



Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 29, 2024 (Nine Months Ended November 30, 2023)

January 12, 2024

Company name: VECTOR INC.

Listing: Tokyo Stock Exchange

Securities code: 6058 URL: <https://vectorinc.co.jp/en>

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1 Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 29, 2024

(March 31, 2023–November 30, 2023)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Nov. 30, 2023	43,428	5.5	3,497	-32.9	3,610	-32.5	2,987	4.1
Nine months ended Nov. 30, 2022	41,163	18.0	5,213	29.3	5,345	30.8	2,868	77.7

Note: Comprehensive income

Nine months ended Nov. 30, 2023: 4,476 million yen (up 21.2%)

Nine months ended Nov. 30, 2022: 3,693 million yen (up 130.6%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Nov. 30, 2023	62.50	—
Nine months ended Nov. 30, 2022	60.17	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 30, 2023	44,326	19,792	36.3	335.59
As of Feb. 28, 2023	36,343	15,759	35.6	271.38

Reference: Shareholders' equity

As of Nov. 30, 2023: 16,079 million yen

As of Feb. 28, 2023: 12,938 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2023	—	0.00	—	19.00	19.00
Fiscal year ending Feb. 29, 2024	—	0.00	—	—	—
Fiscal year ending Feb. 29, 2024 (forecast)	—	—	—	29.00	29.00

Note: Revision to the most recently announced dividend forecast: Yes

For details of the revision to the dividend forecast, please refer to the “Notice of Revision of the Consolidated Forecast for the Fiscal Year Ending February 29, 2024, and Revision of the Dividend Forecast” released today (January 12, 2024).

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023–February 29, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	57,000	3.2	6,505	3.6	6,505	-1.8	4,570	44.1	95.65

Note: Revision to the most recently announced consolidated forecast: Yes

For details of the revision to the consolidated forecast, please refer to the “Notice of Revision of the Consolidated Forecast for the Fiscal Year Ending February 29, 2024, and Revision of the Dividend Forecast” released today (January 12, 2024).

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 9 for further information.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Nov. 30, 2023	48,176,100 shares	As of Feb. 28, 2023	47,936,100 shares
As of Nov. 30, 2023	262,061 shares	As of Feb. 28, 2023	262,061 shares
Nine months ended Nov. 30, 2023	47,792,730 shares	Nine months ended Nov. 30, 2022	47,674,039 shares

2) Number of treasury shares at the end of the period

3) Average number of shares during the period

* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Appropriate use of business forecast and other special items

Forecasts regarding future performance in this material are based on information currently available to VECTOR and incorporate a variety of uncertainties. Actual performance may differ from these forecasts for a number of reasons including changes in internal or external factors affecting business operations. Actual performance may differ from these forecasts for a number of reasons including changes in internal or external factors affecting business operations. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-Looking Statements” on page 4 of the attachments regarding the forecasts shown in this material.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on judgments made by VECTOR as of January 12, 2024.

(1) Explanation of Results of Operations

In the nine months ended November 30, 2023, the Japanese economy began to recover as pandemic restrictions were eased. However, the outlook for the economy remains uncertain due to the higher cost of energy because of the prolonged Ukraine crisis, an increase in prices caused by the weak yen, and disruptions to global supply chains, among other reasons.

The VECTOR Group is centered around the concept of distributing information in a simple and speedy manner through state-of-the-art communication tools, beginning with strategic public relations (PR) services. In addition to providing these services at more affordable rates than traditional advertising budgets, we offer retainer services based on ongoing transactions to a variety of industry sectors. This enables us to establish a revenue base that is less susceptible to the fluctuations of specific industries. As such, we anticipate minimal impact on our performance from deteriorating business conditions, and we expect this trend to continue into the future.

Against this market backdrop, we continue to focus on operating as a “fast company” that is a one-stop source of comprehensive support for marketing strategies with the goal of making people aware of the outstanding products, services, and other attributes of our clients. To accomplish this goal, we have been expanding our services, primarily aimed at the VECTOR Group’s existing clients. Considering the ongoing growth of internet advertising expenditure in Japan’s advertising industry driven by society’s digital transformation, we have strategically expanded our service portfolio through mergers and acquisitions, with a particular emphasis on the digital marketing domain.

