Summary of Earnings Report for the Fiscal Year Ended December 31, 2025

February 12, 2026

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 for the Ordinary General Meeting of Shareholders: March 25, 2026 Scheduled date of dividend payment: March 11, 2026
Scheduled date to file annual securities report: March 19, 2026
Additional material of financial results: Yes
Results meeting: Yes (For analysts and institutional investors)

(Millions of yen, rounded down)

1. Consolidated Results for the Fiscal Year Ended December 31, 2025 (January 1, 2025–December 31, 2025)

(1) Consolidated business results (cumulative)

(%: Year-on-year comparison)

	Net Sales		Operating Income		Net income before income taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2025	67,531	35.3	4,987	55.1	5,190	103.7	3,315	105.9
Fiscal year ended December 31, 2024	49,910	20.7	3,216	31.7	2,547	23.3	1,610	13.4

(Notes) Comprehensive Income: For the fiscal year ended December 31, 2025 2,273 million yen 10.5% For the fiscal year ended December 31, 2024 2,057 million yen 28.4%

	Net Income per Share	Diluted Net Income per Share	Net Income on Equity	Ordinary Income on Total Assets	Operating Income Margin
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2025	68.46	67.49	16.9	6.3	7.4
Fiscal year ended December 31, 2024	33.50	33.08	9.0	4.2	6.4

(Reference) Investment gain or loss on equity method: For the fiscal year ended December 31, 2025 — million yen For the fiscal year ended December 31, 2024 (29) million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Million yen	Million yen	%	Yen
December 31, 2025	72,062	20,576	28.5	418.37
December 31, 2024	59,809	18,761	31.3	389.82

(Reference) Equity: As of December 31, 2025 20,544 million yen As of December 31, 2024 18,716 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2025	(5,953)	(1,335)	8,900	11,634
Fiscal year ended December 31, 2024	1,725	(329)	(1,202)	10,062

2. Dividend Information

	Dividend per Share					Dividends (total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q	Interim	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	¥ millions	%	%
Fiscal year ended December 31, 2024	—	4.50	—	5.50	10.00	491	29.9	2.7
Fiscal year ended December 31, 2025	—	6.00	—	10.00	16.00	794	23.4	4.0
Fiscal year ending December 31, 2026 (estimate)	—	10.00	—	10.00	20.00		—	

As announced on December 12, 2024, we will determine the dividend amount so that the dividend yield (annual dividend per share / average end-of-month stock price from January to December) will be 4% or more, provided that the dividend payout ratio does not exceed 50%.
For the fiscal year ended December 31, 2025, the annual dividend per share is 16.00 yen and the average end-of-month stock price from January to December is 352 yen (rounded to the nearest yen), so the dividend yield will be 4.5%, which is above 4%.

3. Consolidated Business Plan for Fiscal Year Ending December 31, 2026 (January 1, 2026–December 31, 2026)

A.D.Works 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 is different from the forecasts and predictions.

(%: Year-on-year comparison)

	Net Sales		Operating Income		Net income before income taxes		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	77,000	14.0	4,300	(13.8)	4,500	(13.3)	3,100	(6.5)

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.

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: ― company (name of company) ―,

Excluded: 2 companies (name of company) Sumikawa ADD Co., Ltd., Avenue Works Georgetown LLC

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

1. Changes in accounting policies due to the revision of accounting standards, etc.: None
2. Changes in accounting policies other than 1: None
3. Changes in accounting estimates: None
4. Restatement: None

(3) Number of issued shares (common shares)

1. Number of outstanding shares at end of period (including treasury stock)	As of December 31, 2025	50,420,864 shares	As of December 31, 2024	49,670,764 shares
2. Number of treasury stock at end of period	As of December 31, 2025	1,315,730 shares	As of December 31, 2024	1,659,810 shares
3. Average number of shares during the period	Fiscal year ended December 31, 2025	48,427,175 shares	Fiscal year ended December 31, 2024	48,075,413 shares

(Note) The Company has a Director Stock Compensation Trust, and the Company shares held by the trust are included in the number of treasury stock.

* Summary of Earnings Report is exempt from audit conducted by certified public accountants or an audit firm.

* 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 may differ significantly from the forecasts in the document, depending on various factors.

[Attached Materials]

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year under Review

Forward-looking statements in these materials are based on the Group's assessments as of the end of this consolidated fiscal year.

In the fiscal year under review, the Japanese economy continued to show signs of a gradual recovery amid improvement in the employment and income environment. However, the economy still faces downside risks from factors such as fluctuations in financial and capital markets, rising prices, and rapid exchange rate fluctuations.

In the domestic income property market, the yield on newly issued 10-year government bonds, which serves as a benchmark for long-term interest rates in Japan, has remained at high levels at around 2.0%. While concerns persist regarding increased interest payments on borrowings and downward pressure on real estate prices, etc., the trading market remains buoyant, supported by robust demand for real estate investment.

In the income property market, rents in both the residential and office sectors in central Tokyo remain high due to wage increases and rising prices. In addition, construction costs are rising, leading to higher prices and restricted supply of new properties.

The market for small-lot real estate products is expanding every year. According to a survey by the Ministry of Land, Infrastructure, Transport and Tourism*, the amount of new investment in voluntary partnership-type products increased from 6.5 billion yen in 2014 to 71.8 billion yen in 2024, an increase of approximately 11 times. (*Ministry of Land, Infrastructure, Transport and Tourism, "Handbook for Promoting the Utilization of Real Estate Specified Joint Enterprises (July 2025)")

In Los Angeles, where our group has an office, the policy rate remains at a high level, and the deterioration of the financing environment is pushing down demand for the buying and selling of income properties.

In this business environment, our group has considered and implemented various measures for achieving quantitative targets of 20 billion yen in net income before income taxes and a 40% B-to-C share in 2034, under its vision of creating a cycle of wealth and building a society where everyone can be enthusiastic. Our group announced its Growth Strategies to Enhance Corporate Value on February 13, 2025, with the aim of improving ROE to 13–14% or higher by 2027, accelerating growth, and implementing all possible measures to reduce shareholders' equity cost in order to meet the expectations of our shareholders.

To achieve these goals, in the fiscal year under review, we focused on accelerating the sales of small-lot real estate products, strengthening the acquisition, development, and sales of income properties, and launching new businesses, including non-asset businesses.

As a result, in the fiscal year under review, the Group's net sales totaled 67,531 million yen (111.6% over the full-year business plan), operating income was 4,987 million yen (99.8% over the plan), net income before income taxes was 5,190 million yen (105.9% over the plan), and net income attributable to owners of parent was 3,315 million yen (115.5% over the plan). With an ROE of 16.9%, our group achieved the ROE target set in its growth strategies, two years ahead of schedule.

Earnings results for the consolidated fiscal year under review are shown in the table below.

