

VECTOR INC.

Financial Results - 3Q FY '24



January 12, 2024

Contents

1. Key Points for the Quarter
2. Quarterly Results
3. Medium-term Profit Plan
4. Appendix (Company Strategy)

Key Points for the Quarter

Business Transfer (Stock Transfer)

Due to overlap in business areas within the Group, all shares of SIGNAL were transferred as part of a business review. In 3Q FY2024, 1,700 million JPY was recorded as extraordinary income as gain on sale of shares of subsidiaries and associates.

Stock Transfer Overview

Company name	 SIGNAL, Inc.
Other party	Accenture Japan Ltd
Sale price	Not disclosed
Stock transfer date	October 2, 2023

Business

Online marketing business




Offers a wide range of web-related proposals, from production and operation of promotional and corporate websites to creating content and sending email newsletters

Business Transfer (Stock Transfer)

Some Direct Tech shares were transferred to nature&nature Co., Ltd. expecting strong business synergy. In 3Q FY2024, 151 million JPY was recorded under extraordinary income as gain on sale of shares of subsidiaries and associates.

Stock Transfer Overview

Company name	 Direct Tech Direct Tech, Inc.
Other party	nature&nature Co., Ltd.
Sale price	¥354 million
Stock transfer date	November 21, 2023

Business

D2C business



vim
BEAUTY

RICAFROSH



Supports everything from the development to sales of the company's own products and other companies' products by utilizing the experience of producing popular brands such as Vim and RICA FROSH.

Progress on Allowance for Doubtful Accounts in the Digital Advertising Business

■ In the Digital Advertising business, the entire allowance for doubtful accounts was recorded in 2Q for 755 million JPY in receivables from Beauty Three owing to their filing for bankruptcy.

■ Beauty Three is a customer we acquired when we took over the Digital Advertising business from TERMINAL on September 30, 2022. Therefore, we plan to collect the debt from TERMINAL during the period as third-party repayment.

■ To collect receivables by the end of FY2024, we engaged in discussions for several months with TERMINAL inc., which had transferred the digital advertising business to us, aiming to reach a common ground. However, as the discussions progressed, differences in understanding arose, which led to the failure to reach an agreement.

■ As a result, we became unable to collect accounts receivable that we had expected during the fiscal year. For this reason, the allowance for doubtful accounts of 755 million JPY recorded in 2Q will be a negative factor for FY2024 and has been reflected in the full-year financial forecast.

Despite strong fundamental business performance, revisions have been made to the FY2024 financial forecasts due to mitigating factors, as shown below.

(1) Operating profit and ordinary income forecasts have been revised downward due to recording allowance for doubtful accounts of 755 million JPY

(2) The net sales forecast has been revised downward to account for the sale of two subsidiaries, SIGNAL and Direct Tech

(3) We expect to achieve our target for profit attributable to owners of parent and have therefore not altered this forecast

Revised Financial Forecast Details

Full-Year Financial Forecast for FY '24 (million JPY)	(Initial Targets) Announced October 13, 2023	Revised Targets Revised January 12, 2024	Change	Rate of Change	(Reference) FY '23 Results
Net sales	63,000	57,000	-6,000	-9.5%	55,225
Operating profit	7,260	6,505	-755	-10.4%	6,276
Ordinary income	7,260	6,505	-755	-10.4%	6,623
Profit attributable to owners of parent	4,570	4,570	0	0.0%	3,172

Overall, although our performance is progressing as planned, we have revised net sales downward due to the sale of two subsidiaries in 3Q. We have also revised operating profit and ordinary income downward based on the assumption that it is unlikely to collect receivables for the allowance for doubtful accounts of 755 million JPY recorded in 2Q during FY2024. **We expect to achieve profit attributable to owners of parent as planned.**

Medium-term Profit Plan

Medium-term Profit Plan (million JPY)	FY '23 (Results)	FY '24 (Targets)	FY '25 (Targets)	FY '26 (Targets)
EBITDA*	7,013	7,170	9,160	10,660
Operating profit	6,276	6,505	8,500	10,000

We have revised our targets for FY2024 due to the inability to collect accounts receivable from Beauty Three, which we had expected to achieve during the period, and the resulting continued negative impact on FY2024 from the allowance for doubtful accounts of 755 million JPY. However, **we have not altered our plans for FY2025 and FY2026** given the one-off nature of the allowance for doubtful accounts as an expense and given the strong fundamental performance of our business.

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Shareholder Return Measures (Share Buyback)

We resolved to execute a share buyback of treasury shares to enhance shareholder returns and establish a flexible capital policy for the future. This resolution comprehensively takes into account both the share price trend, which we believe has consistently been undervalued, and our financial position.

Type of shares to be acquired	Common shares
Total number of acquirable shares	1,000,000 shares (maximum) Shareholding ratio (excluding treasury shares): 2.1%
Total acquisition cost	1,200 million JPY (maximum)
Acquisition period	January 15 to March 29, 2024
Method of acquisition	Market purchase based on discretionary transaction agreements for share buybacks

Note: Some or all of the orders may not be executed due to market trends or other factors.

Shareholder Return Measures (Dividends)

	Initial Targets Announced October 13, 2023	Revised Targets Revised January 12, 2024	(Reference) FY '23 Results
Dividends per share	28.00 JPY	29.00 JPY	25.00 JPY
Earnings per share	95.56 JPY	95.65 JPY	66.54 JPY
Payout ratio (consolidated)	29.4%	30.3%	28.6%
Average number of shares during the period	47.8 million	47.7 million	47.6 million

- Out of the maximum of 1,000,000 shares, VECTOR expects to buy back at least 638,200 shares by the fiscal year-end.
- Because dividing 30% of the 4,570 million JPY in profit attributable to owners of parent by the number of issued shares excluding treasury shares at fiscal year-end would be more than 29 JPY, the dividend per share has been revised upward from 28 JPY to 29 JPY.

Note: With regard to the share buyback, because the transactions have been entrusted to a securities firm, the anticipated number of shares to be acquired by fiscal year-end may fluctuate.

Quarterly Results

Net Sales

43,420 million JPY
(105.5% YoY)

Gross Profit

27,520 million JPY
(102.1% YoY)

EBITDA*

4,210 million JPY
(72.8% YoY)

Operating Profit

3,490 million JPY
(67.1% YoY)

Ordinary Income

3,610 million JPY
(67.5% YoY)

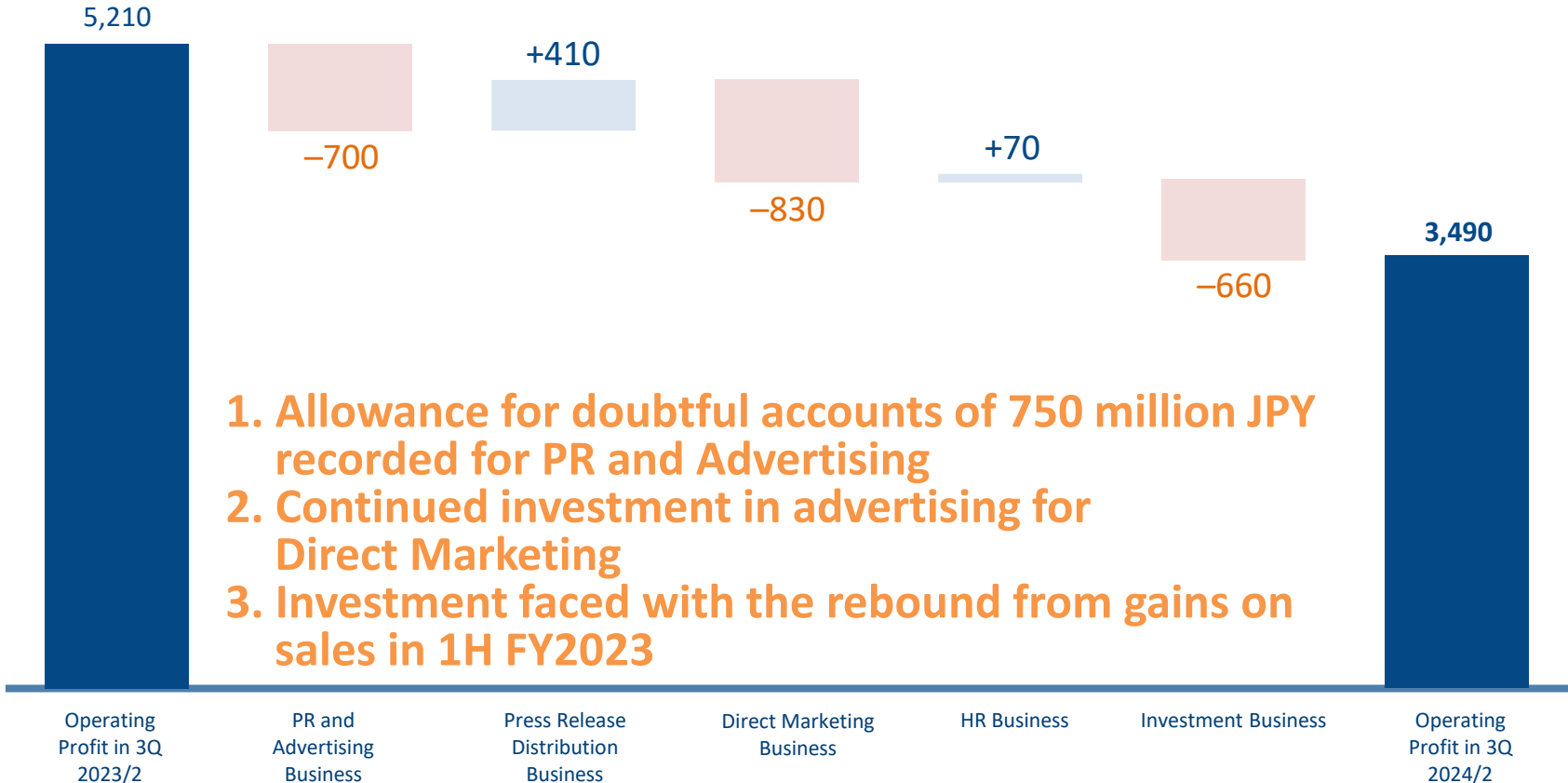
Profit Attributable to Owners of Parent

2,980 million JPY
(104.1% YoY)

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Operating Profit (YoY Trend)

(million JPY)



1. Allowance for doubtful accounts of 750 million JPY recorded for PR and Advertising
2. Continued investment in advertising for Direct Marketing
3. Investment faced with the rebound from gains on sales in 1H FY2023

Overview of Results for Nine-Month Period

Consolidated Performance

Net Sales
43,420 million JPY
(105.5% YoY)

Operating profit
3,490 million JPY
(67.1% YoY)

Business Overview for the Nine-Month Period

- Although the PR business in Japan continued to perform well, profits in PR and Advertising decreased after recording 750 million JPY allowance for doubtful accounts
- Net sales of Press Releases hit a record high
- Active investment in advertising for Direct Marketing
- HR returns to profit helped by BUSICONET

PR and Advertising

25,740 million JPY
(111.8% YoY)

1,770 million JPY
(71.5% YoY)

- **Achieved record-high net sales** helped by improved sales per customer in projects for major companies
- Significant decrease in profit due to recording allowance for doubtful accounts
- Acquired Owned, Company and Tryhatch, Inc. to expand services in the digital domain

Press Releases (PR TIMES)

5,040 million JPY
(116.9% YoY)

1,510 million JPY
(138.0% YoY)

- **Achieved record-high net sales**
- Number of user companies surpassed 91,000
- Promoted use of PR TIMES and made advertising investments toward new business as planned
- PR TIMES is undergoing renewal

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 Nine-Month Period

Direct Marketing

9,930 million JPY
(89.0% YoY)

-180 million JPY
(Down 830 million JPY YoY)

HR

2,030 million JPY
(111.4% YoY)

40 million JPY
(Up 70 million JPY YoY)

Investment

1,010 million JPY
(72.9% YoY)

340 million JPY
(34.4% YoY)

Business Overview for the Nine-Month Period

- Hit the red after continued investment in advertising with the aim of attracting new customers
- Will control advertising expenses in 4Q to secure profit
- Terminalia First continued to perform well
- Transferred some shares of subsidiary Direct Tech, Inc.
- ASHITA-TEAM achieved surplus of 190 million JPY despite investing in advertising, by continuing sales strategy revisions and strengthening its sales structure
- JOBTV's deficit decreased due to contribution from BUSICONET (acquired through M&A) despite upfront investment
- Although valuation losses were recorded in some of our investees, we turned into black by selling shares held as planned
- We will continue to sell shares in 4Q and expect to secure profit for the full year
- Released Venture TV

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

Progress toward Full-Year Financial Forecasts

Full-Year Financial Forecast for FY '24 (million JPY)	FY '24 (Target)	FY '24 3Q-end	Progress
Net sales	57,000	43,428	76.2%
Operating profit	6,505	3,497	53.8%
Ordinary income	6,505	3,610	55.5%
Profit attributable to owners of parent	4,570	2,987	65.4%

Net sales are progressing as planned. Although the progress on operating profit and ordinary income may appear slow, considering the significant contributions anticipated in 4Q from profit recovery in Direct Marketing and profit secured in Investments, we expect overall performance to progress as planned. As such, we forecast achievement of the full-year financial forecast.

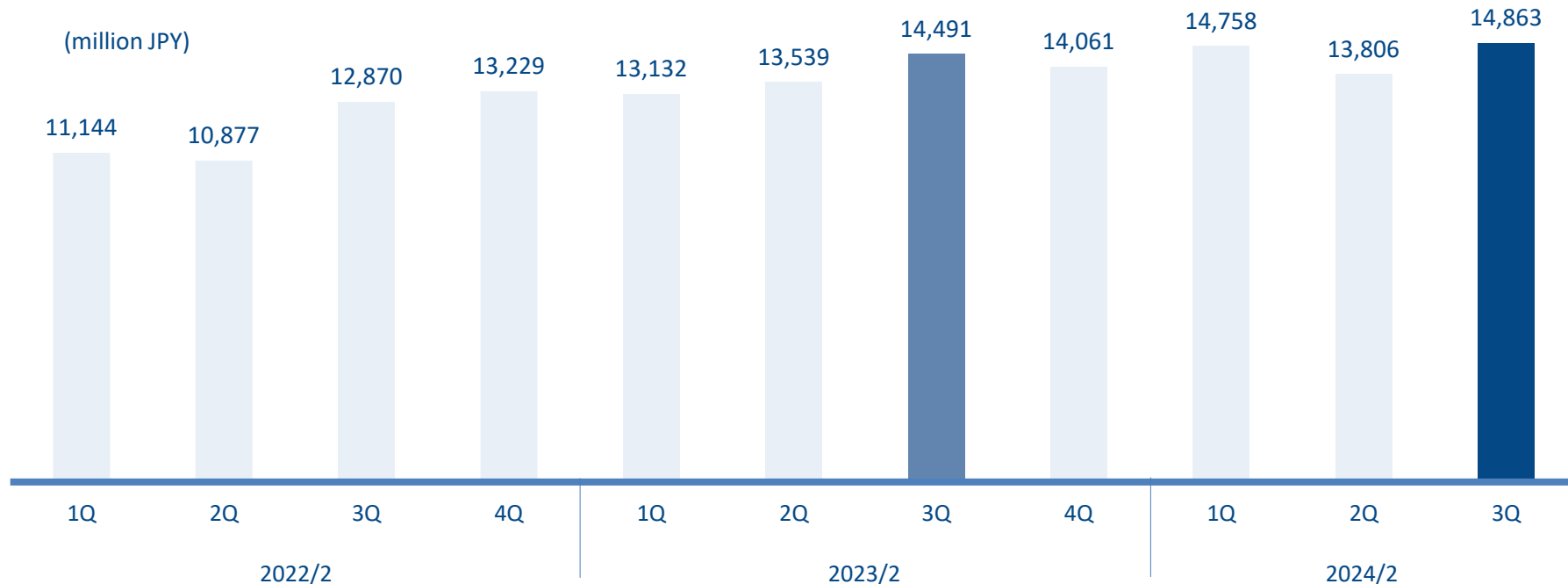
Progress toward Profit Plan by Segment

	Profit Plan by Segment (million JPY)	FY '24 (Target)	FY '24 3Q-end	Progress
Operating Profit	Consolidated	6,505	3,497	53.8%
	PR and Advertising	3,089	1,778	57.6%
	Press Releases	1,500	1,515	101.0%
	Direct Marketing	974	(189)	—
	HR	100	46	46.4%
	Investment	842	346	41.2%

As of the end of 3Q, progress was slow in all segments except the Press Release Business. However, we expect to achieve the profit plan by segment **based on the assumption that we will secure and accumulate profits in our core PR and Advertising Business, Direct Marketing, the HR Business, and the Investment Business** in 4Q.

