



FY2024 Presentation of Financial Results

FAN Communications, Inc.
February 12, 2025

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Agenda

- 01 Executive Summary
- 02 Overview of FY2024 Consolidated Results
- 03 Overview by Segment
- 04 FY2025 Performance and Dividend Forecast
- 05 Medium-Term Management Plan (announced on February 10, 2025)
- 06 Company Overview
- 07 Reference Material

01 ■ Executive Summary

- FY2024 Summary

Summary of FY2024 Consolidated Results

FY2024



A8.net/A8app (former seedApp)
(CPA Solution Business)

The negative impact of the business portfolio review
(withdrawal from the mainstay business and absorption of subsidiaries)
continued until the Q3. Operating income was on a recovery trend in the Q4.

N-INE
Digital marketing support
(New Business)

The upward trend in transaction volume continued.

The diversification of advertiser industries is progressing smoothly.

The service name of seedApp, which provides advertising for smartphone apps, was changed to A8app, and optimization was carried out by utilizing the resources of A8.net.

GERA YOOR
Fan marketing
(New Business)

The number of users and GMV for the online salon YOOR have increased dramatically.

GMV in FY2024 increased by 351% compared to FY2023

Radio app GERA sales grew 213% compared to FY2023

Subsidiary WAND
Influencer marketing
(New Business)

The post-merger integration of WAND, which was acquired in FY2024, is progressing smoothly.

Continuing from Q3, WAND transaction volume and operating income for Q4 both hit a new record high.

There are plans to strengthen partnership with A8.net.

Subsidiary FANCOMI Global
(New Business)

Pursuing diversification beyond the smartphone app advertising agency business for overseas customers. Although signs of success in the casual gaming business are emerging, there is a significant deviation from the budget.

02 ■ Overview of FY2024 Consolidated Results

- FY2024: Major Figure Summary
- Progress vs. Performance Forecast
- P/L (Full Year)
- [Transaction Volume/Net Sales/Operating Income](Quarterly Basis)

The rate of the decline is slowing year on year. The quarter on quarter change is recovering.

■ **Transaction volume**

¥**6,783** million

YoY change **+3.8%**

QoQ change **+3.1%**

■ **Net sales**

¥**1,798** million

YoY change **(1.8%)**

QoQ change **+2.3%**

■ **Operating income**

¥**531** million

YoY change **+29.2%**

QoQ change **+48.3%**

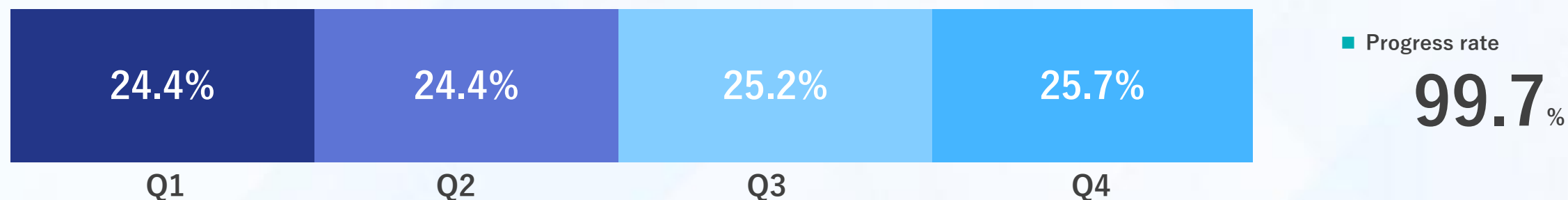
Q4 topics

- Transaction volume and net sales were nearly in line with the plan.
- Operating income in Q4 grew significantly year on year and quarter on quarter.
- Q4 saw a reduction in advertising expenses for FAN Communications Global.
- Sales generated through partnership with WAND A8.net in Q4.
- Online salon YOOR's GMV increased by 60% quarter on quarter.
- Official release of the digital marketing support service N-INE
- Regular business portfolio reviews led to the decision to sell the blog service and withdraw from two new business services.

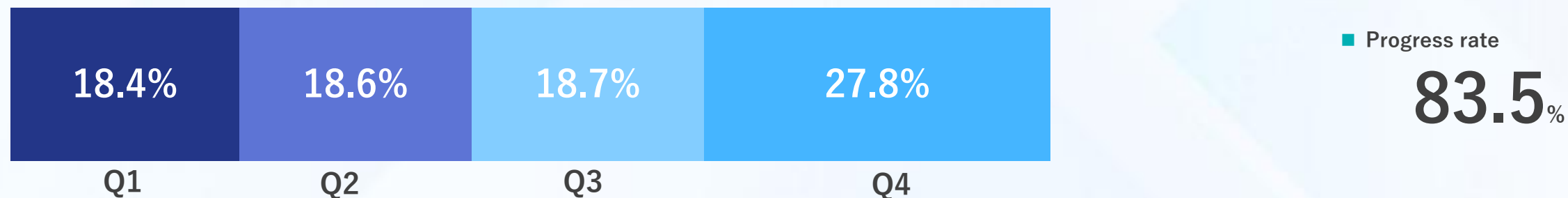
Progress vs. Performance Forecast

As of Q4, the consolidated net sales progress rate was 99.7%, in line with the plan. Meanwhile, the operating income progress rate is 83.5% but has been significantly affected by advance investment.

Net sales progress rate in FY2024 Q4



Operating income progress rate in FY2024 Q4



*No revisions have been made to the performance forecast announced on May 2, 2024.

P/L (Full Year Consolidated)

Compared to the same quarter of the previous fiscal year, transaction volume, net sales, and operating income decreased, but profit increased.

(Millions of yen)	FY2023 full year	FY2024 full year	YoY change	
			Change	Change (%)
Transaction volume	27,665	25,753	(1,912)	(6.9%)
Net sales	7,396	6,961	(435)	(5.9%)
Operating income	2,068	1,595	(473)	(22.8%)
(Operating income to transaction volume ratio)	7.5%	6.2%	—	—
Ordinary income	2,103	1,670	(433)	(20.6%)
Profit	1,233	1,419	+186	+15.1%
(Profit to transaction volume ratio)	4.5%	5.5%	—	—

*The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of FY2022.

*Transaction volumes for fiscal years prior to FY2022 have been calculated internally to enable comparison with said figures for FY2022 and earlier. Until the end of FY2021, transaction volume was disclosed as net sales.

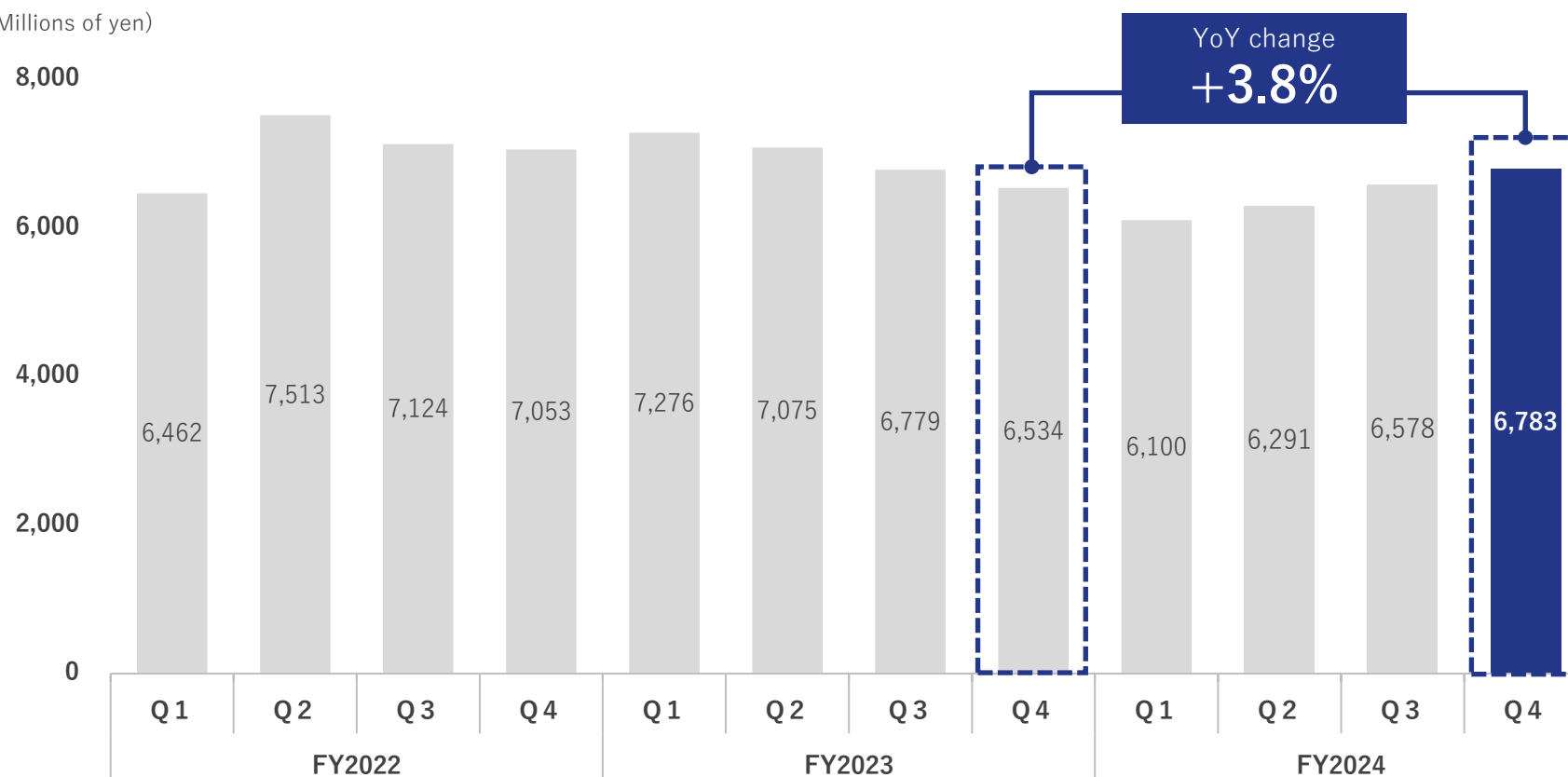
Overview of FY2024 Full-year Consolidated Results

[Transaction Volume] (Quarterly Basis)

Transaction volume was up 3.8% year on year and up 3.1% quarter on quarter, showing signs of recovery. The increase in transaction volume in the CPA Solution Business contributed to this.