(Unit: million yen)

	Fiscal year ended December 31, 2025 (Full-year plan)		Fiscal year ended December 31, 2024 (Results)		Fiscal year ended December 31, 2025 (Results)			
	Amount	Net sales ratio	Amount	Net sales ratio	Amount	Net sales ratio	YoY	Percentage of full-year plan achieved
Net sales	60,500	100.0%	49,910	100.0%	67,531	100.0%	135.3%	111.6%
(Property sales)	—	—	(44,305)	(88.8%)	(62,436)	(92.5%)	(140.9%)	—
(Stock)	—	—	(6,158)	(12.3%)	(5,598)	(8.3%)	(90.9%)	—
(Internal sales)	—	—	(-553)	(-1.1%)	(-503)	(-0.7%)	—	—
Operating income	5,000	8.3%	3,216	6.4%	4,987	7.4%	155.1%	99.8%
Net income before income taxes	4,900	8.1%	2,547	5.1%	5,190	7.7%	203.7%	105.9%
Net income	2,870	4.7%	1,610	3.2%	3,315	4.9%	205.9%	115.5%

Note : "Property sales," "stock," and "net income" are the respective abbreviations of "income property sales business,"

"stock-type fee business," and "net income attributable to owners of parent."

A summary of the segment results is as follows. Please note that the Group considers operating income to be segment income.

(Income property sales business)

Net sales were 62,436 million yen and operating income was 6,361 million yen.

In the domestic single-building income property sales business, the total sales amount for the fiscal year under review reached 35,745 million yen, an increase of 118% compared with the previous fiscal year. Property value improvement initiatives for income properties proved effective, resulting in gross profit of 5,774 million yen, an increase of 142% compared with the previous fiscal year, which was far greater than the sales growth. To drive further growth, we have proceeded with the acquisition of a new hotel and will continue to pursue initiatives aimed at diversifying asset types.

In the small-lot real estate product sales business, the net sales amount for the fiscal year under review were 22,931 million yen (180% YoY), and gross profit was 4,861 million yen (172% YoY), representing strong growth in line with the domestic single-building income property sales business. The strengths of the existing income property business have been highly evaluated not only by investors but also by sales alliance partners. This reputation led to a positive cycle in which the sales network is further expanded through partnerships with financial institutions, tax accountants, and others.

The acquisition amount was 56,213 million yen. In addition to strategic purchasing activities by a purchasing organization consisting of more than 20 people, we were also able to purchase more high-quality properties than in the previous period as a result of our efforts to expand into the Kansai and Fukuoka areas. The balance of income properties (i.e. the total balance of properties held for sale or rental revenue), which is the source of future revenue, totaled 54,586 million yen, up 9,124 million yen from the end of the previous fiscal year.

In the consolidated fiscal year under review, acquisitions and sales in Japan and overseas were as follows.

(Unit: million yen)

	Acquisitions		Revenue from sales	
	FY2024	FY2025	FY2024	FY2025
Japan	33,142	56,213	43,086	59,302
Overseas	719	-	1,193	3,133
Total	33,862	56,213	44,279	62,436

(Stock-type fee business)

Net sales were 5,598 million yen and operating income was 1,205 million yen.

The stock-type fee business's revenue consists of rental revenue from income properties held by the Group, which accounts for the majority of its revenue, as well as property management income from A.D. Partners Co., Ltd. and ADW Management USA, Inc. (On January 13, 2026, A.D. Partners completed the sale of its business through an absorption-type split.)

The stock-type fee business plays an important role for the Group as it ensures the stability of the Group's earnings. Increasing product value from a sales perspective will also lead to securing rental revenue from properties when held by the Group.

A breakdown of revenue in the stock-type fee business in the fiscal year under review is as follows.

(Unit: million yen)

	FY2024	FY2025	YoY
Rental revenue	1,783	1,723	96.7%
Other revenue (Property management, construction, etc.)	4,375	3,875	88.6%
Total	6,158	5,598	90.9%

Notes 1: The operating income for each segment is an amount before deduction of expenses not allocated to any segment, such as corporate expenses and operating expenses from intersegment sales or transfers. Therefore, the total operating income for the segments does not match consolidated operating income.

2: In the "stock-type fee business," we position items such as rent from income properties held for the medium to long term or for short-term sales, and fee income from after-sales property management contracts for income properties as "stock-type," while fees for interior decoration work and repair work, and brokerage income derived from customer relations are classified as "flow-type."

(2) Financial Position in the Fiscal Year under Review

In the fiscal year under review, we continued our vigorous efforts to acquire income properties aiming at expanding the scale of business, and also aggressively took out loans for acquisitions. This resulted in an increase in the balance of income properties (i.e. the total balance of properties held for sale or rental revenue) by 9,124 million yen to 54,586 million yen from the end of the previous fiscal year. Interest-bearing liabilities (short-term borrowings, current portion of bonds payable, current portion of long-term borrowings, bonds payable, and long-term borrowings) increased by 10,101 million yen to 45,763 million yen from the end of the previous fiscal year. As a result, total assets and total liabilities and net assets increased by 12,252 million yen to 72,062 million yen from the end of the previous fiscal year.

Equity increased by 1,828 million yen from the previous fiscal year to 20,544 million yen, due to the recording of 3,315 million yen of net income attributable to owners of parent at the end of the fiscal year under review and reversal of foreign currency translation adjustment of 1,055 million yen , etc., resulting in an equity ratio of 28.5%, same level as the previous fiscal year.

The details of the consolidated balance sheet for this fiscal year are as follows.

The “ratio” indicates the percentage relative to total assets (total liabilities and net assets).

(Assets)

Total assets at the end of the fiscal year under review were 72,062 million yen. Of this, real estate for sale and real estate for sale in process accounted for 43,588 million yen (60.5% ratio), cash and deposits for 11,909 million yen (16.5%), and properties held for rental revenue (included in property, plant and equipment) for 10,997 million yen (15.3%).

(Liabilities)

Total liabilities at the end of the fiscal year under review were 51,485 million yen. Of this, interest-bearing liabilities accounted for 45,763 million yen.

(Net assets)

Total net assets amounted to 20,576 million yen. Of this, capital stock and capital surplus accounted for 11,779 million yen.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review were 11,634 million yen.

The status of each cash flow during the fiscal year under review and its contributing factors are as follows.

(Cash flows from operating activities)

As a result of operating activities, funds decreased by 5,954 million yen. This was primarily due to recording net income before income taxes of 5,190 million yen, while funds decreased by 8,467 million yen due to inventory acquisitions and funds decreased by 1,214 million yen due to income taxes paid.

In our operating activities during the fiscal year under review, the income property sales business in Japan fared well, and the Group recorded earnings exceeding the full-year business plan in net income before income taxes.

(Cash flows from investing activities)

As a result of investing activities, funds decreased by 1,335 million yen. This was primarily due to proceeds from sale of investment securities of 9 million yen, while on the expenditure side, there were expenditures of 1,232 million yen for the purchase of property, plant and equipment.

In investing activities for the fiscal year under review, the Group acquired three grid-scale energy storage plants, which are recorded as property, plant and equipment.

(Cash flows from financing activities)

As a result of financing activities, funds increased by 8,900 million yen. This was primarily due to a total of 55,032 million yen in income from new borrowings and proceeds from issuance of bonds, and a total of 45,671 million yen in expenditure from repayments of borrowings, repayments of crowdfunding, and redemption of bonds, while dividend payments of 564 million yen were also made.

In financing activities for the fiscal year under review, the Group procured funds mainly through property-backed loans in line with strong purchasing activities.

(4) Future Outlook

The 2026 tax reform plan, released on December 19, 2025, presented a revised method of valuation of small-lot real estate products under the Inheritance Tax Law. It is necessary to continue to examine its details and its effects on the markets. Annual sales of the small-lot real estate business for the fiscal year ending December 2026 are expected to decrease compared to those for the fiscal year ended December 2025.

