

TOW (4767)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY06/2023		11,774	1,150	1,178	355	8.61	14.40	208.86
FY06/2024		17,503	2,006	2,058	1,405	34.71	14.00	228.76
FY06/2025CoE		18,000	2,120	2,150	1,428	35.17	15.00	-
FY06/2024	YoY	48.7%	74.4%	74.6%	295.3%	-	-	-
FY06/2025CoE	YoY	2.8%	5.7%	4.5%	1.6%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY06/2024		9,563	1,333	1,348	893	-	-	-
Q3 to Q4 FY06/2024		7,939	673	710	512	-	-	-
Q1 to Q2 FY06/2025CoE		9,000	1,089	1,100	732	-	-	-
Q3 to Q4 FY06/2025CoE		9,000	1,031	1,050	696	-	-	-
Q1 to Q2 FY06/2025CoE	YoY	(5.9%)	(18.3%)	(18.4%)	(18.1%)	-	-	-
Q3 to Q4 FY06/2025CoE	YoY	13.4%	53.1%	47.8%	35.9%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (16 August 2024)

Back to Real-World Events


On 8 August 2024, TOW, which dedicates to planning and producing of hands-on integrated promotions, released its FY06/2024 results. It has been revealed that the move back to real-world events is in full swing and the Company saw an increase in sales as high as almost 50% over the previous year. In addition to the accelerated pace of street promotions, particularly amongst advertisers of beverages and cosmetics, the Company also benefited from posting of sales associated with biennial holding of a major automotive exhibition. Furthermore, the Company also posted sales associated with holding of large events related to IP contents (e.g., popular characters) and government at the same time. Meanwhile, cost of sales and SG&A expenses have also risen significantly, yet the Company has achieved operating profit margin of 11.5% (up 1.7% points). The Company notes that various expenses, such as strategic investment in human capital, to achieve sustainable growth, were fully implemented for H2, while there was an aspect that it has seen an improvement in profitability due to expansion of highly value-added fee-based operations and in-house production on a group basis. We are to interview with the Company's management to obtain further details, so that we should be able to update our Company Report and release afresh.

Our Company Report: [TOW \(4767\) Significant Momentum \(19 July 2024\)](#)

IR Representative: Takehito Masumori, Director / Executive Officer (211masumori@tow.co.jp)

