

VECTOR INC.

## Interim Report – FY '21



November 13, 2020

# Contents

1. Accounting Issue
2. Quarterly Results
3. Revisions to Financial Forecasts
4. Company Strategy
5. Investment Performance

VECTOR postponed the announcement of financial results for 2Q FY2021 to November 13, 2020 due to an investigation into transactional agreements made by ASHITA-TEAM, as stated in a notice released on October 9, 2020 concerning the establishment of an internal investigative committee to examine accounting practice at this subsidiary.

We sincerely apologize for the inconvenience and concern caused to our shareholders and investors.

# Accounting Issue

In the process of settling accounts for 2Q FY2021, Crowe Toyo & Co. queried the appropriateness of attributing certain ASHITA-TEAM sales from specific transactions to a particular period.

### ■ Background

|             |  |
|-------------|--|
| October 9   | Established internal investigative committee                           |
| October 9   | Started investigation  |
| October 15  | Announced postponement of financial results announcement for 2Q FY2021 |
| November 13 | Received report from investigative committee                           |
| November 13 | Announced financial results for 2Q FY2021                              |

### ■ Investigation

The investigation targeted transactions recorded as sales from September 1, 2018 to August 31, 2020 that were included in the consolidated financial statements of the Company, and focused on sales related to indefinite usage rights of the cloud system.

**The investigation found that an accounting error had been made in a period certain sales had been attributed to and that this was not intentionally booked in advance.**

The investigative report stated the causes of the error and areas to be improved, as outlined below.

### ■ Causes of accounting error

- (1) The agreement between sales site and customer was ambiguous
- (2) Information sharing between sales site and administrative department was not done appropriately
- (3) Vulnerabilities were found in the administrative department
- (4) There was a lack of understanding in how to properly record sales among executives

### ■ Areas to be improved

- (1) Method of agreement between sales site and customer
- (2) Information sharing between sales site and administrative department
- (3) Strengthening structure of administrative department
- (4) Reforming mindset of executives

VECTOR will formulate and implement the following measures to prevent recurrence of the accounting issue based on the recommendations of the internal investigative committee.

### ■ Measures to be executed by ASHITA-TEAM

- (1) Strengthen management structure (Change representative director **and add a director from VECTOR**)
- (2) Strengthen administrative system (**Dispatch the General Manager of Business Management Headquarters and person in charge of accounting from VECTOR**)
- (3) Strengthen internal audit system (Dispatch internal audit specialist from VECTOR)
- (4) Devise product improvement plan (Discontinue sale of indefinite usage rights of the cloud system)
- (5) Devise order process improvement plan (Make order breakdown and price estimate forms mandatory)
- (6) Devise post-order improvement plan (Shift to workflow where acceptance forms are required for each service provided)

Going forward, we will review the internal control system of the entire Group and strengthen the monitoring of operational status, promote measures to prevent recurrence of accounting issues and report on the operational status of the Company's Board of Directors in a timely manner to bolster the Group's governance framework.

**Due to the correction in net sales amount, an order backlog of ¥842 million will be recorded in the period the order was filled from 3Q onward.**

Normal profitability will be reflected in operating profit since all goodwill was treated as loss in FY2019.

(million JPY)

| Fiscal Year      | Item   | Before Correction | After Correction | Difference |
|------------------|--|-------------------|------------------|------------|
| FY '20 Full-Year | Net sales                                      | 30,141            | 29,693           | -447       |
|                  | Operating profit                               | 2,857             | 2,575            | -281       |
|                  | Ordinary income                                | 3,020             | 2,738            | -281       |
|                  | Profit (loss) attributable to owners of parent | 28                | (2,421)          | -2,450     |
|                  | Total assets                                   | 26,963            | 24,839           | -2,124     |
|                  | Net assets                                     | 12,738            | 10,288           | -2,450     |
| FY '20 Full-Year | Net sales                                      | 37,540            | 36,821           | -718       |
|                  | Operating profit                               | 3,324             | 2,891            | -433       |
|                  | Ordinary income                                | 3,755             | 3,322            | -433       |
|                  | Loss attributable to owners of parent          | (315)             | (199)            | 115        |
|                  | Total assets                                   | 25,302            | 23,606           | -1,696     |
|                  | Net assets                                     | 12,500            | 10,166           | -2,334     |
| FY '21 1Q        | Net sales                                      | 8,862             | 8,961            | 99         |
|                  | Operating loss                                 | (137)             | (16)             | 121        |
|                  | Ordinary income (loss)                         | (118)             | 2                | 121        |
|                  | Loss attributable to owners of parent          | (284)             | (163)            | 121        |
|                  | Total assets                                   | 35,131            | 33,783           | -1,347     |
|                  | Net assets                                     | 17,430            | 15,216           | -2,213     |

\* Net sales collectively recorded as sales related to indefinite usage rights of the cloud system were corrected to reflect the period the service was provided.



## Strengthening Governance through Management Structure Overhaul

In order to prevent recurrence of the accounting issue, ASHITA-TEAM's management structure was overhauled, thereby strengthening governance. On November 13, 2020, Representative Director Kyosuke Takahashi retired and Hiroyuki Akabane took over his position.

|     | Position                                   | Name             | Main Concurrent Role in Group |
|-----|--|------------------|-------------------------------|
|     | Representative Director, President and CEO | Hiroyuki Akahane |                               |
|     | Executive Vice President, COO and CTO      | Koichi Hayashida |                               |
|     | Director                                   | Yuzo Tsutsumi    |                               |
| New | Part-time External Director                | Reona Amemiya    |                               |
|     | Part-time Director                         | Yosuke Goto      | Director, VECTOR INC.         |
| New | Part-time Director                         | Yasuyuki Tosaki  | Director, PR TIMES Inc.       |
|     | External Auditor                           | Tetsuro Sekiya   |                               |
|     | Part-time External Auditor                 | Kan Hara         |                               |
|     | Part-time External Auditor                 | Masataka Hiura   |                               |

Note: The management structure is scheduled to take effect on December 15, 2020 (following the extraordinary meeting of shareholders).

# Quarterly Results

---

- (1) The impact of the pandemic on strategic PR in 2Q was **even less** than 1Q as corporate marketing activities started to rebound and there was an increase in in-person events and presentations.
- (2) The video release business was **impacted to a certain extent** as in 1Q due to sluggish advertising demand, while we are starting to see a return to pre-COVID levels in terms of profitable projects in 3Q.
- (3) Although business talks are on the rebound in the HR business, the impact of COVID-19 has been **extremely marked** due to longer lead times and a decline in orders owing to deterioration in the financial position of prospective customers.

## Overview of Consolidated Results for Six-Month Period

Net Sales

17,650 million JPY

(99.9% YoY)

Gross Profit

11,750 million JPY

(103.7% YoY)

EBITDA\*

900 million JPY

(57.6% YoY)

Operating Profit

580 million JPY

(51.6% YoY)

Ordinary Loss

310 million JPY

(Down 1,500 million JPY YoY)

Loss Attributable to Owners of Parent

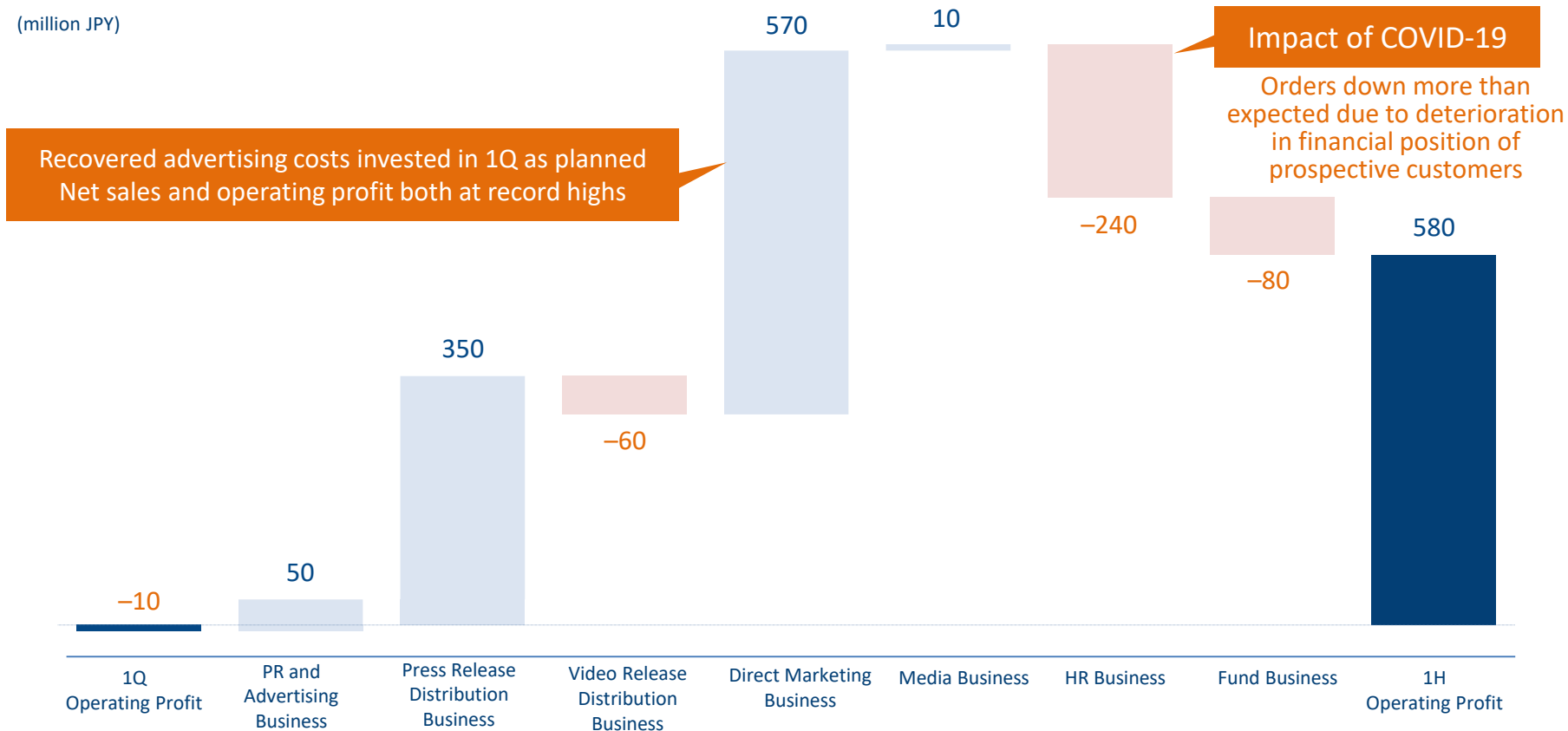
1,180 million JPY

(Down 460 million JPY YoY)

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

# Operating Profit (By Segment)

(million JPY)



Note: Figures have been changed in line with corrections made to financial results in previous fiscal years.

## Six-Month Period / Highlights

### Consolidated Performance

**Returned to profitability, as projected, by recovering investment** through direct marketing and solid performance in the Press Release business. Lower limits have been assigned to all forecasts relative to initial projections, while full-year operating profit is forecast at 2,300 million JPY despite COVID-19.

Net Sales: 17,655 million JPY (99.9% YoY)

Operating Profit: 585 million JPY (51.6% YoY)

### PR and Advertising

**Operating surplus was achieved** as corporate marketing activities got underway and due to contribution from the mainstay PR business in Japan. VECTOR will continue providing online in addition to in-person services supporting corporate marketing activities from 3Q onward.

Net Sales: 7,814 million JPY (83.6% YoY)

Operating Profit: 274 million JPY (24.5% YoY)

### Press Releases (PR TIMES)

A significant rise in user companies as in 1Q resulted in **record highs in net sales and operating profit**. New measures will be taken such as expanding regional development in order to increase the number of user companies from 3Q.

Net Sales: 1,741 million JPY (126.7% YoY)

Operating Profit: 631 million JPY (183.1% YoY)

### Video Releases (NewsTV)

Sales and profit decreased YoY due to sluggish advertising demand even though corporate marketing activities have started to rebound. VECTOR **forecasts growth in net sales and operating profit** from 3Q in light of a resurgence in advertising demand.