Transaction volume

(Millions of yen)



FY2024 Q4 results

Overall
¥**6,783** million

YoY change..... +3.8%

QoQ change..... +3.1%

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

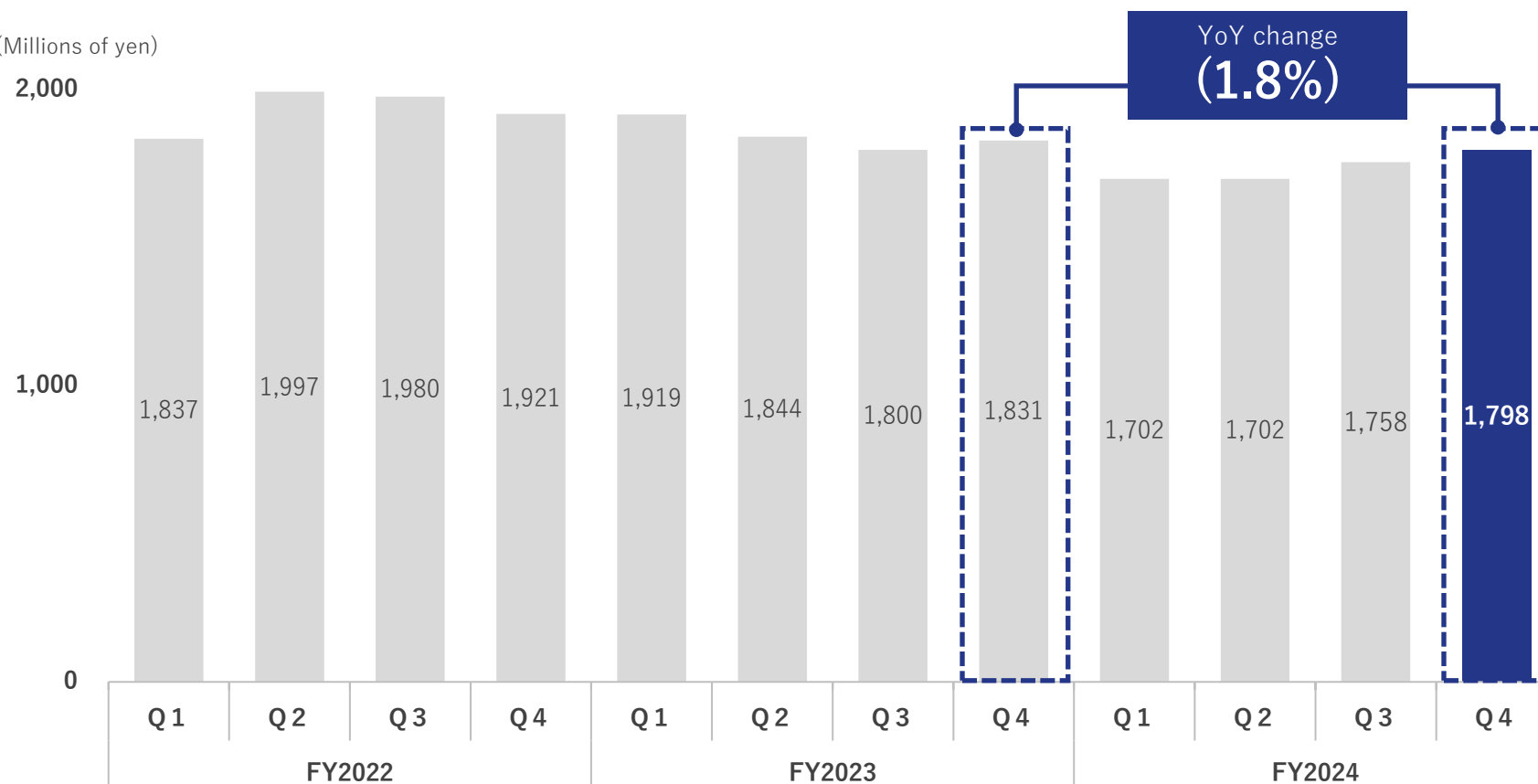
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*Transaction volumes for fiscal years prior to FY2022 have been calculated internally to enable comparison with said figures for FY2022 and earlier. Until the end of FY2021, transaction volume was disclosed as net sales.

Net sales were down 1.8% year on year and up 2.3% quarter on quarter, also showing a recovery trend.

Net sales

(Millions of yen)



FY2024 Q4 results

Overall

¥**1,798** million

YoY change..... (1.8%)

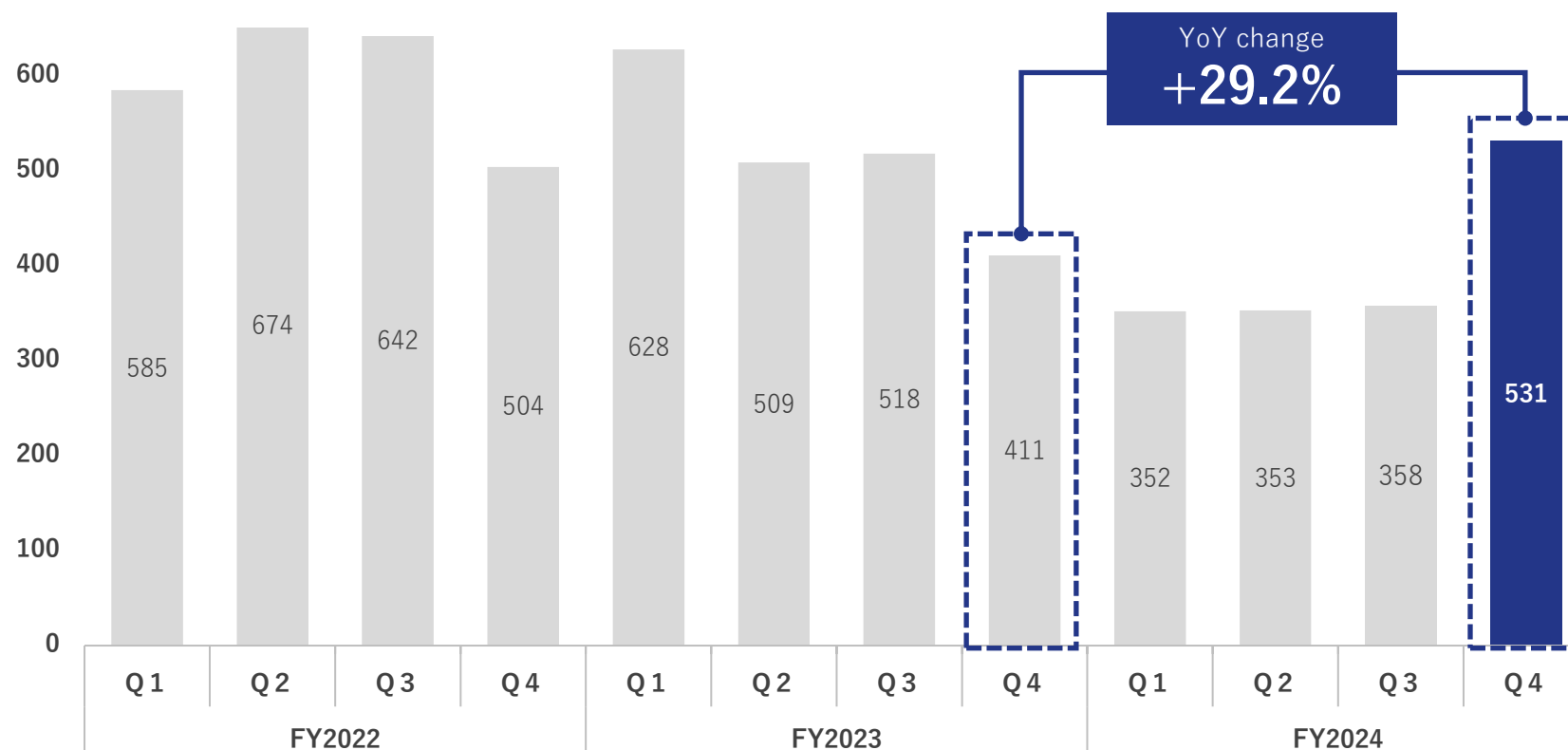
QoQ change..... +2.3%

[Operating Income] (Quarterly Basis)

Operating income increased by 29.2% year on year and increased by 48.3% quarter on quarter due to net sales growth and reductions in advertising expenses and data center costs.

