

For the Six Months Ended September 30, 2022

Annual Select[®] 2023

**1st
half**

TANABE CONSULTING GROUP 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 GROUP CO., LTD. (the “Company”) was established in Kyoto in 1957 as the Tanabe Management Consulting Office. The Company’s headquarters are presently located in Osaka and Tokyo. In October 2022, the 65th anniversary of its founding, the Company transitioned to a pure holding company structure and changed its trade name to TANABE CONSULTING GROUP CO., LTD. The Company in conjunction with its Group companies, TANABE CONSULTING CO., LTD., 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)

	First half of 60 th term Six months ended September 30, 2021	First half of 61 st term Six months ended September 30, 2022	60 th term Fiscal year ended March 31, 2022
Net sales (Thousands of yen)	4,536,670	5,386,112	10,572,179
Ordinary profit (Thousands of yen)	300,258	606,444	931,607
Profit attributable to owners of parent (Thousands of yen)	216,716	386,671	604,311
Comprehensive income (Thousands of yen)	192,817	403,366	617,242
Net assets (Thousands of yen)	11,274,256	11,646,304	11,517,472
Total assets (Thousands of yen)	13,206,751	14,099,058	13,824,896
Basic earnings per share (Yen)	12.57	22.54	35.06
Diluted earnings per share (Yen)	12.57	–	35.06
Equity ratio (%)	83.3	80.2	81.0
Net cash provided by (used in) operating activities (Thousands of yen)	133,106	523,078	619,785
Net cash provided by (used in) investing activities (Thousands of yen)	571,971	(111,496)	619,946
Net cash provided by (used in) financing activities (Thousands of yen)	(399,529)	(305,499)	(619,032)
Cash and cash equivalents at end of period (Thousands of yen)	7,084,265	7,505,497	7,399,416

	Second quarter of 60 th term Three months ended September 30, 2021	Second quarter of 61 st term Three months ended September 30, 2022
Basic earnings per share (Yen)	9.24	14.53

- Notes:
1. The summary of selected non-consolidated financial data is not described as the Company prepares consolidated financial statements.
 2. The Company implemented a two-for-one common share split, effective October 1, 2021. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year (the 60th term).
 3. Diluted earnings per share for the first half of the 61st 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 overall results of the Company in the first half (from April 1, 2022 to September 30, 2022)?

A. I am pleased to announce that on October 1, 2022, the 65th anniversary of our founding, in order to further increase customer value and corporate value, we transitioned to a holding company management structure, and through a company split, have been restructured into “TANABE CONSULTING GROUP CO., LTD.,” a pure holding company responsible for the management of the entire Group, and “TANABE CONSULTING CO., LTD.,” an operating company. With the five-company structure of Tanabe Consulting Group (TCG), which includes Leading Solutions Co., Ltd., Growin’ Partners Inc. and JAYTHREE, Inc., we will build a “One & Only consulting value chain” that can provide integrated support from the formulation of management strategies to on-site operations for clients ranging from large corporations to leading medium-sized enterprises, allowing us to provide team consulting for increasingly sophisticated management issues. Furthermore, we will continue to contribute to the realization of a sustainable society and economy through the creation of “first call companies that will be the first choice even 100 years in the future” that will provide high added value to society. I would like to thank you in advance for your continued support and encouragement of our efforts. In the first half of the current fiscal year, which is the second year of the “TCG Future Vision 2030” medium-term management plan for 2021-2025, our group of approximately 600 “Business Doctors” (consultants) permanently stationed in 10 major cities nationwide have solved the problems of client companies by working closely with their presidents, senior executives, and business leaders to provide management consulting in the following fields: “strategy & domain” to plan and promote growth strategies, “digital/DX” to plan and promote DX strategies, “HR” to implement human capital management, “finance/M&A” to improve corporate value, and “branding & marketing” to create trust and empathy. In all these management consulting fields, the total number of team consulting contracts increased, and in particular, large-scale contracts for large companies, listed companies, and local governments increased. Marketing activities aimed at acquiring prospective customers, such as the construction and operation of websites for each specialized field related to management strategy and management functions and the holding of large-

