

**For the Six Months Ended September 30, 2020**

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**Annual Select<sup>®</sup> 2021**

**1st  
half**

# TANABE CONSULTING CO., LTD.

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We love companies  
Walk together with companies  
And work for company prosperity.

Based on first-class trust  
We contribute broadly to society.  
Guided by an international perspective  
We embrace unlimited changes.

As a ceaseless pioneer  
We clear a path to the world.

## **Corporate Profile**

Tanabe Consulting Co., Ltd. was established in Kyoto in 1957 as the Tanabe Management Consulting Office. The Company's headquarters are presently located in Osaka and Tokyo. Following the management philosophy of "love companies, walk together with companies and work for company prosperity," its operating units—the Management Consulting Business and the Marketing Consulting Business—mutually coordinate together. The Company boasts an office network covering 10 cities throughout Japan, from the northernmost island of Hokkaido to Okinawa in the south. Based on company-wide team consulting underpinned by a customer-oriented approach, the Company will continually assist in the creation of "first call companies that will be the first choice even 100 years in the future."

## I. Summary of Selected Financial Data (Consolidated)

	First half of 59 <sup>th</sup> term Six months ended September 30, 2020	58 <sup>th</sup> term Fiscal year ended March 31, 2020
Net sales (Thousands of yen)	3,993,954	9,394,430
Ordinary profit (Thousands of yen)	169,597	1,015,965
Profit attributable to owners of parent (Thousands of yen)	146,629	696,439
Comprehensive income (Thousands of yen)	149,611	550,665
Net assets (Thousands of yen)	10,731,438	10,951,366
Total assets (Thousands of yen)	12,503,657	12,969,913
Basic earnings per share (Yen)	17.02	80.86
Diluted earnings per share (Yen)	–	–
Equity ratio (%)	85.2	83.9
Net cash provided by (used in) operating activities (Thousands of yen)	(281,128)	715,880
Net cash provided by (used in) investing activities (Thousands of yen)	1,415,017	537,091
Net cash provided by (used in) financing activities (Thousands of yen)	(376,024)	(373,163)
Cash and cash equivalents at end of period (Thousands of yen)	6,294,428	5,536,563

	Second quarter of 59 <sup>th</sup> term Three months ended September 30, 2020
Basic earnings per share (Yen)	11.71

- Notes:
1. The summary of selected non-consolidated financial data is not described as the Company prepares consolidated financial statements.
  2. Net sales do not include consumption taxes.
  3. Diluted earnings per share are not presented because there were no potentially dilutive shares.
  4. The Company has prepared consolidated financial statements since the third quarter of the 58<sup>th</sup> term. Therefore, the summary of selected financial data for the first half of the 58<sup>th</sup> term is not described.

## II. Interview with CEO

TOP  
INTERVIEW



On behalf of the Company, I first wish to extend our sincere condolences to families and friends of those who lost their lives to the novel coronavirus disease (COVID-19) and to the Heavy Rain Event of July 2020. We also wish everyone who has contracted COVID-19 or suffered from the natural disaster a swift and full recovery.

Takahiko Wakamatsu  
President and Chief Executive Officer

### Q. How were the overall results of the Company in the first half (from April 1, 2020 to September 30, 2020)?

- A. While working to prevent infection from COVID-19 by taking measures such as teleworking, the Tanabe Consulting Group has been continuing its activities under the mantra, “don’t stop business; don’t stop the economy; don’t stop education” while staying focused on the safety and health of all our stakeholders, including our customers and our employees. Driven by the Company’s founding principle of “do not do anything to destroy the company,” we have gathered together a pool of wisdom as “Business Doctors” and have been working closely with, and supporting the country’s business leaders in this difficult environment of business stoppages and weak economy, which also coincides with a period of immense change in society, helping to realize their wishes to “turn a pinch into a chance and grow” and “contribute to a new society.” To effectively do this, we permanently stationed a consultant in each office in the 10 major cities throughout Japan to ensure we could exert the Group’s strength of being able to provide high-quality consulting value in all regions even during periods of restricted mobility.

