

VECTOR INC.

Financial Results - 1Q FY '24



July 14, 2023

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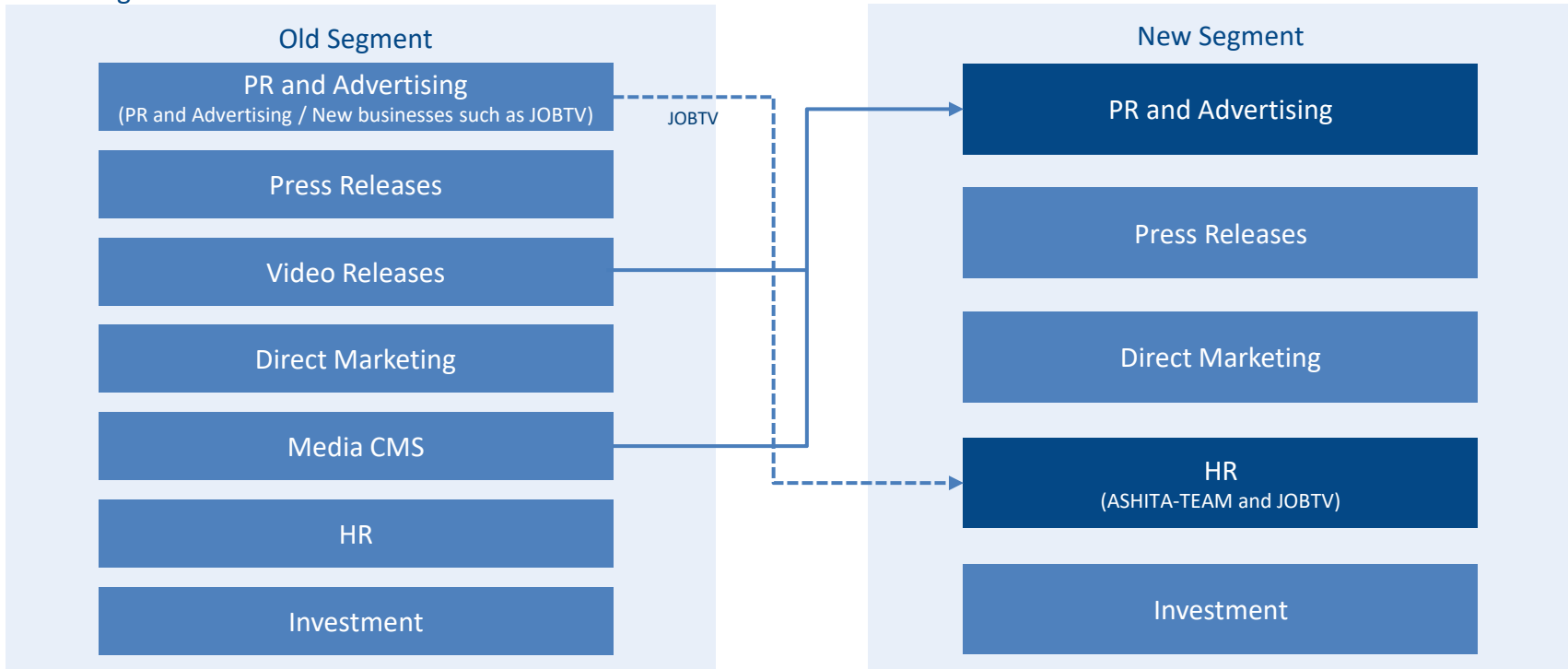
Key Points for the Quarter

Although we previously disclosed figures for adjusted operating profit (an indicator calculated by adding expenses for restricted stock remuneration granted by VECTOR to operating profit), we will now only disclose operating profit, continuing to emphasize it as our key indicator.

Segment Changes

From FY2024, the Video Release and Media CMS segments have been integrated into the mainstay PR and Advertising segment as it is closely linked to them.

The recruitment matching platform JOBTV, which was included in the PR and Advertising segment, has been transferred to the HR segment due to the nature of its business.



Profit Plan after Segment Changes

The profit plan for the PR and Advertising and HR segments after the segment changes is as follows.

Profit Plan by Segment (million JPY)	FY '24 Before segment changes (Targets)	Increase/Decrease	Main Reasons for Increase/Decrease	FY '24 After segment changes (Targets)
Operating Profit	7,160	0		7,160
PR and Advertising	3,363	+380	Integrated with Video Release and Media CMS JOBTV transferred to HR	3,743
Press Releases	1,500	0		1,500
Video Releases	50	-50	Integrated with PR and Advertising	—
Direct Marketing	974	0		974
Media CMS	30	-30	Integrated with PR and Advertising	—
HR	400	-300	JOBTV transferred from PR and Advertising	100
Investment	842	0		842

We have upwardly revised the full-year financial forecast for FY2024 as we have determined that we will achieve the targets of our medium-term profit plan, which runs until the end of FY2026, despite including restricted stock compensation expenses.

Revised Financial Forecast Details

Full-Year Financial Forecast for FY '24 (million JPY)	Initial Targets (Announced April 14, 2023)	Revised Targets (Revised July 14, 2023)	Comparison	1H FY '24 Revised Targets	2H FY '24 Revised Targets
Net sales	63,000	63,000	100.0%	29,761	33,239
Operating profit	7,160	7,260	101.4%	2,175	5,085
Ordinary income	7,160	7,260	101.4%	2,175	5,085
Profit attributable to owners of parent	4,000	4,070	101.8%	1,072	2,998

Given current market trends, our business situation, in which our mainstay PR and Advertising business is performing well, and our future growth potential, we have determined that **we will meet the targets of our medium-term profit plan, which is currently in place and runs until the end of FY2026, despite including restricted stock compensation expenses. Consequently, we have upwardly revised the figures in the full-year financial forecast for FY2024 (excluding net sales).**

Note: We have not disclosed the revisions to the financial forecast as they do not meet criteria for the disclosure of revisions to financial forecasts.

Profit Plan by Segment

	Profit Plan by Segment (million JPY)	FY '24 (Initial Targets) Announced April 14, 2024	FY '24 (Revised Targets) Announced July 14, 2023	Comparison
Operating Profit	Consolidated	7,160	7,260	101.4%
	PR and Advertising	3,743	3,843	102.7%
	Press Releases	1,500	1,500	100.0%
	Direct Marketing	974	974	100.0%
	HR	100	100	100.0%
	Investment	842	842	100.0%

We have revised the profit plan for the PR and Advertising segment as it is performing steadily and will continue to achieve strong growth. Due to the segment changes in 1Q FY2024, the advanced investment cost of 300 million JPY for JOBTv, which was included in the PR and Advertising segment, has been transferred to the HR segment.

Note: The initial target figures for the Video Release and Media CMC segments have been included in the PR and Advertising segment.

Quarterly Results

Net Sales

14,750 million JPY
(112.4% YoY)

Gross Profit

9,000 million JPY
(103.2% YoY)

EBITDA*

1,590 million JPY
(95.5% YoY)

Operating Profit

1,410 million JPY
(95.7% YoY)

Ordinary Income

1,370 million JPY
(92.6% YoY)

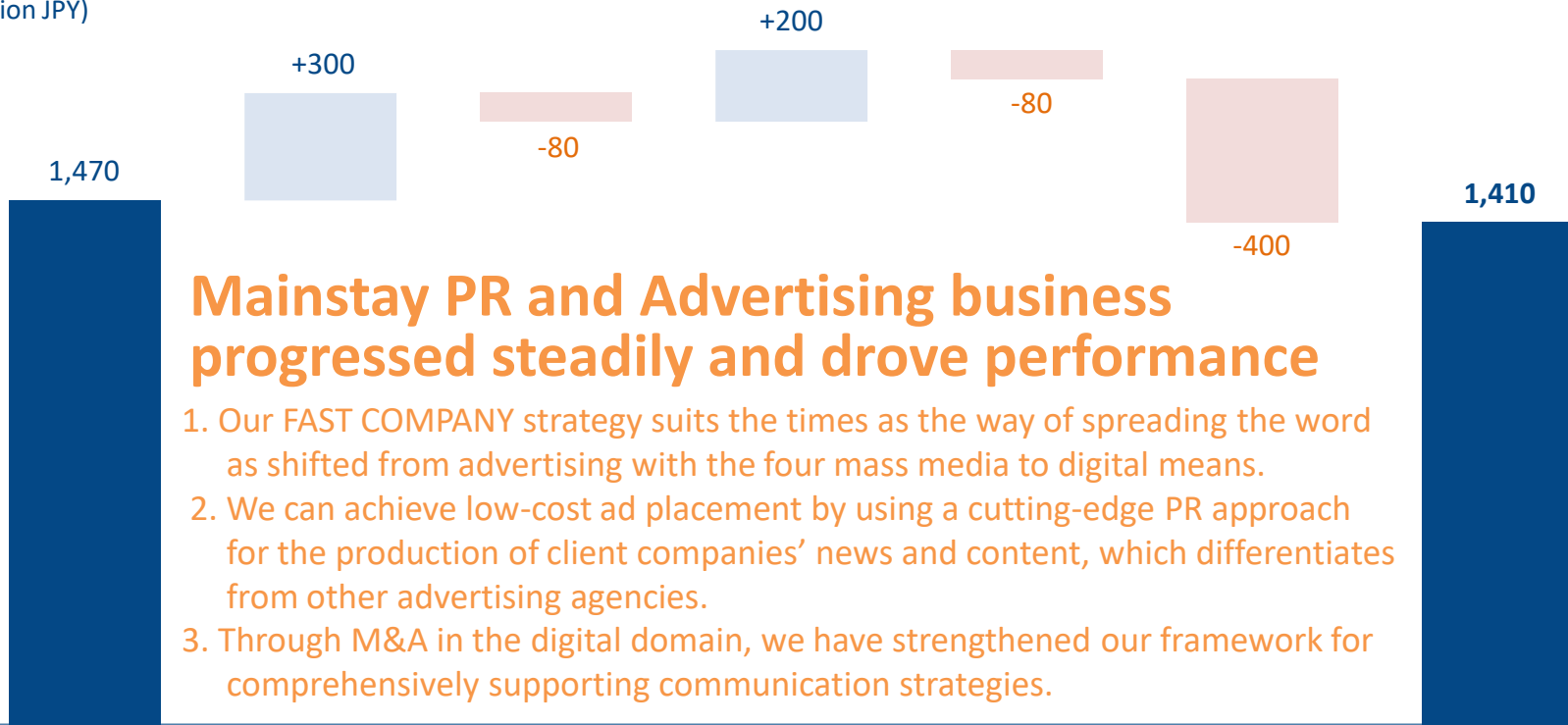
Profit Attributable to Owners of Parent

720 million JPY
(86.4% YoY)

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Operating Profit (YoY Trend)

(million JPY)



Mainstay PR and Advertising business progressed steadily and drove performance

1. Our FAST COMPANY strategy suits the times as the way of spreading the word as shifted from advertising with the four mass media to digital means.
2. We can achieve low-cost ad placement by using a cutting-edge PR approach for the production of client companies' news and content, which differentiates from other advertising agencies.
3. Through M&A in the digital domain, we have strengthened our framework for comprehensively supporting communication strategies.

Operating Profit in 1Q 2023/2

PR and Advertising Business

Press Release Distribution Business

Direct Marketing Business

HR Business

Investment Business

Operating Profit in 1Q 2024/2

Overview of Results for 1Q FY '24

Consolidated Performance

Net Sales
14,750 million JPY
(112.4% YoY)

Operating Profit
1,410 million JPY
(95.7% YoY)

Business Overview for 1Q FY '24

- **Posted a record high for consolidated net sales, with the mainstay PR and Advertising business driving performance and growing by 26.8%**
- Controlled advertising expenses in Direct Marketing based on customer acquisition efficiency
- Invested in advertising as planned for Press Release

PR and Advertising

9,260 million JPY
(126.8% YoY)

1,200 million JPY
(134.4% YoY)

- **Achieved record highs for net sales and operating profit** as the effects of expanding services in the digital domain through M&A becoming evident, compensating for a loss in the business overseas
- Acquired Tryhatch, Inc. to expand services in the digital domain

Press Releases (PR TIMES)

1,600 million JPY
(116.3% YoY)

340 million JPY
(80.3% YoY)

- **Achieved record-high net sales**
- Number of user companies surpassed 83,000
- Promoted use of PR TIMES and made advertising investments toward new business as planned
- Made glucose inc. a consolidated subsidiary

Note: The Video Release and Media CMS segments have been integrated into the PR and Advertising segment as of 1Q FY2024.

Overview of Results for 1Q FY '24

Direct Marketing

3,330 million JPY
(95.2% YoY)

Operating Profit
20 million JPY
(Up 200 million JPY YoY)

Business Overview for 1Q FY '24

- Achieved profitability by making advertising investments based on new customer acquisition efficiency
- **Plan to invest aggressively in advertising from Q2 onward**
- Terminalia First continued to perform well
- Prepared to expand product lineup

- ASHITA-TEAM **secured 47 million JPY profit** despite investing in advertising and development to enhance functionality while continuing sales strategy revisions from the previous fiscal year in response to a decline in ARR.
- Efforts to strengthen the earnings foundation for JOBTV progressed steadily

- Despite the partial sale of shares held, an operating loss was posted due to valuation losses on some of our investees
- **Plan to proactively sell a portion of shares held in accordance with share price trends in 2Q**
- Invested aggressively in promising startups

HR

550 million JPY
(85.3% YoY)

(70) million JPY
(Down 80 million JPY YoY)

Investment

100 million JPY
(22.8% YoY)

(80) million JPY
(Down 400 million JPY YoY)

Note: JOBTV, which was included in PR and Advertising, has been transferred to HR as of 1Q FY2024.

Progress toward Full-Year Financial Forecasts

FY '24 FY '24 Financial Forecasts (million JPY)	FY '24 (Targets)	FY '24 1Q-end	Progress	FY '24 1H Target	FY '24 2H Target
Net Sales	63,000	14,758	23.4%	29,761	33,239
Operating Profit	7,260	1,414	19.5%	2,175	5,085
Ordinary income	7,260	1,377	19.0%	2,175	5,085
Profit attributable to owners of parent	4,070	722	17.8%	1,072	2,998

In 1Q, performance was strong overall despite controlling advertising investment in the Direct Marketing based on customer acquisition efficiency. While we plan to invest aggressively in advertising in the 2Q, we expect to achieve the 1H targets largely as planned.

Progress toward Profit Plan by Segment

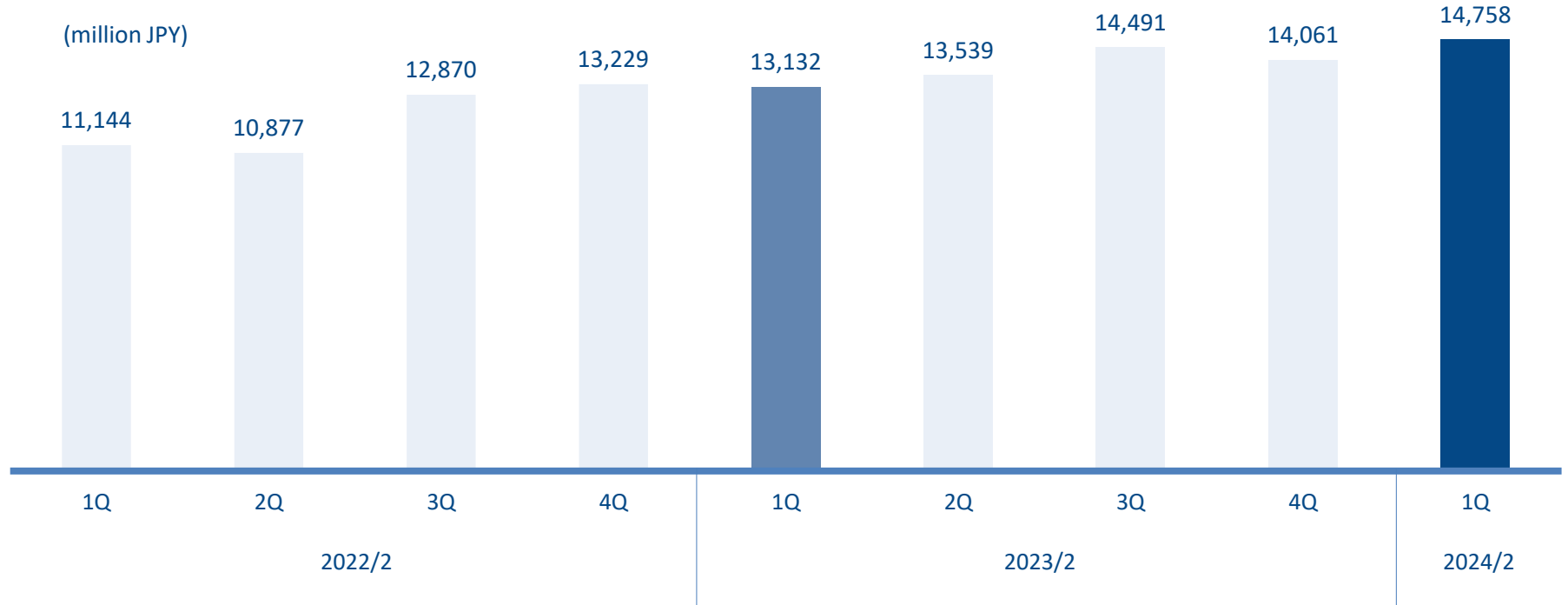
	Profit Plan by Segment (million JPY)	FY '24 (Revised Targets)	FY '24 1Q-end	Progress
Operating Profit	Consolidated	7,260	1,414	19.5%
	PR and Advertising	3,843	1,205	31.4%
	Press Releases	1,500	343	22.9%
	Direct Marketing	974	23	2.4%
	HR	100	(76)	—
	Investment	842	(81)	—

The mainstay PR and Advertising business has made a good start and is expected to continue to drive performance, while HR and Investment are performing mostly as planned. Taking these factors into consideration, and the fact that we will expand the Direct Marketing business from 2Q by investing in advertising, all segments are progressing steadily.

Note: The initial target figures for the Video Release and Media CMC segments have been included in the PR and Advertising segment.

