


BRIDGE REPORT



 Kenichi Muratsu President	TOW Co., Ltd. (4767)
	 新しい時代の体験を創る TOWCO.LTD

Company Information

Market	TSE Standard Market
Industry	Service
President	Kenichi Muratsu
HO Address	Tokyo, Minato-ku, Toranomom 4-3-13, Hulic Kamiyacho Building 3F
Year-end	June
Homepage	https://tow.co.jp/en/

Stock Information

Share Price	Shares Outstanding		Total market cap	ROE Act.	Trading Unit
¥384	48,969,096 shares		¥18,804 million	11.8%	100 shares
DPS Est	Dividend yield Est	EPS Est	PER Est	BPS Act	PBR Act
¥18.30	4.8%	¥36.59	10.5 x	¥256.96	1.5 x

*Share price as of closing on February 27, 2026. Taken from the brief report on financial results in the second quarter of the fiscal year ending June 2026. ROE is the actual figure in the previous fiscal year.

Consolidated Earnings

Fiscal Year	Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
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 (Act.)	17,782	2,152	2,194	1,132	27.72	15.00
June 2026 (Est.)	18,800	2,208	2,250	1,500	36.59	18.30

*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 first half of the fiscal year ending June 2026 for TOW.

Table of Contents

[Key Points](#)

[1. Company Overview](#)

[2. First half of the Fiscal Year ending June 2026 Earnings Results](#)

[3. Fiscal Year ending June 2026 Earnings Forecasts](#)

[4. New Medium-term Business Growth Vision](#)

[5. Conclusions](#)

[<Reference: Regarding Corporate Governance>](#)

Key Points

- **In the first half of the fiscal year ending June 2026, sales and profit grew. Sales grew 15.8% year on year to 10,201 million yen, hitting a record high. The sales from real events grew by double digits, thanks to Expo 2025 Osaka, Kansai and large-scale automobile exhibitions. Operating income rose 10.1% year on year to 1,201 million yen. As they started investments for reestablishing their corporate governance system, strengthening their management base, and reforming the labor environment, cost of sales and SG&A expenses augmented 16.3% and 21.1%, respectively, year on year, but this growth of cost was offset by the expansion of fee-based operations through the provision of high added value and production inside their corporate group. Their earning capacity has improved continuously. Both sales and profit were almost in line with the forecast.**
- **The earnings forecast was left unchanged. For the fiscal year ending June 2026, sales are expected to grow 5.7% year on year to 18.8 billion yen. Their core business in the event promotion field and the large-scale automobile exhibitions will contribute. Operating income is projected to rise 2.6% year on year to 2,208 million yen. They will maintain an advanced earning capacity with business operations that offer high value by utilizing the strengths of the corporate group. On the other hand, while profit is expected to increase, operating income margin is projected to decline 0.4 points year on year, as they will redevelop a governance structure and continue the investment in the management base and human capital, increasing SG&A expenses by 19.6% year on year. They plan to pay an interim dividend of 9.15 yen/share and a year-end dividend of 9.15 yen/share, for a total of 18.30 yen/share per year. The expected payout ratio is 50.0%.**
- **They announced a new medium-term business growth vision. As “an experience partner for promotion and real entertainment,” they will expand the 3 domains: “the promotional domain,” “the promotion-type real entertainment domain,” and “the business/event-type real entertainment domain,” and cultivate a huge entertainment experience market, which is estimated by the company to be 4-6 trillion yen. For promoting their business, they plan to find competent partners, such as DeNA and Blues Mobile, under each theme, but in the real entertainment field, there exist a variety of players in addition to ad agencies, so they said that it is somewhat challenging to find appropriate partners. We would like to expect the steady achievement of the forecast for the current fiscal year in the short term and the progress of cultivation of the real entertainment field in the medium/long term.**

1. Company Overview

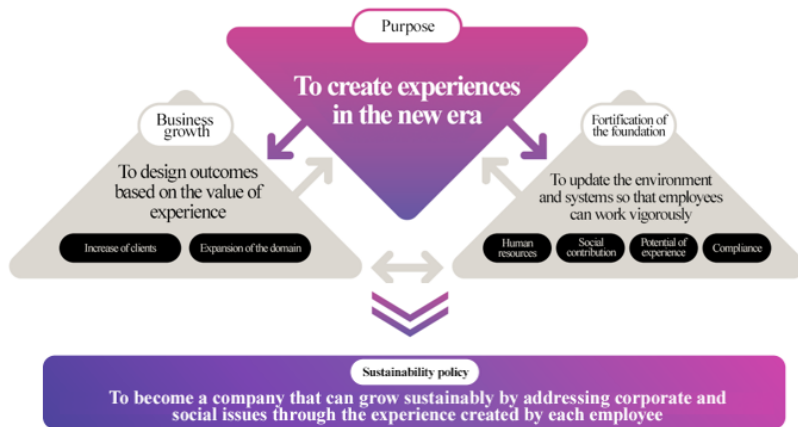
In the field of event promotion in the advertising industry, the company is the largest independent enterprise. The company strives to evolve “experience design” based on the comprehensive capability of proposing and implementing various measures from physical and digital aspects, including press conferences, 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 three 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, 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 fiscal year ended June 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

