

## 2022 milestones

Management Solutions continues to focus on profitable growth and is becoming increasingly international and more diversified from both an industry and a geographical perspective. Above all, Management Solutions has an outstanding portfolio of global and local clients who are leaders in their respective industries.





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# Entrepreneurship to face a changing reality

*Entrepreneurship is a distinctive approach to business management*



Last July, under the theme "Entrepreneurship to face a changing reality", Management Solutions' Yearly Meeting was held in-person at the Royal Theater in Madrid after two years of taking place in virtual format due to restrictions resulting from the COVID-19 pandemic.

The meeting, which was also a starting point for celebrating the Firm's 20th anniversary, discussed the international

macroeconomic context, reviewed the Firm's achievements and set out the objectives for the coming year. This section summarizes some of the topics discussed at the meeting.

Previous meetings had addressed topics such as transformation, sustainable growth, trust, and leadership. On this occasion, the meeting focused on a topic that, in a

way, summarizes all the previous ones and gives meaning to everything Management Solutions does: entrepreneurship.

This is because December 2022 marked the 20th anniversary of a venture that has allowed the Firm to grow in a sustained and uninterrupted manner for two decades, regardless of economic cycles, a venture that allows us to

continue generating value for our clients in the face of a changing reality.

Change is as real and effective as the reality we live in. Structural dynamics converge in this change, which have already been reviewed in previous meetings. These dynamics include: i) those arising from digital transformation, ii) those caused by the energy transition in response to the challenges of climate change, and iii) the effects of the West's progressive loss of leadership; and they also converge with other issues that are more short-term in nature but still have a profound impact, such as: (i) the health and economic consequences of a pandemic which, although subsiding, we are still suffering from and which has led to many issues including the disruption of multiple supply chains (which has in turn led to the strengthening of nearshore vs. offshore models), (ii) the tragic war in Ukraine which, in addition to being one of the worst humanitarian crises this century, has exacerbated the effects of a fragile economic situation, pushing up the price of certain raw materials (with increases of more than 50% in gas, coal and wheat, to cite a few examples), iii) or the issues derived from a macro-economic picture that could be entitled: "the dangerous road to stagflation".

Change, and the speed at which it happens, creates uncertainty, but also great opportunities, and to face this changing reality, even with a degree of certainty, an entrepreneurial attitude is required.

Some of the common denominators of the entrepreneurial stories that were reviewed during the convention could be: a vision; a lot of preparation; hard and collaborative work; and, above all, a hunger to go further, to go where no one else had gone before; a hunger to create value for others. In short, entrepreneurship.

The reasons why Management Solutions is considered by many to be a school of entrepreneurship were also explained. Entrepreneurship requires a quality that the Firm has always displayed: the ability to adapt to change. Darwin said that the species that survive are those that are best able to adapt to change.

Entrepreneurship is inherent in people. We all have an entrepreneurial impulse, the will to create is encoded in our DNA and creation is the essence of entrepreneurship.

Creating, in our profession, means starting activities we have never done before, operating in new countries, opening new offices, serving new clients in new industries, developing new value-generating competencies.

Entrepreneurship requires a rigorous preparation in knowledge and skills; it requires systems and methods; but it also requires principles and values, and a culture that fosters growth and generates trust.

Of the many definitions of entrepreneurship, one by the Harvard Business School, specifically formulated by professor Howard Stevenson, was proposed at the Convention: "entrepreneurship is the pursuit of opportunities beyond one's controlled resources".

A relentless pursuit that requires putting our heart and soul into fulfilling our goals. Opportunities that materialize (according to the author of this definition) by pioneering innovative products or services, or improving existing ones; creating new business models or extending current ones to new stakeholders. In short, improving what we know we can improve, and always maintaining the will to innovate. And all this while maximizing the impact of the resources at our disposal or, in other words, making do with what you have.

Management Solutions' President, Mr. Alfonso Serrano-Suñer, took the opportunity to share with the Firm's professionals his vision of the reasons why Management Solutions is first and foremost a school of entrepreneurship.

