

# TOWCO.,LTD.

**Report for the 48th Business Term**

**(July 1, 2023 to June 30, 2024)**

**English Translation – Reference Purpose Only**

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**Securities Code: 4767**

# | To Our Shareholders

## Overview of Business Results for the 48th Business Term

We would like to extend our sincere gratitude to all shareholders for your continued support for TOW Co., Ltd.

On June 30, 2024, the Company concluded its 48th business term (from July 1, 2023 to June 30, 2024) and it is our pleasure to present you with the report for the term.

During the term under review, although the Japanese economy saw a fully-fledged revitalization of social and economic activities and lifestyle behavior, prompting hopes of a moderate recovery in economic conditions, uncertainty about the future continues due to concerns about the impact of changes in global financial, geopolitical, and supply aspects.

Regarding the business environment surrounding the Group, after the shift in the Japanese government's policies toward COVID-19, demand for real-world experiences such as events increased, triggering more activity in the advertising promotions market.

In such a market environment, in the Company's core business field of events, moves toward the return to the staging of events, particularly real-world events, gained momentum, and the field showed significant growth.

Although the Group's business consists of a single segment, the Group's operations are classified into "Real-World Events," "Online Events," "Online Promotions," and "Others."

Net sales by category for the term under review are as follows:

(1) Real-World Events

As moves toward a return to staging real-world events gained momentum, on-the-street promotional events primarily for products to be experienced, such as food and beverages and cosmetics, large-scale exhibitions, and large-scale government and IP content projects contributed to net sales of ¥12,069 million (up 92.5% year-on-year).

(2) Online Events

Due mainly to an increase in hybrid events that combine real-world and online spaces, net sales were ¥2,181 million (up 45.0% year-on-year).

(3) Online Promotions

Although we continued to receive inquiries for various online promotion measures, such as social media, video utilization promotions, and digital advertising, due to a fall in price per project, net sales were ¥3,027 million (down 18.7% year-on-year).

(4) Others

Due to the receipt of secretariat operations from public offices and organizations, net sales were ¥225 million (down 18.8% year-on-year).

As a result of the above, consolidated net sales for the term under review amounted to ¥17,503 million (up 48.7% year-on-year), operating income was ¥2,006 million (up 74.4% year-on-year), recurring profit was ¥2,058 million (up 74.6% year-on-year), and profit attributable to owners of parent was ¥1,405 million (up 295.3% year-on-year).

We would appreciate your continuous cooperation and support to the Group.

September 2024

*Kenichi Maratsu*

President



# Business Summary

## Tasks Ahead

In the year ended June 30, 2024, moves toward a return to real-world events, the Company's core business, gained momentum throughout the year, and both net sales and recurring profit recovered from the decline in performance during the pandemic and the impact of specific BPO operations to reach levels exceeding those of the year ended June 30, 2019, before the pandemic.

In the fiscal year ending June 30, 2025, although a moderate recovery in economic conditions is expected, the future is predicted to remain uncertain due to concerns about the impact of changes in global financial, geopolitical, and supply aspects.

In this business environment, with the aims of sustainable growth and the realization of our Group purpose, we will promote business growth through the evolution of experience design and sustainability management by strengthening our human capital and other foundations.

## Business Growth

As a three-year initiative during the pandemic, we promoted a two-pronged growth strategy to expand our business, the expansion of clients and the expansion of fields. Going forward, given the expectations for marketing focused on experience value, we will continue to pursue the expansion of our clientele by strengthening our development of new clients to add to our existing ones. In addition, amid the rapid advancement of the digital shift among general consumers and society and the acceleration of the merging of real-world and digital spaces, we are seeing more cases in corporate marketing as well that call for integrated real-world and digital promotions to pursue the maximization of outcomes. We will leverage the Group's strength of integration of real-world and digital fields to expand our business fields and work toward the further evolution of experience design. In terms of earnings, we have continued to promote fee-based operations through the provision of high value-added services and conversion to in-Group operations. In the year ending June 30, 2025, having maintained and improved our high earnings capacity, we will strengthen our foundations through strategic spending and aim for medium- to long-term growth.

