

IR Briefing Materials for A.D.Works Group Co., Ltd.
《First Medium-term Management Plan 》

July 14, 2021
A.D.Works Group Co., Ltd.
TSE 1st Section: 2982
<https://www.adwg.co.jp/>

■ Table of Contents

I Overview of A.D.Works Group's Business

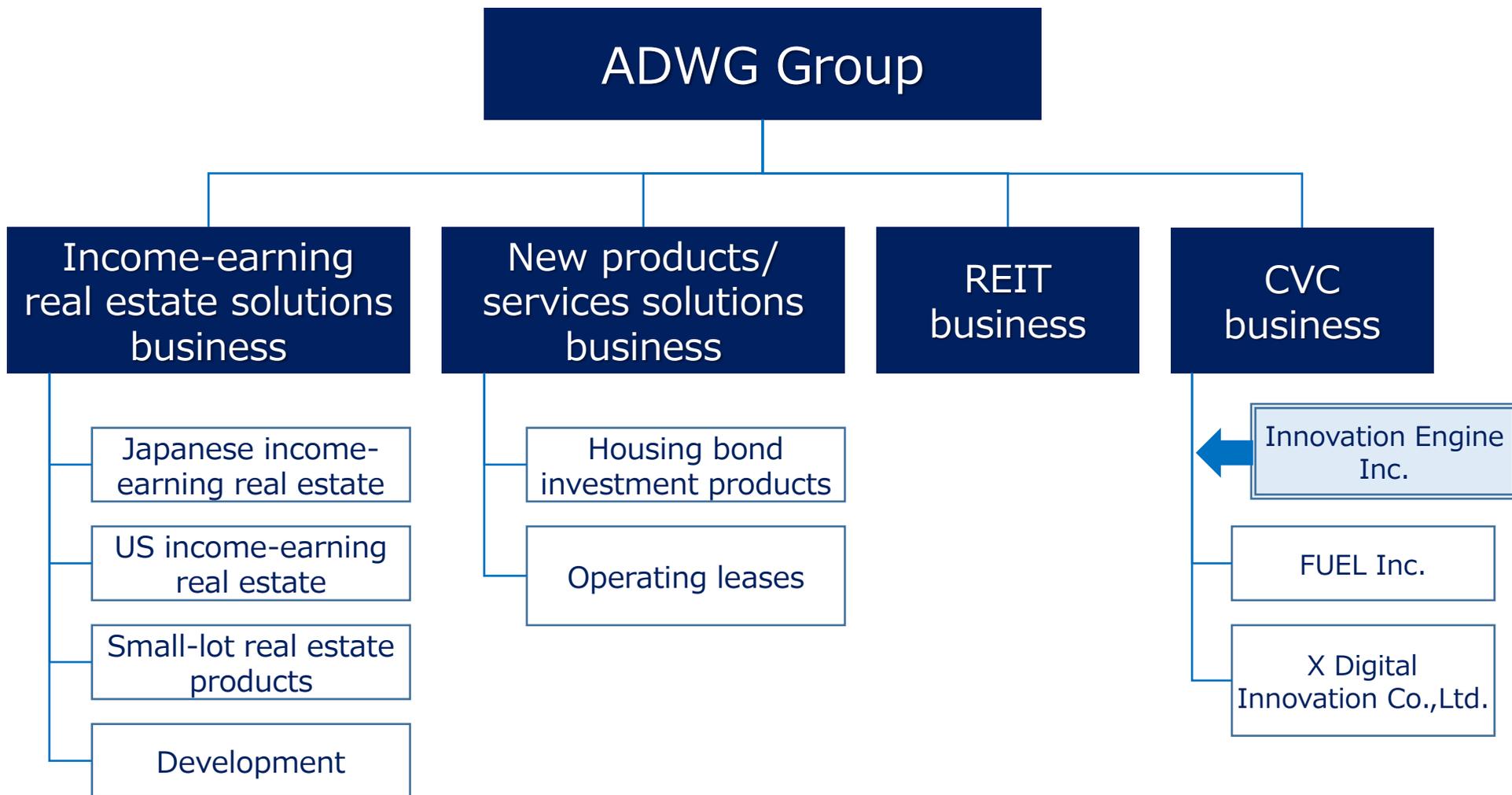
II First Medium-term Management Plan

- Future vision and First Medium-term Management Plan
- Numerical targets and indicators
- Priority measures corresponding to basic policy

III Aiming for listing on Prime Market

I . Overview of A.D.Works Group's Business

■ Business structure reflecting ambition to become an investment solution company



A.D.Works Group

First Medium-term Management Plan

《Fiscal 2021 to Fiscal 2023》

“Breakthrough2023”
~ Innovations on the way to excess profit~

May 13, 2021

A.D.Works Group Co., Ltd.

A.D.Works Group
**First Medium-term
 Management Plan**

《Fiscal 2021-2023》

1. To shareholders and investors	2
2. Correlation with Sixth Medium-term Management Plan (A.D.Works)	3
3. Future vision and First Medium-term Management Plan	4
4. Basic Policies for First Medium-term Management Plan	6
5. Numerical targets and indicators	7
6. Priority Measures for Basic Policies	10
【A】 Measures to augment and strengthen existing business	
① Strengthen value chain	11
② Expand balance of income-earning properties again	12
③ Reinforce business foundations through REIT business	13
④ Expand business scale through development business	13
⑤ Make small-lot real estate sales business a core business	14
⑥ Develop “compound value chain” in overseas business	15
【B】 Measures to pull out of real estate business	
⑦ Utilization of holding company structure	16
⑧ Utilization of CVC (corporate venture capital) business	17
【A・B】 Shared measures	
⑨ Use of crowd funding	18
⑩ Strengthen and seek out non-asset businesses such as fee businesses	18
⑪ First year of DX promotion	19
⑫ Reforms to HR system and compensation systems supporting all measures	19
Reference i Priority measures and cross SWOT	20
Reference ii Correlations between priority measures	21
Reference iii Priority measures and business companies	22
7. Shareholder return measures	23

1 To shareholders and investors

On delivering the First Medium-term Management Plan of the A.D.W. Group (A.D.Works Group, a holding company, and the business companies it administers), we would like to take this opportunity to express managements' intentions in establishing and pursuing this plan.

In the fiscal year ended in December 2020, ordinary income essentially fell about 40% compared to the previous period (converted to a 12-month period) due to the impact of COVID-19, which was a sharp reduction in earnings. In light of these unexpected conditions and the fact that our fiscal period had changed with our transition to a holding company structure, we decided to suspend the Sixth Medium-term Management Plan started by our predecessor, A.D.Works, and establish our first medium-term plan as the A.D.W. Group.

The business environment is changing dramatically. For example, DX has accelerated sharply due to COVID-19, making a response essential, including for the Group. There are signs that the very structure of the economy and society is changing. In these conditions, our most important mission is to determine how to change our business structure.

