

Aoyama
Zaisan
Networks

Full-Year Business Summary for Fiscal Year 2021 (31st period)

January 1 to December 31, 2021



Aoyama
Zaisan
Networks

Aoyama Zaisan Networks Company, Limited

To Our Shareholders

Not only is the environment that individual asset owners and corporate owners find themselves in undergoing major changes, including increasing value of assets transferred through inheritances and business successions becoming social issues, but the economic outlook also remains opaque on account of restrictions on business activities due to measures to prevent COVID-19. Under these conditions, the need for consulting on property and business succession and also on property management is continually growing.

We positioned the three years covered by the Second Medium-Term Management Plan (2019–2021) as a growth period so that we can expand and grow starting in 2022. With a vision of becoming Japan's top comprehensive property consulting firm to gain the support of many customers who state that they choose Aoyama Zaisan Networks for property related matters, we moved forward with related efforts based on five basic principles, including "technology fortification" and "expanding collaborations."

During the fiscal year under review, the final year of the Second Medium-Term Management Plan, our efforts were centered on the following.

● Introducing technology

The ART System, which was developed to improve and standardize the quality of consulting and increase productivity, was fully launched in February 2021.

By switching to the ART System to create analysis and proposal material that traditionally has been done by hand, we have created a system that makes it possible to submit proposals of the same quality regardless of the consultant's skill level.

● Expanding collaborations

Although ADVANTAGE CLUB partnerships were offered only to Group customers and customers of the accounting firms and other institutions belonging to our nationwide network, we created a system that makes it possible to provide these partnerships to financial institution clients, too, and concluded related business tie-ups with eighteen new financial institutions.

We have also used our provision of ADVANTAGE CLUB partnerships to develop relationships that make it possible to provide property consulting services.

● Meeting the demands for property and business successions that are growing larger and more diverse

Through Aoyama Family Office Service Co., Ltd., which was established in January 2021, we launched consulting services for a number of companies that have been operating for many years, to support the lasting development of families and businesses.

As for business succession consulting, we strengthened our alliance with mega banks looking to differentiate themselves

President
Masazumi Hasumi



and conducted various events including seminars. In addition, Aoyama Financial Service Co., Ltd., which was established to provide financial instruments, was registered as a financial instruments intermediary service provider in May 2021 and launched operations in June. Up to this time, the Group had been limited to providing investment products backed by real estate, we can now provide investment trusts publicly offered in Japan appropriate for long-term and diversified investments that meet customers' needs.

● Responding to growing management needs

As for ADVANTAGE CLUB, we planned to form partnerships worth ¥15.0 billion because of strong demand from our customers and sales to regional financial institution and security company customers, but we were ultimately able to create partnerships for six properties worth a total of ¥16.25 billion, which exceeded our plans.

Turning to the regional revitalization business, which employs a plan of action made possible by the Act on Specified Joint Real Estate Ventures, we held the ground breaking ceremony for a project located in the city of Tsuruga-shi, Fukui Prefecture, in April 2021 and fully launched the work so that the grand opening can be held at the beginning of September 2022.

● Initiative to improve human resources and employee satisfaction

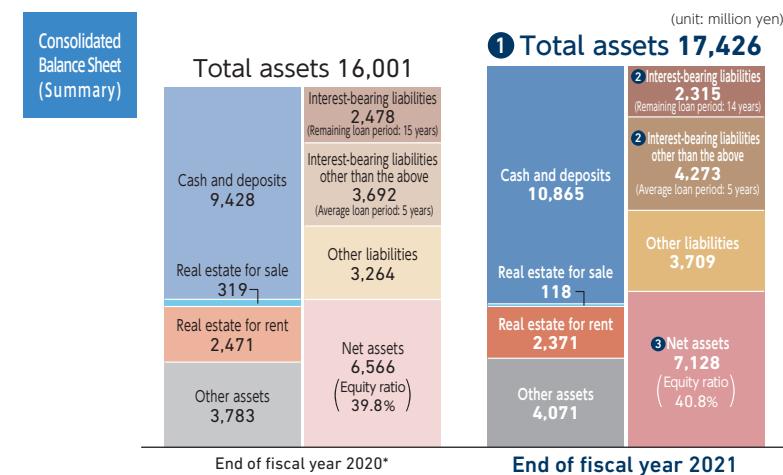
It is our opinion that to win consultations related to the precious properties and businesses of customers, we must grow into a community of consultants with a high level of humanity, such as faithfulness, kindness, and altruistic attitude. We conducted training for all employees more than ten times last year in order to foster in each employee the ability to act in a manner in line with these principles.

