COMPANY RESEARCH AND ANALYSIS REPORT

TANABE CONSULTING GROUP CO., LTD.

9644

Tokyo Stock Exchange Prime Market

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Contents

Summary

Achieved record-high net sales and profit since founding, driven by the success of business development and M&A initiatives promoted as part of a diversification strategy in management consulting domains

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. In 2025, the Company will mark its 68th year in business. Its main clients are top management (executives and business leaders) at large to medium-sized enterprises, particularly upper mid-sized companies. 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, a team is formed by selecting multiple specialist consultants best suited to the client company's specific management issues, based on factors such as strategic challenges, industry characteristics, and regional context. The Company currently offers consulting across five domains, including the Strategy & Domain, Digital and DX, HR, Finance and M&A, and Branding & PR domains, each of which serves as a consulting "practice area" that addresses the key management skills and technologies required by top management.

Distinguishing features and strengths of the Company lie in its ability to expand its customer base and secure long-term contracts that span decades by identifying the fundamental issues of individual companies through this top management approach and providing comprehensive support as well as in its community-based consulting services delivered through business bases with resident consultants in 10 major cities nationwide. In addition, since 2019, the Company has pursued an aggressive M&A strategy to expand its management consulting service menu and strengthen its professional DX services (a menu of services that leverage digital technology to support onsite execution). In 2019, it added Leading Solutions Co., Ltd., a provider of digital marketing services to BtoB companies; 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; in 2024, 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). Most recently, 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.

1. Overview of FY3/25 results

In FY3/25, the consolidated net sales increased 14.2% year on year (YoY) to ¥14,543mn and operating profit increased 48.6% to ¥1,500mn, achieving record-highs. All management consulting domains posted higher net sales, particularly the Digital and DX domain, while the consolidation of Surpass contributed an additional seven months of results, further boosting revenue. Over the past few years, the Company has expanded its consulting menu through proactive M&A and the development of new products and services, enabling it to respond to a wide range of client needs (such as formulating medium-term management plans, promoting DX, implementing human capital management, and executing business succession) which contributed to the increase in net sales. The number of team consulting projects, a key performance indicator (KPI), increased 5.8% to 1,946, while net sales from these services increased 22.0% to ¥9,869mn due to growth in large-scale projects, resulting in a higher average sales value per project. On the profit front, despite executing forward-looking investments in areas such as M&A, human capital, DX, working environments, and branding, the increase in high-value-added projects and improved productivity led to a rise in the operating margin from 7.9% in the previous fiscal year to 10.3%.

2. FY3/26 forecasts

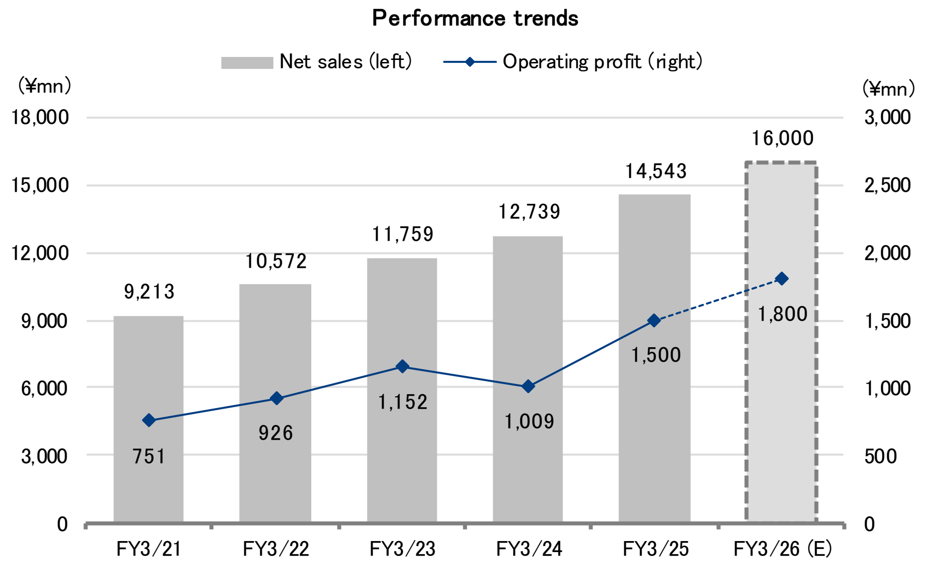
For FY3/26, the final fiscal year of its medium-term business plan, the Company forecasts net sales of ¥16,000mn (up 10.0% YoY), and operating profit of ¥1,800mn (up 20.0%). The original targets of the medium-term business plan were net sales of ¥15,000mn and operating profit of ¥1,800mn, but the impact of M&A has driven steady growth in team consulting net sales, and net sales are now expected to slightly exceed the original target. By domain, strong double-digit growth is projected in Strategy & Domain and HR, which will lead overall results. To reach the medium-term business plan target of 800 employees (711 as of the end of March 2025), the Company plans to continue nationwide hiring of professionals with practical experience across various industries and job roles, as well as proactively hiring assistant staff to improve consultant productivity. However, with the addition of personnel from PEACEMIND Inc., which was recently added to the Group, the Company is already on track to meet its headcount target.

3. Growth strategies and shareholder return policy

The Company continues to grow its business by expanding its management consulting domains and service menu through M&A. It appears likely to achieve the performance targets of its medium-term business plan. Going forward, it aims to drive further growth by enhancing both the specialization and comprehensiveness of its management consulting services and building a structure capable of addressing client management issues from all angles. The Company also intends to continue proactively pursuing M&A deals that are expected to generate Group synergies. Also, to achieve the goals in its medium-term business plan—ROE of 10% and a market capitalization of ¥25.0bn—it is stepping up shareholder returns as part of its capital policy. Specifically, having established an ambitious shareholder return policy that targets a consolidated total return ratio of approximately 100% through FY3/26, the Company is engaging in timely share buybacks while consistently paying stable dividends with a DOE of at least 6%. In line with this policy, the Company increased the dividend by ¥4.0 YoY to ¥48.0 per share in FY3/25, which marked the fourth consecutive year of dividend hikes. Following a 2-for-1 stock split in April 2025, it plans to pay a dividend of ¥26.0 per share in FY3/26, effectively a ¥2.0 increase. In addition, the Company announced the introduction of a new shareholder benefit program (QUO card gift based on number of shares held as of the end of September) and a new share buyback (up to 350,000 shares or ¥200mn, acquisition period: June 12–October 31, 2025).

