

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

November 10, 2020

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: November 10, 2020  
 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, 2020 (from January 1, 2020 to September 30, 2020)

## (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, 2020	11,304	8.1	736	(11.8)	643	(12.6)	350	(64.8)
Nine months ended September 30, 2019	10,454	(12.7)	834	18.6	736	19.4	997	107.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2020	28.93		28.77	
Nine months ended September 30, 2019	83.62		82.76	

## (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, 2020	15,254	6,122	39.0	490.04
As of December 31, 2019	15,492	6,390	40.6	518.96

## 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, 2019	–	17.00	–	33.00	50.00
Year ending December 31, 2020	–	20.00	–		
Year ending December 31, 2020 (Forecast)				33.00	53.00

## 3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	17,000	(10.8)	1,230	(23.3)	1,110	(26.2)	720	(57.0)	59.30

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2020  
(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, 2020	12,142,400 shares	As of December 31, 2019	12,114,100 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	124 shares	As of December 31, 2019	124 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, 2020	12,127,084 shares	Nine months ended September 30, 2019	11,928,395 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	8,494,808	8,674,081
Accounts receivable - trade	545,500	273,617
Real estate for sale	1,145,027	594,384
Other inventories	1,586	1,228
Income taxes receivable	–	93,887
Other	366,137	377,794
Allowance for doubtful accounts	(619)	(772)
Total current assets	10,552,441	10,014,220
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,521,674	2,422,287
Land	195,666	195,666
Other, net	81,524	76,786
Total property, plant and equipment	2,798,866	2,694,741
Intangible assets		
Goodwill	–	39,388
Software	231,356	587,484
Other	2,086	29,982
Total intangible assets	233,443	656,855
Investments and other assets		
Investment securities	1,249,125	1,297,399
Shares of subsidiaries and associates	27,748	31,036
Deferred tax assets	318,900	165,276
Other	312,227	394,824
Total investments and other assets	1,908,001	1,888,536
Total non-current assets	4,940,310	5,240,133
Total assets	15,492,751	15,254,353

(Thousands of yen)

	As of December 31, 2019	As of September 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	117,404	96,776
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	1,013,128	1,008,668
Current portion of bonds	514,000	434,000
Income taxes payable	158,994	20,311
Accounts payable - other	753,519	471,206
Provision for bonuses	–	226,656
Other	889,139	436,979
<b>Total current liabilities</b>	<b>3,546,185</b>	<b>2,794,598</b>
<b>Non-current liabilities</b>		
Bonds payable	826,000	522,000
Long-term borrowings	3,281,812	4,450,145
Long-term leasehold and guarantee deposits received	1,390,019	1,308,261
Long-term accounts payable - other	58,408	57,281
<b>Total non-current liabilities</b>	<b>5,556,240</b>	<b>6,337,688</b>
<b>Total liabilities</b>	<b>9,102,425</b>	<b>9,132,287</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,143,304	1,153,520
Capital surplus	1,304,783	1,314,999
Retained earnings	3,651,968	3,360,245
Treasury shares	(201)	(201)
<b>Total shareholders' equity</b>	<b>6,099,855</b>	<b>5,828,565</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	229,952	184,372
Foreign currency translation adjustment	(43,187)	(62,681)
<b>Total accumulated other comprehensive income</b>	<b>186,764</b>	<b>121,691</b>
Share acquisition rights	103,705	170,182
Non-controlling interests	–	1,627
<b>Total net assets</b>	<b>6,390,326</b>	<b>6,122,066</b>
<b>Total liabilities and net assets</b>	<b>15,492,751</b>	<b>15,254,353</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, 2019	Nine months ended September 30, 2020
Net sales	10,454,212	11,304,243
Cost of sales	7,846,221	8,926,748
Gross profit	2,607,991	2,377,495
Selling, general and administrative expenses	1,773,064	1,641,423
Operating profit	834,927	736,072
Non-operating income		
Interest income	1,344	881
Dividend income	9,106	1,731
Share of profit of entities accounted for using equity method	162	3,289
Other	8,259	2,226
Total non-operating income	18,873	8,128
Non-operating expenses		
Interest expenses	39,745	47,853
Commission expenses	45,355	12,700
Bond issuance cost	3,527	-
Foreign exchange losses	6,457	35,517
Other	22,501	4,651
Total non-operating expenses	117,586	100,722
Ordinary profit	736,214	643,478
Extraordinary income		
Gain on sales of investment securities	379,472	-
Total extraordinary income	379,472	-
Extraordinary losses		
Impairment loss	-	46,967
Loss on valuation of golf club membership	-	11,549
Total extraordinary losses	-	58,516
Profit before income taxes	1,115,686	584,961
Income taxes - current	144,512	70,009
Income taxes - deferred	(26,282)	168,440
Total income taxes	118,229	238,450
Profit	997,456	346,511
Loss attributable to non-controlling interests	-	(4,372)
Profit attributable to owners of parent	997,456	350,883

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

(Thousands of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	997,456	346,511
Other comprehensive income		
Valuation difference on available-for-sale securities	(263,180)	(45,579)
Foreign currency translation adjustment	(21,687)	(19,493)
Total other comprehensive income	(284,868)	(65,073)
Comprehensive income	712,588	281,437
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	712,588	285,810
Comprehensive income attributable to non-controlling interests	–	(4,372)