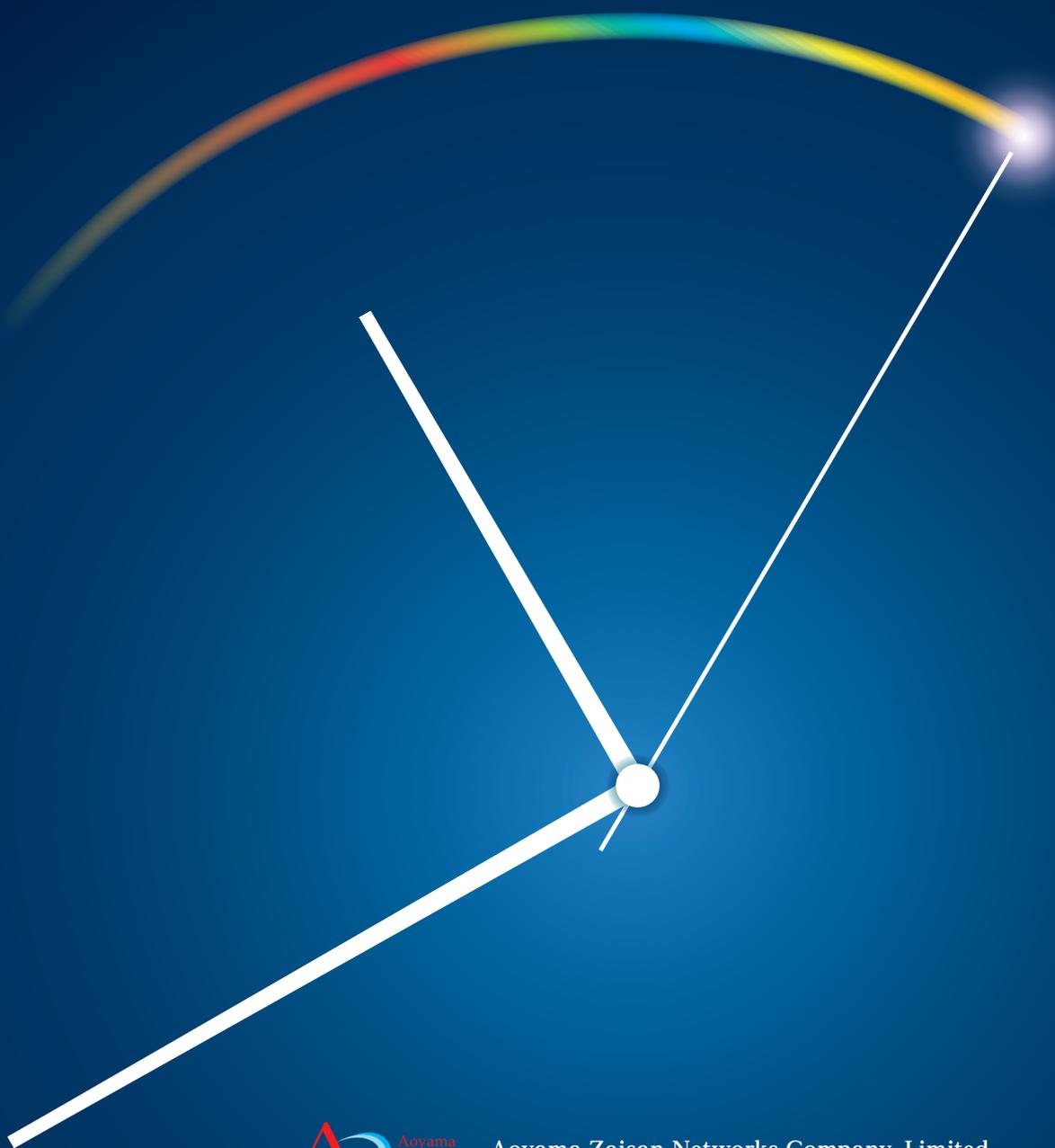


Aoyama Zaisan Networks Company, Limited

# Integrated Report 2021

For the Next 100 Years,  
For the Next Generation



Aoyama Zaisan Networks Company, Limited  
Aoyama Zaisan Networks Company, Limited

Through the succession, operation and management of property,  
we contribute to the happiness of our customers  
and a sustainable society.

Aoyama Zaisan Networks started business in 1991 as a group company of Funai Consulting Incorporated.

We have operated as a property consulting company offering real estate solutions.

We have expanded our business in Japan and overseas as a consulting company providing comprehensive property-related solutions to "individual asset owners" and "corporate owners," marking our 30th anniversary in 2021.

Under the corporate slogan, "We will remain your best partner in 100 years," we will pursue further growth in order to protect the property of our customers as well as society and pass them down to the future.

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We will remain your best partner in 100 years.

**Vision** — Japan's top comprehensive property consulting firm supported and chosen by many customers as "About property, Aoyama Zaisan Networks"

- To aim for the sustainable development of society and AZN  
Resolving social challenges related to property succession/operations/management

**Management objectives**

We seek to contribute to the happiness of our customers through the succession, operation and management of property.

We seek to ensure both the physical and mental well-being of the members whom we work with.

**Editorial Policy**

● Basic concept  
This report primarily covers performance for FY2020 (January 1, 2020 – December 31, 2020). But some parts deal with data or events from prior years or from most recent years.

Essentially, the subject of this report is Aoyama Zaisan Networks and its group companies (nine consolidated subsidiaries) as of December 31, 2020.

● Note on future prospects  
The contents of this Integrated Report that are not historical facts are future forecasts made by Aoyama Zaisan Networks Company, Limited based on its outlook and plans. These future forecasts contain factors including risks and variables; actual outcomes and performance may vary from them.

● Published in November 2021

## Our Strengths and Source for Creation of Value

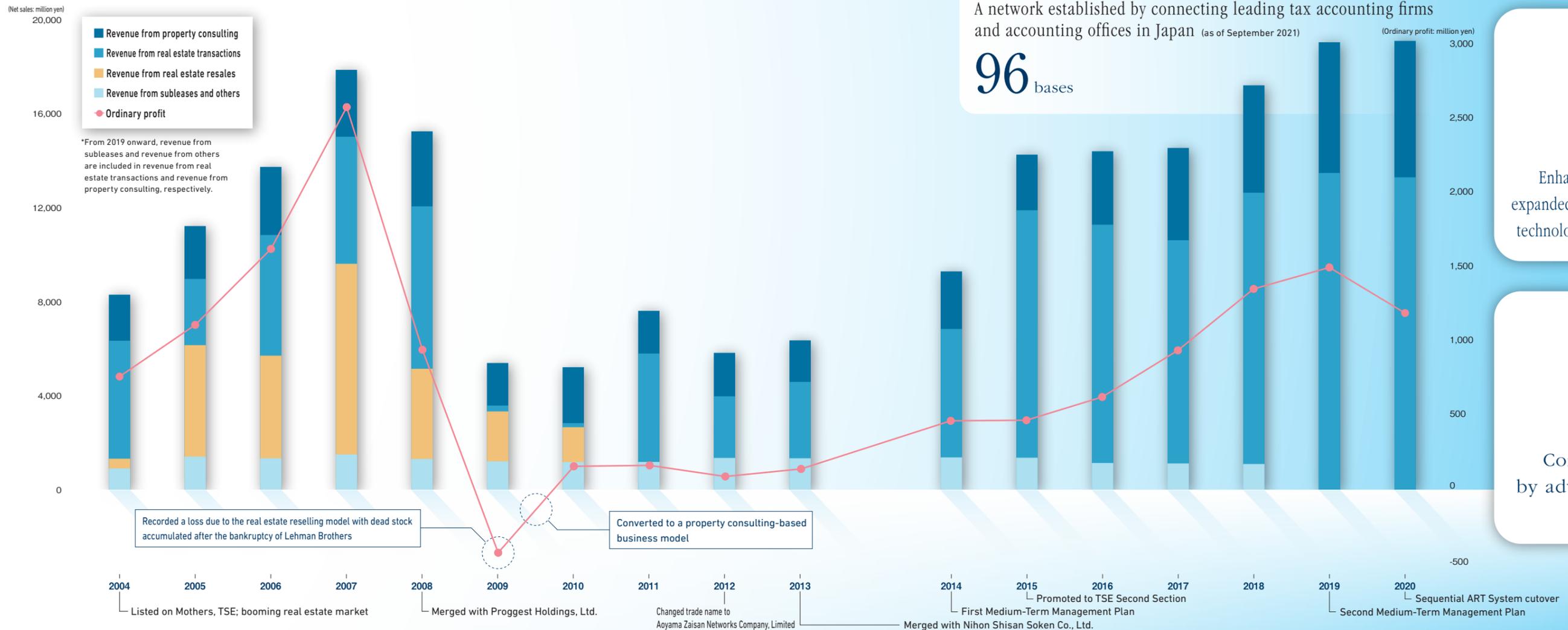
By pursuing business management that enhances sustainability and making tireless efforts on challenges, we protect your property.

In order to fulfill our mission, protect customers' property, and ensure their ever-lasting happiness, we must continue securely on our course going forward.

The bankruptcy of Lehman Brothers (global financial crisis) in 2008 brought us to radically change our management policy from a real estate reselling & short-term return-oriented one to a customer value & secure return-oriented one. We now have a structure in place to offer comprehensive solutions, with a diverse array of services of "inheritance/property succession," "business succession," "real estate solution/consulting products," etc.

Under the Third Medium-Term Management Plan starting from 2022, we will pursue the realization of non-consecutive growth with the vision of Japan's top comprehensive property consulting firm supported by many customers as "About property, Aoyama Zaisan Networks."

### Business portfolio and net sales



#### High level of expertise

Number of registered experts with national qualifications  
(as of September 2021)

More than **147** professionals

\*CPAs, tax accountants, lawyers, judicial scriveners, licensed social insurance consultants, first-class architects, real estate appraisers, first-class FP technicians, etc.

