



Consolidated Financial Results for the Six Months Ended June 30, 2025 (Under IFRS)

August 14, 2025

Company name Monstarlab Inc.

Stock exchange listings: Tokyo

Growth

Securities code 5255 URL <http://monstar-lab.com/jp/>

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Semi-annual statement filing date (as planned) August 14, 2025 Dividend payable date (as planned) —

Supplemental material of results :

Yes

Convening briefing of results : Yes (for analysts and institutional investors [on-demand video])

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	3,778	(34.0)	126	—	(358)	—	(265)	—	(253)	—	(153)	—
June 30, 2024	5,721	(15.4)	(6,990)	—	(5,773)	—	(5,911)	—	(5,894)	—	(6,395)	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	(5.21)	(5.21)
June 30, 2024	(171.70)	(171.70)

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets ratio
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2025	9,723	1,234	1,278	13.9
December 31, 2024	7,589	(4,776)	(4,738)	(62.4)

2. Cash dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Year end	Annual
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2025	—	0.00			
Fiscal year ending December 31, 2025 (Forecast)			—	0.00	0.00

Note:Revisions to the forecast of cash dividends most recently announced : None

3. Consolidated financial forecast for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
December 31, 2025	8,517	(14.8)	360	—	274	—	206	—	5.27

Note:Revisions to the earnings forecasts most recently announced : None

* Notes

(1) Significant changes in the scope of consolidation during the period : None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS : None

(ii) Changes in accounting policies due to other reasons : None

(iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

① Number of issued and outstanding shares at the period end (including treasury stock)

As of June 30, 2025	64,900,722 shares	As of December 31, 2024	39,176,950 shares
As of June 30, 2025	243,300 shares	As of December 31, 2024	0 shares
Six months ended June 30, 2025	48,592,003 shares	Six months ended June 30, 2024	34,326,950 shares

② Number of treasury stock at the period end

③ Average number of shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement Regarding Forward-Looking Statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions that the Company deems reasonable. These statements are not intended to guarantee that the Company will achieve the stated targets. Actual results may differ materially due to various factors. For details on the assumptions underlying these forecasts and other precautions concerning the use of earnings forecasts, please refer to "1. Qualitative Information on Interim Financial Results (3) Explanation of Consolidated Business Forecasts and Other Forward-Looking Information" on page 4 of the attached materials.

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1. Qualitative Information on Interim Financial Results

(1) Explanation of Operating Results

The Monstarlab Group (the "Group") operates under the mission "Empower talent everywhere to engineer awesome products, services and ecosystems; building a brighter world for us all." We aim to contribute to a better world by working with our clients as their digital partner to create products, services, and ecosystems that will resolve global issues, while simultaneously providing "opportunities" such as "opportunities to work," "opportunities to grow," and "opportunities to participate in projects that tackle global issues" across national borders.

During the six months ended June 30, 2025, the global and Japanese economies showed a moderate recovery trend, supported by an expansion in inbound demand and an improvement in the income environment due to wage increases. However, the economic outlook both domestically and internationally remains uncertain due to factors such as prolonged price hikes caused by the situation in Ukraine, as well as future policy trends in the United States and fluctuations in financial capital markets. On the other hand, in the IT industry, the momentum for digital shifts triggered by the COVID-19 pandemic shows no signs of waning. Demand for digital transformation (DX) directly linked to management strategies has increased, and corporate appetite for DX investment continues to be strong.

Amidst this business environment, the Group operates its main "Digital Consulting Business," which primarily supports DX for corporations and local governments in line with their business challenges and new business needs, as well as "Other Business" including product businesses, in 12 countries and regions globally (as of December 31, 2024). The Group classifies the areas where its Digital Consulting Business operates into two regions: APAC, which refers to Japan, the Asia-Pacific region, and the Middle East; and AMER, which refers to North, Central, and South America.

For the six months ended June 30, 2025, the Group achieved operating profitability as a result of completing the establishment of a growth foundation and transforming into a structure capable of generating profits. This was accomplished through fundamental structural reforms centered on the withdrawal and downsizing of unprofitable bases and cost optimization, which were promoted throughout the fiscal year ended December 31, 2024. In APAC, approaches utilizing generative AI and initiatives for data and enterprise system projects are progressing smoothly. For the full-scale development of the data and enterprise domain, organizational reinforcement is steadily progressing through the launch of a continuing organization and the participation of a supervising manager with extensive knowledge. As part of our growth strategy, we are focusing on productivity innovation and the provision of AI solutions. To this end, we have established a "Center of Excellence," an organization under the direct control of the CEO, to promote the organizational use of AI by leveraging it in all areas of the development process to achieve higher quality and productivity.

In AMER, we have achieved stable growth in revenue and profit through long-term projects, building a solid business foundation. A stable pipeline has been established, primarily with existing major clients, and the business environment is favorable. The region has consistently recorded operating profits since achieving operating profitability in the third quarter of the fiscal year ended December 31, 2024.