2.0 Company Profile

Planning and Producing of Hands-on Integrated Promotions

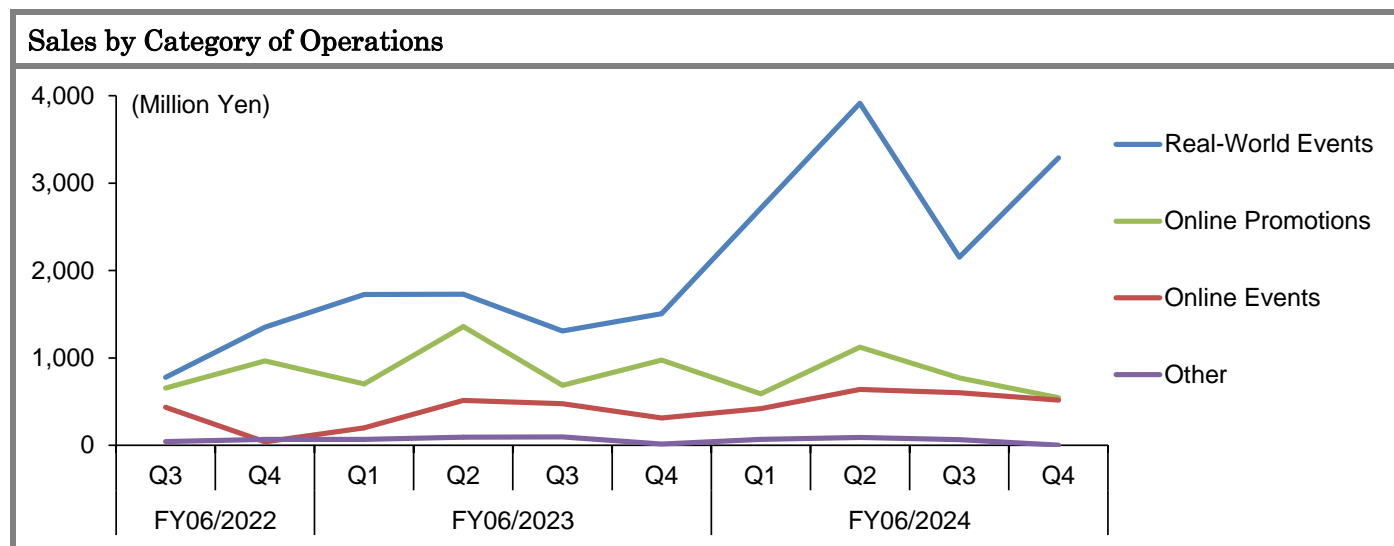
Company Name	TOW CO., Ltd. Company HP IR Information (Japanese) Share Price (Japanese) 
Established	6 July 1976
Listing	20 October 2023: Tokyo Stock Exchange Standard Market (ticker: 4767) 4 April 2022: Tokyo Stock Exchange Prime Market 25 June 2008: Tokyo Stock Exchange 1st section 25 June 2007: Tokyo Stock Exchange 2nd section 13 July 2000: JASDAQ
Capital	¥948m (as of the end of June 2024)
No. of Shares	48,969,096 shares, including 8,349,752 treasury shares (as of the end of June 2024)
Main Features	<ul style="list-style-type: none"> ● Major advertising companies (60% of sales) and direct clients (19% of sales) ● Producing events and/or contents with own planning ● Design Results with Experience Value as the Core, including video, social media and so on
Representative	Representative Director and President: Kenichi Muratsu
Shareholders	Master Trust Bank of Japan, T. 14.35%, Katsuji Maki 9.71%, Custody Bank of Japan, T. 4.56%, LIKE, Inc. 2.56%, Employee Stock Ownership Plan 1.92% (as of the end of December 2023, but for treasury shares)
Head Office	Minato-ku, Tokyo, JAPAN
No. of Personnel	Consolidated: 263, Parent: 200 (as of the end of June 2024)

Source: Company Data

3.0 Recent Trading and Prospects

FY06/2024

For FY06/2024, sales came in at ¥17,503m (up 48.7% YoY), operating profit ¥2,006m (up 74.4%), recurring profit ¥2,058m (up 74.6%) and profit attributable to owners of parent ¥1,405m (up 295.3%). At the extraordinary level, the Company posted the payment of special career achievement bonus of ¥647m for FY06/2023, which did not reappear, having resulted in an improvement in earnings to a corresponding extent.