Consolidated Net Sales

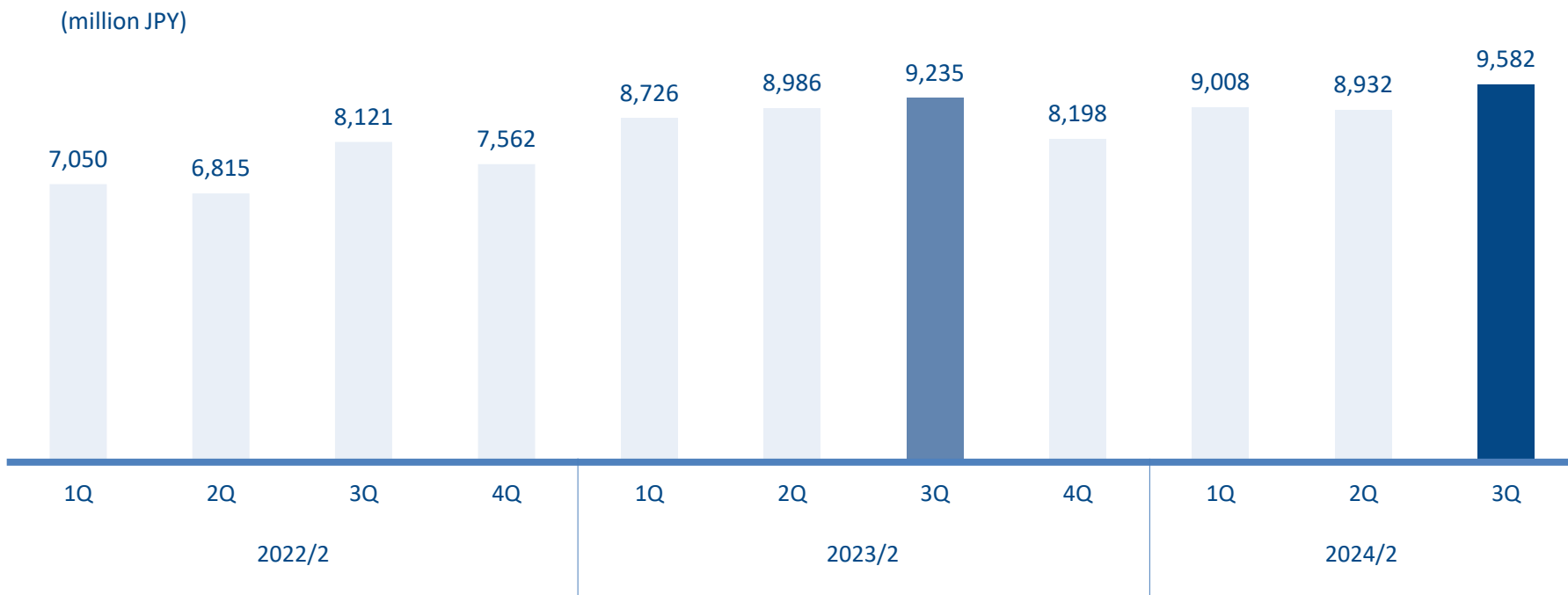
Consolidated net sales for 3Q FY2024 came in at **14,863** million JPY (**102.6%** YoY), the **highest ever** for 3Q.



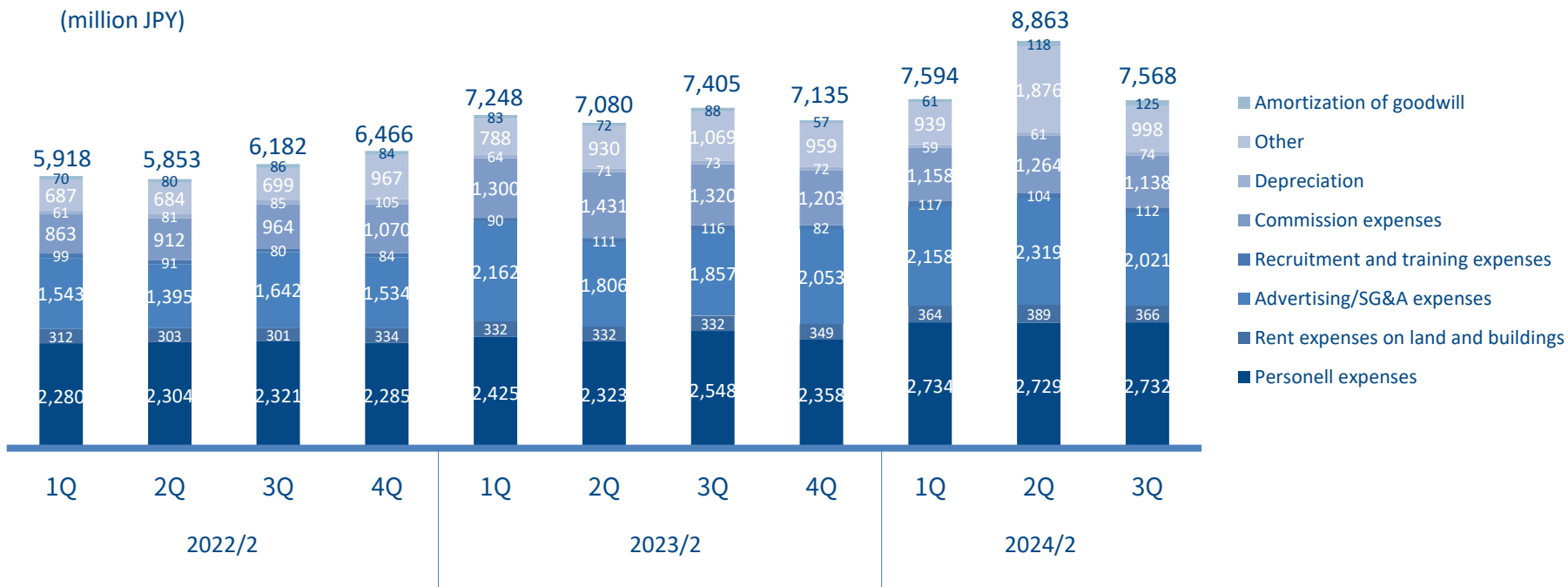
Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.

Consolidated Gross Profit

Consolidated gross profit for 3Q FY2023 came in at **9,582** million JPY (103.8% YoY), the **highest ever** for 3Q.

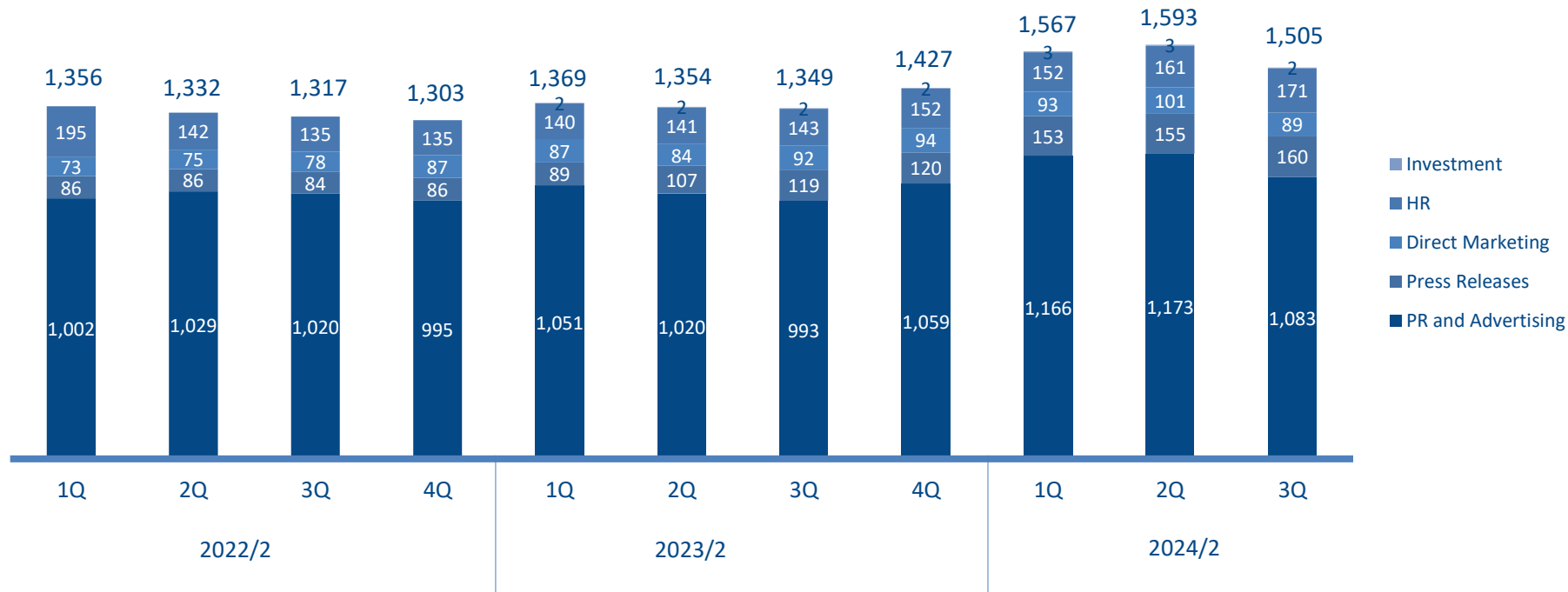


SG&A for 3Q FY2024 amounted to **7,568** million JPY (**102.2%** YoY) due to an increase in personnel expenses and advertising/SG&A expenses.



Consolidated Number of Employees (Quarterly Trend)

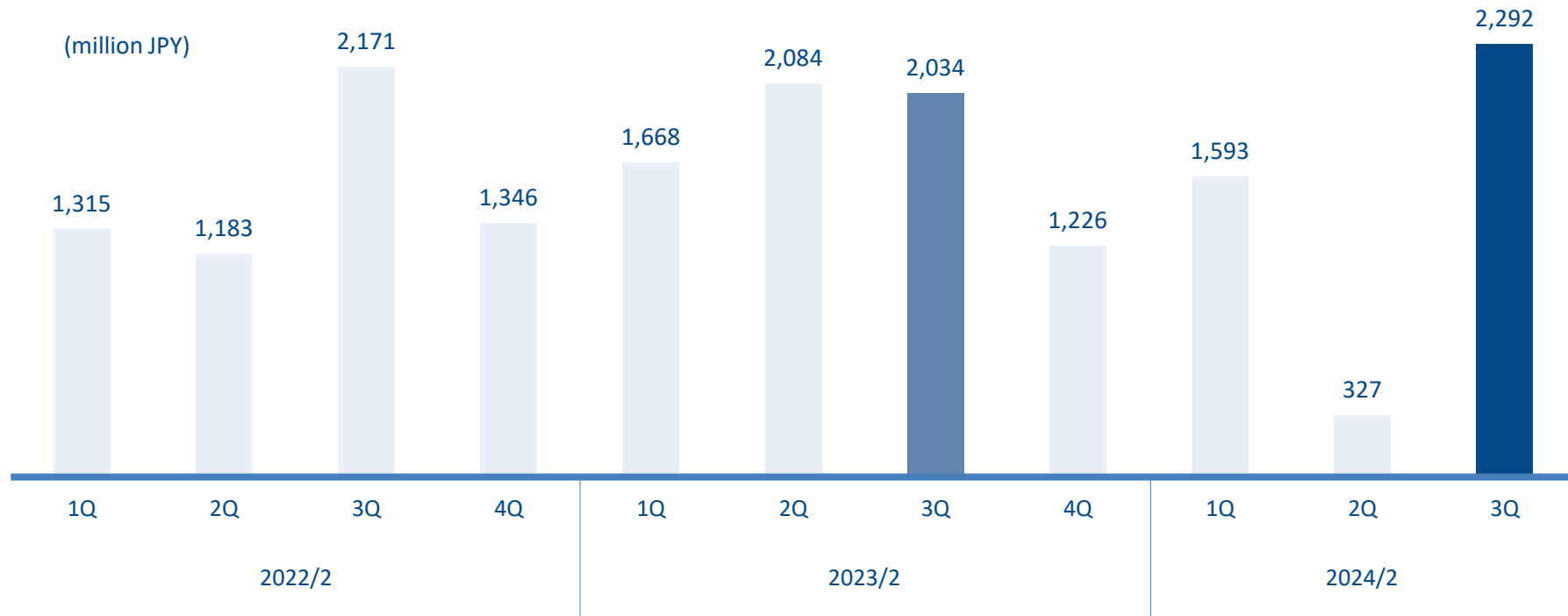
The number of consolidated employees in 3Q FY2024 was 1,505 as PR and Advertising decreased with the sale of SIGNAL, Inc.



Note: Due to segment changes, figures for FY2023 and earlier have been reclassified to figures after the segment changes

EBITDA*

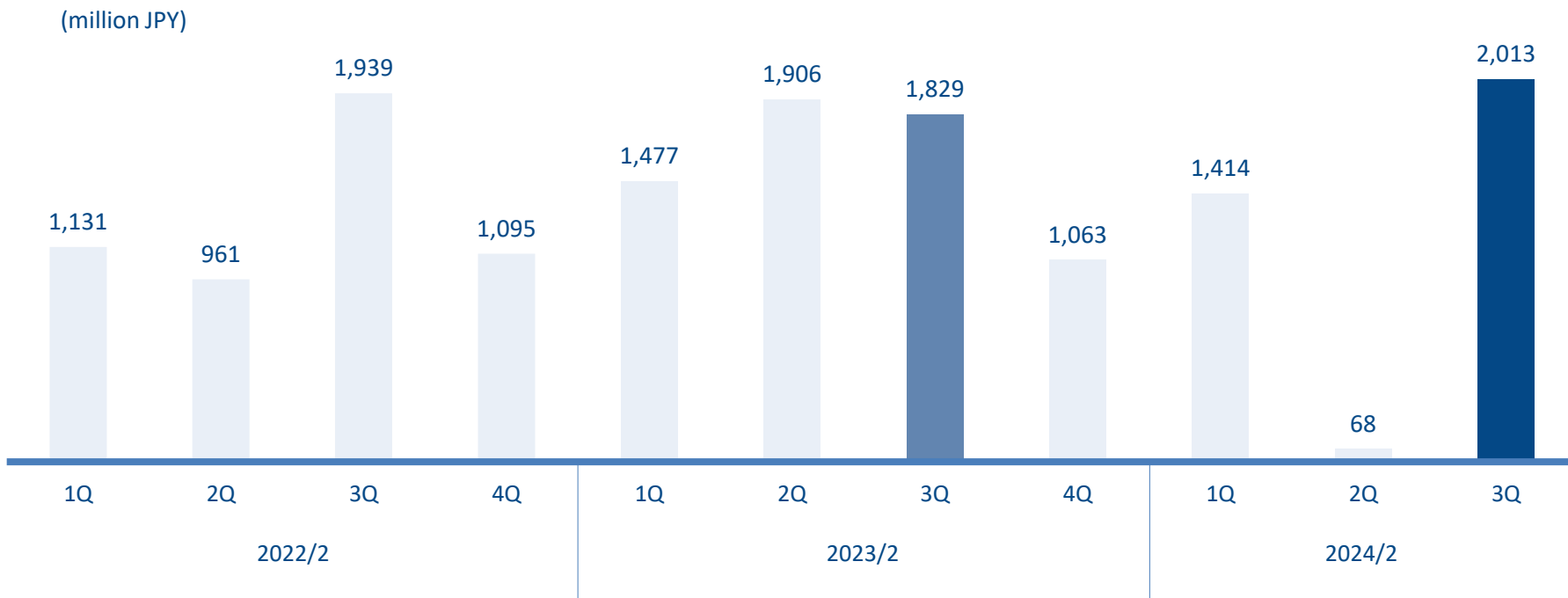
EBITDA for 3Q FY2024 came in at **2,292** million JPY (**112.7%** YoY) due to an increase in operating profit.



