



September 20, 2023

Company Name	Monstarlab Holdings Inc.
Name of Representative	Hiroki Inagawa, Representative Director/Group CEO (Code: 5255, Growth Market)
Contact Information	Yoshihiro Nakahara, Executive Vice President CFO (Tel. 03-4455-7243)

Notice Regarding Acquisition of ExecutiveSearch.AI K.K., Making it a Subsidiary of Monstarlab Holdings Inc.

Monstarlab Holdings Inc., hereinafter the “Company,” announced that the Company will acquire all the issued shares of ExecutiveSearch.AI K.K., hereinafter “ESAI,” in stages and make ESAI a subsidiary as resolved by the Board of Directors at the meeting held on September 20, 2023.

1. Reason and purpose of transaction

The Monstarlab Group’s mission is to “empower talent everywhere to engineer awesome products, services and ecosystems; building a brighter world for us all.” Our main business is Digital Consulting Business. We provide DX support services tailored to the needs of our clients including large corporations and local governments who face business challenges and new businesses.

In the Digital Consulting Business, we are committed to the success of DX through our high quality services that cater the needs of clients. In this regard, we believe our medium- and long-term competitive advantage is directly affected by our ability to recruit personnel who possess in-depth knowledge of technology. Meanwhile, as the digital aspects become more significant in ensuring competitive advantage, the competition for technology personnel has intensified further. In future, Japan especially expects accelerated talent shortages in the tech industry.^(*1)

ESAI is a specialist recruiting firm for the tech industry. ESAI leverages an in-house developed direct recruitment system. This system directly reaches out to individuals in the tech industry without going through a third party recruitment platform. ESAI technically integrates and seamlessly coordinates most of its internal business processes. This benefits ESAI in data compilation through its operation, close internal communication and information sharing. In this way, ESAI builds an efficient operational foundation. With these systems and the operational foundation, ESAI successfully achieves high profitability^(*2) as well as the ability to attract skilled professionals. In the past two years, since ESAI established its operational foundation and systems, ESAI’s sales have recorded year-on-year increases of over 60%, on average.

By getting ESAI on board as a subsidiary, the Company expects higher quality and quantity of personnel for the Company’s Digital Consulting Business. On top of this, we expect strategic synergy that includes reducing agent fees paid to third parties when attracting talent and offering HR consulting and recruitment support services that leverage ESAI’s data. ESAI’s strength in recruiting overseas candidates is another expectation. We expect that ESAI will contribute to realizing our mission with its diversity. Integrating ESAI’s ability to attract skilled professionals into our Group operations will greatly contribute to building a foundation for medium- to long-term growth of the Digital Consulting Business in Japan.

We welcome ESAI to our Group, whereby we will build a stronger foundation for business growth in future, and are committed to realizing our mission, “empower talent everywhere to engineer awesome products, services and ecosystems; building a brighter world for us all.”

*1: A survey by the Ministry of Economy, Trade and Industry (2019) estimates the talent shortage in the tech industry in Japan at approximately 370 thousand workers in 2020, and that the shortage further increases to approximately 790 thousand workers in 2030.

*2: ESAI forecasts an operating profit margin exceeding 30% for the fiscal year ending September 30, 2023.

2. Overview of the company to be acquired

(1)	Name	ExecutiveSearch.AI K.K.			
(2)	Location	Gloria Miyamasuzaka III #801, 1-10-7 Shibuya, Shibuya-ku, Tokyo			
(3)	Job title and name of representative	Choinski Kenneth Charles			
(4)	Description of business	Fee-based recruitment service HR consulting service			
(5)	Share capital	¥6,075,000			
(6)	Date of establishment	October 17, 2017			
(7)	Major shareholders and ownership percentage	Major shareholders are individuals. Due to their request, this information is not disclosed.			
(8)	Relationship between the Company and said company	Capital relationship	Not applicable.		
		Personnel relationship	Not applicable.		
		Business relationship	Monstarlab, Inc., a subsidiary of Monstarlab Holdings Inc. and its operational entity in Japan, receives a personnel placement service from ESAI for the Digital Consulting Business.		
(9)	Operating results and consolidated financial positions of said company for the last three years				
	As of /Fiscal year ended	September 30, 2020	September 30, 2021	September 30, 2022	September 30, 2023 Forecast ^(*3)
	Net assets	¥ 58 million	¥ 60 million	¥ 69 million	¥ 165 million
	Total assets	¥ 96 million	¥ 74 million	¥ 103 million	¥ 178 million
	Net assets per share	¥ 526,435	¥ 585,154	¥ 542,753	¥ 1,158,356
	Net sales	¥ 129 million	¥ 106 million	¥ 190 million	¥ 290 million
	Operating profit	¥ 25 million	¥ (2) million	¥ 11 million	¥ 98 million
	Ordinary profit	¥ 25 million	¥ 1 million	¥ 11 million	¥ 98 million
	Profit	¥ 16 million	¥ 1 million	¥ 9 million	¥ 61 million
	Earnings per share	¥ 146,084	¥ 7,934	¥ 39,775	¥ 429,350
	Dividend per share	¥ 0	¥ 0	¥ 0	¥ 0

*3: The forecast is based on the financial results up until August 2023. Net assets, total assets, and net assets per share are as of August 31, 2023.

3. Overview of the counterparty to the acquisition of shares

(1)	Name	Major shareholders are three individuals. Due to their request, this information is not disclosed.
(2)	Address	
(3)	Relationship between the Company and said individuals	There is no capital, person, or business relationship between the Company and the counterparty. The counterparty is not a related party.

4. Number of shares acquired, acquisition costs, and shareholding before and after acquisition

(1)	Number of shares held before the change	0 shares (Number of voting rights: 0 units) (Percentage of voting rights held: 0%)
(2)	Number of shares to be acquired	86 shares (Number of voting rights: 86 units) In addition to the above-mentioned shares, the agreement states that the acquisition is completed in stages: 14 shares will be acquired in 2024, 14 shares in 2025, 14 shares in 2026, and 15 shares in 2027. The acquisition in 2027 completes the transaction, and all the issued shares of common stock will have been acquired.

(3)	Acquisition costs	Shares of ESAI common stock ^(*4)	¥413 million
		Advisory fees, etc. (approximate estimate)	¥ 12 million
		Total (approximate estimate)	¥425 million
		The agreement states that the cost of 57 shares to be acquired between 2024 and 2027 will be calculated based on the operating profit in the preceding fiscal year.	
(4)	Number of shares held after the change	86 shares (Number of voting rights: 86 units) (Percentage of voting rights: 60.13%)	

*4: This is the amount to be acquired in October 2023.

5. Timetable

(1)	Date of agreement	September 2023
(2)	Scheduled date of share transfer	October 20, 2023

6. Future outlook

We expect that this transaction will have little impact on the consolidated financial results of the Company for the fiscal year ending December 31, 2023. Should any change in business conditions significantly impact financials, we will disclose swiftly when the matter becomes apparent.