

(Translation)



CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST QUARTER OF THE FISCAL YEAR ENDING
December 31, 2025
(January 1, 2025 to December 31, 2025)

May 15, 2025

Company name: Management Solutions co., ltd.

Securities code: 7033

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Scheduled date to commence dividend payments:

Preparation of supplementary material on financial results:

Holding of financial results briefing:

Listing: Tokyo Stock Exchange Prime
Market

URL: <https://www.msols.com>

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Yes

Yes

(for analysts and institutional investors)

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of Fiscal 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FY 2025	5,604	-	838	-	838	-	564	-
1Q FY 2024	4,513	18.2	304	38.2	307	29.1	191	24.1

(Note) Comprehensive income:

1Q FY 2025

548 million yen (-%)

1Q FY 2024

192 million yen (46.7%)

	Net Income Per Share	Net Income Per Share (Diluted)
	Yen	Yen
1Q FY 2025	34.66	-
1Q FY 2024	11.55	-

(Notes) 1. By a resolution of the 19th Annual General Meeting of Shareholders held on January 30, 2024, the Company changed its fiscal year-end from October 31 to December 31. The change in the fiscal year-end arising from this resolution resulted in the fiscal year ended December 31, 2024, being a transitional period of 14 months running from November 1, 2023 to December 31, 2024, so year-on-year changes are not provided.

2. Diluted net income per share is not provided because there are no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets
	Millions of yen	Millions of yen	%
As of March 31, 2025	7,871	5,672	70.6
As of December 31, 2024	7,817	5,612	70.4

(Reference) Shareholders' equity:

As of March 31, 2025 5,560 million yen

As of December 31, 2024 5,503 million yen

2. Dividends

	Cash Dividends Per Share of Common Stock					
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen	Yen
FY 2024	-	0.00	-	-	30.00	30.00
FY 2025	-					
FY 2025 (planned)		0.00	-	-	32.00	32.00

(Note) Revision to the most recently announced cash dividend forecast: No

3. Forecast of Consolidated Operating Results for FY 2025 (January 1, 2025 to December 31, 2025)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Full Fiscal Year	23,600	-	3,000	-	3,000	-	2,080	127.64

(Notes) 1. Revision to the most recently announced operating results forecast: No

2. By a resolution of the 19th Annual General Meeting of Shareholders held on January 30, 2024, the Company changed its fiscal year-end from October 31 to December 31. The change in the fiscal year-end arising from this resolution resulted in the fiscal year ended December 31, 2024, being a transitional period of 14 months running from November 1, 2023 to December 31, 2024, so year-on-year changes are not provided.

* Notes

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

Newly added: - companies

Excluded: - companies

(2) Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revisions to accounting standards: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policies)” on p.7 of the Appendix.

(4) Number of shares issued (common stock)

(i) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2025 16,822,700 shares

As of December 31, 2024 16,822,700 shares

(ii) Number of treasury stock at the end of the period

As of March 31, 2025 526,667 shares

As of December 31, 2024 526,267 shares

(iii) Average number of shares outstanding during the period

First quarter ended March 31, 2025 16,296,346 shares

First quarter ended January 31, 2024 16,590,092 shares

* Review of attached quarterly financial statements by a certified public accountant or an audit firm: None.

* Explanation concerning the Proper Use of Operating Results Forecasts and Other Relevant Specific Items
(Note on the forecasts for the consolidated financial results)

The forecasts of operating results and other items concerning the future contained in this document are based on management's assumptions and beliefs that are determined to be reasonable in light of currently available information, and are not intended as a guarantee that these targets will be achieved. Actual results may differ significantly from forecasts due to a variety of factors. For assumptions underlying the operating results forecasts and notes on their use, please refer to “1. Overview of Operating Results and Financial Position (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 3 of the Appendix.

Of note, the sales of consultants newly hired during the period will contribute to the Company's overall net sales and earnings in the second half of the fiscal year under review, as consultants' sales accrue with their tenure.

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1. Overview of Operating Results and Financial Position

In the previous fiscal year ended December 31, 2024, the Group changed its fiscal year-end, so that it became a 14-month period running from November 1, 2023 to December 31, 2024. Because this resulted in the first quarter of the previous fiscal year (November 1, 2023 to January 31, 2024) being a different period to the first quarter of the current fiscal year (January 1, 2025 to March 31, 2025), year-on-year changes are not provided.