As a result, for the six months ended June 30, 2025, the Group's revenue was 3,778,949 thousand yen (a decrease of 34.0% year-on-year), operating profit was 126,397 thousand yen (compared to an operating loss of 6,990,797 thousand yen in the same period of the previous year), loss before tax was 358,770 thousand yen (compared to a loss before tax of 5,773,852 thousand yen in the same period of the previous year), and loss attributable to owners of parent was 253,387 thousand yen (compared to a loss attributable to owners of parent of 5,894,047 thousand yen in the same period of the previous year).

The operating results for the Digital Consulting Business by region are as follows.

1. APAC

For the six months under review, revenue was 3,053,363 thousand yen (-4.1% YoY), and operating profit was 116,635 thousand yen (+3,621.0% YoY). These figures are compared to APAC for the same period of the previous year, which consisted of Japan and the Asia-Pacific region.

Although revenue typically decreases in the second quarter due to the fiscal year-end transition for clients, revenue in the second quarter of the current fiscal year was maintained at almost the same level as the previous quarter. As a result, sales increased compared to the same quarter of the previous year, and remained almost flat compared to the same six-month period of the previous year. The acquisition of generative AI-related projects is also progressing, and we are steadily executing our growth strategy.

2. AMER

For the six months under review, revenue was 512,178 thousand yen (+11.4% YoY), and operating profit was 48,855 thousand yen (compared to an operating loss of 289,745 thousand yen for the same period last year).

A stable pipeline has been established, primarily with existing major clients, and the business environment remains favorable. Going forward, we will continue to leverage our partnership with a payment solutions company and strengthen our pipeline for further growth by ramping up marketing activities.

(2) Explanation of Financial Position

1) Status of Assets, Liabilities, and Equity

The status of various items at the end of the consolidated interim financial fiscal year under review are as shown below.

(Current assets)

The balance of current assets was 5,431,517 thousand yen (compared to 2,723,335 thousand yen at the end of the previous fiscal year). The main components included cash and cash equivalents of 4,131,709 thousand yen (compared to 1,550,889 thousand yen at the end of the previous fiscal year) and trade and other receivables of 808,052 thousand yen (compared to 733,683 thousand yen at the end of the previous fiscal year).

(Non-current assets)

The balance of non-current assets was 4,292,400 thousand yen (compared to 4,865,784 thousand yen at the end of the previous fiscal year). The main components included goodwill of 699,354 thousand yen (compared to 699,354 thousand yen at the end of the previous fiscal year) and other financial assets of 2,874,551 thousand yen (compared to 3,213,434 thousand yen at the end of the previous fiscal year).

(Current liabilities)

The balance of current liabilities was 2,011,562 thousand yen (compared to 5,710,500 thousand yen at the end of the previous fiscal year). The main components included trade and other payables of 592,588 thousand yen (compared to 694,227 thousand yen at the end of the previous fiscal year), bonds and borrowings of 32,988 thousand yen (compared to 3,372,457 thousand yen at the end of the previous fiscal year), and other current liabilities of 947,218 thousand yen (compared to 1,095,464 thousand yen at the end of the previous fiscal year).

(Non-current liabilities)

The balance of non-current liabilities was 6,477,547 thousand yen (compared to 6,655,339 thousand yen at the end of the previous fiscal year). The main components included bonds and borrowings of 5,848,505 thousand yen (compared to 5,808,099 thousand yen at the end of the previous fiscal year) and lease liabilities of 199,480 thousand yen (compared to 265,114 thousand yen at the end of the previous fiscal year).

(Total equity)

Total equity was 1,234,807 thousand yen (compared to minus 4,776,719 thousand yen at the end of the previous fiscal year). The main components included share capital of 1,153,281 thousand yen (compared to 2,175,325 thousand yen at the end of the previous fiscal year), capital surplus of 1,954,338 thousand yen (compared to 10,896,713 thousand yen at the end of the previous fiscal year), and retained earnings of minus 2,636,793 thousand yen (compared to minus 18,505,948 thousand yen at the end of the previous fiscal year).

2) Status of cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the six months of the current fiscal year amounted to 4,131,709 thousand yen (compared to 1,550,889 thousand yen at the end of the previous fiscal year).

Cash flow activities during the six months of the current fiscal year and their main factors were as follows:

(Cash flows from operating activities)

Net cash used in operating activities totaled 149,300 thousand yen (compared to net cash used in operating activities of 2,543,634 thousand yen in the same period of the previous year). This was mainly due to a loss before tax of (358,770) thousand yen (compared to a loss before tax of (5,773,852) thousand yen in the same period of the previous year), an increase

in trade and other receivables of 162,532 thousand yen (compared to a decrease of 306,080 thousand yen in the same period of the previous year), foreign exchange gains of 208,937 thousand yen (compared to foreign exchange losses of (1,175,377) thousand yen in the same period of the previous year), an increase in contract assets of 65,833 thousand yen (compared to an increase of 142,810 thousand yen in the same period of the previous year), an increase in provisions of 122,576 thousand yen (compared to an increase of 301,896 thousand yen in the same period of the previous year), and income taxes paid of 74,407 thousand yen (compared to 86,877 thousand yen in the same period of the previous year).

