VECTOR INC.

Financial Results – 1Q FY '22



July 15, 2021

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Quarterly Results



Net Sales

11,140 million JPY (124.4% YoY)

Gross Profit

7,080 million JPY (118.2% YoY)

EBITDA*

1,350 million JPY (Up 1,200 million JPY YoY)

Operating Profit

1,160 million JPY (Up 1,180 million JPY YoY)

Ordinary Income

1,150 million JPY (Up 1,150 million JPY YoY)

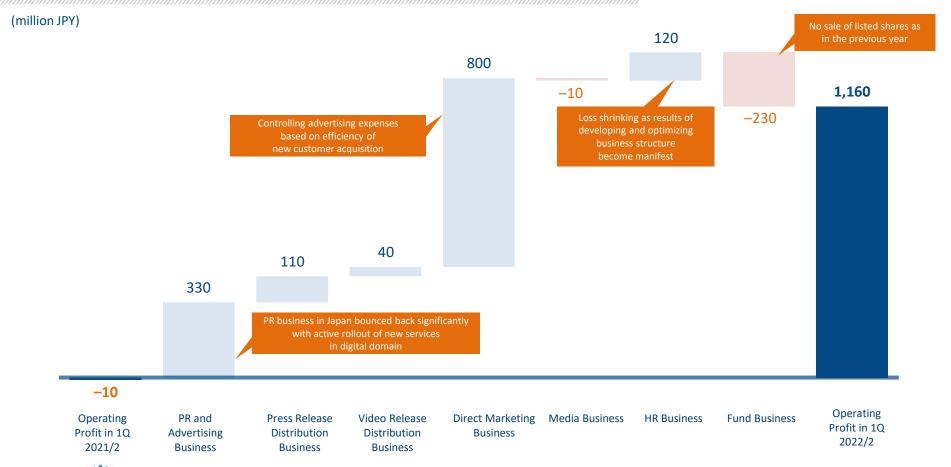
Profit Attributable to **Owners of Parent** 440 million JPY

(Up 600 million JPY YoY)

*EBITDA = Operating profit + Depreciation + Amortization of goodwill



Operating Profit (YoY Trend)





1Q FY '22 / Highlights

	Net Sales	Operating Profit	Business Overview for 1Q FY '22
Consolidated Performance	11,140 million JPY (124.4% YoY)	1,160 million JPY (Up 1,180 million JPY YoY)	 Progress on full-year operating profit target at 29.2% PR and Advertising recovered significantly owing to strong performance in Japan Direct Marketing advertising expenses were controlled based on efficiency of customer acquisition New investment budget of 820 million JPY mostly unspent
PR and Advertising	6,130 million JPY (153.5% YoY)	550 million JPY (255.6% YoY)	 New record high for quarterly sales PR business in Japan recovered significantly owing to strong performance PR business overseas posted loss due to COVID-19 Taxi Signage is recovering Launched provision of new Hiromeru service
Press Release (PR TIMES)	1,120 million JPY (137.6% YoY)	390 million JPY (141.2% YoY)	 New record high for quarterly sales Number of user companies surpassed 54,000 Expanded regional development through partnerships with regional banks Continued to actively invest in new businesses
Video Releases (NewsTV)	380 million JPY (108.7% YoY)	10 million JPY (Up 40 million JPY YoY)	 Profits secured owing to efforts to shift to consulting-type sales continued from the previous year Breaking free from sales proposals attached to presentations Trained sales personnel to strengthen proposal capabilities



	Net Sales	Operating Profit (Loss)	Business Overview for 1Q
Direct Marketing	2,940 million JPY (106.1% YoY)	290 million JPY (Up 800 million JPY YoY)	 Invested in advertising based on efficiency of new customer acquisition, thereby securing profit Vitabrid C brand performed well Bokanii first-day sales hit 60 million JPY
Media (Smart Media)	240 million JPY (114.0% YoY)	0 million JPY (28.4% YoY)	 Continued to record profit with change in business structure Owned media sales were favorable Made advance investments to expand CMS functionality Rolled out RaaS-based experimental space "no-ma"
HR (ASHITA-TEAM)	590 million JPY (81.3% YoY)	(100) million JPY (Up 120 million JPY YoY)	 Net sales decreased in conjunction with end of cloud system lifetime license sales SaaS-based product sales going strong Loss shrinking as results of developing and optimizing business structure continued from the previous year become manifest
Fund	10 million JPY (5.9% YoY)	0 million JPY (2.0% YoY)	No sales of shares, which drove results in same period of the previous year



