



Summary of Consolidated Financial Results for the Fiscal Year Ended February 29, 2024

April 12, 2024

Company name: VECTOR INC.

Listing: Tokyo Stock Exchange

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

Representative: Keiji Nishie, Chairman and Representative Director

Contact: Yosuke Goto, Director and CFO

Tel: +81-3-5572-6080

Scheduled date of Annual General Meeting of Shareholders: May 30, 2024 Scheduled date of dividend payment: May 31, 2024

Scheduled date of filing of Annual Securities Report: May 31, 2024

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 31, 2023–February 29, 2024)

(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	%
Fiscal year ended Feb. 29, 2024	59,212	7.2	6,939	10.6	6,871	3.7	4,684	47.7
Fiscal year ended Feb. 28, 2023	55,225	14.8	6,276	22.4	6,623	27.2	3,172	53.1

Note: Comprehensive income Fiscal year ended Feb. 29, 2024: 5,844 million yen (up 63.8%)
Fiscal year ended Feb. 28, 2023: 3,568 million yen (up 125.2%)

	Earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended Feb. 29, 2024	98.12	—	32.2	17.2	11.7
Fiscal year ended Feb. 28, 2023	66.54	—	25.1	19.5	11.4

Reference: Equity in earnings (losses) of affiliates Fiscal year ended Feb. 29, 2024: (157) million yen
Fiscal year ended Feb. 28, 2023: 2 million yen

Note: Diluted earnings per share has been omitted due to the absence of potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Feb. 29, 2024	43,621	19,975	37.1	344.64
As of Feb. 28, 2023	36,343	15,759	35.6	271.38

Reference: Shareholders' equity As of Feb. 29, 2024: 16,168 million yen
As of Feb. 28, 2023: 12,938 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Feb. 29, 2024	4,451	(1,146)	(882)	15,820
Fiscal year ended Feb. 28, 2023	1,457	(1,288)	(358)	13,372

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Feb. 28, 2023	—	0.00	—	19.00	19.00	905	28.6	7.2
Fiscal year ended Feb. 29, 2024	—	0.00	—	29.00	29.00	1,360	29.6	9.4
Fiscal year ending Feb. 28, 2025 (forecast)	—	0.00	—	31.00	31.00		29.1	

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024–February 28, 2025)

(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
First half	29,200	2.2	1,982	33.6	1,910	12.5	829	0.7	17.67
Full year	63,000	6.4	8,500	22.5	8,350	21.5	5,000	6.7	106.58

* Notes

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

(2) 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 “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 15 for further information.

(3) Number of issued shares (common stock)

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

As of Feb. 29, 2024:	48,176,100 shares	As of Feb. 28, 2023:	47,936,100 shares
----------------------	-------------------	----------------------	-------------------

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

As of Feb. 29, 2024:	1,262,061 shares	As of Feb. 28, 2023:	262,061 shares
----------------------	------------------	----------------------	----------------

3) Average number of shares during the period

Fiscal year ended Feb. 29, 2024:	47,742,872 shares	Fiscal year ended Feb. 28, 2023:	47,674,039 shares
----------------------------------	-------------------	----------------------------------	-------------------

Note: Please refer to the section “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Per Share Information” on page 21 for further information.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 31, 2023–February 29, 2024)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Feb. 29, 2024:	8,743	15.2	(258)	(119.3)	1,101	(46.2)	2,483	71.0
Fiscal year ended Feb. 28, 2023:	7,588	28.0	1,338	474.8	2,048	100.0	1,451	(19.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Feb. 29, 2024	52.01	—
Fiscal year ended Feb. 28, 2023	30.45	—

Note: Diluted earnings per share has been omitted due to the absence of potential shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Feb. 29, 2024	17,689	6,706	37.9	142.95
As of Feb. 28, 2023	13,518	5,840	43.2	122.51

Reference: Shareholders' equity As of Feb. 29, 2024: 6,706 million yen
As of Feb. 28, 2023: 5,840 million yen

* The financial report is not subject to audit 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. Please refer to "1. Overview of Results of Operations, (1) Results of Operations" on page 2 of the attachments regarding the forecasts shown in this material.

VECTOR released the financial results briefing materials today (April 12, 2024) and plans to upload a financial results briefing video on its website on Friday, April 19, 2024.

Contents

1. Overview of Results of Operations.....	2
(1) Results of Operations	2
(2) Financial Position.....	4
(3) Basic Policy for Profit Distribution, and Dividends for the Current and Next Fiscal Years.....	6
2. Basic Approach to the Selection of Accounting Standards.....	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet.....	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income.....	10
(3) Consolidated Statement of Changes in Equity.....	11
(4) Consolidated Statement of Cash Flows.....	14
(5) Notes to Consolidated Financial Statements.....	16
Going Concern Assumption	16
Changes in Accounting Policies	16
Additional Information.....	16
Segment and Other Information	16
Per Share Information	21
Subsequent Events	21

1. Overview of Results of Operations

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

(1) Results of Operations

1) Results for FY2024

During FY2024, ended February 29, 2024, 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 without favoring 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.

