

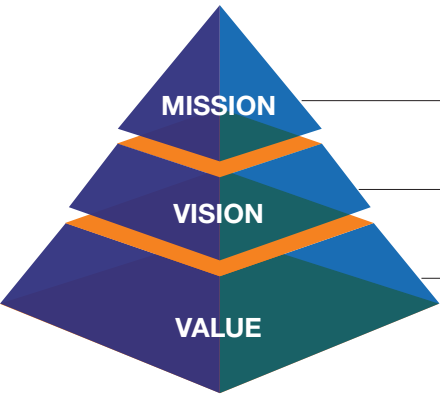






# Management Philosophy

## Provide Convenience, Joy, and Excitement



- MISSION**  
Change Life in Japan with Self-Storage  
By making self-storage available nationwide, we will provide people with opportunities for nostalgia, and enrich their lives.
- VISION**  
Become a Platform for the Self-Storage Industry
- VALUE**  
Create Excitement  
Increase the Number of Arealink Fans

Arealink operates service-oriented, cumulative-type businesses that make use of under-utilized real estate. In the Self-Storage Business, Arealink manages self-storage units nationwide under the Hello Storage brand, where it has established a position as a leading company in the industry. Following a management philosophy of “Provide convenience, joy, and excitement,” Arealink contributes to enriching people’s lives through self-storage. We aim for sustainable growth and steady improvement in corporate value centered on a foundation of stable earnings from self-storage and other cumulative-type businesses.

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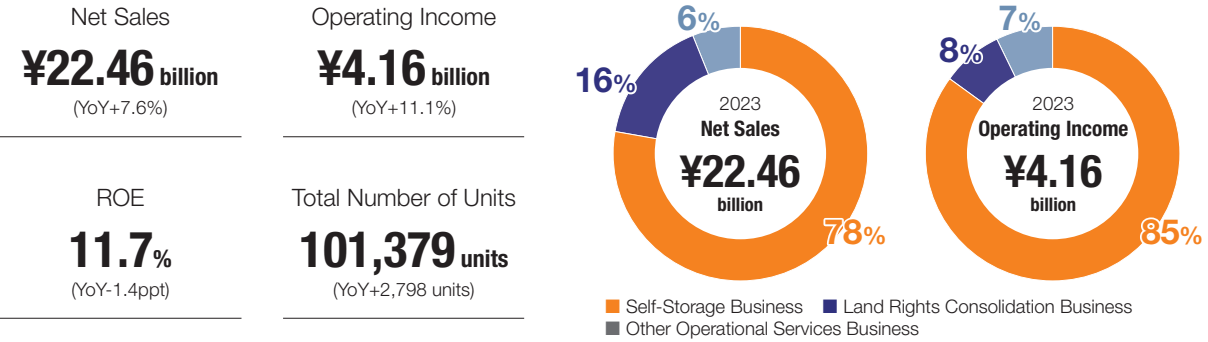
**About this report** This report has been prepared to help our stakeholders better understand our medium- to long-term growth strategy. In line with this goal, this report presents information on financial factors, including financial performance and corporate strategy, as well as non-financial factors, such as information on governance reforms, environmental and social matters, in an integrated fashion. In preparing this report, we have made reference to the Global Reporting Initiative (GRI) standard and international reporting frameworks, including those provided by the IFRS Foundation

**Editorial Policy** Arealink Integrated Report 2023 was compiled as a financial and non-financial information report for Arealink Co., Ltd. The report is focused on activities in FY2023 (from January 1, 2023 to December 31, 2023) and some reports from after January 2024 are included. Moreover, department and job titles of related parties are those at the time of the activity. We also provide comprehensive and detailed information for our stakeholders to better understand our Company on our website (<https://www.arealink.co.jp/en/>).

**Disclaimer** This report contains statements about Arealink’s future plans, strategies, performance forecasts, and outlooks. These are projections based on our beliefs and assumptions using the information currently available to the Company at the time of compilation.

### Introduction

## At a Glance (As of December 31, 2022)



### Self-Storage Business

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.

|   |  |
|---|--|
| <b>Self-Storage Management</b><br>Operation, marketing, and management of rental storage spaces<br>Net sales: <b>¥16.67 billion</b> Sales composition ratio: <b>74.2%</b> | <b>Self-Storage Brokerage</b><br>Received orders and sales of self-storage properties as investment products<br>Net sales: <b>¥0.76 billion</b> Sales composition ratio: <b>3.4%</b> |
|---|--|

**Arealink provides self-storage units under the “Hello Storage” brand.**  
**Arealink is a leading company in the domestic market, with locations in 47 prefectures nationwide and a market share of approximately 17%**

### Hello Storage (indoor type)

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

|   |   |
|---|---|
| <b>In-Building Type</b><br>Partitioned units on leased floors of buildings, managed as rental space<br><br>Locations mainly in metropolitan areas (central Tokyo) | <b>Building Type (Self-Storage Mini)</b><br>Buildings constructed on owned land, managed as rental space<br><br>Locations mainly in residential areas |
|---|---|

### 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 77,612 units (as of December 31, 2023) nationwide, from Hokkaido to Okinawa.

**Container Type**  
Containers installed on leased land, managed as rental space  
  
Locations mainly in suburban areas and regional cities

### Land Rights Consolidation (Leasehold Land) Business

Net sales: **¥3.62 billion** Sales composition ratio: **16.1%**

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

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

### Other Operational Services Business

Net sales: **¥1.42 billion** Sales composition ratio: **6.3%**

Rental income from serviced offices, real estate holdings, etc.

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

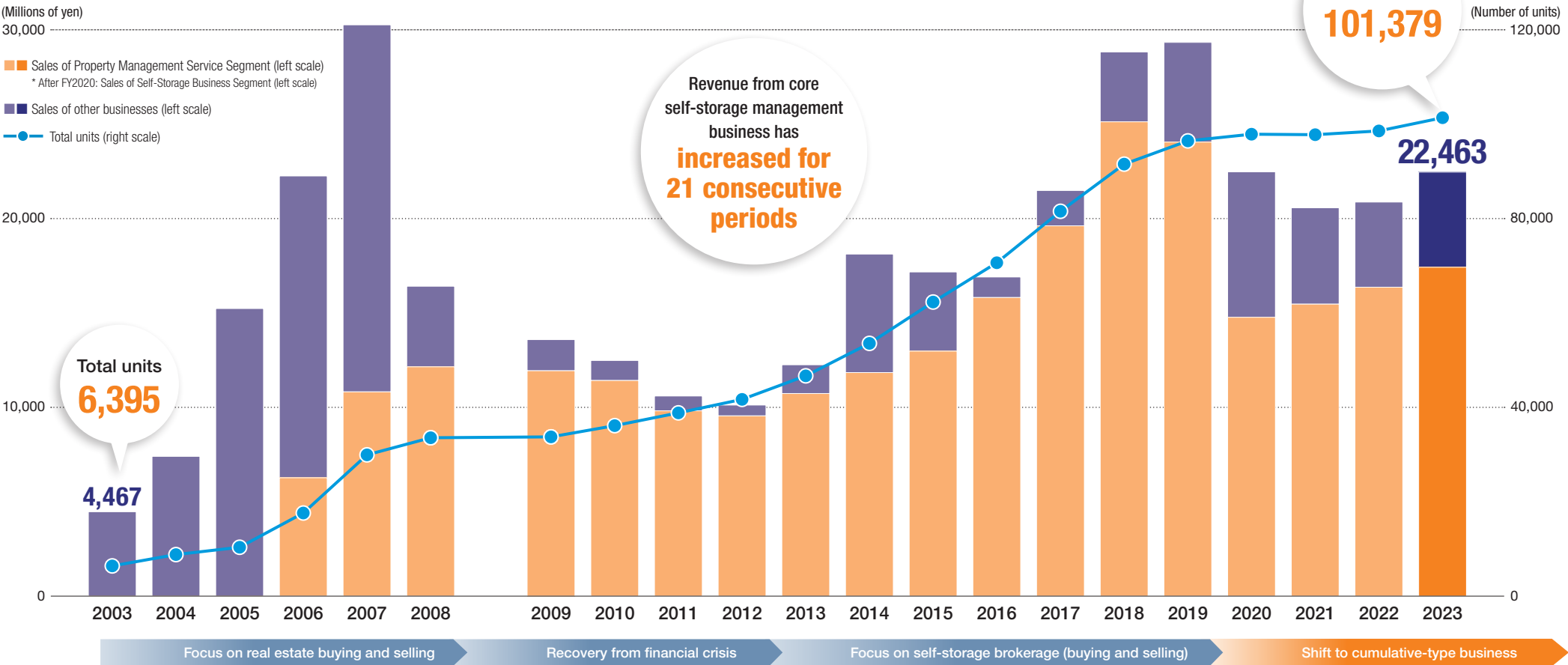
Arealink's Growth Trajectory

Arealink was established in 1995 by Naomichi Hayashi, the current Representative Director and Chairman (CEO). At the time of its establishment, the Company engaged in the land leasing and hourly paid parking businesses. In 1999, we launched a business of installing storage containers on vacant lots and leasing them, representing the precursor to the Company's core self-storage business today.

In 2001, we started a business to lease storage space using vacant buildings, effectively diversifying the services we provided in the self-storage business, which manages rental storage spaces. In 2002, we established a business to manage our real estate portfolio, and in 2004, we started a rental office business (both of which are currently part of the Other Operational Services Business). In 2014, we expanded our business footprint by launching a leasehold land sales business (currently the Land Rights Consolidation Business).

At the same time, we have promoted the selection and concentration of businesses, such as transferring to other companies the land leasing business and paid parking business, which we had been involved in since our founding.

From fiscal 2020, we shifted our policy to focus on cumulative-type earnings from asset management (lending to users) rather than selling self-storage properties to investors. In this way, since our founding, we have drawn up a sustainable growth model in cumulative-type businesses so that we can survive even in the most challenging economic environment.



| 1995s  | 2000s   | 2005s  | 2010s  | 2015s   | 2020 to today  |
|--|---|--|--|---|--|
| <p><b>April 1995</b></p> <p><b>WELL's Giken K.K. (currently Arealink) is established</b> in Funabashi City, Chiba Prefecture</p>    | <p><b>February 2001</b></p> <p>Began offering <b>indoor self-storage units</b></p>    | <p><b>November 2005</b></p> <p>Hello Storage business <b>surpassed 10,000 units</b></p>   | <p><b>June 2014</b></p> <p>Hello Storage business <b>surpassed 50,000 units</b></p>   | <p><b>2015</b></p> <p>Began offering <b>self-storage type properties with land</b></p>   | <p><b>April 2022</b></p> <p>Market listing transferred to <b>TSE Standard Section</b></p>   |
| <p><b>1995 Apr</b> WELL's Giken K.K. is established with capital of 30 million yen in Funabashi City, Chiba Prefecture in order to accommodate business of WELL's21, an office with an attached warehouse.</p> <p><b>1996 Apr</b> The company launches a property leasing business.</p> <p><b>1996 Jun</b> The company launches the coin-operated hourly parking lot business Hello Parking.</p> <p><b>1998 Jul</b> The head office is relocated to Mihama Ward, Chiba City.</p> <p><b>1999 Mar</b> The company launches the Hello Container business, which involves installing storage containers on vacant land and renting them out.</p> | <p><b>2000 Sep</b> The company's trade name is changed to Arealink Co., Ltd.</p> <p><b>Dec</b> The company launches the weekly/monthly apartment retail business Hello Monthly.</p> <p><b>2001 Jan</b> The head office is relocated to Ginza, Chuo Ward, Tokyo.</p> <p><b>Feb</b> The company launches the Hello Trunk business, which involves renting out storage spaces set up in vacant buildings.</p> <p><b>Aug</b> The head office is relocated to Kasumigaseki, Chiyoda Ward, Tokyo.</p> <p><b>2002 Sep</b> The company launches a property management service through its proprietary land and buildings.</p> <p><b>2003 Jun</b> Hello Bike Box, an indoor parking lot only for motorbikes, is opened.</p> <p><b>Aug</b> The company is listed on TSE Mothers.</p> <p><b>2004 Jan</b> The company launches the Hello Office SOHO business, which makes use of vacant buildings.</p> | <p><b>2005 Feb</b> The company executes a stock acquisition of Space Products K.K., a company from the same industry that operates Rakuchin Box.</p> <p><b>Nov</b> The number of storage rooms operated by the Hello Storage Business exceeds 10,000.</p> <p><b>2007 Apr</b> The head office is relocated to Akasaka, Minato Ward, Tokyo.</p> <p><b>2008 Jan</b> The number of storage rooms operated by the Hello Storage business exceeds 30,000.</p> <p>The company acquires Space Products Co., Ltd. by absorption.</p> <p><b>Nov</b> The company transfers all of the shares of affiliated company Good Communication Co., Ltd.</p> <p><b>2009 Apr</b> The head office is relocated to Kanda Ogawamachi, Chiyoda Ward, Tokyo.</p> | <p><b>2010 Jan</b> The company acquires Yubara Resort Co., Ltd. by absorption.</p> <p><b>Jun</b> The company transfers the mister business to WELL's21 Co., Ltd.</p> <p>The company assumes the parking business from WELL's21 Co., Ltd.</p> <p><b>Dec</b> The company sells part of its holdings of consolidated subsidiary Hello Techno Co., Ltd.</p> <p><b>2012 May</b> The company sells all of the shares of affiliate Hello Techno Co., Ltd.</p> <p><b>2014 Jun</b> The number of storage rooms operated by the Hello Storage business exceeds 50,000.</p> | <p><b>2015 Jul</b> The number of storage rooms operated by the Hello Storage business exceeds 60,000.</p> <p><b>2015 Aug</b> The company opens the suburban indoor retail storage facility, 2 x 4 Trunk.</p> <p><b>2016 Dec</b> The head office is relocated to Sotokanda, Chiyoda Ward, Tokyo.</p> <p>The number of storage rooms operated by the Hello Storage business exceeds 70,000.</p> <p><b>2017 Nov</b> The number of storage rooms operated by the Hello Storage business exceeds 80,000.</p> <p><b>2018 Nov</b> The number of storage rooms operated by the Hello Storage business exceeds 90,000.</p> | <p><b>2020 May</b> The company changes listing markets to the TSE Second Section.</p> <p><b>2021 Mar</b> The company transfers the parking business to Hello Techno Co., Ltd.</p> <p><b>2022 Apr</b> The company changes listing markets to the TSE Standard Section.</p> <p><b>2023 Sep</b> The number of storage rooms operated by the Hello Storage business exceeds 100,000.</p> |



Message from the Chairman



Based on our corporate philosophy of “Provide Convenience, Joy, and Excitement,” we aim to be a company that will grow for another 100 or 200 years.

Chairman and Representative Director **Naomichi Hayashi**

Philosophy

“Provide Convenience, Joy, and Excitement”



- 1 A company where employees and their families are happy
- 2 A company where employees, their families, customers, and related parties (owners, business partners, shareholders) all become fans
- 3 A company that inspires people
- 4 A company that evaluates people based on their ability, regardless of age, gender, or nationality
- 5 A company that can grow over 100 years

Growing to become the leading company in Japan’s self-storage industry

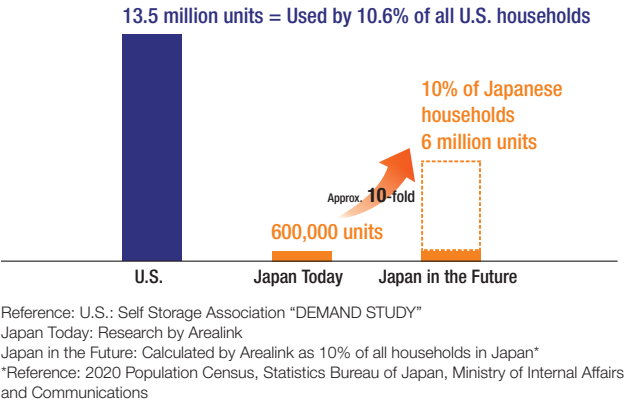
I founded WELL’s Giken K.K., Arealink’s predecessor, in 1995. I swore to myself at the time that, however niche our category may be, we would become No. 1. Driven by an enthusiasm to spur transformation in the real estate industry, I launched a real estate company centered on the land leasing and parking businesses. In the end, however, the business I selected to reach my goal was self-storage. In 2023, a quarter century since the start of the business, our total number of units exceeded 100,000. We have grown to become the largest leading company in Japan’s self-storage industry.

