



Aoyama Zaisan Networks Company Limited
Aoyama Zaisan Networks Company, Limited

A o y a m a
Z a i s a n
N e t w o r k s

First Half Business Summary for Fiscal Year 2023 (33rd period)

January 1 to June 30, 2023

Securities Code: 8929



In the past three years, many companies have been forced to curtail their businesses due to the special factor of COVID-19 crisis. Furthermore, given the impact of inflation caused by surging raw materials prices and higher energy costs, as well as volatility in the financial and capital markets, we must continue to follow trends in the environment surrounding the individual asset owners and corporate owners who serve as the Group's customers.

Under such circumstances, in the three years from 2022 to 2024 positioned as a period for expanded growth in our Third Medium-Term Management Plan, we are working to strengthen our business from the following standpoints.

The first aim is that of achieving higher quality and quantitative expansion of our customer services, based on the twin cornerstones of eight strategic individualized services and comprehensive property consulting services.

Some new customers feel that the barrier to entry is too high to jump right into comprehensive property consulting. For this reason, we believe that by first making contact with our customers through strategic individualized services that meet their needs, and then using that as a starting point, we can smoothly connect them to our comprehensive property consulting services. We look forward to increasing revenues by meeting customer needs through the synergistic effect of these services and by building long-term relationships. As of December 31, 2022, the ADVANTAGE CLUB had 63 partnerships with cumulative amounts of more than ¥110.0 billion and No. 1 market share.*1 Our target for 2023 is ¥32.5 billion of new

investment.

In order to make our services available to new customers, we have been working with financial institutions since 2021, and have formed partnerships with 42 institutions*2 to date.

The second aim is to standardize property consulting services using DX. The core of this approach is the ART system, which was developed and introduced by the Group in February 2021.

By introducing the ART System, the inside sales team can handle the initial stage of each project using standardized consulting. This allows our highly specialized consultants to demonstrate their expertise, to focus on comprehensive property consulting work, and to provide more extensive care to customers than ever before.

The third aim is that of growing into a consulting group with strong interpersonal skills.

For our consultants, it is of paramount importance to earn the trust of our customers in order to successfully consult with them about their valuable assets and businesses.

To achieve this, it is essential that we grow into a consulting group that possesses strong interpersonal skills combining integrity, kindness, and compassion.

In order to build up such interpersonal skills, in addition to ideals training conducted in-house, we promote initiatives such as supporting participation of Group employees in activities that contribute to society outside the company too.

The fourth aim is to proactive approach to social contribution activities.

The Group has been continuously making



President
Masazumi Hasumi

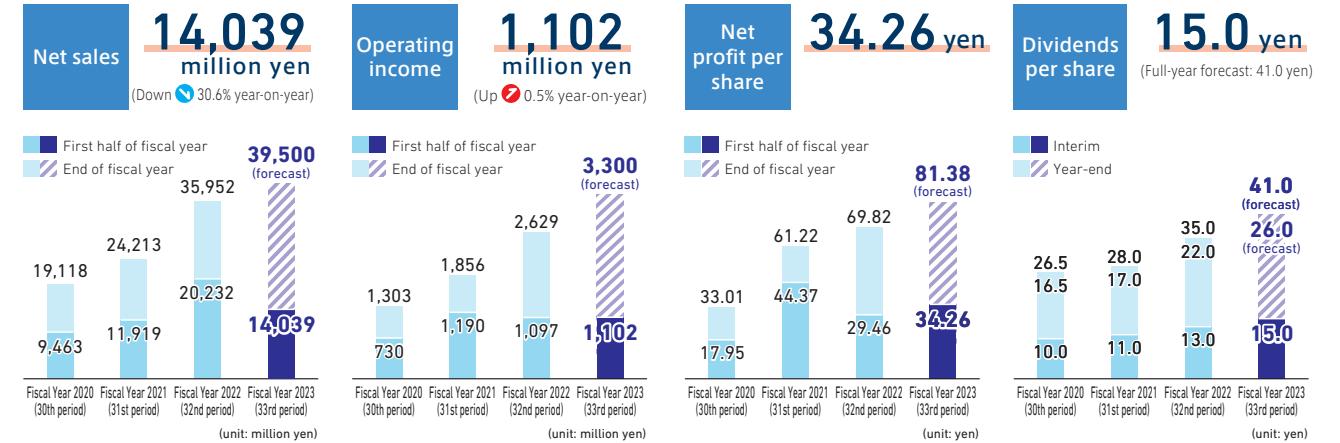
donations to the Tokyo Medical Association and providing supplies to medical institutions, using a portion of the profits generated through its business. Since last year, in addition to donating to organizations tackling social issues such as elimination of pet euthanasia and promoting subsidized meals for children, we have also promoted our employees' own social contribution activities and have established a new social contribution plan as a shareholder incentive, among other efforts.