We celebrated our 30th anniversary on September 17, 2021. I would like to express my deep appreciation for the guidance and support we have received from customers, first and foremost, and all other stakeholders such as shareholders, partner companies, and supporters.

We will take the opportunity of this 30th anniversary to unite the whole company and do even better so that we can generate continued growth and greater corporate value. I hope for your continued support in the future.

Highlights of Consolidated Business Results

In fiscal year 2021, we generated ¥24,213 million in net sales, surpassing our initial projection of ¥21,000 million, for various reasons, including ADVANTAGE CLUB partnerships that surpassed targets. Because of this increase in net sales, we recorded ¥1,856 million in operating profit (initial projection of ¥1,630 million) and net profit per share after stock-split of ¥61.22, dramatically exceeding the ¥33.01 for the previous fiscal year.



*The Company conducted a 2-for-1 stock split of common shares on September 1, 2021. The net profit per share was calculated assuming the stock-split was conducted at the beginning of the fiscal year ended December 2019.

- Total assets**
Total assets amounted to ¥17,426 million, up ¥1,425 million from the end of the previous period, mainly due to an increase in cash and deposits.
- Interest-bearing liabilities**
Interest-bearing liabilities amounted to ¥6,589 million, up ¥418 million from the end of the previous period due to an increase in long-term loans payable, etc.
- Net assets**
Net assets grew by ¥561 million from the end of the previous period to reach ¥7,128 million mainly due to an increase in retained earnings.

*In fiscal year 2020, funds of the same amount as real estate for rent were procured with the loan period where repayment with the NOI of the said real estate was possible. Furthermore, a portion of interest-bearing liabilities was repaid in order to maintain a sound D/E ratio level.

Topics 1

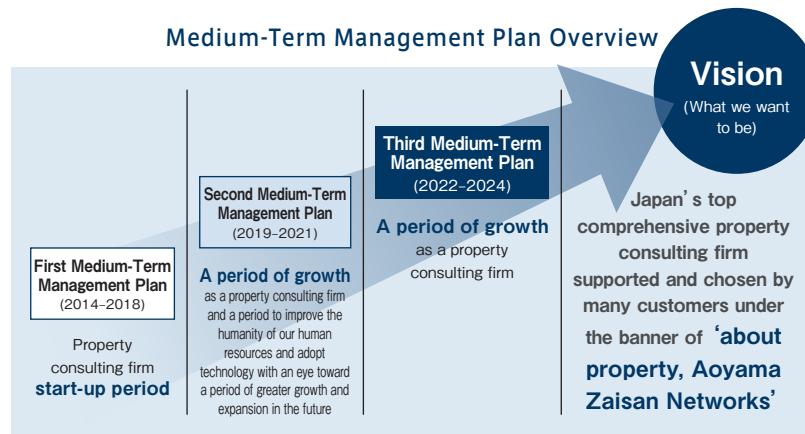
February 2022

Launched the Third Medium-Term Management Plan

With the goal of realizing our long-term vision of becoming “Japan’s top comprehensive property consulting firm supported and chosen by many customers under the banner of ‘about property, Aoyama Zaisan Networks,’” we formulated the Third Medium-Term Management Plan to provide direction to the three years starting in 2022. In the plan, we position those three years as a growth and expansion period for the Company, which celebrated its 30th anniversary, set four perspectives to achieve that vision, and plotted strategic individual services that will form the framework of our business strategy.



