

A.D.Works Group Co., Ltd.

IR Briefing Materials: First Quarter of Fiscal Year Ending December 31, 2022

May 13, 2022

TSE Prime, Code: 2982



Contents

1. ADWG Group's Businesses ----- P 3
2. Summary of First Quarter of
Fiscal Year Ending in December 2022 P 11
3. Progress with Financial Results for
Fiscal Year Ending in December 2022 P 17
4. New Topics ----- P 19
5. Reference Materials ----- P 22

| ADWG Group's Businesses

Corporate philosophy

The ADWG Group contributes to the active development of people and society by creating and providing original value while flexibly changing.

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)

207 people

(as of December 31, 2021)



Number of Group companies

11 companies

Income property sales business in Japan and overseas



Overseas offices



Los Angeles, USA

Operates business in Japan and overseas

We aim to be an investment solution company that develops and sells a range of investment products centered around real estate.



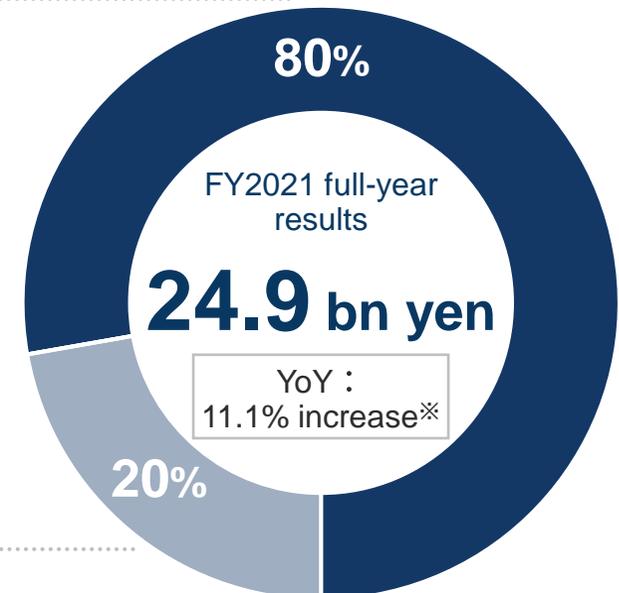
The Group comprises three business categories. With 24.9 billion yen in net sales in the previous fiscal year (11.1% increase over the year before that*), we are in a period of solid growth.

ADWG Group's business domains

1 Income property sales business

2 Stock-type fee business

3 New business
(REIT business, CVC business, etc.)



- Income property sales business
- Stock-type fee business
- New business

* The fiscal year ended on December 31, 2020 (FY2020) was an irregular nine-month financial period covering the period from April 1 to December 31, 2020. Changes to the period two years prior are calculated by converting results in the fiscal year ended on December 31, 2020 to a twelve-month period for comparison purposes.

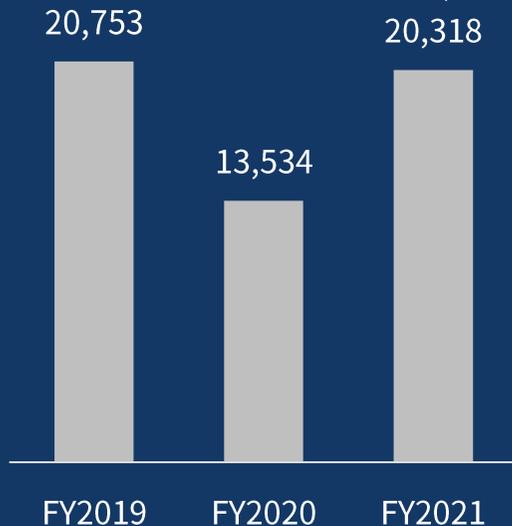
1 Income Property Sales Business

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)



* The fiscal year ended in December 2020 (FY2020) was an irregular nine-month period covering the period from April 1, 2020 to December 31, 2020.

