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Arealink Co., LTD.  
TSE 2nd section Code 8914



## FY2020 2Q Business Performance Summary

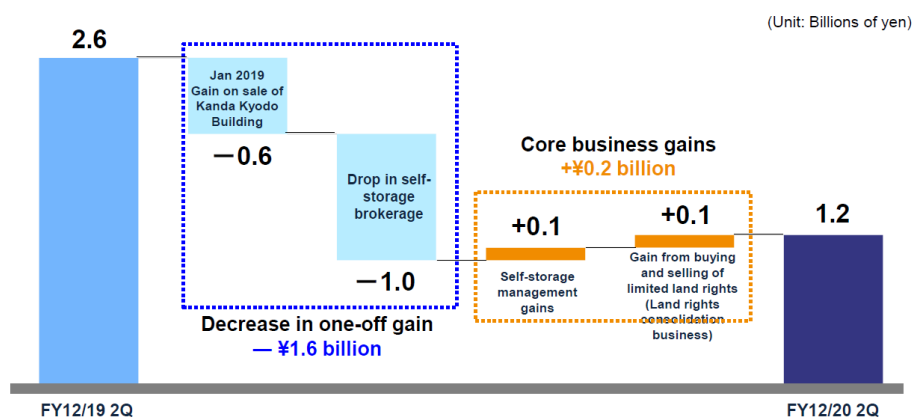
### ■ FY12/20 2Q (six-month period)

**Significant year on year drop in revenue and earnings, yet result better than budget  
Upward swing: ¥0.4 billion in net sales and ¥0.3 billion in operating income**

(In Millions of yen)	FY12/19 2Q Jan-Jun	Percent of Sales (%)	FY12/20 2Q Jan-Jun	Percent of Sales (%)	YoY
Net sales	20,145	(—)	11,791	(—)	−41.5%
Cost of sales	15,413	(76.5)	8,802	(74.7)	−42.9%
Gross profit	4,731	(23.5)	2,988	(25.3)	−36.8%
SG&A expenses	2,097	(10.4)	1,733	(14.7)	−17.4%
Operating income	2,634	(13.1)	1,255	(10.7)	−52.3%
Ordinary income	2,472	(12.3)	1,217	(10.3)	−50.8%
Net income	1,686	(8.4)	830	(7.0)	−50.8%

Net sales of ¥11,791 million (down 41.5% year on year), operating income of ¥1,255 million (down 52.3%), ordinary income of ¥1,217 million (down 50.8%), and quarterly net income of ¥830 million (down 50.8%) have resulted in a drop for revenue and earnings. The drop is mainly due to the one-off gains (self-storage brokerage, sale of Kanda Kyodo Building) included in the results for first half of 2019. Core businesses such as self-storage management and limited land rights have increased revenue and earnings. Furthermore, since the self-storage business and the limited land rights business achieved their budgets, company-wide performance surpassed the first half earnings forecast announced on February 14 by ¥400 million and ¥300 million respectively for net sales and operating income.

### Breakdown of operating income increase



### ■ Overview of FY12/20 2Q by Segment

#### Self-Storage Business: Achieved budget, revenue and earnings decline due to reduced brokerage

- **Self-Storage Management: Achieved budget and increased revenue and earnings**

Self-storage management sales were ¥6,869 million (up 9.2% year on year) and business profit was ¥933 million (up 13.6% year on year) resulting in increased revenue and earnings. Total number of self-storage units increased to 98,691 (+2,222 units from end-Dec 2019, and +4,806 units from end-June, 2019). Self-storage utilization rate was 77.76%, an increase of 3.13 ppt (compared to end-June, 2019). Improved new utilization rate as a result of careful selection of location openings in anticipation of market downturn. Improved profitability as a result of conservative budgeting and property repurchases.

- **Self-Storage Brokerage: Significant drop in revenue and earnings, and shift to company-held storage away from sales to investors**

Net sales were ¥569 million resulting in a large decrease in revenue on the same period last year. The main reasons for the drop in revenue and earnings are that the number of self-storage properties with land has decreased sharply and container-type self-storage has shifted away from the conventional model of sales to investors, to the company-held model. As such the drop in revenue and earnings is as projected by the Company.

#### Land Rights Consolidation Business: Revenue and earnings decreased due to sale of assets in first half of 2019 but revenue and earnings increased on an actual basis

While the Land Rights Consolidation Business saw a year on year decline in net sales to ¥3,482 million, the sale of the Kanda Kyodo Building (sales of ¥1.4 billion, operating income of ¥0.6 billion) in the first half of 2019 meant that, on an actual basis, there was an increase in revenue and earnings. In light of the economy and market conditions, we have, for the time being, put a hold on any procurement and are focusing our efforts on sales to realize cash gains. We have also strengthened our inventory management system with a view to resuming procurement in the near future.

