

VECTOR INC.

## Financial Results – FY '23



April 14, 2023

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# FY '23 Results

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## (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

Net Sales

55,220 million JPY  
(114.8% YoY)

Gross Profit

35,140 million JPY  
(118.9% YoY)

EBITDA\*

7,010 million JPY  
(116.6% YoY)

Operating Profit

6,270 million JPY  
(122.4% YoY)

Ordinary Income

6,620 million JPY  
(127.2% YoY)

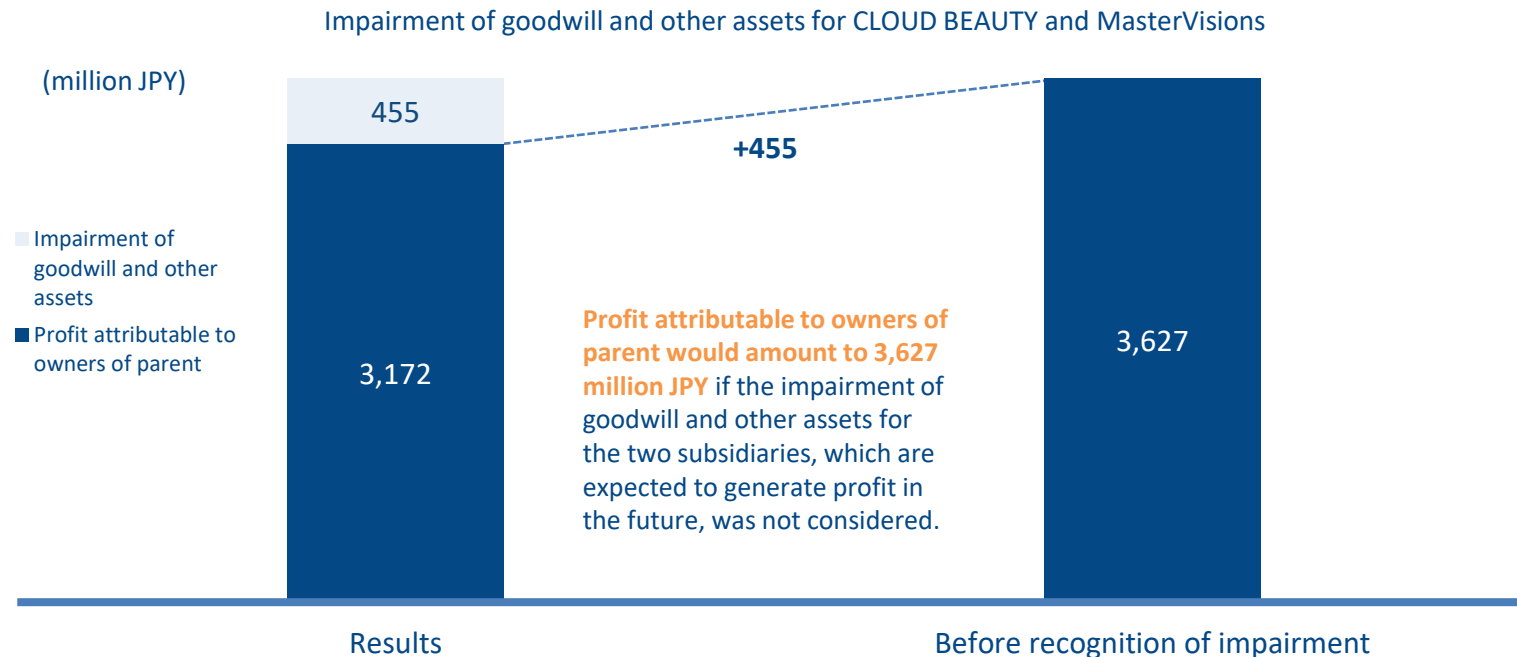
Profit  
Attributable to  
Owners of Parent

3,170 million JPY  
(153.1% YoY)

\* EBITDA = Operating profit + Depreciation + Amortization of goodwill

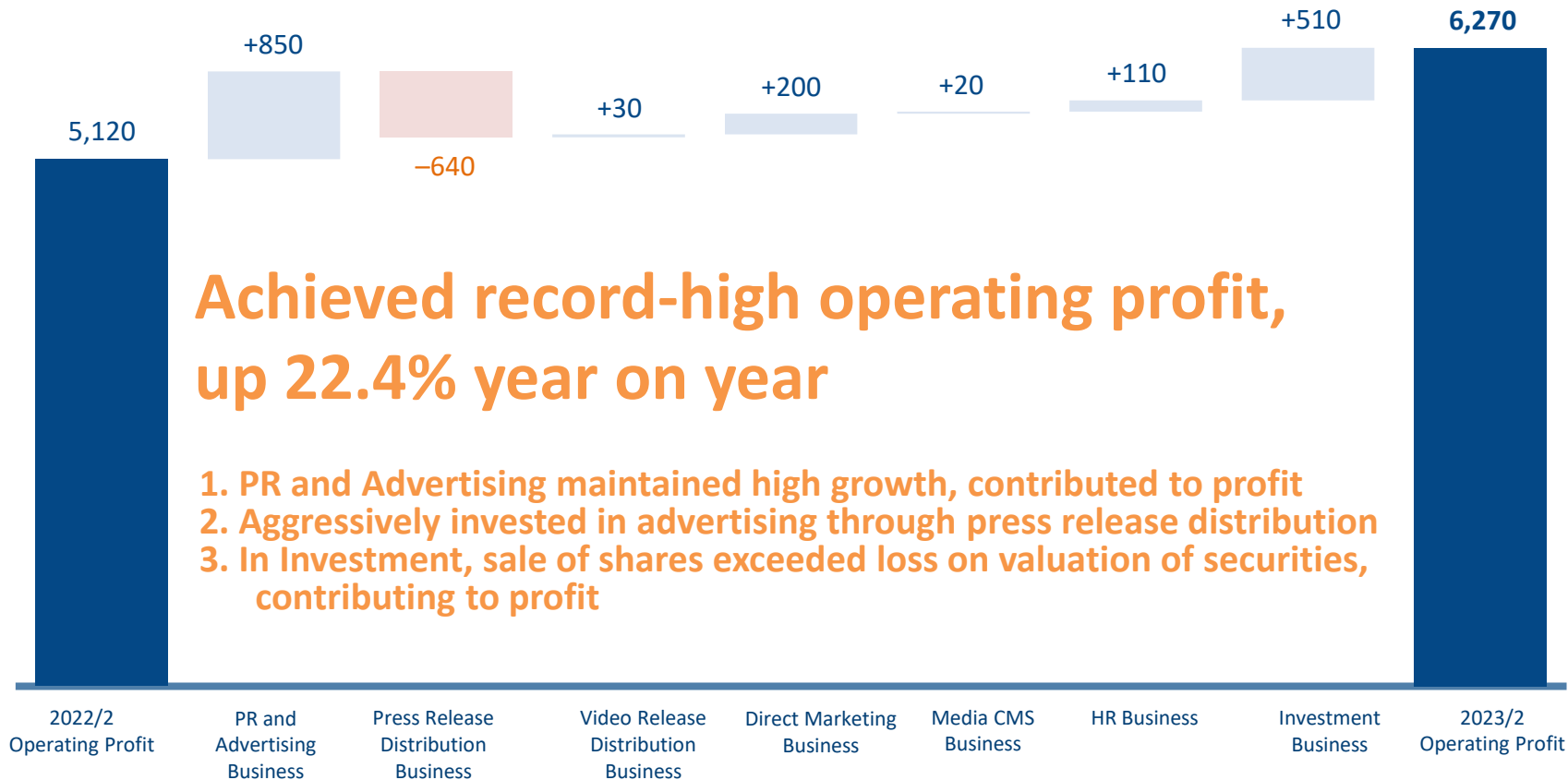
## Approach to Profit Attributable to Owners of Parent

While we anticipate that CLOUD BEAUTY and MasterVisions, which became consolidated subsidiaries in FY2023, will contribute to profit in the future, we took a conservative approach to the impairment of their goodwill and other assets.



## Operating Profit (YoY Trend)

(million JPY)



Consolidated  
Performance

PR and Advertising

Press Releases  
(PR TIMES)

Video Releases  
(NewsTV)

## Net Sales

55,220 million JPY  
(114.8% YoY)

29,510 million JPY  
(113.7% YoY)

5,700 million JPY  
(117.5% YoY)

1,380 million JPY  
(101.7% YoY)

## Operating Profit (Loss)

6,270 million JPY  
(122.4% YoY)

2,980 million JPY  
(140.4% YoY)

1,190 million JPY  
(64.9% YoY)

(30) million JPY  
(Up 30 million JPY YoY)

## FY '23 Business Overview

- Achieved record highs for both net sales and operating profit
- Mainstay PR and Advertising business in Japan drove high performance
- Operating profit fell short of the plan for Press Releases due to aggressive advertising investment
- All businesses were profitable except for Video Releases
- PR in Japan and Taxi Signage performed well throughout the year, achieving record-high operating profit
- Carried out M&A focusing on the digital advertising business
- JOBTV Job Change started off well
- Achieved record-high net sales
- Number of user companies surpassed 79,000
- Operating profit fell short of the plan due to investment in TV commercials, etc. to increase the number of user companies
- Sales measures contributed to narrowing the operating loss
- Trained sales personnel and focused on lead acquisition
- Sales Video Analytics going strong
- Improved organizational structure in anticipation of future growth



## Direct Marketing

**14,690** million JPY  
(**119.2%** YoY)

**980** million JPY  
(**127.0%** YoY)

- Aggressive and effective advertising investment contributed to record-high net sales and operating profit
- Terminalia First continued to perform well
- Prepared to expand product lineup

## Media CMS (Smart Media)

**950** million JPY  
(**105.3%** YoY)

**0** million JPY  
(Up **20** million JPY YoY)

- Achieved profitability despite aggressive investment in development to strengthen CMS functionality, etc.
- Revised sales strategy and strengthened organizational structure
- Owned media sales were favorable

## HR (ASHITA-TEAM)

**2,370** million JPY  
(**94.4%** YoY)

**350** million JPY  
(**149.3%** YoY)

- Restructured sales strategy due to a decline in annual recurring revenue (ARR)
- Accelerated growth by investing in advertising to acquire leads and investing in development to strengthen product functionality
- Met target for operating profit, posting a record high

## Investment

**1,600** million JPY  
(**129.3%** YoY)

**770** million JPY  
(**303.2%** YoY)

- Accounting treatment changed due to commercialization of investment activities
- Profit increased substantially due to the partial sale of shares held, which exceeded loss on valuation of securities
- Invested aggressively in promising startups

## Review of Full-Year Financial Forecasts

Full-Year Financial Forecast for FY '23 (million JPY)	FY '23 (Targets)	FY '23 (Results)	Achievement Rate
Net sales	53,100	55,225	104.0%
Operating profit	6,200	6,276	101.2%
Ordinary income	6,100	6,623	108.6%
Profit attributable to owners of parent	3,000	3,172	105.7%
Reference: Net sales under the old revenue standard	56,500	59,247	104.9%

In FY2023, **the PR and Advertising business drove high performance thanks to strong results in PR in Japan**. We achieved the full-year financial forecast for all items despite operating profit falling short of the plan in the Press Release business due to investment in TV commercials and other advertising, and advance investments in development and advertising for the new business JOBTv.

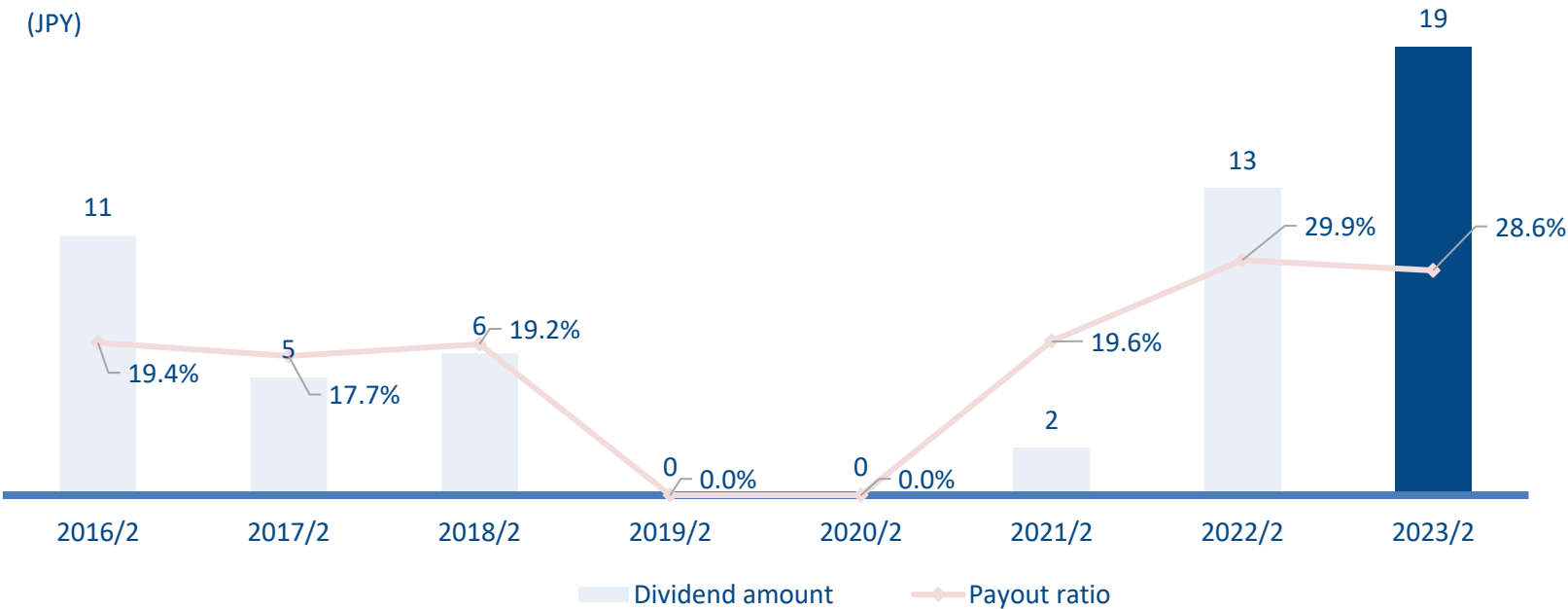
## Review of Profit Plan by Segment

	Profit Plan by Segment (million JPY)	FY '23 (Targets)	FY '23 (Results)	Achievement Rate
Operating Profit (Loss)	Consolidated	6,200	6,276	101.2%
	PR and Advertising	2,634	2,984	113.3%
	Press Releases	1,600	1,190	74.4%
	Video Releases	50	(34)	—
	Direct Marketing	835	984	117.9%
	Media CMS	51	3	6.6%
	HR	350	352	100.8%
	Investment	680	775	114.1%

Although we did not meet targets for the Press Release, Video Release, and Media CMS businesses, we achieved the full-year forecast. This was thanks to the **Direct Marketing and Investment business, where performance exceeded the plan**, and **significant profit growth in our mainstay PR and Advertising business despite a loss recorded overseas and advance investment in the new business JOBTV**.

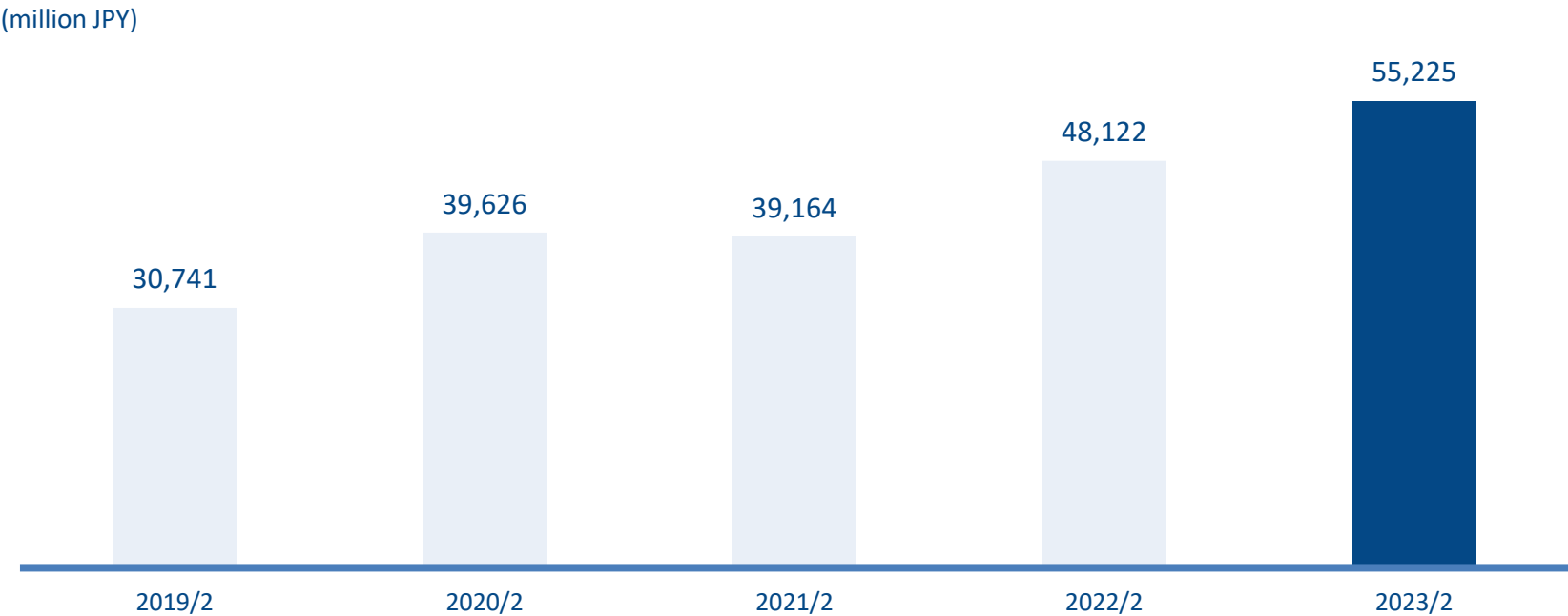
# Shareholder Return Measures (Dividends)

Performance exceeded the initial plan for FY2023, which will enable us to pay **dividends of 19 JPY**.  
As we expect to secure a final profit in FY2024 and onward, we will continue to pay dividends with the **target consolidated payout ratio of 30%.**



# Consolidated Net Sales (Full-Year Trend)

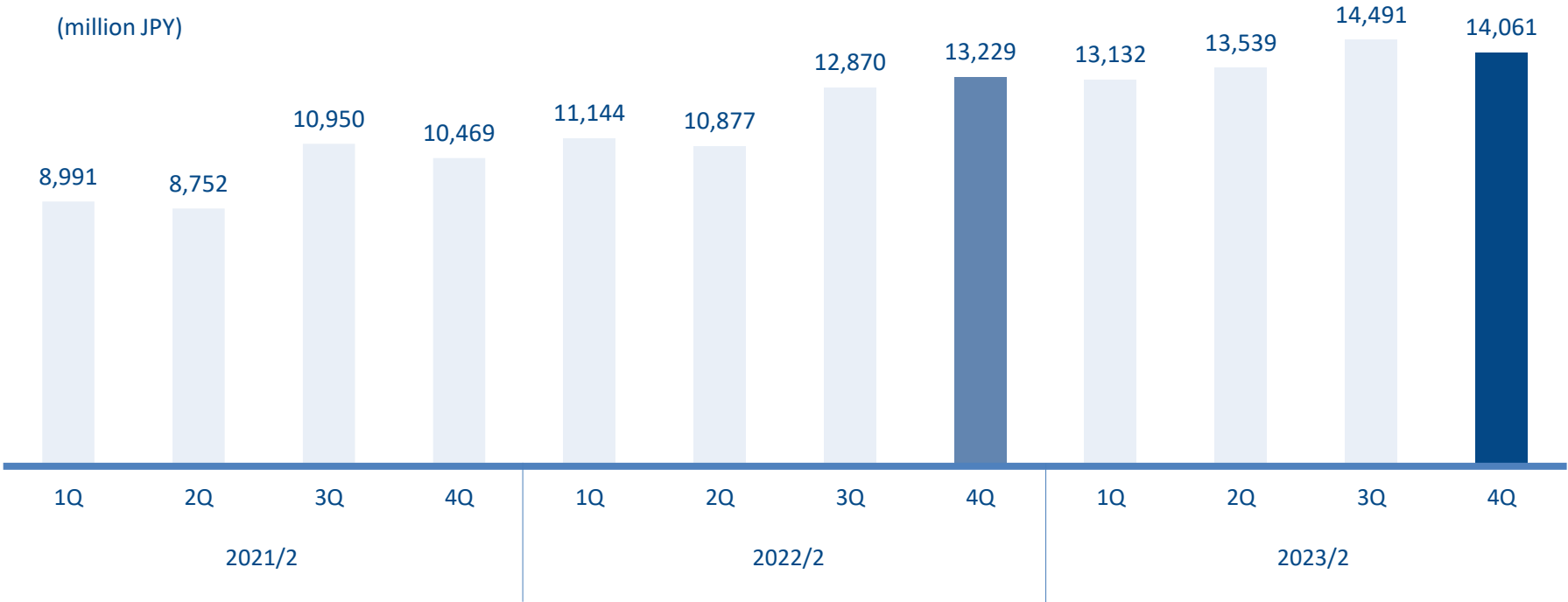
Consolidated net sales for FY2023 amounted to a **record high** of 55,225 million JPY (114.8% YoY).



Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.  
FY2023 impact: 4,022 million JPY (123.1% YoY if this amount is included)

# Consolidated Net Sales (Quarterly Trend)

Consolidated net sales for 4Q FY2023 came in at **14,061** million JPY, the **highest ever for 4Q** (106.3% YoY).