The high growth potential of the self-storage market

Self-storage is a growing business in Japan, with a penetration rate still lower than in other major countries. In the United States, where self-storage is a mature industry, about 10% of households use self-storage, compared to about 1% in Japan. However, since residences are smaller in Japan than in Western countries, there is latent demand for storage. The recent COVID-19 pandemic triggered an increase in time spent at home and changed how people in Japan view their homes, from simply a place for eating and sleeping to a place for living comfortably and enjoyably. Amid this backdrop, we will popularize self-storage trunk rooms as a product to create even better home environments and contribute to more

affluent living for people in Japan. As people in Japan traditionally have a spirit of valuing things, I believe that we can further spur demand depending on our approach and product planning. In fact, our Company has experience in capturing latent needs for outdoor-type storage containers, whole-building indoor-type storage, and motorbike-only storage, all of which we have developed into new products that maintain high utilization rates. We hope to continue launching new services and new standards suited to the times.

Comparison with U.S. Self-Storage Usage



Strengthening of human capital management

Our Company practices small-group management, with an employee count of about 80 as of December 2023. We will continue on the path to steady growth through management leveraging the human resources that are our greatest asset, without unnecessarily increasing the number of employees. Our personnel evaluations are meritocracy-based. We include young employees and mid-career recruits in selection of executives, according to ability.

Our Arealink Master program is a unique program for gaining such ability. The program systematizes schedule management techniques that I myself have practiced since my younger days. We are creating a structure that greatly boosts work efficiency while letting all employees enhance their job

proficiency and advance their careers.

We also have a 10-item proprietary education and training plan that we call Arealink Method. Its mechanisms and our in-house training let us enhance the productivity of every employee, department, and team, without limit. Through the efficacy of these initiatives and our attentive education and evaluation programs, every employee is able to grow, allowing us to achieve small-group management.

This in turn has allowed us to reduce our number of employees, despite roughly 1.7-fold growth in sales and 3-fold growth in profit over the past 10 years. I see this as an outcome of our continually thinking about and earnestly tackling ways by which employees can work to boost productivity.

Enriching Japanese lifestyles through storage

With consideration of the environment, we are promoting the “Container Building 100-Year Utilization Project.” Scrap-and-build construction had been seen as a matter of course in the world, but times have changed. We operate about 2,210 properties nationwide (as of March 31, 2024). By lengthening container life through regular maintenance and by operating highly durable wood-frame trunk room buildings on a long-term basis, we are creating mechanisms to enable facilities that can be used for over 100 years. Through storage that makes use of the self-storage concept, we will help people worldwide experience the joy of organizing and tidying things, limit wasteful spending, and contribute to the creation of a

comfortable and prosperous society that values things.

Under our corporate philosophy of “Provide Convenience, Joy, and Excitement,” we have set out the clear and concrete principle of resolving difficult issues, will dare to take on even difficult and trying challenges, and will aim to be a company that will grow for another 100 or 200 years while robustly surviving tough times.

Throughout this process, I hope to earn the continued support of our customers, business partners, shareholders, investors, employees, local communities, and other stakeholders.

**Naomichi Hayashi**  
Chairman and Representative Director



## Message from the President

**Arealink will become a platform for the self-storage industry and will target a domestic market share of 30% or more within ten years.**

President and Representative Director

**Yoshika Suzuki**

### Management policies

- POLICY 1** Contributing to enriching people's lives with self-storage
- POLICY 2** Achieving stable growth over the medium to long term with a cumulative-type business
- POLICY 3** Deploying ESG management to solve social issues

### Growing steadily as an industry leader

After graduating from university, I joined Arealink as a new graduate. Arealink has been moving ahead with its business with a desire to enrich the lives of people in Japan with self-storage. Previously, the chairman and founder Mr. Hayashi was leading the Company by himself. Looking ahead to the future, however, the Company decided to change the system in terms of risk management as well. Further, I believe that the Company also intended to leave its management to younger generations, who have expertise in the use of IT and data analysis that are

essential for corporate management in the current era.

With this momentum in the background, I was appointed President and Representative Director as the successor to Mr. Hayashi in March 2023. Since then, we have been accumulating data on market and customer needs and analyzing them further. As a result, we have developed our own facilities in all 47 prefectures of Japan, in addition to having increased the number of self-storage units to more than 100,000, an industry first. Thus, we have been growing steadily as a leader in the industry.

### Accelerating location openings under the current Medium-Term Management Plan 2023-2025

Arealink will accelerate location openings, aiming for further growth under the Medium-Term Management Plan 2023-2025. The number of self-storage units exceeded 100,000 in 2023, or 25 years after we launched the Self-Storage Business. Having set an ambitious goal of expanding them to 200,000 units in 2029, or within seven years, we are planning location openings with approx. 10,000 units in 2024. We will open new locations

widely across Japan, with a focus on the Tokyo Metropolitan Area and the Keihanshin region, where they are in high demand.

At present, our activities of opening self-storage locations are proceeding very smoothly. In addition, although we are speeding up location openings, we maintain an extremely high utilization rate. The greatest factor for the significant growth in the utilization rate of our self-storage facilities in the last few

years is that we have established a location opening strategy based on a database related to self-storage across Japan, which has enabled us to attract customers more precisely overall. Other than the above, there are also indirect factors including the increase in remote work, smaller residential spaces, rising house prices, and effective PR activities. In addition, we develop small-scale properties in multiple locations nationwide, which has significantly shortened the time required for new properties to get on track and enabled us to reach the

current status of utilization.

The business development cycle based on analysis of self-storage data, which is implemented by Arealink, enables speedy location openings. Specifically, in consideration of long-term profitability, we customize products for the optimal service in each area nationwide, based on such data as customer attributes, term, period, and area. After opening a location, we accumulate new data to improve precision further, thus ensuring stable profitability.

### Aiming to become a platform for the self-storage industry

At Arealink, we aim to become a platform for the self-storage industry by linking self-storage location openings, measures to attract customers, the creation of a database as the core of these initiatives, the establishment of a sales structure that does not rely on manpower, and activities to develop small-scale properties in multiple locations in a wide area. Our future goal is to secure a domestic market share of 30% or more within ten years.

To achieve this, going forward we will focus our efforts on full-scale implementation of M&A and a partner system, development of a system for increasing income from existing properties, which we will do in partnership with a think tank, and collaboration with overseas self-storage associations.

As an M&A initiative, we acquired shares of LIFULL SPACE Co., Ltd.\* in February 2024. We intend to further increase the probability of success in opening self-storage locations in the future, by using the expertise that LIFULL SPACE Co., Ltd. has

accumulated through its management of LIFULL Trunk Room, a trunk room search site. In addition, we will make use of system development capabilities and technological capabilities of LIFULL SPACE Co., Ltd. as an IT company, thereby reinforcing our management base in the aspect of IT and digital technologies and improving the efficiency of systems related to Hello Storage.

At Arealink, we will continue to open new locations that are close to places where customers spend their time and are highly convenient, and all of us will better ourselves daily to enrich lives of people in Japan through the Self-Storage Business, under our Corporate Philosophy, "Provide convenience, joy, and excitement."

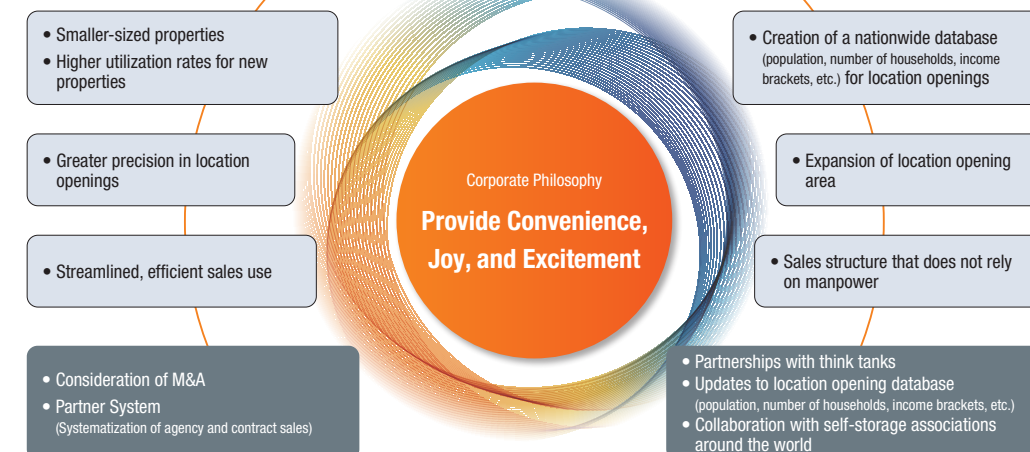
I ask stakeholders for their continued support of Arealink moving forward.

**Yoshika Suzuki**  
President and Representative Director

\* The company name was changed to Japan Trunkroom Co., Ltd. effective March 1, 2024.

### Becoming a platform for the self-storage industry

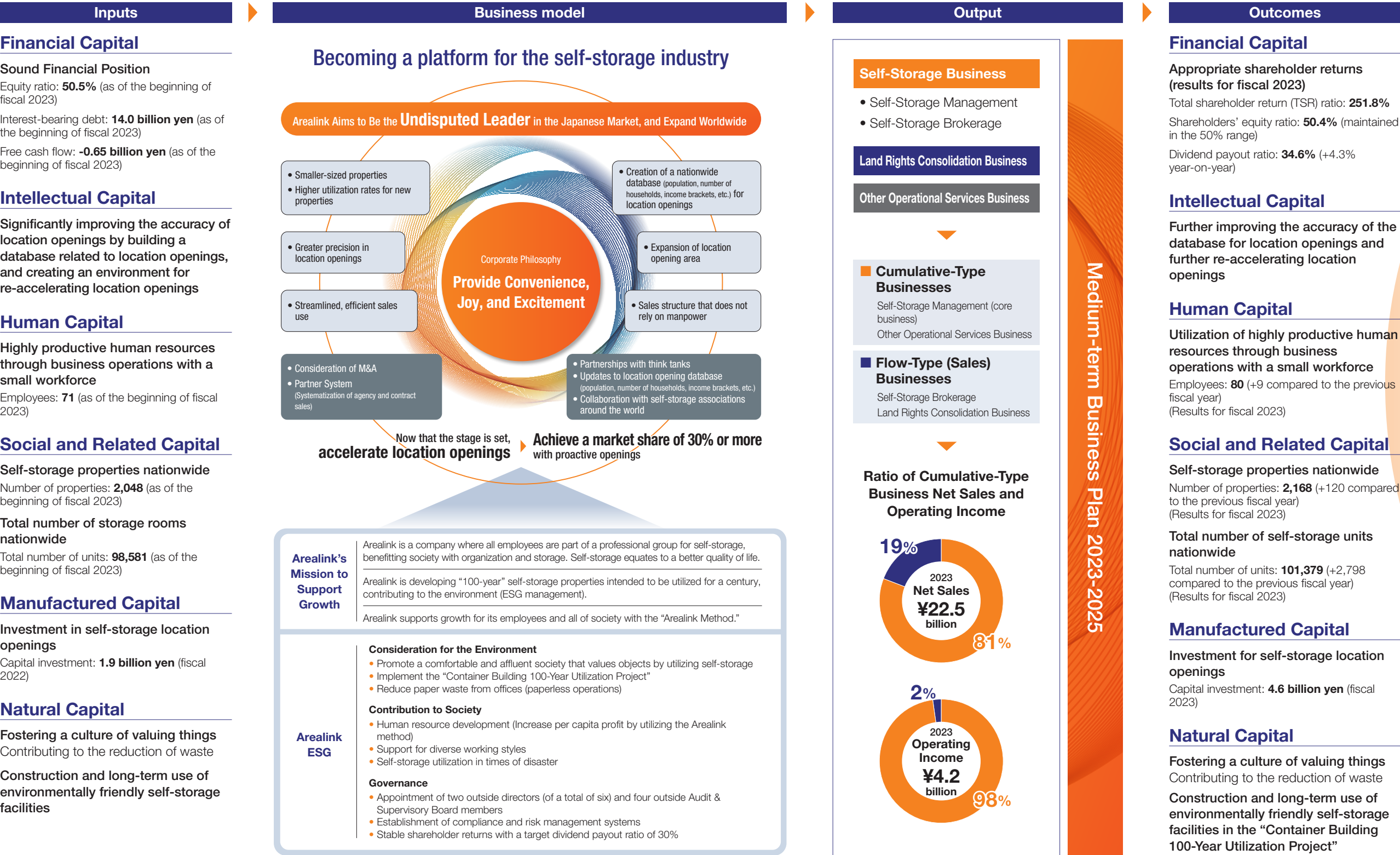
**Arealink Aims to Be the Undisputed Leader in the Japanese Market, and Expand Worldwide**



**Now that the stage is set, accelerate location openings ▶ Achieve a market share of 30% or more with proactive openings**

Arealink's Value Creation Process

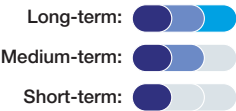
As a leader in the self-storage business, Arealink engages in business activities that contribute to enriching people's lives while valuing environmental conservation and connections with local communities. We create social and economic value by making maximum use of our resources and taking on the challenge of solving various social issues.





Risks & Opportunities and Our Response

Arealink is aware of the following risks and opportunities facing its businesses, which we are addressing.



| Issue  | Risks   | Opportunities   | Main Initiatives  |
|--|---|---|---|
| Changes in external operating environment including customer needs and market conditions | <ul style="list-style-type: none"><li>Impact of changes in social conditions on self-storage demand such as the economy and real estate market</li><li>Impact of demand trends and legal regulations in the self-storage industry as a whole</li><li>A significant decrease in demand, a decrease in utilization rate, an increase in rent arrears, etc. due to rapid changes in the external environment</li><li>Impact of inflation and yen depreciation on increased container procurement costs</li></ul>   | <ul style="list-style-type: none"><li>Growing momentum and awareness of increased demand for self-storage</li><li>Utilize our nationwide database of self-storage location openings to further improve location opening accuracy and utilization rate</li></ul> | <ul style="list-style-type: none"><li>Conduct regular monitoring of economic and real estate market conditions</li><li>Foster a market view according to area, scale, use, and property characteristics</li><li>Strengthen investment judgment and leasing capabilities</li></ul>   |
| Real estate ownership risks  | <ul style="list-style-type: none"><li>Impact of the decline in land prices, etc. due to deterioration in the real estate market in the purchase and holding of real estate, such as asset indoor type "self-storage properties with land" in which the self-storage business purchases land and constructs buildings and real estate for sale purchased and held in the land rights consolidation business</li><li>Decline in appetite for investment in real estate, a decrease in real estate transactions, stricter loans to individuals, and a significant decline in rents due to the deterioration of economic conditions in Japan and overseas</li></ul> |   | <ul style="list-style-type: none"><li>Conduct regular monitoring of economic and real estate market conditions</li><li>Carefully consider the selection of properties that meet customer needs, taking into account the location conditions and the market conditions in the surrounding area</li><li>Downscale land-rights consolidation business</li></ul>                      |
| Natural disasters, etc.  | <ul style="list-style-type: none"><li>Impacts on self-storage operation sites and substantial damage in the value of the real estate operated and managed by the Company due to natural disasters, such as a major earthquake, storm, and floods, etc., which could occur in the future</li><li>Depending on the affected area, the utilization rate may drop significantly and repair costs may be required for restoration</li></ul>  | <ul style="list-style-type: none"><li>Growing demand for storage units in preparation for disaster</li></ul>  | <ul style="list-style-type: none"><li>Purchase properties based on location conditions that are less susceptible to damage</li><li>In the event of a natural disaster, etc., utilize the business continuity workflow formulated by each business</li><li>Measures to ensure the continuation or early recovery of important businesses even in the event of a disaster</li></ul> |
| Low barriers to entry  | <ul style="list-style-type: none"><li>Competition intensifies due to the follow-up entry of other companies since we can't legally exclude other companies by using patent rights, etc., and the business model is simple</li></ul>   | <ul style="list-style-type: none"><li>Further increase market share by securing the superiority of Arealink</li></ul>   | <ul style="list-style-type: none"><li>Raise awareness of the Hello Storage brand</li><li>Strengthen PR activities</li><li>Differentiate by developing new products and services and acquire a customer base</li></ul>   |
| Stricter regulations placed on the self-storage business                                 | <ul style="list-style-type: none"><li>The number of outdoor container-type rental storage spaces is rapidly increasing, including those of other companies in the same industry</li><li>Unexpected costs may be incurred if a building approval application based on the Building Standards Act of the Ministry of Land, Infrastructure, Transport and Tourism requires existing containers to comply with building standards due to further tightening of regulations</li></ul>  | <ul style="list-style-type: none"><li>Highlight the safety of Arealink's container-type self-storage</li></ul>  | <ul style="list-style-type: none"><li>Promote measures that put the safety of customers and residents in the surrounding area first</li><li>Enhance educational activities on container safety and improve patrol and maintenance systems</li></ul>   |



Overview of Medium-term Business Plan 2023-2025

Numerical Targets of Medium-term Business Plan 2023-2025

From fiscal 2023, we have been working to reenergize our business performance by increasing the number of new location openings. The number of new location openings is planned to increase from 2,915 in 2022 to 5,800 in 2023, to more than 10,000 in 2024, and will continue to accelerate thereafter. We will also steadily improve our profit margin and aim to achieve an operating income ratio of 20% as soon as possible.

|                                | 2022   |               | 2023      |               |        |               |                  | 2024      |               | 2025      |               |
|--------------------------------|--------|---------------|-----------|---------------|--------|---------------|------------------|-----------|---------------|-----------|---------------|
| In Millions of yen             | Actual | Profit Margin | Projected | Profit Margin | Actual | Profit Margin | Achievement rate | Projected | Profit Margin | Projected | Profit Margin |
| Net sales                      | 20,878 | –             | 21,800    | –             | 22,463 | –             | 103.0%           | 24,400    | –             | 28,100    | –             |
| Operating income               | 3,742  | 17.9%         | 4,050     | 18.6%         | 4,155  | 18.5%         | 102.6%           | 4,650     | 19.1%         | 5,500     | 19.6%         |
| Ordinary income                | 3,758  | 18.0%         | 3,930     | 18.0%         | 4,058  | 18.1%         | 103.3%           | 4,520     | 18.5%         | 5,350     | 19.0%         |
| Self-storage No. of new units* | 2,915  |               | 4,700     |               | 5,800  |               |                  | 10,400    |               | 14,000    |               |

\*Excludes cancellations

Main Strategies by Business Segment

The main strategies of each business segment to achieve the numerical targets of the Medium-term Business Plan 2023-2025 are as follows.

