Financial Results Briefing Materials
for the First Twelve Months of the Fiscal Year Ending December 31, 2024

December 13, 2024

Management Solutions Co., Ltd.
Security Code : 7033

As a result of the change in the Company's fiscal year-end, the current fiscal year is irregular, reflecting business results for the 14-month period from November 1, 2023 through December 31, 2024.
Therefore, the fifth quarter of the year is a two-month period from November 1, 2024 through December 31, 2024.

Agenda

1. Executive Summary
2. Performance Highlights for 4Q FY2024
3. Full-year Forecast for the 14 Months Ending December 31, 2024
4. FY2030 Medium-term Management Plan

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Executive Summary for 4Q FY2024

Executive Summary for 4Q FY2024

Net sales

¥19,527 million

Progress rate **86.4%**[*1]

YoY **+15.3%**

Operating income

¥2,357 million

Progress rate **87.3%**[*1]

YoY **+6.8%**

Hiring

Cumulative number of Group employees **1,390**	Hiring Costs (total) **¥1,080 million**
Cumulative number of recruited consultants **315** (excl.111 new graduates)	Hiring Costs (YoY) **+¥390 million**

***The rate measures progress for the 14-month period from November 1, 2024 through December 31, 2024 due to the irregular accounting period (figures in this report cover the first 12 months of the period)**

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2

Performance Highlights for 4Q FY2024

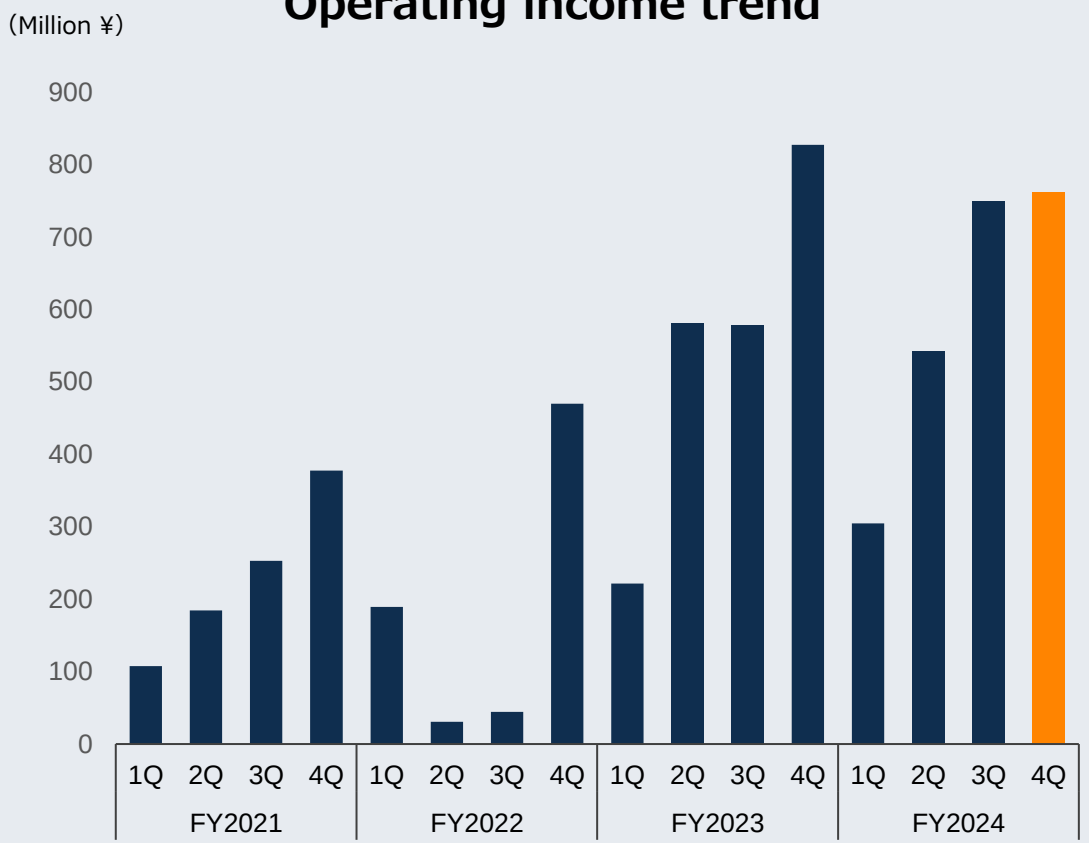
Review of Operations

■ Net sales rose firmly over the period, as sales from 2Q to 4Q overcame a YoY decline in 1Q
■ Operating income grew steadily even amid investments for the next fiscal year

