



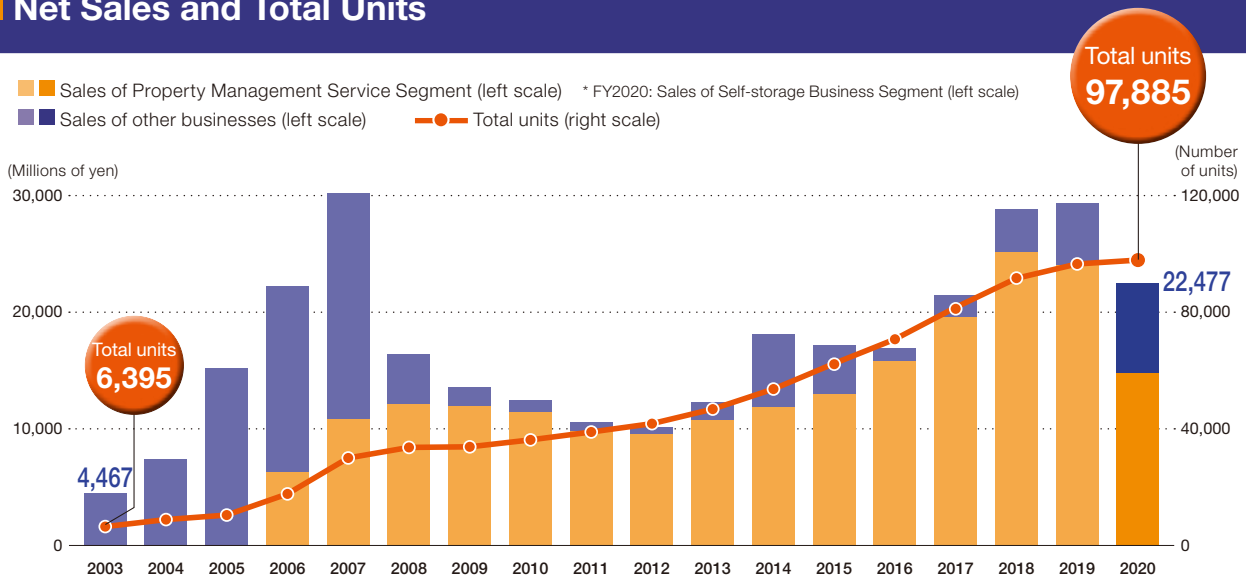
Contribute to better lifestyles for people through self-storage

Arealink's History of Value Creation

Arealink operates a service-oriented cumulative-type business that makes use of under-utilized real estate. In the Self-storage Business, Arealink manages storage units nationwide under the Hello Storage brand, and has established a position as a leading company. Following its management philosophy of “Provide convenience, joy, and excitement,” Arealink has adopted the following three principles as its long-term vision, and is seeking growth centered on self-storage management.



Net Sales and Total Units



1999



Began offering outdoor container units

2001



Began offering indoor self-storage units

2003

Listed on the TSE Mothers market

2005

Hello Storage business surpassed 10,000 units

2007

Osaka Office opened

2008

Hello Storage business surpassed 30,000 units

2015



Began offering self-storage type properties with land

2016

Hello Storage business surpassed 70,000 units

2017

Won 15.1% of the self-storage market in Japan
 Collaboration between Hello Storage and the popular Hello Kitty character

2018

Hello Storage business surpassed 90,000 units
 Won 16.1% of the self-storage market in Japan

2019



Began offering Business Storage / Hello Garage

2020

Market listing switched to TSE Second Section

Arealink's Business

Business Segments



Self-storage Business

Net sales: ¥14.77 billion Sales composition ratio: 65.7% (December 2020)

The Self-storage Business leases, or acquires and holds, land and buildings that it then manages as rental storage space. This business also offers storage containers as investment products, and builds self-storage properties to order.

- **Self-storage Management:** Operation, marketing, and management of rental storage spaces
- **Self-storage Brokerage:** Received orders and sales of self-storage properties as investment products

Land Rights Consolidation Business

Net sales: ¥6.06 billion Sales composition ratio: 27.0% (December 2020)

Resolution of issues between land owners and leasehold rights holders through the buying and selling of leasehold land with complex rights circumstances.

Other Operational Services Business

Net sales: ¥1.64 billion Sales composition ratio: 7.3% (December 2020)

The Other Operational Services Business leases, or acquires and holds, land and buildings for the asset or office building business, adds value as part of the Arealink Hello Series, and operates and manages the properties.

Self-Storage (Outdoor type, indoor type)

■ Hello Storage (outdoor type)

These are large storage spaces utilizing sturdy, overseas shipping containers. They are large enough to drive into, for easy loading and unloading. Arealink has approximately 73,099 units (as of December 31, 2020) nationwide, from Hokkaido to Okinawa.



■ Hello Storage (indoor type)

Indoor-type self-storage units utilizing an entire building or section, mainly in Tokyo and Osaka metropolitan areas.



Main User Base

70%: Individual users

- Households with children
- Hobby enthusiasts



30%: Companies

- SMEs: Materials and inventory storage
- Civil engineering companies: Goods storage

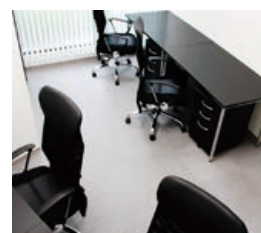


Land Rights Consolidation (Leasehold Land) Business



Arealink operates a land rights consolidation business through which it buys land rights from landowners, and at the appropriate timing, sells them to leaseholders.

SOHO



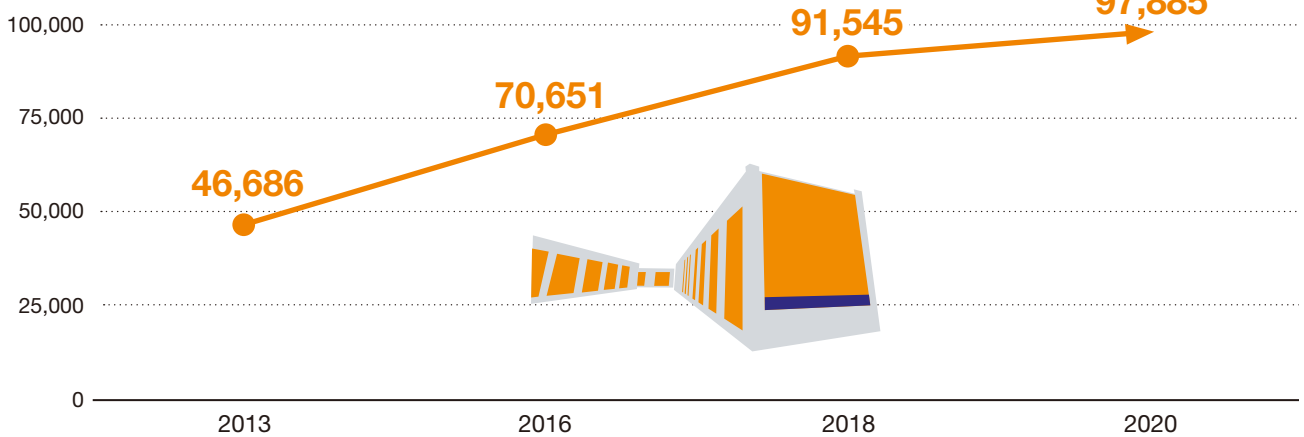
Arealink provides rental office spaces that allow small businesses to curb startup costs as much as possible.

