

For the Fiscal Year Ended March 31, 2022

Annual Select[®] 2022

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. The Company in conjunction with its Group companies, Leading Solutions Co., Ltd., Growin' Partners Inc. and JAYTHREE, Inc., mutually coordinate together, following the management philosophy of "love companies, walk together with companies and work for company prosperity." 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)

	56 th term	57 th term	58 th term	59 th term	60 th term
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales (Thousands of yen)	–	–	9,394,430	9,213,533	10,572,179
Ordinary profit (Thousands of yen)	–	–	1,015,965	771,820	931,607
Profit attributable to owners of parent (Thousands of yen)	–	–	696,439	498,469	604,311
Comprehensive income (Thousands of yen)	–	–	550,665	672,315	617,242
Net assets (Thousands of yen)	–	–	10,951,366	11,430,591	11,517,472
Total assets (Thousands of yen)	–	–	12,969,913	13,405,911	13,824,896
Net assets per share (Yen)	–	–	631.71	646.99	652.85
Basic earnings per share (Yen)	–	–	40.43	28.94	35.06
Diluted earnings per share (Yen)	–	–	–	–	35.06
Equity ratio (%)	–	–	83.9	83.1	81.0
Rate of return on equity (%)	–	–	6.4	4.5	5.4
Price-earnings ratio (Times)	–	–	15.34	24.80	19.77
Net cash provided by (used in) operating activities (Thousands of yen)	–	–	715,880	223,570	619,785
Net cash provided by (used in) investing activities (Thousands of yen)	–	–	537,091	1,426,787	619,946
Net cash provided by (used in) financing activities (Thousands of yen)	–	–	(373,163)	(408,204)	(619,032)
Cash and cash equivalents at end of period (Thousands of yen)	–	–	5,536,563	6,778,716	7,399,416
Number of employees					
[Separately, average number of temporary employees] (Persons)	– [–]	– [–]	389 [–]	457 [–]	495 [–]

- Notes:
1. The Company prepared consolidated financial statements starting with the 58th term. Therefore, no information is given for earlier terms.
 2. The Company implemented a two-for-one common share split, effective October 1, 2021. Net assets per share, basic earnings per share and diluted earnings per share have been calculated assuming that the share split was conducted at the beginning of the 58th term.
 3. Diluted earnings per share for the 58th term and the 59th term are not presented because there were no potentially dilutive shares.
 4. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year (the 60th term), and the selected financial data for the 60th term are those after applying the accounting standard and relevant ASBJ regulations.
 5. 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.
 6. 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, 2021 to March 31, 2022)?

- A. Again in the fiscal year now ended, which was the first year of the “TCG Future Vision 2030” medium-term management plan for 2021-2025, we promoted the “C&C (Consulting & Conglomerate) Strategy” to diversify our fields of management consulting. In December 2021, while guiding our nationwide client companies (ranging from large corporations to medium-sized enterprises) toward becoming “first call companies that will be the first choice even 100 years in the future,” we welcomed a new company into our Group: JAYTHREE, Inc., which has strengths in leveraging digital technologies in branding and CX (customer experience value) design. Now, the Tanabe Consulting Group (TCG) is a management consulting firm in a four-company structure consisting of the Company itself, a Japanese pioneer in management consulting, Leading Solutions Co., Ltd., Growin’ Partners Inc., and JAYTHREE, Inc. and combined, the number of personnel of 576. TCG works together as a united force. Our “Business Doctors” (consultants) permanently stationed, and intimately in touch with the local needs at their respective offices in 10 major cities nationwide, have been working closely with numerous company presidents, senior executives, and business leaders of large corporations to medium-sized enterprises, and contributing to problem solving for our client companies through providing integrated support ranging from “business strategy” such as the formulation of a new vision, and the reform of business models, to the implementation involving “digital,” “human resources,” “finance and M&A,” and “branding & marketing.” As a result, in the operating results for the fiscal year, net sales were ¥10,572 million (up 14.7% year on year, and up 3.6% against the plan), operating profit was ¥926 million (up 23.2% year on year, and up 2.9% against the plan), ordinary profit was ¥931 million (up 20.7% year on year, and up 3.5% against the plan), and profit attributable to owners of parent was ¥604 million (up 21.2% year on year, and up 6.0% against the plan). In other words, we achieved both increased revenue and increased profit year on year, and we also achieved our plan targets for the first year of the medium-term management plan. In “Strategic Consulting,” a strong number of management consulting contracts were achieved nationwide, including “medium- to long-term visions,” “business

