



Aoyama Zaisan Networks Company, Limited

Securities Code: 8929

# Full-Year Business Summary for Fiscal Year 2020 (30<sup>th</sup> period)

January 1 to December 31, 2020

Aoyama  
Zaisan  
Networks

## Establish a business model that can scale using a combination of “technology” x “external collaboration”

President **Masazumi Hasumi**



We would like to express our heartfelt sympathies for everyone who has been affected by the spread of novel coronavirus disease (COVID-19).

We will be celebrating our 30th anniversary in September 2021, which is entirely due to the support of our shareholders, and for this we would like to express our heartfelt gratitude. Looking back on our history, the Global Financial Crisis in 2008 caused a significant transformation in our business model, which emphasized property consulting, and this led to the achievement of our 2014-2018 Medium-term Management Plan.

The way that we interact with our customers and do business has changed significantly because of the coronavirus shock. In order to smoothly obtain new projects and carry out consulting even in a situation where it is difficult to communicate with customers face to face, we have created a new sales system by setting up a studio for the active utilization of web seminars and web conferencing. The future of the economic environment continues to be unclear as we still cannot forecast when COVID-19 will come under control. However, the number of inquiries has increased since the second half of 2020 as compared with the previous year as consulting needs for property succession, business succession and property management have increased. It can be said that 2020 is a year where we sowed a variety of seeds for future growth.

Going forward, we will not be changing the final step in property succession and business succession consulting where we solve problems with customers face to face. However, we would like to create a point of contact with customers, network members and partner companies by digitizing the entry point to sales. Furthermore, we will respond to growing property management needs through management that uses stable development of products that utilizes the Real Estate Specified Joint Enterprise Act, and securities in the IFA Business, which will be newly launched.

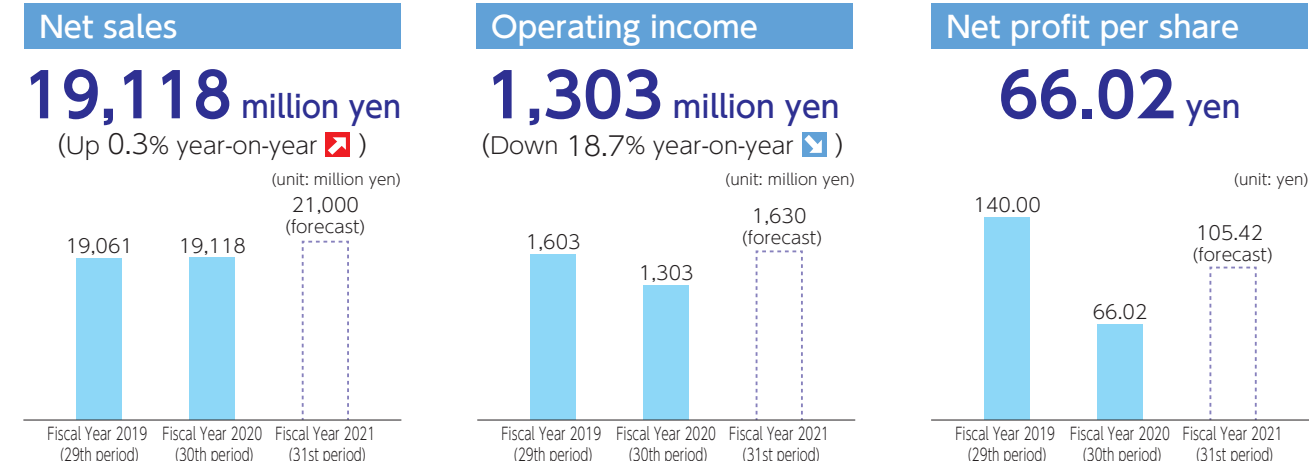
The world is in the midst of the Fourth Industrial Revolution, which is symbolized in what we call digitization, DX, AI, etc., and the Company is advancing technology fortification in the Second Medium-Term Management Plan from 2019. By using the establishment of a business model that can scale using a combination of “technology” x “external collaboration” and the quick provision of new services as growth strategies, we will aim not to “add” growth, but “multiply” it.

