Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 28, 2025
(Nine Months Ended November 30, 2024)

January 14, 2025

Company name: VECTOR INC. Listing: Tokyo Stock Exchange
Securities code: 6058 URL: https://vectorinc.co.jp/en
Representative: Keiji Nishie, Chairman and Representative Director
Contact: Yosuke Goto, Director and CFO Tel: +81-3-5572-6080
Scheduled date of dividend payment: —
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: No

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2025 (March 1, 2024–November 30, 2024)

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

	Net sales		Operating profit		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Nov. 30, 2024	42,452	–2.2	4,008	14.6	3,964	9.8	2,034	–31.9
Nine months ended Nov. 30, 2023	43,428	5.5	3,497	–32.9	3,610	–32.5	2,987	4.1

Note: Comprehensive income: Nine months ended Nov. 30, 2024: 1,730 million yen (down 61.3%)
Nine months ended Nov. 30, 2023: 4,476 million yen (up 21.2%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Nov. 30, 2024	43.37	—
Nine months ended Nov. 30, 2023	62.50	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 30, 2024	43,445	20,227	37.0	342.28
As of Feb. 29, 2024	43,621	19,975	37.1	344.64

Reference: Shareholders' equity: As of Nov. 30, 2024: 16,054 million yen
As of Feb. 29, 2024: 16,168 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 29, 2024	—	0.00	—	29.00	29.00
Fiscal year ending Feb. 28, 2025	—	0.00	—		
Fiscal year ending Feb. 28, 2025 (plan)				32.00	32.00

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

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024–February 28, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	61,000	3.0	8,500	22.5	8,350	21.5	5,000	6.7	106.58

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

Notes

(1) Significant changes in the scope of consolidation during the nine months ended November 30, 2024: No

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

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Notes on Special Accounting Methods for Presenting Consolidated Financial Statements for the Nine Months Ended November 30, 2024” on page 8 for further information.

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

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

(4) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)	As of Nov. 30, 2024	46,914,039 shares	As of Feb. 29, 2024	48,176,100 shares
2) Number of treasury shares at the end of the period	As of Nov. 30, 2024	9,600 shares	As of Feb. 29, 2024	1,262,061 shares
3) Average number of shares during the period	Nine months ended Nov. 30, 2024	46,907,371 shares	Nine months ended Nov. 30, 2023	47,792,730 shares

* Review of the attached quarterly consolidated financial statements by certified public accountant or auditing firm: Yes (optional)

* Appropriate use of business forecast and other special items

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

Contents

1. Overview of Results of Operations

Forward-looking statements are based on judgments made by VECTOR as of January 14, 2025.

(1) Results of operations

In the nine months ended November 30, 2024, the Japanese economy continued its moderate recovery, supported by the resurgence of inbound tourism demand and improvements in the employment and income environments, despite impacts such as inflation due to yen depreciation. Nonetheless, the outlook remains cautious due to the ongoing impact of high interest rates in Europe and the United States, concerns about the future of the Chinese economy, U.S. policy uncertainties, and geopolitical tensions in the Middle East, which continue to pose downside risks to overseas economic conditions.

The VECTOR Group is centered around the concept of distributing information in a simple and speedy manner through state-of-the-art communication tools, beginning with strategic public relations (PR) services. In addition to providing these services at more affordable rates than traditional advertising budgets, we offer retainer services based on ongoing transactions to a variety of industry sectors. This enables us to establish a revenue base that is less susceptible to the fluctuations of specific industries. As such, we anticipate minimal impact on our performance from deteriorating business conditions, and we expect this trend to continue into the future.

Against this market backdrop, we continue to focus on operating as a “fast company” that is a one-stop source of comprehensive support for marketing strategies with the goal of making people aware of the outstanding products, services, and other attributes of our clients. To accomplish this goal, we have been expanding our services, primarily aimed at the VECTOR Group’s existing clients. Considering the ongoing growth of internet advertising expenditure in Japan’s advertising industry driven by society's digital transformation, we have strengthened the sales of services focused on the digital marketing domain, which we have been expanding through mergers and acquisitions up until the previous fiscal year.

Additionally, in the Global Top 250 PR Agency Ranking 2024 issued by PRovoke Media, a specialized media for the advertising industry in the United Kingdom, VECTOR achieved the 6th position globally based on corporate performance, maintaining its top spot in Asia.

