**VECTOR INC.** 

Interim Report – FY '25



October 15, 2024

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# Key Points for the Quarter



#### Review of 1H Financial Forecast by Segment

1H Financial Forecast for FY '25 (million JPY)	FY '25 1H Target	FY '25 1H Results (1)	Achievement Rate	FY '24 1H Results (2)	YoY Change (1) ÷ (2)
Net sales	29,200	27,385	93.8%	28,565	95.9%
Operating profit	1,982	2,069	104.4%	1,483	139.5%
Ordinary income	1,910	2,000	104.7%	1,697	117.9%
Profit attributable to owners of parent	829	1,019	123.0%	823	123.8%

Net sales fell short of the 1H financial forecast due to the loss of large customer projects in the PR and advertising business at NewsTV and in South Korea, while the Direct Marketing Business was affected by problems with red yeast rice raw material at another company. However, operating profit and other profit indicators exceeded forecasts owing to the liquidation of unprofitable businesses and PR TIMES exceeding the profit target.



#### **Revisions to Consolidated Financial Forecasts**

Full-Year Financial Forecast for FY '25 (million JPY)	Initial Targets Announced April 12, 2024	Revised Targets Revised October 15, 2024	Change	Rate of Change	(Reference) FY '24 Results
Net sales	63,000	61,000	-2,000	-3.2%	59,212
Operating profit	8,500	8,500	0	0.0%	6,939
Ordinary income	8,350	8,350	0	0.0%	6,871
Profit attributable to owners of parent	5,000	5,000	0	0.0%	4,684

- Considering that net sales fell short of the 1H forecast, we made downward revisions to our full-year net sales forecast.
- Operating profit and other profit indicators are exceeding the plan, and we continue working to achieve the full-year targets.



#### Revisions of Profit Plan by Segment

	Profit Plan by Segment (million JPY)	FY '25 Profit Plan Before Segment Changes	FY '25 Profit Plan After Segment Changes	YoY Change	Main Reasons for YoY Change
	Consolidated	8,500	8,500	0	
æ	PR and Advertising	4,132	4,154	+22	Due to segment change of INFLUENCER BANK
g profit	Press Releases	1,900	1,900	0	
perating	Direct Marketing	1,233	910	-322	Revision of financial forecast for Vitabrid Japan and segment change of INFLUENCER BANK
Ō	HR	635	635	0	
	Investment	600	900	+300	Secured profits

- We aim to achieve a consolidated operating profit of 8.5 billion JPY by revising the profit target for the investment segment upwards despite revising the profit plan for Vitabrid Japan downwards. Vitabrid Japan has been affected by adverse health effects caused by supplements from another company.
- Due to the merger of subsidiaries, the segment of INFLUENCER BANK was changed from Direct Marketing to PR and Advertising.



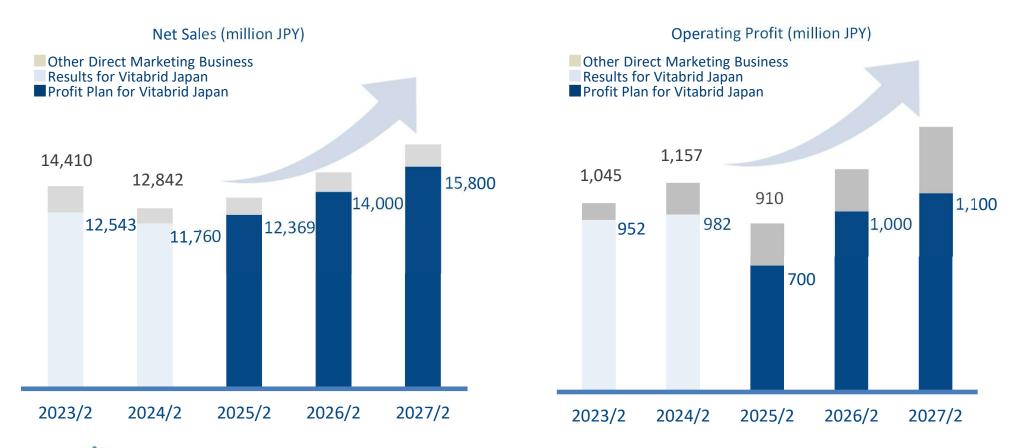
#### Revision of Financial Forecasts for Vitabrid Japan

- In light of the impact on customer acquisition efficiency caused by changes in consumer sentiment due to the adverse health effects of supplements caused by red yeast rice raw material at another company, we <u>curbed investments in sales</u> <u>promotions</u> for said company's mainstay supplement products in 1Q.
- The problem was resolved since the middle of 2Q, and we have <u>resumed investments in sales promotions</u>. However, due to a deterioration in customer acquisition efficiency and a lack of customer additions during the four-month period from March to June, we do <u>not expect to achieve the full-year net sales and operating profit targets</u>.
- In terms of said company's financial forecast for the <u>next fiscal year and beyond</u>, the efficiency and number of new customer acquisitions and LTV are currently growing steadily for its mainstay products, and <u>net sales are expected to grow steadily</u> as we accelerate investment in sales promotions.
- New products such as DHA and GABA are <u>selling well</u> and it will launch many new products in the next fiscal year. We will <u>design a stable earnings foundation with multiple products</u>, such as 3 billion JPY x 30 products, utilizing said company's strength of a unique D2C business foundation.



#### **Future Outlook for Direct Marketing Business**

In FY2025, although operating profit temporarily declined due to the worsening efficiency of new customer acquisition caused by the aforementioned adverse health effects of supplements, both efficiency and number of new customers are growing, especially for mainstay products. Sales are expected to grow strongly in the future after we accelerate investments in sales promotions.





#### Merger of Subsidiaries

We announced two mergers related to our subsidiaries on September 17, 2024 (both are scheduled to take effect on December 1, 2024).



■ We will integrate indirect divisions of VECTOR and NewsTV to streamline management.

## vector INITIAL \*\* × \*\* Starbank × INFLUENCER BANK\*2

- We will reallocate human resources, particularly sales personnel, to create a more efficient and productive organization. Using a management structure specializing in different functions will enable us to provide higher quality services to customers.
- In addition to the existing media publicity domain, we will cast influencers and add the social media domain to our support services in order to build a unique position as a <a href="PR company with strong social">PR company with strong social</a> media capabilities.

<sup>\*2</sup> For details, please refer to the "Notice of Merger between Wholly Owned Subsidiaries" published on September 17, 2024.



<sup>\*1</sup> For details, please refer to "Notice of Acquisition of Shares and Absorption-Type Merger (Simplified Merger/Short Form Merger) of Consolidated Subsidiary (NewsTV Inc.), Making It a Wholly Owned Subsidiary, and Debt Forgiveness" published on September 17, 2024.

#### Change in Dividend Policy and Revision of Dividend Forecast

We changed our dividend policy to enhance shareholder returns. Following this change, we revised our dividend forecast for FY2025.

#### (Before change)

Pay dividend based on Consolidated dividend payout ratio of around 30%



#### (After change)

Pay dividend based on a consolidated dividend payout ratio of **30% or more** 

	Annual dividend amount				
	1Q	2Q	3Q	Fiscal year-end	Total
Previous forecast (announced April 12, 2024)	JPY —	JPY <b>0.00</b>	JPY —	JPY <b>31.00</b>	JPY <b>31.00</b>
Revised forecast	_	0.00	_	32.00	32.00
FY '25 results	_				
FY' 24 results	_	0.00	_	29.00	29.00

Note: For details, please refer to the "Notice of Change in Dividend Policy and Revision of Dividend Forecast" published on October 15, 2024.



## **Quarterly Results**



#### **Consolidated Performance Summary**

**Net Sales** 

27,380 million JPY

(95.9% YoY)

Gross Profit

17,890 million JPY

(99.7% YoY)

EBITDA\*

2,620 million JPY

(136.6% YoY)

Operating Profit

2,060 million JPY

(139.5% YoY)

Ordinary Income 2,000 million JPY

(117.9% YoY)

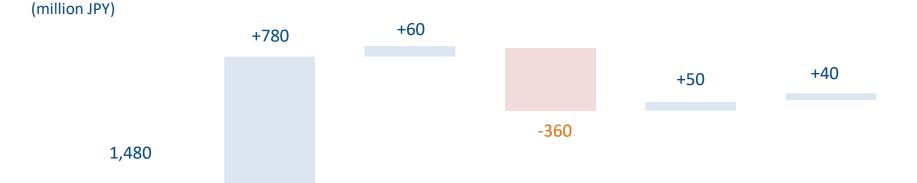
Profit Attributable to Owners of Parent 1,010 million JPY

(123.8% YoY)

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



## Operating Profit (YoY Trend)



- (1) PR and Advertising: Significant increase in profits due in part to the rebound from one-off costs\* recorded in the previous fiscal year
  - \* Recording of allowance for doubtful accounts
- (2) Direct Marketing: Lower profits due to aggressive investments in sales promotions

Operating Profit in 1H 2024/2

PR and Advertising Business

Press Release Distribution Business Direct Marketing
Business

HR Business

**Investment Business** 

Operating Profit in 1H 2025/2

2,060

Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



## Overview of Results for 1H FY '25

	Net sales	Operating profit	Business Overview for 1H FY '25
Consolidated Performance	27,380 million JPY (95.9% YoY)	2,060 million JPY (139.5% YoY)	<ul> <li>Sales decreased despite strong performance of the PR Business in Japan, in part due to the impact from the sale of SIGNAL, Inc., Direct Tech, Inc., and other subsidiaries in the previous fiscal year</li> <li>There was a significant increase in profits due in part to the rebound from one-off costs recorded in FY2024 in the PR and Advertising Business.</li> </ul>
PR and Advertising	16,150 million JPY (93.4% YoY)	<b>1,610</b> million JPY (195.4% YoY)	<ul> <li>Sales decreased despite strong performance of the PR Business in Japan, in part due to the impact from the sale of SIGNAL, Inc. and other subsidiaries in the previous fiscal year</li> <li>There was a significant increase in profits due in part to the rebound from one-off costs recorded in FY2024 in the PR and Advertising Business.</li> </ul>
Press Releases (PR TIMES)	3,890 million JPY (118.5% YoY)	950 million JPY (107.6% YoY)	<ul> <li>Achieved record-high net sales</li> <li>Number of user companies surpassed 100,000</li> <li>Invested advertising expenses in promoting use of PR TIMES by local companies</li> </ul>

Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



## Overview of Results for 1H FY '25

	Net sales	Operating profit	Business Overview for 1H FY '25
Direct Marketing	5,920 million JPY (89.0% YoY)	(510) million JPY (Down 360 million JPY YoY)	<ul> <li>The impact from problems with the raw material, red yeast rice, at another company resulted in a decline in sales and profit for supplements</li> <li>Profits declined due to larger investments in sales promotions, as the same impact was mitigated in 2Q.</li> <li>We aim to achieve the revised targets in 2H by increasing sales and profits through investments in sales promotions.</li> </ul>
HR	<b>1,460</b> million JPY (111.5% YoY)	40 million JPY (Up 50 million JPY YoY)	<ul> <li>ASHITA-TEAM continues to invest in advertising and development for strengthening functionality while revising sales strategies.</li> <li>Efforts to strengthen the earnings foundation for JOBTV progressed steadily</li> </ul>
Investment	70 million JPY (33.1% YoY)	(30) million JPY (Up 40 million JPY YoY)	<ul> <li>Sales of shareholdings decreased compared to FY '24, but losses on valuation of shareholdings also decreased, resulting in higher profit.</li> <li>In 2H, we will secure profits according to the revised target</li> <li>Invested aggressively in promising startups</li> </ul>

Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



### Progress toward Full-Year Financial Forecasts

Full-Year Financial Forecast for FY '25 (million JPY)	Revised targets for FY '25	FY '25 2Q-end	Progress	(Reference) FY '25 2H Initial Targets	(Reference) FY '25 2H Outlook
Net sales	61,000	27,385	44.9%	33,800	33,614
Operating profit	8,500	2,069	24.3%	6,518	6,430
Ordinary income	8,350	2,000	24.0%	6,440	6,349
Profit attributable to owners of parent	5,000	1,019	20.4%	4,171	3,980

The plan at the beginning of FY2025 placed more emphasis on 2H, but in 1H, operating profit and other profit indicators exceeded the initial target. In 2H, we aim to achieve the full-year sales and profit target by steadily implementing measures to turn around results at NewsTV and in South Korea, while increasing both sales and profits in core strategic PR.



## Progress toward Profit Plan by Segment

	Profit Plan by Segment (million JPY)	FY '25 Target	FY '25 2Q-end	Progress
	Consolidated	8,500	2,069	24.3%
profit	PR and Advertising*	4,154	1,615	38.9%
	Press Releases	1,900	958	50.4%
Operating	Direct Marketing	910	<b>-</b> 510	_
Op	HR	635	46	7.3%
	Investment	900	<del>-</del> 39	_

In our core PR and Advertising segment, we will steadily implement measures to turnaround results at NewsTV and in South Korea, while continuing to grow strategic PR, and aim to quickly realize synergistic effects of the two mergers of subsidiaries. In addition, the Direct Marketing Business will steadily achieve the revised targets, and the investment business will also secure profits as planned after the change, aiming to achieve the overall profit target.

Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



#### **Consolidated Net Sales**

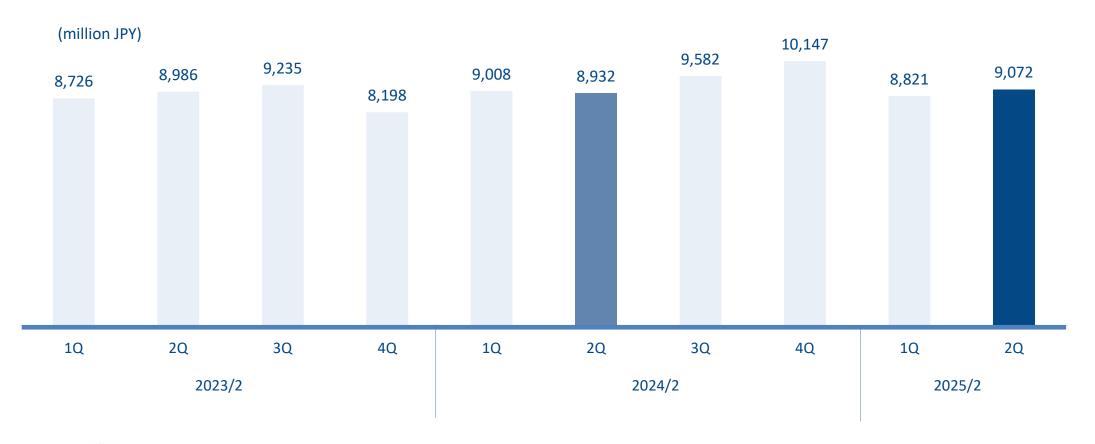
Consolidated net sales for 1Q FY2025 came in at 13,508 million JPY (97.8% YoY).





#### **Consolidated Gross Profit**

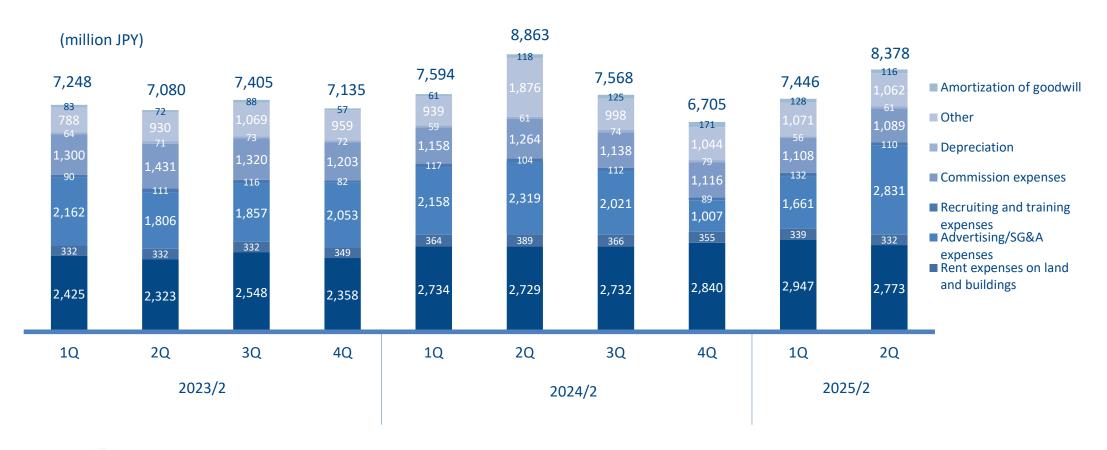
Consolidated gross profit for 1H FY2025 came in at 9,072 million JPY (101.6% YoY).





#### SG&A

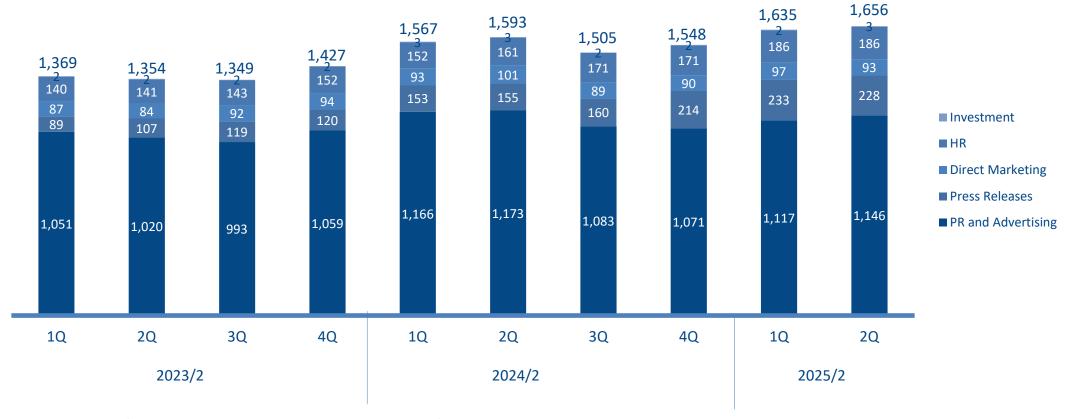
SG&A for 2Q FY2025 amounted to 8,378 million JPY (94.5% YoY) due to an increase in advertising/promotion expenses and decrease in commission expenses.





## Consolidated Number of Employees (Quarterly Trend)

Consolidated headcount as of the end of 2Q FY2025 increased in the PR and Advertising segment to 1,656.

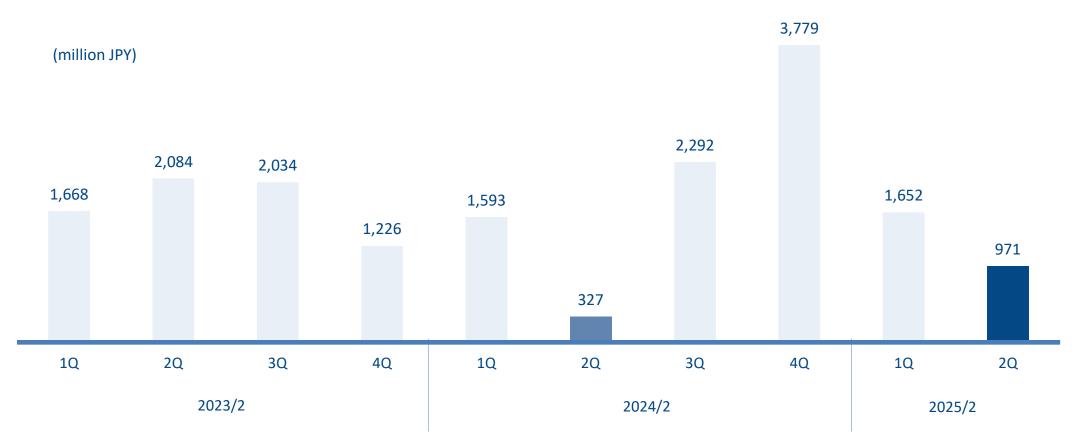


Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



## EBITDA\*

EBITDA for 1H FY2025 came in at 971 million JPY (296.5% YoY).