#### Enriched consulting products

Amount of cumulative ADVANTAGE CLUB partnerships formed  
(as of September 2021)

Approx. ¥ **85.02** billion

#### Broad network

A network established by connecting leading tax accounting firms and accounting offices in Japan (as of September 2021)

**96** bases

#### Source for creation of value

1

Pursuit of enduring and sustainable total optimization from customers' point of view

2

Enhanced productivity and expanded fields via knowledge and technologies of a group of experts

3

Consulting backed by advanced personality

Period of growth in property consulting services for individual asset owners

Expansion of the field of business succession consulting for corporate owners as a result of mergers

Period of growth as a comprehensive property consulting firm

On to the new stage by expanding collaborations and getting equipped with advanced technology

Top Message

Aiming to further grow and evolve as a comprehensive property consulting firm, we will serve the happiness of as many customers as possible.

President Masazumi Hasumi



Having sought for customers' happiness for the last 30 years

(1) Looking back on the starting point of AZN from a major milestone

Aoyama Zaisan Networks marked its 30th anniversary this year. Looking back on the original point where we started our business to mark this milestone, we find it comes down to a "job to be of help to people." Based on this idea, we have two management objectives: (1) "We seek to contribute to the happiness of our customers through the succession, operation and management of property," and (2) "We seek to ensure both the physical and mental well-being of the members whom we work with." That is to say, we believe that we make contributions to the happiness of customers through our solutions to property-related problems existing in society, through which we can make ourselves happy as well. To please customers, we should learn to become a person of three qualities: wisdom, action, and personality. To develop the personality one, which allows us to be of help to many people, we learn the value of virtues practiced by everyone and try to practice it ourselves, day in and day out.

(2) In retrospect: 30 years since our foundation in 1991

AZN was originally established on September 17, 1991 as Funai Property Dock Co., Ltd. with support from Funai Consulting Incorporated Co., Ltd., for the purpose of offering property succession/operations/management services to asset owners who owned land particularly. Thereafter we changed the trade name to Funai Property Consultants Co., Ltd. in 1999, released the first project of our core product ADVANTAGE CLUB in 2002, and were listed on the Mothers, Tokyo Stock Exchange in 2004.

In October 2008, we acquired 100% ownership of Proggest Holdings, Ltd. and at the same time, Masazumi Hasumi, took over the management of the company from my predecessor, then-President Yoshihito Hirabayashi. The purpose of this merger was to grow dramatically to become a "comprehensive property consulting firm" by adding a new business/property succession consulting service for corporate owners to an existing property consulting service mainly for asset owners who own land particularly. This deal built a foundation for the

current AZN.

In 2008, however, the Lehman Brothers collapsed in September, and triggered a global financial crisis, as you know. We also ended up with a net loss of over ¥4.8 billion in the following year (2009), mainly due to a loss on sale of real estate to repay loans, which hit us so hard and forced us to lay off some of our employees. This brought us to discontinue our previous policy of carrying inventory and reselling real estate and convert to a new property consulting-based business model.

In July 2012, we changed the trade name from Funai Property Consultants Co., Ltd. to "Aoyama Zaisan Networks Company, Limited" and stood at the new starting line as an independent property consulting firm both in name and reality. In October 2013, we merged with Nihon Shisan Souken Co., Ltd., a company operating mainly in Chiba Prefecture, in a bid to strengthen our property consulting services dramatically. And in 2014, we embarked on the First Medium-Term Management Plan. Driven by the "Abenomics" growth strategy by the second Abe administration inaugurated in December 2012, our operating profit showed significant increases: ¥445 million (FY2014), ¥485 million (FY2015), ¥751 million (FY2016), ¥1,094 million (FY2017), and ¥1,464 million (FY2018). Meanwhile, we also started a business to deliver real estate transactions and related products in the United States and Indonesia to residents in Japan through the partnership with our counterparts in these countries.

Comprehensive property consulting

More than 140 registered experts in each field provide one-stop services



In 2019, we launched the Second Medium-Term Management Plan. Positioning this plan as three years of preparation for the period of growth expansion starting from 2022, we worked under five basic policies including initiatives to be equipped with advanced technology and expanding collaborations. Some of the basic policies such as initiatives to be equipped with advanced technology and employees' individual progress made great strides, while others did not show much progress (e.g., zero overseas real estate products were formed)

partially because of the impact of the novel coronavirus disease (COVID-19) pandemic in 2020. However in FY2021, the final year of this plan, we sold ADVANTAGE CLUB partnerships, previously sold to AZN customers only, to new customers through regional banks and securities companies with no particular problem and posted record-high sales; we managed to finish up preparation for the growth expansion period from the next fiscal year, which we find greatly rewarding.

ADVANTAGE CLUB, a long-term revenue model in proportion to the number of partnerships formed

Features: 3 revenue points  
Revenue is generated at each phase of ① forming, ② managing, and ③ dissolving a partnership

Today, we have nearly a 60% market share by ADVANTAGE CLUB, a real estate joint ownership scheme where customers jointly own real estate in urban areas and receive leasing income by taking advantage of the Act on Specified Joint Real Estate Ventures. As of September 30, 2021, we have cumulative total 56 partnerships, and cumulative total assets under management of ¥85.02 billion against the backdrop of growing customer needs for inheritance measures and property management.



Our long-term vision

We design our long-term vision based on the following standpoints and create new strategies.

#1 Standpoint: Aoyama Zaisan Networks achieves the higher quality and quantitative expansion of our customer services, made of a pair of wheels of a "comprehensive property consulting service" and a "strategic individual service"

In property succession, business succession, or property management, most of the concerns our customers have cannot be resolved just by removing visible parts. For instance, customers come to see us for solutions to various concerns about tax payment, potential disputes among their children, smooth business succession, and so on in the case of inheritance (their passing). Through a number of meetings, they grasp the big picture of their assets and businesses and then get to realize what they really want to put first and what they should do now; that is how they reach their best succession plan.

For customers to be successful in inheritance or business succession cases, we need to analyze the status of their assets and fully understand their thoughts before planning together and proceeding according to the plan. Our belief is: "No success comes without a plan."

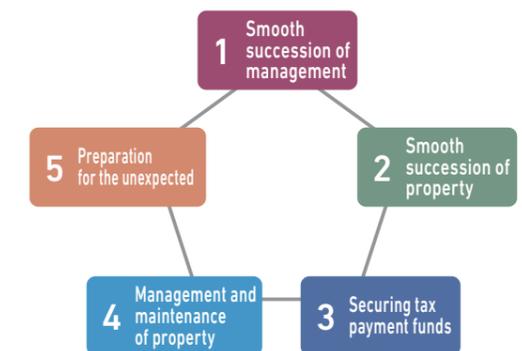
To make a plan and go along with it, we advise customers to consider from the following five perspectives (see diagram on right): (1) smooth succession of management; (2) smooth succession of property; (3) securing tax payment funds; (4) management and maintenance of property; and (5) preparation for the unexpected. In this way we can create a perfect plan with an overall balance.

Further, we must accomplish individual finalized plans one by one when executing. To be more specific, this includes purchasing profitable real estate, effectively using land property, selecting appropriate securities products, utilizing family offices for family succession, and asset management

by asset management companies. Enhancing and expanding these services is imperative to the totally optimized plan. We will strengthen our corporate structures, with the possibility of a company split-up in consideration. The enhancement of individual plans also can be an opportunity for many customers to get to know us and go on to use our comprehensive property consulting service.

Having a close connection between (A) a "comprehensive property consulting service" based on the formulation of the totally optimized plan and (B) the enhancement & expansion of a "strategic individual service" to support (A), AZN will grow to resolve the issues of our customers.

Five perspectives



## Top Message

### #2 Standpoint Aoyama Zaisan Networks offers a property consulting service via smartphone and online communication tools as its standard service

The COVID-19 pandemic dramatically accelerated digitization, and particularly the world of smartphones showed a phenomenal expansion. We are just around the corner from the world where we deliver our consulting services via smartphone. It does not make sense if we cannot have data on our assets handy and checkable. We know we should see our customers in person in meetings or at the restaurant so that we can understand their thoughts and feelings more

attentively. However, we also should be able provide high-quality consulting services online if we devise some ways, just as teleworking, which we were not used to in the beginning, has now become a standard practice.

Against these backdrops, we set our vision, as the second long-term vision, to create a structure to provide consulting services via smartphone and online communication tools for customers in Japan as well as overseas.

### #3 Standpoint Aoyama Zaisan Networks grows to become a group of consultants with advanced personality

Some say we easily lose personality (human touch) in a digital society, which definitely makes us more swayed by what we see.

Also in a property consulting service, figures and data such as the amounts of assets, inheritance tax, and partition of estate are alleged to get our attention easily. Tangible (visible) figures and data are indeed important, but what we should really value in property succession is to keep all family members on good terms and to communicate an approach to property use and a way of life that makes a contribution to the world. In other words, our desire is to grow to become a

company that can offer the property consulting service for succession of figures as well as something intangible but valuable.

In order to conduct this type of consulting, we must be a company with consultants with important qualities as a person, such as kindness, warmth, integrity, honesty, love, mercy, and altruistic values. Namely, it is imperative for us to grow to become a group of consultants with an advanced personality. The goal is lofty, but we will have no future without achieving it.

### #4 Standpoint Aoyama Zaisan Networks is actively engaged in CSR activities

The growth and development of our company depends on how much contribution we can make for the happiness and growth of many people or on how far we can contribute to the happiness of our customers through our property solutions. In addition to contributing a portion of our income earned from

this business to make the world a place for many people to live happily, we study initiatives for a decarbonized society through our operations. We will identify CSR activities we should focus on so that we can serve SDGs through our dedication to our customers.

#### CSR case examples in our core business: regional revitalization project consulting

Drawing on a "special business" under the Act on Specified Joint Real Estate Ventures, we are engaged in the regional revitalization projects.

With the Group consulting capability and government licenses, we will develop and transform idle land in front of train stations owned by local governments into lively town squares.

First project  
**Komatsu City, Ishikawa Prefecture**  
(Completed in 2017)

Second project  
**Tsuruga City, Fukui Prefecture**  
(In progress)



Illustration of Tsuruga Station Western District

## Building a new structure for the next stage

### (1) Developing a new structure as a foundation for the new Medium-Term Management Plan

We are now in the middle of developing the new Third Medium-Term Management Plan. As a company that can transform concerns that asset owners who own land in particular, business owners, and financial asset owners have over their property, mainly associated with inheritance and business succession, into a "sense of security/peace of mind," we aim to become a leading company recognized as "About property, Aoyama Zaisan Networks." To that end, we are formulating a plan with four items (customer, service, technology, and organizational structure) as its foundation.

