FY2025 Q2 Investor Presentation Material
Monstarlab, Inc (Securities Code : 5255)

Aug 14, 2025

Monstarlab

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Q2 2025：Continued Profitability and Balance Sheet Recovery; Strategic Focus on Differentiation and AI-Driven Growth

Unit: million yen

	FY2025 Q2 YTD Results	FY2025 Forecast	Progress
Revenue	3,778	**8,517**	44.4%
Operating Profit (Loss)	126	**360**	35.1%
Profit (loss) before income tax	-358	**274**	—
Profit (loss) attributable to owners of parent	-253	**206**	—

- Q2 sales remained broadly flat compared to Q1, defying usual seasonal decline; operating profit remained positive.
- Recorded foreign exchange valuation losses on foreign currency assets (cumulative: ~JPY 360m; Q2: ~JPY 150m), resulting in pre-tax loss but with no impact on cash flow.
- Historically, the second half of the fiscal year shows stronger sales, and with current solid order trends, confidence in achieving revenue and operating profit targets has increased. However, pre-tax profit and net income continue to be influenced by foreign exchange fluctuations and will be closely monitored.

Topic 1

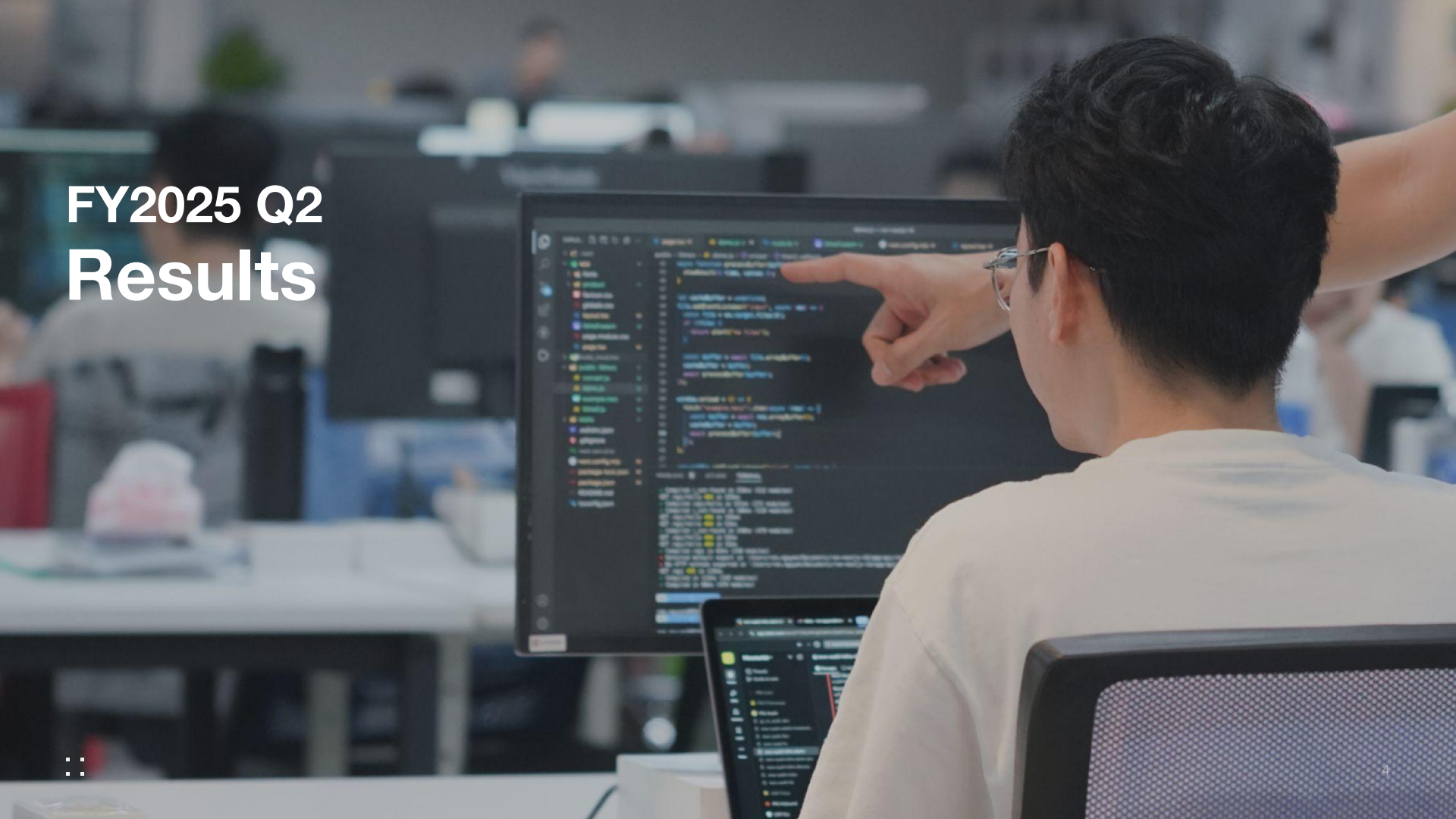
Smooth Capital Raising Secures JPY 2.13 Billion in Q2, Eliminating Negative Equity

- Raised JPY 2.06 billion through MS warrants, with full exercise completed
- Implemented a capital increase by management, raising JPY 70 million to strengthen capital and enhance management commitment

Topic 2

Rebuilding Strategy and Organization Around AI-Driven Development; Establishing Foundation for AI-Native Partners

- Leveraging AI across all development processes to achieve higher quality and productivity, and establishing a President-led “Center of Excellence” to drive organizational AI adoption
- Continuing R&D on Monster Lab’s proprietary AI solutions; planning to launch a unique multi-AI agent in the second half of 2025 to significantly accelerate product development speed



FY2025 Q2
Results

Consolidated Operating Profit Remains Positive from Q1, Despite Seasonal Downward Pressure

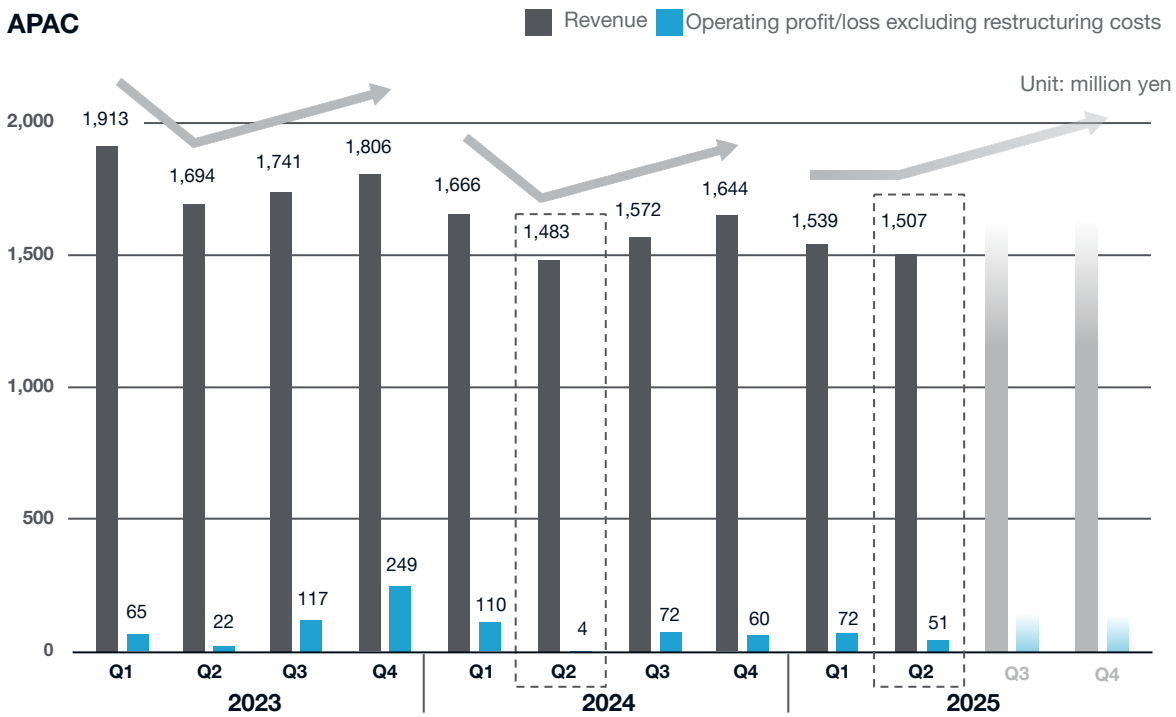
Even in the second quarter, which typically experiences seasonal sales decline, the company maintained stable revenue, demonstrating a return to a growth trajectory. On the other hand, in accordance with international accounting standards, costs related to unused paid leave were recognized, and given that leave was granted in April, this reduced second-quarter operating profit by approximately JPY 40 million