He began by emphasizing that at Management Solutions, the Firm's professionals have an exciting profession, a job that consists of nothing more and nothing less than problem solving.

Facing interesting, diverse, changing, relevant problems. And doing so in attractive locations, working with and for extremely talented people.

For this it is necessary to prepare oneself, gaining technical knowledge in various areas which is then applied to solve the assigned tasks, thus consolidating this knowledge (this is what is called the knowledge of motives and reasons).

This preparation never ends, because we never stop acquiring new knowledge, which is added to the already consolidated knowledge, and it is the accumulation of experience that makes us experts in something.

If we add to this our dedication to research and the Firm's commitment to continuous training, we achieve exponential growth in our technical capabilities over time.

In addition, as we grow as professionals, we approach the resolution of these problems from different angles, prisms or roles (as a consultant, senior, or manager).

We also prepare ourselves for this by acquiring management skills. First of all, people management, learning to work as a team and to relate to our clients, thus generating fruitful relationship models based on trust.

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<sup>4</sup>Reid Hoffman, co-founder of LinkedIn

# Entrepreneurship to face a changing reality

But we also learn to manage projects, which is the same as managing companies (with their commercial and production processes, resources and financial management, risk control and supervision of the quality of deliverables). We acquire many skills that allow us, together with our technical knowledge, to solve increasingly complex problems.

And soon the day comes, while we are still very young, when, based on what we have already experienced and learned, as a necessary condition, we are invited to put our managerial skills to the test. That is to say: i) our skill in setting objectives (and not only in the projects we manage, but also in the Firm's different strategic areas: geographic growth, industry growth, growth in target competencies, clients, etc.), and also ii) our competency in designing the best ways to achieve these objectives.

In short, to act as entrepreneurs, making the Firm grow in an organic and sustained manner, thereby underpinning our own professional growth.

Because Management Solutions is a Firm (a partnership) made by and for its professionals. And for that, we rely on a winning culture that makes us easily recognizable.

A culture that was born twenty years ago from our spirit of survival, from our desire to move forward, from hunger. A culture of dedication to service, of generosity and humility, of critical thinking, of results orientation, and of a constant search for excellence.

A culture that pushes us to step out of our comfort zone and tread on unknown terrain until we master it, creating new dynamics, or improving and perfecting existing ones, to continue growing.

Because, as Harvard University Professor Howard Stevenson added: "entrepreneurship is a distinctive approach to business management". And that is precisely where the significance of what we do at Management Solutions lies.

In a world overflowing with inconsequential, ephemeral issues, we have the mandate and at the same time the privilege of creating. In other words, Management Solutions will be what it sets out to be, and in Mr. Alfonso Serrano-Suñer's opinion, the best of the Firm is yet to come, and it will be the Firm's professionals who will make it happen.

And what better proof of this than to see how, after nearly twenty years of entrepreneurship, the Firm has been able to become 40 times bigger. Today we are over 3,200 professionals of extraordinary value, operating in more than

50 countries in Europe, the Americas, Asia and Africa, through our 39 offices in 37 cities around the world.

Because Management Solutions is a great Firm that aims to lead business consulting internationally, in all the industries in which it operates and in all the service lines it provides to its more than 1,500 clients, who in turn are major global and local leaders. A Firm that has the best of teams. A talented team, with a strong analytical profile but at the same time with a deep knowledge of its clients' businesses. A multicultural, young and well-trained team. A team that demonstrates its dedication to service, talent and commitment on a daily basis. In short, a team of entrepreneurs.

Entrepreneurship requires us to keep our value proposition constantly updated: fostering research and the development of new competencies in collaboration with the university and academic world; deepening and broadening our industry knowledge; and reinforcing our presence in the countries in which we operate, always supporting the societies in which we operate.

That is why we strive to design and implement innovative solutions, built in increasingly collaborative environments, that take advantage of technological disruption to improve customer experience, streamline processes, better control risks and extract greater value from available information.