Progress Toward Full-Year Financial Forecasts

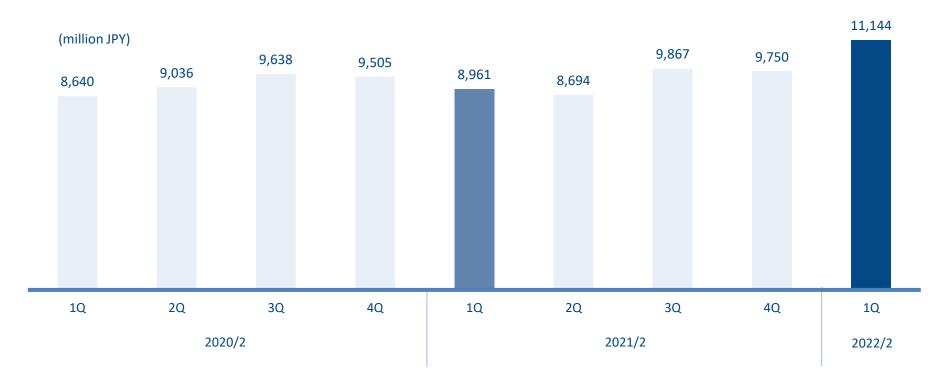
Full-Year Financial Forecast for FY '22 (million JPY)	FY '22 (Target)	FY '22 1Q-end	Progress	FY '22 1H Target	FY '22 2H Target
Net sales	47,700	11,144	23.4%	21,910	25,790
Operating profit	4,000	1,167	29.2%	1,070	2,930
Ordinary income	4,000	1,155	28.9%	1,070	2,930
Profit attributable to owners of parent	1,000	443	44.3%	110	890

Currently, the 1H targets for items under operating profit have been met. Although we did not invest the advertising expenses that were expected in the Direct Marketing Business in 1Q, we may resume advertising spending in 2Q depending on the market situation. Therefore, no changes have been made to the financial forecasts.



Consolidated Net Sales

Consolidated net sales for 1Q FY2022 surpassed 10,000 million JPY mark, reaching a record high of 11,144 million JPY (124.4% YoY).





EBITDA*

EBITDA for 1Q FY2022 was 1,351 million JPY (up 1,206 million JPY YoY) owing to the increase in consolidated operating profit.



^{*}EBITDA = Operating profit + Depreciation + Amortization of goodwill



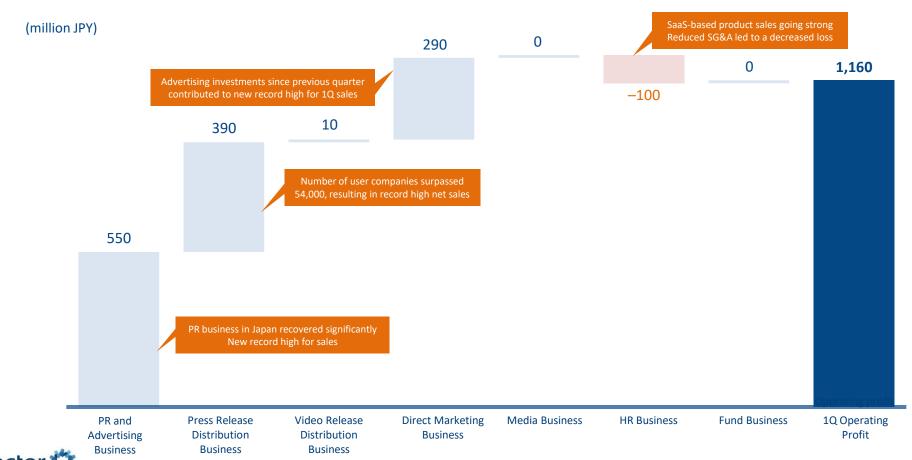
Consolidated Operating Profit

Consolidated operating profit for 1Q FY2022 came in at 1,167 million JPY, the highest ever for 1Q (up 1,184 million JPY YoY)





Operating Profit (By Segment)



PR and Advertising Business

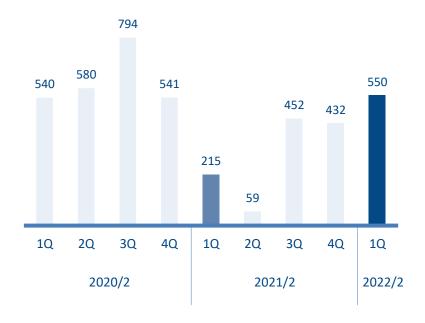
In 1Q FY2022, sales surpassed the 6,000 million JPY mark for a new record high, despite the redeclaration of a state of emergency.

Also in 2Q and beyond, we will continue to support marketing activities and seek further growth using methods suited to the times.



Net Sales: 6,131 million JPY (153.5% YoY)

Operating Profit: 550 million JPY (255.6% YoY)



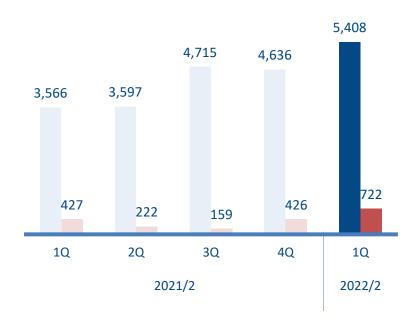


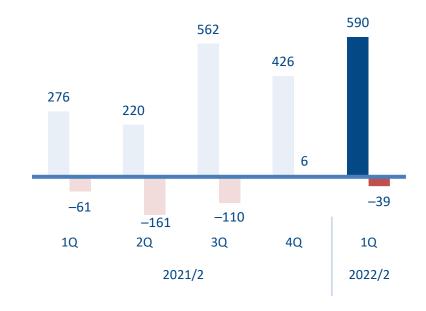
PR and Advertising Business (By Region)

Sales were up YoY in 1Q in the overseas business owing to M&A involving a Korean company, despite the impact of COVID-19. In the overseas business in 2Q and beyond, we expect a return to profitability in 2H owing to contribution by the Korean company and companies in each country.