Self-storage business



Location Opening Strategy

- Build a nationwide database of location openings and significantly improve the accuracy of location openings
- Develop an environment for re-accelerating location openings, aiming for approximately 200,000 units in operation in fiscal 2029
- Strengthen the sales system in preparation for the acceleration of location openings
- In terms of products, in addition to containers, strengthen the opening of Self-Storage Mini stores and urban indoor storage unit type

Service Strategy

- Continue to improve services and develop products to become a familiar and convenient presence like a convenience store
- Design containers to be clean and harmonize with residential neighborhoods
- Adopt a new design for Self-Storage Mini that coordinates the entire interior and exterior

The land rights consolidation business will be downscaled



Maintaining High Utilization Rate and Location Opening Policy

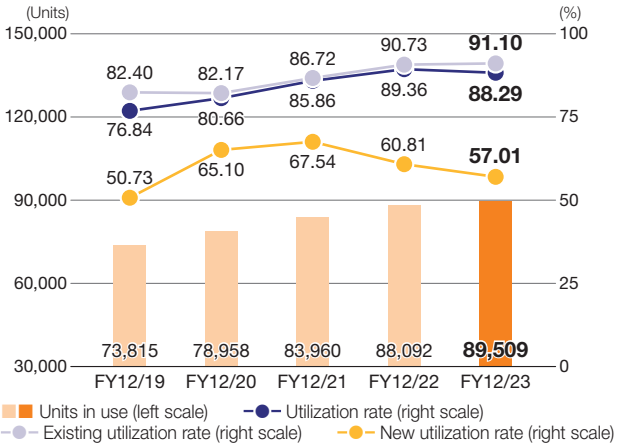
Under Medium-term Business Plan 2023-2025, we will accelerate the speed of location openings. We will analyze recent location openings, reduce the number of units per property, and expand location openings mainly in small properties such as convenience stores. In addition, demand for outdoor containers, which is our mainstay product, is strong in regional cities, and we will strengthen location openings in regional areas as well as urban centers. Our building-type trunk rooms feature an interior design with a sense of luxury, and we will promote the opening of properties with good usability.

Drastically Improved Utilization Speed in Newly Opened Facilities

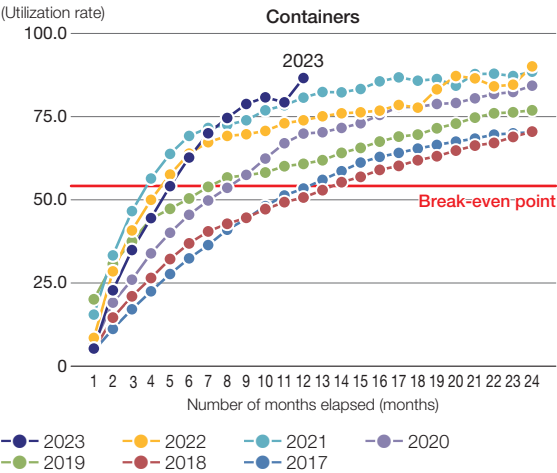
Among our existing self-storage facilities, utilization rates have improved year after year since 2020, topping 91% at the end of 2023. Overall utilization rate (including both existing facilities and newly opened ones) remains very high, at over 88%, despite the fact that we are opening new

facilities at a quicker pace. An inter-year comparison in monthly utilization rate reveals that utilization rate among newly opened facilities is much better now than it was in 2017 and 2018, when the number of newly opened facilities was at its highest.

Change in units in use and utilization



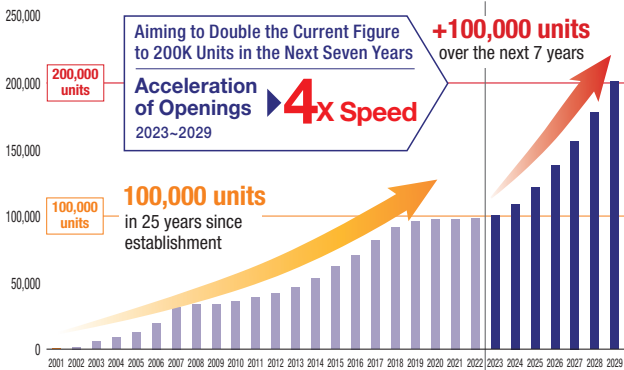
The utilization rate of newly opened locations is increasing each year.



Acceleration of Openings to Achieve 200,000 Units in 2029

The changes in the total number of units in our self-storage business since its founding and our plans for the next seven years until 2029 are shown in the figure on the right. In the 25 years since our founding, we have expanded our self-storage to approximately 100,000 units. We plan to double the current number of units to 200,000 over the next seven years from 2023 to 2029. In order to achieve this plan, we aim to expand the scale of our business approximately four times faster than before.

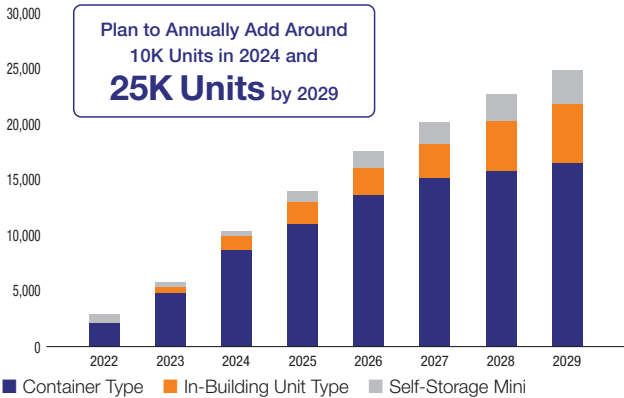
Self-Storage Business – New Location Opening Plan



Location Opening Plan by Product

Our location opening plan to reach 200,000 units by 2029 is shown in the figure on the right. In addition to containers, which have been our mainstay product, we are planning to develop two other products: namely, Self-Storage Mini and in-building trunk rooms. We plan to open 24,900 units per year by 2029, gradually increasing the number to 5,800 in 2023, 10,400 in 2024, and 14,000 in 2025.

Self-Storage Unit Addition Plan





Financial Strategy

Business Results in Fiscal 2023

For the fiscal year under review, net sales were 22,463 million yen (up 7.6% year on year), operating profit was 4,155 million yen (up 11.1% year on year), ordinary profit was 4,058 million yen (up 8.0% year on year), and profit was 2,821 million yen (down 2.1% year on year) due in part to 235 million yen in income tax refund recorded in the previous fiscal year. In our

land-rights (leasehold land-rights) consolidation business, we exceeded the earnings target with huge earnings growth from self-storage management, although earnings were down from last year's level because of asset write-downs. These results testify to our progress in establishing a stable revenue base through stock business.

KPIs

To sustainably enhance corporate value, we have committed to enhancing profitability, capital efficiency, and cash flows while keeping return on equity (ROE) above cost of capital. Our financial KPIs include operating income-based ROE, return on invested income (ROIC), and interest-bearing debt ratio. In the

year under review, we achieved an operating income-based ROE of 17.3% and a weighted average cost of capital (WACC) of 5.7% (by our calculation). We have committed to keeping ROIC above WACC. Our benchmark for interest-bearing debt ratio is less than 90%.

|  | 2019/12 | 2020/12 | 2021/12 | 2022/12 | 2023/12 |
|--|---------|---------|---------|---------|---------|
| Operating income-based ROE (%) <sup>*1</sup> | 17.2    | 13.2    | 15.6    | 17.0    | 17.3    |
| ROIC (%) <sup>*2</sup>                       | 6.1     | 5.0     | 6.4     | 7.5     | 6.9     |
| Interest-bearing debt ratio (%)              | 85.8    | 68.2    | 57.0    | 60.9    | 67.0    |

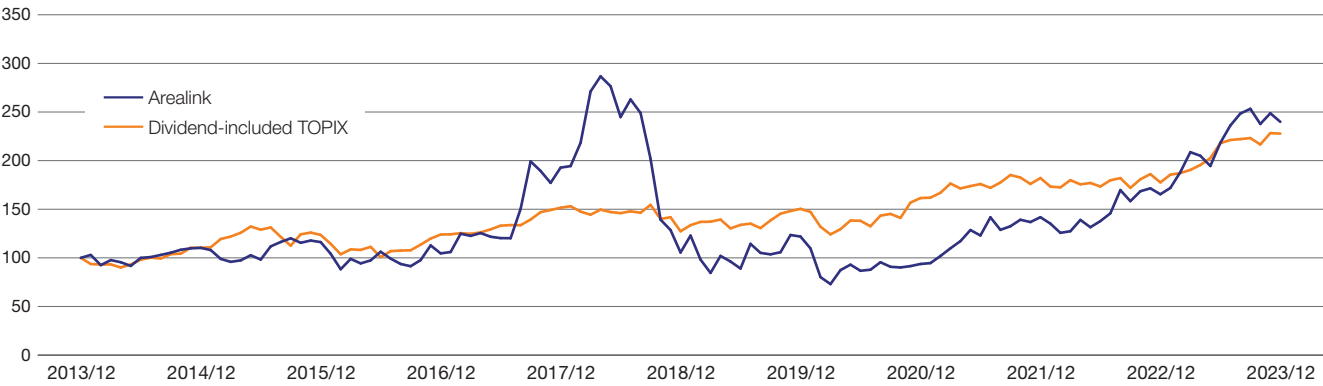
<sup>\*1</sup> Operating income-based ROE is calculated as operating income divided by net assets (the mean of opening and closing balance) multiplied by 100.  
<sup>\*2</sup> ROIC is calculated as operating income after tax divided by invested capital (interest-bearing debt plus net assets) multiplied by 100.

Funding

While increasing our cash position, we will mainly use our own funds to finance growth, and if we require funds that exceed cash on hand, we will borrow funds within the range of liquidity. In fiscal 2023, we raised 5,734 million yen through borrowings to fund the development of self-storage units and working capital. As a result, interest-bearing debt at the end of the fiscal year was 16,755 million yen.

liquidity of funds, we believe that it is extremely important to maintain a level of funds that can be accessed flexibly, such as for opening self-storage units, purchasing leasehold land, and developing system infrastructure, and to appropriately maintain interest-bearing debt in consideration of financial soundness as we accelerate the growth rate of each business. Therefore, we finance capital by securing retained earnings and borrowing working capital from financial institutions to secure highly liquid

TSR (10 years, including dividend)



Total Shareholders' Return

|                         | 1 year | 3 years    |            | 5 years    |            | 10 years   |            |
|-------------------------|--------|------------|------------|------------|------------|------------|------------|
|                         |        | Cumulative | Annualized | Cumulative | Annualized | Cumulative | Annualized |
| Arealink                | 55.4%  | 205.1%     | 45.0%      | 151.8%     | 20.3%      | 139.9%     | 9.1%       |
| Dividend-included TOPIX | 28.3%  | 41.1%      | 12.1%      | 78.9%      | 12.3%      | 127.8%     | 8.6%       |

<sup>\*</sup>TSR (Total Shareholder Return): Factors in capital gains and dividends when measuring the total return generated by a stock  
<sup>\*</sup>TSR is calculated by Arealink using cumulative dividends and share price fluctuations whereas TOPIX is calculated using share price indices including dividends (formulated by the Company based mainly on Japan Exchange Group, Inc. (JPX) data).  
<sup>\*</sup>Graph values are indexed market prices in terms of TSR, with December 31, 2013 closing price data set at 100 (holding period through end-December 2023).

funds. Leasehold land recorded in real estate for sale is purchased and sold using retained earnings while maintaining

an appropriate inventory level, taking into account scrutiny at the purchasing stage and exit strategies.

Investment Strategy

We are systematically making capital and IT investments necessary to increase corporate value. Total capital expenditures for fiscal 2023 were 4,581 million yen. The main investment is related to the Self-Storage Business, including location openings and development. In addition to investing in new self-storage units and building maintenance, we are investing in IT to

customize and develop optimal products in areas nationwide based on data such as customer attributes, period, time of year, and area, aiming to improve long-term profitability. We invested a total of 1,142 million yen in human capital and a total of 1,150 million yen in our M&A strategy, which focuses on IT firms with innovations that could generate synergies with our businesses.

Dividend Policy

The Company views increasing long-term and comprehensive profits to shareholders as an important management goal. Based on the medium- to long-term business plan, the Company's basic policy is to maintain stable dividends with a target payout ratio of 30% and no reduction in dividends compared to the preceding fiscal year, while considering the market environment and capital investment timing, ensuring internal reserves for reinvestment, and comprehensively taking into account financial position and profit levels.

Of note, the Company's Articles of Incorporation stipulate 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 dividends of surplus is the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

For the year under review (fiscal 2023), we announced on October 26, 2023, that we would pay a dividend of 72.0 yen per share (10.0 yen of which is a commemorative dividend marking our 20th anniversary). In light of our earnings and

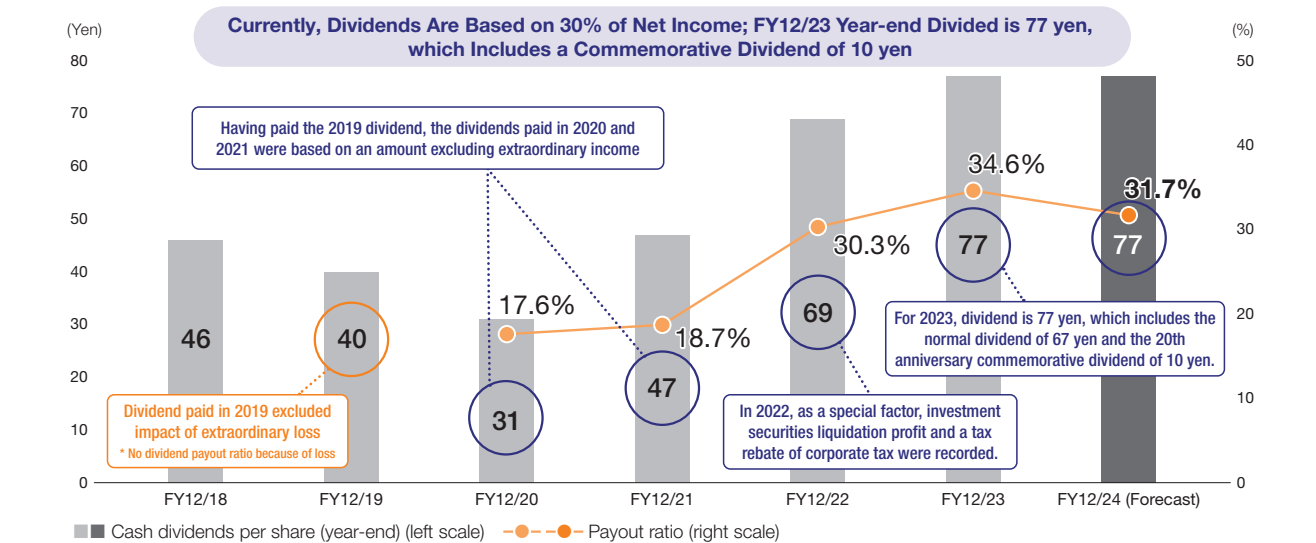
financial condition, we have now raised this dividend to 77.0 yen per share (an increase of 5.0 yen). In previous years, we would pay a year-end dividend only. Starting in the year ending December 2024, we will now pay an interim dividend too—a new opportunity to return profits to shareholders.

