Medium-term Management Plan

Beyond1000

December 13, 2024

Management Solutions Co., Ltd.
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Agenda

1. Review of MSOL Vision 2025
2. Beyond1000
3. Looking ahead to FY2030
4. Appendix

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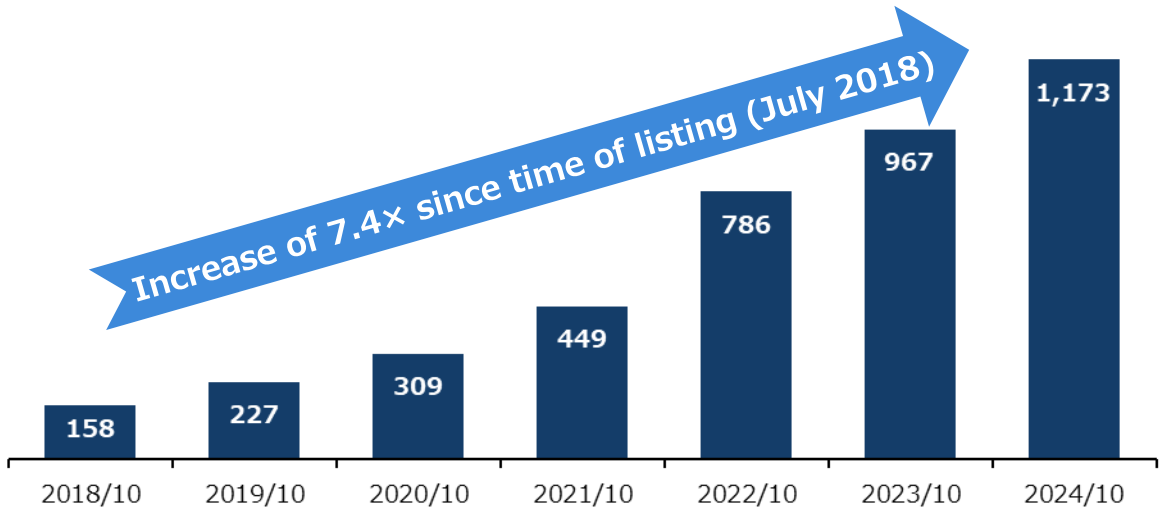
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Review of MSOL Vision 2025

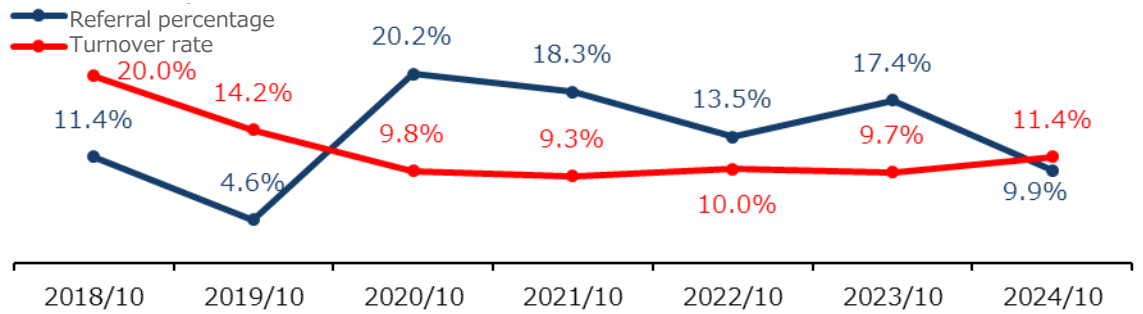
Review of post-listing performance: People

- The number of employees, which was not much more than 100 at the time of listing, currently stands at more than 1,300, and the number of consultants has also increased dramatically
- Recruitment has also shown the positive effects of the listing, advertising, etc., and is rising sharply

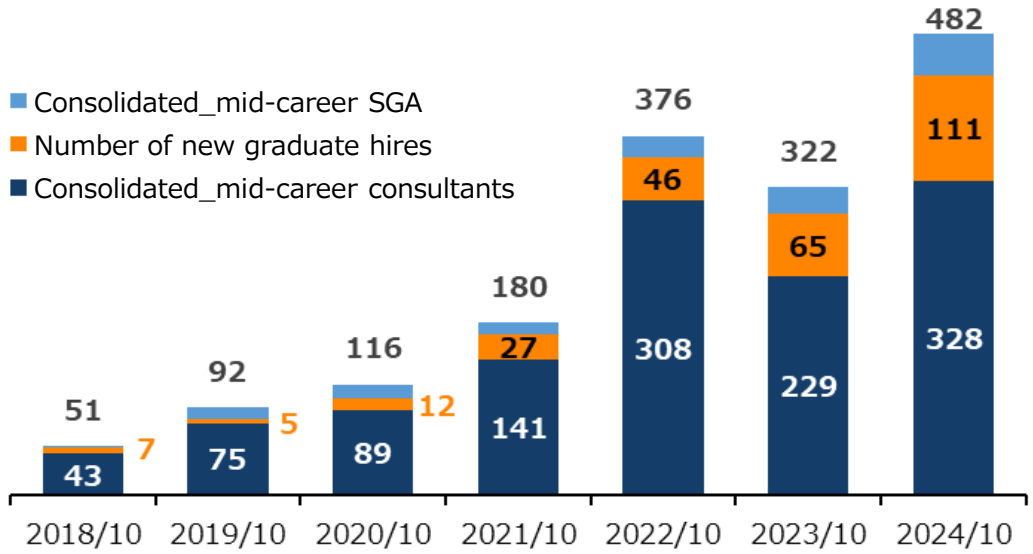
Number of consultants at consolidated level



(Reference: turnover rate, referral rate)