Net Sales: 647 million JPY (73.1% YoY)

Operating Loss: 91 million JPY (Down 242 million JPY YoY)

Note: The PR Business was renamed the PR and Advertising Business in 1Q FY '21.

## Six-Month Period / Highlights

### Direct Marketing

**A new record high for net sales was achieved for the six-month period** due to a recovery in strategic advertising investment in 1Q, as projected.

**A YoY increase in operating profit is expected on a full-year basis** on the back of continued advertising investment from 3Q.

Net Sales: 5,830 million JPY (140.5% YoY)

Operating Profit: 61 million JPY (16.1% YoY)

### Media

Sales were down and profit was up YoY due to the absence of the burden of goodwill amortization from FY2021 coupled with a change in business structure.

Profit is projected to rise further from 3Q by significantly strengthening sales of owned media.

Net Sales: 397 million JPY (90.6% YoY)

Operating Profit: 35 million JPY (Up 215 million JPY YoY)

### HR (ASHITA-TEAM)

Net sales were down YoY due to more sluggish sales than expected owing to deterioration in the financial position of prospective customers. VECTOR aims to improve performance from 3Q by closing bases to reduce fixed costs and expanding sales of SaaS-based products.

Net Sales: 1,389 million JPY (85.5% YoY)

Operating Loss: 466 million JPY (Up 289 million YoY)

### Fund

Sales were down and profit was up YoY due to loss on valuation of stock in investments affected by COVID-19. VECTOR intends to evaluate and sell shares in these investments at the appropriate timing from 3Q.

Net Sales: 291 million JPY (85.6% YoY)

Operating Profit: 148 million JPY (206.8% YoY)

## Progress Toward Full-Year Financial Forecasts

| Full-Year Financial Forecast for FY '21<br>(million JPY) | FY '21<br>(Target) | FY '21<br>2Q-end | Progress        | (Ref.)<br>FY '21<br>1H Target |
|--|--------------------|------------------|-----------------|-------------------------------|
| Net Sales  | 37,000–<br>44,800  | 17,655           | 47.7%–<br>39.4% | 17,460–<br>19,440             |
| Operating Profit   | 2,300–<br>3,850    | 585              | 25.5%–<br>15.2% | (80)–<br>750                  |
| Ordinary Income (Loss)                                   | 2,300–<br>3,850    | (310)            | —               | (80)–<br>750                  |
| Profit (Loss) Attributable to<br>Owners of Parent        | 630–<br>1,700      | (1,182)          | —               | (490)–<br>130                 |

Although net sales and operating profit was within the range of financial forecasts, ordinary income and profit attributable to owners of parent were well below this range due mainly to the recording of 764 million JPY in loss on valuation of investment securities and 554 million JPY in income taxes.



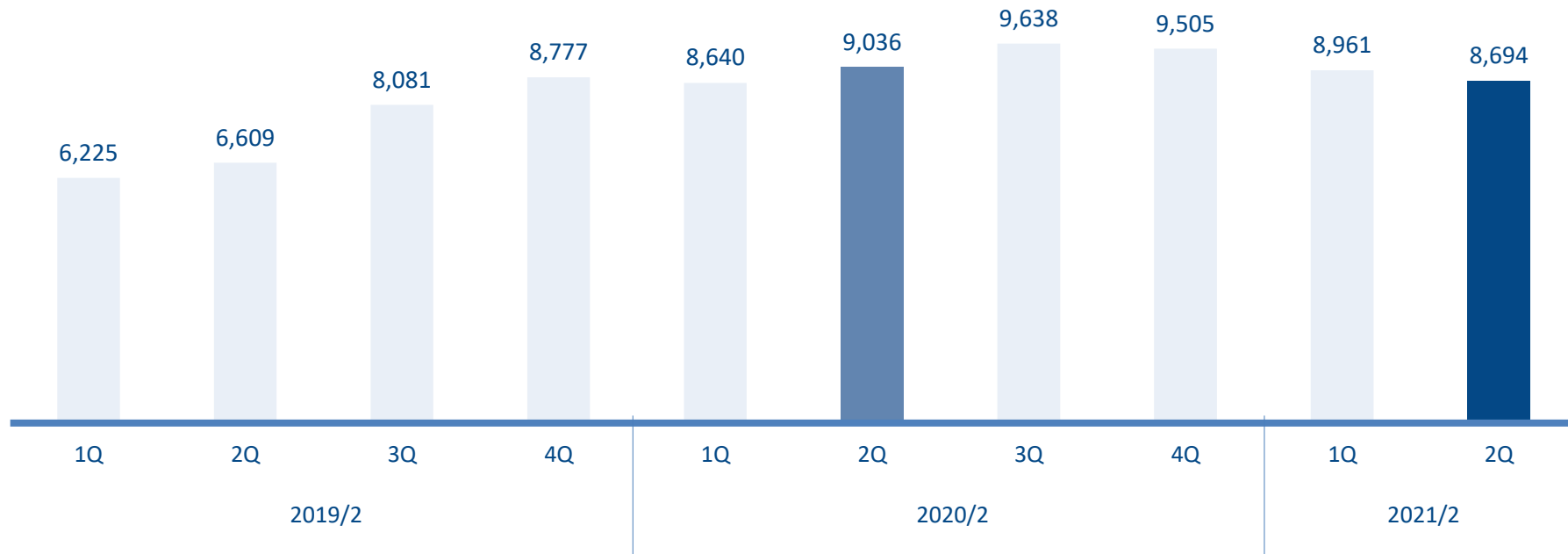
## Profit Indicators under Operating Profit

| (million JPY)                                    | FY '21 2Q | Main reasons   |
|--|-----------|--|
| Operating profit                                 | 585       |  |
| Non-operating income                             | 162       |  |
| Non-operating expenses                           | 1,058     | Recorded loss on valuation of investment securities of 764 million JPY and share of loss of entities accounted for using equity method of 173 million JPY  |
| Ordinary loss                                    | (310)     |  |
| Extraordinary income                             | 73        |  |
| Extraordinary losses                             | 69        |  |
| Loss before income taxes                         | (306)     |  |
| Total income taxes                               | 554       | A high level of income tax was recorded relative to the scale of profit before income taxes due to the effect of non-deductible items such as loss on valuation of investment securities and loss of entities accounted for using equity method. |
| Loss   | (860)     |  |
| Profit attributable to non-controlling interests | 321       | For PR TIMES and Brand Control, profits other than VECTOR's interests are attributable to non-controlling interests  |
| Loss attributable to owners of parent            | (1,182)   |  |

# Consolidated Net Sales

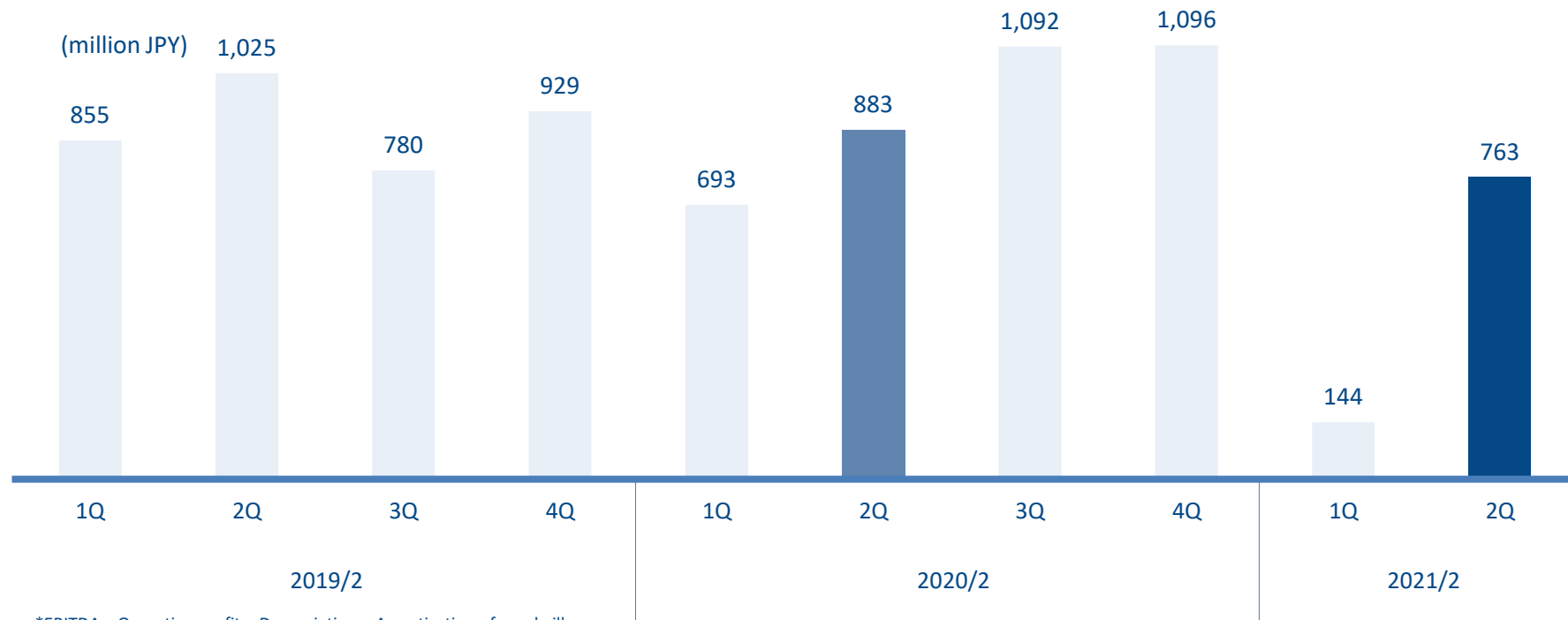
Consolidated net sales for 2Q FY2021 amounted to **8,694** million JPY, roughly on par with 1Q despite COVID-19 (**96.2%** YoY)

(million JPY)



Note: Figures have been changed in line with corrections made to financial results in previous fiscal years.

EBITDA\* for 2Q FY2021 was **763** million JPY (86.4% YoY) due to the securing of consolidated operating profit.

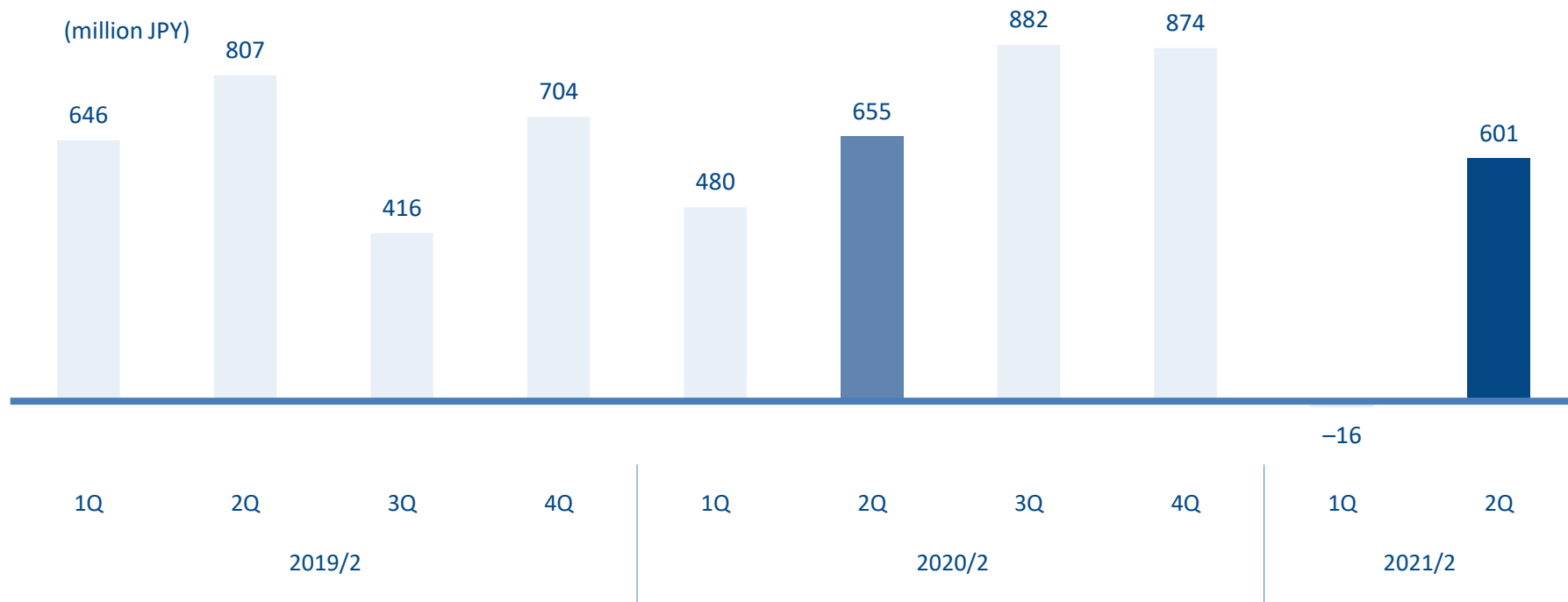


\*EBITDA = Operating profit + Depreciation + Amortization of goodwill

Note: Figures have been changed in line with corrections made to financial results in previous fiscal years.

