

A.D.Works Group Co., Ltd.

IR Briefing Materials: Second Quarter of Fiscal Year Ending December 31, 2025

August 7, 2025

TSE Prime, Code: 2982

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.



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Highlights of Second Quarter of Fiscal Year Ending December 31, 2025

A.D.W. SINCE 1886
GROUP



TOPIC 1 : Income before income taxes: 91.8% of plan, significant upward revision of full-year plan

In 2Q, income before taxes is 2.56 bn yen (175.1% y/y), and operating income is 2.95 bn yen (162.3% y/y). We revise the full-year plan of income before taxes substantially upward (2.8 bn yen → 4.0 bn yen), and also increase year-end dividend to reflect strong performance (6 yen → 8 yen)



TOPIC 2 : Continued growth and expansion of small-lot real estate business

2Q sales is 10.9 billion yen (171.9% y/y), gross profit is 2.57 billion yen (150.1% y/y). Towards the annual sales target of 20 billion yen, 1H sales total reached 11.14 billion yen (including tax), progress rate 55.7%. All inventory for 2H sales has been secured. Sales partners have expanded to over 500 companies.

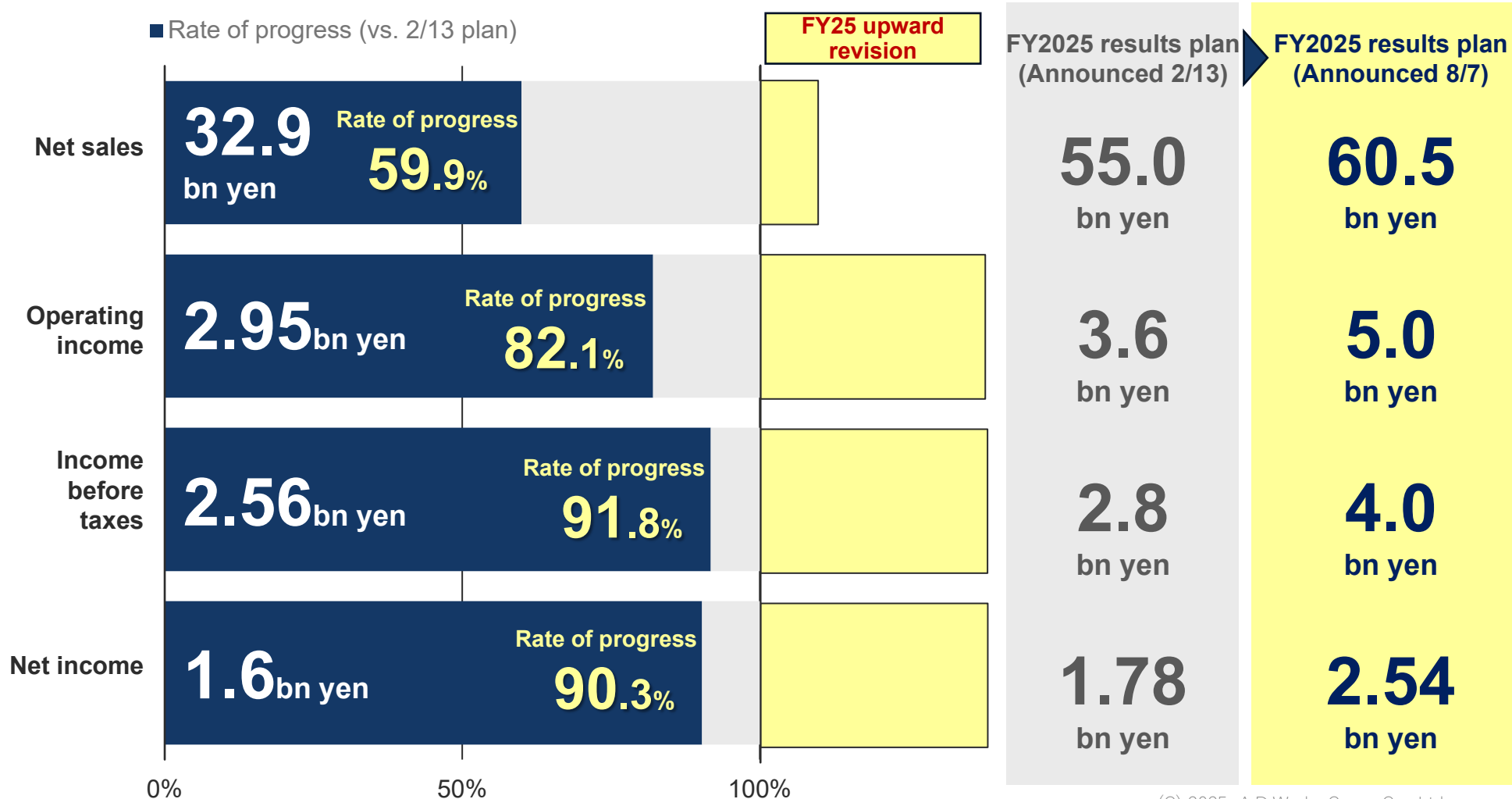


TOPIC 3 : Single-building income property sales business is also growing Measures to increase property values have been successful

2Q sales is 18.5 billion yen (165.9% y/y), and gross profit is 2.88 billion yen (155.1% y/y) Further strengthen ability to increase property value and significantly expand business scale

Progress Rate vs. Forecast for FY2025 Q2 & Upward Revision of Full-Year Results Plan

As of 2Q, pre-tax profit progressed to 91.8% of the initial plan.
Full-year plan significantly revised upward (initial pre-tax profit plan : ¥2.8 billion → revised plan: ¥4.0 billion).



01 Highlights FY2025 Upward Revision of Full-Year Results Plan and Year-End Dividend Increase

Adding 1.2 billion yen of income before taxes upswing vs. the 1H plan (50% level) to the full-year plan
 At the same time, decided to increase the year-end dividend by 2 yen.
 Planning to maintain a dividend yield of 4%

(Unit: billion yen)

	Net sales	Operating income	Income before taxes	Net income
Previous forecast (2/13)	55.00	3.60	2.80	1.78
Revised forecast (8/7)	60.50	5.00	4.00	2.54
Change	5.50	1.40	1.20	0.76
Change (%)	10.0%	38.9%	42.9%	42.7%
Previous FY results	49.90	3.20	2.50	1.61

	Annual dividend (yen per share)		
	End of Q2	End of FY	Total
Previous forecast (2/13)	6.0	6.0	12.0
Revised forecast (8/7)	—	8.0	14.0
Current FY results	6.0	—	—
Previous FY results	4.5	5.5	10.0

The FY2026 mid-term plan , growth is expected to significantly exceed the final year plan.Although the FY2026 plan is undecided, it is expected to significantly exceed the revised FY2025 plan (announced on August 7).

The progress of new businesses will be monitored, and the results will be disclosed at the end of FY2025.

(Unit: billion yen)

Consolidated	Second Mid-term Management Plan					
	FY2024 (Fiscal year ended December 31, 2024)		FY2025 (Fiscal year ending December 31, 2025)			FY2026 (Fiscal year ending December 31, 2026)
	Initial Plan	Results	Initial Plan	Revised Plan (1) (Announced 2/13)	Revised Plan (2) (Announced 8/7)	Initial Plan
Net sales	47.00	49.91	52.00	55.00	60.50	58.00
Operating income	3.00	3.21	3.30	3.60	5.00	3.70
Net income before income taxes	2.30	2.54	2.60	2.80	4.00	3.00
Balance of income properties *1	45.00	45.40	46.00	47.00	4.70	50.00
Shareholders' equity	17.51	17.51	18.50	18.70	19.40	20.00
ROE *2	9.2%	9.5%	9.6%	9.8%	13.7%	10.4%
ROIC *3	4.3%	4.4%	4.6%	5.0%	6.4%	4.8%
Human resource productivity "PH gross profit" *4	33 mil yen/person	36 mil yen/person	34 mil yen/person	38 mil yen/person	40 mil yen/person	35 mil yen/person
Financial soundness "Equity ratio"	Approx. 30%	31.3%	Approx. 30%	Approx. 30%	Approx. 30%	Approx. 30%
Shareholder value "EPS" *5	32.95 yen	33.50 yen	36.35 yen	37.02 yen	52.68 yen	41.76 yen

*1 Balance of income properties: Total balance of properties held for sale or rental revenue

*2 ROE: Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

*3 ROIC: (Net income attributable to owners of parent + interest expenses + borrowing fee) / (balance of average shareholders' equity + balance of average interest-bearing liabilities)

*4 PH gross profit (gross profit per head): Gross profit / average number of employees

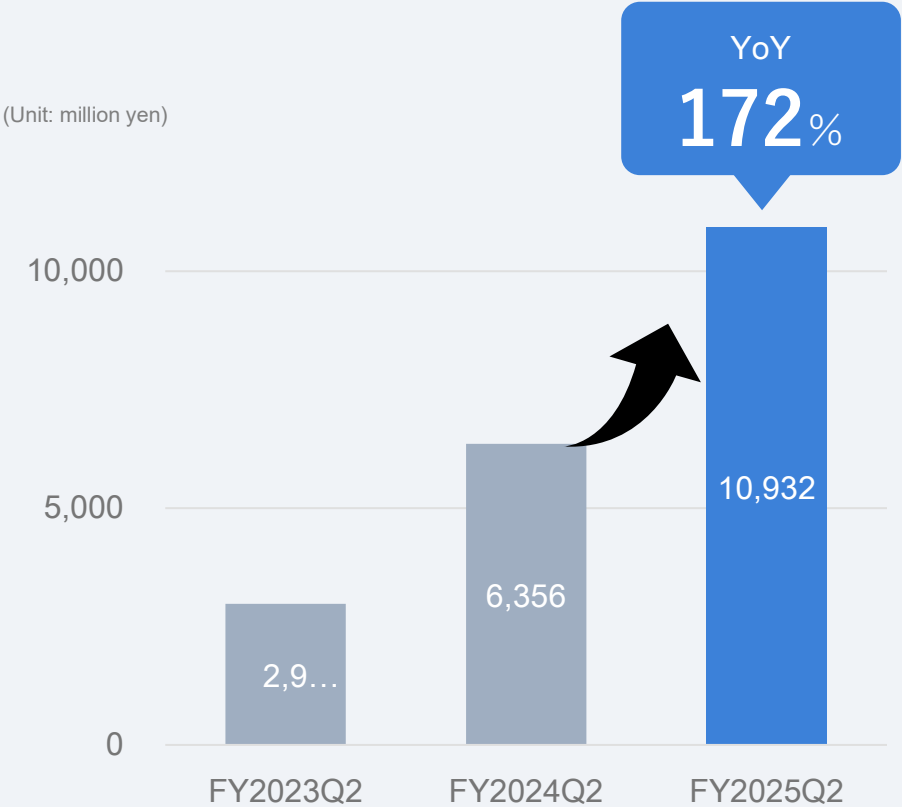
*5 EPS (earnings per share): Net income attributable to owners of parent / average number of shares during the period

01 Highlights

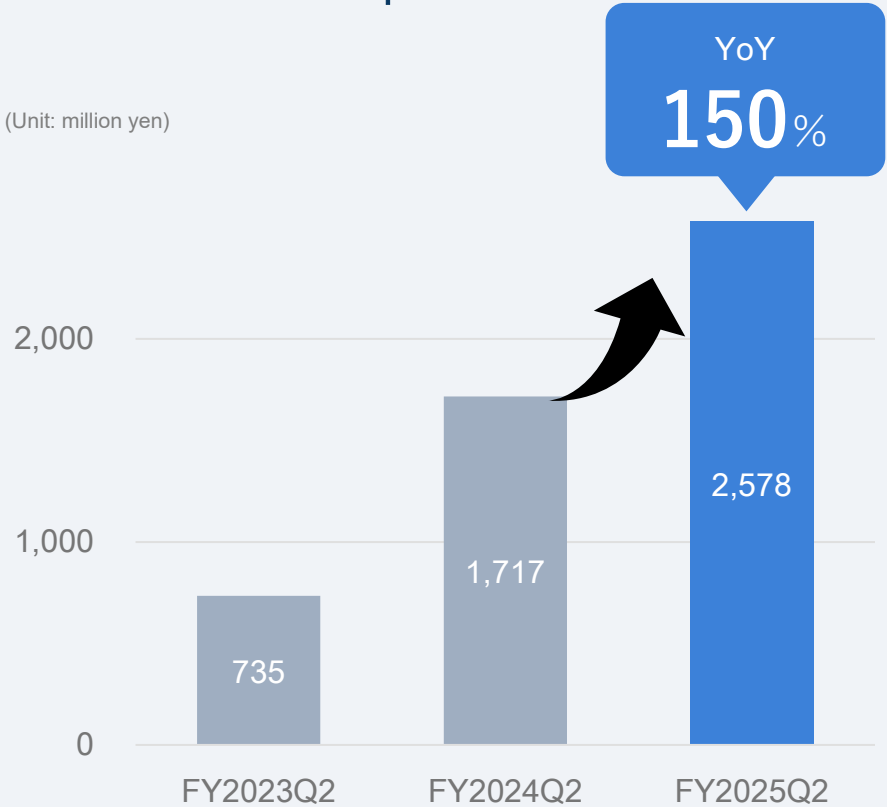
Continued acceleration of growth
in the small-lot real estate business

Achieved sales of 10.9 billion yen (172% y/y) and gross profit of 2.57 billion yen (150% y/y) in 2Q. Annual sales target of 20.0 billion yen was achieved with total sales of 11.14 billion yen (including tax) in 1H and progress rate of 55.7%. Sales partners increased to over 500 companies. Sales partners increased to more than 500 companies, and inventory for the second half of the year has been secured to ensure continuous product supply.

Net sales of small-lot real estate products



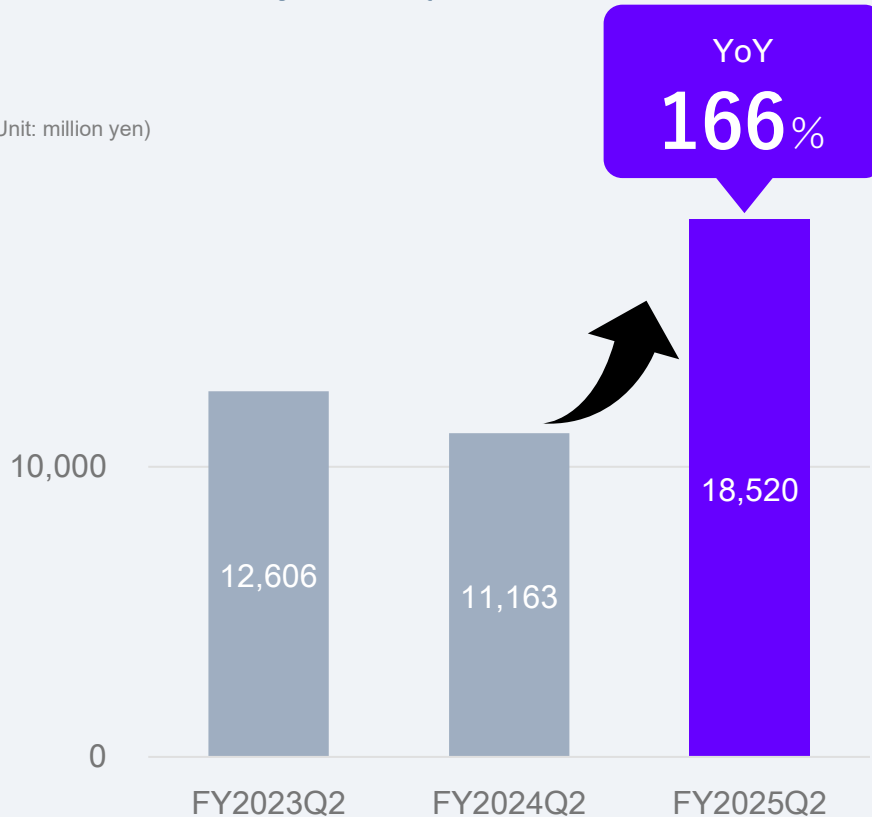
Gross profit on sales of small-lot real estate products



In 2Q, achieved sales of 18.5 billion yen (166% y/y) and gross profit of 2.88 billion yen (161% y/y)
Improved sales margin as a result of enhanced ability to increase property value

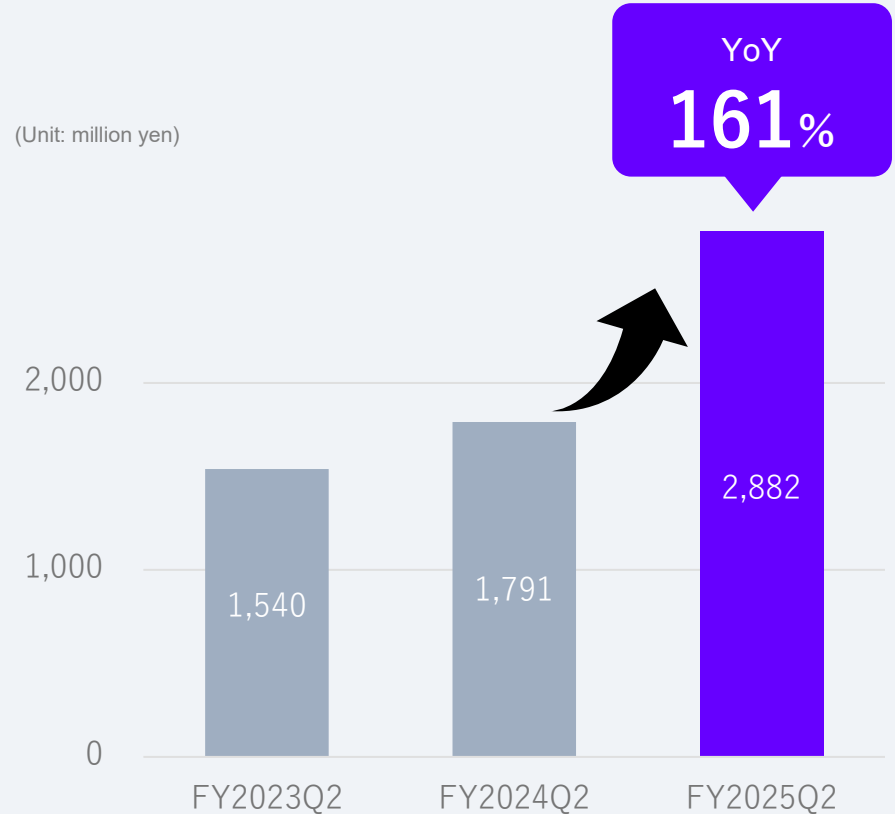
Net sales of Domestic Single-Family Real Estate Sales

(Unit: million yen)



Gross profit on sales of Domestic Single-Family Real Estate Sales

(Unit: million yen)



As a result of strong first quarter results and proactive IR activities,

Reached share price level that meets the criteria for maintaining listing on the TSE Prime Market

Growth expectations were cultivated and meetings with institutional investors increased (9 meetings since Q1, +5 meetings YoY)

2982 (ADWorks Group) Trends in Closing Price (Feb. 1 to Aug. 6 2025)



Overview of Financial Results for 2Q of FY2025 (Summary)

Large YoY increase in sales and income

(Unit: million yen)

