

# Summary of Earnings Report for Third Quarter of Year Ending December 31, 2023

November 9, 2023

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange  
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 Scheduled date of filing: November 9, 2023 Scheduled date of dividend payment: —  
 Additional material of financial results: Yes  
 Result meeting: No

(Millions of yen, rounded down)

## 1. Consolidated Results for the Third Quarter of the Fiscal Year Ending December 31, 2023 (January 1, 2023– September 30, 2023)

### (1) Consolidated business results (cumulative)

(%: Year-on-year comparison)

	Net Sales		EBITDA		Operating Income		Ordinary Income		Net Income Attributable To Owners Of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter, year ending December 31, 2023	27,977	32.9	2,086	75.1	1,797	65.2	1,488	87.3	1,043	119.2
Third Quarter, year ended December 31, 2022	21,048	17.3	1,191	64.3	1,087	76.3	794	90.6	476	71.8

(Notes) Comprehensive Income: 2023 3Q 1,411 million yen ( 1.7%) 2022 3Q 1,387 million yen ( 153.7%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Third Quarter, year ending December 31, 2023	21.98	21.81
Third Quarter, year ended December 31, 2022	10.26	—

(Note) Net income per share on a diluted basis for the Third Quarter of the fiscal year ending on December 31, 2022 is not presented because there are no dilutive potential shares.

### (2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
Third Quarter, year ending December 31, 2023	60,603	16,938	27.9
Fiscal year ended December 31, 2022	53,359	15,857	29.6

(Notes) Equity: 2023 3Q 16,880 million yen 2022 15,787 million yen

## 2. Dividends Information

	Dividend per Share				
	1Q	Interim	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	—	0.00	—	4.50	4.50
Fiscal year ending December 31, 2023	—	3.50	—		
Fiscal year ending December 31, 2023 (forecast)				4.50	8.00

(Note) Correction to most recently announced dividend forecast: None

### Disclaimer

This document was prepared in English for convenience purposes only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

3. Consolidated Business Plan for Fiscal Year Ending December 31, 2023 (January 1, 2023–December 31, 2023)

The ADWG Group announces its business targets for each consolidated fiscal year in the form of a “results plan.” A results plan consists of targets for our businesses, and is different from the forecasts and predictions.

Note that for projections of business results, the outlook at the end of each quarter will be updated as appropriate and disclosed as a forecast based on information that is highly accurate for the Group overall and deemed reasonable at that time.

(%: comparison with the previous period)

	Net sales		EBITDA		Ordinary Income		Net Income Before Taxes		Net Income Attributable To Owners Of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	40,000	43.6	2,730	80.1	1,870	96.1	2,000	119.7	1,200	127.6

(Note) Correction to most recently announced results forecast: None

\* Notes

(1) Important changes in subsidiary during the consolidated fiscal year under review : None

(Changes in specified subsidiaries affecting the scope of consolidation)

New: —Company (name of company)—, Excluded: —Company (name of company)—

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements : Yes

(3) Changes in accounting policies and changes or restatement of accounting estimates

1. Changes in accounting policies due to the revision of accounting standards, etc. : Yes

2. Changes in accounting policies other than 1. : No

3. Changes in accounting estimates : No

4. Restatement : No

(4) Number of issued shares (common shares)

1. Number of outstanding shares (including treasury stock) at end of period

Q3 FY2023	49,292,764 shares	Fiscal year ended on December 31, 2022	49,098,364 shares
Q3 FY2023	1,633,116 shares	Fiscal year ended on December 31, 2022	1,882,487 shares
Q3 FY2023	47,485,603 shares	Q3 FY2022	46,416,140 shares

2. Number of treasury stock at end of period

3. Average number of shares during period (cumulative period)

(Note) The Company has a Director Stock Compensation Trust (prior to September 2022, there was also an Employee Stock Holding Exclusive Trust), and the Company shares held by the trust are included in the number of treasury stock.

\* This quarterly financial statement does not need to undergo a quarterly review by a certified public accountant or an audit corporation.

\* Explanation about the proper use of results forecasts, and additional information

The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements included in these materials. Actual results may differ significantly from the forecasts in the document, depending on various factors.