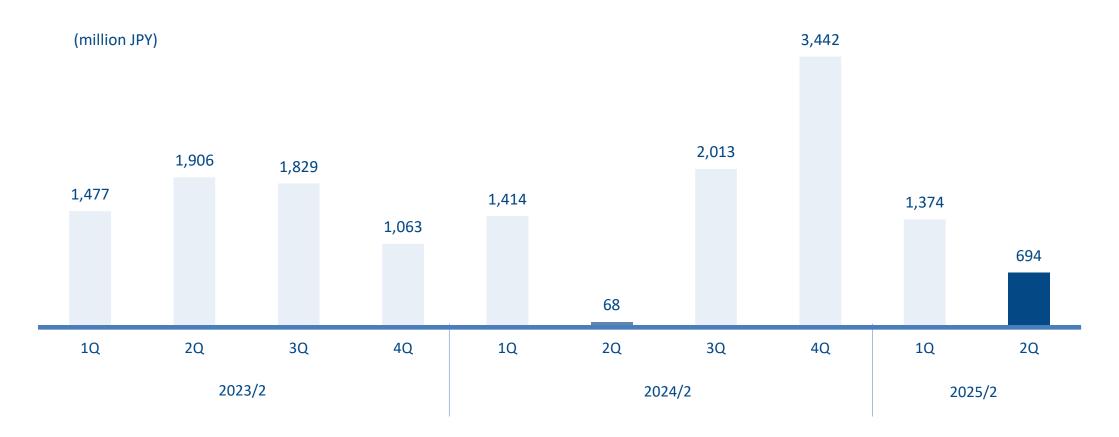


<sup>\*</sup> EBITDA = Operating profit + Depreciation + Amortization of goodwill



## **Consolidated Operating Profit**

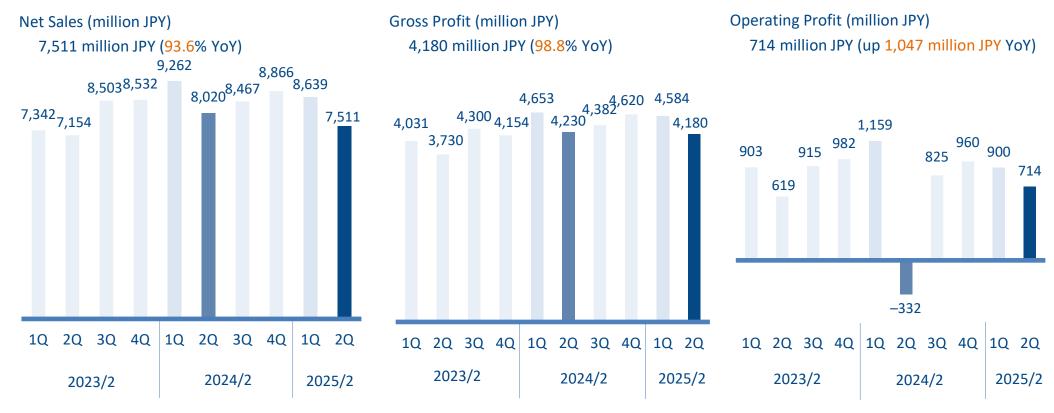
Consolidated operating profit for 1H FY2025 came in at 694 million JPY (up 626 million JPY YoY).





#### PR and Advertising Business

In 2Q FY FY2025, sales declined due to the impact of the subsidiary sold in FY2024, but profit rose significantly due in part to the rebound from one-off expenses recorded in FY2024. From 3Q onward, we aim to realize synergistic effects from the two mergers of subsidiaries as soon as possible, while expanding our strong performing strategic PR.

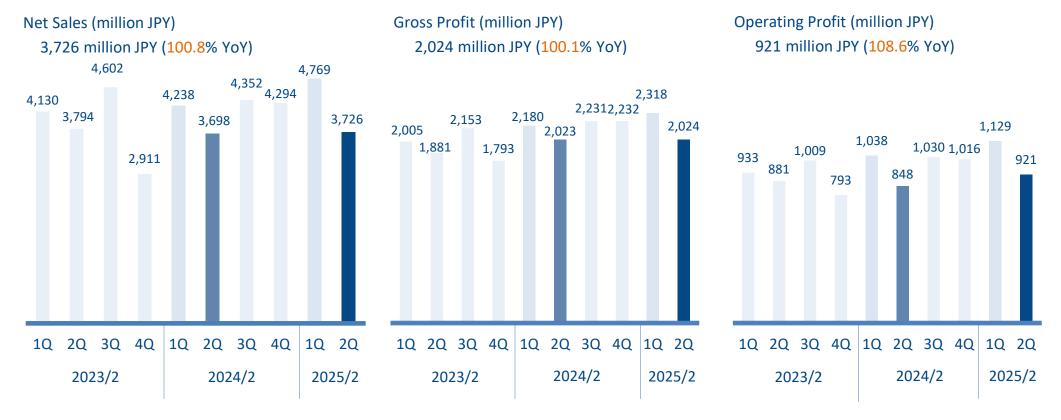


Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



#### Strategic PR Business (ANTIL, PLATINUM, INITIAL)

In 2Q FY2025, the business demonstrated firm growth from promoting a stable retainer base and cross-selling, which led to growth in both sales and profit. From 3Q onward, we will boost performance by increasing the number of retainer agreements and proposing communication strategies based on strategic PR.



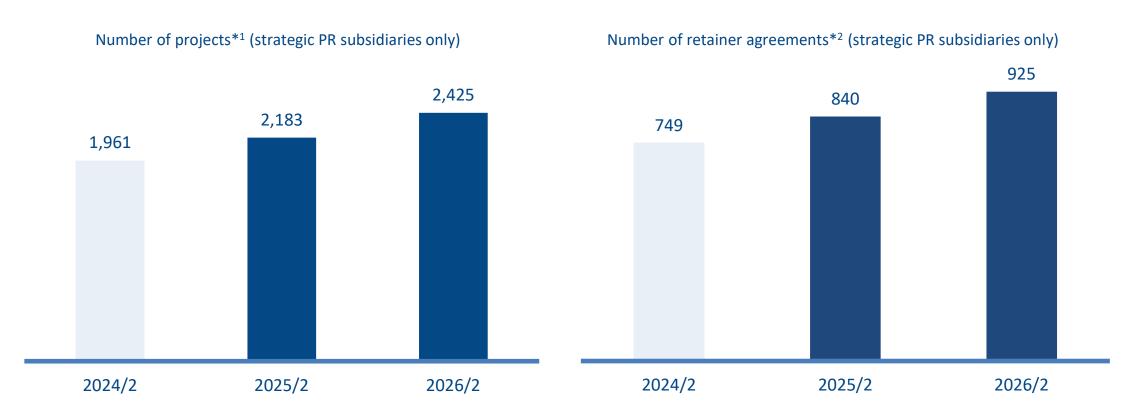
Notes: 1. Royalties paid to VECTOR are added back to operating profit for calculation.

2. The figures for Starbank and INFLUENCER BANK have been included in the calculation from 2Q FY2025.



#### Numerical Targets for Project and PR Retainer Agreement Acquisition

We aim to achieve growth in performance by steadily building on KPIs.



<sup>\*1</sup> Number of projects: All projects, including spot projects in addition to PR retainer agreements.

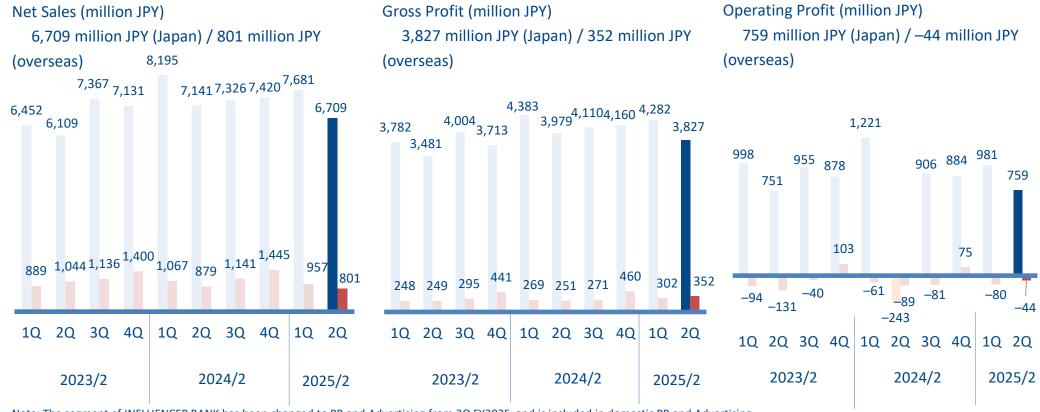


<sup>\*2</sup> Retainer agreement: An agreement with a term of six or more months with monthly fees.

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

In 2Q, profits in Japan increased following the rebound from the one-off expense recorded in FY2024. The loss overseas decreased due in part to the accumulation of projects with low cost of sales ratio.

We aim to win new projects from 3Q onward while continuing to reduce fixed costs both in Japan and overseas.







## Example of Large-Scale Communication That Leverages Group Synergies (1)

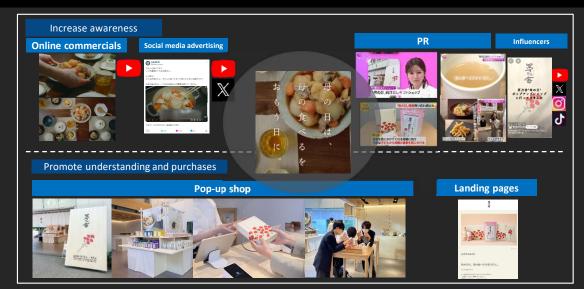
Supporting integrated marketing communications to attract new customers starting with Mother's Day Message formulation and measures utilizing Group solutions contributing to sales improvement from branding

# Example: Kayanoya "Mother's Day Gift" Make Mother's Day a time to think about what your mom eats.





Aiming to attract a new segment of consumers, mainly young people, we proposed and executed measures from the formulation of communication messages to recognition and purchasing, starting with Mother's Day. The concept and overall communication was designed based on the insight that "children do not know what their mothers eat."



With concept of "Making Mother's Day a time to think about what your mom eats," we designed and implemented a web commercial to convey the message and pop-up shop touch points where customers can actually purchase the products. The pop-up shop offers an experience where patrons can select and purchase a Mother's Day gift from Kayanoya while thinking of their mothers. These online and offline measures contributed to sales improvement from branding.



## Example of Large-Scale Communication That Leverages Group Synergies (2)

Example of integrated marketing solutions combining PR, social media, and influencers

We provide end-to-end support from concept design to recognition/expansion and attracting customer traffic to the store.

#### **Example: PR for grand opening of a South Korean Greek Yogurt Specialty Store called Bowls#**



#### **Communication strategy**



#### **Measures implemented**



We handled the PR for the grand opening of Bowls#, a South Korean Greek yogurt specialty store that opened in May 2024. Our role spanned from supporting the launch of the official social media account in order to gain recognition and generate buzz before and after the grand opening.

Influencers were contacted 10 days before the store's grand opening. Ahead of the grand opening, we created a mechanism to flood information on Bowls# on social media, and gained exposure on six TV programs and 30 web media. The grand opening was a huge success. There were over 200 million ad impressions and 3.36 million people reached on social media. As a result, the store sold out every day for about a week after opening.