In addition, VECTOR has been ranked as the top PR agency in Asia and seventh globally in the “Agency Business Report 2023: Rankings table” issued by PR Week, a world-renowned specialized media outlet for the PR industry operated by Haymarket Media Group Ltd. in the United Kingdom.

As stated in the “Notice of Potential for Overdue or Uncollectable Receivables” released on October 13, 2023, VECTOR recorded allowance for doubtful accounts of 755 million yen as accounts receivable—trade in the second quarter.

In addition, as stated in the “Notice of Change in Consolidated Subsidiary (Share Transfer) and Recording of Extraordinary Income” released on July 24, 2023 and the “(Update on Disclosed Matter) Notice of Completion of Change in Consolidated Subsidiary (Share Transfer)” released on October 2, 2023, we recorded gain on sale of shares of subsidiaries and associates of 1,700 million yen as extraordinary income in the third quarter in line with the sales of shares in SIGNAL, Inc. As per the “Notice of Change in Consolidated Subsidiary (Share Transfer)” released on November 7, 2023, we recorded gain on sale of shares of subsidiaries and associates of 151 million yen as extraordinary income in the third quarter in line with the sale of shares in Direct Tech, Inc.

Due to these activities, net sales increased 5.5% year on year to 43,428 million yen, operating profit decreased 32.9% to 3,497 million yen, ordinary income decreased 32.5% to 3,610 million yen, and profit attributable to owners of parent increased 4.1% to 2,987 million yen.

Business segment performance is as follows.

Starting from the first quarter of the fiscal year ending February 29, 2024, we integrated the Video Release Distribution and Media CMS segments into Public Relations and Advertising, resulting in a change from seven reportable business segments to five. Moreover, JOBTV, a recruiting platform using videos, which was previously included in Public Relations and Advertising, has been reclassified under Human Resources. For the following year-on-year comparisons, we have adjusted the figures for the previous year’s corresponding period based on the revised segment classification. Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” for further information.

PR and Advertising

In this business segment, we provide a one-stop communication strategy tailored to each client that includes strategic PR services centered on consulting and is driven by digital marketing using IoT signage via tablets placed in taxis and social networking services.

With the transition toward digitalization as the preferred method for distributing information, our strategic approach as a “fast company” has become even more relevant to the times. Further, our aggressive efforts to expand services through mergers and acquisitions in the digital marketing domain has enabled us to establish a robust framework for providing even more comprehensive support to our clients’ communication strategies. Despite this, in the second quarter, we recorded allowance for doubtful accounts of 755 million yen as accounts receivable—trade for specific customers in the digital marketing domain, which meant that while sales increased, profit decreased for the nine months.

In addition, in March 2023, VECTOR acquired Tryhatch Inc., which helps companies attract customers by using social networking services, with the aim of strengthening our digital marketing services. Owned, Company, which specializes in managing programmatic advertising that leverages search engine optimization (SEO), became a consolidated subsidiary in July 2023.

Segment sales increased 11.8% to 25,743 million yen and operating profit decreased 28.5% to 1,778 million yen year on year.

Press Release Distribution

PR TIMES, Inc. distributes and posts press releases by using its PR TIMES website as well as many other websites. Utilization of this service has been very high. In November 2023, the number of companies using PR TIMES surpassed 91,000. As a result, quarterly sales rose to an all-time high. Further, as planned at the beginning of the period, we actively promoted the use of "PR TIMES" among local businesses and allocated advertising resources to new business ventures.

Segment sales increased 16.9% to 5,043 million yen and operating profit increased 38.0% to 1,515 million yen year on year.