In the operating results of the overall Group in the first half, net sales were ¥3,993 million, operating profit was ¥156 million, and profit attributable to owners of parent was ¥146 million.

In the Management Consulting Business, we promoted our “Team Consulting Brands,” our high added value consulting services themed upon needs, such as those for formulating a “With Corona” medium-term vision, establishing a digital-based FCC Academy (in-house corporate university), constructing a personnel system that incorporates working-style reforms, and carrying out corporate restructuring. Our focus was also on providing our services online and on-demand. We held the “FCC (first call companies) Forum 2020” as an on-demand seminar and it was listened to by more than 2,000 business leaders and corporate executives. Nevertheless, our personnel training for specific companies, some of our personnel training seminars, and our management workshops

tailored to specific industries and managerial functions were impacted by COVID-19 and, in particular, our service provision from April to June was either postponed or canceled.

In the Marketing Consulting Business, we concentrated on spreading the brands of regional companies nationwide using digital promotions. In addition, we have been promoting social marketing activities centered on the provision of a set of products incorporating viral infection prevention products, such as masks and antiseptic solutions and teleworking-related products, mainly for large companies, together with the plans for the promotions using these products. However, the circumstances proved difficult for large-scale campaign planning and the provision of promotional products for those campaigns because of postponements and cancellations of large events and exhibitions due to COVID-19.

**Q. What are your forecasts for the full year (from April 1, 2020 to March 31, 2021)?**

- A. This fiscal year is the final year of the medium-term management plan Tanabe Vision 2020 (2018-2020). The Group will continue to address the effects of COVID-19, aiming to achieve net sales of ¥9,395 million, operating profit of ¥700 million, and profit attributable to owners of parent of ¥490 million.

As a medium-term business strategy, the Group will promote “C&C (Consulting & Conglomerate) Strategy” (diversifying the consulting services) and “Consulting Platform Strategy” (providing high-quality consulting services in all regions throughout Japan) (see page 6).

As a company-wide initiative, we have formed more than 20 consulting teams of differing specialized areas including domains (industries), functions (managerial functions), human resources, and marketing in the Osaka Headquarters and Tokyo Headquarters. These teams will continue to provide companies across Japan with the 17 themes of our aforementioned “Team Consulting Brands.” Specifically, in light of the high demand for digital transformation (DX) among BtoB companies, the Group will focus on providing “Consulting Tech (consulting × technology),” including the consulting service “Digital Shift in Sales” developed jointly with the group company Leading Solutions Co., Ltd. and the existing digital-based education system “FCC Academy (in-house corporate university).”

In the Management Consulting Business, we will promote new consulting services for facilitating the selection and diversification of businesses as measures against COVID-19, which include consultations on constructing a group management system, enhancing the skills of senior group managers and conducting M&As. Meanwhile in the Marketing Consulting Business, we will promote branding and digital promotions for specific industries such as the housing industry and the food industry. We will also continue to consider new methods for fusing real-world activity and digital technology in these various services that we provide.

Our corporate strategy is to continue to invest in teleworking, shift work, digital tools, etc. at a group-wide level and strive to improve productivity while reducing the risk of infection. Furthermore, although it is currently a difficult environment for group training, we will strengthen and continue training of professional personnel through utilizing the Group’s original digital education content “Tanabe FCC Academy.”