(1) Overview of Operating Results

In the first quarter of the fiscal year ending December 31, 2025, the Japanese economy continued to be on a moderate recovery trend, driven by such factors as improvements in income and the employment environment, and inbound tourism demand. However, higher consumer prices caused by persistent inflation and the weakening of the yen, together with other issues, have led to an uncertain outlook. The outlook for the global economy is also becoming increasingly uncertain due to the unpredictability of U.S. trade policy and other reasons.

On the other hand, one major market research organization projects that the project management market, which is the Group's sphere of business, will continue to expand going forward, reaching a size of 1,393.6 billion yen in 2030. In addition to digital transformation (DX), an area that continues to be characterized by healthy demand, demand in non-IT sectors is also expected to rise. Going forward we will provide value-added support, including that for organizational transformation.

Pursuing a vision of becoming a management platform for society that combines people and technology for promoting organizational change, value creation, and personal growth, the Company aims to achieve continuous growth through the MSOL management system, which involves close interaction between "Strategy," "Process," "Organization," and "IT" functions. Human capital is a core management priority for the Group. The Company has actively recruited human resources and put in place a training system to secure a steady supply of consultants, and actively promotes the development of account managers by strengthening its risk management.

In the first quarter of the fiscal year ending December 31, 2025, which constituted the first step of the Medium-term Management Plan announced on December 13, 2024, we introduced and created proposals based on our project management techniques and succeeded in steadily winning new clients in a variety of industries and business categories. These efforts were led primarily by the sales organization that became independent during the previous fiscal year.

The project management business is the main driver of the Group's earnings, and the key indicators for this business are the number of consultants, the utilization rate, and the average unit price.

In the first quarter of the fiscal year ending December 31, 2025, the number of consultants was 715, the utilization rate was 88.6%, and the average unit price was 1,741 thousand yen.

As a result, net sales for the first quarter of the fiscal year totaled 5,604,825 thousand yen, operating income totaled 838,773 thousand yen, ordinary income totaled 838,598 thousand yen, and profit attributable to owners of parent totaled 564,823 thousand yen.

Because the Group only has the single segment of the consulting business, it has omitted the presentation of results by segment.

(2) Overview of Financial Position

(i) Current assets

Current assets at the end of the first quarter of the fiscal year amounted to 5,963,589 thousand yen, a decrease of 11,875 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to decreases in cash and deposits of 259,798 thousand yen and in the "other" item of current assets of 24,576 thousand yen, which outweighed an increase in notes and accounts receivable - trade of 272,499 thousand yen.

(ii) Noncurrent assets

Noncurrent assets at the end of the first quarter of the fiscal year amounted to 1,908,003 thousand yen, an increase of 65,943 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to an increase in goodwill of 148,810 thousand yen, which more than offset decreases in property, plant and equipment of 30,793 thousand yen and in the "other" item of investments and other assets of 33,958 thousand yen.

(iii) Current liabilities

Current liabilities at the end of the first quarter of the fiscal year amounted to 2,074,693 thousand yen, a decrease of 581 thousand yen from the balance at the end of the previous fiscal year. The main changes driving this were a decrease in the “other” item of current liabilities of 150,200 thousand yen, and an increase in income taxes payable of 153,593 thousand yen.

(iv) Noncurrent liabilities

Noncurrent liabilities at the end of the first quarter of the fiscal year amounted to 124,362 thousand yen, a decrease of 5,056 thousand yen from the end of the previous fiscal year. This was due mainly to a decrease in long-term loans payable of 3,762 thousand yen.

(v) Net assets

Total net assets at the end of the first quarter of the fiscal year amounted to 5,672,536 thousand yen, an increase of 59,706 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to an increase in retained earnings of 75,930 thousand yen arising from the recording of profit attributable to owners of parent, which outweighed the payment of dividends of surplus.

