

# Integrated Report 2023

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### Editorial Policy

The VECTOR Group has published this integrated report for the first time to provide stakeholders with a deeper understanding of the Group's overall management and corporate activities for creating sustainable corporate value. In this report, we have focused on providing a complete picture of the Group by identifying the information that is particularly important to investors, providing information on the Group's vision, business initiatives, and current situation, and presenting all of this alongside the underlying foundation of value creation. Going forward, we will continue to improve the quality of our integrated reporting while reflecting feedback from our stakeholders.

### Referenced Guideline

International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation

### Scope of This Report

Period: FY2023 (March 1, 2022 to February 28, 2023)  
Scope: VECTOR INC. and its subsidiaries and affiliates  
Figures: As of February 28, 2023

### Disclaimer Regarding Forward-Looking Statements

The opinions, projections, and other forward-looking statements contained in this report are based on our judgment at the time of preparation and involve risks and uncertainties. Therefore, we make no guarantees or promises with respect to the accuracy or completeness of such information. Actual results may differ significantly from these forecasts due to various material factors.

01

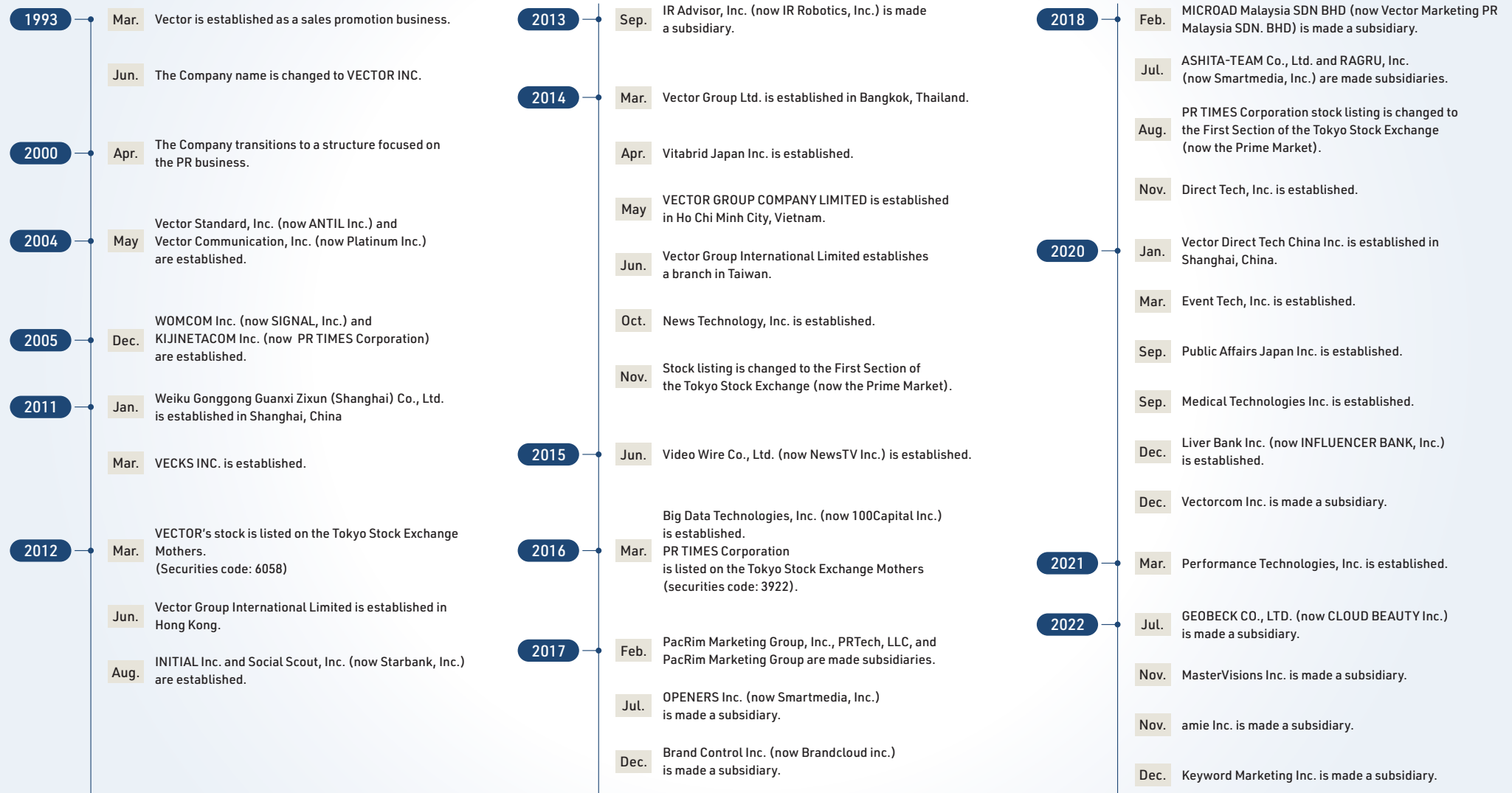
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# Management Philosophy

VISION

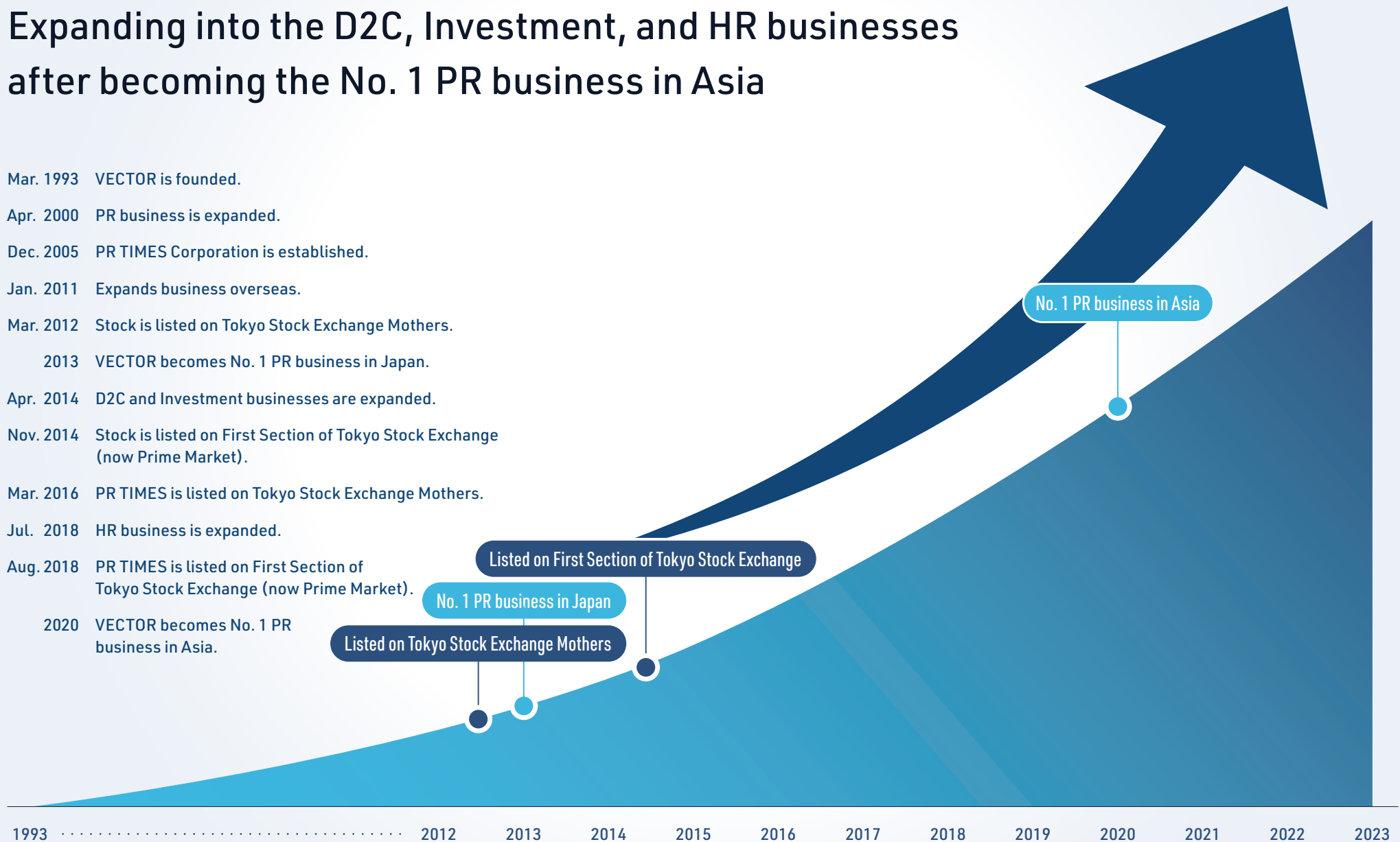
**Making People Happy by Delivering  
Excellent Products,  
Services and Solutions to the World**

## History



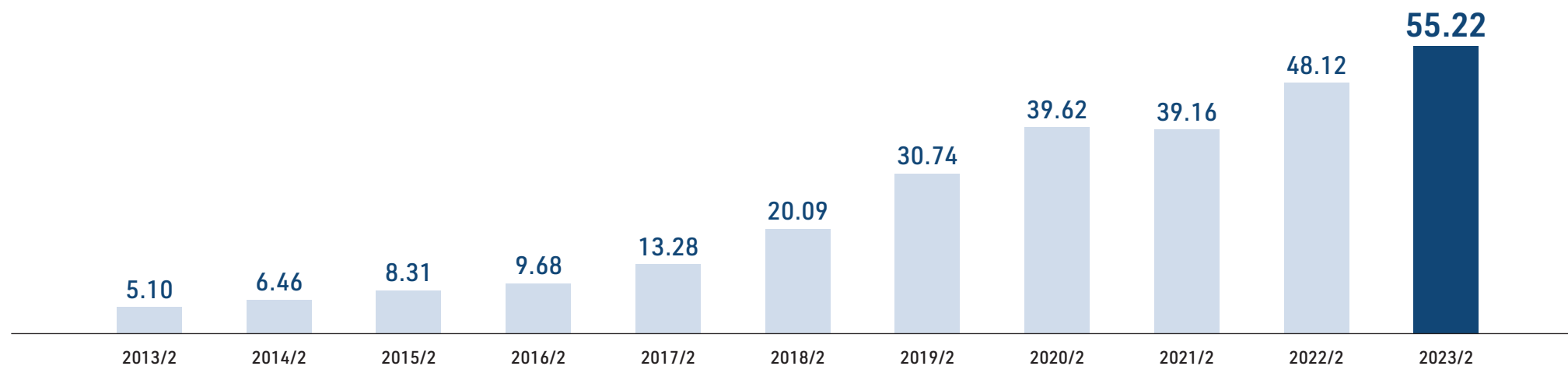
## Expanding into the D2C, Investment, and HR businesses after becoming the No. 1 PR business in Asia

- Mar. 1993 VECTOR is founded.
- Apr. 2000 PR business is expanded.
- Dec. 2005 PR TIMES Corporation is established.
- Jan. 2011 Expands business overseas.
- Mar. 2012 Stock is listed on Tokyo Stock Exchange Mothers.
  - 2013 VECTOR becomes No. 1 PR business in Japan.
- Apr. 2014 D2C and Investment businesses are expanded.
- Nov. 2014 Stock is listed on First Section of Tokyo Stock Exchange (now Prime Market).
- Mar. 2016 PR TIMES is listed on Tokyo Stock Exchange Mothers.
- Jul. 2018 HR business is expanded.
- Aug. 2018 PR TIMES is listed on First Section of Tokyo Stock Exchange (now Prime Market).
- 2020 VECTOR becomes No. 1 PR business in Asia.



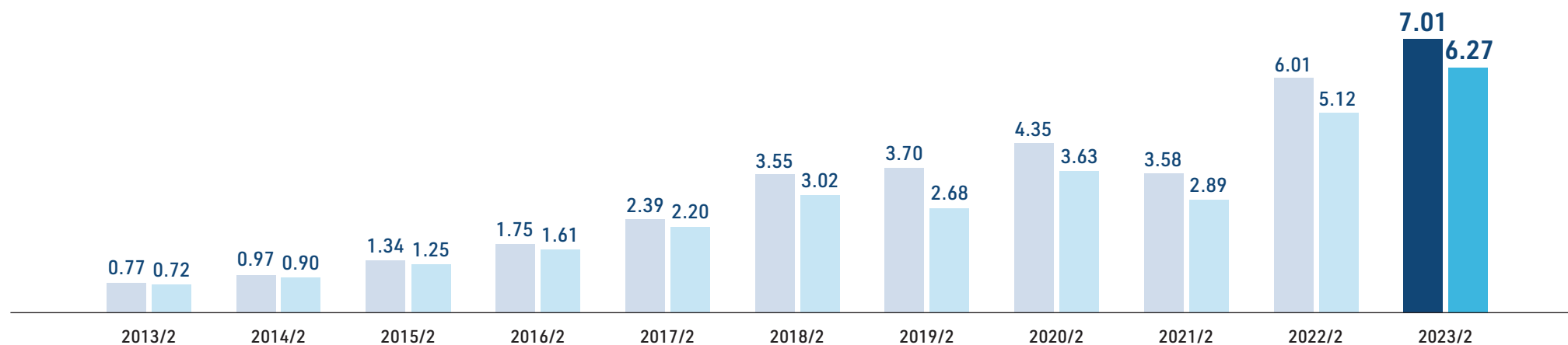
## Net Sales

(Billions of yen)



## EBITDA and Operating Profit

(Billions of yen) ■ EBITDA ■ Operating Profit



02

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## Message from the Chairman



# Continually Pursuing New Things Without Fear of Change Looking Ahead to the Next 10 Years

## Reflecting on FY2023

Amid drastic changes in the way products are delivered following the COVID-19 pandemic, 2022 happened to be the 30th anniversary of VECTOR's founding. Looking back on the past year, the way products are delivered became even more digital, and I have a solid sense that the times have come into alignment with our "Fast Company" strategy.

I also think that 2022 was a year in which we were able to build a foundation for achieving growth over the next 10 years, including the active execution of M&As in the digital domain to further solidify our "Fast Company" strategy.

## Keiji Nishie

Founder, Chairman and Representative Director  
VECTOR INC.



## Aiming to become a “Fast Company” in the advertising industry

We have expanded our business based on the concept of being a “Fast Company” that leverages cutting-edge communication methods starting with PR to spread the word about the outstanding products and services of our clients with speed and efficiency, providing them with support while keeping up with the times.

In the advertising industry, which we are going after, total ad spending has surpassed 7 trillion yen. Among this spending, internet advertising accounts for more than 3 trillion yen, driving the advertising market as a result of continued growth against the backdrop of the digitalization of society. On the other hand, ad spending in the 4 mass media (TV, newspapers, magazines, and radio) is on the decline. In the past, if you placed an ad on TV or radio or in newspapers or magazines, you could spread the word about products. However, with the growth of the internet and social media, the speed at which word spreads continues to change dramatically. Today, it is no longer the case that simply placing an ad will spread the word about your products. On top of that, the advertising industry is complex. When a customer looks for an agency to handle their overall communication strategy, they often end up dealing with multiple parties. If they require PR services, they turn to PR agencies, for influencer marketing, they engage influencer marketing companies, and for ad management, they rely on ad management agencies. This not only tends to increase the total cost borne by the client but also creates more hassle in managing communication.

Our strength lies in our ability to provide our clients with a one-stop communication strategy tailored to their needs while responding quickly to changes in the market environment. We have subsidiaries that specialize in PR, others that specialize in influencer marketing, and yet more that specialize in social media and advertising management, which means we have all the infrastructure necessary to spread the word in a way that is suited to the current times. This allows us to provide our clients with speedy communication strategies at low cost. Most recently, in light of the accelerating digitalization of society, we are strengthening the “Fast Company” concept by actively executing M&As, especially in the digital domain, and expanding our infrastructure for spreading the word about products. It is precisely because we have always adapted without fear of change that we have been ranked as the No. 1 PR firm in Asia and No. 7 in the world in global rankings. We will continue to establish communication strategies suited to the times, and as the “Fast Company” of the advertising industry, we will provide our clients with the best way to spread the word about their products.

## Initiatives to achieve growth over the next 10 years

We aim for continuous Group expansion by developing four business domains. Centered on the “PR Company” domain, in which we seek to help client companies spread the word based on the “Fast Company” concept, we will also engage in business development in the domains of “HR Company,” in which we seek to support our clients’ business growth through HR and recruitment; “Company Factory,” in which we seek to create new businesses, and “Investment,” in which we seek to grow our investment business. At first glance, it may appear that this business development is unrelated to our main business, but all the businesses are closely intertwined and tie into strengthening the main business.

First, in the “Company Factory” domain, we are developing the direct-to-consumer (D2C) business, which involves selling products directly to consumers, and new businesses that will lead to expansion of the business domain. In these times, where people buy products directly online, understanding the consumers’ purchasing process is essential for doing business. Developing the D2C business is meaningful in that sense as well, but above all else, it has made it possible for us to provide a wide range of proposals, including for maximizing sales. This is because we are able to go beyond spreading the word about our clients’ products and leverage our D2C expertise to provide support all the way up to the purchase of those products. In addition, to address the changing times, we have created the necessary new businesses to provide ways to spread the word about products in keeping with the times. We are building a system for establishing and providing cutting-edge communication methods that always start with PR.



Next, in the “HR Company” domain, we are developing a Personnel Evaluation business, which mainly assists companies with the introduction of personnel evaluation systems and provides personnel evaluation cloud services, and a Recruitment Support business, which solves problems faced by both job seekers and companies in recruitment by having both parties use videos at the beginning of recruitment activities for speedy matching.

Needless to say, the process of recruiting and developing excellent human resources is essential for a company to achieve sustainable growth. JOBTv, a Recruitment Support business launched in 2021, has great potential, and I believe it will become one of the pillars of our business. Amid rapid advances in digitalization and the spread of video use, I think we can breathe new life into the job hunting market, which has not changed much since I was a student, by bringing about change through the introduction of video. In fact, since the launch of JOBTv, we have received tremendous feedback from both job seekers and companies, so we intend to further enhance our services.

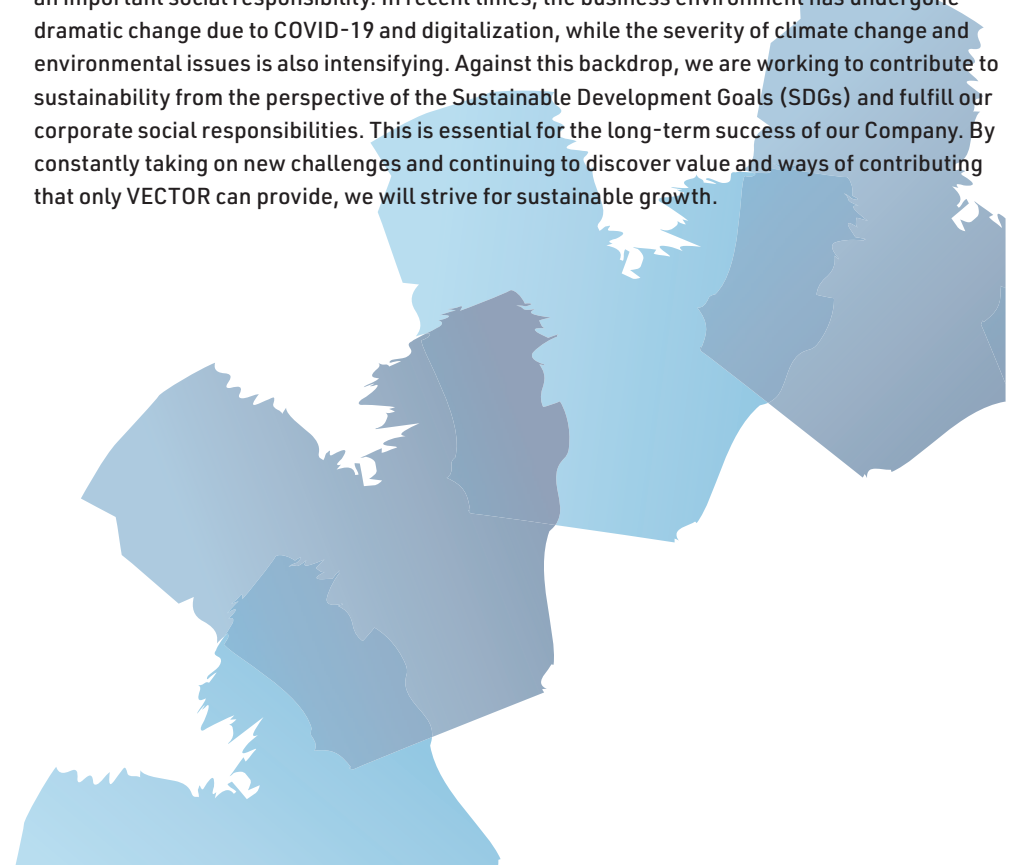
Furthermore, to enhance corporate recruitment, companies need to properly communicate what makes them special, and we can effectively convey that appeal to the right people using PR. Developing the “HR” domain has allowed us to generate that kind of synergy. We increase added value by engaging not only in PR to spread the word about products but also HR, which is essential for corporate growth.

