

Full-year Business Summary for Fiscal Year 2019

(29th period)

January 1 to December 31, 2019



Aoyama Zaisan Networks

To Our Shareholders

In the fiscal year 2019 (29th period), we broke through ¥5,000 million for the first time with revenue from property consulting at ¥5,564 million, supported by expanding consulting needs in the areas of property succession and business succession. Furthermore, supported by robust property management needs and favorable market conditions, we were able to record revenue from real estate transactions of ¥13,496 million, which came close to our highest revenue amount of ¥13,528 million recorded in 2007. As a result, we were able to break our previous record high for net sales in the fiscal year 2019 with ¥19,061 million, up 10.6% year on year.

Operating profit, ordinary profit and profit all continued to increase, and together with net sales, we were able to achieve increases both in revenue and profit for seven fiscal years in a row. Furthermore, we were able to break our previous record high for profit with ¥1,676 million, up 44.2% year on year.

We have been able to increase dividends for nine fiscal years in a row, and fortunately we were able to make a good start in 2019, which is the first year of the Second Medium-term Management Plan announced last year.

This plan lasts three years starting from 2019, and sets the time period to prepare and reform responses to property and business succession needs associated with the rapidly decreasing birthrate and aging population in the future, and to management needs to extend the life expectancy of assets due to the increase in longevity. The plan aims for growth of the Company in line with the following five basic policies, and we believe carrying out this plan will lead to growth expansion for the Company in the future.

Currently, due to apprehension of the spread of the infectious disease caused by a novel coronavirus (2019-nCoV), economic activity around the world, including in Japan, is shrinking greatly, which is bringing about a large

Five Basic Policies

1. Technology fortification initiative
2. Tie-up expansion
3. Support the expanding and diversifying needs of property and business successions
4. Support expanding management needs
5. Initiative to improve human resources and employee satisfaction



President
Masazumi Hasumi

decrease in assets. In order to respond to the risk of further economic downturn, measures for monetary easing have started to be taken, but the situation is extremely uncertain as there may be an increase in credit risk due to a weakened economy.

Management is becoming more and more difficult for people who hold assets, and the need to prepare for the risk of decreases in the value of property held is rising. Furthermore, corporate owners also face the necessity to carry out the succession of business before its performance worsens. As such, day after day we feel that the wave of needs for property succession, business succession and property management is expanding without subsiding even temporarily.

Guaranteeing the safety of our employees and customers is our highest priority, and in addition to employees thoroughly washing their hands, disinfecting and wearing masks, we are working to increase immunity with sufficient sleep and a moderate amount of exercise. We are also working to prevent the spread with precautions such as staggered working hours and giving special leave to those who start to feel unwell.

Lastly, we express our appreciation to our shareholders for their day to day support.

In these trying times, we ask that you take sufficient care of your health and physical condition, and continue to give us your support.

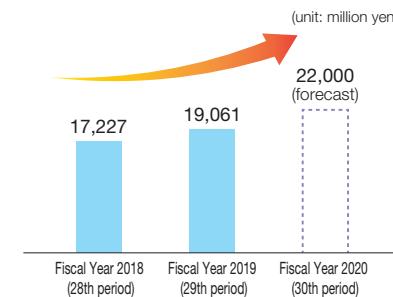
Highlights of Consolidated Business Results

We were able to record our highest net sales and profit attributable to owners of parent since establishment due to selling a portion of held investment securities and the recording of extraordinary income in addition to stable revenue from property consulting as a result of an increase in customers caused by rising property consulting needs.

The entire Group is devoting its full attention and working together to respond to the rising consulting needs in the areas of property succession, business succession and property management for individual asset holders and corporate owners.

