January 15, 2025

To all shareholders:

Company name:	Monstarlab Holdings Inc.
Representative:	Hiroki Inagawa, Representative Director/Group CEO (Code: 5255, TSE Growth Market)
Inquiries:	Sumito Suzuki, CFO (TEL. 03-4455-7243)

Notice of Issuance of Preferred Shares via Third-Party Allotment, Amendments to Articles of Incorporation, Capital Reduction, and Surplus Disposition

At the Board of Directors meeting held on January 15, 2025, the Company resolved on the following matters from ① to ④. Details are provided below.

① Subject to approval of the agenda related to the third-party allotment (as defined below) and the partial amendment to the Articles of Incorporation (as defined in ② below) at the Annual General Shareholders' Meeting scheduled for March 27, 2025 (hereinafter referred to as "this General Shareholders' Meeting"), and the effectiveness of the partial amendment to the Articles of Incorporation, the Company will enter into an underwriting agreement (hereinafter referred to as "this Underwriting Agreement") with The San-in Godo Bank, Ltd. (hereinafter referred to as "the Allottee"). Under this agreement, the Company will issue Class A Preferred Shares (hereinafter referred to as "this Preferred Shares") with a total value of JPY 3,300 million to the Allottee through third-party allotment (hereinafter referred to as "this Third-Party Allotment"). (For details, please refer to "I. About this Third-Party Allotment" below.)

② Subject to approval of the agenda related to this Third-Party Allotment at this General Shareholders' Meeting, the Company will make partial amendments to the Articles of Incorporation to establish new provisions regarding this Preferred Shares (hereinafter referred to as "this Amendment to the Articles of Incorporation"). (For details, please refer to "II. About this Amendment to the Articles of Incorporation" below.)

③ Subject to approval of the agenda related to the reduction of capital stock, capital reserve, and disposition of surplus (as defined below) at this General Shareholders' Meeting and the payment for this Third-Party Allotment, the Company will, as of the effective date of the payment for this Third-Party Allotment, reduce the amounts of capital stock and capital reserve (hereinafter referred to as "this Reduction of Capital, etc.") and, subject to approval of the agenda related to this disposition of surplus at this General Shareholders' Meeting and the effectiveness of this Reduction of Capital, etc., use a portion of the other capital surplus increased by this Reduction of Capital, etc., to offset the accumulated deficit in retained earnings carried forward (hereinafter referred to as "this Disposition of Surplus"). (For details, please refer to "III. About this Reduction of Capital, etc., and this Disposition of Surplus" below.)

④ The Company will submit to this General Shareholders' Meeting the agendas related to this Third-Party Allotment, this Amendment to the Articles of Incorporation, this Reduction of Capital, etc., and this Disposition of Surplus..

The issuance and payment for this Preferred Shares under this Third-Party Allotment are subject to the fulfillment of certain conditions.

I. Details of the Third-Party Allotment

1. Overview of the Preferred Share Offering

(1)	Payment Date	March 28, 2025
(2)	Number of Newly Issued Shares	33,000,000 shares
(3)	Issue Price	¥100 per share
(4)	Total Funds Raised	¥3,300,000,000
(5)	Method of Offering or Allotment (Allottee)	The shares will be allotted through a third-party allotment as follows: The San-in Godo Bank, Ltd.: 33,000,000 shares
(6)	Conversion Price	JPY 95.9, calculated as the simple average of the closing prices of the Company's common shares in regular trading on the Tokyo Stock Exchange (hereinafter referred to as "TSE") as announced by the TSE from November 27, 2024, to January 14, 2025 (excluding days with no closing prices). The

		conversion price is rounded to the nearest yen after calculating to the second decimal place.
(7)	Other Details	Please refer to Appendix 1, "Issuance Terms for Class A Preferred Shares of Monstarlab Holdings Inc." The issuance of this Preferred Shares is subject to the approval of the agendas related to this Third-Party Allotment and the Amendment to the Articles of Incorporation at this General Shareholders' Meeting, as well as the effectiveness of the Amendment to the Articles of Incorporation. The payment by the Allottee for this Preferred Shares is subject to the following conditions: ① The representations and warranties of the Company as stipulated in this Underwriting Agreement are true and accurate in all material respects. ② No material breach or violation of obligations to be performed or observed by the Company under this Underwriting Agreement exists before the payment date. ③ The Underwriting Agreement has been validly executed and remains in effect. ④ No judgment, order, or administrative decision from any judicial or administrative body exists, nor is any related proceeding ongoing, that restricts or prohibits the execution of this Third-Party Allotment. ⑤ All legal, regulatory, and internal procedures (including those required by the Company's Articles of Incorporation) necessary for this Third-Party Allotment (limited to those required before the payment date) have been duly and validly completed.

2. Purpose and Rationale for the Third-Party Allotment

(1)Background and Purpose of the Third-Party Allotment

The Monstarlab Group is committed to its mission of "Leveraging Diversity to Transform the World Through Technology." Our goal is to address global challenges by collaborating with clients as their digital partner to develop innovative products, services, and ecosystems. Simultaneously, we aim to contribute to a better world by providing opportunities to "work," "grow," and "participate in impactful projects" across borders. Our core business, "Digital Consulting," supports digital transformation (DX) tailored to the business challenges and new business needs of corporations and municipalities. This business operates across three regions—APAC (Asia-Pacific), EMEA (Europe, Middle East, and Africa), and AMER (North, Central, and South America)—spanning 12 countries and regions globally.

From 2016 to 2022, our revenue grew at an average annual growth rate of 40% as we expanded our operations. In EMEA and AMER, we proactively invested in talent acquisition based on expectations of high growth. However, due to prolonged lead times for acquiring large-scale projects, influenced by market practices, growth in these regions fell short of initial expectations. This resulted in an increasing number of idle personnel, leading to structural deficits.

In the second half of 2023, we began exploring measures to close unprofitable locations and reduce idle personnel. However, concurrent discussions of a strategic partnership involving external capital (hereafter referred to as "the Strategic Partnership") delayed structural reforms in EMEA and AMER, as these negotiations assumed the maintenance of the existing structures in those regions. Following the decision in late May 2024 to terminate discussions on the Strategic Partnership, we initiated structural reforms aimed at reducing idle personnel and optimizing cost structures to quickly achieve profitability.

As announced in our disclosure on May 31, 2024, titled "Notice Regarding Rationalization Measures and Subsidiary Dissolution," we decided to restructure operations in EMEA and AMER due to lower-than-expected utilization rates, driven by delays in launching large-scale projects. Measures included workforce reductions, office downsizing, and IT cost optimizations.

Further, as disclosed on August 14, 2024, in "Notice of Temporary Expenses and Impairment Losses Associated with Rationalization Measures and Reduction of

Executive Compensation," we recorded impairment losses related to goodwill and fixed assets totaling JPY 4.14 billion. Consequently, as of the end of the second quarter of FY2024, the Group's consolidated net assets showed a deficit of JPY 2.59 billion.

To address our insolvency, we issued the 81st series of stock acquisition rights (with adjustable exercise prices) as announced on September 19, 2024, in the "Notice Regarding Issuance of the 81st Series of Stock Acquisition Rights." This enabled us to secure flexible financing while protecting the interests of existing shareholders.