Operating income

(Millions of yen)



FY2024 Q4 results

Overall

¥531 million

YoY change..... +29.2%

QoQ change..... +48.3%

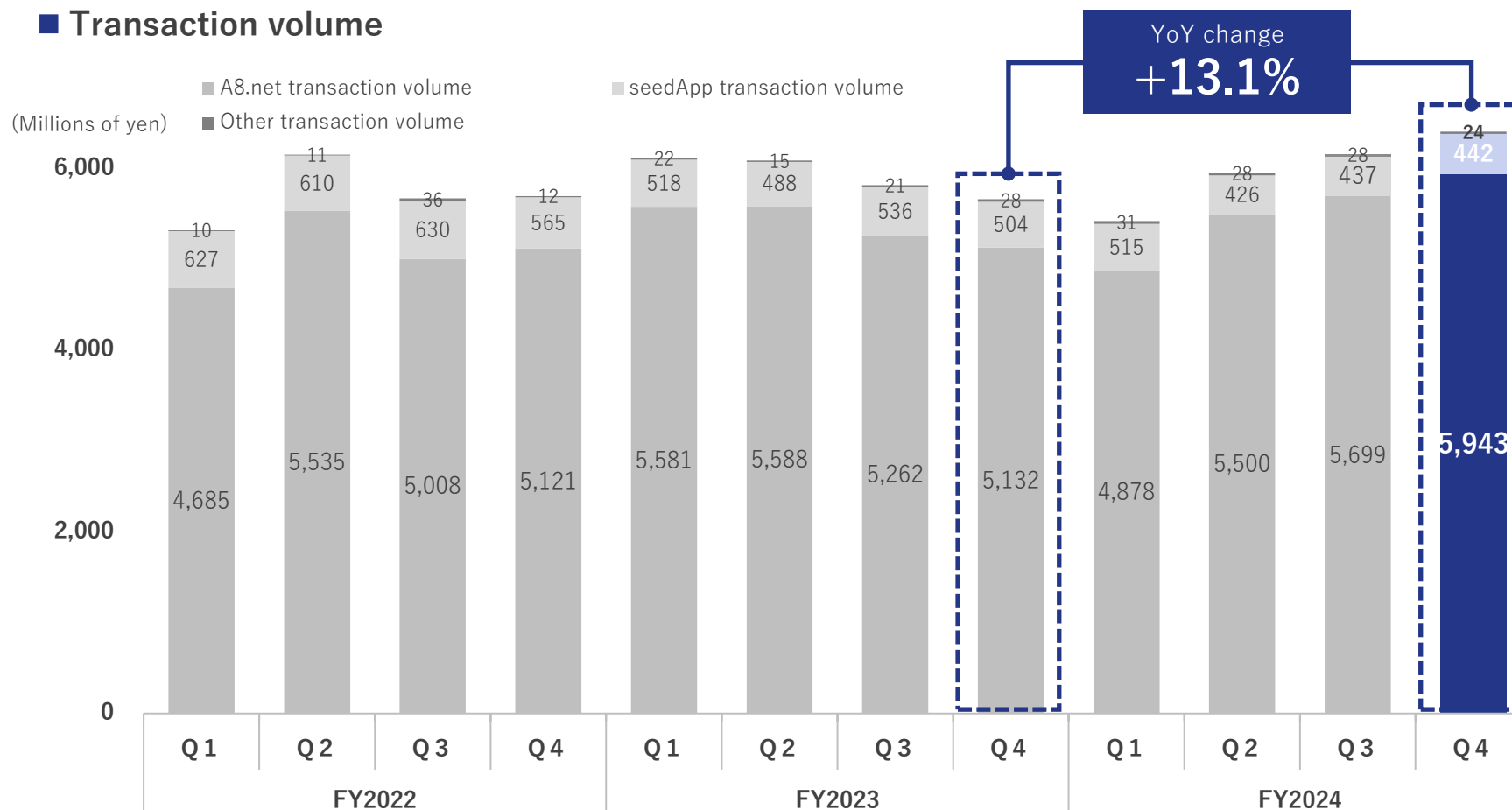
03 ■ Overview by Segment

- CPA Solution Business
- New Business

CPA Solution Business: Transaction Volume (Quarterly Basis)

Transaction volume in the CPA Solution Business overall increased by 13.1% year on year, with A8.net seeing a 15.8% increase.

Transaction volume



FY2024 Q4 results

Overall
¥**6,411** million
YoY change..... +13.1%

A8.net
¥**5,943** million
YoY change..... +15.8%

seedApp
¥**442** million
YoY change..... (12.3%)

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

CPA Solution Business: Net Sales (Quarterly Basis)

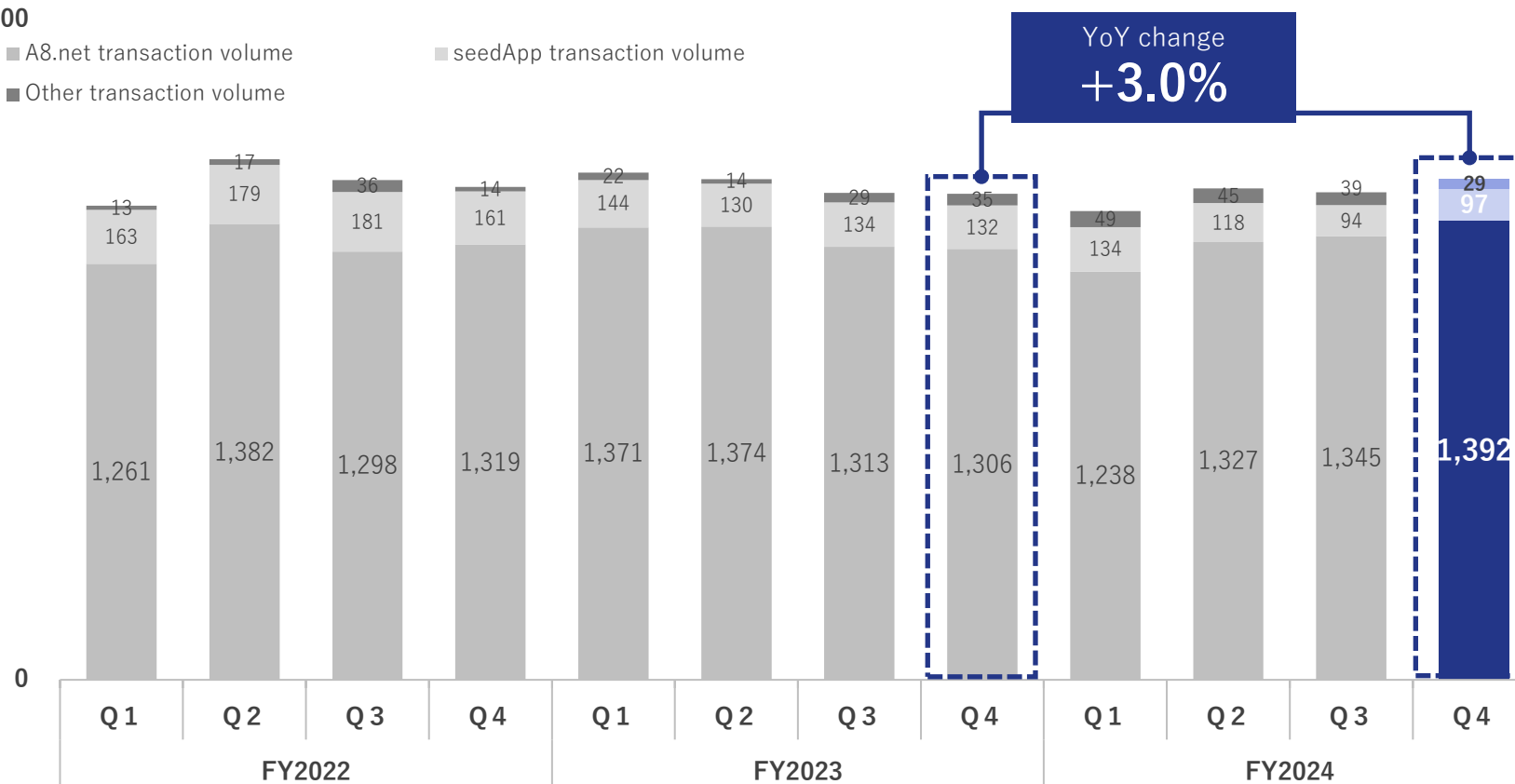
Net sales in the CPA Solution Business overall increased by 3.0% year on year, with A8.net increasing by 6.6%, while seedApp declined by 26.5%.

Net sales

(Millions of yen)

2,000

■ A8.net transaction volume
■ seedApp transaction volume
■ Other transaction volume



FY2024 Q4 results

Overall
¥**1,518** million
YoY change..... **+3.0%**

A8.net
¥**1,392** million
YoY change..... **+6.6%**

seedApp
¥**97** million
YoY change..... **(26.5%)**

*Others include contracted development and Seasaa-related sales.

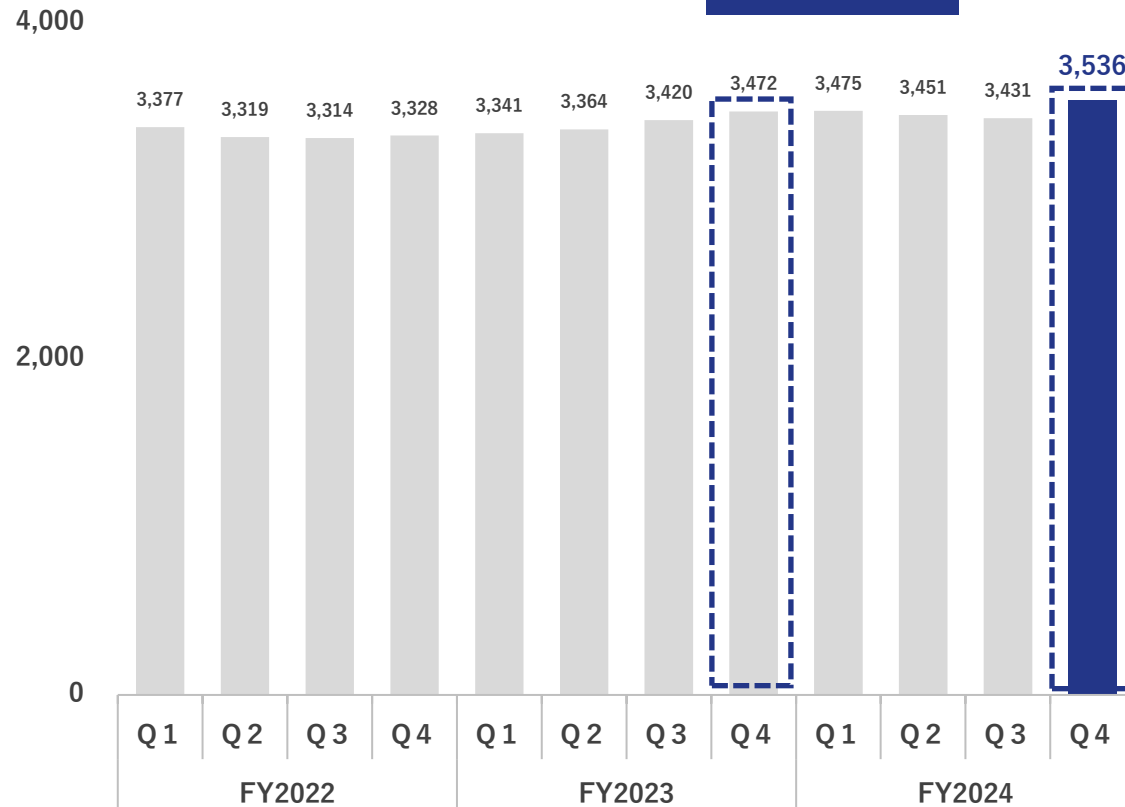
A8.net: Number of Operating Advertiser IDs and Registered Partner Sites (Quarterly Basis)

The number of operating advertiser IDs and registered partner sites on A8.net both increased year on year. Number of registered partner sites exceeded 3.5 million.