Number of hires



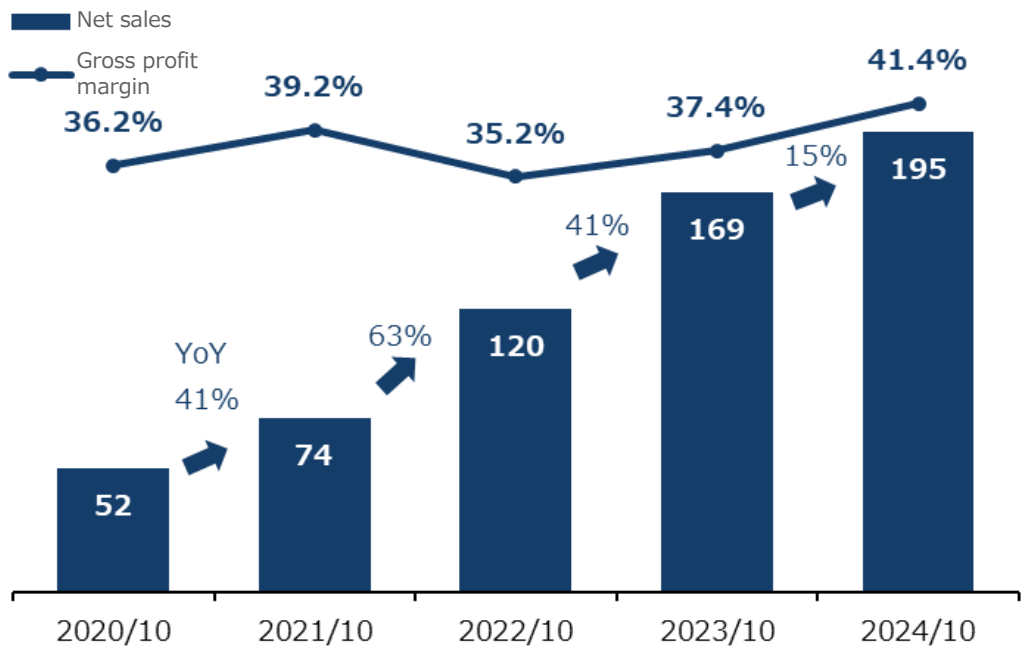
*The number of consultants at the consolidated level includes consultants in all business areas other than PMO

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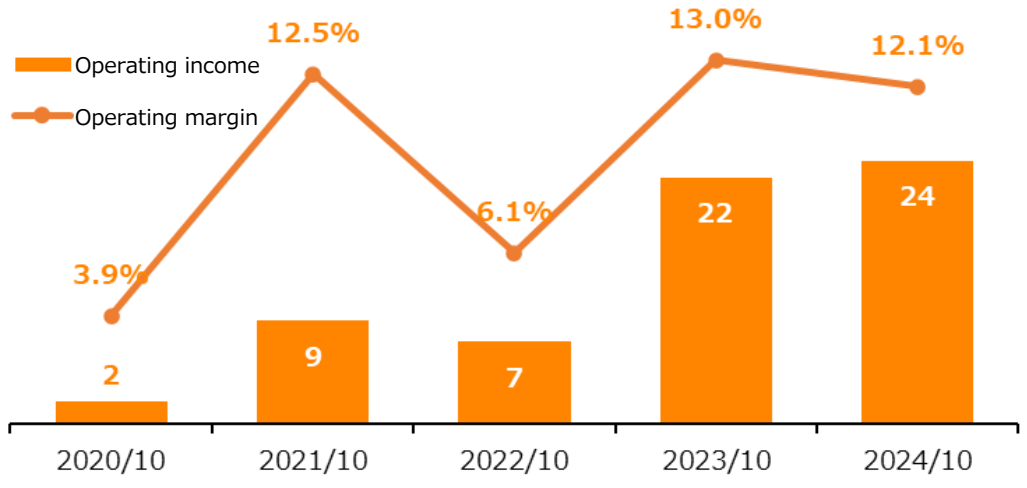
Review of Vision 2025: Sales

- At the time of listing, sales were ¥2,900 million. They currently exceed ¥20,000 million
- Following sales, operating income also has increased significantly

Net sales (millions of yen)



Operating income (millions of yen)



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Review of Vision 2025: Initiatives

■ Have achieved record highs in net sales and operating income as a result of a proactive sales structure, streamlining of recruitment expenses, and improvements in internal education/quality

Strategy 1 Build a rock-solid organizational structure as a leading company in PMO (in terms of sales and quality)

Strategy 2 Increase profitability, make opening moves in M&A
Also systematize PMI know-how

Strategy 3 Strengthen brand as a project management training company

Prepare for business expansion toward FY2030 with PROEVER, overseas expansion etc.

➢ **Built rock-solid organizational structure**
- ✓ Oct. 2020 to Oct. 2024: achieved net sales CAGR of 39%
- ✓ Raised both gross profit margin and unit price (to record highs) by building a better sales structure
  Achieved gross profit margin of 41%, PMO consulting unit price of ¥1.73 million/man-month

➢ **Contribution to performance through control of SG&A expenses**
- ✓ Streamlining of recruitment and other expenses led to 2.9 point improvement in SG&A expense ratio

➢ **Business diversification and emergence of software business**
- ✓ Acquisition of TETRA, spin-off of MSOL Digital → opening up DX market
- ✓ Increase in number of companies deploying PROEVER → further investments

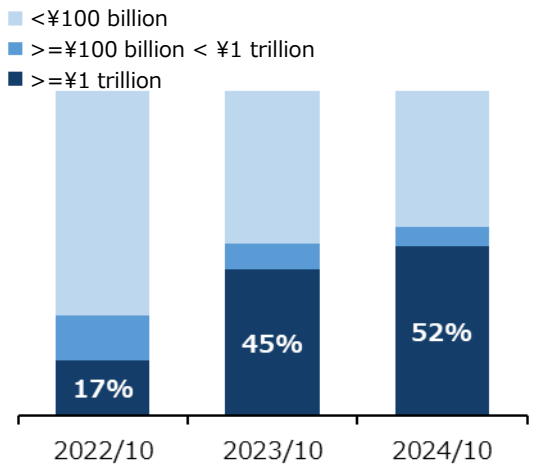
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Strengthen sales structure

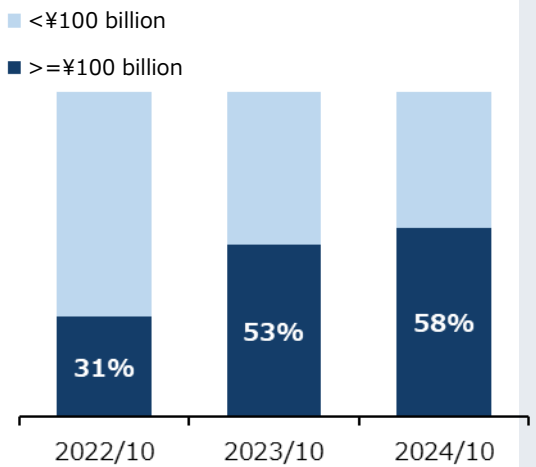
- **As a finishing touch to the proactive sales structure, we made the sales team independent in FY2024, thus making sales and human resources an inseparable, mutually enhancing pair**
  - **⇒ Forged deeper relationships with solid customer base, leading to increases in new inquiries and contributing to higher PMO consulting unit price**

Solid customer base: progress in further capturing large corporate customers driving increase in percentages