Due to these activities, net sales decreased 2.2% year on year to 42,452 million yen, operating profit increased 14.6% to 4,008 million yen, ordinary income increased 9.8% to 3,964 million yen, and profit attributable to owners of parent decreased 31.9% to 2,034 million yen.

Business segment performance is as follows.

As stated in the announcement titled “Notice of Merger of Between Wholly Owned Subsidiaries,” published on September 17, 2024, in line with an absorption-type merger, in which INITIAL Inc. will be the surviving company, and Starbank Inc. and INFLUENCER BANK, Inc. will be the dissolved companies, INFLUENCER BANK has been reclassified from the Direct Marketing segment to the PR and Advertising segment from the six months ended August 31, 2024. For the following year-on-year comparisons, we have adjusted the figures for the previous year's corresponding period based on the revised segment classification.

PR and Advertising

In this business segment, we provide a one-stop communication strategy tailored to each client that includes strategic PR services centered on consulting and is driven by digital marketing using IoT signage via tablets placed in taxis and social networking services.

With the transition toward digitalization as the preferred method for distributing information, our strategic approach as a “fast company” has become even more relevant to the times. Further, our aggressive efforts to expand services through such means as mergers and acquisitions in the digital marketing domain conducted in the previous fiscal year has enabled us to establish a robust framework for providing even more comprehensive support to our clients’ communication strategies. In the nine months ended November 30, 2024, while sales decreased primarily due to the impact of the transfer of shares in a subsidiary conducted in October 2023, this was offset by a significant increase in profit, mainly resulting from the reversal of one-off costs recorded in the previous fiscal year. Segment sales decreased 5.6% to 24,311 million yen and operating profit increased 55.3% to 2,564 million yen year on year.

Press Release Distribution

PR TIMES, Inc. distributes and posts press releases by using its PR TIMES website as well as many other websites. Utilization of this service has been very high. In November 2024, the number of companies using PR TIMES surpassed 105,000. As a result, quarterly sales rose to an all-time high. Additionally, as initially planned at the beginning of the fiscal year, in the third quarter, ongoing efforts were made to promote the use of PR TIMES among local companies and investments were made to update its functionality.

Segment sales increased 18.7% to 5,985 million yen and operating profit grew 5.4% to 1,596 million yen year on year.

Direct Marketing

In Direct Marketing operated primarily by Vitabrid Japan Inc., during the first quarter ended May 31, 2024, we reduced advertising and promotional investments in response to changes in consumer sentiment regarding functional food products—sparked by issues related to health damage from red yeast rice supplements reported by other companies—while considering the efficiency of customer acquisition. However, the situation was resolved by the mid-point of the second quarter. As a result of increased advertising and promotional investments, sales of Terminalia First have been progressing smoothly, with net sales increasing significantly over the previous fiscal year. Additionally, to establish a stable revenue base with multiple products, we have been focusing on the development of functional supplements containing gamma-aminobutyric acid (GABA), launched in September 2023, and sales have been performing well. On the other hand, the entire segment experienced a slight decrease in sales due to the impact of the transfer of shares in a subsidiary conducted in November 2023. Segment sales decreased 0.5% year on year to 9,836 million yen and operating loss amounted to 202 million yen, compared with operating loss of 63 million yen in the first nine months of the previous fiscal year.

HR

ASHITA-TEAM Co., Ltd. reexamined its sales strategies, strengthened its sales team, and reinforced development aimed at improving functionality, resulting in operating profit of 110 million yen.

JOBTV, which operates a recruiting platform using video content, incurred advertising expenses aimed at increasing the number of registered users, both new graduates and job seekers, and development costs to upgrade functions for the recruitment platform, in order to establish a solid revenue base. In addition, in March 2024, we acquired FINDAWAY Co., Ltd., which operates recruitment support and recruitment advertising planning, with the aim of expanding revenue from JOBTV. This, along with other factors, reduced the operating loss by 99 million yen year on year to 50 million yen.

Consequently, segment sales increased 6.6% to 2,169 million yen and operating profit grew 29.6% to 60 million yen year on year.

Investment

Despite gains on sales of certain investments, there were valuation losses on certain holdings. VECTOR also supports companies where we make investments by supplying public relations and investor relations services and in other ways. As a result, HATCH WORK CO., LTD. successfully listed on the Tokyo Stock Exchange's Growth Market on March 26, 2024, followed by ROXX, which successfully listed on the same market on September 25, 2024.

