



“We supply the best use of space.”

Results Briefing Third Quarter, Fiscal Year Ending December 2021

October 28, 2021
Arealink Co., Ltd.



Trunk House 24 Hiratsuka Oimatsucho
33 units



Hello Storage Isesaki Miyakomachi
22 units

I. Summary of FY12/21 3Q / Full-Year Earnings Outlook

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Summary of FY12/21 3Q Full-Year Earnings Outlook

Wataru Sasaki
Director, Head of Administrative Division

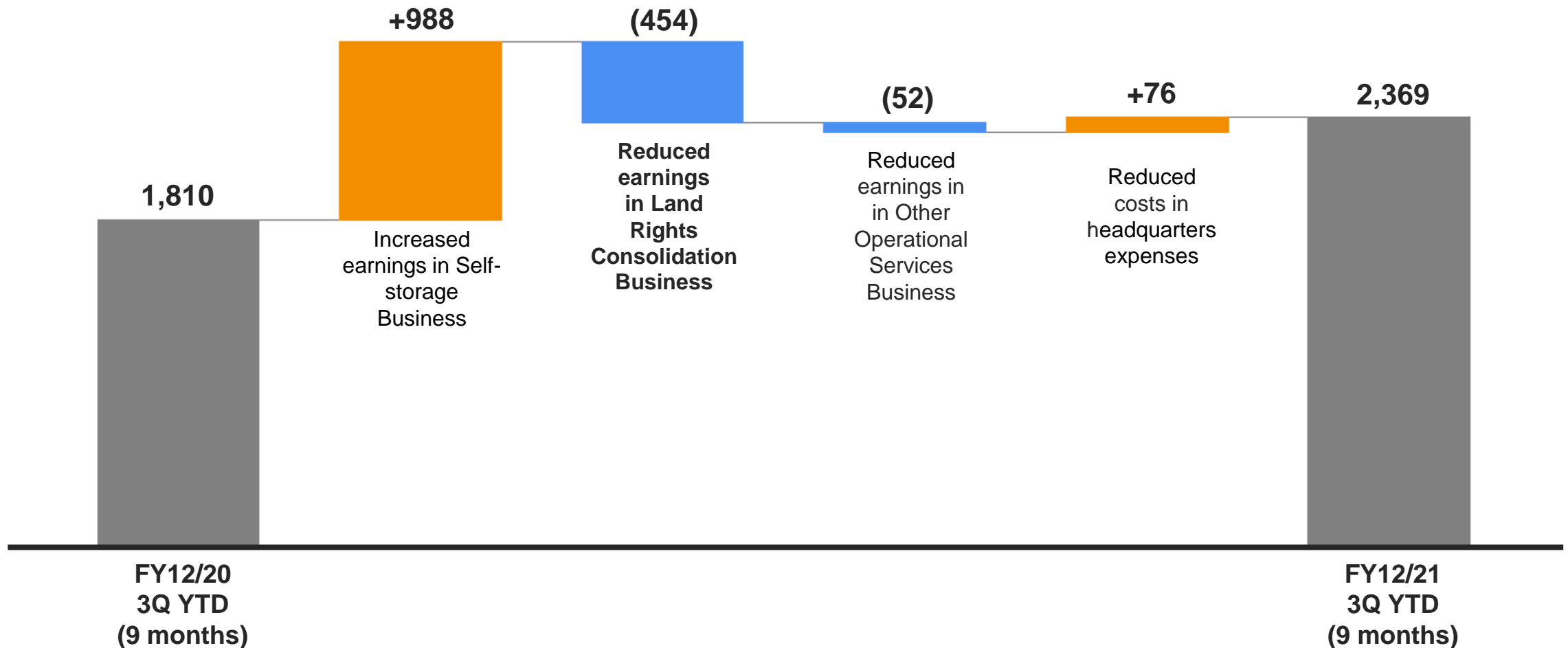
Significant increase in earnings amid progress exceeding the budget

In Millions of yen	FY12/20 3Q YTD (Jan.-Sept.)		FY12/21 3Q YTD (Jan.-Sept.)		
	Actual	Percent of Sales	Actual	Percent of Sales	YoY
Net sales	17,153	—	15,279	—	− 10.9%
Cost of sales	12,897	75.2%	10,740	70.3%	− 16.7%
Gross profit	4,256	24.8%	4,538	29.7%	+ 6.6%
SG&A expenses	2,445	14.3%	2,168	14.2%	− 11.3%
Operating income	1,810	10.6%	2,369	15.5%	+ 30.9%
Ordinary income	1,727	10.1%	2,349	15.4%	+ 36.0%
Extraordinary profit and loss	583	3.4%	276	1.8%	− 52.6%
Income before income taxes	2,311	13.5%	2,625	17.2%	+ 13.6%
Net income	1,586	9.2%	1,856	12.2%	+ 17.0%

Increased earnings of the Self-storage Business greatly exceeded decreased earnings of the Land Rights Consolidation

Increase/decrease in operating income

Unit: Million yen



Overview of FY12/21 3Q YTD (9 months) Business Results (by segment)