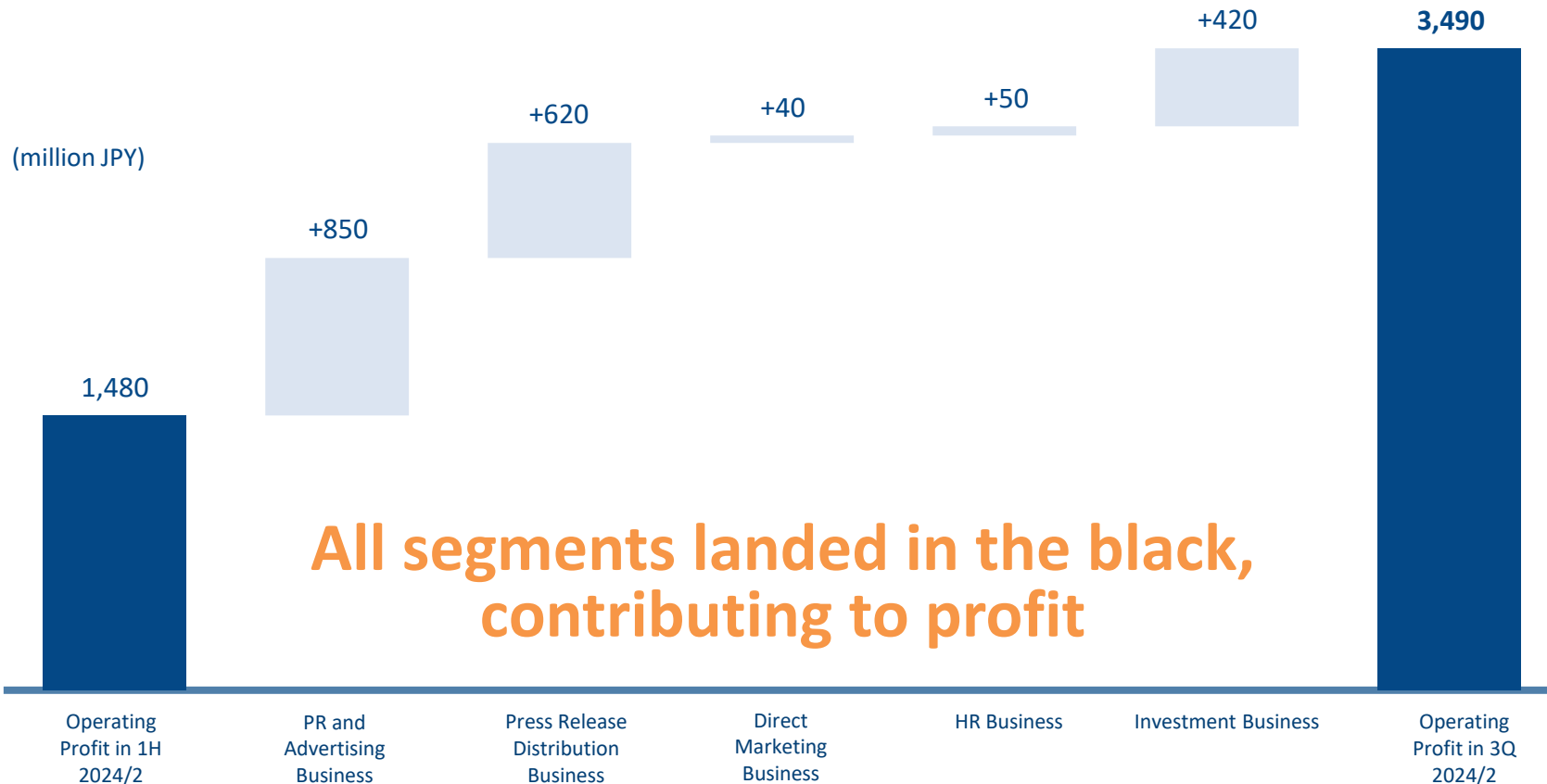
* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Consolidated Operating Profit

Consolidated operating profit for 3Q FY2024 came in at **2,013** million JPY (**110.1%** YoY), **breaking past the 2,000 million mark.**



Operating Profit (By Segment)



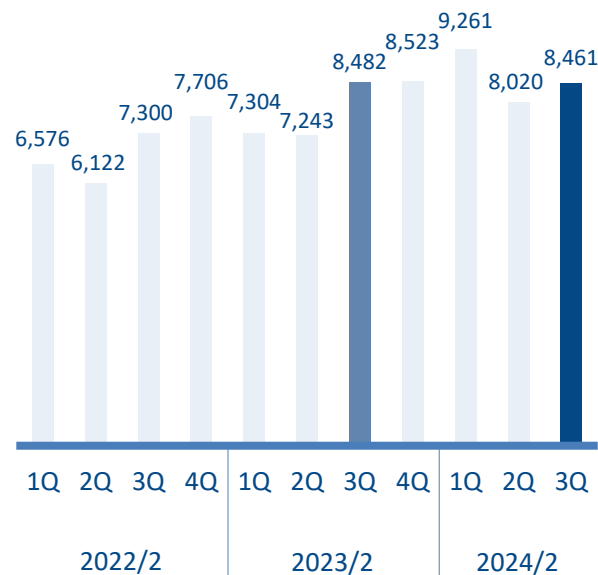
**All segments landed in the black,
contributing to profit**

PR and Advertising Business

Gross profit increased in 3Q FY2024, as the **same level of net sales as in the same quarter of the previous fiscal year** was maintained despite the sale of SIGNAL, Inc. In 4Q, we will aim to increase sales per customer by providing one-stop support for the communication strategies of major companies, our main customers.

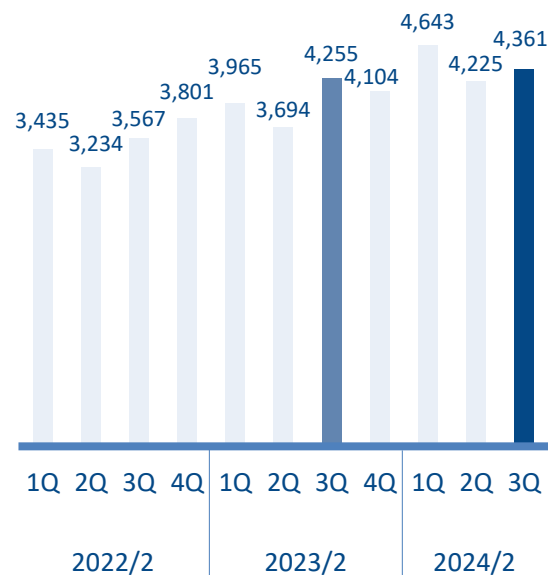
Net Sales (million JPY)

8,461 million JPY (99.7% YoY)



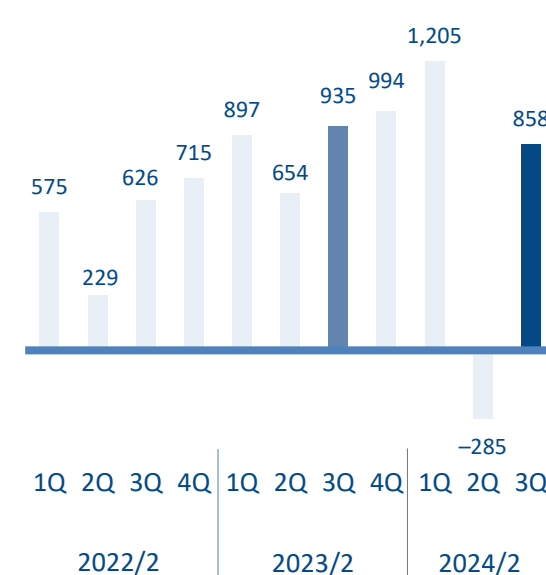
Gross Profit (million JPY)

4,361 million JPY (102.5% YoY)



Operating Profit/Loss (million JPY)

858 million JPY (91.7% YoY)



Notes: 1. The Accounting Standard for Revenue Recognition has been applied from FY2023.

2. Due to segment changes, figures for FY2023 and earlier have been reclassified to figures after the segment changes

Example of Large-Scale Communication Starting from PR

Integrated support from design to information distribution for incognito projects that maximize the value of a product by concealing it
 Realizing integrated marketing communication using PR, social media, video, etc., in a PR-driven manner

Example: “Secret of Drip” Drip Pods from SOLO FRESH COFFEE SYSTEM Co., Ltd. of the UCC Group



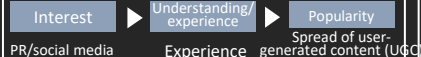
Overall communication strategy

Planning and proposal



#Iced coffee shop without a barista

Communication design



To increase awareness of the Drip Pod capsule drip coffee system, we planned a “Secret of Drip” iced coffee shop to be open for 10 days only in an incognito format, intentionally hiding the product. We handled everything from production and operation to PR and distribution of information.

Measures implemented

Secret period (before store opening)

UCC “Secret of Drip” iced coffee shop opened for a limited time only on Omotesando!



Successfully created a buzz reaching around 4 million people, mainly through media coverage and social media.

Unveiling period (after store opening)

“They can serve freshly brewed coffee without a barista because they brew it using drip pods.”
 “I couldn’t help but be amazed by the delicious taste produced by this machine!”



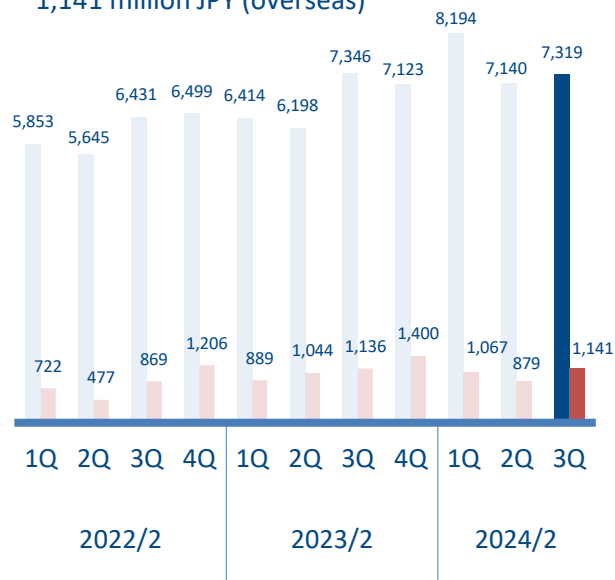
The announcement was that UCC would open an iced coffee shop for a limited time only while the product being hidden. Blurbs like “80 yen per cup” and “14 types and 56 varieties” along with descriptions of the convenient non-face-to-face counter and other aspects related to the product gained significant attention on social media. This buzz led to 4,000 people visiting the shop over 10 days, doubling the anticipated number. Drip Pod became a hot topic again after customers and the media learned what it was.

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

While losses in the overseas business continued in 3Q, the profit from the strong domestic PR business compensated. The overseas business is on track to return to profitability in 4Q, and both the domestic and overseas businesses are expected to turn profits.

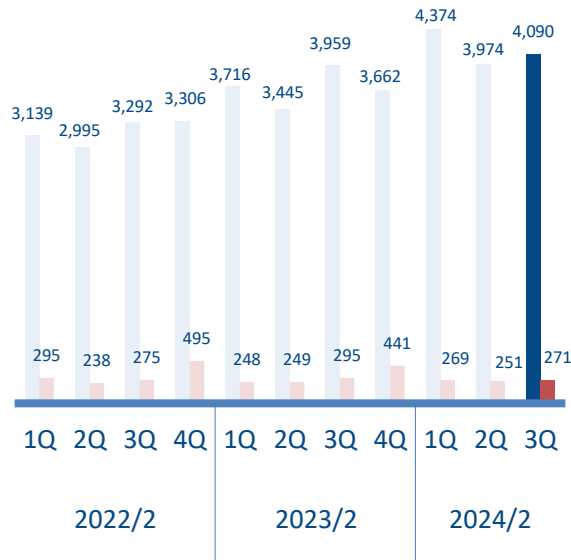
Net Sales (million JPY)

7,319 million JPY (Japan) /
1,141 million JPY (overseas)



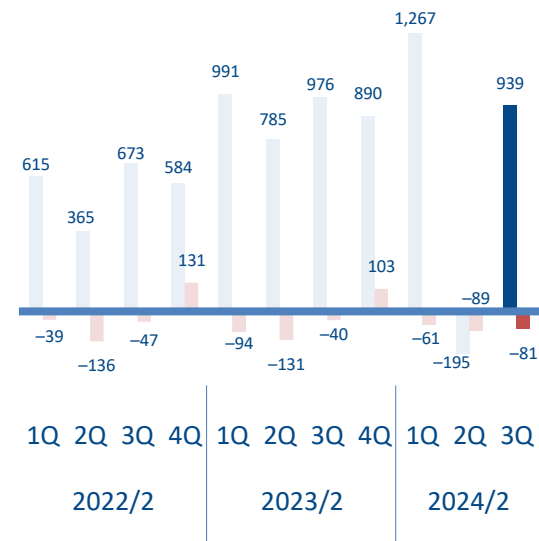
Gross Profit (million JPY)

4,090 million JPY (Japan) /
271 million JPY (overseas)



Operating Profit/Loss (million JPY)

939 million JPY (Japan) /
-81 million JPY (overseas)

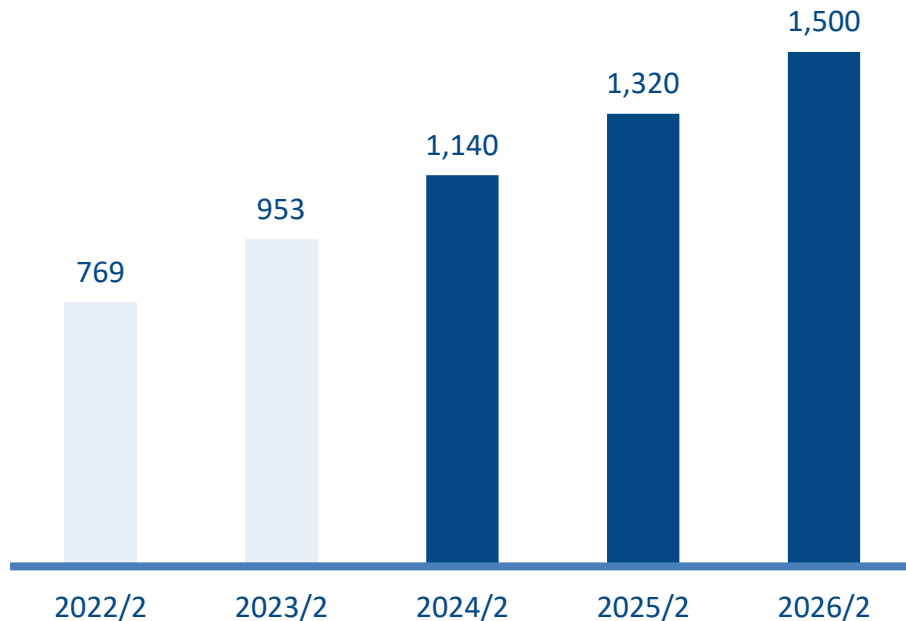


Retainer Agreement* Targets

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)



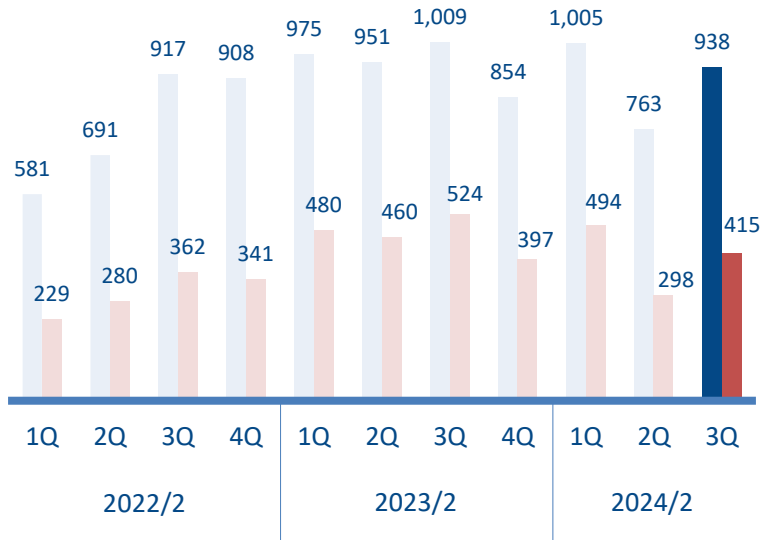
* Retainer agreement: An agreement with a term of three or more months with monthly fees.

Taxi Signage

In 3Q FY2024, despite deteriorating advertising market conditions, sales in the 900 million JPY range were secured with the expansion of the customer base. We will increase advertising value and expand the earnings base while strengthening services and proposal capabilities in 4Q and beyond.

Net Sales: 938 million JPY (93.0% YoY)

Gross Profit: 415 million JPY (79.2% YoY)



Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.



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.

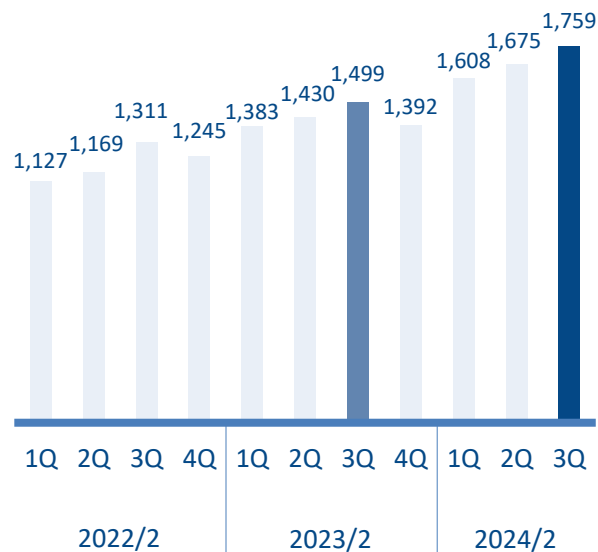
Roughly 40% of Tokyo's taxi users, who mainly consist of business people, have been covered, with video advertisements and media content reaching around 7.7 million people.

Press Release Distribution Business

In 3Q FY2024, the number of user companies and press release distributions increased, **resulting in record-high net sales and operating profit**. In 4Q, we will aim for increased sales and profit for the full year despite investing toward a large-scale renewal of PR TIMES and the promotion of its use.