Direct Marketing

In the direct marketing business of Vitabrid Japan, Inc., advertising investment was controlled and there was a temporary slowdown in acquiring new customers in an effort to enhance the efficiency of customer acquisition in the first quarter. This resulted in a decline in sales and profit for the nine months. Furthermore, we have been working on developing new products, and in September 2023, we launched a functional supplement containing gamma-aminobutyric acid (GABA) and other ingredients. While focusing on developing new products, we expect to secure operating profit in the fiscal year ending February 29, 2024 in line with our forecast.

Segment sales decreased 11.0% year on year to 9,935 million yen and operating loss amounted to 189 million yen, compared with operating profit of 645 million yen in the first nine months of the previous fiscal year.

HR

ASHITA-TEAM Co., Ltd. reexamined its sales strategies and strengthened its sales team. There were also expenditures for advertising to add new customers and for development programs to upgrade functions of this company's services while efforts were made to enhance sales of SaaS products. This served to increase operating profit by 196 million yen.

JOBTV, which operates a recruiting platform using video content, incurred advertising expenses aimed at increasing the number of registered users, both new graduates and job seekers, and development costs to upgrade functions for the recruitment platform, in order to establish a solid revenue base. In addition, in June 2023, we acquired BUSICONET Inc., which operates a web media business for job seekers, with the aim of expanding the revenue of JOBTV. This led to an operating loss of 150 million yen for the nine months.

Segment sales increased 11.4% year on year to 2,035 million yen and operating profit of 46 million yen was posted, compared with an operating loss of 24 million yen in the first nine months of the previous fiscal year.

Investment

In line with our initial plan, we anticipated gains from the sale of investments in the second half. Despite these gains surpassing the valuation losses for the nine-month period, both sales and profit declined. This was due to gains from sales being recorded in the first half of the previous fiscal year. Additionally, by continuing to sell shares held during the fourth quarter, we expect to secure operating profit in line with our forecast.

VECTOR also supports companies in which we invest by providing PR, investor relations (IR) services, and other forms of assistance. As a result, SYLA Technologies Co., Ltd. successfully listed on the NASDAQ market in the United States on March 31, 2023, while W TOKYO INC. and VALUE CREATION Co., Ltd. listed on the Tokyo Stock Exchange's Growth Market on June 29, 2023 and November 22, 2023, respectively.

Segment sales decreased 27.1% to 1,010 million yen and operating profit decreased 65.6% to 346 million yen year on year.

(2) Explanation of Financial Position

Assets

Total assets at the end of the third quarter of the fiscal year ending February 29, 2024 increased 7,982 million yen from the end of the previous fiscal year to 44,326 million yen.

Current assets increased 3,343 million yen to 33,458 million yen. This was mainly due to increases of 267 million yen in notes and accounts receivable—trade, and contract assets, 1,991 million yen in cash and deposits, 985 million yen in operational investment securities, 386 million yen in prepaid expenses included in other under current assets, and 224 million yen in advance payments, while there was a decrease of 685 million yen in deposits paid included in other under current assets.

Non-current assets increased 4,639 million yen to 10,868 million yen. This was mainly due to increases of 1,053 million yen in leased assets, 2,014 million yen in goodwill, 258 million yen in software in progress included in other under intangible assets, 325 million yen in investment securities, 754 million yen in distressed receivables included in investments and other assets, 424 million yen in long-term accounts receivable—other, and 278 million yen in long-term prepaid expenses, while there was an increase of 755 million yen in allowance for doubtful accounts.

Liabilities

Total liabilities as of November 30, 2023 increased 3,950 million yen from the end of the previous fiscal year to 24,534 million yen.

Current liabilities decreased 2,136 million yen to 14,486 million yen. This was primarily due to decreases of 2,069 million yen in short-term borrowings and 841 million yen in accounts payable—other, while there were increases of 401 million yen in accounts payable—trade and 389 million yen in current portion of long-term borrowings.

Non-current liabilities increased 6,086 million yen to 10,047 million yen. This was primarily due to increases of 5,257 million yen in long-term borrowings and 813 million yen in lease obligations, while there was a decrease of 240 million yen in long-term accounts

payable—other included in other under non-current liabilities.

