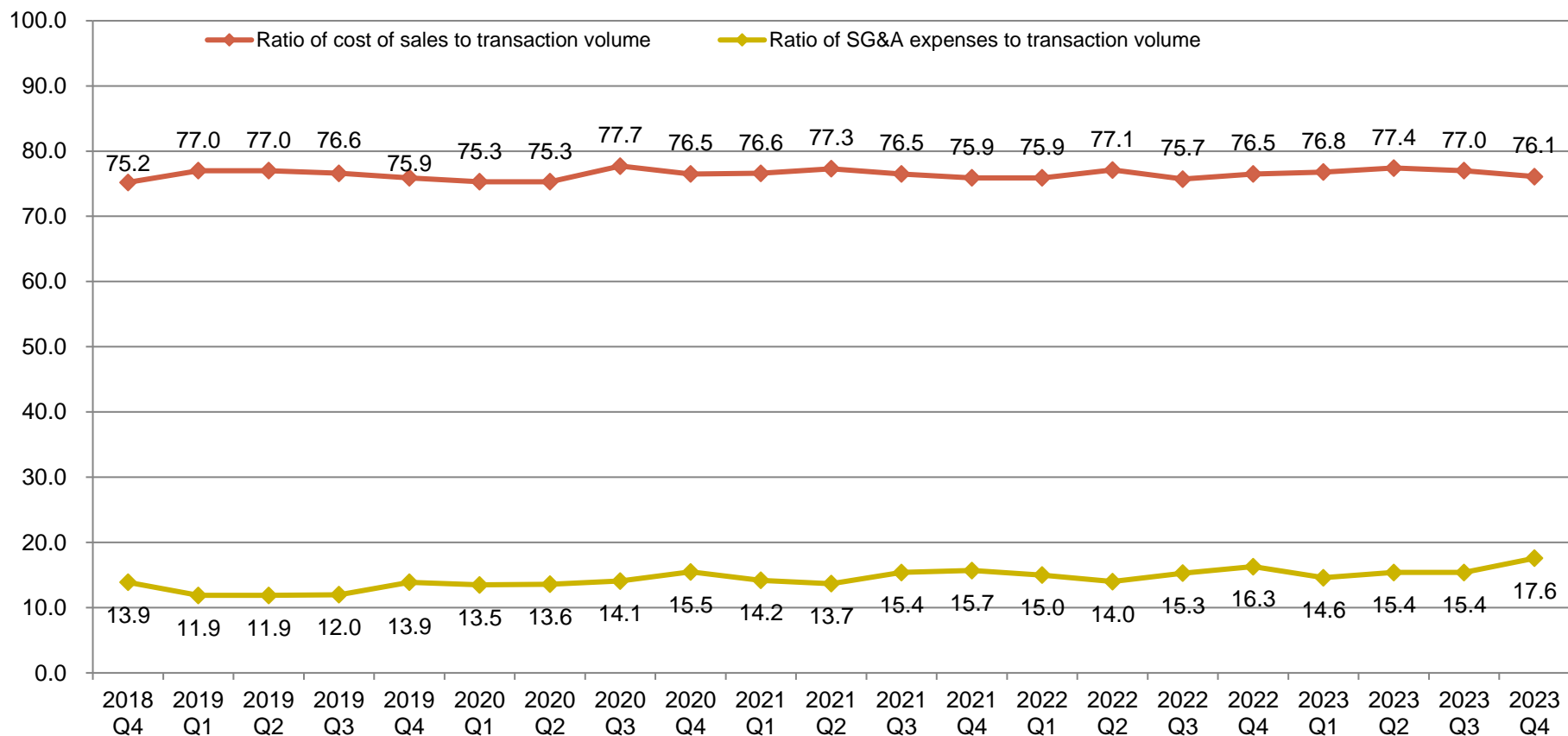


Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction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

Cost of Sales Ratio and SG&A Ratio

(Consolidated/Quarterly Basis)

Management
Indicators



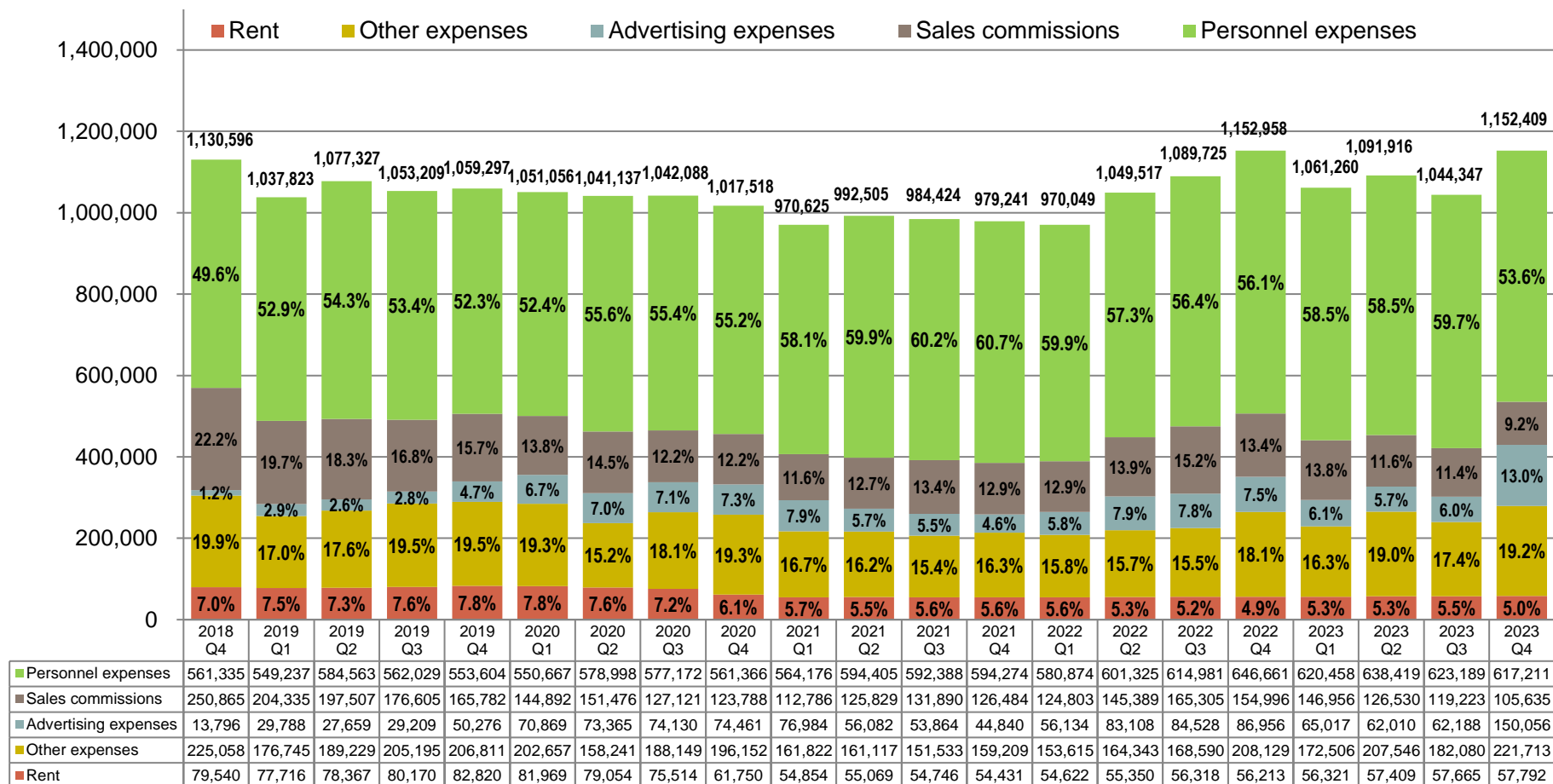
Notes: Figures for 2022 above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