Medium-Term Management Plan Overview



Four Perspectives of the Medium-Term Management Plan

- Aim 1** Improving the quality of customer services and generating volume growth through strategic individual services and comprehensive property consulting services
- Aim 2** Making property consulting services through smartphones and online communication tools the standard service
- Aim 3** Growing into a group of consultants with a high level of humanity
- Aim 4** Actively contributing to society

Topics 2

Issued Our First Integrated Report

We issued our first integrated report in November 2021.

In this report, we not only look back at the changes in the philosophy and business model that we value but also give examples of the contributions that we have made to the happiness of customers and a sustainable society through the succession, operation, and management of properties. We will continue to work to improve corporate value through dialogue with stakeholders and aim to contribute to a sustainable society.



Topics 3

Participated in IR Seminar for Individual Investors

In September 2021, we participated in the IR Seminar for Individual Investors held by logmi Finance. At the seminar, which was streamed as a Zoom webinar, we gave a speech in which we outlined our business and discussed the outlook for the future. Furthermore, the video and transcript of the Earnings Briefing for fiscal year ended December 31, 2021 and Third Medium-Term Management Plan Briefing held in February 2022 have been made public. Facing a new growth stage, we will further strengthen IR.



ADVANTAGE CLUB® —Formed partnerships for two new properties during the second half of fiscal year 2021

During the second half of fiscal year 2021, we formed voluntary partnerships for two properties, ADVANTAGE CLUB Ginza Hanatsubaki-dori in September and ADVANTAGE CLUB Tameike-sanno in December.

New development

ADVANTAGE CLUB Ginza Hanatsubaki-dori Units | 490

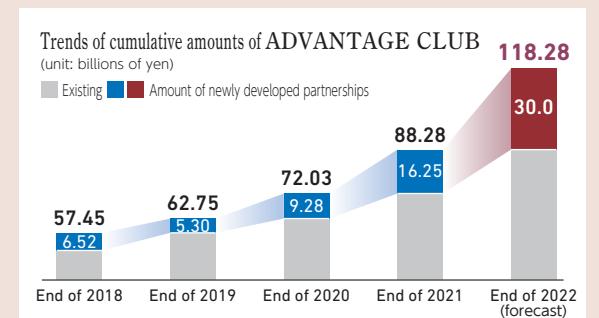
DATA

Location: 7-chome, Ginza, Chuo-ku, Tokyo
Size: Steel-frame, flat-roof structure with 1 underground and 10 above-ground floors
Use: Stores and offices

ADVANTAGE CLUB Tameike-sanno Units | 326

DATA

Location: 2 chome, Akasaka, Minato-ku, Tokyo
Size: Steel-frame, reinforced concrete, flat-roof structure with 8 above-ground floors
Use: Office



Results of ADVANTAGE CLUB (as of December 31, 2021)

Cumulative number of partnerships	57
Cumulative total assets under management	¥88.28 billion
Total partnership members	3,024

AZN Pick Up Released three books on inheritance and business succession

We are further strengthening efforts to capture new customers through books and publishing seminars. For each book, a consulting team with expertise in that particular field was put in charge of writing the book, and since fiscal year 2021, we have published three books.

A must read for managers of middle-market companies and SMEs concerned about business succession

When There is No Successor and M&As Will Not Work

The book uses case studies to introduce, in easy-to-understand terms, ideas about and methods for finding the optimal solution for managers concerned about business succession due to lack of a successor or difficulty with M&A because of continuing losses. It includes an explanation of two of our own unique methods—“business succession through shrinking” in which the business succession is facilitated by shrinking its assets and operations to a size easy to pass on, and “happy closing,” in which there is a planned passing on or liquidation of business, employment, and assets leaving funds on hand.



Released October 2021 (Nikkan Kogyo Shimbun, Ltd.)

A must read for land-owning asset holders and managers of family businesses concerned about succession

Inheritance Plans for a 100-Year Life—Leaving Assets and Intentions From “Five Perspectives”

I’ve got a lot of assets, but also a lot of concerns... Wealthy landowners and managers of family companies have various concerns related to succession. One problem is that no two families are exactly the same, and no two optimal measures are exactly the same. Therefore, the question becomes the following: What is the best inheritance measure for each individual family. This book looks at how to find the optimal succession plan to solve the problems faced by customers from five perspectives in line with the idea of “overall optimization.”



