



January 14, 2022

Summary of Consolidated Financial Results **for the Third Quarter of the Fiscal Year Ending February 28, 2022** **(Nine Months Ended November 30, 2021)**

[Japanese GAAP]

Company name: Vector, Inc. Listing: Tokyo Stock Exchange, First Section
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Scheduled date of filing of Quarterly Report: January 14, 2022
 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, 2022 **(March 1, 2021 – November 30, 2021)**

(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, 2021	34,294	24.6	3,850	91.0	4,085	86.3	1,614	-
Nine months ended Nov. 30, 2020	27,522	0.8	2,016	(0.0)	2,193	(17.9)	75	-

Note: Comprehensive income
 Nine months ended Nov. 30, 2021: 1,601 million yen (down 71.3%)
 Nine months ended Nov. 30, 2020: 5,574 million yen (-%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Nov. 30, 2021	33.87	-
Nine months ended Nov. 30, 2020	1.58	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Nov. 30, 2021	31,809	16,251	39.5	263.81
As of Feb. 28, 2021	30,057	14,854	39.4	248.38

Reference: Shareholders' equity As of Nov. 30, 2021: 12,576 million yen As of Feb. 28, 2021: 11,841 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2021	-	0.00	-	2.00	2.00
Fiscal year ending Feb. 28, 2022	-	0.00	-	-	-
Fiscal year ending Feb. 28, 2022 (forecast)	-	-	-	8.00	8.00

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

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(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	45,500	22.1	4,800	107.4	5,000	78.7	2,000	310.7	41.95

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 9 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, 2021:	47,936,100 shares	As of Feb. 28, 2021:	47,936,100 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2021:	262,061 shares	As of Feb. 28, 2021:	262,013 shares
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3) Average number of shares during the period

Nine months ended Nov. 30, 2021	47,674,049 shares	Nine months ended Nov. 30, 2020	47,674,154 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 4 of the attachments regarding the forecasts shown in this material.

Change in presentation of monetary units

Amounts in the financial statements, presented in thousands of yen in prior periods, are presented in millions of yen beginning with the current first quarter. To simplify prior-year comparisons, figures for the previous fiscal year and the first nine months of the previous fiscal year have been changed to millions of yen.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending February 28, 2022, economic activity in Japan began to resume as the number of infections decreased due to progress with vaccinations and as benefits of government measures to support the economy emerged. By the end of September 2021, states of emergency in Japan ended. However, the outlook for the economy remains unclear because of worries about the omicron variant.

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 DM Solutions Co., Ltd. to establish Performance Technologies, Inc. which operates a performance marketing business, in March 2021. The new company provides market creation digital marketing with integrated activities extending from the identification of needs that are currently hidden to the acquisition of new customers. In April 2021, Vector subsidiary Cyber Security Bank, Inc., which operates a cyber security business, started a training service called Information Leak Preventer that is provided to companies to increase their employees’ vigilance regarding cyber security. In May 2021, we started operating an e-commerce website for the advertising industry called Hilomel. This new service allows selecting activities for disseminating information about products and services from a variety of methods with proven success. In September 2021, News Technology, inc., which operates a taxi signage business, and Cosodo Inc., a marketing company that operates smoking areas using the “THE TOBACCO” brand, started jointly providing a smoking area signage media called “The Smoking Room Vision Break” in conjunction with office buildings in Tokyo. In November 2021, we launched the beta-version of “JOBTV for New Graduates.” This internet recruiting platform facilitates speedy matching of companies and new graduates by using videos for company recruiting presentations and job applications by students.

The Vector Group has acquired several businesses through M&A recently. Following Vector’s acquisition of ASHITA-TEAM Co., Ltd., which operates a human resources business, activities for establishing a sound framework for optimizing business operations have been producing benefits. Following the profitable second quarter, ASHITA-TEAM was again profitable in the third quarter and became profitable in the first nine months of the current fiscal year too. As a result, this company is now making a contribution to consolidated results of operations.