In addition, as part of our group restructuring, we announced on September 19, 2024, "Notice Regarding Changes in Subsidiaries (Bankruptcy or Liquidation of Subsidiaries and Sub-subsidiaries)" and "Notice Regarding Share Transfer of a Subsidiary." These measures include the bankruptcy of Monstarlab Denmark ApS and its subsidiaries, Monstarlab Czech Republic s.r.o. and Monstarlab Middle East DMCC, and the liquidation or bankruptcy of Monstarlab UK Limited. We also decided to transfer shares of Genieology Design DMCC.

Under these circumstances, the Group is striving to optimize its overseas workforce, reduce office sizes, and execute fundamental restructuring to improve cost efficiency. We remain focused on securing revenue from our strengths in innovation-driven DX projects, including new service creation and customer experience transformation, while actively expanding into areas like data enterprise and generative AI.

As of the end of September 2024, our total borrowings and corporate bonds amounted to JPY 9.48 billion, with cash and deposits of JPY 1.29 billion. However, our net liabilities stood at JPY 3.01 billion. To strengthen our financial position, we concluded that capital reinforcement through this third-party allotment is critical to restoring equity capital, balancing liabilities and equity, and improving our financial structure.

By allocating the proceeds from this third-party allotment towards debt repayment, we aim to reduce interest costs, strengthen our financial position, and decrease dependency on borrowings. Combined with our group restructuring, including the

withdrawal from unprofitable subsidiaries in Europe and the Middle East, we will shift our focus to profitable and growth-oriented regions, such as APAC and AMER. These efforts will reduce management risks and enable a balanced approach to sustainable growth and profitability.

(2) Reason for Fundraising through the Third-Party Allotment of Shares

As stated in "(1) Background and Objective of the Third-Party Allotment of Shares," as of the end of September 2024, the Company's total corporate bonds and borrowings amounted to JPY 9.485 billion, while cash and deposits totaled JPY 1.293 billion, resulting in a net liability of JPY 3.011 billion. To stabilize our financial position, we determined that raising funds through capital enhancement, rather than additional debt financing via borrowings or corporate bond issuance, is essential.

To minimize the impact on our existing shareholders, we carefully considered various options. Issuing new common shares through a third-party allotment, which causes an immediate dilution of earnings per share, would significantly impact the stock price. Therefore, we concluded that this method of fundraising was not suitable.

Instead, we decided that issuing non-voting preferred shares to our primary financial institution, the designated allottee, is the optimal fundraising method. This approach allows us to secure the necessary funds to resolve our insolvency while limiting the dilution of common shares. The preferred shares will be convertible into common shares only after March 28, 2028, thereby mitigating the risk of sudden dilution and balancing the objectives of capital enhancement and protecting the interests of existing shareholders.

(3) Overview of the Preferred Shares

① Preferred Dividend

The annual preferred dividend rate for the preferred shares is set at the Japanese Yen TIBOR (six-month) plus 2.0%. Holders of the preferred shares (hereafter referred to as "Preferred Shareholders") are entitled to receive dividends in priority to common shareholders. If the dividends to Preferred Shareholders are insufficient in any fiscal year, the shortfall will be carried forward to subsequent fiscal years. Additionally, the preferred shares are participatory,

enabling Preferred Shareholders to receive, in addition to the preferred dividends, a distribution per share equivalent to the surplus distributed to each common share when dividends are paid to common shareholders.

② Right to Request Acquisition with Common Shares as Consideration

The preferred shares are granted the right to request acquisition with common shares as consideration (hereafter referred to as the "Common Share Acquisition Rights"). Under the terms of issuance, Preferred Shareholders may request the Company to acquire all or part of their preferred shares in exchange for common shares at any time after the initial payment date (hereafter referred to as the "Payment Date"). However, under the subscription agreement, the exercise of Common Share Acquisition Rights is restricted until the third anniversary of the Payment Date, i.e., March 28, 2028, except under specific circumstances (refer to "6. Reason for Selecting the Allottee - (2) Agreement on Common Share Acquisition Rights").

The number of common shares delivered upon exercise of the Common Share Acquisition Rights is calculated by dividing the aggregate of the paid-in amount per preferred share (JPY 100), the cumulative unpaid dividend amount, and the prorated unpaid preferred dividend amount by the acquisition price. The cumulative unpaid dividend amount refers to the shortfall in the preferred dividends for any fiscal year, accrued with simple interest until the actual payment date. The prorated unpaid preferred dividend amount is calculated on a pro-rata daily basis for the period from the beginning of the relevant fiscal year to the distribution date.

The acquisition price is determined based on the average closing price of the Company's common shares on the Tokyo Stock Exchange over the 30 consecutive trading days prior to January 15, 2025, excluding days without closing prices, rounded to the nearest second decimal place (e.g., 95.9 yen). The acquisition price corresponds to 116.9% of the closing price on January 14, 2025 (e.g., 82 yen)

③ Acquisition Clause with Monetary Consideration

The preferred shares include a clause allowing the Company to acquire all or part of the preferred shares in exchange for monetary consideration at any time after the day following the Payment Date, as determined by the Company's Board of

Directors (hereafter referred to as the "Acquisition Date"). The monetary consideration will equal the paid-in amount per preferred share plus the cumulative unpaid dividend amount and the prorated unpaid preferred dividend amount.

If multiple Preferred Shareholders exist, acquisitions will be allocated proportionally. Generally, the precedence between the Common Share Acquisition Rights and the monetary acquisition clause is determined by the timing of their exercise. However, under the subscription agreement, if the allottee receives notification from the Company to activate the monetary acquisition clause, the allottee is prohibited from exercising the Common Share Acquisition Rights.

④ Dilution of Common Shares

As stated above, the allottee may not exercise the Common Share Acquisition Rights until March 28, 2028. Accordingly, the Company will avoid early dilution of its common shares. Additionally, through ongoing group restructuring to focus on profitable and growth-oriented businesses, the Company aims to improve profitability and accumulate retained earnings. By utilizing the monetary acquisition clause to acquire preferred shares, the Company seeks to minimize the potential dilution resulting from the exercise of the Common Share Acquisition Rights.

⑤ Voting Rights and Transfer Restrictions

The preferred shares do not carry voting rights at general meetings of shareholders. The transfer of these shares requires the approval of the Company's Board of Directors.

⑥ Other

For further details on the preferred shares, please refer to Appendix 1, "Terms of Issuance for Class A Preferred Shares of Monstarlab Holdings Inc."

3. Amount of Funds to Be Raised, Use of Proceeds, and Expected Timing of Expenditure

(1) Amount of Funds to Be Raised

①Total Payment Amount	¥3,300,000,000
②Estimated Issuance Expenses	¥45,000,000
③ Estimated Net Proceeds	¥3,255,000,000

Note: The estimated breakdown of issuance expenses includes registration and

license taxes, valuation costs for the preferred shares, legal fees, and other advisory fees.

(2) Specific Use of Proceeds

Specific Use	Amount	Expected Timing of Expenditure
Repayment of borrowings from The San-in Godo Bank, Ltd. (the Allottee)	¥3,255,000,000	March 28, 2025

Note: Immediately after receiving the payment for this third-party allotment of shares, the entire amount will be applied toward the repayment of the principal equivalent to JPY 3,300,000,000 of the borrowings from the allottee, as detailed below. The issuance expenses will be covered using available internal funds. The aforementioned borrowings were obtained as working capital intended for effective business operations.