Number of operating advertiser IDs

(IDs)

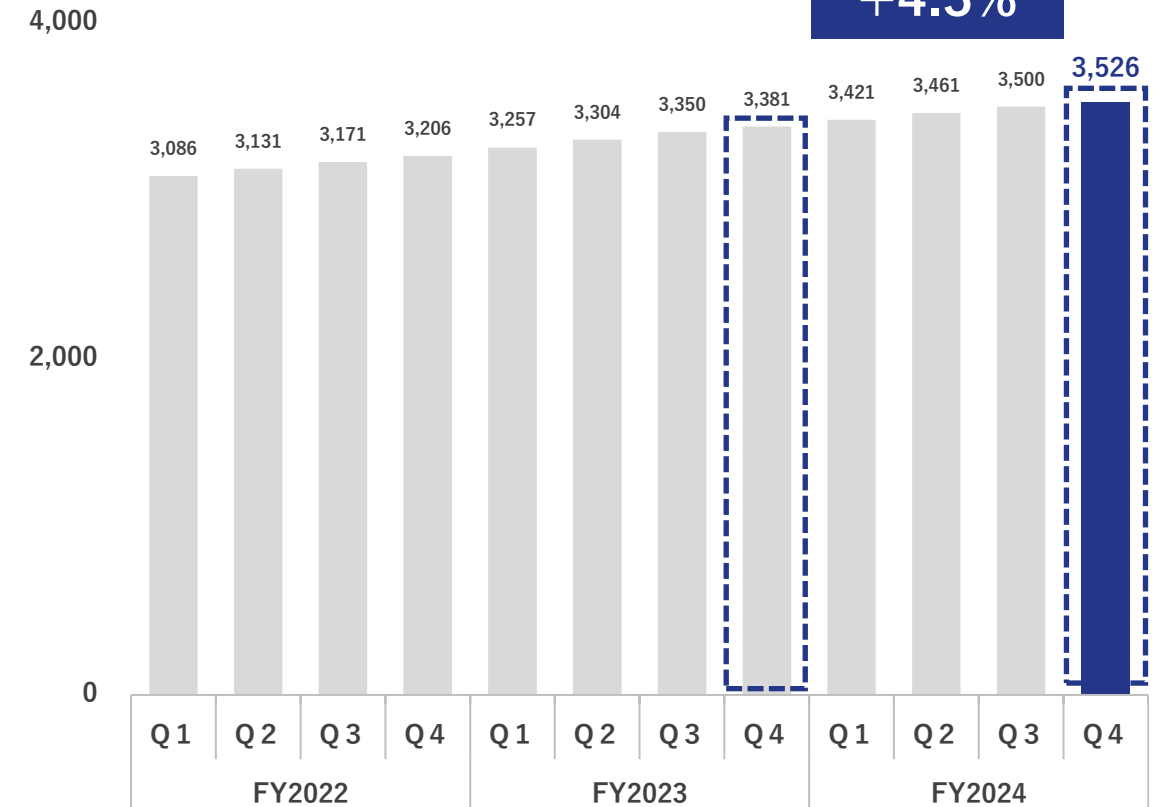
YoY change
+1.8%



Number of registered partner sites

(Thousands of sites)

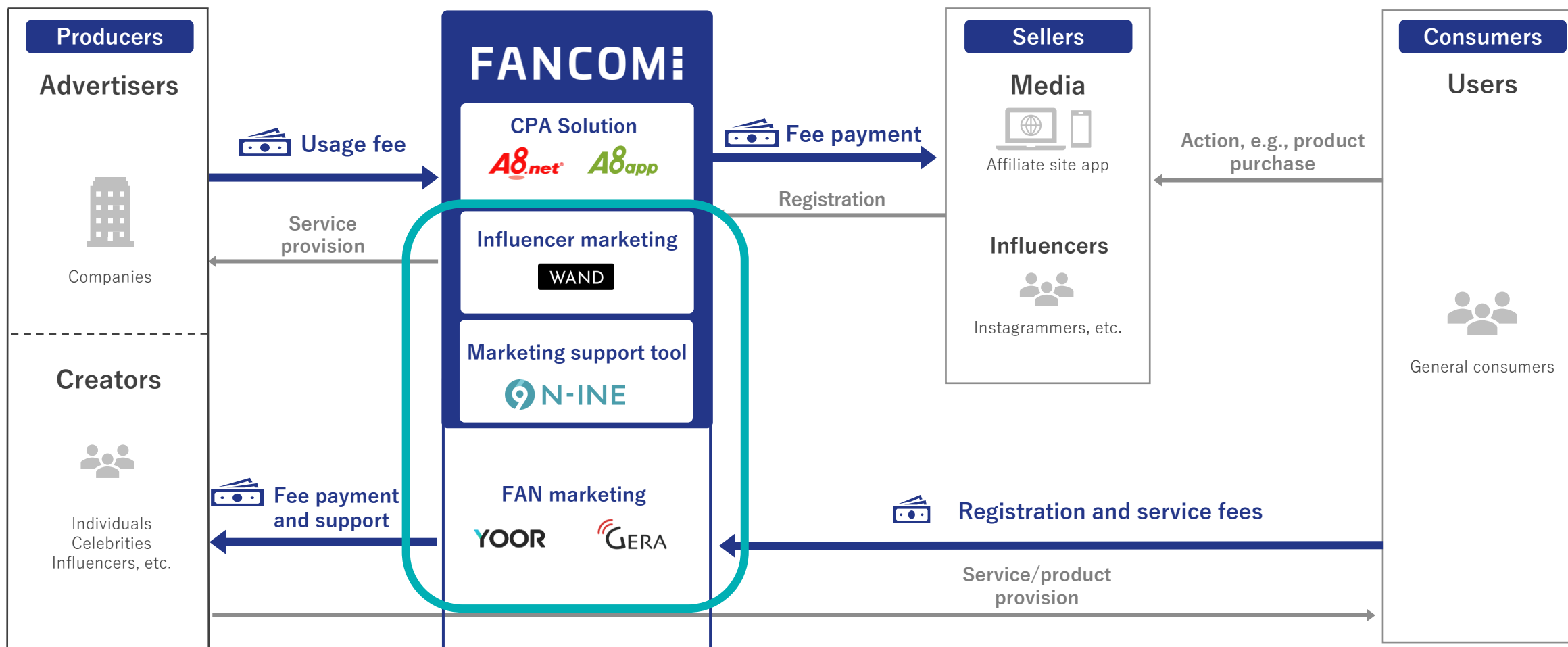
YoY change
+4.3%



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

Areas of Focus for New Business

Began investing in **the influencer marketing support, marketing support tools, and fan marketing businesses** as **strategic new businesses** with high compatibility to the core CPA Solution Business.



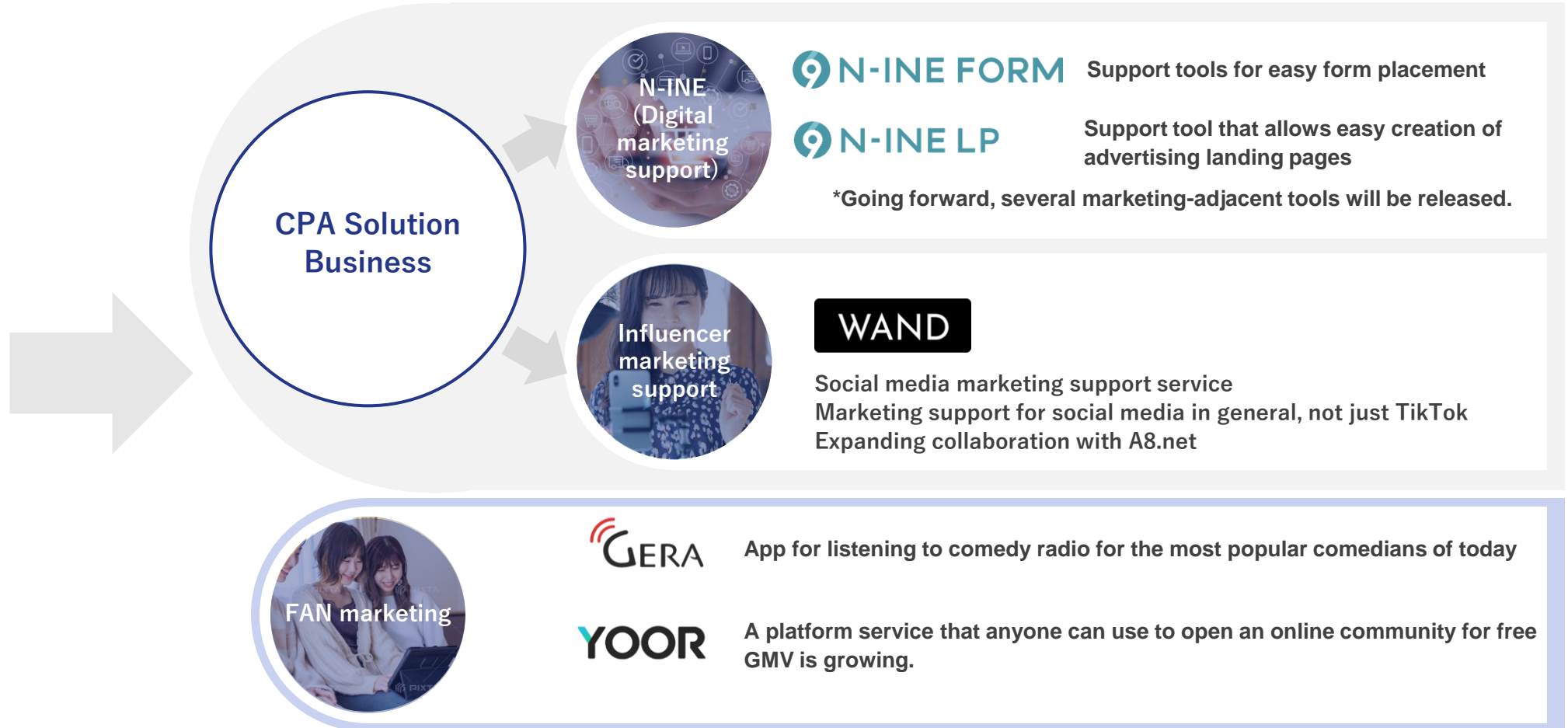
New Business Q4 Summary

Accelerated selection and concentration. Focused business development on the marketing sector.
The businesses that accelerated growth in Q4 were WAND and YOOR.
Closed two new businesses and sold the blog service.