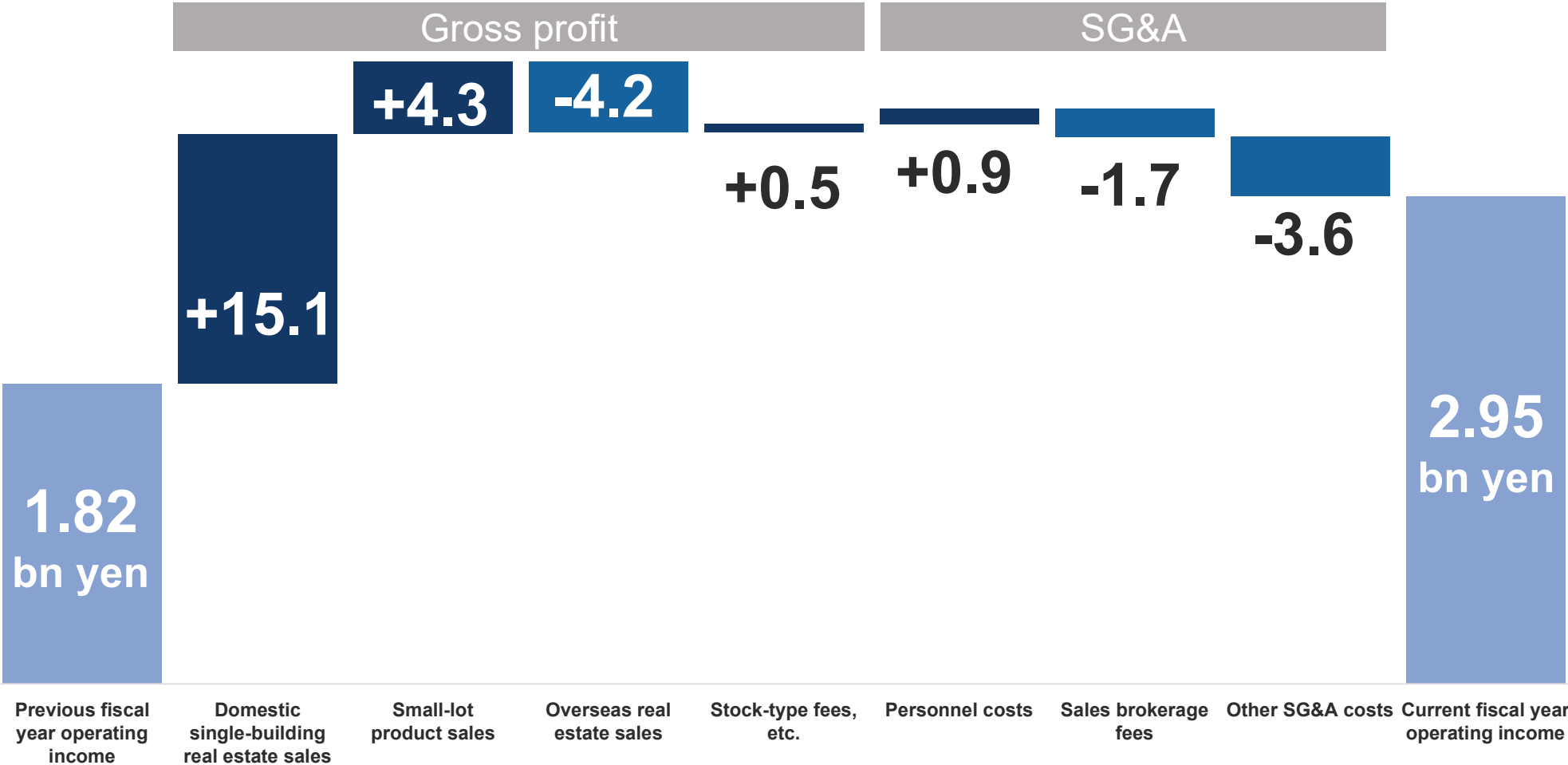
	FY2025 Q2 (Results)	FY2024 Q2		FY2023 Q2	
			YoY		Vs. two years ago
Net sales	32,965	20,814	158.4%	19,145	172.2%
Operating income	2,954	1,820	162.3%	1,369	215.8%
Income before taxes	2,569	1,467	175.1%	1,284	200.1%
Net income *	1,607	915	175.5%	864	185.9%

*Net income attributable to owners of parent

Domestic single-building income property sales and small-lot real estate product sales drive strong performance

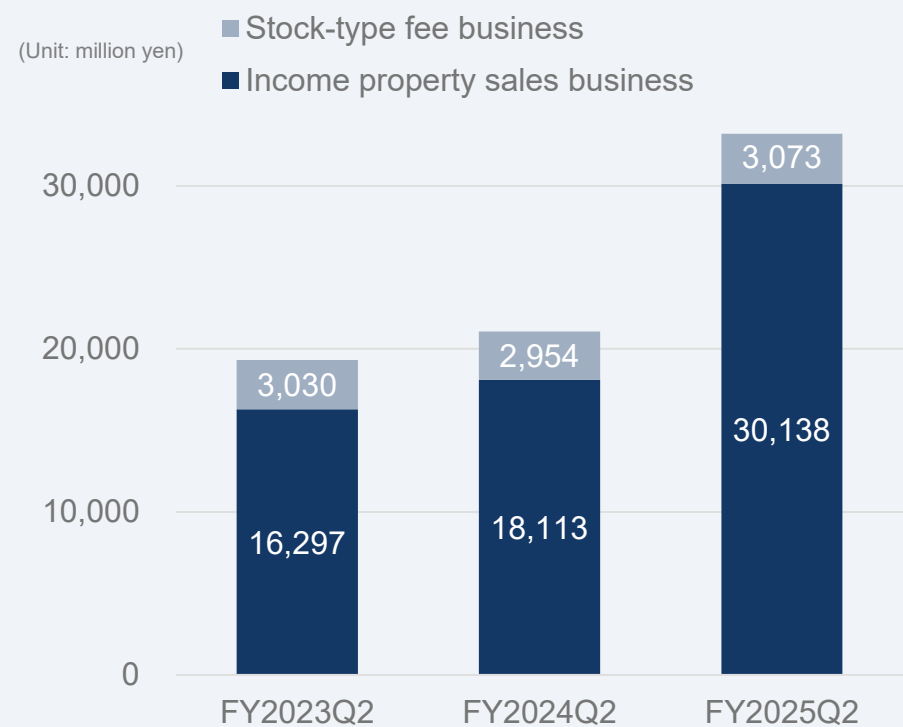
Loss on valuation of inventories of 0.43 billion yen was recorded in Q2 due to deterioration of the real estate trading market in Los Angeles

All new valuation losses have been factored into the upward revision. Overseas strategies will be disclosed again in the full-year financial results

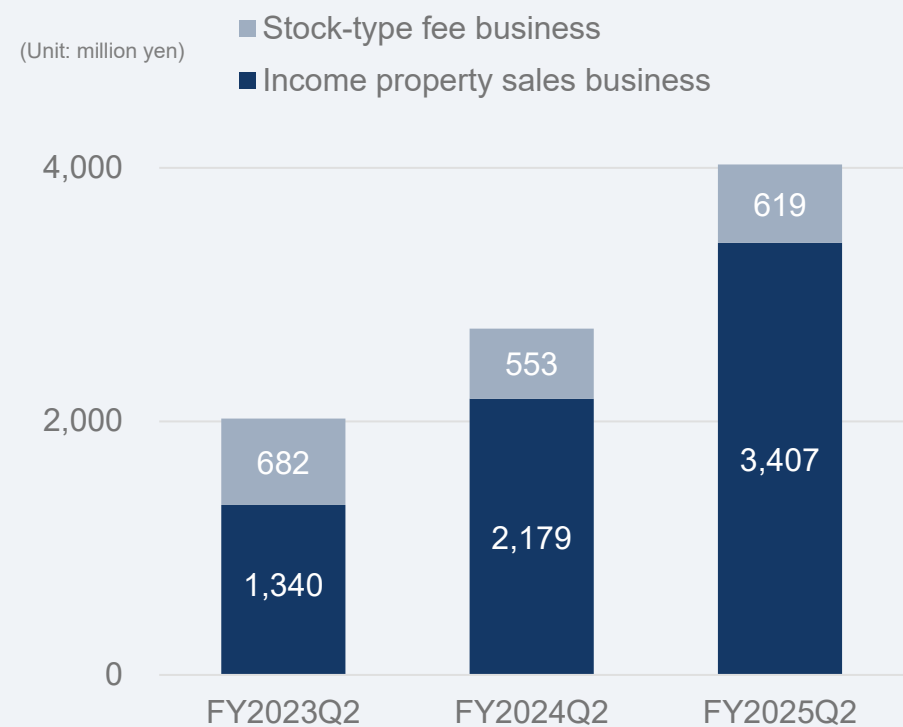


Income property sales business driving performance growth

Fluctuations in net sales (by segment)



Fluctuations in operating income (by segment)

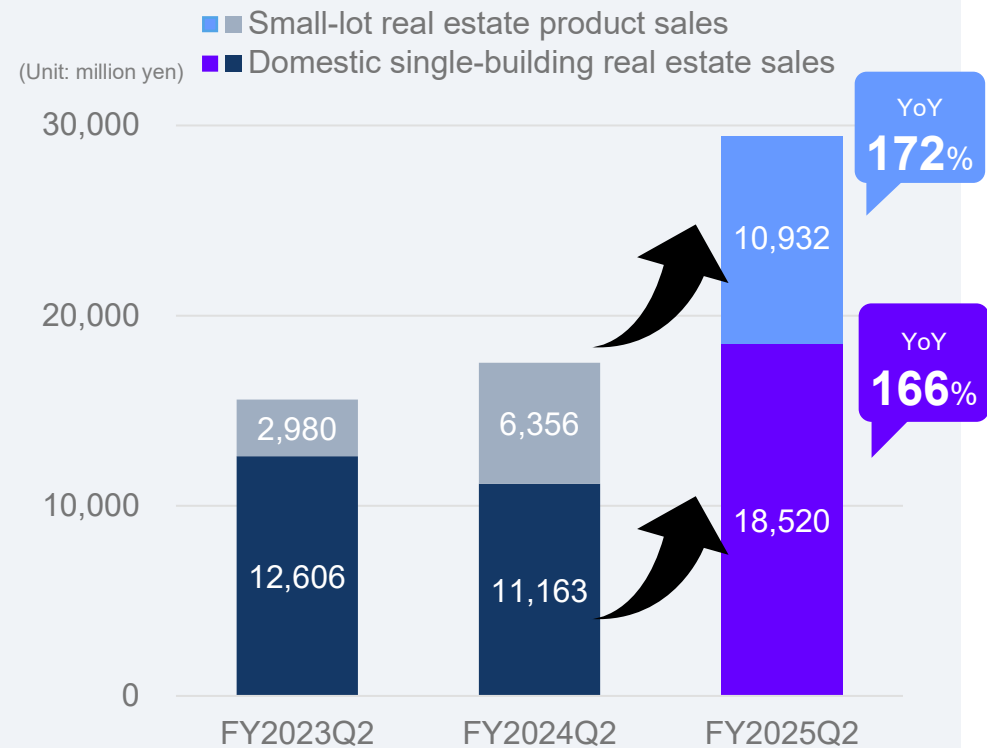


*The figures shown here include figures related to internal transactions

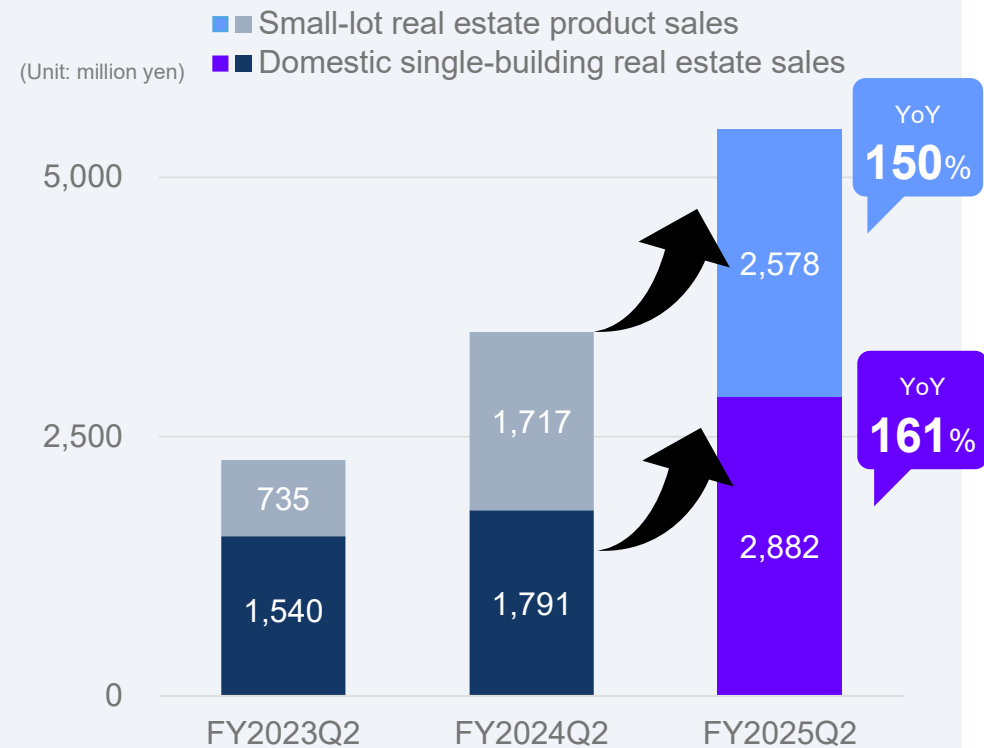
The small-lot real estate business, which showed remarkable growth in Q1, continued to sell well in Q2

Domestic single-building income property sales business grew significantly in Q2

Trend in net sales
(breakdown of domestic income property sales)



Trend in gross profit
(breakdown of domestic income property sales)



Pre-tax profit progress rate against initial full-year plan is 91.8%
Significant upward revision due to strong performance

(Unit: million yen)

	FY2025 Q2 (Results)	FY2025 Revised plan (8/7)		FY2025 Initial plan (2/13)	
			Achievement rate		Achievement rate
Net sales	32,965	60,500	54.5%	55,000	59.9%
Operating income	2,954	5,000	59.1%	3,600	82.1%
Income before taxes	2,569	4,000	64.2%	2,800	91.8%
Net income*	1,607	2,540	63.3%	1,780	90.3%

*Net income attributable to owners of parent

| Progress with Growth Strategies

Our group aims to achieve sustainable growth by deepening engagement with our stakeholders through efforts to solve social issues. The recent reform of the Tokyo Stock Exchange, which requires companies to further improve capital efficiency and growth potential as requested by shareholders and investors, has triggered a strong sense of urgency in our company. It is now essential for us to pursue higher growth. In February of this year, we announced our growth strategy, visualizing each business strategy and the results we are aiming for. Since then, we feel that our relationship of trust with our shareholders and investors has become stronger. We will continue to take on the challenge of creating value as we move forward with society and transform change into strength.



A.D.Works Group
representative director CEO

Hideo Tanaka

We believe that over the past six months we have taken a steady first step towards realizing our vision of "20 billion yen in pre-tax profit and a 40% BtoC market share by 2034." We have further strengthened the pillars of our growth strategy, such as strengthening our asset business and creating non-asset businesses. We have also made steady progress on various measures aimed at the most important goal of "developing our human resources." We believe these efforts are significant achievements that will evolve our growth trajectory into a stronger, more sustainable one. We hope that this document will help you understand the direction and background of our growth strategy, and that you will look forward to future developments.



A.D.Works Group
senior managing director

A.D.Works
representative director

Toshiya Suzuki

Expecting to achieve the 2027 13-14% ROE target early (announced 2/13)
Striving to foster further growth expectations and reduce the cost of shareholders' equity
toward a P/B ratio of 1x (share price in the 400-yen range)

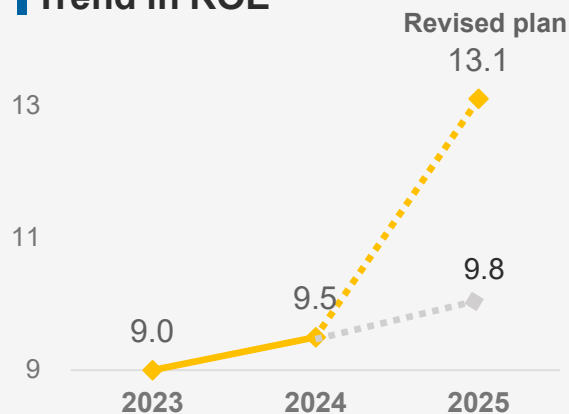
ROE Target

Target disclosed 2/13
By 2027

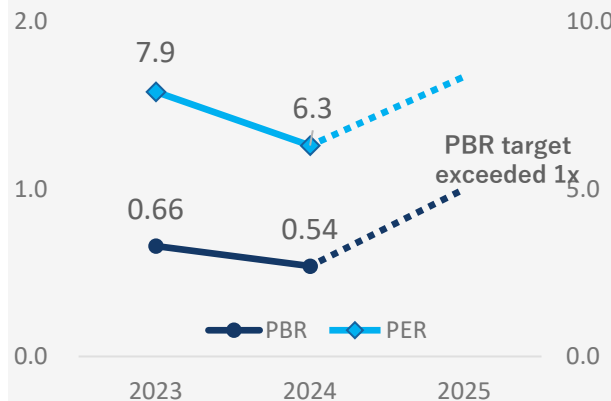
After 8/7 upward revision
FY2025 expected ROE

13-14% ➔ 13.7%

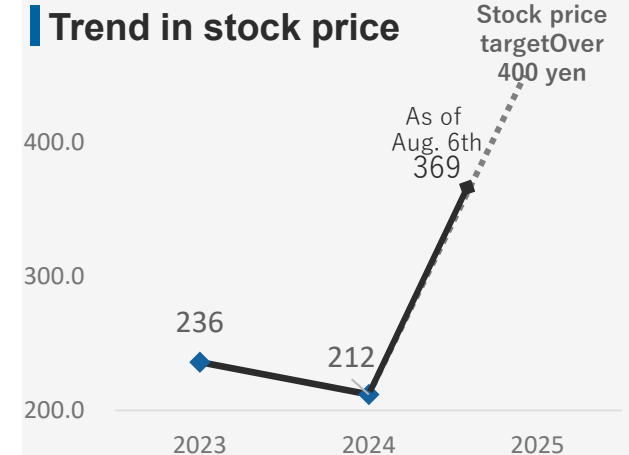
Trend in ROE



Trend in P/E ratio / P/B ratio



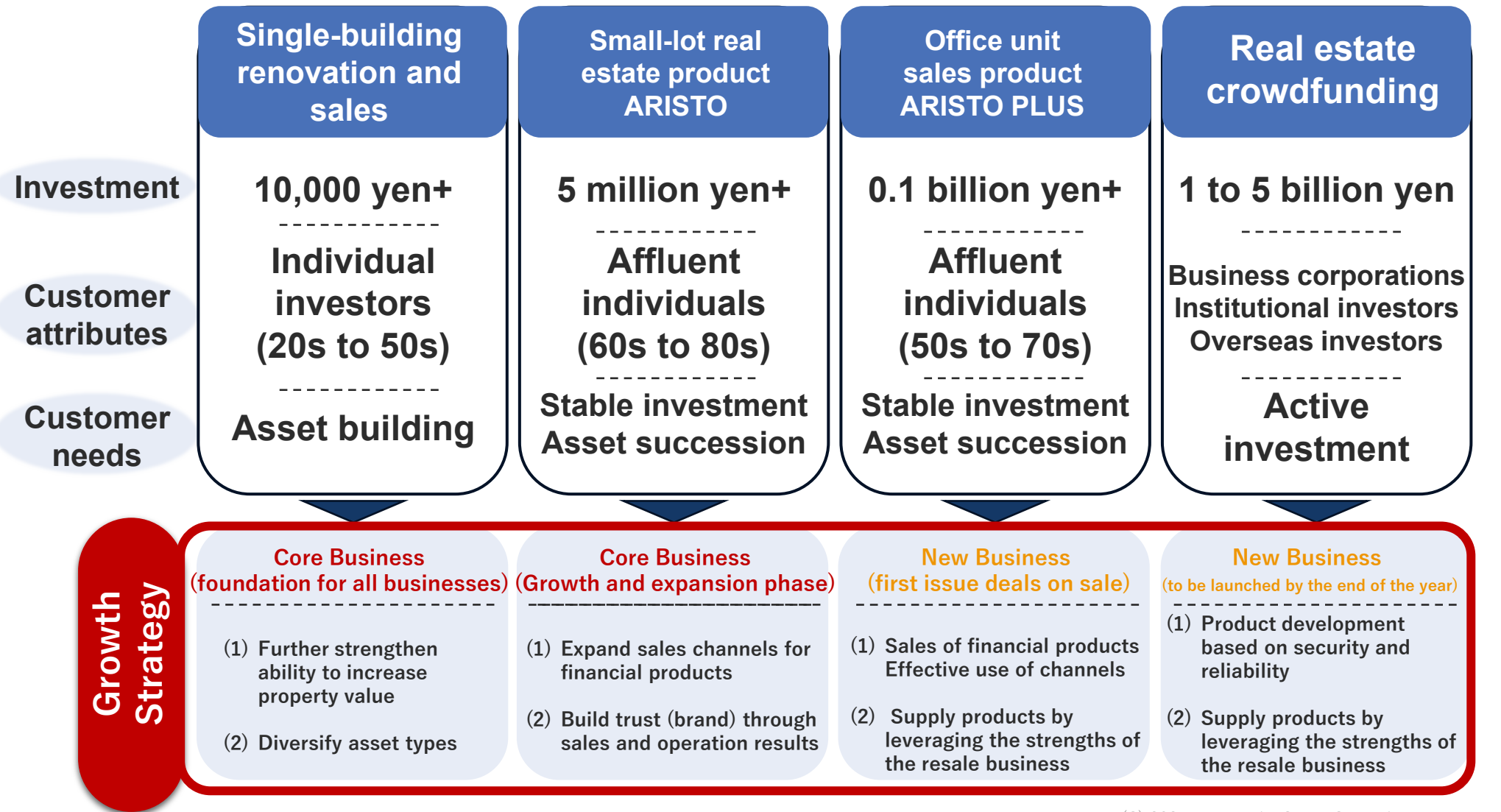
Trend in stock price



ROE: Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

Entered the office unit sales business and real estate crowdfunding business

Strategically expand our business structure to leverage our strengths and target a diverse range of customers



Market Growth

1 Increase in inherited assets

- Inherited assets are expected to increase along with the increase in the number of elderly people in the future.

