Financial Results Briefing Materials for the Fiscal Year Ended December 31, 2024

February 14, 2025

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.

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Agenda

1. Executive Summary for Fiscal Year Ended December 31, 2024
2. Performance Highlights for 5Q FY2024
3. Forecasts for Fiscal Year Ending December 31, 2025
4. Appendix

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Executive Summary for Fiscal Year Ended December 31, 2024

Executive Summary for FY2024

Net sales

¥23.27 billion

Achievement rate **103.0%**[*1]

YoY change **−%**[*2]

Operating income

¥2.8 billion

Achievement rate **103.9%**[*1]

YoY change **−%**[*2]

Hiring

Cumulative number of Group employees	Hiring Costs (total)
1,402	**¥1.21 billion**
Cumulative number of recruited consultants	Hiring Costs (YoY)
334 (excl.111 new graduates)	**−** [*2]

*1: Achievement rate is the actual result versus the target announced June 14, 2024.
*2: FY2024 is an irregular year covering 14 months. Therefore, year-on-year comparisons are not indicated.

Overview of FY2024

Net sales of ¥23.27 billion & Operating income of ¥2.8 billion, reaching record levels

Recruitment

	FY23		FY24
New grads	65	➡	111
Mid-career	214	➡	344

Strengthening of organizational capabilities

	FY23		FY24
No. of sales personnel	17	➡	45
No. of inquiries*	56%UP		

Shareholder returns

Dividends

	FY23		FY24
Dividend	¥18	➡	¥30
Payout ratio	18.4%	➡	23.9%

Share repurchases

Approx. ¥500 million

- ✓ Strengthen our recruiting brand and relationships with agents
- ✓ Re-emphasize and strengthen the execution of our unique hiring, training, and evaluation processes
- ✓ Promote understanding and penetration of our corporate culture through face-to-face events with management

- ✓ Re-emphasize account strategies and improve efficiency of sales activities through KPIs
- ✓ Strengthen appeal to a solid client base and executive level
- ✓ Establishment of new client team structure
- ✓ Improvement and acceleration of proposal speed in production and sales separation

- ✓ Consecutive dividend increases (FY22:¥2 → FY23: ¥18→ FY24:¥30)

(Reference) FY2024 FCF*: ¥1 billion
(*: Calculated based on operating CF + ▲investing CF)

*Prospective customers who have inquired through our website, etc. and whose contact information is already known.

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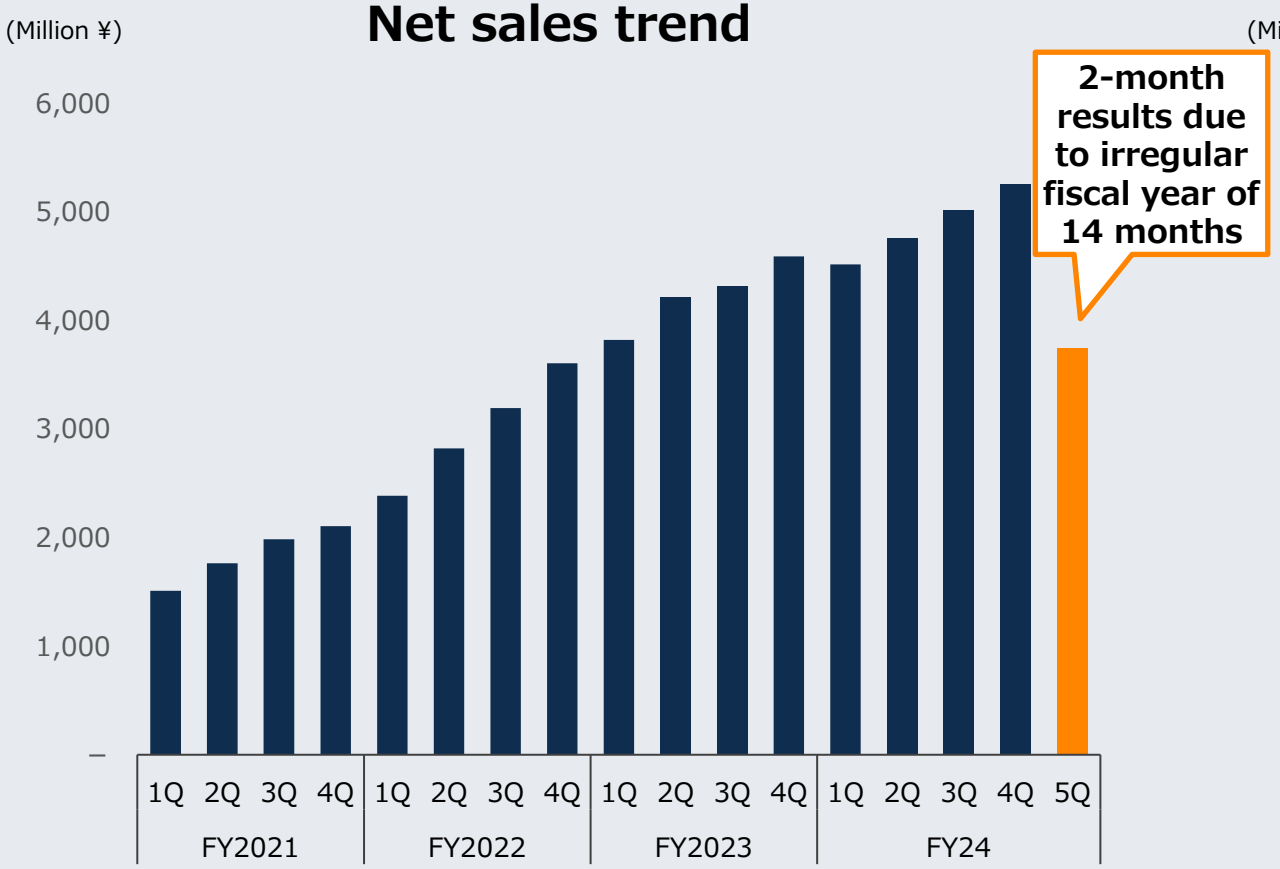
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Performance Highlights for 5Q FY2024

