



Briefing on Financial Results for the First Two Quarters of the Year Ending December 31, 2021

A.D.Works Group Co., Ltd.

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- A.D.Works Group Co., Ltd. was established as a wholly-owning parent company of A.D.Works Co., Ltd. as a result of the shift to a holding company structure through sole share transfer on April 1, 2020.
- Content in these materials for the fiscal year ended in March 2020 (FY2019, from April 1, 2019 to March 31, 2020) and earlier refers to A.D.Works.
- The fiscal year ended in December 2020 (FY2020) was an irregular nine-month financial period covering the period from April 1 to December 31, 2020.
- Comparisons to the same periods in the two previous fiscal years have been made to the first two quarters (April 1-June 30) of these fiscal years.



I

Summary of the First Two Quarters of the Year Ending December 31, 2021

Topic
1

Strong start for the first two quarters of the first year of the First Medium-term Management Plan

Topic
2

Improved capacity to promote income-earning properties business, our growth engine

Topic
3

Progress with CVC business to generate revenue from non-real estate business

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

- Crucial fiscal year for returning to a growth trajectory after bottoming out in the irregular fiscal year ended in December 2020

| (Unit: millions yen) | FY ended in December 2020 (results for nine months) | FY ended in December 2020 (converted into 12 months) | Fiscal year ending in December 2021 (planned) | Change from previous fiscal year [※] | % change from previous fiscal year [※] |
|------------------------|--------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|-----------------------------------------------|-------------------------------------------------|
| Net sales | 16,840 | 22,453 | 23,000 | 547 | 102.4% |
| E B I T D A | 759 | 1,012 | 1,100 | 88 | 108.7% |
| Ordinary income | 427 | 569 | 600 | 31 | 105.4% |
| Pre-tax income | 432 | 576 | 600 | 24 | 104.2% |
| Net income | 264 | 352 | 380 | 28 | 108.0% |

※ The change from the previous fiscal year and % change from the previous fiscal year represent the comparison to results for the fiscal year ended in December 2020 converted into 12 months.

- Despite the uncertain business environment for income-earning properties due to the COVID-19 outbreak, net sales and income increased.
- Steady progress was made with the full-year plan.

| (Unit: millions yen) | First half of FY (FY2020) ended in Dec 2020 | | First half of FY (FY2021) ending in Dec 2021 | | Change from previous fiscal year | Full-year plan progress |
|--------------------------------|------------------------------------------------|------------|-------------------------------------------------|------------|----------------------------------------|-------------------------------|
| | Amount | % of sales | Amount | % of sales | | |
| Net sales | 11,069 | 100.0% | 13,678 | 100.0% | 23.6% | 59.5% |
| Gross profit | 1,780 | 16.1% | 2,431 | 17.8% | 36.6% | — |
| SG&A | 1,535 | 13.9% | 1,807 | 13.2% | 17.7% | — |
| EBITDA | 321 | 2.9% | 698 | 5.1% | 117.4% | 63.5% |
| Ordinary income | 87 | 0.8% | 489 | 3.6% | 458.9% | 81.6% |
| Income before taxes | 92 | 0.8% | 489 | 3.6% | 428.3% | 81.6% |
| Net income | 33 | 0.3% | 346 | 2.5% | 922.3% | 91.2% |

- In Q1 of the previous fiscal year (April-June 2020), we posted a loss of more than 250 million yen under the first state of emergency declaration.
- In this fiscal year, income was up significantly over the previous fiscal year.

| 2020 | January-March | April-June | July-September | October-December |
|-----------------|---------------|------------|----------------|------------------|
| Net sales | 7,335 | 2,253 | 8,816 | 5,771 |
| Ordinary income | 274 | -256 | 344 | 339 |

| 2021 | January-March | April-June | July-September | October-December | 2021 full-year plan |
|-----------------|---------------|--------------|----------------|------------------|---------------------|
| Net sales | 6,262 | 7,416 | | | 23,000 |
| Ordinary income | 218 | 271 | | | 600 |

Fiscal year ended in Dec 2020: 2

April 1 – December 31, 2020 (*Nine-month fiscal period)

Fiscal year ending in Dec 2021:

January 1 – December 31, 2021

Income property sales business

- We succeeded with a cycle in which we identify the demand characteristics of each property and link acquisitions and product planning.
Refer to subsequent slides for information on improvements to our capacity to plan products.
- ARISTO investments totaled over 5 billion yen, and 20 financial institutions signed sales contracts.
Refer to subsequent slides for details.
- Five properties were fully sold out by the Los Angeles business and a local development business and crowdfunding were also started.

Stock-type fee business

- The revenue foundation is expanding and property acquisition was favorable.
- A foundation that can efficiently respond to an increase in office properties managed.

Set-up office

Asakusabashi Project
Minami Azabu Project



U Base Asakusabashi



Idea Minami Azabu Building

ARISTO Series



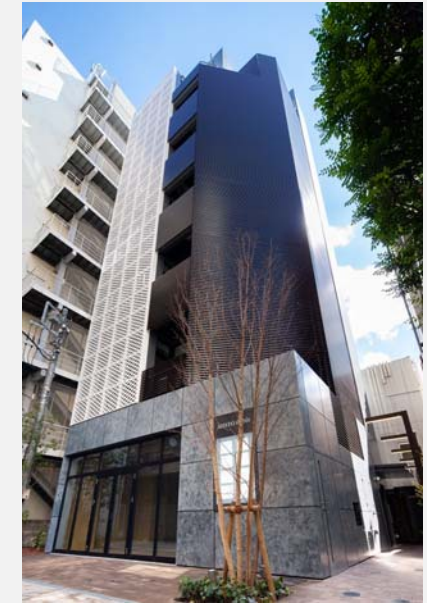
ARISTO Toranomom
Sales period: August 2020
Total sale amount: 1.7 billion yen



ARISTO Koenji
Sales period: June 2020
Total sale amount:
1.2 billion yen



ARISTO Kyoto
Sales period: August 2018
Total sale amount: 1.22 billion yen



ARISTO Aoyama
Sales period: May 2019
Total sale amount:
900 million yen

REIT Business

- Currently working toward putting together a privately-offered REIT during 2022

Development Business

- Progress with businesses in Fukuoka and Kyoto

Crowd Funding Business

- Raised 350 million yen through other companies' platforms
(Funds, Inc., FUEL Inc.)