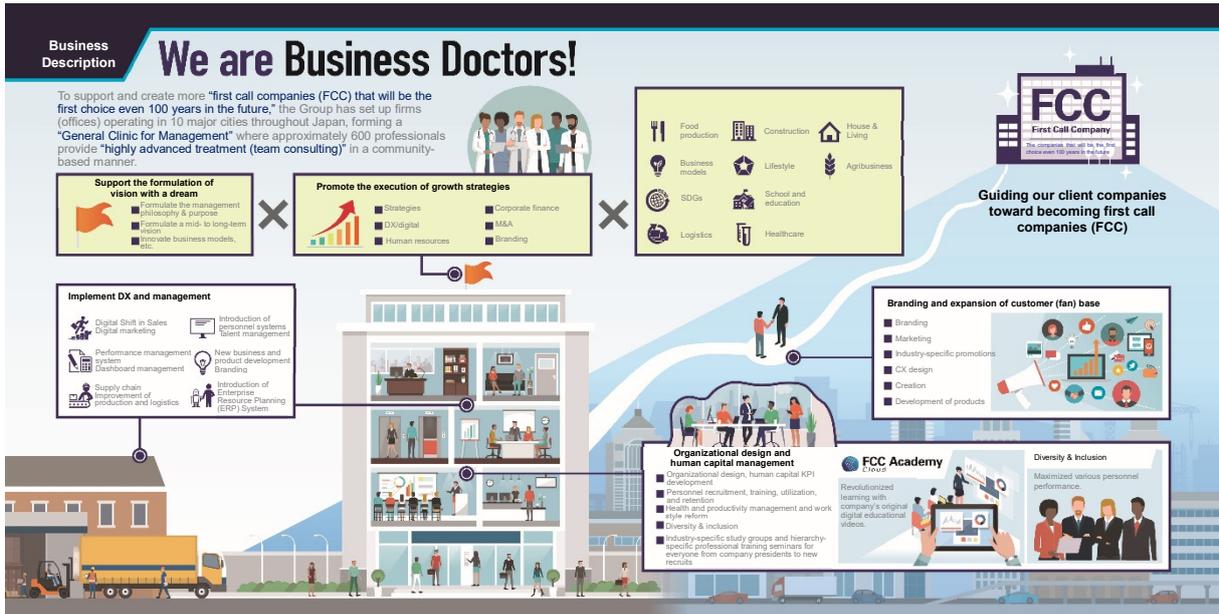
scale free web briefings, have contributed significantly to these results. In terms of corporate strategy, we have established a new “Leadership Academy,” “Financial Academy,” and “HR Academy” at our “TCG Academy,” which offers digital education content for all Group employees, and strengthened our recruitment and development of professional personnel. In addition, we invested in various digital tools and actively engaged in branding and PR activities. As a result, operating results for the first half of the current fiscal year were as follows: net sales of ¥5,386 million (up 18.7% year on year), operating profit of ¥601 million (up 102.9% year on year), ordinary profit of ¥606 million (up 102.0% year on year), and profit attributable to owners of parent of ¥386 million (up 78.4% year on year). Sales and profits not only increased but set record highs for the first half of the year.

Q. What are your forecasts for the full year (from April 1, 2022 to March 31, 2023) and the medium-term management plan?

A. In order to accelerate sustainable growth and the enhancement of corporate value in preparation for 2030, the Company has been promoting the “TCG Future Vision 2030” medium-term management plan for 2021-2025, under the slogan “One & Only – Creation of TCG, the New Globally Unrivaled Management Consulting Group.” For the current fiscal year, which is the second year of the plan, we revised the initial numerical plan upwards, and now seek to achieve overall Group net sales of ¥11,700 million, operating profit of ¥1,150 million, and profit attributable to owners of parent of ¥720 million. For the fiscal year ending March 31, 2026, the final year of the plan, our targets are net sales of ¥15,000 million, operating profit of ¥1,800 million, ROA of 15% and ROE of 10%. In terms of business strategy, even in the face of the COVID-19 pandemic, we are strongly promoting the “C&C (Consulting & Conglomerate) strategy” (diversifying consulting services), and updating our strategy formulation support (upstream) in management consulting, which has been the Group’s core strength, while at the same time, strengthening support for on-site operations (midstream to downstream) as “Professional DX Services” utilizing digital technology, in order to further strengthen our “consulting value chain” unlike any other that is capable of providing integrated support for corporate management. Human capital is the key to that end. In order to improve its value, we will further enhance the “TCG Academy” cloud curriculum. In addition, we will further strengthen efforts to hire and develop management consultant personnel in fields such as strategy & domain, digital/DX, HR, finance/M&A, and branding & marketing, aiming to realize a structure of 800 personnel for the Group. In terms of marketing strategy, in order to further improve long-term business results with client corporations over decades with a consulting continuation rate of more than 70%, and further increase customer lifetime value (LTV), our customer relation management (CRM) consultants at each office in 10 major cities nationwide are strengthening the points of interaction with client companies, and the follow-up system with client companies is also being reinforced through the use of the Strategic Laboratories. In addition, we will accelerate the launch of websites for each specialized field related to management strategy and management functions, and further strengthen these activities to improve customer experience (CX). 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

