



First Quarter of 2026 Presentation of Financial Results

FAN Communications, Inc. (Stock code 2461)
May 11, 2026

Agenda

- 01 Executive Summary**
- 02 First Quarter of FY2026 Consolidated Results Overview**
- 03 Overview by Business and Key Indicators**
- 04 Company Information**
- 05 Reference Material - Overview of Medium-Term Management Plan**

01 ■ Executive Summary

- Performance Highlights
- FY2026 Progress Rate vs. Performance Forecast
- Capital Allocation Progress

Performance Highlights

Transaction volume was down 11.3%, net sales were down 6.6%, and operating income was down 53.9%. Operating income declined due to lower CPA revenue, greater upfront investment in FANCOMI Global, and increased costs for internal DX promotion. There was strong growth in strategic businesses net sales at +42.8% YoY, indicating progress in transforming our business portfolio.

(Millions of yen)	Overall Consolidated		CPA Solution Business		Strategic Businesses	
	Amount	YoY change	Amount	YoY change	Amount	YoY change
Transaction volume	6,013	(11.3%)	5,497	(13.4%)	516	19.4%
Net sales	1,733	(6.6%)	1,280	(16.8%)	452	42.8%
Operating income	273	(53.9%)	847	(18.9%)	(253)	-%

*Operating income for the CPA Solution Business and Strategic Businesses is segment profit

FY2026 Progress Rate vs. Performance Forecast

The progress rate of operating income remains at 12.6% and our plan for FY2026 is to focus on the 2nd half of the year. Our plan for the 2nd half of the year includes transitioning to a return on investment phase for FANCOMI Global and improving profitability for Strategic Businesses.

(Millions of yen)	FY2026 Full-year forecast	FY2026 Q1 results	Progress rate
Net sales	7,800	1,733	22.2%
Operating income	2,180	273	12.6%
Ordinary income	2,200	225	10.3%
Profit attributable to owners of parent	1,430	108	7.6%
(Earnings per share)	21.57	1.63	7.6%

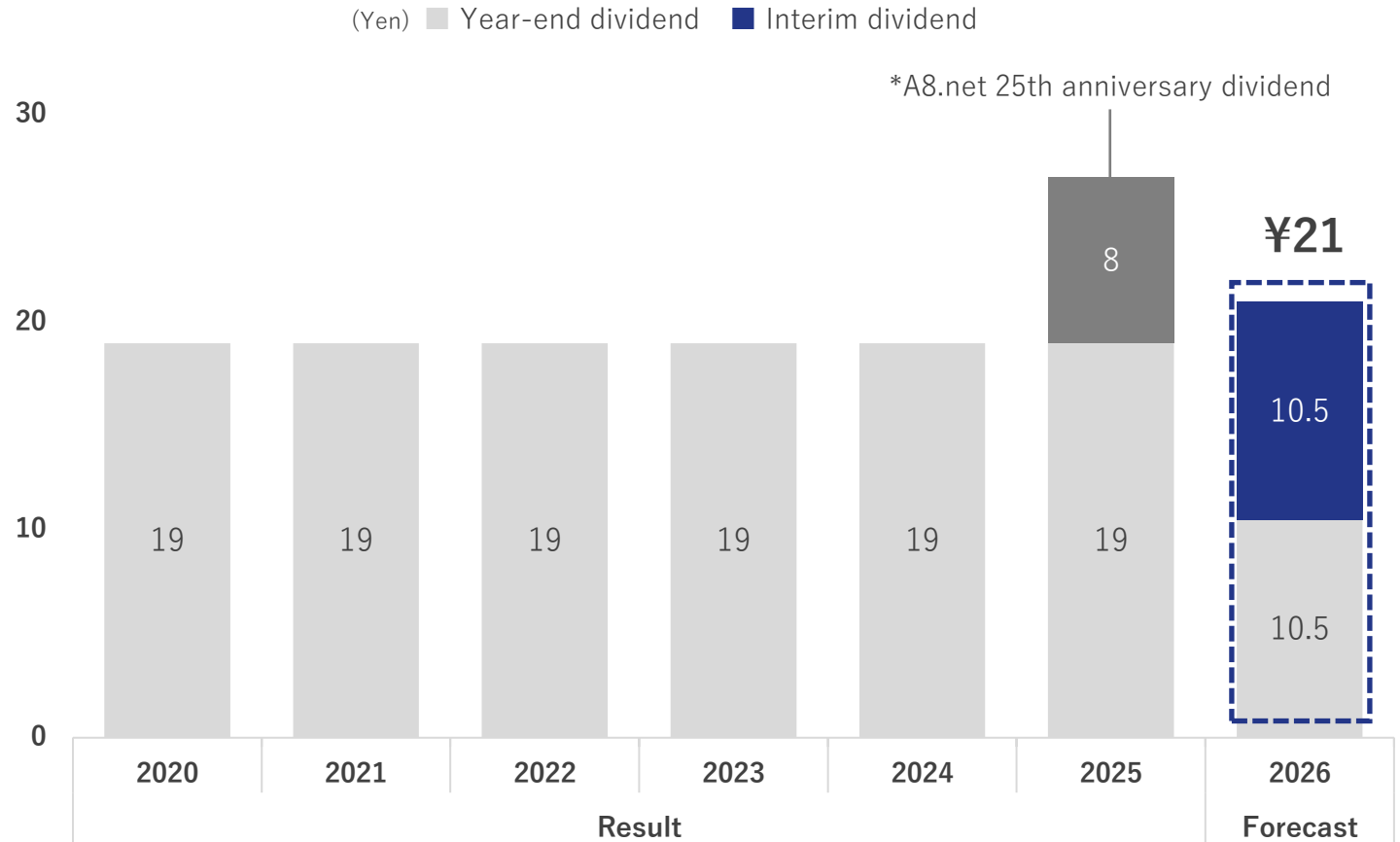
Capital Allocation Progress (M&A / Dividends)

We are currently expanding our M&A pipeline. Dividends are expected to be a total of 21 yen, consisting of the interim dividend and year-end dividend. A dividend on equity (DOE) ratio of 8% will be introduced as an indicator by FY2027.

M&A activity



Dividend per share



02 ■ First Quarter of FY2026 Consolidated Results Overview

- P/L (Q1)
- Analysis of Factors Affecting Changes in Operating Income (Q1)
- [Transaction Volume/Net Sales/Operating Income/Breakdown of Major Expense Items] (Quarterly Basis)
- B/S

Operating income declined due to the decrease in profit and income from the CPA Solution Business, investment in advertising expenses for FANCOMI Global, and increased costs associated with internal DX promotion. Ordinary income decreased due to recording a loss on investment partnership management.

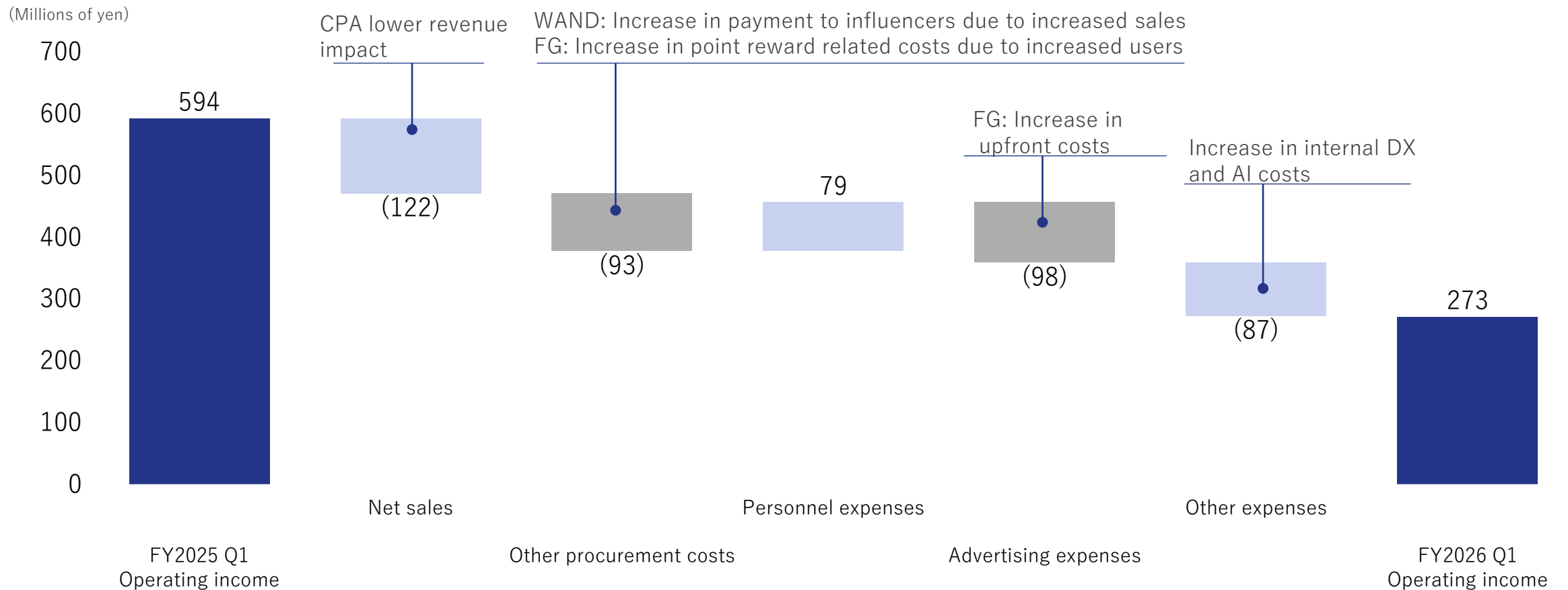
(Millions of yen)	FY2025 Q1 results	FY2026 Q1 results	YoY change	
			Change	Change (%)
Transaction volume	6,778	6,013	(765)	(11.3%)
Net sales	1,855	1,733	(122)	(6.6%)
Operating income	594	273	(320)	(53.9%)
(Operating income to transaction volume ratio)	8.8%	4.6%	-	-
Ordinary income	565	225	(340)	(60.1%)
Profit attributable to owners of parent	389	108	(281)	(72.3%)
(Profit to transaction volume ratio)	5.7%	1.8%	-	-

*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.

Analysis of Factors Affecting Changes in Operating Income

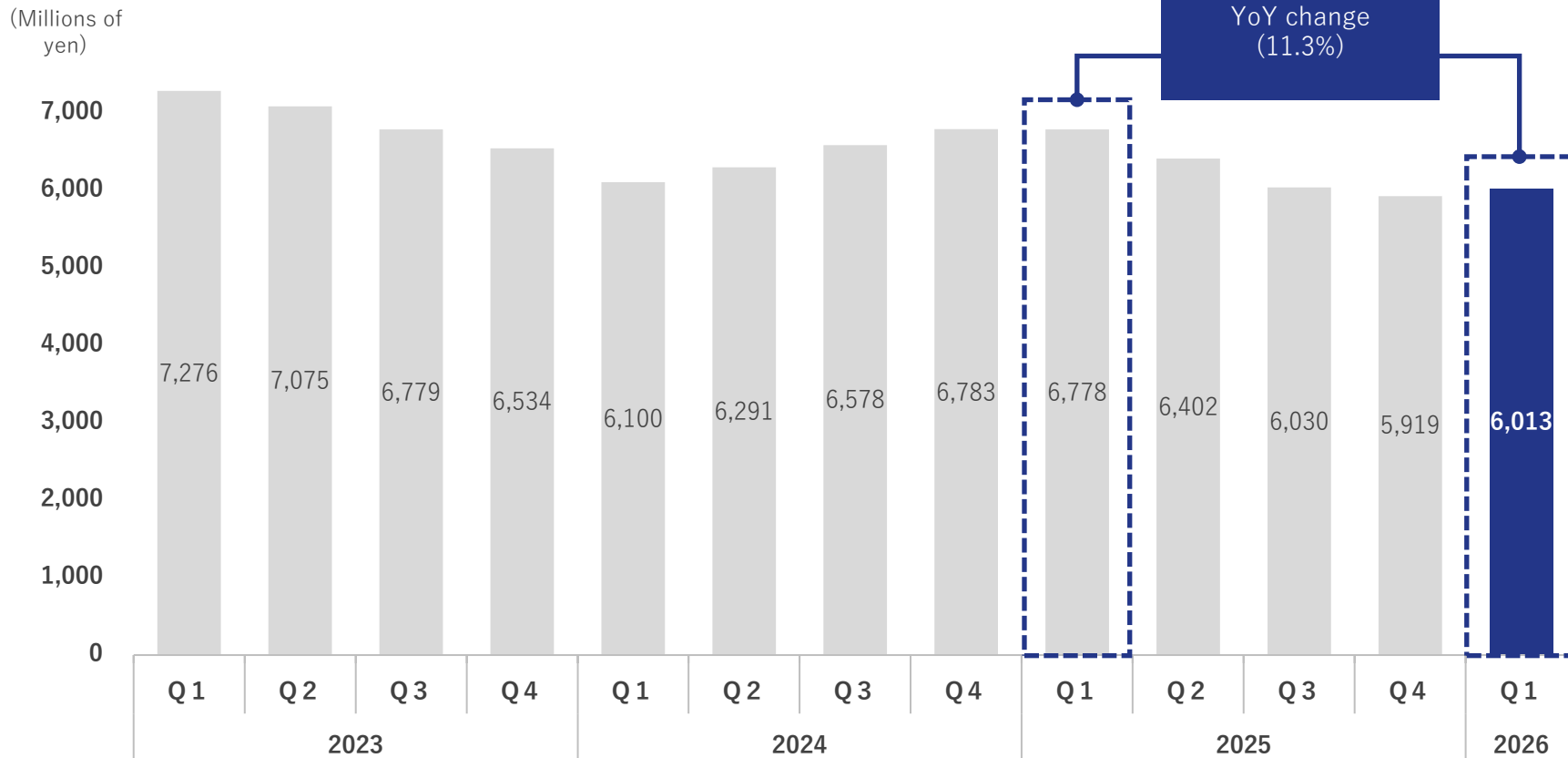
While lower CPA revenue, increased advertising expenses, and increased costs associated with internal DX promotion caused a decline in operating income, we reduced employee costs by promoting the use of AI and resource reallocation through organizational restructuring.



