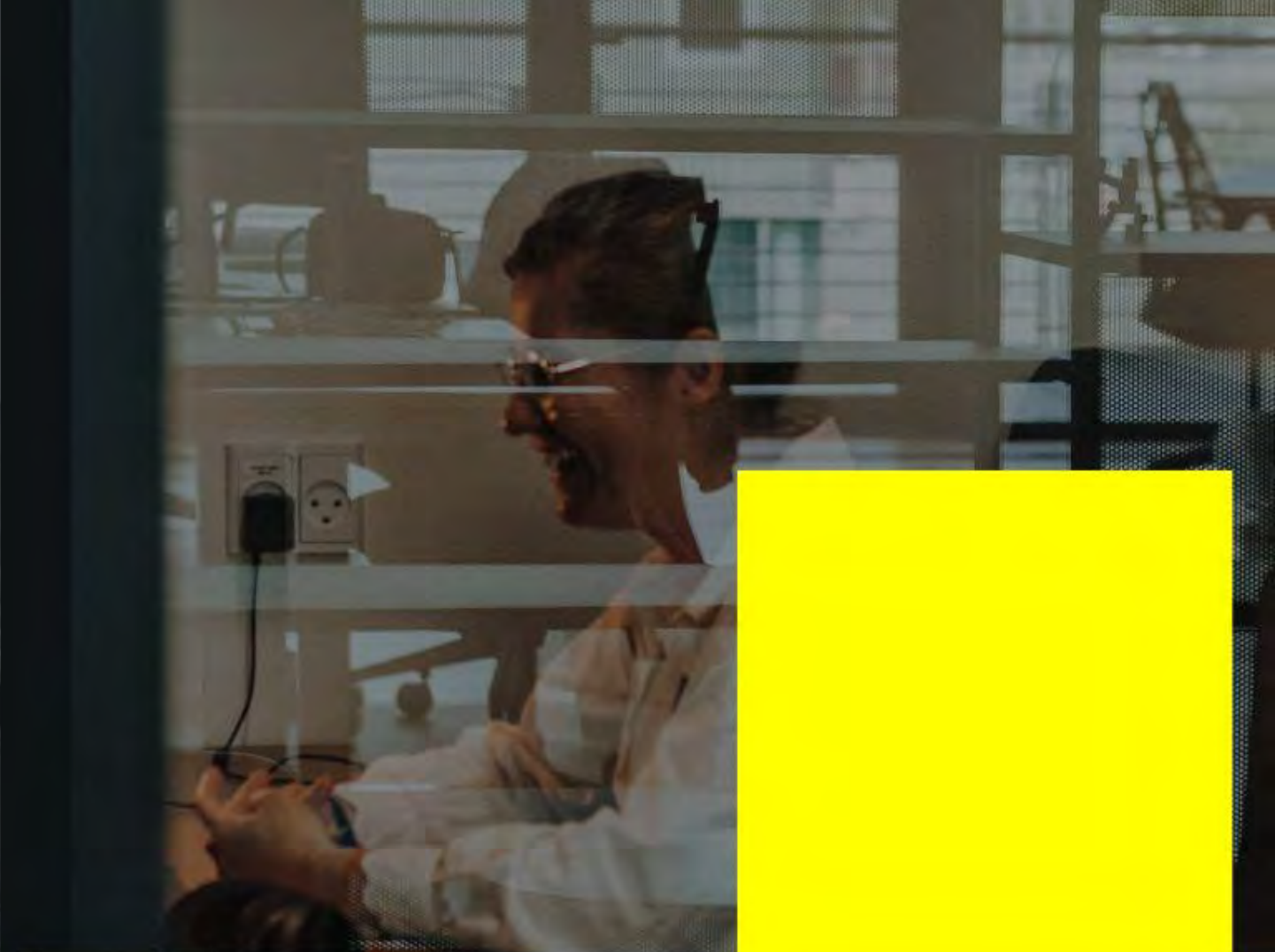


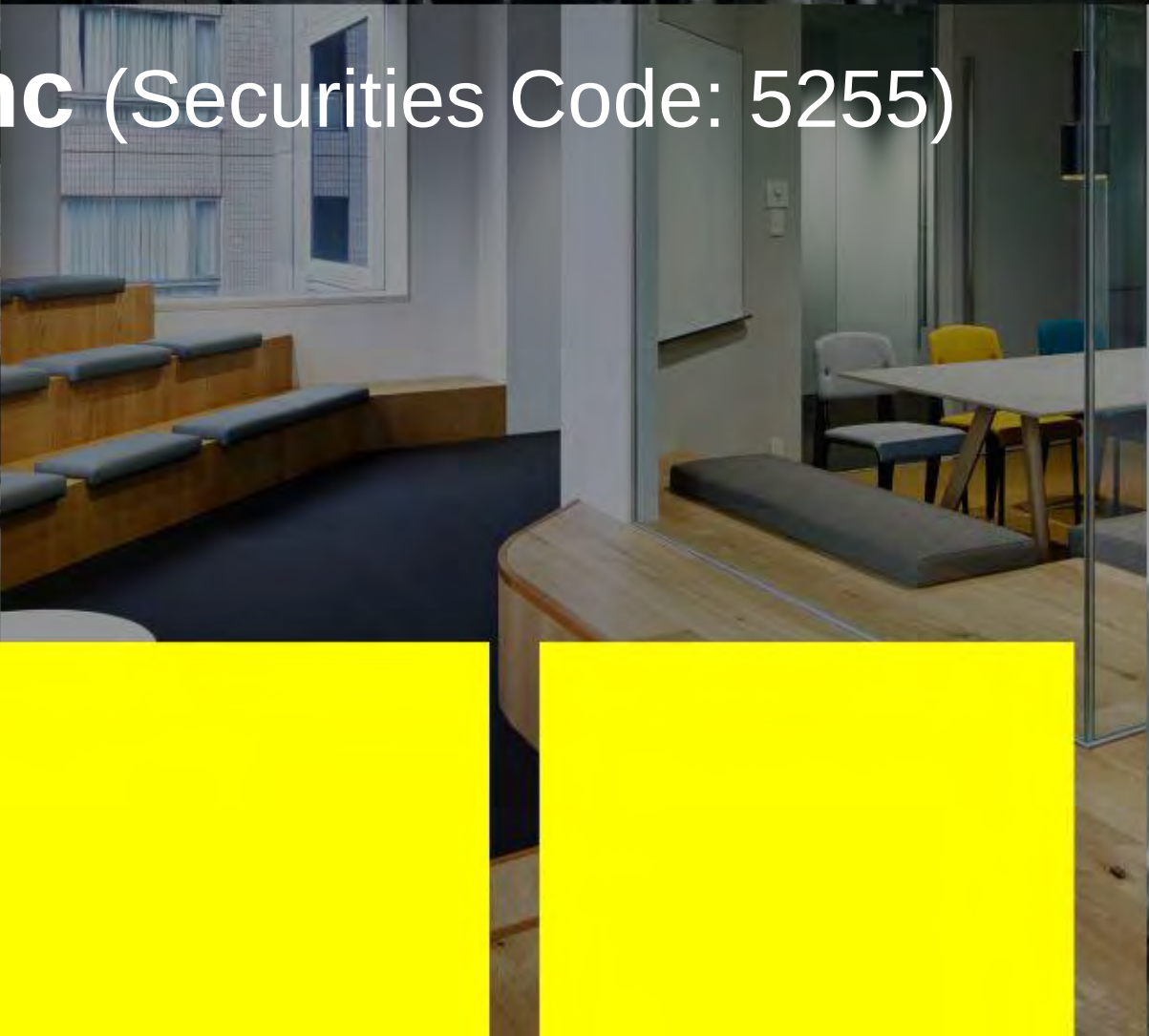


**Monstarlab ::  
FY2023 Investor Presentation Material**



**Monstarlab Holdings, Inc (Securities Code: 5255)**

Feb 14, 2024





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- 2. FY2023 Topics**
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# Executive Summary

