



FY2020 3Q Business Performance Summary

■ FY12/20 3Q (nine-month period)

**Shift to increased revenue and earnings trend in 3Q (3 months)
Driven by the core business of self-storage management**

(In Millions of yen)	FY19 1-3Q		FY20 1-3Q			FY19 3Q		FY20 3Q		
	Actual	Percent of Sales	Actual	Percent of Sales	YoY	Actual	Percent of Sales	Actual	Percent of Sales	YoY
Net sales	25,258	—	17,153	—	(32.1)%	5,113	—	5,362	—	+ 4.9%
Cost of sales	19,418	76.9%	12,897	75.2%	(33.6)%	4,004	78.3%	4,095	76.4%	+ 2.3%
Gross profit	5,839	23.1%	4,256	24.8%	(27.0)%	1,108	21.7%	1,267	23.6%	+ 14.3%
SG&A expenses	2,872	11.4%	2,445	14.3%	(14.7)%	774	15.2%	712	13.3%	(8.1)%
Operating income	2,967	11.7%	1,810	10.6%	(38.9)%	333	6.5%	554	10.3%	+ 66.5%
Ordinary income	2,894	11.5%	1,727	10.1%	(40.2)%	422	8.3%	510	9.5%	+ 21.0%
Extraordinary profit and loss	(27)	—	583	3.4%	—	(14)	—	581	10.8%	—
Income before income taxes	2,867	11.4%	2,311	13.5%	(19.4)%	407	8.0%	1,092	20.4%	+168.2%
Net income	1,949	7.7%	1,586	6.9%	(18.6)%	262	5.1%	756	14.1%	+ 187.7%

■ Overview of FY12/20 3Q by Segment

3Q (3 months): Decreased revenue but increased earnings in self-storage business, increase in revenue and earnings for land rights consolidation business but only rebounded from last year's results

Self-storage business resulted in decreased revenue but increased earnings

- **Self-Storage Management: Achieved budget, continued to increase revenue and earnings**

Self-storage management sales were ¥3,547 million (up 10.2% year on year) and business earnings were ¥627 million (up 49.0% year on year) resulting in a significant increase in revenue and earnings. Total number of self-storage units increased to 98,732 (+2,263 units since Dec 31, 2019, and +2,730 units since Sep 30, 2019).

Utilization rate was 78.42%, increase of 3.59 ppt compared to Sep 30, 2019.

Gross profit margin improved by 4.7 ppt due to cost reductions through container repurchases and requesting rent reductions.

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

Net sales were ¥176 million resulting in decreased revenue on the same period last year. Recorded sale of 1 self-storage property with land and orders for 2 containers in 3Q (3 months).

Land Rights Consolidation Business: Revenue and earnings increased due to rebounding from second half of 2019, but budget not achieved due to effects of reduced inventory

Net sales were ¥1,247 million (up 130.9% year on year) resulting in business earnings of ¥110 million (up 159.1% year on year). Revenue and earnings increased as a reaction to restrained sales in the second half of 2019, but budget not achieved due to halt in procurement to reduce inventory and sales promotion of slow-moving inventory.

In Millions of yen		FY19 1-3Q		FY20 1-3Q			FY19 3Q		FY20 3Q		
		Actual	Percent of Sales	Actual	Percent of Sales	YoY	Actual	Percent of Sales	Actual	Percent of Sales	YoY
Management	Net sales	9,506	—	10,416	—	+ 9.6%	3,217	—	3,547	—	+ 10.2%
	Gross profit	1,932	20.3%	2,425	23.3%	+ 25.5%	692	21.5%	930	26.2%	+ 34.4%
	Operating income	1,243	13.1%	1,561	15.1%	+ 25.6%	421	13.1%	627	17.7%	+ 49.0%
Brokerage	Net sales	9,201	—	746	—	(91.9)%	898	—	176	—	(80.4)%
	Gross profit	1,589	17.3%	112	15.0%	(93.0)%	145	16.1%	36	20.6%	(75.0)%
	Operating income	924	10.0%	(79)	—	—	14	1.6%	(10)	—	—
Self-storage Business	Net sales	18,708	—	11,162	—	(40.3)%	4,116	—	3,723	—	(9.6)%
	Gross profit	3,522	18.8%	2,537	22.7%	(27.8)%	837	20.3%	967	26.0%	+ 15.5%
	Operating income	2,167	11.6%	1,482	13.3%	(31.6)%	435	10.6%	617	16.6%	+ 41.6%
Land Rights Consolidation Business	Net sales	5,160	—	4,730	—	(8.3)%	540	—	1,247	—	+ 130.9%
	Gross profit	1,787	34.6%	1,275	27.0%	(28.6)%	106	19.7%	177	14.2%	+ 66.8%
	Operating income	1,288	25.0%	889	18.8%	(31.0)%	42	7.9%	110	8.8%	+159.1%
Other Operational Services Business	Net sales	1,389	—	1,260	—	(9.3)%	456	—	391	—	(14.2)%
	Gross profit	529	38.1%	443	35.2%	(16.3)%	164	36.1%	122	31.4%	(25.4)%
	Operating income	412	29.7%	341	27.1%	(17.3)%	123	27.1%	93	23.9%	(24.4)%
Management Division	Net sales	—	—	—	—	—	—	—	—	—	—
	Gross profit	—	—	—	—	—	—	—	—	—	—
	Operating income	(901)	—	(902)	—	+ 0.1%	(269)	—	(266)	—	(1.0)%
Total for All Businesses	Net sales	25,258	—	17,153	—	(32.1)%	5,113	—	5,362	—	+4.9%
	Gross profit	5,839	23.1%	4,256	24.8%	(27.1)%	1,108	21.7%	1,267	23.6%	+ 14.3%
	Operating income	2,967	11.7%	1,810	10.6%	(39.0)%	333	6.5%	554	10.3%	+ 66.5%

■ FY20 Earnings Outlook

Announced revision of full-year earnings forecast

Revised forecasts for net sales and net income

In Millions of yen	FY2019 Actual	FY2020 Prior forecast	FY2020 Revised forecast	YoY	Compared to the prior forecast
Net sales	29,333	24,700	22,300	(23.6)%	(9.7)%
Operating income	3,030	2,300	2,300	(24.1)%	—
Ordinary income	3,000	2,200	2,200	(26.7)%	—
Net income	(1,753)	1,300	1,700	—	+ 30.8%
Net income per share (yen)	(138.81)	102.93	134.59	—	+ 30.8%

Reason for the Revisions

Regarding the provision for loss on repurchases recorded in the fiscal year ended December 31, 2019, the provision for containers which were decided not to be purchased in the third quarter was reversed, therefore an extraordinary income on the reversal of the provision for loss on repurchases was recorded. As a result, net income is expected to exceed initial forecasts. However, in the land rights consolidation business, as a result of a halt to procurement and prioritizing the sale of slow-moving inventory to reduce limited land rights inventories in anticipation of worsening market conditions, sales are expected to fall below initial forecasts. On the other hand, operating income and ordinary income remain unchanged because the profit margin of self-storage management has improved.

■ Dividend forecast: No change to dividend forecast

	FY2019	FY2020 (Forecast)
Cash dividends per share	40 yen	31 yen
Payout ratio	—	23.0% *

* Since dividends were paid based on results excluding extraordinary losses associated with recorded provision for container repurchases in fiscal 2019, dividends will be paid excluding any impact from the return gain of the above provision. Dividend payout ratio expected to be 30.1% on actual basis.

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