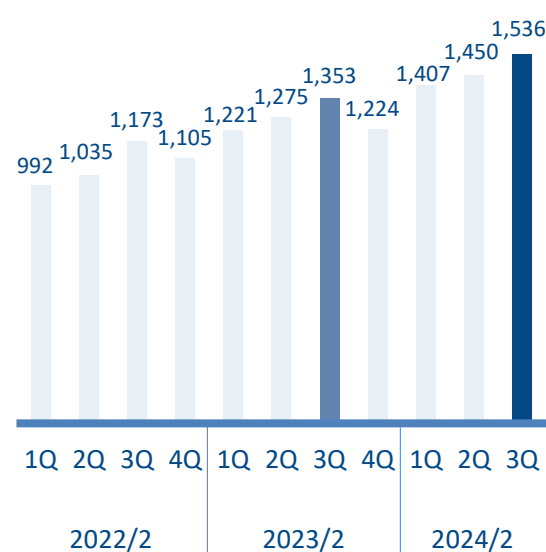
Net Sales (million JPY)

1,759 million JPY (117.3% YoY)



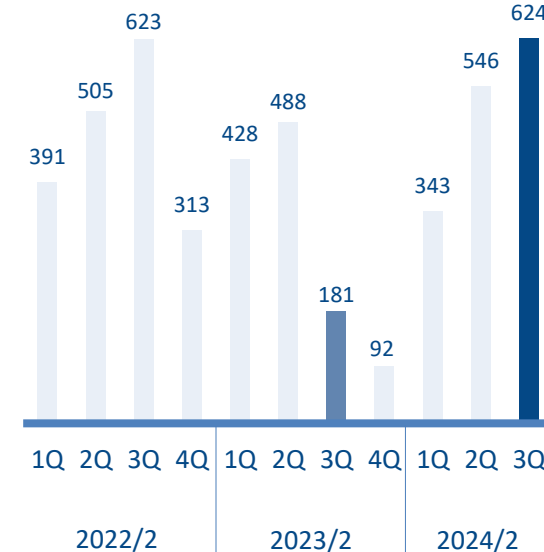
Gross Profit (million JPY)

1,536 million JPY (113.5% YoY)



Operating Profit (million JPY)

624 million JPY (343.4% YoY)

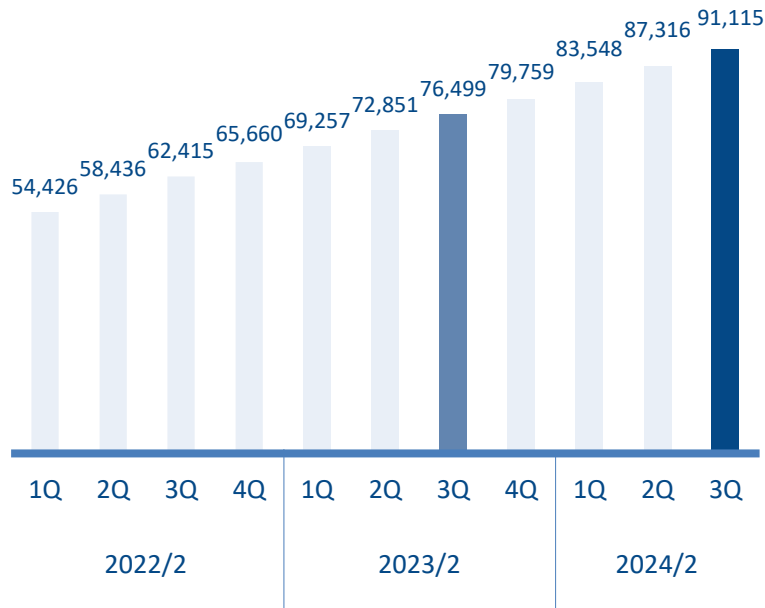


Number of User Companies and Press Release Distributions

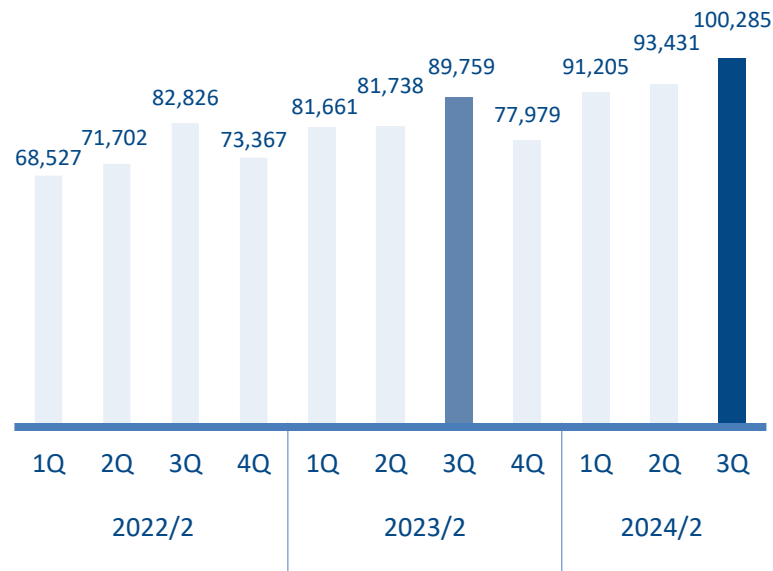
In 3Q FY2024, the number of user companies and press release distributions increased significantly year on year.

In 4Q, we will increase the number of distributions by continuing to improve the number of user companies and the usage frequency.

Number of user companies: 91,115 (119.1% YoY)



Number of press release distributions: 100,285 (111.7% YoY)



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

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

More than 91,000 user companies, used by 57% 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 **57%** 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させない。「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ーコーナー



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」

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

Published in more than 200 publications!



Number of user companies

91,000

Nov. 2023

79,000

Feb. 2023

65,000

Feb. 2022

50,000

Feb. 2021

28,000

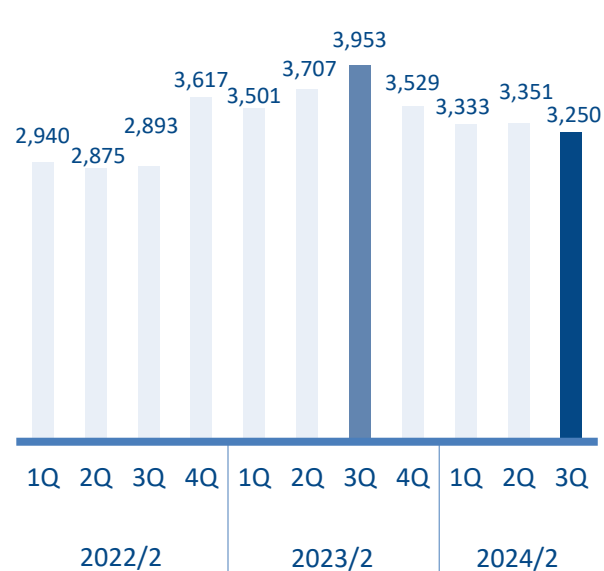
Feb. 2019

Direct Marketing Business

In 3Q FY2024, we secured a profit while executing aggressive investment in advertising to acquire new customers. In 4Q, we expect to temporarily curb investment in advertising and place the highest priority on securing the full-year target of operating profit.

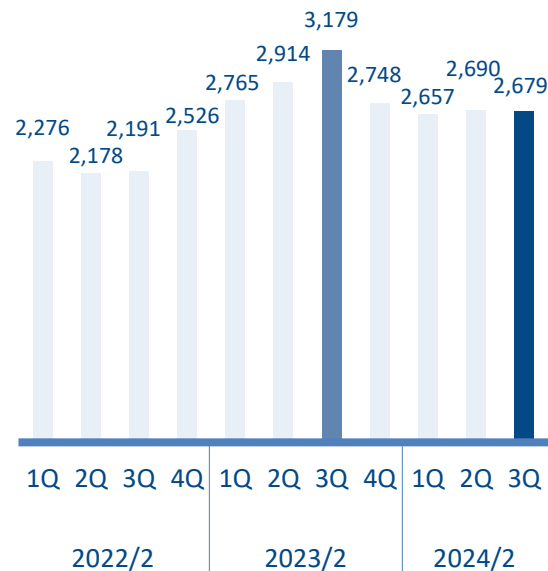
Net Sales (million JPY)

3,250 million JPY (82.2% YoY)



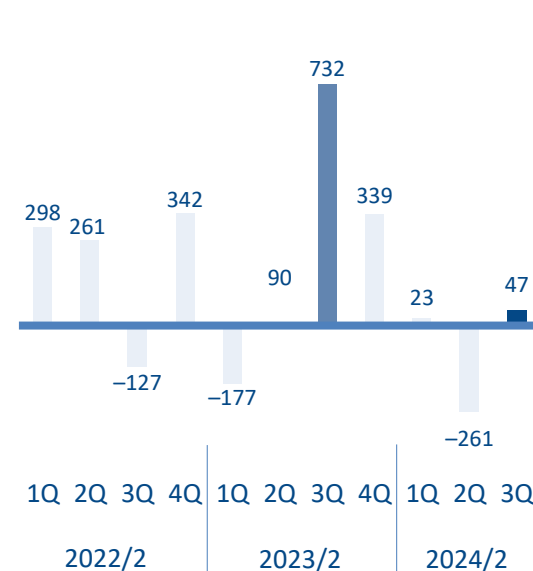
Gross Profit (million JPY)

2,679 million JPY (84.3% YoY)



Operating Profit (million JPY)

47 million JPY (6.5% YoY)



Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.

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 15.57 million**.



Vitabrid C¹²



Terminalia First continued to perform well following its launch, with cumulative sales **exceeding 7.1 million units**.

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



First in Japan! Japan Premium DHA & EPA + GABA, a functional supplement that addresses 8 health concerns, launched on September 21, 2023.

New Products (Functional Supplements)

First in Japan!* Japan Premium DHA & EPA + GABA, a functional supplement that addresses 8 health concerns and Vitabrid Daily GABA, a supplement that brings positivity back into everyday life, were released on September 21, 2023.

Japan Premium DHA & EPA + GABA



Japan Premium DHA & EPA + GABA is Japan's first triple action supplement containing DHA, EPA and GABA that has been shown after six years of long research and development to benefit the eight body functions.

Vitabrid Daily GABA



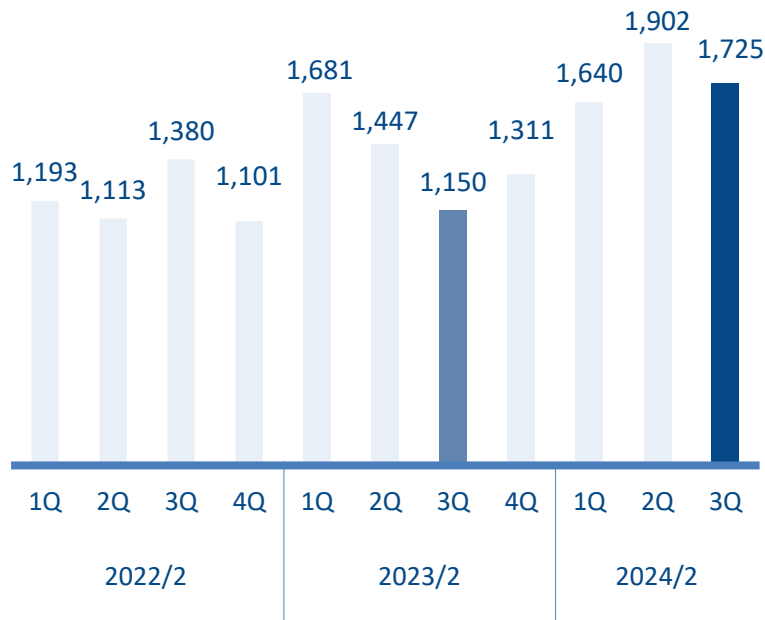
Vitabrid Daily GABA is a supplement that aids the problems we face in modern day living, such as bad sleep, stress, and constant fatigue, to make our everyday lives feel more positive and so much better.

* Japan's first and only functional supplement that addresses eight functions including neutral fat levels in blood, and sleep, etc. (Researched by TPC Marketing Research, May 2023)

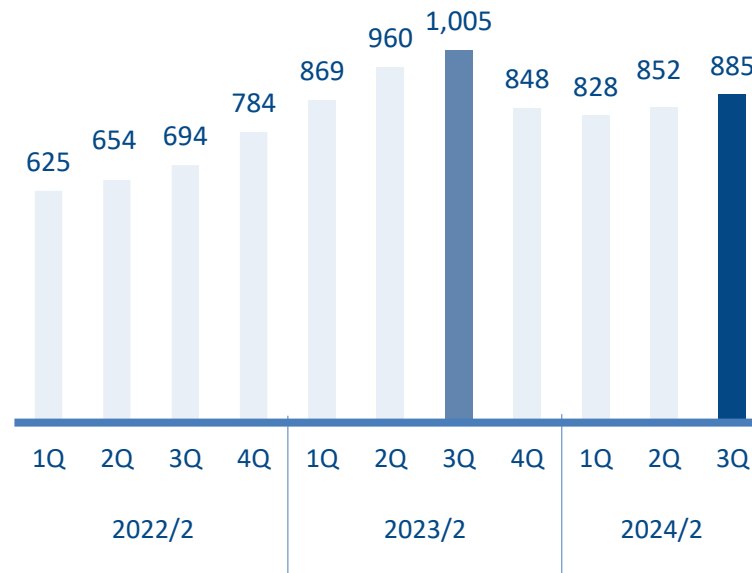
Advertising Expenses and Units Sold

In 3Q FY2024, number of units sold increased slightly due to continued investment in advertising while controlling advertising expenses. In 4Q, number of units sold are expected to decrease due to the temporary curbing of advertising expenses and prioritization of securing profits.

Advertising Expenses: 1,725 million JPY (150.0% YoY)



Number of Units Sold: 885 thousand (88.1% YoY)

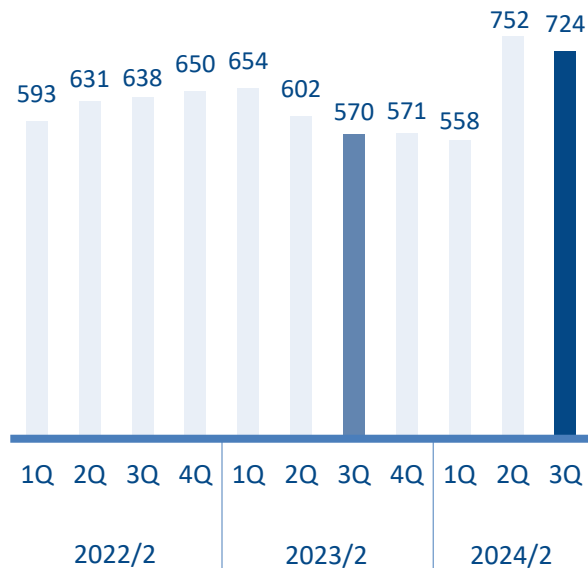


Note: Advertising expenses and units sold figures are for Vitabrid Japan only.

3Q FY2024 saw a continued operating surplus thanks to BUSiCONET contributions and reduced JOBTV deficit. In 4Q, we will aim to strengthen the earnings base for both ASHITA-TEAM and JOBTV by increasing net sales.

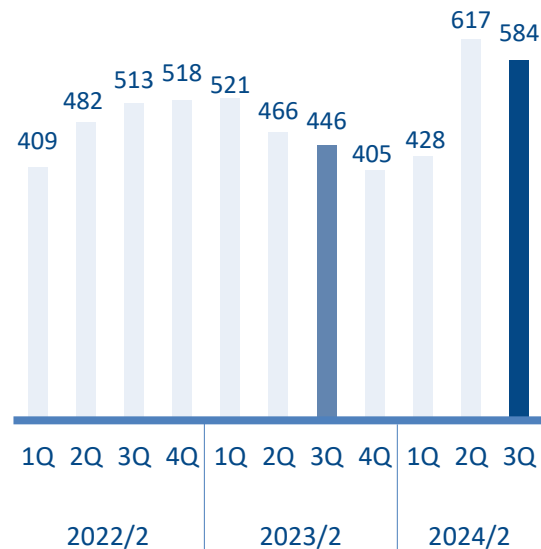
Net Sales (million JPY)

724 million JPY (127.0% YoY)



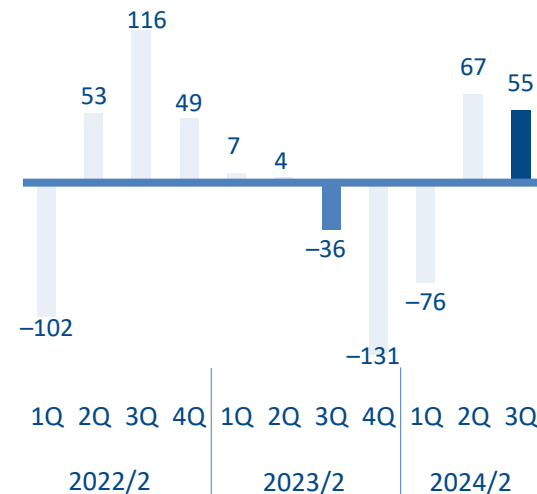
Gross Profit (million JPY)

584 million JPY (130.8% YoY)



Operating Profit (million JPY)

55 million JPY (up 70 million JPY YoY)



Notes: 1. The Accounting Standard for Revenue Recognition has been applied from FY2023.

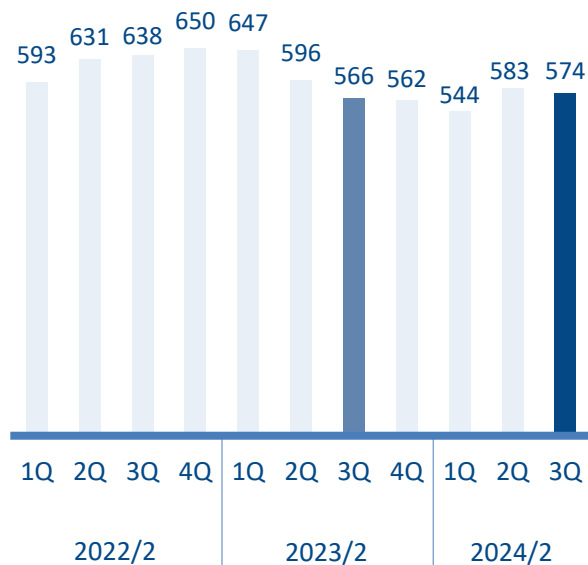
2. Due to segment changes, figures for FY2023 and earlier have been reclassified to figures after the segment changes

HR Business (ASHITA-TEAM)

In 3Q FY2024, a profit was secured as the effects of reviewing our sales strategies became apparent while making advertising investments and investments in development to strengthen functionality. In 4Q, we will strengthen the sales system for expanding the customer base and increase net sales while strengthening the functions of SaaS-type products.