# Consolidated Operating Profit

Consolidated operating profit for 2Q FY2021 was 601 million JPY **on the back of strategic investment in direct marketing (91.9% YoY)**

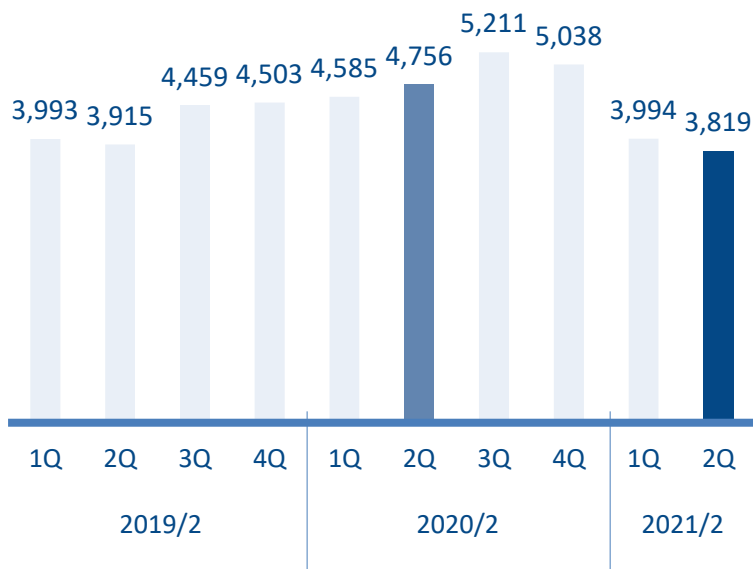


Note: Figures have been changed in line with corrections made to financial results in previous fiscal years.

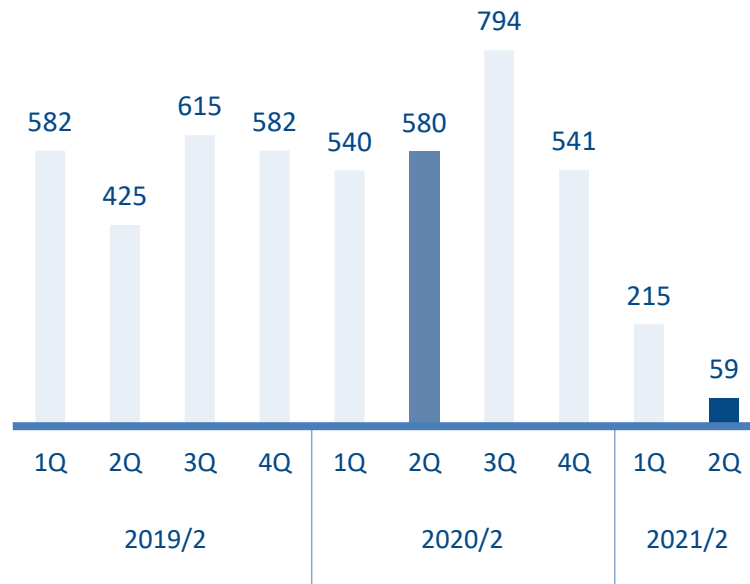
# PR and Advertising Business

In 2Q FY2021, sales and profit decline YoY despite **operating surplus** on the back of contribution from the mainstay PR business in Japan. From 3Q, VECTOR will provide online as well as in-person services based on corporate needs, thereby supporting corporate marketing activities.

Net Sales: 3,819 million JPY (80.3% YoY)



Operating Profit: 59 million JPY (10.2% YoY)

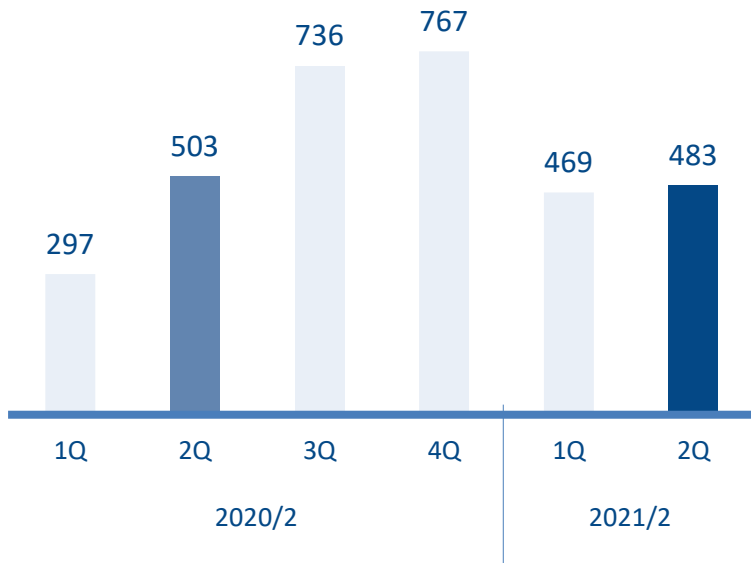


Note: The PR Business was renamed the PR and Advertising Business in 1Q FY2021.

## Taxi Signage Business\* (News Technology)

Net sales increased slightly compared with 1Q as the number of taxis in operation started to rebound relative to when the government's emergency declaration was made. From 3Q, VECTOR will strive to boost net sales by providing content that enhances the appeal of taxi signage.

Net Sales: 483 million JPY (96.2% YoY)



## GROWTH



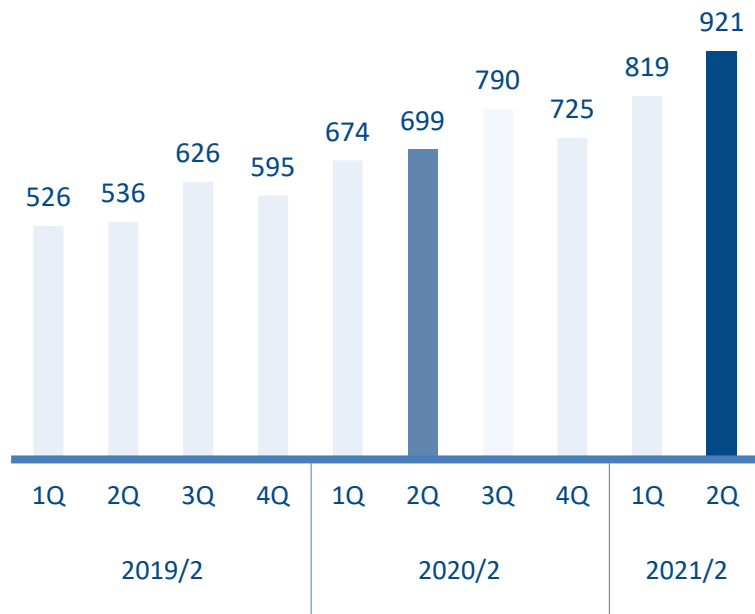
Around 30% of users are heavy taxi users. The high frequency of viewing a video ad when a person uses taxis repeatedly enhances ad recall and understanding.

\* The Taxi Signage Business has been included in the PR and Advertising Business from 1Q FY2021.

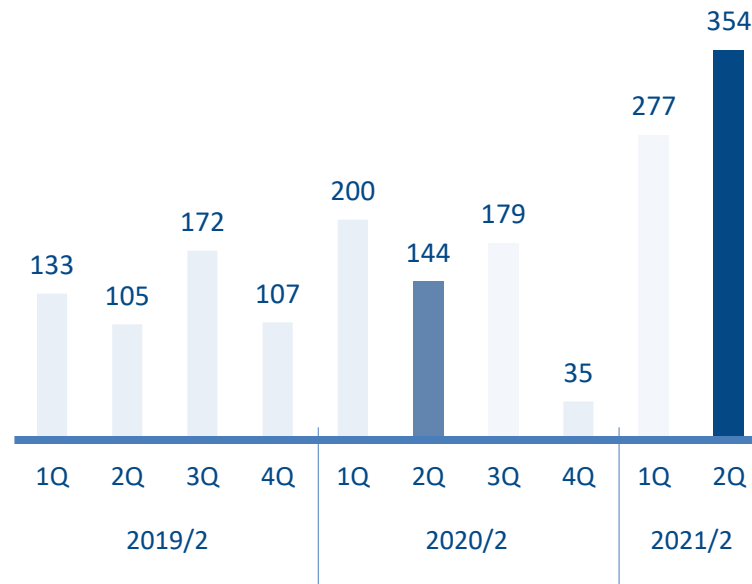
# Press Release Distribution Business (PR TIMES)

In 2Q FY2021, we saw YoY increases in both sales and profit, with **new record highs set in net sales and operating profit as in 1Q**. From 3Q, VECTOR will strive to further improve functions and increase the number of user companies based on a mission to drive growth as social infrastructure.

Net Sales: 921 million JPY (131.7% YoY)



Operating Profit: 354 million JPY (245.2% YoY)

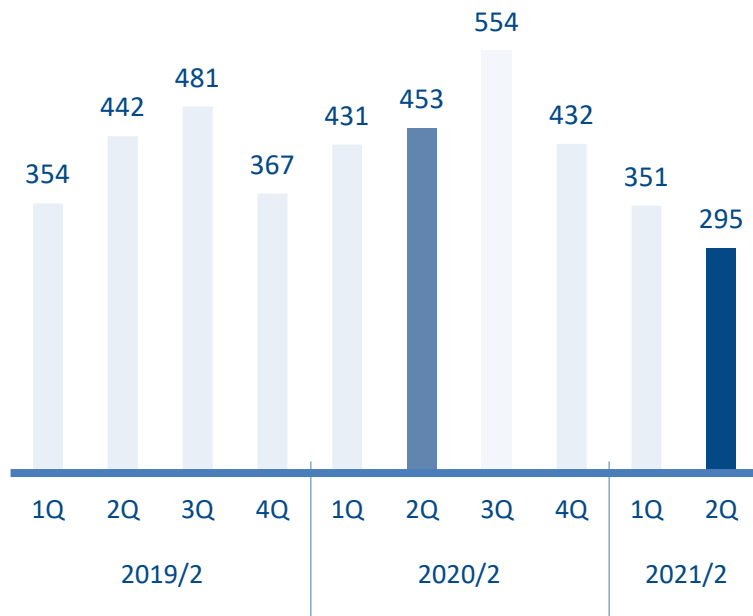


## Video Release Distribution Business (News TV)

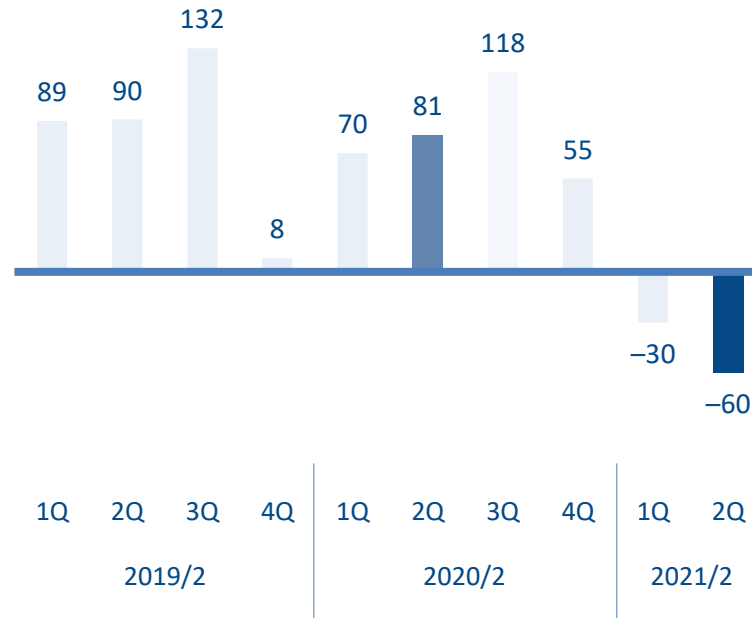
In 2Q FY2021, sales and profit decreased YoY due to sluggish advertising demand despite a rebound in corporate marketing activities.