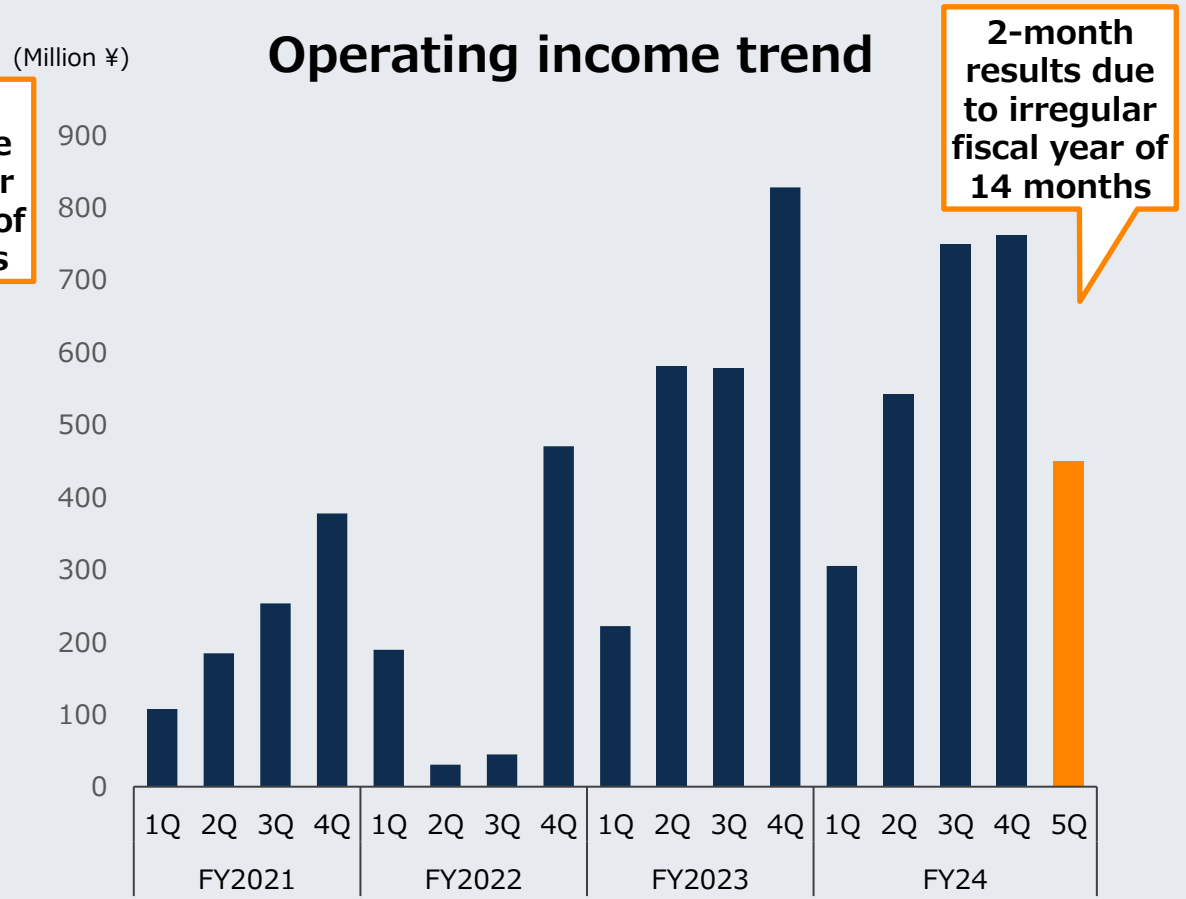
Review of Operations

- Although net sales fell short of the the previous quarter in 1Q, they returned to a growth trajectory from 2Q due to strengthening assignment and quality control
- Despite additional recruitment and optimization of consultant personnel in 4Q and 5Q, operating income exceeded 2.8 billion yen

Net sales trend



Operating income trend

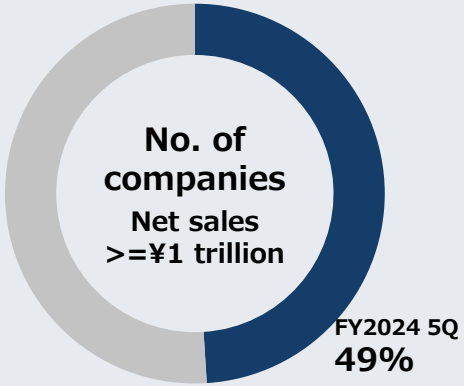


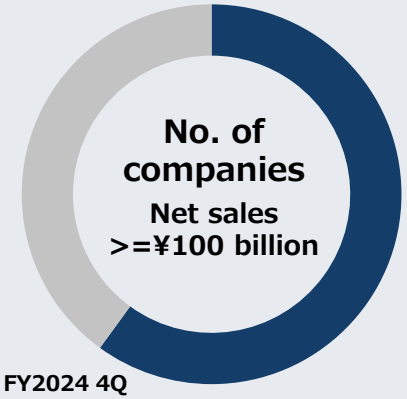
*5Q FY2024 covers November 1 through December 31, 2024.