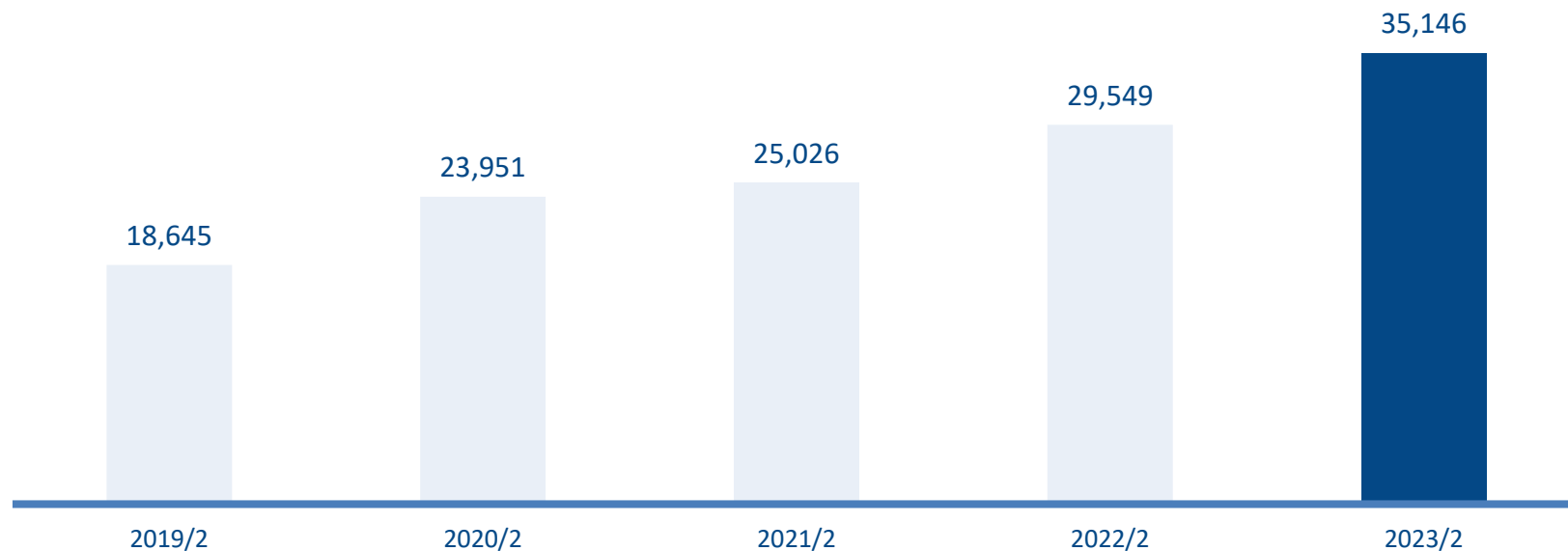


Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.  
1Q impact: 1,288 million JPY, 2Q impact: 935 million JPY, 3Q impact: 823 million JPY, 4Q impact: 973 million JPY

## Consolidated Gross Profit (Full-Year Trend)

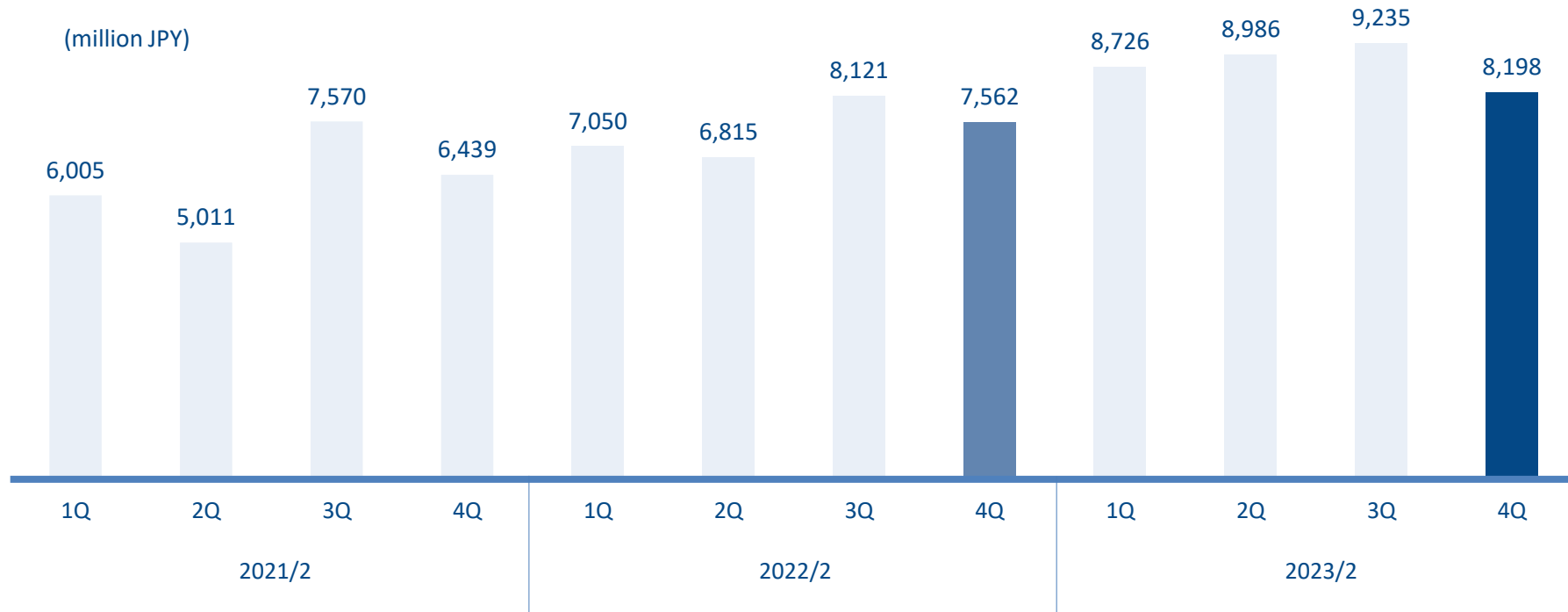
Consolidated gross profit for FY2023 came in at a **record high** of 35,146 million JPY (118.9% YoY).

(million JPY)



## Consolidated Gross Profit (Quarterly Trend)

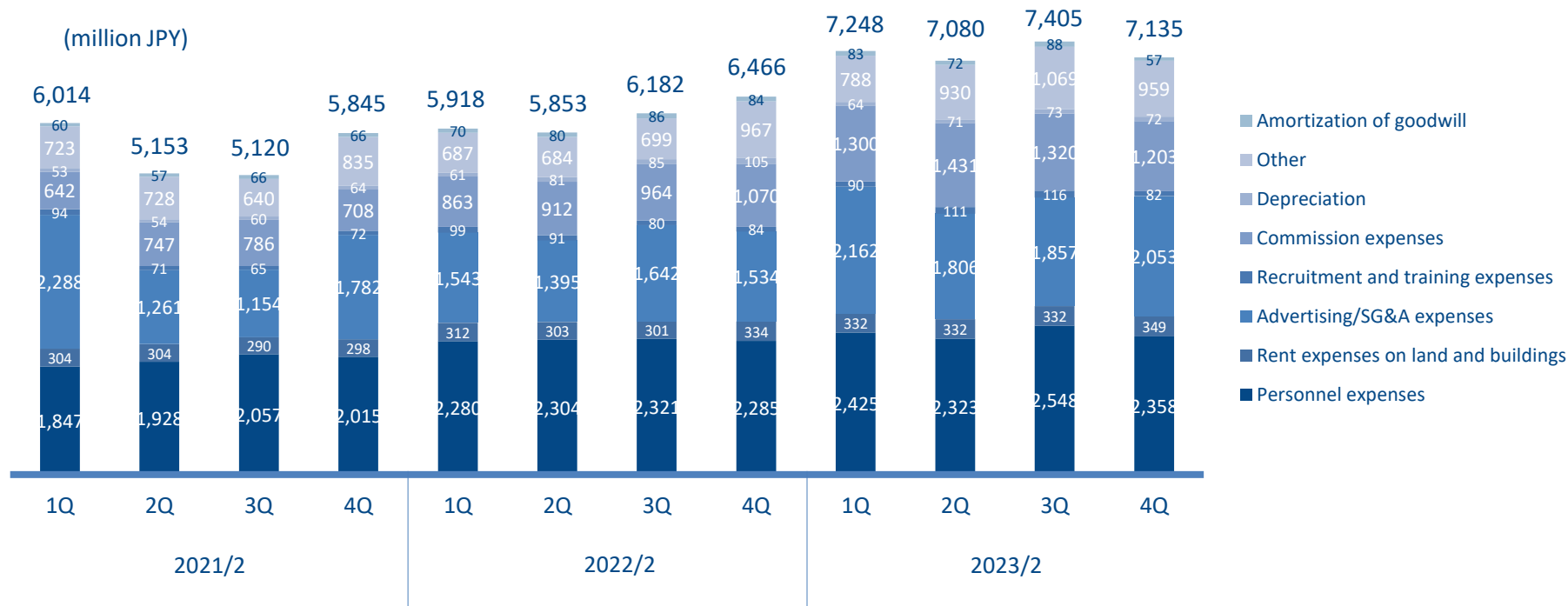
Consolidated gross profit for 4Q FY2023 came in at **8,198** million JPY, the **highest ever for 4Q** (108.4% YoY).





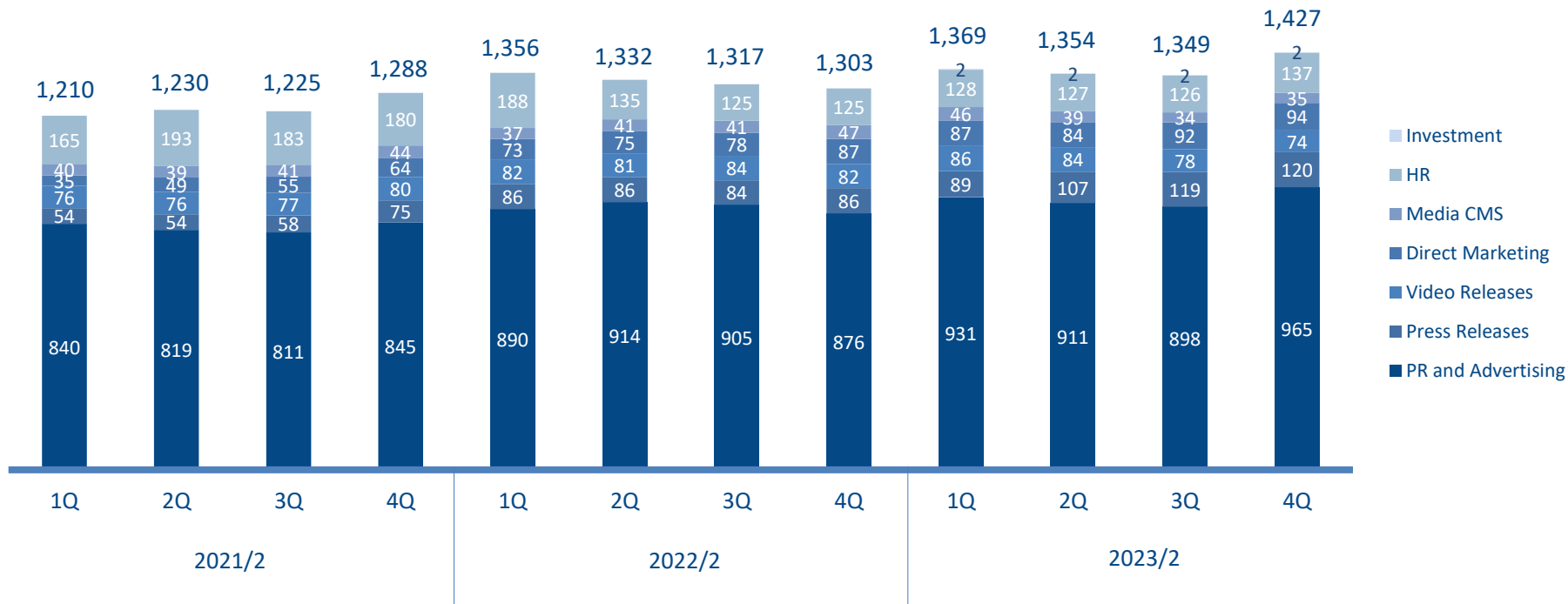
## SG&A (Quarterly Trend)

SG&A for 4Q FY2023 amounted to **7,135** million JPY (**110.3%** YoY), with increases in advertising and sales promotion expenses.



# Consolidated Number of Employees (Quarterly Trend)

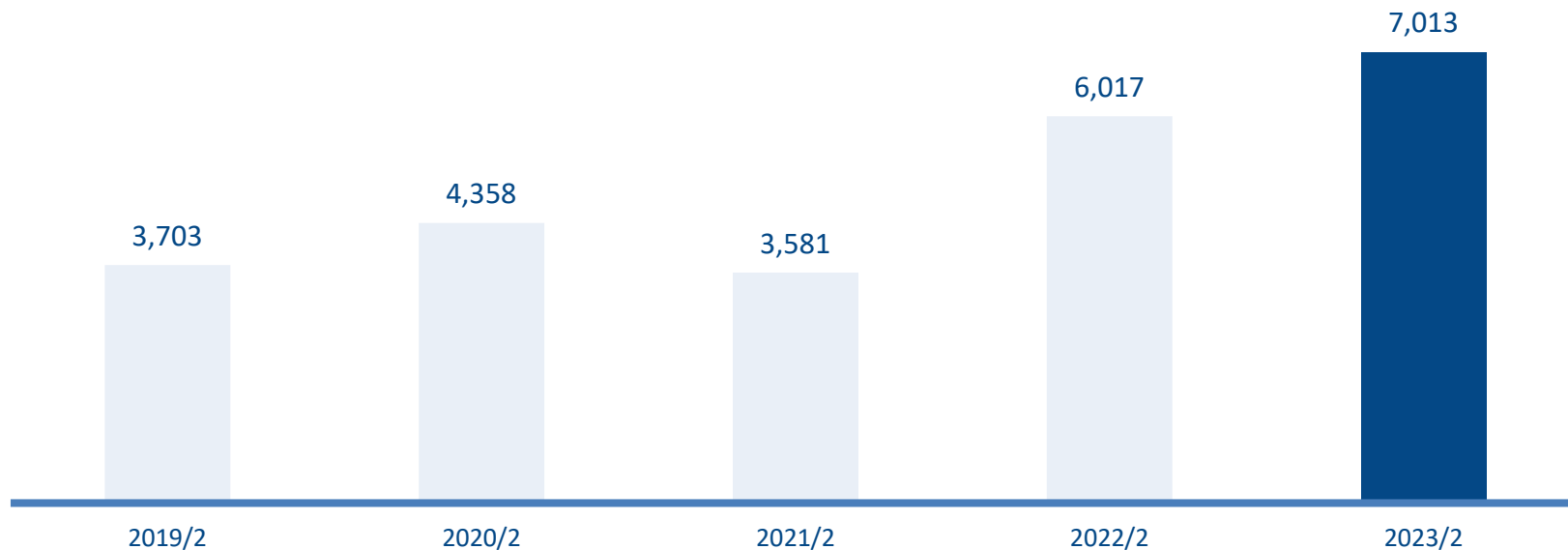
The consolidated number of employees in 4Q FY2023 increased to 1,427 due to M&A in PR and Advertising.



## EBITDA\* (Full-Year Trend)

EBITDA for FY2023 amounted to a **record high** of **7,013** million JPY (**116.6%** YoY).

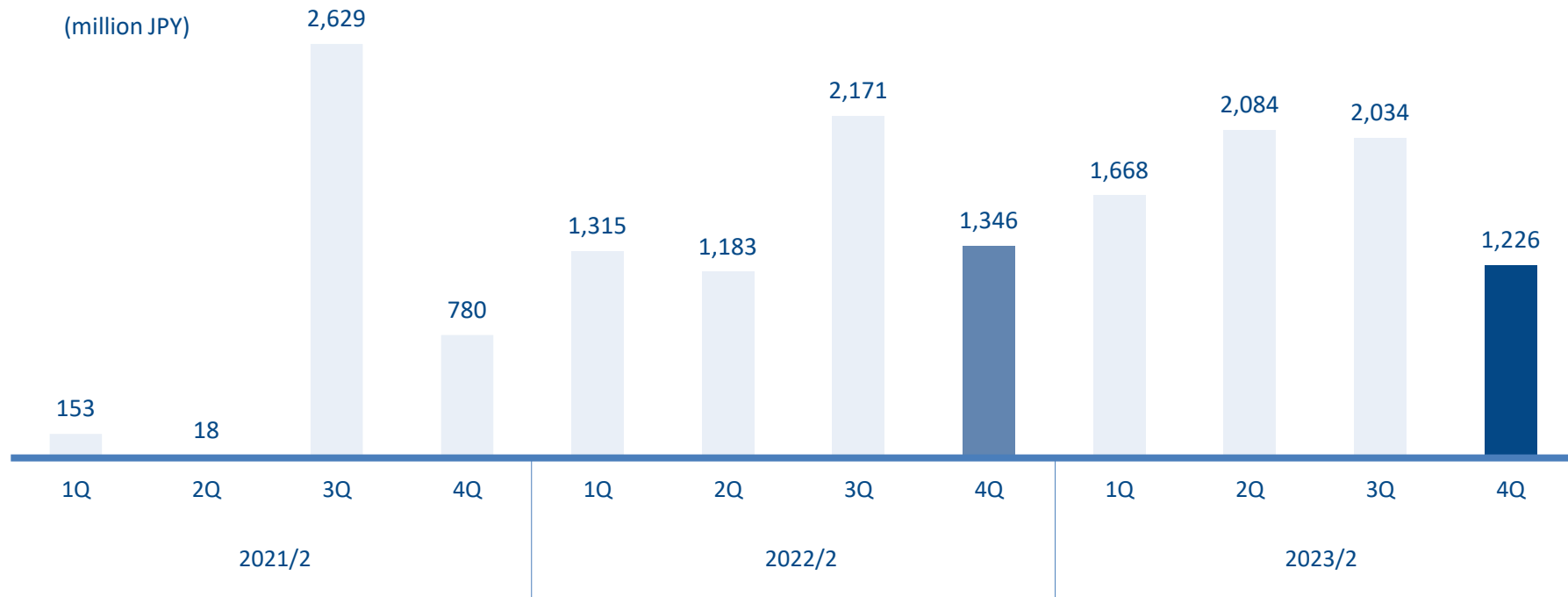
(million JPY)



\* EBITDA = Operating profit + Depreciation + Amortization of goodwill

## EBITDA\* (Quarterly Trend)

EBITDA for 4Q FY2023 came in at **1,226** million JPY (**91.1%** YoY).

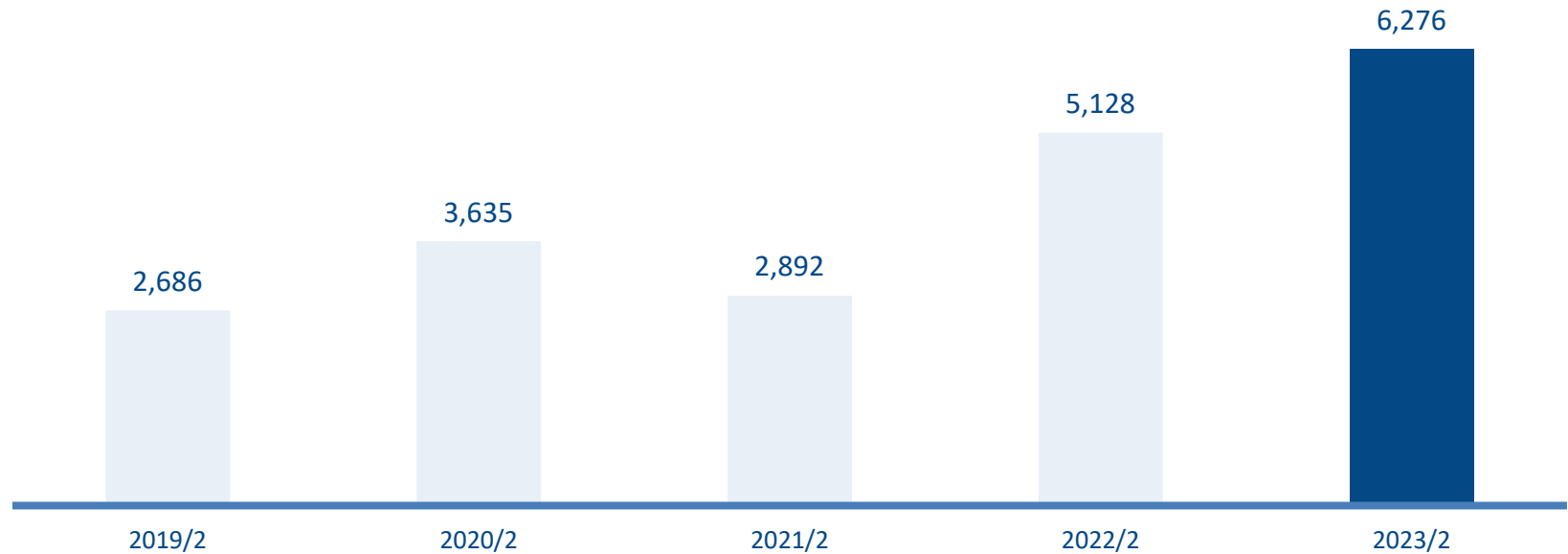


\* EBITDA = Operating profit + Depreciation + Amortization of goodwill

## Consolidated Operating Profit (Full-Year Trend)

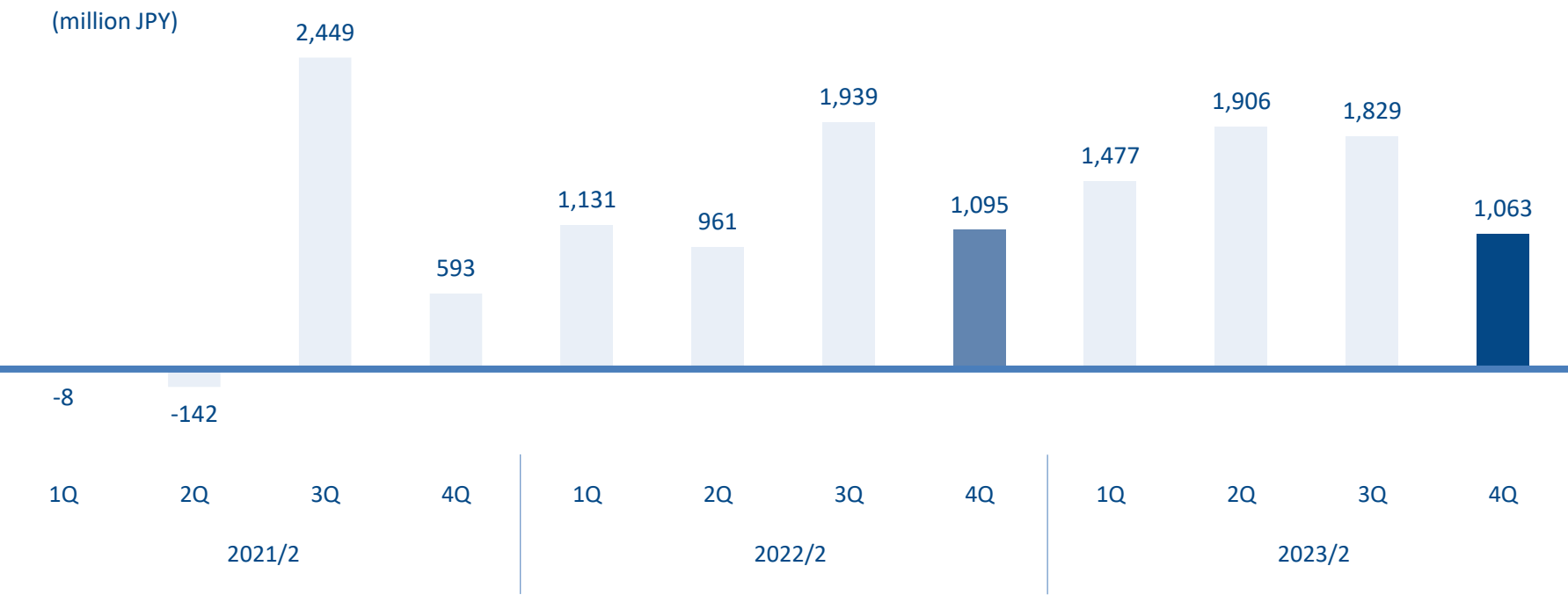
Consolidated operating profit for FY2023 amounted to a **record high** of 6,276 million JPY (122.4% YoY).