Furthermore, the Group promotes initiatives for ESG/SDGs, and considers the creation of products and structures for a carbon-free society. By working to solve issues that society faces pertaining to property, we will contribute to society and realize sustainable growth.

We ask that all of you continue to give us your support.

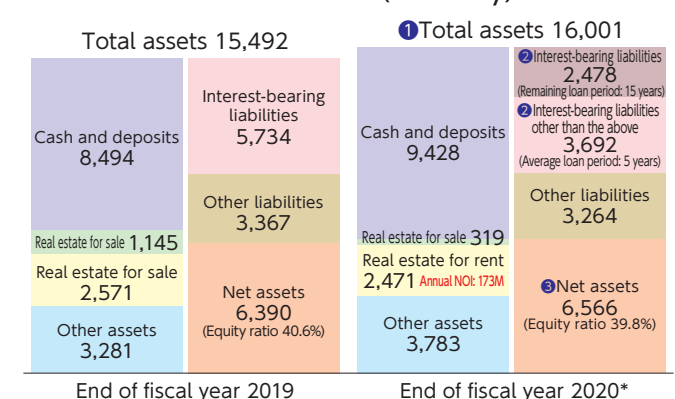
Fiscal year 2020 was a year where we were significantly affected by various factors such as being unable to increase the number of customers ordering new consulting from the beginning of the period due to the impact of the spread of COVID-19, and having limited opportunities for consulting with existing customers.

Customers’ needs have been changing for succession that includes not only succession of property, but also non-property, such as family memories and contribution to society, with regard to property succession, even safer and more stable property management and succession that includes M&A and discontinuance with regard to business succession. We will respond to these needs and devote our full attention based on technology and external collaboration that considers future growth.



## Consolidated Financial Highlights

### Consolidated Balance Sheet (Summary) (unit: million yen)



**① Total assets**  
Total assets amounted to ¥16,001 million, up ¥509 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 ¥6,170 million, up ¥435 million from the end of the previous period due to an increase in long-term loans payable.

**③ Net assets**  
Net assets grew by ¥175 million from the end of the previous period to reach ¥6,566 million.

\*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 were repaid in order to maintain a sound D/E ratio level.

# The Company's initiatives based on environmental analysis of the COVID-19 crisis

## External environment

### Government

- Inauguration of Suga administration in September 2020
- Promotion of measures against COVID-19, DX, the reorganization of small and medium-sized or middle market firms and productivity improvement, regional revitalization, etc.
- Revision of Business Succession Facilitation Act, etc.

### Economy

- Reduction of economic activities due to COVID-19
- Expansion of the use of the internet
- Economic measures such as sustainability benefits and employment adjustment benefits
- Excess liquidity of capital due to economic measures and high stock prices globally
- Rate of absent successor approximately 65.1% in Japan<sup>\*1</sup>
- Decrease of business collapse, increase in suspension or discontinuance of business<sup>\*2</sup>
- For amount of investment in commercial real estate in 2020, Tokyo metropolitan area stably continues to be third in the world<sup>\*3</sup>

### Society

- Advancement of population decrease, low birthrates and longevity<sup>\*4</sup>
- Expansion of the impact of COVID-19
- Decrease of opportunities to go out or be face to face
- Advancement of the use of the internet
- Postponement of the Tokyo Olympics

### Technology

- Usage of 5G, big data, AI
- Advancement of the use of the internet and digitization

<sup>\*1</sup> According to "Survey of 'Rate of Absent Successor' in Japanese Corporations Trends (2020)" by TEIKOKU DATABANK, Ltd.  
<sup>\*2</sup> According to "Survey of 'Suspended, Discontinued or Dissolved Companies' Trends 2020" by TOKYO SHOKO RESEARCH, LTD.  
<sup>\*3</sup> According to "Japan Capital Flow - 2020" by Jones Lang LaSalle K.K.  
<sup>\*4</sup> According to "2020 White Paper on Aging Society" by Cabinet Office

## Environmental analysis report

COVID-19 is impacting the world, but we will introduce initiatives and measures based on the Company's business environment.