## [Attached Materials]

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# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated balance sheets

(Unit: Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,425,165	10,893,857
Accounts receivable - trade	148,602	169,508
Real estate for sale	37,351,103	39,671,927
Real estate for sale in process	4,137,456	6,161,780
Other	2,675,168	1,624,789
Allowance for doubtful accounts	(2,049)	(916)
Total current assets	51,735,446	58,520,946
Non-current assets		
Property, plant and equipment		
Other, net	156,881	175,434
Total property, plant and equipment	156,881	175,434
Intangible assets		
Goodwill	—	335,239
Other	84,960	91,385
Total intangible assets	84,960	426,625
Investments and other assets		
Investment securities	778,957	722,716
Deferred tax assets	320,219	327,749
Other	252,450	403,885
Total investments and other assets	1,351,627	1,454,351
Total non-current assets	1,593,469	2,056,411
Deferred assets		
Establishment costs	17,540	11,710
Bonds issuance cost	12,859	14,579
Total deferred assets	30,400	26,290
Total assets	53,359,316	60,603,647
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	640,045	933,148
Short-term loans payable	71,000	359,600
Current portion of bonds	319,200	390,200
Current portion of long-term loans payable	3,774,842	6,972,859
Income taxes payable	60,271	318,810
Crowd funding and other deposits received	1,063,286	2,636,097
Provisions	—	100,876
Other	3,171,181	2,538,460
Total current liabilities	9,099,826	14,250,052
Non-current liabilities		
Bonds payable	719,100	754,600
Long-term loans payable	27,631,454	28,599,488
Other	51,100	60,852
Total non-current liabilities	28,401,654	29,414,941
Total liabilities	37,501,481	43,664,993

(Unit: Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Net assets		
Shareholders' equity		
Capital stock	6,232,142	6,249,439
Capital surplus	5,328,968	5,333,119
Retained earnings	3,952,281	4,617,536
Treasury shares	(295,680)	(257,698)
Total shareholders' equity	15,217,712	15,942,397
Accumulated other comprehensive income		
Foreign currency translation adjustments	581,748	932,965
Valuation difference on available-for-sale securities	(11,676)	4,653
Total accumulated other comprehensive income	570,072	937,619
Subscription rights to shares	21,334	27,544
Non-controlling interests	48,716	31,092
Total net assets	15,857,835	16,938,654
Total liabilities and net assets	53,359,316	60,603,647

(2) Quarterly Consolidated Profit and Loss Statement, and Consolidated Comprehensive Income Statement  
 Consolidated Profit and Loss Statement  
 Third Quarter of consolidated fiscal year

(Unit: Thousands of yen)

	Previous consolidated Third Quarter (January 1, 2022 - September 30, 2022)	Current consolidated Third Quarter (January 1, 2023 - September 30, 2023)
Net sales	21,048,309	27,977,033
Cost of sales	17,032,292	23,182,719
Gross profit	4,016,017	4,794,313
Selling, general and administrative expenses	2,928,261	2,997,050
Operating income	1,087,755	1,797,263
Non-operating income		
Interest and dividend income	5,587	42,676
Insurance income	13,053	1,333
Foreign exchange gains	2,207	108,115
Other	5,357	5,119
Total non-operating income	26,206	157,244
Non-operating expenses		
Interest expenses	253,356	382,913
Borrowing fee	37,958	43,070
Amortization of establishment costs	5,830	5,830
Other	21,945	34,170
Total non-operating expenses	319,091	465,984
Ordinary income	794,870	1,488,523
Extraordinary income		
Gain on sales of investment securities	—	25,933
Gain on sales of investment share acquisition rights	—	38,381
Total extraordinary income	—	64,314
Quarterly net income before income taxes	794,870	1,552,838
Income taxes - current	305,545	508,603
Total income taxes	305,545	508,603
Quarterly net income	489,324	1,044,234
Quarterly net income attributable to non-controlling interests	13,060	267
Net income attributable to owners of parent	476,263	1,043,967

Consolidated Comprehensive Income Statement

Third Quarter of consolidated fiscal year

(Unit: Thousands of yen)

	Previous consolidated Third Quarter (January 1, 2022 - September 30, 2022)	Current consolidated Third Quarter (January 1, 2023 - September 30, 2023)
Quarterly net income	489,324	1,044,234
Other comprehensive income		
Valuation difference on available-for-sale securities	6,186	16,330
Foreign currency translation adjustments	892,284	351,216
Total other comprehensive income	898,471	367,547
Quarterly comprehensive income	1,387,795	1,411,782
(Breakdown)		
Comprehensive income attributable to owners of parent	1,374,734	1,411,514
Comprehensive income attributable to non-controlling interests	13,060	267



### (3) Notes for the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Notes on significant changes in amount of shareholders' equity)

Not applicable

(Application of specific accounting methods when preparing quarterly consolidated financial statements)

Calculation of tax expenses

The Company calculates tax expenses by reasonably estimating the effective tax rate after applying tax effect accounting to net income before taxes for the consolidated fiscal year, including this Third Quarter, and multiplying net income before income taxes or net loss before income taxes by this estimated effective tax rate.

The adjusted income tax amounts are included in income tax, inhabitant tax and enterprise tax.

(Changes in accounting policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company began applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021, hereinafter the "Fair Value Measurement Accounting Standard Implementation Guidance") at the beginning of the first quarter of the fiscal year under review. Accordingly, the Company will apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard Implementation Guidance in the future in accordance with the transitional handling stipulated in Section 27-2 of the same standard. Application of this standard has no impact on quarterly consolidated financial statements.