

**Summary of Consolidated Financial Results  
for the First Quarter of the Fiscal Year Ending February 28, 2023  
(Three Months Ended May 31, 2022)**

[Japanese GAAP]

Company name: Vector, Inc. Listing: Tokyo Stock Exchange  
Securities code: 6058 URL: <https://www.vectorinc.co.jp/>  
Representative: Keiji Nishie, Chairman and Representative Director  
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Scheduled date of filing of Quarterly Report: July 15, 2022  
Scheduled date of dividend payment: -  
Preparation of supplementary materials for quarterly financial results: Yes  
Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2023  
(March 1, 2022 – May 31, 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	%
Three months ended May 31, 2022	13,132	17.8	1,477	30.6	1,487	28.7	836	88.8
Three months ended May 31, 2021	11,144	-	1,131	-	1,155	-	443	-

Note: Comprehensive income Three months ended May 31, 2022: 1,119 million yen (up 59.8%)

Three months ended May 31, 2021: 700 million yen (-%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2022	17.55	-
Three months ended May 31, 2021	9.29	-

Note: Due to the change in the accounting policies because investing activities became a business segment, no percentage changes from the same quarter of the prior fiscal year are shown for the three months ended May 31, 2021 because this change in business segments was retroactively applied to this quarter.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 31, 2022	31,477	16,358	40.8	269.30
As of Feb. 28, 2022	31,575	16,178	39.2	259.38

Reference: Shareholders' equity As of May 31, 2022: 12,838 million yen As of Feb. 28, 2022: 12,365 million yen

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2022	-	0.00	-	13.00	13.00
Fiscal year ending Feb. 28, 2023	-				
Fiscal year ending Feb. 28, 2023 (forecast)		0.00	-	18.00	18.00

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

**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	13.0	2,070	(1.1)	2,020	(5.3)	900	44.6	18.88
Full year	53,100	10.3	6,200	20.9	6,100	17.1	3,000	44.8	62.93

Notes: 1. Revision to the most recently announced consolidated forecast: None

2. Due to the change in the accounting policies because investing activities became a business segment, percentage changes from the same quarter of the previous fiscal year are based on figures in the previous fiscal year that have been retroactively adjusted for consistency with this change in business segments.

**\* Notes**

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

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

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” on page 10 for further information.

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

(4) Number of issued shares (common stock)

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

As of May 31, 2022:	47,936,100 shares	As of Feb. 28, 2022:	47,936,100 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2022:	262,061 shares	As of Feb. 28, 2022:	262,061 shares
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3) Average number of shares during the period

Three months ended May 31, 2022	47,674,039 shares	Three months ended May 31, 2021	47,674,070 shares
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\* The quarterly financial report is not subject to quarterly review 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 “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 of the attachments regarding the forecasts shown in this material.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements are based on the judgments of Vector as of July 15, 2022.

Vector is applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. See the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

### (1) Explanation of Results of Operations

During the first quarter of the fiscal year ending February 28, 2023, the Japanese economy began to recover as pandemic restrictions were eased due to progress with vaccinations and as benefits of government measures to support the economy emerge. However, the outlook remains unclear because of increasing concerns about the possibility of an economic slowdown caused by increasing inflation resulting from higher energy prices due to the Ukraine crisis and other reasons.

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, in March 2022, we established the Kyushu Regional Office for the purpose of strengthening PR support services for companies in Kyushu. INFLUENCER BANK, Inc. (formerly 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.

Due to these activities, sales increased 17.8% to 13,132 million yen, operating profit increased 30.6% to 1,477 million yen, ordinary profit increased 28.7% to 1,487 million yen, and the profit attributable to owners of parent increased 88.8% to 836 million yen. The application of the new revenue recognition standard reduced sales by 1,288 million yen and operating profit by 26 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. Mental Health Technologies Co., Ltd. and SecondXight Analytica, Inc. were listed on the Growth Market on March 28, 2022 and April 4, 2022, respectively.