models and growth strategies,” “SDGs,” “overseas development and overseas withdrawal,” “M&A (including cross-border M&A),” “reform of personnel systems,” and “establishing academies (in-house corporate universities).” In “DX (Digital Transformation) Consulting,” TCG has been providing support ranging from the formulation of DX visions through to the implementation of digital solutions, and the practical execution and operation of those systems, and a strong number of management consulting contracts were achieved nationwide, including “digital marketing,” “IT conceptual design,” and the “introduction of ERP (enterprise resource planning).” In “Branding & Design Consulting,” a strong number of management consulting contracts were achieved nationwide, including consulting for “marketing strategy,” “branding,” “CX design,” “creative,” and “social media marketing.” In “Sales Promotion Products,” revenues declined significantly due to a swing-back effect of the extraordinary demand for infection prevention products in the previous fiscal year and the decrease in overall range of promotional products in conjunctions with the cancellations of various events. In light of the aforementioned, TCG has been carrying out overall reforms of the business model and transforming its revenue structure, and it was the result of such efforts that enabled the management consulting business overall to achieve the aforementioned increased profit and increased revenue.

Q. What are your forecasts for this fiscal year (from April 1, 2022 to March 31, 2023) and what are the main points of the medium-term management plan?

A. The Tanabe Consulting Group (TCG) will celebrate 65 years since its foundation on October 16, 2022. The Tanabe Management Consulting Office was established in Kyoto in 1957 as a pioneering management consulting firm in Japan. Since then, we have continued to love companies, walk together with companies and work for company prosperity. Of course, we would not have been able to do this without the assistance of our shareholders and our other stakeholders, for which we are truly grateful. Now, with our sights set on the future, we aim to become the “One & Only” management consulting firm that provides unrivaled contributory value for our stakeholders. For that, we request even greater support. This fiscal year is the second year of the medium-term management plan. Our targets are net sales of ¥11,250 million, operating profit of ¥1,015 million, and profit attributable to owners of parent of ¥640 million. On October 1, 2022, on the occasion of our 65th year since foundation, we plan to transition to a pure holding company structure in order to realize even further leaps in growth. As the Company is to become a pure holding company, we plan to change its name to TANABE CONSULTING GROUP CO., LTD., and a newly established operating company, Tanabe Consulting Company, will succeed to the management consulting business. By making the transition to a pure holding company structure, we intend to maximize corporate value through the implementation of Group management, achieve the goals of the medium-term management plan through Group capital strategy, a structure that promotes M&A, etc., and create an environment for personnel of the entire Group to grow and develop into future senior executives and business leaders. In addition, effective April 1, 2022, in preparation for our transition to a pure holding company structure, we have changed to an organizational structure with separate business units for each field of management consulting. Working unitedly as TCG, we will work to strengthen our One & Only “management consulting value (contributory value)” that gives us an overwhelming competitive edge in being able to provide integrated support in finding solutions to specialized and diverse management issues faced by large corporations to medium-sized enterprises across Japan, in such fields as “strategy & domain (strategies specific to industries/business models),” “digital,” “human resources,” “corporate finance/M&A,” “branding/creative,” and “region.” We also aim to utilize our contributory value to expand our consulting to overseas companies.