For fiscal 2024, we will pay an annual dividend of 77.0 yen per share, consisting of an interim dividend of 39.0 yen per share and a year-end dividend of 38.0 yen per share. This proposed dividend is consistent with the above dividend policy and commensurate with the latest earnings forecasts.

In addition, as a flexible capital policy method, we recognize that share buybacks are one option.

The total shareholder return (TSR) ratio including dividends over the past 10 years is shown in the figure. Our TSR has exceeded TOPIX in the most recent fiscal year ended December 2023. Going forward, we will continue to implement growth strategies and appropriate financial and capital policies so that we can increase our TSR by paying stable and continuous dividends and increasing corporate value.

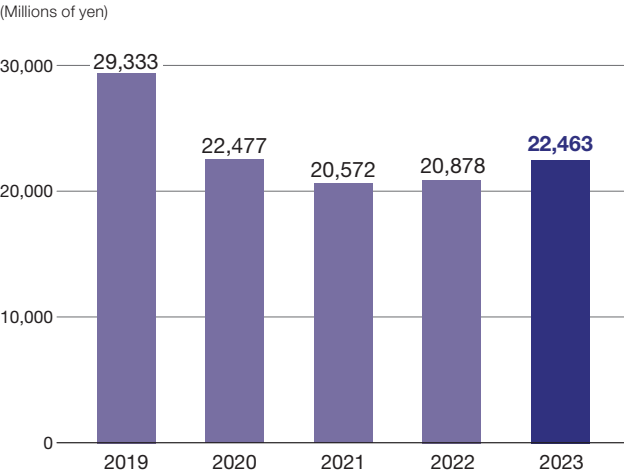
Dividends and Payout Ratio



Financial and Non-Financial Highlights

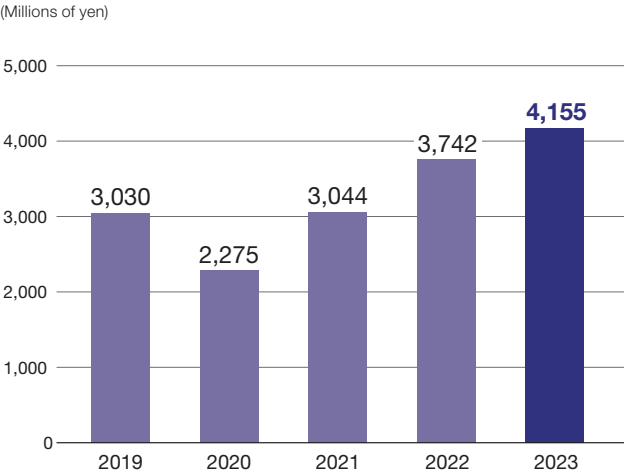
Financial Highlights

Net Sales



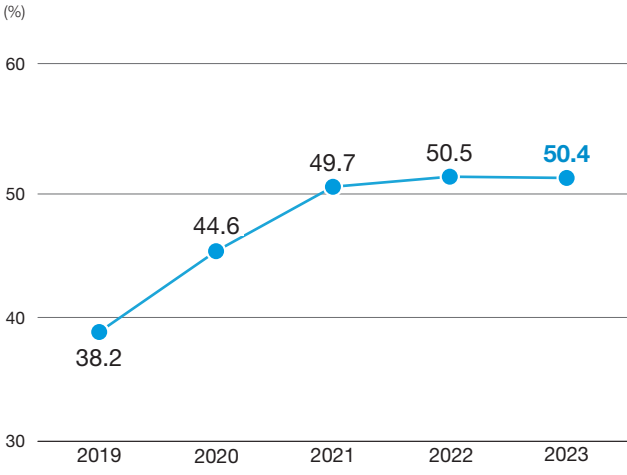
Net sales for fiscal 2023 totaled 22,463 million yen (up 7.6% from the previous year). Net sales in the Self-Storage Business increased to 17,423 million yen (up 6.5%) due to growth in self-storage management. On the other hand, net sales in the Land Rights Consolidation Business amounted to 3,623 million yen (up 16.5%) and net sales in the Other Operational Services Business amounted to 1,416 million yen (up 1.2%).

Operating Income



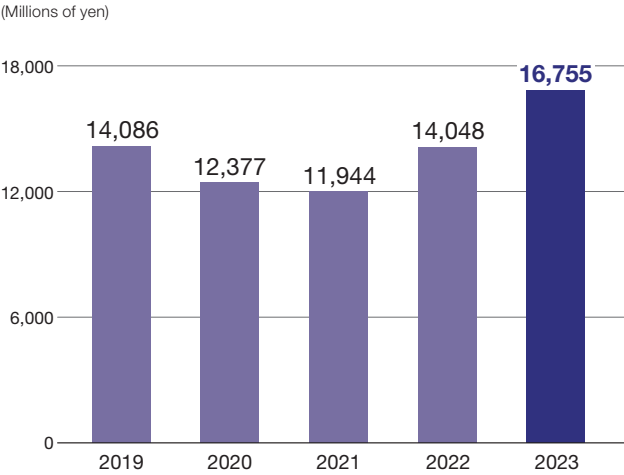
Operating income for fiscal 2023 increased to 4,155 million yen (up 11.1% from the previous year). Operating income in the Self-Storage Business amounted to 4,563 million yen (up 11.7%) due to a significant increase in the utilization rate of self-storage management and a change in policy to open our own stores with high profitability. Operating income in the Land Rights Consolidation Business decreased to 446 million yen (down 3.9%), and operating income in the Other Operational Services Business decreased to 345 million yen (down 7.6%).

Equity Ratio



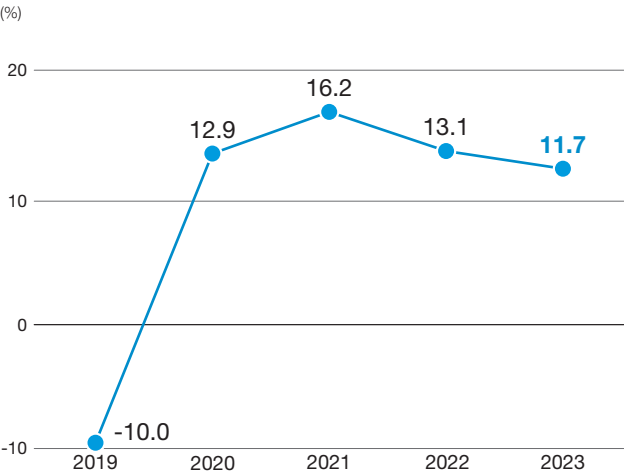
The equity ratio for fiscal 2023 was 50.4%, a decrease of 0.1 points from the previous fiscal year, and our financial position is stable.

Interest-bearing Debt



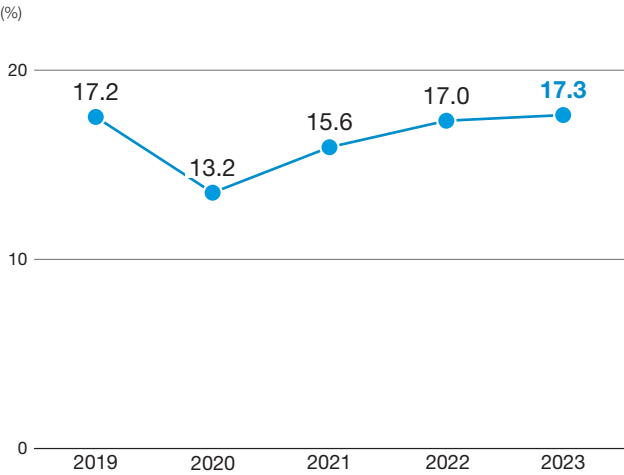
Interest-bearing debt in fiscal 2023 amounted to 16,755 million yen (up 19.3% from the previous fiscal year) due to an increase in long-term borrowings and other factors.

Return on Equity (ROE)



ROE in the fiscal 2023 was 11.7%, down 1.4 points from the previous fiscal year. This was due to a decrease in net income and increase in equity.

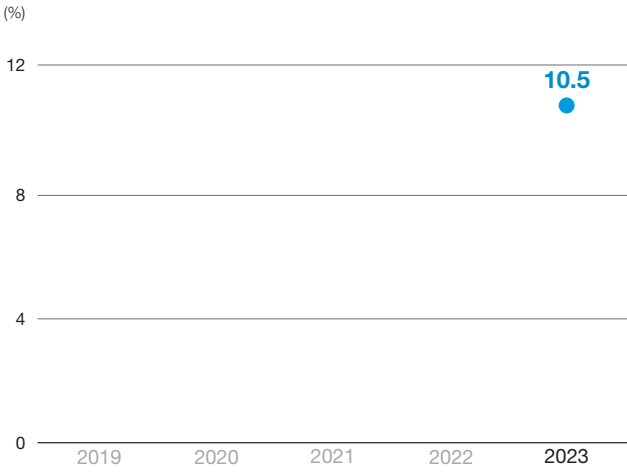
Operating income-based ROE



In fiscal 2023, operating income-based ROE was 17.3%, up 0.3 points from the previous year. This increase reflects growth in operating income.

Non-Financial Highlights

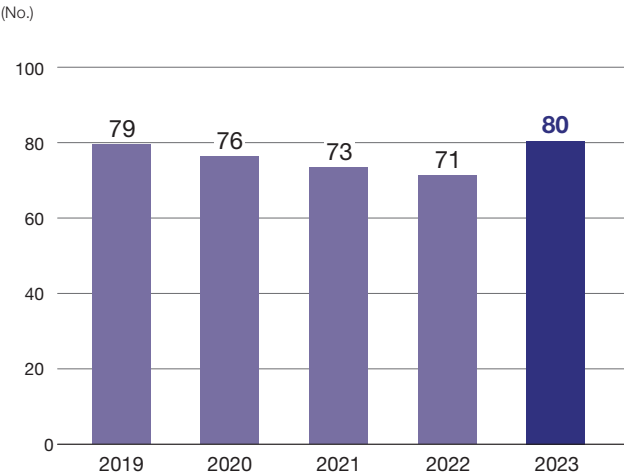
Percentage of management posts held by women\*



In fiscal 2023, 10.5% of management posts were held by women.

\* We started disclosing this KPI in fiscal 2023.

Number of employees (excluding directors, temporary employees, and contract employees)



In fiscal 2023, the number of employees increased by 9 from the previous year as a result of aggressive hiring activities that accompanied business expansion.



Business Activities

Self-Storage Business

Business Strengths

Arealink's core Self-Storage Business encompasses the leasing or purchase of land and buildings, and managing them as rental storage space. It also includes establishing containers and self-storage buildings under contract, and selling them as investment products.

There are three major strengths of the Self-Storage Business. The first is **high profitability**. The investment for container and in-building types is small because the land is leased, while the properties generate a high yield of 18%.

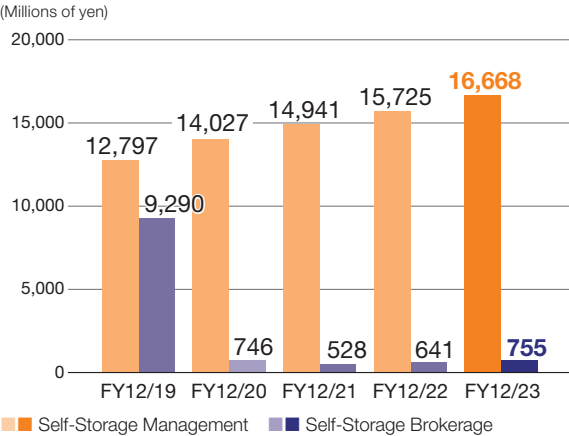
Fiscal 2023 Business Results

Arealink's mainstay Self-Storage Business comprises the two subsegments of self-storage management and self-storage brokerage.

In self-storage management, the utilization rate for Hello Storage, the self-storage (trunk room) brand under which the Company operates its Self-Storage Business, decreased by 1.07 percentage points to 88.29% from the end of the previous fiscal year despite an increase in the number of newly opened self-storage units, but remained at a high level. The main factors behind the high utilization rate include the steady conclusion of contracts partly due to the improved precision of store openings through data analysis, openings at smaller locations, and improved product recognition.

In the Self-Storage Business, while the Company had aimed to open 4,700 new units in the fiscal year ended December 31, 2023, in the Medium-term Business Plan 2023–2025 announced on February 14, 2023, it actually opened a total of 5,800 units (including additions of 430 units in existing properties). The number of self-storage units totaled 101,379 units, an increase of 2,798 units from the end of the previous fiscal year, and exceeded 100,000 units, offsetting the

Net Sales



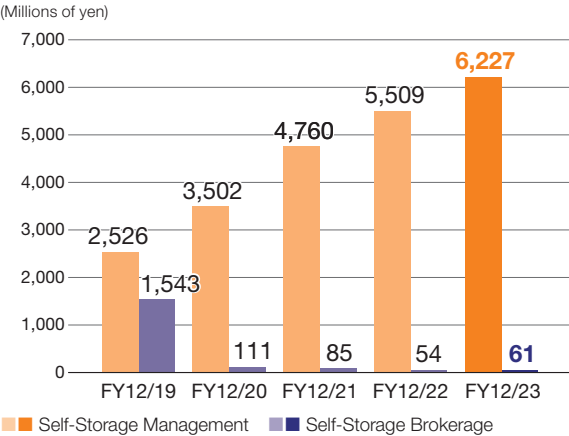
The second is the **low cost and high profit margin** provided by unattended operation. All of Arealink's properties are unattended, and managed centrally by the head office. This allows labor and advertising costs to be controlled even as the number of properties increases, securing high profit margins. Third, **operations can be started in a short period of time after securing the site**. The average time to opening for both container and in-building types is four months.

impact of regularly scheduled annual closures. In terms of contracts concluded, the Company steadily expanded the number of storage units utilized by capturing demand through efforts such as leveraging its database established to further improve the precision of new location openings and shift to openings at smaller locations, as well as strengthened public relations which improved the recognition of Arealink storage products. As for profitability, the Company increased revenue from self-storage management by curbing discount rates through controlled sales campaigns, reviewing some rent, and carrying out efficient advertising, in addition to maintaining its style of having the bulk of openings centered on high-margin Company-owned locations.

The self-storage brokerage business recorded sales of seven properties for indoor asset-type "self-storage properties with land."

As a result, net sales in the Self-Storage Business amounted to 17,423 million yen (up 6.5% year on year), and operating profit was 4,563 million yen (up 11.7% year on year), recording increases in both revenues and profits.

Gross Profit



Location Strategy

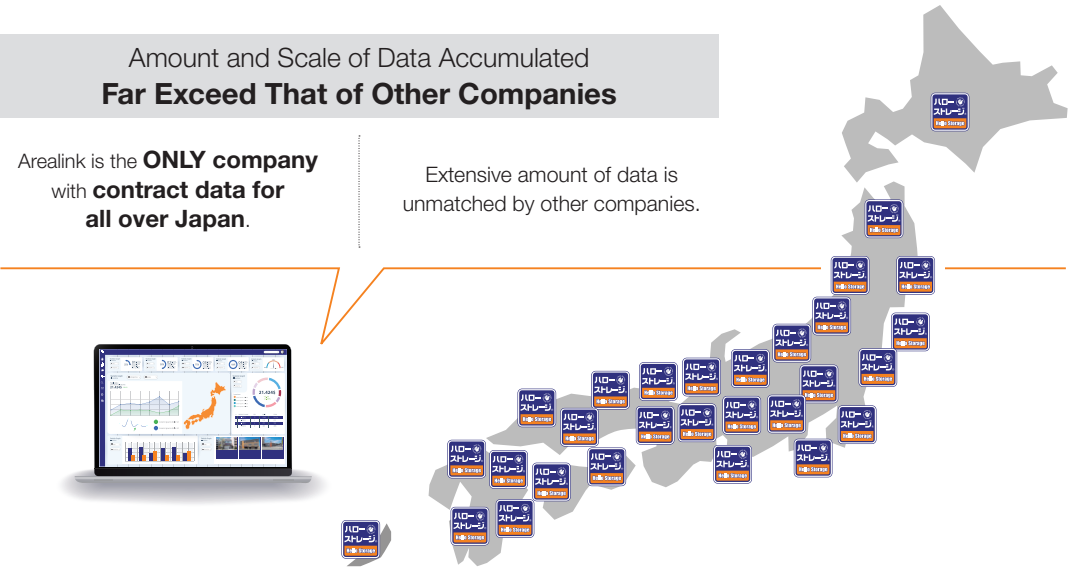
We have realized a quick transition period from the opening of a location to reaching profitability thanks to our higher location precision made possible from our construction of a self-storage database throughout Japan and the compact sizes of our locations. When we opened larger locations in

the past, it would take us about two or three years to make locations profitable. However, we can now do it in six months, thereby putting us into a cycle where expansion of new locations is directly linked to increases in profit of the entire Self-Storage Business.