Solutions that also have a high social impact: such as advanced management of the impacts of climate change, reputational risk management, applying natural language interpretation techniques, ethics in the use of artificial intelligence, or the response to the crisis caused by COVID-19.



Alfonso Serrano-Suñer, 2022 Yearly Meeting, Madrid, Spain

For this, once again, we rely on the talent, effort and continuous training of an extraordinary team of professionals. A team that, as already mentioned, has a strong culture that generates trust. A culture of strong principles and values that makes us easily recognizable. In short, a team in constant pursuit of excellence, which puts the client at the center of all its actions and which is not only concerned about what it does, but also how it does it.

In 2022 we once again surpassed our qualitative and quantitative objectives for the year, growing in excess of what we had budgeted. Once more the Firm increased our market share, and did so in a way that is organic, diversified and sustained, irrespective of economic cycles while applying a management model that maximizes our potential, guarantees professional development for our people and creates the basis for sustained growth in the coming years.

We have continued to widen our scope of activity to cover new markets, as well as to consolidate our presence in countries in which we were already operating (we are now present in more than 50 countries across Europe, the Americas, Asia and Africa). All of our service lines have grown in a balanced way and we have also made important progress in industry diversification.

As a result, we have increased our presence in many of the organizations with which we were already collaborating. By extending the provision of our services to new areas and business divisions, with industry diversification driven by our expansion into the distribution sector, we have continued to increase our client base. This client base is composed of over 1,500 clients, large multinationals, corporations and leading local firms to which we have added over 300 new names, all of them of strategic importance in their respective markets. In

addition, we have further developed our presence and visibility with the regulators and supervisors of the markets in which we operate.

As already mentioned, the growth of our business would not have been possible without the extraordinary team of more than 3,200 professionals that make up our Firm. A team of talented professionals, committed, recipients of a strong corporate culture based on values that make the difference. A team that has grown from the base up, global, multicultural, multidisciplinary and fully integrated. A young

team, with integrity and responsibility, capable of providing differential solutions to the challenges our clients bring to us.

In short, we have once again exceeded all our goals in all the geographies in which we are present, in all the industries in which we operate and in all the service lines we provide. We face the future with enthusiasm and confidence, with the firm intention of helping our clients grow in a sustainable manner.



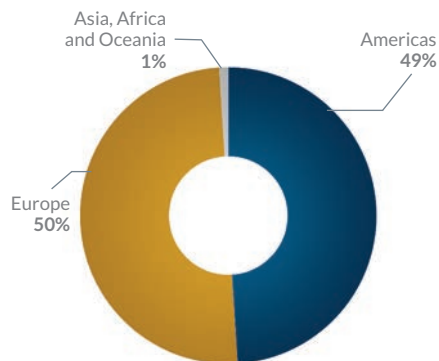
2022 Yearly Meeting, Madrid, Spain

# Diversification

During 2022 we have continued to make progress in our diversification process:

- ▶ Achieving consistent growth in the Americas, Europe and Asia, and consolidating our activity in Africa.
- ▶ Intensifying our activity in all regulated industries, maintaining our leadership in Finance, gaining market share in Energy and becoming increasingly active in Telecommunications and Other industries.
- ▶ Expanding our client portfolio.
- ▶ Updating our solutions offer:
  - Strategy
  - Sales and marketing management
  - Management & financial information
  - Risk management and control
  - Governance, organization and processes
  - New technologies

## Geographical diversification<sup>1</sup>



### Americas

- ▶ Strengthened presence in North America with the opening of our Toronto (Canada) office.
- ▶ Sustained double-digit growth in all Latin American units with the opening of our Monterrey (Mexico) office, Ecuador increasing its size five-fold, and Colombia and Peru growing by more than 40%.
- ▶ Growth in all Central American countries.