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)



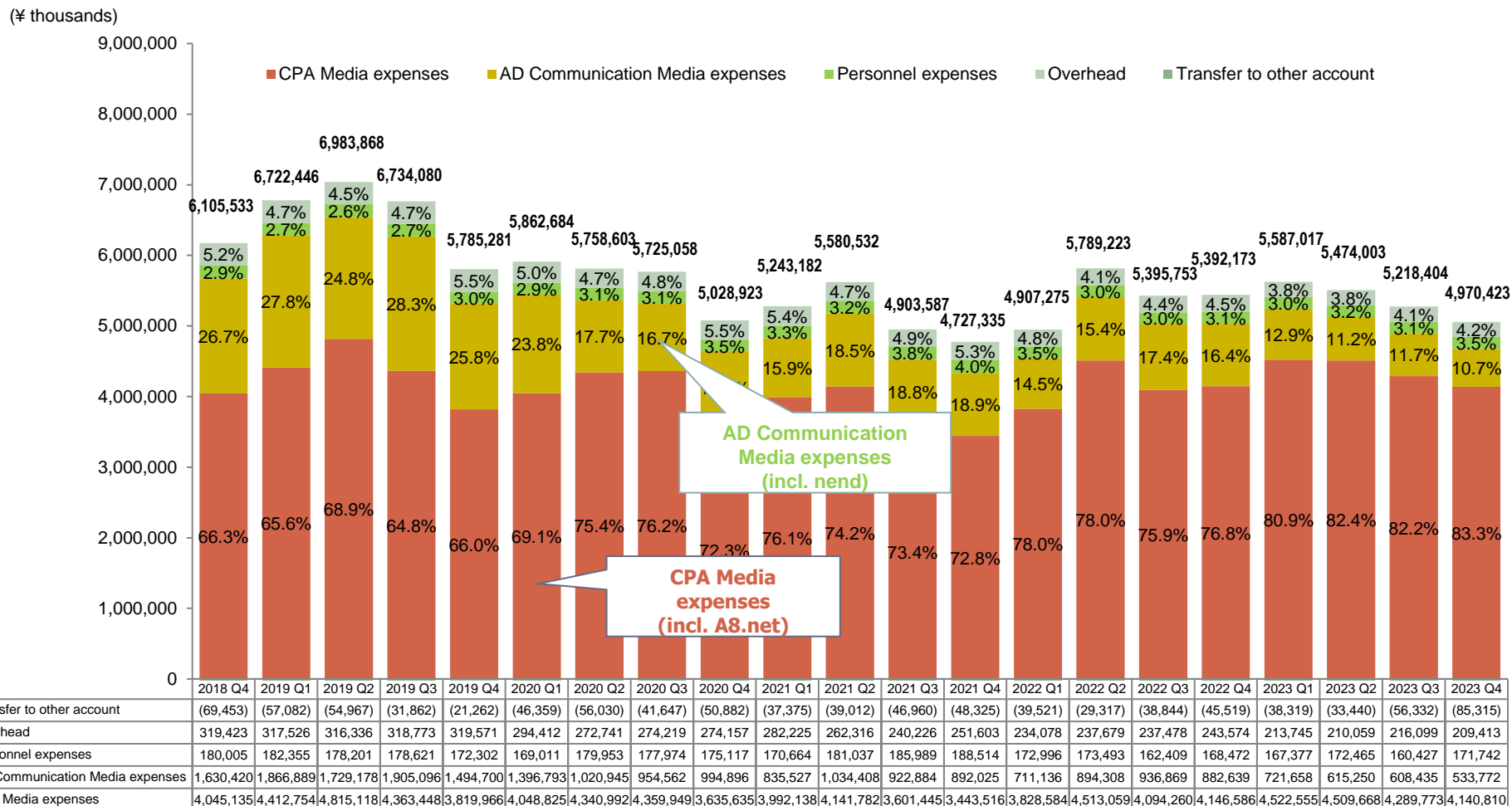
Notes: Figures for 2022 and later above have been calculated based on the previous revenue recognition standard to enable comparison with previous results.

Other expenses include outsourcing fees, payment fees, 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.

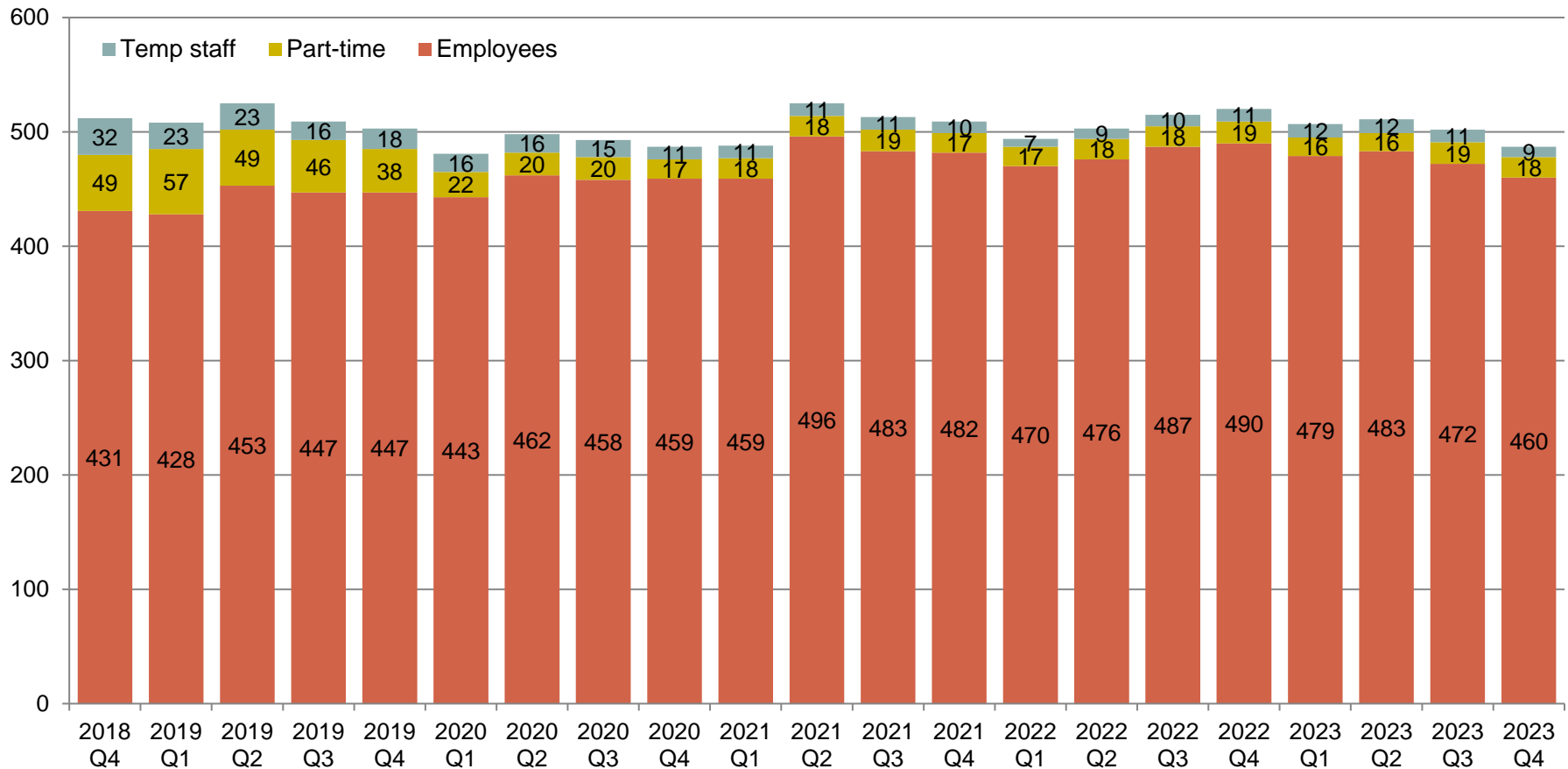
CPA Media expenses primarily consist of A8.net and seedApp. AD Communication Media expenses primarily consist of nend.

