

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended June 30, 2023  
(Based on Japanese GAAP)**

August 9, 2023

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: Corporate Finance Division Shintaro Hashiba TEL 03-6439-5800  
 Scheduled date to file Quarterly Securities Report: August 9, 2023  
 Scheduled date to commence dividend payments: August 21, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(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	%
Six months ended June 30, 2023	14,039	(30.6)	1,102	0.5	1,246	19.3	832	16.7
Six months ended June 30, 2022	20,232	69.7	1,097	(7.8)	1,044	(10.2)	713	(33.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	34.26	34.25
Six months ended June 30, 2022	29.46	29.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	24,982	8,667	34.4	353.50
As of December 31, 2022	21,757	8,320	38.0	340.13

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	13.00	–	22.00	35.00
Year ending December 31, 2023	–	15.00			
Year ending December 31, 2023 (Forecast)			–	26.00	41.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	39,500	9.9	3,300	25.5	3,050	22.0	1,980	16.8	81.38

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: Yes
- 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 June 30, 2023	24,520,859 shares	As of December 31, 2022	24,520,859 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	189,246 shares	As of December 31, 2022	220,328 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	24,309,461 shares	Six months ended June 30, 2022	24,238,203 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,804	11,651
Accounts receivable - trade	684	560
Real estate for sale	1,751	6,237
Other inventories	15	12
Other	160	343
Allowance for doubtful accounts	(0)	(7)
<b>Total current assets</b>	<b>15,416</b>	<b>18,798</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,324	2,264
Land	195	195
Other, net	110	97
<b>Total property, plant and equipment</b>	<b>2,630</b>	<b>2,557</b>
<b>Intangible assets</b>		
Goodwill	19	14
Software	365	310
Other	25	24
<b>Total intangible assets</b>	<b>410</b>	<b>350</b>
<b>Investments and other assets</b>		
Investment securities	2,727	2,824
Shares of subsidiaries and associates	37	38
Deferred tax assets	160	30
Other	375	383
<b>Total investments and other assets</b>	<b>3,300</b>	<b>3,276</b>
<b>Total non-current assets</b>	<b>6,341</b>	<b>6,183</b>
<b>Total assets</b>	<b>21,757</b>	<b>24,982</b>

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	291	195
Short-term borrowings	–	4,200
Current portion of long-term borrowings	1,950	1,967
Current portion of bonds payable	150	90
Income taxes payable	687	340
Accounts payable - other	1,128	697
Provision for bonuses	–	304
Other	935	731
<b>Total current liabilities</b>	<b>5,142</b>	<b>8,527</b>
<b>Non-current liabilities</b>		
Bonds payable	30	–
Long-term borrowings	6,003	5,370
Long-term leasehold and guarantee deposits received	2,180	2,339
Long-term accounts payable - other	54	52
Other	26	24
<b>Total non-current liabilities</b>	<b>8,295</b>	<b>7,786</b>
<b>Total liabilities</b>	<b>13,437</b>	<b>16,314</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,210	1,210
Capital surplus	1,374	1,381
Retained earnings	5,593	5,891
Treasury shares	(168)	(144)
<b>Total shareholders' equity</b>	<b>8,010</b>	<b>8,340</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	206	299
Foreign currency translation adjustment	47	(38)
<b>Total accumulated other comprehensive income</b>	<b>254</b>	<b>261</b>
Share acquisition rights	30	39
Non-controlling interests	24	27
<b>Total net assets</b>	<b>8,320</b>	<b>8,667</b>
<b>Total liabilities and net assets</b>	<b>21,757</b>	<b>24,982</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	20,232	14,039
Cost of sales	17,562	11,471
Gross profit	2,669	2,567
Selling, general and administrative expenses	1,572	1,464
Operating profit	1,097	1,102
Non-operating income		
Foreign exchange gains	62	169
Other	11	24
Total non-operating income	73	193
Non-operating expenses		
Interest expenses	39	38
Commission expenses	78	10
Other	8	0
Total non-operating expenses	126	49
Ordinary profit	1,044	1,246
Extraordinary income		
Gain on reversal of share acquisition rights	0	–
Total extraordinary income	0	–
Profit before income taxes	1,045	1,246
Income taxes - current	327	321
Income taxes - deferred	5	89
Total income taxes	333	411
Profit	711	835
Profit (loss) attributable to non-controlling interests	(2)	2
Profit attributable to owners of parent	713	832

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

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	711	835
Other comprehensive income		
Valuation difference on available-for-sale securities	0	93
Foreign currency translation adjustment	91	(86)
Total other comprehensive income	92	6
Comprehensive income	804	842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	806	839
Comprehensive income attributable to non-controlling interests	(2)	2

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,045	1,246
Depreciation	147	141
Amortization of goodwill	4	4
Share-based payment expenses	10	8
Increase (decrease) in allowance for doubtful accounts	0	7
Increase (decrease) in provision for bonuses	432	304
Interest and dividend income	(4)	(13)
Interest expenses	39	38
Gain on reversal of share acquisition rights	(0)	–
Decrease (increase) in trade receivables	(18)	122
Decrease (increase) in inventories	(1,088)	(4,451)
Decrease (increase) in accounts receivable - other	(23)	(20)
Decrease (increase) in advance payments to suppliers	148	(119)
Decrease (increase) in advances paid	(12)	25
Increase (decrease) in trade payables	52	(96)
Increase (decrease) in accounts payable - other	(294)	(396)
Increase (decrease) in accrued consumption taxes	(33)	(17)
Increase (decrease) in deposits received	(225)	(186)
Increase (decrease) in leasehold and guarantee deposits received	356	159
Other, net	(114)	(233)
Subtotal	422	(3,475)
Interest and dividends received	4	13
Interest paid	(37)	(35)
Income taxes refund (paid)	(192)	(653)
Net cash provided by (used in) operating activities	196	(4,151)
Cash flows from investing activities		
Purchase of property, plant and equipment	(113)	(13)
Purchase of intangible assets	(4)	(6)
Purchase of investment securities	(199)	–
Proceeds from sales and withdrawal of investment securities	113	26
Other, net	10	(17)
Net cash provided by (used in) investing activities	(194)	(11)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	4,200
Proceeds from long-term borrowings	3,500	400
Repayments of long-term borrowings	(864)	(1,016)
Redemption of bonds	(142)	(90)
Proceeds from exercise of employee share options	44	–
Proceeds from share issuance to non-controlling shareholders	20	–
Purchase of treasury shares	(0)	–
Dividends paid	(409)	(532)
Net cash provided by (used in) financing activities	2,149	2,961
Effect of exchange rate change on cash and cash equivalents	120	47
Net increase (decrease) in cash and cash equivalents	2,272	(1,153)
Cash and cash equivalents at beginning of period	10,862	12,801
Cash and cash equivalents at end of period	13,134	11,648