

Consolidated Financial and Operating Results for the Second Quarter of Fiscal Year Ending February 28, 2022 (JGAAP)

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 Listed Exchange: Tokyo Stock Exchange (Code Number: 2178)
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Scheduled Date for Submitting the Quarterly Securities Report: October 15, 2021

Scheduled Date for Commencement of Dividend Payments: —

Availability of Supplementary Briefing Material on Quarterly Results: Yes

Schedule of Quarterly Result Briefing Sessions: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down.)

I. Consolidated Financial and Operating Results for the Second Quarter of FY 2021 (from March 1, 2021 to August 31, 2021)**1. Operating Results**

Percentages indicate year-on-year increase / (decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter of FY 2021	23,723	(1.9)	695	(19.0)	700	(20.5)	743	74.6
Second Quarter of FY 2020	24,192	(7.6)	858	679.3	880	—	425	—

(Note) Comprehensive income: The second quarter of FY2021: 777 million yen, up 33.1%; The second quarter of FY2020: 584 million yen, —%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Second Quarter of FY 2021	29.66	29.64
Second Quarter of FY 2020	16.52	—

(Note) Diluted earnings per share for the second quarter of FY2020, is not disclosed due to no dilutive effect despite the existence of dilutive shares.

2. Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2021	15,531	7,419	46.5
As of February 28, 2021	15,182	6,815	43.7

(Reference) Shareholders' equity: As of August 31, 2021: 7,223 million yen; As of February 28, 2021: 6,636 million yen

II. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2020	—	0.00	—	7.00	7.00
FY 2021	—	0.00			
FY 2021 (forecast)			—	7.00	7.00

(Note) Revision to the dividend forecast published most recently: No

III. Consolidated Forecast for FY 2021 (From March 1, 2021 to February 28, 2022)

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	48,442	1.4	1,278	(3.2)	1,239	(7.2)	840	(1.0)	33.52

(Note) Revision to the consolidated forecast published most recently: No

IV. Other Items

- Changes in the scope of consolidation for significant subsidiaries during the period under review (changes in specified subsidiaries resulting in change in the scope of consolidation): None
- Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None
- Changes in accounting policies, changes in accounting estimates and restatements:
 - Changes in accounting policies in accordance with revision of accounting standards: None
 - Changes in accounting policies other than (1) above: None
 - Changes in accounting estimate: None
 - Restatements: None

4. Issued and outstanding common shares

	(Shares)	
(1) Number of shares issued and outstanding at the end of the period, including treasury shares:	Second quarter of FY 2021: 30,517,200	FY2020: 30,517,200
(2) Number of treasury shares at the end of the period:	Second quarter of FY 2021: 5,458,261	FY2020: 5,458,261
(3) Average number of shares outstanding for each period:	Second quarter of FY 2021: 25,058,939	Second quarter of FY 2020: 25,774,700

● Disclosure related to the implementation status of audit procedures

This summary report is not subject to audit procedures based on the Financial Instruments and Exchange Act; audit procedures for the consolidated financial statements were being conducted when this report was disclosed.

● Explanation regarding the appropriate use of forecasts of business results

- The forecasts and future projections contained herein have been prepared on the basis of rational decisions given the information available as of the date of announcement of this document, and do not represent promises with regard to the Company's future results. Actual performance may differ substantially from forecasts for a variety of reasons. Please refer to the "I. Qualitative Information on the Results for the Subject Period, 3. Explanation of Forecasts for the Consolidated Financial and Operating Results of FY2021" on page 3 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.
- The Company plans to hold a quarterly result briefing session for institutional investors on Tuesday, August 12, 2021. We intend to disclose a quarterly result briefing material and a video presentation on its website promptly following the presentation.

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I. Qualitative Information on the Results for the Subject Period

1. Explanation of Operating Results

In the second quarter under review, the Japanese economy continued to face severe conditions due to the long-term impacts of COVID-19, including state of emergency declarations and semi-state of emergency COVID-19 measures issued in various locations.

