

Arealink

Arealink Co., Ltd.

October 27, 2022

**Third Quarter, Fiscal Year
Ending December 2022**

FY12/22 3Q Business Results

Wataru Sasaki
Director, Head of Administrative Division

Achieved Plan Due to Increase in Revenue and Earnings; Revenue Starting to Trend Upward

	FY2021 1-3Q	FY2022 1-3Q	YoY
<small>In Millions of yen</small>			
Net sales	15,279	15,831	+ 3.6%
Operating income	2,369	2,827	+ 19.3%
Ordinary income	2,349	2,897	+ 23.3%
Net income	1,856	2,212	+ 19.2%

**Previous Year: Income From Sale of Business (¥190 Million);
This Year: Recorded Corporate Tax Refund (¥240 Million)**

In Millions of yen	FY2021 1-3Q	FY2022 1-3Q	YoY
Operating income	2,369	2,827	+ 19.3%
Non-operating income	89	196	+ 119.2%
Non-operating expenses	109	126	+ 15.3%
Ordinary income	2,349	2,897	+ 23.3%
Extraordinary income	356	12	- 96.4%
Extraordinary loss	80	26	- 67.3%
Income before income taxes	2,625	2,884	+ 9.8%
Income taxes — current	609	524	- 13.9%
Income taxes — deferred	159	147	- 7.7%
Net income	1,856	2,212	+ 19.2%

Non-operating income
 Compensation for transfer **¥74 million**
 Foreign exchange gain **¥47 million**

Non-operating expenses
 Interest expenses **¥91 million**

Summary of FY12/22 3Q YTD (by segment)

In Millions of yen			FY2021 1-3Q		FY2022 1-3Q		YoY
			Actual	Percent of Sales	Actual	Percent of Sales	
	Self-storage management	Net sales	11,136	—	11,707	—	+ 5.1%
		Gross profit	3,475	31.2%	4,039	34.5%	+ 16.2%
	Self-Storage Brokerage	Net sales	511	—	637	—	+ 24.7%
		Gross profit	68	13.4%	50	7.9%	- 26.0%
Self-storage Business		Net sales	11,648	—	12,345	—	+ 6.0%
		Gross profit	3,543	30.4%	4,089	33.1%	+ 15.4%
		Business profit	2,470	21.2%	2,993	24.3%	+ 21.2%
Land Rights Consolidation Business (limited land rights)		Net sales	2,591	—	2,433	—	- 6.1%
		Gross profit	656	25.3%	628	25.8%	- 4.3%
		Business profit	434	16.8%	444	18.3%	+ 2.4%
Other Operational Services Business		Net sales	1,039	—	1,052	—	+ 1.3%
		Gross profit	338	32.5%	335	31.8%	- 0.9%
		Business profit	289	27.8%	281	26.7%	- 2.8%
Headquarters expenses		Business profit	(825)	—	(892)	—	+ 8.1%
Total for All Businesses		Net sales	15,279	—	15,831	—	+ 3.6%
		Gross profit	4,538	29.7%	5,053	31.9%	+ 11.4%
		Operating income	2,369	15.5%	2,827	17.9%	+ 19.3%

Starting this fiscal year, the self-storage management business and self-storage brokerage business no longer include separate accounts for business profit because of the application of Revenue Recognition Standards, falling weight of the self-storage brokerage business in profit, and rising common expenses.

Revenue and Earnings Continued to Trend Upward; Achieved Budget Due to Improved Profitability

Self-Storage Business			
	FY2021 1-3Q	FY2022 1-3Q	YoY
In Millions of yen			
Net sales (Self-storage management)	11,136	11,707	+ 5.1%
Net sales (Self-storage brokerage)	511	637	+ 24.7%
Net sales	11,648	12,345	+ 6.0%
Gross profit (Self-storage management)	3,475	4,039	+ 16.2%
Gross profit (Self-storage brokerage)	68	50	- 26.0%
Gross profit	3,543	4,089	+ 15.4%
SG&A expenses	1,072	1,095	+ 2.2%
Business profit	2,470	2,993	+ 21.2%