We will continue to make company-wide contributions through cross-functional organizations such as our Sustainability Committee to help realize a society that sustains many people in happiness. While improving our ability to respond to customers through the above initiatives to accelerate DX and improve our interpersonal skills, we are also focused on recruiting and human resource trainings to respond to the growing need for consulting on property succession and management. We are undertaking diverse measures to reach our goals by fiscal year 2024, the final year of the Third Medium-Term Management Plan.

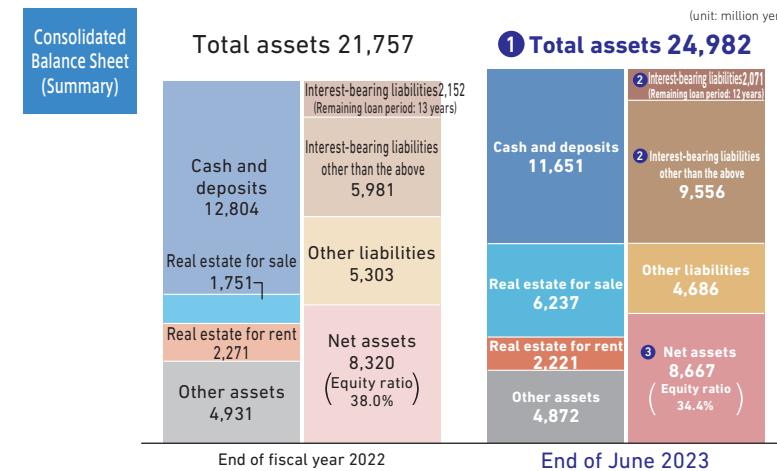
Highlights of Consolidated Business Results

Net sales were ¥14,039 million (¥20,232 million in the same period of the previous fiscal year) with development of ¥11.03 billion in the ADVANTAGE CLUB.

Operating income was ¥1,102 million (¥1,097 million in the same period of the previous fiscal year), as we worked to reduce other selling, general and administrative expenses, despite an increase in personnel from our aggressive hiring activities in the previous fiscal year.



*The Company conducted a 2-for-1 stock split of common shares on September 1, 2021. The bar chart above reflects the assumption that the stock-split was conducted at the beginning of the fiscal year ended December 2020.



- Total assets**
Total assets amounted to ¥24,982 million, up ¥3,224 million from the end of the previous period, mainly due to increases in real estate for sale.
- Interest-bearing liabilities**
Interest-bearing liabilities amounted to ¥11,627 million, up ¥3,493 million from the end of the previous period due to an increase in short-term loans payable, etc.
- Net assets**
Net assets grew by ¥347 million from the end of the previous period to reach ¥8,667 million mainly due to an increase in retained earnings.