Continuing to see significant increase in earnings of Self-storage Management

In Millions of yen			FY12/20 3Q YTD (Jan.-Sept.)		FY12/21 3Q YTD (Jan.-Sept.)		
			Actual	Percent of Sales	Actual	Percent of Sales	YoY
Self-storage management	Net sales	10,416	—	11,136	—	+ 6.9%	
	Gross profit	2,425	23.3%	3,475	31.2%	+ 43.3%	
	Business profit	1,561	15.0%	2,592	23.3%	+ 66.0%	
Self-storage brokerage	Net sales	746	—	511	—	− 31.5%	
	Gross profit	112	15.0%	68	13.4%	− 39.0%	
	Business profit	(79)	—	(121)	—	+ 52.9%	
Self-storage Business	Net sales	11,162	—	11,648	—	+ 4.3%	
	Gross profit	2,537	22.7%	3,543	30.4%	+ 39.7%	
	Business profit	1,482	13.3%	2,470	21.2%	+ 66.7%	
Land Rights Consolidation Business (Limited Land Rights)	Net sales	4,730	—	2,591	—	− 45.2%	
	Gross profit	1,275	27.0%	656	25.3%	− 48.5%	
	Business profit	889	18.8%	434	16.8%	− 51.1%	
Other Operational Services Business	Net sales	1,260	—	1,039	—	− 17.5%	
	Gross profit	443	35.2%	338	32.5%	− 23.7%	
	Business profit	341	27.1%	289	27.8%	− 15.3%	
Management Division	Net sales	—	—	—	—	—	
	Gross profit	—	—	—	—	—	
	Business profit	(902)	—	(825)	—	− 8.5%	
Total for All Businesses	Net sales	17,153	—	15,279	—	− 10.9%	
	Gross profit	4,256	24.8%	4,538	29.7%	+ 6.6%	
	Operating income	1,810	10.6%	2,369	15.5%	+ 30.9%	

**Revenue and earnings increased,
with utilization rate at 83.91% (up 5.17 ppt on same period last year)**

- ◆ **Self-storage Management continued to increase revenues and earnings**
 - Achieved significant increase in earnings due to improved profitability and falling cost rate as a result of rising utilization rate and container repurchases
 - Site improvements implemented in 2020 contributed to rising utilization rate amid inventory reductions

- ◆ **Utilization rate was 83.91%, up 5.17 ppt on same period last year**
 - Total number of self-storage units as of end of Sept. 2021 was 97,781 (down 549 units on same period last year; down 104 units on end of previous term)
 - Utilization rate was 83.91% at the end of Sept. 2021, an increase of 5.18 ppt on same period last year and up 3.25 ppt on end of previous term

- ◆ **Expected to achieve FY12/21 target of 1,000 new units**
 - Number of new units opened up to Sept. 2021: 977
 - Steady progress is being made with new unit openings, while overall units decreased compared to end of previous term due to certain volume of closures

Recorded reversal in FY12/21 3Q with Purchase negotiations ongoing

Change in provision for loss on repurchases FY12/21 3Q YTD (9 months)

(In millions of yen)

Initial Balance	Used for Intended Purpose (Purchases)	Reversal Amount due to Purchases not Required	Other (Reassessing, etc.)	End Balance
2,297	489	137	—	1,670

- ◆ No change in plan for ongoing negotiations, aim to settle by the end of 2021
- ◆ Basic policy on purchases is installment payments so no effect on cash flow
- ◆ Purchases boost Self-storage Management profits

Progress according to target despite significant decline in revenue and earnings

- ◆ **Decline in revenue and earnings**
 - Significant decrease in revenue and earnings on the recoil from sales of large projects (approx. ¥1.1 billion in sales, approx. ¥300 million in profit) in 1Q 2020 and sales promotions to reduce inventories in the H2 of the previous term
- ◆ **Inventory (end-Sept.) was ¥3,134 million, down ¥1,131 million on end of previous term**
 - Continuing to streamline inventory efficiency with strict selection of stocking
 - Sales of slow-moving inventory will continue in H2 to improve quality of inventory
- ◆ **Move to a business with smaller inventory and high turnover rate**
 - To a stable, profitable business that can generate a certain amount of profit every year though it may fluctuate from month to month
 - Company-wide sharing of exit strategies, utilizing Salesforce inventory management

Achieved budget despite decrease in revenue and earnings as a result of impact from rental meeting room and parking businesses withdrawal

- ◆ **Asset Management achieved budget despite reduced revenue and earnings**
 - Decrease in revenue and earnings for 3Q YTD (first nine months) due to the impact of fulfilling requests from some tenants for lower rents in our buildings, but revenue and earnings increased in 3Q (three months)
- ◆ **Rental office business achieved budget despite reduced revenue and earnings**
 - Impacts from the decrease in revenue and earnings in 1H continued as revenue and earnings were down for 3Q YTD (first nine months)
- ◆ **Business selection and focus**
 - Finished Rental Meeting Room business in Dec. 2020
 - Transferred automated ticket machine Parking Business in March 2021
 - Recorded approx. ¥193 million gain on the transfer of business

Recorded ¥137 million reverse gain with provision for loss on repurchases

In Millions of yen	FY12/20 3Q YTD (Jan.-Sept.)	FY12/21 3Q YTD (Jan.-Sept.)	YoY
Operating income	1,810	2,369	+ 30.9%
Non-operating income	55	89	+ 62.4%
Non-operating expenses	137	109	- 20.5%
Ordinary income	1,727	2,349	+ 36.0%
Extraordinary income	596	356	- 40.2%
Extraordinary loss	13	80	+ 505.4%
Income before income taxes	2,311	2,625	+ 13.6%
Income taxes — current	324	609	+ 87.5%
Income taxes — deferred	399	159	- 59.9%
Net income	1,586	1,856	+ 17.0%

