

VECTOR INC.

Financial Results – 3Q FY '23



January 13, 2023

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Quarterly Results

(Reference) Application of Accounting Standard for Revenue Recognition

The method of recording sales has been changed due to application of the Accounting Standard for Revenue Recognition from FY2023 **(impact on operating profit is minimal)**.

Transactions deemed to be agent transactions, which were previously recorded as gross amounts, will now be recorded as net amounts **(no impact to gross profit)**.

Segment	Main transactions affected by the change of standards	Comparison with previous standard (percentage decrease)	Level of impact
PR and Advertising Business	Transactions related to digital advertising operations	10%–15%	High
Direct Marketing Business	Transactions related to sales of other companies' products	5%–10%	Moderate
HR Business	Transactions related to sales of other companies' products Sales transactions by agents related to personnel-related services	3%–5%	Low
Video Release Business	Transactions related to digital advertising operations	1%–3%	Minor
Press Release Business Media CMS Business Investment Business	Not applicable	—	None

Overview of Consolidated Results for Nine-Month Period

Net Sales

41,160 million JPY
(118.0% YoY)

Gross Profit

26,940 million JPY
(122.6% YoY)

EBITDA*

5,780 million JPY
(123.9% YoY)

Operating Profit

5,210 million JPY
(129.3% YoY)

Ordinary Income

5,340 million JPY
(130.8% YoY)

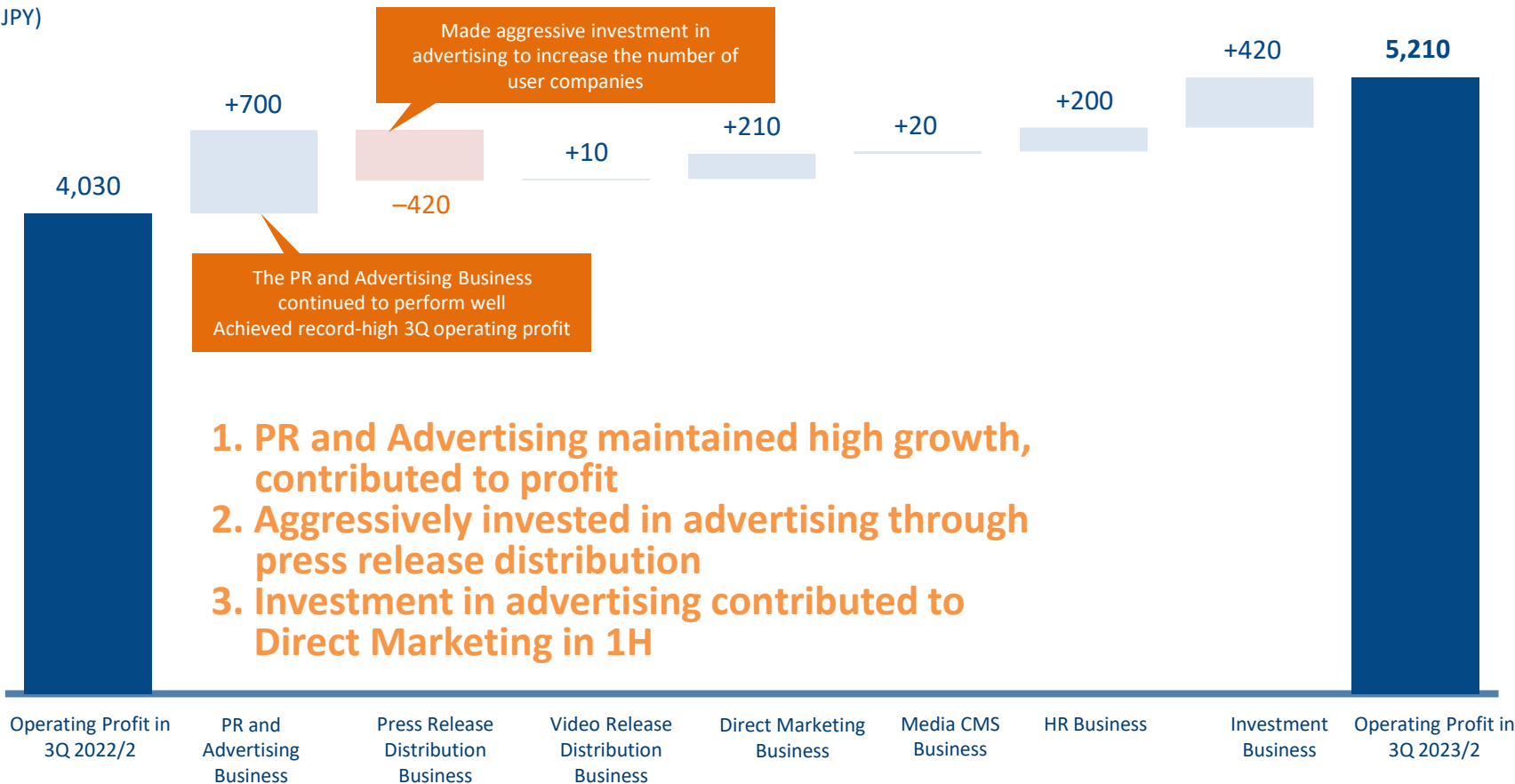
Profit Attributable to Owners of Parent

2,860 million JPY
(177.7% YoY)

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Operating Profit (YoY Trend)

(million JPY)



Nine-Month Period / Highlights

	Net Sales	Operating Profit	Business Overview for the Nine-Month Period
Consolidated Performance	41,160 million JPY (118.0% YoY)	5,210 million JPY (129.3% YoY)	<ul style="list-style-type: none">Steady growth for both net sales and operating profitPR and Advertising in Japan drove high performanceVideo Release achieved profitability in 3QDirect Marketing achieved record-high quarterly net sales and operating profit
PR and Advertising	21,500 million JPY (114.8% YoY)	2,180 million JPY (147.5% YoY)	<ul style="list-style-type: none">PR in Japan and Taxi Signage continued to perform well, achieving record high operating profitLosses incurred for the PR business overseas due to COVID-19Carried out M&A focusing on the digital advertising business
Press Releases (PR TIMES)	4,310 million JPY (119.5% YoY)	1,090 million JPY (72.2% YoY)	<ul style="list-style-type: none">Achieved record-high quarterly net salesNumber of user companies surpassed 76,000Invested in advertising to increase the number of user companiesEstablished a local subsidiary for setting up operations in the United States
Video Releases (NewsTV)	1,040 million JPY (100.4% YoY)	(20) million JPY (Up 10 million JPY YoY)	<ul style="list-style-type: none">Contribution from 1H initiatives led to achieving profitability in 3QTrained sales personnel and focused on lead acquisitionSales Video Analytics going strongImproved organizational structure in anticipation of future growth

Nine-Month Period / Highlights

Direct Marketing

11,160 million JPY
(128.2% YoY)

640 million JPY
(149.3% YoY)

Business Overview for the Nine-Month Period

- With significant contribution from 1H advertising investment, achieved record-high quarterly net sales and operating profit
- Terminalia First continued to perform well
- Prepared to expand product lineup

Media CMS
(Smart Media)

700 million JPY
(106.0% YoY)

(10) million JPY
(Up 20 million JPY YoY)

- Reassigned Media Business sales personnel to strengthen owned media sales
- Owned media sales were favorable
- Invested in development to strengthen CMS functionality

HR
(ASHITA-TEAM)

1,800 million JPY
(97.2% YoY)

300 million JPY
(318.8% YoY)

- Achieved profitability from 2Q FY2022 onward
- SaaS-based product sales going strong
- Accelerated growth by investing in advertising to acquire leads and investing in development to strengthen product functionality

Investment

1,380 million JPY
(134.4% YoY)

1,000 million JPY
(173.2% YoY)

- Accounting treatment changed due to commercialization of investment activities
- Secured profit due to the partial sale of shares held, which exceeded loss on valuation of securities
- A certain amount of valuation loss occurred each quarter

Progress Toward Full-Year Financial Forecasts

Full-Year Financial Forecast for FY '23 (million JPY)	FY '23 (Target)	FY '23 3Q-end	Progress
Net sales	53,100	41,163	77.5%
Operating profit	6,200	5,213	84.1%
Ordinary income	6,100	5,345	87.6%
Profit attributable to owners of parent	3,000	2,868	95.6%
Reference: Net sales under the old revenue standard	56,500	44,212	78.3%

Although we are on track to achieve the target thanks to the strong performance of our core PR and Advertising and Direct Marketing businesses, we expect a certain degree of valuation loss in our Investment business, and we intend to further accelerate investment in new businesses, including the JOBTv business. Therefore, we have not made any changes to our full-year financial forecasts.

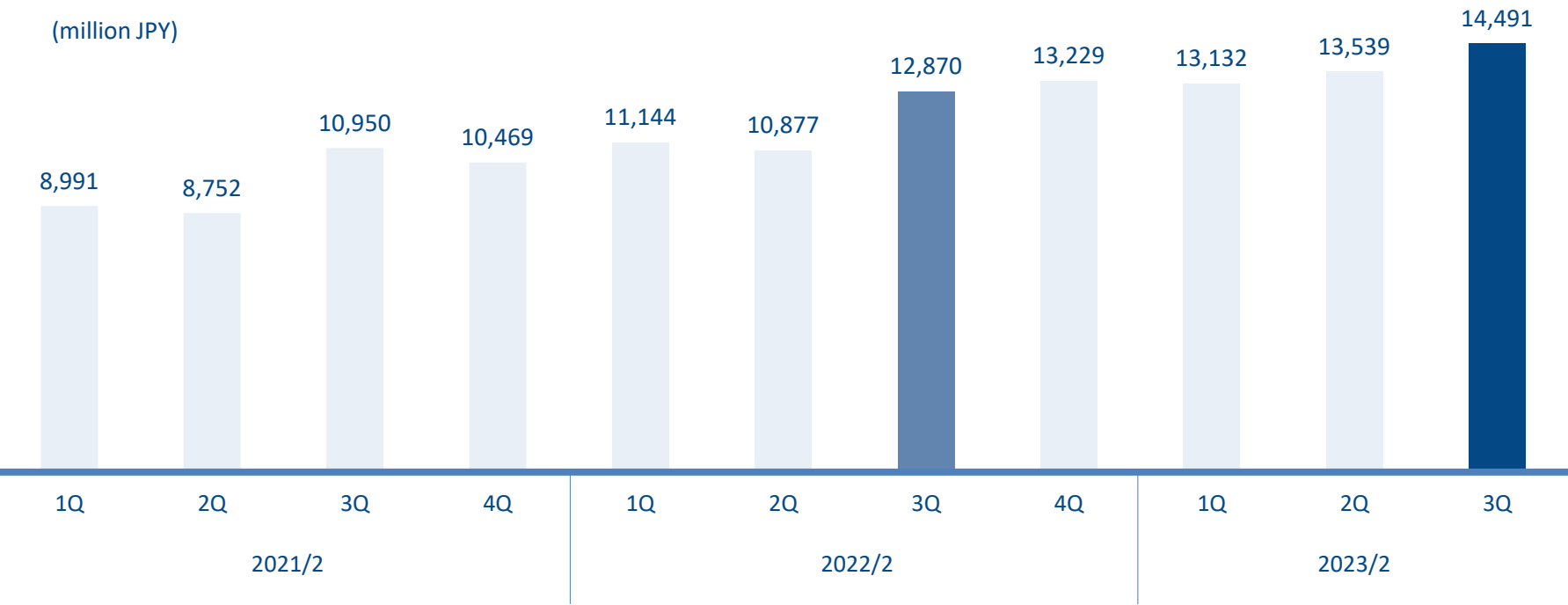
Profit Plan by Segment

	Profit Plan by Segment (million JPY)	FY '23 (Target)	FY '23 3Q-end	Progress
Operating Profit	Consolidated	6,200	5,213	84.1%
	PR and Advertising	2,634	2,182	82.8%
	Press Releases	1,600	1,098	68.6%
	Video Releases	50	(28)	—
	Direct Marketing	835	645	77.3%
	Media CMS	51	(10)	—
	HR	350	302	86.5%
	Investment	680	1,007	148.1%

As of the end of 3Q, the Video Release and Media CMS businesses were at a net loss, but **in the mainstay PR and Advertising business, the PR business in Japan is driving performance significantly and is on pace to exceed the initial plan**. Therefore, even with further accelerated investment in new businesses, we expect to achieve our full-year financial forecasts.

Consolidated Net Sales (Quarterly Trend)

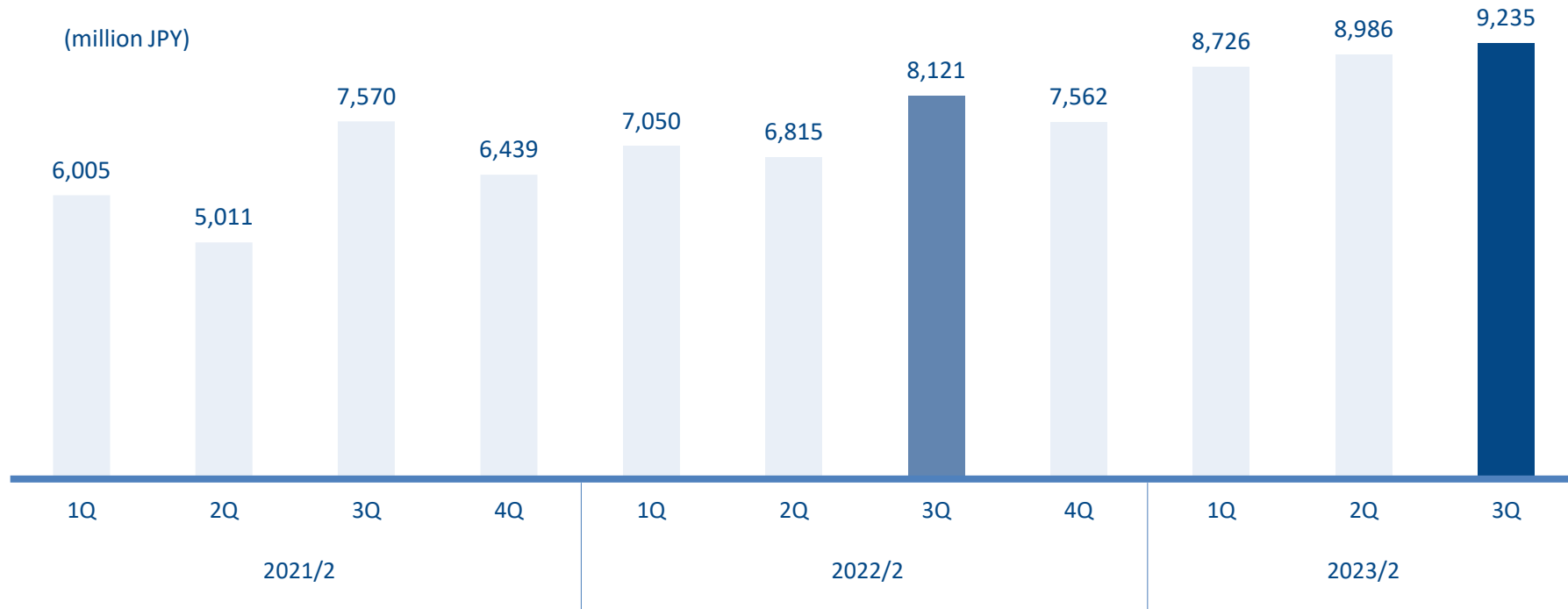
Consolidated net sales for 3Q FY2023 came in at 14,491 million JPY, the **highest ever** for 3Q (112.6% YoY).



Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.
1Q impact: 1,288 million JPY, 2Q impact: 935 million JPY, 3Q impact: 823 million JPY

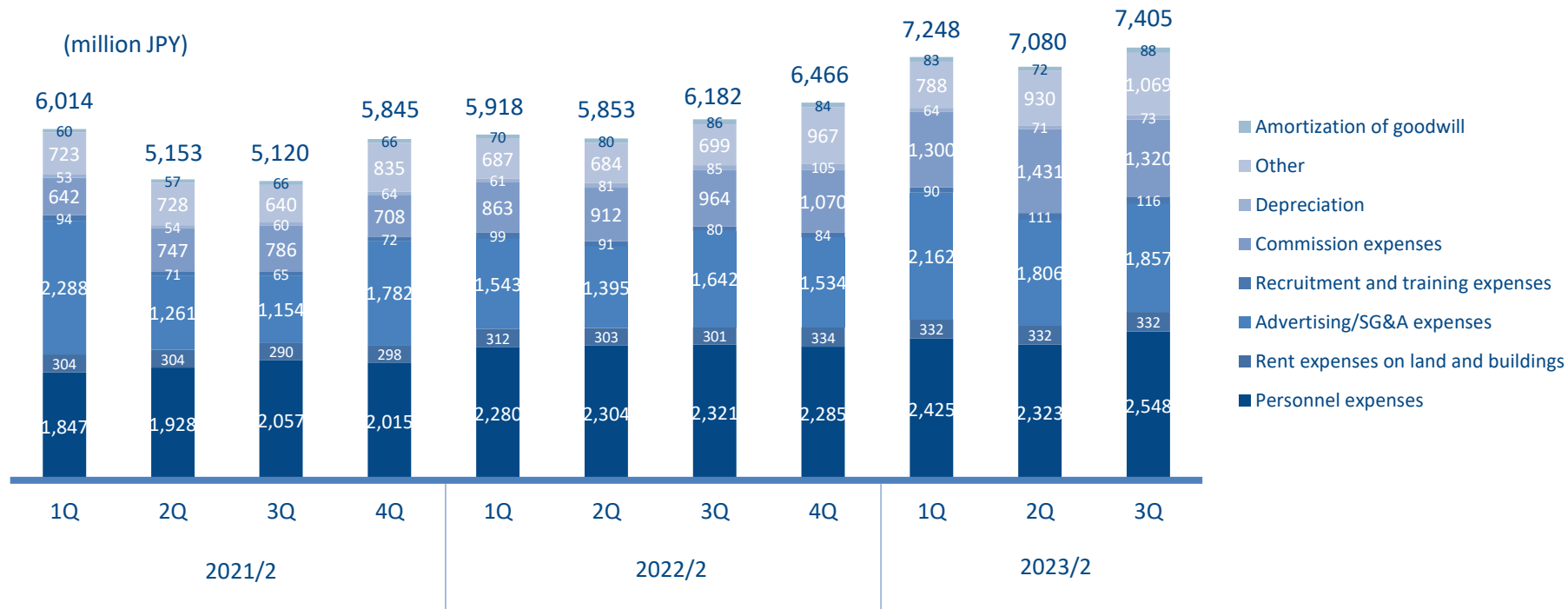
Consolidated Gross Profit (Quarterly Trend)

Consolidated gross profit for 3Q FY2023 came in at **9,235** million JPY, the **highest ever** for 3Q (**113.7%** YoY).



