Monstarlab ：：

FY2023 Q2 Investor Presentation Material

Monstarlab Holdings, Inc (Securities Code: 5255)

Aug 14, 2023

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1. FY2023 Q2 Results

2. Revision of Consolidated Earnings Forecast

3. Appendex

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Executive Summary

Unit: million yen

	Q2 Results	First Half Results
Revenue	3,121 YoY-5.9%	6,760 YoY+5.2%
Operating income(loss)	- 822	- 468
Profit(loss) attributable to owners of parent	-189	7

First Half Results

- Due to the combined effect of slowdown in projects in the development phase in APAC, sales activities in the Middle East that were more stagnant than expected during the period of Ramadan (late March to late April), and weak new orders in the U.S. and Europe due to concerns about recession, revenue significantly fell short of the plan.
- Since the company has been hiring personnel based on the assumption of organic sales growth of more than 22% for the current fiscal year, the cost of sales and SG&A expense ratios have increased along with the slowdown in sales growth, resulting in a significant operating loss.
- The impact of yen depreciation put downward pressure on operating income (approx. 100 million yen impact).
  On the other hand, due to foreign exchange gains (approx. 600 million yen), quarterly profit attributable to owners of the parent was positive in the first half.
- In view of the earnings results in H1 and expected expenses for structural reform in H2, we have announced the revision of our consolidated earnings forecast effective today.

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Due to slowdown in revenue growth and increase in prospective investment costs, operating profit was weak.

Unit: mllion yen

	FY2022 Q2	FY2023 Q2	Change	FY2022 1st half	FY2023 1st half	Change
Revenue	3,317	3,121	-5.9%	6,424	6,760	+5.2%
Cost of sales	2,354	2,293	-2.6%	4,357	4,847	+11.2%
Gross profit (Percentage)	962 (29.0%)	828 (26.5%)	-14.0%	2,067 (32.2%)	1,912 (28.3%)	-7.5%
Selling, general,and administrative expenses	1,707	1,686	-1.3%	2,829	3,156	+11.6%
Other income	45	52	+15.2%	59	838	+1,317.8%
Other expenses	1	16	+882.8%	5	62	+967.9%
Operating profit(loss) (Percentage)	-701 (—)	-822 (—)	—	-708 (—)	-468 (—)	—
Profit(loss)before income tax (Percentage)	-485 (—)	-128 (—)	—	-285 (—)	123 (1.8%)	—
Profit(loss)attributable to owners of parent (Percentage)	-576 (—)	-189 (—)	—	-444 (—)	7 (0.1%)	—

To secure funds for growth, we entered into an agreement for a syndicated loan of 2.8 billion yen

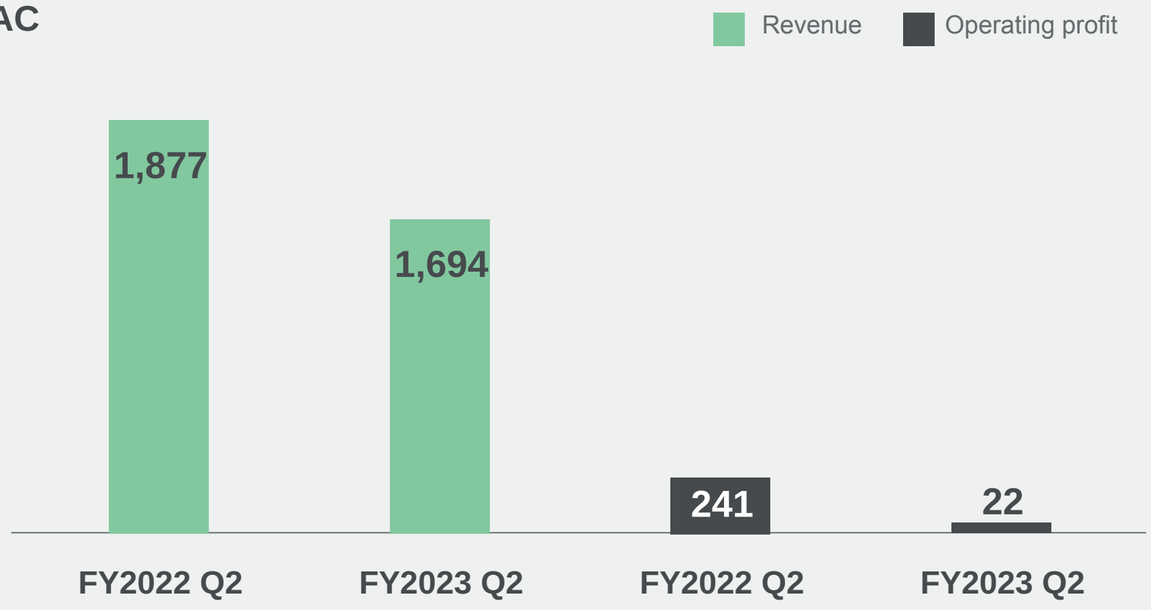
Unit: mllion yen

	2022 Q4	2023 Q2	Change	Percentage Change
Current assets	7,818	7,769	-49	-0.6%
Cash and cash equivalents	2,724	3,470	+746	+27.4%
Non-current assets	5,165	7,794	+2,628	+50.9%
Total assets	12,983	15,563	+2,579	+19.9%
Current liabilities	5,560	6,476	+915	+16.5%
Non-Current liabilities	3,330	3,110	-219	-6.6%
Equity	4,092	5,976	+1,883	+46.0%
Total liabilities and equity	12,983	15,563	+2,579	+19.9%

APAC：Revenue decreased due to delay in project transition of consulting phase to the development phase

Unit: million yen

APAC



	2022 Q2	2023 Q2	Change	Percentage Change
Revenue	1,877	1,694	-182	-9.7%
Operating profit	241	22	-219	-90.8%

- While existing projects were terminated or scaled back, new projects were acquired steadily, with 27 new projects in Q2 of this fiscal year compared to 20 in Q2 of the previous fiscal year.
- However, many of the projects won since the second half of the previous fiscal year require the formulation of DX strategies, and the transition to the development phase has been pushed back, or projects have been terminated without transitioning to the development phase because product development is not the optimal solution. As a result, the number of development-phase projects, which are large in terms of sales, slumped and sales declined.
- As for operating profit, lower utilization ratio due to lower sales, increased personnel and recruiting costs due to upfront investments based on sales growth put pressure on profits. Operating profit was further deteriorated by increased costs at delivery centers due to the weak yen.

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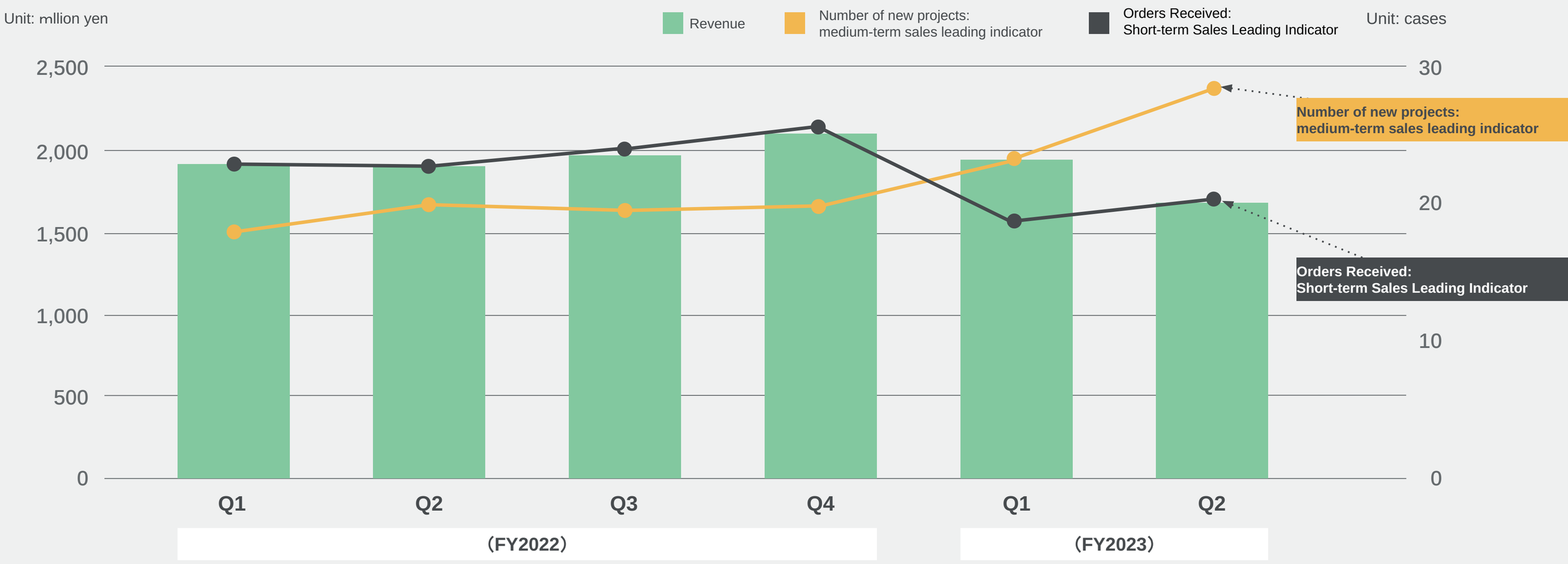
APAC : While orders received (leading indicator of short-term revenue) struggles, the number of new projects (leading indicator of medium-term revenue) is increasing

- In the second quarter of the current fiscal year, large new projects with annual sales of 50 million yen or more or 100 million yen or more were acquired, and these projects are expected to gradually contribute to business results in the H2 of the fiscal year.



Strong orders for Chat GPT projects for major financial institutions, DX for global companies

- Favorable orders for strategic projects in the financial domain, including major financial institutions and regional banks
- Chat GPT, fintech, HR tech, and other technology areas are expanding deals

▶Examples of projects won in the APAC in H1 (January-June 2023)

Sector	Project Summary
Finance	Support for implementation of Chat GPT for automation of customer contact points at a major financial institution
Finance	Strategic planning for regional platform business, which will be the future core business at a regional bank
Finance	Digitalization of customer contact points at a regional bank
Real estate	Customer experience transformation of a large commercial facility
Manufacturing	Digitalization of global manufacturing operations
Human Resouce	Product development for new business in HR business
Technology	Creation of dashboard for visualization of management figures and formulation of DX strategy

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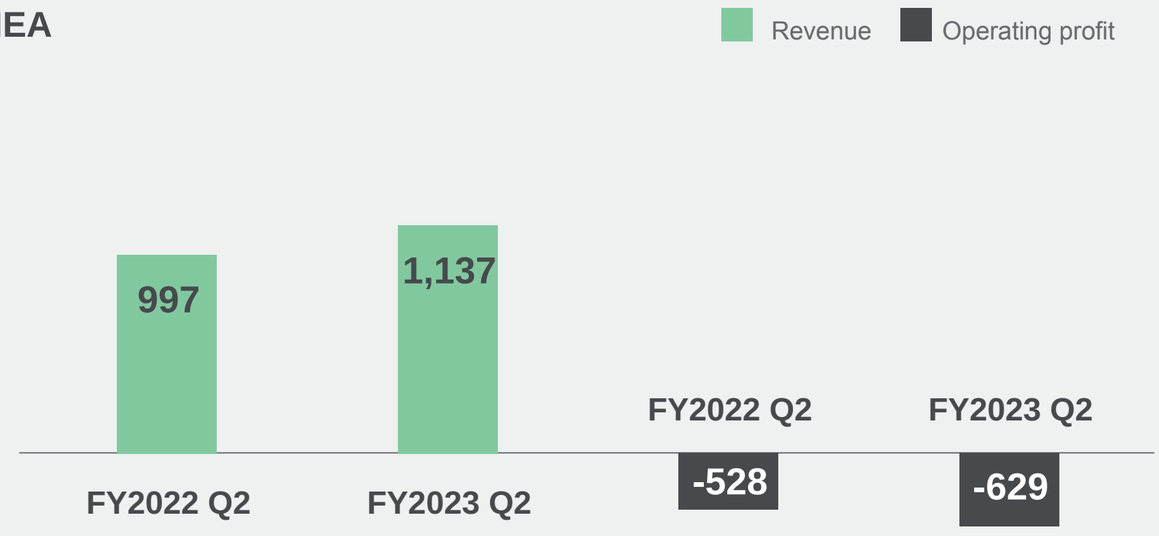
EMEA : Revenue growth slowed due to a larger-than-expected seasonal factor in first half in Middle East

Unit: million yen

EMEA



	2022 Q2	2023 Q2	Change	Percentage Change
Revenue	997	1,137	+139	14.0%
Operating profit	-528	-629	-100	-

- In the Middle East, although large projects were acquired following Q1, seasonal factors during Ramadan (end of March to end of April) had a larger-than-expected impact on sales activities, resulting in a sales decline of approximately 400 million yen versus the initial plan, and a sales growth rate of +20% YoY.

  ※ In the previous fiscal year, the impact of Ramadan was limited as our clients in the UAE consisted mainly of international companies that operate globally, including Europe and Asia. On the other hand, the impact of the seasonal factor was larger than in the previous fiscal year as our clients in this fiscal year consisted mainly of large local companies and governments in Saudi Arabia and the UAE.