Finally, in the “Investment” domain, we are developing an investment business that helps increase the value of the investee together with PR and investor relations (IR) in our investment activities targeting startups. To date, we have invested in more than 200 startups, with 28 of them launching their IPOs. We have continued to support their subsequent growth, including with IR. We expect the number of startups to continue to increase, partly because the government has announced enhanced support for startups involving both the public and private sectors. One of our strengths is that we can provide both PR and IR support in addition to our investment, so we are able to expand from major companies, which are our main clients, to startups as well. Moreover, investing in startups engaged in cutting-edge businesses gives us insight into what kinds of businesses are succeeding and how word is being spread about their products. We then apply this to all our business domains, which generates unique synergy.

As such, all four business domains are closely intertwined, which strengthens our core business and also enhances the unique added value that we provide. Looking ahead to the next decade of growth, we will enhance our business domains by leveraging the synergy generated from these four business domains as we constantly take on new challenges without fear of change.

## Making People Happy by Delivering Excellent Products, Services and Solutions to the World

The VECTOR Group has been providing diverse value to society since its inception, guided by its vision of “Making People Happy by Delivering Excellent Products, Services and Solutions to the World.” Today, through these extensive business operations, we engage with a wide range of stakeholders, including clients, partners, shareholders, and employees, while having a significant involvement in the lives of people and society. In light of this, we believe that we have an important social responsibility. In recent times, the business environment has undergone dramatic change due to COVID-19 and digitalization, while the severity of climate change and environmental issues is also intensifying. Against this backdrop, we are working to contribute to sustainability from the perspective of the Sustainable Development Goals (SDGs) and fulfill our corporate social responsibilities. This is essential for the long-term success of our Company. By constantly taking on new challenges and continuing to discover value and ways of contributing that only VECTOR can provide, we will strive for sustainable growth.



03

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## Value Creation Story

## INPUT

## Financial Capital (FY2022)

Net Sales ¥48,127 million

Operating Profit ¥5,128 million

## Fixed Capital

Capital Investment ¥507 million

## Intellectual Capital

R&amp;D Expenses ¥126 million

## Human Capital (FY2022)

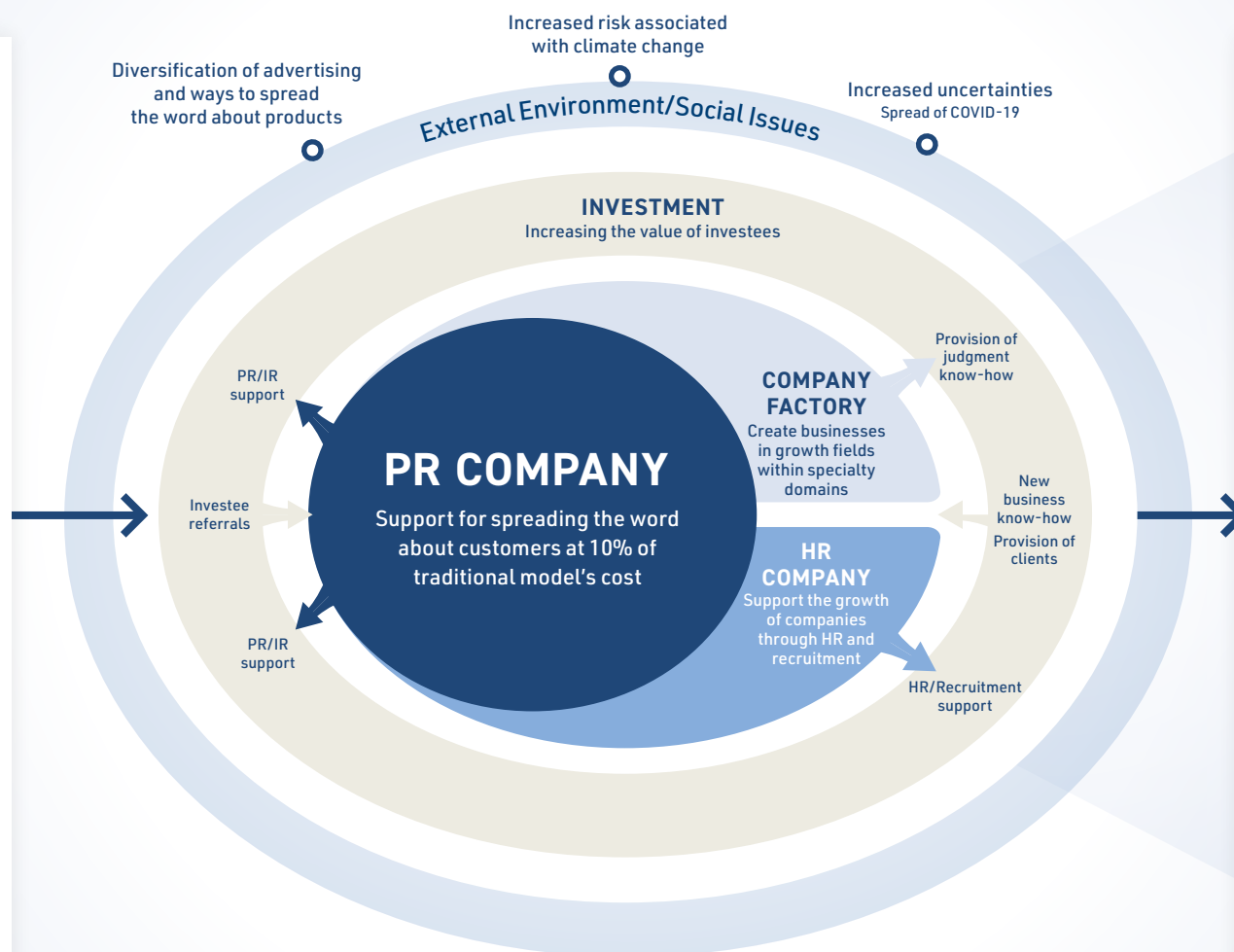
Number of Group Employees 1,303

## Social and Relationship Capital

Number of Consolidated Subsidiaries 46

## Natural Capital

Energy Usage 1,329,149 kWh



## OUT-COME

## Financial Capital (FY2023)

Net Sales ¥55,225 million

Operating Profit ¥6,276 million

## Fixed Capital

Development of software provided for business and installation of new communication equipment

## Intellectual Capital

Creation of new businesses

## Human Capital

Net sales per employee ¥38 million

## Social and Relationship Capital

Number of retainer companies 953

## Natural Capital

Emissions intensity 0.42 (t-CO<sub>2</sub>e/net sales [millions of yen])

\*GHG (greenhouse gas) emissions figures are for parent company and major PR subsidiaries only.



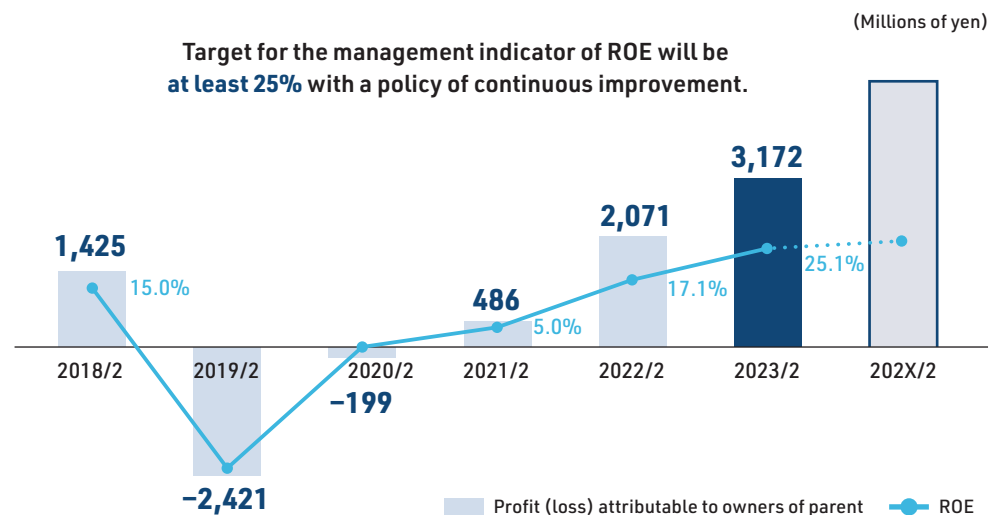
## Medium-term Profit Plan

Medium-term Profit Plan (Millions of yen)	FY2023 (Results)	FY2024 (Targets)	FY2025 (Targets)	FY2026 (Targets)
EBITDA*	7,013	7,920	9,160	10,660
Operating Profit	6,276	7,260	8,500	10,000

- For FY2026, we expect EBITDA of 10,660 million yen and operating profit of 10,000 million yen.
- We will target a return on equity (ROE) of **at least 25%**, aiming for continuous improvement.
- VECTOR's dividend policy is to ensure a **consolidated dividend payout ratio** for shareholders aimed at **30%**.
- We will update the medium-term profit plan as necessary in accordance with market conditions and business performance.

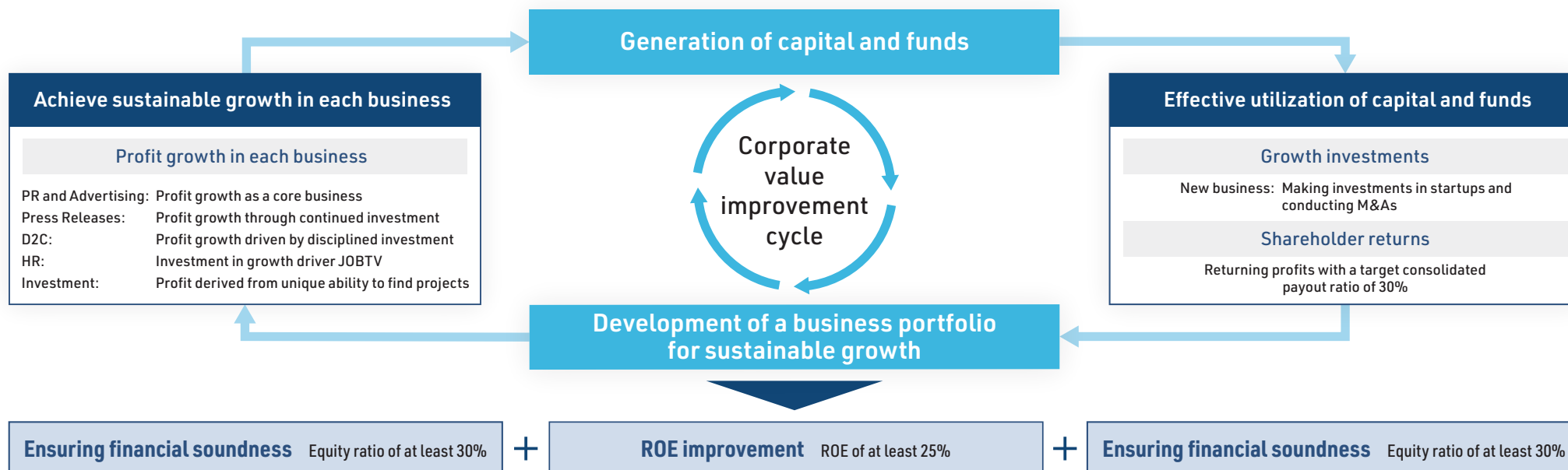
\* EBITDA = Operating profit + Depreciation + Amortization of goodwill

## ROE and Profit (Loss) Attributable to Owners of Parent



## Capital Allocation

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



04

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## Company Strategy

## Global PR Agency Rankings

# No. 1 in Asia/No. 7 in the world

Source: PProvoke Global PR Agency Ranking 2023

2023	2022	Agency	HQ	Fee Income 2022 (\$)	Fee Income 2021 (\$)	Staff	Growth vs 2021 (USD)	Growth vs 2021 (Constant Currency)
1	1	Edelman <sup>nb</sup>	USA	1,079,738,000	984,921,000	6,433	9.6%	9.6%
2	2	Weber Shandwick <sup>nb</sup>	USA	920,000,000	860,000,000		7.0%	7.0%
3	3	BCW	USA	840,000,000	772,000,000		8.8%	8.8%
4	4	FleishmanHillard <sup>nb</sup>	USA	750,000,000	680,000,000		10.3%	10.3%
5	5	Ketchum <sup>nb</sup>	USA	600,000,000	550,000,000		9.1%	9.1%
6	7	Real Chemistry <sup>nb</sup>	USA	555,000,000	475,000,000	1,977	16.8%	16.8%
7	14	Vector	Japan	494,080,000	292,400,000	1,421	69.0%	69.0%
8	6	Brunswick	UK	454,718,000	469,125,000	1,250	-3.1%	8.1%
9	9	MSL	France	425,000,000	387,000,000	2,110	9.8%	9.8%
10	8	FGS Global <sup>nb</sup>	USA	421,000,000	390,000,000	1,099	7.9%	7.9%

Source: PProvoke Media 2023 Global Rankings





From  
**No. 1 PR Firm  
in Asia...**

to  
**No. 1 PR Firm  
Worldwide**

...to becoming a “Fast Company”  
in Advertising Industry  
**Developing the  
7 trillion yen  
advertising market**

**...to becoming a Fast Company  
in Advertising Industry  
"Low Cost" "Middle Quality" "Speedy"**

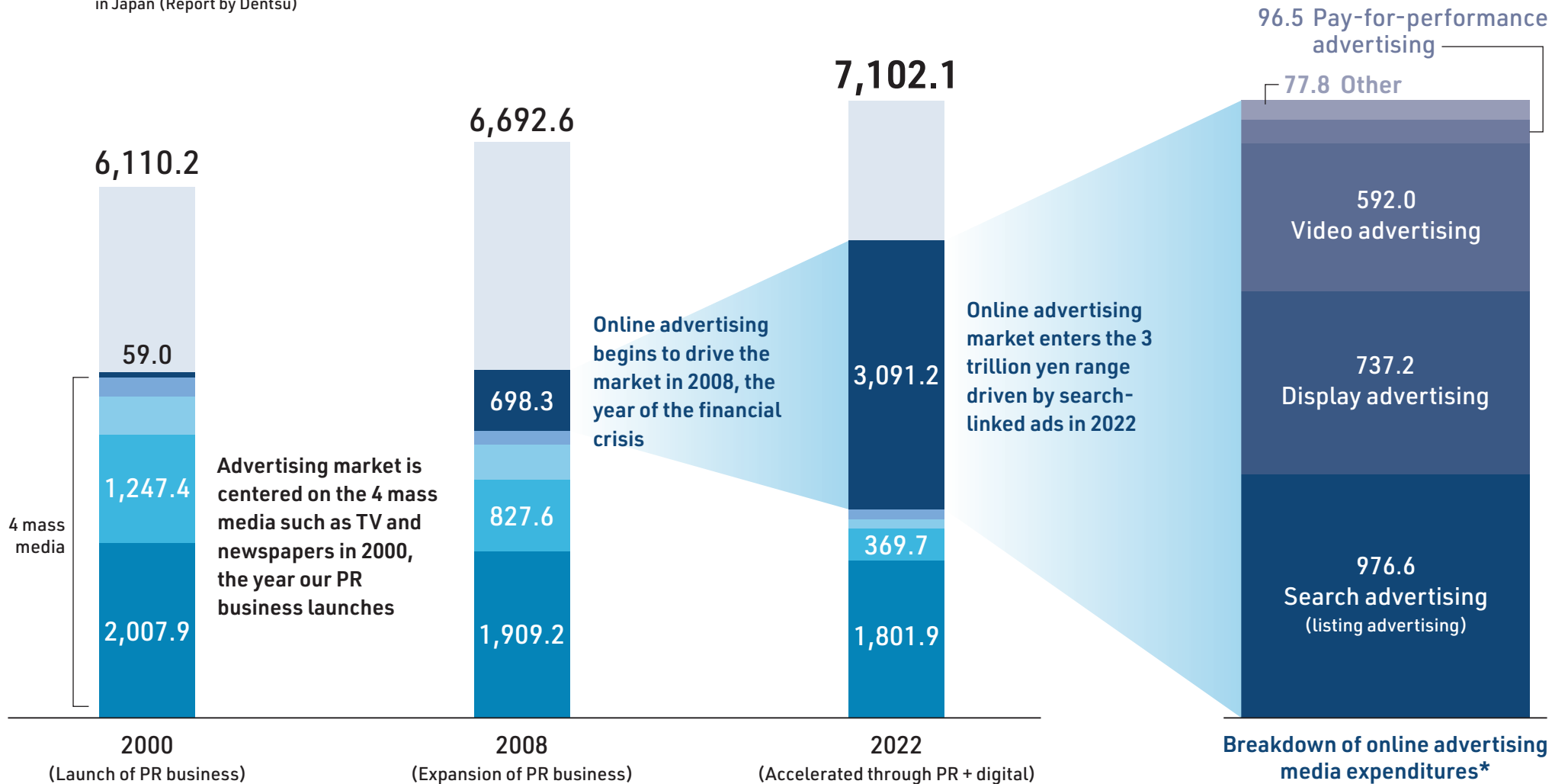
## Change in Japan’s Advertising Market

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

(Billions of yen)

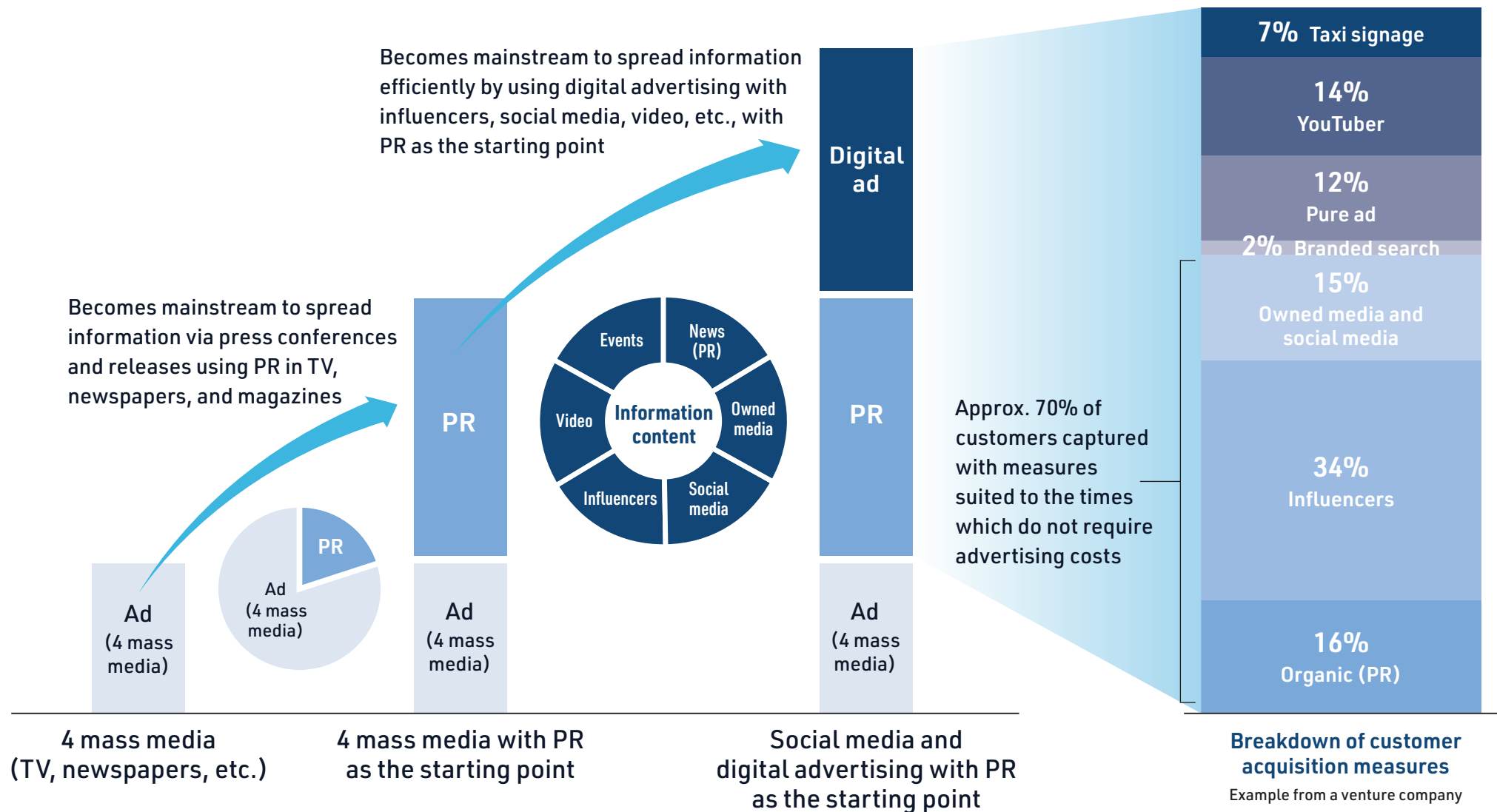
Reference: Advertising Expenditures  
in Japan (Report by Dentsu)

