COMPANY RESEARCH AND ANALYSIS REPORT

TANABE CONSULTING GROUP CO., LTD.

9644

Tokyo Stock Exchange Prime Market

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Contents

Summary

Aims for further growth through diversification in management consulting and optimal proposals via AX with 50,000 upper mid-sized companies (large- to medium-sized enterprises, particularly upper mid-sized companies) as its target

TANABE CONSULTING GROUP CO., LTD. <9644> (hereafter, also “the Company” or “TCG”), through its principal operating company, TANABE CONSULTING CO., LTD., is a management consulting pioneer in Japan, now in its 69th year since its founding. It uses a “top management approach” with top management (executives and business leaders) at large- to medium-sized enterprises, particularly upper mid-sized companies, as its main clients. TCG provides team consulting services that offer comprehensive support, from formulating management strategies (upstream) to implementing and executing management operations at business sites through digital transformation (DX) (midstream to downstream). In team consulting, teams are formed by selecting multiple specialist consultants best suited to the client company’s specific management issues, based on factors such as industry characteristics, strategic issues, and regional characteristics (domestic and overseas). In terms of management consulting domains, the Company currently offers consulting across five domains, including Strategy & Domain, Digital and DX, HR, Finance and M&A, and Branding & PR, from the perspective of key management skills and technologies required by top management, and provides broad support to help its client companies to improve corporate value.

Since 2019, the Company has been pursuing an M&A strategy to diversify and expand its management consulting domains and strengthen its professional DX services (a menu of services that leverage digital technology to support onsite execution). Specifically, in 2019, it added Leading Solutions Co., Ltd., a provider of digital marketing services to BtoB companies, and in 2021, it brought in Growin’ Partners Inc., which offers broad M&A support including cross-border deals and BPR/DX support for back-office functions, and also JAYTHREE, Inc., a provider of branding and CX design services. In 2023, it welcomed Kartz Media Works, Inc., a strategic PR consultancy operating in both domestic and global markets, followed in 2024 by Surpass Co., Ltd., a company led by professional women that provides client acquisition support and organizational and human resource development services focused on diversity, equity & inclusion (DE&I). In June 2025, the Company added PEACEMIND Inc., a pioneer in employee assistance programs (EAP), which provides services that support employee health and workplace environment improvements.

The Company continues to provide accompanied support that addresses client companies’ management as a whole through three methods: Top management approach, team consulting, and comprehensive support model. Such efforts have made the Company a presence that knows clients better than they know themselves, leading to the further enhancement of consulting quality. Additionally, from the perspective of client companies as well, the Company’s accompanied support is deeply embedded in their management activities, which reduces the likelihood of switching to other providers’ services and helps sustain stable, ongoing business relationships. As a result of such relationship-building, the Company has had ongoing business relationships lasting several decades with numerous client companies, providing it with a stable earnings base.

1. Overview of FY3/26 results

In the Company's consolidated results for FY3/26, net sales increased 12.0% year on year (YoY) to ¥16,282mn and operating profit increased 20.9% to ¥1,813mn. Both figures exceeded Company guidance (¥16,000mn for net sales; ¥1,800mn for operating profit), achieving record highs for the second consecutive fiscal year. In terms of net sales, the Company achieved sales growth across all management consulting domains. On the profit front as well, improvements in the gross profit margin, driven largely by the effects of higher sales and an increase in high value-added projects, offset increases in personnel expenses and other SG&A expenses. The operating profit margin also came in at 11.1%, achieving record highs since the Company began preparing consolidated financial statements in FY3/20. It would appear that the diversification of, and strengthening of expertise in management consulting domains that utilize M&A that it has pursued in recent years have contributed to results growth.

2. FY3/27 forecasts

In its consolidated forecasts for FY3/27, the Company expects net sales to increase 5.6% YoY to ¥17,200mn and operating profit to increase 4.7% to ¥1,900mn. While continuing to make proactive growth investments, it will aim for steady growth. Amid mounting management challenges for companies that include rising geopolitical risk and inflation, information security measures, DX/AX, business succession, and M&A, the Company will continue to leverage the collective strengths of its Group companies to capture corporate needs accompanying such challenges and translate them into growth.

3. Medium-term management plan

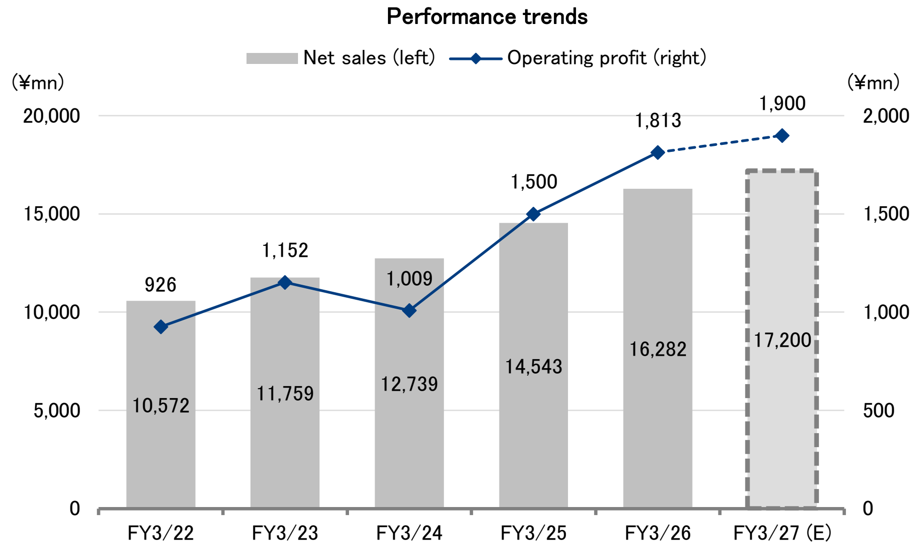
The Company announced "TCG Future Vision 2030," its new medium-term management plan (FY3/27–FY3/31), in May 2026. The Company has set forth "Empowering 50,000 Mid-Sized Companies to Become the First Call Companies Worldwide: The One & Only Global Management Consulting Firm" as its growth vision. It will continue to promote the diversification of and the strengthening of expertise in management consulting domains that utilize M&A. The Company has set numerical management targets for FY3/31 of net sales of ¥25.0bn (CAGR of 9.0%), operating profit of ¥3.0bn (CAGR of 10.6%), ROE of 15.0% (increase of 4.5 percentage points (pp) from FY3/26 actual results). It expects a ¥2.0bn–¥3.0bn increase in net sales from M&A (by expanding management consulting domains from the current 5 areas to 8). When conducting client acquisition and cross-sell proposals, combining generative AI technology with the vast databases accumulated in-house enables rapid, optimal proposals for each individual client. This is expected to improve the order conversion rate.