As for our medium-term business strategies, we will continue to develop and deepen TCG's business. We will also promote M&A and capital and business tie-ups that allow us to expand our business fields so that we can strengthen our "Professional DX Service" (providing support in implementing management and operational systems by leveraging digital technologies). For the final year of the medium-term management plan (the fiscal year ending March 31, 2026), our targets are net sales of ¥15,000 million, operating profit of ¥1,800 million, ROA of 15% and ROE of 10%.

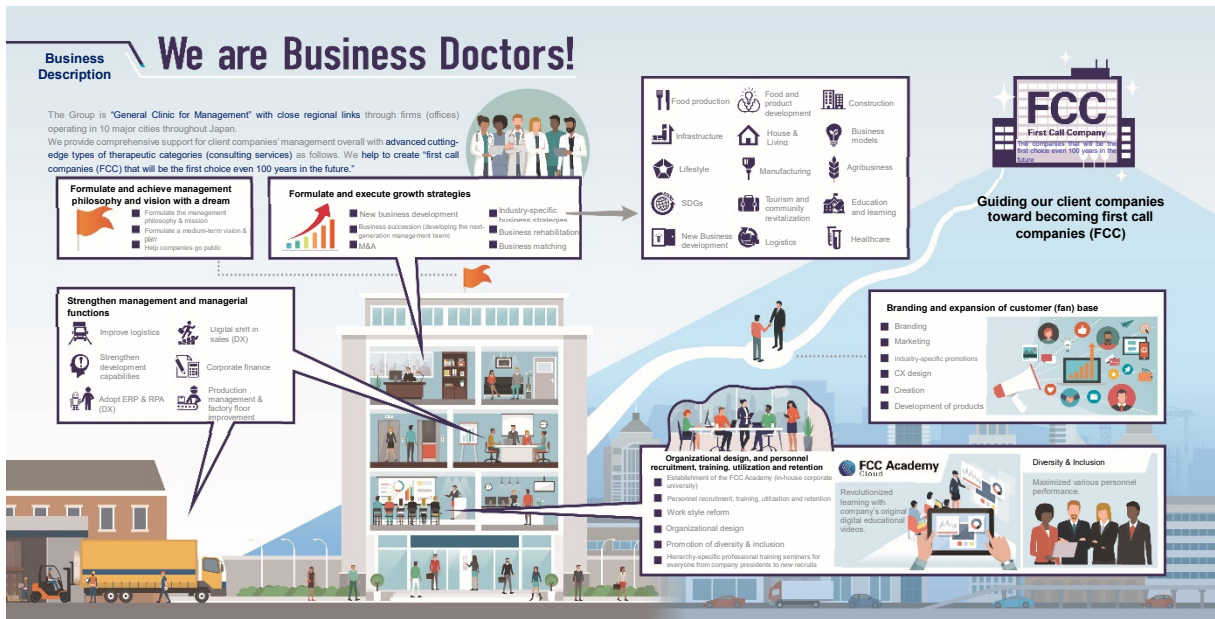
To achieve these targets, we will further enhance the "TCG Academy," our internal Group company university which serves to enhance "human-capital value" within the Group. We will also strengthen efforts to hire and develop management consultant personnel, including strategy consultants, digital consultants, HR consultants, finance/M&A consultants, branding & marketing consultants, and CRM consultants, aiming to realize a structure of 800 personnel for the Group.

In terms of corporate strategies, we are promoting "capital and stock policy" to achieve the criteria for being listed on the Tokyo Stock Exchange Prime Market, "smart DX investment" to realize improved productivity and more efficient back-office operations for group companies, "ESG and SDGs" to practice sustainability management, "branding and PR activities" to make TCG a "globally unrivaled management consulting group," and "diversity & inclusion" to actively implement health and productivity management and investment in office environments so that a diverse range of personnel can learn together, respect each other, and function as a more highly performing workforce.

Through promoting these policies, TCG will strive to achieve sustainable growth, improved corporate value in the medium to long term, and stable shareholder returns, while meeting the expectations of its shareholders.