2 Raising Awareness

- 0.3-0.4% of inherited assets in the small real estate market



Market share expansion

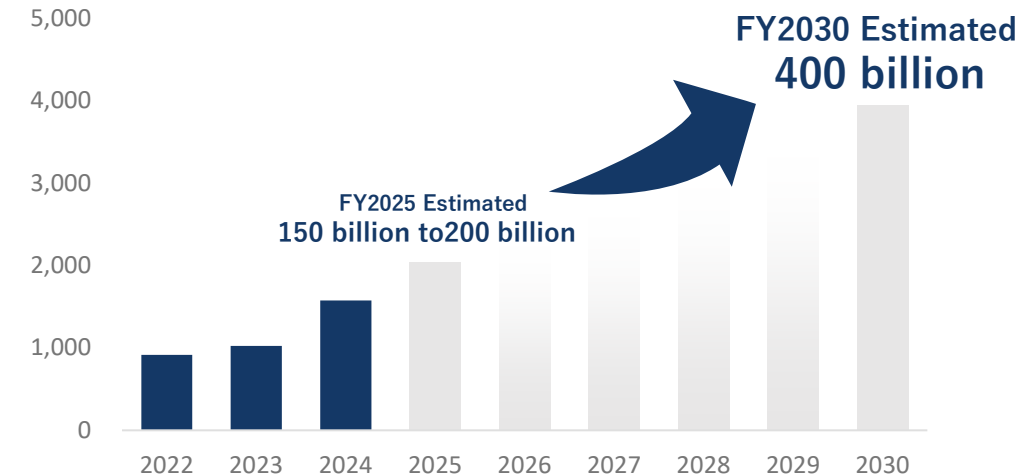
1 oligopolistic market

- Barriers to building a sales channel for financial products
- A virtuous cycle in which sales performance leads to the next sale (sales -> trust -> sales)

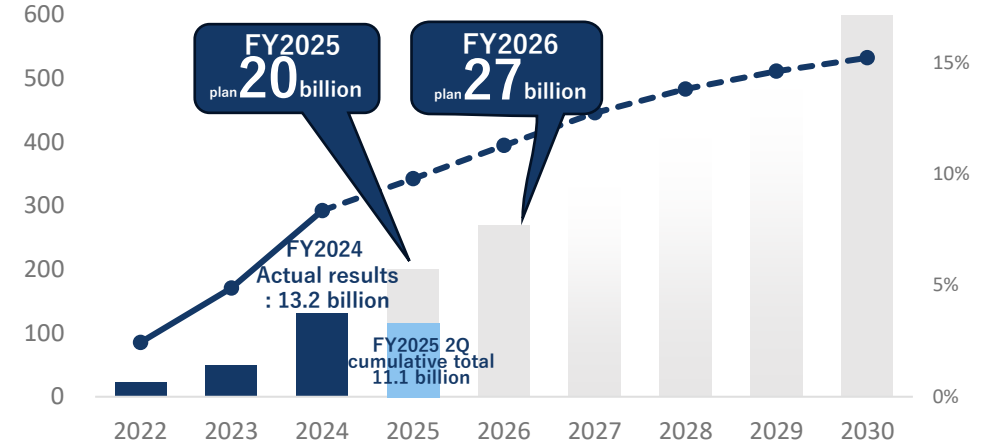
2 Why Choose Us

- Single-unit income-producing real estate specialist with over 20 years of experience
- Good management track record
- Security of being a prime Tokyo Stock Exchange listed company

Growth forecast for the real estate small-lot market※
(Unit : 100 million yen)



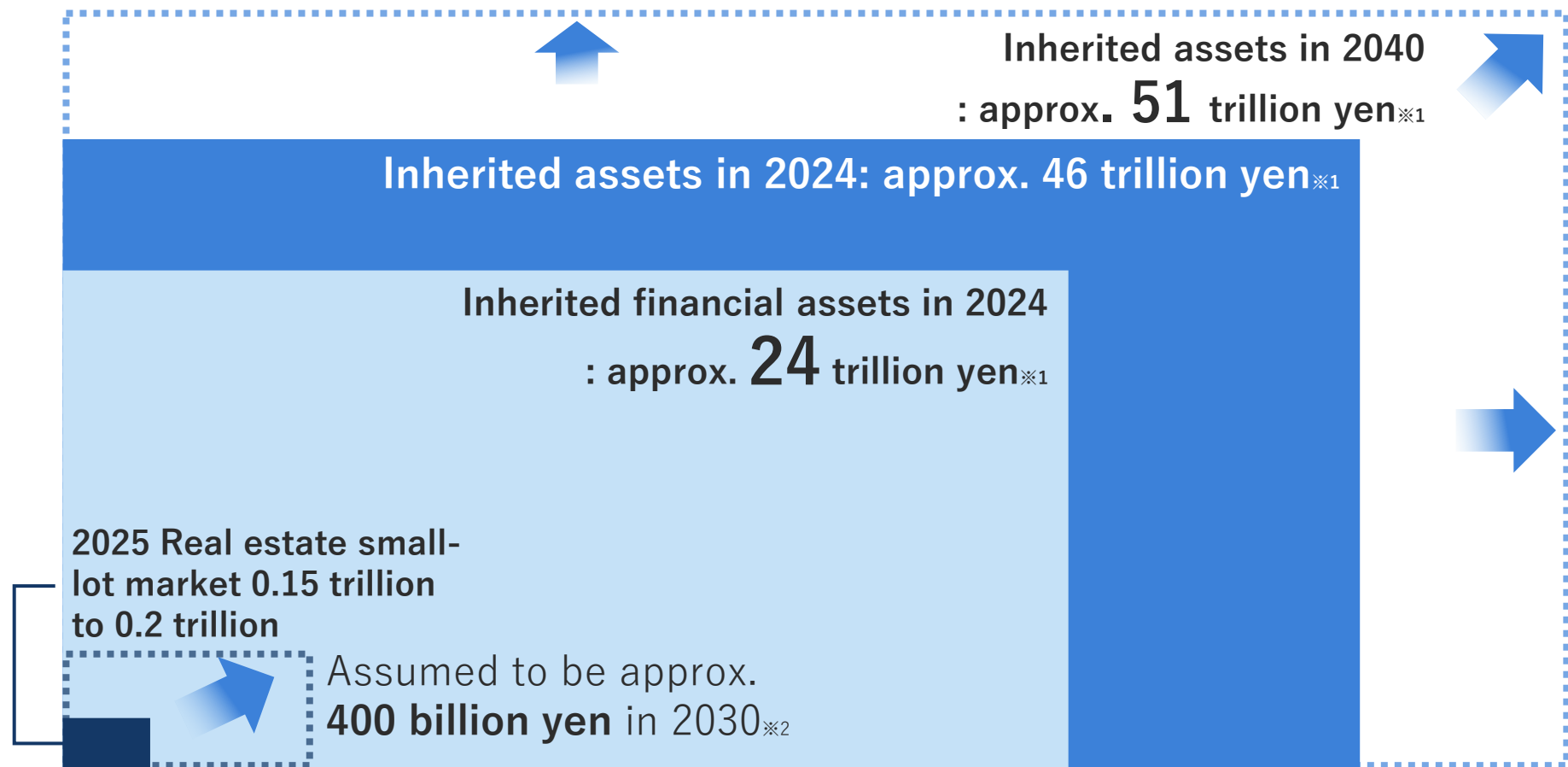
Our forecast for sales and market share of small-lot real estate products※
(Unit : 100 million yen))



※Created based on IR disclosure materials from each company and our own research.

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According to a report by the Japan Research Institute, the value of inherited assets in 2024 is estimated to be about 46 trillion yen, expanding to about 51 trillion yen by 2040. On the other hand, the small-lot real estate market is still under-recognized, accounting for only 0.3-0.4% of the value of inherited assets. The market for small-lot real estate products is expected to expand in the future due to “increase in inherited assets” and “improvement in awareness.”



Reason 1. Company specializing in single-family income-producing real estate with over 20 years of experience.

- A system with highly specialized personnel, with more than 25 property procurement personnel / more than 20 merchandising personnel.

Highly coordinated with the existing single building revitalization and sales business to build an operation that is difficult to imitate and to realize a stable and high-quality product supply. Highly reputed by financial institutions and accounting firms, etc., contributing significantly to sales growth.

Reason 2. Good operational performance

For two straight years in FY2023 and FY2024

**ARISTO Series
Investment Products**

Average of all 17 products

**Above the assumed
yield at the time of sale**

Equity interest sold during contract period is all

Occupancy rate 99.9%

Actual dividend yield 3.05%

Sold at or above the principal amount

Reason 3. Thorough compliance management as a listed company

- As a company listed on the TSE Prime market, we have thorough compliance management.
- These are products that handle clients' valuable assets for a long period of time (10–15 years), leading to a certain level of trust.

Built on more than 20 years of experience further deepening our “core skills”.

1 Further strengthen ability to increase property value

- We will further strengthen our planning and realization capabilities to thoroughly consider customer real estate needs and maximize property value. For example, by taking a sustainable approach to commercialization, we have successfully secured a contract for rent at the same level as nearby high-spec offices.
- By providing attractive space for existing tenants, full-scale rent increases are in progress not only for new tenants but for the entire property as a whole at several properties.

2 Diversification of asset types

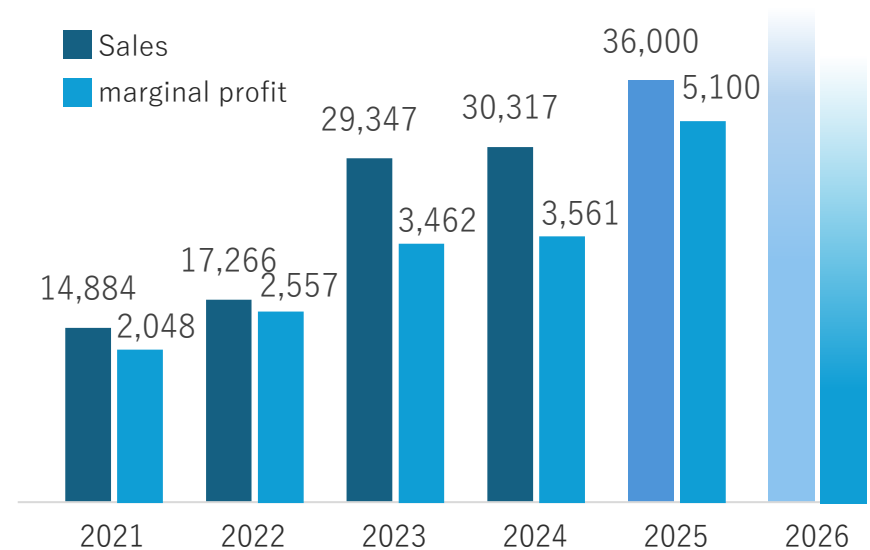
- Completed acquisition of one hotel property in Fukuoka, scheduled to begin operations in the fall of 2025. In addition, plans are underway to acquire a serviced apartment hotel.
- Began operating private accommodations and serviced apartments in properties owned by the company. Diversify assets with a view to maximizing the profitability of properties.

Creation of new business by leveraging the strength of a single building resale

- The single-building income sales market has expanded steadily over a long period of time due to capital inflows from overseas. Even in a booming market, the company has accumulated a stable track record of sales by leveraging its ability to increase property values, which has contributed to further expansion of opportunities for future purchase creation (profit-earning opportunities).
- Leveraging and enhancing the strength of the single building resale business is an important strategy from the perspective of increasing the “basic strength” for promoting and strengthening other businesses.

Domestic Single-Family Income Property Sales Business Sales and Marginal Profit Results and Assumptions

(Unit: million yen)



The “core skills” of a single building resale business
Capturing diverse customer needs and achieving diverse property value enhancement

Area expansion

- Overseas
- Osaka / Fukuoka

Creation of exits

- Smaller products
- Office classification

Asset Diversification

- Storage Stations
- Hotels

Case
study
①Stores and office buildings
Hatchobori Project ②

Although the building is conveniently located about a 15-minute walk from Tokyo Station, rent growth was sluggish for the 35-year-old offices with general furnishings, and two of the seven floors were vacant. The property was renovated into a setup office with an eye toward relocating a foreign company from a location lined with multinational restaurants. We succeeded in signing a lease at a market rate equivalent to that of high-grade office space in the surrounding area.

**Before
repair**

The offices have general carpet tile specifications. Common areas are also in a state of age commensurate with the age of the building.

Renovation to “Lignification x Wellness Office” to approach social issues and improve the profitability of the property

The social significance of the project and the thoughts of employees are communicated through video content.

Wellness office with a real wood feel" by A.D. Works

Chapter 1 : prologue

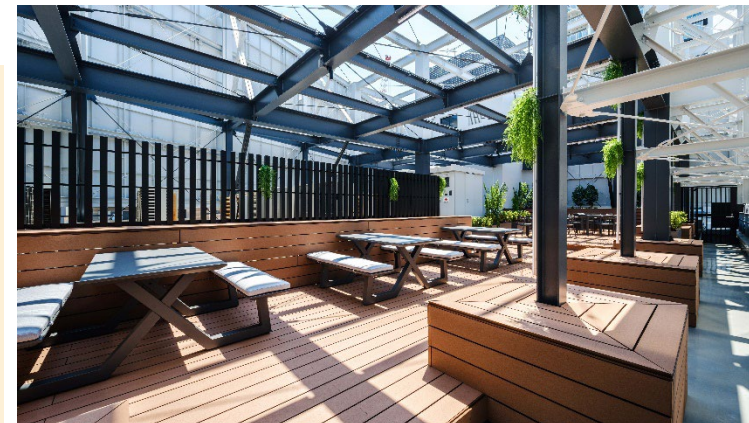
<https://youtu.be/amlKVe3PxpE>

Chapter 2 : SetUp

<https://youtu.be/kbc2mOW-1RA>

Chapter 3 : Complete

https://youtu.be/lyKJBNO_t0



Case
study
②office building
Shinsaibashi Project ②

This office building is a 6-minute walk from Shinsaibashi, the center of Osaka. The first and second floors of the building were maisonettes, a special type of building, but by combining the image of office users' circulation and recycled materials used "repeatedly," an unusual maisonette-type setup office was completed. The building was reborn as an office that does not show its age.

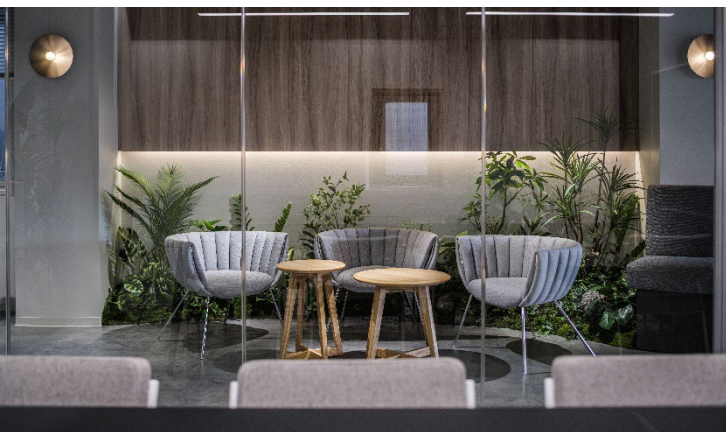
**Before
repair**

An inorganic space illuminated by fluorescent lights. There are few windows, giving it a feeling of being closed in.



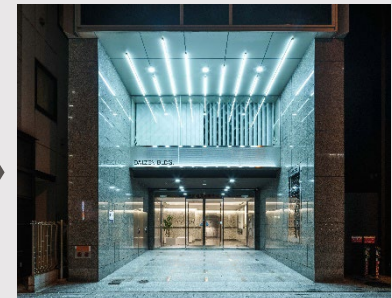
Our first set-up office in the Osaka area Long-lasting “SDGs office” to reduce restoration costs

Proactive introduction of sustainable materials with a focus on design
for high quality spaces.



Keep what works. “Dye it again” value up.

The entrance, which had the feel of a traditional office building, was given a stylish, modern image by replacing the lighting and nameplate. The part to be left is to be kept and utilized. This is ADW's style of attention to detail.



Leverage existing business sales channels Already started selling the first product

Full-scale sales activities for the office classification product ARISTO PLUS will begin in June 2025. The first product is ARISTO Kanda, a property developed by the company. In the future, the company aims to expand purchasing opportunities by considering the commercialization of office space in existing buildings.

- Effective use of financial product sales channels such as regional banks and accounting firms nationwide, cultivated through the small-lot real estate business
- In addition to the features of small-lot real estate products, advantages of borrowing availability and indefinite investment period
- Aiming for growth to 30 billion yen in sales by 2035

株式会社エー・ディー・ワークスが持つ

全国**500**社以上の
金融商品販売チャネル



不動産小口化商品

- 平均単価1,500万円
- 現金での購入
- 運用期間10～20年



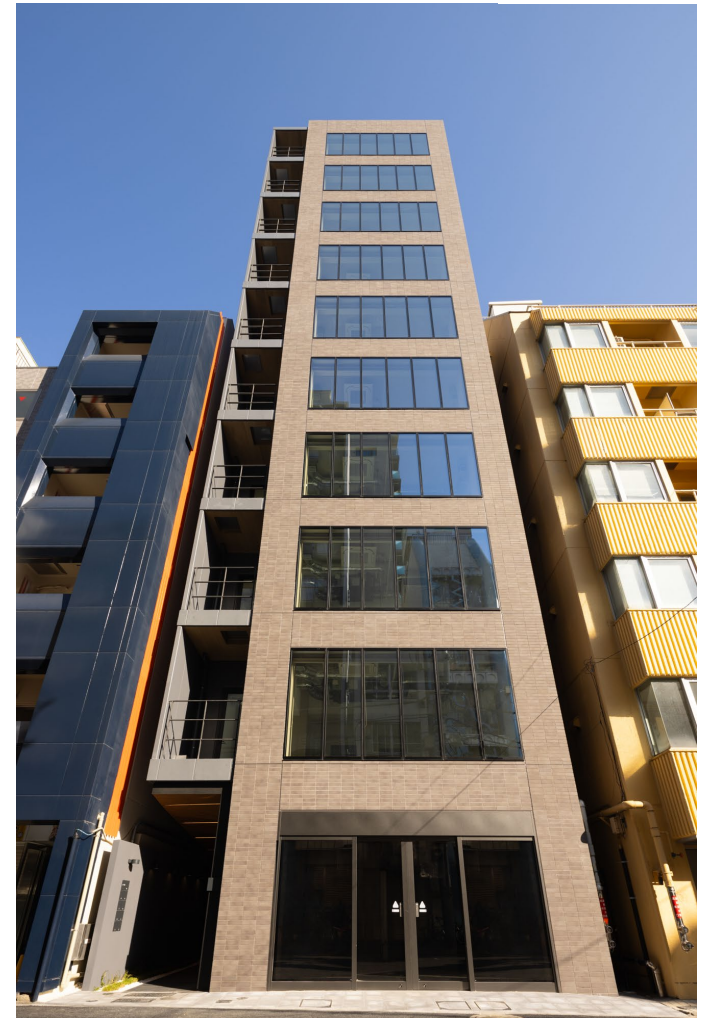
NEW オフィス区分商品 2025年6月 販売開始予定

- 単価1億～3億円
- 借入の利用が可能
- 運用期間は無期限



更なる商品を検討中

No. 1 Product
ARISTO Kanda ARISTOPLUS



Smaller sites for speedy business development Grid storage facility business essential for renewable energy diffusion

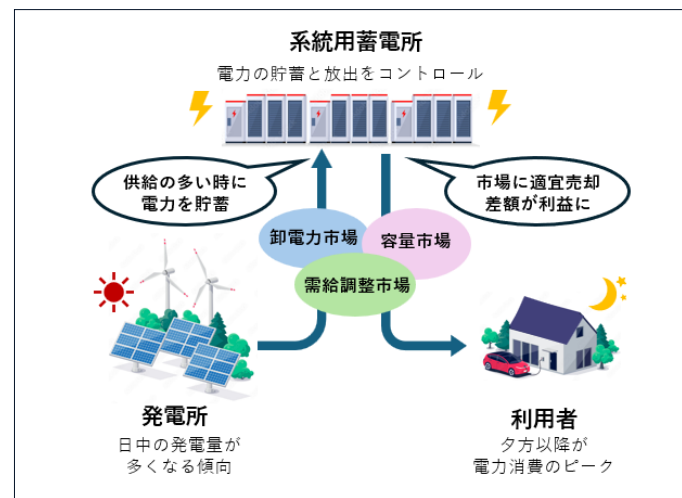
Entering the grid storage power plant business by acquiring the land for the first base in March 2025. The grid storage facility business is expected to generate stable income from the sale of electricity. Since it takes about 3 years to develop a large site, we plan to speedily develop the business by focusing on relatively small sites that will be ready for operation in about 1 year. The goal is to acquire land for up to the third site by the end of this year.

