

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

May 13, 2021

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange
 Code: 2982 URL <https://www.adwg.co.jp/>
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 Scheduled date of filing May 13, 2021 Scheduled date of dividend payment —
 Additional material of financial result : Yes
 Result meeting : No

(Millions of yen, rounded down)

1. Consolidated Results for the First Quarter of the Fiscal Year Ending December 31, 2021 (January 1, 2021–March 31, 2021)

(1) Consolidated business results (cumulative) (%: Year-on-year comparison)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter, year ending December 31, 2021	6,262	177.9	280	—	218	—	165	—
First quarter, year ended December 31, 2020	2,253	—	(180)	—	(256)	—	(180)	—

(Notes) Comprehensive Income: 2021 1Q 409 million yen (—%) 2020 1Q (226) million yen (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
First quarter, year ending December 31, 2021	4.08	4.04
First quarter, year ended December 31, 2020	(4.65)	—

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

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
First quarter, year ending December 31, 2021	36,245	13,760	37.9
Fiscal year ended December 31, 2020	35,850	13,216	36.8

(Notes) Equity: 2021 1Q 13,742 million yen 2020 1Q 13,203 million yen

2. Dividends Information

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

(Notes)

- Correction to most recently announced dividend forecast: None
- Since the Company was established on April 1, 2020 with a fiscal year ending in December, the fiscal year ended December 31, 2020 will be nine months long.
- The Articles of Incorporation stipulate the last day of the first half of the fiscal year and the last day of the fiscal year as the record dates for payment of dividends, but at this point, the planned dividend amount on this record date is undecided.

Disclaimer

This document was prepared in English for convenience purposes only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

3. Consolidated Business Plan for Fiscal Year Ending December 31, 2021 (January 1, 2021–December 31, 2021)

The A.D.W. Group announces its business targets for each consolidated fiscal year in the form of a “results plan.” A results plan consists of targets for our businesses, and are different from the forecasts and predictions.

Note that for projections of business results, the outlook at the end of each quarter will be updated as appropriate and disclosed as a forecast based on information that is highly accurate for the Group overall and deemed reasonable at that time.

(%: comparison with the previous period)

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

※ Notes

(1) Important changes in subsidiary during the consolidated fiscal year under review : None

(Changes in specified subsidiaries affecting the scope of consolidation)

New: — Company (name of company)—, Exception: Company (name of company)—

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements : Yes

(3) Changes in accounting policies and changes or restatement of accounting estimates

1. Changes in accounting policies due to the revision of accounting standards, etc.: : No

2. Changes in accounting policies other than 1.: : No

3. Changes in accounting estimates: : No

4. Restatement: : No

(4) Number of issued shares (common shares)

1. Number of outstanding shares (including treasury stock) at end of fiscal year

Q1 FY2021	42,061,064 shares	Fiscal year ended on December 31, 2020	40,495,064 shares
Q1 FY2021	500,912 shares	Fiscal year ended on December 31, 2020	514,062 shares
Q1 FY2021	40,431,771 shares	Q1 FY2020	38,780,346 shares

2. Number of treasury stock at end of fiscal year

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

(Note) Since the Company was established on April 1, 2020 through a sole share transfer, results for the previous year and quarterly results for the previous year are not available.

※ This quarterly financial statement does not need to undergo a quarterly review by a certified public accountant or an audit corporation.

※ Explanation about the proper use of results forecasts, and additional information

The Company makes no guarantees with respect to the achievement of its results forecasts or forward-looking statements included in these materials. Actual results might be significantly different from the forecasts in the document, depending on various factors.

1. Consolidated Financial Statements

(1) Consolidated balance sheets

(Units: Thousands of yen)