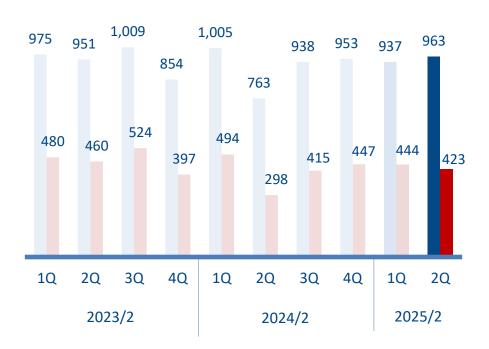


#### Taxi Signage

Sales and profits increased year on year in 2Q thanks to successful sales measures.

From 3Q and beyond, we will continue to capture the advertising needs of customers and strengthen the earnings base.

Net Sales: 963 million JPY (126.2% YoY)
Gross Profit: 423 million JPY (142.1% YoY)





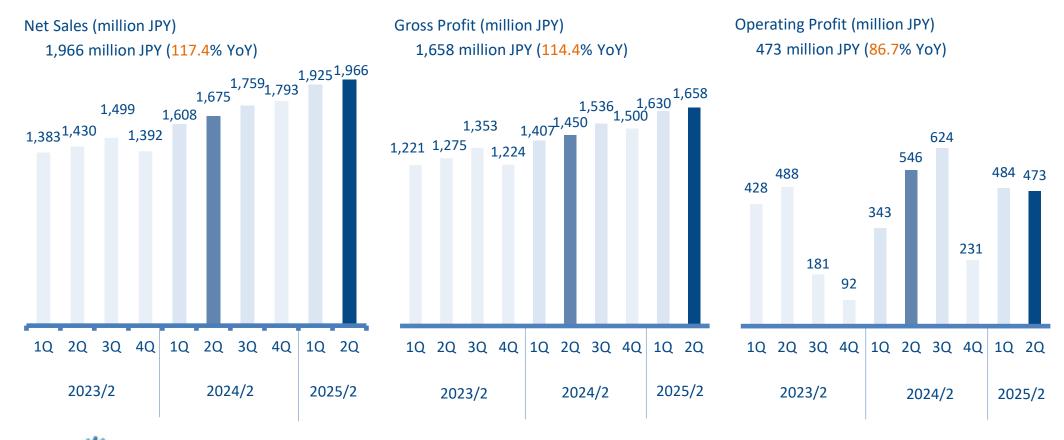
GROWTH のオリジナル情報番組「HEADLIGHT」を週替わりで放映。 日々の行動が変わる、 幅広い情報をお届けします。

Digital signage has been installed for rear seat passengers in approx. 11,500 vehicles, the largest scale of taxi signage advertising in Tokyo. 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**

In 2Q FY2025, the number of user companies and press release distributions increased, resulting in **record-high** quarterly net sales. From 3Q and beyond, we will continue to make investments to increase the number of user companies and promote their use, while aiming to increase revenues and profits.





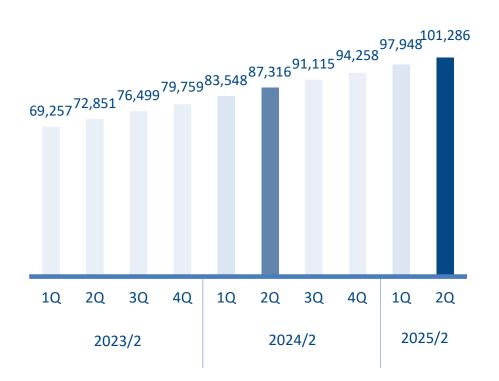
#### Number of User Companies and Press Release Distributions

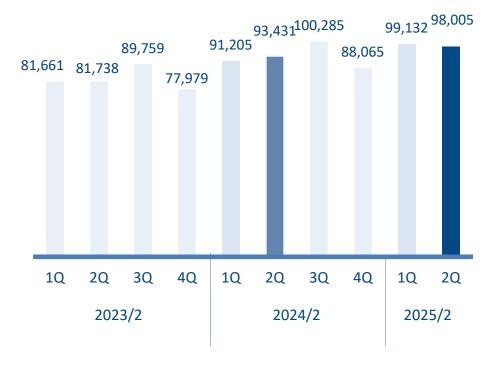
In 2Q FY2025, the number of user companies and press release distributions increased year on year.

From 3Q, we will increase the number of distributions by continuing to improve the number of user companies and the usage frequency.

Number of user companies: 101,286 (116.0% YoY)

Number of press release distributions: 98,005 (104.9% 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 100,000 user companies, used by 59% of listed companies

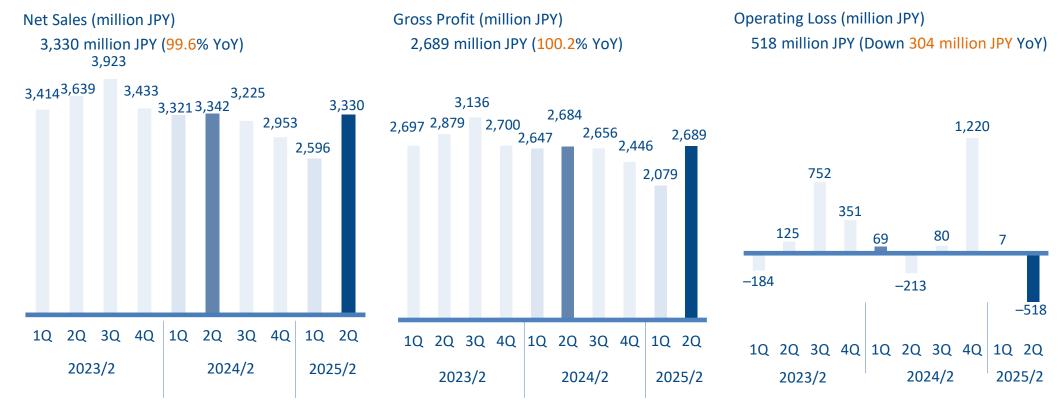




#### **Direct Marketing Business**

In 2Q FY2025, impacts on net sales of supplement products due to problems with red yeast rice raw material at another company improved, but profit declined due to investments in sales promotions.

From 3Q onward, we aim to achieve the revised full-year net sales and operating profit targets by making timely investments in advertising while keeping a close eye on market conditions.



Note: The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.



## Vitabrid Japan

We sell the Vitabrid C series using worldwide patented technology, and units sold are growing steadily. It is an accumulated earnings model provided via a subscription model, and the total number of products provided has <a href="mailto:surpassed17.97">surpassed 17.97</a> million.





Sugar and fat absorption inhibiting supplement Terminalia First continued to perform well following its launch, with cumulative sales <a href="mailto:exceeding8.98">exceeding 8.98</a> million units.



#### New Merchandise (Health Food)

- · Launched a new brand called "Shizen Shokudo" on Amazon. Launched sales of "Daily beauty nuts" in June 2024 as the first gambit.
- Launched the limited edition cafe au lait flavor in June 2024 (limited to 10,000 units), the most popular of the "Level Up!" beverages to support the growth stage of children.





Introducing a health food supplement consisting of the two fruits, papaya and pineapple, containing vitamins and dietary fiber mixed with nuts, which can also improve your diet with supplemental nutrition when you are hungry.

Cafe au lait flavored Level Up!



The Level Up! series are beverages that support the growth phase and can efficiently boost the nutrients essential for body building during the growth phase, by dissolving the contents in one cup of milk\* a day.



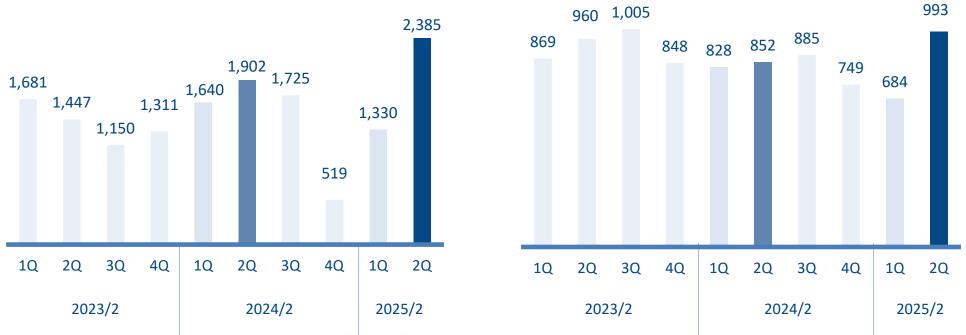
<sup>\*</sup> Recommended intake (two teaspoons (6.6 g) in about 150 mL of milk)

### Advertising and Sales Promotion Expenses and Units Sold

In 2Q, our aggressive investments in sales promotions resumed as the problem with red yeast rice raw material at another company was resolved. From 3Q onward, we will continue to invest in sales promotions and achieve the revised targets, while keeping an eye on market conditions.

Advertising and Sales Promotion Expenses: 2,385 million JPY (125.4% YoY)

Number of Units Sold: 993 thousand (116.5% YoY)



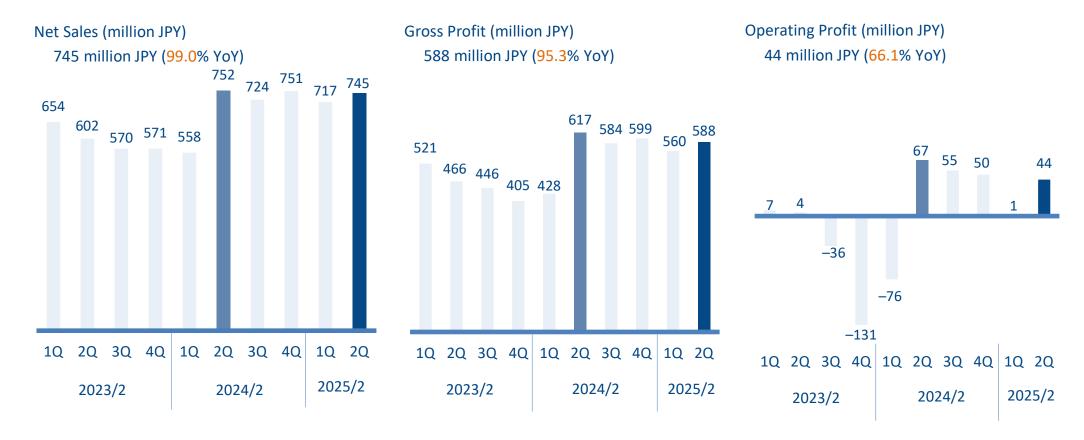
Notes: 1. Advertising and sales promotion expenses and units sold figures are for Vitabrid Japan only.

<sup>2.</sup> Revised from 888 million to 1,330 million JPY due to an error in the tabulation of advertising and sales promotion expenses for 1Q FY2025 financial results presentation materials.