Key Points

- Achieved record-high net sales and profit in FY3/25, exceeding the Company's forecasts
- Forecast to post record-high net sales and profit again in FY3/26, supported by strong demand for management consulting services
- Diversification strategy across management consulting domains proving successful, prompting upward revision of medium-term net sales target
- Introduced a new shareholder benefit program, and dividend increases to continue, targeting DOE of at least 6%



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

Business overview

Nationwide team consulting approach providing comprehensive support, from the formulation of management strategies to the implementation and execution of management operations through DX for large to medium-sized enterprises, particularly upper mid-sized companies

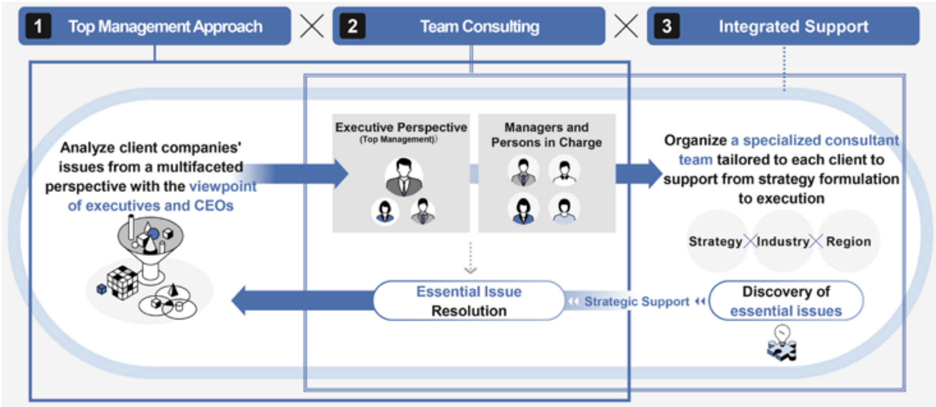
1. Company profile

The Company, founded in 1957, 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 to ¥300.0bn), particularly upper mid-sized companies. By providing team consulting to address increasingly 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 strategic issues, industry specifics, and regional characteristics. These consultants provide optimal strategic and organizational methods from the perspective of executives and 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 customer targets are top management at large to medium-sized enterprises, particularly upper mid-sized companies. It offers management consulting across domains that serve as "practice areas" covering the essential management skills and technologies required by top management, enabling it to address a wide variety of management issues from all angles.

(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 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, HR recruitment and education, and work style reforms. The Finance and M&A domain provides comprehensive M&A support to improve corporate value, from business succession and corporate finance, due diligence, including cross-border, and PMI. The Branding & PR domain offers comprehensive support from formulating brand strategies for Japan and overseas and supporting their implementation, creatives, and PR/corporate communications. Specialist consultants with extensive knowledge of strategic issues in each management consulting domain form a team with extensive knowledge of the customer's industry and those familiar with regional characteristics to provide all-around support to solve each customer'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 shared vision, purpose and strategies (management upstream) to the implementation and execution of management operations at business sites through DX (midstream to downstream of management), resulting in a high contract retention rate.

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 Comprehensive Institute to plan and direct various consulting services, analyze management information collected from consulting sites and alliances with other companies, and disseminate this information. It has 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 conducting M&A as one of its growth strategies, and six companies with expected synergies have joined the Group as of the end of June 2025. In October 2019, Leading Solutions became a subsidiary (investment ratio, 60.0%). It carries out KPO (Knowledge Process Outsourcing) work, a one-stop service from covering formulating strategy through to planning and implementing measures, and PDCA, 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 for cross-border deals, and providing BPR/DX assistance (assistance to introduce ERP, RPA, etc.) for the back offices (such as the accounting and finance departments) of large companies and listed corporate groups 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, and its strengths include the creation of new value, such as branding, CX design, and marketing DX for customers that range from large to upper mid-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 the only 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 women 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*. The Company provides sales process outsourcing services by female-led teams and human resource development services designed to empower women in the workplace. In implementation support for BtoB sales and marketing for large enterprises, the Company has a high client retention rate of approximately 90%.

* 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 and contribute to business performance.

Most recently, in June 2025, the Company made PEACEMIND (investment ratio, 54.9%) 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, underscoring the high LTV*2 of its services. With the addition of PEACEMIND to the Group, TCG will enter 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 specialists such as clinical psychologists, mental health social workers, industrial counselors, and career consultants.
*2 Lifetime value: Customer lifetime value is defined by the Company as building long-term relationships with customers

Forming the Group from these six companies will further strengthen the Company's comprehensive management consulting support model by enabling it to work as a group to solve various management issues faced by large and upper mid-sized companies in Japan and overseas, such as business succession, business model transformation and rebuilding, DX and productivity improvement, CX design, human capital management, domestic and overseas PR, and DE&I. Moreover, the Company has started focusing on the government and public sectors (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 customer target markets as it works to generate sustainable growth.

The TANABE CONSULTING GROUP's outline

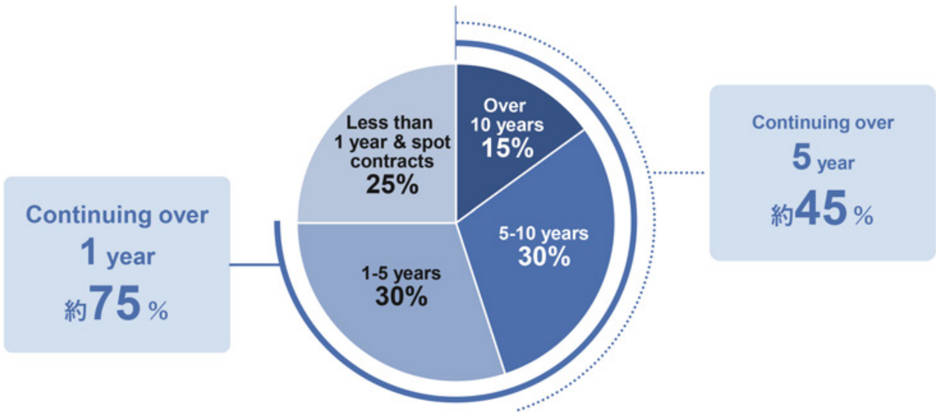
Source: The Company's results briefing materials

Approximately 75% of customers continue their contracts for one year or longer. Utilizes diverse channels to attract new customers, 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 customers for these services while also adding spot-type products and services. Approximately 45% of customers are long-term customers continuing their contracts for 5 years or longer, and approximately 75% of customers continue their contracts for 1 year or longer. We believe the Company's role as a "business doctor," where it pursues a top management approach (a team consulting method that provides strategic and management problem-solving support to executives), supports the Group's high contract retention rate (LTV). Team consulting services accounted for 68% of net sales in FY3/25.

