

For the Fiscal Year Ended March 31, 2018

Annual Select[®] 2018

Tanabe Management Consulting Co., Ltd.

3-3-41 Miyahara, Yodogawa-ku, Osaka

(Securities Code: 9644)

+81-6-7177-4000

“At Tanabe Management, we love our corporate clients,
advance together with them, and contribute to their prosperity.

We aim to benefit the broad society
as a first-rate pillar of trust.

With international perspective, we overcome the infinite challenges of change,
and always the pioneer, we open up paths to the world.”

Corporate Profile

Tanabe Management 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 our corporate clients, advance together with them, and contribute to their prosperity,” its operating units—the Management Consulting Business and the SP (Sales Promotion) 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

		52 nd term	53 rd term	54 th term	55 th term	56 th term
		Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	(Thousands of yen)	7,582,765	7,865,452	8,297,846	8,389,754	8,797,973
Ordinary profit	(Thousands of yen)	709,807	808,522	886,030	915,187	965,156
Profit	(Thousands of yen)	780,450	315,629	582,403	638,173	675,259
Equity in earnings of affiliates	(Thousands of yen)	–	–	–	–	–
Capital stock	(Thousands of yen)	1,772,000	1,772,000	1,772,000	1,772,000	1,772,000
Total number of shares issued	(Shares)	8,754,200	8,754,200	8,754,200	8,754,200	8,754,200
Net assets	(Thousands of yen)	9,343,394	9,552,238	9,833,677	10,122,239	10,434,394
Total assets	(Thousands of yen)	11,389,497	11,792,255	12,086,696	12,531,473	12,804,062
Net assets per share	(Yen)	1,078.50	1,102.60	1,135.09	1,168.42	1,203.73
Dividend per share (of the above, interim dividend per share)	(Yen)	30.00 (–)	33.00 (–)	38.00 (–)	40.00 (–)	41.00 (–)
Basic earnings per share	(Yen)	90.09	36.43	67.23	73.66	77.95
Diluted earnings per share	(Yen)	–	–	–	–	77.91
Equity ratio	(%)	82.0	81.0	81.4	80.8	81.4
Rate of return on equity	(%)	8.6	3.3	6.0	6.4	6.6
Price-earnings ratio	(Times)	7.99	26.24	16.85	18.49	24.44
Payout ratio	(%)	33.3	90.6	56.5	54.3	52.6
Net cash provided by (used in) operating activities	(Thousands of yen)	688,416	1,130,807	670,247	859,835	735,050
Net cash provided by (used in) investing activities	(Thousands of yen)	77,340	(760,654)	300,943	(1,049,112)	225,605
Net cash provided by (used in) financing activities	(Thousands of yen)	(225,002)	(259,234)	(284,800)	(329,734)	(350,210)
Cash and cash equivalents at end of period	(Thousands of yen)	4,105,471	4,216,389	4,902,779	4,383,768	4,994,213
Number of employees [Separately, average number of temporary employees]	(Persons)	289 [39]	295 [38]	293 [29]	309 [7]	327 [5]

- Notes: 1. The Company does not prepare consolidated financial statements.
2. Net sales do not include consumption taxes.
3. Equity in earnings of affiliates is not presented because there are no significant affiliates.
4. Diluted earnings per share for the 52nd term, 53rd term, 54th term and 55th term are not presented because there were no potentially dilutive shares.

II. Interview with CEO



Takahiko Wakamatsu
President and Chief Executive Officer

Q. How were the Company's results in the fiscal year under review (from April 1, 2017 to March 31, 2018)?

- A. We have been promoting our “C&C (Consulting & Conglomerate) Strategy,” which also acts as the Company’s Medium-term Business Strategy, and expanding and strengthening our consulting menu amid a situation where managerial challenges of our client companies become more sophisticated and specialized, with the aim of creating more “FCC (first call companies) that will be the first choice even 100 years in the future” in the world.

In our Management Consulting Business, we have been increasing the number of themes available in business field and industry-specific workshops and in organizations and managerial challenge-specific workshops. We newly established specialized departments within our Tokyo Headquarters for researching strategies in the three fields of “food production and restaurant business,” “healthcare business” and “house & living business.” While enhancing our expertise in those fields, we have also been constructing a system that further facilitates efforts of our professional consultants to provide consulting services to our clients nationwide.

