

Arealink

Arealink Co., Ltd.

**February 14, 2023
Results Briefing
Fiscal Year Ended
December 2022**

FY12/22 Business Results

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Director, Assistant Head of
Administrative Division

Sales and Net Income Both Surpassed Budget; Revenue and Earnings Started to Trend Upward

In Millions of yen	FY12/21		FY12/22		
	Actual	Percent of Sales	Actual	Percent of Sales	YoY
Net sales	20,572	—	20,878	—	1.5%
Cost of sales	14,536	70.7%	14,112	67.6%	− 2.9%
Gross profit	6,035	29.3%	6,765	32.4%	12.1%
SG&A expenses	2,990	14.5%	2,975	14.3%	− 0.5%
Operating income	3,044	14.8%	3,789	18.2%	24.5%
Ordinary income	3,009	14.6%	3,806	18.2%	26.5%
Extraordinary profit and loss	1,510	7.3%	103	0.5%	− 93.1%
Income before income taxes	4,519	22.0%	3,909	18.7%	− 13.5%
Net income	3,171	15.4%	2,931	14.0%	− 7.6%

Gain on Sale of Investment Securities from Sale of Fund Properties ¥130 million

In Millions of yen	FY12/21	FY12/22	YoY
Operating income	3,044	3,789	24.5%
Non-operating income	164	191	16.7%
Non-operating expenses	199	175	- 12.2%
Ordinary income	3,009	3,806	26.5%
Extraordinary income	1,833	153	- 91.6%
Extraordinary loss	323	50	- 84.4%
Income before income taxes	4,519	3,909	- 13.5%
Income taxes — current	734	1,021	39.1%
Refund of income taxes	-	(235)	-
Income taxes — deferred	613	192	- 68.5%
Net income	3,171	2,931	- 7.6%

Non-operating income
 Compensation for transfer ¥74 million
 Gain on investments in silent partnerships ¥56 million

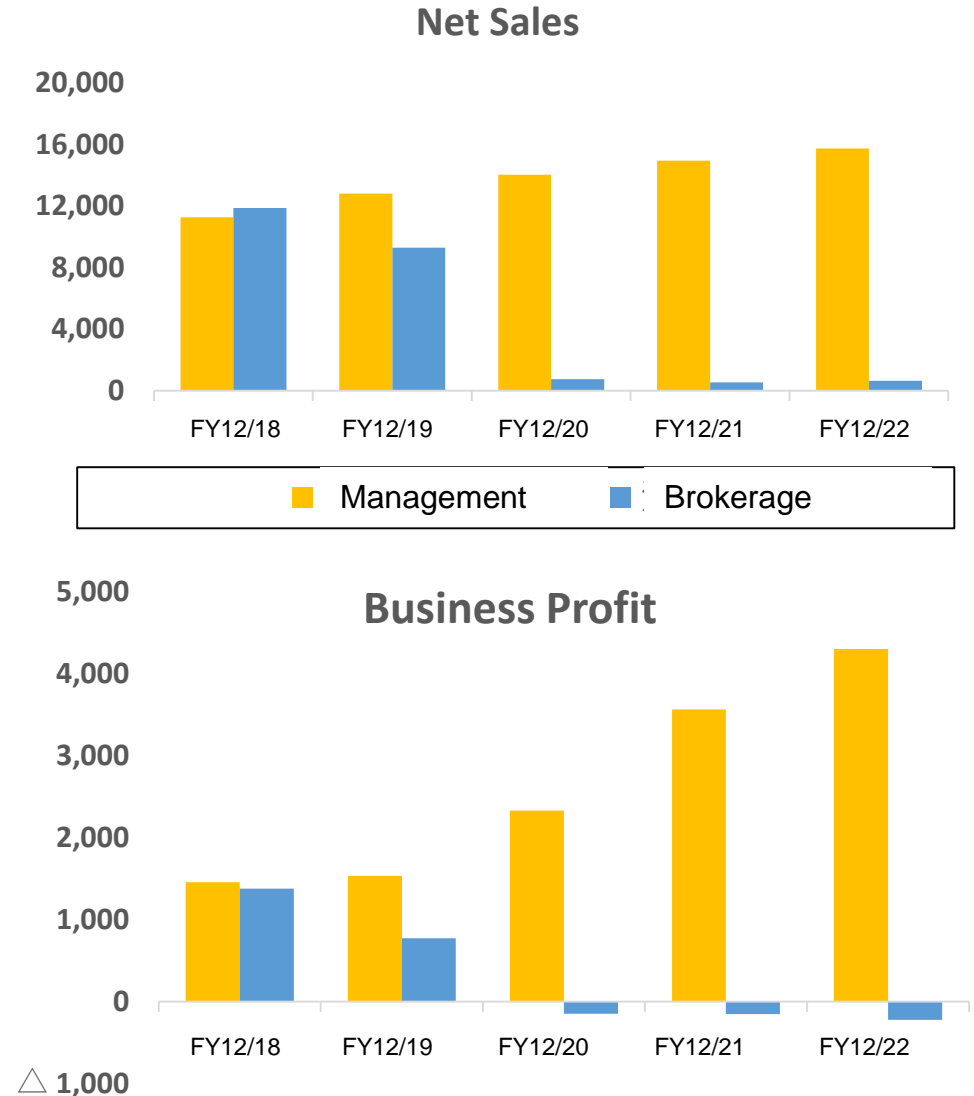
Non-operating expenses
 Interest expenses ¥108 million