Construction of Self-Storage Database

Our biggest strength is our self-storage database of Japan. In the over 20 years that we have been operating, we have operated over 2,000 properties (including those that are no longer open). We have analyzed past customer data from

various perspectives such as the area, population, income, household size, and contract rent, to expand our location area and greatly improve our location precision.



Change in Number of Self-Storage Units

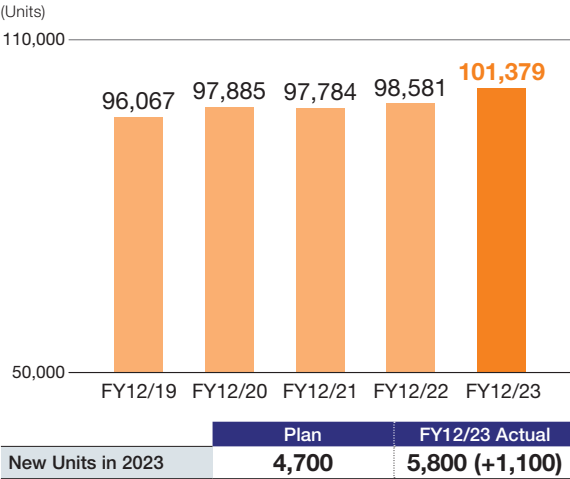
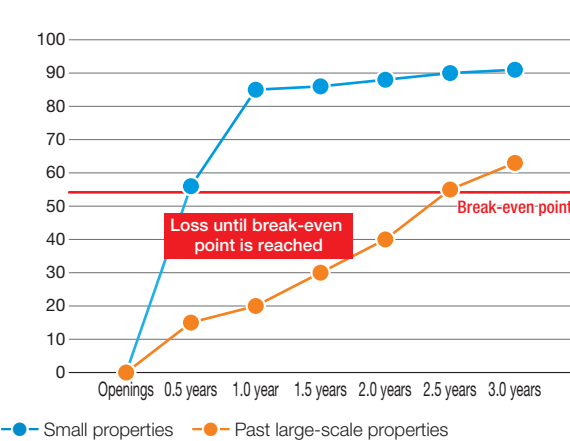


Image of Utilization Rate (Containers)



Business Activities

Improving Customer Satisfaction

In order for our self-storage to become familiar and convenient for customers, like a convenience store, we must constantly improve our services and develop products in the pursuit of greater customer satisfaction. Examples include the “Hello Home Delivery” courier service, storage rack sales and an assembly service, the building of a unique security system based on transport IC cards, the dispatch of Seiri-Shuno Advisors to help customers effectively utilize their storage, and an online credit card payment service. Moreover, since 2022, we have been making efforts to increase

brand power by switching to new relaxing designs that are easy to integrate into regions according to the container types and construction types.



Storage rack sales and assembly service



Transport IC card security system

New container design



New Self-Storage Mini design



Promoting DX Strategies

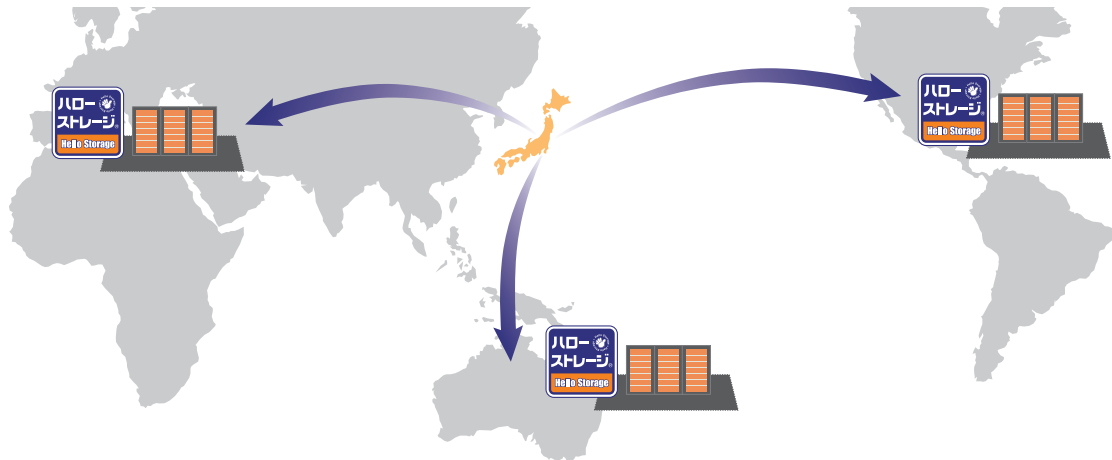
Through our promotion of DX to “reach two million units throughout the Company by 2029,” we will realize this lofty goal with a small number of people. Strengthening of our locations aims to utilize CRM/SFA/MA systems that aggregate investor data, landowner data, and property data in order to strengthen stocking capabilities and streamline

opening management processes. Moreover, improvement of the quality of customer services will reduce the telephone inquiry rate in an inverse proportional way to the increase in the number of units, thanks to an FAQ generation system that utilizes AI based on the customer inquiry data that we have accumulated.

Overseas Self-Storage

We have one self-storage property in Texas, in the United States, as well as one self-storage property with land in Germany. Going forward, we will continue to absorb the

local frameworks of the self-storage industry and the know-how of managing businesses and utilize them in improving our marketing strategy and services inside Japan.



Land Rights Consolidation Business

Business Strengths

The Land Rights Consolidation Business focuses on the purchase and sale of residential leasehold land. The business aims to mediate between leasehold land rights owners who are unable to freely utilize their property, and leasehold rights holders who can continue living on a property but are unable to utilize the land, to provide solutions.

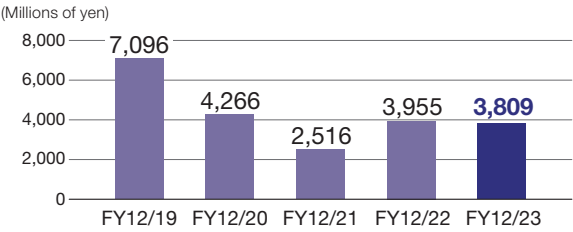
There is little competition in this niche business because

rights relationships are complex, and since the sale of such buildings is not subject to real estate market conditions due to firm demand from leaseholders, the business provides steady earnings. In addition, since leasehold land generates rental income while it is held, it is increasingly attracting attention as an investment product, making sales to investors an exit strategy option.

Fiscal 2023 Business Results

Net sales in the Land Rights Consolidation Business amounted to 3,623 million yen (up 16.5% year on year), and operating profit was 446 million yen (down 3.9% year on year). As a result, revenue increased, and profit decreased. In terms of purchases, while the Company continued to concentrate on purchasing properties of good quality, asset value resulted in a decrease of 146 million yen from the end of the previous fiscal year to 3,809 million yen.

Asset Value of Leasehold Land



Other Operational Services Business

Strengths

The Other Operational Services Business comprises asset management and serviced offices, mainly the leasing or acquisition of land and buildings, enhancing their added value with the “Hello” series of services, and conducting operation and management. In the Asset Management

Business, earnings are derived mainly from rental income from yieldable properties. In the Serviced Office Business, Arealink link operates Hello Office, small offices in city centers. Both businesses are cumulative-type businesses.

Fiscal 2023 Business Results

The Other Operational Services Business comprises businesses with a revenue base of rent income, such as the Asset Management Business and the Serviced Office Business. In the Asset Management Business, both revenue and profit decreased. This was due to the recording of repair expenses, etc. although the utilization rate remained high despite contract cancellations for leased properties. In the Serviced Office Business, revenue increased but profit decreased. This was because three new location openings in 2022 and two new location openings in February 2023 contributed to sales, but the results were affected by the

startup costs for newly opened locations and the closure of properties. As a result, in the Other Operational Services Business, net sales amounted to 1,416 million yen (up 1.2% year on year), and operating profit was 345 million yen (down 7.6% year on year), resulting in an increase in revenue and a decrease in profit.



Hello Office entrance and interior



Example of owned property (Kanda BM Bldg.)



Human Capital Management

Strengthening Human Resource Development

In the belief that human resource development is an integral part of corporate development, Arealink focuses on employee education aimed at supporting merit-based, small-group management. This allows us to manage approximately 2,200 properties with just over 80 full-time employees.

Human resource development through the “Arealink Master” program

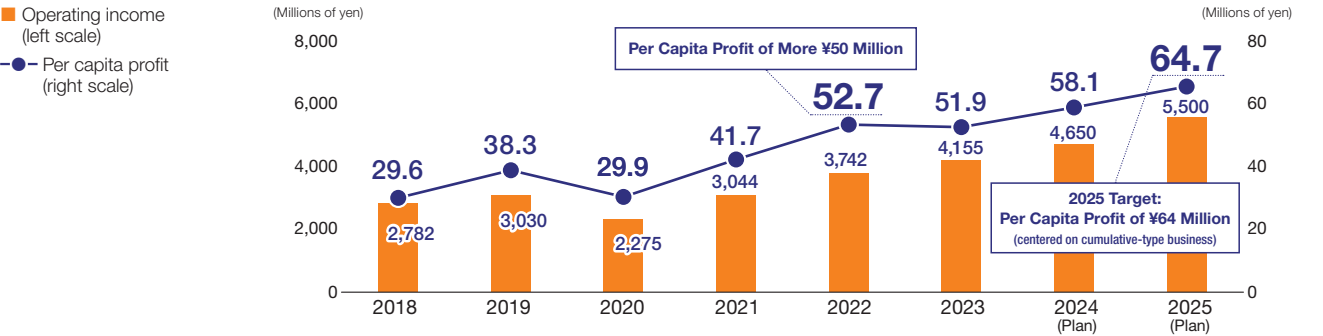
“Arealink Master” is an in-house certification that is mandatory for all employees. Specifically, the program is based on the premise of utilizing four integrated tools—a meeting record, a pending matters processing sheet, small notebook, and schedule diary—to properly prepare and conduct business. By setting deadlines for dealing with the issues and problems that arise daily, allowing sufficient time to make arrangements by those deadlines, and formulating a plan, employees have more time for their ordinary work and enhance their operational skill level.

As a result, Arealink has developed its business as a cumulative-type business model, achieving operating income per employee (per-head

profit) of over 52 million yen in 2022. We aim to further improve efficiency and achieve a per-head profit of 64 million yen by 2025.

| Employee Training to Implement Small-Group Management = Arealink Method |   |
|---|---|
| Category  | Structure / System  |
| 1 Basics  | Establishing a business environment, Arealink Manual, Chip System, Scoresheet                                       |
| 2 Plan / Implementation   | Arealink Master   |
| 3 Communication   | Hello Circle, Overnight training retreats, Kickoff  |
| 4 Application of Principles   | “Above and Beyond,” Guideline of 14 Principles  |
| 5 Raising Employee Motivation   | Personnel Evaluation System (Twice a year)  |
| 6 Leadership Training   | Department Objective Definition Evaluation List, Team Capabilities Development Chart, Task Notebook, Solution Sheet |
| 7 Utilization of External Resources                                     | Personal Connections Expansion System, Topics Mail  |
| 8 Capability Development  | Self-Growth Program   |
| 9 Business Promotion  | Procurement Strengthening System (SF Improvement)   |
| 10 Health Management  | General health  |

Operating Income per Employee (Per Capita Profit)



DX Strategies in Human Resource Development

We tackle human resource development to allow employees to utilize digital solutions in their duties. For example, in July 2023, we started preparing environments and advancing training for using generative AI such as ChatGPT, aiming for at least 50% of our employees to have received training in digital solutions within the year 2024.

Work Style Reform Initiatives

Even before the COVID-19 pandemic, Arealink had established a work system that included telecommuting and shorter working hours. We place importance on creating a work environment that embraces diversity based on individual career perspectives, and allows for work styles not bound by location, so that all employees are able to conduct their duties efficiently and independently. For example, we have

enhanced efficiency by digitizing data so that work can be done anywhere with a single computer. Moreover, in October 2023, in order to allow for telework and communication, we established a Metaverse office that connects real offices with each other. By providing environments that make it easy to work in this matter, we aim to achieve employee satisfaction with their working environment of at least 80%.

Promoting Diversity

Arealink recognizes that diverse perspectives and values that reflect a wide variety of experiences, skills, and attributes can be a strength for the Company, ensuring sustainable growth. Accordingly, we will promote diversity, including supporting the active participation of women. Currently, 10.5% of management employees are female. We

have a basic policy of allocating personnel who are suitable for the job, so we have not published any objectives. However, we will continue advancing workstyles and in-company environments in order to maintain diversity. Moreover, we will continue maintaining a female workforce of at least 50%.

Corporate Governance

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.

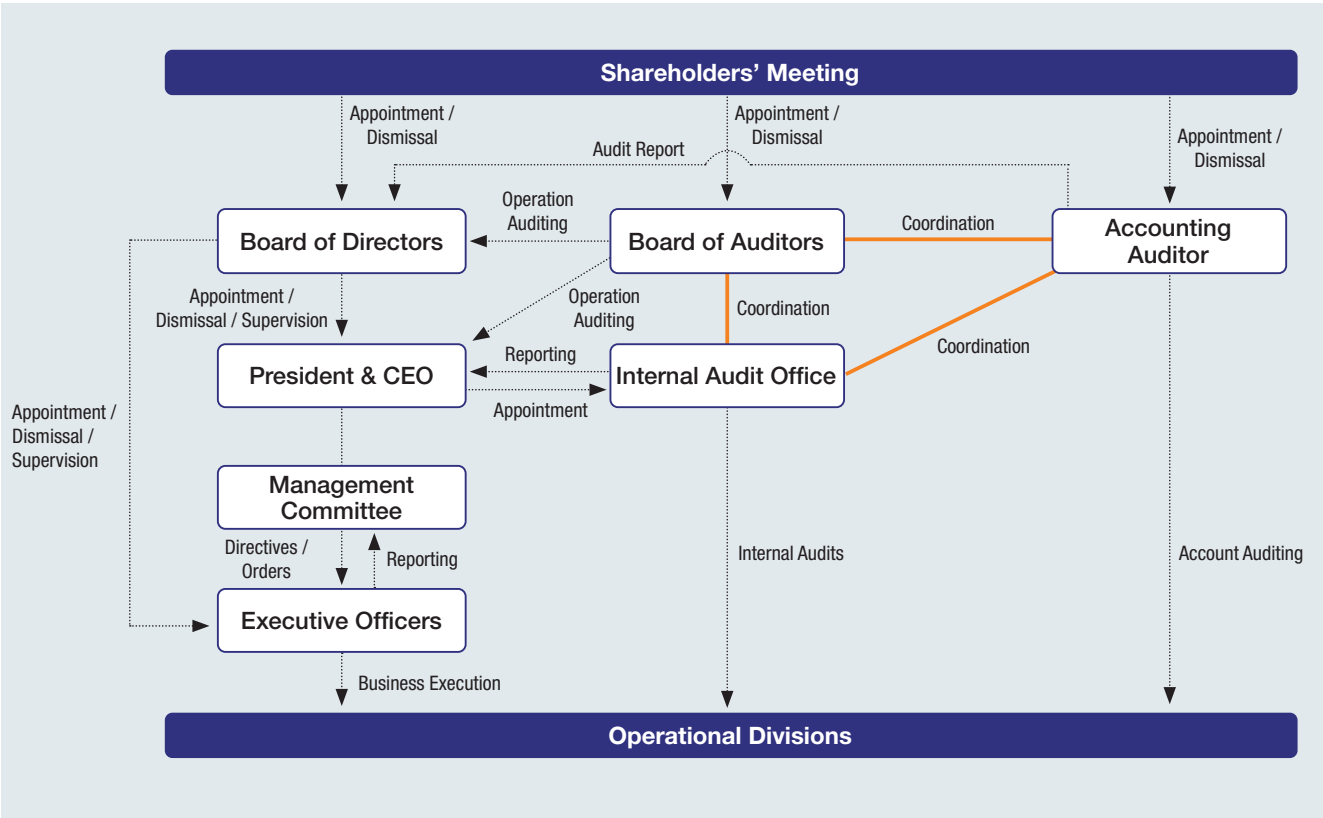
The Board of Directors convenes monthly, and holds extraordinary sessions as necessary. It makes decisions

regarding important business execution and legal matters, and supervises business execution. Arealink’s Board of Directors comprises seven 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 internal directors and persons designated by them. The Management Committee meets three times per month in principle.