4. Shareholder return policy

Under its shareholder return policy, the Company will continue the management trend of dividend increases accompanying revenue and profit growth and implement stable dividends (dividend payout ratio of 70–80% and DOE of 7% or higher), and aim for a total return ratio of 100% by implementing the flexible acquisition of treasury shares for the purpose of improving capital efficiency. In FY3/26, it paid a dividend per share of ¥27.0, an effective increase of ¥3.0 YoY (dividend payout ratio of 79.6%). For FY3/27, the Company plans a dividend of ¥29.0, an increase of ¥2.0 (dividend payout ratio of 80.3%). Additionally, the Company acquired treasury shares with a total acquisition value of up to ¥100mn, or up to 200,000 shares (Period of acquisition: From June 15, 2026 to July 31, 2026). The Company will also continue its shareholder benefit program, offering a Digital Gift® worth ¥500–¥10,000 to shareholders on record at the end of September each year in accordance with the number of shares they hold.

Key Points

- The strategy of diversifying management consulting domains proved effective in FY3/26, enabling the Company to achieve record-high results
- Aims to increase sales and profit while continuing growth investments in FY3/27 as well
- Seeks to attain the top share of the market as a comprehensive management consulting group that provides one-stop solutions to diverse management issues for approximately 50,000 upper mid-sized companies
- Will maintain dividend increases with a payout ratio of 70–80% and DOE of 7% or higher as it aims for a total return ratio of 100% including the acquisition of treasury shares; will present Digital Gift® under the shareholder benefit program



Source: Prepared by FISCO from the Company's financial results

Business overview

Pools the combined strength of its eight Group companies to offer team consulting that provides comprehensive support from the formulation of management strategies to the implementation and execution of management operations through the likes of DX

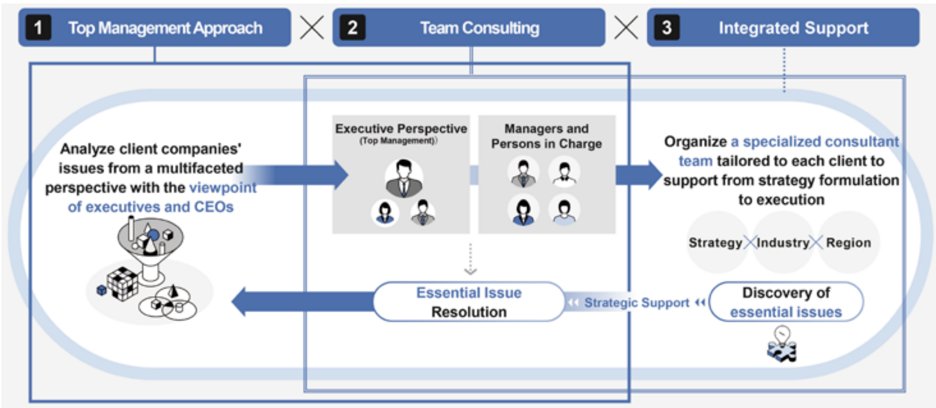
1. Company profile

The Company, founded in 1957 as "Tanabe Management Consulting," is a management consulting pioneer in Japan and a major player in the industry. It has developed a community-based management consulting model that provides comprehensive support, from formulating management strategies to implementing and executing onsite management operations through digital transformation (DX), for large- to medium-sized enterprises (with net sales of ¥3.0bn–¥1.0tn), particularly upper mid-sized companies. By providing team consulting to address increasingly sophisticated, specialized, and complex management issues, the Company supports the sustainable growth of its client companies.

(1) Management consulting style

TCG's business model relies on a team of highly specialized consultants who possess extensive knowledge of industry characteristics, strategic challenges, and regional characteristics (domestic and overseas). These consultants provide optimal strategic and organizational methods from the perspective of CEOs and other executives and business leaders (top management approach) at client enterprises as part of comprehensive support, from strategy formulation to onsite implementation and execution.

TCG's management consulting style



Source: The Company's results briefing materials

(a) Method I: Top management approach

The Company's primary client targets are top management (executives and business leaders) at large- to medium-sized enterprises, particularly upper mid-sized companies. It offers management consulting in domains covering the essential management skills and technologies required by top management, enabling it to address a wide variety of management issues from all angles. Approximately 62% of net sales is accounted for by large- to medium-sized enterprises, particularly upper mid-sized companies, with the Group supporting more than 1,350 listed companies and having many leading, high-quality upper mid-sized companies that represent their industries and regions as clients, thereby contributing to regional revitalization as well.

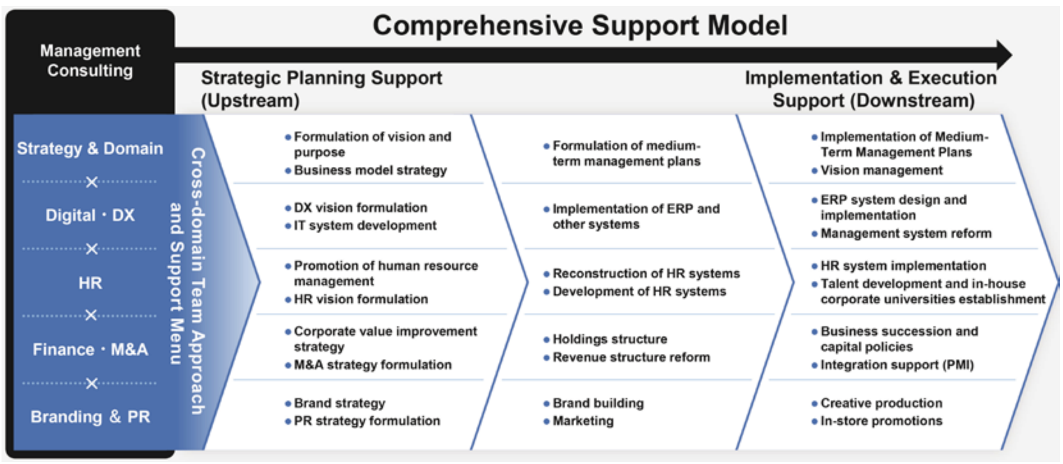
(b) Method II: Team consulting

The Company has five management consulting domains. Strategy & Domain supports the formulation of a medium- to long-term vision, management strategies, and business strategies for each industry. The Digital and DX domain provides support for the formulation of a DX/AX vision through the deployment and implementation of specific DX initiatives. The HR domain supports human capital-related business areas, from the formulation of an HR system to HR recruitment and education and work style reforms. The Finance and M&A domain provides M&A support to improve corporate value, including business succession, corporate finance, and due diligence, through to PMI, including cross-border deals. The Branding & PR domain provides support from formulating brand strategies for Japan and overseas to supporting their implementation, creatives, and PR/corporate communications. A variety of specialist consultants, including those with extensive knowledge of the client's industry, those with extensive knowledge of strategic issues in each management consulting domain, and those familiar with regional characteristics, form a team to offer all-around support to solve each client's management issues, pursuing a high level of specialization and comprehensiveness at the same time.

(c) Method III: Comprehensive support model

A team of consultants supports top management, providing comprehensive support from the formulation of philosophy, purpose and strategies (management upstream) to the implementation and execution of management operations at business sites through the likes of DX (midstream to downstream of management), resulting in a high contract retention rate. The Company drives transformation starting from top management issues in the areas of Strategy & Domain, Digital and DX, HR, Finance and M&A, and Branding & PR, providing support until results are achieved onsite.