Extraordinary income
 Gain on liquidation of investment securities ¥136 million

Extraordinary loss
 Loss on retirement of non-current assets ¥35 million

Achieved Budget and Continued to See Significant Increased Self-Storage Management Earnings

Self-Storage Business			
In Millions of yen	FY12/21 Actual	FY12/22 Actual	YoY
Net sales	15,469	16,366	+5.8%
Gross profit	4,845	5,564	+14.8%
SG&A expenses	1,430	1,479	+3.5%
Business profit	3,415	4,084	+19.6%



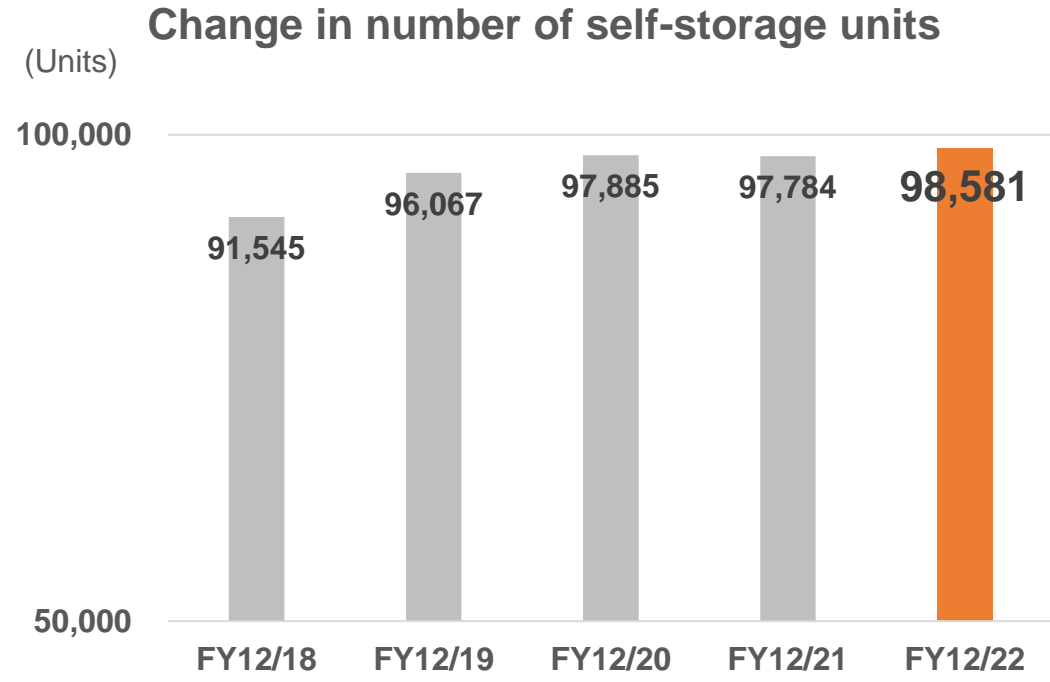
Arealink Overview of Self-Storage Management Business Results

Achieved Budget as Revenue and Earnings Continued to Grow; Business Profit Rose More than 20%

Self-Storage Management			
In Millions of yen	FY12/21 Actual	FY12/22 Actual	YoY
Net sales	14,941	15,725	+5.2%
Gross profit	4,760	5,509	+15.7%
SG&A expenses	1,192	1,202	+0.9%
Business profit	3,568	4,306	+20.7%

- **Self-Storage Management: business profit margin rose 3.5 ppt YoY**
- **Total number of self-storage units started to increase, rising 797 units YoY to 98,581 units**
- **Utilization rate increased 3.50 ppt YoY to 89.36% Record level since listing in 2003**
- **Main factors in significant increased earnings**
 - **Dramatic improvement in utilization rate**
 - **Cost controls, including discounts**

Growth in New Openings Started to Accelerate



■ New Openings

Overall, 2,915 units were opened
 Containers 2,141 units at 79 container sites
 Self-storage mini 774 units at 16 self-storage mini locations