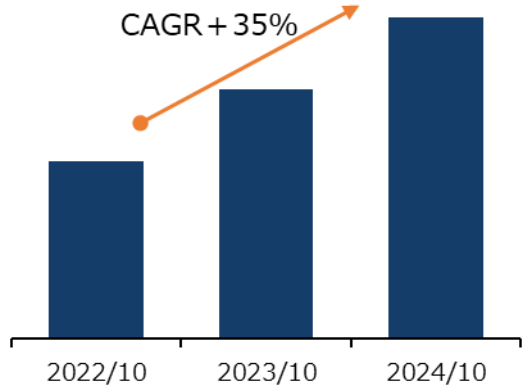
Percentage of customers with net sales >=¥1 trillion



Percentage of customers with net sales >=¥100 billion

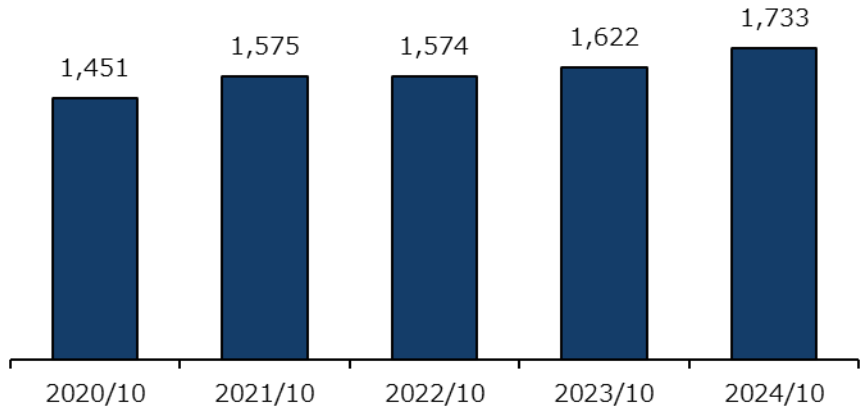


No. of inquiries



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

PMO consulting unit price (¥1,000/man-month)

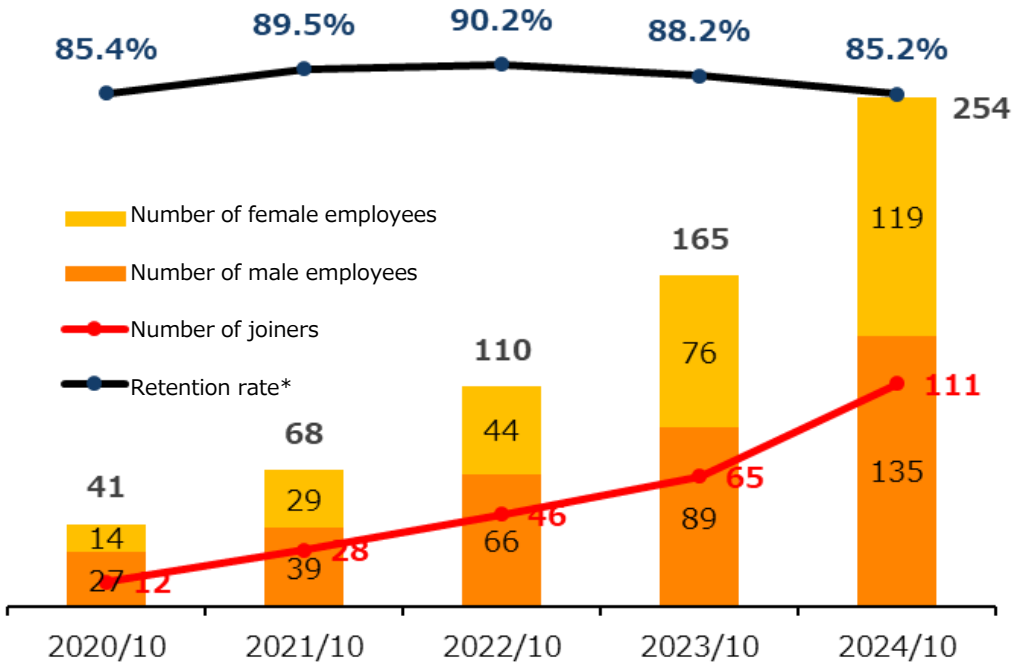


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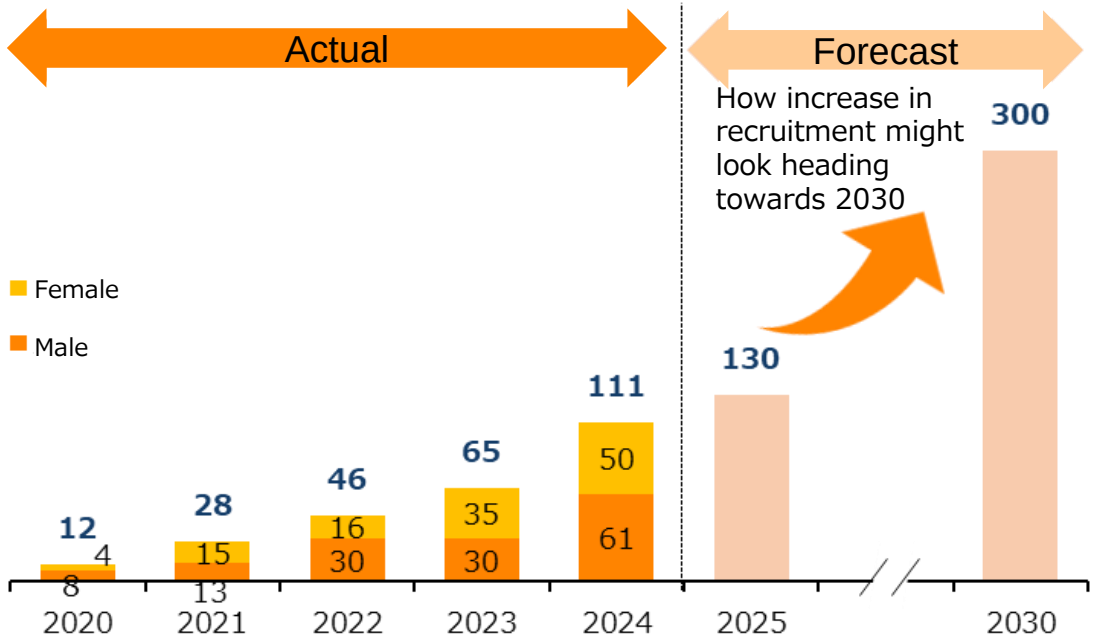
Review of post-listing performance: Status of new graduates recruited

- **Retention rate* for new graduate hires exceeds 85%, and is a contributing factor in the growth of our sales**
- **Going forward we plan to continue increasing the number of new graduates recruited every fiscal year as we head towards FY2030**

Number of new graduates employed/retention rates



Number of new graduates joining company



* Retention rate is calculated by taking the number of new graduates employed at the end of the period and dividing it by the cumulative total of new graduates joining the Company as of the end of the period

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Summary

■ How have we been able to achieve this rate of growth?

