

For immediate release

Company name VECTOR INC.
 Representative Keiji Nishie
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Notice of Merger Between Wholly Owned Subsidiaries

VECTOR INC. (hereafter, “VECTOR” or the “Company”) hereby announces the decision to proceed with an absorption-type merger (the “Merger”), in which INITIAL Inc. (hereafter, “INITIAL”), a wholly owned subsidiary, will be the surviving company. The dissolved companies will be Starbank Inc. (hereafter, “Starbank”) and INFLUENCER BANK, Inc. (hereafter, “INFLUENCER BANK”), both of which are also wholly owned subsidiaries. The resolution was approved at a Board of Directors meeting held today, and the details are provided below.

Some of disclosure matters and details have been omitted because the Merger is between wholly owned subsidiaries of the Company and does not fall under the criteria for timely disclosure.

1. Purpose of the Merger

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.

Starbank focuses on social promotion planning, primarily by casting celebrities and influencers, while INFLUENCER BANK operates a matching platform leveraging micro-influencers, both offering marketing services through social media and influencers to client companies. INITIAL is a core Group company in our PR business and specializes in social media marketing. The decision to merge INITIAL as the surviving company with Starbank and INFLUENCER BANK as the dissolved companies aims to restructure the PR and advertising segment and streamline management.

2. Merger Summary

(1) Merger Timetable

Date of Board of Directors resolution	September 17, 2024
Merger agreement conclusion date	September 17, 2024
Effective date	December 1, 2024 (plan)

(2) Merger Method

Starbank and INFLUENCER BANK will be dissolved through the absorption-type merger, with INITIAL serving as the surviving company.

(3) Allotments Associated with Merger

The Merger is a merger between wholly owned subsidiaries, 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	Dissolved Company
(1) Company name	INITIAL Inc.	Starbank, Inc.	INFLUENCER BANK, Inc.
(2) Address	4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan	4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan	4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan
(3) Name and title of representative	Yui Shimizu Representative Director	Jun Akiho Representative Director	Jun Akiho Representative Director
(4) Business description	PR consulting and agency	Social media marketing, celebrity casting, live streamer management	Social media marketing, celebrity casting, live streamer management
(5) Share capital	¥10 million	¥45 million	¥22.225 million
(6) Established	August 1, 2012	August 15, 2012	December 1, 2020
(7) Number of issued shares	400	9,000	889
(8) Fiscal year end	End of February	End of February	End of February
(9) Major shareholders and equity interest	VECTOR INC., 100%	VECTOR INC., 100%	VECTOR INC., 100%

4. Post-merger Status

(1) Company name	INITIAL Inc.
(2) Address	4-15-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan
(3) Name and title of representative	Yui Shimizu Representative Director
(4) Business description	PR consulting and agency, social media marketing, celebrity casting, live streamer management
(5) Share capital	¥10 million
(6) Fiscal year end	End of February
(7) Major shareholders and equity interest	VECTOR INC., 100%

5. Outlook

As a result of the Merger, INITIAL will assume INFLUENCER BANK's loss carried forward of approximately ¥290 million. This is expected to reduce corporate taxes by approximately ¥100 million and increase profit attributable to owners of parent in the second quarter of the consolidated fiscal year ending February 28, 2025. Although INITIAL will take over Starbank's loss carried forward of approximately ¥59 million, the impact on profit attributable to owners of parent will be minimal, as Starbank had already recorded all of its deferred tax assets by the end of the fiscal year ended February 29, 2024.

Reference: Consolidated Forecast for the Fiscal Year Ending February 28, 2025 and Results for the Previous Fiscal Year

(Millions of yen)

	Net sales	Operating profit	Ordinary income	Profit attributable to owners of parent
Fiscal year ending February 28, 2025	63,000	8,500	8,350	5,000
Previous year (ended February 29, 2024)	59,212	6,939	6,871	4,684