(Cash flows from investing activities)

Net cash provided by investing activities totaled 75,406 thousand yen (compared to net cash used in investing activities of 120,948 thousand yen in the same period of the previous year). This was mainly due to purchase of property, plant and equipment of 896 thousand yen (compared to 24,285 thousand yen in the same period of the previous year), purchase of intangible assets of 14,947 thousand yen (compared to 85,990 thousand yen in the same period of the previous year), and proceeds from sale of investments accounted for using equity method of 91,007 thousand yen (compared to zero in the same period of the previous year).

(Cash flows from financing activities)

Net cash provided by financing activities totaled 2,743,615 thousand yen (compared to net cash provided by financing activities of 1,989,121 thousand yen in the same period of the previous year). This was due to factors such as a net decrease in short-term borrowings of 2,633,764 thousand yen (compared to a net increase of 2,812,279 thousand yen in the same period of the previous year), repayments of long-term borrowings of 666,236 thousand yen (compared to 377,172 thousand yen in the same period of the previous year), repayments of lease liabilities of 102,307 thousand yen (compared to 195,986 thousand yen in the same period of the previous year), proceeds from issuance of new shares of 6,213,084 thousand yen (compared to zero in the same period of the previous year), and payments for acquisition of interests in subsidiaries from non-controlling interests of 67,160 thousand yen (compared to zero in the same period of the previous year).

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

There are no changes to the financial forecast for the fiscal year ending December 31, 2025, from the figures announced at the time of the financial results announcement on February 14, 2025.

(4) Significant Matters Regarding the Assumption of Going Concern

The Group recorded a net loss and negative operating cash flows in the previous fiscal year and during the six months ended June 30, 2025.

As described in "1. Qualitative Information on Operating Results, etc. (1) Explanation of Operating Results," although the Group recorded an operating profit of 126,397 thousand yen for the period, it also posted a net loss of 265,918 thousand yen due to an increase in finance costs (mainly foreign exchange losses). Additionally, the Group has received a deferral on the repayment of principal on borrowings from its financial institutions. Accordingly, a situation that casts significant doubt on the premise of a going concern exists.

To resolve this situation, the Group is implementing the following measures:

(1) Measures to Improve Business Profitability

The Group is strengthening efforts to acquire projects by specializing in the healthcare, life sciences, and financial fields, where it is establishing its strengths. In addition, with the goal of establishing a stable growth foundation, the Group is investing in its own technologies that enable differentiation in areas such as location information and pricing strategies, while also promoting the globalization of solutions developed from past DX project achievements. Furthermore, to enhance the value of its SoE (Systems of Engagement) areas of expertise, the Group is strengthening its data domains, such as location data and purchasing behavior data like price sensitivity, and advancing the development of enterprise systems utilizing generative AI. Concurrently, the Group strives to continuously strengthen its technological and sales capabilities by leveraging investments and partnerships with advanced technology companies, consulting firms, and business corporations.

(2) Group-wide Cost Reduction Measures Including Business Operations

As announced in the "Notice on Personnel Reduction and Other Rationalization Measures and Policy Decision on Dissolution of Consolidated Subsidiaries" dated May 31, 2024, the Group implemented group-wide personnel reductions, including a significant downsizing of the EMEA (Europe and the Middle East) business, along with office downsizing and IT cost reviews to reduce fixed costs by December 31, 2024. As a result, for continuing consolidated subsidiaries, selling, general

and administrative expenses decreased by 895,180 thousand yen compared to the same period of the previous year. The Group will continue to strive for further cost reductions by proceeding with office downsizing and IT cost reviews.

(3) Financial Aspects

The Group has discussed business and funding plans and requested deferrals on repayments from its financial institutions, and has received such deferrals on the principal of its borrowings. The Group will continue to maintain close relationships with its financial institutions and strive to receive their ongoing support.

Furthermore, as announced in the "Notice Regarding Completion of Exercise of the 81st Series of Stock Acquisition Rights (with Exercise Price Adjustment Clause) Issued by Third-Party Allotment and Monthly Exercise Status" dated June 23, 2025, the Group has raised capital through equity financing. As announced in the "Notice Regarding Completion of Payment for Issuance of Preferred Shares by Third-Party Allotment, Reduction of Stated Capital and Capital Reserve, and Disposition of Surplus" dated March 28, 2025, the issuance and payment of Class A preferred shares totaling 3,300,000 thousand yen to The San-in Godo Bank, Ltd. has been completed. As a result, the Group has resolved its negative equity position, with total equity of 1,234,807 thousand yen at the end of the six months under review.

Regarding cash management, cash and cash equivalents at the end of the six months under review amounted to 4,131,709 thousand yen, securing sufficient funds for ongoing business operations.

Based on the above, management has concluded that no material uncertainty exists regarding the going concern assumption.

