

Aoyama Zaisan Networks

Interim Report (34th period)

January 1 to June 30, 2024

Securities Code: 8929



Aoyama
Zaisan
Networks

Aoyama Zaisan Networks Company Limited
Aoyama Zaisan Networks Company, Limited



President
Masazumi Hasumi

Although the world had suffered from the COVID-19 pandemic for several years, there is now a sense that society is finally returning to normal.

It seems that more people are feeling optimistic about the future of the Japanese economy as symbolized by the Nikkei Stock Average reaching a new all-time high.

Against a backdrop of rising asset prices, needs related to property succession, business succession, and asset management among wealthy people are increasing.

All of the baby boomers will reach the age of 75 in 2024.

The next 10 to 15 years will be the peak period. In terms of business succession, there has been a noticeable diversification of needs, along with an increase in the number of consultations.

More and more owners are opting for M&A with third parties due to the difficulty of finding successors.

On a global level, various destabilizing factors are spreading and uncertainty is definitely growing, so we need to continue to monitor

the possibility of negative impacts on Japan. There are more and more wealthy people thinking that they need to be ready for any eventuality and make some kind of preparations.

In the Third Medium-Term Management Plan, which ends in fiscal year 2024, we positioned these three years as a period for expanded growth.

Our business performance has been favorable due in part to the favorable business environment.

Property consulting revenue has been growing, with the increase in transaction unit prices being a major factor, alongside the improved capabilities of individual consultants.

In terms of strengthening our strategic individual services, eight services, including the real estate joint ownership scheme "ADVANTAGE CLUB," "purchase consulting," and "land effective utilization consulting," which are comprehensive support from selection to purchase, administration and management after purchase, and sale of real estate, have gradually grown and contributed to earnings.

We anticipate further growth in the future.

The Company has set the vision "to become a leader in business for wealthy people."

We aim to build long-term trust with wealthy people and provide optimal advice by taking a comprehensive view of their entire property.

We consult with the most clients and help them solve the most problems in Japan. We aspire to be a partner for customers as a "wealth advisor."

It is essential to improve productivity to achieve this vision, but there are some issues that need to be addressed.

First, we need to increase the number of consultants who can handle increasingly diverse and complex cases.

Broad knowledge is required when it comes to property and business succession.

The needs of customers are becoming more diverse and complex.

We need to increase the number of consultants who can be trusted to handle any type of case.

Next is the further development of relationships with customers.

If we can build a relationship where customers feel comfortable consulting with us about anything related to their property, they will likely contact us immediately when they are facing an issue.

We need to build, maintain, and strengthen such relationships with customers.

Finally is marketing.

Referrals from financial institutions are extremely important as a gateway to accessing wealthy people.

While we will continue to strengthen our ties with financial institutions, as another approach we have actively engaged in direct marketing to individual wealthy customers starting in 2023, and we are beginning to make progress in utilizing data.

In 2024, we expanded our focus to include corporate owners, and worked to establish more connections with a broader range of customers.

"Developing humanity," "developing an environment that supports consultants," and "creating a workplace that is easy to work in and fulfilling" are essential to achieve our vision.

We will develop an environment that supports consultants by incorporating humanity development into our education programs and promoting DX, including the use of AI.

In addition, we believe that the success of women is a key factor in creating a workplace that is easy to work in and fulfilling.