Net assets

Total net assets as of November 30, 2023 increased 4,032 million yen from the end of the previous fiscal year to 19,792 million yen. This was primarily due to increases of 2,071 million yen in retained earnings, 679 million yen in valuation difference on available-for-sale securities, and 891 million yen in non-controlling interests.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

For details of the consolidated forecast for the fiscal year ending February 29, 2024, please refer to the “Notice of Revision of the Consolidated Forecast for the Fiscal Year Ending February 29, 2024, and Revision of the Dividend Forecast” released today (January 12, 2024).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY2/23 As of Feb. 28, 2023	Third quarter of FY2/24 As of Nov. 30, 2023
Assets		
Current assets		
Cash and deposits	13,372	15,364
Notes and accounts receivable-trade, and contract assets	7,484	7,751
Operational investment securities	4,550	5,535
Merchandise and finished goods	1,427	1,628
Costs on service contracts in progress	547	565
Other, net	2,928	2,855
Allowance for doubtful accounts	(195)	(240)
Total current assets	30,115	33,458
Non-current assets		
Property, plant and equipment		
Buildings and structures	834	1,035
Machinery, equipment and vehicles	9	9
Tools, furniture and fixtures	864	1,000
Leased assets	69	1,122
Construction in progress	7	44
Accumulated depreciation	(947)	(1,235)
Total property, plant and equipment	837	1,976
Intangible assets		
Goodwill	1,780	3,794
Software	417	458
Other, net	67	326
Total intangible assets	2,265	4,578
Investments and other assets		
Investment securities	945	1,271
Deferred tax assets	1,228	1,422
Leasehold and guarantee deposits	808	771
Other	455	1,914
Allowance for doubtful accounts	(312)	(1,067)
Total investments and other assets	3,126	4,312
Total non-current assets	6,228	10,868
Total assets	36,343	44,326

(Millions of yen)

	FY2/23 As of Feb. 28, 2023	Third quarter of FY2/24 As of Nov. 30, 2023
Liabilities		
Current liabilities		
Accounts payable-trade	2,513	2,915
Accounts payable-other	2,385	1,544
Short-term borrowings	5,056	2,986
Current portion of long-term borrowings	1,601	1,990
Current portion of bonds payable	218	88
Lease obligations	6	222
Income taxes payable	940	1,150
Provision for bonuses	662	389
Provision for shareholder benefit program	26	—
Provision for loss on business liquidation	9	—
Contract liabilities	2,182	1,885
Other	1,020	1,313
Total current liabilities	16,623	14,486
Non-current liabilities		
Long-term borrowings	2,802	8,059
Bonds payable	78	57
Lease obligations	1	815
Deferred tax liabilities	757	923
Retirement benefit liability	36	50
Other	284	141
Total non-current liabilities	3,960	10,047
Total liabilities	20,584	24,534
Net assets		
Shareholders' equity		
Share capital	2,880	3,038
Capital surplus	—	128
Retained earnings	8,173	10,245
Treasury shares	(259)	(259)
Total shareholders' equity	10,793	13,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,974	2,653
Foreign currency translation adjustment	169	272
Total accumulated other comprehensive income	2,144	2,926
Share acquisition rights	9	9
Non-controlling interests	2,812	3,704
Total net assets	15,759	19,792
Total liabilities and net assets	36,343	44,326