Unit: million yen

Q4 Results	FY2023
<b>Revenue</b>	
<b>3,236</b> YoY-21.9%	<b>13,346</b> YoY-6.5%
<b>Operating income (loss)</b>	
<b>- 562</b>	<b>- 2,056</b>
<b>Operating profit excluding structural reform expenses</b>	
<b>- 312</b>	<b>- 1,179</b>
<b>Profit (loss) attributable to owners of parent</b>	
<b>- 1,264</b>	<b>- 2,355</b>

FY2023 points
<ul style="list-style-type: none"> <li>Full-year revenue was -6.5% YoY due to the decline in revenue in H1. However, earnings bottomed out in Q2 and is on a recovery trend.</li> <li>Full-year operating income for FY2023 was a loss of 2,056 million yen due to the decrease in revenue in H1 and the significant impact of expenses for the reform of cost structure conducted in Q3. However, thanks to the structural reform, profit has been on a recovery trend since H2. In Q4, as the structural reform was completed at the end of October, we recognized additional structural reform expenses of 249 million yen. As a result, operating profit excluding structural reform expenses improved by 85 million yen from Q3.</li> <li>Loss attributable to owners of the parent company for Q4 was 671 million yen as a currency exchange loss, mainly due to the effect of the appreciation of yen at the end of December.</li> <li>We made steady progress in growth investments and partnerships, including the business partnership with PwC Consulting and the acquisition as an associate of Rei-Frontier, which has proprietary position information technologies, following the acquisition of ESAI and an advanced data analysis team in Q3.</li> </ul>

While both revenue and profit decreased on a full-year basis, performance has been on a recovery trend since H2.

Unit: million yen

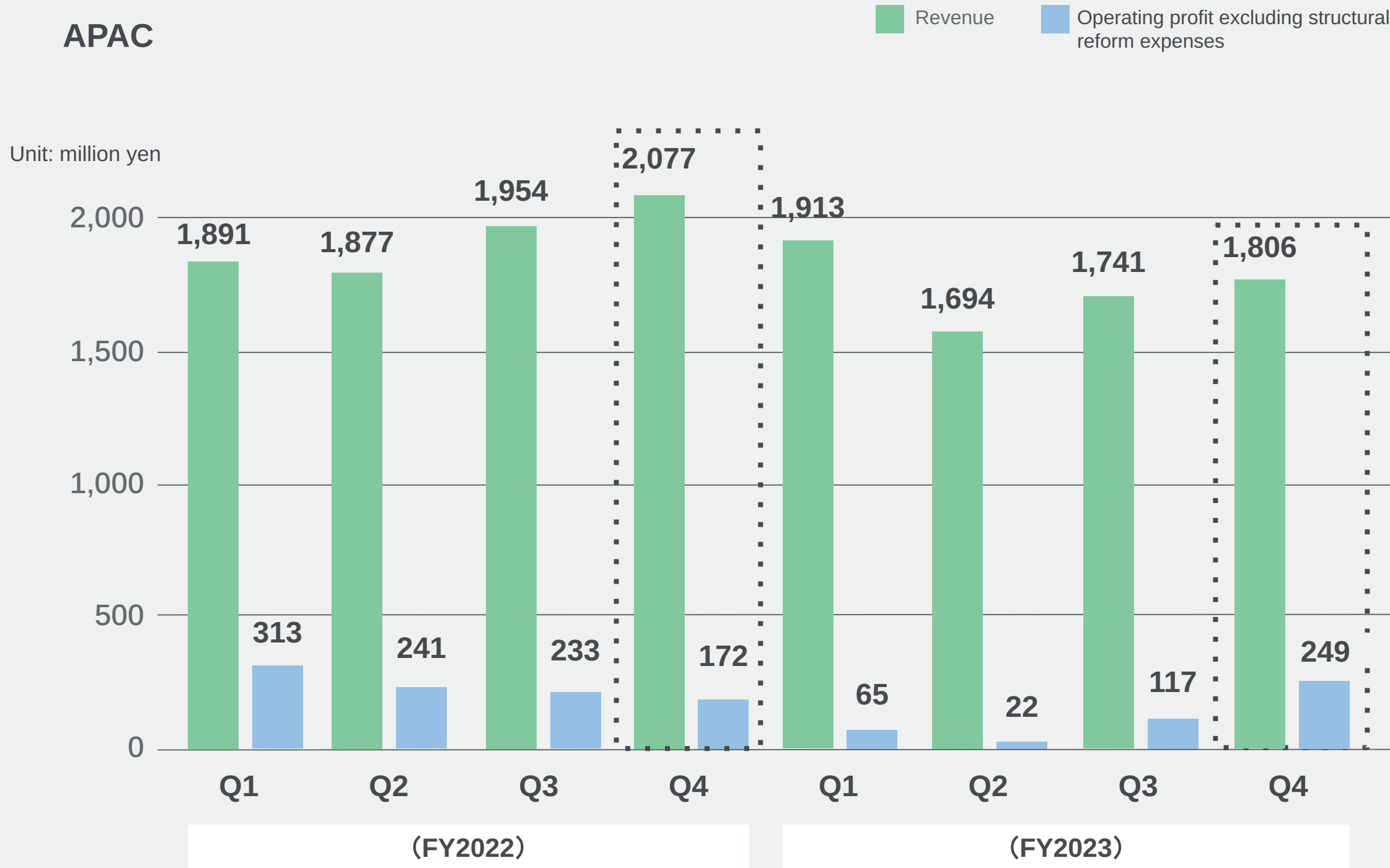
	FY2022					FY2023					
	Q1	Q2	Q3	Q4	FY2022 Total	Q1	Q2	Q3	Q4	FY2023 Total	FY2023 Percentage change YoY
Revenue	3,107	3,317	3,700	4,145	14,270	3,638	3,121	3,350	3,236	13,346	-6.5%
Cost of sales	2,003	2,354	2,369	2,598	9,326	2,553	2,293	2,618	2,520	9,986	+7.1%
Gross profit (Percentage)	1,104 (35.5%)	962 (29.0%)	1,331 (36.0%)	1,546 (37.3%)	4,944 (34.6%)	1,084 (29.8%)	828 (26.5%)	731 (21.8%)	716 (22.1%)	3,360 (25.2%)	-32.0%
Selling, general, and administrative expenses	1,121	1,707	1,321	1,477	5,627	1,470	1,686	1,668	1,391	6,216	+10.5%
Other income	13	45	150	97	306	785	52	12	156	1,007	+228.8%
Other expenses	4	1	1	5	12	46	16	100	44	207	+1,528.5%
Operating profit (loss) (percentage)	-7 (-)	-701 (-)	158 (4.3%)	160 (3.9%)	-389 (-)	353 (9.7%)	-822 (-)	-1,025 (-)	-562 (-)	-2,056 (-)	—
Operating profit excluding structural reform expenses	—	—	—	—	—	—	—	-398	-312	-1,179	—
Profit (loss) before income tax (percentage)	200 (6.4%)	-485 (-)	178 (4.8%)	-340 (-)	-447 (-)	251 (6.9%)	-128 (-)	-1,019 (-)	-1,260 (-)	-2,156 (-)	—
Profit (loss) attributable to owners of parent (percentage)	131 (4.2%)	-576 (-)	135 (3.7%)	-365 (-)	-674 (-)	197 (5.4%)	-189 (-)	-1,098 (-)	-1,264 (-)	-2,355 (-)	—

## Structural reform to establish foundation for business growth and investment in growth domains

Unit: million yen

	2022 Q4	2023 Q4	Change	Percentage Change
Current assets	7,818	5,836	-1,982	-25.4%
Cash and cash equivalents	2,724	1,783	-941	-34.5%
Non-current assets	5,165	8,624	+3,459	+67.0%
Total assets	12,983	14,461	+1,477	+11.4%
Current liabilities	5,560	7,932	+2,371	+42.6%
Non-Current liabilities	3,330	2,822	-507	-15.3%
Equity	4,092	3,706	-386	-9.4%
Total liabilities and equity	12,983	14,461	+1,477	+11.4%

APAC: Revenue has been on a recovery trend after hitting bottom in Q2. Profitability improved significantly in Q4.