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

Gotanda Project



2 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

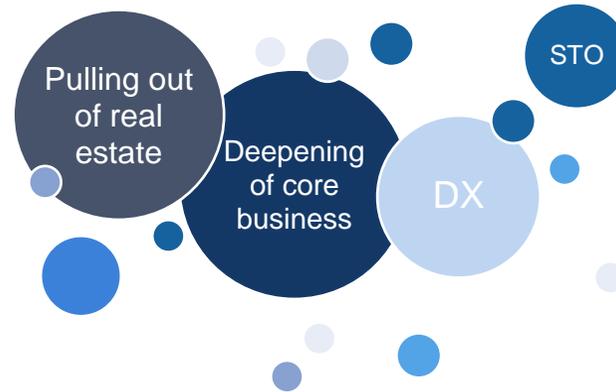
We provide multi-faceted asset consulting through private consulting, such as real estate appraisal and real estate utilization consulting, and support customers' real estate investments over a long time span extending across lifetimes.

* The fiscal year ended in December 2020 (FY2020) was an irregular nine-month period covering the period from April 1, 2020 to December 31, 2020.

3 New Business

We aim to simultaneously deepen existing business and search for new business, merging the management resources we have built up with methods such as the CVC business, DX promotion, capital and business tie-ups, M&A and other to pursue the creation of new value. We aspire to make a leap to an investment solution company that provides diverse services.

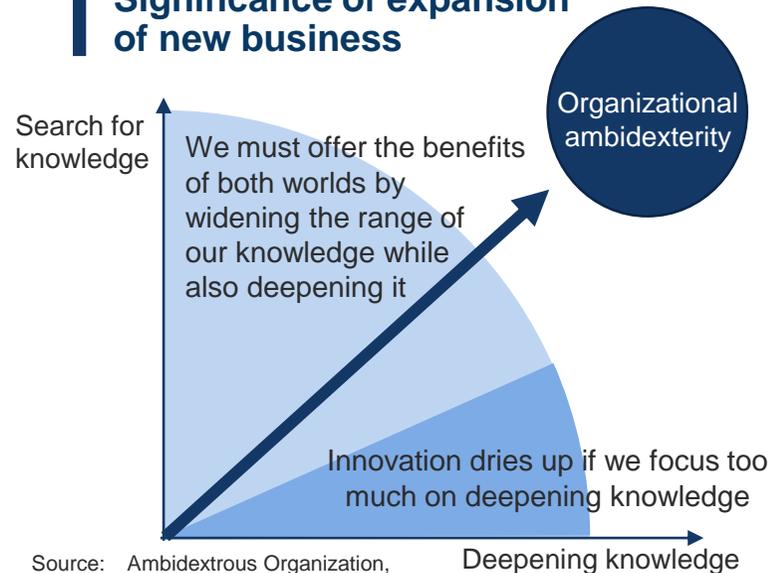
Spread of new business



Since the start of the CVC business, we have collected information on over 80 wide-ranging investment projects and secured opportunities to collect useful information.

Two new investments were made as a result of cautious investment assessments.

Significance of expansion of new business



In deepening existing business, we ensure a search for new projects with the CVC business, and promote a strategy that enables innovation.

Source: Ambidextrous Organization, by Charles A. O'Reilly and Michael Tushman, *Harvard Business Review*, April 2004

Summary of First Quarter of Fiscal Year Ending in December 2022

Progress made in acquiring prime properties both in Japan and overseas;
Balance of income property must continue to be expanded at a faster pace.

1 Income Property Sales Business

Japan:

Steady progress in
sales and acquisition
activities

US:

Shift to aggressive
acquisitions, achieving
some results

2 Stock-type Fee Business

Strategy of increasing
the balance of income
properties is making
steady contributions in
the form of rental
income.

3 New Business

Through joint ventures,
(1) we made progress
in the REIT
business and
(2) entered the digital
securities business.

Overview of the First Quarter of the Year Ending December 1, 2022

Quarterly earnings fluctuate as the average unit price of sales properties rises.
We are working to steadily build up earnings to achieve our full-year plans.

(Unit: million yen)

	FY2022 Q1	Comparison to same period in previous year (Y on Y)	
		FY2021 Q1	YoY
Net sales	6,413	6,262	2.4%
Gross profit	1,144	1,104	3.6%
SG&A	924	824	12.2%
EBITDA	255	317	-19.4%
Ordinary income	135	218	-37.8%
Income before taxes	135	218	-37.8%
Net income	87	165	-47.2%

Given the variability in each quarter, progress in achieving our full-year plans was within expectations.

Stock-type income increased steadily as the balance of real estate increased.

