

Aoyama Zaisan Networks Company, Limited Integrated Report 2022

Corporate Data (as of June 30, 2022)

Corporate Profile

Name of Company	Aoyama Zaisan Networks Company, Limited
Head Office	3F Aoyama Tower Place, 8-4-14 Akasaka, Minato-ku, Tokyo 107-0052 Phone: +81-3-6439-5800
Incorporated	September 17, 1991
Capital stock	1,210.99 million yen
Business line	Property consulting Business succession consulting Real estate solutions consulting
Number of employees (Group)	290 (across group companies)
Consolidated subsidiaries	Aoyama Estate Co., Ltd. Nihon Shisan Souken 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 5 other companies

Stock Overview

Number of shares in issue	24,520,859 shares
Number of shareholders	5,868

Major Shareholders (Top 10)

Name	No. of shares held	Ratio (%) *
Masazumi Hasumi	2,500,718	10.29
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	1,156,800	4.76
The Master Trust Bank of Japan, Ltd. (trust account)	1,109,000	4.56
Nihon M&A Center Inc.	1,000,000	4.11
Yasuo Takano	691,600	2.84
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	575,054	2.36
Custody Bank of Japan, Ltd. (trust account)	537,300	2.21
Custody Bank of Japan, Ltd. (pension trust account)	537,000	2.21
Capital Asset Planning, Inc.	400,000	1.64
MSIP CLIENT SECURITIES	367,900	1.51

*Ratio of shares held to total number of shares issued (excluding treasury stock) (%)

Executives

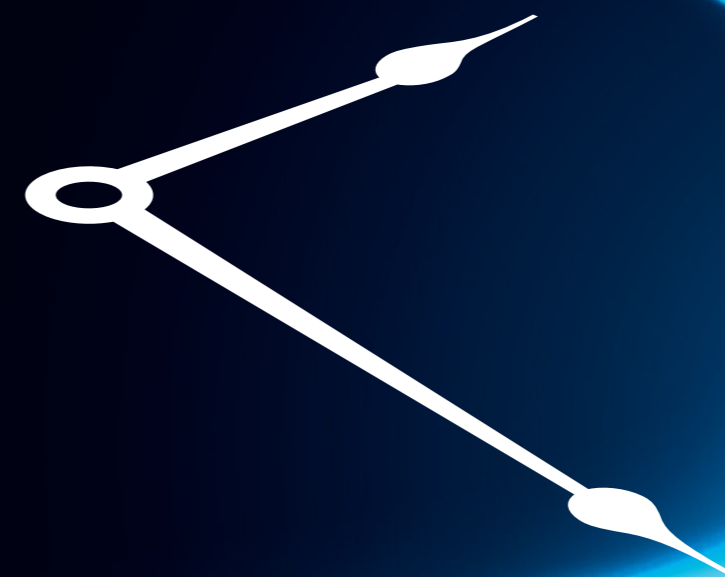
President	Masazumi Hasumi
Director, Managing Executive Officer	Masayuki Yagi
Director, Managing Executive Officer	Takeshi Matsuura
Director, Managing Executive Officer	Takaomi Ogawa
Director, Managing Executive Officer	Shintaro Hashiba
Director, Executive Officer	Shinji Shimane
Director, Executive Officer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

For more information or inquiries about this report, please contact:
Aoyama Zaisan Networks Company, Limited
Corporate Planning Division
Phone: +81-3-6439-5824
URL: <https://www.azn.co.jp/contactus/>



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Creating value with the sum total of interpersonal skills



株式会社 青山財産ネットワークス
Aoyama Zaisan Networks Company, Limited

We will remain your best partner in 100 years.

We are a comprehensive property consulting firm that safeguards both assets and the future.



Management objectives

1. We seek to contribute to the happiness of our clients through the succession, operation and management of property.
2. We seek to ensure both the physical and mental well-being of the members whom we work with.

Core values

1. We are committed to helping our clients resolve their asset-related problems, and we will continue to grow into a company that takes true pleasure in helping our clients.
2. As we work for AZN, we accumulate virtues and undergo growth into people with strong interpersonal skills.
3. We seek to maintain the balance among financial, physical, and mental resources and to enrich and expand each of these aspects, enabling our clients to lead happy lives, and us too.
4. Each of us understands his or her role, and to fulfill that role, each of us seeks to develop his or her wisdom, capacity for action, and interpersonal skills, always displaying tenacity and passion.

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◎ Editorial Policy of this Report

This report primarily covers performance for FY2021 (January 1, 2021 to December 31, 2021). But some parts deal with data or events from prior years or from most recent years.

Essentially, the subject of this Report is Aoyama Zaisan Networks and its group companies (10 consolidated subsidiaries) as of December 31, 2021.

◎ Notes on future prospects

The contents of this Integrated Report that are not historical facts are future forecasts made by Aoyama Zaisan Networks Company, Limited based on its outlook and plans. These future forecasts contain factors including risks and variables; actual outcomes and performance may vary from them.

Our Profile

Overview of Aoyama Zaisan Networks

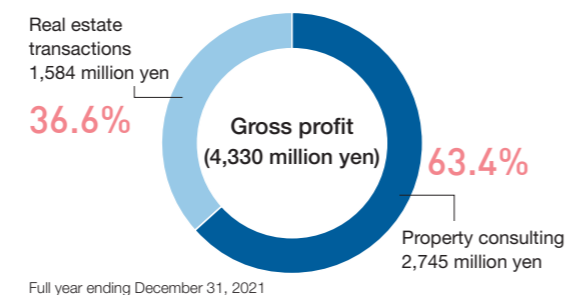
Growth trajectory

Aoyama Zaisan Networks (AZN) is a property consulting group serving both individual asset owners and business owners. After commencing business in 1991 as a group company of Funai Consulting Incorporated, the firm focused initially on the real estate business. With the global financial crisis of 2008 as a turning point, we expanded our business from a short-term profit taking structure centered on resale of real estate to a long-term, **total optimization** standpoint on property consulting for our clients as our main focus. Our revenue classifies broadly from property consulting to real estate transactions, with property consulting revenue being our main source of profits.

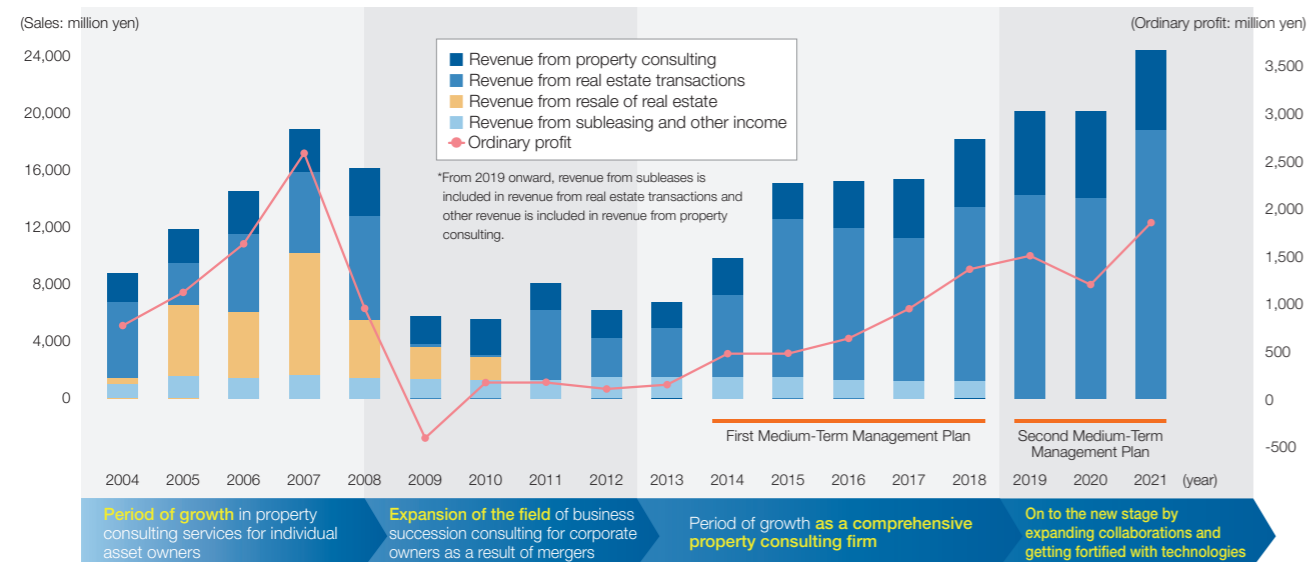
Through comprehensive property consulting for the perpetuation of families and businesses, Aoyama Zaisan Networks contributes to the happiness of its clients. We

will continue to grow sustainably to become Japan's No. 1 comprehensive property consulting firm, supported by clients who know, "When it comes to property, it's Aoyama Zaisan Networks."

Overall composition of profits



Transitions in business portfolio and net sales

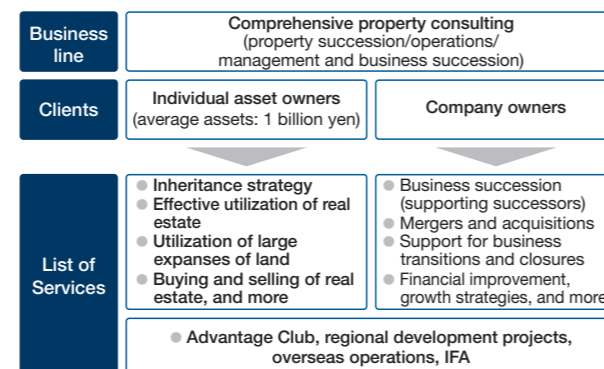


Business line

Comprehensive property consulting, which lies at the core of our business, is a consulting service designed to achieve the optimal property structure to perpetuate our clients' families and businesses. We offer a one-stop consulting service for the succession, operation, and management of property and business succession for individual asset holders (landowners and financial asset holders) and corporate owners.

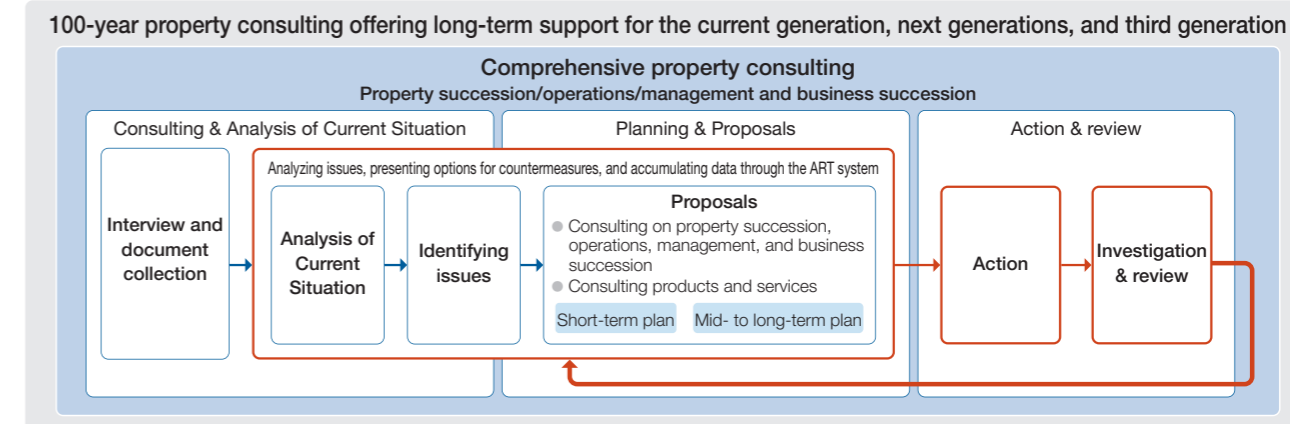
Our group supports **total optimization** planning and implementation for our clients through expert perspectives, with more than 150 holders national certifications employed by AZN, and through our unique analytical methods built up over many years.

Business and service overview



Our business model and 100-year property consulting

Business model



The Aoyama Zaisan Networks business model involves building relationships of trust by contributing to the happiness of its clients and earning ongoing property consulting revenue from these long-term relationships.

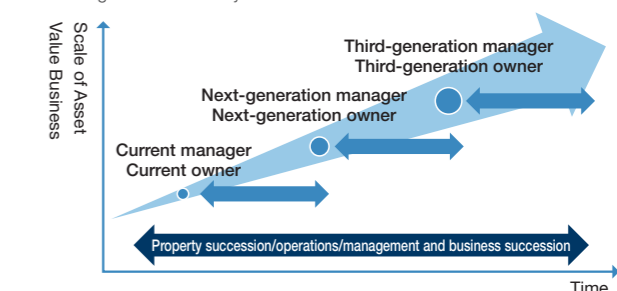
Our consulting process is firmly based on interviews with our clients and collection of documentation. We provide long-term support to our clients by repeating this cycle: analysis of the current situation, identification of issues, planning and proposals, implementation, verification, and review by our own analysis tools and experts. By utilizing AZN Group's proprietary **ART system**, we provide high-quality consulting services ranging from analysis of current situations to planning and proposals.

In the fields of property and business consulting, AZN is committed to **100-year property consulting** to look after property not only for the current generation, but also for the next generation and the third generation. Working from a **total optimization** standpoint, we are always striving to solve issues related to the succession, operations,

and management of property as well as business succession by building long-term relationships with our clients and proposing methods to smoothly facilitate succession and operations. By doing this, we maintain and expand the size of our clients' assets and perpetuate their families and their businesses, providing the foundation for AZN Group to earn stable revenue.

100-year property consulting

A business model in which long-term relationships are built with clients, which generates long-term revenues through consulting from the current generation to the next generation and beyond.



The market environment & our strengths

In January 2015, Japan's Inheritance Tax Act was amended, reducing the basic inheritance tax exemption and raising the maximum tax rate to 55%. This has resulted in a sharp increase in the number of persons now subject to taxation, as well as a significant increase in the percentage subject to taxation. As a result, we have received an increasing number of inquiries from individual asset owners, and some of whom have become our clients.

In terms of business succession, Japan's declining birthrate and aging population have caused a chronic shortage of suitable successors for businesses. By 2020, the average age of company presidents in Japan was in excess of 60 years, and the percentage of companies without designated successors hovered around 65%.

We anticipate that our clients' needs for the succession,

operation and management of their property as well as succession of business will continue to expand. By leveraging AZN's strengths as a group and consistently working to resolve these issues, we will continue to accompany our clients into the future.

Strengths of Aoyama Zaisan Networks

- Expert insights and application of technology
- Ability to propose and implement **total optimization** based on **5 standpoints**
- Comprehensive property consulting services for **assets and business**
- Reliability that comes from being listed on the stock exchange, and neutrality that comes from being independent

Our Value Creation Story

Our Value Creation Story

AZN Group's Management Objectives are "To contribute to the happiness of our clients through the succession, operation and management of property" and our mission is "To achieve the optimal property structure through consulting on the succession, operation, and management of property so that our clients' families and businesses can develop and prosper."

In order to realize this mission, AZN Group exists to "deliver optimal proposals from a bird's-eye, big-picture perspective in order to solve our clients' problems." We contribute to our clients' happiness through the enrichment of their property,

bodies, and minds by solving property-related problems that exists in society, in the belief that the enrichment of social property will lead to sustainable growth for society. We have outlined the process of value creation as shown in the diagram below.

Firstly, as an AZN comprehensive property consulting firm, we provide **total optimization** solutions to the property concerns of asset owners and business owners that have some bearing upon social issues.

We contribute to our clients' happiness by helping to resolve issues and eliminate concerns, and by helping to build

relationships of mutual support between **property** and **business/family** for our clients. Our clients' families will continue to grow and prosper, passing on better assets and better businesses to the next generation and onwards to the next generations.