Released November 2021 (Nikkei Business Publications, Inc.)

A must read for managers of family companies

Business Succession—Lack of Understanding Between Parents and Children

The book is most useful for managers of unlisted family companies when concerned about inheritance and succession. The book explains failed business successions due to successions that lacked feeling, understanding, or appreciation, using 19 cases as examples. The book covers the topic in three chapters—“Desire and Attachment Business Succession,” “Envy and Anger Business Succession,” and “Mindless Business Succession.”



Released February 2022 (Nikkei Business Publications, Inc.)

Shareholder incentives

Shareholders recorded in the shareholder register and holding at least 30,000 shares as of December 31, 2021, are presented with one of the following items.

Shareholder incentive item number **A**

▶ The UKAI Group common meal certificate
30,000 yen (1,000 yen x 30 certificates)

Shareholder incentive item number **B**

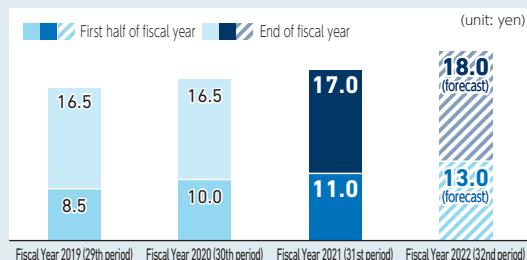
▶ Ukai special select beef (for sukiyaki) worth 30,000 yen

Shareholder incentive item number **C**

▶ Facility use tickets from the Kato Pleasure Group
30,000 yen (1,000 yen x 30 tickets)

• The UKAI Group common meal certificate may be used at each shop listed on the UKAI web site (<https://www.ukai.co.jp/>).
• Facility use tickets from the Kato Pleasure Group may be used at all facilities listed on the management facility page of the Kato Pleasure Group web site (<https://www.kpg.gr.jp/store/>). (Limited to management facilities within Japan except for the online shop)

Dividends per share



Fiscal year ended in December 2021 28 yen | Fiscal year ending in December 2022 31 yen (forecast)

A stock split was conducted with the record date of August 31, 2021. The above figure gives dividends after the stock split.

Our growing global network

We have established a nationwide network in Japan that includes leading tax accounting firms and accounting offices.

Through this network, we provide consulting services to customers across Japan. As part of our efforts to expand internationally, we have established overseas subsidiaries in Singapore and Indonesia.

Going forward, we will continue working with top overseas partners and enhance our network both at home and abroad.

List of AZN nationwide network members

(as of January 31, 2022)