### [Economic and social environment]

#### ■ Business collapse & suspension or discontinuance of business

In 2020, 7,773 businesses collapsed (down 7.2% year on year) and 49,698 businesses were suspended or discontinued (up 14.6% year on year). We have analyzed that this may be due to the prolonging of the impact of COVID-19, excessive debt and other factors despite securing short-term working capital through COVID-19 measures from the government, etc., and that there may be an increase in corporations abandoning businesses and an increase in M&A and business being suspended and discontinued in the future. Consultations with the Company have increased since the second half of 2020.

#### ■ Property management

Measures, such as sustainability benefits and employment adjustment benefits, were taken in Japan as economic measures for COVID-19, and similar measures were taken in various countries around the world. We have analyzed that high stock prices globally are affected by excess liquidity of capital because of this. Property management needs are also changing, and the need for something that is highly stable and can diversify risk is increasing. We are proactively providing products based on customers' perspectives.

### [Technology]

#### ■ DX promotion

The government has actively been laying out initiatives such as handing out grants and subsidies for the promotion of DX. Furthermore, social needs for DX have been accelerating further during the COVID-19 crisis.

The Company operated a portion of the ART system's present data analysis in August 2020 as a technology fortification initiative, and officially released the portion that proposes measures on February 1, 2021. Because of this, continuous service from present data analysis to proposing measures using this system has been made possible. We will work to further improve productivity and standardize quality going forward.

#### ■ Creation of an online environment and work environment

Amid restrictions on face-to-face communication, online communication with customers is being requested, and the necessity of the establishment of a framework that can swiftly receive consultations from customers is increasing. We are being requested to respond in the era with COVID-19 by utilizing internal and external web conferencing tools and web seminars. The Company has established an online framework, such as by newly establishing our own studio.

## Business discontinuation support that utilizes funds

The Company manages the "Business Succession Fund" as one solution for corporations having difficulties with business succession. This fund was established in 2016 by "Shinsei Aoyama Partners Co., Ltd.," a joint venture with Shinsei Bank, Limited.

This fund proposes new choices and supports the change or discontinuance of business for businesses where smooth business succession or M&A are difficult due to operating losses, etc. Consultations from corporations whose financial position is challenging due to the COVID-19 crisis, etc. are increasing. We will expand the Business Succession Fund by proactively holding seminars to respond to customers' requests.

## Aoyama Family Office Service

In January 2021, we established Aoyama Family Office Service Co., Ltd. (AFOS), which is a new business that develops family office businesses specializing in the non-property field.

Recently, family-owned businesses faced with the issue of sustainable development are increasing against the backdrop of sudden changes to the business environment and the diversification of families' values that support business. It is necessary to support the "non-property" field with the unity of the one family that supports business as the focal point in order to sustainably develop as a family business. AFOS welcomed Mr. Takashi Yoneda, who participates in the planning of the family office for prominent families, as Director.

We will aim to expand business in the "non-property" field by strengthening collaboration with regional financial institutions, partners, etc. in order to support family businesses that support regional economies.



## ADVANTAGE CLUB

ADVANTAGE CLUB, the real estate small-lot product established by the Company, was very well received in 2020, and totaled ¥9.28 billion as opposed to the target amount for establishment of ¥8.0 billion.

Amid seeing violent fluctuations of financial instruments and exchange rates internationally, the need for stable property management, which has the characteristics of real estate small-lot products, has increased.

The target amount for establishment in fiscal year 2021 has been set at ¥15.0 billion, and a framework where products can be developed regularly every quarter has been established. By expanding the sale of products for our customers at financial institutions, we will work to provide our products to many customers.



## Appointment of Specified Joint Real Estate Enterprise Council Chairman

The Specified Joint Real Estate Enterprise Council, which brought the sound development of the real estate industry and the synergistic activities with public and private sectors working together into perspective, started in March 2020. In September 2020, the President of the Company was appointed as the first Council Chairman.

