

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 Quarter (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY06/2024		3,793	375	390	248	-	-	-
Q2 FY06/2024		5,770	958	957	645	-	-	-
Q3 FY06/2024		3,588	320	337	222	-	-	-
Q4 FY06/2024		4,350	352	372	289	-	-	-
Q1 FY06/2025		3,849	342	352	227	-	-	-
Q1 FY06/2025	YoY	1.5%	(8.9%)	(9.8%)	(8.2%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (19 November 2024)

Steady Progress


On 14 November 2024, TOW, which focuses on the development of planning & producing for sophisticatedly integrated promotions, released its Q1 (July to September) FY06/2025 results. It has been revealed that the Company is achieving steady progress in its performance in line with assumptions of Company forecasts. With respect to Integrated Promotions, on which the Company focuses, sales have risen more than 10% over the same period of the previous year, while sales have secured an increase for Real-World Events, which is currently the mainstay, due to strengths associated with street promotions and exhibitions for beverages and tasty things. At the same time, the Company is proactively implementing measures to strengthen human capital management for long-term growth and investing heavily in themes such as AI and environment. Further, on 31 October 2024, the Company disclosed that it had entered into a basic agreement to acquire all shares of Qetic Inc., a company involved in planning, producing and operating for a wide range of social media and digital content, eventually making it a consolidated subsidiary with an objective of strengthening Integrated Promotions. We are to interview the Company's management to obtain further details, so that we should be able to update our Company Report and release it afresh.

Our latest Company Report: [TOW \(4767\) Hop, Step and Jump \(8 October 2024\)](#)

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

2.0 Company Profile

Planning & Producing Sophisticatedly Integrated Promotions

Company Name	<p>TOW CO., Ltd.</p> <p>Company HP</p> <p>IR Information (Japanese)</p> <p>Share Price (Japanese)</p>	
Established	6 July 1976	
Listing	<p>20 October 2023: Tokyo Stock Exchange Standard Market (ticker: 4767)</p> <p>4 April 2022: Tokyo Stock Exchange Prime Market</p> <p>25 June 2008: Tokyo Stock Exchange 1st section</p> <p>25 June 2007: Tokyo Stock Exchange 2nd section</p> <p>13 July 2000: JASDAQ</p>	
Capital	¥948m (as of the end of September 2024)	
No. of Shares	48,969,096 shares, including 8,362,752 treasury shares (as of the end of Sep. 2024)	
Main Features	<ul style="list-style-type: none"> ● Major ad firms account for 60% of sales and 19% for direct clients ● Producing events and/or content with own planning ● Measures to promote business growth: Design Results with Hands-on Value 	
Representative	Representative Director and President: Kenichi Muratsu	
Shareholders	<p>Master Trust Bank of Japan, T. 16.63%, Katsuji Maki 9.71%, Custody Bank of Japan, T. 5.83%, LIKE, Inc. 2.56%, Employee Stock Ownership Plan 1.95%</p> <p>(as of the end of June 2024, but for treasury shares)</p>	
Head Office	Minato-ku, Tokyo, JAPAN	
No. of Personnel	Consolidated: 263, Parent: 200 (as of the end of June 2024)	