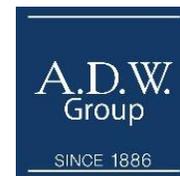
There are many issues that we must find answers to while still running as a company, such as responding to SDGs and TSE's market reorganization.

“**Breakthrough2023**”, which is our sub-theme, expresses our strong intention as managers to confront straight on the walls we must break through and achieve growth by overcoming these obstacles. Moreover, we intend to transform into a corporate group that can generate excess profit and increase these profits on an ongoing basis.

We will express our corporate philosophy of “flexible change and generation of creative value” in our own actions and pursue this plan with all of our strength so that our shareholders and investors sense the increase in the Group's corporate value.

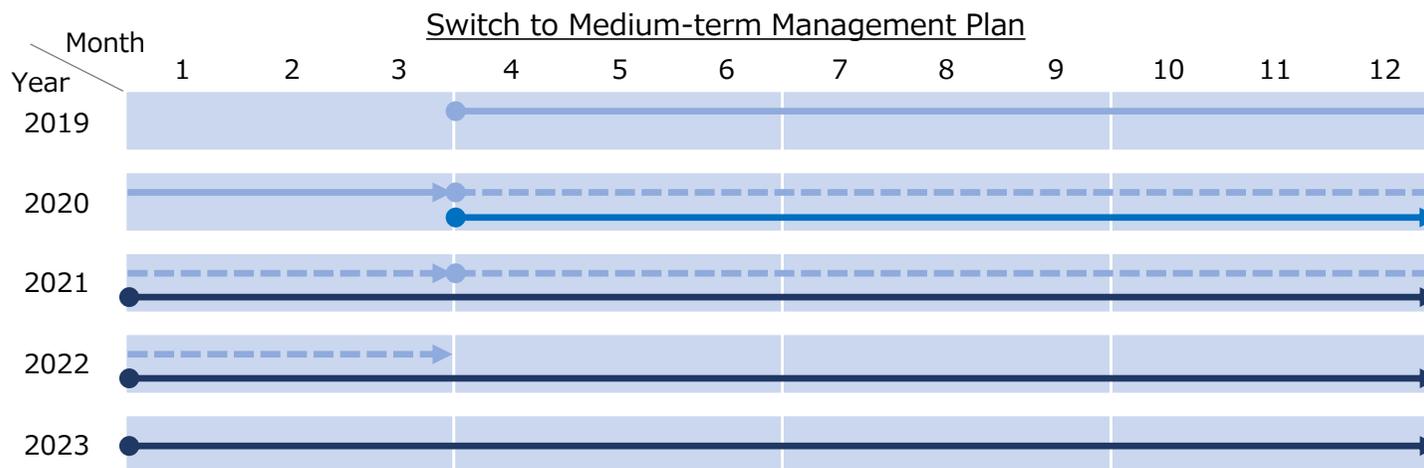
Hideo Tanaka, President and CEO

2 Correlation with Sixth Medium-term Management Plan (A.D.Works)



Overhauling Sixth Medium-term Management Plan (A.D.Works) for a new start

- ▶ After we had completed the first year of the three-year Sixth Medium-term Management Plan (A.D.Works) in the fiscal year ended in March 2020 (●→), we changed to a fiscal year ending on December 31 as we made the transition to a holding company structure. This meant that there was a three-month discrepancy at that point in the remaining two years (●---→).
- ▶ In the nine-month irregular fiscal period in the year ending in December 2020 (●→), earnings were thus irregular in two respects — the impact of COVID-19 and the irregular fiscal period.
- ▶ We decided to make a fresh start in these conditions and set the fiscal year ending in December 2021—the first full year under the holding company structure—as the starting point for a new three-year plan (●→), the First Medium-term Management Plan.



3 Future vision and First Medium-term Management Plan

Key three-year period to achieve breakthroughs for our future vision

Promote SDG management

- ▶ Our mainstay income-earning real estate sales business has social significance in that our discernment and product planning capacity maximizes the potential of real estate, which is a form of social capital.
- ▶ We will contribute to the spread of ESG investment in the real estate market by aggressively expanding the income-earning real estate sales business and pursue SDG management through these activities.

Switch to compound interest management

- ▶ Up until this point, we have pushed management that aims to increase “amounts,” such as sales and ordinary income, or to raise “rates” such as the operating profit margin.
- ▶ We have switched to management of yields, which has puts the emphasis on the income that our invested capital can generate, as well as “compound interest management,” which sustains returns on re-investments for the long term.

Everything is correlated to raise shareholder value

Waypoint to “30% in five years”

- ▶ We will use DX for reforms, create new value through CVC, and speed up M&A and capital and business tie-ups utilizing holding company structure.
- ▶ We also plan to seize opportunities proactively in this period we have designated as a three-year waypoint toward our long-term goal of bringing the percentage of revenue from the non-real estate business* to 30% in five years.

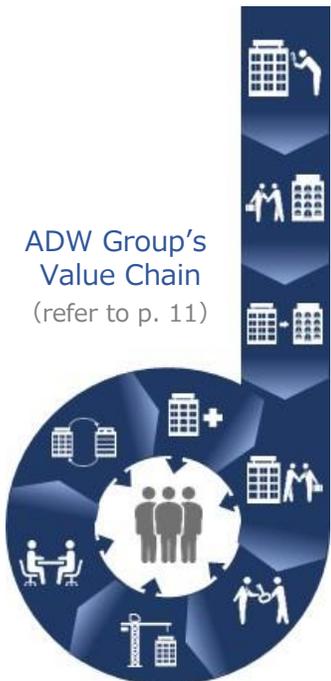
Listing on Prime Market

- ▶ We are aiming for listing in the Prime Market when TSE reorganizes its markets in April 2022.
- ▶ If we do not meet the criteria, we will utilize transitional measures and pursue the First Medium-term Management Plan to get past these hurdles.

* Non-real estate business: Business outside of the real estate field that will become our second pillar in the future

Income-earning real estate company → Investment solution company

ADW Group's Value Chain (refer to p. 11)



560 million yen in consolidated ordinary income

* Converted to 12-month period



Fiscal year ended in December 2020 (Actual)

600 million yen in consolidated ordinary income

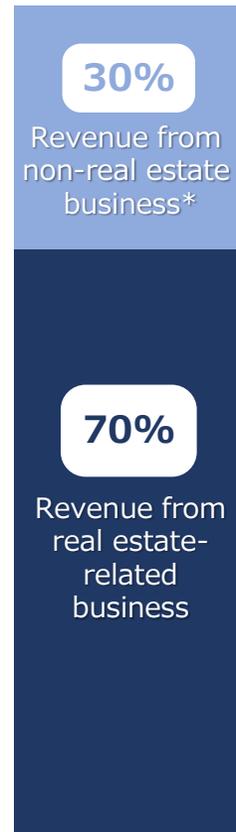


Fiscal year ending in December 2021 (plan)