Valuation losses of 319 million yen were recorded for investment securities, mainly involving companies where the Vector Group is a shareholder that were impacted by the pandemic. There were also gains of 503 million yen on sales of investment securities due to sales for the purposes of using the Vector Group’s assets more efficiently and increasing financial soundness.

Due to these activities, sales in the first nine months increased 24.6% to 34,294 million yen, operating profit increased 91.0% to 3,850 million yen, ordinary profit increased 86.3% to 4,085 million yen, and the profit attributable to owners of parent was 1,614 million yen compared with 75 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. Waqoo Inc. and BCC Co.,Ltd. were listed on the Mothers Market of the Tokyo Stock Exchange on June 29, 2021 and July 6, 2021, respectively, and Livero Inc. and Robot Payment Inc. were listed on this market on September 28, 2021. In addition, Last One Mile Co.,Ltd. was listed on the same market on November 24, 2021.

Business segment performance was as follows.

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. The performance of this segment was affected by restrictions on some corporate marketing activities due to declarations of a state of emergency in Japan. In response, in the previous fiscal year, we started launching many new services in the digital domain, such as online PR events and live commerce support using social networking services. Operations in Japan supported the performance of this segment by offsetting the downturn in overseas operations caused by the severe impact of the pandemic. Overall, this segment posted record-high quarterly sales in the third quarter.

Sales increased 47.5% to 18,722 million yen and operating profit increased 103.5% to 1,479 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. As of November 2021, more than 62,000 companies were using this service, which set a new record for quarterly sales and operating profit.

Segment sales increased 30.3% to 3,608 million yen and operating profit rose 37.7% to 1,520 million yen.

Video Release Distribution

In the previous fiscal year, the video release distribution business of NewsTV, Inc. shifted to sales activities that incorporate consulting in order to solve the marketing problems of companies by using videos. This segment had an operating profit during the first half of the fiscal year despite the significant negative effects of the pandemic. However, business activities were severely restricted by states of emergency between July and September. The resulting decline in the number of prospective customers caused an operating loss in the third quarter.

Segment sales decreased 0.8% to 1,044 million yen and there was an operating loss of 42 million yen compared with an operating loss of 83 million yen one year earlier.

Direct Marketing

In the direct marketing business of Vitabrid Japan, Inc. and other companies, there was a large volume of advertising expenditures during the first half of the previous fiscal year targeting demand associated with the need to stay home during the pandemic. During the first half of the current fiscal year, activities to attract new customers were temporarily reduced as advertising expenditures were lowered to conduct more efficient activities to add customers. In the third quarter, this business began to resume making substantial advertising expenditures in order to increase the number of new customers.

Segment sales decreased 0.6% to 8,709 million yen and operating profit decreased 36.6% to 432 million yen.

Media

In the media business of Smartmedia INC., the service for building owned media performed well. However, there was an operating loss in the third quarter of the fiscal year because this business continued to make up-front investments for expanding and upgrading the functions of the SaaS content management system (CMS).

Segment sales increased 8.1% to 663 million yen and there was an operating loss of 33 million yen compared with an operating profit of 55 million yen one year earlier.

Human Resources

The human resources business of ASHITA-TEAM Co., Ltd. ended sales of perpetual utilization rights to its cloud system for the purpose of preventing a reoccurrence of the accounting problem that happened in the previous fiscal year. As a result, sales decreased. Despite declarations of a state of emergency in Japan, there were solid

sales of SaaS products and measures started in the previous fiscal year to establish a sound framework for this business and optimize operations began to produce benefits. This segment posted a profit in the third quarter, just as in the previous quarter, and there was an operating profit for the first nine months of the current fiscal year.

Segment sales decreased 10.6% to 1,862 million yen and operating profit was 94 million yen compared with a 623 million yen loss one year earlier.

Fund

In the fund business, which is operated by 100Capital Inc., part of the equities held by 100Capital No. 1 Investment Limited Liability Partnership were sold.

Segment sales increased 38.9% to 433 million yen and operating profit increased 145.6% to 399 million yen.

