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Arealink Co., LTD.

TSE 2nd section Code 8914



FY2021 2Q Business Performance Summary

■FY12/21 First Half Business Results

Revenues decreased and earnings increased, far exceeding budget

In Millions of yen	FY12/20_1H (Jan.-Jun.)		FY12/21_1H (Jan.-Jun.)		
	Actual	Percent of Sales	Actual	Percent of Sales	YoY
Net sales	11,791	—	10,753	—	— 8.8%
Cost of sales	8,802	74.7%	7,588	70.6%	— 13.8%
Gross profit	2,988	25.3%	3,164	29.4%	+ 5.9%
SG&A expenses	1,733	14.7%	1,493	13.9%	— 13.8%
Operating income	1,255	10.7%	1,671	15.5%	+ 33.1%
Ordinary income	1,217	10.3%	1,668	15.5%	+ 37.0%
Net income	830	7.0%	1,363	12.7%	+ 64.3%

In the first 6 months of the fiscal year ending December 2021, net sales of ¥10,753 million (down 8.8% year on year), operating income of ¥1,671 million (up 33.1%), ordinary income of ¥1,668 million (up 37.1%), and quarterly net income of ¥1,363 million (up 64.3%) due to recording reversal gain on provision container repurchases and transfer of Parking Business have resulted in a drop for revenue and an increase for earnings, greatly exceeding budget.

■Overview of FY12/21 First Half by Segment

Self-storage management saw significant increase in earnings, and limited land rights was ahead of budget despite reduced revenue and earnings

In Millions of yen		FY12/20_1H (Jan.-Jun.)		FY12/21_1H (Jan.-Jun.)		
		Actual	Percent of Sales	Actual	Percent of Sales	YoY
Self-storage management	Net sales	6,869	—	7,385	—	+ 7.5%
	Gross profit	1,494	21.8%	2,311	31.3%	+ 54.6%
	Business profit	933	13.6%	1,719	23.3%	+ 84.1%
Self-storage brokerage	Net sales	569	—	482	—	— 15.3%
	Gross profit	75	13.3%	52	10.8%	— 31.2%
	Business profit	(68)	—	(78)	—	+ 13.2%
Self-storage Business	Net sales	7,439	—	7,867	—	+ 5.8%
	Gross profit	1,570	21.1%	2,363	30.0%	+ 50.5%
	Business profit	865	11.6%	1,641	20.9%	+ 89.8%
Land Rights Consolidation Business (Limited Land Rights)	Net sales	3,482	—	2,193	—	— 37.0%
	Gross profit	1,098	31.5%	575	26.2%	— 47.6%
	Business profit	778	22.4%	387	17.7%	— 50.2%
Other Operational Services Business	Net sales	869	—	691	—	— 20.4%
	Gross profit	320	36.9%	226	32.7%	— 29.4%
	Business profit	247	28.5%	193	28.0%	— 21.8%
Management Division	Net sales	—	—	—	—	—
	Gross profit	—	—	—	—	—
	Business profit	(635)	—	(551)	—	— 13.3%
Total for All Businesses	Net sales	11,791	—	10,753	—	— 8.8%
	Gross profit	2,988	25.3%	3,164	29.4%	+ 5.9%
	Operating income	1,255	10.7%	1,671	15.5%	+ 33.1%

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

Self-storage business first half sales were ¥7,867 million (up 5.8%) and business profit was ¥1,641 million (up 89.8%), roughly double from the same period last year.

Of this, self-storage management sales were ¥7,385 million (up 7.5% year on year) and business profit was ¥1,719 million (up 84.1% year on year) greatly helping to increase earnings of the segment as a whole.

The total number of units was 97,836, a decrease of 453 units (compared to end-Jun 2020), but the utilization rate was 83.39%, an increase of 5.31 ppt (compared to end-Jun 2020), a significant rise resulting in the highest figures seen in the past 10 years. In addition to increased utilization rate, the gross profit margin increased significantly by 9.5 ppt (compared to same period last year) owing to cost reductions from container repurchases, etc.

Land Rights Consolidation Business: Ahead of budget despite decrease in revenue and earnings due to recoil from large project sales

Net sales in first half were ¥2,193 million (down 37.0% year on year) resulting in business profit of ¥387 million (down 50.2% year on year). Ahead of budget despite significant decrease in revenue and earnings due to recoil from sales of large projects (¥1.1 billion in sales, ¥300 million in profit) in Q1 of 2020.

■2021 earnings forecast: Revised upward, net income to increase by ¥350 million

In Millions of yen	FY12/20 Actual	FY12/21 Previous Forecast	FY12/21 Revised Forecast	YoY	Compared to Previous Forecast
Net sales	22,477	19,700	19,700	- 12.4%	—
Operating income	2,275	2,500	2,700	+ 18.6%	+ 200 (+ 8.0%)
Ordinary income	2,161	2,400	2,600	+ 20.3%	+ 200 (+ 8.3%)
Net income	2,225	1,400	1,750	- 21.4%	+ 350 (+ 25.0%)

■Dividend Forecast: up 7 yen

Dividend for FY2021 is forecast to be ¥41 per share and payout ratio is expected to be 29.7%

	FY2019	FY2020	FY2021 Previous Forecast	FY2021 Revised Forecast
Net assets per share (yen)	(138.81)	176.16	110.84	138.48
Dividend per share (yen)	40.0	31.0	34.0	41.0
Payout ratio	—*	17.6%*	30.7%	29.6%*

* Since dividends were paid based on results excluding extraordinary losses associated with the repurchase of containers in fiscal 2019, dividends will be paid, as in fiscal 2020, based on the actual results excluding any impact from the reversal on the repurchase loss provisions in fiscal 2021.

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