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Sales Status

Our solid customer base, centered on larger companies, continued to grow in 5Q, and the number of requests increased steadily

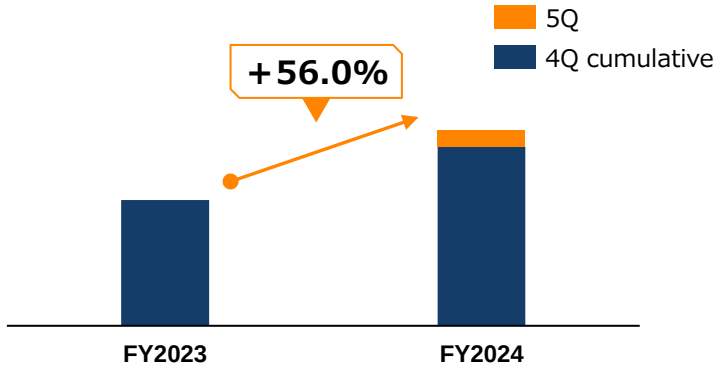




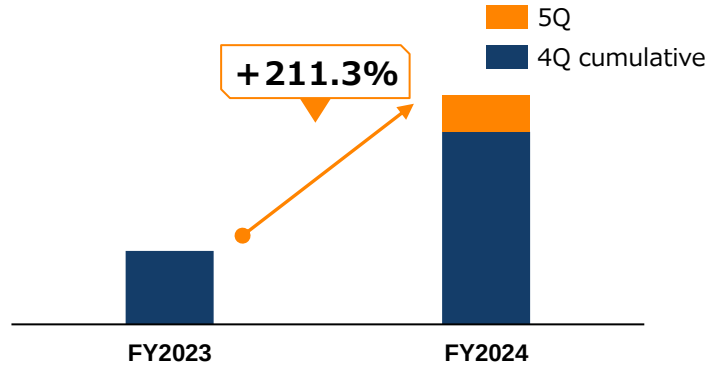
＊Compared to the time of the 4Q financial results briefing, the proportion of group companies with sales of over ¥1 trillion has decreased (down 3 percentage points) due to an increase in transactions with group companies that have sales between ¥100 billion and ¥1 trillion.