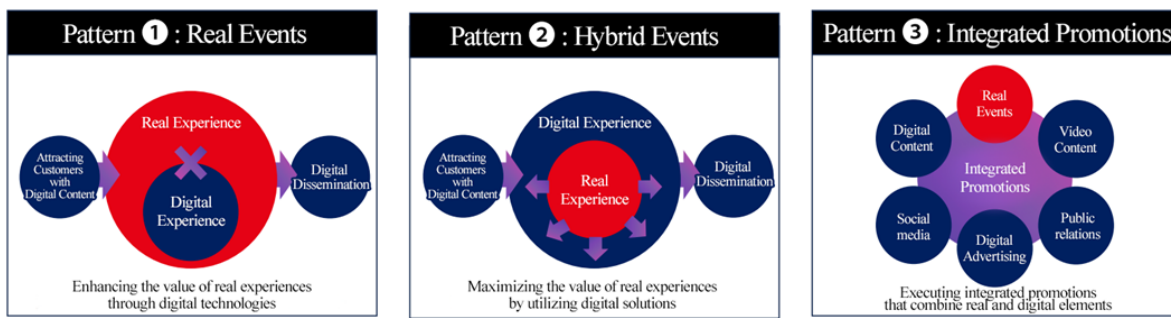
TOW receives orders for the whole abovementioned process from planning to implementation. They undertake analysis and research, devising a strategy and formulating the concept, project proposal, actual production, effectiveness verification, and other work incidental to the above processes, employing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

Residents and society have adopted digital technologies rapidly, and the fusion of real and digital systems has been accelerated further, so there are an increasing number of cases where clients demand sales promotion that integrates real and digital methods to maximize the outcomes of corporate marketing.

The company offers services in the three categories: “real events,” “hybrid events,” and “integrated promotions” to give optimal solutions for satisfying needs.

The comprehensive capability of grasping the strategic intention of each client and proposing and implementing various measures from real and digital aspects as a hands-on supporter is their overwhelming strength, competitive advantage, and differentiation factor.

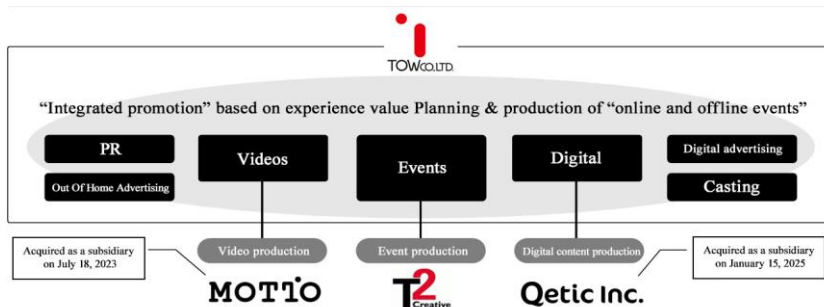


(Taken from the reference material of the company)

Establishment of a new structure for integrating real and digital technologies for the evolution of experience design

Amid the accelerated fusion of real and digital technologies, they acquired the digital production company Qetic, which excels in the fields of entertainment and culture, as a subsidiary in January 2025.

They established a new structure for integrating real and digital technologies for the evolution of experience design by combining T2 Creative Co., Ltd., which produces, operates, and organizes events and creates videos, and Motto Inc., which produces commercials. They plan to cement the cooperation with a subsidiary that possesses expertise in each field at an accelerated pace, improve quality and revenue, induce synergetic effects of planning and production of integrated promotional events based on experience value, and concentrate on the expansion of the three categories.



(Taken from the reference material of the company)

[1-3 Dividend Policy]

In the task-undertaking business, the burden of reinvestment is relatively light, so equity capital accumulates. Considering this characteristic, the company recognized again that stable profit return is one of important challenges, and revised their dividend policy from the fiscal year ending June 2026, to return profit to shareholders proactively.

Previously, the company determined the minimum dividend amount with the upper limit of the consolidated payout ratio being 50% under the basic policies: (1) consolidated payout ratio and (2) the dividend per share obtained by multiplying the closing price on the day preceding the announcement of the financial results by the dividend yield 4.5%, whichever is higher, and (3) securing internal reserve. They decided to raise the minimum dividend by revising indicators and the targets: “a payout ratio of 50%,” “a dividend yield of 5.5%,” and “the upper limit of payout ratio being 60%” without the changing the above three indicators in the fiscal year ending June 2026.

	Before FY 6/25	After FY 6/26
Payout ratio	40%	50%
Dividend yield	4.5%	5.5%
Upper limit of payout ratio	50%	60%

(Taken from the reference material of the company)

The dividend per share estimated with this policy is 18.3 yen/share, up 3.30 yen/share from the previous fiscal year, so they plan to pay an interim dividend of 9.15 yen/share and a year-end dividend of 9.15 yen/share. They will flexibly adjust the dividend, if profit changes due to the change in the business environment, the trend of business performance, or special circumstances, such as M&A.

2. First half of the Fiscal Year ending June 2026 Earnings Results

[2-1 Consolidated Earnings]

	FY 6/25 1H	Ratio to sales	FY 6/26 1H	Ratio to sales	YoY	Forecast Ratio
Sales	8,808	100.0%	10,201	100.0%	+15.8%	-0.5%
Gross profit	1,593	18.1%	1,809	17.7%	+13.6%	-
SG&A	502	5.7%	608	6.0%	+21.1%	-
Operating Income	1,091	12.4%	1,201	11.8%	+10.1%	-2.3%
Ordinary Income	1,109	12.6%	1,228	12.0%	+10.7%	-1.8%
Interim Net Income	740	8.4%	819	8.0%	+10.8%	-1.2%