Net Sales: 5,408 million JPY (Japan) / 722 million JPY (overseas)



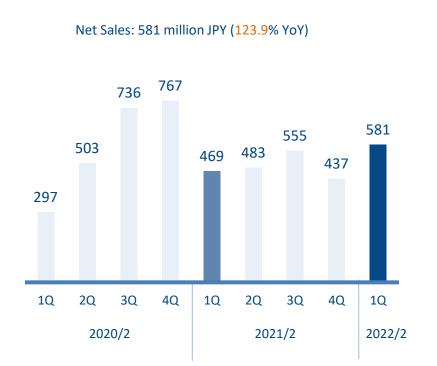






Taxi Signage Business (News Technology)

In 1Q FY2022, net sales were recovering owing to ad placement demand even during the redeclaration of a state of emergency. In 2Q FY2022 and thereafter, we will develop the vehicle window mobility signage service and work to further expand net sales.



GROWTH



Around 30% of users are heavy taxi users. The high frequency of viewing a video ad when a person uses taxis repeatedly enhances ad recall and understanding.



Vehicle Window Mobility Signage Service "Canvas"

Japan's first vehicle window mobility signage service Canvas will be launched in June 2021. With a high advertising impact utilizing vehicle window signage, we will support a broad range of marketing activities.



Canvas will utilize vacant taxis running in Tokyo, showing advertisements on the back windows and is the first vehicle window mobility signage service in Japan.



Conceptual image

Number of vehicles

100

More to be added gradually

Broadcast time

Anticipated reach

12 million people

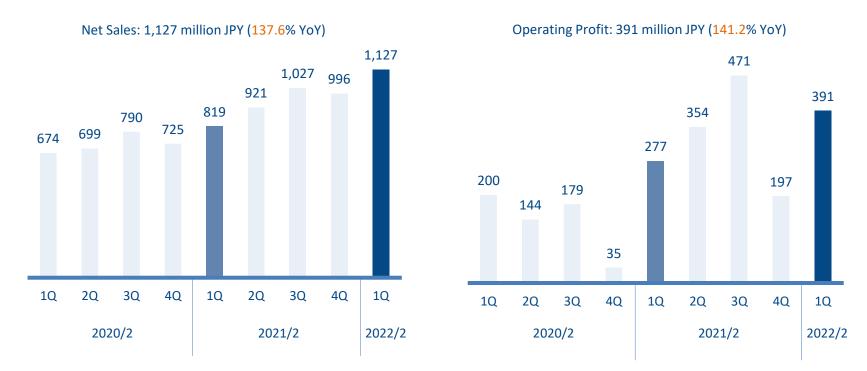
Operating area

23 wards of Tokyo



Press Release Distribution Business (PR TIMES)

In 1Q FY2022, the number of user companies surpassed 54,000, resulting in record high net sales. In 2Q FY2022 and thereafter, we will make additional improvements to PR TIMES and work to further increase user companies.





Trend in Number of User Companies

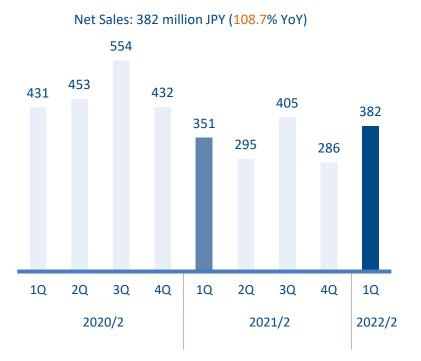
Japan's No. 1 press release distribution platform PR TIMES More than 54,000 user companies, used by 46% of listed companies



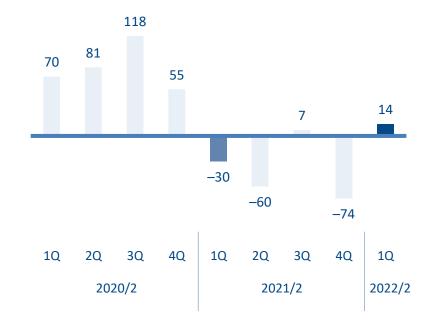


Video Release Distribution Business (News TV)

In 1Q FY2022, the results of shifting to consulting-type sales to resolve issues using video became manifest, ensuring profitability. In 2Q FY2022 and thereafter, we aim to increase orders by training sales personnel and strengthening services, thereby achieving full-year profitability.









Future Strategy for Video Releases

Breaking free from proposals attached to events and press conferences, we will shift to consulting-type sales in which we solve company problems with videos.