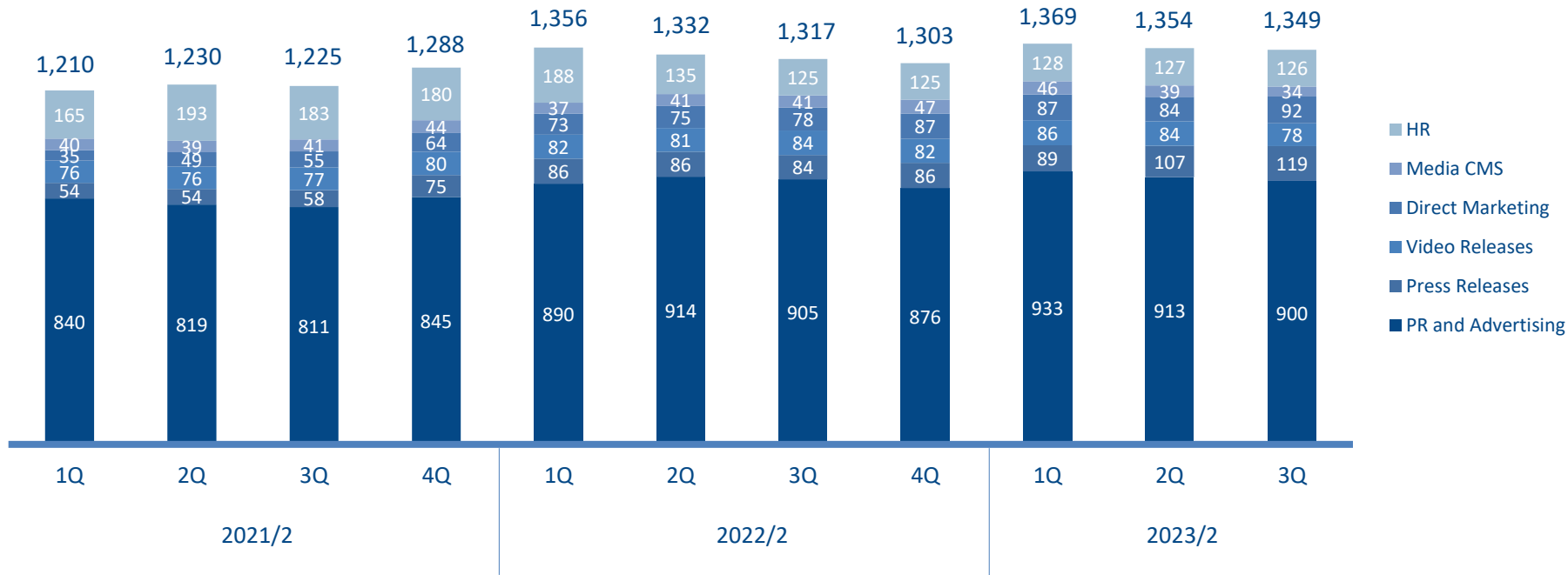
SG&A (Quarterly Trend)

SG&A expenses for the 3Q FY2023 were **7,405** million JPY (**119.8%** YoY) due to an increase in M&A expenses and other commission expenses.



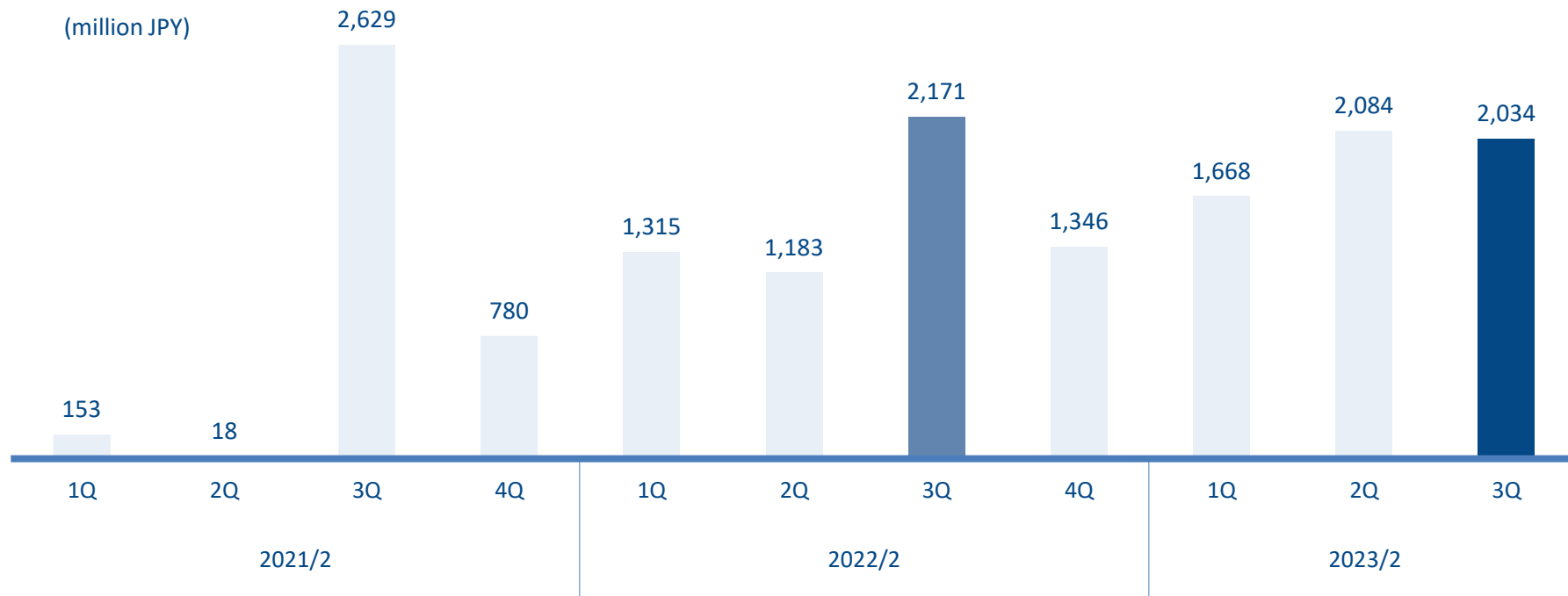
Consolidated Number of Employees (Quarterly Trend)

The number of consolidated employees in 3Q FY2023 was 1,349, decreasing from 2Q due to PR and Advertising and Video Release.



EBITDA* (Quarterly Trend)

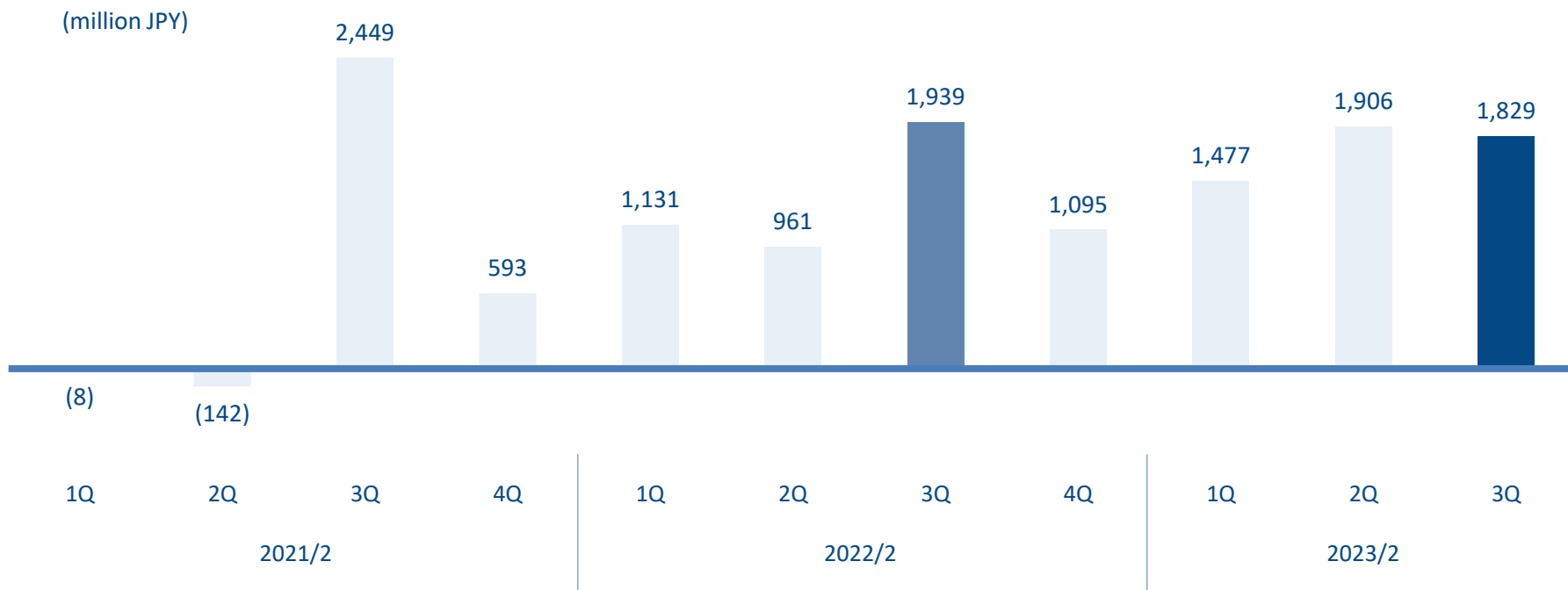
EBITDA for 3Q FY2023 came in at 2,034 million JPY, exceeding 2,000 million JPY and the highest ever for 3Q following another quarterly high in 2Q (93.7% YoY).



* EBITDA = Operating profit + Depreciation + Amortization of goodwill

Consolidated Operating Profit (Quarterly Trend)

Consolidated operating profit for 3Q FY2023 came in at **1,829** million JPY (94.3% YoY), despite a large increase in SG&A expenses.



Operating Profit (By Segment)

(million JPY)

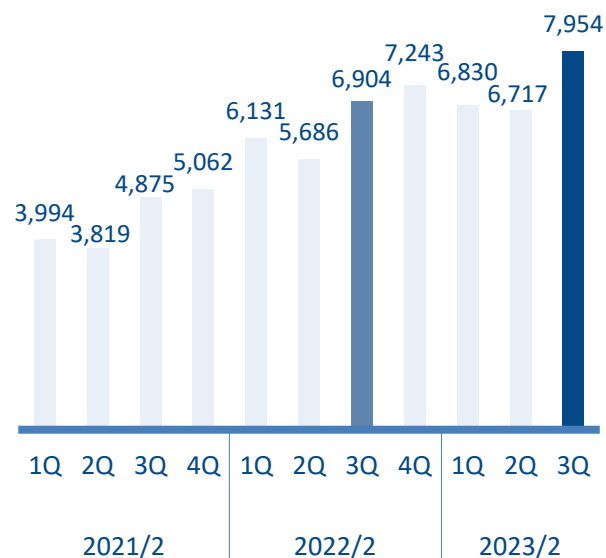


PR and Advertising Business (Quarterly Trend)

In 3Q FY2023, **we achieved record-high net sales and operating profit** by meeting the marketing needs of customers. We will continue aiming to increase unit prices through cross-selling while attempting to increase the number of retainer agreements in 4Q and beyond.

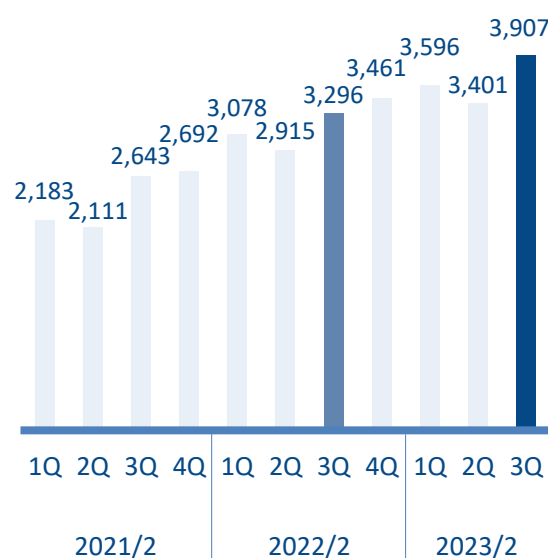
Net Sales (million JPY)

7,954 million JPY (115.2% YoY)



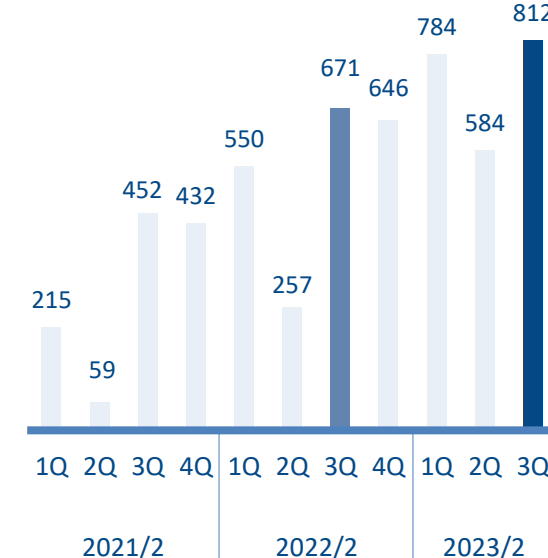
Gross Profit (million JPY)

3,907 million JPY (118.5% YoY)



Operating Profit (million JPY)

812 million JPY (121.0% YoY)



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

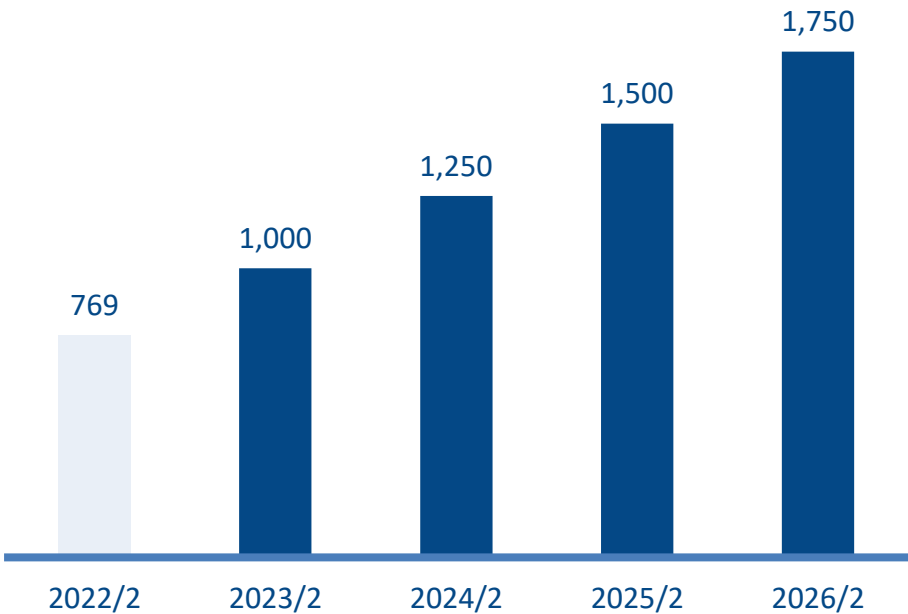
1Q impact: 1,140 million JPY, 2Q impact: 814 million JPY, 3Q impact: 700 million JPY

Retainer Agreement* Targets

Retainer agreements form a stable earnings base for the PR business, and we aim to have entered contracts with 1,750 companies by FY2026. We have set the target of reaching 1,000 retainer agreements in FY2023 and will work to strengthen customer engagement.