In the advertising industry, according to the “2023 Advertising Expenditures in Japan” report released by Dentsu Inc. in February 2024, total advertising expenditures in Japan for calendar 2023 reached 7,316.7 billion yen, up 3% year on year. Despite various factors such as the Ukraine crisis and rising prices, the year once again saw a new record high. Of this, internet advertising expenditures accounted for 3,333.0 billion yen, up 7.8% year on year. This growth can be attributed to the digitalization of society, driving the entire advertising market.

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.

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 1,781 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 141 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 7.2% year on year to 59,212 million yen, operating profit grew 10.6% to 6,939 million yen, ordinary income rose 3.7% to 6,871 million yen, and profit attributable to owners of parent surged 47.7% to 4,684 million yen.

Business segment performance is as follows.

Starting from the first quarter of the fiscal year ended 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 “3. Consolidated Financial Statements and Notes, (5) Notes to 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. This has resulted in us achieving record-high sales despite the transfer of shares in SIGNAL, Inc. in the third quarter. VECTOR also recorded allowance for doubtful accounts of 755 million yen as accounts receivable—trade for a specific customer in the digital marketing domain in the second quarter, which led to a decline in operating profit.

In addition, in March 2023, VECTOR acquired Tryhatch, Inc., which helps companies attract customers by using social media, 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 9.6% to 34,598 million yen and operating profit decreased 20.6% to 2,763 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 February 2024, the number of companies using PR TIMES surpassed 94,000. As a result, 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 19.8% to 6,836 million yen and operating profit grew 46.7% to 1,746 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. In addition to this, VECTOR sold its shares in Direct Tech, Inc. in the third quarter. Although these factors resulted in a decline in sales, operating profit reached an all-time high. Further, 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.

Segment sales decreased 12.1% year on year to 12,912 million yen, while operating profit rose 2.2% to 1,006 million yen.

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 286 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 reduced the operating loss by 319 million yen year on year to 189 million yen.

Segment sales increased 16.2% year on year to 2,787 million yen and operating profit of 97 million yen was posted, compared with an operating loss of 156 million yen in the previous fiscal year.

Investment

Valuation losses were recognized in certain investments. However, we sold a portion of our holdings in the second half in line with our initial plan, resulting in record-high operating profit.

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., VALUE CREATION Co., Ltd., and HATCH WORK CO., LTD. listed on the Tokyo Stock Exchange's Growth Market on June 29, 2023, November 22, 2023, and March 26, 2024, respectively.

Segment sales grew 53.6% to 2,459 million yen and operating profit climbed 71.0% to 1,326 million yen year on year.

2) Outlook

The outlook remains uncertain due to ongoing inflationary pressure resulting from the surge in energy prices as a consequence of the Ukraine crisis, coupled with rising prices and interest rates.

The VECTOR Group will continue to operate as a "fast company" providing comprehensive support for marketing activities with the goal of making people aware of the outstanding products, services, and other attributes of our clients. To achieve this, we are committed to strengthening our marketing infrastructure enabling us to address diverse customer needs in a one-stop manner. By doing so, we aim to sustain overall steady growth and enhance performance.

Given these factors, our forecasts for the Group for FY2025 are as follows.

Consolidated Forecast

Consolidated forecast for the fiscal year ending February 28, 2025 (Millions of yen)

	FY2/24 (Results)	FY2/25 (Forecasts)	Change	Change (%)
Net sales	59,212	63,000	3,787	6.4
Operating profit	6,939	8,500	1,560	22.5
Ordinary income	6,871	8,350	1,478	21.5
Profit attributable to owners of parent	4,684	5,000	315	6.7
Earnings per share	98.12	106.58		

Forecast for the first half of the fiscal year ending February 28, 2025 (Millions of yen)

	FY2/24 (Results)	FY2/25 (Forecasts)	Change	Change (%)
Net sales	28,565	29,200	634	2.2
Operating profit	1,483	1,982	498	33.6
Ordinary income	1,697	1,910	212	12.5
Profit attributable to owners of parent	823	829	5	0.7
Earnings per share	17.25	17.67		

Consolidated Forecast by Business Segment

Forecast for operating profit by business segment for the fiscal year ending February 28, 2025 (Millions of yen)

	FY2/24 (Results)	FY2/25 (Forecasts)	Change	Change (%)
PR and Advertising	2,763	4,132	1,368	49.5
Press Release Distribution	1,746	1,900	153	8.8
Direct Marketing	1,006	1,233	226	22.6
HR	97	635	537	553.2
Investment	1,326	600	(726)	(54.8)
Segment total	6,939	8,500	1,560	22.5