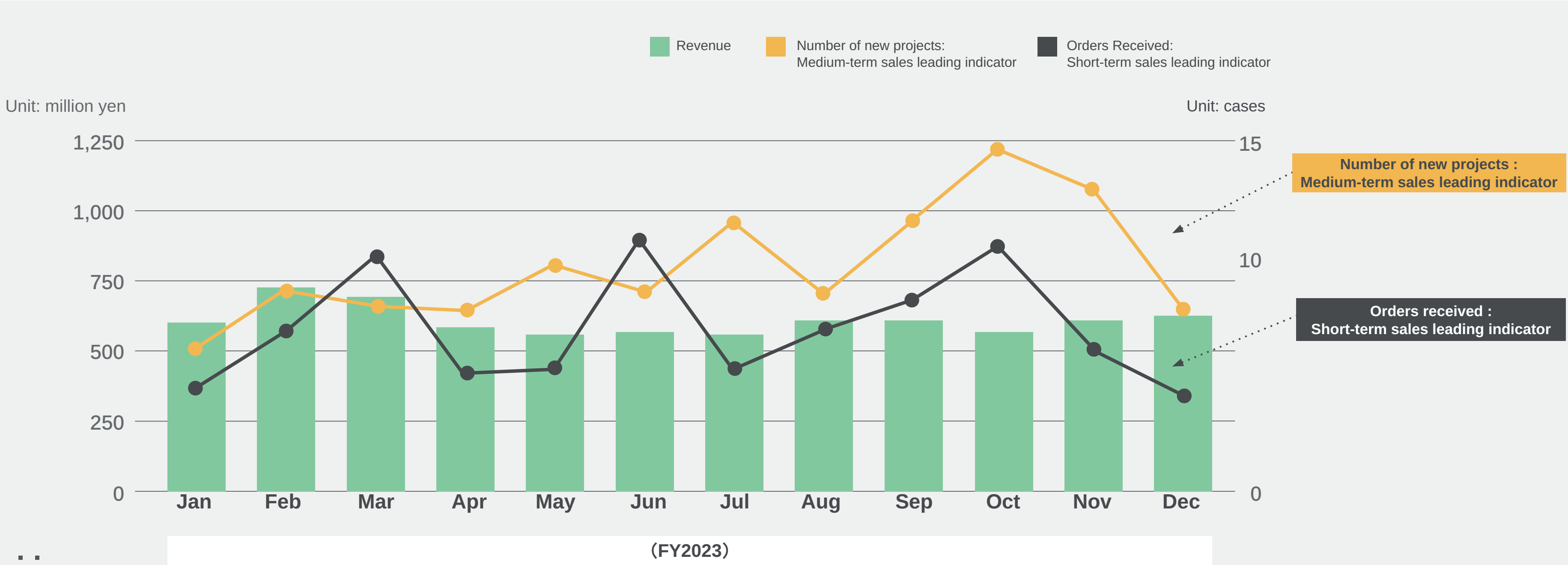


- Continuing from Q3, while existing projects transition smoothly from strategy phase to development phase, we secured orders for development projects both in Japan and overseas, which contributed to higher revenue.
- Orders increased for projects in the enterprise domain that utilizes advanced technologies, such as generative AI, which is our new focus domain.
- Profitability increased significantly due to the effect of cost optimization, in addition to reduced outsourcing expenses and increased capacity utilization in overseas development bases.



# APAC: Steady acquisition of strategic and development projects, and strong growth in the number of new projects.

- In Q4, out of 34 new projects, 17 started in the development phase; reflection of a good balance of strategic and development phase projects.
- Revenue in December remained similar to previous years. Sluggish performance attributed to turnover of projects at the end of the fiscal year.



Secured orders for projects that can leverage the strengths of Monstarlab, such as new business development aiming for global expansion and new technologies, mainly in the manufacturing sector.

- Handle projects that leverage advanced technologies, such as generative AI whose demand is increasing.
- Acquire large projects that start from the development phase.

►Examples of projects won in APAC in 4Q (October-December 2023)

Sector	Project Summary
Manufacturing	Value verification and strategy formulation support in the creation of a new digital business aimed at overseas expansion (APAC and Europe).
Automotive	Support for digital strategies in a new business aiming for global expansion.
Manufacturing	Optimization of internal operations and sales quality improvement utilizing generative AI.
Automotive	Software development support utilizing generative AI for retrieval-augmented generation (RAG).
Retail	Support for expansion of the retail media domain using purchase data.



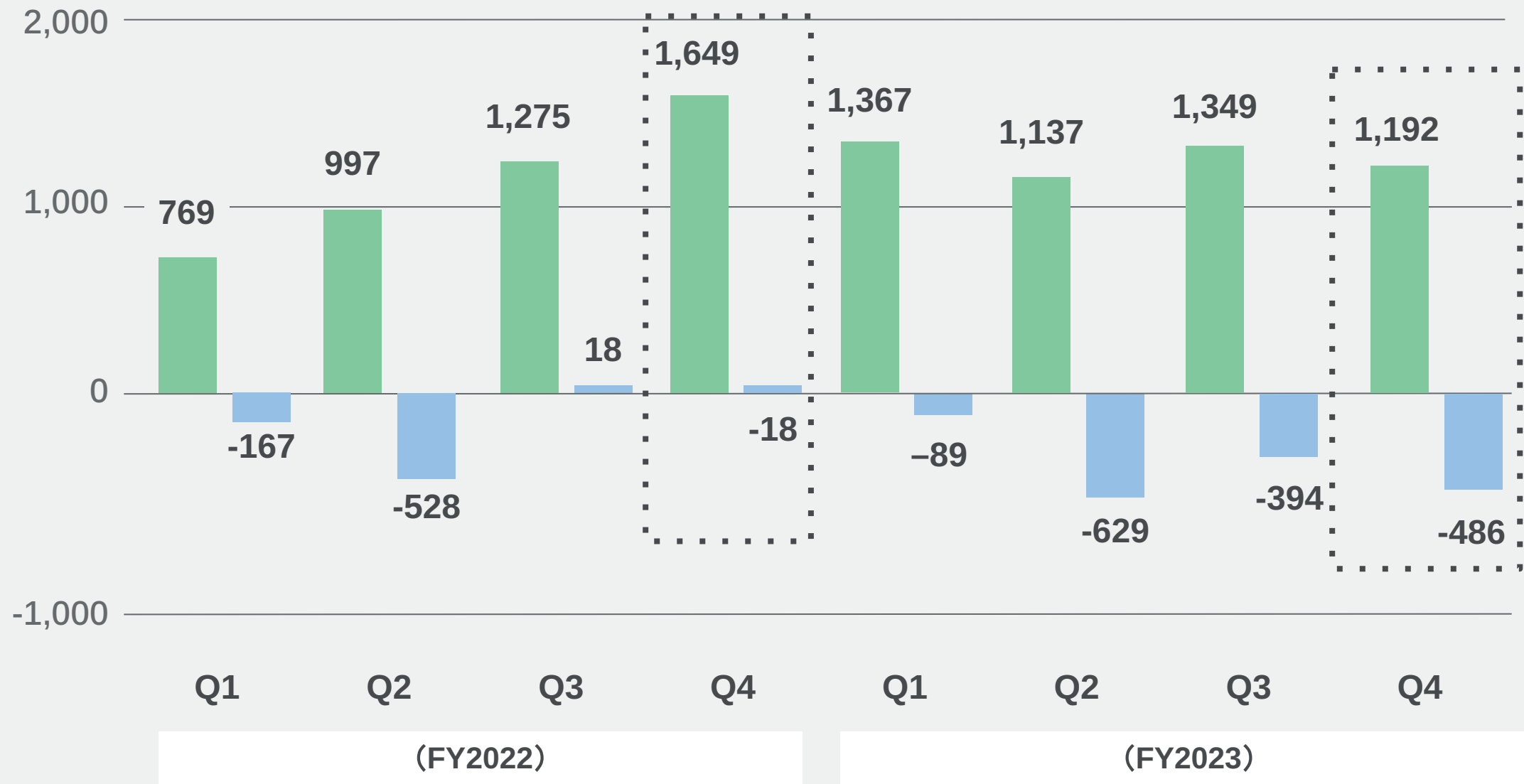


EMEA: Performance has been on a recovery trend after hitting bottom in Q2 although revenue growth slowed down due to delays in the acquisition of new large projects until the next fiscal year.