## Strengthening of Foundations

Based on the Group's Sustainability Policy of "To be a company that grows sustainably by solving corporate and social issues with the power of experience value created by each and every one of our employees," we are promoting initiatives that target four material issues (materiality) focused on human capital management. To strengthen our frameworks for this purpose, we have appointed a Group Chief Human-Resource Officer (Group CHRO), established a new department, and allocated personnel, and we are pursuing investments to establish the necessary environment.

### (1) Promotion of human capital management

In our aim of the medium- to long-term expansion of our business performance, we will pursue the sustainable expansion of our workforce and increase the number of personnel with high value proposition. To this end, through initiatives such as the strengthening of new-graduate and mid-career recruitment, the updating of evaluation and remuneration frameworks, including personnel systems and base salary increases, and initiatives for the advancement of women, we will aim to be a company that enables diverse human resources to play an active role in creating experiences for a new era.

### (2) Use of AI and technologies

In the year ending June 30, 2025, we will make active investments in our efforts to improve the quality of experience design and improve operational efficiency. In addition to the establishment of a specialized department and the introduction of AI tools, we have launched our own practical training program as a measure targeting all employees, with the aim of reaching a state in which 80% of our employees are able to use AI in operations.

### (3) Environment-related initiatives

We are strengthening our initiatives to address the accelerated awareness of ESG among our clients and the growing interest in the SDGs among general consumers. We had already been promoting our Guidelines for Sustainable Events for producing environment-conscious events, and to further strengthen our efforts in this regard, we have developed Event GX, a tool for the visualization of events' CO<sub>2</sub> emissions, and began delivering this service in August 2024.

### (4) Compliance

We have reorganized and strengthened our structure of committees and set forth and implemented priority management issues. We have also rewritten our basic compliance policy, establishing that we will "prioritize compliance over profit in all actions and decisions." In addition, we will manage legal compliance in operational processes by establishing a dedicated department and assigning specialist personnel to individual operational divisions.

We will strive to achieve sustainable growth and increase corporate value in order to realize our Group purpose of "creating experiences for a new era."

# Consolidated Balance Sheets

As of June 30, 2023 and 2024

Thousands of yen

	2023	2024		2023	2024
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets:</b>	<b>9,548,770</b>	<b>12,326,014</b>	<b>Current liabilities:</b>	<b>2,365,241</b>	<b>4,422,371</b>
Cash and deposits	5,781,523	8,452,900	Electronically recorded obligations – operating	4,543	11,379
Electronically recorded monetary claims – operating	169,462	86,586	Accounts payable - trade	986,011	2,034,816
Notes and accounts receivable – trade, and contract assets	2,289,845	3,455,249	Short-term loans	840,000	840,000
Prepaid expenses for ongoing projects	233,944	79,259	Income taxes payable	66,485	611,511
Accounts receivable - other	868,090	40,792	Reserve for employees' bonuses	46,288	31,171
Prepaid expenses	143,459	199,694	Other	421,911	893,491
Other	62,446	11,531	<b>Long-term liabilities:</b>	<b>401,911</b>	<b>360,525</b>
<b>Noncurrent assets:</b>	<b>1,645,615</b>	<b>1,759,236</b>	Net defined benefit liability	283,220	290,088
<b>Tangible fixed assets:</b>	<b>164,428</b>	<b>216,479</b>	Reserve for directors' retirement allowances	29,590	35,100
Building, net	103,257	101,174	Deferred tax liabilities	80,331	12,777
Tools, furniture and fixtures, net	61,106	115,304	Other	8,768	22,560
Leased assets, net	63	-	<b>Total liabilities</b>	<b>2,767,152</b>	<b>4,782,897</b>
<b>Intangible assets:</b>	<b>26,937</b>	<b>44,974</b>	<b>Net assets</b>		
<b>Investment and others:</b>	<b>1,454,249</b>	<b>1,497,783</b>	<b>Shareholders' equity:</b>	<b>7,821,650</b>	<b>8,752,724</b>
Investments in securities	1,191,888	1,161,604	Capital stock	948,994	948,994
Refundable insurance premium	19,655	19,655	Capital surplus	1,228,732	1,247,422
Deferred tax assets	33,292	94,082	Retained earnings	7,601,149	8,432,833
Leasehold deposits	196,938	194,307	Treasury stock	(1,957,226)	(1,876,526)
Other	12,474	28,133	<b>Accumulated other comprehensive income:</b>	<b>589,778</b>	<b>539,161</b>
			Net unrealized gains (losses) on other securities	589,778	539,161
			<b>Subscription rights to shares:</b>	<b>15,805</b>	<b>10,467</b>
			<b>Total net assets</b>	<b>8,427,234</b>	<b>9,302,353</b>
<b>Total assets</b>	<b>11,194,386</b>	<b>14,085,251</b>	<b>Total liabilities and net assets</b>	<b>11,194,386</b>	<b>14,085,251</b>