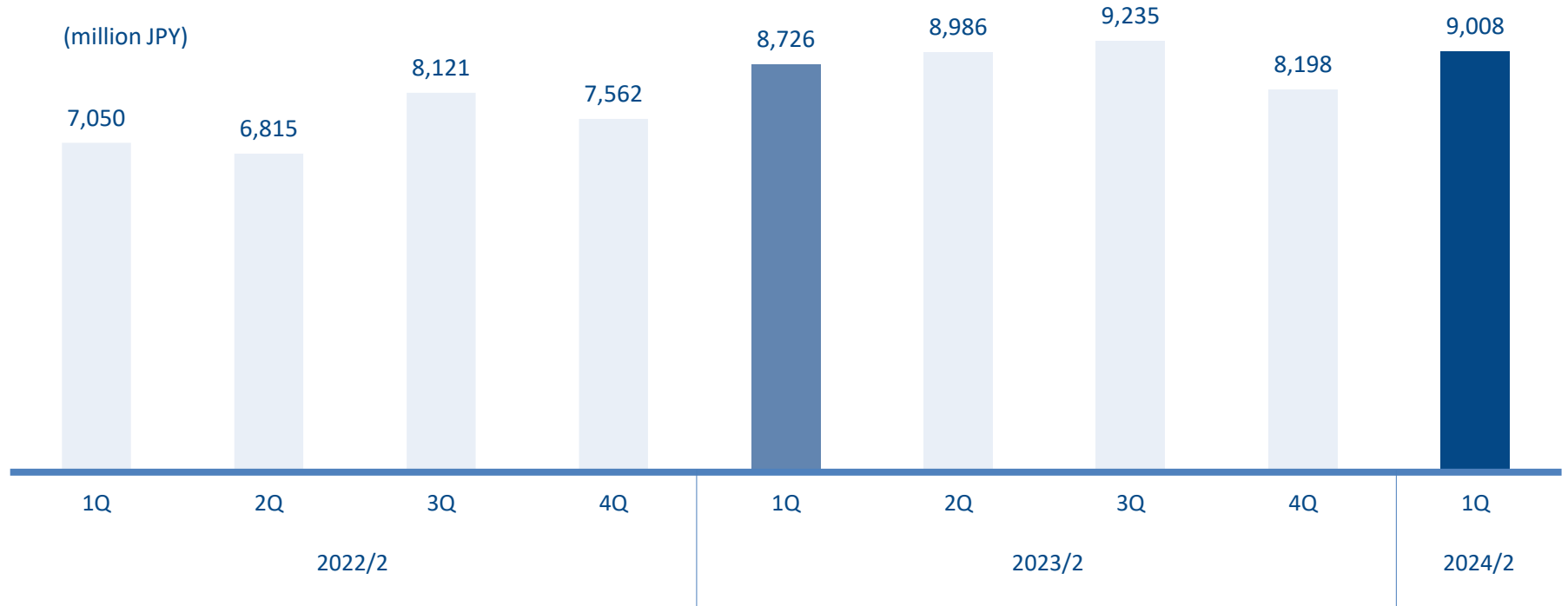
Consolidated Net Sales

Consolidated net sales for 1Q FY2024 came in at **14,758** million JPY, the **highest ever** for 1Q (112.4% YoY).

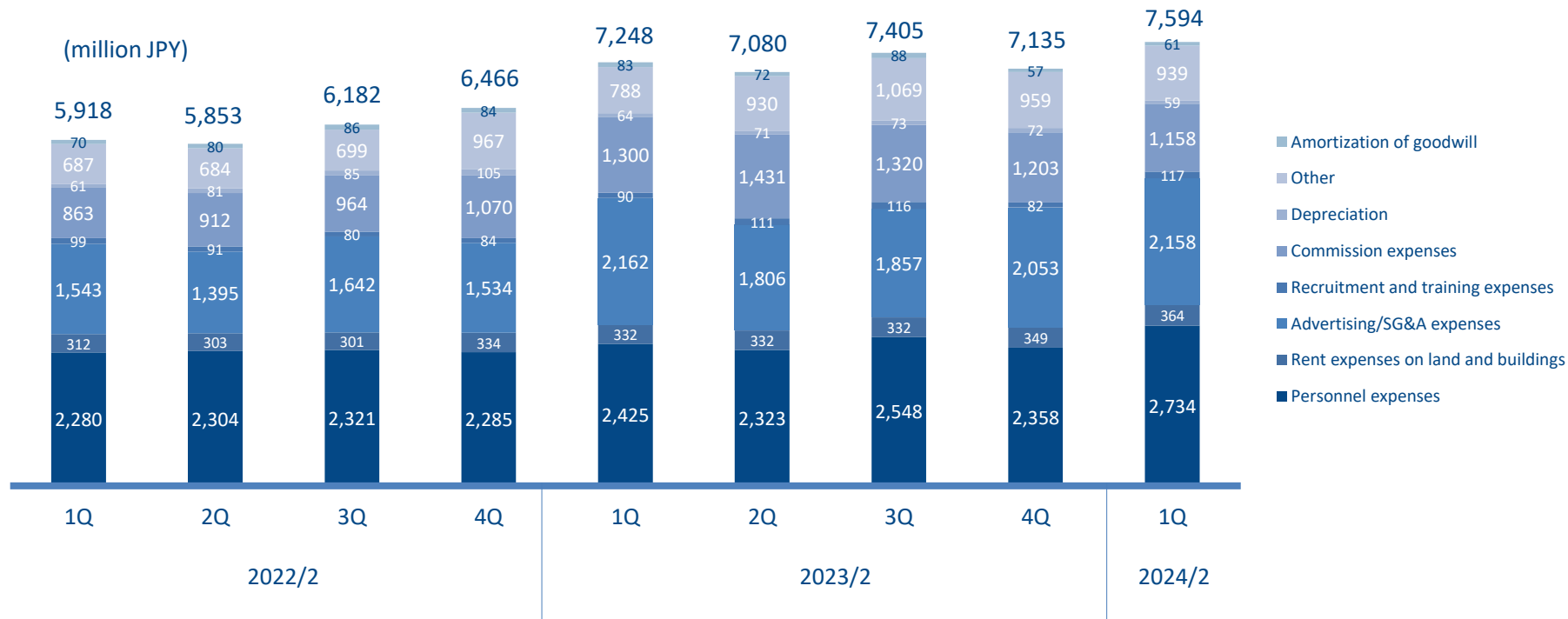


Consolidated Gross Profit

Consolidated gross profit for 1Q FY2024 came in at **9,008** million JPY, the **highest ever for 1Q** (103.2% YoY).

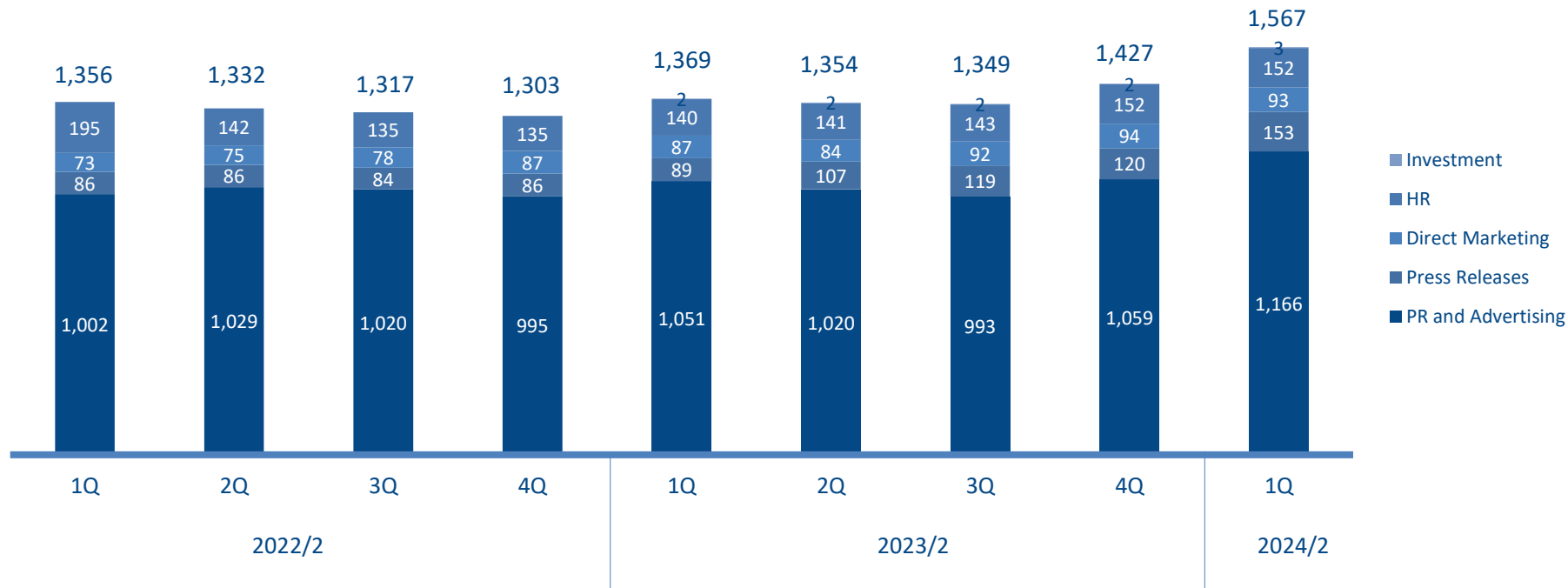


SG&A for 1Q FY2024 amounted to **7,594** million JPY (104.8% YoY) due to an increase in personnel expenses.



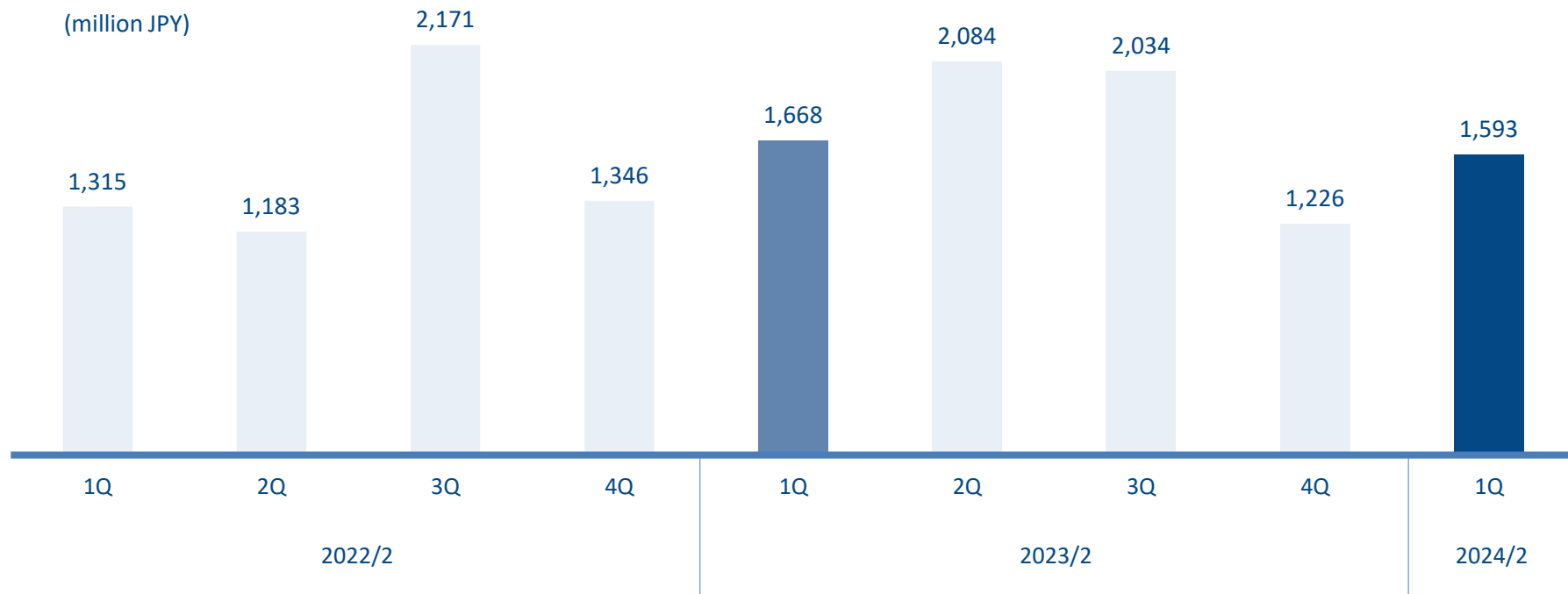
Consolidated Number of Employees (Quarterly Trend)

The consolidated number of employees as of the end of 1Q FY2024 is **1,567**, increasing with new graduates joining the PR and Advertising business.



EBITDA*

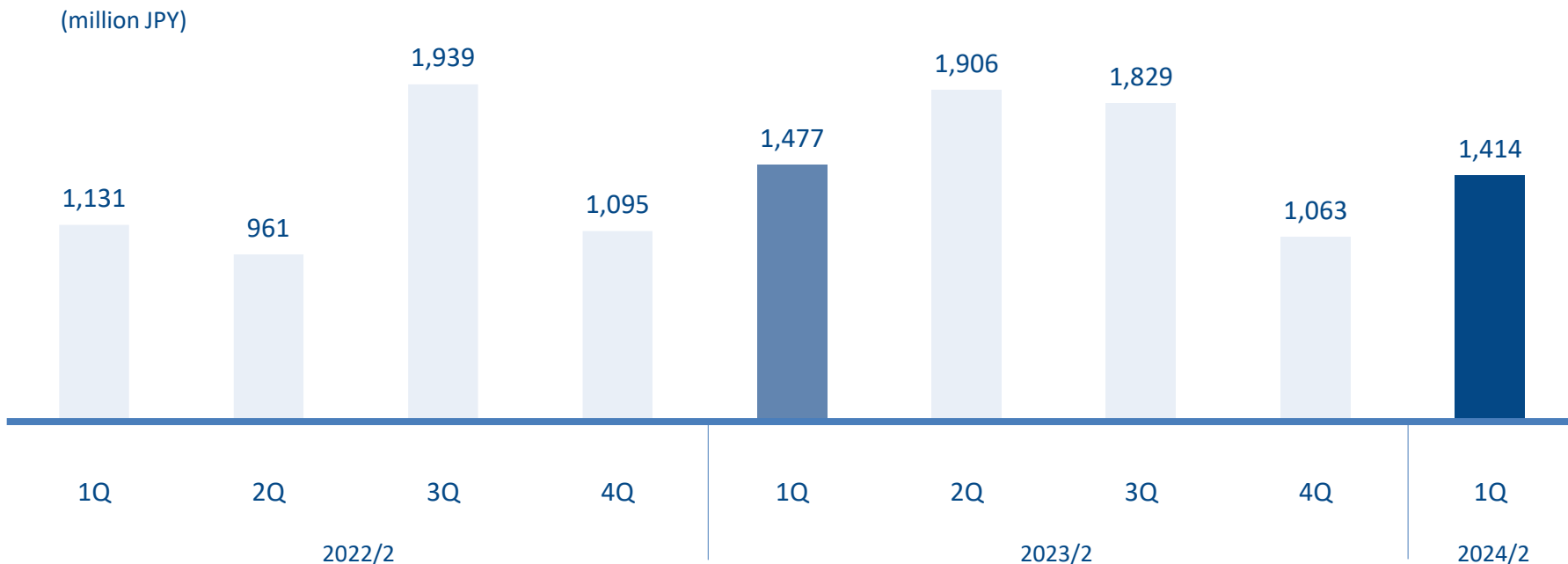
EBITDA for 1Q FY2024 came in at **1,593** million JPY (95.5% YoY).



* EBITDA = Operating profit + Depreciation + Amortization of goodwill

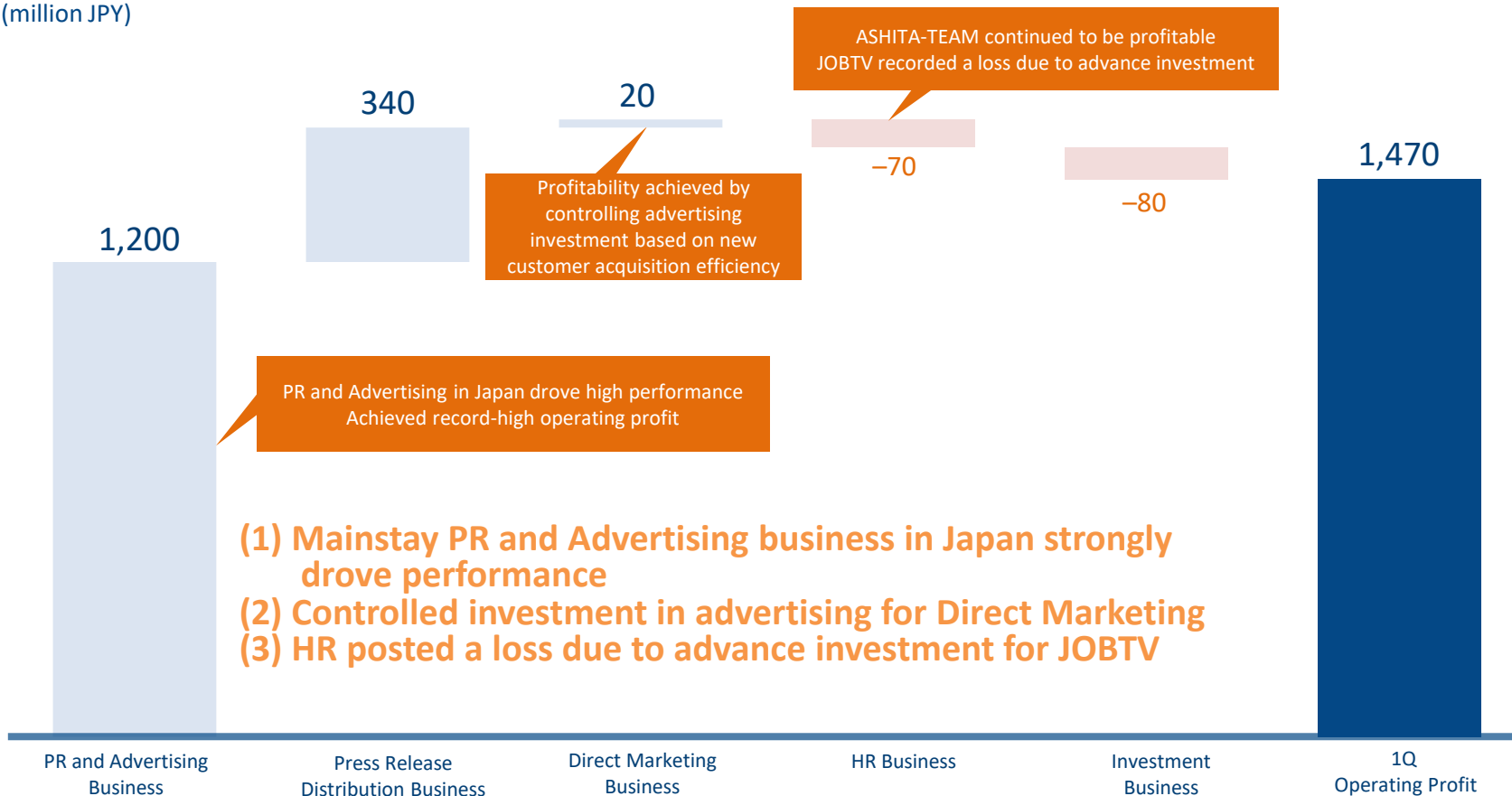
Consolidated Operating Profit

Consolidated operating profit for 1Q FY2024 came in at **1,414** million JPY (95.7% YoY), despite a large increase in SG&A expenses.



