

**For the Fiscal Year Ended March 31, 2020**

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**Annual Select<sup>®</sup> 2020**

# 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)

	54 <sup>th</sup> term	55 <sup>th</sup> term	56 <sup>th</sup> term	57 <sup>th</sup> term	58 <sup>th</sup> term
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales (Thousands of yen)	–	–	–	–	9,394,430
Ordinary profit (Thousands of yen)	–	–	–	–	1,015,965
Profit attributable to owners of parent (Thousands of yen)	–	–	–	–	696,439
Comprehensive income (Thousands of yen)	–	–	–	–	550,665
Net assets (Thousands of yen)	–	–	–	–	10,951,366
Total assets (Thousands of yen)	–	–	–	–	12,969,913
Net assets per share (Yen)	–	–	–	–	1,263.41
Basic earnings per share (Yen)	–	–	–	–	80.86
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	–	–	–	–	83.9
Rate of return on equity (%)	–	–	–	–	6.4
Price-earnings ratio (Times)	–	–	–	–	15.34
Net cash provided by (used in) operating activities (Thousands of yen)	–	–	–	–	715,880
Net cash provided by (used in) investing activities (Thousands of yen)	–	–	–	–	537,091
Net cash provided by (used in) financing activities (Thousands of yen)	–	–	–	–	(373,163)
Cash and cash equivalents at end of period (Thousands of yen)	–	–	–	–	5,536,563
Number of employees [Separately, average number of temporary employees] (Persons)	– [–]	– [–]	– [–]	– [–]	389 [8]

- Notes: 1. The Company prepared consolidated financial statements starting with the 58<sup>th</sup> term. Therefore, no information is given for earlier terms.
2. Net sales do not include consumption taxes.
3. Diluted earnings are not presented because there were no potentially dilutive shares.
4. Because this is the first year the Company has prepared consolidated financial statements, the rate of return of equity is calculated based on the equity at the end of the period.

## II. Interview with CEO



Takahiko Wakamatsu  
President and Chief Executive Officer

### **Q. How were the overall results of the Company in the fiscal year under review (from April 1, 2019 to March 31, 2020)?**

- A. With the fiscal year under review marking the second year of our medium-term management plan Tanabe Vision 2020 (2018-2020), we have continued efforts to expand and strengthen our team consulting menu by promoting both our “C&C (Consulting & Conglomerate) Strategy” (diversifying fields of consulting) which acts as the Company’s Medium-term Business Strategy, and our “Consulting Platform Strategy” (providing high-quality consulting value in all regions throughout Japan) (see pages 6 for more details) in order to help our client companies resolve increasingly diversifying and specialized managerial challenges, with the aim of transforming them into “FCC (first call companies) that will be the first choice even 100 years in the future.”

As part of promoting this strategy, Tanabe Consulting has brought Leading Solutions Co., Ltd., a provider of digital marketing services mainly for BtoB companies, into the Group as of October 31, 2019, and has transitioned to consolidated accounting for the first time since the Company was established.

In the Management Consulting Business, we achieved favorable results with respect to consulting contracts, including those for personnel recruitment, training and utilization; formulating and promoting medium-term business plans (visions); junior boards (next-generation management team development); and establishment of the FCC Academy (in-house corporate university), and gained additional orders related to M&A activities. We have also been promoting tours of overseas corporations involving our workshops for specific industries and business domains and for specific management functions, while expanding and renewing the number of themes available in those workshops.

In the SP (Sales Promotion) Consulting Business, as a result of accelerating coordinated efforts with the Management Consulting Business and our external partner companies, monthly contract-type consulting for branding, recruiting promotions, etc., has increased. The SP Consulting Business has also achieved an increase in orders with respect to its highly specialized, original and value-added SP design promotional tools as a result of having launched a large design team and accelerating coordinated efforts with the Design Lab in the Strategic Laboratory.

In addition, our corporate strategy has involved boosting investment in human resources (recruitment and training of recent graduates and mid-career professionals) necessary for the Group to achieve sustainable growth and undertaking digital investment in order to heighten productivity. As a result of the above initiatives, we realized year-on-year increases in both revenue and profit for the tenth consecutive fiscal year. Net sales was ¥9,394 million, operating profit was ¥987 million, ordinary profit was ¥1,015 million, and profit attributable to owners of parent was ¥696 million.

