

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 Absorption-type (Simplified, Short-form) Merger of  
Wholly Owned Consolidated Subsidiary and Debt Write-off

VECTOR INC. (hereafter, “VECTOR” or the “Company”) hereby announces the decision to merge Smartmedia.inc (hereafter, “Smartmedia”), a wholly owned subsidiary, through an absorption-type merger (hereafter, the “Merger”). The resolution was approved at a Board of Directors meeting held today. The Company also decided to write off part of the claims it has against Smartmedia as part of the Merger.

Some disclosure matters and details have been omitted because the Merger is a simplified absorption-type merger of a wholly owned subsidiary.

## 1. Purpose of the Merger

Smartmedia provides support services for the operation of owned media and social media.

As a “fast company” that is a one-stop source of comprehensive support for marketing strategies designed to spread the word about excellent products, services and solutions of our customers to the world, the VECTOR Group has worked to enhance capabilities in delivering end-to-end solutions, from raising awareness to driving purchases. Having thus expanded the service domain in our core PR business, we determined that the merger of a business highly compatible with our PR business was the best way to streamline management and therefore made the decision to merge Smartmedia and absorb it into VECTOR.

## 2. Merger Summary

### (1) Merger Timetable

Date of Board of Directors resolution	October 13, 2023
Merger agreement conclusion date	October 13, 2023
Effective date	December 1, 2023 (plan)

Note: The Merger is a simplified merger for the Company under Article 796, Paragraph 2 of the Companies Act and a short-form merger for Smartmedia under Article 784, Paragraph 1 of the same act. A General Meeting of Shareholders is not convened for approval of either type of merger agreement.

(2) Merger Method

VECTOR will be the surviving company and Smartmedia will be dissolved.

The liabilities of Smartmedia currently exceed its assets. However, VECTOR intends to write off part of its claims against Smartmedia before the Merger and execute the Merger after the state of insolvency has been resolved.

- Description of claims to be written off: Loans and accrued interest
- Amount of claims to be written off: ¥520 million (estimate)
- Date of claims write-off: October 31, 2023 (plan)

(3) Allotments Associated with Merger

The Merger is a merger of a wholly owned subsidiary and there will therefore be no allotment of shares or other monies, etc.

(4) Treatment of Share Options and Bonds with Share Options of the Company Being Dissolved

Not applicable.

### 3. Overview of the Merger Parties

	Surviving Company	Dissolved Company
(1) Company name	VECTOR INC.	Smartmedia.inc
(2) Address	4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan	1-24-3 Minamiaoyama, Minato-ku, Tokyo 107-0062, Japan
(3) Name and title of representative	Keiji Nishie Chairman and Representative Director	Yui Shinahara Representative Director
(4) Business description	PR consulting and agency	Support services for operation of owned media
(5) Share capital	¥3,038 million	¥5 million
(6) Established	March 30, 1993	November 10, 2015
(7) Number of issued shares	48,176,100	510
(8) Fiscal year end	End of February	End of February
(9) Major shareholders and equity interest	Keiji Nishie: 39.28% The Master Trust Bank of Japan, Ltd. (trust account): 10.47% Custody Bank of Japan, Ltd. (trust account): 9.59%	VECTOR INC.: 100%
(10) Financial position and results of operations in the previous fiscal year		
Fiscal year	Fiscal year ended February 28, 2023 (consolidated)	Fiscal year ended February 28, 2023 (non-consolidated)
Net assets	¥15,759 million	−¥382 million
Total assets	¥36,343 million	¥237 million
Net assets per share	¥271.38	−¥750,696.11
Net sales	¥55,225 million	¥956 million
Operating profit	¥6,276 million	¥3 million
Ordinary income	¥6,623 million	−¥12 million
Profit attributable to owners of parent / Net profit	¥3,172 million	−¥7 million
Earnings per share	¥66.54	−¥14,400.19

### 4. Post-merger Status

The Merger will not result in a change in name and address of VECTOR, the name and title of its representative officer, business description, share capital, and fiscal year end.

### 5. Outlook

VECTOR will assume Smartmedia's loss carried forward of ¥653 million. This will decrease income taxes by ¥200 million and increase profit attributable to owners of parent in the second quarter of consolidated fiscal year ending February 29, 2024.

The accounting noted above has already been completed in the consolidated second quarter so this will not affect the results for consolidated third quarter onward.