(million JPY)



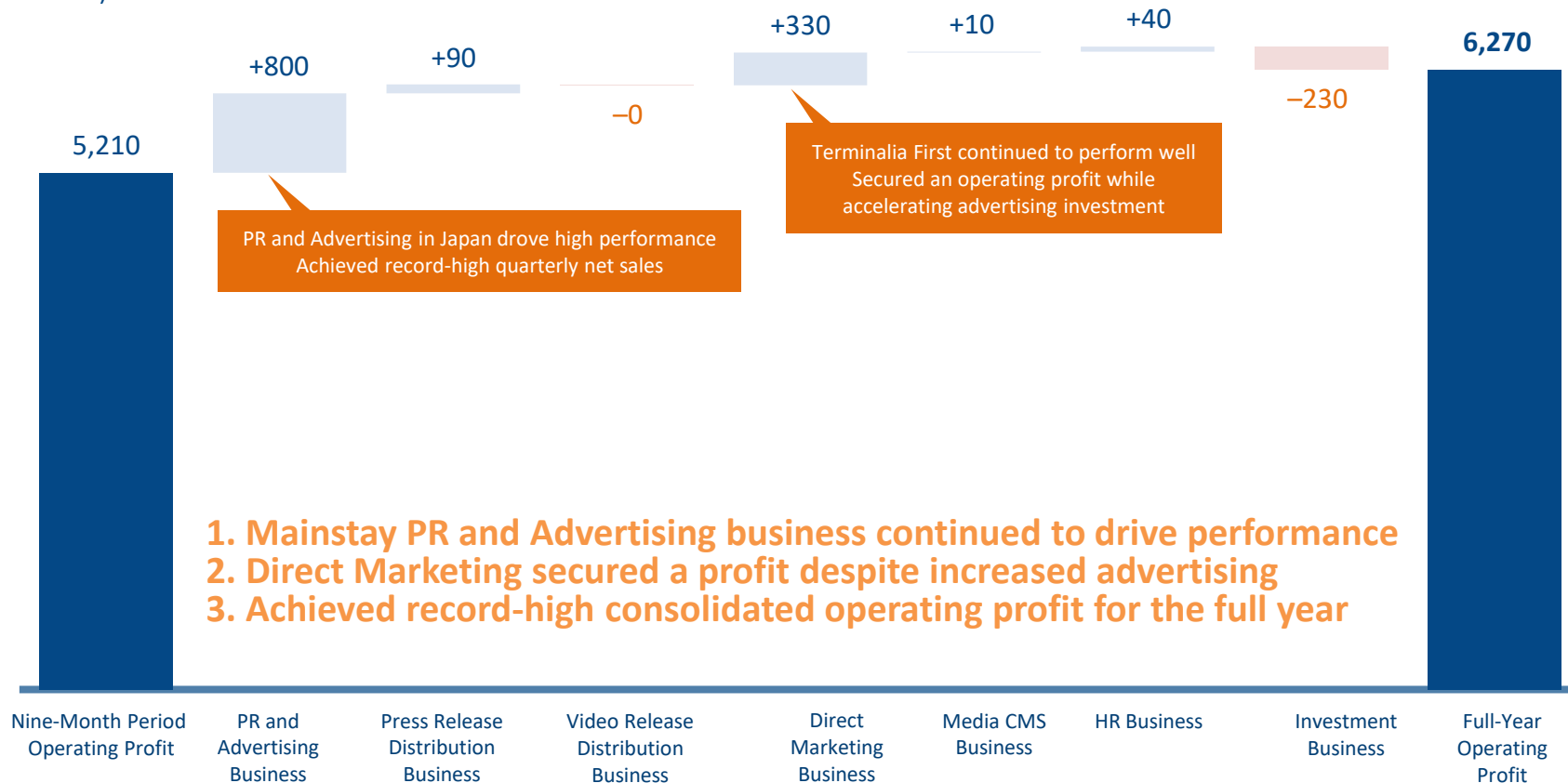
# Consolidated Operating Profit (Quarterly Trend)

Consolidated operating profit for 4Q FY2023 amounted to 1,063 million JPY (97.0% YoY) despite a large increase in SG&A expenses.



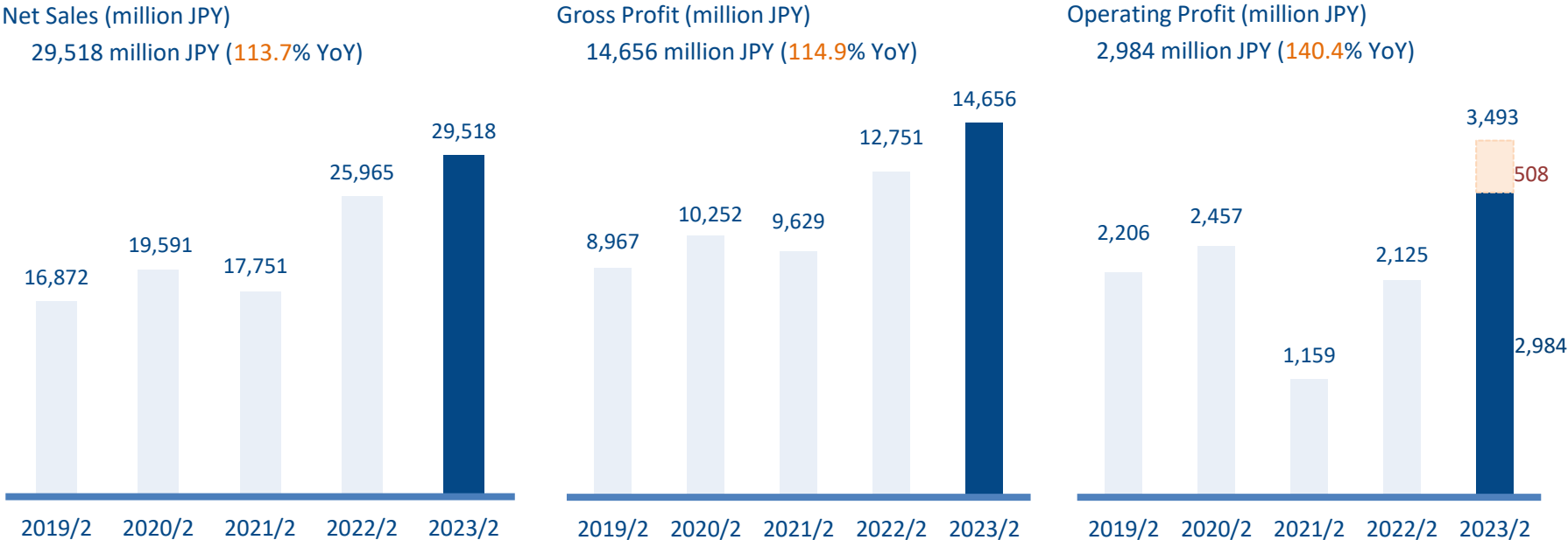
# Operating Profit (By Segment)

(million JPY)



# PR and Advertising Business (Full-Year Trend)

In FY2023, the PR business in Japan strongly drove performance, leading to **record-high** net sales and gross profit.  
**A record was also posted** for operating profit, despite investments in development and advertising for the new JOBTV business .



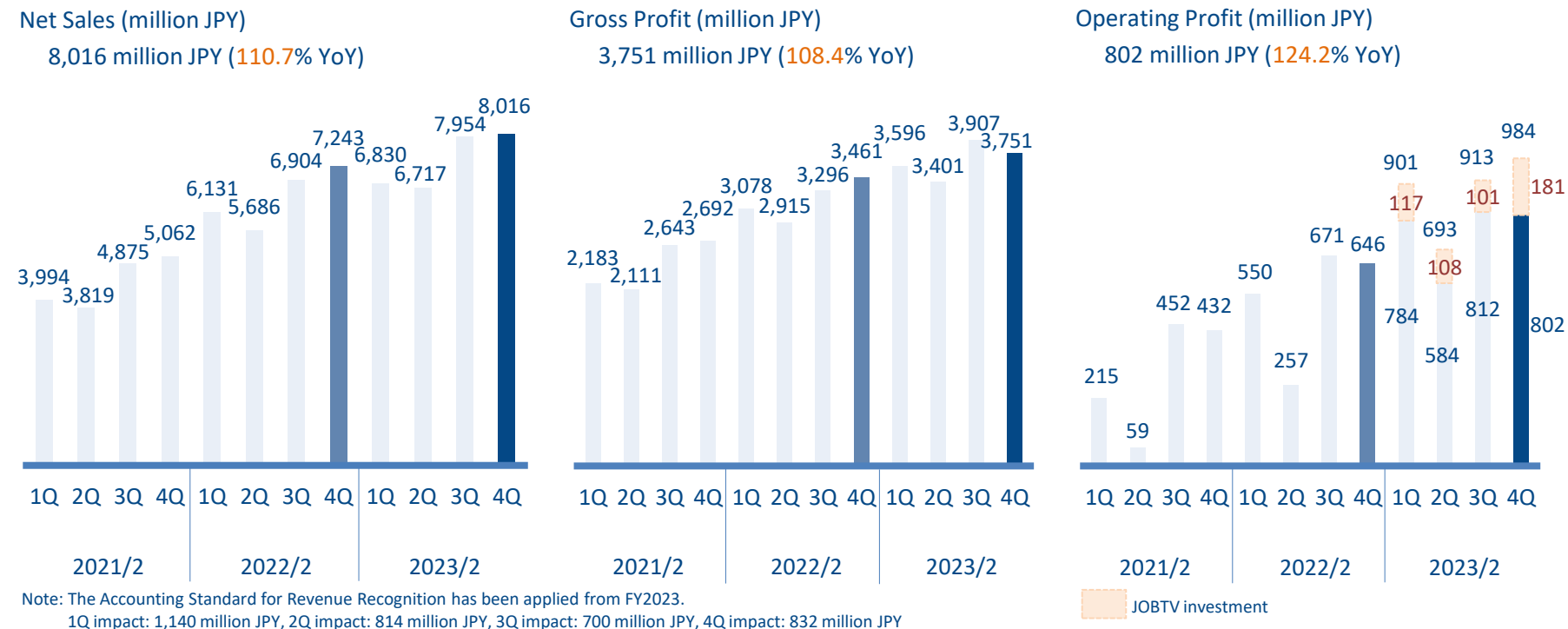
Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.  
FY2023 impact: 3,488 million JPY (127.1% YoY if this amount is included)



# PR and Advertising Business (Quarterly Trend)

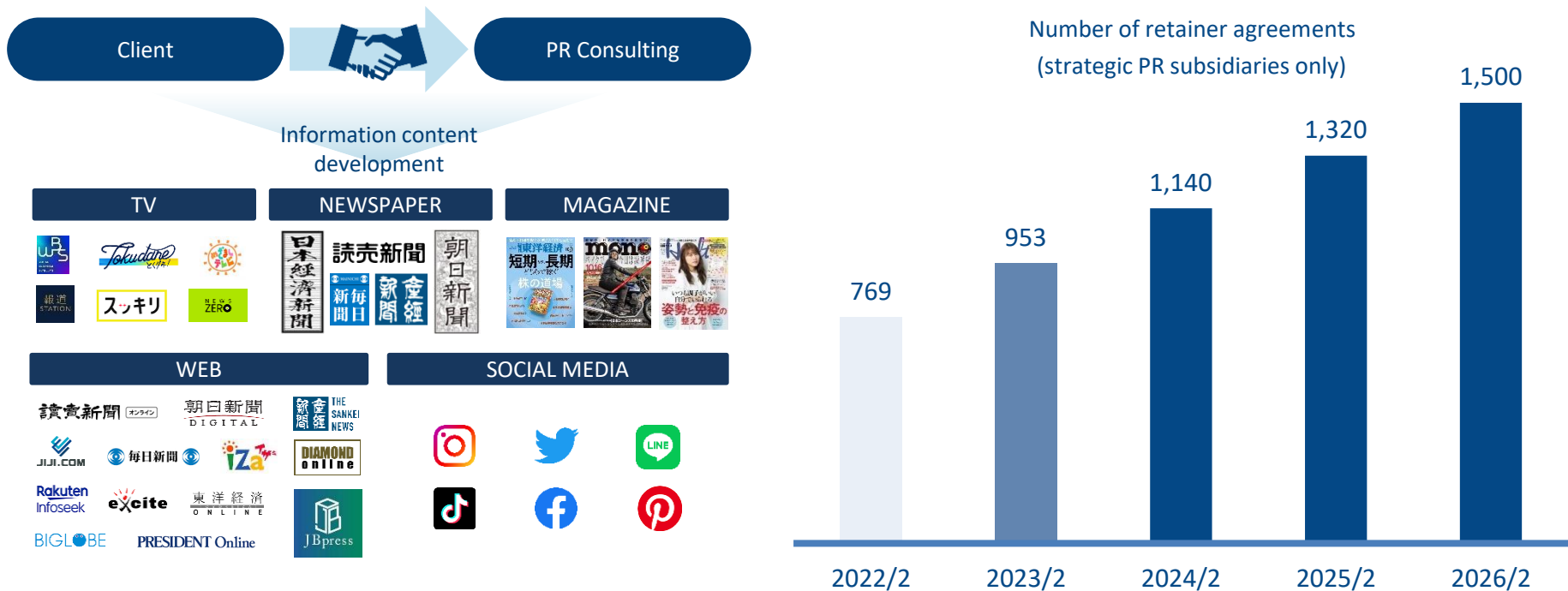
In 4Q FY2023, we achieved **record-high quarterly net sales** by meeting the marketing needs of customers.

In FY2024, we aim to increase unit prices through cross-selling effectively with video while attempting to increase the number of retainer agreements.



# Retainer Agreement\* Targets

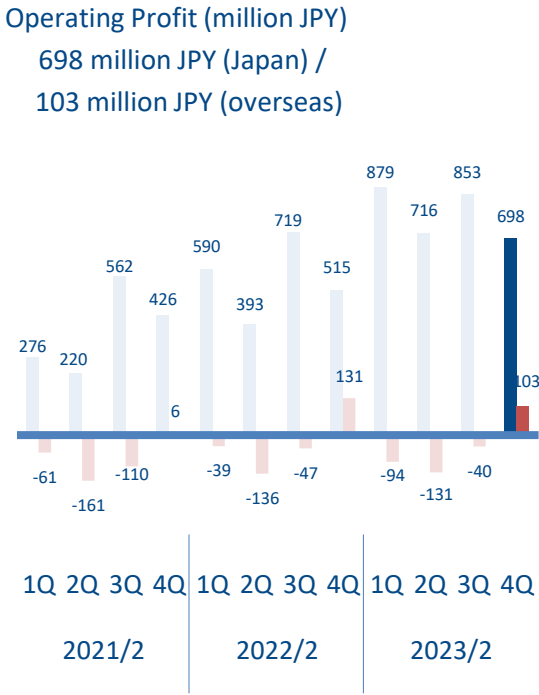
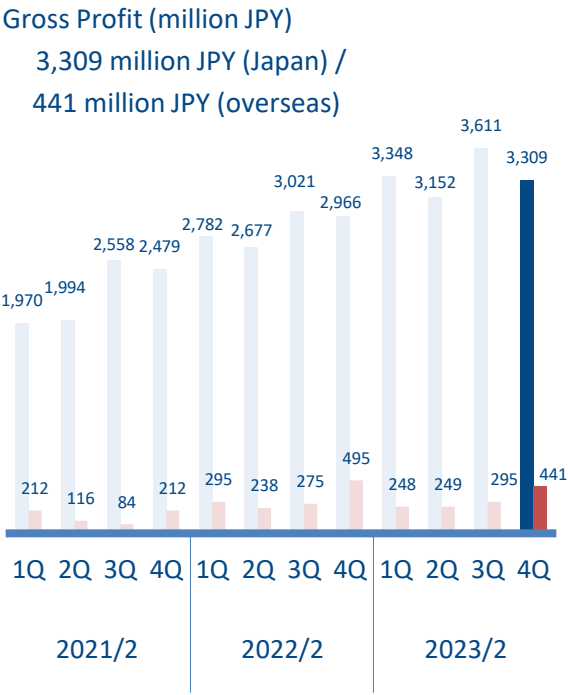
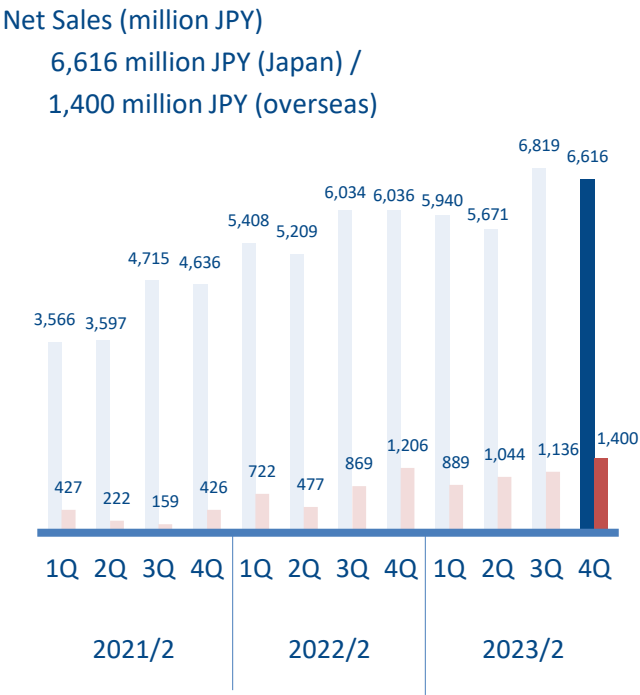
Retainer agreements form a stable earnings base for the PR business, and we aim to have entered contracts with 1,500 companies by FY2026. We have set the target of reaching 1,140 retainer agreements in FY2024 and will work to strengthen customer engagement.



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

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

In 4Q FY2023, business overseas returned to profitability, contributed by strong performance in South Korea and China, which recovered as the impact of COVID-19 lessened. In FY2024, we expect to reduce losses overseas while further expanding our business in Japan.



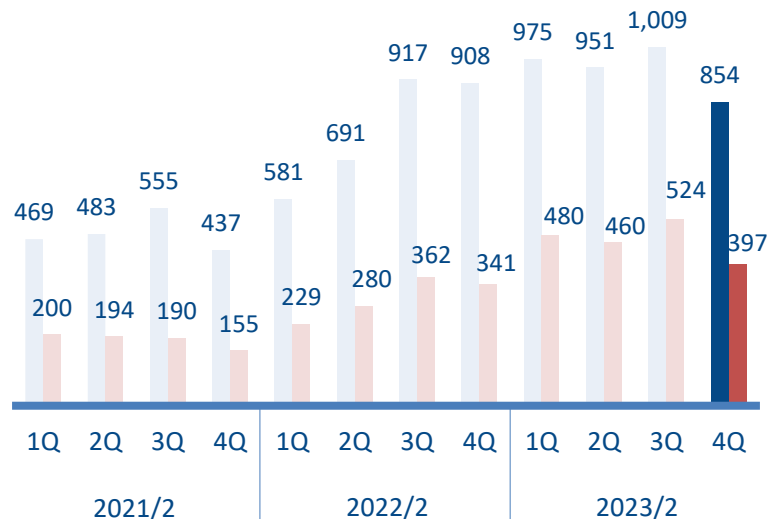
## Advertising Business (Taxi Signage)

In 4Q FY2023, sales fell due to seasonal factors and a decrease in advertising space sold from Q3 onward.

In FY2024, we will aim to increase net sales by expanding business that leverages our expertise in taxi signage.

Net Sales: 854 million JPY (94.0% YoY)

Gross Profit: 397 million JPY (116.4% 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, 4Q impact: 26 million JPY



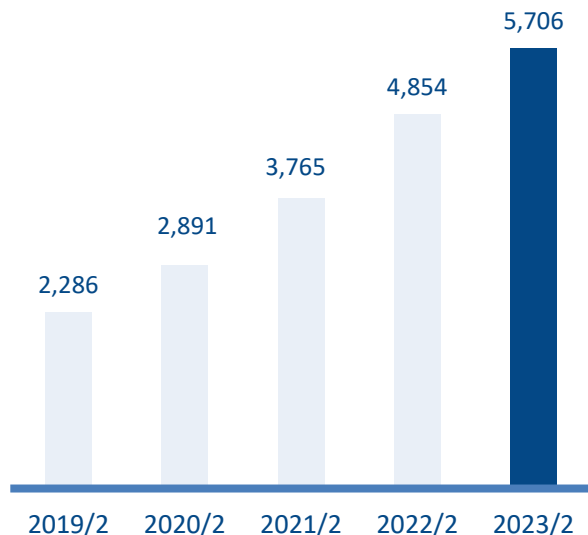
Digital signage has been installed for rear seat passengers in approx. 11,500 vehicles, the largest scale of taxi signage advertising in Tokyo. **In October 2022, we introduced a new screen for signage that is 156% larger than previous screens.** Roughly 40% of Tokyo's taxi users, who mainly consist of business people, have been covered, with video advertisements and media content reaching around 7.7 million people.

## Press Release Distribution Business (Full-Year Trend)

In FY2023, the number of user companies increased, resulting in **record-high** net sales and gross profit.  
Operating profit was down year on year due to aggressive investment in TV commercials and other advertising.