*1 Share of cumulative amounts in voluntary partnerships formed based on the Act on Specified Joint Real Estate Ventures (as of December 31, 2021)

*2 As of June 2023

Making the STO (Security Token Offering) business our second pillar after the ADVANTAGE CLUB

Tokai Tokyo Securities Co., Ltd. and the Company's capital and business alliance partner group Hash Dash Co., Ltd. offered subscriptions to the Company's first fund offering real estate backed by security tokens (ST), "Security Token Shibuya Jingumae Innovation Office," which sold out. Given increasing real estate management needs, for STOs as one of our strategic individualized services, we are further preparing to make management products backed by real estate our next pillar after the ADVANTAGE CLUB.

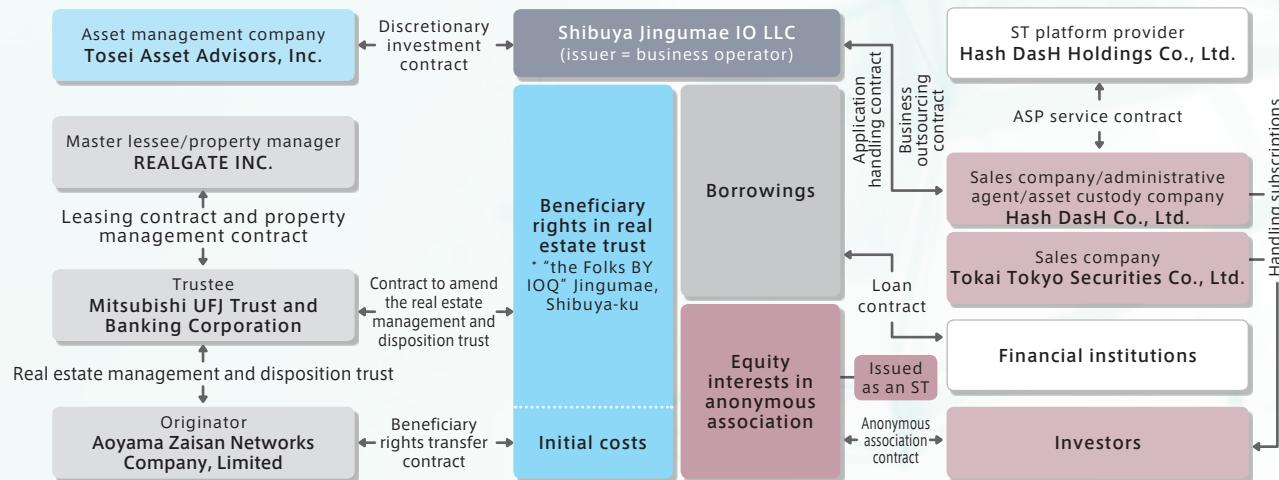


Real estate STOs (security token offerings) following our ADVANTAGE CLUB

Security token (ST) represent the asset value that can be transferred using an electronic data processing system for the rights represented in securities such as stocks and bonds. Issuing security tokens as a means of fundraising is known as a Security Token Offering (STO).

Structure

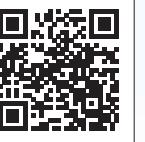
The Company has focused on building this structure and has acquired and provided the real estate that backs the security token (ST) as an originator.



Explanation of the "future development of the STO business"

Holding briefings for individual investors

In June 2023, we participated in the IR Seminar for Individual Investors held by logmi Finance. At the seminar, which was streamed as a Zoom webinar, we gave a speech in which we outlined our company and discussed the outlook for the future. We are also giving briefings on our business development to make the STO business using blockchain the second pillar of our business. We invite you to deepen your understanding of our business, which is welcoming a new growth stage.



the IR Seminar for Individual Investors

Real Estate Specified Joint Enterprise (voluntary partnership for monetary investment-type)

ADVANTAGE CLUB® Formed partnerships for three new properties in Tokyo

We provide the real estate small-lot product "ADVANTAGE CLUB" as our key consulting product. We received numerous applications and formed the "Akasaka" voluntary partnership in March 2023 and the "Kyobashi Takaracho" and "Kagurazaka #1 and #2" voluntary partnerships in June 2023. All these properties feature attractive areas that have both office buildings and mansions while also having shopping and gourmet restaurants that attract many visitors. ADVANTAGE CLUB engages in regular product formation to meet the diverse needs of our customers.