(2) Explanation of Financial Position

Assets

Total assets at the end of the third quarter of the current fiscal year increased 1,752 million yen from the end of the previous fiscal year to 31,809 million yen.

Current assets increased 2,779 million yen to 21,189 million yen. This was mainly due to increases of 1,067 million yen in cash and deposits and 964 million yen in notes and accounts receivable-trade.

Non-current assets decreased 1,026 million yen to 10,620 million yen. This was mainly due to a decrease of 1,136 million yen in investment securities.

Liabilities

Total liabilities at the end of the third quarter of the current fiscal year increased 355 million yen from the end of the previous fiscal year to 15,558 million yen.

Current liabilities increased 1,363 million yen to 10,294 million yen. This was mainly due to increases of 779 million yen in accounts payable-trade, 463 million yen in current portion of long-term borrowings and 443 million yen in unearned revenue.

Non-current liabilities decreased 1,008 million yen to 5,263 million yen. This was mainly due to decreases of 623 million yen in deferred tax liabilities, 216 million yen in long-term borrowings and 119 million yen in bonds payable.

Net assets

Total net assets at the end of the third quarter of the current fiscal year increased 1,397 million yen from the end of the previous fiscal year to 16,251 million yen. This was mainly due to an increase of 4,028 million yen in retained earnings, while there was a decrease of 2,295 million yen in capital surplus.

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

There are no revisions to the fiscal year forecast that was announced on October 15, 2021.

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

(Millions of yen)

	FY2/21 (As of Feb. 28, 2021)	Third quarter of FY2/22 (As of Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	10,860	11,927
Notes and accounts receivable-trade	4,695	5,660
Operational investment securities	147	188
Merchandise and finished goods	775	875
Costs on service contracts in progress	155	421
Other	1,913	2,246
Allowance for doubtful accounts	(138)	(130)
Total current assets	18,410	21,189
Non-current assets		
Property, plant and equipment		
Buildings and structures	474	597
Tools, furniture and fixtures	664	859
Leased assets	555	548
Construction in progress	35	19
Accumulated depreciation	(1,009)	(1,236)
Total property, plant and equipment	720	787
Intangible assets		
Goodwill	595	447
Software	420	599
Other	286	130
Total intangible assets	1,302	1,177
Investments and other assets		
Investment securities	7,909	6,773
Deferred tax assets	687	655
Leasehold and guarantee deposits	961	1,058
Other	350	423
Allowance for doubtful accounts	(285)	(255)
Total investments and other assets	9,624	8,655
Total non-current assets	11,646	10,620
Total assets	30,057	31,809

	(Millions of yen)	
	FY2/21 (As of Feb. 28, 2021)	Third quarter of FY2/22 (As of Nov. 30, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,039	1,818
Short-term borrowings	974	882
Current portion of long-term borrowings	804	1,267
Current portion of bonds payable	198	202
Lease obligations	212	104
Income taxes payable	911	875
Provision for bonuses	366	394
Provision for point card certificates	185	160
Provision for shareholder benefit program	98	-
Provision for loss on business liquidation	-	12
Unearned revenue	1,886	2,330
Other	2,253	2,244
Total current liabilities	8,930	10,294
Non-current liabilities		
Long-term borrowings	4,051	3,834
Bonds payable	430	310
Lease obligations	95	18
Deferred tax liabilities	1,642	1,018
Retirement benefit liability	27	37
Other	25	44
Total non-current liabilities	6,272	5,263
Total liabilities	15,202	15,558
Net assets		
Shareholders' equity		
Share capital	2,880	2,880
Capital surplus	2,806	510
Retained earnings	2,590	6,618
Treasury shares	(259)	(259)
Total shareholders' equity	8,016	9,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,834	2,791
Foreign currency translation adjustment	(9)	35
Total accumulated other comprehensive income	3,824	2,826
Share acquisition rights	73	0
Non-controlling interests	2,939	3,674
Total net assets	14,854	16,251
Total liabilities and net assets	30,057	31,809