In the SP (Sales Promotion) Consulting Business, we have been enhancing our SP consulting menu utilizing the functions of the “Design Lab” in our Strategic Laboratory. Meanwhile, we have also been strengthening coordination with consultants of the Management Consulting Business, and proposing solutions that offer high added-value on a nationwide basis through Company-wide team consulting.

As a result of the above initiatives, we managed to realize year-on-year increases in both revenue and profit. Net sales was ¥8,797 million (up 4.9% year on year), operating profit was ¥936 million (up 6.6% year on year), ordinary profit was ¥965 million (up 5.5% year on year), and profit was ¥675 million (up 5.8% year on year).

Q. What are your vision and your forecast for this fiscal year?

- A. With this fiscal year marking the start of our new medium-term management plan Tanabe Vision 2020 (2018-2020), we will promote our “C&C Strategy,” mentioned previously. Under the slogan of “From Change to Growth,” we will develop platforms for consulting nationwide. To such ends, we will continue to expand and strengthen our consulting menu based on the perspective of business fields and industry consulting (Domain) and organizations and managerial challenges consulting (Function). We will also strengthen the consulting functions and human resources frameworks of our regional offices (Region) beyond our Osaka Headquarters and Tokyo

Headquarters. This will enable us to enhance our client acquisition capabilities and expand our client base.

In our Management Consulting Business, we will promote domain and function consulting as well as various other forms of consulting. This includes: human resources development consulting comprehensively lending support for personnel training and utilization needs of client companies; M&A and alliance consulting coordinated with approximately 140 nationwide financial institutions and other such entities; consulting for financial institutions that lends support for building business models and personnel training for regional financial institutions and other such entities, and; consulting for growth-stage transitions lending support mainly to small and medium-sized businesses nationwide.

In the SP (Sales Promotion) Consulting Business, we will promote efforts aimed at overhauling work processes and forming teams from the perspective of industry (Domain) and promotion themes (Function), expand specialized fields coordinated with external partner companies, and heighten client value by introducing web promotions and enhancing design strengths. Through these initiatives, we will provide total support while comprehensively involving sales promotions of client companies.

Moreover, we will also strengthen the coordination among our teams of professional consultants in our respective fields of consulting, and accordingly make an effort to further strengthen promotion of a consulting model that leverages the Company's unique strengths to provide comprehensive support for corporate management from the three perspectives of "Domain, Function and Region."

Through the above initiatives, we aim to achieve net sales of ¥9,000 million (up 2.3% year on year), operating profit of ¥970 million (up 3.6% year on year), ordinary profit of ¥990 million (up 2.6% year on year) and profit of ¥680 million (up 0.7% year on year) for the fiscal year ending March 31, 2019.

Q. What is your message to shareholders?

A. We will continue to contribute to social and regional development through the creation of numerous "first call companies that will be the first choice even 100 years in the future." Moreover, we will realize sustained growth and medium- to long-term improvement in corporate value as we aim for "making our 100th anniversary."

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

III. Business Description

Business Description

We're Business Doctors!

We assist in the creation of "first call companies" that will be the first choice even 100 years in the future.

FCC

First Call Company

The companies that will be the first choice even 100 years in the future

We are "General Clinic for Management" with close regional links through firms (offices) operating in 10 major cities throughout Japan. We provide comprehensive support for corporate management with various treatment menus, from formulation of a management philosophy and vision, which are the basis of the companies, to promotion and human resource development on the front lines. We help to create "first call companies that will be the first choice even 100 years in the future."

5 Branding and expansion of customer (fan) base

- Branding
- Corporate Identity
- Marketing
- Industry-specific promotions
- Web promotions
- Development and design of products

4 Strengthen management

- Strengthen sales capabilities
- Financial strategy
- Production management and streamlining
- Improve logistics
- Strengthen development capabilities
- SS and visualization

3 Formulate and execute management and business strategies

- New business development
- Business site sale
- Business succession (developing the next-generation management team)
- Industry-specific strategies
- M&A
- Business rehabilitation

2 Formulate management philosophy and vision with a dream

- Formulate the management philosophy & mission
- Formulate a medium-term plan
- Conducting an IPO