The Company regards this business as its core business and plans to keep recovery and growth on track in the medium- to long-term.

To respond to such environmental changes, our group will continue to promote the small-lot real estate business as its core business and speed up the full-scale rollout of the office category business, thereby accelerating growth from fiscal 2026 onward. For the office category business, our group has set a sales target of 10.0 billion yen for fiscal 2026 and 30.0 billion yen for fiscal 2028 through a strategic shift of sales personnel, etc.

Along with the sale, effective January 2026, of the property management business for outside owners by our consolidated subsidiary, our group will strategically shift personnel engaged in this business to the product value improvement operations of the single-building income property sales business in order to continue to ensure strong growth of the single-building income property sales business and support the revenue base of our group.

The Group announced the Growth Strategies to Enhance Corporate Value on February 13, 2025, and has since set a goal of improving ROE to a level of more than 13-14% by 2027. In response, the ROE for the fiscal year under review reached 16.9%, and we achieved the goal ahead of schedule. We regard this achievement as a milestone and will aim for continued improvement of corporate value by continuously pursuing optimization of the business portfolio and improvement of capital efficiency.

As for the consolidated business plan for the fiscal year ending December 31, 2026, we have set net sales at 77,000 million yen,

operating income at 4,300 million yen, and net income before income taxes at 4,500 million yen after taking into account the above outlook.

After the summer of 2026, we will inform investors of the medium-term plan for the small-lot real estate business and the office category business on the basis of the sales data for the first half of 2026 and the details of tax reforms notified.

We will aim for continued improvement of corporate value by allocating management resources in consideration of the characteristics and growth stages of each business and by maintaining and strengthening the medium- to long-term growth path while experiencing short-term performance fluctuations as a whole.

< The Second Medium-Term Management Plan > (Fiscal year ended December 31, 2024, to fiscal year ending December 31, 2026)

(million yen)

Consolidated	Second Medium-Term Management Plan (Fiscal year ended December 31, 2024, to Fiscal year ending December 31, 2026)			
	FY2024 (Fiscal year ended December 31, 2024)	FY2025 (Fiscal year ended December 31, 2025)	FY2026 (Fiscal year ending December 31, 2026)	
	Results	Results	Initial plan	Plan (released February 12)
Net sales	49,910	67,531	58,000	77,000
Operating Income	3,216	4,987	3,700	4,300
Net income before income taxes	2,547	5,190	3,000	4,500
Income property balance	45,461	54,586	50,000	65,000
Shareholders' equity	17,511	20,366	20,000	22,470
ROE	9.5%	17.5%	10.4%	14.5%
ROIC	4.4%	7.0%	4.8%	6.4%
Human resource productivity "PH gross profit"	36/person	48/person	35/person	44/person
Financial soundness "Equity ratio"	31.3%	28.5%	Approx. 30%	Approx. 30%
Shareholder value "EPS"	33.50 yen	68.46yen	41.76 yen	64.01yen

Notes 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

Note that figures in "Plan" in < The Second Medium-Term Management Plan > are targets for our businesses, which differ from the forecasts and predictions.

2. Basic Thoughts on Selecting Accounting Standards

The Group currently prepares its consolidated financial statements using Japan's standards in light of the comparability between periods as well as that between companies in the consolidated financial statements.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	10,129,840	11,909,924
Accounts receivable – trade	111,708	276,847
Real estate for sale	35,020,528	41,781,916
Real estate for sale in process	1,536,975	1,806,435
Other	1,905,176	3,167,870
Allowance for doubtful accounts	(2,423)	(1,126)
Total current assets	48,701,806	58,941,866
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,205,184	3,217,529
Accumulated depreciation	(153,126)	(265,104)
Buildings and structures, net	3,052,058	2,952,424
Tools, furniture and fixtures	221,062	238,335
Accumulated depreciation	(112,426)	(137,439)
Tools, furniture and fixtures, net	108,635	100,896
Machinery, equipment and vehicles	18,258	8,517
Accumulated depreciation	(12,946)	(5,355)
Machinery, equipment and vehicles, net	5,311	3,162
Land	3,785,638	3,760,729
Construction in progress	2,154,373	4,370,760
Total property, plant and equipment	9,106,018	11,187,974
Intangible assets		
Goodwill	295,643	263,966
Other	151,439	187,658
Total intangible fixed assets	447,083	451,625
Investments and other assets		
Investment securities	480,502	487,393
Deferred tax assets	618,503	534,953
Other	443,261	447,368
Total investments and other assets	1,542,266	1,469,716
Total non-current assets	11,095,368	13,109,316
Deferred assets		
Establishment costs	1,992	—
Bonds issuance cost	10,717	11,626
Total deferred assets	12,710	11,626
Total assets	59,809,884	72,062,809

(Thousands of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable – trade	933,510	651,373
Short-term borrowings	432,000	606,000
Current portion of bonds payable	514,900	265,800
Current portion of long-term borrowings	3,825,034	6,283,524
Income taxes payable	718,929	1,461,720
Crowdfunding deposit	957,465	—
Provision for bonuses	204,280	362,633
Other	2,549,890	3,219,197
Total current liabilities	10,136,010	12,850,249
Non-current liabilities		
Bonds payable	361,000	595,200
Long-term borrowings	30,528,596	38,012,864
Other	23,142	27,682
Total non-current liabilities	30,912,738	38,635,747
Total liabilities	41,048,749	51,485,996
Net assets		
Shareholders' equity		
Share capital	6,283,837	6,347,133
Capital surplus	5,368,645	5,432,864
Retained earnings	6,146,730	8,819,778
Treasury shares	(288,093)	(233,250)
Total shareholders' equity	17,511,119	20,366,525
Accumulated other comprehensive income		
Foreign currency translation adjustments	1,165,987	110,543
Valuation difference on available-for-sale securities	38,909	67,300
Total accumulated other comprehensive income	1,204,897	177,843
Share acquisition rights	24,765	35,645
Non-controlling interests	20,353	(3,202)
Total net assets	18,761,135	20,576,812
Total liabilities and net assets	59,809,884	72,062,809

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

Consolidated Profit and Loss Statement

(Thousands of yen)

	Previous consolidated fiscal year (Jan. 1, 2024 – Dec. 31, 2024)	Current consolidated fiscal year (Jan. 1, 2025 – Dec. 31, 2025)
Net sales	49,910,901	67,531,965
Cost of sales	41,275,081	55,457,373
Gross profit	8,635,820	12,074,592
Selling, general and administrative expenses	5,419,086	7,086,944
Operating income	3,216,733	4,987,647
Non-operating income		
Interest and dividend income	30,234	26,237
Insurance claim income	1,100	6,826
Surrender value of insurance policies	15,866	343
Other	17,934	19,225
Total non-operating income	65,136	52,632
Non-operating expenses		
Interest expenses	591,234	730,739
Borrowing fee	95,385	128,982
Amortization of establishment costs	7,774	1,992
Other	42,261	28,988
Loss on equity method investments	29,658	—
Total non-operating expenses	766,313	890,704
Ordinary income	2,515,556	4,149,575
Extraordinary income		
Gain on sale of investment stock acquisition rights	15,923	—
Gain on sale of fixed assets	—	1,406
Gain on sale of investment securities	24,576	7,245
Gain on sale of subsidiary shares	—	144,113
Reversal of foreign currency translation adjustment	—	901,989
Total extraordinary income	40,500	1,054,755
Extraordinary loss		
Loss on disposal of fixed assets	1,521	3,781
Loss on valuation of investment securities	—	9,636
Loss on change in equity	6,805	—
Total extraordinary loss	8,327	13,418
Net income before income taxes	2,547,729	5,190,913
Income taxes - current	1,079,121	(1,824,328)
Income tax adjustment	(136,560)	(66,306)
Total income taxes	942,560	(1,890,635)
Net income	1,605,168	3,300,277
Loss attributable to non-controlling interests	(5,383)	(15,094)
Net income attributable to owners of parent	1,610,551	3,315,372