Unit: million yen

	FY2024				FY2025			
	Q1	Q2	Q3	Q4	Q1	Q2	QoQ Change	YoY Change
Revenue	3,179	2,542	2,221	2,060	1,899	1,879	-1.1%	-26.1%
Revenue (excluding EMEA)*	1,964	1,872	1,966	2,012	1,899	1,879	-1.1%	+0.4%
Cost of sales	2,507	2,666	1,955	1,448	1,164	1,191	+2.3%	-55.4%
Gross profit (Percentage)	671 (21.1%)	-124 (—)	265 (11.9%)	612 (29.7%)	735 (38.7%)	688 (36.6%)	-6.4%	—
Selling, general, and administrative expenses	1,577	1,837	1,307	2,497	666	683	+2.6%	-62.8%
Other income	18	8	1,167	0	25	30	—	—
Other expenses	4	4,145	901	617	1	2	—	—
Operating profit (loss)	-891	-6,099	-776	-2,502	93 (4.9%)	32 (1.7%)	-65.2%	—
Structural reform expenses	—	779	330	1,669	—	—	—	—
Impairment losses	—	4,140	—	920	—	—	—	—
Operating Profit/(Loss) excluding restructuring costs and impairments	-891 (—)	-1,179 (—)	-445 (—)	87 (4.2%)	93 (4.9%)	32 (1.7%)	-65.2%	—
Profit (loss) before income tax	-268	-5,505	-2,031	-2,040	-171 (—)	-186 (—)	—	—
Profit (loss) attributable to owners of parent	-340	-5,553	-1,841	-2,213	-137 (—)	-115 (—)	—	—

*To maintain comparability with the current period, revenue excluding EMEA operations is presented, reflecting the large-scale restructuring centered on EMEA site withdrawals in 2024

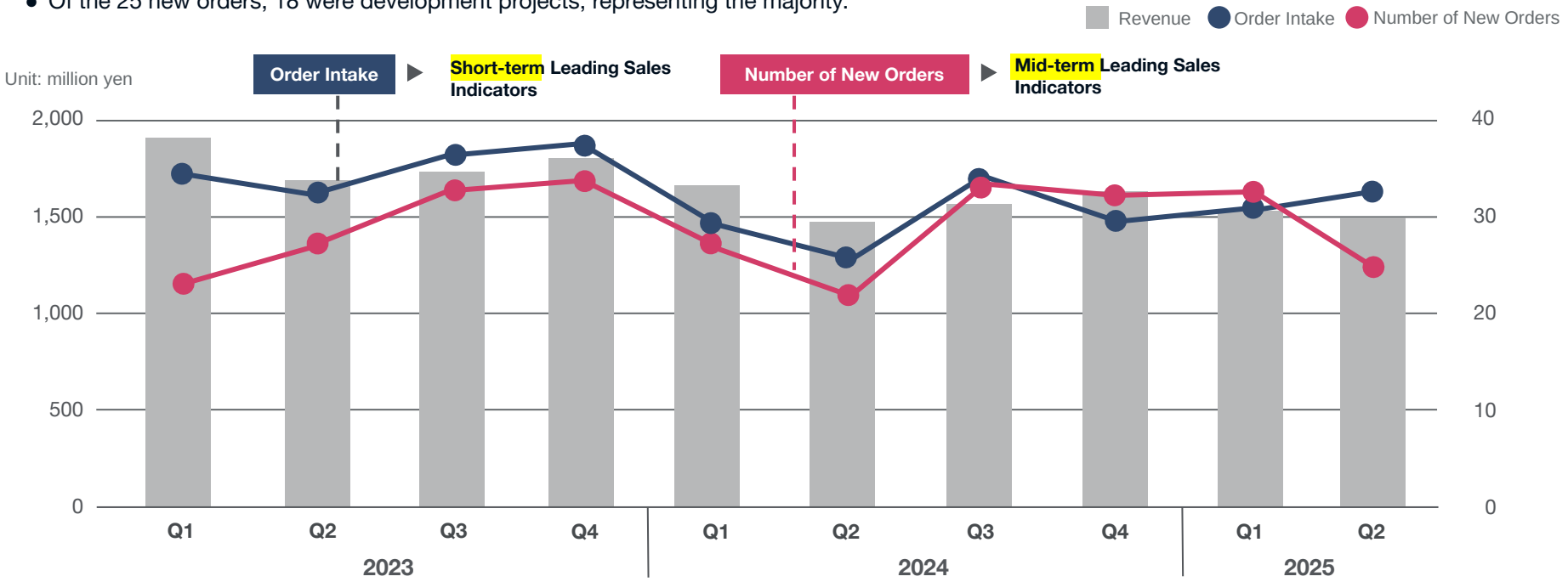
APAC: First Year-on-Year Growth in Both Revenue and Profit Since Restructuring



- Q2 typically sees around JPY 200 million revenue decline due to project transitions at customers' December and March fiscal year-ends, but revenue remained stable this period, resulting in year-on-year growth.
- Driven by fixed cost reductions implemented since last fiscal year, profitability improved significantly year-on-year, outpacing revenue growth.
- Consistent with our strategic focus, the acquisition of AI-related projects demonstrates tangible progress toward a return to growth, both in scale and quality.

APAC: In addition to revenue and profit growth, order volume and new project acquisitions also recorded year-on-year increase

- Order growth was primarily driven by upselling within existing projects, reflecting stronger expansion among current clients.
- Of the 25 new orders, 18 were development projects, representing the majority.

