

Summary of Earnings Report for Second Quarter of Year Ending December 31, 2021

August 12, 2021

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange
 Code: 2982 URL <https://www.adwg.co.jp/>
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 Scheduled date of filing August 12, 2021 Scheduled date of dividend payment —
 Additional material of financial result : Yes
 Result meeting : Yes

(Millions of yen, rounded down)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending December 31, 2021 (January 1, 2021–June 30, 2021)

(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	%
Second quarter, year ending December 31, 2021	13,678	23.6	698	117.4	624	154.7	489	458.9	346	922.3
Second quarter, year ended December 31, 2020	11,069	—	321	—	245	—	87	—	33	—

(Notes)1. Comprehensive Income: 2021 2Q 578 million yen (—%) 2020 2Q (86) million yen (—%)

2. Since the Company was established on April 1, 2020 with a fiscal year ending in December, the fiscal year ended on December 31, 2020 was a nine-month financial period covering the period from April 1 to December 31, 2020. The change over the previous year for the first half of the fiscal year ending December 31, 2021 is provided here as a reference, although the first half of the fiscal year ended December 31, 2020 (April 1 to September 30, 2020) differs from the first half of the fiscal year ending December 31, 2021 (January 1 to June 30, 2021). In addition, the change over the previous year for the first half of the fiscal year ended December 31, 2020 is not presented here.

3. The table below compares performance over the previous year.

(Reference: Year on year comparison)

(The % figure shows year on year change)

	Net Sales		EBITDA		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 1, 2021–June 30, 2021	13,678	42.7	698	173.6	624	247.8	489	—
January 1, 2020–June 30, 2020	9,588	—	255	—	179	—	16	—

(Notes)

- The earnings figures in the table above for the period from January 1 to June 30, 2020 are the simple sum of the fourth quarter of the fiscal year ended on March 31, 2020 and the first quarter of the fiscal year ended on December 31, 2020. We have not listed net income attributable to owners of the parent because the basis for tax calculation differs by quarter, meaning that the figures are not comparable on a simple sum basis.
- Year on year change for the period from January 1, 2020 to June 30, 2020 is shown as "—" because we do not make a comparison over the same period in 2019. In addition, year on year change in ordinary income for the period from January 1, 2021 to June 30, 2021 was 2,800.5% but since this exceeds 1,000% it is shown here as "—" in line with the formatting guidelines for this document.

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Second quarter, year ending December 31, 2021	8.34	8.27
Second quarter, year ended December 31, 2020	(0.87)	0.86

(Note) Since the Company was established on April 1, 2020 with a fiscal year ending in December, the fiscal year ended on December 31, 2020 was a nine-month financial period covering the period from April 1 to December 31, 2020. The change over the previous year for the second quarter of the fiscal year ending December 31, 2021 is provided here as a reference, although the second quarter of the fiscal year ended December 31, 2020 (July 1 to September 30, 2020) differs from the second quarter of the fiscal year ending December 31, 2021 (April 1 to June 30, 2021). In addition, the change over the previous year for the second quarter of the fiscal year ended December 31, 2020 is not presented here.

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
Second quarter, year ending December 31, 2021	39,140	14,324	36.5
Fiscal year ended December 31, 2020	35,850	13,216	36.8

(Notes) Equity: 2021 2Q 14,294 million yen 2020 13,203 million yen

2. Dividends Information

	Dividend per Share				
	1Q	Interim	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	—	0.00		2.63	2.63
Fiscal year ended December 31, 2021	—	0.00			
Fiscal year ending December 31, 2021 (forecast)			—	3.50	3.50

(Notes)

1. Correction to most recently announced dividend forecast: Yes
2. Since the Company was established on April 1, 2020 with a fiscal year ending in December, the fiscal year ended December 31, 2020 will be nine months long.

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, 2021 (January 1, 2021–December 31, 2021)

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 Income		Net income before taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	23,000	36.6	1,100	44.9	600	40.4	600	38.7	380	43.4

※ 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)—, Exception: 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.: : No

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 fiscal year

Q2 FY2021	44,611,064 shares	Fiscal year ended on December 31, 2020	40,495,064 shares
Q2 FY2021	490,506 shares	Fiscal year ended on December 31, 2020	514,062 shares
Q2 FY2021	41,507,998 shares	Q2 FY2020	38,811,478 shares

2. Number of treasury stock at end of fiscal year

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

※ 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 might be significantly different from the forecasts in the document, depending on various factors.