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

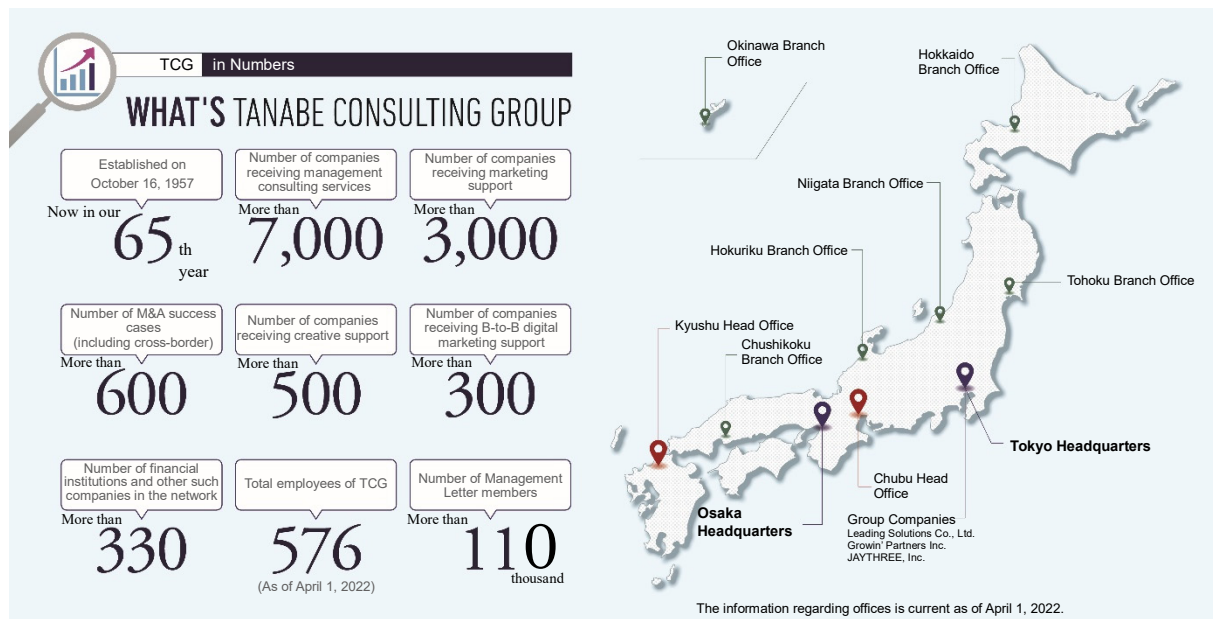
III. Business Description



IV. Medium-term Business Strategy



V. TCG in Numbers



VI. Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,778,716	7,399,416
Notes and accounts receivable - trade	620,945	-
Notes and accounts receivable - trade, and contract assets	-	872,675
Securities	1,299,850	800,000
Merchandise	36,685	44,925
Work in process	854	20,208
Raw materials	11,998	3,375
Other	141,344	189,728
Allowance for doubtful accounts	(509)	(792)
Total current assets	8,889,885	9,329,538
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,095,944	1,101,914
Accumulated depreciation	(510,364)	(550,221)
Buildings and structures, net	585,579	551,693
Land	1,527,477	1,527,477
Other	290,331	316,044
Accumulated depreciation	(250,042)	(256,526)
Other, net	40,289	59,517
Total property, plant and equipment	2,153,346	2,138,687
Intangible assets		
Goodwill	709,044	685,097
Other	50,706	52,391
Total intangible assets	759,750	737,489
Investments and other assets		
Investment securities	318,497	345,315
Retirement benefit asset	683,429	739,427
Deferred tax assets	15,527	12,614
Long-term time deposits	300,000	210,403
Other	304,473	330,420
Allowance for doubtful accounts	(19,000)	(19,000)
Total investments and other assets	1,602,928	1,619,181
Total non-current assets	4,516,025	4,495,358
Total assets	13,405,911	13,824,896