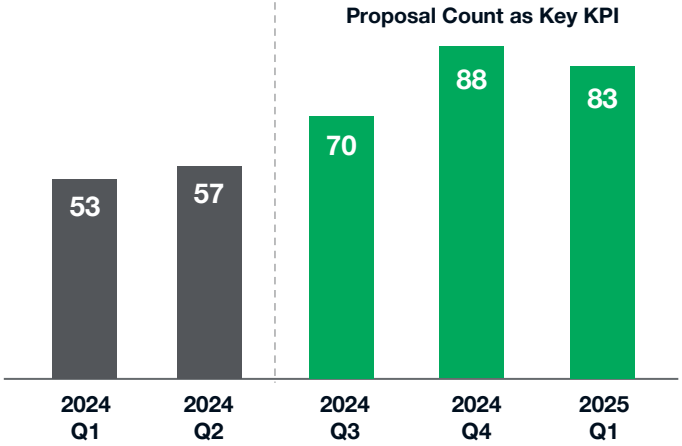


Order growth driven by proposal-based sales; focus shifting to large clients and higher revenue per client

Initiatives to Date

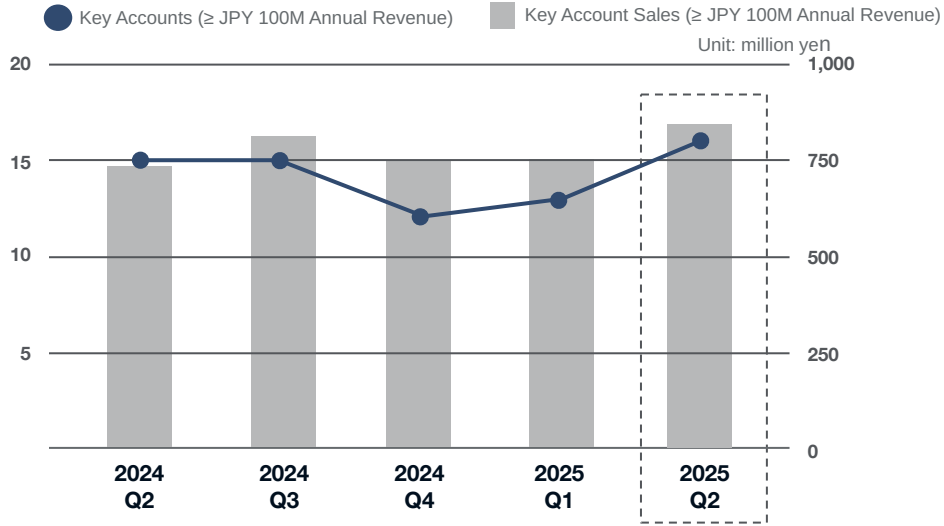
Since August 2024, the number of proposals has been established as the key KPI, focusing the sales team on priority metrics and strengthening upselling and cross-selling efforts

→ **Contributing to a stronger revenue base**



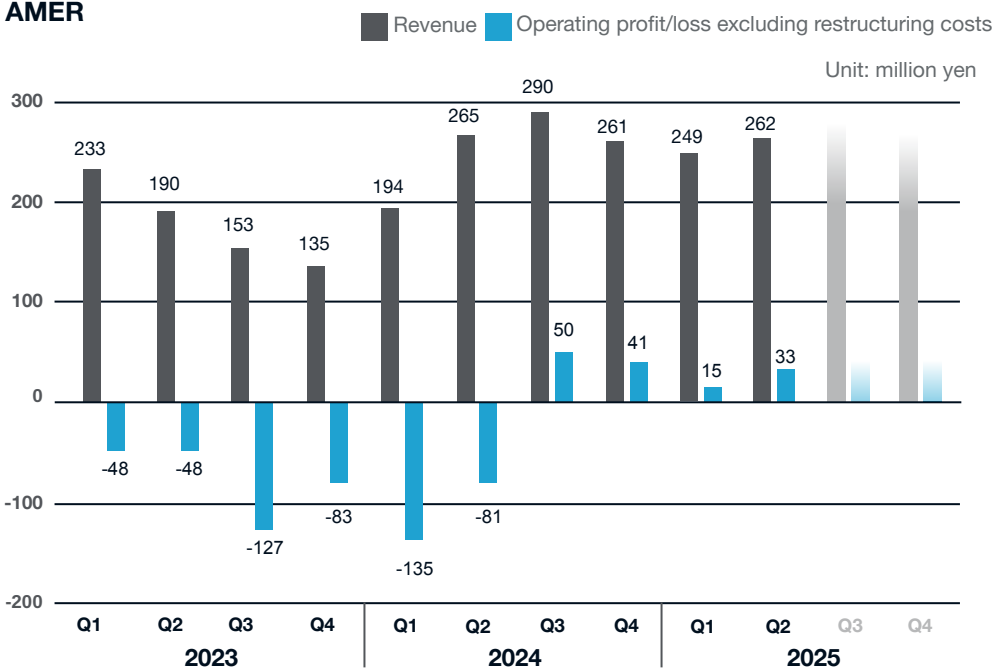
Key KPIs Going Forward

Building on the growth foundation and progress in growth strategies such as data initiatives and AI adoption, **the number of large clients and total revenue from large clients** are positioned as new core KPIs.



AMER: Stable revenue and profit accumulation achieved through high-continuity projects, establishing a solid business foundation

AMER

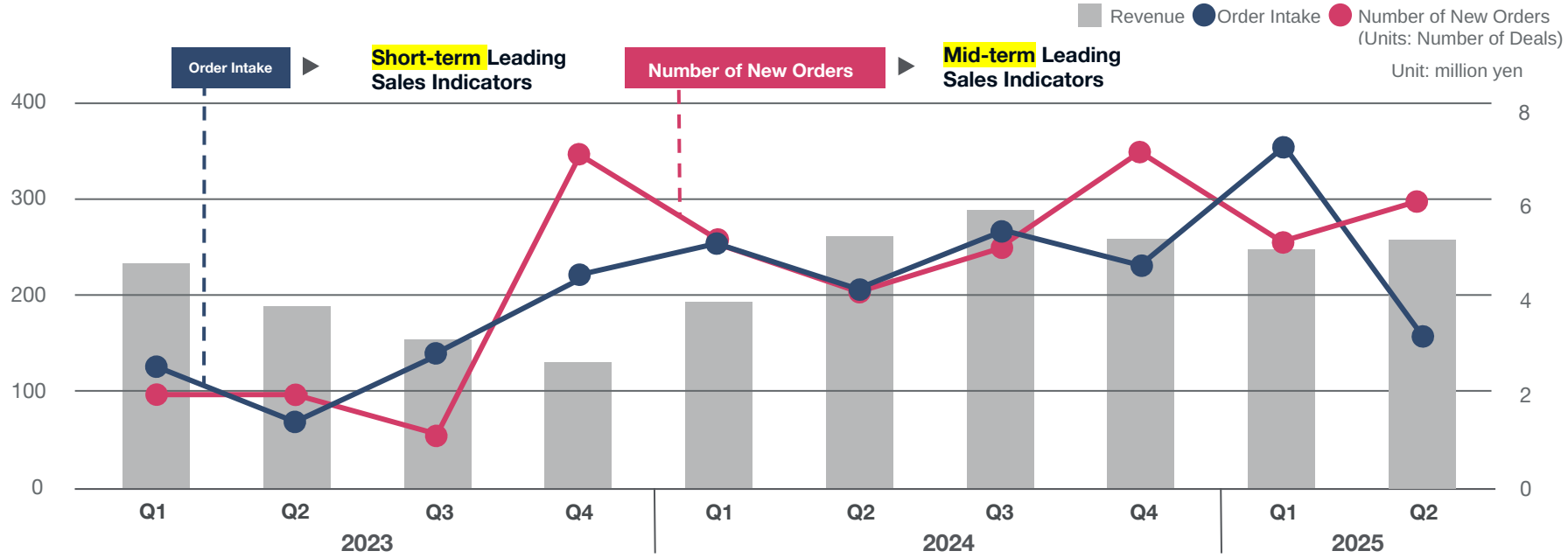


- A stable pipeline has been built primarily with existing major clients, providing a steady business environment. Securing large, high-continuity projects has ramped up operations, laying a solid foundation for future growth

- Going forward, we will leverage partnerships with payment solution providers such as Adyen and Stripe, while ramping up marketing activities to further strengthen the pipeline for growth.