■ Will accelerate new openings in the future. (See Medium-Term Management Plan for details)

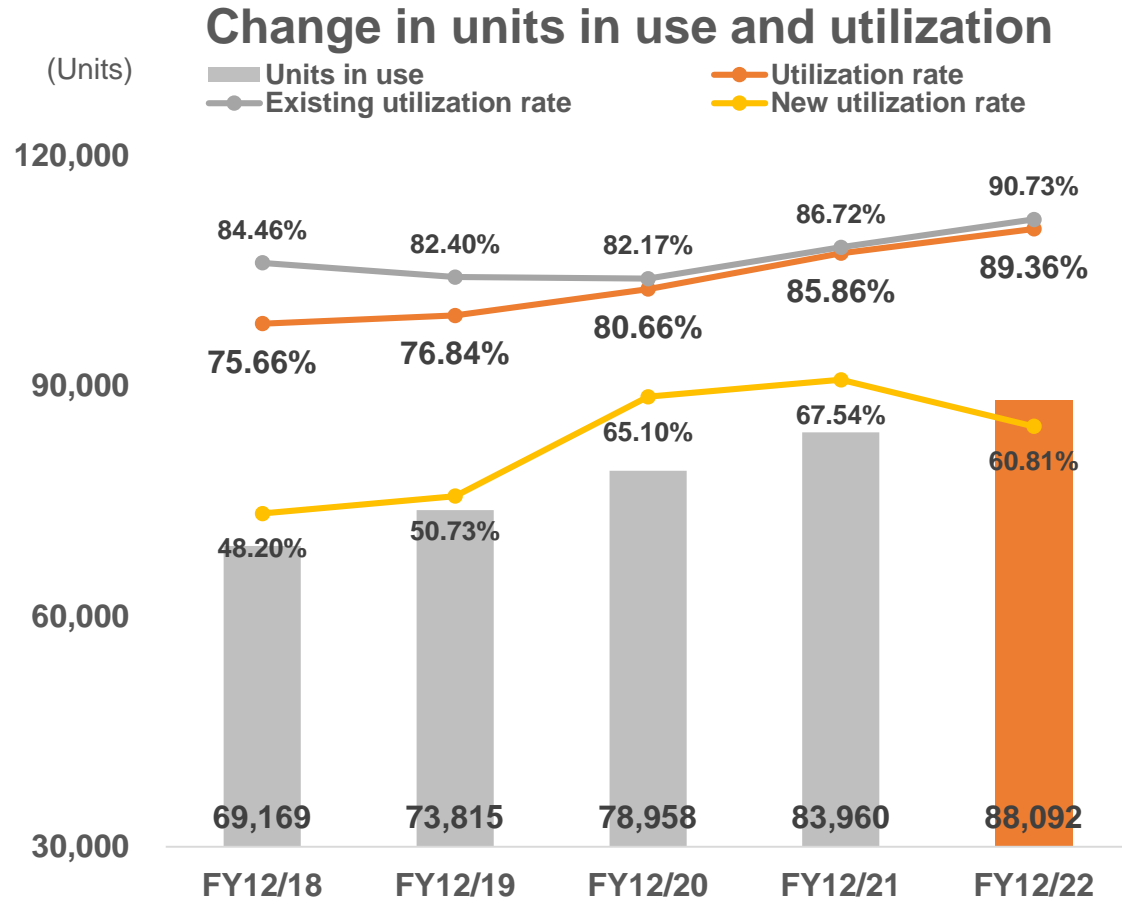
FY12/23 4,700 units

FY12/24 10,400 units

FY12/25 14,000 units

	Planned	Result
New units in 2022	2,300	2,915

Utilization Rate Remains High

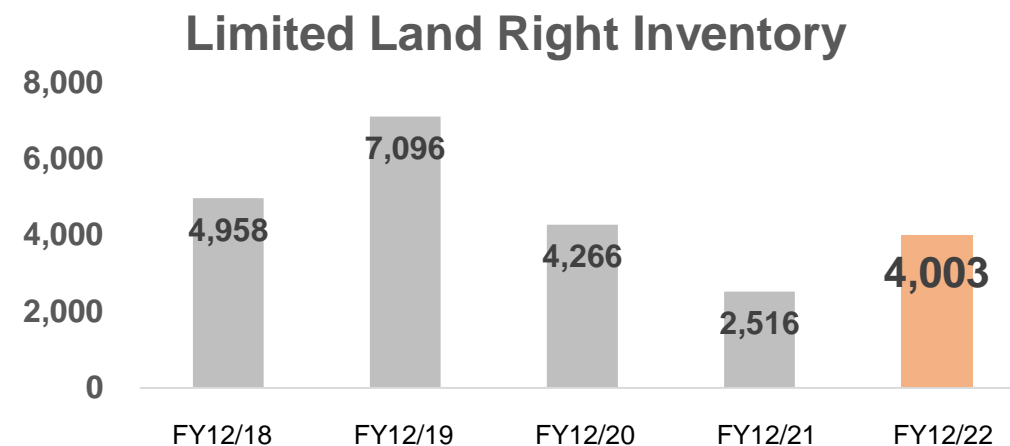


- Utilization rate has continued to improve each year, rising to 89.36% overall, and more than 90% (90.73%) for existing properties
- Factors in improving utilization rate
 - Demand due to organizing home for various reasons, including telework
 - Improvement in utilization rate for new properties on account of more precise openings
 - Shrinking inventory due to restrained new property purchases over the past couple of years

Both Sales and Net Income Achieved Revised Plans; Fully Restarted Purchases

Land Rights Consolidation			
In Millions of yen	FY12/21 Actual	FY12/22 Actual	YoY
Net sales	3,716	3,110	- 16.3%
Gross profit	743	752	+1.2%
SG&A expenses	301	240	- 20.2%