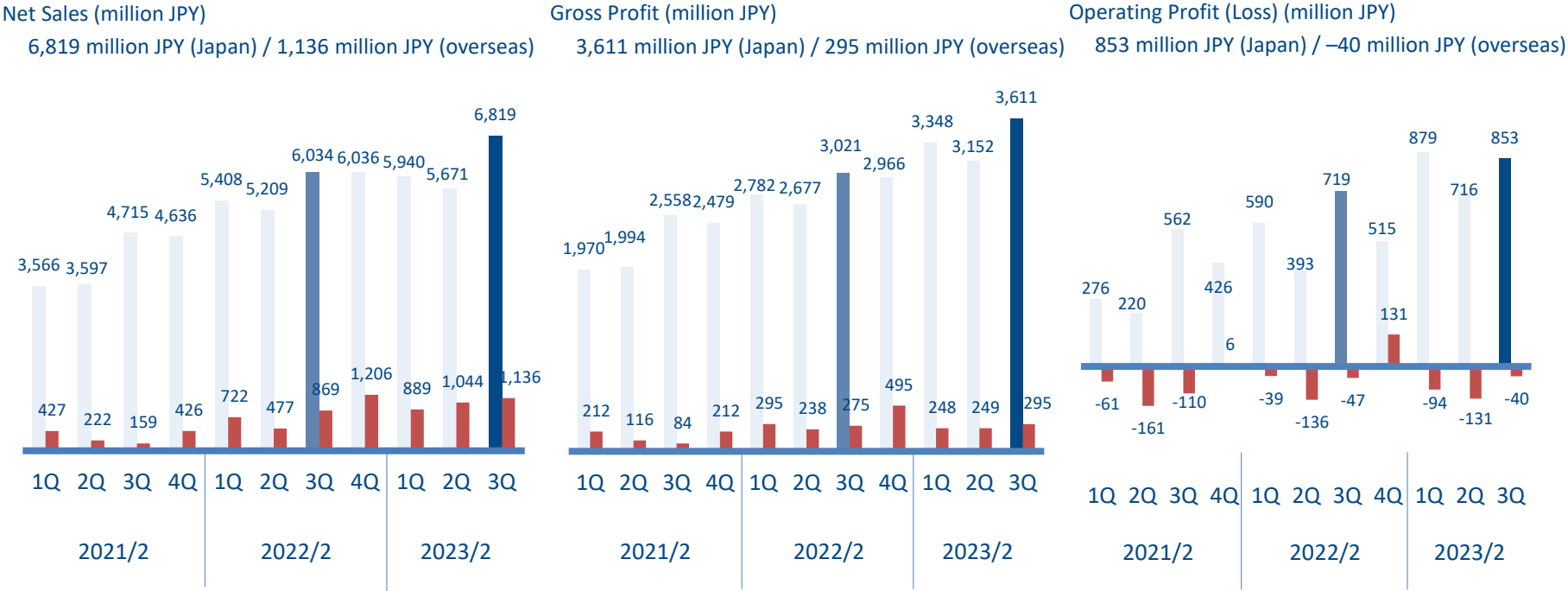
Number of retainer agreements (strategic PR subsidiaries only)



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

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

In 3Q FY2023, while the business overseas reduced its operating losses despite the impact of COVID-19, the business in Japan strongly drove performance. The business overseas is expected to recover in 4Q as the impact of COVID-19 wanes, and the business in Japan will continue to make up for it.

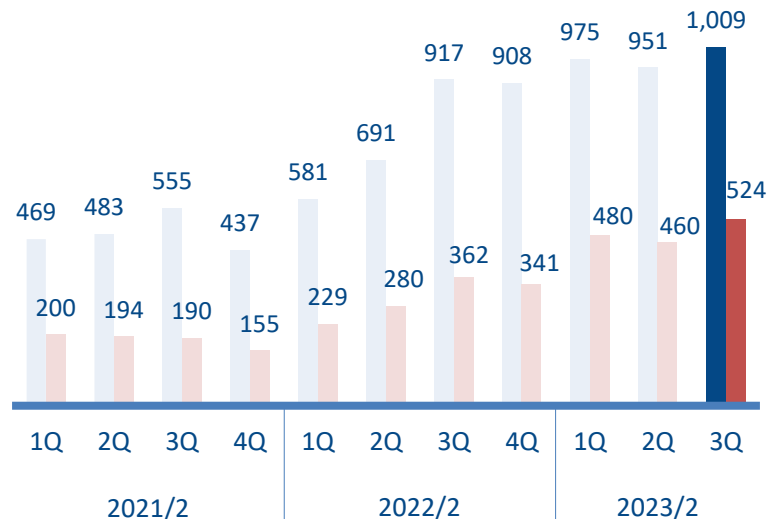


Advertising Business (Taxi Signage)

In 3Q FY2023, ad placement demand continued to be strong, leading to **record-high net sales, above 1,000 million JPY**. From 4Q FY2023, we will expand services from implementing new signage, with the aim of further increasing net sales.

Net Sales: 1,009 million JPY (109.9% YoY)

Net Sales: 524 million JPY (144.9% YoY)



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

1Q impact: 142 million JPY, 2Q impact: 113 million JPY, 3Q impact: 87 million JPY



Digital signage has been installed for rear seat passengers in approx. 12,500 vehicles, the largest scale of taxi signage advertising in Tokyo. **In October 2022, we introduced a new screen for signage that is 156% larger than previous screens.** Roughly 45% of Tokyo's taxi users, who mainly consist of business people, have been covered, with video advertisements and media content reaching around 8.2 million people.

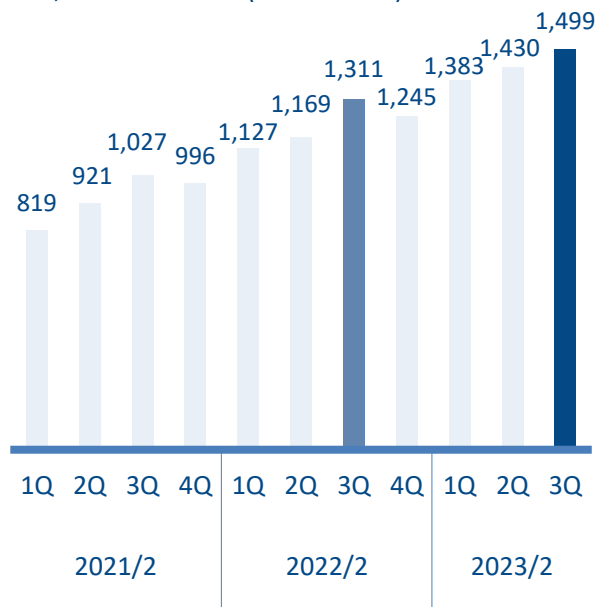
Press Release Distribution Business (Quarterly Trend)

In 3Q FY2023, the number of user companies and press release distributions increased, **resulting in record-high net sales.**

In 4Q FY2023, we will continue to aggressively invest in advertising through TV commercials, etc., while working to further increase the number of user companies.

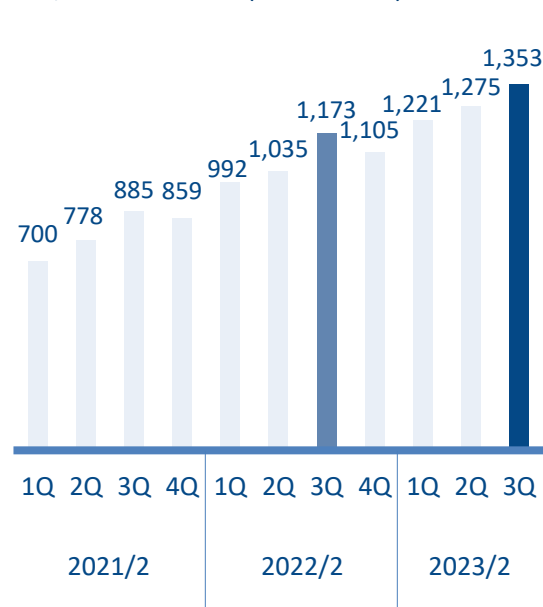
Net Sales (million JPY)

1,499 million JPY (**114.3%** YoY)



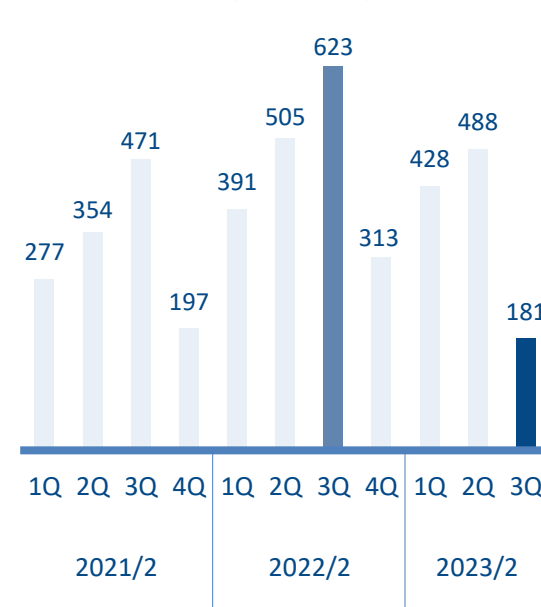
Gross Profit (million JPY)

1,353 million JPY (**115.4%** YoY)



Operating Profit (million JPY)

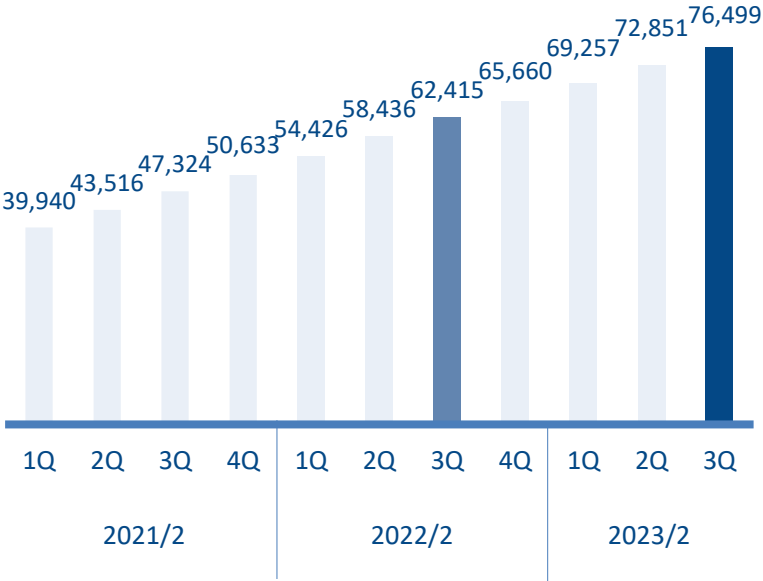
181 million JPY (**29.2%** YoY)



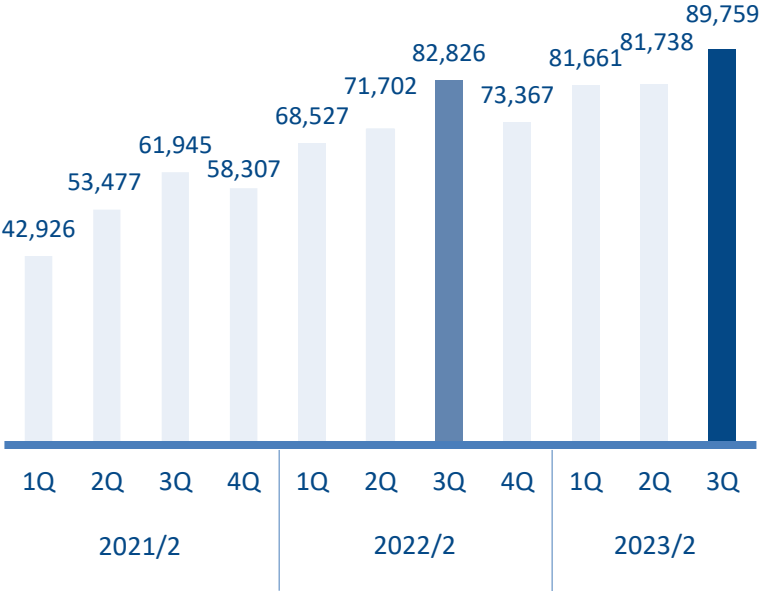
Number of User Companies and Press Release Distributions

In 3Q, we ran TV commercials focused in western Japan to increase the number of user companies.
In 4Q, we will further accelerate development of regional customers while running TV commercials mainly in eastern Japan.

Number of user companies: 76,499 (122.6% YoY)



Number of press release distributions: 89,759 (108.4% YoY)



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

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

More than 76,000 user companies, used by 52% of listed companies

PR TIMES TSE Prime Market Published in more than 300 publications!

Number of user companies

76,000

Nov. 2022

65,000

Feb. 2022

50,000

Feb. 2021

36,000

Feb. 2020

28,000

Feb. 2019

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

国内シェア **No.1** 上場企業の **52%** が利用

なぜPR TIMESが選ばれるのか?

PR TIMESは2007年にサービス開始し、わずか数年で最もプレスリリースが配信されるサービスに成長しています。

いま、企業の広報やマーケティングを取り巻く環境は大きく変化し、ますます複雑化しています。マスメディアの影響力低下、デジタルメディアの隆起、スマートフォンの普及、生活者による様々なSNSの活用拡大と、情報発信力の競争は向上など。このような顕微鏡的変遷の中で、PR TIMESは、新たなマーケティングツールとして進化しています。

主なパブリシティ実績



事例



チーム後も新しい仕掛けで動きを止めない。「面白い企画」を競うと実現し、商品のロングセラー化を狙う前掲屋



素敵な情報なのに世に出せない。増もれてきた情報を表に出し、従来の2〜3倍のニュースを届けるとパナソニック



ケースに応じさまざまな手法を工夫。興の高い情報発信で、スイーツの魅力を伝える銀座コーダー



ブランドを「守る」より「広める」ことを重視。次代のファン創出を図る高級ブランド「アストンマーティン」

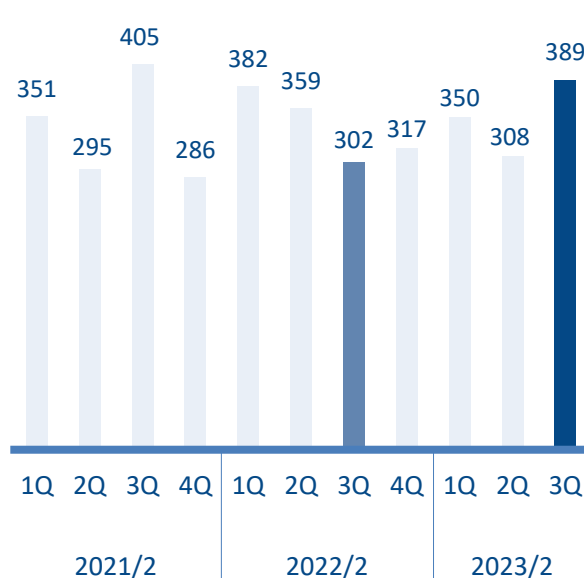
Video Release Distribution Business (Quarterly Trend)

In 3Q FY2023, the effects of lead acquisition efforts made up to 2Q became evident, and we posted an operating profit.

In 4Q FY2023, we will work to increase orders for large projects while training sales personnel, aiming to achieve full-year profitability.

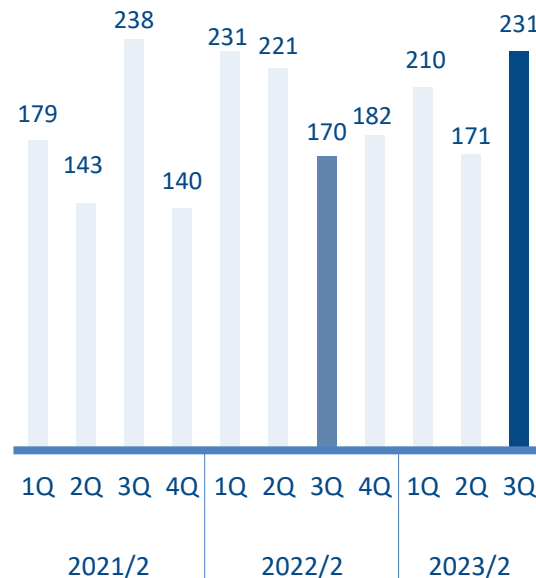
Net Sales (million JPY)

389 million JPY (128.6% YoY)



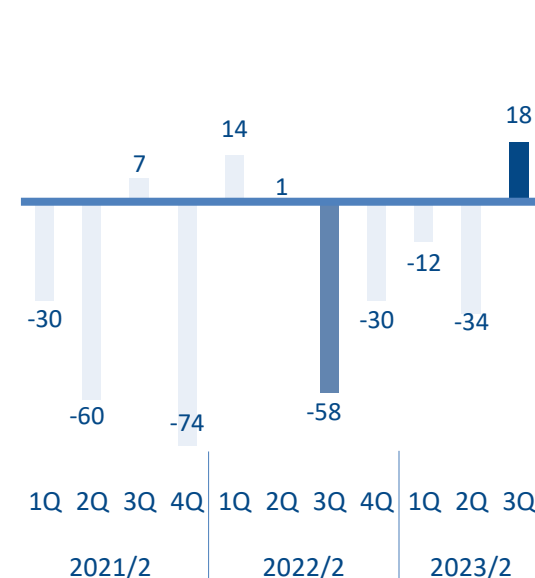
Gross Profit (million JPY)

231 million JPY (135.9% YoY)



Operating Profit (million JPY)

18 million JPY (77% YoY)



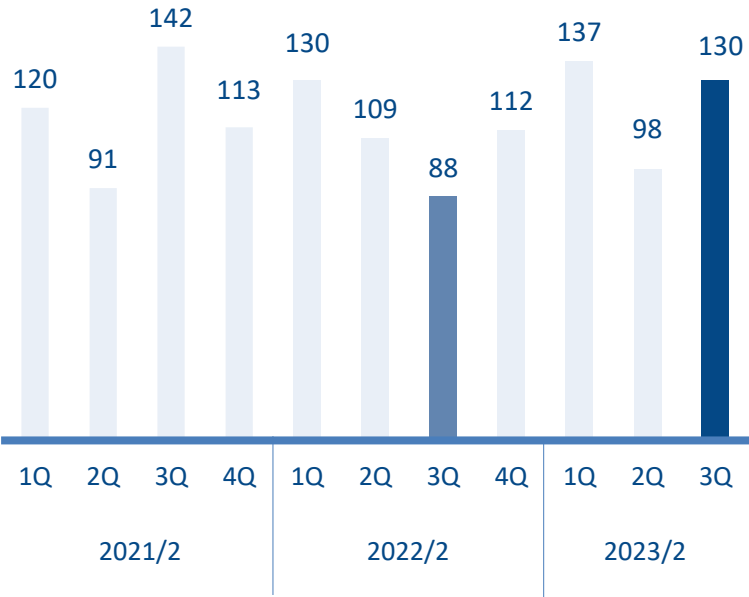
Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.