Net sales trend



Operating income trend

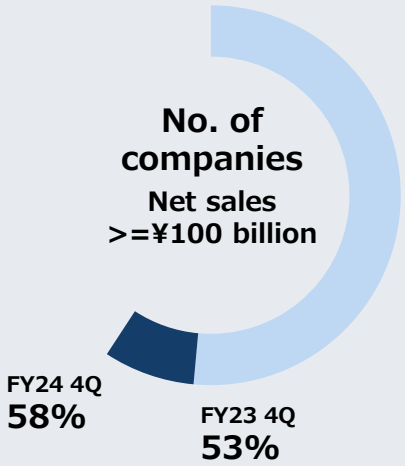


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Sales Status

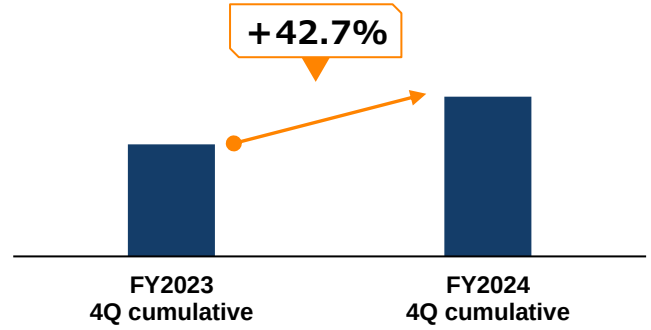
■ Our solid customer base, centered on larger companies, continued to grow in 4Q, and the number of inquiries increased steadily



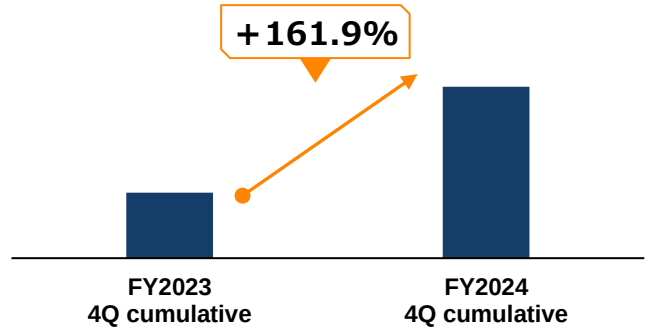


三菱重工 この星に、たしかな未来を
TOKYO GAS
RECRUIT
AJS TIS INTEC Group
TIS TIS INTEC Group
CTC Challenging Tomorrow's Changes
"Your Best Partner" NISSHO ELECTRONICS
ANA SYSTEMS
Orchestrating a brighter world NEC
YE DIGITAL
KONICA MINOLTA
sojitz New way, New value
MUFG 三菱UFJインフォメーションテクノロジー
DENSO
TOYOTA
BIGLOBE

No. of inquiries *1



No. of new appointments *1



*1
Inquiry: An earlier stage in the sales process in which the Company has received an inquiry from a potential customer through the website or another channel and the contact information is known.
Request: A later stage in the sales process in which, from among the above-mentioned inquiries, a business proposal is ready to be made to a potential customer.

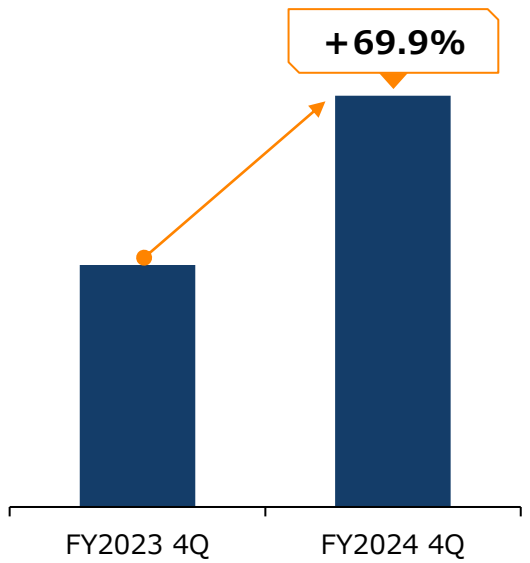
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Status of Digital Unit (MSOL Digital)

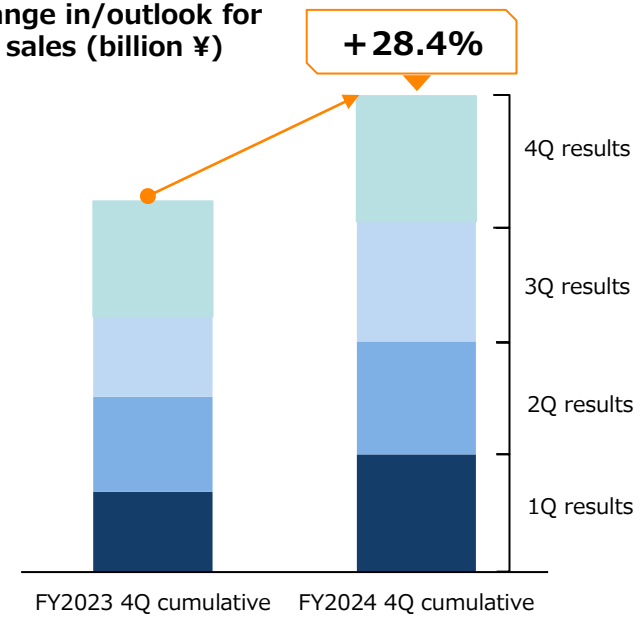
- **Became a consolidated subsidiary in January 2024, with the aim of "Creating the future through the transformative power of Digital ∞ Management"**
- **Net sales surged more than +28.4% YoY, supported by market position as large companies' best partner for collaborative DX**

