

Top Message

President's Message



We aim to be recognized as a “leading authority in the high-net-worth business” with a focus on strengthening consulting and partnering strategies

Against a backdrop of aging executives and skyrocketing real estate prices, the environment impacting the wealth of high-net-worth individuals is changing dramatically. We have formulated a medium-term management plan (FY2025–27) with a view to responding to these changes. We are carving out the future based on seven key strategies, which include our partner strategy, service strategy, and human resource strategy.

President

Masazumi Hasumi

Review of the Third Medium-Term Management Plan

—As you reflect back on the Third Medium-Term Management Plan (FY2022–24), could you talk about the current status of the business?

In our Third Medium-Term Management Plan, we positioned the three years starting from FY2022 as a period of expansion and growth. In terms of operating income, it grew 1.9 times from 1,856 million yen in FY2021 to 3,506 million yen in FY2024. So I believe that we achieved the desired objective. We have been making steady progress toward our Vision for 2027, which is to be recognized as a “leading authority in the high-net-worth business.”

On the other hand, we have also uncovered challenges. Firstly, the number of our consultants. Although we were able to increase the number of employees by 1.23 times over the three years of the previous medium-term management plan, from 183 in FY2021 to 226 in FY2024, we have

been unable to match pace with the 1.5-fold increase in our number of clients. Consulting revenue has grown 1.46 times during this period; however, we believe that if we had been able to fill our consultant positions at a faster pace than our increase in clients, we would have been able to build even more revenue, given the rise in stock prices, real estate prices, and other factors.

Another challenge is further strengthening collaboration with our partners. Achieving “win-win-win” situations for our partners, including financial institutions, their clients, and our company will lead to our sustainable growth.

We have been strengthening partnerships with regional banks since 2021, and we have certainly seen some positive outcomes, with our ADVANTAGE CLUB, a small-lot real estate product targeting high-value real estate in central Tokyo, receiving a particularly favorable response.

We have received many comments saying, “I would like to introduce this service to my clients.” In order to respond to such comments, we need to focus more on strengthening trust-based cooperation with our partners.

Vision for each stakeholder and its realization

— Could you give us an overview of the Fourth Medium-Term Management Plan?

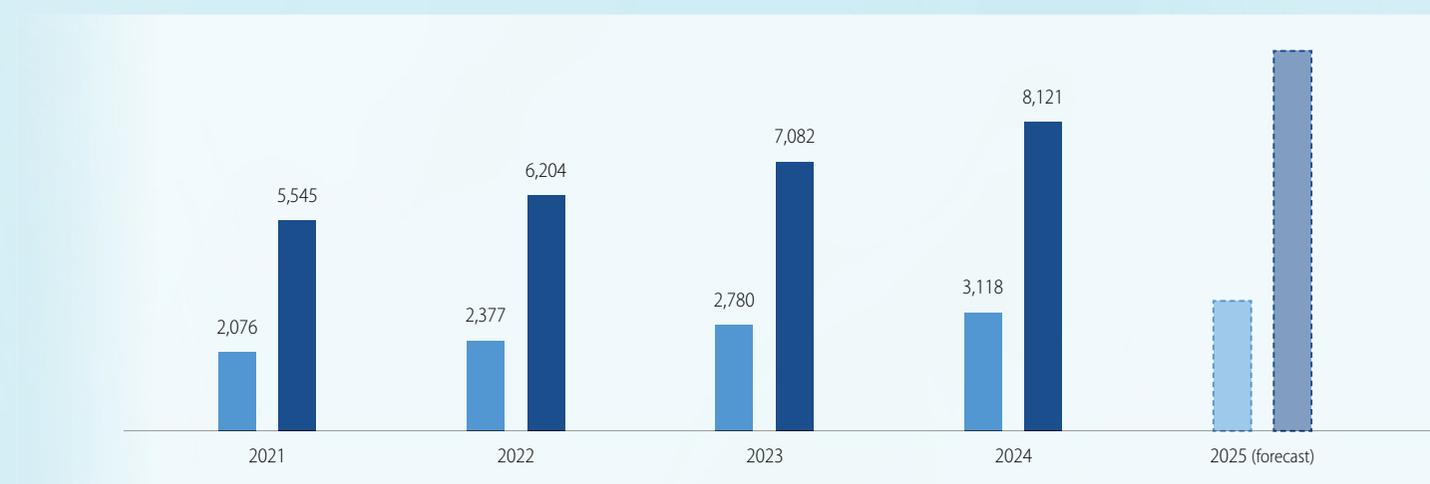
To be recognized as a “leading authority in the high-net-worth business.” This is the vision we have set forth for 2027 in our Fourth Medium-Term Management Plan. We have determined that this Vision for 2027 can be achieved by realizing visions for each of the five stakeholders we have recognized. These five stakeholders are our clients, partners, employees, local communities, and shareholders/investors.