Corporate Governance System



Effectiveness Analysis and Evaluation of the Board of Directors

The Company’s Board of Directors receives positive and negative opinions from the Auditors in reference to each director’s self assessment, and the Board of Directors engages in lively discussions on the effectiveness of the Board as a whole.

In the future, we will consider disclosing the results of such analysis and evaluation with more specific explanations.

Corporate Governance

Judgment Criteria for the Independence and Qualifications of Independent Outside Directors

The Company uses the independence standards established by the Tokyo Stock Exchange as its selection criteria, and selects as candidates individuals who are independent of the Company’s management, and who possess the knowledge and experience necessary for deliberating on Board of Directors’ proposals, and the track record and insight necessary for exercising management oversight functions.

Independent Officers

As independent officers, Kazuhiro Furuyama and Masanori Koda are appointed as outside directors, and Hideto Kojima, Iwao Aoki, and Shigekazu Mitsuta are appointed as outside auditors.

| Name   | Reasons for Appointment   |
|--|---|
| Kazuhiro Furuyama  | As an advisor to the Matsushita Institute of Government and Management, he has a wide range of personal connections and deep insight in politics, business, and academia, and we have elected him as an outside director in the belief that he will play a sufficient role in determining management policy and supervising business execution with independence. Furthermore, he is appointed as an independent director/auditor because he is qualified as an independent officer who is free from any possibility of conflict of interest with general shareholders.   |
| Masanori Koda  | He has served as representative director and president of Network88 Co., Ltd. for many years, and is appointed as an outside director based on his extensive experience and track record as a corporate manager and his broad knowledge of management in general, which we believe will enable him to play a sufficient role in determining management policies and supervising business execution with independence. Furthermore, he is appointed as an independent director/auditor because he is qualified as an independent officer who is free from any possibility of conflict of interest with general shareholders.               |
| Hideto Kojima  | He has held positions of increasing responsibility, and we have appointed him as an outside auditor so that he can apply his wealth of insight to our auditing system. Furthermore, he is appointed as an independent director/auditor because he is qualified as an independent officer who is free from any possibility of conflict of interest with general shareholders.  |
| Iwao Aoki  | We have appointed him as an outside auditor so that he can apply his experience as a corporate auditor at other companies to our auditing system. We also value his extensive experience and wide-ranging knowledge as the representative director and president of Capital Advisory Co., and his ample experience in the realty industry and wish to benefit from his supervision and effective advice on all areas of management. Furthermore, he is appointed as an independent director/auditor because he is qualified as an independent officer who is free from any possibility of conflict of interest with general shareholders. |
| Shigekazu Mitsuta  | We have appointed him as an outside auditor because we believe that his expertise as a lawyer, experience and track record as a corporate manager, and experience as a corporate auditor at other companies will be put to good use in our auditing system. Furthermore, he is appointed as an independent director/auditor because he is qualified as an independent officer who is free from any possibility of conflict of interest with general shareholders.   |
| * Outside Auditor Koji Tamura is not included in the above list because he is not an independent officer. The reasons for Mr. Tamura’s appointment are as follows: |   |
| Koji Tamura  | We have appointed him as an outside auditor so that he can apply his expertise as a lawyer and his extensive experience as an auditor at other companies to our auditing system.  |

Succession Planning

In March of 2023, we appointed a CEO who is relatively young as the CEO of a listed company. Although the Company does not currently have a specific succession plan for the CEO or other senior management, it recognizes the importance of such a plan. In the future, the Board of Directors plans to appropriately oversee the development of the next generation of executives to enhance corporate value over the medium to long term.

Incentives

The Company grants performance-linked remuneration (bonus) which is a short-term incentive and performance-linked remuneration (restricted stock; RS) which is a medium- to long- term incentive to directors (excluding outside directors), to share the benefits and risks of stock price fluctuations with shareholders and motivate directors to contribute more than ever before to increasing the stock price and improving corporate value. In determining the amount of bonus for each director, the representative directors determine the amount based on the results obtained by multiplying the base amount (monetary remuneration) determined for each position by coefficients. From the management’s viewpoint of placing importance on results, these coefficients are the degree of achievement of ordinary profit and net profit based on the financial results forecast announced at the beginning of each fiscal year; the year-on-year growth rates of these profits; and the degree of contribution by each director as determined by the Evaluation Council attended by directors (excluding outside directors), executive officers, and personnel managers.

Compensation for Directors

The representative directors, who are appointed by resolution of the Board of Directors, have the authority to determine the compensation for directors within the limit of the total amount of compensation resolved at the General Meeting of Shareholders, taking into consideration each director’s duties, contribution and performance, etc. The Evaluation Council of the Company, with the directors, auditors (other than outside directors and outside auditors), executive officers, and personnel managers as participants, performs personnel evaluations of directors. The compensation offered to directors is determined by the representative directors on the basis of those evaluations. Furthermore, after compensation decisions are made, the Board of Directors receives feedback from outside directors, and incorporates this feedback into the next compensation decision, to prevent arbitrary decisions by representative directors. Compensation for auditors is determined by consultation among auditors, within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders.

Total Compensation of Directors and Auditors

| Category                      | Number of personnel | Total by category of compensation |                                 |                           | Total amount distributed |
|-------------------------------|---------------------|-----------------------------------|---------------------------------|---------------------------|--------------------------|
|                               |                     | Fixed income                      | Performance-linked remuneration | Non-monetary compensation |                          |
| Directors                     | 7                   | (thousands of yen)                | (thousands of yen)              | (thousands of yen)        | (thousands of yen)       |
| (including outside directors) | (2)                 | 120,281                           | —                               | 14,758                    | 135,040                  |
| Auditors                      | 4                   | (10,800)                          | (—)                             | (—)                       | (10,800)                 |
| (including outside auditors)  | (4)                 | 13,200                            | —                               | —                         | 13,200                   |
| Total                         | (13,200)            | (13,200)                          | (—)                             | (—)                       | (13,200)                 |
|                               | 11                  | 133,481                           | —                               | 14,758                    | 148,240                  |

(Note) 1. The total of the compensation, etc. of directors does not include employee salaries of individuals who are both employees and directors.  
 2. The maximum compensation to directors was established to be 300 million yen (30 million yen in the case of outside directors) at the 23rd annual meeting of the Board of Directors held on March 28, 2018. The number of directors as of the conclusion of the annual meeting of the Board of Directors in question was six (two of which are outside directors). Moreover, with regards to the breakdown of the compensation in question, a resolution was made at the 26th annual meeting of the Board of Directors held on March 24, 2021 to set Restricted Stock Unit to 50 million yen per year for Company directors (excluding outside directors). The number of directors subject to this system as of the conclusion of the annual meeting of the Board of Directors in question was three.  
 3. The maximum compensation to auditors was established to be 20 million yen at the 6th annual meeting of the Board of Directors held on March 31, 2001. The number of auditors as of the conclusion of the annual meeting of the Board of Directors in question was three.  
 4. The results of the performance indicators used in calculating the compensation, etc. interlocked with business results are as follows.

|                 | Results for the fiscal year ended December 31, 2022 | Forecast as of January 1, 2023 | Results for the fiscal year ended December 31, 2023 | YoY growth rate | Vs. beginning forecast |
|-----------------|---|--------------------------------|---|-----------------|------------------------|
| Ordinary income | ¥3,758 million                                      | ¥3,930 million                 | ¥4,058 million                                      | 8.0%            | 3.3%                   |
| Net income      | ¥2,883 million                                      | ¥2,600 million                 | ¥2,821 million                                      | (2.1)%          | 8.5%                   |

Shareholdings

(i) Criteria and approach for classification of investment shares  
 The Company classifies investment shares as those held for pure investment and those held for purposes other than pure investment, depending on whether the purpose of holding them is solely to receive returns from stock price fluctuations and/or dividends. One of the criteria to make a substantive decision about the holding of such investment shares is whether there are only reports on stock price fluctuations and/or dividends or there are also other reports on business alliances and other forms of partnerships (including consideration of forming them) at important internal meetings such as those of the Board of Directors and the Management Committee.

(ii) Investment shares held for purposes other than pure investment

a. Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues  
 The main purpose of our cross-shareholdings is to maintain and strengthen stable and long-term relationships with business partners and stakeholders in order to improve our corporate value and build relationships with stakeholders over the medium to long term.  
 The Board of Directors regularly verifies the rationale for, and the appropriateness of, cross-shareholdings of individual issues by reviewing the significance of the shareholdings and specifically examining whether the benefits and risks associated with the shareholdings are commensurate with the cost of capital, among others. The Company will sell or reduce the number of shares of individual issues if they are deemed to have little significance to hold.

b. Number of issues and carrying amount

|                                   | Number of issues (Issues) | Total carrying amount (Thousands of yen) |
|-----------------------------------|---------------------------|--|
| Unlisted shares                   | 2                         | 0  |
| Shares other than unlisted shares | 5                         | 23,153                                   |



# Directors and Auditors

(As of March 27, 2024)

## Directors



**Naomichi Hayashi**  
Representative Director and Chairman (CEO)

**Number of company shares held:**  
2,593,214 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

April 1978 Joined Chikuma Real Estate Co., Ltd. (now Starts Corporation Inc.)  
April 1995 Became representative director and president after the Company was established  
February 2010 Director, Japan Self Storage Association  
May 2019 Representative director, Japan Self Storage Association (to present)  
September 2019 Representative director and president, executive officer, and general manager of the Marketing Development Division of the Company  
September 2020 Representative director and president, and executive officer, of the Company  
March 2022 Representative director and president of the Company  
March 2023 Representative director and chairman of the Company (to present)



**Yoshika Suzuki**  
Representative Director and President (CEO)

**Number of company shares held:**  
11,856 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

April 2011 Joined the Company  
August 2014 Head of the Tokyo Office, Storage Location Development Division of the Company  
February 2015 Executive officer and head of the Tokyo Office, Storage Location Development Division of the Company  
March 2016 Director of the Company, General Manager responsible for self-storage management, Storage Business Division, branch office manager of the Tokyo and Chiba Offices  
July 2018 Director, general manager of the Storage Division, and manager of the Storage Department of the Company  
September 2019 Director and executive officer, and general manager of the Storage Division of the Company  
March 2021 Managing director and executive officer, and general manager of the Storage Division of the Company  
March 2022 Senior managing director and executive officer, and general manager of the Storage Division of the Company  
March 2023 Representative director and president of the Company (to present)



**Yasuaki Ootaki**  
Director and Executive Officer

**Number of company shares held:**  
10,890 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
10 times/10 times (100%)

April 2001 Joined the Company  
March 2011 Executive officer, assistant to general manager of the Administration Division, and manager of the General Affairs Department of the Company  
March 2012 Director and general manager of the Administration Division of the Company  
March 2017 Executive officer and general manager of Administration Division of the Company  
March 2019 Manager of Accounting Department of the Company  
September 2019 Assistant to the general manager of the Administration Division, and manager of Accounting Department of the Company  
March 2021 Executive officer, assistant to the general manager of the Administration Division, and manager of Accounting Department of the Company  
March 2022 Director, executive officer, assistant to the general manager of Administration Division, and manager of Accounting Department of the Company  
March 2023 Director, executive officer, general manager of the Administration Division, and manager of Accounting Department of the Company (to present)



**Minoru Nishizawa**  
Director and Executive Officer

**Number of company shares held:**  
6,182 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
10 times/10 times (100%)

April 2001 Joined the Company  
March 2012 Director and manager of the Storage Department of the Company  
March 2016 Executive officer, assistant to the general manager of the Storage Division and manager of the Storage Department of the Company  
March 2017 Director, assistant to the general manager of the Storage Division, and manager of Storage Department 2 of the Company  
March 2019 General manager of the Future-Oriented Ideal Company Promotion Office of the Company  
March 2021 Executive officer, assistant to the general manager of the Storage Division, and manager of the Customer Contact Department of the Company  
March 2022 Director and executive officer, assistant to the general manager of the Storage Division, and manager of the Customer Contact Department of the Company  
March 2023 Director, executive officer, general manager of the Storage Division, and manager of the Customer Contact Department of the Company (to present)



**Kazuhiro Furuyama**  
Outside Director

**Number of company shares held:**  
0 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

April 1986 Instructor, University of Tasmania (Australia)  
April 1987 Established Gaigo Gakuin Tokyo Forum Representative  
April 2002 Training Manager, The Matsushita Institute of Government and Management  
September 2002 Head Teacher, The Matsushita Institute of Government and Management  
April 2004 Managing Director, The Matsushita Institute of Government and Management  
April 2013 Review Committee Member and Instructor, Japan Institute of Agricultural Management  
March 2015 Director, the Company (to present)  
April 2016 Advisor, The Matsushita Institute of Government and Management  
April 2016 Advisor, AGRI CONNECT Co., Ltd. (to present)  
March 2019 Review Committee Member, Japan Institute of Agricultural Management



**Masanori Koda**  
Outside Director

**Number of company shares held:**  
0 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

March 1971 Joined Japan Recruit Center Inc. (Now Recruit Holdings Co., Ltd.)  
April 1989 Representative director and president, Network88 Co., Ltd. (to present)  
March 2015 Outside Director, DAIEISANGYO Co., Ltd. (to present)  
March 2017 Director of the Company (to present)  
July 2019 Outside director, Green Ship Co., Ltd. (to present)

## Auditors



**Hideto Kojima**  
Full-Time Company Auditor

**Number of company shares held:**  
0 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

April 1970 Joined Asahi Mutual Life Insurance Co.  
April 1993 Managing director, Asahi Life Investment Management Co., Ltd  
April 2002 Managing director and general manager of General Affairs Department, Asahi Life Building Co., Ltd  
August 2003 Managing director and general manager of General Affairs Department, Asahi Insurance Service Co., Ltd  
June 2004 Full-time Audit & Supervisory Board Member, The Keihin Co., Ltd.  
March 2010 Auditor of the Company (to present)



**Koji Tamura**  
Auditor

**Number of company shares held:**  
0 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

October 2000 Passed the bar exam  
October 2002 Registered with Tokyo Bar Association, joined Kotobuki Law Office  
January 2007 Partner, Kotobuki Law Office  
October 2011 Auditor, Zenkankyo SSI Holdings, Inc.  
December 2011 Provisional auditor of the Company  
March 2012 Auditor of the Company (to present)  
May 2013 Representative attorney at Keimei Law Office  
October 2020 Lawyer at Ocean Law Offices (to present)



**Iwao Aoki**  
Auditor

**Number of company shares held:**  
0 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
13 times/13 times (100%)

April 1992 Joined Fujita Corporation  
October 2004 Representative director and president, Asset Managers K.K. (currently Ichigo Inc.)  
April 2009 Representative director and president, Capital Advisory Co. (to present)  
December 2010 Outside auditor, Nexyz.Group Corporation  
July 2014 Outside auditor, Bainibarbi (to present)  
March 2016 Outside director, SOMETHING Holdings Co., Ltd.  
March 2017 Auditor of the Company (to present)  
December 2019 Outside director (Audit & Supervisory committee member), Nexyz.Group Corporation (to present)



**Shigekazu Mitsuta**  
Auditor

**Number of company shares held:**  
0 shares  
**Number of Board of Directors meetings attended (attendance rate):**  
12 times/13 times (92%)

September 1970 Passed the bar exam  
April 1973 Registered with Tokyo Bar Association  
December 2012 Auditor, Hamano Golf Club  
December 2015 Director, Tojo Kaikan Company Ltd. (to present)  
December 2016 Representative director and president, Hamano Golf Club  
March 2020 Auditor of the Company (to present)  
June 2020 Lawyer, Hibiya Harumi-dori Law Office (to present)

### Skill Matrix of Directors

|                   | Position in Arealink                        | Areas of Contribution (Max 3) |                    |                 |                    |                  |                          |    |
|-------------------|---|-------------------------------|--------------------|-----------------|--------------------|------------------|--------------------------|----|
|                   |   | Corporate Management          | Industry Knowledge | Sales/Marketing | Finance/Accounting | Legal/Governance | Human Resources/Training | IT |
| Naomichi Hayashi  | Representative Director and Chairman (CEO)  | ●                             | ●                  | ●               |                    |                  |                          |    |
| Yoshika Suzuki    | Representative Director and President (CEO) |                               | ●                  | ●               |                    |                  |                          | ●  |
| Yasuaki Ootaki    | Director and Executive Officer              |                               |                    |                 | ●                  | ●                |                          |    |
| Minoru Nishizawa  | Director and Executive Officer              |                               | ●                  | ●               |                    |                  |                          |    |
| Kazuhiro Furuyama | Director (Independent Outside)              |                               |                    |                 |                    | ●                | ●                        |    |
| Masanori Koda     | Director (Independent Outside)              | ●                             | ●                  |                 |                    |                  |                          |    |

## Messages from Outside Directors

### Respecting dialogue with stakeholders as a company supporting sustainability

**Kazuhiro Furuyama**  
Outside Director



With sustainability an increasingly pressing topic, I am happy to say that Arealink’s self-storage business contributes to better living environments and more effective use of resources. Here are some other ways in which Arealink contributes to a more ecologically sustainable world.