Self-Storage Management: Increased Revenue and Earnings Continue

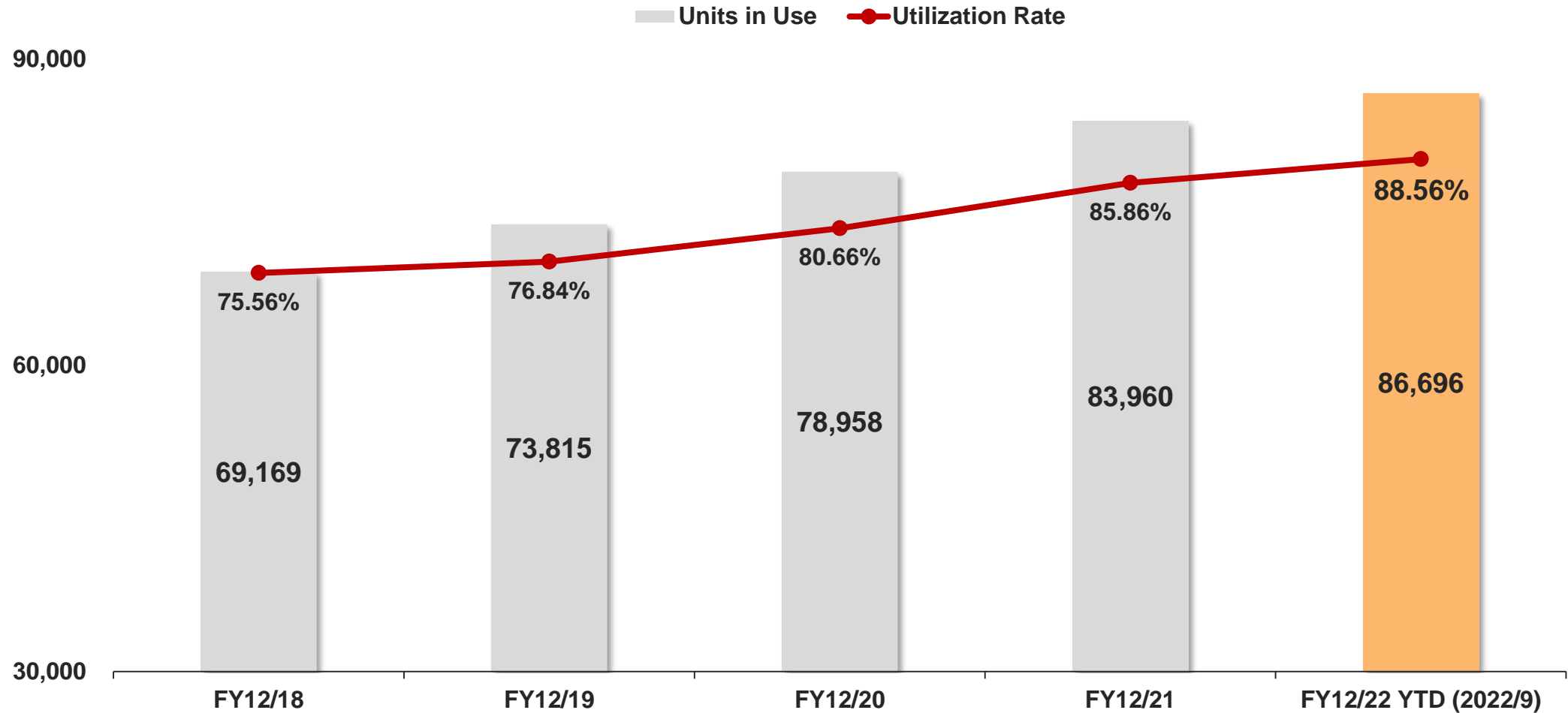
- Utilization rate increased due to steady growth in applications for use
- Utilization rate: YoY increase of 4.65 ppt to 88.56%
- Improved utilization rate leads to better gross profit margin

Self-Storage Brokerage: Started to Sell Self-Storage Minis

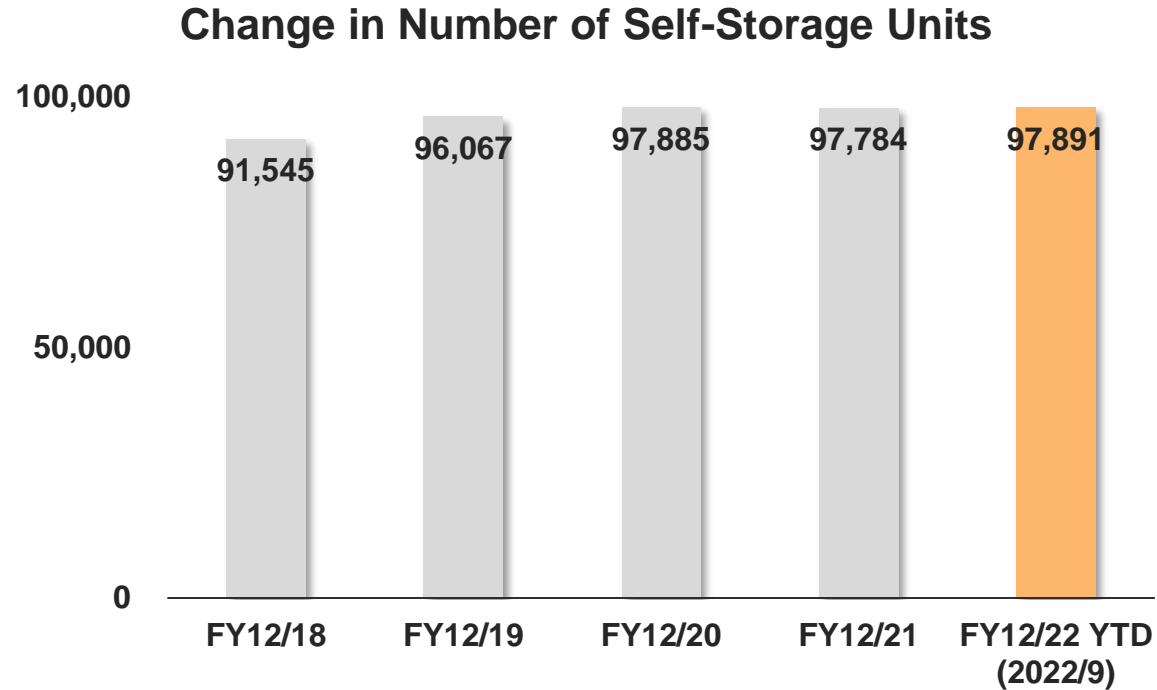
- Recorded 5 Self-Storage Mini sales
- Received 1 container order and 1 business storage order

Steady Growth in Both Number of Units in Use and Utilization Rate

Change in Units in Use and Utilization Rate



New Openings Remained Strong Compared to Plans



- Steady progress with 2,021 new units opened against planned number of 2,300 new units for 2022
- Successively opened Self-Storage Mini units
 - ▶ Containers: 1,519 units, Self-Storage Mini: 502 units
- Continue with new openings in regional cities
 - Tokyo and 3 prefectures in Greater Tokyo: 707 units
 - Major cities in Kansai (Osaka, Kyoto): 400 units
 - Other: 914 units

	Planned	FY12/22 1-3Q Actual
New units in 2022	2,300	2,021

Profit Margin of Land Rights Consolidation Business Improved. Both Revenue and Earnings Rose YoY in 3Q. Achieved Budget.