Image of completed Fukuoka office building

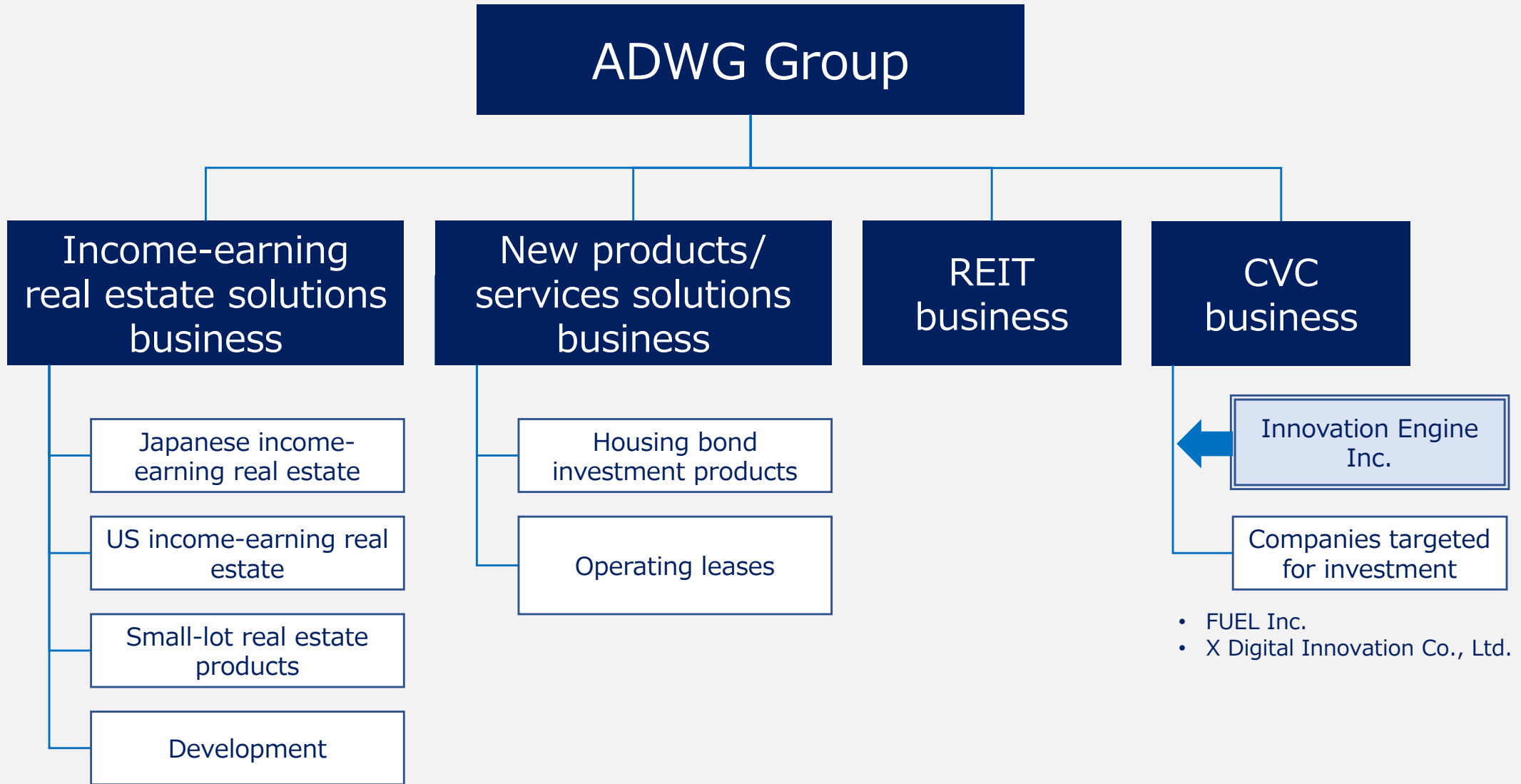


Potential business areas

| | | | | |
|------------------------------|---------------------------------------|-------------------------------------------------------|---------------------------------------|------------------------------------------------------------|
| Effective use of real estate | Smart home solutions | Support with DX transformation for parking management | Sale and installation of solar panels | Management and expansion of working space with babysitting |
| Digital solutions | Real estate AI appraisal | DX for credit and debt | STO | |
| Workstyle reform | Chat tool for work requiring standing | | | |
| Non-real estate business | Securities company | STO | Human resources business | |

Appealing investments such as businesses related to AI and DX and synergy with the Group
Currently, we are narrowing these down.

Steady progress with the corporate venture capital (CVC) business





II

Initiatives from Second Half

Income property sales business

- **Augment balance of income-earning properties by thoroughly strengthening acquisitions**
- **Pursue strategies for fifth ARISTO product and expanded scale of business**
- **Operation of overseas business**

Stock-type fee business

- **Further reinforce operation strength corresponding to product variation**
- **Pursue orders for construction work and reinforce work capacity**

Overall

- **Promote Medium-term Management Plan**

Dividend forecasts

Annual dividend forecasts

| | Annual dividends | | |
|------------------------------------------------------------|------------------|-----------------|-----------------|
| | First half | Fiscal year-end | Total |
| Current forecasts | | 3.50 yen | 3.50 yen |
| Actual in this fiscal year | | | |
| Actual in previous fiscal year (year ended in Dec 2020) | 0.00 yen | 2.63 yen | 2.63 yen |
| Actual two fiscal years ago (year ended in March 2020) | 1.65 yen | 0.35 yen | 2.00 yen |

※ The previous fiscal year ended in December 2020 was an irregular nine-month fiscal year, and the 2.63 yen in dividends paid is equivalent to 3.50 yen, the forecast for this fiscal year, when converted to a 12-month basis.

(Reference)

| | FY2016/3 | FY2017/3 | FY2018/3 | | FY2019/3 | FY2020/3 | | FY2020/12 |
|----------------------------|----------|----------|----------|-----------------|----------|----------|-----------------|-----------|
| | | | Interim | Fiscal year-end | | Interim | Fiscal year-end | |
| Net income per share (yen) | 1.99 | 2.51 | 2.16 | | 2.01 | 1.69 | | 6.77 |
| Dividends per share (yen) | 0.35 | 0.55 | 1.65 | 0.35 | 0.35 | 1.65 | 0.35 | 2.63 |
| Dividend payout ratio (%) | 17.6 | 21.9 | 92.6 | | 17.4 | 118.3 | | 38.8 |

※ 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 year ended in December 2020, the number of shares in the denominator was 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.

Issuance of free and paid stock options

➤ Aim is to raise commitment to achievement of Medium-term Management Plan

- Free stock options: Higher weight of young employees who will be responsible for the future
- Paid stock options: Designed with the aim of investing for directors and employees

【Overview of issuance】

| Item | Fourth share options (free) | Fifth share options (paid) |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of stock acquisition rights | 12,023 units | 10,000 units |
| Issuance price per stock acquisition right | — | 100 yen |
| Number of shares per stock acquisition right | 100 shares | |
| Exercise price | 156 yen | |
| Exercise period | February 14, 2024 – February 13, 2027 | August 31, 2021 – August 30, 2031 |
| Allotment date | August 31, 2021 | |
| Percentage relative to total number of voting rights | 4.98% | |
| Notes | Designed with greater weight on young employees who are responsible for our future, and with a higher incentive curve | (with a clause requiring that stock options be exercised) Designed so that if the closing price of the S&P 500 index, used as the indicator, falls to a certain level, these stock options have to be exercised at the exercise price stipulated in the issuance prospectus |



