

Combining interpersonal skills, digital, and teamwork

As a firm that operates in the high-net-worth segment of the market, training consultants to be at the forefront of this business is a major task.

It is also important to create a digital environment that supports consultants and to have a diverse team. Creating an environment where each individual can learn and grow will further enhance the quality of the proposals we make to our clients.

Recently, the Nikkei Stock Average hit an all-time high. Meanwhile, real estate prices continue to rise, especially in urban areas. Given this, it is clear that the high-net-worth class in Japan will keep increasing. But who are these high-net-worth individuals? Although there are definitions such as "those owning more than several hundred million JPY in assets," the specifics are not easy to define clearly. Some corporate owners possess real estate and financial assets, while others have management assets, including human assets and intangible assets. For corporate owners in particular, the management assets gained through good management can be significant.

These diverse high-net-worth individuals are our clients. Our consultants stand at the forefront of this organization. The most important task for us is developing human

resources capable of responding to the diverse issues, interests, and needs of high-net-worth individuals, and maintaining and strengthening relationships of trust with them on an ongoing basis.

In the past, consultants were often viewed as "lone players," but in today's era of rapid change, this style has its limits. In recent years, both teamwork and use of digital technology have become increasingly important.

Data accounts for a large portion of intangible assets in our society, and is increasing each year. Mindful of these trends, we are accelerating our DX efforts. Creating a database detailing each client's unique situation enables our consultants to make better proposals based on this information. Also, if the database details how we have assisted our clients, junior employees can learn a lot from the actions of their senior colleagues.

These DX initiatives are progressing steadily. However, we cannot gain meaningful information without building relationships of trust with our clients. The interpersonal skills of individual consultants has been and still is a crucial element.

At the same time, in team building, it is important to ensure diversity. Adding different perspectives elevates the level of discussion within the company and improves the quality of the team. This will be reflected in the proposals we make to our clients. To this end, we need to ensure women, who make up half of our human resources, can play an active role. This year, we welcomed two women who will serve as Outside Director and Executive Officer. We look forward to their success, and are confident that the presence of role models close at hand will encourage their younger colleagues.

In recent years, pressure on Japanese companies from surrounding society has been increasing. Corporate governance reforms have got underway, and management conditions have become considerably more transparent. The fact that listed companies are now required to disclose information on human capital can also be positioned within this trend.

It goes without saying that human resources are important to us. Individuals must have the desire to learn and grow, while as a company, we must provide the necessary environment and support. We intend to further strengthen these efforts in future.

Outside Director

Haruo Shimada



Focus on laying the foundation for sustainable growth

In February 2024, we revised downward our forecast for FY2024 as previously announced in the Medium-Term Management Plan.

The reasons for this revision include the intensifying competition surrounding Advantage Club and the fact that our consultant training is only partway complete.

From FY2024, we intend to step up our investment in human resource development, aiming for medium- to long-term growth.

Over the past decade, we have experienced rapid growth. Looking back over the past few years, our operating income has continued to increase by 30% to 40% each year. However, the rate of growth is expected to slow somewhat, with operating profit projected to be 3.5 billion yen (+7.2%) in FY2024, compared to 3.265 billion yen in FY2023.

The Third Medium-Term Management Plan announced in February 2022 initially set an operating income target of 4.5 to 5 billion yen for FY2024, so 3.5 billion yen is a considerable downward revision. There are two main reasons for this.

The first reason stems from a review of our business expansion policy. ADVANTAGE CLUB, a real estate joint ownership scheme in which customers jointly own

real estate in urban areas and receive income through real estate leasing, is a pioneer in this field and has gained a strong market share. However, in order to contribute to the succession and management of our clients' assets, we made the decision not to embark on unreasonable expansion of our business, because we believe it is important to select properties that meet our rigorous standards. Therefore, we can presume that the contribution to earnings of ADVANTAGE CLUB will be slightly lower than initially forecast.

The second reason is our expanded human capital investment. The needs of high-net-worth individuals are becoming more diverse and complex, and the skills required of our consultants are reaching higher standards every year. Unfortunately, as an organization, we have not been able to respond to these environmental changes at a sufficient level. We have an urgent need to train excellent consultants who can provide a wide range of consultation services based on strong relationships of trust with our clients. For this reason, we are expanding investment in human resources to drive sustainable growth.

As an outside director, I initially expressed concerns over the major revision to the operating profit target. However, I was moved by President Hasumi's strong determination and commitment to consultant development, and ultimately did not oppose the revision. As a result, the impact on our stock price was limited, partly because of the careful explanation offered to the market. For management, such decisions are never easy. I do believe that it was an excellent decision.

So what about DX? This is an important theme for our company, along with human resource development. The key to success is to digitize all operations, break down organizational barriers, and construct a single integrated business process. First of all, we will work on developing a database to support the work of our consultants and promote fully digital utilization of the database to improve the productivity of all employees, not just consultants.

We have updated our Purpose and Vision, and included the sentence "becoming a leader in the wealth management business." We believe this will more clearly identify the direction in which we are headed, both for our stakeholders and for society. Naturally, we expect to see a positive impact on the day-to-day activities of individual employees.

Outside Director

Keiji Watanabe