### Europe

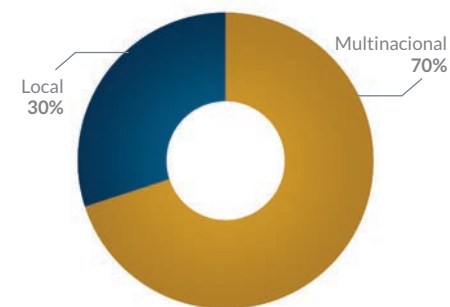
- ▶ Double-digit growth in Spain (10%+).
- ▶ United Kingdom, Germany and Portugal offices consolidate their leadership.
- ▶ Italy (with the opening of our Bologna office), France, Poland and the Netherlands achieved very significant growth of around 50%.
- ▶ Strengthened presence in the Nordic countries, with growth in both Norway and Denmark.
- ▶ Sustained growth in the rest of Europe (with a focus on Eastern Europe).

### Asia, Africa and Oceania

- ▶ Consolidated business in China and strengthened it in Turkey with the opening of our Istanbul office.
- ▶ Growing activity in Africa with our new Johannesburg office.
- ▶ Launch of our activity in Oceania (with a focus on Australia).

<sup>1</sup>measured in consulting hours

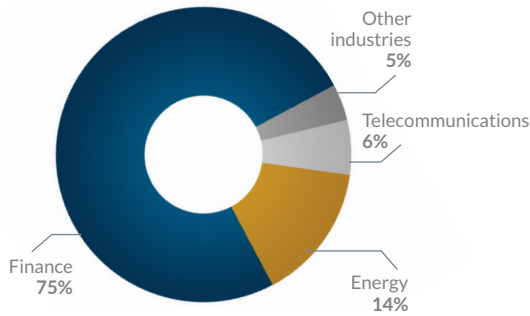
## Client diversification<sup>1</sup>



- ▶ More than 1,500 active clients
- ▶ 300 new clients (across geographies and industries)
- ▶ Reinforced presence in clients:
  - Increased presence with leading global and local clients.
  - Increased relations with regulators, supervisors and supranational organizations.
  - Strengthening of the relationship model with strategic suppliers.

<sup>1</sup>measured in consulting hours

**Sector diversification<sup>1</sup>**



**Finance**

- ▶ Sustained growth (+10%) based on:
  - Greater specialization by business.
  - Leaders in Digital Transformation and Sustainability.
  - Leaders in regulatory compliance.

**Energy and Telecommunications**

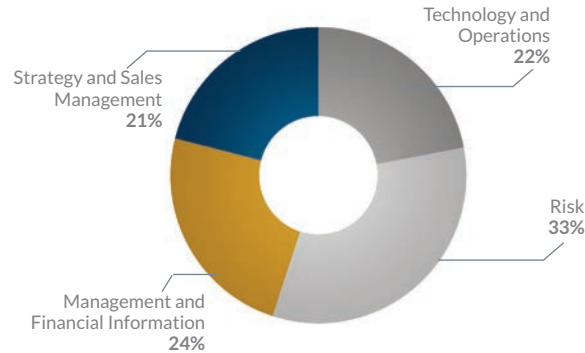
- ▶ Strong growth (15%+) driven by:
  - Increased client base.
  - A broader range of services (digital transformation, Artificial Intelligence, Agile, sustainability, etc.).
  - Deployment of both practices in more countries (especially in the Americas).

**Other industries**

- ▶ Exponential increase in activity in industries such as distribution, pharmaceuticals, technology, construction, manufacturing and service companies, and education.

<sup>1</sup>measured in consulting hours

**Diversification of solutions<sup>1</sup>**



- ▶ More than 4,000 projects (50% new) across all our Core Competencies:

- Sustainability (ESG)
- Artificial Intelligence (ModelCraft, Hatari)
- Data Governance and Modeling (MRM, Validation)
- Digitalization ("go to cloud")
- Efficiency (organization and processes)
- Profitability and financial strength
- Advanced Risk Management (financial and non-financial)
- Cybersecurity

<sup>1</sup>measured in consulting hours



**“We help our clients find valuable solutions in the face of a changing”**

Today, more than ever, companies are looking for appropriate responses to an uncertain environment. This requires us to understand in depth the new competitive dynamics, to identify the problems faced by our clients, to provide valuable solutions and to collaborate in their effective implementation.

