

Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

[Japanese GAAP]

Company name: Vector, Inc.
 Securities code: 6058
 Representative: Keiji Nishie, Chairman and Representative Director
 Contact: Yosuke Goto, Director and CFO
 Scheduled date of Annual General Meeting of Shareholders:
 Scheduled date of filing of Annual Securities Report:
 Scheduled date of dividend payment:
 Preparation of supplementary materials for financial results:
 Holding of financial results meeting:

Listing: Tokyo Stock Exchange
 URL: <https://www.vectorinc.co.jp/>

Tel: +81-3-5572-6080
 May 26, 2022
 May 27, 2022
 May 27, 2022
 Yes
 Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 1, 2021 – February 28, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2022	47,351	27.0	5,248	126.8	5,201	85.9	2,071	325.4
Fiscal year ended Feb. 28, 2021	37,273	1.2	2,314	(19.9)	2,797	(15.8)	486	-

Note: Comprehensive income Fiscal year ended Feb. 28, 2022: 1,584 million yen (down 67.3%)
 Fiscal year ended Feb. 28, 2021: 4,850 million yen (-%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2022	43.46	-	17.1	16.9	11.1
Fiscal year ended Feb. 28, 2021	10.21	-	5.0	10.4	6.2

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 28, 2022: 38 million yen
 Fiscal year ended Feb. 28, 2021: (201) million yen

Note: Diluted earnings per share is not presented because there were no latent shares with a dilution effect despite the existence of latent shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2022	31,575	16,178	39.2	259.38
As of Feb. 28, 2021	30,057	14,854	39.4	248.38

Reference: Shareholders' equity As of Feb. 28, 2022: 12,365 million yen As of Feb. 28, 2021: 11,841 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2022	4,672	(1,002)	(1,060)	13,522
Fiscal year ended Feb. 28, 2021	2,129	644	209	10,852

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 28, 2021	-	0.00	-	2.00	2.00	95	19.6	1.0
Fiscal year ended Feb. 28, 2022	-	0.00	-	13.00	13.00	619	29.9	5.1
Fiscal year ending Feb. 28, 2023 (forecast)	-	0.00	-	18.00	18.00		28.6	

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2023 (March 1, 2022 – February 28, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	24,890	13.5	2,070	(10.0)	2,020	(5.3)	900	44.6	18.88
Full year	53,100	12.1	6,200	18.1	6,100	17.3	3,000	44.8	62.93

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

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

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

(3) Number of issued shares (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Feb. 28, 2022: 47,936,100 shares As of Feb. 28, 2021: 47,936,100 shares

2) Number of treasury shares at the end of the period

As of Feb. 28, 2022: 262,061 shares As of Feb. 28, 2021: 262,013 shares

3) Average number of shares during the period

Fiscal year ended Feb. 28, 2022: 47,674,047 shares Fiscal year ended Feb. 28, 2021: 47,674,137 shares

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Per Share Information” on page 21 of the attachments for further information.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 1, 2021 – February 28, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2022	5,156	16.0	323	146.2	1,024	(55.7)	1,798	230.7
Fiscal year ended Feb. 28, 2021	4,446	(13.4)	131	(50.3)	2,313	198.4	543	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended Feb. 28, 2022	37.72	-
Fiscal year ended Feb. 28, 2021	11.41	-

Note: Diluted earnings per share is not presented because there were no latent shares with a dilution effect despite the existence of latent shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2022	9,265	4,982	53.8	104.50
As of Feb. 28, 2021	9,178	3,270	34.8	67.08

Reference: Shareholders' equity As of Feb. 28, 2022: 4,982 million yen As of Feb. 28, 2021: 3,197 million yen

* The financial report is not subject to audit by certified public accountants or auditing firms.

* Appropriate use of business forecast and other special items

Forecasts regarding future performance in this material are based on information currently available to Vector and incorporate a variety of uncertainties.

Actual performance may differ from these forecasts for a number of reasons including changes in internal or external factors affecting business operations. Please refer to “Results of Operations” on page 2 of the attachments regarding the forecasts shown in this material.

Vector released its information meeting presentation of results of operations today (April 14, 2022) and plans to post a video of this meeting on its website on April 19, 2022.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	5
(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	6
2. Basic Approach to the Selection of Accounting Standards	7
3. Consolidated Financial Statements and Notes	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Statements of Income and Comprehensive Income	10
Consolidated Statement of Income	10
Consolidated Statement of Comprehensive Income	11
(3) Consolidated Statement of Changes in Equity	12
(4) Consolidated Statement of Cash Flows	14
(5) Notes to Consolidated Financial Statements	16
Going Concern Assumption	16
Segment and Other Information	16
Per Share Information	21
Subsequent Events	22

1. Overview of Results of Operations

(1) Results of Operations

1) Fiscal year ended February 28, 2022

During the fiscal year that ended in February 2022 (hereinafter the “current fiscal year”), the Japanese economy has been showing signs of recovery as the number of infections decreased due to progress with vaccinations and as benefits of government measures to support the economy emerged. However, the outlook for the economy remains unclear because of worries about the omicron variant.