Segment sales decreased 65.1% year on year to 353 million yen while an operating loss of 8 million yen was recorded, compared to operating profit of 346 million yen in the first nine months of the previous fiscal year.

(2) Overview of financial position

Assets

Total assets as of November 30, 2024 decreased 175 million yen from the end of the previous fiscal year to 43,445 million yen.

Current assets decreased 594 million yen to 32,652 million yen. This was mainly due to decreases of 823 million yen in operational investment securities, 878 million yen in advance payments included in other under current assets, and 383 million yen in accounts receivable—other, while there were increases of 968 million yen in merchandise and finished goods and 483 million yen in income taxes refund receivable included in other under current assets.

Non-current assets increased 419 million yen to 10,793 million yen. This was primarily due to increases of 305 million yen in software, 86 million yen in investment securities, and 210 million yen in deferred tax assets, while there was a decrease of 159 million yen in goodwill.

Liabilities

Total liabilities as of November 30, 2024 decreased 427 million yen from the end of the previous fiscal year to 23,218 million yen. Current liabilities increased 1,277 million yen to 14,951 million yen. This was primarily due to an increase of 2,145 million yen in short-term borrowings, while there was a decrease of 846 million yen in income taxes payable.

Non-current liabilities decreased 1,704 million yen to 8,267 million yen. This was primarily due to decreases of 953 million yen in long-term borrowings, 172 million yen in lease liabilities, and 492 million yen in deferred tax liabilities.

Net assets

Total net assets as of November 30, 2024 increased 251 million yen from the end of the previous fiscal year to 20,227 million yen. This was primarily due to increases of 1,447 million yen in treasury shares and 334 million yen in non-controlling interests, while there were decreases of 130 million yen in capital surplus, 628 million yen in retained earnings, and 789 million yen in valuation difference on available-for-sale securities.

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

There are no changes to the financial forecasts for the fiscal year ending February 28, 2025, from the projected figures announced on October 15, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY2/24 As of Feb. 29, 2024	Third quarter of FY2/25 As of Nov. 30, 2024
Assets		
Current assets		
Cash and deposits	15,820	15,749
Notes and accounts receivable-trade, and contract assets	7,314	7,167
Operational investment securities	4,815	3,992
Merchandise and finished goods	1,655	2,624
Costs on service contracts in progress	492	672
Other, net	3,494	2,908
Allowance for doubtful accounts	(345)	(461)
Total current assets	33,247	32,652
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,074	1,210
Machinery, equipment and vehicles	28	57
Tools, furniture and fixtures	956	1,085
Leased assets	1,123	1,122
Construction in progress	66	1
Accumulated depreciation	(1,294)	(1,570)
Total property, plant and equipment	1,953	1,906
Intangible assets		
Goodwill	3,633	3,474
Software	480	785
Other, net	297	392
Total intangible assets	4,411	4,652
Investments and other assets		
Investment securities	1,175	1,262
Deferred tax assets	1,232	1,443
Leasehold and guarantee deposits	770	733
Other, net	1,848	1,824
Allowance for doubtful accounts	(1,019)	(1,029)
Total investments and other assets	4,008	4,233
Total non-current assets	10,373	10,793
Total assets	43,621	43,445

(Millions of yen)

	FY2/24 As of Feb. 29, 2024	Third quarter of FY2/25 As of Nov. 30, 2024
Liabilities		
Current liabilities		
Accounts payable-trade	2,505	2,439
Accounts payable-other	1,244	1,423
Short-term borrowings	2,038	4,183
Current portion of long-term borrowings	1,961	2,074
Current portion of bonds payable	88	10
Lease obligations	224	231
Income taxes payable	1,673	827
Provision for bonuses	553	455
Contract liabilities	1,879	1,805
Provision for point card certificates	—	7
Provision for shareholder benefit program	20	—
Other, net	1,484	1,493
Total current liabilities	13,673	14,951
Non-current liabilities		
Long-term borrowings	7,576	6,622
Bonds payable	36	30
Lease obligations	758	586
Deferred tax liabilities	1,178	685
Retirement benefit liability	45	55
Other, net	377	286
Total non-current liabilities	9,971	8,267
Total liabilities	23,645	23,218
Net assets		
Shareholders' equity		
Share capital	3,038	3,038
Capital surplus	130	—
Retained earnings	11,942	11,314
Treasury shares	(1,447)	—
Total shareholders' equity	13,664	14,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,274	1,484
Foreign currency translation adjustment	229	215
Total accumulated other comprehensive income	2,503	1,700
Share acquisition rights	8	39
Non-controlling interests	3,798	4,133
Total net assets	19,975	20,227
Total liabilities and net assets	43,621	43,445