Fluctuations in net sales (by segment)

(Unit: million yen)

- Stock-type fee business
- Income property sales busines



Fluctuations in EBITDA (by segment)

(Unit: million yen)

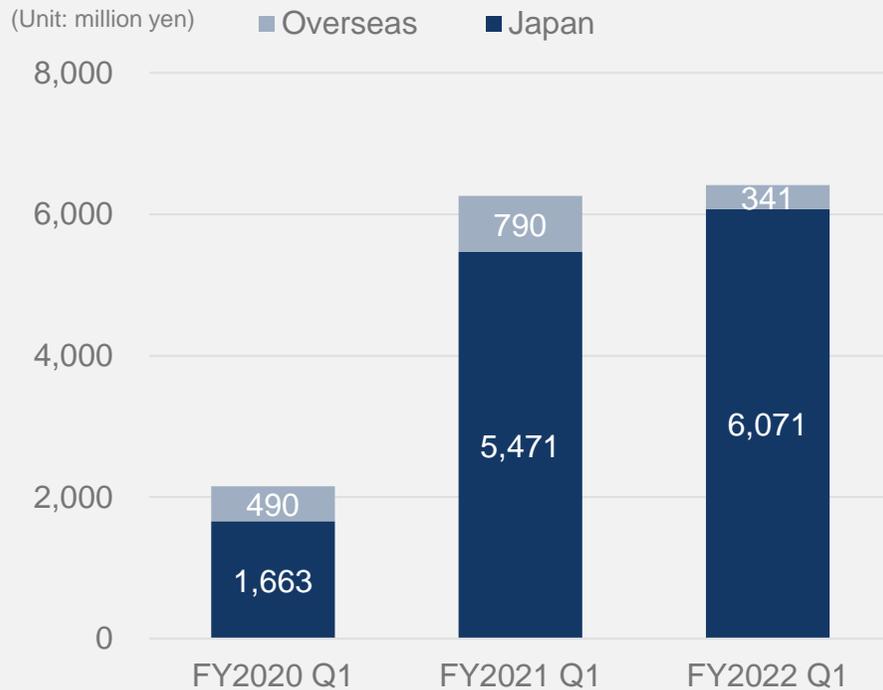
- Stock-type fee business
- Income property sales busines



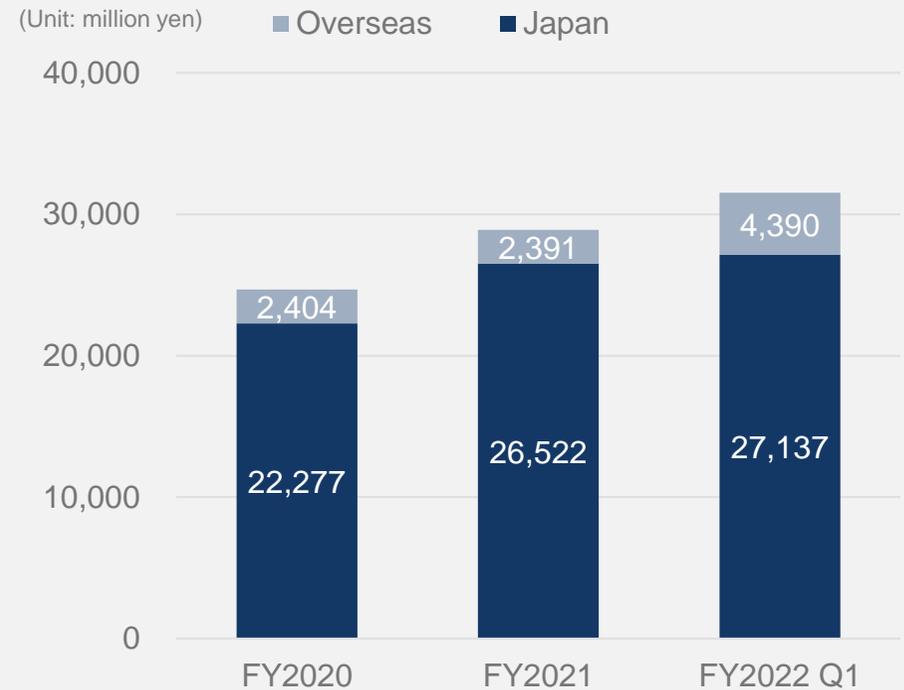
Japan: Office product plans led to competitive advantages, and boosted acquisitions and sales.

Overseas: As a result of aggressive acquisition activities, the balance of income properties increased a substantial 183% over the end of the previous fiscal year.