- In Europe, economic slowdown, protracted situation in Russia and Ukraine, and continued high inflation will lead to a shrinkage of existing projects and a slowdown in new project orders except in some favorable areas such as life sciences, resulting in sales growth rate of +5% YoY.

- As we were investing prospectively based on the assumption of revenue growth, associated costs dragged down profit.

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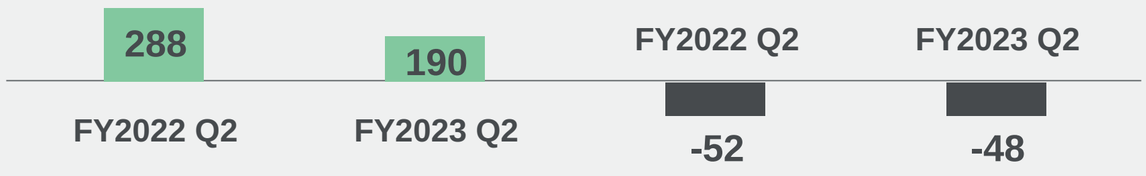
AMER : Revenue declined due to recession concern

AMER

Unit: million yen



	2022 Q2	2023 Q2	Change	Percentage Change
Revenue	288	190	-97	-33.8%
Operating profit	-52	-48	+4	-

- Sales decreased due to unexpected downsizing and termination of several projects as existing customers reduced DX investments, and new project orders were also weak.
- The decrease in revenue had a negative impact on profit, and we recorded a loss.

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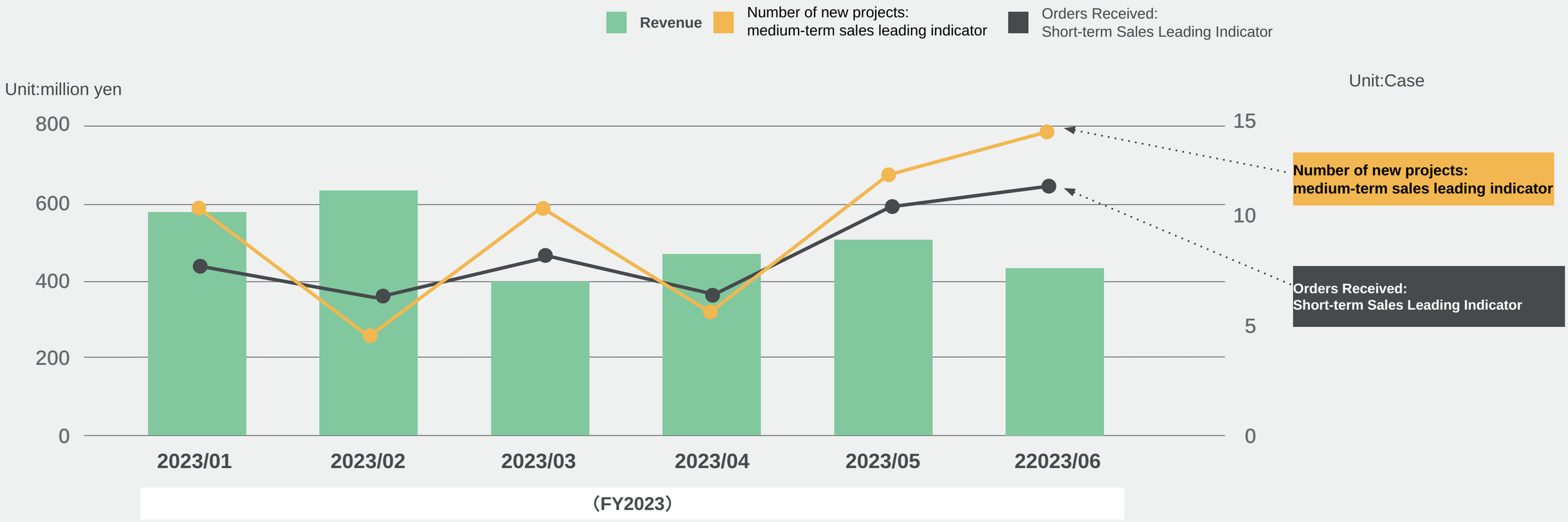
EMEA & AMER : Sales slowed down more than expected in the Middle East due to the impact of Ramadan, but orders have been strong since then, and both orders received, in the short-term sales lead indicator and the number of new orders, in the medium-term sales lead indicator are on an upward trend.



Winning large projects in the Middle East mainly from local governments and large companies

- We have acquired prospective clients for large projects via the network with local governments and large companies.
- We have received these orders as clients highly appreciate our capability, supported by local staff, to roll out the four service lines (strategy, experience, technology, and data) in an agile manner.

▶Examples of new projects in the Middle East in H1 (January-June 2023)

***Projects with orders of 100 million yen or more**

Sector	Project Summary
Government	Digital transformation and workforce strategy for healthcare-related government agency
Government	Digital transformation strategy development for social development agency
Government	PMO for major urban development project
Government	Future people and workforce strategy to support economic development and investment
Government	Strategy development and customer experience design related to business attraction
Finance	Digital channel development, innovation lab and metaverse development
Real estate	New business development support enabled by digital technologies

Digital transformation demand remains very high, especially in APAC and the Middle East, with orders for DX projects that transform customers' businesses

▶Examples of projects won in the first half

APAC

Chat GPT implementation support for a large financial institution to automate customer contact points

Support for a commercial facility attracting several tens of millions of visitors per year to implement a drastic transformation of customer experience by leveraging digital technologies

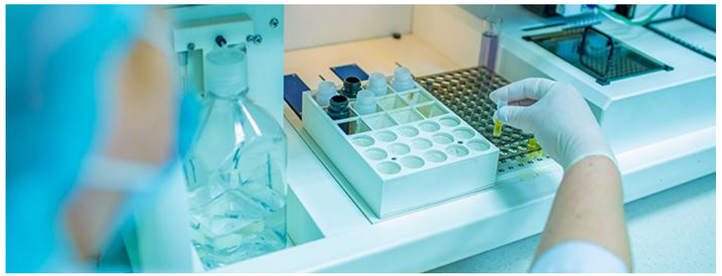
Middle East

Support for a large local real estate developer in the Middle East to develop new businesses by leveraging digital technologies

Strategy development support for a port facility operated by a government to promote innovation

Europe

Digital strategy and transformation roadmap and simultaneous implementation for a large healthcare company



Automation and digitalization of operations at manufacturing factories of a large global pharmaceutical company

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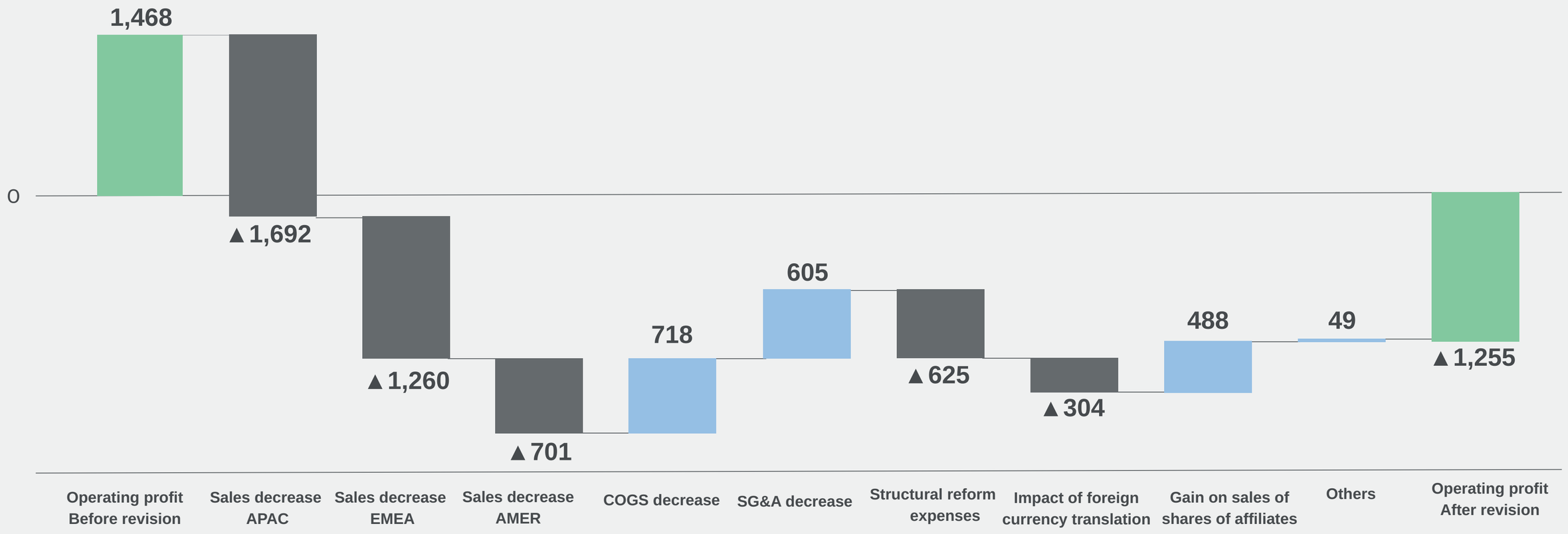
The previous earnings forecast announced on March 28, 2023 has been revised in view of H1 results

Unit: million yen

	Previous Forecast (a. Before Revision)	Revised Forecast (b. After Revision)	Change (b-a)	Percentage Changes	Results for Previous Fiscal Year (FY2022)
Revenue	17,441	14,273	-3,167	-18.1%	14,270
Operating profit(loss)	1,468	-1,255	-2,723	–	-389
Profit(loss)before income tax	1,388	-783	-2,171	–	-447
Profit(loss)attributable to owners of parent	883	-968	-1,851	–	-674
Basic earnings (loss) per share (yen)	26.69	-28.67	-55.36	–	-24.50

- Revenue growth slowed due to weakness in development phase projects in APAC (mainly in Japan), delays in receiving new orders during Ramadan in the Middle East, and decrease in new orders in the U.S. and Europe due to recession concerns.
- As we were investing proactively, including recruitment, based on the initial plan assumption of revenue growth of 22% or more, cost was high in relation to revenue. This, combined with the effect of the weaker yen, resulted in an unexpected operation profit loss for H1.
- We have revised our earnings forecast in view of the progress in H1 and temporary expenses for structural reform in H2 (approximately 600 million yen).

Revised Full-Year Forecast: Factors for Increase/Decrease in Operating Income (vs. Pre-Revision Forecast)



*As a result of structural reforms, we expect to see a fixed cost reduction of approximately 100 million yen per month starting in September 2023.
The difference of 3,167 million yen between the previous forecast and the current forecast for sales revenue is due to the difference in assumed exchange rates between the previous forecast, actual results and the revised forecast..

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Factors behind the Revision of Earnings Forecast and Measures to be Taken Going Forward

	Factors behind Budget Revision	Measures to be Taken Going Forward
APAC	▪ Although some of the existing projects were terminated or scaled back in Q1, we expected that the initial plan could be achieved as the newly acquired projects move to the development phase, whose revenue is higher, in H2. ▪ Many of the orders received since the second half of the previous fiscal year require the formulation of DX strategies related to business strategies, and it became clear in Q2 that sales did not meet the initial plan due to a certain number of projects that moved later than expected to the development phase or were terminated because the product development was not the optimal solution.	▪ Change leadership to shift to a structure that can aim for renewed growth. ▪ DX demand continues to be brisk, and we will continue to focus on acquiring new projects. ▪ Stabilize utilization rates by acquiring projects that start not only in the consulting phase but also in the development phase.

EMEA	▪ In the Middle East, the impact of Ramadan was larger than expected as major local companies and governments in the UAE and Saudi Arabia became major customers this quarter, whereas international companies in the UAE were major customers in the previous quarter.
	▪ In Europe, we had assumed that the impact of the macroeconomic environment would be limited given the scale of our business in response to concerns of economic recession, the protracted situation in Russia and Ukraine, and rising inflation, but this led to a greater than expected deterioration in project orders..
		▪ In the Middle East, we will continue to focus on acquiring large long-term projects.
		  ▪ Minimize the impact of Ramadan on the next fiscal year by acquiring long-term projects and having multinational members working on projects that are not affected by seasonality.
		▪ Focus on areas of our competitive advantage while downsizing European operations.
		  ▪ Close a base in Amsterdam and downsize operations in other countries.
		  ▪ Focus on areas with high DX demand, such as life sciences and finance.

AMER	▪ In response to concerns of a recession in the U.S., the impact of the macro environment assumed from the scale of our business was viewed as limited, but several existing projects experienced downsizing of team size due to reductions in DX investment, and orders for new projects were also weak.	▪ Focus on areas of our competitive advantage while downsizing operations.
		  ▪ Close a base in Canada and downsize operations in the U.S. and Columbia.
		  ▪ Focus on areas such as big tech companies and life sciences.

Aiming to be back on a growth path

through decisive implementation of a management reform

▶ Change in management

- Founder and Group CEO Inagawa to act as a representative for our Japanese operations and lead APAC to drive recovery of earnings and renewed growth.

