

BRIDGE REPORT



Kenichi Muratsu
President

TOW Co., Ltd.(4767)



Company Information

Market	TSE Standard Market
Industry	Service
President	Kenichi Muratsu
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Year-end	June
Homepage	https://tow.co.jp/en/

Stock Information

Share Price	Shares Outstanding (Excluding treasury shares)		Total market cap	ROE Act.	Trading Unit
¥315	40,990,284 shares		¥12,911 million	15.9%	100 shares
DPS Est	Dividend yield Est	EPS Est	PER Est	BPS Act	PBR Act
¥15.00	4.8%	¥35.17	9.0 x	¥236.93	1.3 x

*Share price as of closing on June 9, 2025. Number of shares issued at the end of the most recent quarter excluding treasury shares.

*ROE is the actual value in FY 6/2024, BPS is the actual value in 3Q of FY 6/2025, and EPS and DPS are the forecast values for FY 6/2025.

Consolidated Earnings

Fiscal Year	Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
June 2021 (Act.)	12,209	655	698	455	10.14	12.90
June 2022 (Act.)	11,134	883	924	598	13.22	14.00
June 2023 (Act.)	11,774	1,150	1,178	355	8.61	14.40
June 2024 (Act.)	17,503	2,006	2,058	1,405	34.71	14.00
June 2025 (Est.)	18,000	2,120	2,150	1,428	35.17	15.00

*Unit: million-yen, yen. Estimates are those of the Company. Net income is profit attributable to owners of parent (the same applies for net income hereinafter).

We present this Bridge Report reviewing the earnings results in the third quarter of the fiscal year ending June 2025 and the outlook for the fiscal year ending June 2025 for TOW.

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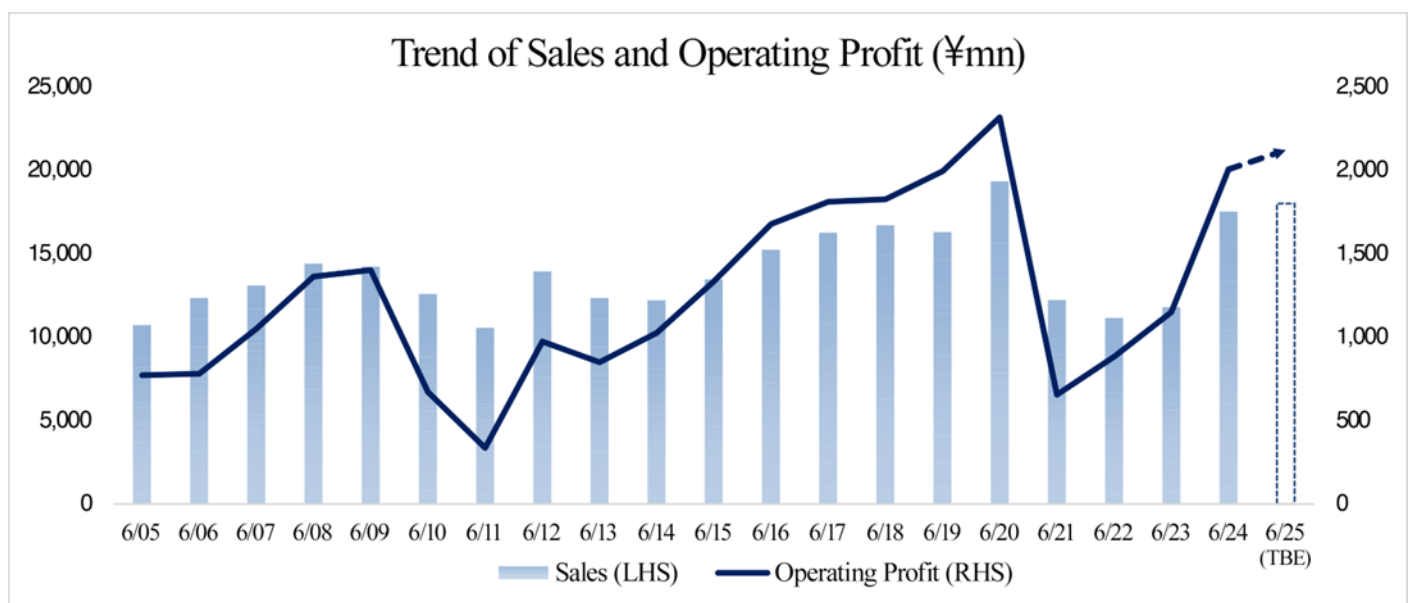
Key Points