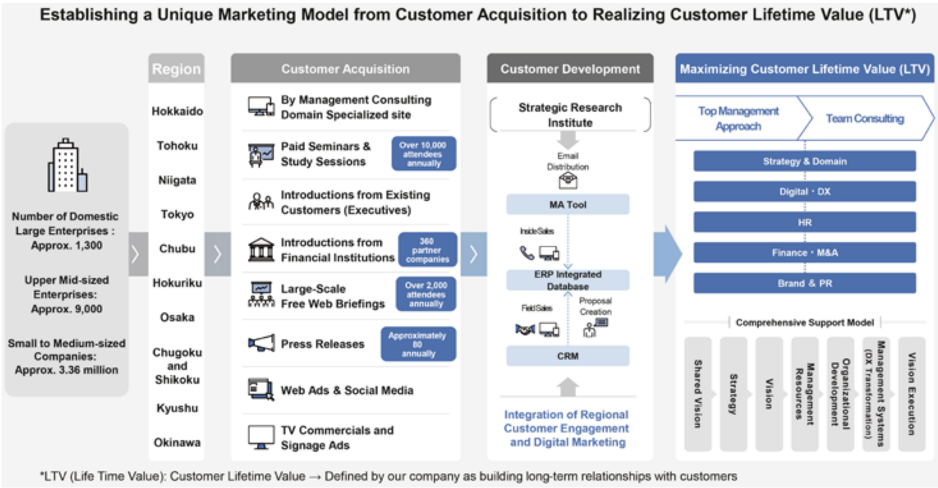
Customer breakdown by years of contract continuation



Source: The Company's results briefing materials

As the customer creation model, in addition to introductions from its existing customers and over 360 partner financial institutions, the Group creates contact points with new customers, such as digital marketing and holding large-scale free online presentations, and fosters customers through inside sales and follow-up at the Strategic Comprehensive Institute. In addition to team consulting services, it continuously provides services such as management workshops by industry and management theme, and human resources development seminars by employee level, which is a trend that increases LTV. An approximately 60% of new customers for team consulting services are companies that have participated in these workshops and various seminars. Moreover, as the marketing strategy for the Group as a whole, it has been launching specialist marketing websites for each management consulting domain to solve customer problems. It acquires leads (potential customers) through these websites, and cases leading to team consulting contracts are also increasing. Group synergies are also being generated; for example, Group company Leading Solutions is responsible for developing the sites for each management consulting domain, while JAYTHREE is responsible for creating some of the content. Currently, the Company has launched 11 specialist websites.

Overview of marketing



Source: The Company's results briefing materials

Result trends

Achieved record-high net sales and profit in FY3/25 with steady progress in the medium-term business plan

1. Overview of FY3/25 results

In FY3/25, consolidated net sales grew 14.2% YoY to ¥14,543mn, operating profit increased 48.6% to ¥1,500mn, ordinary profit increased 56.9% to ¥1,589mn, and net profit attributable to owners of parent increased 58.6% to ¥1,016mn, all record-highs and above the Company's forecasts. Net sales increased across all management consulting domains, driven by strong demand for consulting services. On the profit front, the gross profit margin increased from 42.9% in FY3/24 to 45.5%, reflecting an increase in high-value-added projects and productivity gains, contributing to the steep rise in profits. The impact on results from the newly consolidated Surpass is estimated at several hundred million yen in net sales and a modest profit contribution on a profit basis after goodwill amortization.

FY3/25 results

(¥mn)

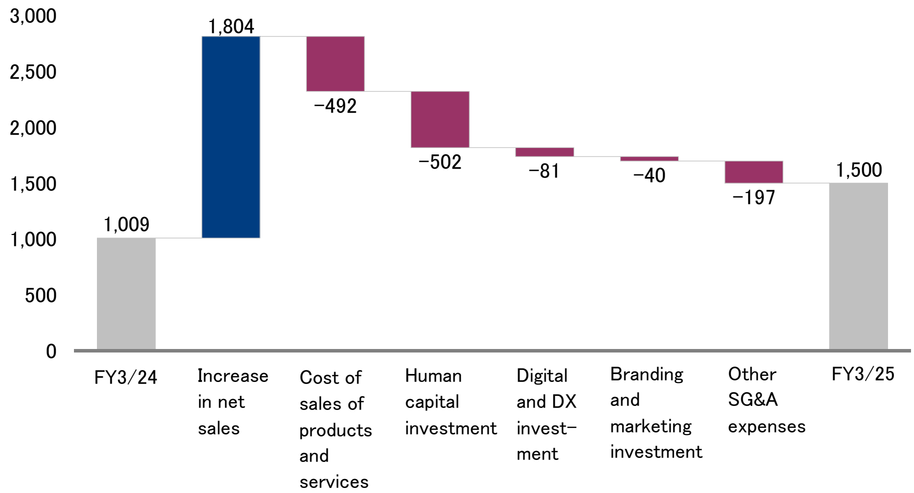
	FY3/24		FY3/25				
	Results	Ratio to net sales	The Company's forecast*	Results	Ratio to net sales	YoY	vs. forecast
Net sales	12,739	-	14,000	14,543	-	14.2%	3.9%
Gross profit	5,465	42.9%	6,200	6,612	45.5%	21.0%	6.6%
SG&A expenses	4,455	35.0%	4,715	5,111	35.1%	14.7%	8.4%
Operating profit	1,009	7.9%	1,485	1,500	10.3%	48.6%	1.0%
Ordinary profit	1,012	8.0%	1,500	1,589	10.9%	56.9%	5.9%
Net profit attributable to owners of parent	641	5.0%	800	1,016	7.0%	58.6%	27.1%

* The Company's forecast was announced in September 2024.
Source: Prepared by FISCO from the Company's financial results

Looking at the factors behind the change in operating profit, against a YoY increase in net sales of ¥1,804mn, cost of sales for products and services increased ¥492mn (up 12.7%), personnel expenses related to human capital investment increased ¥502mn (up 8.6%), investment in Digital and DX increased ¥81mn (up 32.1%), investment in branding and marketing increased ¥40mn (up 13.3%), and other SG&A expenses increased ¥197mn (up 13.4%).