AMER: Secured large, high-continuity projects last quarter, resulting in stable revenue this quarter.

- Focusing marketing and sales on collaborations with major payment solution providers, process automation, and product development.
- his has strengthened the project acquisition pipeline and enabled the securing of large, high-continuity projects.

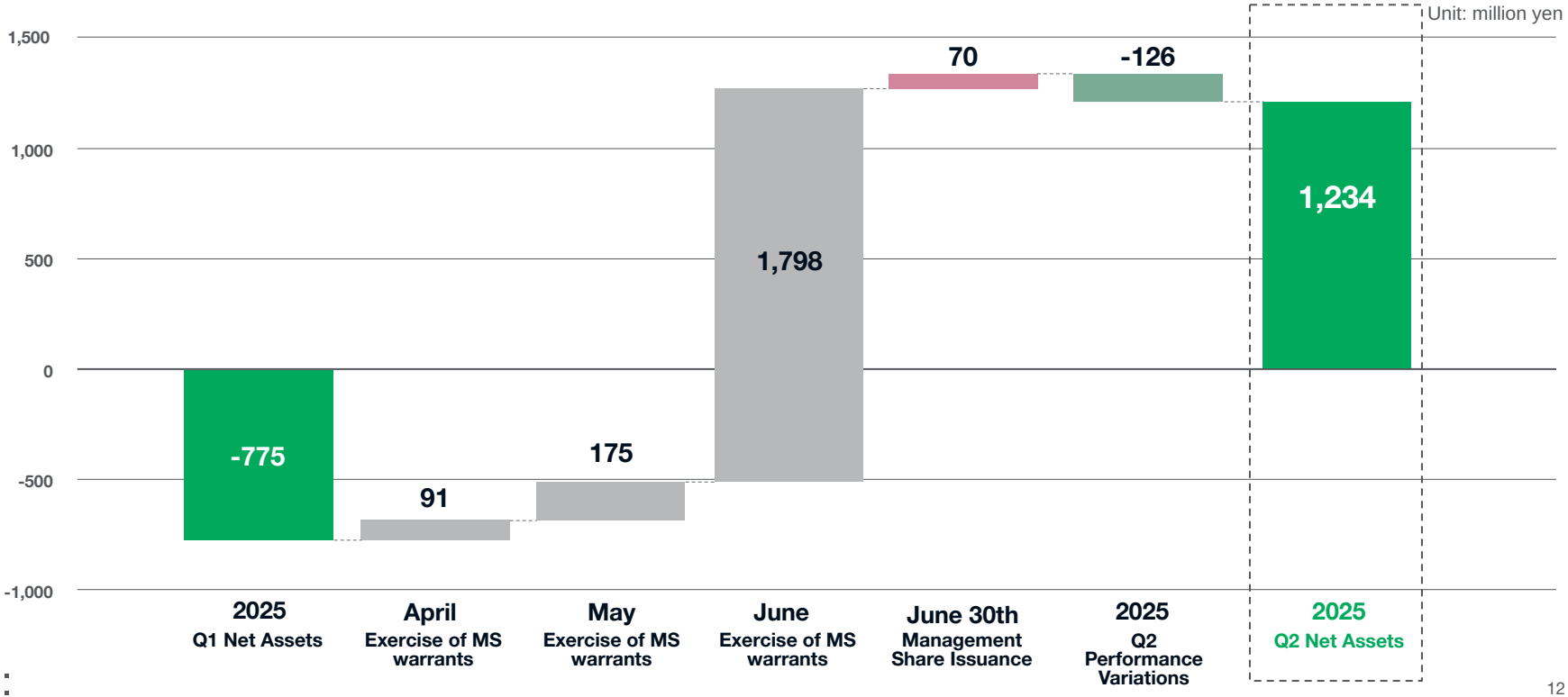


Steady Acquisition of Generative AI and Payment Solution Projects Alongside Large-Scale Development

- In APAC, multiple projects were secured leveraging overseas teams and proprietary generative AI solutions.
- In AMER, long-term, large-scale payment solution projects were acquired.

Industry	Project Summary
HR Tech	New product development and feature enhancements for HR tech companies, incorporating AI functionalities
Manufacturing	Development of a sales role-play robot leveraging generative AI.
Manufacturing	Support for strategy formulation to expand sales in Africa, leveraging data infrastructure and Data Analyze AI.
Education	Development of a school operations management system utilizing proprietary multi-AI agents.
Health Tech	Implementation of payment solutions for cloud-based medical software providers.

Capital Raising Advances; Negative Equity Eliminated; MS Warrants Fully Exercised



Cash and Equity Significantly Increased Through Large-Scale Capital Raise from April to June; Driving Growth through AI and Talent Investment