Comprehensive Support Model



Source: The Company's results briefing materials

For many years, the Company has had offices in 10 key regions across Japan, from Hokkaido to Okinawa. One of its unique features and strengths is its nationwide network of locally-based firms staffed by management consultants, which have been providing community-based management consulting services. The Company is also working to enhance its nationwide support functions. Specifically, it has established the Strategic Research Institute, whose functions include planning and directing various consulting services, analyzing and disseminating management information collected from consulting sites and alliances with other companies, as well as the Chuken Kigyo Lab, a research center for upper mid-sized companies. It has also added corporate functions such as investor relations, shareholder relations, public relations, human resources recruitment, M&A, and sustainability at both its Osaka and Tokyo head offices. Additionally, it has established a network in major countries in Asia, Europe, and the Americas to provide total support to client companies expanding overseas.

(2) Strategy promotion through an eight-company Group structure

Since 2019, the Company has been expanding the Group through M&A as one of its growth strategies. As of the end of March 2026, six companies with expected synergies had joined the Group.

The TANABE CONSULTING GROUP's outline

Source: The Company's results briefing materials

In October 2019, Leading Solutions became a subsidiary (investment ratio: 60.0%). It primarily carries out KPO (Knowledge Process Outsourcing) work, a one-stop outsourced service covering processes from formulating strategy through planning and implementing measures to PDCA cycles, for digital marketing in the BtoB area and website construction.

Growin' Partners became a subsidiary in January 2021 (investment ratio: 50.1%). It has many accountants and financial advisors, and its businesses are providing overall M&A assistance, including that for cross-border deals, and providing BPR/DX support (support to introduce ERP, RPA, etc.) for the back offices (such as the accounting and finance departments) of large companies and listed corporate groups as well as assistance for HR system development and organizational strategy.

JAYTHREE became a subsidiary in December 2021 (investment ratio: 96.2%). It has professional human resources, including directors, creators, and designers. Its strengths include the creation of new value, such as branding, CX design, and marketing DX for clients that range from large companies to upper mid-sized and medium-sized companies.

Kartz Media Works, which became a subsidiary in February 2023 (investment ratio: 55.0%), has many employees who previously worked in the media and global human resources who serve as "PR consultants," and its strengths include strategic PR, overseas PR, and support for digital marketing strategy formulation and operations for large companies, including foreign-affiliated companies. Global PR Wire, an overseas press release distribution service provided by Kartz Media Works, is a service that delivers press releases directly to journalists worldwide who specialize in the industry and is tailored to the distribution area. More than 2,000 companies, including leading global companies representing Japan, have been using the service.

Surpass, which became a subsidiary in August 2024 (investment ratio: 62.4%), has a team of more than 100 professional female consultants who provide a range of consulting services to BtoB companies, including sales/marketing consulting services, digital marketing and SFA (sales force automation)/CRM (customer relationship management) implementation consulting services, and organizational design consulting services to realize DE&I*. It maintains a high retention rate of approximately 90% in implementation support for BtoB sales/marketing for large enterprises, and it also partners with local governments, including Yuzawa City, Akita Prefecture, to train local female residents as digital talent, support certification acquisition, and assist with the creation of employment opportunities.

* DE&I refers to the concept of Diversity, Equity, and Inclusion. It aims to create a workplace where diverse human resources in an organization can receive the necessary support according to their situation to maximize individual performance by leveraging their characteristics and strengths, thereby contributing to business performance.

In June 2025, the Company made PEACEMIND (investment ratio: 61.9%) a subsidiary. As a pioneer in EAP*1 services in Japan and Asia, PEACEMIND offers counseling services and stress checks through its proprietary Working Better Cloud digital platform on a one-stop basis. It employs around 100 professional staff, including clinical psychologists, public health nurses, and industrial counselors, and has business relationships with 1,400 companies, primarily large enterprises. More than 40% of these have been continuous clients for over 10 years. In addition to the provision of services with high LTV*2, the fact that 35% of contracted clients are foreign-affiliated companies is a feature of the company. With the addition of PEACEMIND to the Group, TCG has entered the "corporate well-being market"—an area rarely served by management consulting firms.

*1 EAP (Employee Assistance Program) is a general term for welfare and support services provided by businesses to employees for personal issues that may affect work performance, including counseling services by clinical psychologists, mental health social workers, industrial counselors, career consultants, and other specialists.
*2 Lifetime value: Client lifetime value is defined by the Company as building long-term relationships with clients.

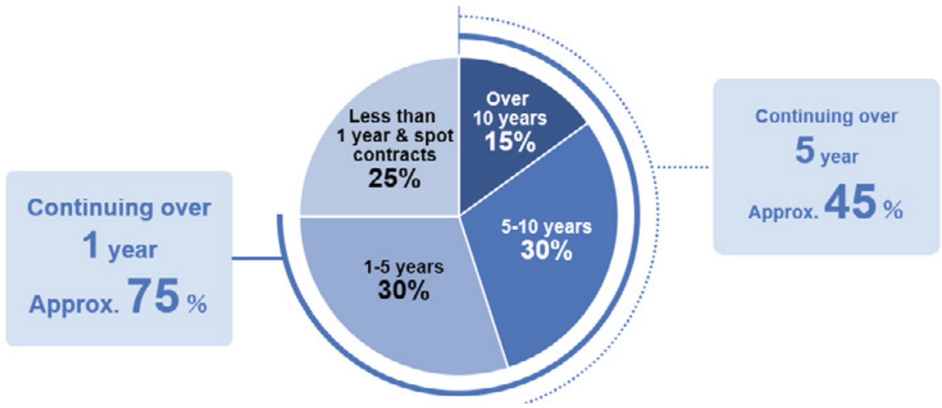
Forming the Group from these six companies has further strengthened the Company's comprehensive management consulting support model by enabling it to work as a group to solve various management issues faced by large, upper mid-sized, and medium-sized companies in Japan and overseas, including business succession, business model transformation and rebuilding, DX/AX and productivity improvement, CX design, human capital management, domestic and overseas PR, and DE&I. Moreover, the Company also offers government and public sector consulting (annual sales volume of several hundred million yen), leveraging its nationwide network of business bases. We at FISCO believe this will be one of the Company's main client target markets as it works to generate sustainable growth.

Approximately 75% of client companies continue their contracts on a long-term basis of 1 year or more, with approximately 45% of them continuing for 5 years or more. Attracts new clients through diverse channels, leading to team consulting contracts

2. Earnings growth model

The main feature of the Company's business model is that services based on long-term contracts are the foundation of its growth, and that it achieves sustained growth by increasing the number of new clients while also adding spot-type products and services. Approximately 45% of clients are long-term ones who continue their contracts for five years or longer. This figure becomes approximately 75% when clients who continue their contracts for one year or longer are included. FISCO believes the Company's role as a "business doctor," where it pursues a top management approach, supports the Group's high contract retention rate (LTV). Team consulting services accounted for 71% of net sales in FY3/26.