TOKYO GAS / RECRUIT / NISSHO ELECTRONICS / ANA SYSTEMS
TOYOTA / BIGLOBE / アコム / KDDI
AGC / AIM / hoyu / さくら情報システム
SAISON TECHNOLOGY / CUBE SYSTEM / TEPSYS / TOPCON

No. of inquiries *1



No. of requests *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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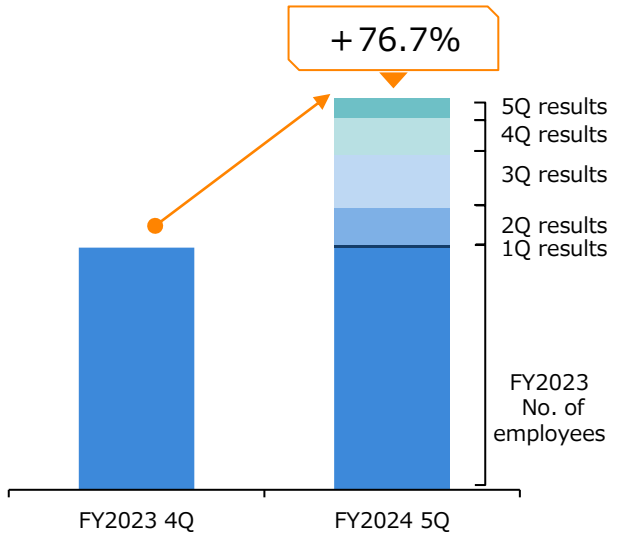
Status of MSOL Digital

- **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 +54.7% YoY, supported by market position as large companies' best partner for collaborative DX**

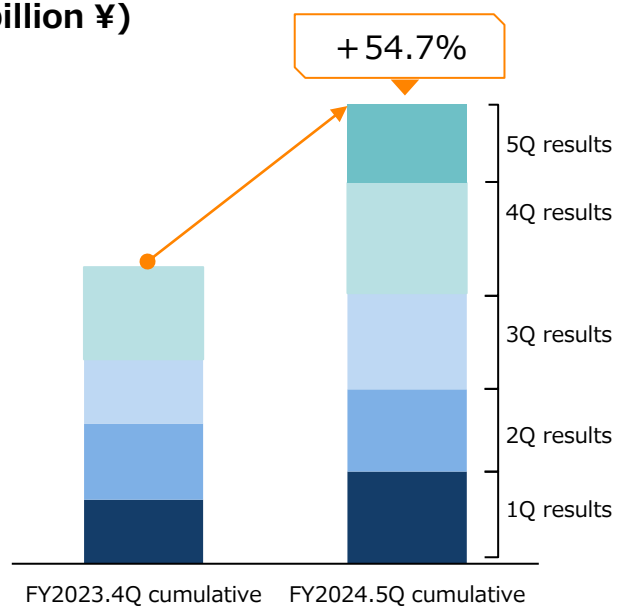
Key Points

- Hiring results were 16.7% higher than the original plan due to an overall successful recruiting campaign, particularly for attracting talent strong in technical fields
- Integration of mid-career hires improved from 4Q, contributing to increased sales (¥2.0 billion)
- Going forward we will aim for aggressive development of legacy migration (LX) such as generative AI and no-code low-code (NLD) business, and winning contracts for building data analysis platforms

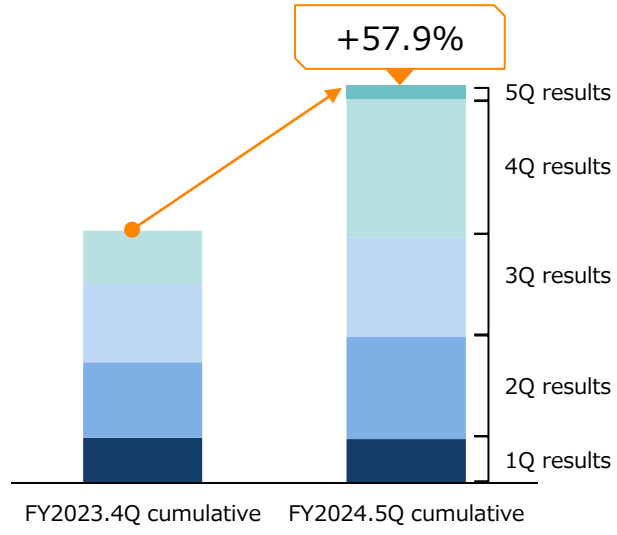
Change in/outlook for no. of employees



Change in/outlook for net sales (billion ¥)