III

Reference Materials

**Overview of the First Two Quarters
of the Year Ending December 31,
2021**

**Overview of the Medium-term
Management Plan**

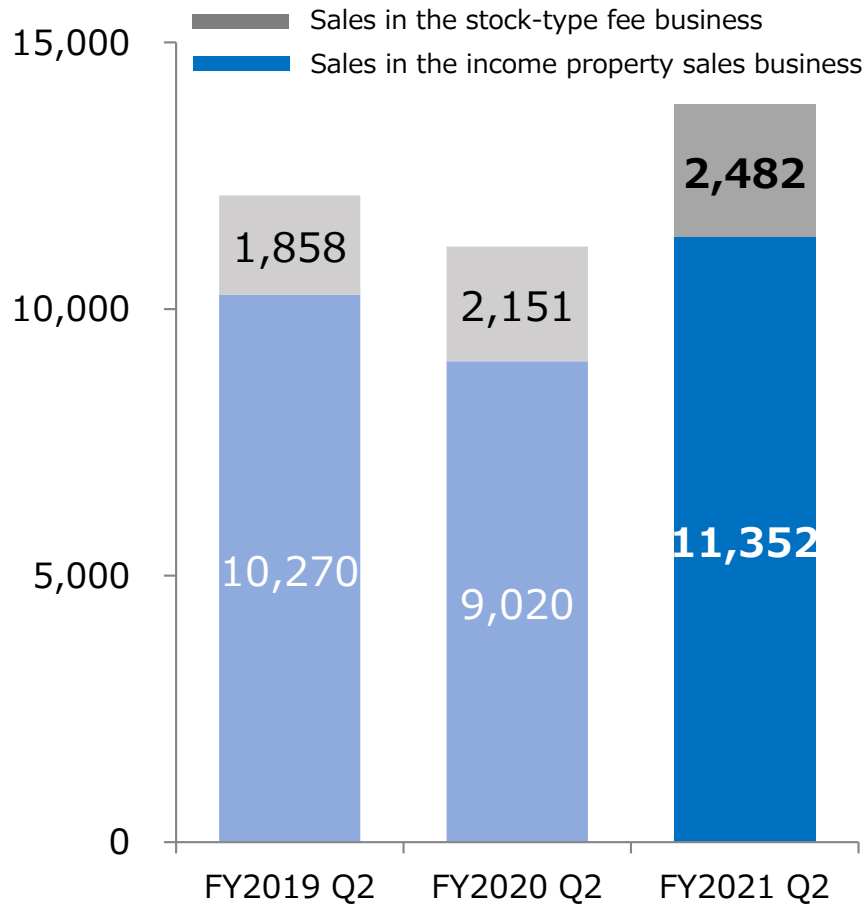
Equity Finance

**Company Profile, Shareholder
Composition, Trends in Consolidated
Results**

Changes in Segment Results

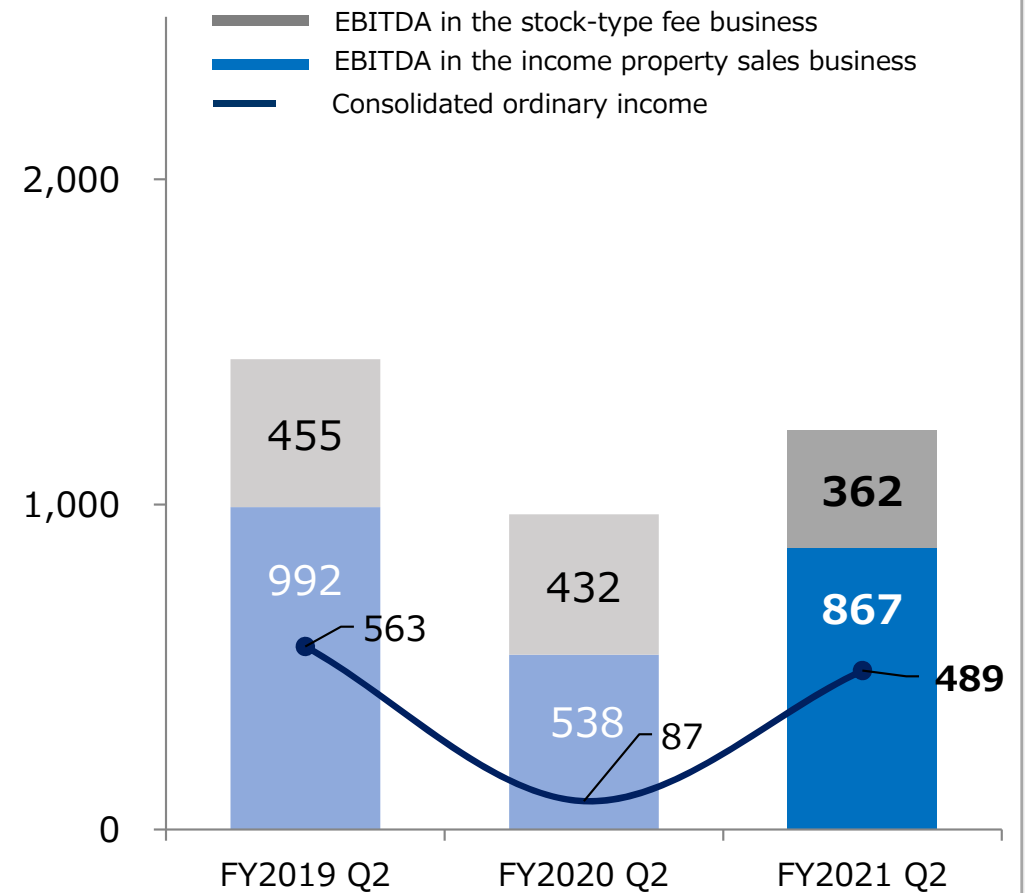
Changes in segment sales

(Unit: million yen)



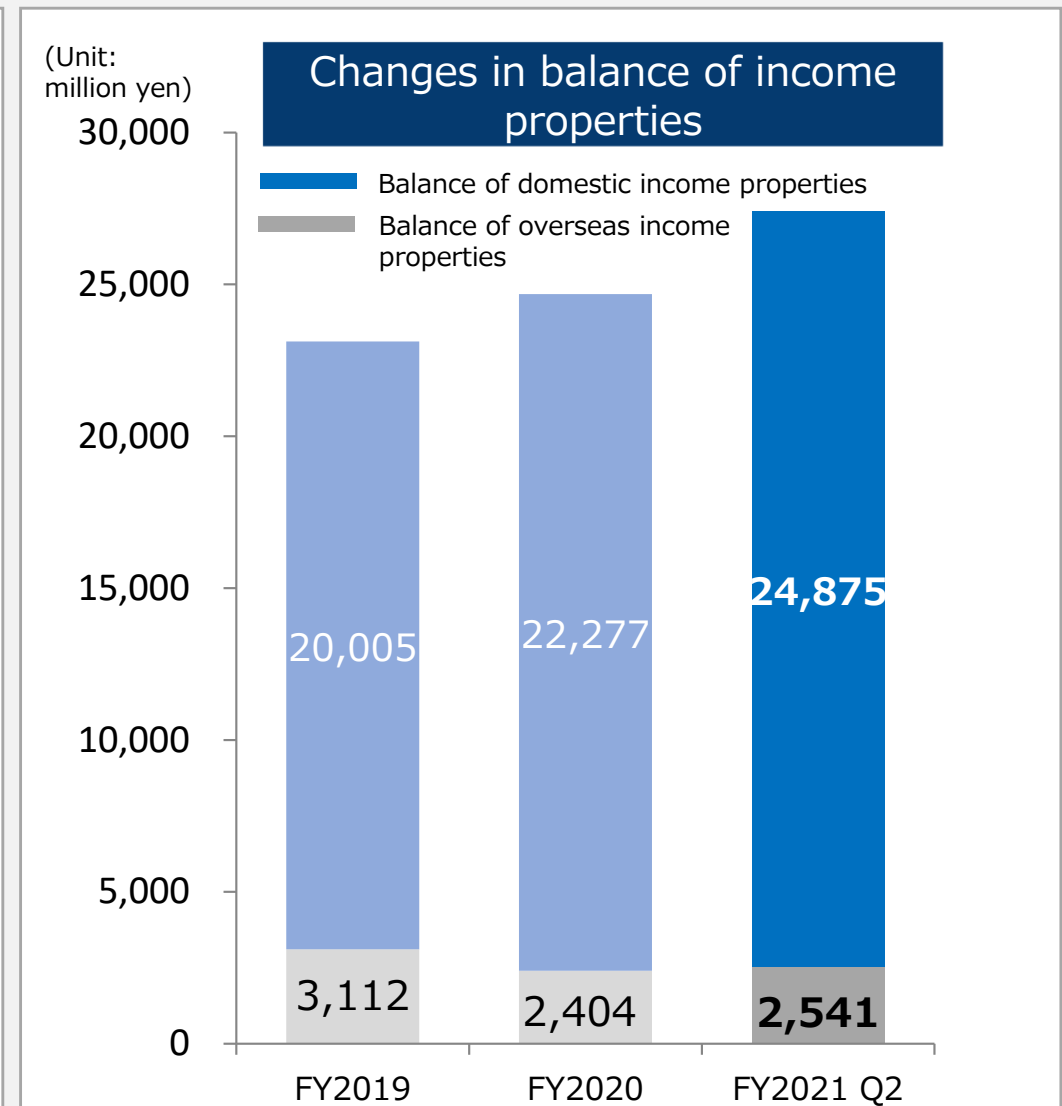
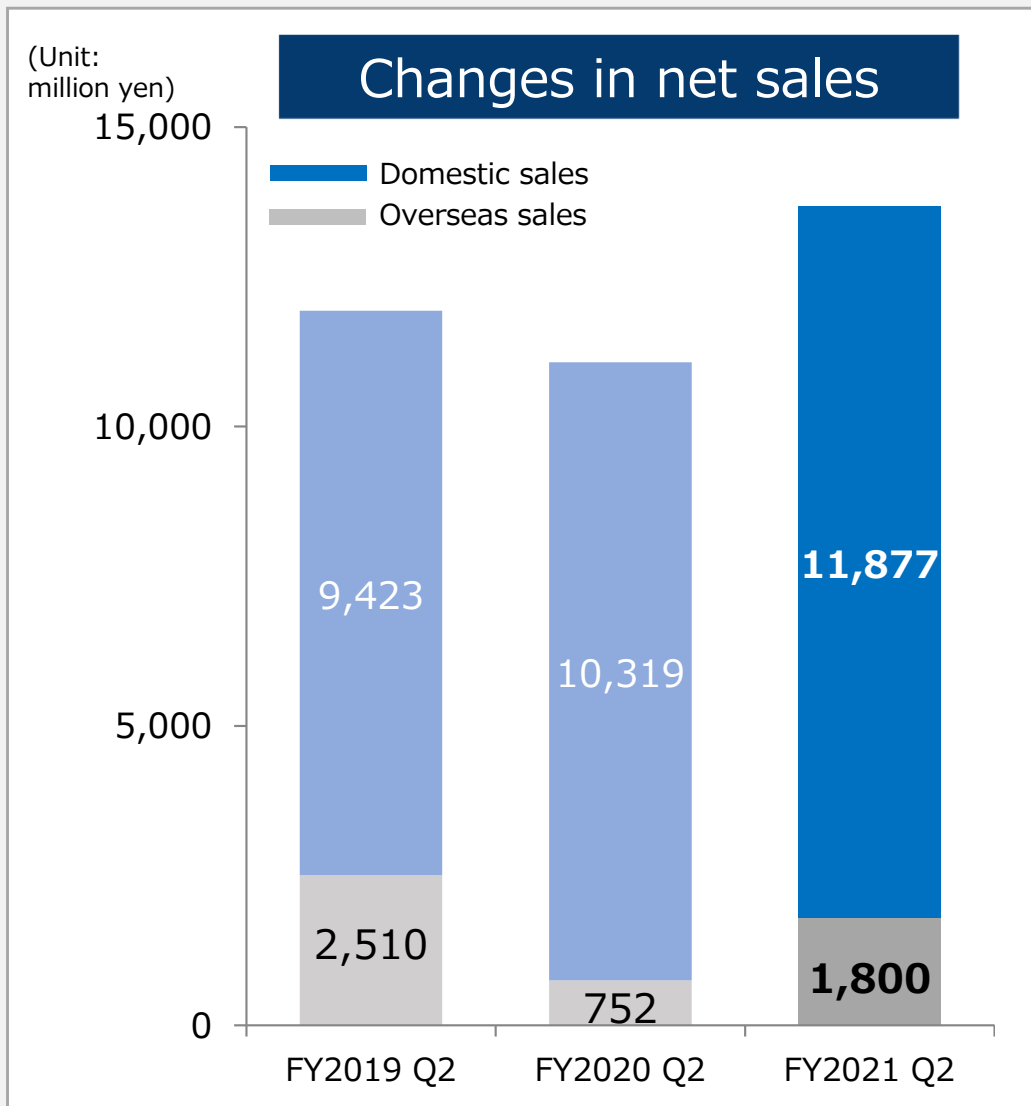
Changes in segment EBITDA