Regarding our **clients**, we can expect to see the aging of the baby-boomer generation of business owners as well as inheritances becoming more prevalent in the future. Although the number of companies without successors is declining, these still account for a high percentage of all business succession-related consultations. In addition, looking at the real estate market, the number of people subject to inheritance taxation is expected to increase as real estate prices rise. By providing high-quality services to our clients, our vision is to serve as a constant and reliable presence that can be consulted at any time regarding business succession or inheritance matters.

Next, regarding our **partners**, our vision is to build relationships of trust with both those partners who introduce high-net-worth clients to us and those partners who work with us to provide solutions to meet their needs. We believe that strengthening relationships of trust with both kinds of partner is a sure path to growth.

Regarding our **employees**, in line with our declaration that we seek to ensure both the material and mental well-being of the members whom we work with, we are creating workplaces in which individual circumstances, such as childcare or parental care, are taken into consideration and accepted. At the same time, we will further undertake efforts to make this company a secure and meaningful place to work, including in terms of compensation, and feel a sense of fulfillment and growth.

Changes in client numbers and property consulting sales



Local communities represent the foundation of all our business activities, and both we and our clients depend on communities. Although our efforts may still be modest, we have gradually been strengthening our contributions to society. We support the activities of the “Humane Foundation,” which works to eliminate the killing of pets; “Good Neighbors Japan,” a non-profit organization that distributes food and supports surplus food to combat child poverty in Japan; and the “One Million Classical Performers Live,” which brings live music to people of all ages from children to the elderly. We will continue these efforts as part of our new Medium-Term Plan.

Regarding **shareholders and investors**, we hope to achieve sustainable growth to meet their expectations in terms of dividends and stock price.

Partner strategy based on strengthening relationships of trust

— Next, what is the strategy for achieving the company’s vision?

The first aspect is our partnering strategy. Firstly, I’d like to talk about the partners that are positioned between us and our clients. At present, 62 financial institutions and 93 accounting firms nationwide have partnered

with us, and that number is steadily growing. We are certain that if we can make recommendations that exceed the expectations of our partners and clients, the results will naturally follow; thus, we will further strengthen our relationships of trust and aim to build new relationships with new partners who have contacts with high-net-worth individuals.

On the other hand, our partners supporting our services include professional firms such as tax accountant firms, certified firms specializing in administrative procedures, law firms, and labor and social security law firms, as well as real estate companies, funds, and M&A-related service providers. To address the increasingly complex problems of our clients and to provide high-quality services, collaboration with these kinds of experts is essential, and we will strive to further strengthen these relationships.

At the end of 2024, Aoyama Zaisan Networks formed a business alliance and management integration with Chester Group, which has strengths in property inheritance. The company serves not only as a partner positioned between us and our clients, but also a partner with an advanced level of expertise in inheritance matters. This integration has created the industry’s only system that allows a united team to provide total support for the entire process of “pre-inheritance (planning during lifetime) → time of inheritance asset management after inheritance.” Going forward, we intend to focus on

creating synergies to maximize client value by combining the hard-won expertise and networks of both companies.

Service strategy to meet client expectations

The second aspect is our service strategy (or business strategy). Our “Comprehensive Property Consulting” service is designed for smooth facilitation of our clients’ property and business succession. We carefully analyze the current circumstances and any potential issues, summarize and prioritize issues to be resolved, and then formulate the optimal succession plan. Recently, needs around succession have been diversifying, and we are firmly determined to meet all our clients’ expectations.

—One of these strategic individualized services, **ADVANTAGE CLUB, has grown significantly.**

ADVANTAGE CLUB is a service through which we acquire high-value real estate and sell it in small lots to our clients for a fixed yield. It has proved extremely successful ever since its launch. However, with rising real estate prices, securing sufficient yields is not easy. In some cases, we cut our gross profit margin slightly and return that amount to the client. While adhering to the rule of keeping real estate acquisition funds within the scope of net assets, our policy is to emphasize long-term relationships of trust with our clients rather than short-term profits.

Furthermore, in addition to our eight individualized services, which include purchase consulting, effective utilization of land consulting, and financial asset management consulting, we are also working to create new services that are in line with the times. We have launched new services such as inheritance-related services that take advantage of the synergies gained from our business integration with the Chester Group, and services to support the establishment of public interest incorporated foundations.

Evolving both the quality and quantity of our consultants

The third aspect is our human resources strategy. In light of Japan’s declining labor force, we believe that further efforts are required in the

3-year vision to be realized for each stakeholder (medium-term vision)



Fourth Medium-Term Management Plan. By integrating our operations with Chester Group, 31 consultants were added in FY2024, bringing the total number of consultants to 257. Some employees within the company are also interested in shifting to consultant positions. In addition to focusing on developing human resources in this way, we will take our current measures a step or two further, aiming to have a team of 330 consultants by FY2027.

The qualities we look for in our consultants are wisdom, capacity for action, and interpersonal skills. Interpersonal skills, such as finding joy in wanting to help others and taking responsibility for one’s own promises and words, are particularly essential qualities. I strive to hone my own interpersonal skills on a daily basis, and I also repeat this message within the company as we work to develop consultants with outstanding interpersonal skills.