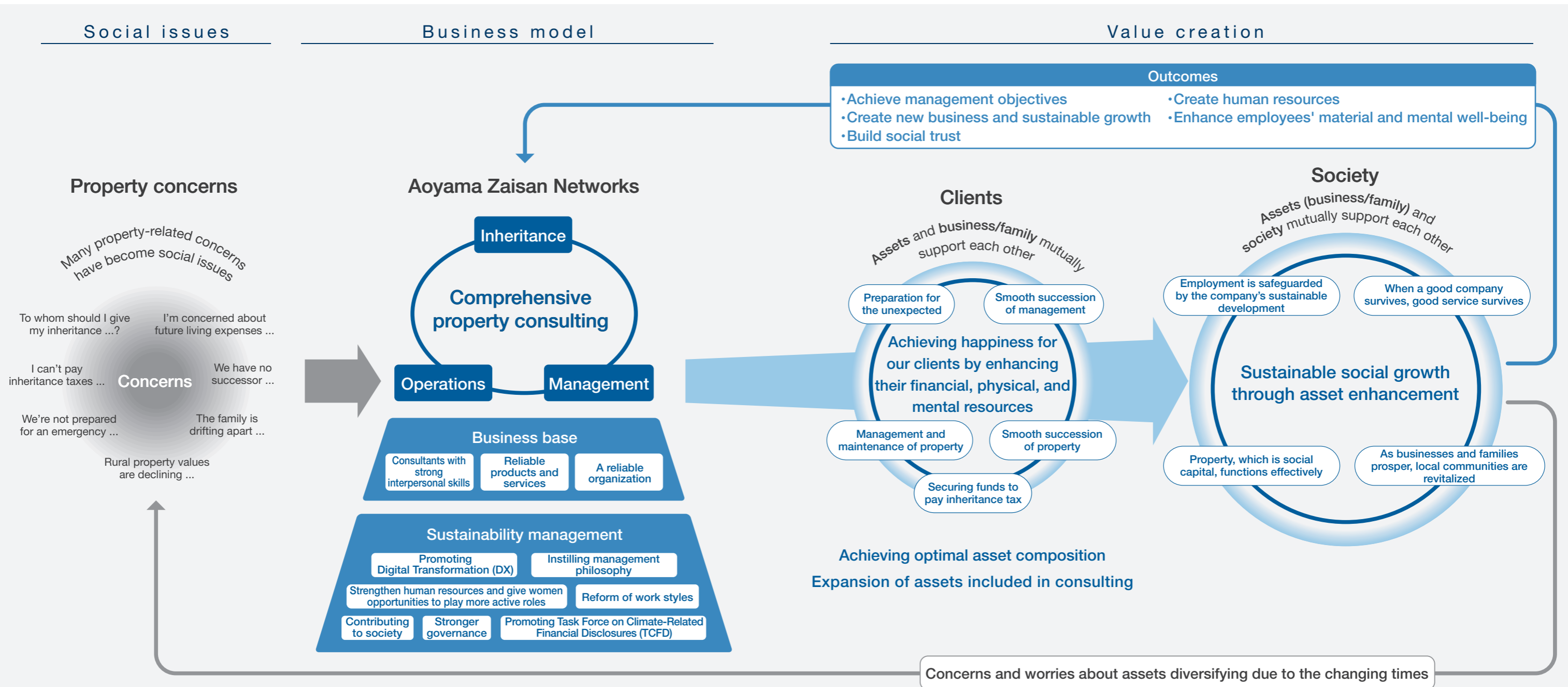
Our society will see the benefits of these businesses and assets growths, aiding in the achievement of a sustainable society in which communities and society prosper, employment grows, and quality services continue, which in turn will support the sustainable growth of AZN Group. This enables us to realize our management objectives and our philosophy,

which in turn will lead to creation of value for our clients and for society.

As times change, so do social issues and our clients' property concerns. For new concerns and new social issues, we envision a cycle of processes in which we, as a group of experts, provide new solutions to help our clients develop further. This is the value creation story of our AZN Group.

In the future, we will focus not only on succession and value creation around property and business, but also on helping to create value to pass on the family's philosophy and aspirations.

Value creation process at Aoyama Zaisan Networks



Our Vision

Our Vision

Our Vision

Japan's top comprehensive property consulting firm supported and chosen by many clients as "When it comes to property, it's Aoyama Zaisan Networks"



Aoyama Zaisan Networks started business in 1991 as a group company of Funai Consulting Incorporated.

We have operated as a property consulting company offering real estate solutions.

We have expanded our business in Japan and overseas as a consulting company providing comprehensive property-related solutions to "individual asset owners" and "corporate owners," marking our 30th anniversary in 2021.

Having declared our management objectives as, "We seek to contribute to the happiness of our clients through the succession, operation and management of property," we will continue to make

further strides to realize our long-term vision to look after the **assets** of our clients and,

by extension, of society, and to lead them into the future.

Our Strategy

Medium-Term Management Plan

Third Medium-Term Management Plan

Our vision is to become Japan's No. 1 comprehensive property consulting firm, supported by clients' who know, "When it comes to property, it's Aoyama Zaisan Networks." Our Medium-Term Management Plans are formulated to realize this long-term vision.

Following the First Medium-Term Management Plan in our venture phase and the Second Medium-Term Management Plan in our growth phase, the Third Medium-Term Management Plan for the three-year period beginning in FY2022 is positioned as **a period of expansion and growth as a comprehensive property consulting firm**.

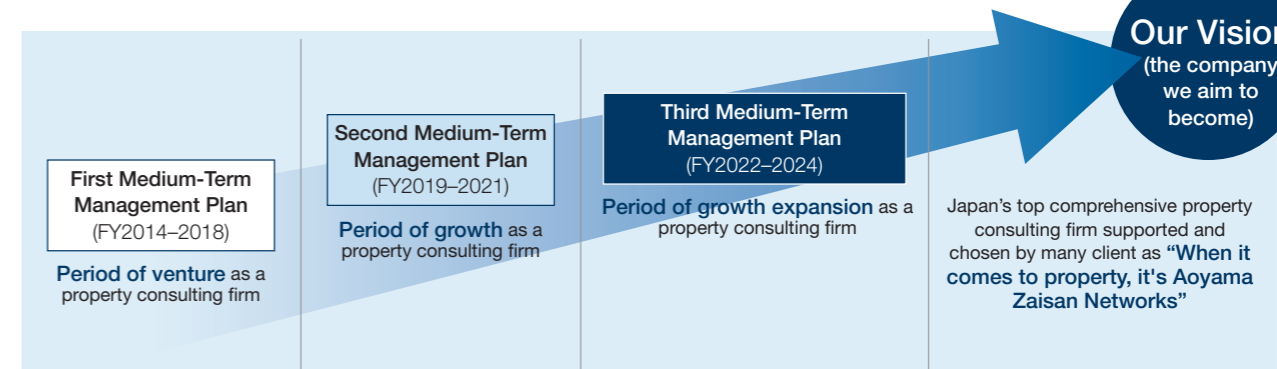
AZN Group's profits and sales grew steadily during the venture period, but from FY2019 to FY2021, which had been positioned as a growth period, our profits, sales, and productivity per consultant remained flat, and AZN Group is currently experiencing something of a growth plateau. Therefore, for our Third Medium-Term Management Plan, we have formulated a plan with clear quantitative targets, keeping in mind the paramount issues of increasing profitability and productivity.

With regard to operating profit, in order to be able to provide services that exceed client expectations, we aim for continuous annual growth of 35% in operating profit each year. In the final fiscal year of this plan, FY2024, we expect gross profit of 7.5 to 8 billion yen, operating income of 4.5 to 5 billion yen, and an operating profit ratio of 10%.

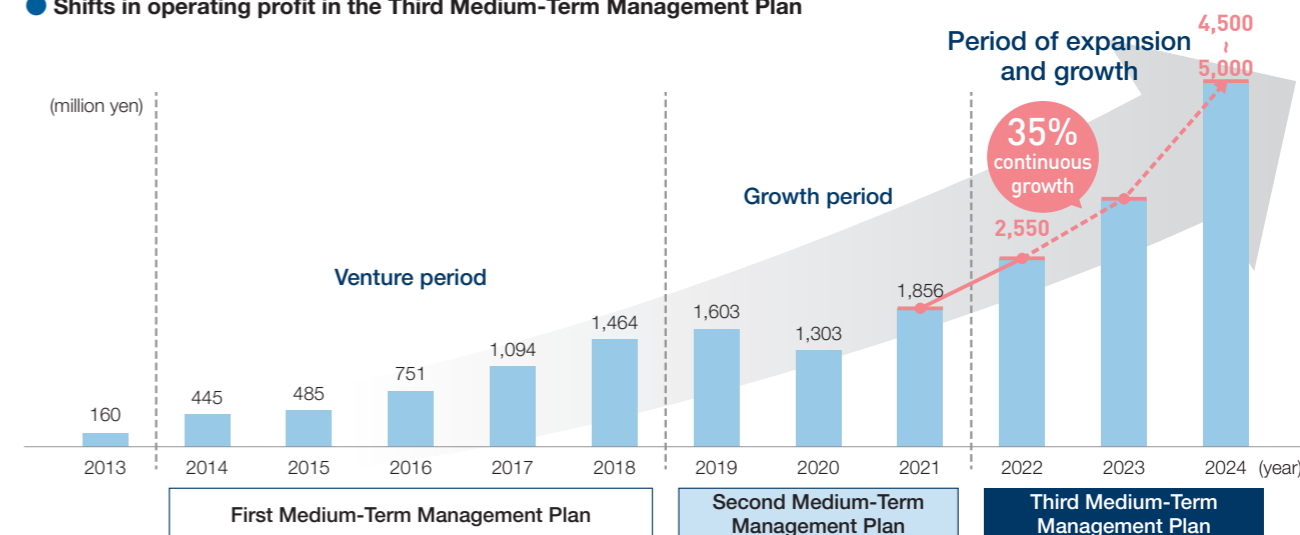
With respect to the 183 consultants currently on staff, AZN aims to increase the proportion of property consulting revenue in its gross profit and improve sales by substantially increasing the number of consultants through aggressive investment in human resources. At the same time, we will be promoting DX to increase productivity and improve our operating profit ratio.

To accomplish these goals, various measures have been formulated for the Third Medium-Term Management Plan, based on the **4 standpoints** outlined on the following page.

Third Medium-Term Management Plan (Overview)



Shifts in operating profit in the Third Medium-Term Management Plan



Our Strategy

Medium-Term Management Plan

4 standpoints of the Third Medium-Term Management Plan



Standpoint #1 Achieving higher quality and quantitative expansion of our client services, based on the twin cornerstones of comprehensive property consulting services and strategic individualized services

AZN Group offers eight strategic individualized services, including **Advantage Club**[®], a small-lot real estate product, and aims to improve quality and expand quantity in conjunction with its other cornerstone of comprehensive property consulting services.

Some new clients may feel that suddenly dealing with a comprehensive suite of property consulting services is too much. For this reason, we believe that by first making contact with our clients through strategic individualized services that meet their needs, and then using that as a starting point, we can smoothly connect them to our comprehensive property consulting services.

We look forward to increasing revenues by meeting client needs through the synergistic effect of these services and by building long-term relationships.

The relationship between strategic individualized services and comprehensive property consulting services



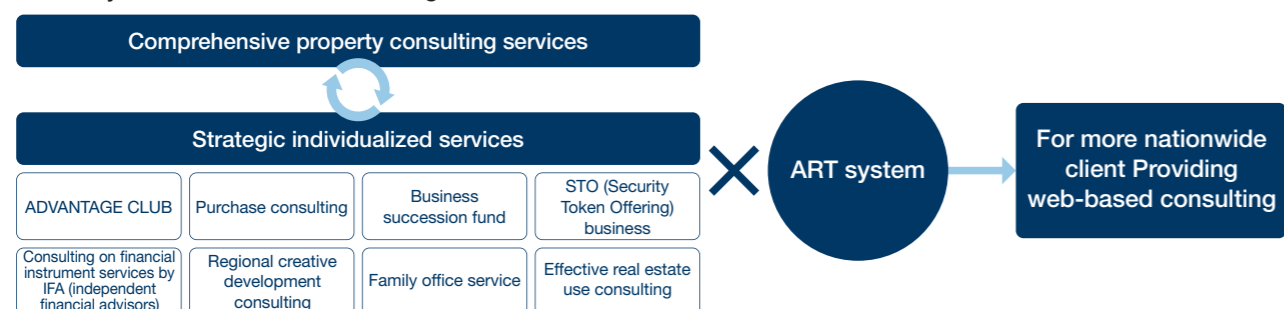
Standpoint #2 We offer property consulting services via smartphone and online communication tools as standard services

We will aggressively promote DX to increase profitability and productivity. The core of this approach is the **ART system**, which was developed and introduced by the

Group in February 2021.

The **ART system** integrates and incorporates the knowledge of top consultants in various fields, including

ART system & web-based consulting



inheritance strategies, business succession, and utilization of real estate. With the simple input of client data, the system can speedily analyze issues and present options for strategies and measures. By utilizing the **ART system** and online services, we are able to provide consulting services to numerous clients throughout Japan.

Also, by introducing the **ART system**, we have established a system for division of labor in consulting work. Our inside sales team handles the initial stage of each project, and is able to provide standardized consulting using the **ART system**. This allows our highly specialized consultants to demonstrate their expertise, to focus on

comprehensive property consulting work, and to provide more extensive care to clients than ever before.

The system is currently undergoing improvement to provide standard services using smartphones and online communication tools. For example, we plan to implement the ability to make purchases for **Advantage Club**, our flagship product for strategic individualized services, via a smartphone app by the end of 2022.

We are also strengthening our direct marketing and considering new developments, including the use of platforms to provide a digital window into the market.

Improving productivity and customer service with DX

	Contact point with new client	Receiving inquiry	Meeting & consulting	Application	Ongoing follow-up
Before	Consultant responds to referral from financial institutions, etc.	Consultant handles everything from the initial stage	Mainly face-to-face for clients in the Tokyo area (online meetings also used)	Written application	Personalized follow-up by consultant
After (From 2022 onward)	Utilize digital platforms	Division of labor × ART system	For clients nationwide Online meetings × ART system	Application via smartphone (Advantage Club, etc.)	Utilize digital platforms

Standpoint #3 Growing into a consulting group with strong interpersonal skills

For our consultants, it is of paramount importance to earn the trust of our clients in order to successfully consult with them about their valuable assets and businesses.

To achieve this, it is essential that we grow into a consulting group that possesses strong **interpersonal skills** combining integrity, kindness, and compassion. Among the interpersonal skills required, AZN considers a sense

of wanting to help others—the desire to contribute to the happiness of our clients—to be particularly essential.

In order to build up such interpersonal skills, in addition to ideals training conducted in-house, we promote initiatives such as supporting participation of Group employees in activities that contribute to society outside the company too.

Standpoint #4 Proactive approach to social contribution activities

In conducting sustainable operations, it is also important that companies actively engage in social contribution activities as part of their corporate social responsibility. AZN has been continuously making donations to the Tokyo Medical Association and providing supplies to medical institutions, using a portion of the profits generated through its business.

We will continue to make company-wide contribu-

tions through cross-functional organizations such as our Sustainability Committee to help realize a society that sustains many people in happiness. Specifically, as well as donating to organizations tackling social issues such as **elimination of pet euthanasia** and **support for subsidized children's cafeterias**, we promote our employees' own social contribution activities and have established a new social contribution plan as a shareholder benefit, among other efforts.

