

For the Fiscal Year Ended March 31, 2021

Annual Select[®] 2021

TANABE CONSULTING CO., LTD.

3-3-41 Miyahara, Yodogawa-ku, Osaka
Tekko Building 9th Floor, 1-8-2 Marunouchi,
Chiyoda-ku, Tokyo
(Securities Code: 9644)
+81-6-7177-4000

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," both headquarters concentrate the Group's management capabilities, and 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)

	55 th term	56 th term	57 th term	58 th term	59 th term
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales (Thousands of yen)	–	–	–	9,394,430	9,213,533
Ordinary profit (Thousands of yen)	–	–	–	1,015,965	771,820
Profit attributable to owners of parent (Thousands of yen)	–	–	–	696,439	498,469
Comprehensive income (Thousands of yen)	–	–	–	550,665	672,315
Net assets (Thousands of yen)	–	–	–	10,951,366	11,430,591
Total assets (Thousands of yen)	–	–	–	12,969,913	13,405,911
Net assets per share (Yen)	–	–	–	1,263.41	1,293.98
Basic earnings per share (Yen)	–	–	–	80.86	57.87
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	–	–	–	83.9	83.1
Rate of return on equity (%)	–	–	–	6.4	4.5
Price-earnings ratio (Times)	–	–	–	15.34	24.80
Net cash provided by (used in) operating activities (Thousands of yen)	–	–	–	715,880	223,570
Net cash provided by (used in) investing activities (Thousands of yen)	–	–	–	537,091	1,426,787
Net cash provided by (used in) financing activities (Thousands of yen)	–	–	–	(373,163)	(408,204)
Cash and cash equivalents at end of period (Thousands of yen)	–	–	–	5,536,563	6,778,716
Number of employees [Separately, average number of temporary employees] (Persons)	– [–]	– [–]	– [–]	389 [–]	457 [–]

Notes: 1. The Company prepared consolidated financial statements starting with the 58th 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 the 58th term is the first year the Company has prepared consolidated financial statements, the rate of return on equity for the term is calculated based on the equity at the end of the period.

5. Because the average number of temporary employees is less than 10% of total employees, the disclosure is omitted.

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, 2020 to March 31, 2021)?

A. During the fiscal year under review, which was the final year of the “Tanabe Vision 2020 (2018-2020)” medium-term management plan, we promoted the “C&C (Consulting & Conglomerate) Strategy” (diversifying fields of consulting) and the “Consulting Platform Strategy” (providing high-quality consulting value in all regions throughout Japan) as medium-term business strategies, in order to guide our client companies toward becoming “FCC (first call companies) that will be the first choice even 100 years in the future.” It was against this background that Growin’ Partners Inc., whose strengths include M&A support and back-office DX consulting, became a member of our Group on January 29, 2021. Over the course of the COVID-19 pandemic, the Tanabe Consulting Group (TCG) as a whole, consisting of the Company itself, Leading Solutions Co., Ltd. and Growin’ Partners Inc., has continued the “don’t stop business; don’t stop the economy; don’t stop human resource development” activities, while taking into account the safety and health of customers, employees, and others, and promoting measures to prevent the spread of viral infection. Our “Business Doctors” (consultants) staying at each office in 10 major cities nationwide have been providing high-quality consulting to business leaders across the country, helping to realize their wishes to “turn a crisis into an opportunity and grow” and “contribute to a new society.” As a result, operating results for the overall Group in the fiscal year under review were net sales of ¥9,213 million, operating profit of ¥751 million, and profit attributable to owners of parent of ¥498 million. In the Management Consulting Business, we promoted “Team Consulting Brands,” our high-added-value consulting services themed upon needs, such as those for formulating a medium- to long-term vision for a world in which coronavirus is widespread, establishing an FCC Academy (in-house corporate university), DX such as the digital shift in sales and back-office operations, M&A, and group management. We also took up the challenge of providing services online and on demand, but due to the impact of COVID-19 on personnel training for specific companies, on some of our

personnel training seminars, and on management workshops tailored to specific industries and managerial functions, the April to June quarter in particular was hit by postponements or cancellations of services provided. In the Marketing Consulting Business, we concentrated on spreading the brands of regional companies nationwide using digital promotions. In addition, for client companies 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, together with plans for 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 the medium-term vision and your forecast for this fiscal year (from April 1, 2021 to March 31, 2022)?