■ TV ■ Newspapers ■ Magazines ■ Radio ■ Online ■ Other (OOH\*, transit advertising, etc.)  
\* OOH: Out-of-home

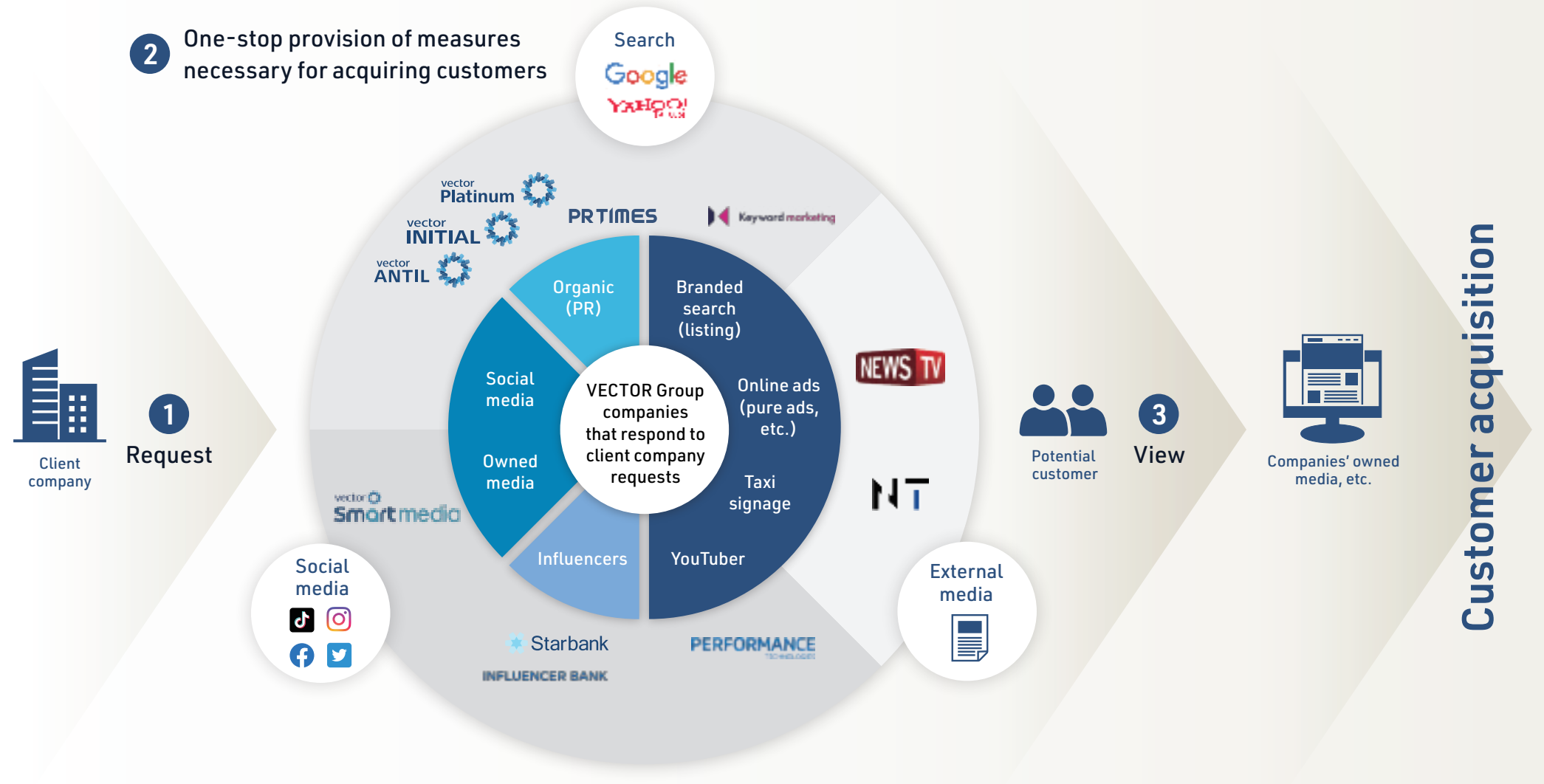


\* Excludes production costs for online ads, etc.

**Change in the Way to Spread the Word** We are now in an age where information is spread efficiently through using digital advertising with PR as the starting point.

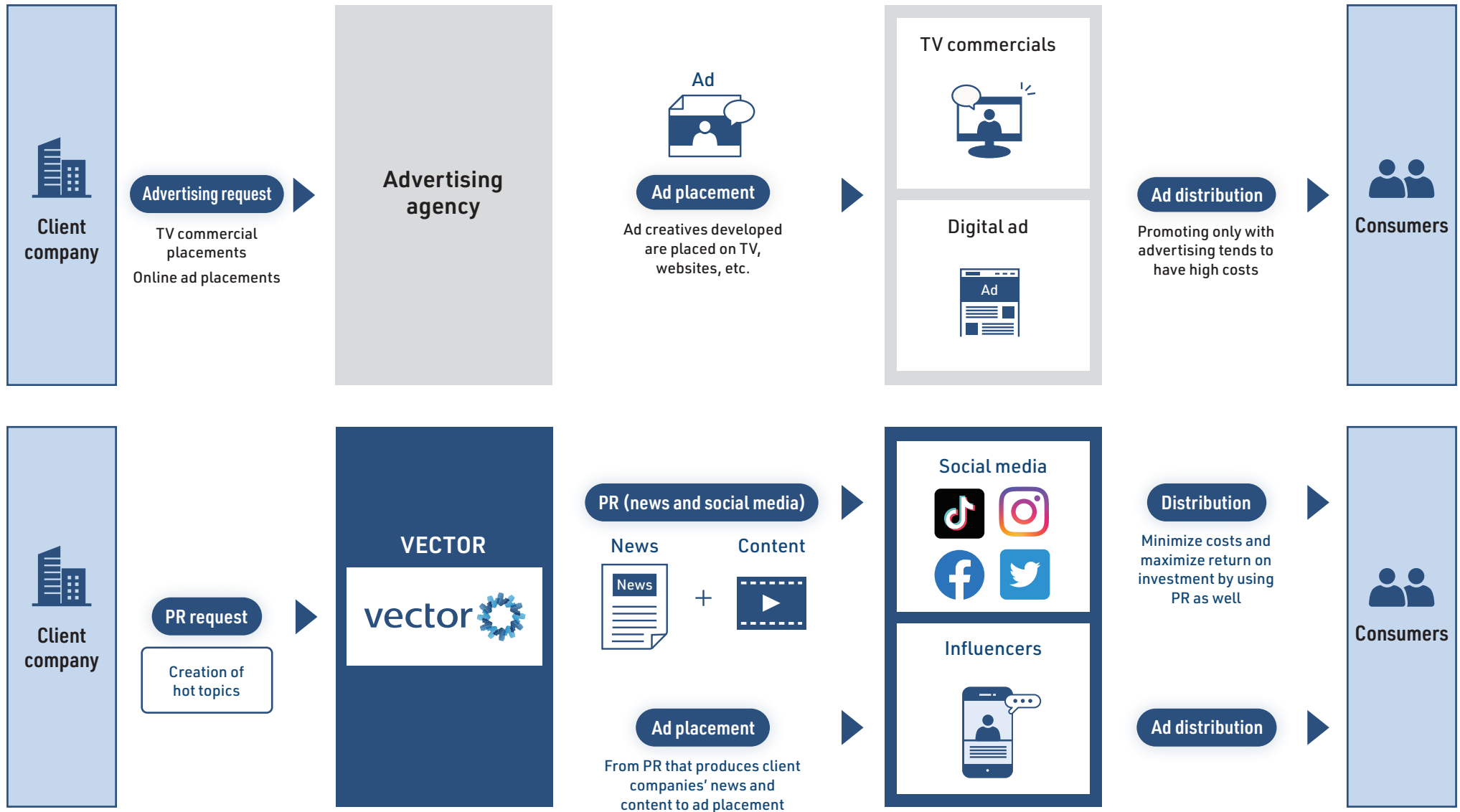


## Customer Acquisition Flow One-stop provision of measures that companies need to acquire customers



## Difference between VECTOR and Advertising Agencies

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



## "Fast Company" Concept

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

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

## Celebrity Casting

Cast celebrities for content including websites, online videos and events.



## Press Releases



**No. 1 press release service in Japan with over 70,000 clients. Used by 53% of publicly listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.**

PR TIMES

## PR Consulting



From PR planning to execution, our experienced PR consultants apply the most effective communication strategies.

vector  
**ANTIL**

vector  
**Platinum**

vector  
**INITIAL**

## Video Releases



Next-generation communication based on the production and distribution of video news from a PR standpoint, delivering content direct to the target audience.



## Influencers



Support corporate service/product branding through social media influencers.



## Digital Marketing



Integrated support from website production and system creation to digital promotion; Can also handle owned media creation and operation, and production of PR videos.

vector  
**SIGNAL**

NT



## Risk Management



Provision of consulting services concerning corporate reputation management and brand security using unique technology based on theory and know-how built up in the United States.



BRAND CLOUD

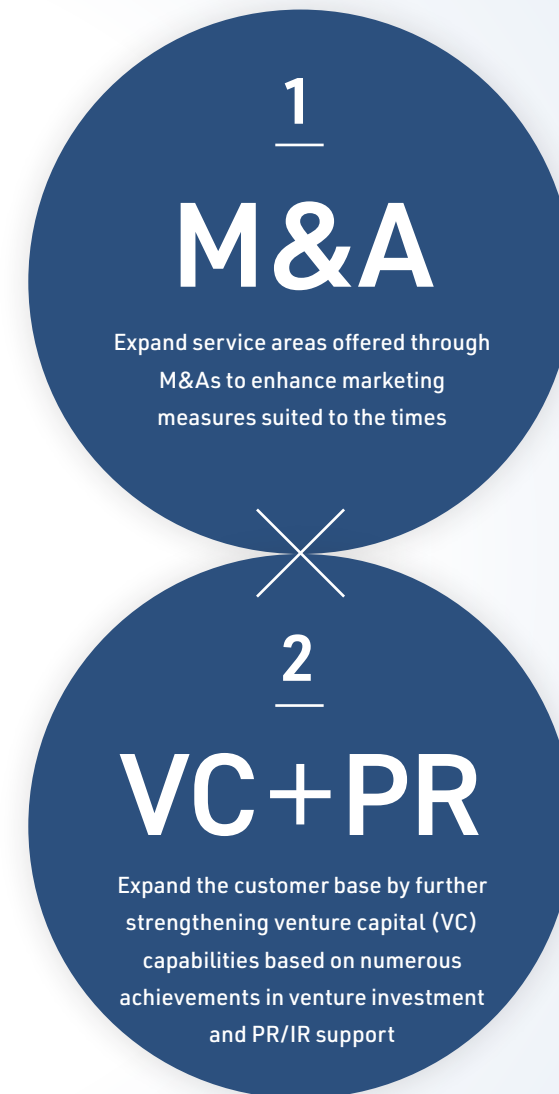
¥0

¥50 Million



## Strengthening the Fast Company Concept

# Two key points for strengthening the Fast Company concept

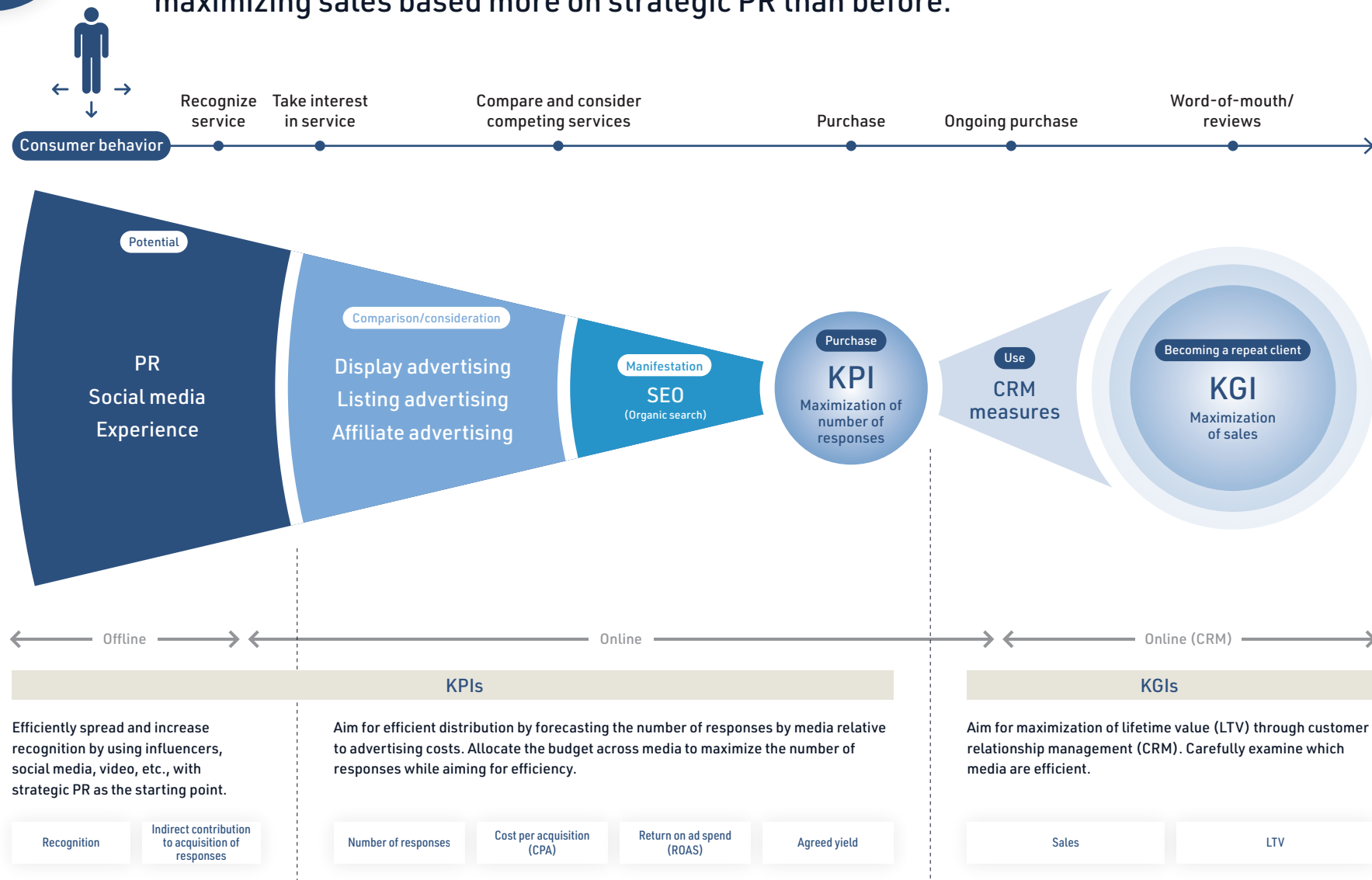




# 1 M&A

## Synergy from Purchase of Digital Marketing Business

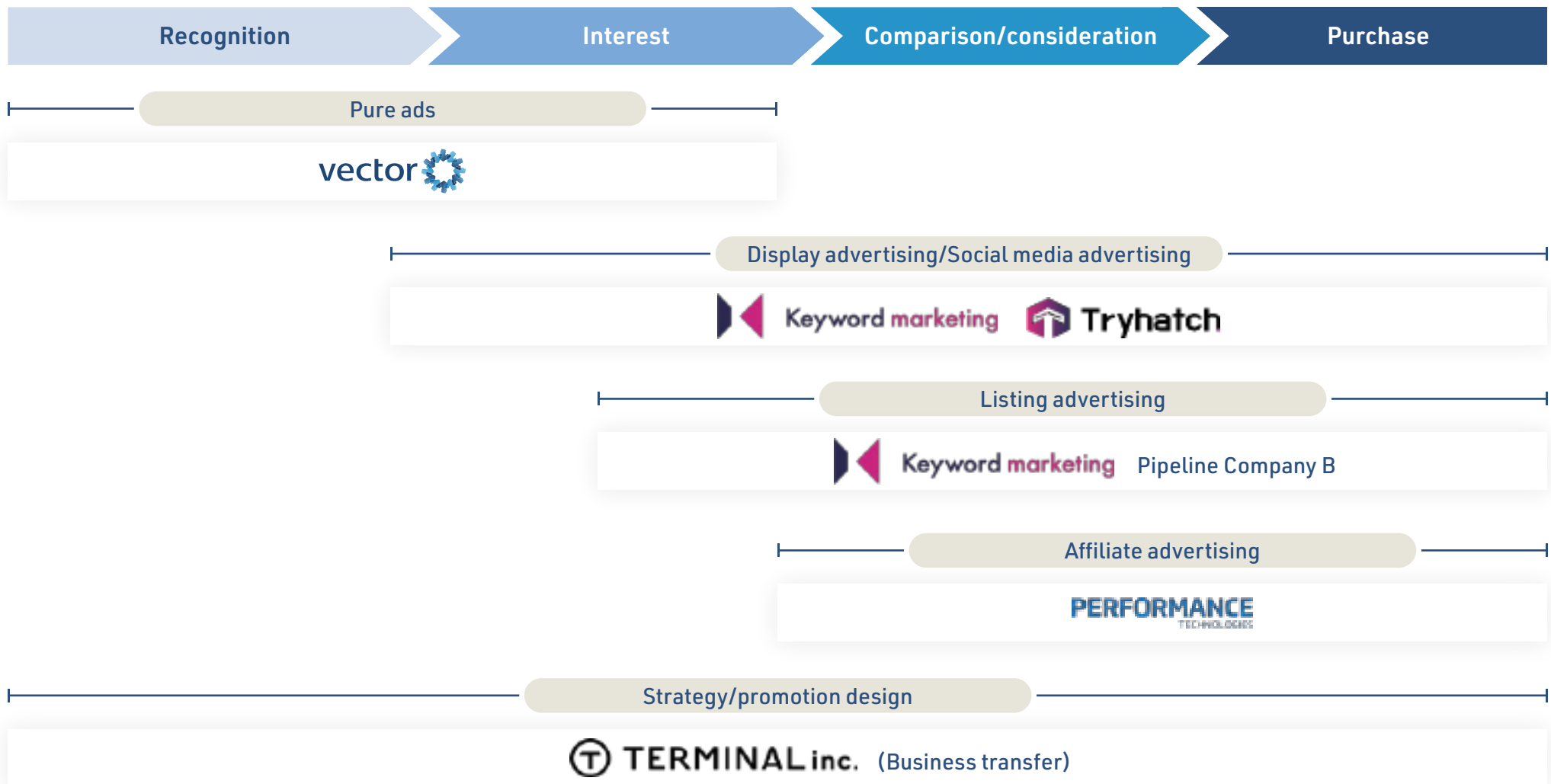
The acquisition of a company (business) specializing in strategic design and listing advertisement management has enabled us to provide digital measures aimed at maximizing sales based more on strategic PR than before.





## Expansion of Digital Marketing Domain (by Ad)

Expand the digital marketing domain to further strengthen the system for providing a one-stop solution that includes strategy and promotion design covering everything from expanding recognition to purchases in digital advertising measures.