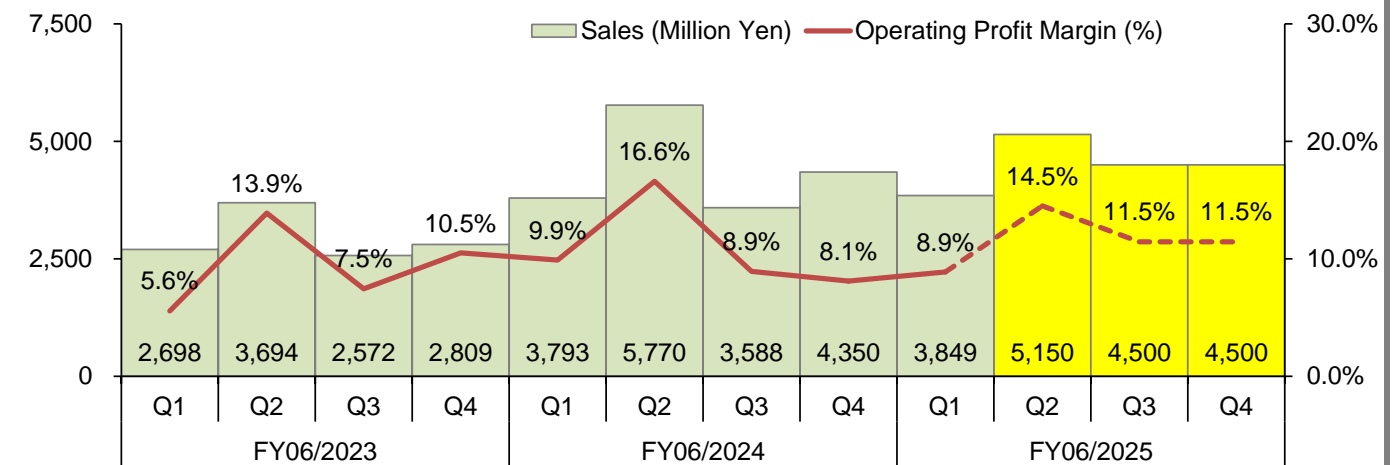
Source: Company Data

3.0 Recent Trading and Prospects

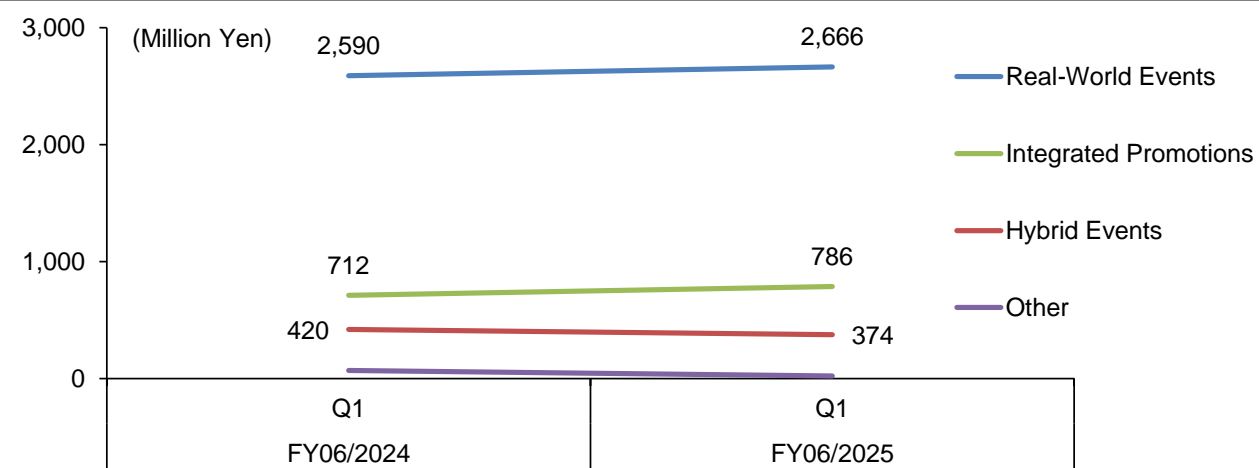
Q1 (July to September) FY06/2025

For Q1 (July to September) FY06/2025, sales came in at ¥3,849m (up 1.5% YoY), operating profit ¥342m (down 8.9%), recurring profit ¥352m (down 9.8%) and profit attributable to owners of parent ¥227m (down 8.2%). Meanwhile, gross profit came in at ¥606m (up 2.0%) and SG&A expenses ¥264m (up 20.5%), implying gross profit margin of 15.8% (up 0.1% point) and SG&A ratio of 6.9% (up 1.1% points), having resulted in operating profit margin of 8.9% (down 1.0% point).