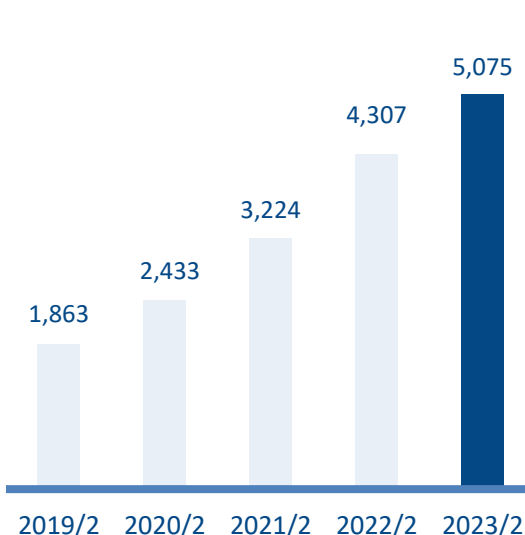
Net Sales (million JPY)

5,706 million JPY (117.5% YoY)



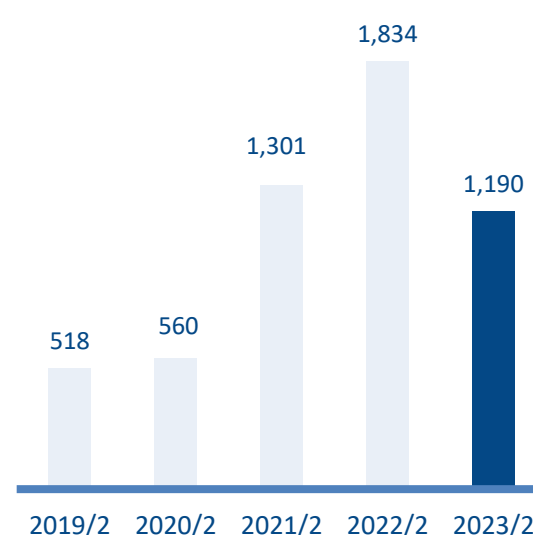
Gross Profit (million JPY)

5,075 million JPY (117.8% YoY)



Operating Profit (million JPY)

1,190 million JPY (64.9% YoY)



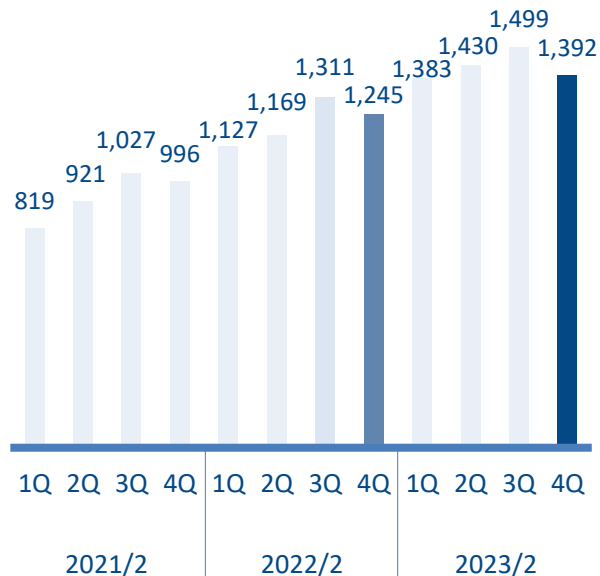
# Press Release Distribution Business (Quarterly Trend)

In 4Q FY2023, profit dropped significantly due to an aggressive TV advertising campaign focused on eastern Japan.

In FY2024, we will aim for increased sales and profit while making investments to expand overseas and promote the use of PR Times.

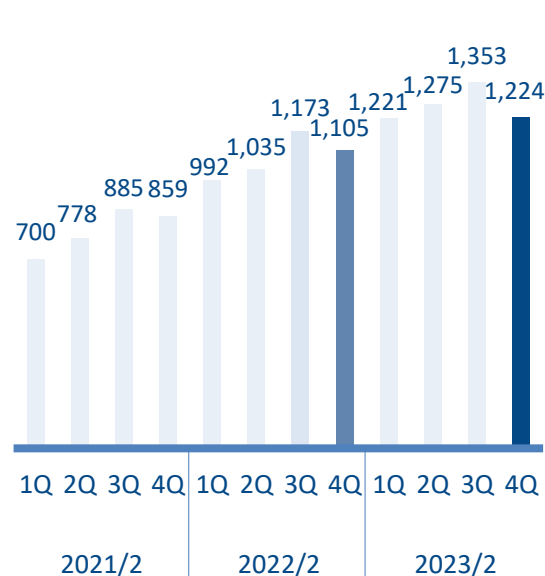
Net Sales (million JPY)

1,392 million JPY (111.8% YoY)



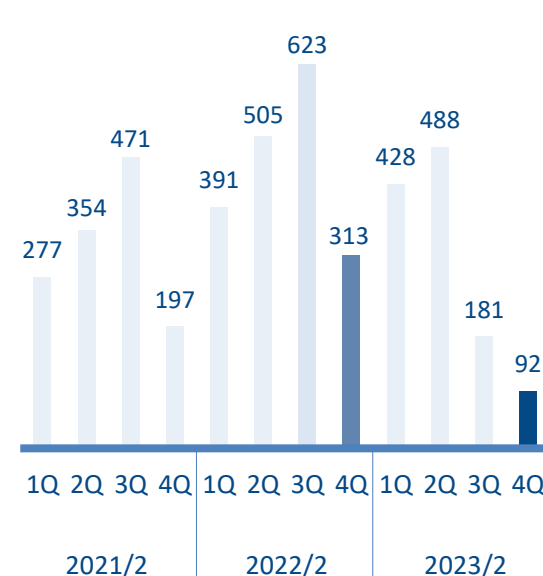
Gross Profit (million JPY)

1,224 million JPY (110.7% YoY)



Operating Profit (million JPY)

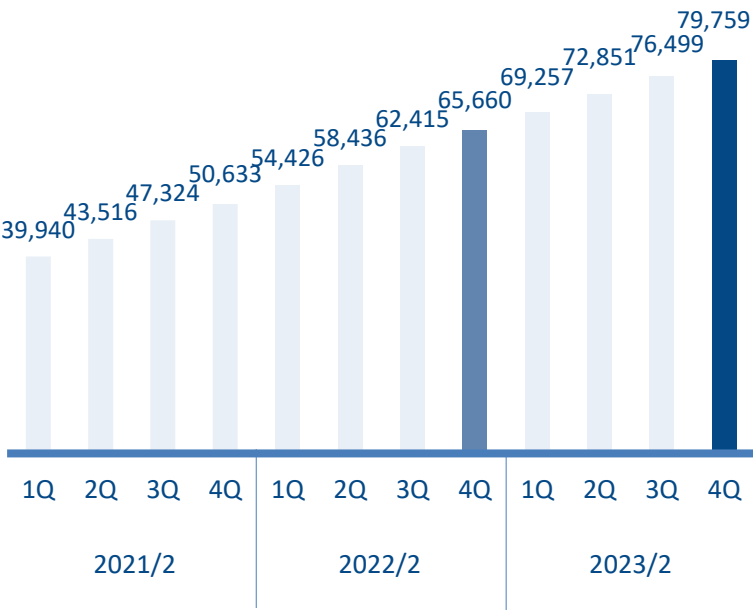
92 million JPY (29.5% YoY)



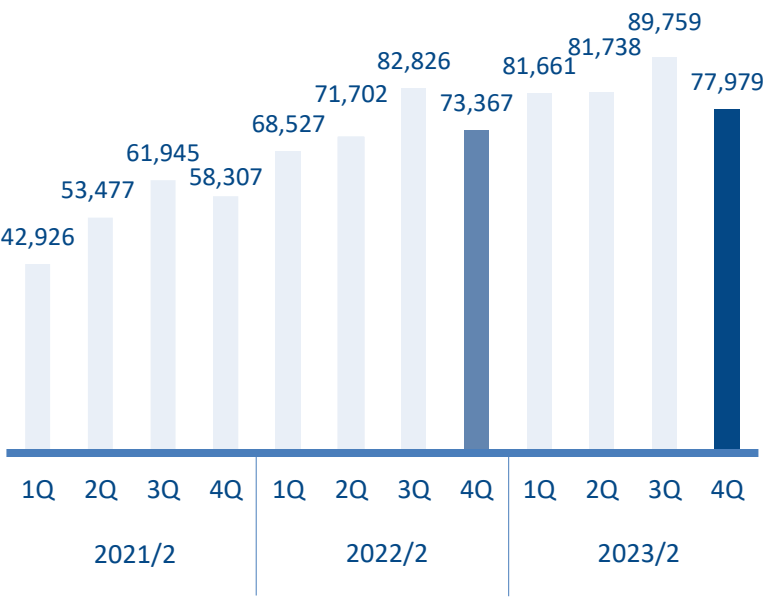
# Number of User Companies and Press Release Distributions

In 4Q FY2023, we ran TV commercials focused in eastern Japan to increase the number of user companies.  
In FY2024, we aim to increase the number of press release distributions by increasing not only the number of user companies but also usage frequency.

Number of user companies: 79,759 (121.5% YoY)



Number of press release distributions: 77,979 (106.3% 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 79,000 user companies, used by 53% of listed companies



国内シェア **No.1** 上場企業の **53%** 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化、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、情報発信力の飛躍的な向上など、このような劇的な環境変化の中、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。



## 事例



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

Number of user companies

**79,000**

Feb. 2023

**65,000**

Feb. 2022

**50,000**

Feb. 2021

**36,000**

Feb. 2020

**28,000**

Feb. 2019



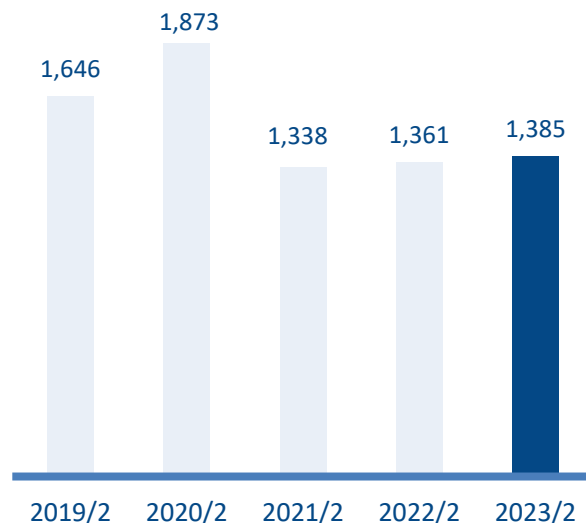
## Video Release Distribution Business (Full-Year Trend)

In FY2023, net sales and gross profit rises slightly year on year, benefited by sales personnel training and customer acquisition.

**The operating loss decreased** year on year due to an increase in gross profit and a reduction in SG&A.

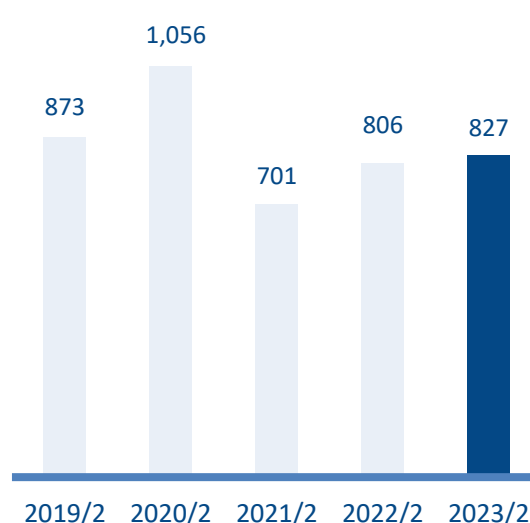
Net Sales (million JPY)

1,385 million JPY (101.7% YoY)



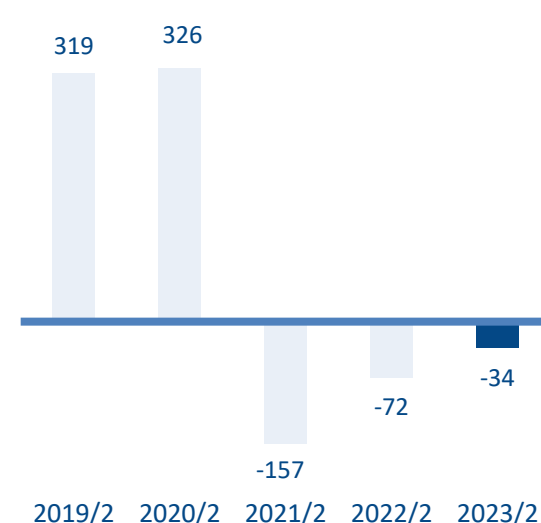
Gross Profit (million JPY)

827 million JPY (102.5% YoY)



Operating Profit (million JPY)

Operating Loss: 34 million JPY (Up 37 million JPY YoY)



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

FY2023 impact: 6 million JPY (102.2% YoY if this amount is included)

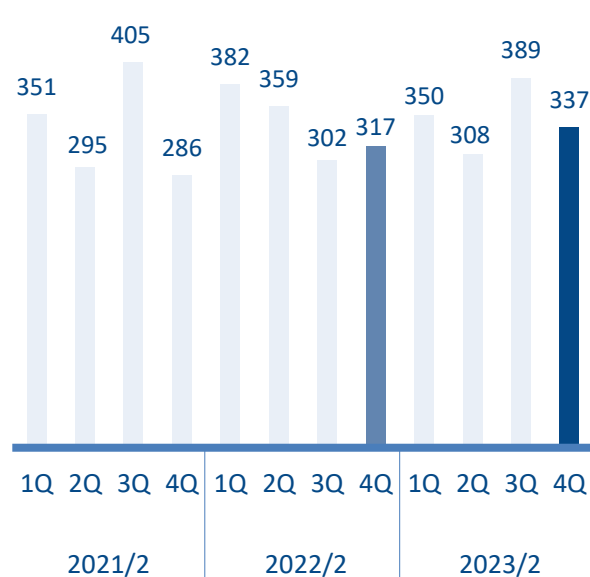
# Video Release Distribution Business (Quarterly Trend)

In 4Q FY2023, net sales increased year on year despite seasonal impacts.

In FY2024, we will work to increase orders while continuing to train sales personnel, aiming to achieve full-year profitability.

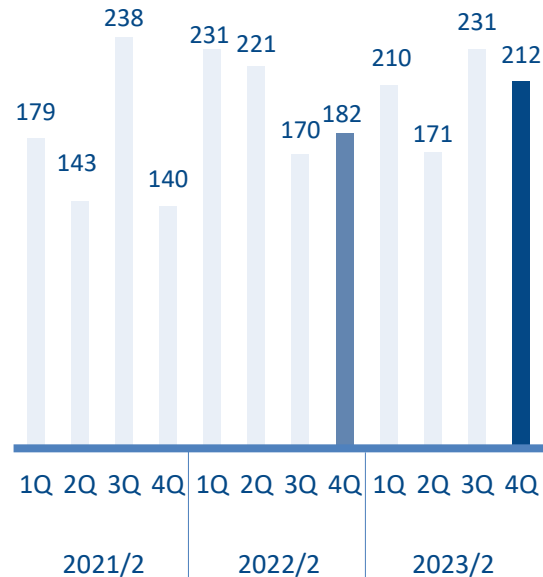
## Net Sales (million JPY)

337 million JPY (106.2% YoY)



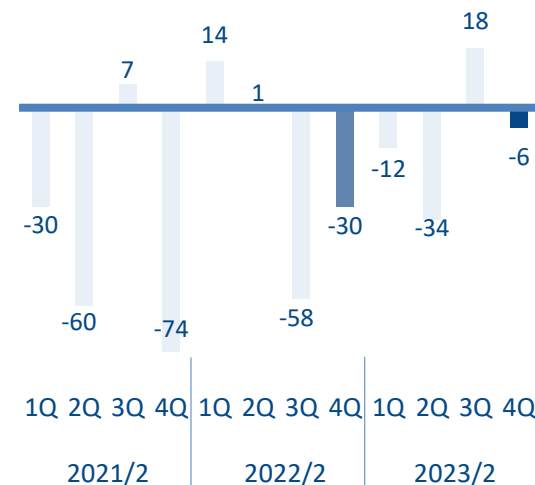
## Gross Profit (million JPY)

212 million JPY (116.6% YoY)



## Operating Profit (million JPY)

Operating Loss: 6 million JPY (Up 23 million JPY YoY)



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

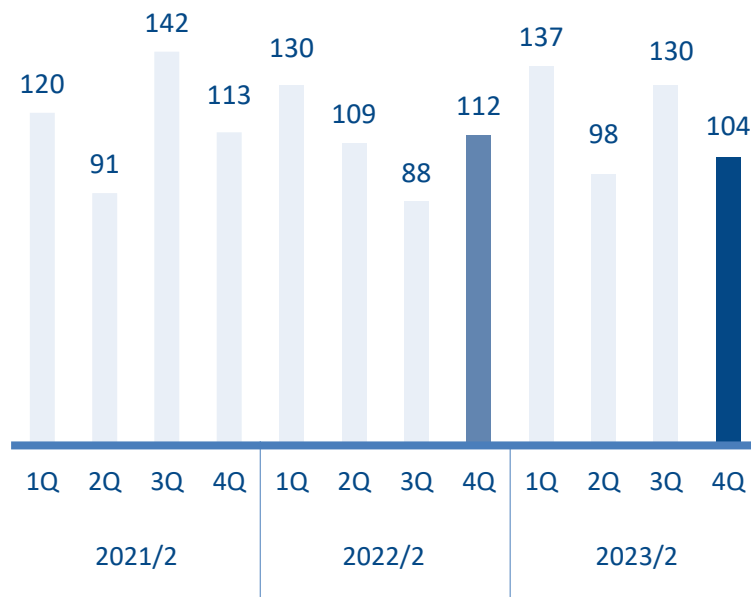
1Q impact: 5 million JPY, 2Q impact: 1 million JPY, 3Q impact: 0 million JPY, 4Q impact: 0 million JPY

# Number of Video Release Distributions and Average Price Per Distribution

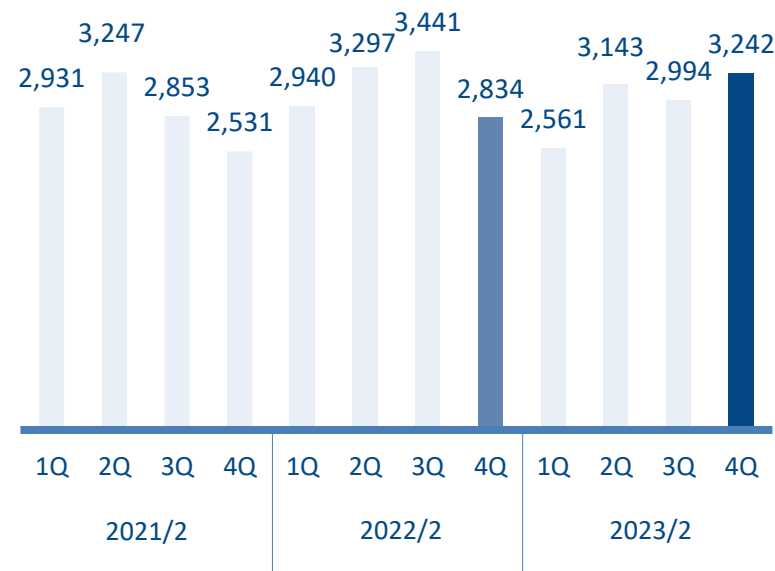
In 4Q FY2023, the average price per distribution increased thanks to efforts made to strengthen proposal capabilities through sales personnel training.

In FY2024, we will aim to increase the number of video release distributions by converting leads acquired so far into orders.

Number of video release distributions: 104 (92.9% YoY)

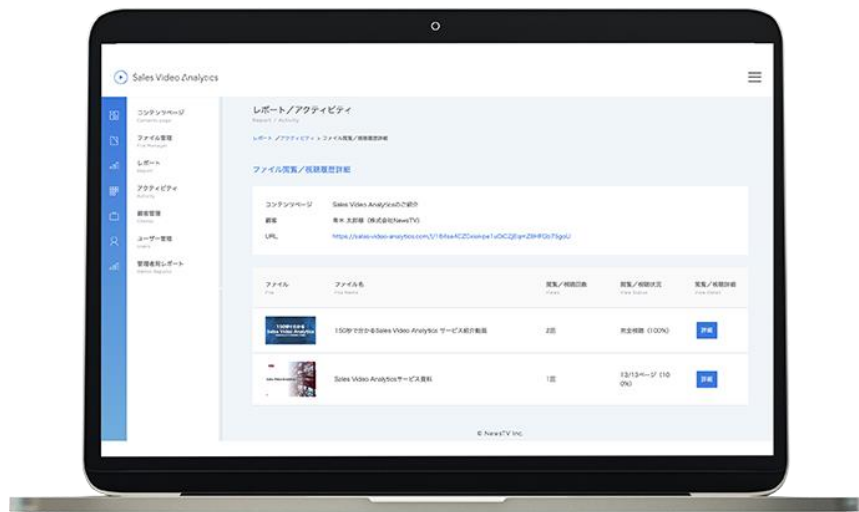


Average price per distribution: 3,242 thousand JPY (114.4% YoY)



# 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.

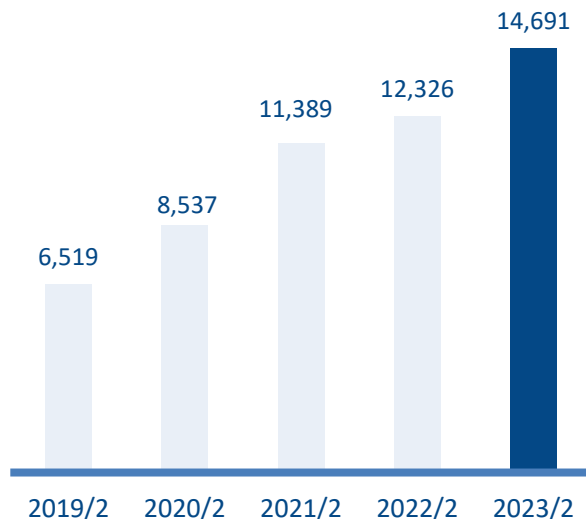


## Direct Marketing Business (Full-Year Trend)

In FY2023, **record highs** were posted for net sales and gross profit due to strong sales of Terminalia First. Operating profit also came in at a **record high** thanks to increased gross profit resulting from advertising investment based on efficiency of new customer acquisition.

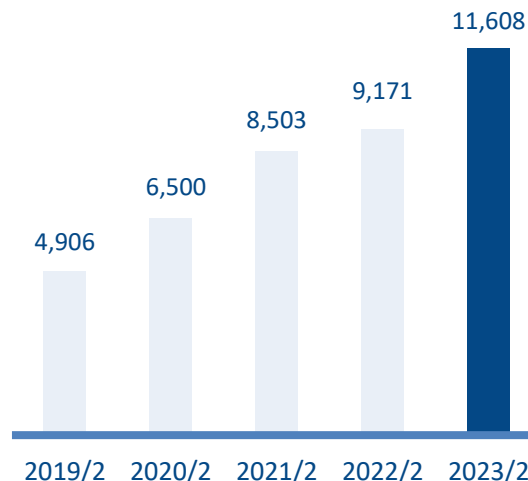
Net Sales (million JPY)

14,691 million JPY (**119.2%** YoY)



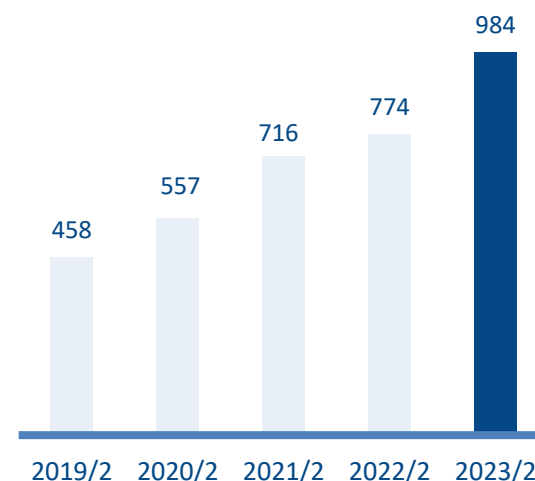
Gross Profit (million JPY)

11,608 million JPY (**126.6%** YoY)



Operating Profit (million JPY)

984 million JPY (**127.0%** YoY)



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

FY2023 impact: 414 million JPY (**122.6%** YoY if this amount is included)

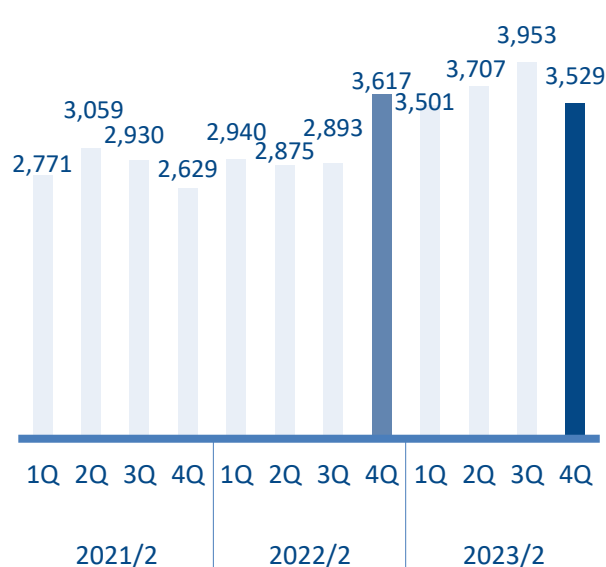
# Direct Marketing Business (Quarterly Trend)

Net sales decreased in 4Q FY2023 as we limited advertising investment in 3Q to recover profit.

