Summary of Earnings Report for Third Quarter of Year Ending March 31, 2020

February 13, 2020

Name of listed company: A.D.Works, Co., Ltd. Listed stock exchange: Tokyo Stock Exchange

Code: 3250 URL http://www.re-adworks.com/

Representative: Hideo Tanaka, President and CEO

Contact: Katsutoshi Hosoya, Senior Managing Director and CFO TEL: +81-(0)3-5251-7642

Scheduled date of filing February 13, 2020 Scheduled date of dividend payment —

Additional material of financial result : Yes Result meeting : No

(Millions of yen, rounded down)

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019–December 31, 2019)

(1) Consolidated business results (cumulative)

(%: Year-on-year comparison)

	Net Sales		Operating	Income	Ordinary 1	Income	Net income attributabl to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter, year ending March 31, 2020	17,352	(1.2)	931	(50.3)	659	(59.6)	463	(27.8)
Third quarter, year ended March 31, 2019	17,561	7.4	1,872	101.8	1,632	128.5	642	45.8
(Notes) Community of the Instruction	2020.20	417:11:-		(40.70/)	2010	20 0	12:11:	76.10

(Notes) Comprehensive Income: 2020 3Q 417 million yen (48.7%) 2019 3Q 812 million yen 76.1%

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Third quarter, year ending March 31, 2020	1.19	1.19
Third quarter, year ended March 31, 2019	1.75	1.74

Note: The Company allotted stock acquisition rights to shareholders, based on the rights offering (non-commitment type/no discount on rights offering) carried out on July 11, 2019, and issued new shares in line with the exercise of these stock acquisition rights. Net income per share and diluted net income per share for the quarter has been calculated on the assumption that payment based on this rights offering was made at the start of the previous consolidated fiscal year.

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
Third quarter, year ending March 31, 2020	34,886	12,837	36.8
End of fiscal year ended March 31, 2019	30,625	11,947	39.0

(Notes) Equity: 2020 3Q 12,832 million yen End of 2019 11,941 million yen

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.

2. Dividends Information

	Dividend per Share								
	1Q	1Q Interim 3Q Year end Total							
	Yen	Yen	Yen	Yen	Yen				
Fiscal year ended March 31, 2019	_	0.00	_	0.35	0.35				
Fiscal year ending March 31, 2020	_	1.65	_						
Fiscal year ending March 31, 2020									
(forecast)				_	_				

(Notes)

- 1. Correction to most recently announced dividend forecast: None
- Breakdown of interim dividend for the fiscal year ending March 31, 2020
 Gratitude dividend ¥1.65 per share
- 3. Year-end dividend for the fiscal year ending March 31, 2020 is yet to be determined as of the date of this document.

3. Consolidated Business Plan for Fiscal Year Ending March 31, 2020

The A.D.W. 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 are 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 Inc	ome	Net income before taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	26,000	4.6	1,330	(42.8)	840	(53.4)	890	(14.7)	570	(14.1)

1. Consolidated Financial Statements

(1) Consolidated balance sheets

Total liabilities

(Units: Thousands of yen) Previous consolidated fiscal year Current consolidated third quarter (year ended March 31, 2019) (December 31, 2019) Assets Current assets Cash and deposits 7,105,036 8,862,417 Accounts receivable - trade 306,540 238,202 Real estate for sale 20,977,089 22,071,199 Real estate for sale in process 265,235 878,575 1,048,034 1,543,451 Other Allowance for doubtful accounts (1,968)(3,015)Total current assets 29,699,966 33,590,830 Non-current assets Property, plant and equipment Other, net 46,403 186,854 Total property, plant and equipment 46,403 186,854 Intangible assets Goodwill 80,327 Other 47,552 53,103 Total intangible fixed assets 47,552 133,430 Investments and other assets 938,589 Other 792,533 Allowance for doubtful accounts (16,227)Total investments and other assets 792,533 922,361 Total non-current assets 886,489 1,242,646 Deferred assets Share issuance cost 38,619 53,016 Total deferred assets 38,619 53,016 Total assets 30,625,075 34,886,493 Liabilities Current liabilities Accounts payable - trade 562,470 606,575 Short-term loans payable 963,200 762,870 Current portion of bonds 183,400 143,400 Current portion of long-term loans payable 1,934,838 2,561,060 Income taxes payable 455,013 68,823 Provision 82,828 Other 2,432,300 2,622,702 Total current liabilities 6,531,223 6,848,261 Non-current liabilities Bonds payable 471,660 409,900 14,715,055 Long-term loans payable 11,566,325 108,032 Other 75,688 Total non-current liabilities 12,145,958 15,200,643

18,677,181

22,048,904

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	Previous consolidated fiscal year (year ended March 31, 2019)	Current consolidated third quarter (December 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	4,385,822	5,096,226
Capital surplus	4,329,396	5,037,008
Retained earnings	3,399,161	3,094,004
Treasury shares	(133,962)	(309,719)
Total shareholders' equity	11,980,417	12,917,519
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,359)	(2,327)
Foreign currency translation adjustments	(36,335)	(82,685)
Deferred gains (losses) on hedges	(1,143)	_
Total accumulated other comprehensive income	(38,838)	(85,013)
Subscription rights to shares	6,314	5,082
Total net assets	11,947,894	12,837,589
Total liabilities and net assets	30,625,075	34,886,493

(2) Consolidated Profit and Loss Statement, and Consolidated Comprehensive Income Statement Consolidated Profit and Loss Statement

Third quarter of consolidated fiscal year

		(Units: Thousands of yen)
	Previous consolidated third quarter (April 1, 2018 – December 31, 2018)	Current consolidated third quarter (April 1, 2019 - December 31, 2019)
Net sales	17,561,972	17,352,929
Cost of sales	13,409,554	13,904,843
Gross profit	4,152,417	3,448,086
Selling, general and administrative expenses	2,279,669	2,516,395
Operating income	1,872,747	931,691
Non-operating income		
Interest and dividend income	6,093	12,636
Insurance income	4,330	8,282
Subsidy income	1,552	_
Other	1,191	5,104
Total non-operating income	13,168	26,023
Non-operating expenses		
Interest expenses	184,008	166,755
Borrowing fee	34,706	40,191
Other	34,451	91,649
Total non-operating expenses	253,166	298,595
Ordinary income	1,632,749	659,119
Extraordinary income		
Gain on sales of non-current assets	806	498
Total extraordinary income	806	498
Extraordinary loss		
Loss on retirement of non-current assets	228	_
Prior year consumption taxes	759,231	_
Total extraordinary loss	759,459	_
Income before income taxes and minority interests	874,096	659,617
Income taxes - current	232,071	196,116
Total income taxes	232,071	196,116
Net income (loss)	642,024	463,501
Net income attributable to owners of parent company	642,024	463,501