

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2017 (Based on Japanese GAAP)

November 7, 2017

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, 2017  
 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, 2017 (from January 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2017	9,993	17.1	762	25.3	695	53.6	654	49.4
Nine months ended September 30, 2016	8,535	9.9	608	145.6	452	84.9	437	110.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2017	56.62		56.40	
Nine months ended September 30, 2016	37.11		36.89	

(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, 2017	10,039		3,454		34.3		301.97	
As of December 31, 2016	9,258		3,329		35.8		279.72	

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, 2016	–	8.00	–	15.00	23.00
Year ending December 31, 2017	–	11.00	–		
Year ending December 31, 2017 (Forecast)				19.00	30.00

3. Forecast of consolidated financial results for the year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,800	–	1,050	39.7	890	41.7	745	26.9	64.49

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2017  
(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, 2017	11,963,500 shares	As of December 31, 2016	11,864,100 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	550,042 shares	As of December 31, 2016	– 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, 2017	11,552,498 shares	Nine months ended September 30, 2016	11,795,237 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	5,350,016	5,274,672
Accounts receivable - trade	145,237	169,398
Real estate for sale	234,799	512,178
Other inventories	3,090	3,842
Deferred tax assets	260,588	357,454
Other	729,516	637,604
Allowance for doubtful accounts	(91,246)	(78,605)
Total current assets	6,632,002	6,876,545
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,231	139,266
Land	1,406	1,406
Other, net	51,482	67,659
Total property, plant and equipment	133,120	208,331
Intangible assets		
Goodwill	141,927	81,101
Software	165,091	138,281
Other	2,330	2,269
Total intangible assets	309,349	221,652
Investments and other assets		
Investment securities	1,836,661	2,341,772
Shares of subsidiaries and associates	29,671	69,427
Deferred tax assets	1,329	1,101
Other	316,487	320,755
Total investments and other assets	2,184,150	2,733,057
Total non-current assets	2,626,621	3,163,041
Total assets	9,258,623	10,039,587

(Thousands of yen)

	As of December 31, 2016	As of September 30, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	78,171	73,193
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	761,877	863,200
Current portion of bonds	320,000	394,000
Income taxes payable	134,337	94,066
Accounts payable - other	517,329	235,111
Provision for bonuses	–	516,994
Other	509,421	442,506
<b>Total current liabilities</b>	<b>2,521,137</b>	<b>2,819,072</b>
<b>Non-current liabilities</b>		
Bonds payable	910,000	1,114,000
Long-term loans payable	1,359,460	1,422,010
Long-term lease and guarantee deposited	971,214	1,018,697
Long-term accounts payable - other	43,017	61,472
Net defined benefit liability	18,878	–
Deferred tax liabilities	105,174	149,709
<b>Total non-current liabilities</b>	<b>3,407,744</b>	<b>3,765,889</b>
<b>Total liabilities</b>	<b>5,928,881</b>	<b>6,584,962</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,066,156	1,088,937
Capital surplus	772,235	795,016
Retained earnings	1,238,803	1,589,345
Treasury shares	–	(346,548)
<b>Total shareholders' equity</b>	<b>3,077,196</b>	<b>3,126,751</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	245,578	343,187
Foreign currency translation adjustment	(4,201)	(23,411)
<b>Total accumulated other comprehensive income</b>	<b>241,376</b>	<b>319,775</b>
Subscription rights to shares	11,169	8,097
<b>Total net assets</b>	<b>3,329,742</b>	<b>3,454,625</b>
<b>Total liabilities and net assets</b>	<b>9,258,623</b>	<b>10,039,587</b>

**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, 2016	Nine months ended September 30, 2017
Operating revenue		
Operating revenue	3,218,992	3,869,243
Real estate sales	5,316,742	6,124,375
Total operating revenue	8,535,734	9,993,619
Operating cost		
Cost For Sales	1,731,391	2,086,814
Cost of sales - real estate	4,899,084	5,719,808
Total operating cost	6,630,475	7,806,622
Operating gross profit	1,905,258	2,186,996
Selling, general and administrative expenses	1,297,231	1,424,911
Operating income	608,026	762,085
Non-operating income		
Interest income	1,181	2,233
Dividend income	9,238	8,794
Other	3,383	3,613
Total non-operating income	13,803	14,641
Non-operating expenses		
Interest expenses	60,914	41,133
Commission fee	32,747	646
Bond issuance cost	11,879	9,835
Foreign exchange losses	54,926	19,498
Other	8,412	10,046
Total non-operating expenses	168,880	81,159
Ordinary income	452,949	695,566
Extraordinary income		
Gain on sales of non-current assets	-	33
Gain on sales of investment securities	-	999
Total extraordinary income	-	1,033
Extraordinary losses		
Loss on retirement of non-current assets	1,639	1,587
Loss on valuation of golf club membership	-	3,120
Total extraordinary losses	1,639	4,707
Profit before income taxes	451,309	691,892
Income taxes - current	121,116	133,020
Income taxes - deferred	(107,536)	(95,180)
Total income taxes	13,580	37,840
Profit	437,728	654,051
Profit attributable to owners of parent	437,728	654,051

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

(Thousands of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Profit	437,728	654,051
Other comprehensive income		
Valuation difference on available-for-sale securities	31,789	97,609
Foreign currency translation adjustment	(750)	(19,209)
Total other comprehensive income	31,038	78,399
Comprehensive income	468,767	732,451
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	468,767	732,451