Akasaka: Hulic Akasaka Hitotsugi-dori Building



Kyobashi Takaracho: JP-BASE KYOBASHI



Kagurazaka #1 and #2: Nikko Kagurazaka Building

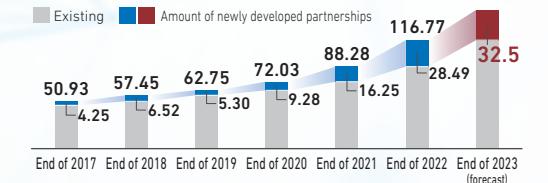
ADVANTAGE CLUB® since 2002 (as of June 30, 2023)

Cumulative number of partnerships	67
Cumulative amounts	¥127.8 billion
Total partnership members	4,954

Results and points of ADVANTAGE CLUB

- ▶ Fiscal year 2023 goal of ¥32.5 billion in new partnerships. (totaling four times our net asset totals at the end of the previous fiscal year)
- ▶ Expand our partnerships to 42 financial institutions including banks and securities companies. Lead customers to comprehensive consulting with ADVANTAGE CLUB as the starting point.

Trends of cumulative amounts (unit: billions of yen)





Report on donations through the shareholder incentive system

We would like to express our sincere thanks to our shareholders who chose the donation option in our shareholder incentives covering current shareholders as of June 30, 2022. We would like to report that we made the following donations.

	Number of people	Donation recipient	Amount of donation	Date of donation
Shareholders choosing "donations to initiatives for completely eliminating pet euthanasia"	28	Humanin Foundation	84,000 yen	November 30, 2022
Shareholders choosing "donations to 'kodomo shokudo' cafeterias for children"	21	Certified nonprofit organization National Children's Cafeteria Support Center Musubie	31,500 yen	November 30, 2022
		One-million People Classic Live Foundation	31,500 yen	November 30, 2022

Shareholder incentives

The Company provides shareholder incentives under the following conditions to shareholders recorded in the shareholder register as of June 30 (as of June 30, 2023).



Donations to initiative for completely eliminating pet euthanasia

In lieu of receiving a gift item, shareholders may opt to have 3,000 yen contributed to the Humanin Foundation, which seeks to eliminate pet euthanasia while giving rise to a harmonious society where people and pets are able to live happily together.



Donations to "kodomo shokudo" cafeterias for children

In lieu of receiving a gift item, shareholders may opt to have a 3,000 yen contribution in part made to certified nonprofit organization National Children's Cafeteria Support Center Musubie, which provides support for children's cafeterias nationwide, and also in part made to One-million People Classic Live Foundation, which supports mental health by having live music played in "kodomo shokudo" cafeterias for children.

Shareholders who hold 2,000 shares or more

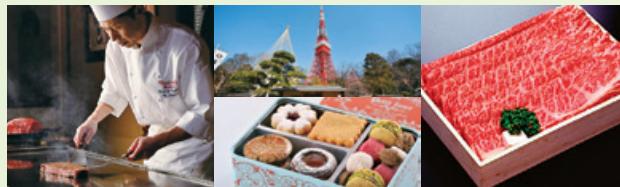
▶ Select one of 10 products worth 3,000 yen, or select one of the two donation options above



Image

Shareholders who hold 10,000 shares or more continuously for over 2 years

▶ The UKAI Group common meal certificate (20,000 yen) or Ukai special select beef (worth 20,000 yen)



Image

Release of Integrated Report 2023

Please see the Company's website for our "Integrated Report 2023," our third annual report. The report features our value creation story, our long-term vision, an introduction of our consultants, and message on important points in our growth from Outside Directors. Furthermore, starting in last year's edition, we expanded and improved contents by adding sections on human capital and TCFD, the ratio of male employees taking childcare leave, and average salary (overall, male/female/wage ratio).