- In the cumulative third quarter of the fiscal year ending June 2025, sales dropped 4.8% year on year and ordinary income declined 18.0% year on year. Sales dropped from the previous fiscal year, in which a large-scale exhibition was held. Regarding the performance in each category, sales grew in integrated promotion, while sales dropped in the categories of real events and hybrid events. In terms of profit, gross profit margin decreased year on year from 17.6% to 16.8%, and gross profit dropped 9.0% year on year to 2,101 million yen. SGA augmented 14.7%, and operating income margin dropped year on year from 12.6% to 10.8%. High profitability has been maintained, thanks to fee-based operations through the provision of high added value and the production inside the corporate group. Net income attributable to owners of parent declined 17.9% year on year.
- The annual earnings forecast was left unchanged, so it is projected that sales will grow 2.8% year on year and ordinary income will rise 4.5% year on year in the fiscal year ending June 2025. In the segment of event promotion, which is the mainstay, the company is expected to receive a healthy number of orders and increase sales, as expo-related operations will contribute in the second half of the fiscal year. In terms of profit, they will actively invest in human capital for sustainable growth and continue initiatives under the enhanced themes of AI, the environment, etc., so personnel costs and SGA are projected to augment significantly from the previous year. In addition to the healthy demand for event promotion, which is the core business, expo-related operations will contribute, and involving Qetic Inc., they will implement measures for expanding the integrated promotion domain, produce products inside their corporate group, offer high added value, and then secure revenues through fee-based operations.
They plan to pay a year-end dividend of 7.50 yen/share for a total of 15.00 yen/share per year, as originally planned.
- In the cumulative third quarter, sales and profit dropped, but they did not revise the forecast calling for the growth of annual sales and profit. From now on, the performance of expo-related operations will be added on a full-scale basis. In the next fiscal year, the Winter Olympic Games will be held and at the end of the next fiscal year, the FIFA World Cup will be held, so we would like to pay attention to the trend of order receipt. In the field of event promotion in the advertising industry, the company is the largest independent enterprise, and currently engages in the efforts to conduct larger projects. The outcomes of these efforts are expected to improve profit margin. Regarding video streaming, the company has cemented the cooperation with Motto Inc., which was acquired as a subsidiary in 2023, and acquired Qetic Inc., which produces a broad range of digital content, in January 2025. Group strategies are being enriched. Share price is stagnant, PER remains low, and dividend yield is high. Share price is expected to rise, when the market recognizes that ROE and dividend yield are both high.

1. Company Overview

In the field of event promotion in the advertising industry, the company is the largest independent enterprise. The company strives to evolve “experience design” based on the comprehensive capability of proposing and implementing various measures from physical and digital aspects, including press conferences, PR events, exhibitions, video streaming, and social media, by accurately grasping the strategic intentions of clients, and grows business.

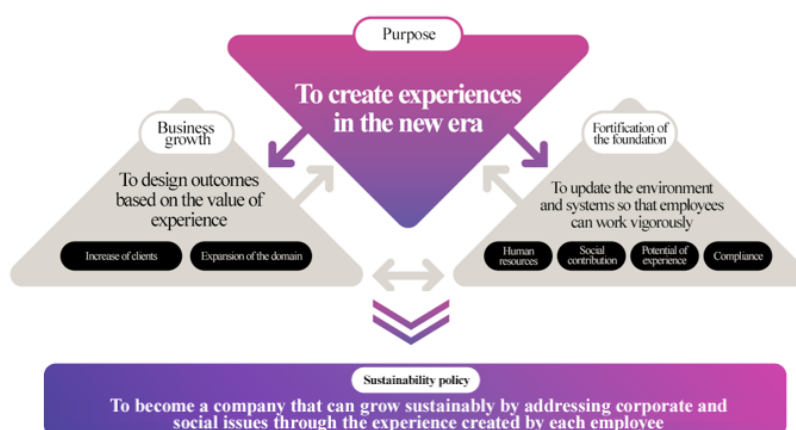
The corporate group is composed of TOW Co., Ltd., and the following four consolidated subsidiaries: T2 Creative Co., Ltd. (hereinafter called “T2C”), which produces, operates, and directs events and produces videos, Motto Inc., a commercial production company that became a subsidiary in July 2023, the planning boutique IROIRO Co., Ltd., which was established in July 2023 for creating a colorful brand experience, and Qetic Inc., which plans, produces, and manages a broad range of social media and digital content and was acquired as a subsidiary in January 2025, and SP Ring Tokyo Co., Ltd., which is an event company that became an equity-method affiliate in FY 6/2024 through the acquisition of additional shares.



【1-1 Purpose】

Their purpose is to “create experiences in the new era,” which indicates the social meaning of existence of the company.

For assisting client companies in promoting their customers to purchase their products and services, become their fans, and keep using their products and services as an escort, they put importance on experiences, which “the most effective means for motivating people,” and aim to brush up “experience design” for the evolution from a “means for increasing popularity” to a “measure to close the gap between brands and consumers.”



(Taken from the reference material of the company)

【1-2 Business Description】

Planning to Implementation of Events and Promotion

A transaction concerning events and promotion arises as soon as an organizer or a promoter thinks of any objective (intention to get information across to their audience).

TOW receives an explanation on this objective from the organizer or promoter, and after analysis and research, they formulate a strategy or plan. Then, they proceed into each stage, developing the initial plan into a basic scheme, an implementation scheme, and a detailed scheme based on numerous meetings, which in the end become deliverables matching the respective method. TOW proceeds with the preparations according to reference material and conducts events and promotion.

Scope of TOW's Business and Competitive Advantage

TOW receives orders for the whole abovementioned process from planning to implementation. They undertake analysis and research, devising a strategy and formulating the concept, project proposal, actual production, effectiveness verification, and other work incidental to the above processes, employing a number of methods tailored for each task.

TOW's work lies in conveying the intention of an organizer or a promoter to consumers by taking on the comprehensive production and direction of the overall promotion, while outsourcing respective tasks to companies specialized in respective fields including real events, online events, video creation, SNS-based campaigns, digital advertising operation, digital media operation, SNS account operation, user experience design of digital services, promotion, and sales promotion and so on.