1Q impact: 5 million JPY, 2Q impact: 1 million JPY, 3Q impact: 0 million JPY

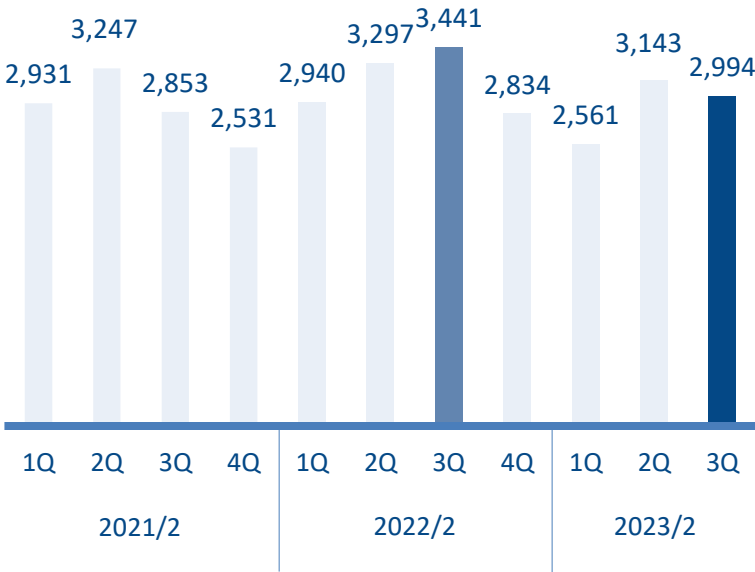
Number of Video Release Distributions and Average Price Per Distribution

In 3Q, the number of video release distributions increased as a result of customer acquisition and enhanced proposal capabilities up to 2Q. In 4Q, we will aim to increase the number of video release distributions by converting leads acquired so far into orders.

Number of video release distributions: 130 (147.7% YoY)

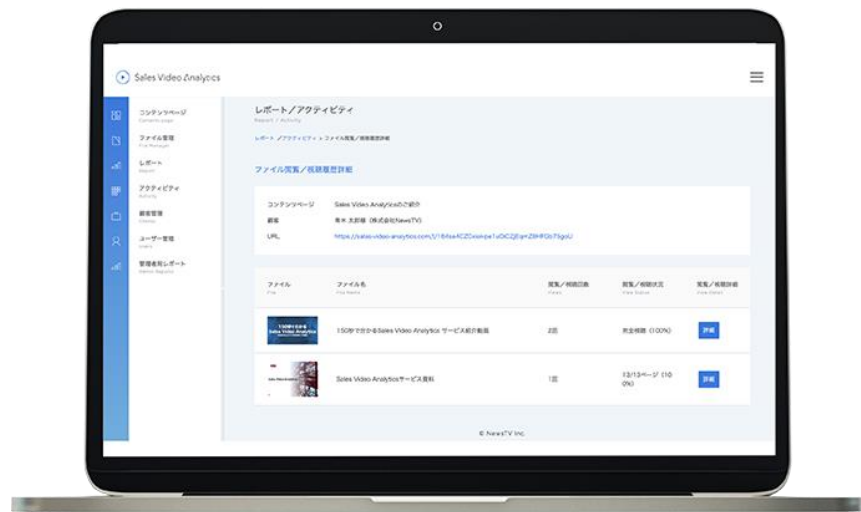


Average price per distribution: 2,994 thousand JPY (87.0% YoY)



Sales Video Analytics

In response to changes in ways of communicating due to COVID-19, VECTOR has developed a new service that utilizes video. Released in January 2022, Sales Video Analytics is the first SaaS-based product to apply DX to sales activities by leveraging the power of video and data.



Sales Video Analytics is a sales DX support service that boosts sales efficiency and increases revenues by enabling visualization of customer actions and the use of video for sales activities.

01 Free video production

Production of free movies (two per year) that present sales material and features for in-house services as well as success cases of companies that introduced the product.



02 Customer landing page production

Landing pages for customers can be created. Video and sales materials can be included on the landing page.



03 Viewing log

Possible to acquire data such as the number of landing page views, date and time of views, and the number of seconds videos are watched for.



04 "Thank you" video function

Function for using "thank you" videos when communicating with customers that allows videos to be displayed in emails.

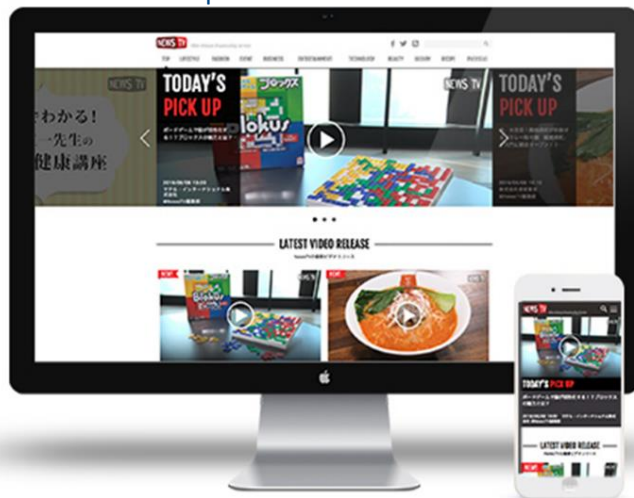


Video Release Business Outlook

We will train sales personnel to strengthen proposal capabilities that tap into customer needs, expand the customer base, and increase the average price per distribution.

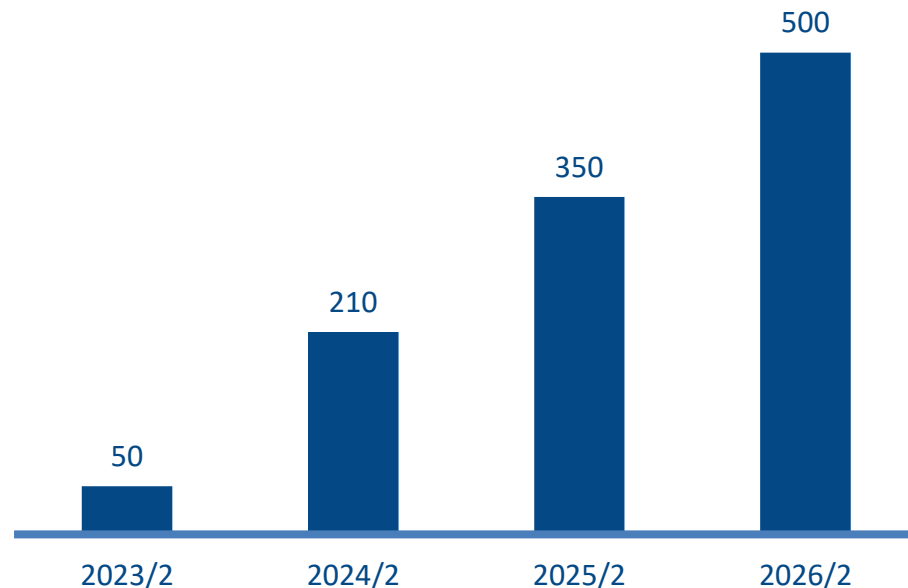
By expanding both Video Release and Sales Video Analytics, we aim to achieve an operating profit of 500 million JPY in FY2026.

Video advertising distribution, Video Release, allowing clients to produce them for free



Over 3,500 videos have been produced and distributed since the service was launched in 2015.

Operating Profit (million JPY)

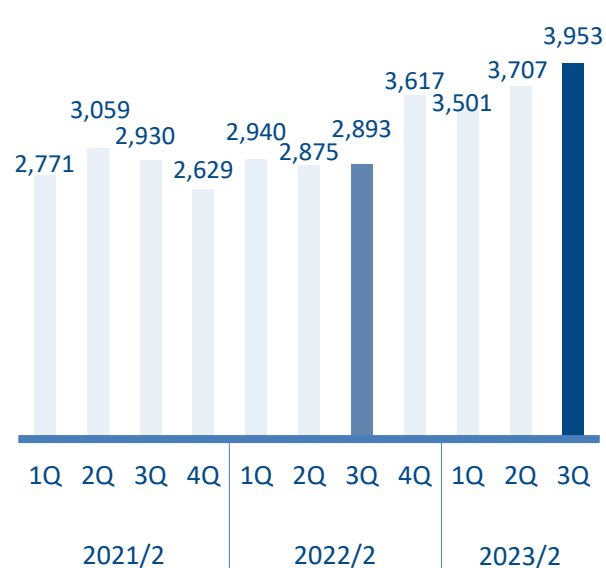


Direct Marketing Business (Quarterly Trend)

In 3Q FY2023, **record-high net sales and operating profit** were achieved thanks to contributions from advertising investment made in 2Q. In 4Q FY2023, we **expect to secure operating profit of 835 million JPY** while continuing to invest a certain amount in advertising.

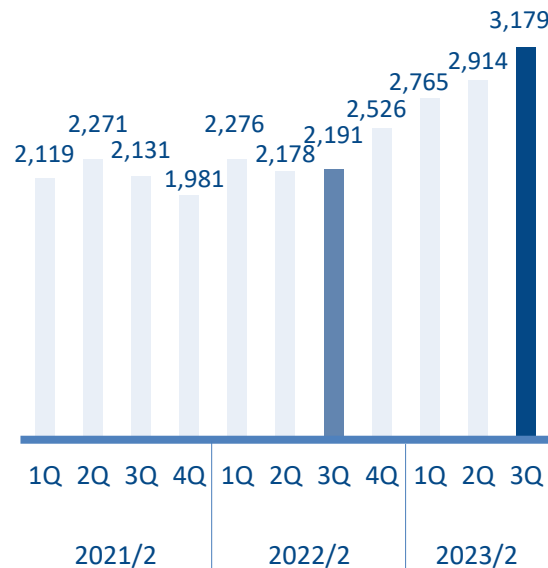
Net Sales (million JPY)

3,953 million JPY (136.6% YoY)



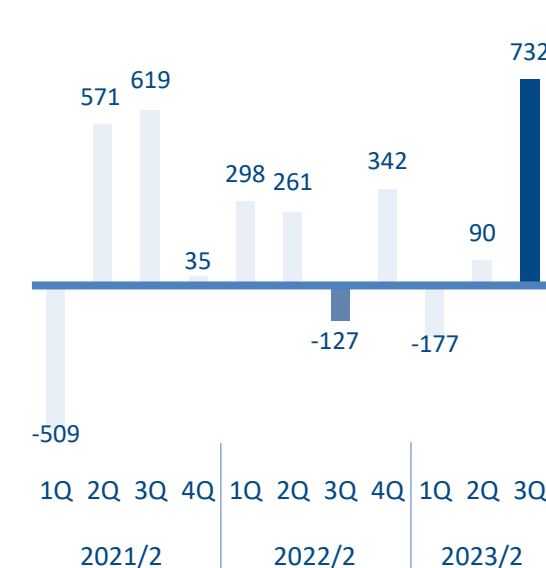
Gross Profit (million JPY)

3,179 million JPY (145.1% YoY)



Operating Profit (million JPY)

732 million JPY (859% YoY)



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

1Q impact: 109 million JPY, 2Q impact: 90 million JPY, 3Q impact: 96 million JPY

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 12.16 million.**



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

Net sales
10,210 million JPY
Feb. 2022

9,890 million JPY
Feb. 2021

8,360 million JPY
Feb. 2020

6,310 million JPY
Feb. 2019

2,850 million JPY
Feb. 2018

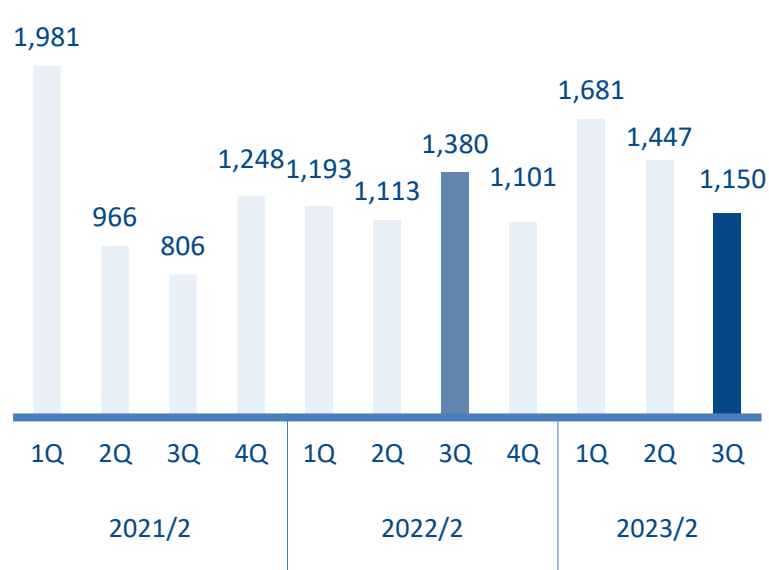


Terminalia First continued to perform well following its launch, with cumulative sales exceeding 4.54 million units.

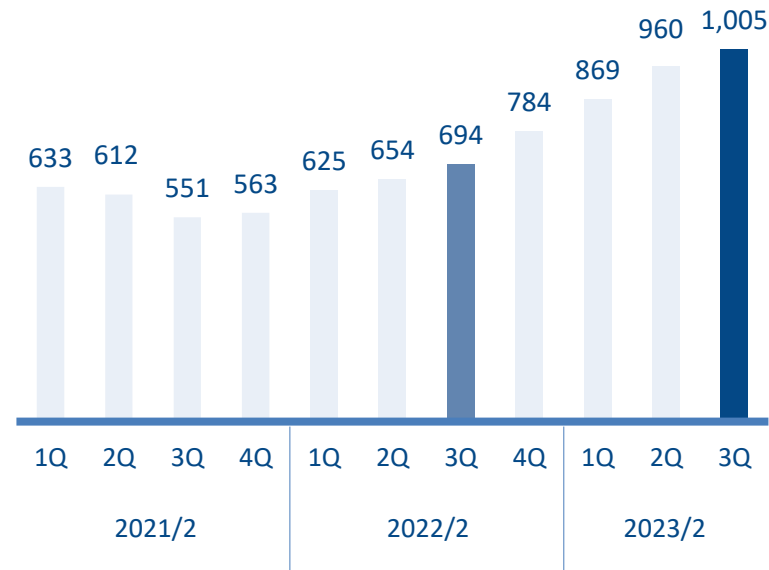
Advertising Expenses and Units Sold

In 3Q, although advertising expenses were limited, units sold increased due to the contribution of advertising investments made up to 2Q. In 4Q, we expect to secure operating profit of 835 million JPY while continuing to invest in advertising in the next fiscal year and after.

Advertising Expenses: 1,150 million JPY (83.3% YoY)



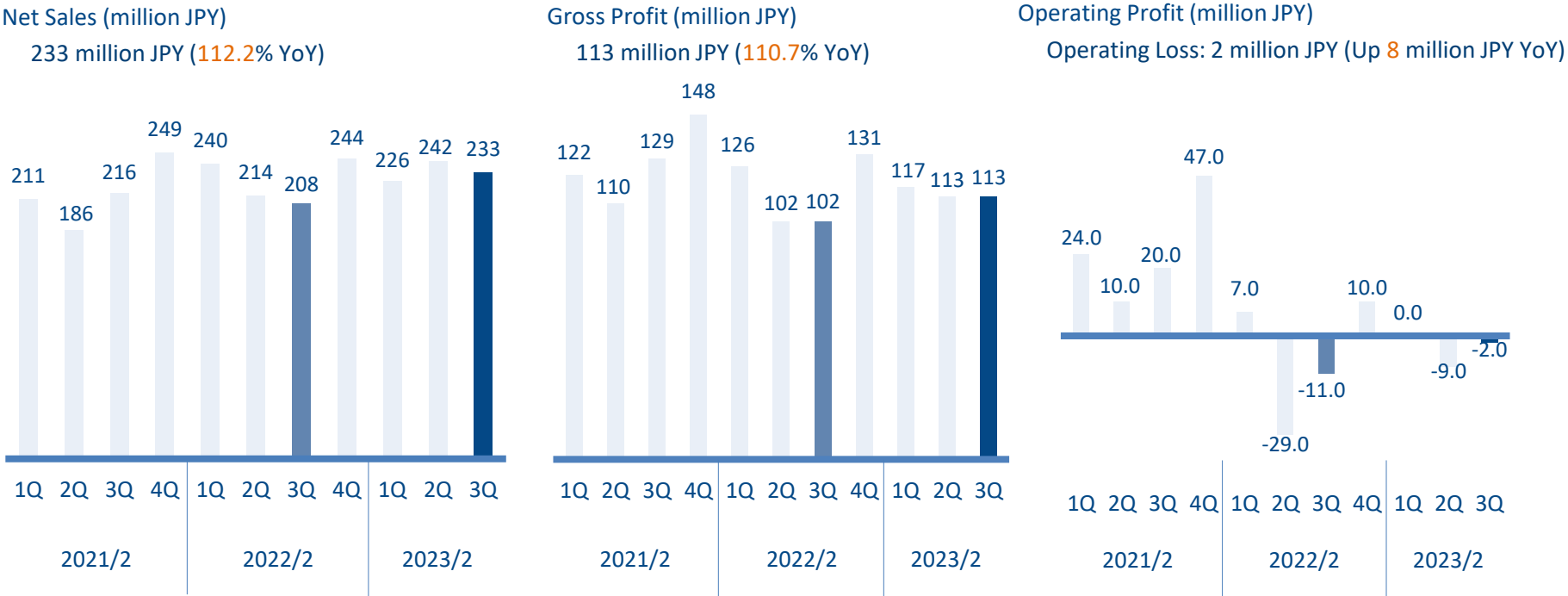
Number of Units Sold: 1,005 thousand (144.8% YoY)



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

Media CMS Business (Quarterly Trend)

In 3Q FY2023, we recorded another operating loss after 2Q due to investment in development to enhance CMS functionality.
 In 4Q FY2023, we will aim for full-year profitability by working to increase orders for owned media, the foundation of our stable profits.

