



January 14, 2021

Summary of Consolidated Financial Results **for the Third Quarter of the Fiscal Year Ending February 28, 2021** **(Nine Months Ended November 30, 2020)**

[Japanese GAAP]

Company name:	Vector, Inc.	Listing:	Tokyo Stock Exchange, First Section
Securities code:	6058	URL:	https://www.vectorinc.co.jp/
Representative:	Hajime Hasegawa, President		
Contact:	Yosuke Goto, Director, General Manager, Corporate Planning Division	Tel:	+81-3-5572-6080
Scheduled date of filing of Quarterly Report:			January 14, 2021
Scheduled date of dividend payment:			-
Preparation of supplementary materials for quarterly financial results:			Yes
Holding of quarterly financial results meeting:			None

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2021 **(March 1, 2020 – November 30, 2020)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Nov. 30, 2020	27,522	0.8	2,016	(0.0)	2,193	(17.9)	75	-
Nine months ended Nov. 30, 2019	27,315	30.6	2,017	7.8	2,672	8.8	(25)	-

Note: Comprehensive income
 Nine months ended Nov. 30, 2020: 5,574 million yen (-%)
 Nine months ended Nov. 30, 2019 (109) million yen (-%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Nov. 30, 2020	1.58	-
Nine months ended Nov. 30, 2019	(0.53)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Nov. 30, 2020	31,806	15,570	39.5	263.75
As of Feb. 29, 2020	23,606	10,166	32.4	160.45

Reference: Shareholders' equity
 As of Nov. 30, 2020: 12,573 million yen
 As of Feb. 29, 2020: 7,649 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 29, 2020	-	0.00	-	0.00	0.00
Fiscal year ending Feb. 28, 2021	-	0.00	-	-	-
Fiscal year ending Feb. 28, 2021 (forecast)	-	-	-	-	-

Note: Revision to the most recently announced dividend forecast: None

The Articles of Incorporation provide for dividends with record dates at the end of each second quarter and fiscal year. Currently, the forecast for dividends with these record dates for the fiscal year ending February 28, 2021 has not been determined.

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2021 (March 1, 2020 – February 28, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	37,000	0.5	2,300	(20.4)	2,300	(30.8)	630	-	13.21

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

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

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

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 10 for further information.

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

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of issued shares (common stock)

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

As of Nov. 30, 2020:	47,936,100 shares	As of Feb. 29, 2020:	47,936,100 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2020:	261,946 shares	As of Feb. 29, 2020:	261,946 shares
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3) Average number of shares during the period

Nine months ended Nov. 30, 2020:	47,674,154 shares	Nine months ended Nov. 30, 2019:	47,326,676 shares
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* The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Appropriate use of business forecast and other special items

Forecasts regarding future performance in this material are based on information currently available to Vector and incorporate a variety of uncertainties. Actual performance may differ from these forecasts for a number of reasons including changes in internal or external factors affecting business operations. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 5 of the attachments regarding the forecasts shown in this material.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on the judgments of Vector as of January 14, 2021.

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending February 28, 2021, the Japanese economy was severely impacted as economic activity worldwide plummeted because of the COVID-19 crisis. In Japan, the state of emergency ended but the number of infections is currently climbing again. The economic outlook is still unclear because of the risk of another economic downturn, weakening of consumer spending and the labor market, and other problems caused by this crisis.

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, services and other attributes of our clients. To accomplish this goal, we strengthened highly effective services, chiefly digital services, and all group companies conducted extensive sales and other activities primarily involving our current clients.

We are using many activities to start and expand new services for supporting marketing strategies that make people aware of the outstanding attributes of our clients. To provide services that look ahead to emerging needs, we partnered with Intimate Merger, Inc. to establish a privacy technology company called Priv Tech, Inc. in March 2020. Priv Tech serves companies by providing Trust360, a consent management platform for users’ agreements to terms concerning the use of personal and other information. In April 2020, we used knowledge acquired from the operation of our digital signage service to launch THE TOKYO SALON VISION COVER, a signage media exclusively for high-end hair salons located mainly in Tokyo. In September 2020, we started providing the Atareru cloud service that helps customers identify and attract lead customers. This is our first activity in the sales technology sector. Using a database covering about 1.6 million companies, Atareru performs every step from the preparation of a sales list to obtaining appointments for sales calls and supervising the progress of sales activities. Another step was the establishment of Colorful Tails, Inc. for the development of hyper casual game content. We are interested in the hyper casual game category because of its excellent growth prospects from the standpoint of media in terms of advertising revenue. In addition, we established Medical Technologies, Inc. jointly with Business Intelligence, Inc., a medical marketing services company, in order to play a role in the digital transformation of the healthcare industry. Vector established Liver Bank, Inc. in December 2020. One activity of this company is a production business for communication using live streaming services. The main services are the management of streamers and support for live commerce. This company also has a fan community production business centered on the live streaming of music.

