

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

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: General Manager of Corporate Planning Shintaro Hashiba TEL 03-6439-5800
 Division
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 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, 2022 (from January 1, 2022 to September 30, 2022)

(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, 2022	28,033	56.1	1,665	18.7	1,602	17.7	1,064	(9.6)
Nine months ended September 30, 2021	17,958	58.9	1,402	90.6	1,361	111.6	1,177	235.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	43.89		43.84	
Nine months ended September 30, 2021	48.62		48.39	

(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, 2022	20,671	7,701	37.0	315.05
As of December 31, 2021	17,426	7,128	40.8	294.61

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, 2021	–	22.00	–	17.00	–
Year ending December 31, 2022	–	13.00	–		
Year ending December 31, 2022 (Forecast)				22.00	35.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	36,500	50.7	2,550	37.4	2,420	34.7	1,690	14.1	69.55

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022
(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: 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 September 30, 2022	24,520,859 shares	As of December 31, 2021	24,362,800 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	220,283 shares	As of December 31, 2021	220,248 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, 2022	24,259,222 shares	Nine months ended September 30, 2021	24,217,257 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	10,865	12,708
Accounts receivable - trade	567	671
Real estate for sale	118	1,270
Other inventories	5	3
Income taxes receivable	25	-
Other	483	446
Allowance for doubtful accounts	(3)	(2)
Total current assets	12,062	15,097
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,369	2,359
Land	195	195
Other, net	116	119
Total property, plant and equipment	2,681	2,674
Intangible assets		
Goodwill	28	21
Software	495	398
Other	27	25
Total intangible assets	551	445
Investments and other assets		
Investment securities	1,587	1,900
Shares of subsidiaries and associates	34	39
Deferred tax assets	122	147
Other	386	367
Total investments and other assets	2,131	2,454
Total non-current assets	5,364	5,574
Total assets	17,426	20,671

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	189	262
Short-term borrowings	200	200
Current portion of long-term borrowings	1,298	1,904
Current portion of bonds payable	232	150
Income taxes payable	204	439
Accounts payable - other	986	616
Provision for bonuses	–	588
Other	736	428
Total current liabilities	3,846	4,590
Non-current liabilities		
Bonds payable	180	60
Long-term borrowings	4,679	6,221
Long-term leasehold and guarantee deposits received	1,528	2,029
Long-term accounts payable - other	57	56
Other	6	12
Total non-current liabilities	6,452	8,379
Total liabilities	10,298	12,970
Net assets		
Shareholders' equity		
Share capital	1,167	1,210
Capital surplus	1,330	1,374
Retained earnings	4,625	4,963
Treasury shares	(167)	(168)
Total shareholders' equity	6,955	7,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	181	173
Foreign currency translation adjustment	(24)	101
Total accumulated other comprehensive income	156	274
Share acquisition rights	11	25
Non-controlling interests	4	20
Total net assets	7,128	7,701
Total liabilities and net assets	17,426	20,671

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	17,958	28,033
Cost of sales	14,745	24,058
Gross profit	3,213	3,975
Selling, general and administrative expenses	1,811	2,309
Operating profit	1,402	1,665
Non-operating income		
Foreign exchange gains	33	82
Other	13	12
Total non-operating income	46	94
Non-operating expenses		
Interest expenses	56	60
Commission expenses	26	84
Other	5	12
Total non-operating expenses	87	157
Ordinary profit	1,361	1,602
Extraordinary income		
Gain on sale of investment securities	23	–
Gain on reversal of share acquisition rights	190	0
Total extraordinary income	213	0
Extraordinary losses		
Impairment losses	9	5
Total extraordinary losses	9	5
Profit before income taxes	1,564	1,597
Income taxes - current	213	558
Income taxes - deferred	177	(21)
Total income taxes	390	536
Profit	1,174	1,060
Loss attributable to non-controlling interests	(2)	(4)
Profit attributable to owners of parent	1,177	1,064

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	1,174	1,060
Other comprehensive income		
Valuation difference on available-for-sale securities	24	(7)
Foreign currency translation adjustment	36	126
Total other comprehensive income	60	118
Comprehensive income	1,235	1,178
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,238	1,182
Comprehensive income attributable to non-controlling interests	(2)	(4)