Non-operating income
Compensation for forced relocation **¥23 million**

Non-operating expenses
Interest expenses **¥80 million**

Extraordinary income
Gain on sale of businesses **¥193 million**
Reverse gain with provision for loss on repurchases **¥137 million**

Extraordinary loss
Disposal of fixed assets **¥29 million**
Penalty fee **¥34 million**

Stable financial base with ¥11.9 billion in cash and deposits

In Millions of yen

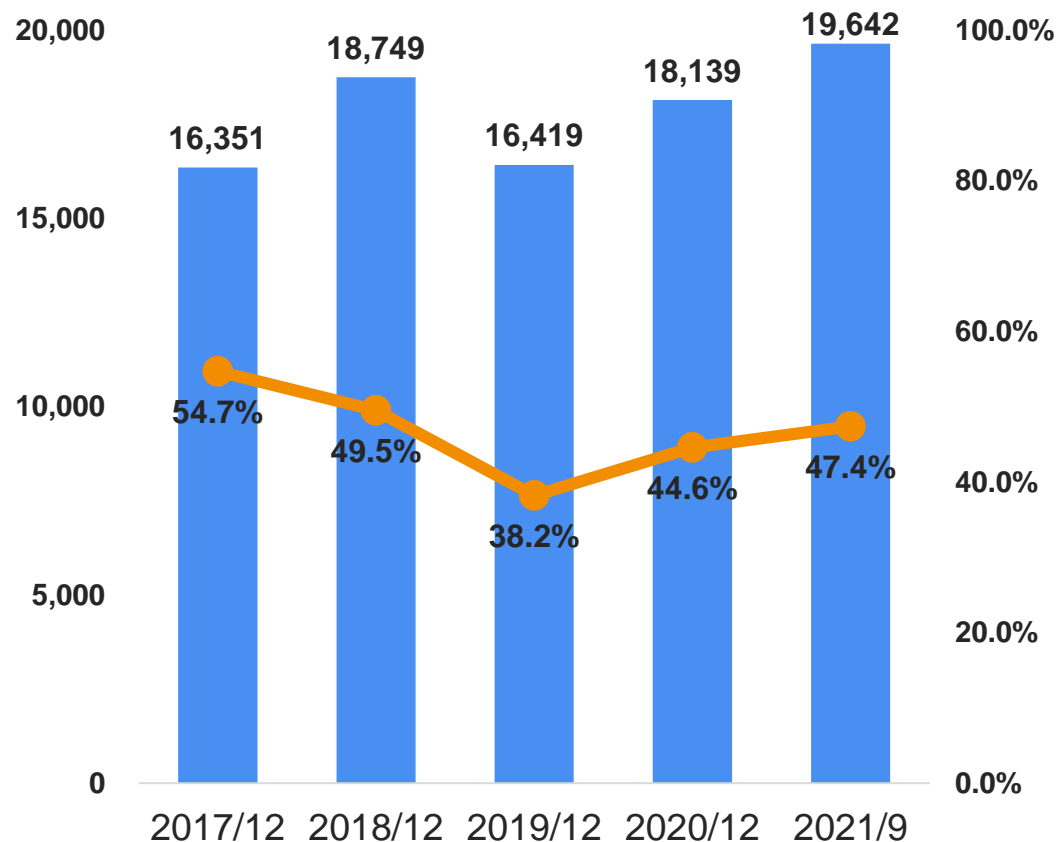
		Cash and deposits 11,927	Current liabilities 6,933	Provision for loss on repurchases	1,670 million yen
		Other current assets 4,261	Fixed liabilities 14,903	Current portion of long-term debt	1,444 million yen
Real estate for sale (of which limited land rights)	3,385 million yen 3,134 million yen			Long-term loans payable	7,111 million yen
		Fixed assets 25,289		Lease obligations	1,919 million yen
Land	8,064 million yen			Long-term accounts payable - other	2,778 million yen
Buildings	5,882 million yen				
Tools, equipment and fixtures	4,184 million yen		Net assets 19,642	Total liabilities (YoY)	21,837 million yen - 726 million yen
Total assets (YoY)	41,479 million yen +776 million yen			Net assets (YoY)	19,642 million yen +1,503 million yen

Equity Ratio and Interest-Bearing Debt Ratio

Improvement continued: equity ratio at 47.4% and decreasing interest-bearing debt ratio