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY2/23 Mar. 1, 2022– Nov. 30, 2022	First nine months of FY2/24 Mar. 1, 2023– Nov. 30, 2023
Net sales	41,163	43,428
Cost of sales	14,215	15,905
Gross profit	26,948	27,523
Selling, general and administrative expenses	21,734	24,025
Operating profit	5,213	3,497
Non-operating income		
Interest and dividend income	4	6
Foreign exchange gains	21	—
Gain on investments in investment partnerships	103	261
Share of profit of entities accounted for using equity method	5	11
Other	50	49
Total non-operating income	186	329
Non-operating expenses		
Interest expenses	27	90
Foreign exchange losses	—	13
Loss on investments in investment partnerships	19	13
Commission expenses	0	69
Other	7	28
Total non-operating expenses	55	215
Ordinary income	5,345	3,610
Extraordinary income		
Gain on sale of non-current assets	0	—
Gain on bargain purchase	15	—
Reversal of provision for loss on business liquidation	2	0
Gain on sale of shares of subsidiaries and associates	87	1,851
Gain on step acquisitions	33	—
Gain on reversal of share acquisition rights	1	1
Total extraordinary income	141	1,853
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	47	0
Impairment losses	280	—
Loss on valuation of investment securities	64	—
Loss on sale of shares of subsidiaries and associates	1	—
Loss on liquidation of subsidiaries and associates	0	—
Loss on valuation of goods	—	3
Loss on cancellation of leases	—	0
Total extraordinary losses	394	5
Profit before income taxes	5,092	5,458
Income taxes	1,851	1,724
Profit	3,241	3,733
Profit attributable to non-controlling interests	372	746
Profit attributable to owners of parent	2,868	2,987

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY2/23 Mar. 1, 2022– Nov. 30, 2022	First nine months of FY2/24 Mar. 1, 2023– Nov. 30, 2023
Profit	3,241	3,733
Other comprehensive income		
Foreign currency translation adjustment	87	98
Valuation difference on available-for-sale securities	342	627
Share of other comprehensive income of entities accounted for using equity method	21	17
Total other comprehensive income	451	743
Comprehensive income	3,693	4,476
Comprehensive income attributable to:		
Owners of parent	3,324	3,769
Non-controlling interests	368	707

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Based on a resolution approved by the Board of Directors on June 29, 2023, VECTOR issued new shares as restricted stock compensation on July 18, 2023. This led to an increase of 158 million yen for both share capital and legal capital surplus in the second quarter of the fiscal year ending February 29, 2024.

As a result, share capital amounted to 3,038 million yen and legal capital surplus stood at 128 million yen at the end of the third quarter.

Changes in Accounting Policies

Application of Implementation Guidance on Accounting Standards for Fair Value Measurement

VECTOR has applied the Implementation Guidance on Accounting Standards for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the fiscal year ending February 29, 2024. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has prospectively adopted the new accounting policy set forth in Accounting Standard for Fair Value Measurement. There are no effects on quarterly financial statements due to the application of the Guidance.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

The tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, including the third quarter, and multiplying that rate by the quarterly profit before income taxes.

However, if the tax expense calculated by using the estimated effective tax rate differs significantly from a reasonable amount of taxes, the statutory effective tax rate is used instead after adjustments for significant differences that are not temporary differences involving quarterly net profit.

Additional Information

On May 29, 2023, the National Tax Agency announced its position on the tax treatment of trust-type stock options, stating that the economic benefits upon exercise are taxable as employment income. The fourth and sixth rounds of stock acquisition rights issued by PR TIMES, Inc., a subsidiary of VECTOR, are classified as trust-type stock options. Regarding the fourth round of stock acquisition rights, as the exercise period has commenced and PR TIMES bears the responsibility for withholding taxes on those who exercise the rights, withholding income taxes were paid in the second quarter of the fiscal year ending February 29, 2024. Additionally, the sixth round of share acquisition rights was extinguished in accordance with a resolution approved by the Board of Directors of PR TIMES on July 13, 2023, as the exercise period had not yet commenced.

Segment and Other Information

Segment information

1. First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)

(1) Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment			
Net sales								
Revenue from contracts with customers	22,676	4,205	11,071	1,825	—	39,779	—	39,779
Other revenue	—	—	—	—	1,384	1,384	—	1,384
External sales	22,676	4,205	11,071	1,825	1,384	41,163	—	41,163
Inter-segment sales and transfers	353	108	91	1	1	555	(555)	—
Total	23,030	4,313	11,162	1,827	1,385	41,719	(555)	41,163
Segment profit (loss)	2,487	1,098	645	(24)	1,007	5,213	0	5,213

Notes: 1. The 0 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

(2) Information related to revisions for reportable segments

This is as described in 2. First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023) (2) Information related to revisions for reportable segments

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses involving non-current assets

Impairment losses were recorded during the nine-month period ended November 30, 2023 in PR and Advertising as well as Direct Marketing due to a decline in the profitability of non-current assets. The impairment losses amounted to 242 million yen and 38 million yen, respectively.