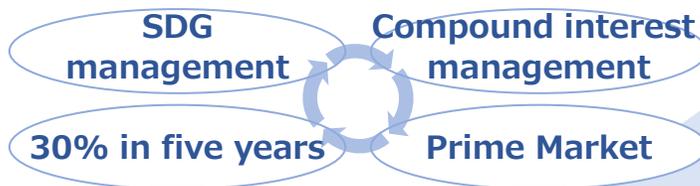
2 billion yen in consolidated ordinary income



Fiscal year ending in December 2023 (plan)



Fiscal year ending in December 2025



"Breakthrough2023"

First Medium-term Management Plan

Long-term objectives

* Non-real estate business: Business outside of the real estate field that will become our second pillar in the future

4 Basic Policies for First Medium-term Management Plan

All strategies are organized and integrated based on three basic policies

I . Excess profit

Aiming for management that will raise capital efficiency and generate and continuously improve excess capital

- ▶ Currently, ROIC (return on invested capital) is below WACC (weighted average capital costs), but in the fiscal year ending in December 2023, we plan to reverse this and generate and continuously raise excess capita.

II . External resources

Aggressively utilize external resources and foster organizational strengths rich in creativity and the spirt of innovation

- ▶ In order to incorporate cutting-edge knowledge that is rapidly developing, such as DX, we will take the initiative with CVC and adapt to change by actively using external resources such as M&A and capital and business tie-ups under our holding company structure.

III . Customer expansion

Expand customer targets and offer broad range of products and services

- ▶ While still focusing on wealthy individuals, we will expand the scope of our clients and use the Internet to respond to wide-ranging investment demand, while also working with business firms and institutional investors as well as individuals.

5 Numerical targets and indicators

Focus is on expanding existing business while laying the groundwork for revenue from non-real estate businesses*

* Non-real estate business: Business outside of the real estate field that will become our second pillar in the future

- ▶ With DX promotion, CVC and M&A as upfront costs, we aim to post a total of 700 million yen in the three-year plan period (excluding investments).
- ▶ We will purposely not price in the anticipated revenue from these efforts, and designate this as room for upside in line with achievement.

【PL】	(Unit: 100 million yen)	Fiscal 2020 (Actual) *Converted to 12-month period	First Medium-term Management Plan	
			Fiscal 2021	Fiscal 2023
	Net sales	224	230	306
	EBITDA	10.1	11.0	27.0
	Ordinary income	5.6	6.0	20.0
	Pre-tax income	5.7	6.0	20.0

【BS】	(Unit: 100 million yen)	Fiscal 2020 (Actual)	First Medium-term Management Plan	
			Fiscal 2021	Fiscal 2023
	Balance of income-earning properties	246	250	500
	Total assets	358	362	622
	Net assets	132	135	152

Achieve ROIC at levels higher than WACC in fiscal 2023 and begin generating excess profit

- ▶ The numerical targets on the previous page were set on the premise that we would commit to generating excess profit from fiscal 2023.
- ▶ This plan is focused only on existing business, and expanding non-asset businesses and other would be designated as a means of expanding excess profit.

(Unit: %)	Fiscal 2020 (Actual) * Converted to 12-month period	First Medium-term Management Plan		
		Fiscal 2021	-	Fiscal 2023
A: WACC (Weighted average capital costs) ^{Note 1}	3.8	3.9	-	3.2
B: ROIC (Return on invested capital) ^{Note 2}	2.0	2.2	-	4.1
B-A: Excess profit	▲1.8P	▲1.7P	-	+0.9P



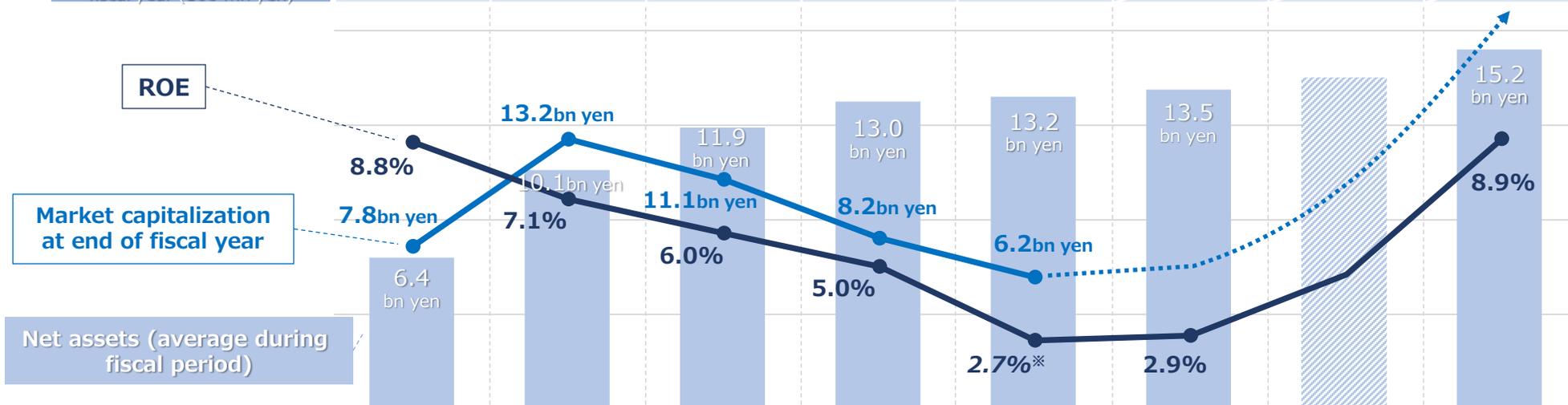
Note 1 : WACC: Calculated assuming 8% shareholders' equity costs, 1.5% interest-bearing liability costs, and 35% tax rate

Note 2 : ROIC: $\text{NOPAT (Operating income} \times (1 - \text{effective tax rate}) / (\text{Average shareholders' equity} + \text{Average interest-bearing liabilities})$

Change to upward trend for ROE while also generating excess profit and aim for higher market capitalization

- ▶ By reinforcing net assets, ROE ultimately falls, and market capitalization remains in a decline in proportion.
- ▶ While generating excess profit by raising capital efficiency (see previous page), we will work to raise market capitalization with the aim of boosting ROE.

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2020/12	First Medium-term Management Plan		
						FY2021/12	-	FY2023/12
Net income (100 mn yen)	5.4	5.8	6.6	6.2	3.5*	3.9	-	13.0
Net assets (100 mn yen)	64	101	119	130	132	135	-	152
ROE (%)	8.8	7.1	6.0	5.0	2.7*	2.9	-	8.9
Market capitalization at end of fiscal year (100 mn yen)	78	132	111	82	62			



* Net income and ROE in fiscal period ended in December 2020 were converted to 12-month equivalent.