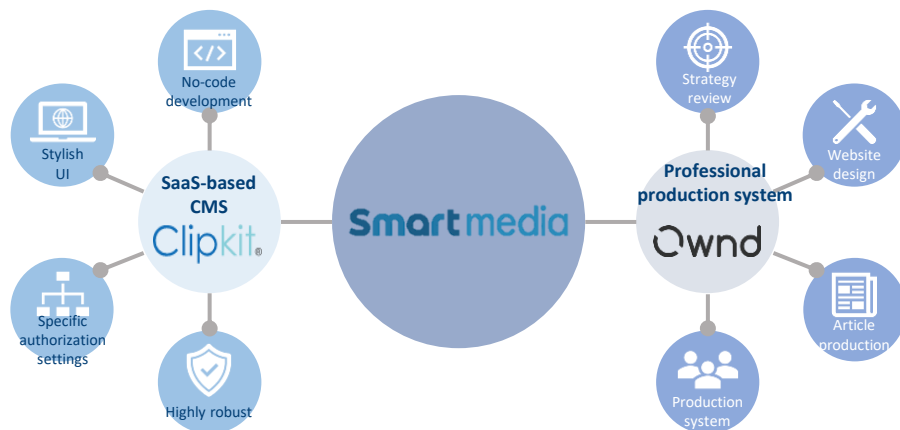


Note: As of 1Q FY2023, the Media segment has been renamed the Media CMS segment.

Future Business Policy

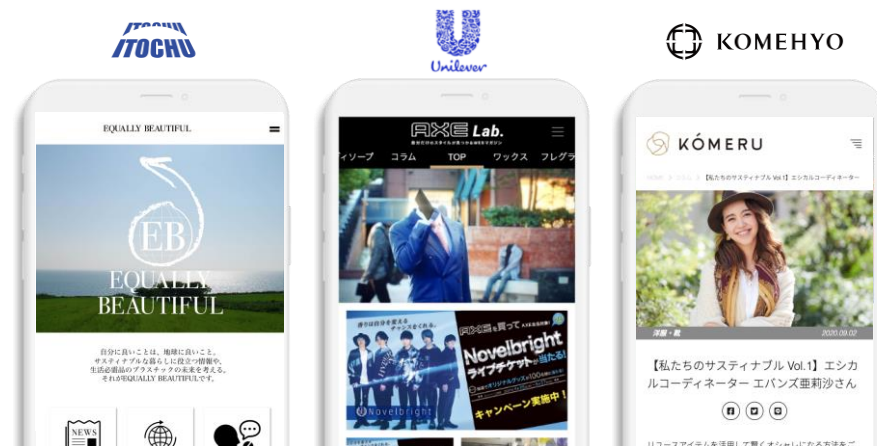
We will support corporate content marketing, switching to a policy of focusing on owned media by leveraging the expertise we have cultivated. In addition to acquiring owned media projects, we will build up subscription earnings by selling with CMS to create a more stable earnings foundation.

Owned media support service



Our policy is to sell with CMS, required for creating owned media, by focusing on acquisition of owned media, for which companies have strong needs.

Owned media production examples



We will support corporate content marketing from production to operation of owned media leveraging the expertise we have cultivated in media operations.

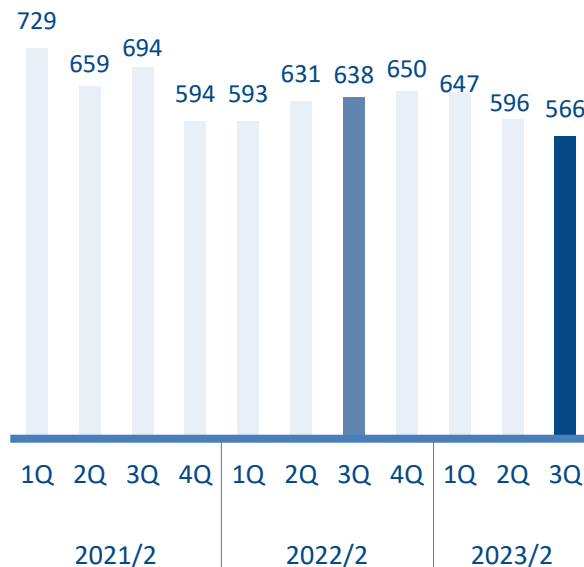
Human Resources Business (ASHITA-TEAM)

In 3Q FY2023, we will secure operating profit while investing in areas such as advertising and development.

In 4Q FY2023, we will aim for full-year operating profit of 350 million JPY while continuing to invest in areas such as advertising.

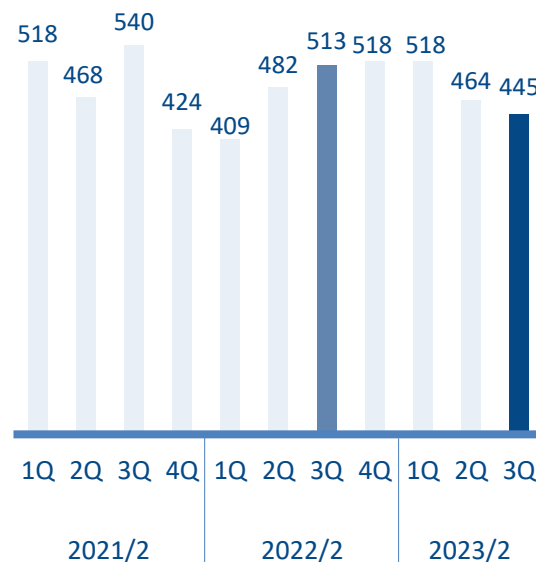
Net Sales (million JPY)

566 million JPY (88.8% YoY)



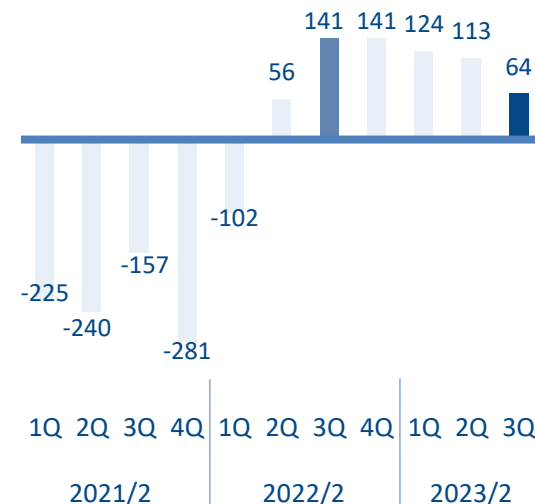
Gross Profit (million JPY)

445 million JPY (86.7% YoY)



Operating Profit (million JPY)

64 million JPY (45.8% YoY)



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

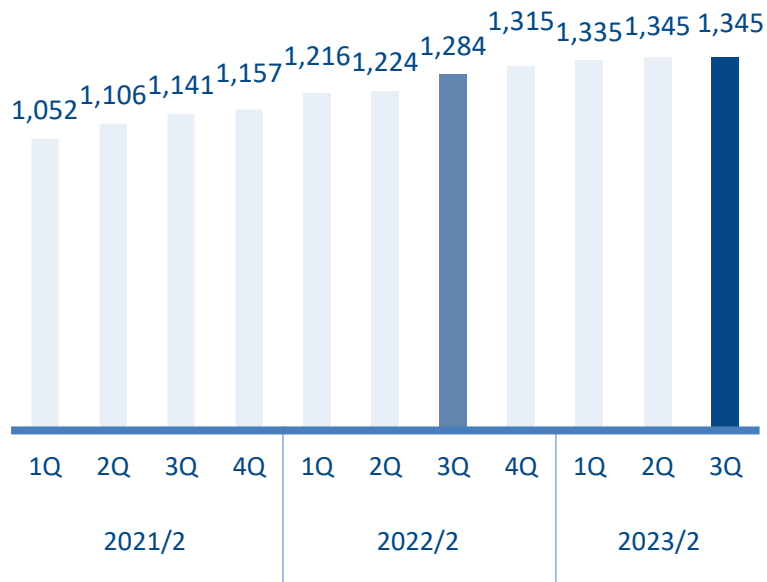
1Q impact: 33 million JPY, 2Q impact: 28 million JPY, 3Q impact: 25 million JPY

Number of User Companies*¹ and ARR*²

In 3Q, although ARR decreased from 2Q, we revised our sales strategy to achieve sustainable growth going forward.

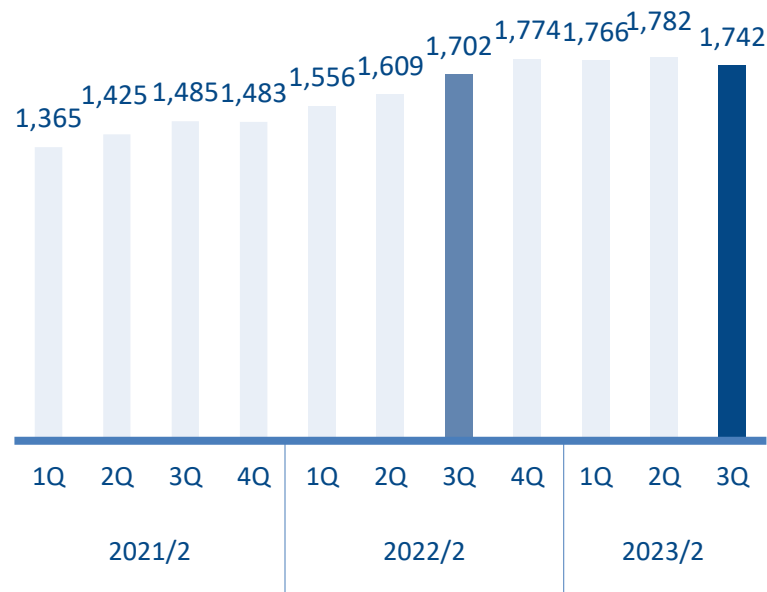
In 4Q, we will work to increase ARR by strengthening sales of SaaS-based products through the acquisition of leads by investing in advertising and revising sales strategies.

Number of user companies: 1,345 (104.8% YoY)



*1 Number of user companies refers to companies using cloud or operating consulting services on a monthly subscription basis.

ARR: 1,742 million JPY (102.3% YoY)



*2 ARR is the amount calculated by multiplying the monthly recurring revenue (MRR) from cloud and operating consulting services at the end of the quarter by 12.

Human Resources Business Outlook

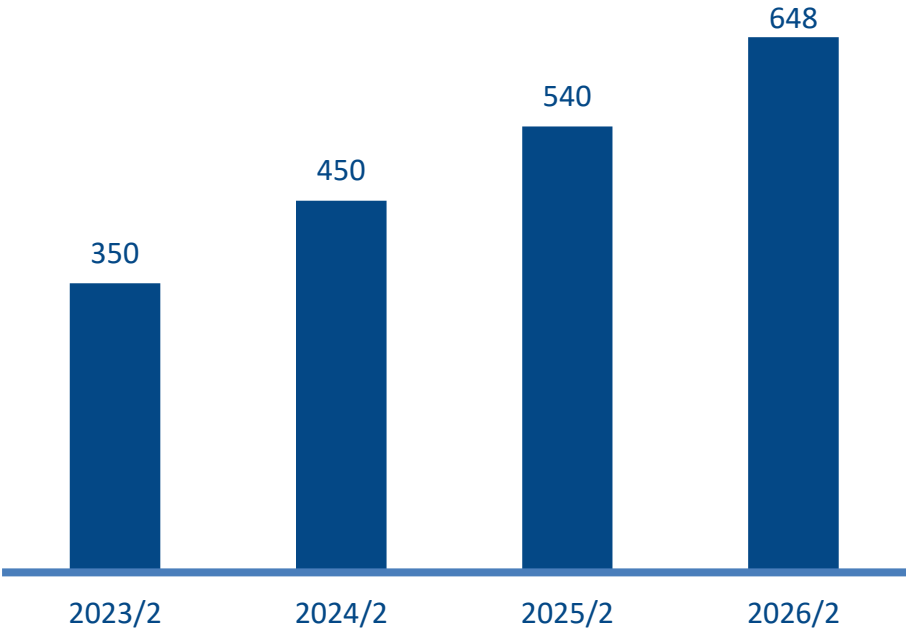
Through strengthening sales of SaaS-based products and increasing retention by improving customer satisfaction, we have expanded the subscription ratio and created a stable earnings foundation. Operating profit in FY2026 is projected to climb to 648 million JPY on the back of stable profits achieved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

Personnel evaluation cloud “Ashita Cloud”



Build up subscription earnings by strengthening sales of SaaS-based products

Operating Profit (million JPY)

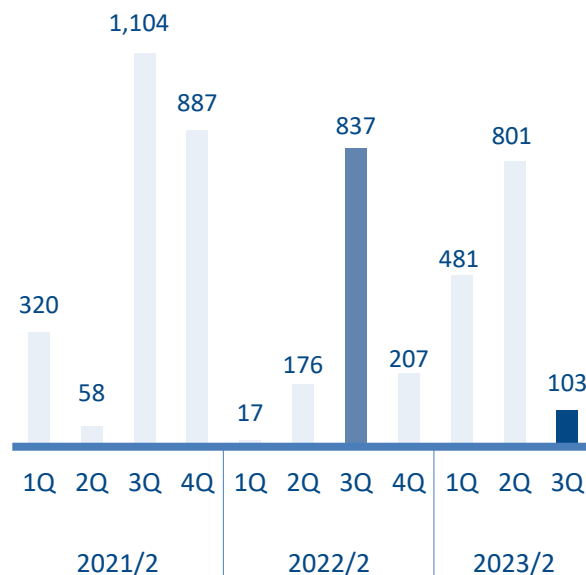


Investment Business (Quarterly Trend)

In 3Q FY2023, an operating profit was secured due to the partial sale of shares held, exceeding loss on valuation of securities. We anticipate that 4Q FY2023 performance will be in line with the full-year plan, given that a certain amount of valuation losses are expected to occur.

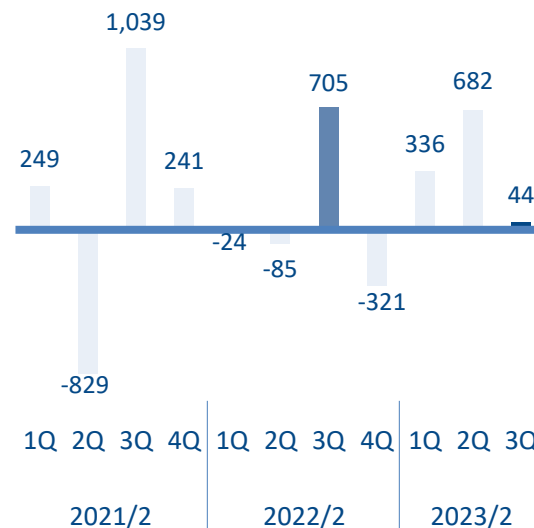
Net Sales (million JPY)

103 million JPY (12.3% YoY)



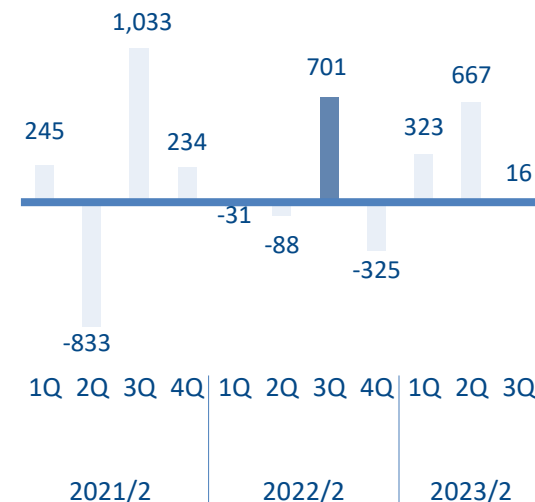
Gross Profit (million JPY)

44 million JPY (6.3% YoY)



Operating Profit (million JPY)

16 million JPY (2.3% YoY)



Note: As of 1Q FY2023, accounting treatment changed due to the commercialization of our investment activities, and the Fund business has been renamed as the Investment business.

Most Recent IPOs Invested In

Supporting corporate growth through capital and PR/IR (total of 28 IPOs).

Newly listed PROGRIT on the Growth Market, bringing the total number of IPOs in FY2023 to three companies.

Date of listing	Company name		Market
September 29, 2022		PROGRIT Inc.	TSE Growth Market
April 4, 2022		SecondXight Analytica, Inc.	TSE Growth Market
March 28, 2022		Mental Health Technologies Co., Ltd.	TSE Growth Market

Solid Track Record of Investment in Growth Fields

 = IPO complete

IoT and Security Systems



AI and Big Data



Marketing and Sales



D2C



Restaurants, Retail, Beauty, Services and Healthcare



Fintech and Real Estate Technology



Human Resources, Education-Related



Sharing Economy



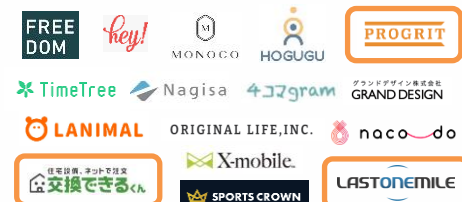
DX



Other toB Services






Other toC Services



Made Investees into Subsidiaries (Most Recent Results)

Offered backup in terms of capital on top of PR and IR support by making investees into subsidiaries

Achieve early IPO and aim for gain on sale as investment objective by accelerating growth of investees

Share acquisition date	Company name	Business
November 21, 2022	 amie Inc.	Operation of a franchise matching platform
November 18, 2022	 MasterVisions Inc.	Generation and distribution of 360-degree free-viewpoint video
July 29, 2022	 CLOUD BEAUTY inc.	Salon DX support Provision of a SaaS-based salon system

Made Investees into Subsidiaries (CLOUD BEAUTY)

CLOUD BEAUTY inc., a salon DX support business, became a consolidated subsidiary on July 29, 2022.

We will work to improve the VECTOR Group's services while utilizing expertise gained from this salon DX support business.