From 3Q, VECTOR will focus on strengthening sales system and developing human resources, and work to build up orders and increase the number of video releases.

Net Sales: 295 million JPY (65.1% YoY)



Operating Loss: 60 million JPY (Down 141 million JPY YoY)

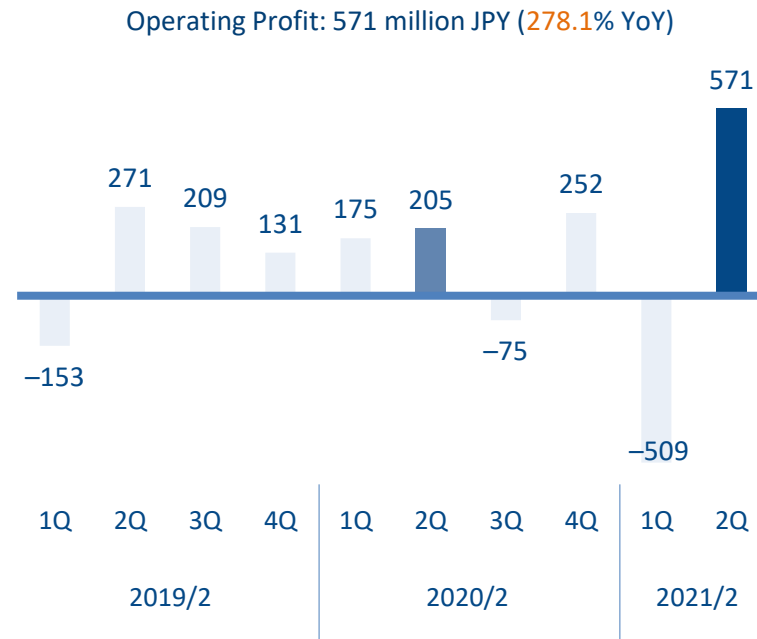
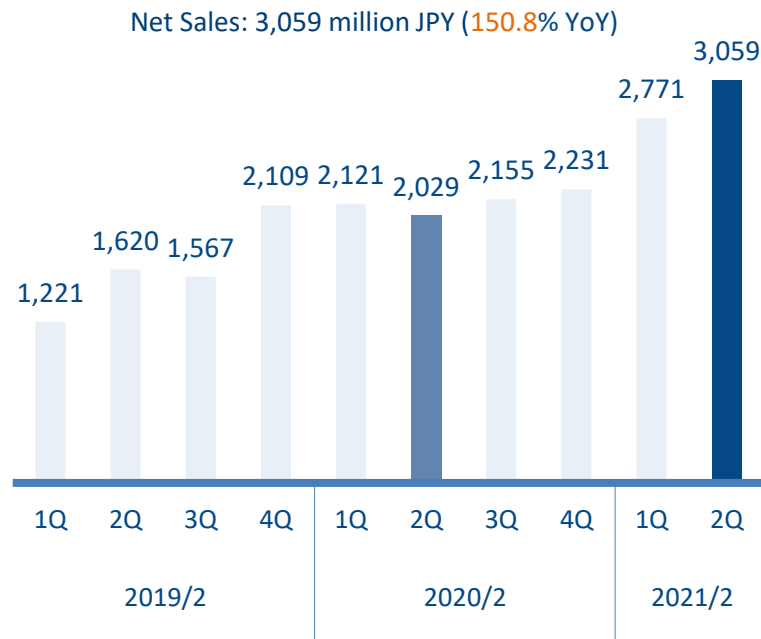




# Direct Marketing Business

In 2Q FY2021, **record highs were recorded in net sales and operating profit** due to recovery in strategic advertising investment in 1Q, as projected.

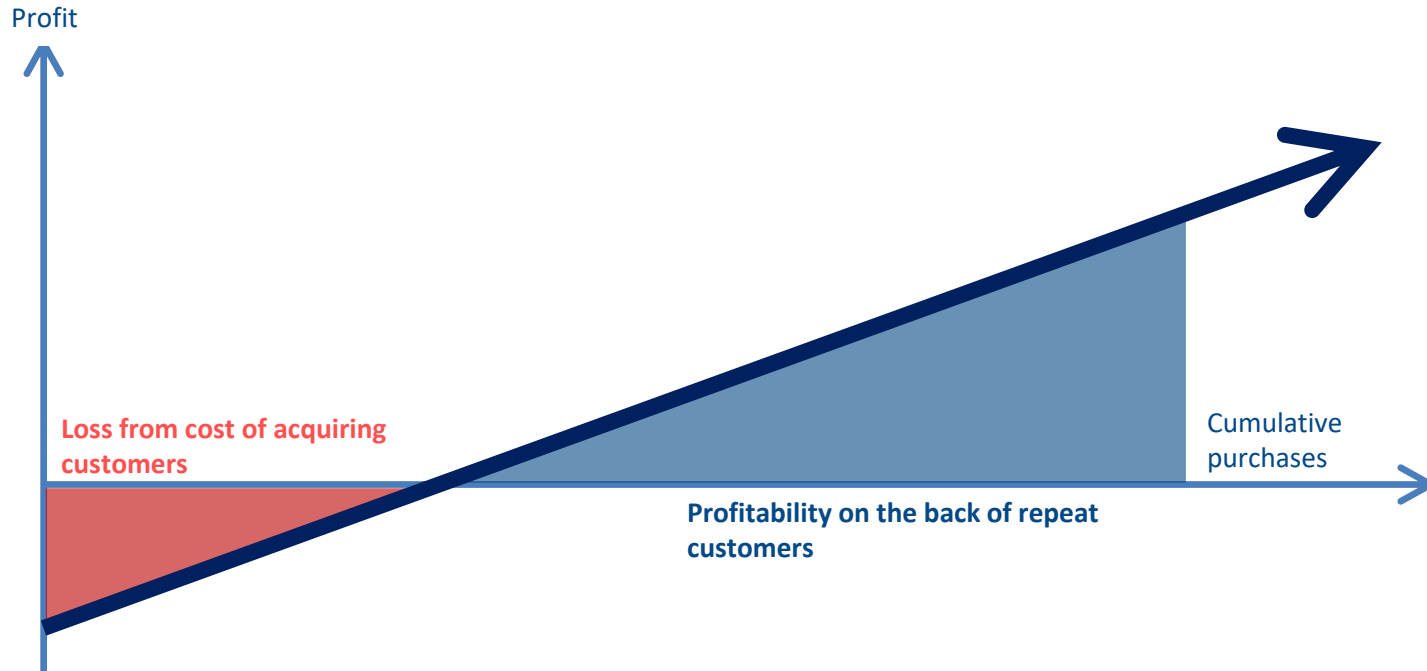
From 3Q, VECTOR forecasts a **YoY increase in operating profit on a full-year basis** despite ongoing advertising investment.



## Direct Marketing Business Model

This domain will use an **advance investment-type** business model in which investment is made in advertising to acquire new customers, and profits are increased through sales from repeat customers.

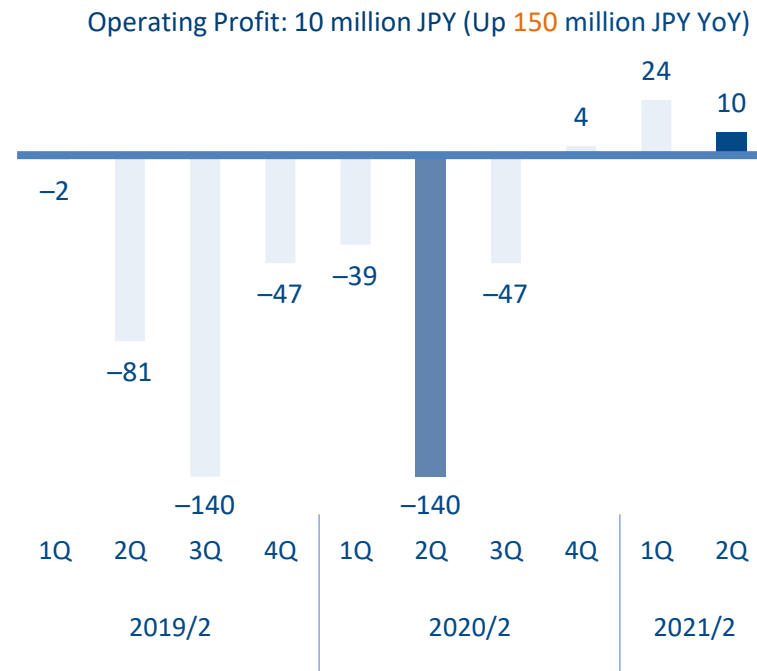
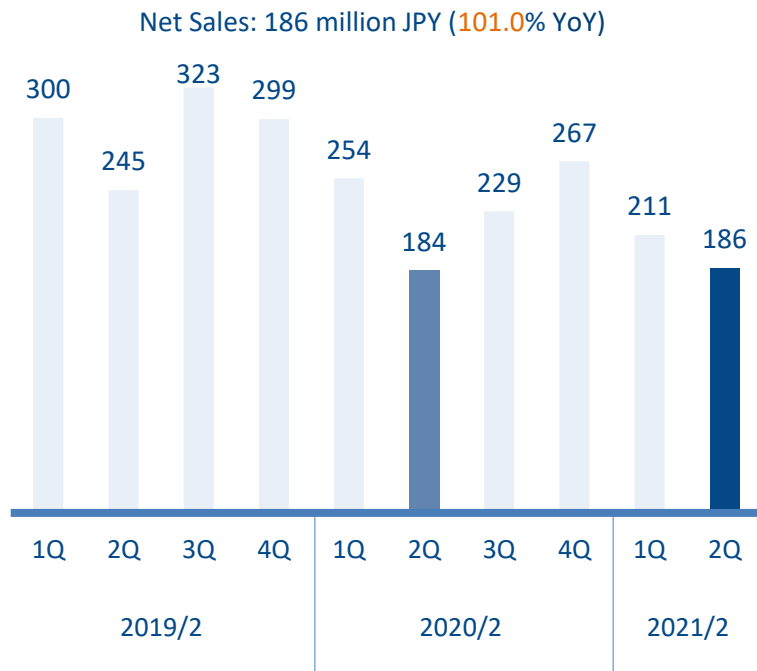
A loss will be posted initially due to costs to secure customers, but we can recover investment through repeat customers and achieve profitability once we build profits.



# Media Business

In 2Q FY2021, **profit was achieved** due to the absence of the burden of goodwill amortization from this FY coupled with a change in business structure.

From 3Q, profit is projected to rise further by significantly strengthening sales of owned media to create stable business foundations.



