Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

October 18, 2024

For Immediate Release

Company name	CERES INC.
Representative	Satoshi Takagi, President and Representative Director (Code: 3696 TSE Prime Market)
Contact	Yasuhiro Kobayashi, Managing Director & General Manager of Administration Division
Telephone	+81-3-6455-3756

Notice Regarding Third-Party Allocation of New Shares by a Consolidated Subsidiary and Change to Specified Subsidiary

CERES INC. (the Company), hereby announces that the Company's consolidated subsidiary, labol inc. (hereinafter "labol") resolved at a meeting of its Board of Directors held on October 18, 2024, to conduct a capital increase through a third-party allotment and confirmed that it will raise 549 million yen, as follows.

While labol will continue to be the Company's consolidated subsidiary, the capital increase will result in labol's capital exceeding 10/100 of the Company's capital, thus making it a specified subsidiary.

1. Objective of the third-party allocation of new shares

labol offers one-stop solutions to the financial challenges faced by people working as freelancers through multiple services. labol's offerings include an AI-powered factoring service, "labol," and a business expense card payment service, "labol Card Payment." These services are guided by labol's vision of "equal value of money for all people."

Against the backdrop of the decline of the lifetime employment system in Japan and the labor shortage caused by the declining population, the government and companies are promoting flexible working styles. Since the advent of the COVID-19, the number of freelancers who are not bound by location or time has grown rapidly. However, it has been argued that the screening criteria employed by conventional financial institutions are inadequate for the assessment of freelancers' creditworthiness. In light of this situation, labol is actively introducing AI technologies to provide financial services based on accurate ability to pay, regardless of past income, occupation, or work history.

By addressing these challenges through the delivery of services, labol is enabling the revitalization of freelance businesses. This, in turn, allows labol to contribute to the development of diversity in working styles and to the improvement of productivity through the use of AI technologies in the Japanese economy as a whole.

The objective of this third-party allocation of new shares is to invest in systems, advertising and human capital in order to further reinforce the business foundation with a view to medium- to long-term growth. Furthermore, labol is exploring the possibility of going public in the future. It is labol's intention to continue to expand its business and increase its corporate value.

2. Overview of the consolidated subsidiary

(1) Company name	labol inc.	
(2) Location	Kotobuki Park Bldg. 7F, Dogenzaka 1-20-8, Shibuya-ku, Tokyo	
(3) Name and position of representative	Representative Director and CEO Norimitsu Yoshida	
(4) Business field	Financial services business, media business	
(5) Capital	¥50 million	
(6) Date of establishment	December 1, 2021	
(7) Investment ratio	Ceres 100%	
(8) Fiscal year end	End-December	
(9) Relationship with the listed company	Capital	100% invested by Ceres A wholly owned subsidiary of Ceres
	Personnel	NA
	Business	Given the nature of labol's business, Ceres (the listed company) is currently implementing measures to enhance the financial responsibility.

3. Overview of the third-party allocation of new shares

(1) Number of new shares	183 shares
(2) Allottees	WM Growth V Limited Partners Mizuho Growth Fund No.5 Limited Partnership
(3) Issue price	¥3 million per share
(4) Total issue price	¥549 million
(5) Number of shares issued after the capital increase	1,183 shares
(6) Shareholding ratio of Ceres before and after the capital increase	Before: 100% After: 84.53%

4. Schedule

(1) Date of resolution by labol's board of directors	October 18, 2024
(2) Date of payment	October 25, 2024

5. Future outlook

The impact of this capital increase on the Company's consolidated financial results is expected to be immaterial. We will promptly disclose any matters that may be required to be disclosed in the future.

End of document