Arealink's Competitive Advantage

Aiming to be overwhelming No. 1, the number of units have doubled over 5 years

Arealink Market Share: 16.9%

(Total number of units)



As a leading company, we provide storage with a favorable image and high valuation

Hello Kitty character used in design. Storage structures designed to fit with the residential environment.



Hiring designers with an aim to create harmony with society

Before



After



Developing a range of self-storage solutions to meet user needs



Business self-storage

Maisonette-type units to meet a range of needs, with warehouse space with an electric shutter and parking space in front, and an open area on the second floor.



Parking spaces specifically for motorcycles

Secure parking spaces for people with several bikes.



Enhancing service content to differentiate Arealink from competitors

Digital showroom

Video with storage examples according to size and layout, providing customers with an image of how space is used.

Expanded owned media "kurasul" and video content

Information site to rethink the relationship between goods, storage, and self-storage facilities, for a fuller and richer life.



New transport service

Service to make moving items to a self-storage unit easier and simpler.

Transportation IC card to access facility

Use of transportation IC card technology enhances convenience and safety.

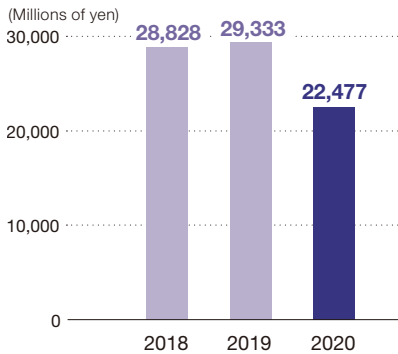


Highlights of Financial and Business Results

Financial Highlights

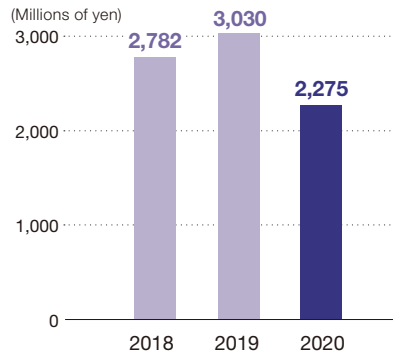
Net Sales

22,477 million yen



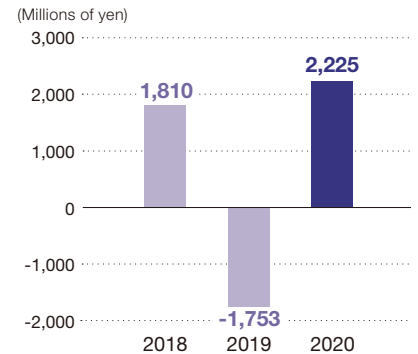
Operating Income

2,275 million yen



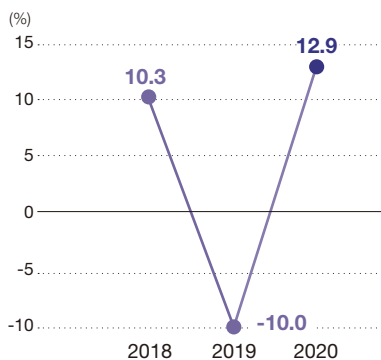
Net Income

2,225 million yen



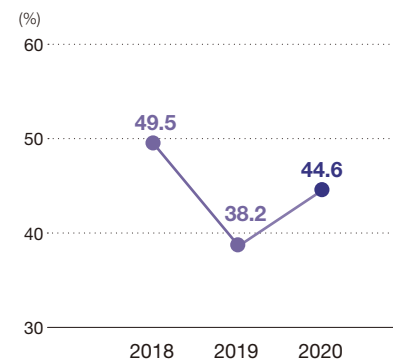
ROE

12.9%



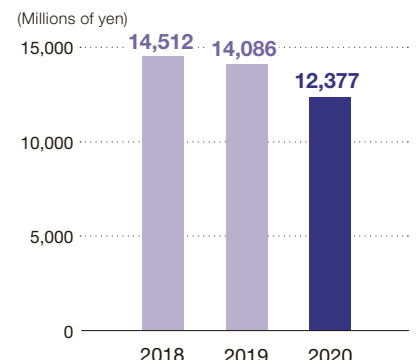
Shareholders' Equity Ratio

44.6%



Interest-Bearing Debt

12,377 million yen

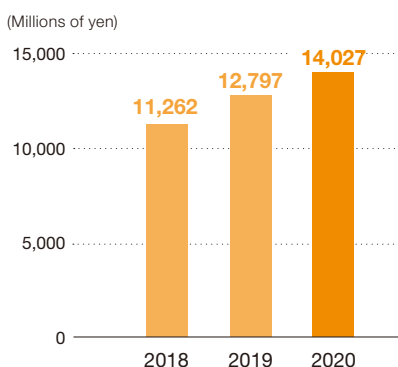


Business Results Highlights

Self-Storage Business Net Sales

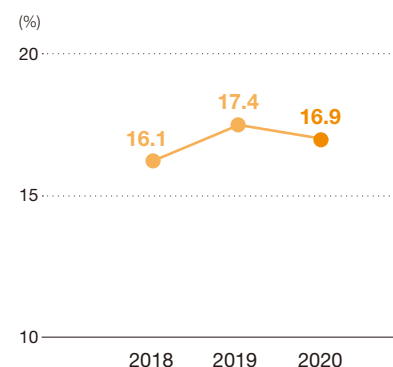
* Revenue from Self-storage Management

14,027 million yen



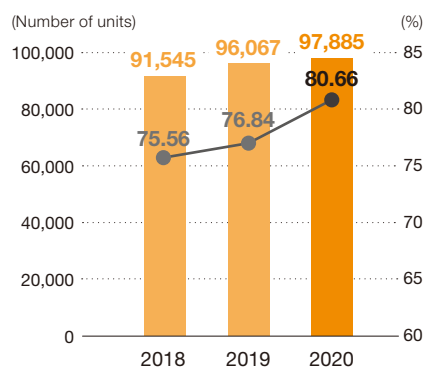
Domestic Market Share

16.9%



Total No. of Self-Storage Units and Utilization Rate

97,885 units **80.66%**



We are pursuing growth centered on self-storage management, aiming to enrich society with self-storage.

President & CEO **Naomichi Hayashi**



Fiscal 2020 business results

Arealink posted year-on-year declines in revenue and earnings for fiscal 2020 (ended December 31, 2020), although net sales, operating income, and ordinary income were in line with plan, and we achieved a sharp turnaround in net income. The main factor behind the decline in operating income was transient earnings gains in the previous fiscal year, including ¥600 million from the sale of the Kanda Kyodo Building, and ¥900 million in self-storage brokerage.

By segment, revenue and earnings declined in the Self-storage Business overall. Looking at the subsegments, sales increased in the core self-storage management business, and we achieved a sharp rise in earnings. The number of self-storage units at the end of December 2020 totaled 97,885 units, an increase of 1,818 units from the end of the previous fiscal year. The utilization rate improved by 3.82 percentage points to 80.33%, the highest level it has reached in the last ten years. Earnings were also boosted by improvement in the gross profit margin due to container repurchases, and cost reductions stemming from requests for decreases in land rent. The self-storage brokerage business posted substantial declines in revenue and earnings following a shift in policy toward opening locations utilizing in-house investment, but these results were in line with the target. The Land Rights Consolidation Business had higher revenue with a decline in earnings, due mainly to a temporary cessation of procurement

and focus on sales of long-term holdings in order to reduce inventory. The Other Operational Services Business posted a decline in revenue and earnings, mainly due to a severe deterioration in the utilization rate for rental meeting rooms as a result of the COVID-19 pandemic. We determined that a quick recovery in this business was unlikely, and decided to withdraw from the business entirely at the end of 2020.