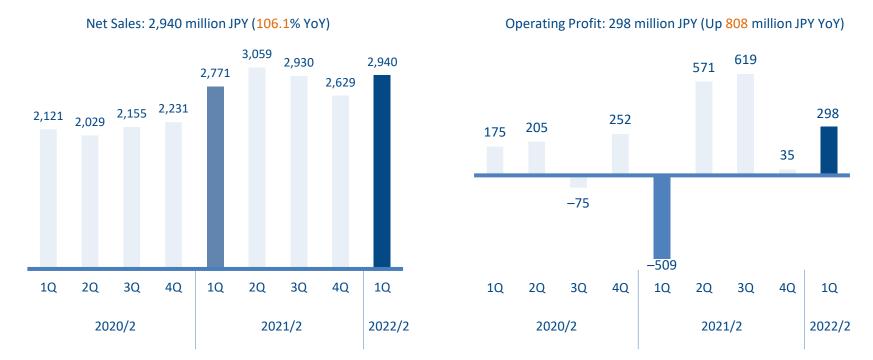
Prevent lost opportunities by promoting the use of videos as solutions based on company needs and expand orders received.

With event (Conventional) Store openings / Joint information sessions / Interns **Digital replacements** Press conferences Exhibitions Seminars Symposiums Sampling Pop-ups User On-the-street **Expert Roundtables** feedback interviews interviews Challenge Challenge Challenge Challenge **Building hype around existing products** Spreading good feedback from those experiencing the product is difficult Building hype around existing products Highlighting functions/product is difficult is difficult components is difficult Advantage Advantage Advantage Advantage Back claims with expert opinions Create a sense that hype is out there Spread unfiltered user impressions to the target audience Create sympathy with user stories event Appeal to components if product name is not mentioned Without Commercial パナソニックの活動とは? **BtoB** Inbound **CSR** making Challenge Challenge Challenge Challenge Want to increase recognition, but product is difficult to understand, and it Disseminating information overseas is Description is on website, but its viewer Cannot afford production costs difficult rate is low is difficult to appeal Advantage Advantage Advantage Advantage Use in production for free Service can be communicated in an Deliver easy-to-understand images Communicate the company's easy-to-understand manner with long overseas using social media advertising wonderful initiatives as content Secondary use on website and other vidéos media possible



Direct Marketing Business

In 1Q FY2022, we invested in advertising based on the efficiency of new customer acquisition, thereby securing profit. In 2Q FY2022, we will invest in advertising according to market conditions as we seek to acquire more new customers.





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 7.5 million.





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

Net sales 9,890 million JPY

Feb. 2021

8,360 million JPY Feb. 2020



2,850 million JPY Feb. 2018

1,860 million JPY Feb. 2017

Direct Tech

Aim to become D2C platform company centered on D2C brand development business Continue to develop commerce DX support business to solve customer issues and expand the business foundation.



D2C brand development business

RICAFROSH





Produced by Yuka Furukawa, a popular YouTuber and fashionista. Cumulative sales reached 700,000 units in just about a year after the launch.



Boka nii

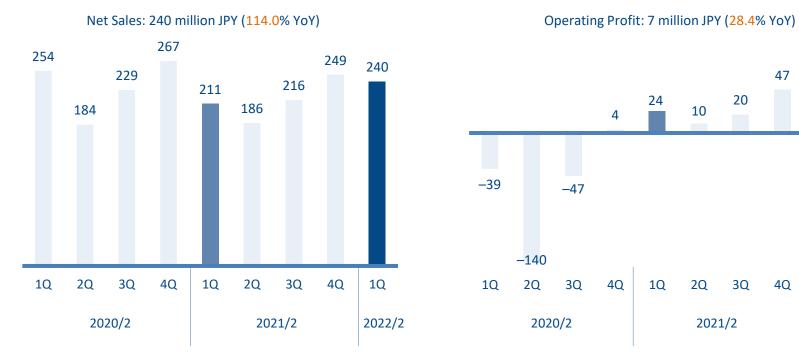
First day of launch 60 million

Produced by Generation Z multi-video creator and popular YouTuber Kasu. Sales reached 60 million JPY on the day of the launch.



Media Business (Smart Media)

In 1Q FY2022, we secured continued profits while making advance investments to expand SaaS-based CMS functionality. In 2Q FY2022 and thereafter, we will continue to make advance investments to expand functionality while also focusing on strengthening owned media sales.





47

4Q

1Q

2022/2

20

3Q

10

2Q

2021/2

Future Strategy in Media Business

Enhance the functionality of SaaS-based CMS "Clipkit" as a marketing support tool for e-commerce business operators and strengthen sales. Launch new brand "no-ma" as the first solution of the D2C brand promotion support business and support sales promotion with O2O.



Create no-coding-required landing page as a marketing support tool for SaaS-based ecommerce business operators and expand functionality so that everything from articles to advertisements can be ordered with the click of a button.



Open RaaS*-based experiential space no-ma in April 1, 2011, a D2C brand connecting real and virtual worlds, on Spain-zaka Slope in Shibuya in collaboration with Shibuya PARCO.