EMEA

Revenue Operating profit excluding structural reform expenses

Unit: million yen



- Revenue growth slowed down due to delays in the acquisition of new large projects until the next fiscal year from the initially expected acquisition in Q4. However, positive factors include the steady growth of large long-term projects won in the current fiscal year from government clients in the Middle East and from clients in Europe in the field of life sciences, as well as the expanding sales pipeline.
- Operating profit dropped from Q3 as revenue growth fell short of expectations and the cost reduction effect of structural reform in Q4 was limited due to delays in personnel reduction. The latest cost structure in December has improved, shifting to a structure in which profit improves as revenue grows.

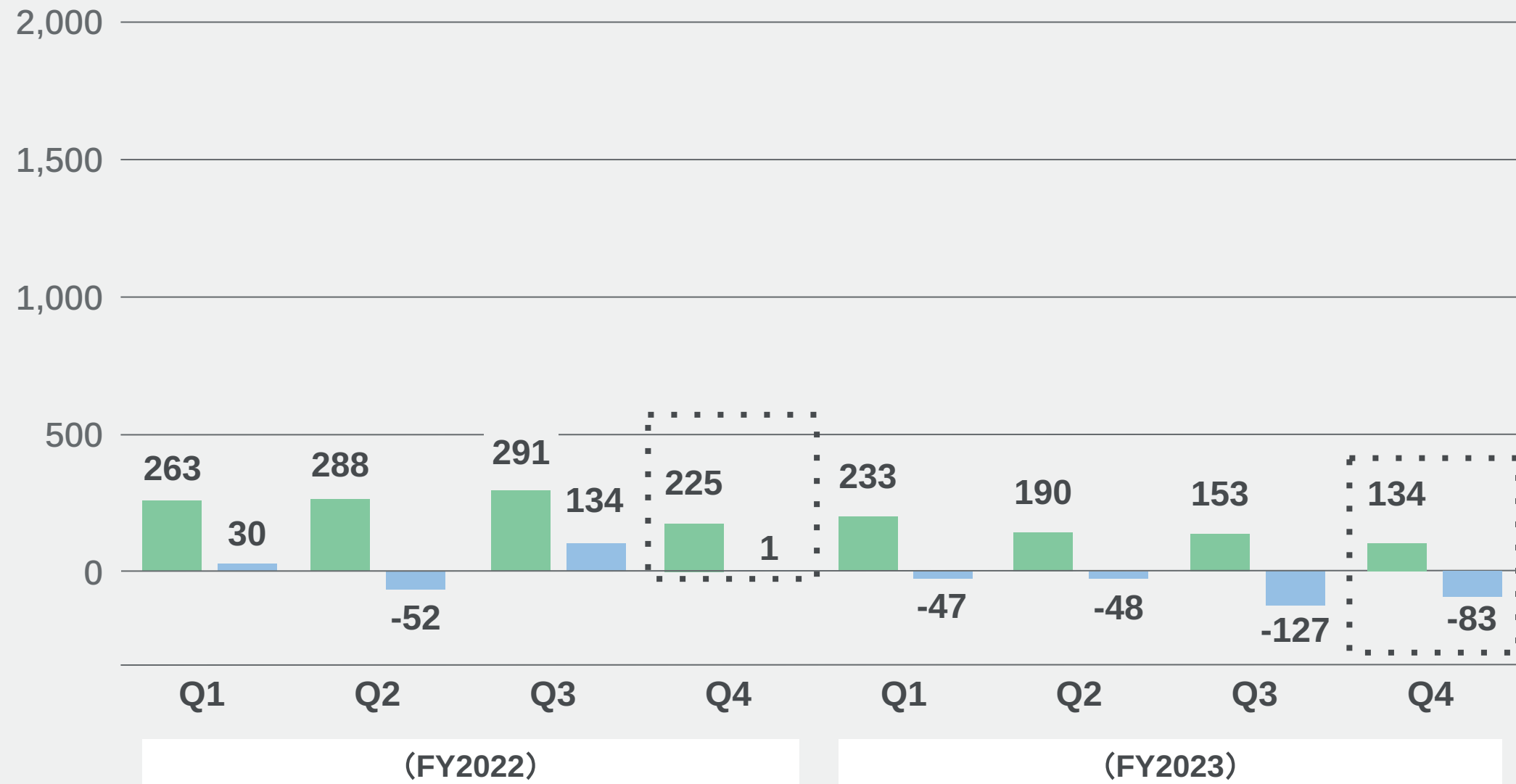


AMER : While revenue decreased slightly due to the downscaling of existing projects, we achieved growth of projects in target domains.

AMER

Revenue Operating profit excluding structural reform expenses

Unit: million yen

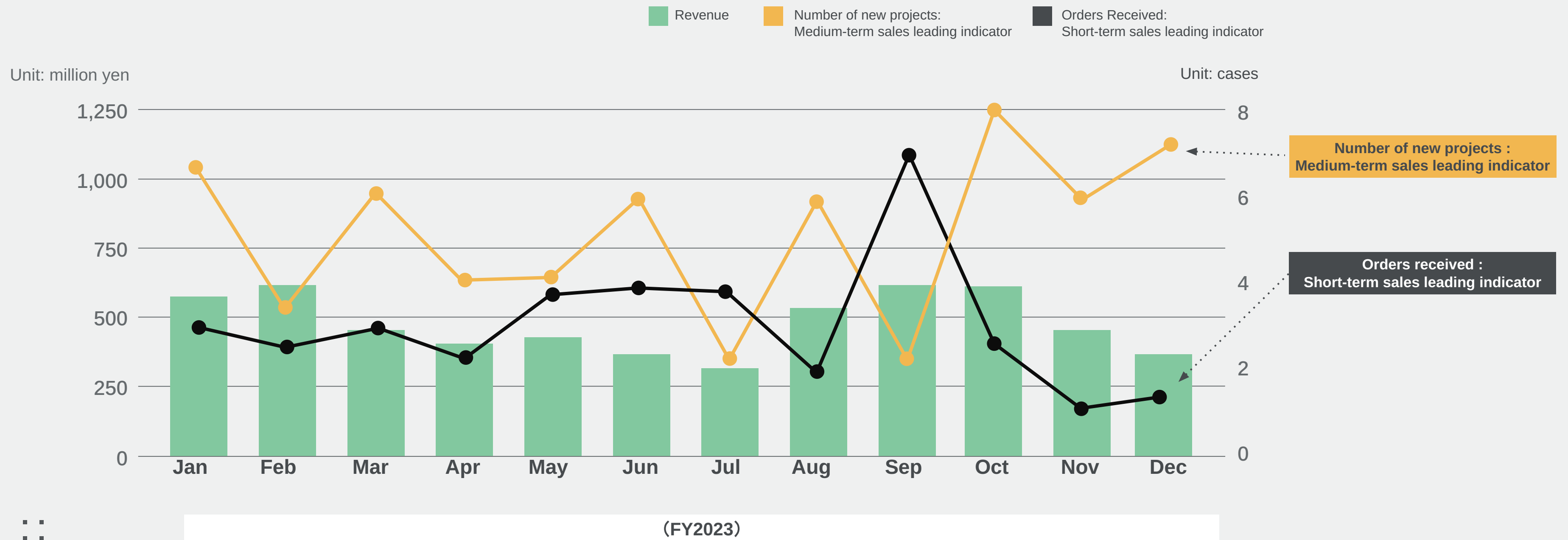


- Revenue decreased due to the downscaling of existing projects.
- Revenue is expected to grow going forward as projects in target domains (life sciences, financial services, and private equity) are growing.
- Operating profit worsened as revenue growth decreased and the cost reduction effect of structural reform in Q4 was limited due to delays in personnel reduction. Expected sales improvements due to growth of projects in the target domains and the effect of structural reform have resulted in the shift to a structure in which profit improves.