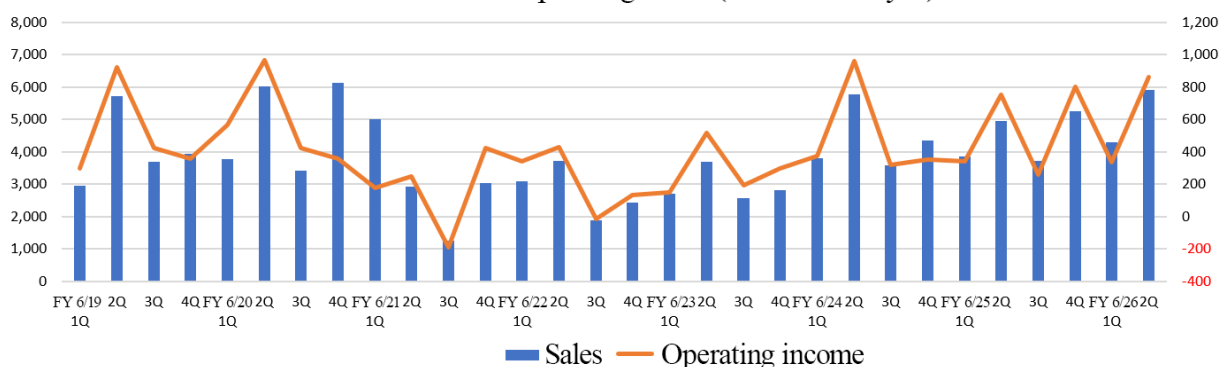
*Unit: million yen. Interim net income is profit attributable to owners of parent. Figures include reference figures calculated by Investment Bridge Co., Ltd. and actual results may differ (applies to all tables in this report)

Sales and profit increased, with sales hitting a record high for the first half of the fiscal year.

Sales grew 15.8% year on year to 10,201 million yen, hitting a record high. The sales from real events grew by double digits, thanks to Expo 2025 Osaka, Kansai and large-scale automobile exhibitions.

Operating income rose 10.1% year on year to 1,201 million yen. As they started investments for reestablishing their corporate governance system, strengthening their management base, and reforming the labor environment, cost of sales and SG&A expenses augmented 16.3% and 21.1%, respectively, year on year, but this growth of cost was offset by the expansion of fee-based operations through the provision of high added value and production inside their corporate group. Their earning capacity has improved continuously. Both sales and profit were almost in line with the forecast.

Trend of Sales and Operating Profit (Unit: million yen)



[2-2 Sales trends by category]

	FY 6/25 1H	Ratio to sales	FY 6/26 1H	Ratio to sales	YoY
Real Events	5,260	59.7%	7,161	70.2%	+36.1%
Hybrid Events	1,064	12.1%	875	8.6%	-17.8%
Integrated Promotions	2,454	27.9%	2,154	21.1%	-12.2%
Other	28	0.3%	9	0.1%	-66.1%
Total	8,808	100.0%	10,201	100.0%	+15.8%

*Unit: million yen

(1) Real events

Sales grew 36.1% year on year to 7,161 million yen. The sales from experience-based promotional events increased thanks to the rise in experience value in addition to the Expo 2025 in Osaka, Kansai and large-scale automobile exhibitions. Digital technology and videos are increasingly utilized for large-scale events.

(2) Hybrid events

Sales declined 17.8% year on year to 875 million yen. The sales from hybrid events related to IP content were healthy, but the number of events that require video streaming decreased, as the number of real events recovered. The decline in sales is not attributable to the intensification of competition.

(3) Integrated Promotions

Sales decreased 12.2% year on year to 2,154 million yen. The promotion combining real things, digital content and videos performed well, but the business operations using only digital technology or videos decreased.

(4) Other

Sales dropped 66.1% year on year to 9 million yen. Secretariat tasks entrusted by government agencies and groups decreased.

[2-3 Trend in each business category]

(Sales growth)

Information/telecommunication, automobiles, cosmetics/toiletries/daily goods, government agencies/groups, transportation/leisure, and manufacturing of precision equipment, etc.

In the field of “information and telecommunication,” the conferences hosted by foreign-affiliated platform providers and experience-oriented measures increased.

In the field of “automobiles,” large-scale exhibitions contributed, increasing sales significantly.

In the field of “government agencies and groups,” sales grew considerably thanks to large-scale sports events and sightseeing business in addition to Expo 2025 in Osaka, Kansai.

In the field of “transportation and leisure,” events for mainly IP content and video games have been becoming larger.

In the past few years, transactions related to video games they have focused on increased significantly.

(Drop in sales)

Food products/beverages/articles of taste, finance, distribution & retail, and others (energy/materials/machinery, education/medical services/religion, publication, and real estate/housing equipment)

In the field of “food products, beverages, and articles of taste,” sales were healthy as a whole. The events and promotional activities of some enterprises decreased, but they have been recovering from April.

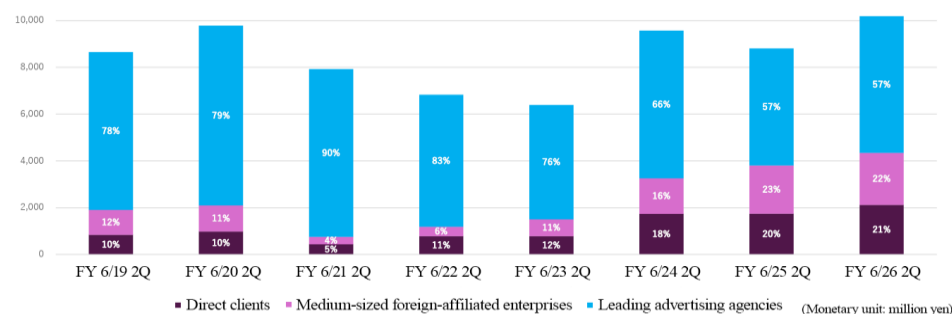
[2-4 Trend of sales from each client category]

Leading ad agencies performed well, thanks to Expo 2025 in Osaka, Kansai and large-scale automobile exhibitions.