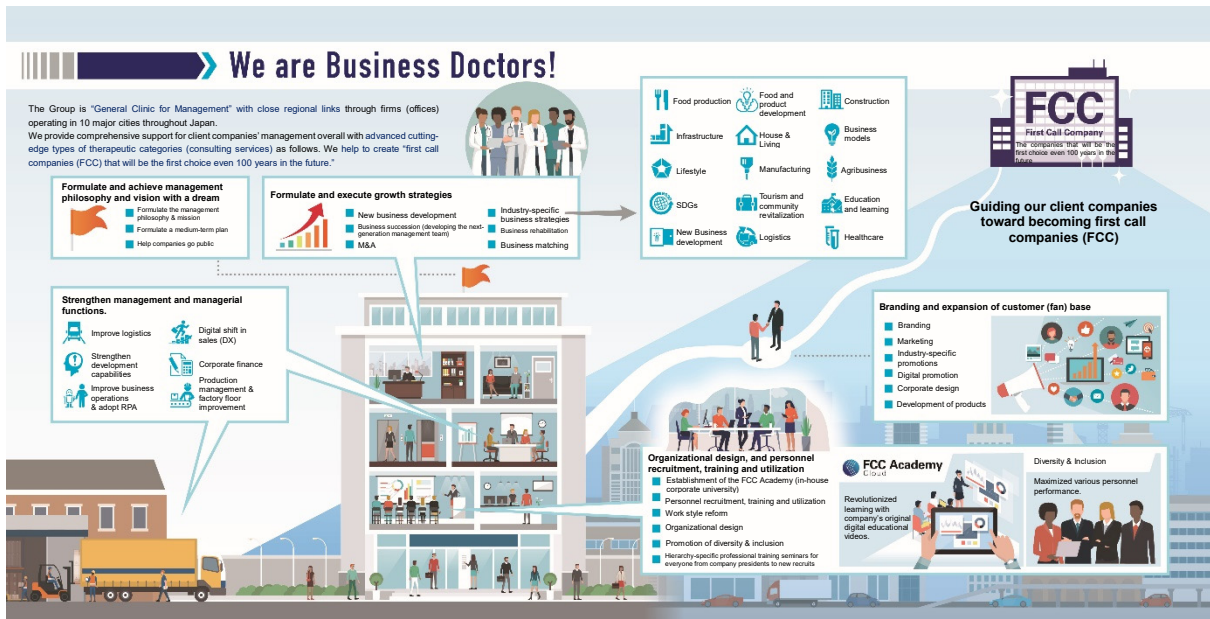
A. In order to accelerate sustainable growth and the enhancement of corporate value in preparation for 2030, the Company has formulated a new “TCG Future Vision 2030” medium-term management plan for 2021-2025, under the slogan “One & Only – Creation of TCG, the New Globally Unrivaled Consulting Group.” For the current fiscal year, we seek to achieve overall Group net sales of ¥10,200 million, operating profit of ¥900 million, and profit attributable to owners of parent of ¥570 million. In terms of medium-term business strategy, we will promote the “Group C&C Strategy” (diversifying fields of consulting for the overall group), and in addition to updating our strategy design functions for corporate business model transformation, marketing and branding, etc. (upstream processes), we will define functions for implementing / executing DX, value chain, and operations, etc. (midstream to downstream processes) as “Professional DX Services,” and strengthen them across a wide range through the use of M&A and business development. In this way, we will build a consulting value chain to provide integrated support for everything from strategy formulation for large and medium-sized companies to the implementation / execution of specific issues, thus accelerating the creation of FCCs. In terms of marketing strategy, in order to expand dealings with our client companies over the long term, and to further increase customer lifetime value (LTV), we will set up customer relation management (CRM) functions at each office in 10 major cities nationwide, increasing the number of touch points with client companies, and strengthening follow-up with client companies through the use of the Strategic Laboratories. In terms of corporate strategy, in addition to strengthening our hiring of professional personnel, we will expand the “TCG Academy” internal Group company university. Moreover, in addition to continuing to actively invest in DX and taking steps to raise productivity while mitigating risk of infection, we will reinforce TD&I (Tanabe Diversity & Inclusion), as well as our ESG/SDGs initiatives.

Q. What is your message to shareholders?

A. While responding to the changes in the social environment, etc. that have arisen from coexistence with COVID-19, we will work closely with business leaders nationwide as “Business Doctors,” accelerating the creation of FCCs.

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



Five growth models

TCG Professional DX Service Model

In addition to the strategy design functions that constitute the upstream process of the consulting that we have made one of our strengths, we will strengthen the on-site implementation and operations functions that constitute the midstream to downstream processes as "Professional DX Services" that drive and support DX, building a consulting value chain (sequence of consulting value) that enables the integrated support of corporate management.

TCG C&C Development Model

In order to further promote our Consulting & Conglomerate Strategy, beginning with the formation of teams with specialized themes to address new management needs and issues, we will promote business development measures such as commercializing products, shifting to a consulting division structure, further segmenting the consulting domain, and introducing operating companies through means that include M&A as appropriate.

▶ We aim to increase the number of Group companies from three currently, to six.