Consolidated Comprehensive Income Statement

(Thousands of yen)

	Previous consolidated fiscal year (Jan. 1, 2024 – Dec. 31, 2024)	Current consolidated fiscal year (Jan. 1, 2025 – Dec. 31, 2025)
Net income	1,605,168	3,300,277
Other comprehensive income		
Valuation difference on available-for-sale securities	12,892	28,390
Foreign currency translation adjustment	439,668	(1,055,444)
Total other comprehensive income	452,560	(1,027,053)
Comprehensive income	2,057,728	2,273,224
(Breakdown)		
Comprehensive income attributable to owners of parent	2,063,112	2,288,318
Comprehensive income attributable to non-controlling interests	(5,383)	(15,094)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,262,735	5,346,478	4,980,357	(235,687)	16,353,883
Changes during period					
Issuance of new shares	6,011	6,011			12,022
Issuance of new shares - exercise of share acquisition rights	15,090	15,090			30,181
Dividends of surplus			(444,178)		(444,178)
Net income attributable to owners of parent			1,610,551		1,610,551
Purchase of treasury shares				(101,716)	(101,716)
Disposal of treasury shares		1,065		49,310	50,375
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during period	21,101	22,167	1,166,372	(52,406)	1,157,235
Balance at end of period	6,283,837	5,368,645	6,146,730	(288,093)	17,511,119

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	26,017	726,319	752,336	29,206	31,298	17,166,725
Changes during period						
Issuance of new shares						12,022
Issuance of new shares - exercise of share acquisition rights						30,181
Dividends of surplus						(444,178)
Net income attributable to owners of parent						1,610,551
Purchase of treasury shares						(101,716)
Disposal of treasury shares						50,375
Change in scope of consolidation						—
Net changes in items other than shareholders' equity	12,892	439,668	452,560	(4,441)	(10,944)	437,174
Total changes during period	12,892	439,668	452,560	(4,441)	(10,944)	1,594,409
Balance at end of period	38,909	1,165,987	1,204,897	24,765	20,353	18,761,135

Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,283,837	5,368,645	6,146,730	(288,093)	17,511,119
Changes during period					
Issuance of new shares					—
Issuance of new shares - exercise of share acquisition rights	63,296	63,296			126,592
Dividends of surplus			(565,662)		(565,662)
Net income attributable to owners of parent			3,315,372		3,315,372
Purchase of treasury shares				(432)	(432)
Disposal of treasury shares		922		55,274	56,196
Change in scope of consolidation			(76,662)		(76,662)
Net changes in items other than shareholders' equity					
Total changes during period	63,296	64,218	2,673,048	54,842	2,855,406
Balance at end of period	6,347,133	5,432,864	8,819,778	(233,250)	20,366,525

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	38,909	1,165,987	1,204,897	24,765	20,353	18,761,135
Changes during period						
Issuance of new shares						—
Issuance of new shares - exercise of share acquisition rights						126,592
Dividends of surplus						(565,662)
Net income attributable to owners of parent						3,315,372
Purchase of treasury shares						(432)
Disposal of treasury shares						56,196
Change in scope of consolidation						(76,662)
Net changes in items other than shareholders' equity	28,390	(1,055,444)	(1,027,053)	10,880	(23,556)	(1,039,729)
Total changes during period	28,390	(1,055,444)	(1,027,053)	10,880	(23,556)	1,815,676
Balance at end of period	67,300	110,543	177,843	35,645	(3,202)	20,576,812

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous consolidated fiscal year (Jan. 1, 2024 – Dec. 31, 2024)	Current consolidated fiscal year (Jan. 1, 2025 – Dec. 31, 2025)
Cash flows from operating activities		
Net income before income taxes	2,547,729	5,190,913
Depreciation	162,131	200,534
Increase (decrease) in allowance for doubtful accounts	1,474	(1,296)
Increase (decrease) in provision for bonuses	(50,238)	158,353
Interest and dividend income	(30,234)	(26,237)
Interest expenses	591,234	730,739
Loss (gain) on valuation of investment securities	—	9,636
Share of loss (profit) of entities accounted for using equity method	36,463	—
Insurance return	(15,866)	—
Loss (gain) on retirement of property, plant and equipment	1,521	—
Loss (gain) on sale of investment securities	(24,576)	(7,245)
Loss (gain) on sales of investment stock acquisition rights	(15,923)	—
Amortization of goodwill	31,676	31,676
Decrease (increase) in trade receivables	4,454	(160,295)
Decrease (increase) in inventories	165,805	(8,693,309)
Increase (decrease) in trade payables	(340,824)	(282,417)
Share of loss (profit) and Gain on reversal Foreign currency translation adjustment, before tax	—	(901,989)
Loss (gain) on sale of shares of subsidiaries	—	(144,113)
Other, net	257,300	(136,112)
Subtotal	3,322,128	(4,031,162)
Interest and dividends received	30,234	26,217
Interest paid	(588,048)	(734,896)
Income taxes refund (paid)	(1,038,603)	(1,214,009)
Net cash provided by (used in) operating activities	1,725,711	(5,953,850)
Cash flows from investing activities		
Purchase of property, plant and equipment	(393,110)	(1,232,989)
Purchase of intangible assets	(64,788)	(94,573)
Purchase of investment securities	(112,000)	—
Proceeds from sale of investment securities	240,791	9,560
Payments from the sale of investment stock acquisition rights	15,923	—
Payments for long-term guarantee deposits	(41,289)	(9,290)
Purchase of golf club membership	—	(14,400)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(532)
Other, net	24,687	6,794
Net cash provided by (used in) investing activities	(329,785)	(1,335,431)

(Thousands of yen)

	Previous consolidated fiscal year (Jan. 1, 2024 – Dec. 31, 2024)	Current consolidated fiscal year (Jan. 1, 2025 – Dec. 31, 2025)
Cash flows from financing activities		
Proceeds from short-term borrowings	743,000	1,365,000
Repayments of short-term borrowings	(1,090,400)	(1,161,000)
Proceeds from long-term borrowings	34,396,061	53,167,920
Repayments of long-term borrowings	(33,247,510)	(43,041,835)
Proceeds from crowdfunding	954,259	—
Expenditure for crowdfunding	(2,248,861)	(954,259)
Proceeds from issuance of bonds	200,000	500,000
Redemption of bonds	(390,200)	(514,900)
Payment of bond issuance costs	(3,317)	(7,781)
Purchase of treasury shares	(99,989)	—
Proceeds from share issuance to non-controlling shareholders	1,375	—
Repayments to non-controlling shareholders	—	(8,461)
Dividends paid	(442,609)	(564,254)
Proceeds from issuance of share acquisition rights	—	500
Proceeds from issuance of subscription rights to share	25,350	120,055
Net cash provided by (used in) financing activities	(1,202,840)	8,900,983
Effect of exchange rate change on cash and cash equivalents	142,515	(40,146)
Net increase (decrease) in cash and cash equivalents	335,600	1,571,555
Cash and cash equivalents at beginning of period	9,727,170	10,062,771
Cash and cash equivalents at end of period	10,062,771	11,634,326