- Entering a growing market based on the national energy master plan
- Planning to establish a position and seize business opportunities by entering an immature market at an early stage
- Completed the acquisition of the first project. The speedy entry into the market has been successful, and information on good procurement deals tends to be concentrated.

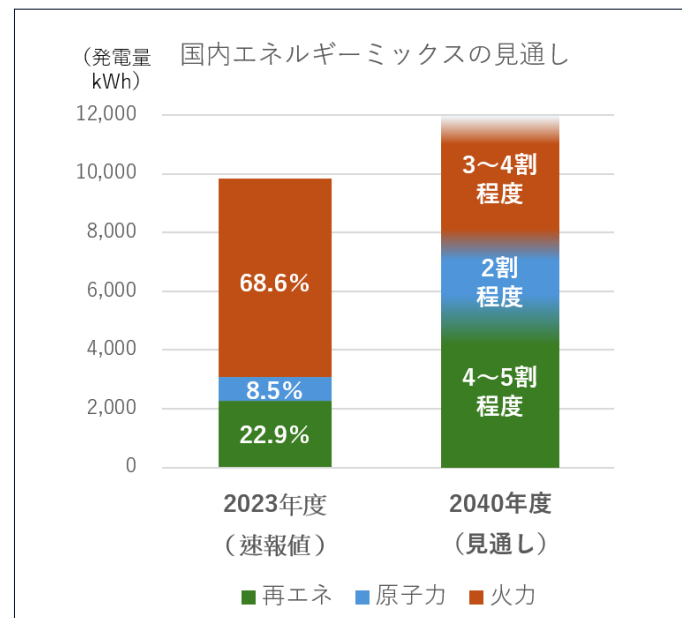


First site in
Matsusaka City, Mie
Prefecture Scheduled
to begin operations in
January 2026

イメージ図



▲How the Grid Energy Storage Plant Business Works



▲Compiled by the Company from "The Seventh Basic Energy Plan" by the Energy Agency.

Real estate crowdfunding business growing at double the market size Profit-making real estate professionals are fully prepared and plan to launch by the end of the year.

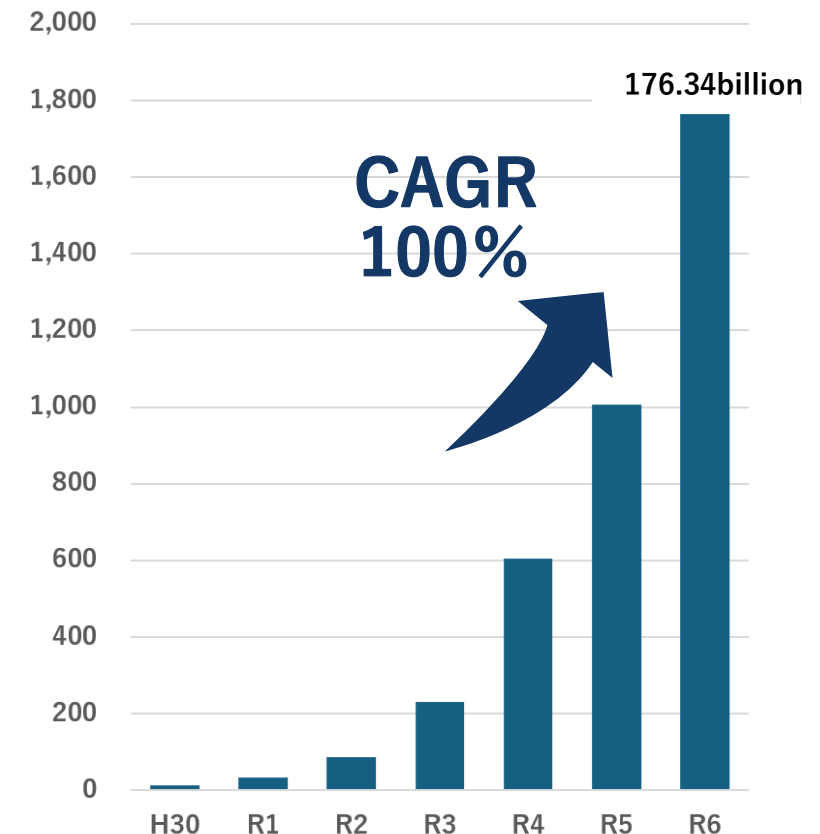
The company is currently preparing for the real estate crowdfunding business and plans to launch the new service by the end of this year. Licensing procedures and the acquisition of properties to be used as products are in progress. The real estate crowdfunding service, which can be completed entirely online from recruiting investors to distributing profits, targets a mass audience and is expected to expand its customer base because it allows investors to invest as little as 10,000 yen. The company aims to provide highly reliable operations and services by leveraging the volume of information and real estate connoisseurship that comes from more than 20 years of experience in the sale and purchase of income-producing real estate.

- Entering a market that has been growing at double the rate since the legal framework was established.
- Offers extensive expertise in the sale, purchase, and value-up of income-producing real estate and a high level of security due to being a prime TSE-listed company.
- Plans to convert to a non-asset business by acquiring additional licenses within the next few years.



Changes in investment amounts in real estate crowdfunding

(Unit : 100 million yen)



▲ Prepared by the Company based on the Handbook for Promoting the Utilization of Real Estate Specified Joint Enterprises (July 2025).

Measure (1)

Thorough training for managers

- Conducted training for managers by layers of department managers and assistant managers/section managers. Implemented programs to effectively practice 1-on-1 MTG, which was institutionalized this fiscal year, and to improve the effectiveness of goal setting and feedback.
- In addition to a thorough 3-hour x 6 training program, on-site practice was promoted to ensure that skills were firmly established.

Measure (2)

Leadership camp for managers

- In May and June, a two-day and one-night leadership camp for managers was held. All managers participated, with 30 participants each time, for a total of over 60.
- The camp started with frank discussions on organizational issues, compared strategies of other companies with those of the company, and reconfirmed the role of managers in improving company-wide engagement. Management policies were better understood and the corporate culture became more conducive to higher growth.

Employee engagement has increased and turnover has decreased dramatically through the development and implementation of the 北極星 (Purpose)

Realization of low turnover

of 54 professional employees up to the 7th year after graduation who are enrolled at the time of the formulation of the 北極星(Purpose) (as of July 2024)

0" employees have left the company since the establishment of the Arctic Star.

Time invested in management training Approx. 1,900 hours (31 hours/person x approx. 60 participants)



Time invested in leadership camps Approx. 1,200 hours (20 hours/person x approx. 60 participants)

In the first half of the year to managers Growth Investments 3,100 hours + α

High fixed percentage Sales Compensation System (Prevent incentives to go after sales aggressively)

Satisfaction with management policy

Strong awareness of mission to sell good quality products appropriately

Sense of social significance

Sense of growth

Development of operations manual and training programs

Each measure continues to be thoroughly implemented with use of the PDCA cycle to maximize the effectiveness of measures

Motivating environment for employees



Good human relations

Members-only information sharing meetings 1-on-1 MTG with supervisor

Compensation system

Fair rating system

Highly satisfactory sales evaluation system An evaluation system that celebrates challenges



Kayo Sakai
A.D.Partners
deputy director, PM Part1

I believe that the first step toward “total optimization” is to be aware of the North Star (Purpose), communicate across departments, and understand each other’s thoughts and backgrounds. I believe that by strengthening cooperation between departments, we can achieve higher growth than we are now. First of all, I will take the initiative to collaborate beyond the “frame” of divisions, and from a higher perspective, I aim to create a strong organization in which my division and other divisions can grow together. Translated with DeepL.com (free version)



Tetsuo Yamada
A.D.Works
General Manager,
Information Development Division

We believe it is important to promote the growth of our human resources in order to realize our vision for the next nine years. To enable employees to proactively draw career plans with a view to their own growth, we have considered the skills and mindset to be acquired for each grade and deployed them within the division. By visualizing what each individual needs to do to improve, we will develop human resources who can think and act on their own initiative, leading to the growth of the entire company. Translated with DeepL.com (free version)



Anna Kikuchi
A.D.Works Group
Deputy General Manager,
Human Resources Department

From the first half of 2025, we have revamped our personnel system and introduced an evaluation system with “human resource development” as its main focus. Believing that drawing out the strengths of each individual directly leads to corporate growth, we have initiated training for managers and 1-on-1 sessions, with the aim of improving organizational capabilities over the medium to long term. By linking management strategies with human resource strategies, we are helping both the company and its employees make strong strides toward growth. Translated with DeepL.com (free version)



Hirofumi Yamaguchi
A.D.Works Group
Deputy General Manager, Corporate
Communications & Investor Relations

After the leadership camp, I felt that confidence had grown among managers that the “20 billion yen in pre-tax income” and “40% B to C market share” in 2034, as stated in the vision, are attainable. As the momentum to seek higher growth is growing, I would like to further increase the fire lit in the hearts of employees by focusing on internal IR as PR/IR and promoting the penetration of management policies and growth strategies.

| Appendix

| Overview of Financial Results for 2Q of FY2025 (Details)

Large YoY increase in sales and income

(Unit: million yen)

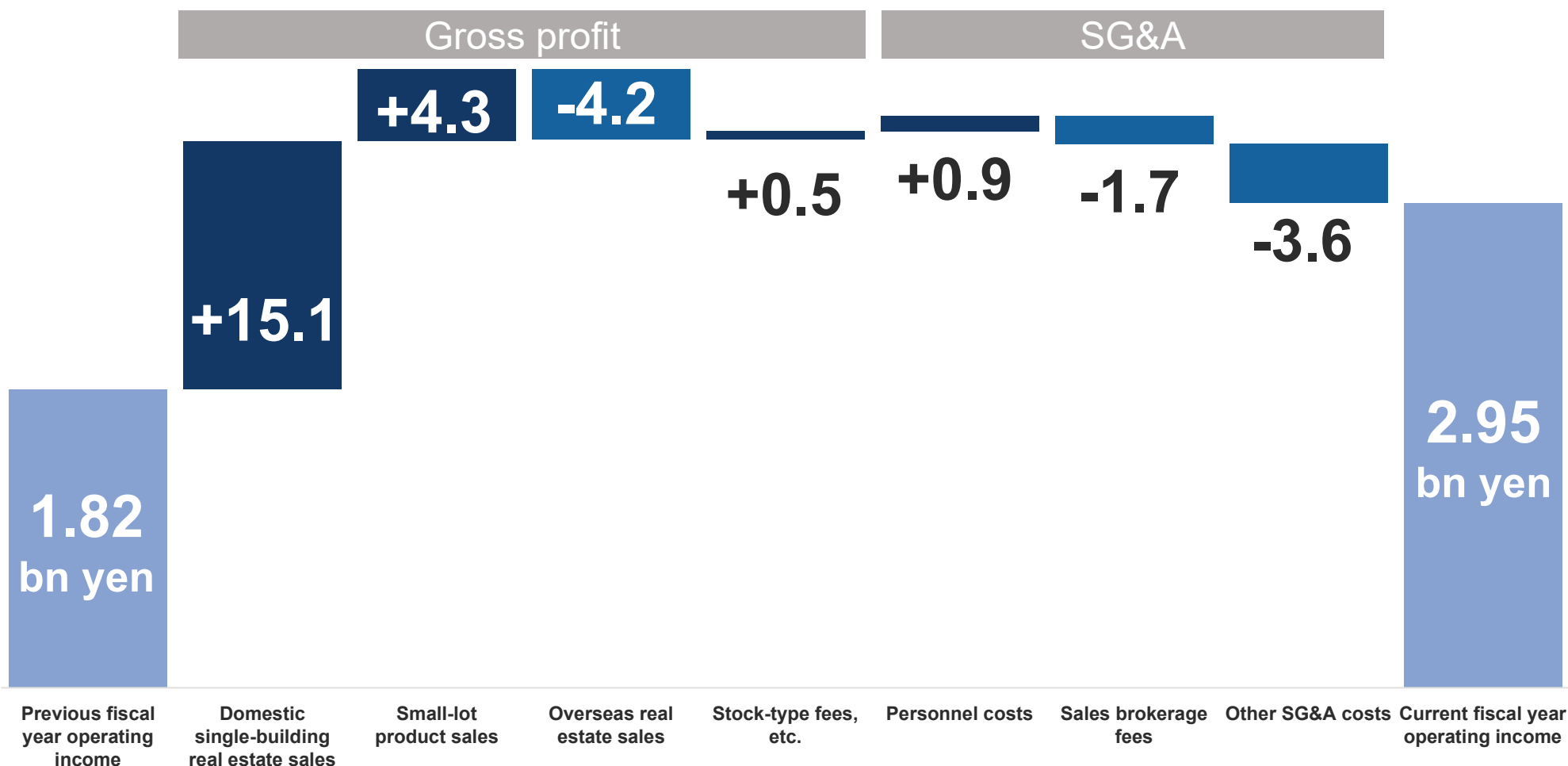
	FY2025 Q2 (Results)	FY2024 Q2		FY2023 Q2	
			YoY		Vs. two years ago
Net sales	32,965	20,814	158.4%	19,145	172.2%
Operating income	2,954	1,820	162.3%	1,369	215.8%
Income before taxes	2,569	1,467	175.1%	1,284	200.1%
Net income *	1,607	915	175.5%	864	185.9%

*Net income attributable to owners of parent

Domestic single-building renovation and sales and small-lot real estate product sales drive strong performance

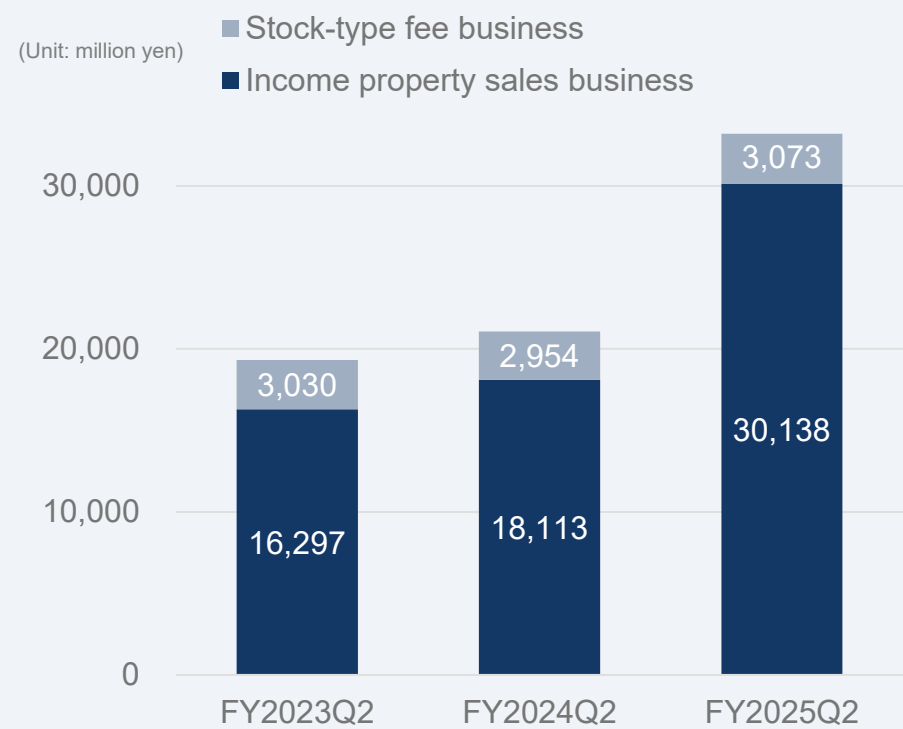
Loss on valuation of inventories of 0.43 billion yen was recorded in Q2 due to deterioration of the real estate trading market in Los Angeles

All new valuation losses have been factored into the upward revision. Overseas strategies will be disclosed again in the full-year financial results

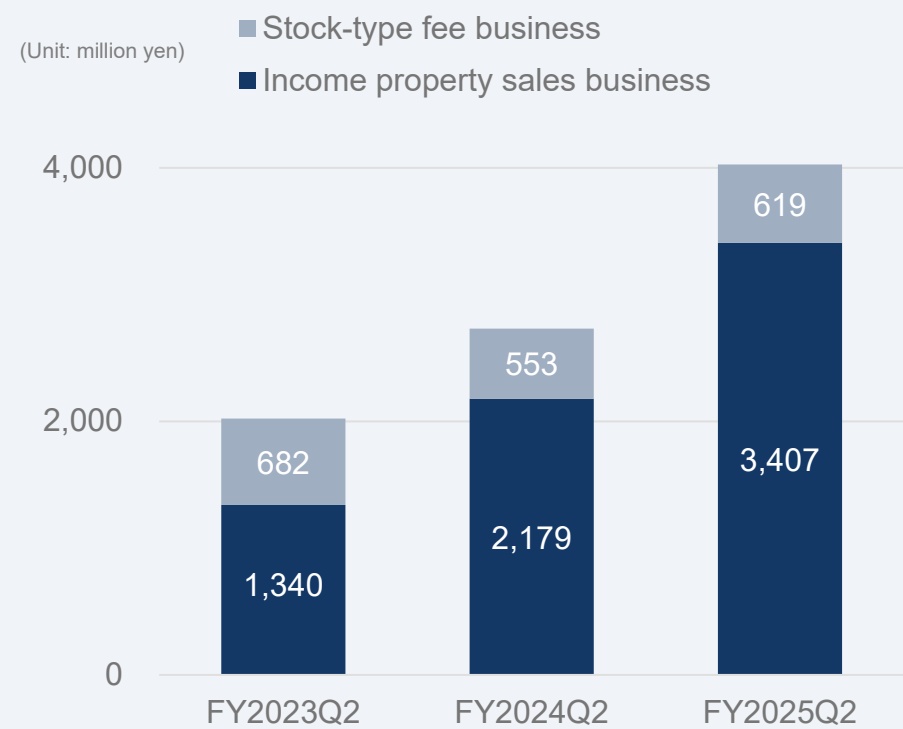


Income property sales business driving performance growth

Fluctuations in net sales (by segment)



Fluctuations in operating income (by segment)