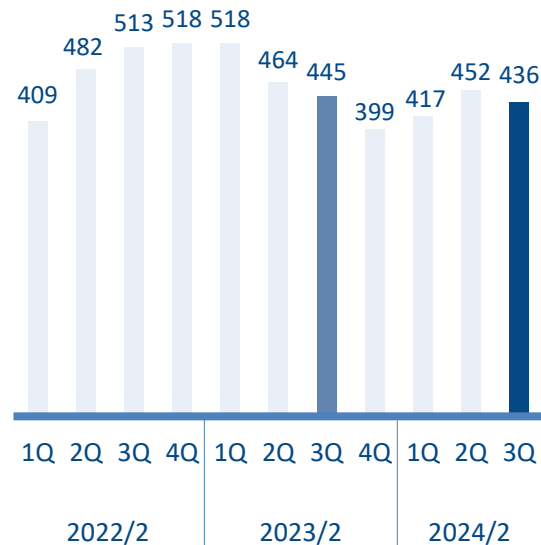
Net Sales (million JPY)

574 million JPY (101.4% YoY)



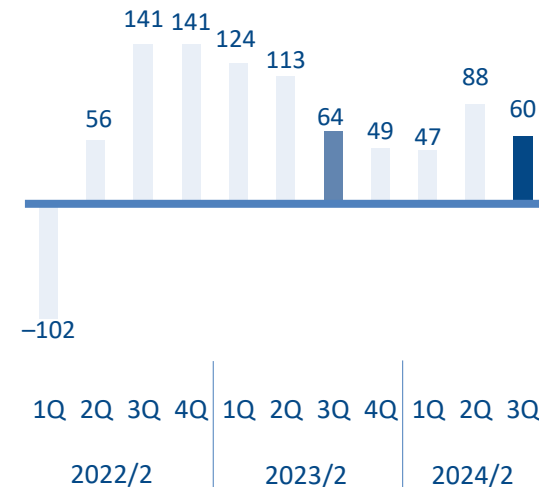
Gross Profit (million JPY)

436 million JPY (98.0% YoY)



Operating Profit (million JPY)

60 million JPY (93.5% YoY)



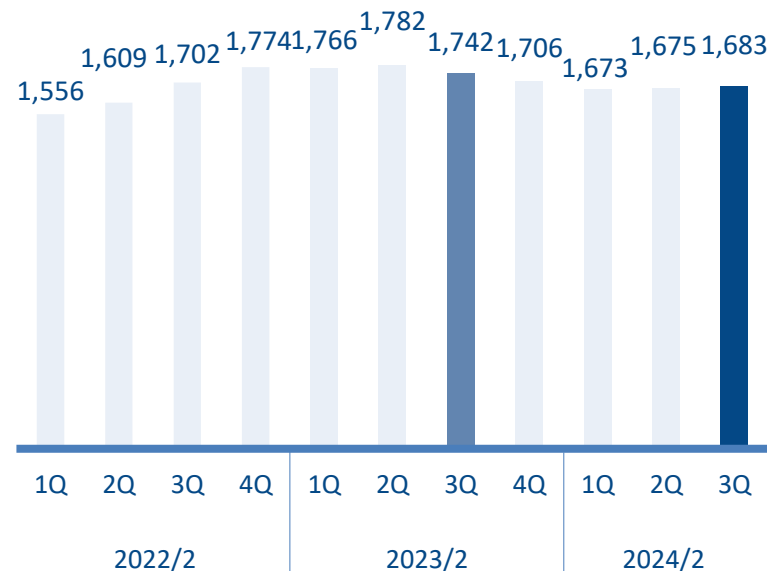
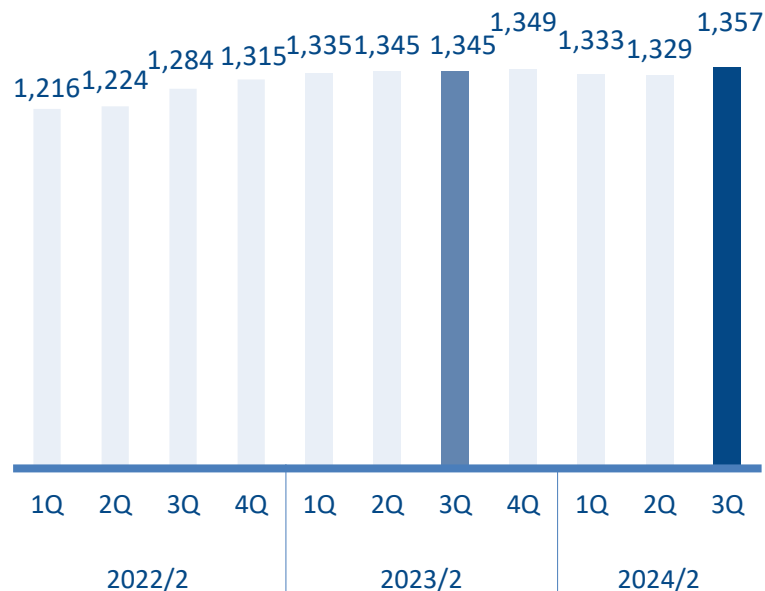
Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.

Number of User Companies*1 and ARR*2

In 3Q, ARR was on a recovery trend owing to steady acquisition of new customers and an increase in the number of user companies. In 4Q, we expect to increase the number of user companies and ARR through continuous acquisition of new customers.

Number of user companies: 1,357 (100.9% YoY)

ARR: 1,675 million JPY (96.6% 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

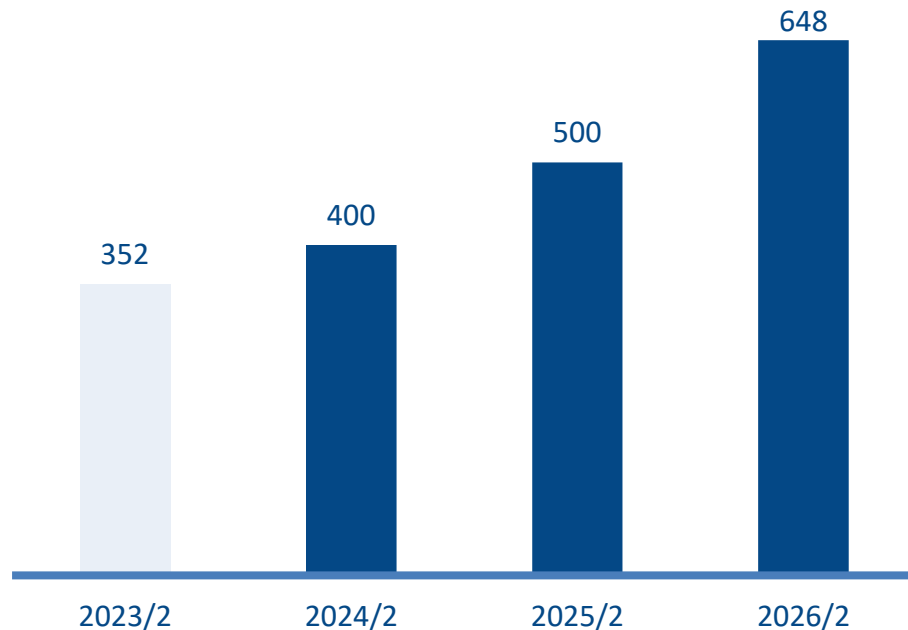
Through strengthening sales of SaaS-based products and increasing retention by improving customer satisfaction, we have expanded the subscription ratio and created a stable earnings foundation. Operating profit in FY2026 is projected to climb to 648 million JPY on the back of stable profits achieved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

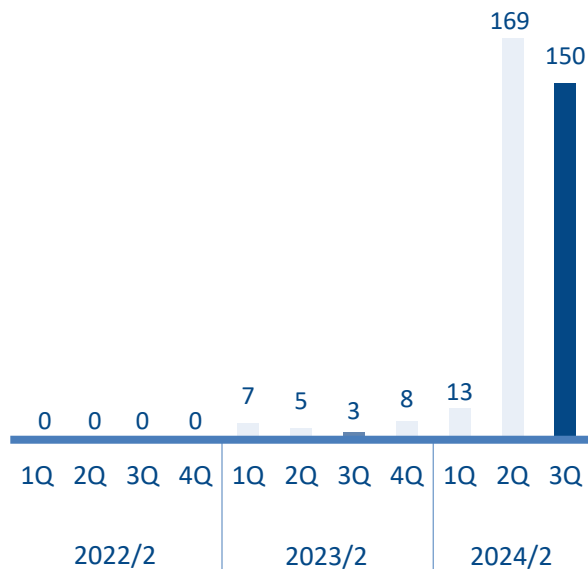


HR Business (JOBTV)

In 3Q FY2024, despite up-front investment, net sales increased and the deficit narrowed thanks to contribution from M&A of BUSiCONET. In 4Q, we will aim to increase net sales while making a certain amount of up-front investment to strengthen new graduate support and job change support businesses.

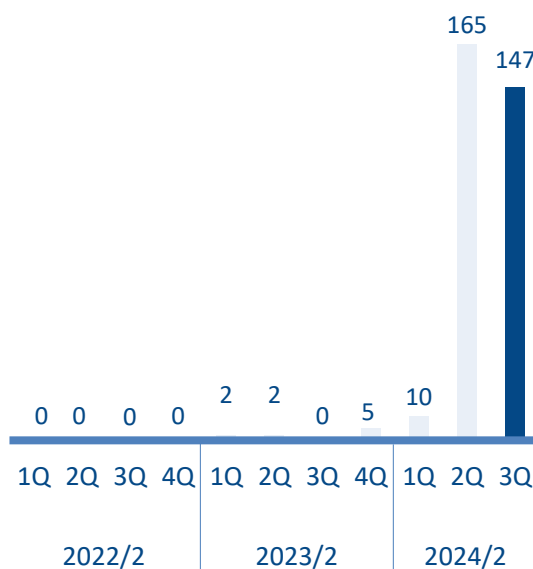
Net Sales (million JPY)

150 million JPY (up 146 million JPY YoY)



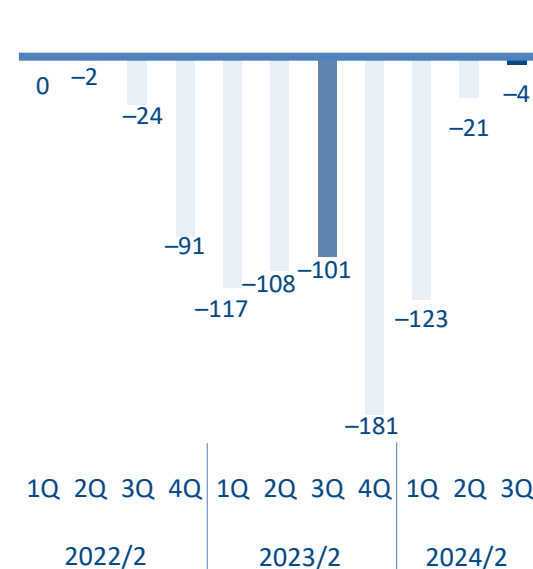
Gross Profit (million JPY)

147 million JPY (up 146 million JPY YoY)



Operating Profit/Loss (million JPY)

Operating Loss: 4 million JPY (Up 96 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



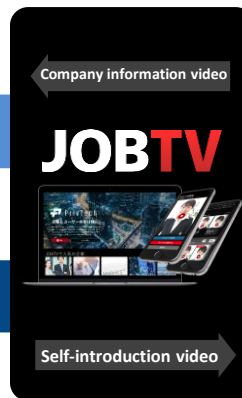
Over 150,000 registered university students



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!

Company information video



Self-introduction video


Companies

- 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!

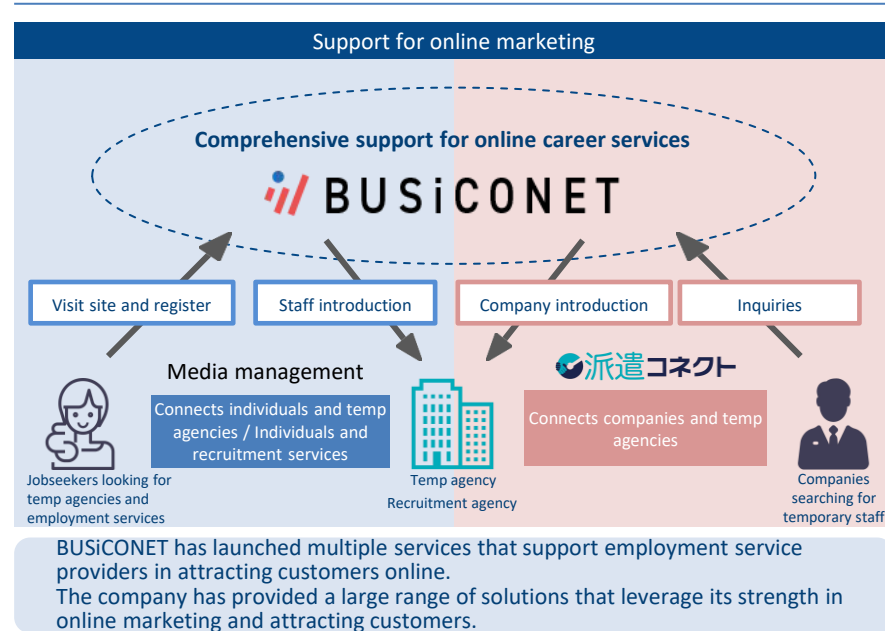
Synergies Created through the Acquisition of BUSiCONET

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 web 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



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.

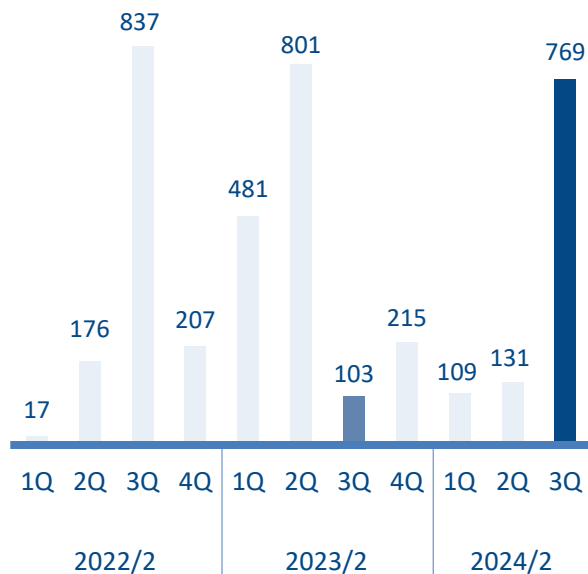


Investment Business

In 3Q FY2024, despite posting a certain amount of valuation loss, profit was secured with the sale of shares held.
 In 4Q, we expect to secure full-year operating profit by selling our shares held as planned.

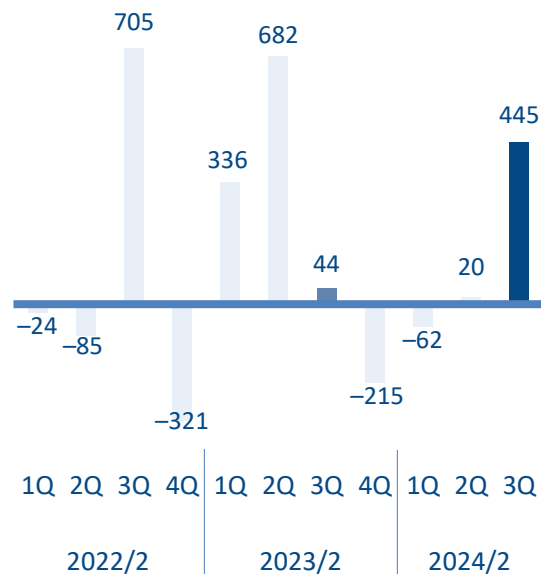
Net Sales (million JPY)

769 million JPY (745.3% YoY)



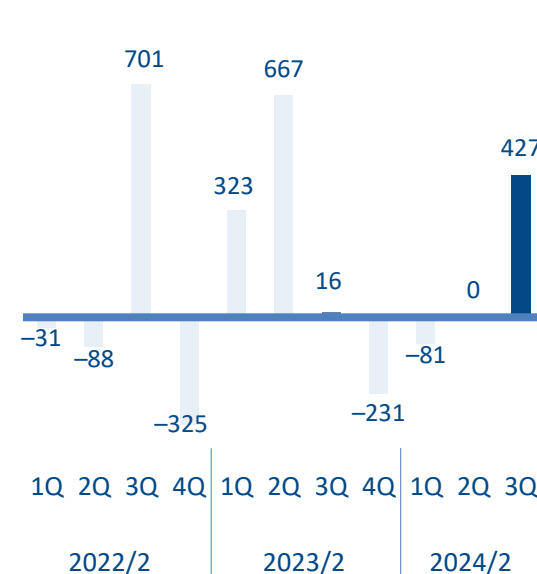
Gross Profit (million JPY)

445 million JPY (996.6% YoY)



Operating Profit/Loss (million JPY)

427 million JPY (up 411 million JPY YoY)



Most Recent IPOs Invested In


Supporting corporate growth through capital and PR/IR (total of 31 IPOs).
VALUE CREATION Co., Ltd. was listed on the Growth Market of the Tokyo Stock Exchange,
bringing the number of recent IPOs to three.