Sales and Operating Profit Margin



Sales by Category of Operations



Source: Company Data, WRJ Calculation (Q3/Q4 FY06/2025: H2 Company forecasts, pro rata)

By category of operations, Real-World Events saw sales of ¥2,666m (up 2.9%), Hybrid Events sales of ¥374m (down 11.0%) and Integrated Promotions sales of ¥786m (up 10.3%). With respect to Real-World Events, sales were driven by ongoing demand for hands-on experiences in street promotions and exhibitions of beverages and tasty things, while sales were enhanced also by the fact that the Company posted sales from large-scale projects for public offices and organizations. On the other hand, in Hybrid Events, the impact of absence of sales from large-scale projects posted during the same period of the previous year has been significant, according to the Company. The reason cited for the higher sales in Integrated Promotions is that the Company is steadily capturing ever-increasing demand.

Integrated Promotions are those of maximizing appeal by integrating real content and digital content such as videos. The Company is now focusing on Integrated Promotions in earnest, having changed category classification for its operations to that of corresponding to a real picture more than before, starting for Q1 (July to September) FY06/2025. The actual results for sales of each category during the same period of the previous year described in the charts of this report are our estimates based on the rate of year-on-year changes disclosed.

With respect to earnings for Q1 (July to September), the Company suggests that it has maintained high profitability together with its fee-based operations that provide high added value and internal producing within the group. However, the impact was larger with respect to increased personnel expenses and SG&A expenses, having resulted in a decline at the operating level and thus other levels. In other words, the Company saw earnings under pressure due to its ongoing proactive efforts to strengthen human capital management and to invest heavily in such themes as AI and environment, i.e., heavily impacted by the burden of upfront investments to pursue growth from a long-term perspective. In terms of personnel expenses, the situations are as follows:

From FY06/2023 to FY06/2024, the Company increased the number of personnel as of the end of the year from 233 to 263, i.e., by 30 and/or 12.9% on a consolidated basis, while from 184 to 200, i.e., by 16 and/or 8.7% on a parent basis. Further, with respect to the latter, the Company has raised the average annual salary from ¥6.366m to ¥7.397m, i.e., by ¥1.030m and/or 16.2%. At the same time, this trend persists for Q1 (July to September) FY06/2025, according to the Company. Meanwhile, on 14 November 2024, the Company granted shares with a restriction on transfer (384,000 in the number at ¥327 per share and/or ¥125m in the total amount) to directors and employees of the parent company and its subsidiaries in order to raise incentives on a group basis.

FY06/2025 Company Forecasts

FY06/2025 initial Company forecasts, announced on 8 August 2024, have remained unchanged, 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%). At the same time, Company forecasts have remained unchanged also for planned annual dividend, going for ¥15.00 per share for FY06/2025, implying payout ratio of 42.6%.

FY06/2025 Company Forecasts

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY06/2024CoE	8-Aug-24	Q4 Results	18,000	2,120	2,150	1,428
FY06/2024CoE	14-Nov-24	Q1 Results	18,000	2,120	2,150	1,428
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY06/2024CoE	8-Aug-24	Q4 Results	18,000	2,120	2,150	1,428
FY06/2024Act	14-Nov-24	Q4 Results	18,000	2,120	2,150	1,428
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY06/2024CoE	8-Aug-24	Q4 Results	9,000	1,089	1,100	732
Q1 to Q2 FY06/2024CoE	14-Nov-24	Q1 Results	9,000	1,089	1,100	732
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q1 to Q2 FY06/2024CoE	8-Aug-24	Q4 Results	9,000	1,089	1,100	732
Q1 to Q2 FY06/2024Act	14-Nov-24	Q2 Results	9,000	1,089	1,100	732
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY06/2024CoE	8-Aug-24	Q4 Results	9,000	1,031	1,050	696
Q3 to Q4 FY06/2024CoE	14-Nov-24	Q1 Results	9,000	1,031	1,050	696
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY06/2024CoE	8-Aug-24	Q4 Results	9,000	1,031	1,050	696
Q3 to Q4 FY06/2024Act	14-Nov-24	Q4 Results	9,000	1,031	1,050	696
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%