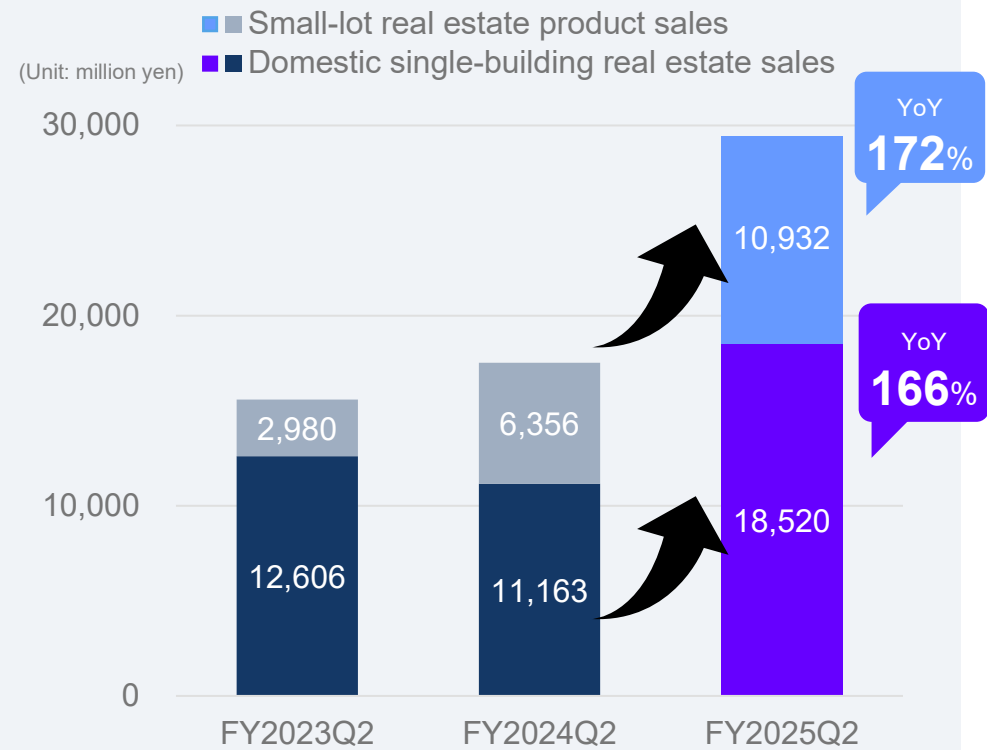


*The figures shown here include figures related to internal transactions

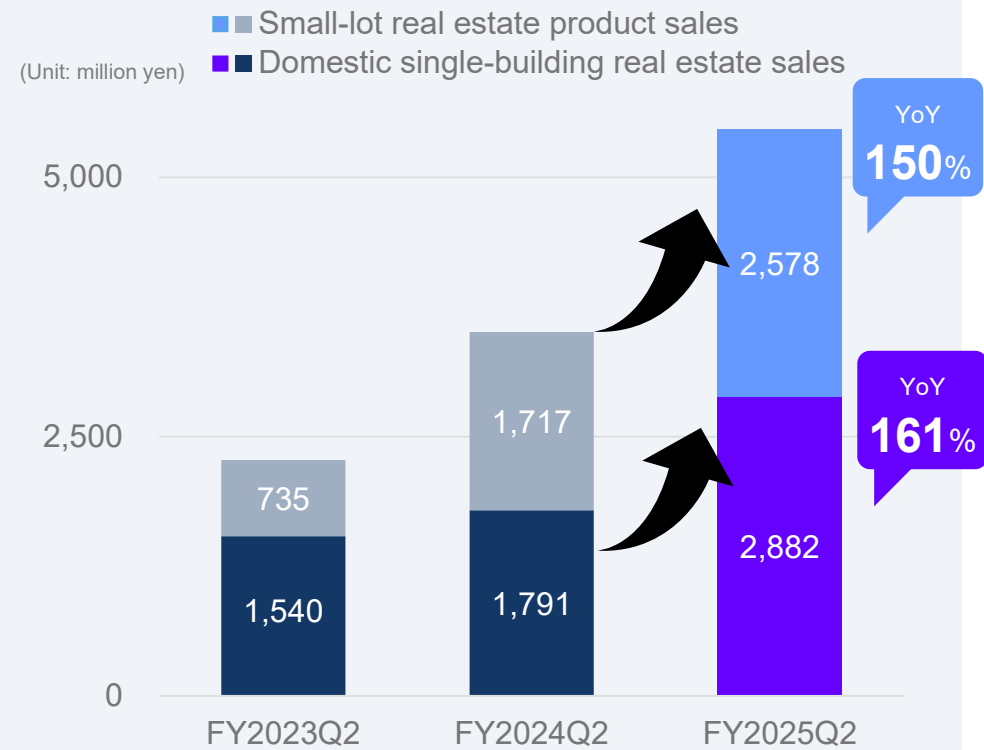
The small-lot real estate business, which showed remarkable growth in Q1, continued to sell well in Q2

Domestic single-building renovation and sales business grew significantly in Q2

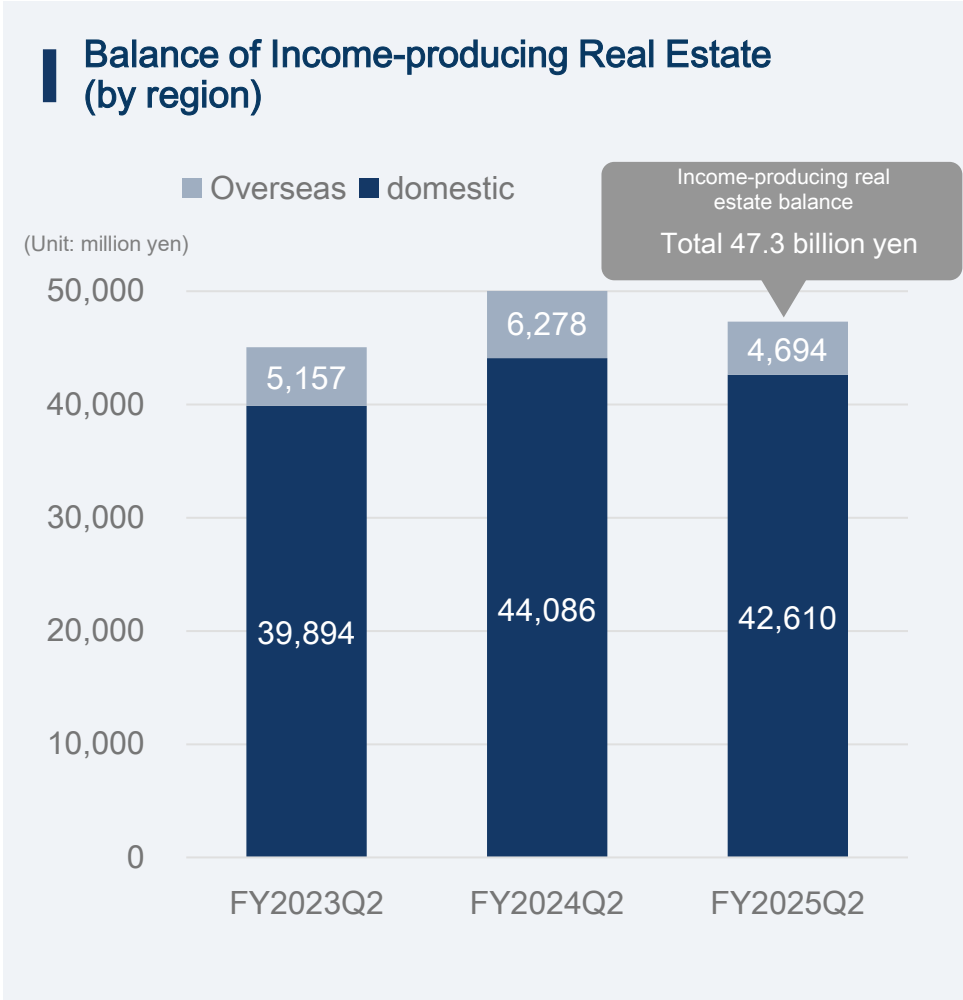
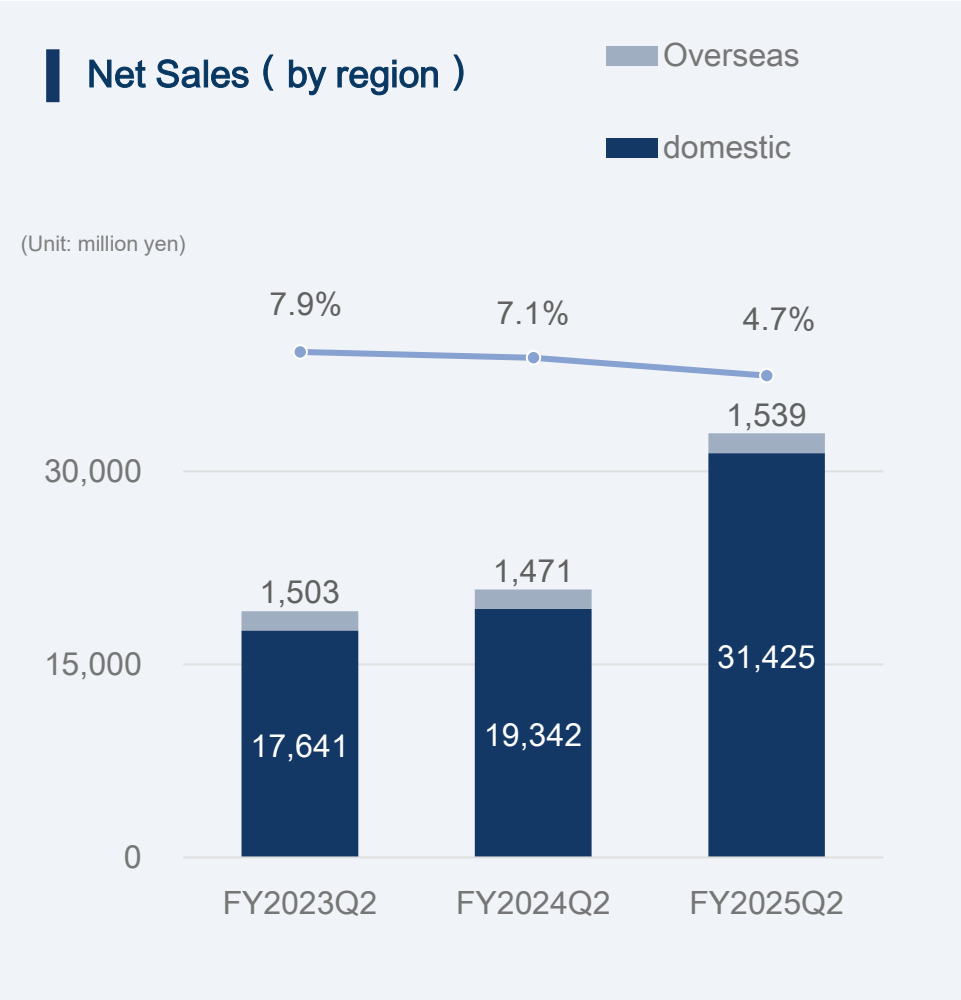
Trend in net sales
(breakdown of domestic income property sales)



Trend in gross profit
(breakdown of domestic income property sales)



Due to continued high interest rates in the U.S., overseas purchasing and sales activities will be pursued cautiously. Improved total asset turnover resulted in higher revenues and income even with the same level of real estate balance.



Capital adequacy ratio of 32.2%, stable against the target of 30%.

As of December 31, 2024

(Unit: million yen)

cash on hand and in banks 10,129	current liabilities 10,136
Other current assets : 2,014	
Income-producing real estate balance (for sale) 36,557	fixed liabilities 30,912
Income-producing real estate balance (for rental income purposes) : 8,904	net assets 18,761
Fixed assets, etc. : 2,203	

Total assets: 59,809 million yen

As of June 30, 2025

(Unit: million yen)

cash on hand and in banks 9,660	current liabilities 10,978
Other current assets : 2,084	
Income-producing real estate balance (for sale) 38,086	fixed liabilities 30,615
Income-producing real estate balance (for rental income purposes) : 9,217	net assets 19,802
Fixed assets, etc. : 2,347	

Total assets: 61,396 million yen

(Unit: million yen)

	FY2015 (Fiscal year ended March 31, 2015)	FY2016 (Fiscal year ended March 31, 2016)	FY2017 (Fiscal year ended March 31, 2017)	FY2018 (Fiscal year ended March 31, 2018)	FY2019 (Fiscal year ended March 31, 2019)	FY2020 (Fiscal year ended March 31, 2020)	FY2020 (Fiscal year ended December 31, 2020)	FY2021 (Fiscal year ended December 31, 2021)	FY2022 (Fiscal year ended December 31, 2022)	FY2023 (Fiscal year ended December 31, 2023)	FY2024 (Fiscal year ended December 31, 2024)
Net sales	10,735	15,733	18,969	22,299	24,861	24,687	16,840	24,961	27,856	41,342	49,910
Income before taxes	539	650	835	924	1,043	933	432	650	910	2,066	2,547
Net income	333	426	540	584	663	625	264	312	527	1,419	1,610
Net assets	5,478	5,842	6,415	10,152	11,947	13,005	13,216	14,817	15,857	17,166	18,761
Total assets	16,681	17,925	25,832	30,801	30,625	35,468	35,850	42,047	53,359	58,854	59,809
Balance of income properties	12,931	14,551	20,318	22,376	21,229	23,118	24,682	28,914	41,476	44,798	45,461
ROE	6.1%	7.5%	8.8%	7.0%	5.9%	5.0%	2.7%	2.2%	3.5%	9.0%	9.5%
ROIC	3.6%	3.8%	3.9%	3.1%	3.4%	3.1%	2.0%	1.8%	2.2%	4.0%	4.4%
Number of employees	99	115	136	146	167	185	195	207	219	232	240

※1:ROE: Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

※2:ROIC: (Net income attributable to owners of parent + interest expenses + borrowing fee) / (balance of average shareholders' equity + balance of average interest-bearing liabilities)

Growth Strategies to Enhance Corporate Value

(Cites material released on February 13, 2025)

Growth Strategies to Enhance Corporate Value



A.D.Works Group Co., Ltd.

Hideo Tanaka, President and CEO

February 13, 2025

Code number: TSE Prime 2982

Inquiries: Taizo Muroya, Director, Executive Officer and General Manager, Group Strategy Division

Phone number: 03-5251-7641



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01 Introduction

In August 2024, the Group formulated its long-term management guidelines, 北極星 (Purpose) , Vision and Values.

After a year of discussion with the participation of all employees, we determined that the Group should aim to “re-dye the world in vivid colors with flexible creativity that transcends boundaries”—this is our 北極星. Setting this direction enabled the Group to accelerate its management speed, and we are now considering and implementing various measures to achieve the vision that we set at the same time of 20 billion yen in income before taxes and a 40% share of BtoC by 2034.

The Group's performance reached record profits for two consecutive fiscal years, with income before taxes of 2,066 million yen in FY2023 and 2,547 million yen in FY2024, compared to 910 million yen in FY2022. The small-lot real estate business, which started in 2018, took a big leap forward in the previous fiscal year, and it has grown into a core business, together with the single-building renovation and sales business, and will continue to achieve significant growth into the future.

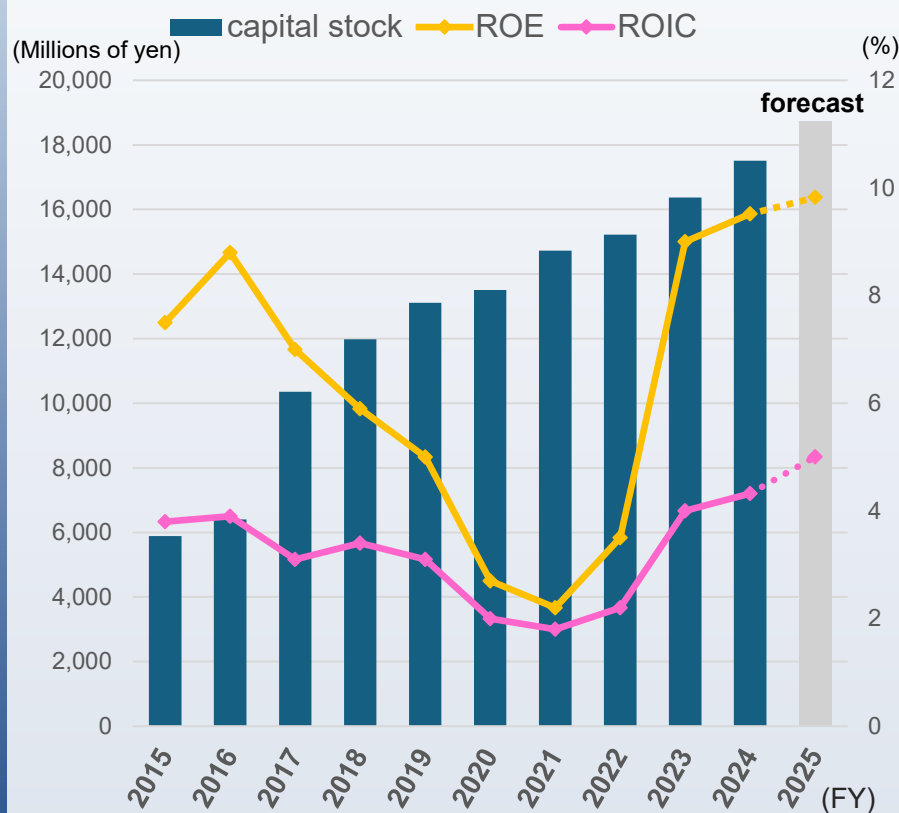
However, as of December 31, 2024, our P/B ratio was 0.5x, and we recognize that we face a significant challenge in improving our corporate value. To resolve this issue, we have formulated the Growth Strategy for Enhancing Corporate Value with a strong desire to face the issue of increasing corporate value head-on. In formulating this strategy, we have incorporated the opinions of outside experts, analyzed the current situation, identified issues, and laid out measures to resolve these issues.

We hope that you will continue to support us as we meet the expectations of our stakeholders and society at large. We will continue to focus squarely on improving our corporate value.

02 Current situation analysis –P/B ratio and P/E ratio analysis–

At the end of 2024, the ROE stood at 9.5%, while the P/E ratio was 6.3x and the P/B ratio was 0.5x.

Shareholders' Equity and ROE/ROIC

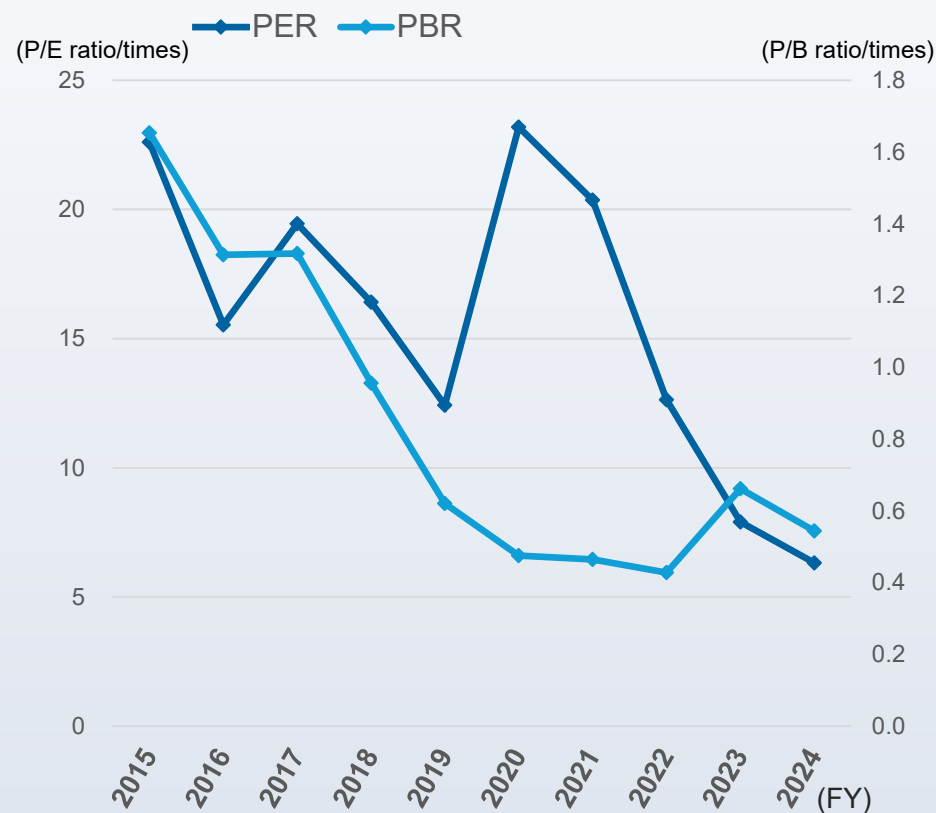


* FY2020 is an irregular nine-month period from April 2020 to December 2020.

* 1:ROE Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

* 2:ROIC (Net income attributable to owners of parent + Interest expenses + borrowing fees) / (balance of average shareholders' equity + balance of average interest-bearing liabilities)

Changes in P/E ratio and P/B ratio



02 Current Situation Analysis –Review of ROE Targets–

Since our first medium-term management plan, released in May 2021, we had set targets for shareholders' cost of equity and ROE of 8%.