T2 Creative Co., Ltd. mainly conducts the “production,” “operation,” and “rendering” of events.

The overwhelming strength or competitive advantage is the capability of accurately grasping the strategic intentions of clients and proposing and implementing various measures from the physical and digital aspects as an escort as described above.

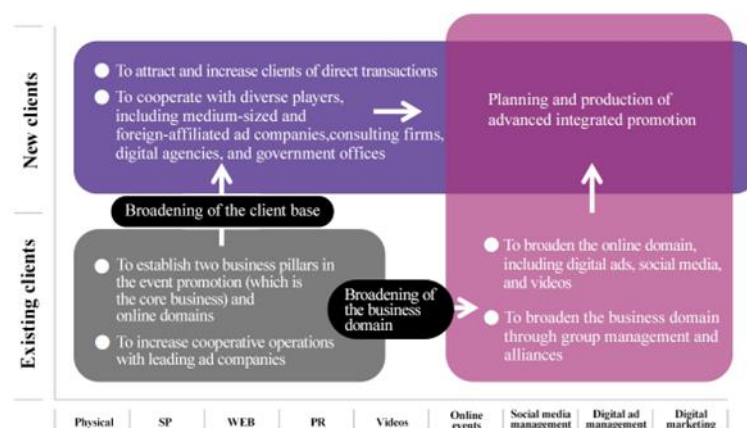
【1-3 Business Strategy】

They are expanding business by broadening their client base and business domain.

For broadening the client base, they concentrate on the cooperation with a wide range of players while increasing clients.

For broadening the business domain, they strive to expand the online domain and form alliances.

Through the broadening of them, they will plan and produce more advanced integrated promotion programs.



(Taken from the reference material of the company)

【1-4 Sustainability】

They uphold the sustainability policy: “to tackle corporate and social issues based on experiences created by individual employees and become a company that can grow sustainably.” Under this policy, they have enhanced initiatives for addressing four material issues, mainly the emphasis on human capital-oriented business administration, which is indispensable for improving corporate value, and invest in the development of a system and an environment for sustainability, such as the appointment of Group CHRO, who is a director and executive officer, and the establishment of a corporate division and an HR division.

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Sustainability policy of the TOW Group

To tackle corporate and social issues based on experiences created by individual employees and become a company that can grow sustainably



Four material issues of the TOW Group



*Material issues are regularly reviewed, according to the situations of the company and society.

(Taken from the reference material of the company)

(1) Enhancement of human capital

With the aim of increasing diverse personnel who can create experiences in the new era and allow diverse personnel to flourish, they work on the enhancement of recruitment and training, the update of evaluation systems, and the improvement of treatment, and concentrate on the development of a working environment for giving opportunities to flourish and allowing employees to keep flourishing.

In the first half of the fiscal year ending June 2025, they worked on the management of working hours, interviews with employees, engagement surveys, etc. As a result, working hours decreased about 12% year on year, and turnover rate dropped about 6% year on year.

The company holds interviews with employees, education, training, etc. and promotes measures and streamlining of business operations according to the environment and aptitude of each employee. They also engage in measures for updating systems and improving productivity.

In addition, they actively engage in the sophistication and streamlining of promotions and events utilizing AI and technologies.

They conducted an AI mastering program for employees a total of 12 times, installed Microsoft365 Copilot companywide, and adopted fee-charging AI tools related to the production of images and videos. As a result, the skills of employees improved, and now 80% of employees use AI tools, streamlining and sophisticating their business operations.

(2) Environment

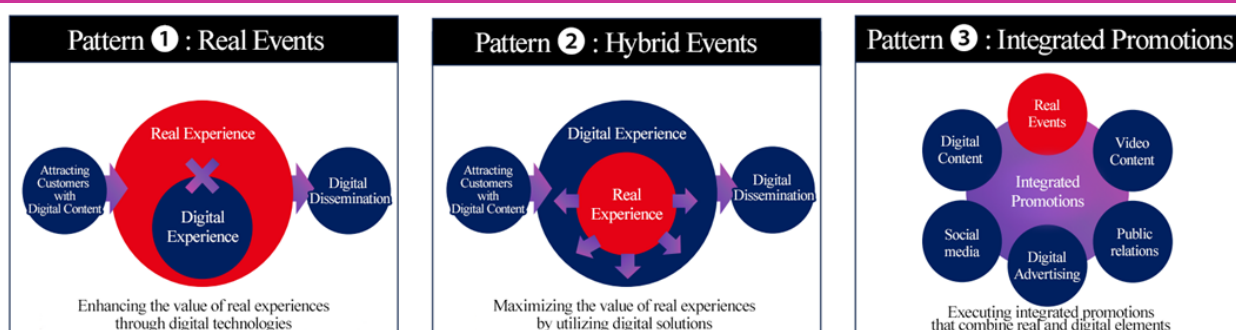
In August 2024, they started operating “EventGX,” a tool for estimating CO₂ emissions from events, which was developed in house. They estimate CO₂ emissions in about 200 projects that generate a certain volume of CO₂, and submit reports to clients. They propose and implement an increasing number of environment-conscious projects for producing events by actively using recycled materials, leased items, and alternative energy, to reduce the consumption of fossil fuels.