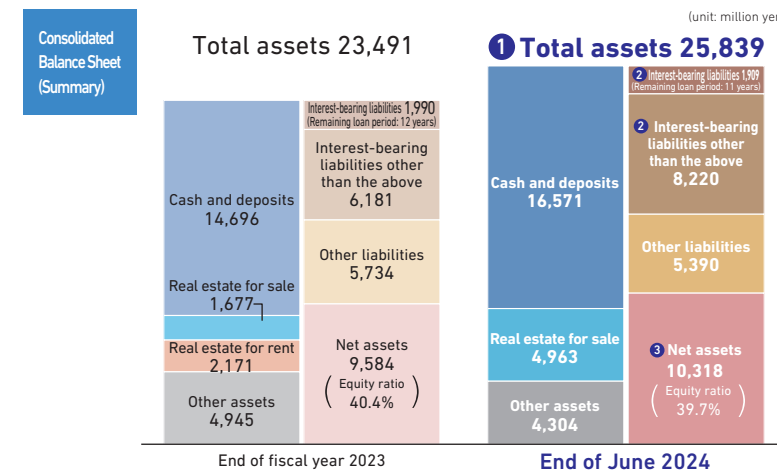
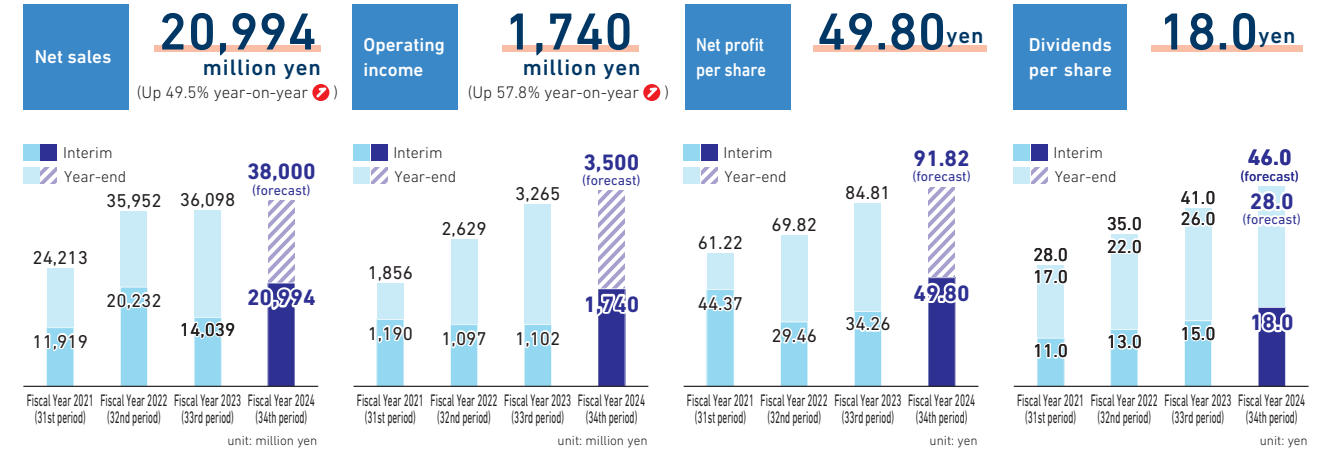
We had our first female Executive Officer in 2024. We expect that she will serve as a role model for our female employees.

In addition, we have welcomed a female Outside Director with extensive knowledge in areas including health management.

We believe that creating a workplace from a woman's perspective is also important for strengthening governance.

As president, I will continue to work to provide leadership to ensure that the entire organization can move forward without losing focus.

Net sales totaled ¥20,994 million (compared to ¥14,039 million in the same period of the previous year), with both property consulting and real estate transactions significantly higher year on year. Operating income was ¥1,740 million (compared to ¥1,102 million in the same period of the previous year). Gross profit increased due to a significant increase in business succession consulting, a particularly high-margin area of property consulting.



- Total assets**
Total assets amounted to ¥25,839 million, up ¥2,347 million from the end of the previous period mainly due to an increase in real estate for sale.
- Interest-bearing liabilities**
Interest-bearing liabilities amounted to ¥10,130 million, up ¥1,958 million from the end of the previous period due to an increase in short-term loans payable, etc.
- Net assets**
Net assets grew by ¥733 million from the end of the previous period to reach ¥10,318 million mainly due to an increase in retained earnings.

Special feature

Actively participated in and held seminar events

President Hasumi and our consultants spoke at major external seminars

We participated in large-scale external seminars continuing from the previous fiscal year. The seminars were well received by those in attendance, as they provided easy-to-understand explanations of solutions to issues related to business succession and the use of asset management companies, using case examples and our knowledge and expertise.

Nikkei Top Leader

Platinum Forum + 2024 Spring

In April 2024, Masazumi Hasumi took the stage at the "Platinum Forum 2024 Spring" sponsored by Nikkei Top Leader and co-sponsored by the Company, and gave a lecture on the theme of "how a family business can successfully pass on to the next generation." He provided clear explanations using examples on solutions to business succession and successor issues faced by family business owners.

Rental Management EXPO -

Premium Rental Management Outlet Fair

In May 2024, our property consultant Hikaru Aizawa took the stage at the "Rental Management EXPO - Premium Rental Management Outlet Fair," and gave a lecture on the theme of "how to utilize asset management companies, the key to increased profitability and inheritance measures." He explained the effective use of asset management companies with examples of failures and successes, with a focus on people who want to protect their property and those who have not fully utilized asset management companies.

Online seminars provided on the topic of "mental" and "physical" health

In June 2024, we held the 7th online seminar on the topic of "mental" and "physical" health. In order to live happily in the age of 100, we focus on supporting people in terms of "property," and at the same time, we believe that "mental" and "physical" health are also important. We invited Dr. Tomoko Mabuchi, an expert on food and medicine who has appeared in numerous media articles, to give an online seminar on the theme of "changing your life by changing your food." She spoke about the secrets to extending a healthy lifespan, which has been gaining interest recently.