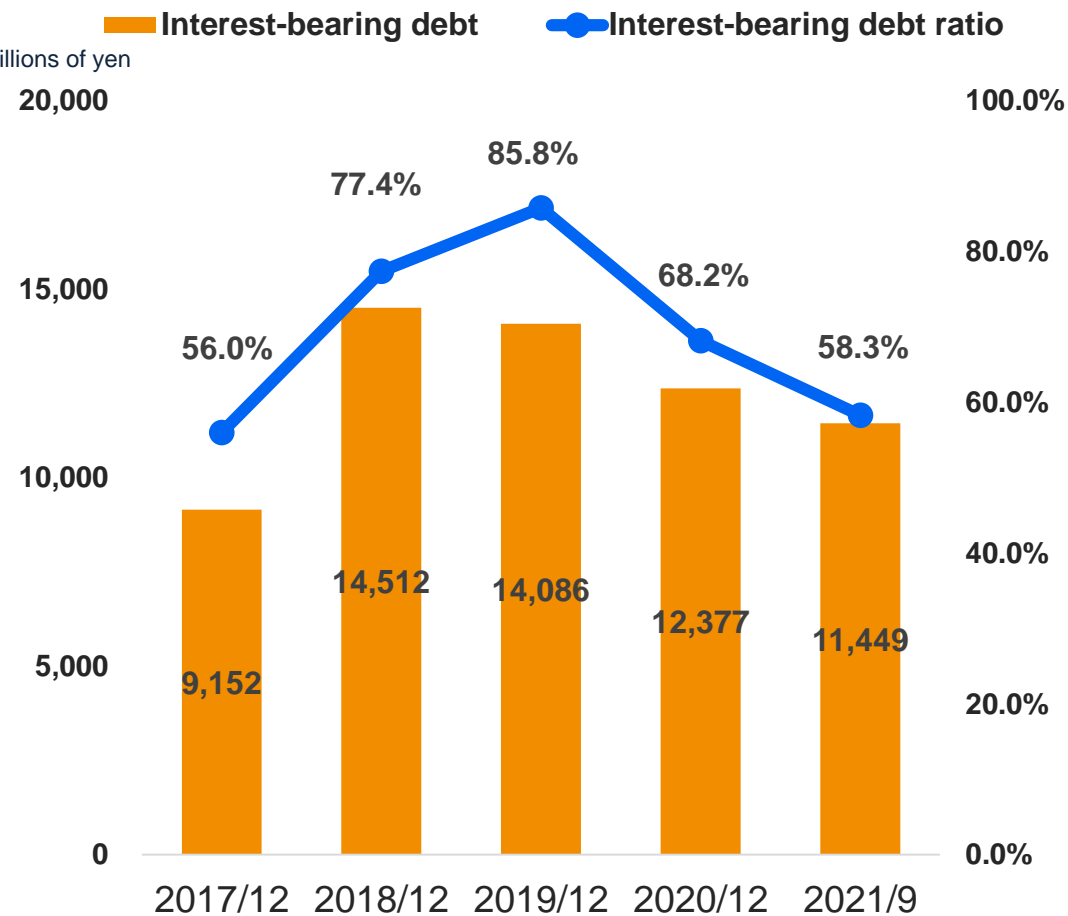
Equity ratio

Unit: Millions of yen



Interest-bearing debt

Unit: Millions of yen



Interest-bearing debt: Short-term loans payable + bonds payable (including current portion of bonds) + long-term loans payable (including current portion of long-term loans payable) + lease obligations
 Interest-bearing debt ratio= Interest-bearing debt/Net assets × 100

Full-year earnings forecast revised upward

In Millions of yen	FY12/20 Actual	FY12/21 Previous Forecast	FY12/21 Revised Forecast	YoY	Compared to Previous Forecast
Net sales	22,477	19,700	19,700	- 12.4%	—
Operating income	2,275	2,700	2,900	+ 27.4%	+ 200 (+ 7.4%)
Ordinary income	2,161	2,600	2,800	+ 29.5%	+ 200 (+ 7.7%)
Net income	2,225	1,750	2,000	- 10.1%	+ 250 (+ 14.3%)

FY12/21 Earnings Outlook (by Segment)

Self-storage and Other Operational Services expected to exceed budget

In Millions of yen

		FY12/20		Previous Forecast	FY12/21			YoY
		Actual	Percent of Sales		Revised Forecast	Compared to Previous Forecast	Percent of Sales	
Self-Storage Business	Net sales	14,773	—	15,300	15,300	—	—	+ 3.6%
	Business profit	2,184	14.8%	3,150	3,250	+ 100	21.2%	+ 48.8%
Land Rights Consolidation Business (Limited Land Rights)	Net sales	6,063	—	3,200	3,200	—	—	— 47.2%
	Business profit	872	14.4%	500	500	—	15.6%	— 42.7%
Other Operational Services Business	Net sales	1,640	—	1,200	1,200	—	—	— 26.8%
	Business profit	396	24.2%	300	350	+ 50	29.2%	— 11.6%
Management Division	Net sales	—	—	—	—	—	—	—
	Business profit	(1,178)	—	(1,250)	(1,200)	+ 50	—	+ 1.9%
Total for All Businesses	Net sales	22,477	—	19,700	19,700	—	—	— 12.4%
	Operating income	2,275	10.1%	2,700	2,900	+ 200	14.7%	+ 18.6%

Dividend forecast: revised excluding impacts of reverse gain, up by ¥6 from the initial forecast

Dividend per share and payout ratio

	FY2019	FY2020	FY2021 Previous Forecast	FY2021 Revised Forecast
Net assets per share (yen)	(138.81)	176.16	138.48	158.23
Dividend per share (yen)	40.0	31.0	41.0	47.0
Payout ratio	—*	17.6%*	29.6%	29.7%*

*Since dividends were paid based on results excluding extraordinary losses associated with container repurchases in fiscal 2019, dividends in fiscal 2021 will be paid excluding any impact from the reversal gain of the above provision as in fiscal 2020.