### **HR Business**

In 2Q FY2025, sales and profits declined due to a decrease in the number of users of ASHITA-TEAM despite steady growth of JOBTV. From 3Q onward, we will aim to recover net sales of ASHITA-TEAM and achieve profitability in JOBTV.

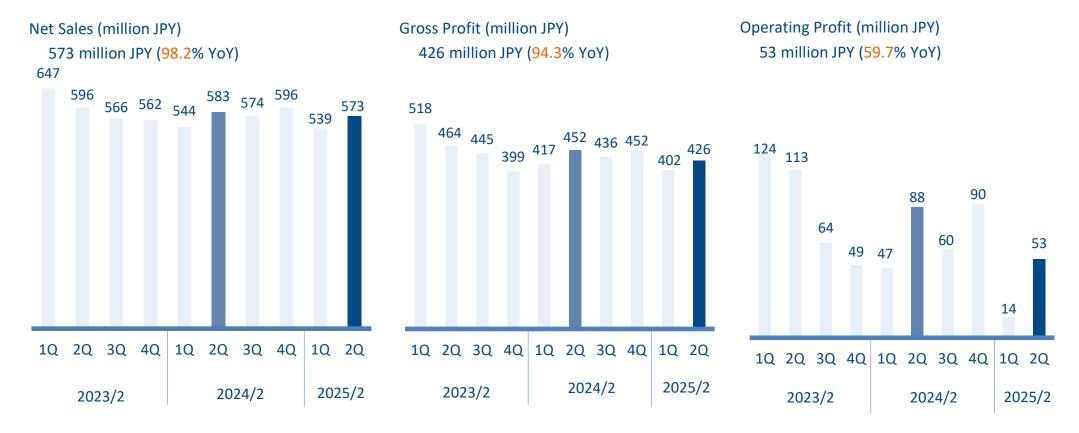




### HR Business (ASHITA-TEAM)

In 2Q FY2025, the number of users declined, and we strengthened the sales structure. This increased SG&A expenses, which in turn caused sales and profits to decline.

In 3Q and beyond, continue to expand SaaS sales by leveraging our strength in consulting, and aim to increase revenues and profits.

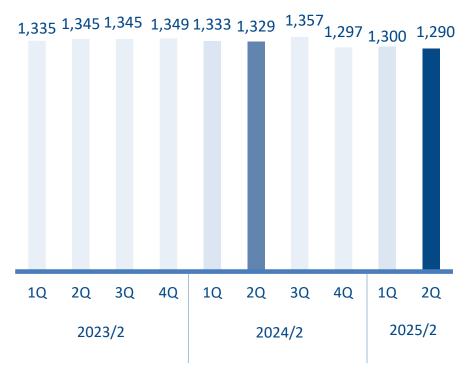




### Number of User Companies\*1 and ARR\*2

In 2Q FY2025, although the cancellation rate remained steady for the most part, the decline in new customer acquisition resulted in a YoY decline in ARR. In 3Q, we will promote the acquisition of new users by strengthening the sales structure and recover the number of user companies and ARR.

Number of user companies: 1,290 (97.1% YoY)



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

ARR: 1,635 million JPY (97.6% YoY)



<sup>\*2</sup> 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.



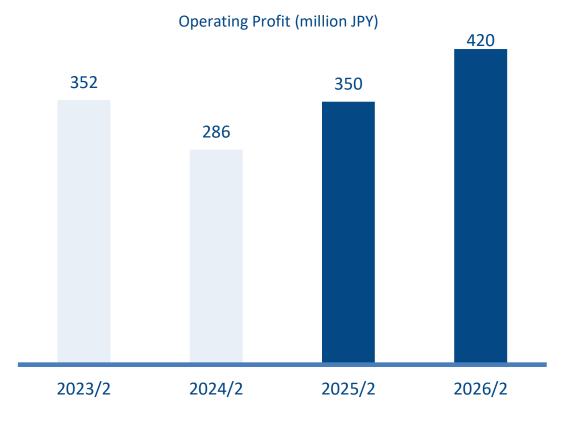
### **ASHITA-TEAM Outlook**

Through increasing retention of SaaS-based products and by expanding the customer base by strengthening sales, we have increased the subscription ratio and created a stable earnings foundation.

In FY2026, we will aim for 420 million JPY in operating profit achieved through steady growth by building up subscription earnings.



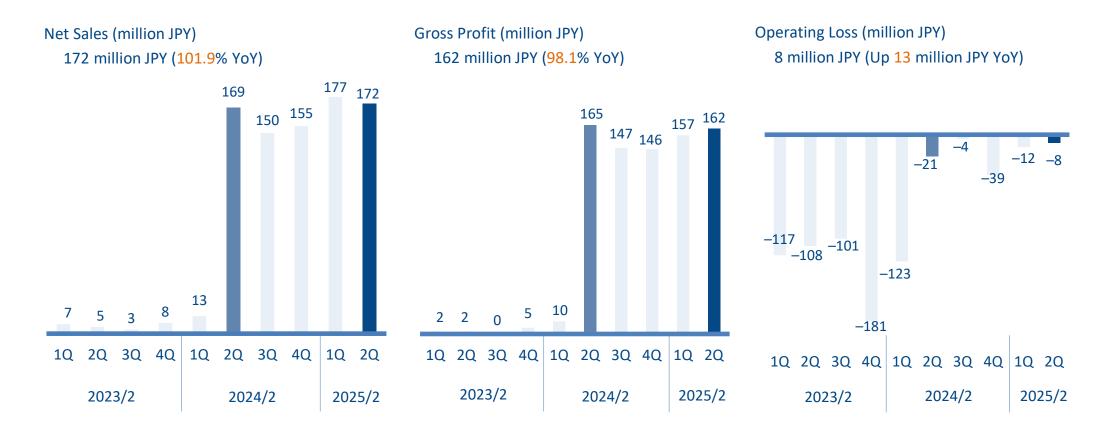
Build up subscription earnings by strengthening sales of SaaSbased products





### HR Business (JOBTV)

In 2Q FY2025, we continued to strengthen the earnings base by investing in advertising and enhancing functionality to increase the number of registrants. From 3Q onward, we aim to expand net sales by collaborating with BUSiCONET Inc. and FINDAWAY Co., Ltd.





### **JOBTV**

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.

### Recruitment matching platform JOBTV



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

#### Over 1,000 registered companies



#### Job seekers

- 1 Netflix-like search option makes browsing job post videos a breeze!
- 2 Show off your best to employers easier with a self-introduction video!
- Learn more about companies through videos without needing to go to information sessions!

#### **JOBTV Benefits**





### Over 150,000 registered university students



#### Companies

- Highlight why candidates should join your company with a video introducing your firm and the positions you are hiring for!
- 2 Quick and easy applicant screening through video!
- Reach out to job-seekers directly with scout mails!



### Synergy Achieved through Acquisition of FINDAWAY

We made FINDAWAY Co., Ltd., which specializes in recruitment consulting and engineer referrals, a consolidated subsidiary on March 29, 2024. We will expand the human resource support business by utilizing FINDAWAY's customer and recruitment consulting know-how in JOBTV.

### Overview of acquisition of shares

Company name	FINDAWAY FINDAWAY Co., Ltd.				
Business	Provision of recruitment consulting Planning and production of online human resources ad media				
Share acquisition rate	70.8%				
Share acquisition date	March 29, 2024				

#### **Business**

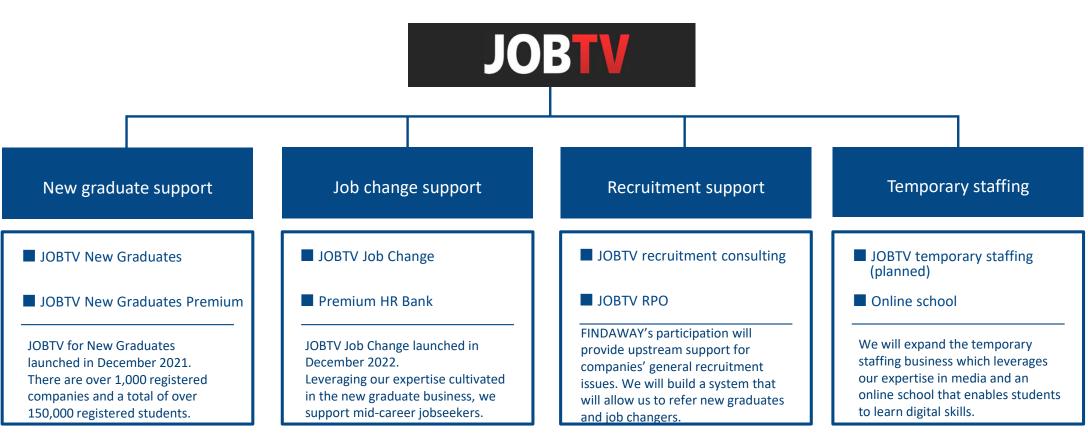
								Н	R Cor	ısulti	ng								
F	Resear	ch, se and P		n,	Apı		it mar oper		nent	Scr		ng, ass d job c		ent,	H	iring,	traini work	ng, ai	nd
Recruitment planning	Recruitment concept planning	Selection of recruitment media	n of site nent tool	Interviewing, production, and filming	Selection of job offer follow- up and assessment tool	Formation of applicant pool	Applicant support	Interviewer training	Planning and holding of company briefing sessions	Document screening and interviews	Aptitude assessment tests	Email and phone-based follow-up	HR screening	Final HR screening	Recruiter follow-up	Job offer follow-up	Implementation of training program	Practical on-site training	Personnel evaluation and system reform
<ul> <li>Accurate selection of recruitment media</li> <li>Planning of company information pamphlets</li> <li>Increased website access and time on site</li> <li>Joint information session booth interior</li> <li>Response to calls for information sessions</li> <li>University collaborations and on-campus seminars</li> </ul> <li>Recruitment agency support</li> <li>Stramlining of HR operations</li> <li>Centralized management of applicant information</li> <li>Company briefing sessions to differentiate from other companies</li> <li>Countermeasures against libel and slander</li> <li>Utilization of aptitude assessment tools</li> <li>Recruitment agency support</li> <li>Charting for those who assessment tools</li> <li>Recruitment agency support</li> <li>Charting for those who assessment tools</li> <li>Recruitment agency support</li> <li>Charting for those who assessment tools</li> <li>Recruitment agency support</li> <li>Charting for those who assessment tools</li> <li>Recruitment agency support</li> <li>Recruitment agency support</li> <li>Sharing of HR acquisition of job offer oblication of job offer follow-up tools</li> <li>New employee training for worling and prevention of job offer follow-up tools</li> <li>Willization of aptitude assessment tools</li> <li>Recruitment agency</li> <li>Recruitment agency</li> <li>Recruiter training</li> <li>Huitization of aptitude assessment tools</li> <li>Recruitment agency</li> <li>Recruiter training</li> <li>Huitization of aptitude assessment tools</li> <li>Recruiter training</li> <li>New employee training</li> <li>Nindset development program</li> <li>Basic training for worling</li> <li>Beruiter training</li> <li>New employee</li>																			



us to provide seamless support from recruitment to post-acquisition follow-up.

