

(Translation)



CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST HALF OF THE FISCAL YEAR ENDING
December 31, 2024
(November 1, 2023 to April 30, 2024)

June 14, 2024

Company name: Management Solutions co., ltd.

Listing: Tokyo Stock Exchange Prime
Market

Securities code: 7033

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Scheduled date to file Quarterly Securities Report:

June 14, 2024

Scheduled date to commence dividend payments:

-

Preparation of supplementary material on financial results:

Yes

Holding of financial results briefing:

Yes

(for analysts and institutional investors)

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Half of Fiscal 2024 (November 1, 2023 to April 30, 2024)

(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	%
FY 2024 First Half	9,267	15.4	846	5.5	851	2.2	562	0.6
FY 2023 First Half	8,033	54.3	801	264.8	833	264.4	558	304.9

(Note) Comprehensive income:

FY 2024 First Half 574 million yen (5.2%)

FY 2023 First Half 545 million yen (264.1%)

	Net Income Per Share	Net Income Per Share (Diluted)
	Yen	Yen
FY 2024 First Half	33.90	—
FY 2023 First Half	33.71	33.69

(Note) Diluted net income per share for the first half of the fiscal year ending December 31, 2024 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 April 30, 2024	7,243	4,588	62.0
As of October 31, 2023	7,032	4,302	59.8

(Reference) Shareholders' equity:

As of April 30, 2024 4,492 million yen

As of October 31, 2023 4,206 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	Total
	Yen	Yen	Yen	Yen	Yen	Yen
FY 2023	—	0.00	—	—	18.00	18.00
FY 2024	—	0.00				
FY 2024 (planned)			—	—	30.00	30.00

(Note) Revision to the most recently announced cash dividend forecast: Yes

For the dividend forecast for the fiscal year ending December 31, 2024, please refer to the "Notice of Revision of Full-Year Earnings and Dividend Forecasts" released today (June 14, 2024).

3. Forecast of Consolidated Operating Results for FY 2024 (November 1, 2023 to December 31, 2024)

(% 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	22,600	—	2,700	—	2,710	—	1,940	—	116.90

(Notes) 1. Revision to the most recently announced operating results forecast: Yes

2. For the dividend forecast for the fiscal year ending December 31, 2024, please refer to the "Notice of Revision of Full-Year Earnings and Dividend Forecasts" released today (June 14, 2024).

3. 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 will result in the fiscal year under review 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) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in changes in scope of consolidation): 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: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatements: None
- (4) Number of shares issued (common stock)
(i) Number of shares issued at the end of the period (including treasury stock)
As of April 30, 2024 16,821,700 shares
As of October 31, 2023 16,816,800 shares
(ii) Number of treasury stock at the end of the period
As of April 30, 2024 227,741 shares
As of October 31, 2023 226,541 shares
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
Six months ended April 30, 2024 16,592,058 shares
Six months ended April 30, 2023 16,577,071 shares

* The financial statement summary is not subject to review by certified public accountants or an audit firm.

* 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 "(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements in 1. Qualitative Information on Quarterly Results" on page 2 of the Appendix. Of note, the Company's net sales and earnings tend to be weighted toward the second half of the period because sales from consultants newly hired during the period are accrued along with their tenure at the Company.

* In case of any inconsistency between the English version and the Japanese version, the Japanese version shall prevail.

Appendix

Table of Contents

1. Qualitative Information on Quarterly Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	5
(3) Notes to Quarterly Consolidated Financial Statements	7
(Notes on Going Concern Assumptions).....	7
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	7

1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

In the first six months of the fiscal year ending December 31, 2024, a pickup in capital investment and personal consumption drove a moderate recovery in business conditions for the Japanese economy. On the other hand, factors such as rising prices, volatility in the financial and capital markets, and rising tension in the Middle East have led to a continuation of uncertainty, and risk putting downward pressure on business conditions in Japan.

On the other hand, in the Group's sphere of business of project management, there is a rising need for value-added support, including support for organizational transformation in areas such as DX (Digital Transformation) that continue to be characterized by healthy demand. The level of inquiries about project management support is projected to remain high over the medium to long term.

The Company is pursuing a vision of becoming a platform for management in society, encouraging organizational transformation and the autonomous development of the individual. By introducing and creating proposals based on its project management techniques, the Company has steadily acquired new clients in a variety of industries and business categories.

In terms of initiatives to expand its area of business and continuously generate profit, the Company has also actively recruited human resources and put in place an educational system to secure a steady supply of consultants, and has promoted the development of account managers by strengthening its risk management.

As a result, net sales for the first six months of the fiscal year increased by 15.4% year on year to 9,267,329 thousand yen, operating income increased by 5.5% to 846,319 thousand yen, ordinary income increased by 2.2% to 851,760 thousand yen, and profit attributable to owners of parent increased by 0.6% to 562,474 thousand yen.

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

(2) Explanation of Financial Position

(i) Current assets

Current assets at the end of the second quarter of the fiscal year amounted to 5,358,830 thousand yen, an increase of 382,141 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to increases in cash and deposits of 300,690 thousand yen, and in other current assets of 65,338 thousand yen.