2. Strategies and Initiatives for Future Growth

Strategies for Expanding Business Domains in FY 6/2025

As consumers and society undergo a rapid shift to digital technology, the fusion of real and digital experiences is accelerating. In corporate marketing as well, integrated promotions that combine real and digital elements are increasingly required to maximize results.

Leveraging the TOW Group's strength in integrating real and digital solutions, efforts are being made to expand business domains through the evolution of experience design

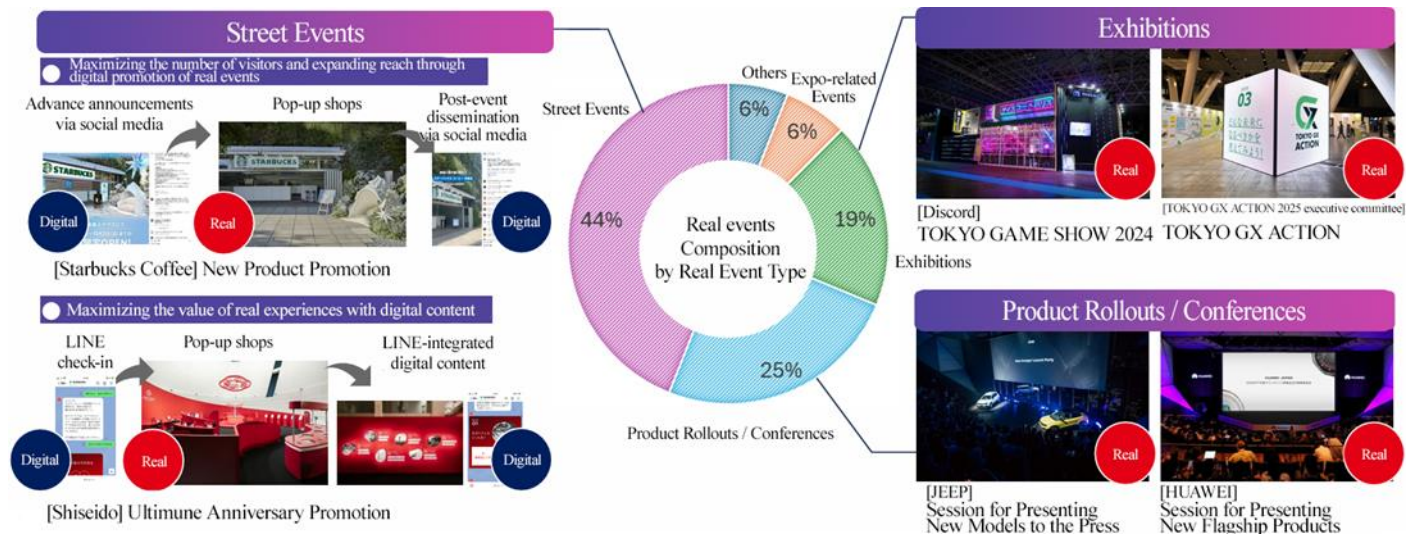


(Taken from the reference material of the company)

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Initiatives for Real Events in FY 6/2025

Real events utilizing digital technologies are increasing in number with the aim of maximizing experiential value. Street events, leveraging strong planning and execution capabilities in experiential promotions, account for as much as 44% of all events. Conferences targeting various stakeholders and exhibitions by IP-based companies driven by fan engagement are also performing well. Additionally, events organized by government agencies and municipalities that emphasize real experiences for building momentum are on the rise.



(Taken from the reference material of the company)

Initiatives for Hybrid Events in FY 6/2025

Hybrid events that integrate offline and online experiences are being actively utilized to extend real experiences into the digital space and maximize outcomes. Hybrid events have become a standard marketing approach in the information and communications sector, particularly among foreign platform providers and SaaS companies offering cloud-based services. These events enable effective marketing by combining in-person deep communication with expanded reach through online streaming.

Advantages of Hybrid Events

- Allow participation via a PC or smartphone, contributing to the maximization of the number of participants
- Facilitate two-way interaction by reflecting online participants' actions in the real venue
- Enhance real event productions through streaming, fostering deeper empathy and understanding among participants

Hybrid Events Focused on Interactivity



Online streaming
Viewing & Posting



(Taken from the reference material of the company)

Business conferences utilizing online platforms



- New product launch events for media
- Partner company conferences
- Internal policy briefings for employees