Borrowing Date	Outstanding Balance (JPY)	Interest Rate	Collateral	Original Repayment Schedule
June 1, 2020	¥33,350,000	2.05%	None	Monthly installments of ¥3,333,000, final payment: May 31, 2025
April 20, 2021	¥340,480,000	1.20%	None	Monthly installments of ¥7,738,000, final payment: March 31, 2028
March 31, 2022	¥106,676,000	2.00%	None	Monthly installments of ¥3,333,000, final payment: March 31, 2027
September 27, 2022	¥185,730,000	2.00%	None	Monthly installments of ¥14,285,000, final payment: August 31, 2025
March 29, 2024	¥800,000,000	2.15%	None	June 30, 2024
April 9, 2024	¥90,000,000	2.15%	None	June 30, 2024

April 24, 2024	¥310,000,000	2.15%	None	June 30, 2024
May 30, 2024	¥1,500,000,000	1.32364%	None	November 29, 2024

Remaining Borrowings After Repayment

Financial Institution	Outstanding Balance (JPY)
The San-in Godo Bank, Ltd.	¥3,446,236,000
Shimane Chuo Shinkin Bank	¥500,000,000
The Tottori Bank, Ltd.	¥450,014,000
Mizuho Bank, Ltd.	¥433,340,000
Japan Finance Corporation	¥348,800,000
Shimane Shinkin Bank	¥300,000,000
Sumitomo Mitsui Banking Corporation	¥291,670,000
SBI Shinsei Bank, Ltd.	¥100,000,000
Total	¥5,870,060,000

4. Rationale for the Use of Funds

The funds raised through the issuance of the preferred shares will be used to repay the interest-bearing debt borrowed from the allottee. By strengthening the Company's capital base and reducing interest-bearing liabilities, and in combination with the funds raised through the exercise of the 81st series of stock acquisition rights, which began on October 8, 2024, this will contribute to resolving the Company's insolvency. Accordingly, the intended use of funds is deemed reasonable.

5. Rationality of the Issuance Terms and Conditions

(1) Basis for Calculation and Details of the Payment Amount

When determining the issuance terms of these preferred shares, the company sought to ensure fairness by commissioning Plutus Consulting Co., Ltd., an independent valuation institution unaffiliated with both the company and the prospective allottee, to assess the value of the preferred shares. Plutus Consulting Co., Ltd. adopted the Monte Carlo simulation method, a widely recognized valuation model, to calculate the fair value of the preferred shares. This assessment was based on certain assumptions, including:

The market price of the company's common shares (¥82),
The conversion price of the preferred shares (¥95.9),
Dividends on the company's common shares (¥0),
Assumed maturity (five years, as an indicative repayment period),
Risk-free rate (0.828%),
Stock price volatility (approximately 50.96%), and
Dividend rate on the preferred shares (TIBOR 6M + 2.0% or approximately 2.6%).

Based on these assumptions, the fair value of the preferred shares was determined to be ¥103 per share as of the closing price on the Tokyo Stock Exchange on January 14, 2025, according to the valuation report (hereinafter referred to as the "Valuation Report"). After discussions with the prospective allottee, the issue price of the preferred shares was set at ¥100 per share, representing a discount rate of 2.91% from the valuation result.

Taking into account the results of the Valuation Report prepared by Plutus Consulting, an independent valuation institution unaffiliated with both the company and the prospective allottee, as well as the company's current challenging circumstances, the company carefully negotiated and deliberated with the prospective allottee to determine the issuance terms of the preferred shares. Consequently, the company has determined that the issuance terms are reasonable.

Furthermore, all three auditors of the company (including three external auditors) expressed their opinion that:

The selection of Plutus Consulting as the valuation institution was appropriate as it is independent of the company and the prospective allottee,
The issue price, though lower than the valuation result provided by Plutus Consulting, is discounted by only 2.91%, and
There are no unreasonable aspects in the valuation methods or assumptions used by the valuation institution.
Therefore, the issuance does not constitute an issuance at a particularly favorable price for the prospective allottee and complies with the law.

However, since the preferred shares do not have an objective market price and the valuation of preferred shares involves highly advanced and complex assessments,

various interpretations may exist. Consequently, it cannot be entirely ruled out under the Companies Act that the issue price of the preferred shares may be deemed a particularly favorable price for the prospective allottee. To ensure transparency and confirm the will of shareholders, the company has decided to issue the preferred shares contingent upon obtaining approval by a special resolution of the general shareholders' meeting under Article 199, Paragraph 2 of the Companies Act for an advantageous issuance.

(2) Rationale for the Issuance Quantity and Dilution Scale

The Company plans to issue 33,000,000 preferred shares, raising a total of JPY 3,300,000,000. Considering the aforementioned purpose of the issuance and the intended use of the funds, the issuance quantity of the preferred shares is deemed reasonable. While the preferred shares do not carry voting rights at the General Meeting of Shareholders, the exercise of the right to request acquisition with common shares as consideration may cause dilution, impacting existing shareholders.

Assuming no cumulative unpaid dividend amount or prorated unpaid preferred dividend amount and that the right to request acquisition with common shares as consideration is exercised for the entire amount of the preferred shares at the acquisition price, 344,108 common shares with voting rights would be issued. Including the 30,000,000 potential shares resulting from the stock acquisition rights issued on October 7, 2024, as announced in the "Notice Regarding Issuance of the 81st Series of Stock Acquisition Rights with Adjustable Exercise Prices through Third-Party Allotment" on September 19, 2024, the total voting rights would increase to 644,108. This total represents 187.68% of the number of voting rights associated with the Company's issued common shares as of June 30, 2024 (343,191 voting rights). Moreover, if cumulative unpaid dividend amounts or prorated unpaid preferred dividend amounts arise, the dilution rate could increase further.

Thus, if the acquisition rights for the preferred shares are exercised and common shares are issued, dilution of the Company's common shares would occur. However, measures are in place to mitigate the impact on existing shareholders:

(i) The third-party allotment of shares will strengthen the Company's equity capital and reduce interest-bearing liabilities, contributing to resolving insolvency.

(ii) The preferred shares include a clause for monetary redemption at the

Company's discretion, enabling the Company to mitigate the dilution caused by the exercise of the right to request acquisition with common shares to a certain extent.

From this perspective, the scale of dilution caused by this third-party allotment of shares is considered reasonable.