1. **Enormous PMO market**
2. **Strong business framework**
3. **Building of organization around new graduates**

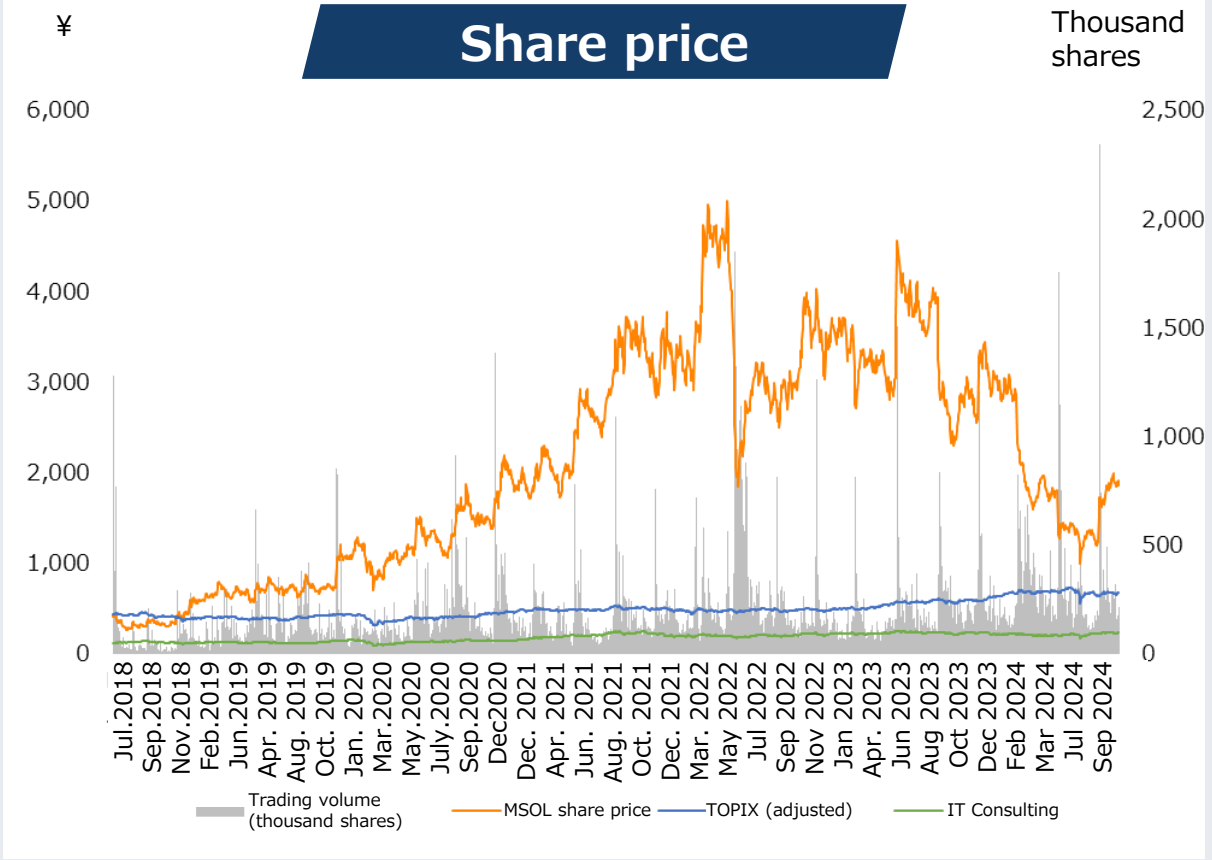
Robust foundation for further growth as we prepare for Vision 2030

Review of post-listing performance: Market capitalization and share price

■ There is a sense that the share price has been affected by margin transactions, but we have high hopes for the future



* Market capitalization is calculated by multiplying the closing price by total shares issued and outstanding (excluding treasury stock)



Share price is the closing price after adjusting for splits
*TOPIX has been corrected based on shares at the time of the company's listing on July 23, 2018, “IT Consulting” is Nikkei NEEDS category

The Chairman's View

■ As Chairman of the Board, I implemented a variety of initiatives this fiscal year

1. Overseas expansion and creation of M&A opportunities: Undertook various networking activities
2. Strengthening of MSOL branding: Officer of the Japan Association of Corporate Directors (chair of the Committee for Exploring Governance at Unlisted Companies), writing of book on MSOL management system (to be published at end March)
3. Unearthing of potential markets: Established the Organization for Asian Management Research

Going forward I will continue to contribute to expanding MSOL

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Long-term growth strategy Beyond1000

Business philosophy

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

Brand Purpose

Moving the world through management

Long-term growth strategy Beyond1000

Form to which the MSOL Group aspires

Accelerate the realization of the ¥1.4 trillion PMO domestic market, and aim for net sales of ¥100 billion as an initial target

Strategy A

Promote evolution/deepening of the PMO Business

- Expand the PMO domain by creating and establishing PMO portfolio
- Continue to grow organically

Strategy B

Become a management platform for society

- Establish PMO co-creation platform
- Develop and use own technology

Strategy C

Business Diversification & Overseas expansion

- Grow the digital domain
- Become a leading PM company in Asia

Long-term growth strategy Beyond1000

Strategy A

Promote evolution/deepening of the PMO Business

・Continue to grow organically, and expand the PMO domain by creating and establishing PMO portfolio

Proactive sales structure

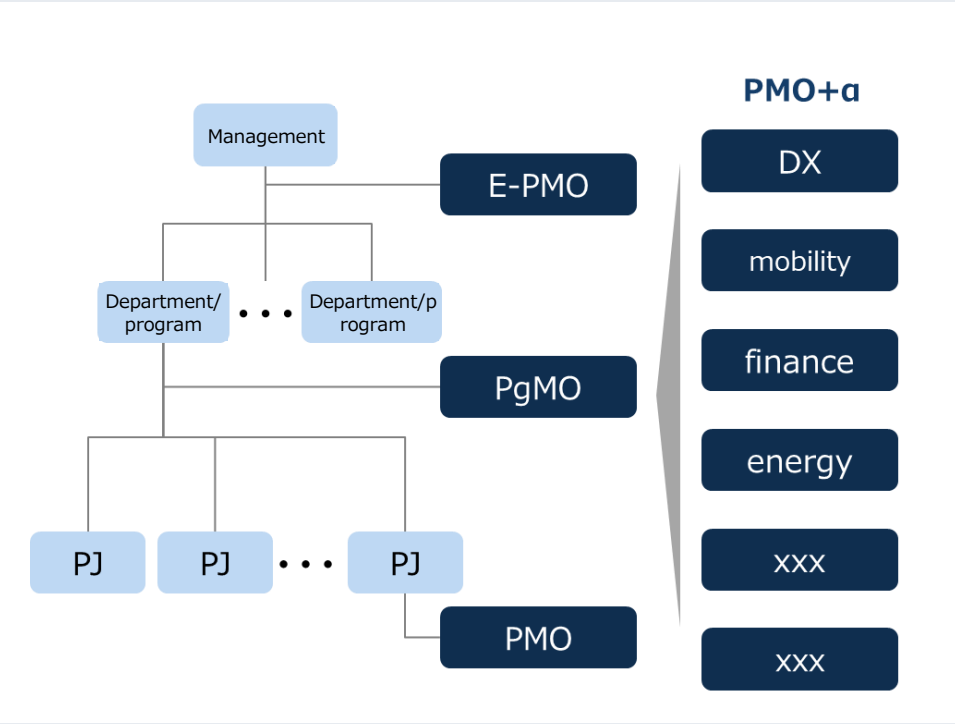
- ✓ Robust vertical nerve network for customers (from management to the project front line)