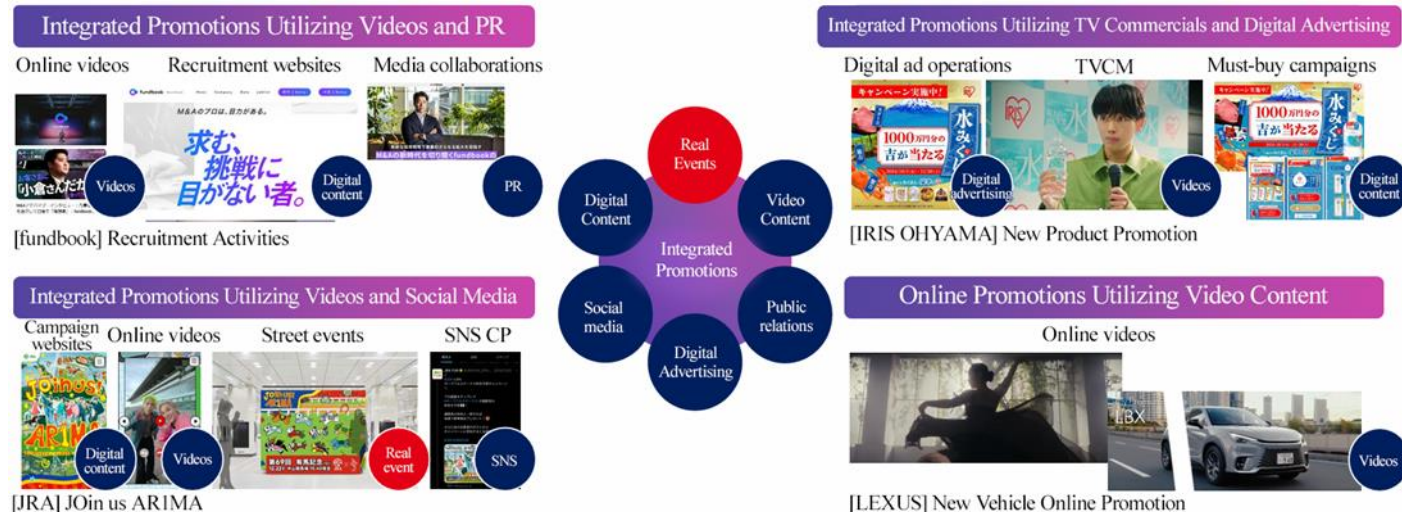
Initiatives for Integrated Promotions in FY 6/2025

They will expand business domains by combining video content, including TV commercials, with social media and other digital content. Integrated promotions centered on video production are increasing through collaboration with MOTTO, a video production company

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that became a subsidiary in the previous fiscal year. By leveraging TOW's expertise in event planning, digital content, social media, videos, and group synergy, highly effective marketing solutions are provided to clients.



(Taken from the reference material of the company)

3. 3Q of Fiscal Year ending June 2025 Earnings Results

(1) Consolidated Earnings

	FY 6/24 3Q Cumulative	Ratio to sales	FY 6/25 3Q Cumulative	Ratio to sales	YoY
Sales	13,152	100.0%	12,524	100.0%	-4.8%
Gross profit	2,309	17.6%	2,101	16.8%	-9.0%
SG&A	655	5.0%	751	6.0%	+14.7%
Operating Income	1,653	12.6%	1,349	10.8%	-18.4%
Ordinary Income	1,686	12.8%	1,382	11.0%	-18.0%
Net Income Attributable to Owners of Parent	1,116	8.5%	916	7.3%	-17.9%

*Unit: million yen. Figures include reference figures calculated by Investment Bridge Co., Ltd. and actual results may differ (applies to all tables in this report)

Net Sales Decreased 4.8% and Ordinary Income Declined 18.0% Year on Year

For the cumulative third quarter of FY 6/2025, net sales totalled 12,524 million yen, down 4.8% year on year. The decline in revenue was primarily due to the absence of large-scale exhibitions that had contributed to sales in the previous fiscal year. However, demand for real experiences such as events and the steady performance of the promotional market in advertising remained firm.

As the company does not disclose segment information, results are presented in four categories: real events, hybrid events, integrated promotions, and others.

Regarding the performance in each category, sales increased in Integrated Promotions, but declined in both Real Events and Hybrid Events.

Operating income decreased 18.4% year on year to 1,349 million yen. Gross profit margin declined from 17.6% in the same period of the previous year to 16.8%, with gross profit falling 9.0% to 2,101 million yen. Selling, general and administrative expenses augmented 14.7%, resulting in a decline in operating income margin from 12.6% to 10.8%. This decrease in profit was partly due to proactive investments in human capital and initiatives to strengthen priority areas such as AI and the environment, leading to higher personnel and SG&A expenses as upfront investments for future growth. Nevertheless, profitability remained strong, supported by high value-added fee-based services and in-house production within the group. Ordinary income decreased 18.0% year on year to 1,382 million yen, and net income attributable to owners of the parent declined 17.9% to 916 million yen.

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**Sales by Category****(1) Real Events**

Net sales totaled 7,409 million yen, down 4.0% year on year. Demand for real experiences remained steady, including street promotions for beverages and luxury goods, business conferences, large-scale projects for government agencies and organizations, and Expo-related events. However, sales declined due to the recoil effect from the large-scale automobile exhibition held in the previous fiscal year.

(2) Hybrid Events

Net sales totaled 1,592 million yen, down 10.9% year on year. Projects related to information and communications, as well as IP content, steadily increased. Nevertheless, sales decreased year on year due to the recoil from a large-scale hybrid event held last year.

(3) Integrated Promotions

Net sales totaled 3,453 million yen, up 0.9% year on year. In addition to projects integrating real, digital, and social media elements, collaboration within the group, particularly with Motto Inc. and Qetic Inc. advanced, contributing to the increase in integrated promotion projects and resulting in higher sales.

(4) Others

Net sales totaled 69 million yen, down 69.0% year on year, primarily due to a decline in administrative office-related services.