Business segment performance was as follows.

Beginning with the first quarter of the current fiscal year, the media business has been renamed the media CMS business and the fund business has been renamed the investment business.

In addition, the investment business has changed the accounting method from the first quarter of the current fiscal year. See the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 9 for further information.

### 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. This business segment conducted a variety of marketing activities, such as services in the digital domain, that match the needs of customers in the current business climate. As a result, sales and operating profit rose to all-time highs

for a first quarter as the strong performance of this business in Japan more than offset a downturn in overseas operations caused by the pandemic.

Segment sales increased 11.4% to 6,830 million yen and operating profit increased 42.5% to 784 million yen. The new revenue recognition standard reduced sales by 1,140 million yen. First quarter sales using the previous accounting policies were a record-high for a first quarter as well as for any quarter.

### **Press Release Distribution**

PR TIMES, Inc. distributes and posts press releases by using its “PR TIMES” website as well as many other websites. Utilization of this service has been very high. In May 2022, the number of companies using “PR TIMES” surpassed 69,000. As a result, even though there were advertising and marketing expenses for new businesses and other purposes, sales and operating profit rose to all-time highs for a first quarter.

Segment sales increased 22.7% to 1,383 million yen and operating profit rose 9.3% to 428 million yen. The new revenue recognition standard had no effect on this segment’s sales and earnings.

### **Video Release Distribution**

The video release distribution business of NewsTV, Inc. focused on raising the number of releases distributed by increasing the number of customers. Due to these activities, the number of video releases distributed was higher than one year earlier. However, there was an operating loss caused by a decline in the average fee received per release distributed that was caused by a temporary decrease in the volume of orders involving a large project.

Segment sales decreased 8.2% to 350 million yen and there was an operating loss of 12 million yen compared with an operating profit of 14 million yen one year earlier. The new revenue standard reduced sales by 5 million yen.

### **Direct Marketing**

In the direct marketing business of Vitabrid Japan, Inc., there were large strategic advertising expenditures as planned with the goal of maximizing sales and earnings during this fiscal year while adding new customers efficiently. These activities have added more new customers than planned, resulting in record-high first quarter sales. However, there was a temporary operating loss because of the large advertising expenditures. Vitabrid Japan plans to continue making large advertising expenditures during the second quarter due to the success in the first quarter of attracting new customers efficiently. Vitabrid Japan expects the benefits of these expenditures and effective marketing activities to continue to generate strong sales during this fiscal year.

Segment sales increased 19.1% to 3,501 million yen and there was an operating loss of 177 million yen compared with an operating profit of 298 million yen one year earlier. The new revenue standard reduced sales by 109 million yen.

### **Media CMS**

In the media content management system (CMS) business of Smartmedia INC., measures to add new tie-ups that contribute to internal web media advertising revenue were held down in order to build a powerful profit structure that is not vulnerable to changes in the business climate. Personnel in the media business were reassigned to the owned media business and there were other activities to strengthen the operations of this business.

Segment sales decreased 5.9% to 226 million yen and operating profit decreased 95.2% to 0 million yen. The new revenue recognition standard had no effect on this segment’s sales and earnings.

### **Human Resources**

The human resources business of ASHITA-TEAM Co., Ltd. concentrated on increasing sales of SaaS products while continuing activities for building a sound framework and optimizing operations.

Segment sales increased 9.1% to 647 million yen and there was an operating profit of 124 million yen

compared with a 102 million yen loss one year earlier. The new revenue recognition standard reduced sales by 33 million yen.

### **Investment**

Although there were valuation losses on some holdings, sales and earnings increased in part because of gains on sales of some investments.

Segment sales were 481 million yen compared with a 17 million yen one year earlier and operating profit was 323 million yen compared with a 31 million yen loss one year earlier. The new revenue recognition standard had no effect on this segment's sales and earnings.