The number of clients increased as they enhanced their marketing capability for making direct transactions with clients, which are essential for “increasing clients.” The number of clients who put importance on experience value increased, and they received more orders related to information and telecommunication, IP content, government agencies and groups.

From medium-sized foreign-affiliated enterprises, etc., existing business partners performed well. New partners are increasing as well.

The ratios of sales from direct transactions with clients and sales from medium-sized foreign-affiliated enterprises and others have been increasing steadily.



(Taken from the reference material of the company)

[2-5 Financial Condition & Cash Flow (CF)]

(1) BS

	End of FY 6/25	End of FY 12/25	Increase/ decrease		End of FY 6/25	End of FY 12/25	Increase/ decrease
Current Assets	12,255	13,243	+988	Current liabilities	3,880	3,990	+110
Cash and Deposits	8,128	8,033	-94	Accounts Payable	1,595	2,496	+900
Accounts Receivable	3,712	4,418	+706	Short Term Debt	541	535	-6
Non-current Assets	1,964	1,865	-98	Non-current liabilities	447	479	+31
Property, plant and equipment	214	231	+17		4,327	4,469	+142
Investments, Other Assets	1,604	1,501	-103	Liabilities			
Investment securities	1,072	1,202	+130	Net Assets	9,892	10,639	+747
Total Assets	14,219	15,109	+889	Retained Earnings	8,973	9,485	+512
				Treasury shares	-1,790	-1,694	+96
				Total Liabilities, Net Assets	14,219	15,109	+889

*Unit: million yen. "Accounts receivable" is the sum of notes receivable, accounts receivable-trade, contract assets, and electronically recorded monetary claims.

Total assets increased 800 million yen from the end of the previous fiscal year to 15.1 billion yen, due to the increase in accounts receivable, etc. Total liabilities increased 100 million yen from the end of the previous fiscal year to 4.4 billion yen, due to the increase in accounts payable, etc. Net assets increased 700 million yen from the end of the previous fiscal year to 10.6 billion yen, due to the growth of retained earnings, etc.

Capital-to-asset ratio rose 0.8 points from the end of the previous fiscal year to 70.3%.

(2) CF

	FY 6/25 1H	FY 6/26 1H	Increase/decrease
Operating CF	-415	283	+698
Investing CF	-85	-63	+22
Free CF	-501	220	+721
Financing CF	-599	-314	+284
Cash, Equivalents at the end of term	7,352	8,033	+681

*Unit: million yen

Operating cash flow and free cash flow turned positive, as accounts receivable increased after decreasing in the same period of the previous year.

The cash position increased.

[2-6 Topics]

(1) Acquisition of Blues Mobile Co., Ltd., which is a leading company hosting food festivals, as a subsidiary

In February 2026, they announced that they would acquire all shares in Blues Mobile Co., Ltd., which is a leading company hosting food festivals, to make a consolidated subsidiary.

(Outline of Blues Mobile Co., Ltd.)

Established in May 2006. This is a business company specializing in the "food" industry, which has been hosting and operating food festivals under the themes of ramen, gyoza (dumplings), and curry, including "Dai-tsukemen-haku," one of the largest ramen events in Japan, for over 10 years. Blues Mobile has a track record of operating events nationwide and know-how to attract customers and operate events as an organizer, and excels at creating the value of experience in food-related events involving consumers.

*Performance and financial standing in the fiscal year ended April 2025

Sales were 645 million yen, operating income 9 million yen, total assets 260 million yen, and net assets 30 million yen

BRIDGE REPORT



(Background of acquisition of Blues Mobile as a subsidiary)

The TOW Group recognizes the five themes: (1) IP content, (2) music, (3) sports, (4) food, and (5) urban/commercial facilities as priority domains in the real entertainment field. In these domains, they create a variety of real experiences through promotion, business, and events by utilizing their capabilities of designing experiences and producing events they have nurtured in the ad market.

The acquisition of Blues Mobile as a consolidated subsidiary is one of initiatives for actually implementing the policy of expanding the real entertainment under the theme of “food,” which is highly important in the experience of consumers. By fusing Blues Mobile’s network and capability of operating events as an organizer and TOW Group’s ability to design experiences, ingenuity in marketing, and client network they have developed so far, they aim to create new value and establish a revenue model in addition to hosting and operating conventional food festivals.

The performance of Blues Mobile is scheduled to be included in the consolidated results of the TOW Group from the fourth quarter.

(Overview of acquisition of shares)

They will acquire 200 common shares (all shares) in Blues Mobile Co., Ltd., by paying 300 million yen. The contract was concluded on February 13, 2026, and they plan to receive the shares on April 1, 2026.

3. Fiscal Year ending June 2026 Earnings Forecasts

[3-1 Consolidated Earnings]