6. Reasons for Selecting the Allottee

(1) Overview of the Allottee (as of September 30, 2024)

(1) Name	The San-in Godo Bank, Ltd.	
(2) Address	10 Uomachi, Matsue City, Shimane Prefecture	
(3) Representative	Tetsu Yamazaki, President and CEO	
(4) Business Description	Banking	
(5) Capital Stock	¥20,705 million	
(6) Date of Establishment	July 1, 1941	
(7) Number of Issued Shares	156,977,472 shares	
(8) Fiscal Year-End	March 31	
(9) Number of Employees	1,944	
(10) Major Customers	-	
(11) Major Banks	-	
(12) Major Shareholders and Shareholding Ratios (as of September 30, 2024)	The Master Trust Bank of Japan, Ltd.	12.02%
	Custody Bank of Japan, Ltd. (Trust Account)	6.78%
	Nippon Life Insurance Company	2.66%
	San-in Godo Bank Employees' Shareholding Association	2.17%
	Meiji Yasuda Life Insurance Company	1.99%
	Sumitomo Life Insurance Company	1.96%
	DFA INTL SMALL CAP VALUE PORTFOLIO (Standing Proxy: Citibank, N.A., Tokyo Branch)	1.63%
	JP Morgan Chase Bank 385781 (Standing Proxy: Mizuho Bank, Ltd. Settlement	1.39%

	Division)	
	State Street Bank West Client - Treaty 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement Division)	1.17%
	State Street Bank and Trust Company 505001 (Standing Proxy: Mizuho Bank, Ltd. Settlement Division)	1.17%

(13) Relationship Between Parties		
	Capital Relationship	The Allottee holds 675,600 shares of the Company's common stock.
	Personnel Relationship	None
	Business Relationship	Financial transactions exist between the Company and the Allottee, including borrowings. As of September 30, 2024, the outstanding balance of borrowings was ¥6,746 million.
	Related Party Status	Not applicable

(14) Recent Financial Performance and Position (Consolidated)

Fiscal Year-End	March 2022	March 2023	March 2024
Net Assets (Millions of JPY)	353,191	313,208	325,089
Total Assets (Millions of JPY)	6,775,158	6,877,489	7,360,564
Net Assets Per Share (JPY)	2,260.27	2,023.95	2,114.72
Ordinary Income (Millions of JPY)	95,111	112,683	120,176
Ordinary Profit (Millions of JPY)	20,791	21,722	24,727
Profit Attributable to Owners of Parent (Millions of JPY)	14,485	15,463	16,800
Net Income Per Share (JPY)	92.88	99.28	109.28
Dividend Per Share	32	34	39

(JPY)			

The Allottee is a domestic financial institution listed on the Tokyo Stock Exchange Prime Market and operates as a bank licensed under the Banking Act. Therefore, the Company has determined that the Allottee has no relationships with individuals, corporations, or other entities that seek to obtain economic benefits through violence, threats, fraud, or other criminal activities.

(2) Reasons for Selecting the Allottee

The funds raised through the issuance of the preferred shares are planned to be used to repay the interest-bearing debt borrowed from the allottee. This will reduce the Company's interest-bearing liabilities and contribute to resolving its insolvency. The allottee, The San-in Godo Bank, Ltd., is the Company's main bank and the largest creditor to the Company. The Company intends to continue receiving support from the allottee through the issuance of the preferred shares. For these reasons, the Company has selected The San-in Godo Bank as the allottee.

The Company and the allottee have agreed to enter into a subscription agreement concerning the allottee's investment in the Company. The key terms of the agreement are as follows:

A. Pre-Approval Requirements

Following the execution date of the subscription agreement and during the period the allottee holds the preferred shares, the Company has agreed not to take or allow its group companies to take the following actions, except where specifically provided otherwise in the subscription agreement, under certain conditions, or with prior written consent from the allottee (such consent shall not be unreasonably withheld or delayed, respecting the Company's judgment):

1. Amendments to the Articles of Incorporation (excluding formal changes due to amendments to laws or regulations), or issuance or disposal of the Company's shares, stock acquisition rights, bonds with stock acquisition rights, or any rights convertible into shares of the Company's group (including shares or stock

acquisition rights granted as stock compensation to officers and employees).

2. Gratis allotment of shares or stock acquisition rights, stock splits, or reverse stock splits.
3. Mergers, corporate splits, transfers or acquisitions of business, stock exchanges, stock transfers, share deliveries, or similar corporate reorganizations.
4. Acquisition of treasury stock (except where required by law).
5. Dividends of surplus related to the Company's shares.
6. Changes to the amounts of capital or capital reserves.
7. Establishment of new subsidiaries, acquisition or disposal of subsidiary shares resulting in changes to the subsidiary status, or other related actions.
8. Transfers or acquisitions of assets worth JPY 30 million or more per transaction.
9. Sales or disposals of intellectual property rights worth JPY 30 million or more per transaction.
10. Waivers or disposals of licenses worth JPY 30 million or more per transaction.
11. Capital investments or other investments worth JPY 30 million or more per transaction, including the disposal of related assets.
12. Borrowings, bond issuance, or other debt-financing activities (excluding those involving subsidiaries).
13. (i) Guarantees or collateral provided for third parties, or (ii) acceptance of guarantees or collateral provided by third parties.
14. Execution, amendment (including changes to payment terms), or termination of contracts under which the group incurs significant payment obligations (e.g., contracts with payments of JPY 200 million or more, excluding those related to ordinary business operations).
15. Changes to the Company's business reconstruction plan (excluding minor changes) or formulation or amendments to budgets, capital investment plans, financing plans, or other plans that substantively alter the reconstruction plan (excluding minor changes).

16. Dissolution, liquidation, or filing for insolvency proceedings.
17. Changes to the Company's core business.
18. Revisions to the cap on executive compensation (including bonuses) and determination of executive compensation amounts (except for cases where the financial figures in the business reconstruction plan for the most recently completed fiscal year are met).
19. Amendments to related contracts (excluding minor changes or changes based on the reconstruction plan).
20. Changes to the Company's auditing firm.
21. Withdrawals of funds from the cash management account exceeding JPY 30 million, unless specific conditions are met.
22. Withdrawals of funds exceeding JPY 150 million from Monstarlab's settlement account, unless specific conditions are met.
23. Actions requiring special shareholder resolutions that disadvantage the preferred shareholders, except for actions explicitly excluded from pre-approval requirements.

B. Director Appointment Rights

As long as the Allottee holds the Preferred Shares, it has the right to nominate one candidate for either a director or an auditor position of the Company or Monstarlab Inc. The Allottee and the Company agree to exercise their voting rights at the Company's shareholders' meeting and to have the Company's directors exercise their voting rights at board meetings or make other reasonable efforts to ensure that the Allottee's nominated candidate is appointed or selected as a director or auditor of the Company.

C. Agreement on Common Share Acquisition Rights

Under the terms of issuance for the preferred shares, Preferred Shareholders are entitled to exercise the Common Share Acquisition Rights at any time after the issuance date of the preferred shares. However, the Company and the allottee have agreed that the allottee may not exercise these rights during the period from the payment date of the preferred shares until the third anniversary of the payment date.

Nevertheless, if any of the following events occur during this restricted period, the allottee may exercise the Common Share Acquisition Rights. Should such events arise, the Company will disclose them in a timely and appropriate manner:

1. The Company breaches any material obligation under the subscription agreement, or any material misrepresentation or inaccuracy is found in the Company's representations and warranties.
2. It is discovered on the payment date of the preferred shares that the conditions precedent set forth in the subscription agreement were not satisfied.
3. The Company violates any of the following conditions (excluding the impact of certain agreed matters under the subscription agreement when determining compliance):
    - **(i) Net Assets (Standalone and Consolidated):**
        - (a) The amount of net assets on the standalone balance sheet of the Company at the end of each fiscal year starting with FY2025 must be positive.
        - (b) The amount of net assets on the consolidated balance sheet of the Group at the end of each fiscal year starting with FY2025 must be positive.
    - **(ii) Ordinary Income (Standalone):**
        - (a) For each fiscal year ending on or before December 31, 2027, starting with FY2025, the amount of ordinary income on the standalone income statement of the Company (excluding the impact of extraordinary or temporary expenses mutually agreed upon by the Company and the allottee) must exceed 70% of the amount specified in the subscription agreement. The allottee is required to negotiate in good faith upon the Company's reasonable request regarding the treatment of such expenses.
        - (b) For each fiscal year ending after December 31, 2027, the amount of ordinary income on the

standalone income statement of the Company must be positive.