Forecast for operating profit by business segment for the first half of the fiscal year ending February 28, 2025 (Millions of yen)

	FY2/24 (Results)	FY2/25 (Forecasts)	Change	Change (%)
PR and Advertising	920	1,720	799	86.9
Press Release Distribution	890	842	(48)	(5.5)
Direct Marketing	(237)	(580)	(342)	—
HR	(9)	165	174	—
Investment	(80)	(165)	(84)	—
Segment total	1,483	1,982	498	33.6

The anticipated performance being skewed toward the second half stems from our strategic approach of maximizing revenue throughout the fiscal year. This involves allocating significant advertising budgets to Direct Marketing from the start of the fiscal year, as in FY2024. Additionally, the expected gain from sales in the Investment segment during the second half contributes to this trend.

Regarding forecasts for our key segments, in PR and Advertising, we anticipate sustained high growth driven by robust domestic operations, which continue to lead performance. We expect this to be complemented by the turnaround to profitability in overseas operations, the restructuring of unprofitable ventures, and achieving profitability in new ventures. In Press Release Distribution, we are projecting continued growth by maintaining a certain level of advertising investment in FY2025, aimed at increasing the number of companies using PR TIMES. Additionally, we plan to invest in businesses, particularly to strengthen peripheral areas. In Direct Marketing, we expect to secure profits in the second half, following a strategy similar to FY2024, by allocating advertising budget to existing products in the first half while accelerating up-front investments for new product development. In HR, we made up-front investments in the JOBTV business up until FY2024. Performance has therefore been solid in JOBTV, a recruiting platform using video content. Additionally, M&As have helped establish business foundations. Consequently, we anticipate turning a profit in FY2025, even as we continue with our up-front investments. In the Investment segment, similar to FY2024, we anticipate selling certain holdings in the second half of FY2025 in light of stock market trends.

Note that the forecasts provided above were determined based on information available at the time this announcement was made. Actual performance may differ from the forecast numbers due to various factors.

(2) Financial Position

1) Assets, liabilities and net assets

Assets

Total assets as of February 29, 2024 increased 7,277 million yen year on year to 43,621 million yen.

Current assets increased 3,132 million yen to 33,247 million yen. This was mainly due to increases of 2,447 million yen in cash and deposits, 265 million yen in operational investment securities, 751 million yen in advance payments included in other under current

assets, and 437 million yen in accounts receivable—other, while there was a decrease of 703 million yen in deposits paid included in other under current assets.

Non-current assets increased 4,144 million yen to 10,373 million yen. This was mainly due to increases of 239 million yen in buildings and structures, 1,053 million yen in leased assets, 1,853 million yen in goodwill, and 272 million yen in long-term prepaid expenses included in other under investments and other assets.

Liabilities

Total liabilities as of February 29, 2024 increased 3,061 million yen year on year to 23,645 million yen.

Current liabilities decreased 2,949 million yen to 13,673 million yen. This was primarily due to decreases of 3,018 million yen in short-term borrowings and 1,140 million yen in accounts payable—other, while there were increases of 360 million yen in current portion of long-term borrowings, 733 million yen in income taxes payable, and 217 million yen in lease obligations.

Non-current liabilities increased 6,010 million yen to 9,971 million yen. This was primarily due to increases of 4,773 million yen in long-term borrowings, 757 million yen in lease obligations, and 420 million yen in deferred tax liabilities.

Net assets

Total net assets as of February 29, 2024 increased 4,215 million yen year on year to 19,975 million yen. This was primarily due to increases of 158 million yen in share capital, 130 million yen in capital surplus, 3,769 million yen in retained earnings, 300 million yen in valuation difference on available-for-sale securities, and 986 million yen in non-controlling interests, while there was a decrease of 1,187 million yen due to purchase of treasury shares.

2) Cash Flows

Cash and cash equivalents at the end of the fiscal year ended February 29, 2024 increased 2,447 million yen year on year to 15,820 million yen.

Consolidated results in the fiscal year ended February 29, 2024, for each category of cash flows and the main factors underlying the results are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to 4,451 million yen, up 205.5% over the previous fiscal year. Main cash inflows include profit before income taxes of 8,347 million yen, depreciation of 578 million yen, amortization of goodwill of 476 million yen, impairment losses of 426 million yen, and decrease in deposits paid of 705 million yen. Main cash outflows include gain on sale of shares of subsidiaries and associates of 1,922 million yen, increase in inventories of 555 million yen, increase in advance payments of 741 million yen, decrease in accounts payable—other of 935 million yen, and income taxes paid of 1,936 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,146 million yen, compared with 1,288 million yen in FY2024. Main cash inflows include proceeds from divestments of 355 million yen and proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation of 2,211 million yen. Main cash outflows include purchase of property, plant and equipment of 412 million yen, purchase of intangible assets of 493 million yen, payments for investments in capital of 165 million yen, payments for acquisition of businesses of 380 million yen, and purchase of shares of subsidiaries resulting in change in scope of consolidation of 2,050 million yen.