Overview of acquisition of shares

Company name	CLOUD BEAUTY CLOUD BEAUTY inc.
Business	Salon DX support Provision of a SaaS-based salon system
Share acquisition date	July 29, 2022
Service provided	SOSIA POS SALON https://sosia-pos.jp/ (in Japanese only)

SOSIA POS SALON



S O S I A
P O S
S A L O N


Introduced
at
more than
2,000 salons

Their SaaS-based salon system provides one-stop services for beauty salons, from reservation management to customer management, sales management and analysis, and service management.

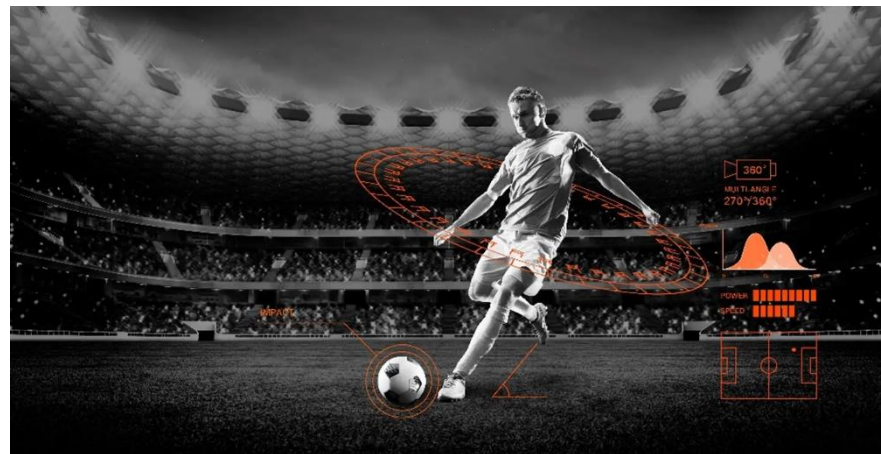
Made Investees into Subsidiaries (MasterVisions)

MasterVisions Inc., a free-viewpoint video generation and distribution service provider, became a consolidated subsidiary on November 18, 2022. We will strengthen our live commerce support services by leveraging advanced technological capabilities, such as the generation of 360-degree free-viewpoint video.

Overview of acquisition of shares

Company name	 MasterVisions MasterVisions Inc.
Business	Generation and distribution of 360-degree free-viewpoint video
Share acquisition date	November 18, 2022
Service provided	Generation and distribution services for 360-degree free-viewpoint video https://mastervisions.co.jp/en

Generation and distribution services for 360-degree free-viewpoint video



Provides free-viewpoint video generation and distribution services that enable viewers to watch 360-degree video of entertainment and sports using smartphones and other devices.

Made Investees into Subsidiaries (amie)

amie Inc., which operates a franchise matching platform, became a consolidated subsidiary on November 21, 2022. We will work to improve the VECTOR Group's services while utilizing matching expertise and the customer base gained from this platform operation.

Overview of acquisition of shares

Company name	 amie Inc.
Business	Operation of a franchise matching platform
Share acquisition date	November 21, 2022
Service provided	Franchise Hajimeru-kun https://fc-hajimeru.com/ (in Japanese only)

Franchise Hajimeru-kun



フランチャイズ
ハジメルくん

More than 70
opportunities
posted

Matching platform allows franchisors to send information to franchisees via video and proceed to contract negotiations.

Consolidated Statement of Profit and Loss

(million JPY)	FY '22 Q3	FY '23 Q3	Difference	YoY Change
Net Sales	34,892	41,163	+6,271	118.0%
Gross Profit	21,986	26,948	+4,961	122.6%
EBITDA	4,670	5,787	+1,116	123.9%
Operating Profit	4,032	5,213	+1,180	129.3%
Ordinary Income	4,085	5,345	+1,259	130.8%
Profit before Income Taxes	4,067	5,092	+1,024	125.2%
Profit Attributable to Owners of Parent	1,614	2,868	+1,254	177.7%

Consolidated Balance Sheet

(million JPY)	FY '22 Year End	FY '23 3Q End	Difference	YoY Change
Total assets	31,575	34,532	+2,956	109.4%
Cash and deposits	13,522	11,571	-1,951	85.6%
Goodwill	354	1,817	+1,463	513.3%
Operational investment securities + investment securities	5,363	6,476	+1,113	120.8%
Other	12,335	14,667	+2,332	118.9%
Total liabilities	15,397	18,537	+3,139	120.4%
Borrowings + bonds	5,717	8,392	+2,674	146.8%
Other	9,679	10,144	+465	104.8%
Net assets	16,178	15,995	-182	98.9%

Medium-term Profit Plan

Medium-term Profit Plan

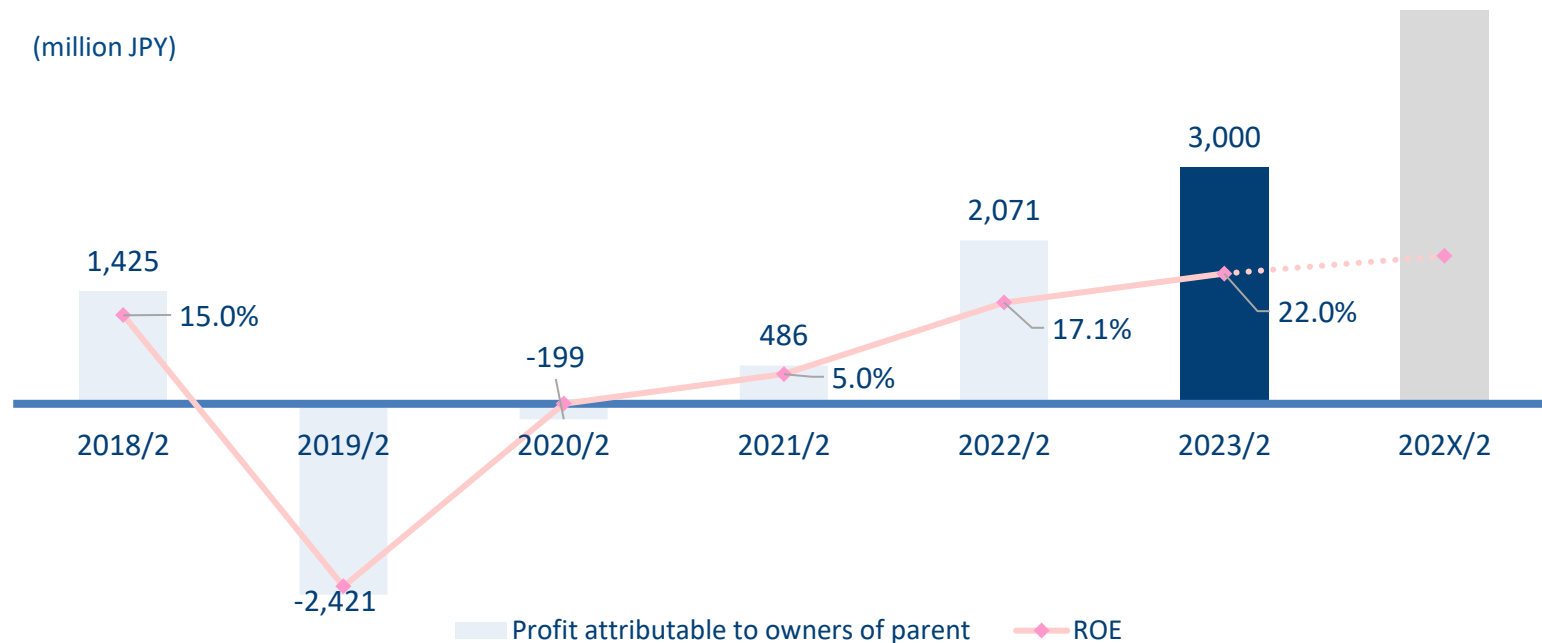
Medium-term Profit Plan (million JPY)	FY '23 (Targets)	FY '24 (Targets)	FY '25 (Targets)	FY '26 (Targets)
EBITDA*	7,020	7,920	9,160	10,660
Operating Profit	6,200	7,260	8,500	10,000

- **For FY2026, we expect EBITDA of 10,660 million JPY and operating profit of 10,000 million JPY.**
- Figures for both EBITDA and operating profit are target figures excluding stock-based compensation expenses.
- We will target a return on equity (ROE) of **22%**, aiming for continuous improvement.
- VECTOR's dividend policy is to ensure a **consolidated payout ratio** for shareholders aimed at **30%**.

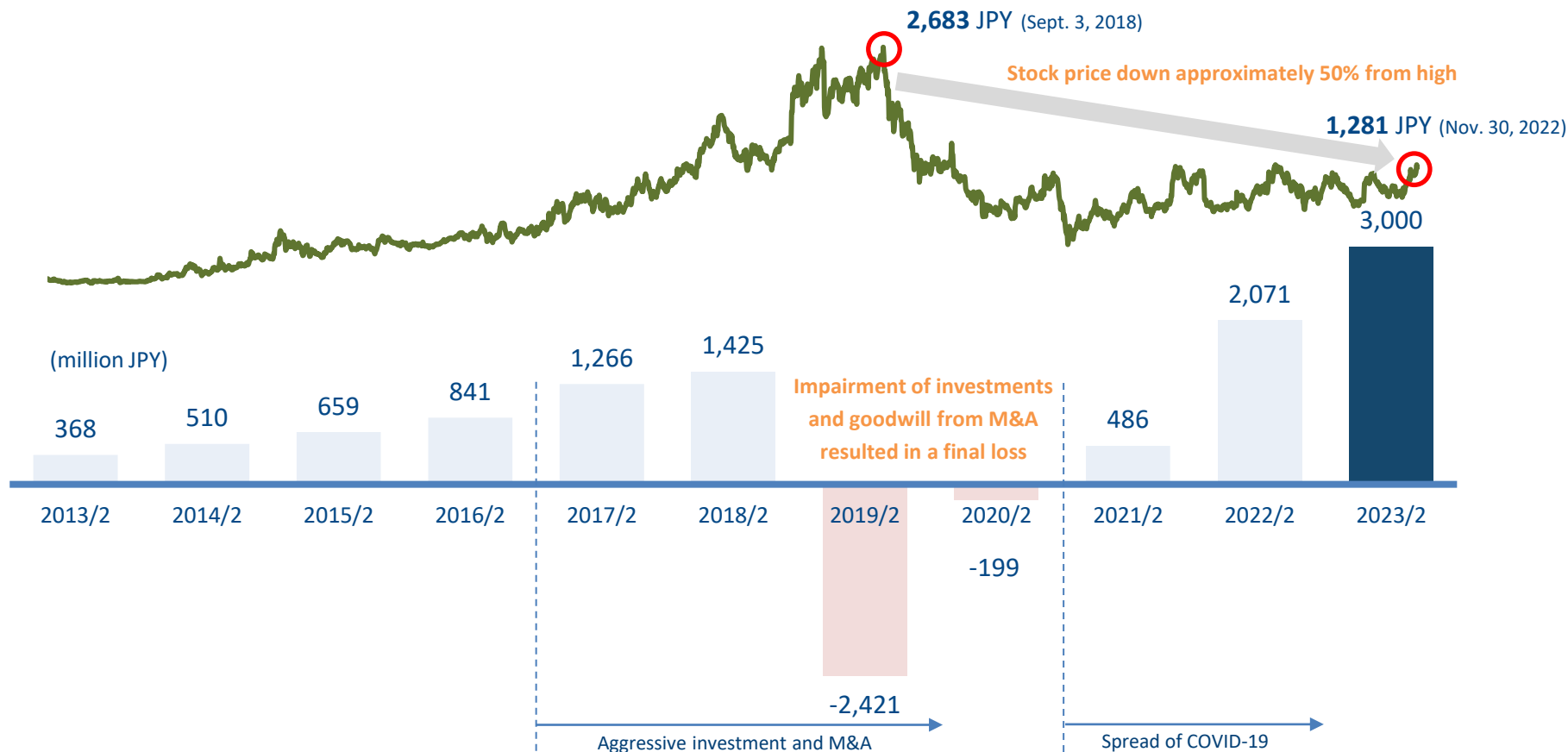
* EBITDA = Operating profit + Depreciation + Amortization of goodwill

ROE and Profit Attributable to Owners of Parent

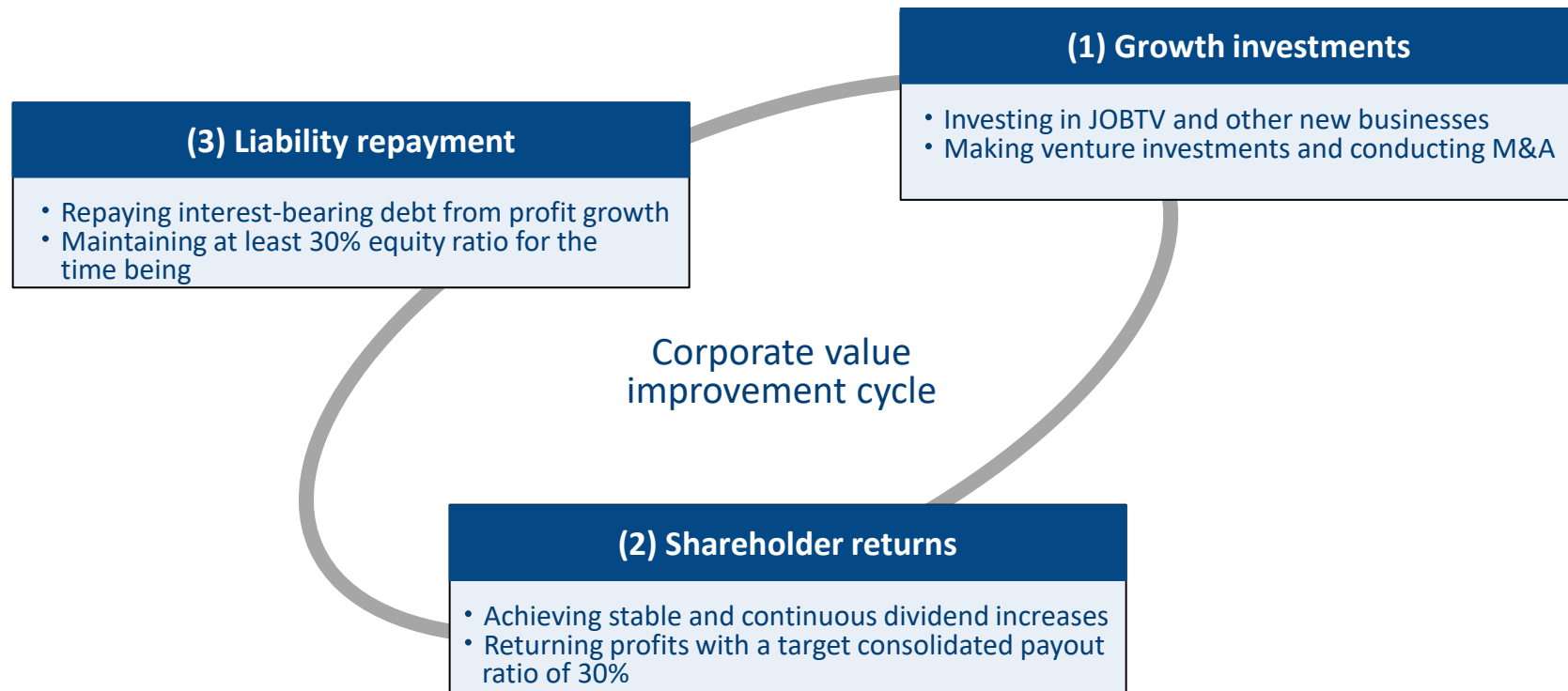
Target for ROE, a new management indicator, will be **22%** with policy of continuous improvement



Stock Price and Profit Attributable to Owners of Parent

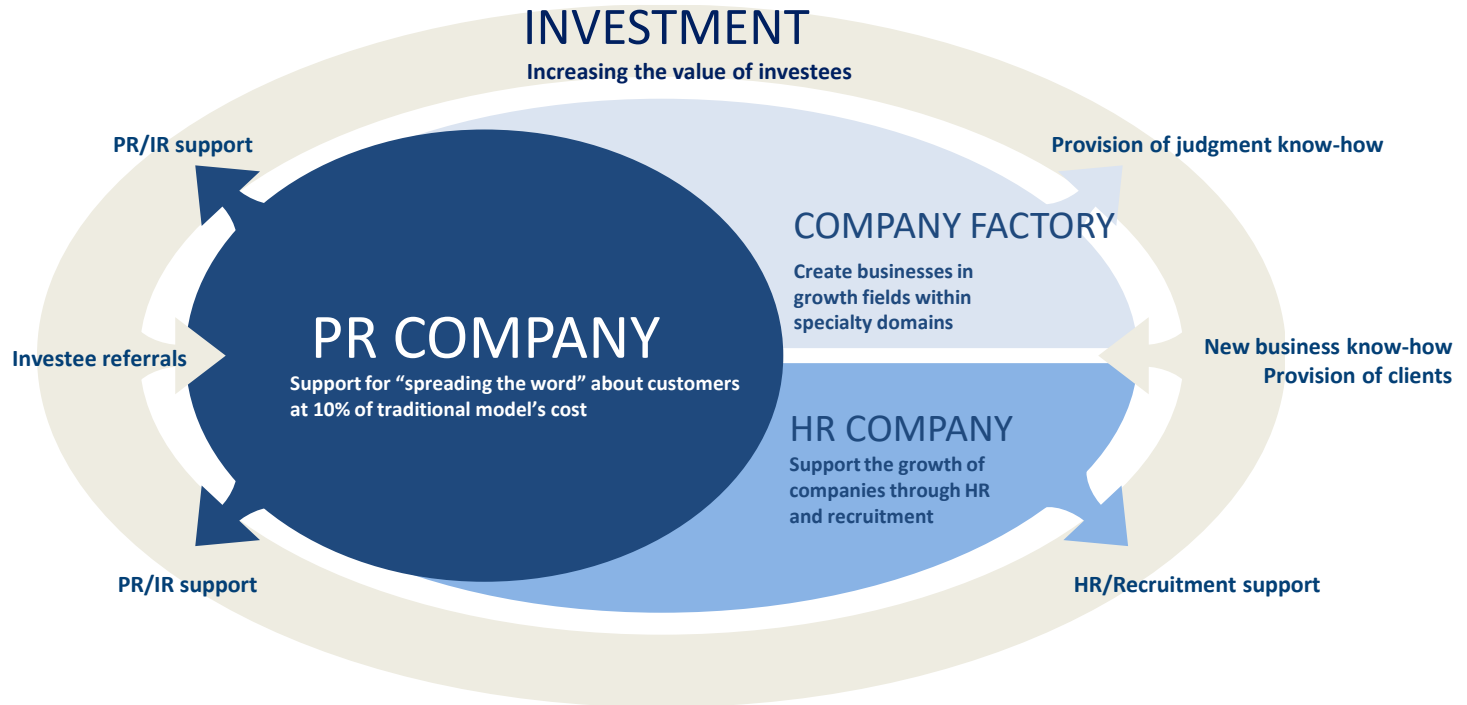


We will accelerate growth by investing cash generated from operating activities and interest-bearing debt in growth investments.
