# 1 M&A

## Basic Policy on M&A

Strengthen the Fast Company concept and aggressively pursue M&As that could produce synergy with core businesses.

Accelerate organic growth through effective M&As and aim for discontinuous growth.

### Acquisition target

Companies (small-scale projects) that can expand and enhance the Fast Company concept  
Strengthen digital marketing (digital advertising) domain in particular

### Valuation

Execute M&As with a target EV/EBITDA multiple of 5x to 7x

### Fund procurement

Acquisitions will basically be financed by cash on hand and bank loans.

### Governance

Possess extensive knowledge related to M&As and financing  
Make careful decisions at the Board of Directors with a majority of external directors

### Post-merger integration

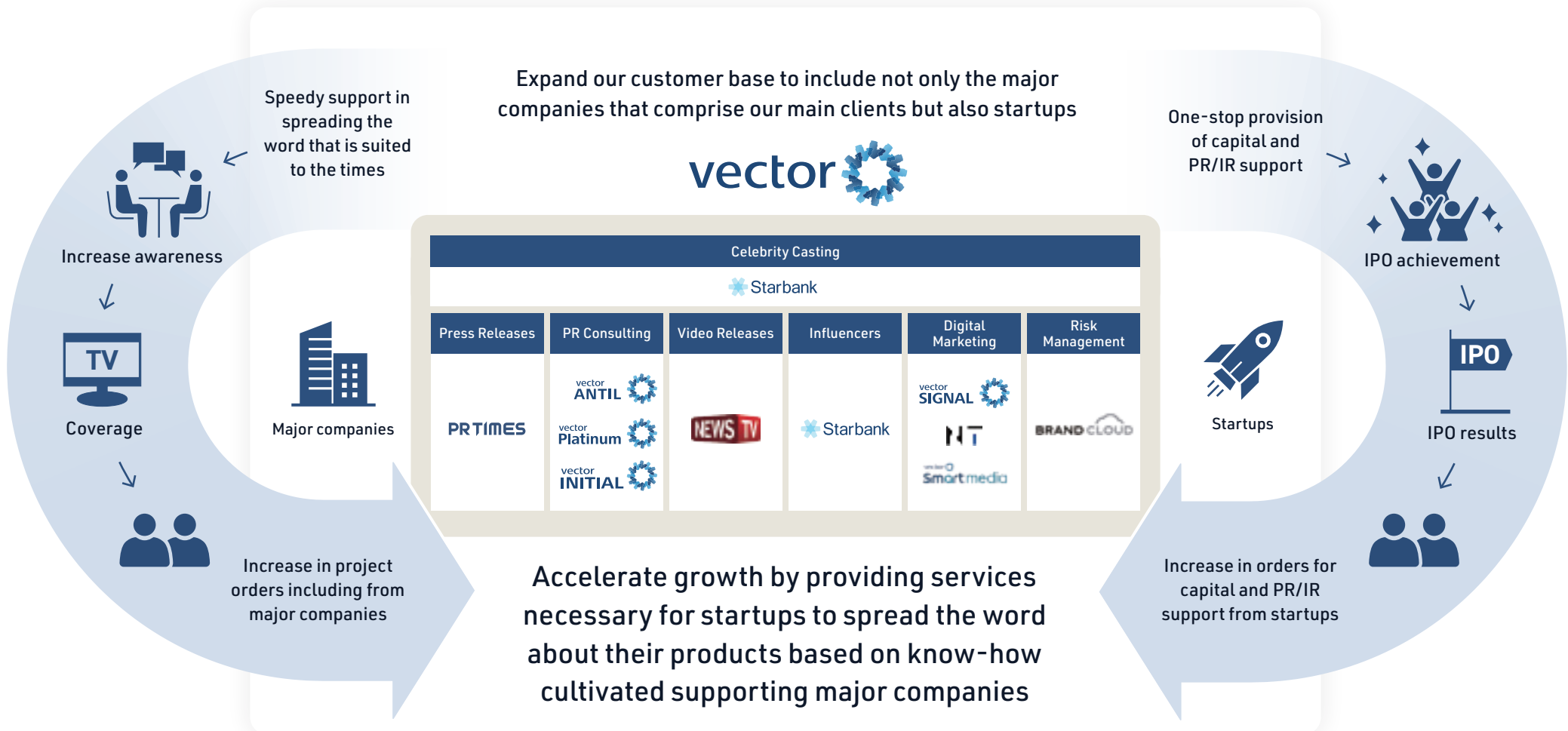
Regularly monitor objectives of acquisition from time of investment and their achievement  
Develop the internal controls required of a listed group company



## Expanding the Customer Base through Venture Capital

Accelerate investment backed by investments in capital and PR/IR support based on the increasing number of startups

We will expand our customer base by covering not only the major companies that comprise our main clients but also startups.



# **Business Introduction**

## Businesses Comprising the VECTOR Group

### PR COMPANY

#### PR/Press Releases/Digital Marketing

Fast Company provides one-stop, comprehensive support for marketing strategies designed to deliver the excellent products, services and solutions of our customers to the world.



PR TIMES

Smartmedia



### COMPANY FACTORY

#### D2C

We handle everything in-house, from product planning and production to advertising, marketing, and purchasing in a D2C business having direct contact with customers.



#### New Business

We grow service domains taking advantage of the business know-how we have cultivated and start new businesses that leverage Group synergies and partner strengths.



INFLUENCER BANK

### HR COMPANY

#### Personnel Evaluation

Our HR business primarily provides consulting and personnel evaluation cloud solutions to support the introduction and operation of personnel evaluation systems.



#### Recruitment Support

We provide a service that enables job seekers and companies to utilize video in the initial recruitment processes, solving issues that both parties face and achieving speedy matching.



### INVESTMENT

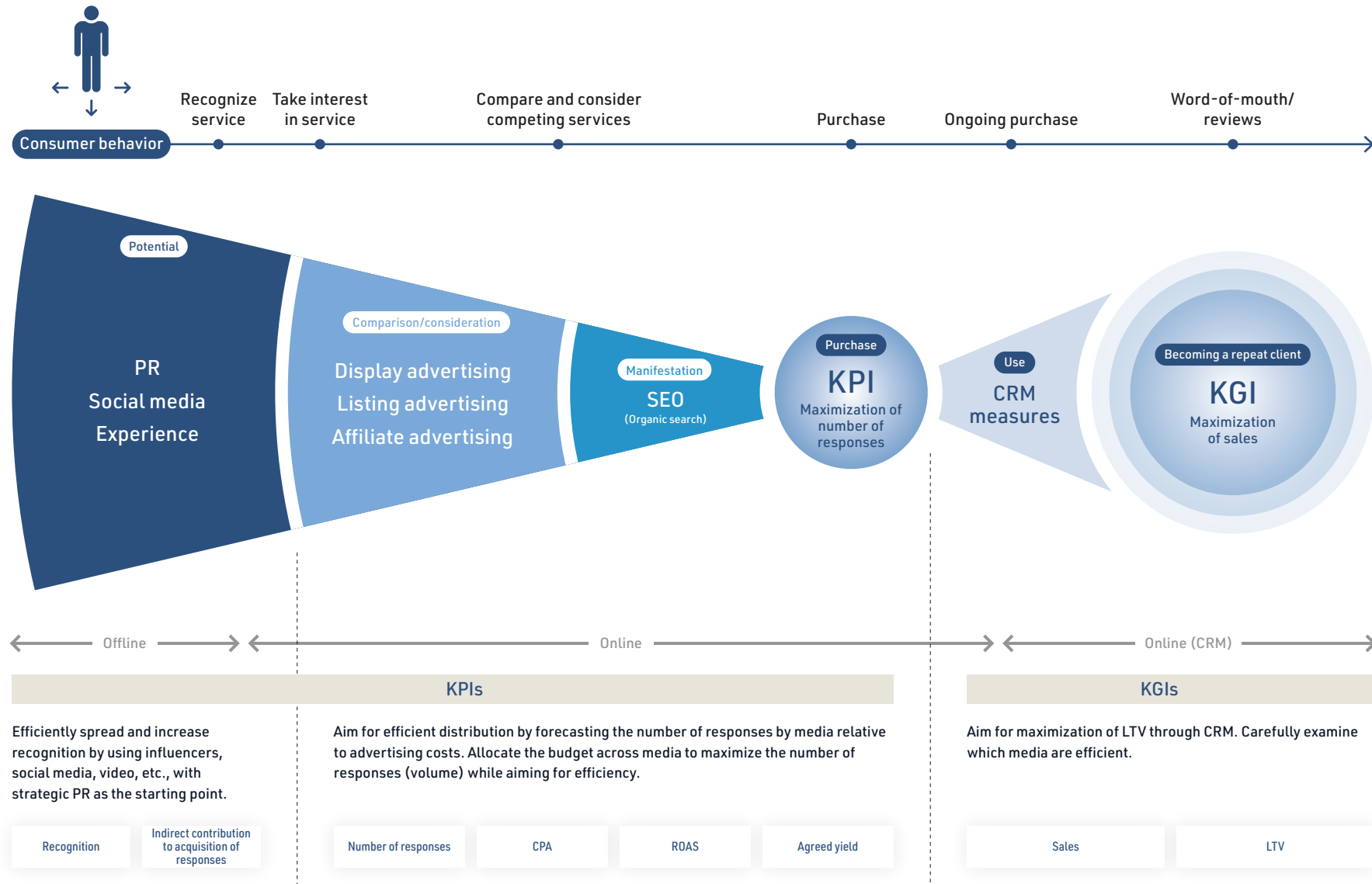
#### Investment

In our startup investing activities, we provide investees with support for increasing value along with PR and IR.



## Communication services starting from PR

One-stop provision of services necessary for spreading the word  
Marketing measures suited to the times delivered at 10% of traditional model's costs



## Effective use of PR, social media, influencers, and digital marketing Realization of unique way of spreading the word suited to the times

### Example: Opening of Yebaozi



The key challenge was to maximize interest for the launch of Japan's first Yebaozi, a hugely popular *nikuman* (meat bun) chain from China that boasts long lines. We provided support covering from concept formulation to keyword creation and the implementation of measures.

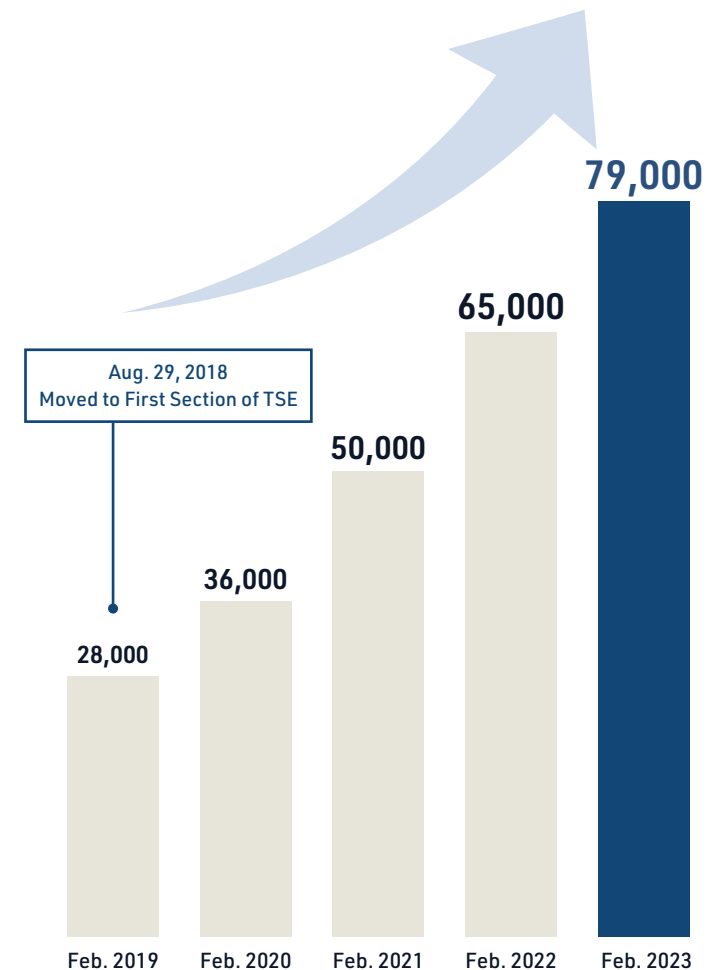
We created a powerful buzz through advertising and utilized catchy keyword phrases such as "gachi chuka," "Japan's first," and "bite-sized *nikuman*" to gain media exposure, turning "gachi chuka" into a trend for 2022.



No. 1 press release service in Japan with over 70,000 clients.  
Used by 53% of publicly listed corporations, our strong brand reputation and media reach are highly appreciated by our clients.

# PR TIMES Tokyo Stock Exchange (TSE) Prime Market

Number of User Companies



## Taxi Signage

Digital signage has been installed for rear seat passengers in approximately 11,500 vehicles, the largest scale of taxi signage advertising in Tokyo. Through this, video advertising and media content reaches roughly 7.7 million taxi passengers, most of which are business people.



### GROWTH

The main focus is on those who have decision-making power at work and high purchasing power in their private lives. Many use taxis as their main means of daily transportation, so they are repeatedly exposed to the information content.



### Canvas

Adding color to the ride experience. Utilizing in-vehicle signage as owned media, we are now able to further promote the brand's worldview and the appeal of our services.



## Owned media

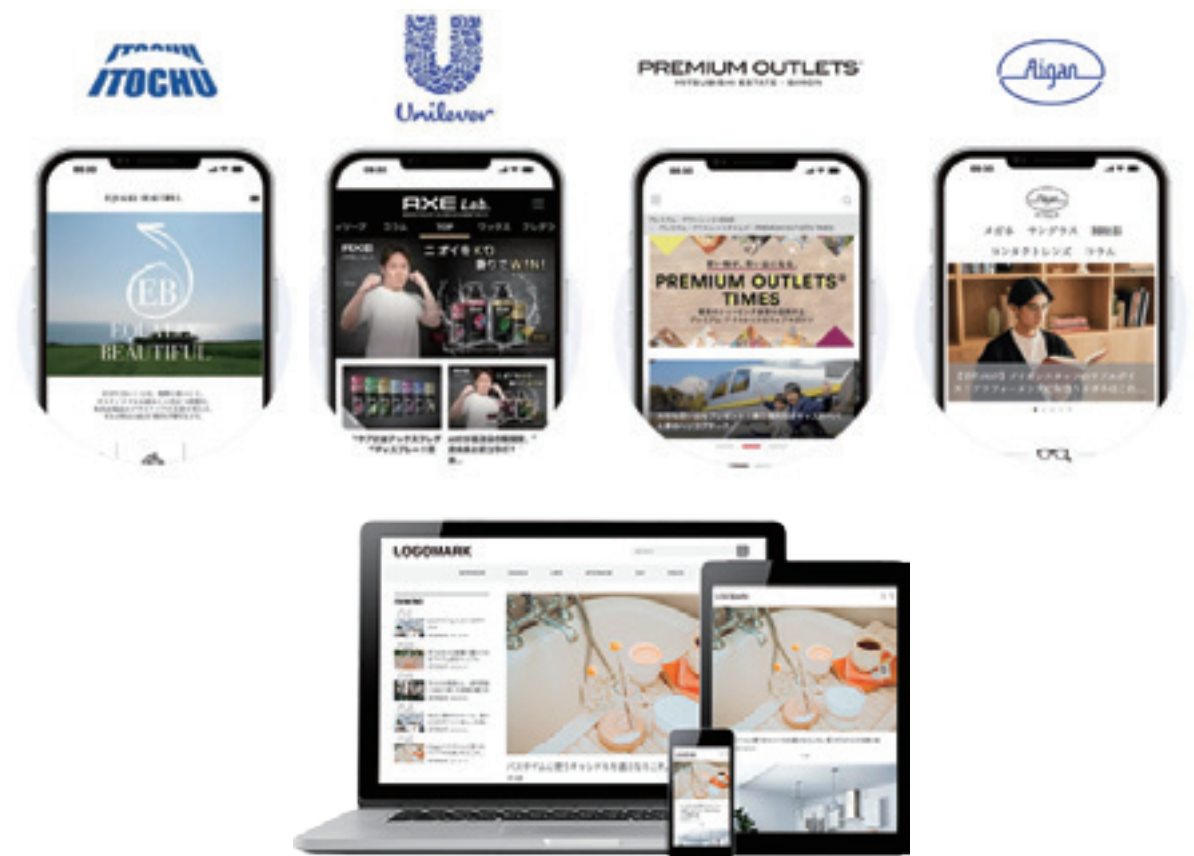
We will support corporate content marketing from production to operation of owned media leveraging the expertise we have cultivated in media operations.

**Ownd (オウンド) が選ばれる3つの理由**

**01**  
プロの編集力が存在  
貴社の価値を高め、読者の興味を惹きつけるために、専門的な編集力とコンテンツ戦略を行います。

**02**  
サイト制作から運用まで一気通貫でサポート  
ブランドメディアの立ち上げ〜日々の運営まで一気通貫でサポートすることができ、他社CMSによるメディア作り、集客コンテンツ制作などに比べてコストを抑えられます。また、社内にてSEO対策も実施する場合は、SEO対策もご提案いたします。

**03**  
マーケティングにおける幅広い課題を解決  
認知向上からブランディング、そして集客促進まで、マーケティングのあらゆる課題を解決します。



Ownd is a comprehensive support service for owned media, which involves an editorial team of 10 or more editors taking the reins in building and managing owned media seen by consumers.

In addition to attracting customers through SEO and social media, we specialize in planning and management for turning site visitors into fans.



## Video Releases

Providing everything from filming to video production and ad distribution, we have the No. 1 news video streaming service in the industry with a track record of more than 4,000 videos produced and streamed since the launch of the service in 2015 and a high rate of repeated orders.



We offer a one-stop service that includes the entire process from free video production to streaming to communicate about your company and products through video.

NewsTV produces video releases quickly and free of charge. These productions are of high quality based on proven results.

Furthermore, we conduct data-driven streaming operations through our proprietary streaming platform to deliver information you want to communicate to the people you want to reach with it.



## D2C

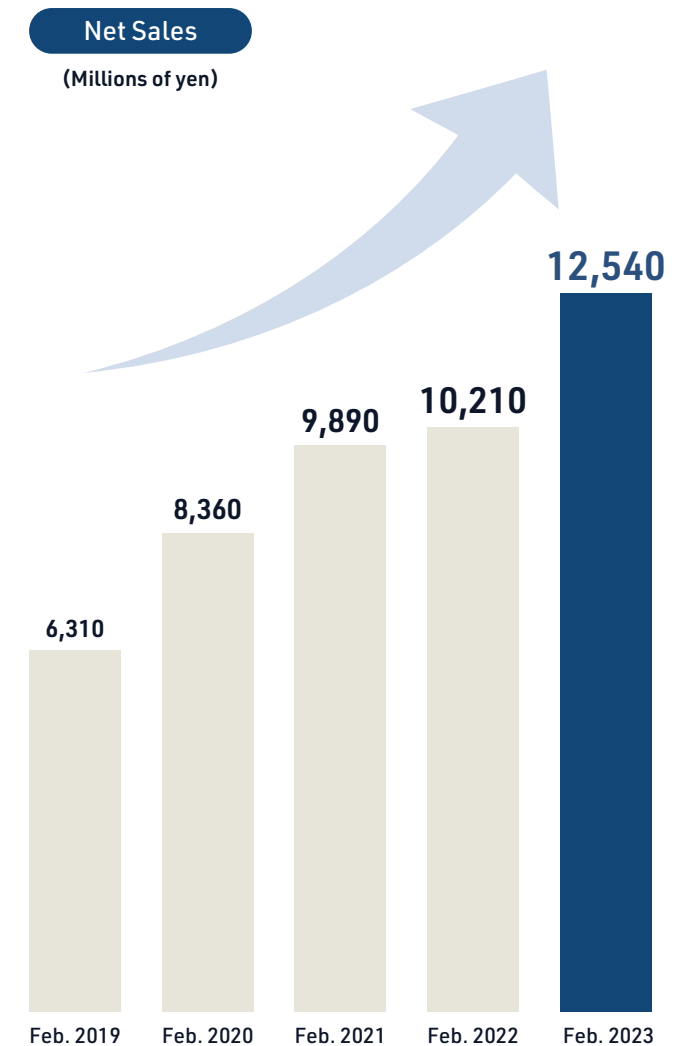
We handle everything in-house, from product planning and production to advertising, marketing, and purchasing in a D2C business having direct contact with customers.