### **JOBTV Growth Strategy**

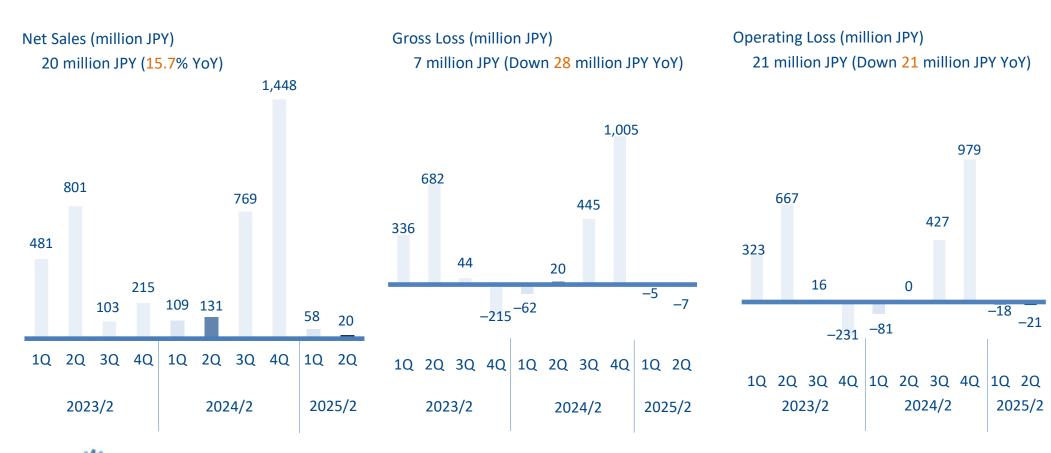
We aim to expand JOBTV in the recruitment market based on the four core businesses of new graduate support, job change support, recruitment support, and temporary staffing. We plan to strengthen the brand of our human resources support business based on new graduate support leveraging referrals from our own media.





### **Investment Business**

In 2Q FY2025, an operating loss was posted due to loss on valuation of securities, despite the partial sale of shares held.





### Most Recent IPOs Invested In

Supporting corporate growth through capital and PR/IR (total of 32 IPOs).

HATCHWORK CO., LTD. and ROXX, Inc. were listed on the Growth Market of the Tokyo Stock Exchange, bringing the number of recent IPOs to two.

Date of listing	Company name	Market
March 26, 2024	HATCHWORK CO.,LTD.	TSE Growth Market
September 25, 2024	ROXX ROXX, Inc.	TSE Growth Market



### Solid Track Record of Investment in Growth Fields





### Consolidated Statement of Profit and Loss

(million JPY)	FY '24 1H	FY '25 1H	Difference	YoY Change
Net sales	28,565	27,385	-1,179	95.9%
Gross profit	17,940	17,894	-46	99.7%
EBITDA	1,921	2,624	+702	136.6%
Operating profit	1,483	2,069	+586	139.5%
Ordinary income	1,697	2,000	+303	117.9%
Profit before income taxes	1,698	1,964	+266	115.7%
Profit attributable to owners of parent	823	1,019	+195	123.8%



### **Consolidated Balance Sheet**

(million JPY)	FY '24 Year End	FY '25 2Q End	Difference	YoY Change
Total assets	43,621	43,245	-375	99.1%
Cash and deposits	15,820	15,984	+164	101.0%
Goodwill	3,633	3,430	-203	94.4%
Operational investment securities + investment securities	5,991	5,300	-690	88.5%
Other	18,175	18,529	+354	101.9%
Total liabilities	23,645	23,918	+272	101.2%
Borrowings + bonds	11,700	12,437	+737	106.3%
Other	11,945	11,480	<b>–465</b>	96.1%
Net assets	19,975	19,327	-648	96.8%



### Medium-term Profit Plan



### Medium-term Profit Plan

Medium-term Profit Plan (million JPY)	FY '23 (Results)	FY '24 (Results)	FY '25 (Targets)	FY '26 (Targets)
EBITDA*	7,013	7,994	9,400	10,900
Operating profit	6,276	6,939	8,500	10,000

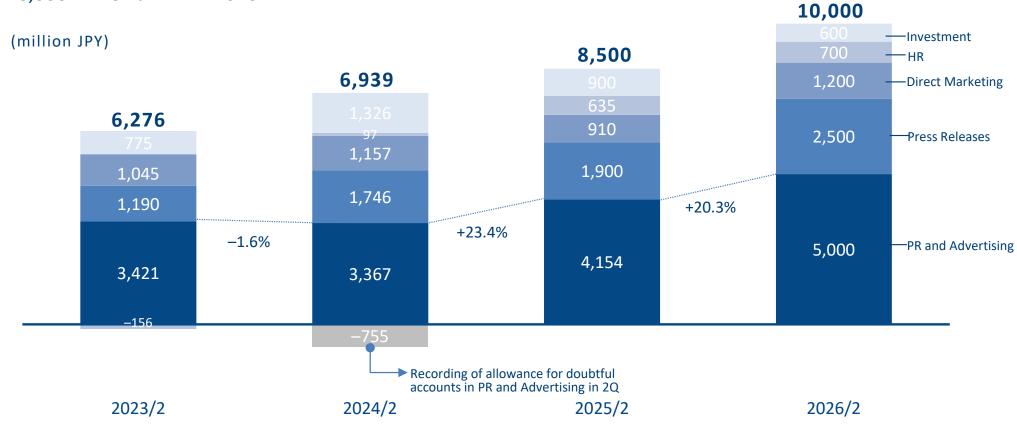
- For FY2026, we expect EBITDA of 10,900 million JPY and operating profit of 10,000 million JPY.
- We will continue to keep **ROE above 25%**, while taking into consideration our financial soundness.
- VECTOR's dividend policy is to ensure a consolidated payout ratio for shareholders aimed at 30% or higher.

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



### Medium-term Profit Plan Progress by Segment

As our mainstay PR and Advertising business is driving performance, we will aim for operating profit of 10,000 million JPY in FY2026.

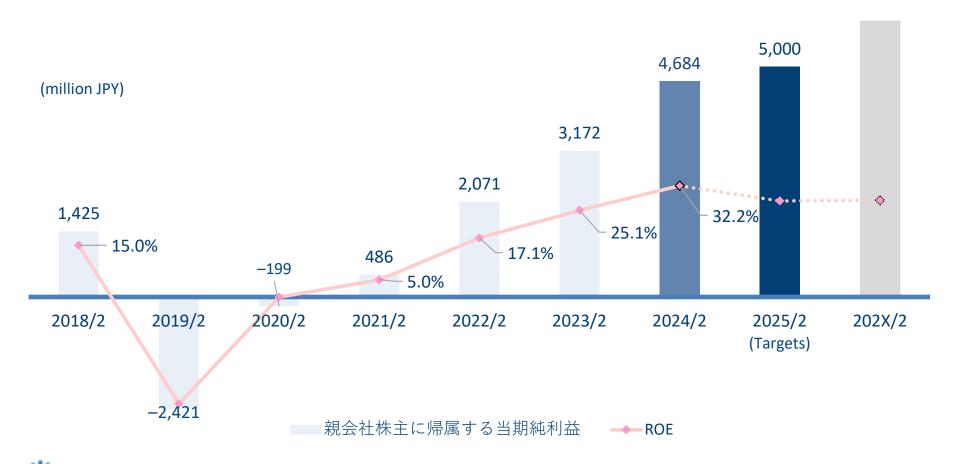


Notes: 1. The segment of INFLUENCER BANK has been changed to PR and Advertising from 2Q FY2025.

<sup>2.</sup> The breakdown of Medium-term Profit Plan by segment has been changed in light of the revision of the segment profit plan and the future outlook for the Direct Marketing Business in this financial results presentation material. vector

### ROE and Profit Attributable to Owners of Parent

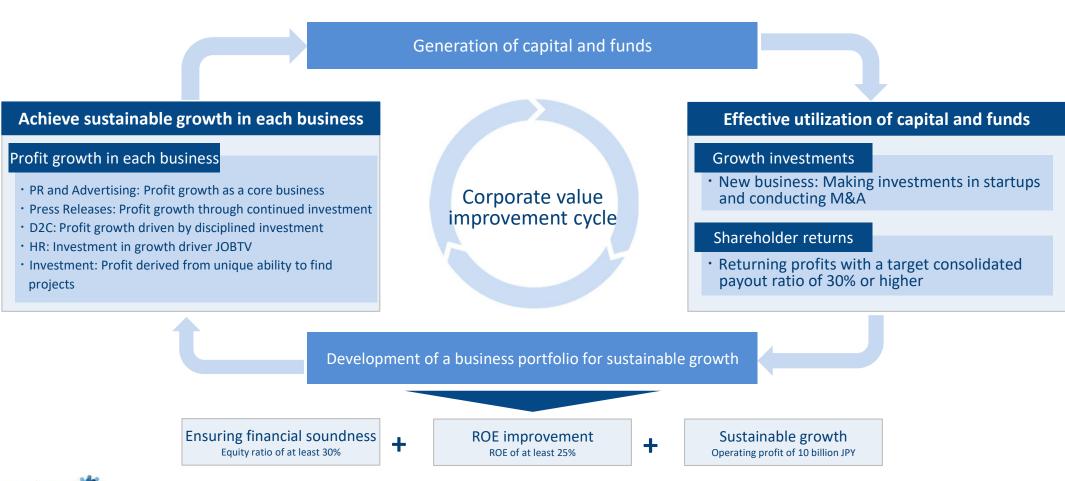
### Our policy is to keep **ROE above 25%**





### **Capital Allocation**

Cash provided by operating activities will be allocated to investments for growth and shareholder returns.





### **Company Strategy**



No. 1 in Asia and No. 6 in the world in the global PR company rankings. Moving up from No. 7 in the world to No. 6, becoming one of the world's leading companies.