- (iii) Operating Income (Consolidated):
  - (a) For each fiscal year ending on or before December 31, 2027, starting with FY2025, the amount of operating income on the consolidated income statement of the Group (excluding the impact of extraordinary or temporary expenses mutually agreed upon by the Company and the allottee) must exceed 70% of the amount specified in the subscription agreement. The allottee is required to negotiate in good faith upon the Company's reasonable request regarding the treatment of such expenses.
  - (b) For each fiscal year ending after December 31, 2027, the amount of operating income on the consolidated income statement of the Group must be positive.

4. The Company breaches any provisions of the relevant loan agreements or defaults, causing the Company to lose the benefit of the term for its obligations under such loan agreements.

(3) Holding Policy and Exercise Restrictions

While there are no formal agreements regarding the holding policy, the allottee plans to consider its holding policy while taking into account the Company's performance and other factors. The transfer of the preferred shares requires approval from the Company's Board of Directors. Additionally, the Company intends to obtain a written commitment from the allottee stipulating that if the allottee transfers all or part of the preferred shares issued through this third-party allotment within two years of the allotment, the allottee will report the details of the transfer to the Company in writing. The Company will, in turn, report the transfer details to the Tokyo Stock Exchange, where they will be made publicly accessible.

(4) Confirmation of the Allottee's Financial Resources

The Company has confirmed the financial status of the allottee, including its consolidated revenue, total assets, and net assets, as disclosed in the semiannual

report for the 122nd fiscal term (April 1, 2024, to September 30, 2024), submitted to the Kanto Local Finance Bureau on November 22, 2024. Based on this review, the Company has determined that the allottee possesses sufficient funds to subscribe to the preferred shares by the payment date.

7. Major Shareholders and Shareholding Ratios After the Offering

(1) Common Shares

Before the Offering (as of June 30, 2024)		After the Offering
JIC Venture Growth Fund No. 1 Investment Limited Partnership	19.92%	Same as left
Hiroki Inagawa	15.16%	
GLOBAL SHARES EXECUTION SERVICES LIMITED CLIENT ASSET ACCOUNT MONSTARLAB (Standing Proxy: Daiwa Securities Co., Ltd.)	5.84%	
Japan Post Capital Co., Ltd.	4.55%	
The San-in Godo Bank, Ltd. (Standing Proxy: Custody Bank of Japan, Ltd.)	1.96%	
Sumito Suzuki	1.58%	
GOLDMAN, SACHS & CO. REG (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	1.55%	
Keiko Inagawa	1.45%	
Masayuki Tonezawa	1.28%	
Mori Trust Co., Ltd.	1.25%	

(2) Preferred Shares

Before the Offering (as of January 15, 2025)	After the Offering
Not applicable	The San-in Godo Bank, Ltd. 100%

8. Future Outlook

The Third-Party Allotment aims to resolve the Company's net asset deficit. At present, the specific impact of the Third-Party Allotment on the Company's

performance is undetermined. If any matters requiring disclosure arise, the Company will promptly announce them.

9. Procedures Under Corporate Conduct Guidelines

This third-party allotment of shares involves a dilution rate of 25% or more. Therefore, in accordance with Article 432 of the Tokyo Stock Exchange's Listing Rules, the Company plans to obtain approval at this General Meeting of Shareholders as part of the procedure to confirm shareholder intent.

10. Performance and Equity Financing Over the Past Three Years

(1) Performance Over the Past Three Years (Consolidated)

(Unit: Thousands of yen, unless otherwise specified)

Fiscal Year-End	December 2021	December 2022	December 2023
Revenue	9,346,424	14,270,932	13,346,962
Operating Profit (Loss)	△3,222,905	△389,677	△2,056,729
Profit (Loss) Before Tax	△3,089,871	△447,069	△2,156,279
Profit (Loss) Attributable to Owners of Parent	△3,053,307	△674,767	△2,355,328
Basic Earnings (Loss) Per Share (Yen)	△113.18	△24.51	△70.07
Dividend Per Share (Yen)	-	-	-
Equity Attributable to Owners of Parent Per Share (Yen)	125.71	144.60	108.11

Notes:

The above indicators are prepared in accordance with International Financial Reporting Standards (IFRS).

Based on the resolution of the Board of Directors on November 21, 2022, the Company implemented a stock split at a ratio of 1:50 on January 5, 2023. The Equity Attributable to Owners of Parent Per Share and Basic Earnings (Loss) Per Share (Yen) for the fiscal year ending December 2021 were calculated as if the stock split had occurred at the beginning of the period.

(2) Current Status of Total Issued Shares and Potential Shares (as of September 30, 2024)

	Number of Shares	Ratio to Total Issued Shares
Total Issued Shares	39,176,950 shares	100%
Potential Shares at Current Conversion Price (Exercise Price)	28,171,000 shares	71.90%
Potential Shares at Lower Conversion Price (Exercise Price)	-	-
Potential Shares at Upper Conversion Price (Exercise Price)	-	-

Note: The potential shares listed above represent those related to the Company's stock option system.

(3) Recent Stock Price Performance

① Performance Over the Past Three Years

Fiscal Year-End	December 2022	December 2023	December 2024
Opening Price	-	¥1,050	¥275
High Price	-	¥1,145	¥453
Low Price	-	¥233	¥86
Closing Price	-	¥282	¥88

Note: The Company was listed on the Tokyo Stock Exchange Growth Market on March 28, 2023. Therefore, stock price information is not available for periods prior to this date.

② Stock Price Performance Over the Past Six Months

Month	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025
Opening Price	¥253	¥163	¥135	¥124	¥114	¥89
High Price	¥253	¥172	¥149	¥129	¥115	¥92
Low Price	¥148	¥128	¥114	¥102	¥90	¥81

Closing Price	¥162	¥134	¥124	¥114	¥91	¥82

Note: The December 2024 data reflects the stock price as of December 20, 2024.

③ Stock Price on the Business Day Prior to the Issuance Resolution

Date	January 14, 2025
Opening Price	¥86
High Price	¥86
Low Price	¥81
Closing Price	¥82

(1) Equity Financing Over the Past Three Years

① Public Offering (Initial Listing)

Payment Date	March 27, 2023
Amount of Funds Raised	¥1,164,320,000 (Estimated Net Proceeds)
Issue Price	¥662.40 per share
Total Issued Shares Before Offering	31,701,950 shares
Number of Shares Issued Through Offering	1,800,000 common shares
Total Issued Shares After Offering	33,501,950 shares
Initial Use of Proceeds	① Working capital ② Recruitment and training expenses ③ Outsourcing expenses
Planned Expenditure Period at Issuance	① Working capital: January 2023-December 2023 (¥823 million) ② Recruitment and training expenses: January 2023-December 2023 (¥154 million) ③ Outsourcing expenses: January 2023-December 2023 (¥701 million) Note: The planned allocation amounts above include funds raised through the third-party allotment in ② below.
Current Allocation Status	① Allocated as planned ② Allocated as planned ③ Allocated as planned

② Third-Party Allotment (Related to Over-Allotment Sales

Payment Date	April 26, 2023
Amount of Funds Raised	¥513,010,000 (Estimated Net Proceeds)
Issue Price	¥662.40 per share
Total Issued Shares Before Offering	33,501,950 shares
Number of Shares Issued Through Offering	779,000 common shares
Total Issued Shares After Offering	34,280,950 shares
Allottee	Daiwa Securities Co., Ltd.
Initial Use of Proceeds	As stated in "① Public Offering (Initial Listing)" above.
Planned Expenditure Period at Issuance	As stated in "① Public Offering (Initial Listing)" above.
Current Allocation Status	As stated in "① Public Offering (Initial Listing)" above.