## EMEA & AMER : New orders and revenue in November and December decreased due to delays in the acquisition of large projects until the next fiscal year.

- As we are focusing on acquiring large projects, the impact of any delays in the acquisition of projects tends to be significant.
- Although the acquisition of projects has been delayed, the digital transformation (DX) market continues to be active particularly in the Middle East, and our pipeline has been expanding.



## We received orders for projects in our focus areas, such as life sciences, financial services, and governments.

- We have secured multiple projects that penetrate into the core of clients' businesses, including projects covering the whole process from the formulation of DX strategies and roadmaps to product development.
- Acquired projects that utilize state-of-the-art technologies, such as generative AI and machine learning.

### ►Examples of new projects in 4Q (October-December 2023)

Sector	Project Summary
Life sciences	Support for digital transformation of internal operations and utilization of generative AI in digital transformation processes
Life sciences	Formulation of digital transformation strategy and roadmap for major life science company
Finance	Transformation of customer experience for a leading local bank through the development of digital banking
Governments	Formulation of a digital transformation roadmap for government-affiliated healthcare institutions
Technology	Support for customer experience transformation and proactive use of generative AI in transforming customer experiences
Manufacturing	A digital innovation project, to define a new commercial strategy and product roadmap for a leading global manufacturing company

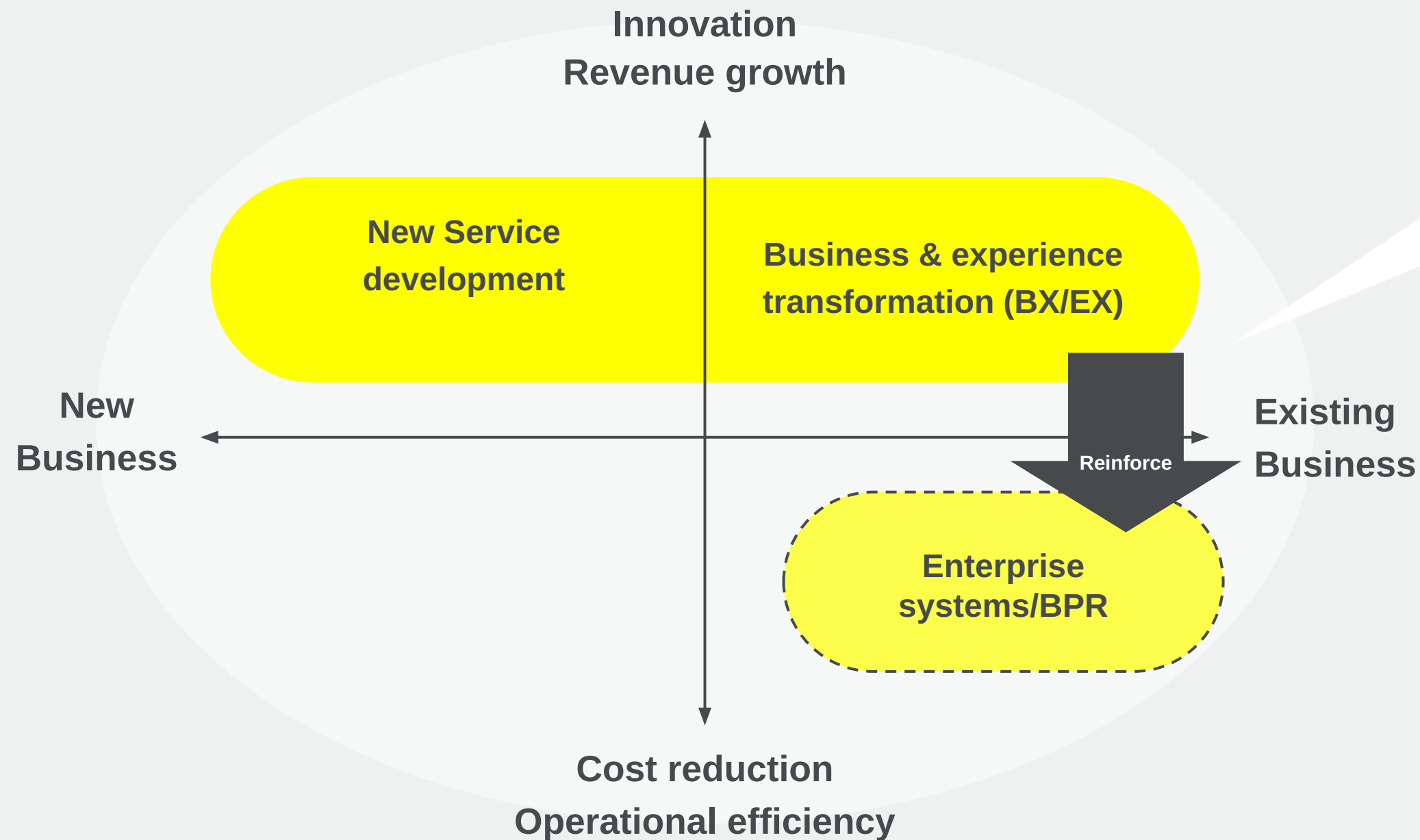




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Leverage our strengths in innovation and revenue growth, and reinforce contiguous areas of data utilization and business improvement.



### Reinforce Data Analytics (SoI)

- Reinforce areas that increase the value of ML's expertise in SoE (location data, purchase behavior data such as price sensitivity, etc.)

### Reinforce Platforms for Enterprise (SoR)

- Customised systems connected directly to business
  - Production control and SCM for manufacturing
  - SCM for retail
- Modernization of legacy systems leveraging ChatGPT



## Reinforcement of Sol (1/2): An advanced data analysis team has joined the Group and started services to the FMCG sector in the global markets, including Japan.

- **Entering the FMCG market** by launching cutting edge services, including specially designed state-of-the-art data and analytics services in order to create new values
- Providing insight to enable (1) new market entry strategies, (2) supply chain optimization, and (3) price strategies based on big data digital solutions, and **improve our clients' profitability and operating efficiency.**
- Linking data-driven strategies to business operations backed by state-of-the-art technologies, applications, and software, to **provide unique value propositions** that combine expertise on professional services related to FMCG.



**Acquire new clients by establishing our own unique solutions in the data domain.**



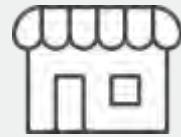


Reinforcement of Sol (2/2): Rei-Frontier that boasts proprietary location information technologies has become a Monstarlab Group company. We aim to provide high value-added services by combining proprietary technologies with digital consulting.



In December 2023, Monstarlab acquired shares of Rei-Frontier Inc., which provides AI-powered location information analysis, systems development, and consultation and planning services. As a result, Rei-Frontier became an entity accounted for using equity method. Rei-Frontier provides location information acquisition and analysis technologies developed through the operation of SilentLog, a behavior recording application that it has independently developed, which can be applied to a wide range of use cases (see table to the right).

