

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Based on Japanese GAAP)

May 11, 2021

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: CFO Shintaro Hashiba TEL 03-6439-5800
 Scheduled date to file Quarterly Securities Report: May 11, 2021
 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 three months ended March 31, 2021 (from January 1, 2021 to March 31, 2021)

(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	%
Three months ended March 31, 2021	3,376	(52.2)	282	(26.7)	276	(14.0)	474	127.7
Three months ended March 31, 2020	7,063	136.7	384	23.9	322	14.8	208	(32.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2021	39.04		38.84	
Three months ended March 31, 2020	17.19		17.09	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2021	16,562		6,496		39.2		534.40	
As of December 31, 2020	16,001		6,566		39.8		524.78	

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, 2020	–	20.00	–	33.00	53.00
Year ending December 31, 2021	–	–	–	–	–
Year ending December 31, 2021 (Forecast)	–	22.00	–	33.00	55.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	21,000	9.8	1,630	25.1	1,530	27.9	1,280	59.8	105.34	

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2021
(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 March 31, 2021	12,151,800 shares	As of December 31, 2020	12,142,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	124 shares	As of December 31, 2020	124 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2021	12,146,906 shares	Three months ended March 31, 2020	12,113,976 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	9,428,038	9,740,231
Accounts receivable - trade	521,733	356,052
Real estate for sale	319,452	319,452
Other inventories	891	1,334
Income taxes receivable	40,281	147,468
Other	330,410	816,626
Allowance for doubtful accounts	(944)	(681)
Total current assets	10,639,863	11,380,485
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,483,214	2,454,294
Land	195,666	195,666
Other, net	133,971	125,260
Total property, plant and equipment	2,812,852	2,775,221
Intangible assets		
Goodwill	37,158	34,929
Software	610,386	583,495
Other	29,440	28,898
Total intangible assets	676,985	647,323
Investments and other assets		
Investment securities	1,154,492	1,044,756
Shares of subsidiaries and associates	32,472	31,991
Deferred tax assets	296,599	301,692
Other	388,644	380,922
Total investments and other assets	1,872,208	1,759,362
Total non-current assets	5,362,046	5,181,907
Total assets	16,001,910	16,562,393

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	139,105	97,868
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	1,021,295	1,325,290
Current portion of bonds payable	434,000	384,000
Income taxes payable	39,575	22,990
Accounts payable - other	932,376	502,680
Provision for bonuses	–	245,364
Asset retirement obligations	26,452	–
Other	672,111	436,202
Total current liabilities	3,364,915	3,114,397
Non-current liabilities		
Bonds payable	412,000	330,000
Long-term borrowings	4,203,597	5,147,050
Long-term leasehold and guarantee deposits received	1,397,871	1,416,799
Long-term accounts payable - other	57,281	57,281
Total non-current liabilities	6,070,750	6,951,130
Total liabilities	9,435,666	10,065,528
Net assets		
Shareholders' equity		
Share capital	1,153,520	1,156,914
Capital surplus	1,314,999	1,318,393
Retained earnings	3,810,271	3,883,788
Treasury shares	(201)	(201)
Total shareholders' equity	6,278,591	6,358,894
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166,988	177,724
Foreign currency translation adjustment	(73,612)	(42,766)
Total accumulated other comprehensive income	93,375	134,957
Share acquisition rights	193,620	3,013
Non-controlling interests	656	–
Total net assets	6,566,243	6,496,864
Total liabilities and net assets	16,001,910	16,562,393

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	7,063,068	3,376,374
Cost of sales	6,016,517	2,504,901
Gross profit	1,046,551	871,473
Selling, general and administrative expenses	661,717	589,230
Operating profit	384,833	282,242
Non-operating income		
Interest income	308	132
Dividend income	954	2,954
Foreign exchange gains	–	24,335
Share of profit of entities accounted for using equity method	2,041	–
Other	1,947	3,499
Total non-operating income	5,250	30,921
Non-operating expenses		
Interest expenses	12,715	15,206
Commission expenses	7,048	19,275
Share of loss of entities accounted for using equity method	–	481
Foreign exchange losses	46,350	–
Other	1,751	1,215
Total non-operating expenses	67,866	36,179
Ordinary profit	322,218	276,984
Extraordinary income		
Gain on sales of investment securities	–	23,097
Gain on reversal of share acquisition rights	–	190,353
Total extraordinary income	–	213,450
Profit before income taxes	322,218	490,435
Income taxes - current	41,560	26,710
Income taxes - deferred	73,051	(9,830)
Total income taxes	114,611	16,879
Profit	207,606	473,555
Loss attributable to non-controlling interests	(687)	(656)
Profit attributable to owners of parent	208,294	474,211

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	207,606	473,555
Other comprehensive income		
Valuation difference on available-for-sale securities	(91,304)	10,735
Foreign currency translation adjustment	(5,298)	30,845
Total other comprehensive income	(96,603)	41,581
Comprehensive income	111,003	515,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	111,690	515,792
Comprehensive income attributable to non-controlling interests	(687)	(656)