③ Issuance of Stock Acquisition Rights

Payment Date	October 7, 2024
Number of Stock Acquisition Rights Issued	300,000 units
Issue Price	Total ¥14,400,000 (¥48 per unit)
Expected Amount of Funds to Be Raised at Issuance (Estimated Net Proceeds)	¥4,244,400,000 (Estimated Net Proceeds: ¥4,220,650,000)
Allottee	EVO FUND
Total Issued Shares Before Offering	34,326,950 shares
Potential Shares from the Offering	30,000,000 shares
Current Exercise Status	6,730,000 shares exercised
Funds Raised to Date (Estimated Net Proceeds)	¥659,710,000 (Estimated Net Proceeds: ¥657,000,000)
Initial Use of Proceeds at Issuance	① Working capital for the digital consulting business ② Loan repayment funds
Planned Expenditure Period	① Working capital for the digital consulting business:

at Issuance	October 2024 - October 2027 (¥2,220 million) ② Loan repayment funds: January 2025 - October 2027 (¥2,000 million)
Current Allocation Status	① Not yet allocated ② Not yet allocated

11. Issuance Terms

For details, please refer to Appendix 1: "Terms and Conditions for Issuance of Class A Preferred Shares of Monstarlab Holdings Inc."

12. Schedule for the Third-Party Allotment

January 15, 2025	Board resolution regarding the Third-Party Allotment
March 27, 2025	Resolution at the General Meeting of Shareholders (planned)
March 28, 2025	Payment date for the Third-Party Allotment (planned)

II. Amendment to the Articles of Incorporation

1. Purpose of the Amendment

To enable the issuance of the preferred shares, the Company will add a new class of shares, referred to as Class A Preferred Shares, and establish provisions related to these shares. Additionally, changes will be made to the total number of authorized shares and the total number of authorized shares by class. This amendment to the Articles of Incorporation is conditional upon obtaining approval for the proposals related to this third-party allotment of shares and the amendment to the Articles of Incorporation at this General Meeting of Shareholders.

2. Details of the Amendment

For details of the amendment, please refer to Appendix 2: "Details of the Amendment to the Articles of Incorporation."

3. Schedule for the Amendment to the Articles of Incorporation

The amendment to the Articles of Incorporation is planned to be implemented according to the following schedule:

(1) Date of the Board of Directors' Resolution to Submit the Amendment to the General Meeting of Shareholders	January 15, 2025
(2) Date of Resolution at the General Meeting of Shareholders (Planned)	March 27, 2025

Effective Date of the Amendment to the Articles of Incorporation (Planned)	
(3) Payment Date for the Third-Party Allotment of Shares (Planned)	March 28, 2025

III. Reduction of Capital Stock, Capital Reserve, and Disposition of Surplus

1. Purpose of the Reduction of Capital Stock, Capital Reserve, and Disposition of Surplus

To achieve early improvement of the Company's financial health and prepare for agile and flexible capital policies in the future, the Company plans to simultaneously reduce its capital amounts in conjunction with this third-party allotment of shares. This involves transferring the amounts of capital and capital reserves to other capital surplus.

The reduction of capital amounts is conditional upon the approval of the relevant proposal at this General Meeting of Shareholders and the completion of the payment for the third-party allotment of shares. Additionally, pursuant to Article 452 of the Companies Act, the Company plans to offset the deficit in retained earnings brought forward using a portion of the increased other capital surplus resulting from the reduction of capital amounts as part of the surplus disposal.

The disposal of surplus is conditional upon the approval of the relevant proposal at this General Meeting of Shareholders and the effectiveness of the reduction of capital amounts.

2. Details of the Reduction of Capital Stock and Capital Reserve

(1) Amount of Capital to Be Reduced

The capital will be reduced by JPY 3,822,046,424, resulting in a capital amount of JPY 100,000,000. However, if the Company's stock acquisition rights are exercised during the period from January 15, 2025, to March 26, 2025, the increase in capital resulting from such exercises will be added. Additionally, if the capital increase resulting from the issuance of Class A Preferred Shares decreases from JPY 1,650,000,000, the decreased amount will be deducted.

(2) Amount of Capital Reserves to Be Reduced

The capital reserves will be reduced by JPY 11,895,036,880, resulting in capital reserves of JPY 25,000,000. However, if the Company's stock acquisition rights are exercised during the period from January 15, 2025, to March 26, 2025, the increase in capital reserves resulting from such exercises will be added. Additionally, if the capital reserves increase resulting from the issuance of Class A Preferred Shares decreases from JPY 1,650,000,000, the decreased amount will be deducted.

(3) Method for the Reduction of Capital and Capital Reserves

Pursuant to Article 447, Paragraph 1, and Article 448, Paragraph 1 of the Companies Act, the reductions in capital and capital reserves will be carried out as described above, and the entire amounts will be transferred to other capital surplus.

3. Details of the Disposition of Surplus

(1) Item and Amount of Surplus to Be Reduced

The amount of the deficit in retained earnings brought forward, as recorded on the standalone balance sheet for the fiscal year ending December 31, 2024, to be finalized in February 2025. However, if the amount of other capital surplus increased by the reduction in capital and capital reserves is less than this deficit, the increased amount of other capital surplus will be applied.

(2) Item and Amount of Surplus to Be Increased

The amount of the deficit in retained earnings brought forward, as recorded on the standalone balance sheet for the fiscal year ending December 31, 2024, to be finalized in February 2025. However, if the amount of other capital surplus increased by the reduction in capital and capital reserves is less than this deficit, the increased amount of other capital surplus will be applied.

4. Schedule for the Reduction of Capital Stock, Capital Reserve, and Disposition of Surplus

(1) Board of Directors' Resolution Regarding the Reduction of Capital Amounts Resolution by the Board of Directors to Submit the Proposal on the Reduction of Capital Amounts to the General Meeting of Shareholders	January 15, 2025

(2) Announcement Date for Creditors' Right to File Objections (Planned)	February 19, 2025
(3) Final Date for Creditors' Right to File Objections (Planned)	March 19, 2025
(4) Date of General Meeting of Shareholders Resolution (Planned)	March 27, 2025
(5) Effective Date for the Reduction of Capital Amounts and Disposal of Surplus (Planned)	March 28, 2025

5. Future Outlook

The reduction of capital amounts involves a transfer of capital and capital reserves to other capital surplus within the net assets section of the balance sheet. Similarly, the disposal of surplus involves a transfer of other capital surplus to retained earnings brought forward within the net assets section of the balance sheet. Neither transaction will result in any changes to the total net assets of the Company, and there will be no impact on the Company's performance.

Appendix 1

Terms of Issuance for Class A Preferred Shares by Monstarlab Holdings Inc.

1. Name of Shares

Monstarlab Holdings Inc. Class A Preferred Shares (hereinafter referred to as "Class A Preferred Shares").

