

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2023 (Based on Japanese GAAP)

February 9, 2024

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: Shintaro Hashiba TEL 03-6439-5800  
 Corporate Finance Division  
 Scheduled date of ordinary general meeting of shareholders: March 28, 2024  
 Scheduled date to file Securities Report: March 28, 2024  
 Scheduled date to commence dividend payments: March 29, 2024  
 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, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023 | 36,098          | 0.4  | 3,265            | 24.2 | 3,359           | 34.4 | 2,062                                   | 21.7 |
| Year ended December 31, 2022 | 35,952          | 48.5 | 2,629            | 41.6 | 2,499           | 39.1 | 1,694                                   | 14.4 |

|                              | 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, 2023 | 84.81              | 84.74                      | 23.2   | 14.8                         | 9.0                        |
| Year ended December 31, 2022 | 69.82              | 69.75                      | 22.0   | 12.8                         | 7.3                        |

(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, 2023 | 23,491          | 9,584           | 40.4         | 390.42               |
| As of December 31, 2022 | 21,757          | 8,320           | 38.0         | 340.13               |

(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, 2023 | 2,488                                | 212                                  | (858)                                | 14,693                                     |
| Year ended December 31, 2022 | 2,219                                | (1,256)                              | 882                                  | 12,801                                     |

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, 2022             | –                          | 13.00           | –               | 22.00           | 35.00 | 850                          | 50.1                                 | 11.0  |
| Year ended December 31, 2023             | –                          | 15.00           | –               | 26.00           | 41.00 | 997                          | 48.3                                 | 11.2  |
| Year ending December 31, 2024 (Forecast) | –                          | 18.00           | –               | 28.00           | 46.00 |                              | 50.0                                 |   |

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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 | 38,000          | 5.3 | 3,500            | 7.2 | 3,400           | 1.2 | 2,240                                   | 8.6 | 92.06              |

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(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, 2023 | 24,520,859 shares | As of December 31, 2022 | 24,520,859 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

|                         |                |                         |                |
|-------------------------|----------------|-------------------------|----------------|
| As of December 31, 2023 | 189,246 shares | As of December 31, 2022 | 220,328 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period

|                              |                   |                              |                   |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended December 31, 2023 | 24,320,628 shares | Year ended December 31, 2022 | 24,269,643 shares |
|------------------------------|-------------------|------------------------------|-------------------|

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|                                       | As of December 31, 2022 | As of December 31, 2023 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                         |                         |                         |
| Current assets                        |                         |                         |
| Cash and deposits                     | 12,804                  | 14,696                  |
| Accounts receivable - trade           | 684                     | 910                     |
| Real estate for sale                  | 1,751                   | 1,677                   |
| Other inventories                     | 15                      | 12                      |
| Other                                 | 160                     | 290                     |
| Allowance for doubtful accounts       | (0)                     | (9)                     |
| Total current assets                  | 15,416                  | 17,578                  |
| Non-current assets                    |                         |                         |
| Property, plant and equipment         |                         |                         |
| Buildings and structures              | 2,772                   | 2,743                   |
| Accumulated depreciation              | (448)                   | (538)                   |
| Buildings and structures, net         | 2,324                   | 2,205                   |
| Land                                  | 195                     | 195                     |
| Other                                 | 319                     | 292                     |
| Accumulated depreciation              | (208)                   | (199)                   |
| Other, net                            | 110                     | 93                      |
| Total property, plant and equipment   | 2,630                   | 2,494                   |
| Intangible assets                     |                         |                         |
| Goodwill                              | 19                      | 10                      |
| Software                              | 365                     | 255                     |
| Other                                 | 25                      | 23                      |
| Total intangible assets               | 410                     | 289                     |
| Investments and other assets          |                         |                         |
| Investment securities                 | 2,727                   | 2,514                   |
| Shares of subsidiaries and associates | 37                      | 38                      |
| Deferred tax assets                   | 160                     | 178                     |
| Other                                 | 375                     | 395                     |
| Total investments and other assets    | 3,300                   | 3,128                   |
| Total non-current assets              | 6,341                   | 5,912                   |
| Total assets                          | 21,757                  | 23,491                  |