Business profit	442	512	+15.8%

- Net income started to grow as quality of business improved despite YoY dramatic decrease in revenue
- Relunched purchases, and inventory as of the end of FY 2022 rose ¥1,487 million to ¥4,003 million



Both Sales and Net Income Achieved Budget; Increase in Revenue Despite Parking Business Sale

Other Operational Services Business			
In Millions of yen	FY12/21 Actual	FY12/22 Actual	YoY
Net sales	1,385	1,400	+1.1%
Gross profit	445	448	+0.6%
SG&A expenses	63	74	+17.9%
Business profit	382	373	- 2.2%

- Overall increase in revenue despite negative impact of parking business sale on revenue
- Asset Management
Decline in both revenue and earnings, but earnings were generally in line with budget
- Rental Offices
Achieved net sales budget, but profit fell slightly short of budget due to cost of new openings

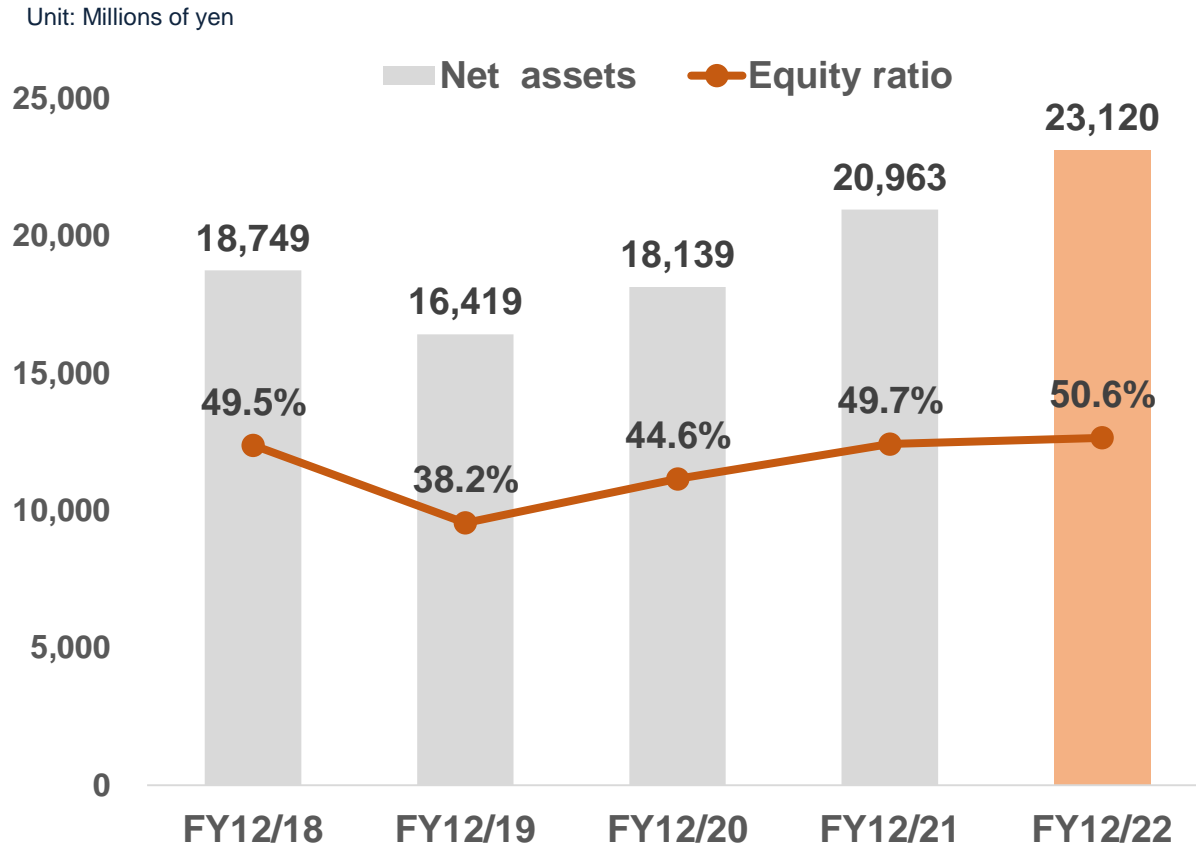
Stable Financial Position with Cash and Deposits of ¥14.2 Billion and Equity Ratio of 50%