Land Rights Consolidation Business (limited land rights)			
In Millions of yen	FY2021 1-3Q	FY2022 1-3Q	YoY
Net sales	2,591	2,433	- 6.1%
Gross profit	656	628	- 4.3%
SG&A expenses	222	183	- 17.3%
Business profit	434	444	+ 2.4%

Other Operational Services Business			
In Millions of yen	FY2021 1-3Q	FY2022 1-3Q	YoY
Net sales	1,039	1,052	+ 1.3%
Gross profit	338	335	- 0.9%
SG&A expenses	48	53	+ 10.7%
Business profit	289	281	- 2.8%

Land Rights Consolidation Business (Limited Land Rights)

- Despite decline in revenue, earnings increased due to decline in SG&A expenses
- Decline in SG&A expenses mainly due to decline in sales commissions
- Both revenue and earnings started to grow in 3Q.
- Inventory totaled ¥4,252 million (up ¥1,736 million from end of previous term)

Other Operational Service Business

- Despite overall decline in earnings due to the withdrawal from the parking business, achieved budget
- Decline in revenue and earnings for Asset Management, and achieved budget
- For Rental Offices, net income fell slightly due to new office expenses

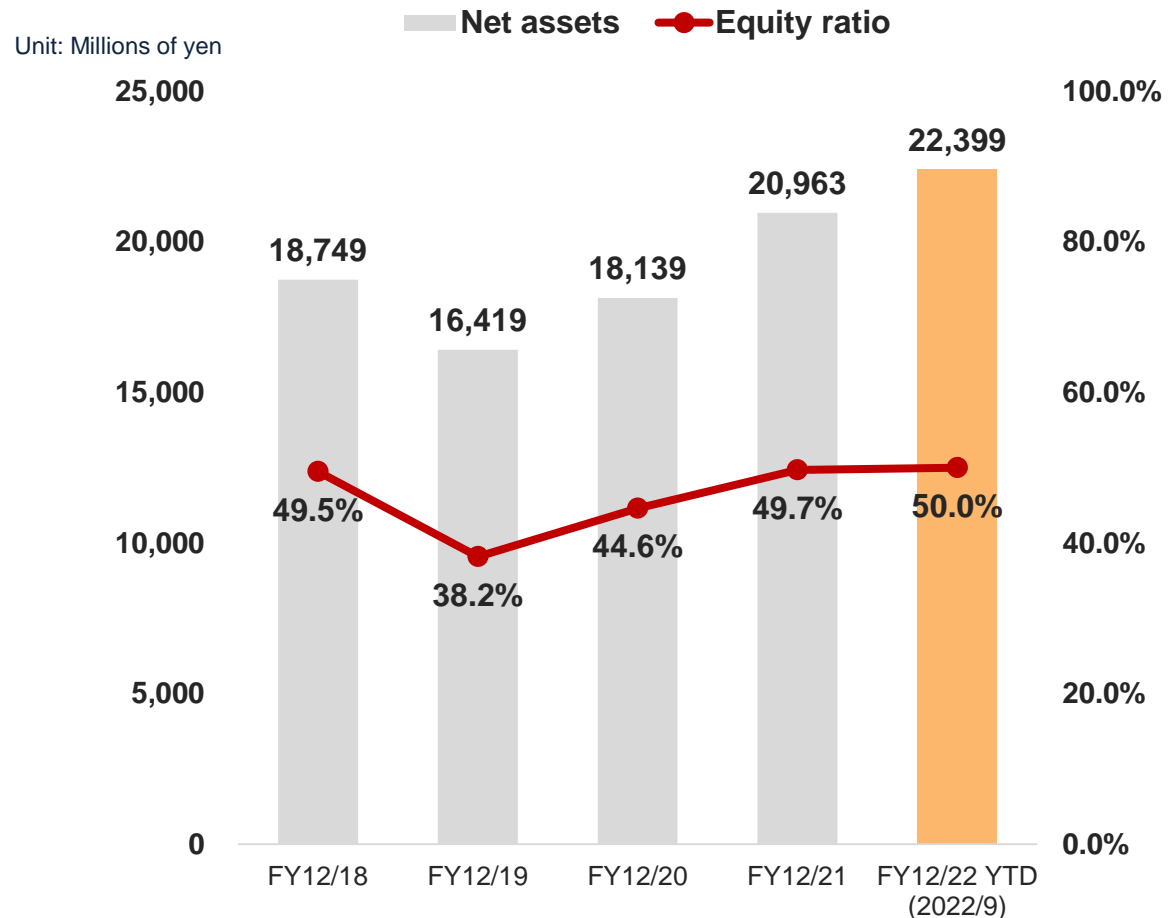
Maintained stable financial position as cash on hand totaled ¥13.4 billion.