▶ Reorganization of bases (closure and downsizing)

- Closure of Amsterdam, Vancouver, and Chengdu (China) bases, which are unlikely to contribute to earnings in the future, and personnel reductions at these bases
- Optimize headcounts and review the organizations of other bases in EMEA and AMER on top of three bases above in consideration of the current revenue to reduce Group headcounts by about 110 (approximately 7%) from the current 1,566 by this office closure and dowsizing

▶ Overseas bases to focus on their respective focus areas

- Bases in the U.S. and Europe to focus on areas where DX demand is strong, such as life sciences, financial services, retail, and education while downsizing omnidirectional marketing and sales activities.

▶ Optimization of SG&A expenses

- Reform the structure to be profitable while achieving sales growth by optimizing costs with the target of achieving a SG&A-to-sales ratio of 25% in the fourth quarter of 2024.
- Reviewed IT costs, recruiting costs, sales and marketing costs, and converted cross-group functions to shared service centers.

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At the Conclusion

- Given that **the DX market continues to grow rapidly**, we believe that the intrinsic **growth potential of the Monstarlab Group has not changed**.

- Although growth has recently stagnated due to the shortage of development projects, given the successful **acquisition of large DX projects on a global basis**, **the superiority of our DX solutions that combine our four service lines** (Strategy, Experience, Technology, and Data), which are our strengths, **has not changed** either.

- In order to create a foundation to support **further strong growth** going forward, we will **drastically reinforce the profit structure in this fiscal year** while **continuing to invest in the seeds for growth** in and after the next fiscal year.

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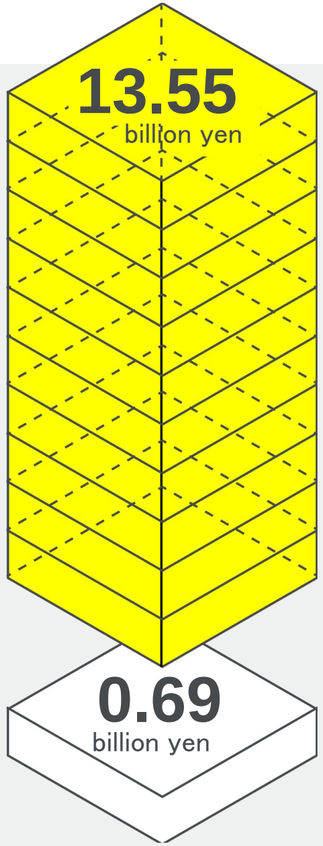
While focusing on digital consulting for major companies, Monstarlab also develops SaaS-type products to address common market issues



Digital Consultancy

Comprehensive DX* service provision aligned with our client's business

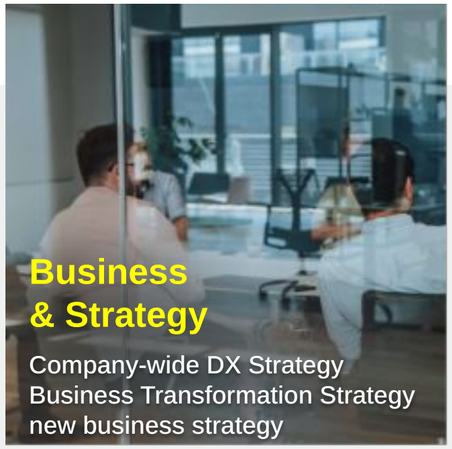
*Digital Transformation

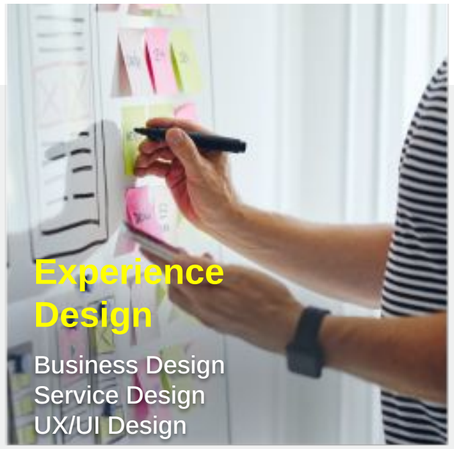
Product Business

Multiple SaaS-type services that resolve common global and market issues

MONSTAR.ch — Music streaming for retali shops

RAX EDITOR — RPA for SMEs





FY2022 Revenue 14.2 billion yen

Notes：DX stands for digital transformation. Most of the digital consultancy business is time and material-based work (clients are billed based on a fixed rate per hour for human resources who provide services and the number of hours worked).

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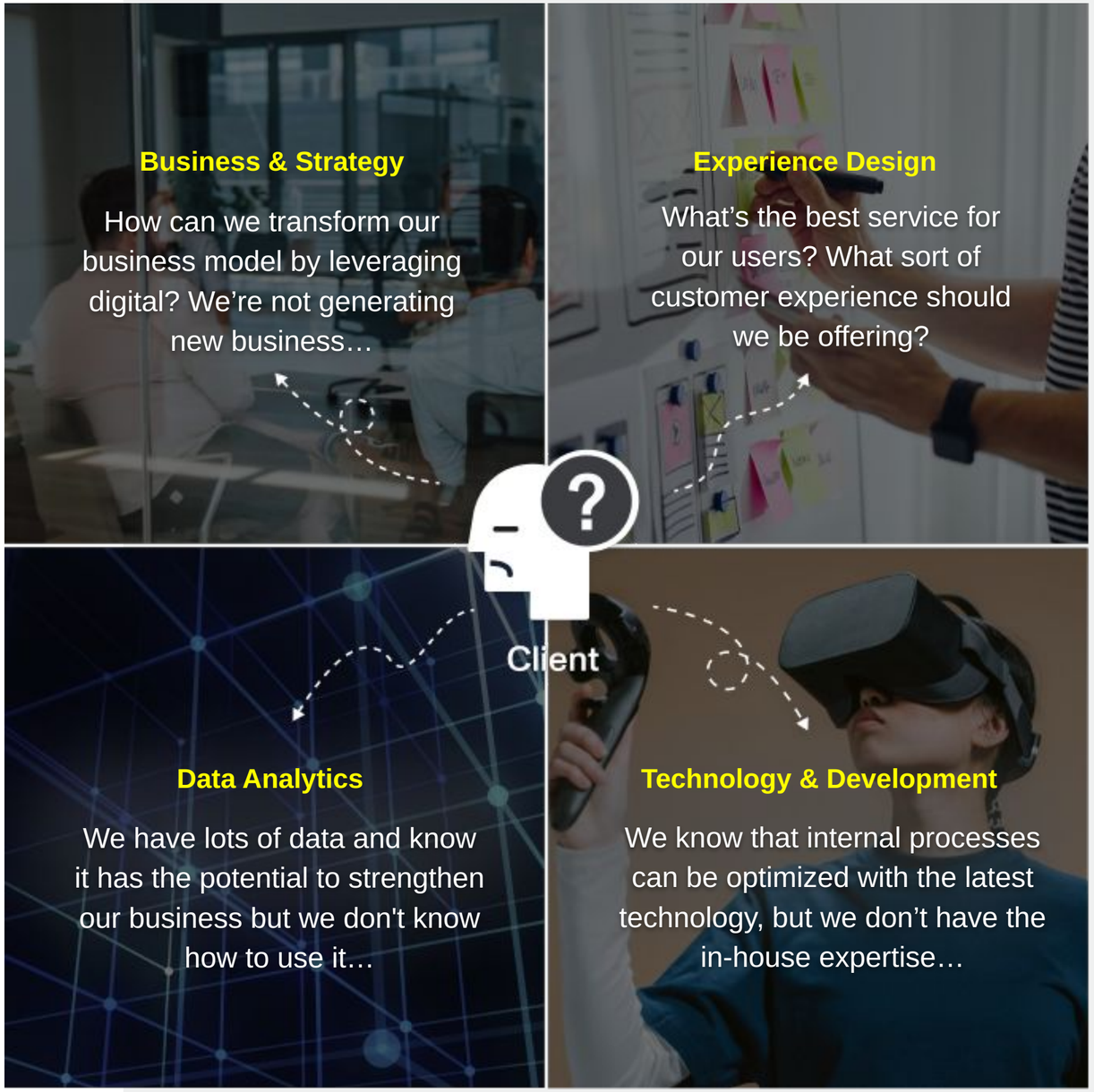
Aiming to **solve our clients' management issues** by leveraging comprehensive capabilities such as strategy formulation, system development, data analysis, and process optimization



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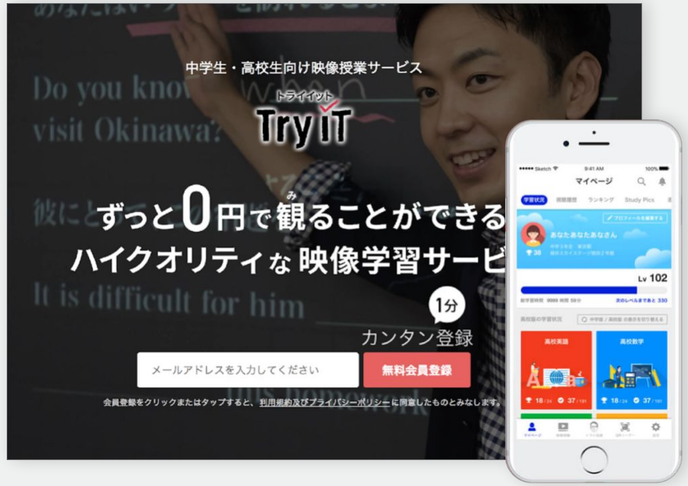
By accompanying Try in various IT initiatives, Monstarlab helped it transform its business

MVP

The MVP was designed with Youtube's UI in mind, leveraging its familiarity for students. Monstarlab proposed and implemented a chapter function to improve learning efficiency.

Try IT



We designed infrastructure that can respond to sudden spikes in access before midterm/final exams and also implemented SEO that covers a wide range of terms in the textbooks.

My Try Course

When launching a new course in 2017, we collaborated with the classroom tutors to design suitable routes for video lessons and plan the time allocation for the course.

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The result: As a leading ed-tech company, Try succeeded in acquiring a corporate valuation of over 110 billion yen

家庭教師のトライ

Number of user

over **1.5M**

Number of Youtube channel subscriber

over **0.6M**

Try IT is **super easy to understand!** Check it out!

Try IT's videos are **100 times easier to understand** than printouts!

Try IT helped me with history, geography and even math.

Notes: Comments were selected from comments solicited by Try IT on Twitter in 2017.
The number of users is as of December 2022.
Source: Nikkei (October 11, 2021), MARR

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Corporate Valuation

110 **Billion Yen**

(as of October 2021)

"The appeal of Try is that... it has established a system where one-to-one **tutoring can be taken online anywhere**, and has made **successful digital investments**, such as linking it to the free video tuition service Try IT."

Yukinori Sukeyama, Partner, Japan Co-Chairman, Representative Director, CVC Asia Pacific Japan

日本経済新聞

家庭教師のトライ、英ファンドが1100億円で買収

【イブニングスクープ】

2021年10月11日 18:00 [有料会員限定]

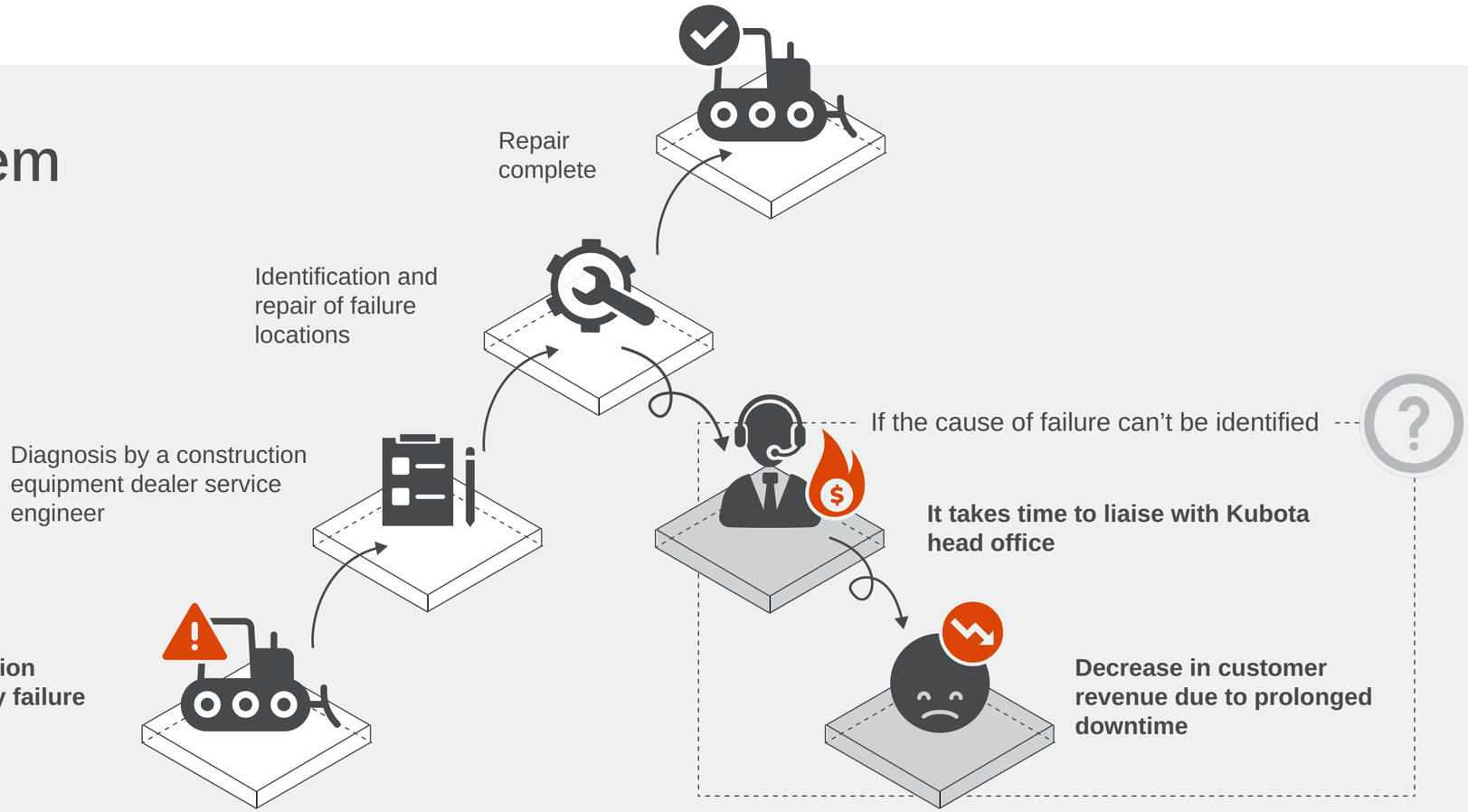
トライは「個別教室のトライ」などを運営する（トライ日本橋人形町校）

英投資ファンドのCVCキャピタル・パートナーズは、「家庭教師のトライ」を手がけるトライグループ（東京・千代田）を1100億円程度で買収する。新型コロナウイルスの感染下でオンライン教育が浸透するなか、人工知能（AI）関連の投資を増やし競争力を高め、3～4年後の上場を目指す。教育ビジネスで、デジタル投資が生き残りを左右する要因になってきた。