We will aim to become a company that ensures the happiness of many customers by resolving their property problems.

(For more details, please see pp. 13-14 "Medium-Term Management Plan Explained by President.")

### (2) Business opportunities and risks

We see the expansion of property market focused on inheritance and business succession as our opportunities in the future business environment. In our time, the aging population and falling birthrate, decreasing work force population, a lack of successors, and the declining quality of social security services as a result of increasing social security costs are feared. Under these circumstances, all of us are asked to live on our own to lead a happy life. In order to do so, we first need to make an economic foundation stronger,

which should add to the significance of the succession, operations, and management of property considerably, followed by a growth in their relevant markets, as everyone already knows.

To meet such growing societal needs, we must advance digital transformation (DX), but at the moment we see delays in taking measures for DX in the field of property succession/operations/management. Faced with an issue that currently we have no standards for providing services efficiently or for their quality, that is the risk in our view. We should push forward with improvements to the structure to meet the needs of as many customers as possible, enhance service quality & quantity, and offer them easy-to-use services. To be able to grow to become a company ensuring the happiness of many customers, we will further seek a synergy effect with the "ART System," which is already in operation as part of our initiatives to be equipped with advanced technology, and advance DX.

#### ART System

The ART System stands for a fusion of "A"oyama/"A"sset, "R"eal (numerous consulting achievements), and "T"echnology, and systematizes the knowledge and methods of our most experienced consultants and automates a process of producing materials for the purpose of improving efficiency and productivity in the consulting business.

POINT		
1 Standardization of consulting know-how	2 Improvement of efficiency/productivity	3 Monetization using ART System in collaboration with leading regional banks

## For the enhancement of the largest management capital "human resources"

The most important management capital for us is "human resources." With an emphasis on the balance of financial, physical, and mental fulfillment of our employees, we have been committed to their well-being so that they can feel it constantly. We also run a human resources training program focused on wisdom, action, and personality so that each employee can find his/her work rewarding.

As mentioned earlier, the "ART System," which boosts

service quality and supports productivity improvement in consulting, also serves human resource development. The systematization of knowledge and rules of thumb of resourceful consultants as an educational curriculum can lead to the speedy development of consultants. A DX initiative should also lead not only to benefitting consultants, but also to company-wide improved productivity and human resource development; we will actively advance the initiative.

## On to the next stage for further growth and evolution

Based on the idea, "financial assets are the foundation for leading a happy life," we have delivered our property consulting service for the last 30 years, primarily to a limited number of customers in the Tokyo Metropolitan area. As technologies have been showing dramatic progress in recent years, in the next stage, we will grow to address property problems of customers across Japan as well as overseas and to become a company ensuring the happiness of an infinitely larger number of customers than now.

The Group will do our best to live up to your expectations in the next 30 years.



# Identifying materiality (key issues)

We are committed to solutions for the property-related problems of asset owners and corporate owners and furthermore for social challenges, under two management objectives: (1) "We seek to contribute to the happiness of our customers through the succession, operation and management of property," and (2) "We seek to ensure both the physical and mental well-being of the members whom we work with." With these needs growing year after year, we calculate our business opportunities should be expanded further down the road. On the other hand, environmental and social risks are increasingly escalating; we should conduct our business while incorporating non-financial issues in light of ESG in management strategies and valuing a harmony with stakeholders, so that we can continue sustainable growth.

In FY2020, as our priority issues, we identified materiality associated with business such as the "reduction of environmental load of buildings" and materiality associated with business foundation such as "human resource development" and "corporate governance."

## A process of identifying materiality

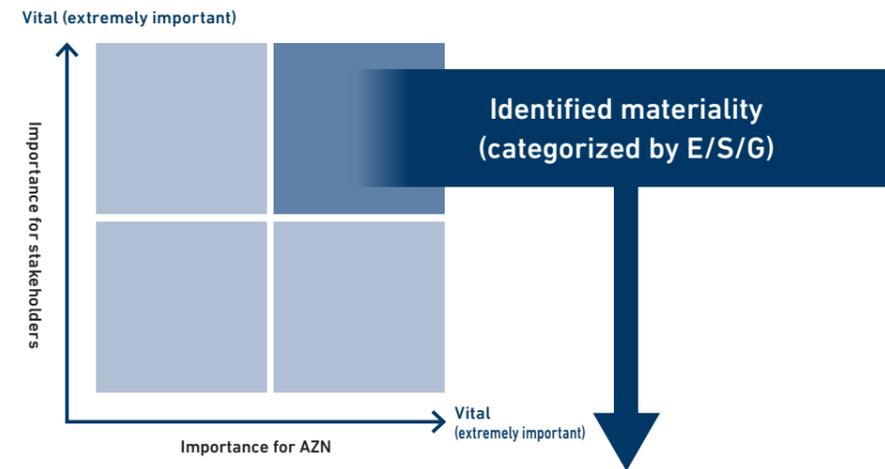
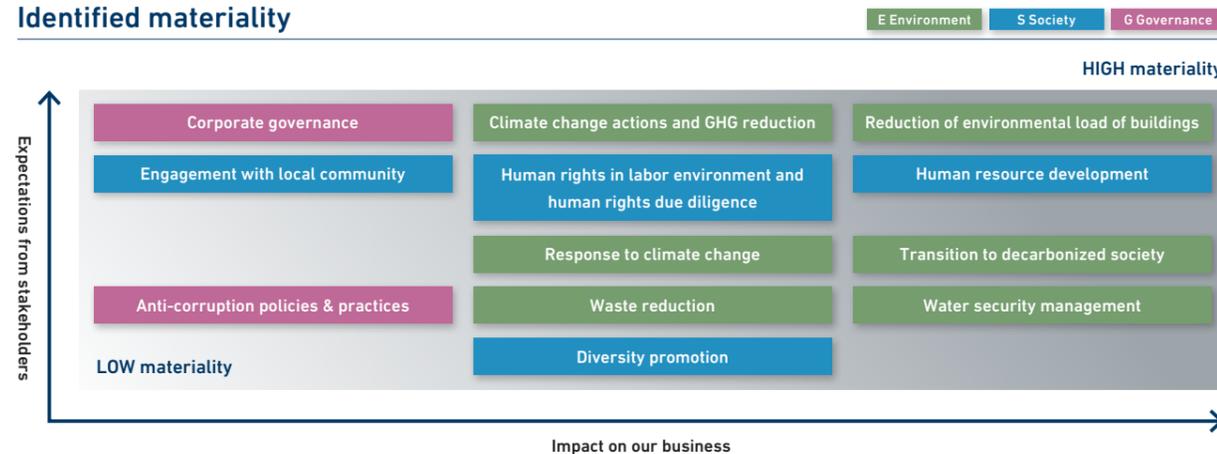
As for materiality, we identify social challenges with a significant impact on society as well as on us, by working through the steps shown below.

In Step 2, Ms. Emi Matsukawa (Chair/Director of Collective Action Institute, outside Advisor for PRONEXUS Inc., and Worldwide Senior Manager of CDP, an international

environmental NGO, since Feb 2020), as someone with an external voice and expert, gave us in-house lectures and helped us screen priority items. In Step 3 and 4, we selected 12 items as our materiality identified at the meetings of division managers and Medium-Term Management Plan, where we had discussions for approval.



## Identified materiality



- Reduction of environmental load of buildings
- Transition to decarbonized society
- Climate change actions and GHG reduction
- Response to climate change
- Water security management
- Waste reduction

- Human resource development
- Human rights in labor environment and human rights due diligence
- Diversity promotion
- Engagement with local community

- Corporate governance
- Anti-corruption policies & practices

### <Relevance of SDGs to our business>



## SUSTAINABLE DEVELOPMENT GOALS

### Making contributions to the Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) were set for the international community to work together for global sustainable development, as part of the (2030) Agenda for Sustainable Development, which was adopted in September 2015 at the United Nations Summit. To these goals, we will make contributions through our business activities as a member of society.

We have selected items relevant to our business from the 17 SDGs in the process of identifying materiality. We recognize these items to be addressed or considered particularly by us through our business activities. In a bid to resolve social challenges through our business activities, we will be further committed to SDGs-conscious initiatives and management.

# Materiality policies & initiatives

## Realization of decarbonized society

- Reduction of environmental load of buildings
- Transition to decarbonized society
- Climate change actions and GHG reduction
- Response to climate change

### Making contributions to the following SDGs:



### Policies & major initiatives

The Group, a comprehensive property consulting firm, is engaged in business activities utilizing energies from land and other natural resources, as part of consulting operations; we recognize response to climate change as an important management challenge with a considerable impact on our business continuity. We also consider our green (eco-friendly) initiatives to accommodate needs from both customers and tenants as well as drive improvements in future asset value and solutions to social challenges. At the moment, we are committed to initiatives to switch to electricity using clean energy and to facilities with lower environmental load (AC with less CFC consumption, etc.).

### Future initiatives

We will formulate the "Group Environmental Policy" and make further eco-friendly efforts in a series of the purchase/operation/management/sale of office buildings including ADVANTAGE CLUB.

## Realization of recycling-based society

- Water security management
- Waste reduction

### Making contributions to the following SDGs:



### Policies & major initiatives

As a water security management initiative, we are engaged in the development/construction of buildings/towns by considering the conservation of water environment such as effective water use and groundwater recharge while saving water and effectively using water resources together with our customers and tenants, in an effort to protect water environment.

In our group's view, CO<sub>2</sub> emissions associated with our business activities including real estate operations have a significant impact on climate change and thus are considered as a major risk. As a waste reduction initiative, we will step up our activities to improve energy efficiency in business operations, shift to renewable energy, reduce emissions, and so on.

## Business activities with respect for human rights

- Human rights in labor environment and human rights due diligence

### Making contributions to the following SDGs:



### Policies & future initiatives

The Group seeks to contribute to the physical and mental well-being of people through our management objectives, core values, and action guidelines. Going forward, we will formulate our policy on human rights and finalize our basic concept about respect for human rights, roll them out to all the officers and employees, and ask understanding and support from all of our business partners including suppliers.