In Millions of yen

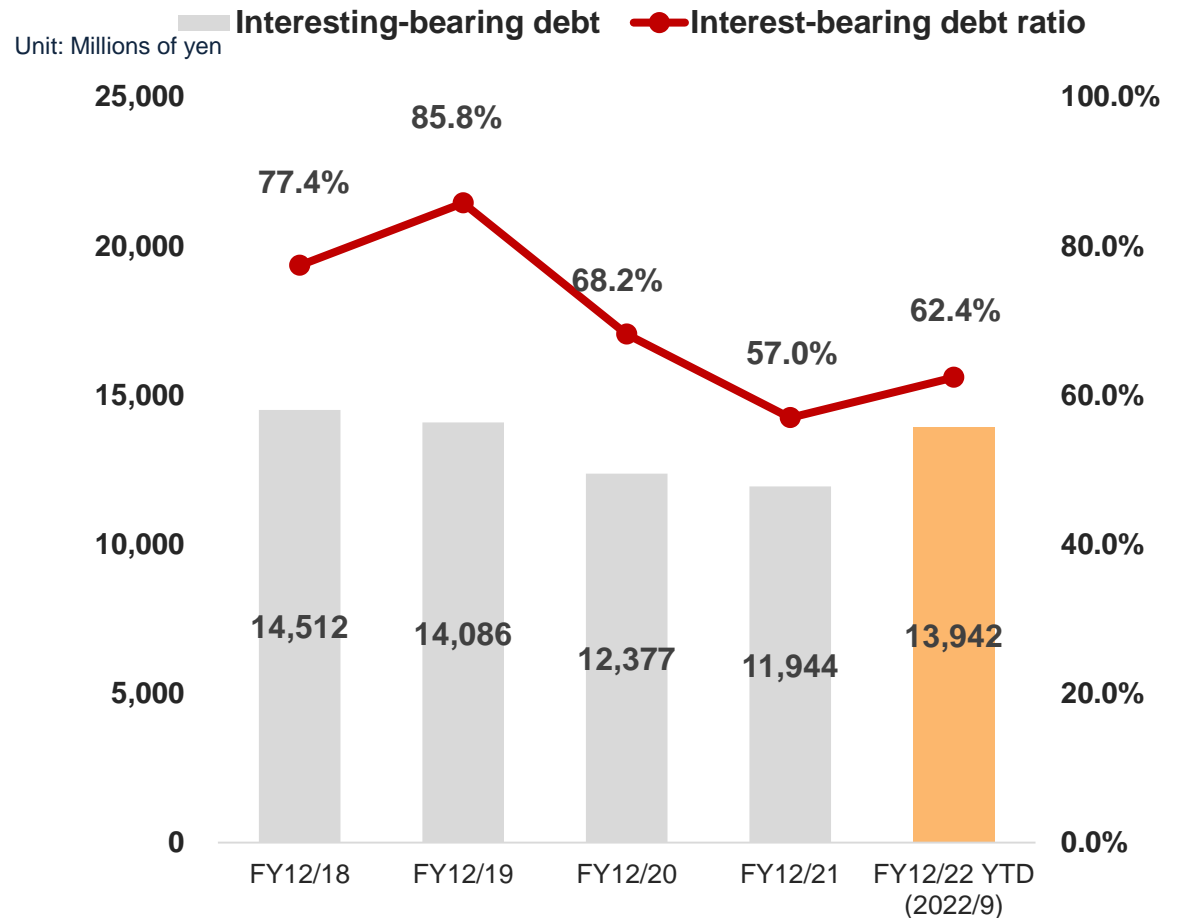
		Cash and deposits	13,478	Current liabilities	5,689	Current portion of long-term debt	1,790 million yen
		Other current assets	5,929	Fixed liabilities	16,702	Long-term loans payable	10,016 million yen
		Fixed assets	25,383			Lease obligations	1,637 million yen
				Net assets	22,399	Long-term accounts payable - other	2,346 million yen
Real estate for sale (of which limited land rights)	4,793 million yen 4,252 million yen)					Total liabilities (YoY)	22,391 million yen +1,152 million yen)
Land	8,109 million yen					Net assets (YoY)	22,399 million yen +1,436 million yen)
Buildings	5,832 million yen						
Tools, equipment and fixtures	4,879 million yen						
Total assets (YoY)	44,790 million yen +2,588 million yen)						

Maintained stable equity ratio level of 50.0%

Equity Ratio



Interest-Bearing Debt



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

FY12/22 Earnings Outlook

No Change to Earnings Forecasts Announced with First Half Results

In Millions of yen	FY12/21 Actual	FY12/22 Initial Forecast	FY12/22 Current Forecast (Jul. 27)	Compared to Initial Forecast
Net sales	20,572	20,600	20,600	—
Operating income	3,044	3,300	3,640	+ 10.3%
Ordinary income	3,009	3,200	3,670	+ 14.7%
Net income	3,171	2,100	2,675	+ 27.4%
Net income per share	250.72	165.85	211.20	+ 27.4%