			FY12/19		FY12/20		YoY
			Jan-Jun		Jan-Jun		
In Millions of yen			Actual	Profit margin	Actual	Profit margin	% Change
	Management	Net sales	6,288	(—)	6,869	(—)	9.2%
		Gross profit	1,240	(19.7)	1,494	(21.8)	20.5%
		Operating income	822	(13.1)	933	(13.6)	13.6%
	Brokerage	Net sales	8,302	(—)	569	(—)	−93.1%
		Gross profit	1,444	(17.4)	75	(13.3)	−94.8%
		Operating income	909	(11.0)	(68)	(—)	—
Self-storage Business	Net sales	14,951	(—)	7,439	(—)	−49.0%	
	Gross profit	2,685	(18.4)	1,570	(21.1)	−41.5%	
	Operating income	1,731	(11.9)	865	(11.6)	−50.0%	
Land Rights Consolidation Business	Net sales	4,620	(—)	3,482	(—)	−24.6%	
	Gross profit	1,681	(36.4)	1,098	(31.5)	−34.7%	
	Operating income	1,245	(27.0)	778	(22.4)	−37.5%	
Other Operational Services Business	Net sales	933	(—)	869	(—)	−6.8%	
	Gross profit	365	(39.1)	320	(34.9)	−12.2%	
	Operating income	289	(31.0)	247	(28.5)	−14.3%	
Management Division Expenses	Net sales	—	(—)	—	(—)	—	
	Gross profit	—	(—)	—	(—)	—	
	Operating income	(632)	(—)	(635)	(—)	0.5%	
Total for All Businesses	Net sales	20,145	(—)	11,791	(—)	−41.5%	
	Gross profit	4,731	(23.5)	2,988	(25.3)	−36.8%	
	Operating income	2,634	(13.1)	1,255	(10.7)	−52.3%	

## ■ FY20 Earnings Outlook

Announce revision of first half forecasts on July 27, but no change to full-year forecasts

	FY2019		FY2020		YoY	
	Actual	(%)	Forecast	(%)	Variance	% Change
(Millions of yen)						
Net sales	29,333	(—)	24,700	(—)	(4,633)	−15.8%
Self-storage Business	22,087	—	14,571	—	(7,616)	−34.0%
Land Rights Consolidation Business	5,402	—	8,436	—	3,033	56.2%
Other Operational Services Business	1,842	—	1,691	—	(151)	−8.2%

<b>Operating income</b>	<b>3,030</b>	<b>(10.3)</b>	<b>2,300</b>	<b>(9.3)</b>	<b>(730)</b>	<b>-24.1%</b>
<b>Self-storage Business</b>	<b>2,308</b>	<b>—</b>	<b>1,850</b>	<b>—</b>	<b>(458)</b>	<b>-19.9%</b>
<b>Land Rights Consolidation Business</b>	<b>1,344</b>	<b>—</b>	<b>1,270</b>	<b>—</b>	<b>(74)</b>	<b>-5.5%</b>
<b>Other Operational Services Business</b>	<b>546</b>	<b>—</b>	<b>420</b>	<b>—</b>	<b>(126)</b>	<b>-23.2%</b>
<b>Management Division Expenses</b>	<b>(1,169)</b>	<b>—</b>	<b>(1,240)</b>	<b>—</b>	<b>70</b>	<b>6.1%</b>
<b>Ordinary income</b>	<b>3,000</b>	<b>(10.2)</b>	<b>2,200</b>	<b>(8.9)</b>	<b>(800)</b>	<b>-26.7%</b>
<b>Net income</b>	<b>(1,753)</b>	<b>(—)</b>	<b>1,300</b>	<b>(5.3)</b>	<b>3,053</b>	<b>—</b>
<b>Net income per share (yen)</b>	<b>(138.81)</b>	<b>—</b>	<b>102.93</b>	<b>—</b>	<b>—</b>	<b>—</b>

#### ■ Dividend forecast

##### No change to dividend forecast

	<b>FY2019</b>	<b>FY2020 (Forecast)</b>
<b>Cash dividends per share</b>	<b>40 yen</b>	<b>31 yen</b>
<b>Payout ratio</b>	<b>—</b>	<b>30.1%</b>

For other IR information, please see <https://www.arealink.co.jp/en/ir/>