In Millions of yen

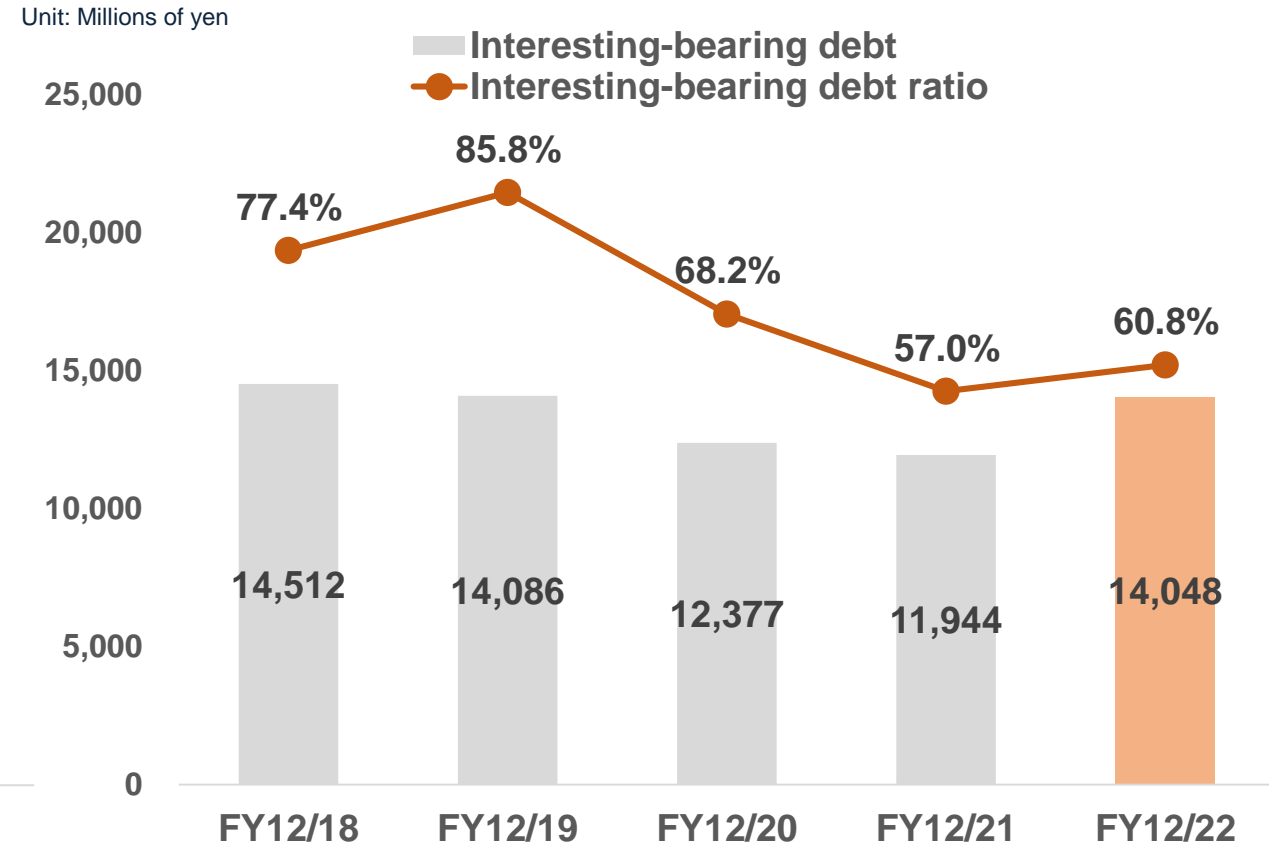
		Cash and deposits 14,299	Current liabilities 6,208	Current portion of long-term debt	1,893 million yen
		Other current assets 5,780	Fixed liabilities 16,362	Long-term loans payable	9,995 million yen
				Lease obligations	1,574 million yen
Real estate for sale (of which limited land rights)	5,041 million yen 4,003 million yen			Long-term accounts payable - other	2,152 million yen
		Fixed assets 25,610			
			Net assets 23,120	Total liabilities (YoY)	22,570 million yen +1,331 million yen
Land	8,148 million yen				
Buildings	5,897 million yen				
Tools, equipment and fixtures	5,137 million yen				
Total assets (YoY)	45,691 million yen +3,488 million yen			Net assets (YoY)	23,120 million yen +2,157 million yen