VECTOR Group Business Concept

Aim for continuous Group expansion by supporting the growth of client companies in the four business domains of PR COMPANY, which seeks to help client companies spread the word, HR COMPANY, which seeks to support businesses through HR and recruitment, COMPANY FACTORY, which seeks to create new businesses, and INVESTMENT, which seeks to grow our investment business.



Businesses Comprising VECTOR Group

PR COMPANY	COMPANY FACTORY	HR COMPANY	INVESTMENT
PR/Press Releases/Video/Digital Marketing	D2C	Personnel Evaluation	Investment
 <p>FAST COMPANY provides one-stop, comprehensive support for marketing strategies designed to deliver the excellent products, services and solutions of our customers to the world.</p>	 <p>We handle everything in-house, from product planning and production to advertising, marketing, and purchasing in a D2C business having direct contact with customers.</p> <hr/> <p>Vitabrid C¹² Vitabrid Japan</p> <p> Direct Tech</p>	 <p>Our HR business primarily provides consulting and personnel evaluation cloud solutions to support the introduction and operation of personnel evaluation systems.</p> <hr/> <p></p>	 <p>In our venture company investing activities, we provide investees with support for increasing value along with PR and IR.</p> <hr/>
<p>vector ANTIL </p> <p>vector Platinum </p> <p>vector INITIAL </p> <p>vector SIGNAL </p> <p>PRTIMES</p> <p>Smartmedia</p> <p>NT</p> <p>NEWS TV</p>	<p>New Business</p>  <p>We grow service domains taking advantage of the business knowhow we have cultivated and start new businesses that leverage Group synergies and partner strengths.</p> <hr/> <p>MEDICAL TECHNOLOGIES</p> <p>PERFORMANCE TECHNOLOGIES</p> <p>INFLUENCER BANK</p>	<p>Recruitment Support</p>  <p>We provide a service that enables job seekers and companies to utilize video in the initial recruitment processes, solving issues that both parties face and achieving speedy matching.</p> <hr/> <p>JOBTV</p>	<p>vector </p> <p>100 capital</p>

Company Strategy

PRWeek Top Consultancies 2020: Asia-Pacific

Rank	Company	2019 revenue (US\$)	2018 revenue (US\$)	% change
1	Vector	212,000,000	180,500,000	17%
2	Ogilvy*	163,500,000	150,000,000	9%
3	Weber Shandwick*	132,011,250	125,725,000	5%
4	MSL*	128,100,000	122,000,000	5%
5	BCW*	108,416,000	96,800,000	12%
6	MC Group	107,490,000	70,870,479	52%
7	Edelman	105,626,000	104,230,000	1%
8	Fleishman Hillard*	62,400,000	60,000,000	4%
9	Brunswick	40,100,000	32,100,000	25%
10	Ruder Finn	38,991,500	37,626,000	4%
11	Havas PR	28,900,000	25,000,000	16%
12	WE Communications	27,600,000	24,900,000	11%

*Source: PRWeek Top Consultancies 2020: Asia-Pacific

Ranked #1 for Asia
in *PRWeek*

From #1 PR Firm in Asia...

...to #1 PR Firm Worldwide

Further expand domains
PR market in Japan worth 100 billion JPY

A modern office interior with large windows overlooking a city skyline at dusk. The office is furnished with desks, chairs, and a large wooden sculpture in the foreground. The text is overlaid on the image.

...by becoming a Fast Company in Advertising Industry

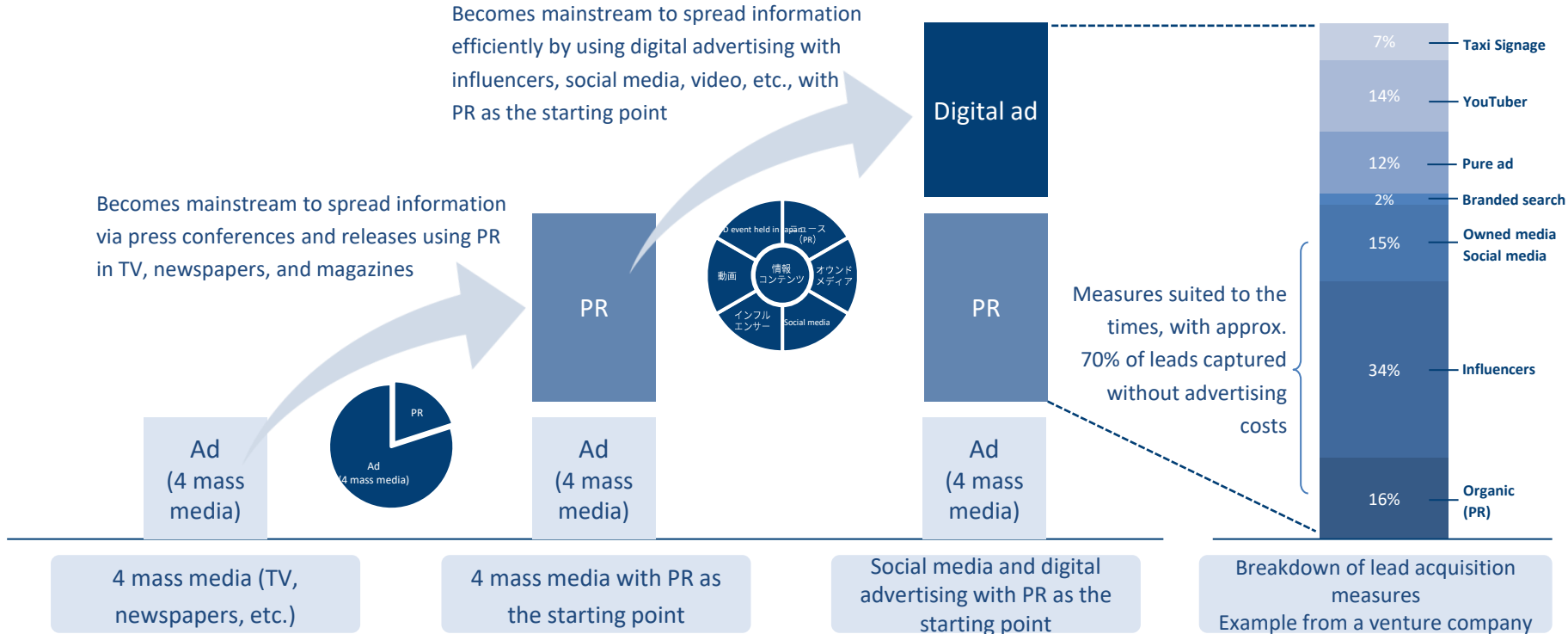
Target advertising market worth 6 trillion JPY

Advertising industry disrupter

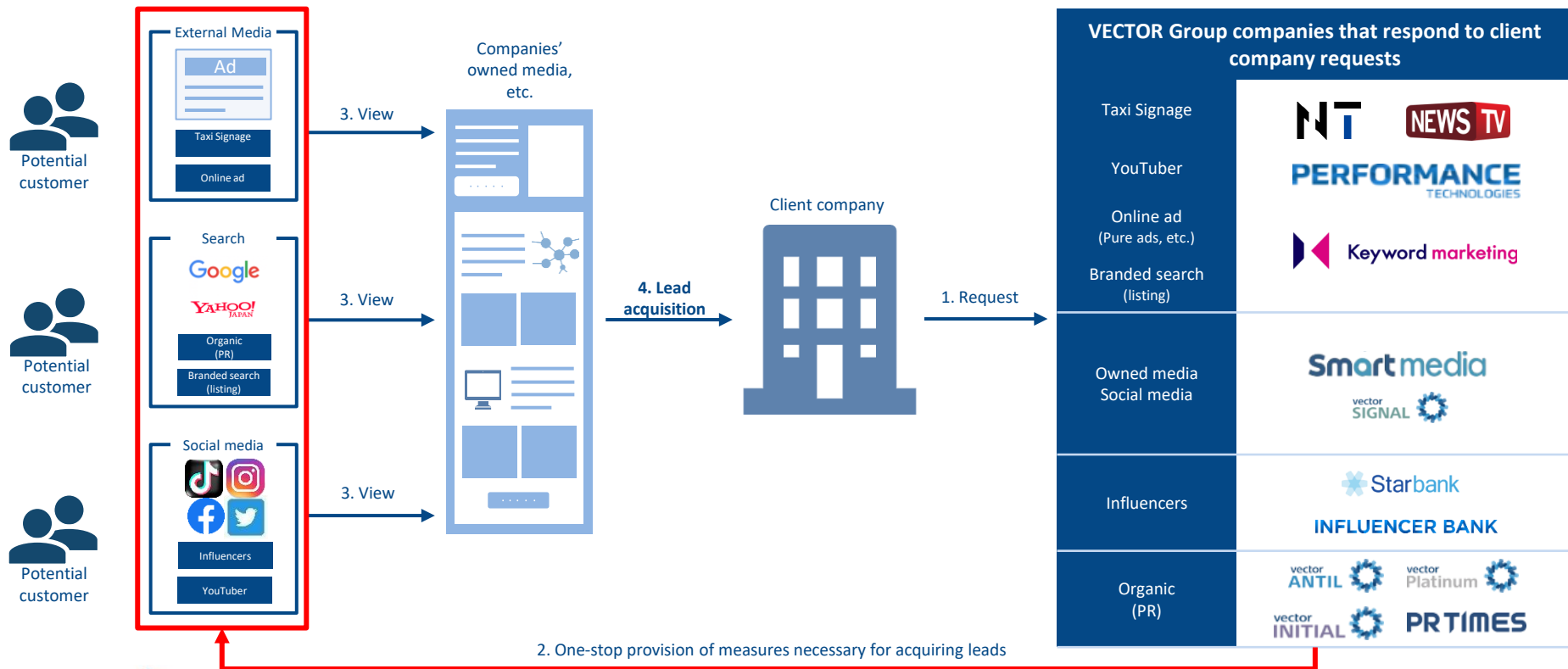
“Low Cost” “Middle Quality” “Speedy”

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







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



One-stop provision of measures necessary for acquiring leads



One-stop provision of services necessary for spreading the word.
Marketing measures suited to the times delivered at 10% of traditional model's costs.

Celebrity Casting					
Cast celebrities for content including websites, online videos and events.					
Starbank					
Press Releases	PR Consulting	Video Releases	Influencers	Digital Marketing	Risk Management
 <p>#1 press release service in Japan with over 70,000 clients. Used by 52% of publicly-listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.</p> <p>PR TIMES</p>	 <p>From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.</p> <p>vector ANTIL</p> <p>vector Platinum</p> <p>vector INITIAL</p>	 <p>Next-generation communication based on the production and distribution of video news from a PR standpoint, delivering content direct to the target audience.</p> <p>NEWS TV</p>	 <p>Support corporate service/product branding through SNS influencers.</p> <p>Starbank INFLUENCER BANK</p>	 <p>Integrated support from website production and system creation to digital promotion; Can also handle owned media creation and operation, and production of PR videos.</p> <p>vector SIGNAL</p> <p>NT</p> <p>Smartmedia</p>	 <p>Provision of consulting services concerning corporate reputation management and brand security using unique technology based on theory and know-how built up in the United States.</p> <p>BRAND CLOUD</p>

JPY 0

JPY 50 Million/Year

2 key points for strengthening the Fast Company concept

1
M&A

Expand service areas offered through
M&A to enhance marketing measures
suited to the times



2
VC + PR

Expand the customer base by further
strengthening venture capital (VC)
capabilities based on numerous
achievements in venture investment and
PR/IR support







1 M&A

M&A

Expand the increasingly important domain of digital marketing to provide comprehensive support for customer marketing strategies

Strengthening the Fast Company Concept Using M&A

In the advertising market, we will accelerate M&A centered on the digital marketing domain to expand the receptivity of internet advertising budgets, which are increasing every year, and strengthen the Fast Company concept.

Celebrity Casting					
Cast celebrities for content including websites, online videos and events.					
Starbank					
Press Releases	PR Consulting	Video Releases	Influencers	Digital Marketing	Risk Management
					
#1 press release service in Japan with over 70,000 clients. Used by 52% of publicly-listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.	From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.	Next-generation communication based on the production and distribution of video news from a PR standpoint, delivering content direct to the target audience.	Support corporate service/product branding through SNS influencers.	Integrated support from website production and system creation to digital promotion; Can also handle owned media creation and operation, and production of PR videos.	Provision of consulting services concerning corporate reputation management and brand security using unique technology based on theory and know-how built up in the United States.
PR TIMES	vector ANTIL vector Platinum vector INITIAL	NEWS TV	Starbank INFLUENCER BANK	vector SIGNAL Smartmedia	BRAND CLOUD

JPY 0

JPY 50 Million/Year

M&A Results (Business Transfer)

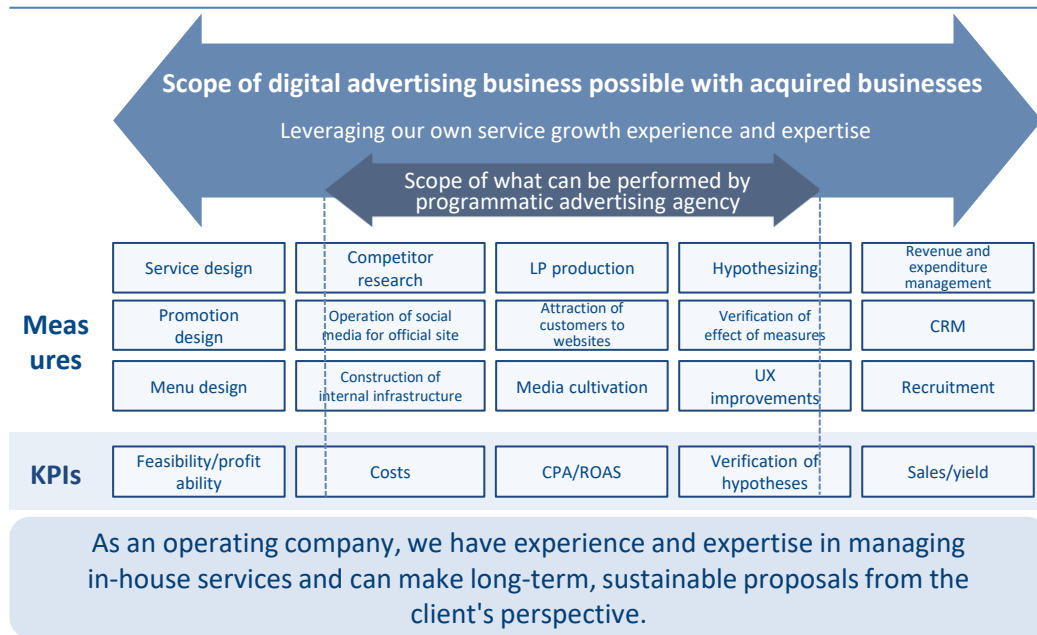
Acquired a digital advertising business specializing in strategic design from **TERMINAL inc.**
for 1.1 billion JPY on September 30, 2022.

Now able to provide PR services based on digital marketing on top of enhancement of digital advertising

Overview of acquired business

Company name	TERMINAL inc. TERMINAL inc.
Business transfer	Digital advertising business
Acquisition cost	1.1 billion JPY
Date of acquisition	September 30, 2022

Digital advertising business



Keyword Marketing Co., Ltd., a company specializing in managing programmatic advertising, became a consolidated subsidiary on December 26, 2022. We will increase sales per customer by digitally enhancing client marketing strategies using strategic PR as a launchpad.

Overview of acquisition of shares

Company name	 Keyword marketing Keyword Marketing Co., Ltd.
Business	Management agency for programmatic advertising Advertising management consulting
Acquisition cost	1,180 million JPY
Share acquisition date	December 26, 2022

Business

Management agency for programmatic advertising

Management agency for programmatic advertising
(Listing/social media advertising)

Managing programmatic advertisements such as listing ads and social media ads on behalf of clients. Conducts interviews prior to the start of operations to clarify issues not only in advertising but also in the business as a whole, setting goals.

