

May 8, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: FAN Communications, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 2461
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended | | | | | | | | |
| March 31, 2025 | 1,855 | 9.0 | 594 | 68.7 | 565 | 59.4 | 389 | (24.4) |
| March 31, 2024 | 1,702 | (11.3) | 352 | (43.9) | 355 | (41.8) | 515 | 32.2 |

Note: Comprehensive income For the three months ended March 31, 2025: ¥366 million [(33.1)%]
 For the three months ended March 31, 2024: ¥548 million [39.6%]

| | Basic earnings per share | | Diluted earnings per share | |
|--------------------|--------------------------|---|----------------------------|---|
| | Yen | | Yen | |
| Three months ended | | | | |
| March 31, 2025 | 5.88 | - | - | - |
| March 31, 2024 | 7.78 | - | - | - |

Note: Quarterly net income per share adjusted for potential shares is not included because there are no potential shares that have a dilution effect.

(2) Consolidated financial position

| | Total assets | | Net assets | | Equity-to-asset ratio | | Net assets per share | |
|-------------------|-----------------|--|-----------------|--|-----------------------|--|----------------------|--|
| | Millions of yen | | Millions of yen | | % | | Yen | |
| As of | | | | | | | | |
| March 31, 2025 | 22,882 | | 17,168 | | 74.8 | | 258.31 | |
| December 31, 2024 | 23,356 | | 18,059 | | 77.1 | | 271.77 | |

Reference: Equity
 As of March 31, 2025: ¥17,112 million
 As of December 31, 2024: ¥18,004 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2024 | - | 0.00 | - | 19.00 | 19.00 |
| Fiscal year ending December 31, 2025 | - | | | | |
| Fiscal year ending December 31, 2025 (Forecast) | | 8.00 | | 19.00 | 27.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share | |
|------------------------------------|-----------------|-------|------------------|------|-----------------|-----|---|--------|--------------------------|--|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | |
| Six months ending June 30, 2025 | 3,350 | (1.6) | 800 | 13.3 | 805 | 3.0 | 510 | (38.6) | 7.70 | |

| | | | | | | | | | |
|---|-------|-----|-------|------|-------|-----|-------|--------|-------|
| Fiscal year ending December 31, 2025 | 7,200 | 3.4 | 1,810 | 13.4 | 1,820 | 9.0 | 1,180 | (16.9) | 17.81 |
|---|-------|-----|-------|------|-------|-----|-------|--------|-------|

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: Changes in accounting policies due to revisions to accounting standards, etc., are described in "2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes on Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policy)".

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|-------------------------|-------------------|
| As of March 31, 2025 | 66,248,429 shares |
| As of December 31, 2024 | 76,930,032 shares |

(ii) Number of treasury shares at the end of the period

| | |
|-------------------------|-------------------|
| As of March 31, 2025 | 0 shares |
| As of December 31, 2024 | 10,681,603 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-----------------------------------|-------------------|
| Three months ended March 31, 2025 | 66,248,429 shares |
| Three months ended March 31, 2024 | 66,248,429 shares |

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: nothing

* Proper use of earnings forecasts, and other special matters

Please note that the forecasted figures presented above are outlooks based on information currently available and include a considerable number of uncertain factors. Actual results may differ from the above forecasts due to changes in business conditions and other factors. Please refer to page 3 of the attachment for information related to the above forecasts.

Quarterly consolidated balance sheet

(Thousands of yen)

| | As of December 31, 2024 | As of March 31, 2025 |
|--|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 16,917,898 | 14,672,764 |
| Accounts receivable - trade | 3,121,756 | 3,037,507 |
| Securities | 399,523 | 299,609 |
| Other | 358,350 | 401,804 |
| Allowance for doubtful accounts | (11,574) | (9,148) |
| Total current assets | 20,785,954 | 18,402,535 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 49,622 | 47,946 |
| Tools, furniture and fixtures, net | 3,889 | 21,717 |
| Total property, plant and equipment | 53,512 | 69,664 |
| Intangible assets | | |
| Goodwill | 555,390 | 524,535 |
| Other | 461,296 | 485,628 |
| Total intangible assets | 1,016,687 | 1,010,163 |
| Investments and other assets | | |
| Investment securities | 1,140,546 | 3,072,213 |
| Other | 361,306 | 329,234 |
| Allowance for doubtful accounts | (1,170) | (1,422) |
| Total investments and other assets | 1,500,682 | 3,400,025 |
| Total non-current assets | 2,570,881 | 4,479,853 |
| Total assets | 23,356,835 | 22,882,389 |

(Thousands of yen)

| | As of December 31, 2024 | As of March 31, 2025 |
|---|-------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 4,425,209 | 4,232,100 |
| Income taxes payable | 18,368 | 208,348 |
| Provision for point card certificates | 24,275 | 24,168 |
| Provision for bonuses | 4,345 | 7,862 |
| Other | 710,738 | 1,127,830 |
| Total current liabilities | 5,182,938 | 5,600,309 |
| Non-current liabilities | | |
| Other | 114,262 | 113,213 |
| Total non-current liabilities | 114,262 | 113,213 |
| Total liabilities | 5,297,200 | 5,713,523 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,173,673 | 1,173,673 |
| Capital surplus | 278,373 | 278,373 |
| Retained earnings | 21,212,893 | 15,564,595 |
| Treasury shares | (4,779,247) | - |
| Total shareholders' equity | 17,885,693 | 17,016,642 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 118,807 | 96,073 |
| Total accumulated other comprehensive income | 118,807 | 96,073 |
| Share acquisition rights | 55,134 | 56,150 |
| Total net assets | 18,059,635 | 17,168,866 |
| Total liabilities and net assets | 23,356,835 | 22,882,389 |