**Q. What are your forecast for this fiscal year (from April 1, 2020 to March 31, 2021) and the medium-term vision?**

- A. Due to the impact of the global pandemic of the novel coronavirus disease (COVID-19), the economic growth rate in Japan is projected to fall 5.2% (IMF World Economic Outlook; April 14, 2020), and the business environment across Japan is expected to be challenging. Because the stoppage in economic activities as a result of not being able to formulate business plans is having a substantial negative impact as secondary and tertiary damage on all industries, including those of the Group's client companies, and even our Group had to postpone or cancel seminars, etc., the outlook is expected to remain unclear for this fiscal year.

However, it is precisely in this type of challenging business environment that our role as “Business Doctors,” which can support the overall management of companies, is extremely important, and we intend to further enhance that support in order to “allow the economy and management to continue functioning” and “achieve growth for our client companies by transforming crises into opportunities.”

First, while promoting teleworking and shift work for all employees as an internal measure for the Company, we will provide consulting services through online meetings, on-demand seminars, etc. that use digital technologies, and undertake the challenge of offering new services without being bound to our current services. For the Management Consulting Business, we will promote support for business continuity through emergency management measures, corporate revival and other management strategies, workstyle reforms through the introduction of teleworking, etc., growth M&A and business succession, personnel strategies, etc., anticipating the shift from the “COVID-19 period” to the “post-COVID-19 period.” In addition, starting from this fiscal year, although we created the Marketing Consulting Business by strengthening the previous SP (Sales Promotion) Consulting Business, this Marketing Consulting Business makes full use of the purchasing channels the Company has developed so far, in addition to providing brand promotions and digital promotions for regional companies, and will provide our solution products widely around the world in order to prevent the spread of infections of COVID-19.

However, we should also remember that after night comes the day. Even in this challenging business environment, as the Group's medium-term vision, we will continue promoting the C&C strategy and consulting platform strategy from a “domain (industries and business domains) × function (managerial functions) × region” perspective. Together with our client companies, we regard the

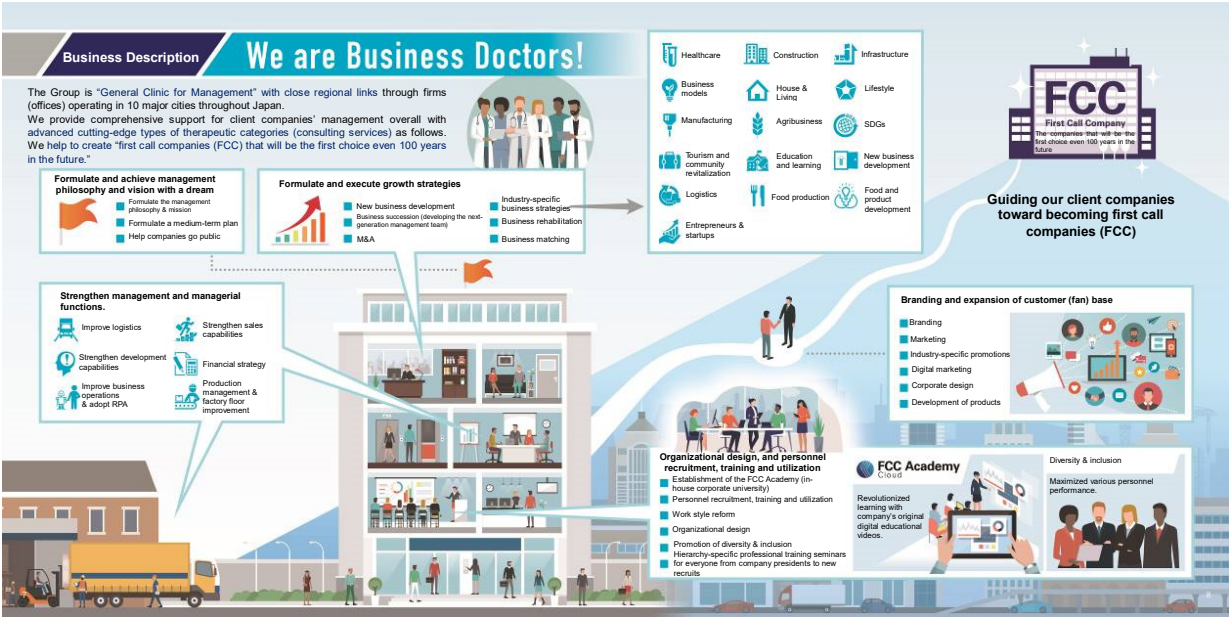
“COVID-19 period” and “post-COVID-19 period” as opportunities and intend to continue becoming closer to “management leadership” throughout Japan.