# Human Resources Business (ASHITA-TEAM)

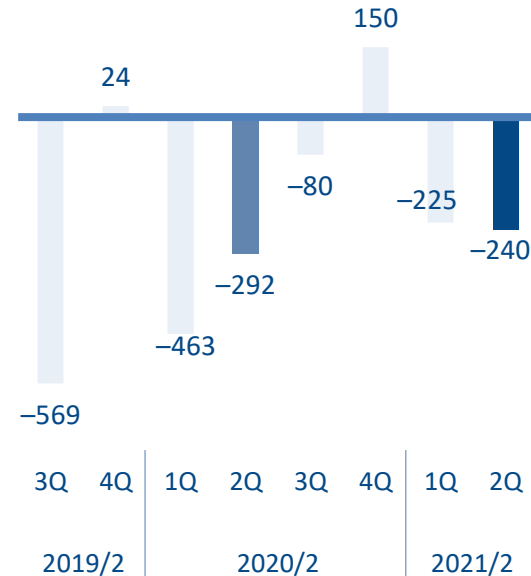
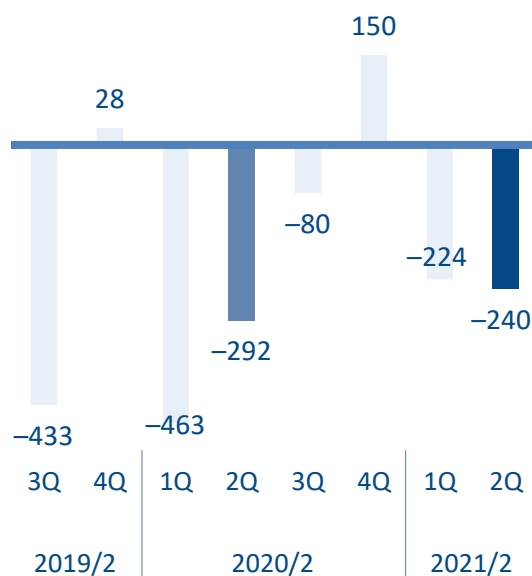
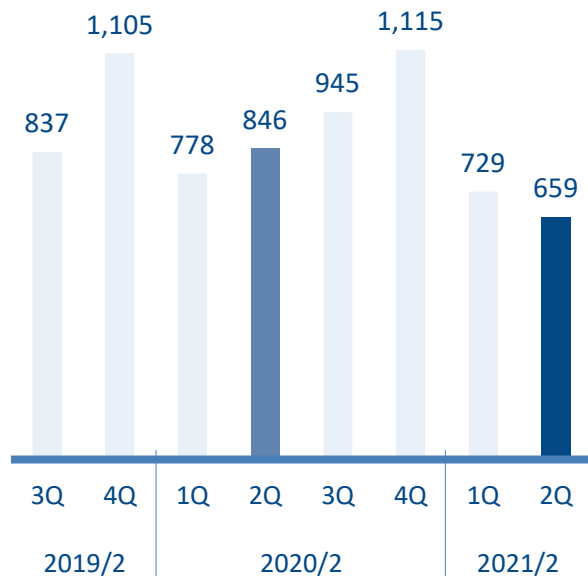
In 2Q FY2021, sales were down YoY due to a **decline in orders following deterioration in the financial position of prospective customers.**

From 3Q, VECTOR will strive to ensure recovery in performance through reduction of fixed costs by closing bases and expanding sales of SaaS-based products.

Net Sales: 659 million JPY (78.0% YoY)

EBITDA: -240 million JPY (Up 52 million JPY YoY)

Operating Loss: 240 million JPY  
(Up 51 million JPY YoY)



Note: Figures have been changed in line with corrections made to financial results in previous fiscal years.

# Human Resources Business Outlook

VECTOR will expand the subscription ratio and create stable earnings foundations by strengthening sales of SaaS-based products such as personnel evaluation cloud solutions.

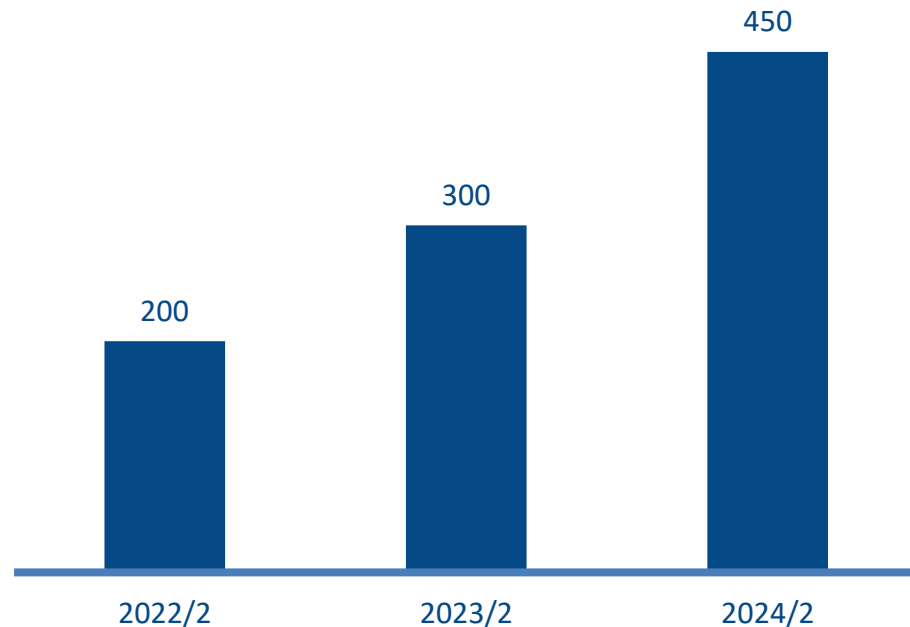
Operating profit in FY2024 is projected to climb to 450 million JPY on the back of stable profits achieved by building up subscription earnings.

## Personnel evaluation cloud “Ashita Cloud®”



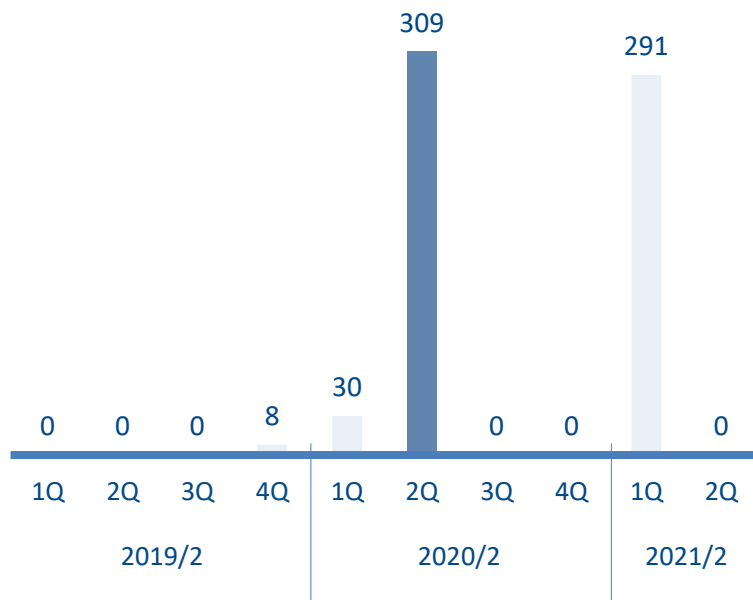
Build up subscription earnings by strengthening sales of SaaS-based products

## Operating Profit (million JPY)

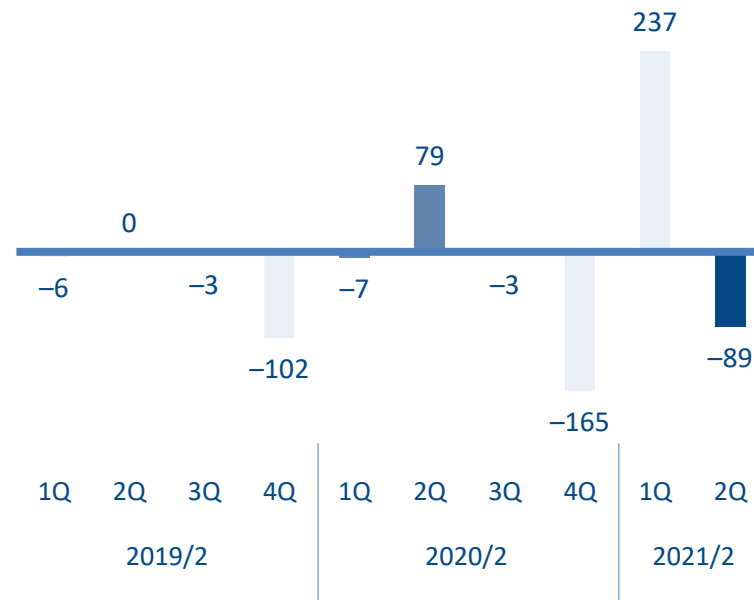


In 2Q FY2021, sales and profit were down due to the recording of **loss on valuation** mainly in stocks of investments affected by COVID-19.  
 From 3Q, VECTOR intends to evaluate and sell shares held in these investments at the appropriate timing.

Net Sales: 0 million JPY (309 million JPY YoY)



Operating Loss: 89 million JPY (Down 168 million JPY YoY)



## Consolidated Profit and Loss

| (million JPY)                         | FY '20 1H | FY '21 1H | Difference | YoY    |
|---------------------------------------|-----------|-----------|------------|--------|
| Net sales                             | 17,677    | 17,655    | -21        | 99.9%  |
| Gross profit                          | 11,335    | 11,753    | +417       | 103.7% |
| EBITDA                                | 1,577     | 908       | -669       | 57.6%  |
| Operating profit                      | 1,135     | 585       | -549       | 51.6%  |
| Ordinary income (loss)                | 1,196     | (310)     | -1,507     | —      |
| Profit (loss) before income taxes     | 696       | (306)     | -1,003     | —      |
| Loss attributable to owners of parent | (718)     | (1,182)   | -463       | —      |

# Consolidated Statement of Comprehensive Income

| (million JPY)  | FY '20 1H | FY '21 1H | Difference | YoY |
|--|-----------|-----------|------------|-----|
| Net loss   | (395)     | (860)     | -465       | —   |
| Other comprehensive income (loss)                      | (399)     | 6,067     | +6,467     | —   |
| Valuation difference on available-for-sale securities* | (365)     | 6,082     | +6,448     | —   |
| Other  | (34)      | (14)      | +19        | —   |
| Comprehensive income (loss)                            | (795)     | 5,207     | +6,002     | —   |

The main reason for the difference was the recording of a significant amount for valuation difference on available-for-sale securities in line with the listing of Cyber Security Cloud, Inc. **Sale of the Company shares contribute to an increase in net income at time of sale.**

\* Valuation difference on available-for-sale securities refers to unrealized gains/losses associated with the market value of listed stocks recorded in the net assets section.



# Consolidated Balance Sheet

| (million JPY)  | FY '20 Year End | End of FY '21 2Q | Difference | YoY Change |
|--|-----------------|------------------|------------|------------|
| Total assets   | 23,606          | 32,166           | +8,560     | 136.3%     |
| Cash and deposits  | 7,889           | 9,851            | +1,962     | 124.9%     |
| Goodwill   | 631             | 483              | -148       | 76.5%      |
| Operational investment securities<br>+ investment securities | 4,331           | 12,116           | +7,784     | 279.7%     |
| Other  | 10,753          | 9,714            | -1,038     | 90.3%      |
| Total liabilities  | 13,439          | 17,043           | +3,604     | 126.8%     |
| Borrowings + bonds   | 5,799           | 8,536            | +2,736     | 147.2%     |
| Other  | 7,639           | 8,507            | +867       | 111.4%     |
| Net assets   | 10,166          | 15,122           | +4,955     | 148.7%     |

The main factors behind the difference from the previous fiscal year-end were an increase in cash and deposits as well as borrowings due to new loans to increase cash on hand and an increase in investment securities and net assets in line with the listing of Cyber Security Cloud, Inc.

# Consolidated Statement of Cash Flows

| (million JPY)                                       | End of FY '20<br>2Q | End of FY '21<br>2Q | YoY Change | Main Reasons for YoY<br>Change  |
|---|---------------------|---------------------|------------|---|
| Cash and cash equivalents<br>at beginning of period | 6,038               | 7,884               | +1,846     |   |
| Cash flows from<br>operating activities             | 1,145               | (51)                | -1,197     | Loss before income taxes recorded<br>Increase in income taxes paid                |
| Cash flows from<br>investing activities             | 479                 | (427)               | -906       | Purchase of fixed assets<br>Decrease in gain on sales of<br>investment securities |
| Cash flows from<br>financing activities             | (1,013)             | 2,454               | +3,468     | Increased borrowing<br>Secured cash on hand                                       |
| Cash and cash equivalents<br>at end of period       | 6,646               | 9,846               | +3,200     | Based on increase/decrease in cash<br>flows for the items above                   |

# Revisions to Financial Forecasts

---

Full-year financial forecasts for FY2021 announced within a range on April 22, 2020 were revised on November 13, 2020 in light of the impact of COVID-19 on the Company up to this point, with all projections given at the lower limit of the range.