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Millions of yen)

	First nine months of FY2/24 Mar. 1, 2023–Nov. 30, 2023	First nine months of FY2/25 Mar. 1, 2024–Nov. 30, 2024
Net sales	43,428	42,452
Cost of sales	15,905	14,527
Gross profit	27,523	27,924
Selling, general and administrative expenses	24,025	23,916
Operating profit	3,497	4,008
Non-operating income		
Interest and dividend income	6	6
Foreign exchange gains	—	19
Gain on investments in investment partnerships	261	92
Share of profit of entities accounted for using equity method	11	32
Other, net	49	43
Total non-operating income	329	194
Non-operating expenses		
Interest expenses	90	109
Foreign exchange losses	13	—
Loss on investments in investment partnerships	13	32
Provision of allowance for doubtful accounts	1	64
Commission expenses	69	14
Other, net	27	18
Total non-operating expenses	215	238
Ordinary income	3,610	3,964
Extraordinary income		
Reversal of provision for loss on business liquidation	0	—
Gain on sale of shares of subsidiaries and associates	1,851	4
Gain on reversal of share acquisition rights	1	1
Total extraordinary income	1,853	5
Extraordinary losses		
Loss on sale of non-current assets	1	3
Loss on retirement of non-current assets	0	38
Loss on valuation of investment securities	—	49
Loss on valuation of goods	3	—
Loss on cancellation of leases	0	—
Total extraordinary losses	5	91
Profit before income taxes	5,458	3,878
Income taxes	1,724	1,346
Profit	3,733	2,531
Profit attributable to non-controlling interests	746	497
Profit attributable to owners of parent	2,987	2,034

Quarterly Consolidated Statement of Comprehensive Income

(For the Nine-month Period)

(Millions of yen)

	First nine months of FY2/24 Mar. 1, 2023–Nov. 30, 2023	First nine months of FY2/25 Mar. 1, 2024–Nov. 30, 2024
Profit	3,733	2,531
Other comprehensive income		
Foreign currency translation adjustment	98	(4)
Valuation difference on available-for-sale securities	627	(789)
Share of other comprehensive income of entities accounted for using equity method	17	(6)
Total other comprehensive income	743	(801)
Comprehensive income	4,476	1,730
Comprehensive income attributable to:		
Owners of parent	3,769	1,231
Non-controlling interests	707	499

(3) Notes to Quarterly Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable.

Notes on Significant Changes in Shareholders' Equity

As of March 29, 2024, pursuant to a resolution adopted at the Board of Directors meeting held on March 15, 2024, VECTOR cancelled 1,262,061 treasury shares. As a result, in the first quarter, capital surplus, retained earnings, and treasury shares decreased by 321 million yen, 1,126 million yen, and 1,447 million yen, respectively.

In addition, due to the cancellation of treasury shares, the balance of capital surplus has turned negative. Therefore, we have set capital surplus to zero and reduced the corresponding negative amount from retained earnings.

As a result, retained earnings amounted to 11,314 million yen, and treasury shares became 0 yen at the end of the first nine months.

Notes on Special Accounting Methods for Presenting Consolidated Financial Statements for the Nine Months Ended November 30, 2024

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

However, if the tax expense calculated by using the estimated effective tax rate differs significantly from a reasonable amount of taxes, the statutory effective tax rate is used instead after adjustments for significant differences that are not temporary differences involving quarterly net profit.

Notes on Consolidated Statement of Cash Flows for the Nine Months Ended November 30, 2024

The consolidated statement of cash flows for the nine months has not been prepared. Depreciation for the nine months (including amortization of intangible assets excluding goodwill) and the goodwill amortization amount are as follows.