Executed in 2024

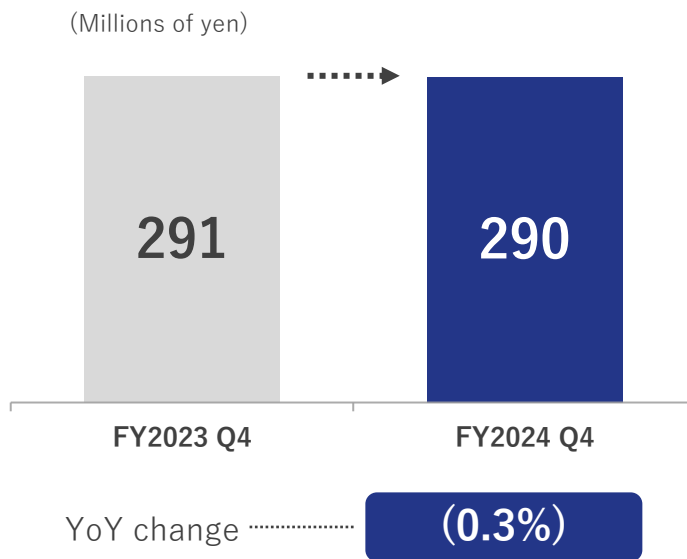
Selecting non-investment businesses
Selection and concentration

Emphasis on speed of verification

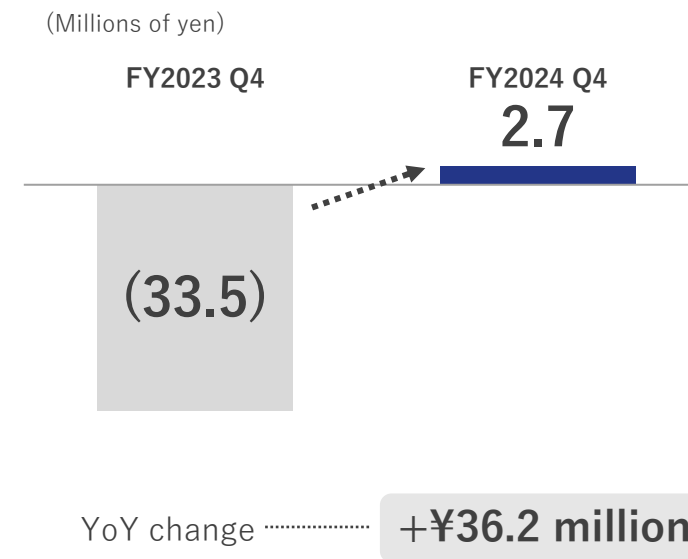


Sales other than advertising agency business are on the rise. The game publishing business is driving sales.

Transaction volume



Operating income



Topics

- Returned to profitability due to a reduction in advertising expenses in Q4.

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

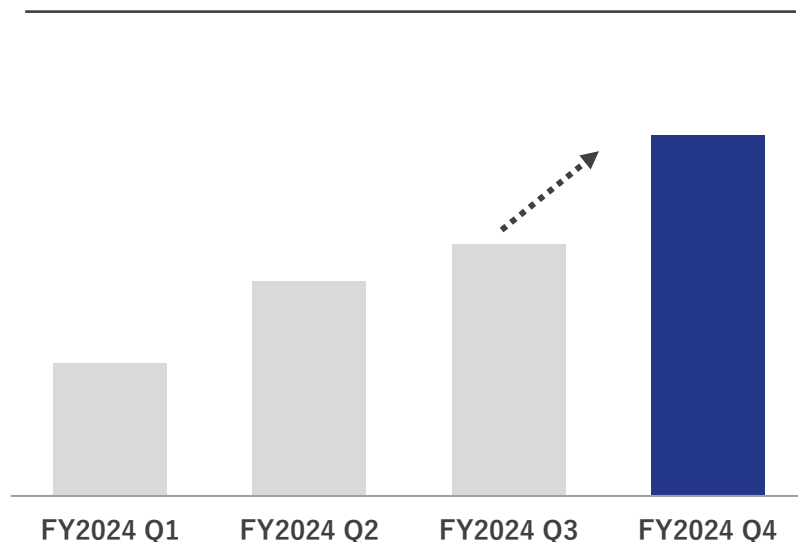
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New Business Q4 Consolidated Group: WAND

WAND has integrated into operations well since it joined the Group.
Its transaction volume and operating income in Q4 hit a new record high.

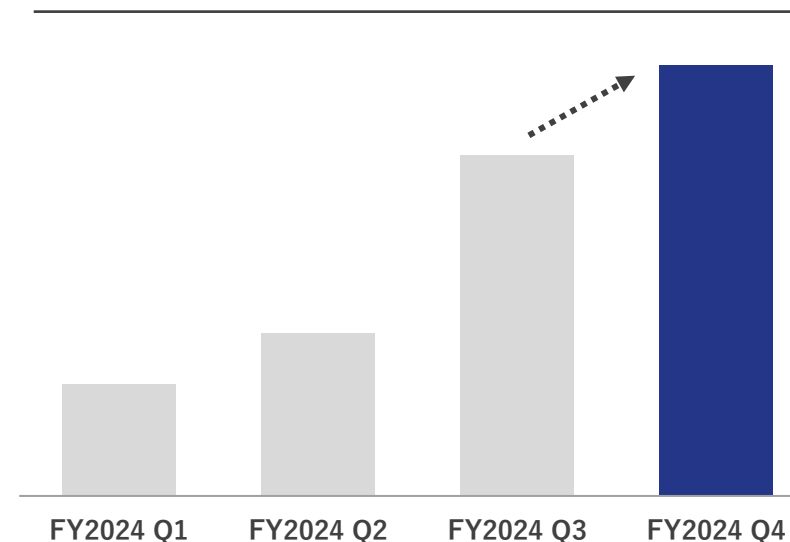
Transaction volume



QoQ change

+41.6%

Operating income



QoQ change

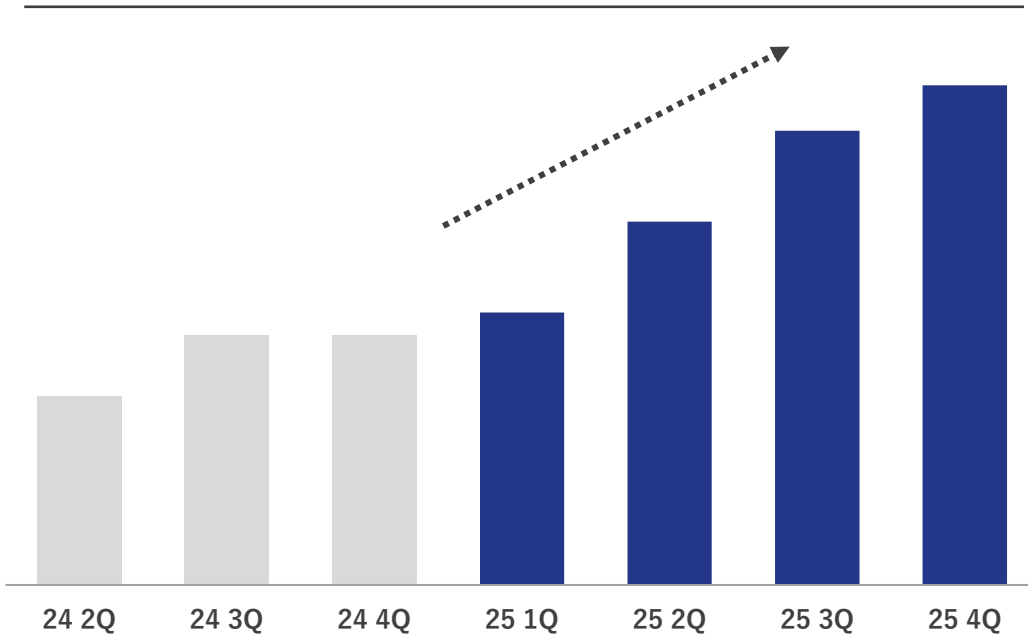
+26.4%

In the first half of FY2025, the company will increase investment by increasing personnel and launching new services, and will also strengthen its partnership with A8.net in order to **acquire new customers.**

New Business FY2025 Plan

From FY2025, the segment name will be changed from New Business to **Strategic Business**.
Newly planned businesses will also focus on the digital marketing domain.
Business expansion is accelerating.

Net sales plan



*Because nend sales are included until Q1 of FY2024, they are stated from Q2.

Influencer marketing support

WAND

Expand transaction volume and net sales.

Marketing support tool

N-INE

Increase ID and MRR (monthly recurring revenue).

FAN marketing

YOOR GERA

Increase stock sales. (Subscriptions)

FAN Communications Global

Expand business other than advertising agency business.