## **(2) Explanation of Financial Position**

### **Assets**

Total assets at the end of the first quarter of the current fiscal year decreased 98 million yen from the end of the previous fiscal year to 31,477 million yen.

Current assets increased 21 million yen to 26,339 million yen. This was mainly due to increases of 196 million yen in operational investment securities, 342 million yen in merchandise and finished goods, 159 million yen in costs on service contracts in progress and 305 million yen in deposits paid included in other under current assets, while there was a decrease of 1,025 million yen in cash and deposits.

Non-current assets decreased 120 million yen to 5,137 million yen. This was mainly due to a decrease of 99 million yen in leasehold and guarantee deposits.

### **Liabilities**

Total liabilities at the end of the first quarter of the current fiscal year decreased 279 million yen from the end of the previous fiscal year to 15,118 million yen.

Current liabilities increased 330 million yen to 11,151 million yen. This was mainly due to increases of 375 million yen in accounts payable-trade, 228 million yen in short-term borrowings, 307 million yen in current portion of long-term borrowings and 405 million yen in accounts payable-other included in other under current liabilities, while there were decreases of 745 million yen in income taxes payable and 363 million yen in provision for bonuses.

Non-current liabilities decreased 609 million yen to 3,967 million yen. This was mainly due to a decrease of 518 million yen in long-term borrowings.

### **Net assets**

Total net assets at the end of the first quarter of the current fiscal year increased 180 million yen from the end of the previous fiscal year to 16,358 million yen. This was mainly due to increases of 245 million yen in retained earnings and 166 million yen in valuation difference on available-for-sale securities, while there was a decrease of 292 million yen in non-controlling interests.

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

The direct marketing business plans to continue making large advertising expenditures during the second quarter because of the success of large advertising expenditures in the first quarter, which resulted in the addition of more new customers than expected. As a result, there are no revisions to the fiscal year forecast that was announced on April 14, 2022.

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

(Millions of yen)

	FY2/22 (As of Feb. 28, 2022)	First quarter of FY2/23 (As of May 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	13,522	12,497
Notes and accounts receivable-trade	6,090	-
Notes and accounts receivable-trade, and contract assets	-	6,175
Operational investment securities	4,180	4,377
Merchandise and finished goods	718	1,060
Costs on service contracts in progress	401	560
Other	1,561	1,837
Allowance for doubtful accounts	(156)	(169)
Total current assets	26,317	26,339
Non-current assets		
Property, plant and equipment		
Buildings and structures	812	764
Machinery, equipment and vehicles	7	7
Tools, furniture and fixtures	914	927
Leased assets	548	101
Construction in progress	0	18
Accumulated depreciation	(1,310)	(906)
Total property, plant and equipment	972	913
Intangible assets		
Goodwill	354	270
Software	586	570
Other	136	173
Total intangible assets	1,077	1,014
Investments and other assets		
Investment securities	1,183	1,219
Deferred tax assets	892	961
Leasehold and guarantee deposits	987	888
Other	374	375
Allowance for doubtful accounts	(230)	(235)
Total investments and other assets	3,207	3,209
Total non-current assets	5,257	5,137
Total assets	31,575	31,477

	(Millions of yen)	
	FY2/22 (As of Feb. 28, 2022)	First quarter of FY2/23 (As of May 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,827	2,202
Short-term borrowings	335	564
Current portion of long-term borrowings	1,563	1,871
Current portion of bonds payable	186	254
Lease obligations	63	13
Income taxes payable	1,265	520
Provision for bonuses	649	285
Provision for point card certificates	183	-
Provision for shareholder benefit program	110	43
Provision for loss on business liquidation	13	13
Contract liabilities	-	2,587
Unearned revenue	2,422	-
Other	2,200	2,795
Total current liabilities	10,820	11,151
Non-current liabilities		
Long-term borrowings	3,322	2,803
Bonds payable	309	161
Lease obligations	12	5
Deferred tax liabilities	829	896
Retirement benefit liability	54	58
Other	48	42
Total non-current liabilities	4,576	3,967
Total liabilities	15,397	15,118
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,880	2,880
Capital surplus	480	480
Retained earnings	7,076	7,321
Treasury shares	(259)	(259)
Total shareholders' equity	10,176	10,422
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,114	2,280
Foreign currency translation adjustment	74	135
Total accumulated other comprehensive income	2,189	2,416
Share acquisition rights	4	4
Non-controlling interests	3,807	3,515
Total net assets	16,178	16,358
Total liabilities and net assets	31,575	31,477