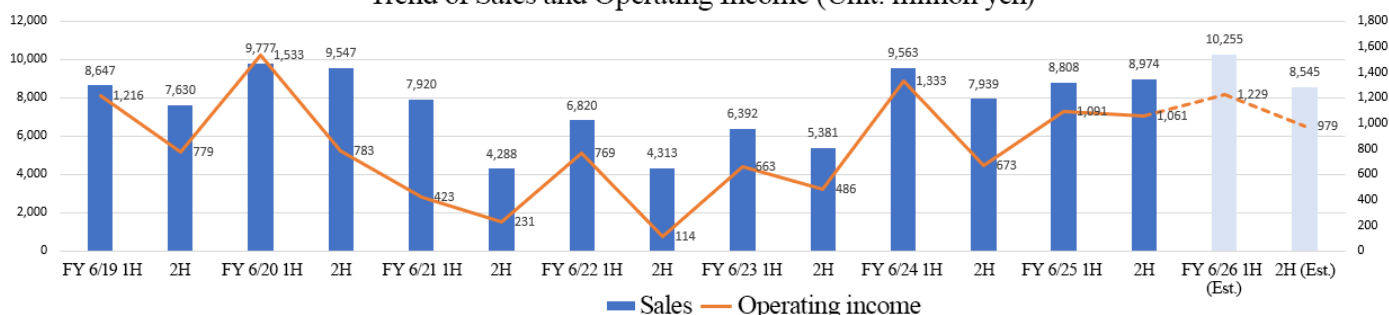
	FY 6/25 Act.	Ratio to sales	FY 6/26 Est.	Ratio to sales	YoY	Progress Rate
Sales	17,782	100.0%	18,800	100.0%	+5.7%	54.3%
Gross profit	3,183	17.9%	3,440	18.3%	+8.1%	52.6%
SG&A	1,030	5.8%	1,232	6.6%	+19.6%	49.4%
Operating Income	2,152	12.1%	2,208	11.7%	+2.6%	54.4%
Ordinary Income	2,194	12.3%	2,250	12.0%	+2.5%	54.6%
Net Income	1,132	6.4%	1,500	8.0%	+32.5%	54.7%

*Unit: million yen

There are no changes to the earnings forecast. Expecting both increases in sales and profit.

The earnings forecast was left unchanged. For the fiscal year ending June 2026, sales are expected to grow 5.7% year on year to 18.8 billion yen. Their core business in the event promotion field and the large-scale automobile exhibitions will contribute. Operating income is projected to rise 2.6% year on year to 2,208 million yen. They will maintain an advanced earning capacity with business operations that offer high value by utilizing the strengths of the corporate group. On the other hand, while profit is expected to increase, operating income margin is projected to decline 0.4 points year on year, as they will redevelop a governance structure and continue the investment in the management base and human capital, and the M&A with Blues Mobile, increasing SG&A expenses by 19.6% year on year. They plan to pay an interim dividend of 9.15 yen/share and a year-end dividend of 9.15 yen/share, for a total of 18.30 yen/share per year. The expected payout ratio is 50.0%.

Trend of Sales and Operating Income (Unit: million yen)



BRIDGE REPORT



[3-2 Trends in each business field]

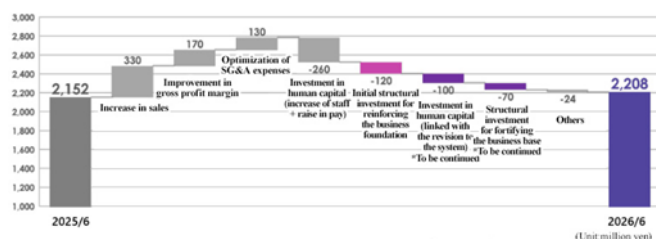
◎ Sales

In the first half of the fiscal year ending June 2026, part of the business operations related to the EXPO in Osaka, Kansai and large-scale automobile exhibitions contributed, but in the second half, these two factors will longer exist, so it is projected that the sales in the first half will increase year on year, but the sales in the second half will decrease year on year. They aim to expand the major categories: real events, hybrid events, and integrated promotion throughout the year, and are expected to increase annual sales by 5.7%.

◎ Factors in increasing/decreasing operating income

Operating income is expected to rise 630 million yen year on year, due to the sales growth thanks to the good business environment and the satisfaction of demand, the improvement in gross profit margin through the expansion of profitable business operations, and the optimization of SG&A expenses, but due to the initially planned investment in human capital and structural investment for reinforcing the business foundation, net operating income is forecast to rise 2.6% year on year to 2,208 million yen.

Some defects were discovered in their labor system as mentioned above, so they are correcting and revising the system. The investment in human capital amounting to 100 million yen and the structural investment for fortifying the business foundation amounting to 70 million yen in the wake of revision to the system in fiscal year ending June 2026 will be continuously posted from fiscal year ending June 2027 as well.



(From the full-year financial results presentation materials for the fiscal year ended June 2025)

◎ Status of order receipt

They classify their ongoing projects, including proposed ones, as follows.

- A: Projects whose scale (budget), period, etc. have been determined
- B: Projects whose budget, period, etc. are still to be determined although an order has been placed
- Highly Likely: Projects for which the company is highly likely to receive orders (probability: 80% or higher)
- Likely: Planned or proposed projects for which the company is likely to receive orders (probability: 50% or higher)
- Emerging: Projects under planning or proposal

(Taken from the reference material of the company)

They disclose the sum of the amounts of A, B, and highly likely projects as order backlog.

The order backlog as of February 4, 2026 was 16,272 million yen, up 4.7% year on year. In addition to the healthy business operations for events and promotion, the business operations related to the expo contributed, so order backlog increased from the previous year, and was favorable with respect to the annual forecast.

Sales (million yen)	FY 6/25 (as of February 4, 2025)	FY 6/26 (as of February 4, 2026)	Difference from the previous fiscal year
Order backlog (sum of A, B, and Highly Likely)	15,535	16,272	+737

(Taken from the reference material of the company)

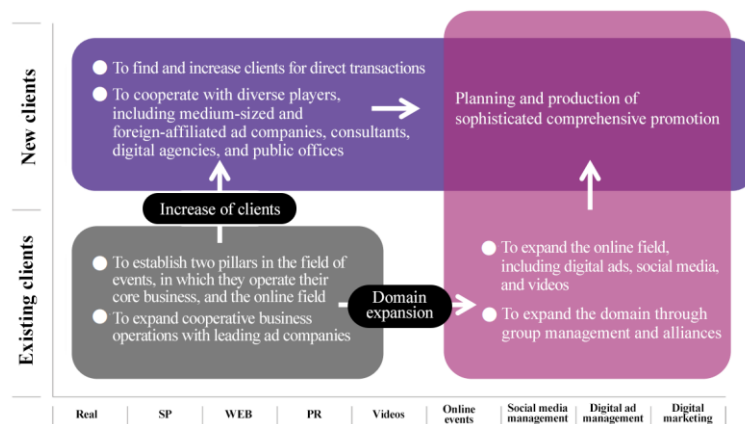
4. New Medium-term Business Growth Vision

They laid out a new medium-term business growth vision while considering the next growth phase.