From PMO to EPMO

- ✓ Gain entry into every corner of the corporation
- ✓ Provide services tailored to each layer
- ✓ Continue to grow organically

Added value in specialist areas

- ✓ Provide value in specialist areas (+ extra) hinging on PMO



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Long-term growth strategy Beyond1000

Strategy A

Promote evolution/deepening of the PMO Business

- PMO demand continues to rise, and PMO outsourcing by companies is accelerating. Because demand for efficiency-improving, standardized, and low-cost solutions that use AI is expected to increase, we are building PMO CENTER for project management

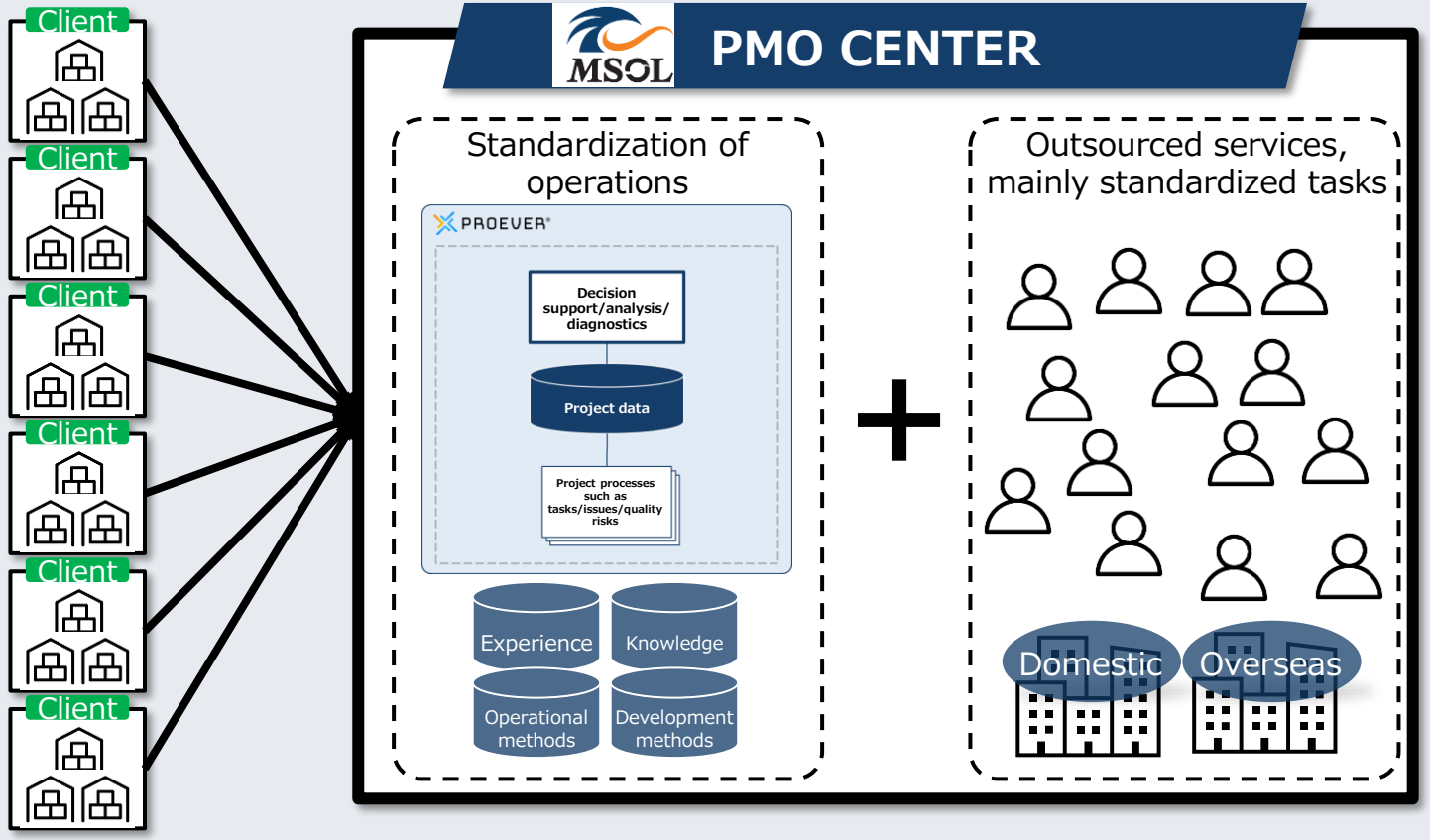
Rising demand for PMO

Shortage of PM personnel

Acceleration of outsourcing

Efficiency improvements