Bringing happiness to as many clients as possible Toward three years of further growth

Our Second Medium-Term Management Plan, which included the three-year planning period from 2019 to 2021, is now completed and we have started our Third Medium-Term Management Plan from 2022 to 2024. Here, company president Masazumi Hasumi shares his thoughts on the Third Medium-Term Management Plan, which is positioned as a period of expansion and growth toward the realization of our long-term vision.



DX gets underway, with the adverse circumstances of the COVID-19 pandemic as a springboard

— What is your assessment of the Second Medium-Term Management Plan, which came to an end in FY2021?

Since my appointment as company president in 2008, I have been striving to make us Japan's No. 1 comprehensive property consulting firm, supported by clients who know, "When it comes to property, it's Aoyama Zaisan Networks."

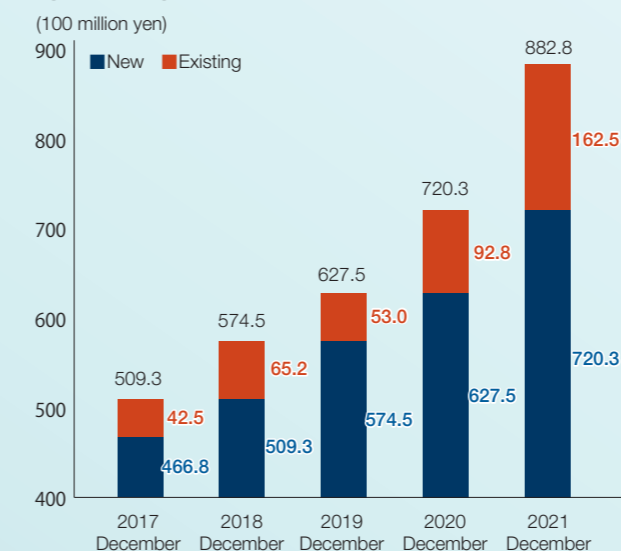
The three years of our Second Medium-Term Management Plan, which started in 2019, were positioned as a period of growth as a property consulting firm, as well as a period for improving our interpersonal skills and arming ourselves with technology in preparation for a future period of expansion and growth.

In 2020 and 2021, property consulting sales were impacted by the COVID-19 pandemic and growth in this area was sluggish. Although the AZN business model involves holding seminars and providing individual consultations to participating clients on an outsourcing basis, the COVID-19 pandemic made it impossible to hold face-to-face seminars, and face-to-face communications with partner financial institutions and clients were also limited, resulting in fewer points of contact with clients. It also prevented us from fully demonstrating our consulting

President

Masazumi Hasumi

Shifts in cumulative total assets of Advantage Club partnerships



capabilities to our clients. On the other hand, strong performance in real estate transactions such as **Advantage Club**, which was strategically expanded to incorporate new clients, made up for this, and we were able to finish FY2021 on an upward trend in sales and profit.

Despite the COVID-19 pandemic, our DX initiatives have progressed beyond expectations, although one of the principal goals of our Second Medium-Term Management Plan was to arm ourselves with better technology. We have set up our own studio, started online seminars, and established a framework for online communications with our clients, including web conferencing. Additionally, we have developed a new system that centralizes the knowledge accumulated by our Group to improve the efficiency of consulting operations, enabling rapid delivery of high-level services to our clients. This is the **ART system**, which was officially launched in 2021.

4 standpoints for recovery toward a growth trajectory

— Aside from the impact of the COVID-19 pandemic, what other changes have you seen in the business environment?

Since the controversial "20 million yen retirement savings problem" in 2019, interest in asset management has been growing. An increasing number of households are selling their income-producing real estate properties to convert it into cash, using it to cover living expenses. In addition, the number of consultations with our Group has been increasing, partly due to the COVID-19 pandemic, as the difficulty of finding successors as well as declining profitability make it difficult to continue business independently, and people are increasingly choosing to

Third Medium-Term Management Plan: The 4 standpoints



pass on their businesses to third parties.

— Please explain the Third Medium-Term Management Plan, which was initiated amid such circumstances.

In our Third Medium-Term Management Plan, which we have positioned as a **period of expansion and growth** as a property consulting firm, we will focus on increasing new clients, which was an issue during the Second Medium-Term Management Plan, and on strengthening our human resources. Specifically, we will strengthen our position from four standpoints.

— What are these four standpoints? Please explain them in order.

The first perspective is improving the quality and expanding the quantity of our services to clients through the twin cornerstones of **strategic individualized services** and **comprehensive property consulting services**. Up to now, comprehensive property consulting services have been our main point of contact with clients, but responding to individual needs makes clients aware of our consulting services and encourages them to entrust us with comprehensive property consulting services. This is the sort of flow we aim to create. We will also further expand our partnerships with partners who possess numerous points of contact with clients and strengthen our services in the field of real estate, where we can leverage our

Top Message

President's Message

group's strengths. We believe that by working in tandem with comprehensive property consulting services, we will be able to provide high-quality services to our clients from a total optimization standpoint.

In the field of comprehensive property consulting, in addition to succession, operation, and management of assets for individual asset holders in the Tokyo metropolitan area, we are strengthening our consulting services to provide total succession, operation, and management of **businesses** and **assets** for small- and medium-sized business owners to enable our clients' families and businesses to develop and prosper.

In terms of **strategic individualized services**, we place particular emphasis on family office services. We work with regional banks and other partners nationwide to create a framework for the development in perpetuity of high-quality family businesses throughout Japan, both listed and unlisted.

Promoting DX and strengthening human resources to support the next generation

— What is the second standpoint?

This is offering property consulting services utilizing smartphone and online communication tools as standard services. We will continue to increase our productivity by promoting DX, hiring and training human resources, and overhauling our organizational structure.

To this end, we will invest more aggressively in human resources and systems from 2022 to enhance our human resources and business infrastructure. For example, we plan to implement the ability to make **Advantage Club** purchases via a smartphone app by the end of 2022. Shifting over to the app allows us not only to increase the number of new clients and increase productivity, but also enhance convenience for our clients.

— **As DX gets underway, aren't you also promoting the hiring and training of human resources, which is one of the foundations of business?**

Recruitment and training of human resources means, in our case specifically, increasing the number of consultants who will support the future of our group.

Consultants need to possess wisdom, capacity for action, and interpersonal skills. Our group's role is to ensure our clients' satisfaction with **total optimization** solution plans by applying these three capabilities to any issues they are facing.

However, as the business environments in which our clients are involved change year by year and as the issues they face become more complex, the scope of expertise required keeps expanding. In order to meet a diverse range of needs, consultants need to be more knowledgeable and experienced than ever before.

We actively recruit dedicated specialists such as tax accountants, accountants, and lawyers with an interest in property consulting, and we keep raising the level of our

consulting services by acquiring broader knowledge and utilizing the **ART system**. We are also instituting a system for division of labor to enable our consultants to concentrate on highly specialized consulting.

In addition, we are constructing our own in-house training program in anticipation of expanded hiring. We plan to acquire assistance from external experts, extract the specialized knowledge necessary for consulting, package it, then offer it as an educational program for our consultants. To drive further business growth, we will actively train and appoint young people in leader roles, create a pleasant work environment, and give women opportunities to play more active roles.

— Why have you chosen to focus on women?

In order to resolve issues related to our clients' assets, we need to provide consulting services that go beyond the concerns of the client's assets, encompassing the feelings of the client's family too. We believe that in order to meet the diverse values and needs of our clients, it is important to have a diverse group of consultants. Although the number of female consultants at AZN is still low, whenever we communicate with family members beyond the head of the family, some clients find it easier to discuss matters with a female consultant. In the modern age, demand for female consultants is increasing. I believe that women will find this job rewarding, as they can easily adjust their hours, help other people, and gain expertise that is sure to prove useful personally. We are also putting in place measures to create a better work environment for women, such as childcare support.

Interpersonal skills of employees: a foundation for sustainable management

— Could you tell us the third standpoint?

The development of our Group depends on our ability to contribute to the happiness of our clients by solving their asset-related problems. Two crucial qualities required of consultants are **the mindset to work for the benefit of others** and **the ability to empathize with the feelings of clients**. It is important to properly understand our clients' problems, desires, concerns, and worries, and how we can contribute to meeting their true demands. We have been helping clients to sustain their families and their businesses in perpetuity for generations. It is simply not possible to provide consulting services without building a foundation of trust. In order to earn the trust of our clients, it is essential that we grow into a consulting group that possesses strong **interpersonal skills**. Having interpersonal skills means being able to think about what our clients really need and search for solutions with kindness, warmth, and sincerity—in other words, an altruistic mentality.

To that end, we need the strong desire to **serve our clients** and we need wisdom and capacity for action to resolve problems, all based upon strong **interpersonal**

skills enabling us to prioritize the happiness of our clients.

The value of our group is the total sum of the interpersonal skills possessed by every single one of our members. Raising the level of our interpersonal skills is essential to the growth of our business. During the Third Medium-Term Management Plan period, we will be working to strengthen this aspect too.

— **A new in-house Sustainability Committee has been established. Development of interpersonal skills is one objective of the Committee, apparently.**

The Sustainability Committee, which I chair, has five subcommittees: TCFD, Instilling Management Philosophy and Strengthening Human Resources, Changing Work Styles, Social Contribution, and Strengthening Governance. Each of these subcommittees has formulated goals and plans to achieve their respective goals, and a system has been established to ensure that information is shared regularly and steadily acted upon, including by the Committee and the Board of Directors.

We added Changing Work Styles because we believe that unless our consultants are healthy, both physically and mentally, they will not be able to develop strong interpersonal skills and provide outstanding consulting services.

— **So the Sustainability Committee plays a central role in the fourth standpoint driving the Third Medium-Term Management Plan?**

The fourth perspective is actively promoting social contribution, which is one of the segments of the Sustainability Committee. We continuously donate a portion of our earnings to organizations tackling social issues such as support for subsidized children's cafeterias and elimination of pet euthanasia. At the same time, we hope by engaging in social contribution activities, our employees will gain empathy with the pain of others and will become more kind to other people. Many of these activities have also been conducted in the past, but have been restructured at this time.

Responding to expanding consulting needs from a total optimization standpoint

— Can you talk about your outlook for the future?

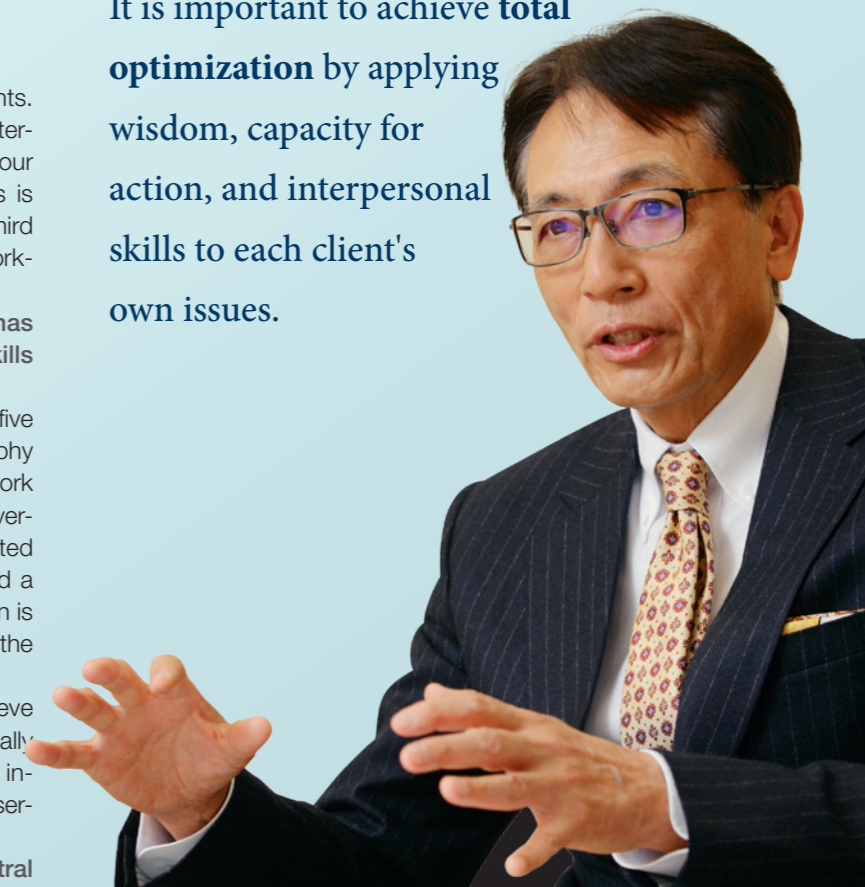
From this year, the baby boomer generation will truly become elderly, and their needs for property succession, business succession, and property management are expected to increase over the next couple of decades.

On the other hand, there are still very few consulting firms that take into account **total optimization** as outlined in our five standpoints on comprehensive property consulting. Many consulting firms provide only **partial optimization** in their respective areas of expertise, and do not meet the real demands of their clients.

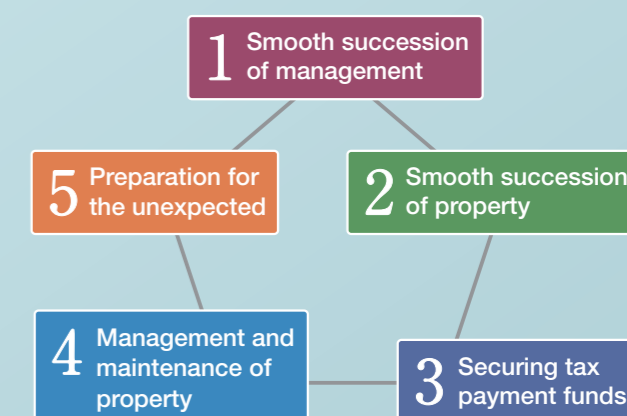
— **So a gap exists between needs and services?**

I believe that Aoyama Zaisan Networks needs to fill this gap.

It is important to achieve **total optimization** by applying **wisdom, capacity for action, and interpersonal skills** to each client's **own issues**.



5 standpoints on comprehensive property consulting services



To resolve our clients' issues, it is essential that we maintain a mindset of full commitment to our clients and their happiness, as well as the happiness of those around them. Our role lies in ensuring that consulting based on this concept takes firm root in Japan. We are also stepping up our efforts to raise our profile so that our clients all agree, "When it comes to property, it's Aoyama Zaisan Networks." We are working with our partners to create a system for providing happier business succession, property in succession, and property management services than ever before.

Aiming for 100 years of dividend increases by strengthening our property consulting system

Director, Managing Executive Officer, and General Manager of Corporate Planning Division **Shintaro Hashiba**

Aoyama Zaisan Networks has entered a period of expansion and growth toward its long-term vision of becoming Japan's No. 1 comprehensive property consulting firm supported by clients who know, "When it comes to property, it's Aoyama Zaisan Networks." CFO Shintaro Hashiba discusses current circumstances and future projects from a financial perspective.

Favorable business environment expected to continue

— Performance in 2020 and 2021 was affected by the COVID-19 pandemic, but could you tell us about your longer-term outlook for the business environment?

I think that the business environment is looking good. With the increase in the number of people subject to inheritance tax following the 2015 revision of the taxation law, we are receiving a lot of inquiries from wealthy individuals. Business performance is becoming increasingly polarized, and the respective needs for business succession by family members or employees, M&As, and business closures are all growing. Moreover, the value of assets in rural areas is declining and companies are transferring assets to Tokyo. The question of how to pass on assets and ensure the survival of companies and of families has become a key social issue throughout Japan.