2. Consolidated interim Financial Statements and Notes

(1) Consolidated interim Statement of Financial Position

(Thousands of yen)

	Note	As of December 31, 2024	As of June 30, 2025
Assets			
Current assets			
Cash and cash equivalents		1,550,889	4,131,709
Trade and other receivables		733,683	808,052
Contract assets		150,840	179,656
Inventories		4,494	3,212
Other current assets		279,863	305,724
Subtotal		2,719,771	5,428,356
Assets held for sale		3,563	3,161
Total current assets		2,723,335	5,431,517
Non-current assets			
Property, plant and equipment		87,800	64,635
Right-of-use assets		139,336	122,759
Goodwill		699,354	699,354
Intangible assets		276,099	270,145
Investments accounted for using equity method		67,777	20,202
Other financial assets	5	3,213,434	2,874,551
Deferred tax assets		80,708	52,999
Other non-current assets		301,272	187,751
Total non-current assets		4,865,784	4,292,400
Total assets		7,589,119	9,723,918

(Thousands of yen)

	Note	As of December 31, 2024	As of June 30, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		694,227	592,588
Contract liabilities		270,260	267,487
Bonds and borrowings	5	3,372,457	32,988
Lease liabilities		122,027	88,519
Income taxes payable		69,659	20,349
Provisions		86,403	62,410
Other current liabilities		1,095,464	947,218
Total current liabilities		5,710,500	2,011,562
Non-current liabilities			
Bonds and borrowings		5,808,099	5,848,505
Lease liabilities		265,114	199,480
Provisions		118,244	116,053
Deferred tax liabilities		289,740	146,098
Other non-current liabilities		174,139	167,409
Total non-current liabilities		6,655,339	6,477,547
Total liabilities		12,365,839	8,489,110

Equity		
Share capital	2,175,325	1,153,281
Capital surplus	10,896,713	1,954,338
Retained earnings	(18,505,948)	(2,636,793)
Other components of equity	695,364	807,219
Total equity attributable to owners of parent	(4,738,544)	1,278,045
Non-controlling interests	(38,175)	(43,238)
Total equity	(4,776,719)	1,234,807
Total liabilities and equity	7,589,119	9,723,918

(2) Consolidated interim Statement of Profit or Loss and Consolidated Statement of Comprehensive Income
(Consolidated interim Statement of Profit or Loss)

(Thousands of yen)

	Note	Six months ended June 30, 2024	Six months ended June 30, 2025
Revenue	7	5,721,416	3,778,949
Cost of sales		(5,174,063)	(2,355,210)
Gross profit		547,352	1,423,738
Selling, general and administrative expenses		(3,414,422)	(1,350,196)
Other income		25,956	56,536
Other expenses		(4,149,683)	(3,681)
Operating profit (loss)	7	(6,990,797)	126,397
Finance income		1,310,613	1,282
Finance costs		(68,095)	(438,876)
Share of profit (loss) of investments accounted for using equity method		(25,572)	(47,575)
Profit (loss) before tax		(5,773,852)	(358,770)
Income tax expense		(138,022)	92,852
Profit (loss)		(5,911,874)	(265,918)
Profit attributable to			
Owners of parent		(5,894,047)	(253,387)
Non-controlling interests		(17,827)	(12,530)
Profit (loss)		(5,911,874)	(265,918)
Earnings (loss) per share			
Basic earnings (loss) per share	8	(171.70)	(5.21)
Diluted earnings (loss) per share	8	(171.70)	(5.21)

(Consolidated interim Statement of Comprehensive Income)

(Thousands of yen)

	Note	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit (loss)		(5,911,874)	(265,918)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		54	(29)
Total		54	(29)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(484,092)	112,209
Total		(484,092)	112,209
Other comprehensive income, net of tax		(484,038)	112,179
Comprehensive income		(6,395,912)	(153,738)
Comprehensive income attributable to			
Owners of parent		(6,377,433)	(141,532)
Non-controlling interests		(18,479)	(12,206)
Comprehensive income		(6,395,912)	(153,738)

(3) Consolidated interim Statement of Changes in Equity

For the Six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

(Thousands of yen)

	Note	Equity attributable to owners of parent							Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity			Total equity attributable to owners of parent		
					Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total			
Balance at beginning of period		1,922,586	10,499,729	(8,558,362)	(153,474)	604	(152,870)	3,711,083	(5,055)	3,706,027
Profit (loss)		—	—	(5,894,047)	—	—	—	(5,894,047)	(17,827)	(5,911,874)
Other comprehensive income		—	—	—	(483,440)	54	(483,385)	(483,385)	(652)	(484,038)
Comprehensive income		—	—	(5,894,047)	(483,440)	54	(483,385)	(6,377,433)	(18,479)	(6,395,912)
Transfer to retained earnings		—	—	—	—	—	—	—	—	—
Issuance of new shares		—	—	—	—	—	—	—	—	—
Exercise of share acquisition rights		—	—	—	—	—	—	—	—	—
Share-based payment transactions		—	96,102	—	—	—	—	96,102	—	96,102
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	(127)	(127)
Total		—	96,102	—	—	—	—	96,102	(127)	95,974
Balance at end of period		1,922,586	10,595,831	(14,452,409)	(636,914)	658	(636,255)	(2,570,247)	(23,662)	(2,593,909)

For the Six months ended June 30, 2025 (From January 1, 2023 to June 30, 2025)