## Realization of society that supports (the success of) diverse talents

- Human resource development
- Diversity promotion

### Human resource development Policies & major initiatives

As for human resource development, our policy is to make contributions to our customers and society by making the most of our management capital, "human resources," with a goal of "enhancing personality" and "building a strong organization adaptable to changes." We develop human resources through the following measures: redefining functions in the revised personnel system, visualizing management status by 360-degree assessment, developing an industry-ready employee training framework by introducing an education program (for consultants), instilling corporate philosophy in Hasumi-Juku (academy), and visualizing educational training programs via online tools.

### Diversity promotion Policies & future initiatives

The Group regards our co-workers as one of the most important aspects of management capital. We respect each individual's physical and mental well-being, understanding of functions, personality and autonomy/self-reliance, while constantly providing opportunities for self-improvement and enlightenment, in a bid to become a company with advanced personality. We are also makes efforts for employees to continue working with ease in their life events, such as setting up a satellite office, implementing a staggered work shift system, promoting childcare leave (acquisition rate by women in FY2020: 100%), and enhancement a temporary employees program that allows employees over 65 (retirement age).

### Making contributions to the following SDGs:



## Business activities with emphasis on partnerships

- Engagement with local community

### Policies & major initiatives

As a comprehensive property consulting firm, the Group recognizes our engagement in local communities is one of the important agenda in terms of resolving social challenges and protecting property. We are committed to activities to support the establishment of incorporated foundations with the primary purpose of scholarship support, nursing homes for the elderly and licensed nursery schools to clear children on waiting lists, and the redevelopment of land in front of train stations as a regional revitalization project, in an effort to coexist and collaborate with local communities.

### Future initiatives

Under the mission, "to remain your best partner in 100 years," the Group makes efforts to contribute to your happiness through the succession, operation and management of property, as a comprehensive property consulting firm. We regard local communities as a foundation for the life of all people including our customers, their families, and companies and employees they treasure, as a foundation for social and economic activities, and as an important foundation for you to lead a happy life. So that our customers can happily live and the value of their assets can improve in local communities, we will promote our engagement in local communities.

### Making contributions to the following SDGs:



## Continuing improvement in governance

- Corporate governance
- Anti-corruption policies & practices

### Corporate governance Policies & major initiatives

Recognizing corporate governance as an important management mechanism to make transparent/fair and speedy/decisive decisions, the Group is actively committed to it. Compensation for officers/executives is determined through fair and highly transparent reviews by the Compensation Council; we are engaged in proper activities including the evaluation of the effectiveness of the Board of Directors in line with the policy.

### Anti-corruption Policies & future initiatives

For the purpose of practicing fair and bona fide management in compliance with laws, we establish the Compliance Committee consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys) as a structure to advance compliance with laws and corporate ethics. Going forward, we will formulate and implement anti-corruption rules and prevention guidelines from an anti-corruption point of view.

### Making contributions to the following SDGs:



# Medium-Term Management Plan Explained by President

## Reviewing Second Medium-Term Management Plan (2019–2021)

Positioning the three years from 2019 to 2021 as the period of the Second Medium-Term Management Plan in anticipation of our growth expansion from 2022, we made efforts under the following five basic policies: “initiatives to be equipped with advanced technology,” “tie-up expansion,” “support the expanding and diversifying needs of property and business successions,” “support expanding management needs,” and “initiative to improve human resources and employee satisfaction.”

Amid the COVID-19 pandemic, we saw a sharp decline in the number of referrals from financial institutions and were not allowed to make face-to-face sales with elderly customers; we had to struggle for earnings. Then from the fourth quarter of FY2020 to the first half of FY2021, the number of referrals showed a smooth recovery, and the Internet-based system environment for customer services was also installed, which contributed to **an increase in the number of “Web-based consulting services.”** In addition, **the active formation of “ADVANTAGE CLUB” partnerships on a regular basis helped**

our earnings to get on an expansion track from a recovery path. The greatest achievement through our efforts under the Second Medium-Term Management Plan is an **advancement in the preparation of foundation for the growth expansion period from the next fiscal year as a comprehensive property consulting firm.** The “ART System,” in which our knowledge and know-how are invested under the basic policy of “equipped with advanced technology,” is now **officially in operation.** We also started selling our core product “ADVANTAGE CLUB,” the real estate small-lot product, to financial institutions such as banks and achieved sales outcomes more than expected. We also successfully launched the family office service, IFA (Independent Financial Advisor) financial instrument investment service, and STO (Security Token Offering) business, as new businesses. Through these activities, the Group **has completed setting up a base for running new business operations actively.**

## Developing a new structure as a foundation for the new Medium-Term Management Plan (2022–2026)

We are now developing the new Third Medium-Term Management Plan.

As a company that can transform concerns that asset owners who own land in particular, business owners, and financial asset owners have over their property, mainly associated with inheritance and business succession, into a “sense of security/peace of mind,” we aim to become a leading company recognized as “About property, Aoyama Zaisan Networks.” To this end, we are formulating the Plan based on the following **four items: customer, service, technology, and organizational structure.**

As for **customers**, high-net-worth asset owners with deeper concerns will be the main target of our services.

The fundamental vision depicted in the Medium-Term Management Plan is to build a structure in which our services are recognized by many target customers and can be delivered by us.

As for **services**, for our comprehensive property consulting services to be recognized and used by many asset owners, we also should address needs of strong interest to customers, individually. A business split-up, which I talked about at the General Meeting of Shareholders, means breaking down a single gate (i.e., existing comprehensive property consulting service) into eight gates in terms of value. By meeting needs moment to moment, we aim to lead to a comprehensive property consulting service with the philosophy of expanding customer recognition using our service as an entrance, increasing contact points with customers, and having total optimization.

We desire to realize two things with regard to **technology** utilization.

① To increase contact points with customers, acquire new customers, and communicate with existing customers smoothly. In short, we want to stay connected not only via traditional face-to-face communication but also via digital communication. We will establish a platform that

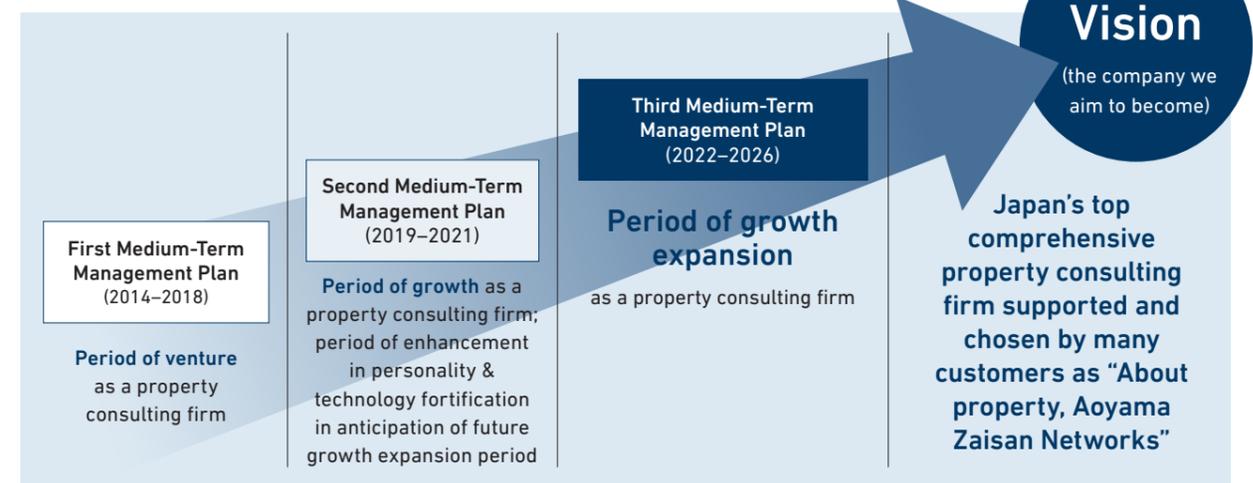
enables new customer experience such as providing communication tools, sending and sharing information and visualizing one’s own asset information, and continue information-sharing with customers with whom a contact point is already established, in a bid to increase the number of consultations and profit opportunities.

② To “improve operational productivity” in order to offer as many consulting services as possible. We will advance our system by adding more knowledge to the existing ART System and raising the close rate through the standardization of quality, while reducing the workload/number of operations to lead to proposals speedily. Furthermore, we will pursue improved productivity by establishing the optimal flow intertwined with online-based consulting.

As for **an organization structure**, to build an organization that addresses property-related concerns of many customers, we should produce a lot of human resources who are well-balanced with the three skills (qualities) rooted in AZN management objectives and core values: wisdom, action, and personality. For consulting, we need human resources not only with wisdom (a high-level of knowledge, experience, and thinking) but also with ability to take quick action to address customers’ problems, and personality to think of what’s best for customers and identify and share their true concerns.

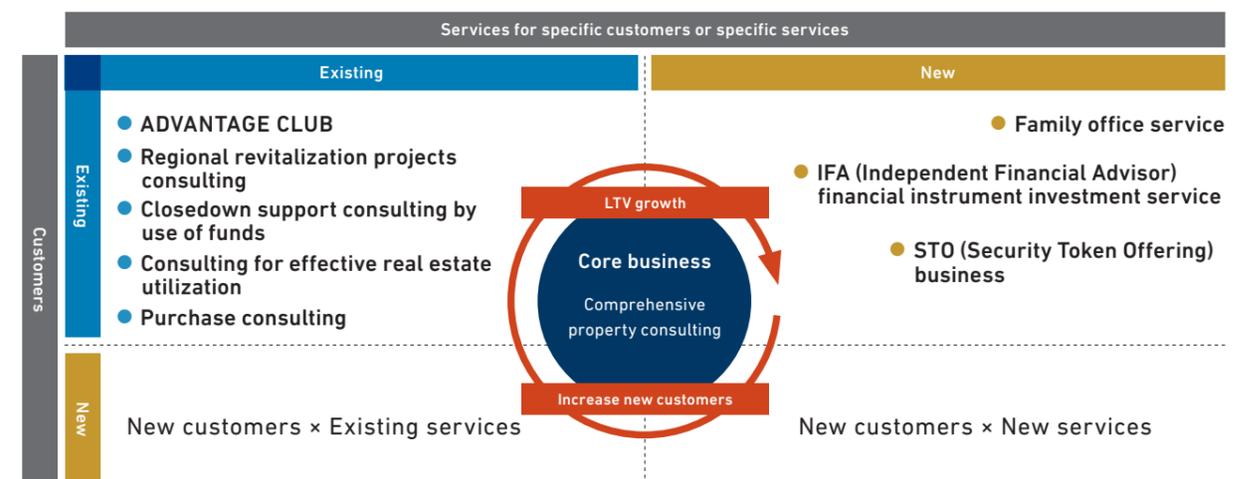
We will build a self-sustaining organization climate by instilling our corporate philosophy, which is a base for everything, develop a pleasant work environment based on diverse ways of working, design appropriate evaluation/compensation programs according to functions, and create a rewarding mutual approval framework. Making these consistent efforts, we aim to become a company that addresses property problems of many customers and ensures their happiness.