Transaction Volume (Quarterly Basis)

Transaction volume was down 11.3% YoY and up 1.6% QoQ.

Transaction volume



FY2026 Q1 results

Overall
¥6,013 million
 YoY change..... (11.3%)
 QoQ change..... **+1.6%**

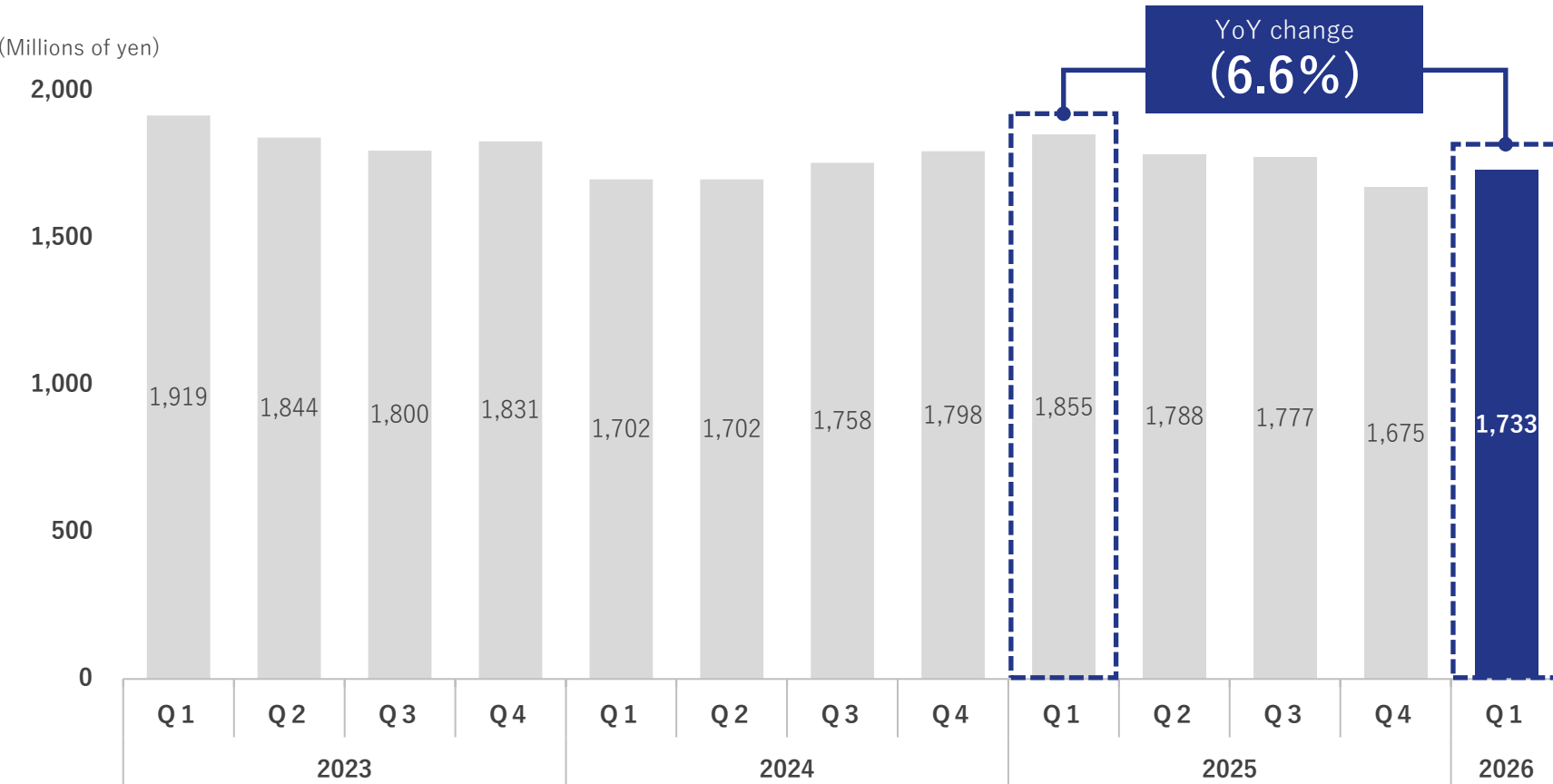
*The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) from the beginning of FY2022.
 *Transaction volumes for fiscal years prior to FY2022 have been calculated internally to enable comparison with said figures for FY2022 and earlier. Until the end of FY2021, transaction volume was disclosed as net sales.

[Net Sales] (Quarterly Basis)

Net sales were down 6.6% YoY and up 3.5% QoQ. While transaction volume decreased YoY, net sales were on par with the previous year thanks to the increased ratio of strategic businesses with high gross profit margins.

Net sales

(Millions of yen)



FY2026 Q1 results

Overall
¥1,733 million
 YoY change..... (6.6%)
 QoQ change..... +3.5%

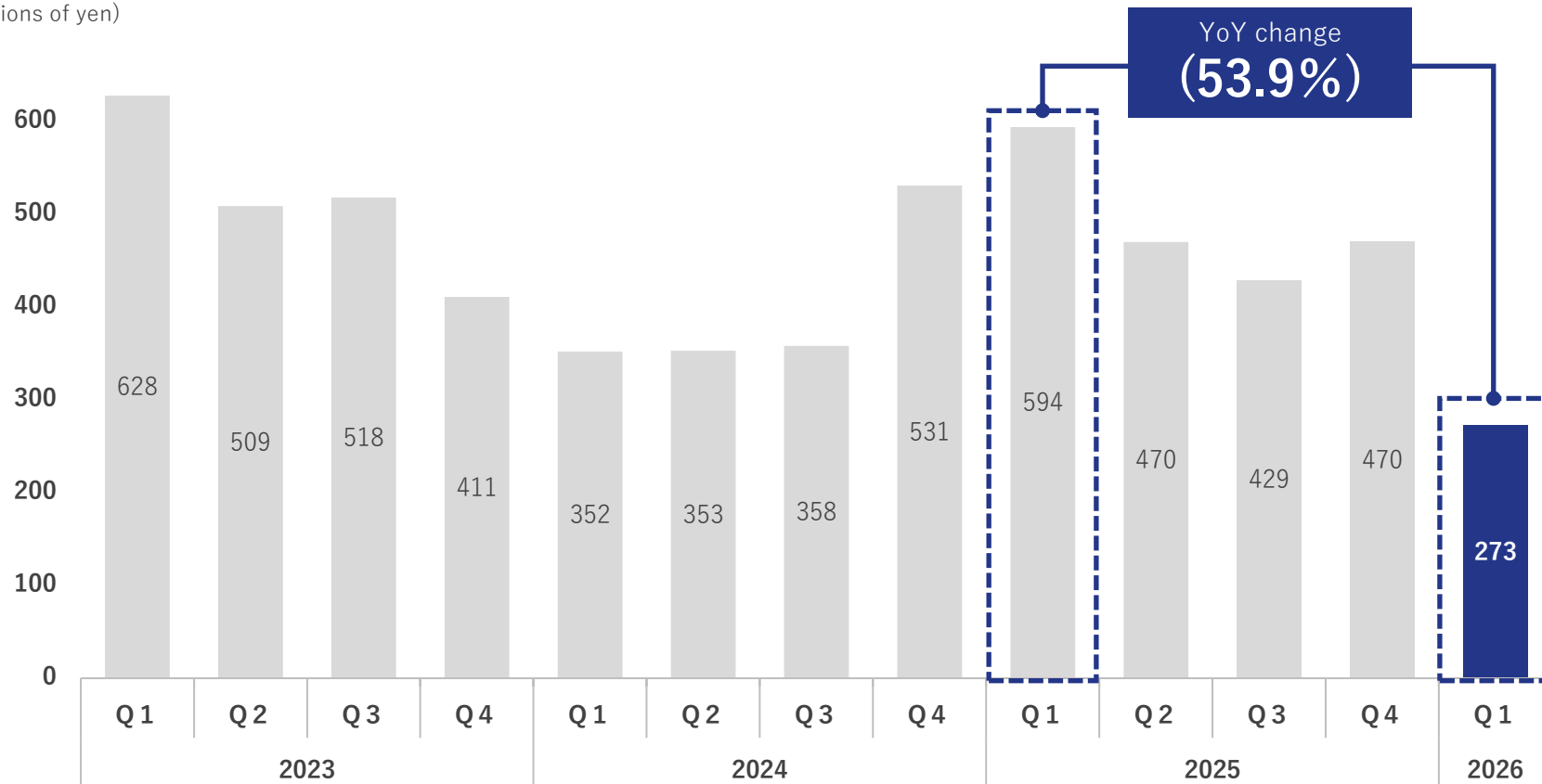
Operating Income (Quarterly Basis)

Operating income was down 53.9% YoY and down 41.8% QoQ.

Planning improvements in accordance with the transition to a return on investment phase in the 2nd half of the year.

Operating income

(Millions of yen)



FY2026 Q1 results

Overall

¥**273** million

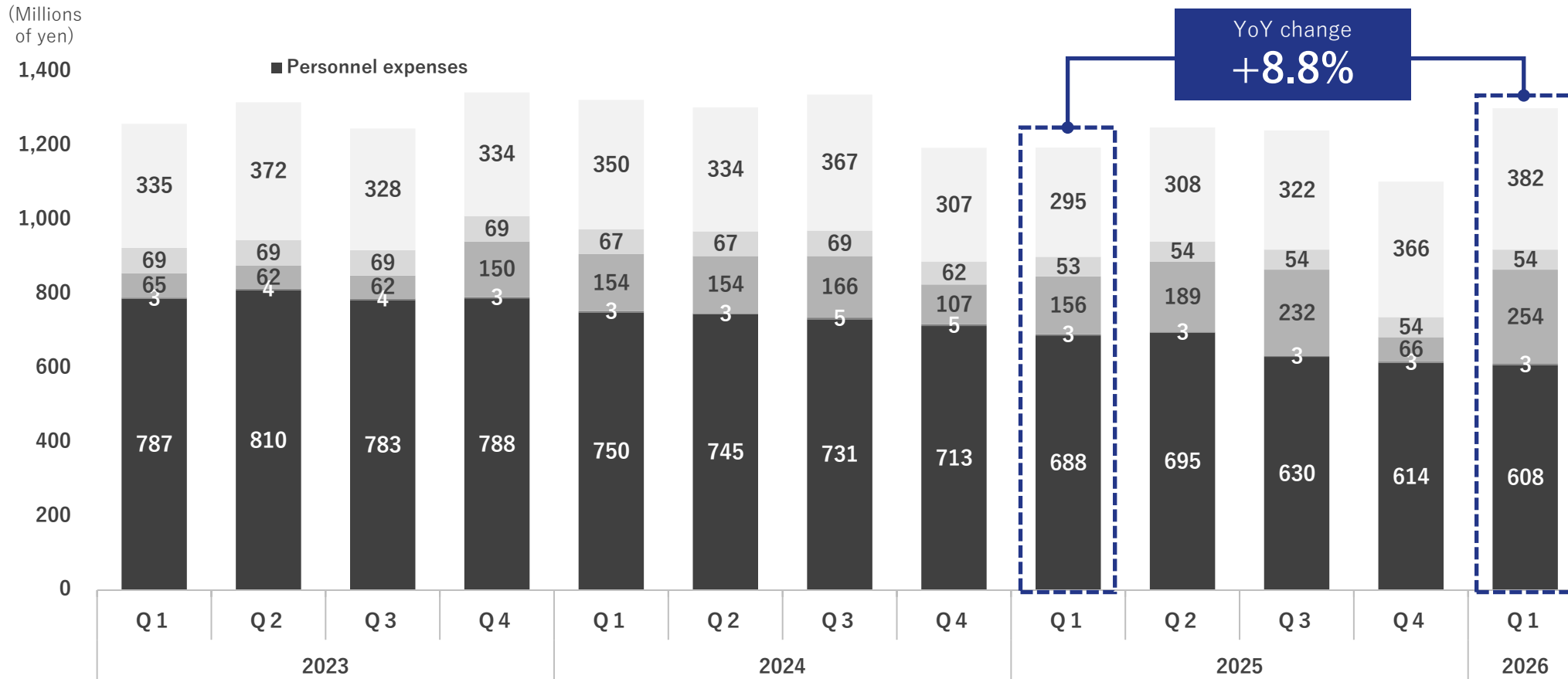
YoY change..... (53.9%)

QoQ change..... (41.8%)

Breakdown of Major Expense Items (Quarterly Basis)

Up 8.8% YoY and up 18.0% QoQ.

While employee structural costs are improving, upfront costs are pushing up overall costs.



*Other expenses include outsourcing expenses, commission expenses, data center costs, amortization of goodwill, etc.

While cash and deposits as well as net assets declined due to payment of year-end dividends, buying back shares, and acquiring public bonds, investments and other assets increased due to the acquisition of public bonds. We are promoting both a return of profit to shareholders and optimization of asset management.