- Inquiries regarding platform renewal/DX promotion are increasing. Concept planning consulting and DX technology support are also rising steadily
- We are receiving more applications from candidates with strengths in technical areas, and hiring is proceeding according to plan
- Objective is to establish new business mainly in the solutions area, expanding beyond the consulting domain, which relies heavily on consultant utilization

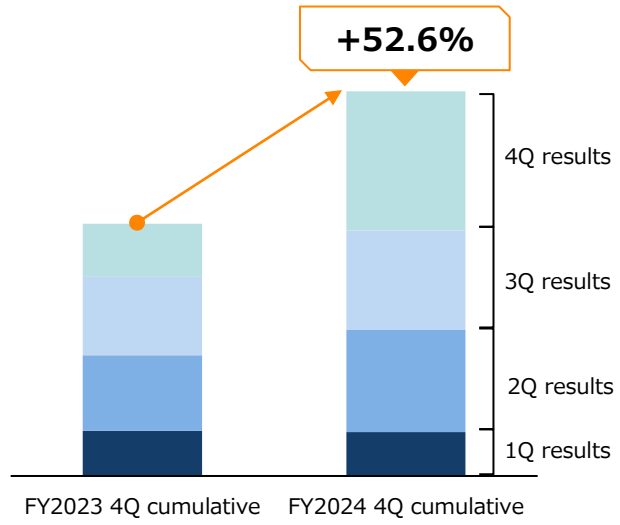
Change in/outlook for no. of employees



Change in/outlook for net sales (billion ¥)



Change in/outlook for no. of projects ordered



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Consolidated Income Statement (4Q Cumulative Comparison)

- Net sales increased +15.3% YoY, driven by higher orders, and gross profit margin rose 4.0 points
- Under SG&A, personnel expenses increased due to transfers from the COGS to bolster sales structure and an increase in new graduate recruitment (total of 111 new personnel)
- Operating income increased +6.8% YoY as a result of strengthened recruitment to prepare for future growth

(Million Yen)	FY2023.4Q cumulative 2022.11-2023.10	FY2024.4Q cumulative 2023.11-2024.10	YoY
Net sales	16,931	**19,527**	+15.3%
Gross profit	6,337	**8,092**	+27.7%
	37.4%	**41.4%**	
SG&A	4,130	**5,735**	+38.9%
	24.4%	**29.4%**	
Personnel	1,132	**2,103**	+85.8%
Hiring and training	764	**1,149**	+50.4%
Advertising	110	**117**	+6.4%
Other	2,121	**2,366**	+11.6%
Operating income	2,207	**2,357**	+6.8%
	13.0%	**12.1%**	
Profit attributable to owners of parent	1,620	**1,705**	+5.2%
Net income per share	97.7	**102.96**	+5.4%
Dividend per share*	18.0	**0.0**	−%

*Since FY2024 is an irregular fiscal year covering 14 months, the Company plans to pay a dividend of 30 yen per share in 5Q.

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Consolidated Income Statement (4Q Comparison)

- Orders increased firmly. Gross profit margin increased +2.7 points despite transfers of some expenses to SG&A
- Operating income declined -8.0% YoY due to higher costs associated with strengthened recruitment

(Million Yen)	FY2023.4Q 2023.8-2023.10	FY2024.4Q 2024.8-2024.10	YoY
Net sales	4,588	**5,251**	+14.5%
Gross profit	1,823	**2,226**	+22.1%
	39.7%	**42.4%**	
SG&A	996	**1,465**	+47.1%
	21.7%	**27.9%**	
Personnel	275	**530**	+92.9%
Hiring and training	99	**306**	+209.0%
Advertising	34	**31**	△7.1%
Other	588	**595**	+11.9%
Operating income	827	**761**	△8.0%
	18.0%	**14.5%**	
Profit attributable to owners of parent	665	**630**	△5.4%
Net income per share	40.14	**38.27**	+29.4%
Dividend per share	–	**–**	–%

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Consolidated Balance Sheet

- The ratio of current assets to total assets, including accounts receivable and cash and deposits, increased further due to higher profits (maintaining high liquidity)
- Equity ratio rose 2.9 points to 62.7% despite share repurchases worth approximately ¥500 million

(Million Yen)	FY2023.4Q 2023.10.31	FY2024.4Q 2024.10.31	Change
Total assets	7,032	**8,193**	+1,160
Current assets	4,976	**6,380**	+1,403
Noncurrent assets	2,056	**1,812**	△243
Liabilities	2,730	**2,952**	+222
Current liabilities	2,061	**2,817**	+755
Noncurrent liabilities	668	**134**	△534
Net assets	4,302	5,240	+939
Equity ratio	59.8%	**62.7%**	+2.9%

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3

Full-year forecast for the 14 months ending December 31, 2024

Full-year Forecast

■ As previously announced, the Company achieved higher sales and profits for the 12-month period and forecasts higher sales and profits for the 14-month period as well.