## Medium-Term Management Plan (Overview)

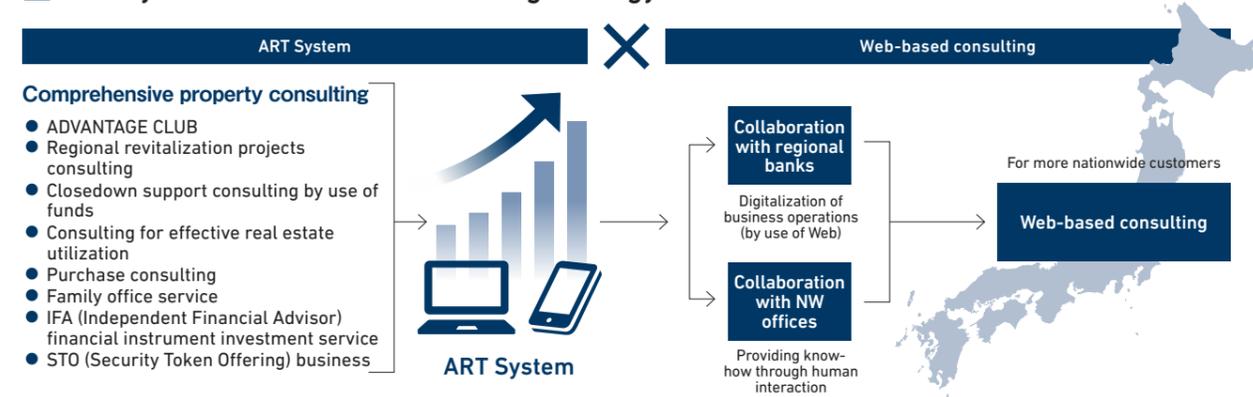


## Overview of a new structure

### Positioning of services that expand customer base and generate synergies for core business



## ART System & Web-based consulting strategy



# Corporate Governance

## Directors and Audit & Supervisory Board Members

### Director



**Masazumi Hasumi** President

Aug. 1983 Joined Aoyama Audit Corporation  
 Nov. 1991 Joined Yamada & Partners Accounting Office  
 Dec. 1996 Representative Director of Proggest Co., Ltd. (company name changed to Proggest Holdings, Ltd. in July 2005)  
 Sept. 2008 Director of the Company  
 Oct. 2008 President  
 Aug. 2016 President of Business Succession Navigator Corporation (current position)  
 June 2017 Director of PT. Aoyama Zaisan Networks Indonesia (current position)  
 Dec. 2019 Chairman of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)  
 Oct. 2020 Representative Director of Aoyama Financial Service Co., Ltd. (current position)  
 Jan. 2021 Representative Director of Aoyama Family Office Service Co., Ltd. (current position)

**<Reasons for appointment>**

Serving as President of the Company, he has extensive experience as a corporate manager and a high level of knowledge about the Company's business activities. He has implemented his duties of determining the Company's important issues and supervising Directors and Executive Officers in performing their duties in an appropriate, fair and efficient manner; he is expected to continue his contribution to strengthening the governance system.



**Masayuki Yagi** Director, Managing Executive Officer

Apr. 1990 Joined Murakami Corporation  
 Sept. 1991 Joined the Company  
 Mar. 2006 Director, Executive Officer, and Manager of First Business Department  
 Jan. 2011 Executive Officer, Manager of Individual Asset Consulting Department  
 Mar. 2013 Director, Executive Officer, and General Manager of Business Division  
 Mar. 2014 Director, Managing Executive Officer, and General Manager of Business Division  
 Jan. 2021 Director, Managing Executive Officer, General Manager of Business Division, and General Manager of Real Estate Division II (current position)

**<Reasons for appointment>**

Serving as Director, Managing Executive Officer, and General Manager of Business Division of the Company, he directs and supervises overall sales departments and performs his duties relating to the Company's business activities appropriately; he is expected to continue his contribution to the long-term improvement in corporate value and strengthening the governance system.



**Takeshi Matsuura** Director, Managing Executive Officer

Apr. 1991 Joined Daiwa House Industry Co., Ltd.  
 May 1995 Joined Nissho Iwai Real Estate Corp. (current: Sojitz Corporation)  
 Oct. 2000 Joined the Company  
 Jan. 2005 Executive Officer, Manager of Real-estate Department  
 Jan. 2006 President of Funai Estate Co., Ltd. (current: Aoyama Estate Co., Ltd.)  
 Mar. 2016 Director, Managing Executive Officer, and General Manager of Real-estate Division of the Company  
 Jan. 2021 Director, Managing Executive Officer, and General Manager of Real Estate Division I (current position)

**<Reasons for appointment>**

Serving as Director, Managing Executive Officer, and General Manager of Real Estate Division of the Company, he appropriately performs his duties to supervise the Company's Real Estate Division and is also in charge of the provision of profitable real estate in Japan and abroad and the regional revitalization business, which leads to contribution to regional economies; he is expected to continue his contribution to the long-term improvement in corporate value and strengthening the governance system.



**Shintaro Hashiba** Director, Executive Officer

Apr. 1987 Joined The Kyowa Bank, Ltd. (current: Resona Bank, Limited)  
 Oct. 2003 General Manager of Shin-Yurigaoka Branch  
 Oct. 2004 General Manager of Tokyo Central Marketing Division 1  
 July 2008 General Manager of Shin-Toshin Marketing Division 3  
 May 2014 Director, Deputy Division Manager of Marketing Division, General Manager of Business Development Department of J-COM Co., Ltd. (current: LIKE, Inc.)  
 Aug. 2014 Director of J-COM Holdings Co., Ltd. (current: LIKE, Inc.)  
 Nov. 2015 Joined the Company  
 Aug. 2017 General Manager of Management Planning Office  
 Executive Officer, General Manager of Administration Division  
 Mar. 2020 Director, Executive Officer, General Manager of Administration Division  
 July 2020 Director, Executive Officer, General Manager of Administration Planning Division (current position)

**<Reasons for appointment>**

Serving as Director, Executive Officer, General Manager of Administration Planning Division of the Company, he has reinforced the administrative functions of administration planning, IR, accounting, finance, legal affairs, systems, personnel, general affairs, etc. His wide-ranging experience and knowledge are still needed for the Company to organize the management foundation and develop new business strategies in order to achieve its continuous growth.



**Haruo Shimada** Director Outside Independent

Apr. 1975 Associate professor of Faculty of Economics, Keio University  
 Apr. 1982 Professor of Faculty of Economics, Keio University  
 Mar. 1986 Visiting professor of Massachusetts Institute of Technology  
 June 2000 Visiting professor of Research Center for Advanced Science and Technology, the University of Tokyo  
 Mar. 2007 Outside Director of the Company (current position)  
 Apr. 2007 President of Chiba University of Commerce  
 Jan. 2016 President of Shimada Sogo Kenkyujo (current position)  
 Apr. 2017 Former Chairperson of the Board of Trustees of Tokyo Metropolitan Public University Corporation  
 Feb. 2021 Outside Director of Tech I.S. Co., Ltd. (current position)

**<Reasons for appointment>**

By drawing on his extensive knowledge as a long-term economics researcher, he is expected to continue his contribution to strengthening the governance system, including reinforcing the supervision of Directors in performing their duties, from his independent position.



**Keiji Watanabe** Director Outside Independent

July 1987 Representative Partner of Aoyama Audit Corporation (current: PricewaterhouseCoopers Aarata LLC)  
 Apr. 1996 Representative Partner of Tohmatsu & Co. (current: Deloitte Touche Tohmatsu LLC)  
 June 2000 Outside Director of Ichiyoshi Securities Co., Ltd. Global Middle Markets Leader of Deloitte Touche Tohmatsu LLC  
 July 2003 Outside Director of ASAHI KOGYOSHA CO., LTD. (current position)  
 June 2008 Outside Director of SBI Holdings, Inc.  
 June 2010 Outside Director of the Company (current position)  
 Mar. 2011 Outside Director of SBI Insurance Group Co., Ltd. (current position)  
 June 2017 Outside Audit & Supervisory Board Member of Hokuetsu Kishu Paper Co., Ltd. (current: Hokuetsu Corporation) (current position)  
 June 2018 Outside Director of UKAI CO., LTD. (current position)

**<Reasons for appointment>**

Holding experience and professional knowledge as an expert of accounting, he supervises the Company's management appropriately from his objective position as a professional accountant; he is expected to continue his contribution to strengthening the governance system, including reinforcing the supervision of Directors in performing their duties, from his independent position.

### Audit & Supervisory Board Member



**Shinji Shimane** Director, Executive Officer

Oct. 1995 Joined Ota Showa Audit Corporation (current: Ernst & Young ShinNihon LLC)  
 Oct. 2000 Joined Avaya Japan Ltd.  
 Sept. 2001 Joined Proggest Co., Ltd. (current: Aoyama Zaisan Investments Co., Ltd.)  
 Aug. 2006 Director (current position)  
 Jan. 2016 Representative Director of Shinsei Aoyama Partners Co., Ltd. (current position)  
 Mar. 2016 Director, Executive Officer, and General Manager of Business Succession Consulting Division of the Company  
 Jan. 2021 Director, Executive Officer, and General Manager of Consulting Division IV (current position)

**<Reasons for appointment>**

Serving as Director, Executive Officer, and General Manager of Consulting Division IV, he focuses on the operations of business succession funds, a joint work with our business partner, Shinsei Bank, Limited. He is expected to continue his contribution to expanding the Company's performance and strengthening the governance system.