Operating Profit (By Segment)

(million JPY)



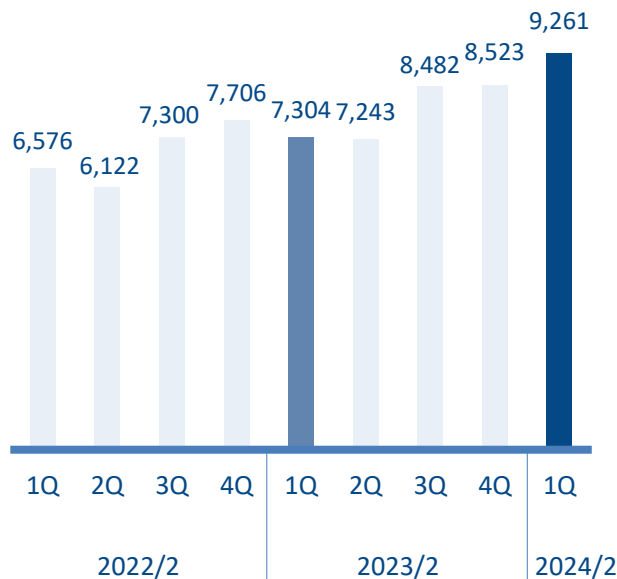
PR and Advertising Business

In 1Q FY2024, we achieved **record-high net sales and operating profit**, with the effects of expanding services in the digital domain becoming evident.

From 2Q, we will aim to increase sales per customer by providing one-stop support for our customers' communication strategies.

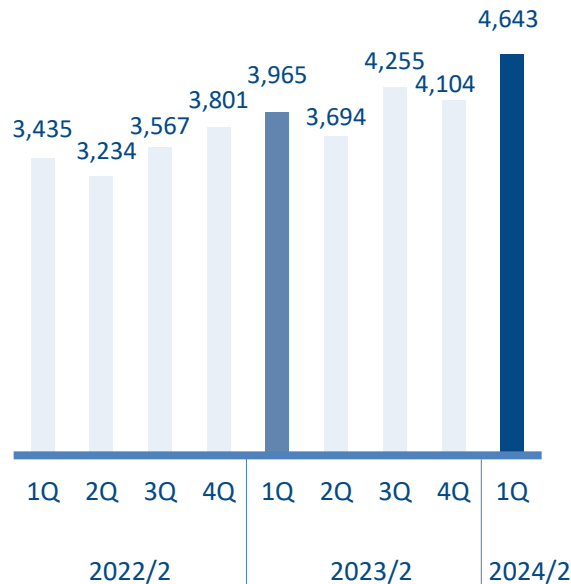
Net Sales (million JPY)

9,261 million JPY (126.8% YoY)



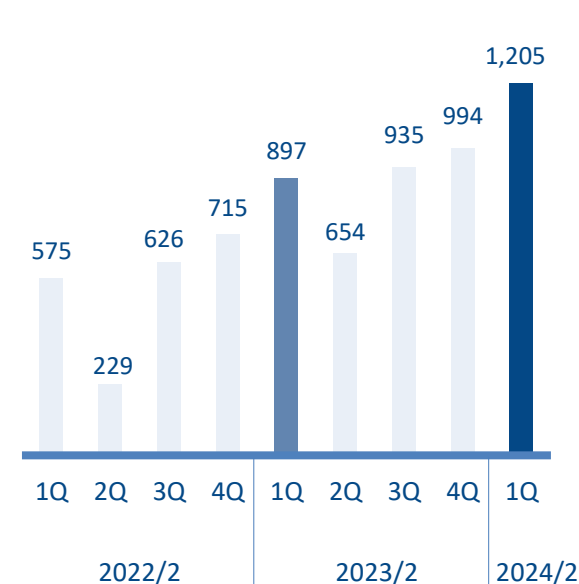
Gross Profit (million JPY)

4,643 million JPY (117.1% YoY)



Operating Profit (million JPY)

1,205 million JPY (134.4% YoY)



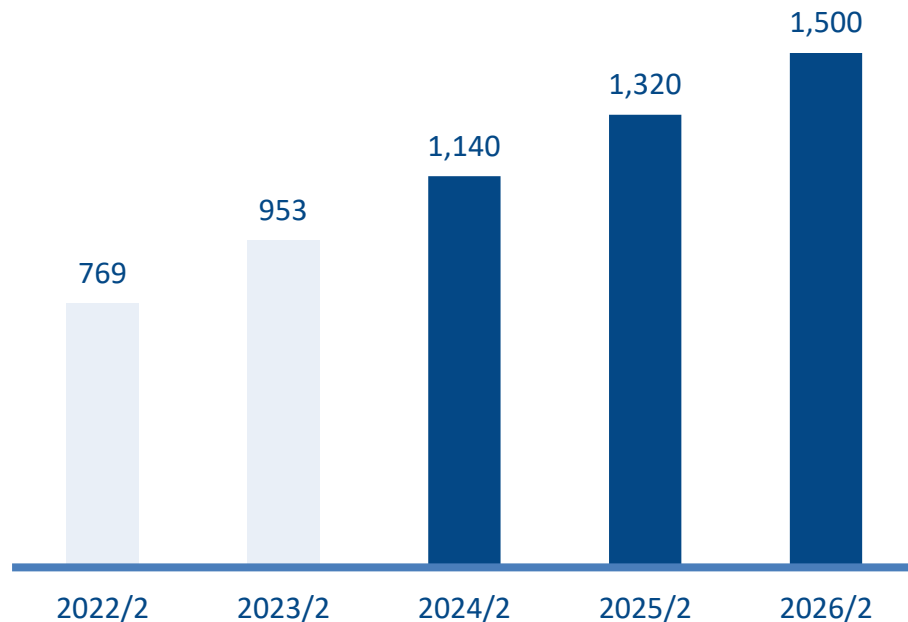
Note: The Video Release and Media CMS segments have been integrated into the PR and Advertising segment as of 1Q FY2024.

Retainer Agreement* Targets

Retainer agreements form a stable earnings base for the PR business, and we aim to have entered contracts with 1,500 companies by FY2026. We have set the target of reaching 1,140 retainer agreements in FY2024 and will work to strengthen customer engagement.



Number of retainer agreements (strategic PR subsidiaries only)



* Retainer agreement: An agreement with a term of three or more months with monthly fees.

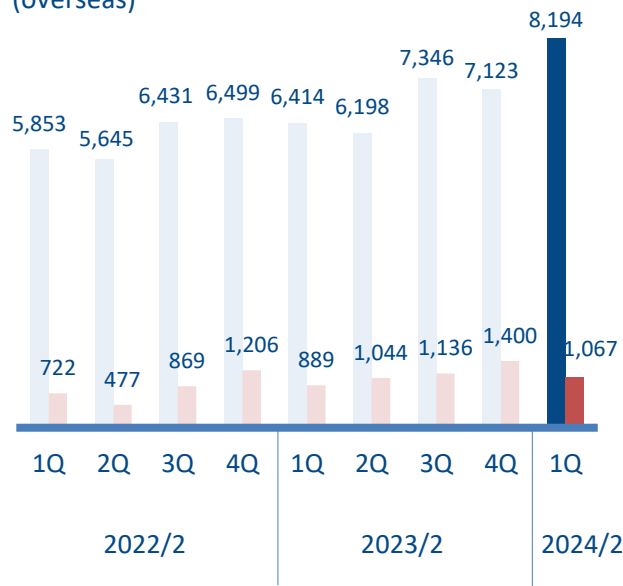
PR and Advertising Business (By Region: Japan/Overseas)

In 1Q FY2024, the loss shrank in the business overseas, while the business in Japan strongly drove performance.

In 2Q, the business in Japan, which is performing well, is expected to compensate for a continued loss in the business overseas.

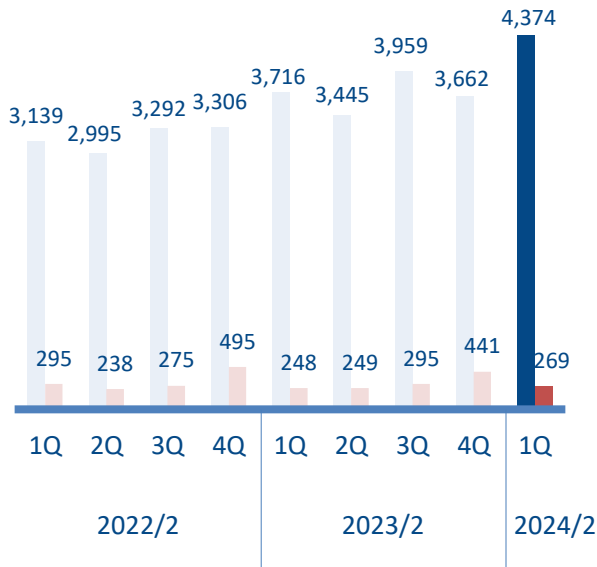
Net Sales (million JPY)

8,194 million JPY (Japan) / 1,067 million JPY (overseas)



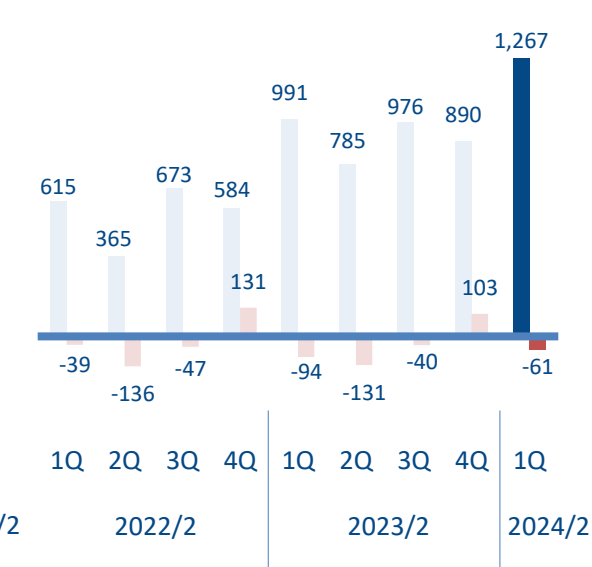
Gross Profit (million JPY)

4,374 million JPY (Japan) / 269 million JPY (overseas)



Operating Profit (million JPY)

1,267 million JPY (Japan) / -61 million JPY (overseas)

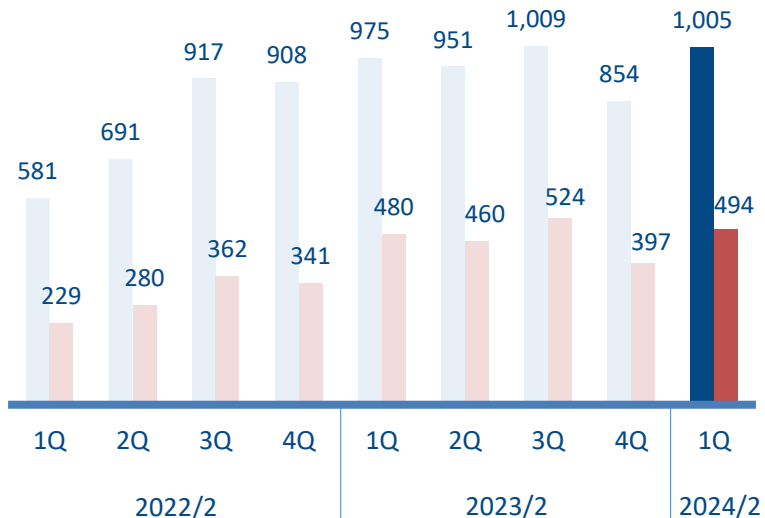


Taxi Signage

In 1Q FY2024, sales were up year on year due to favorable sales of advertising space driven by strong demand for ad placements. From 2Q, we will expand business that leverages our expertise in taxi signage to strengthen the earnings base.

Net Sales: 1,005 million JPY (103.0% YoY)

Gross Profit: 494 million JPY (102.8% YoY)



Digital signage has been installed for rear seat passengers in approx. 11,500 vehicles, the largest scale of taxi signage advertising in Tokyo.

In October 2022, we introduced a new screen for signage that is 156% larger than previous screens.

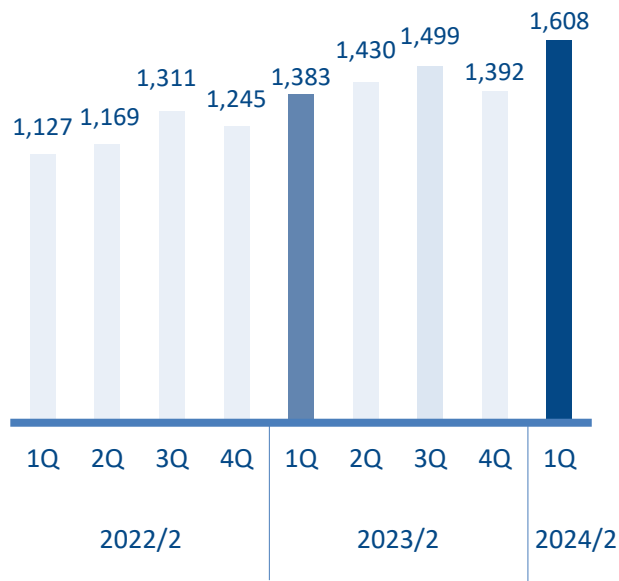
Roughly 40% of Tokyo's taxi users, who mainly consist of business people, have been covered, with video advertisements and media content reaching around 7.7 million people.

Press Release Distribution Business

In 1Q FY2024, we posted record-high net sales, while profit decreased due to investing in advertising such as TV commercials. From 2Q, we will aim for increased sales and profit despite investing toward a large-scale renewal of PR TIMES and the promotion of its use.

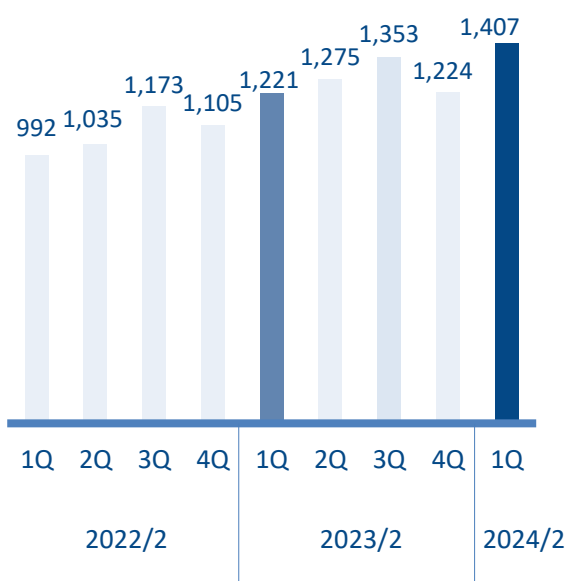
Net Sales (million JPY)

1,608 million JPY (116.3% YoY)



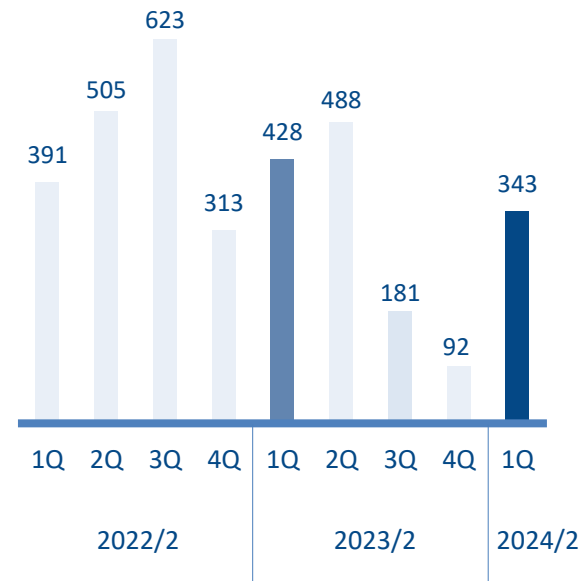
Gross Profit (million JPY)

1,407 million JPY (115.2% YoY)



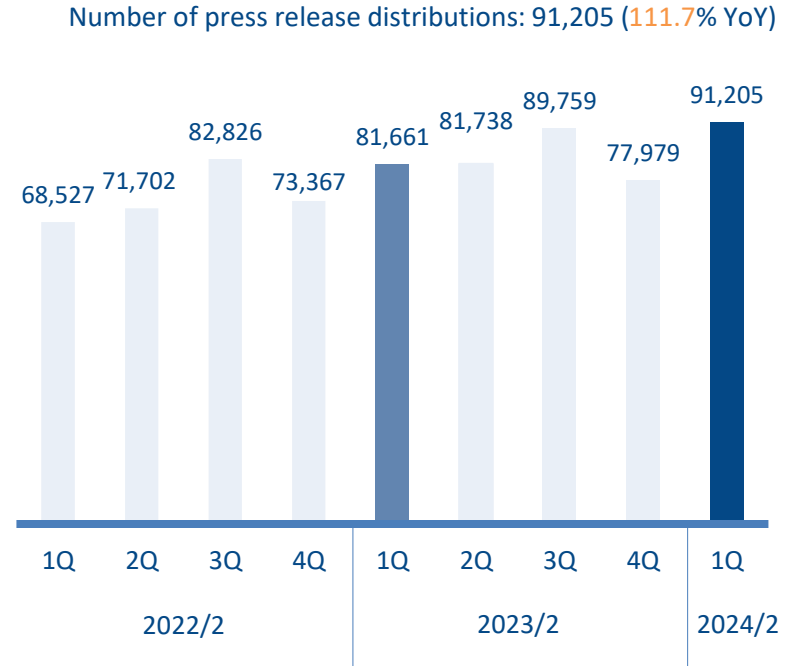
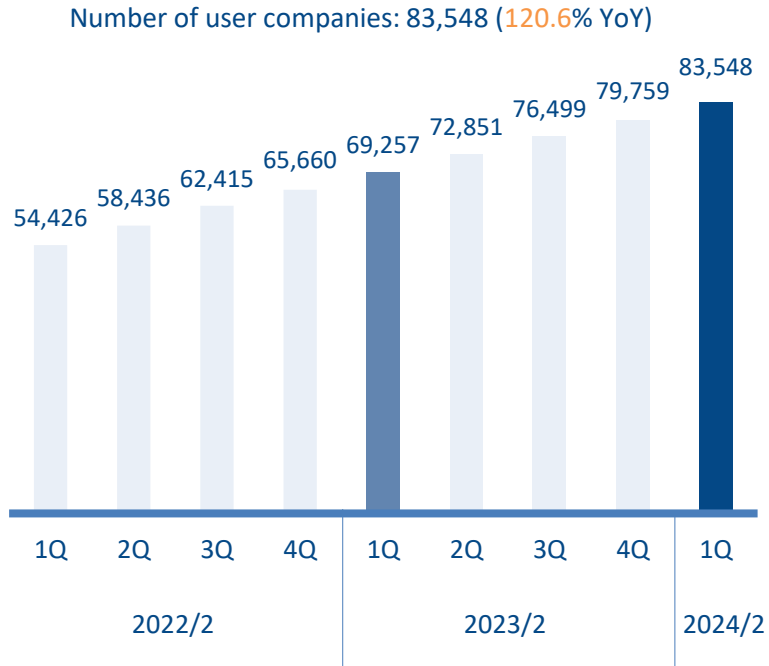
Operating Profit (million JPY)

343 million JPY (80.3% YoY)



Number of User Companies and Press Release Distributions

In 1Q FY2024, the number of user companies and press release distributions increased significantly year on year. From 2Q, we will increase the number of distributions by continuing to improve the number of user companies and the usage frequency.