Date of listing	Company name	Market
November 22, 2023	 VALUE CREATION Co., Ltd.	TSE Growth Market
June 29, 2023	 W TOKYO INC.	TSE Growth Market
March 31, 2023	 SYLA Technologies Co., Ltd.	NASDAQ

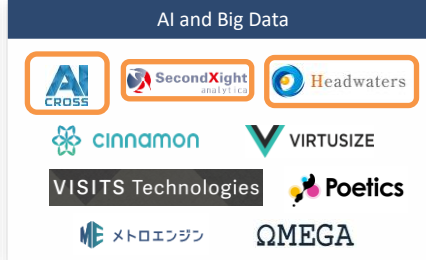
Solid Track Record of Investment in Growth Fields

 = IPO complete

IoT and Security Systems



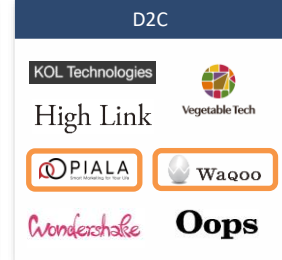
AI and Big Data



Marketing and Sales



D2C



Restaurants, Retail, Beauty, Services and Healthcare



Fintech and Real Estate Technology



Human Resources, Education-Related



Sharing Economy



DX



Other toB Services

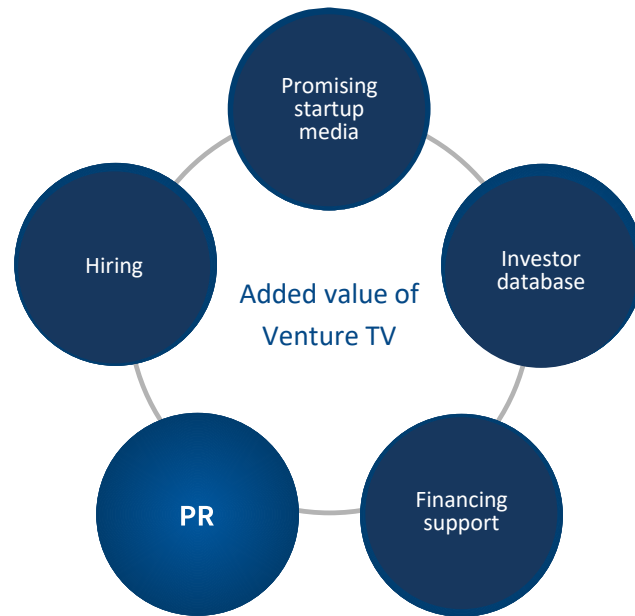


Other toC Services



Launched Venture TV, a video-based media offering unlimited access to startup company presentation videos. The plan is to expand various services for presidents and investors of startup companies who are facing challenges.

Venture TV, offering all-you-can-watch presentation videos



Aiming to build Japan's largest startup ecosystem

Consolidated Statement of Profit and Loss

(million JPY)	FY '23 3Q	FY '24 3Q	Difference	YoY Change
Net sales	41,163	43,428	+2,264	105.5%
Gross Profit	26,948	27,523	+575	102.1%
EBITDA	5,787	4,214	-1,572	72.8%
Operating profit	5,213	3,497	-1,716	67.1%
Ordinary income	5,345	3,610	-1,734	67.5%
Profit before Income Taxes	5,092	5,458	+366	107.2%
Profit attributable to owners of parent	2,868	2,987	+118	104.1%

Consolidated Balance Sheet

(million JPY)	FY '23 Year End	FY '24 3Q-end	Difference	YoY Change
Total assets	36,343	44,326	+7,982	122.0%
Cash and deposits	13,372	15,364	+1,991	114.9%
Goodwill	1,780	3,794	+2,014	213.1%
Operational investment securities + investment securities	5,495	6,807	+1,311	123.9%
Other	15,694	18,361	+2,666	117.0%
Total liabilities	20,584	24,534	+3,950	119.2%
Borrowings + bonds	9,756	13,182	+3,425	135.1%
Other	10,827	11,351	+524	104.8%
Net assets	15,759	19,792	+4,032	125.6%

Medium-term Profit Plan

Medium-term Profit Plan

Medium-term Profit Plan (million JPY)	FY '23 (Results)	FY '24 (Targets)	FY '25 (Targets)	FY '26 (Targets)
EBITDA	7,013	7,170	9,160	10,660
Operating Profit	6,276	6,505	8,500	10,000

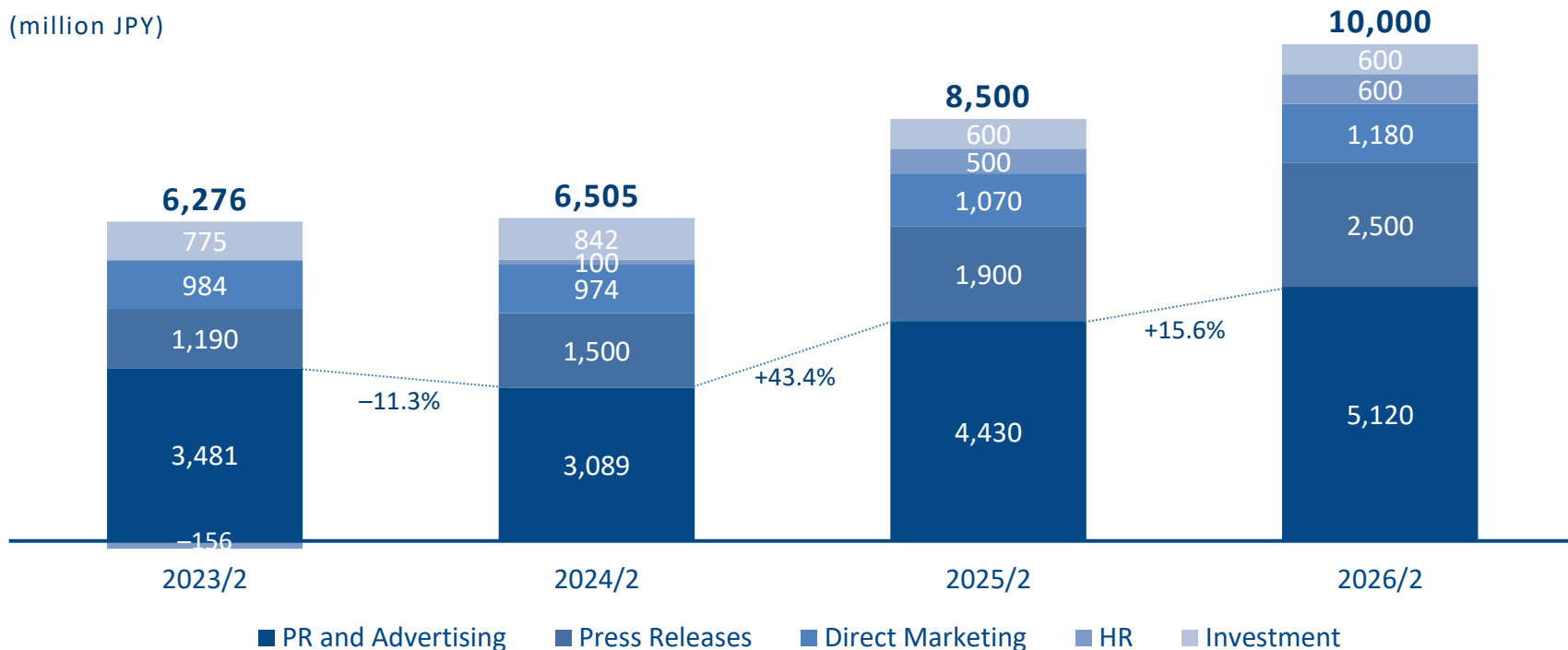
- **For FY2026, we expect EBITDA of 10,660 million JPY and operating profit of 10,000 million JPY.**
- We will continue to keep **ROE above 25%**, while taking into consideration our financial soundness.
- VECTOR's dividend policy is to ensure a **consolidated payout ratio** for shareholders aimed at **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

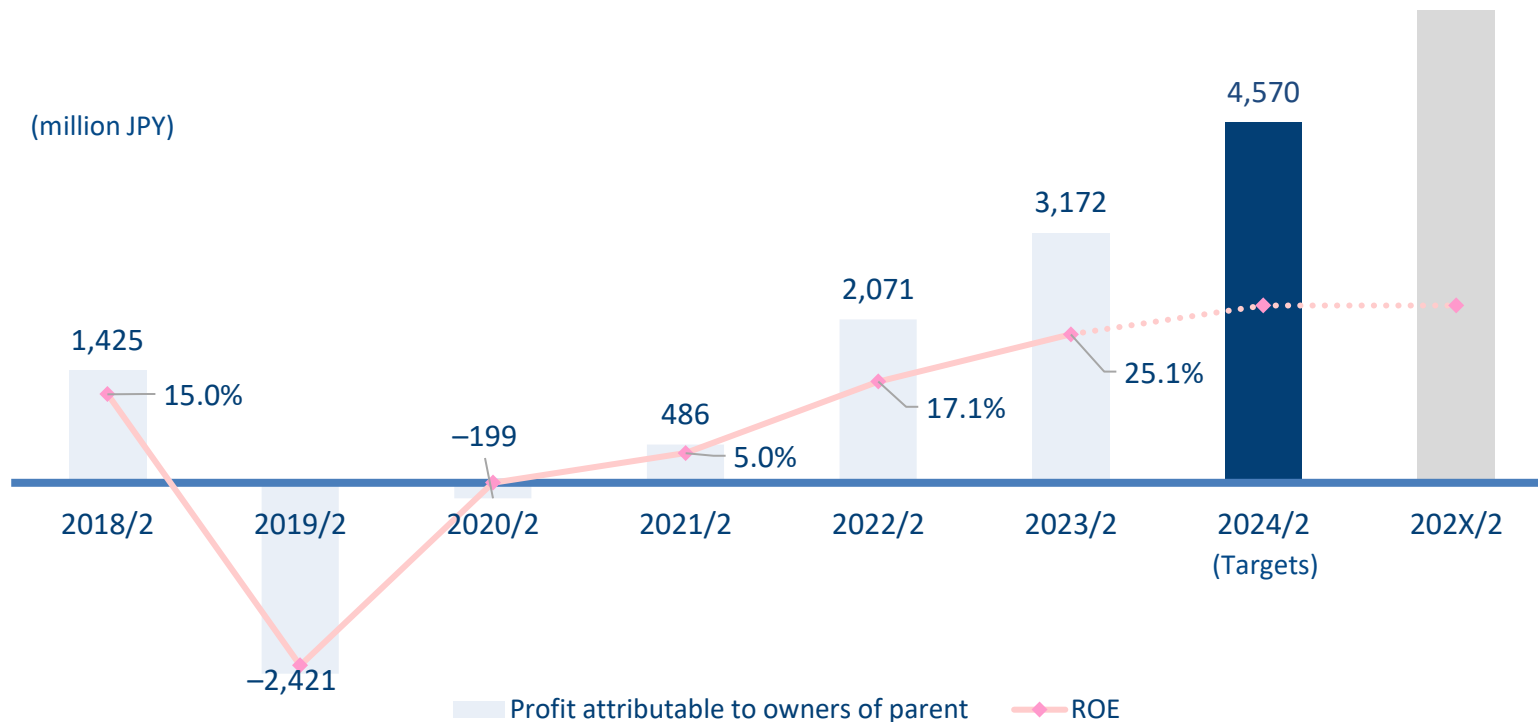
As our mainstay PR and Advertising business is driving performance, we will aim for operating profit of 10,000 million JPY in FY2026.

(million JPY)



ROE and Profit Attributable to Owners of Parent

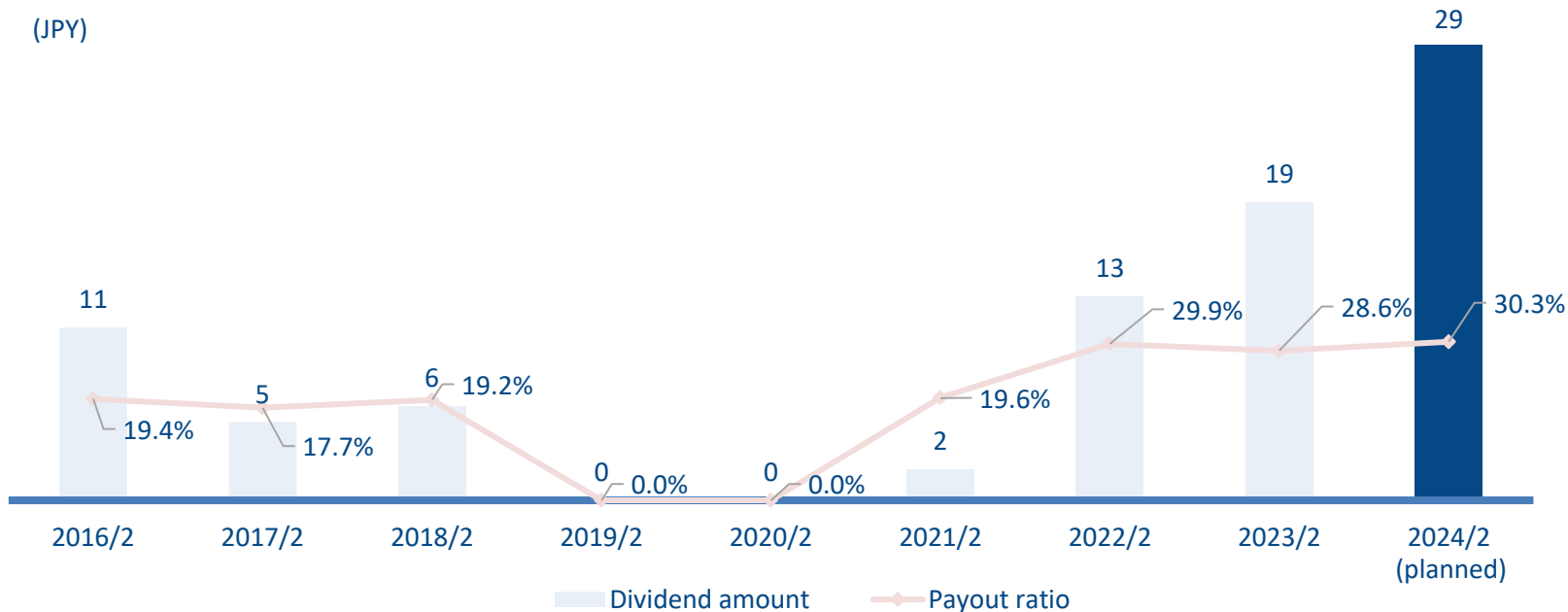
Our policy is to keep **ROE above 25%**



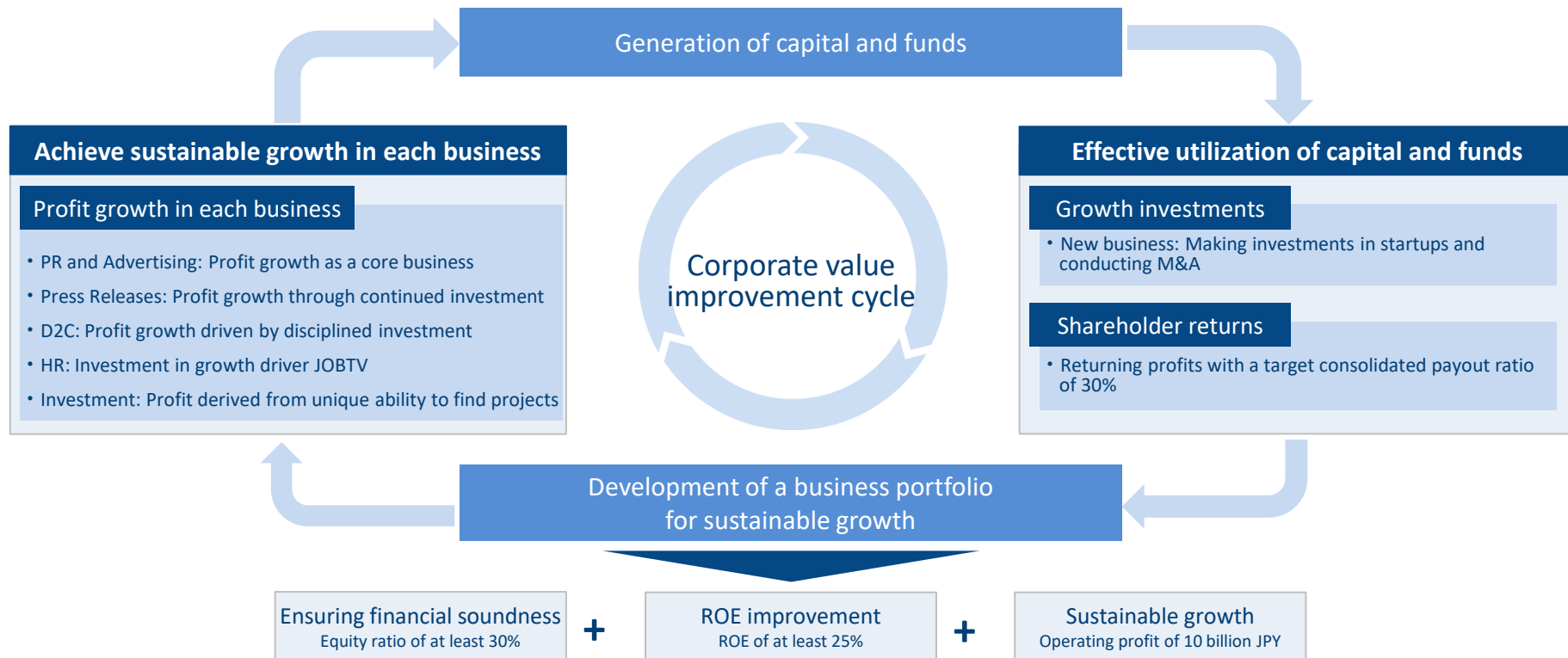
Shareholder Return Measures (Dividends)

VECTOR's policy is to continue paying dividends, with a target **consolidated dividend payout ratio of 30%**, taking into consideration cash flow, financial status, and other factors.