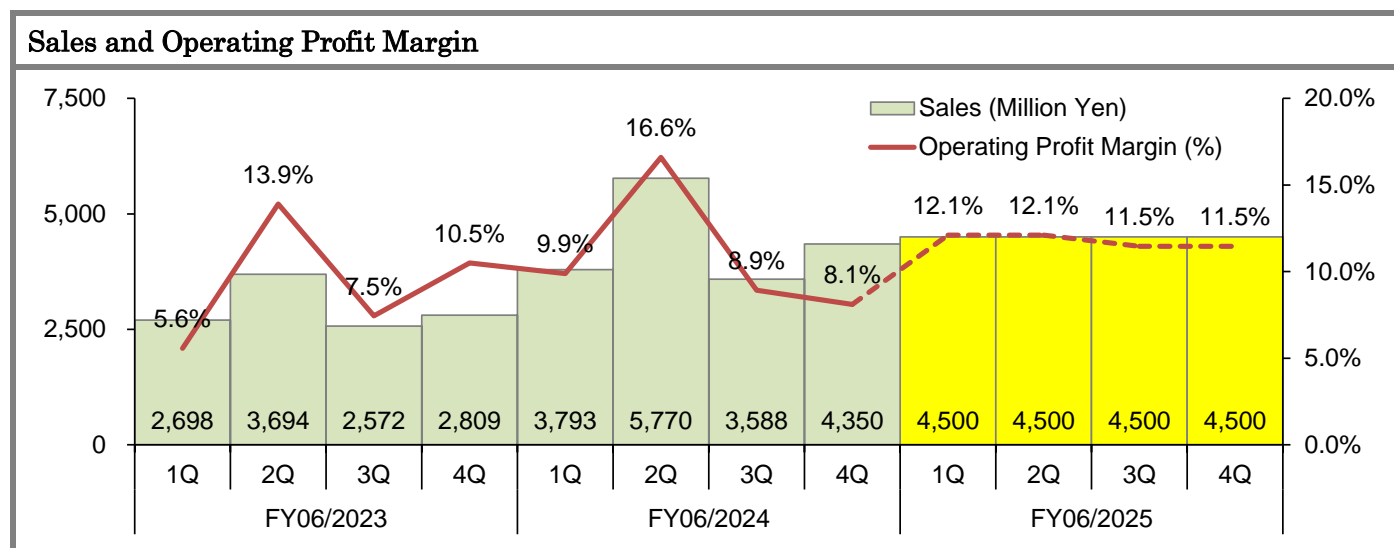
Source: Company Data, WRJ Calculation

With the aforementioned background, sales of the Real-World Events side came in at ¥12,069m (up 92.5%) and accounted for 69.0% of the Company's sales. Meanwhile sales of on the Online Events side came in at ¥2,181m (up 45.0%) and 12.5% of the Company's sales. According to the Company, hybrid events that combine real-world events and online events are becoming increasingly established, while it has steadily captured growing demand for all those events. Meanwhile, sales on the Online Promotions side came in at ¥3,027m (down 18.7%) and 17.3% of the Company's sales. The rapid recovery of real-world events had an aspect to have made activities in this category stagnated for those of promoting sales and/or making an offer, having inevitably resulted in a decline in sales. However, in light of a growth potential in the future, the Company is to start over reinforcement of its measures to drive sales in this category, going forward. Elsewhere, sales of Other came in at ¥225m (down 18.8%) and 1.3% of the Company's sales.

Consequently, as above-mentioned, the Company's sales came in at ¥17,503m (up 48.7%), having comprised cost of sales of ¥14,564m (up 47.5%), gross profit of ¥2,939m (up 54.6%) and SG&A expenses of ¥932m (up 24.3%), implying gross profit margin of 16.8% (up 0.6% points) and SG&A ratio of 5.3% (down 1.0% point). Thus, the Company saw operating profit margin of 11.5% (up 1.7% points) and 15.9% for ROE.

FY06/2025 Company Forecasts

FY06/2025 Company forecasts, announced on 8 August 2024, are going for prospective sales of ¥18,000m (up 2.8% YoY), operating profit of ¥2,120m (up 5.7%), recurring profit of ¥2,150m (up 4.5%) and profit attributable to owners of parent of ¥1,428m (up 1.6%), while operating profit margin of 11.8% (up 0.3% points). At the same time, Company forecasts are going for planned annual dividend of ¥15.00 per share (¥7.50 as of the end of Q2 and ¥7.50 as of the end of year) for FY06/2025, implying payout ratio of 42.6%.



Source: Company Data, WRJ Calculation (quarters off FY06/2025: half year Company forecasts, pro rata)

The Company suggests that order intake is now kicking in for projects of Expo 2025 Osaka, Kansai, Japan to be held through 13 April 2025 to 13 October 2025. Including the impact of this, the Company's order backlog (progress of order placement to post sales during the relevant fiscal year) stood at ¥7,774m as of 31 July 2024, up 12.1% from the actual result of ¥6,934m, the equivalent of the previous year. At the same time, the former respects a progress rate of 43.2% against full-year sales assumed in Company forecasts, implying that the Company has confirmed sales to a corresponding extent in a practical manner for FY06/2025 to date. In light of the fact the said progress rate was no more than 39.6% for the actual results of FY06/2024, it should be the case that Company forecasts are based on conservative assumptions.