On the other hand, the P/B ratio as of December 31, 2024 was 0.5x, even though the ROE was 9.0% and 9.5% in 2023 and 2024, respectively, exceeding the 8% target set for shareholders' cost of equity and ROE in 2022, due to earnings growth from 2023 onward.

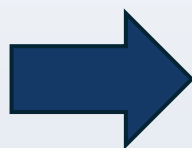
Based on the above analysis of the Company's situation, as well as a comparative review of the P/B ratio and ROE of competitors in the same sector (single-building renovation and sales sector and small-lot real estate products sector) and a comprehensive consideration of the market environment and other factors, including rising interest rates, we recognize that the Company is currently facing challenges in terms of the return on assets and ROE.

Going forward, we will take all possible measures to improve ROE to 13–14% or more by 2027, accelerate growth, and reduce shareholders' cost of equity by taking a serious look at increasing corporate value.

ROE Target

Previous target

8%



Future target

13–14%

We aim to achieve ROE of 13–14% by 2027.

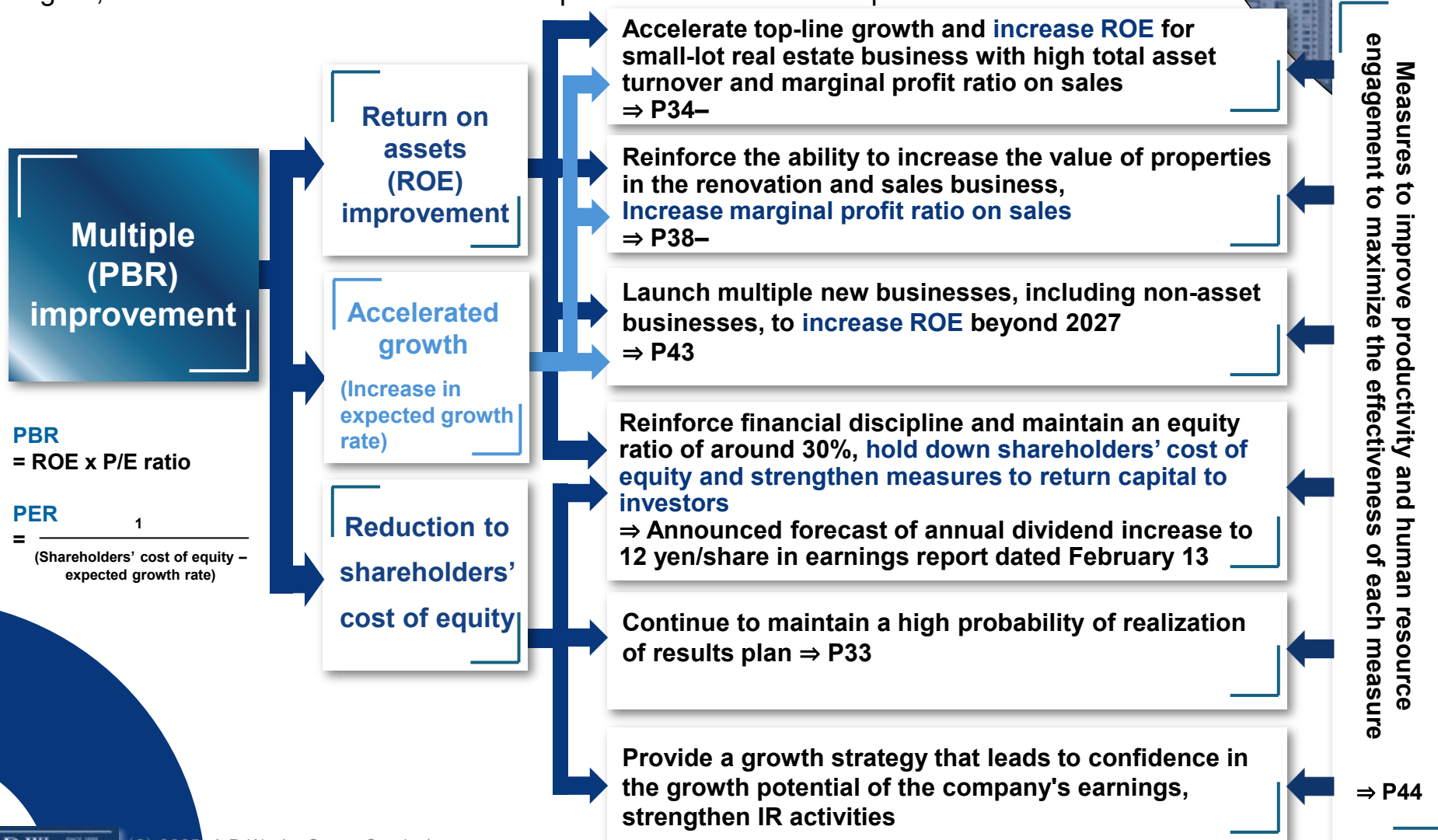
ROE 9.5% < Future ROE target 13–14%

(As of December 31, 2024)

(Target by the end of December 2027)

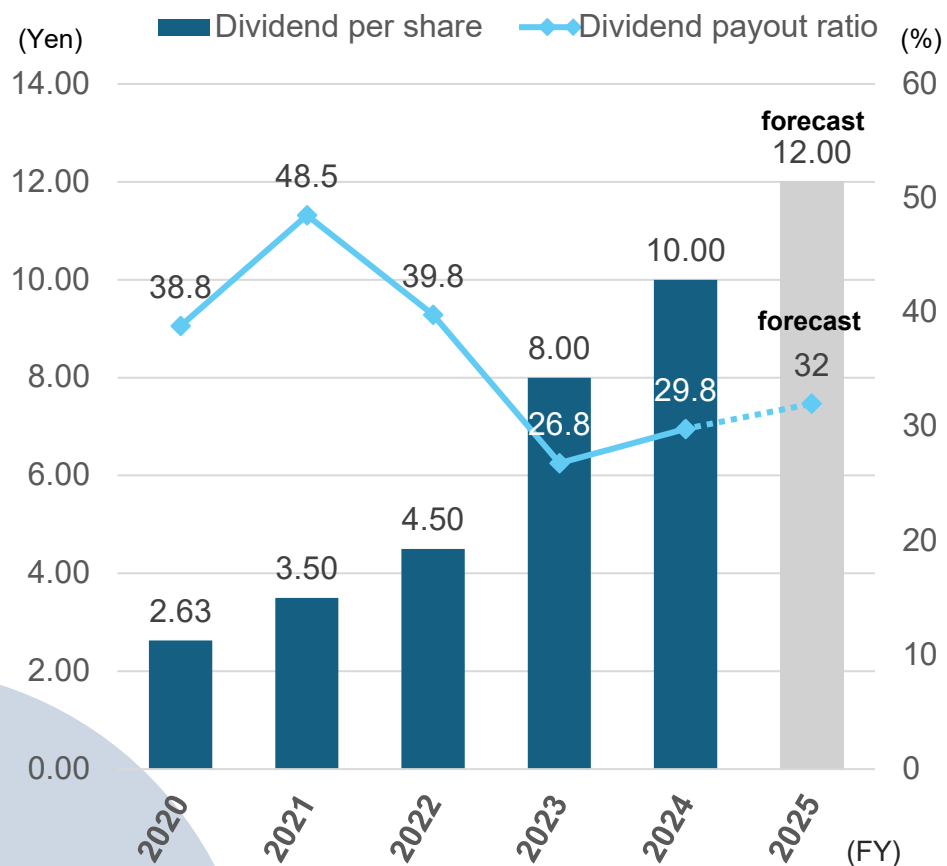
03 Growth Strategies to Enhance Corporate Value

In addition to implementing the following key measures, we will review the ROE/ROIC of each business and will implement business reforms and review our business portfolio. By doing so, we will be able to increase our corporate value at a faster pace.



While considering a balance with growth investments, we expect to provide greater shareholder returns in the allocation of funds.

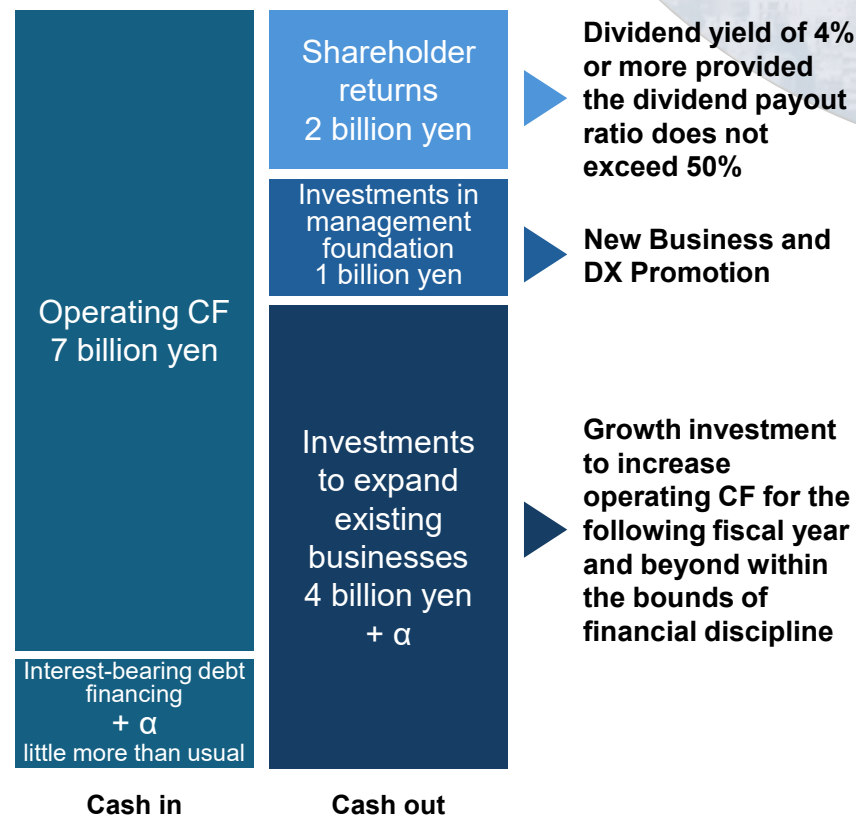
Dividends per share and dividend payout ratio



* FY12/2020 is an irregular nine-month period from April 2020 to December 2020

Capital allocation

FY2024-2026 Plan



03 Growth Strategies to Enhance Corporate Value (Supplement)

High probability of realization of results plan

Over the past 10 years, we have achieved the results plan announced at the beginning of the fiscal year at a rate of nearly 100%.

Going forward, we will not only continue to maintain a high probability of realization of results plan but also aim to achieve results that far exceed the results plan announced at the beginning of the fiscal year. We will face the task of increasing corporate value head-on.

Achievement rate for initial plan

Fiscal period Income before income taxes (Ordinary)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Plan (Bn yen)	0.45	0.50	0.60	0.80	0.90	1.00	0.89	0.40	0.60	0.80	2.00	2.30
Result (Bn yen)	0.45	0.54	0.65	(0.835)	0.924	1.043	0.933	0.432	0.65	0.91	2.066	2.547
(Achievement rate)	100%	108%	108%	(104%)	103%	104%	105%	108%	108%	114%	103%	110%

*1: The figures for FY2013–FY2016 are ordinary income; figures for FY2017–FY2024 are income before taxes.

*2: In FY2016, a gain of 86 million yen from the sale of real estate classified as non-current assets was recorded as extraordinary income. Ordinary income was 748 million yen, but 835 million yen in income before taxes was effectively deemed ordinary income and is listed as the actual results relative to the ordinary income forecast of 800 million yen (no forecast for income before taxes was announced for FY2016).

*3: FY2020 is a 9-month irregular accounting period covering the period from April 1, 2020 to December 31, 2020.



04 Growth Strategies to Enhance Corporate Value (Details) (1)

Accelerate top-line growth in the small-lot real estate business

Business Sale of investment products nationwide that allow clients to own prime real estate from small amounts without the inconvenience of managing the property

We purchase income properties based on thorough market research and legal scrutiny and enhance asset value through construction work to raise value, efforts to attract tenants, and tenant negotiations, and then sell it as a small-lot real estate product with a minimum investment of 5 million yen to investors nationwide through referrals from financial institutions, accounting firms, and other partners. This is a business model that generates revenue.

What is the small-lot real estate product ARISTO?

1 Investments in prime real estate in good locations from as little as 5 million yen

*The minimum investment amount varies depending on the property in question.

2 A.D.Works takes care of all management and administration.

3 Investors jointly own the property in question in proportion to their financial investment.

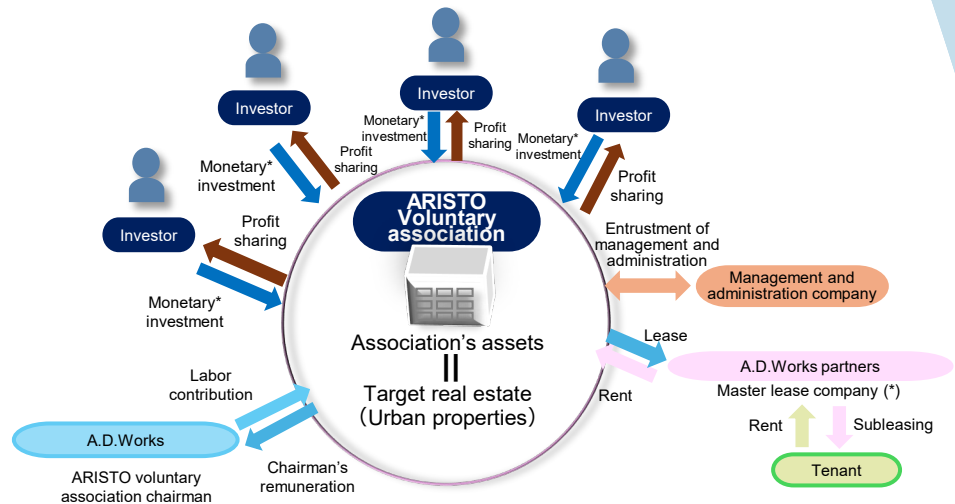
Differences between small-lot real estate products and REITs

	Small-lot real estate product	REIT
Investment Target	Specific real estate	Multiple property replacement
Valuation at the time of inheritance and donation	Valuation under Inheritance Tax Law	Market value
Sale method	Negotiated transaction	Sale on the open market
Price fluctuations	Short-term fluctuations are small	Fluctuations possible

Voluntary Association Scheme

The voluntary association-type scheme for small-lot real estate products under the Act on Specified Joint Real Estate Ventures is as follows.

*Investors will jointly own the real estate in question (land and building) in proportion to their financial investment.



(*) The amount of rent paid by the master lease company to the Association will be determined based on the amount of rent actually received by the master lease company from the tenants, and the master lease company does not guarantee that the Association will receive a certain amount of rental income in the future.

04 Growth Strategies to Enhance Corporate Value (Details) (1)

Accelerate top-line growth in the small-lot real estate business

Supporting factors Significant market growth

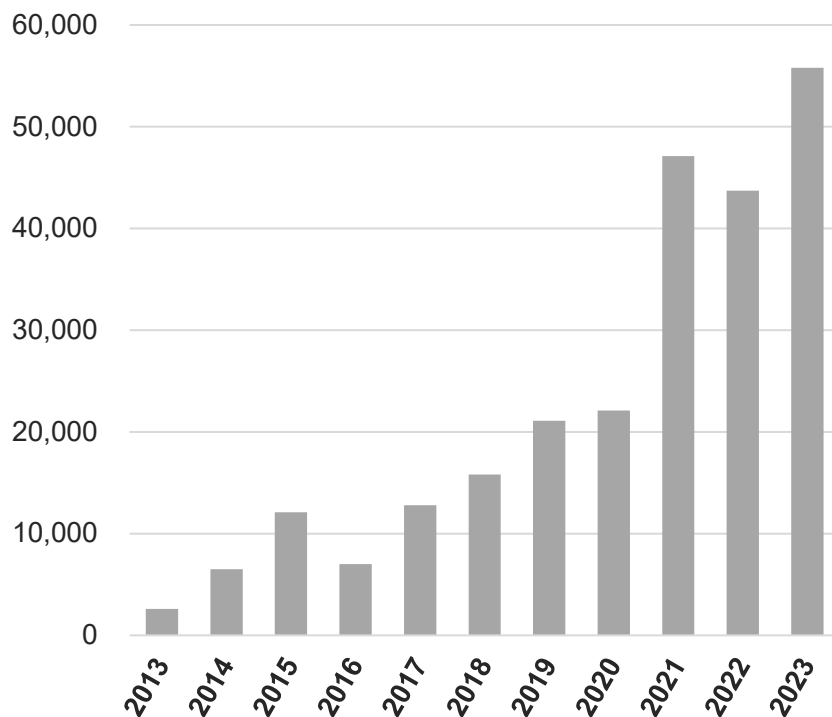
The amount of new investments in specified joint real estate ventures has increased significantly in recent years, and the market is expected to continue to grow.

As the market grows, our sales performance is also growing at a CAGR of more than 50%. (FY2018–FY2024)

We are targeting sales of 20 billion yen (including tax) in fiscal 2025, aiming for further growth over the medium to long term.

Trends in new investment in real estate specified joint enterprises (voluntary partnership type)

(Mn yen)

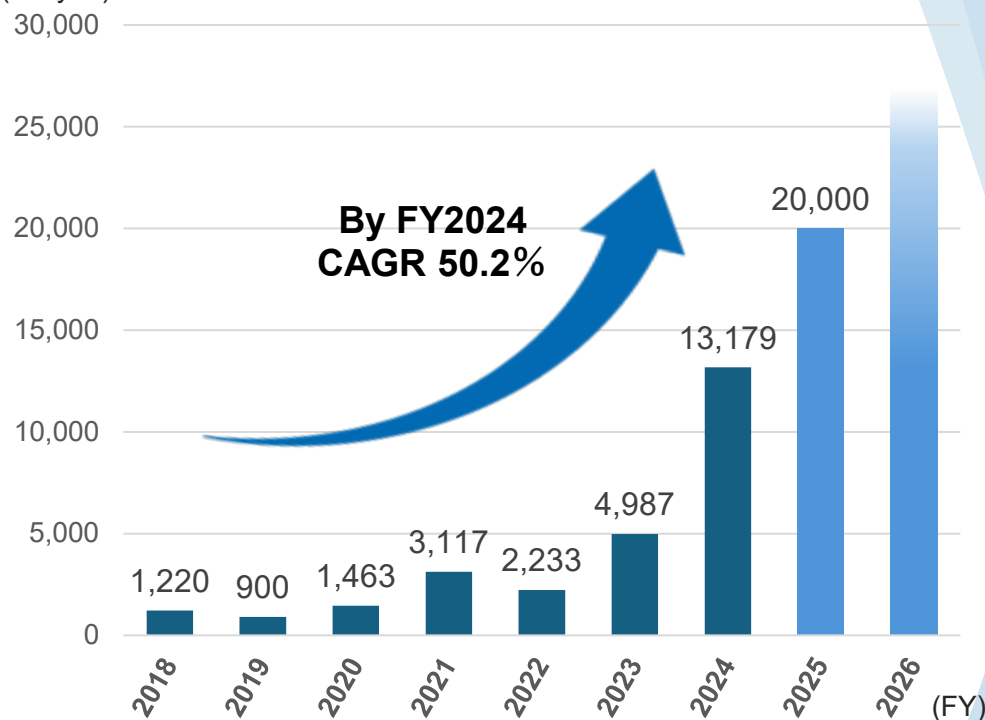


Source: Ministry of Land, Infrastructure, Transport and Tourism, "Handbook for Promoting the Utilization of Real Estate Specified Joint Enterprises" (July 2024)

Sales results and targets for small-lot real estate business

* Sales prices include tax

(Mn yen)



04 Growth Strategies to Enhance Corporate Value (Details) (1)

Accelerate top-line growth in the small-lot real estate business

Strengths (1) Our Unique Competitive Advantage

1 Company specializing in income properties

- With more than 25 staff members specializing in property procurement and more than 20 staff members specializing in commercialization (nine first-class architects and four first-class construction management engineers [as of December 31, 2024]), we have highly specialized personnel. We are able to supply high-quality products through an operation system that is difficult to imitate and **is integrated at a high level with our existing business (single-building renovation and sales business)**.
- The company's impressive reputation among financial institutions, accounting firms, etc. has contributed greatly to sales growth.