Change in/outlook for no. of projects ordered



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Consolidated Income Statement (Cumulative)

- Sales growth targeting JPX Nikkei 400 companies, from which inquiries and requests are increasing to support further expansion in 2025 and beyond
- Personnel expenses in SG&A increased mainly due to transfers of sales force from the COGS and an increase in new graduate recruitment (total of 111 new personnel)
- Although we recorded ¥200 million in additional hiring expenses to support future growth, operating income reached a record level

(Million Yen)	FY2023 2022.11-2023.10	FY2024 2023.11-2024.12	YoY
Net sales	16,931	**23,273**	–%
Gross profit	6,337	**9,583**	–%
	37.4%	**41.2%**	
SG&A	4,130	**6,777**	–%
	24.4%	**29.1%**	
Personnel	1,132	**2,490**	–%
Hiring and Training	764	**1,288**	–%
Advertising	110	**156**	–%
Other	2,121	**2,843**	–%
Operating income	2,207	**2,806**	–%
	13.0%	**12.1%**	
Profit attributable to owners of parent	1,620	**2,070**	–%
Net income per share	97.7	**102.96**	–%
Dividend per share	18.0	**30.0**	–%

*FY2024 is an irregular year covering 14 months. Therefore, year-on-year comparisons are not indicated.

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Consolidated Balance Sheet

- Liquid assets increased, primarily accounts receivables and cash, due to higher sales and income
- Noncurrent assets declined ¥214 million due to goodwill amortization, etc., which outweighed strengthening of facilities in the Chubu Branch Office and Kansai Branch Office
- Equity ratio rose 10.6 points to 70.4% despite ¥500 million in share repurchases

(million yen)	FY2023.4Q 2023.10.31	FY2024.5Q 2024.12.31	Change
Total assets	7,032	**7,818**	+785
Current assets	4,976	**5,975**	+999
Noncurrent assets	2,056	**1,842**	(214)
Liabilities	2,730	**2,204**	(526)
Current liabilities	2,061	**2,075**	+14
Noncurrent liabilities	668	**129**	(540)
Net assets	4,302	5,612	+1,311
Equity ratio	59.8%	**70.4%**	+10.6%

3

Forecasts for Fiscal Year Ending December 31, 2025

Forecasts for Fiscal Year Ending December 31, 2025 (full year)

- Strong demand for PMO, sales of ¥23.6 billion, operating income of ¥3 billion, and sales growth of 17.3% are expected.
- In Digital, we aim to increase sales (growth of +20-30% or more) by organizing areas of expertise and acquiring more high-value customers.

Net sales

¥23.6 billion
(YoY +17.3%)

1Q	2Q	3Q	4Q
¥5.3–5.5 billion	¥5.4–5.6 billion	¥6.3–6.5 billion	¥6.6–6.7 billion

Operating income

¥3.0 billion
(YoY +17.1%)

1Q	2Q	3Q	4Q
¥510–550 million	¥300–340 million	¥940–970 million	¥1,250–1,330 million

Personnel expenses (100 million yen) temporarily increased in SG&A expenses in 2Q compared with other quarters due to the hiring of 137 new graduates.

Recruitment expenses

¥1.27 billion

1H	2H
¥720 million	¥550 million

No. of mid-career consultant hires*

280 employees

1H	2H
145	135

Operating rate*

86.0%

1H	2H
85.0%	87.0%

Shareholders return

Dividend Forecast ¥32

※Dividend payout ratio (forecast): 25%

* : PMO business only

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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	5Q
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**	**1,402**
No. of consultants(*1, *2, *3)	343	419	451	449	476	638	729	735	791	897	894	901	**936**	**980**	**1,062**	**1,105**	**1,116**
Mid-career hires(*4)	–	–	–	141	62	186	291	305	85	157	189	214	**108**	**197**	**239**	**315**	**344**