We will make regional revitalization and the development of public real estate products, etc. with high utility possible by utilizing structures from the Real Estate Specified Joint Enterprise Act in this current time of low growth, and gathering public and private funds as well as funds from individual investors, etc. We will work to expand business that responds to investors' needs as well as social significance.

# The Company's initiatives based on environmental analysis of the COVID-19 crisis

## Studio

In order to respond to the societal change that has put online communication into the mainstream, the Company newly established a studio for filming videos in January 2021. We will provide diverse information to customers, primarily focusing on online seminars and the streaming of video content. Increasing our ability to communicate will lead to the further improvement of non-face-to-face sales capabilities and recognition.



## Satellite office

As a way to diversify COVID-19 crisis risk and as part of working style reforms, we opened satellite offices in Akihabara, Fuchu and Shin-Yokohama in December 2020. Just like the Head Office, each satellite office creates a highly productive environment by guaranteeing conference rooms and individual booths. Because of this, employees' average commuting time has decreased by approximately 17 minutes. Going forward, we will continue to aim to improve employees' work environment and work efficiency.



## Website renewal

We renewed our official website, aiming to reinforce our seminars and video content in order to acquire new customers as well as enhance our IR page. We will work to provide all of our shareholders with information that is easy to understand.

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

Aoyama Zaisan Networks Company, Limited 検索



# 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 February 1, 2021)

Japan  
91 bases  
\*92 offices

- Hokkaido**
  - Aoyama Zaisan Networks Hokkaido Support (IKEKAWA 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)
  - 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)
  - 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 Group Co., Ltd. (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

- 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 ZEIRISIHOUJIN)
  - Zaisan Networks Nagoya Support (Meinan Consulting Network)
  - tax accountants' corporation kanade
  - 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)
  - Zaisan Networks Hyogo Co., Ltd. (Nihonkeiei Will Tax Accountant Corporation)
  - 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)
  - Ikeeda & 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)
  - 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)
  - NAGATA KAIKEI
  - MIRAI TAX ACCOUNTING OFFICE
  - IDEA Research Institute Consulting Co., Ltd. (IDEA Tax Corporation)
  - Mori Accounting Tax Corporation
  - Zaisan Networks Okinawa Co., Ltd. (PS Accounting Office)

## 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 2020.

**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**

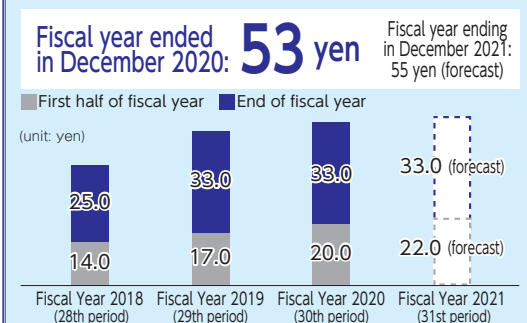
Ukai special select Sukiyaki beef  
**worth 30,000 yen**

**Shareholder incentive item number C**

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

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



## Overseas

- 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

## Expanding network to Asia and North America

## ■ Corporate Data (as of December 31, 2020)

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	1,153.52 million yen
Business line	Individual property consulting Business succession consulting Real estate solutions consulting
Number of employees (Group)	247
Consolidated subsidiaries	5 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, 2020)

Number of shares in issue	12,142,400
Number of shareholders	5,230
Major Shareholders (Top 10)	

Name	Shares held	Shareholding ratio
Masazumi Hasumi	1,236,600	10.18
Yasuo Takano	665,800	5.48
NOMURA PB NOMINEES LIMITED BUS - MARGIN (CASH BP)	533,700	4.39
Nihon M&A Center Inc.	500,000	4.11
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM 02 505002	464,400	3.82
Custody Bank of Japan, Ltd. (trust account)	343,400	2.82
Custody Bank of Japan, Ltd. (pension trust account)	312,700	2.57
Custody Bank of Japan, Ltd. (trust account 9)	300,600	2.47
Capital Asset Planning, Inc.	200,000	1.64
The Master Trust Bank of Japan, Ltd. (trust account)	183,700	1.51

## ■ Executives (from March 26, 2021)

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 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.