Cash flows from financing activities

Net cash used in financing activities was 882 million yen, compared with 358 million yen in the FY2024. Main cash inflows include proceeds from long-term borrowings of 7,139 million yen. Main cash outflows include a net decrease in short-term borrowings of 3,072 million yen, repayments of long-term borrowings of 2,287 million yen, redemption of bonds of 176 million yen, purchase of treasury shares of 1,187 million yen, repayments of lease obligations of 202 million yen, and dividends paid of 905 million yen.

Trends in the VECTOR Group's cash flow indicators are as follows.

	FY2/21	FY2/22	FY2/23	FY2/24
Equity ratio (%)	39.4	39.2	35.6	37.1
Equity ratio based on market value (%)	182.4	167.9	183.5	135.2
Ratio of interest-bearing debt to cash flows (years)	1.8	1.2	6.7	2.8
Interest coverage ratio (times)	78.59	102.15	36.65	34.85

The above figures are calculated as follows.

Equity ratio = Shareholders' equity / Total assets

Equity ratio based on market value = Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows = Interest-bearing debt / Cash flows

Interest coverage ratio = Cash flows / Interest payments

Notes: 1. All indicators are calculated based on consolidated figures.

2. Cash flows are calculated using cash flows from operating activities.

3. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest. Interest payments are based on the interest paid in the consolidated statement of cash flows.

(3) Basic Policy for Profit Distribution, and Dividends for the Current and Next Fiscal Years

The VECTOR Group views returning profits to shareholders as an important management issue. Accordingly, we will strive to return profits by increasing corporate value through medium- to long-term business growth and by providing stable dividends. Our articles of incorporation stipulate that we may provide interim dividends. However, our basic policy is to distribute surplus earnings once a year through year-end dividends. Taking into consideration factors such as maintaining a sound financial structure and enhancing internal reserves for active business expansion, we intend to continue providing dividends while maintaining a consolidated dividend payout ratio of around 30%.

Given these factors, we plan to pay a dividend of 29 yen per share from dividends of surplus for the year ended February 29, 2024, as stated in Notice of Revision of the Consolidated Forecast for the Fiscal Year Ending February 29, 2024, and Revision of the Dividend Forecast released on January 12, 2024.

We also plan to pay a dividend of 31 yen per share for FY2025 in line with this basic policy.

2. Basic Approach to the Selection of Accounting Standards

The consolidated financial statements of the VECTOR Group are prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapters 7 and 8) (Ordinance of the Ministry of Finance No. 28, 1976) for the purpose of facilitating comparisons with other companies and prior years.

We will appropriately address the adoption of International Financial Reporting Standards (IFRS), considering relevant factors in both Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2/23 As of Feb. 28, 2023	FY2/24 As of Feb. 29, 2024
Assets		
Current assets		
Cash and deposits	13,372	15,820
Notes and accounts receivable—trade, and contract assets	7,484	7,314
Operational investment securities	4,550	4,815
Merchandise and finished goods	1,427	1,655
Costs on service contracts in progress	547	492
Other	2,928	3,494
Allowance for doubtful accounts	(195)	(345)
Total current assets	30,115	33,247
Non-current assets		
Property, plant and equipment		
Buildings and structures	834	1,074
Machinery, equipment and vehicles	9	28
Tools, furniture and fixtures	864	956
Leased assets	69	1,123
Construction in progress	7	66
Accumulated depreciation	(947)	(1,294)
Total property, plant and equipment	837	1,953
Intangible assets		
Goodwill	1,780	3,633
Software	417	480
Other, net	67	297
Total intangible assets	2,265	4,411
Investments and other assets		
Investment securities	945	1,175
Deferred tax assets	1,228	1,232
Leasehold and guarantee deposits	808	770
Other, net	455	1,848
Allowance for doubtful accounts	(312)	(1,019)
Total investments and other assets	3,126	4,008
Total non-current assets	6,228	10,373
Total assets	36,343	43,621

(Millions of yen)