(Million Yen)	FY2023 2022.11-2023.10	12 Months (Reference) FY2024 2023.11-2024.10	12 Months (Actual) FY2024 2023.11-2024.10	14 Months FY2024 2023.11-2024.12	Progress rate
Net sales	16,931	19,200	19,527	22,600	86.4%
Gross profit	6,337	7,800	8,092	9,300	87.0%
	37.4%	40.6%	41.4%	41.2%	
SG&A	4,130	5,500	5,735	6,600	86.9%
	24.4%	28.6%	29.4%	29.2%	
Operating income	2,207	2,300	2,357	2,700	87.3%
	13.0%	12.0%	12.1%	11.9%	
Ordinary income	2,246	2,310	2,369	2,710	87.4%
	13.3%	12.0%	12.1%	12.0%	
Profit attributable to owners of parent	1,620	1,650	1,705	1,940	87.9%

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Appendix

(Reference) Non-Financial KPIs

(People)	FY2021				FY2022				FY2023				FY2024			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
No. of consolidated employees(*1)	381	453	493	490	598	754	862	867	944	1,063	1,070	1,084	**1,171**	**1,341**	**1,338**	**1,390**
No. of consultants (*1, *2, *3)	343	419	451	449	476	638	729	735	791	897	894	901	**936**	**980**	**1,062**	**1,105**
Mid-Career hires(*4)	–	–	–	141	62	186	291	305	85	157	189	214	**108**	**197**	**239**	**315**

*1: Headcount at the end of each quarter (not including temporary employees)
*2: In addition to those at the Company, the number of consultants includes those employed by MSOL Digital and in China, but not those employed by Tetra Communications (the number of new graduates excluded from 2Q but included in 3Q).
*3: At the start of the fiscal year we moved the total of 40 individuals to the Company's newly established Sales division, the sales and administration department of the Company and MSOL Digital (which was spun off in January 2024), and others.
*4: Cumulative figures of mid-career hires added during the year under review within the consultants defined in 2 above.

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(Reference) Key Figures by Quarter

(Million Yen)	FY2021				FY2022				FY2023				FY2024			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	1,510	1,762	1,983	2,103	2,383	2,821	3,190	3,604	3,817	4,215	4,309	4,588	**4,513**	**4,753**	**5,008**	**5,251**
Gross profit	550	682	786	864	932	1,037	1,048	1,210	1,338	1,600	1,575	1,823	**1,791**	**1,934**	**2,140**	**2,226**
SG&A	442	498	533	487	743	1,007	1,004	740	1,118	1,018	997	996	**1,486**	**1,393**	**1,391**	**1,464**
Personnel	100	113	120	119	142	174	184	190	257	282	318	275	**462**	**539**	**570**	**530**
Hiring and Training	97	131	127	36	181	442	385	95	339	193	132	99	**426**	**233**	**182**	**306**
Advertising	13	21	22	24	72	54	42	31	29	17	29	34	**16**	**29**	**40**	**31**
Non-cash expenses	12	13	15	20	23	37	41	45	40	59	63	85	**65**	**67**	**68**	**76**
Operating income	107	184	252	377	189	30	44	470	220	581	578	827	**304**	**541**	**749**	**761**
Profit	70	130	179	304	127	14	25	364	153	411	398	671	**193**	**369**	**515**	**636**

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(Reference) Quarterly Performance of Each Strategy

(Million Yen)	FY2023				FY2024			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	3,817	4,215	4,309	4,588	4,513	4,753	5,008	5,251
PMO area	3,322	3,626	3,714	3,914	3,903	4,165	4,390	4,536
Digital area	508	598	628	716	641	625	649	715
Other area	9	11	12	12	12	20	27	36
Consolidation elimination	▲23	▲20	▲45	▲55	▲43	▲58	▲59	▲37
Gross profit	1,338	1,600	1,575	1,823	1,791	1,934	2,140	2,226
PMO domain	1,258	1,488	1,463	1,651	1,680	1,822	1,984	2,035
Digital domain	84	119	124	178	118	139	152	178
Other domain	▲4	▲4	▲1	8	0	2	7	11
Consolidation elimination	0	▲3	▲10	▲15	▲7	▲29	▲3	1