In Japan’s advertising industry, according to “2021 Advertising Expenditures in Japan” announced by Dentsu Inc. in February 2022, advertising expenditures in Japan increased 10.4% to 6,799.8 billion yen in 2021 (from January to December). The advertising market in Japan expanded at a double-digit pace due to a strong recovery along with the decline in the impact of the pandemic. Internet advertising expenditures continued to grow, increasing 21.4% to 2,705.2 billion yen and surpassing total expenditures in the “big four” mass media (television, radio, magazines and newspapers).

The Vector Group continued to focus on operating as a “fast company” that is a one-stop source of comprehensive support for marketing strategies with the goal of making people aware of the outstanding products, services and other attributes of our clients. To accomplish this goal, we strengthened highly effective services, chiefly digital services, and all group companies conducted extensive sales and other activities primarily involving our current clients.

We are using many activities to start and expand new services for supporting marketing strategies that make people aware of the outstanding attributes of our clients. To provide services that look ahead to emerging needs, we partnered with DM Solutions Co., Ltd. to establish Performance Technologies, Inc. which operates a performance marketing business, in March 2021. The new company provides market creation digital marketing with integrated activities extending from the identification of needs that are currently hidden to the acquisition of new customers. In April 2021, Vector subsidiary Cyber Security Bank, Inc., which operates a cyber security business, started a training service called Information Leak Preventer that is provided to companies to increase their employees’ vigilance regarding cyber security. In May 2021, we started operating an e-commerce website for the advertising industry called Hilomel. This new service allows selecting activities for disseminating information about products and services from a variety of methods with proven success. In September 2021, News Technology, inc., which operates a taxi signage business, and Cosodo Inc., a marketing company that operates smoking areas using the “THE TOBACCO” brand, started jointly providing a smoking area signage media called “The Smoking Room Vision Break” in conjunction with office buildings in Tokyo. In November 2021, we launched the beta-version of “JOBTV for New Graduates.” This internet recruiting platform facilitates speedy matching of companies and new graduates by using videos for company recruiting presentations and job applications by students. In March 2022, we established the Kyushu Branch for the purpose of strengthening PR support services for companies in Kyushu. Liver Bank, Inc., which provides live streaming management services, launched a life commerce tool called “You Can Do Live Commerce Yourself.” This tool allows companies to easily distribute content on SNS channels at the same time and to analyze data. In April 2022, Starbank Inc., which operates an influencer marketing business, launched “Talent Bank,” a subscription service that allows companies to use the images of celebrities by paying a monthly utilization fee.

The Vector Group has acquired several businesses through M&A recently. Following Vector’s acquisition of ASHITA-TEAM Co., Ltd., which operates a human resources business, activities for establishing a sound framework for optimizing business operations have been producing benefits. ASHITA-TEAM has been consistently profitable since the fiscal year’s second quarter and had a fiscal year operating profit of 236 million yen, the first fiscal year profit since Vector’s acquisition of this company. As a result, this company made a big contribution to consolidated results of operations.

Gains of 642 million yen on sales of investment securities were recorded due to sales for the purposes of using the Vector Group’s assets more efficiently and increasing financial soundness. There were also valuation losses of 745 million yen for investment securities mainly involving companies that were impacted by the pandemic.

Due to these activities, sales increased 27.0% to 47,351 million yen, operating profit increased 126.8% to

5,248 million yen, ordinary profit increased 85.9% to 5,201 million yen, and the profit attributable to owners of parent increased 325.4% to 2,071 million yen.

In our venture capital business, we support companies where we make investments by supplying public relations and investor relations services and in other ways. Waqoo Inc. and BCC Co.,Ltd. were listed on the Growth Market of the Tokyo Stock Exchange on June 29, 2021 and July 6, 2021, respectively, and Livero Inc. and Robot Payment Inc. were listed on this market on September 28, 2021. In addition, Last One Mile Co., Ltd, Mental Health Technologies Co., Ltd. and SecondXight Analytica, Inc. were listed on the Growth Market on November 24, 2021, March 28, 2022 and April 4, 2022, respectively.

Business segment performance was as follows.

Public Relations and Advertising

The main activities of this business segment are strategic PR services centered on consulting and the sale of advertisements by using an IoT signage service, which is mainly for tablets placed in taxis. The performance of this segment was affected by restrictions on some corporate marketing activities due to declarations of a state of emergency in Japan. In response, in the previous fiscal year, we started launching many new services in the digital domain, such as online PR events and live commerce support using social networking services. Despite the downturn in overseas operations during the pandemic, operations in Japan supported the performance of this segment and this segment posted record-high sales.

Segment sales increased 46.3% to 25,965 million yen and operating profit increased 83.3% to 2,125 million yen.

Press Release Distribution

PR TIMES, Inc. distributes and posts press releases by using its “PR TIMES” website as well as many other websites. Utilization of this service has been very high during the COVID-19 crisis. As of February 2022, more than 65,000 companies were using this service, which posted strong growth throughout the fiscal year.