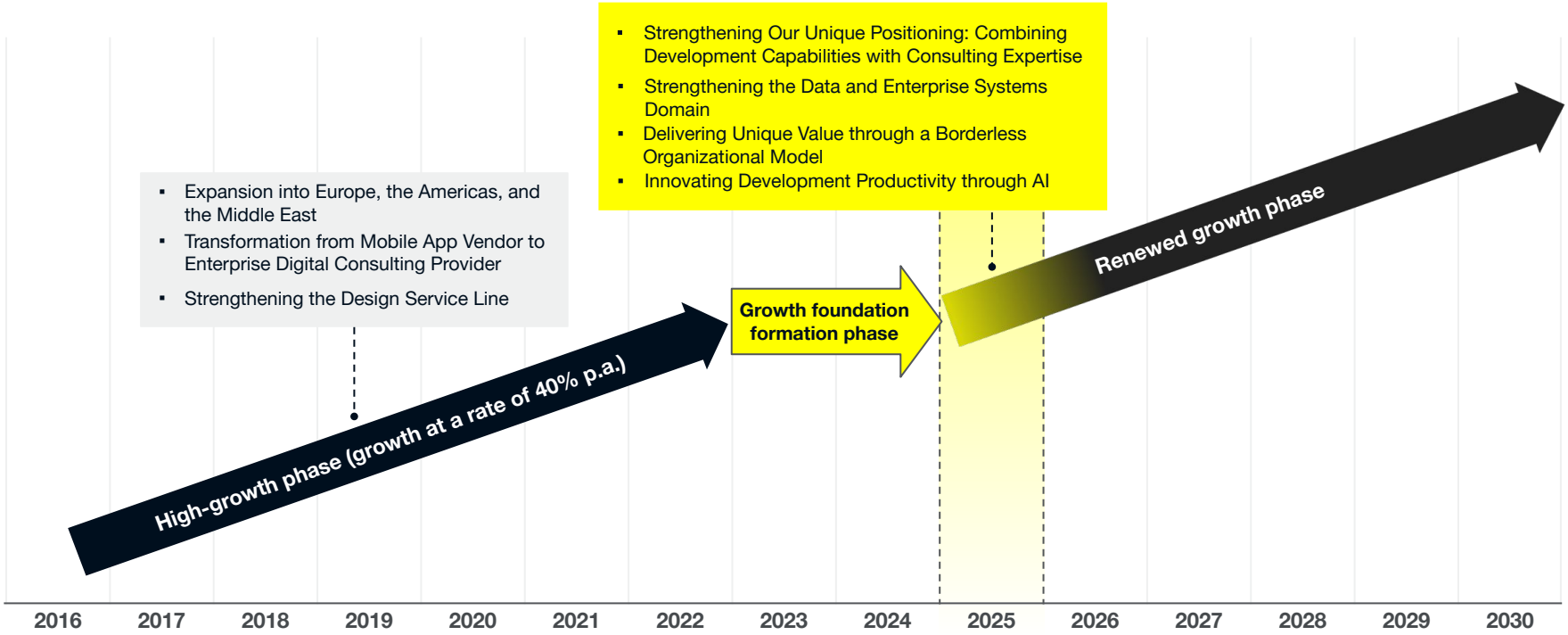
Unit: million yen

	2025 Q1	2025 Q2	Change	Percentage Change
Current assets	3,198	5,431	+2,232	+69.8%
Cash and cash equivalents	1,920	4,131	+2,210	+115.1%
Non-current assets	4,600	4,292	-308	-6.7%
Total assets	**7,799**	**9,723**	**+1,924**	**+24.7%**
Current liabilities	6,500	2,011	-4,489	-69.1%
Non-current liabilities	2,073	6,477	+4,403	+212.3%
Equity	-775	1,234	+2,009	—
Total liabilities and equity	**7,799**	**9,723**	**+1,924**	**+24.7%**

FY2025 Q2

Highlights and Growth Strategy

Foundations Built in 2024 Begin Yielding Results in Q1 2025; Returning to Growth Trajectory in 2025



Three Pillars for Growth

1 Enhancement of the data and enterprise system domains

- Enhancing the Value of Our Core SoE Domain by Strengthening Data Capabilities (e.g., Location Data, Price Sensitivity, and Purchase Behavior Data)
- Strengthening enterprise system development leveraging generative AI (including ongoing enhancements of code rebuild AI)
- Appointed a new head of data and enterprise systems and established a dedicated team

2 Delivering unique value through borderless management

- Leveraging a large-scale development hub in a region with abundant engineering talent worldwide, combined with extensive digital consulting expertise in japan, europe, and the americas to deliver added value
- Delivering unique value through borderless design and development operations

3 Productivity Innovation through AI and Provision of AI Solutions

- By integrating AI across all stages of the system development process, we dramatically enhance productivity, shorten development timelines, and strengthen cost competitiveness.
- Providing advanced, AI-integrated solutions through our developed systems.
- Providing AI-powered solutions that transform client operations through the use of AI agents and related technologies.

Scope of This Topic

Three Core AI Areas at Monstarlab

AI-Driven Development

Integrating AI into the development process to fundamentally enhance productivity, translating improvements in quality and cost into competitive advantages.

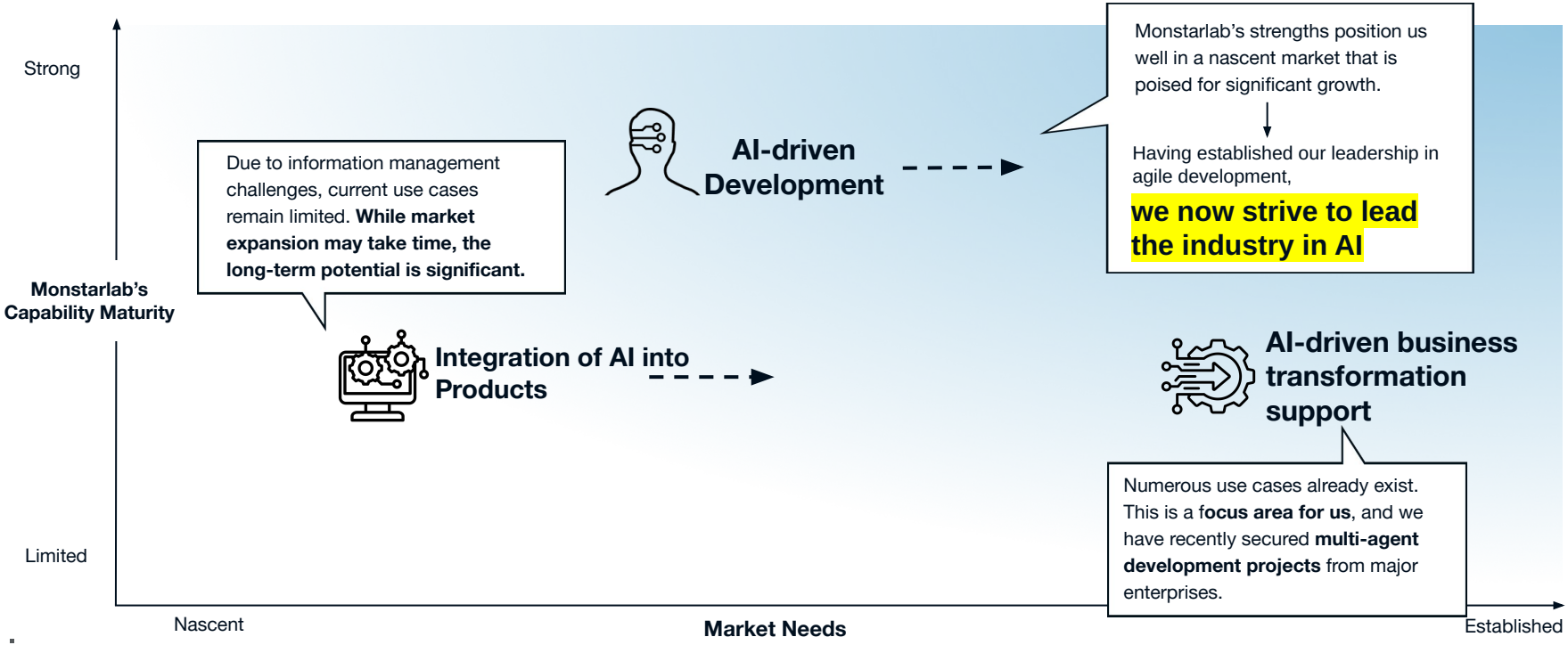
Integration of AI into Products

By implementing AI as a core function in our developed systems, we deliver more advanced solutions compared to competitors.

Driving Business Transformation with AI

We provide AI-driven solutions that transform client operations, enhancing productivity and creating greater value.

Aiming for Industry Leadership in AI-Driven Development, Advancing Multi-Agent Innovation



Establishing a Center of Excellence for AI Development under CEO Oversight

Center of Excellence

Governance

We establish rules and frameworks to deploy AI safely and efficiently across the organization, ensuring sustainable operations.

- Regularly review and update internal rules in line with actual usage.
- Support on-site innovation and PoC initiatives while monitoring implementation progress.
- Implement mechanisms to proactively identify risks and security concerns.

Operational Excellence

We build best-practice frameworks that enable each department to leverage AI optimally and continuously improve business operations.

- Identify high-impact tasks per department and implement AI in phases.
- Develop “living standards” that adapt to trends and technological changes.
- Capture and share departmental successes and failures to benefit the entire organization.