(Thousands of yen)

	Note	Equity attributable to owners of parent							Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity			Total equity attributable to owners of parent		
					Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total			
Balance at beginning of period		2,175,325	10,896,713	(18,505,948)	694,745	618	695,364	(4,738,544)	(38,175)	(4,776,719)
Profit (loss)		—	—	(253,387)	—	—	—	(253,387)	(12,530)	(265,918)
Other comprehensive income		—	—	—	111,884	(29)	111,854	111,854	324	112,179
Comprehensive income		—	—	(253,387)	111,884	(29)	111,854	(141,532)	(12,206)	(153,738)
Transfer to retained earnings	12	(4,134,622)	(11,987,919)	16,122,541	—	—	—	—	—	—
Issuance of new shares	12	3,112,578	3,090,155	—	—	—	—	6,202,733	—	6,202,733
Exercise of share acquisition rights	12	—	(12,072)	—	—	—	—	(12,072)	—	(12,072)
Share-based payment transactions		—	41,695	—	—	—	—	41,695	—	41,695
Changes in ownership interest in subsidiaries		—	(74,234)	—	—	—	—	(74,234)	7,073	(67,160)
Other		—	—	—	—	—	—	—	69	69
Total		(1,022,044)	(8,942,374)	16,122,541	—	—	—	6,158,122	7,143	6,165,266
Balance at end of period		1,153,281	1,954,338	(2,636,793)	806,630	589	807,219	1,278,045	(43,238)	1,234,807

(4) Consolidated interim Statement of Cash Flows

(Thousands of yen)

	Note	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities			
Profit (loss) before tax		(5,773,852)	(358,770)
Depreciation and amortization		205,544	65,374
Impairment losses (reversal of impairment losses)		4,140,388	—
Finance income and finance costs		66,713	72,845
Loss(Gain) on valuation of financial instruments		(338,231)	207,022
Foreign exchange loss (gain)		(1,175,377)	208,937
Decrease (increase) in trade and other receivables		306,080	(162,532)
Increase (decrease) in trade and other payables		(191,947)	(96,329)
Decrease (increase) in inventories		361	1,281
Decrease (increase) in contract assets		(142,810)	(65,833)
Increase (decrease) in provisions		301,896	122,576
Other		204,058	1,853
Subtotal		(2,397,173)	(3,576)
Interest received		1,381	1,283
Interest paid		(60,964)	(72,599)
Income taxes paid		(86,877)	(74,407)
Net cash provided by (used in) operating activities		(2,543,634)	(149,300)
Cash flows from investing activities			
Purchase of property, plant and equipment		(24,285)	(896)
Purchase of intangible assets		(85,990)	(14,947)
Proceeds from sale of investments accounted for using equity method		—	91,007
Other		(10,672)	243
Net cash provided by (used in) investing activities		(120,948)	75,406
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		2,812,279	(2,633,764)
Repayments of long-term borrowings		(377,172)	(666,236)
Redemption of bonds		(250,000)	—
Repayments of lease liabilities		(195,986)	(102,307)
Proceeds from allocation of new shares to a third party of consolidated subsidiaries		—	6,213,084
Payments for acquisition of interests in subsidiaries from non-controlling interests		—	(67,160)
Net cash provided by (used in) financing activities		1,989,121	2,743,615
Effect of exchange rate changes on cash and cash equivalents		79,723	(88,902)
Net increase (decrease) in cash and cash equivalents		(595,738)	2,580,819
Cash and cash equivalents at beginning of period		1,783,264	1,550,889
Cash and cash equivalents at end of period		1,187,526	4,131,709

(5) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting Entity

Monstarlab Inc. (hereinafter, the "Company") is a stock company (kabushiki kaisha) located in Japan. Its registered head office is located in Shibuya-ku, Tokyo. Effective April 1, 2025, the Company changed its trade name from Monstarlab Holdings Inc. to Monstarlab Inc. Also, effective the same date, the Company's wholly-owned subsidiary, Monstarlab Inc., changed its trade name to Monstarlab Inc. Japan. The condensed interim consolidated financial statements of the Company for the six months ended June 30, 2025, comprise the Company and its subsidiaries (hereinafter, the "Group"). The principal business activities of the Company are described in "7. Operating Segments."

2. Basis of Preparation of Condensed Interim Consolidated Financial Statements

(1) Statement of Compliance with IFRS

The condensed interim consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting," as stipulated in Article 5, Paragraph 2 of the "Rules for Preparation of Interim Financial Statements, etc." of the Tokyo Stock Exchange, Inc.

These condensed interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

These condensed interim consolidated financial statements were approved by Hiroki Inagawa, Representative Director, and Sumito Suzuki, CFO, on August 14, 2025.

(2) Functional Currency and Presentation Currency

The condensed interim consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Group. All financial information presented in Japanese yen has been rounded down to the nearest thousand yen.