04 ■ FY2025 Consolidated Performance Forecast

- P/L (Forecast)

Profit is expected to decrease due to the impact of utilizing carried-forward losses from the absorption-type merger that occurred in FY2024, net sales, operating income, and ordinary income **are projected to increase.**

(Millions of yen)	FY2024 Full-year results	FY2025 Full-year forecast	Change (%)
Net sales	6,961	7,200	+3.4%
Operating income	1,595	1,810	+13.4%
Ordinary income	1,670	1,820	+9.0%
Profit	1,419	1,180	(16.9%)
(Earnings per share)	21.43	17.81	(16.9%)

(Yen)	FY2024 results	FY2025 forecast
Dividend forecast	19	19

05 ■ Medium-Term Management Plan (announced on February 10, 2025)

Explanation of selected extracts from the materials released on February 10

- Overview of Medium-Term Management Plan
- Business Environment and Market Trends
- Growth Strategy and Key Measures
- Summary

Story that begins with the second founding

FANCOMI is evolving **from an ad network provider to a prosumer support business.**

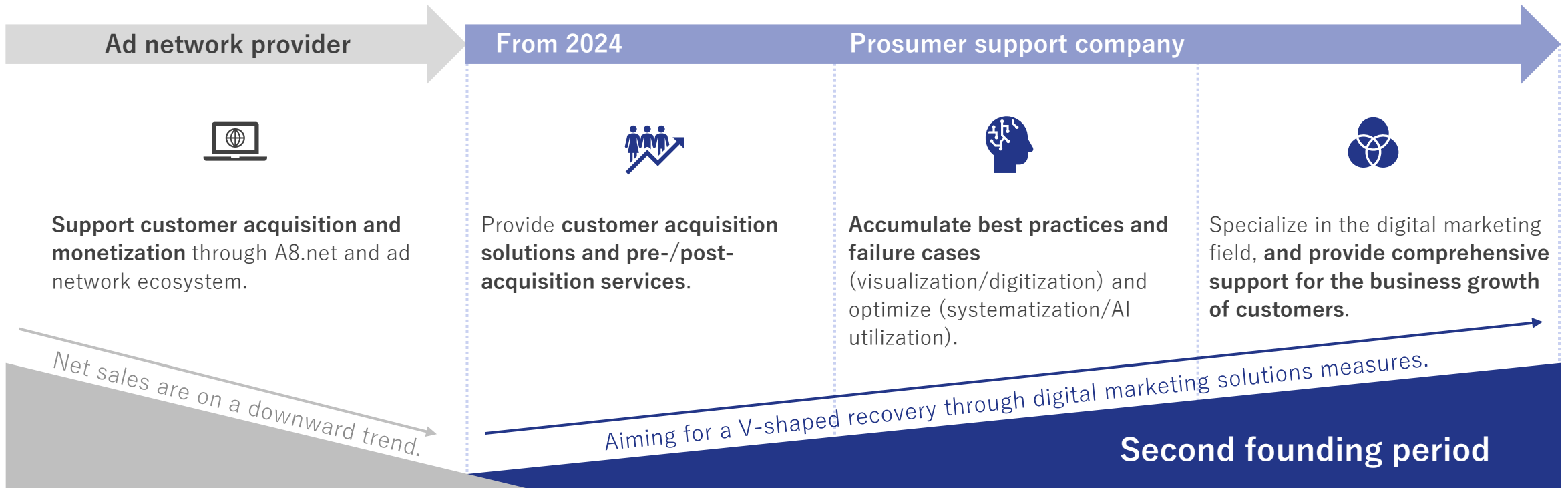
Vision

Prosumer happiness

Achieving a balance between external happiness (physical needs) and internal happiness (spiritual needs)

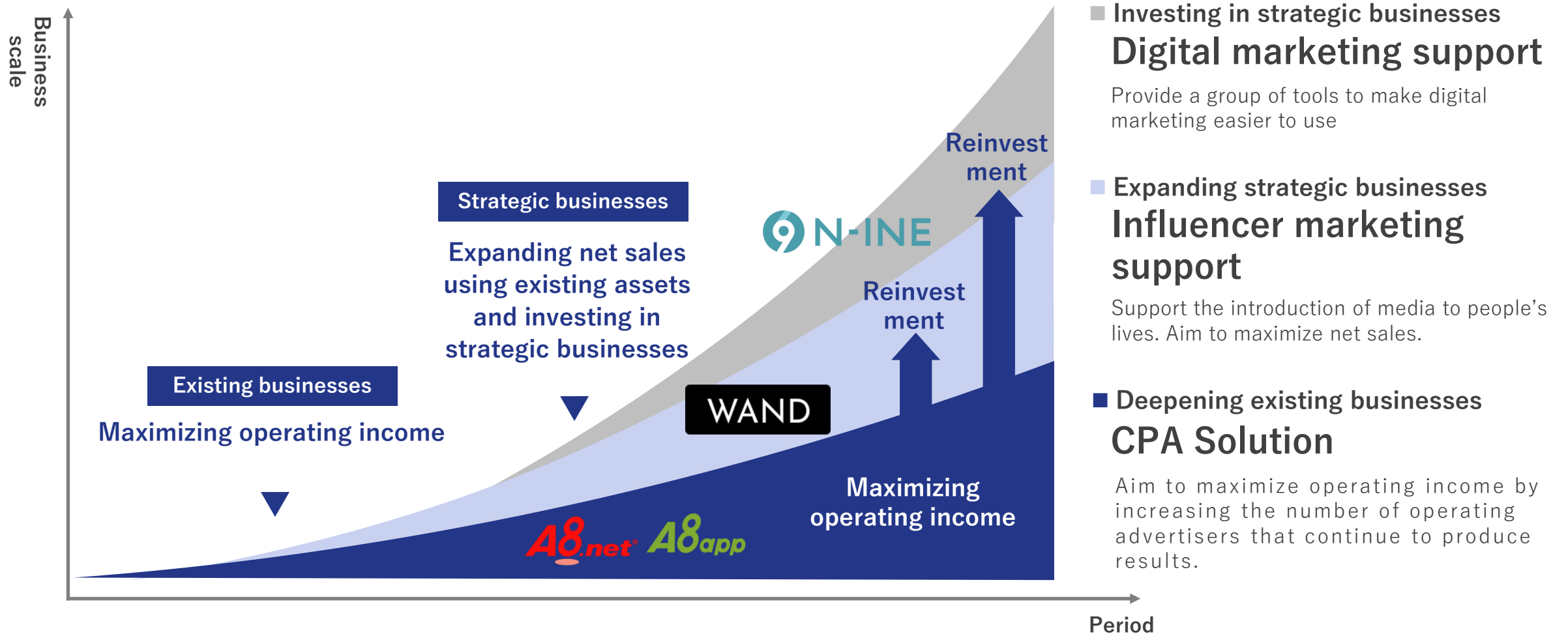
Basic policy

Expand customer IDs across services to generate network effects.



FY2025 - FY2027 Business Expansion Image

From FY2025: Aim to maximize operating income and add value to existing businesses, and **expand and invest in strategic businesses and target new business opportunities**.



Business Environment (Affiliate Domain)

The Internet advertising market is expected to continue to grow, which is **expected to be a tailwind for our affiliate network business.**

Domestic affiliate market size and forecast

(Billions of yen)

800

The size of the market in FY2027 is
forecast to exceed **¥586.0 billion.**



Future trend forecast

Growth expected in young generation participation, with focus on social media

Our actions

Focusing on A8.net with the largest number of registered users in the industry and aiming to expand by attracting influencers

Source: From "Research on the Affiliate Market (2024)" by Yano Research Institute Ltd. https://www.yano.co.jp/press-release/show/press_id/3523

Business Environment (Influencer Marketing Domain)

The market size of influencer marketing continues to grow by at least 10% year on year, and it is highly compatible with the affiliate market, **so synergies can be expected by linking the two.**

Trends and forecasts for the domestic influencer marketing market

(Billions of yen)



Future trend forecast

Companies are strengthening their influencer marketing with the spread of social media and changes in consumer behavior

Our actions

We provide and support a cost-effective method of attracting customers by linking affiliates and influencers

Source: CyberBuzz/Digital Infact Research <https://prtimes.jp/main/html/rd/p/000000053.000013256.html>

Business Environment (Affiliate Influencer Marketing Support Domain)

Influencer marketing is expanding further due to the development of social media. On the other hand, the current issues are becoming clearer. **Becoming the No.1 company in the field of influencers and affiliates.**

Current issues in influencer marketing

Cost-effectiveness is unclear. Operating costs are high.

- Cost-effectiveness is poor if charged based on the number of followers.
- There is no data on the results of influencers, so it is not possible to efficiently invest in costs.
- Communicating with a large number of influencers is time and labor intensive.
- High cost for checking that the content of posts complies with the law.



Issues on the influencer side

- Want to post various advertiser projects, but there are not many projects.
- Uncertain about whether posted content complies with the law.
- Managing communications with multiple advertisers individually is difficult.



WAND

We will invest all the know-how we have gained from operating A8.net for 25 years in influencer affiliates and expand.