Fluctuations in net sales (by region)



Fluctuations in balance of income properties (by region)



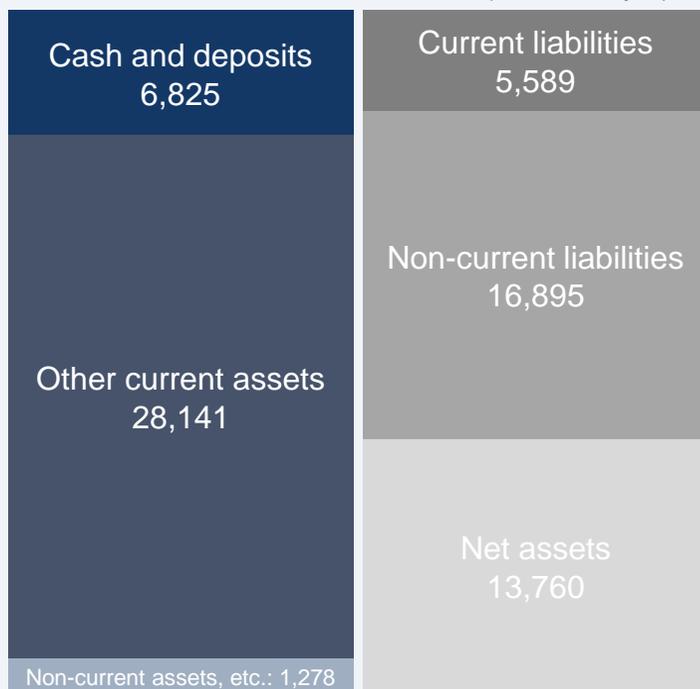
Overview of Consolidated Balance Sheet

The strategy to expand the property balance led to an increase in properties for sale posted under current assets.

We focused on debt-type financing and actively acquired properties.

As of end-March 2021

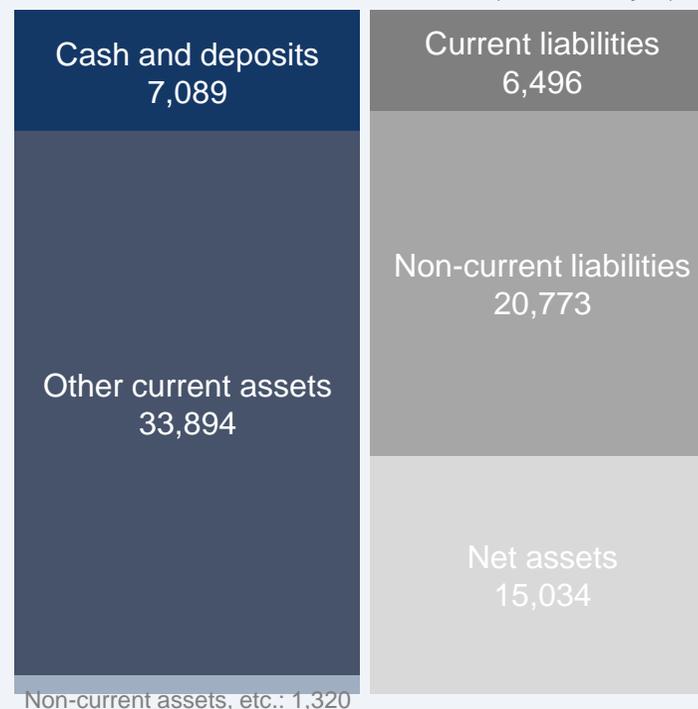
(Unit: million yen)



Total assets: 36,245 million yen

As of end-March 2022

(Unit: million yen)



Total assets: 42,304 million yen

Progress with Financial Results for Fiscal Year Ending in December 2022

Overview of financial results for fiscal year ending in December 2022

The rate of progress in this quarter fell short of 25%, but was within forecasts relative to the achievement of the full-year plan.

In this fiscal year, we aim to expand the balance and achieve the income target to stabilize the revenue foundation.