At the same time, the direct marketing market, where Tri-Stage Group clients operate, continues to expand with the establishment of mail order business and the expansion of online shopping. As new lifestyles take root, the Company recognizes that direct marketing is becoming more important as a highly convenient service enabling consumers to purchase products without face-to-face interactions, while the social role of the Group, which supports direct marketing companies, is also increasing.

Under these circumstances, the Group announced the Medium-term Business Plan: Tri's Vision 2024 on April 12, 2021. With the vision of "Innovation by DX in Direct Marketing," this plan's basic strategy aims to strengthen data marketing to improve value propositions, increase customer numbers with cross-channel and AI marketing services and create new businesses leveraging the strength of existing businesses and DX efforts. The Group will focus efforts on realizing strategy and transforming business operating in the red back into the black to expand earnings.

In the second quarter of the fiscal year under review, the Company established a system for achieving the Medium-term Business Plan, implemented functional improvements for the Tri-DDM data marketing platform and developed new services.

As a result, during the second quarter under review, the Group recorded net sales of ¥23,723,382 thousand (down 1.9% year on year) and gross profit of ¥2,660,777 thousand (down 3.5% year on year). Selling, general and administrative expenses amounted to ¥1,965,212 thousand (up 3.5% year on year), operating profit was ¥695,564 thousand (down 19.0% year on year), ordinary profit was ¥700,088 thousand (down 20.5% year on year), and profit attributable to owners of parent was ¥743,366 thousand (up 74.6% year on year).

Performance by segment is described below.

(1) Direct Marketing Support Business

The TV Business provides comprehensive solutions essential for direct marketing, from the provision of TV program timeslots and commercials, to program and commercial production, order management and customer management, driven by the Group strength in acquiring new customers in TV shopping through the "provision of optimal media based on data analysis," "hit video production" and "efficient order management." In addition, with the Tri-DDM data marketing platform, we have clarified the value of broadcasting slots and understood the appropriate operation status of the contact center. In the second quarter of the fiscal year under review, the Company focused efforts on strengthening television broadcast slot purchases through Tri-Stage Media Inc., which was spun off on February 1, 2021, improving ordering efficiency with Tri DDM and enhancing video production capabilities through video empathy analysis services and QR tracking services, resulting in stable sales and gross profit.

In the Web Business, with adflex communications at its core, the Company is working to maximize client sales and profits by proactively introducing AI tools including listing advertisement optimization as well as mutual proposals for both television and the Internet. Despite delays from the initial forecast due to fewer opportunities to negotiate sales, the acquisition of new clients and increases in transactions with existing clients continued to move forward, enabling the Company to return to the black during the first quarter. Having concluded a Japan exclusive partner agreement with Optmyzr Inc in August 2021, Tri-Stage launched provision of the Optmyzr AI tool that automatically optimizes listing ads and gradually transitioned away from existing tools.

In April 2021, the Company released the managed television advertisement platform "urutere", which facilitates data-based television advertisement linking planning, production, effect verification, optimization, and digital measures. Tri-Stage has promoted sales activities in collaboration with the TV Business and Web Business.

As a result, during the second quarter under review, net sales were ¥1,371,064 thousand (down 3.6 % year on year) and operating profit was ¥611,595 thousand (down 8.9 % year on year).

(2) Direct Mail Business

The Direct Mail Business, driven by Mail Customer Center Co., Ltd., engages in agency services dispatching direct mails such as Yu-Mail and Kuroneko DM Bin. The Company also worked to support small courier services (product DM) such as Nekopos and Yu-Packet, which are rapidly expanding in the market. Although sales activities have

remained generally stable thanks to the advantage of price competitiveness due to handling the largest number of DMs in the industry, DMs have been withheld in some industries due to a decrease in events attracting customers.

As a result, during the second quarter under review, net sales were ¥9,057,434 thousand (down 0.1 % year on year) and operating profit was ¥105,972 thousand (down 56.2% year on year).