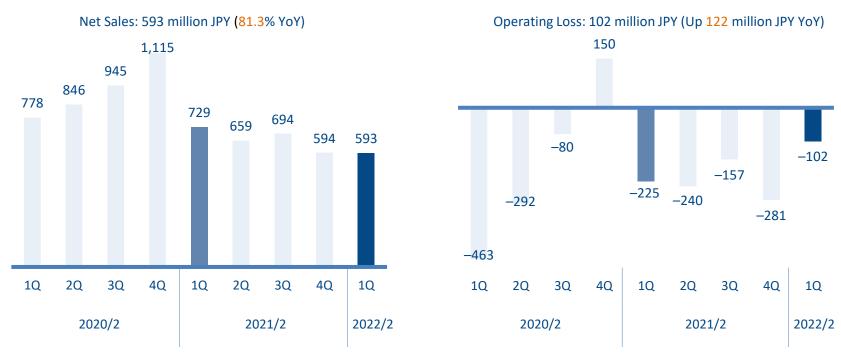
*RaaS: Retail as a Service



Human Resources Business (ASHITA-TEAM)

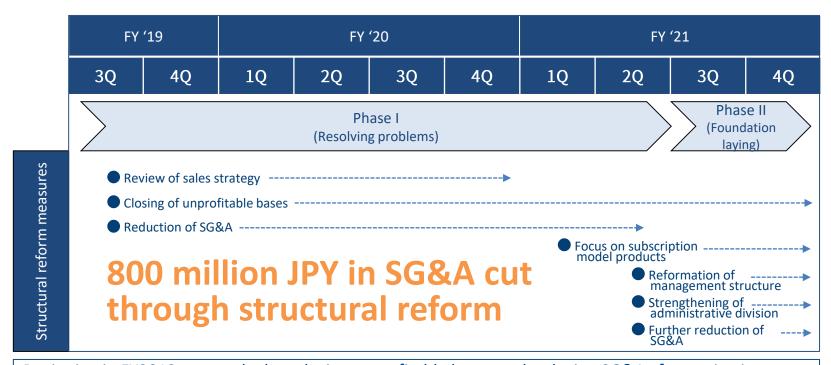
In 1Q FY2022, the results of developing and optimizing the business structure continued from the previous year became manifest, shrinking the loss.

In 2Q FY2022 and thereafter, we will continue to strengthen sales of SaaS-based products and reduce costs as we seek to achieve quarterly profitability early on.





Past Structural Reform Efforts

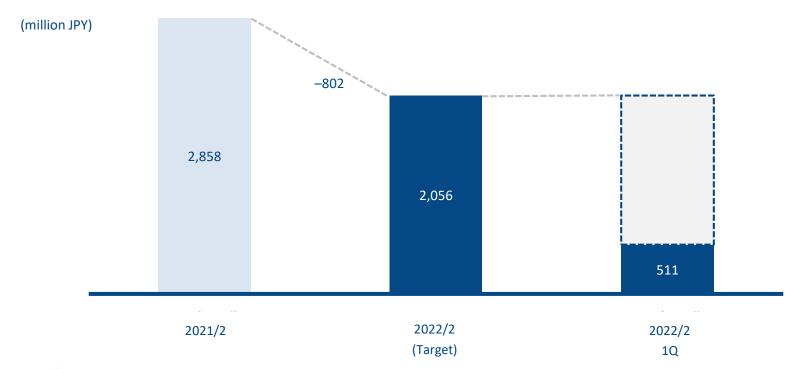


Beginning in FY2019, we worked on closing unprofitable bases and reducing SG&A after reviewing our sales strategy, and starting in 3Q FY2021, we reformed the management structure. There is now light at the end of the tunnel of structural reform, and full-year profitability is in sight.



Progress on SG&A Plan for FY2022

Reducing SG&A by 802 million JPY compared to FY2021, the plan for FY2022 is to bring SG&A down to 2,056 million JPY. In 1Q FY2022, SG&A was 511 million JPY, which is 24.8% of the SG&A plan.



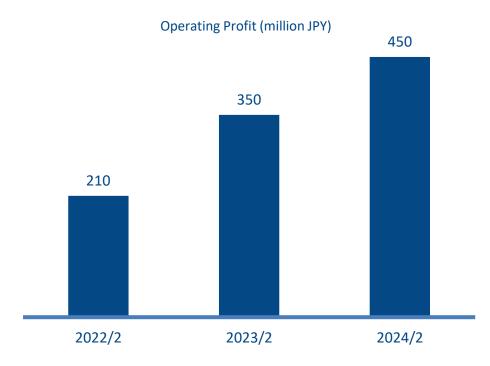


Human Resources Business Outlook

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 FY2024 is projected to climb to 450 million JPY on the back of stable profits achieved by building up subscription earnings.



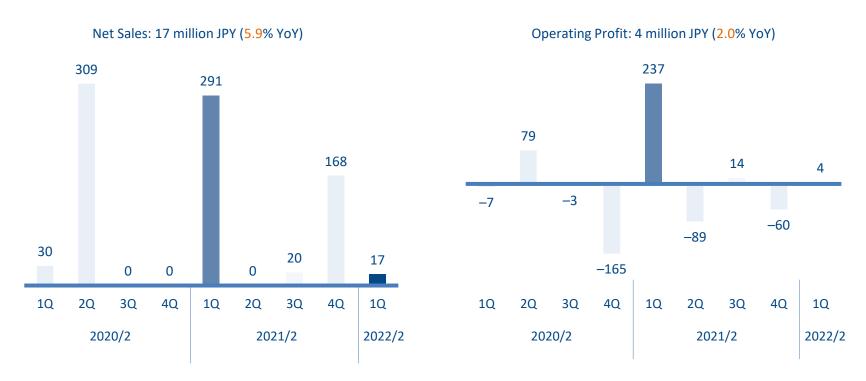
Build up subscription earnings by strengthening sales of SaaSbased products





Fund Business

In 1Q FY2022, sales and profit were down YoY as we did not have the sale of shares that drove results the previous year. In 2Q FY2022 and thereafter, VECTOR intends to sell shares held and record write-downs at the appropriate timing.