The increase in human capital investment was mainly due to higher personnel expenses resulting from the addition of Surpass to the Group, which increased headcount by 111 from the previous fiscal year-end to 711. In existing Group companies as well, the Company actively hired specialist personnel in high-growth areas such as Strategy & Domain, HR, and Digital and DX, as well as professionals in global business and IPO support, and assistant staff to support consultant productivity. In terms of human resource development, the Company worked to strengthen the training of professional personnel by utilizing TCG Academy, its digital training content for all Group employees. For Digital and DX investment, the Company actively pursued workplace environment and system investments to promote health and productivity management, developed methods for each management consulting domain, and enhanced the development of industry-specific professional DX services for implementing management operations. The Company also promoted the development and utilization of AI to improve internal operational efficiency, including in-house systems for ChatGPT and contract review processes.

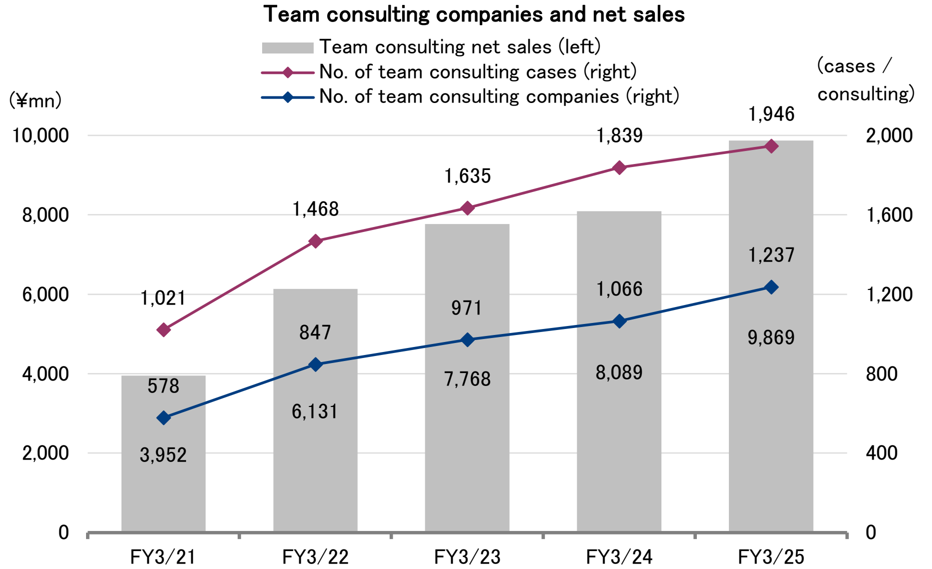
Factors behind YoY change in operating profit (¥mn)



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

The Company uses team consulting net sales, number of contracts, and number of companies as KPIs. In FY3/25, team consulting net sales increased 22.0% YoY to ¥9,869mn, the number of contracts increased 5.8% YoY to 1,946, and the average number of companies during the year increased 16.0% YoY to 1,237. All three KPIs reached record highs. In addition to the contribution from the consolidation of seven months of results from Surpass, existing Group companies also posted steady growth. The average sales value per contract increased 15.3% YoY to ¥5.07mn, driven by an increase in the number of projects from upper mid-sized and larger client companies, as well as growth in complex projects that combine multiple consulting services made possible by the Company's broad management consulting menu. As a result, the average sales value per company also increased 5.1% YoY to ¥7.97mn. Base sales, which are sales from long-term contracted services of six months or more and provide a stable base for growth, also performed well, rising 21.1% YoY to a new record-high of ¥8,991mn.

Result trends



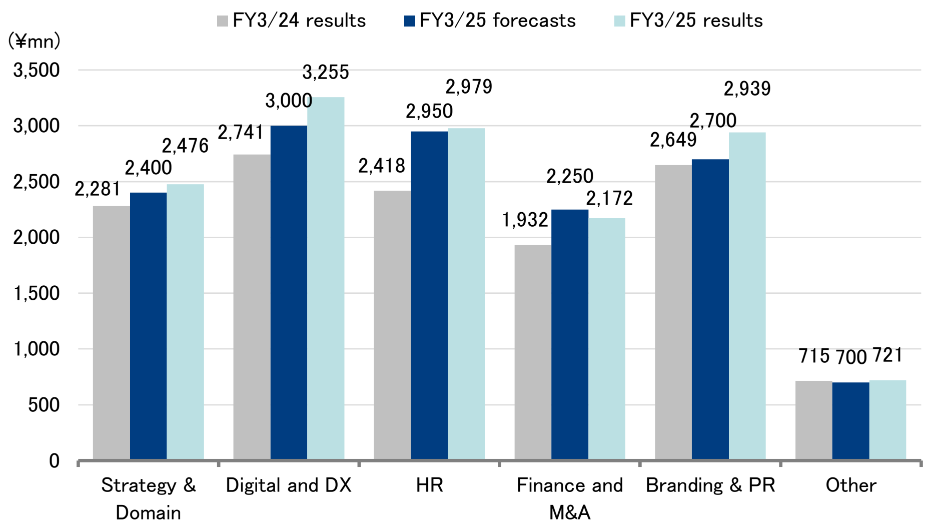
Notes:1: Team consulting = monthly contract-type consulting (Strategy & Domain, Digital and DX, HR, Finance and M&A, Branding & PR), while the number of companies is the average number of contracting companies during each period.
Notes:2: Results for FY3/21 and FY3/22 are the combined totals for TANABE CONSULTING, Leading Solutions, and Growin' Partners.
Notes:3: JAYTHREE results included in consolidation since FY3/23
Notes:4: Kartz Media Works results included in consolidation since FY3/24
Notes:5: Surpass results included in consolidation from FY3/25 (seven months of net sales)
Source: Prepared by FISCO from the Company's results briefing materials

Net sales rise in all five management consulting domains

2. Net sales breakdown by management consulting domain

Net sales by management consulting domain increased in all domains. Although Finance and M&A came in slightly below the Company's plan, all other domains exceeded their targets.

Net sales breakdown by management consulting domain



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

(1) Strategy & Domain

Net sales in Strategy & Domain increased 8.5% YoY to ¥2,476mn. Amid continued strong consulting needs for growth in an operating environment where rising prices have become the norm, projects related to themes such as the formulation and promotion of long-term visions and medium-term management plans and business portfolio strategy planning were strong. In addition, the weaker yen spurred an increase in projects related to the formulation and promotion of global strategies to support overseas expansion, as well as new business development, business model reform, and business due diligence (M&A consulting). The Company also leveraged its community-based strengths to capture more consulting projects in the government and public sector, such as for revitalization support for regional companies.