(2) Financial Condition

	Jun. 24	Mar. 25	Increase/ decrease		Jun. 24	Mar. 25	Increase/ decrease
Cash, Equivalents	8,452	7,292	-1,159	Accounts Payable	2,046	2,620	+574
Accounts Receivable	3,541	3,796	+254	Short Term Debt	840	532	-307
Uncompleted Work Payments	79	159	+80	Taxes Payable	611	68	-543
Uncollected Payments	40	26	-14	Retirement Benefits for Directors	325	343	+18
Prepaid Expenses	199	271	+71	Liabilities	4,782	3,606	-1,176
Current Assets	12,326	11,556	-769	Net Assets	9,302	9,722	+419
Investments, Other	1,497	1,423	-74	Total Liabilities, Net Assets	14,085	13,329	-756
Noncurrent Assets	1,759	1,772	+12	Interest bearing liabilities	840	532	-307

*Unit: million yen. Accounts Receivable: Uncollected Sales/Loans transferred using the factoring methods.

As of the end of the third quarter of FY 6/2025, total assets stood at 13,329 million yen, down 756 million yen from the end of the previous fiscal year, mainly due to a decline in cash and deposits.

Total liabilities decreased 1,176 million yen to 3,606 million yen, reflecting a reduction in short-term borrowings and income taxes payable. Net assets grew 419 million yen to 9,722 million, primarily due to the accumulation of retained earnings.

Equity ratio rose 6.9 percentage points from the end of the previous fiscal year to 72.9%.

4. Fiscal Year ending June 2025 Earnings Forecasts**(1) Consolidated Earnings**

	FY 6/24 Act.	Ratio to sales	FY 6/25 Est.	Ratio to sales	YoY
Sales	17,503	100.0%	18,000	100.0%	+2.8%
Operating Income	2,006	11.5%	2,120	11.8%	+5.7%
Ordinary Income	2,058	11.8%	2,150	11.9%	+4.5%
Net Income Attributable to Owners of Parent	1,405	8.0%	1,428	7.9%	+1.6%

*Unit: million yen

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Forecast for FY 6/2025 - 2.8% Increase in Sales and 4.5% Increase in Ordinary Income

The full-year forecast remains unchanged. For FY 6/2025, the company projects net sales of 18 billion yen (up 2.8% year on year), an operating income of 2,120 million yen (up 5.7% year on year), an ordinary income of 2,150 million yen (up 4.5% year on year), and a net income attributable to owners of the parent of 1,428 million yen (up 1.6% year on year).

They are expected to receive a healthy number of orders for event promotion, which is the core business, and expo-related projects in the second half are expected to contribute to revenue growth. Normally, this business accounts for approximately 55% in the first half and 45% in the second half, but in FY 6/2025, it is projected to account for 49% in the first half (8.8 billion yen in sales) and 51% in the second half (9.1 billion yen in sales), due to the absence of a large-scale automotive exhibition that boosted results in the previous fiscal year and the anticipated contribution from expo-related work in the second half.

In terms of profit, continued investment in human capital and strategic areas such as AI and sustainability are expected to increase personnel and SG&A expenses significantly from the previous year. However, stable demand for event promotions, which is the main business, contribution from expo projects, and further expansion in integrated promotion initiatives driven by the addition of Qetic Inc. to the group, as well as in-house production and fee-based services offering high added value, are expected to support profit.

The year-end dividend forecast remains unchanged. A minimum dividend of 14.13 yen per share, based on a yield of 4.5% on the closing share price as of August 7, 2024 (the day before the announcement of financial results), has been set. However, considering potential market fluctuations, they plan to pay a year-end dividend of 7.5 yen per share, for a full-year dividend of 15 yen per share.

(2) Highlights in the Second Half

Key Strategic Initiatives

- ◇ On January 15, 2025, Qetic Inc., a digital production company with strengths in entertainment and culture, was made into a wholly owned subsidiary.
- ◇ The collaboration among group companies will be further accelerated to enhance planning and production of integrated promotions and events focused on experiential value.
- ◇ A group-wide structure encompassing event production, video production, and digital production will be developed to ensure improved quality and profitability.

Evolving Experience Design Through the Collaboration between Qetic and TOW

By combining TOW's planning and production capabilities with Qetic's strengths in entertainment, culture, digital media, and editorial expertise, they aim to enhance creativity, empathy, and audience reach by infusing cultural context into events and promotions. This approach is expected to maximize experiential value.

Projects Related to the 2025 Osaka-Kansai Expo

For the Osaka-Kansai Expo, which opened in April 2025, the company is leveraging its strengths to deliver a wide range of services. These include organizing official events and pavilion operations, direction and production of event content, pre-event PR and awareness campaigns, pavilion-wide production and experiential content planning, and promotional activities utilizing digital tools.

Across these diverse areas, the group aims to deliver high experiential value and capitalize on its strengths in planning and execution.

- ◇ Official Organizer-Related Projects
Direction and production of official events and pavilion exhibition experiences

Event management operations, and pre-event PR campaigns

- ◇ Private Sector-Related Projects
Overall pavilion production, planning and creation of exhibition and experiential content, digital promotion activities

- ◇ Others
Production of pre-event PR campaigns for overseas exhibitors
Pre-event awareness campaigns led by government agencies



(Taken from the reference material of the company)

5. Conclusions

In the cumulative third quarter, sales and profit dropped, but they did not revise the forecast calling for the growth of annual sales and profit. From now on, the performance of expo-related operations will be added on a full-scale basis. In the next fiscal year, the Winter Olympic Games will be held and at the end of the next fiscal year, the FIFA World Cup will be held, so we would like to pay attention to the trend of order receipt. In the field of event promotion in the advertising industry, the company is the largest independent enterprise, and currently engages in the efforts to conduct larger projects. The outcomes of these efforts are expected to improve profit margin. Regarding video streaming, the company has cemented the cooperation with Motto Inc., which was acquired as a subsidiary in 2023, and acquired Qetic Inc., which produces a broad range of digital content, in January 2025. Group strategies are being enriched.