(3) Changes in Presentation

The Group has changed the presentation of revenue by region from the six months ended June 30, 2025. This change was made due to the significant downsizing of operations in the EMEA region, the consolidation of management of this region at the head office, and to more appropriately reflect the current situation where EMEA-related projects are also handled in Japan. Revenue previously classified as "EMEA" is now included in "APAC." In conjunction with this change in presentation, revenue by region for the same period of the previous year has been restated to conform to the changed presentation. As a result, 1,884 million yen that was recorded under "EMEA" in the same period of the previous year has been reclassified to "APAC." This change has no impact on the Company's reportable segments.

3. Material Accounting Policies

The material accounting policies applied to the Group's condensed interim consolidated financial statements are consistent with those applied to the consolidated financial statements for the previous fiscal year.

4. Significant Accounting Judgments, Estimates, and Assumptions

In preparing the Group's condensed interim consolidated financial statements, management is required to make judgments, estimates, and assumptions that affect the application of the Group's accounting policies and reported amounts of income, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities. However, uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods. Any judgments, estimates, and assumptions that have a significant impact on the amounts in the condensed interim consolidated financial statements are, in principle, the same as those applied to the consolidated financial statements for the previous fiscal year.

5. Fair values of financial instruments

1) Fair value measurement method

The fair values of financial instruments are measured as follows:

a. Cash and cash equivalents, trade and other receivables, short-term loans receivable, and trade and other payables

These are valued at their book values, which approximate their fair values due to their short maturities.

b. Equity shares

The fair values of equity shares for which an active market exists are calculated based on market price. When evaluating the fair value of specific financial instruments for which no active market exists, the Group uses valuation techniques that include inputs not based on observable market data. Regarding valuation techniques, the Group uses the one that is most suitable for each investee, considering factors such as its financing situation, profitability, and financial condition. As for the inputs used, the Group uses the most appropriate inputs for the investee, considering their relevance, objectivity, and reasonableness. The main assumptions include the investee's future revenue growth rate and the discount rate used in the stock valuation. Inputs not based on observable market data and key assumptions may be affected by future changes in uncertain economic conditions, and if they need to be revised, it could have a significant impact on the amounts recognized in the consolidated financial statements of the following fiscal year.

c. Leasehold and guarantee deposits

The fair values of leasehold and guarantee deposits are determined by discounting future cash flows using interest rates based on appropriate indicators, such as deposit period and government bond yields.

d. Bonds

The fair values of bonds are determined by discounting the total amount of principal and interest using a rate that reflects the time to maturity and credit risk of the bond.

e. Long-term borrowings

The fair values of long-term borrowings are determined by discounting the total amount of principal and interest using the assumed rate that would be applied to a similar new loan.

2) Fair value hierarchy

Fair values of financial instruments are categorized as Level 1 to Level 3 based on a fair value hierarchy as follows:

Level 1: Fair values measured by quoted prices on active markets.

Level 2: Fair values calculated using observable prices other than those included in Level 1, either directly or indirectly.

Level 3: Fair values calculated using a valuation technique that includes inputs which are not based on observable market data.

3) Financial Instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

The following tables provide a breakdown of financial instruments by fair value hierarchy level.

For the fiscal year ended December 31, 2024

(Unit: Thousand yen)

	Fair value			
	Level 1	Level 1	Level 1	Level 1
Assets:				
Financial assets measured at fair value through profit or loss				
Equity shares	—	—	2,936,284	2,936,284
Total	—	—	2,936,284	2,936,284

	Fair value			
	Level 1	Level 1	Level 1	Level 1
Liabilities:				
Financial liabilities measured with fair value through profit or loss				
Contingent consideration*	—	—	252,498	252,498
Total	—	—	252,498	252,498

For the Six months ended June 30, 2025

(Unit: Thousand yen)

	Fair value			
	Level 1	Level 1	Level 1	Level 1
Assets:				
Financial assets measured at fair value through profit or loss				
Equity shares	—	—	2,729,261	2,729,261
Total	—	—	2,729,261	2,729,261
Liabilities:				
Financial liabilities measured with fair value through profit or loss				
Contingent consideration*	—	—	242,140	242,140
Total	—	—	242,140	242,140

* The Group may enter into an agreement to pay additional consideration for acquisition to other shareholders on the condition that the acquired subsidiary has achieved a certain level of financial results (e.g., revenue, EBITDA, retained earnings) for each fiscal year. The fair values of such contingent consideration are determined by using a discounted cash flow model or the like, based on the amounts of future payments under the agreement, and are classified as Level 3. Contingent consideration is included in “trade and other receivables” or “other non-current liabilities” in the consolidated interim statement of financial position.

(2) Reconciliation of Level 3 fair values

(Unit: Thousand yen)

	Equity shares	Contingent consideration
Balance as of January 1, 2024	2,619,451	419,055
Purchase	—	—
Sale	—	—
Comprehensive income		
Profit (loss)	338,231	68,852
Other comprehensive income	—	—
Other	—	—
Balance as of June 30, 2024	2,957,683	487,907

	Equity shares	Contingent consideration
Gains or losses recognized in profit or loss in relation to financial instruments held on June 30, 2024	338,231	68,852

(Unit: Thousand yen)

	Equity shares	Contingent consideration
Balance as of January 1, 2025	2,936,284	252,498
Purchase	—	—
Sale	—	—
Comprehensive income		
Profit (loss)	-207,022	-10,358
Other comprehensive income	—	—
Other	—	—
Balance as of June 30, 2025	2,729,261	242,140
Gains or losses recognized in profit or loss in relation to financial instruments held on June 30, 2025	-207,022	-10,358

(3) Sensitivity analysis of changes in significant unobservable inputs

Among fair values of assets classified as Level 3 that are measured with fair value, the fair values of securities investments evaluated based on their discounted future cash flows decrease (increase) as the discount rate rises (falls).

