

2021 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.



5%
growth



>3,000
ongoing
projects



>50%
of them originated
during the year



Resilience & Leadership

Resilience allows us to adapt to adverse situations and leadership helps us set the course for sustainable growth.



Under the motto “Resilience & Leadership”, Management Solutions organized its Yearly Meeting in July – in a virtual format due to the restrictions resulting from the COVID-19 pandemic – in order to review the Firm’s achievements after analyzing the international environment and to set goals for the next year. This section summarizes many of the ideas expressed during the Meeting.

We live in times of great uncertainty. An uncertainty generated to a large extent by the profound transformation in which we are immersed, which has been accelerated in recent years by the phenomenon of digitalization, that sort of

virtual space on a global scale that eliminates physical barriers to growth.

This uncertainty has recently been aggravated by the harsh repercussions in health and economic terms of a pandemic that has changed our way of life overnight, and has also been exacerbated by the major challenges posed by climate change.

This uncertainty is compounded by the effects of a historic change in the geo-political cycle (referred to by some sociologists as the “post-Western” era) that began in 2014

when China's GDP overtook that of the US based on purchasing power parity, and which is advancing relentlessly. In the last century, Europe has gone from representing 25% of the world's population to less than 10%; moreover, since the 1950s, the world's population has increased from 3 to 7 billion people, with the West's contribution being practically nil, and this growth has been concentrated in Asia.

This, added to the already mentioned phenomenon of the "democratization" of access to technology, which leads to a gradual convergence of per capita productivity, causes the relative weight of a country's GDP to tend more and more towards the relative weight of its population, thus shifting the pole of world economic activity.

But we are also living in times of enormous opportunities. Priorities are changing, new needs are arising, new business models are emerging and existing business models are undergoing profound transformations.

In this context, adopting the right attitude is all important. And it is precisely the combination of resilience and leadership that helps us to turn uncertainties into opportunities on which to build future growth. Our ability to adapt to changing environments, our talent, innovation, diversification, commitment to excellence and dedication to service allow us to transform challenges into value-generating solutions.

Resilience allows us to adapt to adverse situations and leadership helps us set the course for sustainable growth. Resilience and leadership which, in the case of Management Solutions, entails a strong commitment to our clients and professionals and to the environment.

A commitment that drives us to constantly update our value proposition by researching and developing new competency areas in partnership with the university and academic world; by deepening and broadening our industry knowledge; and by reinforcing our presence in the countries in which we

operate, always supporting the communities in which we have a presence.

Uncertainty is overcome by generating confidence. The greater the problem we face, the greater the opportunity we have to help solve it, thus generating confidence in our environment.

That is why we strive to design and implement innovative solutions, built in increasingly collaborative environments, that take advantage of technological disruption to improve the 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 derived from climate change, reputational risk management, applying natural language interpretation techniques, ethics in the use of artificial intelligence, or the response to the COVID-19 crisis by providing proposals to ensure business continuity and subsequently helping to plan the reactivation.

For this we rely on the talent, effort and continuous training of an extraordinary professional team. A team that has a strong culture building trust. A culture of marked principles and values that makes us easily recognizable: dedication to service, humility, generosity and solidarity, teamwork, integrity and critical thinking, meritocracy, passion for good work and an entrepreneurial spirit, perseverance in the pursuit of goals. In short, a team in a constant pursuit of excellence that puts the client at the center of all action and that is concerned about the "how" as well as the "what". A trust-building team.

In 2021 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 40 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 1,200 clients, large multinationals, corporations and leading local firms to which we have added over 150 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.

Such growth would not have been possible without the extraordinary team of 2,700 professionals that make up our firm. A talented, committed team that has inherited a strong corporate culture based on a set of values that make a difference. A global, multicultural, multidisciplinary, fully integrated team that has grown from the base. A young, principled and responsible team capable of providing solutions to the challenges our clients bring to us.

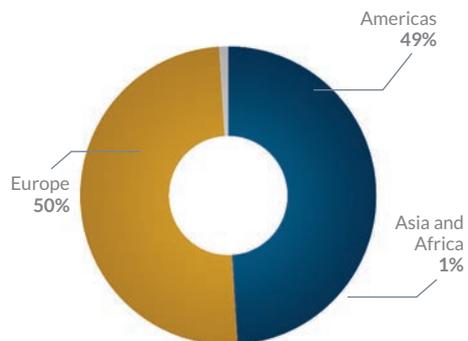
In short, we have again exceeded all of our goals in all of the regions in which we have a presence, in all of the industries in which we operate and in all of our service lines. We face the future with enthusiasm and confidence, with the firm purpose of helping our clients grow in a sustainable way.