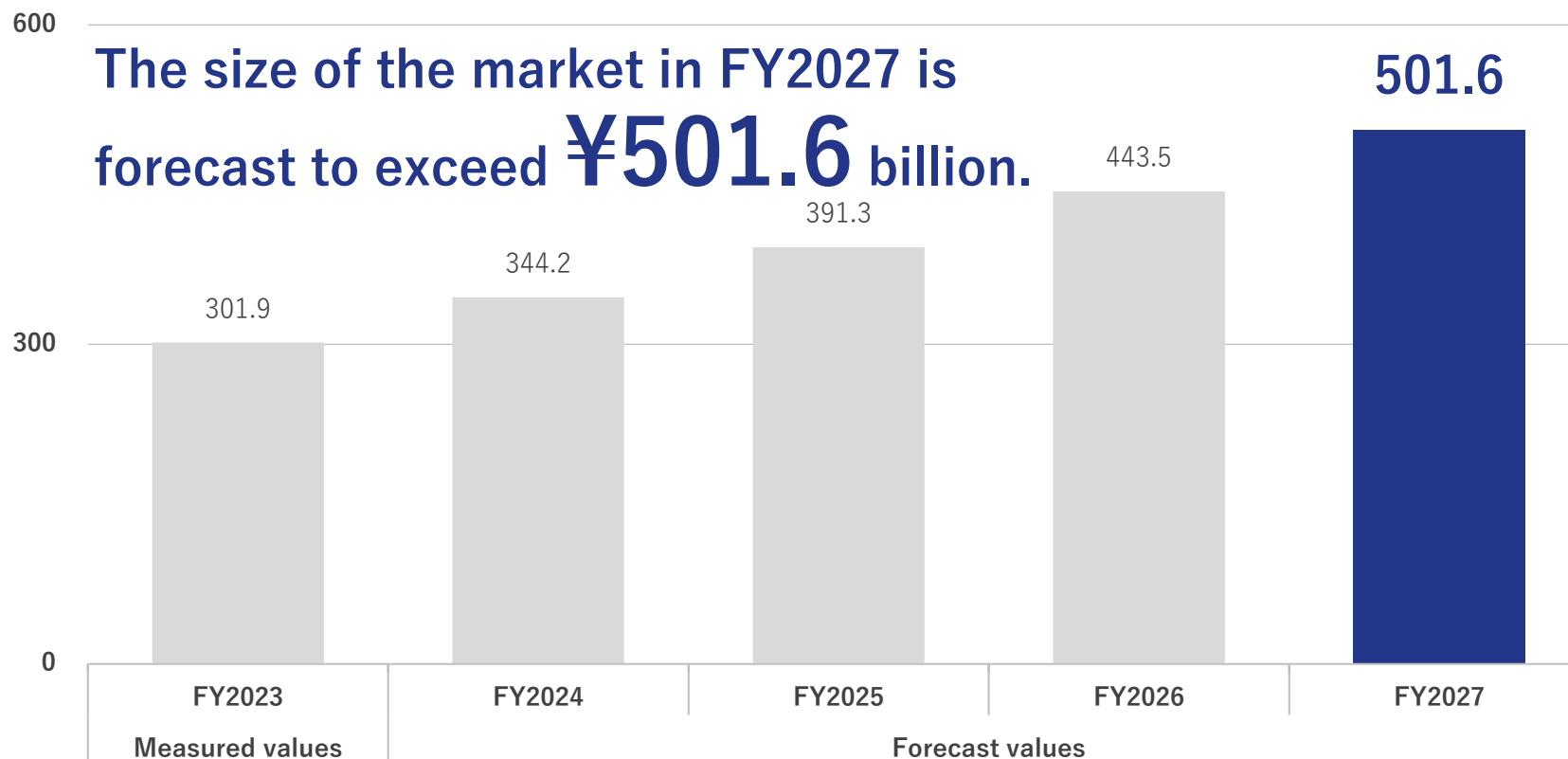
We will strengthen the matching of influencers with the many advertisers on A8.net. There are plans for starting full-scale initiatives with group company WAND.

Business Environment (Digital Marketing Support Domain)

The market for digital marketing support tools (such as CRM and MA) continues to grow steadily at a growth rate of at least 10%. **Use by SMEs is on the rise.**

Trends and forecasts for the domestic marketing market

(Billions of yen)



Source: From "Research on the Digital Marketing Market (2024)" by Yano Research Institute Ltd. https://www.yano.co.jp/press-release/show/press_id/3604

Future trend forecast

The market is expanding not only for large companies, but also **for untapped SMEs.**

Our actions

Accumulating all types of marketing data and **providing value through systemization and AI utilization.**

Business Environment (Digital Marketing Support Domain)

The aim is to solve the digital marketing issues that many companies currently face **provide “N-INE”, a tool that makes digital marketing easy for anyone.**

Current issues in digital marketing

The increasing complexity and diversification of digital marketing methods

- It is difficult to determine what to choose among web, apps, platforms, etc.
- The means and methods vary depending on the chosen channel.



Shortage of human resources with expertise in digital marketing

- There is a shortage of human resources with expertise.
- Many people handle multiple roles, so there is a shortage of resources.
- AI is not yet fully utilized, so human labor is required.

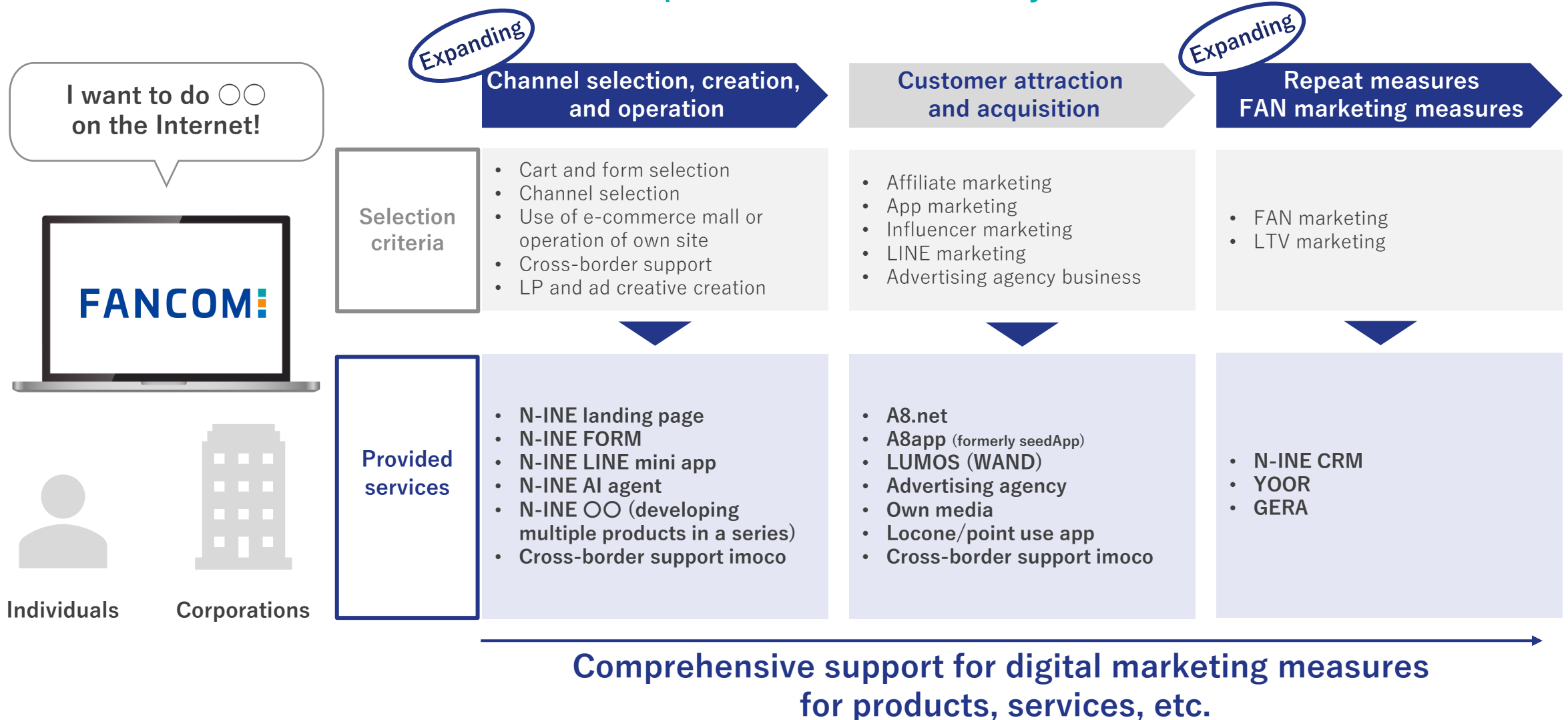


Make digital marketing easier to use

N-INE optimizes all business processes in digital marketing and offers a suite of services that support customer growth.

Specific Image of Digital Marketing Support

By offering a comprehensive range of services, **we will create a foundation that allows customers to use FANCOMI's services to solve their problems whenever they need to.**



Overview of FY2025 - FY2027 Growth Strategy

We will offer comprehensive digital marketing support for SMBs. We will provide customers with improved business matching quality through the expansion of our customer network, and improved cost efficiency through the use of proprietary data and BPO utilizing AI.

FANCOMI's strategy [main target: SMEs] *The following three markets have the largest TAM.

Monthly use fee + performance-based fee

BPO utilizing AI

Contracted operation of marketing tools before and after customer attraction

Market size in 2027
IT-related BPO market **3.2 trillion**
Digital marketing BPO market
400 billion *Our estimate



Marketing tools before and after customer acquisition

N-INE, Fan marketing

Market size in 2027
Digital marketing market **500 billion**
(Analysis and CRM market)



Customer acquisition solutions affiliate advertising

A8.net, A8app, LUMOS

Market size in 2027
Affiliate market **580 billion**
Influencer marketing market **130 billion**