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

	(Millions of yen)	
	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)	First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)
Net sales	27,522	34,294
Cost of sales	9,218	12,489
Gross profit	18,304	21,805
Selling, general and administrative expenses	16,288	17,954
Operating profit	2,016	3,850
Non-operating income		
Interest and dividend income	12	4
Gain on sales of investment securities	1,071	503
Gain on investments in investment partnerships	29	4
Share of profit of entities accounted for using equity method	-	31
Other	82	125
Total non-operating income	1,195	669
Non-operating expenses		
Interest expenses	42	37
Foreign exchange losses	0	4
Provision of allowance for doubtful accounts	8	18
Loss on investments in investment partnerships	70	18
Loss on valuation of investment securities	764	319
Share of loss of entities accounted for using equity method	127	-
Other	5	35
Total non-operating expenses	1,018	434
Ordinary profit	2,193	4,085
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on reversal of share acquisition rights	73	73
Gain on sale of businesses	5	-
Gain on forgiveness of debts	-	9
Total extraordinary income	78	82
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	0	4
Impairment loss	33	8
Loss on liquidation of business	53	39
Provision for loss on business liquidation	-	12
Loss on valuation of shares of subsidiaries and associates	-	32
Loss on cancellation of outsourcing contracts	-	3
Total extraordinary losses	87	101
Profit before income taxes	2,184	4,067
Income taxes	1,468	1,510
Profit	716	2,556
Profit attributable to non-controlling interests	641	941
Profit attributable to owners of parent	75	1,614

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

	(Millions of yen)	
	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)	First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)
Profit	716	2,556
Other comprehensive income		
Valuation difference on available-for-sale securities	4,875	(1,001)
Foreign currency translation adjustment	(17)	27
Share of other comprehensive income of entities accounted for using equity method	0	18
Total other comprehensive income	4,858	(954)
Comprehensive income	5,574	1,601
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,880	616
Comprehensive income attributable to non-controlling interests	694	984

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Based on a resolution approved at the annual shareholders meeting held on May 27, 2021, the capital surplus was reduced by 2,413 million yen and this amount was transferred to retained earnings to offset a loss. This transfer had no effect on total shareholders' equity.

Capital surplus increased 270 million yen due to a partial sale of stock of consolidated subsidiary PR TIMES, Inc. on November 9, 2021.

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 FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)

(1) Information related to net sales and profit or loss for each reportable segment (Millions 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	2,656	855	8,702	427	2,083	310
Inter-segment sales and transfers	202	112	196	58	186	0	0
Total	12,689	2,769	1,052	8,760	613	2,083	311
Segment profit (loss)	727	1,103	(83)	681	55	(623)	162

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

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

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

(2) Information related to assets for reportable segments

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

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

Significant impairment losses involving non-current assets

Not applicable.

Significant change in goodwill

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 million yen during the first nine months of FY2/21.

Significant gain on bargain purchase

Not applicable.

2. First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)

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

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	18,595	3,488	805	8,637	476	1,862	429
Inter-segment sales and transfers	127	120	238	71	186	0	3
Total	18,722	3,608	1,044	8,709	663	1,862	433
Segment profit (loss)	1,479	1,520	(42)	432	(33)	94	399

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
External sales	34,294	-	34,294
Inter-segment sales and transfers	749	(749)	-
Total	35,044	(749)	34,294
Segment profit (loss)	3,850	(0)	3,850

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

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

(2) Information related to revisions for reportable segments

In the first quarter of FY2/22, equity-method affiliate Cyber Security Bank, Inc. was moved from the Human Resources segment to the Public Relations and Advertising segment due to a reexamination of reportable segments.

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

Significant impairment losses involving non-current assets

In the Public Relations and Advertising segment, there was an impairment loss for software in progress for a project that was terminated. In the first nine months of FY2/22, this impairment loss was 5 million yen.

In the Video Release Distribution segment, there was an impairment loss because the performance of the software business has been consistently below the initial plan. In the first nine months of FY2/22, this impairment loss was 3 million yen.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

Subsequent Events

Not applicable.

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.