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VECTOR INC.

Keiji Nishie
Representative Director and CEO
Contact: 03-5572-6080
Securities code: 6058
<https://vectorinc.co.jp/en>

The corporate governance of VECTOR INC. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

VECTOR INC. (the “Company”) positions thorough corporate governance as a top priority based on the standpoint 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 a rapidly changing business environment. In addition, it is the Company’s policy going forward to undertake necessary revisions to enhance the effectiveness of corporate governance in accordance with changes to the social environment and the enactment of laws and regulations, etc.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all principles of Japan’s Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

The Company’s disclosure based on the Principles of Japan’s Corporate Governance Code revised in June 2021 is as follows.

[Principle 1.4 Cross-Shareholdings]

The Company’s basic policy regarding the acquisition and holding of securities, including shares, is to make decisions based on whether such investments contribute to the medium- to long-term enhancement of the Company’s corporate value. In accordance with the Investment Management Regulations and the Regulations on Administrative Authority, such investments are subject to prior deliberation by the Investment Committee and, where required based on the scale of the investment, the Board of Directors, and are regularly reported to the Board of Directors after execution. With respect to the exercise of voting rights associated with shareholdings, the Company comprehensively considers whether such exercise contributes to the enhancement of the corporate value of both the issuing company and the Company, and exercises voting rights on a case-by-case basis.

Furthermore, the Company currently holds no listed shares as strategic shareholdings or cross-shareholdings.

[Principle 1.7 Related Party Transactions]

The Company requires related party transactions to be voted on by the Board of Directors. The Board of Directors votes on such transactions with applicable officers excluded from the quorum of the relevant vote as persons with a special interest. In addition, even after the Board of Directors has made its decision, the Company has checks in place such as the reviewing of transaction content by administrative divisions. The Company’s terms and conditions for related party transactions and policies on determining these terms and conditions are disclosed in its annual securities report.

[Principle 2.4 Ensuring Diversity, Including Active Participation of Women]

Supplementary Principle 2.4.1

The Company believes that securing the diversity of its core human resources contributes to the improvement of its corporate value over the medium and long term. The Company recruits and develops human resources without discrimination of any kind and, in order to secure the promotion of the same, strives to improve its work system to realize an environment that is comfortable to work in primarily for women. As of February 28, 2026, women comprise

62.0% of the VECTOR Group's employees, and 34.0% of management positions. Going forward, the Company will continue to aim to secure the diversity of its core human resources and, at a minimum, maintain their levels while also continuing to secure diversity from such perspectives as foreign nationals and mid-career hires. The percentages of female employees and female managers are calculated based on data from the Company and its major PR subsidiaries only.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

As the Company does not employ a corporate pension plan, it does not correspond to a corporate pension asset owner.

[Principle 3.1 Full Disclosure]

(1) The Company posts its corporate philosophy, management strategy, medium-term vision, and other information on its website and in its financial results materials.

(2) The Company states its basic philosophy on corporate governance in its Corporate Governance Report and annual securities report.

(3) The Company designs the remuneration of its directors so that it will function effectively as an incentive to further share value with shareholders, continuously grow corporate earnings, and sustainably improve corporate value. It is the Company's basic policy that director remuneration makes it possible to secure and retain excellent human resources to realize the above, and to provide appropriate levels of remuneration proportionate to the roles and responsibilities required of each director. Director remuneration is determined by the representative director entrusted by the Board of Directors within the scope of remuneration determined at the General Meeting of Shareholders after taking into consideration all factors, including corporate performance, the roles and responsibilities of each director, the state of business execution in the preceding fiscal year, and the expectations with regard to roles for the current fiscal year.

(4) In nominating director and Audit and Supervisory Committee member candidates, the Company considers the fulfillment of the Board of Directors as a whole regarding the knowledge and experience required of the Board taking into account the surrounding business environment, selecting individuals deemed able to contribute to the sustainable improvement of the VECTOR Group's corporate value.

(5) The Company discloses its reasons for the election of candidates for director and Audit and Supervisory Committee members in its Notice of Convocation of General Meeting of Shareholders. Concerning candidates for external director, after their appointment, the Company posts an overview of the expected roles.

Supplementary Principle 3.1.3

In October 2021, the Company launched the Vector SDGs PROJECT, establishing specific actions concerning the VECTOR Group's initiatives to resolve social issues. The Company has published an overview of the project on its website.

In addition, concerning investment in human capital and intellectual property, the Company places particular importance on investing in the human capital that serves as the primary driver of the VECTOR Group's growth, and is promoting the improvement of an environment that is comfortable to work in through such means as developing human resources by improving the quality of training content, and revising internal systems.

Concerning the risks and earnings opportunities of climate change, the Company is moving forward with support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Concerning the impact of climate change on business activities and earnings, etc., the Company is gathering and analyzing the necessary data and providing disclosure on pages dedicated to sustainability on its website.

[Principle 4.1 Roles and Responsibilities of the Board (1)]

Supplementary Principle 4.1.1

Based on the provisions of its Rules for the Board of Directors and Rules on Administrative Authority, the Company has clarified the division of roles and duties and the command and order relationships between the Board of Directors, the representative director, directors, and employees, etc.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

Referencing the Tokyo Stock Exchange's independence standards for independent directors, the Company elects highly independent external directors and its external directors are independent officers in accordance with the Tokyo Stock Exchange's provisions. The Company believes that its external directors possess deep insight and a wealth of experience in the fields of management and investment, and that they ensure a monitoring function concerning the Board of Director's management from a specialized and objective perspective while also helping to promote multifaceted and constructive discussions at meetings of the Board of Directors.