1 Improve the vitality of people and organization

- Develop and utilize human resources
- Establishment of the FCC Academy (in-house corporate university)
- Work Style Reform
- Diverse personnel and recruitment
- Organizational design
- Role-specific seminars

Healthcare

- Business models
- Construction
- Retail/ Services
- House & Living
- Manufacturing
- Agribusiness
- Tourism
- Accounting firms
- Strategic logistics
- Financial institutions
- Child/ child-rearing family market
- Education and learning
- Food production and restaurant business
- Apparel

FCC Academy Cloud

Store company's original educational video content on a cloud to enable anyone to learn efficiently anytime, anywhere.

IV. Medium-term Business Strategy

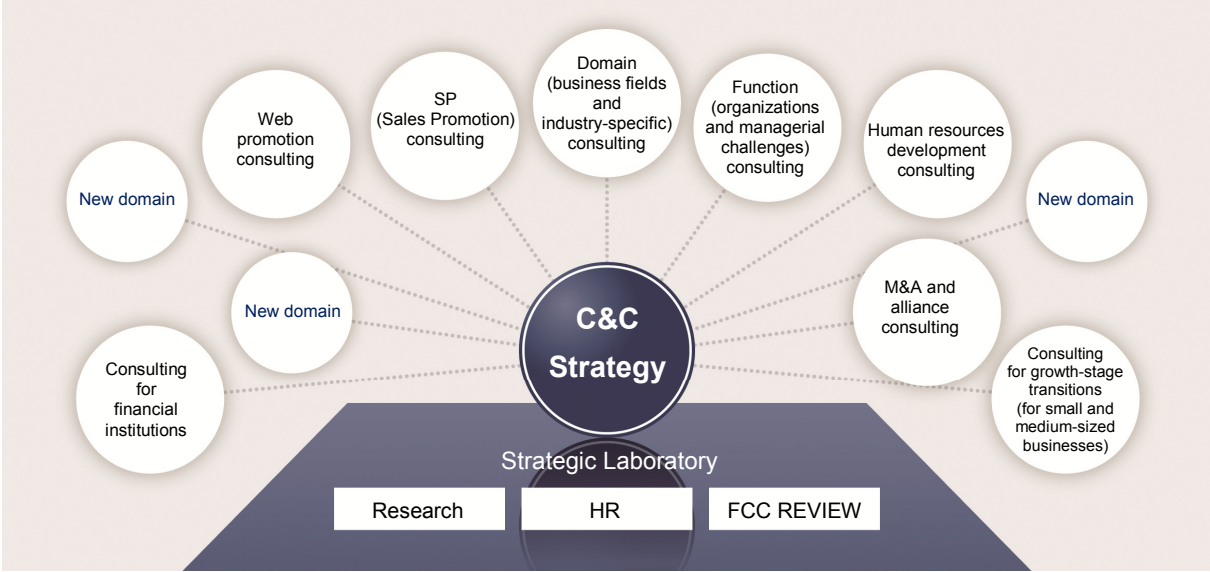
C&C (Consulting & Conglomerate) Strategy

We promoted C&C strategy (expansion of the consulting services and development of platforms for consulting) 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 a wide range of clinical departments (consulting menu) to respond to the various sophisticated and specialized needs of clients.