	Previous consolidated fiscal year (year ended December 31, 2020)	Current consolidated first quarter (March 31, 2021)
Assets		
Current assets		
Cash and deposits	7,400,118	6,825,307
Accounts receivable - trade	200,952	144,033
Real estate for sale	23,548,720	23,926,648
Real estate for sale in process	1,018,042	1,650,402
Other	2,233,033	2,422,391
Allowance for doubtful accounts	(1,455)	(2,117)
Total current assets	34,399,411	34,966,665
Non-current assets		
Property, plant and equipment		
Other, net	175,910	171,571
Total property, plant and equipment	175,910	171,571
Intangible assets		
Goodwill	59,188	54,960
Other	49,065	50,660
Total intangible assets	108,254	105,621
Investments and other assets		
Investment securities	478,860	304,106
Deferred tax assets	400,597	418,550
Other	232,839	229,329
Total investments and other assets	1,112,297	951,986
Total non-current assets	1,396,462	1,229,178
Deferred assets		
Share issuance cost	22,126	18,640
Establishment costs	32,724	31,145
Total deferred assets	54,851	49,786
Total assets	35,850,726	36,245,630
Liabilities		
Current liabilities		
Accounts payable - trade	718,808	634,520
Short-term loans payable	30,000	136,000
Current portion of bonds	219,400	219,200
Current portion of long-term loans payable	1,651,481	2,071,691
Income taxes payable	133,692	77,048
Provision	—	69,382
Other	2,660,622	2,381,426
Total current liabilities	5,414,005	5,589,269
Non-current liabilities		
Bonds payable	627,500	523,000
Long-term loans payable	16,488,893	16,267,061
Other	103,415	105,773
Total non-current liabilities	17,219,809	16,895,834
Total liabilities	22,633,814	22,485,104

(Units: Thousands of yen)

	Previous consolidated fiscal year (year ended December 31, 2020)	Current consolidated first quarter (March 31, 2021)
Net assets		
Shareholders' equity		
Capital stock	5,590,097	5,707,286
Capital surplus	4,601,359	4,715,295
Retained earnings	3,383,660	3,441,306
Treasury shares	(62,120)	(56,798)
Total shareholders' equity	13,512,998	13,807,089
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(305,634)	(70,606)
Foreign currency translation adjustments	(3,506)	5,523
Total accumulated other comprehensive income	(309,141)	(65,082)
Subscription rights to shares	13,055	11,105
Non-controlling interests	—	7,414
Total net assets	13,216,911	13,760,526
Total liabilities and net assets	35,850,726	36,245,630

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

Consolidated Profit and Loss Statement

First quarter of consolidated fiscal year

(Units: Thousands of yen)

	Previous consolidated first quarter (April 1, 2020 - June 30, 2020)	Current consolidated first quarter (January 1, 2021 - March 31, 2021)
Net sales	2,253,324	6,262,068
Cost of sales	1,666,911	5,157,571
Gross profit	586,412	1,104,497
Selling, general and administrative expenses	767,253	824,193
Operating income or operating loss (-)	(180,840)	280,304
Non-operating income		
Interest and dividend income	61	2,478
Insurance income	60	—
Foreign exchange gain	—	2,874
Income on difference to simplified tax such as consumption tax, etc.	—	4,494
Other	209	2,798
Total non-operating income	331	12,647
Non-operating expenses		
Interest expenses	55,360	57,202
Borrowing fee	5,891	10,246
Amortization of establishment costs	1,925	1,943
Other	13,233	5,394
Total non-operating expenses	76,409	74,787
Ordinary income (loss)	(256,918)	218,163
Quarterly net income (loss) before income taxes	(256,918)	218,163
Income taxes – current	(76,390)	52,938
Total income taxes	(76,390)	52,938
Quarterly net income (loss)	(180,528)	165,224
Net income attributable to non-controlling interests	—	—
Net income attributable to owners of parent company (net loss attributable to owners of parent company)	(180,528)	165,224

Consolidated Comprehensive Income Statement

First quarter of consolidated fiscal year

(Units: Thousands of yen)

	Previous consolidated first quarter (April 1, 2020 - June 30, 2020)	Current consolidated first quarter (January 1, 2021 - March 31, 2021)
Quarterly net income (loss)	(180,528)	165,224
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,572)	9,030
Foreign currency translation adjustments	(42,090)	235,028
Total other comprehensive income	(45,662)	244,058
Quarterly comprehensive income	(226,191)	409,283
(Breakdown)		
Comprehensive income attributable to owners of the parent	(226,191)	409,283
Comprehensive income attributable to non-controlling interest	—	—

(3) Notes on Quarterly Consolidated Financial Reports

(Notes on the going concern assumption)

Not applicable

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

In the first quarter of the consolidated fiscal year under review, capital increased by 117,189,000 yen and capital reserves rose by 117,189,000 yen due to the exercise of stock acquisition rights, so that at the end of the first quarter of the consolidated fiscal review, capital totaled 5,707,286,000 yen and capital surplus totaled 4,715,295,000 yen.

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

Calculation of tax expenses

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

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