トライは家庭教師や個別指導塾を全国で展開し、1100カ所の拠点を持つ。登録する家庭教師の数は20万人を超える。家庭教師でシェア約1割の最大手だ。非上場だが2021年5月期の売上高は約500億円と、上場企業では東進ハイスクールを手がけるナガセと同規模。トライグループはこの数年増収基調で、EBITDA（税引き、利払い、償却前利益）は80億円強と収益性も業界内では高い。

In Kubota's business, the effectiveness of repairs is directly linked to profitability. Improving the quality of repair services using digital capabilities was a key issue.

Problem



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By consolidating our global areas of expertise, we successfully developed a high-quality app aligned with local needs, Kubota Diagnostics, in just 6 months

Monstarlab Japan

Monstarlab Vietnam

Monstarlab Americas

JAPAN

Extensive track record in development with a global perspective. Ability to implement UI/UX design aligned with local needs.

1 Global Team

VIETNAM

Extensive track record in development with a global perspective. Fast, low-cost implementation based on local needs

USA

Extensive track record in AR development. Maximizes application of knowledge in the design stage.

Labor was saved in the diagnostic process by leveraging AR. The diagnostic process was also improved by using collected data.

Building on the success of Kubota Diagnostics, we continue to support Kubota in addressing their business challenges

End of 2019

Launch of Kubota Diagnostics

First half of 2020

Improving utilization of Diagnostics

Second half of 2020

Expanding Diagnostics to overseas markets

2021

Expansion from construction to agricultural equipment

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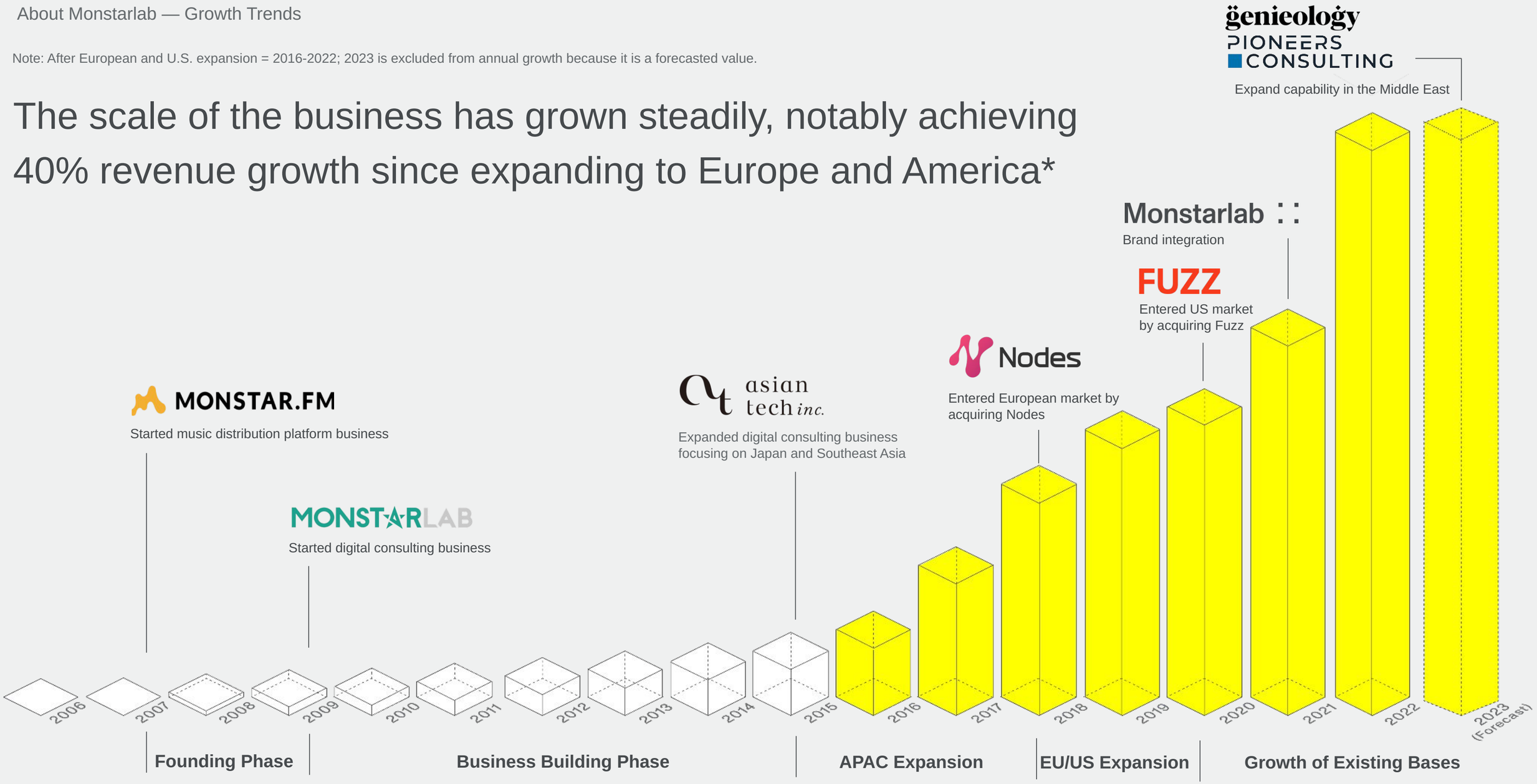
Note: After European and U.S. expansion = 2016-2022; 2023 is excluded from annual growth because it is a forecasted value.

The scale of the business has grown steadily, notably achieving 40% revenue growth since expanding to Europe and America*



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Our organization of 1,500 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)

No. of sites

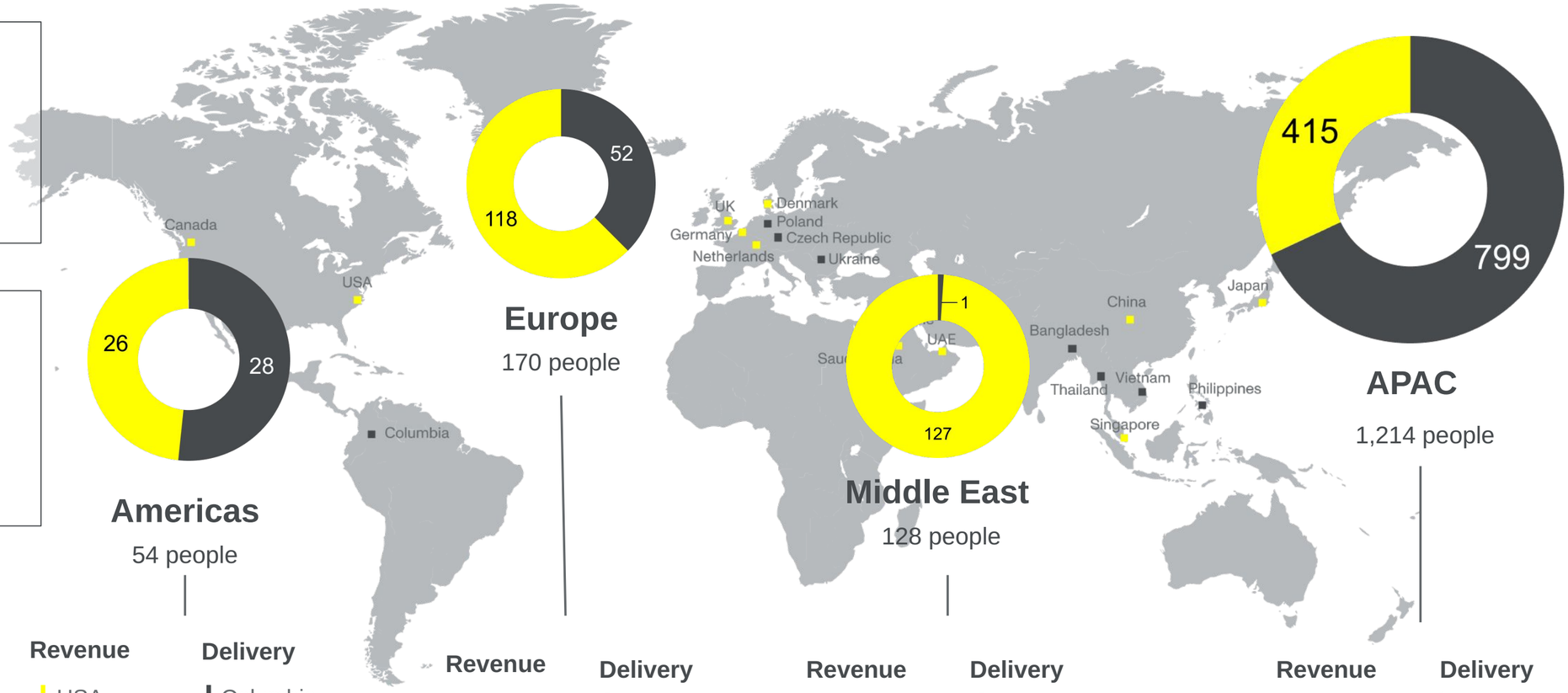
20 Countries

33 Locations

Employees

About **1,500**

People worldwide



Americas

54 people

Revenue
- USA
- Canada

Delivery
- Columbia

Europe

170 people

Revenue
- Denmark
- UK
- Germany
- Netherlands

Delivery
- Poland
- Ukraine
- Czech Republic

Middle East

128 people

Revenue
- UAE
- Saudi Arabia

Delivery
- Palestine

APAC

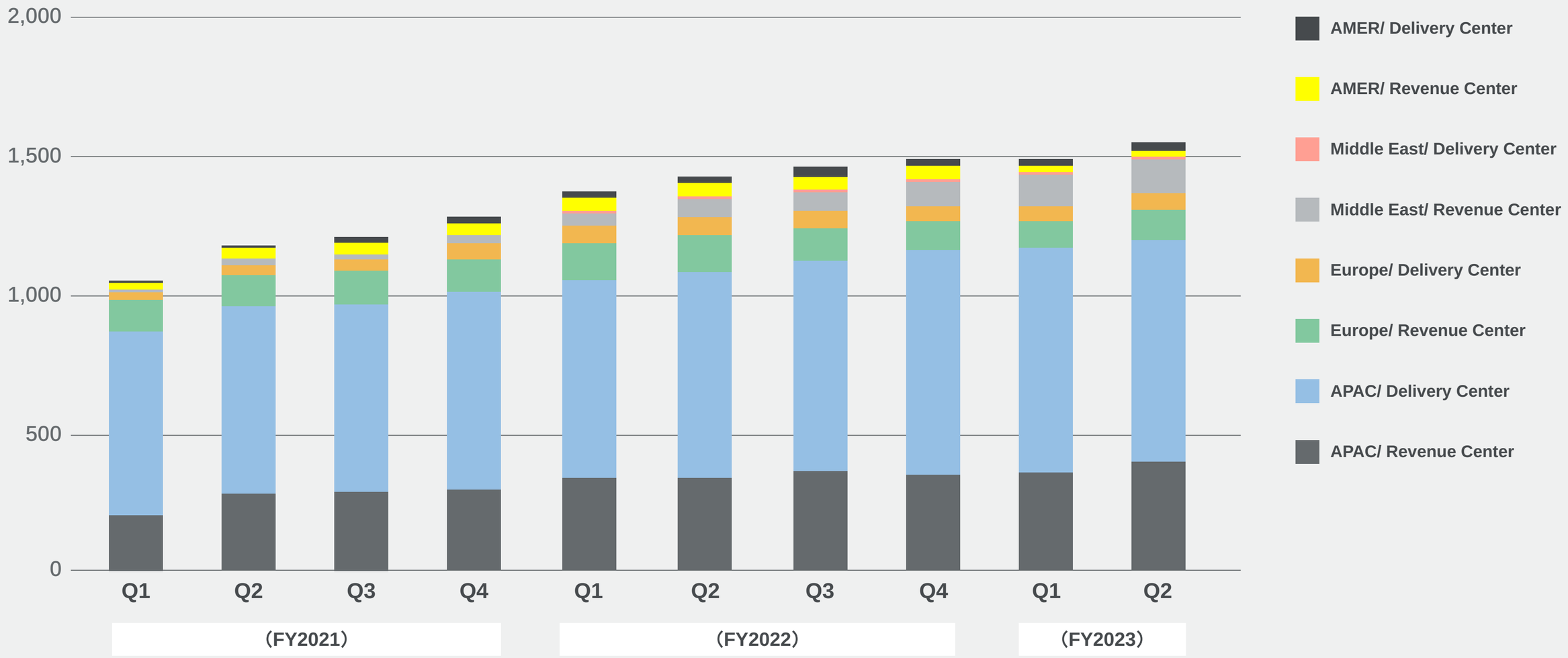
1,214 people

Revenue
- Japan
- China
- Singapore

Delivery
- Vietnam
- Philippines
- Bangladesh
- Thailand

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

Number of Revenue Centers and Delivery Centers by Region



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Note : Due to a change in the aggregation method, the headcount figures for FY2022Q4 for the APAC Revenue Center have been updated from those in the Q1 results presentation for the period under review.