(5) Notes Regarding the Consolidated Financial Statement

(Notes on the going concern assumption)

Not applicable

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

Number of consolidated subsidiaries:

10 companies

Names of consolidated subsidiaries:

A.D. Works Co., Ltd.
A.D. Partners Co., Ltd.
Angel Torch Co., Ltd.
Jupiter Funding Co., Ltd.
A.D. Works USA, Inc.
ADW Management USA, Inc.
ADW-No.1 LLC
ADW Hawaii LLC
Avenue Works Normandie LLC
Avenue Works Ardmore LLC

(Changes in scope of consolidation)

Avenue Works Georgetown LLC was dissolved and liquidation was completed. Therefore, it has been excluded from the scope of consolidation from the fiscal year under review.

Sumikawa ADD Co., Ltd. transferred all of its shares on July 1, 2025. Therefore, it has been excluded from the scope of consolidation.

ADW-No.1 LLC was already dissolved but was still in the process of liquidation as of December 31, 2025. Therefore, it has been included in the total number of consolidated subsidiaries above.

Names of non-consolidated subsidiaries:

JMR Asset Management Co., Ltd.

Reasons for exclusion from the scope of consolidation

The non-consolidated subsidiary is a small company, and its total assets, net sales, net income, retained earnings, etc. do not have a significant impact on the consolidated financial statements, etc.

2. Disclosure about application of equity method

Number of associates accounted for using equity method:

Not applicable.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

The fiscal year-end date of the consolidated subsidiaries is the same as the consolidated fiscal year-end date.

4. Disclosure of accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc. that do not have a market price

Market value method (with the entire amount of valuation differences recorded directly into net assets, and the costs of securities sold calculated using the moving average method)

Shares, etc. that do not have a market price

Cost method based on the moving average method

(ii) Inventories

(a) Real estate for sale

Cost method based on the actual cost method (with amount shown on balance sheet written down as profitability declines)

(b) Real estate for sale in process

Cost method based on the actual cost method (with amount shown on balance sheet written down as profitability declines)

(iii) Derivatives

Market value method

(2) Methods of depreciation of significant depreciable assets

(i) Property, plant and equipment

(a) Property, plant and equipment acquired on or before March 31, 2007

Old declining balance method

(b) Property, plant and equipment acquired on or after April 1, 2007

Declining balance method (However, the straight-line method is used for buildings, excluding facilities attached to buildings, and facilities attached to buildings acquired on and after April 1, 2016.)

Major useful lives are as follows.

Buildings and structures	2 to 50 years
Machinery, equipment and vehicles	5 to 17 years
Tools, furniture and fixtures	2 to 20 years

(ii) Intangible assets

Straight-line method

Goodwill is amortized by a level amount over 4 to 19 years.

Software for internal use is amortized on a straight-line basis over the internally available period (5 years).

(3) Accounting method for significant deferred assets

(i) Share issuance costs

The straight-line method is adopted.

Years of amortization 3 years

(ii) Bonds issuance cost

They are amortized on a straight-line basis over the period of redemption of corporate bonds.

(iii) Establishment costs

The straight-line method is adopted.

Years of amortization 5 years

(4) Accounting standards for significant provisions

(i) Allowance for doubtful accounts

To prepare for losses due to defaulting on bad loans, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable.

(ii) Provision for bonuses

To use it for bonuses to be provided, we recorded the amount appropriate for the fiscal year under review based on estimated bonus payments.

(5) Accounting standards for significant revenues and expenses

The details of the main performance obligations in major businesses related to revenues from contracts with our group's customers and the timing at which these performance obligations are typically satisfied are as follows.

(i) Income property sales business

In Japan, the business is handled by A.D. Works Co., Ltd., and in the U.S., the business is handled by ADW-No.1 LLC, ADW Hawaii LLC, etc. In the business, we buy income properties through our own business channels, and sell them to investors and real estate owners centering on wealthy individuals, as well as corporate institutional investors after improving building conditions, changing uses, replacing tenants, and implementing value-up measures such as large-scale repairs. The business has an obligation to deliver income properties on which value-up measures are taken in accordance with real estate sales contracts with customers. This performance obligation is fulfilled at the time of handover of a property, and we recognize income at the time of the handover. Under some real estate sales contracts, our group is obliged to guarantee repair expenses in the case when a contractual nonconformity (defect) is found in real estate our group delivered and expenses for uncompleted construction at the time of handover. This performance obligation is fulfilled at the time when repair or work is actually performed or when the guarantee period ends, and we recognize income at the time of occurrence of such events.

(ii) Stock-type fee business

In Japan, the business is handled by A.D. Works Co., Ltd., A.D. Partners Co., Ltd. and Sumikawa ADD Co., Ltd., and in the U.S., the business is handled by ADW Management USA, Inc. The business mainly provides property management for real estate whose management is entrusted. The property management has an obligation to perform cash management of tenant rents and deposits and procedures to occupy and vacate tenants under lease management contracts with customers, and transfer to customers the amount of money obtained by deducting business commissions of tenants from rents, etc. received from tenants. This performance obligation is fulfilled at the time when a money transfer to a customer is completed, and we recognize income at the time of the money transfer. For construction contracts where the period from the commencement date in a contract to the time when performance obligations are expected to be fulfilled fully is very short, we apply alternative treatment and recognize income at the time when performance obligations are fulfilled fully. Regarding construction contracts where performance obligations are fulfilled over a certain period of time, in the case where it is possible to reasonably estimate progress toward complete fulfillment of the performance obligations, we recognize income over a certain period of time; in the case where it is not possible to reasonably estimate progress toward complete fulfillment of the performance obligations but it is expected to recover the costs incurred, we recognize income by the cost recovery method.

(6) Basis of translation of significant foreign currency assets and liabilities into Japanese currency

Foreign currency receivables and payables have been translated into yen currency at the spot exchange rate on the consolidation date, and translation differences have been treated as gains and losses. Assets and liabilities of foreign subsidiaries, etc. have been translated into yen currency at the spot exchange rate on the consolidation date. Revenues and expenses have been translated into yen currency at the average exchange rate during the period. Translation differences have been included in the foreign currency translation adjustment in net assets.

(7) Accounting method for significant hedge transactions

(i) Method of hedge accounting

Deferred hedge accounting has been applied to interest rate swaps.

(ii) Hedging instruments and hedged items

Hedging instrument: Interest rate swapping

Hedged item: Interest rates payable on borrowing

(iii) Hedging policy

The purpose is to offset the risks of losses from financial liabilities due to interest rate fluctuations.

(iv) Method of assessment of hedge effectiveness

Effectiveness is determined by comparing the cumulative total of changes in hedged items and the cumulative total of changes in hedging instruments.