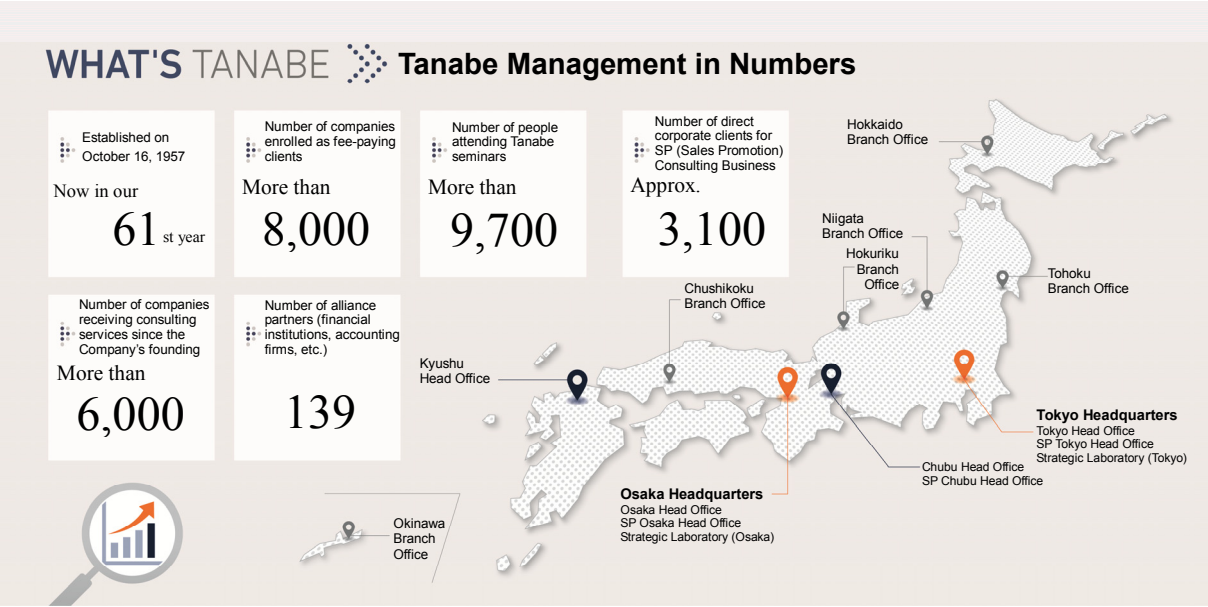
Business doctor (consultant) who is an expert in the specific industry, managerial challenges, or local region



A range of clinical departments (development of platforms for consulting)



V. Tanabe Management in Numbers



VI. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	4,483,768	4,994,213
Notes receivable - trade	50,858	56,042
Accounts receivable - trade	557,029	493,266
Securities	1,500,813	1,299,950
Merchandise	42,928	40,703
Raw materials	12,000	10,512
Advance payments - trade	18,868	15,111
Prepaid expenses	86,206	70,210
Accrued income	4,574	4,184
Deferred tax assets	134,323	121,602
Advances paid	8,650	12,086
Other	11,677	10,412
Allowance for doubtful accounts	(424)	(322)
Total current assets	6,911,273	7,127,973
Non-current assets		
Property, plant and equipment		
Buildings	1,016,759	1,036,502
Accumulated depreciation	(351,580)	(385,401)
Buildings, net	665,178	651,100
Structures	13,193	13,193
Accumulated depreciation	(9,724)	(10,223)
Structures, net	3,468	2,969
Tools, furniture and fixtures	232,324	260,847
Accumulated depreciation	(173,034)	(190,009)
Tools, furniture and fixtures, net	59,290	70,838
Land	1,527,477	1,527,477
Leased assets	–	21,508
Accumulated depreciation	–	(3,584)
Leased assets, net	–	17,924
Total property, plant and equipment	2,255,415	2,270,309
Intangible assets		
Software	42,914	35,191
Telephone subscription right	2,906	2,906
Total intangible assets	45,821	38,098
Investments and other assets		
Investment securities	1,037,467	996,960
Long-term loans receivable from employees	1,115	720
Long-term prepaid expenses	1,877	905
Deferred tax assets	81,210	77,346
Prepaid pension cost	208,805	267,365
Long-term time deposits	1,400,000	1,400,000
Lease and guarantee deposits	217,010	213,739
Insurance funds for directors	371,476	410,642
Allowance for doubtful accounts	–	(0)
Total investments and other assets	3,318,963	3,367,681
Total non-current assets	5,620,200	5,676,088
Total assets	12,531,473	12,804,062

