

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 10, 2023

Company name: Aoyama Zaisan Networks Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 8929 URL <https://www.azn.co.jp/>  
 Representative: President Masazumi Hasumi  
 Director, Managing Executive Officer, and  
 Inquiries: General Manager of Corporate Planning Shintaro Hashiba TEL 03-6439-5800  
 Division  
 Scheduled date of ordinary general meeting of shareholders: March 30, 2023  
 Scheduled date to file Securities Report: March 30, 2023  
 Scheduled date to commence dividend payments: March 31, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2022	35,952	48.5	2,629	41.6	2,499	39.1	1,694	14.4
Year ended December 31, 2021	24,213	26.6	1,856	42.4	1,796	50.2	1,481	85.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	69.82	69.75	22.0	12.8	7.3
Year ended December 31, 2021	61.22	60.91	22.0	10.7	7.7

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	21,757	8,320	38.0	340.13
As of December 31, 2021	17,426	7,128	40.8	294.61

#### (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2022	2,219	(1,256)	882	12,801
Year ended December 31, 2021	2,389	(631)	(374)	10,862

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2021	–	22.00	–	17.00	–	675	45.7	10.1
Year ended December 31, 2022	–	13.00	–	22.00	35.00	850	50.1	11.0
Year ending December 31, 2023 (Forecast)	–	15.00	–	23.00	38.00		46.6	

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	39,500	9.9	3,300	25.5	3,050	22.0	1,980	16.8	81.48

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	24,520,859 shares	As of December 31, 2021	24,362,800 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	220,328 shares	As of December 31, 2021	220,248 shares
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Average number of shares during the period

Year ended December 31, 2022	24,269,643 shares	Year ended December 31, 2021	24,196,881 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,865	12,804
Accounts receivable - trade	567	684
Real estate for sale	118	1,751
Other inventories	5	15
Income taxes refund receivable	25	-
Other	483	160
Allowance for doubtful accounts	(3)	(0)
Total current assets	12,062	15,416
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,700	2,772
Accumulated depreciation	(330)	(448)
Buildings and structures, net	2,369	2,324
Land	195	195
Other	298	319
Accumulated depreciation	(181)	(208)
Other, net	116	110
Total property, plant and equipment	2,681	2,630
Intangible assets		
Goodwill	28	19
Software	495	365
Other	27	25
Total intangible assets	551	410
Investments and other assets		
Investment securities	1,587	2,727
Shares of subsidiaries and associates	34	37
Deferred tax assets	122	160
Other	386	375
Total investments and other assets	2,131	3,300
Total non-current assets	5,364	6,341
Total assets	17,426	21,757

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	189	291
Short-term borrowings	200	–
Current portion of long-term borrowings	1,298	1,950
Current portion of bonds payable	232	150
Income taxes payable	204	687
Accounts payable - other	986	1,128
Other	736	935
<b>Total current liabilities</b>	<b>3,846</b>	<b>5,142</b>
<b>Non-current liabilities</b>		
Bonds payable	180	30
Long-term borrowings	4,679	6,003
Long-term leasehold and guarantee deposits received	1,528	2,180
Long-term accounts payable - other	57	54
Other	6	26
<b>Total non-current liabilities</b>	<b>6,452</b>	<b>8,295</b>
<b>Total liabilities</b>	<b>10,298</b>	<b>13,437</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,167	1,210
Capital surplus	1,330	1,374
Retained earnings	4,625	5,593
Treasury shares	(167)	(168)
<b>Total shareholders' equity</b>	<b>6,955</b>	<b>8,010</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	181	206
Foreign currency translation adjustment	(24)	47
<b>Total accumulated other comprehensive income</b>	<b>156</b>	<b>254</b>
Share acquisition rights	11	30
Non-controlling interests	4	24
<b>Total net assets</b>	<b>7,128</b>	<b>8,320</b>
<b>Total liabilities and net assets</b>	<b>17,426</b>	<b>21,757</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	24,213	35,952
Cost of sales	19,882	30,251
Gross profit	4,330	5,700
Selling, general and administrative expenses	2,474	3,071
Operating profit	1,856	2,629
Non-operating income		
Interest income	0	0
Dividend income	5	12
Share of profit of entities accounted for using equity method	2	4
Foreign exchange gains	44	37
Other	4	4
Total non-operating income	57	60
Non-operating expenses		
Interest expenses	73	80
Commission expenses	30	89
Other	12	19
Total non-operating expenses	116	190
Ordinary profit	1,796	2,499
Extraordinary income		
Gain on sale of investment securities	34	–
Gain on reversal of share acquisition rights	190	0
Total extraordinary income	224	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment losses	9	22
Total extraordinary losses	10	22
Profit before income taxes	2,010	2,477
Income taxes - current	366	831
Income taxes - deferred	167	(49)
Total income taxes	534	782
Profit	1,476	1,694
Profit (loss) attributable to non-controlling interests	(4)	0
Profit attributable to owners of parent	1,481	1,694