(3) Overseas Business

In ASEAN countries, PT. Merdis International has been handling most of the Group's businesses in wholesaling for TV shopping. The Company also worked to expand EC to improve profitability. In the first quarter, a reversal of provisions provided a temporary positive effect.

As a result, during the second quarter under review, net sales were ¥365,447 thousand (down 20.3% year on year) and operating profit amounted to ¥21,469 thousand (down 27.3% year on year).

Further, as disclosed in the "Notice Regarding Changes in Consolidated Subsidiaries (Share Transfer) and Recognition of Extraordinary Losses" announced on September 14, 2021, the Company made the decision to transfer all shares in MERDIS. As a result, MERDIS will be removed from the scope of consolidation in the third quarter of the fiscal year ending February 28, 2022 and the Overseas Business will be removed as a reporting segment at the end of the fiscal year ending February 28, 2022.

(4) Retail Business

The Nippon Department Store Inc. under the Nippon Department Store brand name, is striving to strengthen its wholesale business and increase profits from each of its stores. Although the impact of COVID-19 has been prolonged, some stores have closed and business hours have been shortened due to the issuance of state of emergency declarations and semi-state of emergency COVID-19 measures, in such harsh conditions we succeeded in developing private brand products and expanding the wholesaling business, enabling us to realize higher sales than in the same period of the previous fiscal year and narrow the deficit despite these conditions. Additionally, based on the concept of making the Nippon Department Store more fun, we made efforts to update its corporate logo and online store, rebranding in September 2021.

As a result, during the second quarter under review, net sales were ¥583,435 thousand (up 33.7 % year on year) and operating loss amounted to ¥43,505 thousand (a loss of ¥85,585 thousand in the same period of the previous fiscal year).

2. Explanation of Financial Position

(1) Assets

At the end of the second quarter under review, total assets stood at ¥15,531,936 thousand, an increase of ¥349,451 thousand compared with the end of the previous fiscal year. This increase was mainly due to a ¥212,104 thousand increase in cash and deposits.

(2) Liabilities

At the end of the second quarter under review, total liabilities amounted to ¥8,111,995 thousand, a decrease of ¥255,304 thousand compared with the end of the previous fiscal year. This decrease was mainly due to a ¥1,748,868 thousand increase in short-term loans payable and a ¥1,714,696 thousand decrease in long-term loans payable.

(3) Net assets

At the end of the second quarter under review, total net assets stood at ¥7,419,941 thousand, an increase of ¥604,755 thousand compared with the end of the previous fiscal year. This increase was mainly due to factors including dividends of surplus amounting to ¥175,412 thousand and recording profit attributable to owners of parent of ¥743,366 thousand.

3. Explanation of Forecasts for the Consolidated Financial and Operating Results of FY2021

There is no change in the full-year consolidated earnings forecasts for the fiscal year ending February 28, 2022 from the earnings forecast announced on April 12, 2021.

The Company expects to record an extraordinary loss in the third quarter of the fiscal year ending February 28, 2022 due to the transfer of all shares in MERDIS as disclosed in the “Notice Regarding Changes in Consolidated Subsidiaries (Share Transfer) and Recognition of Extraordinary Losses” announced on September 14, 2021.

. Further, in the event shares are transferred in October 2021, MERDIS will be removed from the scope of consolidation in the third quarter of the fiscal year ending February 28, 2022, but the impact on earnings forecasts for the fiscal year ending February 2022 is expected to be minor.

Moreover, as the potential impact of this share transfer is currently under examination, in the event of material changes, details will be disclosed in a timely manner.