In FY2024, as we expect to conduct share buyback of **638,000 treasury shares**, we plan to pay a **dividend of 29 JPY per share**

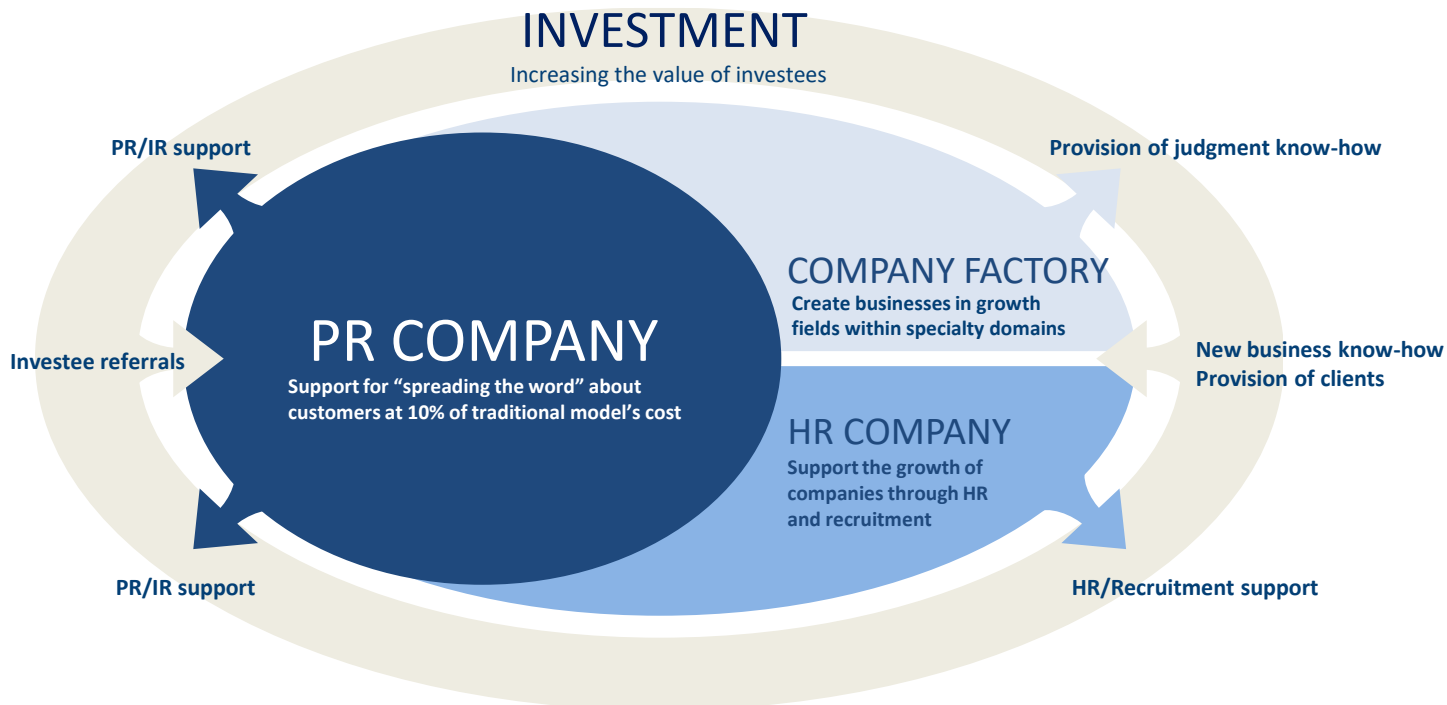


Cash provided by operating activities will be allocated to investments for growth and shareholder returns.























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
PR/Press Releases/Digital Marketing	D2C	Personnel Evaluation	Investment
 <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>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>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>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> 	 

Appendix (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

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

6,692.6

7,102.1

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

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

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

2000

2008

2022

(Launch of PR business)

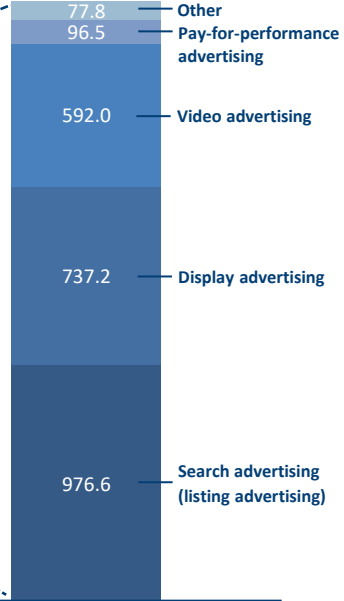
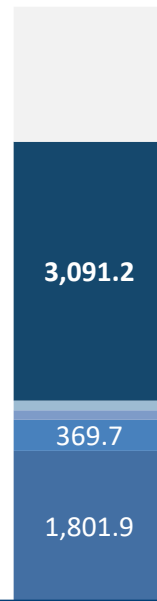
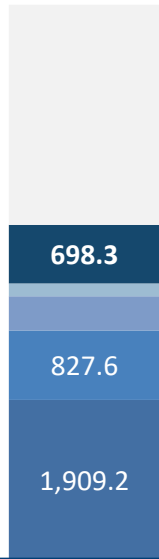
(Expansion of PR business)

(Accelerated through PR + digital)

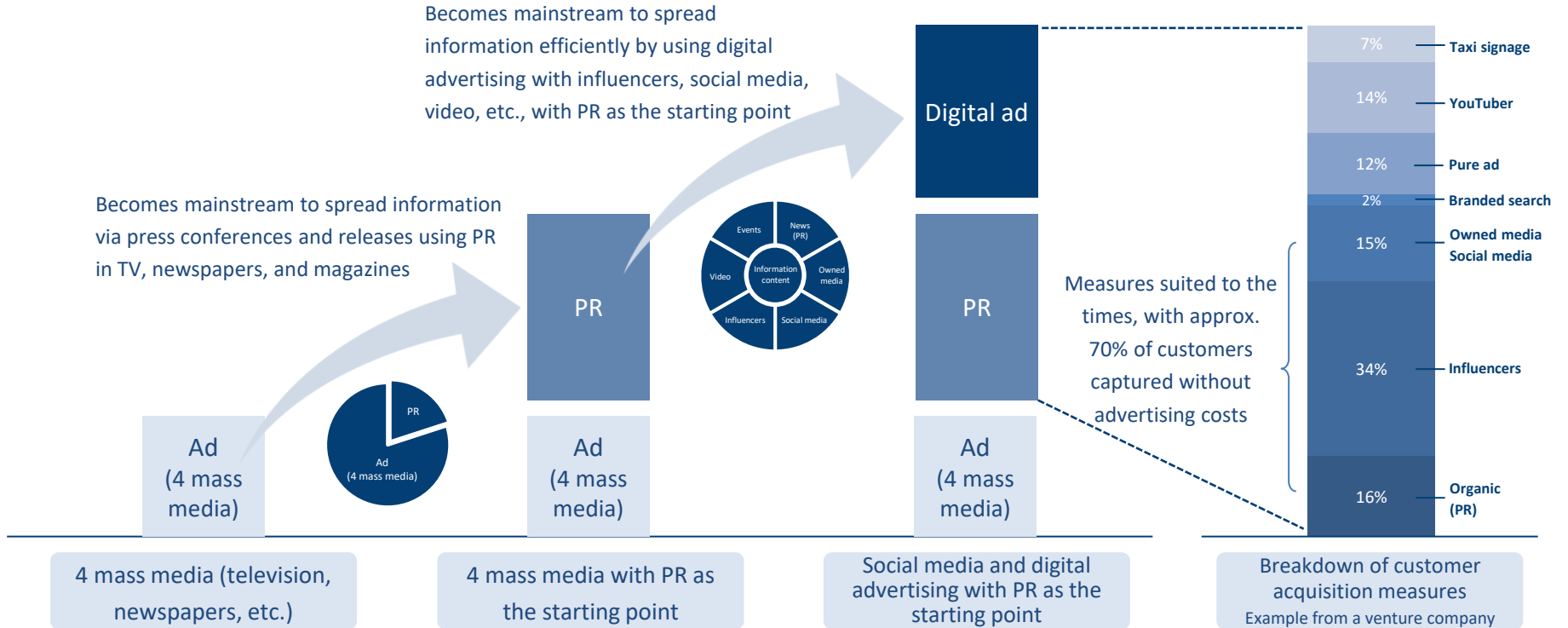
Breakdown of online advertising media expenditures*

■ TV ■ Newspapers ■ Magazines ■ Radio ■ Online ■ Other (OOH, transit advertising, etc.)

* Excludes production costs for online ads, etc.

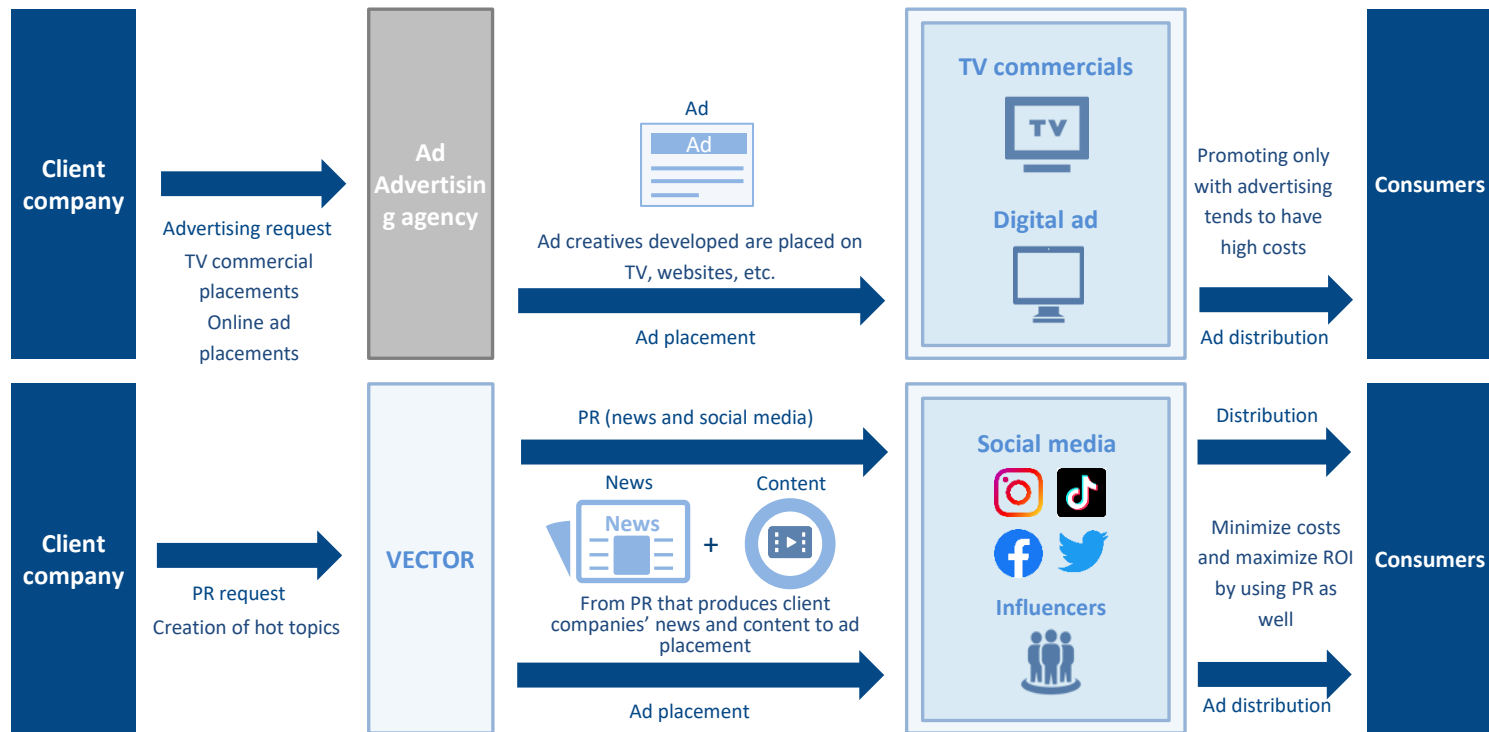


We are now in an age where information is spread efficiently through using digital advertising with PR as the starting point.



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

Recognition ▶ Understanding ▶ Interest



Measures implemented

Japan's first Yebaozi

Launched on May 14, 2022

PR



日本初上陸!



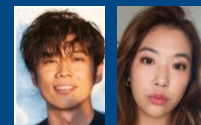
Vertical video



Social media



Celebrities

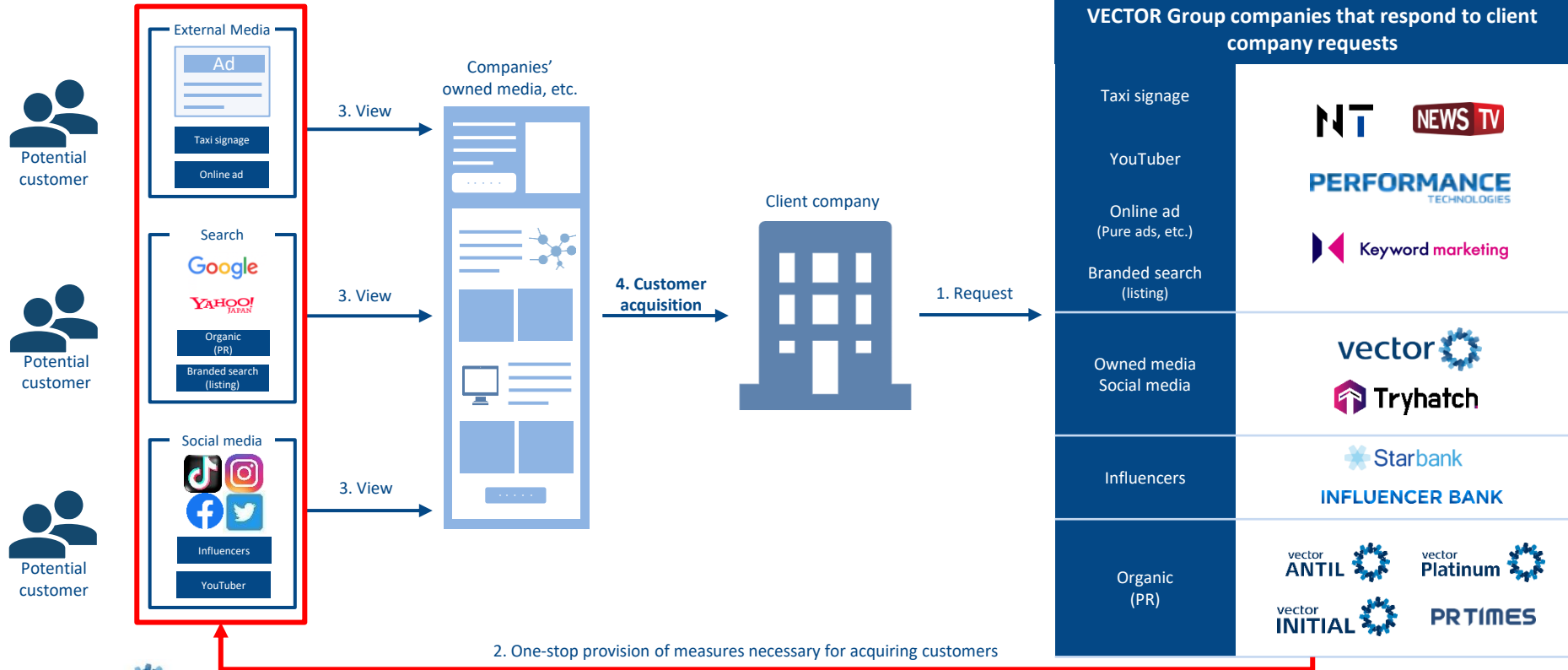


The key challenge was to maximize interest for the launch of Japan's first Yebaozi, a hugely popular *nikuman* (meat bun) chain from China that boasts long lines.