[Principle 4.10 Use of Optional Approach]

Supplementary Principle 4.10.1

The Company's Board of Directors consists of 10 directors, five of whom are independent outside directors, accounting for 50% of the total. These independent outside directors possess extensive experience and broad

expertise in areas such as government, finance, corporate management, and IPOs. From a fair and objective standpoint, they provide advice and recommendations at meetings of the Board of Directors and exchange views on management with top executives and other directors. Accordingly, the Company believes that it maintains an adequate level of corporate governance.

Therefore, while the Company has not established an independent nomination and remuneration committee at this stage, it will continue to consider establishing such a committee as circumstances warrant, with the aim of achieving a higher level of governance. Furthermore, with respect to particularly important matters such as the nomination of senior management and directors (including succession planning) and executive remuneration, the Company will carefully deliberate on such matters while obtaining appropriate involvement and advice from independent outside directors.

[Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness]

Supplementary Principle 4.11.1

The Company considers the fulfillment of the Board of Directors as a whole regarding the knowledge and experience required of the Board taking into account the surrounding business environment, selecting individuals deemed able to contribute to the sustainable improvement of the VECTOR Group's corporate value to be directors.

The VECTOR Group has established "Making People Happy by Delivering Excellent Products, Services and Solutions to the World" as its corporate philosophy and engages in the business of supporting the communication strategies of the companies that are its customers with consumers by leveraging media. The Company has accomplished growth by not confining itself to the conventional fields of PR services, responding quickly to both the continuously and rapidly changing media environment and the evolution of technology while continuously expanding its services and strengthening its systems as a "fast company" providing a broad range of marketing services in a way that is timely and highly cost-effective to be a one-stop source of services required by clients in their communication strategies to deliver their excellent products, services and solutions to the world.

Going forward as well, the Company believes that it is necessary to not confine itself to PR fields and to aggressively engage in new business domains based on market trends and technological advances, and to develop a management system to realize further improvement of corporate value.

To this end, the Company has selected to be its directors persons possessing management experience in a broad range of fields including but not limited to the Company's existing business fields, and who have the knowledge and skills to manage a listed company group while also being able to respond to business expansion and the growth of the Group. The Company believes that the current composition of the Board of Directors is appropriate.

The same applies to the size of the Board of Directors. The Company's Articles of Incorporation provide that the number of directors shall be no more than 10, and the Company recognizes that the current board composition of 10 directors, including five outside directors, is appropriate at present.

Note that a skill matrix summarizing the expertise and experience of each director is included on the last page of this Report.

Supplementary Principle 4.11.2

The Company discloses the state of its directors holding important concurrent positions each year in documents such as the Notice of Convocation of the Ordinary General Meeting of Shareholders and annual securities report.

Supplementary Principle 4.11.3

The Company has continuously conducted annual evaluations of the effectiveness of the Board of Directors since March 2021. In March 2026, the Company conducted an evaluation of the effectiveness of the Board of Directors through a questionnaire survey covering all Board members, consisting of nine directors, including five outside directors.

To ensure objectivity and transparency, the survey was conducted anonymously with the support of an external organization, and responses were obtained from all eligible participants. Based on an analysis of the questionnaire results, the Company concluded that the effectiveness of the Board of Directors is generally adequate.

The Company will continue to enhance the effectiveness of the Board of Directors through ongoing evaluations and analyses and by addressing identified issues and implementing improvements.

Hiroshi Hashimoto, who serves as Representative Director and Chairman as of the filing date, was not included in the survey, as he assumed office after the questionnaire survey was conducted.

[Principle 4.14 Director and Kansayaku Training]

Supplementary Principle 4.14.2

The Company recognizes that persons possessing sufficient knowledge as directors have charge of those duties. As of the present time, the Company does not implement regular training for its directors excepting when briefings are believed necessary. However, primarily for external officers, the Company provides relevant information as necessary for the purpose of deepening understanding of the Company's business content, organization, and management strategy, etc.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

As an organization to promote constructive dialogue with investors including shareholders, the Company positions its Business Administration Headquarters as the division in charge of investor relations. The Company aims for organic coordination with the divisions of the VECTOR Group while striving for constructive communication with investors including shareholders.

The Company actively responds to requests for dialogue from shareholders and investors and provides opportunities for this such as online meetings with domestic and international investors as needed. In addition, each quarter the Company creates financial results materials and publishes them on TDnet and its website with the aim of more effective information dissemination.

The opinions of shareholders, investors, and analysts, gathered through investor relations activities, are reported to senior management and the Board of Directors as needed.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	April/14/2026

Explanation of Actions

Action to implement management that is conscious of cost of capital and stock price is disclosed on our website under the section "Financial Highlights—Operating results."
<https://vectorinc.co.jp/en/ir/highlight>

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Freeway Inc.	13,104,927	27.94
Keiji Nishie	5,715,673	12.19
The Master Trust Bank of Japan, Ltd. (Trust account)	3,898,000	8.31
THE BANK OF NEW YORK 133652	1,285,000	2.74
Custody Bank of Japan, Ltd. (Trust account)	1,276,100	2.72
Saori Kiryu	967,600	2.06
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	922,360	1.97
THE BANK OF NEW YORK 133612	916,100	1.95
UBS AG SINGAPORE	691,200	1.47
MORGAN STANLEY & CO. LLC	549,735	1.17

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
Name of Parent Company, if applicable	-

Supplementary Explanation

In the statement of large-volume holdings (statement of changes) made available for public inspection dated January 8, 2025, it was stated that as of December 31, 2024, Baillie Gifford & Co. held the following shares. However, as of the record date for exercising voting rights, the Company was unable to confirm the actual number of shares held. Accordingly, they are not included in the major shareholders above.

The content of said large-volume holdings (statement of changes) is as follows.