2 More than 400 sales channels nationwide

- We receive client referrals from financial institutions, accounting firms, etc. nationwide.
- Sales performance tends to lead to increased trust from sales channels and customers, and since the number of product companies handled by the referring company is limited, we tend to benefit from first-mover advantages and **there is a tendency toward an oligopoly market**.
- In January 2025, **a new organization dedicated to the promotion of major corporate tie-ups was established** to further reinforce the development of sales channels.

3 Thorough compliance management as a listed company

- As a company listed on the TSE Prime market, we have thorough compliance management.
- These are products that handle clients' valuable assets for a long period of time (10–15 years), leading to a certain level of trust.

We are the only company that has the above three strengths and supplies more than 10 billion yen in small-lot real estate products per year. (as of February 2025)

04 Growth Strategies to Enhance Corporate Value (Details) (1)

Accelerate top-line growth in the small-lot real estate business

Strengths (2) Solid investment performance

We properly market quality products to customers nationwide, but our involvement does not end with a sale. We also provide thorough management during the period to ensure that we achieve good investment performance that satisfies investors.

For two straight years in FY2023 and FY2024

**ARISTO Series
Investment Products**

Occupancy rate **99.9%**

Average of all 17 products
Above the assumed
yield at the time of sale

Actual dividend yield **3.05%**

Assumed dividend yield at time of sale
(Average for all products)
(when occupancy rate is 95%-100%)

2.81% to 3.01%

Equity interest sold during contract period is all
Sold at or above the principal amount

Solid investment performance has led to improvements in the branding and sales strength of our products.

Reinforcing the ability to increase property value in the renovation and sales business

Business

An investment product that allows you to own used and renovated real estate with earnings growth potential

We purchase income properties based on thorough market research and legal scrutiny.

This is a business model in which we improve asset value through construction work to raise value, attraction of tenants, tenant negotiations, and corrective work to ensure legal compliance, and then sell them as products that are easy for financial institutions to lend, thereby generating revenues.

Strengths (1)

Competitive advantages built up over 20 years of experience

1 Insight into and ability to purchase income properties

- A sense of trust and a strong network in the brokerage market based on the past 20 years of transaction experience.
- Prompt decision-making made possible through a highly coordinated operational structure with highly discerning members.

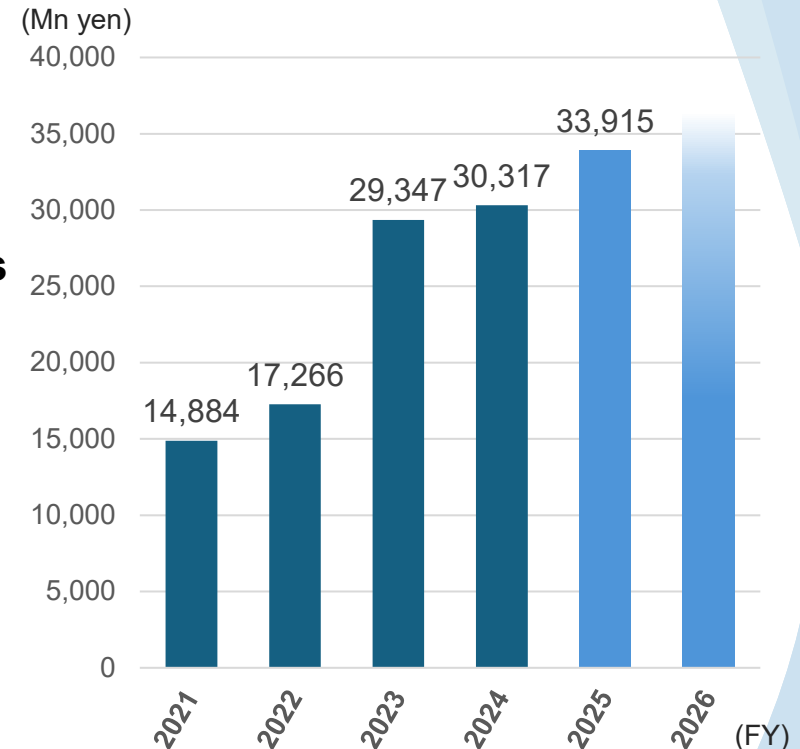
2 Value enhancement that maximizes property values

- High-quality products are produced in a short period of time through high-level cooperation between staff specializing in construction (nine first-class architects and four first-class construction management engineers (as of December 31, 2024)), leasing, tenant negotiation, and legal compliance.
- Our large-scale repair and value-enhancement work receive high praise in the market. We continue to receive business from listed REITs and foreign real estate funds, among others.

3 Sales results and trust

- Our track record in supplying high-quality products has resulted in a sense of security and trust.
- We maintain high profitability by providing thorough property management even after the sale.

Domestic Single-building Sales Results and Targets



Reinforcing the ability to increase property value in the renovation and sales business

Strengths (2)

Further competitive advantages from area expansion and further increase in earnings in the future

Area expansion

In addition to the **Tokyo head office**, the company has established offices in western Japan, including an **Osaka branch and a Fukuoka sales office**. We are expanding opportunities to purchase and sell properties that will have higher marginal profit ratio on sales.

The Osaka branch is achieving remarkable growth, with a high total marginal profit ratio over the last three years at a CAGR of 82%.

The Fukuoka Sales Office, which began operations in January 2025, will increasingly seize opportunities in the Fukuoka area, which is expected to continue to boom into the future.

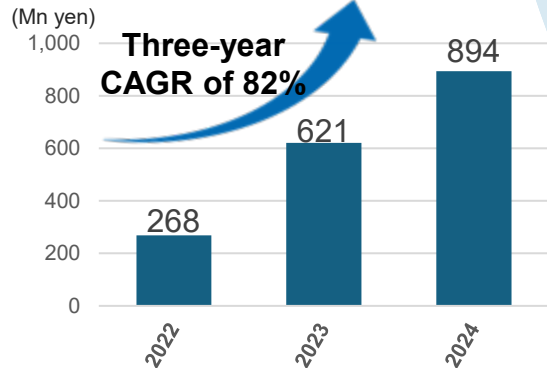
Further increase in earnings (additional value enhancement)

Because we have enhanced value in ways that are valuable to all tenants in the building, including common areas as well as private areas, **existing tenants** have seen an increase in the value of their properties, and we have seen an increasing number of cases where we have been able to significantly increase rents for the entire property beyond what was previously possible.

In FY2024, two properties on which we focused efforts to enhance revenue achieved marginal profit ratios on sales that were more than 6% higher than the overall average.

In the current fiscal year, while going further with our initiatives to provide attractive space for use and demonstrate the social significance of our services, we will carry out measures to increase rent on a full scale at more than 10 properties and strive to improve marginal profit ratio on sales and net income on equity.

Osaka Branch: Marginal Profit Ratio



Strengths (3) Sustainable Commercialization Initiatives

We are promoting sustainable commercialization to add further value and social impact to the socially significant business of revitalizing existing real estate.

Starting from FY2024, a budget will be allocated to cover the expenses of promoting sustainability in the commercialization process. We continue to actively initiate and conduct research to promote sustainable renovation using materials that do not deteriorate easily and recycled materials, and to construct spaces that are comfortable for users.

We are also actively working to acquire environmental certifications, particularly for our development properties.

In September 2024, Orchid Residence Nerima Kitamachi received another CASBEE® real estate evaluation “A Rank” for energy efficiency, conservation of natural resources, etc.

In October 2024, U square Takadanobaba received an award for obtaining LEED O+M GOLD at the LEED Plaque Ceremony within the GBJ Symposium 2024 organized by Green Building Japan (GBJ) and USGBC.

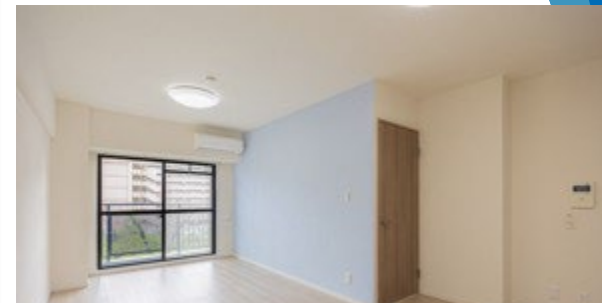
We will continue our efforts to commercialize products that help solve social issues from various perspectives, such as responding to environmental needs and pursuing user comfort.

Examples of A.D.W. Group’s environmental certifications

Year acquired	Property Name	Certification type
Year 2017	AD-O Shibuya Dogenzaka (Development)	CASBEE A Rank
Year 2021	ARISTO Fukuoka Daimyo (Development)	BELS★★★★★
Year 2023	U square Takadanobaba (existing property)	LEED O+M GOLD
Year 2023	ARISTO Aoyama II (Development)	BELS★★★★★
Year 2023	AD-G Shijo-Kawaramachi (Development)	BELS★★★★★
Year 2024	Orchid Residence Nerima Kitamachi (existing property)	CASBEE A Rank



Exterior of Orchid Residence Nerima Kitamachi



Property interior of above building: Damage-resistant materials are used



LEED Plaque Ceremony Awards Ceremony

05 Growth Strategies to Enhance Corporate Value (Details) (2)

Reinforcing the ability to increase property value in the renovation and sales business



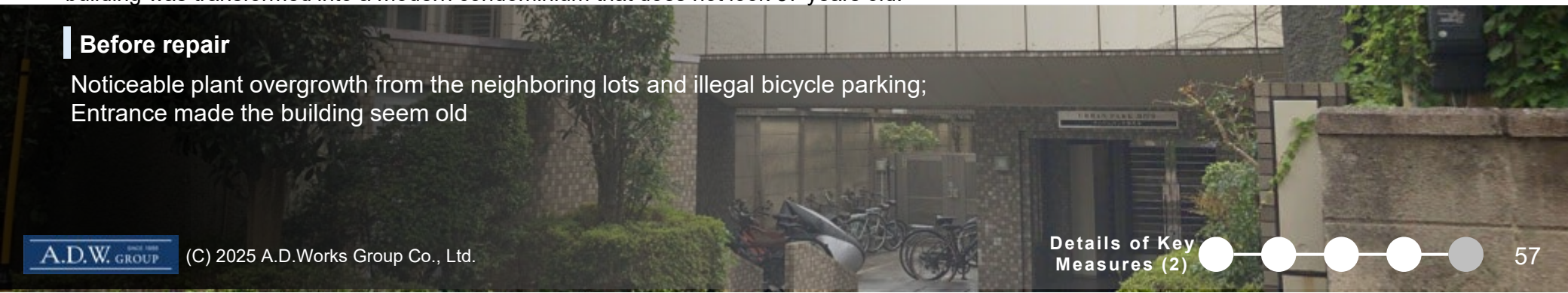
Case 1 Improvement of property value through legal compliance and adjustments to occupancy agreements, as well as updates to the entrance

Koenji (3) Project

Many bicycles were parked in a space that had to be left open for evacuation in case of emergency, but we resolved this situation by providing thorough explanations to each resident who uses the space, amended contracts, and introduced other bicycle parking lots, among other measures, which enabled us to sell the property with safety ensured. In addition, the aesthetics of the entrance and common areas were greatly improved, and the building was transformed into a modern condominium that does not look 37 years old.

Before repair

Noticeable plant overgrowth from the neighboring lots and illegal bicycle parking;
Entrance made the building seem old



05 Growth Strategies to Enhance Corporate Value (Details) (2)

Reinforcing the ability to increase property value in the renovation and sales business



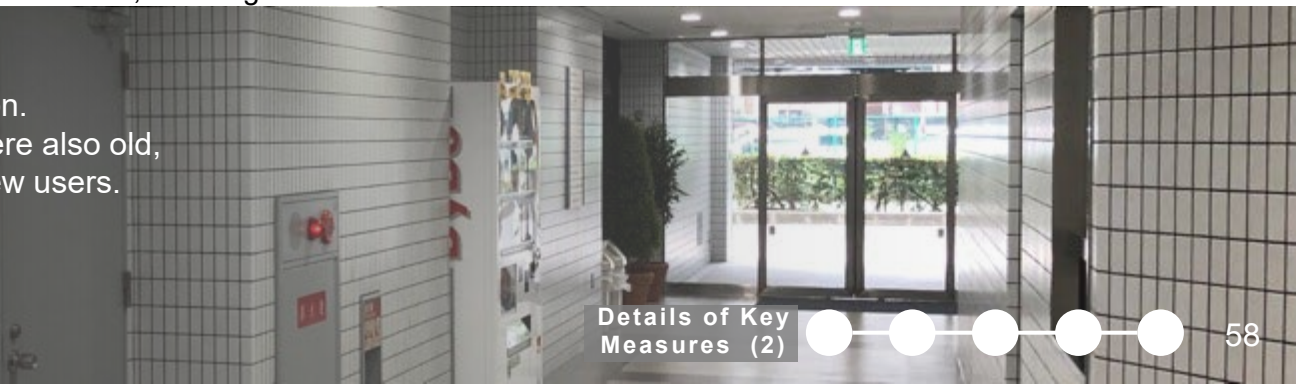
Case 2 Significantly increased revenues by improving the use value with renovations of common areas on all floors

Shin-Osaka ③ Project

The aesthetics of the wide entrance, which determines impressions of the building, as well as the rear entrance were thoroughly improved. In addition, the fixtures in the elevator halls and washrooms on each floor, which are mainly used by tenants, have been replaced to greatly improve user satisfaction. The renovation of the common areas to create a warm atmosphere using sustainable materials resulted in full occupancy at the time of sale, and existing residents agreed to an increase in rent, resulting in a 29.8% increase in rental income.

Before repair

The office building gave an impersonal impression. Common areas and washrooms on each floor were also old, and these conditions made it difficult to attract new users.



06 Growth Strategies to Enhance Corporate Value (Details) (3) Multiple new businesses, including non-asset businesses

We are examining ways to expand our new business portfolio, which will help to increase our corporate value.

Basic Policy for New Business

Utilization of “Our Strengths” x “Growth Markets”

Insight into real estate x Financial
product sales channel

Business expansion
expected

Promotion of non-asset businesses

ROE Improvement

Narrowing down reviewed projects

A total of more than 50 projects were reviewed, including those considered by the Business Planning Office, which was newly established in January 2024, and those proposed in an in-house new business contest.

Three projects that have potential for success and prospects for business expansion are moving into the project preparation phase.

Businesses in the Preparatory Stage

New Business (1)

Real estate crowdfunding business

- Ability to acquire purchases and commercialize them, which is a strength of our domestic and overseas revitalization business
- As with the real estate small-lot business, products based on the Act on Specified Joint Real Estate Ventures
- Business that is expected to generate non-asset business income and dramatically improve ROE

New Business (2)

Office Unit Sales Business

- Sales channels can be leveraged, which is a strength of the small-lot real estate business
- Fewer companies entering this sector
- Office rental demand in central Tokyo has already bottomed out and is on the rise

New Business (3)

Energy storage plant development project

- Entry into growth markets aligned with national policy
- ESG investment business with stable earnings potential
- Advantages in securing optimal sites due to extensive experience with real estate transactions

07 Growth Strategies to Enhance Corporate Value (Details) (4) Measures to Improve Productivity and Human Resource Engagement

We will thoroughly implement measures to improve engagement that will contribute to further value realization and productivity improvement of all employees in order to achieve the 10-year vision in the 北極星 (Purpose) management.

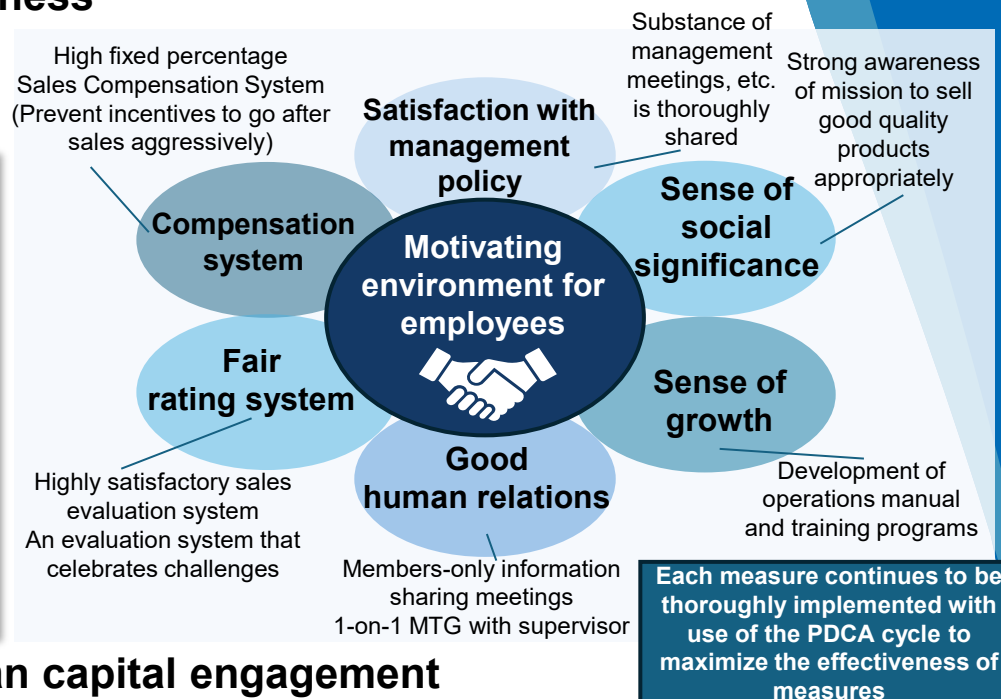
Examples from the Small-lot Real Estate Business

The Company has accelerated measures to create a motivating environment for sales employees and improved sales performance from the second half of 2022 onward.

Of the 26 mid-career and new graduate sales employees (small-lot real estate business) assigned since 2021, only three have left the company (turnover rate: 11.5%).

Measures to create a motivating work environment for employees have contributed significantly to improvements in sales capabilities.

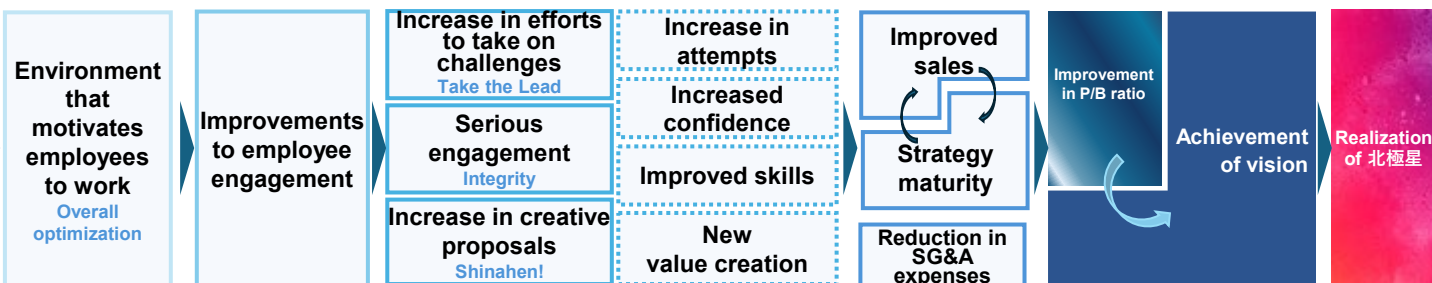
At the same time, we have established a system that can promote appropriate customer-oriented sales and contribute to improving the brand value of our products.



Flow to achieve our vision by improving human capital engagement

Some of the measures being implemented throughout the company

- Company-wide use of 1-on-1 meetings
- Augmentation of various training programs
- Upgrade to values-aligned evaluation and compensation system
- Peer Bonus® Program
- Communication measures



Progress with Second Medium-Term Management Plan

(Fiscal Years Ending December 31, 2024- December 31, 2026)

In the second year of the medium-term plan, growth is expected to significantly exceed the final year plan. While the FY2026 plan has not yet been finalized, it is expected to significantly exceed the revised FY2025 plan (announced August 7). The plan will be disclosed at the time of the FY2025 full-year financial results, while monitoring the progress of new businesses.