(Unit: million yen)

	FY2022 Q1	FY2022 Full-year forecast	Rate of progress
Net sales	6,413	30,000	21.4%
Gross profit	1,144	-	-
SG&A	924	-	-
EBITDA	255	1,300	19.7%
Ordinary income	135	800	16.9%
Income before taxes	135	800	16.9%
Net income	84	450	19.4%

| New Topics



2022年3月18日
株式会社ADワークスグループ
(東証一部：2982)

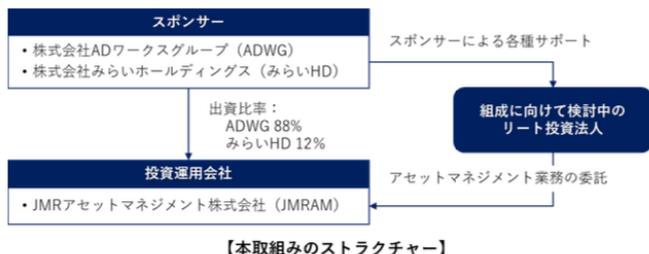
**ADワークスグループ、リート組成に向け、
パートナーとなるスポンサー企業と合併事業契約を締結**
～日本の中核都市の優良物件に投資するリートの組成を目指す～

株式会社ADワークスグループ(本社：東京都千代田区、代表取締役社長 CEO：田中秀夫、以下「ADWG」)は、予てより注力しているリート組成に向け、本日2022年3月18日、株式会社みらいホールディングス(本社：愛知県名古屋市長、代表取締役：磯部悟、以下「みらいHD」)との間で、JMRアセットマネジメント株式会社(本社：東京都渋谷区、代表取締役社長：木村光男、ADWG100%、2021年9月16日設立、以下「JMRAM」)に対して共同出資を行う合併事業契約(以下「本契約」)を締結、今後のリート組成や組成後の資産運用業全般に関し、互いにパートナーとして協働を開始することを発表いたします。

1. 本契約の趣旨と概要

収益不動産ソリューション事業を主力とするADWGグループは、今後の成長戦略の一環としてリート組成を掲げております。そのプロセスにおいて、2021年9月16日に投資運用会社であるJMRAMを設立しました(資本金5,000万円、ADWG100%出資)。

今般の本契約は、JMRAMが本年4月15日付で5,000万円の増資を実行するにあたり、ADWGとみらいHDが共同出資(ADWG：3,800万円、みらいHD：1,200万円)するとともに、ADWGとみらいHDがスポンサーとなり(以下「スポンサーグループ」)、今後のリート組成や組成後の資産運用業全般に関し、互いにパートナーとして協働することを明らかにするものです。



なおJMRAM増資後の出資比率は、ADWG88% (8,800万円)、みらいHD12% (1,200万円)となります。

Signed a joint venture agreement with Mirai Holdings to form a REIT



1

Formed a REIT, one aim of the Medium-term Management Plan

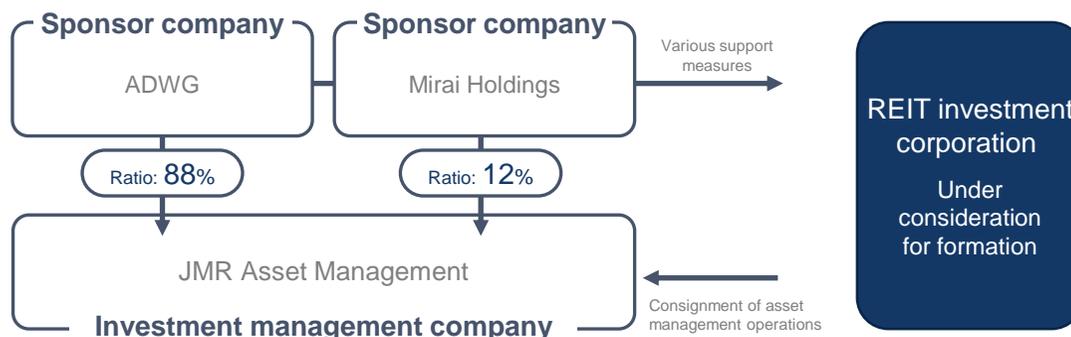
We aim for REIT amounting to 30-40 billion yen, utilizing the respective strengths of MIRAI Holdings and the ADWG Group.

2

Reinforced business foundation from acquisitions to sales

We will utilize the Group's expertise and secure non-asset business revenue, such as securing fee revenue from REIT formation, as well as property management and enhanced-value construction resulting from REIT management.