- Name: Baillie Gifford & Co.
- Address: Calton Square, 1 Greenside Row, Edinburgh EH1 3AN Scotland
- Number of shares held: 2,954,100
- Percentage of shares held: 6.30%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	February
Business Sector	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

1. Basic approach and policies for Group management

The VECTOR Group has adopted "Making People Happy by Delivering Excellent Products, Services and Solutions to the World" as its corporate philosophy. While positioning the Strategic PR Business as its core business, the Group has achieved growth by continuously expanding its services and strengthening its organizational capabilities in response to changes in the market environment.

Under the concept of a "FAST COMPANY" that provides one-stop support for clients' marketing strategies to deliver excellent products, services and solutions to the world, the Group has promoted the expansion of its services and enhancement of its business structure. In addition to group companies providing existing services such as PR consulting through the Strategic PR Business, the Group has also established new companies offering new services and expanded the Group through acquisitions and other strategic initiatives. The core business of the VECTOR Group is the Strategic PR Business, which the Company considers to be the source of its corporate value. Accordingly, the Company has no plans to list the group companies engaged in the Strategic PR Business within the Group (ANTIL Inc., PLATINUM Inc., and INITIAL Inc.).

On the other hand, with respect to group companies that operate businesses distinct from the Strategic PR Business, the Company believes that listing such companies or maintaining them as listed subsidiaries should remain among the strategic options available to the Group. In making such decisions, the Company will determine whether such actions contribute to the enhancement or maintenance of the corporate value of both the Company and the relevant group company, while giving due consideration to the interests of the Company's existing shareholders and the minority shareholders of the relevant group company.

2. The significance of having listed Group companies based on these policies and measures to secure the effectiveness of the corporate governance systems of listed subsidiaries

PR TIMES Corporation. ("PR TIMES") operates its core press release distribution service, "PR TIMES," which has already established a leading position in the Japanese market. Within the Group's business portfolio, the Company positions PR TIMES as an important group company responsible for the Press Release Distribution Business segment.

The Company believes that maintaining PR TIMES, which operates a highly regarded service with a strong track record in the industry, as a group company enables the Group to provide higher-value services that support clients' communication strategies aimed at delivering excellent products, services and solutions to the world, thereby contributing to the enhancement of the Company's corporate value.

Vitabrid Japan Inc. ("Vitabrid Japan") was established as a D2C company to conduct the Direct Marketing Business within the Group under the "FAST COMPANY" concept of providing one-stop support for clients' marketing strategies aimed at delivering excellent products, services and solutions to the world.

Starting with Vitamin C products utilizing the patented technology "Vitabrid C" owned by HYUNDAI BIOSCIENCE CO., LTD., Vitabrid Japan has expanded its product lineup to include supplements that help suppress the absorption of sugar and fat, as well as supplements designed to help alleviate health concerns faced by modern consumers, such as stress and fatigue. Through these efforts, Vitabrid Japan has grown to a scale with a significant presence in the domestic D2C market.

The Group positions the growth of Vitabrid Japan as a "success model" demonstrating the effectiveness of its one-stop marketing strategy for delivering excellent products, services and solutions to the world. The Company believes that the sustainable growth of Vitabrid Japan within the Group serves as a symbolic example demonstrating the Group's value proposition both internally and externally, thereby contributing to the enhancement of the corporate value of the Group as a whole.

The Company believes that maintaining PR TIMES, Inc. and Vitabrid Japan, Inc. as listed companies contributes to enhancing their corporate recognition and credibility, securing talented human resources, and maintaining or improving the motivation of officers and employees as leading listed companies in their respective industries. In addition, by enabling agile business operations under independent management structures as listed companies, these subsidiaries are able to further strengthen their competitive advantages within their respective industries while accelerating business growth, which ultimately contributes to strengthening the competitive advantages of the Group as a whole, including its listed subsidiaries.

Accordingly, under the Company's Affiliate Management Regulations, listed subsidiaries are exempt from certain rules requiring the Company's prior approval for important management matters, which are otherwise applicable to group companies in general. This exemption remains in effect for as long as the relevant listed subsidiary remains listed, regardless of the listing market.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Representative Director
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kota Matsuda	From another company											
Michimasa Naka	From another company											
Masatoshi Inoue	From another company											
Satoshi Yaginuma	From another company											
Yasunobu Nose	From another company											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. Person who executes business for a non-executive director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kota Matsuda		✓	The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the Companies Act, with its external directors which limit their liability pursuant to Article 423, Paragraph 1 of the act. Provided good faith and no gross negligence, this contract exempts them from liability for amounts exceeding the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.	Mr. Kota Matsuda possesses extensive experience and broad expertise across a wide range of fields, having led the growth and successful listing of a company as its representative director, as well as having been involved in national politics as a member of the House of Councillors and as the leader of a political party. The Company has appointed him as a director with the expectation that he will apply these insights to the Company's management and strengthen the oversight function of the Board of Directors through independent supervision of the execution of duties by directors and management.
Michimasa Naka		✓	The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the Companies Act, with its external directors which limit their liability pursuant to Article 423, Paragraph 1 of the act. Provided good faith and no gross negligence, this contract exempts them from liability for amounts exceeding the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.	Mr. Michimasa Naka has extensive global experience in the fields of finance and investment. At Boardwalk Capital Inc., which he founded, he has also built a strong track record in supporting startup companies. The Company has selected him as a director with the expectation that he will leverage his extensive management experience and broad expertise in the Company's management and strengthen the oversight function of the Board of Directors through independent supervision of management execution.
Masatoshi Inoue		✓	The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the Companies Act, with its external directors which limit their liability pursuant to Article 423, Paragraph 1 of the act. Provided good faith and no gross negligence, this contract exempts them from liability for amounts exceeding the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.	Mr. Masatoshi Inoue possesses extensive experience and deep expertise across a broad range of fields, including overseas business operations, investment business, and corporate planning. The Company has selected him as a director with the expectation that he will apply these insights to the Company's management and strengthen the oversight function of the Board of Directors through independent supervision of management execution.
Satoshi Yaginuma	✓	✓	The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the	Mr. Satoshi Yaginuma possesses extensive experience overseeing administrative functions as an executive officer, as well as