	FY2/23 As of Feb. 28, 2023	FY2/24 As of Feb. 29, 2024
Liabilities		
Current liabilities		
Accounts payable—trade	2,513	2,505
Accounts payable—other	2,385	1,244
Short-term borrowings	5,056	2,038
Current portion of long-term borrowings	1,601	1,961
Current portion of bonds payable	218	88
Lease obligations	6	224
Income taxes payable	940	1,673
Provision for bonuses	662	553
Provision for shareholder benefit program	26	20
Provision for loss on business liquidation	9	—
Contract liabilities	2,182	1,879
Other	1,020	1,484
Total current liabilities	16,623	13,673
Non-current liabilities		
Long-term borrowings	2,802	7,576
Bonds payable	78	36
Lease obligations	1	758
Deferred tax liabilities	757	1,178
Retirement benefit liability	36	45
Other	284	377
Total non-current liabilities	3,960	9,971
Total liabilities	20,584	23,645
Net assets		
Shareholders' equity		
Share capital	2,880	3,038
Capital surplus	—	130
Retained earnings	8,173	11,942
Treasury shares	(259)	(1,447)
Total shareholders' equity	10,793	13,664
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,974	2,274
Foreign currency translation adjustment	169	229
Total accumulated other comprehensive income	2,144	2,503
Share acquisition rights	9	8
Non-controlling interests	2,812	3,798
Total net assets	15,759	19,975
Total liabilities and net assets	36,343	43,621

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY2/23 Mar. 1, 2022–Feb. 28, 2023	FY2/24 Mar. 1, 2023–Feb. 29, 2024
Net sales	55,225	59,212
Cost of sales	20,078	21,541
Gross profit	35,146	37,671
Selling, general and administrative expenses	28,870	30,731
Operating profit	6,276	6,939
Non-operating income		
Interest and dividend income	5	9
Share of profit of entities accounted for using equity method	2	—
Foreign exchange gains	7	12
Gain on investments in investment partnerships	366	313
Other	61	79
Total non-operating income	442	414
Non-operating expenses		
Interest expenses	40	128
Provision of allowance for doubtful accounts	1	3
Share of loss of entities accounted for using equity method	—	157
Loss on investments in investment partnerships	41	23
Commission expenses	0	95
Other	11	74
Total non-operating expenses	95	482
Ordinary income	6,623	6,871
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	1,922
Gain on sale of businesses	—	19
Gain on step acquisitions	33	—
Gain on reversal of share acquisition rights	1	2
Total extraordinary income	141	1,944
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	72	8
Impairment losses	793	426
Loss on liquidation of business	31	—
Provision for loss on business liquidation	8	—
Loss on valuation of investment securities	134	14
Loss on change in equity	0	—
Loss on sale of shares of subsidiaries and associates	1	—
Loss on liquidation of subsidiaries and associates	10	14
Loss on valuation of goods	—	3
Loss on cancellation of leases	—	0
Total extraordinary losses	1,052	469
Profit before income taxes	5,712	8,347
Income taxes—current	2,159	2,668
Income taxes—deferred	(38)	147
Total income taxes	2,121	2,816
Profit	3,590	5,530
Profit attributable to non-controlling interests	418	846
Profit attributable to owners of parent	3,172	4,684

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2/23 Mar. 1, 2022–Feb. 28, 2023	FY2/24 Mar. 1, 2023–Feb. 29, 2024
Profit	3,590	5,530
Other comprehensive income		
Valuation difference on available-for-sale securities	(117)	249
Foreign currency translation adjustment	85	48
Share of other comprehensive income of entities accounted for using equity method	9	15
Total other comprehensive income	(22)	313
Comprehensive income	3,568	5,844
Comprehensive income attributable to:		
Owners of parent	3,127	5,044
Non-controlling interests	440	799

(3) Consolidated Statement of Changes in Equity

FY2/23 (Mar. 1, 2022–Feb. 28, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,880	480	7,076	(259)	10,176
Cumulative effects of changes in accounting policies			28		28
Restated balance	2,880	480	7,104	(259)	10,205
Changes during period					
Issuance of new shares					—
Dividends of surplus			(619)		(619)
Profit attributable to owners of parent			3,172		3,172
Purchase of treasury shares					—
Change in scope of consolidation					—
Change in scope of equity method					—
Purchase of shares of consolidated subsidiaries		(767)			(767)
Sale of shares of consolidated subsidiaries					—
Change in ownership interest of parent due to transactions with non-controlling interests		(1,196)			(1,196)
Transfer from retained earnings to capital surplus		1,483	(1,483)		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	(480)	1,069	—	588
Balance at end of period	2,880	—	8,173	(259)	10,793

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	2,114	74	2,189	4	3,807	16,178
Cumulative effects of changes in accounting policies						28
Restated balance	2,114	74	2,189	4	3,807	16,206
Changes during period						
Issuance of new shares						—
Dividends of surplus						(619)
Profit attributable to owners of parent						3,172
Purchase of treasury shares						—
Change in scope of consolidation						—
Change in scope of equity method						—
Purchase of shares of consolidated subsidiaries						(767)
Sale of shares of consolidated subsidiaries						—
Change in ownership interest of parent due to transactions with non-controlling interests						(1,196)
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	(140)	95	(45)	4	(995)	(1,035)
Total changes during period	(140)	95	(45)	4	(995)	(447)
Balance at end of period	1,974	169	2,144	9	2,812	15,759