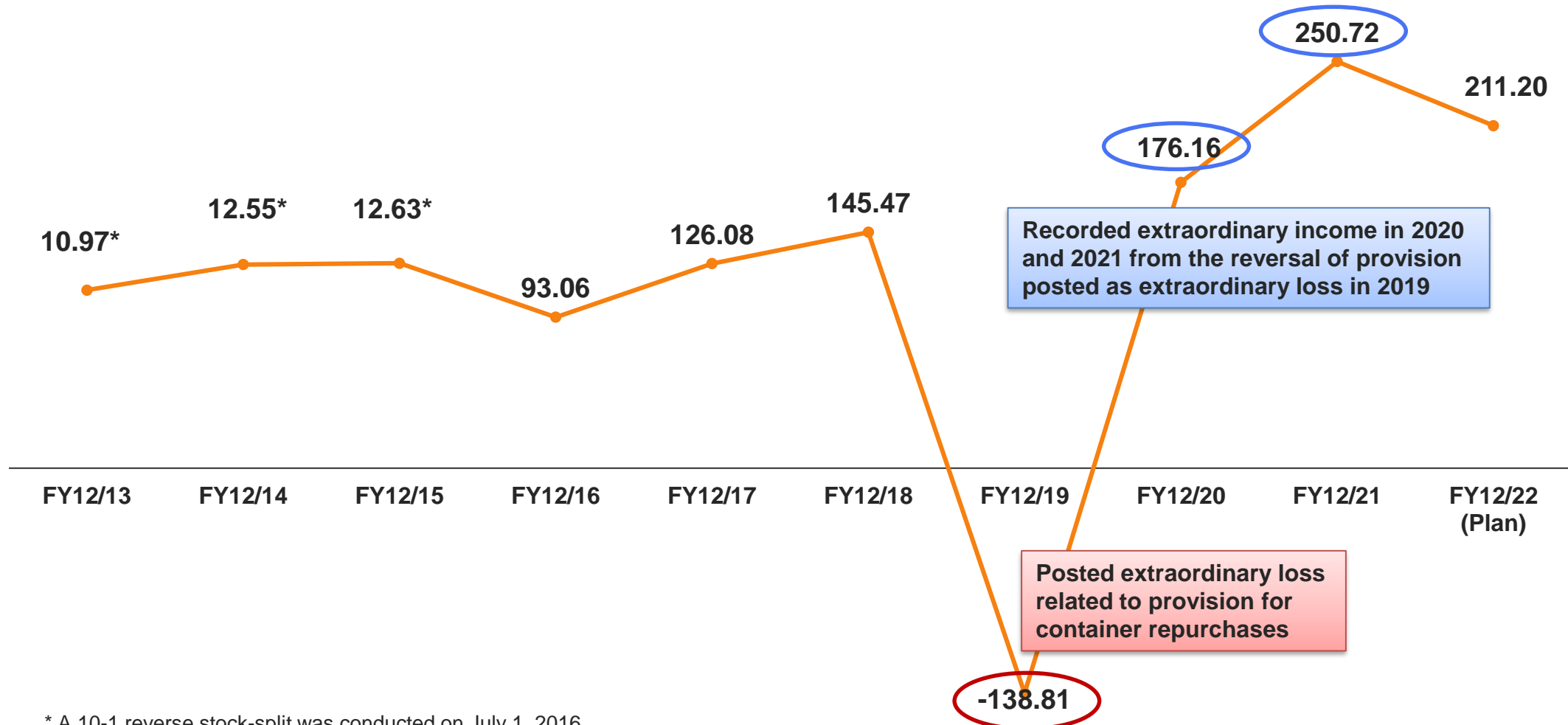
No Change in Breakdown by Segment

In Millions of yen

		FY12/21	FY12/22		
		Actual	Initial Forecast	Current Forecast (Jul. 27)	Compared to Initial Forecast
Self-Storage Business	Net Sales	15,469	16,000	16,350	+ 2.2%
	Operating Income	3,415	3,650	3,990	+ 9.3%
Land Rights Consolidation Business (Limited Land Rights)	Net Sales	3,716	3,270	2,920	- 10.7%
	Operating Income	442	510	510	—
Other Operational Services Business	Net Sales	1,385	1,330	1,330	—
	Operating Income	382	340	340	—
Management Division Expenses	Net Sales	—	—	—	—
	Operating Income	(1,195)	(1,200)	(1,200)	—
Total for All Businesses	Net Sales	20,572	20,600	20,600	—
	Operating Income	3,044	3,300	3,640	+ 10.3%