			Companies Act, with its external directors which limit their liability pursuant to Article 423, Paragraph 1 of the act. Provided good faith and no gross negligence, this contract exempts them from liability for amounts exceeding the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.	-serving as a full-time corporate auditor. The Company has selected him as an outside director serving as an Audit and Supervisory Committee member with the expectation that he will appropriately perform his duties by utilizing his knowledge and expertise, thereby contributing to the enhancement of the Company's audit system and corporate governance.
Yasunobu Nose	✓	✓	The Company has entered into limited liability contracts, as stipulated in Article 427, Paragraph 1 of the Companies Act, with its external directors which limit their liability pursuant to Article 423, Paragraph 1 of the act. Provided good faith and no gross negligence, this contract exempts them from liability for amounts exceeding the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.	Mr. Yasunobu Nose has extensive global experience in the fields of finance and investment, as well as experience serving as Executive Vice President and Director of the listed company FinTech Global Incorporated. The Company has selected him as a director with the expectation that he will leverage his extensive management experience and broad expertise in the Company's management and provide independent oversight of management.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed
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Reasons for Adopting Current System

The Company has established a corporate governance framework centered on the Board of Directors and the Audit and Supervisory Committee, where substantive discussions are conducted at each meeting. Outside officers constitute half of the Board of Directors and a majority of the Audit and Supervisory Committee, thereby strengthening the oversight and check-and-balance functions over management from an independent and objective standpoint. In addition, the Audit and Supervisory Committee enables timely and effective audits through appropriate collaboration with the accounting auditor and the Internal Audit Division. Based on the above, the Company believes that its corporate governance framework functions effectively and has therefore adopted the current organizational structure.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee engages in appropriate cooperation with the accounting auditors and Internal Audit Division, enabling flexible auditing. To ensure efficient auditing in the performance of their duties—including investigations into the company's operations and asset status—directors who are Audit and Supervisory Committee members will work closely with internal audit staff and receive regular reports on the state of the internal control system and audit results.

Directors who are Audit and Supervisory Committee members, along with internal audit staff, hold regular meetings with the Accounting Auditor to report on the internal audit overview, receive briefings on audit plans and results, and exchange views.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Not Established
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Matters Concerning Independent Directors

Number of Independent Directors	5
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Other Matters Concerning Independent Directors

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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

The Company has introduced a restricted stock compensation plan for its directors (excluding outside directors; hereinafter referred to as “eligible directors”) to further increase their motivation to contribute to improving share price and corporate value while sharing the benefits and risks of share price fluctuations with all shareholders. The stock is delivered with the prohibition, in principle, that it cannot be transferred, etc., until three years have passed since the date of allotment. The number of shares conferred is determined after a comprehensive evaluation of the achievement of the VECTOR Group's consolidated performance targets for the preceding fiscal year, the degree to which a director contributed to said performance, and the director's accomplishments in the work he or she is responsible for. In addition, the plan was officially approved by shareholders at the 30th Ordinary General Meeting of Shareholders, and the first share-based compensation was granted under the plan in FY2/2024.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

In its Business Report, the Company discloses the total amount of remuneration by type of remuneration, separately categorizing directors who are not Audit and Supervisory Committee members, directors who are Audit and Supervisory Committee members, corporate auditors, and outside officers.

Furthermore, in its Annual Securities Report, the Company provides individual disclosure of remuneration for any director whose total remuneration equals or exceeds 100 million yen.

Both the Business Report and the Annual Securities Report are disclosed on the Company's website. Business Report (in Notice of Convocation): <https://vectorinc.co.jp/ir/news?yr=2026&tp=4> (in Japanese only)

Annual securities report: <https://vectorinc.co.jp/ir/library> (in Japanese only)

Details of remuneration paid to directors for FY2/2026 are as follows:

[Total Remuneration by Officer Category] (Unit: Millions of Yen)

Directors (excluding Audit and Supervisory Committee members and outside directors)

Total Remuneration: 394

(Base Compensation: 252; Performance-linked Compensation: 142; Restricted Stock Compensation: -)

Directors who are Audit and Supervisory Committee members (excluding outside directors)

Total Remuneration: 3

(Base Compensation: 3; Performance-linked Compensation: -; Restricted Stock Compensation: -)

Corporate auditors (excluding outside corporate auditors)

Total Remuneration: 1

(Base Compensation: 1; Performance-linked Compensation: -; Restricted Stock Compensation: -)

Outside officers

Total Remuneration: 25

(Base Compensation: 25; Performance-linked Compensation: -; Restricted Stock Compensation: -)

[Individual Remuneration] (Unit: Millions of Yen)

Keiji Nishie

Total Remuneration: 163

(Base Compensation: 108; Performance-linked Compensation: 54; Restricted Stock Compensation: -)

Saori Kiryu

Total Remuneration: 126

(Base Compensation: 71; Performance-linked Compensation: 54; Restricted Stock Compensation: -)

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company's basic policy is to design director remuneration so that it functions effectively as a medium- to long-term incentive designed to promote greater value sharing with shareholders, sustainable growth in business performance, and the sustainable enhancement of corporate value. The policy also aims to enable the recruitment and retention of outstanding human resources necessary to achieve these objectives, while ensuring remuneration levels are appropriate for the roles and responsibilities expected of each director.

Remuneration for directors, excluding outside directors, consists of base remuneration (monetary remuneration) determined according to their roles and responsibilities, bonuses (monetary remuneration) linked to annual business performance, and restricted stock remuneration (non-monetary remuneration) granted based on a comprehensive assessment of the previous fiscal year's performance and achievements related to their assigned duties.