In FY2024, we will focus on developing new products while continuing to invest a certain amount in advertising for existing products.

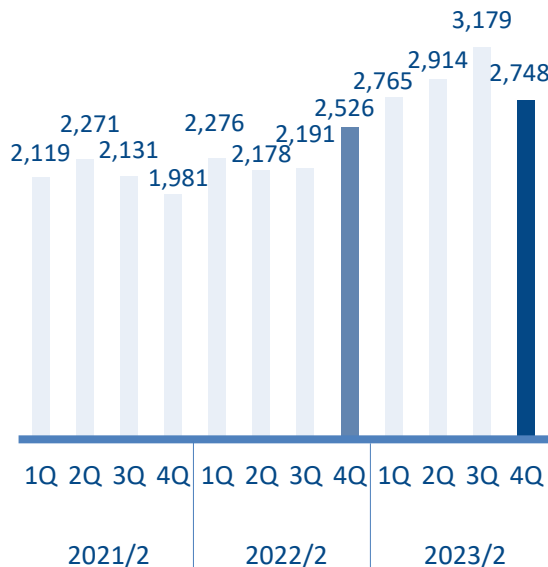
## Net Sales (million JPY)

3,529 million JPY (97.6% YoY)



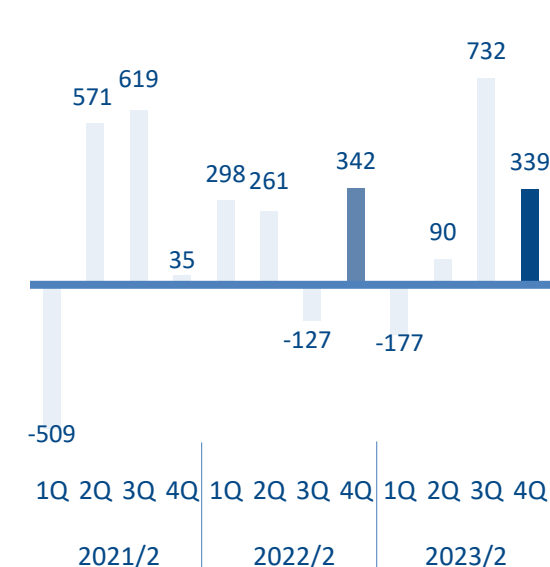
## Gross Profit (million JPY)

2,748 million JPY (108.8% YoY)



## Operating Profit (million JPY)

339 million JPY (99.0% 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, 4Q impact: 118 million JPY

# 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 13 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  
**12,540 million JPY**  
Feb. 2023

10,210 million JPY  
Feb. 2022



9,890 million JPY  
Feb. 2021

8,360 million JPY  
Feb. 2020

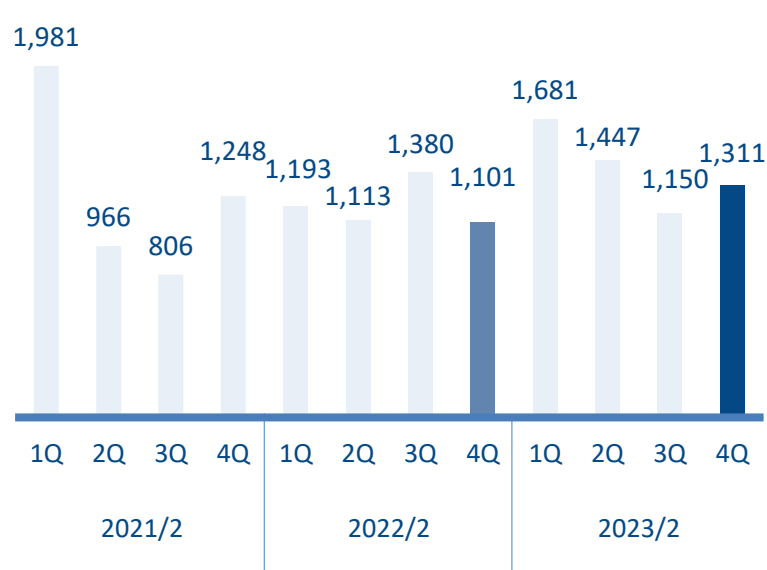
6,310 million JPY  
Feb. 2019

Terminalia First continued to perform well following its launch, with cumulative sales **exceeding 5.17 million units.**

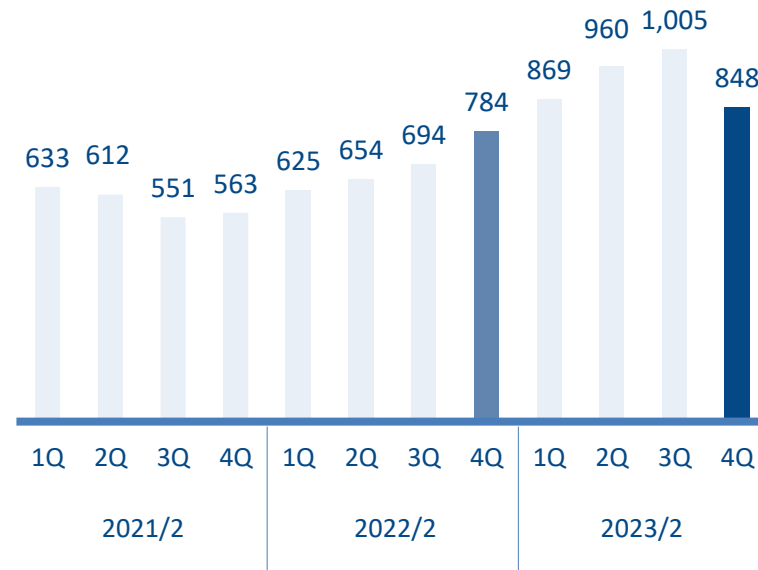
# Advertising Expenses and Units Sold

In 4Q FY2023, although we increased advertising investment, the number of units sold decreased due to limited advertising in 3Q. In FY2023, advertising investment made in 1H was recovered in 2H. We plan to continue this cycle in FY2024.

Advertising Expenses: 1,311 million JPY (119.1% YoY)



Number of Units Sold: 848 thousand (108.2% YoY)



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

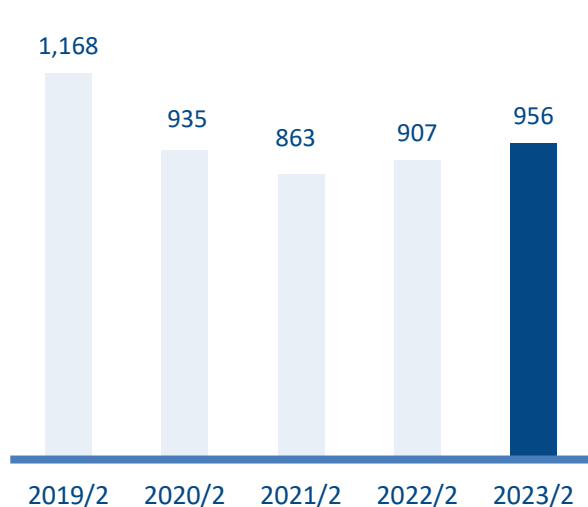


## Media CMS Business (Full-Year Trend)

In FY2023, net sales and gross profit increased slightly year on year as we limited advertising projects while focusing on owned media sales. The business returned to operating profitability despite investment in development and advertising for the CMS Clipkit.

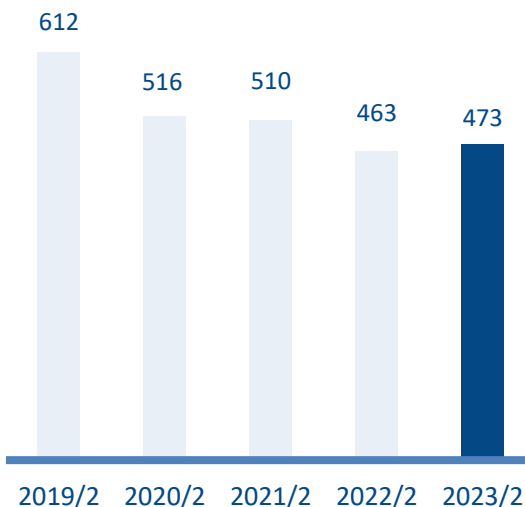
Net Sales (million JPY)

956 million JPY (105.3% YoY)



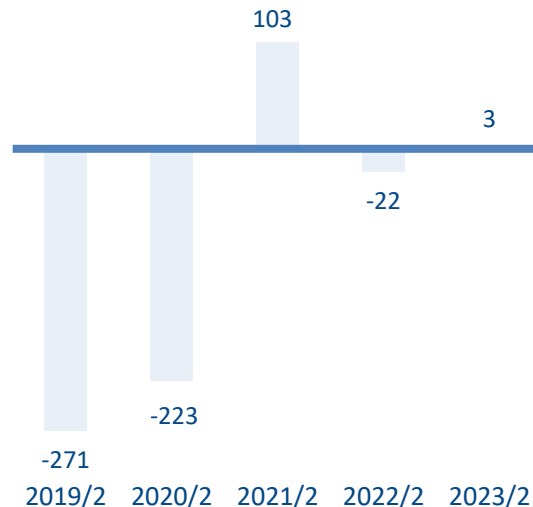
Gross Profit (million JPY)

473 million JPY (102.0% YoY)



Operating Profit (million JPY)

3 million JPY (Up 26 million JPY YoY)



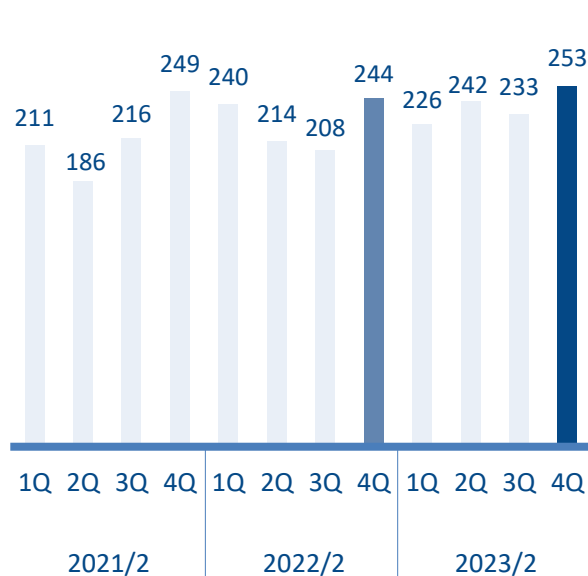
## Media CMS Business (Quarterly Trend)

An operating loss was turned to profitability for 4Q FY2023 thanks to strong performance in owned media sales resulting from efforts made to strengthen the sales system.

In FY2024, we will build a stable earnings foundation by enhancing CMS functionality and increasing orders for owned media.

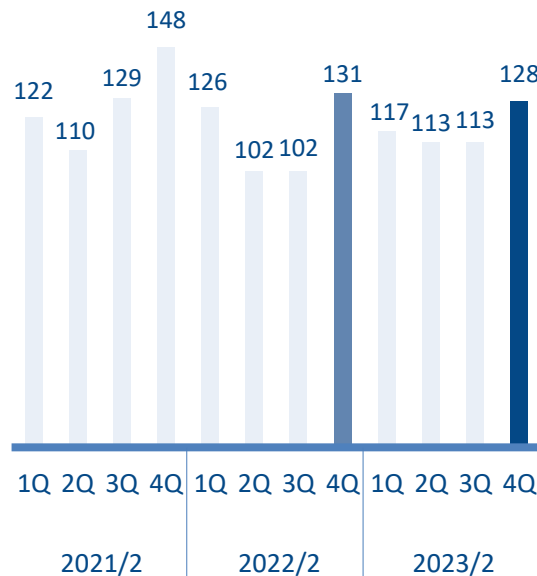
### Net Sales (million JPY)

253 million JPY (103.5% YoY)



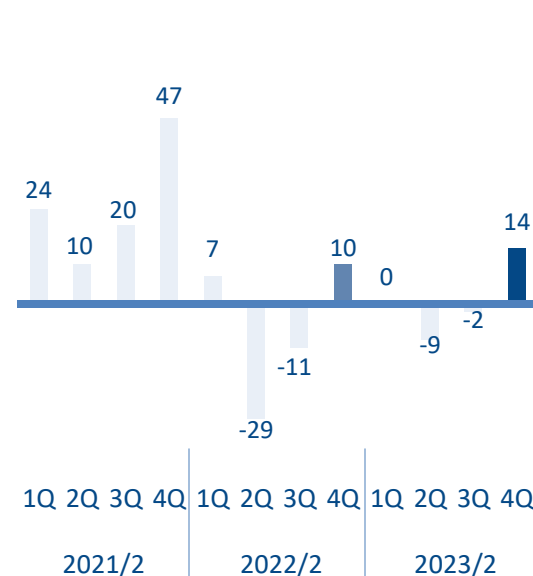
### Gross Profit (million JPY)

128 million JPY (97.9% YoY)



### Operating Profit (million JPY)

14 million JPY (131.4% YoY)

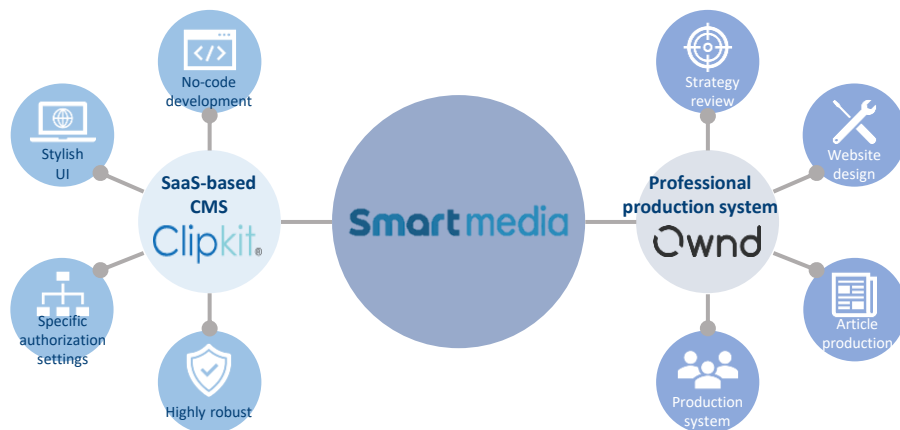


Note: As of 1Q FY2023, the Media segment has been renamed the Media CMS segment.

# Future Business Policy

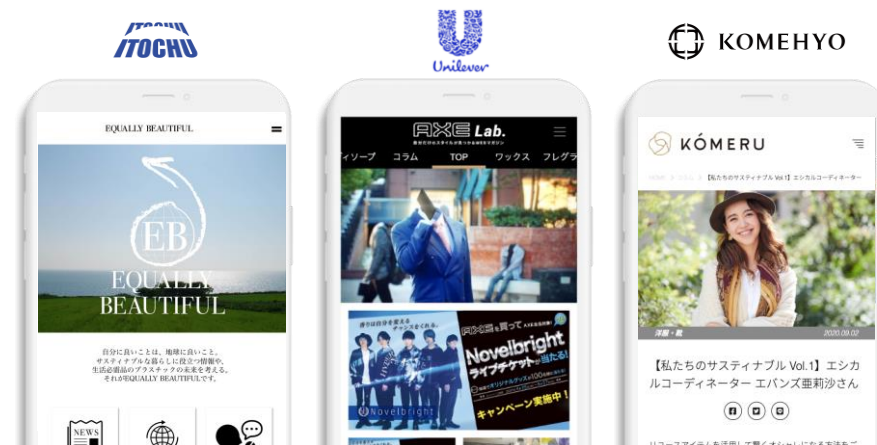
We will support corporate content marketing, switching to a policy of focusing on owned media by leveraging the expertise we have cultivated. In addition to acquiring owned media projects, we will build up subscription earnings by selling with CMS to create a more stable earnings foundation.

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.

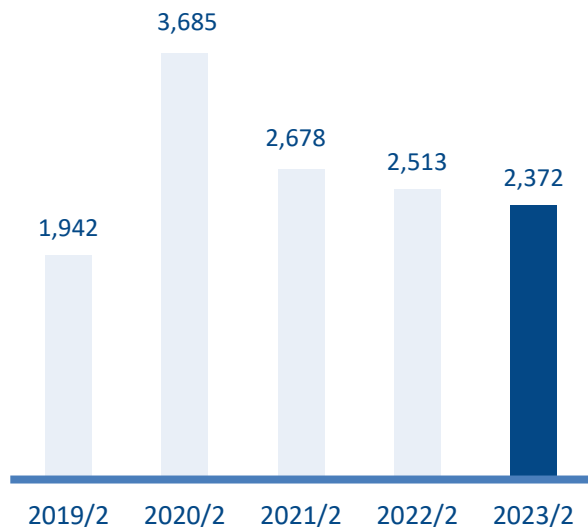
## Human Resources Business (Full-Year Trend)

In FY2023, while sales grew for SaaS-based products, net sales and gross profit decreased.

We achieved the operating profit target of 350 million JPY despite accelerating investment in areas such as advertising and development for growth.

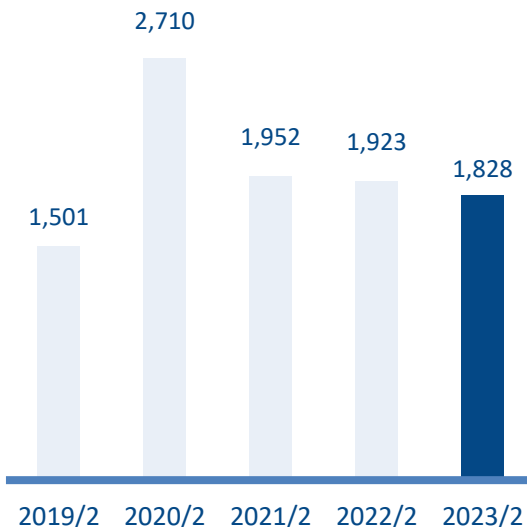
Net Sales (million JPY)

2,372 million JPY (94.4% YoY)



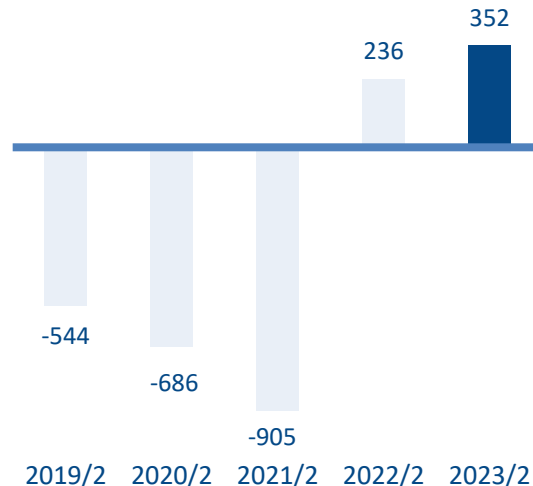
Gross Profit (million JPY)

1,828 million JPY (95.1% YoY)



Operating Profit (million JPY)

352 million JPY (149.3% YoY)



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

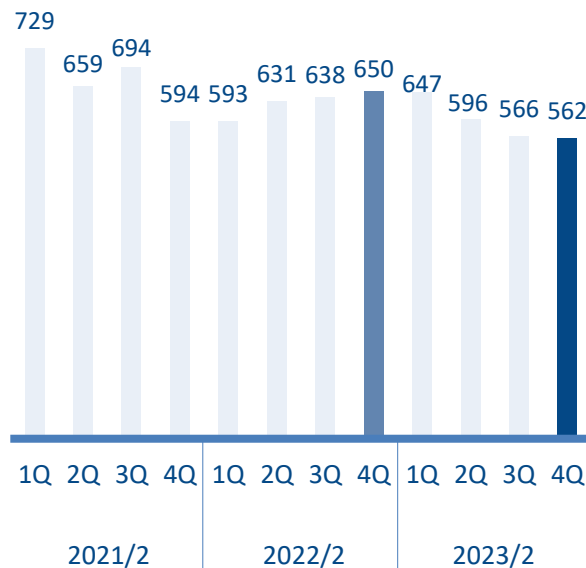
FY2023 impact: 109 million JPY (98.7% YoY if this amount is included)

# Human Resources Business (ASHITA-TEAM)

In 4Q FY2023, we secured an operating profit while investing in areas such as advertising and development. In FY2024, we will work to increase net sales by strengthening the sales system of SaaS-based products through the revision of sales strategies.