Data Platform

We establish a data and KPI infrastructure to visualize the impact of AI utilization, supporting management decisions and operational improvements.

- Continuously monitor the effectiveness of tools and initiatives.
- Define KPIs/KGIs and visualize results via dashboards to quantify outcomes.

As a platform for AI-driven development, we are developing proprietary multi-AI agents. Alongside internal deployment, we plan to commercialize these as products in the future

Proprietary Multi-AI Agents

Business Ideation

- We are developing proprietary agents based on the requirements documents of hundreds of past projects
- By discussing new business ideas with AI agents for 10–20 minutes, requirement documents are automatically generated

Market Research

- Collected and analyzed industry and competitor data
- Supporting the definition of concrete system requirements aligned with new services

Wireframe Creation

- Developing a proprietary agent based on wireframes from hundreds of past application projects
- Automatically generate wireframes through 10–20 minute discussions with AI agents on new business ideas

Coding

- AI assists in code generation, refactoring, and bug detection
- Supports adherence to coding best practices and security standards

Achieved **18x productivity improvement** in new business product development

Introducing Code Rebuild AI (CRA) for Enterprise Modernization via Generative AI

“As the "2025 Digital Cliff" approaches, demand to renew legacy system grows

1

System maintenance has expired, or is about to yet measures are not in place

2

Technology is outdated and securing skill set (manpower) is challenging

Client

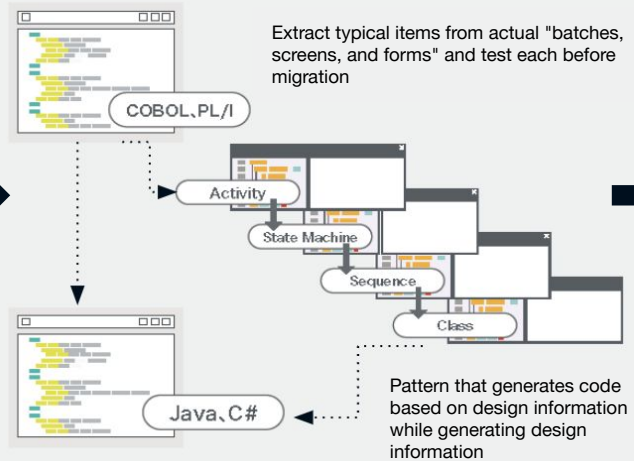
3

System configuration is extremely complex, and modification is costly and time-consuming

4

System has become a black box that is difficult to maintain or modify

Development of “Code Rebuild AI” a modernization tool utilizing generative AI



The feasibility of legacy system modernization can be verified in as little as two months.

To be used as a tool for subsequent development projects

Modernizing Enterprises in 1–2 Years through CRA and Monstarlab's Strengths in AI-Driven Development, Agile Practices, and UI/UX Design

	Validation Phase (2–4 months)	Full-Scale Development (~1 year)	Production Launch & Expansion (Medium- to Long-Term Support)
Objective	**Feasibility Study & Planning using CRA**	**Modernization through CRA: Transforming Black-Box Systems into White-Box Systems**	**Expand White-Box Systems & Add New Features**
Approach	**Agile Development**	**Waterfall Development**	**Waterfall Development**
Output	• **CRA Compatibility Validation** Analyze current applications and verify results • **CRA Overall Planning** Estimate scope and draft plan through To-Be architecture optimization	• **Function Analysis & Requirements Definition via CRA** • **Screen Design Considering Efficiency by UI/UX Team** • **UI/UX Design** • **AI-Driven System Development** • **Business Process Improvement Proposals by Operations Team** • **Integration & System Testing**	• **Apply Standard System Development Process** Requirements Definition, AI-Driven System, Development, Integration Testing, User Acceptance Testing (UAT)

Organizational capabilities are being strengthened in preparation for full-scale growth in the data and enterprise area.

1 Launched a dedicated organization for the Data and Enterprise domain

- In April 2025, we established “**Enterprise DX**,” a specialized unit of approximately 35 members focused on delivering Data and Enterprise solutions.
- The team provides differentiated solutions leveraging ML’s strengths, particularly in l**egacy system modernization**—such as Code Rebuild AI, agile development, and advanced UI design.

2 Appointed a new head with deep expertise in the Data and Enterprise domain

Eiichi Matsushima

Executive Managing Officer / Head of APAC Enterprise

Profile

A seasoned leader with extensive expertise in the Data and Enterprise domain. Previously served as a division leader in manufacturing and automotive industries at a global consulting firm, providing consulting services in new business strategy, business and IT transformation, and organizational reform for clients both in Japan and overseas. Possesses deep technical knowledge and hands-on experience in ERP (especially SAP) implementation and operations, having worked as a programmer. Over 25 years of experience as an industry consultant, specializing in large-scale business process reengineering (BPR) projects within the SoR (System of Record) domain.

Leveraging Monstarlab's four capabilities
and global insights with A
distinct c
the AI an

AI & Digital Partners

Becoming a Leading Company in AI-Driven Digital Transformation

Strengthening proprietary AI solutions

Strengthening legacy system modernization solutions, leveraging CRA as a key driver	Strengthening a new revenue foundation through the productization of AI-driven development agents	Developing AI solutions in new domains

Foundation of competitiveness

Leveraging our four existing capabilities to systematically harness AI and accumulate insights across global locations

Business Strategy	Experience Design	Technology & Development	Data Analysis

Building on CRA (Dec 2023), we continue developing proprietary AI solutions and plan to launch an AI-driven development platform in H2 2025

2023 December

- A new tool leveraging generative AI **to transform legacy code into optimal designs and modern languages**. By converting old code into new designs using AI before generating updated code, it enables more **efficient code migration**, **significantly reducing costs and time for modernization**.

2024 October

- Combining our advanced data engineering expertise with generative AI technology, we enable data aggregation from legacy systems to data warehouses and **support data extraction and analysis using natural language** without SQL queries.
- Enabling seamless management of multiple data platforms to **mitigate the risk of vendor lock-in.**

2024 December

- Supporting the development and implementation of knowledge management systems that leverage generative AI to enable **easy access to corporate knowledge** directly from chat tools.
- Delivering **more scalable systems** at lower costs while providing **superior user experience** compared to off-the-shelf package solutions.