For more than 30 years, AZN has taken a different approach in providing services to address these social issues and client needs. We have accumulated a great deal of expertise, which has enabled us to build a unique position in the property consulting field. For regional matters, we have established an **AZN National Network** with accounting firms, and have strengthened cooperation with

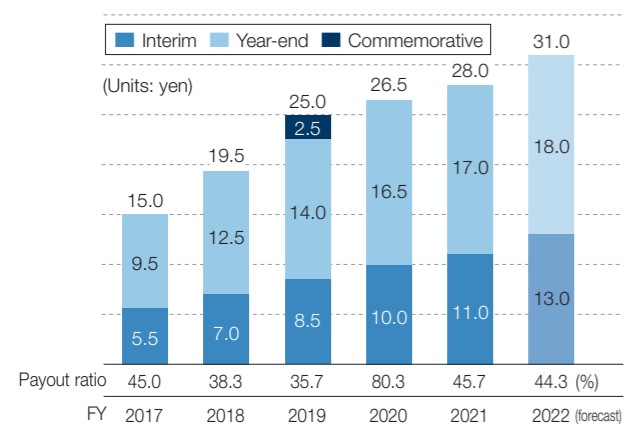
regional financial institutions and other organizations. We have also upgraded our own systems, making it possible for us to deliver our property consulting services throughout Japan.

— Amid these circumstances, this year marks the start of the Third Medium-Term Management Plan. Could tell us more about financial policies?

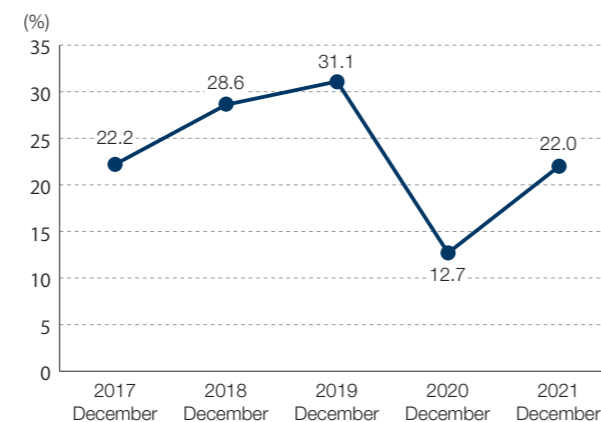
In 2009, AZN posted a significant loss due to the global financial collapse. This led to a significant shift in our business model—from the pursuit of short-term profits to a business model of steadily accumulating profits through property consulting by building long-term relationships with our clients. After 10 years, we believe we have built a financial structure that is capable of generating stable earnings.

As its corporate slogan, AZN proudly declares "We will remain your best partner in 100 years." This means that we will have to continue providing our consulting services across successive generations. With this in mind, we have made it our top financial priority to establish a level of cash and cash equivalents that will allow us to continue providing property consulting services for several years without interruption, even in the event of another major economic risk.

Dividends & dividend payout ratio



ROE (return on equity)



Building from a financially sound base, we will strive to improve profitability and minimize capital costs, and work hard to return profits to shareholders by continuously increasing dividends.



It is also essential for our continued growth that shareholders hold shares of the company's stock in a stable fashion. In FY2021, we increased dividends for 11 consecutive fiscal years, and we intend to continue our policy of increasing dividends. This may sound absurd, but we believe that if we are to realize **100-year property consulting**, we should also aim for consecutive dividend increases for the next 100 years.

Focus on building the foundation for corporate continuity

— From a financial perspective, what are the key points of the Third Medium-Term Management Plan?

We intend to continue to follow our policy of financial soundness and achieve both sustainable growth and shareholder returns, while remaining conscious of capital efficiency.

First is sustainable growth. The wellspring of AZN Group's profits is property consulting, which accounts for 63.4% of our gross profit. In our Third Medium-Term Management Plan, which runs until FY2024, we are seeking 35% growth in operating profit, centered on growth in the property consulting business.

In FY2022, the first fiscal year of this Plan, we will work to establish strategic individualized services, secure personnel for business projects, and build systems to meet the needs of new clients for property succession, management, and business succession, starting with strategic individualized services such as **Advantage Club**. In order to secure the human resources we will need over the next three years, our HR investment expenses in FY2022 will be more than 20% of the previous fiscal year's level. We will also focus on instituting divisions of labor to increase productivity and customer service, improving the office environment, creating a better working environment for women to take on active roles in the company, and investing in systems. We will also expand the functions of the **Advantage Club** application and the **ART system**, which we started operating in the previous fiscal year, and develop a real estate management system for effective utilization of land, thereby promoting the DX transformation of our property consulting services.

Meanwhile, strong demand for **Advantage Club** continues to be seen—in FY2021, we exceeded our goal of 15 billion yen, generating 16.25 billion yen. We will continue to strengthen our alliances with real estate companies, REITs, financial institutions, and accounting firms in order to achieve our cumulative goal of 30 billion yen from partnerships in FY2022.

In terms of shareholder returns, we give comprehensive consideration to our financial condition, cash flow, and revenue prospects, and place the highest priority on continuously increasing dividends, aiming for a dividend payout ratio of 50%, return on equity (ROE) of 20%, and dividend on equity (DOE) of 10%. In FY2021, we achieved a dividend payout ratio of 45.7%, ROE of 22.0%, and DOE of 10.1%, and we aim to achieve a DOE that exceeds the cost of capital.

Also, starting last fiscal year, we have set internal targets for return on invested capital (ROIC) for each business division, seeking to maximize our corporate value by improving returns on capital. We believe it is important to first secure ROE by increasing revenues, as we expect a temporary increase in debt-to-equity ratio (D/E ratio) due to our organizational restructuring, which includes the launch of subsidiaries to provide strategic individualized services, as well as our focus on **Advantage Club** business. Based on our approach of maintaining financial soundness, we will work to achieve the Third Medium-Term Management Plan by both improving profitability and minimizing capital costs.

Working for the future happiness of clients

My role is to work to solve problems while at the same time maintaining financial soundness and investment discipline appropriate for a consulting firm, while promoting growth investments that place the highest priority on human capital investment. We aim to continuously expand profits and increase the satisfaction of all stakeholders, including clients, shareholders, business partners, and employees. We will also steadily undertake ESG initiatives, driven by our Sustainability Committee, to help resolve materiality issues, and strive to improve not only our corporate value as expressed in figures, but also the kind of corporate value that society truly calls for.

Our Value Drivers

Reliable products and services

The role of comprehensive property consulting is to smoothly facilitate inheritance and business succession and to achieve the optimal property structure to perpetuate families and businesses.

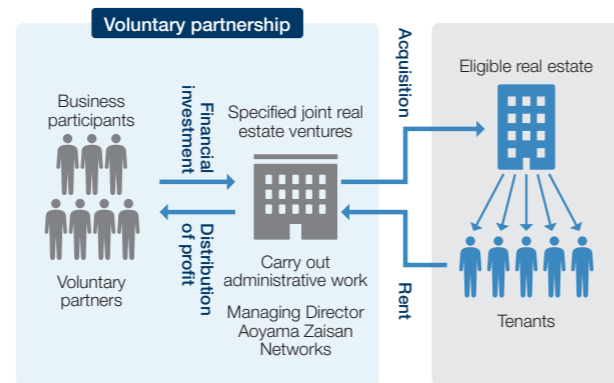
Until now, AZN has focused on providing comprehensive property consulting services, but in order to expand our points of contact with new clients, we have established a system of eight strategic individualized services that will

ADVANTAGE CLUB

Based on the Act on Specified Joint Real Estate Ventures, this is a real estate leasing system that jointly purchases high-value real estate in central Tokyo and receives income from real estate leasing. Clients can invest from units of 10 million yen, stable income can be expected, and the real estate management system is unparalleled. As of June 30, 2022, AZN had 60 partnerships with cumulative total assets of more than 100 billion yen and No. 1 market share.¹ Our target for 2022 is 30 billion yen of new investment. In order to make our services available to new clients, we have been working with financial institutions since 2021, and have formed partnerships with 35 institutions² to date. As the market leader, we will continue to play a role in driving the market.

see wider use in our Third Medium-Term Management Plan.

In collaboration with leading partners, we intend to increase the added value of each strategic individualized service, and by undertaking DX, we are making improvements to make our services both easier to use and more extensive.



Depending on the voluntary partnership, the type of real estate lease may vary.

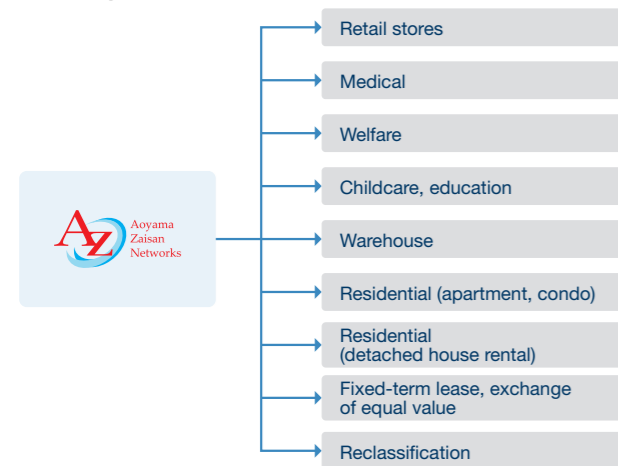
Effective real estate use consulting

We assist our clients in planning and implementing effective utilization of land in the Tokyo metropolitan area. AZN's team of experts in effective land utilization works to gather information and consider problems related to your land or buildings, such as underutilized land, unprofitable land, vacancy issues, or deteriorating buildings, and proposes the best utilization of real estate to solve your problems.

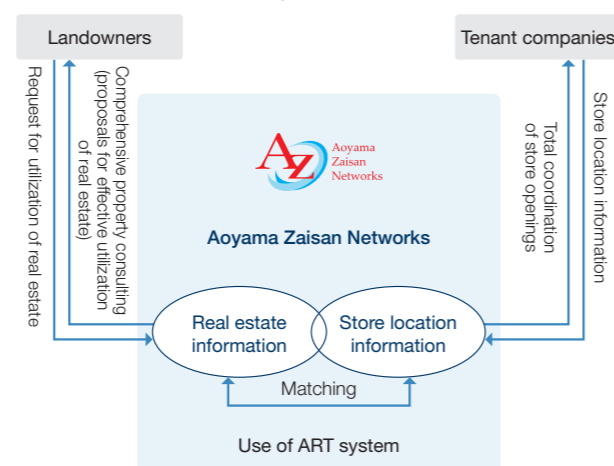
In general, proposals from companies involved in the effective use of land tend to be **partially optimized**,

skewed by a bias toward their respective areas of expertise. On the other hand, since AZN assigns each job to property consulting teams with specialized skills, we are able to provide one-stop proposals featuring **total optimization** methods of utilization best suited to the land, after first confirming the overall situation of the property, taking into consideration various conditions such as verification of cash flow and selection of construction providers, design companies, construction companies, and operating companies.

Examples of land utilization methods



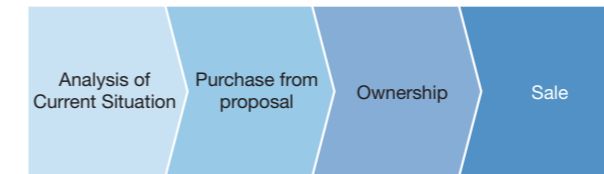
Features of AZN Group's



¹ Share of cumulative total assets of voluntary partnerships under the Act on Specified Joint Real Estate Ventures (as of December 31, 2021) ² As of June 30, 2022

Purchase consulting

In our purchase consulting services, we not only support purchases of real estate—we also understand each client's unique purchasing objectives and provide consistent support from property selection, purchase, management of holding period, consideration of sales timing, selection of buyers, to post-sale follow-up.



Regional creative development consulting

We develop and operate public real estate through public-private partnerships, utilizing AZN's expertise in specified joint real estate ventures and financing. Specifically, we commercialize underutilized land owned by local governments and other entities through more effective utilization, with the aim of revitalizing regional communities. AZN and its clients also contribute to the healthy development of local economies through these investments. The first project of AZN Group's regional development, Komatsu A×Z Square, a complex facility next to JR Komatsu Station in Ishikawa Prefecture, opened in 2017. The second is a land use project to the west of Tsuruga Station in Fukui Prefecture. This project is part of the TSURUGA POLT SQUARE otta complex, scheduled to open in early September 2022.

Consulting on financial instrument services by IFAs³

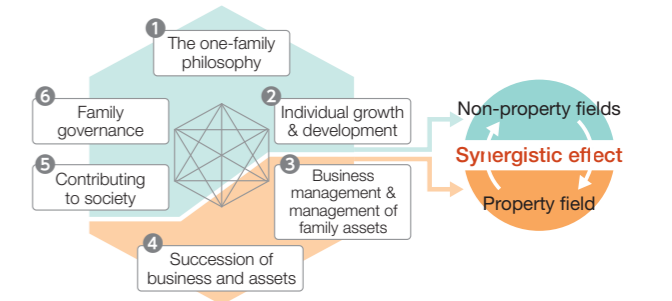
Aoyama Financial Service, our consolidated subsidiary, assists clients with optimal asset management to meet their objectives from a comprehensive, long-term standpoint based on solid analysis of the current situation.



³ IFA: Independent Financial Advisors

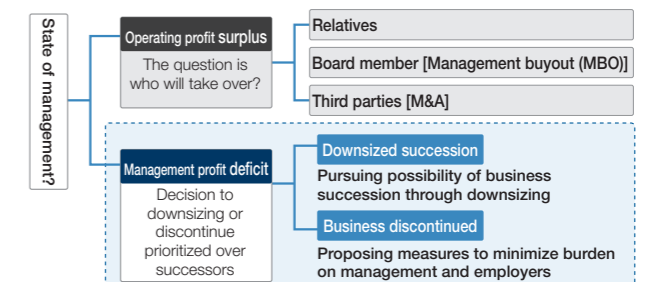
Family office service

For a family business to endure, maintaining and strengthening the supportive relationship between the company and the founding family is crucial. We provide long-term support for creating and operating mechanisms to maintain and strengthen the family unity that forms the basis of this supportive relationship, through workshops, preparation of family charters, and support for the operation of family councils.



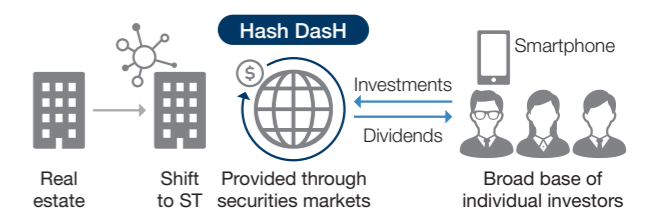
Business succession fund

We offer optimum plans for companies that are considering closure due to difficulties with business succession. Always pursuing the possibility of business succession through downsizing, we offer measures to preserve management assets by systematically providing employment even in the event of business closure.



STO⁴ business

The revision of the Financial Instruments and Exchange Act in 2020 made it possible to issue digital securities, and we plan to partner with Hash DasH Holdings, which possesses blockchain technology, to offer income-producing real estate to clients 24 hours a day, 365 days a year, in small amounts. AZN Group will source income-producing real estate to back the digital securities sold by our partnering brokerage firms, thus providing a new product.



⁴ STO: Security Token Offering

Our Value Drivers

A reliable organization

Aoyama Zaisan Networks is a property consulting company that not only provides consulting services, but is also capable of delivering proposals for solutions.

This is made possible by two specialized in-house divisions—the Consulting Division, which provides consulting services, and the Real Estate Division, which is responsible for the creation, operation, and management of real estate products that meet the needs of our clients. Each division employs many specialized personnel.