The only powder in the world offering 12-hour Vitamin C penetration; skin lotions, hair growth stimulants, and functional food products with health claims also available.



Terminalia First continued to perform well following its launch, with cumulative sales exceeding 5.17 million units.



## New Business

We grow service domains taking advantage of the business know-how we have cultivated and start new businesses that leverage Group synergies and partner strengths.

### INFLUENCER BANK (in-house live commerce offering)



One-stop live commerce service providing everything from planning to live streaming, analysis, and proposals for improvement

#### Three Features

Simultaneous streaming on social media



Attract customers in real time by simultaneously streaming on your own social media accounts

Data analysis reports



Find out what consumers really think based on analysis results and use it in future marketing measures

Various design templates



Select the best design for your company or product image on the live streaming screen

### Influencer Works matching platform

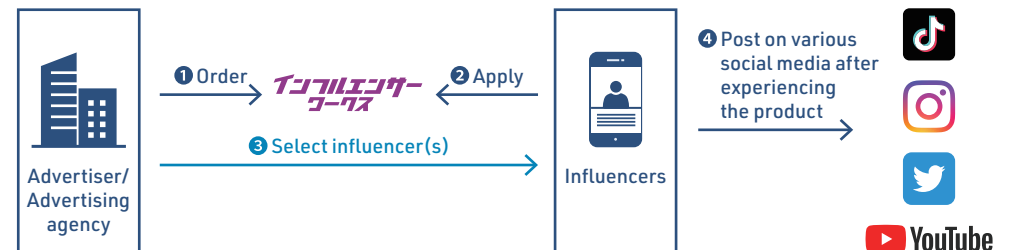


Matching platform connecting companies with more than 10,000 influencers

Simply provide products and request as much PR as desired!

No limits on the number of products, types of social media, or number of orders

#### Service Flow



#### Challenges faced by companies

- Increase the number of reviews (user-generated content) on social media
- Increase recognition on social media
- Increase followers on social media
- Get product reviews by influencers
- Find ways to reuse posted images

#### Influencer assets

- Followers on social media
- Expertise in growing social media
- Photographing and editing techniques
- Advertising consulting

## Personnel Evaluation

ASHITA-TEAM offers services for small and medium-sized enterprises and startups focused on personnel evaluation systems.

With a track record of introduction by more than 3,000 companies in Japan and other countries, we have captured the No. 1 share of personnel evaluation services.

シェアNo.1の人事評価システム

社員情報をクラウド上でラクラク管理

**あしたのクラウド**® HR



Operating Profit  
(Millions of yen)



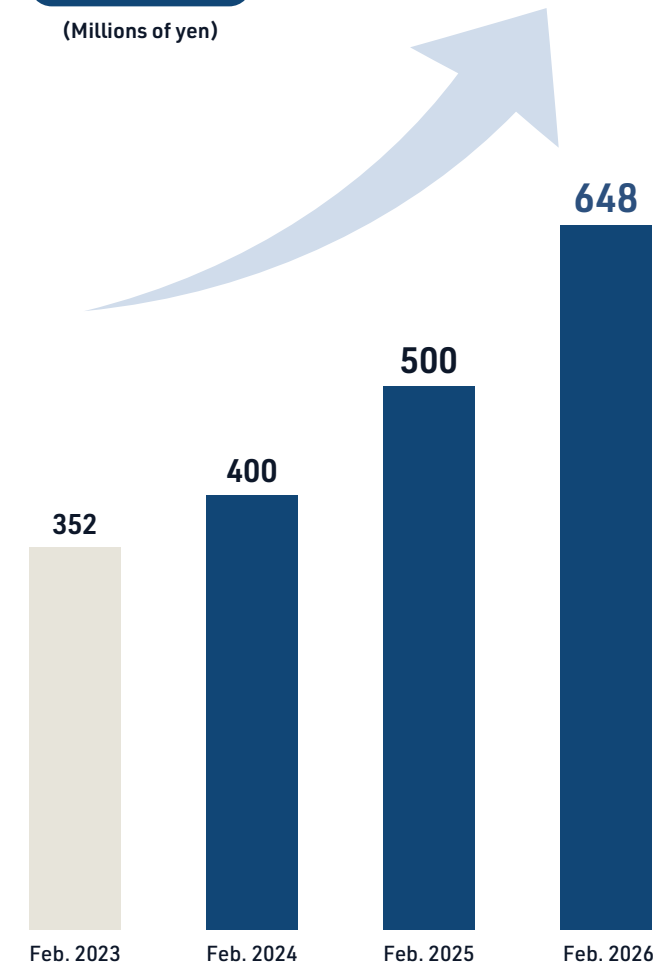
Employee directory



Employee database



Organizational chart



## Recruitment Support

JOBTV is a service that solves issues of both job seekers and companies.  
Speedy matching is achieved by leveraging video in the initial recruitment processes.



Over **1,000**  
participating companies!

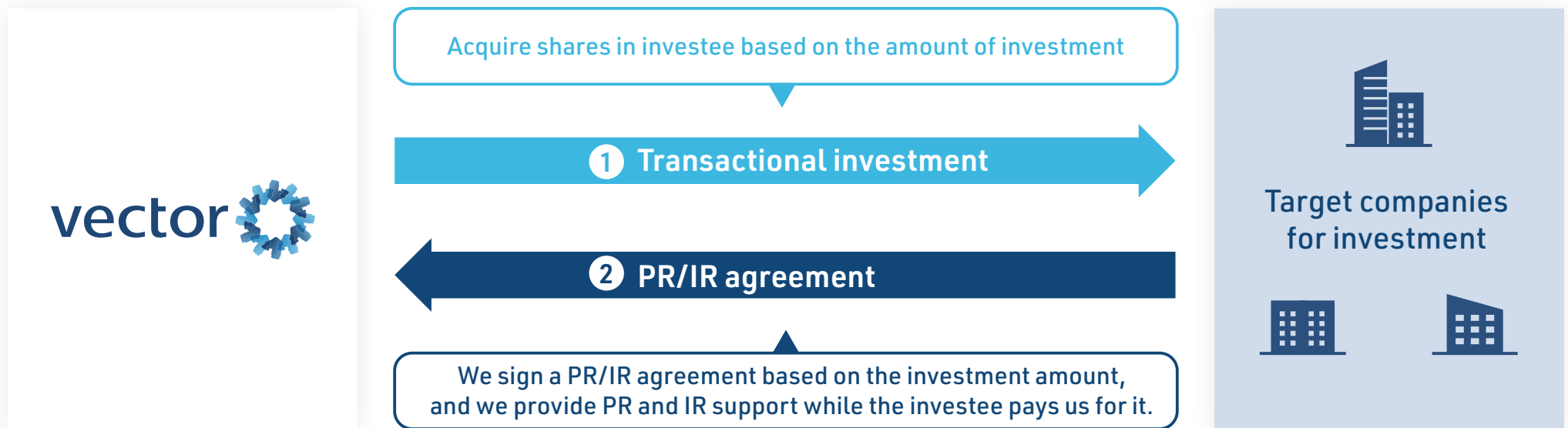




## Investment

In our startup investing activities, we provide investees with support for increasing value including PR and IR.

28 companies in all have launched their IPOs (we continue to provide support after the IPO)



05

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# Sustainability

## SDGs/ESG Philosophy



The VECTOR Group strives to raise awareness of the importance of the SDGs and environmental, social, and governance (ESG) initiatives and create happiness for all stakeholders by spreading its initiatives, and those of many other companies, throughout the world.



We strive to contribute to the sustainable development of society as a whole by working on resolution to various social issues through our business. This is in accordance with the spirit of “Making People Happy by Delivering Excellent Products, Services and Solutions to the World,” which has been the Group’s vision since our founding.

Some of the current issues facing society are closely related to the Group’s business activities, such as climate change, diversity, and sustainable production and consumption. In these areas, we will promote the effective use of the Group’s internal resources and realize measures that produce a social effect by partnering with various stakeholders.

The philosophy behind our sustainability policy is “spreading SDGs and ESG initiatives throughout the world to create happiness for all stakeholders.” Through our PR-centered communication services, we believe we must do our utmost to improve the SDGs and ESG environment in Japan by supporting not only our own SDGs and ESG initiatives but also those of our customers—the client companies of the VECTOR Group. To achieve this, human resources are essential. By changing the way we work to adapt to the times and by having diverse range of employees, we can provide services for the modern age and resolve social issues.

### Saori Kiryu

Sustainability Committee Chairperson  
Executive Vice President of VECTOR INC.  
and President of Platinum Inc.

## Sustainability Committee Overview

### Goals

- Improve synergy and efficiency between different departments and unify them under shared goals.
- Strengthen corporate governance.

### Roles

- Formulate a basic sustainability policy, develop operational structure, set up and deliberate targets.
- Conduct research and information gathering, and report them during executive meetings and Board meetings.

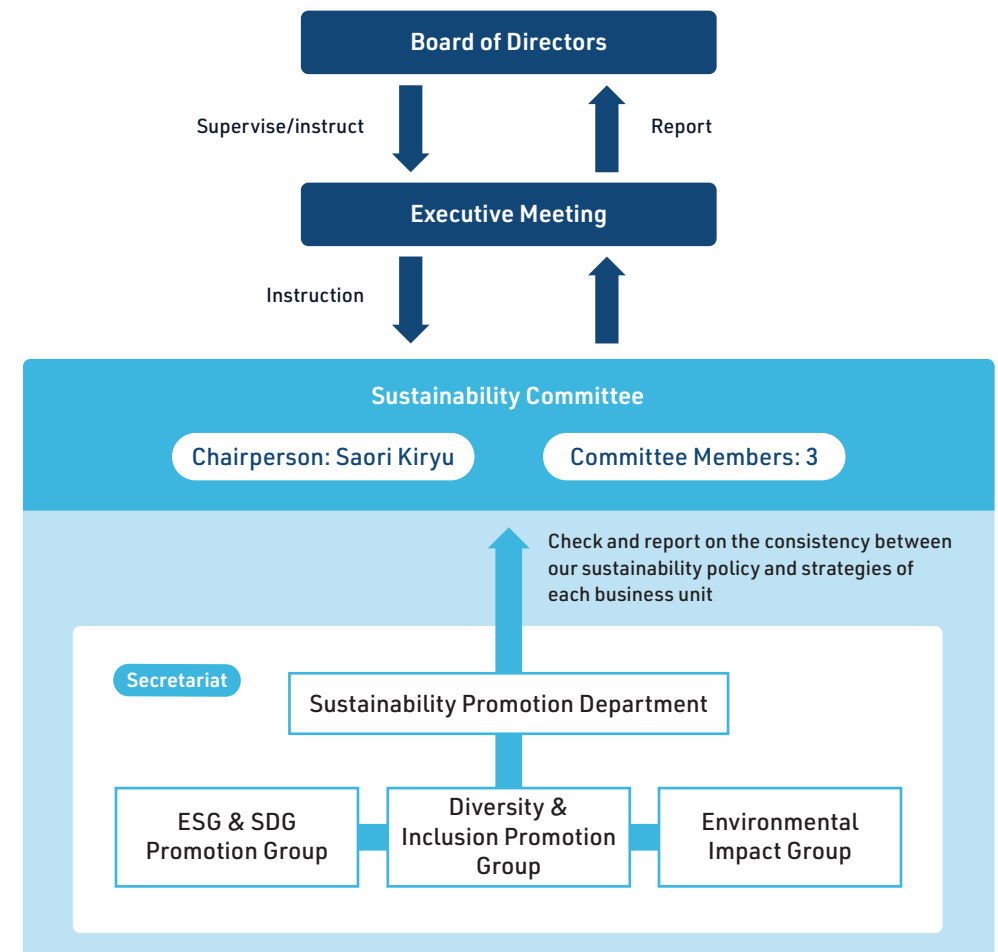
### Organization

- Appoint Saori Kiryu as chairperson of the Sustainability Committee.
- Organize members suitable for the responsibility of managing sustainable management.

Roles	Members
Chairperson	Saori Kiryu Executive Vice President of VECTOR INC. and President of Platinum Inc.
Committee members	<ul style="list-style-type: none"> <li>• Officer: Yosuke Goto</li> <li>• Corporate Planning &amp; IR: Shinsuke Yoshida</li> <li>• Legal Affairs: Yoshitaka Yamada</li> </ul>
Observers	<ul style="list-style-type: none"> <li>• External Director</li> <li>• Auditor</li> </ul>
Secretariat	<ul style="list-style-type: none"> <li>• Sustainability Promotion Department</li> <li>• Diversity &amp; Inclusion Promotion Group: Yuko Nishie, Nahoko Shimizu</li> <li>• Environmental Impact Group: Yuko Hirabayashi</li> </ul>

## Sustainability Committee Organizational Structure

Established the Sustainability Committee for the realization of a sustainable society



## Materiality Identification Process

### STEP 1

#### Materiality identification process

For the selection, use the SDG indicators, which are goals that represent important social issues and the theme of global sustainability.

### STEP 2

#### Evaluation of business relevance

Evaluate the selected material issue candidates according to their level of relevance to the business activities of the VECTOR Group.

### STEP 3

#### Classification of material issues

Evaluate the candidates in regard to their business relevance and formulate material issues for the VECTOR Group.

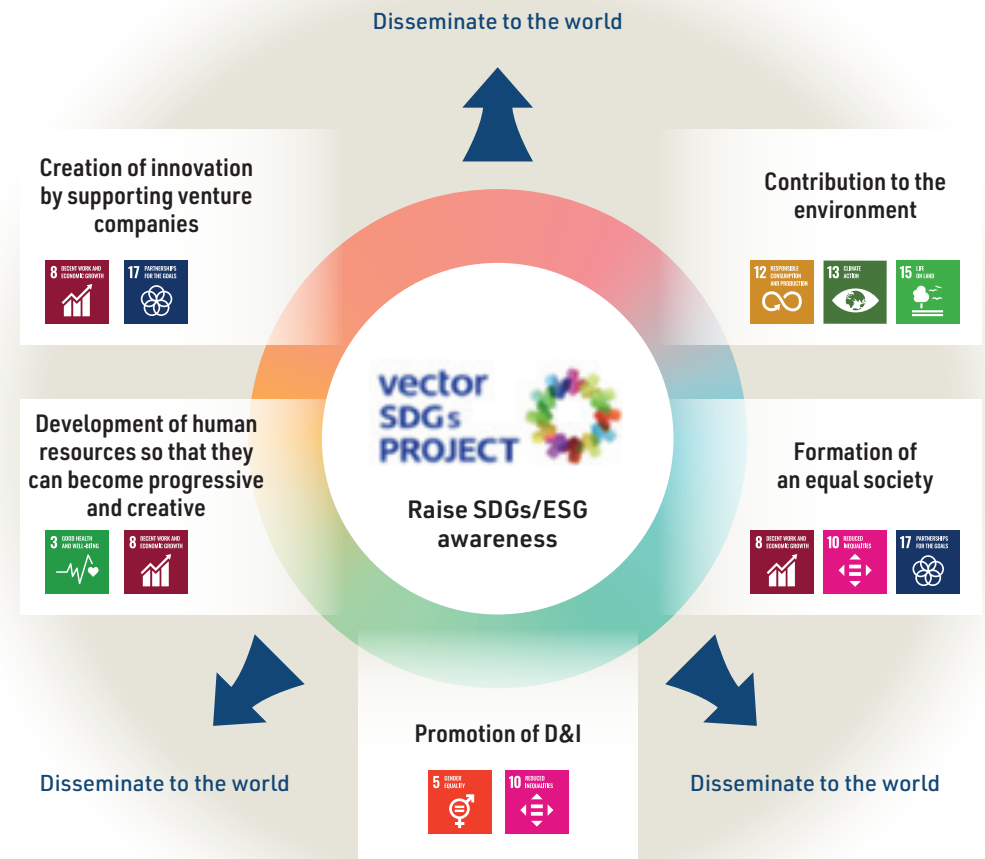
### STEP 4














#### Determine important themes

Establish six important themes for the VECTOR Group.

Incorporate feedback from stakeholders and carry out regular reviews.

## Materiality Philosophy Chart



Materiality	Outline	Results of Initiatives	SDGs Targets
<b>SDGs/ESG and PR Consulting</b>	The VECTOR Group strives to raise awareness of the importance of the SDGs and ESG and contribute to happiness for all stakeholders by spreading its initiatives, and those of many other companies, throughout the world.	Launch of the VECTOR SDGs Project in October 2021 Decision on specific action with respect to the VECTOR Group's initiatives for resolving social issues	
<b>Creation of innovation by supporting venture companies</b>	We are supporting business innovation by drawing on our experience gained from assisting our clients' diverse forms of marketing.  We are also investing in startups that are actively engaging in SDGs and ESG initiatives.	Investment in more than 10 industry sectors IPOs (total): 28 companies	 
<b>Development of human resources so that they can become progressive and creative</b>	We have created a human resources development program centered on our core PR business.  We have also developed training programs tailored to employees, including introductory training, specialized training, and level-specific training.	Enhancement of training program Career Challenge System Internal entrepreneur program	 
<b>Promotion of D&amp;I</b>	Listen to all voices and foster a culture of belonging and trust where everyone has a place to be themselves. Link this culture to the promotion of diversity, inclusion, and belonging. Promote women's empowerment, the expansion of activity overseas, and the appointment of employees with diverse backgrounds.	Signatory of the Women's Empowerment Principles (WEPs)  Member of 30% Club Japan  Conducting of employee engagement surveys	 
<b>Formation of an equal society</b>	We aim to realize a society in which everyone is given equal opportunities.	Raising of awareness about the advancement of employment for people with disabilities through partnership with investee company Syogaisha Koyo Bank	  
<b>Contribution to the environment</b>	Disclose information on climate change risks on an ongoing basis and systematically work toward the 1.5°C target.  Also raise awareness among employees, aiming for a sustainable society.	Promotion of joint purchasing/paperless operations  Calculation of own emissions and scenario analysis	  

Response to  
Climate Change

The VECTOR Group is working to reduce greenhouse gas (GHG) emissions and eliminate waste through its business activities. We will continue to strive to lower the emissions and the environmental impact generated from our main offices in Japan and overseas, and will make efforts to enhance business efficiency while reducing total CO<sub>2</sub> emissions.

GHG Emissions Reduction Targets and Measures

GHG emissions reduction target (1.5°C)

The VECTOR Group has set targets of reducing net Scope 1 and 2 emissions to zero by 2030 and Scope 3 emissions by 50% by 2030, with 2021 as the base year. To achieve these emissions reduction targets, we will work to reduce Scope 3 emissions by 3,155 t-CO<sub>2</sub> over a period of nine years that began in 2021.

1.5°C level

50% reduction  
in GHG emissions

2030 emissions targets

Scope 1 and 2 0t-CO<sub>2</sub>  
Scope 3 3,155t-CO<sub>2</sub>

Specific measures for reducing GHG emissions (1.5°C)

The VECTOR Group is implementing the following initiatives to reduce Scope 1 and 2 emissions by 307 t-CO<sub>2</sub> by 2030.

We will reduce direct emissions (Scope 1) by switching our current company car fleet from gasoline cars to EVs. In addition, indirect emissions (Scope 2) associated with the use of electricity will be reduced by increasing the percentage of electricity we use from renewable energy. We will also offset CO<sub>2</sub> emissions by purchasing non-fossil fuel energy certificates and renewable energy credits. By implementing and continuing these initiatives, we aim to achieve carbon neutrality.

The VECTOR Group is implementing the following initiatives to reduce Scope 3 emissions by 3,155 t-CO<sub>2</sub> by 2030.

We will reduce emissions through streamlining work processes that the Group has outsourced by performing some of them in-house in the future. By supporting SDGs and ESG initiatives through PR to boost awareness, we will also encourage decarbonization and the reduction of emissions, working to reduce emissions throughout the entire supply chain.

By implementing these initiatives, the VECTOR Group will strive to reduce its GHG emissions by 30%.

1.5°C Scenario Analysis

The VECTOR Group examines, evaluates, and analyzes climate change-related risks and opportunities at meetings of the Sustainability Committee. The current 1.5°C scenario analysis has been divided into risks in society (transition risk and physical risk) and business opportunities in case of a 1.5°C rise in the earth's temperature.