6

Priority Measures for Basic Policies



【A】 Measures to augment and strengthen existing business

① Strengthen value chain	I . Excess profit	II . External resources	III . Expand customer base
② Expand balance of income-earning properties again	I . Excess profit	II . External resources	
③ Reinforce business foundations through REIT business	I . Excess profit	II . External resources	
④ Expand business scale through development business	I . Excess profit	II . External resources	
⑤ Make small-lot real estate sales business a core business	I . Excess profit	III . Expand customer base	
⑥ Develop “compound value chain” in overseas business	I . Excess profit	II . External resources	III . Expand customer base

* Non-real estate business: Business outside of the real estate field that will become our second pillar in the future

【B】 Measures to break into non-real estate business*

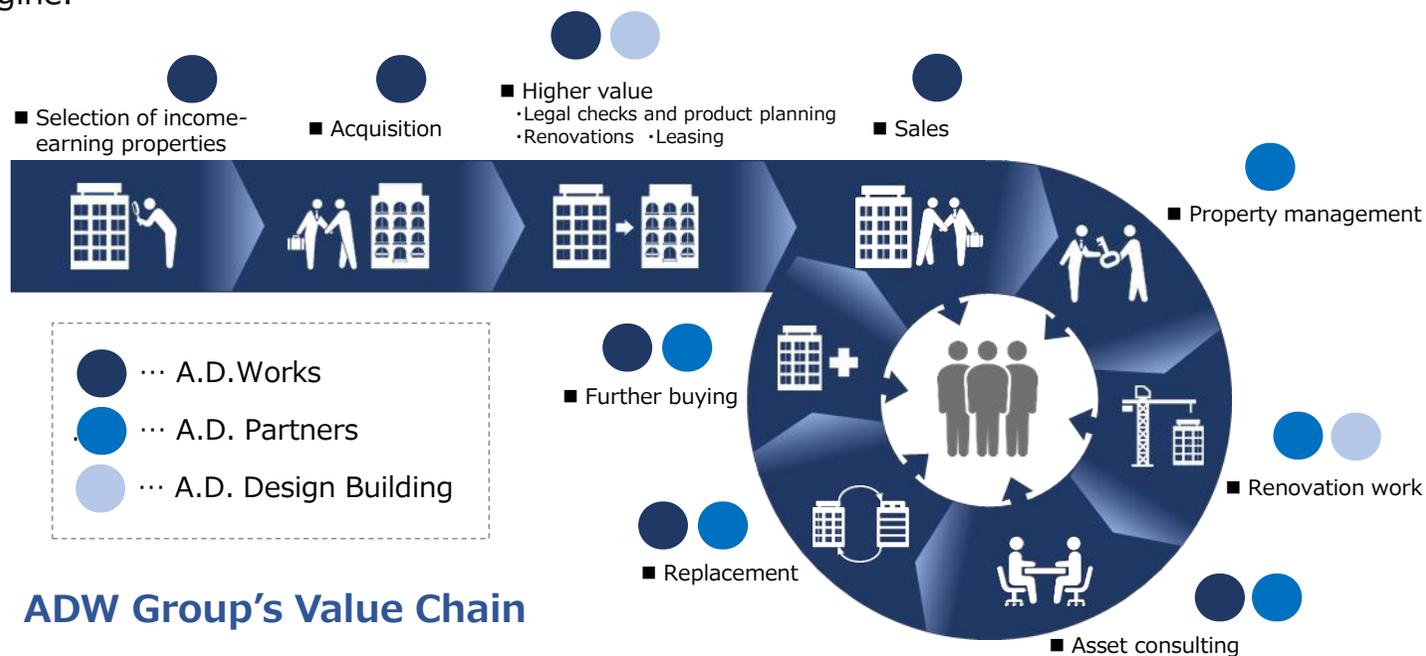
⑦ Utilization of holding company structure	II . External resources
⑧ Utilization of CVC (corporate venture capital) business	II . External resources

【A・B】 Shared measures

⑨ Use of crowd funding	I . Excess profit	II . External resources	III . Expand customer base
⑩ Strengthen and seek out non-asset businesses such as fee businesses	I . Excess profit	II . External resources	III . Expand customer base
⑪ First year of DX promotion	I . Excess profit	II . External resources	III . Expand customer base
⑫ Reforms to HR system and compensation systems supporting all measures	I . Excess profit	II . External resources	III . Expand customer base

① Strengthen the Value Chain

- ▶ The Group has a unique business model in which the income-earning real estate solutions business, our core business, is based on various forms of “value” from business companies; by linking these together, customers can entrust us with their assets with peace of mind.
- ▶ A.D.Works selects and acquires properties, takes steps to raise their value and then sells them, while A.D.Partners provides property management and other customer response, and A.D.Designbuild provides construction and renovation work to raise property value.
- ▶ The individual business companies pursue expertise and cost efficiencies, while also boosting cooperation between business companies to reinforce the value chain and raise competitiveness further.
- ▶ Strengthening the value chain is an essential part of our strategy to expand the balance of income-earning properties (see p. 12) and by synchronizing the business strategy and financial strategy, it can become a formidable growth engine.



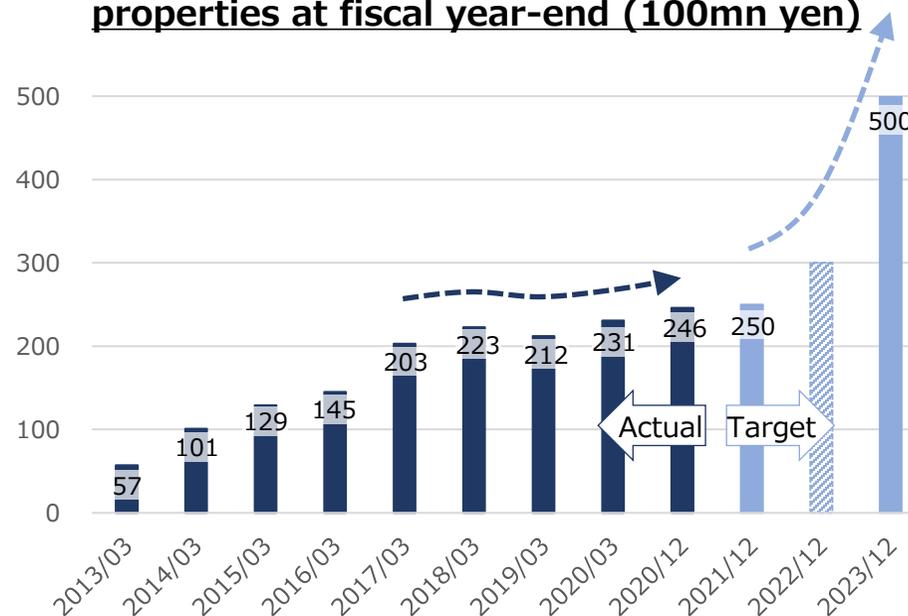
② Expand balance of income-earning properties again