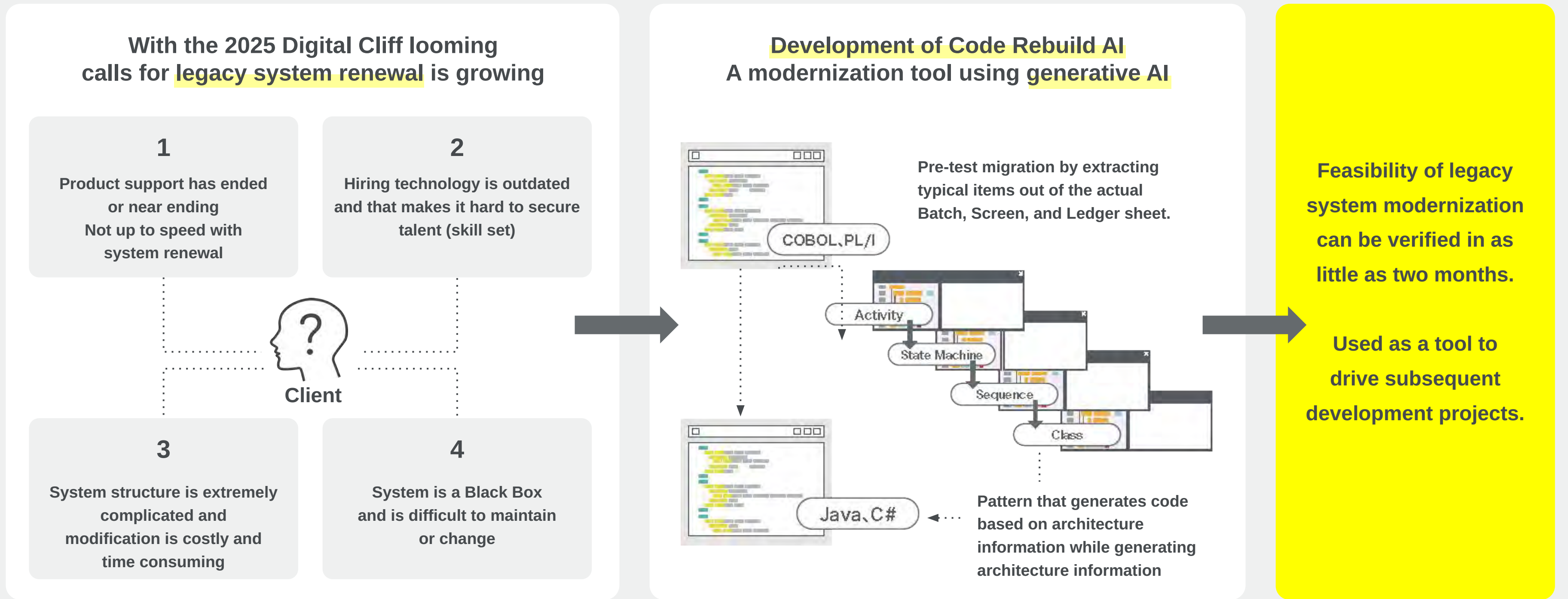
►Examples of expected use cases



Retail, restaurants	Transportation	Tourism	Healthcare	Other
Visitor measurement and analysis of typical users for commercial facilities.	Monitoring of user information and dynamics for public transport using behavioral data.	Visitor analysis for tourist facilities and store marketing for surrounding areas.	Managing health and encouraging exercise using movement data.	Evaluating demand for office buildings using foot traffic data.
Push notifications suitable for visitor attributes and needs.	Resolving traffic congestion using foot traffic data.	Designing efficient excursion routes using foot traffic data.	Managing behavior in accordance with medical and health conditions.	Calculation of automobile insurance premiums using movement data.
Store opening/closure analysis based on foot traffic data.	Visualizing the risk of traffic accidents using location information.	Stimulating consumption by inbound tourists using both foot traffic data and purchase data.	Visualization of congestion inside a hospital and creation of an efficient environment for patient services.	Formulation of evacuation plans using foot traffic data.
Advertisement delivery by segment based on purchaser movement information.	Providing on-demand mobility services using location information.	Advertisement delivery by segment based on the analysis of typical users.	Developing measures against infectious disease outbreak using foot traffic data.	Provision of location information to information banks.
Advertisement delivery based on behavioral information.	Monitoring and managing vehicle operation information using movement data.	Improving the efficiency of navigation inside an airport using location information data.		Provision of location information technologies to large-scale urban development projects, such as smart city projects.



Reinforcement of SoR: Developed a proprietary tool, Code Rebuild AI, which realizes enterprise modernization using generative AI. Winning orders from major manufacturers.



Announced a business partnership with PwC Consulting, a comprehensive consulting firm, in January 2024. Both companies will work together to strengthen the strategic complementary relationship between them by leveraging their strengths in order to achieve growth.

## Monstarlab ::

- Strengths in its **ability to design** and develop while incorporating latest technologies in an **agile** manner.
- A platform to enable **global delivery and implementation** through a network of group firms located in 19 countries and regions around the world.



- **Comprehensive strengths in management reform**, including knowledge and knowhow in deep areas of various industries and businesses and a wide range of solutions available for solving complex problems.
- A broad **client network** including many large corporations.



### Benefits for Monstarlab

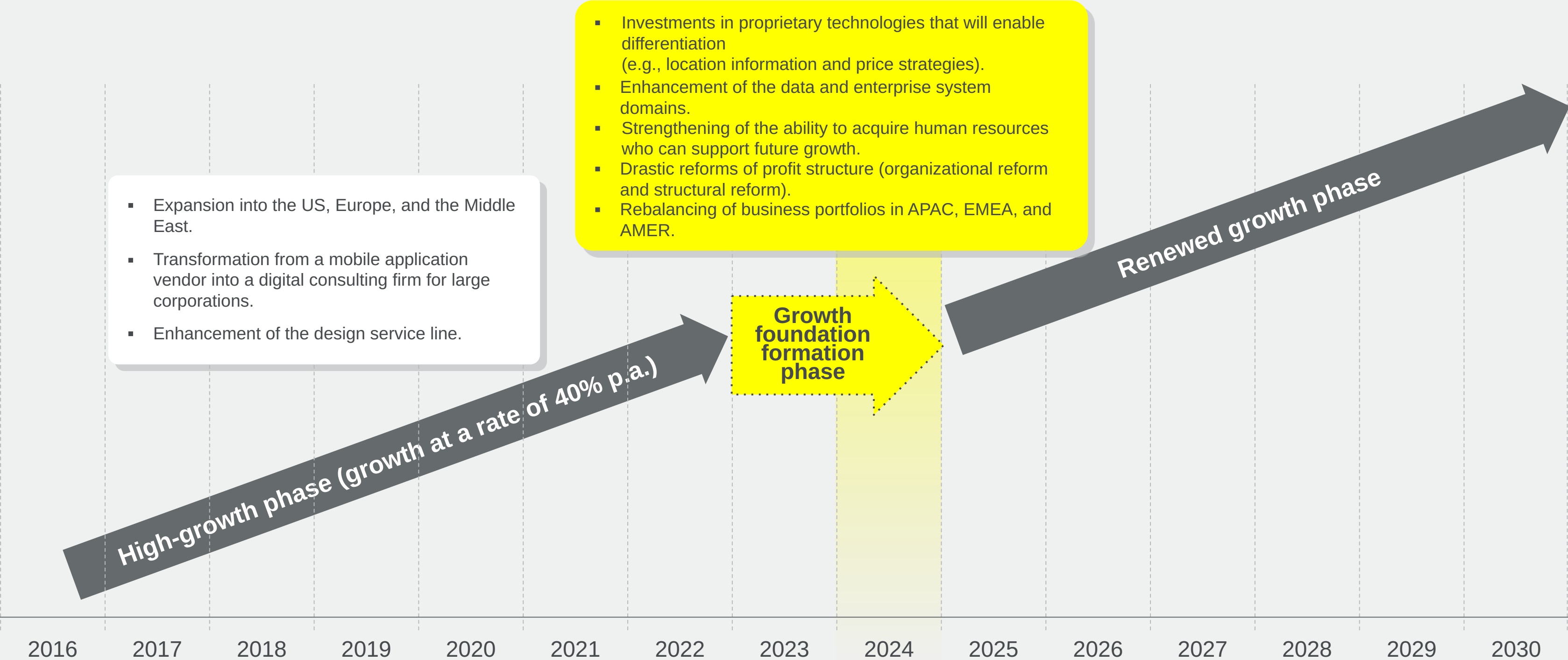
Increased opportunities for deeper involvement in the enterprise-level DX of large corporations, which are expected to **bring larger projects** to us.

Strengthening our management reform knowhow through active collaboration in projects and the exchange of human resources, which is expected to **enhance added values to clients**.

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# In 2024, we aim to build a rock solid foundation for future growth.