**Q. What is your message to shareholders?**

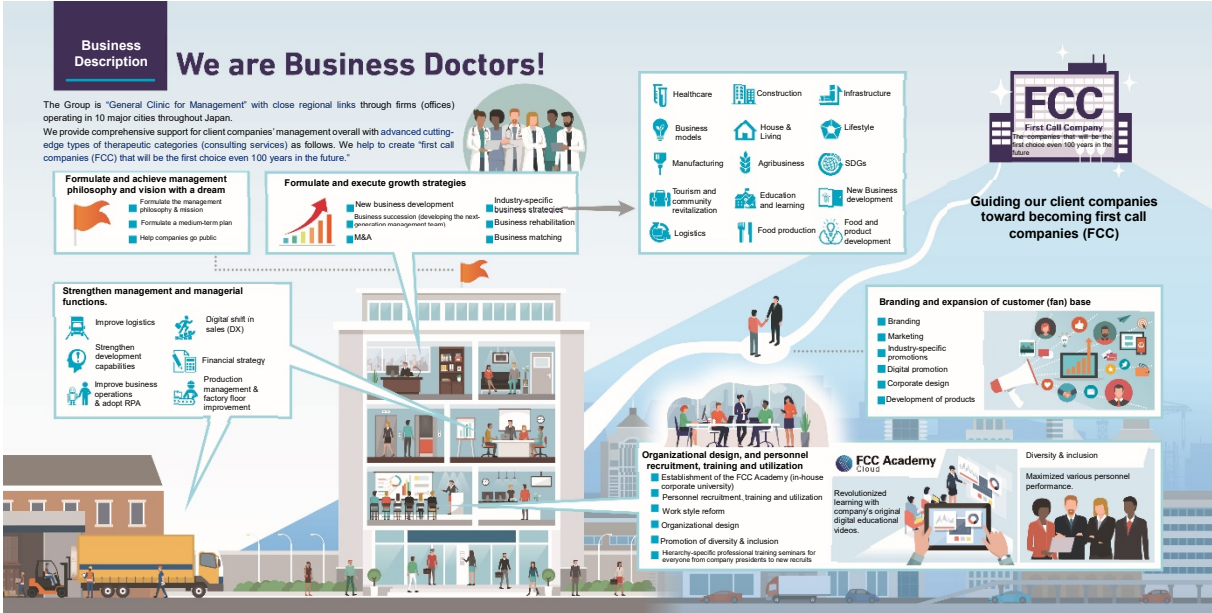
A. For the time being, we expect the business environment to continue to be harsh on a global scale. Nevertheless, the Group will continue as “Business Doctors” to promote its activities under the mantra, “don’t stop business; don’t stop the economy; don’t stop education” with the wish to work together with all companies in Japan, and our shareholders to overcome these current hardships.

We will also start a new medium-term management plan from the next fiscal year. We intend to meet our shareholders’ expectations by striving to maintain and enhance corporate value and aiming for management that achieves stable shareholder returns.

I would like to thank you in advance for your continued support and encouragement of our efforts.

### III. Business Description

The Group is “General Clinic for Management” with close regional links through firms (offices) operating in 10 major cities throughout Japan. We provide comprehensive support for client companies’ management overall with advanced cutting-edge types of therapeutic categories (consulting services) as follows. We help to create “first call companies (FCC) that will be the first choice even 100 years in the future.”