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

Number of Employees

(Consolidated/Quarterly Basis)

Management
Indicators



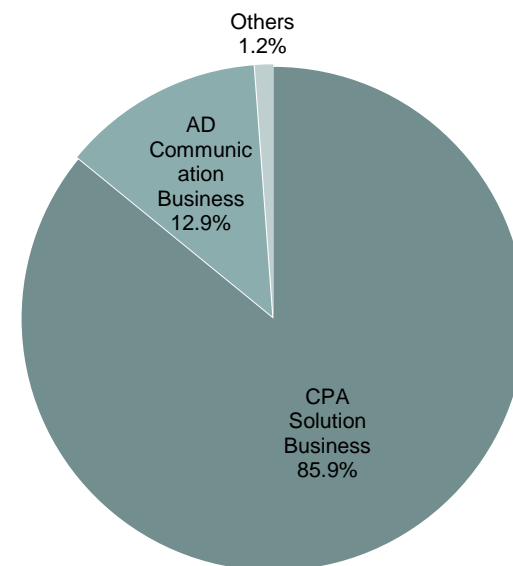
As of 2023 Q4, the Group employed 487 people (-33 YoY; -15 QoQ).

Overview by Service Category

Transaction Volume by Reportable Segment (Consolidated/Quarterly Basis)

Overview by
Service Category

(¥ thousands)	2023 Q4 (Oct.–Dec.)	2022 Q4 (Oct.–Dec.)	YoY Change
CPA Solution Business	5,612,747 (1,474,765)	5,622,459 (1,495,170)	-0.2%
AD Communication Business	844,641 (284,238)	1,299,936 (308,087)	-35.0%
Others	76,865 (72,186)	131,223 (118,507)	-41.4%
Total transaction volume (Net sales)	6,534,253 (1,831,190)	7,053,619 (1,921,765)	-7.4%



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

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

Others: Seesaa Inc.

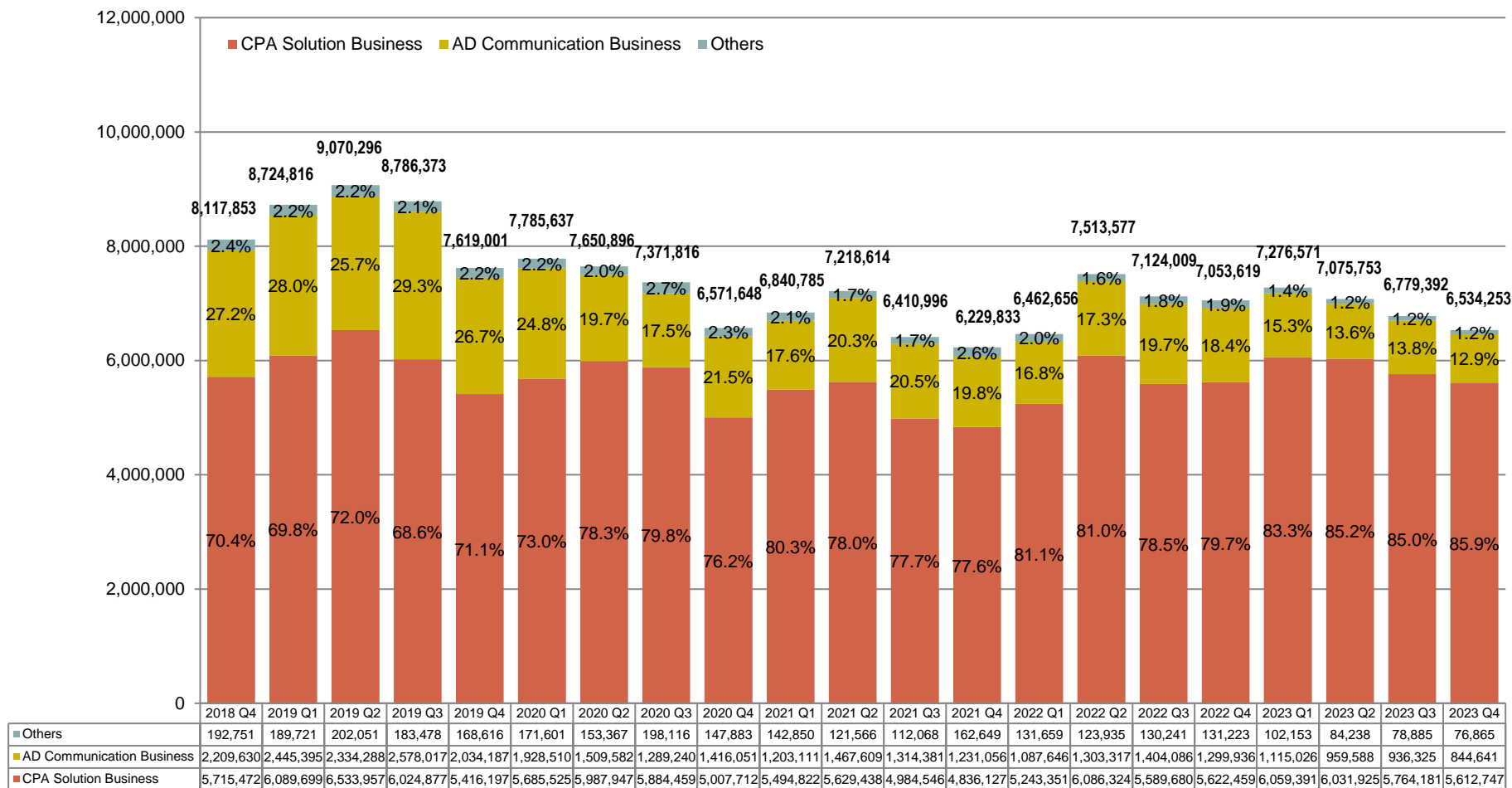
Notes: The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of 2022. Transaction volumes for fiscal years prior to 2022 have been calculated internally to enable comparison with said figures for 2022 and later. Until end-2021, transaction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

	2023 Q4 (Oct.–Dec.)	2022 Q4 (Oct.–Dec.)	YoY Change
Transaction volume (¥ thousands)	5,132,967	5,121,394	0.2%
Number of operating advertiser IDs	3,472	3,328	4.3%
Number of registered partner sites	3,381,945	3,206,592	5.5%