**Takaomi Ogawa** Director, Executive Officer

Sept. 1992 Joined Takano Yasuo Zeirishi Jimusho (current: Zeimu Sogo Tax Corporation)  
 Aug. 2003 Director of Funai Zaisan Consultants Keiyo Co., Ltd. (current: Nihon Shisan Soken Co., Ltd.)  
 Dec. 2009 President of Funai Zaisan Consultants Keiyo Co., Ltd. (current: Nihon Shisan Soken Co., Ltd.)  
 Oct. 2013 Executive Officer, General Manager of NSS Division of the Company  
 Mar. 2016 Director, Executive Officer, General Manager of NSS Division (current position)  
 June 2017 President of Nihon Shisan Soken Co., Ltd. (former: Nihon Shisan Soken Consultant Inc.) (current position)  
 Apr. 2020 Representative Director of Nitto Fudosan Co., Ltd. (current position)

**<Reasons for appointment>**

Serving as Director, Executive Officer and General Manager of NSS Division of the Company and as President of Nihon Shisan Soken Co., Ltd., the Company's subsidiary, he contributes to the expansion of business performance of the Aoyama Zaisan Networks group in the Keiyo area, by drawing on his extensive experience. He is expected to continue his contribution to expanding the Company's performance and strengthening the governance system.



**Hideo Matsuda** Director, Executive Officer

Apr. 1984 Joined Sato Sumio Zeirishi Jimusho (current: Meinan Keiei Tax Corporation)  
 Dec. 2014 Representative Director of Meinan Zaisan Consultants Co., Ltd.  
 Jan. 2018 Joined the Company  
 Executive Officer, General Manager of General Information Network Division  
 Mar. 2018 Director, Executive Officer, General Manager of General Information Network Division (current position)  
 Oct. 2020 Director of Aoyama Financial Service Co., Ltd. (current position)  
 Jan. 2021 Director of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)

**<Reasons for appointment>**

Serving as Director, Executive Officer and General Manager of General Information Network Division of the Company, he makes efforts in expanding a national network of tax accountants' corporations and accounting firms and also performs his duties as a supervisor of the development and sale of operating lease products. He is expected to continue his contribution to expanding the Company's performance and strengthening the governance system.

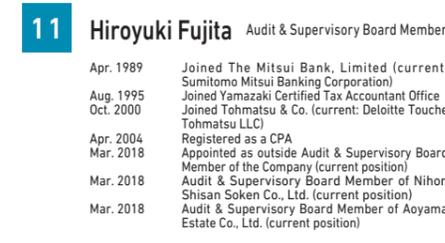


**Michihiro Nagasaka** Director Outside

Apr. 1985 Joined Wakabayashi Law Office  
 Mar. 1992 Joined Nihon M&A Center Inc.  
 Dec. 2010 Manager of Business Promotion Department  
 Mar. 2014 Outside Director of the Company (current position)  
 Apr. 2015 Manager of Sales Support Department, General Planning Division of Nihon M&A Center Inc.  
 June 2021 Director of Business Succession Navigator Corporation

**<Reasons for appointment>**

The Company is in partnership with Nihon M&A Center Inc., which he works for, for asset/business succession/real estate consultation services for corporate owners. He is expected to provide useful advice concerning business know-how and marketing promotion and strengthen the relationship with Nihon M&A Center for further business development.



**Hiroyuki Fujita** Audit & Supervisory Board Member Outside Independent

Apr. 1989 Joined The Mitsui Bank, Limited (current: Sumitomo Mitsui Banking Corporation)  
 Aug. 1995 Joined Yamazaki Certified Tax Accountant Office  
 Oct. 2000 Joined Tohmatsu & Co. (current: Deloitte Touche Tohmatsu LLC)  
 Apr. 2004 Registered as a CPA  
 Mar. 2018 Appointed as outside Audit & Supervisory Board Member of the Company (current position)  
 Mar. 2018 Audit & Supervisory Board Member of Nihon Shisan Soken Co., Ltd. (current position)  
 Mar. 2018 Audit & Supervisory Board Member of Aoyama Estate Co., Ltd. (current position)

**Hiroyuki Fujita** Audit & Supervisory Board Member Outside Independent

Apr. 2018 Audit & Supervisory Board Member of Business Succession Navigator Corporation (current position)  
 Mar. 2018 Audit & Supervisory Board Member of Aoyama Zaisan Investments Co., Ltd. (former: Proggest Co., Ltd.) (current position)  
 Dec. 2019 Audit & Supervisory Board Member of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)  
 Apr. 2020 Audit & Supervisory Board Member of Nitto Fudosan Co., Ltd. (current position)  
 Oct. 2020 Audit & Supervisory Board Member of Aoyama Financial Service Co., Ltd. (current position)  
 Jan. 2021 Audit & Supervisory Board Member of Aoyama Family Office Service Co., Ltd. (current position)



**Hisao Nakatsuka** Audit & Supervisory Board Member Outside Independent

Apr. 1970 Joined The Tokai Bank, Limited (current: MUFG Bank, Ltd.)  
 Apr. 1994 General Manager of Fujisawa Branch  
 Jan. 1996 General Manager of Chofu Branch  
 Jan. 1999 General Manager of Takenotsuka Branch  
 Nov. 2001 Joined the Company  
 Mar. 2002 Director, General Manager of Consulting Department  
 Aug. 2002 Director, General Manager of Administrative Department  
 Mar. 2005 Audit & Supervisory Board Member of Funai Estate Co., Ltd. (former: Aoyama Estate Co., Ltd.)

**Hisao Nakatsuka** Audit & Supervisory Board Member Outside Independent

Apr. 2006 Managing Director of the Company  
 Sept. 2008 Audit & Supervisory Board Member of Proggest Co., Ltd.  
 Oct. 2010 Director of Aoyama Estate Co., Ltd.  
 Oct. 2013 Audit & Supervisory Board Member of Nihon Shisan Soken Co., Ltd.  
 Mar. 2014 Director of Nihon Shisan Soken Co., Ltd.  
 Mar. 2015 Advisor of the Company  
 Mar. 2016 Audit & Supervisory Board Member (current position)

Apr. 1997 Registered as Attorney (Dai-ichi Tokyo Bar Association)  
 Apr. 1997 Joined Hori & Partners  
 June 2002 Joined Barack Ferrazzano Kirschbaum & Nagelberg LLP (Chicago)  
 Mar. 2007 Joined Tokyo Aoyama, Aoki, Koma Baker & McKenzie Law Office  
 Apr. 2007 Lecturer of Advanced Institute of Industrial Technology (current position)  
 June 2008 Representative Attorney of Ogasawara Konno & Rokugawa (current position)  
 Mar. 2009 Outside Audit & Supervisory Board Member of the Company (current position)  
 Dec. 2010 Outside Auditor of Yumeshin Holdings Co., Ltd. (current: Yumeshin Holdings Group Co.) (current position)  
 Dec. 2016 Outside Director of Tsunagu Group Holdings, Inc. (current position)  
 Sept. 2017 Outside Auditor of OKWAVE Inc. (current position)  
 Sept. 2020 Outside Director of Abalance Corporation (current position)

## Basic concept of corporate governance

Recognizing corporate governance as an important management mechanism to make transparent/fair and speedy/decisive decisions, we are actively committed to it. In addition, the Company's Board of Directors and Audit & Supervisory Board acknowledge the corporate governance framework should primarily perform the following functions:

- To protect shareholders' rights and encourage their exercise

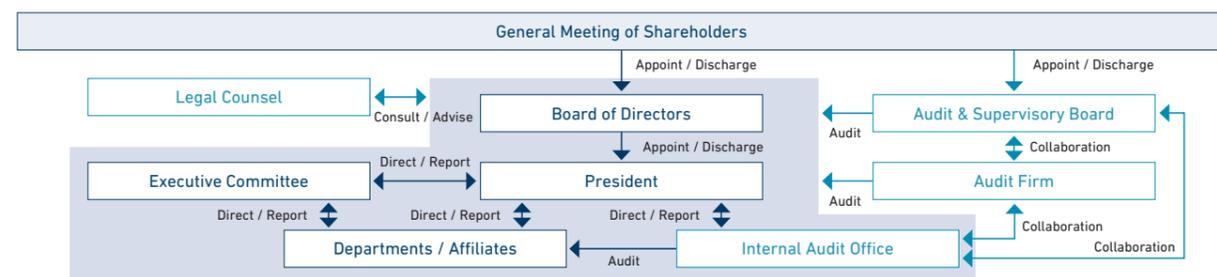
- To ensure the equal treatment of all shareholders
- To make timely and accurate disclosure regarding all the important matters related to the company, including its financial conditions, financial results, shareholder composition, and governance
- To ensure the strategic orientation of the company, effective supervision of management executives, and accountability

## Corporate governance system

AZN is a company with the Audit & Supervisory Board and appoints ten Directors (including three outside Directors) and three Audit & Supervisory Board Members (including two outside Audit & Supervisory Board Members). We also implement an executive officer system in terms of the segregation of management and execution; Executive Officers execute the operations of the divisions/departments in charge, in accordance with organization regulations and rules on the segregation of duties set forth by the Board of Directors.

The Executive Committee, consisting of the President, full-time

Directors, and Executive Officers, meets on a weekly basis to verify management policies and discuss management strategies and business execution for the purpose of sharing problem awareness and having smooth communication among all members. The Board of Directors lays down the medium-term management plans and annual plans to define the goals we should achieve, clarifies performance targets for the respective divisions Executive Officers take charge of, and gets reports on progress regularly in the Board of Directors meetings for the purpose of supervising business execution by Executive Officers.



## Compensation for officers

Compensation for the Company's Directors and Audit & Supervisory Board Members is determined within the extent approved by the General Meeting of Shareholders, with the Company earnings, management actions/measures, and economic environment comprehensively considered, and through fair and transparent reviews by the Compensation Council.

The Compensation Council is composed of three or more Directors

selected by the resolution of the Board of Directors, two or more of whom must be outside Directors as a rule for the purpose of raising the transparency and objectivity of the review process. The three members of the Compensation Council for this fiscal year are: President Masazumi Hasumi, outside Director Haruo Shimada, and outside Director Keiji Watanabe.