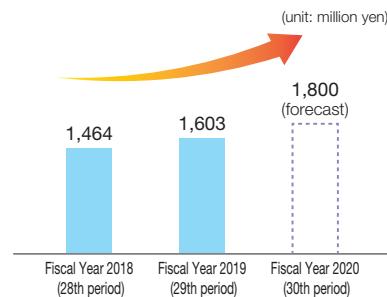
Net sales

19,061 million yen
(Up 10.6% year-on-year )



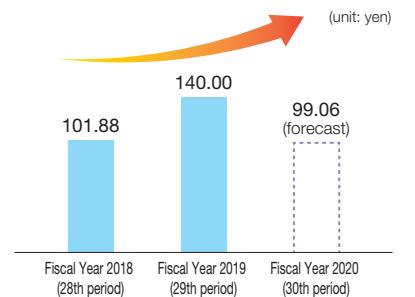
Operating profit

1,603 million yen
(Up 9.4% year-on-year )



profit per share

140.00 yen



Consolidated Financial Highlights

Consolidated Balance Sheet (Summary)

(unit: million yen)

End of 2018		End of 2019	
Total assets 12,353		Total assets 15,492	
Cash and deposits 4,197	Interest-bearing liabilities 4,951 (D/E ratio 1.10 times)	Cash and deposits 8,494	Interest-bearing liabilities 5,734 (D/E ratio 0.91 times)
Real estate for sale 4,052	Other liabilities 2,884	Real estate for sale 1,145	Other liabilities 3,367
Other assets 4,104	Net assets 4,518 (Equity ratio 36.5%)	Real estate for rent 2,571	Net assets 6,390 (Equity ratio 40.6%)
	Other assets 3,281		

① Total assets

Total assets amounted to ¥15,492 million, up ¥3,138 million from the end of the previous period due to an increase in cash and deposits.

② Interest-bearing liabilities

Interest-bearing liabilities amounted to ¥5,734 million, up ¥783 million from the end of the previous period due to an increase in long-term loans payable.

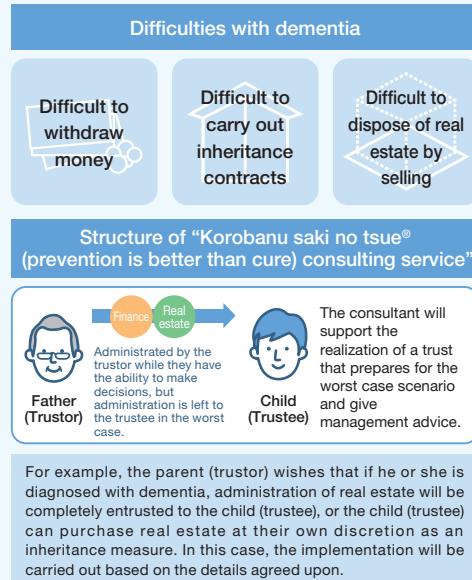
③ Net assets

Net assets grew by ¥1,871 million from the end of the previous period to reach ¥6,390 million due to disposal of treasury shares and an increase in retained earnings.

Property measures to prepare for dementia Commencement of “Korobanu saki no tsue[®] (prevention is better than cure) consulting service”

In order for us to address customers’ problems that could not be solved with just a will or the adult guardianship system, we have prepared “Korobanu saki no tsue (prevention is better than cure) consulting service,” which is a consulting service that uses a civil trust that securely administers property even in the event of the onset of dementia*.

If one develops dementia, it is possible that they will not be able to express their intentions, and there will be a variety of problems regarding property management such as carrying out inheritance contracts becoming difficult. We provide a consulting service that helps customers feel at ease by offering support for the preparation of the “civil trust contract,” “voluntary guardianship contract” and “will related to trust assets,” so that the trustor (the person in question) can easily prepare a trust contract that prepares for the development of dementia while they have the ability to make decisions, and that the trustee (successor) can administer, manage and dispose of property based on the details of the trust contract.



Timing of commencement of the trust

- 1 Expression of intention of the person in question (Example) Start while they have the ability to make decisions
- 2 Timing set by the trustor (Example) A 70-year old trustor sets turning 80 as timing.
- 3 Upon being diagnosed with dementia*

* Diagnosed with dementia to the degree that intentions cannot be expressed

Holding of seminars on “coping with dementia” in progress



President Masazumi Hasumi giving a lecture

The “seminar on coping with dementia” took place four times starting from August for customers of partner companies. Nobuo Otsuka, the founder of Oume Keiyu Hospital who mainly receives late-stage patients and has encountered many people with dementia, and our representative Hasumi were the lecturers for the first seminar. They spoke about “preparing for dementia,” which is a social issue in an aging society, from the perspectives of daily life and property administration. It is necessary to make preparations in advance to personally administer and manage one’s own property of one’s own accord, as dementia is an inevitable issue as one becomes aged. However, as it is not possible to respond well by simply making use of one of Japan’s current systems, the importance of combining and employing those systems was explained in concrete terms. Going forward, we plan to strengthen collaboration with partner companies, and actively hold seminars that involve experts.