Consolidated Profit and Loss

(million JPY)	FY '21 1Q	FY '22 1Q	Difference	YoY
Net sales	8,961	11,144	+2,183	124.4%
Gross profit	5,997	7,086	+1,088	118.2%
EBITDA	144	1,351	+1,206	_
Operating profit (loss)	(16)	1,167	+1,184	_
Ordinary income	2	1,155	+1,152	_
Profit before income taxes	75	1,189	+1,113	_
Profit (loss) attributable to owners of parent	(163)	443	+606	_



Consolidated Balance Sheet

(million JPY)	FY '21 Year End	FY '22 1Q End	Difference	YoY Change
Total assets	30,057	30,553	+495	101.6%
Cash and deposits	10,860	10,125	-734	93.2%
Goodwill	595	537	-57	90.3%
Operational investment securities + investment securities	8,057	8,357	+300	103.7%
Other	10,544	11,532	+987	109.4%
Total liabilities	15,202	15,647	+444	102.9%
Borrowings + bonds	6,457	7,454	+996	115.4%
Other	8,744	8,192	- 552	93.7%
Net assets	14,854	14,905	+50	100.3%



Medium-term Profit Plan



Medium-term Profit Plan

Medium-term Profit Plan (million JPY)	FY '20 (Results)	FY '21 (Results)	FY '22 (Target)	FY '23 (Target)
EBITDA*	3,766	3,003	4,720	6,660
Operating profit	2,891	2,314	4,000	6,000

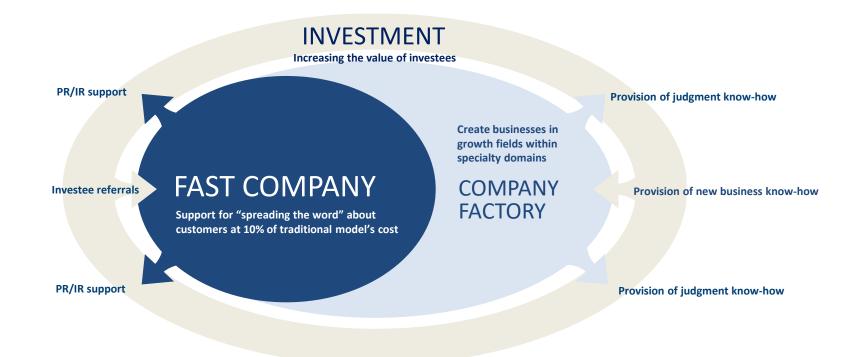
- In FY2022, the targets are EBITDA of 4,720 million JPY and operating profit of 4,000 million JPY.
- In FY2023, the targets are EBITDA of 6,660 million JPY and operating profit of 6,000 million JPY.
- VECTOR's dividend policy is to ensure a consolidated payout ratio for shareholders aimed at 20%.
- We plan to pay a dividend of 4 JPY per share in FY2022.

^{*}EBITDA = Operating profit + Depreciation + Amortization of goodwill



VECTOR Group Business Concept

Aim for continuous growth of Group profits in the three business domains of FAST COMPANY, which seeks to expand the services of existing businesses, **COMPANY FACTORY**, which seeks to create new businesses, and **INVESTMENT**, which seeks to grow our investment business.





Businesses Comprising VECTOR Group

FAST COMPANY		INVESTMENT		
PR/Press Video/Media	D2C	HR	New Business	Investment
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.	We handle everything in-house, from product planning and production to advertising, marketing, and purchasing in a D2C business having direct contact with customers.	Our HR business primarily provides consulting and personnel evaluation cloud solutions to support the introduction and operation of personnel evaluation systems.	We grow service domains taking advantage of the business knowhow we have cultivated and start new businesses that leverage Group synergies and partner strengths.	In our venture company investing activities, we provide investees with support for increasing value along with PR and IR.
vector ANTIL SAS Platinum SAS	Vitabrid C¹² Vitabrid Japan	፟ あしたタチーム	MEDICAL	vector
vector INITIAL Vector SIGNAL	Direct Tech		LIVER BANK PrivTech Colorful Tails	⁷⁰⁰ capital
PRTIMES Smartmedia			PERFORMANCE TECHNOLOGIES	
NEWS TV			CYBER SECURITY BANK	
			SobeC	



Medium- to Long-term Profit Scenario

Aim to continuously grow Group profits in 3 business domains

- (1) Expansion of FAST COMPANY domain
- (2) Creation of COMPANY FACTORY domain
- (3) Growth of INVESTMENT domain

Profit from investment business (INVESTMENT)

Profit from new business (COMPANY FACTORY)

Profit from existing business (FAST COMPANY)

FY '21 FY '22 FY '23



Company Strategy



Expansion of FAST COMPANY domain

From #1 PR Firm...

