

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2019 (Based on Japanese GAAP)

May 8, 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: May 8, 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 three months ended March 31, 2019 (from January 1, 2019 to March 31, 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	%
Three months ended March 31, 2019	2,984	(31.4)	310	53.5	280	91.6	307	259.9
Three months ended March 31, 2018	4,347	47.5	202	(47.1)	146	(56.7)	85	(67.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2019	26.39		26.03	
Three months ended March 31, 2018	7.49		7.37	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	14,875	5,209	34.8	432.79
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	–				
Year ending December 31, 2019 (Forecast)		17.00	–	28.00	45.00

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	107.28

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 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 March 31, 2019	11,963,500 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 March 31, 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)

Three months ended March 31, 2019	11,651,755 shares	Three months ended March 31, 2018	11,413,456 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	4,197,046	6,259,317
Accounts receivable - trade	410,580	566,095
Real estate for sale	4,052,066	3,814,967
Other inventories	3,579	3,993
Consumption taxes receivable	124,798	–
Other	847,847	652,647
Allowance for doubtful accounts	(70,244)	(70,220)
Total current assets	9,565,674	11,226,800
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	136,507	133,099
Land	1,406	1,406
Other, net	57,398	53,863
Total property, plant and equipment	195,312	188,368
Intangible assets		
Software	152,556	181,718
Other	2,167	2,147
Total intangible assets	154,724	183,865
Investments and other assets		
Investment securities	1,927,016	2,708,601
Shares of subsidiaries and associates	107,128	26,380
Deferred tax assets	89,880	229,869
Other	314,137	311,243
Total investments and other assets	2,438,162	3,276,095
Total non-current assets	2,788,199	3,648,330
Total assets	12,353,873	14,875,131

(Thousands of yen)

	As of December 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	85,517	275,424
Short-term loans payable	–	700,000
Current portion of long-term loans payable	947,503	1,003,922
Current portion of bonds	584,000	644,000
Income taxes payable	–	54,710
Accounts payable - other	831,562	402,357
Provision for bonuses	–	208,742
Other	583,648	480,217
<b>Total current liabilities</b>	<b>3,032,231</b>	<b>3,769,375</b>
<b>Non-current liabilities</b>		
Bonds payable	1,370,000	1,528,000
Long-term loans payable	2,049,937	2,981,658
Long-term lease and guarantee deposited	1,324,913	1,328,225
Long-term accounts payable - other	58,408	58,408
<b>Total non-current liabilities</b>	<b>4,803,258</b>	<b>5,896,292</b>
<b>Total liabilities</b>	<b>7,835,490</b>	<b>9,665,668</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,088,937	1,088,937
Capital surplus	795,016	1,250,416
Retained earnings	2,490,101	2,488,107
Treasury shares	(346,621)	(121)
<b>Total shareholders' equity</b>	<b>4,027,435</b>	<b>4,827,340</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	513,252	386,211
Foreign currency translation adjustment	(30,401)	(35,947)
<b>Total accumulated other comprehensive income</b>	<b>482,850</b>	<b>350,264</b>
Share acquisition rights	8,097	31,857
<b>Total net assets</b>	<b>4,518,382</b>	<b>5,209,462</b>
<b>Total liabilities and net assets</b>	<b>12,353,873</b>	<b>14,875,131</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Net sales	4,347,004	2,984,014
Cost of sales	3,616,469	2,123,151
Gross profit	730,534	860,863
Selling, general and administrative expenses	528,088	550,143
Operating profit	202,446	310,719
Non-operating income		
Interest income	4,038	285
Dividend income	1,009	961
Foreign exchange gains	–	3,931
Share of profit of entities accounted for using equity method	–	1,040
Other	1,863	6,585
Total non-operating income	6,911	12,804
Non-operating expenses		
Interest expenses	17,655	11,312
Commission fee	15,153	23,890
Bond issuance cost	6,287	3,527
Foreign exchange losses	19,110	–
Other	4,629	4,013
Total non-operating expenses	62,834	42,744
Ordinary profit	146,522	280,779
Profit before income taxes	146,522	280,779
Income taxes - current	18,362	57,159
Income taxes - deferred	42,715	(83,921)
Total income taxes	61,077	(26,762)
Profit	85,444	307,541
Profit attributable to owners of parent	85,444	307,541

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2018	Three months ended March 31, 2019
Profit	85,444	307,541
Other comprehensive income		
Valuation difference on available-for-sale securities	314,484	(127,040)
Foreign currency translation adjustment	(30,639)	(5,545)
Total other comprehensive income	283,845	(132,586)
Comprehensive income	369,290	174,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	369,290	174,955
Comprehensive income attributable to non-controlling interests	—	—