Will be low-cost in future



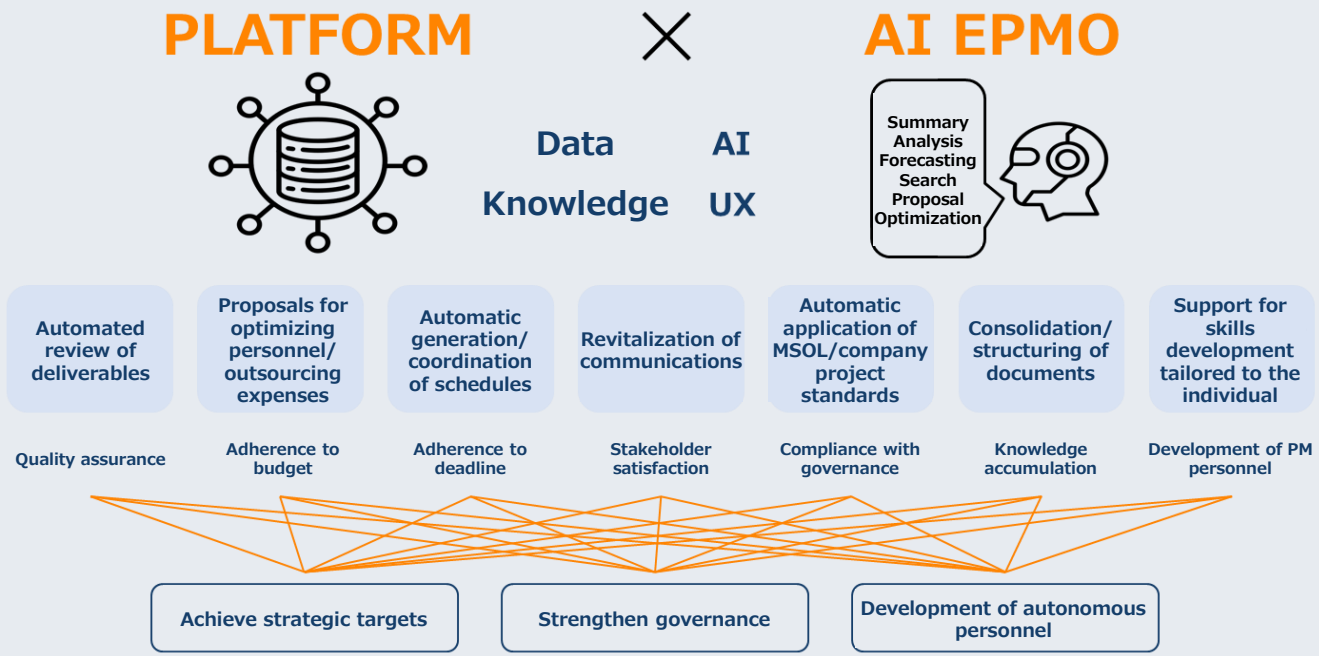
Long-term growth strategy Beyond1000

Strategy B

Become a management platform for society

- Incorporate project management know-how and methodology into AI within PROEVER and use it as a platform to drive diffusion of project management

A platform to lead projects around the world to success, and support the autonomous growth of organizations and individuals



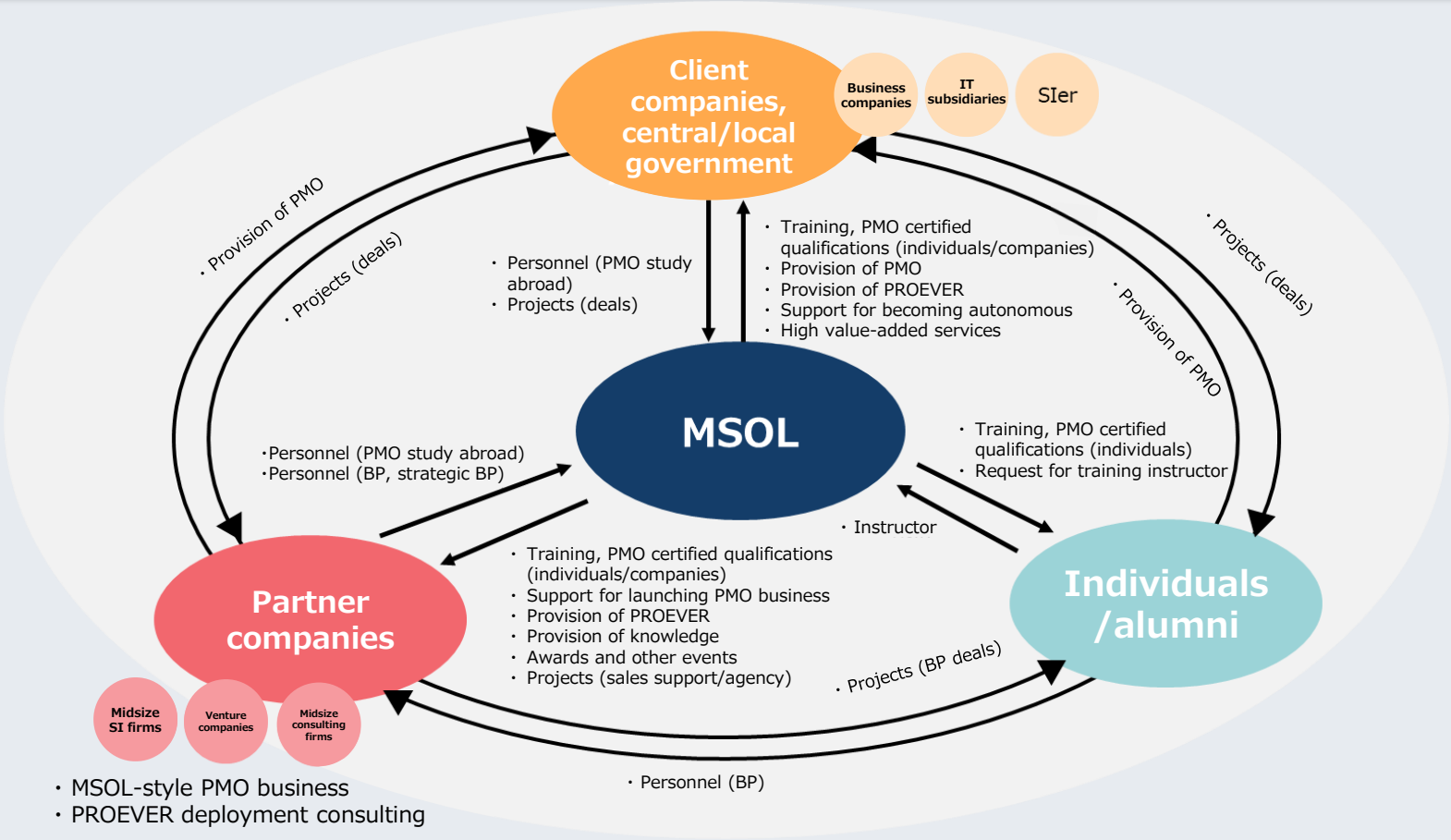
Using technology and PROEVER to resolve the management problems of the world

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Strategy B

Become a management platform for society

- Establish PMO co-creation platform: MSOL to take central role in involving partner and client companies to energize the PMO market