Trend in Number of User Companies and Percentage of Listed User Companies

Japan's No. 1 press release distribution platform PR TIMES

More than 83,000 user companies, used by 55% of listed companies

PR TIMES TSE Prime Market

PR TIMES プレスリリースニュース配信サービス PR TIMES PR TIMESの読み 料金プラン ご登録 お問い合わせ

国内シェア **No.1** 上場企業の **55%** が利用

なぜPR TIMESが選ばれるのか?

PR TIMESは2007年にサービス開始し、わずか数年で最もプレスリリースが掲載されるサービスに成長しています。

いま、企業の広報やマーケティングを取り巻く環境は大きく変化し、ますます複雑化しています。マスメディアの影響力低下、デジタルメディアの進化、スマートフォンの普及、生活者による様々なSNSの活用拡大、情報発信力の飛躍的な向上など、このような劇的な環境変化の中、PR TIMESは、新たなマーケティングツールとして進化しています。

主なパブリシティ実績



事例



チーム後も新しい仕掛けで働きがえない。「面白い企画」を精々と実現し、商品のロングセラー化を狙う湖池屋



素敵な情報なのに世に出せない。埋もれていた情報を表に出し、従来比2~3倍のニュースを届けるパナソニック



ケースに応じたさまざまな手法を工夫。興の高い情報発信で、スイーツの魅力を伝える銀座コーゼンコーナー



ブランドを「守る」より「広める」ことを重視。次代のファン創出を図る高級ブランド「アストンマーティン」

Published in more than 200 publications!



Number of user companies

83,000
May 2023

79,000
Feb. 2023

65,000
Feb. 2022

50,000
Feb. 2021

28,000
Feb. 2019

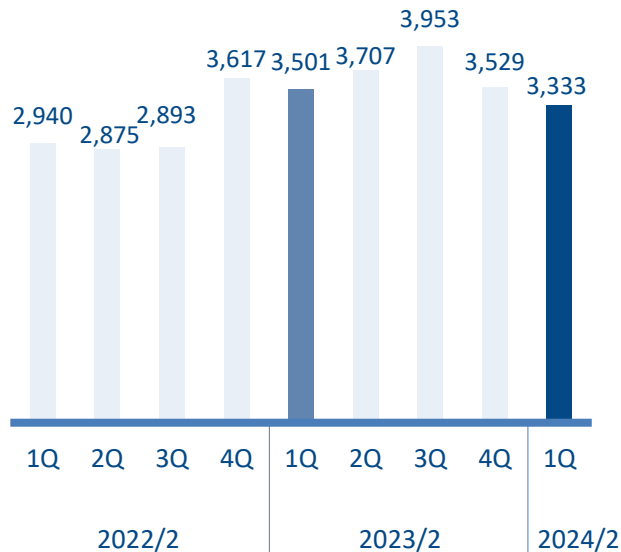
Aug. 29, 2018
Moved to 1st section, TSE

Direct Marketing Business

In 1Q FY2024, there was a decrease in sales but an increase in profit as we controlled advertising based on customer acquisition efficiency. In 2Q, we will increase new customer acquisition by accelerating advertising investment, aiming for higher net sales

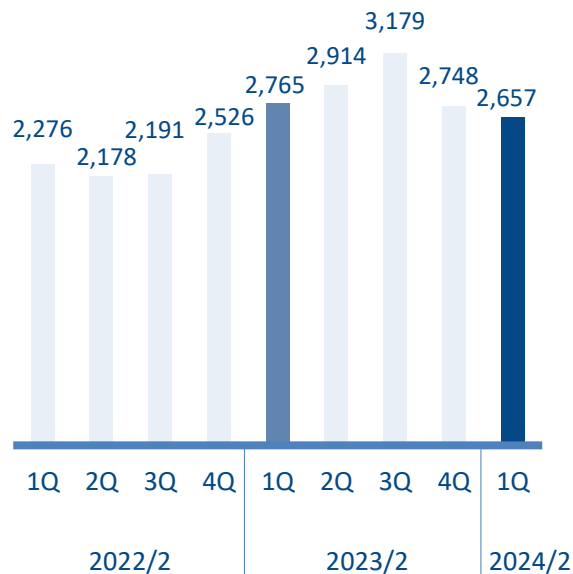
Net Sales (million JPY)

3,333 million JPY (95.2% YoY)



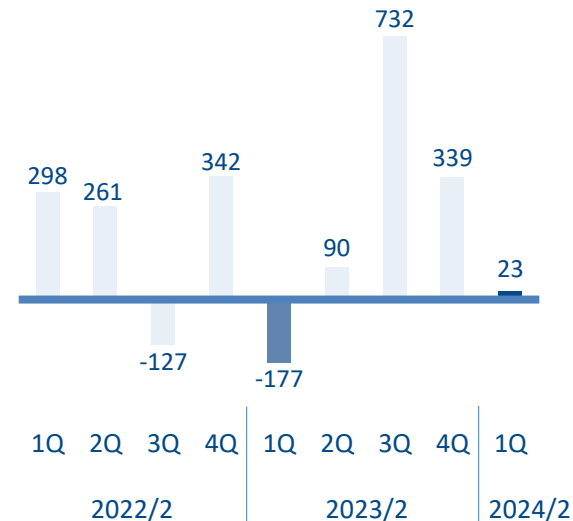
Gross Profit (million JPY)

2,657 million JPY (96.1% YoY)



Operating Profit (million JPY)

23 million JPY (up 201 million JPY YoY)



Vitabrid Japan

We launched the Vitabrid C series using worldwide patented technology, and it is continuing to grow steadily.

It is an accumulated earnings model provided via a subscription model, and the total number of products provided has **surpassed 13.82 million**.



Vitabrid C¹²



The only powder in the world that releases Vitamin C over 12 hours. We will develop skin-beautifying cosmetics, hair growth accelerators, and foods with functional claims.

Net Sales
12,540
million JPY
Feb. 2023

10,210
million JPY
Feb. 2022

9,890
million JPY
Feb. 2021

8,360
million JPY
Feb. 2020

6,310
million JPY
Feb. 2019

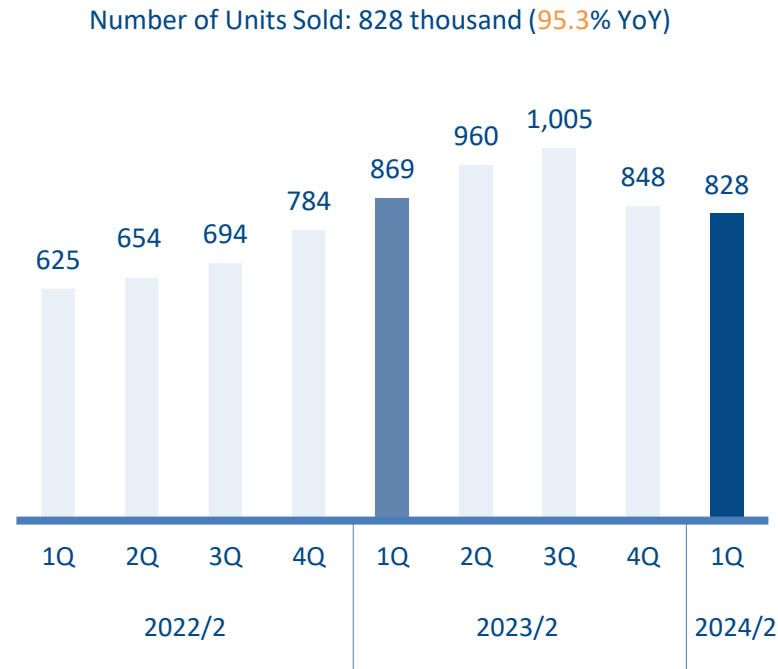
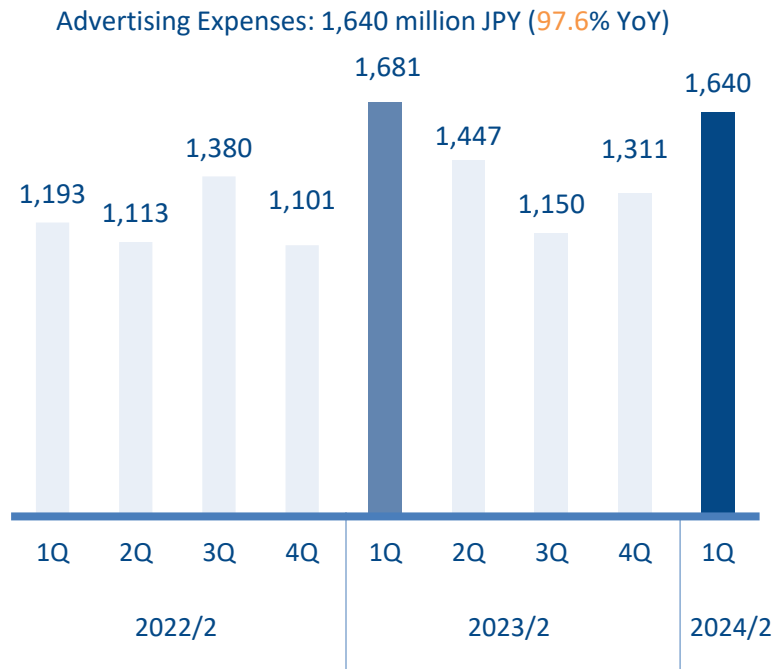


Terminalia First continued to perform well following its launch, with cumulative sales **exceeding 5.8 million units**.

Advertising Expenses and Units Sold

In 1Q FY2024, the number of units sold decreased as we adjusted to improve advertising efficiency while keeping the same level of advertising investment as FY2023.

In 2Q, we plan to invest aggressively in advertising based on the improved efficiency achieved in 1Q.



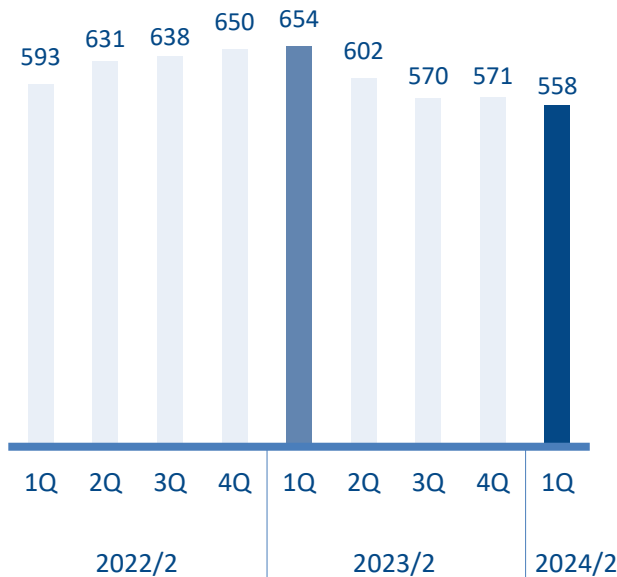
Note: Advertising expenses and units sold figures are for Vitabrid Japan only.

HR Business

In 1Q FY2024, the HR business recorded a loss due to advance investment for JOBTV despite ASHITA-TEAM securing a profit. In 2Q, we will aim to strengthen the earnings base for both ASHITA-TEAM and JOBTV by increasing net sales.

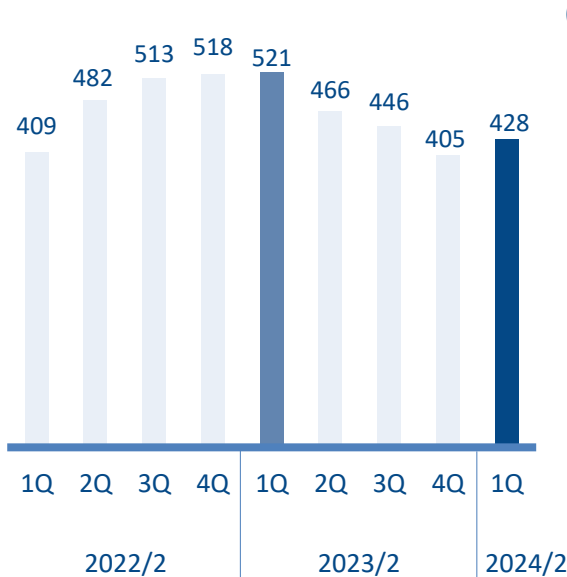
Net Sales (million JPY)

558 million JPY (85.3% YoY)



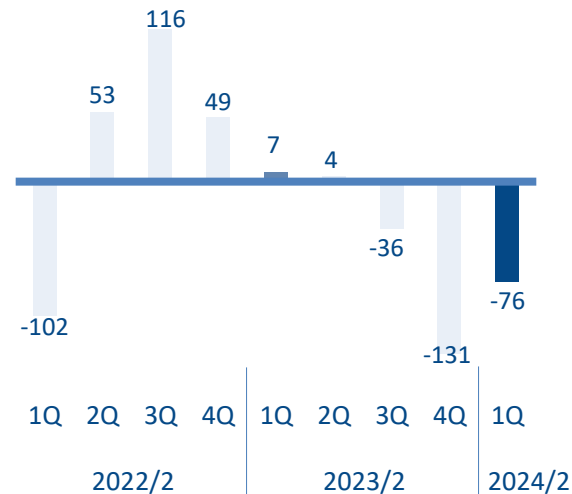
Gross Profit (million JPY)

428 million JPY (82.0% YoY)



Operating Profit (million JPY)

Operating Loss: 76 million JPY
(Down 83 million JPY YoY)



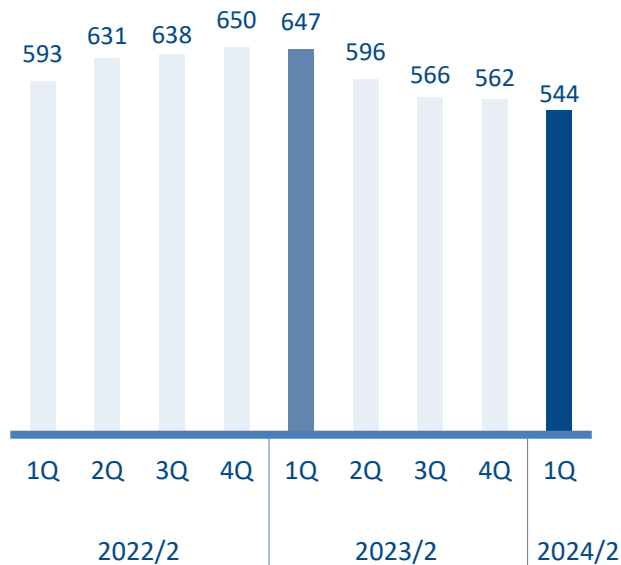
Note: JOBTV, which was included in PR and Advertising, has been transferred to HR as of 1Q FY2024.

Human Resources Business (ASHITA-TEAM)

In 1Q FY2024, a profit was secured despite revising sales strategies while making advertising investments and investments to strengthen functionality. From 2Q, we will make a certain level of investment in advertising while strengthening the sales system for SaaS-based products to increase net sales from 3Q onward.

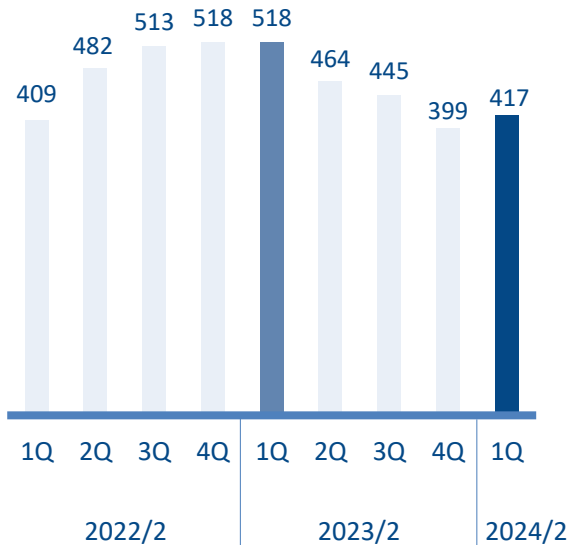
Net Sales (million JPY)

544 million JPY (84.1% YoY)



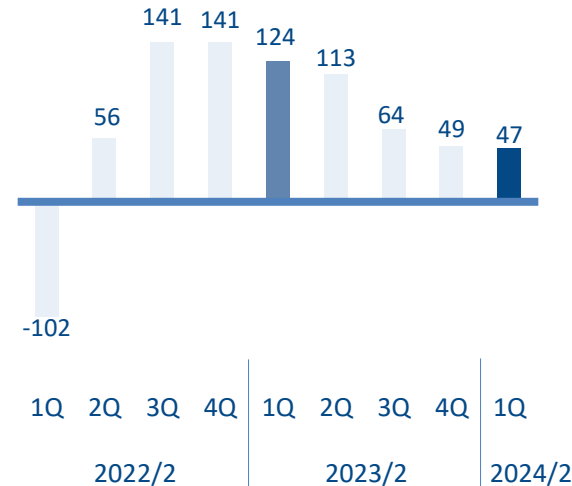
Gross Profit (million JPY)

417 million JPY (80.4% YoY)



Operating Profit (million JPY)

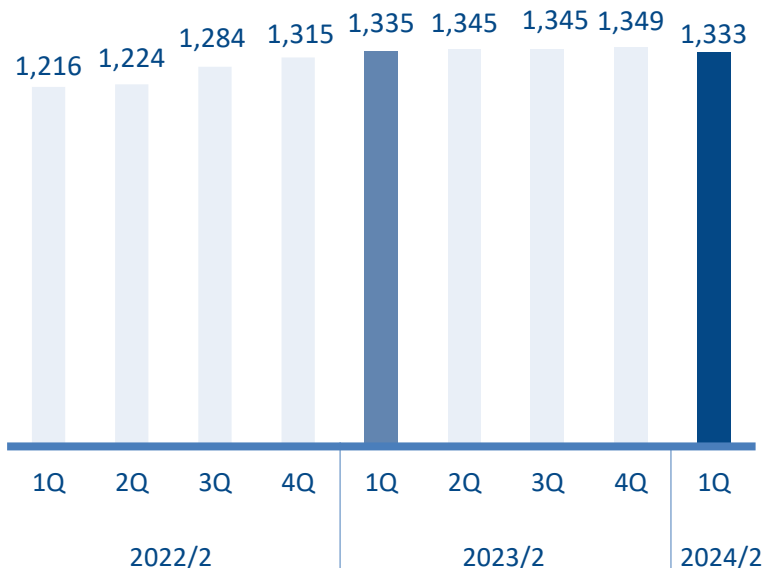
47 million JPY (37.9% YoY)



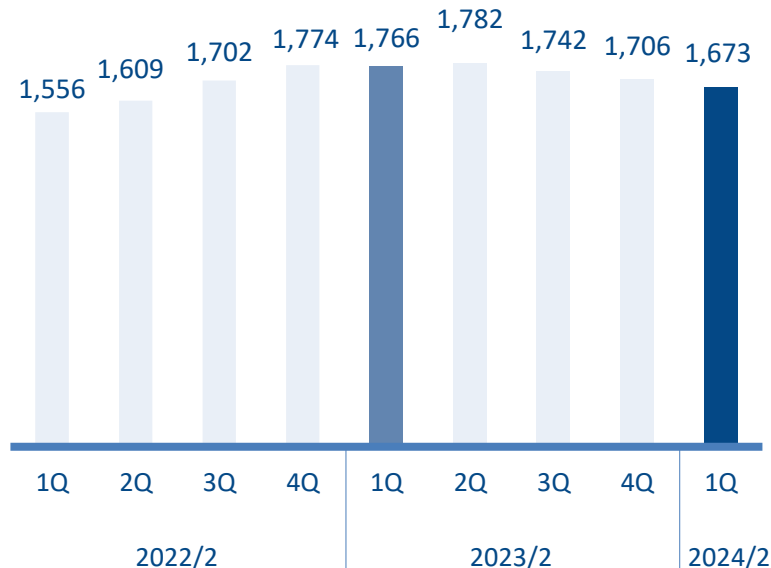
Number of User Companies*1 and ARR*2

In 1Q FY2024, the number of user companies and ARR decreased as contract cancellations remained constant while the number of new contract acquisitions slowed. While we anticipate that this trend will continue in 2Q FY2024, the number of user companies and ARR is expected to recover from 3Q onward.