Diversification

During 2021 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 diversification¹



Americas

- ▶ The U.S. is still showing good growth (8% +), reinforced by the opening of the Pittsburgh office.
- ▶ Sustained double-digit growth in our Latin American offices, with Ecuador increasing 5-fold in size, and Colombia and Peru growing by more than 20%.
- ▶ Growth in all Central American countries

Europe

- ▶ Strengthened our presence in the Spanish market with the opening of a new office in La Coruña at the end of last year.
- ▶ Our offices in the United Kingdom, Germany (with the opening of a new office in Düsseldorf) and Portugal have consolidated their leading position.
- ▶ France, Italy, Poland and Netherlands have achieved growth of around 25%.
- ▶ Strengthened our presence in the Nordic countries, with growth in Norway (20%+) and Denmark (our Copenhagen office increased its activity 20-fold).
- ▶ Sustained growth in the rest of Europe (with a focus on Eastern Europe)

Asia

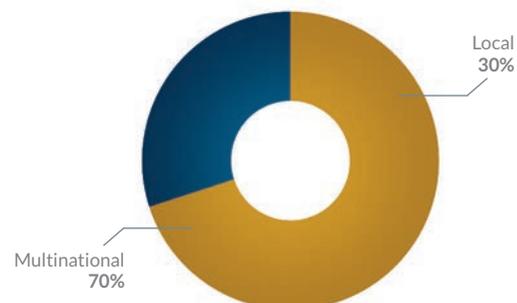
- ▶ Strong business momentum in Asia (China and Turkey)

Africa

- ▶ Renewed activity in Africa (with a special focus on South Africa)

¹measured in consulting hours

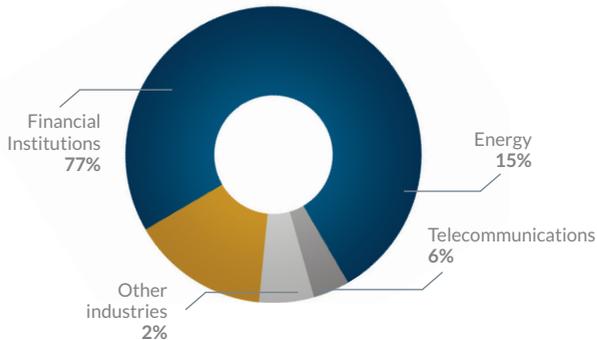
Client diversification¹



- ▶ More than 1,200 active customers
- ▶ 150 new customers (across industries and geographies)
- ▶ Reinforced presence in leading clients (global and local)
- ▶ Stronger relationship with Regulators, Supervisors and International Organizations
- ▶ Reinforced relationship model with strategic suppliers

¹measured in consulting hours

Sector diversification¹



Finance

- ▶ Sustained growth (5%+) based on:
 - Greater specialization by business
 - Benchmarks in Digital Transformation and Sustainability
 - Leaders in regulatory compliance

Energy

- ▶ Strong growth (30%+) driven by:
 - Increased client base
 - Wider range of services (digital transformation, Artificial Intelligence, Agile, sustainability, etc.).
 - Deployment of the practice in more countries (especially in the Americas).

Telecommunications

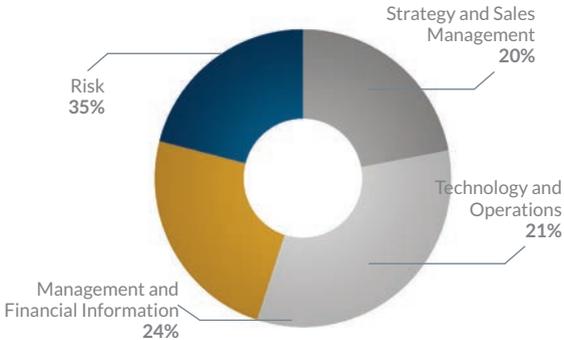
- ▶ Strong growth (30%+) based on:
 - The addition of new clients
 - Wider range of services
 - Practice extended to other geographies

Other industries

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

¹measured in consulting hours

Diversification of solutions¹



- ▶ More than 3,000 projects (50% new) across all our Core Competencies:

- COVID-19 (10 new value propositions)
- Profitability and financial soundness (optimization of RWA, RORAC, Pricing)
- Non-financial risks (Sustainability, Reputational, Financial Crime)
- Agile Organizations
- Digitalization of processes (customer experience, efficiency -RPA-)
- Data Governance and Modeling (MRM, Validation)
- Machine Learning and Artificial Intelligence
- Big Data architectures and "go to cloud" projects
- Cybersecurity
- New proprietary solutions (Modelcraft and Hatari) and upgrades of existing ones (all available in the cloud)

¹measured in consulting hours



“We have set out to help our clients find solutions in the face of the current uncertain times

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.