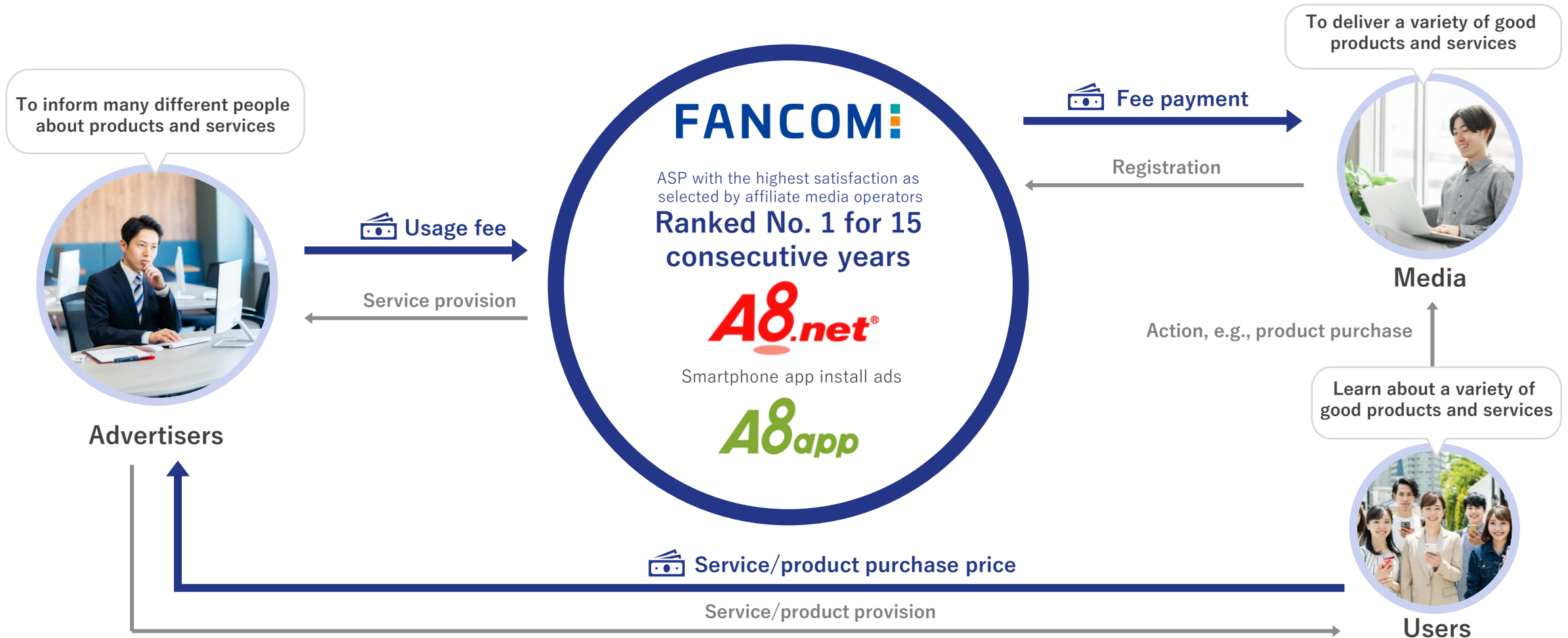
(Millions of yen)		End of FY2025	End of FY2026	Vs. End of previous FY	
				Change	Change (%)
Assets	Current assets	17,957	16,184	(1,773)	(9.9%)
	Cash and deposits	14,694	12,628	(2,065)	(14.1%)
	Non-current assets	4,969	5,198	+228	+4.6%
	Property, plant and equipment	70	65	(4)	(6.6%)
	Intangible assets	862	824	(37)	(4.4%)
	Investments and other assets	4,036	4,308	+271	+6.7%
	Total	22,927	21,382	(1,544)	(6.7%)
Liabilities and net assets	Liabilities	5,347	5,148	(198)	(3.7%)
	Net assets	17,580	16,234	(1,345)	(7.7%)
	Total	22,927	21,382	(1,544)	(6.7%)

03 ■ Overview by Business and Key Indicators

- CPA Solution Business
- Strategic Businesses
- FY2026 Key Indicators

CPA Solution Business Overview

Build a strong customer base that leverages the great strength of our brand Japan's largest affiliate network with roughly 3,000 advertisers and 3.6 million media outlets



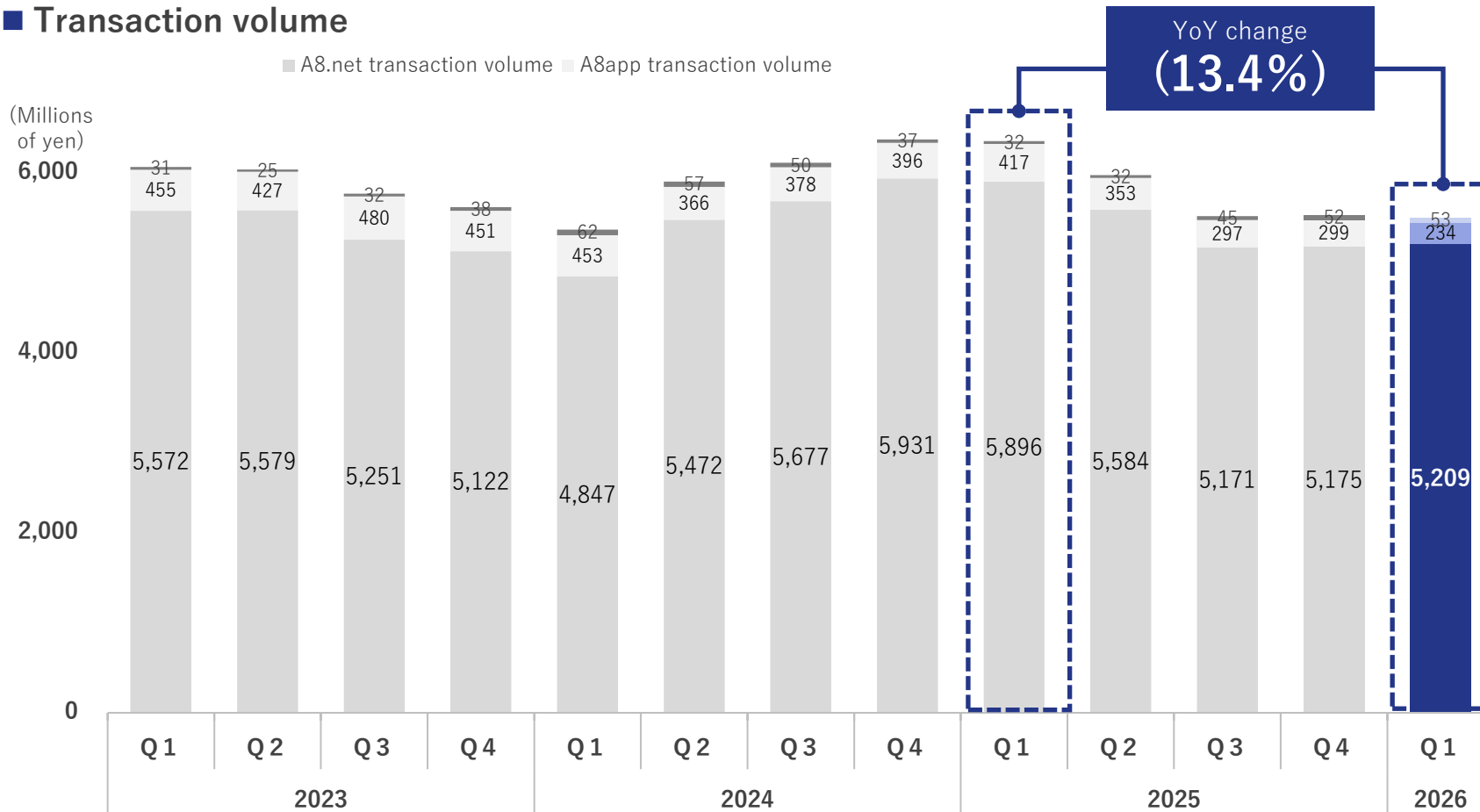
*Affiliate marketing association

"2025 Affiliate Program Awareness Survey" (1,374 valid responses; ranked among 23 major

CPA Solution Business: Transaction Volume (Quarterly Basis)

Transaction volume was down 13.4% YoY. The impact of budget cuts for specific genre-based advertisers that were growing during FY2024 to FY2025 is ongoing.

Transaction volume



FY2026 Q1 results

Overall
¥5,497 million

YoY change (13.4%)

QoQ change (0.5%)

A8.net
¥5,209 million

YoY change (11.7%)

QoQ change +0.7%

A8app
¥234 million

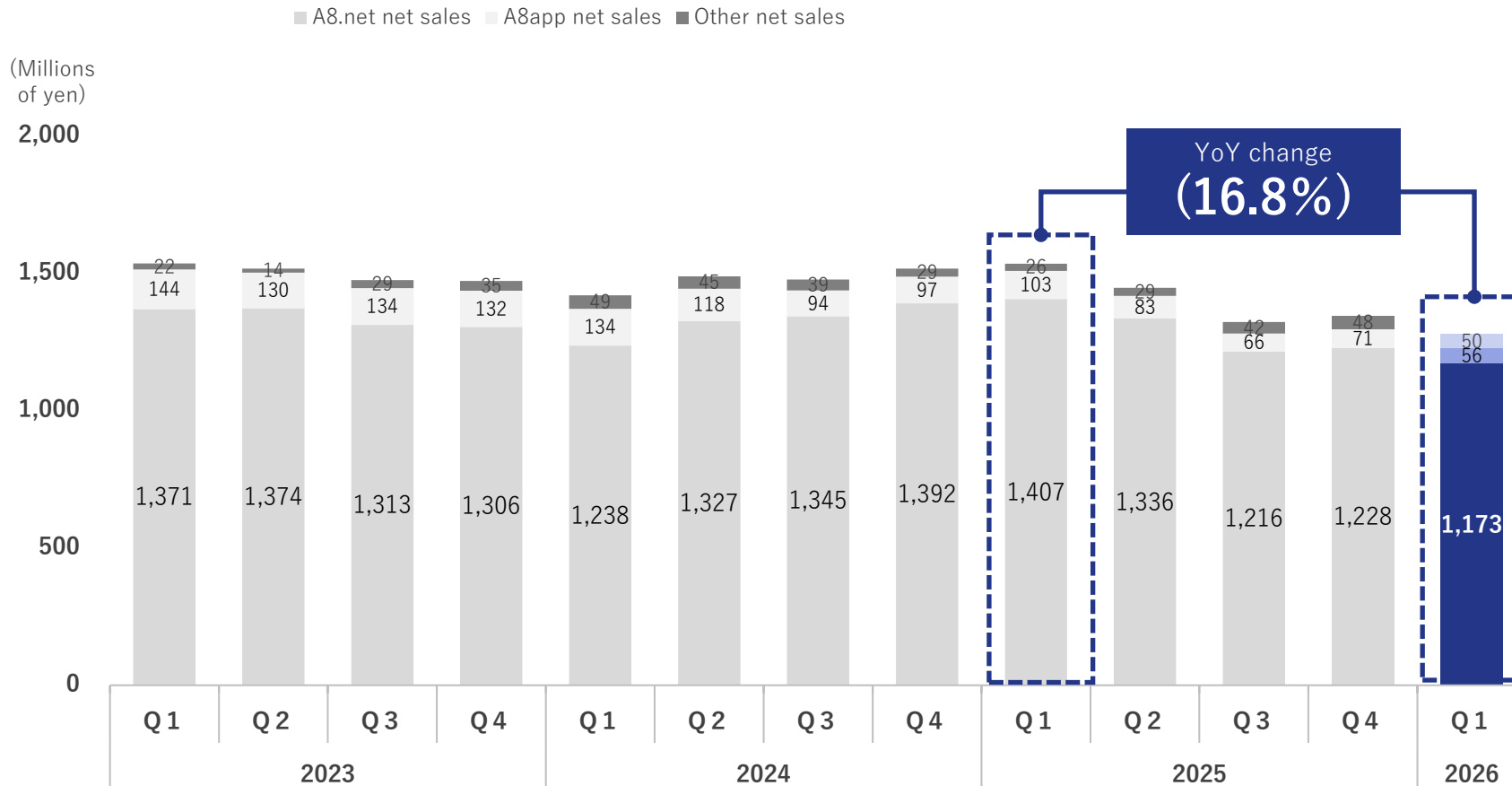
YoY change (43.7%)

QoQ change (21.5%)

CPA Solution Business Net Sales (Quarterly Basis)

Net sales were down 16.8% YoY, showing a similar trend to transaction volume.

Net sales



FY2026 Q1 results

Overall
 ¥ **1,280** million

YoY change (16.8%)

QoQ change (5.1%)

A8.net
 ¥ **1,173** million

YoY change (16.7%)

QoQ change (4.5%)

A8app
 ¥ **56** million

YoY change (45.5%)

QoQ change (21.0%)

CPA Solution Business Q1 Topics

The decline in gross profit due to changes in the media structure is ongoing. We are aiming to expand new revenue opportunities by creating cases for receiving orders for affiliate management services and supporting overall digital marketing, starting with A8.net.

Gross profit margin (internal management figure)

22.9%

YoY change (1.2pt)

QoQ change (1.0pt)

Operating margin (internal management figure)

11.1%

YoY change (1.6pt)

QoQ change (0.6pt)

*The gross profit and operating margin shown to the left are unaudited preliminary figures for internal management purposes. We internally manage profits and losses separately for each service.