The second regional revitalization project

Obtained preferential negotiation rights in relation to “Tsuruga Station Western District Land Usage Enterprise” in Fukui Prefecture

In the public offering to the private business operators of “Tsuruga Station Western District Land Usage Enterprise” implemented by Tsuruga City, we made a business proposal as a group, which was represented by the Company and comprised the Company and the hotel business operator HiF Resort Inc. (Komatsu City, Ishikawa Prefecture), and obtained preferential negotiation rights.

In the proposal, we have suggested a facility that will be a bustling hub with interaction between residents and visitors ahead of the opening of the Hokuriku Shinkansen Tsuruga Station in the spring of 2023. As the Company’s second regional revitalization project*, we have executed a basic agreement with Tsuruga City in late January 2019 and plan to commence operations of the proposed facility in 2022.

* A regional revitalization enterprise through the scheme of Real Estate Specified Joint Enterprise utilizing a Special Purpose Corporation



- Business overview** | **Proposed facilities**
- ▶ Hotel that can take care of business customers, foreigners visiting Japan and tourists that carry Tsuruga’s specialties and souvenirs
 - ▶ Shopping complex with stores and restaurants
 - ▶ Child care support facility
 - ▶ Intellectual training & education (public) facility, etc.



Proposal by the corporate group with its representative being MARUZEN-YUSHODO Company, Limited, which was selected as the designer and business operator of the intellectual training & education (public) facility, that incorporates a book store with an attached café. Source: MARUZEN-YUSHODO Company, Limited



Tsuruga Station Western District Land Usage Enterprise (conceptual image) Whole area seamlessly outfitted with park filled with greenery and covered promenade

Technology fortification initiative

New system to provide high-quality consulting in development

Amid the number of employees increasing yearly, we are currently developing a new system to be released in 2020 for making high-quality proposals regardless of the level of experience of the consultant.

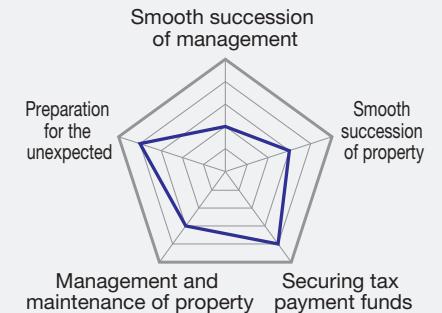
We are systematizing the know-how of our ace consultants in the fields of real estate utilization, business succession and inheritance measures, which was accumulated over 30 years, such as know-how in the extraction and analysis of issues, task setting, choice of solution methodology, etc. With the new system, if the results of the hearing, etc. are entered into the system, the analysis results for the problem and choices for measures to remedy the problem will automatically be presented. By systematizing that which was previously a manual procedure, we will rapidly increase the speed that issues are solved in addition to guaranteeing quality that is above a certain level from all of our consultants.

In addition, by utilizing technology, we will significantly shorten the process from basic analysis of issues to delivery of proposals at a certain level of high quality, and using the time saved, we will take time to collect the desires and preferences of our customers and provide high-quality services that are carefully customized to each customer.

Merits due to the application of technology (provisional)

- Possibility of making high-quality proposals that are above a certain level of quality regardless of the level of experience of the consultant
- Rapid increase in the speed that issues are solved

Analysis results from five perspectives of business/property succession



Analysis results from five perspectives based on family information, corporate information, property data, hearing results, etc.

