

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2019 (Based on Japanese GAAP)

November 7, 2019

Company name: Aoyama Zaisan Networks Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8929 URL <http://www.azn.co.jp/>
 Representative: President Masazumi Hasumi
 Inquiries: Officer, Administration Division Shintaro Hashiba TEL 03-6439-5800
 Scheduled date to file Quarterly Securities Report: November 7, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2019 (from January 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

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	%
Nine months ended September 30, 2019	10,454	(12.7)	834	18.6	736	19.4	997	107.7
Nine months ended September 30, 2018	11,970	19.8	704	(7.6)	616	(11.4)	480	(26.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2019	83.62		82.76	
Nine months ended September 30, 2018	42.08		41.38	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	15,337	5,693	36.6	463.69
As of December 31, 2018	12,353	4,518	36.5	395.17

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2018	–	14.00	–	25.00	39.00
Year ending December 31, 2019	–	17.00	–		
Year ending December 31, 2019 (Forecast)				33.00	50.00

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

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	20,000	16.1	1,600	9.2	1,500	10.5	1,250	7.5	104.79

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2019	12,106,600 shares	As of December 31, 2018	11,963,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	78 shares	As of December 31, 2018	550,078 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2019	11,928,395 shares	Nine months ended September 30, 2018	11,413,433 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	4,197,046	5,874,911
Accounts receivable - trade	410,580	562,705
Real estate for sale	4,052,066	5,035,464
Other inventories	3,579	2,265
Consumption taxes receivable	124,798	–
Other	847,847	596,942
Allowance for doubtful accounts	(70,244)	(614)
Total current assets	9,565,674	12,071,674
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	136,507	145,917
Land	1,406	1,406
Other, net	57,398	87,811
Total property, plant and equipment	195,312	235,134
Intangible assets		
Software	152,556	244,257
Other	2,167	2,107
Total intangible assets	154,724	246,364
Investments and other assets		
Investment securities	1,927,016	2,210,414
Shares of subsidiaries and associates	107,128	26,342
Deferred tax assets	89,880	232,314
Other	314,137	315,229
Total investments and other assets	2,438,162	2,784,300
Total non-current assets	2,788,199	3,265,800
Total assets	12,353,873	15,337,474

(Thousands of yen)

	As of December 31, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	85,517	88,837
Short-term loans payable	–	100,000
Current portion of long-term loans payable	947,503	1,173,128
Current portion of bonds	584,000	644,000
Income taxes payable	–	26,124
Accounts payable - other	831,562	286,644
Provision for bonuses	–	469,963
Other	583,648	494,917
Total current liabilities	3,032,231	3,283,614
Non-current liabilities		
Bonds payable	1,370,000	1,206,000
Long-term loans payable	2,049,937	3,731,761
Long-term lease and guarantee deposited	1,324,913	1,364,369
Long-term accounts payable - other	58,408	58,408
Total non-current liabilities	4,803,258	6,360,539
Total liabilities	7,835,490	9,644,153
Net assets		
Shareholders' equity		
Capital stock	1,088,937	1,140,597
Capital surplus	795,016	1,302,076
Retained earnings	2,490,101	2,973,161
Treasury shares	(346,621)	(121)
Total shareholders' equity	4,027,435	5,415,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	513,252	250,071
Foreign currency translation adjustment	(30,401)	(52,089)
Total accumulated other comprehensive income	482,850	197,982
Share acquisition rights	8,097	79,625
Total net assets	4,518,382	5,693,320
Total liabilities and net assets	12,353,873	15,337,474

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Net sales	11,970,772	10,454,212
Cost of sales	9,635,472	7,846,221
Gross profit	2,335,299	2,607,991
Selling, general and administrative expenses	1,631,073	1,773,064
Operating profit	704,225	834,927
Non-operating income		
Interest income	12,000	1,344
Dividend income	9,031	9,106
Insurance premiums refunded cancellation	7,654	–
Share of profit of entities accounted for using equity method	–	162
Other	3,084	8,259
Total non-operating income	31,770	18,873
Non-operating expenses		
Interest expenses	45,754	39,745
Commission fee	27,592	45,355
Bond issuance cost	6,287	3,527
Foreign exchange losses	25,203	6,457
Other	14,540	22,501
Total non-operating expenses	119,377	117,586
Ordinary profit	616,618	736,214
Extraordinary income		
Gain on sales of investment securities	–	379,472
Total extraordinary income	–	379,472
Profit before income taxes	616,618	1,115,686
Income taxes - current	153,802	144,512
Income taxes - deferred	(17,412)	(26,282)
Total income taxes	136,390	118,229
Profit	480,228	997,456
Profit attributable to owners of parent	480,228	997,456

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit	480,228	997,456
Other comprehensive income		
Valuation difference on available-for-sale securities	275,748	(263,180)
Foreign currency translation adjustment	3,030	(21,687)
Total other comprehensive income	278,778	(284,868)
Comprehensive income	759,007	712,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	759,007	712,588