Number of user companies: 1,333 (99.9% YoY)



ARR: 1,673 million JPY (94.7% YoY)



*1 Number of user companies refers to companies using cloud or operating consulting services on a monthly subscription basis.

*2 ARR is the amount calculated by multiplying the monthly recurring revenue (MRR) from cloud and operating consulting services at the end of the quarter by 12.

ASHITA-TEAM Outlook

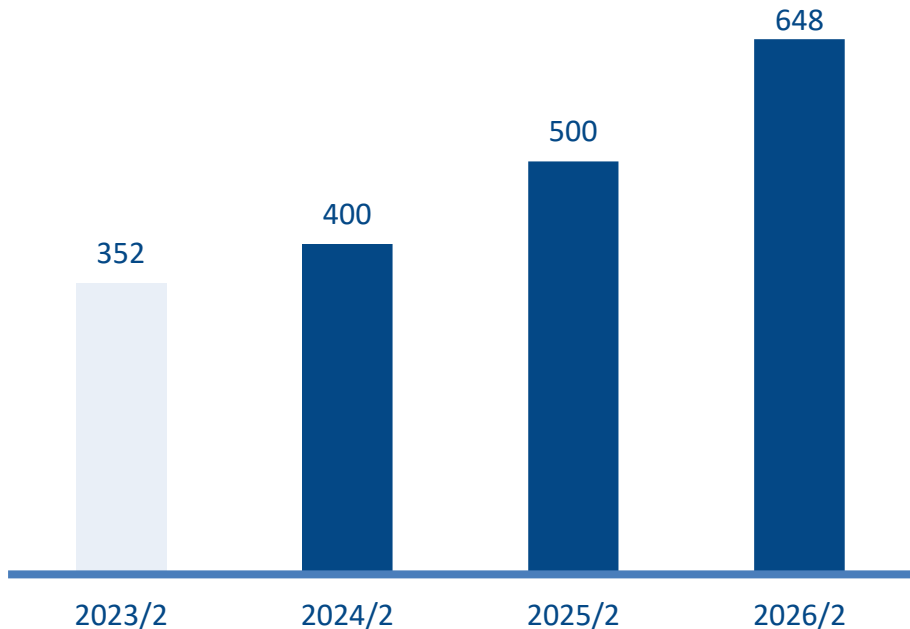
Through strengthening sales of SaaS-based products and increasing retention by improving customer satisfaction, we have expanded the subscription ratio and created a stable earnings foundation. Operating profit in FY2026 is projected to climb to 648 million JPY on the back of stable profits achieved by building up subscription earnings.

Personnel evaluation cloud “Ashita Cloud”



Build up subscription earnings by strengthening sales of SaaS-based products

Operating Profit (million JPY)



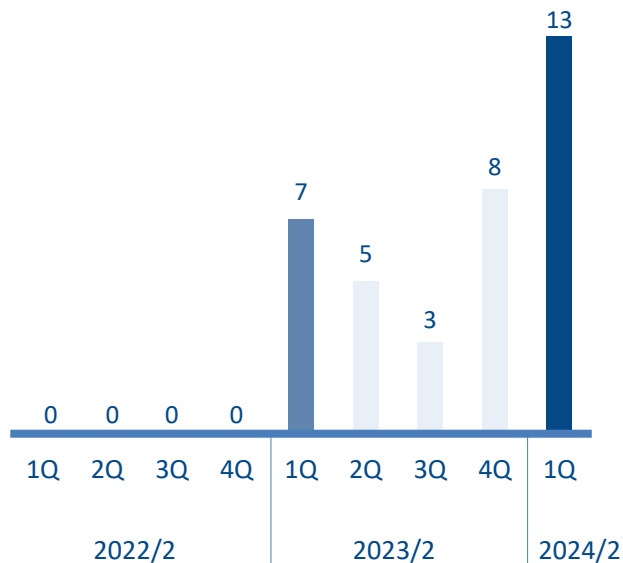
HR Business (JOBTV)

In 1Q FY2024, we worked to strengthen the earnings base by investing in advertising to increase the number of registrants and development to improve functionality.

From 2Q, we will optimize marketing costs and increase net sales by collaborating with BUSiCONET Inc., a company that we have acquired.

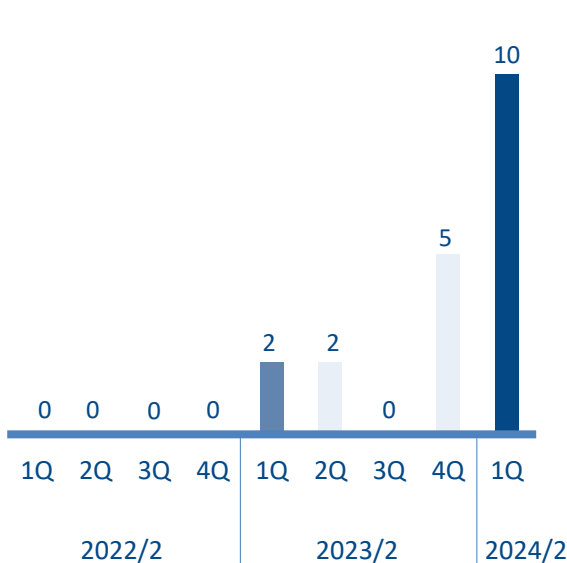
Net Sales (million JPY)

13 million JPY (182.6% YoY)



Gross Profit (million JPY)

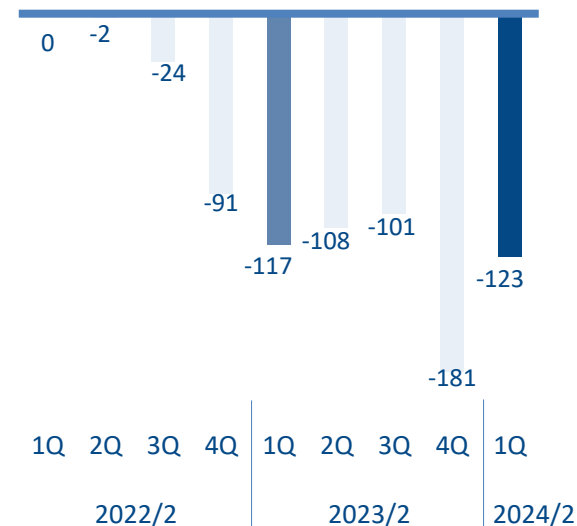
10 million JPY (377.4% YoY)



Operating Profit (million JPY)

Operating Loss: 123 million JPY

(Down 6 million JPY YoY)



JOBTV is a service that solves issues of both job-seekers and companies.
Speedy matching is achieved by leveraging video in the initial recruitment processes.

Recruitment matching platform JOBTV



JOBTV is a recruitment matching platform where users can view unlimited company information videos.

JOBTV Benefits

Over 1,000 registered companies



Job seekers

- 1 Netflix-like search option makes browsing job post videos a breeze!
- 2 Show off your best to employers easier with a self-introduction video!
- 3 Learn more about companies through videos without needing to go to information sessions!

Over 150,000 registered university students



Client company

- 1 Highlight why candidates should join your company with a video introducing your firm and the positions you are hiring for!
- 2 Quick and easy applicant screening through video!
- 3 Reach out to job-seekers directly with scout mails!




Synergies Created through the Acquisition of BUSiCONET

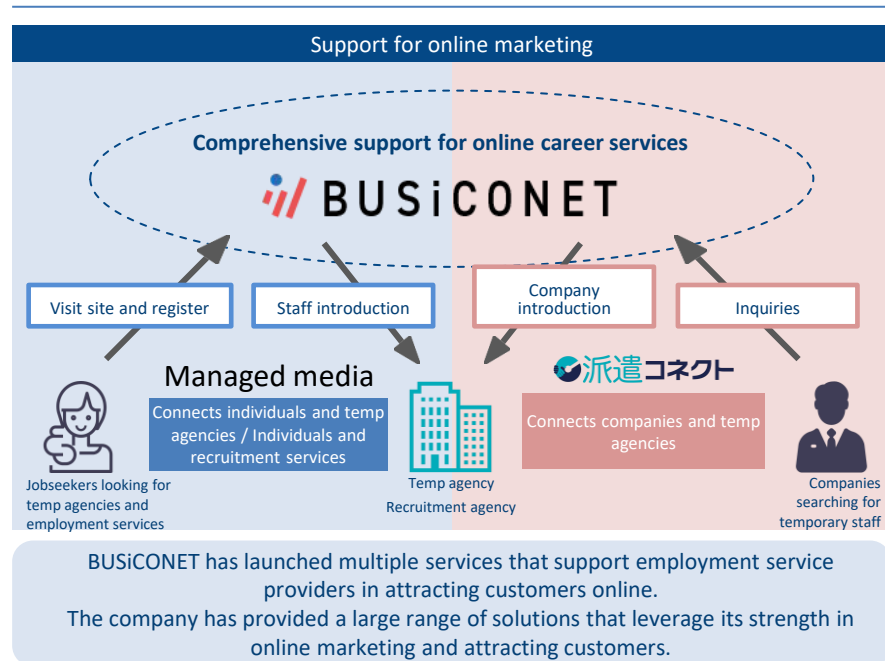
BUSiCONET Inc., a company that provides comprehensive support for online career services, became a consolidated subsidiary on June 28, 2023.

VECTOR will aim to increase revenue by leveraging BUSiCONET's media operations expertise and by referring the jobseekers acquired via its online media to JOBTV.

Overview of acquisition of shares

Company name	 BUSiCONET Inc.
Business	Operation of online employment media Support for online marketing
Acquisition cost	1,790 million JPY
Share acquisition date	June 28, 2023

Business



JOBTV Growth Strategy

We aim to expand JOBTV in the recruitment market based on the four core businesses of new graduate support, job change support, media, and temporary staffing.

We plan to strengthen the brand of our human resources support business while building a firm earnings base through our new graduate support and media operations.

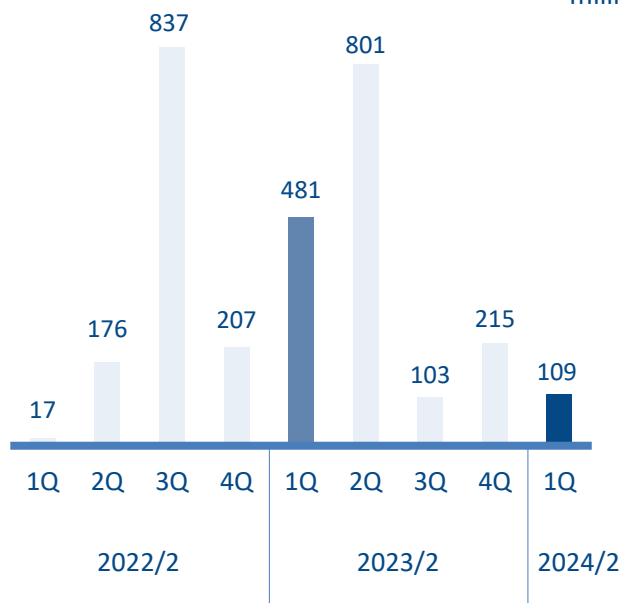


Investment Business

In 1Q FY2024, despite the partial sale of shares held, an operating loss was posted due to loss on valuation of securities.
 In 2Q, although a certain amount of valuation loss is expected, we anticipate that an operating profit will be secured through the sale of shares held.

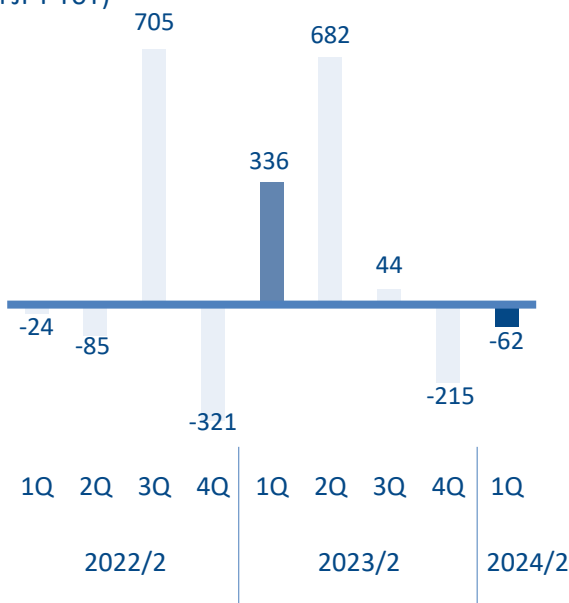
Net Sales (million JPY)

109 million JPY (22.8% YoY)



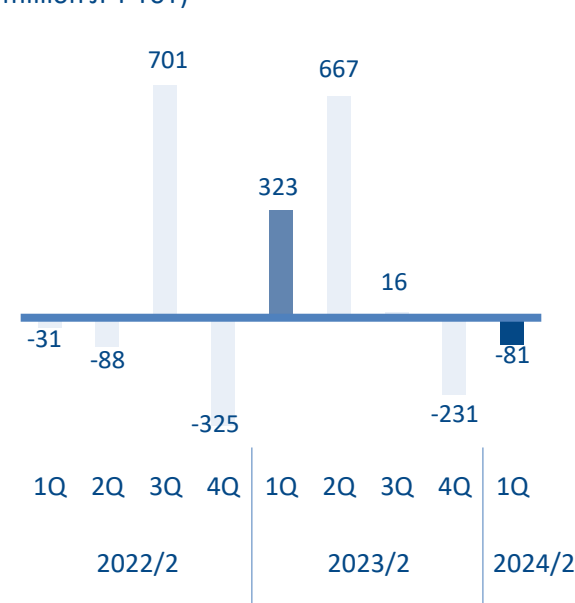
Gross Profit (million JPY)

Gross Loss: 62 million JPY (Down 399 million JPY YoY)



Operating Profit (million JPY)

Operating Loss: 81 million JPY (Down 404 million JPY YoY)



Most Recent IPOs Invested In

Supporting corporate growth through capital and PR/IR (total of 30 IPOs).

Newly listed W TOKYO INC. and SYLA Technologies Co., Ltd., bringing the number of recent IPOs to two companies.

Date of listing	Company name	Market
June 29, 2023	 W TOKYO INC.	TSE Growth Market
March 31, 2023	 SYLA Technologies Co., Ltd.	NASDAQ

Solid Track Record of Investment in Growth Fields

 = IPO complete

IoT and Security Systems

Logbar, Orano, infoNet, genGO, REVOLVER, CSC, QR Translator, Secul, PHONE APPLI, SWITCH+SMILE, AOSDATA, OTOBANK, uhuru, CiN, +medi, ERIC SECURITY INC.

AI and Big Data

AI CROSS, SecondXight, Headwaters, cinnamon, VIRTUSIZE, VISITS Technologies, Poetics, メトロエンジン, ΩMEGA

Marketing and Sales

QON, Branding Technology, WILL.GATE, SALES ROBOTICS, CMN, ALLIANCE CLOUD, LISUTO!, Flagship Orchestra, Algorithm, FULLER, 3Operation group, VALUE CREATION, foriio, COMIX, ENRISSION, basic, AdInte, Concierge U, SubFac

D2C

KOL Technologies, Vegetable Tech, High Link, PIALA, Waqoo, Wondershake, Oops

Restaurants, Retail, Beauty, Services and Healthcare

TERMINAL, SARAH, GO TODAY SHARE SALON, MIRTEL, S&T, NABU Mafia, VEGE VEGE, HITOMIO, adval, エアトリ, FUN UP inc., 12UMI-12M GROUP, Fun, i-SpaLine, zentokyo, SOELU, Bears, The Ethical Spirits & Co., MabiGenesis, TRION CORPORATION, 株式会社一家ダイニングプロジェクト

Fintech and Real Estate Technology

RESIDENCE TOKYO, リノベる, LEEWAYS, milize, SYLA, bitFlyer, TakeMe, IMPACT CIRCLE, GLOBAL LINK MANAGEMENT, LENDY, ele-style, SPACE AGENT, Phil Company, Inc., Warranty technology, 株式会社エヌシー, 株式会社エフエヌエス, ACTICE ASSET MANAGEMENT CO., LTD.

Human Resources, Education-Related

ROXX, Refcome, 地球人.jp, SPECIFIC INC, LEADING MARK, INBOUND TECHNOLOGY, BRANDING ENGINEER, HR CLOUD, Life is Tech!, HALLHEART, flamingo, LOGZGROUP, マナリンク, Maple Systems, CODEGYM, Infracop, EduFuture, Take Action, Anotherworks

Sharing Economy

SHARINO TECHNOLOGY, zehitomo, Audiostock, officeSTYLE, Ancor, Laxus, unito, LIVERO, S, nearMe.