*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	5Q
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**	**3,746**
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**	**2,556**
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**	**1,041**
Personnel	100	113	120	119	142	174	184	190	257	282	318	275	**462**	**539**	**570**	**530**	**387**
Hiring and Training	97	131	127	36	181	442	385	95	339	193	132	99	**426**	**233**	**182**	**306**	**139**
Advertising	13	21	22	24	72	54	42	31	29	17	29	34	**16**	**29**	**40**	**31**	**38**
Non-cash expenses	12	13	15	20	23	37	41	45	40	59	63	85	**65**	**67**	**68**	**76**	**46**
Operating income	107	184	252	377	189	30	44	470	220	581	578	827	**304**	**541**	**749**	**761**	**449**
Profit	70	130	179	304	127	14	25	364	153	411	398	671	**193**	**369**	**515**	**636**	**368**

*5Q FY2024 covers November 1 through December 31, 2024

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(Reference) Quarterly Performance of Each Strategy

(Million Yen)	FY2023				FY2024				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5Q
Net sales	3,817	4,215	4,309	4,588	4,513	4,753	5,008	5,251	3,746
PMO area	3,322	3,626	3,714	3,914	3,903	4,165	4,390	4,536	3,079
Digital area	508	598	628	716	641	625	649	715	678
Other areas	9	11	12	12	12	20	27	36	25
Consolidation elimination	(23)	(20)	(45)	(55)	(43)	(58)	(59)	(37)	(37)
Gross profit	1,338	1,600	1,575	1,823	1,791	1,934	2,140	2,226	1,490
PMO area	1,258	1,488	1,463	1,651	1,680	1,822	1,984	2,020	1,326
Digital area	84	119	124	178	118	139	152	178	155
Other areas	(4)	(4)	(1)	8	0	2	7	11	14
Consolidation elimination	0	(3)	(10)	(15)	(7)	(29)	(3)	17	(29)

*5Q FY2024 covers November 1 through December 31, 2024

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Brand Purpose

Moving 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



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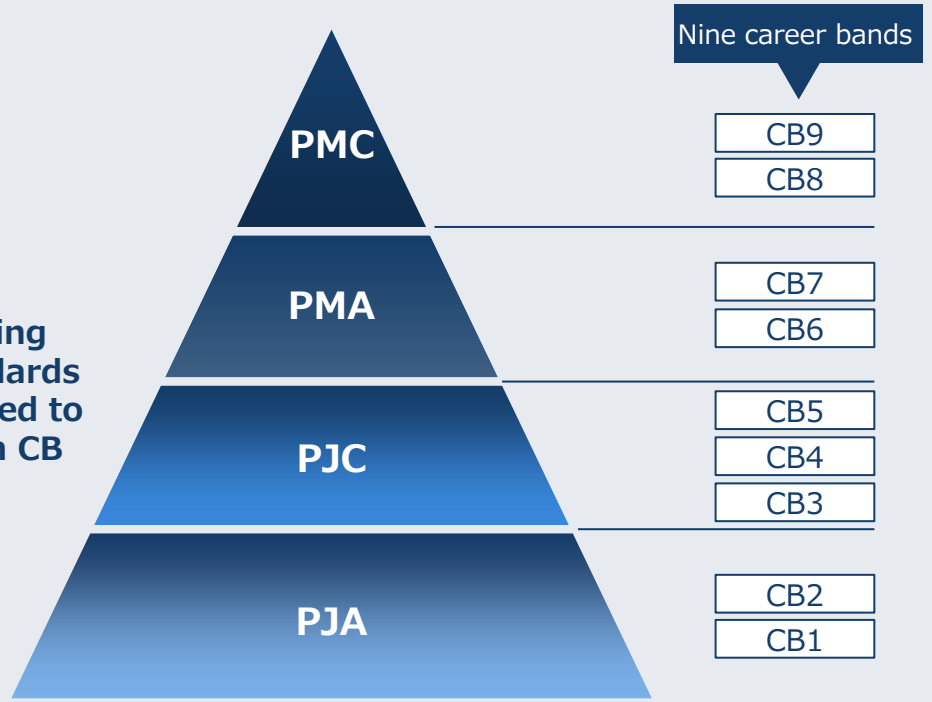
We break down four service levels into nine career bands (CBs), and provide detailed definitions of the skills required for each. Evaluations are also conducted for each band.