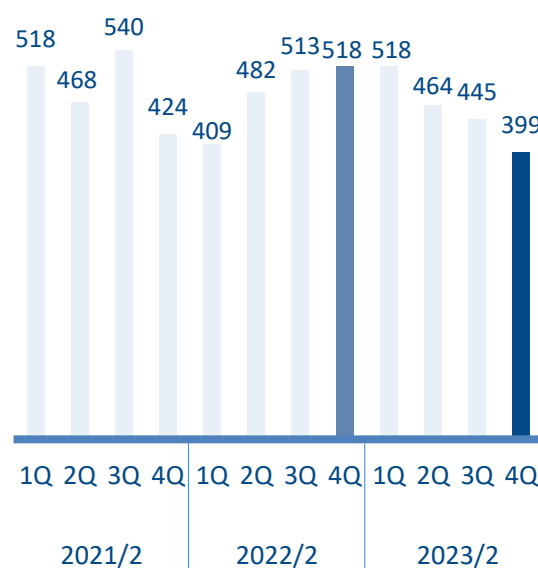
## Net Sales (million JPY)

562 million JPY (86.4% YoY)



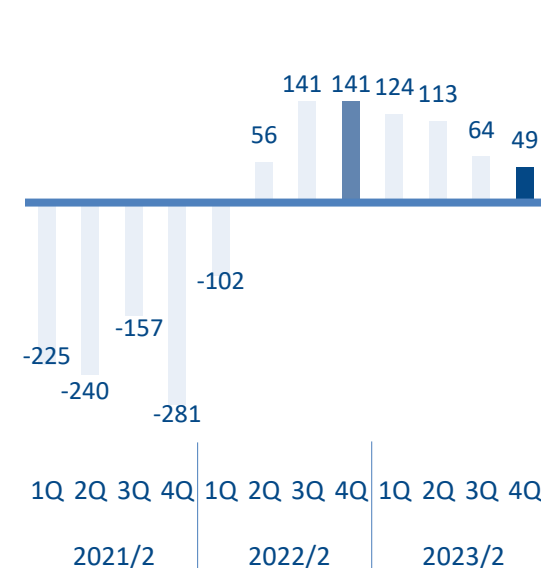
## Gross Profit (million JPY)

399 million JPY (77.1% YoY)



## Operating Profit (million JPY)

49 million JPY (35.4% YoY)



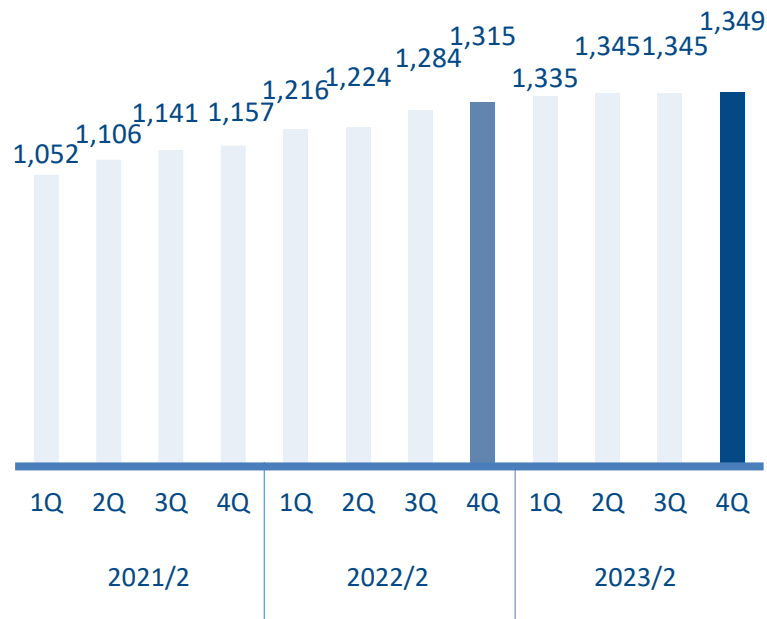
Note: The Accounting Standard for Revenue Recognition has been applied from FY2023.

1Q impact: 33 million JPY, 2Q impact: 28 million JPY, 3Q impact: 25 million JPY, 4Q impact: 22 million JPY

## Number of User Companies\*<sup>1</sup> and ARR\*<sup>2</sup>

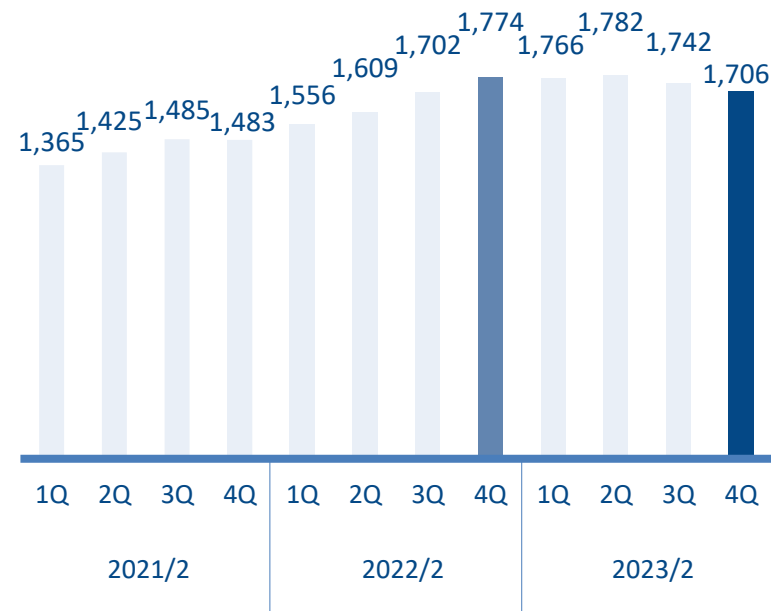
In 4Q FY2023, although ARR decreased from 3Q, we revised our sales strategy to achieve sustainable growth going forward. In FY2024, we will work to increase ARR by further increasing the retention rate not only for SaaS-based products but also for operating consulting services.

Number of user companies: 1,349 (102.6% YoY)



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

ARR: 1,706 million JPY (96.1% 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

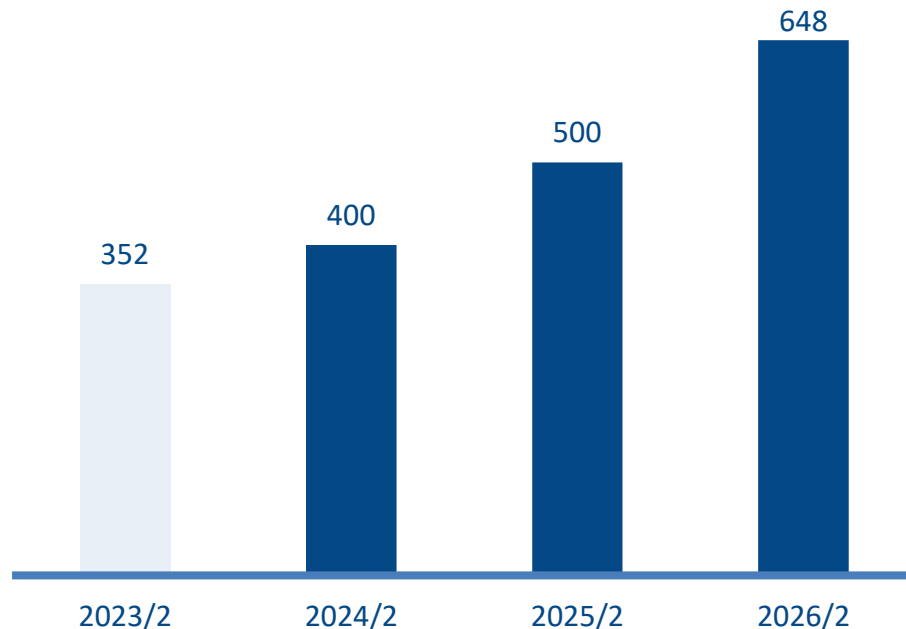
Through strengthening sales of SaaS-based products and increasing retention by improving customer satisfaction, we have expanded the subscription ratio and created a stable earnings foundation. Operating profit in FY2026 is projected to climb to 648 million JPY on the back of stable profits achieved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

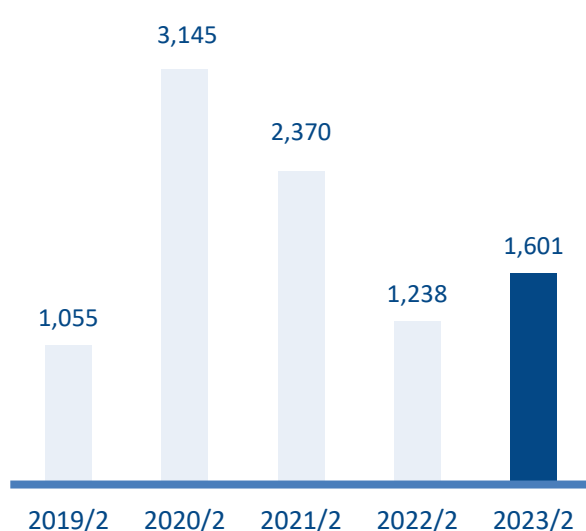


## Investment Business (Full-Year Trend)

In FY2023, net sales and gross profit increased year on year owing to partial sale of shares held. Operating profit amounted to at 775 million JPY, increasing significantly due to sale of shares with high investment leverage.

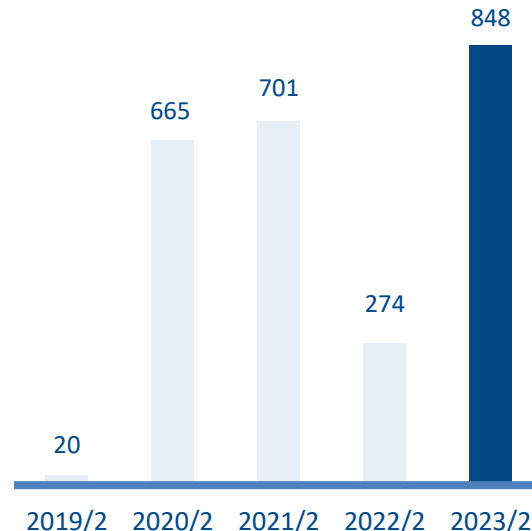
Net Sales (million JPY)

1,601 million JPY (129.3% YoY)



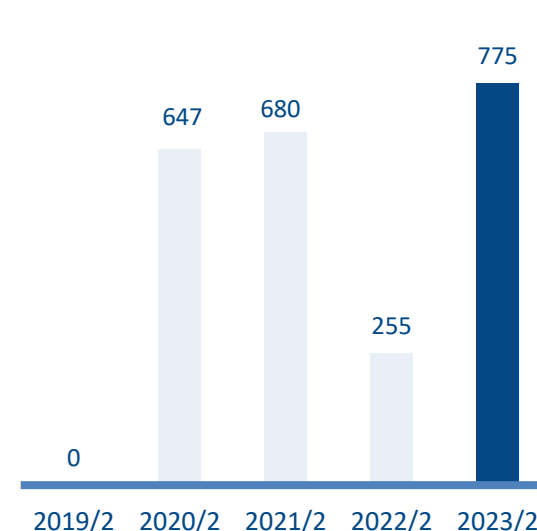
Gross Profit (million JPY)

848 million JPY (309.4% YoY)



Operating Profit (million JPY)

775 million JPY (303.2% YoY)



Note: Amounts for FY2019 and FY2020 are estimated restatements based on reportable segments.

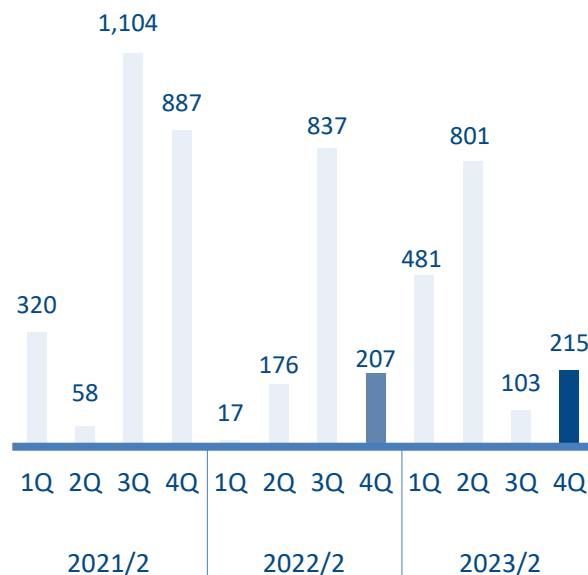


## Investment Business (Quarterly Trend)

In 4Q FY2023, despite the partial sale of shares held, an operating loss was posted due to loss on valuation of securities.  
In FY2024, although a certain amount of valuation loss is expected, we anticipate that an operating profit will be secured.

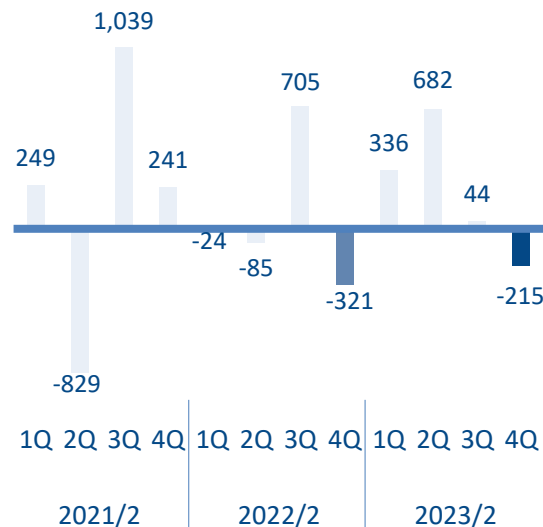
### Net Sales (million JPY)

215 million JPY (103.8% YoY)



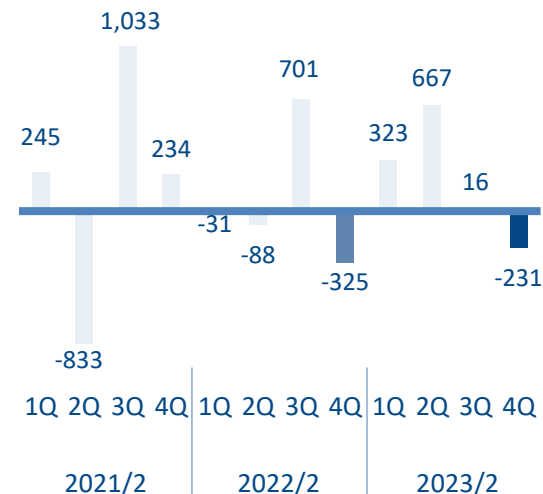
### Gross Profit (million JPY)

Gross Loss: 215 million JPY (106% YoY)



### Operating Profit (million JPY)

Operating Loss: 231 million JPY (Up 94 million JPY 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 29 IPOs).

Newly listed SYLA Technologies Co., Ltd. on the NASDAQ, bringing the number of recent IPOs to four companies.

Date of listing	Company name		Market
March 31, 2023		SYLA Technologies Co., Ltd.	NASDAQ
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	<b>CLOUD BEAUTY</b> 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 <a href="https://sosia-pos.jp/">https://sosia-pos.jp/</a> (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.

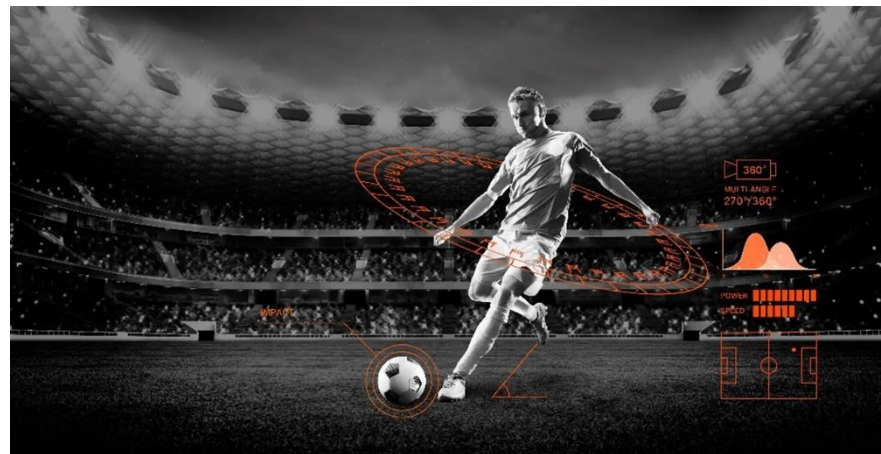
## Made Investees into Subsidiaries (MasterVisions)

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 <a href="https://mastervisions.co.jp/en">https://mastervisions.co.jp/en</a>

### 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 <a href="https://fc-hajimeru.com/">https://fc-hajimeru.com/</a> (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	FY '23	Difference	YoY Change
Net Sales	48,122	55,225	+7,102	114.8%
Gross Profit	29,549	35,146	+5,597	118.9%
EBITDA	6,017	7,013	+995	116.6%
Operating Profit	5,128	6,276	+1,148	122.4%
Ordinary Income	5,208	6,623	+1,414	127.2%
Profit before Income Taxes	5,116	5,712	+595	111.6%
Profit attributable to owners of parent	2,071	3,172	+1,100	153.1%



# Consolidated Balance Sheet

(million JPY)	FY '22 Year End	FY '23 Year End	Difference	YoY Change
Total assets	31,575	36,343	+4,768	115.1%
Cash and deposits	13,522	13,372	-149	98.9%
Goodwill	354	1,780	+1,426	502.9%
Operational investment securities + investment securities	5,363	5,495	+132	102.5%
Other	12,335	15,694	+3,359	127.2%
Total liabilities	15,397	20,584	+5,186	133.7%
Borrowings + bonds	5,717	9,756	+4,039	170.6%
Other	9,679	10,827	+1,147	111.9%
Net assets	16,178	15,759	-418	97.4%

# Consolidated Statement of Cash Flows

(million JPY)	FY '22	FY '23	YoY Change	Main Reasons for YoY Change
Cash and cash equivalents at beginning of period	10,852	13,522	+2,670	
Cash flows from operating activities	4,977	1,457	-3,520	Increase in operational investment securities thanks to aggressive investment
Cash flows from investing activities	(1,308)	(1,288)	+19	Increased purchase of shares of subsidiaries through proactive M&A
Cash flows from financing activities	(1,060)	(358)	+701	Fund procurement to engage in proactive M&A and investment
Cash and cash equivalents at end of period	13,522	13,372	-149	

# FY '24 Financial Forecasts

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We have introduced a restricted stock compensation plan as stated in the Notice on the Introduction of the Restricted Stock Compensation Plan for Group Executives and Employees, which was disclosed on April 14, 2022.

Accordingly, the operating profit figures in the financial briefing materials from FY2024 onward are calculated after adding back the Company's restricted stock compensation expenses.

Note: The restricted stock compensation expenses of subsidiaries is not added back to the operating profit figures.

## FY '24 Consolidated Financial Forecasts

Full-Year Financial Forecast for FY '24 (million JPY)	FY '23 (Results)	FY '24 (Targets)	YoY	FY '24 1H Target	FY '24 2H Target
Net sales	55,225	63,000	114.1%	29,761	33,239
Operating profit*	6,276	7,260	115.7%	2,175	5,085
Ordinary income	6,623	7,160	108.1%	2,141	5,019
Profit attributable to owners of parent	3,172	4,000	126.1%	1,053	2,947

The full-year financial forecast is based on the operating profit figures set out in the medium-term profit plan announced on April 14, 2022. VECTOR's dividend policy is to ensure a consolidated payout ratio for shareholders of around 30%, and in FY2024, we plan to pay a dividend of 25 JPY per share.

\* Operating profit is calculated after adding back the Company's restricted stock compensation expenses

## Profit Plan by Segment

Profit Plan by Segment (million JPY)	FY '23 (Results)	FY '24 (Targets)	YoY	FY '24 1H Target	FY '24 2H Target
Operating profit*	6,276	7,260	115.7%	2,175	5,085
PR and Advertising	2,984	3,463	116.0%	1,408	2,055
Press Releases	1,190	1,500	126.0%	634	866
Video Releases	(34)	50	+85	(6)	56
Direct Marketing	984	974	98.9%	(58)	1,032
Media CMS	3	30	888.3%	(7)	37
HR	352	400	113.5%	184	216
Investment	775	842	108.5%	19	823

In the Direct Marketing business, while continuing the cycle of making advertising investments in 1H and recovering them in 2H, we expect decreased profit year on year as we will accelerate advance investment in new product development. In the Investment business, the plan is weighted toward 2H as we anticipate gains from the sale of shares held.

\* Operating profit is calculated after adding back the Company's restricted stock compensation expenses

# Medium-term Profit Plan

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## Medium-term Profit Plan

Medium-term Profit Plan (million JPY)	FY '23 (Results)	FY '24 (Targets)	FY '25 (Targets)	FY '26 (Targets)
EBITDA* <sup>1</sup>	7,013	7,920	9,160	10,660
Operating profit* <sup>2</sup>	6,276	7,260	8,500	10,000

- **For FY2026, we expect EBITDA of 10,660 million JPY and operating profit of 10,000 million JPY.**
- We will target a return on equity (ROE) of **at least 25%**, aiming for continuous improvement.
- VECTOR's dividend policy is to ensure a **consolidated payout ratio** for shareholders aimed at **30%**.
- We will update the medium-term profit plan as necessary in accordance with market conditions and business performance.