DX

ROBOT PAYMENT, MENTAL HEALTH TECHNOLOGIES, 八面六臂, boost, ORIGINAL Inc., KAKUCHO, HATCHWORK, bravesoft, Uniforce, Allin, Canly, CONOC, WELLNEST, BCCRECH

Other toB Services

MINABU THE INFOBOD, WILLS, SHINGAU, TOKYO, WHITE HOLE, INBOUNDTECH, 株式会社レトリバ, JX通信社, CHARA-ART, SHELFY, astrolab, CLAS, Talknote, Helpfeel, stayway, ENECLOUD, コンテンツ3, UPSSELL TECHNOLOGIES, ATOM ica, 業務改革クラウド Pathfinder, CasTech, Tabi Life, BPOテクノロジー, gigbase

Other toC Services

FREE DOM, hey!, MONOCO, HOGUGU, PROGRIT, TimeTree, Nagisa, 4コマgram, LANIMAL, ORIGINAL LIFE, INC., naco-do, Xmobile, LASTONEMILE, SPORTS CROWN

Consolidated Statement of Profit and Loss

(million JPY)	FY '23 1Q	FY '24 1Q	Difference	YoY Change
Net Sales	13,132	14,758	+1,625	112.4%
Gross Profit	8,726	9,008	+282	103.2%
EBITDA	1,668	1,593	-74	95.5%
Operating Profit	1,477	1,414	-62	95.7%
Ordinary Income	1,487	1,377	-109	92.6%
Profit before Income Taxes	1,484	1,378	-105	92.9%
Profit Attributable to Owners of Parent	836	722	-113	86.4%

Consolidated Balance Sheet

(million JPY)	FY '23 Year End	FY '24 1Q End	Difference	YoY Change
Total assets	36,343	39,016	+2,672	107.4%
Cash and deposits	13,372	12,745	-627	95.3%
Goodwill	1,780	2,107	+326	118.4%
Operational investment securities + investment securities	5,495	7,372	+1,876	134.1%
Other	15,694	16,790	+1,095	107.0%
Total liabilities	20,584	22,135	+1,551	107.5%
Borrowings + bonds	9,756	10,710	+953	109.8%
Other	10,827	11,425	+597	105.5%
Net assets	15,759	16,880	+1,120	107.1%

Medium-term Profit Plan

Medium-term Profit Plan

Medium-term Profit Plan (million JPY)	FY '23 (Results)	FY '24 (Revised Targets)	FY '25 (Targets)	FY '26 (Targets)
EBITDA*	7,013	7,920	9,160	10,660
Operating Profit	6,276	7,260	8,500	10,000

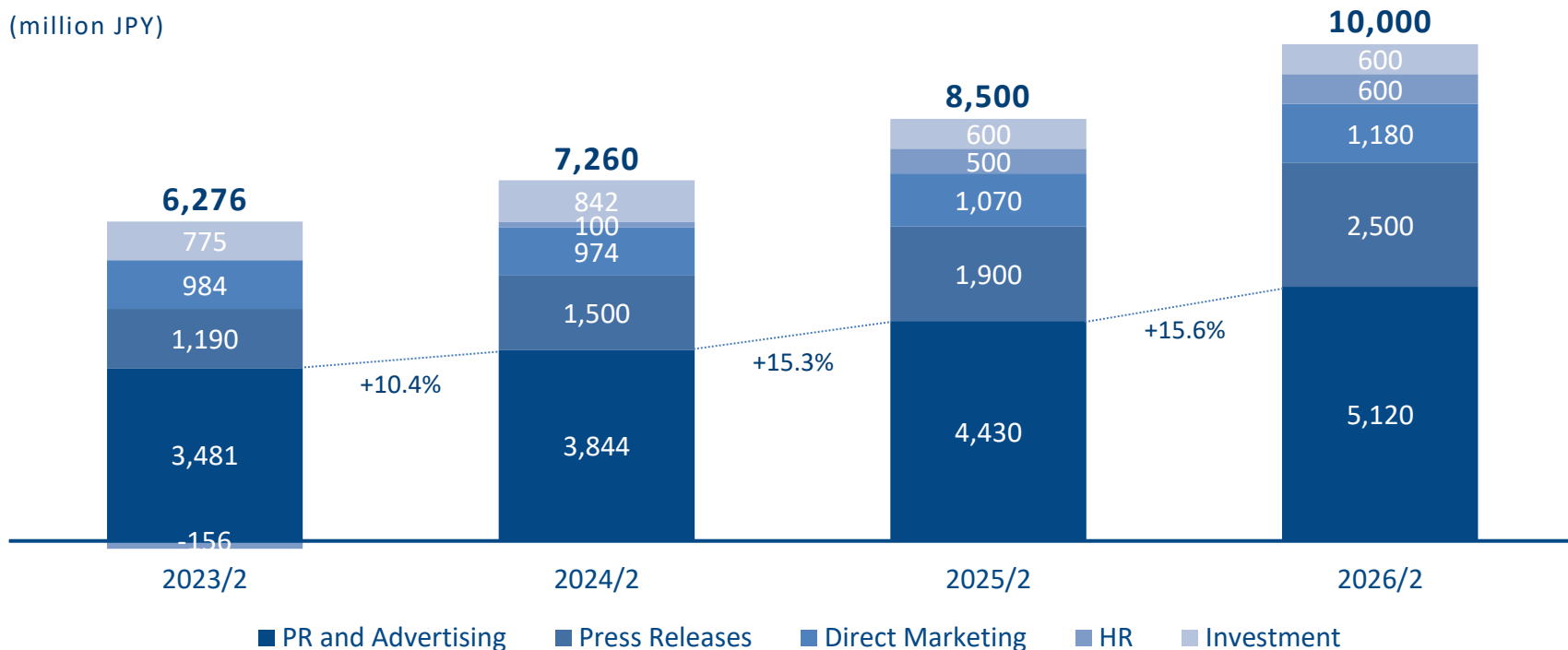
- **For FY2026, we expect EBITDA of 10,660 million JPY and operating profit of 10,000 million JPY.**
- We will target a return on equity (ROE) of **at least 25%**, aiming for continuous improvement.
- VECTOR's dividend policy is to ensure a **consolidated payout ratio** for shareholders aimed at **30%**.
- We will update the medium-term profit plan as necessary in accordance with market conditions and business performance.

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Medium-term Profit Plan Progress by Segment

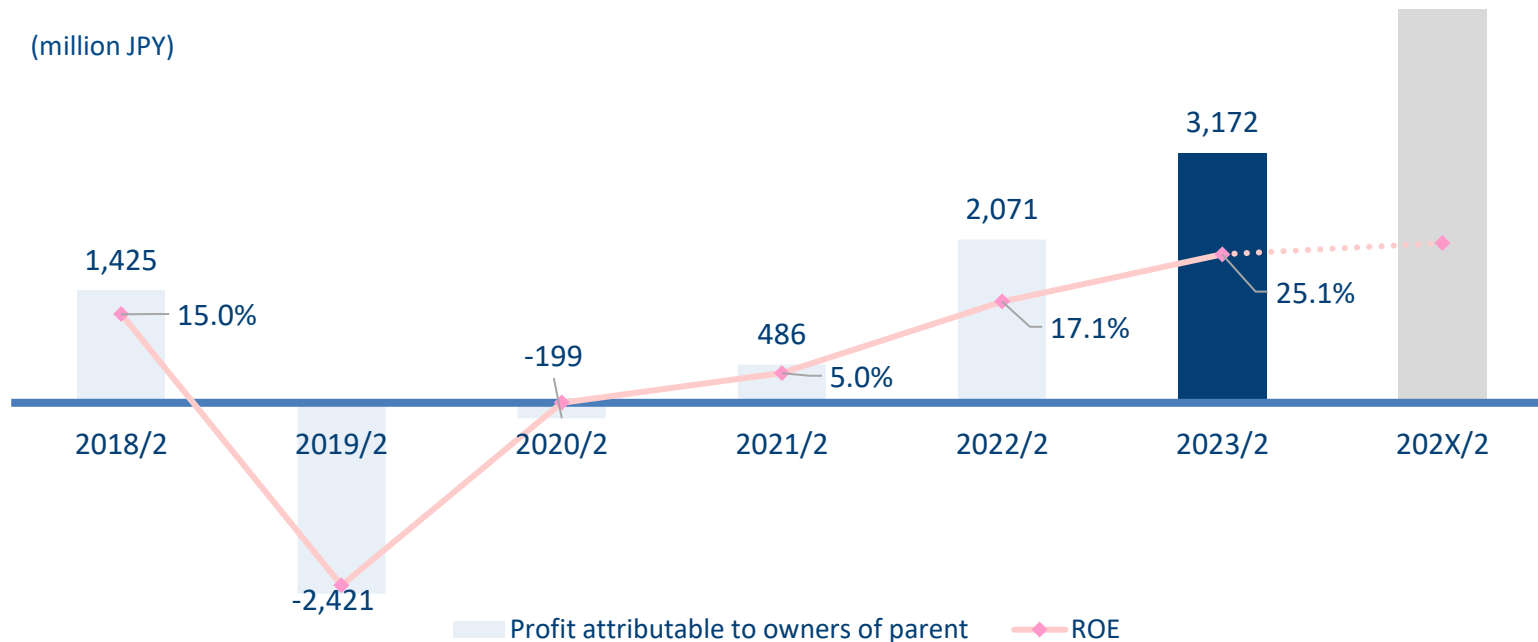
As our mainstay PR and Advertising business is driving performance, we will aim for operating profit of 10,000 million JPY in FY2026.

(million JPY)



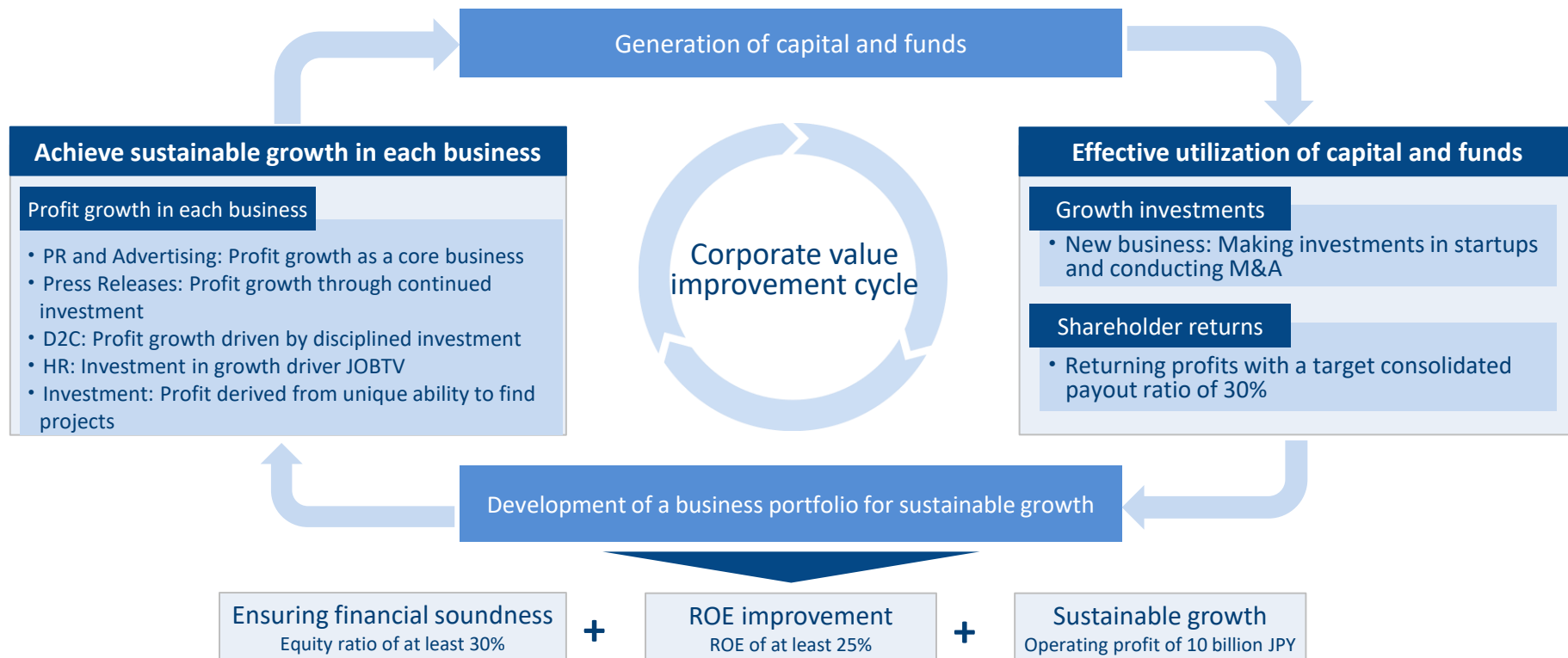
ROE and Profit Attributable to Owners of Parent

Target for the management indicator of ROE will be **at least 25%** with a policy of continuous improvement.



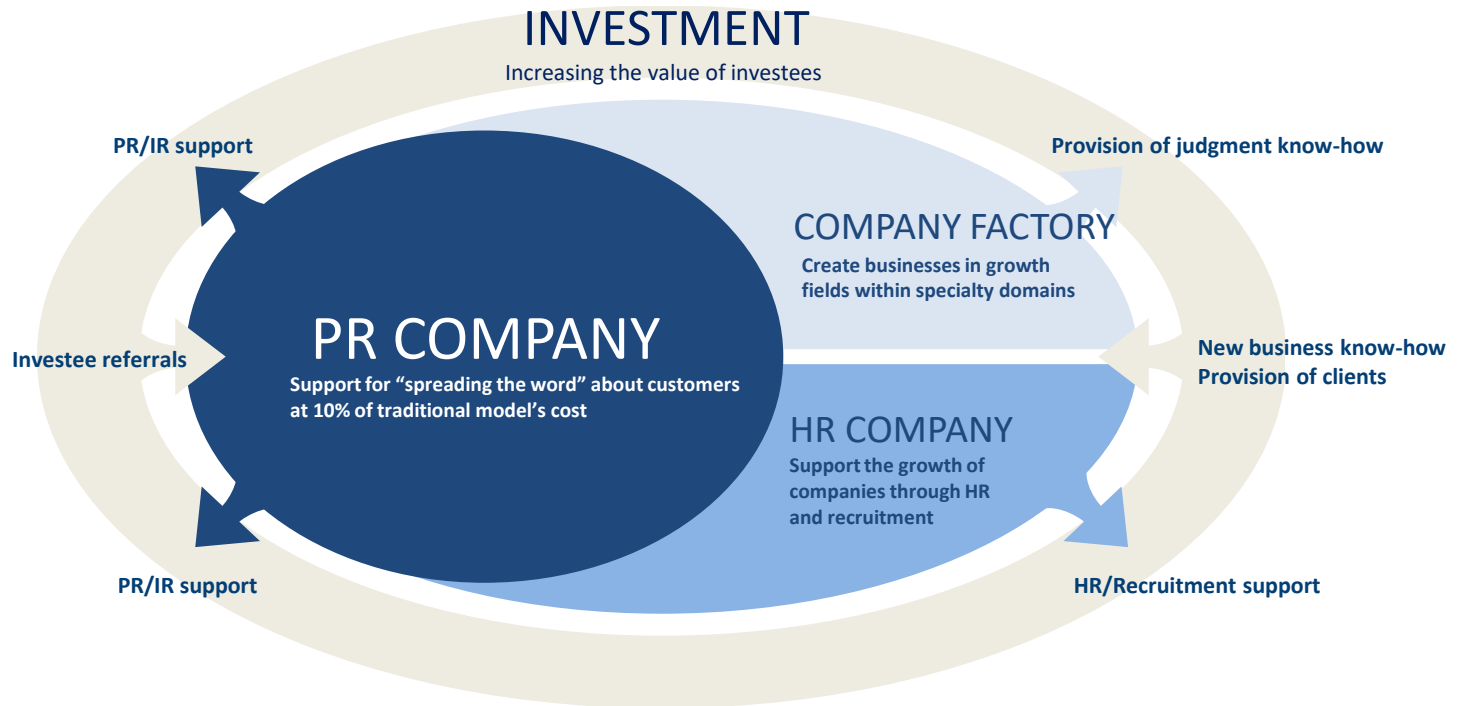
Capital Allocation

Cash provided by operating activities will be allocated to investments for growth and shareholder returns.



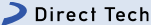












VECTOR Group Business Concept

Aim for continuous Group expansion by supporting the growth of client companies in the four business domains of PR COMPANY, which seeks to help client companies spread the word, HR COMPANY, which seeks to support businesses through HR and recruitment, COMPANY FACTORY, which seeks to create new businesses, and INVESTMENT, which seeks to grow our investment business.



Businesses Comprising VECTOR Group

PR COMPANY	COMPANY FACTORY	HR COMPANY	INVESTMENT
<p>PR/Press Releases/Digital Marketing</p>	<p>D2C</p>	<p>Personnel Evaluation</p>	<p>Investment</p>
 <p>FAST COMPANY provides one-stop, comprehensive support for marketing strategies designed to deliver the excellent products, services and solutions of our customers to the world.</p>	 <p>We handle everything in-house, from product planning and production to advertising, marketing, and purchasing in a D2C business having direct contact with customers.</p> <p>Vitabrid C¹² Vitabrid Japan</p> 	 <p>Our HR business primarily provides consulting and personnel evaluation cloud solutions to support the introduction and operation of personnel evaluation systems.</p> 	 <p>In our startup investing activities, we provide investees with support for increasing value along with PR and IR.</p>
<p>vector ANTIL </p> <p>vector Platinum </p> <p>vector INITIAL </p> <p>vector SIGNAL </p> <p>PRTIMES</p> <p>Smartmedia</p> <p>NT</p> <p>NEWS TV</p>	<p>New Business</p>  <p>We grow service domains taking advantage of the business knowhow we have cultivated and start new businesses that leverage Group synergies and partner strengths.</p> <p>MEDICAL TECHNOLOGIES</p> <p>PERFORMANCE TECHNOLOGIES</p> <p>INFLUENCER BANK</p>	<p>Recruitment Support</p>  <p>We provide a service that enables job seekers and companies to utilize video in the initial recruitment processes, solving issues that both parties face and achieving speedy matching.</p> <p>JOBTV</p>	<p>vector </p> <p>100 capital</p>

Company Strategy

No. 1 in Asia and No. 7 in the world in the global PR company rankings.
 Moving up from No. 14 in the world to No. 7, becoming one of the world's
 leading companies.