[4-1 Current business strategy and review]

(1) Outline of their business strategy

They have promoted “two-pronged expansion” through the “increase of clients” and the “expansion of their domain.”



(Taken from the reference material of the company)

(2) Review of the current business growth strategy (2021-2025)

Amid the significant change in the business environment, including the decrease of events due to the COVID-19 pandemic from 2020 to 2023, they proceeded with large-scale projects for Olympic and Paralympic Games Tokyo 2020 and Expo 2025 in Osaka, Kansai, and promoted experience design while combining real items and digital content under the vision of “designing outcomes based on experience value.”

Since the strategy produced some results for the increase of clients and the expansion of their domain, they decided to design a new medium-term business growth vision while considering the next growth phase.

[4-2 New medium-term business growth vision]

(1) Changes in the business environment

Significant changes have been observed in advertisement/marketing, consumers’ behavior, and clients.

Changes in advertisement and marketing	Changes in consumers’ behavior (1)	Changes in consumers’ behavior (2)	Changes in clients
While the digitalization and the use of AI for advertisement and marketing are progressing, the value of real experience that inspires people significantly is raising.	Highly convenient digital experience and real experience with higher value are utilized according to situation and combined increasingly.	IP content and exciting entertainment, such as sports and music, influence consumer spending significantly.	Each client’s marketing strategy will need to contribute to results and business growth and be practical, while precision is increasing through data utilization, etc.

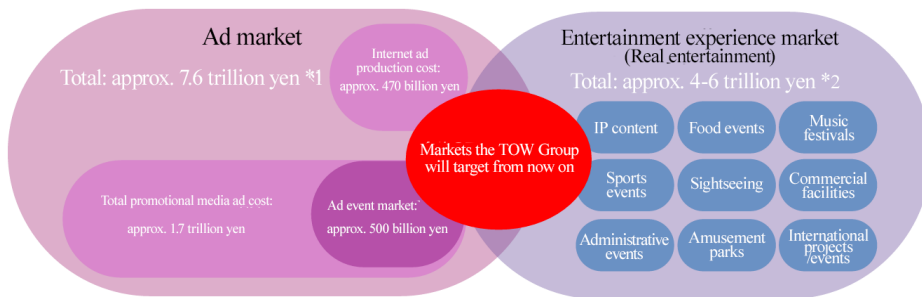
(Taken from the reference material of the company)

While digital technology and AI are spreading in the world, accelerating the change in the living environment, the marketing domain and the entertainment domain are becoming closer to each other. In this situation, they expect that the value of “real experience” will rise further and more important to consumers and clients.

(2) Target market and positioning of the TOW Group

They have so far targeted the ad market with a scale of approx. 7.6 trillion yen. While marketing and entertainment are becoming closer to each other as mentioned above, they will exert their capabilities in the entertainment experience market (real entertainment) based on

their capability of designing experiences, which has been nurtured in the ad and marketing markets. The market scale of real entertainment is estimated to be 4-6 trillion yen, mainly for IP content, indicating that this market has huge growth potential.



*1 Source: Dentsu Inc.: "Advertisement Costs in Japan in 2024"

*2 Estimated by the company with reference to a variety of currently available information and its accuracy is not guaranteed.

(Taken from the reference material of the company)

(3) New medium-term business growth vision

In the new medium-term business growth vision, the TOW Group was defined as an “experience partner covering promotion and real entertainment.”

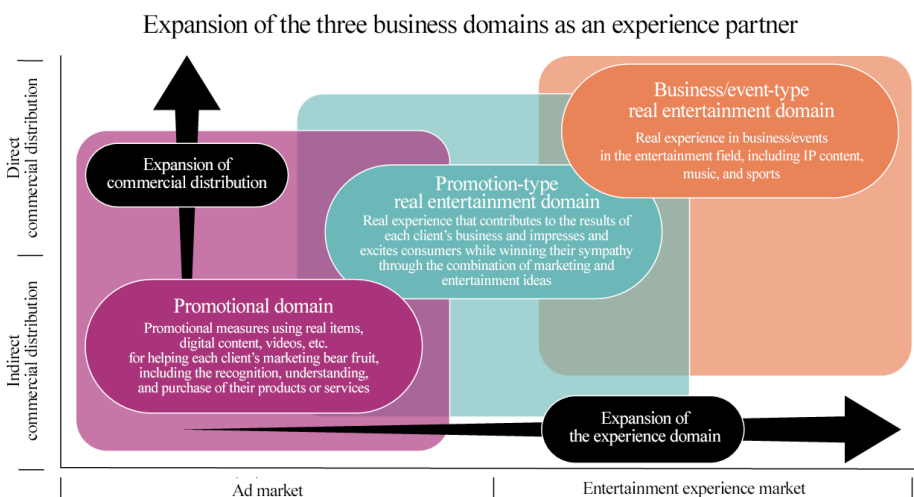
By designing experiences, they will create the experience value across the fields of promotion and real entertainment so that consumers will be impressed, feel sympathy, and get excited, and aim to evolve as an experience partner who will contribute to the improvement in brand value and business growth of each client.

(4) New medium-term business growth strategy

① Business domain

As an experience partner, they will expand the three domains: “the promotional domain,” “the promotion-type real entertainment domain,” and “the business/event-type real entertainment domain.”