- ▶ By holding a certain balance of prime income-earning properties, we can expand sales in a controlled way while monitoring both the real estate market and customer needs, and secure the revenue needed while at the same time using rental revenue from income-earning property holdings to generate revenue in a stable way. This is an important strategy for the Group, and will remain the core of our growth strategy in the near term.
- ▶ The balance of income-earning properties has been around 23.0 billion yen over the past few fiscal years, but we intend to accelerate to a higher gear to reach a balance of 50 billion yen by the end of the fiscal period ending in December 2023.
- ▶ The expertise and coordination between the three companies—A.D.Works, A.D.Partners and A.D.Designbuild—are essential in pursuing these measures, as with our efforts to strengthen the value chain (page 11).
- ▶ Close relationship with REIT business (page 13), development business (page 13) and fund-raising through crowd funding (page 18)

Scale of expansion of balance of income-earning properties

End-December 2020 (Actual)	24.6bn yen
End-December 2021 (Target)	25bn yen
⋮	⋮
End-December 2023 (Target)	50bn yen

Fluctuations in balance of income-earning properties at fiscal year-end (100mn yen)



③ Reinforce business foundations through REIT business -----

- ▶ By participating in the REIT business, we plan to reinforce the business foundation from the acquisition to sale of income-earning properties, and expand the scale of the income-earning property business, including our capacity to raise funds from financial institutions (refer to page 12).
- ▶ Set up REIT Preparation Unit on December 1, 2020 ✓
- ▶ Aim to form a privately-offered REIT in 2022
- ▶ There also merits in securing non-asset business revenue (refer to page 18) while utilizing the Group's expertise, such as securing fee revenue with the formation of REIT and carrying out property management and value-enhancing construction work in the course of REIT administration.
- ▶ The expertise and coordination between the three companies—A.D.Works, A.D.Partners and A.D.Designbuild—are essential in pursuing these measures.

④ Expand business scale through development business -----

- ▶ The Group's income-earning property sales business began with the purchase of prime office, residential and commercial properties as liquid properties (secondhand properties), but the development business is run on a larger scale compared to the purchase of secondhand properties. As a result, this business will contribute to the expansion of the income-earning real estate balance (refer to page 12).
- ▶ The development business and REIT business have a synergistic relationship, and expanding the scale through development and augmenting the business foundation through REIT are achieved in a mutually complementary way.
- ▶ The roles and functions within the investment real estate business head office, which handles income-earning property in Japan, were clarified on December 1, 2020. ✓
- ▶ During the Medium-term Management Plan period, we aim to run a 2-4 billion yen development business at a pace of two buildings a year (including joint ventures).
- ▶ The expertise and coordination between the three companies—A.D.Works, A.D.Partners and A.D.Designbuild—are essential in pursuing these measures.

⑤ Make small-lot real estate sales business a core business

- ▶ The market for the small-lot real estate sales business, based on the Act on Specified Joint Real Estate Ventures, will develop in earnest from this point, even though more than 25 years has passed since this law was enacted. We believe that this market has a very promising future, including in expanding the base of individual investors.
- ▶ The Group started this business as the ARISTO Series in 2018, and in the same year, ARISTO Kyoto was developed, followed by ARISTO Aoyama in 2019, and ARISTO Koenji and ARISTO Toranomom in 2020.
- ▶ In line with this, the customer base and customer pipeline are steadily enhanced.



ARISTO Kyoto



ARISTO Aoyama



ARISTO Koenji

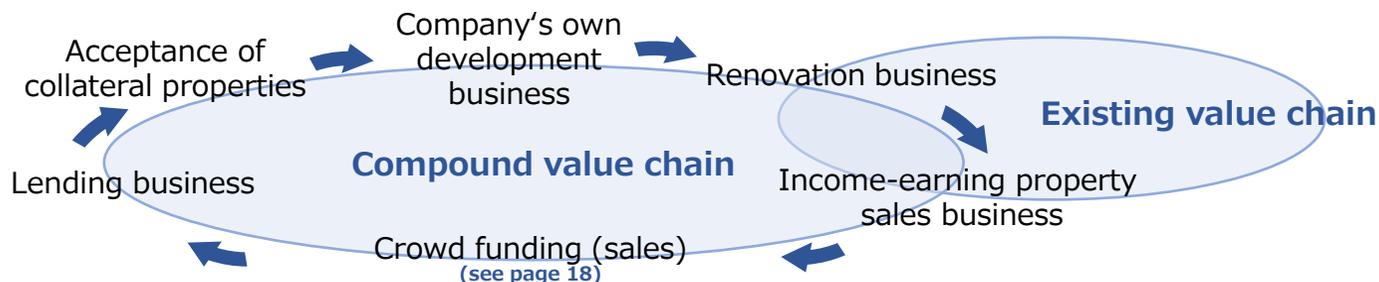


ARISTO Toranomom

- ▶ On January 1, 2021, the division that had been part of the Investment Property Business Division, which had handled income-earning real estate business in Japan until then, was separated and became the Asset Investment Business Division. This way, the small-lot real estate sales business can be developed into a core business for the Group. ✓
- ▶ The Specified Joint Real Estate Venture Association, which was launched as a voluntary organization in March 2020, established the general incorporated association Specified Joint Real Estate Venture Association with the three companies that had served as directors when the Association was established (Aoyama Zaisan Networks Company Limited, A.D.Works, Sun Frontier Real Estate). A.D.Works President Hideo Tanaka was appointed as one of the directors and the deputy chairman. ✓
 - As a director company, A.D.Works aims to contribute to the healthy expansion and development of the market and the provision of investment opportunities and to help raise the asset value of small-lot real estate.

⑥ Develop “compound value chain” in overseas business

- ▶ The income-earning real estate sales business in Los Angeles was started in 2013 as a transfer and application of the value chain in Japan. A total of 65 buildings have been sold, and it has grown into one of the Group’s core businesses; the resulting track record and expertise possess immense value.
- ▶ At the same time, the Lending Business, which gives loans for home purchases and residential construction, was started in 2019; new developments are underway, such as turning them into investment products and sold on crowd funding platforms in Japan (refer to page 18). ✓
- ▶ Going forward, in addition to taking the properties underlying loans and our own development properties and making them into investment products, we are currently preparing to combine our experiences such as insight, expertise in innovation, and sales routes to develop a compound value chain in which investment money from Japan can be used in the US.