We have established a **borderless, diverse** governance and executive structure

Board of Directors

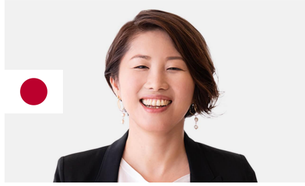
Hiroki Inagawa
Group CEO

Yoshihiro Nakahara
CFO/Director

Masahiko Matsunaga
Director

Mark Jones
EVP/Managing Director

Toshihito Nagai
External Director



Chiamin Lai
External Director

Group Leadership

Hiroshi Osada
CIOO/EVP

Michael Rendell
Head of P&C

Roger Lakhani
Head of Group Finance

Takuya Yamaguchi
Head of CEO Office

Sara Bastholm
Head of Corporate Branding & Communications

Sumito Suzuki
Head of Legal

Business leadership

Kiyotaka Izumi
Director of Monstarlab, Inc.

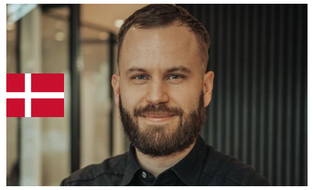
Tomoyuki Uno
Managing Executive Officer of Monstarlab, Inc.

Hiromitsu Kohinata
Managing Executive Officer of Monstarlab, Inc.

Daisuke Hirata
CTO of Japan+/Managing Executive Officer of Monstarlab, Inc.

Calvin Hart
Experience Lead of International Markets

Paul Klinkhamer
Strategy Lead of International Markets



Steffen Sommer
CTO of International Markets

Note : Flags indicate country of residence

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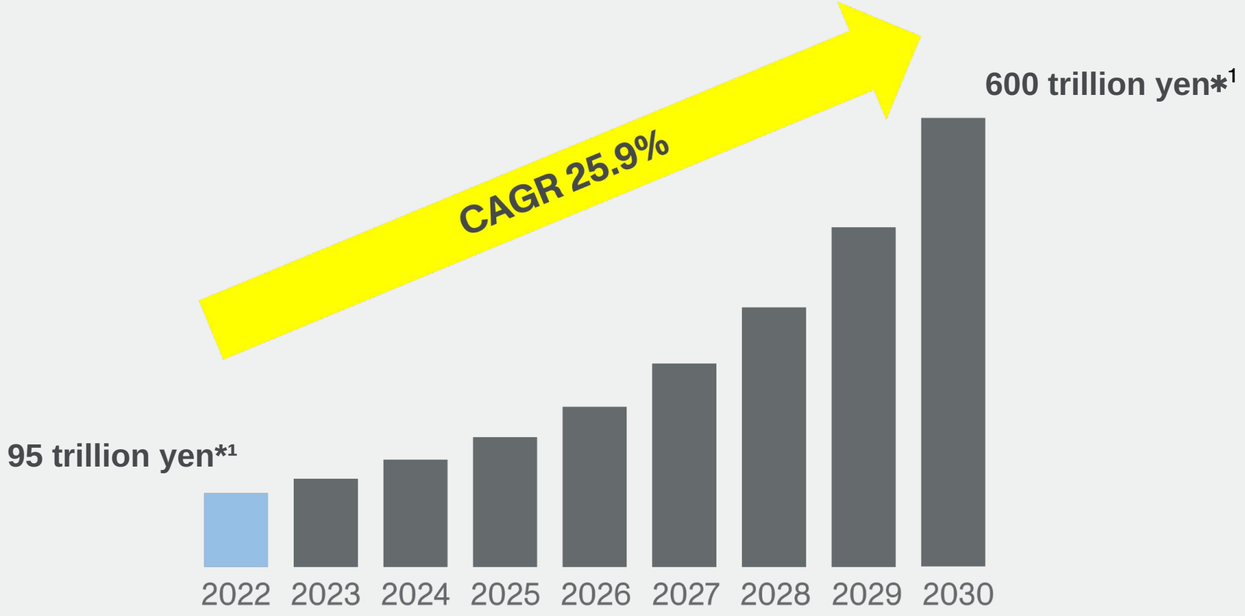
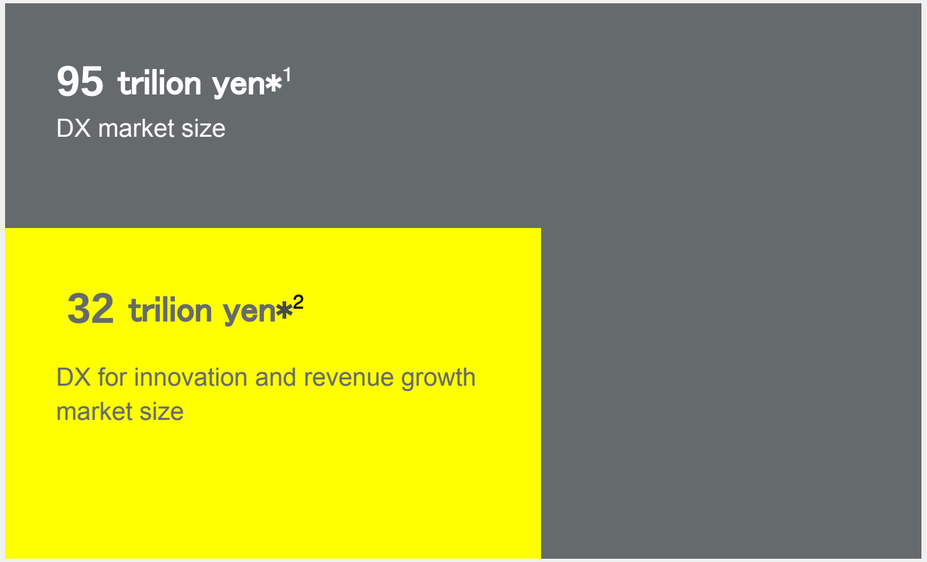
The DX market is growing rapidly at a pace of over 20% per year. Within this, the DX market for innovation and revenue growth is a major global market of around 32 trillion yen





Source:
*1 Grand View Research, "Digital Transformation Market Size, Share & Trends Analysis Report, 2022 – 2030" (Calculated based on USD = 130 JPY).
*2 Calculated by Monstarlab. (Based on the figure in the "Corporate IT Trends Survey Report 2022" by the Japan Information System Users Association, which states that "the target ratio for value-enhancement is 34.4% of the IT budget." The DX for innovation and revenue growth market size was therefore calculated as representing 34.4% of the DX market.)
The market size is based on publicly available data. Since the scope of statistical research has certain limitations and calculations are based on estimates, including the use of past trends, the estimated market sizes may differ from actual figures.

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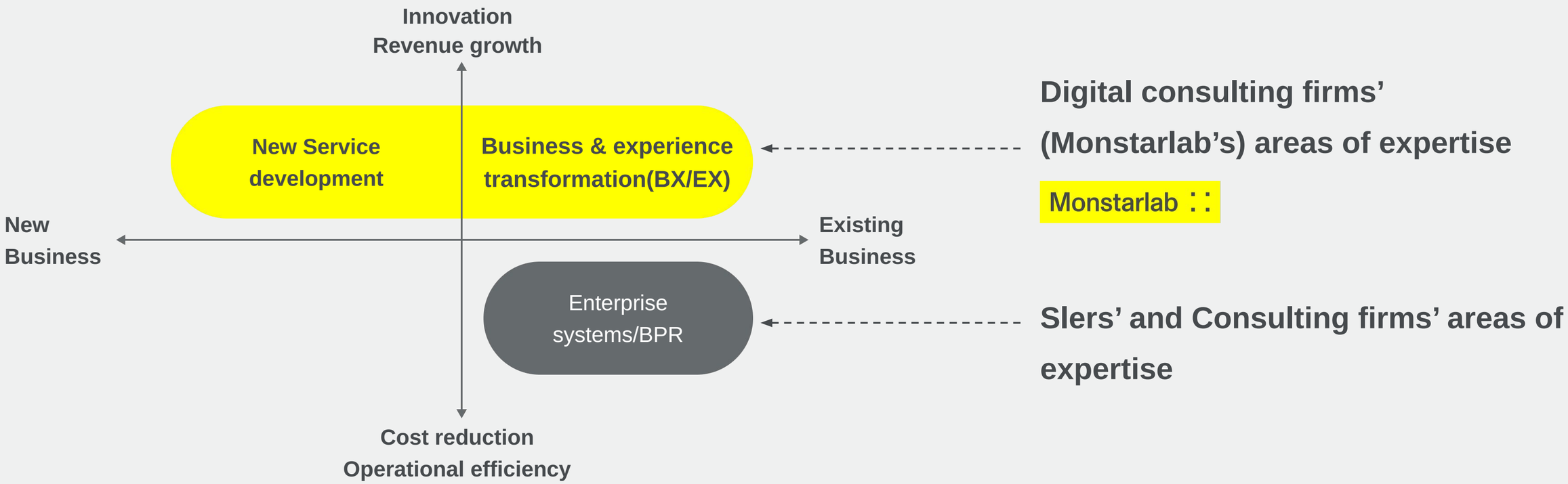
Our areas of expertise are in digital transformation for **innovation** and **revenue growth,** such as **new service development** and **business & experience transformation**



∵ Notes:Firms providing consulting services specializing in digital strategy, experience design, technology, data analysis, etc. The categorization of companies is based on Monstarlab's analysis.

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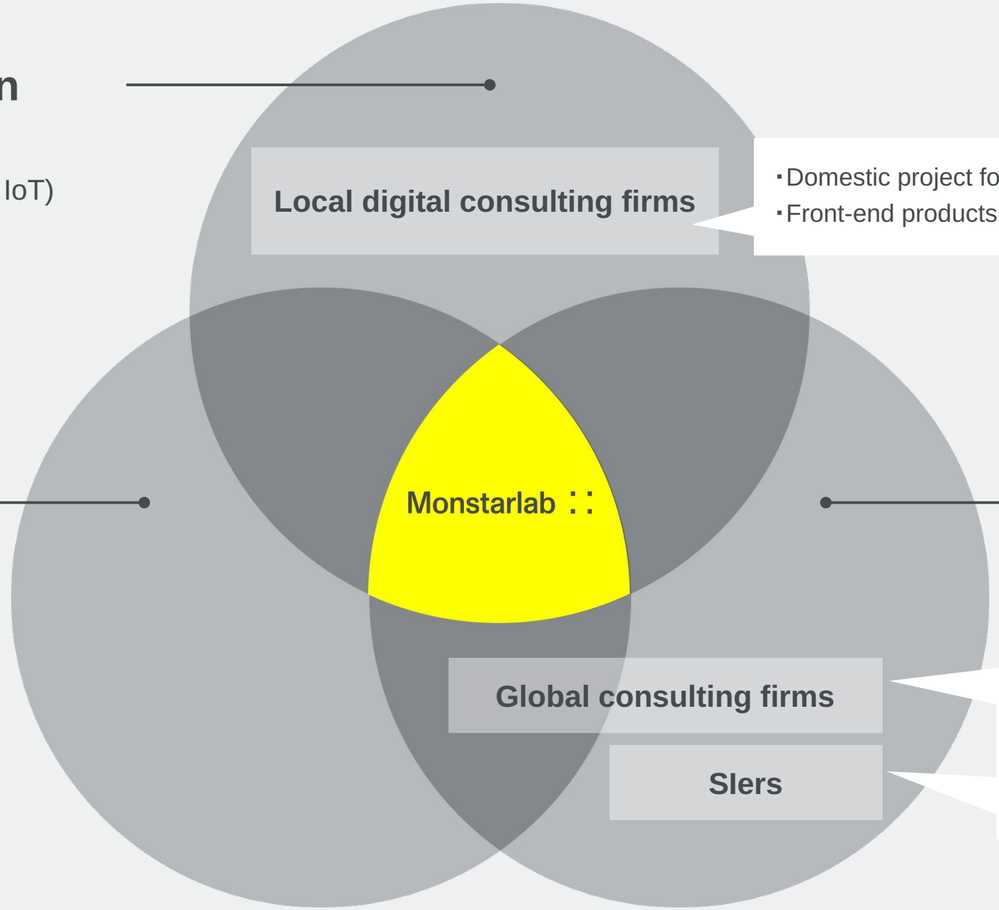
Monstarlab is a **rare company** that combines **innovation & co-creation, enterprise-scale services** and **one global team**

Innovation & co-creation

- Agile DX
- Advanced technology (AI, AR, IoT)

Global service

- Service for international clients
- Advanced global case studies



・Domestic project focus
・Front-end products only

・Focus on project delivery
・Mainly traditional approach and technologies

Enterprise-scale

- Large-scale development
- Core system integration

*Trend viewed from Monstarlab's perspective.