While focusing on “the expansion of commercial distribution (from indirect commercial distribution to direct one)” like in the previous business strategy, they will work on “the enhancement of experience value (from the ad market to the entertainment experience one)” while expecting that the value of “real experience” will improve further.



(Taken from the reference material of the company)

② Priority theme

The real entertainment field was defined by the company as a field where entertainment reels in people, consumers participate proactively by spending time and money, feeling sympathy and sharing passion, as such real experience is considered as the most valuable.

In detail, they enumerate “IP content,” “music,” “sports,” “food,” and “urban/commercial facilities,” which have significant room for expansion, as priority themes, and aim to expand their business in “the promotion-type real entertainment domain,” and “the business/event-type real entertainment domain.” In particular, they consider the IP content field as the most promising.

Real entertainment domain: Five priority themes 28

They concentrate on the themes where real experience is most emphasized and which have potential for growth in the entertainment experience market. They aim to expand their business in “the promotion-type real entertainment domain,” and “the business/event-type real entertainment domain,” as five priority themes.

<p>IP content</p> <p>IP content, including video games, anime, manga, comedy shows, comedians, YouTubers, and Vtubers, is highly compatible with real experience at events for fans, where customers can enjoy stages and shopping. This is the most promising domain that promotes the voluntary participation and spending by consumers.</p>	<p>Music</p> <p>In this domain, community business is developed by grasping the enthusiasm of mainly idol fans and real experience in live concerts, etc. is indispensable.</p>
<p>Sports</p> <p>In this domain, enterprises and local governments focus on sports and develop infrastructure by enlarging sports arenas, while expecting that their activities will produce ripple effects on local economies.</p>	<p>Food</p> <p>The importance of food is high among consumers, so food events attract many people. This popular domain is expected to keep growing steadily.</p>
<p>Urban/commercial facilities</p> <p>While the local government in each area works on the revitalization of their town, the experiences and events provided by cities and facilities make the area bustling.</p>	

(Taken from the reference material of the company)

③ Concrete initiatives

They are actively forming partnerships with enterprises that possess plenty of experiences and know-how under each theme. In addition, they plan to organize a new project team in the real entertainment field.

◎IP content and sports

In February 2026, they concluded a basic agreement for a business alliance with DeNA Co., Ltd. for maximizing value in the real entertainment field centered around IP content and sports. In April 2026, we will establish “Real Entertainment Activation Division (provisional name)” inside DeNA, to conduct business operations on a full-scale basis.

DeNA operates business while fusing sports teams and real assets, including stadiums and arenas, based on the knowledge nurtured in the Internet field. DeNA strives to create attractive experiences for fans and develop bustling towns, and has a significant track record in the fields of video games, anime, and events through collaborations with leading IP holders. Through such diversified business operation, they nurture the capability and know-how of developing unique revenue models and solutions while taking advantage of the capacity of using digital technologies, including AI. The TOW Group has engaged in the planning, production, and direction of DeNA-related events of Yokohama DeNA Baystars over the past few years, so they have already established a track record of cooperation, deepening mutual understanding. Like this, DeNA is the best partner.

They plan to offer the following services and solutions.

* Planning and production of events for IP content

They support the planning, production, and operation of events utilizing IP content, including video games and anime, in a comprehensive manner.

* Creation of new experience value based on real facilities

They plan, hold, and operate events combining real facilities, including commercial ones, stadiums, and arenas, and IP content, sports teams, etc., take in or develop new content, and create new experience value.

* Utilization and application of digital technologies, including AI

By utilizing the AI technology and software development knowledge of DeNA, they will improve event experience value. They will also discuss the development and distribution of a wide array of digital solutions.

Partnership for expanding the real entertainment domain (1) 29

Business alliance with DeNA for enhancing the real entertainment domain centered around IP content and sports

- On April 1, 2026, they plan to establish the new organization “Real Entertainment Activation Division (provisional name)” in DeNA. This division will be operated by the two companies.

<p>TOWGOLD</p> <ul style="list-style-type: none"> Capabilities of designing experiences and producing events nurtured in the ad market Track record of creating a lot of experiences centered around IP content, sports, and towns Provision of human resources to the new organization and the promotion of event planning and production 	×	<p>DeNA</p> <ul style="list-style-type: none"> Extensive network with IP content holders Real assets in mainly Yokohama and Kawasaki Sports assets centered around Yokohama DeNA Baystars Capabilities of developing and adopting digital technologies, including AI
--	---	---

■ Services and solutions to be launched

1. Planning and production of events and promotion for IP content, such as video games, anime, and sports
2. Creation of new experience value combining real sites, such as commercial facilities, stadiums, and arenas, IP contents, sports teams, etc.
3. They aim to develop various digital solutions by utilizing digital technologies, including AI, and improve the value of experience at events.

(Taken from the reference material of the company)

◎ Food

As mentioned above, they plan to offer the following value and solutions in cooperation with Blues Mobile Co., Ltd., which is a leading company that hosts food festivals and was acquired by the TOW Group through M&A in February 2026.

* Expansion of the event business

For the existing food festivals hosted by Blues Mobile, the TOW Group will utilize their capabilities of designing experiences and promotional plans and human resources, to attract visitors and improve experience value and profitability.

* Improvement in marketing value through food festivals

They will propose or provide a network or know-how for food festivals and food business, helping improve the results of marketing.

* Creation of new events hosted or co-hosted by the TOW Group

By fusing Blues Mobile’s know-how to host and operate events and TOW Group’s ability to design experiences, they will hold entertainment events under the theme of “food,” with the aim of creating new value and establishing a revenue model.