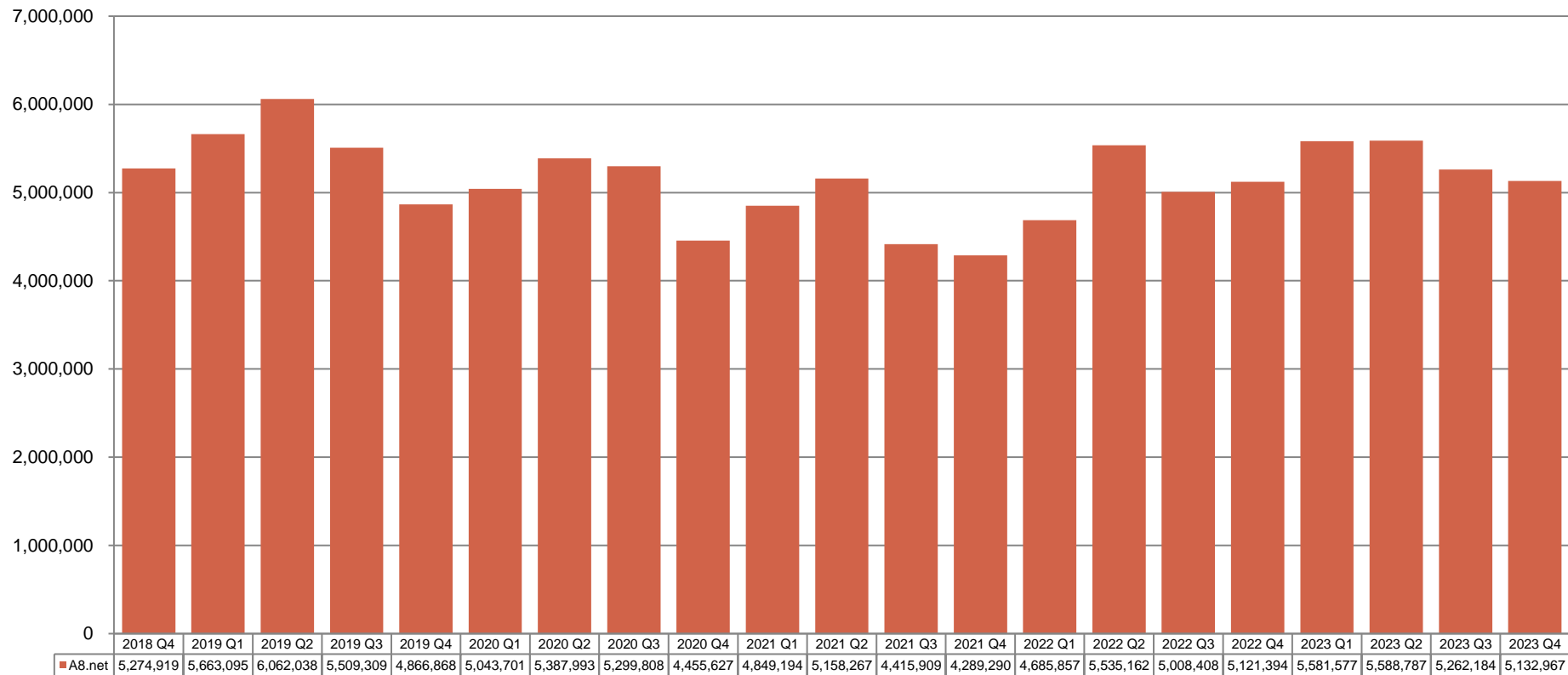
Notes: Figures for transaction volume represent amounts before elimination of intragroup transactions.
The number of operating advertiser IDs increased by 144 YoY.

A8.net

CPA Solution Business

Transaction Volume (Quarterly Basis)

(¥ thousands)

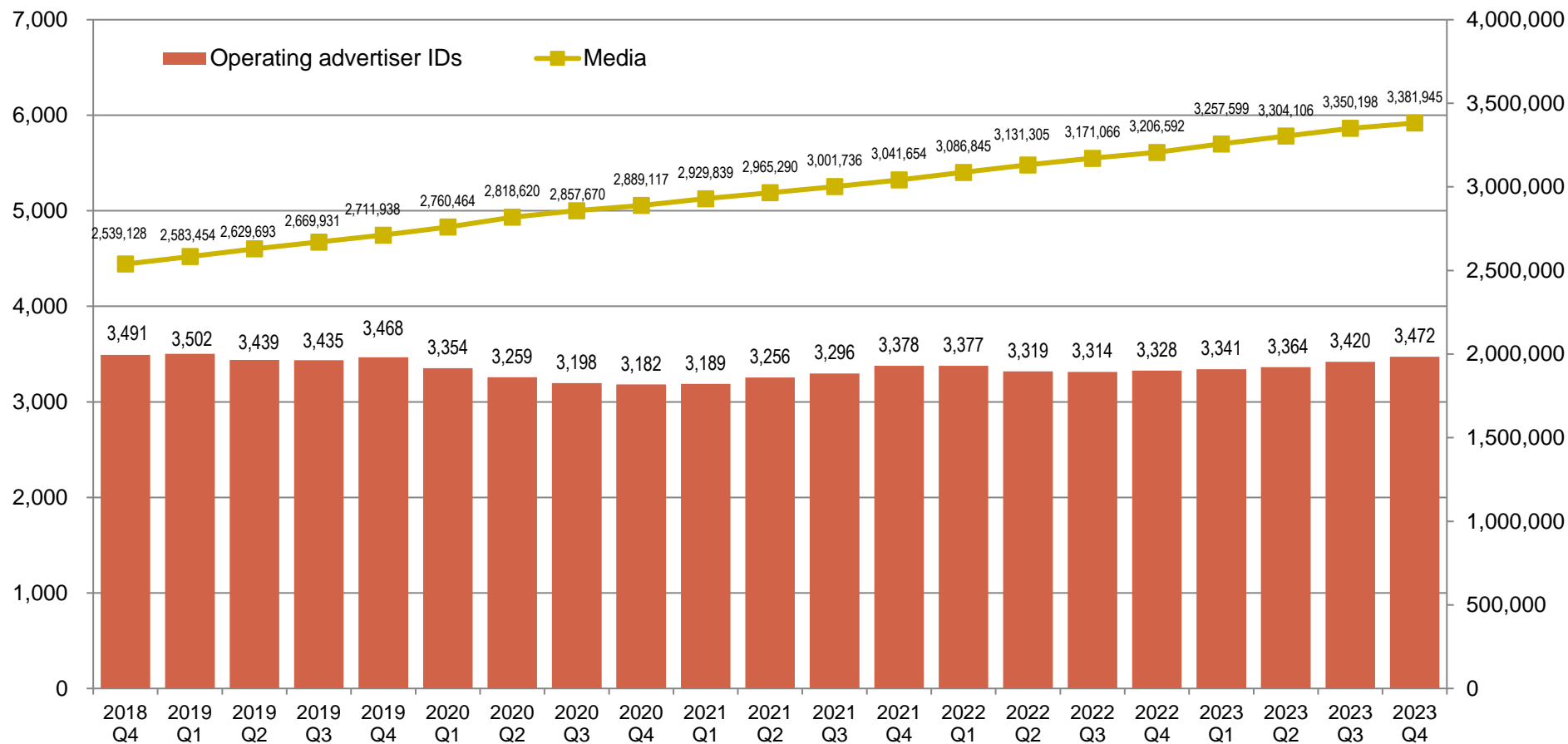


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

A8.net

CPA Solution Business

Number of Operating Advertisers and Media (Quarterly Basis)