## Details of Revisions to Financial Forecasts

| Full-Year Financial Forecast for FY '21<br>(million JPY) | Initial Forecast<br>(April 22, 2020) | Revised Forecast<br>(November 13, 2020) | Difference       | (Ref.)<br>FY '21 1H<br>Results |
|--|--------------------------------------|---|------------------|--------------------------------|
| Net sales  | 37,000–<br>44,800                    | 37,000                                  | 100.0%–<br>82.6% | 17,655                         |
| Operating profit   | 2,300–<br>3,850                      | 2,300                                   | 100.0%–<br>59.7% | 585                            |
| Ordinary income (loss)                                   | 2,300–<br>3,850                      | 2,300                                   | 100.0%–<br>59.7% | (310)                          |
| Profit (loss) attributable to<br>owners of parent        | 630–<br>1,700                        | 630                                     | 100.0%–<br>37.1% | (1,182)                        |

VECTOR has decided to disclose forecasts in the form of a range rather than a concrete amount given future uncertainty in economic activities worldwide due to the COVID-19 pandemic. All full-year forecasts have been given at the lower limit of the range in light of recent results and market trends based on the impact of COVID-19.

## Medium-term Profit Plan

| Medium-term Profit Plan<br>(million JPY) | FY '20<br>(Results) | FY '21<br>(Target) | FY '22<br>(Target) | FY '23<br>(Target) |
|--|---------------------|--------------------|--------------------|--------------------|
| EBITDA*                                  | 3,766               | 2,940              | 5,460              | 6,590              |
| Operating profit                         | 2,891               | 2,300              | 4,820              | 6,000              |

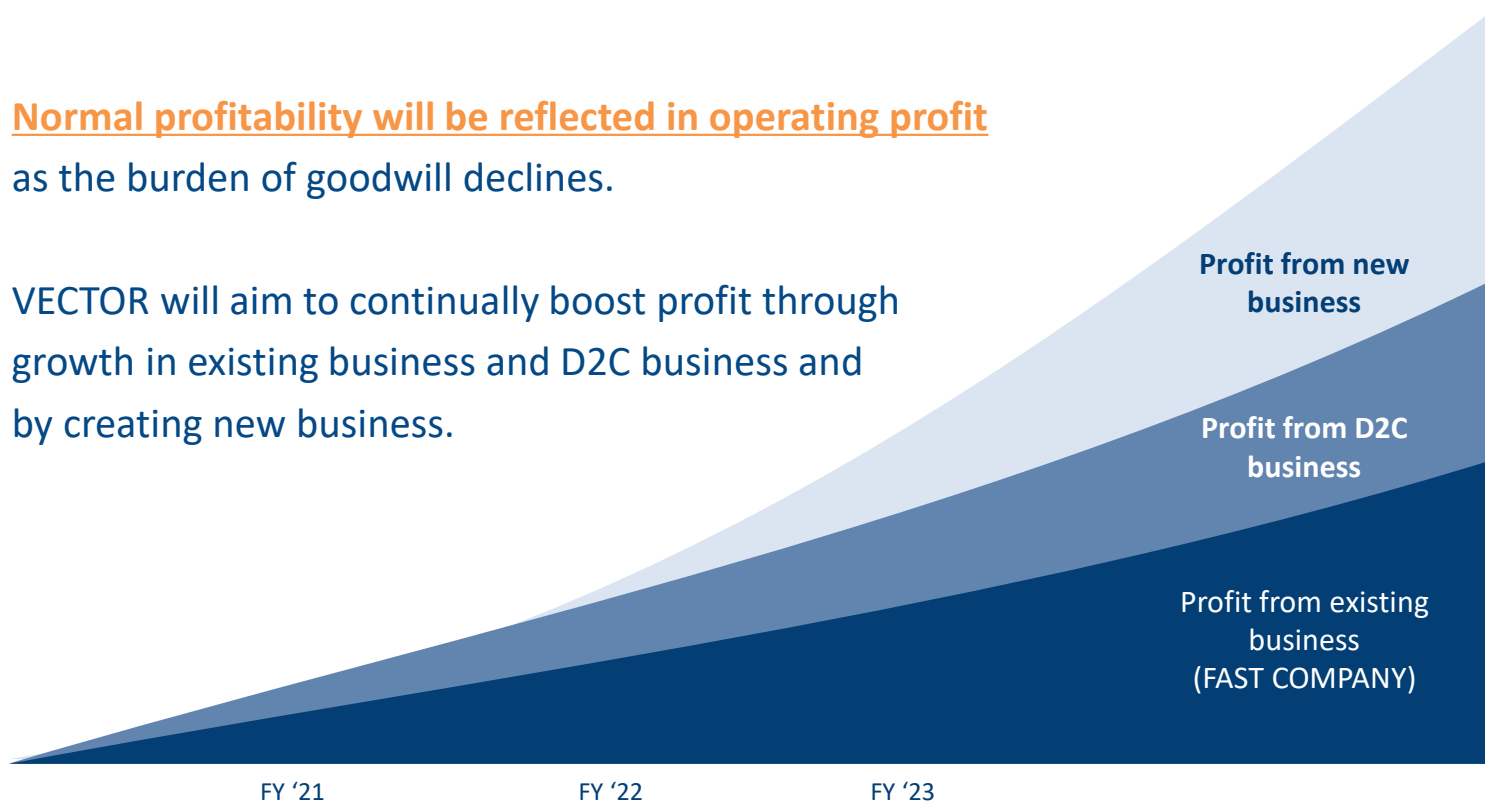
- Target figures have been revised as full-year financial forecasts have been placed at the lower limit of the range for FY2021.
- The forecast for EBITDA for FY2021 and beyond has been revised due to a decline in goodwill amortization caused by the impairment of goodwill.
- VECTOR's dividend policy is to ensure a consolidated dividend payout ratio for shareholders aimed at 20%.
- Dividends for FY2021 have yet to be determined.

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

### Normal profitability will be reflected in operating profit

as the burden of goodwill declines.

VECTOR will aim to continually boost profit through growth in existing business and D2C business and by creating new business.



# Company Strategy



# From #1 PR Firm...

PR market in Japan worth 100 billion JPY



...to a Fast Company in  
Advertising Industry

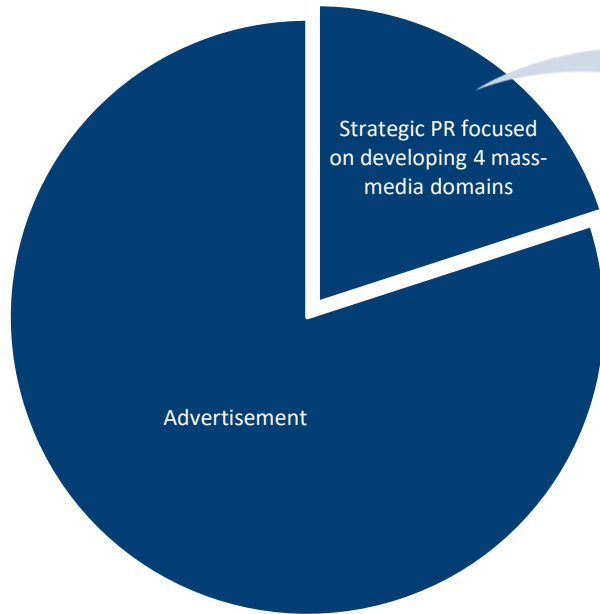
Target advertising market worth 6 trillion JPY

# Advertising industry disrupter

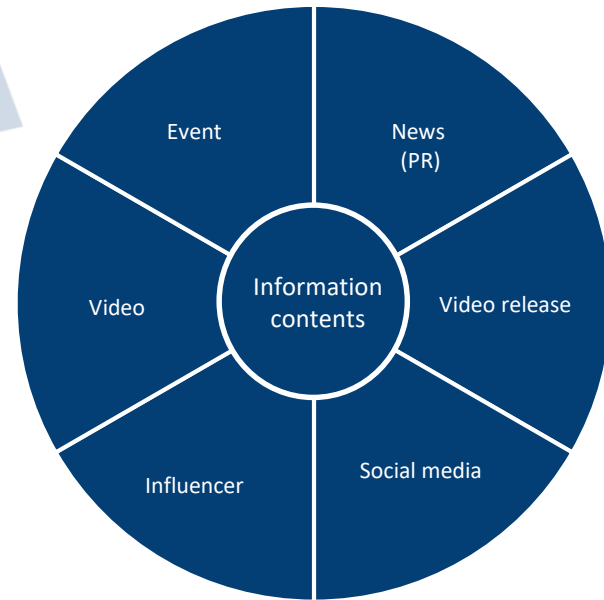
“Low Cost” “Middle Quality” “Speedy”

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

# Shift in Advertising Strategy

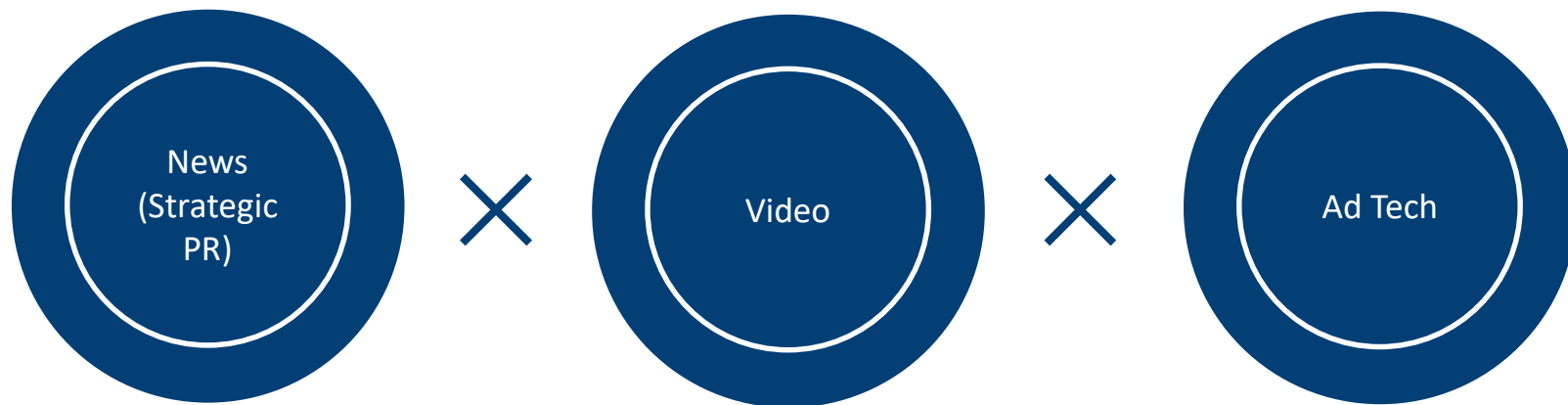


Run ad on TV and in newspaper/magazine using press conference and news release, etc.



Promote communication with a focus on developing content for PR ideas

Next-generation communication that delivers Content to target segments using Information Communication Infrastructure and Ad Technology



# “Spreading the word” at about 10% of traditional model’s cost

| Celebrity Casting  |   |  |   |  |   |
|--|---|--|---|--|---|
| Cast celebrities for content including Websites, Online Videos and Events.   |   |  |   |  |   |
| Press releases   | PR Consulting   | Video News   | Influencers   | Digital Marketing  | Digital Signage   |
|  <p>#1 press release service in Japan with 40,000 clients. Used by 40% of public-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<br/><b>ANTIL</b></p> <p>vector<br/><b>Platinum</b></p> <p>vector<br/><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 and using a CMS platform for integrated management.</p> <p><b>カンパニ-TV NEWS TV</b></p> |  <p>Support corporate service/product branding through SNS influencers.</p> <p><b>Starbank</b></p> |  <p>Integrated support from website production and system creation to digital promotion; can also handle ad distribution, owned media creation and operation, and production of PR/IR videos.</p> <p>vector<br/><b>SIGNAL</b></p> <p><b>Smartmedia</b></p> <p><b>NT IR robotics</b></p> |  <p>VECTOR provides strong support for a client’s next-generation communication using Tokyo’s largest volume of digital signage and digital out-of-home (DOOH) media.</p> <p><b>GROWTH</b></p> <p>vector<br/><b>DOOH</b></p> |

JPY 0

JPY 50 Million/Year

## Expand service domain via “FAST COMPANY”

1  
Video News

Produce and deliver video news made from a PR standpoint direct to a target audience as next-generation communication

2  
Hiromeru

Sale of various services online for existing businesses such as PR TIMES, video release, TV PR, and social media-based strategic celebrity casting

3  
Celebrities

Achieve celebrity castings for content such as website and event to improve sales per customer

4  
New Business

Expand new business such as by providing new IoT signage to taxis in the Minnano Taxi fleet, one of the largest in Tokyo



# Video News

Next-generation style of communication to spread the word

Produce and deliver video news made from a PR standpoint direct to a target audience as next-generation communication

The spread of information has traditionally started with the distribution of a press release.