We do not expect any significant change in the fair values of financial instruments classified as Level 3 if their unobservable inputs are replaced with alternative assumptions that may be considered reasonable.

4) Financial Instruments Measured with Amortized Cost

The book values and fair values of financial instruments measured with amortized cost are as shown below. Note that the tables below do not include financial instruments for which the book value approximates the fair value.

(Unit: Thousand yen)

	As of December 31, 2024	
	Book value	Fair value
Assets:		
Financial assets measured with amortized cost		
Other financial assets	176,284	174,587
Liabilities:		
Bonds and borrowings	9,180,556	9,147,081

(Unit: Thousand yen)

	As of December 31, 2025	
	Book value	Book value
Assets:		

	As of December 31, 2025	
	Book value	Book value
Financial assets measured with amortized cost		
Other financial assets	172,878	171,295
Liabilities:		
Bonds and borrowings	5,881,493	5,863,138

6. Revenue

Disaggregation of revenue

This information is omitted since similar information is disclosed in “7. Operating Segments.”

7. Operating segments

(1) Outline of reportable segments

The reportable segments are components of the Group for which separate financial information is available and regularly reviewed by the Board of Directors to make decisions about the allocation of management resources and evaluate business results. The Group has two reportable segments: digital consultancy business and other business. The digital consultancy business provides a full range of services, from consulting to system development and operation, to promote digital transformation (DX), which aims to transform business models using IT.

Other business includes product businesses such as RPA (robot-based business automation) tools, self-ordering systems, and music distribution business.

(2) Information on Profit by Reportable Segment

For the Six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

	(Thousands of yen)				
	Digital Consulting Department	Other Department	Total	Reconciling items	Per consolidated financial statements
Revenue					
Revenue from external customers	5,512,100	193,083	5,705,184	16,232	5,721,416
Intersegment revenue	5,205	—	5,205	(5,205)	—
Total	5,517,306	193,083	5,710,389	11,026	5,721,416
Operating profit (loss)	(3,964,731)	19,111	(3,945,620)	(3,045,177)	(6,990,797)
Finance income					1,310,613
Finance costs					(68,095)
Share of profit (loss) of investments accounted for using equity method					(25,572)
Profit (loss) before tax					(5,773,852)

For the Six months ended June 30, 2025 (From January 1, 2025 to June 30, 2025)

	(Thousands of yen)				
	Digital Consulting Department	Other Department	Total	Reconciling items	Per consolidated financial statements
Revenue					
Revenue from external customers	3,558,840	213,406	3,772,247	6,702	3,778,949
Intersegment revenue	11,248	—	11,248	(11,248)	—
Total	3,570,088	213,406	3,783,495	(4,546)	3,778,949
Operating profit (loss)	164,885	(33,910)	130,974	(4,577)	126,397
Finance income					1,282
Finance costs					(438,876)
Share of profit (loss) of					(47,575)

investments accounted for using
equity method

Profit (loss) before tax

(358,770)

(3) Information by Region

The breakdown of revenue from external customers by region is as follows:

(Unit: Thousand yen)

		Six months ended June 30, 2024	Six months ended June 30, 2024
Digital consultancy business	APAC	5,068,679	3,053,363
	AMER	459,652	512,178
Other business	APAC	193,083	213,406
Total		5,721,416	3,778,949

Note 1 Figures for APAC and AMER are external revenues of the offices in each region.

Note 2 As described in "(5) Notes to the Condensed Interim Consolidated Financial Statements, 2. Basis of Preparation of Condensed Interim Consolidated Financial Statements, (3) Changes in Presentation," the Group previously classified its geographical regions of operation into three categories: "APAC," "EMEA," and "AMER". However, from the six months ended June 30, 2025, the Group has changed its presentation method to include revenue previously classified as "EMEA" within "APAC". Accordingly, segment information for the same period of the previous year has been restated based on the revised classification method.

8. Earnings per Share

(1) Basis for Calculating Basic Earnings per Share

Basic earnings per share and the basis for calculation are as follows:

(Unit: Thousand yen)

	Six months ended June 30, 2024
Profit (loss) attributable to ordinary shareholders of parent	
Profit attributable to owners of parent	-5,894,047
Profit not attributable to ordinary shareholders of parent	—
Profit used for calculating earnings per share	-5,894,047
Average number of shares outstanding during the period	34,326,950 shares
Basic earnings (loss) per share	
Basic earnings (loss) per share	-171.70 yen

(Unit: Thousand yen)

	Six months ended June 30, 2025
Profit (loss) attributable to ordinary shareholders of parent	
Profit attributable to owners of parent	-253,387
Profit not attributable to ordinary shareholders of parent	—
Profit used for calculating earnings per share	-253,387
Average number of shares outstanding during the period	48,592,003 shares
Basic earnings (loss) per share	
Basic earnings (loss) per share	-5.21 yen

No transaction affecting the earnings per share took place between the end of the six months ended of the consolidated fiscal year under review and the date on which the six months ended consolidated financial statements were approved.