Source: Company Data, WRJ Calculation

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.
	06/2024	06/2024	06/2024	06/2024	06/2025	06/2025	06/2025	06/2025	06/2025	
Sales	3,793	9,563	13,152	17,503	3,849	-	-	-	-	+55
Cost of Sales	3,198	7,803	10,843	14,564	3,242	-	-	-	-	+43
Gross Profit	595	1,760	2,309	2,939	606	-	-	-	-	+11
SG&A Expenses	219	426	655	932	264	-	-	-	-	+45
Operating Profit	375	1,333	1,653	2,006	342	-	-	-	-	(33)
Non Operating Balance	15	14	32	51	10	-	-	-	-	(4)
Recurring Profit	390	1,348	1,686	2,058	352	-	-	-	-	(38)
Extraordinary Balance	0	0	0	(2)	-	-	-	-	-	(0)
Profit before Income Taxes	390	1,348	1,686	2,055	352	-	-	-	-	(38)
Total Income Taxes	142	454	569	649	124	-	-	-	-	(18)
Profit Attributable to Owners of Parent	248	893	1,116	1,405	227	-	-	-	-	(20)
Sales YoY	+40.6%	+49.6%	+46.7%	+48.7%	+1.5%	-	-	-	-	-
Operating Profit YoY	+149.7%	+100.8%	+93.3%	+74.4%	(8.9%)	-	-	-	-	-
Recurring Profit YoY	+138.0%	+98.9%	+90.8%	+74.6%	(9.8%)	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	+636.3%	+295.3%	(8.2%)	-	-	-	-	-
Gross Profit Margin	15.7%	18.4%	17.6%	16.8%	15.8%	-	-	-	-	+0.1%
SG&A Ratio	5.8%	4.5%	5.0%	5.3%	6.9%	-	-	-	-	+1.1%
Operating Profit Margin	9.9%	13.9%	12.6%	11.5%	8.9%	-	-	-	-	(1.0%)
Recurring Profit Margin	10.3%	14.1%	12.8%	11.8%	9.2%	-	-	-	-	(1.1%)
Profit Attributable to Owners of Parent Margin	6.5%	9.3%	8.5%	8.0%	5.9%	-	-	-	-	(0.6%)
Total Income Taxes / Profit before Income Taxes	36.5%	33.7%	33.8%	31.6%	35.4%	-	-	-	-	(1.2%)