(Reference) Management Indicators Related to Capital Costs and Share Price

- **ROE was 36.5% at the end of 4Q FY2024, sufficiently higher than the cost of capital. In the past three years, ROE has ranged between 21% and 47%, sufficiently higher than the cost of capital.**
- **PBR has ranged between 6 and 25 times, well above the 1.0 time standard.**

Indicators	FY2021 4Q cumulative	FY2022 4Q cumulative	FY2023 4Q cumulative	FY2024 4Q cumulative
Indicator trends				
Period-end BPS after split adjustment	137.4	155.9	253.6	315.1
PBR (*1)	24.7	18.8	10.2	6.1
EPS	40.9	31.1	97.7	103.0
PER (*1)	83.2	94.5	26.5	18.6
Equity (target) (*2)	8%-12% range			
ROE	35.2%	21.3%	47.7%	36.5%
Period-end share price (after adjustment)(yen)	3,400	2,939	2,589	1,915
Main financial indicators (million yen)				
Net sales	7,359	12,000	16,931	19,527
Profit attributable to owners of parent	678	517	1,620	1,705
Net assets at end of period (excluding non-controlling interests)	2,284	2,583	4,206	5,134
Period-end equity capital	2,284	2,583	4,206	5,134
Average equity capital	1,925	2,434	3,395	4,670

*1: Ratio calculated based on period-end share price
*2: Target based on “Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital” and shareholder expectations.

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Revisions to Forecast (14 months)

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Consolidated Net Sales of ¥22,600 million, Operating Income of ¥2,700 million

Intensifying competition for Talent

- **PM Job Opening-to-application ratio TRIPLED***
- **Soaring Personnel Expenses due to Base Increases**

Impact on Rapid Organizational Expansion

- **CAGR 51.7% (From October 2021 to October 2023)**

Transformation in Sales Division

- **Proactive Sales Strategies Looking Towards 2030 and Beyond**
- **Personnel Transfer from Consulting Div. to Sales Div.**

Improvement aspects

Optimization of
Mid-Career Recruitment Plans and Utilization Efficiency

Optimization of Business Partner Ratio
(Improving Gross Margin)

Positive aspects

Continuation of New Graduate Recruitment Strategy
- 111 new hires joined in 2024
- Retention rate of new hires since 2012 stands at 86%

Expansion of the Project Management Market Size

Enhancement of Service Quality

Building Stronger Relationships with Clients
(Leading to Increased Unit Prices, etc.)

*Source: Levtech Agent Services, December 2023
Performance

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Company Profile

Company Name	Management Solutions Co., Ltd. (TSE Prime: 7033)
Company Abbr.	MSOL
Date Established	July 2005
Nature of Business	Management Consulting, Project Management Execution Support, Project Management Training
HQ Location	Midtown Tower 29F, 9-7-1 Akasaka, Minato-ku, Tokyo
Branch Office	<Chubu Branch> JP Tower Nagoya 15F, 1-1-1 Meieki, Nakamura-ku, Nagoya, Aichi <Kansai Branch> JP Tower Osaka 18F, 3-2-2 Umeda, Kita-ku, Osaka, Osaka
Subsidiary Companies	MSOL Digital Co., Ltd. TETRA communications Inc. MSOL Inc. (US) Management Solutions (Shanghai) Co., Ltd.
Group Employees	1,338 employees (as of July 31, 2024)
Professional Memberships	Japan Business Federation (Keidanren), PMI Japan Branch, Japan Users Association of Information Systems
Corporate Website	https://www.msols.com

Company Profile



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Brand Purpose

Drive the world through management

Mission

Contribute to Society's happiness through management

Vision

To become a management platform for society that combines people and technology for promoting organizational change, value creation, and personal growth

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MSOL management system

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Close interaction between “Strategy,” “Process,” “Organization,” and “IT” functions accelerates the growth of corporate organizations

Refers to the execution of operations to expand the business, such as strategic monitoring processes (BSC, KPI), sales, recruitment, training, and evaluation processes, as well as the execution of administrative and internal control processes aimed at strengthening governance. Promoting the adoption of IT also results in faster, more efficient, and less labor-intensive processes.



Strategy refers to the means of fighting and winning in relation to the expansion of the business in actual and potential markets based on a mission that demonstrates the raison d'etre of the corporate organization, and on the vision that shows the form to which the organization aspires over the medium to long term. Strategy can also be said to be decision-making that determines what not to do.

First, we think about organizational design from the perspective of how the organization follows strategy, then use the adoption of recruitment, training, and evaluation processes to expand the organization. From the perspective of strategy following the organization, we implement initiatives to foster an organizational culture that enables the smooth execution of strategy.

Internal IT is a strategic tool. Thinking of the important elements required for execution of strategy (timely visualization, support for decision-making), this requires establishing an internal IT organization and the adoption of IT under the leadership of management. Another important element is reducing swelling communications costs and administrative costs associated with the expansion of the business.