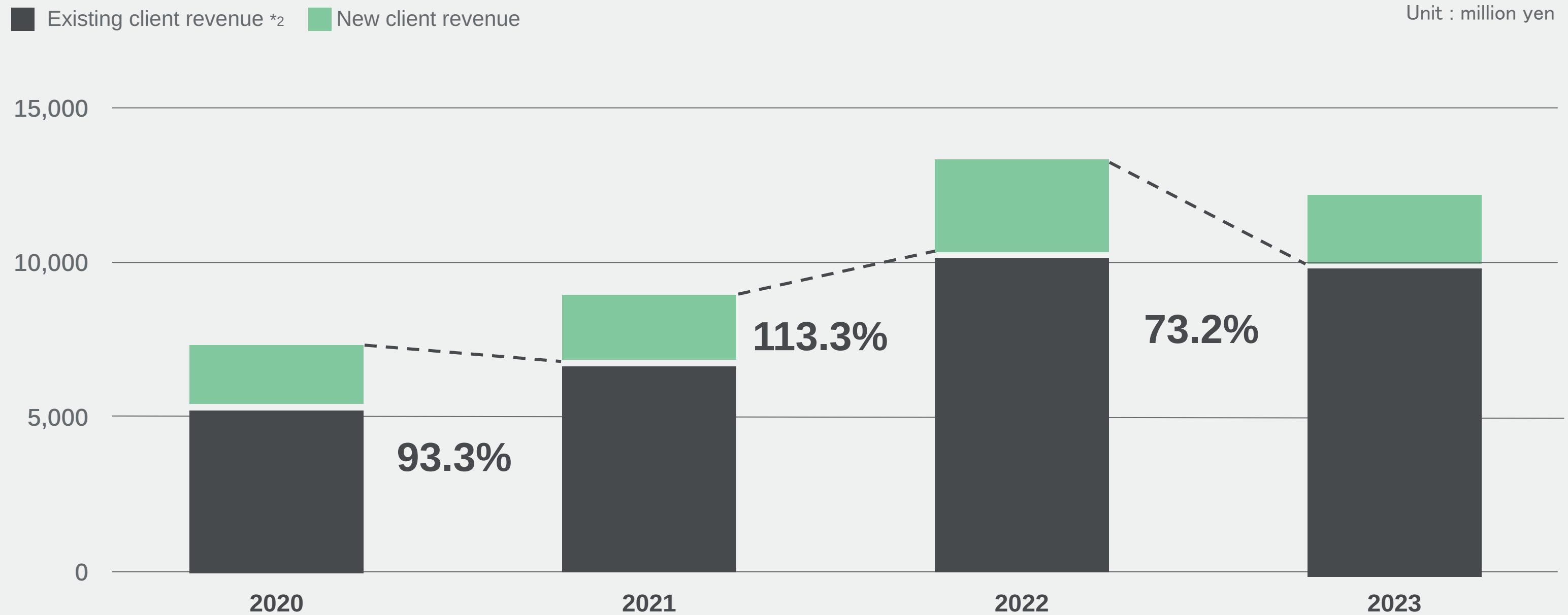


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Revenue from existing clients represents over 70% of last year's revenue due to changes in clients.

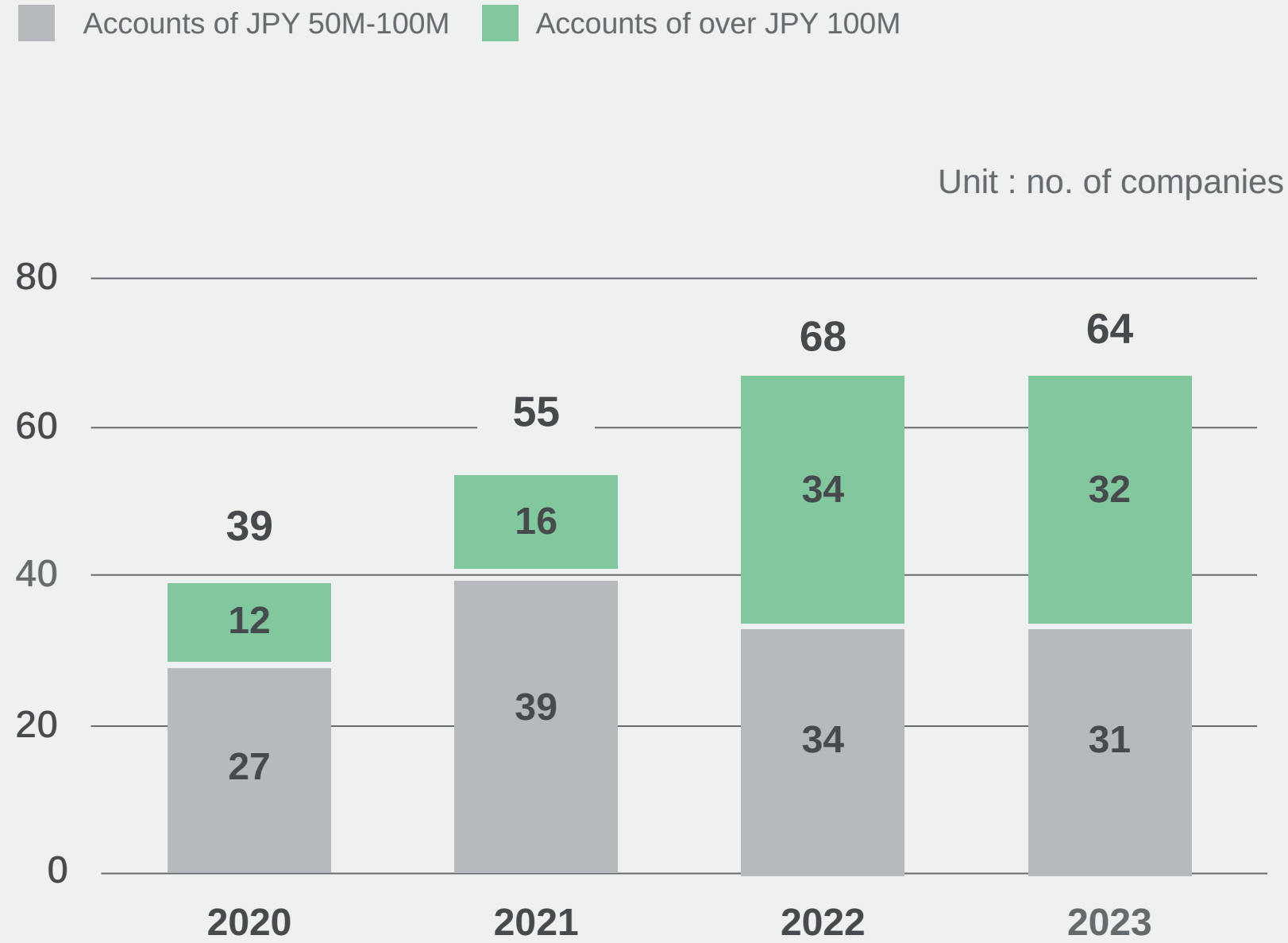
### Revenue Structure of Digital Consultancy Business