Clients supported
Over 300

Annual retention rate
Over 90%

In-house management support

Advertising management consulting

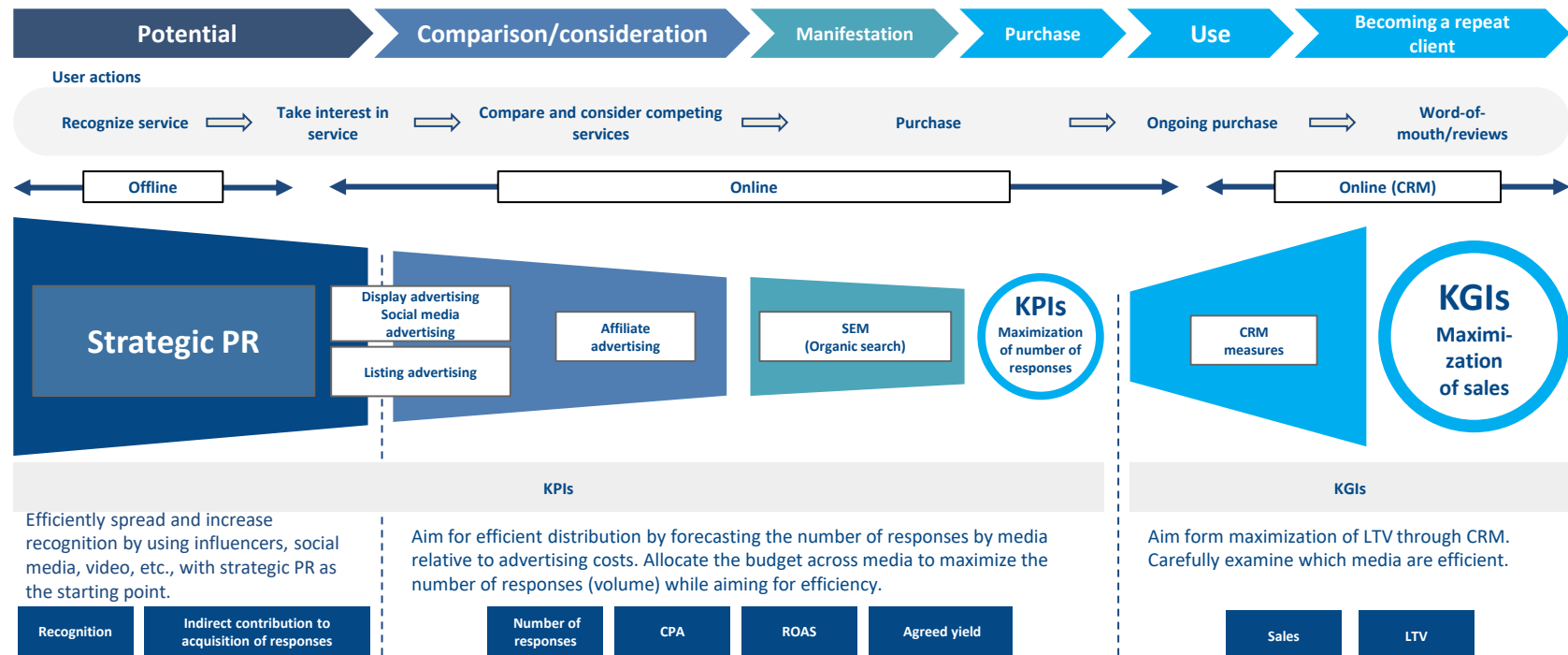
Provides consulting services to clients who manage their own advertising. Offers the most up-to-date advertising proposals suited to the client's industry and sector based on expertise gained from managing over 300 accounts at any one time.

Clients supported
Over 900

Course participants
Over 25,000

Synergy from Purchase of Digital Marketing Business

The purchase of a company (business) specializing in strategic design and listing advertisement management has enabled us to provide digital measures aimed at maximizing sales based more on strategic PR than before.

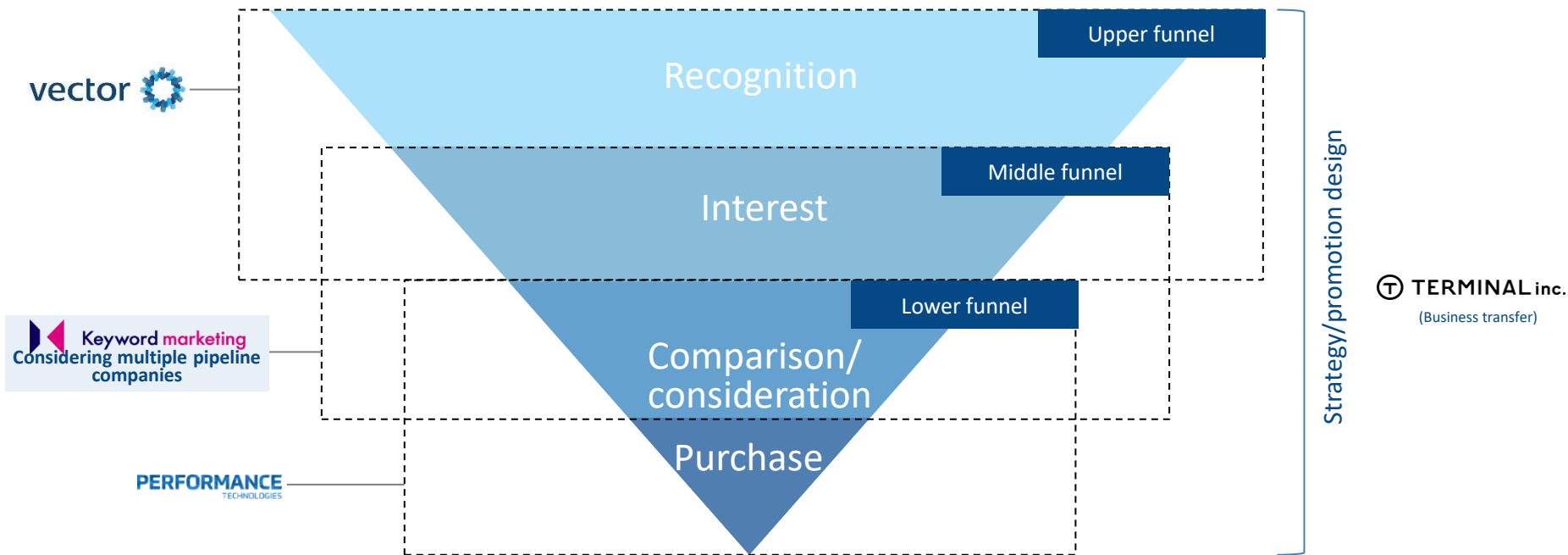


Strengthen the Fast Company concept and aggressively pursue M&A that could produce synergy with core businesses
Accelerate organic growth through effective M&A and aim for discontinuous growth

Acquisition target	Companies (small-scale projects) that can expand and enhance the Fast Company concept Strengthen digital marketing (digital advertising) domain in particular
Valuation	Execute M&A with a target EV/EBITDA multiple of 5x to 7x
Fund procurement	Acquisitions will basically be financed by cash on hand and bank loans.
Governance	Decisions made carefully by the Board of Directors, which is majority comprised of outside directors with extensive knowledge of M&A and finance
PMI	Regularly monitor objectives of acquisition from time of investment and their achievement Develop the internal controls required of a listed group company

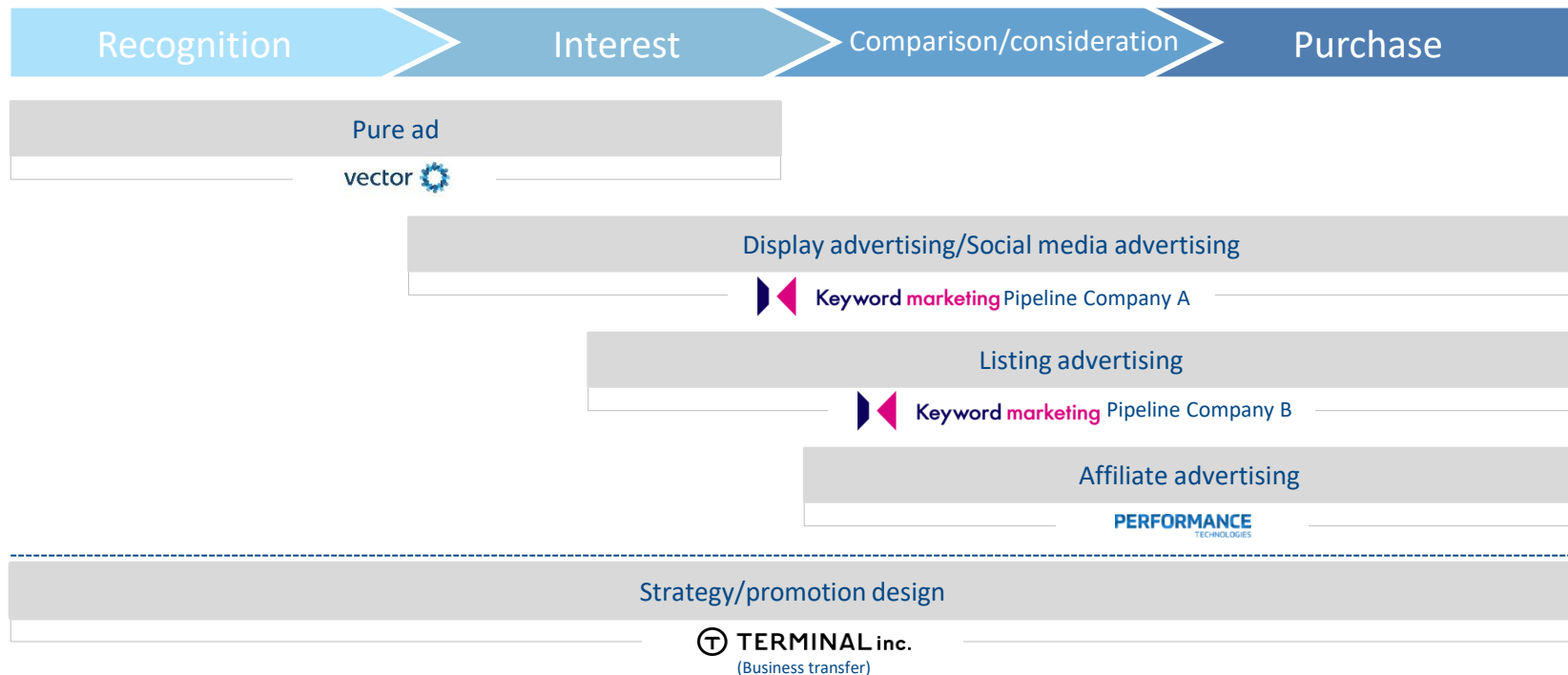
Develop businesses that can handle each funnel based on the purchasing process of consumers

Policy is to increase coverage through M&A to expand domains supported by each funnel



Expansion of Digital Marketing Domain (by Ad)

Expand the digital marketing domain to further strengthen the system for providing a one-stop solution that includes strategy and promotion design covering everything from expanding recognition to purchases in digital advertising measures



2 VC + PR

VC that offers both capital and PR support

We will maximize investment leverage by supporting clients not only through funding as in conventional VC but also through PR and IR support.

Expanding the Customer Base through Venture Capital

Accelerate venture investment backed by investments in capital and PR/IR support
based on the increasing number of venture companies

We will expand our customer base by covering not only the major companies that comprise our main clients,
but also venture companies.



JOBTV Progress Status

JOBTV is a recruitment matching platform where users can view unlimited company information videos.



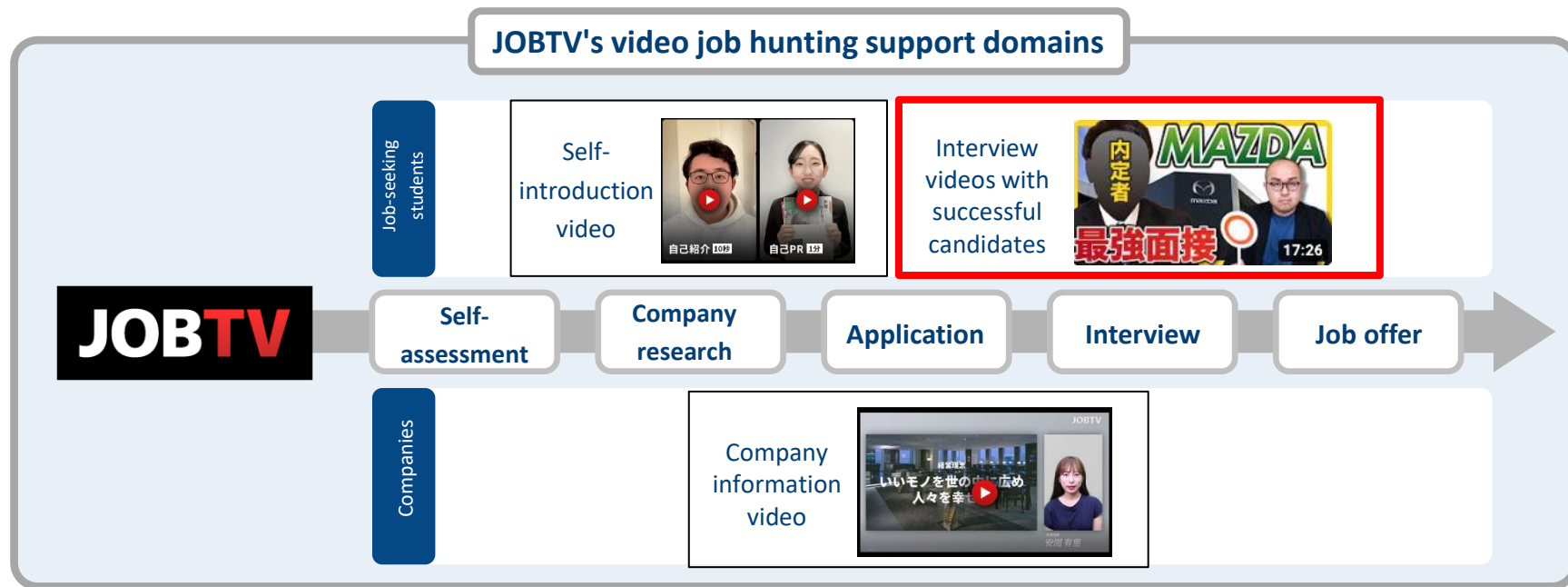
JOBTV is a service that solves issues of both job-seekers and companies.
Speedy matching is achieved by leveraging video in the initial recruitment processes.



Expansion of Video Job Hunting Support Domains

We launched the Successful Candidate Interview Channel,
where those receiving job offers re-enact their interviews, in December 2022.

With this channel, we have expanded our video job hunting support on JOBTv from company research to interview preparation.



https://www.youtube.com/@shundiary_passedinterview/videos

Status of Registered Students

The number of registered students has surpassed 100,000 due to our promotion of JOBTv among students and coverage on TV and other media.



Expand coverage on TV and other media by leveraging our PR know-how



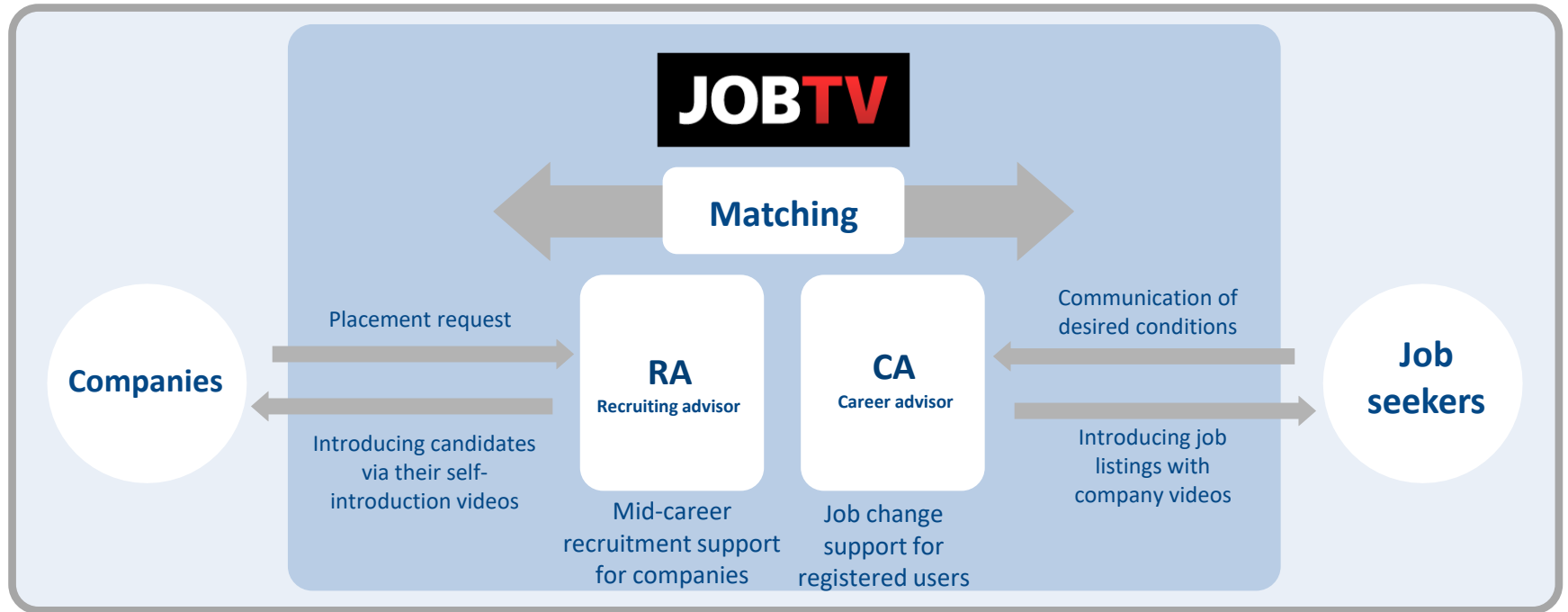
Workshop for job-seeking students on how to record and make effective video resumes

The beta version of job change and career change support service JOBTV Job Change was launched on December 1, 2022.

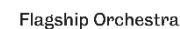
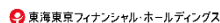
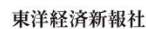


<https://mid.jobtv.jp/> (in Japanese only)

Advisors with expertise in video job search support both job seekers who are struggling to change jobs or careers and companies that are actively recruiting using video.



JOBTV User Companies (Example/In Random Order)



Over **1,000** participating companies



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.