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PMO business model: framework for developing human resources

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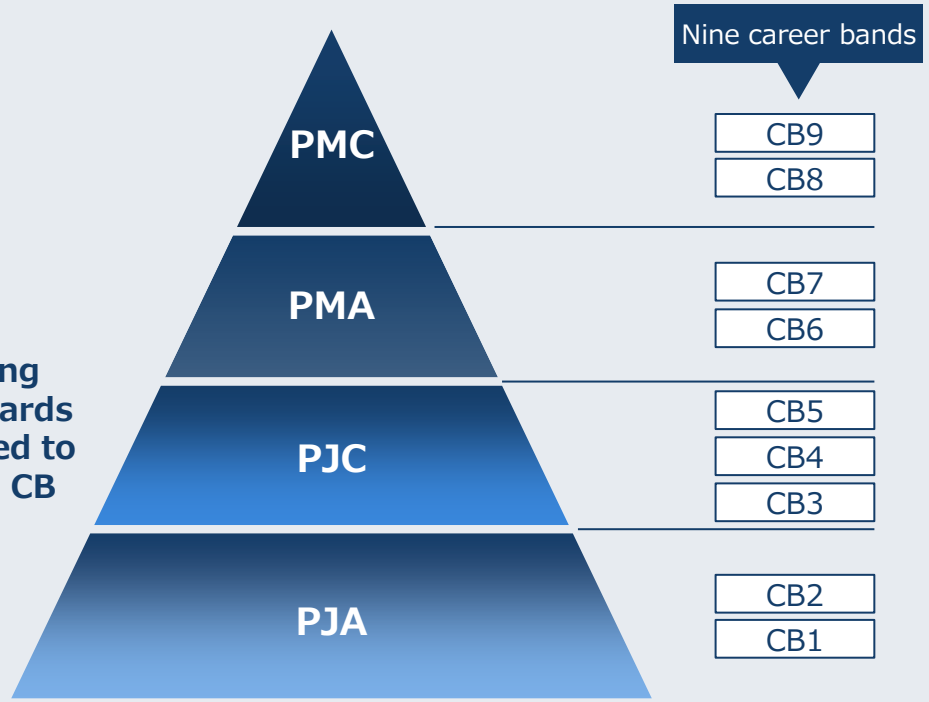
We break down four service levels into nine career bands (CBs), and provide detailed definitions of the skills required for each. Evaluations are also conducted for each band.

Recruitment

- Applicants (Average of around 720 per month) *Actual for FY2023
- Screening based on documents
- Interviews (by managers or higher)
- Offer (around 10%)
- Acceptance of offer

Determine whether the individual possesses the skills and experience for each CB

Hiring standards tailored to each CB



Training

Training programs tailored to each CB

By developing the majority of programs in-house, we implement around 200 sessions a year

Project

Project assignments tailored to each CB

More than 300 projects per month *Actual for FY2023

Targets and evaluations tailored to each CB

Evaluation

- Initial target set using PDR*
- Creation of evaluation report by third party (PDR reporter)
- Evaluation conference
- Feedback

Implemented twice a year in first half/second half

(*) PDR : Performance Development Review

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Case study

Project to use EPMO to drive transformation at major logistics company

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Issue

Despite having drawn up a strategy for transformation to combat stagnation in its business, it lacked specificity and the client could not move forward.

Proposal and outcomes

We used an EPMO to prepare a strategy plan, fostered ownership among those in charge of promoting it, and strengthened project management to push reforms steadily forward.

	Preparation of strategy plan	Fostering of ownership among promoters	Strengthening of program/ project management
	Strategy excessively abstract, could not be executed	**Approach reliant on individual expertise**	**Dysfunctional project management**
Issues	• Strategy highly abstract, could not be executed • Dependencies between different measures and priorities were unclear • Uncoordinated promotion of measures by those in charge	• Burden of project work performed in parallel with routine operations was heavy • Contribution to project work was not assessed as part of personnel evaluations • Strong sense of being forced to do it, rather than owning it	• No shared sense of overall strategy, team members acting on an individual basis • Concept of project management itself was poorly understood, leading to low efficiency
Actions	**Formulation of a practical and achievable strategy plan** • Clarified roles by creating a program for the strategy and defining targets and goals • Made dependencies between programs visible • Agreed program priorities with involved parties	**Construction of framework to enable people to take the initiative in engaging** • Created visualizations of resource status, adjusted workloads • Improved personnel evaluation system by incorporating assessment in accordance with level of contribution • Fostered a sense of independence through group work and other measures	**Enhancements to maturity of project management** • Created dashboard to visualize a sense of overall strategy • Introduction of project management standards • PMO participated in planning, promoted the launch of the project, and introduced protect management processes

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Case study

Project for supporting the creation of a new department at electric power company