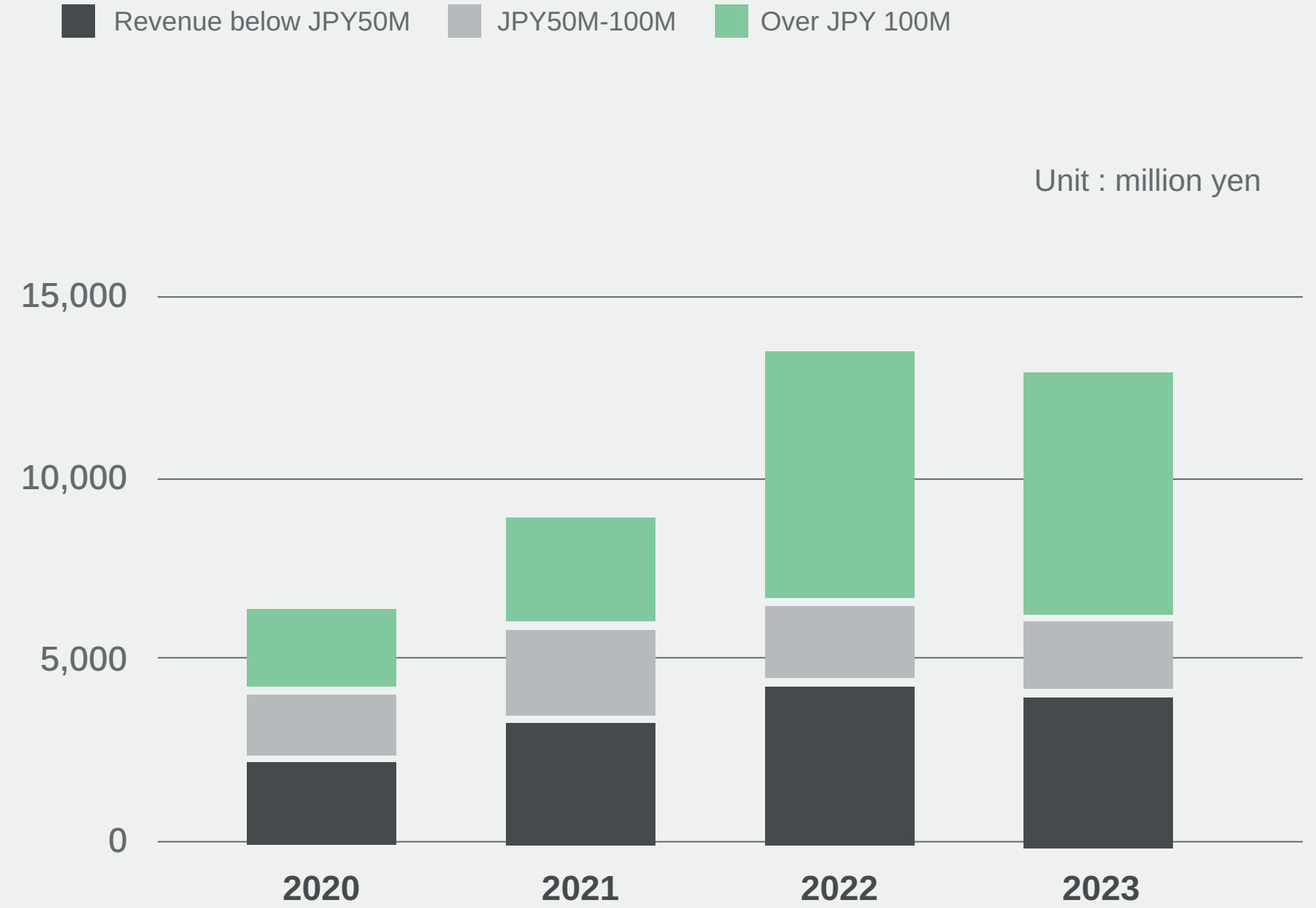
■ \*1 Digital consultancy business revenue.  
 ■ \*2 Existing clients: Clients providing revenue from FY2019 until the beginning of the applicable fiscal year.

Shift to customers with substantial margin for account size expansion.  
Steady figures despite transitional period.

Number of Customers by Account Size



Revenue Structure by Account size

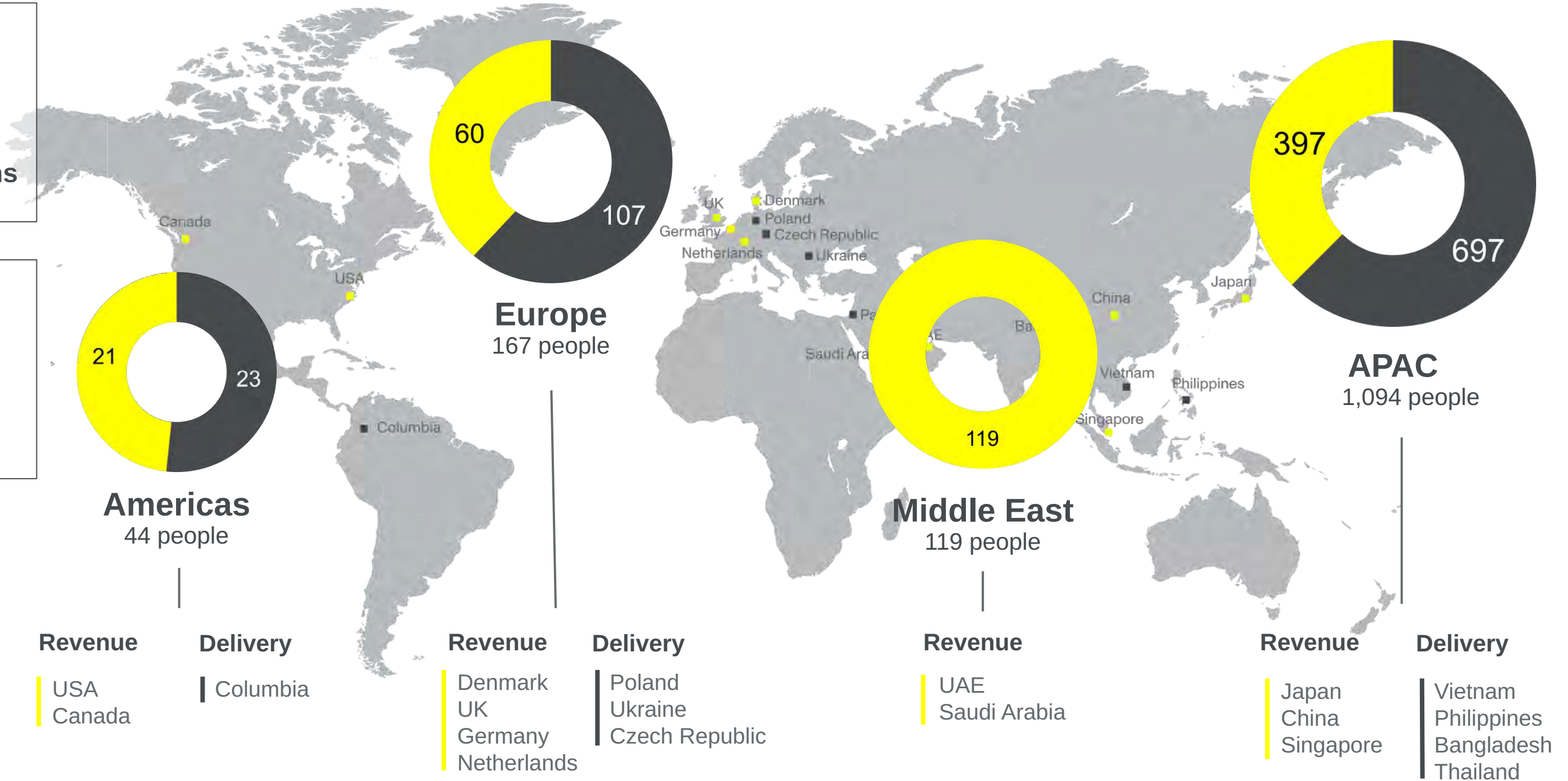


\* Revenue is for digital consultancy business

Our organization of **1,400 people globally** comprises **Revenue Centers** (mainly in Japan, W. Europe, and USA) and **Delivery Centers** (mainly in S.E. Asia, E. Europe, and S. America)

Areas of operation  
**19** Countries & Regions

Employees  
About **1,400** People worldwide



Notes: As of December 31, 2023. Locations include subsidiary offices. APAC = Asia Pacific



# Slight reduction in personnel due to structural reform

Unit: persons

2,000

1,500

1,000

500

0

- AMER/ Delivery Center
- AMER/ Revenue Center
- Middle East/ Delivery Center
- Middle East/ Revenue Center
- Europe/ Delivery Center
- Europe/ Revenue Center
- APAC/ Delivery Center
- APAC/ Revenue Center

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

(FY2021)

(FY2022)

(FY2023)



Note : Due to a change in the aggregation method, the headcount figures in FY2022 Q4 for the APAC Revenue Center have been updated from those in the Q1 results presentation for the period under review.

## Disclaimer and Cautionary Statement Regarding Forward-Looking Statements

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**Monstarlab Holdings, Inc.**(Securities Code: 5255)

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**Monstarlab ∴∴**

Empower talent everywhere to engineer  
awesome products, services and ecosystems;  
building a brighter world for us all

**Monstarlab ::**