Table of Assumed Risks and Opportunities

Risks		Indicators
Transition risk	Policy/legal risk	CO <sub>2</sub> emission regulations
	Technology risk	Requirement for new facilities/equipment renewals
	Market risk	Cost increase/demand decrease
	Reputation risk	Poor reputation for products/services
Physical risk	Acute risk	Financial impact from natural disasters
	Chronic risk	Financial impact from global warming
		Financial impact from rising sea levels

Opportunities		Indicators
Business opportunities	Resource efficiency	Increased efficiency in transportation/distribution/buildings
	Energy sources	Increase in low-carbon energy sources
	Products/services	Development of new products/services
	Market	Emerging of new markets
	Resilience	Energy-saving and alternative resources

Risks

Transition risk

It is assumed that a range of technological innovations and lifestyle changes will arise with the tightening of GHG emissions regulations. While price rises for raw materials and electricity are expected to have a negative effect in the short and medium term, it is forecast that risk can be mitigated for both of these in the long term by addressing change.

Business Opportunities

It is expected that facility and distribution efficiency improvements, the switch to low-carbon energy, and the use of new technologies will further develop. In the medium term, low-carbon fuel costs are expected to decline, significantly benefiting the ICT industry as well. In addition, in the sense of reducing material circulation, our digital signage and DX businesses offer environmentally friendly services, and we expect more opportunities to arise.

Physical risk

It is assumed that the negative effects of physical risks from climate change can be controlled to a certain extent through the tightening of GHG emissions regulations and technological and lifestyle changes. Due to this, significant risk is not expected over the short, medium, and long term.



## Reducing Environmental Impact by Engaging in Cooperative Purchase and Eliminating Paper

Our Head Office in Tokyo and subsidiaries jointly purchase stationery items to ensure the effective utilization of resources and the separation of waste. In addition, we are eliminating the use of paper by using projectors and display monitors as the standard way of sharing materials and data at our various types of internal meetings.

Furthermore, opportunities to carry out meetings and presentations with clients online have increased due to the COVID-19 pandemic, allowing us to expand paperless work throughout the business. (Use of paper reduced by 55% in FY2021 compared to FY2020.)



## Reduce Environmental Impact through Virtual Presentations

Traditional events and presentations generate large amounts of waste. The implementation of online “Virtual Presentations” reduces waste and helps reduce environmental impact.

### Launch of virtual presentations and Brand News—Corporate PR solutions that deliver a new standard and allow client companies to maximize the benefit of their presentation opportunities

In July 2021, we began providing virtual presentations, a solution that utilizes computer graphics (CG) to effectively present a brand’s philosophy, and Brand News, which allows companies to deliver news themselves on the day of their presentations.

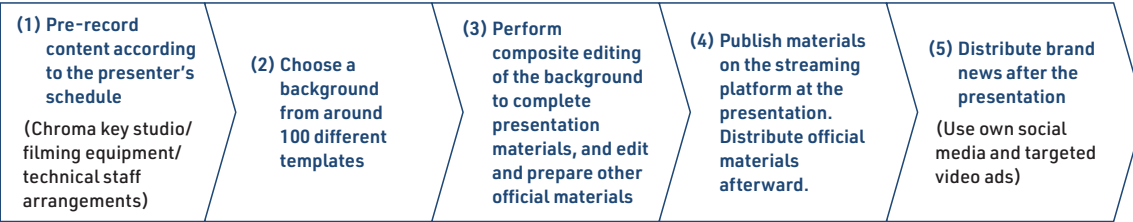
Recently, the holding of press conferences and PR events online has become a firmly established practice in the communication industry, and this trend is expected to continue even in the post-COVID era. Virtual Presentation and Brand News fully harness the advantages of being online solutions. By recording in a green screen studio and utilizing approximately 100 types of CG venue designs, we are able to create presentations in the virtual space.

### Features

- 1 Pre-recording**  
Flexible workflow allows for pre-filming the contents according to the schedules of presenters and guest speakers as well as quality checks of presentation content
- 2 Optimal use of material**  
Materials can be prepared in advance, which means a wide range of materials can be used on the day of the presentation. By disseminating news themselves, companies can expect ongoing benefits as they accumulate presentation content online.
- 3 Reduction of costs**  
Substantially reduce costs associated with traditional event production, such as venue fees, venue setup, and event management fees



### Production process





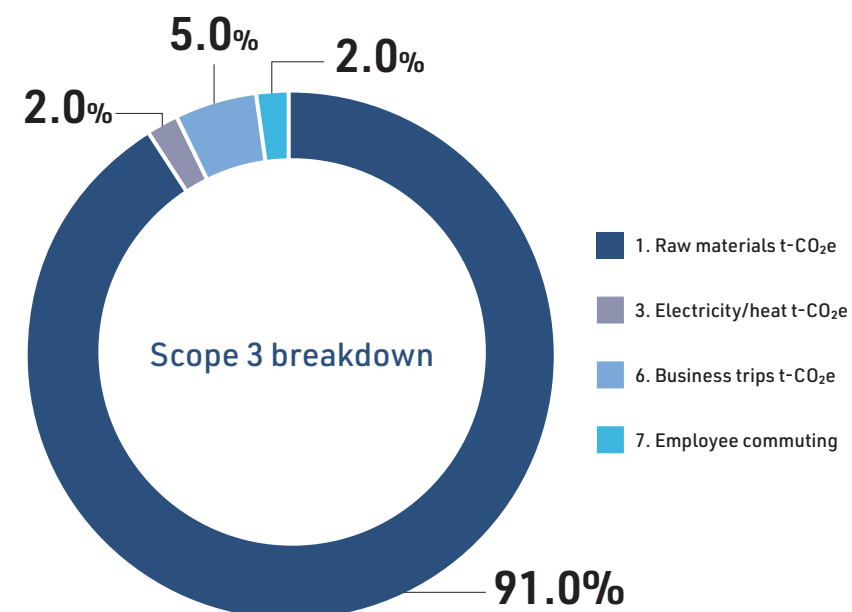
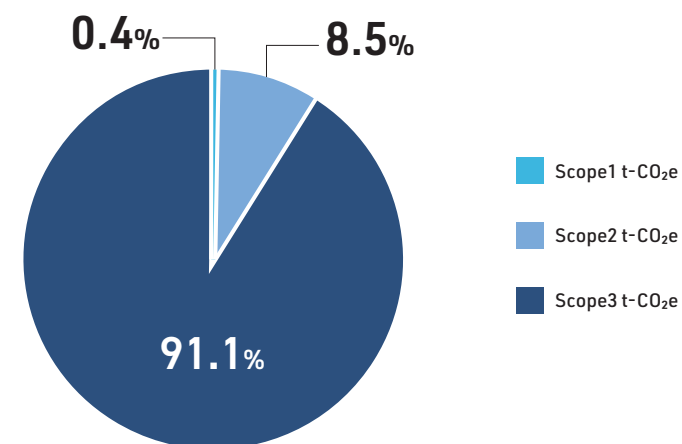
## Internal GHG emissions (Scope 1 and 2)

Category		Unit	Results	
			FY2021	FY2022
GHG emissions (Scopes 1 and 2)	Total	t-CO <sub>2</sub> e	207.49	614.888
	Scope 1	t-CO <sub>2</sub> e	31.218	28.672
	Scope 2	t-CO <sub>2</sub> e	176.272	586.216

## Emissions in the entire supply chain (Scope 3)

Category		Unit	Results	
			FY2021	FY2023
GHG emissions (Scope 3)	Total	t-CO <sub>2</sub> e	6,226.712	6,310.722
	Upstream total	t-CO <sub>2</sub> e	6,094.510	6,310.722
	1. Raw materials	t-CO <sub>2</sub> e	5,705.92	5,751.205
	2. Capital goods	t-CO <sub>2</sub> e	0.000	0.000
	3. Electricity/heat	t-CO <sub>2</sub> e	34.918	97.553
	4. Transportation/delivery (upstream)	t-CO <sub>2</sub> e	0.000	0.000
	5. Waste disposal	t-CO <sub>2</sub> e	0.000	0.000
	6. Business trips	t-CO <sub>2</sub> e	202.586	315.653
	7. Employee commuting	t-CO <sub>2</sub> e	151.082	146.311
	8. Leased assets	t-CO <sub>2</sub> e	0.000	0.000
	Downstream total	t-CO <sub>2</sub> e	132.202	0.000
	9. Transportation/delivery (downstream)	t-CO <sub>2</sub> e	0.000	0.000
	10. Processing of sold goods	t-CO <sub>2</sub> e	0.000	0.000
	11. Use of sold goods	t-CO <sub>2</sub> e	0.000	0.000
	12. Disposal of sold goods	t-CO <sub>2</sub> e	0.000	0.000
	13. Leasing (downstream)	t-CO <sub>2</sub> e	0.000	0.000
	14. Franchises	t-CO <sub>2</sub> e	0.000	0.000
	15. Investments (11 companies)	t-CO <sub>2</sub> e	132.202	0.000

## Comparison of Scope 1, 2, and 3 GHG emissions



## Employee Engagement Survey

As part of promoting employee wellbeing, we conduct engagement surveys to understand the current situation and issues regarding employee attitudes toward the Company and work environment, which we then tie into specific personnel measures.

### Survey Outline

Scope	Employees of PR firms within the VECTOR Group (ANTIL, Platinum, and INITIAL)
Period	1 week (December 2–9)
Method	Questionnaire
Number of questions	6
Questions	(1) At your workplace, do you have opportunities to learn and grow? (2) Is the environment at your workplace conducive to taking on new challenges? (3) Do you feel that the Company’s business helps make society better? (4) Do you feel that your job is meaningful? (5) Does the environment at your workplace allow you to leverage your strengths? (6) Is there someone at your workplace that encourages you to grow as an individual?
Responses	Responses were collected by having the respondents choose a number on a 10-point scale from 1 (disagree) to 10 (agree).
Aggregation method	The average score for each question was calculated on a 10-point scale from 1 (disagree) to 10 (agree). The average score was then multiplied by 10, with a perfect score being 100. Note: Figures are rounded to one decimal place

### Survey Results

(1) At your workplace, do you have opportunities to learn and grow?	77.1 pts
(2) Is the environment at your workplace conducive to taking on new challenges?	80.5 pts
(3) Do you feel that the Company’s business helps make society better?	72.6 pts
(4) Do you feel that your job is meaningful?	72.4 pts
(5) Does the environment at your workplace allow you to leverage your strengths?	73.9 pts
(6) Is there someone at your workplace that encourages you to grow as an individual?	72.6 pts

### Analysis Results (excerpt)

**(1) At your workplace, do you have opportunities to learn and grow? (77.1 pts)**  
64.6% of respondents selected 8 or higher. Among them, 24.2% selected 10, 8.1% selected 9, and 32.3% selected 8. This result was attributed to efforts made in strengthening our Professional Training program, through which employees can learn comprehensively about a wide range of fields in accordance with their years of service and position. We will continue to work on enhancing the content of lectures in our Professional Training program.

**(2) Is the environment at your workplace conducive to taking on new challenges? (80.5 pts)**  
77.4% of employees selected 8 or higher. Among them, 22.6% selected 10, 11.3% selected 9, and 43.5% selected 8. According to the survey results, many of our employees are satisfied with the work done to create an environment where they can take on new challenges. The VECTOR Group has an environment that encourages employees to take on new challenges. Once a week, three Group officers participate in a New Business Meeting where they engage in discussions with entrepreneurial-minded employees. In addition, each subsidiary holds events for pitching new business ideas and has formed new business development teams.

We will continue to work on further enhancing our efforts to create a better environment for employees to take on new challenges.

**(4) Do you feel that your job is meaningful? (72.4 pts)**  
10% or more employees selected a number between 5 and 8. The overall score level was somewhat low compared to that of the other questions, and there was considerable variation among employee responses.

In the VECTOR SDGs Project, we are promoting initiatives based on materiality to resolve social issues through our business. By raising awareness throughout our Group through such efforts, we will ensure that all employees understand our initiatives and work toward our vision of “Making People Happy by Delivering Excellent Products, Services and Solutions to the World.”

## Enhancing Systems for Flexible Work Arrangements

We believe that improving employee well-being is essential for human capital management. For that reason, we have established measures to improve well-being. This includes working to enhance our systems for flexible work arrangements to establish a comfortable working environment for our employees. In addition to the systems below, we will create new systems in the future based on engagement survey results.

### Systems for flexible work arrangements

Variable working hours

Discretionary work

Flextime

Short-time system for permanent employees

### Granting of planned annual paid leave

- Summer leave
- Special leave
- Menstrual leave

Telework guidelines

Jury duty leave

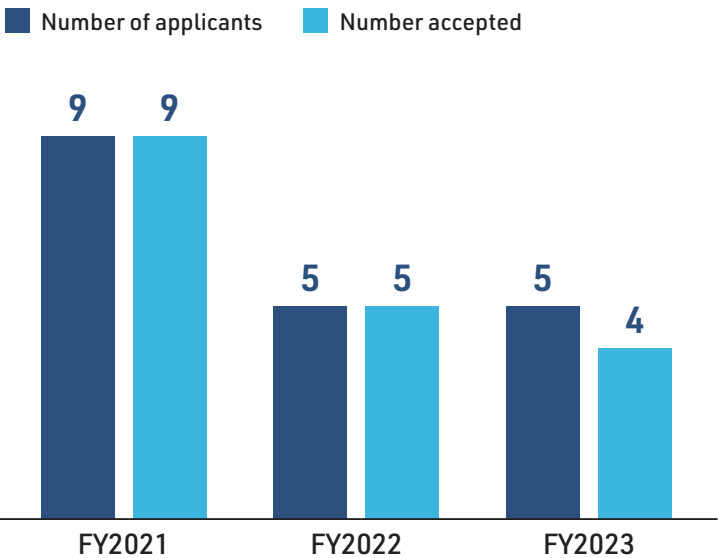
## Career Challenge System

The system enables employees to work toward clearly defined goals and further develop by creating opportunities for them to make their own choices.

As types of projects and their degree of difficulty differ across departments, we believe that it can be necessary for employees to change departments in order to take on more challenging roles. We have therefore established the Career Challenge System to enable employees to apply to transfer departments, so that they can challenge themselves and have a sense of purpose.

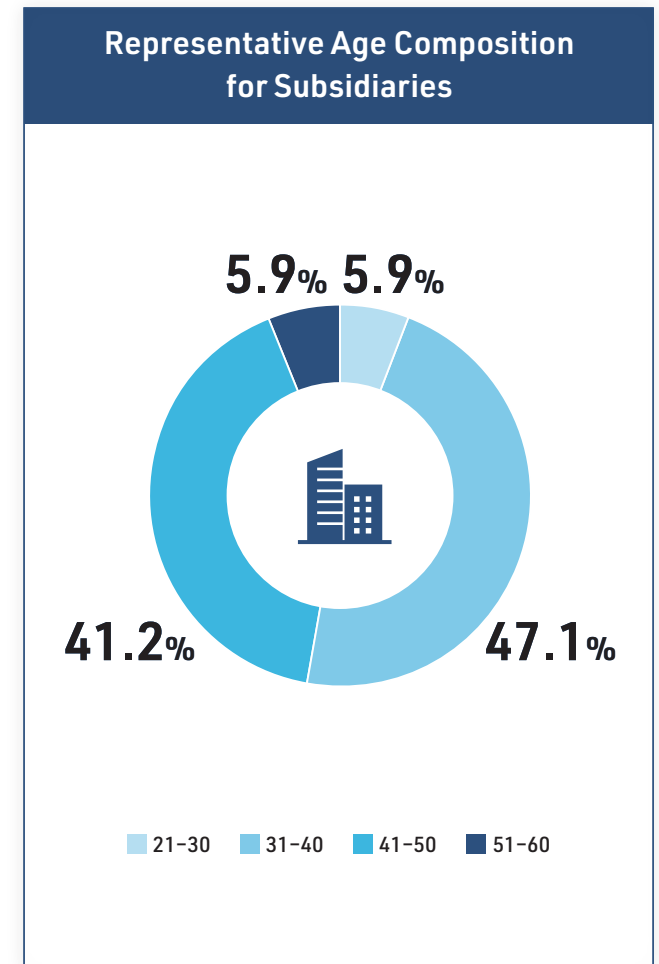
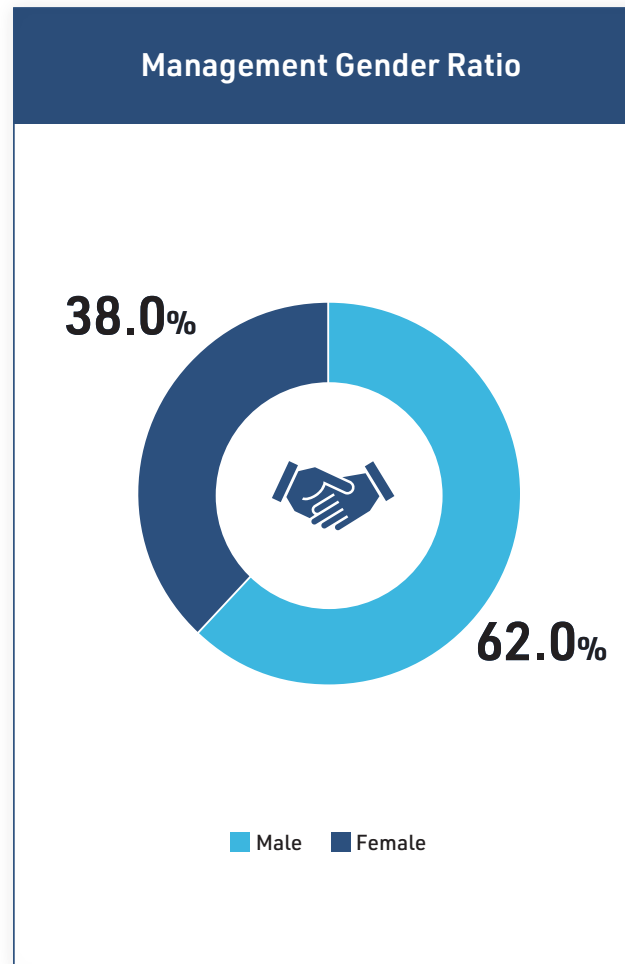
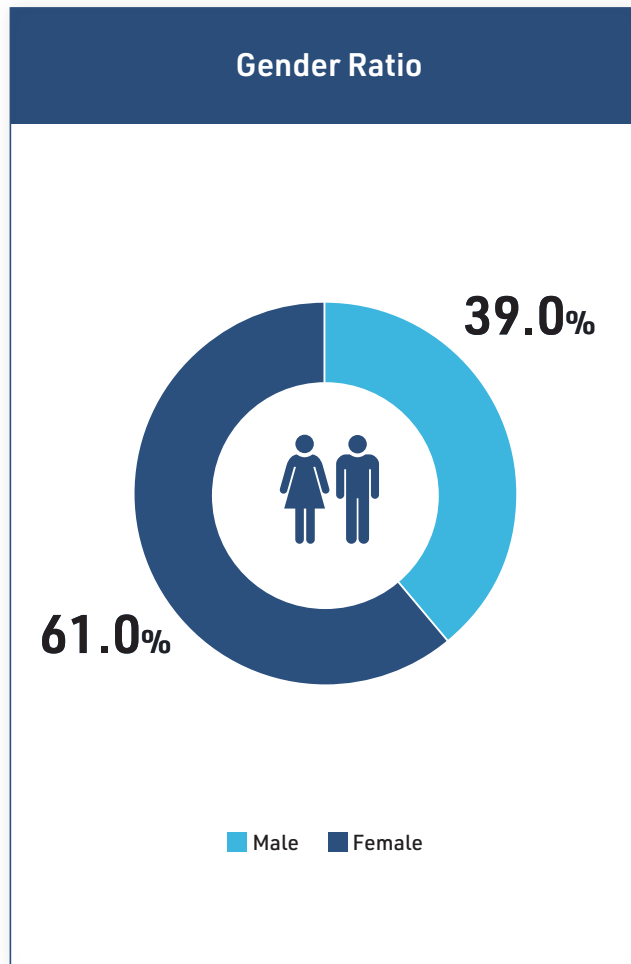
### Outline

The Career Challenge System provides opportunities for employees to transfer to a department of their choice.



## Employee Engagement Survey

Since its founding, the VECTOR Group has had a culture where women play active roles on the front lines, with more than half of its full-time employees being women. We will continue to work to improve the percentage of women in management positions. The VECTOR Group has 43 subsidiaries, and the age composition of their representatives are shown below.