4.0 Financial Statements

Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	06/2023	06/2023	06/2023	06/2023	06/2024	06/2024	06/2024	06/2024	06/2024	
Sales	2,698	6,392	8,964	11,774	3,793	9,563	13,152	17,503		+5,729
Cost of Sales	2,320	5,317	7,526	9,873	3,198	7,803	10,843	14,564		+4,690
Gross Profit	377	1,075	1,437	1,900	595	1,760	2,309	2,939		+1,038
SG&A Expenses	227	411	582	750	219	426	655	932		+182
Operating Profit	150	663	855	1,150	375	1,333	1,653	2,006		+856
Non Operating Balance	13	13	28	28	15	14	32	51		+23
Recurring Profit	164	677	883	1,178	390	1,348	1,686	2,058		+879
Extraordinary Balance	(622)	(622)	(625)	(625)	0	0	0	(2)		+622
Profit before Income Taxes	(458)	55	258	553	390	1,348	1,686	2,055		+1,501
Total Income Taxes	(130)	37	107	198	142	454	569	649		+451
Profit Attributable to Owners of Parent	(327)	17	151	355	248	893	1,116	1,405		+1,050
Sales YoY	(12.9%)	(6.3%)	+2.9%	+5.8%	+40.6%	+49.6%	+46.7%	+48.7%		-
Operating Profit YoY	(55.8%)	(13.7%)	+13.6%	+30.2%	+149.7%	+100.8%	+93.3%	+74.4%		-
Recurring Profit YoY	(54.5%)	(14.3%)	+11.2%	+27.5%	+138.0%	+98.9%	+90.8%	+74.6%		-
Profit Attributable to Owners of Parent YoY	-	(96.7%)	(71.0%)	(40.6%)	-	-	+636.3%	+295.3%		-
Gross Profit Margin	14.0%	16.8%	16.0%	16.1%	15.7%	18.4%	17.6%	16.8%		+0.6%
SG&A Ratio	8.4%	6.4%	6.5%	6.4%	5.8%	4.5%	5.0%	5.3%		(1.0%)
Operating Profit Margin	5.6%	10.4%	9.5%	9.8%	9.9%	13.9%	12.6%	11.5%		+1.7%
Recurring Profit Margin	6.1%	10.6%	9.9%	10.0%	10.3%	14.1%	12.8%	11.8%		+1.7%
Profit Attributable to Owners of Parent Margin	(12.1%)	0.3%	1.7%	3.0%	6.5%	9.3%	8.5%	8.0%		+5.0%
Total Income Taxes / Profit before Income Taxes	28.6%	68.4%	41.4%	35.8%	36.5%	33.7%	33.8%	31.6%		(4.2%)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	06/2023	06/2023	06/2023	06/2023	06/2024	06/2024	06/2024	06/2024	06/2024	
Sales	2,698	3,694	2,572	2,809	3,793	5,770	3,588	4,350		+1,540
Cost of Sales	2,320	2,996	2,209	2,346	3,198	4,605	3,039	3,720		+1,374
Gross Profit	377	697	362	463	595	1,165	549	629		+166
SG&A Expenses	227	183	170	168	219	206	228	277		+109
Operating Profit	150	513	191	294	375	958	320	352		+57
Non Operating Balance	13	0	14	0	15	(0)	17	19		+19
Recurring Profit	164	513	206	295	390	957	337	372		+77
Extraordinary Balance	(622)	0	(2)	(0)	0	(0)	0	(3)		(3)
Profit before Income Taxes	(458)	513	203	295	390	957	338	368		+73
Total Income Taxes	(130)	168	69	90	142	311	115	79		(11)
Profit Attributable to Owners of Parent	(327)	344	134	204	248	645	222	289		+85
Sales YoY	(12.9%)	(0.8%)	+36.2%	+15.9%	+40.6%	+56.2%	+39.5%	+54.8%		-
Operating Profit YoY	(55.8%)	+19.8%	-	+126.7%	+149.7%	+86.5%	+67.3%	+19.6%		-
Recurring Profit YoY	(54.5%)	+19.5%	-	+127.4%	+138.0%	+86.4%	+64.0%	+26.2%		-
Profit Attributable to Owners of Parent YoY	-	+18.3%	-	+170.4%	-	+87.3%	+66.0%	+41.9%		-
Gross Profit Margin	14.0%	18.9%	14.1%	16.5%	15.7%	20.2%	15.3%	14.5%		(2.0%)
SG&A Ratio	8.4%	5.0%	6.6%	6.0%	5.8%	3.6%	6.4%	6.4%		+0.4%
Operating Profit Margin	5.6%	13.9%	7.5%	10.5%	9.9%	16.6%	8.9%	8.1%		(2.4%)
Recurring Profit Margin	6.1%	13.9%	8.0%	10.5%	10.3%	16.6%	9.4%	8.6%		(1.9%)
Profit Attributable to Owners of Parent Margin	(12.1%)	9.3%	5.2%	7.3%	6.5%	11.2%	6.2%	6.7%		(0.6%)
Total Income Taxes / Profit before Income Taxes	28.6%	32.9%	34.0%	30.8%	36.5%	32.6%	34.2%	21.5%		(9.3%)