We seek to further increase corporate value by enabling our stakeholders to gain a greater understanding of the Company through disclosure of such information going forward.



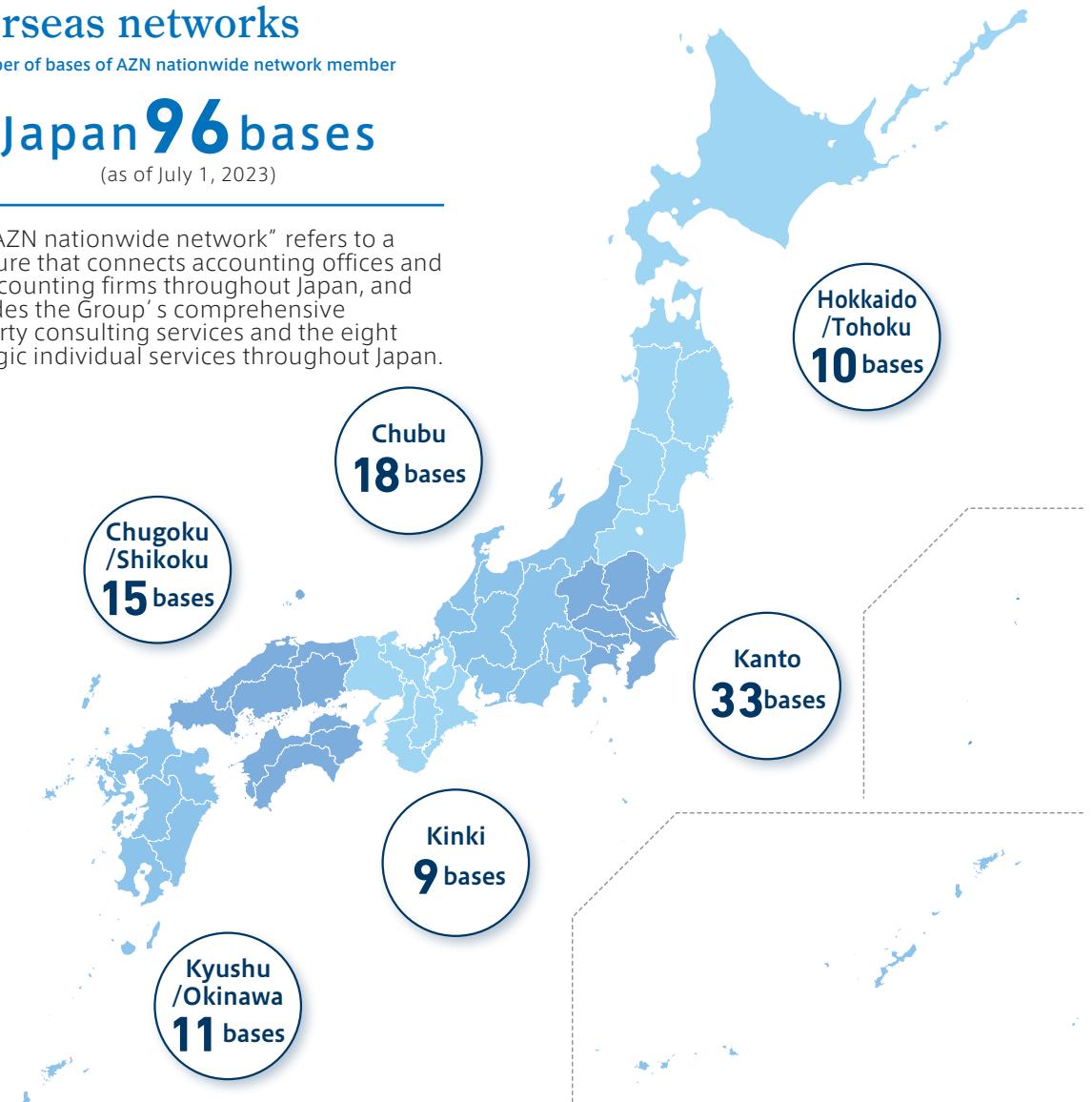
Providing premium-quality services from domestic and overseas networks

● Number of bases of AZN nationwide network member

Japan 96 bases

(as of July 1, 2023)

The "AZN nationwide network" refers to a structure that connects accounting offices and tax accounting firms throughout Japan, and provides the Group's comprehensive property consulting services and the eight strategic individual services throughout Japan.