Segment sales increased 28.9% to 4,854 million yen and operating profit rose 40.9% to 1,834 million yen.

Video Release Distribution

In the previous fiscal year, the video release distribution business of NewsTV, Inc. shifted to sales activities that incorporate consulting in order to solve the marketing problems of companies by using videos. This segment had an operating profit during the first half of the fiscal year despite the significant negative effects of the pandemic. However, business activities were severely restricted by declarations of a state of emergency. The resulting decline in the number of prospective customers caused an operating loss in the third and fourth quarters. Despite these difficulties, this business continued to create new businesses in anticipation of future growth. To adapt to changes in communication methods caused by the pandemic, this business started providing Sales Video Analytics in January 2022, a service that assists customers with the digital transformation of their sales activities.

Segment sales increased 1.7% to 1,361 million yen and there was an operating loss of 72 million yen compared with an operating loss of 157 million yen one year earlier.

Direct Marketing

In the direct marketing business of Vitabrid Japan, Inc. and other companies, the number of new customers increased in the fourth quarter following substantial advertising expenditures in the third quarter. The result was record-high quarterly sales in the fourth quarter. In addition, fiscal year sales and operating profit increased to all-time highs.

Segment sales increased 8.2% to 12,326 million yen and operating profit increased 8.1% to 774 million yen.

Media

In the media business of Smartmedia INC., the service for building owned media performed well. However, there was an operating loss because, based on the outlook for continued growth, this business made up-front investments for expanding and upgrading the functions of the SaaS content management system (CMS).

Segment sales increased 5.1% to 907 million yen and there was an operating loss of 22 million yen compared with an operating profit of 103 million yen one year earlier.

Human Resources

The human resources business of ASHITA-TEAM Co., Ltd. ended sales of perpetual utilization rights to its cloud system for the purpose of preventing a reoccurrence of the accounting problem that happened in the previous fiscal year. As a result, sales decreased. Despite declarations of a state of emergency in Japan, there were solid sales of SaaS products and measures started in the previous fiscal year to establish a sound framework for this business and optimize operations began to produce benefits. This segment posted a profit in the second quarter and afterward, and there was an operating profit throughout the fiscal year.

Segment sales decreased 6.2% to 2,513 million yen and operating profit was 236 million yen compared with a 905 million yen loss one year earlier.

Fund

In the fund business, which is operated by 100Capital Inc., gains on sales of part of the equities held by 100Capital No. 1 Investment Limited Liability Partnership made a big contribution to higher operating profit. Valuation losses were recorded on investment securities, mainly involving investments in some companies affected by the COVID-19 crisis.

Segment sales decreased 2.6% to 467 million yen and operating profit increased 267.3% to 376 million yen.

2) Outlook

The outlook for the fiscal year ending in February 2023 is based on the assumption that the impact of the pandemic will be about the same as in the current fiscal year.

Our activities will continue to be centered on being a “fast company” able to provide clients with comprehensive support for marketing activities to make people aware of the outstanding products, services and other attributes of our clients. To accomplish this goal, we are constantly building a more powerful marketing infrastructure for serving as a one-stop source of services that encompass a broad spectrum of our clients’ requirements. Our goal is an improvement in our sales and earnings by using these activities for continued growth of the entire group.

Beginning in the first quarter of the fiscal year ending in February 2023, the investment business is reclassified as a significant business unit. In conjunction with this change, the decision was made to change the accounting method used for the investment business. More information about this change is in the press release dated today titled “Notice of Classification of Investment Business and Change in Segment Name” **(Japanese version only)**.

Forecast for the fiscal year ending in February 2023:

Net sales	53,100 million yen (up 12.1% year-on-year)
Operating profit	6,200 million yen (up 18.1% year-on-year)
Ordinary profit	6,100 million yen (up 17.3% year-on-year)
Profit attributable to owners of parent	3,000 million yen (up 44.8% year-on-year)

Forecast for the first half of the fiscal year ending February 2023:

Net sales	24,890 million yen (up 13.5% year-on-year)
Operating profit	2,070 million yen (down 10.0% year-on-year)
Ordinary profit	2,020 million yen (down 5.3% year-on-year)
Profit attributable to owners of parent	900 million yen (up 44.6% year-on-year)

In these forecasts, the majority of sales and earnings are in the second half of the fiscal year. One reason is the assumption that the impact of the COVID-19 crisis will continue to some degree during the first half in overseas operations of the public relations and advertising business, and in the video release distribution business. Another reason is our strategy in the direct marketing business of making substantial advertising expenditures early in the fiscal year in order to maximize fiscal year sales and earnings.

Vector is applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) beginning with the fiscal year ending in February 2023. Consequently, the sales and earnings forecasts incorporate this standard. The forecasts before applying this standard are first half sales of 26,550 million yen (up 21.0%) and fiscal year sales of 56,500 million yen (up 19.3%). This standard has only a negligible effect on operating profit, ordinary profit and profit attributable to owners of parent.