At Management Solutions we develop innovative solutions that take advantage of technological disruption to make processes more efficient, improve the customer experience, better control risks and extract more value from available information.

In short, solutions that enable our clients to achieve profitable and sustainable growth.

**Sara de Francisco**  
Partner at Management Solutions



# Growth and innovation

## Profitable growth

Our high internal organic growth levels guarantee a career progression model far superior to that of our competitors.

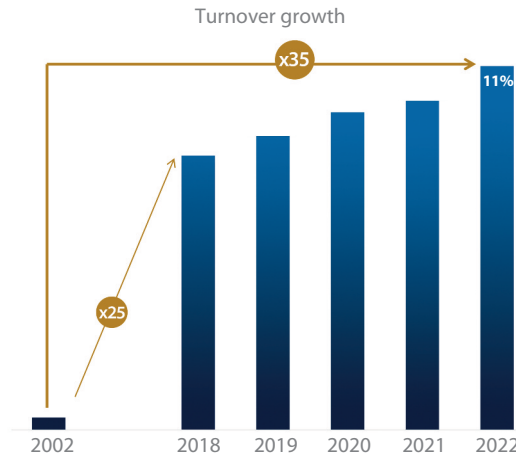
## R&D&i innovation

Investing in R&D&i and training are key differentiating elements in our value proposition to the market.

## Human Resources Management

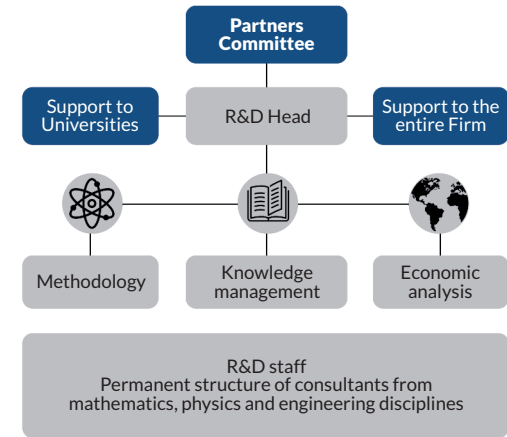
Our partnership model guarantees career progression that rewards individual merit for all our professionals.

## Profitable growth



- ▶ Sustained growth of 11% (organic, diversified, profitable)\*
- ▶ Nearly four and a half million hours of consulting work
- ▶ Gaining share in our main markets
- ▶ Rigor in financial management
- ▶ Fulfilling the five pillars of our Y25 strategic plan:
  - Commitment to sustainability
  - Greater quantitative and digital offering (more alliances)
  - Multinational growth ("one Firm")
  - Industry specialization (new industries)
  - Smart working

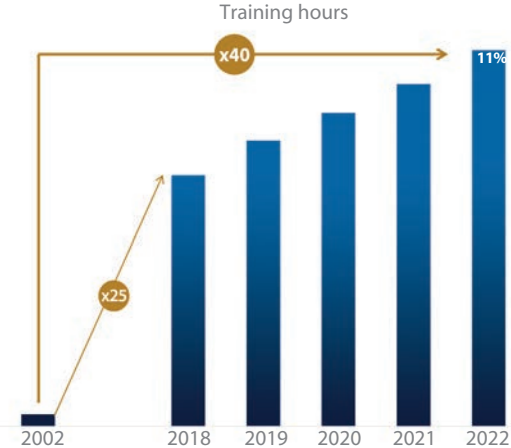
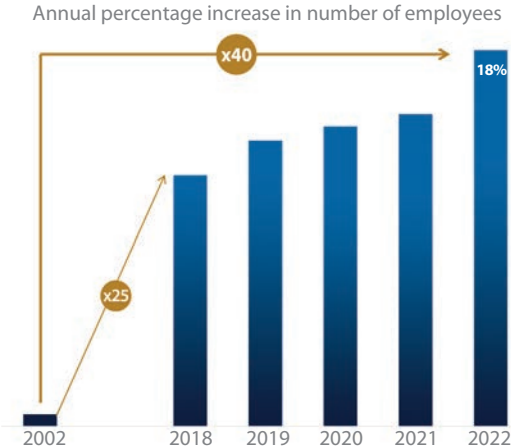
## R&D&i innovation