The direct marketing business, which has been growing rapidly in recent years, added a larger than planned number of new customers during the first quarter of the current fiscal year because of the strategy of making substantial advertising expenditures. The decision to increase advertising was based on increasing demand associated with people staying home due to the declaration of a state of emergency and on the ability to attract new customers efficiently. As a result, this business achieved record-high quarterly sales and operating profit in the first half and also set a new record high for operating profit in the first nine months.

The human resources business, which is one of several businesses added to the Vector Group through M&A activity in recent years, has been taking actions aimed at establishing the best possible structure for its business operations. The decline in the number of orders was larger than expected during the first half of the current fiscal year because of the decline in the number of sales meetings with people who have authority to make decisions. The cause was the decline in business activities associated with Japan’s declaration of a state of emergency. The worsened financial condition of many prospective customers was another reason of the lower number of orders. In the third quarter, the deficit decreased due to higher sales resulting from a recovery in orders and lower selling, general and administrative expenses as a result of closing of business locations.

In the second quarter, investing activities posted valuation losses on securities investments, mainly involving investments in some companies affected by the COVID-19 crisis. Gain on sales of investment securities of 1,023 million yen were recorded in the third quarter from the proceeds of selling seven securities held by the Vector Group to improve the efficiency of assets and strengthen its financial position.

Due to these activities, first nine months sales increased 0.8% to 27,522 million yen, operating profit decreased

0.0% to 2,016 million yen, ordinary profit decreased 17.9% to 2,193 million yen, and the profit attributable to owners of parent was 75 million yen compared with a loss of 25 million yen one year earlier.

In our venture capital business, we support companies where we make investments by supplying public relations and investor relations services and in other ways. Cyber Security Cloud, Inc., Branding Engineer CO.,LTD., Headwaters Co., Ltd., Inbound Tech Inc. and Koukandekirukun, Inc. were listed on the Mothers Market of the Tokyo Stock Exchange on March 26, 2020, July 7, 2020, September 29, 2020, December 18, 2020 and December 23, 2020, respectively.

Business segment performance was as follows.

The Vector Group started using revised reportable segments in the first quarter of the current fiscal year. Prior-year figures have been adjusted to conform to the revised segments in order to facilitate year-to-year comparisons. In the first quarter of the current fiscal year, the Public Relations segment was renamed the Public Relations and Advertising segment.

Public Relations and Advertising

The main activities of this business segment are strategic PR services centered on consulting and the sale of advertisements by using an IoT signage service, which is mainly for tablets placed in taxis. Companies cut back their marketing activities following the declaration of a state of emergency and restrictions kept people at home most of the time. As a result, COVID-19 reduced the volume of taxi signage advertisements and had other severe impacts on the activities of this segment. In the third quarter, marketing activities by companies started to recover. In this challenging environment, there were many new services in the digital domain in order to aim for more growth of the Vector Group. Examples include PR services, online PR events and live commerce support that utilizes social networking services. As a result, sales and operating profit significantly recovered compared with the first and second quarter results.

In this segment overall, sales decreased 12.8% to 12,689 million yen and operating profit decreased 62.0% to 727 million yen.

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 during the COVID-19 crisis. In November 2020, more than 47,000 companies were using this service. As a result, third quarter sales and operating profit surpassed the first and second quarters’ results to reach new all-time highs.

Segment sales increased 27.9% to 2,769 million yen and operating profit rose 110.2% to 1,103 million yen.

Video Release Distribution

The video release distribution business of NewsTV, Inc. has the vision of making video releases a widely used tool in the advertising and marketing industries. During the COVID-19 crisis, NewsTV conducted many sales activities for rapid online services and other measures to meet the needs of customers. As a result, this company was profitable in the third quarter despite a weak recovery in advertising activities by companies even after the end of the state of emergency.

Segment sales decreased 26.9% to 1,052 million yen and operating loss was 83 million yen compared with operating profit of 270 million yen one year earlier.