Renovation projects in Los Angeles

Group’s own development project in Los Angeles



Long Beach Project



Manhattan Beach Project



Burnside Project
 <Visualization of project at completion>

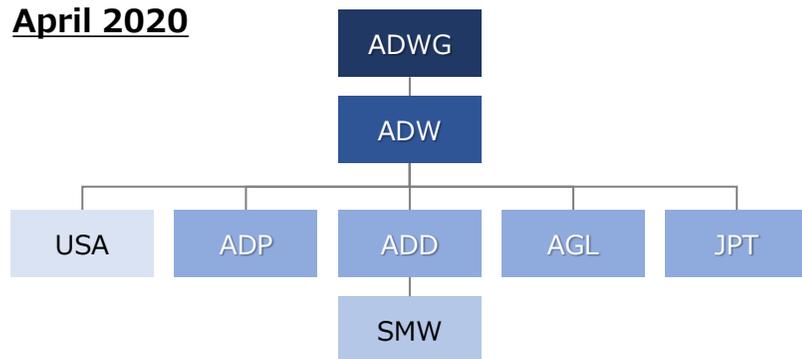


Normandie Project
 <Sketch of completed project >

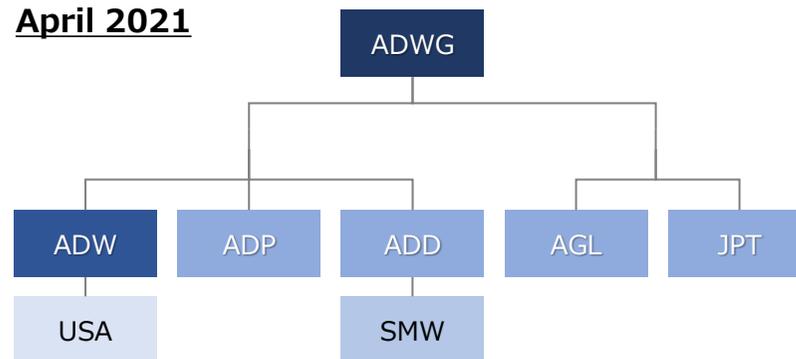
⑦ Utilization of holding company structure

- ▶ In April 2020, we switched to a holding company structure with the following four goals: ✓
 - ① Proactive use of M&A and business and capital tie-ups
 - ② Simultaneous pursuit of an “offense” strategy involving risk and a “defense” strategy that is solid and steady
 - ③ Maintain an organization made up of a select few and remain flexible and quick
 - ④ Introduce an HR and compensation system that utilize the three above strengths and are ahead of the times (refer to page 19) ✓
- ▶ The Japanese business companies were reorganized under the holding company on April 1, 2021 (refer to the organizational diagram below).
- ▶ As regards ①-④ above, in addition to actively taking meaningful measures even more than we have until now, we plan to reorganize business companies, including those overseas, establish business companies in new fields, carry out M&A and form capital tie-ups, among other measures.

April 2020



April 2021



ADWG: A.D.Works Group Co., Ltd., **ADW:** A.D.Works Co., Ltd., **ADP:** A.D.Partners Co., Ltd., **ADD:** A.D.Designbuild Co., Ltd., **AGL:** Angel Torch Co., Ltd., **JPY:** Jupiter Funding Co., Ltd., **SMW:** Sumikawa Works Co., Ltd., **USA:** A.D.Works USA, Inc.

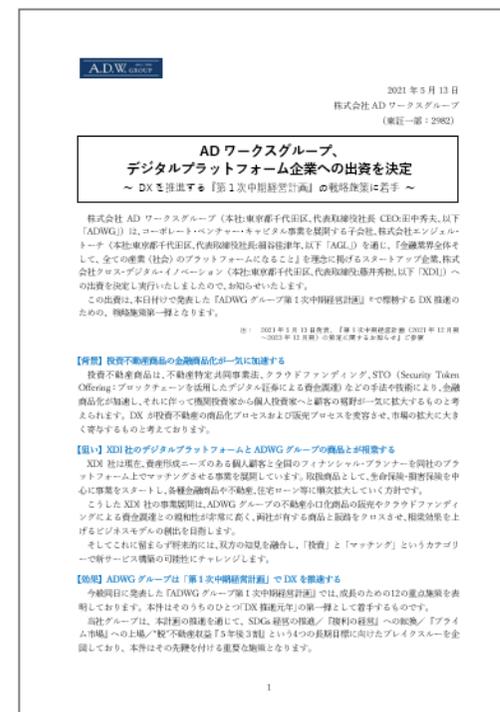
(Refer to page 22 for the roles of each company.)

⑧ Utilization of CVC (corporate venture capital) business

- ▶ In December 2020, we renamed the former Smart Money Investment Co., Ltd. Angel Torch Co., Ltd. and decided to enter the CVC business. ✓
- ▶ We will invest in start-up companies and others in Japan and overseas that have their own unique technology and services, without being limited to a specific industry, so that we can grow and expand the Group's business, such as DX, in a synergistic way.
- ▶ In addition to reinforcing existing business, we plan to obtain opportunities to build up non-real estate business.
- ▶ We are diligently pursuing operations specifying this CVC business as the intended use of funds when procuring financing through crowd funding (refer to page 18). ✓

【TOPIC: CVC business's first business and first step in DX promotion

- ◆ On April 30, 2021, we made a 50 million yen investment in X Digital Innovation Co.,Ltd, a digital platform company, as the CVC business's first business and the first step in DX promotion (refer to page 19).
- ◆ This company runs a platform business that matches individual customers and FP, and has a high affinity with the Group's small-lot real estate product sales and financing through crowd funding. We aim to create a business model that crosses the two companies' products and sales channels to raise the synergistic effect.
- ◆ In the future, we will integrate these two fields of knowledge and try to build new services in the categories of investment and matching.



Press release from May 13, 2021

9 Use of crowdfunding

- ▶ **Financing:** Our policy is to raise growth funds with a greater priority on debt over equity to raise capital efficiency; together with efforts to reinforce the business foundation through the REIT business (refer to page 13), we flexibly combine this with financing raised through crowd funding.
 - Jupiter Funding was established in December 2020 as a special unit to carry out new financing. ✓
 - Beginning in February 2021, other companies' platforms were used and about 200 million yen in financing has already been raised. ✓ We plan to continue raising funding at a pace of 50 million – 100 million yen per month.
- ▶ **Sales:** In the asset investment solutions business, which securitizes housing loans in Los Angeles, California and is already underway as our US business, we made sales on a trial basis using a crowd funding platform, and are currently administering this as a fund product (total of 50 million yen) over the six months from February 2021. ✓
 - We sense that the scope of needs for investment solutions is widening, and expect this to contribute to the expansion of the customer base going forward and the formation of investment solution products.

10 Strengthen and seek out non-asset businesses such as fee businesses

- ▶ The number of buildings under management, the number of relationships with owners and the information on sales properties are increasing in proportion to the expansion of the industry, which means that we can expect sales brokerage and property management, renovation work and other opportunities for fee businesses to also increase as a result of the multiplier effect.
- ▶ Of the business companies, A.D.Partners (property management) and A.D.Designbuild (value-enhancing construction) have key roles in strengthening the value chain (refer to page 11), but their capital efficiency is higher than the average since their business model is based on fee revenue, and by strengthening the two companies' revenue potential, we can expect overall capital efficiency to improve as well (the same is true for Sumikawa Works).
- ▶ Just as AM revenue from REIT management, brokerage fees, PM revenue, revenue from repair work and other types of fee revenue can be expected in the REIT business (refer to page 13), we can always expect opportunities to secure revenue in peripheral real estate businesses in the new framework for the real estate business.
- ▶ Further in the future, we will look for businesses with capital efficiency by securing opportunities for the non-real estate businesses utilizing the CVC business (refer to page 17) and DX (refer to page 19) (when carrying out M&A, the capital structure of the target company, as well as business synergies, must be adequately examined).
- ▶ There are limits to the extent to which this can be reflected into plans, and realizing room for upside leads to higher capital efficiency indicators.