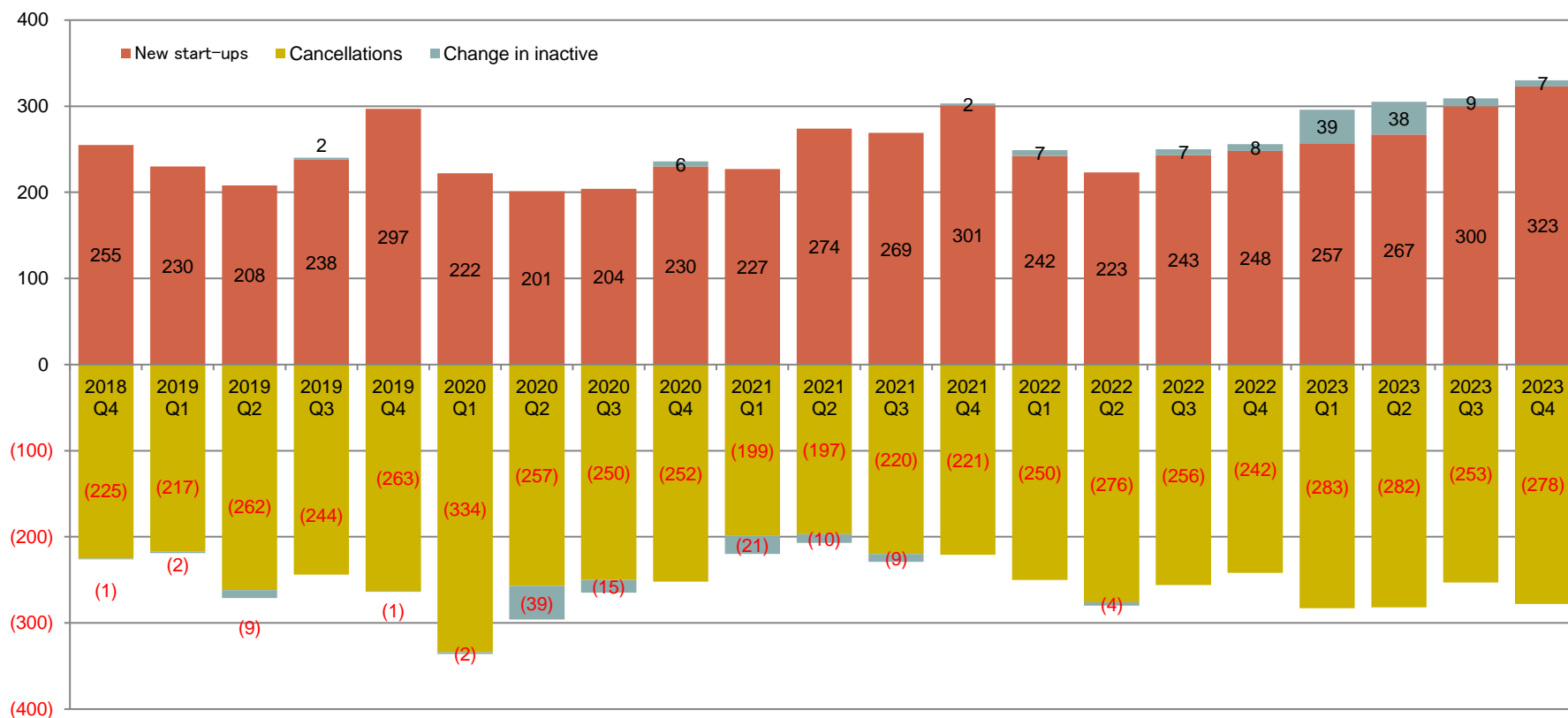


Notes: The number of operating advertisers is as of the final month of each quarter.
 The number of operating advertisers increased by 52 from 2023 Q3.
 The number of overseas operating advertisers was 84, up 3 from 2023 Q3.

A8.net

CPA Solution Business

New Advertiser Start-Ups and Cancellations

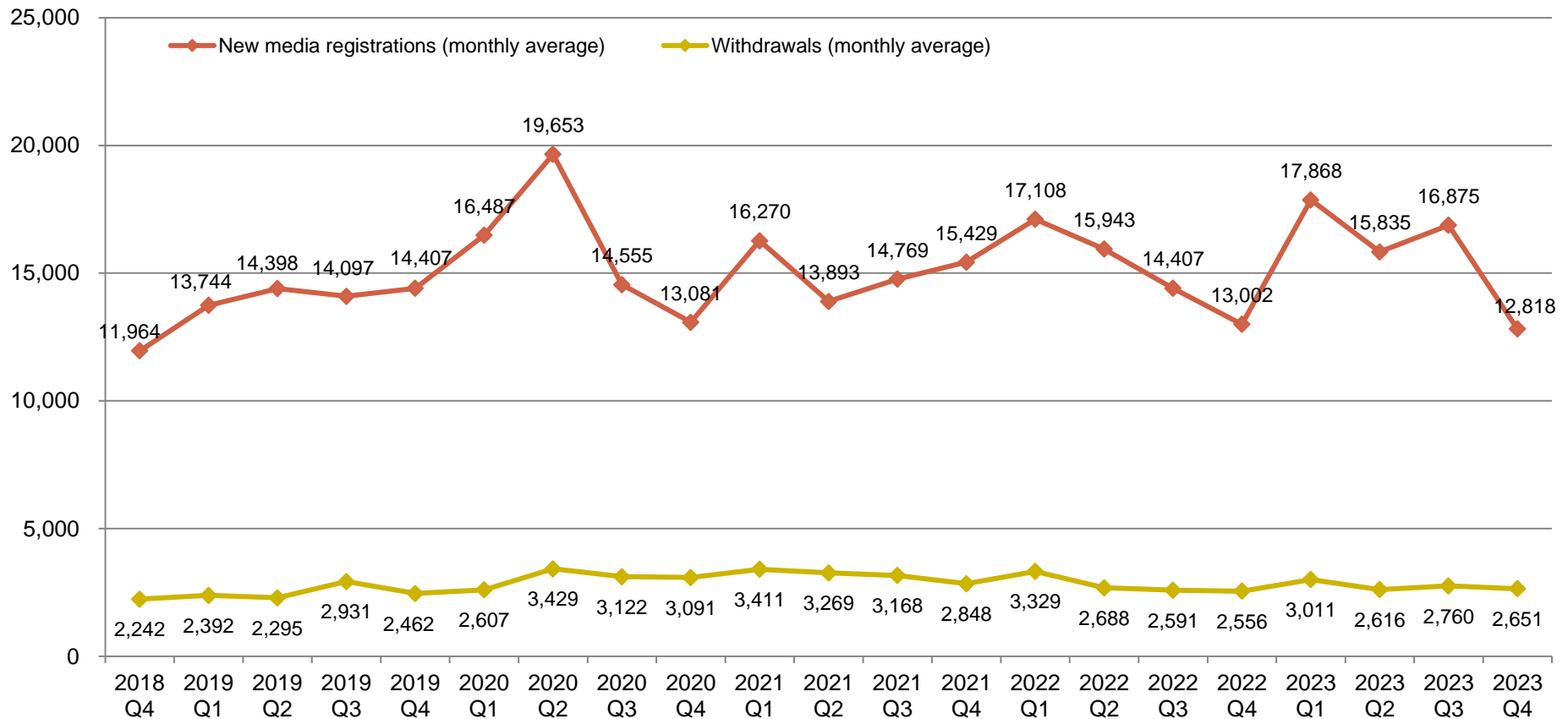


Note: "Change in inactive" is the difference between the number of customers who switched from "operating" to "inactive" and the number of customers switched from "inactive" to "operating," adjusted for the number of customers who switched from "inactive" to "cancelled," which is included under "cancellations."