PR market in Japan worth 100 billion JPY

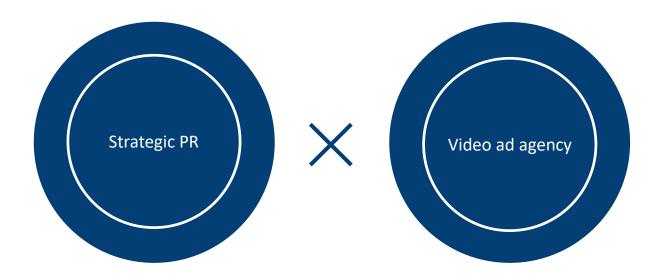


Advertising industry disrupter

"Low Cost" "Middle Quality" "Speedy"

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

Accelerate growth as a video ad agency with a strategic PR perspective with the aim of becoming a "FAST COMPANY" in the advertising industry





"Spreading the word" at about 10% of traditional model's cost



JPY 0 JPY 50 Million/Year



Expand service domain via "FAST COMPANY"







Produce highly effective video news as a video ad agency based on a PR standpoint and deliver it directly to the target audience.

Utilize the digital data accumulated within the VECTOR Group to build a CMP capable of content production, delivery and analysis.

Ad industry e-commerce sites that sell various services of existing businesses (video releases, social media strategies, etc.) online





PR and video ad agency

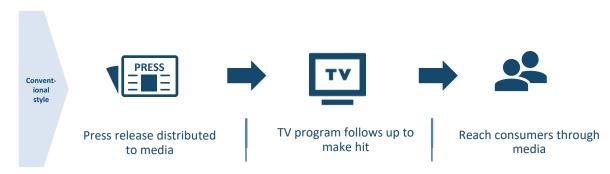
Combine the functions of a video ad agency with conventional strategic PR to cross-sell highly effective video news, thereby improving sales per customer.



Past vs Future Information Dissemination

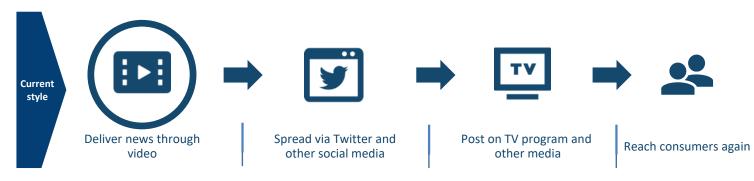
Information dissemination based on press release

B to B to C



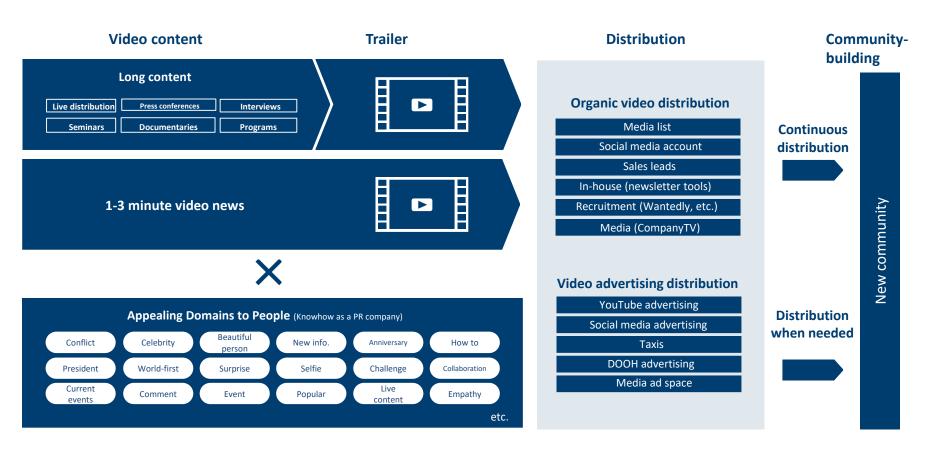
Information dissemination based on video news

B to C to B to C





Video News Flow





Thanks to the distribution of "video news," BLUE STAR BURGER created a stir even before it opened. The video was covered by various media, including 15 TV programs. This reflects an age of distributing video content from a PR standpoint.



Key message: Tomoyoshi Nishiyama's biggest challenge of his life as a restaurateur



An effective appeal to the target audience with a 2-minute video news production



Deliver video news en masse to stakeholders with video owned media as hub







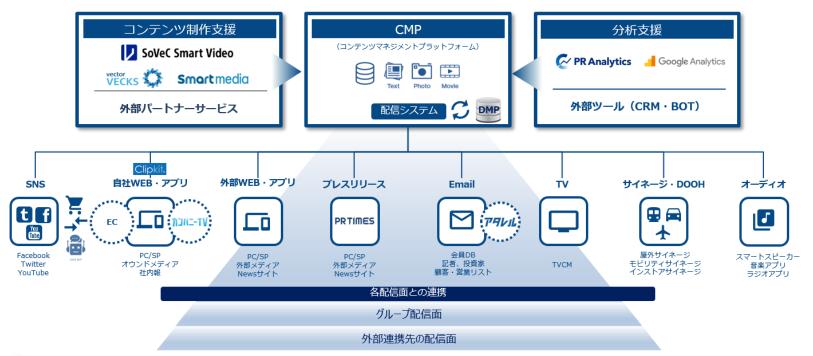


DX in the advertising industry

Utilize the digital data accumulated within the VECTOR Group to build a VECTOR PR platform capable of content production, delivery and analysis.



