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Notice Concerning the Company Split (Absorption-type Split) of a Consolidated Subsidiary

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.

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.

As Company Split 1 is an absorption-type split in which the splitting company is a consolidated subsidiary of the Company, some disclosure items and details have been omitted. In addition, as Company Split 2 is an absorption-type split between two consolidated subsidiaries of the Company, it does not meet the criteria for timely disclosure, however, we have determined that this information is useful for understanding the strategies of our group, and have therefore voluntarily disclosed it.

1. Purpose of the Company Splits

The Company announced its "Growth Strategies to Enhance Corporate Value" on February 13, 2025, and aims to meet the expectations of shareholders by improving ROE to 13-14% or more by 2027, accelerating growth, and taking all possible measures to reduce shareholder capital costs.

The purpose of this Company Splits is to restructure the business portfolio from the perspective of selection and concentration, and to concentrate our group's resources in growth areas.

A.D.Partners, the Company's consolidated subsidiary, is primarily responsible for the property management business for external owners (mainly the management of properties sold by the group) and the property management business for the group (mainly the management of residential, office, and commercial properties held by the group in the preparation period for sales), and has formed part of the value chain of the group's income property business.

The property management business for external owners was launched with the aim of providing a management system that allows owners to hold on to their assets with peace of mind even after selling. However, because it is difficult to differentiate in property management after stable operation, the property management business for external owners is structured to be prone to price competition. Furthermore, the property management business for external owners is an operating system type business, and while economies of scale determine competitive advantage, the proportion of post-sales contracts has declined as the core business has grown and properties have become larger, making it difficult to draw up a growth strategy.

We are currently optimizing our business portfolio to enhance our corporate value. In light of this situation, we have determined that selling our business is the most appropriate way to ensure the continuity of our employees' careers, maintain an environment in which external owners can hold their assets with peace of mind, and enhance the corporate value of the entire group.

On the other hand, the property management business for our group is a business that increases product value in a short period of time, and is an area of scarcity with low substitutability. In the commercialization process of whole-building income real estate and real estate fractionalization products, which are A.D.Works' main business, we have made a significant contribution to increasing product value through rapid tenant leasing and rent optimization. However, inefficiencies due to being a separate company have been an issue.

In light of these circumstances, and based on our growth strategy, we have considered the optimal allocation of management resources and the best owner for each business, and have determined that it is appropriate to transfer the property management business for external owners to Architect Developer (Company Split 1) and reallocate management resources for that business to growth areas. We have also determined that it is optimal to transfer the property management business for group companies to A.D.Works (Company Split 2) and improve productivity in the growth areas of the single-building income property business and the small-lot real estate business.

2. Summary of the Company Splits

(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)

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

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

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.

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 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.

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.

3. Basis of Calculation of the Allotment Related to the Company Splits

As a result of Company Split 1, Architect Developer will take over the "property management business for external owners" and continue to operate that business. The consideration for Company Split 1 has been agreed upon between A.D.Partners and Architect Developer based on a reasonable calculation of the value of that business.

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 developer 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	106

(yen)	
Dividend per Share (yen)	0.486

	(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.

6. Future Prospects

As a result of this Company Splits, we expect to record extraordinary income in the fiscal year ending December 2026, the amount of which will be the consideration for Company Split 1 minus related expenses such as brokerage fees.

The amount of extraordinary income to be recorded will be determined up to an upper limit of 1.74 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.