Q1 Topics

[Key Points in Q1]

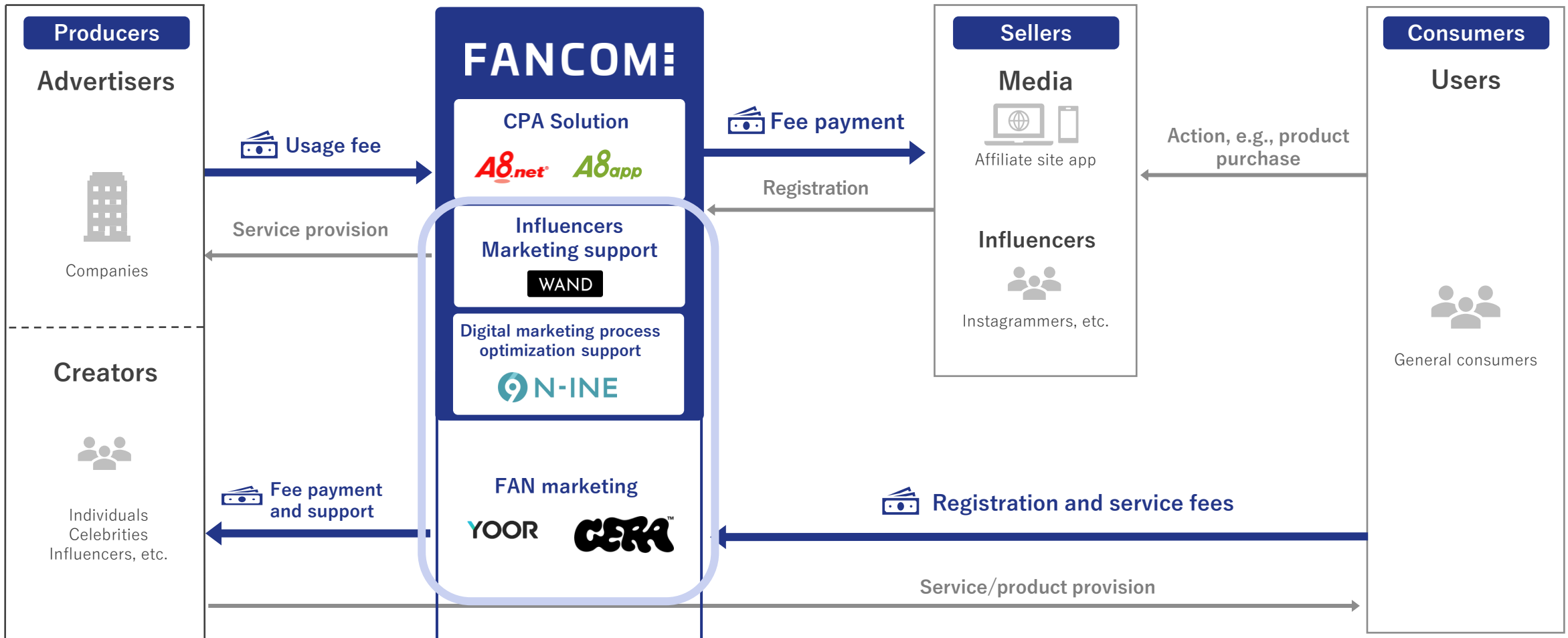
- Cases are emerging for receiving orders to support digital marketing (N-INE) for A8.net customers and prospective customers. This is a foothold in cross-selling activities.
- Measures to enhance expertise by category and provide consulting services to existing A8.net customers are continuing to perform well. Sales are increasing in multiple categories YoY and QoQ.

[Key Points for Q2 and Beyond]

- We will organize and create successful cases by packaging A8 with N-INE and GEO/AIO, etc., and promote horizontal deployment.
- We will cooperate with the new acquisition team and consulting team (category experts)
- to strengthen efforts to acquire advertisers with affiliate budgets.

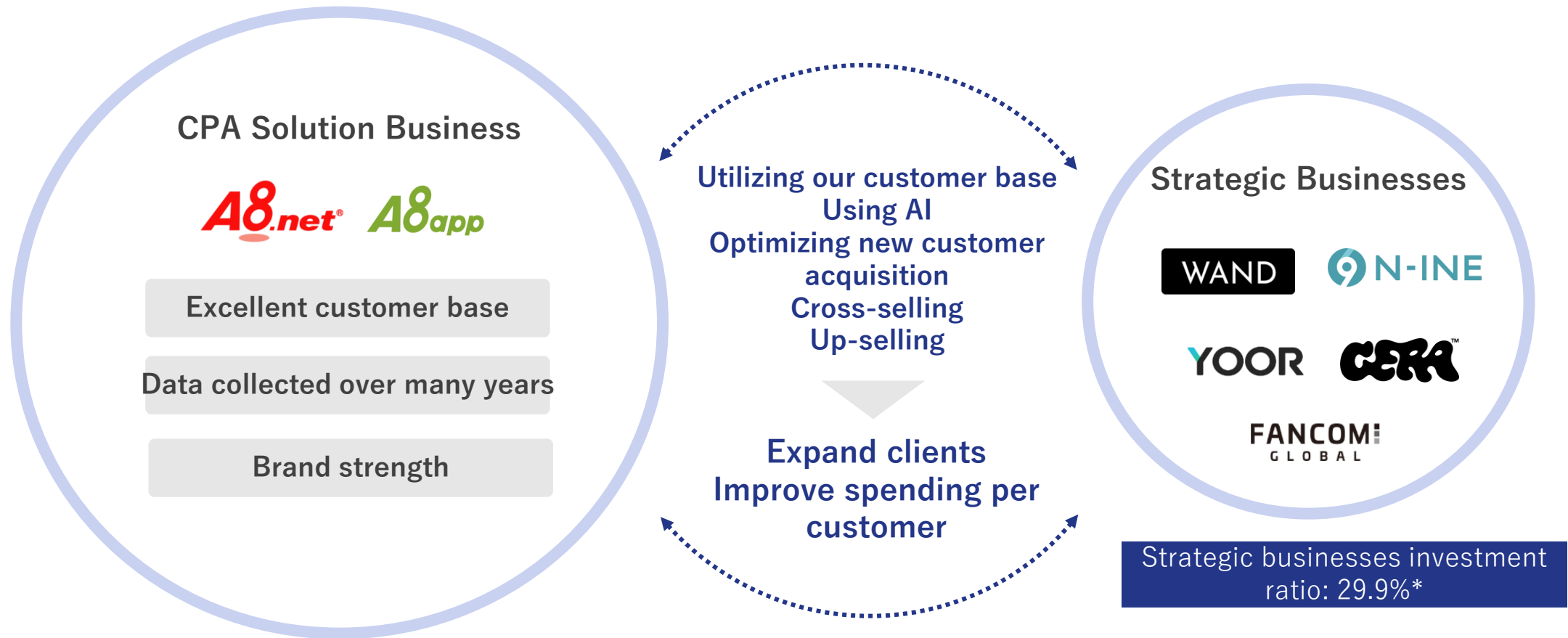
Areas of Focus for Strategic Businesses

Based on a solid customer foundation of roughly 3,000 advertisers and 3.6 million media outlets, we are expanding business and investing in adjacent domains, including support for influencer marketing tailored to customer needs.



The Relationship Between the CPA Solution Business and Strategic Businesses

Using our ability to effectively acquire customers due to our brand strength and our customer base built over many years in the CPA Solution Business, we are currently investing in digital marketing businesses as Strategic Businesses.



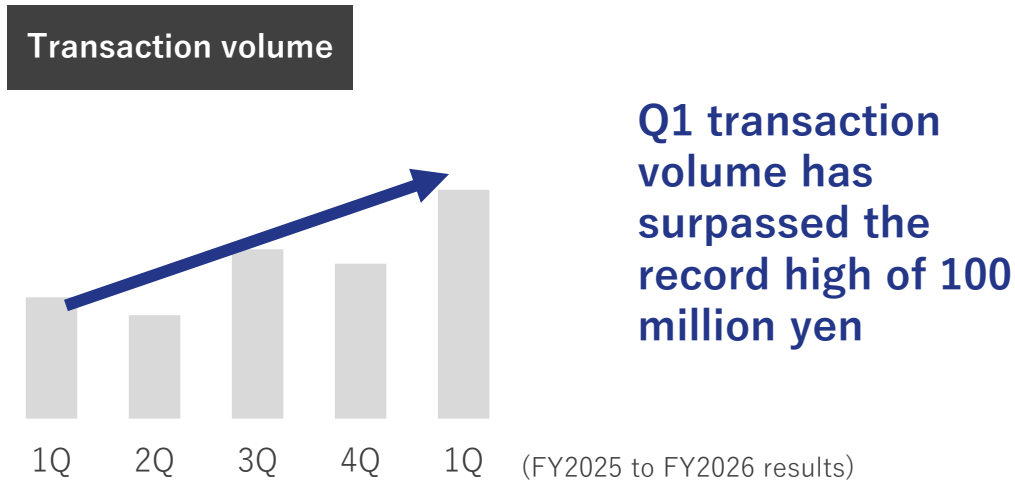
*: Strategic businesses investment ratio = strategic businesses operating income ÷ existing businesses operating income. This indicates how much operating income from existing businesses is being consumed by losses in strategic businesses.

Major KPIs for Strategic Businesses

[WAND] Surpassed 100 million yen in quarterly transaction volume to achieve a record high transaction volume.

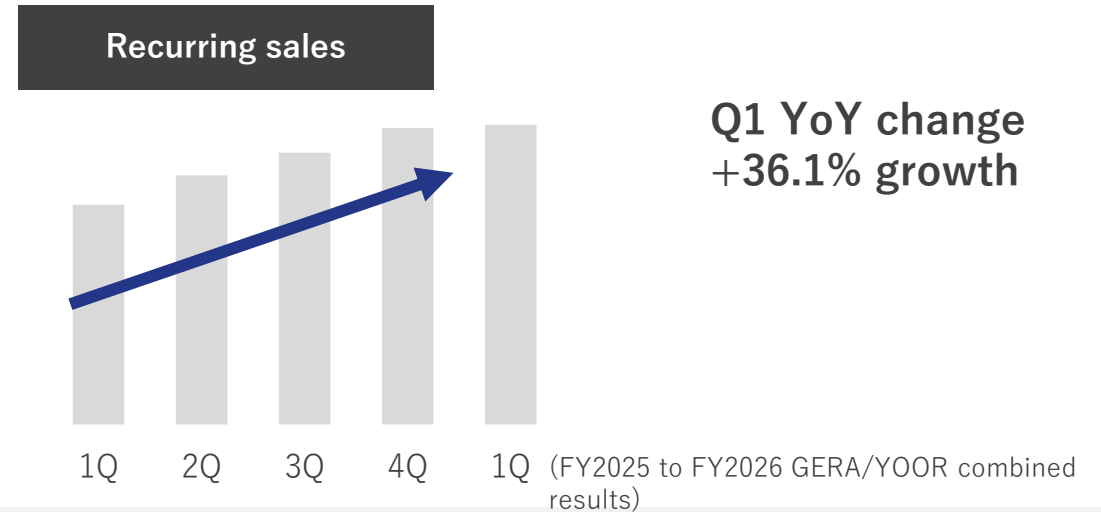
[GERA/YOOR] Gradually accumulated stock sales and transaction volume is performing well YoY.

[WAND] Influencer marketing support



- Introduced a new view count charging system in LUMOS with the aim of expanding customers and industries as well as increase ongoing customers.
- Continued to expand the number of registered influencers.
- The number of advertisers in the influencer affiliate service NOX is continuing to increase since launch.

[GERA/YOOR] FAN marketing support



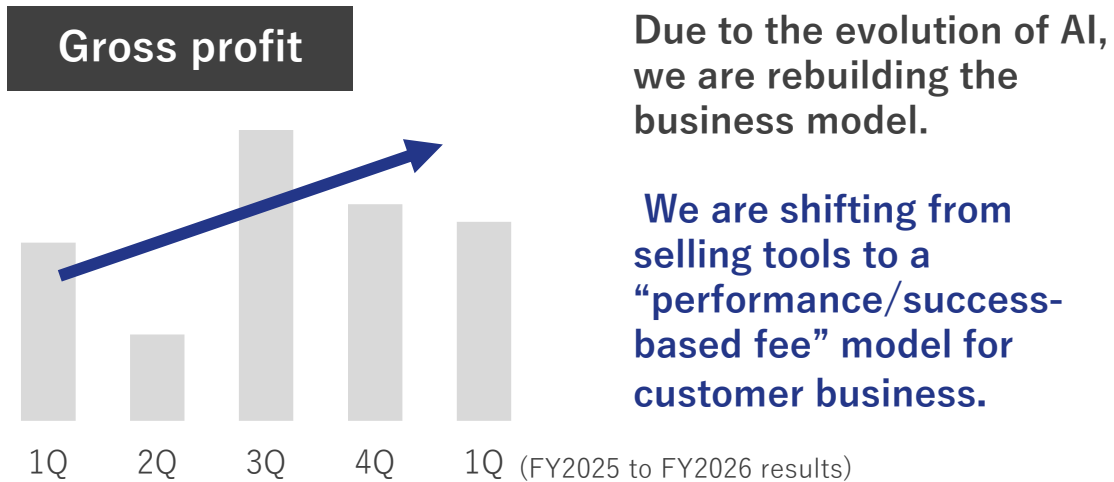
- BtoB projects increased by providing external creators with knowledge and expertise about “fan clubs, events, and goods production” gained by operating our own media.
- Including the vertical POV short drama “Oretachi no Azasu.” and “KICKJAM” made in collaboration with Tokyo Dome

*The recurring sales figures shown above are unaudited preliminary figures for internal management purposes. We internally manages profits and losses separately for each service.