WHAT'S TCG in Numbers

TANABE CONSULTING GROUP

<p>Japanese pioneer in management consulting</p>	<p>Now in our 65th year</p>	<p>Total number of companies receiving consulting services</p>
	15,000 <small>or more</small>	
<p>Total employees of TCG (As of October 1, 2022)</p>	<p>592</p>	<p>Number of companies receiving management consulting services</p>
	10,000 <small>or more</small>	
<p>Number of financial institutions and other such companies in the network</p>	<p>330 <small>or more</small></p>	<p>Number of companies receiving marketing support</p>
	3,600 <small>or more</small>	
<p>Major cities of operations in Japan (including the Group companies)</p>	<p>10 <small>areas</small></p>	<p>Number of M&A success cases (including cross-border)</p>
	600 <small>or more</small>	
<p>Number of Management Letter members</p>	<p>110 <small>thousand or more</small></p>	<p>Number of companies receiving creative support</p>
	500 <small>or more</small>	
<p>Number of people attending Tanabe seminars in fiscal 2021</p>	<p>9,900 <small>or more</small></p>	<p>Number of companies receiving B-to-B digital marketing support</p>
	300 <small>thousand or more</small>	

TANABE CONSULTING GROUP

The information regarding offices is current as of September 30, 2022.

VI. Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	7,399,416	7,505,497
Notes and accounts receivable - trade, and contract assets	872,675	815,563
Securities	800,000	99,980
Merchandise	44,925	61,756
Raw materials	3,375	6,966
Deposits paid	-	800,000
Other	209,936	305,482
Allowance for doubtful accounts	(792)	(730)
Total current assets	9,329,538	9,594,516
Non-current assets		
Property, plant and equipment		
Land	1,527,477	1,527,477
Other, net	611,210	626,615
Total property, plant and equipment	2,138,687	2,154,092
Intangible assets		
Goodwill	685,097	655,859
Other	52,391	65,339
Total intangible assets	737,489	721,198
Investments and other assets		
Long-term time deposits	210,403	211,003
Other	1,427,778	1,434,813
Allowance for doubtful accounts	(19,000)	(19,000)
Total investments and other assets	1,619,181	1,626,816
Total non-current assets	4,495,358	4,502,108
Deferred assets	-	2,433
Total assets	13,824,896	14,099,058
Liabilities		
Current liabilities		
Accounts payable - trade	401,777	390,286
Income taxes payable	210,662	240,581
Provision for bonuses	61,932	77,109
Other	1,181,742	1,322,325
Total current liabilities	1,856,115	2,030,303
Non-current liabilities		
Long-term borrowings	149,867	134,309
Provision for retirement benefits for directors (and other officers)	124,737	124,737
Provision for loss on guarantees	20,020	16,024
Other	156,683	147,379
Total non-current liabilities	451,308	422,449
Total liabilities	2,307,423	2,452,753

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,772,000	1,772,000
Capital surplus	2,409,619	2,409,621
Retained earnings	7,159,864	7,272,062
Treasury shares	(187,045)	(187,034)
Total shareholders' equity	11,154,437	11,266,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,607	4,558
Remeasurements of defined benefit plans	37,286	33,327
Total accumulated other comprehensive income	44,893	37,886
Share acquisition rights	14,217	14,142
Non-controlling interests	303,923	327,626
Total net assets	11,517,472	11,646,304
Total liabilities and net assets	13,824,896	14,099,058