(Millions of yen)

|   | As of December 31, 2022 | As of December 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Liabilities</b>                                    |                         |                         |
| Current liabilities                                   |                         |                         |
| Accounts payable - trade                              | 291                     | 308                     |
| Short-term borrowings                                 | –                       | 200                     |
| Current portion of long-term borrowings               | 1,950                   | 2,160                   |
| Current portion of bonds payable                      | 150                     | 30                      |
| Income taxes payable                                  | 687                     | 755                     |
| Accounts payable - other                              | 1,128                   | 1,070                   |
| Other   | 935                     | 935                     |
| Total current liabilities                             | 5,142                   | 5,460                   |
| Non-current liabilities                               |                         |                         |
| Bonds payable   | 30                      | –                       |
| Long-term borrowings                                  | 6,003                   | 5,781                   |
| Long-term leasehold and guarantee deposits received   | 2,180                   | 2,595                   |
| Long-term accounts payable - other                    | 54                      | 45                      |
| Other   | 26                      | 23                      |
| Total non-current liabilities                         | 8,295                   | 8,445                   |
| <b>Total liabilities</b>                              | <b>13,437</b>           | <b>13,906</b>           |
| <b>Net assets</b>                                     |                         |                         |
| Shareholders' equity                                  |                         |                         |
| Share capital   | 1,210                   | 1,210                   |
| Capital surplus                                       | 1,374                   | 1,381                   |
| Retained earnings                                     | 5,593                   | 6,756                   |
| Treasury shares                                       | (168)                   | (144)                   |
| Total shareholders' equity                            | 8,010                   | 9,204                   |
| Accumulated other comprehensive income                |                         |                         |
| Valuation difference on available-for-sale securities | 206                     | 333                     |
| Foreign currency translation adjustment               | 47                      | (38)                    |
| Total accumulated other comprehensive income          | 254                     | 294                     |
| Share acquisition rights                              | 30                      | 48                      |
| Non-controlling interests                             | 24                      | 37                      |
| <b>Total net assets</b>                               | <b>8,320</b>            | <b>9,584</b>            |
| <b>Total liabilities and net assets</b>               | <b>21,757</b>           | <b>23,491</b>           |

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

(Millions of yen)

|   | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|---|--|--|
| Net sales   | 35,952                                 | 36,098                                 |
| Cost of sales   | 30,251                                 | 29,742                                 |
| Gross profit  | 5,700                                  | 6,356                                  |
| Selling, general and administrative expenses                  | 3,071                                  | 3,090                                  |
| Operating profit  | 2,629                                  | 3,265                                  |
| Non-operating income  |  |  |
| Interest income   | 0                                      | 10                                     |
| Dividend income   | 12                                     | 13                                     |
| Share of profit of entities accounted for using equity method | 4                                      | 1                                      |
| Foreign exchange gains  | 37                                     | 150                                    |
| Other   | 4                                      | 36                                     |
| Total non-operating income                                    | 60                                     | 211                                    |
| Non-operating expenses  |  |  |
| Interest expenses   | 80                                     | 77                                     |
| Commission expenses   | 89                                     | 38                                     |
| Other   | 19                                     | 2                                      |
| Total non-operating expenses                                  | 190                                    | 117                                    |
| Ordinary profit   | 2,499                                  | 3,359                                  |
| Extraordinary income  |  |  |
| Gain on reversal of share acquisition rights                  | 0                                      | –                                      |
| Total extraordinary income                                    | 0                                      | –                                      |
| Extraordinary losses  |  |  |
| Loss on valuation of investment securities                    | –                                      | 224                                    |
| Loss on retirement of non-current assets                      | 0                                      | 0                                      |
| Impairment losses   | 22                                     | –                                      |
| Total extraordinary losses                                    | 22                                     | 224                                    |
| Profit before income taxes                                    | 2,477                                  | 3,134                                  |
| Income taxes - current  | 831                                    | 1,133                                  |
| Income taxes - deferred                                       | (49)                                   | (73)                                   |
| Total income taxes  | 782                                    | 1,059                                  |
| Profit  | 1,694                                  | 2,075                                  |
| Profit attributable to non-controlling interests              | 0                                      | 12                                     |
| Profit attributable to owners of parent                       | 1,694                                  | 2,062                                  |

## Consolidated statements of comprehensive income

(Millions of yen)

|  | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|--|--|--|
| Profit   | 1,694                                  | 2,075                                  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 24                                     | 127                                    |
| Foreign currency translation adjustment                        | 72                                     | (86)                                   |
| Total other comprehensive income                               | 97                                     | 40                                     |
| Comprehensive income   | 1,792                                  | 2,115                                  |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 1,792                                  | 2,102                                  |
| Comprehensive income attributable to non-controlling interests | 0                                      | 12                                     |

## Consolidated statements of changes in equity

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            |

Fiscal year ended December 31, 2023

(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                       | 1,210                | 1,374           | 5,593             | (168)           | 8,010                      | 206   | 47                                      | 254  | 30                       | 24                        | 8,320            |
| Changes during period                                |                      |                 |                   |                 |                            |   |   |  |                          |                           |                  |
| Dividends of surplus                                 |                      |                 | (899)             |                 | (899)                      |   |   |  |                          |                           | (899)            |
| Profit attributable to owners of parent              |                      |                 | 2,062             |                 | 2,062                      |   |   |  |                          |                           | 2,062            |
| Disposal of treasury shares                          |                      | 7               |                   | 23              | 31                         |   |   |  |                          |                           | 31               |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            | 127   | (86)                                    | 40   | 17                       | 12                        | 70               |
| Total changes during period                          | -                    | 7               | 1,162             | 23              | 1,194                      | 127   | (86)                                    | 40   | 17                       | 12                        | 1,264            |
| Balance at end of period                             | 1,210                | 1,381           | 6,756             | (144)           | 9,204                      | 333   | (38)                                    | 294  | 48                       | 37                        | 9,584            |

