



February 14, 2024

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

(TEL. 03-4455-7243)

Notice of Differences between Earnings Forecast and Results

Monstarlab Holdings Inc. (hereinafter, the “Company”) notifies that there have been differences between the earnings forecast announced on August 14, 2023 and the results announced today for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023).

1. Differences between Consolidated Earnings Forecast and Results for the Fiscal Year Ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Unit: Million yen)

	Revenue	Operating profit (loss)	Profit (loss) before tax	Profit attributable to owners of parent	Basic earnings per share
Latest forecast (A)	14,273	-1,255	-783	-968	-28.67
Results (B)	13,346	-2,056	-2,156	-2,355	-70.07
Changes (B-A)	-926	-801	-1,373	-1,386	-
Percentage changes	-6.5%	-	-	-	-
(Reference) Results for the previous fiscal year (fiscal year ended December 31, 2022)	14,270	-389	-447	-674	-24.51

* The figures for Latest forecast (A) assume an exchange rate of 142 yen/USD and the figures for Results (B) assume an exchange rate of 140 yen/USD .

* Latest forecast (A) represents the forecast announced on August 14, 2023.

2. Reason for the Differences

As for revenue, while APAC and AMER performed largely as expected, EMEA sales results (5,046 million yen) fell short of the latest sales forecast (5,935 million yen) by 888 million yen due to delays in the recognition of revenue until the next fiscal year and lost projects in some of the large long-term projects, which were caused by the prolonged approval process of customers due to the increase in the size of projects and their cautious investment stance. As a result, consolidated revenue fell short of the latest forecast.

As for profit, as a result of the transfer of part of shares of a consolidated subsidiary ECAP DMCC (see “Notice of Change in Subsidiary (from a Consolidated Subsidiary to an Entity Accounted for Using the Equity Method)” announced on December 20, 2023), the Company recognized a gain on sale of shares of subsidiaries and associates and a share of loss (profit) of entities accounted for using equity method of 194 million yen in total in other revenue. However, profit fell short of the latest forecast due to the impact of the less-than-expected

revenue results and the recognition of additional structural reform expenses of 249 million yen for the fourth quarter of the current fiscal year. Although the structural reform was scheduled to be completed by the end of the third quarter, we permitted a delay in the progress in certain headcount reduction plans for operations in EMEA and AMER in consideration of their impact on ongoing projects. As a result, the completion of the structural reform was delayed until the fourth quarter of the current fiscal year, which entailed additional expenses.

As for loss before tax and profit attributable to owners of parent, due to the impact of increase in the transaction balance of yen-denominated loans from the Company to overseas subsidiaries mainly in EMEA (which are foreign currency-denominated borrowings from parent from the perspective of subsidiaries) as well as the appreciation of the yen caused by the fluctuation in exchange rates that occurred at the end of December, the Company recognized, in financial expenses, foreign exchange losses of 671 million yen for the fourth quarter of the current fiscal year. As a result, the foreign exchange gains of 633 million yen announced in “Notice of Recognition of Financial Revenue (Foreign Exchange Gains)” dated August 14, 2023 were reduced, and the Company recognized foreign exchange losses of 8 million yen in total for the current fiscal year, which fell short of the latest forecast.

For the details of the recognition of other revenue as a result of the transfer of part of shares of ECAP DMCC, please refer to the “Notice of Recognition of Other Revenue” announced today.