Note: The amounts listed above are rounded down to the nearest thousand yen.

# Consolidated Statements of Income

Years ended June 30, 2023 and 2024

Thousands of yen

	2023	2024
<b>Net sales</b>	<b>11,774,484</b>	<b>17,503,626</b>
Cost of sales	9,873,781	14,564,431
<b>Gross profit</b>	<b>1,900,703</b>	<b>2,939,194</b>
Selling, general and administrative expenses	750,129	932,443
<b>Operating income</b>	<b>1,150,573</b>	<b>2,006,751</b>
Non-operating income	31,272	60,157
Non-operating expenses	2,864	8,606
<b>Recurring profit</b>	<b>1,178,981</b>	<b>2,058,303</b>
Extraordinary income	32,391	536
Extraordinary losses	657,636	3,443
<b>Income before income taxes</b>	<b>553,735</b>	<b>2,055,396</b>
Income taxes - current	158,715	727,069
Income taxes - deferred	39,315	(77,653)
<b>Income before minority interests</b>	<b>355,704</b>	<b>1,405,980</b>
<b>Profit attributable to owners of parent</b>	<b>355,704</b>	<b>1,405,980</b>

Note: The amounts listed above are rounded down to the nearest thousand yen.

# Consolidated Statement of Changes in Net Assets

Year ended June 30, 2024

Thousands of yen

	Shareholders' equity					Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Total accumulated other comprehensive income		
Balance as of July 1, 2023	948,994	1,228,732	7,601,149	(1,957,226)	7,821,650	589,778	589,778	15,805	8,427,234
Changes during the term									
Dividends			(574,296)		(574,296)				(574,296)
Profit attributable to owners of parent			1,405,980		1,405,980				1,405,980
Disposal of treasury stock		18,690		80,700	99,390				99,390
Net changes of items other than shareholders' equity						(50,616)	(50,616)	(5,338)	(55,954)
Total changes during the term	-	18,690	831,683	80,700	931,073	(50,616)	(50,616)	(5,338)	875,119
Balance as of June 30, 2024	948,994	1,247,422	8,432,833	(1,876,526)	8,752,724	539,161	539,161	10,467	9,302,353

Note: The amounts listed above are rounded down to the nearest thousand yen.

# Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2024

Thousands of yen

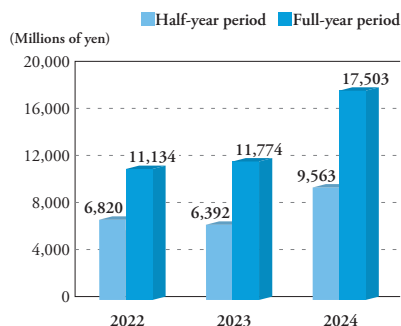
	2023	2024
Cash flows from operating activities	(717,612)	3,395,211
Cash flows from investing activities	211,756	(44,898)
Cash flows from financing activities	(2,303,073)	(678,936)
Net increase (decrease) in cash and cash equivalents	(2,808,929)	2,671,377
Cash and cash equivalents at beginning of year	8,590,452	5,781,523
Cash and cash equivalents at end of year	5,781,523	8,452,900

Note: The amounts listed above are rounded down to the nearest thousand yen.