Debt-Free and Maintained Equity Ratio of 50%

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

Unit: Millions of yen

	FY12/21	FY12/22
Cash flows from operating activities	5,741	1,653
Cash flows from investing activities	(1,264)	(2,275)
Cash flows from financing activities	(825)	1,492
Cash and cash equivalents at the end of year	13,440	14,299

Cash flows from operating activities

Income before income taxes **3,909 million yen**
 Decrease (increase) in inventories
1,845 million yen

Cash flows from investing activities

Purchase of noncurrent asset **2,189 million yen**

Cash flows from financing activities

Proceeds from long-term loans payable
5,180 million yen
 Repayment of long-term loans payable
2,364 million yen
 Cash dividends paid **595 million yen**

Medium-term Business Plan 2023-2025

In Millions of yen	2022		2023		2024		2025	
	Actual	Profit Margin	Projected	Profit Margin	Projected	Profit Margin	Projected	Profit Margin
Net sales	20,878	—	21,800	—	24,650	—	28,500	—
Operating income	3,742	17.9%	4,050	18.6%	4,700	19.1%	5,600	19.6%
Ordinary income	3,758	18.0%	3,930	18.0%	4,570	18.5%	5,450	19.1%

Self-storage No. of new units*	2,931 units	4,700 units	10,400 units	14,000 units
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*Excludes cancellations

- **Growth plan – Complete structural transformation to a stock business and plan to increase net sales through accelerated opening**
- **New units: Accelerate new openings from 2,931 in 2022 to 4,700 in 2023 and then over 10,000 in 2024**
- **Aim to quickly achieve an operating income ratio of 20% by steadily improving income ratio**

Medium-term Management Plan (Reaccelerate New Openings)

- **Growth plan – Complete structural transformation to a stock business and plan to increase net sales through accelerated openings**
- **New units: Accelerate new openings from 2,931 in 2022 to 4,700 in 2023 and then over 10,000 in 2024**
- **Aim to quickly achieve an operating income ratio of 20% by steadily improving income ratio**

In Millions of yen	FY12/22		FY12/23		
	Actual	Percent of Sales	Plan	Percent of Sales	YoY
Net sales	20,878	—	21,800	—	+4.4%
Operating income	3,789	18.2%	4,050	18.6%	+6.9%
Ordinary income	3,806	18.2%	3,930	18.0%	+3.2%
Net income	2,931	14.0%	2,600	11.9%	△11.3%

In Millions of yen		FY12/22		FY12/23		
		Actual	Percent of Sales	Forecast	Percent of Sales	YoY
Self-Storage Business	Net sales	16,366	—	17,200	—	+5.1%
	Operating income	4,084	25.0%	4,440	25.8%	+8.7%
Land Rights Consolidation Business (Limited Land Rights)	Net sales	3,110	—	3,250	—	+4.5%
	Operating income	512	16.5%	520	16.0%	+1.5%
Other Operational Services Business	Net sales	1,400	—	1,350	—	-3.6%
	Operating income	373	26.7%	305	22.6%	-18.4%
Management Division	Net sales	—	—	—	—	—
	Operating income	(1,180)	—	(1,215)	—	+2.9%
Total for All Businesses	Net sales	20,878	—	21,800	—	+4.4%
	Operating income	3,789	18.2%	4,050	18.6%	+6.9%

- **Steady increases in revenue and earnings planned in Self-storage Business**
- **Plan to decrease revenue but increase earnings in Land Rights Consolidation Business by raising income ratio**

Decided to Increase Dividends on Profit for FY12/22 (64 yen⇒70 yen)

Dividend per Share and Payout Ratio

	FY2022 (Plan)	FY2023 (Forecast)
Dividend per share	70 yen	62 yen
Payout ratio	30.0%	30.2%

- Basic policy for shareholder return: 30% or more of net income will be the source of dividends.
- Profit for FY2022 includes corporate tax refund and an effect of gain on liquidation of investment securities.