(2) Digital and DX

Net sales in the Digital and DX domain increased 18.7% YoY to ¥3,255mn. DX investments aimed at creating added value through productivity improvements and data utilization are growing steadily. This supports a high level of projects with themes ranging from the formulation of IT concepts and DX visions to ERP system introduction and implementation, marketing DX (digital marketing, sales process reform), and branding DX (websites and social media). Additionally, amid the growth in the number of companies developing personnel with digital skills, the Company saw an increase in projects with themes such as DX training (personnel development, reskilling), DX certification acquisition, and data management. In addition, services in the Digital and DX domain provided by newly consolidated Surpass contributed to revenue growth. As a new initiative, the Company also advanced TECH WOMAN®, a program conducted in partnership with local governments to train women living in the community as digital professionals, supporting them in obtaining qualifications and creating employment opportunities.

(3) HR

Net sales in the HR domain increased 23.2% YoY to ¥2,979mn. Amid changes in the operating environment and broader use of human capital management, projects with themes such as rebuilding personnel compensation schemes, establishing Academies (internal universities), the appointment of junior boards (development of future management teams), succession planning, and organizational design to promote women's empowerment and DE&I performed well. There was also an increase in projects related to the formulation and promotion of organizational and personnel strategies, HRBP, human resource development, talent management, and HR KARTE (human resources assessments/HR tech). In addition, services in the HR domain provided by newly consolidated Surpass contributed to revenue growth.

(4) Finance and M&A

Net sales in the Finance and M&A domain increased 12.4% YoY to ¥2,172mn. Needs related to business succession were firm amid a lack of successors to take over companies, translating into strong demand for projects with themes such as creating holding company structures and group management, integrated M&A consulting, including cross-border deals (comprehensive support from strategy formulation to FA, due diligence, and PMI), and business succession. There was also an increase in the number of projects related to corporate value vision (including IR), compliance with the Corporate Governance Code, and capital policy, to help listed companies respond to calls for management that takes into account the cost of capital and the share price.

(5) Branding & PR

Net sales in the Branding & PR domain increased 11.0% YoY to ¥2,939mn. BtoB firms and companies facing corporate anniversaries or business succession are increasingly rethinking their corporate purpose and brands and developing group branding. This supports firm demand for projects such as brand visioning, creative design, and strategic branding and PR. Additionally, corporate needs for face-to-face events, exhibitions, and in-store initiatives were solid, and there was an increase in projects such as media PR (Global PR Wire, etc.), content marketing, and hybrid promotions (online x offline).

(6) Other

Sales of Blue Diary notebooks and other promotional products increased 0.8% YoY to ¥721mn.

Equity ratio is still high, in the 70% range; actively using cash on hand to fund shareholder returns and M&A

3. Financial position and management indicators

As of end-FY3/25, total assets were ¥14,328mn, up ¥189mn from the end of the previous fiscal year. Looking at the main changes in current assets, cash and deposits and securities decreased ¥173mn. In non-current assets, goodwill increased ¥344mn due to the consolidation of Surpass as a subsidiary.

Total liabilities increased ¥352mn from the end of the previous fiscal year to ¥3,187mn. There were increases of ¥212mn for income taxes payable, ¥46mn for interest-bearing debt, and ¥65mn for provision for bonuses. Meanwhile, total net assets decreased ¥163mn from the end of the previous fiscal year to ¥11,141mn. While non-controlling interests increased ¥92mn, retained earnings decreased ¥219mn and accumulated other comprehensive income decreased ¥47mn.

Looking at management indicators, the equity ratio was 74.3%, slightly lower than at the end of the previous fiscal year, but still at a high level, and the Company continues to have significant reserves of cash, deposits and securities of more than ¥7.0bn and maintains effectively debt-free management, so we view the Company as highly financially sound. Total net assets declined for the second consecutive fiscal year, mainly due to the Company's active shareholder return measures, including share buybacks, based on a target consolidated total return ratio of 100% as part of its initiatives to achieve ROE of 10% in FY3/26. Given its ample cash on hand and the absence of major funding needs other than for M&A, we at FISCO believe the Company can continue to maintain financial soundness going forward.

ROE in FY3/25 was 9.5%, up 3.7 percentage points (pp) from the previous fiscal year, and was close to reaching the target of 10%. Breaking down the factors behind the increase in ROE into its three components, the net profit margin increased 2.0pp, total asset turnover increased from 0.90 times in the previous fiscal year to 1.02 times, and financial leverage also increased from 1.28 times to 1.32 times. All three factors contributed to the increase, which we view as evidence of the results of the Company's capital policies and financial strategies.

Consolidated balance sheet and management indicators

(¥mn)

	FY3/22	FY3/23	FY3/24	FY3/25	Change
Current assets	9,329	9,674	9,347	9,091	-255
Cash, deposits, and securities	8,199	8,373	7,838	7,665	-173
Non-current assets	4,495	4,734	4,789	5,235	445
Total assets	13,824	14,410	14,139	14,328	189
Current liabilities	1,856	2,154	2,209	2,536	327
Non-current liabilities	451	545	625	650	24
Total liabilities	2,307	2,700	2,834	3,187	352
Interest-bearing debt	149	190	210	256	46
Net assets	11,517	11,710	11,304	11,141	-163
Management indicators					
Equity ratio	81.0%	78.8%	77.1%	74.3%	-2.8pp
Interest-bearing debt ratio	1.3%	1.6%	1.9%	2.3%	0.4pp
ROA	6.8%	8.2%	7.1%	11.2%	4.1pp
ROE	5.4%	6.4%	5.8%	9.5%	3.6pp
Operating margin	8.8%	9.8%	7.9%	10.3%	2.4pp
ROE breakdown					
Net profit margin	5.7%	6.2%	5.0%	7.0%	2.0pp
Total asset turnover (times)	0.78	0.83	0.90	1.01	0.13
Financial leverage (times)	1.22	1.25	1.28	1.32	0.04

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

Outlook

Forecast to continue posting higher sales and profit and renew record-high results in FY3/26, supported by strong demand for management consulting services

1. FY3/26 forecasts

The Company forecasts record-high earnings in FY3/26—consolidated net sales of ¥16,000mn, up 10.0% YoY, operating profit of ¥1,800mn, up 20.0%, ordinary profit of ¥1,800mn, up 13.3%, and profit attributable to owners of parent of ¥1,070mn up 5.2%. While uncertainty in the external environment persists, the Japanese government has formulated its Growth Vision for Leading Medium Enterprises which aims to revitalize the Japanese economy by providing broad-based support, including funding and human resources, to mid-tier companies seeking growth as a national strategy. With mid-tier companies as its main customers, the Company expects this to remain a tailwind for the Group's business environment.