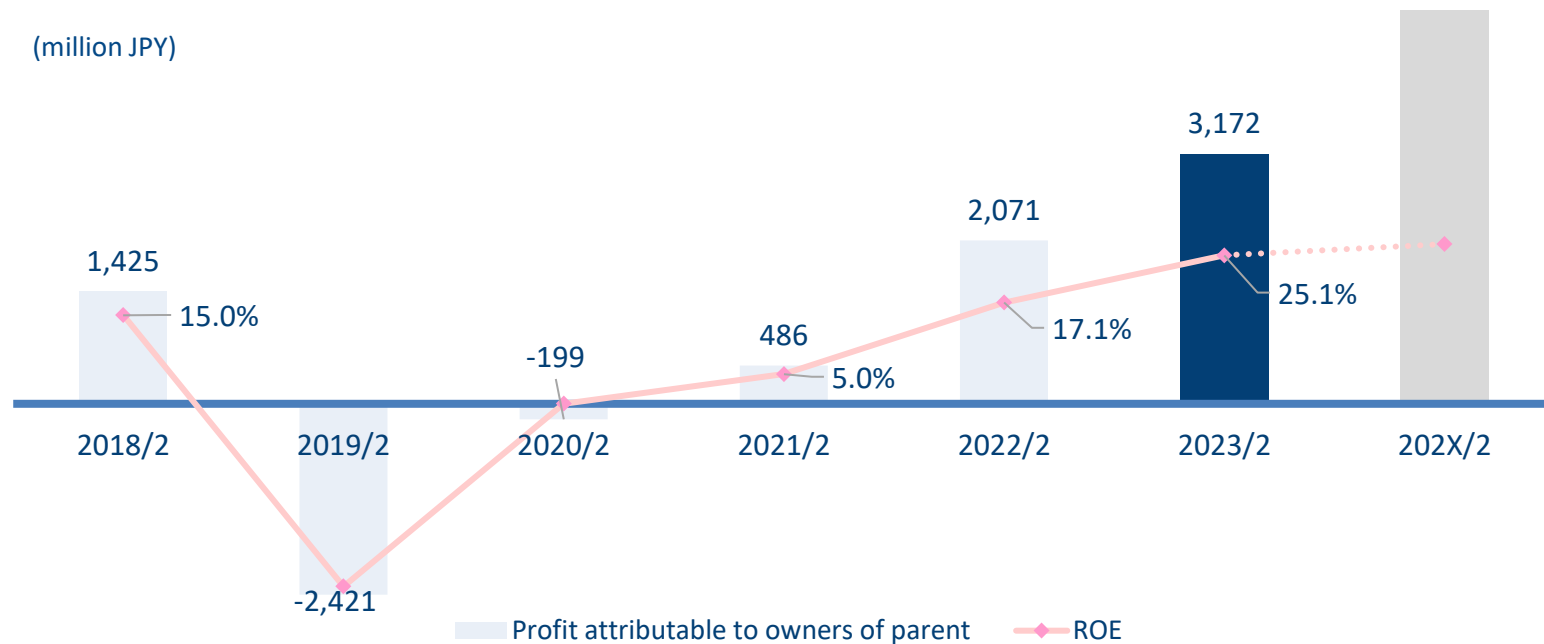
\*1 EBITDA = Operating profit\*<sup>2</sup>+ Depreciation + Amortization of goodwill

\*2 Operating profit is calculated after adding back the Company's restricted stock compensation expenses



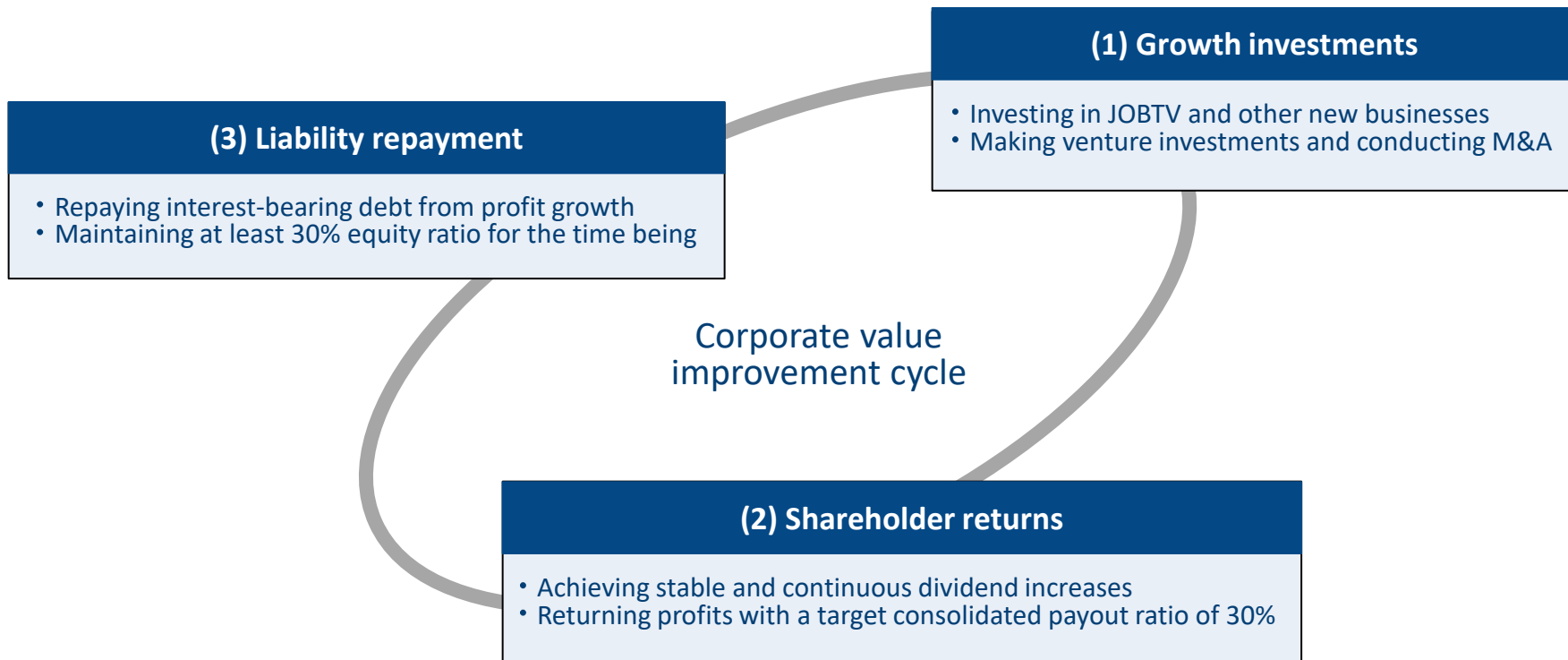
## ROE and Profit Attributable to Owners of Parent

Target for the management indicator of ROE will be **at least 25%** with a policy of continuous improvement.



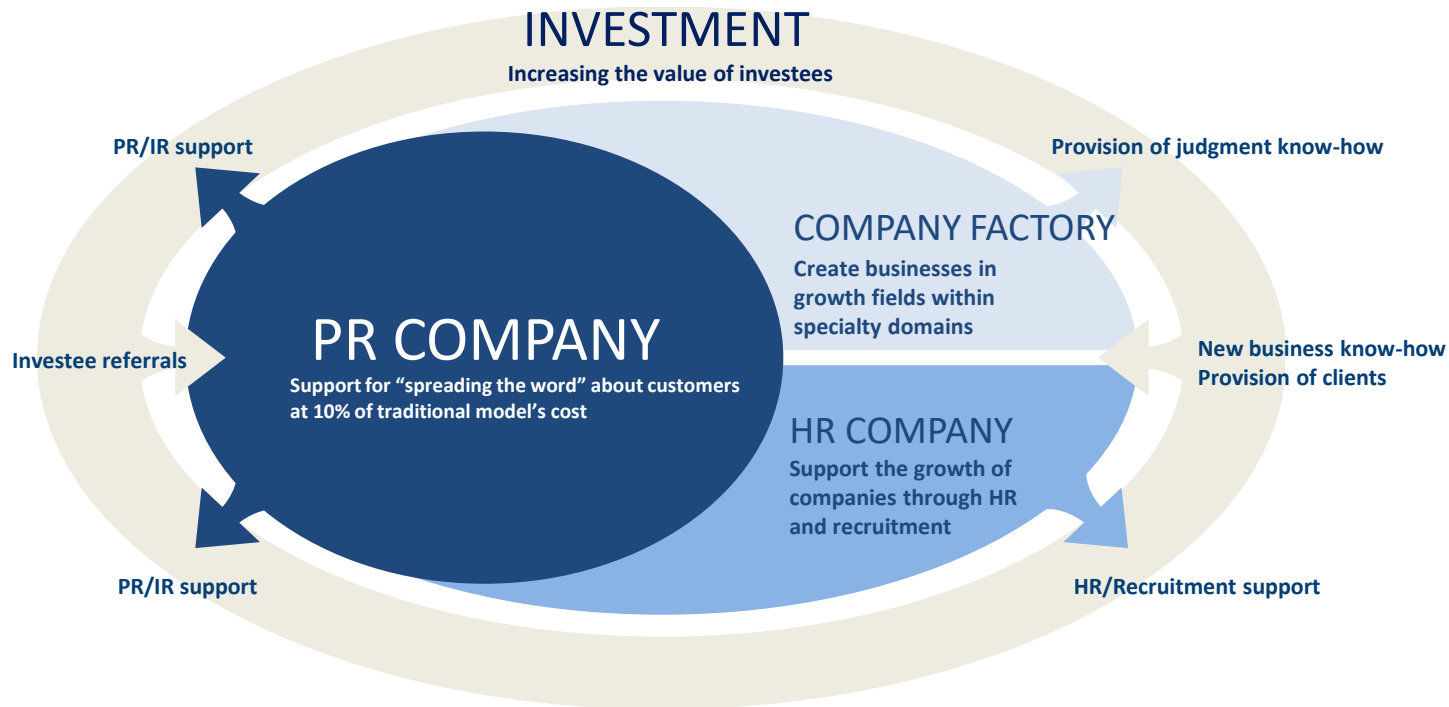
## Capital Allocation

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/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> <p><b>Vitabrid C<sup>12</sup></b> Vitabrid Japan</p> <p><b>Direct Tech</b></p>	 <p>Our HR business primarily provides consulting and personnel evaluation cloud solutions to support the introduction and operation of personnel evaluation systems.</p> <p><b>あしたのチーム</b></p>	 <p>In our startup investing activities, we provide investees with support for increasing value along with PR and IR.</p>
<p>vector <b>ANTIL</b></p> <p>vector <b>Platinum</b></p> <p>vector <b>INITIAL</b></p> <p>vector <b>SIGNAL</b></p> <p><b>PRTIMES</b></p> <p><b>Smartmedia</b></p> <p><b>NT</b></p> <p><b>NEWS TV</b></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> <p><b>MEDICAL TECHNOLOGIES</b></p> <p><b>PERFORMANCE TECHNOLOGIES</b></p> <p><b>INFLUENCER BANK</b></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> <p><b>JOBTV</b></p>	<p>vector</p> <p><b>100 capital</b></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



To 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.

...to a Fast Company in  
Advertising Industry  
Target advertising market worth 7 trillion JPY

# Advertising industry disrupter

“Low Cost” “Middle Quality” “Speedy”

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

# Change in Japan's Advertising Market

While the 4 mass media have decreased, online advertising has expanded, leading to a market worth 7 trillion JPY

(billion JPY)

Reference: Advertising Expenditures in Japan (Report by Dentsu)

6,110.2

59.0

1,247.4

2,007.9

4 mass media

Advertising market is centered on the 4 mass media such as TV and newspapers in 2000, the year our PR business launches

2000

(Launch of PR business)

6,692.6

698.3

827.6

1,909.2

Online advertising begins to drive the market in 2008, the year of the financial crisis

2008

(Expansion of PR business)

7,102.1

3,091.2

369.7

1,801.9

Online advertising market enters the 3 trillion JPY range  
Search advertising leads

2022

(Accelerated through PR + digital)

77.8

96.5

592.0

737.2

976.6

Other

Pay-for-performance advertising

Video advertising

Display advertising

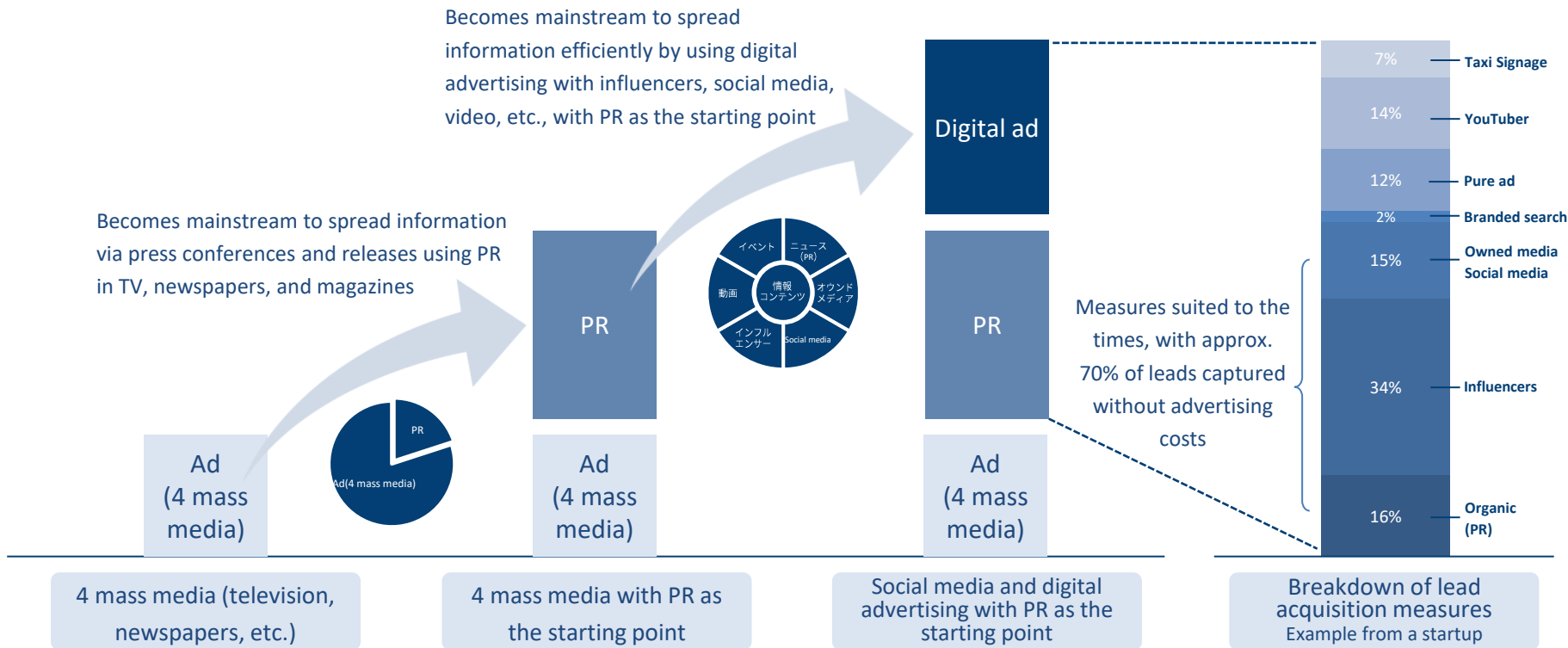
Search advertising (Listing advertising)

Breakdown of online advertising media expenditures\*

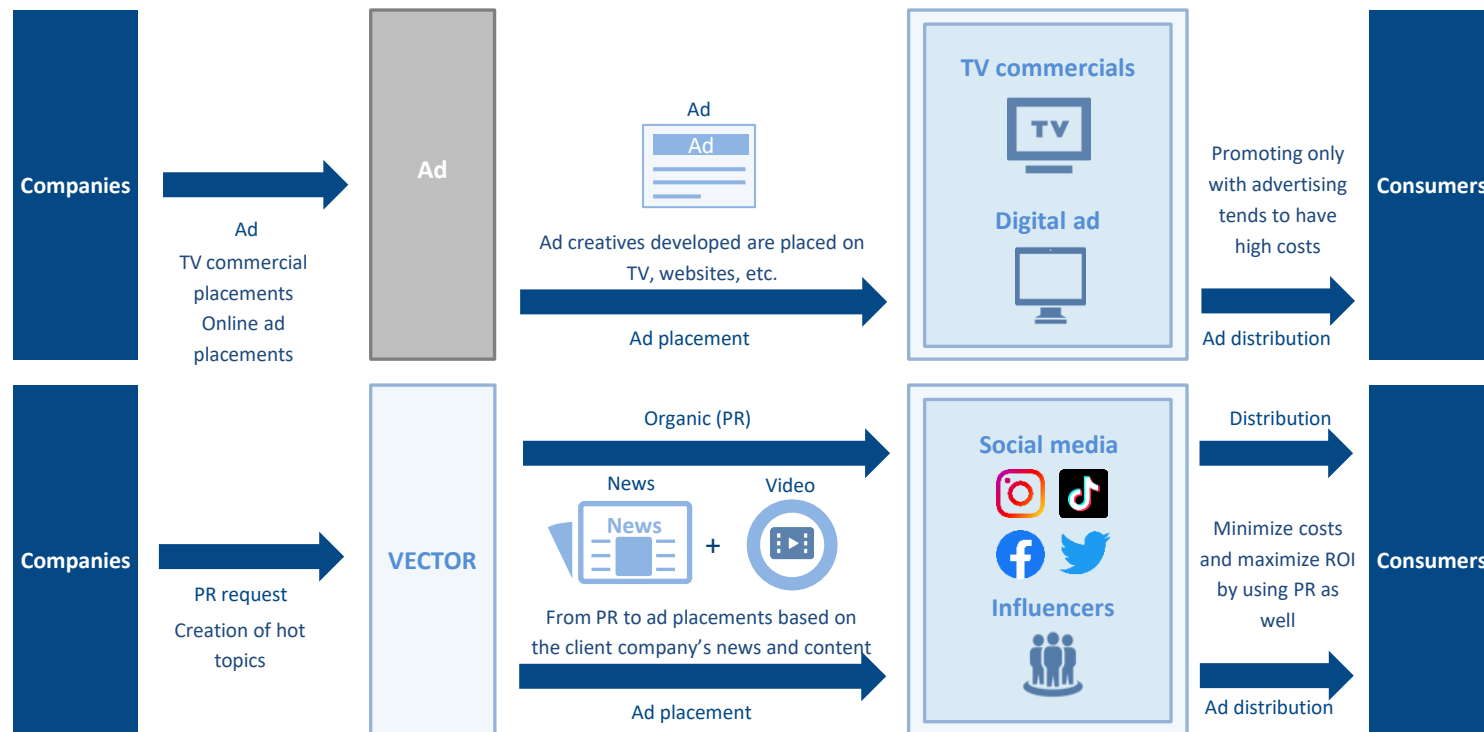
\* Excludes production costs for online ads, etc.

■ TV ■ Newspapers ■ Magazines ■ Radio ■ Online ■ Other (OOH, transit advertising, etc.)

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

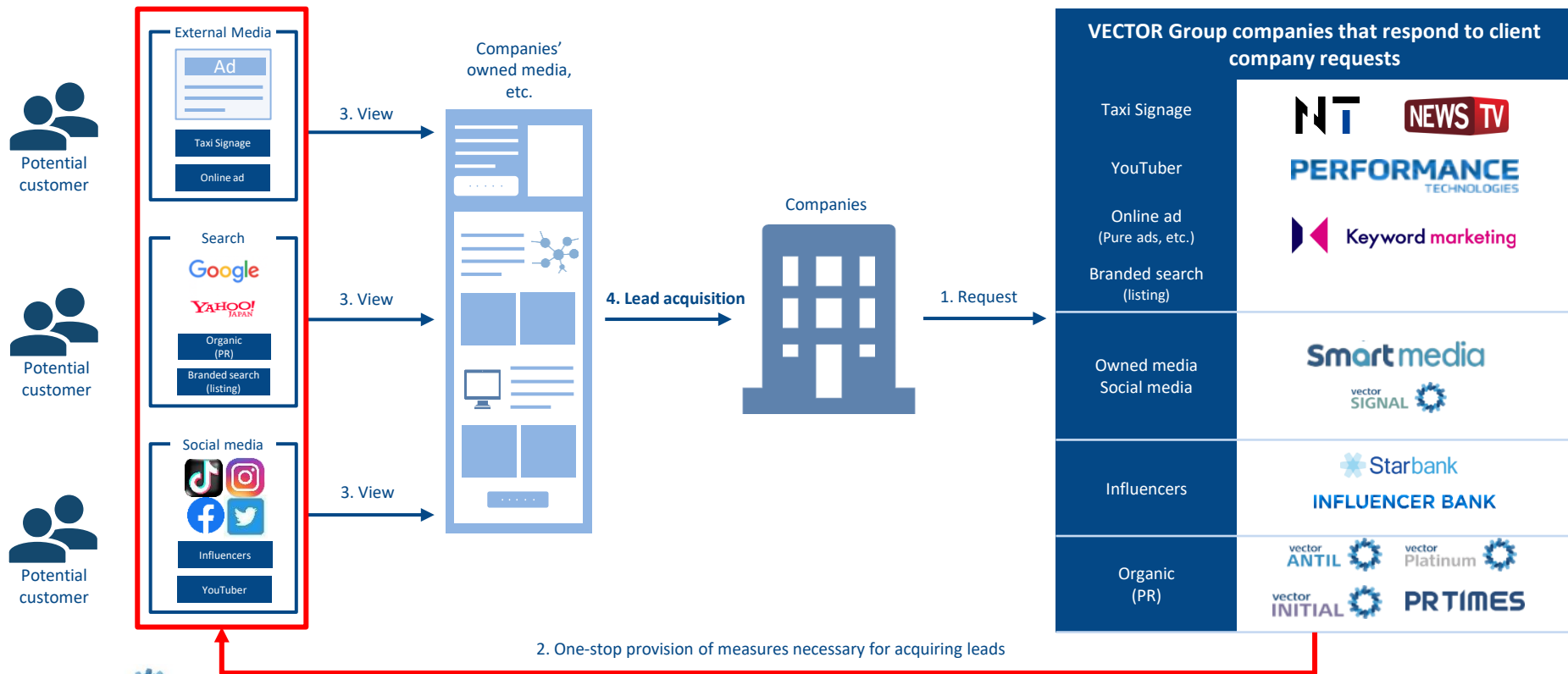


VECTOR can provide PR and deliver news and content through advertising.



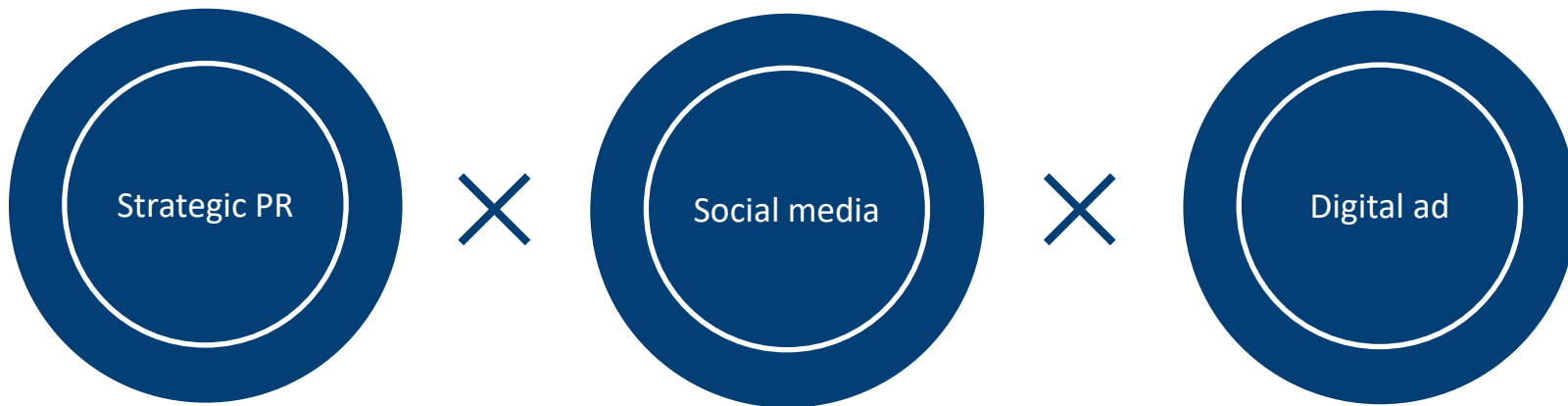


## One-stop provision of measures necessary for acquiring leads










A one-stop marketing strategy that covers everything from recognition where content is delivered directly to the target audience to acquisition where digital ads are tied to purchases, while leveraging strategic PR and social media



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 53% of publicly-listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.</p> <p><b>PR TIMES</b></p>	 <p>From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.</p> <p>vector <b>ANTIL</b></p> <p>vector <b>Platinum</b></p> <p>vector <b>INITIAL</b></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><b>NEWS TV</b></p>	 <p>Support corporate service/product branding through SNS influencers.</p> <p>Starbank <b>INFLUENCER BANK</b></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 <b>SIGNAL</b></p> <p><b>NT</b></p> <p><b>Smartmedia</b></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><b>BRAND CLOUD</b></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.