II. Consolidated Financial Statements and Primary Notes

1. Consolidated Balance Sheets

(Thousands of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	7,451,382	7,663,486
Notes and accounts receivable – trade	6,340,248	6,263,888
Merchandise	196,130	225,731
Work in process	5,521	3,103
Supplies	5,467	4,539
Other	148,987	168,914
Allowance for doubtful accounts	(62,580)	(69,895)
Total current assets	14,085,157	14,259,769
Non-current assets		
Property, plant and equipment	255,380	240,601
Intangible assets	264,343	245,750
Investments and other assets		
Investment securities	4,284	4,616
Other	703,422	910,593
Allowance for doubtful accounts	(130,102)	(129,394)
Total investments and other assets	577,603	785,815
Total non-current assets	1,097,328	1,272,167
Total assets	15,182,485	15,531,936
Liabilities		
Current liabilities		
Accounts payable - trade	4,002,948	3,973,850
Short-term borrowings	1,101,843	2,850,712
Income taxes payable	155,836	182,676
Provision for bonuses	107,027	110,628
Other provisions	110,380	3,528
Other	525,231	349,400
Total current liabilities	6,003,268	7,470,797
Non-current liabilities		
Long-term borrowings	2,063,279	348,583
Retirement benefit liability	134,305	137,225
Asset retirement obligations	85,955	86,467
Other	80,491	68,921
Total non-current liabilities	2,364,031	641,198
Total liabilities	8,367,300	8,111,995

(Thousands of yen)

	As of February 28, 2021	As of August 31, 2021
Net assets		
Shareholders' equity		
Share capital	645,547	645,547
Capital surplus	735,426	735,426
Retained earnings	7,248,259	7,816,212
Treasury shares	(1,837,778)	(1,837,778)
Total shareholders' equity	6,791,455	7,359,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	337	554
Foreign currency translation adjustment	(155,638)	(136,593)
Total accumulated other comprehensive income	(155,301)	(136,038)
Share acquisition rights	20,131	22,361
Non-controlling interests	158,899	174,209
Total net assets	6,815,185	7,419,941
Total liabilities and net assets	15,182,485	15,531,936

2. Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Net sales	24,192,781	23,723,382
Cost of sales	21,435,717	21,062,605
Gross profit	2,757,064	2,660,777
Selling, general and administrative expenses	1,898,593	1,965,212
Operating profit	858,471	695,564
Non-operating income		
Interest income	5,697	5,684
Dividend income	—	150
Commission income	—	12,178
Share of profit of entities accounted for using equity method	11,917	—
Subsidy income	9,260	2,546
Other	7,478	2,346
Total non-operating income	34,354	22,906
Non-operating expenses		
Interest expenses	12,405	10,948
Commission expenses	—	4,842
Other	156	2,591
Total non-operating expenses	12,561	18,382
Ordinary profit	880,264	700,088
Extraordinary income		
Gain on reversal of share acquisition rights	20,346	—
Gain on change in equity	6,718	—
Total extraordinary income	27,065	—
Extraordinary losses		
Impairment loss	218,740	580
Loss on retirement of non-current assets	6,266	30
Other	2,896	—
Total extraordinary losses	227,903	610
Profit before income taxes	679,426	699,477
Income taxes – current	150,966	164,312
Income taxes – deferred	93,670	(216,851)
Total income taxes	244,636	(52,539)
Profit	434,789	752,017
Profit attributable to non-controlling interests	8,913	8,651
Profit attributable to owners of parent	425,875	743,366

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	434,789	752,017
Other comprehensive income		
Valuation difference on available-for-sale securities	210,774	217
Foreign currency translation adjustment	(23,005)	25,704
Share of other comprehensive income of entities accounted for using equity method	(38,011)	—
Total other comprehensive income	149,757	25,921
Comprehensive income	584,546	777,938
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	581,906	762,628
Comprehensive income attributable to non-controlling interests	2,639	15,310

3. Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	679,426	699,477
Depreciation	67,169	73,266
Impairment loss	218,740	580
Loss on valuation of inventories	9,729	(2,900)
Amortization of goodwill	33,311	—
Loss (gain) on change in equity	(6,718)	—
Increase (decrease) in allowance for doubtful accounts	(174,790)	6,606
Increase (decrease) in provision for bonuses for directors (and other officers)	(1,700)	(7,600)
Increase (decrease) in provision for bonuses	149,383	3,601
Increase (decrease) in other provisions	36	(99,252)
Increase (decrease) in retirement benefit liability	4,368	2,847
Interest and dividend income	(5,697)	(5,834)
Interest expenses	12,405	10,948
Share of loss (profit) of entities accounted for using equity method	(11,917)	—
Decrease (increase) in trade receivables	(511,738)	83,988
Decrease (increase) in inventories	80,089	(17,709)
Increase (decrease) in trade payables	365,469	(30,301)
Increase (decrease) in accounts payable - other	(165,756)	(62,084)
Increase (decrease) in accrued consumption taxes	34,896	(31,778)
Other, net	(72,405)	(105,704)
Subtotal	704,300	518,150
Interest and dividends received	5,697	5,802
Interest paid	(12,402)	(9,742)
Income taxes (paid) refund	3,230	(112,065)
Net cash provided by (used in) operating activities	700,825	402,144
Cash flows from investing activities		
Payments into time deposits	—	(10,000)
Purchase of property, plant and equipment	(7,119)	(14,408)
Purchase of intangible assets	(41,143)	(34,270)
Proceeds from refund of guarantee deposits	21,791	21,658
Payments for asset retirement obligations	—	(20,000)
Other, net	(2,717)	(403)
Net cash provided by (used in) investing activities	(29,188)	(57,423)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(160,000)	1,000,000
Proceeds from long-term borrowings	150,000	50,000
Repayments of long-term borrowings	(19,762)	(1,020,612)
Dividends paid	(190,848)	(175,195)
Purchase of treasury shares	(539,970)	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(37,000)	—
Other, net	(11,239)	(13,793)
Net cash provided by (used in) financing activities	(808,820)	(159,600)
Effect of exchange rate change on cash and cash equivalents	(1,969)	16,983
Net increase (decrease) in cash and cash equivalents	(139,151)	202,104
Cash and cash equivalents at beginning of period	6,348,597	7,451,382
Cash and cash equivalents at end of period	6,209,445	7,653,486

4. Notes to Consolidated Financial Statements

(Notes Regarding Assumption of Going Concern)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Additional Information)

- Accounting Estimates in Light of the Spread of COVID-19

There are no significant changes from assumptions made in “Additional Information: Accounting Estimates in Light of the Spread of COVID-19” section of the Securities Report for the previous consolidated fiscal year.

- Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company and its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

(Segment Information)

1. For the Second Quarter of FY 2020 (from March 1, 2020 to August 31, 2020)

(1) Information on Net Sales, Operating Profit (Loss) by Reportable Segment

(Thousands of yen)

	Reporting segments				Total	Adjustments ¹	Amount Stated in the Consolidated Statement of Income ²
	Direct Marketing Support Business	Direct Mail Business	Overseas Business	Retail Business			
Net sales							
Sales to customers	14,231,930	9,065,707	458,692	436,451	24,192,781	—	24,192,781
Inter-segment sales and transfers	813	26,269	—	126	27,209	(27,209)	—
Total	14,232,743	9,091,977	458,692	436,577	24,219,991	(27,209)	24,192,781
Segment profit (loss)	671,448	241,754	29,526	(85,585)	857,144	1,327	858,471

Notes: 1. Adjustments to segment profit (loss) are mainly due to the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to the operating profit indicated in the consolidated statement of income.

(2) Information Related to Impairment Losses on Noncurrent Assets and Goodwill by Reportable Segment

(Significant impairment losses on noncurrent assets)

In the Retail Business, amid worsening business performance due to the spread of COVID-19, in light of business plan progress and revisions to future earnings forecasts for consolidated subsidiary Nippon Department Store Inc, in the second quarter under review, an impairment loss of ¥47,150 thousand was recorded as an extraordinary loss on assets associated with this business.

(Significant changes in amounts of goodwill)

In the Direct Marketing Support Business, in light of remarkable changes in the business environment in line with the spread of COVID-19 and in consideration of business plan progress and revisions to future earnings forecasts for consolidated subsidiary adflex communications, of the unamortized goodwill balance of ¥305,351 thousand recorded when adflex shares were acquired, an extraordinary loss of ¥171,589 thousand was recorded as an impairment loss during the second quarter under review.