Regarding the status of the container buy-back program, over the last year Arealink purchased ¥1.28 billion in applicable containers, or around 25% of the total on a value basis. We also recorded an extraordinary gain of ¥1.48 billion on a reversal of the provision as a result of customers declaring that repurchase was unnecessary. We will continue to conduct individual negotiations with customers during 2021.

Fiscal 2021 forecasts and medium-term management plan

For fiscal 2021 (ending December 31, 2021), Arealink is forecasting a decline in revenue with an increase in earnings resulting from an acceleration of the shift to a cumulative-type business centered on self-storage management. Although net income is projected to decline from the previous fiscal year, this is because of extraordinary gains recorded in FY12/20. Discounting this effect, the forecast is for an increase in earnings on a real basis. For the annual dividend in FY12/21, we are planning an increase of three yen to 34 yen per share,

for a dividend payout ratio of 30.7%.

The utilization rate for Arealink's self-storage service has remained steady during the coronavirus pandemic, demonstrating that self-storage is a service that people consider necessary. Arealink, based on the principle of "enriching society through self-storage," is pursuing growth centered on self-storage management. Over the longer term, we expect profitability to improve as a result of openings of company-owned outdoor container locations and self-storage properties with accompanying land. At the same time, we will develop and offer new types of self-storage products, and expand services to customers, presenting a model of a fuller life by using self-storage. Further, as part of the self-storage industry overall, we will work with other companies to enhance the appeal and allure of self-storage, in order to expand the market and achieve growth. In the Land Rights Consolidation Business, we plan to resume acquisition of leasehold rights from 2021, and pursue a new business style that includes renovation of apartments and other buildings for holding or sale.

Along with its FY12/21 forecasts, Arealink also announced a three-year Medium-term Management Plan through the FY12/23 period. This plan aims for increases in revenue and earnings derived mainly from gains in self-storage management, with continuous annual growth in ordinary income of 10% or higher. The forecast for the number of newly opened self-storage units, which is the key to business growth, is a modest 1,000 units in FY12/21 taking into

account the impact from the coronavirus pandemic, but we plan to steadily increase openings in the following years, with targets of 2,800 units in FY12/22 and 3,700 units in FY12/23. Our policy of carefully selected location openings, emphasizing quality over quantity, is unchanged. Further, in addition to an annual net increase in the number of available self-storage units, Arealink is planning location openings totaling 5,000 units annually. For container-type locations, we will pursue openings of locations that recycle used containers, targeting cities with populations of around 100,000 residents. While following a basic policy of opening locations through internal investment, we will take into account the financial balance, and consider a mixture of openings that includes investment by owners. We also plan to maintain our personnel policy of a small number of highly skilled staff, making a concerted effort to achieve a target of 50 million yen in earnings per employee by 2025, centered on a cumulative-type business.

Arealink's management philosophy is to "Provide convenience, joy, and excitement." Based on this principle, in these ever-changing times we hope to be a company considered essential by society, and a place where employees are proud to work.

Thank you for your continued support of Arealink.

* For details on FY12/20 results and FY12/21 forecasts, see Page 11, "Management's Discussion and Analysis of Financial Condition and Operating Results."

Medium-term Business Plan 2021-2023 – Management Targets

Steadily increase earnings even during the coronavirus crisis, aiming for 10% annual growth in ordinary income.

	2020	2021 (Plan)	2022 (Plan)	2023 (Plan)
Net Sales	22.4 billion	19.7 billion	21.8 billion	23.8 billion
Operating Income	2.2 billion	2.5 billion	2.8 billion	3.2 billion
Ordinary Income	2.1 billion	2.4 billion	2.7 billion	3.1 billion
Self-storage No. of new units*	2,780 units	1,000 units	2,800 units	3,700 units

* Excludes cancellations

- **Location opening plan: Annual net increase of self-storage units in operation of around 5,000 units.**
- **Openings of company-owned locations are the base, but also consider the financial balance.**
- **Personnel structure: Maintain policy of small, highly skilled workforce.**

Aim for "earnings of 50 million yen per employee by 2025" centered on cumulative-type businesses.

Longer-term Management Policies and Main Measures

Longer-term Management Policies

Maintain focus on Self-storage Management.

- Pursue company-owned holdings to improve profitability.
- Open small wood-frame locations “Self-storage Mini” (provisional name).

Contracts, holdings, and sales for Hello Biz Storage.

Selling and holding of limited land rights utilizing new system.

Main Measures

Small wood-frame self-storage unit “Self-storage Mini” (provisional name)

Arealink is developing small, wood-frame self-storage facilities provisionally called “Self-storage Mini.” These three-story wood buildings have around 40 units and are suitable for cities with populations of around 100,000 residents. It is the type of product Arealink’s competitors are unable to imitate from a financing standpoint. These buildings have a stylish appearance, utilizing the Hello Storage orange and blue color pattern. Arealink is developing these units in Japan at present, and is considering utilizing this style in overseas markets in the future.



Artist's rendering of “Self-storage Mini” (provisional name)

New self-storage product “Hello Business Self-storage”

In March 2021, Arealink opened a “Hello Business” location that can also be used as a residence. This self-storage unit in Machida-shi, Tokyo combines a warehouse and office with residential space and a parking lot. These facilities will be opened mainly in suburban areas, utilizing a mixture of company-owned holdings, orders, and sales. This new type of product allows Arealink to serve needs not addressed by apartments and condominiums, and acquire new customers.



Machida location



1F Storage



2F Office

Example of Business Self-storage Utilization

Suggestions for using self-storage for a richer life

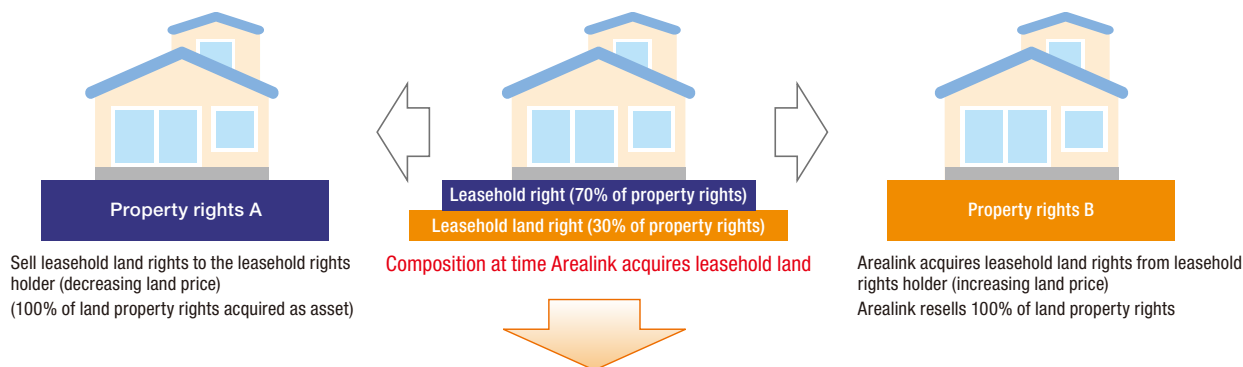
Arealink launched the information website “kurasul” in September 2020. It provides basic information on self-storage units for new users, along with actual examples of the stored items and clever ways people utilize storage space. The information presented through this site continually presents ideas for using self-storage for a richer, fuller life.