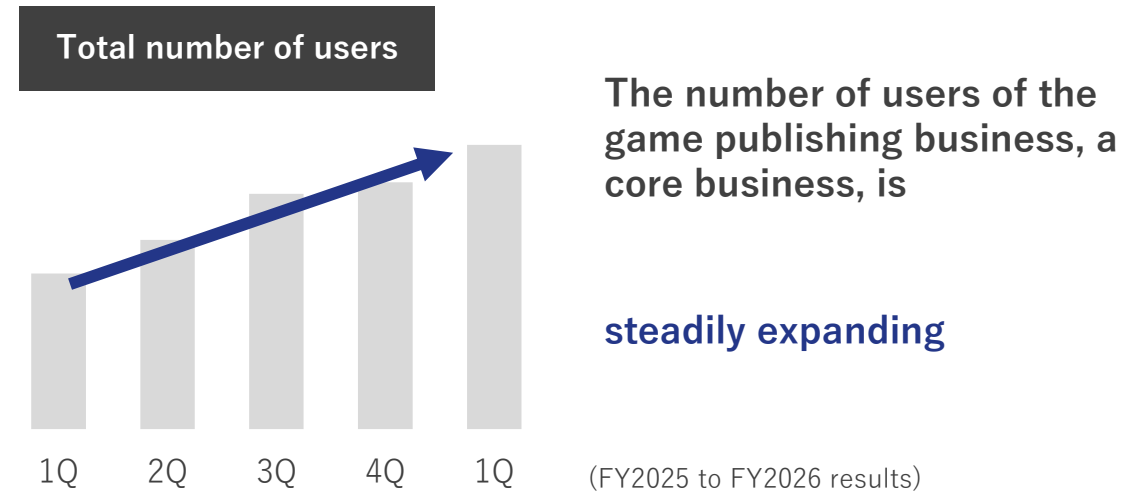
Major KPIs for Strategic Businesses

[N-INE] Accelerated cross-selling with A8.net through organizational restructuring. Rebuilt the business model.
[FANCOMI Global] Currently investing in advertising expenses. Thorough ROAS management for recovery in the 2nd half of the year.

[N-INE] Digital marketing process optimization support



[FANCOMI Global]



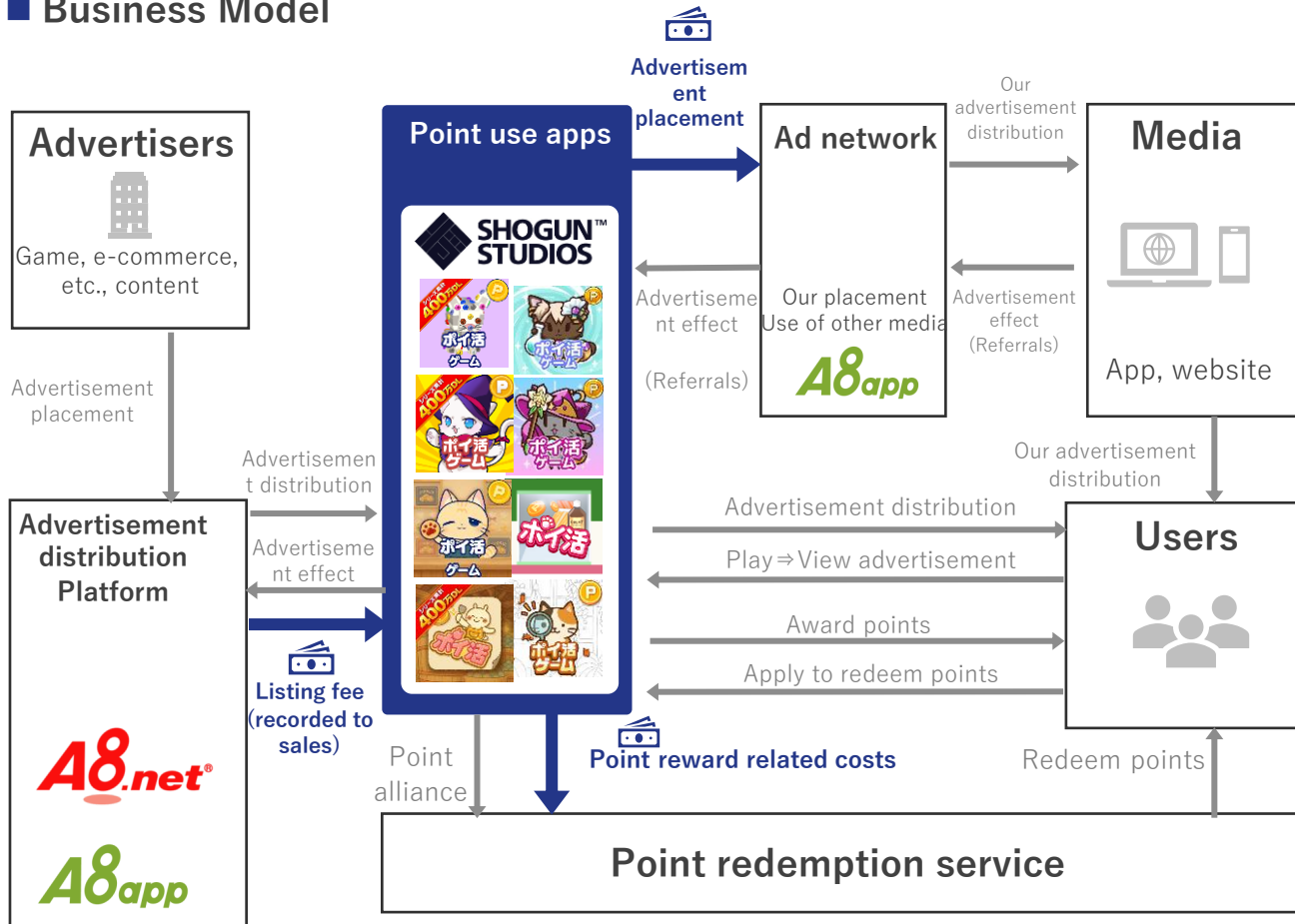
- More in-depth approach to A8.net existing customers. Cross-selling cases have appeared. Created successful cases for the 2nd half of the year.
- Released high added-value projects using our strengths in the entertainment sector, such as large-scale initiatives that use the LINE mini app.

- In the game publishing business, we have implemented extensive advertising so that the transaction volume has exceeded the figure from the same period last year.
 - Profit recovery is expected from the 2nd half of the year.
 - We will withdraw from unprofitable agency business to strengthen profitability.
- *An explanation is provided on the next page that summarizes the game publishing business.

Game Publishing Business Model and Investment Logic

Develop a game publishing business that operates multiple loyalty point apps for smartphones. Control advertising costs while predicting LTV, specify the target recovery period, and operate so that the acquisition cost is less than LTV revenue.

Business Model



Day0

- Place advertisements to our and external media to acquire game users

Day1 ~ ○*Set target

- Users play the game and see the advertisement, which generates revenue
- Invest while controlling advertising costs based on predicted LTV

Day○ ~

- Aim to keep acquisition cost below LTV revenue for the target period
- If revenue increases, invest further in advertising expenses to maximize revenue

About [FY2026 Key Indicators]

For FY2026, we have designated the following items as key indicators of our growth and efficiency.

	Details	Final Year of Medium-Term Management Plan FY2027 Target Figures
Net sales of strategic businesses	<p>This indicator measures the scale and growth rate of focus areas other than existing businesses in the FY2025-2027 Medium-Term Management Plan.</p> <ul style="list-style-type: none"> • Influencer marketing “WAND” • Digital marketing process optimization support “N-INE” • FAN marketing “GERA”, “YOOR” • FAN Communications Global 	<p>Strategic Businesses Roughly 40% of net sales mix</p>
Operating margin	<p>This indicator shows progress of company-wide profitability.</p>	<p>10%</p>
Operating income per employee	<p>This indicator assesses productivity and resource allocation optimization.</p>	<p>Approx. twice that of FY2024</p>

*The number of unique customer IDs and cross-selling number/rate that generate sales will be disclosed from the 3rd quarter

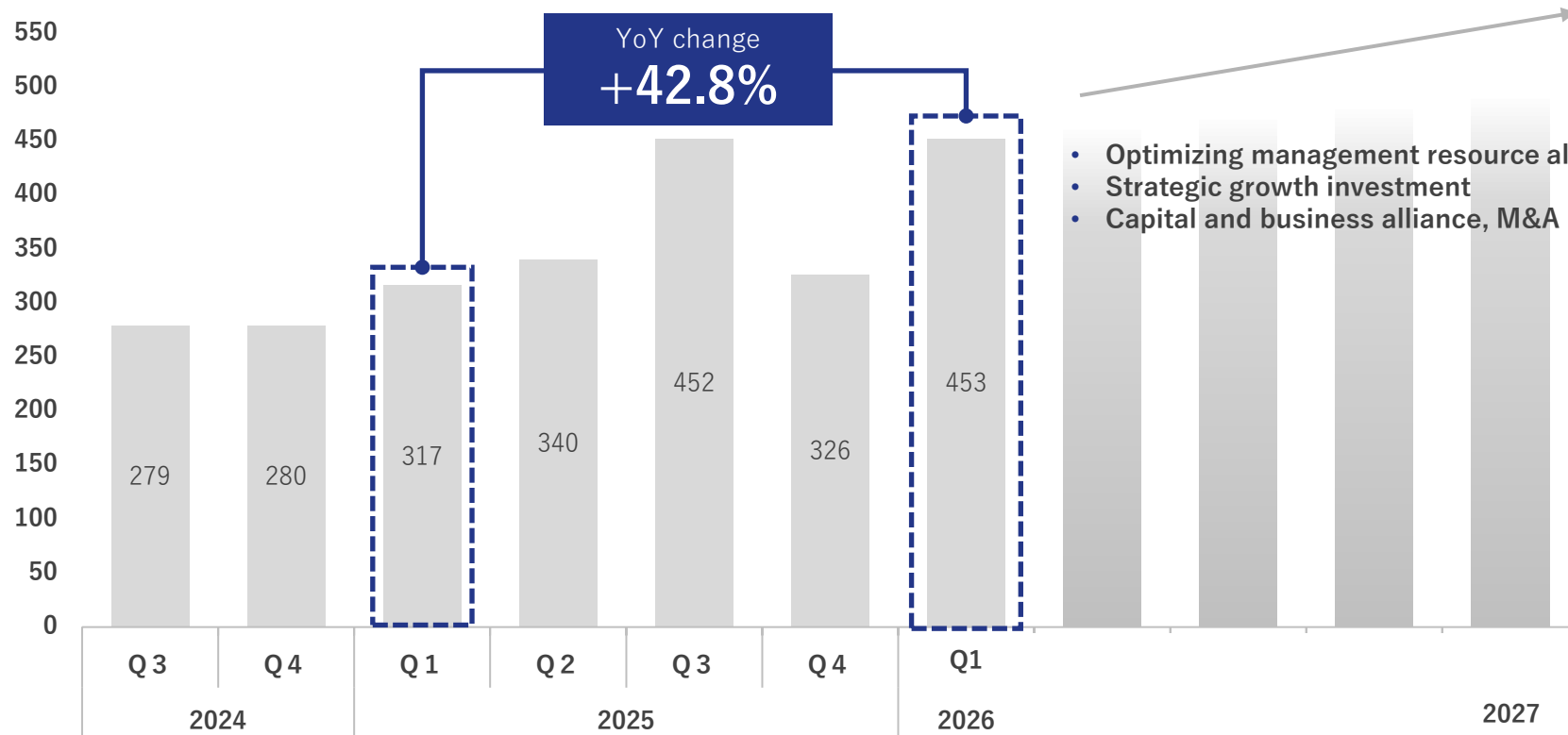
[FY2026 Key Indicators] Strategic Business Net Sales Trend (Quarterly Basis)

Strengthening strategic businesses, and transforming our business portfolio.

As strategic businesses often have high gross profit margins, rather than transaction volume, net sales are a key indicator.

Net sales trend of strategic businesses

(Millions of yen)



- Optimizing management resource allocation
- Strategic growth investment
- Capital and business alliance, M&A

FY2026 Q1 results

Overall

¥452 million

YoY change..... +42.8%

QoQ change..... +38.7%

Strategic business net sales mix

26%

YoY change..... +9 pt

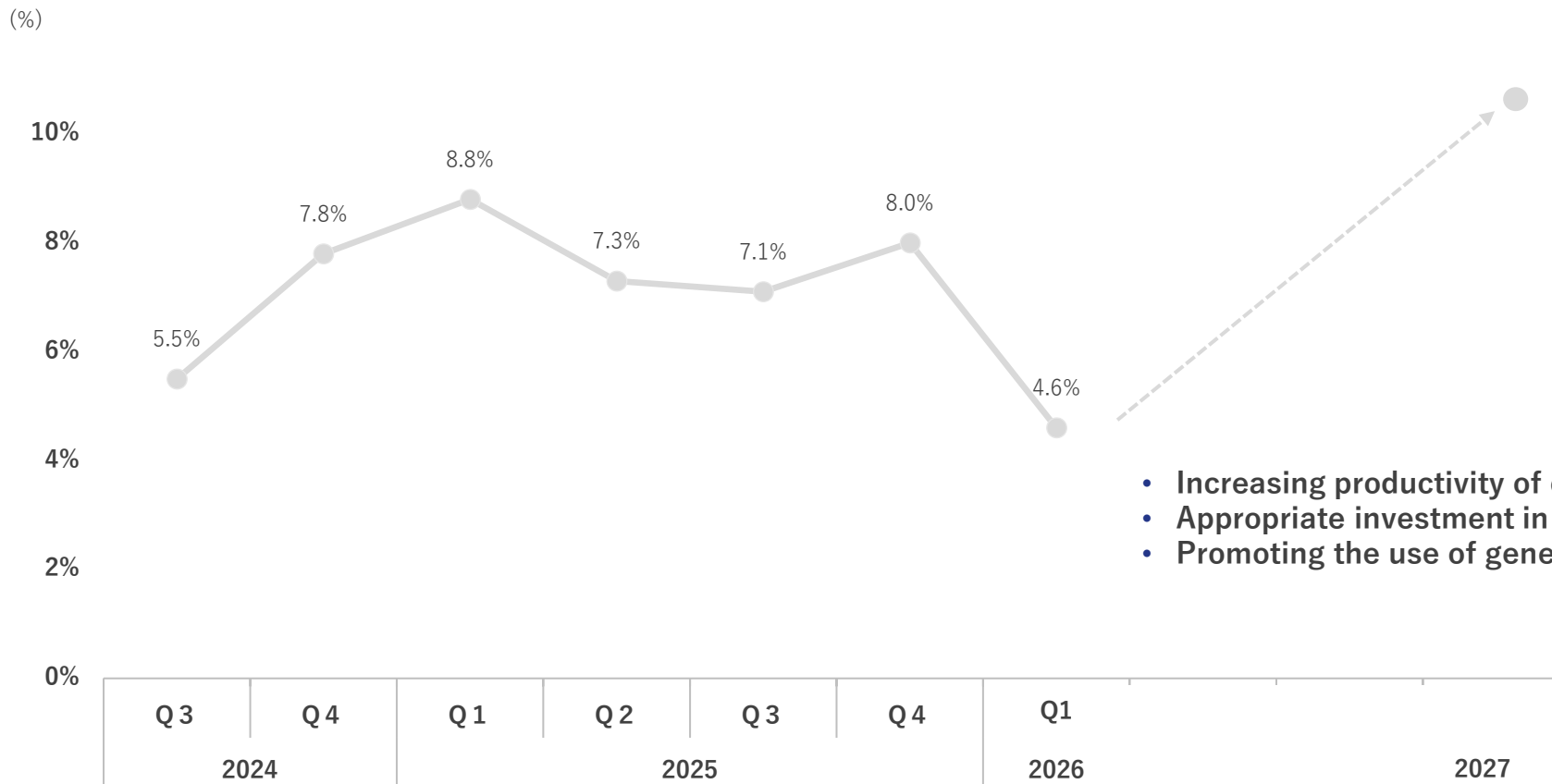
QoQ change..... +6 pt

*Net sales of "nend" are excluded.