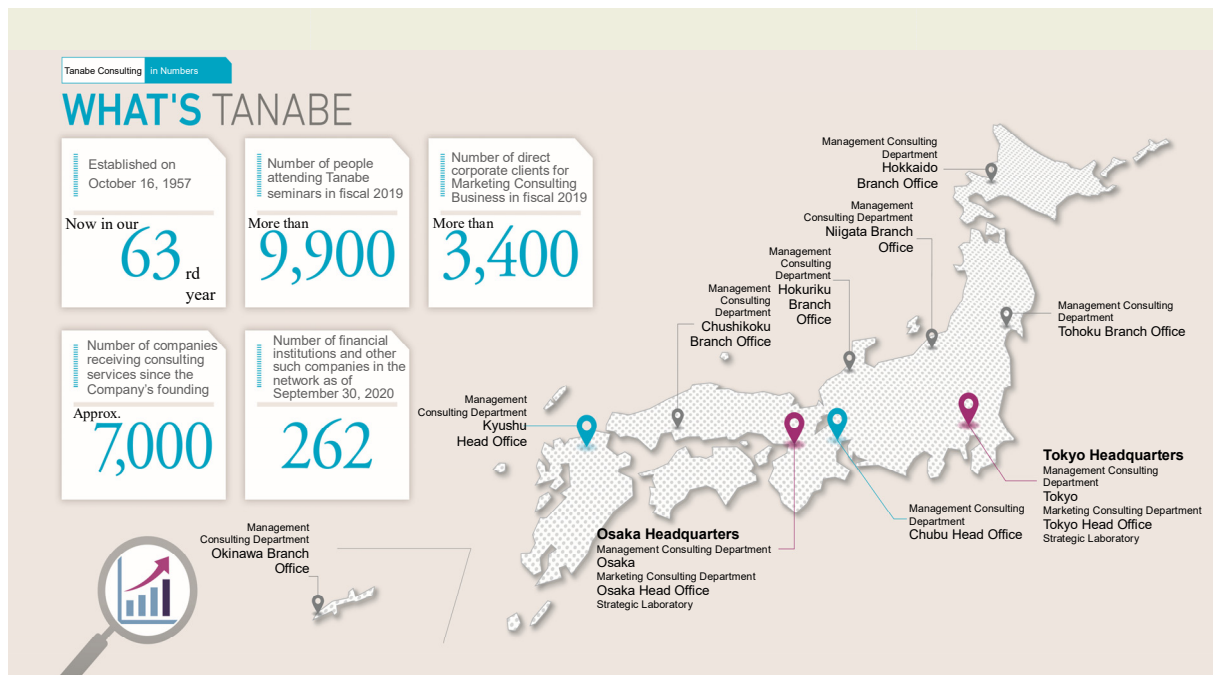


# IV. Medium-term Business Strategy

The Group promotes “C&C (Consulting & Conglomerate) Strategy” (diversifying the consulting services) and “Consulting Platform Strategy” (providing high-quality consulting value in all regions throughout Japan) as a medium-term business strategy. As a “General Clinic for Management,” we will establish a nationwide system capable of selecting and dispatching doctors (consultants) who can cure clients’ illnesses (business issues) by offering various advanced and cutting-edge types of therapeutic categories (consulting services) to respond to the diverse and specialized needs of clients.



## V. Tanabe Consulting in Numbers





## VI. Financial Statements

### (1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	5,536,563	6,294,428
Notes and accounts receivable - trade	620,548	632,759
Securities	1,399,950	1,299,992
Merchandise	37,061	59,397
Raw materials	8,272	35,091
Other	130,603	164,551
Allowance for doubtful accounts	(546)	(509)
Total current assets	7,732,452	8,485,711
Non-current assets		
Property, plant and equipment		
Land	1,527,477	1,527,477
Other, net	673,931	650,196
Total property, plant and equipment	2,201,408	2,177,673
Intangible assets		
Goodwill	160,171	151,741
Other	56,139	57,407
Total intangible assets	216,310	209,149
Investments and other assets		
Long-term time deposits	1,300,000	600,000
Other	1,519,740	1,031,123
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,819,740	1,631,123
Total non-current assets	5,237,460	4,017,946
Total assets	12,969,913	12,503,657
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	309,992	308,466
Income taxes payable	169,981	104,268
Provision for bonuses	130,850	73,800
Other	1,031,749	932,756
Total current liabilities	1,642,572	1,419,290
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	348,966	333,211
Other	27,007	19,716
Total non-current liabilities	375,973	352,928
Total liabilities	2,018,546	1,772,218

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	1,772,000	1,772,000
Capital surplus	2,402,847	2,402,847
Retained earnings	6,918,582	6,694,848
Treasury shares	(137,207)	(137,244)
Total shareholders' equity	10,956,222	10,732,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,413)	(5,699)
Remeasurements of defined benefit plans	(71,887)	(71,045)
Total accumulated other comprehensive income	(74,300)	(76,745)
Share acquisition rights	12,214	13,076
Non-controlling interests	57,229	62,656
Total net assets	10,951,366	10,731,438
Total liabilities and net assets	12,969,913	12,503,657

## (2) Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2020
Net sales	3,993,954
Cost of sales	2,274,094
Gross profit	1,719,860
Selling, general and administrative expenses	1,563,162
Operating profit	156,698
Non-operating income	
Interest income	2,232
Dividend income	6,217
Other	4,535
Total non-operating income	12,985
Non-operating expenses	
Interest expenses	60
Other	25
Total non-operating expenses	86
Ordinary profit	169,597
Extraordinary income	
Gain on sales of investment securities	83,225
Other	332
Total extraordinary income	83,557
Extraordinary losses	
Loss on sales and retirement of non-current assets	168
Loss on redemption of investment securities	28,666
Total extraordinary losses	28,834
Profit before income taxes	224,320
Income taxes	72,264
Profit	152,055
Profit attributable to non-controlling interests	5,426
Profit attributable to owners of parent	146,629