These forecasts are based on information available when this document was released. Actual performance may differ from these forecasts for a variety of reasons

(2) Financial Position

1) Assets, liabilities and net assets

Assets

Total assets at the end of the current fiscal year increased 1,518 million yen from the end of the previous fiscal year to 31,575 million yen.

Current assets increased 3,831 million yen to 22,241 million yen. This was mainly due to increases of 2,662 million yen in cash and deposits and 1,394 million yen in notes and accounts receivable-trade.

Non-current assets decreased 2,313 million yen to 9,333 million yen. This was mainly due to a decrease of 2,650 million yen in investment securities.

Liabilities

Total liabilities at the end of the current fiscal year increased 194 million yen from the end of the previous fiscal year to 15,397 million yen.

Current liabilities increased 1,889 million yen to 10,820 million yen. This was mainly due to a decrease of 638 million yen in short-term borrowings, and increases of 788 million yen in accounts payable-trade and 759 million yen in current portion of long-term borrowings.

Non-current liabilities decreased 1,695 million yen to 4,576 million yen. This was mainly due to decreases of 728 million yen in long-term borrowings and 812 million yen in deferred tax liabilities.

Net assets

Total net assets at the end of the current fiscal year increased 1,323 million yen from the end of the previous fiscal year to 16,178 million yen. This was mainly due to an increase of 4,485 million yen in retained earnings, while there was a decrease of 2,325 million yen in capital surplus.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year increased 2,670 million yen from the end of the previous fiscal year to 13,522 million yen.

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities increased 119.5% year on year to 4,672 million yen. Main positive factors include profit before income taxes of 5,116 million yen, depreciation of 566 million yen, loss on valuation of investment securities of 745 million yen, and a 745 million yen increase in trade payables. Main

negative factors include gain on sale of investment securities of 618 million yen, a 1,301 million yen increase in trade receivables and income taxes paid of 1,794 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,002 million yen, compared with net cash provided of 644 million yen in the previous fiscal year. Main positive factors include proceeds from refund of leasehold and guarantee deposits of 235 million yen and proceeds from sale of investment securities of 770 million yen. Main negative factors include purchase of property, plant and equipment of 591 million yen, payments of leasehold and guarantee deposits of 305 million yen, purchase of shares of subsidiaries and associates of 404 million yen and purchase of investment securities of 535 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,060 million yen, compared with net cash provided of 209 million yen in the previous fiscal year. Main factors include proceeds from long-term borrowings of 860 million yen and a net decrease in short-term borrowings of 645 million yen and repayments of long-term borrowings of 848 million yen.

Trends in cash flow indicators are as follows.

	FY2/19	FY2/20	FY2/21	FY2/22
Shareholders' equity ratio (%)	31.6	32.4	39.4	39.2
Shareholders' equity ratio based on market value (%)	263.1	183.8	182.4	167.9
Interest-bearing debt to cash flow ratio (Year)	11.6	2.2	3.2	1.4
Interest coverage ratio (Times)	16.10	55.64	44.40	95.88

The above figures are calculated as follows.

Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio based on market value = Market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Cash flows

Interest coverage ratio = Cash flows / Interest payments

* All indices are calculated based on consolidated figures.

* Cash flows are the figures for operating cash flows in the consolidated statement of cash flows.

* Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest. Interest payments use the amount of interest expenses paid in the consolidated statement of cash flows.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of the Vector Group. Our policy is to distribute earnings by using growth in corporate value linked to the medium to long-term growth of business operations and by paying a steady dividend. Although the Articles of Incorporation allow the payment of an interim dividend, the basic policy is to pay only a year-end dividend from retained earnings. Our goal is to pay a dividend consistently while retaining earnings as needed in order to maintain financial soundness, fund business growth and for other reasons. Vector had a gift program for shareholders as one way to distribute earnings to shareholders. As was announced today in a release titled "Notice of Termination of Shareholder Benefit Program" (Japanese version only), we have decided to end the distribution of gifts to shareholders because increasing dividends, which are a direct return of earnings, is a more suitable method for the distribution of earnings after completing thorough studies from the perspective of fair return of profits. Consequently, the system of granting benefit points to shareholders will end with points distributed for the current fiscal year. Furthermore, based on the outlook for consistent and long-term growth of the Vector Group's earnings, a medium-term earnings plan has been established with the goal of raising operating profit to 10 billion yen in the fiscal year ending in February 2026. In addition, we plan to increase the distribution of earnings to shareholders. For these reasons, we have increased the dividend payout ratio guideline from 20% to 30% beginning with the year-end dividend for the current fiscal year and are determined to pay a dividend consistently. More information is in the press release "Notice of Revision to the Basic Policy for Dividends

and Payment of Dividends of Surplus (Dividend Increase)” (Japanese version only) and presentation materials for the fiscal year ended February 28, 2022 dated today.

Based on these considerations, we plan to pay a year-end dividend of 13 yen per share for the current fiscal year, taking into account our current performance and other factors.

We plan to pay a year-end dividend of 18 yen per share for the fiscal year ending in February 2023.