Land Rights Consolidation Business – New system for sales and holdings

Arealink examined the issues facing the Land Rights Consolidation Business during FY12/20, and established a new system that it plans to utilize from FY12/21.

Up to now Sell to leasehold rights holder (decreasing land price) or purchase and resell leasehold rights (increasing land price).



Going forward Create a business focused on leasehold land with various types of arrangements.

- Sell leasehold land to real estate investors, aiming for yield (around 3%) from ground rent.
- Acquire leasehold rights, renovate buildings (apartments, etc.), and hold or sell.

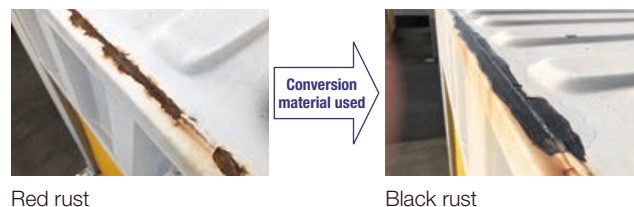
ESG Measures

As a leading company in the self-storage industry, Arealink considers the long-term application of ESG management to be an important issue for management. For example, through its measures for environmental consideration in the Self-storage Business, Arealink is helping to improve the living environment in Japan and the effective utilization of resources. Specifically, wood-frame self-storage units are built using the “50 years utilization” concept to provide a longer service life. Regular maintenance of containers is also conducted with the aim of long-term use of 50-75 years.

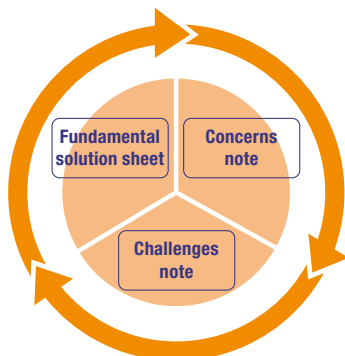
Beautify the outward appearance of containers



Convert the “red rust” that is the source of corrosion to benign “black rust”



Managerial training method



Arealink also focuses on human asset development. Training is conducted using the internal “Arealink Master” tool to enhance the skill level of employees. For manager-level employees, Arealink is developing a training method that involves creating a list of potential management risks and issues, considering fundamental solutions to those problems using progress management, and taking preemptive action.

Corporate Governance Structure

Arealink has introduced an executive officer system alongside its corporate auditor system, while ensuring separation and control over business execution and auditing/supervisory functions, including appointing outside directors. The Board of Auditors and accounting auditor exchange information as required, providing for effective operational and account auditing. Arealink has also established an Internal Audit Office as the body for conducting internal audits. The Board of Auditors and Internal Audit Office, in order to enhance the effectiveness and efficiency of audit functions, exchange opinions and information on a regular basis, and as necessary.

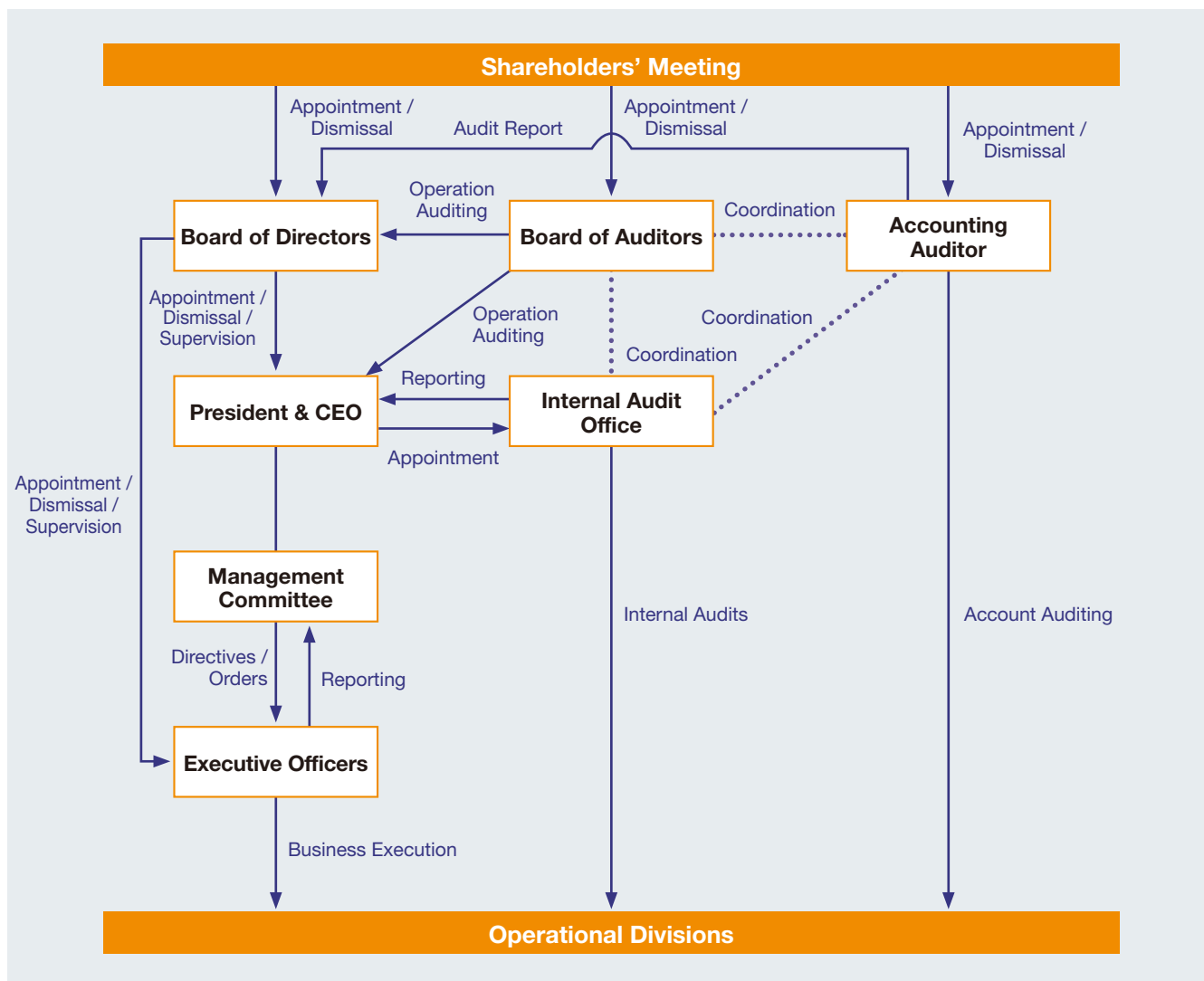
The business execution, auditing/supervisory, nomination, remuneration determination, and other functions are as follows.

The Board of Directors convenes monthly, and holds extraordinary sessions as necessary. It makes decisions

regarding important business execution and legal matters, and supervises business execution. Arealink's Board of Directors comprises five members, two of whom are outside directors.