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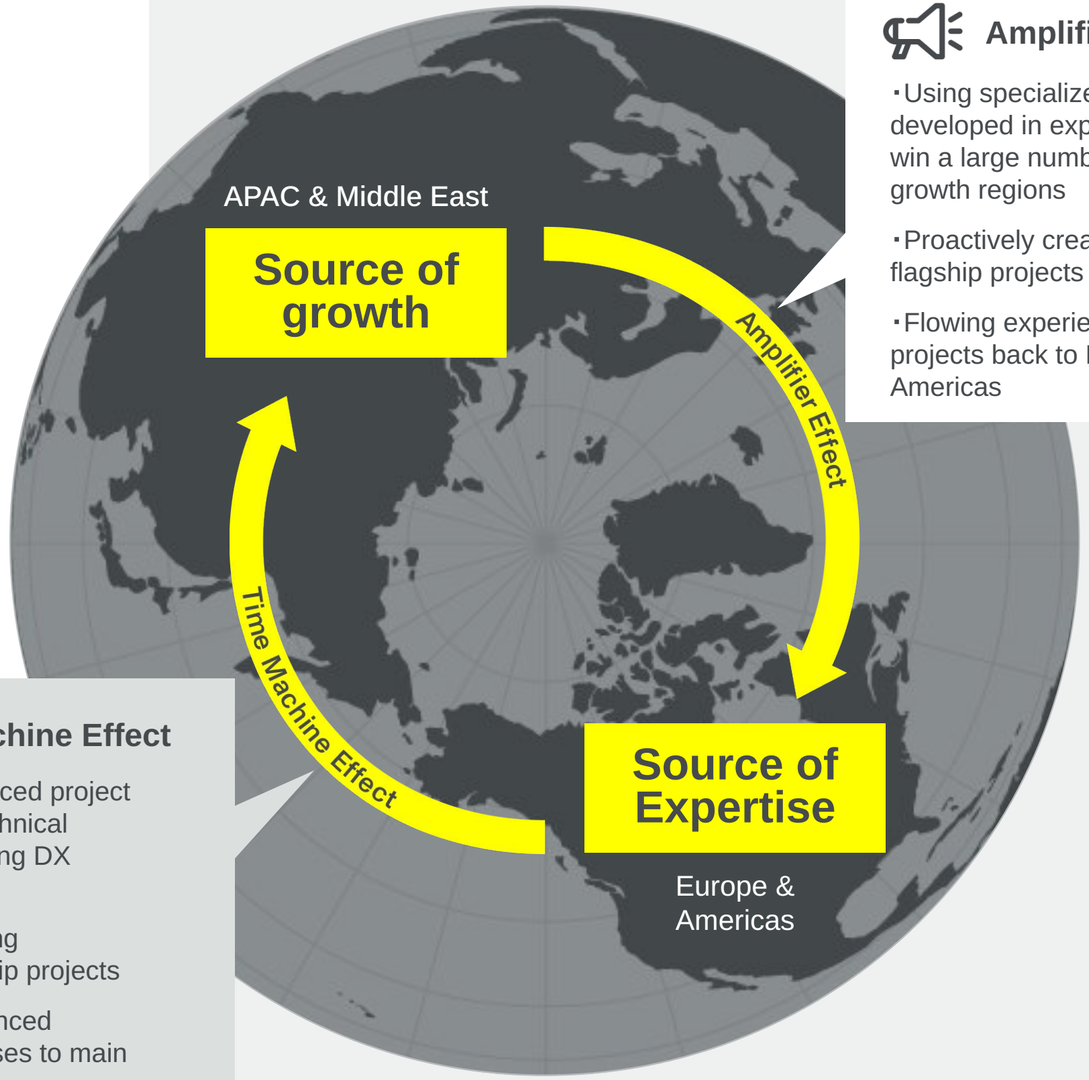
We pursue growth by viewing **APAC and the Middle East as regions that are sources of growth** and leveraging advanced expertise from Europe and the Americas



Amplifier Effect

- Using specialized knowledge developed in expertise regions to win a large number of projects in growth regions
- Proactively creating large-scale flagship projects
- Flowing experience with major projects back to Europe & Americas

Time Machine Effect

- Developing advanced project experience and technical capabilities in leading DX consulting regions
- Proactively creating cutting-edge flagship projects
- Transferring advanced experience and cases to main growth areas

APAC = Asia Pacific region, Americas = North and South America

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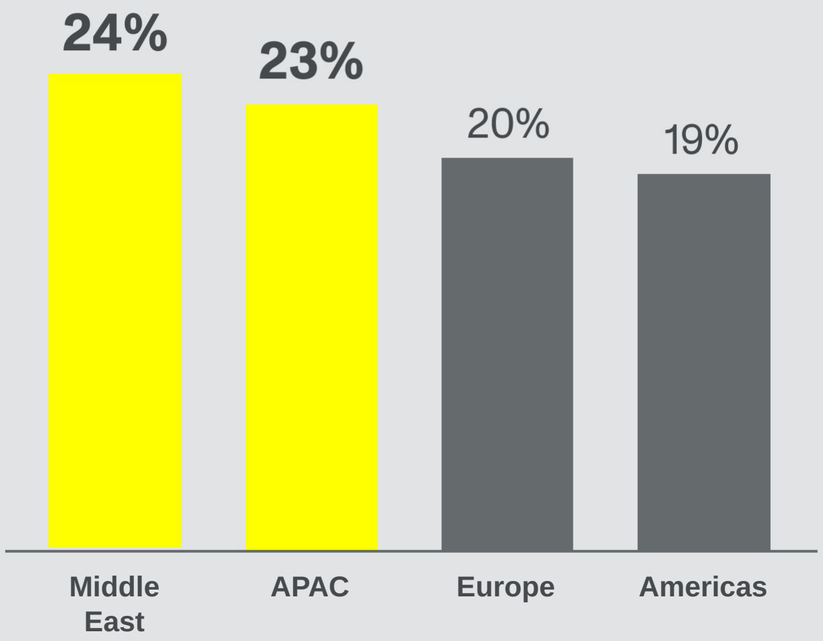
Mid-to long-term growth is expected in the Middle East and APAC based on **macro-economic trends**

DX Market Growth Rate (2021-2027)



Middle East

Ongoing government-led large-scale investment aimed at becoming cutting-edge global region

Metaverse Strategy (UAE)

Focused investment in the Metaverse and related areas aimed at making Dubai the world's leading city in this field over the 5-year period starting 2022.

Investment in advanced areas (Saudi Arabia)

Focused investment in the massive NEOM smart city project, blockchain companies, and advanced telecommunications infrastructure development.

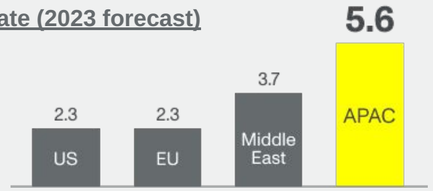
APAC

High economic growth and digital transformation of society driving high growth in the DX market

Scope of economic expansion

APAC GDP growth outpaces other regions

GDP growth rate (2023 forecast)



Digital maturity reaching level of developed countries

Example: APAC's current smartphone penetration rate is lagging behind (68% vs. EU = 82%, Americas = 86%) but is expected to reach the level of developed countries by 2025 (83%)

*Middle East for the DX market growth rate refers to UAE and Saudi Arabia.
Source: Global Digital Transformation Market Report (2021, KBV Research) for DX market growth rate, IMF for GDP growth rate, Statista for smartphone penetration rate, literature search.

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Future growth strategy comprised of **three pillars**

3 Strengthening talents and operations to support high growth

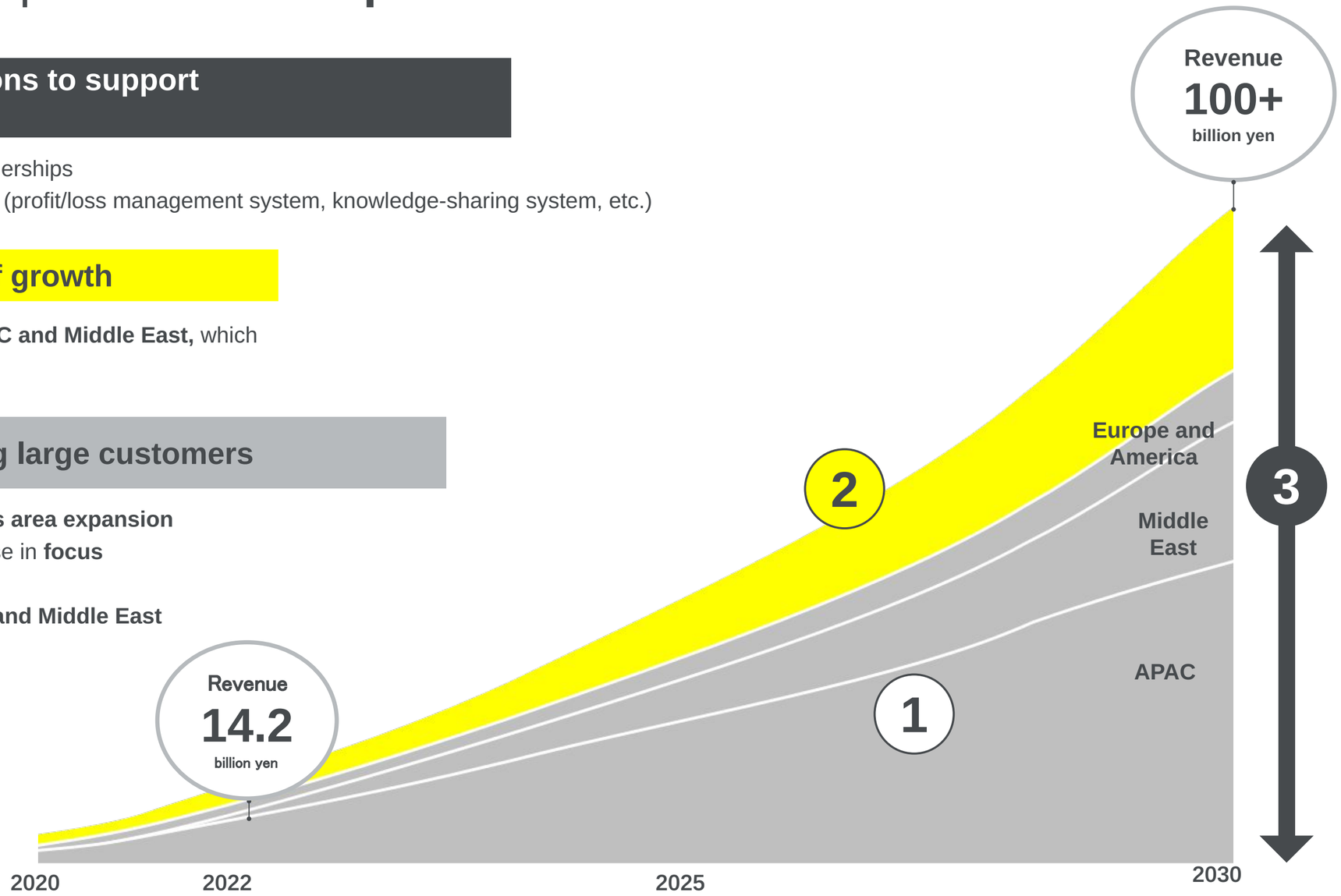
Human resources strategy leveraging M&A and partnerships
Continued investment in global **operations platform** (profit/loss management system, knowledge-sharing system, etc.)

2 M&A in regions that are sources of growth

Pursuing M&A to strengthen competitiveness in **APAC and Middle East,** which are positioned as **sources of growth**

1 Organic growth through cultivating large customers

Maximizing revenue per customer **through business area expansion**
Improving revenue per project by developing expertise in **focus industries/practices**
Expanding orders by enhancing marketing in **APAC and Middle East**



Note: The above is an image only and differs from actual sales.