FY3/26 results outlook

(¥mn)

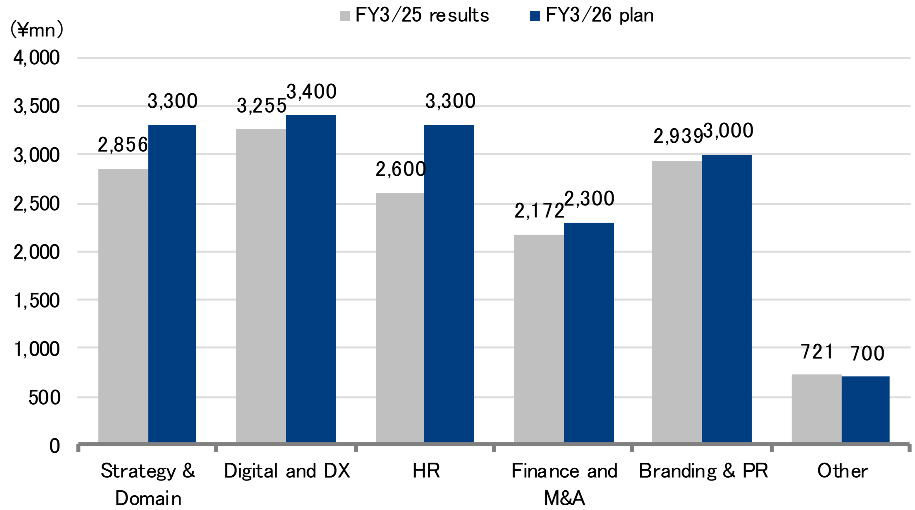
	FY3/25		FY3/26				
	Results	Ratio to net sales	1H plan	YoY	Full-year plan	Ratio to net sales	YoY
Net sales	14,543	-	7,100	6.5%	16,000	-	10.0%
Operating profit	1,500	10.3%	800	0.4%	1,800	11.3%	20.0%
Ordinary profit	1,589	10.9%	800	-7.5%	1,800	11.3%	13.3%
Net profit attributable to owners of parent	1,016	7.0%	475	-6.3%	1,070	6.7%	5.2%
Earnings per share (¥)	30.80		14.54		32.76		

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

In addition to organic growth, revenue and profit are expected to be boosted by the full-year contribution from Surpass, which was made a subsidiary during the previous fiscal year, and the addition of nine months of results from PEACEMIND, which was made a subsidiary in June 2025. PEACEMIND's annual net sales are slightly over ¥1.0bn, and while goodwill amortization will occur, meaning the profit impact is expected to be minor, synergies in the HR domain are anticipated. Continued growth in the scale and value-added nature of orders through cross-selling of consulting services is also expected to lift the operating margin from 10.3% in the previous fiscal year to 11.3%. The increase in profit attributable to owners of parent is expected to remain in the single digits, reflecting higher goodwill amortization (not tax-deductible) from M&A as well as an increase in profit attributable to non-controlling interests due to the growth of Group subsidiaries. For the first half, however, operating profit is expected to slow temporarily to a 0.4% YoY increase as costs, including M&A expenses, will be incurred ahead of revenue contributions.

In terms of net sales by management consulting domain, it forecasts net sales of ¥3,300mn in Strategy & Domain (up 15.6% YoY), ¥3,400mn in Digital and DX (up 4.5%), ¥3,300mn in HR (up 26.9%), ¥2,300mn in Finance and M&A (up 5.9%), and ¥3,000mn in Branding & PR (up 2.1%).

Net sales plan breakdown by management consulting domain



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

In Strategy & Domain, the Company expects double-digit growth by continuing to focus on the formulation and promotion of long-term visions and medium-term management plans, while also strengthening new business development, global strategy formulation, and government and public sector consulting. In Digital and DX, it will promote the formulation of IT concepts and DX visions, expand its alliance network, and enhance industry-specific professional DX services for the implementation and execution of management operations, such as ERP introduction and digital marketing. The collaboration with RICOH JAPAN Corp., announced in July 2024 to support DX for mid-tier and small-to-medium-sized enterprises, has been delivering steady results, and the Company plans to place even greater emphasis on this initiative in FY3/26.

In HR, a high growth rate is expected due to expanding consulting needs related to human capital management, the full-year contribution from Surpass, which was made a subsidiary during the previous fiscal year, and the addition of nine months of results from newly consolidated PEACEMIND. In Finance and M&A, there is a growing trend in cross-border M&A projects by mid-tier companies aiming to expand overseas, and the Company has also launched IPO support services. Specifically, in May 2025, subsidiary TANABE CONSULTING acquired J-Adviser certification for the Tokyo Stock Exchange TOKYO PRO Market and F-Adviser certification for the Fukuoka Stock Exchange Fukuoka PRO Market, and began offering listing support consulting. Going forward, the Company will provide new growth opportunities for mid-tier and medium-sized companies through stock listings. Although growth in Branding & PR is expected to be modest, higher-value-added services such as strategic branding PR, Global PR Wire, and creative and design are expected to contribute to improved profitability.

Diversification strategy across management consulting domains proving successful, prompting upward revision of medium-term net sales target

2. Medium-term business plan

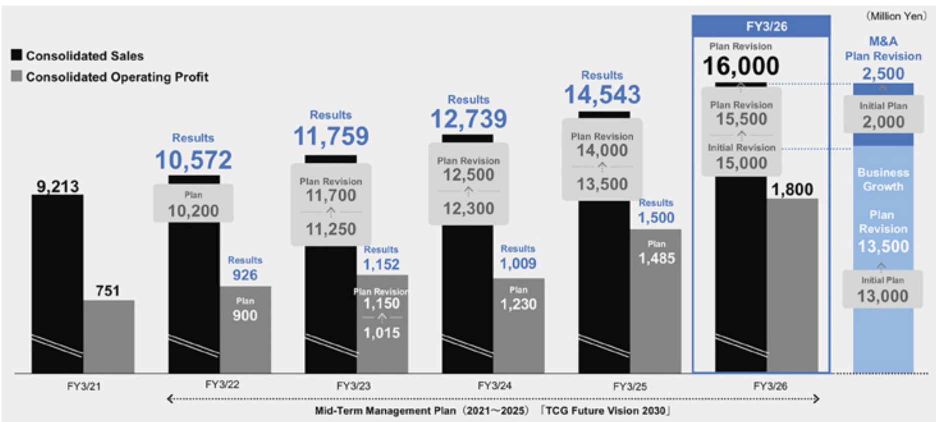
(1) Progress of the medium-term business plan

The five-year medium-term business plan (2021–2025) "TCG Future Vision 2030," launched in FY3/22, sets out a strategy to accelerate growth by further strengthening the Company's traditional strength in upstream support for formulating management strategies, while also expanding its professional DX services for midstream to downstream support in the implementation and execution of management operations through M&A and development. Through these initiatives, the Company aims to develop unique management consulting model that provides comprehensive support for corporate management.