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 evaluations 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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Case study

Project to use EPMO to drive transformation at major logistics company

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Issues

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
Issues	**Strategy excessively abstract, could not be executed** • Strategy highly abstract, could not be executed • Dependencies between different measures and priorities were unclear • Uncoordinated promotion of measures by those in charge	**Approach reliant on individual expertise** • 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	**Dysfunctional project management** • 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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Issues

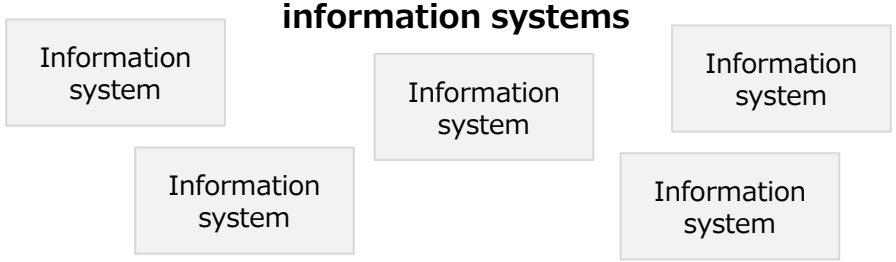
Establishing of a systems control department in preparation for business expansion, and planning and execution of IT governance

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

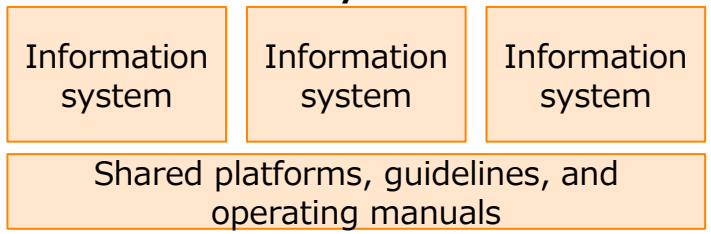


- Risks such as BCP/security countermeasures
- Vicious circle caused by data incompatibility between operational processes
- Confusion caused by controls on building and operating systems
- Impossible to get overall grasp of systems
- Shortage of personnel to create plans and drive project

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

Case study

Divisional integration project for major energy industry systems subsidiary

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Issues Integration of two project management departments with different objectives

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

Previously

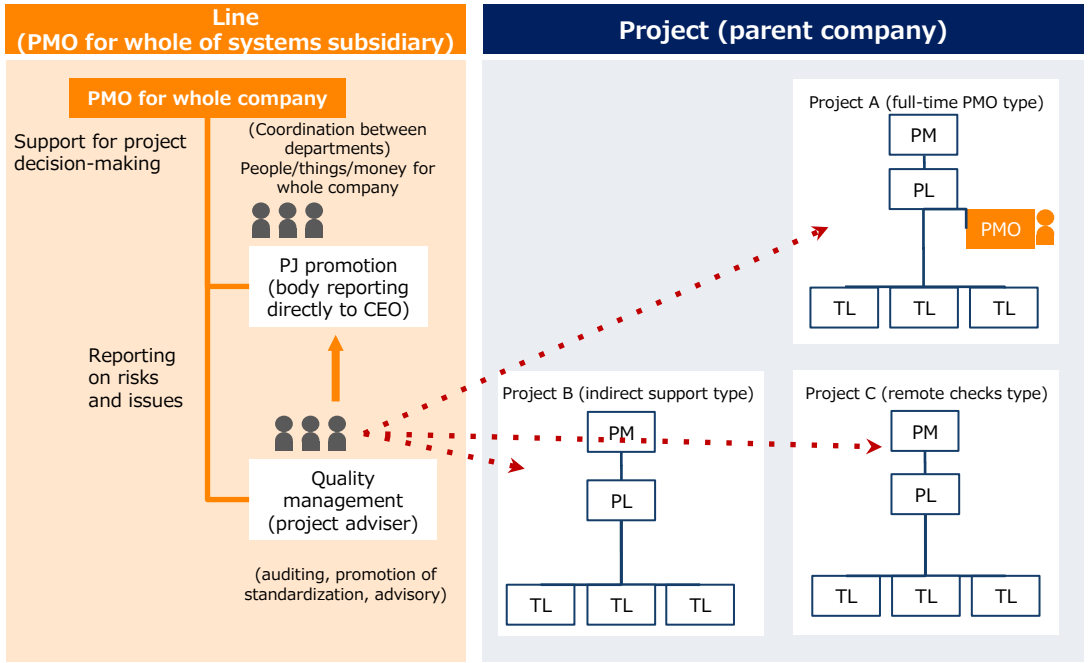
- Two project management divisions with different objectives needed to be integrated
- Frequent project failures led to the establishing of a quality management department with the aim of visualizing the status of each project
- A project promotion office was also established with the aim of solving 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