Beyond these, AZN has several specialized units that support consulting—the Consulting Advisory Division, in

which tax accountants and accountants provide tax support; the Legal Division, in which legal experts and other professionals provide legal support; and the Business Development Division, in which tax accountants and a wide range of other professionals consider projects, construct product schemes, and provide management.

With more than 150 nationally certified professionals on staff, AZN is able to provide a one-stop solution to all our clients' issues by combining the unparalleled capabilities and wealth of experience of this group of experts with education programs to further enhance their capabilities.

AZN Group has consolidated subsidiaries, affiliated corporations, and joint ventures to provide one-stop solutions to a broad range of client issues. Our consolidated subsidiaries' fields of expertise include region-specific property consulting, real estate management, global comprehensive property advice, international real estate product development, financial instrument brokering, and assistance with non-property succession.

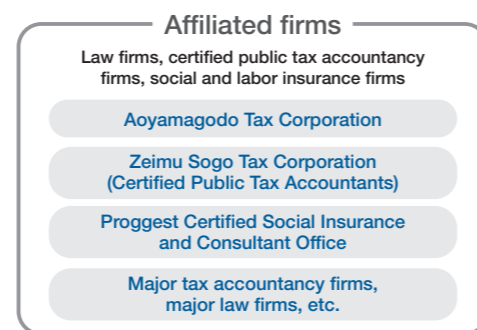
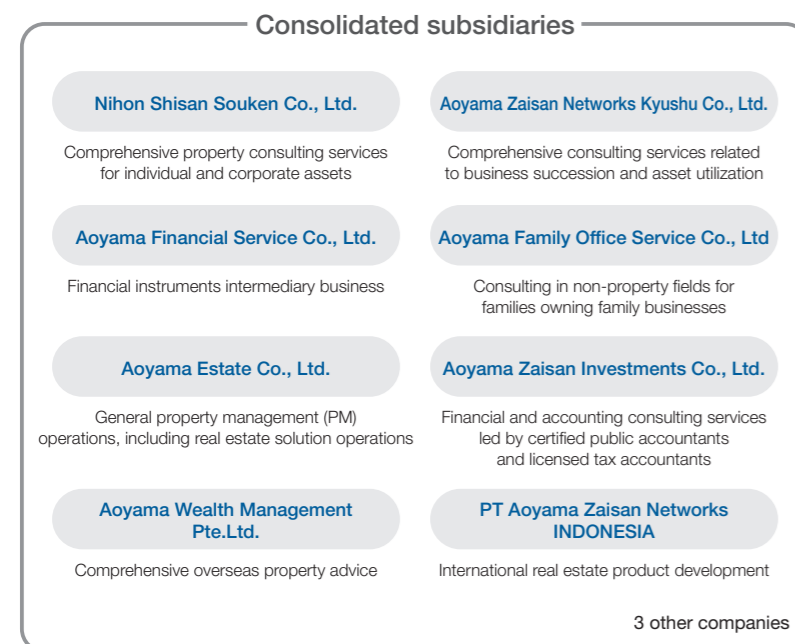
Affiliated corporations include law firms, tax accountant firms, and social and labor insurance firms, as well as joint ventures with partners who have strengths in property

and business succession. This affords our clients a broad choice of the best options.

Our Group has also established the **AZN National Network**, which connects accounting and tax accountant firms located throughout Japan. As of June 2022, the number of member firms had reached 96, enabling high-quality AZN comprehensive property consulting and eight **strategic individualized services** to be available nationwide in Japan.

We intend to continue strengthening our organization and our network to improve the quality of our services.

● Aoyama Zaisan Networks Group Structure



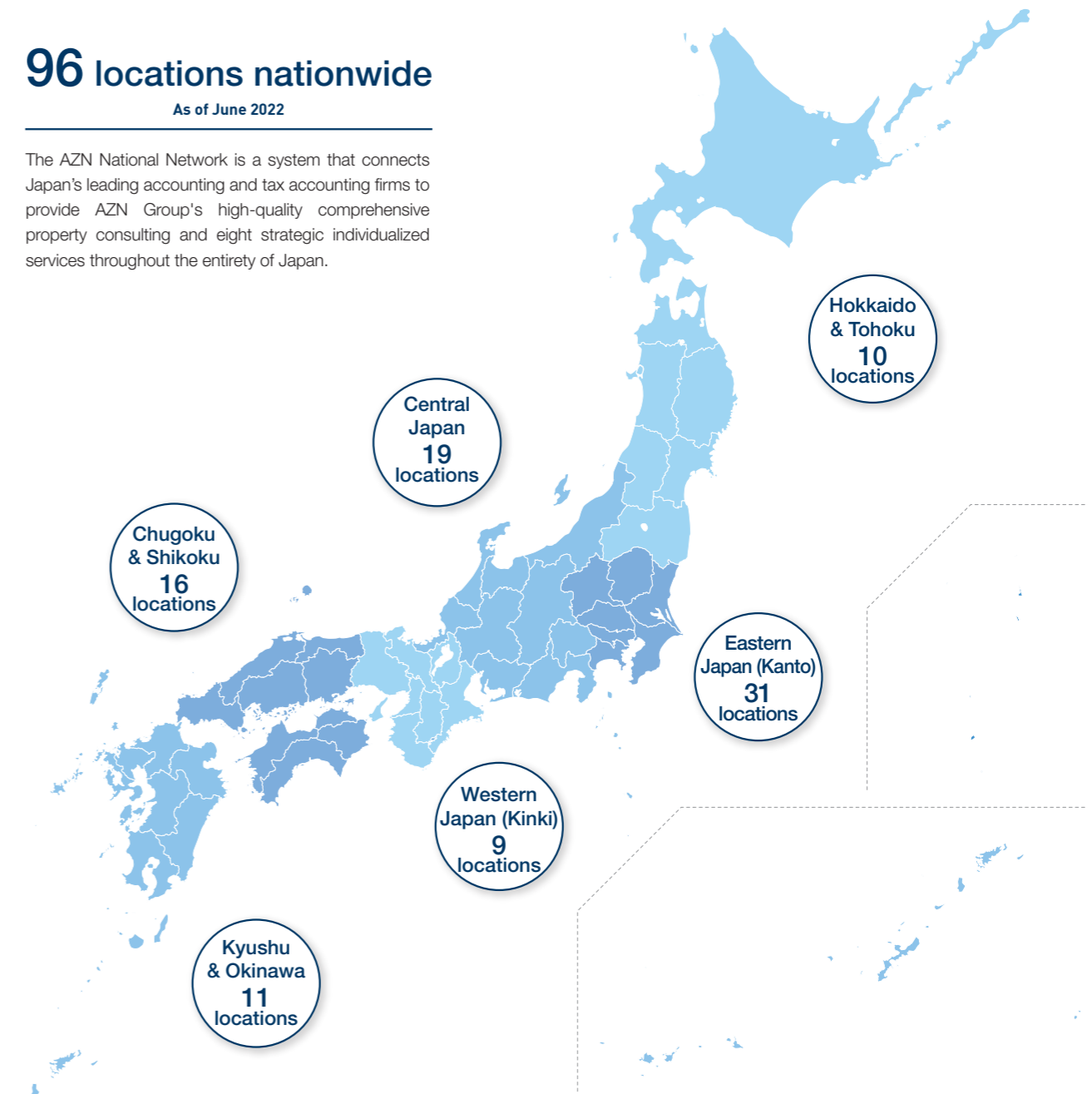
As of August 1, 2022

● Member locations of AZN National Network

96 locations nationwide

As of June 2022

The AZN National Network is a system that connects Japan's leading accounting and tax accounting firms to provide AZN Group's high-quality comprehensive property consulting and eight strategic individualized services throughout the entirety of Japan.



Our Value Drivers

Consultants

Our strengths lie in expert insights and interpersonal skills

Our consultants, who are professionals in tax, finance, real estate, and other fields, serve as the **face** of Aoyama Zaisan Networks and provide consulting services directly to our clients. We employ 183 consultants (as of the end of FY2021), which is approximately 1.8 times the number at the end of FY2014.

The comprehensive property consulting services that our consultants provide have two distinguishing characteristics.

The first is achieving **total optimization** by combining the **insights of teams of experts**. Succession, operation, and management of property and business span very diverse fields, including tax, legal, insurance, real estate, and management. If each specialist provides advice only in his or her own respective field, inconsistencies can arise. However, AZN is able to propose and support the **total optimization** of succession, operation, and management planning and implementation that takes into consideration all of these fields.

Our consultants' outstanding expertise, coordination skills, and wealth of experience enable us to provide such consulting services. Moreover, our Consulting Advisory, Legal, and Business Development Divisions, which include certified public accountants and tax accountants, provide strong backup with advanced expertise.

The second distinguishing characteristic is our **interpersonal skills**. There is no single **correct** way to pass on your property or business. Perhaps you want your children to take over your business, or you want to liquidate it in your own time. Some people want to focus their wealth-giving on those who will succeed them, while

others want to leave their wealth equally to all their children. What's important is seeking the **best** for each client, rather than any single logical **correct** solution. To achieve this, it is essential to have the **interpersonal skills** to put ourselves in each client's position and to work together with the client. AZN focuses on instilling interpersonal skills, and our consultants possess not only specialized expertise but also strong interpersonal skills.

This system is what enables us to provide **100-year property consulting** to deliver satisfaction not only to our clients personally, but also to the next generation and on to the third generation.

Consultant profile

With abundant expertise and experience, we accompany your family throughout life's journey

These days, there is a lot of mixed, confusing information about property succession for wealthy families and business succession for family businesses. As a result, we've seen an increasing number of incidents in which well-meaning actions taken by individuals have resulted in problems for them, and they have come to us for advice. For precisely this reason, Aoyama Zaisan Networks consultants are required to possess a broader range of knowledge, balance, presentation skills, and the ability to **think from the client's standpoint** than ever before.

We recently consulted with a client who, together with his wife and two children, owns real estate in the city center and shares in his own company. At first glance, the consultation seemed to be about inheritance strategy, including utilization of real estate. A major bank had suggested a loan to finance the construction of a building. However, when we asked him about his actual concerns, we discovered something different. What would happen to his assets and his company when they were passed on to the next generation and the third generation? This was what he was worried about. We proposed a plan to split the company between the elder son's family and the second son's family in the future, based on our **5 standpoints**, and the client was satisfied.

In this client's case, constructing the building might have been better purely in terms of short-term profit. However, at AZN, we believe it is crucial to give our clients a clearer view of the future. Our goal is to set our clients upon a path that will ensure their families' wellbeing for the next 100 years. We firmly believe that our responsibility as consultants is fulfilled only when our clients are satisfied with our solutions.

We are proud to say that no other property consulting



Consulting Business Division I
General Manager of Business Division I

Takehiro Aramaki

After graduating from university, he worked for a bank and a real estate sales company before joining AZN in 2004. With qualifications as both a financial planner and real estate transaction specialist, he is well versed in finance and real estate matters. He has worked on many inheritance strategies utilizing real estate, ranging from owners of farmland to owners of metropolitan buildings. He specializes in planning solutions to complex problems such as business succession and asset management.

firm is so well versed in tax, legal, and real estate matters, and none is as able to accompany clients throughout their lives. In fact, we often hear clients say that only Aoyama is capable of providing such complex consultation services. To win such praise from our clients, we put a great deal of effort into training our younger personnel. We are confident that when they mature, they will initiate a leap forward to AZN earning even greater trust.

Consultant profile

Experienced teams standing by to solve complex problems

Aoyama Zaisan Networks also provides consulting services on business and property succession for large corporate owners and other clients with large-scale assets.

The issues faced by these clients are extremely complex. Not only do they have large assets and need to take careful steps to prepare for succession of these assets, but in many cases, they have built up a variety of disparate **partial optimization** measures, making it difficult to see a path forward to **total optimization**. Furthermore, the taxation systems involved are both extremely difficult to comprehend and frequently subject to revision, so it is no simple matter to find the best solution for each client based on the most up-to-date information. In fact, many of our clients come to us saying, "I just can't find a solution anywhere else."

Our mission is to propose solutions to the problems faced by these clients. To solve a complex problem, we need to be able to identify where the problem lies. This skill can only be cultivated by maintaining a close connection to the client and accumulating experience. Not only do we have teams of experienced personnel, but we also have mechanisms for sharing those experiences and deepening our knowledge. Above all, we have the mindset of wanting to solve problems.

Property and business succession always involves extremely personal aspects of our clients' lives. For this reason, emotion, rather than rationality, is often the key to the solution. No matter how advanced artificial intelligence (AI) technology becomes and how much economic rationality it can offer, AI remains incapable of addressing the emotional aspect. In such cases, actual people need to exercise their capabilities as human beings. Ultimately, what is required is the mindset that says, "I want to solve



Consulting Division II
Second Group Manager, Business Division I

Junya Hiraoka

Joined AZN in 2018. He previously worked for a leading firm, where he was involved in various tax filing services, tax investigations, prior confirmation work, and M&A and business succession consulting with a focus on restructuring. A licensed tax accountant, he specializes in structuring matters and advising owners of listed and large unlisted companies in resolving complex issues related to business and property succession.

this client's troubles."

All of our consultants possess this mindset. We are sometimes called upon to solve difficult problems, but the more difficult the problem is, the happier we feel because we make our clients happy when we solve it.

In the future too, Aoyama Zaisan Networks will continue to grow by serving clients who are facing difficult, complex concerns.