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.
	06/2024	06/2024	06/2024	06/2024	06/2025	06/2025	06/2025	06/2025	06/2025	
Sales	3,793	5,770	3,588	4,350	3,849	-	-	-	-	+55
Cost of Sales	3,198	4,605	3,039	3,720	3,242	-	-	-	-	+43
Gross Profit	595	1,165	549	629	606	-	-	-	-	+11
SG&A Expenses	219	206	228	277	264	-	-	-	-	+45
Operating Profit	375	958	320	352	342	-	-	-	-	(33)
Non Operating Balance	15	(0)	17	19	10	-	-	-	-	(4)
Recurring Profit	390	957	337	372	352	-	-	-	-	(38)
Extraordinary Balance	0	(0)	0	(3)	-	-	-	-	-	(0)
Profit before Income Taxes	390	957	338	368	352	-	-	-	-	(38)
Total Income Taxes	142	311	115	79	124	-	-	-	-	(18)
Profit Attributable to Owners of Parent	248	645	222	289	227	-	-	-	-	(20)
Sales YoY	+40.6%	+56.2%	+39.5%	+54.8%	+1.5%	-	-	-	-	-
Operating Profit YoY	+149.7%	+86.5%	+67.3%	+19.6%	(8.9%)	-	-	-	-	-
Recurring Profit YoY	+138.0%	+86.4%	+64.0%	+26.2%	(9.8%)	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	+87.3%	+66.0%	+41.9%	(8.2%)	-	-	-	-	-
Gross Profit Margin	15.7%	20.2%	15.3%	14.5%	15.8%	-	-	-	-	+0.1%
SG&A Ratio	5.8%	3.6%	6.4%	6.4%	6.9%	-	-	-	-	+1.1%
Operating Profit Margin	9.9%	16.6%	8.9%	8.1%	8.9%	-	-	-	-	(1.0%)
Recurring Profit Margin	10.3%	16.6%	9.4%	8.6%	9.2%	-	-	-	-	(1.1%)
Profit Attributable to Owners of Parent Margin	6.5%	11.2%	6.2%	6.7%	5.9%	-	-	-	-	(0.6%)
Total Income Taxes / Profit before Income Taxes	36.5%	32.6%	34.2%	21.5%	35.4%	-	-	-	-	(1.2%)

Source: Company Data, WRJ Calculation

Sales by Category of Operations (Cumulative/Quarterly)

Sales by Category of Operations	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		Net Chg.
	06/2024	06/2024	06/2024	06/2024	06/2025	06/2025	06/2025	06/2025		
Real-World Events	2,590	-	-	-	2,666	-	-	-	-	+75
Hybrid Events	420	-	-	-	374	-	-	-	-	(46)
Integrated Promotions	712	-	-	-	786	-	-	-	-	+73
Other	68	-	-	-	21	-	-	-	-	(47)
Sales	3,793	9,563	13,152	17,503	3,849	-	-	-	-	+55
Real-World Events	-	-	-	-	+2.9%	-	-	-	-	-
Hybrid Events	-	-	-	-	(11.0%)	-	-	-	-	-
Integrated Promotions	-	-	-	-	+10.3%	-	-	-	-	-
Other	-	-	-	-	(69.3%)	-	-	-	-	-
Sales (YoY)	+40.6%	+49.6%	+46.7%	+48.7%	+1.5%	-	-	-	-	-
Real-World Events	68.3%	-	-	-	69.3%	-	-	-	-	-
Hybrid Events	11.1%	-	-	-	9.7%	-	-	-	-	-
Integrated Promotions	18.8%	-	-	-	20.4%	-	-	-	-	-
Other	1.8%	-	-	-	0.5%	-	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-	-