Direct Marketing

The direct marketing business consists of the operations of Vitabrid Japan, Inc. and other companies. In the first quarter, the advertising expenditures of these companies were very high with the strategic objective of maximizing sales and earnings for the entire fiscal year. This strategy reflects the increasing demand for direct marketing as more people stay at home because of COVID-19 as well as the ability to attract new customers efficiently. These activities resulted in a larger than planned number of new customers. As a result, third quarter

operating profit was 619 million yen, a new quarterly record, as in the second quarter.

Segment sales increased 38.9% to 8,760 million yen and operating profit increased 123.4% to 681 million yen.

Media

The performance of the media business of Smartmedia INC. benefited from a focus on business fields where it can use core strengths such as a service for building owned media. The goal was to convert to a business structure that is not vulnerable to changes in market conditions, such as the recent change in the order that search engine results are displayed. In addition, earnings benefited from the end of goodwill impairment that held down earnings in the previous fiscal year. As a result, the media business consistently achieved profitability from the fourth quarter of the previous fiscal year through the first nine months of the current fiscal year.

Segment sales decreased 8.2% to 613 million yen and operating profit was 55 million yen compared with a 227 million yen loss one year earlier.

Human Resources

ASHITA-TEAM Co., Ltd. operates a human resources cloud service that helps companies establish and operate employee evaluation systems. This service has excellent prospects for growth, in part because of the Japanese government's measures to promote working style reforms and there were measures to establish the best possible structure for providing this service. However, the number of sales meetings with people who have authority to make decisions decreased as economic activity in Japan declined following the declaration of a state of emergency. In addition, the financial condition of many prospective customers worsened. The result was a bigger-than-expected decrease in the number of orders during the first half. In the third quarter, the deficit decreased due to higher sales resulting from a recovery in orders and lower selling, general and administrative expenses as a result of closing of business locations.

Segment sales decreased 18.9% to 2,083 million yen and operating loss was 623 million yen compared with an 836 million yen loss one year earlier.

Fund

In the fund business, which is operated by 100Capital Inc., gains on the first and third quarter sales of part of the equities held by 100Capital No. 1 Investment Limited Liability Partnership made a big contribution to higher sales and operating profit. Valuation losses were recorded in the second quarter on investment securities, mainly involving investments in some companies affected by the COVID-19 crisis.

Segment sales decreased 8.3% to 311 million yen and operating profit increased 138.1% to 162 million yen.

(2) Explanation of Financial Position

Assets

Total assets at the end of the third quarter of the current fiscal year increased 8,200 million yen from the end of the previous fiscal year to 31,806 million yen.

Current assets increased 2,310 million yen to 18,441 million yen. This was mainly due to an increase of 2,095 million yen in cash and deposits, while there was a decrease of 488 million yen in notes and accounts receivable-trade.

Non-current assets increased 5,890 million yen to 13,364 million yen. This was mainly due to an increase of 6,050 million yen in investment securities.

Liabilities

Total liabilities at the end of the third quarter of the current fiscal year increased 2,796 million yen from the end of the previous fiscal year to 16,236 million yen.

Current liabilities decreased 445 million yen to 9,268 million yen. This was mainly due to decreases of 780 million yen in income taxes payable and 103 million yen in provision for bonuses, while there was an increase of 637 million yen in short-term borrowings.

Non-current liabilities increased 3,242 million yen to 6,968 million yen. This was mainly due to increases of 2,037 million yen in deferred tax liabilities and 1,514 million yen in long-term borrowings.

Net assets

Total net assets at the end of the third quarter of the current fiscal year increased 5,403 million yen from the end of the previous fiscal year to 15,570 million yen. This was mainly due to increases of 4,820 million yen in valuation difference on available-for-sale securities and 596 million yen in non-controlling interests.

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

There are no revisions to the fiscal year forecast that was announced on November 13, 2020.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2/20 (As of Feb. 29, 2020)	Third quarter of FY2/21 (As of Nov. 30, 2020)
Assets		
Current assets		
Cash and deposits	7,889,663	9,984,824
Notes and accounts receivable-trade	5,579,386	5,091,244
Operational investment securities	516,437	454,128
Merchandise and finished goods	706,624	777,379
Costs on service contracts in progress	137,696	229,793
Other	1,656,600	2,087,794
Allowance for doubtful accounts	(355,087)	(183,535)
Total current assets	16,131,320	18,441,629
Non-current assets		
Property, plant and equipment		
Buildings and structures	430,477	454,966
Tools, furniture and fixtures	637,675	653,428
Leased assets	526,489	559,547
Accumulated depreciation	(755,575)	(927,127)
Total property, plant and equipment	839,066	740,814
Intangible assets		
Goodwill	631,641	654,277
Software	309,804	391,516
Other	286,732	289,777
Total intangible assets	1,228,178	1,335,572
Investments and other assets		
Investment securities	3,815,152	9,865,593
Deferred tax assets	462,668	379,746
Leasehold and guarantee deposits	841,428	826,138
Other	389,046	490,959
Allowance for doubtful accounts	(100,850)	(273,911)
Total investments and other assets	5,407,444	11,288,526
Total non-current assets	7,474,690	13,364,913
Total assets	23,606,011	31,806,542