(8) Scope of funds in the consolidated statement of cash flows

Cash on hand; demand deposits; and short-term, highly liquid investments that have maturities of three months or less at the date of purchase, are readily convertible, and are subject to an insignificant risk of changes in value

(9) Other significant matters for preparation of consolidated financial statements

(i) Accounting for consumption tax, etc.

Non-deductible consumption tax and local consumption tax on assets have been treated as expenses for the fiscal year under review.

(ii) Application of the group tax sharing system

The Company and some consolidated subsidiaries in Japan apply the group tax sharing system. Following the Treatment of Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021), we account for corporate tax and local corporate tax, apply tax effect accounting related to them and provide their disclosure.

(Significant accounting estimates)

Valuation of real estate for sale

(1) Amounts recorded in the consolidated financial statements

(Thousands of yen)

	Previous fiscal year	Fiscal year under review
Real estate for sale	35,020,528	41,781,916
Real estate for sale in process	1,536,975	1,806,435
Loss on valuation of inventories	257,537	482,398

(2) Information on significant accounting estimates for items recognized

(i) Calculation method

In accordance with the accounting standards for inventory valuation, real estate for sale and real estate for sale in process have been carried at cost as balance sheet amounts. If true cash value at year-end is lower than the cost, we have seen profitability as declining and recognized the true cash value as the balance sheet amount as well as treated the difference between the cost and the true cash value as an expense for the fiscal year under review. We have calculated true cash value by deducting renovation or construction costs to be incurred in the future and the estimated amount of sales expenses, etc. from the estimated amount of sales in the business plan prepared on an individual property basis at the time of purchase or upon change of the plan. For some properties, we have used an appraisal by an outside real estate appraiser.

(ii) Major assumptions

In determining the rent, yield, etc. for each individual property, which are used to calculate the estimated amount of sales, we have comprehensively considered market conditions and the transactions and past results of similar properties. In determining the amount of construction costs to be incurred in the future, we have considered construction market conditions, occurrence of additional works, etc.

(iii) Effects on the consolidated financial statements for the following fiscal year

The major assumptions have been determined according to the best estimates at the time of preparing consolidated financial statements. However, if a gap has emerged between the estimate of true cash value and actual results due to lower selling prices resulting from deterioration in the real estate sales market, higher construction prices, occurrence of additional works, etc., it may affect gains and losses for the following fiscal year.

(New accounting standards not yet applied)

・Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)

・Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

and revisions of related corporate accounting standards, ASBJ Guidances, ASBJ Practical Solutions, and ASBJ Transfer Guidances

(1) Outline

They stipulate treatments such as recording assets and liabilities for all leases of lessees, as is the case with international accounting standards.

(2) Scheduled date of application

They are scheduled to be applied from the beginning of the fiscal year ending December 31, 2028.

(3) Effects of the application of the accounting standards, etc.

The effects of application of Accounting Standards for Leases, etc. on the consolidated financial statements are currently under evaluation.

(Additional information)

1. Continued implementation of a trust-based stock compensation plan for directors (Director Stock Compensation Trust)

Our group has adopted a trust-based stock compensation plan for directors (hereinafter the "plan") that has been implemented in A.D. Works Co., Ltd. since 2014. Succession of the plan by the Company, founded on April 1, 2020, was approved at an extraordinary shareholders meeting held by this company on November 29, 2019 and determined at the Company's board of directors meeting held on April 1, 2020. After that, succession of the plan was approved at the 5th ordinary general meeting of shareholders held on March 26, 2025 and has been continued up to now. Persons eligible for the plan are the Company's directors (excluding directors appointed as audit and supervisory committee members, outside directors, and those who live abroad), and representative directors of the Company's subsidiaries whose head office is located in Japan (hereinafter "directors, etc."). The purpose and outline of the plan are as follows.

(1) As a managerial compensation system, our group adopts a scheme reflecting (1) fixed remuneration, (2) short-term performance-linked remuneration, and (3) long-term performance-linked remuneration. More specifically, they are (1) monthly fixed remuneration, as fixed remuneration, (2) monetary bonuses to be given for achievement of a single-year profit plan, as short-term performance-linked remuneration, and (3) stock-based compensation, as long-term corporate value-linked remuneration which is linked to improvement of corporate value in the future.

(2) We believe that with the plan, directors, etc. will share with shareholders the risks and advantages of stock price performance and the awareness of medium- and long-term profits and become motivated to improve corporate value from the medium- and long-term perspective, leading to a higher motivation to implement management that focuses on performance and stock value. Directors appointed as audit and supervisory committee members and outside directors are excluded from persons eligible for the plan in consideration of the nature of their duties.

(3) The plan will be subject to approval at a general shareholders meeting of the Company and at a general shareholders meeting of eligible subsidiaries.

(4) At the meeting of the board of directors held on March by each eligible company, the board of directors decides on the amount that serves as the basis for calculating the number of shares to be delivered to directors, etc. On January of the following year, the Company's shares and money equivalent to the amount when the Company's shares are converted into cash are delivered and paid to directors, etc. At the end of the plan, all the shares remaining in the trust are converted into cash, and money equivalent to the amount after the conversion are paid to directors, etc. Regarding the remaining dividends related to the Company's shares in the trust, the excess portion from the reserve for trust expenses are paid to directors, etc.

The acquisition and disposal of the Company's shares by the plan are accounted for on the assumption that the Company and the trust are inseparable. Therefore, the Company's shares owned by the Director Stock Compensation Trust are stated as treasury shares in the consolidated balance sheets. Therefore, the Company's shares owned by the Director Stock Compensation Trust are stated as treasury shares in the consolidated balance sheets. The book value and number of the treasury shares are 154,736,000 yen and 1,005,057 shares, respectively, for the previous fiscal year and 108,039,000 yen and 701,751 shares for the fiscal year under review.

2. Applying the treatment of accounting and disclosure under the group tax sharing system

The Company and some consolidated subsidiaries in Japan have shifted from the consolidated tax payment system to the group tax sharing system. With this change, for the accounting and disclosure of corporate tax, local corporate tax, and tax effect accounting, we have followed the Treatment of Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021; hereinafter the "ASBJ Practical Solution No. 42"). Based on the ASBJ Practical Solution No. 42, Paragraph 32 (1), we assume that there is no impact due to changes in accounting policies resulting from the application of the ASBJ Practical Solution No. 42.

3. Transfer of inventories

For the fiscal year under review, income properties for sale of 973,194,000 yen that were recorded as inventories have been reclassified to fixed assets because the holding policy has been changed so that they are treated as long-term income properties.

(Notes on segment information, etc.)

1. Overview of Reportable Segments

The Group's reporting segments are those units of the Group for which separate financial information can be obtained, and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The Group has business divisions at the head office and subsidiaries that are organized by product and service, and each division devises comprehensive strategies for the products and services it handles and develops business activities.

Accordingly, the Group is composed of segments for each product and service based on the business divisions, and the two reportable segments are the "income property sales business" and the "stock-type fee business."

The income property sales business is involved in the buying and selling of income properties. The stock-type fee business is involved in property management, building management, the collection of rent from income properties owned by the Company, real estate brokerage, asset management, fund support, real estate appraisal, due diligence, research, and consulting.

2. Calculation method for net sales, profit, assets, liabilities, and other items by reportable segment

The accounting method for the reportable business segments is generally the same as that stated in "Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements."