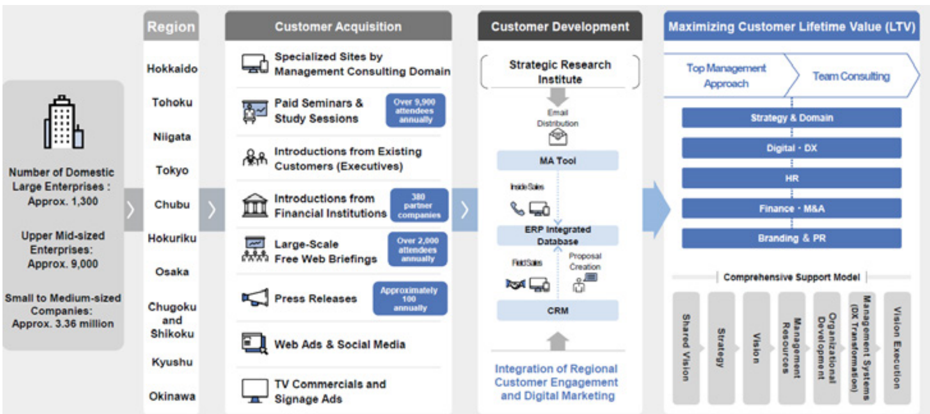
Customer breakdown by years of contract continuation



Source: The Company's results briefing materials

As the customer creation model, in addition to introductions from its existing clients and over 390 partner financial institutions, the Group creates contact points with new clients through means that include digital marketing and large-scale free online presentations, and fosters clients through inside sales and follow-up. Outside of team consulting services, the Group continuously provides paid services that include management workshops by industry and management theme and human resources development seminars by employee level, which serves to increase LTV. Approximately 50–60% of new clients for team consulting services are companies that have participated in these workshops and various seminars. Moreover, as the digital marketing strategy for the Group as a whole, it has launched specialist marketing websites for each management consulting domain and acquired leads (potential clients) through them, and cases leading to team consulting contracts are also increasing. Group synergy is also being generated. For example, Group company Surpass oversees the development of inside sales and Leading Solutions is responsible for developing sites for each management consulting domain, while JAYTHREE is responsible for creating some of the content.

Overview of marketing



Source: The Company's results briefing materials

Results trends

The strategy of diversifying management consulting domains proved effective in FY3/26, with all subsidiaries achieving favorable results

1. Overview of FY3/26 results

For FY3/26, the Company's consolidated results ended up exceeding guidance, with net sales of ¥16,282mn (up 12.0% YoY), operating profit of ¥1,813mn (up 20.9%), ordinary profit of ¥1,843mn (up 16.0%), and net profit attributable to owners of parent of ¥1,100mn (up 8.2%). Net sales rose for the fifth consecutive fiscal year, achieving record highs. Each profit line also achieved record highs for the second consecutive fiscal year. Additionally, due in part to the creation of Group synergy, sales increased across all management consulting domains with all subsidiaries delivering favorable financial results. Note that the inclusion in consolidation of PEACEMIND's results in July 2025 was a factor that increased net sales by several hundred million yen. However, its impact on profit appears to be limited due to M&A expenses and increased goodwill amortization, among other factors.

FY3/26 results

(¥mn)

	FY3/25		FY3/26				
	Results	Ratio to net sales	Company guidance	Results	Ratio to net sales	YoY	Ratio to target
Net sales	14,543	-	16,000	16,282	-	12.0%	1.8%
Gross profit	6,612	45.5%	7,300	7,962	48.9%	20.4%	9.1%
SG&A expenses	5,111	35.1%	5,500	6,148	37.8%	20.3%	11.8%
Operating profit	1,500	10.3%	1,800	1,813	11.1%	20.9%	0.8%
Ordinary profit	1,589	10.9%	1,800	1,843	11.3%	16.0%	2.4%
Net profit attributable to owners of parent	1,016	7.0%	1,070	1,100	6.8%	8.2%	2.8%
EBITDA*	1,722	11.8%	-	2,155	13.2%	25.2%	-

* EBITDA = operating profit + depreciation + goodwill amortization
Source: Prepared by FISCO from the Company's financial results and results briefing materials

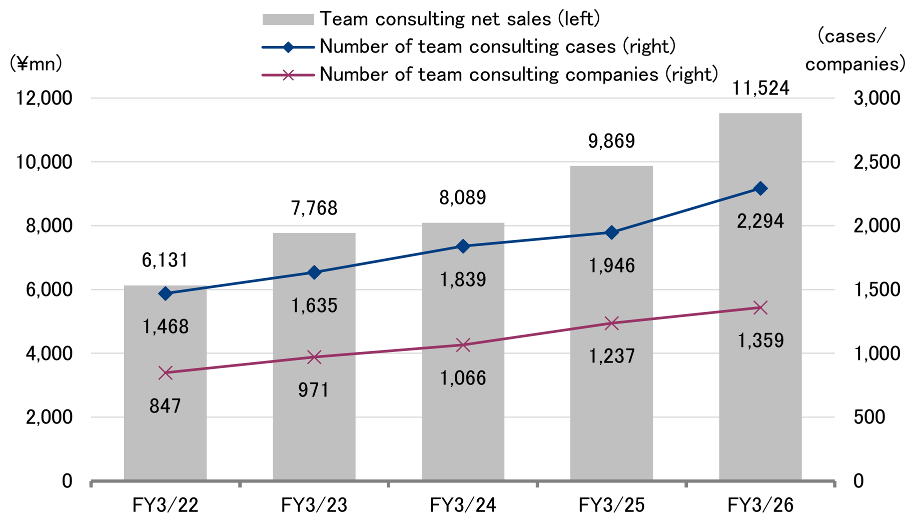
Looking at factors behind changes in operating profit, while net sales increased ¥1,738mn YoY (up 12.0%), expenses fell ¥216mn (down 4.9%) in the cost of sales for products and services, increased ¥1,287mn (up 20.3%) in investment in human capital, increased ¥91mn (up 27.3%) in investment in Digital and DX, increased ¥127mn (up 36.5%) in investment in branding and marketing, and increased ¥136mn (up 8.2%) in other SG&A expenses.

The increase in human capital investment was mainly due to benefit improvements and higher headcount at existing operating companies as well as the addition of personnel expenses for new consolidated subsidiaries during the period when they were consolidated. The consolidated number of employees at the end of FY3/26 was 843, up 18.6% from the end of the previous fiscal year. On the other hand, the cost of sales for products and services declined because the Company strategically reduced low-profitability projects involving promotional products. As a percentage of net sales, it fell 4.5pp YoY, contributing to an improvement in the gross profit margin. Digital and DX investments and branding and marketing investments were each positioned as investments for sustainable growth. Although these investment expenses rose as a ratio to net sales, the Company offset them through the effect of higher sales and an improved gross profit margin. Moreover, its operating profit margin came to 11.1%, the highest level since the Company began preparing consolidated results in FY3/20.

Additionally, EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization), which reflects underlying earnings power, increased 25.2% to ¥2,155mn, and the EBITDA margin was 13.2%. Both of these achieved record highs. Note that the growth rate of net profit attributable to owners of parent was lower than that of ordinary profit due to profit attributable to non-controlling interests expanding from ¥83mn in the previous fiscal year to ¥208mn on strong results at subsidiaries. In particular, revenue at Growin' Partners grew significantly.