2. Number of Shares Offered

33,000,000 shares

3. Payment Amount per Share

JPY 100 per share

4. Increase in Capital and Capital Reserve

- **Capital:** JPY 1,650,000,000 (JPY 50 per share)
- **Capital Reserve:** JPY 1,650,000,000 (JPY 50 per share)

5. Total Payment Amount

JPY 3,300,000,000

6. Payment Date

March 28, 2025

7. Method of Issuance

All Class A Preferred Shares will be allocated to The San-in Godo Bank, Ltd., through a third-party allotment.

8. Distribution of Surplus

(1) Class A Preferred Dividends

The Company shall, in accordance with the payment priority stipulated in Article 15(1), pay a monetary dividend of surplus (hereinafter referred to as "Class A Preferred Dividend") for each share of Class A Preferred Stock to the shareholders or registered pledgees of Class A Preferred Shares (hereinafter collectively referred to as "Class A Shareholders") recorded in the final shareholders' register as of the last day of each fiscal year (hereinafter referred to as the "Dividend Record Date"). In the case where the dividend amount results in fractions of less than one yen, such fractions shall be truncated.

(2) Amount of Class A Preferred Dividends

The amount of the Class A Preferred Dividend shall be calculated by multiplying JPY 3,300,000,000 (hereinafter referred to as "Paid-in Amount") by the following dividend rate:

- **Dividend Rate:** Japanese Yen TIBOR (6 months) + 2.0%

The "Japanese Yen TIBOR (6 months)" refers to the Tokyo Interbank Offered Rate for six-month yen loans, published by the JBA TIBOR Administration (or any succeeding organization). The rate shall be rounded to the nearest fourth decimal place.

(3) Participation Clause

After distributing the Class A Preferred Dividends and the cumulative unpaid preferred dividends (defined in (4)), if the Company distributes dividends to ordinary shareholders, it shall also distribute the same amount per share of Class A Preferred Shares to the Class A Shareholders.

(4) Cumulative Clause

If the total dividends paid per Class A Preferred Share for a fiscal year are less than the amount of the Class A Preferred Dividends for that year, the shortfall shall accrue as cumulative unpaid preferred

dividends. These amounts shall accumulate with simple interest based on the dividend rate specified above until the next payment date.

9. Distribution of Residual Assets

(1) Distribution Amount

Upon liquidation, the Company shall, in accordance with the priority stipulated in Article 15(2), pay JPY 100 per Class A Preferred Share, plus cumulative unpaid preferred dividends and accrued unpaid dividends, as residual assets distribution. Any fractional amounts resulting from this calculation shall be truncated.

(2) Non-Participation Clause

No distribution of residual assets other than specified above shall be made to Class A Shareholders.

(3) Pro-rata Calculation

Accrued unpaid dividends per share shall be calculated on a daily basis for the period from the start of the fiscal year until the distribution date, assuming the dividends were paid on the record date.

10. Voting Rights

(1) Class A Shareholders shall not have voting rights at general meetings of shareholders except as otherwise provided by law.
(2) A special resolution at a class shareholders' meeting shall not be required for actions outlined in Article 322(1) of the Companies Act.

Appendix 2

Details of Amendments to the Articles of Incorporation

(Underlined sections indicate the changes.)

Current Articles of Incorporation	Proposed Amendment to Articles of Incorporation
Chapter 2 Shares	Chapter 2 Shares
(Total Number of Authorized Shares) Article 6 The total number of shares authorized to be issued by the company shall be 120,000,000 shares.	(Total Number of Authorized Shares and Authorized Shares by Class) Article 6 The total number of authorized shares of the Company shall be 150,000,000, and the total number of authorized shares by class shall be as follows: Common Shares: 150,000,000 shares Class A Shares: 33,000,000 shares
Article 7 (Provision omitted)	Article 7 (Unchanged)
(Number of Shares per Unit) Article 8 The number of shares constituting one unit of shares of the company shall be 100 shares.	(Share Unit) Article 8 The number of shares constituting one unit of common shares of the Company shall be 100 shares, and the number of shares constituting one unit of Class A Shares shall be 1 share.
Articles 9 to 11 (Provisions omitted)	Articles 9 to 11 (Unchanged)
(New Provision)	<u>Chapter 2-2 Class A Shares</u> <u>(Dividends of Surplus)</u> <u>Article 11-2 (Class A Preferred Dividends)</u> <u>The Company shall pay monetary dividends of surplus (hereinafter referred to as "Class A Preferred Dividends") for each Class A Share to shareholders recorded or registered in the final shareholder register on the last day of each fiscal year (hereinafter referred to as the "Dividend Record</u>

	Date") in accordance with the payment priority stipulated in Article 11-9, Paragraph 1. The amount of the dividend shall be as stipulated in Paragraph 2 of this article. Fractions of less than one yen arising from such dividends shall be rounded down. (Amount of Class A Preferred Dividends) The amount of Class A Preferred Dividends shall be calculated by multiplying the payment equivalent amount of ¥3,300,000,000 (hereinafter referred to as the "Payment Amount") by the dividend annual rate specified below: Dividend Annual Rate = Japanese Yen TIBOR (6-month) + 2.0% "Japanese Yen TIBOR (6-month)" refers to the 6-month Tokyo Interbank Offered Rate (TIBOR) for Japanese yen published by the Japanese Bankers Association TIBOR Administration or any other organization reasonably deemed equivalent at 11:00 AM on the first day of the fiscal year to which the Dividend Record Date belongs. (Participation Clause) After paying the Class A Preferred Dividends and any cumulative unpaid dividends as defined in Paragraph 4 of this article to Class A shareholders, if the Company pays dividends of surplus to common shareholders, it shall simultaneously pay the same amount of surplus dividends per share of Class A Shares as that paid per share of common stock. (Cumulative Clause) If the total dividend per Class A Share for a fiscal year is less than the amount of the Class A Preferred Dividend for that fiscal year, the

	shortfall shall accumulate as "Cumulative Unpaid Class A Dividends" until payment is made.
(New Provision)	(Distribution of Residual Assets) Article 11-3 (Residual Asset Distribution) When distributing residual assets, the Company shall pay monetary amounts per Class A Share calculated by adding the payment equivalent amount, any cumulative unpaid dividends, and the pro-rated unpaid preferred dividend amount defined in Paragraph 3 of this article, in accordance with the payment priority stipulated in Article 11-9, Paragraph 2. (Non-participation Clause) Other than as stipulated in Paragraph 1, no further residual asset distributions shall be made to Class A shareholders. (Pro-rated Unpaid Preferred Dividends) Pro-rated unpaid preferred dividends per Class A Share shall be calculated using actual days for the period between the start of the fiscal year and the distribution date.
(New Provision)	(Voting Rights) Article 11-4: Class A preferred shareholders shall not have voting rights at general shareholders' meetings, except as otherwise provided by laws and regulations. 2. The company shall not require a resolution of a class shareholders' meeting comprising Class A preferred shareholders for actions listed in each item of Article 322, Paragraph 1 of the Companies Act, unless otherwise stipulated by laws and regulations.
(New Provision)	(Request for Acquisition in Exchange for Common Shares)