In principle, restricted stock remuneration consists of granting shares subject to restrictions on transfer for a period of three years from the allotment date. The number of shares granted is determined based on a comprehensive evaluation of the achievement level of the VECTOR Group's consolidated business performance targets for the previous fiscal year, as well as each director's degree of contribution to such performance and achievements in their assigned duties.

As the restricted stock remuneration system was formally approved by shareholders at the 30th Annual General Meeting of Shareholders, FY2/2023 was designated as the evaluation period for determining the restricted stock remuneration to be granted to each director, and the first grant of stock remuneration under this system was made during FY2/2024 based on the level of achievement of targets for that fiscal year.

Support System for Outside Directors

Support for external directors is provided by Business Administration Headquarters. Specifically, external directors are provided with timely and appropriate explanations of the Company's business activities, explanations of internal systems, and supplementary explanations as well as relevant materials when there are proceedings of the Board of Directors

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

VECTOR INC. operates as a company with a Board of Directors and an Audit and Supervisory Committee. 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 ten members (five internal directors, five external directors). The Audit and Supervisory Committee is independent from the Board of Directors, and it is responsible for monitoring its business execution. Full-time Audit and Supervisory Committee member Kazutora Mori serves as the chairperson, and it is comprised of three members (one internal Audit and Supervisory Committee member, two external Audit and Supervisory Committee members).

The Audit and Supervisory Committee members 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 Audit and Supervisory Committee members carry out audits throughout the entire Group, monitoring the approval of important internal proposals. The Internal Audit Division has also been established under the direct control of the Representative Director in order to strengthen the supervision of management.

3. Reasons for Adoption of Current Corporate Governance System

The Company has built a corporate governance system centered on the Board of Directors and Audit and Supervisory Committee. Lively discussions are held at each meeting of the Board of Directors. Both the Board of Directors and the Audit and Supervisory Committee are comprised of a majority of external officers with the aim of strengthening their supervisory and governance function with regard to the Company's management from a more independent standpoint. In addition, the Audit and Supervisory Committee engages in appropriate cooperation with the accounting auditors and Internal Audit Division, enabling flexible auditing. Through the above, the Company has determined that it is able to secure the effectiveness of corporate governance and accordingly chose the current corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company strives to send shareholders' meeting notices early so that shareholders may secure sufficient time to consider proposals.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	As the Company's fiscal year ends in February, its Annual General Meeting of Shareholders is held in May, thereby avoiding the concentration of shareholder meetings typically seen in June.
Electronic Exercise of Voting Rights	Since the 30th Ordinary General Meeting of Shareholders held in May 2022, the Company has adopted the exercising of voting rights through electronic methods such as the Internet in addition to the conventional exercising of voting rights in writing.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	In order to develop an environment enabling institutional investors to appropriately exercise their voting rights, the Company has used a platform for the electronic exercising of voting rights since the 30th Ordinary General Meeting of Shareholders held in May 2022.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company discloses shareholders' meeting notices (notice summaries) in English.
Other	<p>The Company strives to send notices of general meetings of shareholders early while securing the accuracy of the information stated within such notices.</p> <p>For the Ordinary General Meeting of Shareholders held in May 2026, the Company disclosed the notice on its website and TDnet before sending it.</p> <p>Going forward, the Company will continue to send and electronically disclose notices early so that shareholders may secure sufficient time to consider general meeting proposals.</p>

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Disclosed on the Company's website. https://vectorinc.co.jp/ir/policy	
Regular Investor Briefings held for Individual Investors	While the Company does not hold briefings specifically for individual investors, video recordings of briefings for analysts and institutional investors conducted by the Representative Director are made available on the Company's IR website and YouTube channel, thereby enabling individual investors to easily access and view the briefings.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Representative Director conducts briefings for analysts and institutional investors once or twice a year. For FY2/2026, the Company held a briefing for analysts and institutional investors on the day following the announcement of its full-year financial results.	Held
Regular Investor Briefings held for Overseas Investors	Although the Company does not hold briefings specifically for overseas investors, videos of its financial results briefings with English subtitles are made available on the Company's IR website and YouTube channel. In addition, transcripts of the financial results briefings are published on the Company's IR website. Furthermore, the Company regularly conducts one-on-one meetings with overseas investors both in Japan and overseas.	Not Held
Online Disclosure of IR Information	The Company posts various financial results, timely disclosure materials, and other materials and information for investors on its website on the investor relations pages.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established an IR Department within the Corporate Management Administration Headquarters and assigned dedicated personnel to it, thereby establishing a system to professionally handle various IR-related activities, including the timely and broad disclosure of information to the capital markets. In addition, an "IR Contact" form has been established on the Company's website.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company recognizes that the provision of timely and appropriate information to customers, clients, employees, and other Company stakeholders is an important matter for the Company and it is the Company's policy to actively do so. The Company provides information through its website and Company briefings scheduled as appropriate.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Our sustainability policy is guided by the philosophy of "Create happiness for all stakeholders by spreading our SDG and ESG initiatives throughout the world." Through the PR-driven communication services we provide, we support our clients in their SDGs and ESG efforts. By offering services that align with the needs of the times, we are working to address social issues not only within the Company but also for our clients. We will continue to promote sustainability through our ongoing business activities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company recognizes that the provision of timely and appropriate information to customers, clients, employees, and other Company stakeholders is an important matter for the Company and it is the Company's policy to actively do so. The Company provides information through its website and Company briefings scheduled as appropriate.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Based on the Companies Act and Ordinance for Enforcement of the Companies Act, it is the Company's basic policy to develop systems to secure the appropriateness of business. Accordingly, the Company has established the following basic policies to develop internal control systems.

1 Systems to ensure that the performance of duties by VECTOR Group directors and employees conform to laws, ordinances, and the Articles of Incorporation.