2023	2022	Agency	HQ	Fee Income 2022 (\$)	Fee Income 2021 (\$)	Staff	Growth vs 2021 (USD)	vs 2021 (Constant Currency)
1	1	Edelman ^{nb}	USA	1,079,738,000	984,921,000	6,433	9.6%	9.6%
2	2	Weber Shandwick ^{nb}	USA	920,000,000	860,000,000		7.0%	7.0%
3	3	BCW	USA	840,000,000	772,000,000		8.8%	8.8%
4	4	FleishmanHillard ^{nb}	USA	750,000,000	680,000,000		10.3%	10.3%
5	5	Ketchum ^{nb}	USA	600,000,000	550,000,000		9.1%	9.1%
6	7	Real Chemistry ^{nb}	USA	555,000,000	475,000,000	1,977	16.8%	16.8%
7	14	Vector Inc. ^{nb}	Japan	494,080,000	292,400,000	1,421	69.0%	69.0%
8	6	Brunswick	UK	471,900,000	469,125,000	1,250	0.6%	12.2%
9	9	MSL	France	425,000,000	387,000,000	2,110	9.8%	9.8%
10	8	FGS Global ^{nb}	USA	421,000,000	390,000,000	1,099	7.9%	7.9%

Source: PProvoke Media 2023 Global Rankings

From #1 PR Firm in Asia...

...to #1 PR Firm Worldwide

Further expand domains
PR market in Japan worth 100 billion JPY



...by becoming a Fast Company in
Advertising Industry

Target advertising market worth 7 trillion JPY

Advertising industry disrupter

“Low Cost” “Middle Quality” “Speedy”

Revolutionize the advertising industry like fast fashion did in
the apparel industry

Change in Japan's Advertising Market

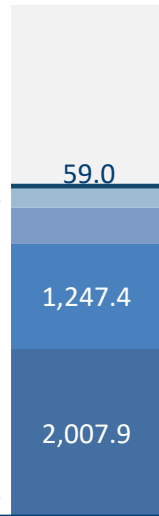
While the 4 mass media have decreased, online advertising has expanded, leading to a market worth 7 trillion JPY

(billion JPY)

Reference: Advertising Expenditures in Japan
(Report by Dentsu)

6,110.2

4 mass media

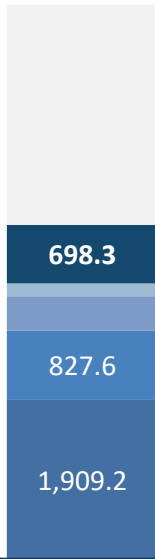


Advertising market is centered on the 4 mass media such as TV and newspapers in 2000, the year our PR business launches

2000

(Launch of PR business)

6,692.6

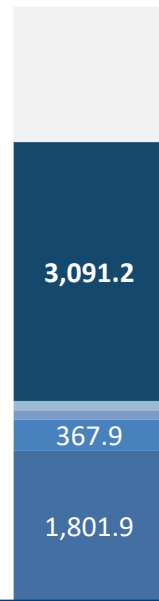


Online advertising begins to drive the market in 2008, the year of the financial crisis

2008

(Expansion of PR business)

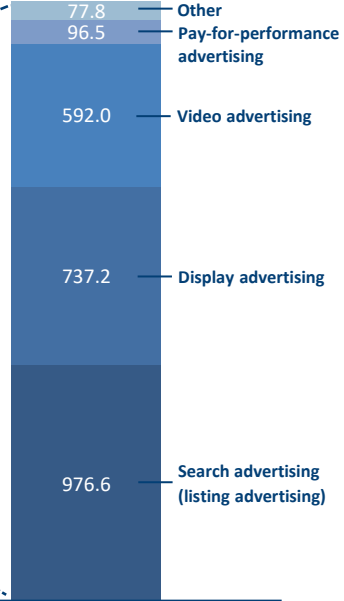
7,102.1



Online advertising market enters the 3 trillion JPY range
Search advertising leads

2022

(Accelerated through PR + digital)



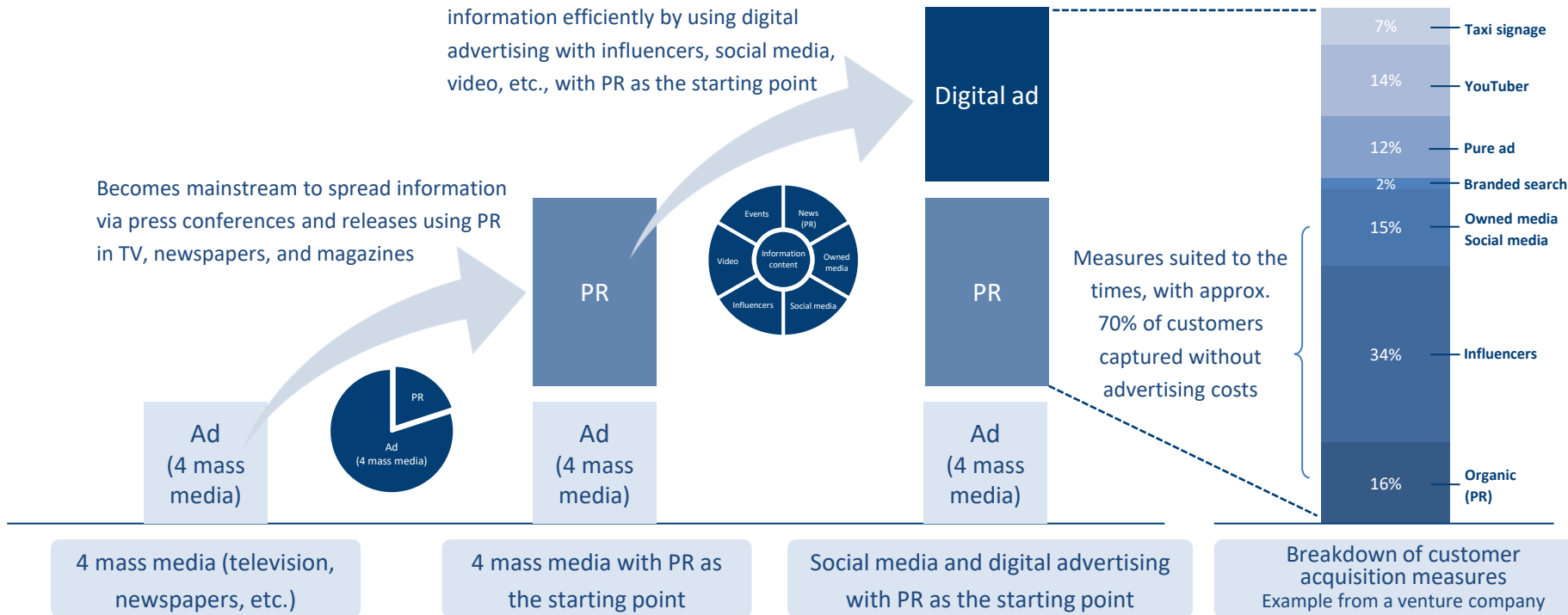
Breakdown of online advertising media expenditures*

* Excludes production costs for online ads, etc.

We are now in an age where information is spread efficiently through using digital advertising with PR as the starting point.

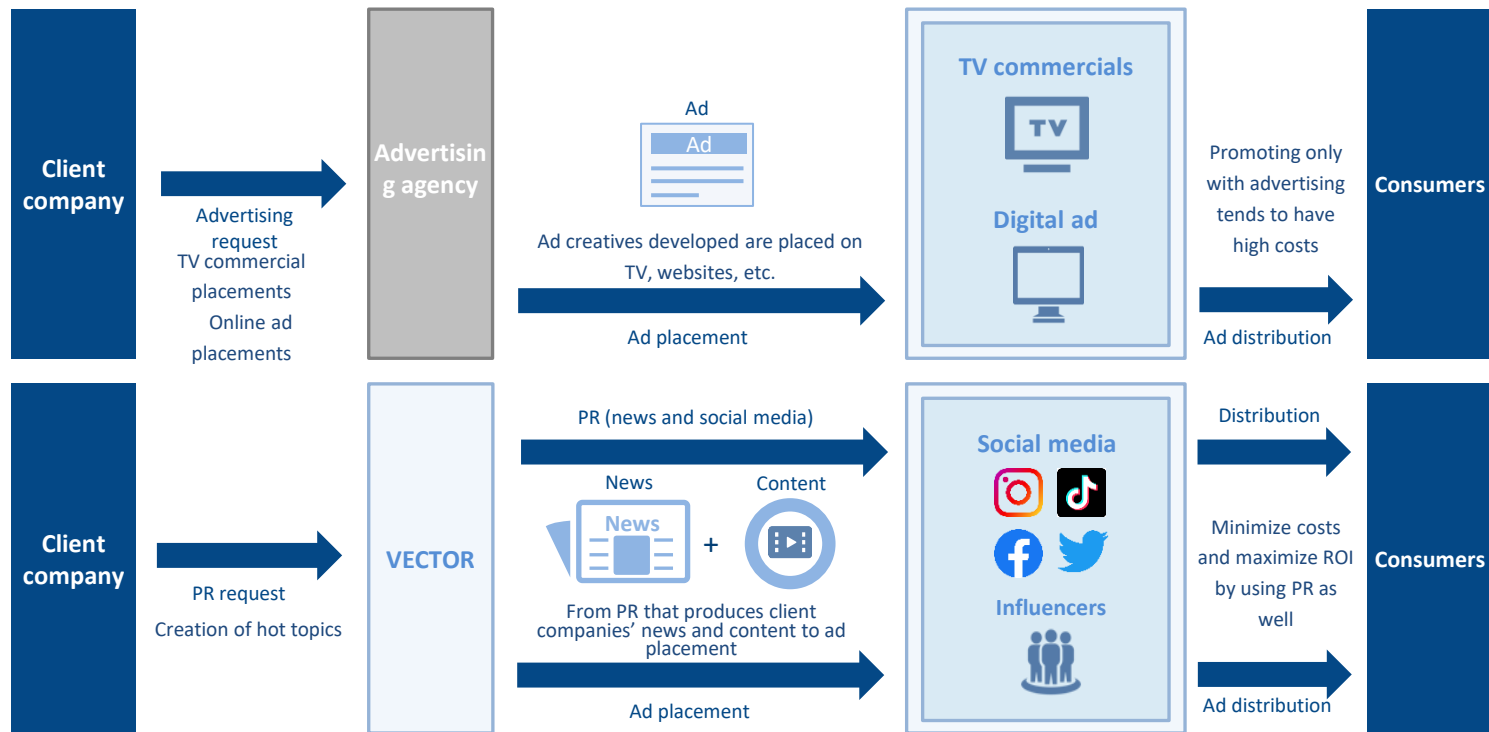
Becomes mainstream to spread information efficiently by using digital advertising with influencers, social media, video, etc., with PR as the starting point

Becomes mainstream to spread information via press conferences and releases using PR in TV, newspapers, and magazines



Difference between VECTOR and Advertising Agencies

Advertising agencies spread the word using advertising, while VECTOR spreads the word using news, social media, and more



VECTOR's Unique Way of Spreading the Word

We spread the word by creating catchy keywords and combining PR with social media and advertising technology.

Example: Opening of Yebaozi



Overall communication strategy

Concept formulation



"Gachi Chuka"
(Authentic
Chinese food)

Communication design



The key challenge was to maximize interest for the launch of Japan's first Yebaozi, a hugely popular *nikuman* (meat bun) chain from China that boasts long lines.

We provided support covering from concept formulation to keyword creation and the implementation of measures.

Measures implemented

PR



Japan's first Yebaozi
Launched on May 14, 2022



Vertical video



Social media

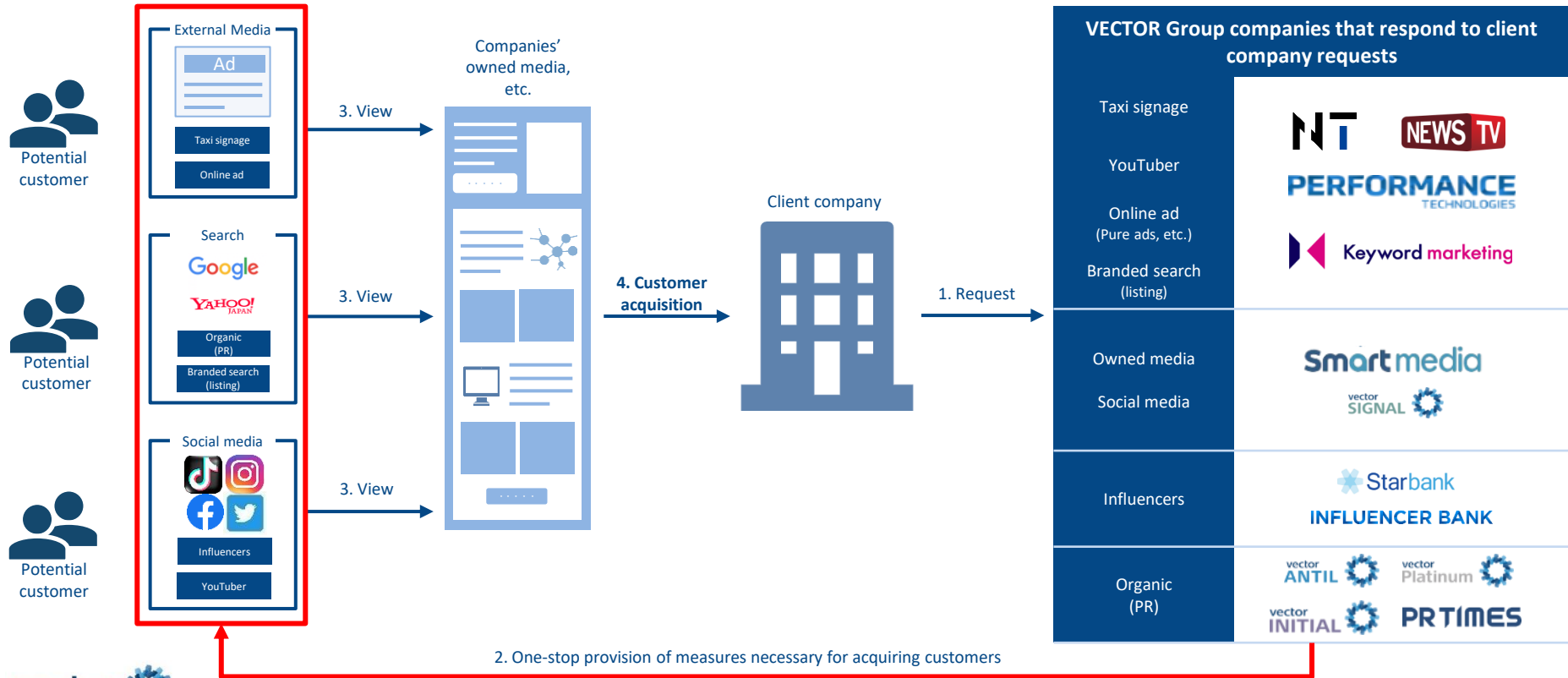


Celebrities

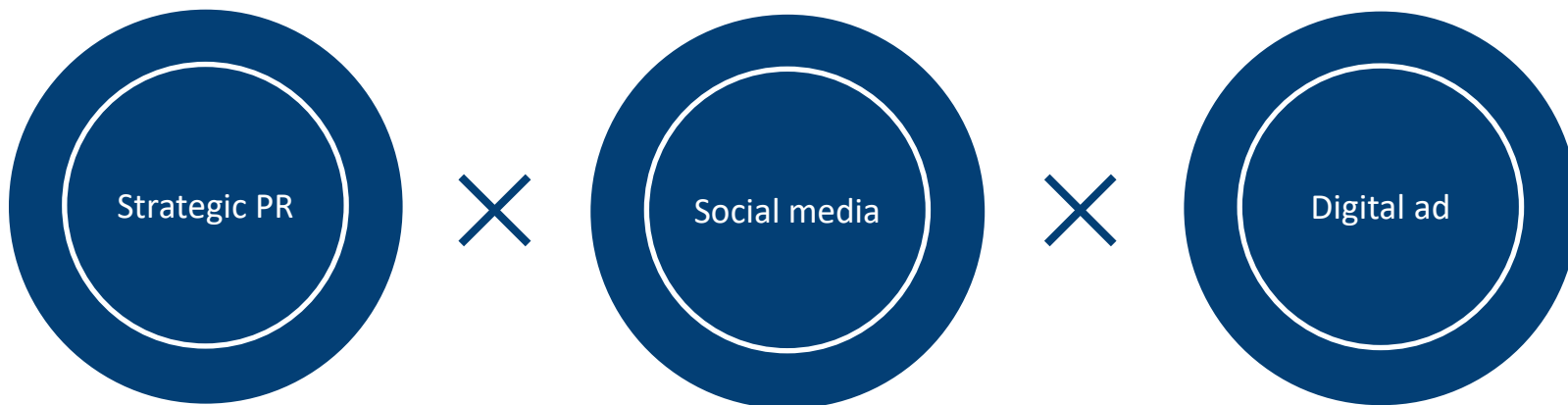


We created a powerful buzz through advertising and utilized catchy keyword phrases such as "gachi chuka," "Japan's first," and "bite-sized *nikuman*" to gain media exposure, turning "gachi chuka" into a trend for 2022.

One-stop provision of measures that companies need to acquire customers









A one-stop marketing strategy that covers everything from recognition where content is delivered directly to the target audience to acquisition where digital ads are tied to purchases, while leveraging strategic PR and social media



One-stop provision of services necessary for spreading the word.

Marketing measures suited to the times delivered at 10% of traditional model’s costs.

Celebrity Casting					
Cast celebrities for content including websites, online videos and events.					Starbank
Press Releases	PR Consulting	Video Releases	Influencers	Digital Marketing	Risk Management
 <p>#1 press release service in Japan with over 80,000 clients. Used by 55% of publicly-listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.</p> <p>PR TIMES</p>	 <p>From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.</p> <p>vector ANTIL</p> <p>vector Platinum</p> <p>vector INITIAL</p>	 <p>Next-generation communication based on the production and distribution of video news from a PR standpoint, delivering content direct to the target audience.</p> <p>NEWS TV</p>	 <p>Support corporate service/product branding through SNS influencers.</p> <p>Starbank</p> <p>INFLUENCER BANK</p>	 <p>Integrated support from website production and system creation to digital promotion; Can also handle owned media creation and operation, and production of PR videos.</p> <p>vector SIGNAL</p> <p>NT</p> <p>Smartmedia</p>	 <p>Provision of consulting services concerning corporate reputation management and brand security using unique technology based on theory and know-how built up in the United States.</p> <p>BRAND CLOUD</p>

JPY 0

JPY 50 Million/Year

2 key points for strengthening the Fast Company concept



Expand service areas offered through M&A to enhance marketing measures suited to the times



Expand the customer base by further strengthening venture capital (VC) capabilities based on numerous achievements in venture investment and PR/IR support







1 M&A

M&A

Expand the increasingly important domain of digital marketing to provide comprehensive support for customer marketing strategies

Strengthening the Fast Company Concept Using M&A

In the advertising market, we will accelerate M&A centered on the digital marketing domain to expand the receptivity of internet advertising budgets, which are increasing every year, and strengthen the Fast Company concept.