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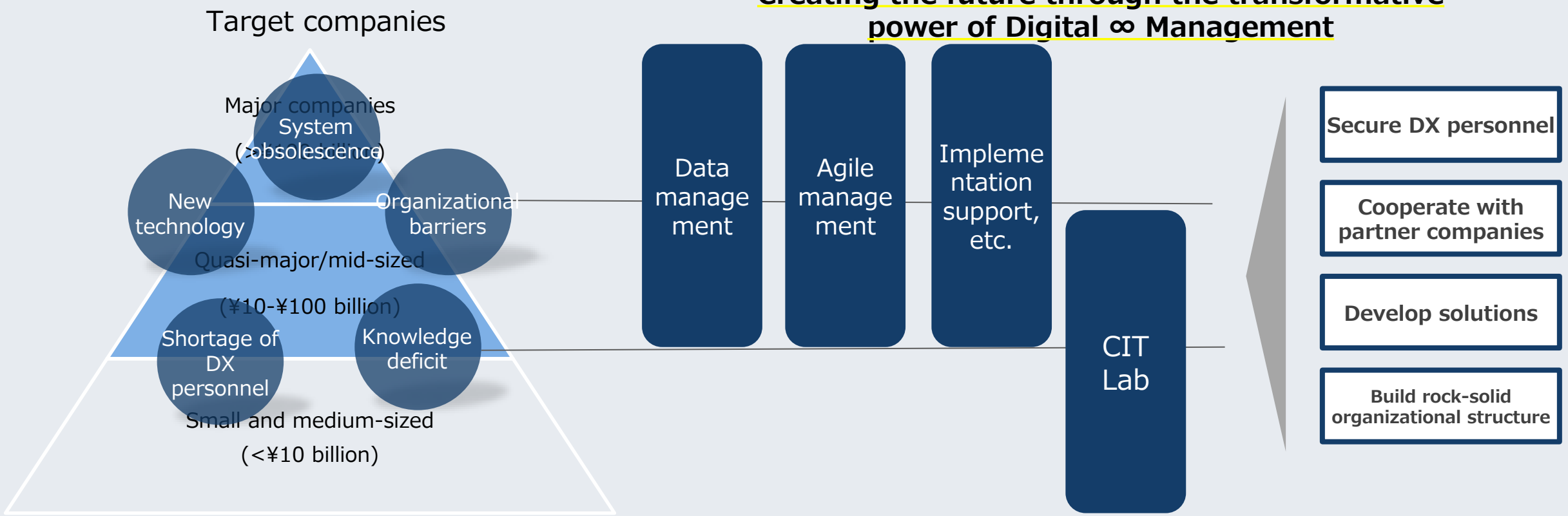
Strategy C

Diversification

- Aim for CAGR of 25-30% in net sales by utilizing solid customer base, creating a robust organization, and opening up DX markets

MSOL DIGITAL

Creating the future through the transformative power of Digital ∞ Management



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Strategy C

Overseas Expansion

- Recognition as leading project management company in East/Southeast Asia. Use business track record in North America to establish global presence in project management, and create foundation for a truly global company.



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Looking ahead to FY2030

Looking ahead to FY2030

- **FY2030 has been designated a transit point for achieving Beyond1000, and accelerating our growth as a leading company in project management**

Financial targets

- **Net sales CAGR:** 15-25%
- **Operating margin:** Maintain at 12-15%, aim at 20% by 2030 through streamlining of SG&A

Shareholder returns policy

- **Dividend payout ratio:** Target of 20-30%
- **Repurchase of own shares:** Take a flexible approach depending on liquidity, share price, and other factors
  Based on an equity ratio of 60%, we will consider the balance between growth investments going forward and flexible purchases of treasury shares

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Appendix

MSOL management system

Reprint same as previous

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

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.



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.

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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MSOL

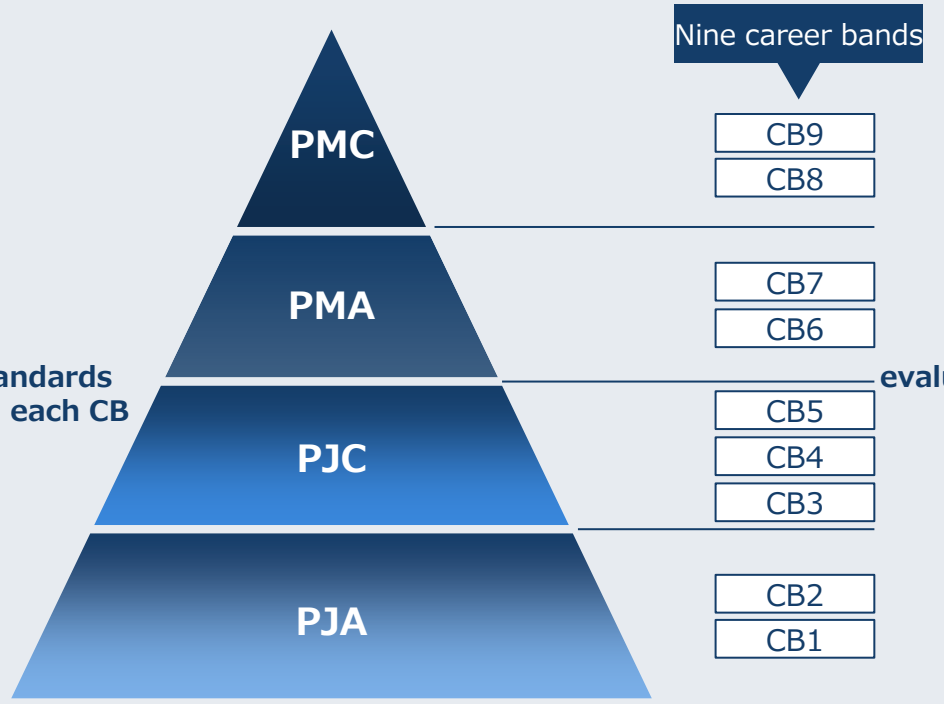
We break down four service levels into nine career bands (CBs), and provide detailed definitions of the skills required for each. Evaluations are also conducted for each band