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,880	—	8,173	(259)	10,793
Cumulative effects of changes in accounting policies					—
Restated balance	2,880	—	8,173	(259)	10,793
Changes during period					
Issuance of new shares	158	158			317
Dividends of surplus			(905)		(905)
Profit attributable to owners of parent			4,684		4,684
Purchase of treasury shares				(1,187)	(1,187)
Change in scope of consolidation			(6)		(6)
Change in scope of equity method			(3)		(3)
Purchase of shares of consolidated subsidiaries		(44)			(44)
Sale of shares of consolidated subsidiaries		(7)			(7)
Change in ownership interest of parent due to transactions with non-controlling interests		23			23
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity					—
Total changes during period	158	130	3,769	(1,187)	2,870
Balance at end of period	3,038	130	11,942	(1,447)	13,664

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,974	169	2,144	9	2,812	15,759
Cumulative effects of changes in accounting policies						—
Restated balance	1,974	169	2,144	9	2,812	15,759
Changes during period						
Issuance of new shares						317
Dividends of surplus						(905)
Profit attributable to owners of parent						4,684
Purchase of treasury shares						(1,187)
Change in scope of consolidation						(6)
Change in scope of equity method						(3)
Purchase of shares of consolidated subsidiaries						(44)
Sale of shares of consolidated subsidiaries						(7)
Change in ownership interest of parent due to transactions with non-controlling interests						23
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	300	59	359	(1)	986	1,345

Total changes during period	300	59	359	(1)	986	4,215
Balance at end of period	2,274	229	2,503	8	3,798	19,975

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2/23 Mar. 1, 2022–Feb. 28, 2023	FY2/24 Mar. 1, 2023–Feb. 29, 2024
Cash flows from operating activities		
Profit before income taxes	5,712	8,347
Depreciation	435	578
Amortization of goodwill	301	476
Amortization of long-term prepaid expenses	6	1
Gain on bargain purchase	(15)	—
Depreciation and amortization on other	105	93
Loss (gain) on step acquisitions	(33)	—
Loss (gain) on change in equity	0	—
Impairment losses	793	426
Loss (gain) on sale of non-current assets	(0)	1
Loss on retirement of non-current assets	72	8
Loss (gain) on valuation of investment securities	134	14
Loss (gain) on investments in investment partnerships	(324)	(290)
Share of loss (profit) of entities accounted for using equity method	(2)	157
Loss (gain) on sale of shares of subsidiaries and associates	(86)	(1,922)
Loss on valuation of goods	—	3
Loss (gain) on liquidation of subsidiaries and associates	10	14
Loss (gain) on sale of businesses	—	(19)
Gain on reversal of share acquisition rights	(1)	(2)
Increase (decrease) in allowance for doubtful accounts	139	792
Increase (decrease) in provision for bonuses	12	(115)
Increase (decrease) in provision for shareholder benefit program	(83)	(6)
Increase (decrease) in provision for loss on business liquidation	(3)	(9)
Increase (decrease) in retirement benefit liability	(11)	3
Interest and dividend income	(5)	(9)
Interest expenses	40	128
Decrease (increase) in trade receivables and contract assets	(925)	397
Decrease (increase) in inventories	(948)	(555)
Decrease (increase) in investment securities for sale	(545)	151
Increase (decrease) in trade payables	641	12
Decrease (increase) in deposits paid	(982)	705
Decrease (increase) in advance payments	(209)	(741)
Increase (decrease) in accounts payable-other	698	(935)
Increase (decrease) in contract liabilities	(465)	(313)
Decrease (increase) in distressed receivables	(84)	(706)
Other, net	(388)	(176)
Subtotal	3,983	6,510
Interest and dividends received	5	5
Interest paid	(39)	(127)
Income taxes paid	(2,491)	(1,936)
Net cash provided by (used in) operating activities	1,457	4,451

(Millions of yen)

	FY2/23 Mar. 1, 2022–Feb. 28, 2023	FY2/24 Mar. 1, 2023–Feb. 29, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(261)	(412)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(246)	(493)
Purchase of investment securities	(99)	(119)
Proceeds from sale of investment securities	—	1
Payments for investments in capital	(78)	(165)
Proceeds from divestments	515	355
Loan advances	(34)	(30)
Proceeds from collection of loans receivable	247	139
Proceeds from sale of businesses	—	21
Payments for acquisition of businesses	(550)	(380)
Proceeds from liquidation of subsidiaries and associates	32	—
Purchase of shares of subsidiaries and associates	(13)	(177)
Payments of leasehold and guarantee deposits	(19)	(108)
Proceeds from refund of leasehold and guarantee deposits	102	61
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(978)	(2,050)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	84	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	24	2,211
Other, net	(13)	—
Net cash provided by (used in) investing activities	(1,288)	(1,146)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,711	(3,072)
Proceeds from long-term borrowings	901	7,139
Repayments of long-term borrowings	(1,660)	(2,287)
Redemption of bonds	(186)	(176)
Expenditure for redemption of convertible bonds with subscription rights to shares	(20)	(43)
Proceeds from issuance of share acquisition rights	5	—
Proceeds from share issuance to non-controlling shareholders	1	4
Purchase of treasury shares	—	(1,187)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,028)	(69)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	6
Purchase of treasury shares of subsidiaries	(1,990)	(36)
Proceeds from disposal of treasury shares of subsidiaries	5	31
Repayments of lease obligations	(33)	(202)
Dividends paid	(618)	(905)
Dividends paid to non-controlling interests	(90)	—
Amount of distribution paid to investment business members	(355)	(84)
Net cash provided by (used in) financing activities	(358)	(882)
Effect of exchange rate change on cash and cash equivalents	40	25
Net increase (decrease) in cash and cash equivalents	(149)	2,447
Cash and cash equivalents at beginning of period	13,522	13,372
Cash and cash equivalents at end of period	13,372	15,820