Appendix

In Millions of yen

			FY12/21		FY12/22		
			Actual	Percent of Sales	Actual	Percent of Sales	YoY
Self-Storage Business	Self-storage management	Net sales	14,941	—	15,725	—	+5.2%
		Gross profit	4,760	31.9%	5,509	35.0%	+15.7%
		Business profit	3,568	23.9%	4,306	27.4%	+20.7%
	Self-storage brokerage	Net sales	528	—	641	—	+21.5%
		Gross profit	85	16.1%	54	8.5%	−35.8%
		Business profit	(152)	−28.8%	(222)	−34.6%	+45.8%
		Net sales	15,469	—	16,366	—	+5.8%
		Gross profit	4,845	31.3%	5,564	34.0%	+14.8%
		Business profit	3,415	22.1%	4,084	25.0%	+19.6%
Land Rights Consolidation Business (Limited Land Rights)		Net sales	3,716	—	3,110	—	−16.3%
		Gross profit	743	20.0%	752	24.2%	+1.2%
		Business profit	442	11.9%	512	16.5%	+15.8%
Other Operational Services Business		Net sales	1,385	—	1,400	—	+1.1%
		Gross profit	445	32.2%	448	32.0%	+0.6%
		Business profit	382	27.6%	373	26.7%	−2.2%
Management Division		Net sales	—	—	—	—	—
		Gross profit	—	—	—	—	—
		Business profit	(1,195)	—	(1,180)	—	−1.2%
Total for All Businesses		Net sales	20,572	—	20,878	—	+1.5%
		Gross profit	6,035	29.3%	6,765	32.4%	+12.1%
		Operating income	3,044	14.8%	3,789	18.2%	+24.5%

