

Summary of Earnings Report for Second Quarter of Year Ending December 31, 2020

November 12, 2020

Name of listed company: A.D.Works Group Co., Ltd. Listed stock exchange: Tokyo Stock Exchange
 Code: 2982 URL: <https://www.adwg.co.jp/>
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 Scheduled date of filing: November 12, 2020 Scheduled date of dividend payment: —
 Additional material of financial result: Yes
 Result meeting: No

(Millions of yen, rounded down)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending December 31, 2020 (April 1, 2020–September 30, 2020)

(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	%
Second quarter, year ending December 31, 2020	11,069	—	245	—	87	—	33	—

(Notes) Comprehensive Income: 2020 2Q (86) million yen (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Second quarter, year ending December 31, 2020	0.87	0.86

Note: Since the Company was established on April 1, 2020 through a sole share transfer, quarterly results for the previous year and the rate of increase (decrease) from the same period in the previous year are not noted here.

(2) Consolidated financial conditions

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
Second quarter, year ending December 31, 2020	33,721	12,972	38.4

(Notes) Equity: 2020 2Q 12,959 million yen

Note: Since the Company was established on April 1, 2020 through a sole share transfer, there are no results to report for the previous fiscal year.

2. Dividends Information

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

(Notes)

- Correction to most recently announced dividend forecast: None
- 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.
- The Company was established with a fiscal year that ends in December, and as a result the first fiscal year (the current fiscal year) 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 the last day of the fiscal year 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, 2020 (April 1, 2020–December 31, 2020)

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	16,000	—	680	—	400	—	400	—	255	—

(Notes)

1. Since the Company was established on April 1, 2020 through a sole share transfer, the rate of increase (decrease) from the same period in the previous year is not available.
2. Since the Company was established on April 1, 2020 with a fiscal year ending in December, the consolidated business plan for the fiscal year ending December 31, 2020 covers the nine-month period from April 1, 2020 to December 31, 2020.

※ Notes

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

(Changes in specified subsidiaries affecting the scope of consolidation)

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

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

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

1. Changes in accounting policies due to the revision of accounting standards, etc.: : No
2. Changes in accounting policies other than 1.: : No
3. Changes in accounting estimates: : No
4. Restatement: : No

(4) Number of issued shares (common shares)

1. Number of outstanding shares (including treasury stock) at end of fiscal year	Q2 FY2020	39,895,064 shares
2. Number of treasury stock at end of fiscal year	Q2 FY2020	534,012 shares
3. Average number of shares during fiscal year (cumulative period)	Q2 FY2020	38,811,478 shares

(Notes) 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.

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1. Consolidated Financial Statements

(1) Consolidated balance sheets

(Units: Thousands of yen)

Current consolidated second
quarter (September 30, 2020)

Assets	
Current assets	
Cash and deposits	8,341,075
Accounts receivable - trade	214,069
Real estate for sale	21,563,211
Real estate for sale in process	1,026,650
Other	1,358,092
Allowance for doubtful accounts	(4,036)
Total current assets	32,499,061
Non-current assets	
Property, plant and equipment	
Other, net	179,469
Total property, plant and equipment	179,469
Intangible assets	
Goodwill	63,416
Other	52,543
Total intangible assets	115,959
Investments and other assets	
Investment securities	184,982
Deferred tax assets	455,106
Other	242,607
Allowance for doubtful accounts	(16,227)
Total investments and other assets	866,468
Total non-current assets	1,161,897
Deferred assets	
Share issuance cost	25,612
Establishment costs	34,649
Total deferred assets	60,262
Total assets	33,721,221
Liabilities	
Current liabilities	
Accounts payable - trade	660,284
Short-term loans payable	30,000
Current portion of bonds	229,400
Current portion of long-term loans payable	1,942,473
Income taxes payable	186,671
Provision	66,004
Other	2,315,974
Total current liabilities	5,430,809
Non-current liabilities	
Bonds payable	627,500
Long-term loans payable	14,578,625
Other	111,437
Total non-current liabilities	15,317,562
Total liabilities	20,748,371

(Units: Thousands of yen)

Current consolidated second
quarter (September 30, 2020)

Net assets	
Shareholders' equity	
Capital stock	5,545,307
Capital surplus	4,562,335
Retained earnings	3,152,913
Treasury shares	(71,004)
Total shareholders' equity	13,189,552
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	(7,102)
Foreign currency translation adjustments	(223,435)
Total accumulated other comprehensive income	(230,537)
Subscription rights to shares	13,835
Total net assets	12,972,849
Total liabilities and net assets	33,721,221

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

Consolidated Profit and Loss Statement

Second quarter of consolidated fiscal year

	(Units: Thousands of yen)
	Current consolidated second quarter (April 1, 2020 - September 30, 2020)
Net sales	11,069,631
Cost of sales	9,289,164
Gross profit	1,780,467
Selling, general and administrative expenses	1,535,404
Operating income	245,062
Non-operating income	
Interest and dividend income	205
Insurance income	60
Interest on refund	2,419
Other	787
Total non-operating income	3,472
Non-operating expenses	
Interest expenses	125,545
Borrowing fee	10,354
Amortization of establishment costs	3,850
Other	21,192
Total non-operating expenses	160,943
Ordinary income	87,592
Extraordinary income	
Gain on reversal of subscription rights to shares	5,082
Total extraordinary income	5,082
Quarterly net income before income taxes	92,674
Income taxes - current	58,779
Total income taxes	58,779
Quarterly net income	33,895
Net income attributable to owners of parent company	33,895

Consolidated Comprehensive Income Statement

Second quarter of consolidated fiscal year

	(Units: Thousands of yen)
	Current consolidated second quarter (April 1, 2020 - September 30, 2020)
Quarterly net income	33,895
Other comprehensive income	
Valuation difference on available-for-sale securities	(3,999)
Foreign currency translation adjustments	(116,690)
Total other comprehensive income	(120,689)
Quarterly comprehensive income	(86,794)
(Breakdown)	
Comprehensive income attributable to owners of the parent	(86,794)
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)

Not applicable

(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 second quarter under review.

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