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

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 FY2024. 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. The consolidated financial statements remain unaffected by the implementation of the Guidance.

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 FY2024. 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. Overview of reportable segments

The VECTOR Group is comprised of five reportable segments: PR and Advertising, Press Release Distribution, Direct Marketing, HR, and Investment. The reportable segments represent distinct components of the Group for which financial information is accessible. They are subject to regular review by the Board of Directors, who use this information to make decisions regarding resource allocation and to evaluate performance.

PR and Advertising not only encompasses traditional PR activities but also includes strategic PR, which leverages PR techniques in the advertising field. Through this approach, we provide consulting services to support PR for clients' products and services, as well as engage in advertising sales through IoT signage services utilizing tablets installed in taxi vehicles. Most of these services are provided to clients through Group companies. Each of these companies strategically operates across various media domains, including traditional media, blogs, and social media, while also targeting different markets for expansion, such as Japan, China, ASEAN, and others.

Press Release Distribution delivers press releases containing information about clients' products and services, based on their publicity requests. The business functions as a platform that connects companies with consumers through press releases.

Direct Marketing operates a direct-to-consumer (D2C) business, developing and selling beauty-related products and services via the internet.

HR operates human resources-related services, offering consulting services to assist companies in implementing and managing personnel evaluation systems as well as cloud-based personnel evaluation services and recruitment support services utilizing a recruitment platform employing video content.

The Investment segment focuses on supporting the growth of startups.

Revisions for reportable segments

In FY2024, 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 FY2023 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 286 million yen in FY2024 compared to 352 million yen in FY2023, while JOBTV posted an operating loss of 189 million yen compared to an operating loss of 508 million yen due to advertising expenses and development expenses. Segment profit amounted to 97 million yen compared to loss

of 156 million yen in FY2023.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting treatment of reportable segments conforms to the accounting policies adopted in preparing the consolidated financial statements.

The profit of the reportable segments is based on operating profit.

Inter-segment sales and transfers are determined based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment, and breakdown of revenue

FY2/23 (Mar. 1, 2022–Feb. 28, 2023)

(Millions of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment			
Net sales								
Revenue from contracts with customers	31,112	5,569	14,550	2,393	—	53,625	—	53,625
Other revenue	—	—	—	—	1,599	1,599	—	1,599
External sales	31,112	5,569	14,550	2,393	1,599	55,225	—	55,225
Inter-segment sales and transfers	441	137	141	5	1	726	(726)	—
Total	31,553	5,706	14,691	2,398	1,601	55,951	(726)	55,225
Segment profit (loss)	3,481	1,190	984	(156)	775	6,276	0	6,276
Segment assets	20,402	5,235	4,687	1,256	4,876	36,457	(113)	36,343
Segment liabilities	12,830	798	3,142	3,073	852	20,697	(113)	20,584
Other items								
Depreciation	307	86	41	0	—	435	—	435
Investment in entities accounted for by equity method	231	13	18	—	—	263	—	263
Increase in property, plant and equipment and intangible assets	949	7	81	13	—	1,051	—	1,051

Notes: 1. The 0 million yen adjustment to segment profit (loss) is the elimination of inter-segment transactions. Additionally, the (113) million yen adjustment to segment assets and liabilities is the result of offsetting inter-segment receivables and payables.