Category of officer	Total amount of compensation (thousand yen)	Total amount per type of compensation (thousand yen)			Number of eligible officers
		Fixed	Performance-linked	Other	
Director (except outside Director)	137,425	90,054	36,752	10,618	7
Audit & Supervisory Board Member (except outside Audit & Supervisory Board Member)	4,800	4,800	-	-	1
Outside Officer	43,385	39,495	3,890	-	5

Notes:

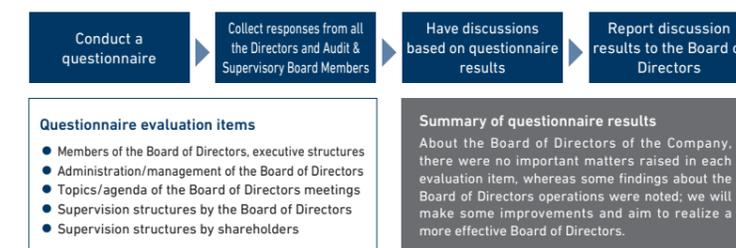
- The extent of compensation for the Directors of the Company is up to ¥500 million per year (note: the employee salary portion is not included), which was adopted at the 16th Annual General Meeting of Shareholders held on March 24, 2007. In addition, the resolution adopted at the 28th Annual General Meeting of Shareholders held on March 28, 2019 sets out nonmonetary compensation by company housing up to ¥40 million per year.
- The extent of compensation for the Audit & Supervisory Board Members of the Company is up to ¥50 million per year, which was adopted at the 11th Annual General Meeting of Shareholders held on March 20, 2002.
- The amount of fixed compensation, which is a basic compensation, is respectively determined by taking account of the functions, positions/titles, duties, contributions, etc. of each Director/Audit & Supervisory Board Member comprehensively.
- The amount of bonus, which is a performance-linked compensation, is respectively determined based on the amount of consolidated operating profit as one of important benchmarks for evaluation, by evaluating respective contributions to business performance/earnings and execution of duties in proportion to individual positions/titles and duties. We select this benchmark because it typically represents the business performance/earnings of the Group.
- For this fiscal year, the benchmark target associated with performance-linked compensation was set at operating profit of ¥1,800 million. (Performance-linked compensation to be paid in full if the target is accomplished.) But the actual operating profit was ¥1,303 million, falling short of the target; the amount of performance-linked compensation paid this year fell below the previous year's.
- The total amount of compensation of Directors does not include the portion of employee salaries for Directors who serve concurrently as employees.
- One unpaid Director is excluded from the above number of eligible officers.
- For "Other," nonmonetary compensation by company housing is provided.

## Number of times and attendance at the meetings of Board of Directors / Audit & Supervisory Board / Compensation Council (FY2020)

	Board of Directors	Audit & Supervisory Board	Compensation Council
Masazumi Hasumi	100% (13/13)	-	100% (1/1)
Masayuki Yagi	100% (13/13)	-	-
Takeshi Matsuura	100% (13/13)	-	-
Shinji Shimane	100% (13/13)	-	-
Takaomi Ogawa	100% (13/13)	-	-
Hideo Matsuda	100% (13/13)	-	-
Shintaro Hashiba	100% (10/10)	-	-
Haruo Shimada	85% (11/13)	-	100% (1/1)
Keiji Watanabe	92% (12/13)	-	100% (1/1)
Michihiro Nagasaka	85% (11/13)	-	-
Hiroyuki Fujita	100% (13/13)	100% (13/13)	-
Hisao Nakatsuka	92% (12/13)	100% (13/13)	-
Hiroaki Rokugawa	92% (12/13)	100% (13/13)	-

## Evaluation of the effectiveness of Board of Directors

We are committed to improving the effectiveness of the Board of Directors and conduct a questionnaire for evaluation and analysis, on an annual basis.



- Questionnaire evaluation items**
- Members of the Board of Directors, executive structures
  - Administration/management of the Board of Directors
  - Topics/agenda of the Board of Directors meetings
  - Supervision structures by the Board of Directors
  - Supervision structures by shareholders

**Summary of questionnaire results**

About the Board of Directors of the Company, there were no important matters raised in each evaluation item, whereas some findings about the Board of Directors operations were noted; we will make some improvements and aim to realize a more effective Board of Directors.

## Risk management

We define the following risks and a contingency plan (response at their occurrence) in our risk management rules.

In the event of the following risks deemed equivalent to a serious operational crisis, we immediately set up an "(emergency) task force," which will be in charge of addressing problems across the board. The status of risk management is audited by our Internal Audit Office on its effectiveness and validity, and its results are reported to the Board of Directors on a periodic basis.

- |                    |   |
|--------------------|---|
| (1) External risks | (i) Information leak<br>(ii) Problems involved in business operations (including customer consulting services)<br>(iii) Civil violent incidents, contact/problems with anti-social forces<br>(iv) Criminal acts by employees (fraud etc.)<br>(v) Other risks/incidents associated with AZN's credit |
| (2) Internal risks | (i) Traffic accidents by employees (property/personal damage)<br>(ii) Internal troubles (sexual harassment etc.)<br>(iii) Mishaps of employees and their families, other work accidents<br>(iv) Other cases constituting a crime by employees   |
| (3) Disasters etc. | (i) Extraordinary disasters including natural disasters   |

## Information security management

For the purpose of continually maintaining and strengthening our information security management structure including personal information management, we obtain the international accreditation and information security management system certification "ISO 27001" and implement and maintain a system based on the standard for operations.

## Compliance

For the purpose of practicing fair and bona fide management in compliance with laws, we establish the Compliance Committee consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys). The Compliance Committee performs the following operations:

- (1) To recognize potential risk of losing trust from the securities market and customers in business operations, and prepare countermeasures (draft)
- (2) To review if there is any compliance issue in the real estate specified joint enterprise operations, and give approval of their execution
- (3) To review and report preventive measures against serious compliance violations
- (4) To examine/check suspicious compliance activities (potential compliance violations)

# Message

Message from Outside Director



Outside Director  
**Haruo Shimada**  
(In office since 2007)

## I will look out for internal and external changes and back up employees with “advanced personality.”

Aoyama Zaisan Networks is working very hard all in unity and unison under the singular leadership of President Masazumi Hasumi. Out of respect to humanity, President Hasumi goes out of his way night and day to focus on offering maximum support to customers and employees, as his most important people, so that they can fulfill the greatest potential of their own life.

The world is now faced with an extraordinary upheaval and long-term structural changes. The U.S.–China dispute and the COVID-19 pandemic have shaken Japan and the world to the core and had a great impact on economic society. Meanwhile, in the long term, the aging population and DX driven by the spread of the latest information technology are fundamentally changing the structure of economic society.

Fixing its eyes on these changes, AZN is committed to providing assistance for real estate and financial assets owners to make smart use in the aging society. It offers a family office service for higher-net-worth customers to smoothly pass down the values of their important businesses or family, whether they are tangible or intangible, from generation to generation.

As an outside Director of the Company, I will work harder to fulfill my duty to look out for constant changes in things internally and externally and share a broad and deep sense of them through interaction with other executives.

## To achieve sustainability on the basis of strong governance and human capital.



Outside Director  
**Keiji Watanabe**  
(In office since 2011)

In a society with a progressively aging population and falling birthrate, the realization of AZN’s corporate philosophy is becoming increasingly important, in my view. Particularly in the future society, Society 5.0, where advanced digital technologies such as the IoT, big data, and AI will arrive, it should become even more important for a lot of people as the method of realizing the company’s corporate philosophy also becomes sophisticated.

Sustainability has become a priority issue in corporate management, and strong governance is needed to address this issue.

In addition, the recruitment and development of competent personnel and sharing of know-how are required especially in the business sector of AZN; improvement in the value of human capital should lead directly to an increase in corporate value. (In the United States, the disclosure of human capital information was mandated in 2020.)

As a certified public accountant, I have been engaged with domestic or international large corporations, medium-sized firms, and others for nearly 40 years at an international accounting firm through accounting audit and advisory operations. In addition, I have served as an outside director for the seven listed companies since 2000. Thus, I believe I can make my contribution to reinforcing AZN’s governance from a stakeholder’s point of view.

For information disclosure, the engagement of the Board of Directors is necessary; particularly, the disclosure of non-financial information including on ESG and climate change has a significant impact on management activities. I should be able to make my contribution by drawing on my long years of experience with information disclosure as a CPA.

# CFO Interview

CFO Interview



## By pursuing maximized corporate value while maintaining financial soundness, we will be committed to new initiatives.

Director, Executive Officer, General Manager of Administration Planning Division **Shintaro Hashiba**

Aoyama Zaisan Networks’ financial policy dates back to a loss posted in 2009 from disposal of real estate inventory. We increased profits by purchasing and reselling real estate after the listing on Mothers in 2004, but the global financial crisis of 2008 caused us a large loss and damage to our finance. To rebuild our damaged financial foundation, we undertook a sound finance project as follows: To purchase the real estate which forms an ADVANTAGE CLUB partnership in order to achieve the optimal asset mix for customers, via a same-day settlement system so that AZN will not incur any risk. To establish a structure for the level of cash and deposits that enables us to continue consulting services for our customers with no problem for the next few years in the event of economic risks such as the global financial crisis of 2008. To ignore quick profit, offer customers values and accumulate profit in return for that. We emphasize finance because we must perform our consulting service for our customers, who own assets, on a permanent basis beyond generations.

### Adoption of ROIC to pursue both AZN growth and return to outside parties

Ten years have since passed, and we believe the restructuring of our finance has been completed now that we earn a stable income. For our second growth phase in the future, we aim to achieve both internal growth and return to outside parties while continuing the existing sound finance policy and being conscious of capital efficiency. From this point of view, we started introducing ROIC by division as well as divisional operating profit management in 2021, with a view to improving internal capital efficiency management. Recognizing that the maximization of corporate value through improved ROC, along with capital cost reduction, is an extremely important KPI to achieve both growth and return, management executives began making efforts to improve it. As for return to outside parties, we will also continue our policy of keeping a payout ratio at the 50% level and a consecutive increase in dividends thanks to growing earnings. On treasury stock acquisitions, we will decide flexibly considering our business environment and financial conditions.