The Company uses team consulting net sales, number of contracts, and number of companies as KPIs. In FY3/26, team consulting net sales increased 16.8% to ¥11,524mn, the number of contracts increased 17.9% to 2,294, and the average number of companies during the year increased 9.9% to 1,359, with all three achieving record highs. Along with the effect of M&A, sales at existing Group companies also grew steadily. Although the average sales value per contract edged down 0.9% to ¥5.02mn, the average number of projects per company increased 7.3% to 1.69, lifting average sales value per company 6.3% to ¥8.47mn and keeping the uptrend intact. The factors behind the decline in the average sales value per contract were the promotion of switching from one-off contracts to team consulting contracts that are expected to generate recurring revenue at a subsidiary acquired through M&A, as well as an increase in contracts for relatively small-scale projects in FY3/26. Meanwhile, successes in capturing diverse consulting needs through Group synergy increased the average number of projects per company, which in turn led to an increase in average sales value per company. Base sales, which are sales from long-term contracted services of six months or more and provide a stable revenue base, also grew significantly due in part to PEACEMIND becoming a subsidiary, rising 21.3% to ¥10,906mn and achieving consecutive record highs.

Team consulting companies and net sales



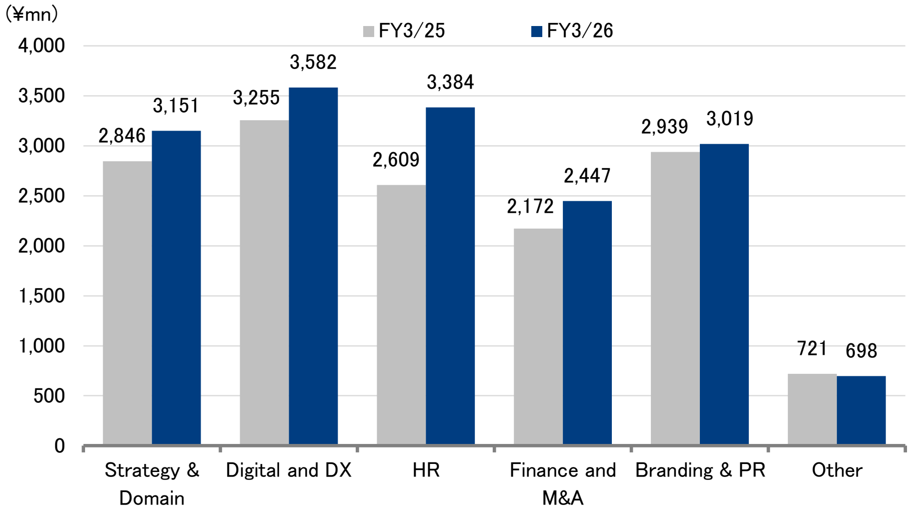
Notes 1: Team consulting = monthly contract-type consulting (Strategy & Domain, Digital and DX, HR, Finance and M&A, Branding & PR), while the number of companies is the average number of contracting companies during each period.
2: Results for FY3/22 are the combined totals for TANABE CONSULTING, Leading Solutions, Growin' Partners, and JAYTHREE.
3: Kartz Media Works results included in consolidation since FY3/24.
4: Surpass results included in consolidation since FY3/25 (seven months of net sales).
5: PEACEMIND results included in consolidation from FY3/26 (nine months of net sales).
Source: Prepared by FISCO from the Company's results briefing materials

Achieved increase in sales in all five management consulting domains

2. Net sales breakdown by management consulting domain

Net sales by management consulting domain posted increases in all domains. By area, net sales also grew at all business bases. By client industry as well, there was growth overall, especially in the health care, manufacturing (machinery, etc.), and construction industries, and the number of inquiries from upper mid-sized and large enterprises increased.

Net sales breakdown by management consulting domain



Note: Starting in FY3/26, the "comprehensive support from sales strategy formulation to onsite customer creation" provided by Surpass' marketing and sales support business has been reclassified from HR to Strategy & Domain. Accordingly, net sales for HR and Strategy & Domain in FY3/25 have also been restated.
Source: Prepared by FISCO from the Company's results briefing materials

(1) Strategy & Domain

Net sales in Strategy & Domain increased 10.7% YoY to ¥3,151mn. There was strong consulting demand geared towards growth, with projects related to themes that included the formulation and promotion of long-term visions and medium-term management plans, business model transformation, new business development/PMO support, global strategy formulation/overseas expansion performing well. Government and public sector projects that leverage the Company's community-based strengths also increased. Furthermore, services in the marketing and sales domain offered by Surpass, which became a consolidated subsidiary in August 2024, contributed to sales growth.

(2) Digital and DX

Net sales in the Digital and DX domain increased 10.1% YoY to ¥3,582mn. There was firm consulting demand for creating new value through productivity improvements and data utilization, with projects related to themes that included the formulation of IT concepts and DX visions, ERP system introduction and implementation, DX strategy advisory, AI introduction and implementation, BPO and business process improvement, branding DX (websites and social media), and DX certification acquisition performing well. Furthermore, there was an increase in development and joint proposals related to professional DX services associated with increased alliances with IT companies. Besides these, the TECH WOMAN® initiative expanded in various regions. Conducted through collaboration by Surpass with local governments and financial institutions, this trains women living in the community to become digital professionals, supporting them in obtaining qualifications and creating employment opportunities.

(3) HR

Net sales in the HR domain increased 29.7% YoY to ¥3,384mn. Consulting demand was strong for expanding human resources foundations and restructuring human resources portfolios in conjunction with reviews of management strategies and business portfolios, as well as for human capital management, and themes that included rebuilding personnel compensation schemes, establishing internal universities (academies), HR development (including reskilling), and junior boards (development of future management teams) performed well. In addition, Surpass' services in the women's empowerment and DE&I fields and PEACEMIND's services in the corporate well-being field, which included EAP, stress checks, and harassment countermeasures, also contributed to increased sales.

(4) Finance and M&A

Net sales in the Finance and M&A domain increased 12.6% YoY to ¥2,447mn. Consulting demand related to improving corporate value and business succession (including the possibility of third-party succession) was firm, with themes that included corporate value vision, capital policy, the creation of holding company structures and group management, integrated M&A consulting that includes overseas M&A (consistent support from strategy formulation to FA, due diligence, and PMI), business succession, and IPO support performing well. Furthermore, there was growth in themes related to listed companies that included the strengthening of corporate governance, the establishment of an internal control system, the achievement of management that takes into account capital costs and share prices, and IR support.

(5) Branding & PR

In Branding & PR, net sales increased 2.7% YoY to ¥3,019mn, making this the only domain to post single-digit growth in sales. The factors behind this were the Company's restraint in taking orders for low-profitability projects and promotion of a shift in the revenue structure. The gross profit margin improved slightly over 3pp, and operating profit appears to have posted double-digit growth. There was strong demand for consulting related to establishing a corporate purpose and brand and developing group branding, with themes that included the formulation of a brand vision, establishment of PR functions (including training), media PR (e.g., Global PR Wire press release service for overseas markets, press conferences), Expo Osaka, Kansai, Japan, and inner branding performing well.

(6) Other

In Other, which includes Blue Diary notebooks and promotional products, net sales decreased 3.2% YoY to ¥698mn.