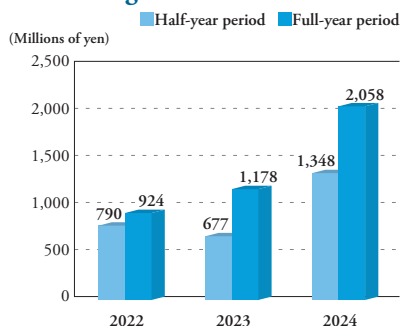
## Financial Highlights (consolidated)

Years ended June 30

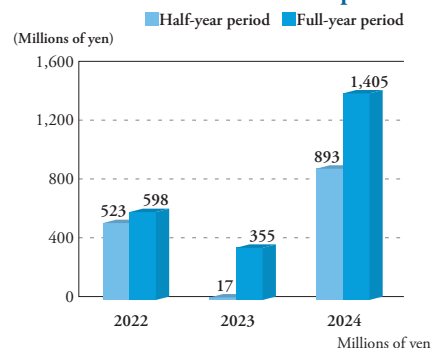
### Net Sales



### Recurring Profit



### Profit attributable to owners of parent



	2022	2023	2024
Net sales	11,134	11,774	17,503
Operating income	883	1,150	2,006
Recurring profit	924	1,178	2,058
Profit attributable to owners of parent	598	355	1,405
Total assets	13,764	11,194	14,085
Net assets	10,544	8,427	9,302

# Non-Consolidated Balance Sheets

As of June 30, 2023 and 2024

Thousands of yen

	2023	2024		2023	2024
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets:</b>	<b>8,689,553</b>	<b>10,991,955</b>	<b>Current liabilities:</b>	<b>1,982,521</b>	<b>3,946,792</b>
Cash and deposits	5,160,565	7,314,847	Electronically recorded obligations – operating	4,543	11,379
Electronically recorded monetary claims – operating	169,462	84,496	Accounts payable – trade	784,749	1,481,937
Notes receivable	559,539	-	Accounts payable to affiliated company	222,647	801,925
Accounts receivable – trade	1,543,786	3,210,146	Short-term loans	540,000	540,000
Contract assets	14,868	64,656	Lease obligations	68	-
Prepaid expenses for ongoing projects	211,353	56,799	Accounts payable- other	76,778	250,857
Accounts receivable – other	829,929	49,827	Income taxes payable	18,931	370,360
Prepaid expenses	137,601	191,403	Accrued expenses	172,991	282,107
Short-term loans receivable	-	10,000	Advances payment for ongoing projects	32,465	44,964
Other	62,446	9,778	Deposits received	13,487	19,198
<b>Noncurrent assets:</b>	<b>1,730,884</b>	<b>1,943,573</b>	Consumption taxes payable	73,764	118,474
<b>Tangible fixed assets:</b>	<b>140,639</b>	<b>198,061</b>	Reserve for employees' bonuses	37,512	25,586
Building	90,146	92,487	Other	4,583	-
Tools, furniture and fixtures	50,429	105,573	<b>Long-term liabilities:</b>	<b>352,606</b>	<b>282,960</b>
Leased assets	63	-	Reserve for employees' retirement benefits	243,696	236,754
<b>Intangible assets:</b>	<b>19,386</b>	<b>18,044</b>	Reserve for directors' retirement allowances	21,010	25,860
Telephone subscription rights	2,652	2,652	Deferred tax liabilities	80,331	12,777
Software	16,734	15,391	Other	7,568	7,568
<b>Investment and other assets:</b>	<b>1,570,857</b>	<b>1,727,468</b>	<b>Total liabilities</b>	<b>2,335,128</b>	<b>4,229,753</b>
Investments in securities	1,191,888	1,110,981	<b>Net assets</b>		
Investments in stock of affiliated company	150,000	224,500	<b>Shareholders' equity:</b>	<b>7,479,725</b>	<b>8,156,147</b>
Long-term loans receivable	-	150,000	Capital stock	948,994	948,994
Membership rights	11,180	27,673	Capital surplus	1,220,229	1,238,919
Refundable insurance premium	19,655	19,655	Additional paid-in capital	1,027,376	1,027,376
Leasehold deposits	196,838	194,207	Other capital surplus	192,852	211,542
Other	1,294	450	Gain on disposal of treasury stock	201,355	220,045
			Other capital surplus	(8,502)	(8,502)
			Retained earnings	7,267,727	7,844,759
			Legal reserve	22,845	22,845
			Other retained earnings	7,244,882	7,821,914
			General reserve	6,700,000	6,500,000
			Retained earnings carried forward	544,882	1,321,914
			Treasury stock	(1,957,226)	(1,876,526)
			<b>Valuation and translation adjustments:</b>	<b>589,778</b>	<b>539,161</b>
			Net unrealized gains (losses) on other securities	589,778	539,161
			<b>Subscription rights to shares:</b>	<b>15,805</b>	<b>10,467</b>
<b>Total assets</b>	<b>10,420,437</b>	<b>12,935,529</b>	<b>Total net assets</b>	<b>8,085,308</b>	<b>8,705,775</b>
			<b>Total liabilities and net assets</b>	<b>10,420,437</b>	<b>12,935,529</b>