The main activities of the Board of Auditors include having company auditors attend meetings of the Board of Directors and full-time company auditors attend Management Committee sessions and other important meetings, as well as conducting audits of internal departments regarding the status of business execution. Arealink's Board of Auditors comprises four members, of which all four are outside auditors (with one full-time company auditor).

The Management Committee is a space for the discussion of Arealink's management strategy. It comprises of internal directors and persons designated by them. The Management Committee meets three times per month in principle.



Management Team



President & CEO
Naomichi Hayashi



Managing Director
Yoshika Suzuki



Director
Wataru Sasaki



Director (Outside Director)
Kazuhiro Furuyama



Director (Outside Director)
Masanori Koda



Full-Time Company Auditor
(Outside Auditor)
Hideto Kojima



Auditor (Outside Auditor)
Koji Tamura



Auditor (Outside Auditor)
Iwao Aoki



Auditor (Outside Auditor)
Shigekazu Mitsuta

(As of March 24, 2021)

Six-Year Summary

Years ended December 31

	Millions of Yen					
	2020	2019	2018	2017	2016	2015
Summary of Income						
Net sales	¥22,477	¥29,333	¥28,828	¥21,489	¥16,908	¥17,173
Self-storage Business* ¹	14,773	22,087	—	—	—	—
Land Rights Consolidation Business* ¹	6,063	5,402	—	—	—	—
Other Operational Services Business* ¹	1,640	1,842	—	—	—	—
Cost of sales	16,977	22,669	22,173	15,805	12,136	12,100
Gross profit	5,499	6,663	6,655	5,683	4,771	5,073
Selling, general and administrative expenses	3,223	3,633	3,873	3,303	2,835	2,415
Operating income	2,275	3,030	2,782	2,379	1,935	2,657
Ordinary income	2,161	3,000	2,536	2,441	1,968	2,442
Net income before income taxes	3,284	(2,860)	2,267	2,322	1,902	2,405
Net income	2,225	(1,753)	1,810	1,547	1,142	1,550
Financial Position						
Total assets	40,702	43,020	37,862	29,904	23,791	19,312
Current assets	15,947	19,903	25,840	17,532	12,168	9,121
Noncurrent assets	24,755	23,117	12,022	12,372	11,622	10,191
Interest-bearing debt	12,377	14,086	14,512	9,152	4,793	1,311
Net assets	18,139	16,419	18,749	16,351	15,283	14,626
Cash Flows						
Cash flows from operating activities	2,546	4,055	(2,380)	(2,992)	(708)	3,941
Cash flows from investing activities	(2,228)	(1,005)	(484)	(1,423)	(1,544)	(1,069)
Free cash flows	318	3,049	(2,865)	(4,416)	(2,253)	2,871
Cash flows from financing activities	(2,240)	(1,020)	5,944	3,854	2,999	(1,888)
Cash and cash equivalents at end of period	9,776	11,702	9,672	6,594	7,158	6,415
Amount per Share of Common Stock*² (Yen)						
Net income per share (EPS)	176.16	(138.81)	145.47	126.08	93.06	126.3
Book value per share (BPS)	1,436.16	1,299.96	1,484.44	1,332.88	1,245.09	1,191.43
Cash dividends per share	31	40	46	40	39	39
Financial Indicators (%)						
Operating income ratio	10.1	10.3	9.7	11.1	11.4	15.5
Return on equity	12.9	(10.0)	10.3	9.8	7.6	11.0
Return on assets	5.3	(4.3)	5.3	5.8	5.3	8.0
Shareholders' equity ratio	44.6	38.2	49.5	54.7	64.2	75.7
Interest-bearing debt ratio	68	86	77	55	31	9
Investment Indicators (Times)						
Price/Earning value ratio—PER* ³	5.4	—	8.06	18.8	13.4	11.4
Price/Book value ratio—PBR* ⁴	0.66	1.04	0.79	1.78	1.00	1.21
Price/Cash flow ratio—PCFR* ⁵	3.39	(4.49)	7.34	18.75	8.94	8.65

*¹ Reportable segments have been changed from the fiscal year ended December 31, 2020. The figures for the fiscal year ended December 31, 2019 have been revised retroactively.

*² Consolidation-adjusted per share data

*³ Year-end share price/Net income per share

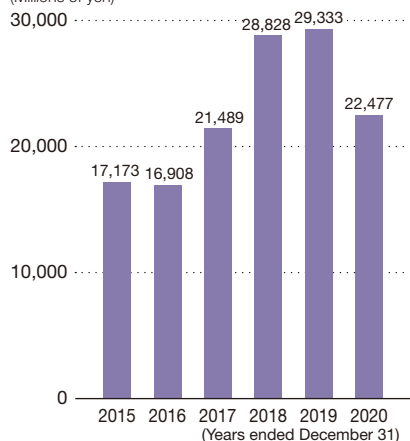
*⁴ Year-end share price/Net assets per share

*⁵ Year-end share price/Cash flow per share

Management's Discussion and Analysis of Financial Condition and Operating Results

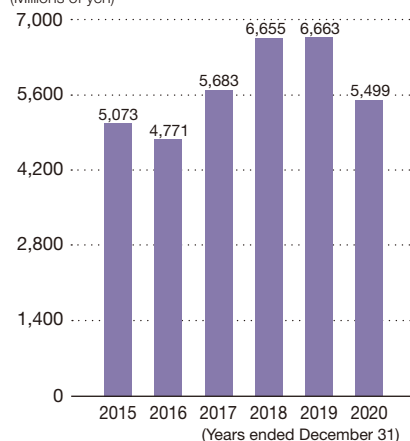
Net Sales

(Millions of yen)



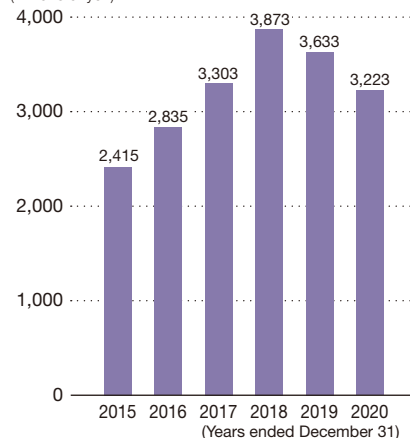
Gross Profit

(Millions of yen)



Selling, General and Administrative Expenses

(Millions of yen)



Fiscal 2020 Business Results

Net sales for fiscal 2020 (ended December 31, 2020) amounted to ¥22,477 million (down 23.4% year on year), with operating income of ¥2,275 million (down 24.9%), and ordinary income of ¥2,161 million (down 28.0%). Net income, however, rose significantly to ¥2,225 million, an increase of ¥3,978 million from the previous fiscal year. This was due to an extraordinary gain of ¥1,495 million, resulting mainly from ¥1,477 million recorded as a reversal of the provision for loss on repurchases, a temporary factor drawing down the provision made for containers the Company could not repurchase. Results by business segment were as follows.

Self-storage Business

Arealink's mainstay Self-storage Business comprises the two sub-segments of Self-storage Management and Self-storage Brokerage. In the previous fiscal year, the Company adopted a policy of establishing as its revenue base a "cumulative-type" business to steadily build up monthly revenue, focusing on long-term, internal holdings of indoor asset-type "self-storage properties with land" and opening locations with Company-owned containers. The resulting decline in the proportion of "transitory" earnings from sales to investors led to a sharp decline in revenue and earnings in Self-storage Brokerage.