Equity ratio remains high at 69.6%; using cash on hand to fund shareholder returns and M&A

3. Financial position and management indicators

As of the end of FY3/26, total assets were ¥15,169mn, up ¥840mn from the end of the previous fiscal year. Looking at the main changes in current assets, cash and deposits and securities decreased ¥674mn, while notes and accounts receivable – trade and contract assets increased ¥122mn. In non-current assets, as the Company made PEACEMIND a subsidiary, goodwill increased ¥514mn, while investment securities and retirement benefit asset increased ¥210mn and ¥224mn, respectively.

Total liabilities increased ¥609mn from the end of the previous fiscal year to ¥3,797mn. Interest-bearing debt increased ¥316mn while advances received and provision for bonuses increased ¥89mn and ¥98mn, respectively. Meanwhile, total net assets increased ¥231mn from the end of the previous fiscal year to ¥11,372mn. While there were decreases of ¥846mn due to dividend payments and ¥449mn due to the acquisition of treasury shares, net profit attributable to owners of parent of ¥1,100mn was recorded, and non-controlling interests increased ¥327mn due to increased earnings at subsidiaries and the inclusion of PEACEMIND in consolidation.

Looking at management indicators, the equity ratio was 69.6%, remaining at a high level, and the Company continues to have significant reserves of cash and deposits of around ¥7.0bn, maintaining effectively debt-free management. As such, FISCO views it as highly financially sound. Total net assets have been stagnating for several years, mainly due to the Company's active shareholder return measures, including the acquisition of treasury shares, based on a target consolidated total return ratio of 100% as part of its initiatives to achieve ROE of 10% in FY3/26. The Company expects that significant funding needs other than for M&A will continue not to arise in the future. As such, it intends to allocate cash on hand to shareholder returns, M&A funding, and so forth. ROE for FY3/26 was 10.5%, up 1.0pp YoY. Breaking down the three indicators that make up ROE, although the ratio of net profit attributable to owners of parent to net sales declined from 7.0% to 6.8%, increases in total asset turnover from 1.01 times to 1.10 times and in financial leverage from 1.32 times to 1.39 times drove the rise in ROE.

Consolidated balance sheet and management indicators

(¥mn)

	FY3/23	FY3/24	FY3/25	FY3/26	Change
Current assets	9,674	9,347	9,091	8,646	-445
Cash and deposits and securities	8,373	7,838	7,665	6,990	-674
Non-current assets	4,734	4,789	5,235	6,522	1,286
Goodwill	735	666	1,010	1,524	514
Total assets	14,410	14,139	14,328	15,169	840
Current liabilities	2,154	2,209	2,536	2,818	281
Non-current liabilities	545	625	650	978	328
Total liabilities	2,700	2,834	3,187	3,797	609
Interest-bearing debt	190	210	373	689	316
Net assets	11,710	11,304	11,141	11,372	231
Management indicators					
Equity ratio	78.8%	77.1%	74.3%	69.6%	-4.7pp
Interest-bearing debt ratio	1.6%	1.9%	3.5%	6.5%	3.0pp
Return on equity (ROE)	6.4%	5.8%	9.5%	10.5%	1.0pp
Ratio of operating profit to net sales	9.8%	7.9%	10.3%	11.1%	0.8pp
ROE breakdown					
Ratio of net profit attributable to owners of parent to net sales	6.2%	5.0%	7.0%	6.8%	-0.2pp
Total asset turnover (times)	0.83	0.90	1.01	1.10	0.09
Financial leverage (times)	1.25	1.28	1.32	1.39	0.07

Source: Prepared by FISCO from the Company's financial results

Outlook

Will aim for higher sales and profit while continuing growth investments in FY3/27

1. FY3/27 forecasts

For FY3/27, the Company forecasts that its trend of sales and profit growth will continue, with consolidated net sales of ¥17,200mn (up 5.6% YoY), operating profit of ¥1,900mn (up 4.7%), ordinary profit of ¥1,900mn (up 3.1%), and net profit attributable to owners of parent of ¥1,155mn (up 5.0%).

FY3/27 forecasts

(¥mn)

	FY3/26		FY3/27		
	Results	Ratio to net sales	Full-year plan	Ratio to net sales	YoY
Net sales	16,282	-	17,200	-	5.6%
Gross profit	7,962	48.9%	8,480	49.3%	6.5%
SG&A expenses	6,148	37.8%	6,580	38.3%	7.0%
Operating profit	1,813	11.1%	1,900	11.0%	4.7%
Ordinary profit	1,843	11.3%	1,900	11.0%	3.1%
Net profit attributable to owners of parent	1,100	6.8%	1,155	6.7%	5.0%
Earnings per share (¥)	33.92	-	35.97	-	-

Source: Prepared by FISCO from the Company's results briefing materials

Amid mounting management challenges for companies that include rising geopolitical risk and inflation, information security measures, DX/AX, business succession, and M&A, the Company will continue to leverage the collective strengths of its Group companies to capture corporate needs accompanying such challenges and translate them into growth. On the cost front, the Company plans to continue growth investments that include human capital investment, branding investment, and DX/AX investment, but intends to offset them through improvement in the gross profit margin driven by stronger initiatives for high value-added projects and through work efficiency gains from the companywide utilization of generative AI as it aims to maintain the operating profit margin at a level on par with the previous fiscal year. Note that the Company expects the number of employees at the end of FY3/27 to be 890, an increase of 5.6% from the end of the previous fiscal year.

Since 2025, AI agents have been introduced companywide, and productivity improvement in back-office departments is expected. In addition, these are also being utilized to generate new clients and propose cross-selling to existing ones, making this initiative noteworthy for contributing to the improvement of sales productivity and growth in sales. Specifically, the Company extracts the management challenges faced by each company, their visions for the future, and so forth from the companies' securities reports, integrated reports, websites, and other disclosures. Following that, it uses generative AI to realize support for making optimal proposals based on the numerous management consulting methods it has accumulated to date. Utilizing generative AI enables swifter, more efficient extraction and analysis of management issues and preparation of consulting proposals than before. This is expected to facilitate the acquisition of new clients and induce the effects of increasing cross-selling conversion rates. While using generative AI to extract companies' management challenges is something any consulting firm can do, FISCO takes the view that the proposal of the optimal consulting methodologies is an area where the Company, which has built an extensive database accumulated over nearly 70 years, will demonstrate a competitive advantage over its competitors. Moreover, expanding a broad range of consulting domains across the Group also increases opportunities for cross-selling proposals, and is expected to contribute to improving LTV as well.

Net sales plan breakdown by management consulting domain

(¥mn)

	FY3/26 results	FY3/27 plan	Change (%)
Strategy & Domain	3,151	3,450	9.5%
Digital and DX	2,651	2,750	3.7%
HR	3,384	3,600	6.4%
Finance and M&A	3,054	3,300	8.1%
Branding & PR	3,345	3,400	1.6%
Other	698	700	0.2%
Total	16,282	17,200	5.6%

Note: From FY3/27, the Company reclassified certain consulting offerings in the Digital and DX domain into Finance and M&A and Branding & PR from the standpoint of affinity and other considerations. Accordingly, sales results for FY3/26 have also been restated retroactively.
Source: Prepared by FISCO from the Company's results briefing materials

In terms of net sales by management consulting domain, the Company expects sales growth in all domains, with net sales of ¥3,450mn in Strategy & Domain (up 9.5% YoY), ¥2,750mn in Digital and DX (up 3.7%), ¥3,600mn in HR (up 6.4%), ¥3,300mn in Finance and M&A (up 8.1%), and ¥3,400mn in Branding & PR (up 1.6%). For Branding & PR, the sales growth rate is anticipated to continue being lower due to the reduction of low-profitability projects.