Japan 97 bases
*98 offices

- Hokkaido**
 - Aoyama Zaisan Networks Hokkaido Support (IKEWAKI TAX, ACCOUNTING & CONSULTANTS GROUP)
 - Nihon Shisan Soken Co., Ltd. Sapporo (Mitsunari Accountant Office)
 - FPC Tax Corporation
- Tohoku**
 - Aoyama Zaisan Networks Aomori Support (Konda Accounting Office)
 - Akiyama Accounting Office
 - Aoyama Zaisan Networks Sendai Support (Asahi Accounting Office)
 - MIRAI Tax Corporation
 - Aoyama Zaisan Networks Yamagata Support (Yutaka Licensed Tax Accountant's Corp)
 - AMAGUCHI Partners Tax Corporation
 - Zaisan Networks Fukushima Co., Ltd. (Aozora Tax Corporation)
- Kanto**
 - Aoyama Zaisan Networks Ibaraki Support (Masuyama Accounting Office)
 - YGP Kujirai Tax Corporation
 - Zaisan Networks Tochigi Co., Ltd. (Tajima Accounting Office)
 - Zaisan Networks Motegi Co., Ltd. (MOTEGI tax consultant office)
 - Kanata Tax Corporation
 - Aoyama Zaisan Networks Saitama Co., Ltd. (CWM Research Institute)
 - Aoyama Zaisan Networks Kanto Chuo Support (MMG Tax Corporation)
 - Nihon Shisan Souken Co., Ltd.
 - Aoyama Zaisan Networks Denenchofu Support (Saito Tax Corporation)
 - Nihon Mirai Accounting & Tax Co.
 - Zeimu Sogo Tax Corporation
 - eclat Consulting
 - Humannetwork Inc. (Tokyo kaikei Partners Inc.)
 - Hori Yoshihiro Certified Public Accountant Office
 - Hisakawa Hidenori Certified Tax Accountant Office (Hara Hisakawa Tax and Accounting Corporation)
 - SEMS Inc. (Shimizu Certified Tax Accountant Office)
 - Mountain Co., Ltd. (General Management Service Tax Corporation)
 - Aozora Tax Corporation
 - Tsuda Accounting Office
 - Koide Certified Public Accountant and Tax Accountant Office
 - Mimura Tax & Consulting
 - Kagayaki Zaisan Networks Co., Ltd. (Kagayaki Tax Corporation)
 - Aoyama Zaisan Networks Yokohama Support (YAMADA SYNTHETIC OFFICE)
 - Ai Partners Tax Corporation
 - Masatoshi Yoshikawa Certified Tax Accountant Office
 - Oyama accounting Co., Ltd. (Rita Tax Corporation)
 - Top Accounting Firm & co
 - Koyama Yoshiaki Licensed Tax Accountants
 - Yokohama Saiwai Tax Corporation
 - Enari Tax Corporation
 - SOUSHIN KAIKEI Tax Corporation

- Chubu**
 - Tsubasa M&A Partners (Tsubasa Tax Corporation)
 - Aozorakeiei Tax Corporation
 - Aoyama Zaisan Networks Kanazawa (HATAKE Management Group)
 - Kimura Business Succession Brain Co., Ltd. (KIMURA KEIEI BRAIN CO., LTD.)
 - Nochide Kaikei Tax Corporation
 - Aoyama Zaisan Networks Fukui Support (Uesaka Consulting Firm)
 - Nihon Soken Tax Corporation
 - Zaisan Networks Nagano Co., Ltd. (Nozomi Tax Corporation)
 - Mas Networks Co., Ltd. (The Narusako Accounting Firm Group)
 - Misawa property consulting Co. (Misawa Accounting Group)
 - SHINKO MANAGEMENT CENTER Co., Ltd. (SHINKO MANAGEMENT GROUP)
 - MMPC Consultants Corporation (MMPC Tax Corporation)
 - Zaisan Networks Shizuoka Co., Ltd. (Iwasaki Tax Corporation)
 - Aim Nakano Accounting Co., Ltd. (ARIASU ZERISHOUJIN)
 - Apex Inc. (Kimura Certified Public Tax Accountant Office)
 - Zaisan Networks Nagoya Support (Meinan Consulting Network)
 - tax accountants' corporation kanade
 - J-MACS Advisory LLC (J-MACS Tax Accountant Office)
 - Public Tax Accountant's Corporation SMASH Business Management
 - Aoyama Zaisan Networks Mie Support (Midland Management Group Mie)
- Kinki**
 - Zaisan Networks Kyoto Co., Ltd. (SHINKEIEI SERVICE SHIMIZU Tax Co.)
 - Aoyama Zaisan Networks Kyoto Nijo Support (HIROSE LICENSED TAX ACCOUNTANT)
 - SMO Corporation (Teruyoshi Sakon Tax Accountant Office)
 - Zaisan Networks Osaka Co., Ltd. (Nihonkeiei Will Tax Accountant Corporation)
 - Seki Soken Zaisan Partners Co., Ltd. (AZ TAX Corporation)
 - Shibata Business Consulting Co., Ltd. (SBC Partners Tax Corporation)
 - Act-cess Tax Accountant
 - Inada Accounting Tax Corporation
 - Aoyama Zaisan Networks Wakayama Support (Nishioka Accounting Office)
- Chugoku**
 - Shinichi Kishimoto Certified Tax Accountant Office
 - Aoyama Zaisan Networks Shimane Support (Chikashige Tax Office)
 - Ikeda & Company Inc.
 - Fast Service Co., Ltd. (Nishikori Accounting Office)
 - OKAYAMA SOUKEN Consulting Co., Ltd. (OKAYAMA SOUKEN Tax Corporation)
 - Hikasa Accounting Co., Ltd. (Hikasa Accounting Office)
 - Ishii Consulting Co., Ltd. (Ishii Tax Accounting)
 - Kato Hitoshi Certified Tax Accountant Office
 - Tax Accountants' Corporation Wakamiya & Partners
 - Second Ace Tax Corporation
 - Business Support & Create Co., Ltd. (Shinkai Tax Accountant Office)
 - Office Mitsuhiro (Mitsuhiro Tax Accounting Office)
 - Tsutomu Nakano Certified Tax Accountant Office
- Shikoku**
 - Zaisan Consultants Tokushima Co., Ltd. (M.A.S. AGENT GROUP)
 - Midori Zaisan Consultants Co., Ltd. (Midori Tax Corporation)
 - Nonaka Keiei Corporation (Nonaka Management Consulting Office)
- Kyushu**
 - Aoyama Zaisan Networks Kyushu Co., Ltd. (Shinohara Ueda Tax Corporation)
 - Sasaki Soken Co., Ltd. (Nishi Nihon Tax Corporation)
 - Satsuki Partners Co., Ltd. (Satsuki Hisadome accounting firm)
 - Nakata Certified Public Accountant Office
 - Masahiko Yasuda Certified Tax Accountant Office
 - Aoyama Zaisan Networks Saga Support (MOROI Accounting Firm)
 - Aoyama Zaisan Networks Nagasaki Support (Chuo Sogo Accounting Office)
 - MFAS Co., Ltd. (Nagata Yoshiro Tax Accountant Office)
 - NAGATA KAIKEI
 - MIRAI TAX ACCOUNTING OFFICE
 - IDEA Research Institute Licensed Tax Accountant Corporation (IDEA Soken Tax Accountant Corporation)
 - Mori Accounting Tax Corporation
 - Takenori Kubo Tax Accountant & Administrative Scrivener
 - Zaisan Networks Okinawa Co., Ltd. (PS Accounting Office)

