

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

November 11, 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 November 11, 2021 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 December 31, 2021 (January 1, 2021–September 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	%
Third quarter, year ending December 31, 2021	17,944	—	725	—	616	—	417	—	277	—

(Notes)1. Comprehensive Income: 2021 3Q 547 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. As a result, since consolidated financial statements for the first three quarters of the fiscal year ended on December 31, 2020, which would have been the comparable period, were not prepared, the year-on-year comparisons for the first three quarters of the fiscal year ended on December 31, 2020, and the first three quarters of the fiscal year ended on December 31, 2021, are not presented here.

3. The table below compares performance in the same period of 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–September 30, 2021	17,944	(2.5)	725	0.9	616	1.9	417	15.4
January 1, 2020–September 30, 2020	18,404	—	718	—	605	—	361	—

(Notes)

1. The figures for the period from January 1 to September 30, 2020, are the simple sum of the results in the fourth quarter of the fiscal year ended on March 31, 2020, and the results in the first two quarters 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.

2. Year-on-year change for the period from January 1, 2020, to September 30, 2020, is shown as "—" because we do not make a comparison over the same period in 2019.

	Net Income per Share	Diluted Net Income per Share
Third quarter, year ending December 31, 2021	Yen 6.52	Yen 6.48

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
Third quarter, year ending December 31, 2021	40,904	14,405	35.1
Fiscal year ended December 31, 2020	35,850	13,216	36.8

(Notes) Equity: 2021 3Q 14,369 million yen 2020 13,203 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	Interim	3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	—	0.00		2.63	2.63
Fiscal year ending 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: None
2. Since the Company was established on April 1, 2020, with a fiscal year ending in December, the fiscal year ended December 31, 2020, was nine months long.

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 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	23,000	36.6	1,100	44.9	600	40.4	600	38.7	380	43.4

(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.

※ 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

Q3 FY2021	45,311,064 shares	Fiscal year ended on December 31, 2020	40,495,064 shares
Q3 FY2021	471,108 shares	Fiscal year ended on December 31, 2020	514,062 shares
Q3 FY2021	42,490,886 shares	Q3 FY2020	— shares

2. Number of treasury stock at end of fiscal year

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

(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. As a result, since consolidated financial statements for the first three quarters of the fiscal year ended on December 31, 2020, which would have been the comparable period, were not prepared, the average number of shares during the period (cumulative for the quarters) in the third quarter of the fiscal year ended on December 31, 2020, is not presented.

※ 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.

1. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Thousands of yen)

	Previous consolidated fiscal year (year ended December 31, 2020)	Current consolidated third quarter (September 30, 2021)
Assets		
Current assets		
Cash and deposits	7,400,118	7,303,354
Accounts receivable - trade	200,952	120,736
Real estate for sale	23,548,720	26,723,606
Real estate for sale in process	1,018,042	3,348,317
Other	2,233,033	2,058,111
Allowance for doubtful accounts	(1,455)	(2,345)
Total current assets	34,399,411	39,551,782
Non-current assets		
Property, plant and equipment		
Other, net	175,910	164,717
Total property, plant and equipment	175,910	164,717
Intangible assets		
Goodwill	59,188	46,505
Other	49,065	43,045
Total intangible assets	108,254	89,550
Investments and other assets		
Investment securities	478,860	385,911
Deferred tax assets	400,597	450,355
Other	232,839	222,861
Total investments and other assets	1,112,297	1,059,128
Total non-current assets	1,396,462	1,313,396
Deferred assets		
Share issuance cost	22,126	11,669
Establishment costs	32,724	27,258
Total deferred assets	54,851	38,927
Total assets	35,850,726	40,904,105
Liabilities		
Current liabilities		
Accounts payable - trade	718,808	643,326
Short-term loans payable	30,000	395,340
Current portion of bonds	219,400	442,500
Current portion of long-term loans payable	1,651,481	1,882,617
Income taxes payable	133,692	80,009
Provision	—	74,710
Other	2,660,622	2,884,365
Total current liabilities	5,414,005	6,402,870
Non-current liabilities		
Bonds payable	627,500	185,000
Long-term loans payable	16,488,893	19,799,308
Other	103,415	111,535
Total non-current liabilities	17,219,809	20,095,843
Total liabilities	22,633,814	26,498,713

(Unit: Thousands of yen)

	Previous consolidated fiscal year (year ended December 31, 2020)	Current consolidated third quarter (September 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	5,590,097	5,949,899
Capital surplus	4,601,359	4,970,323
Retained earnings	3,383,660	3,554,447
Treasury shares	(62,120)	(64,544)
Total shareholders' equity	13,512,998	14,410,126
Accumulated other comprehensive income		
Foreign currency translation adjustments	(305,634)	(34,216)
Valuation difference on available-for-sale securities	(3,506)	(6,282)
Total accumulated other comprehensive income	(309,141)	(40,498)
Subscription rights to shares	13,055	10,321
Non-controlling interests	—	25,443
Total net assets	13,216,911	14,405,392
Total liabilities and net assets	35,850,726	40,904,105

(2) 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)

	Current consolidated third quarter (January 1, 2021 – September 30, 2021)
Net sales	17,944,826
Cost of sales	14,668,962
Gross profit	3,275,864
Selling, general and administrative expenses	2,658,933
Operating income	616,930
Non-operating income	
Interest and dividend income	3,755
Insurance income	34,469
Interest on tax refund	222
Income on difference to simplified tax such as consumption tax, etc.	9,580
Other	5,710
Total non-operating income	53,739
Non-operating expenses	
Interest expenses	186,428
Borrowing fee	41,105
Amortization of establishment costs	5,830
Other	20,258
Total non-operating expenses	253,623
Ordinary income	417,046
Quarterly net income	417,046
Income taxes - current	138,613
Total income taxes	138,613
Quarterly net income	278,432
Quarterly net income attributable to non-controlling interests	1,206
Net income attributable to owners of parent company	277,225

Consolidated Comprehensive Income Statement

Third quarter of consolidated fiscal year

(Unit: Thousands of yen)

	Current consolidated third quarter (January 1, 2021 – September 30, 2021)
Quarterly net income	278,432
Other comprehensive income	
Valuation difference on available-for-sale securities	(2,775)
Foreign currency translation adjustments	271,418
Total other comprehensive income	268,642
Quarterly comprehensive income	547,074
(Breakdown)	
Comprehensive income attributable to owners of the parent	545,868
Comprehensive income attributable to non-controlling interest	1,206

(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 third quarter of the consolidated fiscal year under review, capital increased by 359,801,000 yen and capital reserves rose by 368,963,000 yen owing to the exercise of stock acquisition rights, etc., such that at the end of the third quarter of the consolidated fiscal review, capital totaled 5,949,899,000 yen and capital surplus totaled 4,970,323,000 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 consolidated fiscal year, including the third quarter under review.

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