Our Sustainability

Introducing the Board of Directors

Director



Masazumi Hasumi

President

August 1983 Joined Aoyama Audit Corporation
 November 1991 Joined Yamada & Partners Accounting Office
 December 1996 President of Proggest Co., Ltd. (company name changed to Proggest Holdings, Ltd. in July 2005)
 July 2005 President of Proggest Co., Ltd. (current: Aoyama Zaisan Investments Co., Ltd.)
 September 2008 Director of the Company
 October 2008 President
 August 2016 Business Succession Navigator Corporation (currently Next Navi), President
 June 2017 PT Aoyama Zaisan Networks Indonesia, Director (current position)
 March 2018 Chairman of Nihon Shisan Soken Co., Ltd. (current position)
 October 2020 Aoyama Financial Service Co., Ltd. Representative Director
 January 2021 Aoyama Family Office Service Co., Ltd. President (current position)



Masayuki Yagi

Director, Managing Executive Officer

April 1990 Joined Murakami Corporation
 September 1991 Joined the Company
 March 2006 Director, Executive Officer, and Manager of First Business Department
 January 2011 Executive Officer of the Company Manager of Individual Asset Consulting Department
 March 2013 Director, Executive Officer, and General Manager of Business Division
 March 2014 Director, Managing Executive Officer of the Company Director, Executive Officer, and General Manager of Business Division
 January 2021 Director, Managing Executive Officer of the Company General Manager of Business Division and General Manager of Real Estate Division II
 June 2021 Business Succession Navigator Corporation (currently Next Navi), Director
 January 2022 Director, Managing Executive Officer, and General Manager of Administration Division of the Company (current position)
 March 2022 Director of Aoyama Estate Co., Ltd. (current position)
 March 2022 Director of Aoyama Zaisan Investments Co., Ltd. (current position)



Takeshi Matsuura

Director, Managing Executive Officer

April 1991 Joined Daiwa House Industry Co., Ltd.
 May 1995 Joined Nissho Iwai Real Estate Corp. (current: Sojitz Corporation)
 October 2000 Joined the Company
 January 2005 Executive Officer, Manager of Real-estate Department
 January 2006 Funai Estate Co., Ltd. (currently Aoyama Estate Co., Ltd.) President
 March 2007 Director, Executive Officer, and Manager of Business Division 6
 January 2011 Executive Officer, Manager of Real-estate Department
 March 2014 Director, Executive Officer, and General Manager of Real Estate Division of the Company
 March 2016 Director, Managing Executive Officer of the Company General Manager of Real Estate Division
 June 2017 Director of Shinsei Aoyama Partners Co., Ltd. (current position)
 January 2021 Director, Managing Executive Officer of the Company General Manager of Real Estate Division I
 January 2022 Director, Managing Executive Officer of the Company General Manager of Real Estate Division (current position)



Hideo Matsuda

Director, Executive Officer

April 1984 Joined Sato Sumio Zeirishi Jimusho (current: Meinan Keiei Tax Corporation)
 December 2014 Representative Director of Meinan Zaisan Consultants Co., Ltd.
 January 2018 Joined the Company Executive Officer of the Company General Manager of General Information Network Division
 March 2018 Director, Executive Officer General Manager of General Information Network Division
 October 2020 Aoyama Financial Service Co., Ltd. Director (current position)
 January 2021 Aoyama Zaisan Networks Kyushu Co., Ltd. Director
 January 2022 Director, Executive Officer General Manager of General Information Network Division (current position)



Michihiro Nagasaka

Director

April 1985 Joined Wakabayashi Law Office
 March 1992 Joined Nihon M&A Center Inc.
 December 2010 Manager of Business Promotion Department
 March 2014 Outside Director of the Company
 April 2015 Manager of Sales Support Department, General Planning Division of Nihon M&A Center Inc.
 July 2021 Business Succession Navigator Corporation (currently Next Navi), Director (current position)
 March 2022 Director of the Company (current position)



Haruo Shimada

Director Outside Independent

April 1975 Associate professor of Faculty of Economics, Keio University
 April 1982 Professor of Faculty of Economics, Keio University
 March 1986 Visiting professor of Massachusetts Institute of Technology
 June 2000 Research Center for Advanced Science and Technology, the University of Tokyo Visiting Professor
 March 2007 Outside Director of the Company (current position)
 April 2007 President of Chiba University of Commerce
 May 2015 Outside Director of Okaya & Co., Ltd. (current position)
 January 2016 President of Shimada Sogo Kenkyujo (current position)
 April 2017 Chairperson of the Board of Trustees of Tokyo Metropolitan Public University Corporation
 February 2021 Outside Director of Tech I.S. Co., Ltd. (current position)



Takaomi Ogawa

Director, Managing Executive Officer

September 1992 Joined Takano Yasuo Zeirishi Jimusho (current: Zeimu Sogo Tax Corporation)
 August 2003 Director of Funai Zaisan Consultants Keiyo Co., Ltd. (currently Nihon Shisan Soken Co., Ltd.)
 December 2009 President of Funai Zaisan Consultants Keiyo Co., Ltd. (currently Nihon Shisan Soken Co., Ltd.)
 October 2013 Executive Officer, General Manager of NSS Division of the Company
 March 2016 Director, Executive Officer, General Manager of NSS Division
 June 2017 President of Nihon Shisan Soken Co., Ltd. (former: Nihon Shisan Soken Consultant Inc.) (current position)
 April 2020 Representative Director of Nitto Fudosan Co., Ltd. (current position)
 January 2022 Director, Managing Executive Officer of the Company Consulting Business Supervisor and General Manager of NSS Division (current position)
 March 2022 Director of Aoyama Financial Service Co., Ltd. (current position)



Shintaro Hashiba

Director, Managing Executive Officer

April 1987 Joined The Kyowa Bank, Ltd. (current: Resona Bank, Limited)
 October 2003 General Manager of Shin-Yurigaoka Branch
 October 2004 General Manager of Tokyo Central Marketing Division 1
 July 2008 General Manager of Shin-Toshin Marketing Division 3
 May 2014 Director of J-COM Co., Ltd. (current: LIKE, Inc.) Deputy General Manager of Sales Division and General Manager of Business Development Division
 August 2014 Director of J-COM Holdings Co., Ltd. (current: LIKE, Inc.)
 November 2015 Joined the Company, General Manager of Management Planning Office
 August 2017 Executive Officer, General Manager of Administration Division
 March 2020 Director, Executive Officer, General Manager of Administration Division
 July 2020 Director, Executive Officer, General Manager of Management Planning Division
 January 2022 Director, Managing Executive Officer of the Company General Manager of Corporate Planning Division (current position)
 March 2022 Aoyama Financial Service Co., Ltd. President (current position)
 March 2022 Director of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)



Shinji Shimane

Director, Executive Officer

October 1995 Joined Ota Showa Audit Corporation (current: Ernst & Young ShinNihon LLC)
 October 2000 Joined Avaya Japan Ltd.
 September 2001 Joined Proggest Co., Ltd. (currently Aoyama Zaisan Investments Co., Ltd.)
 August 2006 Director (concurrent)
 January 2016 Representative Director of Shinsei Aoyama Partners Co., Ltd. (current position)
 March 2016 Director, Executive Officer Business succession consulting General Manager of Business Division
 January 2021 Director, Executive Officer General Manager of Consulting Business Division 4
 January 2022 Director, Executive Officer, and General Manager of Business Succession Fund Services (current position)
 March 2022 Aoyama Zaisan Investments Co., Ltd. Representative Director (current position)



Keiji Watanabe

Director Outside Independent

July 1987 Aoyama Audit Corporation (current: PricewaterhouseCoopers Aarata LLC), Representative Partner
 April 1996 Joined Tohmatsu & Co. (current: Deloitte Touche Tohmatsu LLC) Representative Partner
 June 2000 Outside Director of Ichiyoshi Securities Co., Ltd.
 July 2003 Deloitte Touche Tohmatsu Global Middle Markets Leader
 June 2008 Outside Director of ASAH KOGYOSHA CO., LTD. (current position)
 June 2010 Outside Director of SBI Holdings, Inc.
 March 2011 Outside Director of the Company (current position)
 June 2017 Outside Director of SBI Insurance Group Co., Ltd. (current position)
 June 2017 Outside Audit & Supervisory Board Member of Hokuetsu Kishu Paper Co., Ltd. (current: Hokuetsu Corporation) (current position)
 June 2018 Outside Director of UKAI Co., Ltd.

Audit & Supervisory Board Member

Hiroyuki Fujita

Audit & Supervisory Board Member Outside Independent

April 1989 Joined The Mitsui Bank, Limited (current: Sumitomo Mitsui Banking Corporation)
 August 1995 Joined Yamazaki Certified Tax Accountant Office
 October 2000 Joined Tohmatsu & Co. (current: Deloitte Touche Tohmatsu LLC)
 April 2004 Registered as a CPA
 March 2018 Appointed as outside Audit & Supervisory Board Member of the Company (current position)
 March 2018 Audit & Supervisory Board Member of Nihon Shisan Soken Co., Ltd. (current position)

March 2018 Business Succession Navigator Corporation (currently Next Navi), Audit & Supervisory Board Member (current position)
 December 2019 Audit & Supervisory Board Member of Aoyama Zaisan Networks Kyushu Co., Ltd. (current position)
 April 2020 Audit & Supervisory Board Member of Nitto Fudosan Co., Ltd. (current position)
 October 2020 Audit & Supervisory Board Member of Aoyama Financial Service Co., Ltd. (current position)
 January 2021 Aoyama Family Office Service Co., Ltd. Audit & Supervisory Board Member (current position)
 June 2022 Nihon Digital Investment Co., Ltd. Audit & Supervisory Board Member (current position)

Hisao Nakatsuka

Audit & Supervisory Board Member Outside Independent

April 1970 Joined The Tokai Bank, Limited (current: MUFG Bank, Ltd.)
 April 1994 General Manager of Fujisawa Branch
 January 1996 General Manager of Chofu Branch
 January 1999 General Manager of Takenotsuka Branch
 November 2001 Joined the Company
 March 2002 Director, General Manager of Consulting Department
 August 2002 Director, General Manager of Administrative Department

March 2005 Funai Estate Co., Ltd. (former: Aoyama Estate Co., Ltd.) Audit & Supervisory Board Member
 April 2006 Managing Director of the Company
 September 2008 Audit & Supervisory Board Member of Proggest Co., Ltd.
 October 2010 Director of Aoyama Estate Co., Ltd.
 October 2013 Audit & Supervisory Board Member of Nihon Shisan Soken Co., Ltd.
 March 2014 Director of Nihon Shisan Soken Co., Ltd.
 March 2015 Advisor of the Company
 March 2016 Audit & Supervisory Board Member (current position)

Hiroaki Rokugawa

Audit & Supervisory Board Outside Independent

April 1997 Registered as Attorney (Dai-Ichi Tokyo Bar Association)
 April 1997 Joined Hori & Partners
 June 2002 Joined Barack Ferrazzano Kirschbaum & Nagelberg LLP (Chicago)
 March 2007 Joined Tokyo Aoyama, Aoki, Koma Baker & McKenzie Law Office
 April 2007 Lecturer of Advanced Institute of Industrial Technology (current position)
 June 2008 Representative Attorney of Ogasawara Konno & Rokugawa

March 2009 Outside Audit & Supervisory Board Member of the Company (current position)
 April 2013 Professor of Graduate School of Law, Tokai University
 December 2016 Tsunagu Group Holdings, Inc. Outside Director (current position)
 September 2017 Outside Auditor of OKWAVE Inc. (current position)
 September 2020 Outside Director and Audit & Supervisory Board Member of Abalance Corporation (current position)
 April 2021 Outside Auditor of Yumeshin Holdings Co., Ltd. (current position)
 April 2022 Representative Attorney of Tokyo Uchisaiwaicho Law Firm (current position)
 June 2022 Outside Director of Meiji Machine Co., Ltd. (current position)

Our Sustainability

Corporate Governance

Basic concept of corporate governance

Based on our corporate policy of always making proposals from the client's standpoint with a fair and neutral attitude, AZN firmly believes it is essential to establish corporate governance to ensure compliance-oriented management and to practice this policy. The Company's Board of Directors and Audit & Supervisory Board acknowledge that the corporate governance framework should primarily perform the following functions.

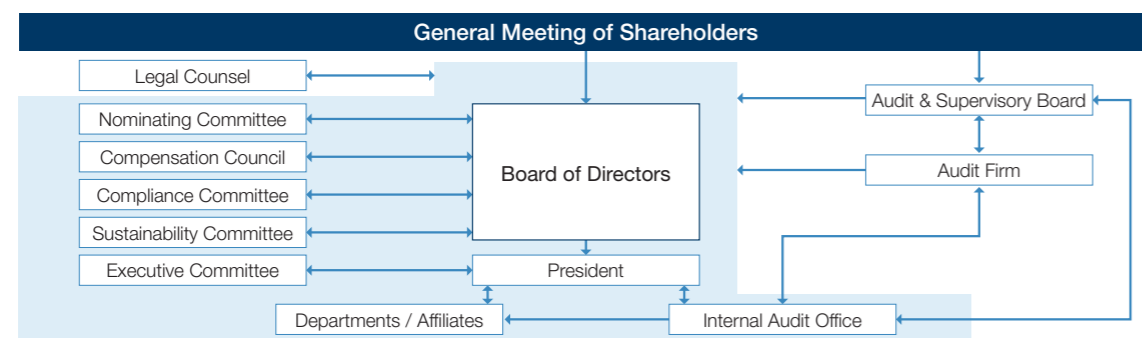
- To protect and encourage the exercise of shareholders' rights.
- To ensure equal treatment of all shareholders.
- To make timely and accurate disclosure regarding all the important matters related to the company, including its financial conditions, operating results, shareholder composition, and governance.
- To ensure the strategic orientation of the company, effective supervision of management executives, and clear accountability.

Corporate Governance System

The Company ensures the effectiveness of audits of Directors' performance of their duties by maintaining the independence of its Auditors and Audit & Supervisory Board Members from the Board of Directors, and by collaborating with auditing firms and its in-house audit-

ing department. Moreover, to strengthen the supervisory function of the Board of Directors, the Company has established the Compensation Council and the Nominating Committee, at least two of whose members must be Outside Directors.

(1) Board of Directors	The Board of Directors deliberates and makes decisions on important matters concerning the Company's management, and oversees the Company's business and general management. Each of the two Outside Auditors has an advanced level of expertise, and they provide reliable management oversight from their professional perspectives.
(2) Executive Officers	In light of the segregation of management and implementation, AZN has instituted an Executive Officer system. Executive Officers execute the operations of the divisions or departments under their control, in accordance with organizational regulations and rules on the segregation of duties set forth by the Board of Directors.
(3) Executive Committee	The Executive Committee, consisting of the President, full-time Directors, and Executive Officers, meets on a weekly basis to verify management policies and discuss management strategies and business execution for the purpose of sharing problem awareness and having smooth communication among all members.
(4) Compensation Council	Remuneration for directors, within the total scope of remuneration approved by the General Meeting of Shareholders, is determined by the Compensation Council, which is composed of Directors selected by resolution of the Board of Directors. The Compensation Council is composed of three or more Directors, at least two of whom must be outside Directors as a rule for the purpose of raising the transparency and objectivity of the review process.
(5) Nominating Committee	The Nominating Committee, a voluntary advisory body to the Board of Directors, deliberates on the selection and dismissal of senior management and Directors and recommends candidates to the Board of Directors, which are decided by the Board of Directors. Also, the Nominating Committee is composed of three or more Directors, at least two of whom must be outside Directors as a rule for the purpose of raising the transparency and objectivity of the review process.
(6) Compliance Committee	The Compliance Committee, consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys), has been established in conjunction with the Board of Directors as a forum for deliberation on risk management and legal compliance by the Company.
(7) Sustainability Committee	The Sustainability Committee, consisting of the President and full-time Directors, was established to build a foundation for sustainable growth, to oversee and monitor sustainability policies, strategies, and measures, and to manage and evaluate the progress of objectives resolved by the Board of Directors.



Compensation for officers

AZN's Board of Directors has adopted a policy for determining the details of compensation for individual Directors.

Compensation for individual Directors for the fiscal year in question is determined by the Compensation Council, which is composed of 3 or more Directors (at least 2 of

whom must be Outside Directors) selected by the resolution of the Board of Directors to increase the transparency and objectivity of the review process. Its methods of determining the details of compensation and the compensation so determined shall be consistent with the decision-making policy resolved by the Board of Directors.

Compensation for officers

Category of officer	Total amount of compensation (thousand yen)	Total amount per type of compensation (thousand yen)				Of the following, non-monetary compensation, etc.	Number of eligible officers (persons)
		Basic compensation	Bonus	Restricted stock compensation	Other		
Director (except outside Director)	211,394	90,372	76,941	32,974	11,106	44,081	7
Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members)	5,300	4,800	500	—	—	—	1
Outside Officer	47,580	40,380	7,200	—	—	—	5

Evaluation of the effectiveness of Board of Directors

AZN strives constantly to improve the effectiveness of its Board of Directors. AZN undertakes an annual questionnaire survey of all Directors and Audit & Supervisory Board Members regarding the effectiveness of the Board of Directors, using the evaluation points listed at right. The results are then discussed and reported to the Board of Directors.

See right for a summary of last fiscal year's survey results.

Conduct a questionnaire

Collect responses from all the Directors and Audit & Supervisory Board Members

Have discussions based on questionnaire results

Report discussion results to the Board of Directors

Questionnaire evaluation items

Summary of questionnaire results

- Composition of the Board of Directors and Executive Officers
- Operation of the Board of Directors
- Agendas of meetings of the Board of Directors
- Supervisory framework by the Board of Directors
- Supervisory framework by shareholders

About the Board of Directors of the Company, there were no important matters raised in each evaluation item, whereas some findings about the Board of Directors operations were noted. We intend to make some improvements, aiming to realize a more effective Board of Directors.