(Unit: million yen)



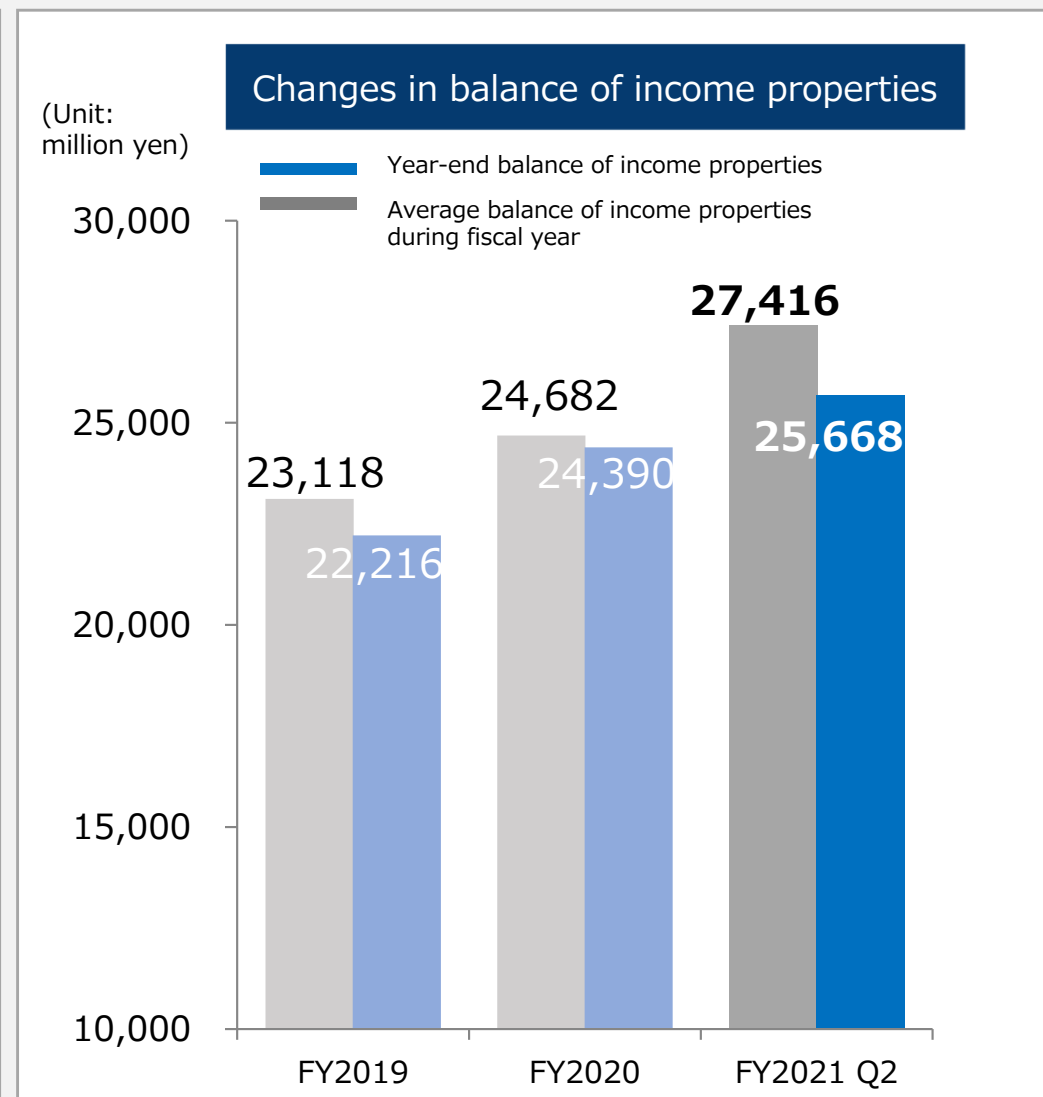
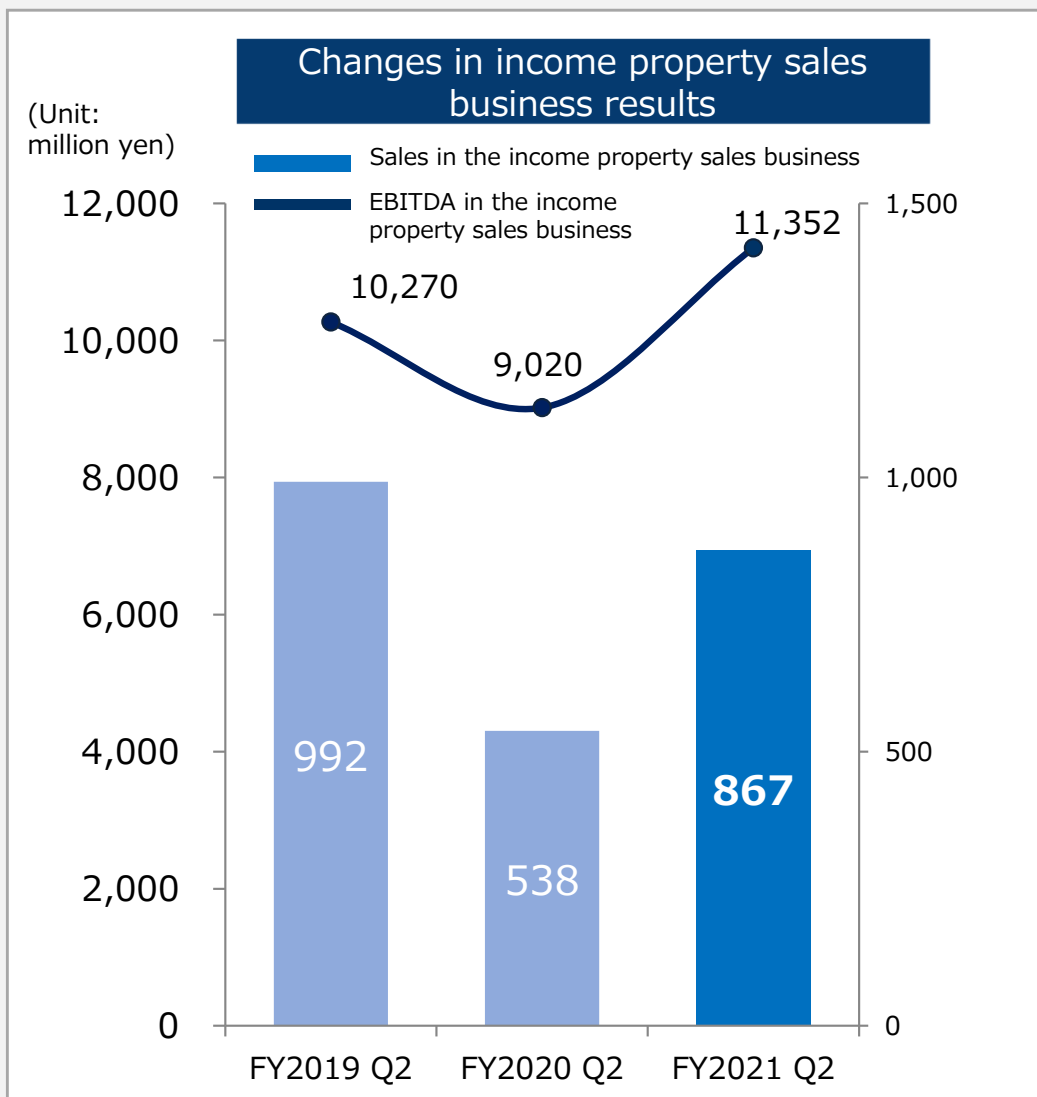
Note: Because sales for each segment include intersegment sales, the totals for each segment differ from consolidated sales.