1. Consolidated Financial Statements

(1) Consolidated balance sheets

(Units: Thousands of yen)

	Previous consolidated fiscal year (year ended December 31, 2020)	Current consolidated second quarter (June 30, 2021)
Assets		
Current assets		
Cash and deposits	7,400,118	8,237,611
Accounts receivable - trade	200,952	114,628
Real estate for sale	23,548,720	24,192,293
Real estate for sale in process	1,018,042	3,235,466
Other	2,233,033	2,049,947
Allowance for doubtful accounts	(1,455)	(3,052)
Total current assets	34,399,411	37,826,894
Non-current assets		
Property, plant and equipment		
Other, net	175,910	169,385
Total property, plant and equipment	175,910	169,385
Intangible assets		
Goodwill	59,188	50,732
Other	49,065	47,791
Total intangible assets	108,254	98,524
Investments and other assets		
Investment securities	478,860	339,929
Deferred tax assets	400,597	435,506
Other	232,839	225,841
Total investments and other assets	1,112,297	1,001,277
Total non-current assets	1,396,462	1,269,188
Deferred assets		
Share issuance cost	22,126	15,154
Establishment costs	32,724	29,202
Total deferred assets	54,851	44,356
Total assets	35,850,726	39,140,440
Liabilities		
Current liabilities		
Accounts payable - trade	718,808	530,079
Short-term loans payable	30,000	109,500
Current portion of bonds	219,400	219,200
Current portion of long-term loans payable	1,651,481	1,950,774
Income taxes payable	133,692	186,924
Other	2,660,622	3,055,619
Total current liabilities	5,414,005	6,052,099
Non-current liabilities		
Bonds payable	627,500	523,000
Long-term loans payable	16,488,893	18,138,478
Other	103,415	102,149
Total non-current liabilities	17,219,809	18,763,627
Total liabilities	22,633,814	24,815,726

(Units: Thousands of yen)

	Previous consolidated fiscal year (year ended December 31, 2020)	Current consolidated second quarter (June 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	5,590,097	5,897,644
Capital surplus	4,601,359	4,902,928
Retained earnings	3,383,660	3,623,750
Treasury shares	(62,120)	(52,396)
Total shareholders' equity	13,512,998	14,371,927
Accumulated other comprehensive income		
Foreign currency translation adjustments	(305,634)	(73,104)
Valuation difference on available-for-sale securities	(3,506)	(3,981)
Total accumulated other comprehensive income	(309,141)	(77,085)
Subscription rights to shares	13,055	7,790
Non-controlling interests	—	22,082
Total net assets	13,216,911	14,324,713
Total liabilities and net assets	35,850,726	39,140,440

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

Consolidated Profit and Loss Statement

Second quarter of consolidated fiscal year

(Units: Thousands of yen)

	Previous consolidated second quarter (April 1, 2020 - September 30, 2020)	Current consolidated second quarter (January 1, 2021 - June 30, 2021)
Net sales	11,069,631	13,678,480
Cost of sales	9,289,164	11,246,606
Gross profit	1,780,467	2,431,874
Selling, general and administrative expenses	1,535,404	1,807,709
Operating income	245,062	624,164
Non-operating income		
Interest and dividend income	205	3,731
Insurance income	60	—
Interest on tax refund	2,419	139
Income on difference to simplified tax such as consumption tax, etc.	—	10,150
Other	787	6,794
Total non-operating income	3,472	20,815
Non-operating expenses		
Interest expenses	125,545	118,485
Borrowing fee	10,354	21,317
Amortization of establishment costs	3,850	3,887
Other	21,192	11,706
Total non-operating expenses	160,943	155,396
Ordinary income	87,592	489,582
Extraordinary income		
Gain on reversal of share acquisition rights	5,082	—
Total extraordinary income	5,082	—
Quarterly net income	92,674	489,582
Income taxes – current	58,779	143,064
Total income taxes	58,779	143,064
Quarterly net income	33,895	346,517
Quarterly net income attributable to non-controlling interests	—	—
Net income attributable to owners of parent company	33,895	346,517

Consolidated Comprehensive Income Statement

Second quarter of consolidated fiscal year

(Units: Thousands of yen)

	Previous consolidated second quarter (April 1, 2020 - September 30, 2020)	Current consolidated second quarter (January 1, 2021 - June 30, 2021)
Quarterly net income	33,895	346,517
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,999)	(474)
Foreign currency translation adjustments	(116,690)	232,530
Total other comprehensive income	(120,689)	232,055
Quarterly comprehensive income	(86,794)	578,573
(Breakdown)		
Comprehensive income attributable to owners of the parent	(86,794)	578,573
Comprehensive income attributable to non-controlling interest	—	—

(3) Notes on Quarterly Consolidated Financial Reports

(Notes on the going concern assumption)

Not applicable

(Notes for case in which there is a significant change in the amount of shareholders' equity)

In the second quarter of the consolidated fiscal year under review, capital increased by 307,546,000 yen and capital reserves rose by 301,568,000 yen due to the exercise of stock acquisition rights, so that at the end of the second quarter of the consolidated fiscal review, capital totaled 5,897,644,000 yen and capital surplus totaled 4,902,928,000 yen.

(Use of accounting methods particular to preparation of quarterly consolidated financial reports)

Calculation of tax expenses

The company calculated tax expenses by multiplying income or loss before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year, including the second quarter under review.

Income taxes-deferred are included in income taxes-current as shown here.