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	1,476	1,694
Other comprehensive income		
Valuation difference on available-for-sale securities	14	24
Foreign currency translation adjustment	48	72
Total other comprehensive income	63	97
Comprehensive income	1,539	1,792
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,544	1,792
Comprehensive income attributable to non-controlling interests	(4)	0

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,153	1,314	3,810	(0)	6,278	166	(73)	93	193	0	6,566
Changes during period											
Dividends of surplus			(666)		(666)						(666)
Issuance of new shares - exercise of share acquisition rights	14	14			28						28
Profit attributable to owners of parent			1,481		1,481						1,481
Change in ownership interest of parent due to transactions with non-controlling interests		1			1						1
Purchase of treasury shares				(167)	(167)						(167)
Net changes in items other than shareholders' equity						14	48	63	(182)	3	(115)
Total changes during period	14	15	815	(167)	677	14	48	63	(182)	3	561
Balance at end of period	1,167	1,330	4,625	(167)	6,955	181	(24)	156	11	4	7,128

Fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,167	1,330	4,625	(167)	6,955	181	(24)	156	11	4	7,128
Changes during period											
Dividends of surplus			(726)		(726)						(726)
Issuance of new shares - exercise of share acquisition rights	23	23			46						46
Issuance of new shares- Restricted Stock	20	20			40						40
Profit attributable to owners of parent			1,694		1,694						1,694
Purchase of treasury shares				(0)	(0)						(0)
Net changes in items other than shareholders' equity						24	72	97	19	20	137
Total changes during period	43	43	968	(0)	1,054	24	72	97	19	20	1,192
Balance at end of period	1,210	1,374	5,593	(168)	8,010	206	47	254	30	24	8,320

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,010	2,477
Depreciation	302	298
Amortization of goodwill	8	8
Share-based payment expenses	7	21
Increase (decrease) in allowance for doubtful accounts	2	(2)
Interest and dividend income	(6)	(13)
Interest expenses	73	80
Loss (gain) on sale of investment securities	(34)	-
Gain on reversal of share acquisition rights	(190)	(0)
Loss on retirement of non-current assets	0	0
Impairment losses	9	22
Decrease (increase) in trade receivables	(45)	(114)
Decrease (increase) in inventories	196	(1,653)
Decrease (increase) in accounts receivable - other	2	(0)
Decrease (increase) in advance payments to suppliers	(148)	410
Decrease (increase) in advances paid	4	(31)
Increase (decrease) in trade payables	49	102
Increase (decrease) in advances received	9	175
Increase (decrease) in accounts payable - other	214	168
Increase (decrease) in deposits received	77	35
Increase (decrease) in long-term accounts payable - other	0	(3)
Increase (decrease) in accrued consumption taxes	(20)	3
Increase (decrease) in leasehold and guarantee deposits received	130	651
Other, net	21	(21)
Subtotal	2,677	2,615
Interest and dividends received	6	13
Interest paid	(94)	(69)
Income taxes refund (paid)	(199)	(339)
Net cash provided by (used in) operating activities	2,389	2,219

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(162)	(115)
Purchase of intangible assets	(56)	(11)
Payments for asset retirement obligations	(25)	–
Purchase of investment securities	(790)	(1,243)
Proceeds from sales and withdrawal of investment securities	402	115
Proceeds from sale of shares of subsidiaries and associates	–	1
Purchase of golf club membership	–	(5)
Payments of leasehold and guarantee deposits	(41)	(7)
Proceeds from refund of leasehold deposits	42	5
Other, net	–	3
Net cash provided by (used in) investing activities	(631)	(1,256)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	100	(200)
Proceeds from long-term borrowings	2,000	3,800
Repayments of long-term borrowings	(1,247)	(1,823)
Redemption of bonds	(434)	(232)
Proceeds from exercise of employee share options	27	44
Proceeds from issuance of bonds with share options	1	–
Purchase of treasury shares	(167)	(0)
Proceeds from share issuance to non-controlling shareholders	10	20
Dividends paid	(664)	(726)
Net cash provided by (used in) financing activities	(374)	882
Effect of exchange rate change on cash and cash equivalents	54	92
Net increase (decrease) in cash and cash equivalents	1,437	1,938
Cash and cash equivalents at beginning of period	9,424	10,862
Cash and cash equivalents at end of period	10,862	12,801