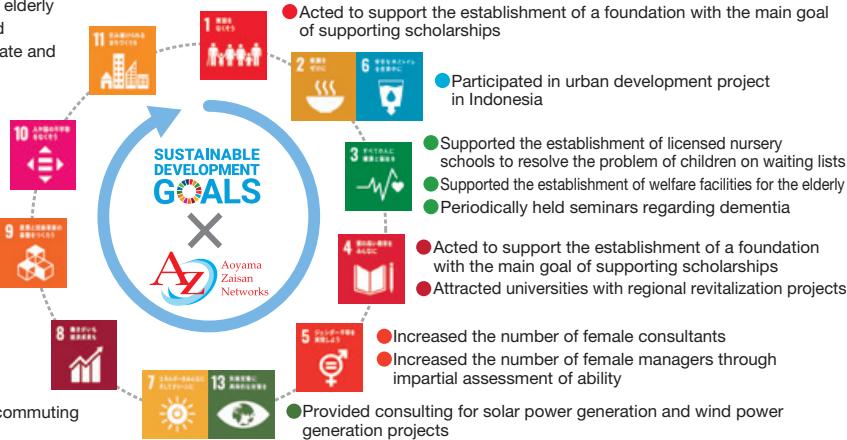
SDGs of Aoyama Zaisan

Initiative to improve human resources and employee satisfaction

The Group sets its management philosophy based on the spirit of altruism, and in order to put this management philosophy into practice, the nature of our management is to improve the personality of our human resources and grow as a company that can contribute to the joy of our customers, help many people, and assist in contributing to society. As initiatives to improve our human resources, we are holding participatory training courses for all employees and training courses separated by position regarding our management philosophy every month. We have also revised our Code of Conduct to instill our management philosophy into our employees well enough for them to conduct themselves based on this philosophy. As initiatives to improve our employee satisfaction, we have introduced an open plan office layout and housing allowance with the aim of reducing the burden of commuting, and the results of these environmental improvements that make it easier to work and allow a variety of personnel to be active have led to increased recruitment numbers and increased employee retention. The way that we think about SDGs is consistent with our management philosophy. We believe that we will be able to achieve our SDG targets by enhancing our management philosophy and instilling it into each and every one of our employees.

Specific results of our SDG initiatives

- Supported the establishment of welfare facilities for the elderly
- Solved the issue of unoccupied houses and vacant land
- Participated in renovation projects for overseas real estate and urban development projects
- Renovated second-hand office buildings by performing seismic reinforcement work
- Recruited employees regardless of nationality
- Supported the establishment of a foundation to contribute to the promotion of Myanmar's culture
- Guaranteed business continuation and growth in addition to employment opportunities through business succession consulting
- Attracted industries with regional revitalization projects
- Created employment opportunities through regional revitalization projects
- Abolished the mandatory retirement system and established a housing allowance for employees to live close to work with the aim of reducing the stress from commuting



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 the United States, 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 March 1, 2020)

Hokkaido

- Aoyama Zaisan Networks Hokkaido Support (IKEWAKI TAX, ACCOUNTING & CONSULTANTS GROUP)
- Nihon Shisan Soken Co., Ltd. Sapporo (Mitsunari Accountant Office)

Tohoku

- Aoyama Zaisan Networks Aomori Support (Konda Accounting Office)
- Aoyama Zaisan Networks Sendai Support (Asahi Accounting Office)
- MIRAI Tax Corporation
- Aoyama Zaisan Networks Yamagata Support (Yutaka Licensed Tax Accountant's Corp)
- Zaisan Networks Fukushima Co., Ltd. (Aozora Tax Corporation)

Kanto

- Aoyama Zaisan Networks Ibaraki Support (Masuyama Accounting Office)
- Kujirai Tax Corporation
- Zaisan Networks Tochigi Co., Ltd. (Tajima Accounting Office)
- Zaisan Networks Motegi Co., Ltd. (MOTEGI tax consultant office)
- Hikari & Co.
- 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
- Nakamura Certified Public Tax Accountants Office
- 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)
- Kamekawa Takayuki Certified Tax Accountant Office
- 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

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)
- Zaisan Networks Nagano Co., Ltd. (Nozomi Tax Corporation)
- Mas Networks Co., Ltd. (The Narusako Accounting Firm Group)
- Misawa property consulting Co. (Misawa Accounting Group)
- MMPC Consultants Corporation (MMPC Tax Corporation)