Share price is stagnant, PER remains low, and dividend yield is high. In FY 6/2024, they secured an ROE of 15.9%. They acquire treasury shares while following the dividend policy for maintaining a high yield, and actively return profit to shareholders. Share price is expected to rise, when the market recognizes that ROE and dividend yield are both high.

<Reference 1: Regarding Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with audit and supervisory committee
Directors	8 directors, including 4 outside ones (including 4 independent outside directors)

◎ Corporate Governance Report Updated on February 25, 2025

<Basic Policy>

Our company recognizes corporate governance as "building and operating a structure that achieves appropriate and efficient decision making and business execution by the management, prompt result reports to stakeholders, and soundness, fairness and high transparency of business administration in order to continuously improve the corporate value."

In order to achieve sustainable growth and improve our medium and long-term corporate value while fulfilling our responsibility to shareholders, customers, employees and other stakeholders, our company will achieve effective corporate governance in accordance with the basic policy stated below.

1. Respect the rights of shareholders and ensure equality.
2. Consider the interests of stakeholders including shareholders and cooperate properly.
3. Disclose company information properly and ensure the transparency.
4. Improve the effectiveness of the supervisory function for business execution by the board of directors.
5. Have constructive dialogue with shareholders who have an investment policy that matches the interests of shareholders over the medium to long term.

<Reasons for non-compliance with each principle of the Corporate Governance Code>

[Supplementary Principle 4-1-2 Commitment to the Medium-term Management Plan] [Principle 5-2 Formulation and announcement of management strategies and plans]

The company's top priority is to achieve its performance goals for a single fiscal year, and the formulation of the Medium-term Management Plan is currently put on hold due to the discontinuity of the business environment, however, in order to achieve sustainable growth and the purposes, the company implements business growth strategies by "broadening the client base and the business domain," which was planned and announced at the session for briefing the financial results in the second quarter of the fiscal year ended June 2021. In addition, the company believes that in order to achieve sustainable growth, it is important to formulate management visions and strategies from the medium-term viewpoint, and also swiftly respond to changes in the business environment. The specific details are also mentioned in the "Priority Issues to be Addressed" section of the Annual Securities Report.

<Disclosure based on each principle of the Corporate Governance Code>

[Principle 1-4 Cross-holding shares]

The basic policy in making investments other than for pure investment purposes is to create synergy effects in the company's integrated promotion business through business alliances and information sharing with companies that we invest in. In order to improve value in the medium- to long-term perspectives, we hold the minimum number of listed shares only when it is determined that holding the shares would be effective in consideration of strengthening relationships with business partners, etc.

With regard to the exercise of voting rights of cross-holding shares, in order to ensure appropriate responses, we examine each case from comprehensive viewpoints including the medium- to long-term improvement of the corporate value of the share issuing company as well as the medium- to long-term growth of economic benefits for us. For the major cross-holding shares, we will report the status of the exercise of voting rights to the Board of Directors.

[Principle 2-3 Issues regarding Sustainability including Social and Environmental Issues]

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[Supplementary Principle 2-3-1: Responding to challenges relating to sustainability]

[Supplementary Principle 3-1-3: Initiatives concerning sustainability]

[Supplementary Principle 4-2-2: Developing a policy on initiatives relating to sustainability]

The Board of Directors of the company has recognized that addressing sustainability-related challenges in order to realize purposes is an important management issue. The Board of Directors has established a governance system in which the Sustainability Committee, established as an advisory body to the Board of Directors, deliberates and reports on sustainability issues, along with a supervisory system. The sustainability policy of the group is “to be a company that grows sustainably by addressing corporate and social issues through the experiences created by each and every employee.” Under this policy, the Group has identified four material issues and formulated them as strategies based on the two sustainability efforts of “contributing to a sustainable society” and “enhancing corporate value sustainably.” The specific details are also mentioned in the “Sustainability Approach and Initiatives” section of the Annual Securities Report.

<https://tow.co.jp/ir/library/report/>

[Supplementary Principle 2-4-1: Ensuring diversity in the appointment of core personnel]

In order to secure diversity, the company recruits people regardless of gender, age, nationality, work history, etc. The company also promotes mid-career hires to core personnel, so the ratio of mid-career hires to managers, excluding directors and executive officers, is over 40% and mid-career hires account for 75% of directors and executive officers of the company. Regarding the promotion of female employees to managerial posts, there were 7 female managers, including female directors, as of the end of September 2024, accounting for 17.1% of all managers. Regarding the promotion of non-Japanese workers, the company has not set a measurable goal, because the business is operated mainly inside Japan. Regarding mid-career hires at managerial posts, the company has not set a measurable goal, because the skills the company requires do not depend on recruitment routes. The policy and environment development are described in “Sustainability-related policy and measures” of the Annual Securities Report.

<https://tow.co.jp/ir/library/report/>

[Supplementary Principle 4-11-1 View on the balance, diversity and scale of knowledge, experience and capabilities as the entire Board of Directors]

The company stipulates the number of directors as 14 or less by the articles of incorporation, and as the end of September 2024, the Board of Directors consists of 8 members (including 4 external directors). For the members of the Board of Directors, we take into consideration the diversity of experience, knowledge, capabilities, etc.