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	311,795	401,777
Income taxes payable	95,611	210,662
Advances received	512,808	632,518
Provision for bonuses	81,076	61,932
Other	417,522	549,224
Total current liabilities	1,418,815	1,856,115
Non-current liabilities		
Long-term borrowings	120,293	149,867
Deferred tax liabilities	71,388	125,825
Provision for retirement benefits for directors (and other officers)	333,211	124,737
Provision for loss on guarantees	28,012	20,020
Other	3,600	30,857
Total non-current liabilities	556,504	451,308
Total liabilities	1,975,320	2,307,423
Net assets		
Shareholders' equity		
Share capital	1,772,000	1,772,000
Capital surplus	2,402,847	2,409,619
Retained earnings	7,046,688	7,159,864
Treasury shares	(137,511)	(187,045)
Total shareholders' equity	11,084,024	11,154,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,548)	7,607
Remeasurements of defined benefit plans	63,445	37,286
Total accumulated other comprehensive income	60,896	44,893
Share acquisition rights	14,270	14,217
Non-controlling interests	271,398	303,923
Total net assets	11,430,591	11,517,472
Total liabilities and net assets	13,405,911	13,824,896

(2) Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	9,213,533	10,572,179
Cost of sales	5,105,960	5,786,190
Gross profit	4,107,572	4,785,989
Selling, general and administrative expenses	3,355,920	3,859,671
Operating profit	751,652	926,317
Non-operating income		
Interest income	4,102	2,932
Dividend income	6,324	–
Dividend income of life insurance	1,883	1,862
Subsidy income	1,372	3,192
Deposit refund	5,432	–
Other	1,581	2,533
Total non-operating income	20,696	10,520
Non-operating expenses		
Interest expenses	478	1,311
Loss on cancellation of leases	–	1,322
Loss on cancellation of insurance policies	–	1,064
Other	51	1,532
Total non-operating expenses	529	5,230
Ordinary profit	771,820	931,607
Extraordinary income		
Gain on sale of investment securities	83,225	–
Reversal of provision for loss on guarantees	1,998	7,992
Other	406	837
Total extraordinary income	85,629	8,829
Extraordinary losses		
Loss on sale and retirement of non-current assets	552	5,257
Loss on redemption of investment securities	28,666	–
Other	–	9
Total extraordinary losses	29,219	5,267
Profit before income taxes	828,230	935,169
Income taxes - current	193,230	250,347
Income taxes - deferred	97,881	62,181
Total income taxes	291,112	312,529
Profit	537,118	622,640
Profit attributable to non-controlling interests	38,648	18,328
Profit attributable to owners of parent	498,469	604,311

(3) Consolidated Statement of Changes in Equity

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)
Disposal of treasury shares					-
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)
Disposal of treasury shares						-
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

Fiscal year ended March 31, 2022

(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	7,046,688	(137,511)	11,084,024
Changes during period					
Dividends of surplus			(491,135)		(491,135)
Profit attributable to owners of parent			604,311		604,311
Purchase of treasury shares				(63,643)	(63,643)
Disposal of treasury shares		6,771		14,108	20,880
Net changes in items other than shareholders' equity					
Total changes during period	-	6,771	113,175	(49,534)	70,412
Balance at end of period	1,772,000	2,409,619	7,159,864	(187,045)	11,154,437

	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	(2,548)	63,445	60,896	14,270	271,398	11,430,591
Changes during period						
Dividends of surplus						(491,135)
Profit attributable to owners of parent						604,311
Purchase of treasury shares						(63,643)
Disposal of treasury shares						20,880
Net changes in items other than shareholders' equity	10,155	(26,158)	(16,002)	(53)	32,525	16,468
Total changes during period	10,155	(26,158)	(16,002)	(53)	32,525	86,881
Balance at end of period	7,607	37,286	44,893	14,217	303,923	11,517,472