A8.net

CPA Solution Business

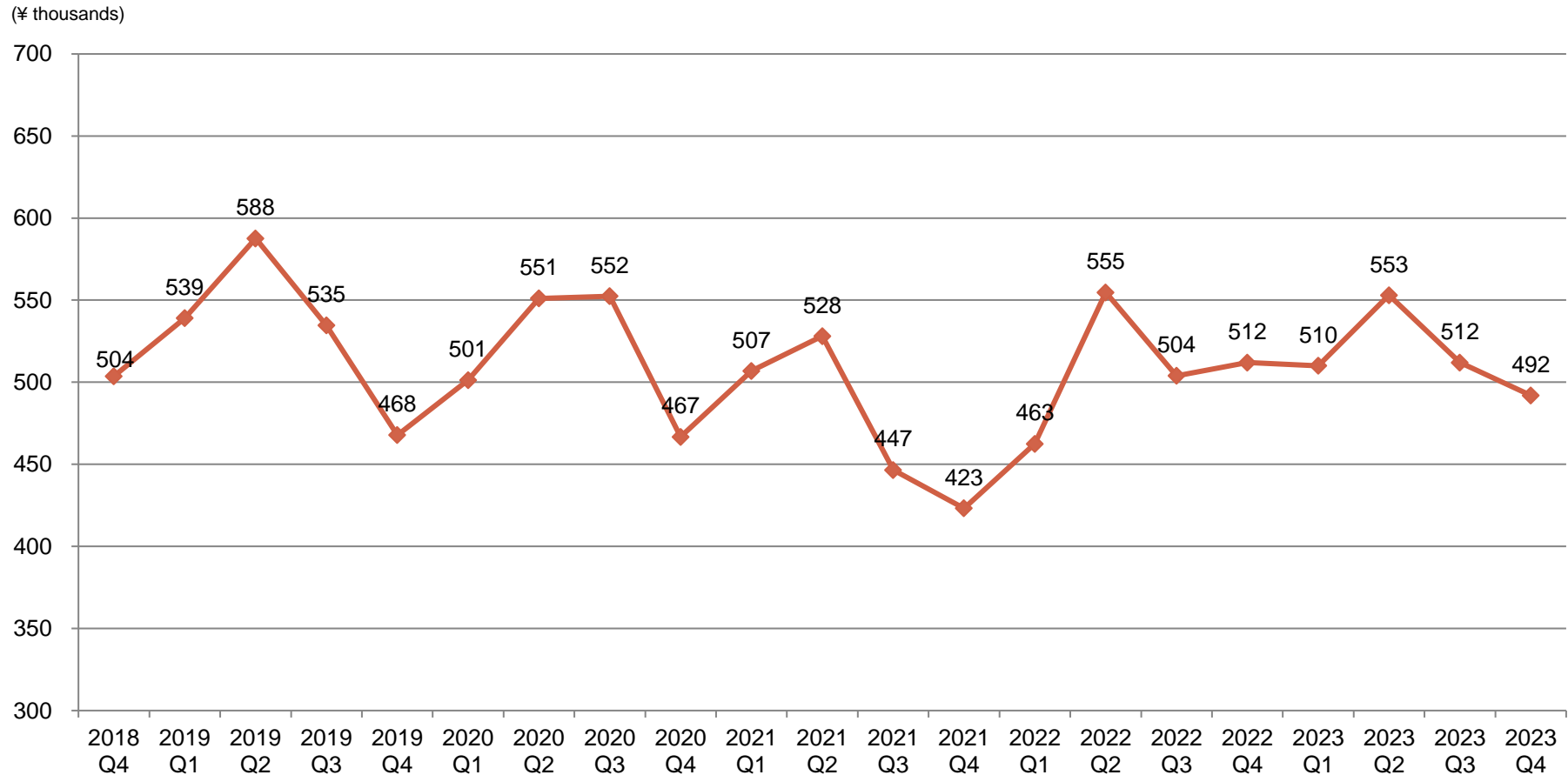
Average Monthly New Media Registrations and Withdrawals



A8.net

CPA Solution Business

Average Monthly Transaction Volume per Advertiser

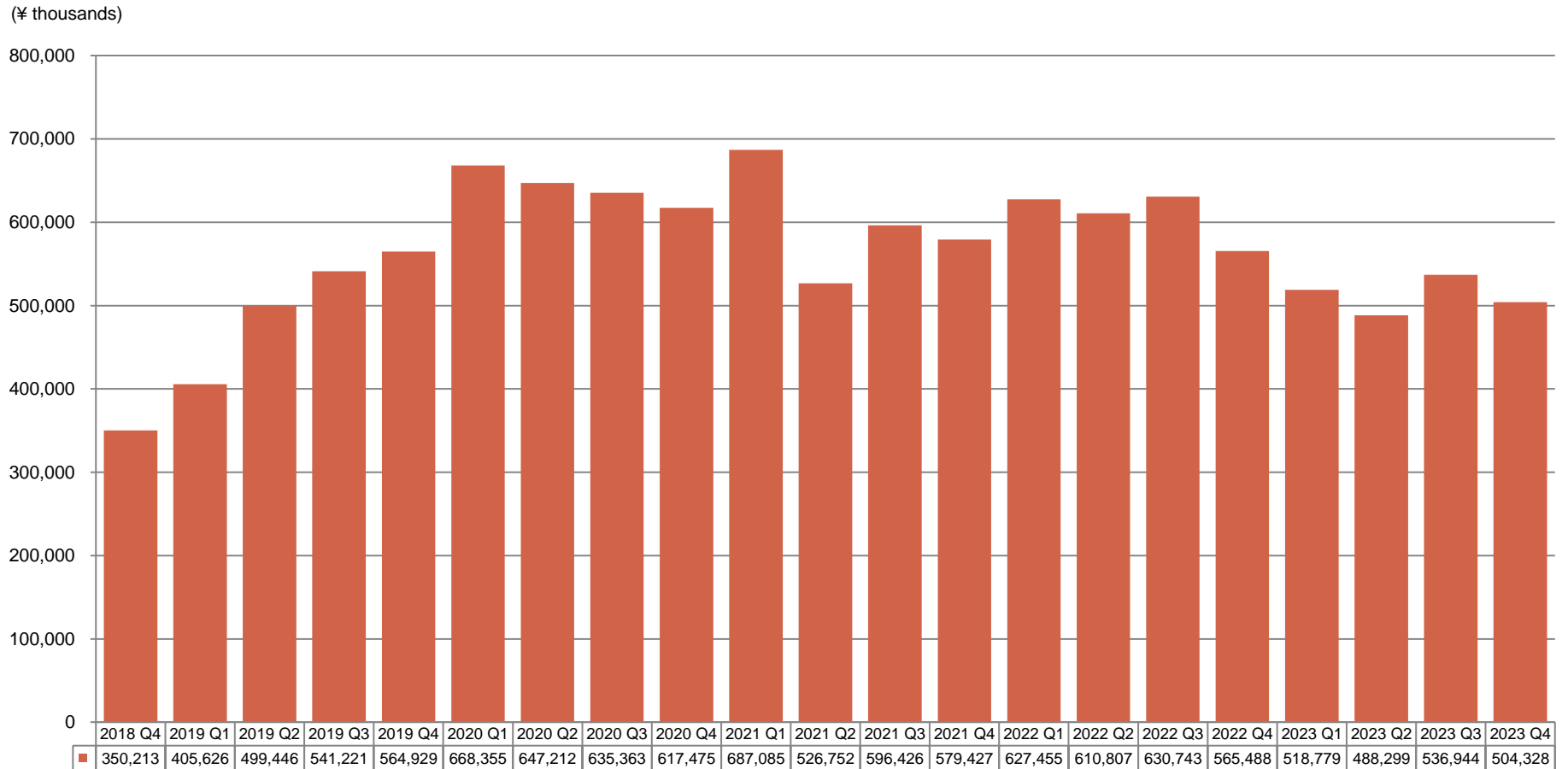


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

seedApp

CPA Solution Business

Transaction Volume (Quarterly Basis)