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

A. Although this fiscal year is the final year of the medium-term management plan Tanabe Vision 2020 (2018–2020), in order to overcome the current challenging business environment together with companies throughout Japan and all of our shareholders, we now reaffirm our promise to continue as “Business Doctors,” and we will promote activities that “allow the economy and management to continue functioning” and “achieve growth for our client companies by transforming crises into opportunities” by refining our ideas and knowledge and demonstrating our leadership in execution. Furthermore, we intend to meet our shareholders’ expectations by aiming for management that achieves stable shareholder returns.

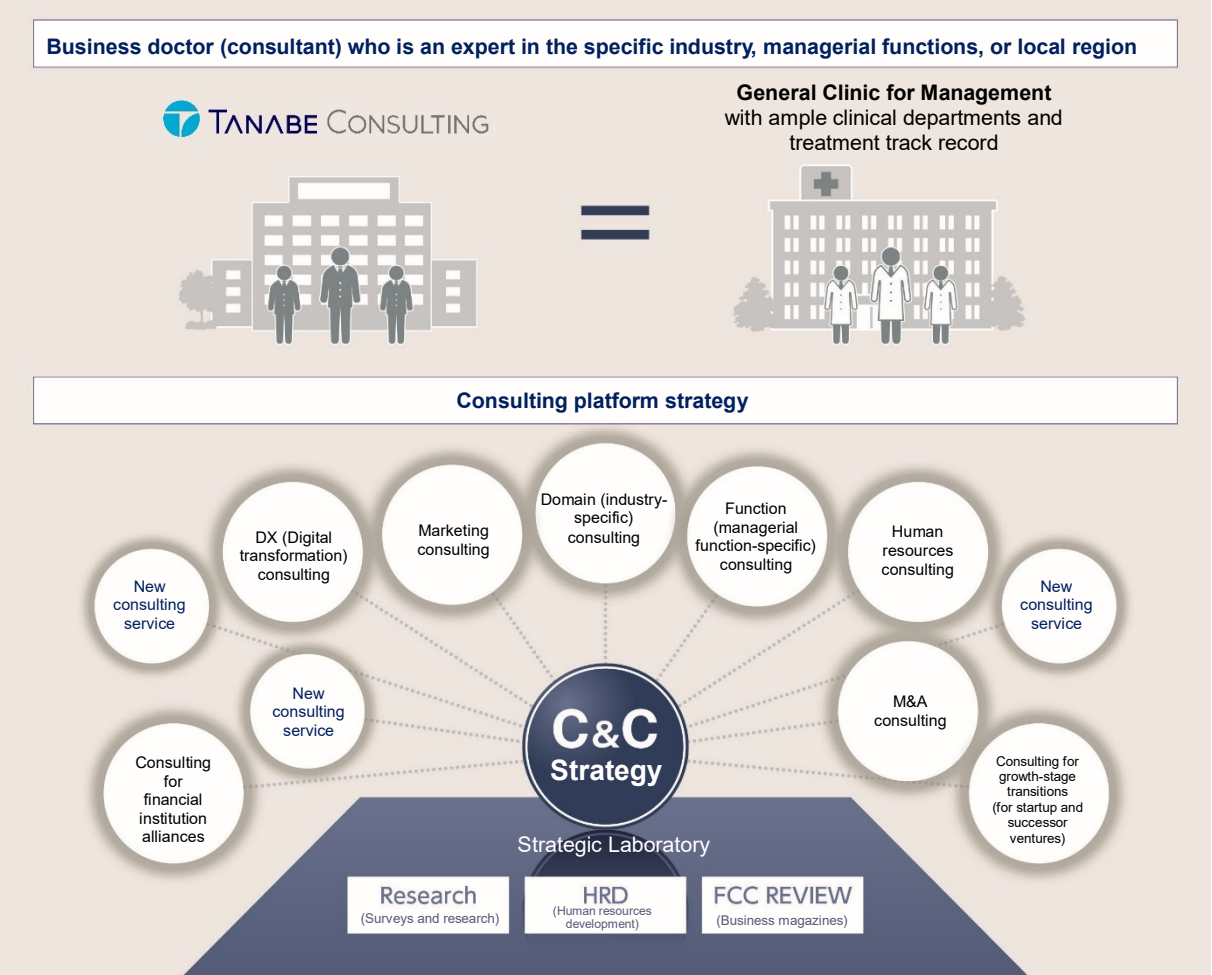
I would like to thank you in advance for your continued support and encouragement of our efforts.