Changes in scale of business by region



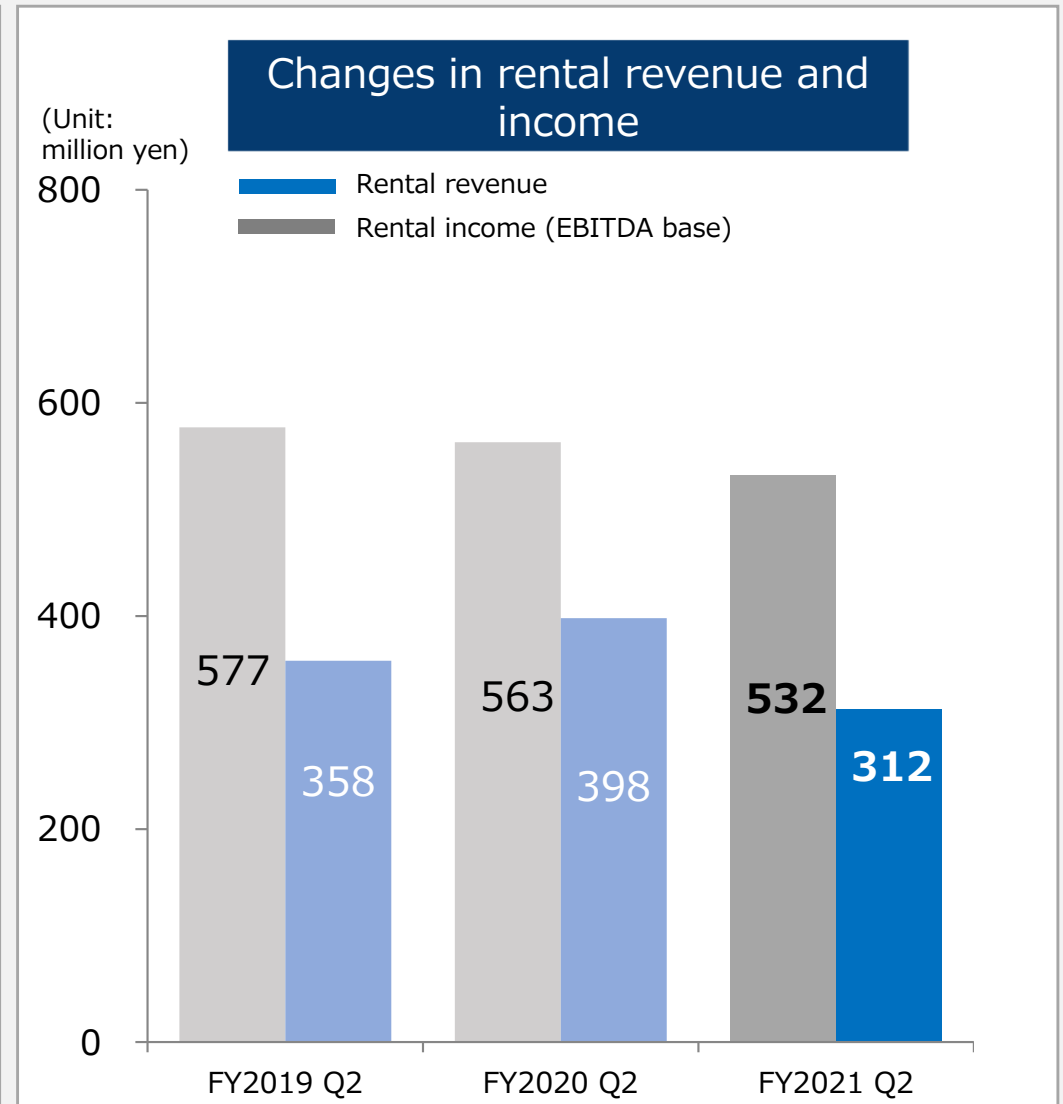
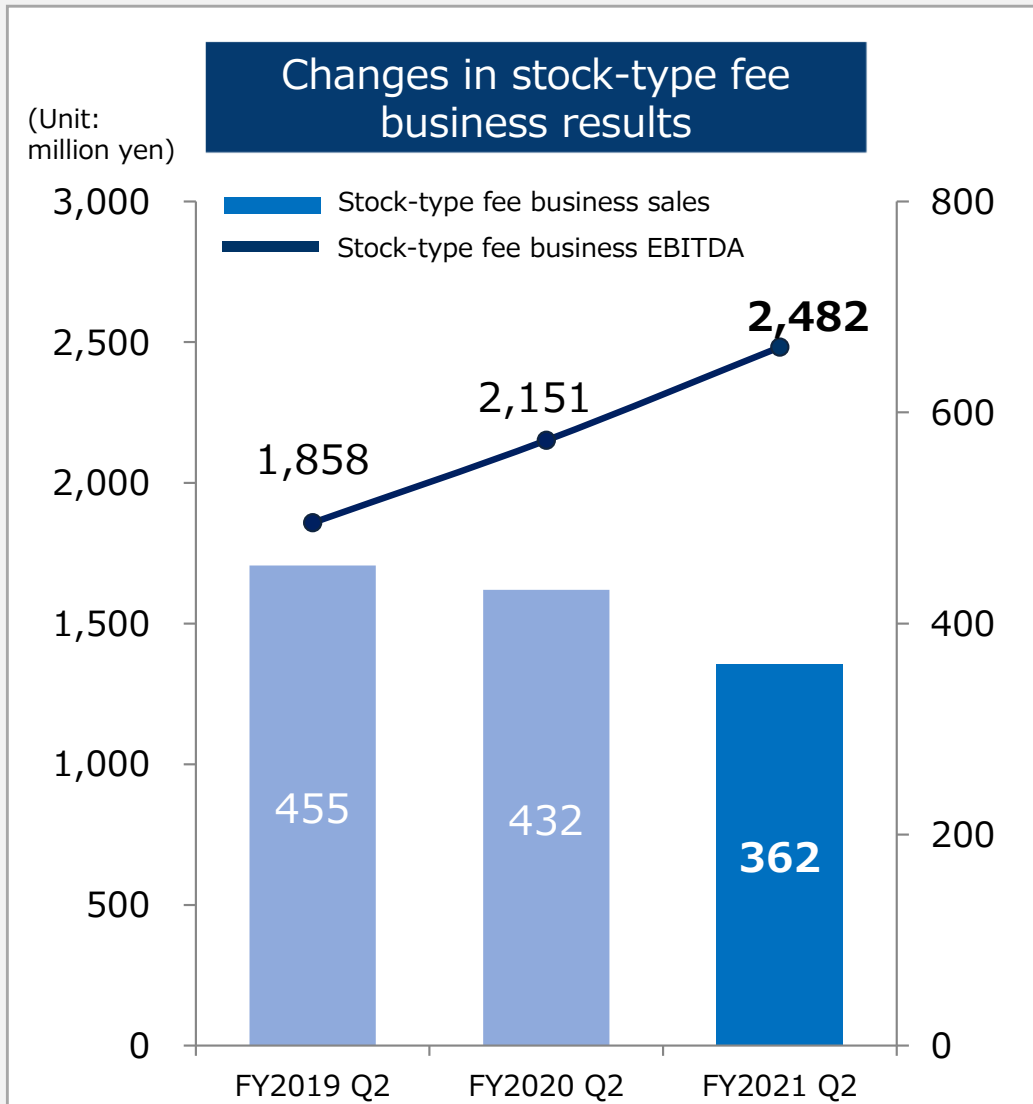
Note: The income real estate balance does not include the reserves for the estimated consumer tax payment posted as an asset due to the notice of correction received from the Tokyo Regional Taxation Bureau regarding consumption tax payments for prior years.