Quarterly consolidated statement of income

(Thousands of yen)

| | Three months ended March 31, 2024 | Three months ended March 31, 2025 |
|--|--------------------------------------|--------------------------------------|
| Net sales | 1,702,476 | 1,855,719 |
| Cost of sales | 313,685 | 200,511 |
| Gross profit | 1,388,791 | 1,655,208 |
| Selling, general and administrative expenses | 1,036,551 | 1,061,065 |
| Operating profit | 352,240 | 594,142 |
| Non-operating income | | |
| Interest income | 2,504 | 9,988 |
| Foreign exchange gains | 25,399 | - |
| Other | 2,129 | 3,758 |
| Total non-operating income | 30,032 | 13,747 |
| Non-operating expenses | | |
| Loss on investments in investment partnerships | 27,271 | 11,687 |
| Foreign exchange losses | - | 30,309 |
| Other | 0 | 31 |
| Total non-operating expenses | 27,271 | 42,029 |
| Ordinary profit | 355,001 | 565,860 |
| Extraordinary income | | |
| Gain on sale of businesses | - | 3,000 |
| Other | - | 19,454 |
| Total extraordinary income | - | 22,454 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | - | 9,994 |
| Total extraordinary losses | - | 9,994 |
| Profit before income taxes | 355,001 | 578,320 |
| Income taxes - current | 46,729 | 199,783 |
| Income taxes - deferred | (207,323) | (11,131) |
| Total income taxes | (160,593) | 188,651 |
| Profit | 515,595 | 389,668 |
| Profit attributable to non-controlling interests | - | - |
| Profit attributable to owners of parent | 515,595 | 389,668 |

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

| | Three months ended March 31, 2024 | Three months ended March 31, 2025 |
|--|--------------------------------------|--------------------------------------|
| Profit | 515,595 | 389,668 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 33,160 | (22,733) |
| Total other comprehensive income | 33,160 | (22,733) |
| Comprehensive income | 548,756 | 366,935 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 548,756 | 366,935 |
| Comprehensive income attributable to non-controlling interests | - | - |

(Notes on segment information, etc.)

Segment Information

I. the three months of the previous fiscal year (January 1, 2024 to March 31, 2024)

1. Information on sales and the amount of profit or loss for each reported segment

(Unit: 1 thousand yen)

| | Reportable segments | | | Adjustment amount (Note) 1 | Quarterly Consolidated Statements of Income (Note)2 |
|-------------------------------------|--------------------------------------|-----------------------|-----------|-------------------------------|--|
| | Cost Per Action Solution Business | Strategic Business | Total | | |
| Sales | | | | | |
| Revenues from external customers | 1,422,922 | 279,554 | 1,702,476 | - | 1,702,476 |
| Transactions with other segments | 61,650 | - | 61,650 | (61,650) | - |
| Total | 1,484,572 | 279,554 | 1,764,127 | (61,650) | 1,702,476 |
| Segment profit (loss) | 768,160 | (198,678) | 569,481 | (217,241) | 352,240 |

Note: 1. Adjustments for segment profits or losses (loss) are company-wide expenses that have not been allocated to each reporting segment. Corporate expenses are general and administrative expenses that are not attributable to the reporting segment.

2. Segment profit or loss (loss) is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

Not applicable.

II. the three months of the current fiscal year (January 1, 2025 to March 31, 2025)

1. Information on sales and the amount of profit or loss for each reported segment

(Unit: 1 thousand yen)

| | Reportable segments | | | Adjustment amount (Note) 1 | Quarterly Consolidated Statements of Income (Note)2 |
|-------------------------------------|--------------------------------------|-----------------------|-----------|-------------------------------|--|
| | Cost Per Action Solution Business | Strategic Business | Total | | |
| Sales | | | | | |
| Revenues from external customers | 1,538,658 | 317,061 | 1,855,719 | - | 1,855,719 |
| Transactions with other segments | 46,735 | 23,504 | 70,240 | (70,240) | - |
| Total | 1,585,394 | 340,566 | 1,925,960 | (70,240) | 1,855,719 |
| Segment profit (loss) | 1,045,090 | (154,173) | 890,916 | (296,773) | 594,142 |

Note: 1. Adjustments for segment profits or losses (loss) are company-wide expenses that have not been allocated to each reporting segment. Corporate expenses are general and administrative expenses that are not attributable to the reporting segment.

2. Segment profit or loss (loss) is adjusted for operating income in the quarterly consolidated statements of income.

3. From the first quarter of the current fiscal year, the name of the reporting segment, which was previously called "New Business," was changed to "Strategic Business." The change is only the name of the reporting segment and does not affect the segment information. Accordingly, segment information for the three months of the previous fiscal year is shown with the changed segment name.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

Not applicable.