Competitors

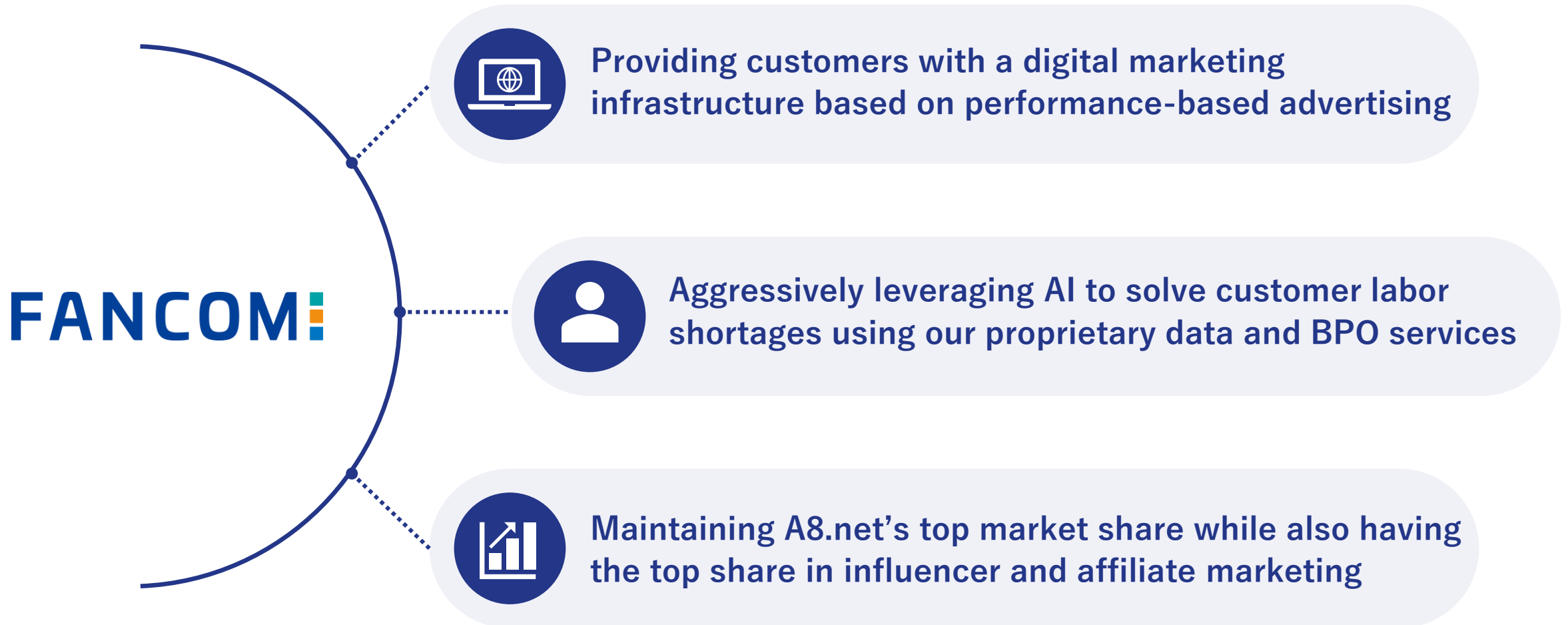
Advertising agencies
Consultants
(Mainly large companies)

Marketing
Vertical SaaS
(Mainly enterprises)

Affiliate
ASP
(Mainly large budgets)

Our Vision for the Next Three Years

As a stepping stone to becoming a company that supports prosumers, **we will become a new market leader in the field of digital marketing solutions for SMBs.**



Key Figures for FY2027

We will expand our customer network.

We aim for **operating income of 3 billion yen and ROE of at least 10%.**

■ Advertiser IDs for all services

Customers

6,000

Compared to FY2024 +2,000

■ Number of media IDs for all services

50,000

Compared to FY2024 +20,000

Operating income

3 billion yen

Compared to FY2024 +88%

ROE

10% over

FY2024 results 7.9%

06 ■ Company Information

- Vision
- Company Overview

Our corporate philosophy is our DNA that lies within us.

Create

Believe

Slowly and steadily

Create new value. Believe in that potential.

We will never give up, even if it is not something immediately accepted by society.

Like the tortoise, not the hare.

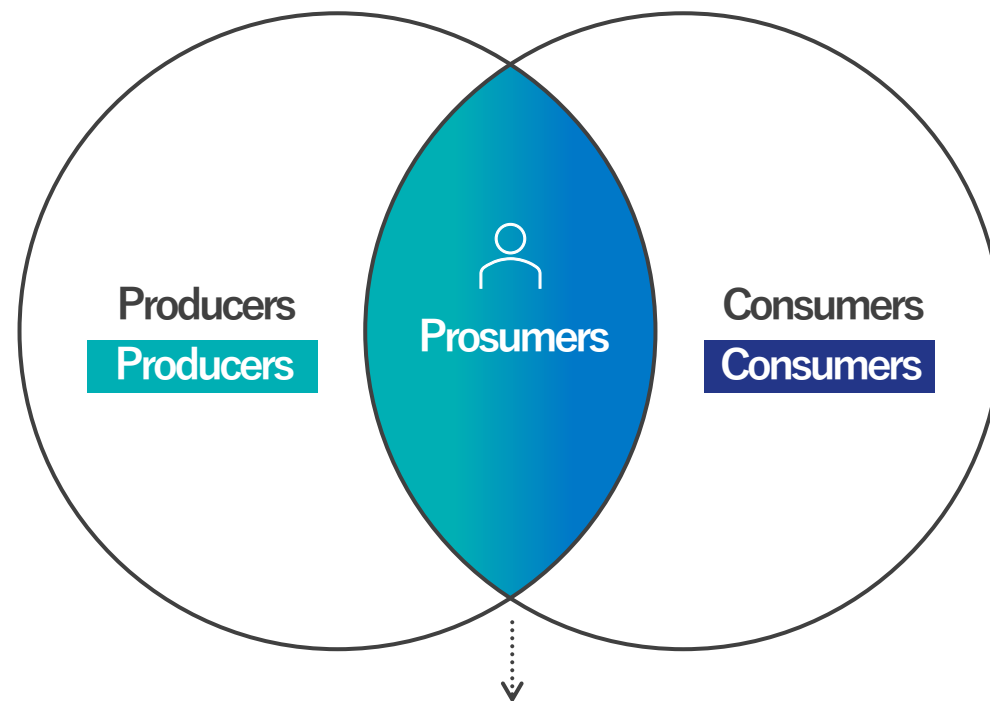
Slowly and steadily step by step, steadily moving forward.



From an ad network provider to a prosumer support company.

The market mechanism created by the era of mass production and mass consumption is coming to an end. The boundary between production and consumption will blur, and the world will be filled with “**prosumers**” who resemble both sides.

We, FAN Communications will continue to develop our business to support such **prosumers** and move forward to become a company that can maximize their joy.



Prosumer happiness

= The “vision” we are working toward

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, 2024)
President and Representative Director	Koji Ninomiya
Number of Employees	Non-consolidated: 415 Group total: 435(As of December 31, 2024; includes part-time and temp staff)
Headquarters	Aoyama Diamond Building, 1-1-8, Shibuya, Shibuya-ku, Tokyo 150-0002, Japan
Telephone	+81-3-5766-3530 (IR)
Fax	+81-3-5766-3782



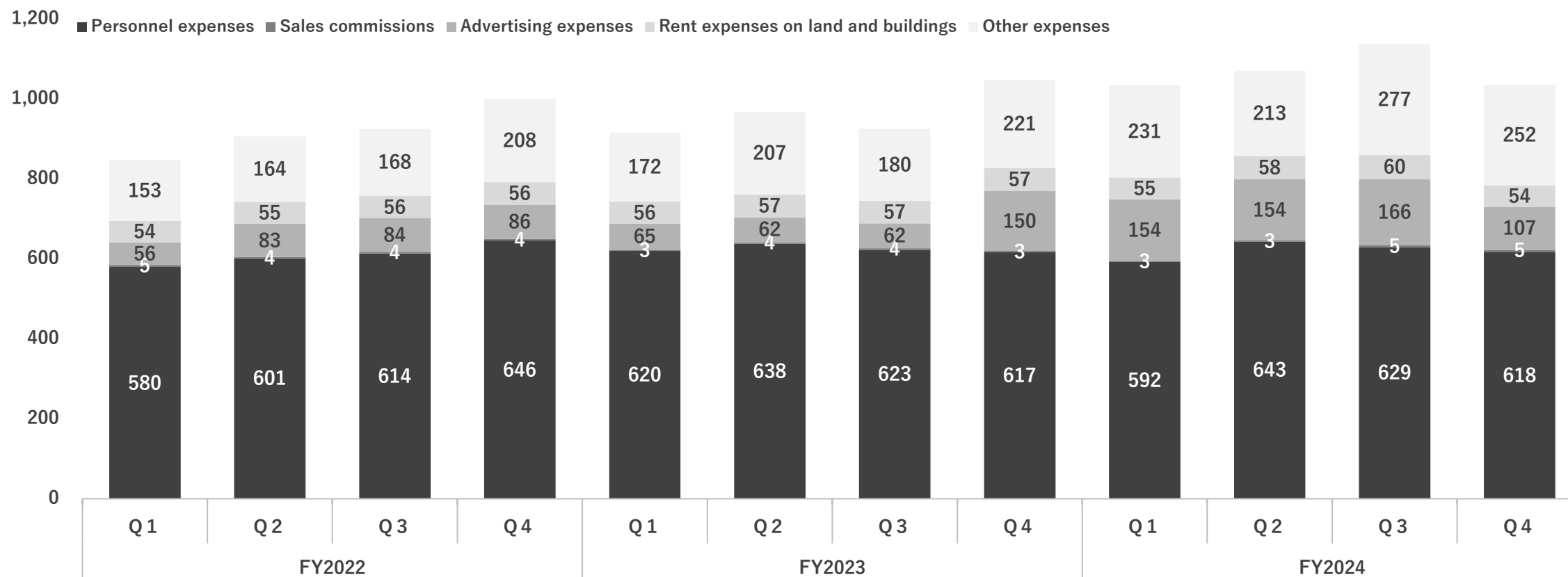
07 ■ Reference Material

- Selling, General and Administrative Expenses
- Balance Sheet Summary
- Disclaimers

Selling, General and Administrative Expenses (Consolidated/Quarterly Basis)

The increase in advertising expenses from Q4 2023 is due to activities to acquire new customers for Fan Communications Global.

(Millions of yen)



*Figures have been calculated based on figures before application of the Accounting Standard for Revenue Recognition to enable comparison with previous results.

*Other expenses include outsourcing expenses, commission expenses, etc.

Balance Sheet Summary

The increase in intangible assets was due to goodwill from the acquisition of WAND.

(Millions of yen)		December 31, 2023	December 31, 2024	Vs. End of previous FY	
				Change	Change (%)
Assets	Current assets	21,155	20,785	(370)	(1.7%)
	Cash and deposits	17,299	16,917	(382)	(2.2%)
	Non-current assets	2,223	2,570	+347	+15.6%
	Property, plant and equipment	92	53	(39)	(42.4%)
	Intangible assets	387	1,016	+629	+162.5%
	Investments and other assets	1,742	1,500	(242)	(13.9%)
	Total	23,378	23,356	(22)	(0.1%)
Liabilities and net assets	Liabilities	5,489	5,297	(192)	(3.5%)
	Net assets	17,888	18,059	+171	+1.0%
	Total	23,378	23,356	(22)	(0.1%)

- 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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■ **Contact**

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