In terms of numerical targets, the Company set its FY3/21 net sales of ¥9,213mn as the base and aims to achieve net sales of ¥13.5bn (original target: ¥13.0bn) through organic growth from its three operating companies at that time, plus an additional ¥2.5bn (original target: ¥2.0bn) from increasing the number of Group companies via its M&A strategy, bringing the net sales target for the final year, FY3/26, to ¥16.0bn—an upward revision of ¥1.0bn from the original target. The targets for operating profit (¥1.8bn) and ROE (10%) remain unchanged. FISCO believes the Company made steady progress in FY3/25, as synergies with newly consolidated subsidiaries acquired through M&A are starting to emerge. The Company is working with its subsidiaries to refer customers between companies, which has led to an increase in team consulting contracts and higher project unit prices. Group companies are also performing well, with some achieving record-breaking results.

FISCO expects there is considerable room for the Company to continue capturing consulting needs from large to medium-sized enterprises, centered on upper mid-sized companies, in areas such as DX, human capital management, M&A, and global strategy, while also expanding its reach in the government and public services domain, supporting continued growth in net sales. The Company continues investing in M&A, with M&A investment expected to top ¥1.0bn.

Results trends since FY3/21



Source: The Company's results briefing materials

Target net sales by management consulting domain and focus domains

(¥mn)

	FY3/25 results	FY3/26 target	CAGR*	Focus domains
Net sales	9,213	16,000	11.9%	• FY3/26 target net sales break down into ¥13.5bn from existing businesses and ¥2.5bn from M&A strategy • Aim to achieve the target by expanding management consulting domains (especially Digital and DX consulting)
Strategy & Domain	1,841	3,300	12.4%	Formulate vision, new business/business model reform, global, marketing sales, crossover between strategic themes such as SDGs with community-focused strategy, and so on
Digital and DX	1,661	3,400	15.4%	Hybrid marketing, ERP system installation and operation, DX productivity reforms, UX/CX design, branding DX, recruitment marketing, supply chain management, and so on
HR	1,643	3,300	15.0%	Strategic HR system linked directly to management strategy, employee engagement system, installation and operation of HR DX system, human capital management, DE&I promotion, Academy (internal universities) establishment, Academy Cloud, corporate well-being, and so on
Finance and M&A	1,140	2,300	15.1%	Development of business succession type holding company management model and group management model, growth / business succession type M&A and cross-border M&A, and so on
Branding & PR	1,567	3,000	13.9%	Purpose branding, customer communication model reforms from strengthening corporate branding (PR and IR) to CX improvement, creative support such as social media marketing
Other	1,360	700	-12.4%	• Blue Diary notebooks and promotion products • The plan shown to the left is intended to achieve improved added value (profit margin)

* Average annual growth rate for the five years from FY3/21 to FY3/26
Source: Prepared by FISCO from the Company's results briefing materials

(2) Initiatives for management focused on capital costs and the share price

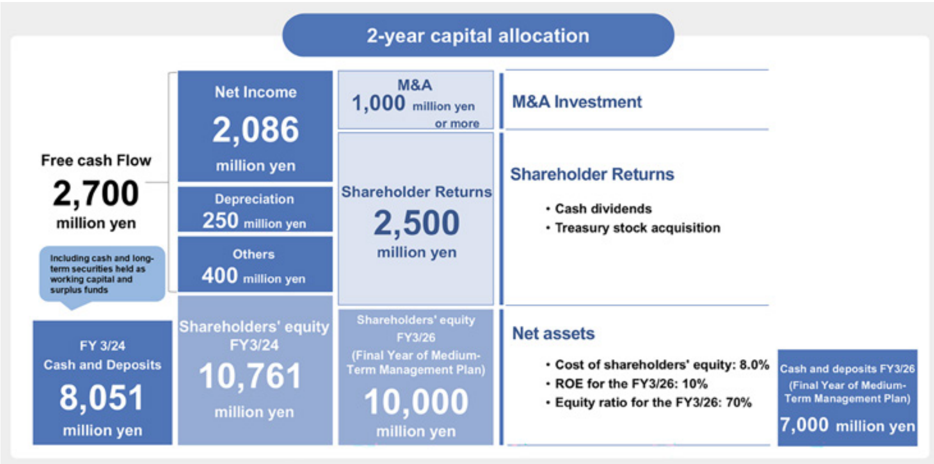
In its medium-term business plan, the Company has set numerical targets of 10% ROE and market capitalization of over ¥25.0bn. The Company intends to achieve these targets by attaining the results targets set forth in its medium-term business plan and by realizing an optimal capital structure through enhanced shareholder returns. ROE increased to 9.5% in FY3/25, and if the Company achieves its FY3/26 target for profit attributable to owners of parent of ¥1,070mn while maintaining a consolidated total return ratio of 100%, it should be able to achieve ROE of 10%. This would also expand the equity spread above the cost of shareholders' equity.

On the other hand, the achievement of the ¥25.0bn market capitalization target will hinge on the Company's share price going forward. Whereas a share price of around ¥735 would equate to a market capitalization of approximately ¥25.0bn. The closing share price on June 13 was ¥745, and the Company intends to maintain or improve this level going forward to achieve its target. To this end, it has also introduced a new shareholder benefit program. We at FISCO deem it important that the Company redouble its efforts in proactive investor relations, shareholder relations, and public relations. To such ends, the Company needs to communicate information that enables its investors to gain a deeper understanding of the Company's growth potential in part by presenting its medium- to long-term growth strategies, in addition to increasing its earnings results according to plan going forward.

(3) Capital allocation

The Company's basic policy for capital allocation is to allocate cash in a balanced manner between investment in growth and shareholder returns. It forecasts cash inflow over the two-year period from FY3/25 will total ¥2.736bn (net profit ¥2.086bn, depreciation ¥0.25bn, other items ¥0.4bn), while cash outflows are expected to include ¥2.5bn for shareholder returns such as dividends and share buybacks, and more than ¥1.0bn for M&A. As a result, as of end-FY3/26, it forecasts shareholders' equity of ¥10.0bn (versus ¥10.761bn at end-FY3/24), and cash and deposits of ¥7.0bn (¥8.051bn at end-FY3/24).