2. Segment profit (loss) is adjusted to be consistent with operating profit in the consolidated financial statements.

(Millions of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment			
Net sales								
Revenue from contracts with customers	34,396	6,707	12,870	2,778	—	56,752	—	56,752
Other revenue	—	—	—	—	2,459	2,459	—	2,459
External sales	34,396	6,707	12,870	2,778	2,459	59,212	—	59,212
Inter-segment sales and transfers	202	129	42	8	—	382	(382)	—
Total	34,598	6,836	12,912	2,787	2,459	59,595	(382)	59,212
Segment profit	2,763	1,746	1,006	97	1,326	6,939	(0)	6,939
Segment assets	22,590	7,038	5,121	3,360	5,692	43,803	(182)	43,621
Segment liabilities	15,321	1,407	2,735	3,001	1,361	23,827	(182)	23,645
Other items								
Depreciation	426	117	32	1	—	578	—	578
Investment in entities accounted for by equity method	254	13	—	2	—	270	—	270
Increase in property, plant and equipment and intangible assets	1,522	302	39	1,398	—	3,262	—	3,262

Notes: 1. The (0) million yen adjustment to segment profit is the elimination of inter-segment transactions. Additionally, the (182) million yen adjustment to segment assets and liabilities is the result of offsetting inter-segment receivables and payables.

2. Segment profit is adjusted to be consistent with operating profit in the consolidated financial statements.

Related Information

FY2/23 (Mar. 1, 2022–Feb. 28, 2023)

1. Information by product or service

This information is omitted because the same information is presented in “Segment information.”

2. Information by region

(1) Net sales

This information is omitted since external sales in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external sales accounted for 10% or more of net sales in the consolidated statement of income.

FY2/24 (Mar. 1, 2023–Feb. 29, 2024)

1. Information by product or service

This information is omitted because the same information is presented in “Segment information.”

2. Information by region

(1) Net sales

This information is omitted since external sales in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external sales accounted for 10% or more of net sales in the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

FY2/23 (Mar. 1, 2022–Feb. 28, 2023)

(Millions of yen)

	Reportable segment					Elimination or corporate	Total
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment		
Impairment losses	753	—	39	—	—	—	793

FY2/24 (Mar. 1, 2023–Feb. 29, 2024)

(Millions of yen)

	Reportable segment					Elimination or corporate	Total
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment		
Impairment losses	426	—	—	—	—	—	426

Information related to amortization of goodwill and the unamortized balance for each reportable segment

FY2/23 (Mar. 1, 2022–Feb. 28, 2023)

(Millions of yen)

	Reportable segment					Elimination or corporate	Total
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment		
Amortization during the period	298	—	3	—	—	—	301
Balance at end of period	1,772	—	7	—	—	—	1,780

FY2/24 (Mar. 1, 2023–Feb. 29, 2024)

(Millions of yen)

	Reportable segment					Elimination or corporate	Total
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment		
Amortization during the period	320	34	1	119	—	—	476
Balance at end of period	2,199	252	—	1,181	—	—	3,633

Information related to gain on bargain purchase for each reportable segment

FY2/23 (Mar. 1, 2022–Feb. 28, 2023)

A gain on bargain purchase of 15 million yen was recorded as extraordinary income during the period in line with an additional acquisition of shares in Premium Cosme K.K., an equity-method affiliate of Direct Tech, Inc. Note that a gain on bargain purchase is not included in segment profit since it is extraordinary income.

FY2/24 (Mar. 1, 2023–Feb. 29, 2024)

Not applicable.

Per Share Information

	FY2/23 Mar. 1, 2022–Feb. 28, 2023	FY2/24 Mar. 1, 2023–Feb. 29, 2024
Net assets per share	¥271.38	¥344.64
Earnings per share	¥66.54	¥98.12

Notes: 1. Diluted earnings per share has been omitted due to the absence of potential shares.

2. The basis for calculating net assets per share is as follows.

	FY2/23 As of Feb. 28, 2023	FY2/24 As of Feb. 29, 2024
Total net assets (millions of yen)	15,759	19,975
Deduction on total net assets (millions of yen)	2,821	3,807
(of which, share acquisition rights (millions of yen))	9	8
(of which, non-controlling interests (millions of yen))	2,812	3,798
Net assets applicable to common shares at year-end (millions of yen)	12,938	16,168
Number of common shares at year-end used in calculation of net assets per share	47,674,039	46,914,039

3. The basis for calculating earnings per share is as follows.

	FY2/23 Mar. 1, 2022–Feb. 28, 2023	FY2/24 Mar. 1, 2023–Feb. 29, 2024
Earnings per share		
Profit attributable to owners of parent (millions of yen)	3,172	4,684
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent applicable to common shares (millions of yen)	3,172	4,684
Average number of common shares during the period	47,674,039	47,742,872

Subsequent Events

Cancellation of treasury shares

VECTOR implemented a cancellation of treasury shares following a resolution at the Board of Directors' meeting held on March 15, 2024 pursuant to the provisions of Article 178 of the Companies Act.

Matters pertaining to cancellation

(1) Type of shares cancelled

Common shares

(2) Number of shares cancelled

1,262,061 shares (percentage of total issued shares prior to cancellation: 2.62%)

(3) Date of cancellation

March 29, 2024

Reference:

The total number of issued shares following cancellation stands at 46,914,039.