Participants in REIT formation



A.D.W. GROUP

2022年3月23日
株式会社ADワークスグループ
(東証一部：2982)

ADワークスグループ、デジタル証券ビジネスに参入 岡三証券グループが設立するデジタル証券準備会社に資本参加

～不動産 STO に物件を提供、将来のフィナンシャルサービス事業も視野に～

株式会社ADワークスグループ（本社：東京都千代田区、代表取締役社長 CEO：田中秀夫、以下「ADWG」）は、株式会社岡三証券グループ（本社：東京都中央区、取締役社長：新芝宏之、以下「岡三証券」）が設立するデジタル証券の準備会社に出資、取締役も派遣し、デジタル証券ビジネスに参入いたします。

商品化する不動産 STO に対して、対象となる収益不動産を提供するところからスタートし、将来的には独自のフィナンシャルサービス事業の展開を目指します。

1. 【背景】活性化するデジタル証券の動向

ブロックチェーン（分散型台帳）は、もともと仮想通貨のために考案された技術ですが、改ざん耐性・トランザクションの透明性・トレーサビリティ（追跡可能性）の高さから、様々な領域での活用が急速に進んでいます。

そのひとつ、STO（セキュリティ・トークン・オフリング）は、ブロックチェーン技術を活用したデジタル証券による資金調達手法としても有用であり、多様な資金調達が希求する事業会社や、新たな投資機会を探る投資家の双方から期待が持たれています。

そうした中、米国や東南アジアでの先進事例に続き、日本においても昨年夏以降、不動産 STO を中心に複数の事例が次々に登場しました。

一方、証券業界においては、この流れに乗るタイミングを推し量りつつ、STO を取り扱うための変更登録が徐々に進んでいるという状況です。

2. 岡三証券がデジタル証券準備会社を設立、ADWG も経営に参画

こうした流れにあり、まず本年4月1日（予定）に、岡三証券が全額出資でデジタル証券準備会社を設立、先行事例と同様まずは「不動産 STO」の商品化に向けて着手し、続いて「個人向け社債 STO」の発行を目指します。

ここに至るプロセスにおいて、本件の事業パートナーとして参画を前提に協議を重ねてきたADWGは、本年5月1日（予定）の同準備会社の合弁会社化に際し、10%をめどに出資、同時に取締役を派遣し、新会社の経営に主体的に参画します。

ADWG は、収益不動産販売や不動産小口化商品販売の豊富な経験を活かし、デジタル証券化する収益不動産の選別と供給という重要な役割を担います。

Capital participation in digital securities preparation company established by Okasan Securities Group

岡三証券グループ



A.D.W. GROUP

1

Investments were made and a director dispatched on merger with preparatory company

We plan to merge with a digital preparatory company established by Okasan Securities Group in May 2022.

ADW Group will contribute 10% of equity and send a director to participate in the new company's management.

2

Start of cooperation to commercialize real estate STO and corporate bond STO

STO (security token offering) is a financing method that uses blockchain technology. In this cooperation, we will select and supply income properties from real estate STO, and this also contributes to consideration of the commercialization of corporate bond STO.

3

Contributes to improvements in capital efficiency and creation of non-real estate business revenue

We will pursue greater diversity of financing methods to raise capital efficiency by participating in digital securities business.

Moreover, we aim to apply this expertise to other small-cap companies and generate non-real estate business revenue.

| Reference Materials

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 -----	6,090 million yen (as of March 31, 2022)	
Listing date -----	<p>Moved to TSE Prime in April 2022</p> <p>Listed in the First Section of the TSE in a technical listing in April 2020 (2982)</p> <p>(A.D. Works, the Group's predecessor, was moved to the first section of TSE in October 2015/</p> <p>Listed on the JASDAQ Securities Exchange (3250) in October 2007)</p>	
Subsidiaries -----	<p>A.D.Works Co., Ltd. (real estate transactions, brokerage)</p> <p>A.D.Partners Co., Ltd. (real estate management)</p> <p>Sumikawa ADD Co., Ltd. (renovation work, repair work)</p> <p>JMR Asset Management Co., Ltd. (investment management company to form REIT)</p> <p>Angel Torch Co., Ltd. (corporate venture capital business)</p> <p>Jupiter Funding Co., Ltd. (financing utilizing crowd funding and other)</p> <p>A.D.Works USA, Inc. (management of US subsidiaries)</p> <p>ADW-No.1 LLC (US property income business)</p> <p>ADW Management USA, Inc. (US property income management business)</p> <p>ADW Lending LLC (Investment in US housing loans)</p> <p>ADW Hawaii LLC (property income business in Hawaii, USA)</p> <p>Avenue Works Burnside LLC (Development business in Los Angeles, USA)</p>	
Directors -----	<p>President and CEO</p> <p>Senior Managing Director and CFO</p> <p>Senior Managing Director</p> <p>Managing Director</p> <p>Director</p> <p>Director</p> <p>Outside Director (Audit & Supervisory Committee Member)</p>	<p>Hideo Tanaka</p> <p>Katsutoshi Hosoya</p> <p>Hedeharu Matsumoto</p> <p>Mitsuo Kimura</p> <p>Koji Kaneko</p> <p>Toshiya Suzuki</p> <p>Hisashi Tanaami</p> <p>Mamoru Sekiyama</p> <p>Sachiko Awai</p> <p>Ai Koike</p>