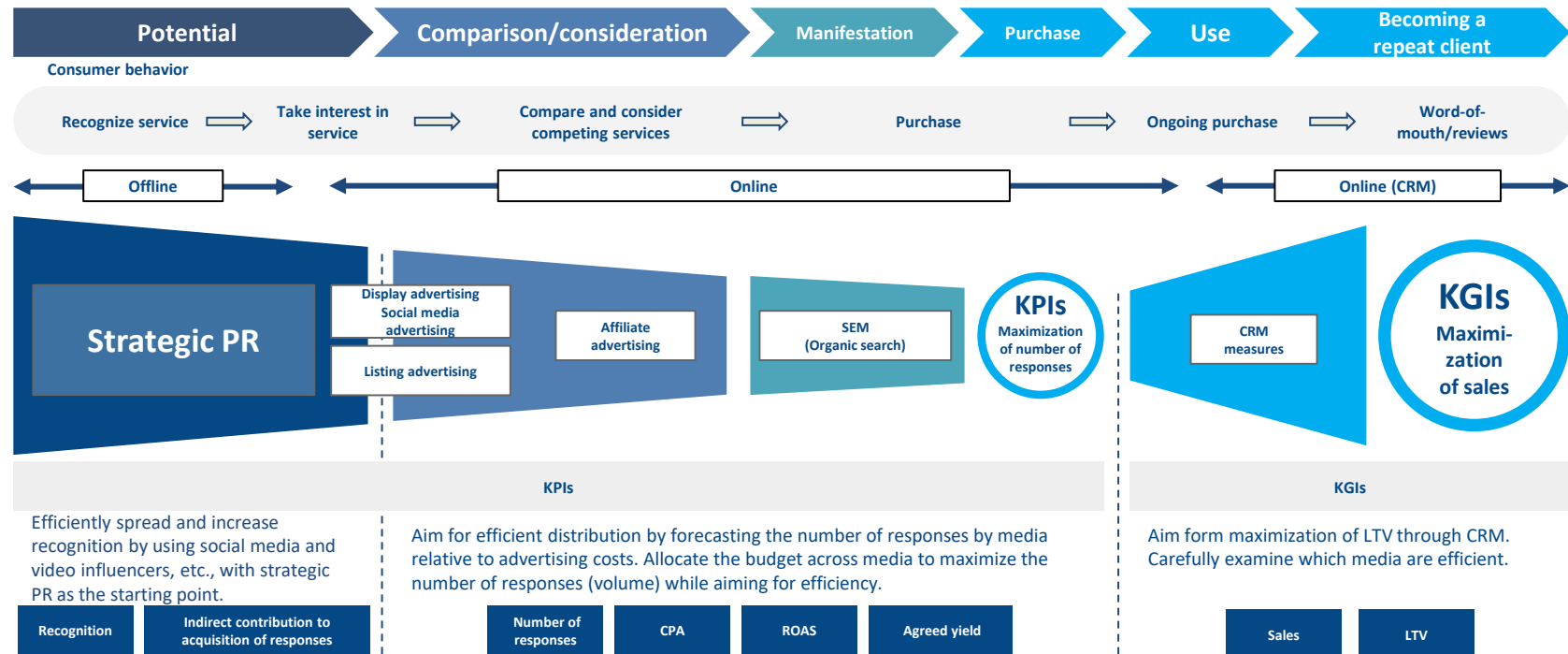
Celebrity Casting					
Cast celebrities for content including websites, online videos and events.					
Starbank					
Press Releases	PR Consulting	Video Releases	Influencers	Digital Marketing	Risk Management
					
#1 press release service in Japan with over 70,000 clients. Used by 53% of publicly-listed 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

# Synergy from Purchase of Digital Marketing Business

The purchase etc. 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.




## M&A Results (Business Transfer)

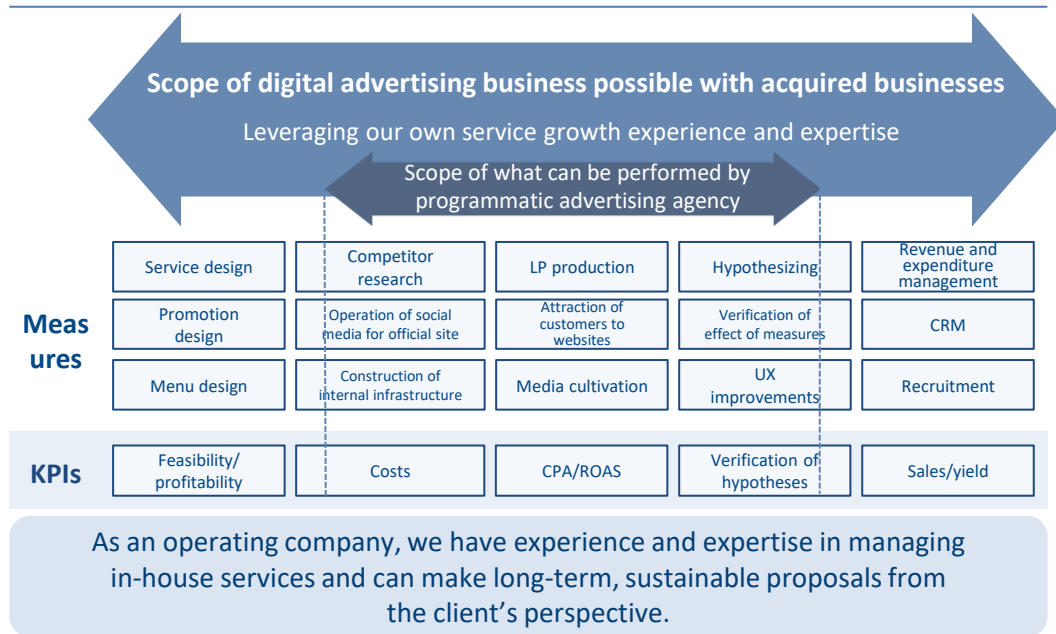
Acquired a digital advertising business specializing in strategic design from TERMINAL inc. for 1.1 billion JPY on September 30, 2022.

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

### Overview of acquired business

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

### Digital advertising business



# M&A Results (Share Acquisition)

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	 <b>Keyword marketing</b> 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




## M&A Results (Share Acquisition)

Tryhatch, Inc., which specializes in supporting customer attraction using social media,  
became a consolidated subsidiary on March 1, 2023

Providing one-stop support for the marketing challenges of customers with physical stores,  
utilizing strategic PR and technology

### Overview of acquisition of shares

Company name	 <b>Tryhatch</b> Tryhatch, Inc.
Business	Social media operations support business SaaS business Digital marketing business
Acquisition cost	350 million JPY
Share acquisition date	March 1, 2023

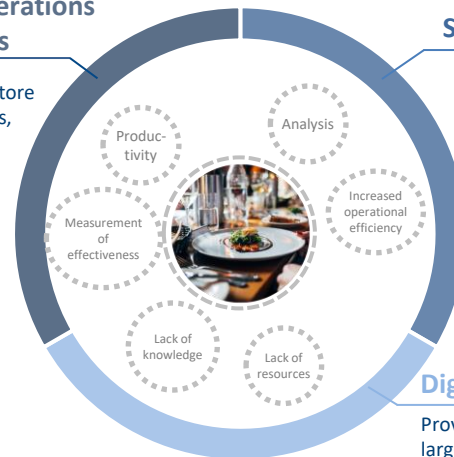
### Business

#### Social media operations support business

Providing support for store social media operations, mainly by handling Instagram and TikTok

#### SaaS business

Developing MEO management/analysis and other SaaS tools and providing a one-stop solution covering everything from marketing to measurement of effectiveness



#### Digital marketing business

Providing consulting services using the large amount of data accumulated via our proprietary SaaS

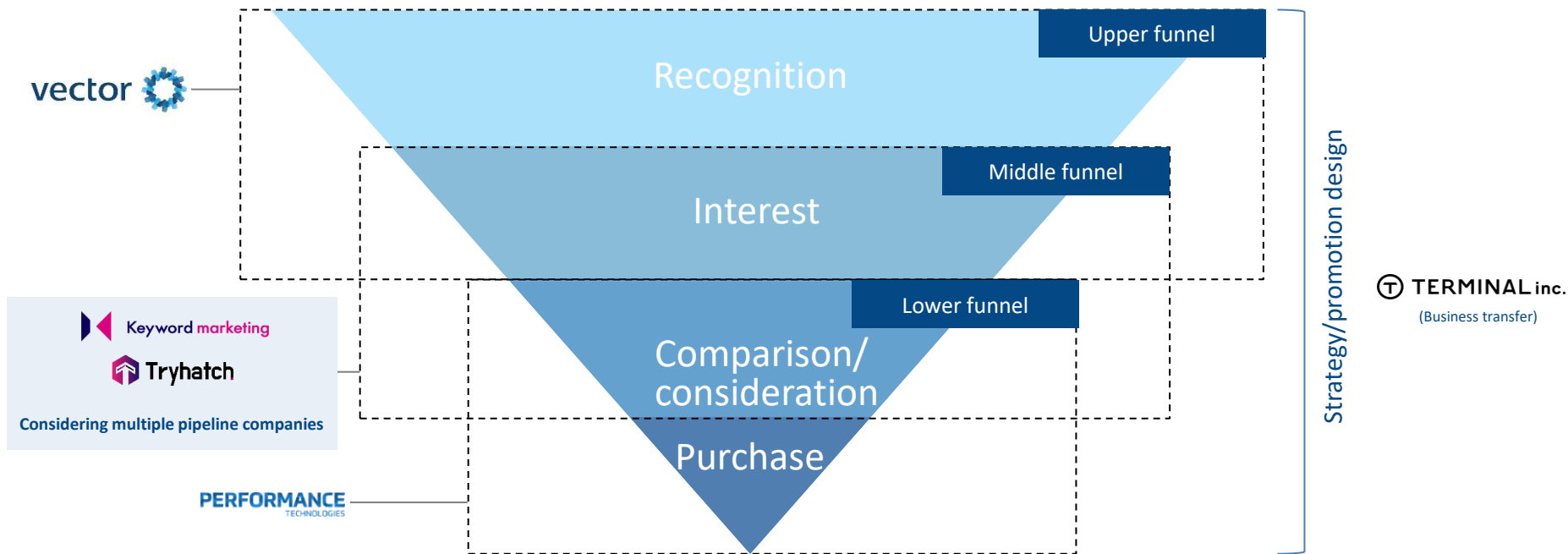
Providing a wide range of services from consulting to social media operation support tailored to the marketing challenges of customers with physical stores, while utilizing a large volume of accumulated data

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

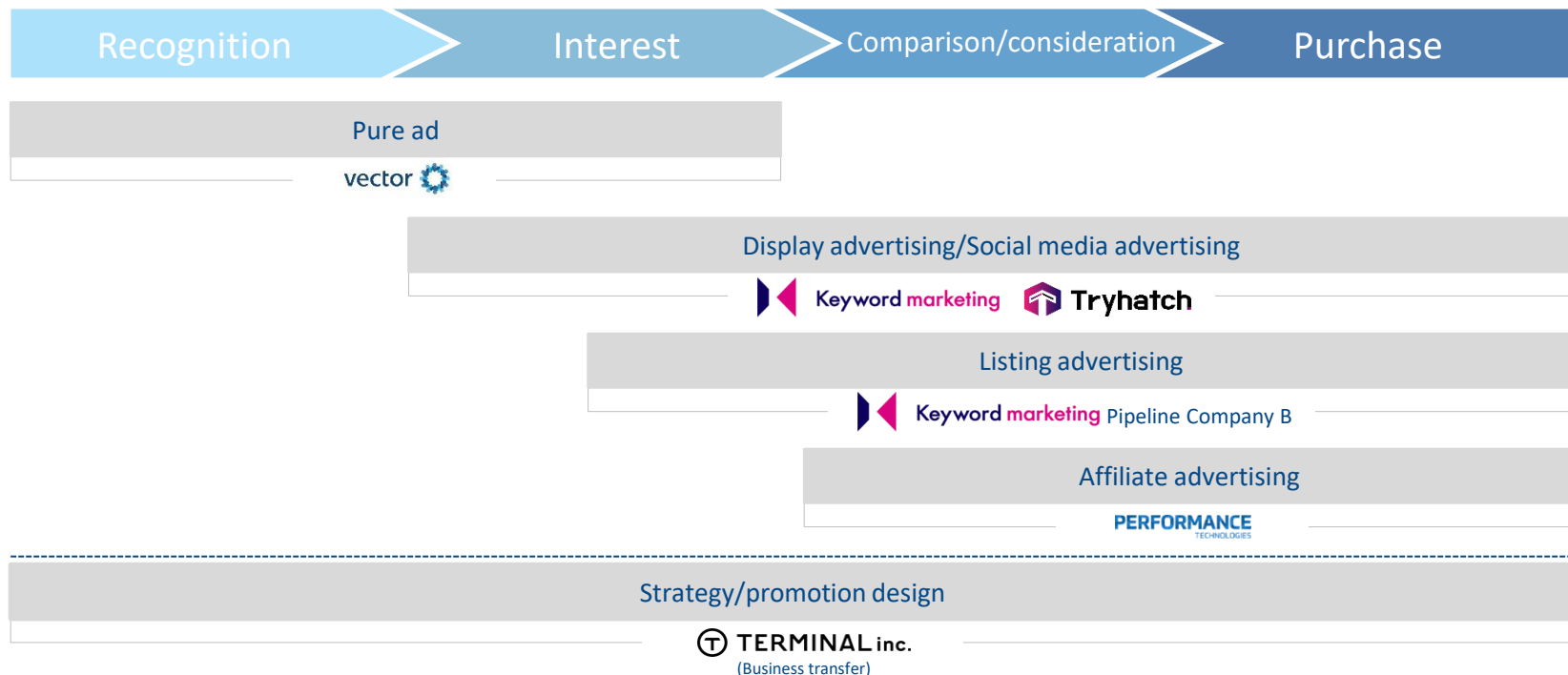
Develop businesses that can handle each funnel based on the purchasing process of consumers

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

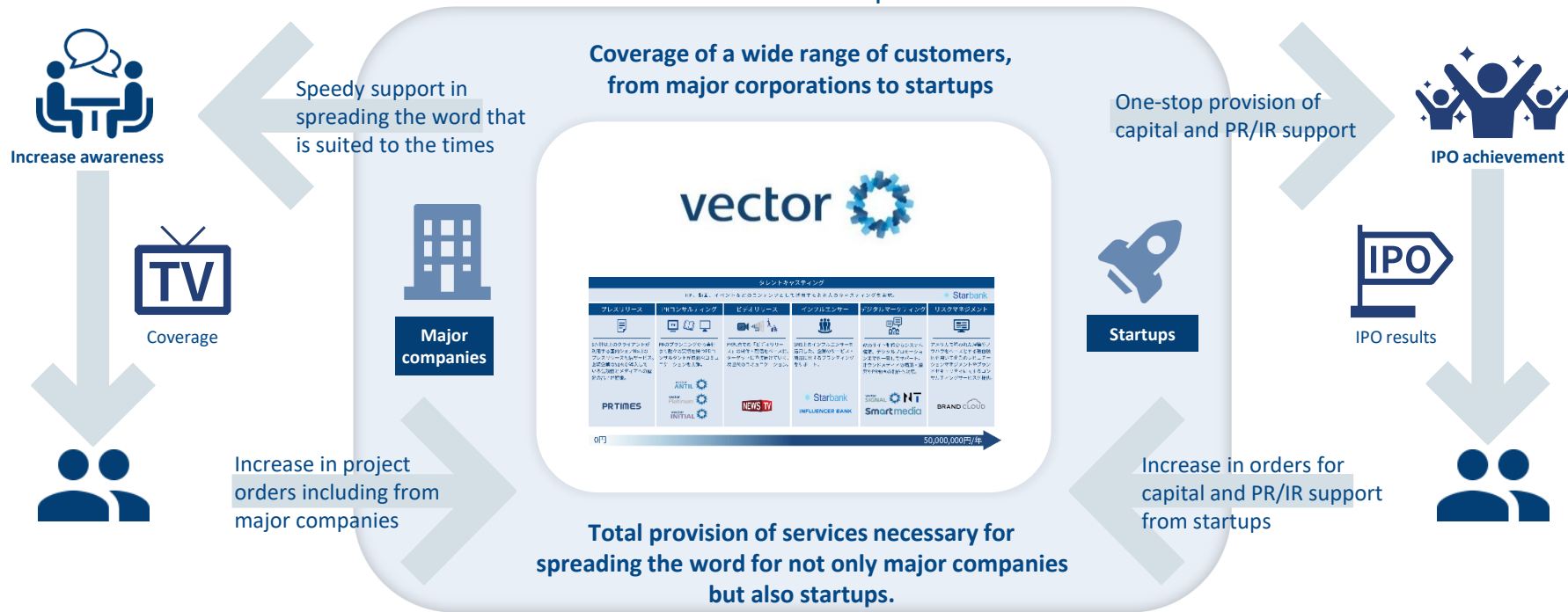
PR capital that offers both funding and PR support

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 startups

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



# JOBTV Progress Status

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





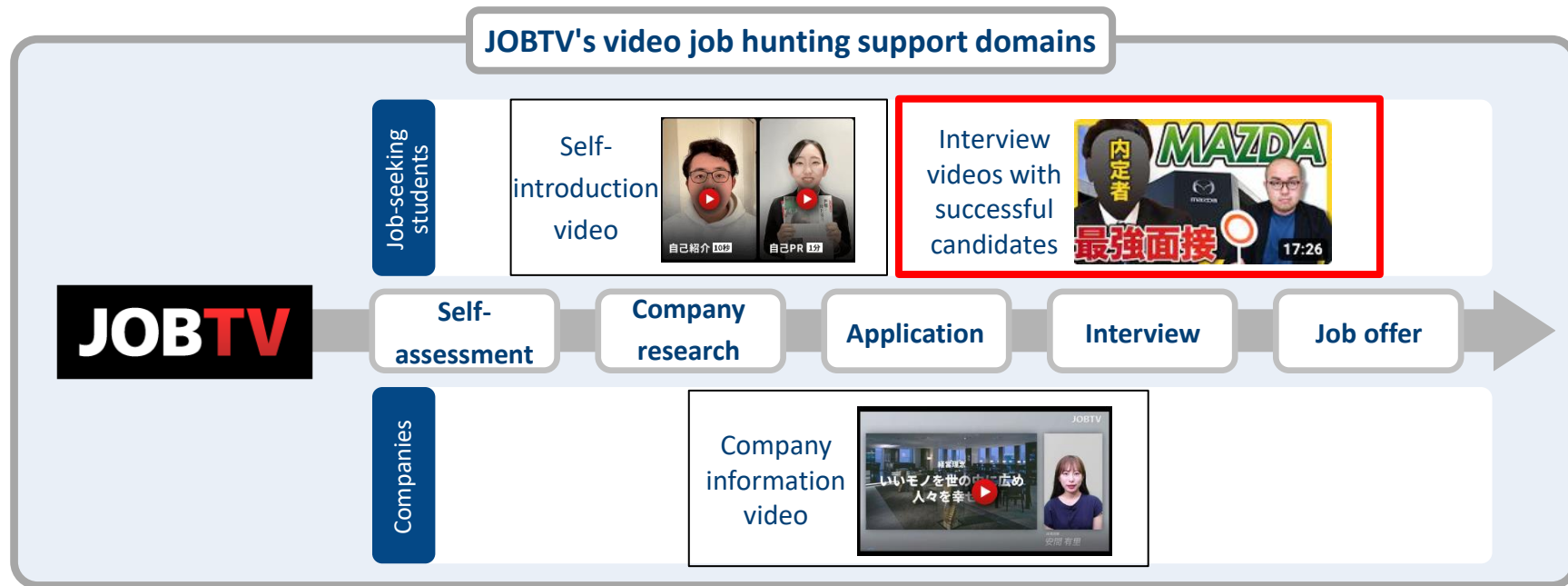
JOBTV is a service that solves issues of both job-seekers and companies.  
Speedy matching is achieved by leveraging video in the initial recruitment processes.



# 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](https://www.youtube.com/@shundiary_passedinterview/videos)

## Status of Registered Students

The number of registered students has surpassed 150,000 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



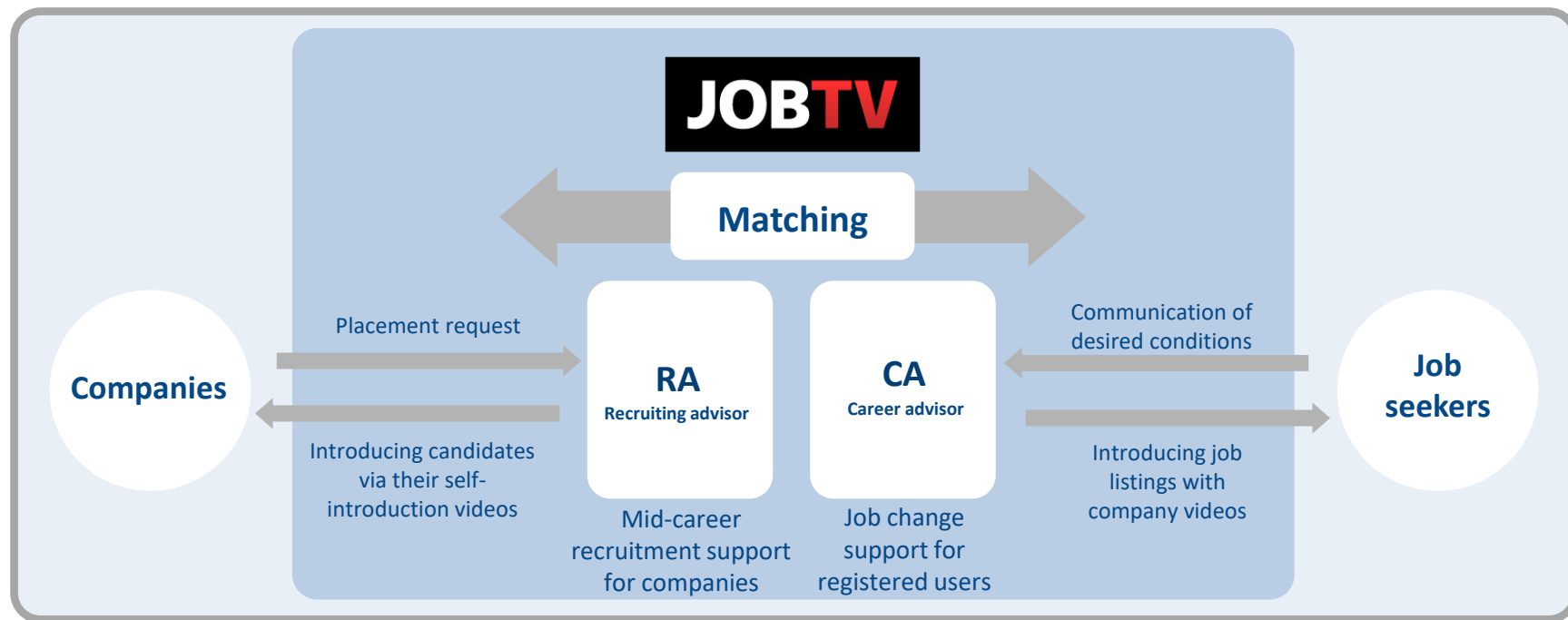
Workshop for job-seeking students on how to record and  
make effective video resumes

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



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