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FY2020 4Q Business Performance Summary

■ FY12/20 Full-Year Results

Decrease in revenue and earnings almost as per budget resulting in return to profitability

| In Millions of yen | FY2019 | | FY2020 | | |
|---------------------------|----------------|--------------|---------------|--------------|----------------|
| | Actual | Vs Sales | Actual | Vs Sales | Vs PY |
| Sales | 29,333 | — | 22,477 | — | - 23.4% |
| CoGS | 22,669 | 77.3% | 16,977 | 75.5% | - 25.1% |
| Gross Profit | 6,663 | 22.7% | 5,499 | 24.5% | - 17.5% |
| SG&A | 3,633 | 12.4% | 3,223 | 14.3% | - 11.3% |
| Operating Profit | 3,030 | 10.3% | 2,275 | 10.1% | - 24.9% |
| Ordinary Income | 3,000 | 10.2% | 2,161 | 9.6% | - 28.0% |
| Extraordinary Loss/Income | - 5,861 | — | 1,123 | 5.0% | — |
| Profit Before Tax | - 2,860 | — | 3,284 | 14.6% | — |
| Net Income | - 1,753 | — | 2,225 | 9.9% | — |

■ FY12/20 Second Half Business Results

Increased revenue and earnings with significantly improved profit margin

| In Millions of yen | FY2019 2H(6 month) | | FY2020 2H(6 month) | | |
|---------------------------|--------------------|-------------|--------------------|--------------|-----------------|
| | Actual | Vs Sales | Actual | Vs Sales | Vs PY |
| Sales | 9,187 | — | 10,685 | — | + 16.3% |
| CoGS | 7,255 | 79.0% | 8,175 | 76.5% | + 12.7% |
| Gross Profit | 1,931 | 21.0% | 2,510 | 23.5% | + 30.0% |
| SG&A | 1,536 | 16.7% | 1,490 | 13.9% | - 3.0% |
| Operating Profit | 395 | 4.3% | 1,020 | 9.5% | + 157.6% |
| Ordinary Income | 527 | 5.7% | 944 | 8.8% | + 79.0% |
| Extraordinary Income/Loss | - 5,848 | — | 1,122 | 10.5% | — |
| Profit Before Tax | - 5,321 | — | 2,066 | 19.3% | — |
| Net Income | - 3,439 | — | 1,394 | 13.1% | — |

■ Overview of FY12/20 Second Half by Segment

Second half (6 months): Significant increase in earnings for self-storage management, but limited land rights business sees profit margin decline

| In Millions of yen | | FY19 3-4Q | | FY20 3-4Q | | YoY |
|---|------------------|-----------|------------------|-----------|------------------|----------|
| | | Actual | Percent of Sales | Actual | Percent of Sales | |
| Self-storage management | Net sales | 6,508 | — | 7,158 | — | + 10.0% |
| | Gross profit | 1,285 | 19.8% | 2,008 | 28.1% | + 56.2% |
| | Operating income | 712 | 11.0% | 1,399 | 19.5% | + 96.3% |
| Self-storage brokerage | Net sales | 987 | — | 176 | — | - 82.2% |
| | Gross profit | 98 | 10.0% | 35 | 20.3% | - 63.7% |
| | Operating income | (135) | — | (79) | — | - 41.6% |
| Self-storage Business | Net sales | 7,495 | — | 7,334 | — | - 2.1% |
| | Gross profit | 1,384 | 18.5% | 2,044 | 27.9% | + 47.7% |
| | Operating income | 576 | 7.7% | 1,319 | 18.0% | + 128.8% |
| Land Rights Consolidation Business (limited land rights) | Net sales | 782 | — | 2,580 | — | + 229.7% |
| | Gross profit | 206 | 26.4% | 264 | 10.2% | + 27.6% |
| | Operating income | 98 | 12.6% | 94 | 3.7% | - 4.0% |
| Other Operational Services Business | Net sales | 909 | — | 770 | — | - 15.2% |
| | Gross profit | 340 | 37.5% | 202 | 26.3% | - 40.6% |
| | Operating income | 257 | 28.3% | 148 | 19.2% | - 42.5% |
| Management Division | Net sales | — | — | — | — | — |
| | Gross profit | — | — | — | — | — |
| | Operating income | (536) | — | (542) | — | + 1.0% |
| Total for All Businesses | Net sales | 9,187 | — | 10,685 | — | + 16.3% |
| | Gross profit | 1,931 | 21.0% | 2,510 | 23.5% | + 30.0% |
| | Operating income | 395 | 4.3% | 1,020 | 9.5% | + 157.6% |