## Consolidated statements of cash flows

(Millions of yen)

|  | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|--|--|--|
| Cash flows from operating activities                             |  |  |
| Profit before income taxes                                       | 2,477                                  | 3,134                                  |
| Depreciation   | 298                                    | 285                                    |
| Amortization of goodwill   | 8                                      | 8                                      |
| Share-based payment expenses                                     | 21                                     | 17                                     |
| Increase (decrease) in allowance for doubtful accounts           | (2)                                    | 8                                      |
| Interest and dividend income                                     | (13)                                   | (23)                                   |
| Interest expenses  | 80                                     | 77                                     |
| Loss (gain) on valuation of investment securities                | -                                      | 224                                    |
| Gain on reversal of share acquisition rights                     | (0)                                    | -                                      |
| Loss on retirement of non-current assets                         | 0                                      | 0                                      |
| Impairment losses  | 22                                     | -                                      |
| Decrease (increase) in trade receivables                         | (114)                                  | (231)                                  |
| Decrease (increase) in inventories                               | (1,653)                                | 95                                     |
| Decrease (increase) in accounts receivable - other               | (0)                                    | (1)                                    |
| Decrease (increase) in advance payments to suppliers             | 410                                    | (132)                                  |
| Decrease (increase) in advances paid                             | (31)                                   | 24                                     |
| Increase (decrease) in trade payables                            | 102                                    | 16                                     |
| Increase (decrease) in advances received                         | 175                                    | (100)                                  |
| Increase (decrease) in accounts payable - other                  | 168                                    | (23)                                   |
| Increase (decrease) in deposits received                         | 35                                     | (216)                                  |
| Increase (decrease) in long-term accounts payable - other        | (3)                                    | (8)                                    |
| Increase (decrease) in accrued consumption taxes                 | 3                                      | 124                                    |
| Increase (decrease) in leasehold and guarantee deposits received | 651                                    | 415                                    |
| Other, net   | (21)                                   | (98)                                   |
| Subtotal   | 2,615                                  | 3,595                                  |
| Interest and dividends received                                  | 13                                     | 23                                     |
| Interest paid  | (69)                                   | (67)                                   |
| Income taxes refund (paid)                                       | (339)                                  | (1,061)                                |
| Net cash provided by (used in) operating activities              | 2,219                                  | 2,488                                  |

(Millions of yen)

|  | Fiscal year ended<br>December 31, 2022 | Fiscal year ended<br>December 31, 2023 |
|--|--|--|
| Cash flows from investing activities                         |  |  |
| Purchase of property, plant and equipment                    | (115)                                  | (30)                                   |
| Purchase of intangible assets                                | (11)                                   | (15)                                   |
| Purchase of investment securities                            | (1,243)                                | –                                      |
| Proceeds from sales and withdrawal of investment securities  | 115                                    | 290                                    |
| Proceeds from sale of shares of subsidiaries and associates  | 1                                      | –                                      |
| Purchase of golf club membership                             | (5)                                    | (7)                                    |
| Payments of leasehold and guarantee deposits                 | (7)                                    | (42)                                   |
| Proceeds from refund of leasehold deposits                   | 5                                      | 15                                     |
| Other, net   | 3                                      | 3                                      |
| Net cash provided by (used in) investing activities          | (1,256)                                | 212                                    |
| Cash flows from financing activities                         |  |  |
| Increase (decrease) in short-term borrowings                 | (200)                                  | 200                                    |
| Proceeds from long-term borrowings                           | 3,800                                  | 2,000                                  |
| Repayments of long-term borrowings                           | (1,823)                                | (2,012)                                |
| Redemption of bonds  | (232)                                  | (150)                                  |
| Proceeds from exercise of employee share options             | 44                                     | –                                      |
| Purchase of treasury shares                                  | (0)                                    | –                                      |
| Proceeds from share issuance to non-controlling shareholders | 20                                     | –                                      |
| Dividends paid   | (726)                                  | (896)                                  |
| Net cash provided by (used in) financing activities          | 882                                    | (858)                                  |
| Effect of exchange rate change on cash and cash equivalents  | 92                                     | 49                                     |
| Net increase (decrease) in cash and cash equivalents         | 1,938                                  | 1,892                                  |
| Cash and cash equivalents at beginning of period             | 10,862                                 | 12,801                                 |
| Cash and cash equivalents at end of period                   | 12,801                                 | 14,693                                 |