# III. Business Description

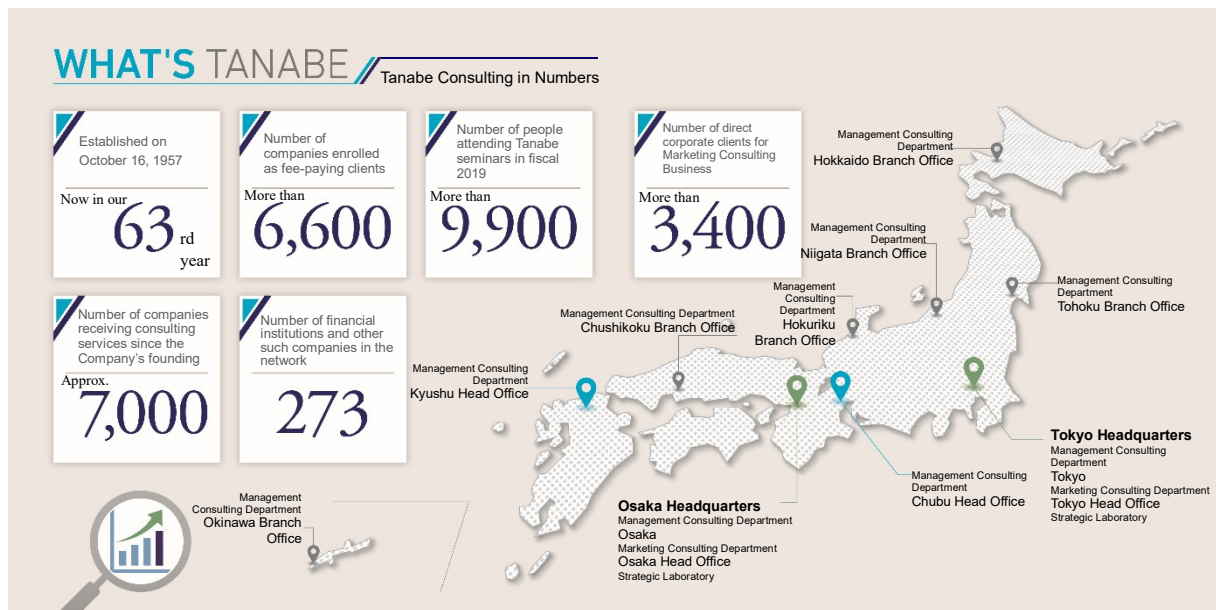


### IV. Medium-term Business Strategy

The Group promotes “C&C (Consulting & Conglomerate) Strategy” (diversifying fields of consulting) 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 menus) 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

<b>Assets</b>	
Current assets	
Cash and deposits	5,536,563
Notes and accounts receivable - trade	620,548
Securities	1,399,950
Merchandise	37,061
Raw materials	8,272
Other	130,603
Allowance for doubtful accounts	(546)
Total current assets	7,732,452
Non-current assets	
Property, plant and equipment	
Buildings and structures	1,084,847
Accumulated depreciation	(468,331)
Buildings and structures, net	616,515
Land	1,527,477
Other	303,302
Accumulated depreciation	(245,885)
Other, net	57,416
Total property, plant and equipment	2,201,408
Intangible assets	
Goodwill	160,171
Other	56,139
Total intangible assets	216,310
Investments and other assets	
Investment securities	878,617
Retirement benefit asset	313,000
Deferred tax assets	99,301
Long-term time deposits	1,300,000
Other	228,821
Allowance for doubtful accounts	(0)
Total investments and other assets	2,819,740
Total non-current assets	5,237,460
Total assets	12,969,913
<b>Liabilities</b>	
Current liabilities	
Accounts payable - trade	309,992
Income taxes payable	169,981
Advances received	619,861
Provision for bonuses	130,850
Other	411,887
Total current liabilities	1,642,572
Non-current liabilities	
Provision for retirement benefits for directors (and other officers)	348,966
Other	27,007
Total non-current liabilities	375,973
Total liabilities	2,018,546

(Thousands of yen)

As of March 31, 2020

Net assets	
Shareholders' equity	
Share capital	1,772,000
Capital surplus	2,402,847
Retained earnings	6,918,582
Treasury shares	(137,207)
Total shareholders' equity	10,956,222
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(2,413)
Remeasurements of defined benefit plans	(71,887)
Total accumulated other comprehensive income	(74,300)
Share acquisition rights	12,214
Non-controlling interests	57,229
Total net assets	10,951,366
Total liabilities and net assets	12,969,913