2024	2023	Agency	НQ	Fee Income 2023 (\$)	Fee Income 2022 (\$)	Staff	Growth vs 2022 (USD)	Growth vs 2022 (Constant Currency)
1	1	Edelman <sup>nb</sup>	USA	1,037,907,000	1,079,738,000	6,116	-3.9%	-3.9%
2	3	Weber Shandwick nb	USA	776,000,000	740,000,000		4.9%	4.9%
3	2	BCW	USA	730,000,000	750,000,000		-2.7%	-2.7%
4	4	FleishmanHillard <sup>nb</sup>	USA	720,000,000	735,000,000		-2.0%	-2.0%
5	5	Real Chemistry <sup>nb</sup>	USA	595,000,000	555,000,000	1,968	7.2%	7.2%
6	7	Vector Inc. <sup>nb</sup>	Japan	525,578,752	494,080,000	1,527	6.4%	6.4%
7	6	Ketchum	USA	520,000,000	525,000,000		-1.0%	-1.0%
8	8	Brunswick	UK	497,840,000	471,900,000	1,370	5.5%	0.5%
9	9	FGS Global	USA	455,000,000	421,000,000	1,099	8.1%	8.1%
10	13	Media Consulta	Germany	420,073,612	350,220,000	2,344	19.9%	19.9%

Source: PRovoke Media 2024 Global Rankings

### From #1 PR Firm in Asia...

### ...to #1 PR Firm Worldwide

# Further expand domains PR market in Japan worth 150 billion JPY



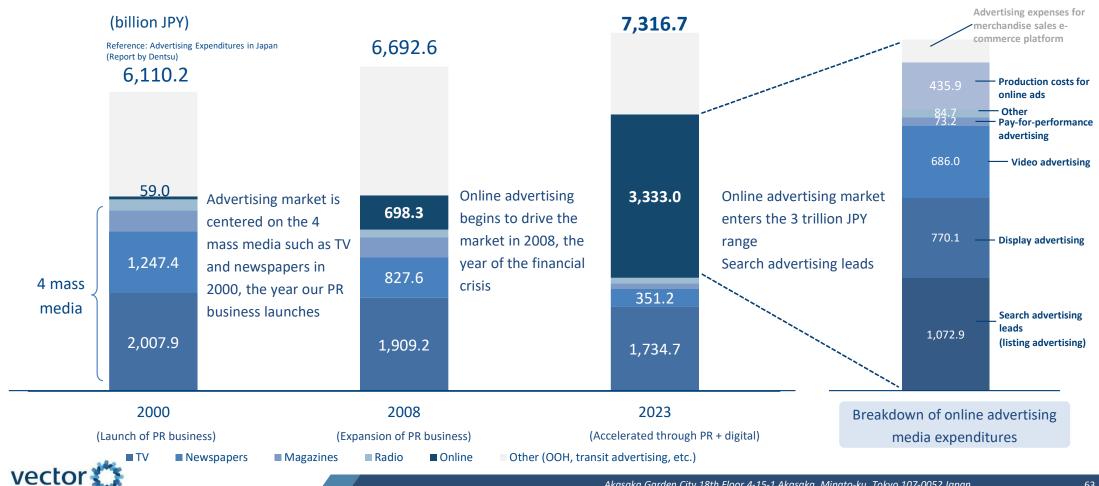
### Advertising industry disrupter

### "Low Cost" "Middle Quality" "Speedy"

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

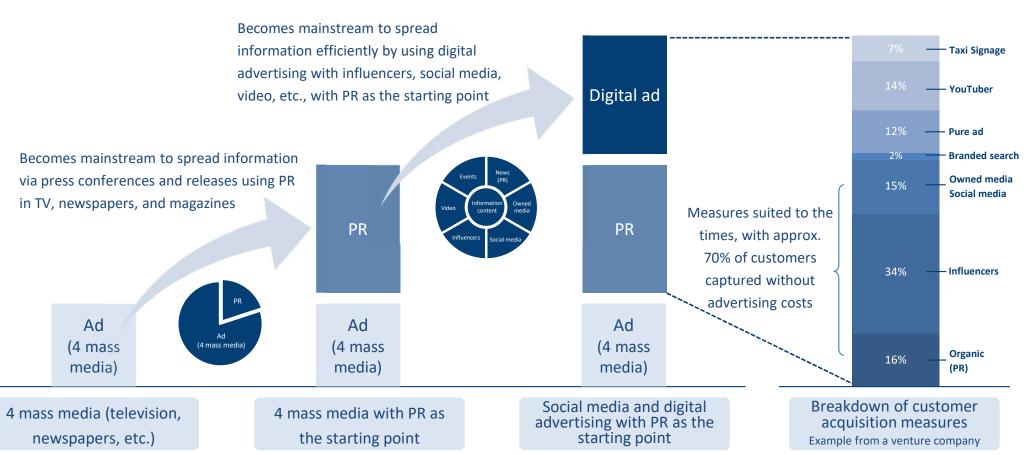
### Change in Japan's Advertising Market

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



### Change in the Way to Spread the Word

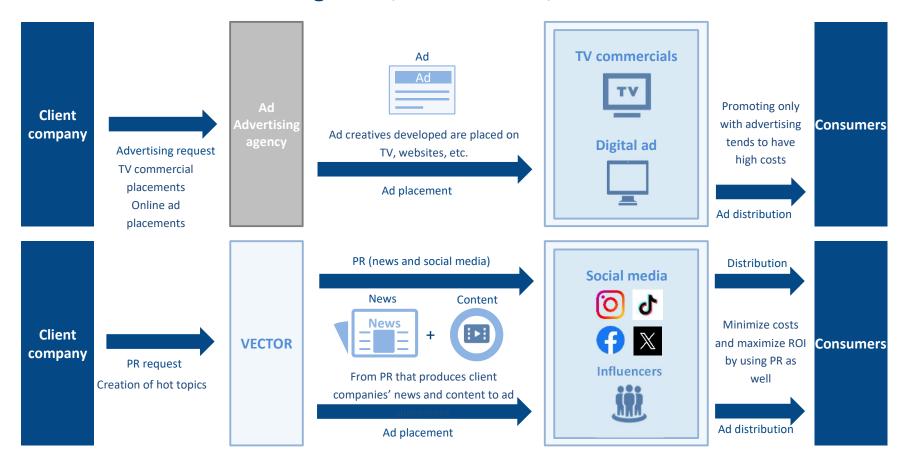
We are now in an age where information is spread efficiently through using digital advertising with PR as the starting point.





### Difference between VECTOR and Advertising Agencies

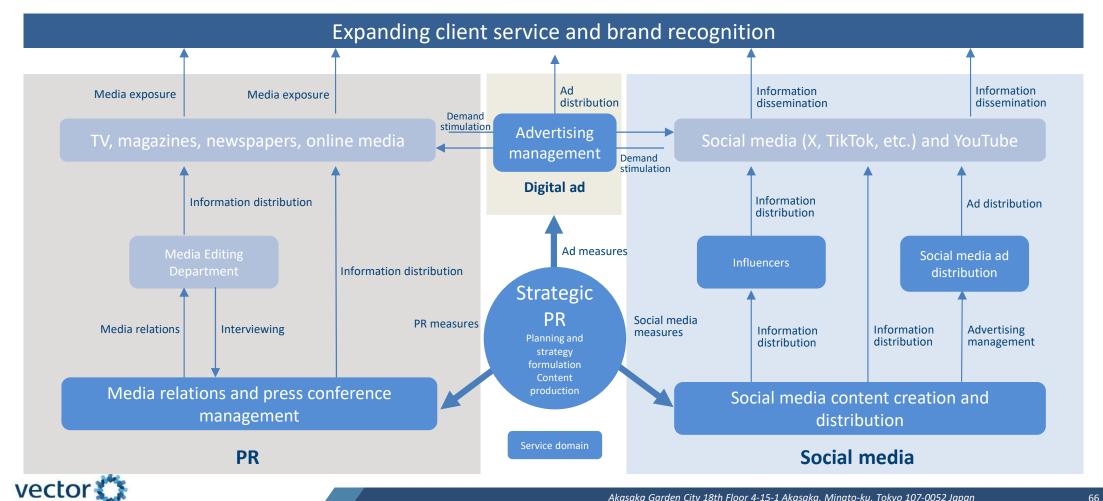
### Advertising agencies spread the word using advertising, while VECTOR spreads the word using news, social media, and more





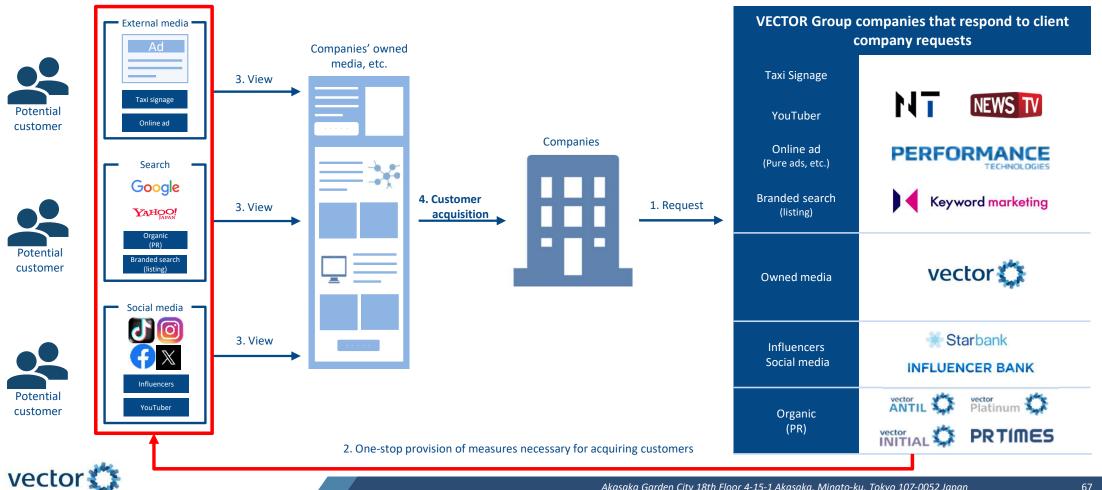
### Flow of Communication Starting from PR

Integrated support for everything from PR measures to gain media exposure starting from strategic PR to influencer & social media measures and digital marketing



### **Customer Acquisition Flow**

### One-stop provision of measures that companies need to acquire customers



### VECTOR's Unique Way of Spreading the Word

We spread the word by creating catchy keywords and combining PR with social media and advertising technology.

**Example: Opening of Yebaozi** 



The key challenge was to maximize interest for the launch of Japan's first Yebaozi, a hugely popular *nikuman* (meat bun) chain from China that boasts long lines.

We provided support covering from concept formulation to keyword creation and the implementation of measures.





We created a powerful buzz through advertising and utilized catchy keyword phrases such as "gachi chuka," "Japan's first," and "bite-sized *nikuman*" to gain media exposure, turning "gachi chuka" into a trend for 2022.