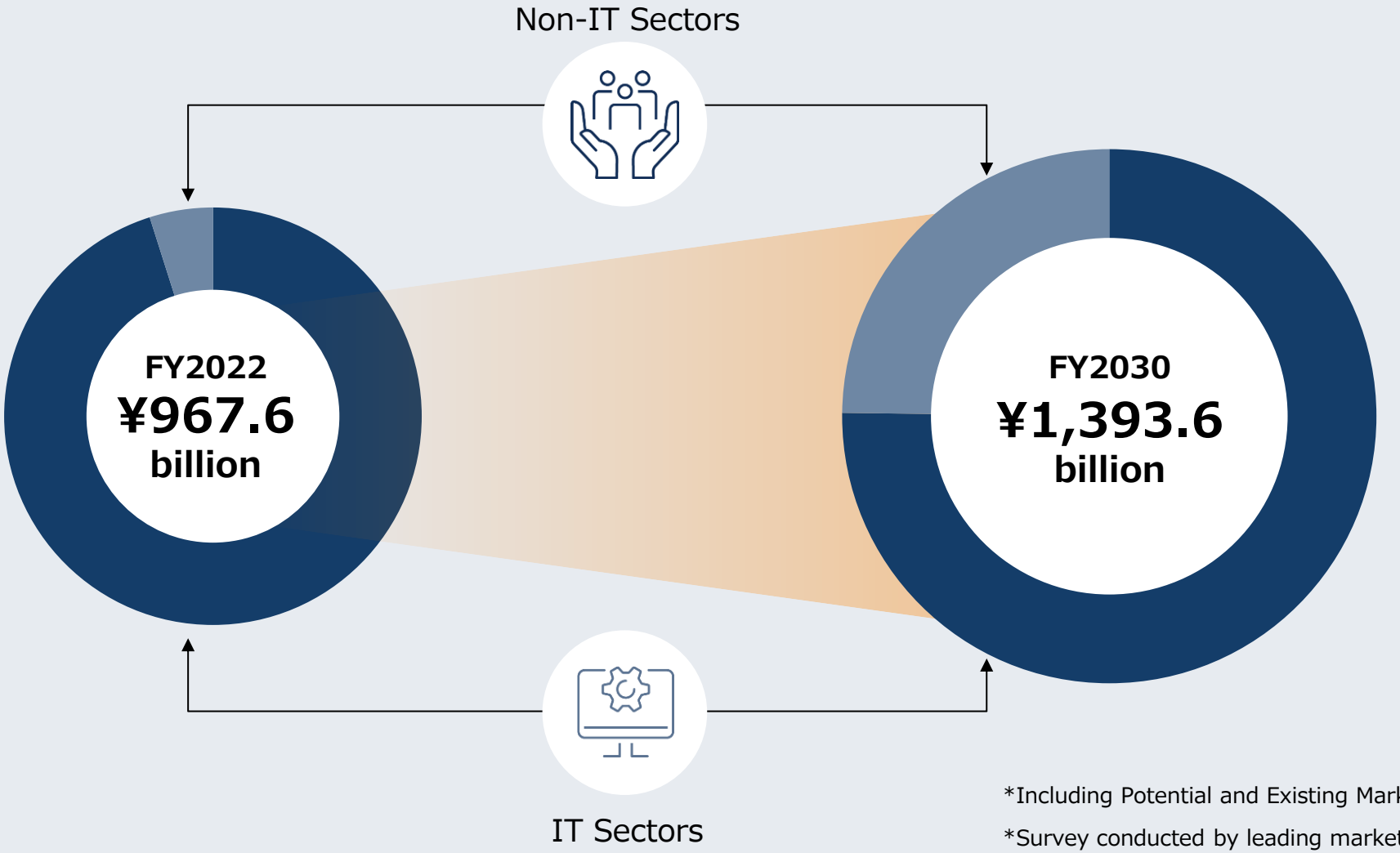


Domestic PMO Total Available Market

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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

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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.