11 First year of DX promotion -----

- ▶ In January 2021, we declared at the start of the fiscal year that this would be the first year of DX promotion, and clarified the initiatives with the highest priority as management issues. ✓
- ▶ We are focusing on education to raise the skills of all employees on DX, and are rapidly building up conditions in which employees can independently improve operating conditions.
- ▶ In parallel with these efforts, we formed a dedicated team that includes outside expertise, and aim to achieve DX that contributes to earnings by generally following the four steps below:
 - ① Digitize and improve efficiency of management (HR, accounting, etc.) work flows
 - ② Digitize and improve efficiency of business work flow (various data links, payment settlement flow, contracts, etc.)
 - ③ Reform operations themselves by introducing digital technology
 - ④ Carry out business model reforms using DX and search for opportunities in the non-real estate business field

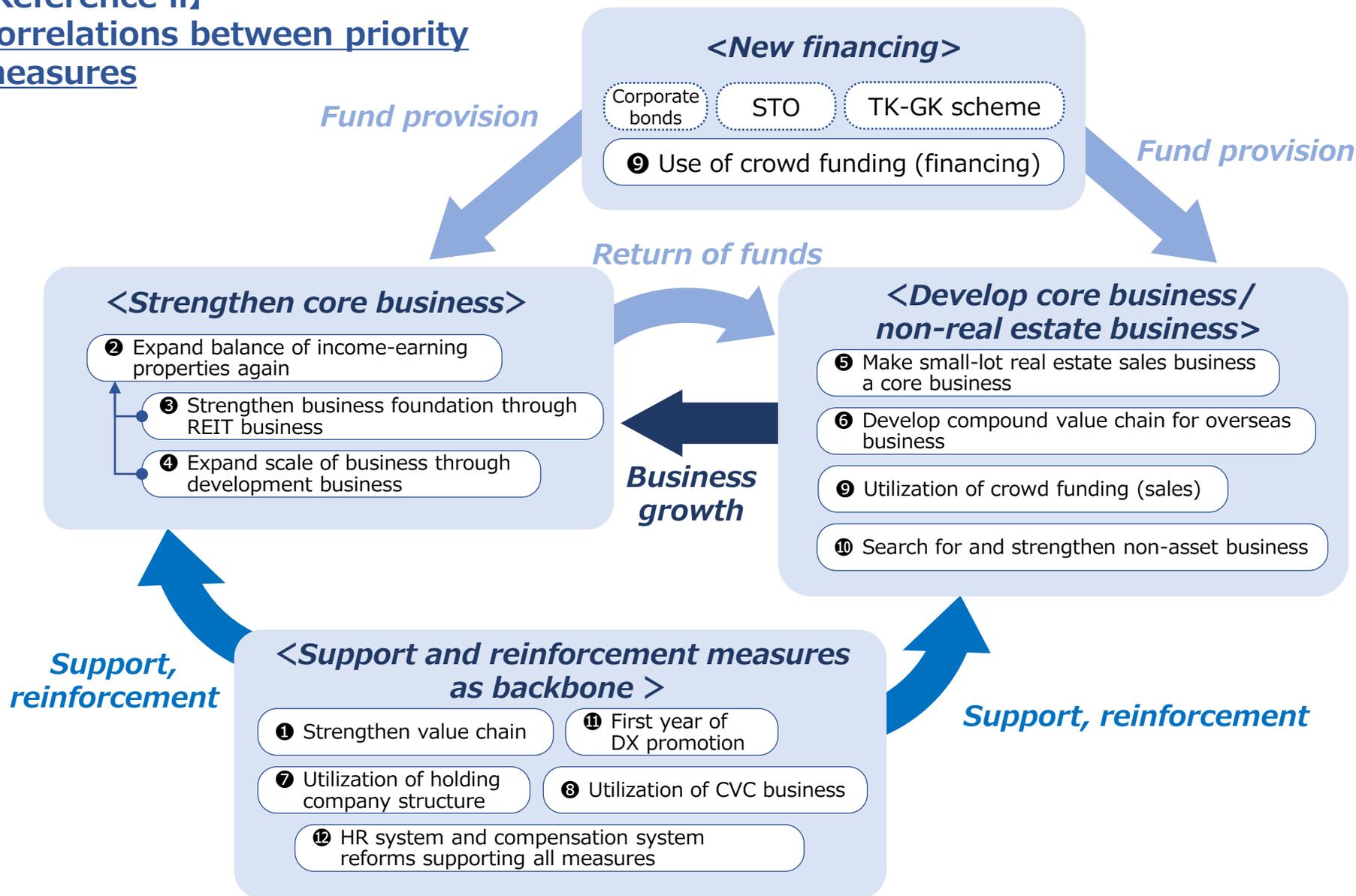
12 Reforms to HR system and compensation systems supporting all measures -----

- ▶ Evaluation system: In April 2021, the compensation revision rules were revised, and a market value-linked compensation system as well as an evaluation system in which young employees can be quickly promoted regardless of years of service were introduced. ✓
- ▶ HR system overall: We intend to launch an HR reform project, strengthen the current business line by accelerating employee growth, realize new business fields including employee career changes, and introduce an HR system premised on dramatic reforms to back up the activities of high value-added employees leading these initiatives.
- ▶ Reference: The following three aspects have already been introduced to our own compensation system, and incentives to raise medium- and long-term earnings have been strengthened as a result. ✓
 - ① LTI Long-term results-linked compensation
 - ☞ *In March 2019, this was mentioned at the Ministry of the Economy, Trade and Industry's HR Management Research Association to Strengthen Management Competitiveness as an example of setting compensation with an emphasis on external competitiveness.*
 - ② Stock compensation system for new graduate hires
 - ③ NASDAQ Composite Index-linked stock options for directors

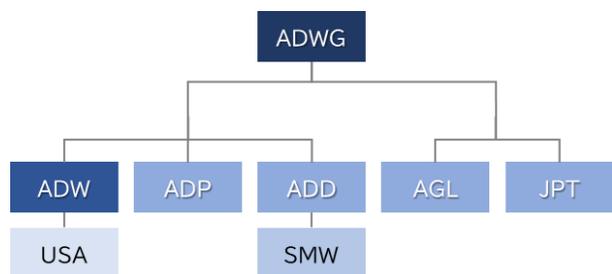
【Reference i】 Priority measures and cross SWOT