(Significant income generated from negative goodwill)

Not applicable

2. For the Second Quarter of FY 2021 (from March 1, 2021 to August 31, 2021)

(1) Information on Net Sales, Operating Profit (Loss) by Reportable Segment

(Thousands of yen)

	Reporting segments				Total	Adjustments ¹	Amount Stated in the Consolidated Statement of Income ²
	Direct Marketing Support Business	Direct Mail Business	Overseas Business	Retail Business			
Net sales							
Sales to customers	13,717,064	9,057,434	365,447	583,435	23,723,382	—	23,723,382
Inter-segment sales and transfers	1,264	52,748	—	107	54,119	(54,119)	—
Total	13,718,328	9,110,183	365,447	583,542	23,777,502	(54,119)	23,723,382
Segment profit (loss)	611,595	105,972	21,469	(43,505)	695,531	32	695,564

Notes: 1. Adjustments to segment profit (loss) are mainly due to the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted to the operating profit indicated in the consolidated statement of income.

(2) Information Related to Impairment Losses on Noncurrent Assets and Goodwill by Reportable Segment

(Significant impairment losses on noncurrent assets)

Not applicable

(Significant changes in amounts of goodwill)

Not applicable

(Significant income generated from negative goodwill)

Not applicable

(Significant subsequent events)

Subsidiary share transfer

At a Tri-Stage Board of Directors meeting held on September 14, 2021, the Company resolved to transfer all shares of consolidated subsidiary PT. Merdis International (hereinafter, "MERDIS") and concluded a share transfer agreement on the same date.

Additionally, due to this share transfer, MERDIS will be excluded as a Company consolidated subsidiary from the third quarter of the fiscal year ending February 28, 2022.

1. Reason for share transfer

In February 2016, Tri-Stage acquired MERDIS shares to secure a base in the rapidly growing ASEAN market, where we have been focusing efforts on wholesale products for TV shopping in Indonesia. Although some progress was made in terms of establishing sales channels in the ASEAN region, with regard to business performance, we consistently failed to achieve anticipated results and an impairment loss on goodwill pertaining to MERDIS was recorded in the fiscal year ended February 28, 2019.

Given these circumstances, to select and focus businesses in accordance with the previous medium-term business plan, deciding on future profitability and Group synergies as judgment criteria, with regard to overseas businesses including MERDIS, it was determined unlikely that Tri-Stage will be able to create synergies with the Direct Marketing Support Business going forward, and thus far, we have disposed of one consolidated subsidiary and one equity method affiliate. Based on this same criteria, we proceeded with negotiations pertaining to MERDIS and have reached an agreement to transfer all shares in the company.

2. Name of share transfer recipient

Kim Kyung Hyun, one other individual

3. Subsidiary name and business details

Name: PT. Merdis International

Business details: TV shopping channel wholesaling business

4. Number of shares to be transferred, transfer price and status of shares owned before and after the transfer (plan)

Number of shares owned before transfer: 436,000 shares (voting rights ownership ratio 74%)

Number of shares to be transferred: 436,000 shares

Number of shares owned after transfer: 0 shares (voting rights ownership ratio 0%)

Transfer price: Not disclosed in accordance with transferee wishes

5. Date

Board of Directors resolution: September 14, 2021

Share transfer agreement concluded: September 14, 2021

Share transfer date: October 2021 (plan)

6. Reportable segment name that includes the subsidiary

Overseas Business

7. Impact on business performance

It is expected that losses related to the transfer of shares will be recorded as an extraordinary loss during the third quarter of the fiscal year ending February 28, 2022, however, a specific amount has not yet been determined as it is currently under examination.

Further, with the removal of MERDIS as a consolidated subsidiary, the Overseas Business will disappear from reportable segments at the end of the fiscal year ending February 28, 2022.