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	341,480	293,265
Lease obligations	–	5,807
Accounts payable - other	255,107	282,806
Accrued expenses	73,158	72,724
Income taxes payable	239,653	159,762
Accrued consumption taxes	68,793	64,192
Advances received	608,223	629,389
Deposits received	21,971	22,622
Provision for bonuses	221,300	233,200
Other	14,612	14,747
Total current liabilities	1,844,300	1,778,517
Non-current liabilities		
Lease obligations	–	13,550
Provision for retirement benefits	214,763	217,003
Provision for directors' retirement benefits	350,170	360,596
Total non-current liabilities	564,933	591,150
Total liabilities	2,409,233	2,369,668
Net assets		
Shareholders' equity		
Capital stock	1,772,000	1,772,000
Capital surplus		
Legal capital surplus	2,402,800	2,402,800
Other capital surplus	47	47
Total capital surpluses	2,402,847	2,402,847
Retained earnings		
Legal retained earnings	189,000	189,000
Other retained earnings		
General reserve	4,008,000	4,008,000
Retained earnings brought forward	1,718,614	2,047,347
Total retained earnings	5,915,614	6,244,347
Treasury shares	(39,519)	(39,519)
Total shareholders' equity	10,050,943	10,379,675
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	71,296	48,443
Total valuation and translation adjustments	71,296	48,443
Share acquisition rights	–	6,275
Total net assets	10,122,239	10,434,394
Total liabilities and net assets	12,531,473	12,804,062

(2) Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales		
Net sales of goods	3,539,167	3,589,524
Service revenue	4,850,586	5,208,449
Total net sales	8,389,754	8,797,973
Cost of sales		
Cost of goods sold	2,520,983	2,587,592
Cost of service revenue	1,937,171	2,052,423
Total cost of sales	4,458,155	4,640,016
Gross profit	3,931,598	4,157,957
Selling, general and administrative expenses		
Advertising expenses	235,524	230,113
Freightage and packing expenses	82,898	74,636
Directors' compensations	288,150	313,130
Salaries and allowances	931,319	995,843
Retirement benefit expenses	36,142	33,080
Supplies expenses	98,131	90,731
Traveling and communication expenses	208,423	226,886
Books and education expenses	114,283	132,149
Utilities expenses	23,660	18,971
Conference expenses	11,376	7,114
Repair and maintenance	54,539	67,198
Welfare expenses	237,584	327,889
Commission fee	46,181	40,939
Taxes and dues	81,096	73,608
Rents	262,697	273,310
Depreciation	88,525	83,721
Provision for directors' retirement benefits	35,980	10,426
Provision for bonuses	100,500	105,700
Provision of allowance for doubtful accounts	(531)	113
Other	116,270	115,937
Total selling, general and administrative expenses	3,052,753	3,221,503
Operating profit	878,845	936,454

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Non-operating income		
Interest income	2,529	2,497
Interest on securities	25,926	4,903
Dividend income	19,888	17,789
Other	9,705	3,513
Total non-operating income	58,049	28,704
Non-operating expenses		
Loss on valuation of securities	19,268	—
Other	2,439	1
Total non-operating expenses	21,707	1
Ordinary profit	915,187	965,156
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,540	1,244
Total extraordinary losses	2,540	1,244
Profit before income taxes	912,647	963,912
Income taxes - current	280,000	262,000
Income taxes - deferred	(5,526)	26,653
Total income taxes	274,473	288,653
Profit	638,173	675,259

(3) Statements of Changes in Equity

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	1,772,000	2,402,800	47	2,402,847	189,000	4,008,000	1,409,646	5,606,646
Changes of items during period								
Dividends of surplus							(329,205)	(329,205)
Profit							638,173	638,173
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	308,968	308,968
Balance at end of current period	1,772,000	2,402,800	47	2,402,847	189,000	4,008,000	1,718,614	5,915,614

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(39,319)	9,742,175	91,502	91,502	9,833,677
Changes of items during period					
Dividends of surplus		(329,205)			(329,205)
Profit		638,173			638,173
Purchase of treasury shares	(200)	(200)			(200)
Net changes of items other than shareholders' equity			(20,205)	(20,205)	(20,205)
Total changes of items during period	(200)	308,767	(20,205)	(20,205)	288,561
Balance at end of current period	(39,519)	10,050,943	71,296	71,296	10,122,239

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	1,772,000	2,402,800	47	2,402,847	189,000	4,008,000	1,718,614	5,915,614
Changes of items during period								
Dividends of surplus							(346,526)	(346,526)
Profit							675,259	675,259
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	-	-	328,732	328,732
Balance at end of current period	1,772,000	2,402,800	47	2,402,847	189,000	4,008,000	2,047,347	6,244,347