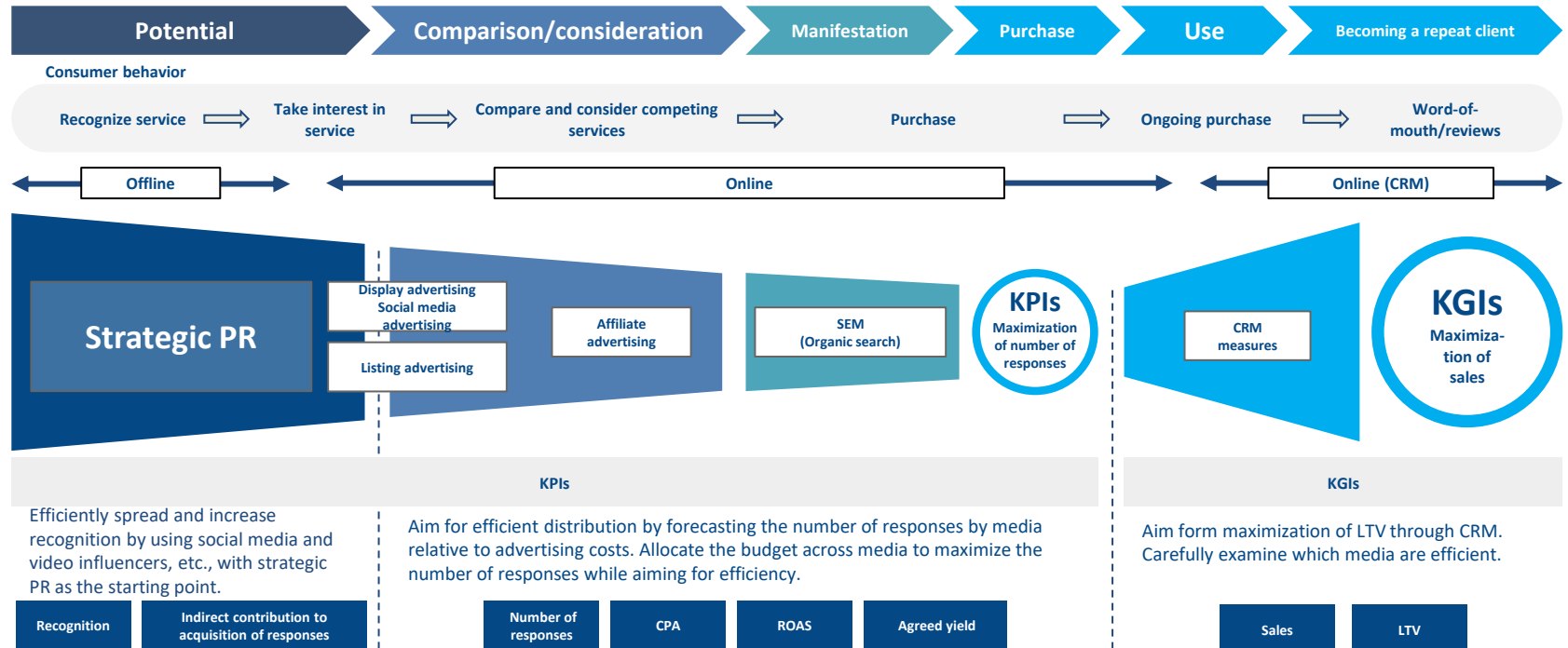
Celebrity Casting					
Cast celebrities for content including websites, online videos and events.					
				★ Starbank	
Press Releases	PR Consulting	Video Releases	Influencers	Digital Marketing	Risk Management
 <p>#1 press release service in Japan with over 80,000 clients. Used by 55% of publicly-listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.</p> <p>PR TIMES</p>	 <p>From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.</p> <p>vector ANTIL</p> <p>vector Platinum</p> <p>vector INITIAL</p>	 <p>Next-generation communication based on the production and distribution of video news from a PR standpoint, delivering content direct to the target audience.</p> <p>NEWS TV</p>	 <p>Support corporate service/product branding through SNS influencers.</p> <p>★ Starbank INFLUENCER BANK</p>	 <p>Integrated support from website production and system creation to digital promotion; Can also handle owned media creation and operation, and production of PR videos.</p> <p>vector SIGNAL</p> <p>NT</p> <p>Smart media</p>	 <p>Provision of consulting services concerning corporate reputation management and brand security using unique technology based on theory and know-how built up in the United States.</p> <p>BRAND CLOUD</p>

JPY 0

JPY 50 Million/Year

Synergy from Purchase of Digital Marketing Business


The purchase etc. of a company (business) specializing in strategic design and listing advertisement management has enabled us to provide digital measures aimed at maximizing sales based more on strategic PR than before.



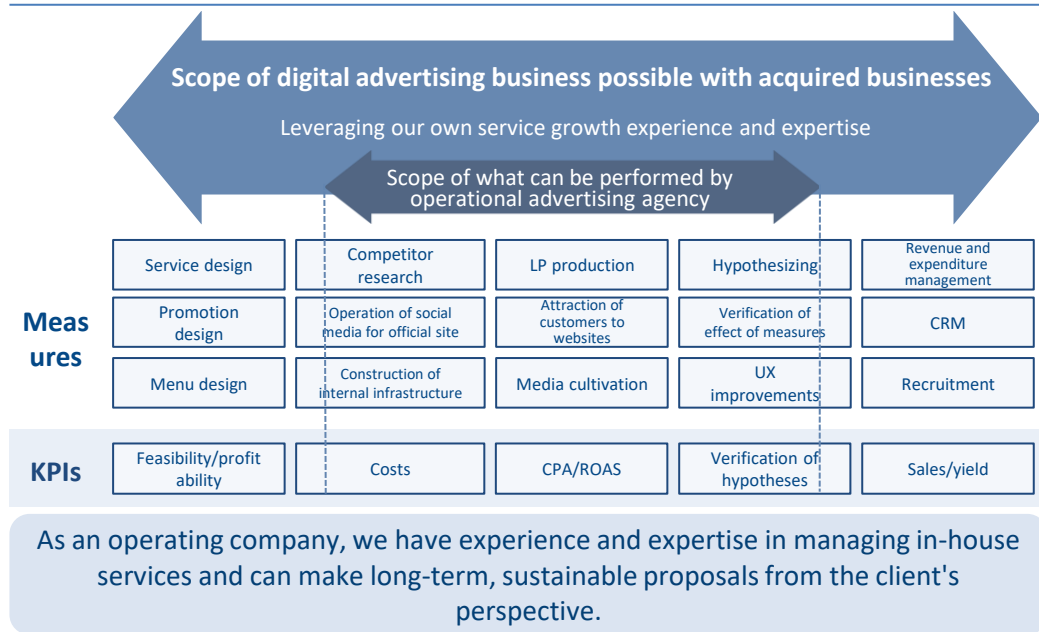
Acquired a digital advertising business specializing in strategic design from TERMINAL inc.
for 1.1 billion JPY on September 30, 2022.

Now able to provide PR services based on digital marketing on top of enhancement of digital advertising

Overview of acquired business

Company name	 TERMINAL inc. TERMINAL inc.
Business transfer	Digital advertising business
Acquisition cost	1.1 billion JPY
Date of acquisition	September 30, 2022

Digital advertising business



M&A Results (Share Acquisition)

Keyword Marketing Co., Ltd., a company specializing in managing programmatic advertising, became a consolidated subsidiary on December 26, 2022.

We will increase sales per customer by digitally enhancing client marketing strategies using strategic PR as a launchpad.

Overview of acquisition of shares

Company name	 Keyword Marketing Co., Ltd.
Business	Management agency for programmatic advertising Advertising management consulting
Acquisition cost	1,180 million JPY
Share acquisition date	December 26, 2022

Business

Management agency for programmatic advertising

Management agency for programmatic advertising
(Listing/social media advertising)

Managing programmatic advertisements such as listing ads and social media ads on behalf of clients. Conducts interviews prior to the start of operations to clarify issues not only in advertising but also in the business as a whole, setting goals.

Clients supported
Over 300

Annual retention rate
Over 90%

In-house management support

Advertising management consulting

Provides consulting services to clients who manage their own advertising. Offers the most up-to-date advertising proposals suited to the client's industry and sector based on expertise gained from managing over 300 accounts at any one time.

Clients supported
More than 900


Course participants
Over 25,000

M&A Results (Share Acquisition)

Tryhatch, Inc., which specializes in supporting customer attraction using social media, became a consolidated subsidiary on March 1, 2023

Providing one-stop support for the marketing challenges of customers with physical stores, utilizing strategic PR and technology

Overview of acquisition of shares

Company name	 Tryhatch Tryhatch, Inc.
Business	Social media operations support business SaaS business Digital marketing business
Acquisition cost	350 million JPY
Share acquisition date	March 1, 2023

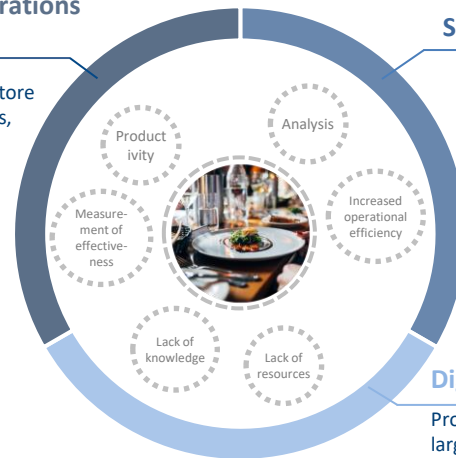
Business

Social media operations support business

Providing support for store social media operations, mainly by handling Instagram and TikTok

SaaS business

Developing MEO management/analysis and other SaaS tools and providing a one-stop solution covering everything from marketing to measurement of effectiveness



Digital marketing business

Providing consulting services using the large amount of data accumulated via our proprietary SaaS

Providing a wide range of services from consulting to social media operation support tailored to the marketing challenges of customers with physical stores, while utilizing a large volume of accumulated data

M&A Results (Share Acquisition)

Owned, Company, which specializes in managing programmatic advertising that leverages search engine optimization (SEO), became a consolidated subsidiary on July 14, 2023.

VECTOR will aim to increase sales per customer by harnessing Owned, Company's strong knowledge in specialized areas and expertise in programmatic advertising that incorporates SEO.

Overview of acquisition of shares

Company name	<i>Owned, Company</i> Owned, Company
Business	Digital marketing support
Acquisition cost	480 million JPY
Share acquisition date	July 14, 2023

Business

SEO consulting

SEO

(Content, backlinks, UI/UX)

SEO support to ensure that customers' websites are appeared in the top search results. Wide-ranging support covering content production based on user needs, backlink measures, and UI/UX improvement.

Achievement 1
From 0 to 6 million PV in one year

Achievement 2
No. 1 search ranking gained in three months

Management agency for programmatic advertising

Management agency for programmatic advertising

(Listing/social media advertising)

Managing programmatic advertisements such as listing ads and social media ads on behalf of clients. Highly effective advertising management that addresses customers' business challenges based on a deep understanding of specialized areas.

Achievement 1
Increased monthly sales by 30% in six months

Achievement 2
Reduced CPO by 50% in six months

Strengthen the Fast Company concept and aggressively pursue M&A that could produce synergy with core businesses

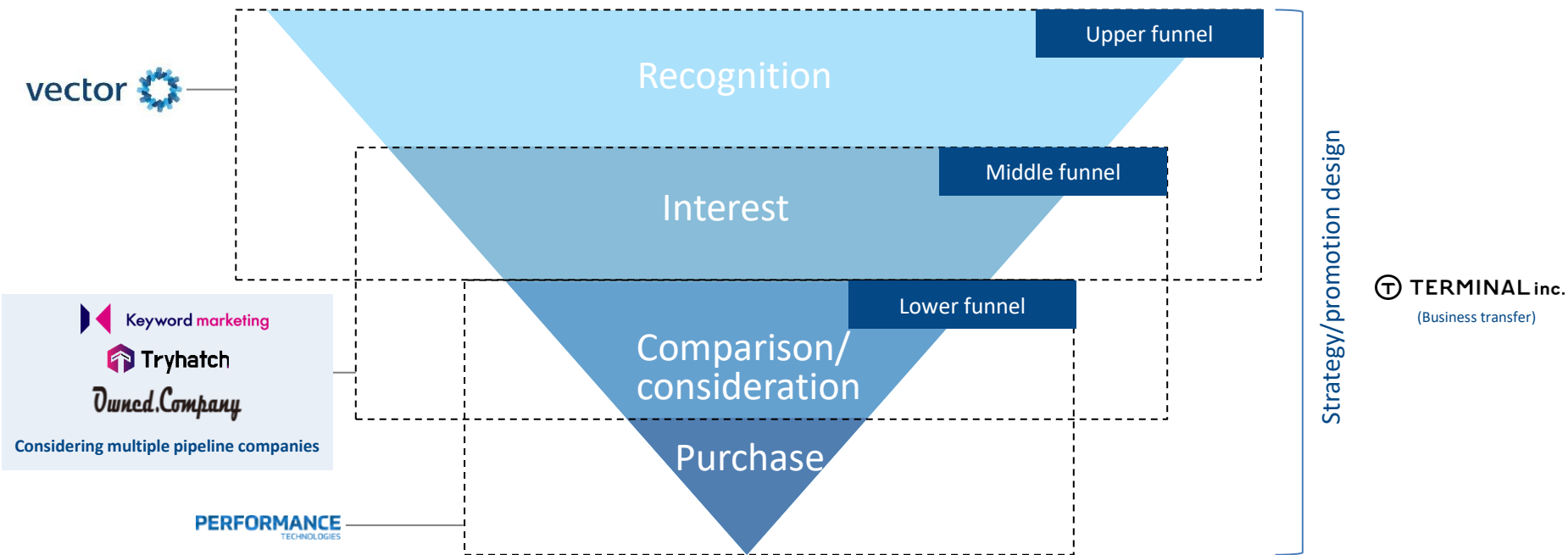
Accelerate organic growth through effective M&A and aim for discontinuous growth

Acquisition target	Companies (small-scale projects) that can expand and enhance the Fast Company concept Strengthen digital marketing (digital advertising) domain in particular
Valuation	Execute M&A with a target EV/EBITDA multiple of 5x to 7x
Fund procurement	Acquisitions will basically be financed by cash on hand and bank loans.
Governance	Decisions made carefully by the Board of Directors, which is majority comprised of outside directors with extensive knowledge of M&A and finance
PMI	Regularly monitor objectives of acquisition from time of investment and their achievement Develop the internal controls required of a listed group company

Expansion of Digital Marketing Domain

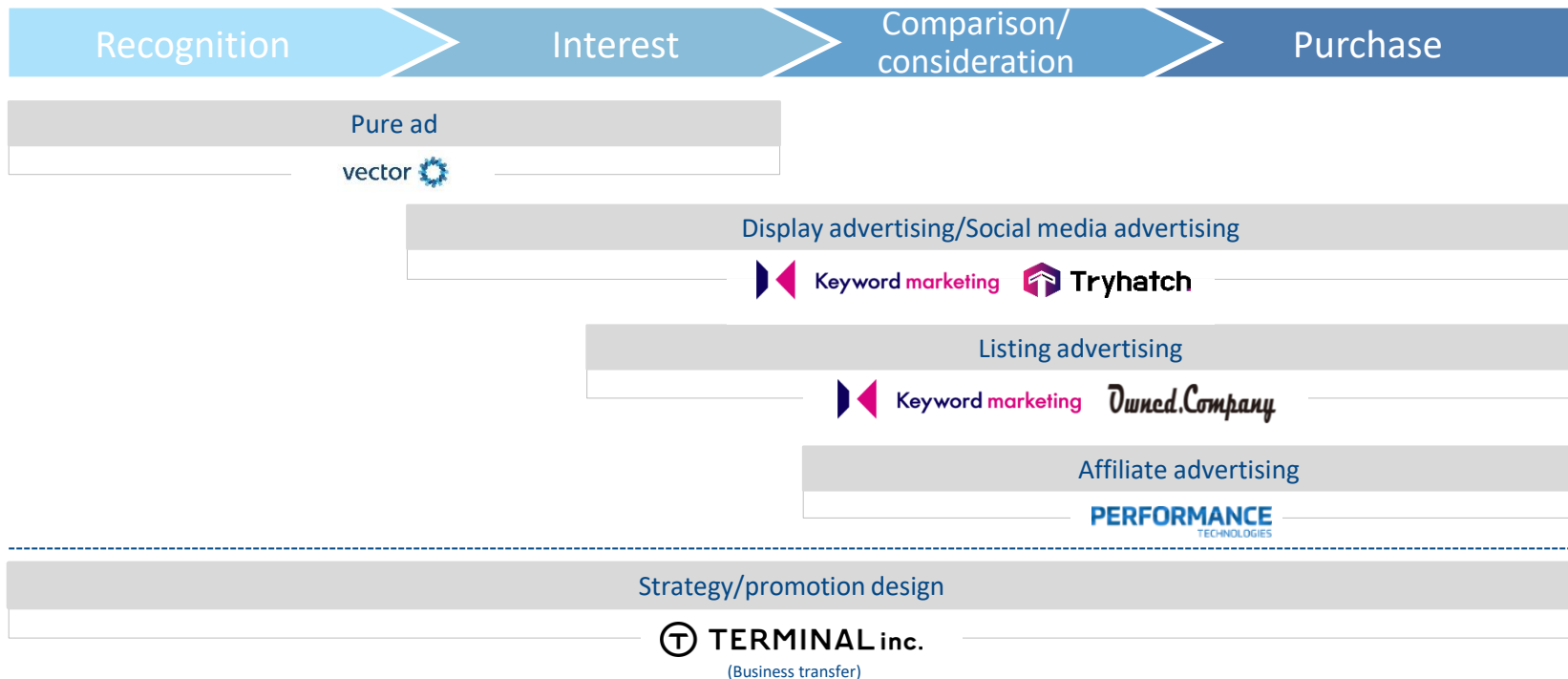
Develop businesses that can handle each funnel based on the purchasing process of consumers

Policy is to increase coverage through M&A to expand domains supported by each funnel



Expansion of Digital Marketing Domain (by Ad)

Expand the digital marketing domain to further strengthen the system for providing a one-stop solution that includes strategy and promotion design covering everything from expanding recognition to purchases in digital advertising measures



2 VC + PR

PR capital that offers both funding and PR support

We will maximize investment leverage by supporting clients not only through funding as in conventional VC but also through PR and IR support.

Expanding the Customer Base through Venture Capital

Accelerate venture investment backed by investments in capital and PR/IR support based on the increasing number of startups

We will expand our customer base by covering not only the major companies that comprise our main clients, but also startups.





The purpose of this document is to provide information on our financial results and does not constitute an offer to sell or solicitation of an offer to purchase any investment security issued by VECTOR. The information and outlook contained in this document have been compiled on the basis of the latest information available at the time of preparation and includes the opinion of management. VECTOR therefore provides no guarantee as to the accuracy of this information and advises that actual performance and results may differ from forward-looking statements due to various factors.