- ▶ Investment equivalent to 10% of the Firm's capacity
- ▶ Permanent structure formed of teams for:
  - Methodology (Innovation)
  - Knowledge management (Core Competencies, regulations, benchmarks, publications, training, etc.)
  - Economic outlook analysis
- ▶ Global coverage (all countries, industries and service lines)
- ▶ Regulatory hub in Frankfurt, seat of the ECB
- ▶ Collaboration with universities / institutions / companies
- ▶ Global R&D Plan (more than 250 actions executed):
  - Methodology:
    - Applied Artificial Intelligence
    - Development of academic Chairs: iDanae Chair in Big Data and Analytics (UPM), Social Impact Chair (U.P. Comillas) and Chair for Hydrogen Studies (U.P. Comillas).
    - Collaborations with the Royal Academy of Sciences of Spain (in areas such as virology)
  - Knowledge management:
    - Closely targeting of value propositions
    - Training Plan Update
    - Regulatory alerts service (through three channels: app, web and social networks).
    - More than 100 specialized publications (internal and external)
    - Economic analysis for 22 countries (plus Benelux)

\*Exceeding the figure of 300 million euros in annual turnover

## Human Resources Management



- ▶ More than 3,200 professionals, growing from the base up, with more than 1,000 new hires and nearly 300 scholarships during the fiscal year.
- ▶ Promotion based on merit for the entire pyramid:
  - Reinforced top line of management (10 new Partners and 23 new Directors).
  - Increased managerial capacity (130 new Managers and Supervisors).
  - Organic growth in all categories.
- ▶ Global management of our pyramid ("one team").
- ▶ Excellence in talent recruitment (more than 200,000 candidates evaluated).
- ▶ Strengthening of links with universities and post-graduate programs:
  - Presence in more than 330 European, American and Asian faculties.
  - More than 300 collaboration agreements.
  - More than 10 awards for Bachelor's or Master's theses as well as sponsorships.
  - Teaching at some of the most prestigious universities in Europe and the Americas.
- ▶ Strengthened our supervision, evaluation and mentoring processes
  - Continuous evaluation processes, rewarding talent
- Biannual mentoring program (trying to align the needs of our professionals with the opportunities offered by the Firm).
- Human Resources follow-up to the management team
- ▶ Emphasis on training:
  - More than 280,000 hours invested in training
  - More than 721 courses taught (22 new)
  - Continuous improvement of our Training Plan:
    - Ninth graduating class of the Management Solutions - ICADE Business School Master's Degree in Business Consulting in Spain.
    - Sixth graduating class of the Monterrey Tech Diploma in Mexico.
    - Advanced training program in partnership with INSPER in Brazil.
    - e-Learning development (Moodle) for standard/voluntary training.
    - External complement: focusing on the management team (CFA, FRM, PMP, CISA, ICAI-IC, Cloud, etc.).

*In 2022 we again exceeded the qualitative and quantitative objectives we set for ourselves*

# Communication and organizational flexibility

## Communication

- ▶ Promoting the Management Solutions brand to our stakeholders.
- ▶ Strengthening our communication channels (Intranet, Website and Social Networks).
- ▶ Disseminating valuable publications (white papers, technical notes, regulatory analyses, economic outlook reports, etc.).
- ▶ Maintaining a presence in forums and institutions of recognized prestige in each of our sectors of activity.
- ▶ Supporting the academic world through chairs, agreements, internships and specialized courses.
- ▶ Developing sponsorship and patronage work in favor of science, culture, arts and sports.
- ▶ Involving ourselves with those most in need through solidarity actions within our scope of action.