Overview of the Income Property Sales Business



Note: The income real estate balance does not include the reserves for the estimated consumer tax payment posted as an asset due to the notice of correction received from the Tokyo Regional Taxation Bureau regarding consumption tax payments for prior years.

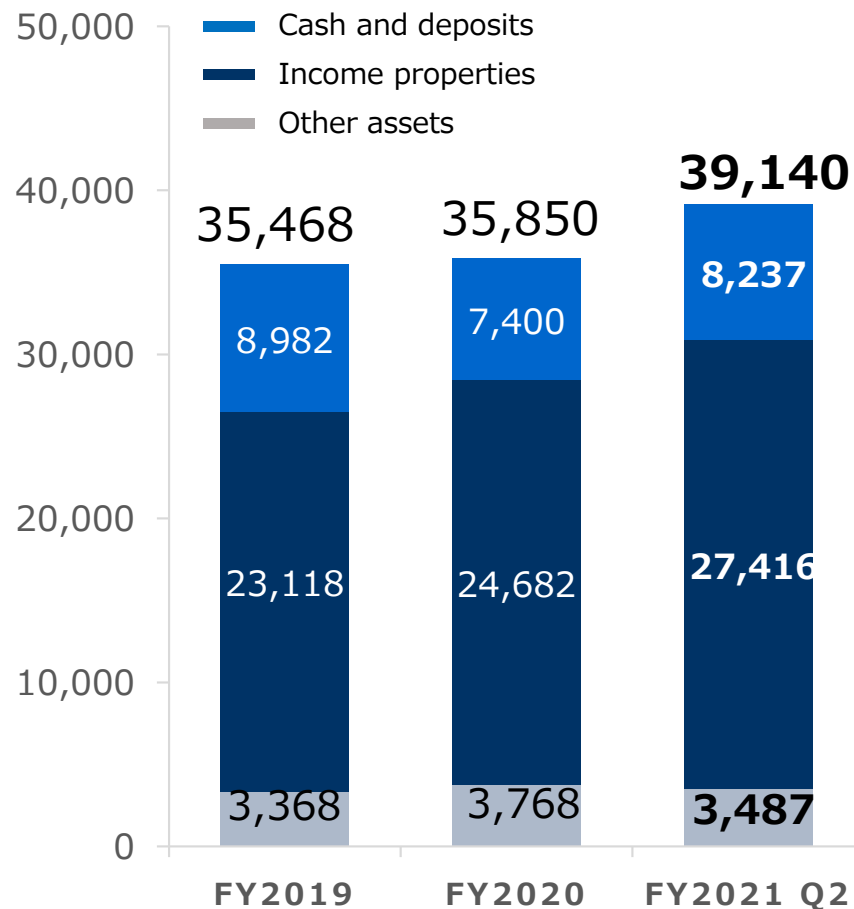
Overview of the Stock-Type Fee Business



Consolidated balance sheet summary

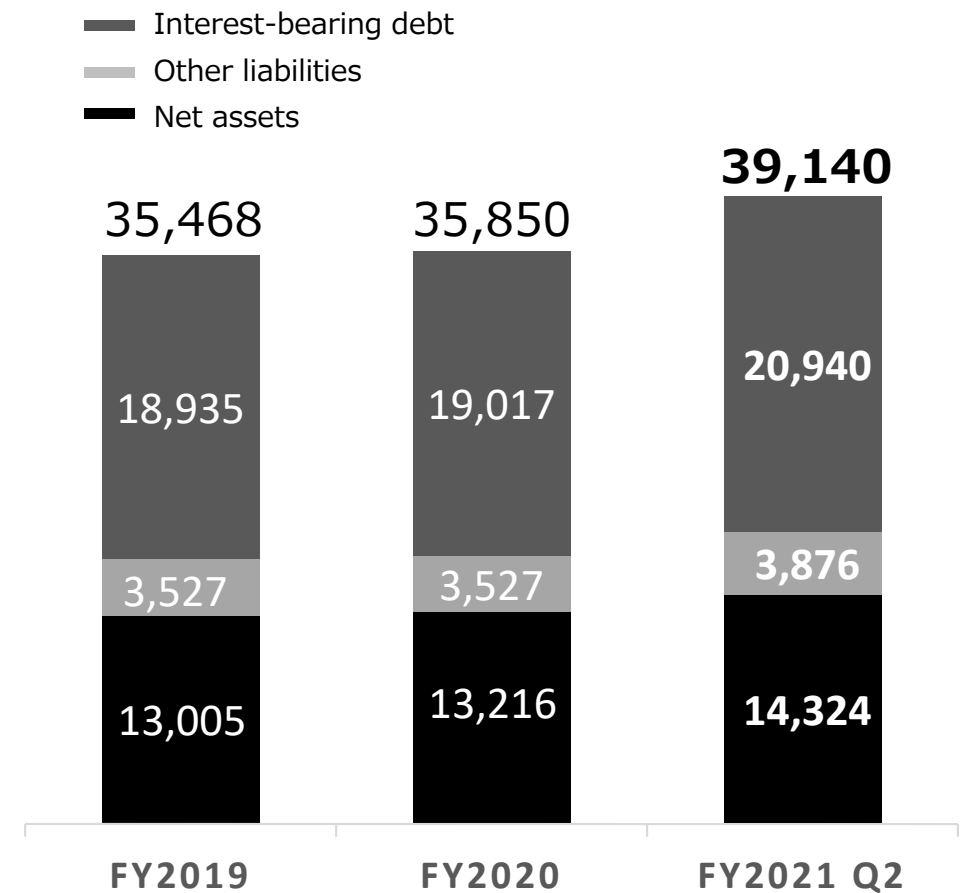
Total assets

(Unit: million yen)