Significant increase in earnings for self-storage management resulting in increased revenue and earnings

- **Self-storage management: Achieved budget on increased revenue and earnings. Almost all business profits gained in self-storage management**

For the second half of FY12/20 self-storage management sales were ¥7,158 million (up 10.0% year on year) and business profit was ¥1,399 million (up 96.3% year on year) resulting in a significant increase in revenue and earnings. Total number of self-storage units increased to 97,885 (up 1,818 units since Dec 31, 2019). Utilization rate of 80.66%, increase of 3.82 ppt (compared to Dec 31, 2019), highest rate in past 10 years. Main reason was gross profit margin improvement of 8.3 ppt due to cost reductions through container repurchases and requesting rent reductions.

- **Self-storage brokerage: Achieved budget despite decrease in revenue and earnings due to shift to in-house investment model**

Net sales were ¥176 million resulting in a significant decrease in revenue on the same period last year. Recorded sale of 1 self-storage property with land and orders for 2 containers in second half of FY12/20

Land Rights Consolidation Business: Increase in revenue and decrease in earnings. Not achieved earnings budget due to effects of reduced inventory

Net sales were ¥2,580 million (up 229.7% year on year) resulting in business profit of ¥94 million (down 4.0% year on year). Earnings budget not achieved due to sales promotion of slow-moving inventory and halt in procurement to reduce inventory

■ FY12/20 Full-Year Results

Status of Change in Provision for Loss on Repurchases and Container Purchases

Purchased approximately 25% (in monetary terms) of target containers in one year, will continue negotiations this year

Purchased ¥1.28 billion (provisional basis), which is 25% of monetary amount in one year, recorded extraordinary income of ¥1.48 billion as a return gain on provisions for customers who stated the containers don't need to be repurchased. The balance of provision at the end of FY12/20 was ¥2.29 billion, a drop of almost half in one year.

Continue individual negotiations with customers in 2021

■2021 Earnings Forecast

Announced medium-term business plan along with 2021 earnings forecast

| In Millions of yen | 2020 | | 2021 | | 2022 | | 2023 | |
|--------------------|--------|----------|-----------|----------|------------|----------|------------|----------|
| | Actual | Vs Sales | Forecasts | Vs Sales | Projection | Vs Sales | Projection | Vs Sales |
| Net sales | 22,477 | — | 19,700 | — | 21,800 | — | 23,800 | — |
| Operating income | 2,274 | 10.1% | 2,500 | 12.7% | 2,800 | 12.8% | 3,200 | 13.4% |
| Ordinary income | 2,159 | 9.6% | 2,400 | 12.2% | 2,700 | 12.4% | 3,100 | 13.0% |

| | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|
| Self-storage Number of new units* | 2,780 units | 1,000 units | 2,800 units | 3,700 units |
|-----------------------------------|-------------|-------------|-------------|-------------|

*Excludes cancellations

Announced today the three-year medium-term business plan (until 2023) together with the 2021 earnings forecast. Aiming to increase revenue and earnings centered on self-storage management profits, with expectations for an annual profit increase of more than 10% and an improved profit margin. The number of new storage unit openings, the key to business expansion, was conservatively set at 1,000 in 2021 as the impact of the coronavirus pandemic was ascertained. This number will be revised upwards after 2021 to 2,800 units in 2022, and 3,700 units in 2023.

■Dividend forecast: Dividends in FY2020 paid as forecast, with dividends increased by ¥3 in 2021

Dividend based on profits in FY2020 will be ¥31 per share as previously forecast
Dividend for FY2021 is forecast to be ¥34 per share (increase of ¥3) and payout ratio is expected to be 30.6%

| | FY2020 (Plan) | FY2021 (Forecast) |
|--------------------------|---------------|-------------------|
| Dividend per share (yen) | 31.0 | 34.0 |
| Payout ratio | 17.6%* | 30.7% |

* Since dividends were paid based on results excluding extraordinary losses associated with recorded provision for container repurchases in fiscal 2019, dividends will be paid excluding any impact from the return gain of the above provision.

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