Note: The amounts listed above are rounded down to the nearest thousand yen.

# Non-Consolidated Statements of Income

Years ended June 30, 2023 and 2024

Thousands of yen

	2023	2024
<b>Net sales</b>	<b>10,663,405</b>	<b>15,287,319</b>
Cost of sales	9,248,090	13,259,487
<b>Gross profit</b>	<b>1,415,314</b>	<b>2,027,832</b>
Selling, general and administrative expenses	731,445	849,340
<b>Operating income</b>	<b>683,869</b>	<b>1,178,492</b>
Non-operating income	391,485	344,014
Non-operating expenses	1,983	7,468
<b>Recurring profit</b>	<b>1,073,371</b>	<b>1,515,038</b>
Extraordinary income	32,390	373
Extraordinary losses	657,636	298
<b>Income before income taxes</b>	<b>448,125</b>	<b>1,515,113</b>
Income taxes - current	4,715	409,000
Income taxes - deferred	32,488	(45,214)
<b>Net income</b>	<b>410,920</b>	<b>1,151,328</b>

Note: The amounts listed above are rounded down to the nearest thousand yen.

# Non-Consolidated Statement of Changes in Net Assets

Year ended June 30, 2024

Thousands of yen

	Shareholders' equity									Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total Shareholders' equity	Net unrealized gains (losses) on other securities	Total valuation and translation adjustments		
		Capital reserves	Other capital surplus	Total capital surplus		General reserve	Retained earnings carried forward	Total retained earnings						
Balance as of July 1, 2023	948,994	1,027,376	192,852	1,220,229	22,845	6,700,000	544,882	7,267,727	(1,957,226)	7,479,725	589,778	589,778	15,805	8,085,308
Changes during the term														
Reversal of general reserve						(200,000)	200,000	-						
Dividends							(574,296)	(574,296)		(574,296)				(574,296)
Net income							1,151,328	1,151,328		1,151,328				1,151,328
Disposal of treasury stock			18,690	18,690					80,700	99,390				99,390
Net changes of items other than shareholders' equity											(50,616)	(50,616)	(5,338)	(55,954)
Total changes during the term	-	-	18,690	18,690	-	(200,000)	777,031	577,031	80,700	676,421	(50,616)	(50,616)	(5,338)	620,467
Balance as of June 30, 2024	948,994	1,027,376	211,542	1,238,919	22,845	6,500,000	1,321,914	7,844,759	(1,876,526)	8,156,147	539,161	539,161	10,467	8,705,775

Note: The amounts listed above are rounded down to the nearest thousand yen.