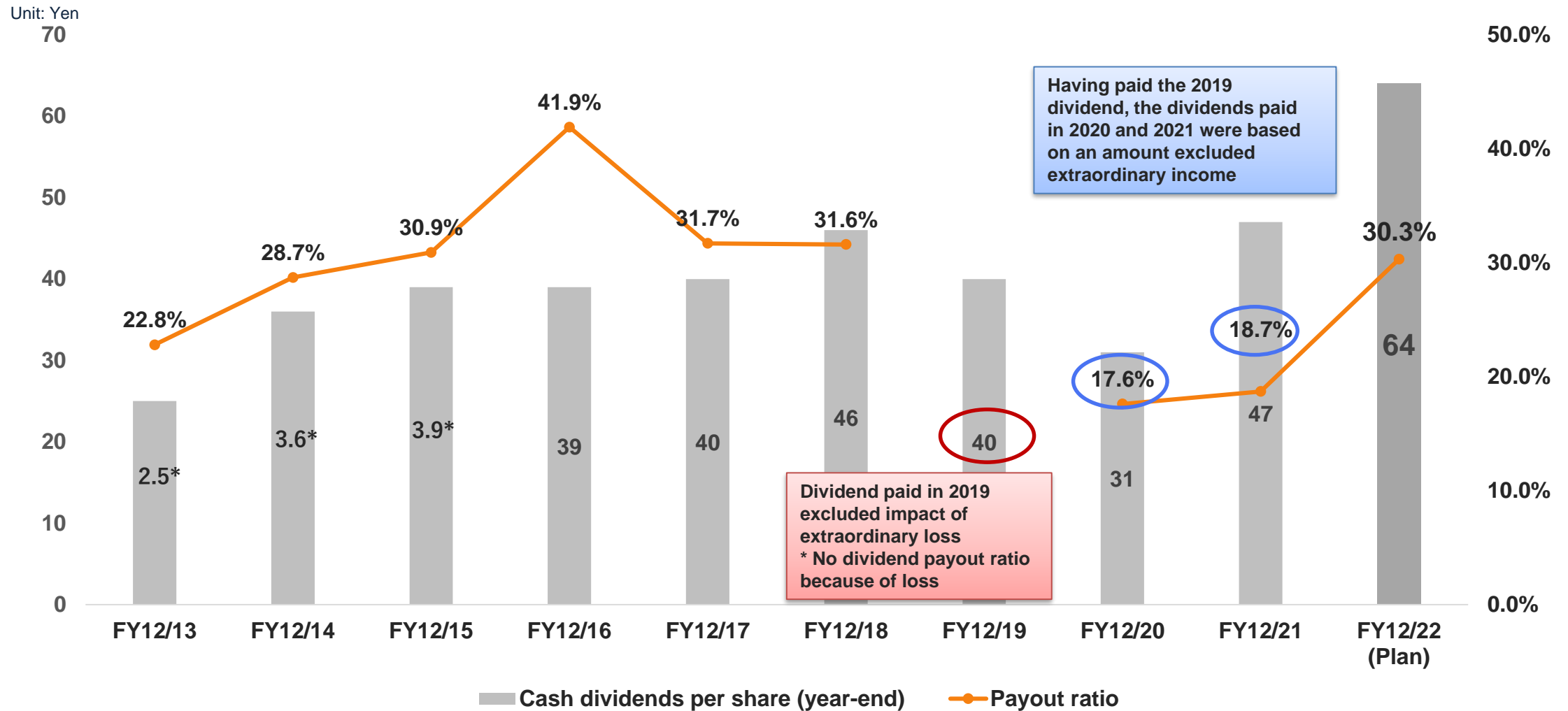
Expect Return to Normal Starting 2022, Following Impact of Extraordinary Income and Loss Over Past Three Years

Unit: Yen



* A 10-1 reverse stock-split was conducted on July 1, 2016.

Plan to Increase Dividend by ¥17 Compared to 2021 to ¥64 (Unchanged)



* A 10-1 reverse stock-split was conducted on July 1, 2016.

Event Held to Commemorate the Establishment of “Trunk Room Day” (Oct. 9)

- Self-storage (“trunk rooms”) PR event held on October 2 to mark the certification of October 9 as “Trunk Room Day” by the Japan Anniversary Association.
- Award ceremony also held for the 1st Self-Storage Photo Contest, sponsored by the Japan Self-Storage Association (JSSA).



Self-Storage Photo Contest – Media Coverage Schedule

■ Articles (Mon, Oct. 7)

- *Nikkan Gendai Digital*
- *RBB TODAY*



■ Advertisements (Mon, Oct. 24)

- *Weekly Toyo Keizai*
- *Weekly Diamond*
- *Weekly Zenkoku Chintai Jutaku Shinbun*



■ Other articles and advertisements will be exposed after November.

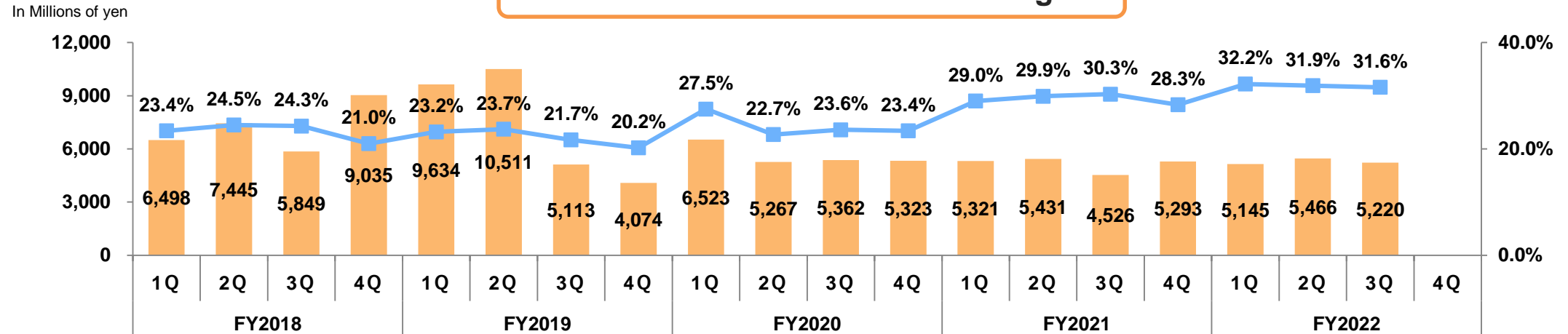
Design of Self-Storage Properties and Containers Renovated to Enhance Product Appeal

- The design of self-storage properties and container sites has been updated to enhance product appeal, with a more subdued external look to better blend into the community, and a fully refurbished interior for self-storage properties.
- To date, the new design has been utilized at 32 container sites and 3 self-storage mini locations.