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Issue

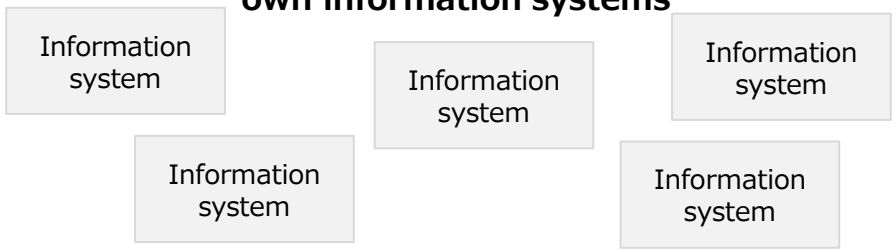
Establishing of a systems control department in preparation for business expansion, and planning and execution of IT governance

Proposal and outcomes

We provided systematic support for executing the project, from resolving issues before the establishing of the new department, and drafting plans for project management, to promoting implementation

Previously

Each division deployed and operated their own information systems

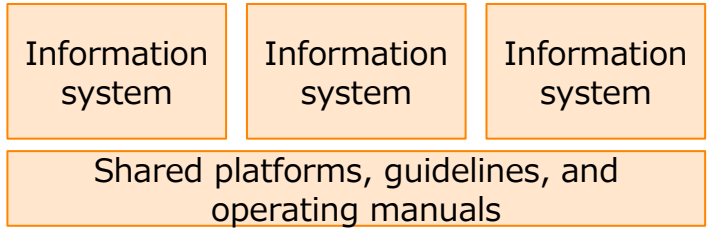


- Risks such as BCP/security countermeasures
- Vicious circle caused by data incompatibility between operational processes
- Confusion caused by controls on building and operating systems
- Impossible to get overall grasp of systems
- Shortage of personnel to create plans and drive project

Management decides to create new systems control department

After support

Information systems controlled by the information systems division



Project support

- Visualization of risks such as BCP/security countermeasures, formulation of plans to address them
- Drafting of medium- to long-term plan to resolve the issues with operations/systems
- Provision of project support to enable plans to be promoted smoothly

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Case study

Divisional integration project for major energy industry systems subsidiary

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Issue Integration of two project management departments with different objectives

Proposal and outcomes We supported management decision-making through visualization of projects

Previously

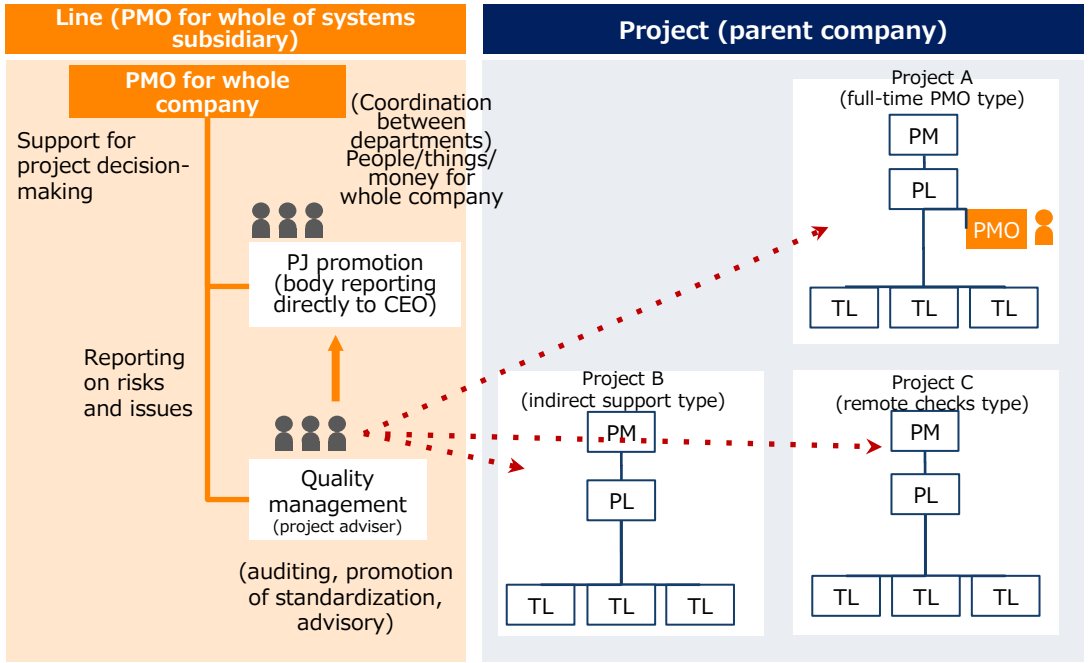
- Two project management divisions with different objectives needed to be integrated
- Frequent project failures led to the establishing of a quality management department with the aim of visualizing the status of each project
- A project promotion office was also established with the aim of solving problems quickly through organized decision-making
- The quality management department became a group of commentators, diluting its ambition to make projects succeed
- Management lacked sufficient information on which to make decisions

