

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2020 (Based on Japanese GAAP)

May 12, 2020

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 12, 2020
 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, 2020 (from January 1, 2020 to March 31, 2020)

(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, 2020	7,063	136.7	384	23.9	322	14.8	208	(32.3)
Three months ended March 31, 2019	2,984	(31.4)	310	53.5	280	91.6	307	259.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2020	17.19		17.09	
Three months ended March 31, 2019	26.39		26.03	

(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, 2020	15,705	6,131	38.2	495.17
As of December 31, 2019	15,492	6,390	40.6	518.96

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, 2019	–	17.00	–	33.00	50.00
Year ending December 31, 2020	–				
Year ending December 31, 2020 (Forecast)		20.00	–	33.00	53.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	22,000	15.4	1,800	12.3	1,700	13.0	1,200	(28.4)	99.06

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2020
 (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, 2020	12,114,100 shares	As of December 31, 2019	12,114,100 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	124 shares	As of December 31, 2019	124 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, 2020	12,113,976 shares	Three months ended March 31, 2019	11,651,755 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	8,494,808	7,904,388
Accounts receivable - trade	545,500	639,107
Real estate for sale	1,145,027	1,337,713
Other inventories	1,586	2,077
Income taxes receivable	–	27,814
Other	366,137	381,580
Allowance for doubtful accounts	(619)	(545)
Total current assets	10,552,441	10,292,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,521,674	2,493,094
Land	195,666	195,666
Other, net	81,524	77,877
Total property, plant and equipment	2,798,866	2,766,639
Intangible assets		
Goodwill	–	14,155
Software	231,356	412,101
Other	2,086	2,066
Total intangible assets	233,443	428,322
Investments and other assets		
Investment securities	1,249,125	1,548,841
Shares of subsidiaries and associates	27,748	29,787
Deferred tax assets	318,900	286,144
Other	312,227	353,709
Total investments and other assets	1,908,001	2,218,483
Total non-current assets	4,940,310	5,413,445
Total assets	15,492,751	15,705,581

(Thousands of yen)

	As of December 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	117,404	180,372
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	1,013,128	855,714
Current portion of bonds	514,000	514,000
Income taxes payable	158,994	27,515
Accounts payable - other	753,519	710,164
Provision for bonuses	–	255,378
Other	889,139	635,617
Total current liabilities	3,546,185	3,278,762
Non-current liabilities		
Bonds payable	826,000	714,000
Long-term borrowings	3,281,812	4,125,940
Long-term leasehold and guarantee deposits received	1,390,019	1,398,170
Long-term accounts payable - other	58,408	57,281
Total non-current liabilities	5,556,240	6,295,392
Total liabilities	9,102,425	9,574,154
Net assets		
Shareholders' equity		
Share capital	1,143,304	1,143,304
Capital surplus	1,304,783	1,304,783
Retained earnings	3,651,968	3,460,469
Treasury shares	(201)	(201)
Total shareholders' equity	6,099,855	5,908,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229,952	138,648
Foreign currency translation adjustment	(43,187)	(48,486)
Total accumulated other comprehensive income	186,764	90,161
Share acquisition rights	103,705	127,596
Non-controlling interests	–	5,312
Total net assets	6,390,326	6,131,426
Total liabilities and net assets	15,492,751	15,705,581

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, 2019	Three months ended March 31, 2020
Net sales	2,984,014	7,063,068
Cost of sales	2,123,151	6,016,517
Gross profit	860,863	1,046,551
Selling, general and administrative expenses	550,143	661,717
Operating profit	310,719	384,833
Non-operating income		
Interest income	285	308
Dividend income	961	954
Foreign exchange gains	3,931	–
Share of profit of entities accounted for using equity method	1,040	2,041
Other	6,585	1,947
Total non-operating income	12,804	5,250
Non-operating expenses		
Interest expenses	11,312	12,715
Commission expenses	23,890	7,048
Bond issuance cost	3,527	–
Foreign exchange losses	–	46,350
Other	4,013	1,751
Total non-operating expenses	42,744	67,866
Ordinary profit	280,779	322,218
Profit before income taxes	280,779	322,218
Income taxes - current	57,159	41,560
Income taxes - deferred	(83,921)	73,051
Total income taxes	(26,762)	114,611
Profit	307,541	207,606
Loss attributable to non-controlling interests	–	(687)
Profit attributable to owners of parent	307,541	208,294

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	307,541	207,606
Other comprehensive income		
Valuation difference on available-for-sale securities	(127,040)	(91,304)
Foreign currency translation adjustment	(5,545)	(5,298)
Total other comprehensive income	(132,586)	(96,603)
Comprehensive income	174,955	111,003
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	174,955	111,690
Comprehensive income attributable to non-controlling interests	–	(687)