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



Targets and evaluation 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

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

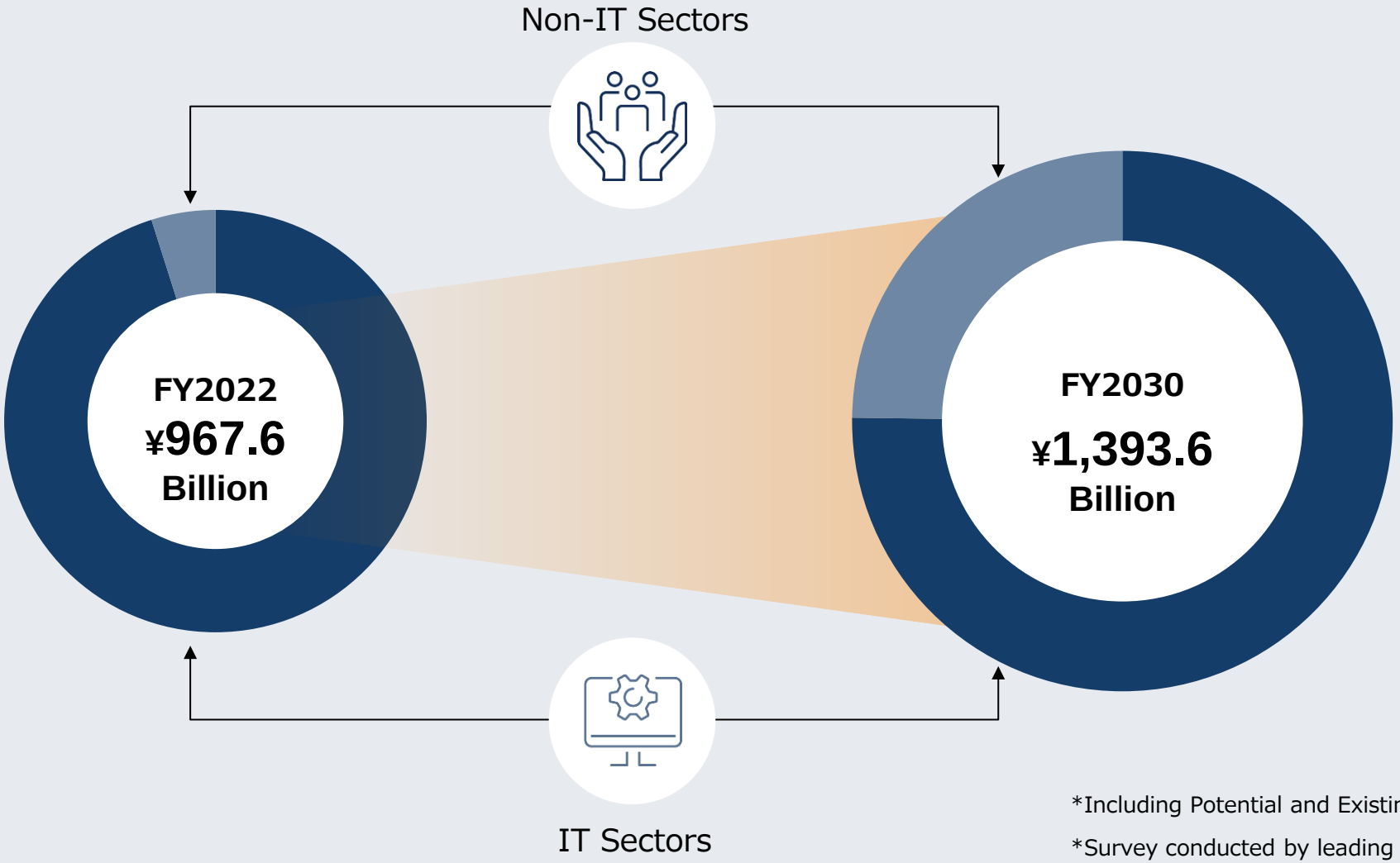
(*) PDR : Performance Development Review

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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

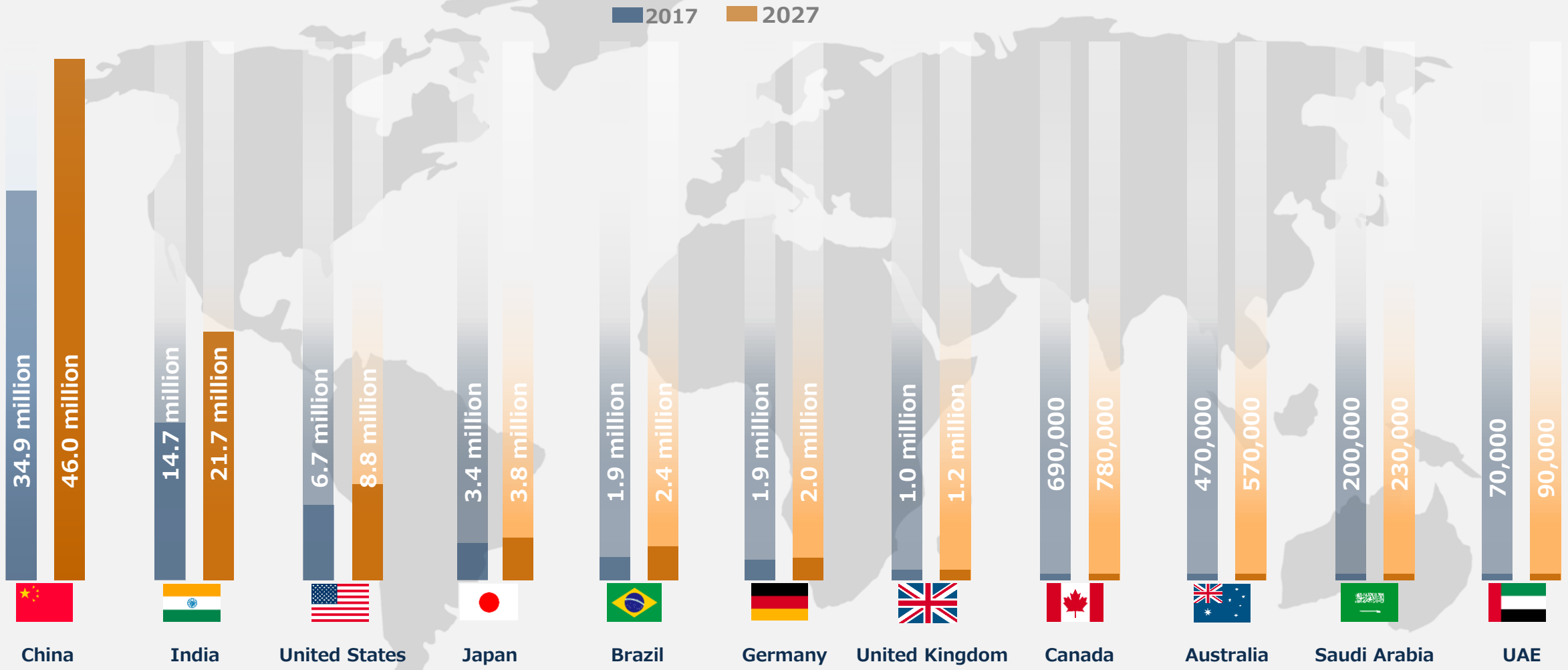
*Survey conducted by leading market research agencies

Domestic PMO Total Available Market

Reprint same as previous

MSOL

It has been reported that total demand for project management-related personnel in 2027 is forecast to grow by 33% over 2017 levels, with China, India, and the United States in particular generating significant employment opportunities



Source: MSOL, based on PMI (2017) Project Management Job Growth and Talent Gap 2017-2027

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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.