2. Basic Approach to the Selection of Accounting Standards

The consolidated financial statements of Vector Group are prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapters 7 and 8) (Ordinance of the Ministry of Finance No. 28, 1976) for the purpose of facilitating comparisons with other companies and prior years.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Millions of yen)	
	FY2/21	FY2/22
	(As of Feb. 28, 2021)	(As of Feb. 28, 2022)
Assets		
Current assets		
Cash and deposits	10,860	13,522
Notes and accounts receivable-trade	4,695	6,090
Operational investment securities	147	104
Merchandise and finished goods	775	718
Costs on service contracts in progress	155	401
Other	1,913	1,561
Allowance for doubtful accounts	(138)	(156)
Total current assets	18,410	22,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	474	812
Machinery, equipment and vehicles	-	7
Tools, furniture and fixtures	664	914
Leased assets	555	548
Construction in progress	35	0
Accumulated depreciation	(1,009)	(1,310)
Total property, plant and equipment	720	972
Intangible assets		
Goodwill	595	354
Software	420	586
Other	286	136
Total intangible assets	1,302	1,077
Investments and other assets		
Investment securities	7,909	5,259
Deferred tax assets	687	892
Leasehold and guarantee deposits	961	987
Other	350	374
Allowance for doubtful accounts	(285)	(230)
Total investments and other assets	9,624	7,283
Total non-current assets	11,646	9,333
Total assets	30,057	31,575

	(Millions of yen)	
	FY2/21	FY2/22
	(As of Feb. 28, 2021)	(As of Feb. 28, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	1,039	1,827
Short-term borrowings	974	335
Current portion of long-term borrowings	804	1,563
Current portion of bonds payable	198	186
Lease obligations	212	63
Income taxes payable	911	1,265
Provision for bonuses	366	649
Provision for point card certificates	185	183
Provision for shareholder benefit program	98	110
Provision for loss on business liquidation	-	13
Unearned revenue	1,886	2,422
Other	2,253	2,200
Total current liabilities	8,930	10,820
Non-current liabilities		
Long-term borrowings	4,051	3,322
Bonds payable	430	309
Lease obligations	95	12
Deferred tax liabilities	1,642	829
Retirement benefit liability	27	54
Other	25	48
Total non-current liabilities	6,272	4,576
Total liabilities	15,202	15,397
Net assets		
Shareholders' equity		
Share capital	2,880	2,880
Capital surplus	2,806	480
Retained earnings	2,590	7,076
Treasury shares	(259)	(259)
Total shareholders' equity	8,016	10,176
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,834	2,114
Foreign currency translation adjustment	(9)	74
Total accumulated other comprehensive income	3,824	2,189
Share acquisition rights	73	4
Non-controlling interests	2,939	3,807
Total net assets	14,854	16,178
Total liabilities and net assets	30,057	31,575

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)
Net sales	37,273	47,351
Cost of sales	12,824	17,681
Gross profit	24,448	29,669
Selling, general and administrative expenses	22,134	24,420
Operating profit	2,314	5,248
Non-operating income		
Interest and dividend income	14	6
Share of profit of entities accounted for using equity method	-	38
Gain on sale of investment securities	1,674	642
Gain on investments in investment partnerships	53	5
Other	203	174
Total non-operating income	1,946	868
Non-operating expenses		
Interest expenses	51	49
Share of loss of entities accounted for using equity method	201	-
Foreign exchange losses	23	6
Provision of allowance for doubtful accounts	12	20
Loss on sale of investment securities	19	23
Loss on investments in investment partnerships	86	29
Loss on valuation of investment securities	1,054	745
Other	12	40
Total non-operating expenses	1,463	915
Ordinary profit	2,797	5,201
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on bargain purchase	27	-
Gain on sale of shares of subsidiaries and associates	46	41
Gain on reversal of share acquisition rights	73	73
Gain on sale of businesses	5	-
Gain on forgiveness of debts	-	9
Total extraordinary income	153	125
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	0	12
Impairment losses	83	52
Loss on liquidation of business	68	93
Provision for loss on business liquidation	-	13
Loss on valuation of shares of subsidiaries and associates	-	3
Loss on liquidation of subsidiaries and associates	-	30
Loss on cancellation of outsourcing contracts	-	3
Loss on valuation of goods	41	-
Total extraordinary losses	194	209
Profit before income taxes	2,756	5,116
Income taxes-current	1,870	2,141
Income taxes-deferred	(268)	(226)
Total income taxes	1,602	1,914
Profit	1,153	3,202
Profit attributable to non-controlling interests	666	1,130
Profit attributable to owners of parent	486	2,071

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)
Profit	1,153	3,202
Other comprehensive income		
Valuation difference on available-for-sale securities	3,708	(1,706)
Foreign currency translation adjustment	(7)	62
Share of other comprehensive income of entities accounted for using equity method	(4)	26
Total other comprehensive income	3,696	(1,617)
Comprehensive income	4,850	1,584
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,195	436
Comprehensive income attributable to non-controlling interests	655	1,148