**1. Promoting sustainable living**

Many homes in Japan are full of clutter—the legacy of a culture of mass production and mass consumption. The way to reduce the clutter and make living environments tidier and more pleasant is to provide storage spaces outside the home and to foster a culture of caring for one’s belongings. When you value tidy, clutter-free spaces, you can cultivate a mindset of “avoiding waste” (“mottainai” in Japanese). You can also resist the temptation to buy things you don’t need and instead value the things you already have. Every Arealink employee is a licensed Seiri-Shuno Advisor, meaning an expert at decluttering and tidying away. They continually refine their expertise in storage to help create better living environments in Japan.

**2. Reusing containers to minimize environmental impact**

Arealink takes good care of its containers to maximize their service life. When preparing a container for service, the Company uses

paintwork that enhances longevity and conducts regular maintenance work. It also keeps reusing the same containers in an effort to conserve resources. In its “Container Building 100-Year Utilization Project,” Arealink has innovated with container design to enable optimal use of the limited storage space. In these ways, Arealink is minimizing its environmental impact and contributing to a more sustainable world.

**3. Promoting sustainable management**

During boardroom meetings, my fellow directors and I engage in robust discussions about sustainable business management, compliance, talent development, and other matters that Arealink address in order to achieve maximum productivity with a small workforce. With its philosophy of “providing convenience, joy, and excitement,” Arealink will always play a proactive role in the transition to a sustainable world. The Company embraces stakeholder engagement and has committed to embodying sustainability in five ways: by being a company 1) where employees and their families are happy, 2) where all stakeholders become fans, 3) that inspires people, 4) that evaluates people based on their ability, regardless of age, gender, or nationality, and 5) that can grow over 100 years.

### Contributing to a corporate governance truly accepted and more acclaimed by society

**Hideto Kojima**  
Full-time Company Auditor  
(Outside Auditor)



As an organization that wants to provide convenience, joy, and excitement, and with its small-workforce ethos, Arealink is enriching lives through its self-storage business, based on the stable revenue streams of cumulative-type businesses. In other words, it is combining steady earnings growth with the creation of long-term value.

Recent performance is particularly striking. The latest medium-term plan (2023–25) sets out an ambitious target for expanding the storage network: 14,000 new storage units to be opened in 2025 (compared to 2,915 that were opened in 2022). In 2023 (the first of the three years), the Company made headway toward this goal.

Arealink is no less ambitious when it comes to sustainability. The company is stepping up stakeholder engagement and talent development and taking action to promote workstyle reform and

diversity. As part of its contribution to society, the Company enriches lives and the planet with storage services that are environmentally friendly (in that they minimize waste and use long-life storage units) and that can serve as critical resources in a disaster.

In my time as an auditor at Arealink, I have focused on the core duties of auditors: working with my fellow auditors to monitor directors’ execution of business from an impartial and objective perspective, checking whether the Company has compliance structures and internal controls in place, and checking whether these structures and controls are working properly.

I will continue to discharge this checking role and be forthright in offering constructive ideas and advice to the management, so that Arealink can maintain the public’s trust and earn even higher acclaim.

## Compliance & Risk Management

### The Status of Our Internal Control Systems

Our system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the Company’s operations, are as described below.

| Matters Related to Internal Control Systems, etc.  | Basic Approach and System Development Status   |
|--|--|
| System to ensure that the execution of duties by directors and employees complies with laws, regulations, and the Articles of Incorporation  | To promote compliance, the Company has established a Compliance Manual to serve as a code of conduct for directors and employees. When a case of suspected violation of laws or regulations is reported, we will promptly confirm the facts and take appropriate action, as stipulated in the Compliance Manual, and take the utmost care to ensure that the reporter will not suffer any disadvantage.<br>As a company that provides real estate management services, the Real Estate Brokerage Act and construction-related laws and regulations are vitally important to use, and we strive for compliance by listening to the opinions of outside experts. |
| Rules and systems for managing loss risks  | The Company will establish regulations for risk management in order to collect and analyze information to prevent the occurrence of loss risks and to prevent the spread of losses that do occur. In addition, the department in charge of each risk is designated, and the Board of Directors and the department in charge manage each risk in a comprehensive and general manner.<br>The Internal Audit Office audits the status of risk management and reports the results to the Board of Directors and the Board of Auditors.   |
| System to ensure that directors execute their duties efficiently   | The Company holds regular meetings of the Board of Directors at least once a month to flexibly make decisions on basic and important matters related to business execution. In addition, the Company will endeavor to make decisions efficiently and flexibly by delegating authority through the establishment of rules of authority and other regulations.   |
| System for storage and management of information related to execution of duties by directors   | Important documents, etc. related to execution of duties by directors and employees, such as minutes of board meetings and various approval documents, shall be properly stored in accordance with laws and regulations and internal rules such as document management rules, and directors and auditors shall have access to these documents, etc. at all times.  |
| System concerning assistants to auditors, and system to ensure the effectiveness of instructions to such employees   | In order to enhance the operation of the auditing system by auditors, the Company makes it possible to assign employees to assist corporate auditors upon consultation between the Board of Directors and corporate auditors, if corporate auditors request the assignment of such employees to assist their duties.<br>The authority to direct such employees shall be delegated to the auditors, to ensure their independence from directors. In addition, the appointed employees will work under the direction of the auditors, with the authority to collect information necessary for auditing purposes.   |
| System for reporting to auditors by directors, employees, etc., and system to ensure that reporters are not treated disadvantageously for doing so   | When a director or employee discovers a fact that may cause significant damage to the Company, he or she shall promptly report it to the auditors in accordance with applicable laws and regulations.<br>In addition, the Company prohibits any disadvantageous treatment, in terms of personnel treatment, etc., to directors, employees, etc. of the Company because they have made such reports to the auditors.  |
| Procedures for advance payment and reimbursement of expenses incurred in the performance of duties by corporate auditors, policies regarding the treatment of such expenses and liabilities, and systems to ensure the effectiveness of audits by the Company’s auditors | With respect to expenses, etc. incurred in the performance of duties by auditors, unless the Company certifies that such expenses are not necessary for the performance of such auditors’ duties, the Company shall establish a system whereby the auditors may receive advance payment and reimbursement of expenses, and may request that the Company take necessary measures such as budgeting. The Company will ensure that the auditors are able to attend all important meetings as necessary, in addition to meetings of the Board of Directors.  |

### Risk Management System

The Company’s Board of Directors develops internal control and risk management systems by receiving reports from the Compliance Committee on the establishment of risk management systems and the results of internal control audits related to financial reporting, identifying internal control issues, and determining policies for dealing with

them. In the event that internal auditing identifies problems with the risk management system and assurance of compliance, the Internal Audit Office reports to the Compliance Committee, which is attended by all members of the Board of Directors, and the Compliance Committee uses the Internal Audit Department to provide supervision.

### Internal Reporting System

The Company has established an internal reporting system that allows anonymous internal reporting (whistle-blowing) and prevents the disclosure of reports made by employees of any department when an external contact is used, so that employees can communicate information and sincere doubts, regarding illegal or inappropriate conduct or information disclosure, without fearing any risk of being

disadvantaged. Important matters regarding internal reporting cases are reported to the Compliance Committee. The Compliance Committee includes all members of the Board of Directors as well as legal counsel, and reports to the Compliance Committee replace supervision of operations by the Board of Directors.



Environmental and Social Initiatives

Stakeholder Engagement

Through proactive information disclosure and communication with stakeholders, Arealink will deepen relationships of trust and promote sustainability management.

| Stakeholder  |   | Main Means of Dialogue/Communication   |
|--------------|---|--|
| Customers    | We will provide genuine satisfaction that captures the hearts and minds of customers by offering new value.   | <ul style="list-style-type: none"><li>Regular sales activities</li><li>Customer surveys</li></ul>  |
| Shareholders | We will increase corporate value over the long term through highly profitable and highly efficient management.  | <ul style="list-style-type: none"><li>Annual Shareholders Meetings</li><li>Results presentations for institutional investors and analysts</li><li>Integrated Report</li><li>IR website</li></ul> |
| Employees    | We will create rewarding workplaces where results and contributions are fairly evaluated, and where employees can demonstrate their abilities and grow. | <ul style="list-style-type: none"><li>Employee training</li><li>Employee surveys</li><li>Compliance hotline</li><li>Harassment consultation service</li></ul>                                    |
| Communities  | As a good corporate citizen, we will contribute to community development and promote environmentally friendly business practices.                       | <ul style="list-style-type: none"><li>Social contribution activities for local communities</li></ul>   |
| Government   | We will work with local governments to solve social issues.   | <ul style="list-style-type: none"><li>Participation in industry groups</li></ul>   |

Environmental Initiatives

Through its Self-Storage Business, Arealink is working to improve the living environment in Japan and conserve the environment through the effective use of resources. In addition to utilizing self-storage to create a comfortable and

■ Reduction of waste

Utilization of Arealink’s self-storage facilities allows customers to safely store their belongings and organize their living spaces, helping to foster a culture of valuing things by limiting wasteful spending such as impulse purchases, and reducing waste through storage use. In addition, when

■ Long-term utilization of self-storage facilities

Compared to residential buildings, Arealink’s container-type and building-type self-storage properties can be used for a long time because they do not require plumbing facilities. In addition, when a container property operated by Arealink is closed due to the expiration of the contract, the containers

affluent society that values and takes care of things, we are conducting the “Container Building 100-Year Utilization Project” as a means of addressing environmental issues.

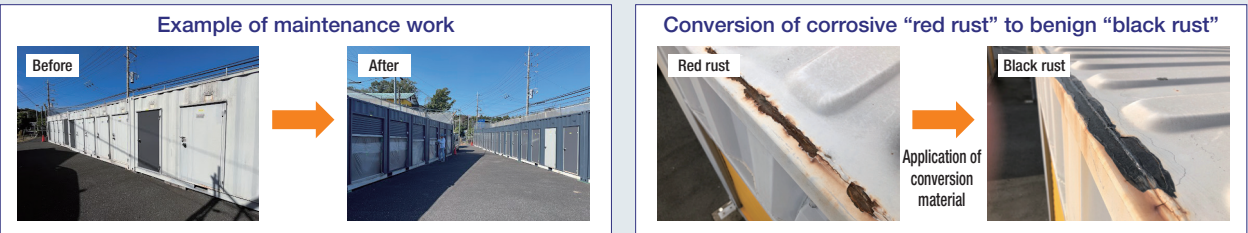
Arealink is contracted to dispose of stored items as part of its service, we take steps to reduce the environmental impact by selecting the optimal method from the perspective of the 3Rs (Reduce, Reuse, Recycle).

can be painted and refurbished, and reused at another location. Going forward, we will continue to work to establish appropriate maintenance methods, and reduce our environmental impact through long-term use of containers for 50 or 100 years.

Container Building 100-Year Utilization Project

Containers, after 30 or more years following installation, can develop rust or scratches. We are advancing a project so that containers can be used for 100 years through thorough installation efforts and maintenance of buildings that include containers.

- Since it is difficult to perform maintenance on the front of a container after installation, we perform scratch-resistant measures before installation
- For the bottoms of containers, we provide a structure that makes it difficult for water pooling, a cause of rusting, to occur
- In order to quickly ascertain signs of abnormalities, we have shortened regular maintenance from every 10 years to every 5 years
- Plans to change all properties to the new design nationwide over the next decade



Arealink is committed to improving the outward appearance of self-storage containers and protecting them from corrosion.

Human Rights Initiatives

Issues such as respect for human rights by preventing harassment, and consideration for the health of employees by preventing long working hours, are shared with Arealink’s Board of Directors.

Social Contribution Activities

■ Enrich the Lives of People in Japan with Storage

As “professionals in organization and storage,” all employees at our Company received the “Arrangement and Storage Advisor Class 2” certification in 2022. In the same year, the Japan Self Storage Association (JSSA) hosted the “Self-Storage Photo Contest” as an opportunity to convey the importance of organization and storage and to promote the use of self-storage. We will continue contributing to the creation of an environmentally-friendly society where people can lead vibrant lives, by expanding and popularizing self-storage throughout Japan.



Award ceremony of the “2nd Self-Storage Photo Contest” hosted by the Japan Self-Storage Association (JSSA)

■ Contributing to society with trunk rooms – Using containers in times of disaster

Arealink has been exploring ways to utilize self-storage trunk rooms for disaster preparedness ever since the 2011 earthquake and tsunami. Building on our experience of providing free use of our self-storage units for those affected by the 2016 Kumamoto Earthquake, we will establish a system to provide self-storage units free of charge in the event of a large-scale disaster, and support the reconstruction of the affected areas.

In 2017, Arealink concluded a disaster prevention agreement with Ota Ward in Tokyo to provide free storage units to stock emergency supplies for people unable to

return home following a disaster. The stockpiled goods include blankets, carpets, and other items necessary for people to stay temporarily in shelters.

During the Hokkaido Eastern Iburi Earthquake that occurred in September 2018, Arealink provided storage units in the outskirts of Sapporo, Hokkaido, free of charge to areas affected by the disaster.

Going forward, Arealink will continue to strengthen its disaster preparedness initiatives throughout Japan to fulfill its social responsibilities.