## (2) Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2020
Net sales	9,394,430
Cost of sales	5,099,660
Gross profit	4,294,770
Selling, general and administrative expenses	3,306,889
Operating profit	987,880
Non-operating income	
Interest income	5,150
Dividend income	18,258
Other	4,828
Total non-operating income	28,237
Non-operating expenses	
Interest expenses	55
Other	96
Total non-operating expenses	152
Ordinary profit	1,015,965
Extraordinary income	
Gain on sales of investment securities	31,198
Surrender value of insurance policies	4,333
Total extraordinary income	35,532
Extraordinary losses	
Loss on sales and retirement of non-current assets	349
Total extraordinary losses	349
Profit before income taxes	1,051,148
Income taxes - current	259,062
Income taxes - deferred	86,015
Total income taxes	345,078
Profit	706,070
Profit attributable to non-controlling interests	9,631
Profit attributable to owners of parent	696,439

### (3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,772,000	2,402,847	6,583,894	(137,182)	10,621,559
Changes during period					
Dividends of surplus			(361,751)		(361,751)
Profit attributable to owners of parent			696,439		696,439
Purchase of treasury shares				(24)	(24)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	334,687	(24)	334,663
Balance at end of period	1,772,000	2,402,847	6,918,582	(137,207)	10,956,222

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	79,986	1,117	81,104	13,969	–	10,716,633
Changes during period						
Dividends of surplus						(361,751)
Profit attributable to owners of parent						696,439
Purchase of treasury shares						(24)
Net changes in items other than shareholders' equity	(82,399)	(73,004)	(155,404)	(1,755)	57,229	(99,930)
Total changes during period	(82,399)	(73,004)	(155,404)	(1,755)	57,229	234,732
Balance at end of period	(2,413)	(71,887)	(74,300)	12,214	57,229	10,951,366

#### (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2020
Cash flows from operating activities	
Profit before income taxes	1,051,148
Depreciation	84,017
Amortization of goodwill	8,430
Increase (decrease) in provision for bonuses	(114,050)
Increase (decrease) in allowance for doubtful accounts	(109)
Decrease (increase) in retirement benefit asset	(179,662)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(11,067)
Interest and dividend income	(23,408)
Interest expenses	55
Decrease (increase) in trade receivables	108,201
Decrease (increase) in inventories	13,401
Increase (decrease) in trade payables	(61,364)
Decrease (increase) in other assets	508
Increase (decrease) in other liabilities	53,791
Other, net	26,909
Subtotal	956,800
Interest and dividends received	24,299
Interest paid	(55)
Income taxes (paid) refund	(265,163)
Net cash provided by (used in) operating activities	715,880
Cash flows from investing activities	
Proceeds from withdrawal of time deposits	200,000
Purchase of securities	(5,599,700)
Proceeds from sales and redemption of securities	5,599,916
Proceeds from sales and redemption of investment securities	74,288
Purchase of property, plant and equipment and intangible assets	(47,147)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(111,262)
Proceeds from cancellation of insurance funds	427,851
Other, net	(6,854)
Net cash provided by (used in) investing activities	537,091
Cash flows from financing activities	
Purchase of treasury shares	(24)
Dividends paid	(361,345)
Other, net	(11,793)
Net cash provided by (used in) financing activities	(373,163)
Net increase (decrease) in cash and cash equivalents	879,808
Cash and cash equivalents at beginning of period	4,656,754
Cash and cash equivalents at end of period	5,536,563

## VII. Corporate Data

### Basic Information (as of April 1, 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:	411 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 June 25, 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 March 31, 2020)

Total number of shares authorized:	35,000,000 shares
Total number of shares issued:	8,754,200 shares
Number of shareholders:	8,197

## Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	1,210	14.0
Yoichiro Tanabe	1,010	11.7
Toki Narazaki	825	9.5
HIKARI TSUSHIN, INC.	428	4.9
Tanabe Consulting Client Share Ownership Scheme	260	3.0
Shinichi Ueda	258	2.9
Tanabe Consulting Employee Share Ownership Scheme	222	2.5
SMBC Trust Bank Ltd. Designated Securities Trust	202	2.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	167	1.9
Hitoshi Kimoto	160	1.8

\* In addition to shares described above, the Company holds 141,094 shares as treasury 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.