# Corporate Profile

As of June 30, 2024

**Name:** TOW Co., Ltd.

**Head Office:** Hulic Kamiyacho Bldg. 3F, 4-3-13  
Toranomon, Minato-ku, Tokyo 105-0001 Japan

**Establishment:** July 6, 1976

**Paid-in Capital:** ¥948,994 thousand

**Number of Employees:** 263 (Consolidated)

**Main Business Lines:**

1. Planning, production, construction, creation and management of events and seminars
2. Construction of buildings and erection of other structures, interior decoration, and electrical installation work performed under contract for promotional and other events
3. Planning and production of advertising and public relations events
4. Planning, production and management of media and media content, and performance thereof under contract
5. Planning, production, acquisition, administration and sales of video and audio software
6. Planning and production of sales promotion campaigns, and planning and publishing of exhibitions and interior decoration
7. Planning, production, sales and import/export of advertisements, promotional goods and premiums related to sales promotion
8. Planning, production and publishing of various printed matters
9. Planning and production related to integrated promotion that combines 1 to 8 above (i.e., experience design)

## Directors and Corporate Auditors (As of September 25, 2024)

President  
 Managing Director/Executive Officer  
 Director/Executive Officer (Group CHRO)  
 Director/Executive Officer  
 Executive Officer  
 Executive Officer  
 Executive Officer  
 Executive Officer  
 Executive Officer  
 Chief Digital Officer (CDO)  
 Outside Director  
 Outside Director, Audit and Supervisory Committee Member  
 Outside Director, Audit and Supervisory Committee Member  
 Outside Director, Audit and Supervisory Committee Member

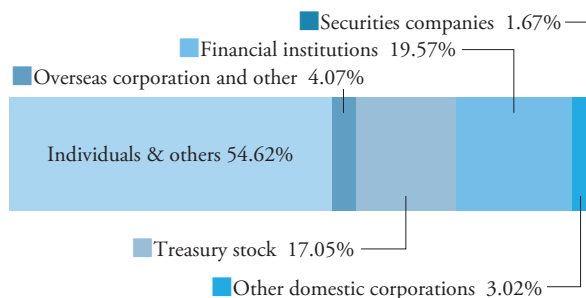
**Kenichi Muratsu**  
**Kimihiko Ichikawa**  
**Junpei Amemiya**  
**Takehito Masumori**  
**Hiroki Takeshita**  
**Keisuke Morii**  
**Goichi Kawamura**  
**Shunichi Ebine**  
**Shinya Kanamori**  
**Daisuke Yanasawa**  
**Shintaro Hagiwara**  
**Yuka Imanishi**  
**Tomosada Yoshikawa**

# Stock Information

As of June 30, 2024

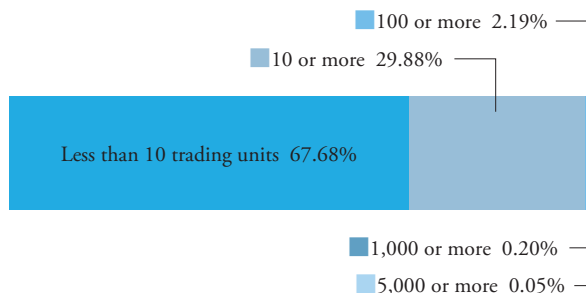
1. Number of shares authorized to be issued..... 120,000,000 shares
2. Number of shares issued..... 48,969,096 shares
3. Number of shareholders .....15,421

## Shareholders by Type



## Shareholders by Number of Shares Held

(Breakdown of shareholders by number of shares held.)



## Shareholder Information

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**Business year:** From July 1 to June 30 of the following year

Regular general meeting of shareholders: September every year

Administrator of stockholders' register and Mitsubishi UFJ Trust and Banking Corporation  
special account management institution: 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**Contact:** Corporate Agency Div., Mitsubishi UFJ Trust and Banking Corporation  
7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan

**Tel (toll free number):** 0120-232-711

**Mailing address:** Corporate Agency Div., Mitsubishi UFJ Trust and Banking Corporation  
P.O. Box No. 29, Shin-Tokyo Post Office, 137-8081, Japan

**One trading unit:** 100 shares

**Method of public notices:** <https://tow.co.jp/>

(When electronic public notices are not possible due to accidents or other unavoidable reasons, they will be made available in the newspaper, the Nihon Keizai Shimbun.)



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