Eleven-Year Summary

Years ended December 31

|  | 2023             | 2022             | 2021             | 2020            |  | 2019             | 2018     | 2017     | 2016     | 2015    | 2014    | 2013    |
|--|------------------|------------------|------------------|-----------------|--|------------------|----------|----------|----------|---------|---------|---------|
| Summary of Income (Million of yen)                                       |                  |                  |                  |                 |  |                  |          |          |          |         |         |         |
| Net sales  | ¥22,463          | ¥20,878          | ¥20,572          | ¥22,477         |  | ¥29,333          | ¥28,828  | ¥21,489  | ¥16,908  | ¥17,173 | ¥18,120 | ¥12,256 |
| Self-Storage Business*1  | 17,423           | 16,366           | 15,469           | 14,773          |  | 22,087           | —        | —        | —        | —       | —       | —       |
| Land Rights Consolidation Business*1                                     | 3,623            | 3,110            | 3,716            | 6,063           |  | 5,402            | —        | —        | —        | —       | —       | —       |
| Other Operational Services Business*1                                    | 1,416            | 1,400            | 1,385            | 1,640           |  | 1,842            | —        | —        | —        | —       | —       | —       |
| Cost of sales  | 14,910           | 14,160           | 14,536           | 16,977          |  | 22,669           | 22,173   | 15,805   | 12,136   | 12,100  | 13,759  | 8,950   |
| Gross profit   | 7,552            | 6,717            | 6,035            | 5,499           |  | 6,663            | 6,655    | 5,683    | 4,771    | 5,073   | 4,360   | 3,306   |
| Selling, general and administrative expenses                             | 3,397            | 2,975            | 2,990            | 3,223           |  | 3,633            | 3,873    | 3,303    | 2,835    | 2,415   | 2,125   | 1,800   |
| Operating income   | 4,155            | 3,742            | 3,044            | 2,275           |  | 3,030            | 2,782    | 2,379    | 1,935    | 2,657   | 2,235   | 1,505   |
| Ordinary income  | 4,058            | 3,758            | 3,009            | 2,161           |  | 3,000            | 2,536    | 2,441    | 1,968    | 2,442   | 2,087   | 1,433   |
| Net income before income taxes   | 4,070            | 3,862            | 4,519            | 3,284           |  | (2,860)          | 2,267    | 2,322    | 1,902    | 2,405   | 2,222   | 1,369   |
| Net income   | 2,821            | 2,883            | 3,171            | 2,225           |  | (1,753)          | 1,810    | 1,547    | 1,142    | 1,550   | 1,541   | 1,346   |
| Financial Position (Million of yen)                                      |                  |                  |                  |                 |  |                  |          |          |          |         |         |         |
| Total assets   | 49,676           | 45,643           | 42,202           | 40,702          |  | 43,020           | 37,862   | 29,904   | 23,791   | 19,312  | 19,539  | 23,017  |
| Current assets   | 21,887           | 20,032           | 17,319           | 15,947          |  | 19,903           | 25,840   | 17,532   | 12,168   | 9,121   | 10,115  | 10,828  |
| Noncurrent assets  | 27,788           | 25,610           | 24,882           | 24,755          |  | 23,117           | 12,022   | 12,372   | 11,622   | 10,191  | 9,423   | 12,189  |
| Interest-bearing debt  | 16,755           | 14,048           | 11,944           | 12,377          |  | 14,086           | 14,512   | 9,152    | 4,793    | 1,311   | 2,759   | 7,837   |
| Net assets   | 25,021           | 23,072           | 20,963           | 18,139          |  | 16,419           | 18,749   | 16,351   | 15,283   | 14,626  | 13,514  | 12,282  |
| Cash Flows (Million of yen)  |                  |                  |                  |                 |  |                  |          |          |          |         |         |         |
| Cash flows from operating activities                                     | 3,530            | 1,605            | 5,741            | 2,520           |  | 4,055            | (2,380)  | (2,992)  | (708)    | 3,941   | 7,123   | 1,014   |
| Cash flows from investing activities                                     | (4,667)          | (2,258)          | (1,264)          | (2,228)         |  | (1,005)          | (484)    | (1,423)  | (1,544)  | (1,069) | 146     | (2,764) |
| Free cash flows  | (1,136)          | (653)            | 4,477            | 291             |  | 3,049            | (2,865)  | (4,416)  | (2,253)  | 2,871   | 7,270   | (1,750) |
| Cash flows from financing activities                                     | 1,818            | 1,492            | (825)            | (2,213)         |  | (1,020)          | 5,944    | 3,854    | 2,999    | (1,888) | (5,429) | 2,256   |
| Cash and cash equivalents at end of period                               | 14,995           | 14,299           | 13,440           | 9,776           |  | 11,702           | 9,672    | 6,594    | 7,158    | 6,415   | 5,431   | 3,590   |
| Amount per Share of Common Stock*2 (Yen)                                 |                  |                  |                  |                 |  |                  |          |          |          |         |         |         |
| Net income per share (EPS)   | 222.50           | 227.54           | 250.72           | 176.16          |  | (138.81)         | 145.47   | 126.08   | 93.06    | 126.3   | 125.5   | 109.7   |
| Book value per share (BPS)   | 1,972.72         | 1,819.97         | 1,655.56         | 1,436.16        |  | 1,299.96         | 1,484.44 | 1,332.88 | 1,245.09 | 1,191.4 | 1,100.9 | 1,000.5 |
| Cash dividends per share   | 77               | 69               | 47               | 31              |  | 40               | 46       | 40       | 39       | 39      | 36      | 25      |
| Financial Indicators (%)   |                  |                  |                  |                 |  |                  |          |          |          |         |         |         |
| Operating income ratio   | 18.5             | 17.9             | 14.8             | 10.1            |  | 10.3             | 9.7      | 11.1     | 11.4     | 15.5    | 12.3    | 12.3    |
| Return on equity   | 11.7             | 13.1             | 16.2             | 12.9            |  | (10.0)           | 10.3     | 9.8      | 7.6      | 11.0    | 11.9    | 11.6    |
| Return on assets   | 5.9              | 6.6              | 7.6              | 5.3             |  | (4.3)            | 5.3      | 5.8      | 5.3      | 8.0     | 7.2     | 6.5     |
| Shareholders' equity ratio   | 50.4             | 50.5             | 49.7             | 44.6            |  | 38.2             | 49.5     | 54.7     | 64.2     | 75.7    | 69.2    | 53.4    |
| Interest-bearing debt ratio  | 67               | 61               | 57               | 68              |  | 86               | 77       | 55       | 31       | 9       | 20      | 64      |
| Investment Indicators (Times, %)   |                  |                  |                  |                 |  |                  |          |          |          |         |         |         |
| Price/Earning value ratio—PER*3  | 12.1             | 7.8              | 6.1              | 5.4             |  | —                | 8.06     | 18.8     | 13.4     | 11.4    | 11.2    | 11.9    |
| Price/Book value ratio—PBR*4   | 1.36             | 0.98             | 0.93             | 0.66            |  | 1.04             | 0.79     | 1.78     | 1.00     | 1.21    | 1.27    | 1.30    |
| Price/Cash flow ratio—PCFR*5   | 8.71             | 5.67             | 4.26             | 3.39            |  | (4.49)           | 7.34     | 18.75    | 8.94     | 8.65    | 7.02    | 9.00    |
| Total shareholder return<br>(Comparison benchmark: TOPIX (total return)) | 251.8<br>(178.9) | 167.7<br>(139.5) | 141.0<br>(143.0) | 86.6<br>(126.8) |  | 118.5<br>(118.1) | —        | —        | —        | —       | —       | —       |

\*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

Introduction

Value creation

Strategy and resource allocation

Business strategy and performance

The foundation that supports sustainability

Data section



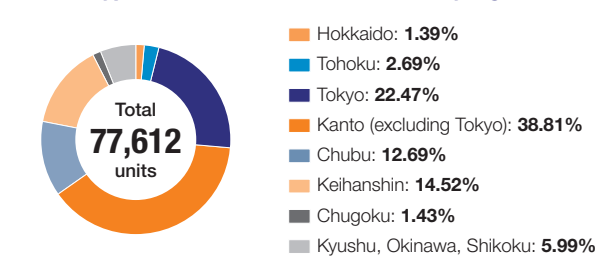
Status of Self-Storage Business

Storage Units by Region

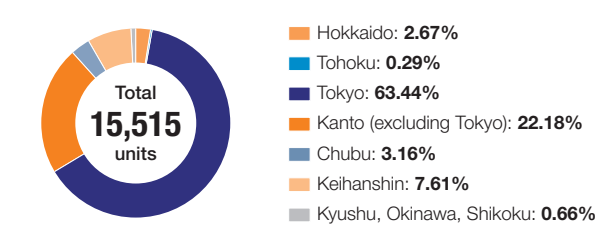
2,160 bases Total units 101,379 units (As of December 31, 2023)

|           | Total  | Proportion of Total |           | Total   | Proportion of Total |
|-----------|--------|---------------------|-----------|---------|---------------------|
| Hokkaido  | 1,633  | 1.61%               | Shiga     | 292     | 0.29%               |
| Aomori    | 98     | 0.10%               | Kyoto     | 2,104   | 2.08%               |
| Iwate     | 20     | 0.02%               | Osaka     | 5,778   | 5.70%               |
| Miyagi    | 1,764  | 1.74%               | Hyogo     | 4,057   | 4.00%               |
| Akita     | 31     | 0.03%               | Nara      | 703     | 0.69%               |
| Yamagata  | 74     | 0.07%               | Wakayama  | 27      | 0.03%               |
| Fukushima | 231    | 0.23%               | Tottori   | 115     | 0.11%               |
| Ibaraki   | 1,104  | 1.09%               | Shimane   | 30      | 0.03%               |
| Tochigi   | 438    | 0.43%               | Okayama   | 251     | 0.25%               |
| Gunma     | 1,154  | 1.14%               | Hiroshima | 449     | 0.44%               |
| Saitama   | 10,638 | 10.49%              | Yamaguchi | 308     | 0.30%               |
| Chiba     | 11,813 | 11.65%              | Tokushima | 83      | 0.08%               |
| Tokyo     | 30,038 | 29.63%              | Kagawa    | 452     | 0.45%               |
| Kanagawa  | 12,692 | 12.52%              | Ehime     | 223     | 0.22%               |
| Niigata   | 351    | 0.35%               | Kochi     | 69      | 0.07%               |
| Toyama    | 207    | 0.20%               | Fukuoka   | 2,497   | 2.46%               |
| Ishikawa  | 271    | 0.27%               | Saga      | 106     | 0.10%               |
| Fukui     | 143    | 0.14%               | Nagasaki  | 144     | 0.14%               |
| Yamanashi | 202    | 0.20%               | Kumamoto  | 371     | 0.37%               |
| Nagano    | 479    | 0.47%               | Oita      | 110     | 0.11%               |
| Gifu      | 611    | 0.60%               | Miyazaki  | 184     | 0.18%               |
| Shizuoka  | 1,907  | 1.88%               | Kagoshima | 382     | 0.38%               |
| Aichi     | 6,194  | 6.11%               | Okinawa   | 133     | 0.13%               |
| Mie       | 418    | 0.41%               | Total     | 101,379 | 100.00%             |

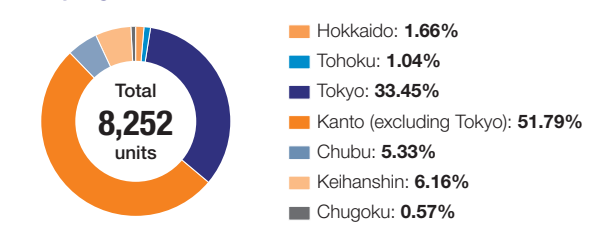
Container type: Breakdown of number of units by region



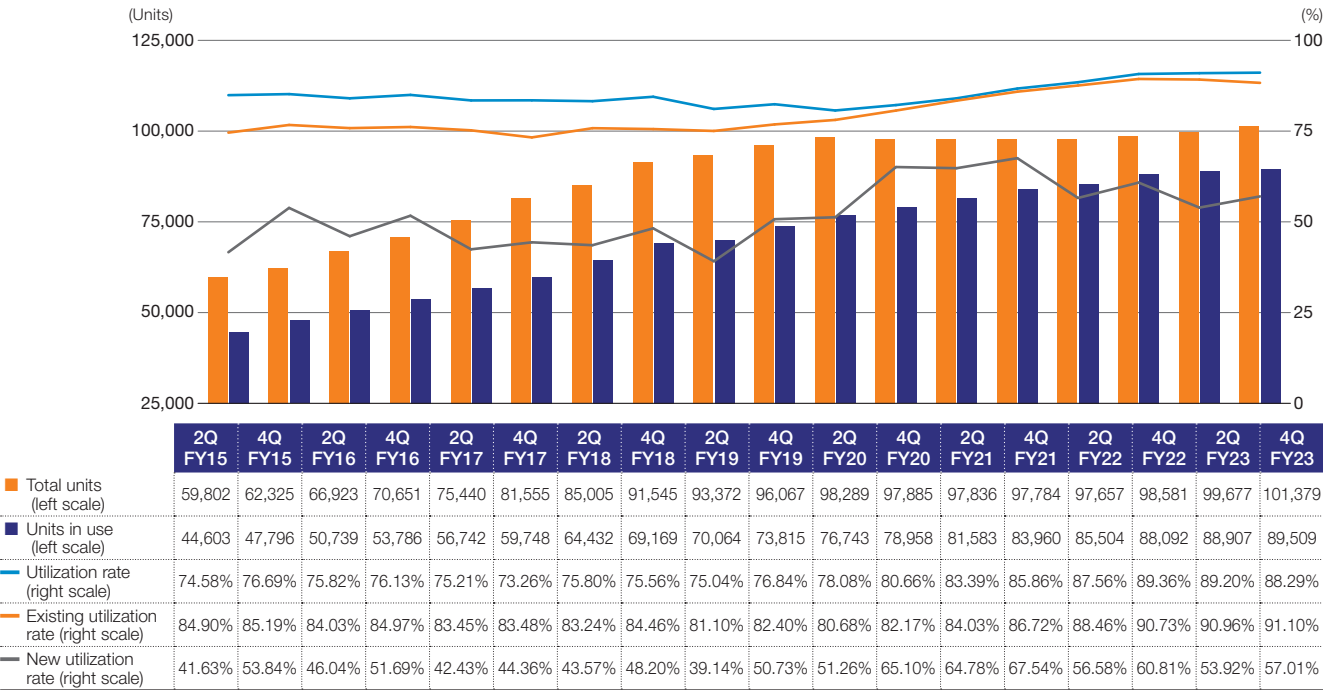
In-building trunk type: Breakdown of number of units by region



Self-storage properties with land type: Breakdown of number of units by region



Total Units in Use and Utilization Rates in the Self-Storage Business



\* Existing: Units after more than two years since they opened    New: Units after less than two years since they opened    New for FY 2023: Newly opened in 2022 and 2023

Stock Information/Company Profile (As of December 31, 2023)

|   |  |
|---|--|
| Securities Code                         | 8914   |
| Stock Listing                           | TSE Standard Market                          |
| 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                  | 5,120  |

Company Profile

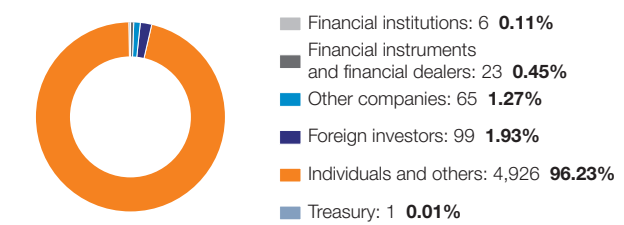
|                      |  |
|----------------------|--|
| Company Name         | Arealink Co., Ltd.   |
| Head Office          | 4-14-1, Sotokanda, Chiyoda-ku, Tokyo 101-0021                        |
| Established          | April 1995   |
| Paid-in Capital      | 6,111,539 thousand yen   |
| Number of Employees  | 80 (excluding Directors, temporary employees and contract employees) |
| Balance Date         | December   |
| Main Financing Banks | Resona Bank, Limited., Kiraboshi Bank, Ltd., and Mizuho BANK         |

Status of Shareholders

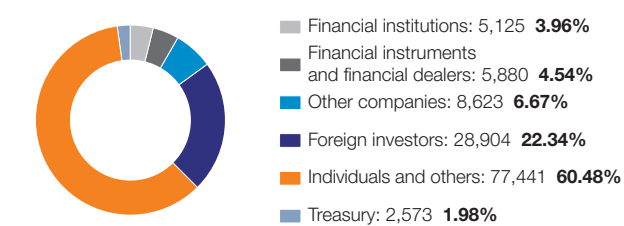
| Principal shareholders                                | Number of shares held | % of total |
|---|-----------------------|------------|
| Naomichi Hayashi                                      | 2,593,214             | 20.44      |
| Takeyasu Tsujimoto                                    | 545,800               | 4.30       |
| GOLDMAN, SACHS & CO. REG                              | 530,566               | 4.18       |
| CEPLUX-THE INDEPENDENT UCITS PLATFORM 2               | 470,100               | 3.70       |
| NIIHAMA IRON WORKS CO., LTD.                          | 310,000               | 2.44       |
| Trust & Custody Services Bank, Ltd. (Trust account B) | 228,900               | 1.80       |
| Satoshi Nakajima                                      | 225,000               | 1.77       |
| Amix Co., Ltd.  | 225,000               | 1.77       |
| Arealink's supplier stock ownership                   | 217,600               | 1.71       |
| Atsuhiko Morizane                                     | 200,320               | 1.57       |

Notes: 1. The list excludes Arealink, who owns 257,325 shares of its treasury stock.  
2. The ownership percentages were calculated after exclusion of the 257,325 treasury shares.

Breakdown of Shareholders by Type



Breakdown of Shares by Type of Shareholder (Hundreds shares)



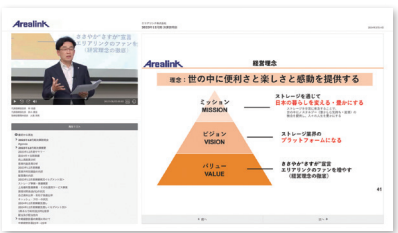
Stock Price

|   | 2018/12 | 2019/12 | 2020/12 | 2021/12 | 2022/12 | 2023/12 |
|---|---------|---------|---------|---------|---------|---------|
| High (Yen)                              | 4,225   | 1,480   | 1,335   | 1,729   | 2,041   | 3,085   |
| Low (Yen)                               | 1,139   | 889     | 631     | 932     | 1,245   | 1,754   |
| Close (Yen)                             | 1,173   | 1,350   | 945     | 1,536   | 1,780   | 2,690   |
| Market capitalization (Millions of yen) | 15,179  | 17,470  | 12,229  | 19,877  | 23,034  | 34,811  |

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's IR website, along with the presentation material.

Contact:  
IR Office, Administrative Department  
03-3526-8556



FY12/23 Results Briefing Video Streaming Site (Japanese)

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