2025 February

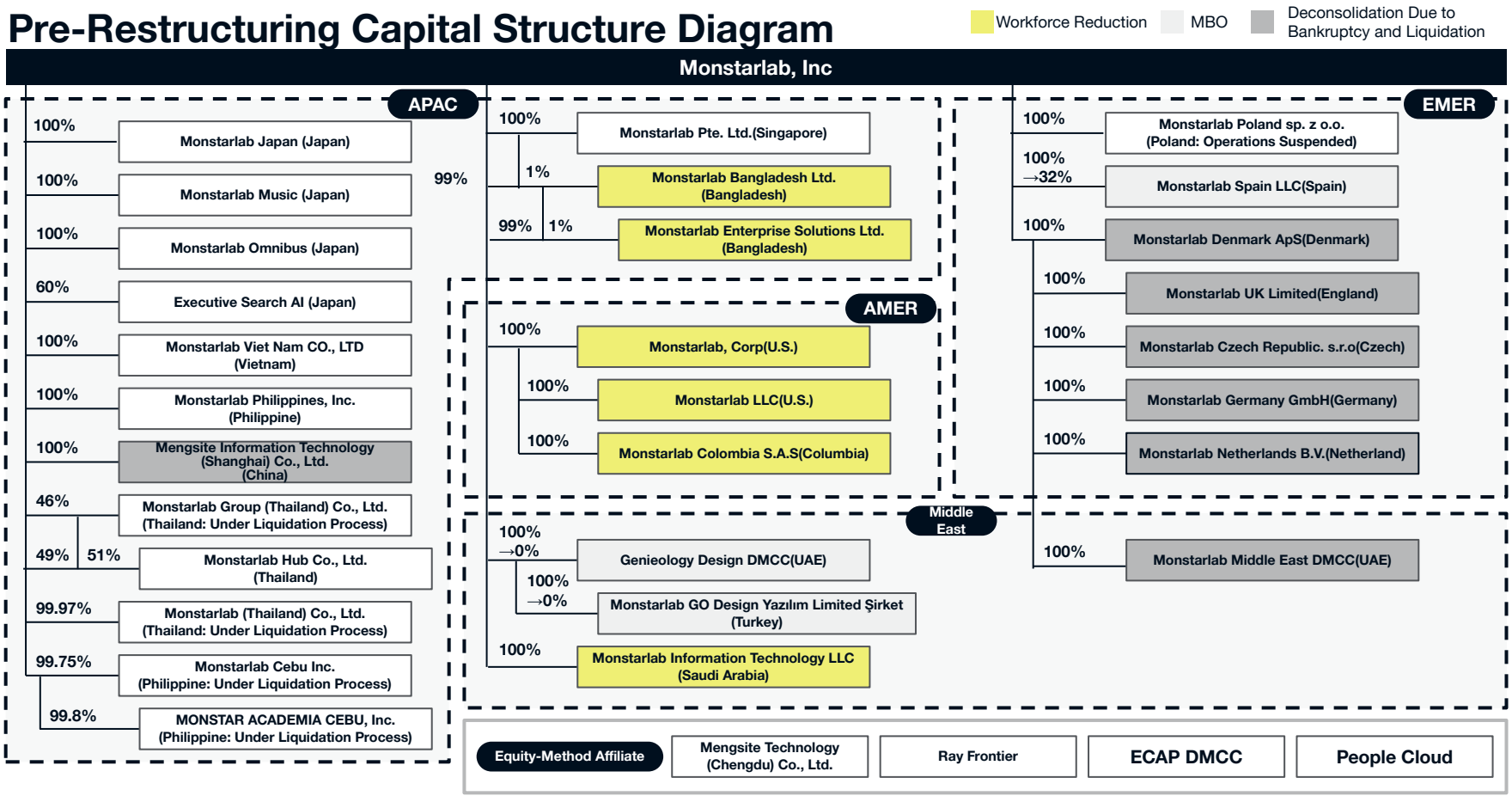
- Combining our advanced UI/UX expertise with AI technology, we conduct **expert reviews** and i**dentify UI/UX issues** for existing products such as websites and applications at **approximately 1.3 times the conventional speed**.

2025 H2

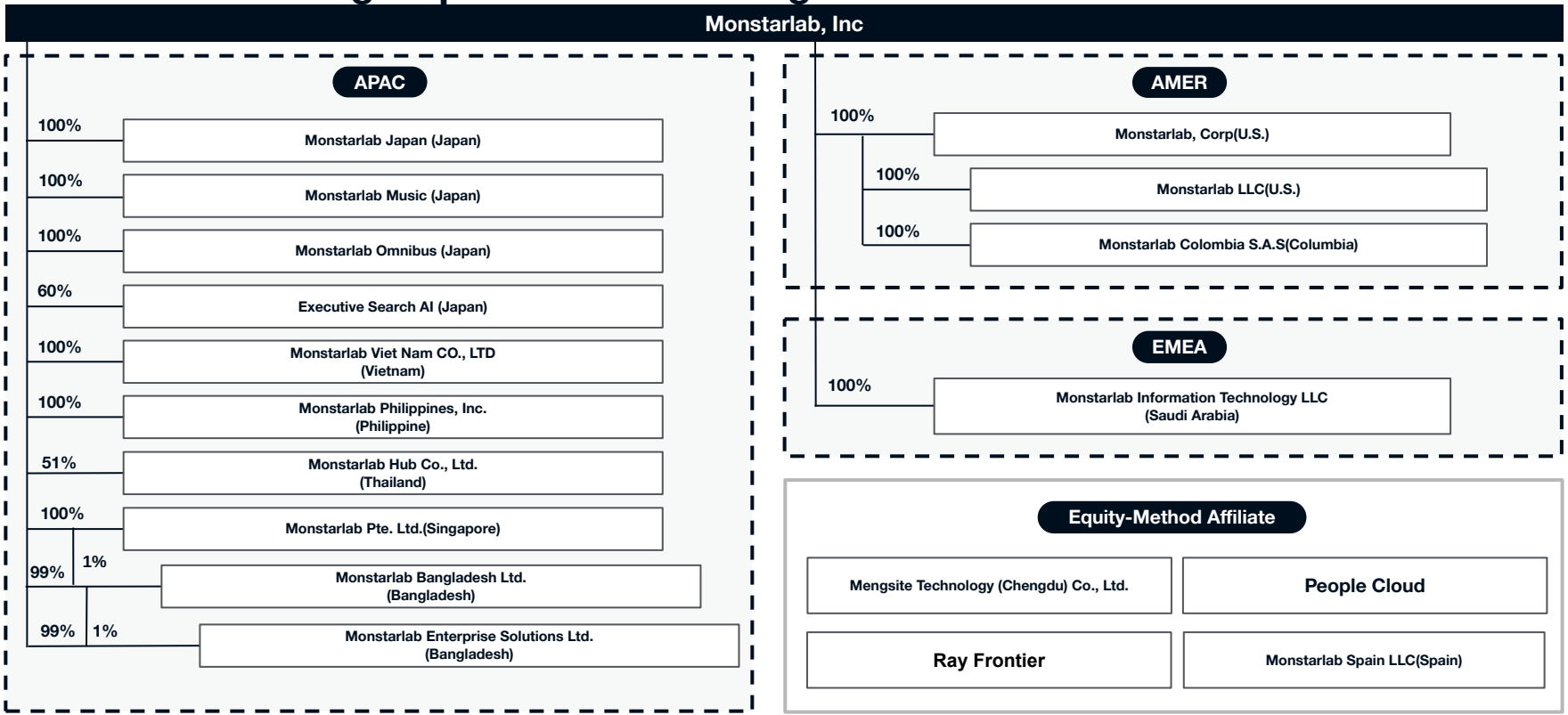
Planning the productization of a multi-agent platform for AI-driven development