(1) In order to ensure that the performance of duties by executives and employees of the corporate group consisting of VECTOR and its subsidiaries (the "VECTOR Group") conforms to laws, ordinances, and the Articles of Incorporation, the Company has established the "VECTOR Group Compliance Policy." The directors of the companies of the VECTOR Group comply with this policy themselves and repeatedly communicate its spirit to employees.

(2) In accordance with the Auditing Rules of the Audit and Supervisory Committee and Internal Auditing Rules, all companies in the VECTOR Group are subject to audits by the Audit and Supervisory Committee and internal audits, and the entire Group's conformity to laws, ordinances, and the Articles of Incorporation is evaluated.

2 System for Ensuring the Storage and Management of Information Related to the Execution of Duties by Directors

(1) With respect to information security, the Company clearly defines roles and responsibilities for information security based on the Information Security Basic Regulations and has established an information security management system to continuously implement initiatives for maintaining and improving information security. Specific initiatives related to information security are deliberated by the Information Security Committee and promoted on a cross-functional basis throughout the VECTOR Group.

(2) Information related to the execution of duties by Directors is recorded in documents or electronic media and appropriately stored and managed in accordance with internal regulations, including the Document Management Regulations, the Personal Information Management Basic Regulations, and the Insider Trading Prevention Regulations.

3 Rules and other systems concerning the management of the risk of losses to the VECTOR Group.

(1) The Company has established the "VECTOR Group Compliance Policy" as the basic standard and put in place a "Compliance Risk Committee" and "Rules on Responding to Incidents and Scandals" for each of its Group companies, forming a system that allows the Group to detect potential risks at an early stage and take swift and appropriate measures in regard to incidents and scandals.

(2) The Company has formulated a Business Continuity Plan (BCP) and established emergency response systems to strengthen disaster preparedness across the VECTOR Group, including the formulation of disaster prevention plans and the establishment of disaster management frameworks. Through these measures, the Company seeks to minimize human and material damage caused by disasters.

(3) In accordance with the Auditing Rules of the Audit and Supervisory Committee and Internal Auditing Rules, the entire VECTOR Group is subject to audits by the Audit and Supervisory Committee and internal audits, and the status of the Group's risk management is audited and its effectiveness is evaluated.

4 System for Ensuring the Efficient Execution of Duties by Directors and Other Officers of the VECTOR Group

(1) In principle, the Company holds meetings of the Board of Directors once a month and also convenes extraordinary meetings as necessary to ensure agile decision-making.

(2) The Company ensures that each company within the VECTOR Group establishes Organizational Regulations and Regulations on Administrative Authority, thereby clarifying the responsibilities of directors within the VECTOR Group, the division of roles, segregation of duties, and reporting lines for directors and employees. In addition, the Company has established an internal approval system (ringi system) to facilitate agile decision-making.

(3) The Company requires directors and other officers of each company within the VECTOR Group to participate in weekly meetings regarding important management matters in order to share information and maintain close coordination across the Group.

5 Systems to secure the appropriateness of operations in corporate groups consisting of the Company and subsidiaries, and systems for reporting matters concerning the performance of duties by directors of subsidiaries to the Company

(1) Through the "VECTOR Group Compliance Policy," the Company provides guidance and support on developing systems to secure the appropriateness of the compliance systems and other operations of subsidiaries.

(2) In order to ensure management aimed at maximizing the VECTOR Group's corporate value with a shared awareness of the Group's management issues, per its Rules for the Management of Affiliated Companies, the Company has adopted a system to, in principle, dispatch directors, executive officers, etc. of the Group to its subsidiaries.

(3) Aiming for the comprehensive and sound development of the VECTOR Group, the Company has created Rules for the Management of Affiliated Companies and Rules on Administrative Authority to secure the appropriateness of operations, and important matters concerning the business management of subsidiaries require the approval of the Company.

(4) Based on the Rules for the Management of Affiliated Companies it has established, the Company requires reports and the submission of relevant materials, etc. as necessary in order to accurately understand, in a timely manner, the details of the operations and business activities of subsidiaries.

6 Systems concerning employees supporting the duties of the Audit and Supervisory Committee (including matters concerning the securing of the independence of said employees from the directors [excluding directors who are Audit and Supervisory Committee members] and securing the effectiveness of directions from the Audit and Supervisory Committee)

In the case where there is a request from the Audit and Supervisory Committee to appoint employees to support their duties, the Company will assign appropriate personnel as soon as possible. To strengthen their independence from the directors (excluding directors who are Audit and Supervisory Committee members), performance appraisals, reassignments, and the determination of rewards and punishments concerning employees supporting the Audit and Supervisory Committee must be made with the agreement of the Audit and Supervisory Committee in advance. In addition, the Company thoroughly informs officers and employees that employees supporting the Audit and Supervisory Committee follow the commands and orders of the Audit and Supervisory Committee.

7 Systems for directors (excluding directors who are Audit and Supervisory Committee members) and employees to report to the Audit and Supervisory Committee and other systems concerning reporting to the Audit and Supervisory Committee (including systems to ensure that persons who provide reports to the Audit and Supervisory Committee do not receive unfavorable treatment for making said report)

(1) The Company ensures the attendance of the Audit and Supervisory Committee members at meetings of the Board of Directors and other important meetings in the VECTOR Group. Reports are also regularly made to the Audit and Supervisory Committee in the VECTOR Group from the divisions in charge regarding company performance and other operational matters.

(2) Per its Auditing Rules of the Audit and Supervisory Committee, the Company has secured systems which enable the Audit and Supervisory Committee to require reports on operations at any time from the directors (excluding directors who are Audit and Supervisory Committee members) and employees of the companies of the VECTOR Group to investigate the state of company operations and assets. The Company also requires the directors (excluding directors who are Audit and Supervisory Committee members) and employees of the companies of the VECTOR Group to report immediately to the Company's Audit and Supervisory Committee in the event they discover matters which could significantly harm a Group company.

