

For immediate release

Company name VECTOR INC.
 Representative Keiji Nishie, Chairman and Representative
 Director
 Securities code: 6058 (Tokyo Stock Exchange Prime Market)
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Notice of Potential for Overdue or Uncollectable Receivables

Beauty Three Co., Ltd. (hereafter, “Beauty Three”), a customer of VECTOR INC. (hereafter, “VECTOR” or the “Company”), petitioned to commence bankruptcy proceedings in the Tokyo District Court on September 25, 2023 and the court ordered commencement of bankruptcy proceedings on the same day. VECTOR INC. hereby provides notice of the potential for overdue or uncollectable receivables for our claims against Beauty Three.

1. Overview of Beauty Three

(1) Company name	Beauty Three Co., Ltd.	
(2) Address	1-13-6 Tomioka, Koto-ku, Tokyo 135-0047, Japan	
(3) Name and title of representative	Takayuki Tamukai, Representative Director	
(4) Business description	Operation of esthetic salons and sale of cosmetic products	
(5) Share capital	¥3 million	
(6) Established	August 7, 2007	
(7) Relationship between the listed company and VECTOR	Capital relationship	Not applicable.
	Personal relationship	Not applicable.
	Transactional relationship	VECTOR provided advertising management services.

2. Background behind the Materialization of the Potential for Overdue or Uncollectible Receivables

As stated in the “Notice of Acquisition of Digital Advertising Business from TERMINAL inc.” dated September 22, 2022, VECTOR acquired the digital advertising business from TERMINAL inc. (hereafter “TERMINAL”) on September 30, 2022.

TERMINAL provided advertising management and agency services to Beauty Three before the Company acquired its digital advertising business and VECTOR continued to provide services from September 30, 2022, when we acquired the business.

Beauty Three petitioned the Tokyo District Court to commence bankruptcy proceedings on September 25, 2023 and the court ordered commencement of bankruptcy proceedings on the same day. When the Company received notice of this, we recorded a provision for our claims against Beauty Three to the allowance for doubtful accounts ¥755 million for the first half of fiscal year ending February 29, 2024.

3. Type and Amount of Claim against Customer, and Claim Percentage of Consolidated Net Assets

Accounts receivable-trade: ¥755 million (4.8% of consolidated net assets in fiscal year ended February 28, 2023)

4. Outlook

The business transfer agreement concluded when VECTOR acquired the digital advertising business from TERMINAL set the base operating profit on the transferred business for each fiscal year and TERMINAL agreed to reimburse VECTOR for the amount specified in the agreement if operating profit did not reach the base level. Because the provision to the allowance for doubtful accounts means that the business is not expected to reach the base level of operating profit, TERMINAL will reimburse VECTOR for the amount of the shortfall from the base level of operating profit if there is a shortfall once the financial results for fiscal year ending February 29, 2024 are confirmed.

VECTOR has the reimbursement agreement with TERMINAL so the process would be to claim reimbursement from TERMINAL in the future. In light of this, we are currently negotiating for TERMINAL to pay our claims against Beauty Three, in lieu of Beauty Three. We have not revised the financial forecast as a result of this matter.