Source: Company Data, WRJ Calculation

Sales by Category of Operations (Cumulative/Quarterly)

Sales by Category of Operations (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 06/2023	Q1 to Q2 06/2023	Q1 to Q3 06/2023	Q1 to Q4 06/2023	Q1 06/2024	Q1 to Q2 06/2024	Q1 to Q3 06/2024	Q1 to Q4 06/2024		
Real-World Events	1,726	3,454	4,763	6,269	2,712	6,627	8,781	12,069	+5,800	
Online Events	200	714	1,191	1,504	421	1,062	1,663	2,181	+677	
Online Promotions	701	2,060	2,747	3,723	591	1,713	2,483	3,027	(696)	
Other	69	163	261	277	68	159	223	225	(52)	
Sales	2,698	6,392	8,964	11,774	3,793	9,563	13,152	17,503	+5,729	
Real-World Events	+4.1%	+41.9%	+48.3%	+37.4%	+57.1%	+91.9%	+84.3%	+92.5%	-	
Online Events	(73.3%)	(69.1%)	(56.6%)	(46.0%)	+110.4%	+48.7%	+39.6%	+45.0%	-	
Online Promotions	+8.0%	+4.9%	+4.9%	+3.8%	(15.6%)	(16.8%)	(9.6%)	(18.7%)	-	
Other	+77.6%	+85.8%	+99.5%	+40.3%	(1.4%)	(2.3%)	(14.3%)	(18.8%)	-	
Sales (YoY)	(12.9%)	(6.0%)	+2.9%	+5.8%	+40.6%	+49.6%	+46.7%	+48.7%	-	
Real-World Events	64.0%	54.0%	53.1%	53.2%	71.5%	69.3%	66.8%	69.0%	-	
Online Events	7.4%	11.2%	13.3%	12.8%	11.1%	11.1%	12.6%	12.5%	-	
Online Promotions	26.0%	32.2%	30.6%	31.6%	15.6%	17.9%	18.9%	17.3%	-	
Other	2.6%	2.6%	2.9%	2.4%	1.8%	1.7%	1.7%	1.3%	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	