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Three-month Period)**

	(Millions of yen)	
	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)	First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)
Net sales	11,144	13,132
Cost of sales	4,094	4,406
Gross profit	7,050	8,726
Selling, general and administrative expenses	5,918	7,248
Operating profit	1,131	1,477
Non-operating income		
Interest and dividend income	1	2
Compensation for damages received	14	-
Gain on investments in investment partnerships	3	3
Share of profit of entities accounted for using equity method	9	8
Other	29	12
Total non-operating income	57	26
Non-operating expenses		
Interest expenses	13	9
Foreign exchange losses	6	2
Loss on investments in investment partnerships	7	3
Other	6	1
Total non-operating expenses	34	17
Ordinary profit	1,155	1,487
Extraordinary income		
Gain on reversal of share acquisition rights	73	-
Total extraordinary income	73	-
Extraordinary losses		
Loss on sale of non-current assets	0	-
Loss on retirement of non-current assets	-	1
Impairment losses	3	-
Provision for loss on business liquidation	35	-
Loss on liquidation of subsidiaries and associates	-	0
Total extraordinary losses	39	2
Profit before income taxes	1,189	1,484
Income taxes	509	575
Profit	679	909
Profit attributable to non-controlling interests	236	72
Profit attributable to owners of parent	443	836

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Three-month Period)**

	(Millions of yen)	
	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)	First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)
Profit	679	909
Other comprehensive income		
Foreign currency translation adjustment	39	54
Valuation difference on available-for-sale securities	(30)	148
Share of other comprehensive income of entities accounted for using equity method	11	7
Total other comprehensive income	20	210
Comprehensive income	700	1,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	471	1,063
Comprehensive income attributable to non-controlling interests	228	55

### (3) Notes to Quarterly Consolidated Financial Statements

#### Going Concern Assumption

Not applicable.

#### Changes in Accounting Policies

##### (Application of the Accounting Standards for Revenue Recognition)

Vector is applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. Based on these standards, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. The major change resulting from this new standard is that gross payments for products and services are no longer recognized as sales when Vector serves as an agent. Instead, payments minus the amount paid for the procurement of products or services sold are recognized as sales. In addition, for some public relations and advertising services, sales were previously recognized in the month that customers accepted the services. Based on the new revenue recognition standard, sales are now recognized over the period during which the obligation to provide the service is fulfilled.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales decreased 1,228 million yen and cost of sales decreased 1,261 million yen. Operating profit, ordinary profit and profit before income taxes decreased 26 million yen each. In addition, there was an increase of 28 million yen in retained earnings at the beginning of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, “Notes and accounts receivable-trade” that was presented in the current assets section of the consolidated balance sheet in the previous fiscal year is, from the first quarter of the current fiscal year, included in “Notes and accounts receivable-trade, and contract assets.” In addition, “Provision for point card certificates”, “Unearned revenue” and “Advances received” included in other presented in the current liabilities section in the previous fiscal year is, from the first quarter of the current fiscal year, stated as “Contract liabilities.” In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation. In addition, in accordance with the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12 issued on March 31, 2020), disaggregated revenue arising from contracts with customers in the first quarter of the previous fiscal year is not presented.