	(Thousands of yen)	
	FY2/20	Third quarter of FY2/21
	(As of Feb. 29, 2020)	(As of Nov. 30, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	1,031,037	1,038,098
Short-term borrowings	1,500,339	2,138,073
Current portion of long-term borrowings	743,928	809,355
Current portion of bonds	198,000	198,000
Lease obligations	181,635	197,922
Income taxes payable	1,381,930	601,664
Provision for bonuses	324,849	220,899
Provision for point card certificates	48,007	159,301
Provision for shareholder benefit program	77,400	1,361
Other	4,226,141	3,903,531
Total current liabilities	9,713,269	9,268,206
Non-current liabilities		
Long-term borrowings	2,729,110	4,243,410
Bonds payable	628,000	446,000
Lease obligations	276,479	146,051
Deferred tax liabilities	54,032	2,091,654
Other	38,433	40,989
Total non-current liabilities	3,726,055	6,968,105
Total liabilities	13,439,324	16,236,312
Net assets		
Shareholders' equity		
Share capital	2,880,131	2,880,131
Capital surplus	2,776,446	2,820,503
Retained earnings	2,136,305	2,211,512
Treasury shares	(259,780)	(259,780)
Total shareholders' equity	7,533,103	7,652,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	115,266	4,935,476
Foreign currency translation adjustment	915	(13,999)
Total accumulated other comprehensive income	116,182	4,921,476
Share acquisition rights	191,608	73,863
Non-controlling interests	2,325,792	2,922,522
Total net assets	10,166,686	15,570,230
Total liabilities and net assets	23,606,011	31,806,542

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

	(Thousands of yen)	
	First nine months of FY2/20 (Mar. 1, 2019 – Nov. 30, 2019)	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)
Net sales	27,315,753	27,522,916
Cost of sales	9,918,398	9,218,053
Gross profit	17,397,355	18,304,863
Selling, general and administrative expenses	15,380,168	16,288,590
Operating profit	2,017,187	2,016,273
Non-operating income		
Interest and dividend income	16,090	12,185
Gain on sales of investment securities	1,376,782	1,071,731
Gain on investments in investment partnerships	45,146	29,897
Other	48,216	82,004
Total non-operating income	1,486,235	1,195,818
Non-operating expenses		
Interest expenses	41,501	42,596
Foreign exchange losses	9,964	86
Provision of allowance for doubtful accounts	15,622	8,001
Loss on investments in investment partnerships	46,929	70,356
Loss on valuation of investment securities	513,582	764,406
Share of loss of entities accounted for using equity method	155,316	127,797
Other	48,401	5,596
Total non-operating expenses	831,318	1,018,841
Ordinary profit	2,672,104	2,193,250
Extraordinary income		
Gain on sales of non-current assets	21,694	-
Gain on change in equity	29,727	-
Gain on liquidation of subsidiaries	1,259	-
Gain on sales of shares of subsidiaries and associates	98,753	-
Gain on reversal of share acquisition rights	-	73,164
Gain on sale of businesses	-	5,554
Total extraordinary income	151,435	78,718
Extraordinary losses		
Loss on sales of non-current assets	-	114
Loss on retirement of non-current assets	10,134	91
Impairment loss	483,776	33,316
Loss on liquidation of business	197,043	53,757
Office relocation expenses	8,065	-
Total extraordinary losses	699,019	87,279
Profit before income taxes	2,124,519	2,184,689
Income taxes	1,772,244	1,468,345
Profit	352,275	716,343
Profit attributable to non-controlling interests	377,287	641,137
Profit (loss) attributable to owners of parent	(25,011)	75,206

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

	(Thousands of yen)	
	First nine months of FY2/20 (Mar. 1, 2019 – Nov. 30, 2019)	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)
Profit	352,275	716,343
Other comprehensive income		
Valuation difference on available-for-sale securities	(422,564)	4,875,385
Foreign currency translation adjustment	(25,818)	(17,598)
Share of other comprehensive income of entities accounted for using equity method	(13,890)	460
Total other comprehensive income	(462,273)	4,858,247
Comprehensive income	(109,997)	5,574,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(487,729)	4,880,500
Comprehensive income attributable to non-controlling interests	377,732	694,089