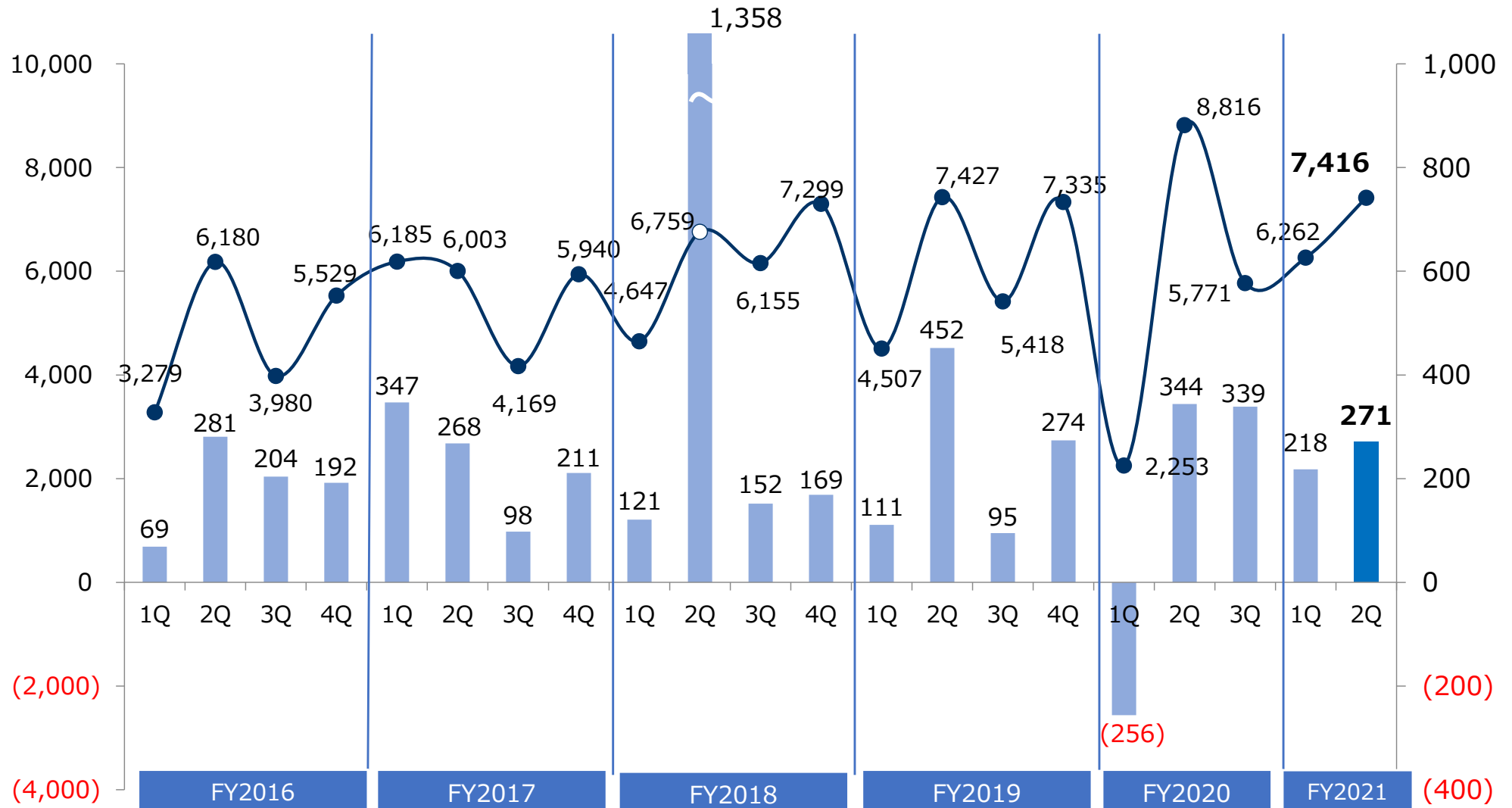
Total liabilities and net assets

(Unit: million yen)



Note: The income real estate balance does not include the reserves for the estimated consumer tax payment posted as an asset due to the notice of correction received from the Tokyo Regional Taxation Bureau regarding consumption tax payments for prior years.

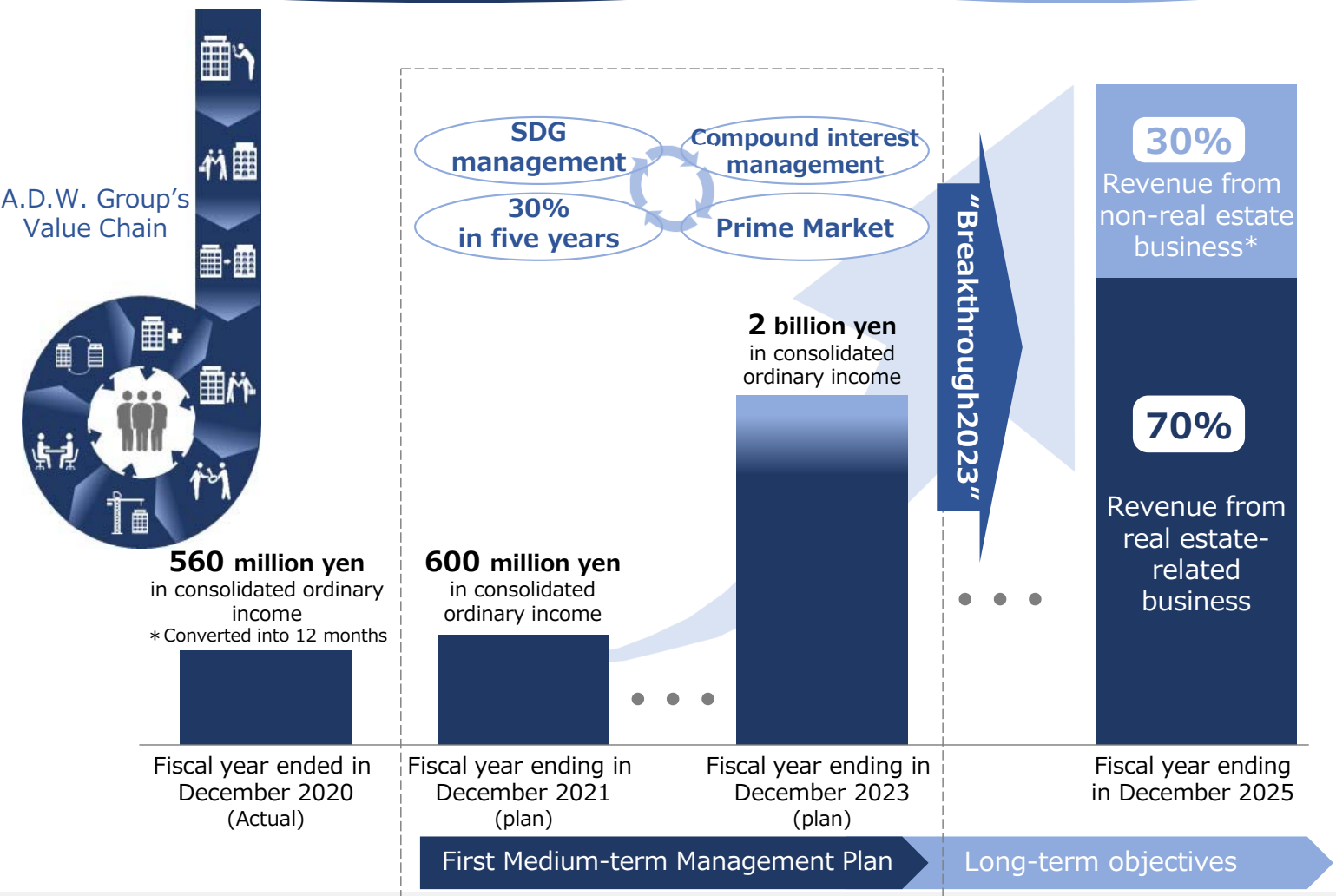
Trends in consolidated quarterly earnings



Overview of First Medium-term Management Plan ①

➤ "Breakthrough 2023" ~Innovations leading to excess profit~

Income-earning real estate company → Investment solution company



| Unit: 100 mn yen | FY2021/12 | FY2023/12 |
|---------------------|-----------|--------------|
| Net sales | 230.0 | 306.0 |
| EBITDA | 11.0 | 27.0 |
| Ordinary income | 6.0 | 20.0 |
| Income before taxes | 6.0 | 20.0 |

| Unit: 100 mn yen | FY2021/12 | FY2023/12 |
|--------------------------------------|-----------|--------------|
| Balance of income-earning properties | 250.0 | 500.0 |
| Total assets | 362.0 | 622.0 |
| Net assets | 135.0 | 152.0 |

| Unit: % | FY2021/12 | FY2023/12 |
|---------------------|-----------|--------------|
| A:WACC | 3.9 | 3.2 |
| B:ROIC | 2.2 | 4.1 |
| B-A : Excess profit | -1.7P | +0.9P |

| | FY2021/12 | FY2023/12 |
|-------------------------|-----------|--------------|
| Net income (100 mn yen) | 3.9 | 3.2 |
| Net assets (100 mn yen) | 2.2 | 4.1 |
| ROE (%) | -1.7P | +0.9P |

* Details are available on our website.
<https://www.adwg.co.jp/ir/plan/index.html>

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

➤ 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 profit

- ▶ 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 profit.