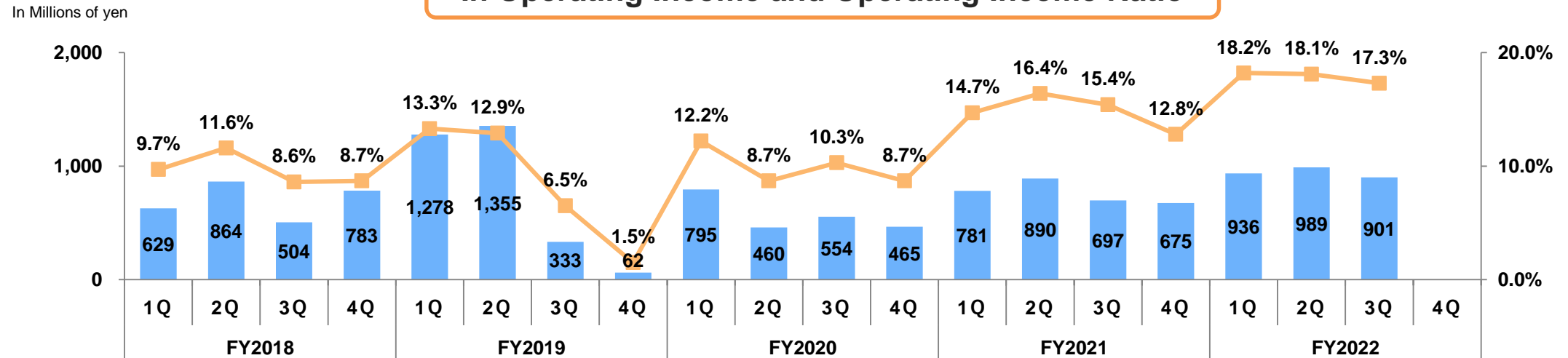


Appendix

In Net Sales and Gross Profit Margin



In Operating Income and Operating Income Ratio



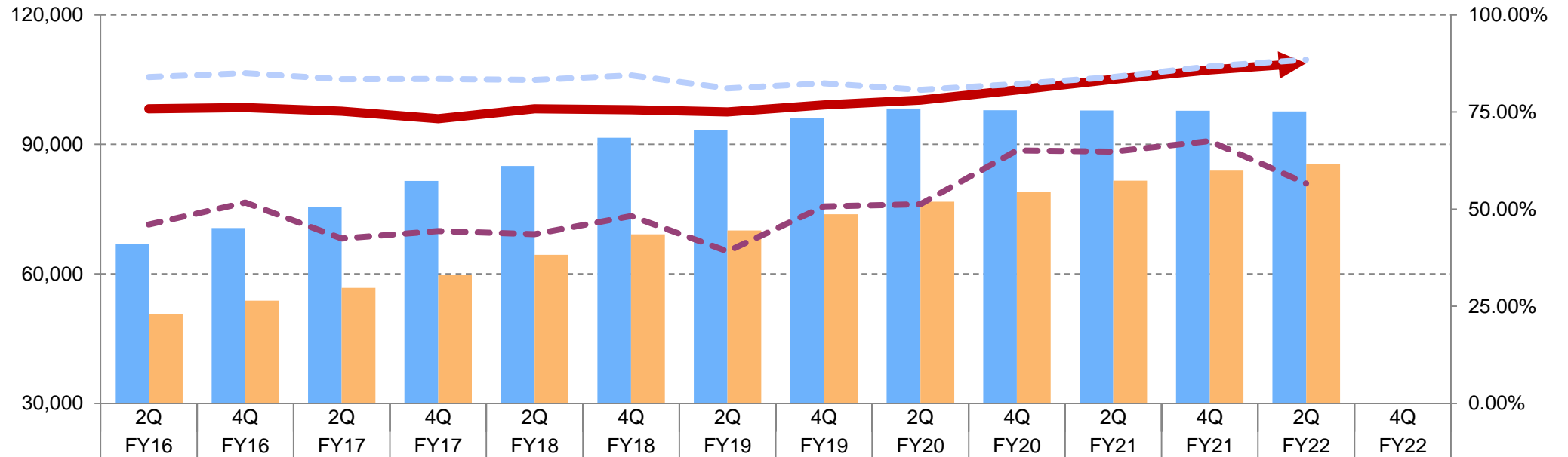
Starting this fiscal year, the self-storage management business and self-storage brokerage business no longer include separate accounts for business profit because of the application of Revenue Recognition Standards, falling weight of the self-storage brokerage business in profit, and rising common expenses.