In order to more accurately determine the profitability of each business, the method for measuring the income (or loss) of business segments is based on a method of allocating company-wide expenses that are operating expenses needed for the business to each business segment based on certain criteria.

3. Information on net sales, profit, assets, and other items for each reportable segment

I. Previous consolidated fiscal year (January 1, 2024, to December 31, 2024)

Information on net sales, profit or losses, assets, liabilities, and other items for each reportable segment

(Unit: Thousands of yen)

	Reportable segments			Adjustments*1	Annual consolidated profit/loss posted*2
	Income property sales business	Stock-type fee business	Total		
Net sales					
Net sales to external customers	44,305,645	5,605,256	49,910,901	－	49,910,901
Intersegment sales	－	553,360	553,360	-553,360	－
Total	44,305,645	6,158,616	50,464,262	-553,360	49,910,901
Segment profit (Operating profit)	3,907,451	1,142,640	5,050,092	-1,833,358	3,216,733

	Total for reportable segments	Adjustments *1	Annual consolidated profit/loss posted *2
Segment assets	47,236,231	12,573,652	59,809,884
Other items			
Depreciation	146,339	50,374	196,713
Interest expenses	573,775	17,459	591,234
Increase in property, plant and equipment and intangible assets	2,665,790	42,008	2,707,798

(Notes)

*1 The adjustments for segment profit and assets are elimination of inter-segment transactions and corporate assets and expenses that are not allocated to reportable segments.

*2 Segment profit is adjusted with operating profit on the consolidated profit and loss statement.

II. Current consolidated fiscal year (January 1, 2025, to December 31, 2025)

Information on net sales, profit or losses, assets, liabilities, and other items for each reportable segment

(Unit: Thousands of yen)

	Reportable segments	Adjustments *1	Annual

	Income property sales business	Stock-type fee business	Total		consolidated profit/loss posted *2
Net sales					
Net sales to external customers	62,436,728	5,095,236	67,531,965	−	67,531,965
Intersegment sales	−	503,424	503,424	(503,424)	−
Total	62,436,728	5,598,660	68,035,389	(503,424)	67,531,965
Segment profit (Operating profit)	6,361,721	1,205,161	7,566,883	(2,579,235)	4,987,647

	Total for reportable segments	Adjustments*1	Annual consolidated profit/loss posted*2
Segment assets	55,406,945	16,655,864	72,062,809
Other items			
Depreciation	173,634	59,014	232,649
Interest expenses	834,381	(103,642)	730,739
Increase in property, plant and equipment and intangible assets	2,326,027	72,269	2,398,297

(Notes)

*1 The adjustments for segment profit and assets are elimination of inter-segment transactions and corporate assets and expenses that are not allocated to reportable segments.

*2 Segment profit is adjusted with operating profit on the consolidated profit and loss statement.

4. Information by region

I. The Fiscal Year Ended December 31, 2024 (January 1, 2024, to December 31, 2024)

1. Net sales

(Unit: Thousands of yen)

Japan	US	Total
46,966,831	2,944,070	49,910,901

Note: Net sales are classified by country based on the location of the income property.

2. Property, plant and equipment

(Unit: Thousands of yen)

Japan	US	Total
7,601,546	1,504,471	9,106,018

II. The Fiscal Year Ended December 31, 2025 (January 1, 2025, to December 31, 2025)

1. Net sales

(Unit: Thousands of yen)

Japan	US	Total
62,825,825	4,706,139	67,531,965

Note: Net sales are classified by country based on the location of the income property.

2. Property, plant and equipment

(Unit: Thousands of yen)

Japan	US	Total
9,510,186	1,677,788	11,187,974

(Per share information)

	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Net assets per share	¥389.82	418.37
Basic earnings per share	¥33.50	68.46
Diluted earnings per share	¥33.08	67.49

1. The basis on which to calculate basic earnings per share and diluted earnings per share is as listed below.

Item	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Basic earnings per share		
Net income attributable to owners of parent (Thousands of yen)	1,610,551	3,315,372
Amount not attributable to common shareholders (Thousands of yen)	—	—
Net income attributable to owners of parent relating to common shares (Thousands of yen)	1,610,551	3,315,372
Average number of common shares outstanding during the period (Shares)	48,075,413 (Note)	48,427,175 (Note)
Diluted earnings per share		
Adjustment for net income attributable to owners of parent (Thousands of yen)	—	—
Increase in number of common shares (Shares)	598,395	696,661
(Of which, subscription rights to shares) (Shares)	598,395	696,661
Overview of residual shares not included in the calculation of diluted earnings per share due to their non-dilutive effect	—	—

Note: The Company adopts a Director Stock Compensation Trust, and the Company's shares owned by the trust are stated as treasury shares in the consolidated financial statements. Therefore, in calculating the average number of common shares outstanding during the period which was used for estimating basic earnings per share and diluted earnings per share, the Company's shares owned by the trust were included in the number of treasury shares. As a result, the average number of common shares owned by the trust was 1,176,412 for the previous fiscal year and 843,982 for the fiscal year under review.

2. The basis on which to calculate net assets per share is as listed below.

Item	For the fiscal year ended December 31, 2024	For the fiscal year ended December 31, 2025
Total of net assets (Thousands of yen)	18,761,135	20,576,812
Amount deducted from the total of net assets (Thousands of yen)	45,118	32,443
[Of which, subscription rights to shares]	[24,765]	[35,645]
[Of which, non-controlling interests]	[20,353]	[(3,202)]
Year-end net assets applicable to common shares (Thousands of yen)	18,716,016	20,544,369
Year-end number of common shares used to calculate net assets per share (shares)	48,010,954	49,105,134

Note: In calculating the year-end number of common shares used to calculate net assets per share, the Company's shares owned by the trust were deducted. The number of treasury shares owned by the trust was 1,005,057 for the previous fiscal year and 701,751 for the fiscal year under review.

(Important subsequent events)

(Company Split 1)

A.D. Works Group Co., Ltd. (the “Company”) hereby announce that our consolidated subsidiary A.D.Partners Co., Ltd. (hereinafter, "A.D.Partners") resolved at the Board of Directors meeting held on November 25, 2025 to transfer its "property management business for external owners" of to Architect Developer, Inc. (hereinafter, "Architect Developer") through an absorption-type company split (hereinafter, "Company Split 1"), effective January 13, 2026.

(1) Schedule of the Company Splits

(Company Split 1)

November 25, 2025: Resolution of the Board of Directors
November 25, 2025: Execution of the Company Split Agreement
December 23, 2025: Resolution of the General Meeting of Shareholders
January 13, 2026 : Effective Date of the Company Split (Planned)

(2) Method of the Company Splits

Company Split 1 is an absorption-type split in which A.D.Partners is the splitting company and Architect Developer is the succeeding company.

(3) Allotments Relating to the Company Split

The consideration for Company Split 1 will be determined up to an upper limit of 1.81 billion yen, however the final amount will be determined after July 2026 in accordance with the terms of the absorption-type company split agreement. We will disclose this amount as soon as it is finalized, but at this time, we believe it is unlikely that the amount will be significantly below the upper limit.

(4) Treatment regarding stock acquisition rights and bonds with stock acquisition rights upon the Company Splits

Not applicable

(5) Increase or decrease in stated capital as a result of Company Splits

There will not be any increase or decrease in the stated capital of any of the parties as a result of the Company Splits.