TCG Marketing Model

By utilizing digital marketing as well as customer information held throughout the country, we aim to create new customers, to expand dealings with our client companies over the long term, and to further increase customer lifetime value (LTV).

TCG Team Up & Partner 100 Model

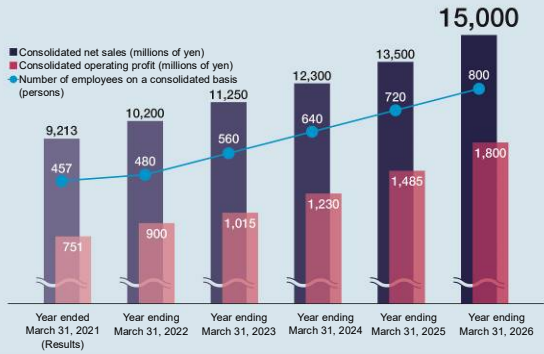
Working together with the TCG C&C Development Model, we will generate new leadership from existing organizations and teams, and build a management system to nurture new partner (leader) personnel.

TCG Academy Model

At TCG, a company made from its people, personal growth is most important, and we are building a model whereby we can nurture greater numbers of professional personnel who are able to contribute to clients at an earlier stage.

Medium-term management plan (Details)

- 1 Through higher growth rates in M&A consulting and DX consulting, we seek to achieve annual average growth rates of approximately 8% in the Management Consulting Business.
- 2 In addition to growing the Marketing Consulting Business at an annual average rate of approximately 3%, we will continue to work to convert its earning structure (shift to higher added value).
- 3 We will grow the "Professional DX Services" domain (net sales ¥2,000 million) through M&A.



VI. Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	5,536,563	6,778,716
Notes and accounts receivable - trade	620,548	620,945
Securities	1,399,950	1,299,850
Merchandise	37,061	36,685
Raw materials	8,272	11,998
Other	130,603	142,199
Allowance for doubtful accounts	(546)	(509)
Total current assets	7,732,452	8,889,885
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,084,847	1,095,944
Accumulated depreciation	(468,331)	(510,364)
Buildings and structures, net	616,515	585,579
Land	1,527,477	1,527,477
Other	303,302	290,331
Accumulated depreciation	(245,885)	(250,042)
Other, net	57,416	40,289
Total property, plant and equipment	2,201,408	2,153,346
Intangible assets		
Goodwill	160,171	709,044
Other	56,139	50,706
Total intangible assets	216,310	759,750
Investments and other assets		
Investment securities	878,617	318,497
Retirement benefit asset	313,000	683,429
Deferred tax assets	99,301	15,527
Long-term time deposits	1,300,000	300,000
Other	228,821	304,473
Allowance for doubtful accounts	(0)	(19,000)
Total investments and other assets	2,819,740	1,602,928
Total non-current assets	5,237,460	4,516,025
Total assets	12,969,913	13,405,911
Liabilities		
Current liabilities		
Accounts payable - trade	309,992	311,795
Income taxes payable	169,981	95,611
Advances received	619,861	512,808
Provision for bonuses	130,850	81,076
Other	411,887	417,522
Total current liabilities	1,642,572	1,418,815
Non-current liabilities		
Deferred tax liabilities	-	71,388
Provision for retirement benefits for directors (and other officers)	348,966	333,211
Provision for loss on guarantees	-	28,012
Other	27,007	123,893
Total non-current liabilities	375,973	556,504
Total liabilities	2,018,546	1,975,320

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
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	7,046,688
Treasury shares	(137,207)	(137,511)
Total shareholders' equity	10,956,222	11,084,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,413)	(2,548)
Remeasurements of defined benefit plans	(71,887)	63,445
Total accumulated other comprehensive income	(74,300)	60,896
Share acquisition rights	12,214	14,270
Non-controlling interests	57,229	271,398
Total net assets	10,951,366	11,430,591
Total liabilities and net assets	12,969,913	13,405,911

(2) Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	9,394,430	9,213,533
Cost of sales	5,099,660	5,105,960
Gross profit	4,294,770	4,107,572
Selling, general and administrative expenses	3,306,889	3,355,920
Operating profit	987,880	751,652
Non-operating income		
Interest income	5,150	4,102
Dividend income	18,258	6,324
Deposit refund	–	5,432
Other	4,828	4,837
Total non-operating income	28,237	20,696
Non-operating expenses		
Interest expenses	55	478
Other	96	51
Total non-operating expenses	152	529
Ordinary profit	1,015,965	771,820
Extraordinary income		
Gain on sale of investment securities	31,198	83,225
Surrender value of insurance policies	4,333	–
Other	–	2,404
Total extraordinary income	35,532	85,629
Extraordinary losses		
Loss on sale and retirement of non-current assets	349	552
Loss on redemption of investment securities	–	28,666
Total extraordinary losses	349	29,219
Profit before income taxes	1,051,148	828,230
Income taxes - current	259,062	193,230
Income taxes - deferred	86,015	97,881
Total income taxes	345,078	291,112
Profit	706,070	537,118
Profit attributable to non-controlling interests	9,631	38,648
Profit attributable to owners of parent	696,439	498,469