[FY2026 Key Indicators] Operating Margin Trend (Quarterly Basis)

We expect improvement accompanying the transition to a return on investment phase in the 2nd half of the year.

Trend of operating income to transaction volume ratio



FY2026 Q1 results

Overall

4.6

YoY change..... (4.2pt)

QoQ change..... **(3.4pt)**

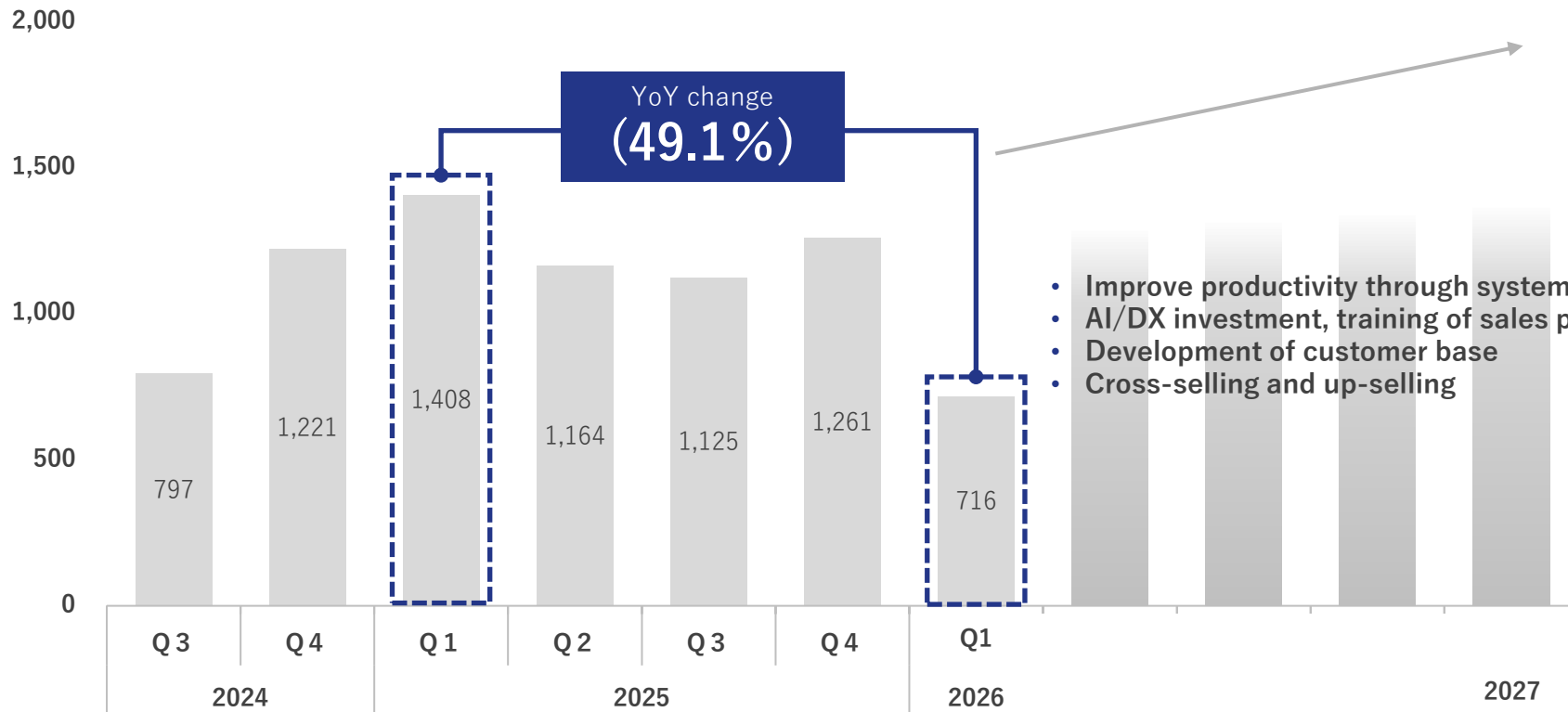
- Increasing productivity of existing businesses
- Appropriate investment in and expansion of strategic businesses
- Promoting the use of generative AI company wide

[FY2026 Key Indicators] Operating Income Per Employee (Quarterly Basis)

We are steadily building the foundation to improve productivity through DX promotion.

Trend of operating income per employee

(Thousands of yen)



FY2026 Q1 results

Overall

¥ **716** thousand

YoY change..... (49.1%)

QoQ change..... (43.2%)

- Improve productivity through systematization and visualization
- AI/DX investment, training of sales personnel
- Development of customer base
- Cross-selling and up-selling

Issues to Be Addressed

- The revenue structure for strategic businesses has not yet fully transitioned to a stock-based model and remains highly volatile.
- Respond to structural changes in the digital marketing business due to AI adoption.
- Respond to changing A8.net advertiser and media needs due to AI adoption.
- Promote further internal use of DX and AI.

Strengthening Priorities

- Invest in rebuilding the revenue structure of strategic businesses (N-INE, WAND, etc.) into a low-volatility stock-based model to establish a sustainable earnings foundation supporting FY2027 and beyond.
- Accelerate organizational restructuring and AI implementation in products in order to maintain our competitive advantage by responding to rapid changes in the market environment driven by the spread of AI.
- Establish and begin operating a company-wide unified customer management infrastructure. Maximize cross-selling, which is key to achieving the Medium-Term Management Plan, and promote improvements in capital efficiency.

Progress

- N-INE will transition to a model that provides value based on “performance/success”, and not “function” through the evolution of external AI services.
- We are preparing the first release of AI implementation in products after formulating a policy that focuses on development speed. We are promoting the development of AI systems for the purpose of improving business productivity within our company.
- Released a company-wide unified customer management infrastructure. Full-scale operation from May.
- Strengthened activities to create successful cases and packaging as the preparatory stage for cross-selling.
- Implemented verification sales that include external services (AIO, etc.) while detecting changes in customer needs.

04 ■ Company Information

- Company Overview
- IR Information

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.

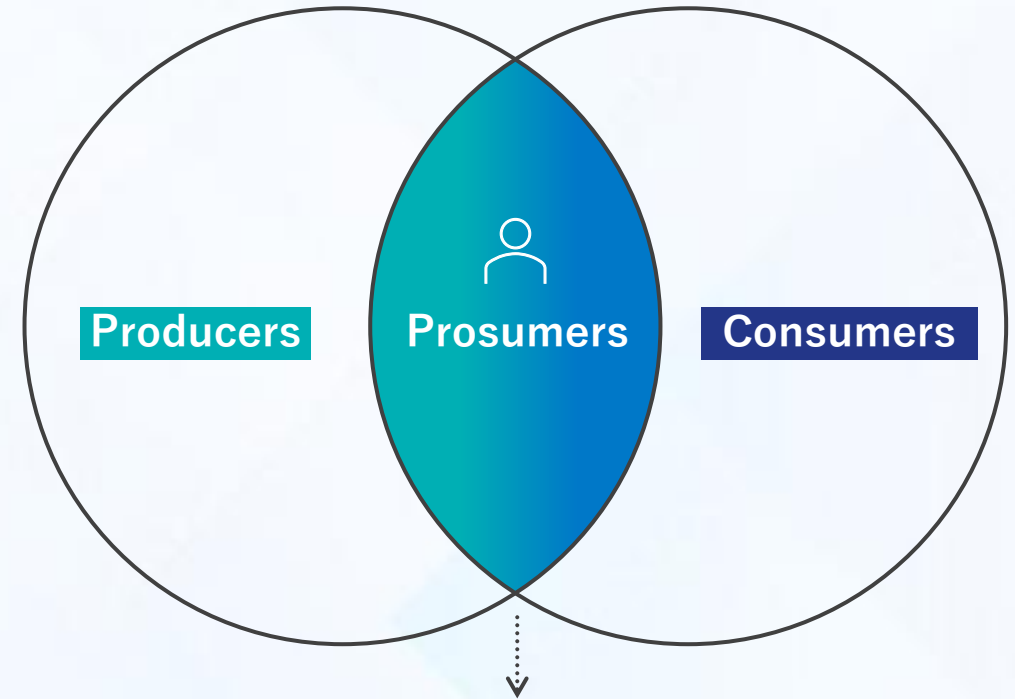
Slowly and steadily step by step, steadily moving forward



From an ad network provider to a prosumer support business

The market mechanism created by the era of mass production and mass consumption is coming to an end. A time is coming in which the line between production and consumption is blurred, and the world has been filled with “**prosumers**” who resemble both sides.

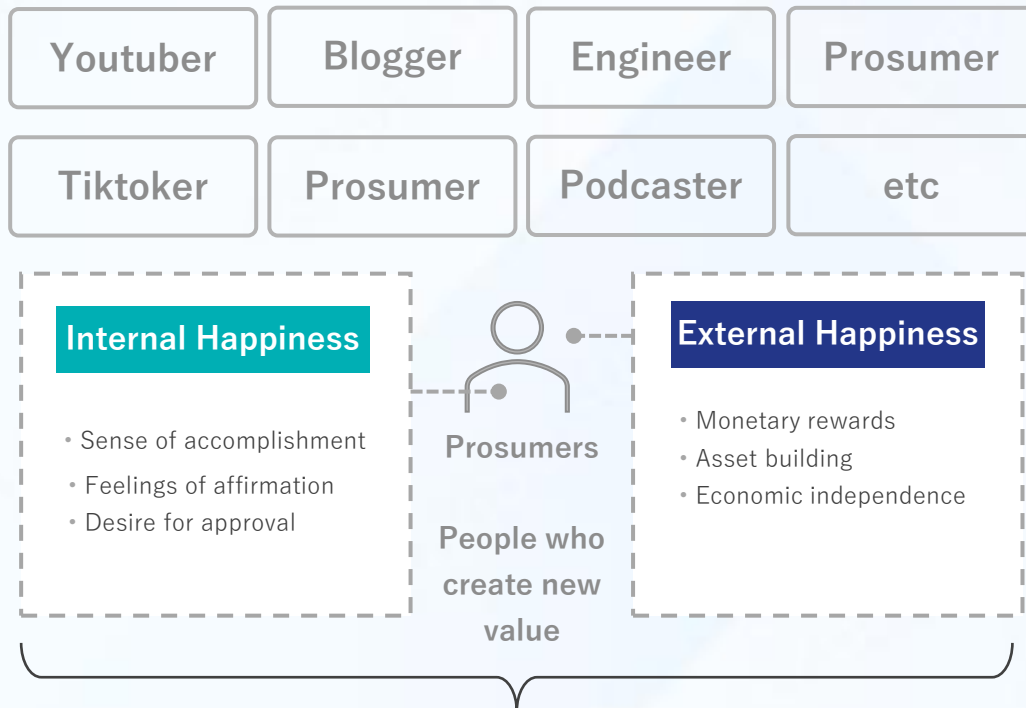
The Internet has greatly reduced the cost of advertising and disseminating information about the ideas, efforts, and works of individuals and small businesses to the world. By facilitating the creation of a new economic sphere on the Internet, we will create a mechanism to increase the number of prosumers who are involved not only in consumption but also in production.



Prosumer happiness

= The “vision” we are working toward

We will support the coexistence of two forms of happiness and co-create them with prosumers.



Maximizing the Two Forms of Happiness

This is how we define “happiness.”

FANCOMI has worked to create **new value** on the Internet and support prosumers who create **new value**.

In the three decades since the dawn of the Internet, the world has become increasingly complex and diverse.

In order for prosumers to create and **expand** new value, the use of **digital marketing** is essential.

FANCOMI aims to **realize a more affluent society** by facilitating an environment that makes digital marketing easier and **co-creating with prosumers**.

Official LINE Account

Our LINE account provides you with IR and PR news in a timely manner.