(3) In principle, meetings of the Company's Audit and Supervisory Committee are held once per month and ad hoc meetings are also held as necessary to exchange information and discuss the implementation of audits. The Audit and Supervisory Committee also regularly receives reports from the accounting auditors on accounting audits and engages in the exchange of opinions with the accounting auditors.

(4) Per its Rules for the Management of Affiliated Companies, Compliance Risk Management Rules, and Rules on Responding to Incidents and Scandals, the Company develops systems to ensure that proper reporting is conducted throughout the VECTOR Group. In addition, the Company strives to develop systems to ensure that persons who make reports will not receive unfavorable treatment. The Company has established an Internal Compliance Whistleblower Desk separate from the standard report systems which does not involve division supervisors and managing officers, and maintains rules prohibiting adverse treatment for making reports.

8 Other systems to ensure that the Audit and Supervisory Committee's audits are implemented effectively (including matters concerning policies regarding the prepayment of expenses resulting from the Company's Audit and Supervisory Committee members' execution of their duties, redemption procedures, and the handling of other expenses and liabilities resulting from the execution of said duties)

(1) The Company's representative director engages in the regular exchange of information with the Audit and Supervisory Committee and strives to share information on the state of the management of the VECTOR Group.

(2) In the case where there is a request from the Audit and Supervisory Committee to view approval and other important documents, based on said request, the division in charge responds directly and makes a report regarding the details.

(3) Regarding the prepayment of expenses resulting from the Company's Audit and Supervisory Committee members' execution of their duties, redemption procedures, and the handling of other expenses and liabilities resulting from the execution of said duties, other divisions may not interfere and the Company promptly handles such expenses and liabilities in consultation with the Audit and Supervisory Committee.

9 System for Ensuring the Reliability of Financial Reporting

(1) With respect to internal control over financial reporting of the VECTOR Group, the Company evaluates, maintains, and continuously improves the system in accordance with the Financial Instruments and Exchange Act and other applicable domestic and international laws and regulations.

(2) In executing their respective operations, each department of the Company and its subsidiaries implements segregation of duties and conducts daily monitoring to ensure the accuracy and reliability of financial reporting.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

It is the basic policy of the Company in the "VECTOR Group Compliance Policy" to not have relationships with antisocial forces and to not make use of antisocial forces for company profit or self-defense.

In addition, in the case where an unreasonable demand has been received from antisocial forces, the entire organization will confront said antisocial forces with a resolute attitude and strive to prevent harm by said antisocial forces. With regard to specific measures, the Company has created an Antisocial Forces Response Manual and explicitly states the above basic policy. The Company has also established a system for the exclusion of antisocial forces and response measures. Further, the Company has joined the Special Violence Prevention Measures Association (Tokubouren) and strives to strengthen relations and collect information as precautionary measures. Going forward, the Company will continue to strive to collect information in close cooperation with the police stations of jurisdiction and relevant organizations and promote the creation of systems to exclude antisocial forces. In addition, the Company will strive to thoroughly inform employees of the content of the above manual through internal training and educate employees so that they can apply its content effectively.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

Timely disclosure system

1. Development and operation of the timely disclosure system

(1) Activities to develop the timely disclosure system

In order to fulfill its corporate social responsibility, the Company believes it is important to disclose information to stakeholders in an appropriate and timely manner and to fulfill accountability. Further, the Company believes that the execution of the preceding contributes to the improvement of the transparency of management. To fulfill these responsibilities, the Company maintains an Information Disclosure Manual to explicitly state rules regarding the types of information for disclosure, basic principles for disclosure, persons and divisions in charge, and disclosure processes to ensure that laws, regulations, and rules concerning the timely disclosure of important information are observed. Through management which conforms to these rules, the Company has strived to centrally manage information for timely disclosure for the entire VECTOR Group and develop processes for prompt, accurate, and timely disclosure. In addition, in order to balance efficient business operation with the reduction of risk, the Company strives to provide timely disclosure after conducting the necessary analysis and consideration by having the chief information officer centrally aggregate information concerning the business of the entire VECTOR Group, including consolidated subsidiaries. (For a visual representation of this system, see the reference material titled "Diagram of timely disclosure system.")

In order to give shareholders fair and easy information access, the Company engages in timely disclosure based on the Tokyo Stock Exchange's rules regarding timely disclosure. In addition, the Company actively issues business-related news releases on its website, striving to explain the Company's business model and make business content easier to understand.

(2) Status of the organization in charge of timely disclosure

(a) Division in charge

Business Administration Headquarters

(b) Chief information officer name and title

Yosuke Goto, Representative Director, Executive Vice President, and CFO

(3) Timely disclosure procedure

1) Information collection

The division in charge of timely disclosure centrally manages the collection of internal information on investor relations, public relations, and other disclosure matters, as well as financial accounting information (including that of subsidiaries).

2) Information analysis and assessment

After collecting the information, the division in charge of information disclosure confirms its content. Then, under the oversight and guidance of the chief information officer, the division engages in discussion with relevant internal members (the representative director and other directors and the senior manager of Business Administration Headquarters, etc.) as necessary and promptly determines whether the information corresponds to any of the following items (whether it corresponds to important information).

i) Does it correspond to material facts as stipulated in the Financial Instruments and Exchange Act?

ii) Does it correspond to disclosure items requiring timely disclosure as stipulated in the rules of the Tokyo Stock Exchange?

iii) Does it otherwise correspond to important information that it is desirable to disclose other than i) and ii) above?

3) Disclosure of the information

In the case where the information is assessed to correspond to important information, the division in charge of information disclosure, after engaging in the necessary approval process to gain approval from the representative director and the Board of Directors, implements the procedures for timely disclosure in accordance with relevant laws, ordinances, and rules.