Overseas subsidiaries

- Aoyama Wealth Management Pte. Ltd. (Singapore)
- PT. Aoyama Zaisan Networks Indonesia (Indonesia)

Overseas partners

- Hong Kong investment consulting partner
- American property management partner
- Major Indonesian industrial conglomerate
- American real estate partner

▶ Corporate Data (as of December 31, 2021)

Name of Company	Aoyama Zaisan Networks Company, Limited
Head Office	3F Aoyama Tower Place, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052 Tel. +81-3-6439-5800
Incorporated	September 17, 1991
Capital stock	1,167.60 million yen
Business line	Individual property consulting Business succession consulting Real estate solutions consulting
Number of employees (Group)	259
Consolidated subsidiaries	4 companies including Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd., Aoyama Zaisan Investments Co., Ltd., Aoyama Zaisan Networks Kyushu Co., Ltd., Aoyama Financial Service Co., Ltd. and Aoyama Family Office Service Co., Ltd.

▶ Stock Overview (as of December 31, 2021)

Number of shares in issue 24,362,800
 Number of shareholders 5,336
 Major Shareholders (Top 10)

Name	Shares held	Shareholding ratio
Masazumi Hasumi	2,493,300	10.32
NOMURA PB NOMINEES LIMITED BUS – MARGIN (CASH BP)	1,130,500	4.68
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM 02 505002	1,048,600	4.34
Nihon M&A Center Inc.	1,000,000	4.14
Yasuo Takano	691,600	2.86
Custody Bank of Japan, Ltd. (trust account 9)	681,600	2.82
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE—AC)	648,041	2.68
MSIP CLIENT SECURITIES	582,300	2.41
Custody Bank of Japan, Ltd. (pension trust account)	442,200	1.83
The Master Trust Bank of Japan, Ltd. (trust account)	431,100	1.78

▶ Executives (as of March 30, 2022)

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

▶ Notes for Shareholder

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

(For reference)

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