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

With regard to consolidated earnings forecasts, there has been no change to the full-year figures announced in “Consolidated Financial Report Fiscal 2024 (Japanese GAAP),” dated February 14, 2025.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Fiscal Year 2024 (As of December 31, 2024)	First three months of Fiscal Year 2025 (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	2,812,437	2,552,639
Notes and accounts receivable - trade	2,983,616	3,256,116
Other	179,410	154,833
Total current assets	5,975,465	5,963,589
Noncurrent assets		
Property, plant and equipment	585,761	554,967
Intangible assets		
Goodwill	258,689	407,500
Other	396,612	383,612
Total intangible assets	655,302	791,112
Investments and other assets		
Lease deposits and guarantee deposits	446,534	441,418
Other	154,462	120,504
Total investments and other assets	600,996	561,922
Total noncurrent assets	1,842,059	1,908,003
Total assets	7,817,525	7,871,592
Liabilities		
Current liabilities		
Accounts payable	270,112	269,092
Short-term borrowings	400,000	400,000
Current portion of long-term loans payable	23,901	20,946
Income taxes payable	113,480	267,073
Other	1,267,781	1,117,581
Total current liabilities	2,075,275	2,074,693
Noncurrent liabilities		
Long-term loans payable	76,635	72,873
Other	52,784	51,489
Total noncurrent liabilities	129,419	124,362
Total liabilities	2,204,695	2,199,056
Net assets		
Shareholders' equity		
Capital stock	676,059	676,059
Capital surplus	557,037	557,037
Retained earnings	5,121,777	5,197,708
Treasury stock	(890,230)	(890,230)
Total shareholders' equity	5,464,644	5,540,575
Accumulated other comprehensive income		
Foreign currency translation adjustment	39,145	20,034
Total accumulated other comprehensive income	39,145	20,034
Non-controlling interests	109,039	111,926
Total net assets	5,612,829	5,672,536
Total liabilities and net assets	7,817,525	7,871,592

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income)

(For the three-month period)

(Thousands of yen)

	Three months ended January 31, 2024 (November 1, 2023 to January 31, 2024)	Three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)
Net sales	4,513,948	5,604,825
Cost of sales	2,722,649	3,230,174
Gross profit	1,791,299	2,374,651
Selling, general and administrative expenses	1,486,425	1,535,877
Operating income	304,873	838,773
Non-operating income		
Interest income	287	2,209
Foreign exchange gains	304	3,486
Gain on sale of investment securities	-	5,999
Rental income	136	136
Subsidy income	-	2,425
Surrender value of insurance policies	4,204	-
Other	359	150
Total non-operating income	5,292	14,409
Non-operating expenses		
Interest expenses	2,216	2,332
Loss on retirement of noncurrent assets	-	12,252
Other	22	-
Total non-operating expenses	2,238	14,584
Ordinary income	307,927	838,598
Income before income taxes	307,927	838,598
Income taxes - current	75,055	237,508
Income taxes - deferred	39,343	30,195
Total income taxes	114,399	267,704
Profit	193,527	570,894
Profit attributable to non-controlling interests	1,899	6,071
Profit attributable to owners of parent	191,627	564,823

(Quarterly Consolidated Statement of Comprehensive Income)

(For the three-month period)

(Thousands of yen)

	Three months ended January 31, 2024 (November 1, 2023 to January 31, 2024)	Three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)
Net income	193,527	570,894
Other comprehensive income (loss)		
Foreign currency translation adjustment	(1,001)	(22,295)
Total other comprehensive income (loss)	(1,001)	(22,295)
Comprehensive income	192,525	548,599
Total comprehensive income attributable to:		
Owners of parent	190,571	545,712
Non-controlling interests	1,954	2,886

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “Revised Accounting Standard of 2022”) and related accounting guidance from the beginning of the first quarter of the fiscal year ending December 31, 2025.

Revisions to the category in which income tax, etc. is recorded (in cases where other comprehensive income is subject to tax) are subject to the transitional treatment stipulated in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022, and the proviso to paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Guidance of 2022”). These changes in accounting policies have no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the treatment in the consolidated financial statement of cases involving the deferral of taxes associated with gains or losses arising from the sale of shares, etc. of subsidiaries between consolidated companies, the Revised Guidance of 2022 has been applied from the beginning of the first quarter of the fiscal year ending December 31, 2025. These changes to accounting policies have been applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the quarters of the previous fiscal year and for the previous fiscal year, respectively, reflect this retrospective application. These changes to accounting policies have no impact on quarterly consolidated financial statements for the quarters of the previous fiscal year or consolidated financial statements for the previous fiscal year.

(Segment Information, etc.)

[Segment Information]

Because the Group is engaged in only the single segment of the consulting business, segment information is of little importance and has been omitted.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Quarterly Consolidated Statements of Cash Flows)

The Company has not compiled quarterly consolidated statements of cash flows for the first three months of the fiscal year ending December 31, 2025. Depreciation and amortization (including amortization of intangible assets other than goodwill) and amortization of goodwill for the first three months of the fiscal year ending December 31, 2025 are as follows.

	(Thousands of yen)	
	Three months ended January 31, 2024 (November 1, 2023 to January 31, 2024)	Three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)
Depreciation and amortization	57,165	60,112
Amortization of goodwill	16,168	33,007