Capital allocation



Source: The Company's results briefing materials

(4) Sustainability

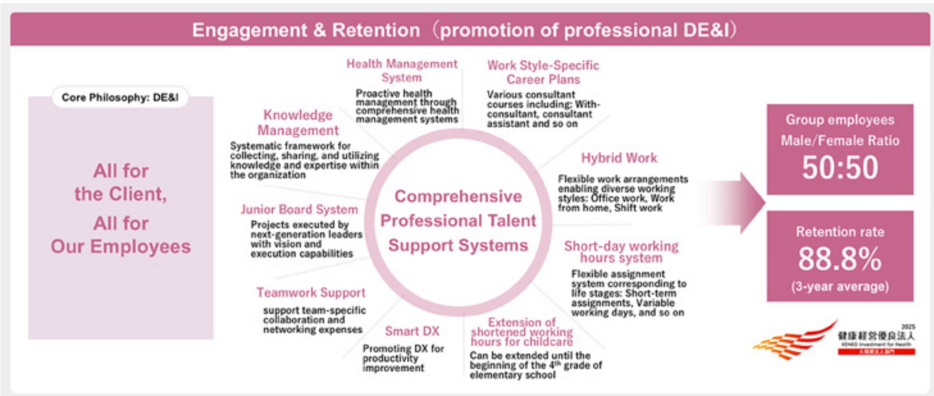
The Company works toward helping to bring about a sustainable society and further enhancing its corporate value from an ESG perspective. To appropriately manage important sustainability matters, it has established a Sustainability Committee and is promoting initiatives ranging from formulating its sustainability definition and policy to identifying materialities (priority issues) and setting KPIs for each important item.

With regard to the environment, the Company discloses information in compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and analyzes risks and opportunities under multiple scenarios (1.5°C and 4°C scenarios). Specifically, it promotes initiatives to reduce greenhouse gas emissions with the goal of a 100% reduction in Scope 1 and 2 emissions by 2030. Along with continuing with measures such as replacing office lighting with LED and going paperless by smart DX investment, the Company will increase the share of renewable energy in its total power use. For emissions it cannot reduce, the Company is considering offset options such as purchasing non-fossil fuel certificates and renewable energy J-Credits. For Scope 3 emissions, the Company is working with suppliers to reduce emissions to achieve carbon neutrality.

Concerning human capital management (recruitment, training empowerment, retention), the Company is promoting DE&I by strengthening recruitment and personnel training to fortify its human capital, as well as setting targets and achieving progress in enhancing programs to diversify work styles and help women advance their careers, improving employee engagement, and practicing health management. Notably, with the addition of Surpass as a subsidiary, the male-to-female ratio has reached 50:50—an unprecedented level for a consulting firm. With respect to recruitment and training, the Company actively hires candidates with practical experience and well-versed in the industry as well as recent graduates, and has furthermore managed to shorten training periods by making use of the Company's TCG Academy internal university for training professional consultants* using a hybrid online and offline approach. Whereas it previously took about five years for the Company to train its chief consultants, the Company has enhanced its ability to swiftly develop effective professionals as a result of having shortened such training to two to three years since having introduced TCG Academy. Additionally, the Company has achieved a 3-year average retention rate of 89.0%, thereby exceeding the industry average, as a result of initiatives that have entailed improving consultant remuneration and benefits to heighten retention (ensuring that salaries reflect results of performance evaluations conducted on a semi-annual basis), introducing job-based course-specific HR system, and developing work environments through DX investment.

* Professional consultant standards: Individuals who have been in charge of five or more companies as Chief Consultant and have the ability to lead teams as project leaders in specific fields

Sustainability strategy



Source: The Company's results briefing materials

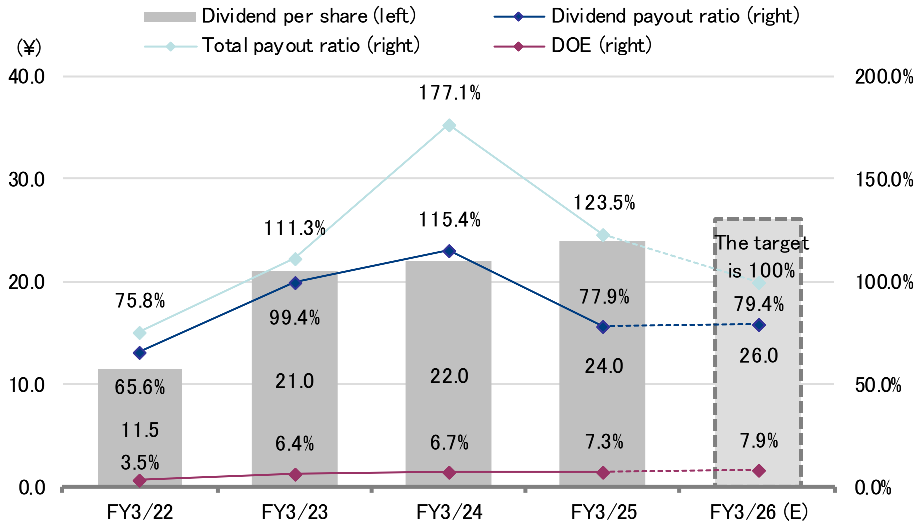
Shareholder return policy

Introduced a new shareholder benefit program and continuing consolidated total return ratio of 100%; dividend increases to continue, targeting DOE of at least 6%

The Company has disclosed a policy of actively providing shareholder returns, based on a consolidated total return ratio of around 100% from FY3/23 through FY3/26. For dividends, the Company intends to maintain stable dividends with a DOE of at least 6% and achieve a consolidated total return ratio of 100% through timely share buybacks. In line with this policy, in FY3/25 the annual dividend per share was increased by ¥4.0 YoY to ¥48.0 (DOE 7.3%), marking the fourth consecutive year of dividend increases, and the total return ratio including share buybacks was 123.5%. The Company also canceled 508,000 shares of treasury stock (2.9% of total shares outstanding) at the end of March 2025 and carried out a 2-for-1 stock split in April 2025. For FY3/26, it plans to pay an annual dividend of ¥26.0 per share after the stock split, effectively an increase of ¥2.0 YoY, for a DOE of 7.9%.

The Company also announced new share buybacks and the introduction of a shareholder benefit program. For the share buybacks, it will acquire up to 350,000 shares for a total acquisition price of up to ¥200mn (acquisition period: June 12, 2025 to October 31, 2025). The shareholder benefit program will be based on September 30 each year, with QUO cards presented according to the number of shares held: ¥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.

Dividend per share and dividend payout ratio



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

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