##### Application of the Accounting Standards for Measurement of Fair Value

Vector has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

##### 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 investment and 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 investment and 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 recruited more people and strengthened the investment business in other ways to make this a significant business unit from the first quarter of the current fiscal year. 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 instead were 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.

The classification of investment activities as a business unit has been retroactively applied to the financial statements for the first quarter of the previous fiscal year and the previous fiscal year. Compared with the financial statements using the previous business segments, this retroactive application increased sales by 0 million yen and cost of sales by 36 million yen and reduced non-operating expenses by 36 million yen and gross profit and operating profit by 35 million yen each. There was no effect on profit before income taxes. In addition, investment securities, which are part of non-current assets, have decreased by 4,076 million yen from the end of the previous fiscal year and operational investment securities in current assets have increased by the same amount.

#### **Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

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

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

**Segment and Other Information****Segment information**

1. First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)

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

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media CMS	Human Resources	Investment
Net sales							
External sales	6,083	1,087	293	2,916	154	593	15
Inter-segment sales and transfers	47	39	88	24	86	0	1
Total	6,131	1,127	382	2,940	240	593	17
Segment profit (loss)	550	391	14	298	7	(102)	(31)

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
External sales	11,144	-	11,144
Inter-segment sales and transfers	288	(288)	-
Total	11,432	(288)	11,144
Segment profit (loss)	1,128	3	1,131

Notes: 1. The 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 quarterly consolidated statement of income.

(2) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses involving non-current assets

In the video release distribution segment, there was an impairment loss because the performance of the software business has been consistently below the initial plan. In the first quarter, this impairment loss was 3 million yen.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

## 2. First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)

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

(Millions of yen)

	Reportable segment						
	Public Relations and Advertising	Press Release Distribution	Video Release Distribution	Direct Marketing	Media CMS	Human Resources	Investment
Net sales							
Revenue from contracts with customers	6,763	1,343	266	3,454	177	647	-
Other revenue	-	-	-	-	-	-	480
External sales	6,763	1,343	266	3,454	177	647	480
Inter-segment sales and transfers	66	40	84	46	49	0	1
Total	6,830	1,383	350	3,501	226	647	481
Segment profit (loss)	784	428	(12)	(177)	0	124	323

	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales			
Revenue from contracts with customers	12,652	-	12,652
Other revenue	480	-	480
External sales	13,132	-	13,132
Inter-segment sales and transfers	288	(288)	-
Total	13,421	(288)	13,132
Segment profit (loss)	1,470	7	1,477

Notes: 1. The 7 million yen adjustment to segment profit (loss) is the elimination of intersegment transactions.

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

## (2) Information related to revisions for reportable segments

## Changes in Accounting Policies and Segment Name

Beginning with the first quarter of the current fiscal year, the business that was called the fund business in previous fiscal years has become a reportable segment called investment. In previous fiscal years, the investment and venture capital business was classified as a non-operating activity. As was explained earlier in this report, beginning with the first quarter of the current fiscal year, the accounting policies or the sales and earnings of this business has changed because the investment business has become a significant component of the Vector Group's business operations.

To present business operations in a more suitable manner, beginning with the first quarter of the current fiscal year, the media business has been renamed the media CMS business. The change in the segment name had no effect on segment information.

The segment information for the previous fiscal year is based on the reportable segment structure after the reclassification of the investment business as a reportable segment .

## Application of the Accounting Standards for Revenue Recognition

As described in Changes in Accounting Policies, Vector has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit or loss has been changed as well. The effect of this change was to decrease net sales by 1,140 million yen in the Public

Relations and Advertising segment, by 5 million yen in the Video Release Distribution segment, by 109 million yen in the Direct Marketing segment, by 0 million yen in the Media CMS segment, by 33 million yen in the Human Resources segment in the first quarter of the current fiscal year. There was no change in segment profit.

(3) Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Significant impairment losses involving non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

Significant gain on bargain purchase

Not applicable.

### **Subsequent Events**

Not applicable.

*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.*