4) Timely disclosure process monitoring

The Audit and Supervisory Committee and the Internal Audit Division may monitor the operation of the timely disclosure process as necessary in order to confirm that the process is functioning properly.

Diagram of corporate governance system

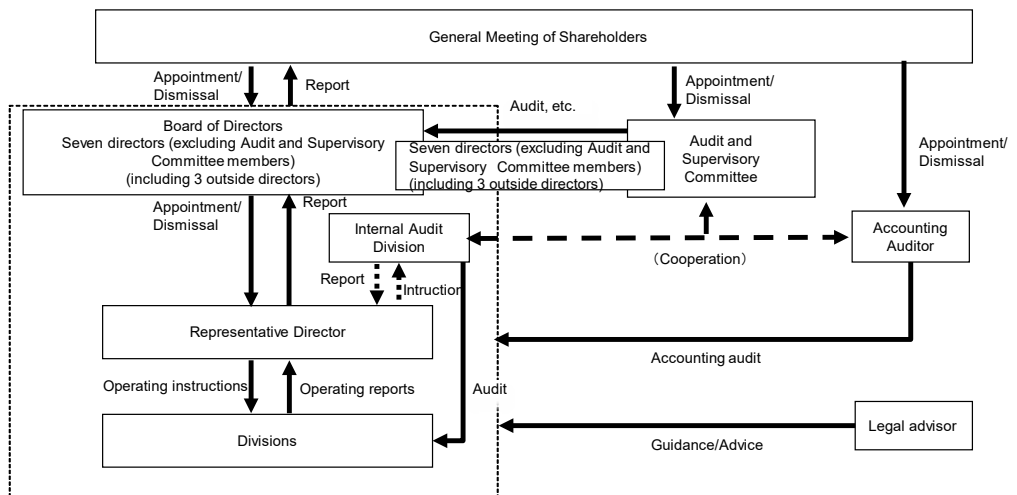
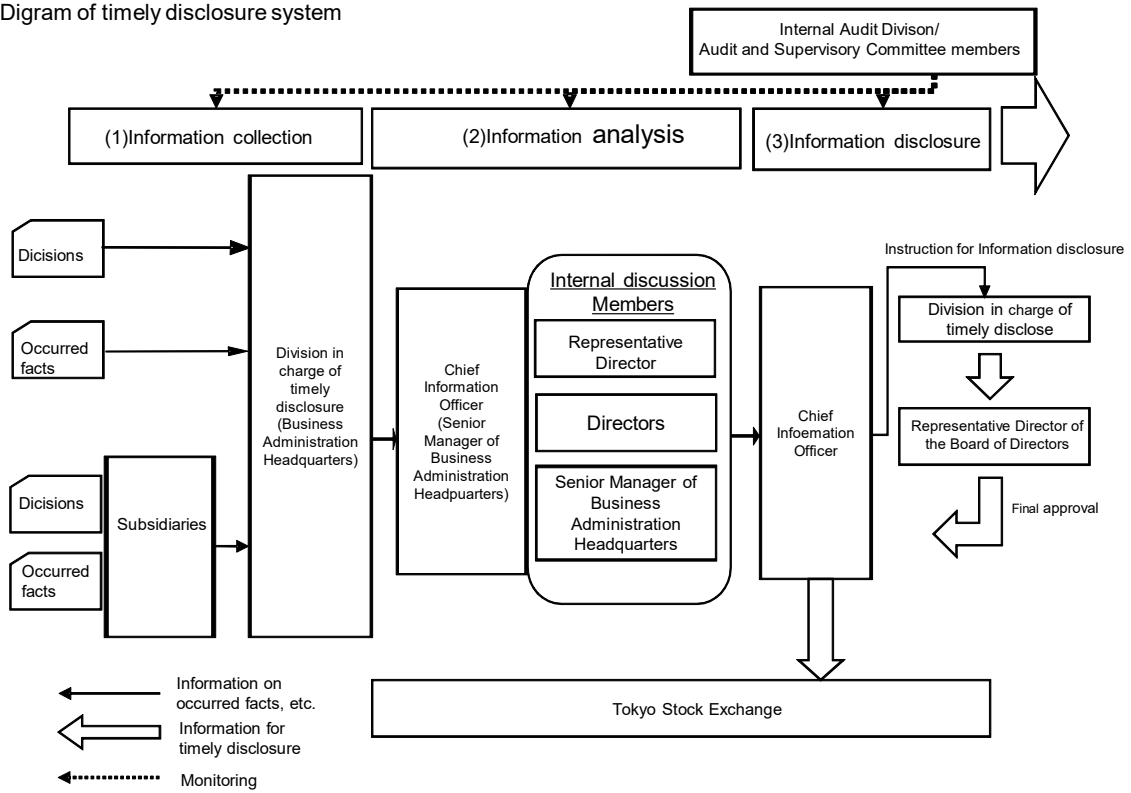


Diagram of timely disclosure system



Director skills matrix

		PR and advertising industry	Management	Investment	International	Accounting and finance	Legal compliance
Hiroshi Hashimoto	Chairman and Representative Director		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
Keiji Nishie	Representative Director and CEO	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Yosuke Goto	Representative Director, Executive Vice President, and CFO					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Saori Kiryu	Executive Vice President	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Kota Matsuda	External Director		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Michimasa Naka	External Director		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Masatoshi Inoue	External Director		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Kazutora Mori	Director and Full-time Audit and Supervisory Committee Member	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Satoshi Yaginuma	External Director and Audit and Supervisory Committee Member					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Yasunobu Nose	External Director and Audit and Supervisory Committee Member		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

The above skills matrix lists fields in which the Company's directors are particularly able to demonstrate their expertise based on their experience, etc. with regard to the main knowledge and experience required by the Company's Board of Directors taking into account the surrounding business environment. It does not represent the entirety of the experience, knowledge, and abilities possessed by each director.