Utilize accumulated digital data to build an optimal comprehensive platform capable of supporting everything from content production and delivery to analysis







Ad industry e-commerce sites

Increase efficiency in sales processes by creating a platform enabling online ordering of VECTOR Group's PR menu



Launched ad industry e-commerce site Hiromeru on May 10, 2021







The efficiency of the sales process will be boosted by securing orders online for PR news.





Providing an extensive, one-stop Hiromeru menu utilizing VECTOR Group services





Capturing latent demand by selecting suitable methods for expansion based on extensive case studies

タレントを起用したブランディングの事例

ヒロメルTOP > タレントを起用したブランディング



TV、SNSに波及!インスタライプで共 感を生んだキャンペーン

ASK



片岡愛之助さんを起用したCMで、W EB流入数1.3倍に

[一式] ¥60,000,000~



大手企業からのリード獲得が8倍に! 安達祐実さんを起用した産業医クラ ウドのタレントコミュニケーション

[一式] ¥50,000,000~

コーポレートブランディングの事例

ヒロメルTOP > コーポレートプランディング



ゴリーリーダーのポジションを確立し た上場PR

ASK



地域行政との連携強化の礎となった ユニリーバのサステナビリティ活動の

家庭用品・日用品・インテリア

ASK



業のコーポレートサイト刷新事例

[一式] ¥1,500,000~



CI刷新×タレント起用で問合わせ3倍 に!タクシー広告で数多ある競合と差 別化に成功

IT・テクノロジー

[一式] ¥60,000,000~



格安携帯業界でNo.1の加盟店舗数 を実現!フランチャイズ獲得にも寄与 するタレント活用事例

[一式] ¥60,000,000~



中村蒼さんを起用して資料請求が増 加したデザイン住宅事務所のプロモ ーション

不動産・建築

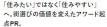
[一式] ¥75,000,000~



グに寄与した期間限定の体験型施設

自動車関連





金融·保険·M&A

ASK

[一式] ¥13,000,000~



大学·教育機関

[一式] ¥20,000,000~



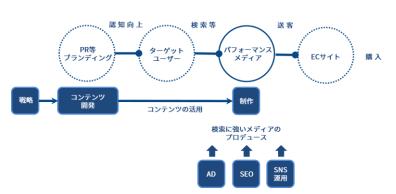
Creation of **COMPANY FACTORY Domain**

VECTOR established Performance Technologies, a joint venture with DM Solutions, in March 2021 to roll out performance marketing encompassing everything from identification of customer needs to customer acquisition.

PERFORMANCE **TECHNOLOGIES**

Performance Media Business

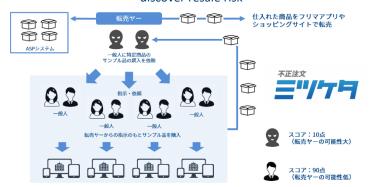
Performance media network structure



By handling everything from strategy design to content development and clean performancebased advertising with PR and affiliate programs, we support customer marketing encompassing everything from identification of customer needs to new customer acquisition.

D2C Performance Marketing Business

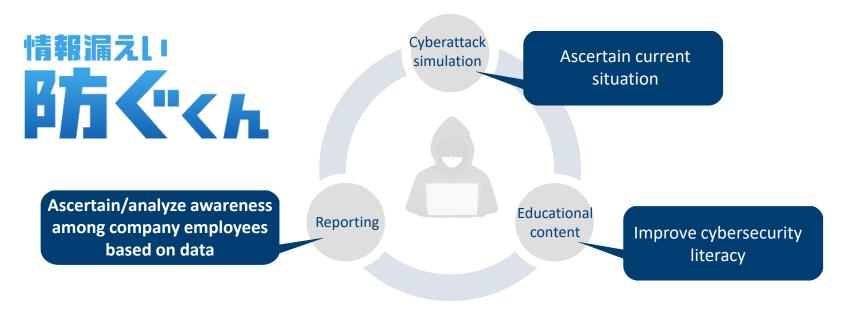
Fraudulent Order Mitsuketa fraud prevention service to discover resale risk



Users purchasing products are evaluated based on proprietary scoring criteria, and those coming in at a certain score or lower are defined as "users intending to resell" and reported to the client company, making it possible to detect risks that lead to resale.



Cyber Security Bank, which offers consulting in the cybersecurity domain, has begun providing Information Leak Preventer, a training service to improve security awareness among employees.



Steadily reduce risks of a human nature with **3 services**



Investment Performance



Supporting corporate growth through investment and PR/IR (total of 22 IPOs) Waqoo and BCC listed on TSE Mothers, making it two IPOs in FY2022

Date of listing	Company name		Market
July 6, 2021	⊘ BCC株式会社	BCC Co.,Ltd.	TSE Mothers
June 29, 2021	Waqoo	Waqoo, Inc.	TSE Mothers



Solid Track Record of Investment in Growth Fields



























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.