Topics

Launch of sales and assembly service for racks, convenient for storage

- ◆ **Storage rack sales and assembly service launched in the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, and Saitama prefectures)**
 - Start of service to install steel racks, which are convenient for storage
 - When customers purchase storage racks together with a new contract, the racks are delivered, assembled, and installed in the contracted storage room
 - Service aimed at making self-storage more convenient, rather than earnings from sales



Main Points

- Several racks purchasable according to space
- Small and large sizes available
- Racks dramatically increases storage capacity

Comparison with purchasing and installation by customer

- Takes around 20 minutes to assemble
- Hassle of transport it to the trunk room
- Disposal of packing materials

Ideal solution for customers considering to use racks, or who need to install several racks

Appendix

Operating and ordinary income increased in 3Q (three months)

In Millions of yen	FY2020_3Q (Jul.-Sept.)		FY2021_3Q (Jul.-Sept.)		
	Actual	Percent of Sales	Actual	Percent of Sales	YoY
Net sales	5,362	—	4,526	—	− 15.6%
Cost of sales	4,095	76.4%	3,152	69.7%	− 23.0%
Gross profit	1,267	23.6%	1,373	30.3%	+ 8.4%
SG&A expenses	712	13.3%	675	14.9%	− 5.2%
Operating income	554	10.3%	697	15.4%	+ 25.8%
Ordinary income	510	9.5%	681	15.1%	+ 33.4%
Extraordinary profit and loss	581	10.8%	36	0.8%	− 93.8%
Income before income taxes	1,092	20.4%	717	15.8%	− 34.3%
Net income	756	14.1%	492	10.9%	− 34.9%

Overview of FY12/21 3Q (3 Months) Business Results by Segment

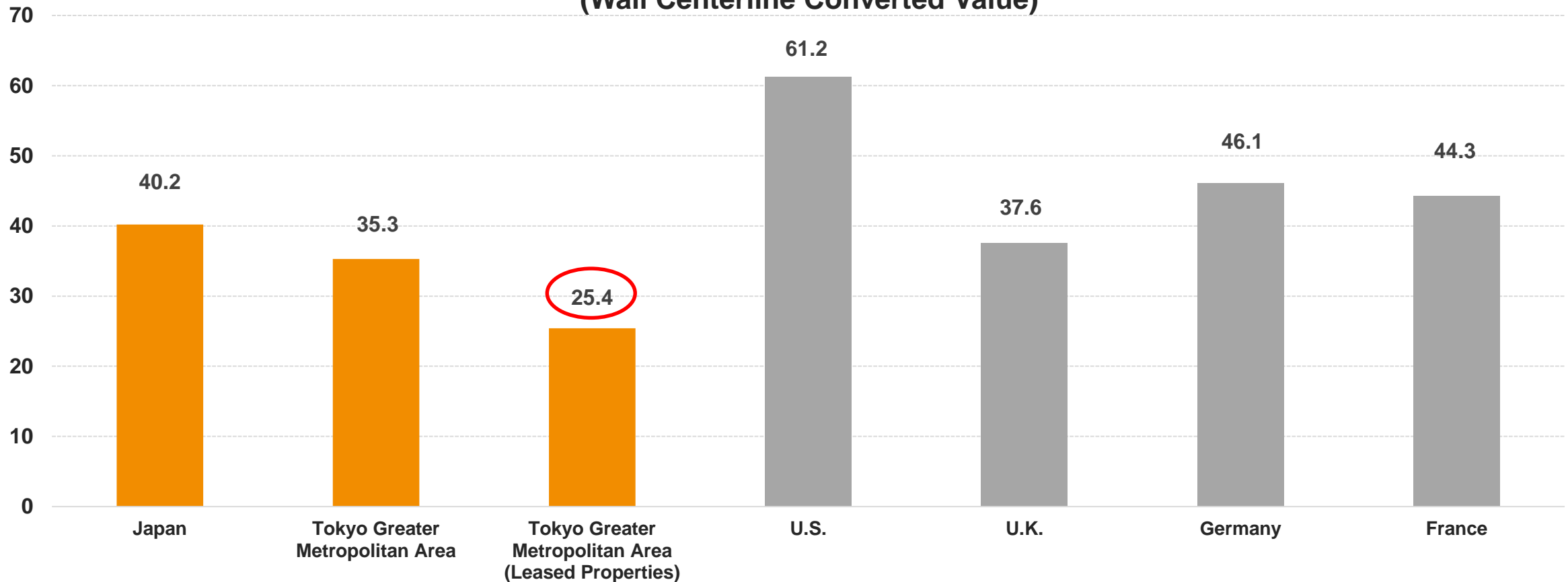
Significant decrease in earnings in the Land Rights Consolidation Business on the recoil from inventory reduction in the previous year