Japan 72 bases

- Zaisan Networks Shizuoka Co., Ltd. (Iwasaki Tax Corporation)
- Aim Nakano Accounting Co., Ltd. (ARIASU ZEIRISHOUJIN)
- Zaisan Networks Nagoya Support (Meinan Consulting Network)
- 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 Tax Corporation)
- Shibata Business Consulting Co., Ltd. (SBC Partners Tax Corporation)
- Zaisan Networks Hyogo Co., Ltd. (Nihonkeiei Will Tax Accountant Corporation)
- Aoyama Zaisan Networks Wakayama Support (Nishioka Accounting Office)

Chugoku

- Aoyama Zaisan Networks Shimane Support (Chikashige Tax Office)
- Ikeda & Company Inc.
- 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

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)
- Aoyama Zaisan Networks Saga Support (MOROI Accounting Firm)
- Aoyama Zaisan Networks Kyushu Co., Ltd. Nagasaki Branch (Chuo Sogo Accounting Office)
- IDEA Research Institute Consulting Co., Ltd. (IDEA Tax Corporation)
- Zaisan Networks Okinawa Co., Ltd. (PS Accounting Office)

Overseas

Overseas subsidiaries

- Aoyama Wealth Management Pte. Ltd. (Singapore)
- PT. Aoyama Zaisan Networks Indonesia (Indonesia)
- Aoyama Zaisan Networks USA, Inc. (United States)

Overseas partners

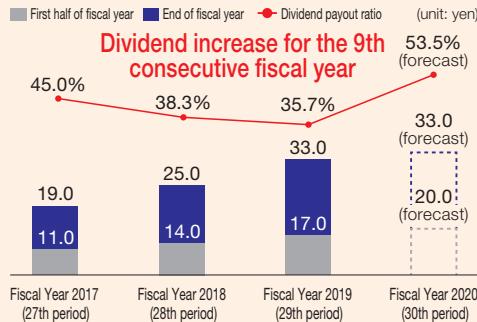
- Hong Kong investment consulting partner
- Major Indonesian industrial conglomerate
- American property management partner
- American real estate partner

Expanding network to Asia and North America

Dividends and shareholder incentives

Dividends per share

Fiscal year ended in December 2019: **50 yen**
Including a commemorative dividend of 5 yen
Fiscal year ending in December 2020: 53 yen (forecast)



Shareholder incentives

One of the following shareholder incentives shall be presented to shareholders who possess 30,000 shares or more that are recorded in the shareholder register as of the end of December 2019.

Shareholder incentive item number **A**

The UKAI Group common meal certificate **30,000 yen**
(1,000 yen per ticket x 30)

▲The UKAI Group common meal certificate may be used at each shop listed on the UKAI web site (<https://www.ukai.co.jp/>).

Shareholder incentive item number **B**

Ukai special select Sukiyaki beef worth **30,000 yen**

▲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)

Shareholder incentive item number **C**

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

➤ Corporate Data (as of December 31, 2019)

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	1,143.30 million yen
Business line	Individual property consulting, business succession consulting and real estate solutions consulting
Number of employees (Group)	236
Consolidated subsidiaries	7 companies including Aoyama Estate Co., Ltd., Nihon Shisan Soken Co., Ltd., Aoyama Zaisan Investments Co., Ltd. and Aoyama Zaisan Networks Kyushu, Co., Ltd.

➤ Stock Overview (as of December 31, 2019)

Number of shares in issue	12,114,100
Number of shareholders	5,510
Major Shareholders (Top 10)	

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,226,600	10.12
Yasuo Takano	665,800	5.49
Trust & Custody Services Bank, Ltd. (pension trust account)	570,800	4.71
Japan Trustee Services Bank, Ltd. (trust account)	502,600	4.14
Nihon M&A Center Inc.	500,000	4.12
Mutsumi Shimada	210,000	1.73
Capital Asset Planning, Inc.	200,000	1.65
MSIP CLIENT SECURITIES	178,200	1.47
NORTHERN TRUST CO. (AVFC) RE NORTHERN TRUST (GUERNSEY) LIMITED RE GGDP RE: AIF CLIENTS 15.315 PERCENT NON TREATY ACCOUNT	135,000	1.11
Taisei Co., Ltd.	110,000	0.90

➤ Executives (from March 27, 2020)

President	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Executive Officer	Seido Nakatani
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 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 filed 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.