Distribution of press release

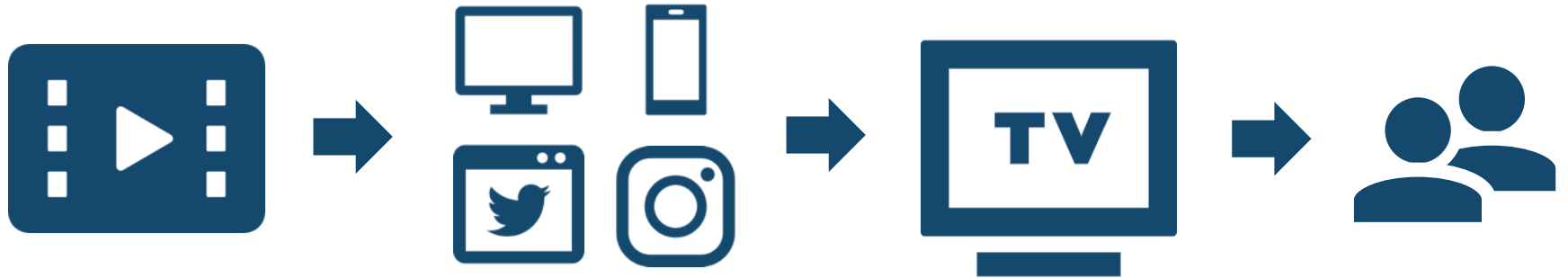


Introduction on TV program



To consumers through the media

We are now moving into an era in which companies and individuals spread information via video news



Deliver news through video

Spread on social media to make hot topic

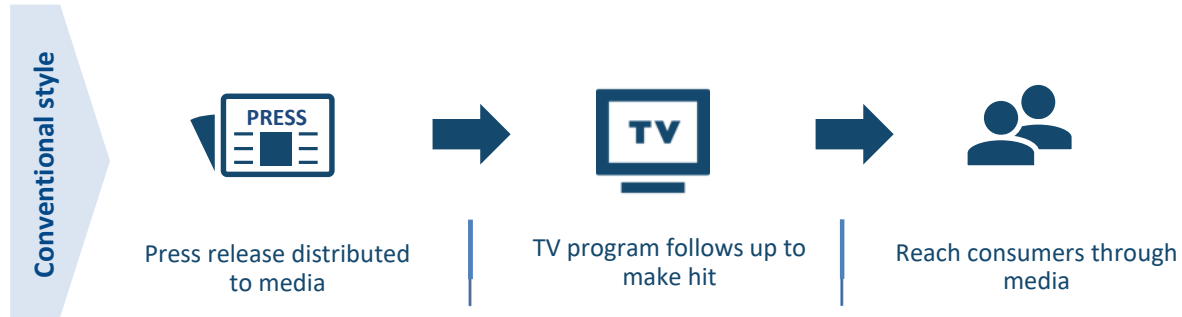
Post on TV program and other media

Reach consumers again

# Past vs Future Information Dissemination

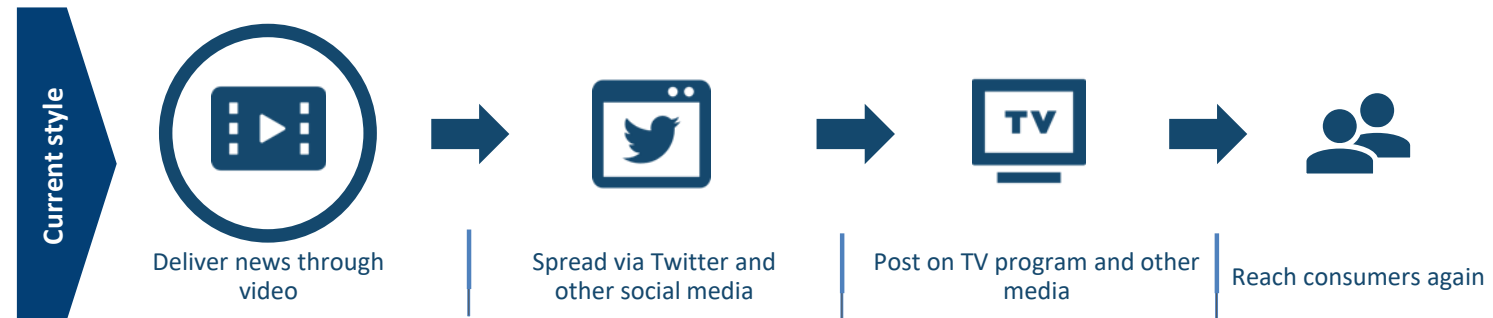
## Information dissemination based on press release

B to B to C



## Information dissemination based on video news

B to C to B to C



# Case: Company TV Launch (Text)

報道関係各位



2020年7月20日  
株式会社ベクトル

動画ニュース×TV型オウンドメディアで  
企業の動画型コミュニケーションを実現するパッケージ提供開始

# カンパニー-TV

～動画ニュースで会社をもっと広めよう～  
<https://company-tv.net>

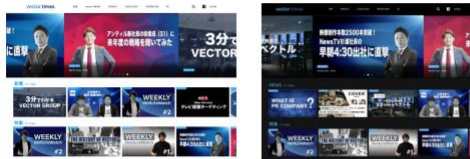
株式会社ベクトル（本社：東京都港区、代表取締役：長谷川創、東証1部：6058、以下ベクトル）は、動画型オウンドメディアを起点に、企業の動画型コミュニケーションを実現するパッケージ「カンパニー-TV」（<https://company-tv.net>）の提供を、2020年7月20日（月）より開始いたします。また、本サービスの第一弾事例として当社のオウンドメディア「vector times」（<https://vector-times.com>）を本日より公開いたします。



カンパニー-TVは、動画型CMSプラットフォーム（カンパニー-TVクラウド）とPR視点での動画コンテンツ制作を掛け合わせ、企業の動画型コミュニケーションを実現するパッケージサービスです。動画型オウンドメディアの開発から動画ニュースの企画、撮影、編集、社内外のステークホルダーへの配信までワンストップで提供します。

## Point1 動画型CMSプラットフォーム（カンパニー-TVクラウド）

映画、番組配信サイトのように、企業が自社の動画ニュースを並べたオウンドメディアを所有することが可能です。HPやプレスリリースだけでは伝わらなかった企業のタイムリーでリアルな情報を、動画型オウンドメディアを起点に、社内外のステークホルダーに一括配信することができます。



※2色のデザインフォーマットより選択可能

## Point2 企業のニュースを動画化・配信

これまで、テキストと写真を使って発信することが多かった企業のニュースを動画化。ニュースバリューを高めるためにPRのプロフェッショナルたちがコンテンツの企画からタイトル付けまでPR目線でトータルプロデュースし、適切なステークホルダー（消費者/メディア/株主/就職希望者/社員）に配信していきます。



※動画ニュースのサムネイルイメージ

## Point3 アーカイブ動画制作および映像制作の内製化支援

動画ニュースだけでなく、サービス紹介動画、会社の歴史動画など、アーカイブとして活用できる映像制作も実施可能。また、ベクトルグループが持つ制作ノウハウを提供し、企業の映像制作の内製化支援も行います。



※アーカイブ動画のサムネイルイメージ



## Point4 社内外報・オウンドメディア

社外報として活用するだけでなく、ログイン機能搭載で指定コンテンツに関しては、社員のみに限って公開することも可能です。人事情報やトップメッセージ、社内ナレッジ共有など、全ての情報を動画で簡単に伝えることができます。メールやテキストの社内報では伝わらなかった新しいインナーコミュニケーションを始めましょう。

<オウンドメディアパターン>

| システム名          | 動画型オウンドメディア<br>「カンパニー-TVクラウド」 | 社内向けオウンドメディア<br>「ザ・社内報」 |
|----------------|-------------------------------|-------------------------|
| デザイン<br>テンプレート |                               |                         |
| システム利用料        | 7万円/月                         | 6万円/月                   |

## 【株式会社ベクトル 会社概要】

会社名 : 株式会社ベクトル  
 住所 : 東京都港区赤坂 4-15-1 赤坂ガーデンシティ 18F  
 設立 : 1993年 3月 30日  
 代表者 : 長谷川 創  
 事業内容 : PR 事業、プレスリリース配信事業、ビデオリリース配信事業、ダイレクトマーケティング事業、メディア事業、HRTech 事業、デジタルマーケティング事業、インベストメントベンチャー事業 等  
 URL : <https://vectorinc.jp/>

<報道関係者からのお問い合わせ先>

株式会社ベクトル グループ広報 担当：岡本・安間・藤原  
TEL : 03-5572-7306 / FAX : 03-5572-6065 E-MAIL : [koho@vectorinc.jp](mailto:koho@vectorinc.jp)



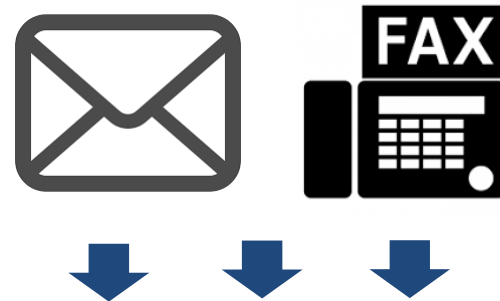
# Result: Company TV Launch (Text)

## Post on in-house media

## PR TIMES

4,337 views

## Publicity



3 types of media

## Case: Company TV Launch (Video)



# Result: Company TV Launch (Video News)

## Post on in-house media

25,000 views

1,000 views

21,000 views

47,000 views

Vector Group (ベクトルグループ)  
2020年 19:00

vector times

24,660  
1 - 再生した人数

4,607  
エンゲージメント数

投稿を宣伝

みんな、 他190人 シェア774件

今田美桜がベクトルの広報担当に就任！  
動画型コミュニケーションサービス「カンパニーTV」を新発表！

オ今田美桜がベクトルの広報担...

ベクトルが動画型コミュニケーションサービス開始！

皆さん  
こんにちは！

今田美桜がベクトルの広報担当に就任！動画型コミュニケーションサービス「カンパニーTV」を新発表！

20,901 回視聴 • 2020/07/20

35 0 共有 保存 ...

## Organic dissemination of content

140,000 or more views

miomiofan.35 • フォローする

再生7.8万回

mio03050305 • フォローする

再生2.9万回

S @r\_skids • 7月31日  
この今田美桜可愛いすぎ🍷  
#今田美桜

1.2万回再生済み

13 85

## Advertisement

Person in charge of marketing & PR

Retarget website visitors

facebook 100,000 JPY  
16,000 views

Instagram 150,000 JPY  
92,000 views

Twitter 150,000 JPY  
130,000 views

YouTube 100,000 JPY  
19,000 views

500,000 JPY investment  
257,000 views



## Video content

### Long content

- Live distribution
- Press conferences
- Interviews
- Seminars
- Documentaries
- Programs

## Trailer



### 1–3 minute video news



### Appealing Domains to People (Knowhow as a PR company)

- Conflict
- Celebrity
- Beautiful person
- New info.
- Anniversary
- How to
- President
- World-first
- Surprise
- Selfie
- Challenge
- Collaboration
- Current events
- Comment
- Event
- Popular
- Live content
- Empathy

etc.