Partnership for expanding the real entertainment domain (2) 30

Acquisition of Blues Mobile, which is a leading company hosting food festivals, as a consolidated subsidiary for expanding the real entertainment domain under the theme of “food”

- Conclusion of a contract for share transfer with Blues Mobile with the aim of expanding real entertainment and establishing a new revenue model under the theme of “food,” which is quite important in the experience of consumers *On April 1, 2026

TOW GROUP

- Capabilities of designing experiences and producing events nurtured in the ad market
- Ample relations with mainly clients in the fields of beverages and food products
- Business administration utilizing human resources and the group foundation

×

BLUES MOBILE

- An ample track record and know-how of hosting and holding over 30 food festivals around Japan per year
- Planning, production, and operation systems for enabling the operation of events around Japan
- Network and practical skills in the field of real entertainment based on food

■ Value and solutions they provide

- The existing food festivals hosted by Blues Mobile are improved with the TOW Group’s capabilities of designing experiences and promotion, to attract more customers and improve experience value and revenues, and then expand the event business.
- Improvement in marketing value through food festivals
- Creation of new events hosted or co-hosted by the TOW Group through the fusion of strengths of the two companies

Partnership for expanding the real entertainment domain (2): Value and solutions they offer 31

(1) Expansion of the event business of Blues Mobile

The existing food festivals hosted by Blues Mobile are improved with the TOW Group’s capabilities of designing experiences and promotion, to attract more customers and improve experience value and revenues.

(2) Improvement in marketing value through food festivals

To propose and offer networks and know-how for food festivals and the food field, helping improve the outcomes of marketing

(3) Planning and operation of entertainment events hosted by the TOW Group

By fusing Blues Mobile’s know-how to host and operate events and TOW Group’s capability of designing experiences, they will hold entertainment events under the theme of “food,” create new value, and establish a revenue model.

(Taken from the reference material of the company)

The TOW Group has engaged in “BtoBtoC” business operations with clients being “businesses (B),” but the business model of Blues Mobile is “BtoC.” It is necessary to acquire the know-how for “toC” business, so they recognize that it is essential to implement personnel strategies, including the recruitment of experienced workers and education of employees fresh out of college about “toC” business, in order to achieve further growth.

④ Establishment of a business portfolio and fortification of the business foundation

As an experience partner covering promotion and real entertainment, they will expand the three domains: “the promotional domain,” “the promotion-type real entertainment domain,” and “the business/event-type real entertainment domain.” For establishing a new business portfolio, they will look for competent partners and cooperate with them in each them, just like the cases of the alliance with DeNA and the M&A with Blues Mobile.

Another important theme is the fortification of their business foundation. For strengthening the base for AI and technology, they set a theme and try AI utilization methods from the aspect of on-site work and management in each field.

TOW Group’s new medium-term business growth vision and portfolio 32

TOW Group will become
“an experience partner across the fields of both promotion and real entertainment”

Business growth	Promotional domain	Real experience	Digital experience	Video experience
	Promotion-type real entertainment domain	IP content	Music	Sports
	Business/event-type real entertainment domain		Food	Urban/commercial facilities
Fortification of the foundation	Strengthening of the personnel and organizational bases		Strengthening of the AI and technological bases	
			Strengthening of the management base and corporate governance	

(Taken from the reference material of the company)

13

5. Conclusions

They announced a new medium-term business growth vision. As “an experience partner for promotion and real entertainment,” they will expand the 3 domains: “the promotional domain,” “the promotion-type real entertainment domain,” and “the business/event-type real entertainment domain,” and cultivate a huge entertainment experience market, which is estimated by the company to be 4-6 trillion yen. For promoting their business, they plan to find competent partners, such as DeNA and Blues Mobile, under each theme, but in the real entertainment field, there exist a variety of players in addition to ad agencies, so they said that it is somewhat challenging to find appropriate partners.

We would like to expect the steady achievement of the forecast for the current fiscal year in the short term and the progress of cultivation of the real entertainment field in the medium/long term.

<Reference: 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 ones)
Audit and Supervisory Committee Member	3 auditors, including 3 outside directors (including 3 independent ones)

◎ Corporate Governance Report Updated on September 26, 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.

Under these principles, our company strengthens the system in which outside directors oversee business operations, separates business execution from supervision, holds meetings of executives, involving outside directors, and establishes a risk monitoring system based on several committees for sustainability, compliance, etc.

Regarding the management structure, the representative director & president and the representative director & vice-president supervise business operations, and we make efforts to enhance our business growth and management base and realize effective corporate governance.

<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]

[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]

While recognizing that the implementation of measures for tackling sustainability issues for achieving our purpose is one of important issues in business administration, we have established a governance structure in which the committees established as advisory bodies for the board of directors deliberate and report things in company-wide projects, and developed a system in which the board of directors oversees activities. In the fiscal year ending June 2026, we will redevelop the system for tightening corporate governance.

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 88% of directors and executive officers of the company. Regarding the promotion of female employees to managerial posts, there were 8 female managers, including female directors, as of the end of September 2025, accounting for 17.8% 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).

The members of the board of directors are selected while considering diversity in experience, knowledge, ability, etc. Their skill matrix is disclosed through the convocation notices for general meetings of shareholders and the reference material for general meetings of

shareholders.

<https://tow.co.jp/wp-content/uploads/2025/09/第49期定時株主総会招集通知及び株主総会資料.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 Management Headquarters, which is also in charge of IR activities, discusses and exchanges opinions on a daily basis 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.

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.

This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.

Copyright(C) Investment Bridge Co., Ltd. All Rights Reserved.

The back number of Bridge Reports (TOW Co., Ltd.: 4767) and contents of Bridge Salon (IR seminars) can be seen at <https://www.bridge-salon.jp/>