(3) Consolidated Statement of Changes in Equity

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,880	2,776	2,136	(259)	7,533
Changes during period					
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		29			29
Profit attributable to owners of parent			486		486
Decrease due to merger			(32)		(32)
Net changes in items other than shareholders' equity					-
Total changes during period	-	29	454	(0)	483
Balance at end of period	2,880	2,806	2,590	(259)	8,016

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	115	0	116	191	2,325	10,166
Changes during period						
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						29
Profit attributable to owners of parent						486
Decrease due to merger						(32)
Net changes in items other than shareholders' equity	3,718	(10)	3,708	(117)	613	4,204
Total changes during period	3,718	(10)	3,708	(117)	613	4,688
Balance at end of period	3,834	(9)	3,824	73	2,939	14,854

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,880	2,806	2,590	(259)	8,016
Changes during period					
Sale of shares of consolidated subsidiaries		270			270
Deficit disposition		(2,413)	2,413		-
Dividends of surplus		(95)			(95)
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(87)			(87)
Profit attributable to owners of parent			2,071		2,071
Net changes in items other than shareholders' equity					-
Total changes during period	-	(2,325)	4,485	(0)	2,159
Balance at end of period	2,880	480	7,076	(259)	10,176

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	3,834	(9)	3,824	73	2,939	14,854
Changes during period						
Sale of shares of consolidated subsidiaries						270
Deficit disposition						-
Dividends of surplus						(95)
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(87)
Profit attributable to owners of parent						2,071
Net changes in items other than shareholders' equity	(1,719)	84	(1,635)	(69)	868	(836)
Total changes during period	(1,719)	84	(1,635)	(69)	868	1,323
Balance at end of period	2,114	74	2,189	4	3,807	16,178

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)
Cash flows from operating activities		
Profit before income taxes	2,756	5,116
Depreciation	438	566
Amortization of goodwill	250	322
Amortization of long-term prepaid expenses	6	5
Depreciation and amortization on other	42	53
Loss (gain) on sale of non-current assets	0	(0)
Loss on retirement of non-current assets	0	12
Impairment losses	83	52
Gain on bargain purchase	(27)	-
Loss (gain) on valuation of investment securities	1,054	745
Loss (gain) on sale of investment securities	(1,654)	(618)
Share of loss (profit) of entities accounted for using equity method	201	(38)
Loss (gain) on investments in investment partnerships	32	23
Loss (gain) on sale of shares of subsidiaries and associates	(46)	(41)
Loss on valuation of shares of subsidiaries and associates	-	3
Loss (gain) on liquidation of subsidiaries and associates	-	30
Loss on valuation of goods	41	-
Loss (gain) on sale of businesses	(5)	-
Gain on reversal of share acquisition rights	(73)	(73)
Increase (decrease) in allowance for doubtful accounts	(32)	(37)
Increase (decrease) in provision for bonuses	41	280
Increase (decrease) in provision for point card certificates	137	(2)
Increase (decrease) in provision for shareholder benefit program	20	12
Increase (decrease) in provision for loss on business liquidation	-	13
Increase (decrease) in retirement benefit liability	1	26
Interest and dividend income	(14)	(6)
Interest expenses	51	49
Decrease (increase) in trade receivables	1,112	(1,301)
Decrease (increase) in inventories	(119)	(129)
Decrease (increase) in investment securities for sale	355	71
Increase (decrease) in trade payables	(134)	745
Increase (decrease) in unearned revenue	(54)	534
Increase (decrease) in accounts payable-other	77	(219)
Other, net	84	313
Subtotal	4,629	6,510
Interest and dividends received	19	4
Interest paid	(47)	(48)
Income taxes paid	(2,471)	(1,794)
Net cash provided by (used in) operating activities	2,129	4,672

	(Millions of yen)	
	FY2/21	FY2/22
	(Mar. 1, 2020 – Feb. 28, 2021)	(Mar. 1, 2021 – Feb. 28, 2022)
Cash flows from investing activities		
Payments into time deposits	-	(0)
Proceeds from withdrawal of time deposits	-	8
Purchase of property, plant and equipment	(275)	(591)
Proceeds from sale of property, plant and equipment	0	2
Purchase of intangible assets	(267)	(304)
Proceeds from sale of intangible assets	-	2
Payments of leasehold and guarantee deposits	(175)	(305)
Proceeds from refund of leasehold and guarantee deposits	27	235
Purchase of shares of subsidiaries and associates	(28)	(404)
Proceeds from sale of shares of subsidiaries and associates	20	-
Purchase of investment securities	(256)	(535)
Proceeds from sale of investment securities	1,938	770
Proceeds from redemption of investment securities	25	-
Loan advances	(248)	(147)
Proceeds from collection of loans receivable	133	174
Payments for investments in capital	(60)	(104)
Proceeds from divestments	60	37
Payments for acquisition of businesses	(237)	(108)
Proceeds from sale of businesses	5	-
Proceeds from liquidation of subsidiaries and associates	-	270
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(17)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	27
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(30)
Net cash provided by (used in) investing activities	644	(1,002)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(649)	(645)
Repayments of lease obligations	(189)	(206)
Proceeds from long-term borrowings	2,191	860
Repayments of long-term borrowings	(826)	(848)
Redemption of bonds	(198)	(198)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	-	67
Proceeds from share issuance to non-controlling shareholders	218	39
Proceeds from issuance of share acquisition rights	0	0
Expenditure for acquisition of own share acquisition rights	(45)	-
Amount of distribution paid to investment business members	(274)	(385)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(34)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	15	425
Purchase of treasury shares of subsidiaries	(31)	(299)
Proceeds from disposal of treasury shares of subsidiaries	-	259
Purchase of treasury shares	(0)	(0)
Dividends paid	(0)	(95)
Net cash provided by (used in) financing activities	209	(1,060)
Effect of exchange rate change on cash and cash equivalents	(23)	61
Net increase (decrease) in cash and cash equivalents	2,959	2,670
Cash and cash equivalents at beginning of period	7,884	10,852
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	7	-
Cash and cash equivalents at end of period	10,852	13,522