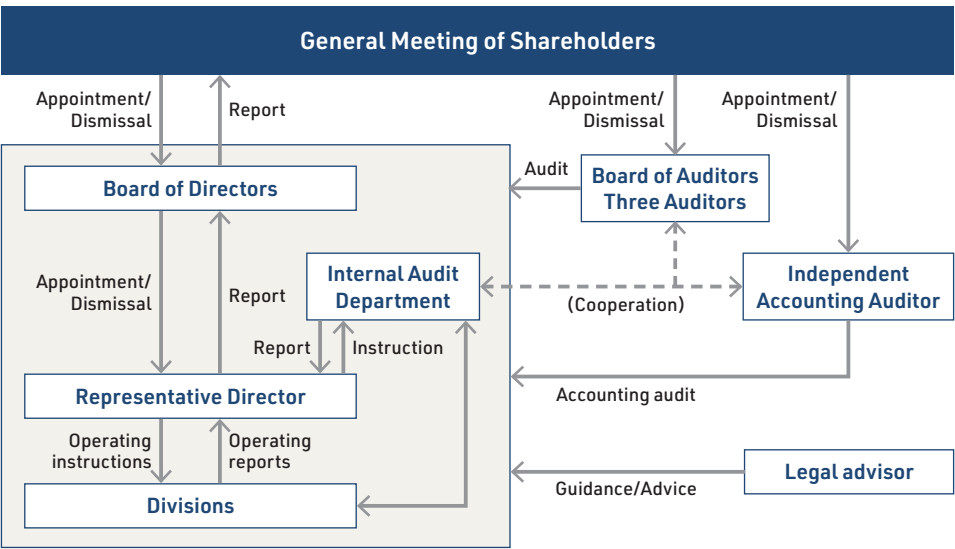
As of February 28, 2023

## Basic Philosophy on Corporate Governance

VECTOR INC. believes that increasing the efficiency and soundness of management and building a fair and highly transparent management system are essential for achieving stable growth and development. In particular, strengthening corporate governance is regarded as a critical management issue for the Company, as we handle new information on the products and services of client companies. These efforts are reviewed as required to boost the effectiveness of governance.

The Board of Directors implements checks and balances to ensure fair decision-making by having five highly independent external directors and two external auditors take part in meetings and actively share information. The VECTOR Group has also adopted a corporate auditor system in which each auditor audits the legality of business execution by the directors. In addition, the Group convenes meetings of the Compliance Risk Committee comprised of the heads of subsidiaries and core business units. This committee evaluates and manages risk such as compliance risk, operational risk and financial risk, responds as required, and disseminates risk-related information in an effort to bolster the Group's corporate governance.

Diagram of Corporate Governance System



## Status of Management Control System

Corporate governance system	Company with Board of Auditors
-----------------------------	--------------------------------

### Directors

Chairperson of the Board of Directors	Representative Director
Number of directors	9
Election of external directors	5

### Auditors

Establishment of a Board of Auditors	Established
Number of auditors	3

## Corporate Governance System

VECTOR INC. operates as a company with a Board of Directors and a Board of Auditors.

The Board of Directors makes decisions regarding important matters concerning the management of the business and oversees the execution of business by directors.

Chairman and Representative Director Keiji Nishie serves as the chairperson, and it is comprised of nine members (four internal directors, five external directors).

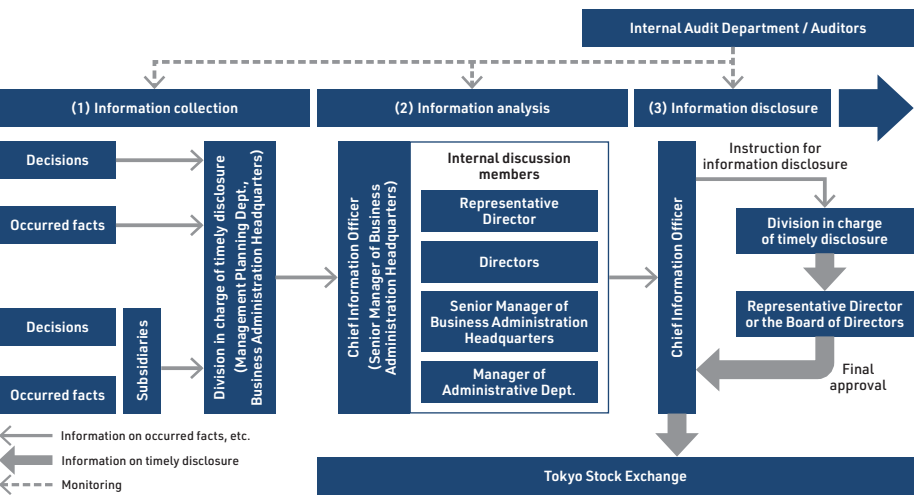
The Board of Auditors is independent from the Board of Directors, and it is responsible for monitoring its business execution.

Full-time Auditor Kazutora Mori serves as the chairperson, and is comprised of three members (one internal auditor, two external auditors).

The auditors attend all meetings of the Board of Directors and make their monitoring functions for directors effective by engaging in lively opinion exchange.

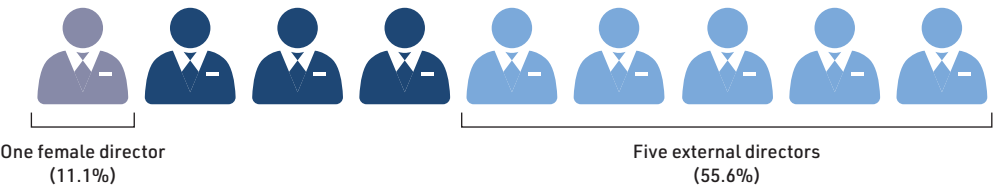
In addition, full-time auditors carry out audits throughout the entire Group, monitoring the approval of important internal proposals. The Internal Audit Department has also been established under the direct control of the Representative Director in order to strengthen the supervision of management.

Diagram of Timely Disclosure System



## Board of Directors

The Board of Directors consists of four full-time directors and five external directors. Regular Board meetings are held once per month and ad hoc meetings are also held as necessary to ensure supervision of business execution.

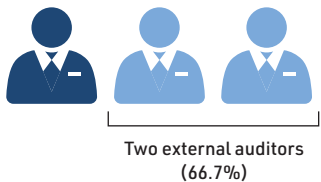


## Board of Directors' Meeting Attendance Status (FY2023)

Title	Name	Attendance rate	Title	Name	Attendance rate
Chairman and Representative Director	Keiji Nishie	17/17 (100.0%)	External Director	Takashi Nishiki	17/17 (100.0%)
Executive Vice President	Hajime Hasegawa	17/17 (100.0%)	External Director	Kota Matsuda	17/17 (100.0%)
Executive Vice President	Saori Kiryu	17/17 (100.0%)	External Director	Ryuichi Tomimura	17/17 (100.0%)
Director and CFO	Yosuke Goto	17/17 (100.0%)	External Director	Michimasa Naka	17/17 (100.0%)
			External Director	Yasunobu Nose	17/17 (100.0%)
			Full-time Auditor	Kazutora Mori	17/17 (100.0%)
			External Auditor	Koonsun Hyun	17/17 (100.0%)
			External Auditor	Satoshi Yaginuma	17/17 (100.0%)

## Auditors and the Board of Auditors

The auditors attend important meetings, including meetings of the Board of Directors, for the purpose of increasing the effectiveness of corporate governance.



## Evaluation of the Effectiveness of the Board of Directors

In March 2023, the Company carried out an evaluation of the effectiveness of the Board of Directors via surveys given to all members of the Board (nine directors [of which, five were external directors] and three auditors [of which, two were external auditors]).

### Survey details

<b>Evaluation target</b>	Meetings of the Board of Directors held between March 2022 and February 2023.
<b>Evaluators</b>	All members of the Board of Directors and the Board of Auditors (12 in total)
<b>Survey period</b>	February 16 to March 3, 2023
<b>Overview of questions</b>	Board composition, Board operations, Board discussions, Board monitoring functions, training, individual efforts, and supervision
<b>Evaluation method</b>	The survey contained a five-stage self-evaluation for each question. It included sections where participants could freely enter information regarding points they deemed to be necessary to further increase the effectiveness of the Board of Directors. Analysis, discussion, and evaluation were then undertaken at a meeting of the Board of Directors.

### Analysis

#### Improvements since last time

- Board operations (provision of materials at appropriate time and office operations such as schedule adjustment)
- Individual efforts (communication between internal and external officers and reflection of external officers' opinions on corporate decision-making, etc.)

#### Issues identified

- Individual efforts (ensuring time to go over materials beforehand and information exchange between external officers)

### Future initiatives based on the evaluation results

In addition to continuing to evaluate and analyze the effectiveness of the Board of Directors, the Company will work to maintain and enhance the Board's effectiveness through discussing identified issues at Board meetings as necessary and continuing to carry out improvements.

## Corporate Ethics

VECTOR and its Group companies value the human rights of all people involved in their business activities, such as directors, employees (including part-time and temporary employees) and those engaged in the operations of their subcontractors. We strive to create an environment where employees can work as themselves, without being subject to any discrimination or harassment in their employment and treatment, on the basis of attributes such as race, religion, gender, age, sexual orientation, gender identity, gender expression, disability, and nationality.

Furthermore, we provide an appropriate standard of wages, complying with minimum wage and other such laws, regulations, and labor standards in the countries and regions where we conduct businesses activities. In consideration of workers' rights, we maintain harmonious industrial relations by selecting employee representatives in a fair and appropriate manner.

The Company has established a framework that enables directors and employees to consult with and report to Compliance Risk Committee members in the event that they notice actions which may violate compliance, or behavior which they feel constitutes harassment. In addition, we regularly conduct moral training and other trainings in an effort to ensure that compliance is upheld in all business activities.

## Basic Approach for the Management of Subsidiaries

To support its lasting development, the Group is working to clarify management responsibilities and ensure management transparency, efficiency, and soundness. With an increase in the number of our Group companies both in Japan and overseas, we are continuing to grow while rapidly expanding our business domains and new areas of service.

In light of this, the Group is developing an effective management system to respond to the expanding business scale. In addition to ensuring business execution complies with laws and internal regulations, it carries out internal audits regularly, working to conduct operations appropriately and protect its assets. Furthermore, the Group endeavors to enhance management efficiency in order to improve the effectiveness of these efforts.



Chairman and Representative Director | **Keiji Nishie**

- 1993 Established VECTOR and assumed role of Representative Director
- 2011 Chairman of Weiku Gonggong Guanxi Zixun (Shanghai) Co., Ltd.
- 2012 Director of Vector Group International Limited (current position)
- 2014 Representative of Vector Group Ltd.
- 2014 Representative of VECTOR GROUP COMPANY LIMITED (current position)
- 2020 Chairman of Board of Directors of VECTOR
- 2021 Representative Director of LONG BREATH ONLINE STUDIO (current position)
- 2022 Chairman and Representative Director of VECTOR (current position)

Executive Vice President | **Hajime Hasegawa**

- 1993 Participated in establishment of VECTOR as founding member
- 1995 Joined Ministry of Posts and Telecommunications (now JAPAN POST HOLDINGS Co., Ltd.)
- 1997 Joined VECTOR
- 2001 Director of VECTOR
- 2004 Established VECTOR Standard (now ANTIL Inc.) and assumed role of Representative Director
- 2015 Chairman of Weiku Gonggong Guanxi Zixun (Shanghai) Co., Ltd. (current position)
- 2017 Director of PR TIMES Corporation
- 2018 Representative Director of Direct Tech, Inc.
- 2020 President and Representative Director of VECTOR
- 2022 Executive Vice President of VECTOR (current position)

Executive Vice President | **Saori Kiryu**

- 1995 Participated in VECTOR's founding
- 1998 Joined VECTOR
- 2003 Director of VECTOR
- 2004 Established VECTOR Communication (now Platinum Inc.) and assumed role of Representative Director (current position)
- 2022 Executive Vice President and Representative Director of VECTOR (current position)

Director and CFO | **Yosuke Goto**

- 2007 Joined SOFTBRAIN Co., Ltd.
- 2015 Joined VOYAGE GROUP (now CARTA HOLDINGS Inc.)
- 2019 Joined VECTOR
- 2019 Senior Manager of Business Administration Headquarters of VECTOR (current position)
- 2020 Director of ASHITA-TEAM Co., Ltd. (current position)
- 2020 Director of VECTOR
- 2021 Representative Director of 100Capital Inc. (current position)
- 2022 CFO of VECTOR (current position)
- 2023 Auditor of Vitabrid Japan Inc. (current position)

External Director | **Takashi Nishiki**

- 1993 Joined Mitsui Fudosan Co., Ltd.
- 1997 Joined Tokyo Branch of Credit Suisse First Boston (now Credit Suisse)
- 2001 Joined Tokyo Branch of Colony Capital Asia Pacific Pte. Ltd. as COO
- 2003 Representative Director of Round Hill Capital Partners
- 2007 Representative Director of PGIM Japan Co., Ltd.
- 2010 Joined Tokyo Branch of CarVal Investors Pte. Ltd. as Japanese Representative
- 2014 Established Stream Capital Partners Japan and became Representative Director
- 2014 Auditor of Adventure, Inc.
- 2015 Director of VECTOR (current position)
- 2015 Auditor of RPA Holdings, Inc.
- 2016 Director of Aucfan Co., Ltd.
- 2018 Director of RPA Holdings, Inc. (current position)

External Director | **Kota Matsuda**

- 1990 Joined the Sanwa Bank, Ltd. (now MUFG Bank, Ltd.)
- 1998 Established Tully's Coffee Japan Co., Ltd. and assumed role of Representative Director
- 2009 Established Eggs'n Things International Holdings Pte. Ltd. and assumed role of President (current position)
- 2010 Elected as member of House of Councilors from Tokyo metropolitan electoral district
- 2015 Formed Assembly to Energize Japan and appointed as Representative
- 2017 Director of MEDIAFLAG (now ImpactHD Inc.) (current position)
- 2018 Director of VECTOR (current position)
- 2019 Established Eggs'n Things Japan Holdings GK (now KooJoo Co., Ltd.) and assumed role of Representative Director (current position)

External Director | **Ryuichi Tomimura**

- 1983 Joined IBM Japan Ltd.
- 1991 Joined Recruit Co., Ltd.
- 1994 Managing Director of Pricewaterhouse Consultants
- 2002 Vice President of IBM Corporation (in charge of Asia-Pacific business consulting service strategy, marketing and operations)
- 2004 Representative Director and Senior Executive Vice President of JAPAN TELECOM CO., LTD. (now Softbank Corp.)
- 2006 Vice President of JAPAN TELECOM CO., LTD.
- 2006 Representative Director of RHJ International Japan, Inc. (formerly Ripplewood Japan)
- 2008 Director and partner in charge of corporate staff at SIGMAXYZ Inc. (now SIGMAXYZ Holdings Inc.)
- 2010 Executive Vice President and Director of SIGMAXYZ Inc. (now SIGMAXYZ Holdings Inc.)
- 2012 Director of Plan Do See Inc.
- 2015 Director of Shinsei Bank, Limited (current position)
- 2016 Executive Vice President and Representative Director of SIGMAXYZ Inc. (now SIGMAXYZ Holdings Inc.)
- 2018 President, Representative Director and COO of SIGMAXYZ Inc. (now SIGMAXYZ Holdings Inc.)
- 2019 President and Representative Director of SIGMAXYZ Inc. (now SIGMAXYZ Holdings Inc.) (current position)
- 2020 External Director of VECTOR (current position)

External Director	Michimasa Naka
1989	Joined Salomon Brothers Asia Securities (now Citigroup Global Markets Japan Inc.)
2004	Managing Executive Officer and Joint General Manager of the Debt Capital Markets Division of Nikko Citigroup Securities Co., Ltd. (now Citigroup Global Markets Japan Inc.)
2008	Managing Executive Officer and General Manager of Market Sales Division of Nikko Citigroup Securities Inc.
2009	Director of Citigroup Global Markets Japan Inc.
2009	Director and Deputy President of Citigroup Global Markets Japan Inc.
2010	Established StormHarbour Japan Ltd. and assumed role of CEO and Representative Director
2011	Auditor of GLM Co., Ltd.
2014	Director of Asuka Asset Management Co., Ltd.
2014	Director of istyle Inc. (current position)
2014	Chairman of StormHarbour Japan Ltd.
2014	Director of Geniee, Inc. (current position)
2015	Director of Prevent SAST Insurance Co., Ltd. (current position)
2016	Established Boardwalk Capital Inc. and assumed role of President and Representative Director (current position)
2017	Established Accelerator Inc. and assumed role of President and Representative Director (current position)
2019	Director of Vision Inc. (current position)
2020	External Director of VECTOR (current position)

External Director	Yasunobu Nose
1984	Joined Daiwa Securities Co. Ltd. (now Daiwa Securities Group Inc.)
1988	Joined Transportation Group Japan
1990	Representative in Japan of Transportation Group Japan
1993	Joined Tokyo Branch of Deutsche Bank AG
1997	Joined Tokyo Branch of Union Bank of Switzerland
1999	Tokyo Branch of Lehman Brothers Japan Inc.
2005	Managing Director and Head of Global Structured Finance Group in Japan Operations of Lehman Brothers Japan Inc.
2005	Head of Investment Banking Division of FinTech Global Incorporated
2005	Director and Head of Investment Banking Division of FinTech Global Incorporated
2007	Director and Head of Management Strategy Division of FinTech Global Incorporated
2008	Director, Executive Vice President, and Head of Corporate Strategy & Planning Division and Management Planning Department of FinTech Global Incorporated
2009	Director and Deputy President of Citigroup Global Markets Japan Inc.
2016	Advisor of Gracchus & Associates, Inc. (current position)
2020	External Director of VECTOR (current position) Representative Director of Meditally Japan Co., Ltd.

Full-time Auditor	Kazutora Mori
1969	Joined SANYU AGENCY (now ADK Communications Inc.)
2004	General Manager of Sales of SANYU AGENCY
2016	Full-time Auditor of VECTOR (current position)

External Auditor	Koonsun Hyun
1992	Joined Legal Training and Research Institute of Japan
1994	Joined Mitsui & Yasuda Law Firm
1997	Joined Morgan Stanley Japan Securities
2003	Joined Nishimura & Asahi
2004	Joined Merrill Lynch Japan Securities Co., Ltd.
2007	Joined Lehman Brothers Japan Inc.
2015	Auditor of VECTOR (current position)
2022	Director of B Holdings Corporation (current position)

External Auditor	Satoshi Yaginuma
1990	Joined KOKUSAI Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
1995	Joined MEX Co., Ltd.
1997	Joined FORVAL CORPORATION
2000	Joined SOFTBRAIN Co., Ltd.
2005	Executive officer of SOFTBRAIN Co., Ltd.
2006	Director of Seer Insight Security Co., Ltd.
2008	Director of REALIT Co., Ltd.
2011	Joined Fidec Corp. (now Accretive Co., Ltd.)
2012	Full-time Auditor of SOFTBRAIN Co., Ltd. (current position)
2020	Auditor of VECTOR (current position)

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## Corporate Information

Basic Policy on Shareholder Returns

We view returning profits to shareholders as an important management issue. Accordingly, we will strive to return profits by increasing corporate value through medium- to long-term business growth and by providing stable dividends.

Our Articles of Incorporation stipulate that we may provide interim dividends. However, our basic policy is to distribute surplus earnings once a year through year-end dividends. Taking into consideration factors such as maintaining a sound financial structure and enhancing internal reserves for active business expansion, we intend to continue providing dividends while maintaining a consolidated dividend payout ratio of approximately 30%.