Online seminar on the topic of "mental" and "physical" health ▶

Participated in the IR Seminar for Individual Investors held by logmi Finance.

In April 2024, we participated in the IR Seminar for Individual Investors held by logmi Finance. The seminar was held in a hybrid format combining online and in-person participation, and included a corporate overview, external environment and future initiatives, and shareholder returns, in order to inform individual investors about the attractiveness of the Company as an investment destination. After the presentation, the seminar was followed by a Q&A session with the individual investors in attendance, which provided a valuable opportunity to communicate directly with them, as we actively exchanged opinions on the outlook for the business environment, recruitment of human resources, productivity improvement, and other topics.



IR Seminar for Individual Investors ▶

Establishment of DX Promotion Office

On April 1, we established "DX Promotion Office" to achieve the stable growth of our consulting business, which is the core of our business, by improving the environment to support consultants through "business process reform" and "data base improvement" by leveraging DX, AI, and other technologies.

With the establishment of DX Promotion Office, we welcomed Masanori Miura, who has a proven track record of achieving steady business growth as a member of top management by improving operational efficiency through DX, promoting scientific approaches, and improving operational quality, as General Manager.

Developing an environment that supports consultants by leveraging DX and AI

Data design	Visualization and database creation for information (various rules such as tax laws, case studies, and data) necessary for consulting, by leveraging DX and AI
Process design	Standardization of consulting methods and business processes by leveraging DX and AI
Training	The above two developments will greatly contribute to the training of consultants

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

ADVANTAGE CLUB® Formed partnerships for five new properties in Tokyo

The Company's key consulting product, the real estate small-lot product "ADVANTAGE CLUB," has received numerous applications. We newly formed voluntary partnerships "Kudan Chidorigafuchi," "Hamamatsucho," "Kojimachi," "Iidabashi Ekimae," and "Shibuya Scramble Crossing" in the first half of 2024.

We plan to form partnerships of ¥28.8 billion in fiscal year 2024.

We formed partnerships of ¥15.61 billion as of the end of June 2024, and are making steady progress.

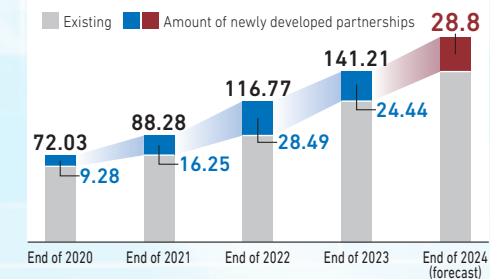


Kudan Chidorigafuchi: Pacific Square Kudanminami	Hamamatsucho: Orchid Place Hamamatsucho	Kojimachi: MK Kojimachi Building	Iidabashi Ekimae: LEO Iidabashi	Shibuya Scramble Crossing: VIVEL Shibuya
Formed in February 2024 Total amount of funding: ¥2.98 billion	Formed in March 2024 Total amount of funding: ¥2.87 billion	Formed in April 2024 Total amount of funding: ¥2.9 billion	Formed in May 2024 Total amount of funding: ¥2.36 billion	Formed in June 2024 Total amount of funding: ¥4.5 billion

ADVANTAGE CLUB® since 2002
(as of June 30, 2024)

Cumulative number of partnerships	76
Cumulative amounts	¥156.82 billion
Total partnership members	6,505

Trends of cumulative amounts of ADVANTAGE CLUB
(unit: billions of yen)



Initiatives for a better working environment

Certified as a "Health & Productivity Management Outstanding Organization"

To promote the health of its employees, the Group has been implementing a variety of initiatives, including health seminars for employees led by specialists, and has also been promoting health management by establishing structures such as the establishment of the Sustainability Committee in February 2022. As part of these efforts, we entered the Certified Health & Productivity Management Outstanding Organizations Recognition Program and have been certified as a 2024 Health & Productivity Management Outstanding Organization (Large Enterprise Category). We will continue to implement health management initiatives.



Acquired 2-star "Eruboshi" Certification

The "Eruboshi Certification" is a system to certify companies with excellent performance in promoting the active participation of women, based on the Act on the Promotion of Women's Active Engagement in Professional Life. We have recently announced our entry in the "Database on Promotion of Women's Participation and Advancement in the Workplace," and received a two-star certification, the second of three levels, in particular for our support for career development, including the ratio of female managers, human resources development, and internal recruitment systems. We will continue to create a workplace that is easy for all female employees to work and play an active role with the aim of achieving three-star certification.