Significant change in goodwill

In PR and Advertising, we included within the scope of consolidation GEOBECK CO., LTD. and its affiliate BeautySpaceGlobal Co., Ltd. from the second quarter of the fiscal year ending February 29, 2024, generating goodwill of 119 million yen. We also included MasterVisions Inc. and amie Inc. from the third quarter, leading to goodwill of 250 million yen and 236 million yen, respectively.

Note that BeautySpaceGlobal Co., Ltd., which was VECTOR's consolidated subsidiary, has undergone an absorption-type merger with GEOBECK CO., LTD., also a consolidated subsidiary, continuing as the surviving company. Following the merger, the company name was changed to CLOUD BEAUTY inc.

Additionally, in PR and Advertising, we acquired the digital advertising business provided by TERMINAL inc. This acquisition resulted in goodwill of 763 million yen.

Significant gain on bargain purchase

Direct Marketing recorded a gain on bargain purchase of 15 million yen. This is the result of an additional acquisition of shares in Premium Cosme K.K., an equity-method affiliate of Direct Tech, Inc.

2. First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)

(1) Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment			
Net sales								
Revenue from contracts with customers	25,568	4,944	9,874	2,030	—	42,417	—	42,417
Other revenue	—	—	—	—	1,010	1,010	—	1,010
External sales	25,568	4,944	9,874	2,030	1,010	43,428	—	43,428
Inter-segment sales and transfers	174	98	60	5	—	339	(339)	—
Total	25,743	5,043	9,935	2,035	1,010	43,768	(339)	43,428
Segment profit (loss)	1,778	1,515	(189)	46	346	3,497	(0)	3,497

Notes: 1. The minus 0 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

(2) Information related to revisions for reportable segments

Starting from the first quarter of the fiscal year ending February 29, 2024, we integrated the Video Release Distribution and Media CMS segments into PR and Advertising. The VECTOR Group continued to focus on operating as a “fast company” that is a one-stop source of comprehensive support for marketing strategies with the goal of making people aware of the outstanding products, service and other attributes of our clients. As a result of our efforts to enhance capabilities in delivering end-to-end solutions, from raising awareness to driving purchases, our service offerings in our core public relations segment grew, which led us to integrate business areas that align closely with this segment. Moreover, JOBTV, a recruiting platform using videos, which was previously included in PR and Advertising has been reclassified under Human Resources in line with the actual nature of the business.

The segment information for the first nine months of the fiscal year ended February 28, 2023 is based on the reportable segment structure after the reclassification.

As a result of this change, ASHITA-TEAM, included in the HR segment, posted operating profit of 196 million yen in the first nine months of the fiscal year ending February 29, 2024 compared to 302 million yen in the same period of the previous fiscal year, while JOBTV posted an operating loss of 150 million yen compared to an operating loss of 327 million yen due to advertising expenses and development expenses. Segment operating profit amounted to 46 million yen compared to an operating loss of 24 million yen in the same period of the previous fiscal year.

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses involving non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Subsequent Events

VECTOR INC. approved matters pertaining to a share buyback and the specific method of acquisition based on Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same at a Board of Directors meeting held today, and hereby provides notice thereof.

(1) Reason for share buyback

To enhance shareholder returns, improve capital efficiency, and implement a flexible capital policy that addresses changes in the business environment.

(2) Details of the Board of Directors' resolution pertaining to the share buyback

1. Type of shares to be acquired

Common shares

2. Total number of acquirable shares

1,000,000 shares (maximum)

3. Acquisition period

January 15 to March 29, 2024

4. Total acquisition cost

1,200 million yen (maximum)

5. Method of acquisition

Market purchase on the Tokyo Stock Exchange