Appendix

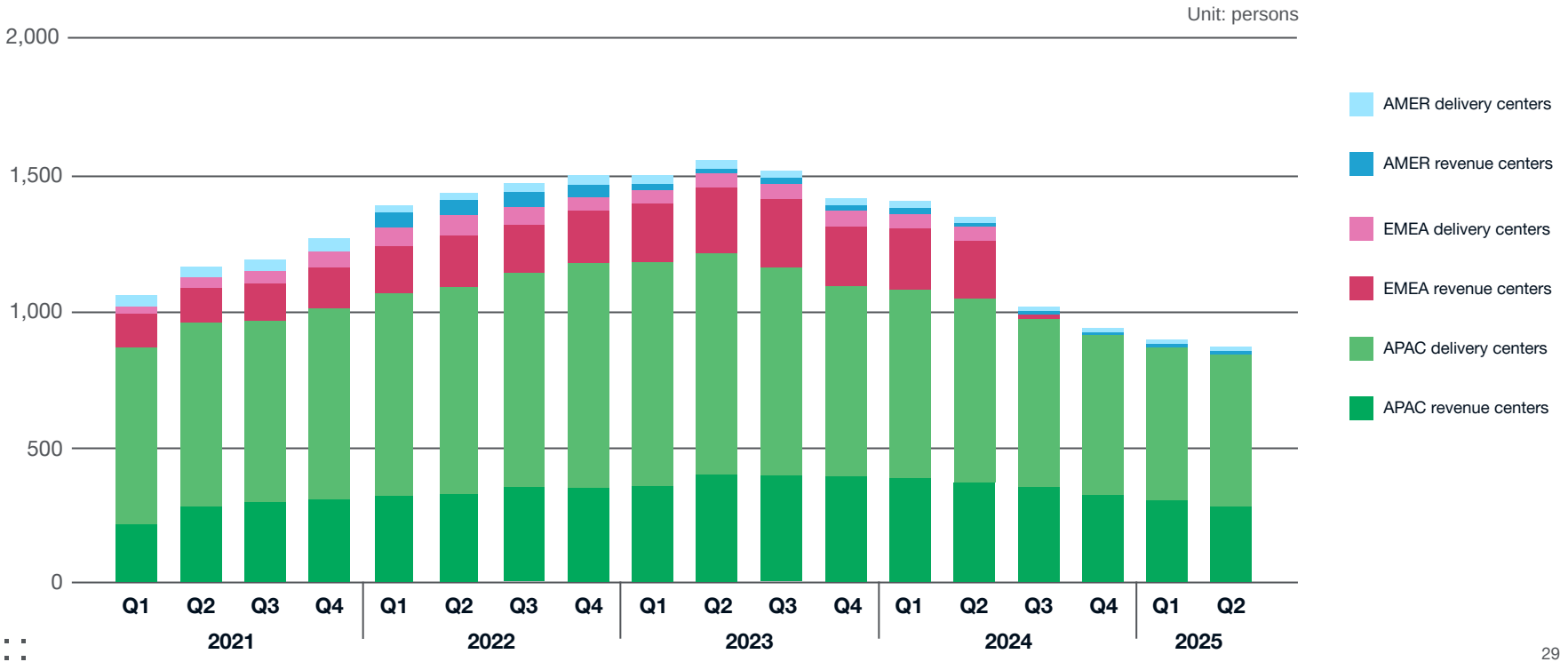
Pre-Restructuring Capital Structure Diagram



Post-Restructuring Capital Structure Diagram



Following EMEA-centered restructuring, we focus on APAC and AMER, enhancing per-person productivity via AI-driven development to maintain profitability



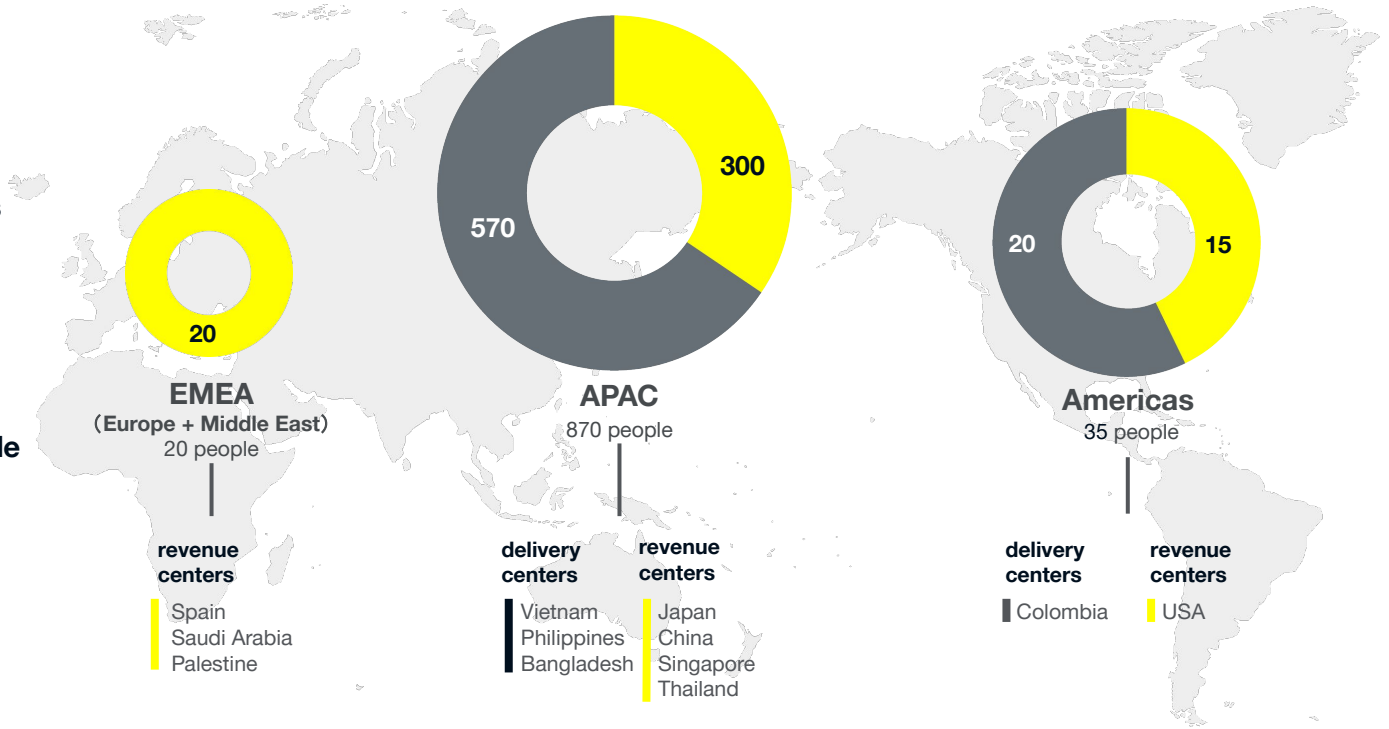
Global team of 920, with revenue centers in Japan, Western Europe, and North America, and delivery centers in Southeast Asia and South America

Areas of operation

12 countries **20** Regions

Employees about

920 People worldwide



Note: As of the end of March 2025. The number of locations includes subsidiaries. APAC refers to the Asia Pacific region.

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Furthermore, please be advised that this material contains financial information and statements based on past financial statements or accounts, as well as management figures not based on the financial accounts, and that such contained information, statements and figures have not been reviewed by an independent certified public accountant or audit cApart from cases in which requests are made pursuant to applicable laws or under the regulations of securities exchanges, the Company is under no obligation to any update or correct any information contained within this material pursuant to the occurrence of any future event.orporation.

Contact : ir@monstar-lab.com

Monstarlab Holdings Inc. (Securities Code: 5255)

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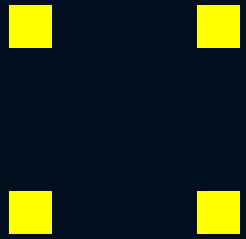

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