## Organizational flexibility

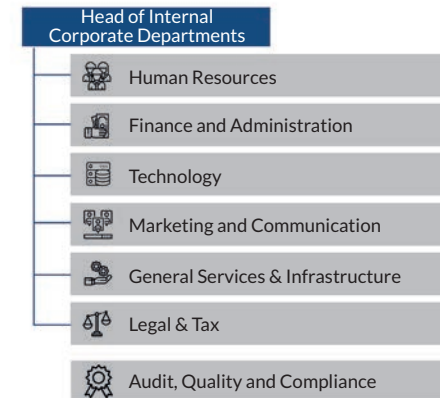
A fluid and continually adapting of organizational structure oriented towards value creation allows us to adequately respond to our high growth levels.

## Communication



- ▶ Digital communication channels:
  - New content on our intranet and website (training pills, webinars, One Team, etc.).
  - Deployment of new languages on corporate website.
  - New content on Social Networks.
- ▶ More specialist publications:
  - Publication of white papers on Social Impact Measurement.
  - Quarterly economic outlook reports (68 reports).
  - Technical Notes and Regulatory Developments (cross-industry).
- ▶ Enhanced presence in professional and supervisory forums.
- ▶ More Social Action, patronage and sponsorship:
  - More than 50 solidarity activities: "Double your help to the Ukrainians", Kilometers in Solidarity, Christmas in Solidarity, IV and V Solidarity Race, Solidarity Christmas Concert, blood donations, computer equipment donations, corporate volunteering, participation in solidarity sporting events, etc.
- ▶ Partnerships with NGO's and foundations (Teatro Real, Royal Academy of Sciences, Fundación Pro RAE, Escuela Superior de Música Reina Sofia).
- ▶ United Nations Global Compact.
- ▶ More support to our Sports Clubs in all our offices:
  - Participation in sports tournaments.
  - Organization of sporting events: golf tournaments, paddle tennis tournaments, indoor soccer, etc.

## Organizational flexibility



- ▶ Reinforcement of internal areas and functions:
  - Strengthening of our structure (Human Resources and IT).
  - IT transformation plan implementation:
    - Putting Business Central into production
    - Process digitalization (OCR recruitment application, MS eXpenses app, MS Office Spaces app, TESS web version – time and expense allocation – etc.).
    - New applications (space reservation, remote work, etc.)
  - Strengthening of IT security.
  - Opening of offices in Bologna (Italy), Istanbul (Turkey), Johannesburg (South Africa), Toronto (Canada) and Monterrey (Mexico), and expansion of offices in Madrid, Barcelona, Lisbon, Paris, Milan, Warsaw, Mexico, Lima, Bogota and Santiago de Chile.
- ▶ Global control function (Internal Audit, Quality and Compliance):
  - Internal Audit and Quality Assurance Reports (annual/semi-annual/quarterly/monthly).
  - External Audit of Financial Statements (consolidated and individual).
  - Non-financial information statements.
  - External certifications for Processes (ISO 9001), Cybersecurity (ISO 27001), Crime prevention compliance (UNE 19601), Business Continuity Management System (ISO 22301) and in carbon footprint calculation (ISO 14064).
  - Continuous training for all our professionals on corporate policies.



**"For yet another year, and this is our 20th, we have once again surpassed all the goals we set for ourselves"**

We have leveraged our strengths, striving to do well what we do best: serve our customers with excellence, integrity, humility, generosity and passion.

As a result, the balance for the year was excellent, achieving sustained growth of more than 11%.

The merit of this success undoubtedly lies with the extraordinary team of professionals that make up Management Solutions. A talented team with a strong analytical profile combined with a deep understanding of the business of the industries for

which it works; a team that is multicultural – with more than 40 nationalities, young and well-trained, ethical, responsible and committed. In short, a team of entrepreneurs.

As our motto dictates, we have made things happen! And we have done so by showing the necessary entrepreneurship to face a changing reality.

**Ignacio Layo**  
Partner at Management Solutions