## Distribution

### Organic video distribution

- Media list
- Social media account
- Sales leads
- In-house (newsletter tools)
- Recruitment (Wantedly, etc.)
- Media (CompanyTV)

### Video advertising distribution

- YouTube advertising
- Social media advertising
- Taxis
- DOOH advertising
- Media ad space

## Community-building

Continuous distribution

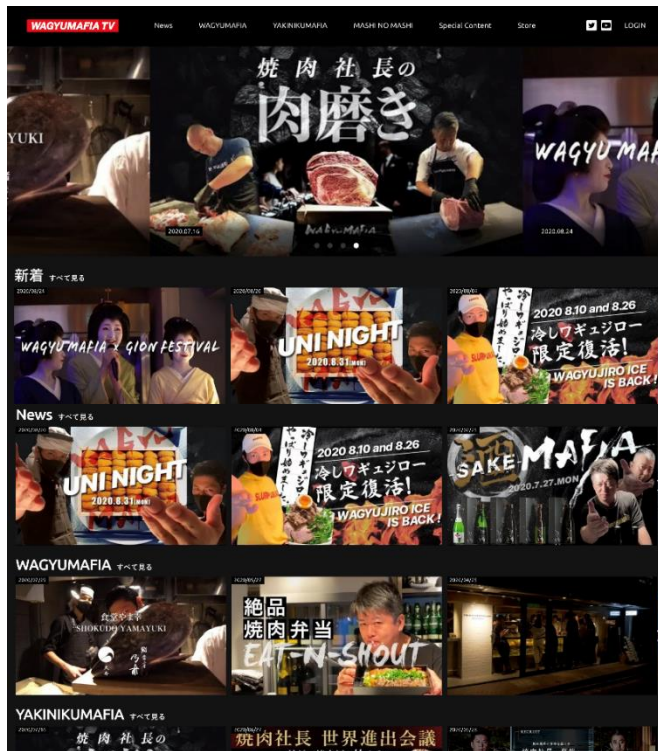


Distribution when needed



New community

Deliver video news en masse to stakeholders with video owned media as hub



Implementation of a CMS platform enabling video management and distribution to various media

## CMS Platform



Image of functions  
(Under development)

Centralized account  
management

Reach analysis

Organic ad/distribution



Post to owned media

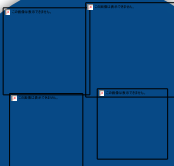


Post to channel  
Ad distribution



LINE 公式アカウント

Post to social media  
Ad distribution



Media distribution



Distribute company  
newsletter with  
in-house tools



Other

## 2 Hiomeru

### Ad industry e-commerce sites

Increase efficiency in sales processes by creating a platform enabling online ordering of VECTOR Group's PR menu

The efficiency of the sales process will be boosted by securing orders online for PR news.



We can capture potential needs by showcasing successful strategic PR plans.


そのビジネスをネットで広めよう

ヒロメルとは
コンサルタントに相談する
ログアウト
2 相談カート

ヒロメルメニューから選ぶ ▼

目的から探す ▼

ヒロメルTOP > PRマーケティング > PRプラン

## 『HR業界No.1』を達成したタレント起用のメジャーブランディング戦略とは

概要
プロジェクト背景
活動成果
レビュー (お客様の声)



PRプラン
toxi Pro

参考価格 **¥ 10,000,000~**

---

ヒロメル目的 ブランディングがしたい

---

内容 ミニマムパッケージと合わせ、高圏内の見込み客や興味関心のある人にビデオリリースを活用

---

このパッケージで利用したヒロメルメニュー

書籍
ミニマムパッケージ
タクシー広告
SNS運用

ビデオリリース
リテナーPR
書籍

🛒 このプランを相談カートに入れる



広告費「0円」、TVPRで広告換算10億円以上の一大ブームへ！

なぜ「あしたのチーム」はHR業界No.1になったのか！？タレント起用のマーケティング戦略

相談カートを見る (2点)

# 3 Celebrities

## Celebrity casting

Increase unit price per customer by casting celebrities who are a good fit for the client company's products and services.

## Build trust and sense of being a major player by casting celebrities

Example: Roots Corporation



Top page of corporate website



Corporate promotional video

Example: SYLA Co., Ltd.



Top page of corporate website



Corporate promotional video

Example: GOOD LUCK Inc.



Top page of corporate website



Corporate promotional video

Example: X-Mobile, Co., Ltd.



Top page of corporate website



Corporate promotional video



## New **4** Business

### Creation of new businesses to expand service domain

Use knowhow from taxi signage business to grow service domains and start new businesses that leverage Group synergies and partner strengths.

Sales of RICA FROSH “juicylibtint” featuring Yuka Furukawa **topped 500,000 units in eight months since launch.** Initial sales of the second product in the series, RICA FROSH “LAGTHOMAS KIT,” commenced on the company’s official website on November 12, 2020



Yuka Furukawa is a charismatic persona and is popular among teenagers. She commands 1.48 million YouTube subscribers and 1.9 million Twitter and Instagram followers.



The six colors in the Juicy Lasting Tint series have remained popular ever since they hit the market.

Colorful Tails, Inc. was established with the main business of developing content for hyper casual games with a focus on their growth potential as media from the perspective of advertising revenue.



Colorful Tails

Examples of titles released



KetchupMaster



MenthosCola



MadeYouLook



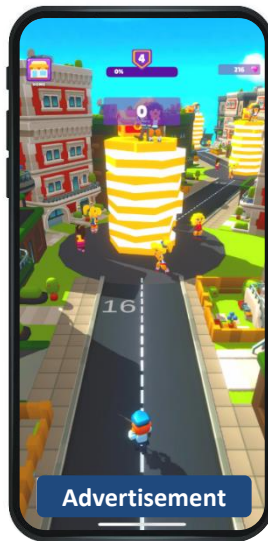
ThankYouOffice



VacuumRun



DeliveryRun!



Banner

In-game advertising



Video reward



Interstitial

# VECTOR Group's Communications Infrastructure

Provide more opportunities for client content to catch the eye of consumers and maximize advertising effectiveness by leveraging the communications infrastructure VECTOR Group has built up.

## DOOH

Two most popular display screens in Shibuya and Shinjuku



## Beauty Salon Signage

Only high-end salons in Tokyo

**80** stores/**1,000** units



## Taxi Signage

Number of signage units installed in taxis in Tokyo

**11,000**



## Hyper casual games

Pages of advertisements increase significantly based on the number of apps installed



## ChargeSPOT

Number of units nationwide

**12,000** or more



Client

VECTOR entered the sales tech field in order to provide comprehensive support for customer sales activities given the impact of COVID-19.

Atareru, launched in September 2020, is a subscription-based cloud service aimed at securing customer leads.






Atareru is a subscription-based cloud service supporting inside sales and field sales

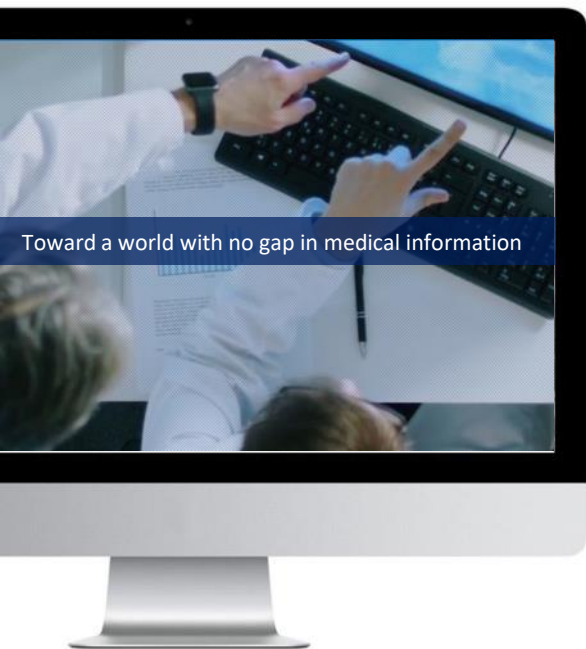
|   |  |
|---|--|
| <p><b>01</b></p>  <p>BtoB向けのWEBサイトに<br/>来訪した<br/>企業情報を表示</p> | <p><b>02</b></p>  <p>約160万社の企業DBにより<br/>営業リストを<br/>作成可能</p> |
| <p><b>03</b></p>  <p>広告配信や電話、FAX、メール等の<br/>アプローチが<br/>可能</p> | <p><b>04</b></p>  <p>インサイドセールス等の<br/>進捗状況管理が<br/>可能</p>     |

## Background to Entry into New Service Area

We aim to provide new services that are ahead of the times by combining VECTOR Group's customer base and marketing communication capabilities with the strengths of partner companies.

|                   |   |    |   |
|-------------------|--|--|--|
| Customer issue    | Challenges include improving labor shortage in the medical field through digitalization and boosting the efficiency of gathering highly reliable medical information | Challenges include effective data utilization and privacy protection in line with issues surrounding the handling of personal data | Challenges include the time required to edit videos and the lack of human resources in-house who are proficient at editing |
| Partner           | Business Intelligence Inc.   | Intimate Merger, Inc.  | Sony Network Communications Inc.   |
| Partner strengths | Marketing  | A leading DMP specialist with one of the largest databases in Japan, boasting data for 470 million audience members                | Advanced technologies such as AI and IoT within the Sony Group   |
| Service provided  | "MEDICAL STATION" online lecture platform specializing in the medical industry   | "Trust 360," a management platform for user consent of personal data, etc.   | "SoVeC Smart Video" automatic video generation cloud service utilizing AI  |

Medical Technologies, Inc. was established to resolve issues in the medical industry through DX. Plans are in place to launch the online lecture platform “MEDICAL STATION” specializing in the medical industry in winter this year.



### Features of MEDICAL STATION

01

#### One-stop support from management office

Centralized management, from venue arrangements on the day and equipment arrangement and management to registration and follow-up

02

#### Industry-specific online functions

A finely-tuned system implementing the functions pharmaceutical and medical device manufacturers want to realize

03

#### Database creation and marketing support

Build a database specializing in behavioral information and apply it to marketing support

04

#### Online, real-time support (*Under development*)

Management of registration and membership not only for online but also in-person lectures

Going forward, the “privacy tech market” is forecast to expand alongside growing needs for handling personal information within data volumes. Priv Tech, Inc., a joint venture with Intimate Merger, Inc., was established in March 2020 in anticipation of market expansion.



CMP JS

1

Consent management tag generation



CMP Manager

2

Consent management



CMP CDP/BI

3

Consent level analysis

As a first solution, the company started providing “Trust 360,” a management platform for user consent of personal data, etc. “Trust 360” builds trusting relationships between consumers and CMP companies that can obtain consent regarding the acquisition and use of personal data when required without obtaining the data unnecessarily online. The service is also used by companies to ensure compliance with the Act on the Protection of Personal Information, violations of which will be subject to severe penalties in the future.



SoVeC launched a virtual exhibition platform using the latest VR technology in July 2020 and the XR CHANNEL service to display AR in everyday space using VPS\* technology in August 2020.

Virtual exhibition



People can easily take part in a virtual exhibition via PC or smartphone as the events can be held online on a web browser.

XR CHANNEL



XR CHANNEL, jointly developed with KDDI, is Japan's first 3D-mapping AR app that transforms urban settings and information using powerful AR.

\* VPS: Visual Positioning Service is a service in which one's surroundings are identified using images from the camera mounted on a smartphone, etc.

# Investment Performance

---

Supporting corporate growth through investment and PR/IR (total of 18 IPOs)  
Headwaters was listed on September 28, 2020, bringing the number of IPOs to three this fiscal year

| Date of listing    | Company name   |                             | Market      |
|--------------------|--|-----------------------------|-------------|
| September 28, 2020 |  <b>Headwaters</b>                  | Headwaters Co., Ltd.        | TSE Mothers |
| July 7, 2020       |  <b>BRANDING<br/>ENGINEER</b>       | Branding Engineer CO., LTD. | TSE Mothers |
| March 26, 2020     |  <b>CSC</b><br>CYBER SECURITY CLOUD | Cyber Security Cloud, Inc.  | TSE Mothers |



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.