Corporate Data (as of June 30, 2023)

Name of Company	Aoyama Zaisan Networks Company, Limited
Head Office	3F Aoyama Tower Place, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052 Tel. +81-3-6439-5800
Incorporated	September 17, 1991
Capital stock	1,210.99 million yen
Lines of business	Individual property consulting Business succession consulting Real estate solutions consulting
Number of employees	297(group consolidated)
Consolidated subsidiaries	Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd., Aoyama Zaisan Investments Co., Ltd., Aoyama Zaisan Networks Kyushu Co., Ltd., Aoyama Financial Service Co., Ltd., Aoyama Family Office Service Co., Ltd. and 4 other companies

Stock Overview (as of June 30, 2023)

Number of shares in issue 24,520,859
 Number of shareholders 8,238
 Major Shareholders (Top 10)

Name	Shares held	Shareholding ratio
Masazumi Hasumi	2,508,976	10.31
Custody Bank of Japan, Ltd. (trust account)	1,263,200	5.19
Nihon M&A Center Inc.	1,000,000	4.11
GOLDMAN SACHS INTERNATIONAL	537,693	2.21
Custody Bank of Japan, Ltd. (pension trust account)	537,400	2.20
Capital Asset Planning, Inc.	400,000	1.64
The Master Trust Bank of Japan, Ltd. (trust account)	346,600	1.42
NORTHERN TRUST CO. (AVFC) RE UKAI AIF CLIENTS NON LENDING 10PCT TREATY ACCOUNT	340,000	1.39
Mutsumi Shimada	337,000	1.38
Aoyama Zaisan Networks Employees' Shareholding Association	331,300	1.36

Executives (as of June 30, 2023)

P r e s i d e n t	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Managing Executive Officer	Takaomi Ogawa
Director, Managing Executive Officer	Shintaro Hashiba
Director, Executive Officer	Shinji Shimane
D i r e c t o r	Michihiro Nagasaka
Outside Director	Haruo Shimada
Outside Director	Keiji Watanabe
Outside Auditor (standing)	Hiroyuki Fujita
A u d i t o r	Hisao Nakatsuka
Outside Auditor	Hiroaki Rokugawa

Notes for Shareholder

Fiscal year	January 1 to December 31
Base date for the determination of shareholders with year-end dividend entitlements	December 31
Base date for the determination of shareholders with interim dividend entitlements	June 30
General meeting of shareholders	in March
Administrator of the shareholder registry/Account management institution for special account	Mitsubishi UFJ Trust and Banking Corporation
Contact	Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department 1-1, Nikko-cho, Fuchu-shi, Tokyo Tel. 0120-232-711 (toll-free, Japan only) Mailing address: P.O. Box 29, Shin-Tokyo Post Office 137-8081 Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department
Stock exchange listings	TSE Standard Market
Public announcements	To be announced on the Company's website

(For reference)

- Shareholders' address changes, repurchase requests, and such other procedures, as a rule, are filled with the account-administrating institutions where shareholders have their accounts (securities companies, etc.). Shareholders are requested to contact their account holding securities companies, etc., for information. Shareholders are reminded that application filings cannot be made with the administrator of shareholder registry (Mitsubishi UFJ Trust and Banking Corporation).
- Dividends hitherto uncollected by shareholders are paid by Mitsubishi UFJ Trust and Banking Corporation, Head Office Branch.