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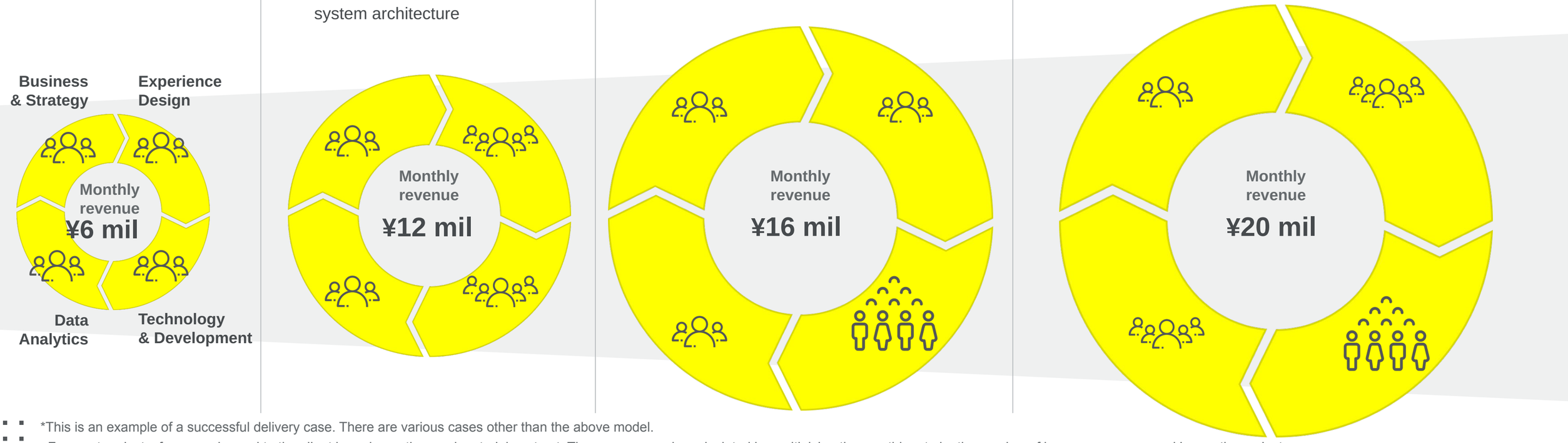
We continue to improve services and businesses for innovation creation-type DX, resulting in a business model conducive to continuous revenue growth

Example of Monstarlab's DX Model

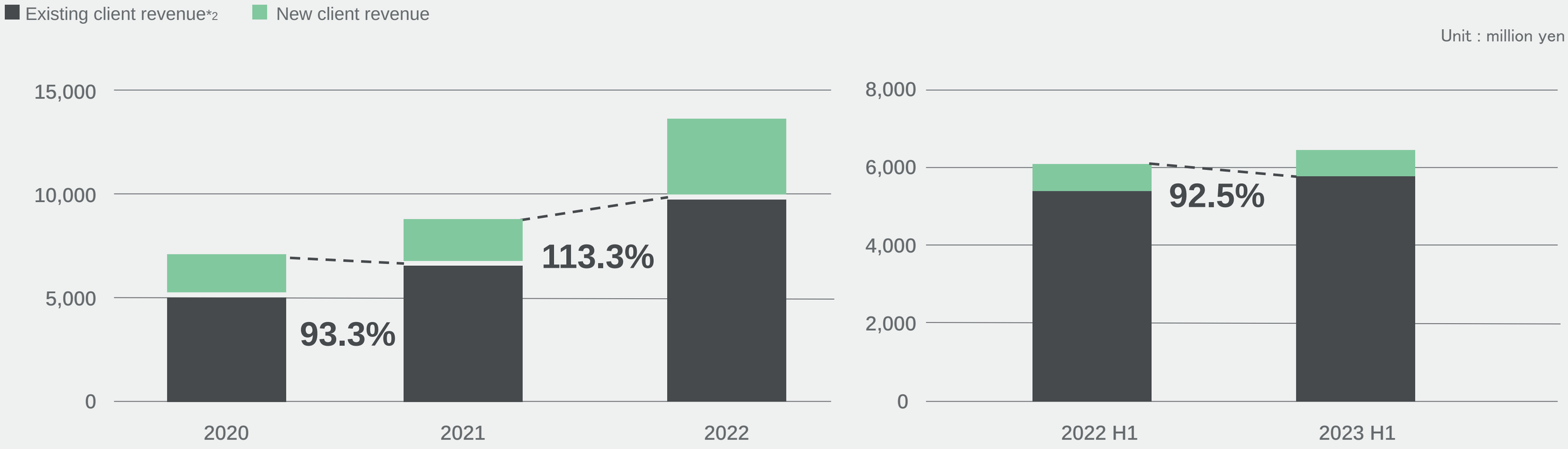
Research/Strategy (-3 month)	Prototype (3 month-)	Development (6 month-)	Improvement / Expansion (12 month-)
● Articulate customer value proposition ● Design business model	● Develop MVP and user test ● Define detailed requirements for main development, design system architecture	● Develop systems ● Design internal operations ● Develop marketing strategy	● Analyze KPIs based on customer experience data and enhance value proposition ● Further enhance marketing (loyalty measures, etc.)



*This is an example of a successful delivery case. There are various cases other than the above model.
For most projects, fees are charged to the client based on a time and material contract. The revenue can be calculated by multiplying the monthly rate by the number of human resources working on the project.

The **business has highly stable revenue**, with **revenue from existing clients alone surpassing 90% of last year's revenue*1**

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.

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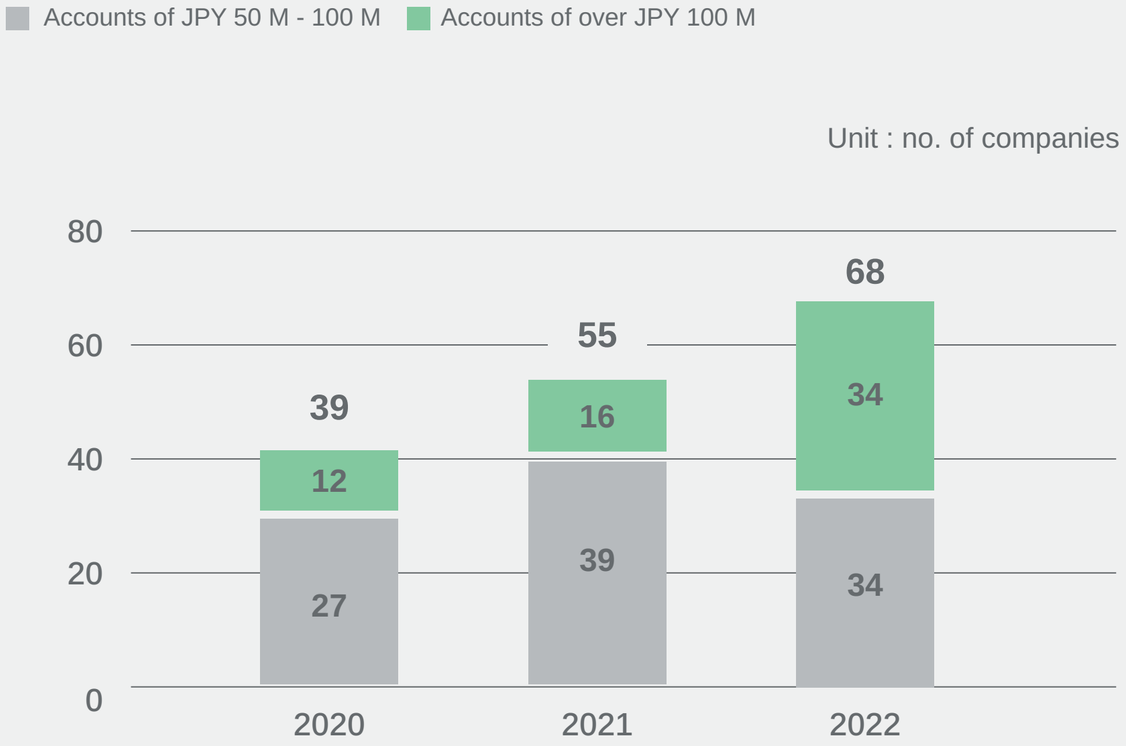
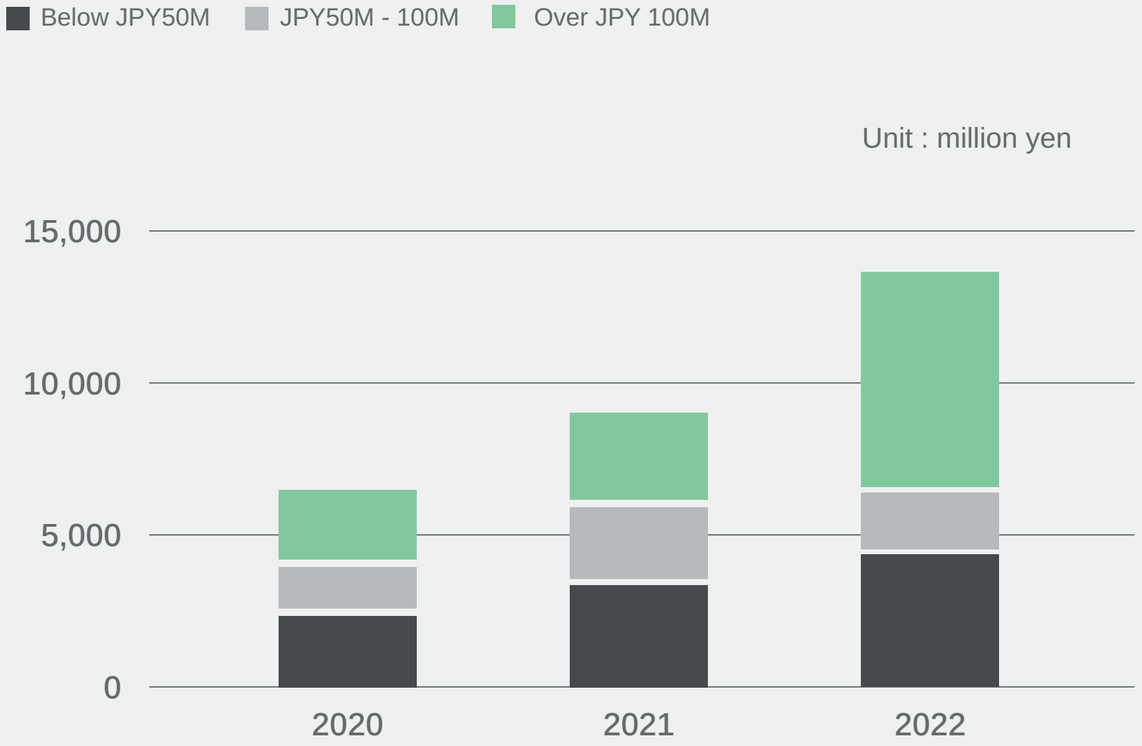
An increase in large-account customers is driving rapid growth

Number of Customers by Account Size



Revenue Structure by Account size



Notes: Revenue is for digital consultancy business

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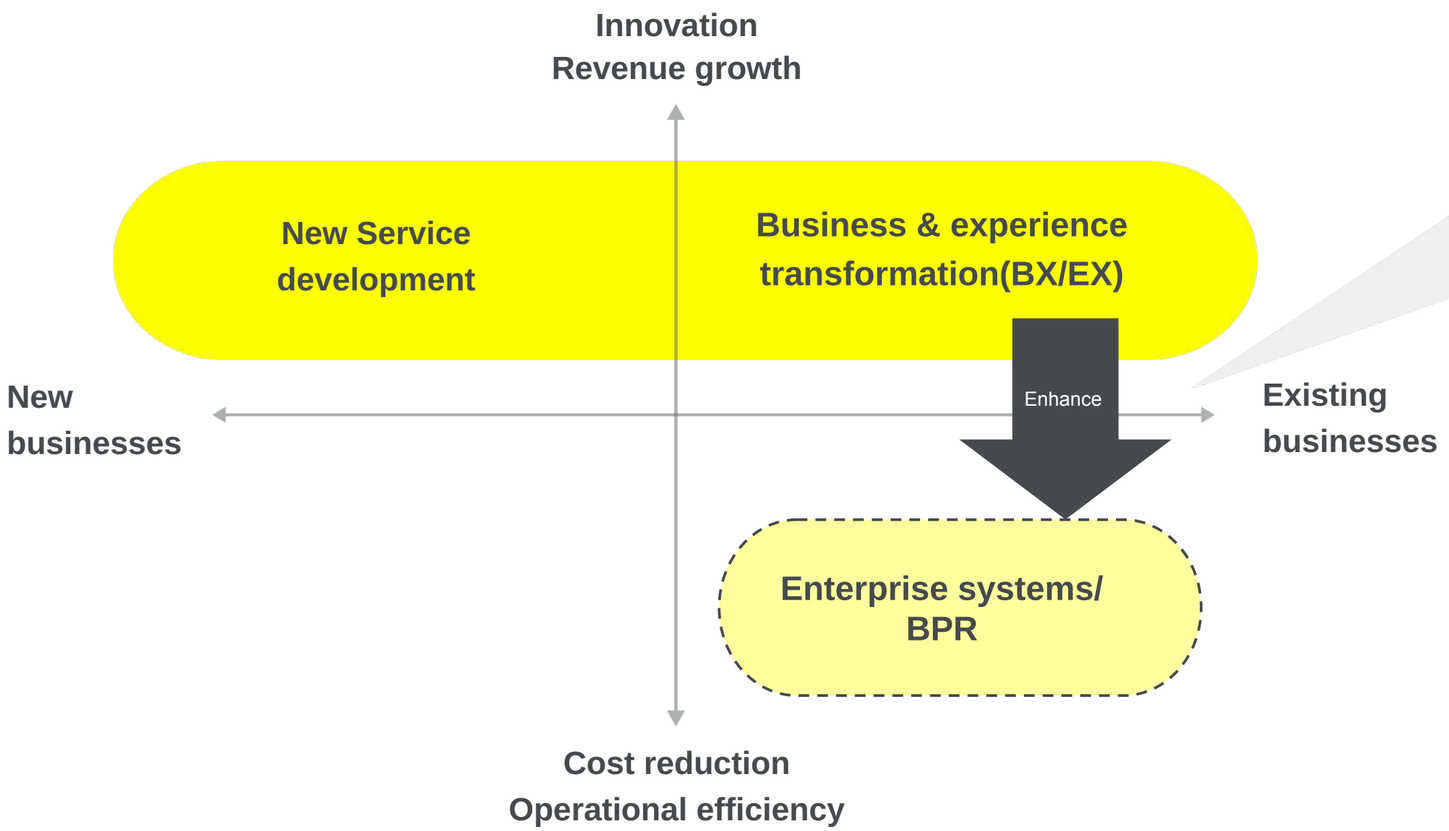
Leveraging our existing strengths in the "innovation" and ”revenue growth” areas, we aim to maximize the value provided to customers by **strengthening the related areas of data and operation area**