(2) Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	4,536,670	5,386,112
Cost of sales	2,395,338	2,907,294
Gross profit	2,141,331	2,478,818
Selling, general and administrative expenses	1,844,933	1,877,531
Operating profit	296,397	601,286
Non-operating income		
Interest income	1,539	1,413
Dividend income of life insurance	1,862	1,900
Subsidy income	340	1,280
Other	1,088	1,454
Total non-operating income	4,830	6,048
Non-operating expenses		
Interest expenses	676	526
Amortization of organization expenses	–	250
Other	293	113
Total non-operating expenses	969	890
Ordinary profit	300,258	606,444
Extraordinary income		
Reversal of provision for loss on guarantees	3,996	3,996
Other	334	74
Total extraordinary income	4,330	4,070
Extraordinary losses		
Loss on sale and retirement of non-current assets	4,445	2,474
Other	9	–
Total extraordinary losses	4,455	2,474
Profit before income taxes	300,133	608,040
Income taxes	100,343	194,477
Profit	199,790	413,563
Profit (loss) attributable to non-controlling interests	(16,925)	26,891
Profit attributable to owners of parent	216,716	386,671

(3) Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	199,790	413,563
Other comprehensive income		
Valuation difference on available-for-sale securities	673	(6,237)
Remeasurements of defined benefit plans, net of tax	(7,647)	(3,958)
Total other comprehensive income	(6,973)	(10,196)
Comprehensive income	192,817	403,366
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	209,743	379,664
Comprehensive income attributable to non-controlling interests	(16,925)	23,702

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	300,133	608,040
Depreciation	41,145	40,054
Amortization of goodwill	27,607	29,238
Loss (gain) on sale and retirement of non-current assets	4,445	2,474
Loss (gain) on sale of investment securities	9	–
Increase (decrease) in provision for bonuses	(28,097)	15,177
Increase (decrease) in allowance for doubtful accounts	(305)	(61)
Decrease (increase) in retirement benefit asset	(46,195)	(44,866)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(208,473)	–
Increase (decrease) in provision for loss on guarantees	(3,996)	(3,996)
Interest and dividend income	(1,539)	(1,413)
Interest expenses	676	526
Decrease (increase) in trade receivables	3,770	57,111
Decrease (increase) in inventories	(21,972)	(49,435)
Increase (decrease) in trade payables	21,857	(11,490)
Increase (decrease) in advances received	222,651	214,050
Other, net	(118,458)	(188,552)
Subtotal	193,258	666,858
Interest and dividends received	1,527	1,410
Interest paid	(676)	(568)
Income taxes refund (paid)	(61,004)	(144,622)
Net cash provided by (used in) operating activities	133,106	523,078
Cash flows from investing activities		
Payments into time deposits	–	(1,800)
Proceeds from withdrawal of time deposits	100,000	1,200
Purchase of securities	(2,099,906)	(800,000)
Proceeds from sale and redemption of securities	2,599,914	1,600,000
Proceeds from sale and redemption of investment securities	0	–
Payments for investments in capital	–	(35,000)
Purchase of property, plant and equipment and intangible assets	(12,877)	(32,338)
Proceeds from sale of property, plant and equipment and intangible assets	15	–
Payments of guarantee deposits	(1,584)	(33,184)
Payments for asset retirement obligations	(8,612)	–
Payments of deposits	–	(800,000)
Other, net	(4,976)	(10,373)
Net cash provided by (used in) investing activities	571,971	(111,496)
Cash flows from financing activities		
Purchase of treasury shares	(128)	–
Dividends paid	(369,191)	(274,027)
Other, net	(30,209)	(31,472)
Net cash provided by (used in) financing activities	(399,529)	(305,499)
Net increase (decrease) in cash and cash equivalents	305,548	106,081
Cash and cash equivalents at beginning of period	6,778,716	7,399,416
Cash and cash equivalents at end of period	7,084,265	7,505,497

VII. Corporate Data

Basic Information (as of October 1, 2022)

Trade name:	TANABE CONSULTING GROUP CO., LTD.
Founded:	October 16, 1957
Established:	April 1, 1963
Listed market:	The Prime Market 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:	592 persons (consolidated)
Group companies:	TANABE CONSULTING CO., LTD. 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 October 1, 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 September 30, 2022)

Total number of shares authorized:	70,000,000 shares
Total number of shares issued:	17,508,400 shares
Number of shareholders:	7,226

Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands of shares)	Share-holding ratio (%)
Jiro Tanabe	2,075	12.1
Yoichiro Tanabe	1,811	10.6
Toki Narazaki	1,625	9.5
HIKARI TSUSHIN, INC.	1,038	6.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	765	4.5
Tanabe Consulting Employee Share Ownership Scheme	562	3.3
Shinichi Ueda	516	3.0
Tanabe Consulting Client Share Ownership Scheme	424	2.5
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 (353,808 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.