			FY12/21	FY12/22				Cumulative
			Full-year	1Q	2Q	3Q	4Q	
In Millions of yen	Self-Storage Management	Net Sales	14,941	3,853	3,906	3,947		11,707
		Gross Profit	4,760	1,319	1,349	1,369		4,039
	Self-Storage Brokerage	Net Sales	528	139	262	235		637
		Gross Profit	85	12	15	22		50
Self-Storage Business		Net Sales	15,469	3,992	4,169	4,183		12,345
		Gross Profit	4,845	1,332	1,364	1,391		4,089
		Business Profit	3,415	978	996	1,018		2,993
Land Rights Consolidation Business (Limited Land Rights)		Net Sales	3,716	810	947	675		2,433
		Gross Profit	743	214	266	147		628
		Business Profit	442	172	191	81		444
Other Operational Services Business		Net Sales	1,385	341	349	361		1,052
		Gross Profit	445	107	115	112		335
		Business Profit	382	94	96	90		281
Management Division		Business Profit	(1,195)	(308)	(294)	(288)		(892)
Total for All Businesses		Net Sales	20,572	5,145	5,466	5,220		15,831
		Gross Profit	6,035	1,655	1,746	1,651		5,053
		Operating Income	3,044	936	989	901		2,827

Status of Hello Storage Facilities

Total Units, Units in Use, and Utilization Rate

Unit: Number of units



	2Q FY16	4Q FY16	2Q FY17	4Q FY17	2Q FY18	4Q FY18	2Q FY19	4Q FY19	2Q FY20	4Q FY20	2Q FY21	4Q FY21	2Q FY22	4Q FY22
Total Units	66,923	70,651	75,440	81,555	85,005	91,545	93,372	96,067	98,289	97,885	97,836	97,784	97,657	
Units in Use	50,739	53,786	56,742	59,748	64,432	69,169	70,064	73,815	76,743	78,958	81,583	83,960	85,504	
Utilization Rate (%)	75.82%	76.13%	75.21%	73.26%	75.80%	75.56%	75.04%	76.84%	78.08%	80.66%	83.39%	85.86%	87.56%	
Existing Utilization Rate (%)	84.03%	84.97%	83.45%	83.48%	83.24%	84.46%	81.10%	82.40%	80.68%	82.17%	84.03%	86.72%	88.46%	
New Utilization Rate (%)	46.04%	51.69%	42.43%	44.36%	43.57%	48.20%	39.14%	50.73%	51.26%	65.10%	64.78%	67.54%	56.58%	

* Existing: Units after more than two years since they opened

New: Units after less than two years since they opened

New for FY 2022: Newly opened in 2021 and 2022

	Containers	Trunk	Other	Total	Proportion of Total
Hokkaido	1,081	551	0	1,632	1.7%
Aomori	50	48	0	98	0.1%
Iwate	20	0	0	20	0.0%
Miyagi	1,640	0	0	1,640	1.7%
Akita	31	0	31	31	0.0%
Yamagata	74	0	0	74	0.1%
Fukushima	167	0	0	167	0.2%
Ibaraki	821	0	0	821	0.8%
Tochigi	369	0	0	369	0.4%
Gunma	991	0	0	991	1.0%
Saitama	8,272	1,983	17	10,282	10.5%
Chiba	9,950	1,557	59	11,466	11.7%
Tokyo	16,732	13,664	260	30,686	31.3%
Kanagawa	8,680	3,955	15	12,650	12.9%
Niigata	194	0	0	194	0.2%
Toyama	143	0	0	143	0.1%
Ishikawa	238	0	0	238	0.2%
Fukui	112	0	0	112	0.1%
Yamanashi	202	0	0	202	0.2%
Nagano	357	0	0	357	0.4%
Gifu	611	0	0	611	0.6%
Shizuoka	1,596	0	0	1,596	1.6%
Aichi	5,022	953	13	5,988	6.1%
Mie	335	50	0	385	0.4%

	Containers	Trunk	Other	Total	Proportion of Total
Shiga	261	0	0	261	0.3%
Kyoto	1,513	216	0	1,729	1.8%
Osaka	4,140	1,230	0	5,370	5.5%
Hyogo	3,711	121	2	3,834	3.9%
Nara	606	0	0	606	0.6%
Wakayama	27	0	0	27	0.0%
Tottori	52	0	0	52	0.1%
Shimane	30	0	0	30	0.0%
Okayama	218	0	0	218	0.2%
Hiroshima	394	0	0	394	0.4%
Yamaguchi	224	47	0	271	0.3%
Tokushima	49	0	0	49	0.1%
Kagawa	365	76	0	441	0.5%
Ehime	159	0	0	159	0.2%
Kochi	69	0	0	69	0.1%
Fukuoka	2,343	0	0	2,343	2.4%
Saga	106	0	0	106	0.1%
Nagasaki	114	0	0	114	0.1%
Kumamoto	383	0	0	383	0.4%
Oita	110	0	0	110	0.1%
Miyazaki	150	0	0	150	0.2%
Kagoshima	386	0	0	386	0.4%
Okinawa	36	0	0	36	0.0%
Total	73,044	24,481	366	97,891	100.0%

As of September 30, 2022

Property Name	Location	Number of properties	Purpose	Book Value (Land and Structure) Unit: ¥million
Trunk House 24 Series	Tokyo and 7 other prefectures	36	Storage	6,545
Hotel (Comfort Inn · Best Inn)	Kofu City, Yamanashi Prefecture, and other	5	Hotel	1,101
Kanda BM Building	Chiyoda Ward, Tokyo	1	Office, store	914
Ginza Idei Building	Chuo Ward, Tokyo	1	Store	890
Overseas storage	Texas, U.S.	1	Storage	739



Trunk House 24
Megurohonocho
(Meguro Ward, Tokyo)



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



Ginza Idei Building
(Chuo Ward, Tokyo)



Kanda BM Building
(Chiyoda Ward, Tokyo)



Texas Storage
(Texas, U.S.)

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

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