Enhance data analytics

・**Practical support for data and AI applications** from a business perspective

・Strengthening **data-driven proposal and response capabilities** targeting **corporate management**

Enhance platform/operation consulting

・Strengthening **consulting services** to **support developing infrastructure** that supports data-driven management

・Analysis of **business flow** and required design data transactions, data structure **design**, and **business transformation**

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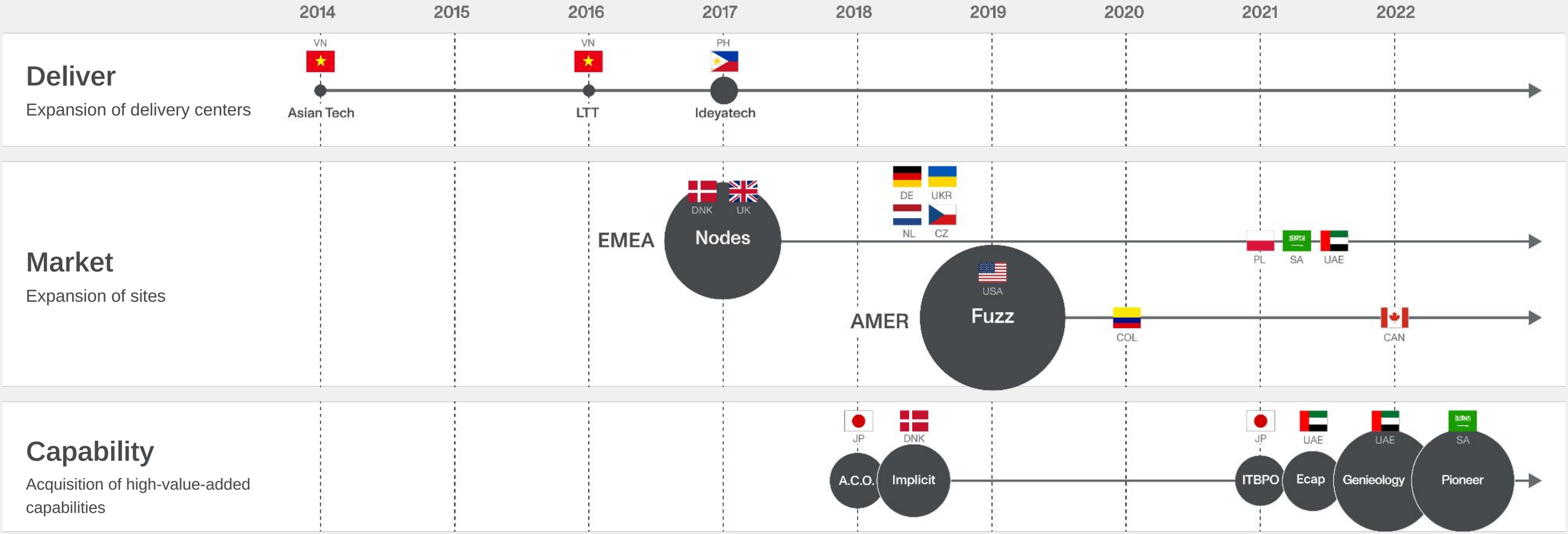
Monstarlab has completed 10+ strategic M&As globally, recently transitioning from M&A aimed at expanding its sites to lower-risk M&A for aimed at capability acquisition



*The size of the circle indicates the deal size for illustrative purposes. We executed M&A focused on acquiring capabilities based on the understanding that the PMI risks for these deals are low compared to M&A focused on expanding sites, since we can leverage our existing operational base.
The current names of key subsidiaries are as follows: Nodes is now Monstarlab Denmark, ApS, and Fuzz is now Monstarlab, LLC.

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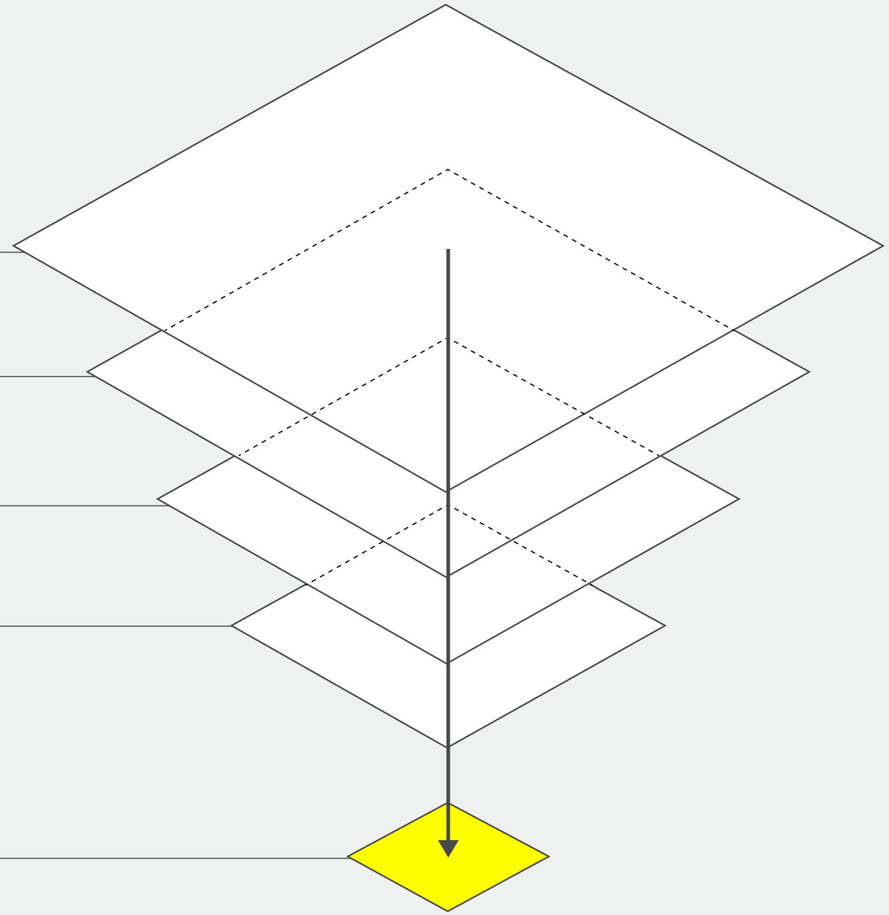
Handling various stages of the M&A process internally, from sourcing deals to negotiating sales, enables us to use M&A to drive future growth

Create longlist and make contact	**1,200** companies
Screening to narrow down the list	**250** companies
Interviews with candidate company management by Monstarlab's CEO	**150** companies
DD and negotiations by Monstarlab	**7** companies
Acquisition	**1** company



**Example of M&A process during the acquisition of Nodes and the approximate number of candidate companies in each phase.

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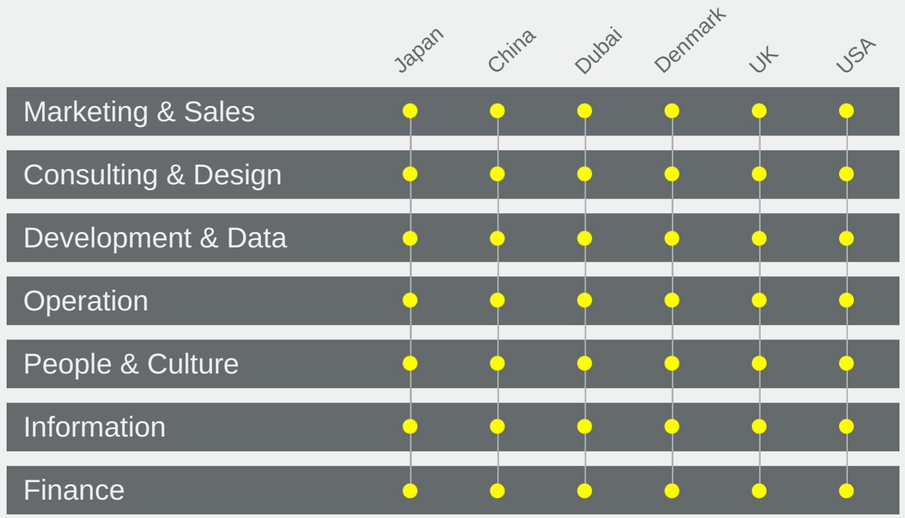
By forming global teams for each function, we have established strong operations that enable us to achieve successful **PMI and growth after M&A**

▶Standardization of Service Quality and Processes for Sharing Expertise, Best Practices, Etc.



▶Examples of Global Operations

Sharing case studies & industry expertise

Case study sharing system and sharing at regular global meetings

Creating delivery playbook

Globally integrated process from strategy to design to development

Sharing latest tech trends

Monthly global meetings to share latest tech trends and best practices in various countries

MPlanner (global assignment system)

Understanding and coordinating assignment of personnel Group-wide using system developed in-house

Global recruitment

Able to approach required human resources globally by accessing human resources markets around the world

Monstar university(training program)

Training program for Group employees established within Monstarlab

Security & Governance

Systems and security management at the global level. Risk management of sales opportunities and projects

GFSSC (Global Finance Team)

Developing shared services for Group accounting to optimize the cost and efficiency of accounting processes

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Established **internship**-based training and recruitment in Vietnam through **university partnerships** going back over 10 years

Partnership with top universities for over 10 years

- Hanoi University of Science and Technology
- Hanoi University
- Hanoi University of Technology
- Da Nang University of Technology
- Da Nang University of Technology & Education
- Duy Tan University

and more...

Hired interns from over 70 universities from 2017 to 2022

Established training program

3,050

Internship applications from 2017 to 2022

Screening

Training

430

Interns hired as employees from 2017 to 2022

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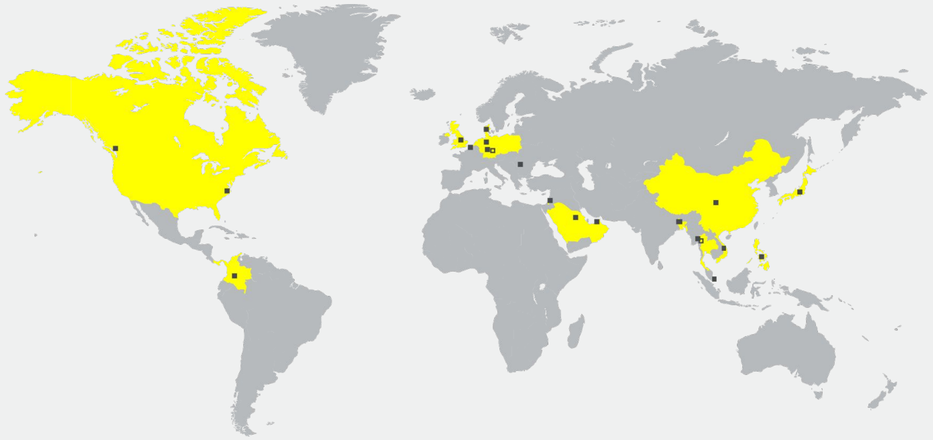
By leveraging our unique position in the DX market and access to a global talent pool as **competitive advantages from a recruitment perspective**, we have **eliminated bottlenecks when hiring personnel**

Global coverage allows us to access a worldwide talent pool



*From Monstarlab's perspective

Main Motives for Joining Monstarlab

To be involved in innovative digital transformation, from strategy to execution

- Consulting firms and SIers mostly focus on business enhancement and DX, which limits the phases in which employees can be involved

Environment enabling growth while learning about advanced technology and business

- There are many opportunities to grow through one's work, such as cutting-edge DX using AI and new business projects, etc.
- Programs such as Monstar University actively encourage employee growth

Global work environment

- Most project teams are multinational, enabling diverse, highly skilled teams
- Information such as best practices and case studies is shared globally

Startup culture with diversity

- There are many people from startup and tech backgrounds, creating a diverse, open culture
- Our culture facilitates integration of employees from traditional companies, other industries, and other countries, enabling us to accommodate diverse human resources

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Contact : ir@monstar-lab.com

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

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