Sales by Category of Operations	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		Net Chg.
	06/2024	06/2024	06/2024	06/2024	06/2025	06/2025	06/2025	06/2025		
Real-World Events	2,590	-	-	-	2,666	-	-	-	-	+75
Hybrid Events	420	-	-	-	374	-	-	-	-	(46)
Integrated Promotions	712	-	-	-	786	-	-	-	-	+73
Other	68	-	-	-	21	-	-	-	-	(47)
Sales	3,793	5,770	3,588	4,350	3,849	-	-	-	-	+55
Real-World Events	-	-	-	-	+2.9%	-	-	-	-	-
Hybrid Events	-	-	-	-	(11.0%)	-	-	-	-	-
Integrated Promotions	-	-	-	-	+10.3%	-	-	-	-	-
Other	-	-	-	-	(69.3%)	-	-	-	-	-
Sales (YoY)	+40.6%	+56.2%	+39.5%	+54.8%	+1.5%	-	-	-	-	-
Real-World Events	68.3%	-	-	-	69.3%	-	-	-	-	-
Hybrid Events	11.1%	-	-	-	9.7%	-	-	-	-	-
Integrated Promotions	18.8%	-	-	-	20.4%	-	-	-	-	-
Other	1.8%	-	-	-	0.5%	-	-	-	-	-
Sales (Composition Ratio)	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 06/2024	Q2 06/2024	Q3 06/2024	Q4 06/2024	Q1 06/2025	Q2 06/2025	Q3 06/2025	Q4 06/2025		
Cash and Deposit	6,347	7,111	7,242	8,452	7,567	-	-	-	-	+1,219
Electronically Recorded Receivables	97	71	87	86	500	-	-	-	-	+403
Accounts Receivables and Contract Assets	2,950	4,044	3,262	3,455	2,678	-	-	-	-	(272)
Other	1,231	1,339	824	331	447	-	-	-	-	(783)
Current Assets	10,627	12,567	11,417	12,326	11,194	-	-	-	-	+566
Tangible Assets	157	150	143	216	206	-	-	-	-	+49
Intangible Assets	50	52	48	44	41	-	-	-	-	(8)
Investments and Other Assets	1,412	1,374	1,518	1,497	1,406	-	-	-	-	(5)
Fixed Assets	1,620	1,578	1,710	1,759	1,655	-	-	-	-	+35
Total Assets	12,247	14,145	13,127	14,085	12,849	-	-	-	-	+602
Electronically Recorded Debt	4	25	1	11	-	-	-	-	-	(4)
Accounts Payable	1,975	2,939	1,814	2,034	1,838	-	-	-	-	(136)
Short-Term Debt	840	840	840	840	840	-	-	-	-	0
Other	714	900	976	1,536	562	-	-	-	-	(151)
Current Liabilities	3,534	4,706	3,632	4,422	3,241	-	-	-	-	(292)
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Other	386	399	426	360	400	-	-	-	-	+14
Fixed Liabilities	386	399	426	360	400	-	-	-	-	+14
Total Liabilities	3,920	5,106	4,058	4,782	3,641	-	-	-	-	(278)
Shareholders' Equity	7,779	8,524	8,463	8,752	8,696	-	-	-	-	+916
Other	546	514	605	549	511	-	-	-	-	(35)
Net Assets	8,326	9,039	9,068	9,302	9,207	-	-	-	-	+880
Total Liabilities and Net Assets	12,247	14,145	13,127	14,085	12,849	-	-	-	-	+602
Equity Capital	8,310	9,028	9,058	9,291	9,197	-	-	-	-	+887
Interest-Bearing Debt	840	840	840	840	840	-	-	-	-	0
Net Debt	(5,507)	(6,271)	(6,402)	(7,612)	(6,727)	-	-	-	-	(1,219)
Equity Ratio	67.9%	63.8%	69.0%	66.0%	71.6%	-	-	-	-	-
Net Debt-to-Equity Ratio	(66.3%)	(69.5%)	(70.7%)	(81.9%)	(73.1%)	-	-	-	-	-
ROE (12 months)	11.3%	14.1%	15.2%	15.9%	15.8%	-	-	-	-	-
ROA (12 months)	11.9%	14.1%	16.2%	16.3%	16.1%	-	-	-	-	-
Quick Ratio	266%	239%	292%	271%	332%	-	-	-	-	-
Current Ratio	301%	267%	314%	279%	345%	-	-	-	-	-

Source: Company Data, WRJ Calculation

8

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 06/2024	Q1 to Q2 06/2024	Q1 to Q3 06/2024	Q1 to Q4 06/2024	Q1 06/2025	Q1 to Q2 06/2025	Q1 to Q3 06/2025	Q1 to Q4 06/2025		
Operating Cash Flow	-	1,732	-	3,395	-	-	-	-	-	-
Investing Cash Flow	-	(9)	-	(45)	-	-	-	-	-	-
Operating Cash Flow and Investing Cash Flow	-	1,724	-	3,350	-	-	-	-	-	-
Financing Cash Flow	-	(395)	-	(679)	-	-	-	-	-	-

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769