(Unit: billion yen)

Consolidated	Second Mid-term Management Plan					
	FY2024 (Fiscal year ended December 31, 2024)		FY2025 (Fiscal year ending December 31, 2025)			FY2026 (Fiscal year ending December 31, 2026)
	Initial Plan	Results	Initial Plan	Revised Plan (1) (Announced 2/13)	Revised Plan (2) (Announced 8/7)	Initial Plan
Net sales	47.00	49.91	52.00	55.00	60.50	58.00
Operating income	3.00	3.21	3.30	3.60	5.00	3.70
Net income before income taxes	2.30	2.54	2.60	2.80	4.00	3.00
Balance of income properties *1	45.00	45.40	46.00	47.00	4.70	50.00
Shareholders' equity	17.51	17.51	18.50	18.70	19.40	20.00
ROE *2	9.2%	9.5%	9.6%	9.8%	13.7%	10.4%
ROIC *3	4.3%	4.4%	4.6%	5.0%	6.4%	4.8%
Human resource productivity "PH gross profit" *4	33 mil yen/person	36 mil yen/person	34 mil yen/person	38 mil yen/person	40 mil yen/person	35 mil yen/person
Financial soundness "Equity ratio"	Approx. 30%	31.3%	Approx. 30%	Approx. 30%	Approx. 30%	Approx. 30%
Shareholder value "EPS" *5	32.95 yen	33.50 yen	36.35 yen	37.02 yen	52.68 yen	41.76 yen

*1 Balance of income properties: Total balance of properties held for sale or rental revenue

*2 ROE: Net income attributable to owners of parent / average shareholders' equity (Figures may differ from net income on equity.)

*3 ROIC: (Net income attributable to owners of parent + interest expenses + borrowing fee) / (balance of average shareholders' equity + balance of average interest-bearing liabilities)

*4 PH gross profit (gross profit per head): Gross profit / average number of employees

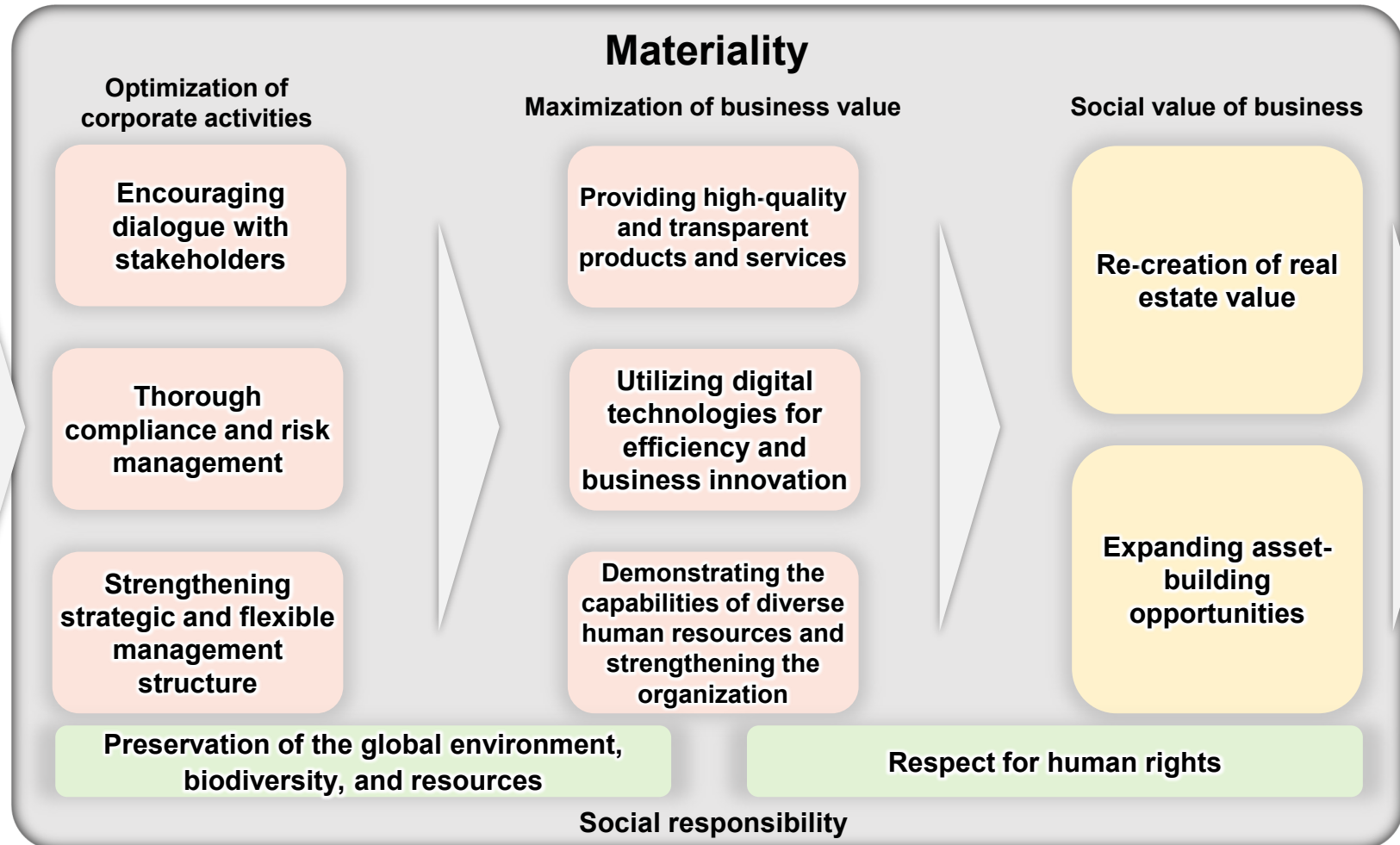
*5 EPS (earnings per share): Net income attributable to owners of parent / average number of shares during the period

| Sustainability

Materiality revised with the development of the 北極星 (Purpose) and Vision

Reason for Being
Values

ワクを超えるしなやかな発創で、世界を色鮮やかに染め直す。



Vision

富の循環を創出し、誰もが心に火を灯せる社会をつくる

Pursuing sustainability from various perspectives, including property value enhancement

Commitment to commercialization that leads to solutions to social issues

Continuing from the previous fiscal year, we have set aside a budget for sustainability promotion expenses in commercialization. We are actively promoting value-up and acquiring environmental certifications in pursuit of sustainability. In addition to initiatives such as the Hatchobori Project “Lumber & Wellness Office” described on page 25, we are actively acquiring certifications for existing properties to clearly demonstrate their environmental performance. We will continue our efforts to commercialize products that help solve social issues from various perspectives, such as responding to environmental needs and pursuing comfort for users.

year acquired	building name	Authentication details
Year 2017	AD-O Shibuya Dogenzaka (Development)	CASBEE A Rank
Year 2021	ARISTO Fukuoka Daimyo (Development)	BELS★★★★
Year 2023	U square Takadanobaba (existing property)	LEED O+M GOLD
Year 2023	ARISTO Aoyamall (development)	BELS★★★★
Year 2023	AD-G Shijo-Kawaramachi (development)	BELS★★★★★
Year 2024	Orchid residence Nerima-kitamachi (existing property)	CASBEE A Rank
Year 2024	U square Yotsuya Sanchome (existing property)	BELS★★★
Year 2025	AD-C Asakusa Kaminarimon (new construction)	BELS★★★★
Year 2025	U residence Mitaka (existing property)	CASBEE A Rank
Year 2025	U residence Ikejiri (existing property)	CASBEE A Rank
Year 2025	U residence Jiyugaoka (existing property)	CASBEE A Rank

Table: Examples of Environmental Certifications at our Company



▲U residence Mitaka . The use of durable materials for repairs is expected to reduce building maintenance costs in the future.



▲Hatchobori Project (Nakarin Auto Building). The building incorporates not only CLT but also fixtures made of recycled materials.

Promoting sustainability also contributes to diverse financing

Our track record of acquiring environmental certifications for our properties and our efforts to measure and reduce greenhouse gas emissions have also led to diverse financing. We achieved funding through “Chiba Bank Green Loan” in March 2025 and “Gunma Bank Carbon Neutral Loan” in June 2025.

| Business Model

1 Income Property Sales Business

In our business model, we purchase income properties in Japan and overseas based on extensive market research and legal examination, and then increase asset value by carrying out construction work to raise its value and attract tenants in order to generate income through their subsequent sale.

Business model: One-Time Sales-type

Fluctuations in sales (by segment)

(Unit: million yen) 30,812 31,536

20,135



Three business characteristics

Properties handled



Focus on residences and offices

Areas of focus



Focus on the Tokyo metropolitan area, Kansai metropolitan area and Los Angeles, California

Strengths



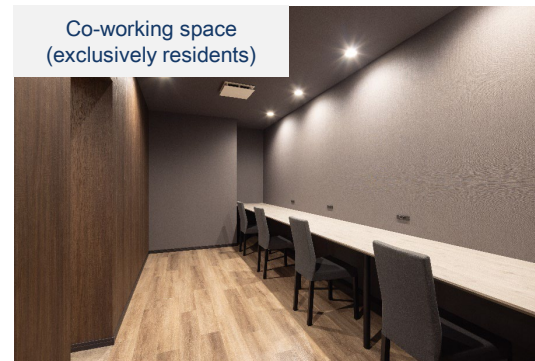
Value-Add Strategy

Example of value-added project : Saginuma Project(Residential real estate)

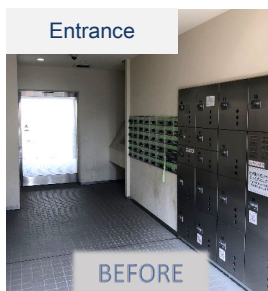
Exterior



Co-working space (exclusively residents)



Entrance



BEFORE



AFTER

Plans tailored to characteristics of property and site and residents' needs

- Former trunk room turned into a co-working space
- Apartments suited for living together with pets

Other

- Large-scale repair work
- Interior decoration work on residents' rooms
- Steps taken to address legal infringements, etc.

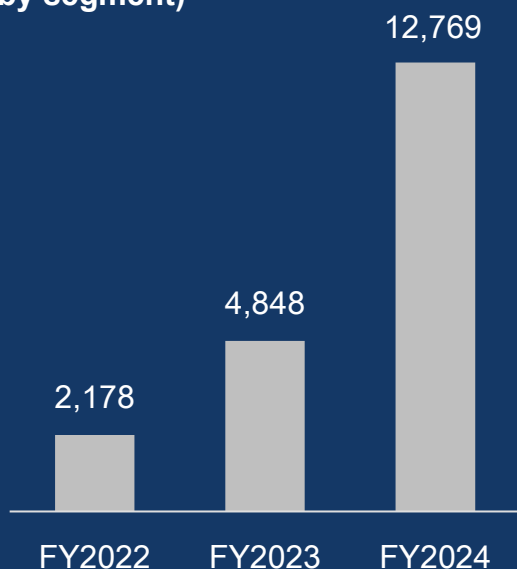
2 Small-lot real estate product sales

A business model that sells and generates profits on well-located prime real estate in small lots with a minimum investment of 5 million yen to investors nationwide through referrals from financial institutions, accounting firms and others.

Business model: Shot-type

Fluctuations in sales (by segment)

(Unit: million yen)



ARISTO

Three points about small-lot real estate product ARISTO Series

1 Investments in well-located prime real estate from as little as 5 million yen

(1 lot is 1 million yen)

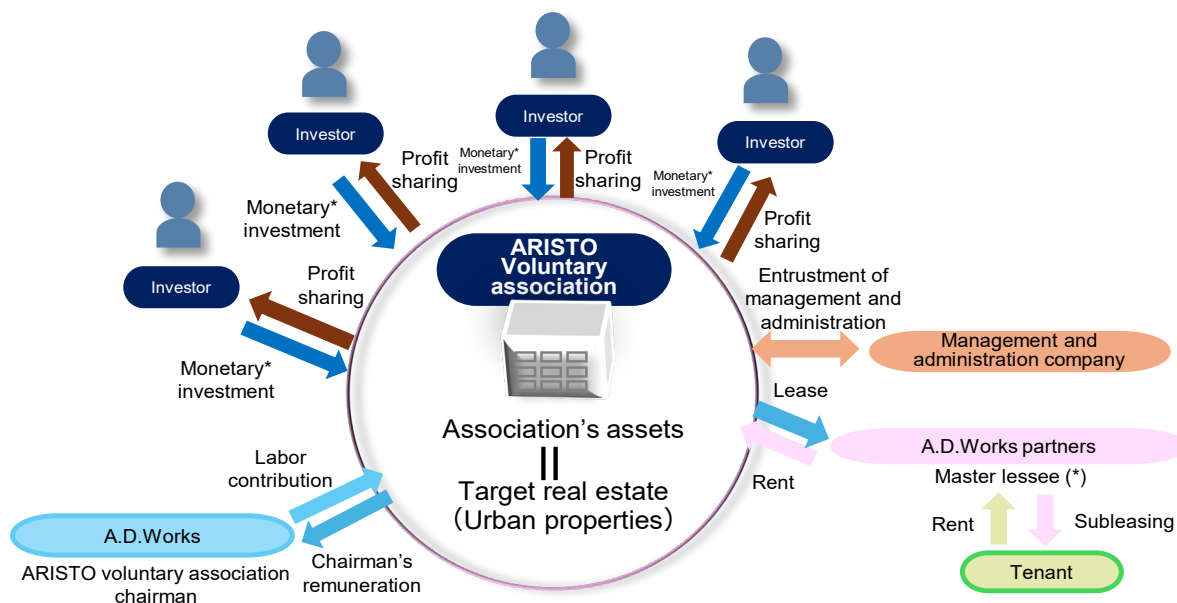
*The minimum investment amount differs depending on the real estate property in question.

2 None of the hassle of management and administration

3 Succeeding assets is efficient since the assets can be distributed per the number of shares

Voluntary partnership scheme

This is a small-lot real estate product based on the Real Estate Specified Joint Enterprise Act. Investors jointly own the property in question (land and buildings) in proportion to their monetary investment.



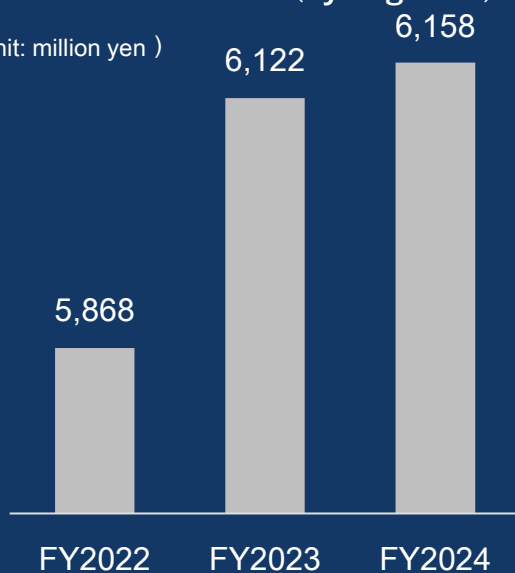
3 Stock-type Fee Business

This business model generates stable revenue through rent income from income properties held by the Group, property management support, and fee revenue from property investment consulting.

Business model: Stock-type

Trends in net sales (by segment)

(Unit: million yen)



① Property management



Leasing

Rent collection

Building management

We provide property owners with total property management, including leasing, building management, and rent collection.

② Asset consulting



Architectural consulting

Condominium renovations

Renovations

We provide multi-faceted asset consulting through private consulting, such as real estate appraisal and real estate utilization consulting, and support customers' real estate investments over a long time span extending across lifetimes.



| Reference Materials

(Company profile / Shareholder Composition)

Company name	-----	A.D. Works Group Co., Ltd.
Headquarters	-----	Fifth Floor, Hibiya Kokusai Building, 2-2-3, Uchisaiwai-cho, Chiyoda-ku, Tokyo
Establishment	-----	April 1, 2020 (A.D.Works Co., Ltd., the Company's predecessor, was founded in February 1886 and incorporated in May 1936.)
Capital	-----	6,283 million yen (as of December 31, 2024)
Listing date	-----	Moved to TSE Prime in April 2022 Listed in the First Section of the TSE in a technical listing in April 2020 (2982) (A.D. Works, the Group's predecessor, was moved to the first section of TSE in October 2015/ Listed on the JASDAQ Securities Exchange (3250) in October 2007)
Main subsidiaries	-----	A.D.Works Co., Ltd. (real estate transactions, brokerage) A.D.Partners Co., Ltd. (real estate management) Sumikawa ADD Co., Ltd. (renovation work, repair work) Angel Torch Co., Ltd. (corporate venture capital business, finance arrangement business) Jupiter Funding Co., Ltd. (financing utilizing crowd funding and other) A.D.Works USA, Inc. (management of US subsidiaries) ADW-No.1 LLC (US property income business) ADW Management USA, Inc. (US property income management business) ADW Hawaii LLC (property income business in Hawaii, USA)

The Group, which started as the Aoki Dyeing Works in 1886, has changed with the times and now operates its business on the TSE's Prime Market

**Founding****1886**

A.D.Works, the Company's predecessor, was founded as Aoki Dyeing Works, a dyeing business, in 1886

**Listing****October 2007**

The Company's predecessor, A.D.Works, was listed on JASDAQ in October 2007 and the first section of TSE in October 2015; the Company was established through sole share transfer in April 2020

**Market****TSE Prime****Number of employees
(consolidated)****259 people**

as of June 30, 2025

**Number of Group
companies****11 companies**

as of June 30, 2024

**Office****Tokyo・Osaka・
Fukuoka****Los Angeles, USA**

Operates business in Japan and overseas

- 1

Number of issued shares

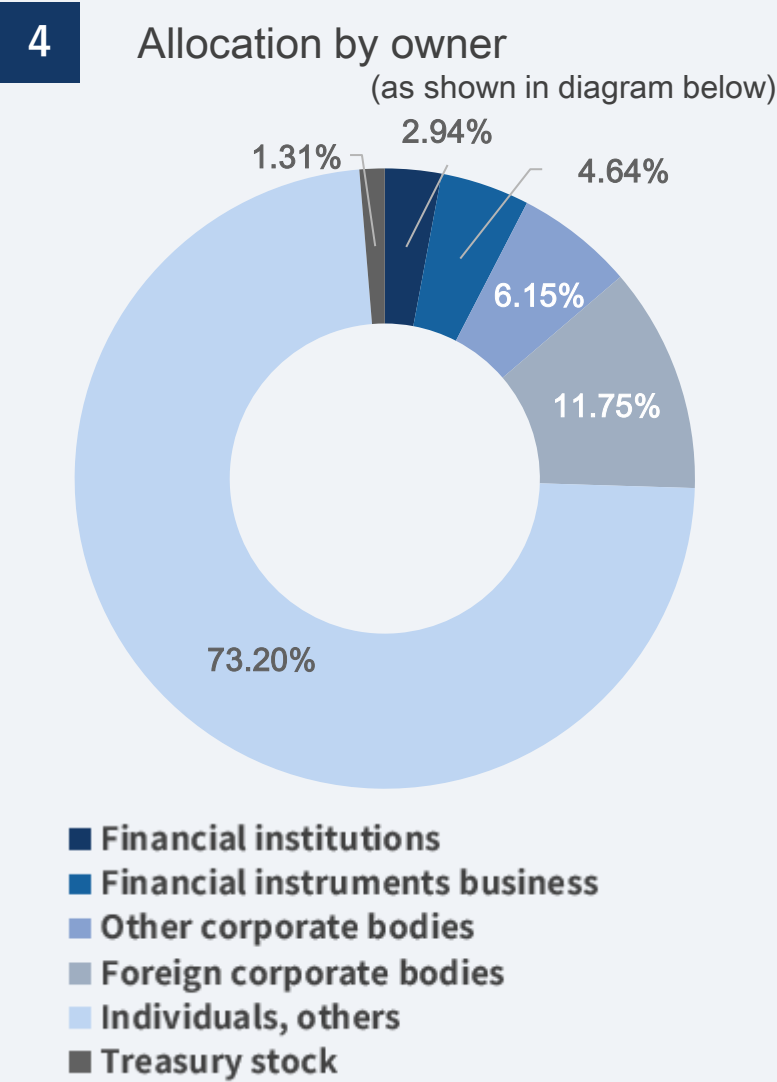
50,000,864 shares
- 2

Number of shareholders

24,363
- 3

Major shareholders(as shown in table below)

No.	Shareholder name	Percentage of shareholdings
1	Hideo Tanaka	10.25%
2	BNYM SA / NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	4.37%
3	Liberty House Co., Ltd.	3.94%
4	NOMURA PB NOMINEES LIMITED OMNIBUS - MARGIN (CASHPB)	2.00%
5	The Master Trust Bank of Japan, Ltd. (Directors' Stock Compensation Trust Account, 76735 units)	1.68%
6	BOFAS INC SEGREGATION ACCOUNT	1.54%
7	Rakuten Securities, Inc.	1.37%
8	A.D.Works Group Co., Ltd.	1.31%
9	Nomura Trust and Banking Co.	0.92%
10	Kazushi Imai	0.84%



Notes on these Materials

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 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.

| Inquiries

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