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

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

Segment and Other Information**Segment information**

1. First nine months of FY2/20 (Mar. 1, 2019 – Nov. 30, 2019)

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

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	14,345,045	2,028,688	1,228,673	6,297,424	507,297	2,568,527	340,095
Inter-segment sales and transfers	208,234	136,734	211,870	8,776	160,899	1,340	-
Total	14,553,280	2,165,422	1,440,544	6,306,201	668,197	2,569,868	340,095
Segment profit (loss)	1,915,530	525,152	270,574	304,938	(227,743)	(836,534)	68,352

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
External sales	27,315,753	-	27,315,753
Inter-segment sales and transfers	727,855	(727,855)	-
Total	28,043,609	(727,855)	27,315,753
Segment profit (loss)	2,020,270	(3,083)	2,017,187

Notes: 1. The minus 3,083 thousand yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

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

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

Significant impairment losses involving non-current assets

In the Video Release Distribution segment, an impairment loss of 30,416 thousand yen was recognized in the first nine months of FY2/20 because there are no prospects for use of the patent in the future.

2. First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)

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

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	12,486,722	2,656,504	855,598	8,702,402	427,074	2,083,673	310,940
Inter-segment sales and transfers	202,689	112,682	196,967	58,249	186,330	304	800
Total	12,689,412	2,769,186	1,052,566	8,760,652	613,404	2,083,978	311,740
Segment profit (loss)	727,187	1,103,855	(83,628)	681,197	55,932	(623,509)	162,740

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
External sales	27,522,916	-	27,522,916
Inter-segment sales and transfers	758,024	(758,024)	-
Total	28,280,941	(758,024)	27,522,916
Segment profit (loss)	2,023,775	(7,502)	2,016,273

Notes: 1. The minus 7,502 thousand yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

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

3. In the first quarter of FY2/21, the Public Relations segment was renamed the Public Relations and Advertising segment. This change is solely for the name of segment and does not influence the segment information. The segment information for the first nine months of FY2/20 is prepared and disclosed using the new segment name.

(2) Information related to assets for reportable segments

In the third quarter of FY2/21, segment assets in the Public Relations and Advertising segment increased 6,865,137 thousand yen from the end of FY2/20 mainly due to the market valuation of shares of Cyber Security Cloud, Inc.

(3) Information related to revisions for reportable segments

In the first quarter of FY2/21, News Technology Inc., which was included in the Other segment in prior periods, was reclassified and included in the Public Relations and Advertising segment. 100Capital Inc. and 100Capital No. 1 Investment Limited Liability Partnership, which were included in the Other segment in prior periods, were reclassified and included in the Fund segment.

Segment information for the first nine months of FY2/20 has been restated based on the revised reportable segments.

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

Significant impairment losses involving non-current assets

Not applicable.

Significant change in goodwill

In the Public Relations and Advertising segment, Medical Technologies, Inc. concluded an agreement with Business Intelligence, Inc for business acquisition. As a result, goodwill increased by 222,452 thousand yen during the first nine months of FY2/21.

Subsequent Events

Business combination through acquisition of company

On December 15, 2020, the Vector Board of Directors approved a resolution to acquire the shares of Vector Com Inc based in South Korea, and to undertake the third-party allotment of shares by Vector Com. Vector acquired the shares on December 25, 2020.

1. Summary of business combination

(1) Acquired company and its business activities

1) Acquired company:

Vector Com Inc and its three subsidiaries

2) Business activities:

Public Relations and Advertising

(2) Reasons for acquisition

Like the Vector Group, Vector Com has a strong affinity with the Public Relations and Advertising business. Vector aims to expand the operations of its overseas businesses in collaboration with bases in South Korea and Asia, and to strengthen the growth and profitability of the business over the medium-to-long-term.

(3) Acquisition date

December 25, 2020

(4) Legal form of acquisition

Purchase using a cash payment

(5) Company's name after acquisition

No change

(6) Ratio of voting rights acquired

85%

(7) Basis for choosing the company to acquire

Vector acquired Vector Com Inc's shares in exchange for a cash payment.

2. Acquisition cost of Vector Com Inc and break down by type of consideration

Payment for the acquisition: Cash	3,360 million won
Acquisition cost:	3,360 million won

3. Details of major acquisition-related costs

Not yet determined.

4. Goodwill resulting from the acquisition

Not yet determined.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.