(Millions of yen)

	First nine months of FY2/24 Mar. 1, 2023–Nov. 30, 2023	First nine months of FY2/25 Mar. 1, 2024–Nov. 30, 2024
Depreciation	412	486
Amortization of goodwill	304	367

Segment and Other Information

Segment information

1. First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)

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

(Millions of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment			
Net sales								
Revenue from contracts with customers	25,609	4,944	9,833	2,030	―	42,417	―	42,417
Other revenue	―	―	―	―	1,010	1,010	―	1,010
External sales	25,609	4,944	9,833	2,030	1,010	43,428	―	43,428
Inter-segment sales and transfers	141	98	55	5	―	301	(301)	―
Total	25,750	5,043	9,889	2,035	1,010	43,729	(301)	43,428
Segment profit (loss)	1,652	1,515	(63)	46	346	3,497	(0)	3,497

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

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

(2) Information related to revisions for reportable segments
This is as described in 2. First nine months of FY2/25 (Mar. 1, 2024 – Nov. 30, 2024) (2) Information related to revisions for reportable segments

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment
Significant impairment losses involving non-current assets
Not applicable.

Significant change in goodwill
Not applicable.

Significant gain on bargain purchase
Not applicable.

2. First nine months of FY2/25 (Mar. 1, 2024 – Nov. 30, 2024)
(1) Information related to net sales and profit or loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	PR and Advertising	Press Release Distribution	Direct Marketing	HR	Investment			
Net sales								
Revenue from contracts with customers	24,230	5,890	9,836	2,142	—	42,099	—	42,099
Other revenue	—	—	—	—	353	353	—	353
External sales	24,230	5,890	9,836	2,142	353	42,452	—	42,452
Inter-segment sales and transfers	80	94	0	26	—	202	(202)	—
Total	24,311	5,985	9,836	2,169	353	42,655	(202)	42,452
Segment profit (loss)	2,564	1,596	(202)	60	(8)	4,011	(2)	4,008

Notes: 1. The minus 2 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.
2. Segment profit (loss) is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

(2) Information related to revisions for reportable segments
As a “fast company” that is a one-stop source of comprehensive support for marketing strategies designed to spread the word about excellent products, services and solutions of our customers to the world, the VECTOR Group has worked to enhance capabilities in delivering end-to-end solutions, from raising awareness to driving purchases.

VECTOR has decided to proceed with an absorption-type merger, in which INITIAL Inc., a wholly owned subsidiary, will be the surviving company, and Starbank Inc. and INFLUENCER BANK, Inc., both of which are also wholly owned subsidiaries, will be the dissolved companies. The aims are to restructure the PR and Advertising segment and streamline management. As a result, starting from the six months ended August 31, 2024, the segment for INFLUENCER BANK has been changed from the previous Direct Marketing segment to the PR and Advertising segment.

The segment information for the first nine months of the fiscal year ended February 28, 2024 is based on the reportable segment structure after the reclassification.

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment
Significant impairment losses involving non-current assets
Not applicable.

Significant change in goodwill
Starting from the third quarter of FY2025, itfluencer Interactive Co., Ltd. has been included in the scope of consolidation within the PR and Advertising segment. This acquisition resulted in goodwill of 168 million yen.

Significant gain on bargain purchase
Not applicable.

Notes on Subsequent Events
Establishment of a Specified Subsidiary
VECTOR INC. resolved to establish a joint venture in Taiwan with Mars Holdings Co., Ltd. (hereafter, "Mars Holdings"), one of Taiwan's largest advertising agencies, at its Board of Directors' meeting held on December 16, 2024. Since the capital of this subsidiary is equivalent to 10% or more of VECTOR's capital, it is classified as a specified subsidiary.

(1) Purpose of the Joint Venture
As a "fast company" that is a one-stop source of comprehensive support for marketing strategies designed to spread the word about excellent products, services and solutions of our customers to the world, the VECTOR Group has worked to enhance capabilities in delivering end-to-end solutions, from raising awareness to driving purchases. In addition, News Technology Inc. (hereafter, "News Technology"), a Group company, engages in media and creative businesses, including operating GROWTH, one of Tokyo's largest taxi signage media, and Canvas, Japan's first mobility vehicle window media.

The new joint venture plans to leverage the expertise and track record in taxi signage and wrapping advertisement businesses developed by News Technology, combined with the sales capabilities and network of Mars Holdings, to roll out taxi signage and taxi wrapping advertisement businesses in Taiwan.