In Millions of yen			FY12/20 3Q (Jul.-Sept.)		FY12/21 3Q (Jul.-Sept.)		
			Actual	Percent of Sales	Actual	Percent of Sales	YoY
Self-storage management	Net sales	3,547	—	3,751	—	+ 5.8%	
	Gross profit	930	26.2%	1,163	31.0%	+ 25.1%	
	Business profit	627	17.7%	872	23.3%	+ 39.0%	
Self-storage brokerage	Net sales	176	—	28	—	− 83.8%	
	Gross profit	36	20.6%	16	—	− 55.3%	
	Business profit	(10)	—	(43)	—	—	
Self-storage Business	Net sales	3,723	—	3,780	—	+ 1.5%	
	Gross profit	967	26.0%	1,180	31.2%	+ 22.0%	
	Business profit	617	16.6%	829	21.9%	+ 34.4%	
Land Rights Consolidation Business (Limited Land Rights)	Net sales	1,247	—	397	—	− 68.1%	
	Gross profit	177	14.2%	81	20.5%	− 54.1%	
	Business profit	110	8.9%	47	11.8%	− 57.5%	
Other Operational Services Business	Net sales	391	—	348	—	− 11.0%	
	Gross profit	122	31.4%	111	32.1%	− 9.1%	
	Business profit	93	23.9%	95	27.5%	+ 2.1%	
Management Division	Net sales	—	—	—	—	—	
	Gross profit	—	—	—	—	—	
	Business profit	(266)	—	(274)	—	+ 2.8%	
Total for All Businesses	Net sales	5,362	—	4,526	—	− 15.6%	
	Gross profit	1,267	23.6%	1,373	30.3%	+ 8.4%	
	Operating income	554	10.3%	697	15.4%	+ 25.8%	

Potential demand for storage is HUGE, for living space in Japan is SMALL

Unit: m²

International Comparison of Residential Floor Space per Person (Wall Centerline Converted Value)



Ref. Ministry of Land, Infrastructure, Transport and Tourism (MLIT), "2020 Housing Economy Related Data"
International Comparison of Housing Standards, 2) International Comparison of Residential Floor Space per Person
(Wall Centerline Converted Value)

Self-storage is able to capture diverse needs to match the changing times.

Conventional

Track record of use for a variety of needs:

- Use as tools and materials yard
- Storing seasonal goods (clothing, tires, sports equipment, etc.)
- Storage for collections, room to enjoy hobbies
- Temporary storage during home moves or renovations
- Storing belongings of deceased
- Organize personal belongings to prepare for end of life



After
COVID-19

Capture needs for new style of living:

- Clearing out items to create space for telework
- Storing outdoor gear (effect of camping boom and staying indoors)
- Clearing space for university students returning home due to the impact of classes going online

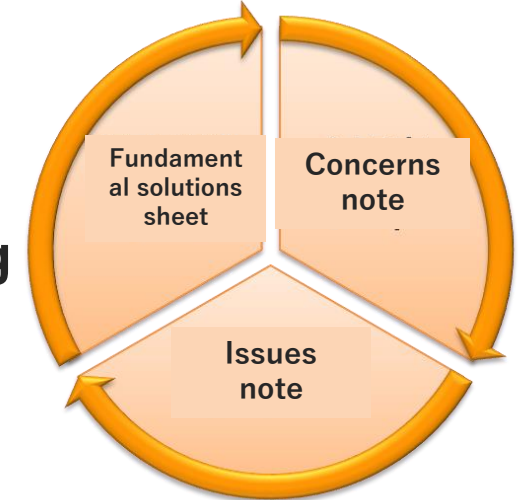


Self-storage is able to capture needs consistent with the changing times.
Demand is highly expected to increase in the future.

Arealink contributes to society through its business with its human resources development methods and long-term utilization of resources

- ◆ **Personnel development utilizing training methods**
 - General staff: Enhance work skill level through the Arealink Master program
 - Executives: Structure to anticipate risks and issues, and consider fundamental solutions
- ◆ **Examples of measures for long-term utilization of resources (reducing waste)**
 - Containers: Established maintenance methods; determined appropriate timing of painting work
 - Buildings: Selection of wood suitable for long-term use; optimization of renovation methods