Shareholder Composition (as of March 31, 2022)

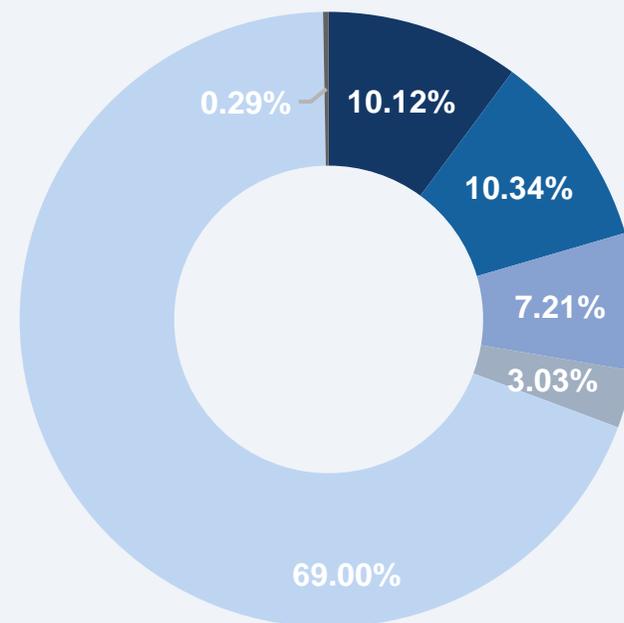
1 Number of issued shares **47,196,864 shares**

2 Number of shareholders **19,229** (shareholders with voting rights: 12,451)

3 Major shareholders (as shown in table below)

No.	Shareholder name	Voting rights ratio
1	Hideo Tanaka	8.79%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.56%
3	Liberty House Co., Ltd.	4.21%
4	Mizuho Securities Co., Ltd.	3.04%
5	SMBC Nikko Securities Inc.	2.97%
6	SBI SECURITIES Co., Ltd.	2.66%
7	Milestone Capital Management Co., Ltd.	1.91%
8	Custody Bank of Japan, Ltd. (Trust Account)	0.99%
9	Akio Ikegami	0.69%
10	JP JPMSE LUX RE MORGAN STANLEY AND CO INT EQ CO	0.65%

4 Allocation by owner
(as shown in diagram below)



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

Trends in Consolidated Results

(Unit: million yen)	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2022
	(Full year)	(Full year)	(Q1)						
Net sales	10,735	15,733	18,969	22,299	24,861	24,687	16,840	24,961	6,413
Ordinary income	540	650	748	926	1,802	932	427	650	135
Net income	333	426	540	584	663	625	264	264	87
Net assets	5,478	5,842	6,415	10,152	11,947	13,005	13,216	14,817	15,034
Total assets	16,681	17,925	25,832	30,801	30,625	35,468	35,850	42,047	31,528
Balance of income properties	12,931	14,551	20,318	22,376	21,229	23,118	24,682	28,926	25,565
Rental revenue	717	842	1,058	1,112	1,319	1,147	823	1,129	301
Rental revenue/ Sales ratio (%)	6.7%	5.4%	5.6%	5.0%	5.3%	4.6%	4.9%	4.5%	4.6%
Number of employees	99	115	136	146	167	185	195	207	202

* The fiscal year ended Dec. 31, 2020 was an irregular nine-month period.

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 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.

| Inquiries

Disclosure Division, A.D.Works Group

 ir@re-adworks.com

 +81-3-5251-7641