Sales by Category of Operations (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 06/2023	Q2 06/2023	Q3 06/2023	Q4 06/2023	Q1 06/2024	Q2 06/2024	Q3 06/2024	Q4 06/2024		
Real-World Events	1,726	1,728	1,309	1,506	2,712	3,915	2,154	3,288	+1,782	
Online Events	200	514	477	313	421	641	601	518	+205	
Online Promotions	701	1,359	687	976	591	1,122	770	544	(432)	
Other	69	94	98	16	68	91	64	2	(14)	
Sales	2,698	3,694	2,572	2,810	3,793	5,770	3,589	4,351	+1,541	
Real-World Events	+4.1%	-	+68.3%	+11.5%	+57.1%	+126.6%	+64.6%	+118.3%	-	
Online Events	(73.3%)	-	+9.7%	+682.5%	+110.4%	+24.7%	+26.0%	+65.5%	-	
Online Promotions	+8.0%	-	+4.9%	+0.9%	(15.6%)	(17.4%)	+12.1%	(44.3%)	-	
Other	+77.6%	-	+127.9%	(76.1%)	(1.4%)	(3.2%)	(34.7%)	(87.5%)	-	
Sales (YoY)	(12.9%)	(0.2%)	+34.5%	+15.9%	+40.6%	+56.2%	+39.5%	+54.8%	-	
Real-World Events	64.0%	46.8%	50.9%	53.6%	71.5%	67.9%	60.0%	75.6%	-	
Online Events	7.4%	13.9%	18.5%	11.1%	11.1%	11.1%	16.7%	11.9%	-	
Online Promotions	26.0%	36.8%	26.7%	34.7%	15.6%	19.4%	21.5%	12.5%	-	
Other	2.6%	2.5%	3.8%	0.6%	1.8%	1.6%	1.8%	0.0%	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	06/2023	06/2023	06/2023	06/2023	06/2024	06/2024	06/2024	06/2024		
Cash and Deposit	6,008	5,786	5,464	5,781	6,347	7,111	7,242	8,452	8,452	+2,671
Electronically Recorded Receivables	168	341	487	169	97	71	87	86	86	(82)
Accounts Receivables and Contract Assets	2,230	3,037	2,293	2,289	2,950	4,044	3,262	3,455	3,455	+1,165
Other	1,022	1,021	1,268	1,307	1,231	1,339	824	331	331	(976)
Current Assets	9,428	10,186	9,513	9,548	10,627	12,567	11,417	12,326	12,326	+2,777
Tangible Assets	184	176	175	164	157	150	143	216	216	+52
Intangible Assets	27	25	23	26	50	52	48	44	44	+18
Investments and Other Assets	1,749	1,670	1,631	1,454	1,412	1,374	1,518	1,497	1,497	+43
Fixed Assets	1,961	1,872	1,831	1,645	1,620	1,578	1,710	1,759	1,759	+113
Total Assets	11,390	12,059	11,344	11,194	12,247	14,145	13,127	14,085	14,085	+2,890
Electronically Recorded Debt	14	13	10	4	4	25	1	11	11	+6
Accounts Payable	1,347	1,859	1,297	986	1,975	2,939	1,814	2,034	2,034	+1,048
Short-Term Debt	840	840	840	840	840	840	840	840	840	0
Other	744	461	444	534	714	900	976	1,536	1,536	+1,001
Current Liabilities	2,946	3,174	2,593	2,365	3,534	4,706	3,632	4,422	4,422	+2,057
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Other	301	354	399	401	386	399	426	360	360	(41)
Fixed Liabilities	301	354	399	401	386	399	426	360	360	(41)
Total Liabilities	3,248	3,529	2,992	2,767	3,920	5,106	4,058	4,782	4,782	+2,015
Shareholders' Equity	7,398	7,820	7,617	7,821	7,779	8,524	8,463	8,752	8,752	+931
Other	744	710	735	605	546	514	605	549	549	(55)
Net Assets	8,142	8,530	8,352	8,427	8,326	9,039	9,068	9,302	9,302	+875
Total Liabilities and Net Assets	11,390	12,059	11,344	11,194	12,247	14,145	13,127	14,085	14,085	+2,890
Equity Capital	8,111	8,508	8,336	8,411	8,310	9,028	9,058	9,291	9,291	+880
Interest-Bearing Debt	840	840	840	840	840	840	840	840	840	0
Net Debt	(5,168)	(4,946)	(4,624)	(4,941)	(5,507)	(6,271)	(6,402)	(7,612)	(7,612)	(2,671)
Equity Ratio	71.2%	70.6%	73.5%	73.8%	67.9%	63.8%	69.0%	66.0%	66.0%	-
Net Debt-to-Equity Ratio	(63.7%)	(58.1%)	(55.5%)	(61.2%)	(66.3%)	(69.5%)	(70.7%)	(81.9%)	(81.9%)	-
ROE (12 months)	0.4%	1.0%	2.4%	3.8%	11.3%	14.1%	15.2%	15.9%	15.9%	-
ROA (12 months)	5.8%	6.2%	8.3%	9.4%	11.9%	14.1%	16.2%	16.3%	16.3%	-
Quick Ratio	285%	289%	318%	348%	266%	239%	292%	271%	271%	-
Current Ratio	320%	321%	367%	404%	301%	267%	314%	279%	279%	-

Source: Company Data, WRJ Calculation

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Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	06/2023	06/2023	06/2023	06/2023	06/2024	06/2024	06/2024	06/2024		
Operating Cash Flow	-	(999)	-	(718)	-	1,732	-	3,395	3,395	+4,112
Investing Cash Flow	-	206	-	211	-	(9)	-	(45)	(45)	(257)
Operating Cash Flow and Investing Cash Flow	-	(792)	-	(506)	-	1,724	-	3,350	3,350	+3,856
Financing Cash Flow	-	(2,013)	-	(2,304)	-	(395)	-	(679)	(679)	+1,624

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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