December 20, 2023

To all shareholders:

Company name: Monstarlab Holdings Inc.
Representative: Hiroki Inagawa,
Representative Director/Group CEO
(Code: 5255, TSE Growth Market)
Inquiries: Yoshihiro Nakahara,
Director/Executive Vice President and CFO
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Notice of Change in Subsidiary (from a Consolidated Subsidiary to an Entity Accounted for Using the Equity Method)

Monstarlab Holdings Inc. (hereinafter, the "Company") announces that its Board of Directors approved the sale of part of shares of ECAP DMCC (hereinafter, "ECAP"), a subsidiary of the Company, at its meeting held today, and the Company has entered into a share transfer agreement as follows:

1. Reason for the Transfer of Shares

The Company acquired ECAP as its subsidiary on September 1, 2021, and has since accelerated revenue growth by strengthening its digital consulting services in the Middle East by leveraging ECAP's strong network with companies there. In addition, by accessing ECAP's human resources pool of executives in Europe and the Middle East, the Company has realized end-to-end digital transformation, including organizational reform for its clients.

The Company has decided to transfer part of its shareholdings based on the judgment that it is optimal for both the Company and ECAP in the medium to long term for the Company to focus more of its management resources on the digital consulting business, which is its main business, from the perspective of selection and concentration. This will be done by transferring the right to manage ECAP to its founder in order to encourage it to realize autonomous management in the headhunting business area, which is ECAP's main business, and to aim to maximize profit in that area.

2. Method of Change

The Company will transfer 6,500 shares of ECAP out of its current shareholding of 10,000 shares (voting rights ownership ratio: 100%). As a result, ECAP will become an entity accounted for using the equity method.

The voting rights ownership ratio of the Company in ECAP will be 35.0% after the share transfer.

3. Details of the Subsidiary to be Changed

(1) Name	ECAP DMCC	
(2) Location	Saba Tower 1 Cluster E Unit No. 2103 & 2104	
(3) Job title and name of representative	Christopher Scot Abreu Director, Manager, Secretary	
(4) Business	Placement services for executives	
(5) Share capital	AED 50,000	
(6) Date of establishment	February 28, 2019	
(7) Major shareholders and shareholding ratio	Monstarlab Holdings Inc.: 100%	
(8) Relationship between Monstarlab Holdings Inc. and this company	Capital relationship	Monstarlab Holdings Inc.: 100%
	Personal relationship	Two officers hold concurrent posts. (Officers) Christopher Scot Abreu Daniel Tony Murphy Hiroki Inagawa (concurrent post) Yoshihiro Nakahara (concurrent post)
	Business relationship	Upon introducing a client or an employee to a group company, ECAP receives a placement fee from the group company (actual fees received during the fiscal year ended December 31, 2022: 76 million yen).

(9) Operating results and financial position of ECAP for the last three years

Fiscal year-end	December 2020	December 2021	December 2022
Total assets (million yen)	17	117	309
Net assets (million yen)	15	67	159
Net assets per share (yen)	1,505.90	6,770.87	15,955.15
Revenue (million yen)	50	359	592
Operating profit (million yen)	6	119	85
Ordinary profit (million yen)	6	116	82
Net income (million yen)	6	116	82
Earnings per share (yen)	651.20	116.77	8,262.92
Dividend per share (yen)	0.00	0.00	0.00

4. Outline of the Transferees of Shares

• Christopher Scot Abreu
Address: Dubai, United Arab Emirates
Date of birth: October 4, 1979
Number of shares of the Company held: 121,650 (as of December 20, 2023)
Number of stock options of the Company held: 300 for 15,000 shares (as of December 20, 2023)
* However, the stock options will be deemed to be surrendered upon withdrawal from the Monstarlab Group.
Capital, personal, and business relationships with Monstarlab Group companies other than ECAP: None
Status as a related party of the Company: Not applicable

• Daniel Tony Murphy
Address: Dubai, United Arab Emirates
Date of birth: June 23, 1979
Number of shares of the Company held: 121,650 (as of December 20, 2023)
Number of stock options of the Company held: 300 for 15,000 shares (as of December 20, 2023)
* However, the stock options will be deemed to be surrendered upon withdrawal from the Monstarlab Group.
Business, personal, and capital relationships with Monstarlab Group companies other than ECAP: None
Status as a related party of the Company: Not applicable

5. Number of Shares to be Transferred, Transfer Price, and Shareholdings before and after the Transfer

(1)	Number of shares held by the Company before acquisition	10,000 (Number of voting rights: 10,000) (Voting rights ownership ratio: 100%)
(2)	Number of shares to be transferred	6,500 (Number of voting rights: 6,500) (Voting rights ownership ratio: 65.0%)
(3)	Transfer price	USD 1,799,850
(4)	Number of shares held by the Company after change	3,500 (Number of voting rights: 3,500) (Voting rights ownership ratio: 35.0%)

6. Schedule

(1)	Date of resolution of the Board of Directors	December 20, 2023
(2)	Date of execution of transfer agreement (Effective date of change in the subsidiary)	December 21, 2023 (local time)
(3)	Payment due dates	USD 268,593 by the end of April 2024 USD 371,046 by the end of April 2025 USD 371,046 by the end of April 2026 USD 371,046 by the end of April 2027 USD 418,119 by the end of April 2028 As a result of consultation with the transferees, we have agreed that the transfer price of the share transfer will be paid in five installments as shown above. However, the share transfer agreement has a provision that the ownership of all 65% of shares currently held by the Company shall be transferred to the transferees of the share transfer as of the date of execution of the share transfer agreement (December 21, 2023).

7. Impact on Financial Results

As a result of the share transfer, ECAP will be excluded from the scope of consolidation of the Company and will become an entity accounted for using the equity method in and after the fourth quarter of the fiscal year ending December 31, 2023. As a result, certain amounts of other revenue and share of loss/profit of entities accounted for using the equity method are expected to arise for the current fiscal year. The Company is currently evaluating their impact on its consolidated financial results for the fiscal year ending December 31, 2023.

The Company will disclose any necessary matters promptly as they arise in the future.