Please be sure to follow us on LINE!



Medium-Term Management Plan Materials

(Links)

- [Announced February 10, 2025 - \(PDF\)](#)
- [Announced February 9, 2026 - \(PDF\)](#)

Materials for New Investors

(Links)

[Company Presentation for New Investors \(video\)](#)

Company Name	FAN Communications, Inc
Securities Code	2461 (Tokyo Stock Exchange, Prime Market)
Fiscal Year-End	December
Established	October 1, 1999
Capital	¥1,189.56 million (as of March 31, 2026)
President and Representative Director	Koji Ninomiya
Number of Employees	Non-consolidated : 338 Group total : 382 (As of September 31, 2025; 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



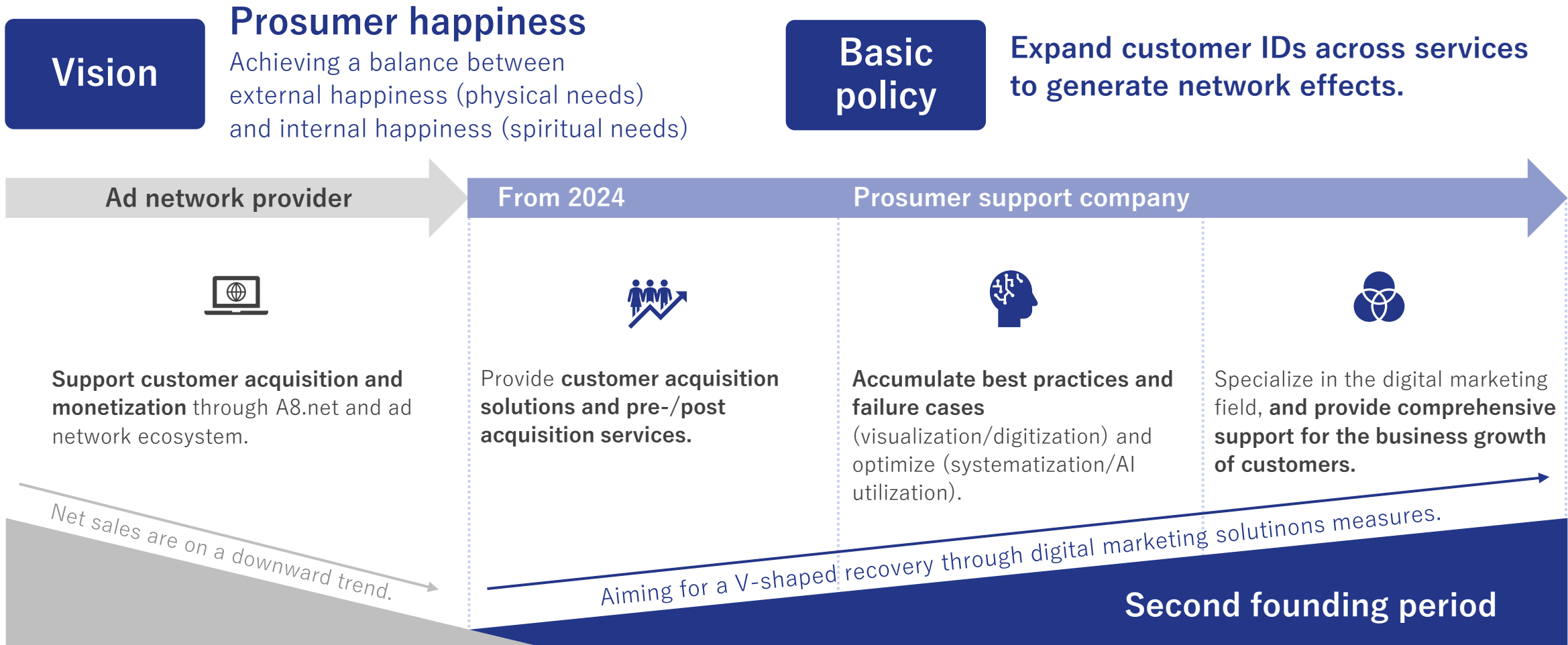


06 ■ Reference Material

- Overview of Medium-Term Management Plan

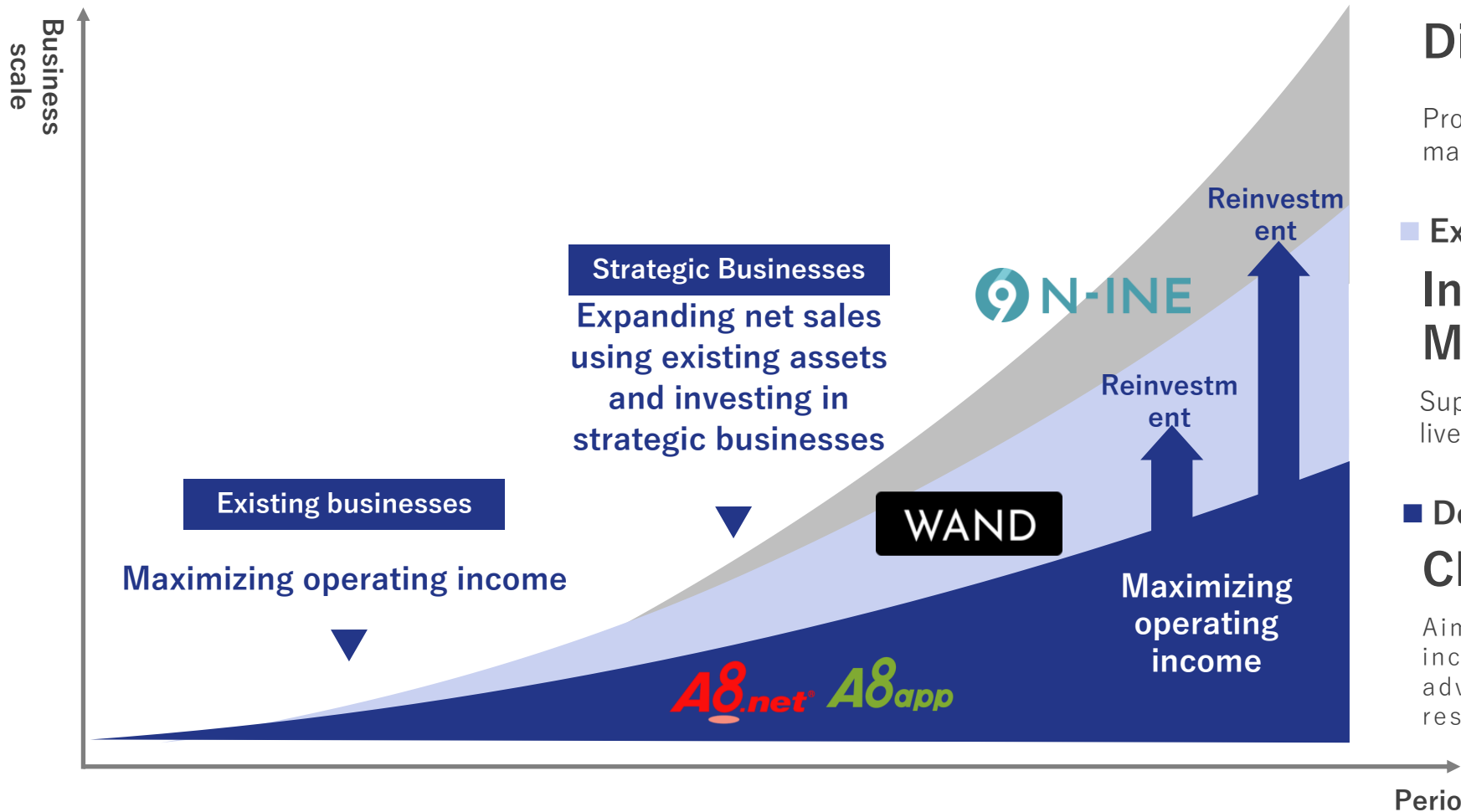
Story that begins with the second founding

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



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.



Investing in strategic businesses

Digital marketing support

Provide a group of tools to make digital marketing easier to use

Expanding strategic businesses

Influencers Marketing support

Support the introduction of media to people's lives. Aim to maximize net sales.

Deepening existing businesses

CPA Solution

Aim to maximize operating income by increasing the number of operating advertisers that continue to produce results.

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 usage fee + Performance-based fee	<p>BPO utilizing AI</p> <p>Contracted operation of marketing tools before and after customer attraction</p>	<p>Market size in 2027</p> <p>IT-related BPO market 3.2 trillion</p> <p>Digital marketing BPO market 400 billion *Our estimate</p>
	×	
	<p>Marketing tools before and after customer acquisition</p> <p>N-INE, Fan marketing</p>	<p>Market size in 2027</p> <p>Digital marketing market 500 billion</p> <p>(Analysis and CRM market)</p>
	×	
	<p>Customer acquisition solution</p> <p>Affiliate ads</p> <p>A8.net, A8app, LUMOS</p>	<p>Market size in 2027</p> <p>Affiliate market 580 billion</p> <p>Influencer marketing market 130 billion</p>

Competitors

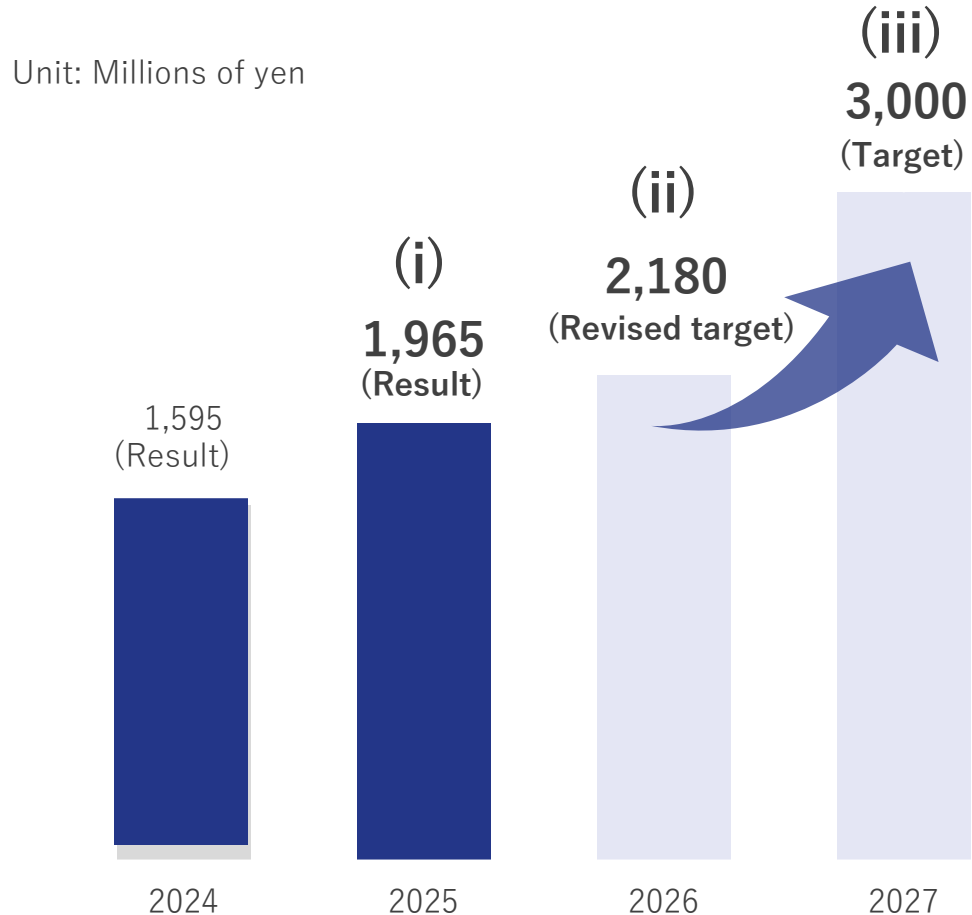
Advertising agencies
Consultants
(Mainly large companies)

Marketing
Vertical SaaS
(Mainly enterprises)

Affiliate
ASP
(Mainly large budgets)

Revision of the FY2026 Operating Income Plan Target Figures

In FY2025, we exceeded the target. In FY2026, we will focus on two priorities: investing in response to the changing AI landscape, and strengthening the revenue base of certain strategic businesses that are behind plan by increasing the ratio of recurring revenue. We aim to achieve our final-year target of 3 billion yen.



(i) FY2025 Achievement

- Achieved 1.965 billion yen exceeding the initial target of 1.81 billion yen (revised upward to 1.95 billion yen in August 2025)

(ii) FY2026 Changed

- Revise the initial plan of 2.4 billion yen to 2.18 billion yen.
- Adapt to changing customer needs driven by increasing adoption of AI
→ Implement AI in products and actively invest in AI-driven operations
- Strategic Business: Shift to a recurring revenue model

(iii) FY2027 No change

- The initial plan remains unchanged.

Reasons for Revising the Medium-Term Management Plan

We are clarifying additional priorities to achieve the FY2027 operating income target of 3 billion yen and ROE of 10% or higher.



Strengthening Competitiveness by utilizing AI

We will establish a foundation to utilize AI and develop talent and strengthen organizational capabilities to create added value across the company.

By integrating AI into individual products, we will establish unique value and competitiveness that competitors cannot replicate.