(2) Basis for Calculating Diluted Earnings per Share

Diluted earnings per share and the basis for calculation are as follows:

(Unit: Thousand yen)

	Six months ended June 30, 2024
Profit (loss) attributable to ordinary shareholders (diluted)	

	Six months ended June 30, 2024
Profit used for calculation of basic earnings per share	-5,894,047
Adjustments to profit	—
Profit used for calculating diluted earnings per share	-5,894,047
Average number of shares outstanding during the period	34,326,950shares
Dilutive effect	—
After adjustment for dilutive effect	34,326,950shares
Diluted earnings per share	
Diluted earnings per share	-171.70yen

(Unit: Thousand yen)

	Six months ended June 30, 2025
Profit used for calculation of basic earnings per share	
Adjustments to profit	-253,387
Profit used for calculating diluted earnings per share	—
	-253,387
Average number of shares outstanding during the period	
Dilutive effect	48,592,003shares
After adjustment for dilutive effect	—
	48,592,003shares
Diluted earnings per share	
Diluted earnings per share	
Profit used for calculation of basic earnings per share	-5.21yen

No transaction affecting the earnings per share took place between the end of the six months ended of the consolidated fiscal year under review and the date on which the six months ended consolidated financial statements were approved.

9. Loss of Control

- a. Six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

Not applicable.

- b. Six months ended June 30, 2025 (From January 1, 2025 to June 30, 2025)

Not applicable.

10. Subsequent Events

Not applicable.

11. Notes on the Going Concern Assumption
Not applicable.

12. Share Capital and Other Equity Items

(Issuance of Preferred Shares through Third-Party Allotment, Reduction of Stated Capital and Capital Reserve, and Disposition of Surplus)

Based on resolutions passed at the Board of Directors meeting on January 15, 2025, and the annual general meeting of shareholders on March 27, 2025, the Company implemented a series of capital transactions effective March 28, 2025, to strengthen its financial base and resolve accumulated losses.

1. Issuance of Preferred Shares through Third-Party Allotment (Capital Increase)

The Company raised 3,300,000 thousand yen by issuing 33,000,000 Class A preferred shares at 100 yen per share to The San-in Godo Bank, Ltd. through a third-party allotment. In accordance with the Companies Act, half of the increased capital, 1,650,000 thousand yen, was recorded as share capital and capital reserve, respectively.

2. Reduction of Stated Capital and Capital Reserve (Capital Reduction)

To reclassify items within the capital section of the balance sheet without an external outflow of company assets, the Company reduced its stated capital and capital reserve as follows, transferring the full amounts to other capital surplus:

Amount of reduced stated capital: 4,134,622 thousand yen

Amount of reduced capital reserve: 12,207,612 thousand yen

3. Disposition of Surplus (Appropriation to Cover Deficit)

Using the funds transferred to other capital surplus in the step above, and in accordance with Article 452 of the Companies Act, the Company transferred 16,122,541 thousand yen from other capital surplus to retained earnings to appropriate for past deficits.

(Issuance of New Shares through Third-Party Allotment (Capital Increase))

Based on a resolution at the Board of Directors meeting on June 13, 2025, the Company issued new shares through a third-party allotment to secure working capital and funds for business investment. The details are as follows:

Payment Date: June 30, 2025

Class and Number of Shares Issued: 573,772 common shares of the Company

Issue Price: 122 yen per share

Total Funds Raised: 70,000 thousand yen

Allottees: Four individuals, including Hiroki Inagawa, the Company's Representative Director

As a result of this capital increase, the following amounts were recorded:

Increase in share capital: 35,000 thousand yen

Increase in capital reserve: 35,000 thousand yen

(Fundraising through the Exercise of MS Warrant (the 81st Series of Stock Acquisition Rights))

During the six months ended June 30, 2025, the Company raised 2,843,084 thousand yen through the exercise of the 81st Series of Stock Acquisition Rights, which are stock acquisition rights with an exercise price adjustment clause. All of these stock acquisition rights were fully exercised as of June 23, 2025.

As a result of this capital increase, the following amounts were recorded:

Increase in share capital: 1,427,578 thousand yen

Increase in capital surplus: 1,415,506 thousand yen

(Acquisition of Treasury Stock)

During the six months ended June 30, 2025, the Company acquired its own shares without consideration. This was in connection with an amendment to the share transfer agreement for the Company's former consolidated subsidiary, ECAP

DMCC, which was resolved on February 7, 2025.

Acquisition Date: March 28, 2025

Class of Shares Acquired: Common stock of the Company

Number of Shares Acquired: 243,300 shares

Acquisition Cost: Nil (acquired without consideration)