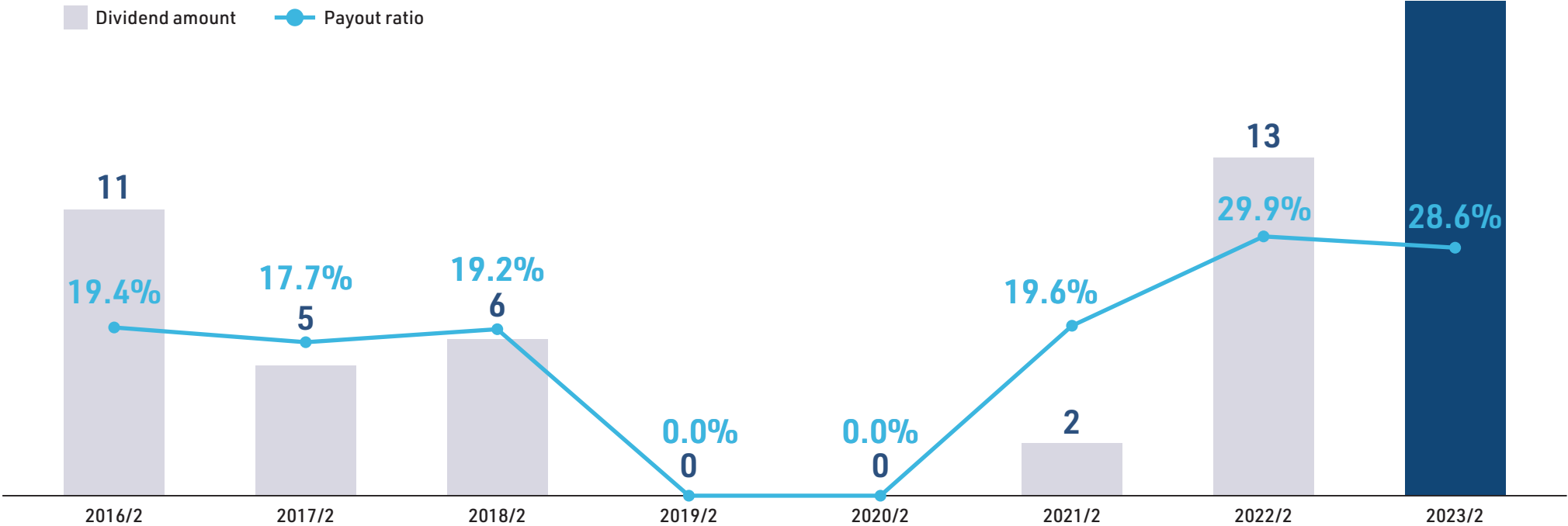
The decision-making bodies are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

Dividend Policy

Consolidated medium- to long-term payout ratio

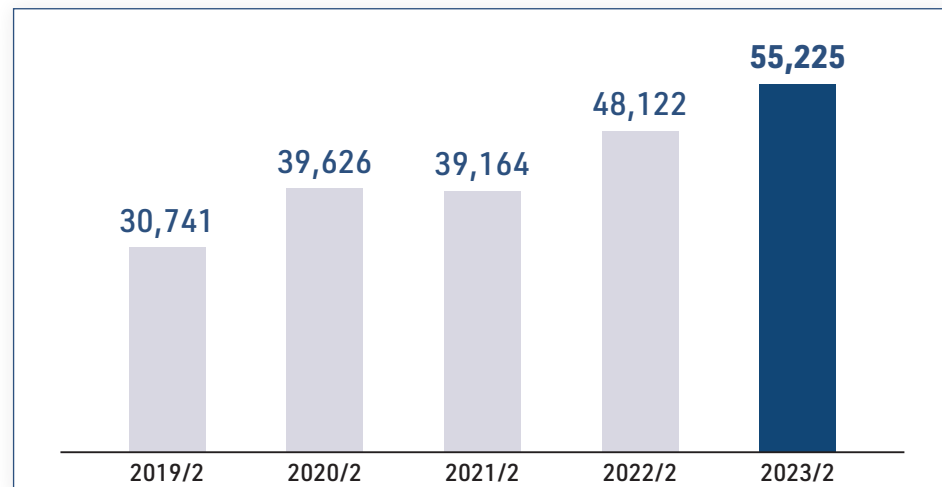
Approx. 30%

Changes in Dividend Amount and Payout Ratio over Time

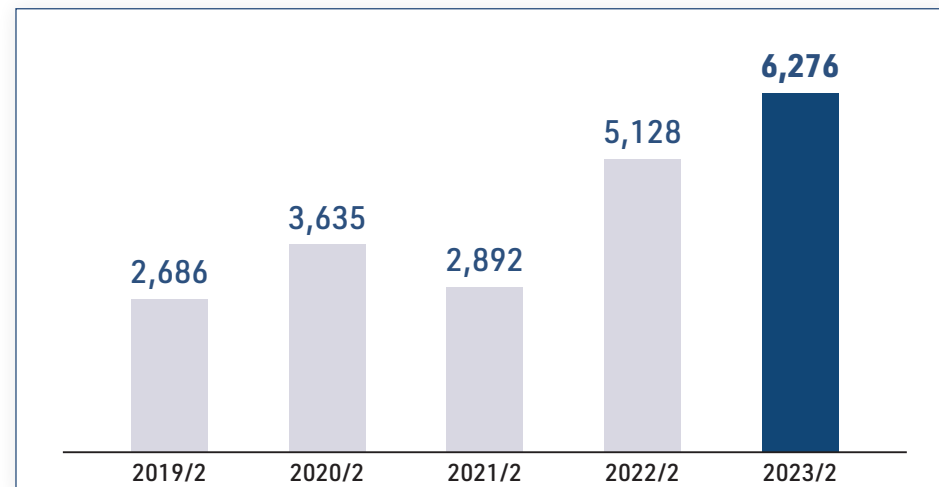


## Changes in Financial Indicators over Time

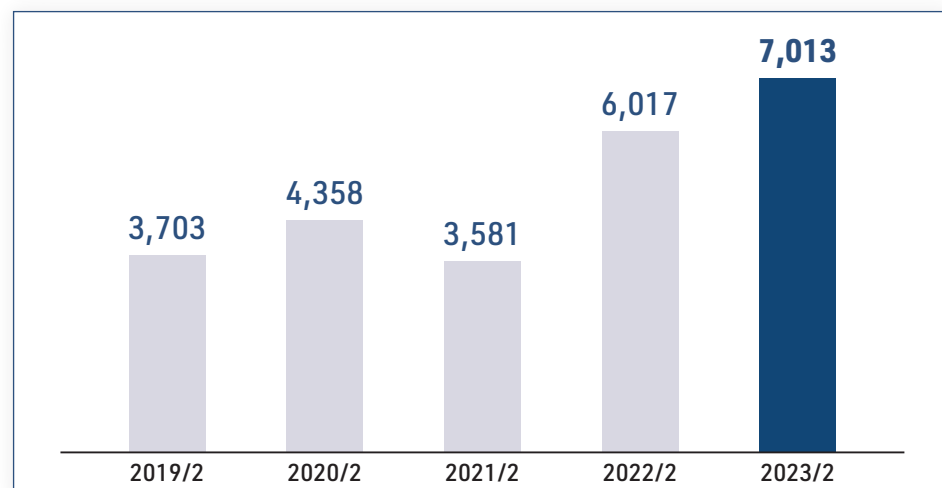
**Net Sales** (Millions of yen)



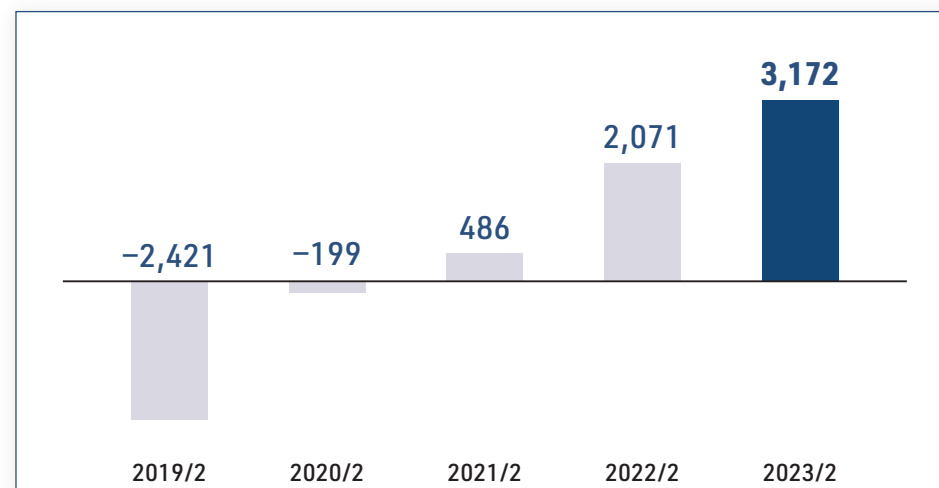
**Operating Profit** (Millions of yen)



**EBITDA\*** (Millions of yen) \* Operating Profit + Depreciation + Amortization of Goodwill




**Profit (Loss) Attributable to Owners of Parent** (Millions of yen)




## Consolidated Performance Summary

### Net Sales

¥ **55,225** million 


YoY Change **114.8%**

### Operating Profit

¥ **6,276** million 


YoY Change **122.4%**

### EBITDA

¥ **7,013** million 

YoY Change **116.6%**

### Profit Attributable to Owners of Parent

¥ **3,172** million 

YoY Change **153.1%**

Segment Highlights	Net Sales (Millions of yen)	Operating Profit (Loss) (Millions of yen)	Net Sales	Operating Profit (Loss)
PR and Advertising Business	<p>16,872 19,591 17,751 25,965 29,518</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>2,206 2,457 1,159 2,125 2,984</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥29,51 million </p> <p>YoY Change 113.7%</p>	<p>¥2,984 million </p> <p>YoY Change 140.4%</p>
Press Release Distribution Business (PR TIMES)	<p>2,286 2,891 3,765 4,854 5,706</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>518 560 1,301 1,834 1,190</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥5,706 million </p> <p>YoY Change 117.5%</p>	<p>¥1,190 million </p> <p>YoY Change 64.9%</p>
Video Release Distribution Business (NewsTV)	<p>1,646 1,873 1,338 1,361 1,385</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>319 326 -157 -72 -34</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥1,385 million </p> <p>YoY Change 101.7%</p>	<p>¥(34) million </p> <p>YoY Change ¥37 million increase</p>
Direct Marketing Business	<p>6,519 8,537 11,389 12,326 14,691</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>458 557 716 774 984</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥14,691 million </p> <p>YoY Change 119.2%</p>	<p>¥984 million </p> <p>YoY Change 127.0%</p>
Media CMS Business (Smart Media)	<p>1,168 935 863 907 956</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>-271 -223 103 -22 3</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥956 million </p> <p>YoY Change 105.3%</p>	<p>¥3 million </p> <p>YoY Change ¥26 million increase</p>
HR Business (ASHITA-TEAM)	<p>1,942 3,685 2,678 2,513 2,372</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>-544 -686 -905 236 352</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥2,372 million </p> <p>YoY Change 94.4%</p>	<p>¥352 million </p> <p>YoY Change 149.3%</p>
Investment Business	<p>1,055 3,145 2,370 1,238 1,601</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>0 647 680 255 775</p> <p>19/2 20/2 21/2 22/2 23/2</p>	<p>¥1,601 million </p> <p>YoY Change 129.3%</p>	<p>¥775 million </p> <p>YoY Change 303.2%</p>



## Consolidated Balance Sheet

(Millions of yen)	FY2022 Year-End	FY2023 Year-End	Difference	YoY Change
<b>Total assets</b>	<b>31,575</b>	<b>36,343</b>	<b>+4,768</b>	<b>115.1%</b>
Cash and deposits	13,522	<b>13,372</b>	-149	98.9%
Goodwill	354	<b>1,780</b>	+1,426	502.9%
Operational investment securities + investment securities	5,363	<b>5,495</b>	+132	102.5%
Other	12,335	<b>15,694</b>	+3,359	127.2%
<b>Total liabilities</b>	<b>15,397</b>	<b>20,584</b>	<b>+5,186</b>	<b>133.7%</b>
Borrowings + bonds	5,717	<b>9,756</b>	+4,039	170.6%
Other	9,679	<b>10,827</b>	+1,147	111.9%
<b>Net assets</b>	<b>16,178</b>	<b>15,759</b>	<b>-418</b>	<b>97.4%</b>

## Consolidated Statement of Profit and Loss

(Millions of yen)	FY2022	FY2023	Difference	YoY Change
<b>Net sales</b>	<b>48,122</b>	<b>55,225</b>	<b>+7,102</b>	<b>114.8%</b>
<b>Gross profit</b>	<b>29,549</b>	<b>35,146</b>	<b>+5,597</b>	<b>118.9%</b>
<b>EBITDA</b>	<b>6,017</b>	<b>7,013</b>	<b>+995</b>	<b>116.6%</b>
<b>Operating profit</b>	<b>5,128</b>	<b>6,276</b>	<b>+1,148</b>	<b>122.4%</b>
<b>Ordinary income</b>	<b>5,208</b>	<b>6,623</b>	<b>+1,414</b>	<b>127.2%</b>
<b>Profit before income taxes</b>	<b>5,116</b>	<b>5,712</b>	<b>+595</b>	<b>111.6%</b>
<b>Profit attributable to owners of parent</b>	<b>2,071</b>	<b>3,172</b>	<b>+1,100</b>	<b>153.1%</b>

## Consolidated Statement of Cash Flows

(Millions of yen)	FY2022	FY2023	Change
Cash and cash equivalents at beginning of period	10,852	<b>13,522</b>	<b>+2,670</b>
Cash flows from operating activities	<b>4,977</b>	<b>1,457</b>	<b>-3,520</b>
Cash flows from investing activities	(1,308)	<b>(1,288)</b>	<b>+19</b>
Cash flows from financing activities	(1,060)	<b>(358)</b>	<b>+701</b>
Cash and cash equivalents at end of period	13,522	<b>13,372</b>	<b>-149</b>

### Main Reasons for Increase/Decrease

- Cash flows from operating activities ► Increase in operational investment securities thanks to aggressive investment
- Cash flows from investing activities ► Increased purchase of shares of subsidiaries through proactive M&As
- Cash flows from financing activities ► Fund procurement to engage in proactive M&As and investment

## Endorsement of the TCFD recommendations

In July 2021, VECTOR INC. announced its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD has been established by the Financial Stability Board (FSB) to provide guidelines for the reporting of business and financial information that takes into account the impacts of climate change.

Currently, there are 2,400 companies and organizations throughout the world and 475 in Japan that have endorsed the TCFD recommendations.



## Joining the TCFD Consortium

Following the announcement of its endorsement of the TCFD recommendations, in August 2021, VECTOR INC. joined the TCFD Consortium, which was established to allow companies and financial institutions in Japan who have endorsed the recommendations to engage in discussion together. As of August 26, 2021, 398 companies and organizations across Japan have joined the TCFD Consortium.



## Signatory of WEPs

The VECTOR Group endorses the Women's Empowerment Principles (WEPs), a set of action principles for the active advancement of women put forth by the United Nations (UN) Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). We have signed a statement to act in accordance with these principles.

In support of

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**

Established by UN Women and the  
UN Global Compact Office

## Member of 30% Club Japan—a campaign that aims to boost the percentage of women in executive positions

In March 2023, the VECTOR Group endorsed and became a member of 30% Club Japan, part of a global campaign that seeks to increase the percentage of women in corporate executive positions and decision-making bodies, including boards of directors.

Having defined the promotion of diversity and inclusion (D&I) as one of our material themes, we are working to create diversity, inclusion and belonging within the VECTOR Group by listening to all voices and fostering a culture of belonging and trust where everyone has a place to be themselves.

By joining 30% Club Japan, we aim to contribute to the sustainable growth of society and enhance our corporate value by ensuring diversity in our management and decision-making bodies.



## Company Overview

Company name	VECTOR INC.
Established	March 30, 1993
Head Office	Akasaka Garden City 18th Floor, 4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan
Capital	¥2,880 million (as of February 28, 2023)
Business	PR consulting and agency Branding activities IR support Celebrity casting Risk management Market research Event planning and operation Social media communication Marketing
Employees	Consolidated: 1,427 (as of February 28, 2023)
Professional membership	Public Relations Society of Japan

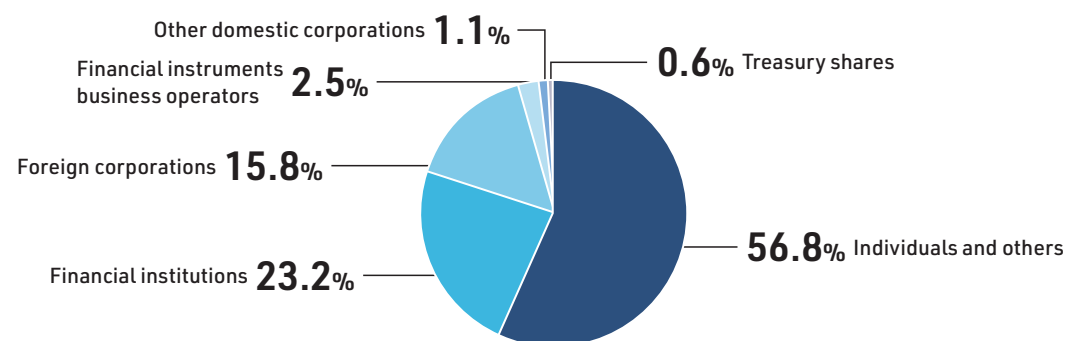
## Major Shareholders

As of February 28, 2023

Name	Number of Shares Held	Shareholding Ratio (Excluding Treasury Shares)
Keiji Nishie	18,780,600	39.39
The Master Trust Bank of Japan, Ltd. (Trust account)	5,812,700	12.19
Custody Bank of Japan, Ltd. (Trust account)	4,385,000	9.20
Saori Kiryu	927,600	1.95
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: MUFG Bank, Ltd.)	745,500	1.56
STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: Custody Operations Department, Tokyo Branch, Hongkong and Shanghai Banking Corporation Limited)	601,300	1.26
Hajime Hasegawa	583,300	1.22
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	539,100	1.13
MSCO CUSTOMER SECURITIES	520,855	1.09
GOLDMAN SACHS INTERNATIONAL	398,292	0.84

## Share Distribution

As of February 28, 2023



## PR and Advertising Business

**ANTIL Inc.**

Publicity/PR consulting and agency

**Platinum Inc.**

Publicity/PR consulting and agency

**INITIAL Inc.**

Publicity/PR consulting and agency

**SIGNAL, Inc.**

Web PR, social media marketing service

**VECKS INC.**

Planning and production of TV programs, TV commercials, various promotional videos, online videos, etc.

**Starbank, Inc.**

Influencer marketing, celebrity casting

**IR Robotics, Inc.**

IR communication

**PacRim Marketing Group**

Publicity/PR consulting and agency

**Brandcloud Inc.**

Online brand risk management

**Public Affairs Japan Inc.**

Strategic communication support for the public sector (government agencies, local governments, etc.)

**Event Tech, Inc.**

Promotion-related business such as PR events

**News Technology, Inc.**

Digital advertising, native advertising, advertising network service

**Vector Group International Limited**

Publicity and marketing support service in Hong Kong and general management of the Group's overseas business

**Weiku Gonggong Guanxi Zixun (Shanghai) Co., Ltd.**

Publicity/PR consulting and agency in China

**Vector Group Ltd.**

Publicity/PR consulting and agency in Thailand

**VECTOR GROUP COMPANY LIMITED**

Publicity/PR consulting and agency in Vietnam

**PacRim Marketing Group, Inc.**

Publicity/PR consulting and agency in Hawaii

**PRTech, LLC**

Website and information network system planning, development, and consulting

**Vectorcom Inc.**

Publicity/PR consulting and agency in South Korea

**Vector Marketing PR Malaysia SDN.BHD**

Publicity/PR consulting and agency in Malaysia

## Press Release Distribution Business

**PR TIMES Corporation**

Operation of a press release website and press release distribution service

## Direct Marketing Business

**Vitabrid Japan Inc.**

Direct marketing for health and beauty related products

**Direct Tech, Inc.**

PR and digital advertising agency specialized in D2C business for customers' in-house products or the products of their business partners

**Vector Direct Tech China Inc.**

China-based PR and digital advertising agency specialized in D2C business for customers' in-house products or the products of their business partners

## Video Release Distribution Business

**NewsTV Inc.**

Video production and distribution service

## Media CMS Business

**Smartmedia, Inc.**

Online media operations

## HR Business

**ASHITA-TEAM Co., Ltd.**

Employee performance evaluation system consulting service and cloud system sales

**ASHITA-TEAM Co., Ltd. (Taiwan)**

Employee performance evaluation system consulting service and cloud system sales in Taiwan

**Tomorrow's Team Singapore Pte.Ltd.**

Employee performance evaluation system consulting service and cloud system sales in Singapore

**Shanghai ASHITA-TEAM (Shanghai) Human Resources Management Co., Ltd.**

Employee performance evaluation system consulting service and cloud system sales in China

**Tomorrow's Team Hong Kong Limited**

Employee performance evaluation system consulting service and cloud system sales in Hong Kong

## Investment Business

**100Capital Inc.**

Investment business

**100Capital No.1 Investment Limited Partnership**

Investment business

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