II. External resources

Aggressively utilize external resources and foster organizational strengths rich in creativity and the spirit 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.

* Details are available on our website.
<https://www.adwg.co.jp/ir/plan/index.html>

Overview of second stock acquisition rights (third-party allocation)

| | |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Allotment date | September 18, 2020 |
| Allotment recipient | Milestone Capital Management, Ltd. |
| Total number of stock acquisition rights | 96,000 units |
| Number of dilutive shares resulting from this issuance | 9,600,000 shares (100 shares per stock acquisition right) |
| Amount raised | Maximum of about 1.43 billion yen ※ 10 million yen in stock acquisition rights issued + 1.42 billion yen in stock acquisition rights exercised |
| Exercise price | 148 yen per share (variable) |
| Exercise period | September 18, 2020 – September 17, 2022 |
| Progress with funding | About 810 million yen raised (as of July 31, 2021) |

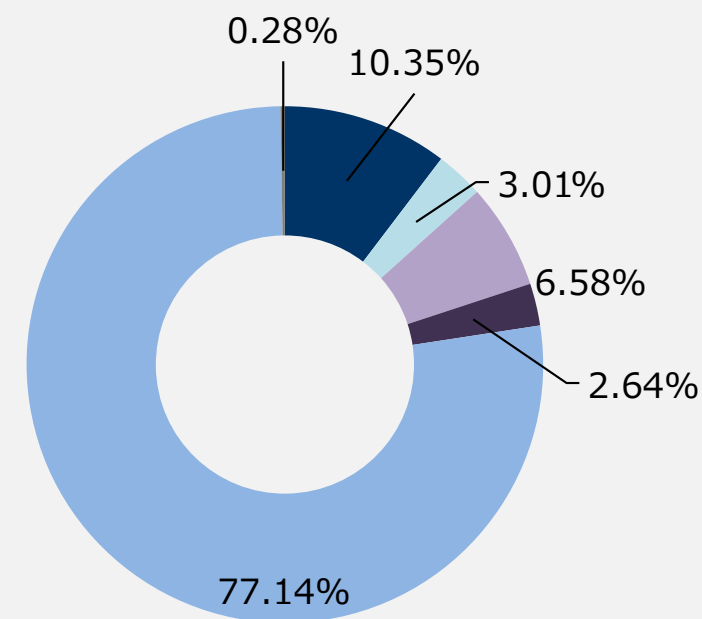
Company Profile

| | |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company name: | A.D.Works Group Co., Ltd. |
| Establishment: | April 1, 2020 * A.D.Works, the Group's predecessor, was established in February 1886 and incorporated in May 1936. |
| Headquarters: | Fifth Floor, Hibiya Kokusai Building, 2-2-3, Uchisaiwai-cho, Chiyoda-ku, Tokyo |
| Capital: | 5,707 million yen |
| Listed: | First Section of the Tokyo Stock Exchange |
| Business: | Income property rental, sale and development business (Japan, overseas), sale of real estate small-lot investment products Property management business, real estate consulting, architecture and construction business Real estate tech business, corporate venture capital business |
| Subsidiaries: | A.D.Works Co., Ltd. A.D.Partners Co., Ltd. A.D.Designbuild Co., Ltd. Angel Torch Co., Ltd. Sumikawa Works Co., Ltd. Jupiter Funding Co., Ltd. A.D.Works USA, Inc. ADW-No.1 LLC ADW Management USA, Inc. ADW Lending LLC ADW Hawaii LLC Avenue Works Burnside LLC |

Shareholder Composition (as of June 30, 2021)

1. Number of issued shares: 44,611,064 shares
2. Number of shareholders: 19,967 (shareholders with voting rights: 13,157)
3. Major shareholders
4. Allocation by owner

| No. | Shareholder name | % of voting rights |
|-----|------------------------------------------------------|--------------------|
| 1 | Hideo Tanaka (President and CEO) | 9.18% |
| 2 | Liberty House Co., Ltd. | 5.28% |
| 3 | The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.46% |
| 4 | Morgan Stanley MUFG Securities Co., Ltd. | 2.67% |
| 5 | Milestone Capital Management Co., Ltd. | 2.61% |
| 6 | Custody Bank of Japan, Ltd. (Trust Account- 5) | 1.78% |
| 7 | Custody Bank of Japan, Ltd. (Trust Account - 6) | 1.48% |
| 8 | Custody Bank of Japan, Ltd. (Trust Account) | 1.23% |
| 9 | Kazufumi Imai | 1.16% |
| 10 | Custody Bank of Japan, Ltd. (Trust Account - 1) | 1.00% |



- Financial institutions
- Financial instruments businesses
- Other corporate bodies
- Foreign corporate bodies
- Individuals, others
- Treasury stock

Changes in Consolidated Results

| | Year ended March 31, 2015 Results | Year ended March 31, 2016 Results | Year ended March 31, 2017 Results | Year ended March 31, 2018 Results | Year ended March 31, 2019 Results | Year ended March 31, 2020 Results | Year ended Dec 31, 2020 Results | First half of year ending Dec 31, 2021 Results |
|--------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------------|---------------------------------------------------------|
| Net sales | 10,735 | 15,733 | 18,969 | 22,299 | 24,861 | 24,687 | 16,840 | 13,678 |
| Ordinary income | 540 | 650 | 748 | 926 | 1,802 | 932 | 427 | 489 |
| Net income | 333 | 426 | 540 | 584 | 663 | 625 | 264 | 346 |
| Net assets | 5,478 | 5,842 | 6,415 | 10,152 | 11,947 | 13,005 | 13,216 | 14,324 |
| Total assets | 16,681 | 17,925 | 25,832 | 30,801 | 30,625 | 35,468 | 35,850 | 39,140 |
| | | | | | | | | |
| Balance of income properties | 12,931 | 14,551 | 20,318 | 22,376 | 21,229 | 23,118 | 24,682 | 27,416 |
| Rental revenue | 717 | 842 | 1,058 | 1,112 | 1,319 | 1,147 | 823 | 532 |
| Rental revenue/Sales ratio (%) | 6.7% | 5.4% | 5.6% | 5.0% | 5.3% | 4.6% | 4.9% | 3.9% |
| Number of employees | 99 | 115 | 136 | 146 | 167 | 185 | 195 | 203 |



These materials were created in order to provide an understanding of the A.D.Works 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 overall business objectives of the Group are announced in the form of plans. The plans of our company are targets for our business, and are different from "forecasts and predictions" that are calculated rationally based on highly accurate information. The A.D.Works Group announces predicted progress for each quarter in the form of "forecasts" that are updated as needed. These are based on highly accurate information concerning the A.D.Works Group and information that we judge to be rational.

The data contained in these materials contains publicly-available information that we judge to be trustworthy and accurate, however the A.D.Works Group does not guarantee the accuracy and correctness of this information.

Please direct inquiries to : A.D.Works Group Disclosure Division
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