(2) Overview of the Joint Venture
1. Company name: New Milestone Co., Ltd.
2. Address: 4th Floor, No. 120, Section 2, Jianguo North Road, Zhongshan District, Taipei City, Taiwan (planned)
3. Name and title of representative: Kensei Kinoshita, Chairman
4. Business: Taxi signage and taxi wrapping advertisement businesses in Taiwan
5. Share capital: NTD 75,000,000 (approx. ¥360 million)
6. Establishment (planned): February 2025
7. Ownership ratio: VECTOR: 60.0%
Mars Holdings: 40.0%

Note: The Japanese yen conversion is based on an exchange rate of NTD 1 to ¥4.80.

Report on Review of Consolidated Financial Statements by the Independent Auditor

January 14, 2025

VECTOR INC.

To the Board of Directors

Crowe Toyo & Co.

Tokyo Office

Designated Partner Managing Partner	Certified Public Accountant	Ken Inanobe
Designated Partner Managing Partner	Certified Public Accountant	Yuki Ishikawa
Designated Partner Managing Partner	Certified Public Accountant	Ryuji Hayashi

Auditor's Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of VECTOR INC. for the third quarter (September 1, 2024 to November 30, 2024) and the cumulative nine-month period (March 1, 2024 to November 30, 2024) of the fiscal year ending February 28, 2025. These financial statements include the quarterly consolidated balance sheet, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income, and notes thereto.

In the review, we found no instances that would lead us to believe that the above quarterly consolidated financial statements were not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (with the exception of omissions specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements).

Basis for Auditor's Conclusion

We conducted our review in accordance with the quarterly review standards that are generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities in Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a sufficient basis for our conclusion.

Responsibilities of Management, Audit & Supervisory Board Members, and Audit & Supervisory Board Regarding the Consolidated Financial Statements

The responsibility of management is to prepare the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (with the exception of omissions specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements). This includes the establishment and operation of internal controls that management deems necessary to ensure that the quarterly consolidated financial statements are free from material misstatement due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing any related matters if required under Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (with the exception of omissions specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements).

Audit and supervisory board members and the audit and supervisory board are responsible for overseeing the execution of the directors' duties in the establishment and operation of the financial reporting process.

Auditor's Responsibilities in Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent perspective in the review report, based on the review performed.

In accordance with the standards for such reviews generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review process.

We conduct inquiries, analytical procedures, and other review procedures primarily directed at those responsible for management, financial matters, and accounting. Review procedures are more limited than those for the audit of the annual financial statements, which are conducted in accordance with auditing standards generally accepted in Japan.

If we determine that there is significant uncertainty regarding matters related to the going concern assumption due to events or circumstances that may raise significant doubts, we will conclude whether there is any matter that would lead us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (with the exception of omissions specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements), based on the evidence obtained. In the case that significant uncertainty regarding the going concern assumption is identified, the review report should draw attention to the notes to the quarterly consolidated financial statements. If the notes concerning significant uncertainty are found to be inadequate, the reviewer is required to express a qualified or adverse conclusion on the quarterly consolidated financial statements. Our conclusion is based on the evidence obtained up until the date of the review report. However, future events or circumstances may cause the Company to no longer be able to continue as a going concern.

We evaluate whether there are any matters that would lead us to believe that the presentation and disclosures in the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (with the exception of omissions specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements).

To express a conclusion on the quarterly consolidated financial statements, the auditor obtains evidence regarding the financial information of the Company and its consolidated subsidiaries. The auditor is responsible for the direction, supervision, and execution of the review of the quarterly consolidated financial statements. The auditor is solely responsible for the conclusion expressed.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the planned scope and timing of the review, as well as significant findings during the review.

The auditor reports to the Corporate Auditors and Board of Corporate Auditors on compliance with the professional ethics regulations regarding independence in Japan, as well as any matters that may reasonably affect the auditor's independence. If measures have been taken to remove factors that could impair independence or if safeguards have been applied to reduce any such factors to an acceptable level, the auditor reports the details of those actions.

Conflicts of Interest

There are no conflicts of interest between the audit firm or its managing partners and the Company or its consolidated subsidiaries that need to be disclosed in accordance with the provisions of the Certified Public Accountants Act.

Notes: 1. The original copy of the above review report is retained separately by the Company (the entity disclosing the quarterly financial results).

2. XBRL data and HTML data are not included in the scope of the review.