Executive Training Method



Before maintenance



After maintenance



Red rust



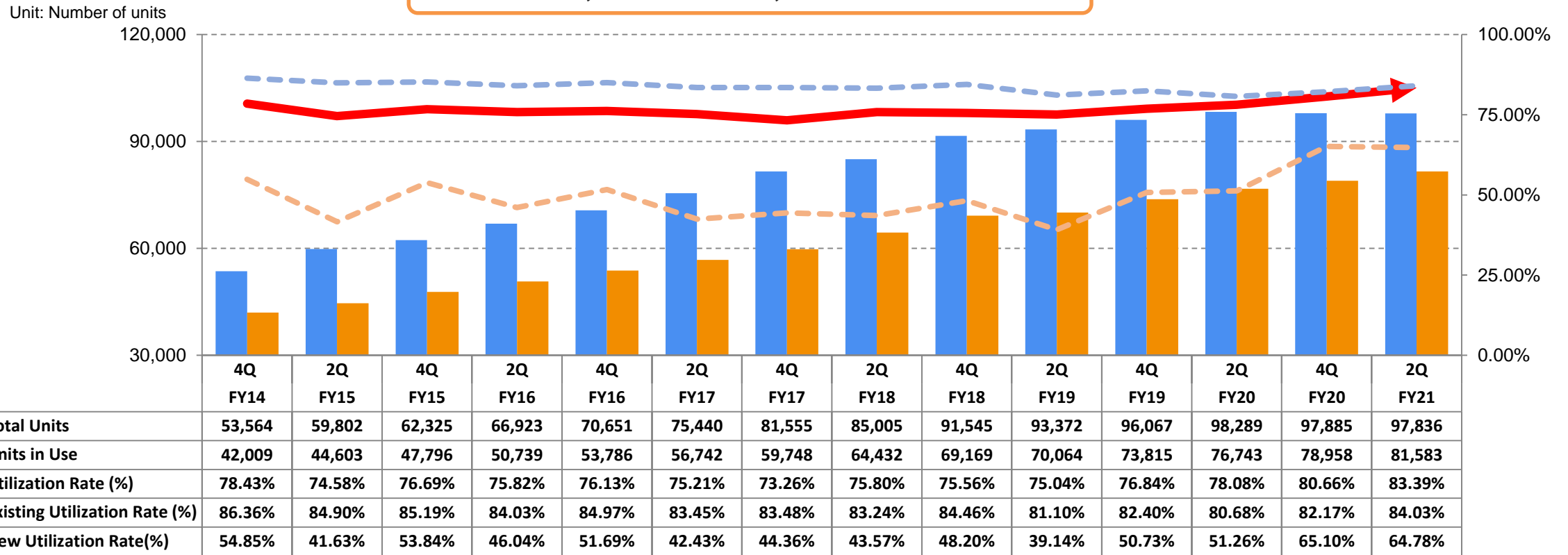
Conversion material used



Black rust

Utilization rate was highest in past 10 years due to carefully selected new store openings after 2019

Total Units, Units in Use, and Utilization Rate



* **Existing:** Units after more than two years since they opened
New: Units after less than two years since they opened
New for FY 2021: Newly opened in 2020 and 2021

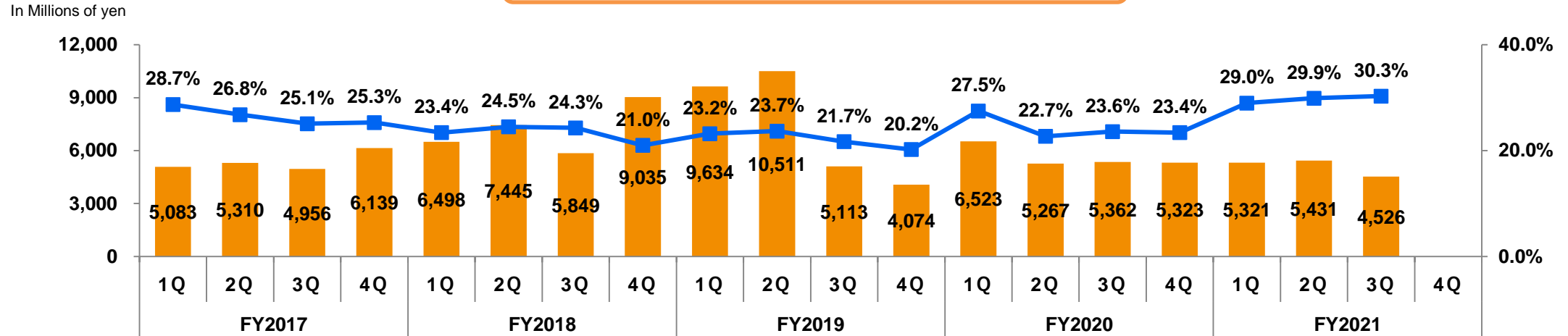
Storage Business : Openings by Region

	Containers	Trunk	Other	Total	Proportion of Total
Hokkaido	1,062	559	0	1,621	1.7%
Aomori	53	0	0	53	0.1%
Iwate	0	0	0	0	—
Miyagi	1,617	0	0	1,617	1.7%
Akita	0	0	0	0	—
Yamagata	50	0	0	50	0.1%
Fukushima	111	0	0	111	0.1%
Ibaraki	822	0	0	822	0.8%
Tochigi	312	0	0	312	0.3%
Gunma	993	0	0	993	1.0%
Saitama	8,568	2,157	17	10,742	11.0%
Chiba	10,069	1,500	59	11,628	11.9%
Tokyo	17,096	13,786	267	31,149	31.9%
Kanagawa	8,789	3,922	15	12,726	13.0%
Nigata	164	0	0	164	0.2%
Toyama	143	0	0	143	0.1%
Ishikawa	203	0	0	203	0.2%
Fukui	112	0	0	112	0.1%
Yamanashi	180	0	0	180	0.2%
Nagano	282	0	0	282	0.3%
Gifu	617	0	0	617	0.6%
Shizuoka	1,393	0	0	1,393	1.4%
Aichi	4,998	960	13	6,025	6.1%
Mie	378	50	0	428	0.4%

