

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2018 (Based on Japanese GAAP)

November 6, 2018

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 6, 2018  
 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, 2018 (from January 1, 2018 to September 30, 2018)

(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	%
Nine months ended September 30, 2018	11,970	19.8	704	(7.6)	616	(11.4)	480	(26.6)
Nine months ended September 30, 2017	9,993	17.1	762	25.3	695	53.6	654	49.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2018	42.08		41.38	
Nine months ended September 30, 2017	56.62		56.40	

(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, 2018	15,550	4,006	25.7	350.31
As of December 31, 2017	12,587	3,624	28.7	316.81

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, 2017	–	11.00	–	19.00	30.00
Year ending December 31, 2018	–	14.00	–		
Year ending December 31, 2018 (Forecast)				23.00	37.00

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

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	17,500	20.2	1,210	10.6	1,100	16.6	880	14.5	77.10

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2018  
 (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, 2018	11,963,500 shares	As of December 31, 2017	11,963,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	550,078 shares	As of December 31, 2017	550,042 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, 2018	11,413,433 shares	Nine months ended September 30, 2017	11,552,498 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	5,386,770	4,606,141
Accounts receivable - trade	331,094	375,119
Real estate for sale	2,771,485	6,281,435
Other inventories	4,863	3,008
Consumption taxes receivable	–	194,826
Deferred tax assets	291,782	308,192
Other	724,943	497,527
Allowance for doubtful accounts	(79,270)	(79,214)
Total current assets	9,431,668	12,187,038
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	137,310	140,413
Land	1,406	1,406
Other, net	64,605	58,790
Total property, plant and equipment	203,321	200,609
Intangible assets		
Goodwill	60,826	–
Software	152,757	145,760
Other	2,249	2,188
Total intangible assets	215,832	147,948
Investments and other assets		
Investment securities	2,303,508	2,304,230
Shares of subsidiaries and associates	108,028	106,953
Long-term loans receivable	–	284,725
Deferred tax assets	1,197	1,188
Other	324,066	317,945
Total investments and other assets	2,736,800	3,015,043
Total non-current assets	3,155,955	3,363,601
Total assets	12,587,623	15,550,639

(Thousands of yen)

	As of December 31, 2017	As of September 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	82,938	81,776
Short-term loans payable	2,120,000	4,000,000
Current portion of long-term loans payable	888,200	950,080
Current portion of bonds	494,000	524,000
Income taxes payable	65,600	121,689
Accounts payable - other	705,565	331,791
Provision for bonuses	–	472,718
Other	418,377	328,235
<b>Total current liabilities</b>	<b>4,774,683</b>	<b>6,810,291</b>
<b>Non-current liabilities</b>		
Bonds payable	1,384,000	1,310,000
Long-term loans payable	1,467,460	1,792,920
Long-term lease and guarantee deposited	1,105,243	1,281,276
Long-term accounts payable - other	61,472	58,408
Deferred tax liabilities	170,745	291,433
<b>Total non-current liabilities</b>	<b>4,188,921</b>	<b>4,734,038</b>
<b>Total liabilities</b>	<b>8,963,605</b>	<b>11,544,330</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,088,937	1,088,937
Capital surplus	795,016	795,016
Retained earnings	1,703,941	1,807,525
Treasury shares	(346,548)	(346,621)
<b>Total shareholders' equity</b>	<b>3,241,347</b>	<b>3,344,859</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	397,190	672,938
Foreign currency translation adjustment	(22,616)	(19,585)
<b>Total accumulated other comprehensive income</b>	<b>374,573</b>	<b>653,352</b>
Subscription rights to shares	8,097	8,097
<b>Total net assets</b>	<b>3,624,018</b>	<b>4,006,309</b>
<b>Total liabilities and net assets</b>	<b>12,587,623</b>	<b>15,550,639</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, 2017	Nine months ended September 30, 2018
Operating revenue		
Operating revenue	3,869,243	3,769,742
Real estate sales	6,124,375	8,201,030
Total operating revenue	9,993,619	11,970,772
Operating cost		
Cost For Sales	2,086,814	2,072,885
Cost of sales - real estate	5,719,808	7,562,587
Total operating cost	7,806,622	9,635,472
Operating gross profit	2,186,996	2,335,299
Selling, general and administrative expenses	1,424,911	1,631,073
Operating profit	762,085	704,225
Non-operating income		
Interest income	2,233	12,000
Dividend income	8,794	9,031
Insurance premiums refunded cancellation	–	7,654
Other	3,613	3,084
Total non-operating income	14,641	31,770
Non-operating expenses		
Interest expenses	41,133	45,754
Commission fee	646	27,592
Bond issuance cost	9,835	6,287
Foreign exchange losses	19,498	25,203
Other	10,046	14,540
Total non-operating expenses	81,159	119,377
Ordinary profit	695,566	616,618
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	1,587	–
Loss on valuation of golf club membership	3,120	–
Total extraordinary losses	4,707	–
Profit before income taxes	691,892	616,618
Income taxes - current	133,020	153,802
Income taxes - deferred	(95,180)	(17,412)
Total income taxes	37,840	136,390
Profit	654,051	480,228
Profit attributable to owners of parent	654,051	480,228

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

(Thousands of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	654,051	480,228
Other comprehensive income		
Valuation difference on available-for-sale securities	97,609	275,748
Foreign currency translation adjustment	(19,209)	3,030
Total other comprehensive income	78,399	278,778
Comprehensive income	732,451	759,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	732,451	759,007