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

nend Summary

AD Communication Business

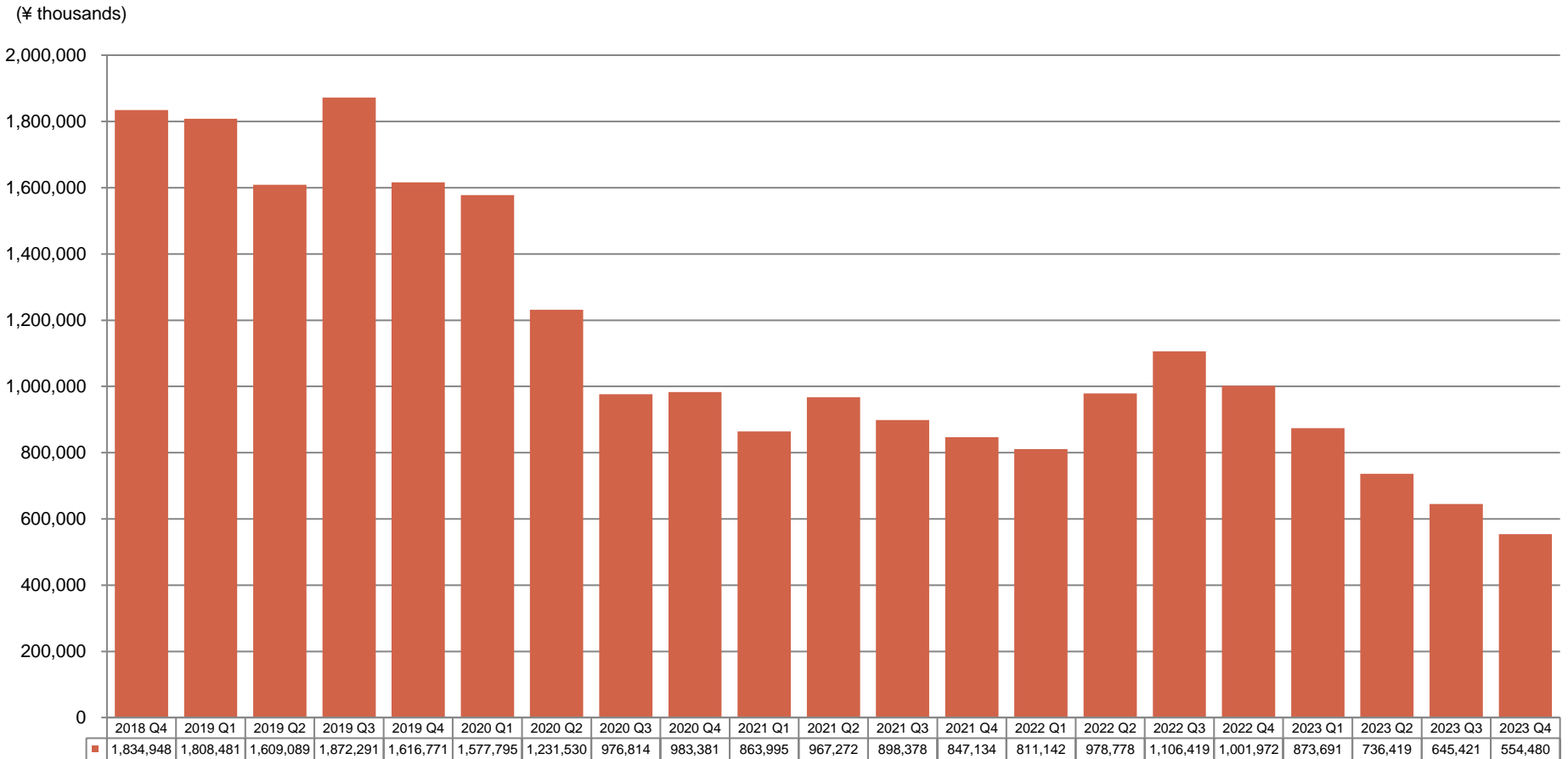
	2023 Q4 (Oct.–Dec.)	2022 Q4 (Oct.–Dec.)	YoY Change
Transaction volume (¥ thousands)	554,480	1,001,972	-44.7%
Number of operating advertiser IDs	95	119	-20.2%
Number of ad spaces on registered partner sites	1,157,346	1,071,327	8.0%

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)

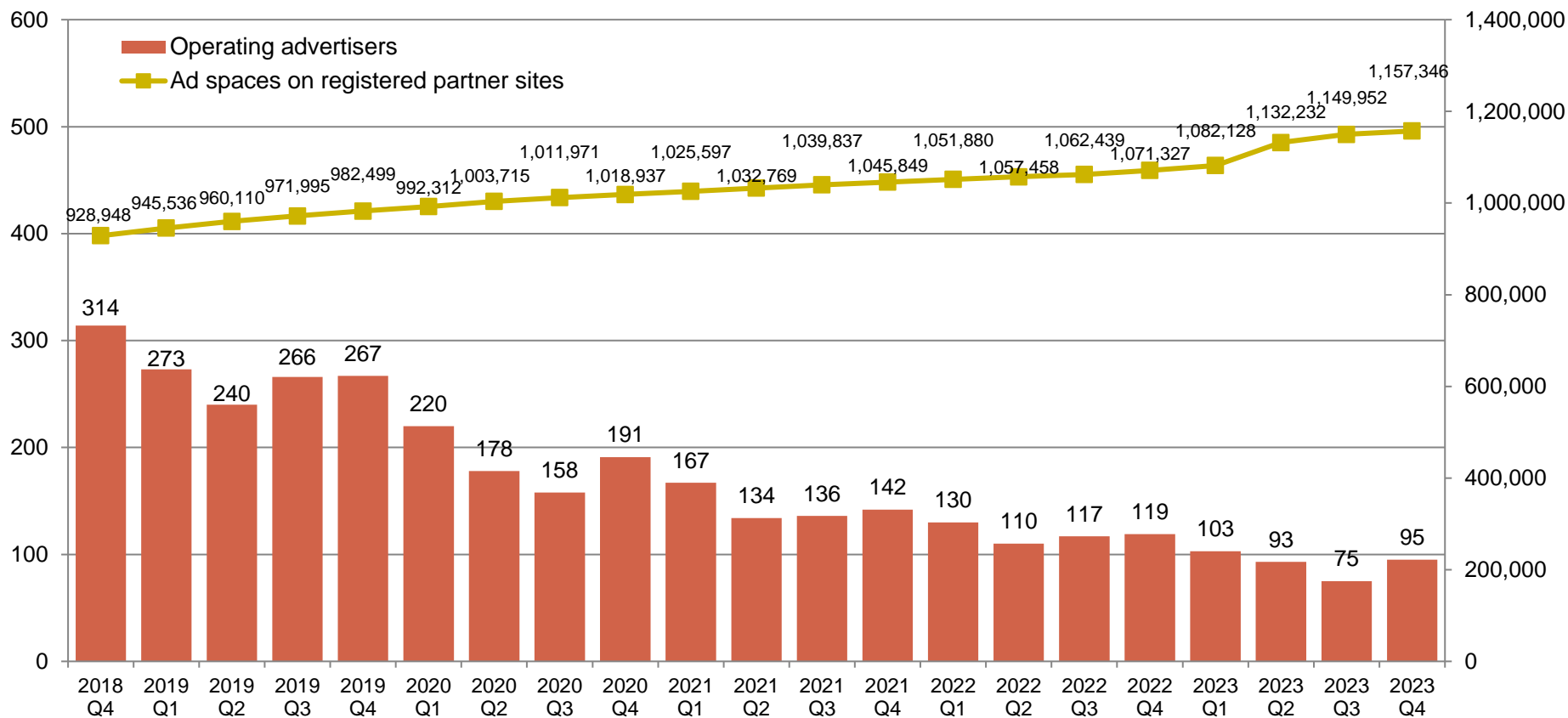


Note: Figures for transaction volume represent amounts before elimination of intragroup transactions.