Additionally, in HR, inquiries from companies listed on the Tokyo Stock Exchange Prime Market regarding Executive KARTE® (executive aptitude assessment), which was launched in 2025, are on the rise. This tool measures and analyzes personality traits, executive aptitude, and other qualities through a questionnaire for executives, successors, executive officers, and similar candidates, and is a service enabling the selection of next-generation executives and managers as well as the formulation of individualized development plans based on objective data. Currently, the Company is developing AI functionality for Executive KARTE®, which, once implemented, will enable more advanced aptitude assessments. In Japan, there are no other diagnostic tools targeting executives and business leaders. This one leverages data that the Company has accumulated through its top management approach over many years. More cases in which Executive KARTE® is used as a door opener that leads to contracts for management consulting services are expected going forward.

The one and only global management consulting group that leads 50,000 upper mid-sized companies to become “First Call Companies worldwide,” aims to secure the leading market share

2. Medium-term management plan

(1) Overview of medium-term management plan

The Company announced “TCG Future Vision 2030,” its five-year medium-term management plan (2026–2030) that commenced in FY3/27. Targeting approximately 50,000 large- to medium-sized enterprises, particularly the upper mid-sized companies that will drive the future Japanese economy, the Company works alongside their top management (executives and business leaders) to resolve social and economic issues and pursues the creation of “First Call Companies worldwide.” Upper mid-sized enterprises face complex management issues in their 1·3·5 growth process. Using its “1·3·5 growth strategy*” method, the Company provides accompanied support for client companies’ growth in order to achieve revenue growth together with those clients. In the future, the Company aims to secure the leading market share in the top-management market that encompasses approximately 50,000 companies.

* Refers to a breakthrough strategic approach for overcoming the hurdles (management challenges) that companies are said to face in their growth process to surpass net sales of ¥10.0bn, ¥30.0bn, ¥50.0bn, and ¥100.0bn.

As numerical management targets, the Company aims to achieve consolidated net sales of ¥25.0bn, operating profit of ¥3.0bn, ROE of 15.0%, and market capitalization of ¥50.0bn in FY3/31. CAGRs are 9.0% for net sales and 10.6% for operating profit. The Company will continue to tackle the diversification of management consulting domains through its M&A strategy and capture a wide range of consulting needs. It plans to achieve net sales of ¥22.5bn through organic growth and to add ¥2.0bn–¥3.0bn in net sales through the effects of M&A. While the plan calls for the acceleration of its growth rate in FY3/29, the Company expects to see meaningful effects, including synergy from its M&A strategy and the acquisition of new clients through stronger branding investment in FY3/28, when it will mark the 70th anniversary since its founding. CAGR by management consulting domain is anticipated to be 8.3% for Strategy & Domain, 8.1% for Finance and M&A, 7.7% for HR, 7.5% for Digital and DX, and 3.6% for Branding & PR.

Numerical results targets under medium-term management plan

(¥mn)

	FY3/26 results	FY3/27 plan	FY3/28 plan	FY3/29 plan	FY3/30 plan	FY3/31 plan	CAGR*
Net sales	16,282	17,200	18,500	21,500	23,500	25,000	9.0%
Operating profit	1,813	1,900	2,050	2,400	2,700	3,000	10.6%
Operating profit margin	11.1%	11.0%	11.1%	11.2%	11.5%	12.0%	-
ROE	10.5%	11.0%	12.0%	13.0%	14.0%	15.0%	-
Number of employees (people)	843	890	960	1,070	1,150	1,250	8.2%

* Average annual growth rate for the five-year period from FY3/27 to FY3/31
Source: Prepared by FISCO from the Company's medium-term management plan explanatory materials

Net sales targets by management consulting domain

(¥mn)

	FY3/26 results	FY3/31 plan	CAGR*
Net sales	16,282	25,000	9.0%
Strategy & Domain	3,151	4,700	8.3%
Digital and DX	2,651	3,800	7.5%
HR	3,384	4,900	7.7%
Finance and M&A	3,054	4,500	8.1%
Branding & PR	3,345	4,000	3.6%
Other	698	700	0.1%
New group companies (M&A)	-	2,000–3,000	-

* Average annual growth rate for the five-year period from FY3/27 to FY3/31
Source: Prepared by FISCO from the Company's medium-term management plan explanatory materials

(2) Business strategy

For its core strategy, the Company will develop and provide at least three new management consulting domains for the unique top management (executives and business leaders) market it serves (three domains each with net sales of ¥1.0bn or more). For those new domains, in addition to domains that will branch off from and become independent of existing domains, candidates include global expansion and AI. To strengthen these domains, the Company intends to conduct M&A for four or more companies and add them to the Group.

Additionally, the Company will provide high value-added consulting services that implement a Consulting & BPaaS* model combining consulting methods and DX/AX (systems) in a semi-hands-on manner, and link this to the improvement of LTV. Companies face the challenge of being short on specialized personnel capable of executing strategy. Having the Company carry out on-site implementation with the inclusion of professional personnel offers the advantage of obtaining consulting outcomes efficiently and quickly. Specific examples include implementation support for corporate planning operations, ERP system introduction and implementation support, implementation support for corporate universities (academies), execution support for M&A / PMI, and support for launching public relations (PR) functions.

* Business Process as a Service. A service that outsources business processes through the use of cloud-based tools.

For its sales strategy, the Company will strive for more efficient improvement in LTV (average contract value × contract retention rate) than before by fully leveraging generative AI in its proprietary cross-marketing model that covers approximately 50,000 priority target companies.

(3) Organizational strategy

For its organizational strategy, the Company will promote team building (departmental expansion) as the foundation for organizational growth while setting clear goals for leadership talent and developing and promoting such personnel. The Company aims to expand the number of teams through “a design of sales targets per person × 5 members per team” and to achieve net sales of ¥25.0bn in the final year of its medium-term management plan. It intends to expand the number of teams, increasing departmental organizations from the current 70–100 teams to a structure of 200 teams and headquarters/office-level organizations to a structure of 50 teams while raising the number of partner-level personnel who lead those organizations from just over 100 to 150 and increasing the management layer of executive officers and above from just under 30 to 50 members.

The Company plans on expanding the consolidated number of employees from 843 at the end of the previous fiscal year to 1,250 in FY3/31 (an annual increase of 8.2%) and accelerate annual recruitment, including both new graduates and mid-career hires, to around 120 from the previous pace of about 100. In order to strengthen its recruiting capabilities, the Company will fully revamp its dedicated recruitment website as well as actively leverage social media, including YouTube.

Additionally, in its aim to become an enterprise that attracts professional talent from around the world, the Company will strengthen well-being investment and promote its unique human capital KPIs, exemplified by a 50:50 gender balance. Its employee retention rate in FY3/26 was 89.5%, a high level within the consulting industry. The Company will strive to achieve a rate of 90% or higher going forward.