Organizing the foundation to utilize AI

- Promote consolidation of internal big data accumulated over time and digitization of knowledge
- Organize DX/AI promotion teams to establish a system for sharing successful cases and cross-functional problem-solving
- Formulate AI use guidelines and conduct literacy training

Streamlining operations

- Develop “FANCOMI AI,” an internal operation system and establish data pipelines
- Utilize AI across all functions, including sales, operation, and back office, and promote automation and advancement across the company to minimize operational costs
- Develop the personnel capable of creating added value to utilize AI and foster a culture where AI use is standardized

Applying to individual products

- **Investment areas Clarify the utilization of AI for each product and maximize business growth**
 - A8.net: Utilize AI for operation and functions to evolve it into Japan’s No.1 AI-powered ASP
 - N-INE: Redefine digital marketing processes by utilizing AI, and maximize customer outcomes while ensuring reproducibility
 - FANCOMI AI: Connect internal data with various services to maximize customer value provision in operations

Strengthening Competitiveness by utilizing AI

Utilizing AI for all processes dramatically improves the feasibility of the Growth Circle Strategy, which is the foundation for establishing a competitive advantage.

Customer IDs expansion x cross-selling

Expand the number of customer IDs

Maximize sales efficiency through AI-enabled customer management and FANCOMI AI

Accumulating data and know-how

Accumulate all types of data, including data on successes and

Establish pipelines for various data, including data on services, internal information, deals, and external information

Streamline operations and accelerate the speed of delivery of customer value in all types of operations by building a unique database and utilizing AI

FANCOM
Growth Circle

Improve matching precision

Utilize accumulated data and enhance value delivered to

Provide AI capabilities for core services such as A8.net

Streamline and automate partners' operations using AI agents

Establishing competitive advantage

Fully leverage AI to simultaneously grow the number of customer IDs and improve the average customer spend

Improve the average customer spend

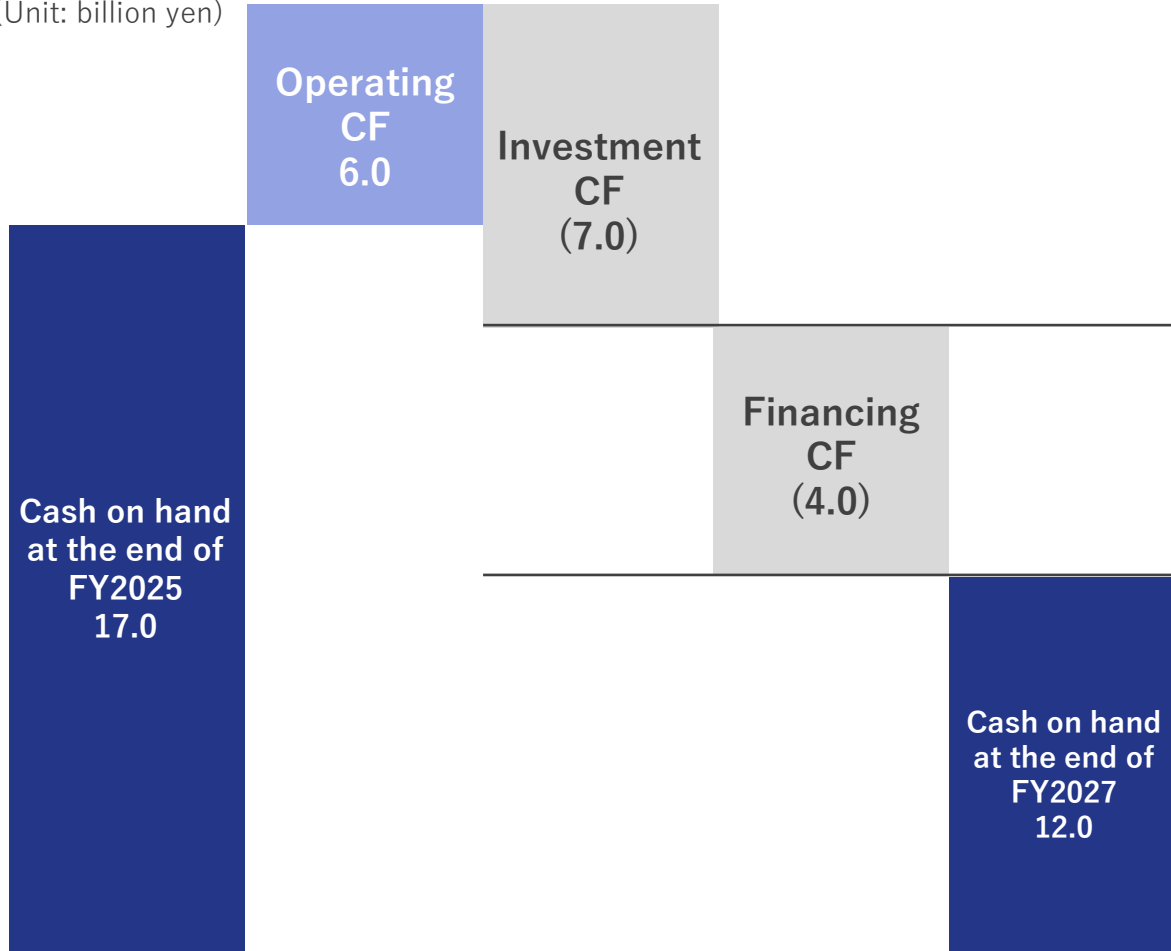
The average customer spend will increase through cross-selling, bundled pricing plans, and improved performance outcomes.

Utilize FANCOMI AI for data and deal analysis
Automate operations using AI agents

Capital Allocation

To achieve an ROE of 10% or higher in FY2027, we plan to execute the following in a balanced manner: investments to maximize the profits of our existing businesses; concrete growth investments focused on M&A; and stable shareholder returns.

(Unit: billion yen)



Actively invest to transform our business structure

- **Investment in AI utilization + internal businesses (1 billion yen)**
 - Investment in DX (AI tools, etc.)
 - Investment in AI utilization for A8.net and strategic businesses
- **M&A investment (6 billion yen)**
 - Actively invest in targets that will generate returns exceeding their capital costs
 - If unable to find an investment target, set the funds aside as strategic cash reserves

Expand shareholder returns and pursue capital efficiency

- **Maintain a baseline DOE of approx. 8% till FY2027**
- **Repurchase shares to implement the RS plan**
- **Consider opportunistic share repurchases**

Secure robust financial liquidity to sustain growth

- **Business working capital (4 billion yen)**
 - Maintain a robust financial foundation and credit, ensuring continued customer trust
 - Maintain reserves equivalent to 2 months of payments, factoring in the diversification of payment cycles for media partners
- **Strategic cash reserves (8 billion yen)**
 - Cash reserved to conduct opportunistic M&A and respond to unexpected situations
 - Efficiently manage surplus funds to ensure safety and liquidity

■ M&A Strategy Centered on Existing Assets

We will target domains where we can maximize synergies with our existing base of 3,000 corporate clients, our key asset. We will expand the range of value propositions for customers, thereby driving sustainable medium-to-long-term growth.

■ M&A policy

Basic policy

- Carefully select investees (in the digital marketing domain) that will accelerate value delivery to our customers and targets
- Selectively target investees that are likely to improve the ROE

Investment discipline

- Make investment decisions based on the expected rate of return (IRR), which reflects the capital cost, risks of individual deals, and business characteristics
- The target IRR varies depending on the category and business phase. However, we have established a 15% IRR as the hurdle rate for investment decisions, provided they contribute to improving ROE.

■ Specific direction

Investment theme	Specific targets	Expected synergies
Strengthen and deepen existing businesses	<ul style="list-style-type: none"> • Companies in the affiliate sector • Influencer marketing companies • Membership-based media companies 	<ul style="list-style-type: none"> • Expand customer base • Maximize revenue through upselling and cross-selling
Expand the digital marketing domain	<ul style="list-style-type: none"> • Online marketplace management agencies • Marketing tools companies • AI-related companies 	<ul style="list-style-type: none"> • Maximize revenue through upselling and cross-selling • Expand the range of value propositions by enhancing digital marketing support • Drive operational efficiency and advancement by utilizing AI

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.**

FANCOM



Providing customers with a digital marketing infrastructure based on performance-based advertising



Aggressively leveraging AI to solve customer labor shortages using our proprietary data and BPO services

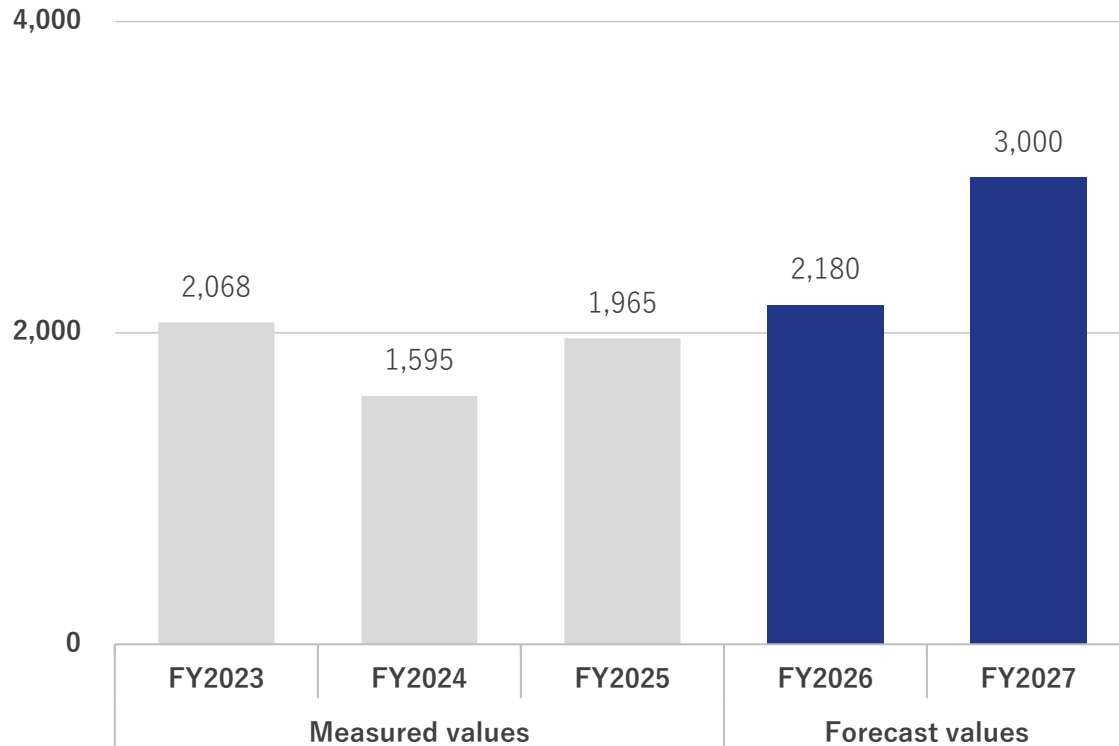


Maintaining A8.net's top market share while also having the top share in influencer and affiliate marketing

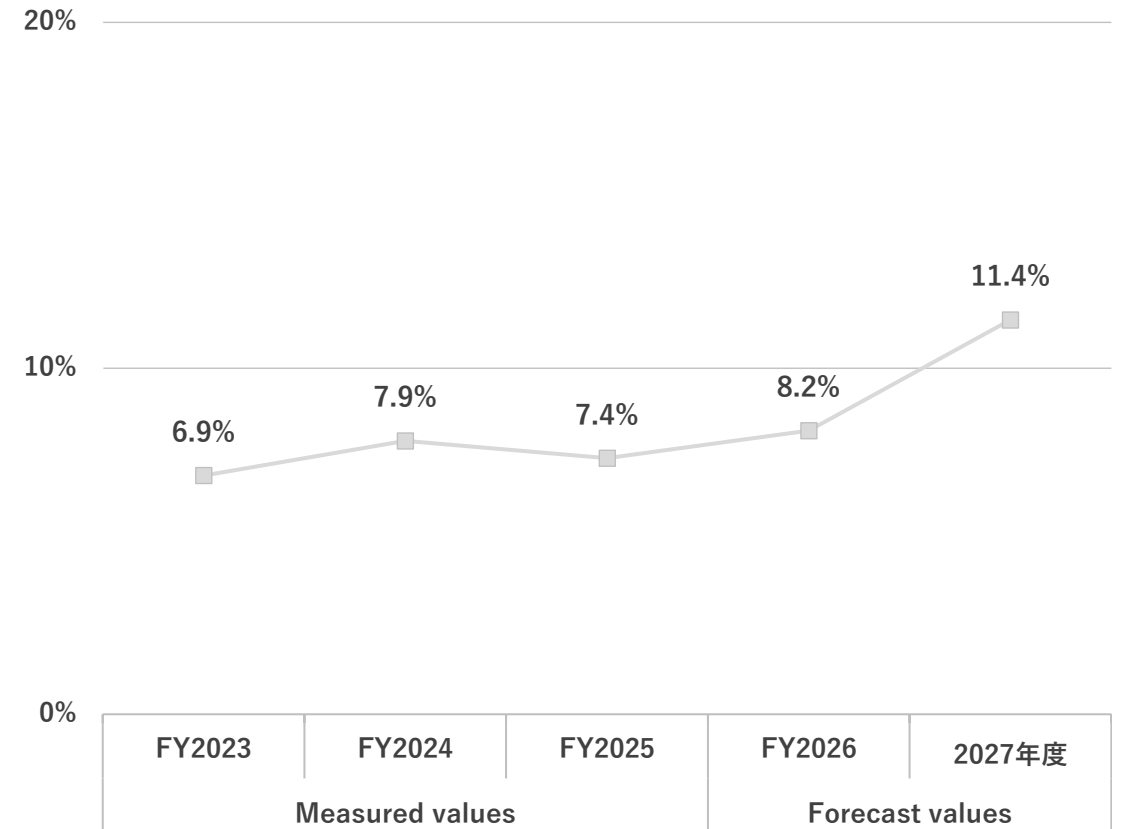
Targeting operating profit of 3.0 billion yen and an ROE of 10% or higher.

Operating income targets

(Millions of yen)



Return on equity [ROE] Year-end targets



- 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.
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