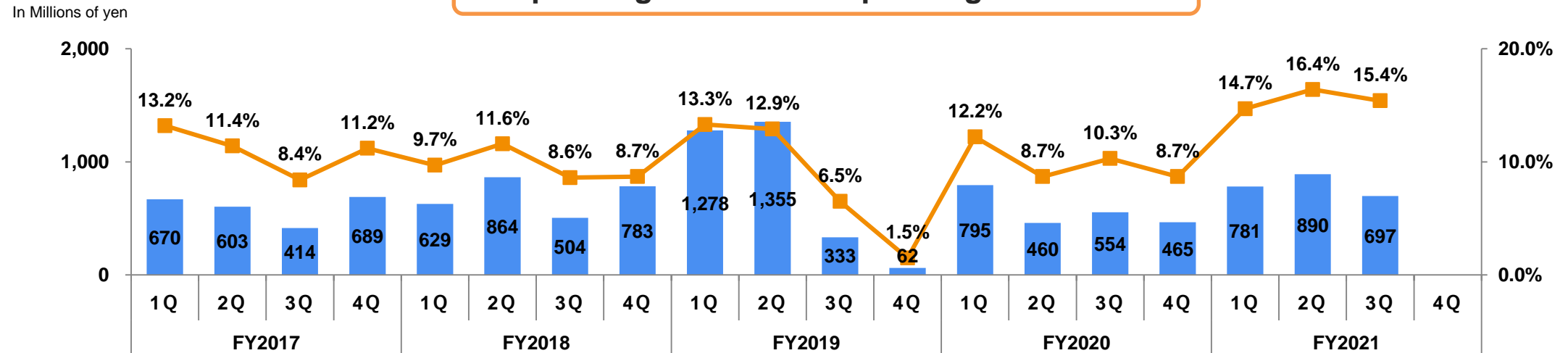
	Containers	Trunk	Other	Total	Proportion of Total
Shiga	235	0	0	235	0.2%
Kyoto	1,405	152	0	1,557	1.6%
Osaka	4,093	1,129	0	5,222	5.3%
Hyogo	3,735	121	2	3,858	3.9%
Nara	606	0	0	606	0.6%
Wakayama	27	0	0	27	0.0%
Tottori	52	0	0	52	0.1%
Shimane	30	0	0	30	0.0%
Okayama	218	0	0	218	0.2%
Hiroshima	345	0	0	345	0.4%
Yamaguchi	169	0	0	169	0.2%
Tokushima	49	0	0	49	0.1%
Kagawa	198	76	0	274	0.3%
Ehime	118	0	0	118	0.1%
Kochi	69	0	0	69	0.1%
Fukuoka	2,378	0	0	2,378	2.4%
Saga	106	0	0	106	0.1%
Nagasaki	118	0	0	118	0.1%
Kumamoto	402	0	0	402	0.4%
Oita	106	0	0	106	0.1%
Miyazaki	123	0	0	123	0.1%
Kagoshima	366	0	0	366	0.4%
Okinawa	36	0	0	36	0.0%
Total	72,966	24,412	373	97,781	100.0%

Entire Business– Quarterly Results

In net sales and gross profit margin



In operating income and operating income ratio



Business Segments – Quarterly Results

In Millions of yen			FY12/20	FY12/21				Cumulative
			Full-year	1Q	2Q	3Q	4Q	
	Self-storage management	Net sales	14,027	3,654	3,731	3,751		11,136
		Gross profit	3,502	1,138	1,172	1,163		3,475
		Business profit	2,333	848	871	872		2,592
	Self-storage brokerage	Net sales	746	482	—	28		511
		Gross profit	111	55	(3)	16		68
		Business profit	(148)	(20)	(57)	(43)		(121)
Self-storage Business	Net sales	14,773	4,136	3,731	3,780		11,648	
	Gross profit	3,614	1,194	1,168	1,180		3,543	
	Business profit	2,184	828	813	829		2,470	
Land Rights Consolidation Business (Limited Land Rights)	Net sales	6,063	834	1,359	397		2,591	
	Gross profit	1,362	232	343	81		656	
	Business profit	872	133	254	47		434	
Other Operational Services Business	Net sales	1,640	350	340	348		1,039	
	Gross profit	522	115	110	111		338	
	Business profit	396	98	95	95		289	
Management Division	Net sales	—	—	—	—		—	
	Gross profit	—	—	—	—		—	
	Business profit	(1,178)	(278)	(272)	(274)		(825)	
Total for All Businesses	Net sales	22,477	5,321	5,431	4,526		15,279	
	Gross profit	5,499	1,542	1,622	1,373		4,538	
	Operating income	2,275	781	890	697		2,369	

Main Properties of Real Estate Holdings

As of September 30, 2021

Property Name	Location	Number of properties	Purpose	Book Value (Land and Structure) Unit: ¥million
Trunk House 24 Series	Tokyo and 5 other prefectures	31	Storage	6,140
Hotel (Comfort Inn · Best Inn)	Kofu City, Yamanashi Prefecture, and other	5	Hotel	1,178
Kanda BM Building	Chiyoda Ward, Tokyo	1	Office, store	932
Ginza Idei Building	Chuo Ward, Tokyo	1	Store	894
Overseas storage	Texas, U.S.	1	Storage	759



Trunk House 24
Megurohoncho
(Meguro Ward, Tokyo)



Trunk House 24
Hiratsukaoimatsucho
(Hiratsuka-shi, Kanagawa Prefecture)



Ginza Idei Building
(Chuo Ward, Tokyo)



Kanda BM Building
(Chiyoda Ward, Tokyo)



Texas Storage
(Texas, U.S.)

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However, there are risks that that actual performance may differ from the earnings forecasts in this report as a result of unforeseeable events and results.

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