In Self-storage Management, in consideration of the deterioration in market conditions due to the coronavirus pandemic, the pace of increase in the number of managed units slowed as a result of more careful selection in location openings and the transfer or closure of properties with low utilization rates. At the same time, applications for use rose steadily, with the utilization rate increasing 3.82 percentage points from the end of the previous fiscal year. Also, as stated in "Notice of Revision to Earnings Forecast due to Recording of Extraordinary Loss" released on February 13, 2020, the operating profit margin improved 4.6 percentage points from the previous fiscal year, due mainly to greater profitability from the effect of Company-owned containers stemming from the buy-back scheme, improvement in the discount rate from curbs on promotional campaigns, and fundamental revisions to costs at existing locations.

As a result, sales in the Self-storage Business amounted to ¥14,773 million (down 33.1% from the previous fiscal year), with operating income of ¥2,184 million (down 5.4%).

Land Rights Consolidation Business

Profitability declined in the Land Rights Consolidation Business because of suspension of purchases and focusing of sales activities on reducing inventory, measures taken to secure ready liquidity in anticipation of a deterioration in market conditions due to the coronavirus pandemic.

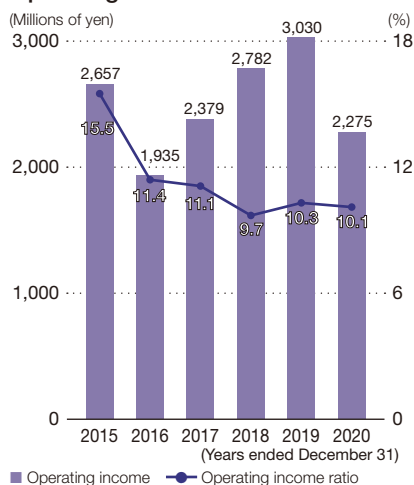
As a result, sales in the Land Rights Consolidation Business amounted to ¥6,063 million (up 12.2% from the previous fiscal year), with operating income of ¥872 million (down 35.1%).

Other Operational Services Business

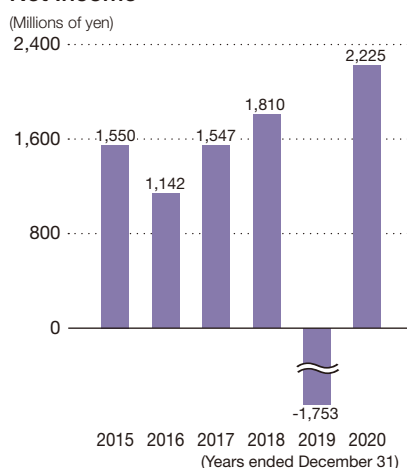
The Other Operational Services Business comprises businesses with a revenue base of "cumulative-type" rent income, including asset management, rental meeting rooms, and rental offices. In the asset management business, revenue declined because of requests from certain tenants to lower rents due to the impact from the coronavirus pandemic, but the utilization rate remained steady. In the rental meeting rooms business, usage declined due to the impact from the coronavirus pandemic, with a sharp decline in revenue and earnings from the previous fiscal year. Of note, the Company withdrew from this business in December 2020 in order to concentrate management resources in the Self-storage Business and other mainstay businesses. In the rental offices business, the utilization rate remained positive, as the Company concentrated on capturing demand for satellite offices as a means of preventing the spread of the coronavirus.

Management's Discussion and Analysis of Financial Condition and Operating Results

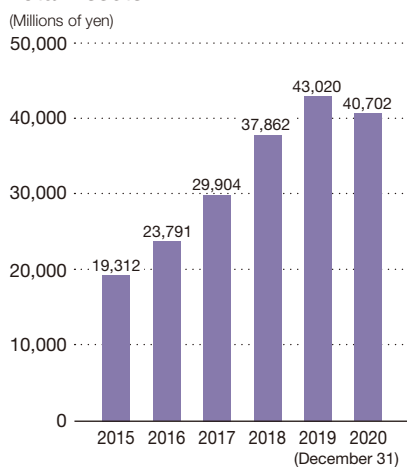
Operating Income/ Operating Income Ratio



Net Income



Total Assets



As a result, sales in the Other Operational Services Business amounted to ¥1,640 million (down 11.0% from the previous fiscal year), with operating income of ¥396 million (down 27.6%).

Financial Condition

Current assets decreased 19.9% from the end of the previous fiscal year to ¥15,947 million. This was due mainly to decreases of ¥1,925 million in cash and deposits; and ¥2,790 million in real estate for sale.

Noncurrent assets increased 7.1% year on year to ¥24,755 million. This was due mainly to increases of ¥791 million in buildings; and ¥2,150 million in tools, furniture and fixtures, mainly from purchasing of containers.

As a result, total assets at the end of fiscal 2020 decreased 5.4% compared with the end of the previous fiscal year, to ¥40,702 million.

Current liabilities decreased 43.0% year on year to ¥6,785 million. This was due mainly to decreases of ¥562 million in short-term loans payable; ¥1,362 million in income taxes payable; and ¥2,897 million in provision for loss on repurchases.

Noncurrent liabilities increased 7.4% year on year to ¥15,777 million. This was due mainly to an increase of ¥2,385 million in long-term accounts payable – other; against a decrease of ¥637 million in long-term loans payable.

As a result, total liabilities decreased 15.2% from the end of the previous fiscal year to ¥22,563 million.

Net assets increased 10.5% from the previous fiscal year to ¥18,139 million. This was due mainly to an increase of ¥1,719 million in retained earnings brought forward.

Cash Flow

Cash and cash equivalents (“cash”) at the end of fiscal 2020 decreased ¥1,925 million from the end of the previous fiscal year to ¥9,776 million. The condition of each cash flow during the subject fiscal year and the primary factors affecting them are as follows.

Cash flow from operating activities

Cash provided by operating activities amounted to ¥2,546 million. This was due mainly to increasing factors of ¥3,284 million in income before income taxes; ¥2,537 million in decrease in inventories; and ¥783 million in depreciation; against decreasing factors of ¥2,897 million in decrease in provision for loss on repurchases; and ¥2,010 million in income taxes paid.

Cash flow from investing activities

Cash used in investing activities amounted to ¥2,228 million. This was due mainly to decreasing factors of ¥2,178 million in expenditures for purchase of property, plant and equipment.

Cash flow from financing activities

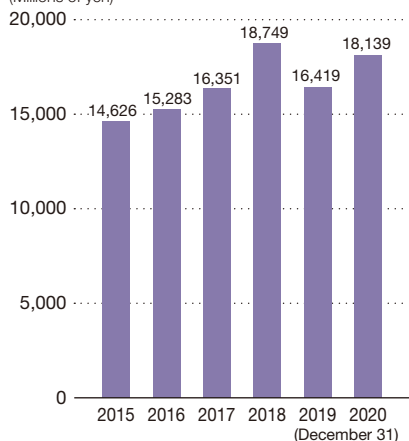
Cash used in financing activities amounted to ¥2,240 million. This was due mainly to decreasing factors of ¥562 million in decrease in short-term loans payable; and ¥3,119 million in repayments of long-term loans payable; against ¥2,449 million in proceeds from long-term loans payable.

Fund Procurement and Use

Arealink utilizes its own funds as capital necessary for growth, while enhancing its cash position. When the required capital exceeds funds on hand, the Company will borrow funds within the scope of liquidity.