Sandra Martins
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.

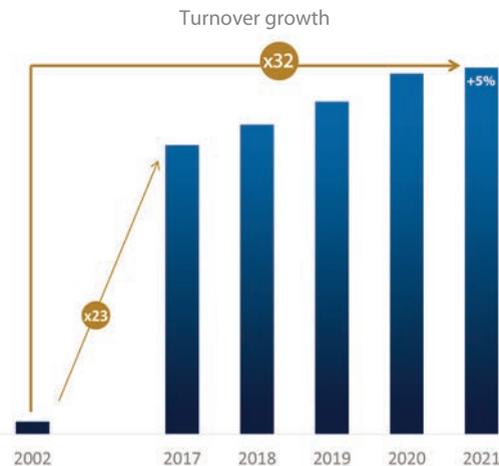
R&D&i innovation

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

Human Resources Management

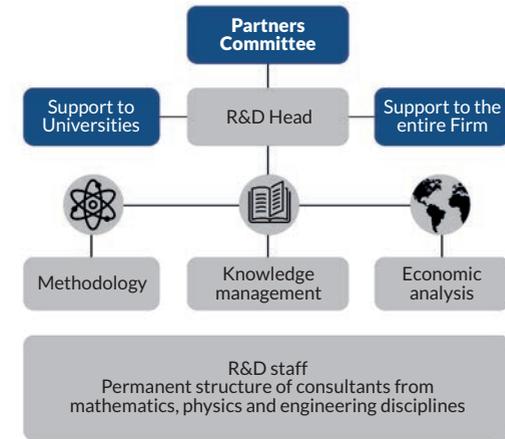
Our partnership model guarantees career progression that rewards individual merit for all our professionals.

Profitable growth



- ▶ Sustained growth of 5% (organic, diversified, profitable).*
- ▶ More than three and a half million consulting hours
- ▶ Gaining share in our main markets
- ▶ Rigor in financial management
- ▶ Developed and approved our Y25 strategic plan:
 - Commitment to sustainability
 - Multinational growth with strong sectoral specialization (new industries)
 - Greater quantitative and digital offering (more alliances)
 - Smart Working

R&D&i innovation

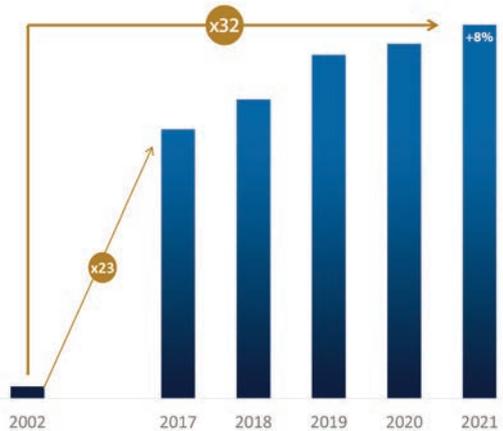


- ▶ Investment equivalent to 10% of the Firm's capacity
- ▶ Permanent structure formed of teams for:
 - Methodology (Innovation)
 - Knowledge management (Core Competencies, regulations, benchmarks, publications, training, etc.)
 - Economic outlook analysis
- ▶ Global coverage (all countries, industries 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:
 - Development of Chairs: iDanae Chair for Big Data and Analytics (UPM), Social Impact Chair (U.P. Comillas) and Chair for Hydrogen Studies (U.P. Comillas).
 - Collaborations in value propositions involving Artificial Intelligence (financial crime, reputational, climate, etc.)
 - 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)

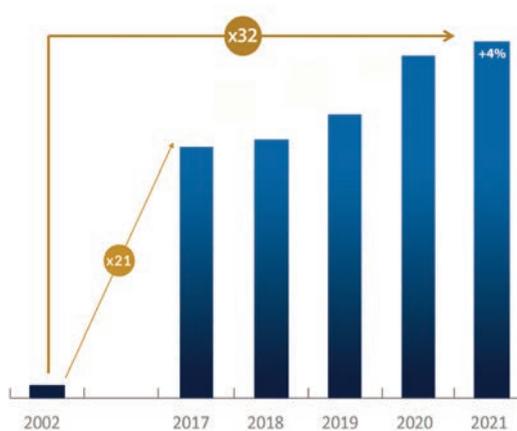
* Exceeding annual revenue of €300 million