		Article 11-5: (Class A Preferred Shareholder’s Right to Request Acquisition with Common Shares) Class A preferred shareholders may, at any time after the issuance date of Class A preferred shares, request the company to acquire all or part of their Class A preferred shares in exchange for the delivery of common shares specified in Paragraph 2 of this Article ("Request for Acquisition with Common Shares"). Upon receiving such a request, the company shall acquire the relevant Class A preferred shares and deliver the corresponding common shares within the legally permissible scope. 2. (Number of Common Shares to be Delivered in Exchange for Class A Preferred Shares): The number of common shares delivered in exchange for one Class A preferred share shall be calculated as follows: (i) the paid-in amount per Class A preferred share, (ii) the amount of unpaid cumulative dividends for Class A shares, and (iii) the pro-rata amount of unpaid priority dividends for Class A shares, divided by the acquisition price specified in Paragraphs 3 and 4. Any fractional shares resulting from the calculation will be rounded down. 3.(Acquisition Price): The acquisition price shall be ¥95.9. 4.(Adjustment of Acquisition Price): (1) The acquisition price shall be adjusted under the following circumstances:

① Stock Split or Free Allotment of Shares

In the case of a stock split or free allotment of common shares, the acquisition price shall be adjusted using the following formula. For free allotment, "the number of issued shares before the split" in the formula shall be replaced with "the number of issued shares before the allotment (excluding treasury shares held by the company)" and "the number of issued shares after the split" shall be replaced with "the number of issued shares after the allotment (excluding treasury shares held by the company)."

$$\text{Adjusted Acquisition Price} = \text{Acquisition Price Before Adjustment} \times \frac{\text{Number of Issued Shares Before Split}}{\text{Number of Issued Shares After Split}}$$

The adjusted acquisition price shall apply from the day following the record date of the stock split or the effective date of the free allotment of shares.

② Reverse Stock Split

In the case of a reverse stock split, the acquisition price shall be adjusted using the following formula:

$$\text{Adjusted Acquisition Price} = \text{Acquisition Price Before Adjustment} \times \frac{\text{Number of Issued Shares Before Reverse Split}}{\text{Number of Issued Shares After Reverse Split}}$$

The adjusted acquisition price shall apply from the effective date of the reverse stock split.

③ Issuance or Disposal of Common Shares Below Market Value

In the case of issuing new common shares or disposing of treasury common shares at a price below the market value, the acquisition price shall be adjusted using the following formula:

	Adjusted Acquisition Price = Acquisition Price Before Adjustment $\times \frac{\text{Number of Issued Shares (Excluding Treasury Shares)} + \text{Number of Newly Issued Shares} \times \text{Paid-in Amount per Share}}{\text{Market Value per Share} \times (\text{Number of Issued Shares (Excluding Treasury Shares)} + \text{Number of Newly Issued Shares})}$ The adjusted acquisition price shall apply from the day after the payment date or the record date of allocation to shareholders, whichever is applicable. ④ Issuance of Shares or Share Options with Exercise Price Below Market Value In the case of issuing shares or share options that can be exercised at a price below the market value, the adjusted acquisition price shall be calculated similarly to Article 4(1)③ and shall apply from the day after the allotment date or the effective date of the allocation. ⑤ Exclusions for Stock Options Issued to Directors or Employees Adjustments under Article 4(1)⑤ shall not apply to stock options issued for directors, officers, or employees of the company or its subsidiaries. (2) Other Circumstances Requiring Adjustment If circumstances such as mergers, stock swaps, stock transfers, or other significant changes in the number of issued shares occur, the company shall notify Class A shareholders in advance and make appropriate adjustments to the acquisition price. (3) Calculation of Adjusted Acquisition Price All calculations shall be rounded to the nearest second decimal place.

	(4) Market Value Used for Adjustments The market value per share shall be the average closing price of the company's common shares on the Tokyo Stock Exchange over the 30 consecutive trading days prior to the adjustment date. (5) Threshold for Adjustment No adjustment shall be made if the difference between the adjusted and unadjusted acquisition prices is less than ¥0.1. Such unadjusted amounts will be carried forward for future adjustments.
(New Provision)	(Provision for Acquisition in Exchange for Monetary Consideration) Article 11-6 The company may, at any time from the day following the payment date, acquire all or part of the Class A preferred shares held by Class A preferred shareholders in exchange for monetary consideration (hereinafter referred to as "Monetary Redemption"), on a date separately determined by the Board of Directors (hereinafter referred to as the "Monetary Redemption Date"). The company shall provide prior written notice to Class A preferred shareholders at least 14 days before the Monetary Redemption Date, which shall be irrevocable. The acquisition of Class A preferred shares shall be carried out within the legally permissible scope, and the company shall pay monetary consideration on the Monetary Redemption Date in exchange for the acquisition of such shares, up to the distributable amount specified under Article 461, Paragraph 2 of the Companies Act. If only a portion of the Class A preferred shares

	is to be acquired, the shares to be acquired shall be determined proportionally among the Class A preferred shareholders. The acquisition price per Class A preferred share shall be the sum of the following amounts as of the Monetary Redemption Date: (i) The paid-in amount per Class A preferred share, (ii) The amount of unpaid cumulative dividends for Class A preferred shares, and (iii) The pro-rata amount of unpaid priority dividends for Class A preferred shares. For the purposes of this Article, the calculation of the unpaid cumulative dividends and pro-rata unpaid priority dividends shall treat the "date of distribution of residual assets" and the "distribution date" as the "Monetary Redemption Date." If the monetary consideration to be delivered in exchange for the acquisition of Class A preferred shares includes fractional amounts less than ¥1, such fractions shall be rounded down.
(New Provision)	(Transfer Restrictions) Article 11-7 The transfer of Class A preferred shares shall require the approval of the company's Board of Directors.
(New Provision)	(Stock Splits, Reverse Splits, and Allocation of Shares) Article 11-8 The company shall not conduct stock splits or reverse stock splits for Class A preferred shares.

(New Provision)	The company shall not grant Class A preferred shareholders the right to be allocated newly issued shares or subscription rights to shares. The company shall not conduct free allotments of shares or subscription rights to shares for Class A preferred shareholders. 以下に「優先順位」の英訳案を示します。 (Priority of Distribution) Article 11-9 The order of distribution of surplus dividends among Class A cumulative unpaid dividends, Class A preferred dividends, and surplus dividends to common shareholders or registered pledgees of common shares (hereinafter collectively referred to as "Common Shareholders, etc.") shall be as follows: (i) Class A cumulative unpaid dividends: First priority. (ii) Class A preferred dividends: Second priority. (iii) Surplus dividends to Common Shareholders, etc.: Third priority. The order of distribution of residual assets between Class A preferred shares and common shares shall be as follows: (i) Residual assets distributed to Class A preferred shares: First priority. (ii) Residual assets distributed to common shares: Second priority. If the amount available for surplus dividends or residual asset distribution is insufficient to fully satisfy the total amount required for

	distribution at a certain priority level, the distribution shall be made proportionally based on the amount required for each shareholder at that priority level.
	Chapter 3: General Shareholders' Meetings
Articles 12 to 18 (Provisions omitted)	Articles 12 to 18: (Remain unchanged)
(New Provision)	(Class Shareholders' Meetings) Article 18-2 The provisions of Articles 12 to 18 shall apply mutatis mutandis to class shareholders' meetings.
Articles 19 to 46 (Provisions omitted)	Articles 19 to 46: (Remain unchanged)