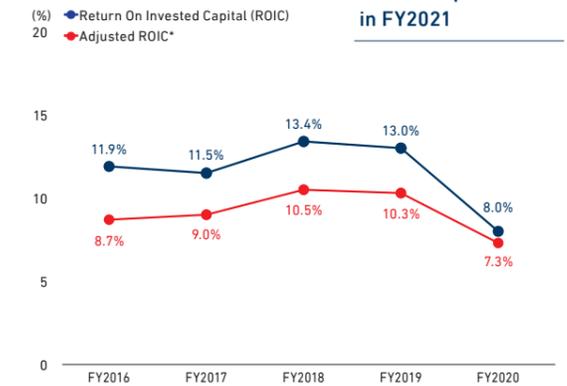
### Aiming for non-consecutive growth under the Third Medium-Term Management Plan

In 2021, we are formulating a variety of measures in order to prepare for the Third Medium-Term Management Plan starting from the next year for non-consecutive growth. In making investments in new businesses, we will set a hurdle rate based on capital cost to swiftly decide on execution or withdrawal, with the aim of achieving non-consecutive growth.

### To our stakeholders

Finally, for our stakeholders, we will engage in information disclosure and dialogue more actively than before. We will increase contact points for dialogue and listen intently to what you want from us to apply in management.

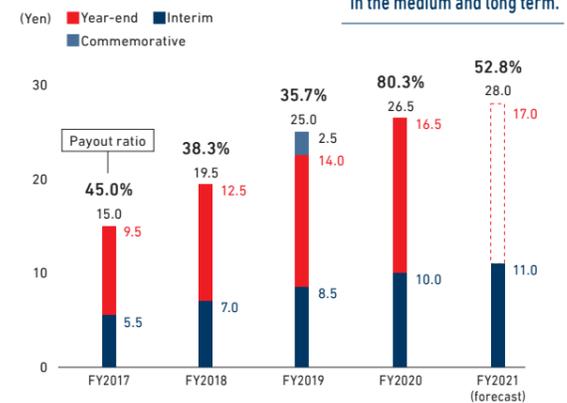
### ROIC



Recovery to normal level is expected in FY2021

\* For adjusted ROIC, NOPAT is calculated by subtracting the amount of income tax at the effective statutory tax rate (30.62%) from operating profit.

### Dividend & payout ratio



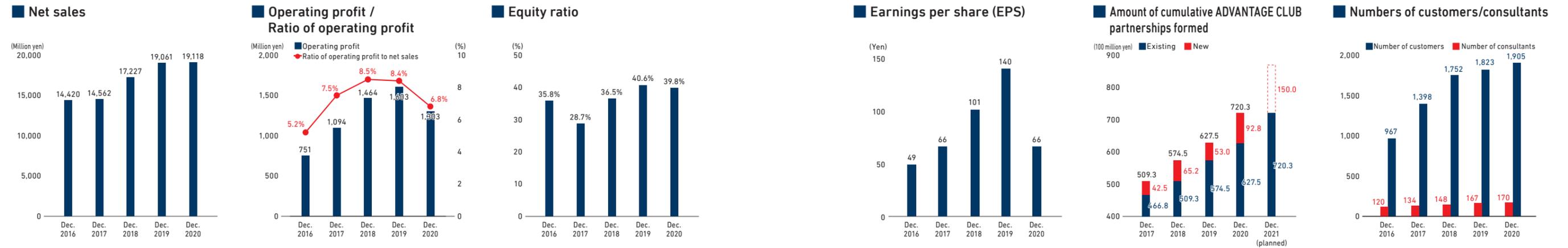
We aim to continuously increase dividends and have a payout ratio of 50% or more in the medium and long term.

\*The stock split was executed effective August 31, 2021. In this chart, the amount of dividend is converted after considering the split.

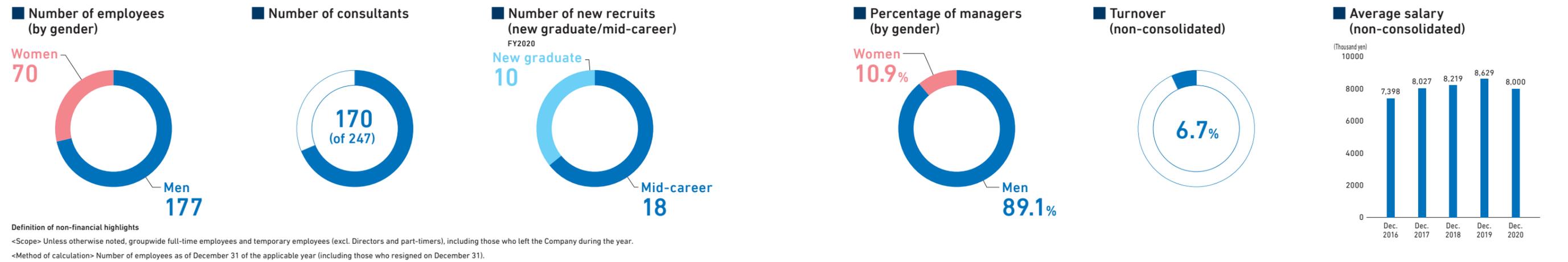
# Financial / Non-financial data (summary)

(As at end of December 2020; groupwide data unless otherwise noted)

## Financial highlights



## Non-financial highlights



## Financial Indicators

Unit	Dec. 2008	Dec. 2009	Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	
<b>Financial data</b>														
Net sales	(Million yen)	15,269	5,408	5,227	7,627	5,839	6,369	9,305	14,275	14,420	14,562	17,227	19,061	19,118
Operating profit	(Million yen)	1,785	-3,686	200	186	98	160	445	485	751	1,094	1,464	1,603	1,303
Ordinary profit	(Million yen)	947	-4,245	160	166	91	142	467	471	628	943	1,358	1,503	1,195
Profit attributable to owners of parent	(Million yen)	47	-4,820	82	218	92	201	362	518	587	768	1,162	1,676	800
Total assets	(Million yen)	17,102	6,442	4,498	3,698	4,769	4,698	5,930	7,220	9,258	12,587	12,353	15,492	16,001
Net assets	(Million yen)	5,950	1,187	1,222	1,224	1,941	2,151	2,447	2,909	3,329	3,624	4,518	6,390	6,566
Cash flows from operating activities	(Million yen)	2,238	708	1,890	579	227	368	197	801	1,177	-1,277	272	2,300	1,942
Cash flows from investing activities	(Million yen)	-2,174	2,153	282	122	-1,203	1,886	43	-162	-1,061	-840	332	723	-753
Cash flows from financing activities	(Million yen)	-2,534	-5,339	-1,745	-602	247	-425	253	370	1,116	2,174	-1,787	1,215	-215
EPS	(Yen)	4	-456	7	20	8	18	30	44	49	66	101	140	66
BPS	(Yen)	562	112	115	115	119	183	207	245	279	316	395	518	524
Dividends per share	(Yen)	15	7.5	5	6.5	7.5	10	15	18	23	30	39	50	53
ROA	(%)	2.4%	-36.1%	2.9%	4.1%	2.2%	3.0%	8.8%	7.2%	7.6%	8.6%	10.9%	10.8%	7.6%
ROE	(%)	0.8%	-135.0%	6.8%	17.8%	7.4%	11.8%	15.9%	19.5%	18.9%	22.2%	28.6%	31.1%	12.7%
ROIC	(%)	9.9%	-	2.2%	6.9%	3.4%	4.4%	10.1%	11.4%	11.9%	11.5%	13.4%	13.0%	8.0%
Adjusted ROIC	(%)	8.0%	-	3.7%	4.9%	2.3%	3.3%	8.3%	7.3%	8.7%	9.0%	10.5%	10.3%	7.3%
Equity ratio	(%)	34.8%	18.4%	27.2%	33.1%	26.5%	45.7%	40.9%	40.0%	35.8%	28.7%	36.5%	40.6%	39.8%

\*For adjusted ROIC, NOPAT is calculated by subtracting the amount of income tax at the effective statutory tax rate (30.62%) from operating profit.

Invested capital is calculated as the average of two fiscal years.

\*The 100-for-1 stock split of common shares was executed effective January 1, 2014. The amounts for 2013 and earlier are converted after considering the split.

## ■ Corporate data (as of June 30, 2021)

### Corporate profile

Name of Company	Aoyama Zaisan Networks Company, Limited
Head Office	3F Aoyama Tower Place, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052 Phone: +81-3-6439-5800
Incorporated	September 17, 1991
Capital stock	1,165.50 million yen
Business line	Individual property consulting Business succession consulting Real estate solutions consulting
Number of employees (Group)	252
Consolidated subsidiaries	Aoyama Estate Co., Ltd. Nihon Shisan Souken 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

Number of shares in issue	12,175,600
Number of shareholders	5,235

### Major shareholders (top 10)

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,246,600	10.33
Yasuo Takano	665,800	5.51
NOMURA PB NOMINEES LIMITED OMNIBUS - MARGIN (CASHPB)	538,900	4.46
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	505,700	4.19
Nihon M&A Center Inc.	500,000	4.14
Custody Bank of Japan, Ltd. (trust account 9)	312,800	2.59
Custody Bank of Japan, Ltd. (trust account)	295,900	2.45
Custody Bank of Japan, Ltd. (pension trust account)	286,500	2.37
Capital Asset Planning, Inc.	200,000	1.65
The Master Trust Bank of Japan, Ltd. (trust account)	182,200	1.51

### Executives

President	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Executive Officer	Shinji Shimane
Director, Executive Officer	Takaomi Ogawa
Director, Executive Officer	Hideo Matsuda
Director, Executive Officer	Shintaro Hashiba
Outside Director	Haruo Shimada
Outside Director	Keiji Watanabe
Outside Director	Michihiro Nagasaka
Outside Audit & Supervisory Board Member (standing)	Hiroyuki Fujita
Audit & Supervisory Board Member	Hisao Nakatsuka
Outside Audit & Supervisory Board Member	Hiroaki Rokugawa

For more information or inquiries about this report,  
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IR Public Relations Department, Administration  
Planning Division

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URL: <https://www.azn.co.jp/contactus/>