### What Is a Fast Company in the Advertising Industry?

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

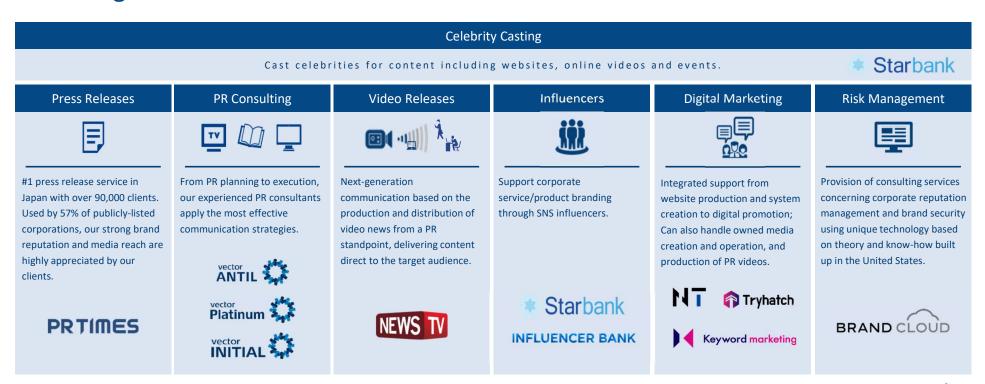




### "FAST COMPANY" Concept

One-stop provision of services necessary for spreading the word.

Marketing measures suited to the times delivered at 10% of traditional model's costs.



JPY 0 JPY 100 Million/Year



### Strengthening the Fast Company Concept

### 2 key points for strengthening the Fast Company concept



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



VC + PR

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





### M&A

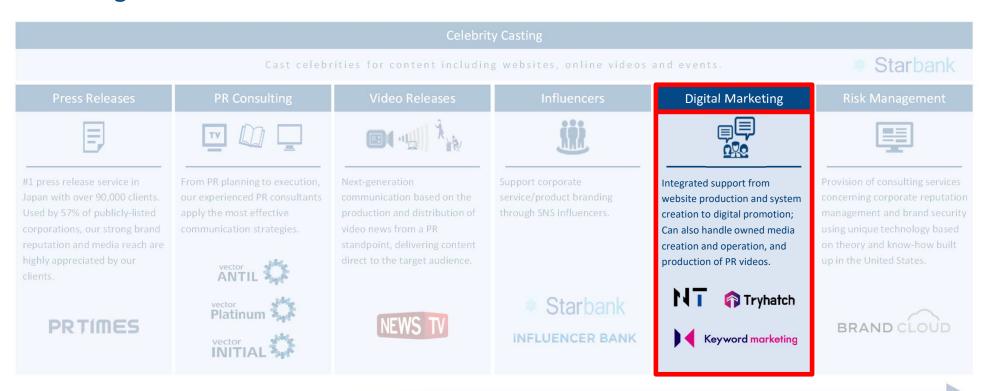
Expand the increasingly important domain of digital marketing to provide comprehensive support for customer marketing strategies



### "FAST COMPANY" Concept

One-stop provision of services necessary for spreading the word.

Marketing measures suited to the times delivered at 10% of traditional model's costs.

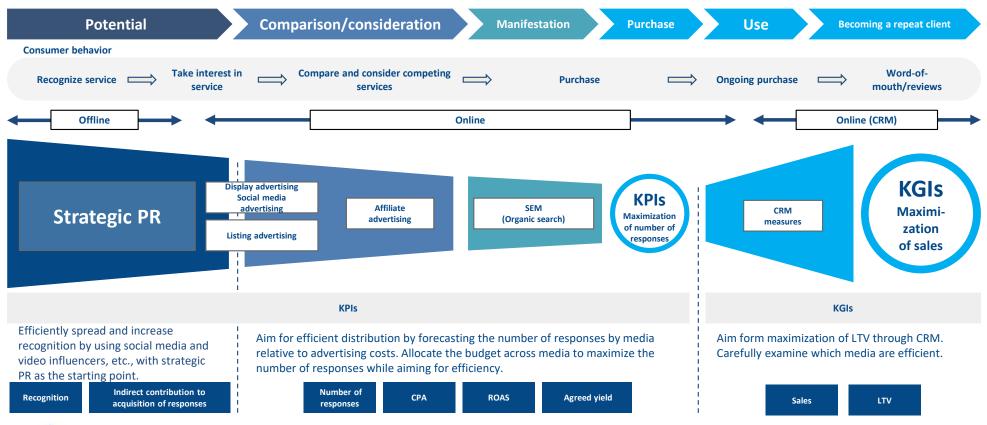


JPY 0 JPY 100 Million/Year



### Synergy from Purchase of Digital Marketing Business

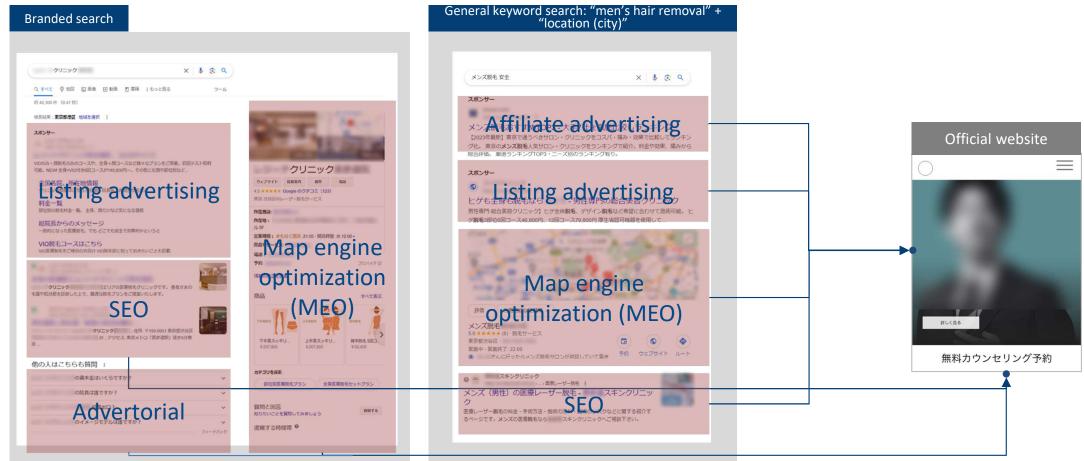
The purchase etc. of a company (business) specializing in strategic design and listing advertisement management has enabled us to provide digital measures aimed at maximizing sales based more on strategic PR than before.





### Digital Marketing Measures Made Possible through M&A

Leverage the strengths of the acquired company to maximize incoming traffic by getting links at the top of the search results screen





### 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	Tryhatch  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**



### 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



### M&A Results (Share Acquisition)

Owned, Company, which specializes in managing programmatic advertising that leverages search engine optimization (SEO), became a consolidated subsidiary on July 14, 2023. VECTOR will aim to increase sales per customer by harnessing Owned, Company's strong knowledge in specialized areas and expertise in programmatic advertising that incorporates SEO.

Overview of acquisition of shares

**Business** 

Company name	Owned, Company			
Business	Digital marketing support			
Acquisition cost	480 million JPY			
Share acquisition date	July 14, 2023			

### **SEO** consulting **SEO** (Content, backlinks, UI/UX) • SEO support to ensure that customers' websites are appeared in the top search results. Wide-ranging support covering content production based on user needs, backlink measures, and UI/UX improvement. Achievement Achievement No. 1 search From 0 to 6 ranking million PV in gained in one year three months

## 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.
- Highly effective advertising management that addresses customers' business challenges based on a deep understanding of specialized areas.

Achievement
1
Increased
monthly
sales by 30%
in six months

Achievement
2
Reduced CPO
by 50% in six
months



### Basic Policy on M&A

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 that can expand and enhance the Fast Company concept
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	Possess extensive knowledge related to M&As and financingMake careful decisions at the Board of Directors with a majority of External Directors
PMI	Regularly monitor objectives of acquisition from time of investment and their achievement Develop the internal controls required of a listed group company





### PR capital that offers both funding and PR support

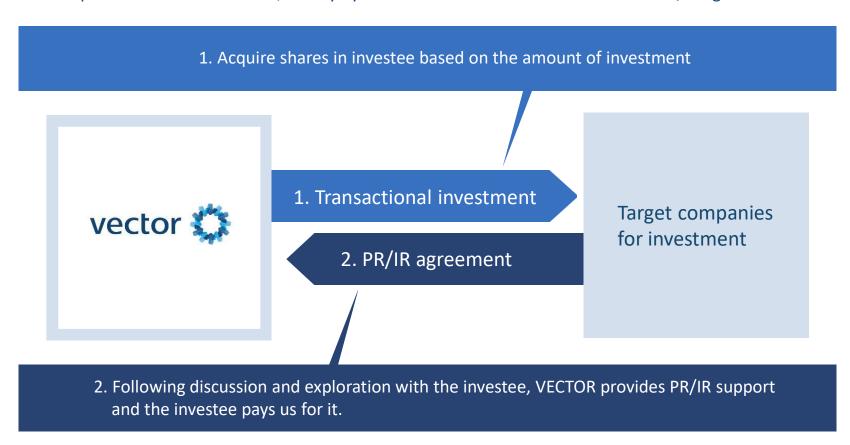
We will maximize investment leverage by supporting clients not only through funding as in conventional VC but also through PR and IR support.



### **Startup Investment Policy**

Support client company growth through investment and PR/IR.

Implement new investments, mainly by transactional investments to conclude PR/IR agreements.



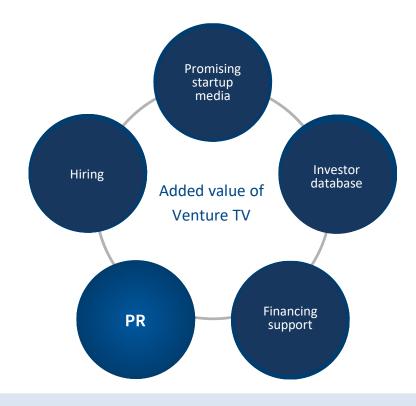


### Venture TV

Launched Venture TV, a video-based media offering unlimited access to startup company presentation videos. The plan is to expand various services for presidents and investors of startup companies who are facing challenges.

Venture TV, offering all-you-can-watch presentation videos





Aiming to build Japan's largest startup ecosystem





The purpose of this document is to provide information on our financial results and does not constitute an offer to sell or solicitation of an offer to purchase any investment security issued by VECTOR. The information and outlook contained in this document have been compiled on the basis of the latest information available at the time of preparation and includes the opinion of management. VECTOR therefore provides no guarantee as to the accuracy of this information and advises that actual performance and results may differ from forward-looking statements due to various factors.