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	828,230	935,169
Depreciation	89,377	82,628
Amortization of goodwill	26,448	56,574
Loss (gain) on sale of investment securities	(83,225)	9
Loss (gain) on redemption of investment securities	28,666	–
Increase (decrease) in provision for bonuses	(62,122)	(21,886)
Increase (decrease) in allowance for doubtful accounts	(504)	21
Decrease (increase) in retirement benefit asset	(175,480)	(93,679)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(15,755)	(208,473)
Increase (decrease) in provision for loss on guarantees	(1,998)	(7,992)
Interest and dividend income	(10,426)	(2,932)
Interest expenses	478	1,311
Decrease (increase) in trade receivables	76,399	(210,073)
Decrease (increase) in inventories	(2,752)	6,046
Increase (decrease) in trade payables	(4,228)	72,427
Increase (decrease) in advances received	(107,053)	119,710
Decrease (increase) in other assets	(9,775)	(10,882)
Increase (decrease) in other liabilities	(53,335)	30,436
Other, net	(50,183)	12,467
Subtotal	472,759	760,884
Interest and dividends received	11,948	2,924
Interest paid	(478)	(1,281)
Income taxes refund (paid)	(260,658)	(142,740)
Net cash provided by (used in) operating activities	223,570	619,785
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	1,200,000	100,000
Payments into time deposits	(200,000)	(500)
Purchase of securities	(5,199,422)	(3,699,906)
Proceeds from sale and redemption of securities	5,299,872	4,199,914
Purchase of investment securities	–	(20)
Proceeds from sale and redemption of investment securities	634,908	0
Purchase of property, plant and equipment and intangible assets	(26,170)	(25,871)
Proceeds from sale of property, plant and equipment and intangible assets	–	15
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(272,369)	(28,189)
Proceeds from cancellation of insurance funds	–	89,556
Other, net	(10,030)	(15,053)
Net cash provided by (used in) investing activities	1,426,787	619,946
Cash flows from financing activities		
Purchase of treasury shares	(303)	(63,643)
Dividends paid	(369,702)	(490,051)
Other, net	(38,198)	(65,337)
Net cash provided by (used in) financing activities	(408,204)	(619,032)
Net increase (decrease) in cash and cash equivalents	1,242,153	620,699
Cash and cash equivalents at beginning of period	5,536,563	6,778,716
Cash and cash equivalents at end of period	6,778,716	7,399,416

VII. Corporate Data

Basic Information (as of April 1, 2022)

Trade name:	TANABE CONSULTING CO., LTD.
Founded:	October 16, 1957
Established:	April 1, 1963
Listed market:	The first Section of Tokyo Stock Exchange (as of April 3, 2022) The Prime Market of Tokyo Stock Exchange (as of July 28, 2022) (Securities Code: 9644)
Listed:	September 28, 2016
Business year:	From April 1 to March 31
Share capital:	1,772 million yen
Number of employees:	576 persons (consolidated)
Group companies:	Leading Solutions Co., Ltd. Growin' Partners Inc. JAYTHREE, 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 28, 2022)

President and Chief Executive Officer	Takahiko Wakamatsu
Executive Vice President	Yoshikuni Nagao
Senior Managing Director	Norihito Minamikawa
Senior Managing Director	Masaru Warata
Director	Masahiro Matsunaga
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, 2022)

Total number of shares authorized:	70,000,000 shares
Total number of shares issued:	17,508,400 shares
Number of shareholders:	7,151

Major shareholders (Top 10) (as of March 31, 2022)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	2,075	12.1
Yoichiro Tanabe	1,841	10.7
Toki Narazaki	1,625	9.5
HIKARI TSUSHIN, INC.	1,023	6.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	850	5.0
Tanabe Consulting Employee Share Ownership Scheme	522	3.0
Shinichi Ueda	516	3.0
Tanabe Consulting Client Share Ownership Scheme	413	2.4
SMBC Trust Bank Ltd. Designated Securities Trust	404	2.4
Hitoshi Kimoto	320	1.9

Note: The share-holding ratio is calculated after reduction of the number of treasury shares (353,828 shares).

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