The skills matrix is also disclosed in the Notice of Convocation of General Meeting of Shareholders.

<https://tow.co.jp/wp-content/uploads/2024/08/> Convocation notice and reference material of the 48th Annual Meeting of Shareholders.pdf

[Principle 5-1 Policy for having constructive dialogue with shareholders]

We are convinced that the most important mission to fulfill our company's responsibility is to promote two-way constructive dialogue with shareholders and investors, and to realize effective corporate governance in order to achieve sustainable growth and improve our medium and long-term corporate value. Based on this idea, our company will implement the following measures.

1. Designation of directors in charge of dialogue with shareholders

In our company, executives have dialogue with shareholders, and the managing director controls IR activities.

2. Measures for organic coordination of in-company departments

In our company, the general affair team, which is also in charge of IR activities, discusses and exchanges opinions on a daily basis with the accounting team and they also collaborate in preparing the disclosed materials and discuss the content with executives.

3. Efforts for enhancing dialogue methods other than individual interviews

Our company will conduct the general shareholders' meeting that earns shareholders' trust by valuing the general shareholders' meeting as an opportunity for important dialogue with shareholders and ensuring sufficient information disclosure of our business. In addition, our company will work on achieving closer communication with shareholders and investors by regularly holding financial results briefing.

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4. Measures for feedback of opinions and concerns of shareholders

Our company will compile the opinions and concerns about our company heard in the dialogue with shareholders and investors at the department in charge and develop a system that reports this regularly to executives and the board of directors according to its importance and nature.

5. Measures for managing insider information

The basic policy of our company is to provide fair information disclosure in order to ensure substantive equality for shareholders and investors. Based on this policy, we will disclose important information about our company in a timely and fair manner, and strive to manage the information rigorously so that it will not be provided only to some shareholders and investors.

[Measures to achieve management conscious of capital costs and share price (under review)]

The company's PBR exceeds 1, and although it continues to implement initiatives to increase its corporate value, it is still discussing its policies and measures for the future.

<Reference 2: Issues to be addressed and initiatives>

Issues to tackle

In FY 6/2024, the full-scale return of customers to real events, for which we operate the core business, was observed, so sales and ordinary income recovered from the drop in the coronavirus pandemic and the impact of specific BPO tasks, exceeding the level in FY 6/2019 before the coronavirus pandemic.

In FY 6/2025, a gentle economic recovery can be expected, but there are concerns over fluctuations in global financial, geopolitical, and supply aspects, so the future outlook is unclear.

Amid this business environment, our corporate group will promote business growth by evolving experience design and sustainability-oriented business administration by fortifying the business foundation, including human capital, for achieving sustainable growth and purpose.

◎ Regarding business growth

Upholding a “two-pronged growth strategy” as a three-year initiative amid the coronavirus pandemic, we pursued business growth by “broadening the client base and the business domain.” As clients expect from marketing based on experience value, we will keep enhancing our approach to new business partners in addition to existing ones, to increase clients. As the shift to digital technology is progressing rapidly among consumers and society, there are an increasing number of cases where integrated promotion combining physical and digital items is demanded. We will expand the business domain by utilizing our group’s capability of integrating physical and digital items, and strive to further evolve experience design. In terms of earnings, we have promoted fee-based operations and in-house production for offering high added value. In the fiscal year ended June 2025, we will maintain or improve profitability, and conduct strategic investment in the fortification of the business base, with the aim of achieving medium-term growth.

◎ Regarding the fortification of the business base

Under our corporate group’s sustainability policy: “to become a company that can grow sustainably by tackling corporate and social issues through experiences created by individual employees,” we promote initiatives for addressing 4 material issues, centered around human capital-oriented business administration. In order to strengthen our structure, we have appointed Group CHRO, established a new department, and conducted staffing, and engage in the investment in development of a working environment.

① Promotion of human capital-oriented business administration

With the aim of improving our business performance in the medium/long term, we will increase employees and personnel with high value. To do so, we will strive to become a company where diverse personnel can flourish, creating experiences for the new era, by enhancing the recruitment of new graduates and mid-career workers, updating evaluation and remuneration systems, including HR systems and the increase of base salaries, taking initiatives for empowering women, and so on.

② Utilization of AI and technologies

In the fiscal year ending June 2025, we will carry out active investment for “improving experience design” and “streamlining business operations.” We have established a dedicated division, adopted AI tools, and started our own practical training program for all employees, with the aim of realizing a system where 80% of employees can utilize AI.

③ Environmental measures

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We will enhance environmental measures, as clients are getting more conscious of ESG and consumers are getting more interested in SDGs. We applied the “guidelines for sustainable events” for producing environment-conscious events, but in order to further enhance them, we developed “EventGX,” a tool for visualizing CO₂ emissions from each event, and released the service in August 2024.

④ Compliance with laws and regulations

We reorganized and strengthened the committee structure, specified priority management items, and put them into practice. In addition, we revised the basic policy for compliance, pledging “to prioritize compliance with laws and regulations over profit in every action and every judgment.” By establishing a dedicated department and deploying specialized personnel in each on-site business division, we comply with laws and regulations in each business process.

In order to fulfill our purpose of “creating experiences in the new era,” we will strive to achieve sustainable growth and improve corporate value.

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