<p style="text-align: center;">Internal factors</p> <p>Factors in external environment</p>	<p style="text-align: center;">【Strengths】</p>	<p style="text-align: center;">【Weaknesses】</p>
	<ul style="list-style-type: none"> • Real estate discernment and track record • Strong trust in products (legal compliance/honesty) • Results in and expansion of overseas business • Results in fund-raising from capital markets 	<ul style="list-style-type: none"> • HR system prepared for new expansion is not yet in place • Ability to raise funds with other people's capital is inadequate • Room for improvement with productivity/shareholders' equity efficiency • New fields in non-real estate business have not been finalized
<p style="text-align: center;">Opportunities</p>	<p style="text-align: center;">Utilize Strengths (S) to seize Opportunities (O)</p>	<p style="text-align: center;">Cover Weaknesses (W) to seize Opportunities (O)</p>
<ul style="list-style-type: none"> • Global monetary easing has increased asset value of real estate • Populations are concentrated in urban areas • Individual investors are entering real estate market due to the availability of direct financing 	<ul style="list-style-type: none"> ② Expand balance of income-earning properties again ④ Expand scale of business through development business ⑨ Utilize crowd funding (sales) 	<ul style="list-style-type: none"> ③ Reinforce business foundation through REIT business ⑨ Utilize crowd funding (financing) ⑩ Search for and strengthen non-asset business
<p style="text-align: center;">Threats</p>	<p style="text-align: center;">Utilize Strengths (S) to prepare for Threats (T)</p>	<p style="text-align: center;">Cover Weaknesses (W) to prepare for Threats (T)</p>
<ul style="list-style-type: none"> • Reorganization of TSE • Legislative changes that eliminate merits of real estate tax savings • Declining population in Japan • Sharp changes in environment due to COVID-19, DX and other 	<ul style="list-style-type: none"> ① Strengthen value chain ⑤ Make the small-lot real estate sales business a core business ⑥ Compound value chain for overseas business 	<ul style="list-style-type: none"> ⑦ Utilize holding company structure ⑧ Utilize CVC business ⑪ First year of promoting DX ⑫ HR system and compensation system reforms

【Reference ii】
Correlations between priority
measures



【Reference iii】 Priority measures and business companies



		① Strengthen the value chain	② Expand balance of income-earning properties again	③ Strengthen business foundation through REIT business	④ Expand scale of business through REIT business	⑤ Make small-lot real estate business a core business	⑥ Develop compound business for overseas business sales	⑦ Utilization of holding value chain structure	⑧ Utilization of holding company	⑨ Utilization of CVC business	⑩ Search for and strengthen asset business	⑪ First year of crowd funding	⑫ HR system and strengthen non-system reforms
ADW A.D.works	• Acquisition of income-earning properties in Japan, product planning and sales, and strategic planning for overseas business	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
USA A.D.Works USA, Inc.	• Oversees three companies, such as PM company and bond investment company, as the company in charge of overseeing US businesses		◎	◎		◎	◎		◎	◎	◎	◎	◎
ADP A.D.Partners	• Provides property management to support management of income-earning properties that have been sold	◎	◎	◎	◎		◎			◎	◎	◎	◎
ADD A.D.Designbuild	• Primarily carries out renovation of income-earning properties before sale and repair work after sale	◎	◎	◎	◎		◎			◎	◎	◎	◎
SMW Sumikawa Works	• Operates a construction business primarily in interior construction in Tokyo metropolitan area	○	○				◎			◎	◎	◎	◎
AGL Angel Torch	• Pursues corporate venture capital (CVC) business and invests in start-up companies	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎
JPT Jupiter Funding	• Considers new financing methods and procures financing	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎	◎

7 Measures for shareholder returns

■ Dividend measures

- ▶ Our basic policy is to provide dividends commensurate with earnings once internal reserves needed for future business expansion have been secured from a medium-term perspective.
- ▶ In the most recent fiscal year, which is the first fiscal year since becoming a holding company, we will pay 2.63 yen per share in dividends at the end of the fiscal year for a 38.8% dividend payout ratio, in light of financial results, financial conditions and the fact that this fiscal year was an irregular nine-month period.

	FY2016/3	FY2017/3	FY2018/3		FY2019/3	FY2020/3		FY2020/12
			Fiscal year-end	(Interim)		Fiscal year-end	(Interim)	
Net income per share (yen)	1.99	2.51	1.84		2.01	1.69		6.77
Dividends per share (yen)	0.35	0.55	0.35	(1.65)	0.35	0.35	(1.65)	2.63
Net assets per share (yen)	27.20	29.68	31.90		34.51	33.79		330.25
Dividend payout ratio (%)	17.6	21.9	19.0	(89.7)	17.4	20.7	(97.6)	38.8
Shareholders' equity ratio (%)	1.3	1.9	1.1	(5.2)	1.0	1.0	(4.9)	0.8

* Calculated based on figures at time of the release of financial statements in each fiscal period

* Figures for the fiscal year ended in March 2020 and earlier are the results of A.D.Works Co., Ltd, before the shift to a holding company structure in April 2020.

* Interim dividends in the fiscal years ended in March 2018 and March 2020 were "gratitude dividends" expressing appreciation for funds raised through the rights offering and other.

* In the case of the "per share" indicators for the fiscal period ended in December 2020 and earlier, the number of shares in the denominator were equivalent to 1/10 of the number before this due to the shift to a holding company structure, when the share allocation ratio was 1:0.1 in April 2020.

■ Premium Preferential Points (Shareholders' Club)

- ▶ We established a Shareholders' Club with the aim of communicating with shareholders, and distribute news and give shareholder questionnaires.
- ▶ Registered shareholders with 1,000 or more shares are given points that can be exchanged for various products (given twice a year, at end-June and end-December).

Reference: Points given per time

1,000 -2,999 shares	2,000 points
3,000-4,999 shares	9,000 points
5,000-6,999 shares	20,000 points
7,000 and more shares	25,000 points

* 1 point is equivalent to 1 yen.

Ⅲ. Aiming for Listing on Prime Market

■ III-1. Criteria for Listing on Prime Market

Item	New criteria for listing	Criteria for maintaining listing
Liquidity		
Number of shareholders	800 or more	800 or more
Number of tradeable shares	20,000 or more	20,000 or more
Market capitalization of tradeable shares	10 billion yen or more	10 billion yen or more
Trading value	Market capitalization of 25 billion yen or more	20 million yen or more/day
Governance		
Tradeable share ratio	35% or more	35% or more



Please direct inquiries to: A.D.Works Group Disclosure Division
TEL: 03-5251-7641
E-mail: ir@re-adworks.com

These materials were created in order to provide an understanding of the A.D.W. Group. They are not intended to solicit investment in our company. The future forecasts contained in these materials were determined based on the information available at the present time, and include many uncertain elements. Please understand that actual results may differ from the forecasts here due to changes in a wide variety of factors. The data contained in these materials contains publically-available information that we judge to be trustworthy and accurate, however our company does not guarantee the accuracy and correctness of this information.