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information**Segment information****1. Overview of reportable segment**

The Vector Group has seven reportable business segments: Public Relations and Advertising, Press Release Distribution, Video Release Distribution, Direct Marketing, Media, Human Resources and Fund. These reportable segments are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The public relations and advertising segment includes the advertising business as well as strategic PR, which uses PR activities involving advertising and marketing in order to provide consulting to support PR activities for the products and services of client companies and conduct sales activities for advertisements by using an IoT signage service, which is mainly for tablets placed in taxis. The majority of these services are provided to clients by group companies. Business activities in this segment are divided among these group companies based on the media categories (conventional, blogs, social media, etc.) and geographic areas (Japan, China, ASEAN, etc.) where each company operates.

The press release distribution segment distributes press releases about client companies' products and services in accordance with publicity instructions from these companies. This business functions as a platform that uses press releases to link companies with consumers.

The video release distribution segment creates videos containing news about client companies and their products and services and then uses the Internet to distribute these videos to carefully targeted audiences.

The direct marketing segment operates a direct-to-consumer business that involves developing health and personal care products and using the Internet to sell these products and services.

The media segment assists client companies with establishing and operating owned media and operates its own media for the purpose of earning revenue from advertisements.

The human resources segment operates human resource businesses that are primarily consulting services to assist companies with the establishment and use of employee evaluation systems and the provision of a cloud service for evaluating the performance of employees.

The fund segment makes investments for the purpose of supporting the growth of start-up and other companies.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting policies for reportable business segments are generally the same as those used for preparing the consolidated financial statements.

Segment profit for reportable segments is based on operating profit.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment
FY2/21 (Mar. 1, 2020 – Feb. 28, 2021) (Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	17,483	3,615	1,093	11,325	599	2,678	477
Inter-segment sales and transfers	268	150	244	64	264	0	2
Total	17,751	3,765	1,338	11,389	863	2,678	479
Segment profit (loss)	1,159	1,301	(157)	716	103	(905)	102
Segment assets	20,355	3,424	1,016	3,071	282	1,032	874
Segment liabilities	8,784	968	405	1,331	76	3,624	12
Other items							
Depreciation	279	74	68	11	3	0	-
Investment in equity-method affiliates	246	-	-	127	-	27	-
Increase (decrease) in property, plant and equipment and intangible assets	(28)	8	(34)	10	(0)	-	-

	Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
Net sales			
External sales	37,273	-	37,273
Inter-segment sales and transfers	995	(995)	-
Total	38,268	(995)	37,273
Segment profit (loss)	2,320	(5)	2,314
Segment assets	30,057	-	30,057
Segment liabilities	15,202	-	15,202
Other items			
Depreciation	438	-	438
Investment in equity-method affiliates	400	-	400
Increase (decrease) in property, plant and equipment and intangible assets	(44)	-	(44)

Notes 1. The minus 5 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

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

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Net sales							
External sales	25,763	4,695	1,054	12,201	660	2,513	462
Inter-segment sales and transfers	201	158	306	125	247	0	4
Total	25,965	4,854	1,361	12,326	907	2,513	467
Segment profit (loss)	2,125	1,834	(72)	774	(22)	236	376
Segment assets	19,485	4,816	832	3,993	153	1,487	806
Segment liabilities	8,833	1,086	401	1,245	67	3,754	8
Other items							
Depreciation	360	121	68	15	1	-	-
Investment in equity-method affiliates	272	-	-	169	-	-	-
Increase (decrease) in property, plant and equipment and intangible assets	(208)	223	(8)	25	(4)	-	-

	Total	Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
Net sales			
External sales	47,351	-	47,351
Inter-segment sales and transfers	1,045	(1,045)	-
Total	48,397	(1,045)	47,351
Segment profit (loss)	5,252	(3)	5,248
Segment assets	31,575	-	31,575
Segment liabilities	15,397	-	15,397
Other items			
Depreciation	566	-	566
Investment in equity-method affiliates	441	-	441
Increase (decrease) in property, plant and equipment and intangible assets	27	-	27

Notes 1. The minus 3 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

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

Related information

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted since sales to external customers in Japan accounted for more than 90% of net sales in the

consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of net sales in the consolidated statement of income.