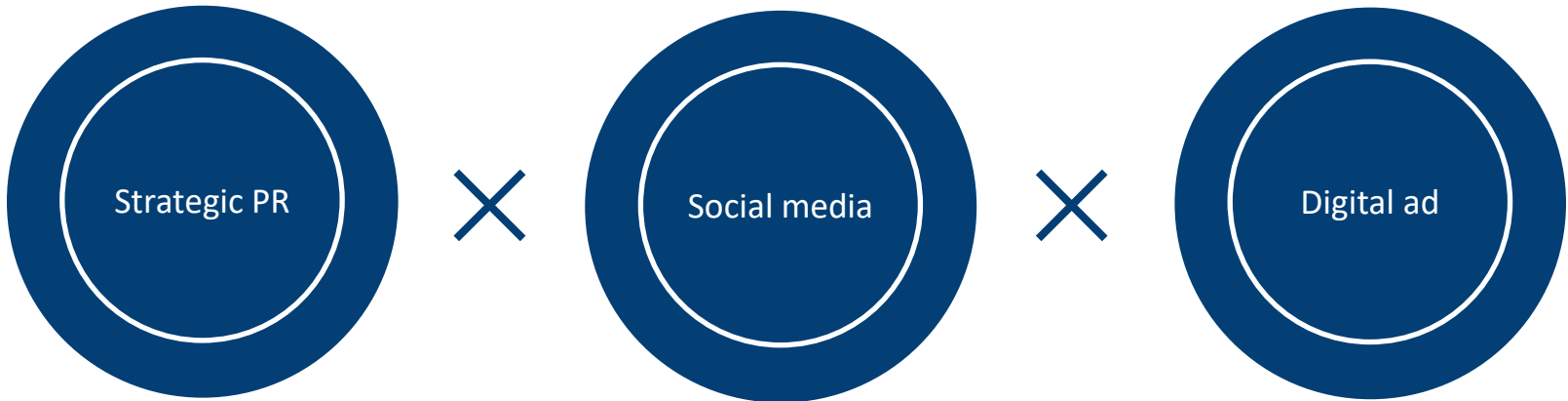
We provided support covering from concept formulation to keyword creation and the implementation of measures.

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






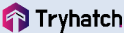




A one-stop marketing strategy that covers everything from recognition where content is delivered directly to the target audience to acquisition where digital ads are tied to purchases, while leveraging strategic PR and social media



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 90,000 clients. Used by 57% 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>NT </p> <p></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 100 Million/Year

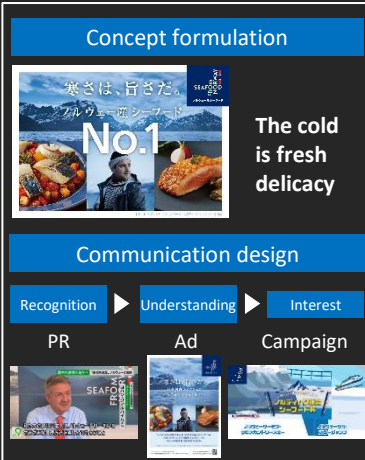
Example 1 of FAST COMPANY Utilizing Group Synergy

We support integrated marketing communication for customers by leveraging Group synergies with strategic PR as the starting point. Demand for large projects in the 100 to 300 million JPY range is rapidly increasing, triggered by our ability to provide a one-stop service covering everything from strategy building to awareness raising and purchasing.

Example: Norwegian Embassy “Seafood from Norway”



Overall communication strategy



With the aim to increase recognition, value, and demand for Norwegian seafood in Japan, where little is known about countries of origin, we proposed and executed branding and consumer campaigns that would secure shelf space.

Measures implemented




Starting from concept development that captured target insights, we designed and executed a 360° digital x experience campaign that created touch points at every stage and channel of the customer journey, thereby making “Made in Norway” more memorable.

Example 2 of FAST COMPANY Utilizing Group Synergy

Utilizing Group products centered on strategic PR, digital marketing, and influencer marketing, we achieved VECTOR's unique PR-driven integrated marketing communications.

Example: Opening of FENDER FLAGSHIP TOKYO



Overall communication strategy

Opening concept formulation

FENDER COUNT DOWN 50
2023.06.30 GRAND OPENING

Communication design

Interest (Social media) → Popularity (PR) → Understanding (Ad)

Measures implemented

FENDER FLAGSHIP TOKYO
June 30, 2023: World-first flagship store

Countdown planning

Digital signage

Videos and social media

PR

Events

We were responsible for everything from formulating the campaign concept to implementing it for the world's first flagship store FENDER FLAGSHIP TOKYO, which opened in Harajuku in June 2023, with the aim of gaining awareness and encouraging people of all ages to visit.

50 days before the opening, we started a countdown project with 50 artists from around the world, maximizing popularity by linking PR, social media, and videos in preparation for the opening. We succeeded in attracting visitors with an advertising equivalent of upwards of 1 billion JPY, total video views over 8 million, and waiting time of 10 hours.

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

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

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

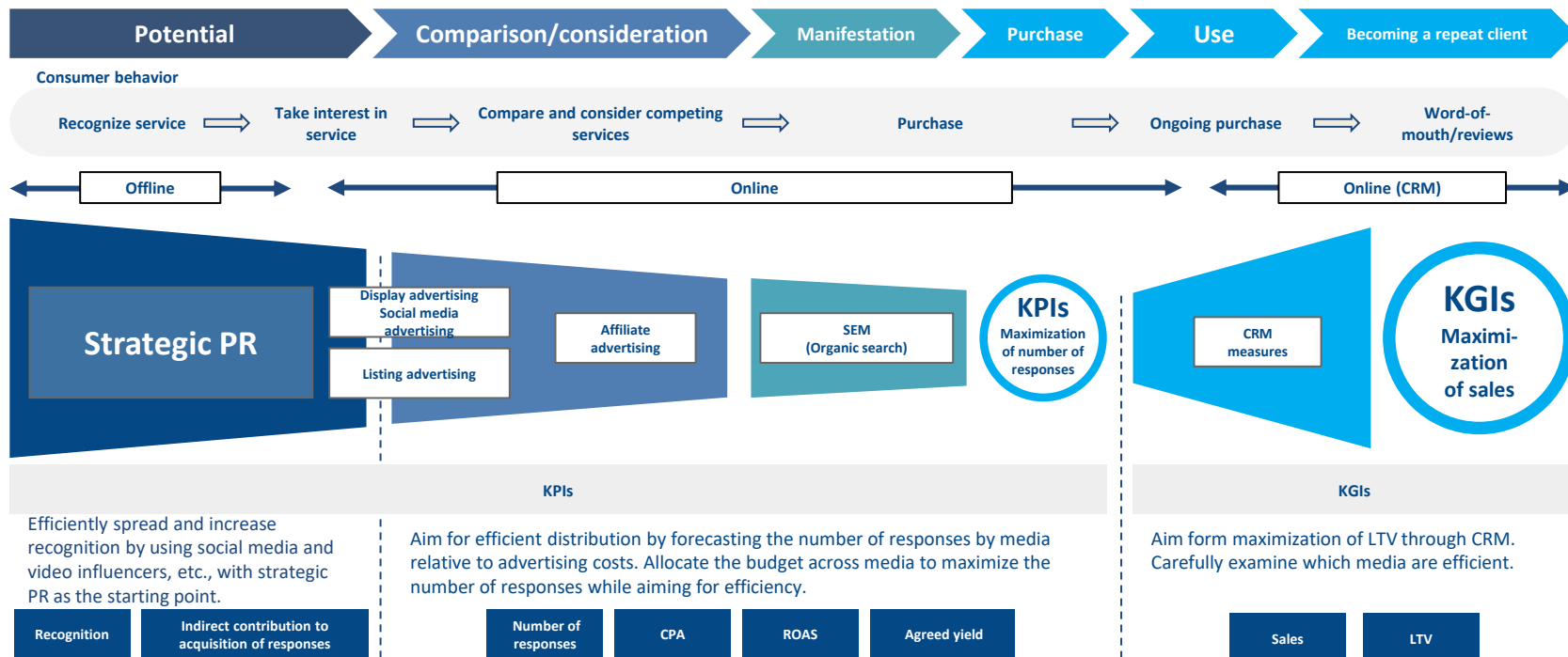
Celebrity Casting					
Cast celebrities for content including websites, online videos and events.					
				★ Starbank	
Press Releases	PR Consulting	Video Releases	Influencers	Digital Marketing	Risk Management
#1 press release service in Japan with over 90,000 clients. Used by 57% of publicly-listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.	From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.	Next-generation communication based on the production and distribution of video news from a PR standpoint, delivering content direct to the target audience.	Support corporate service/product branding through SNS influencers.	Integrated support from website production and system creation to digital promotion; Can also handle owned media creation and operation, and production of PR videos.	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.
	vector ANTIL vector Platinum vector INITIAL		★ Starbank INFLUENCER BANK	NT Tryhatch Keyword marketing	BRAND CLOUD

JPY 0

JPY 100 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.



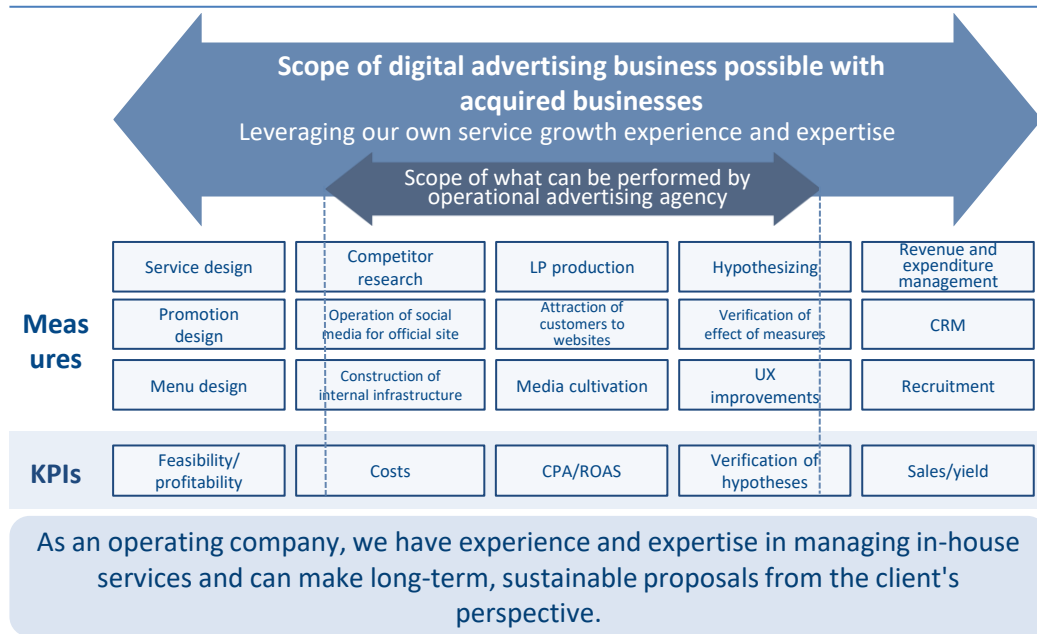
M&A Results (Business Transfer)

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
Over 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

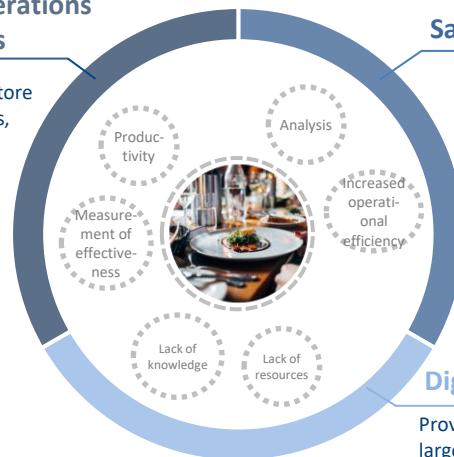
Business

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	 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

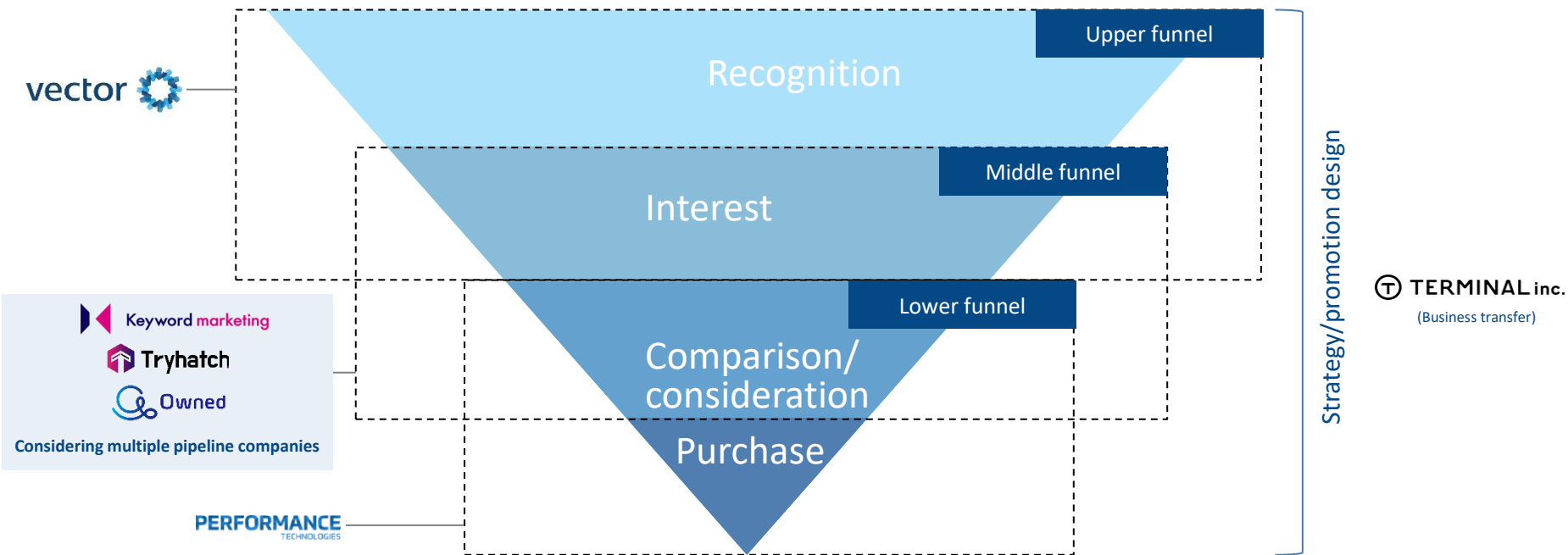
Accelerate organic growth through effective M&A and aim for discontinuous growth

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	Possess extensive knowledge related to M&As and financing Make careful decisions at the Board of Directors with a majority of External Directors
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

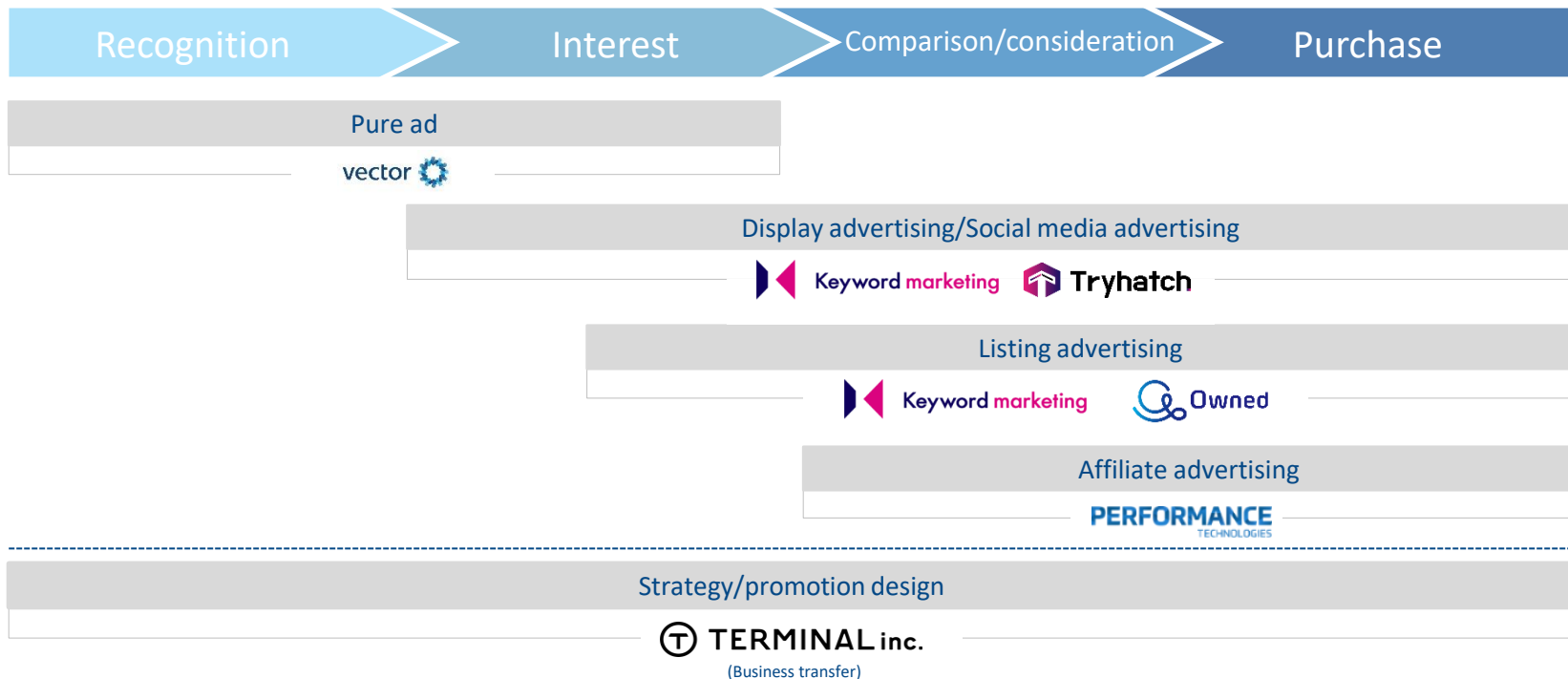
Develop businesses that can handle each funnel based on the purchasing process of consumers

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.