Human Resources Management

Annual percentage increase in number of employees



Training hours



- ▶ More than 2,700 professionals, growing from the base up, with more than 500 new hires and 200 internships during the fiscal year
- ▶ Merit-based promotion throughout the entire pyramid:
 - Top management reinforcement (10 new partners and 19 new directors)
 - Greater managerial capacity (178 new managers and supervisors)
 - Organic growth in the senior layer
- ▶ Global pyramid management ("one team")
- ▶ Excellence in recruitment (over 200,000 candidates analyzed)
- ▶ Strengthening of University and Postgraduate links:
 - Presence in more than 300 European, American and Asian faculties
 - Over 200 collaboration agreements
 - Over 10 Final Year Awards and Sponsorships for Undergraduate and Master's students
 - Provision of training in several 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).
 - Increased communication with teams in lock-down
- ▶ Emphasis on training:
 - Over 250,000 hours invested in training
 - Over 700 courses taught (22 new)
 - Continuously updated Training Plan:
 - Eighth intake of students for the Management Solutions – ICADE Business School Master's degree in Business Consulting in Spain
 - Fifth intake of students for the Monterrey Tech Diploma in Mexico
 - Advanced training program in partnership with INSPER in Brazil
 - e-Learning development for standard/voluntary training
 - External complement: focusing on the management team (CFA, FRM, PMP, CISA, ICAI-IC, Cloud, etc.)



In 2021 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, Web and Social Networks).
- ▶ Sharing value-added content (specialized publications, regulatory analysis, economic outlook reports, etc.).
- ▶ Maintaining a presence in prestigious institutions for all our activity areas.
- ▶ Supporting the academic world through partnerships, internships and specialized courses.
- ▶ Acting as benefactors and sponsors in order to support culture, sports and the arts.
- ▶ Becoming involved with those most in need through community outreach initiatives 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 and services on our Intranet (with special focus on COVID-19)
 - Improved corporate website
 - Strengthening of our presence on social media (Instagram channel)
- ▶ More specialist publications:
 - Publication of White Papers on Reputational Risk and COVID-19
 - Quarterly situational reports (64 reports)
 - Technical Notes and Regulatory Developments (cross-industry)
- ▶ Enhanced presence in professional and supervisory forums
- ▶ More Social Action, patronage and sponsorship:
 - More than 50 community support activities organized by Management Solutions: Double your help against COVID-19, Solidarity Christmas, Charity race, blood donations, IT equipment donations, corporate volunteering, participation in charity sports events, etc.
- ▶ Partnerships with NGO's and foundations
- ▶ Joined the United Nations Global Compact
- ▶ More support to our Sports Clubs in all our offices:
 - Participation in sports tournaments
 - Implementation of corporate wellness apps

Organizational flexibility



- ▶ Enhanced internal corporate departments and functions:
 - Structure reinforcement (Human Resources and Technology)
 - Implementation of the technological transformation plan:
 - Migration to Microsoft 365 (Office, Teams, Intune, etc.)
 - Migration from Navision to Business Central
 - Process digitalization (Receipts App)
 - New applications (space reservation, remote work, etc.)
 - Opened new offices in Düsseldorf (Germany) and Pittsburgh (United States) and expanded existing offices in Madrid, Lisbon, Bogota and Mexico.
- ▶ Global control function (Internal Audit, Quality Plan and Compliance):
 - Internal Audit and QA reports (yearly, half-yearly, quarterly and 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) and Business Continuity Management System (ISO 22301).
 - Continuous training for all our professionals on corporate policies.



“One more year, and despite the difficulties of our environment, we have once again surpassed all the goals we set for ourselves”

We have made the most of 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 5%.

The merit of this success undoubtedly lies in the extraordinary team of professionals that make up Management Solutions. A talented team with a strong analytical profile combined with an in-depth knowledge of the business of the industries for which

it works. A multicultural team of more than 40 nationalities. A young, well-prepared, principled, responsible and committed team.

As our motto dictates, we have made things happen! And we have done it by showing resilience and leadership.

Ignacio Layo
Partner at Management Solutions