(6) Rights and obligations to be assumed by the succeeding company

As a result of Company Split 1, the succeeding company, Architect Developer, will succeed to the assets, liabilities, contractual status, and other rights and obligations of A.D.Partners relating to the "property management business for external owners" as of the effective date of the Company Splits, as stipulated in the absorption-type split agreement.

(7) Prospect of fulfillment of obligations

The Company has assessed that there will be no impediment to the fulfillment of obligations by any of the Company, A.D.Partners, Architect Developer and A.D.Works.

4. Overview of the Parties Involved in the Company Splits

		Splitting Company for Company Splits 1 and 2
(1)	Name	A.D.Partners Co., Ltd.
(2)	Location	2-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3)	Representative	Toshiya Suzuki, Representative Director and Chair Hiroshi Mae, Representative Director and President
(4)	Business Description	Property management、Asset consulting etc.
(5)	Capital	40 million yen (as of December 31, 2024)
(6)	Date of Establishment	February 10, 2011
(7)	Number of Issued Shares	1,200 shares
(8)	Fiscal Year End	December 31
(9)	Number of Employees	44 (as of December 2024)
(10)	Major Customers	A.D.Works Co., Ltd.
(11)	Main Banks	MUFG Bank, Mizuho Bank, Resona Bank
(12)	Major Shareholders and Shareholding Ratio	A.D. Works Group Co., Ltd.：100%
(13)	Relationships between the Parties	
	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	Not applicable. After the Company splits, A.D.Partners and Architect eveloper plan to enter into a business outsourcing agreement in order to ensure a smooth transition in connection with Company Split 1.
	Status as Related Party	Not applicable
(14)	Financial Conditions and Results of Operation for the Fiscal Year immediately before the Company Split (Unit: Million yen)	

Fiscal Year	Fiscal Year ended December 2024
Net Assets	335
Total Assets	1,604
Net Assets per Share (yen)	279,402
Sales	1,929
Operating Profit	145
Ordinary Profit	141
Net Income	84
Net Profit per Share (yen)	70,251
Dividend per Share (yen)	0

		Succeeding company for Company Split 1
(1)	Name	Architect Developer, Inc.
(2)	Location	4-12-15 Ginza, Chuo-ku, Tokyo
(3)	Representative	Hiroki Kimoto, Representative Director and President
(4)	Business Description	Development of apartments and property management
(5)	Capital	100 million yen
(6)	Date of Establishment	October 1, 2008
(7)	Financial Conditions and Results of Operation for the Fiscal Year immediately before the Company Split (Unit: Million yen)	
Fiscal Year		Fiscal Year ended December 2024
Net Assets		25,549
Total Assets		54,505
Net Assets per Share (yen)		413
Sales		64,505
Operating Profit		4,642
Ordinary Profit		4,413
Net Income		4,257
Net Profit per Share (yen)		106
Dividend per Share (yen)		0.486

5. Status after the Company Splits

There will be no changes to the trade names, head office locations, representatives, business activities, capital, or fiscal year ends of the Company, A.D.Partners, Architect Developer, and A.D.Works after the Company Splits.

(Company Split 2) Common Control Transactions

In addition, the Company also announce that we resolved to transfer A.D.Partners' "property management business for properties owned by our group, " "property management business for properties sold by our group as small-lot real estate investment products, " "medical mall master lease and sublease business, " and "rental guarantee business" to A.D.Works Co., Ltd. (hereinafter "A.D.Works"), a consolidated subsidiary of the Company, through an absorption-type company split (hereinafter "Company Split 2," and collectively with Company Split 1, the "Company Splits") on the same date as the effective date of Company Split 1.

2. Summary of the Company Splits

(Company Split 2)

November 25, 2025: Resolution of the Board of Directors
November 25, 2025: Resolution of the General Meeting of Shareholders
November 25, 2025: Execution of the Company Split Agreement
January 13, 2026 : Effective Date of the Company Split (Planned)

(2) Method of the Company Splits

Company Split 2 is an absorption-type split in which A.D.Partners is the splitting company and A.D.Works is the succeeding company.

(3) Allotments Relating to the Company Split

As Company Split 2 is an absorption-type company split between consolidated subsidiaries of the Company, no consideration will be paid in order to simplify administrative procedures.

(4) Treatment regarding stock acquisition rights and bonds with stock acquisition rights upon the Company Splits

Not applicable

(5) Increase or decrease in stated capital as a result of Company Splits

There will not be any increase or decrease in the stated capital of any of the parties as a result of the Company Splits.

(6) Rights and obligations to be assumed by the succeeding company

As a result of Company Split 2, the succeeding company, A.D.Works, will succeed to the assets, liabilities, contractual status, and other rights and obligations of A.D.Partners relating to the "property management business for properties owned by the Company or its subsidiaries," "property management business for properties sold by the Company or its subsidiaries as small-lot real estate investment products," "medical mall master lease and sublease business" and "rental guarantee business" as of the effective date of the Company Splits, as stipulated in the absorption-type split agreement.

(7) Prospect of fulfillment of obligations

The Company has assessed that there will be no impediment to the fulfillment of obligations by any of the Company, A.D.Partners, Architect Developer and A.D.Works.

		Splitting Company for Company Splits 1 and 2
(1)	Name	A.D.Partners Co., Ltd.
(2)	Location	2-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3)	Representative	Toshiya Suzuki, Representative Director and Chair Hiroshi Mae, Representative Director and President
(4)	Business Description	Property management、Asset consulting etc.
(5)	Capital	40 million yen (as of December 31, 2024)
(6)	Date of Establishment	February 10, 2011
(7)	Number of Issued Shares	1,200 shares
(8)	Fiscal Year End	December 31
(9)	Number of Employees	44 (as of December 2024)
(10)	Major Customers	A.D.Works Co., Ltd.
(11)	Main Banks	MUFG Bank, Mizuho Bank, Resona Bank
(12)	Major Shareholders and Shareholding Ratio	A.D. Works Group Co., Ltd. : 100%
(13)	Relationships between the Parties	
	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	Not applicable. After the Company splits, A.D.Partners and Architect eveloper plan to enter into a business outsourcing agreement in order to ensure a smooth transition in connection with Company Split 1.
	Status as Related Party	Not applicable
(14)	Financial Conditions and Results of Operation for the Fiscal Year immediately before the Company Split (Unit: Million yen)	
Fiscal Year		Fiscal Year ended December 2024
Net Assets		335
Total Assets		1,604
Net Assets per Share (yen)		279,402
Sales		1,929
Operating Profit		145
Ordinary Profit		141
Net Income		84
Net Profit per Share (yen)		70,251
Dividend per Share (yen)		0

		(Reference) Succeeding company for Company Split 2
(1)	Name	A.D.Works Co., Ltd.
(2)	Location	2-2-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3)	Representative	Hideo Tanaka, Representative Director and Chair Toshiya Suzuki, Representative Director and President
(4)	Business Description	Income properties business, Small-lot real estate investment product sales business, and Overseas businesses
(5)	Capital	100 million yen (as of December 31, 2024)
(6)	Date of Establishment	May 5, 1936

5. Status after the Company Splits

There will be no changes to the trade names, head office locations, representatives, business activities, capital, or fiscal year ends of the Company, A.D.Partners, Architect Developer, and A.D.Works after the Company Splits.