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(39,519)	10,050,943	71,296	71,296	-	10,122,239
Changes of items during period						
Dividends of surplus		(346,526)				(346,526)
Profit		675,259				675,259
Purchase of treasury shares		-				-
Net changes of items other than shareholders' equity			(22,853)	(22,853)	6,275	(16,577)
Total changes of items during period	-	328,732	(22,853)	(22,853)	6,275	312,154
Balance at end of current period	(39,519)	10,379,675	48,443	48,443	6,275	10,434,394

(4) Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	912,647	963,912
Depreciation	79,456	80,040
Interest and dividend income	(22,418)	(20,287)
Interest income on securities	(24,777)	(4,906)
Loss (gain) on sales and retirement of property, plant and equipment	2,540	858
Increase (decrease) in allowance for doubtful accounts	(531)	(101)
Increase (decrease) in provision for bonuses	6,800	11,900
Increase (decrease) in provision for retirement benefits	19,316	2,240
Increase (decrease) in provision for directors' retirement benefits	(24,832)	10,426
Decrease (increase) in prepaid pension costs	(41,887)	(58,560)
Decrease (increase) in notes and accounts receivable - trade	7,854	58,578
Decrease (increase) in inventories	23,062	3,712
Increase (decrease) in notes and accounts payable - trade	2,917	(48,214)
Increase (decrease) in accounts payable - other	(18,294)	5,410
Increase (decrease) in accrued consumption taxes	23,568	(2,880)
Increase (decrease) in advances received	58,528	21,165
Other, net	32,308	4,436
Subtotal	1,036,257	1,027,732
Interest and dividend income received	50,439	25,580
Income taxes (paid) refund	(226,861)	(318,262)
Net cash provided by (used in) operating activities	859,835	735,050
Cash flows from investing activities		
Payments into time deposits	(1,300,000)	-
Proceeds from withdrawal of time deposits	600,000	100,000
Purchase of securities	(4,899,337)	(4,999,585)
Proceeds from sales and redemption of securities	4,299,460	4,999,767
Proceeds from sales and redemption of investment securities	300,000	200,000
Purchase of property, plant and equipment and intangible assets	(66,481)	(43,685)
Payments for guarantee deposits	(39,074)	(2,614)
Proceeds from collection of guarantee deposits	54,456	2,201
Other, net	1,863	(30,477)
Net cash provided by (used in) investing activities	(1,049,112)	225,605
Cash flows from financing activities		
Purchase of treasury shares	(200)	-
Cash dividends paid	(329,534)	(346,339)
Other, net	-	(3,871)
Net cash provided by (used in) financing activities	(329,734)	(350,210)
Net increase (decrease) in cash and cash equivalents	(519,011)	610,445
Cash and cash equivalents at beginning of period	4,902,779	4,383,768
Cash and cash equivalents at end of period	4,383,768	4,994,213

VII. Corporate Data

Basic Information (as of April 1, 2018)

Trade name:	Tanabe Management 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
Capital stock:	1,772 million yen
Number of employees:	345 persons
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 and Corporate Auditors (as of June 26, 2018)

Representative 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	Kazuo Nakahigashi
Director	Masanori Nakasone
Director	Masaru Warata
Director	Masahiro Matsunaga
Director	Kazuyoshi Shimada
Director*	Ryo Ichida
Director*	Hiroshi Kanbara
Corporate Auditor (Standing)	Hiroaki Nakano
Corporate Auditor**	Yoshinori Tani
Corporate Auditor**	Haruhisa Yazaki

* Outside Director

** Outside Corporate Auditor

Stock Status (as of March 31, 2018)

Total number of shares authorized:	35,000,000 shares
Total number of shares issued:	8,754,200 shares
Number of shareholders:	7,976

Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	1,210	13.9
Yoichiro Tanabe	1,100	12.7
Toki Narazaki	861	9.9
The Master Trust Bank of Japan, Ltd.	284	3.2
Tanabe Management Consulting Client Share Ownership Scheme	276	3.1
Shinichi Ueda	258	2.9
Tanabe Management Consulting Employee Share Ownership Scheme	236	2.7
SMBC Trust Bank Ltd. Designated Securities Trust	202	2.3
Hitoshi Kimoto	161	1.8
Toshio Denbara	144	1.6

* In addition to shares described above, the Company holds 91,039 shares as treasury shares.

* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

* 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.