(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

Fiscal year ended March 31, 2021

(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	6,918,582	(137,207)	10,956,222
Changes during period					
Dividends of surplus			(370,363)		(370,363)
Profit attributable to owners of parent			498,469		498,469
Purchase of treasury shares				(303)	(303)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	128,105	(303)	127,801
Balance at end of period	1,772,000	2,402,847	7,046,688	(137,511)	11,084,024

	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	(2,413)	(71,887)	(74,300)	12,214	57,229	10,951,366
Changes during period						
Dividends of surplus						(370,363)
Profit attributable to owners of parent						498,469
Purchase of treasury shares						(303)
Net changes in items other than shareholders' equity	(134)	135,332	135,197	2,056	214,168	351,422
Total changes during period	(134)	135,332	135,197	2,056	214,168	479,224
Balance at end of period	(2,548)	63,445	60,896	14,270	271,398	11,430,591

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,051,148	828,230
Depreciation	84,017	89,377
Amortization of goodwill	8,430	26,448
Loss (gain) on sale of investment securities	(31,198)	(83,225)
Loss (gain) on redemption of investment securities	–	28,666
Increase (decrease) in provision for bonuses	(114,050)	(62,122)
Increase (decrease) in allowance for doubtful accounts	(109)	(504)
Decrease (increase) in retirement benefit asset	(179,662)	(175,480)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(11,067)	(15,755)
Increase (decrease) in provision for loss on guarantees	–	(1,998)
Interest and dividend income	(23,408)	(10,426)
Interest expenses	55	478
Decrease (increase) in trade receivables	108,201	76,399
Decrease (increase) in inventories	13,401	(2,752)
Increase (decrease) in trade payables	(61,364)	(4,228)
Increase (decrease) in advances received	22,195	(107,053)
Decrease (increase) in other assets	508	(9,775)
Increase (decrease) in other liabilities	31,596	(53,335)
Other, net	58,107	(50,183)
Subtotal	956,800	472,759
Interest and dividends received	24,299	11,948
Interest paid	(55)	(478)
Income taxes refund (paid)	(265,163)	(260,658)
Net cash provided by (used in) operating activities	715,880	223,570
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	200,000	1,200,000
Payments into time deposits	–	(200,000)
Purchase of securities	(5,599,700)	(5,199,422)
Proceeds from sale and redemption of securities	5,599,916	5,299,872
Proceeds from sale and redemption of investment securities	74,288	634,908
Purchase of property, plant and equipment and intangible assets	(47,147)	(26,170)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(111,262)	(272,369)
Proceeds from cancellation of insurance funds	427,851	–
Other, net	(6,854)	(10,030)
Net cash provided by (used in) investing activities	537,091	1,426,787
Cash flows from financing activities		
Purchase of treasury shares	(24)	(303)
Dividends paid	(361,345)	(369,702)
Other, net	(11,793)	(38,198)
Net cash provided by (used in) financing activities	(373,163)	(408,204)
Net increase (decrease) in cash and cash equivalents	879,808	1,242,153
Cash and cash equivalents at beginning of period	4,656,754	5,536,563
Cash and cash equivalents at end of period	5,536,563	6,778,716

VII. Corporate Data

Basic Information (as of April 1, 2021)

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:	523 persons (consolidated)
Group companies:	Leading Solutions Co., Ltd Growin' Partners Inc.
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, 2021)

President and Chief Executive Officer	Takahiko Wakamatsu
Executive Vice President	Yoshikuni Nagao
Senior Managing Director	Norihito Minamikawa
Managing Director	Toshiyuki Nakamura
Managing Director	Masaru Warata
Director	Masanori Nakasone
Director	Masahiro Matsunaga
Director	Kazuyoshi Shimada
Director	Itaru Okumura
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 April 1, 2021)

Total number of shares authorized:	35,000,000 shares
Total number of shares issued:	8,754,200 shares
Number of shareholders:	8,012

Major shareholders (Top 10) (as of March 31, 2021)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	1,120	13.0
Yoichiro Tanabe	990	11.5
Toki Narazaki	817	9.5
HIKARI TSUSHIN, INC.	450	5.2
Shinichi Ueda	258	3.0
Tanabe Consulting Employee Share Ownership Scheme	241	2.8
Tanabe Consulting Client Share Ownership Scheme	235	2.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	228	2.7
SMBC Trust Bank Ltd. Designated Securities Trust	202	2.3
Hitoshi Kimoto	160	1.9

* In addition to shares described above, the Company holds 141,324 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.