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

This information is omitted since sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of net sales in the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

(Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Impairment loss	47	33	3	-	-	0	-

	Elimination or corporate	Total
Impairment loss	-	83

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Impairment loss	29	11	3	-	8	-	-

	Elimination or corporate	Total
Impairment loss	-	52

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

(Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Amortization for the period	235	4	-	10	-	-	-
Balance at the end of period	574	-	-	20	-	-	-

	Elimination or corporate	Total
Amortization for the period	-	250
Balance at the end of period	-	595

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media	Human Resources	Fund
Amortization for the period	310	-	-	9	1	-	-
Balance at the end of period	343	-	-	10	-	-	-

	Elimination or corporate	Total
Amortization for the period	-	322
Balance at the end of period	-	354

Information related to gain on bargain purchase for each reportable segment

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

Vector has acquired shares of Vectorcom Inc. and made it a subsidiary in FY2/21. The resulting gain on bargain purchase of 27 million yen was recorded but not allocated to the reportable segment as it is an extraordinary income.

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

Not applicable.

Per Share Information

(Yen)

	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)
Net assets per share	248.38	259.38
Earnings per share	10.21	43.46
Diluted earnings per share	-	-

Notes: 1. Diluted earnings per share is not presented because there were no latent shares with a dilution effect despite the existence of latent shares.

2. The basis of calculating the net assets per share is as follows:

(Millions of yen)

	FY2/21 (As of Feb. 28, 2021)	FY2/22 (As of Feb. 28, 2022)
Total net assets	14,854	16,178
Deduction on total net assets	3,013	3,812
[of which share acquisition rights]	73	4
[of which non-controlling interests]	2,939	3,807
Net assets applicable to common shares at the year-end	11,841	12,365
Number of common shares at the year-end used in calculation of net assets per share (Shares)	47,674,087	47,674,039

3. The basis of calculating the earnings (loss) per share and diluted earnings per share is as follows:

(Millions of yen)

	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)
Earnings per share		
Profit attributable to owners of parent	486	2,071
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	486	2,071
Average number of common shares during the period (Shares)	47,674,137	47,674,047
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares (Shares)	-	-
[of which share acquisition rights] (Shares)	[-]	[-]
Summary of latent shares not included in the calculation of the diluted earnings per share since there was no dilutive effect	4 types of share acquisition rights (67,076 units)	No. 5 Shares Acquisition Rights (16,750 units)

Subsequent Events

Conversion of investment activities to a business unit

The Vector Board of Directors approved a resolution on April 14, 2022 to change the classification of investment activities from non-operating activities to a business unit.

For many years, the Vector Group has provided a broad range of support to companies in the venture capital business to enable these companies to grow. This includes financial support as well as assistance involving public relations and investor relations. All of these activities were classified as operations that were not a core business of the Vector Group. The reason is that the group's businesses were centered on strategic PR services when venture capital activities started. Currently, investments have become an important element of the Vector Group's businesses, which have the goal of making people aware of the outstanding products, services and other attributes of our clients as we aim to become a "fast company" in the advertising industry. We plan to recruit more people and strengthen the investment business in other ways to make this a significant business unit beginning in the fiscal year ending in February 2023. In conjunction with this plan, the decision was made to change the accounting method used for the investment business.

In prior years, gains and losses on sales of investments, dividend income, fee income and valuation losses were classified as non-operating income and expenses. With investments now classified as a business unit, proceeds from sales of investments and dividend income are classified as sales and the book value of investments sold, fees paid for buying and selling investments, and valuation losses are classified as cost of sales. In addition, in prior years gains and losses on sales of investments and valuation losses at consolidated subsidiaries that do not belong to the investment business were classified as non-operating income and expenses. Following this change, these items will instead be classified as extraordinary income and losses. Investments in the investment business that were included in investment securities in the non-current assets section of the balance sheet in prior years are now included in operational investment securities in the current assets section.

If these changes are applied to the fiscal year that ended in February 2022, investment securities in non-current assets would decrease 4,076 million yen and operational investment securities in current assets would increase by the same amount. In the income statement, sales would increase 771 million yen and cost of sales by 891 million yen, there would be decreases of 642 million yen in non-operating income and 770 million yen in non-operating expenses, and extraordinary losses would increase 7 million yen. Furthermore, gross profit and operating profit would decrease 120 million yen each and ordinary profit would increase 7 million yen. In the statement of cash flows, the operating cash flows section would no longer include loss (gain) on sale of investment securities and the investing cash flows section would no longer include proceeds from sale of investment securities. In addition, in operating cash flows, these changes would result in an additional 7 million yen loss in loss (gain) on valuation of investment securities, an additional 496 million yen decrease in decrease (increase) in investment securities for sale and, in investing cash flows, a 70 million yen increase in purchase of investment securities. As a result, operating cash flows would increase 305 million yen and investing cash flows would decrease by the same amount.

There would be no effect on profit attributable to owners of parent.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.