After support

Project support

- Company-wide project management
- Coordination between organizations/departments
- Promotion of standardization for audits and projects
- Full-time PMO for each project

Organizations/roles involved in support and planning

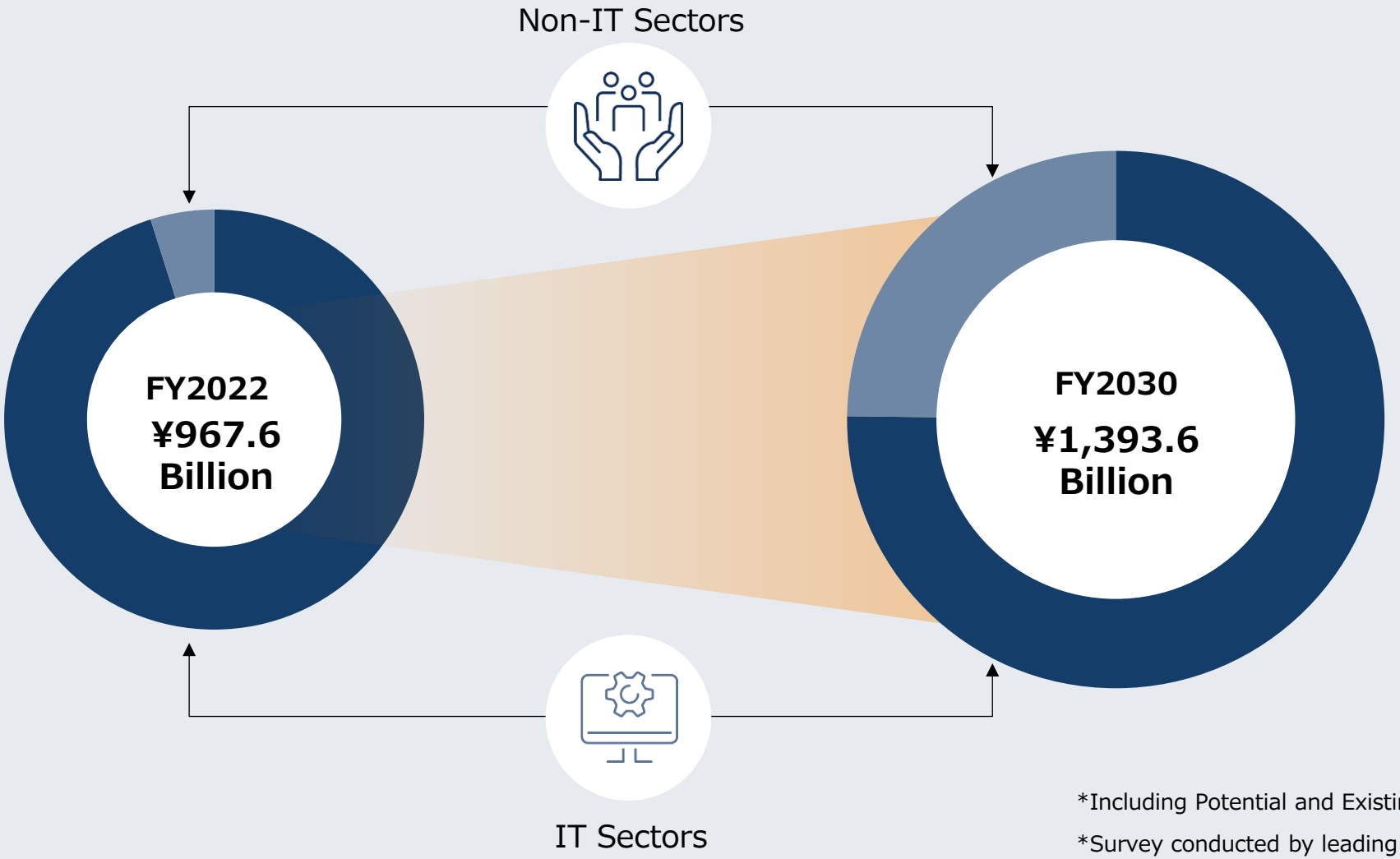


Domestic PMO Total Available Market

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“The PMO market is expected to continue to grow, with an increasing share of non-IT sectors.”



*Including Potential and Existing Markets

*Survey conducted by leading market research agencies

Moving the world through management.

Cautionary Note Regarding Forward-Looking Statements

The materials and information provided in this announcement contain so-called "forward-looking statements." They are based on current expectations, forecasts and assumptions involving risks and involve uncertainties that could cause results to differ materially from these statements.

These risks and uncertainties include general industry and market conditions, general domestic and international economic conditions such as interest rate and currency exchange fluctuations.

We do not assume any obligation to update or revise the forward-looking statements contained in this announcement, even if new information or future events arise in the future.