

## Creating an organization where harmony among diverse personalities generates vital energy

Needs for management and succession of property in Japan are on the rise. It is becoming increasingly important for consultants to be able to analyze diverse customer situations and make optimal proposals. For this reason, the Group focuses on training consultants and creating pleasant workplaces.

As Japan's population ages, there is a growing need for asset utilization and management due to uncertainty about society's future. Japan also has many family businesses with long histories, and highly specialized consulting services related to asset management and business succession are in high demand among the community. We help to ensure the business continuity of family-owned businesses that play a major role in the local community. Socially, this is very meaningful. Our Group has been providing consulting services while prioritizing our relationships with clients passing on assets and businesses. It is important to sustain these kinds of relationships over the long term.

To further enhance the quality of the Group's management, it needs to consider three perspectives:

Outside Director

### Haruo Shimada



investors, clients, and society. Needless to say, our reputation among investors and clients is of paramount importance. In recent years, society's view of the company has also grown in significance. Pursuing an optimal balance among these three perspectives is sure to improve quality of management.

Amid an ever-changing external environment, our clients' family structures and asset situations are becoming more diverse. As a consulting company, our Group is committed to understanding and analyzing each client's situation in order to make optimal recommendations. To carefully carry out a series of processes, it is essential to have consultants who have a deep love for people as well as true sensitivity. This is why we need to focus more than ever on recruiting and training human resources. Beyond improving the skills of individual consultants, it is also essential to take a team approach to complement each other.

In the future, it will be more important to improve the quality of services through the use of digital technology. In recent years, we have been making a dedicated commitment to DX. The cornerstone of these efforts is the ART system. We will continue to evolve the ART system and devote efforts to increasing the uptake of the system by users.

But how can consultants and other employees in various divisions be highly motivated to work? This question is key to the future growth of our business. The Group established a Sustainability Committee in 2022, and part of the Committee's responsibility involves reforming the way we work. We intend to be a company that promotes understanding of diversity, creating workplaces where everyone can work in comfort, where all employees can feel fulfilled in their daily work and always want to give their best.

Creating an organization in which diverse personalities can coexist in harmony and create vital energy is an extremely challenging task for all Japanese companies. We will redouble our efforts to be recognized as a pioneer in overcoming this significant challenge.

## Amid strong performance, now is the time to implement measures looking to the future

In 2022, the Group's property consulting and real estate-related businesses grew, and ROIC management became established. As a result, the company achieved its best ever performance. Toward further future growth, we are strengthening our efforts in human resource development, DX, and reform of work styles.

Ever since Spring 2020, the Group's core property consulting business has been severely constrained by the prolonged COVID-19 pandemic. Despite a challenging environment in which meeting with clients was not easy, AZN as a whole managed to achieve record sales and profits in 2022. I believe this is the result of the efforts of our consultants and other front-line employees.

In 2022, we steadily increased the number of clients and sales in our property consulting business, while Advantage Club, one of our strategic individualized services, achieved significant growth. With an increasing number of similar products from other companies now following suit, we need to further enhance the appeal of Advantage Club without taking our high market share for granted. Moreover, after the USA, Japan has the second-

largest number of financial asset holders owning more than 100 million yen in financial assets. Great business opportunities are evident in the IFA and STO businesses that we have established.

Return on invested capital (ROIC)-based management, which we have been working on since 2021, has also taken firm root in 2022 after a year of experience. Use of ROIC has driven activities for improvement in every division, leading to increased productivity. ROIC and return on equity (ROE) for 2022 were 12.2% and 22.0%, respectively—well above the levels of typical Japanese companies. This is the result of effective use of funds entrusted to us by investors.

Even though our current performance is solid, we need to undertake initiatives with an eye to future changes in the environment. Companies with management philosophies and purposes such as ours are necessary for society, and I would like to point out three key points for growth.

The first key point is human resource development. In particular, it is very important to train many consultants able to think from the client's perspective, build relationships of trust, and make recommendations that satisfy clients.

The second key point is DX initiatives. Digital technology is a powerful tool in proposing optimal solutions to clients with diverse needs. Digitalization is also an essential factor in improving the performance of consultants. Significant tools in our Group include the ART system, but we need to focus more on training people to use it to its fullest potential. In the future, we will also need to consider how to incorporate technologies such as AI and big data. I believe that eventually, we will consider establishing new organizations such as a research and development center.

The third key point is even further development of work style reforms. In the summer of 2022, we conducted an internal survey that clearly identified several issues for our Group. It is very important to create a workplace that is pleasant and rewarding to work in not only for women but also for men. We moved several measures into implementation for immediate improvement.

As a Group, we will work together to ensure that all employees find their work rewarding, are able to overcome challenges, and have ample opportunity to grow further.

Outside Director

### Keiji Watanabe