Risk management

Based on its Crisis Management Regulations, AZN defines external crises, internal crises, disasters, and other crises as described at the right, and defines how to respond to crises when they occur. In the event of a crisis that seriously threatens corporate operations, a **task force** is immediately formed and company-wide action is taken to resolve the problem.

1 External risks	<ul style="list-style-type: none"> 1 Information leak 2 Problems involved in business operations (including customer consulting services) 3 Civil violent incidents, contact/problems with anti-social forces 4 Criminal acts by employees (fraud etc.) 5 Other risks/incidents associated with AZN's credit
2 Internal risks	<ul style="list-style-type: none"> 1 Traffic accidents by employees (property/personal damage) 2 Internal troubles (sexual harassment etc.) 3 Mishaps of employees and their families, other work accidents 4 Other cases constituting a crime by employees
3 Disasters etc.	<ul style="list-style-type: none"> 1 Extraordinary disasters including natural disasters

Information security management

For the purpose of continually maintaining and strengthening our information security management structure including personal information management, we have obtained the International Organization for Standardization (ISO) 27001 international accreditation and information

security management system certification. We have developed and maintain systems based on this standard, and continue to further strengthen our systems for managing confidential information.

Compliance initiatives

For the purpose of practicing fair and bona fide management in compliance with laws, a Compliance Committee consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and outside legal counsels (attorneys) has been established. The Compliance Committee performs the following operations:

- 1 To recognize potential risk of losing trust from the securities market and clients in business operations, and prepare countermeasures (draft)
- 2 To review if there is any compliance issue with specified joint real estate venture operations, and give approval of their execution
- 3 To review and report preventive measures against serious compliance violations
- 4 To examine/check suspicious compliance activities (potential compliance violations)

Our Sustainability

Message from Outside Directors

Establishing a Japanese-style property consulting service: the significance of Aoyama Zaisan Networks and expectations for the future

Two outside directors, responsible for supporting the governance of Aoyama Zaisan Networks, have given us an overview of the situation in Japan and abroad, sharing their views on issues for the growth of AZN Group. The following is a summary of the key points for the further growth of AZN, as highlighted by the dialogue between these two experts in economics and management.

Expanding consulting revenue is fundamental to corporate growth

Improving property consulting capabilities through the use of technology

As a consulting firm, we believe that securing excellent human resources and improving our property consulting capabilities are our lifelines. Analog consultant training systems are sure to result in slow growth and limited increases of productivity. We must constantly strive to improve our property consulting capabilities and quality by utilizing the latest technologies (DX, AI, Big Data, etc.).

To this end, it is essential that we further upgrade the **ART system**, which systematizes AZN Group's hard-won expertise, and that our consultants utilize the system consistently. Development of the **ART system** to utilize Big Data and AI as well as accumulating and analyzing client data is an urgent task. In order to develop consulting tools that utilize next-generation technologies to solve complex social issues and to constantly diversify our property con-



Outside Director
Haruo Shimada

sulting capabilities, it will also be necessary to train up an R&D division in the future.

Promoting the advancement of women

In today's industrial society, diversity of human resources is becoming more and more important, and it has been proven that this leads to corporate innovation in terms of both quality and quantity, which in turn leads directly to corporate development and increased productivity. At AZN, we believe that diversity is also necessary to revitalize the organization and increase productivity. In order to provide consulting services that fully meet the needs of our clients, it is important to secure excellent human resources and ensure women take on active roles. Expanding our count of female directors and female consultants is essential for AZN Group's growth. We hope to achieve this as soon as possible. The Sustainability Committee engages in committed discussions on developing a work environment in which women can work in an ongoing fashion, and through the Board of Directors, AZN supports the steady implementation of specific activities for women.

We believe that creating a rewarding work environment in which a diverse workforce can maximize its abilities, as well as a consultant training system, will enable us to increase revenues from our property consulting services for mid-sized corporate owners nationwide and asset owners in the Tokyo metropolitan area, who represent the main focus of our Group.

Developing consulting in non-property fields

Business succession has become a social issue due to the aging out of managers and the lack of successors, but we believe that a "Japanese-style family business" for ultra-wealthy and long-lived companies has great potential to contribute to the growth of Japanese companies. Japanese family businesses have a long tradition of family management, and they tend to cherish family unity, family

precepts, and philosophy. We believe that it is not possible to provide consulting services for family businesses in Japan without understanding Japan's unique approach to family relationships and business, and that even if adopted, overseas examples of family business would simply not be successful.

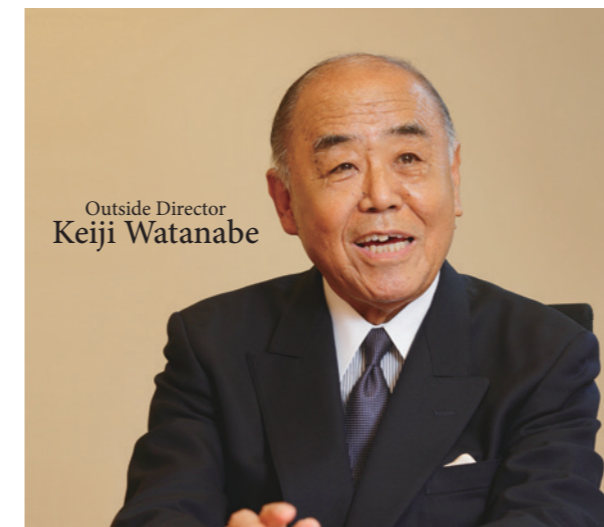
We have over 30 years of experience in consulting with clients on their property and business succession matters, and have a thorough understanding of family business in Japan. We have also worked hard to promote the establishment of the Aoyama Family Office Service in 2021 by appointing family business experts to the Board of Directors. AZN believes that our comprehensive property consulting services in both property and non-property fields demonstrate the uniqueness and diversity of our Group.

We continue to build consulting expertise in non-property fields as well, which we believe will lead to stronger contact with the ultra-wealthy through the provision of family business services, and beyond that, to property consulting.

Growth of real estate solutions

We observe significant growth potential for consulting services that leverage our strengths in real estate solutions, such as the **Advantage Club**, AZN Group's mainstay consulting product, provision of income-producing real estate properties, and effective real estate use consulting. Demand for AZN's ability to expertly identify properties and seamlessly handle purchases, holding, management, and sale of income-producing real estate is expected to continue to grow, and the demands of our Group's clients will continue to expand.

We also engage in a wide range of initiatives to contribute to the Sustainable Development Goals (SDGs), including the long-term preservation and effective utilization of our clients' assets. In this context, Japan has strong needs for regional development through the utilization of idle land, and our Group has a proven track record of



Outside Director
Keiji Watanabe

public-private partnerships in this domain through application of the Act on Specified Joint Real Estate Ventures. With respect to decarbonization initiatives, we believe that growing social demands can be met using solar power generation and other technologies, and by continuously providing environmentally friendly real estate, which will lead to long-term preservation of assets and stable revenue for our clients. We believe that by developing initiatives for decarbonization for **Advantage Club** properties, which have been significantly expanded since the previous fiscal year, we can both meet client demands and contribute to society.

Flow of expanding operational demands

In Japan, the Kishida administration's **New Capitalism** plan for action has formulated the Doubling Asset-Based Income Plan, which is expected to reinforce the trend away from savings and toward investment. Although Japan lags behind the rest of the world in asset management, AZN plays a role in expanding investment opportunities for Japanese asset owners and corporate owners, and undertakes comprehensive management of assets.

In addition to real estate solutions, which are AZN Group's forte, Aoyama Financial Service was established in 2020 to provide client-focused financial instrument consulting services, and AZN has put in place a system for providing investment management services. In addition, the revision of the Financial Instruments and Exchange Act in 2020 made it possible to issue digital securities. Our Group has plans to provide a service to enable the purchase of income-producing real estate properties in small amounts, 24 hours per day, 365 days per year, through a STO (Security Token Offering) initiative that utilizes blockchain technology. We expect this to create new investment opportunities for our clients, thereby increasing revenue prospects for our Group.

Although the Japanese economy has lagged behind global economic development for the last 30 years or more, Japan's aging population represents a significant stock of tangible and intangible assets. The cornerstone of AZN Group's growth strategy for the future will be to pursue contact with the wealthy in our aging society and maximize asset value from a global perspective, while adopting best practices from around the world, with a view to utilizing the assets of wealthy individuals around the world.

AZN is seeking to achieve further growth by offering this diverse range of services, and by fully embracing **interpersonal skills** as the foundation for property consulting, as well as driving forward with technology through the use of DX and AI. We anticipate ample growth, moving toward our long-term vision of becoming Japan's No. 1 comprehensive property consulting firm supported by clients who know, "When it comes to property, it's Aoyama Zaisan Networks."

Our Sustainability

Sustainability management

Instituting the Sustainability Committee

As we aim to be the best partner for our clients, not only in this generation but also of the next generation and the following generations, under our slogan of **100-year property consulting**, we believe that succession, operation, and management to sustain and improve significant assets is an essential aspect not only for our clients but also for our group's corporate activities.

For this reason, in February 2022, in line with the Third Medium-Term Management Plan, AZN Group instituted the new Sustainability Committee in conjunction with the Board of Directors with the aim of further improving corporate quality as a sustainable company based on Environmental, social, governance (ESG)/sustainable development goals (SDGs) approaches.

The Sustainability Committee seeks to construct a foundation for sustainable growth by managing and evaluating the progress of targets set by the Board of Directors, while at the same time overseeing and monitoring sustainability policies, strategies, and actions. Members consist of Representative Directors and full-time Directors, with the President serving as Chair of the Management Committee and myself, a Director, Managing Executive and General Manager of the Administration Division, serving as Executive Director of the Committee.

The Sustainability Committee is responsible for proposing and promoting specific activities for improvement, based on various themes and perspectives including Promotion of TCFD, Instilling Management Philosophy and Strengthening Human Resources, Changing Work Styles, Social Contribution, and Strengthening Governance. Each subcommittee discusses certain issues and seeks to implement solutions. TCFD handles climate change response, etc. Instilling Management Philosophy and Strengthening Human



Masayuki Yagi
Executive Director, Sustainability Committee
Director, Managing Executive Officer
General Manager of Administration Division

Resources handles management philosophy, education systems, recruitment strategy, etc. Changing Work Styles handles company-wide efficiency of meetings, opportunities for women to play more active roles, health management, etc. Social Contribution handles social contribution activities, etc. Strengthening Governance handles redevelopment of internal regulations, information security, etc.

The members of each subcommittee are selected by the Executive Director from among personnel at related departments. Each subcommittee sets goals and plans for achieving these goals, and undertakes activities through a process of repeated discussion and verification.

● Objectives & operations

Objectives	<ul style="list-style-type: none"> In line with the Third Medium-Term Management Plan, AZN instituted the new Sustainability Committee in conjunction with the Board of Directors with the aim of further improving corporate quality as a sustainable company based on ESG/SDGs approaches. Under this Committee, subcommittees have been established to promote specific improvements on common themes for improving corporate quality across the entire company. 						
Operations	<table border="1"> <tr> <td>Committee Director</td> <td>President</td> </tr> <tr> <td>Executive Director</td> <td>Director, Managing Executive Officer, and General Manager of Administration Division</td> </tr> <tr> <td>Committee Members</td> <td>Director, Managing Executive Officer, and General Manager of Real Estate Division Director, Managing Executive Officer, Consulting Business Supervisor and General Manager of NSS Business Division Director, Managing Executive Officer, and General Manager of Business Division</td> </tr> </table>	Committee Director	President	Executive Director	Director, Managing Executive Officer, and General Manager of Administration Division	Committee Members	Director, Managing Executive Officer, and General Manager of Real Estate Division Director, Managing Executive Officer, Consulting Business Supervisor and General Manager of NSS Business Division Director, Managing Executive Officer, and General Manager of Business Division
Committee Director	President						
Executive Director	Director, Managing Executive Officer, and General Manager of Administration Division						
Committee Members	Director, Managing Executive Officer, and General Manager of Real Estate Division Director, Managing Executive Officer, Consulting Business Supervisor and General Manager of NSS Business Division Director, Managing Executive Officer, and General Manager of Business Division						

● Subcommittee activities divided into 5 segments

Promoting TCFD	Instilling Management Philosophy and Strengthening Human Resources	Changing Work Styles	Contributing to society	Stronger governance
[SDGs]	[Quality of interpersonal skills]	[Quality of work styles]	[Quality of social contribution]	[Quality of protection]

A process of identifying materiality

We make every effort to solve our clients' asset-related problems, based on our management objectives of contributing to the happiness of our clients through the succession, operation and management of property, and ensuring both the physical and mental well-being of those members who work with us.

On the other hand, environmental and social risks have continued to escalate in recent years—as well as financial issues, we should conduct our business while incorporating non-financial issues in light of ESG in management

strategies and prioritizing harmony with stakeholders, so that we can maintain sustainable growth.

For this reason, in FY2020 AZN Group identified as high-priority issues both project-related materialities such as **reducing the environmental impact of buildings**, and business infrastructure-related materialities such as **human resource development** and **corporate governance**. In identifying materialities, we identify social issues likely to exert significant impact on our company and on society, based on the steps shown in the diagram below.



● ESG / SDGs initiatives

E Environment	S Society	G Governance
<ul style="list-style-type: none"> Reduction of environmental load of buildings Transition to decarbonized society Climate change actions and GHG reduction Response to climate change Water security management Waste reduction 	<ul style="list-style-type: none"> Human resource development Human rights in labor environment and human rights due diligence Diversity promotion Engagement with local community 	<ul style="list-style-type: none"> Corporate Governance Anti-corruption policies & practices

< Relevance of SDGs to Group business >

SUSTAINABLE DEVELOPMENT GOALS

Our Sustainability

Sustainability management

Materiality Policies & Initiatives

AZN aims to address ESG issues by realizing the strategies outlined in its Third Medium-Term Management Plan, which starts in 2022. As a comprehensive property consulting company that supports the enduring development of our clients' valuable assets and businesses, we are committed to realizing our management objective of "Contributing to the happiness of our clients through the succession, operation, and management of property" by providing environmentally friendly products and services

to resolve property-related concerns, as well as our efforts to reduce environmental impact in response to climate change.

As an advocate of **100-year property consulting**, AZN needs to build on the foundation of human resource development, the source of our consulting services, to ensure its own sustainable growth. In 2022, we have also established a Sustainability Committee and committed to company-wide efforts to realize a more sustainable society.

E Realizing a decarbonized, recycling-based society

AZN Group is engaged in business activities utilizing energies from land and other natural resources, and we recognize that addressing climate change is an important management challenge with a considerable impact on our business continuity. We also believe that CO₂ emissions associated with our real estate operations and other business activities have a significant impact on climate change, and thus we consider these a major risk. To this end, we prioritize environmentally friendly initiatives for their ability to contribute to enhancing asset value and resolving social issues, and we will work to meet the needs of both clients and tenants. The Sustainability Committee will continue to study the current circumstances, utilizing

the TCFD framework on climate change to improve information disclosure and transparency in order to achieve a more sustainable society.

