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TSE 2nd section Code 8914



FY2021 1Q Business Performance Summary

■FY12/21 1Q Business Results

Despite reduced revenue and earnings profitability improved, resulting in better performance than projected

| In Millions of yen | FY12/20 1Q | | FY12/21 1Q | | |
|-------------------------|--------------|------------------|--------------|------------------|----------------|
| | Actual | Percent of Sales | Actual | Percent of Sales | YoY |
| Net sales | 6,523 | — | 5,321 | — | −18.4% |
| Cost of sales | 4,731 | 72.5% | 3,779 | 71.0% | −20.1% |
| Gross profit | 1,791 | 27.5% | 1,542 | 29.0% | −13.9% |
| SG&A expenses | 996 | 15.3% | 761 | 14.3% | −23.6% |
| Operating income | 795 | 12.2% | 781 | 14.7% | −1.8% |
| Ordinary income | 783 | 12.0% | 773 | 14.5% | −1.2% |
| Net income | 535 | 8.2% | 724 | 13.6% | + 35.2% |

FY12/21 1Q net sales of ¥5,321 million (down 18.4% from 1Q last year), operating income of ¥781 million (down 1.8%), and ordinary income of ¥773 million (down 1.2%) were a drop for revenue and earnings but the result was a better performance than projected. The operating profit margin improved significantly by 2.5 ppt.

By recording a profit of ¥193 million from the transfer of the parking business, quarterly net income was ¥724 million (up 35.2% from 1Q last year) resulting in increased earnings.

■Overview of FY12/21 1Q by Segment

Self-storage management saw significant increase in earnings while limited land rights saw reduced revenue and earnings which was as projected

| In Millions of yen | | FY12/20 1Q | | FY12/21 1Q | | |
|---|------------------|------------|------------------|------------|------------------|----------|
| | | Actual | Percent of Sales | Actual | Percent of Sales | YoY |
| Self-storage Management | Net sales | 3,383 | — | 3,654 | — | + 8.0% |
| | Gross profit | 720 | 21.3% | 1,138 | 31.2% | + 58.1% |
| | Business profit | 445 | 13.2% | 848 | 23.2% | + 90.5% |
| Self-storage Brokerage | Net sales | 427 | — | 482 | — | + 12.9% |
| | Gross profit | 49 | 11.7% | 55 | 11.5% | + 11.0% |
| | Business profit | (39) | — | (20) | — | −49.0% |
| Self-storage Business | Net sales | 3,811 | — | 4,136 | — | + 8.5% |
| | Gross profit | 770 | 20.2% | 1,194 | 28.9% | + 55.0% |
| | Business profit | 405 | 10.6% | 828 | 20.0% | + 104.1% |
| Land Rights Consolidation Business (Limited Land Rights) | Net sales | 2,255 | — | 834 | — | −63.0% |
| | Gross profit | 843 | 37.4% | 232 | 27.8% | −72.5% |
| | Business profit | 597 | 26.5% | 133 | 16.0% | −77.7% |
| Other Operational Services Business | Net sales | 456 | — | 350 | — | −23.2% |
| | Gross profit | 177 | 39.0% | 115 | 33.1% | −34.8% |
| | Business profit | 135 | 29.7% | 98 | 28.0% | −27.6% |
| Management Division | Net sales | — | — | — | — | — |
| | Gross profit | — | — | — | — | — |
| | Business profit | (343) | — | (278) | — | −18.9% |
| Total for All Businesses | Net sales | 6,523 | — | 5,321 | — | −18.4% |
| | Gross profit | 1,791 | 27.5% | 1,542 | 29.0% | −13.9% |
| | Operating income | 795 | 12.2% | 781 | 14.7% | −1.8% |

Self-Storage Business: Practically all business profits gained in self-storage management from significantly increased earnings

Self-storage business first quarter sales were ¥4,136 million (up 8.5% from 1Q last year) and business profit was ¥828 million (up 104.1%) resulting in a significant increase in earnings of almost double.

Of this, self-storage management sales were ¥3,654 million (up 8.0% from 1Q last year) and business profit was ¥848 million (up 90.5%) greatly helping to increase earnings in the self-storage segment.

The total number of units was, a decrease of 204 units (compared to end-Dec 2020), but the utilization rate was 83.15%, an increase of 2.49 ppt (compared to end-Dec 2020), a significant rise resulting in the highest levels seen in the past 10 years. Gross profit margin significantly increased by 9.6 ppt (compared to same quarter last year) owing to cost reductions from container repurchases, etc., as well as an increase in sales and profit from controlled discount rates and an improved utilization rate.

Land Rights Consolidation Business: As projected despite decrease in revenue and earnings due to recoil from large project sales

First quarter net sales were ¥834 million (down 63.0% from 1Q last year) resulting in business profit of ¥133 million (down 77.7%). As projected despite significant decrease in revenue and earnings due to recoil from sales of large projects (¥1.1 billion in sales, ¥0.3 billion in profit) in 1Q 2020.

■ Full-year earnings forecast: No change

| In Millions of yen | FY12/20 | | FY12/21 | | |
|-------------------------|---------|------------------|---------------|------------------|----------------|
| | Actual | Percent of Sales | Plan | Percent of Sales | YoY |
| Net sales | 22,477 | — | 19,700 | — | −12.4% |
| Operating income | 2,275 | 10.1% | 2,500 | 12.7% | + 9.8% |
| Ordinary income | 2,161 | 9.6% | 2,400 | 12.2% | + 11.0% |
| Net income | 2,225 | 9.9% | 1,400 | 7.1% | −37.1% |

■ Dividend Forecast: No change

Dividend for FY2021 is forecast to be ¥34 per share and payout ratio is expected to be 30.7%

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

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

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