Social contribution activities

Support activities towards a society that completely eliminates pet euthanasia

Various organizations and individuals, including government agencies, are working towards a society that completely eliminates pet euthanasia. As part of the Group's support activities, we participated in mowing the lawn at the dog run of the rearing and training center of "HUMANIN FOUNDATION," which engages in the rearing and training of rescued dogs.



Support activities for "kodomo shokudo" cafeterias for children

"Kodomo shokudo" cafeterias for children provide meals to children facing economic hardship or those who do not have access to proper meals. The Group's employees participated in the activities of "Nakanaka ii kai," one of the organizations that run these cafeterias. We provided support for packing snacks and assisting in the preparation of lunch boxes.



Local cleaning activities

With the aim of improving teamwork and developing humanity through regional contributions, we have registered for the "Minato Ward Adopt Program" and conduct monthly cleaning in our designated area around the Company. This activity also stimulates communication with neighboring companies and local residents.



Shareholder incentives

The Company provides shareholder benefits based on the following criteria. We have recently expanded the range of products that shareholders can choose from for the interim shareholder benefits with a record date of the last day of June. For year-end special benefits with a record date of the last day of December, we have added new special benefits for shareholders who hold 1,000 shares or more.

Shareholders as of June 30 (shareholders recorded in the shareholder register as of June 30)

▶ 2,000 shares or more

One item worth 3,000 yen, chosen from 16 items or "donations to initiative for completely eliminating pet euthanasia" or "donations to 'kodomo shokudo' cafeterias for children"



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

One additional item worth 20,000 yen

The UKAI Group common meal certificate (1,000 yen x 20 certificates)

Ukai special select beef (for sukiyaki)



Ukai special select beef (for shabu shabu)

Ukai special select beef (for steak)



Shareholders as of December 31 (shareholders recorded in the shareholder register as of December 31)

NEW

▶ 1,000 shares or more

QUO Card worth **2,000** yen

▶ 30,000 shares or more

One additional item chosen from the following

- The UKAI Group common meal certificate (worth **30,000** yen)
- Ukai special select beef (worth **30,000** yen)
- Facility use tickets from the Kato Pleasure Group (worth **30,000** yen)

AZN network

● Number of bases of AZN nationwide network member

Japan 93 bases

(as of July 1, 2024)

The "AZN nationwide network" refers to a structure that connects accounting offices and tax accounting firms throughout Japan, and provides the Company's services throughout Japan.

Hokkaido/Tohoku	10 bases	Kinki	9 bases
Kanto	33 bases	Chugoku/Shikoku	13 bases
Chubu	17 bases	Kyushu/Okinawa	11 bases

▶ Corporate Data (as of June 30, 2024)

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	1,235.17 million yen
Lines of business	Individual property consulting Business succession consulting Real estate solutions consulting
Number of employees	318 (group consolidated)
Consolidated subsidiaries	Nihon Shisan Soken Co., Ltd., Aoyama Estate Co., Ltd., Aoyama Zaisan Investments Co., Ltd., Aoyama Zaisan Networks Kyushu Co., Ltd., Aoyama Financial Service Co., Ltd., Aoyama Family Office Service Co., Ltd. and 4 other companies

▶ Stock Overview (as of June 30, 2024)

Number of shares in issue 24,561,059

Number of shareholders 10,994

Major Shareholders (Top 10)

Name	Shares held	Shareholding ratio
Masazumi Hasumi	2,515,366	10.32
AVI JAPAN OPPORTUNITY TRUST PLC	1,231,000	5.05
Nihon M&A Center Inc.	1,000,000	4.10
Custody Bank of Japan, Ltd. (trust account)	663,300	2.72
The Master Trust Bank of Japan, Ltd. (trust account)	594,100	2.43
Custody Bank of Japan, Ltd. (pension trust account)	585,400	2.40
Capital Asset Planning, Inc.	400,000	1.64
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	370,389	1.52
NORTHERN TRUST CO.(AVFC) RE UKAI AIF CLIENTS NON LENDING 10PCT TREATY ACCOUNT	340,000	1.39
Aoyama Zaisan Networks Employees' Shareholding Association	301,900	1.23

▶ Executives (as of June 30, 2024)

President	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Managing Executive Officer	Takaomi Ogawa
Director, Executive Officer	Shinji Shimane
Director	Michihiro Nagasaka
Outside Director	Haruo Shimada
Outside Director	Keiji Watanabe
Outside Director	Madoka Mori
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 Standard Market
Public announcements	To be announced on the Company's website

(For reference)

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