Current initiatives	<ul style="list-style-type: none"> Switching to environmentally friendly facilities and clean energy-based electricity for Advantage Club
Future initiatives	<ul style="list-style-type: none"> Promoting water conservation and waste reduction in conjunction with Advantage Club tenants Promoting the use of environmentally friendly materials, paints, equipment, etc. by incorporating ESG perspectives into our analysis of current situations and recommendations for land use and construction support Promoting buildings and urban development that are considerate of water environment conservation Reducing waste and greenhouse gas emissions

S Realization of society that supports (the success of) diverse talents

AZN Group considers **human resources** among its most valuable management capital, and believes that improving the interpersonal skills and diversity of its employees are key themes in order to contribute to clients and to society. In addition to initiatives to improve interpersonal skills within the company, we will strengthen initiatives that will help improve interpersonal skills through our employ-

ees' own social contribution activities. Employee diversity is also a crucial aspect of appreciating the diverse values of our clients and solving the property issues that exist in modern society. To promote diversity, we will continue to create a pleasant working environment for women and other diverse human resources. We believe that by respecting the individuality and autonomy of our employees

Case 1 Supporting the establishment and operation of foundations

Establishing a foundation is one way that assets can be used to contribute to society. However, without specialists in building managerial systems and in operating and managing assets, sustainable management can be difficult.

At Aoyama Zaisan Networks, by utilizing our expertise in the operation and management of property and business succession, as well as our internal and external networks, we support our clients in passing on their assets and philosophy to the next generation through foundations.

For example, we supported the establishment and operation of a foundation providing scholarships to students from orphanages in order to realize a client's desire to support children not afforded educational opportunities for economic reasons.

We have also introduced an operations and management system that provides guidance and checks to ensure that students are able to use their scholarship funds appropriately, and we conduct thorough follow-ups together with our client after establishment. Creating opportunities for higher education enables children to dream and hope for the future.

AZN has also been involved in establishing and operating other foundations for various purposes, including supporting human resource development in the fashion industry, laying the foundation for enjoyment of classical music, and conducting educational science experiments in the field. We intend to continue helping to connect the hearts and minds of our clients by utilizing our group's hard-won expertise.

and constantly providing opportunities for self-improvement and personal growth, we can grow into a company

Current initiatives	<ul style="list-style-type: none"> Instilling our management philosophy through corporate philosophy training and morning meetings conducted by President Hasumi himself Enhancing consultant training programs such as ART system training and the Consulting Education Center Encouraging the use of parental leave Expanding the contract employee system to allow employees to continue working after the mandatory retirement age of 65 Giving donations and other support to medical associations and institutions
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capable of evolving with social change and our clients' needs, and thus contributing to our clients and to society.

Future initiatives	<ul style="list-style-type: none"> Expanding donations to organizations dedicated to eradicating pet euthanasia, promoting subsidized children's cafeterias, etc., and offering support through volunteer activities undertaken by our employees Promoting advancement of women (increasing the percentage of female employees from approximately 30% to 40%, and the percentage of female managers from approximately 18% to 30%) Maintaining the work environment Enhance consultant training by using external educational institutions Training up management personnel
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S Business activities with emphasis on partnerships

As a comprehensive property consulting firm, AZN Group recognizes our engagement with local communities is one of the important agenda in terms of resolving social challenges and protecting property. With our mission, "To remain your best partner in 100 years," we strive to contribute to our clients' happiness through the succession, operation, and management of property. We regard local communities as a foundation for the life of all people including our clients, their families, and the companies and employees they value, as well as a foundation for social and economic activities and for leading happy lives. To

ensure that our clients can live happily and that the value of their assets in local communities continues to increase, we are committed to engaging with local communities.

Current initiatives	<ul style="list-style-type: none"> Contributing to welfare through land utilization and construction support for childcare facilities and seniors facilities, as well as attracting hospitals, clinics, and other facilities of high public benefit Creating mechanisms to give back to society by supporting the establishment of foundations Contributing to urban development and regional job creation by collaborating with partners (public organizations, financial institutions, and companies) on regional development projects
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G Continuing improvement in governance

Recognizing corporate governance as an important management mechanism to make transparent/fair and speedy/decisive decisions, AZN Group is actively committed to it. In line with this policy, activities are undertaken appropriately, including the Nominating Committee's determination of director candidates, the Compensation Council's deliberations on executive compensation, and evaluation of the effectiveness of the Board of Directors. For the purpose of practicing fair and bona fide management in compliance with laws, we have established the Compliance Committee

consisting of the President, full-time Directors, Executive Officers/General Managers of the divisions, and external legal counsels (attorneys) as a structure to further compliance with laws and corporate ethics.

Current initiatives	<ul style="list-style-type: none"> Establishing appropriate managerial structures for AZN Group by instituting a Nominating Committee and Compensation Council to determine director candidates, as well as succession planning, etc. Operating the Compliance Committee and a fair and transparent Compensation Council to advance legal compliance
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Case 2 Achieving construction of a senior citizen's facility through subsidies

Beyond making effective use of their property, many of our clients want to actively contribute to society as representatives of their communities. In one such case, this desire was realized by becoming the owner of a senior citizens' facility for which the local municipality had publicly sought applications.

Just as Aoyama Zaisan Networks was seeking effective applications for use of our client's land, an open call for business operators to run a senior citizens' facility was announced. Although the application deadline was only about a month away, these open calls are held on a regular basis. In order to help realize the clients desire to contribute to the local community, AZN had been considering ways to make effective use of the land, including the possibility of such public offerings.

After performing a detailed business income and expense simulation, we recommended a complex combining a small-scale multifunctional facility with a group home for elderly persons with dementia. After the applications were reviewed and public bidding was conducted, our group's proposal was selected. The review process was more difficult because this was a subsidized project, but the fact that our proposal cleared the review was evidence that the proposal, including its sustainability, had been highly evaluated, which reassured the client. We also provided support for selecting business operators and signing contracts to ensure that the project would be sustainable.

Our Data

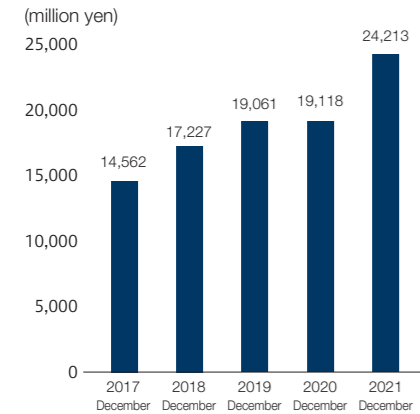
Financial & Non-financial Data (Summary)

Definitions within non-financial highlights: [Eligibility] Those not listed include full-time employees and temporary employees (excluding directors and part-time workers) across the entire group, including those who retired partway through the fiscal year.
[Calculation method] Employees still employed as of December 31 of the relevant fiscal year (including those retiring on December 31)

◆ Financial highlights

◆ Non-financial highlights

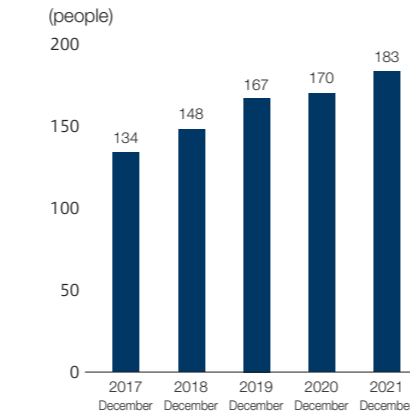
● Net sales



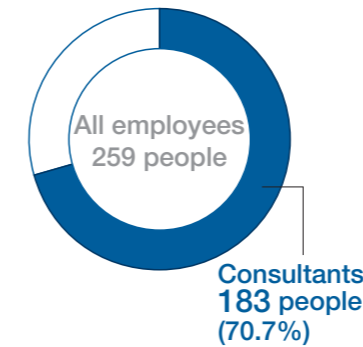
● Operating profit / Ratio of operating profit



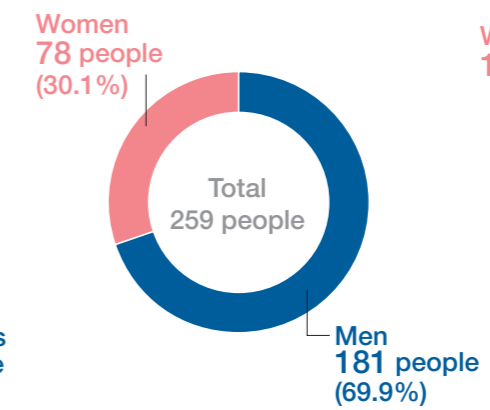
● Shifts in number of consultants



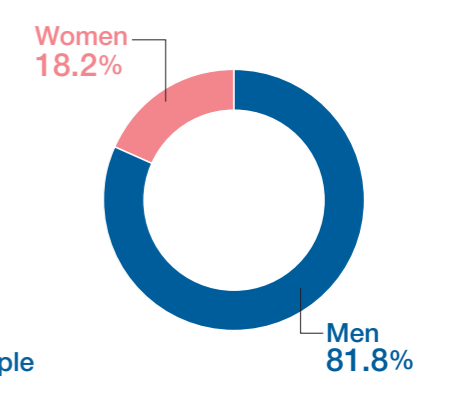
● Number of consultants



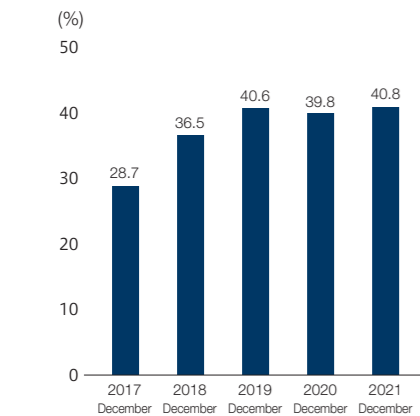
● Number of employees (by gender)



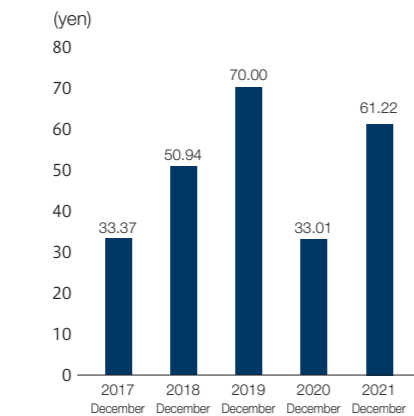
● Percentage of managers (by gender)



● Equity ratio

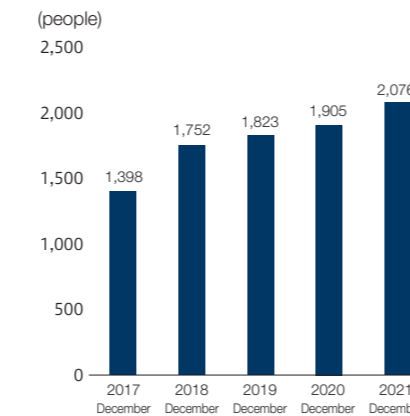


● Earnings per share (EPS)

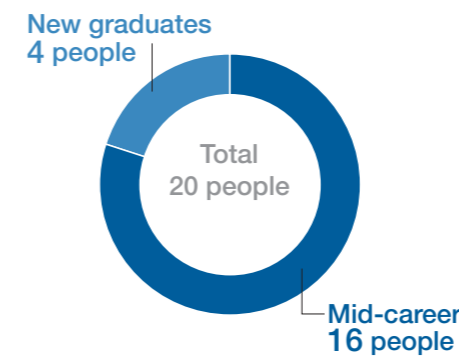


On September 1, 2021, the Company conducted a 2-for-1 stock split of its common stock. Pre-2020 amounts and percentages have been replaced by amounts and percentages that take into account this split.

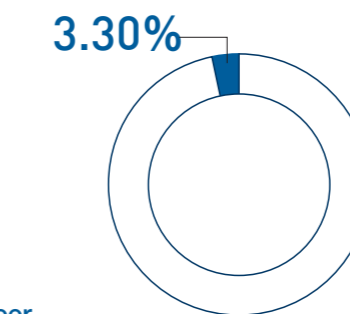
● Number of clients



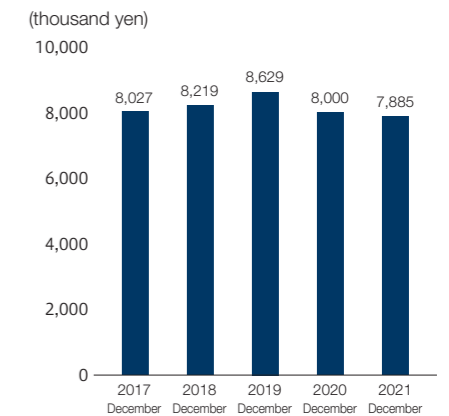
● Number of new recruits (new graduates and mid-career) in FY2021



● Turnover



● Average salary



◆ Financial indicators

Units	December 2009	December 2010	December 2011	December 2012	December 2013	December 2014	December 2015	December 2016	December 2017	December 2018	December 2019	December 2020	December 2021
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● Financial data

Net sales	Million yen	5,408	5,227	7,627	5,839	6,369	9,305	14,275	14,420	14,562	17,227	19,061	19,118	24,213
Operating profit	Million yen	-3,686	200	186	98	160	445	485	751	1,094	1,464	1,603	1,303	1,856
Ordinary profit	Million yen	-4,245	160	166	91	142	467	471	628	943	1,358	1,503	1,195	1,796
Net income attributable to parent company shareholders	Million yen	-4,820	82	218	92	201	362	518	587	768	1,162	1,676	800	1,481
Total assets	Million yen	6,442	4,498	3,698	4,769	4,698	5,930	7,220	9,258	12,587	12,353	15,492	16,001	17,426
Net assets	Million yen	1,187	1,222	1,224	1,941	2,151	2,447	2,909	3,329	3,624	4,518	6,390	6,566	7,128
Cash flow from operating activities	Million yen	708	1,890	579	227	368	197	801	1,177	-1,277	272	2,300	1,942	2,389
Cash flow from investment activities	Million yen	2,153	282	122	-1,203	1,886	43	-162	-1,061	-840	332	723	-753	-631
Cash flow from financial activities	Million yen	-5,339	-1,745	-602	247	-425	253	370	1,116	2,174	-1,787	1,215	-215	-374
EPS (earnings per share)	yen	-228.01	3.90	10.32	4.36	9.26	15.49	22.11	24.88	33.37	50.94	70.00	33.01	61.22
BPS (book value per share)	yen	56.16	57.83	57.92	59.74	91.59	103.63	122.72	139.86	158.41	197.59	259.48	262.39	294.61
Dividend per share	yen	3.75	2.50	3.25	3.75	5.00	7.50	9.00	11.50	15.00	19.50	25.00	26.50	28.00
ROA (return on assets)	%	-36.1	2.9	4.1	2.2	3.0	8.8	7.2	7.6	8.6	10.9	10.8	7.6	10.7
ROE (return on equity)	%	-135.0	6.8	17.8	7.4	11.8	15.9	19.5	18.9	22.2	28.6	31.1	12.7	22.0
ROIC (return on invested capital)	%	-	2.2	6.9	3.4	4.4	10.1	11.4	11.9	11.5	13.4	13.0	8.0	10.0
Adjusted ROIC (adjusted return on invested capital)	%	-	3.7	4.9	2.3	3.3	8.3	7.3	8.7	9.0	10.5	10.3	7.3	9.7
Equity ratio	%	18.4	27.2	33.1	26.5	45.7	40.9	40.0	35.8	28.7	36.5	40.6	39.8	40.8

*Adjusted ROIC is calculated by subtracting the statutory income tax rate (30.62%) from operating profit to arrive at NOPAT (net operating profit after tax). For invested capital, the average of two periods is applied.
*The Company conducted a 100-for-1 stock split of its common stock on January 1, 2014, and a 2-for-1 stock split of its common stock on September 1, 2021. Pre-2020 amounts and percentages have been replaced by amounts and percentages that take into account this split.