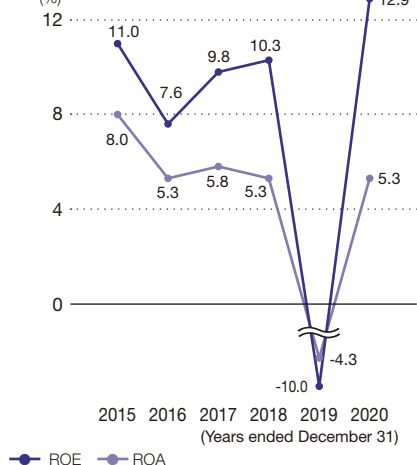
Net Assets

(Millions of yen)



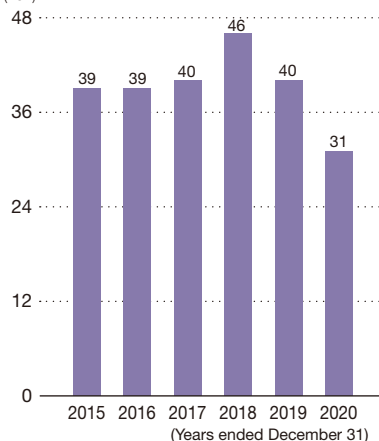
Return on Equity/Return on Assets

(%)



Cash Dividends per Share

(Yen)



Note: Consolidation-adjusted per share data

Dividend Policy

Arealink regards the long-term, comprehensive expansion of profit to shareholders as an important management objective. The Company's basic policy is to pay a stable dividend with a target payout ratio of 30% in general consideration of the Company's financial condition and earnings, based on the long-term business plan, and assessing the market environment and opportune timing for capital expenditures, while also keeping in mind retention of earnings for reinvestment. The basic policy for the number of payouts is once per year at the end of the fiscal period, as determined by the General Meeting of Shareholders.

Of note, the Company has established in its Articles of Incorporation the provision that "The Company may make an interim dividend payment, with a record date of June 30 each year, by resolution of the Board of Directors." Accordingly, the determining body for dividend of surplus is the General Meeting of Shareholders for year-end dividends, and the Board of Directors for interim dividends.

For fiscal 2020, based on a comprehensive consideration of current economic conditions and the business results for the year, the Company plans to pay an annual dividend of ¥31.0 per share.

For fiscal 2021, in accordance with the above basic policy and earnings forecasts at the present time, the Company plans to pay an annual dividend of ¥34.0 per share. There are no plans for an interim dividend.

Outlook for Fiscal 2021

For the fiscal year ending December 31, 2021, Arealink is forecasting net sales of ¥19,700 million, with operating income of ¥2,500 million, ordinary income of ¥2,400 million, and net income of ¥1,400 million. The Company is accelerating its transition to a cumulative-type business centered on self-storage management, with a decline in revenue but increase in operating income and ordinary income. Net income, discounting the effect of extraordinary income recorded in the previous fiscal year, is projected to increase on a real basis.

	FY12/20		FY12/21		
	Actual	Percent of Sales	Plan	Percent of Sales	YoY
In Millions of yen					
Net sales	22,477	—	19,700	—	-12.4%
Operating income	2,275	10.1%	2,500	12.7%	+9.8%
Ordinary income	2,161	9.6%	2,400	12.2%	+11.0%
Net income	2,225	9.9%	1,400	7.1%	-37.1%

	FY12/20		FY12/21			
	Actual	Percent of Sales	Plan	Percent of Sales	YoY	
In Millions of yen						
Self-Storage Business	Net sales	14,773	—	15,300	—	+3.6%
	Operating income	2,184	14.8%	3,000	19.6%	+37.3%
Land Rights Consolidation Business (Limited Land Rights)	Net sales	6,063	—	3,200	—	-47.2%
	Operating income	872	14.4%	500	15.6%	-42.7%
Other Operational Services Business	Net sales	1,640	—	1,200	—	-26.8%
	Operating income	396	24.2%	300	25.0%	-24.3%
Management Division	Net sales	—	—	—	—	—
	Operating income	-1,178	—	-1,300	—	+10.4%
Total for All Businesses	Net sales	22,477	—	19,700	—	-12.4%
	Operating income	2,275	10.1%	2,500	12.7%	+9.8%

Non-Consolidated Balance Sheets

Arealink Co., Ltd.
December 31, 2020 and 2019

	Millions of Yen	
	2020	2019
ASSETS		
Current assets:		
Cash and deposits	¥ 9,776	¥11,702
Accounts receivable—trade	133	142
Real estate for sale	4,523	7,314
Real estate for sale in process	130	168
Costs on uncompleted construction contracts	161	82
Prepaid expenses	240	237
Other current assets	1,009	285
Allowance for doubtful accounts	(29)	(28)
Total current assets	15,947	19,903
Noncurrent assets:		
Property, plant and equipment:		
Buildings	8,896	7,710
Accumulated depreciation	(2,450)	(2,121)
Accumulated impairment loss	(378)	(313)
Buildings, net	6,067	5,275
Structures	2,176	1,856
Accumulated depreciation	(723)	(636)
Accumulated impairment loss	(708)	(667)
Structures, net	744	552
Machinery and equipment	65	65
Accumulated depreciation	(55)	(57)
Accumulated impairment loss	(5)	(5)
Machinery and equipment, net	4	1
Tools, furniture and fixtures	4,969	2,543
Accumulated depreciation	(1,280)	(1,057)
Accumulated impairment loss	(203)	(151)
Tools, furniture and fixtures, net	3,484	1,333
Land	7,798	7,580
Lease assets	3,130	3,103
Accumulated depreciation	(748)	(450)
Accumulated impairment loss	(124)	—
Lease assets, net	2,256	2,653
Construction in progress	0	672
Total property, plant and equipment	20,356	18,069
Intangible assets:		
Software	52	65
Other	3	2
Total intangible assets	55	68
Investments and other assets:		
Investment securities	243	309
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,290	1,290
Guarantee deposits	1,396	1,366
Deferred tax assets	2,642	3,239
Other	75	77
Allowance for doubtful accounts	(1,304)	(1,304)
Total investments and other assets	4,343	4,978
Total noncurrent assets	24,755	23,117
Total assets	¥40,702	¥43,020

	Millions of Yen	
	2020	2019
LIABILITIES		
Current liabilities:		
Accounts payable—trade	¥ 158	¥ 167
Accounts payable for construction contracts	0	1
Short-term loans payable	—	562
Current portion of long-term loans payable	1,616	1,650
Accounts payable—other	760	457
Income taxes payable	—	1,362
Advances received	686	849
Sublease loss allowance	82	144
Provision for loss on repurchases	2,297	5,195
Other	1,183	1,521
Total current liabilities	6,785	11,913
Noncurrent liabilities:		
Bonds payable	343	525
Long-term loans payable	7,817	8,455
Guarantee deposited	394	441
Long-term advances received	1,796	2,063
Lease obligations	2,129	2,392
Long-term accounts payable—other	2,396	11
Asset retirement obligations	864	793
Other	35	4
Total noncurrent liabilities	15,777	14,687
Total liabilities	22,563	26,601
NET ASSETS		
Shareholders' equity:		
Capital stock	6,111	6,111
Total capital surplus	6,156	6,156
Total retained earnings	6,137	4,417
Treasury stock	(274)	(274)
Total shareholders' equity	18,130	16,410
Valuation and translation adjustments:		
Total valuation and translation adjustments	8	8
Total net assets	18,139	16,419
Total liabilities and net assets	¥40,702	¥43,020

Non-Consolidated Statements of Income

Arealink Co., Ltd.