nend

AD Communication Business

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



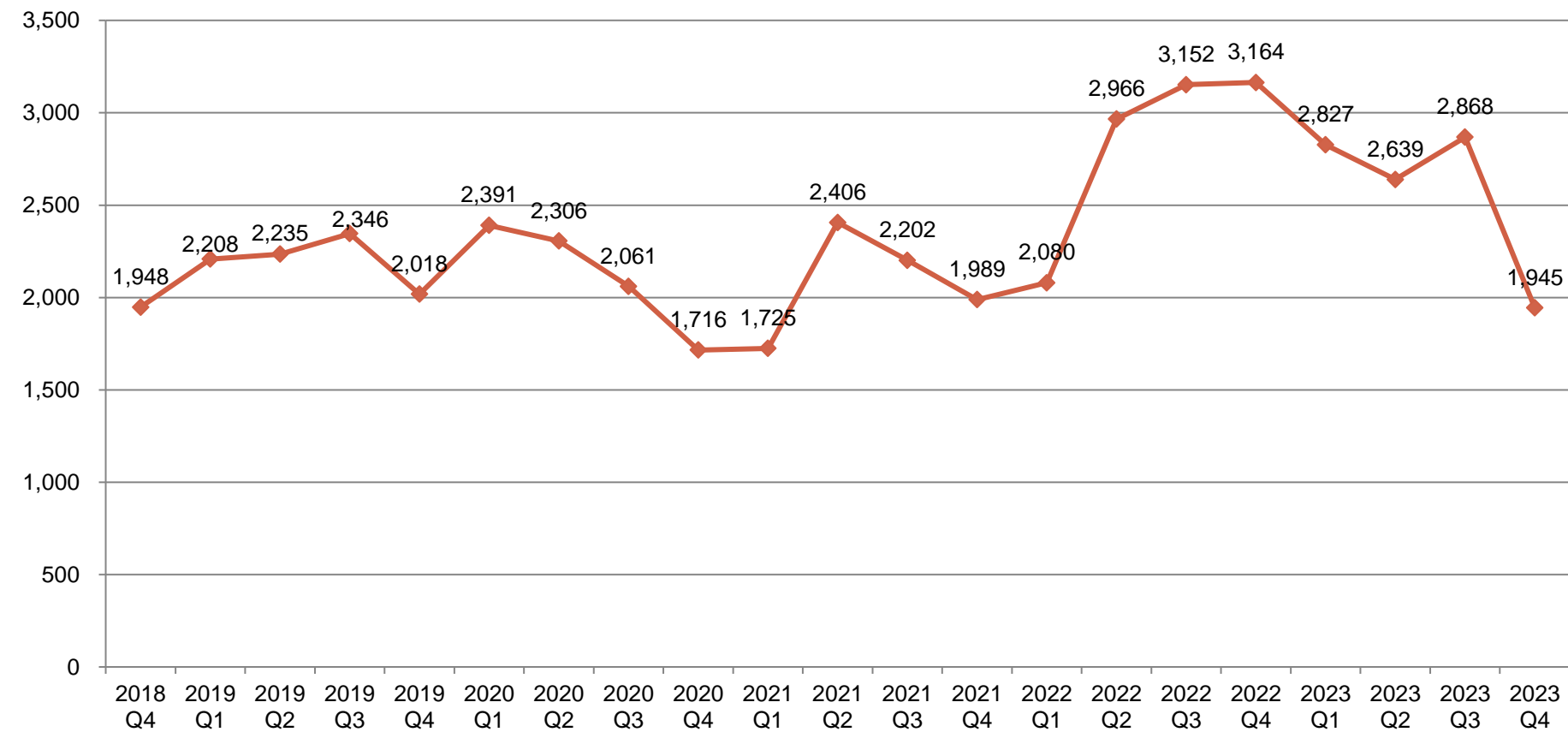
Note: The number of operating advertisers is as of the final month of each quarter.

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 Full year	2022 Full year
Transaction volume	1,104,257	1,580,598
Net sales	212,833	169,109
Operating income (loss)	(46,727)	(360)
Profit attributable to owners of the parent	(37,451)	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. (Merged with the company. On January 1, 2024)

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 Full year	2022 Full year
Transaction volume	413,637	621,587
Net sales	356,884	535,895
Operating income (loss)	(109,703)	(88,999)
Profit (loss) attributable to owners of the parent	(138,416)	(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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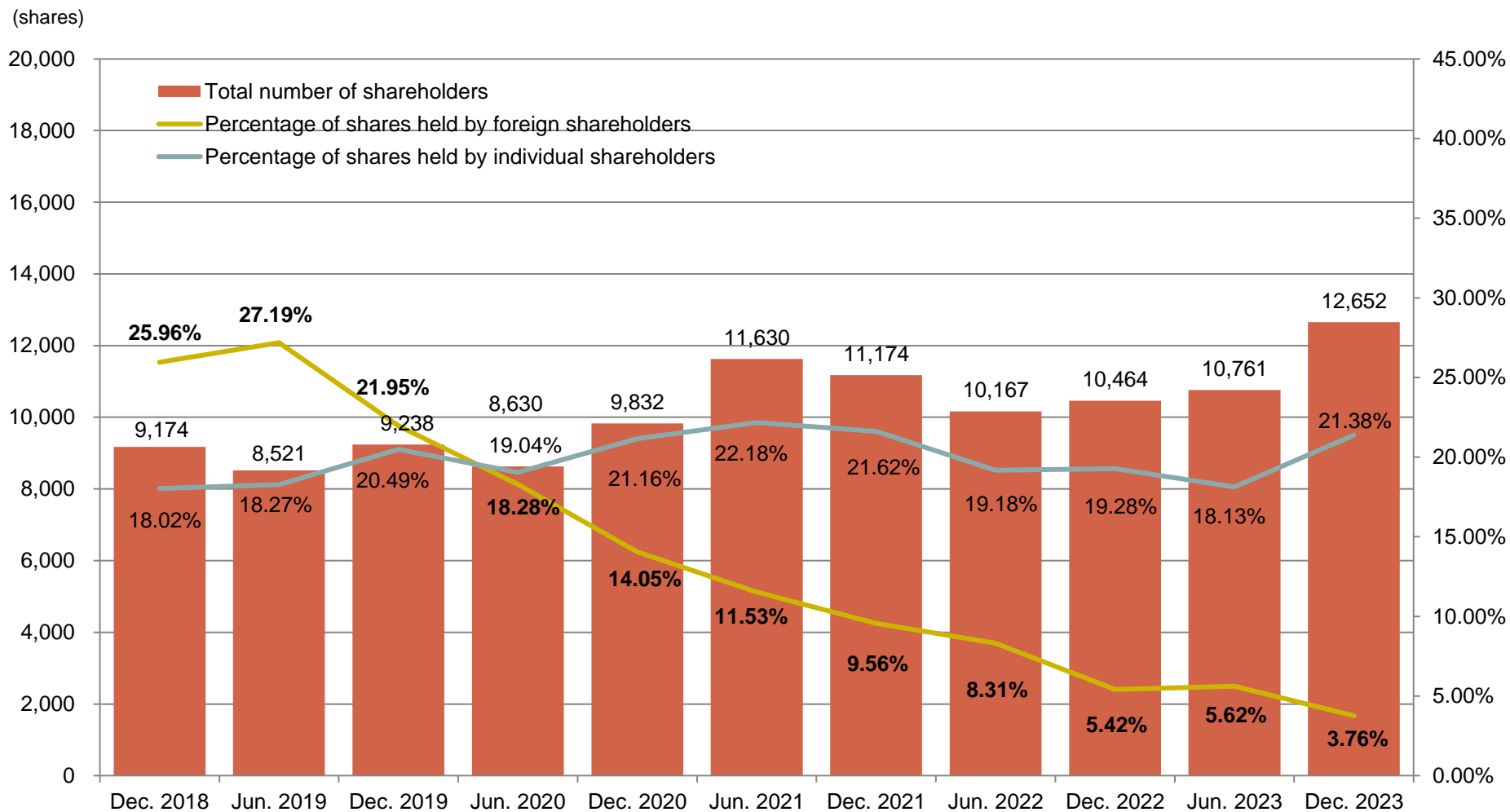
Management Approach for 2024

1. We are positioning 2024 as the first year of our second founding phase.
2. We will absorb a subsidiary, withdraw from the main ad network business, and reallocate resources.
3. We will focus resources on A8.net and its surrounding businesses and accelerate the rate of growth.
4. We are committed to the growth of new businesses.
5. We will rebuild old organizations and increase productivity.
6. We will build a base to restore ROE to 10% or more.

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, 2023)
- **President and Representative Director** Yasuyoshi Yanagisawa
- **Number of employees** Non-consolidated: 435
Group total: 487
(As of December 31, 2023; includes part-time and temp staff)
- **Headquarters** Aoyama Diamond Building
1-1-8, Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
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- **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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