At the same time, we consider developing a pleasant workplace for all our employees to be an extremely important theme, and we are committed to ongoing review of our systems and furthering the achievement of health management

Deepening our partner strategy by strengthening our human resources, intellectual property, and brand, with DX and AI at the core

—Could you also describe the company’s intellectual property strategy, marketing strategy, sustainability strategy, and financial strategy?

The fourth aspect, our IP strategy, involves the promotion of DX (digital transformation) and the use of AI (artificial intelligence). In April 2024, we

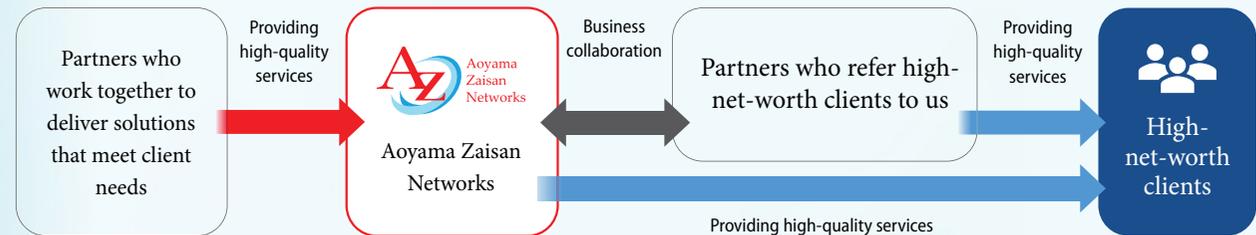
established the DX Promotion Unit to serve as an engine to achieve this. The development of AI agents is set to transform the consulting industry.

The development of AI, especially generative AI, has been truly remarkable. AI agents capable of performing multiple tasks autonomously are currently in the testing phase. We plan to develop a prototype of our own AI agent in 2027, and move it into the practical phase in 2028.

The AI agent we are developing will take our consultants' accumulated knowledge as data and combine it with external data on economic conditions, etc., to present consultants with ideas and plans for client recommendations. Consultants will then use this as a reference to make recommendations suited to client needs. For example, previously, when a new consultant visited a client for the first time, only senior consultants were able to discuss which questions to ask and what recommendations to prepare. We believe that the use of AI agents will greatly enhance the growth and productivity of our consultants in the future. In addition to



Aoyama Zaisan Networks and its partners



consulting, AI agents can also have an impact on indirect departmental operations. During the three years of this Fourth Medium-Term Management Plan, we are committed to utilizing AI and digital transformation (DX) on a company-wide scale, across departments.

The fifth aspect, marketing strategy, focuses on improving our brand power. Speaking frankly, in the past, we may have been somewhat less aware of the need to elevate our profile. However, it is very important for our growth that our clients, including potential clients and those who may join us in the future, get to know our group. We plan to strengthen marketing measures such as expanding our website, doing promotions in various media, book publication, and seminars.

The sixth aspect, sustainability strategy, emphasizes community involvement. Regional development projects based on the Act on Specified Joint Real Estate Ventures help drive regional revitalization through the use of municipal idle land. Success has already been demonstrated in the cities of Komatsu in Ishikawa Prefecture and Tsuruga in Fukui Prefecture, leaving local residents pleased.

The seventh aspect is financial strategy. One major policy is to maintain a return on equity (ROE) in excess of 20%. For the three years from FY2022 through FY2024, we maintained a level above 22%, and we believe that through financially disciplined business operations, we will be able to maintain a level above 20%.

We also plan to implement measures to improve the price-to-earnings ratio (PER) for shareholders. Specifically, we will promote efforts to increase

sales of property consulting services, maintain our policy of not holding real estate inventory, expand our investor relations activities, and strengthen our corporate governance, including increasing the number of outside directors.

Over the past 10 years, we have increased our dividend every year. We will continue this policy as long as possible, aiming for a dividend payout ratio of 50% (payouts were 50.1% in FY2022, 48.3% in FY2023, and 46.0% in FY2024). We intend to maintain a dividend on equity (DOE) level that is higher than the cost of shareholders' equity.

Over the three-year period from FY2025 to FY2027, we anticipate an operating cash flow of 11.0 billion yen. The main framework for this allocation is a balance of 3 billion yen for active investment in human capital, M&A, DX and AI, 4 billion yen for dividends, and 4 billion yen to maintain cash and deposit levels.

The seven strategies we have formulated will grow in a coordinated fashion around the axis of our partner strategy. We will strengthen relationships of trust with our partners and help solve the problems of the clients to whom we are referred. To this end, our human resource strategy will improve our consultants' capabilities, and our intellectual property strategy will create an outstanding environment for consultants. In addition, our brand will gain recognition among clients and partners as a result of the marketing strategy. We believe that creating such an environment will improve the retention rate of our consultants and enhance our human capital, thereby making the company even stronger.