Fiscal years ended December 31, 2020 and 2019

	Millions of Yen	
	2020	2019
Net sales	¥22,477	¥ 29,333
Cost of sales	16,977	22,669
Gross profit	5,499	6,663
Selling, general and administrative expenses	3,223	3,633
Operating income	2,275	3,030
Non-operating income:		
Interest income	7	7
Insurance income	3	7
Default charge income	3	4
Compensation for forced relocation	27	197
Other	25	28
Total non-operating income	67	245
Non-operating expenses:		
Interest expenses	131	122
Commission fee	21	117
Other	29	35
Total non-operating expenses	182	275
Ordinary income	2,161	3,000
Extraordinary income:		
Gain on sales of noncurrent assets	18	17
Gain on reversal of loss on repurchases	1,477	—
Total extraordinary income	1,495	17
Extraordinary loss:		
Loss on retirement of noncurrent assets	27	56
Impairment loss	343	787
Provision for loss on repurchases	—	5,034
Other	1	0
Total extraordinary losses	372	5,878
Net income before income taxes	3,284	(2,860)
Income taxes—current	463	1,694
Income taxes—deferred	596	(2,801)
Total income taxes	1,059	(1,107)
Net income	¥ 2,225	¥(1,753)

Non-Consolidated Statements of Cash Flows

Arealink Co., Ltd.

Fiscal years ended December 31, 2020 and 2019

	Millions of Yen	
	2020	2019
Cash flows from operating activities:		
Income before income taxes	¥ 3,284	¥(2,860)
Depreciation	783	663
Impairment loss	343	787
Increase (decrease) in sublease loss allowance	(31)	(11)
Increase (decrease) in provision for loss on repurchases	(2,897)	5,195
Decrease (increase) in notes and accounts receivable—trade	9	(32)
Decrease (increase) in inventories	2,537	1,330
Decrease (increase) in consumption taxes refund receivable	(560)	50
Increase (decrease) in notes and accounts payable—trade	(10)	(371)
Increase (decrease) in accrued consumption taxes	(382)	382
Increase (decrease) in guarantee deposits received	(47)	(93)
Increase (decrease) in long-term accounts payable—other	1,100	(113)
Other, net	967	87
Subtotal	5,098	5,011
Interest and dividends income received	8	8
Interest expenses paid	(130)	(117)
Payments of loss on repurchase	(419)	—
Income taxes paid	(2,010)	(848)
Net cash provided by (used in) operating activities	2,546	4,055
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,178)	(663)
Proceeds from sales of property, plant and equipment	3	14
Purchase of intangible assets	(42)	(194)
Purchase of investment securities	—	(150)
Collection of loans receivable	0	6
Other, net	(11)	(18)
Net cash provided by (used in) investing activities	(2,228)	(1,005)
Cash flows from financing activities:		
Net increase (decrease) of short-term loans payable	(562)	(1,360)
Proceeds from long-term loans payable	2,449	9,259
Repayment of long-term loans payable	(3,119)	(10,432)
Redemption of bonds	(207)	(207)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(504)	(580)
Repayments of lease obligations	(295)	(259)
Proceeds from sales and leasebacks	—	2,561
Net cash provided by (used in) financing activities	(2,240)	(1,020)
Effect of exchange rate changes on cash and cash equivalents	(3)	0
Net increase (decrease) in cash and cash equivalents	(1,925)	2,029
Cash and cash equivalents at beginning of period	11,702	9,672
Cash and cash equivalents at end of period	¥ 9,776	¥11,702

Stock Information/Company Profile

(As of December 31, 2020)

Securities Code	8914
Stock Listing	Second Section of Tokyo Stock Exchange
Share Handling Agent	Mitsubishi UFJ Trust and Banking Corporation
Authorized Shares	35,760,000 Shares
Number of Shares Issued and Outstanding	12,940,900 Shares
Trading Unit of Shares	100 Shares
Number of Shareholders	6,667

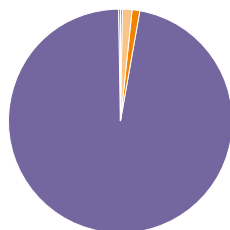
■ Status of Shareholders

Principal shareholders	Number of shares held	% of total
Naomichi Hayashi	2,813,660	22.27
GOLDMAN, SACHS & CO. REG	962,833	7.62
The Master Trust Bank of Japan, Ltd. (Trust account)	525,700	4.16
Trust & Custody Services Bank, Ltd. (Trust account B)	492,200	3.89
Takeyasu Tsujimoto	335,500	2.65
NIIHAMA IRON WORKS CO., LTD.	310,000	2.45
Amix Co., Ltd.	250,000	1.97
Hiroyuki Yoshioka	229,000	1.81
Arealink's supplier stock ownership	187,100	1.48
Hideo Ogawa	181,880	1.44

Notes: 1. The list excludes Arealink, who owns 310,445 shares of its treasury stock.
2. The ownership percentages were calculated after exclusion of the 310,445 treasury shares.

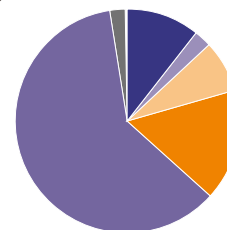
■ Breakdown of Shareholders by Type

Financial institutions: 9	0.14%
Financial instruments and financial dealers: 21	0.32%
Other companies: 81	1.21%
Foreign investors: 74	1.11%
Individuals and others: 6,481	97.21%
Treasury: 1	0.01%



■ Breakdown of Shares by Type of Shareholder (Thousand shares)

Financial institutions: 1,374	10.71%
Financial instruments and financial dealers: 336	2.62%
Other companies: 958	7.47%
Foreign investors: 2,064	16.09%
Individuals and others: 8,101	60.70%
Treasury: 310	2.42%



■ Stock Price

	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12
High (¥)	1,730	1,450	2,571	4,225	1,480	1,335
Low (¥)	1,120	950	1,220	1,139	889	631
Close (¥)	1,440	1,247	2,376	1,173	1,350	945
Market capitalization (Millions of yen)	18,109	15,682	29,881	15,179	17,470	12,229

Note: The Company conducted a 1:10 consolidation of its common stock, with an effective date of July 1, 2016. Accordingly, the stock prices for 2015 have been adjusted retroactively in accordance with the split and consolidation.

■ Company Profile

Company name	Arealink Co., Ltd.
Head office	4-14-1, Sotokanda, Chiyoda-ku, Tokyo 101-0021
Established	April 1995
Paid-in capital	6,111,539 thousand yen
Number of employees	76 (excluding Directors, temporary employees and contract employees)
Balance date	December
Main financing banks	Resona Bank, Ltd., Kiraboshi Bank, Ltd., Mizuho Bank, Ltd.,

IR Communication

Arealink holds twice-yearly results briefings for institutional investors and securities analysts. These briefings include explanations of business results, and President Hayashi directly presents the company's growth strategies. A video of the most recent results briefing is available on the company IR website, along with the presentation material.

Contact: IR Office, Administrative Department (+81-3-3526-8556)



FY12/20 Results Briefing Video Streaming Site (Japanese)

URL: <https://www.arealink.co.jp/>