### (3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2020
Cash flows from operating activities	
Profit before income taxes	224,320
Depreciation	41,372
Amortization of goodwill	8,430
Increase (decrease) in provision for bonuses	(57,050)
Increase (decrease) in allowance for doubtful accounts	(37)
Decrease (increase) in retirement benefit asset	(86,361)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(15,755)
Interest and dividend income	(8,450)
Interest expenses	60
Decrease (increase) in trade receivables	(12,210)
Decrease (increase) in inventories	(56,051)
Increase (decrease) in trade payables	(1,526)
Decrease (increase) in other assets	(11,777)
Increase (decrease) in other liabilities	(109,066)
Other, net	(67,960)
Subtotal	(152,063)
Interest and dividends received	9,138
Interest paid	(60)
Income taxes (paid) refund	(138,142)
Net cash provided by (used in) operating activities	(281,128)
Cash flows from investing activities	
Proceeds from withdrawal of time deposits	700,000
Purchase of securities	(2,599,846)
Proceeds from sales and redemption of securities	2,699,946
Proceeds from sales and redemption of investment securities	634,908
Purchase of property, plant and equipment and intangible assets	(20,931)
Other, net	941
Net cash provided by (used in) investing activities	1,415,017
Cash flows from financing activities	
Purchase of treasury shares	(37)
Dividends paid	(368,696)
Other, net	(7,290)
Net cash provided by (used in) financing activities	(376,024)
Net increase (decrease) in cash and cash equivalents	757,865
Cash and cash equivalents at beginning of period	5,536,563
Cash and cash equivalents at end of period	6,294,428

## VII. Corporate Data

### Basic Information (as of September 30, 2020)

Trade name:	TANABE CONSULTING CO., LTD.
Founded:	October 16, 1957
Established:	April 1, 1963
Listed market:	The first Section of Tokyo Stock Exchange (Securities Code: 9644)
Listed:	September 28, 2016
Business year:	From April 1 to March 31
Share capital:	1,772 million yen
Number of employees:	407 persons (consolidated)
Group company:	Leading Solutions Co., Ltd
Osaka Headquarters:	3-3-41 Miyahara, Yodogawa-ku, Osaka
Tokyo Headquarters:	Tekko Building 9th Floor, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
Telephone:	+81-6-7177-4000

### Directors (as of September 30, 2020)

Director and Chairman	Jiro Tanabe
President and Chief Executive Officer	Takahiko Wakamatsu
Executive Vice President	Yoshikuni Nagao
Managing Director	Masahiro Okawa
Managing Director	Toshiyuki Nakamura
Managing Director	Norihito Minamikawa
Director	Masanori Nakasone
Director	Masaru Warata
Director	Masahiro Matsunaga
Director	Kazuyoshi Shimada
Director* (Audit and Supervisory Committee Member)	Ryo Ichida
Director* (Audit and Supervisory Committee Member)	Hiroshi Kanbara
Director* (Audit and Supervisory Committee Member)	Maki Imura

\* Outside Director

**Stock Status** (as of September 30, 2020)

Total number of shares authorized:	35,000,000 shares
Total number of shares issued:	8,754,200 shares
Number of shareholders:	9,461

## Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	1,210	14.0
Yoichiro Tanabe	990	11.5
Toki Narazaki	825	9.5
HIKARI TSUSHIN, INC.	444	5.1
Shinichi Ueda	258	2.9
Tanabe Consulting Client Share Ownership Scheme	246	2.8
Tanabe Consulting Employee Share Ownership Scheme	231	2.6
SMBC Trust Bank Ltd. Designated Securities Trust	202	2.3
Hitoshi Kimoto	160	1.8
Mitsubishi UFJ Trust and Banking Corporation	129	1.5

- Notes: 1. In addition to shares described above, the Company holds 141,124 shares as treasury shares.  
2. The share-holding ratio is calculated after reduction of the number of treasury stocks (141,124 shares).

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\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.