Summary of strategies under the Company’s medium-term management plan

		Specific strategy	KPI
Business strategy	1	Serving approximately 50,000 companies, primarily upper mid-sized enterprises, to create First Call Companies worldwide through a distinctive team consulting model built on the intersection of “social issues, industries, and strategic themes”	• Leading share in a ¥500.0bn market (50,000 companies × ¥10mn) • CAGR 9.0%
	2	Developing and providing new consulting domains for its unique top management market, contributing to corporate prosperity	• Developing at least 3 new domains that generate ¥1.0bn or more in net sales
	3	Accelerating the M&A strategy to add ¥2.0bn–¥3.0bn in net sales (with cumulative investment of ¥2.0bn–¥3.0bn over 5 years)	• Achieving 4 or more M&A transactions • Net sales scale of ¥2.0bn–¥3.0bn
	4	Creating a new Consulting & BPaaS model to address the shortage of professional talent at client companies and implementing Professional DX/AX	• Developing Professional DX/AX • Advancing AI-native management
	5	Implementing the Company’s proprietary cross-marketing model covering 50,000 priority target companies to further enhance the TCG LTV model (average contract value × contract retention rate).	• Creating new clients • LTV (contract retention rate): 70% or higher
Organizational strategy	6	Recruiting new graduates and experienced professionals from various industries nationwide to expand the Company’s diverse professional talent base to 1,250	• Total employees: 1,250 • Inclusion of diverse professional talent
	7	Promoting team building (departmental expansion) as the foundation for organizational growth while setting clear goals for leadership talent and developing and promoting such personnel	• 50 consulting teams • 50 executives (Executive Officers and above) • 150 partner-level professionals
	8	Strengthening well-being investment and advancing proprietary human capital KPIs, exemplified by a 50:50 gender balance, with the aim of attracting professional talent from around the world	• DE&I (male/female) ratio 50:50 • Retention rate: 90% or higher

Source: Prepared by FISCO from the Company’s medium-term management plan explanatory materials

(4) Initiatives aimed at realizing management focused on capital costs and the share price

The Company has set forth a market capitalization target of ¥50.0bn. Achieving this will require elevating the share price to approximately 2 times the current level (the closing price of ¥720 on June 11, 2026) and the PBR to 4.0 times or higher. The Company intends to bolster its efforts to raise ROE to 15.0% or higher as well as achieve a valuation of 25.0 times or higher on a PER basis.

To achieve ROE of at least 15.0%, the Company targets a ratio of net profit attributable to owners of parent to net sales of 7.2% or higher (FY3/26 result: 6.8%), total asset turnover of 1.20 times or higher (FY3/26 result: 1.10 times), and financial leverage of 1.5 times or lower (FY3/26 result: 1.39 times). The Company intends to achieve improvements in its ratio of net profit attributable to owners of parent to net sales and total asset turnover by advancing the business strategies under its medium-term management plan, and to achieve its financial leverage target by engaging in capital optimization through the enhancement of shareholder returns, including agile acquisitions of treasury shares.

At the same time, in order to attain a PER of 25.0 times or higher, the Company believes it needs to improve its liquidity and raise its expected growth rate. To that end, it plans on proactively disclosing information through means such as clarifying its growth strategy as well as its capital policy, enhancing disclosure materials, and holding meetings with investors in order to deepen understanding of its future growth potential. In its previous medium-term management plan, the Company steadily achieved its numerical management targets to attain its market capitalization target of ¥25.0bn. FISCO believes there is ample potential for the Company to meet its ¥50.0bn market capitalization target as well by achieving its numerical management targets.

With regard to cash allocation, the Company expects cumulative operating cash flow over five years of approximately ¥10.0bn, and intends to allocate approximately ¥3.0bn to M&A investment and approximately ¥7.0bn to shareholder returns, respectively. It will maintain the level of cash and deposits of approximately ¥7.5bn at the end of the previous fiscal year.

Shareholder return policy

Will continue dividend increases with a DOE of 7% or higher and aim for a total return ratio of 100% while also conducting acquisitions of treasury shares. Also offers Digital Gift® as a shareholder benefit

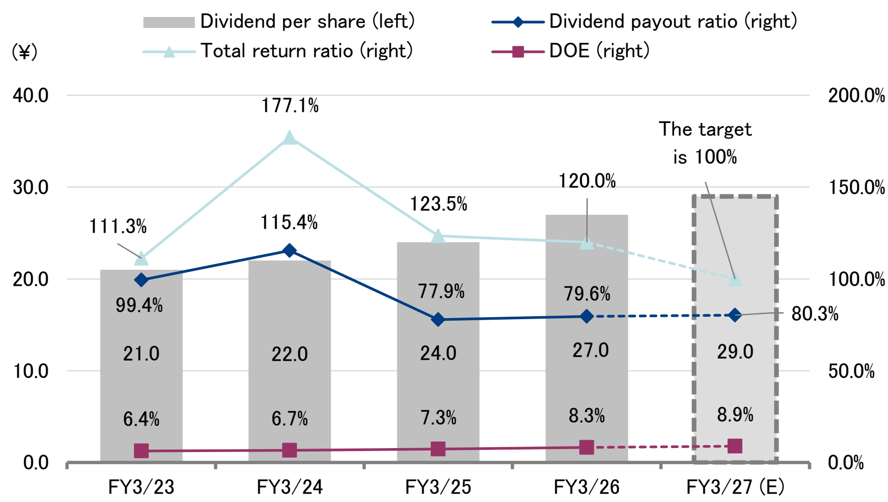
Under its shareholder return policy, the Company will continue the management trend of dividend increases accompanying sales and profit growth and implement stable dividends, and aims for a total return ratio of 100% by implementing the flexible acquisition of treasury shares for the purpose of improving capital efficiency. With regard to dividends, even if results were to deteriorate, the Company plans to maintain a DOE guideline of 7% or higher. Additionally, it will also continue its shareholder benefit program, offering a Digital Gift® to shareholders on record at the end of September each year in accordance with the number of shares they hold*.

* Presented in the following amounts: ¥500 for 100 shares or more, ¥3,000 for 300 shares or more, ¥5,000 for 500 shares or more, and ¥10,000 for 1,000 shares or more. Calculated based on the closing share price of ¥720 on June 11, the total return (dividends + benefits) is 4.7% for 100 or more shares and 5.4% for 300 or more shares.

In FY3/26, it paid a dividend per share of ¥27.0, an effective increase of ¥3.0 YoY (dividend payout ratio of 79.6%). For FY3/27, it plans a dividend of ¥29.0, an increase of ¥2.0 (dividend payout ratio of 80.3%). This would mark six consecutive fiscal years of dividend increases. Additionally, the Company has announced the acquisition of treasury shares with a total acquisition value of up to ¥100mn, or up to 200,000 shares (Period of acquisition: From June 15, 2026 to July 31, 2026).

Shareholder return policy

Dividend per share and dividend payout ratio



Note: Past dividend values have been retroactively revised because of a 2-for-1 split conducted on April 1, 2025.
Source: Prepared by FISCO from the Company's results briefing materials

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