(ii) Noncurrent assets

Noncurrent assets at the end of the second quarter of the fiscal year amounted to 1,884,892 thousand yen, a decrease of 171,149 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to decreases in property, plant and equipment of 66,099 thousand yen, in goodwill of 32,336 thousand yen, and in the "other" item of investments and other assets of 36,954 thousand yen.

(iii) Current liabilities

Current liabilities at the end of the second quarter of the fiscal year amounted to 2,004,296 thousand yen, a decrease of 57,380 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to an increase in short-term borrowings of 400,000 thousand yen, while accounts payable, income tax payable, and other current liabilities decreased by 120,503 thousand yen, 227,869 thousand yen, and 103,828 thousand yen, respectively.

(iv) Noncurrent liabilities

Noncurrent liabilities at the end of the second quarter of the fiscal year amounted to 650,525 thousand yen, a decrease of 18,256 thousand yen from the end of the previous fiscal year. This was due mainly to a decrease in long-term loans payable of 15,869 thousand yen.

(v) Net assets

Total net assets at the end of the second quarter of the fiscal year amounted to 4,588,900 thousand yen, an increase of 286,628 thousand yen from the balance at the end of the previous fiscal year. This was due mainly to an increase in retained earnings of 263,849 thousand yen.

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

Based on the results for the first half of the current fiscal year and recent trends, the Company has revised its consolidated earnings forecast and year-end dividend forecast for the full fiscal year announced in the "Consolidated Financial Results for the Fiscal Year Ended October 31, 2023 [Japanese GAAP] (Consolidated)" dated December 14, 2023. Please refer to the " Notice of Revision of Full-Year Earnings and Dividend Forecasts " separately released today (June 14, 2024).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Fiscal Year 2023 (As of October 31, 2023)	First six months of Fiscal Year 2024 (As of April 30, 2024)
Assets		
Current assets		
Cash and deposits	2,640,389	2,941,080
Notes and accounts receivable - trade	2,189,331	2,205,444
Other	146,967	212,306
Total current assets	4,976,689	5,358,830
Noncurrent assets		
Property, plant and equipment	614,915	548,815
Intangible assets		
Goodwill	334,140	301,804
Other	437,868	423,380
Total intangible assets	772,008	725,185
Investments and other assets		
Lease deposits and guarantee deposits	472,230	450,959
Other	196,886	159,931
Total investments and other assets	669,117	610,891
Total noncurrent assets	2,056,041	1,884,892
Total assets	7,032,730	7,243,723
Liabilities		
Current liabilities		
Accounts payable	292,392	171,889
Short-term borrowings	-	400,000
Current portion of long-term loans payable	38,822	33,643
Income taxes payable	559,095	331,226
Other	1,171,366	1,067,537
Total current liabilities	2,061,676	2,004,296
Noncurrent liabilities		
Long-term loans payable	611,927	596,058
Other	56,855	54,467
Total noncurrent liabilities	668,782	650,525
Total liabilities	2,730,458	2,654,822
Net assets		
Shareholders' equity		
Capital stock	668,592	674,638
Capital surplus	549,570	555,617
Retained earnings	3,350,123	3,613,973
Treasury stock	(390,318)	(390,318)
Total shareholders' equity	4,177,967	4,453,910
Accumulated other comprehensive income		
Foreign currency translation adjustment	28,570	38,507
Total accumulated other comprehensive income	28,570	38,507
Non-controlling interests	95,734	96,482
Total net assets	4,302,272	4,588,900
Total liabilities and net assets	7,032,730	7,243,723

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the six-month period)

(Thousands of yen)

	Six months ended April 30, 2023 (November 1, 2022 to April 30, 2023)	Six months ended April 30, 2024 (November 1, 2023 to April 30, 2024)
Net sales	8,033,439	9,267,329
Cost of sales	5,094,663	5,541,655
Gross profit	2,938,775	3,725,673
Selling, general and administrative expenses	2,136,809	2,879,353
Operating income	801,966	846,319
Non-operating income		
Interest income	193	563
Foreign exchange gains	4,863	-
Gain on sale of investment securities	14,999	-
Rental income	1,687	273
Surrender value of insurance policies	10,595	9,289
Other	3,911	2,697
Total non-operating income	36,252	12,823
Non-operating expenses		
Interest expenses	4,696	4,509
Foreign exchange losses	-	2,810
Other	67	62
Total non-operating expenses	4,764	7,382
Ordinary income	833,454	851,760
Income before income taxes	833,454	851,760
Income taxes - current	249,529	269,907
Income taxes - deferred	18,492	18,629
Total income taxes	268,021	288,537
Profit	565,432	563,222
Profit attributable to non-controlling interests	6,498	748
Profit attributable to owners of parent	558,933	562,474

(Quarterly Consolidated Statement of Comprehensive Income)
(For the six-month period)

(Thousands of yen)

	Six months ended April 30, 2023 (November 1, 2022 to April 30, 2023)	Six months ended April 30, 2024 (November 1, 2023 to April 30, 2024)
Net income	565,432	563,222
Other comprehensive income (loss)		
Foreign currency translation adjustment	(19,551)	10,946
Total other comprehensive income (loss)	(19,551)	10,946
Comprehensive income	545,880	574,168
Total comprehensive income attributable to:		
Owners of parent	541,069	572,411
Non-controlling interests	4,811	1,757

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

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

Not applicable.