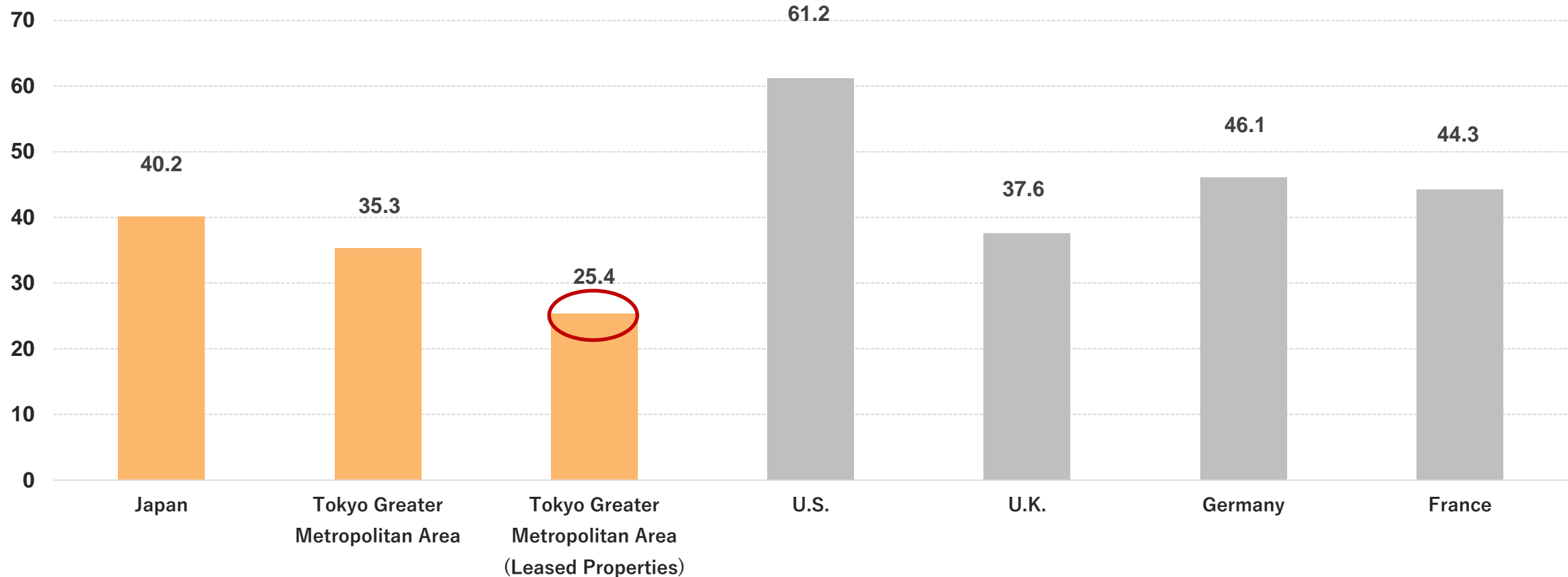
In Millions of yen

		FY12/21	FY12/22					
		Full-year	1Q	2Q	3Q	4Q	Cumulative	
	Self-Storage Management	Net Sales	14,941	3,853	3,906	3,947	4,017	15,725
		Gross Profit	4,760	1,319	1,349	1,369	1,470	5,509
		Business Profit	3,568	1,026	1,050	1,071	1,158	4,306
	Self-Storage Brokerage	Net Sales	528	139	262	235	4	641
		Gross Profit	85	12	15	22	4	54
		Business Profit	(152)	(48)	(53)	(52)	(67)	(222)
Self-Storage Business	Net Sales	15,469	3,992	4,169	4,183	4,021	16,366	
	Gross Profit	4,845	1,332	1,364	1,391	1,474	5,564	
	Business Profit	3,415	978	996	1,018	1,090	4,084	
Land Rights Consolidation Business	Net Sales	3,716	810	947	675	676	3,110	
	Gross Profit	743	214	266	147	124	752	
	Business Profit	442	172	191	81	67	512	
Other Operational Services Business	Net Sales	1,385	341	349	361	347	1,400	
	Gross Profit	445	107	115	112	113	448	
	Business Profit	382	94	96	90	92	373	
Management Division	Net Sales	—	—	—	—	—	—	
	Gross Profit	—	—	—	—	—	—	
	Business Profit	(1,195)	(308)	(294)	(288)	(288)	(1,180)	
Total for All Businesses	Net Sales	20,572	5,145	5,466	5,220	5,046	20,878	
	Gross Profit	6,035	1,655	1,746	1,651	1,712	6,765	
	Operating Income	3,044	936	989	901	962	3,789	

Living space in Japanese homes is limited, creating huge potential demand for storage.

**International Comparison of Residential Floor Space per Person
(Wall Centerline Converted Value)**

Unit: m²



Ref. Ministry of Land, Infrastructure, Transport and Tourism (MLIT), "2020 Housing Economy Related Data"
International Comparison of Housing Standards, 2) International Comparison of Residential Floor Space per Person
(Wall Centerline Converted Value)

Self-storage : Ability to Meet Diverse Needs that Match Changes in the Time

Past

Actual use for various needs

- Storage site for tools and materials
- Seasonal goods (clothing, tires, sporting goods, etc.)
- Storage for collectables and space for hobbies
- Temporary use when moving or undertaking renovations
- Organizing belongings at end of life and storing property of decease



Covid-19
pandemic

Capture demand due to new life-styles

- Location to organize belongings to create space at home for teleworking
- Storage for outdoor goods (impact of camping boom and people not going out)
- Storage for luggage of children at college returning home because of online classes

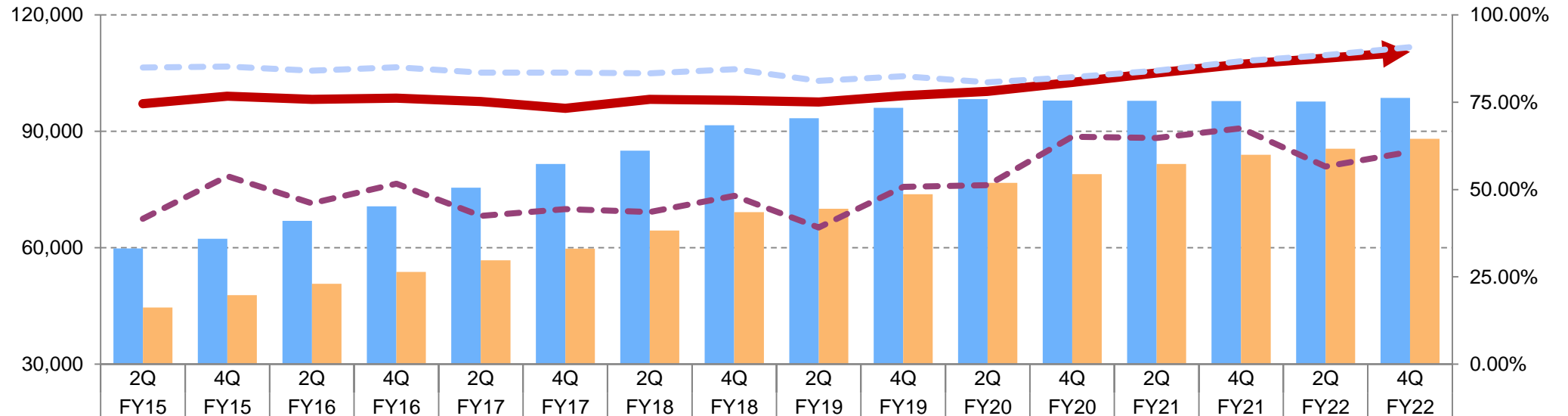


Ability to capture demand that matches changes in the time
Strong expectation that demand will continue to grow

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Total Units, Units in Use, and Utilization Rate

Unit: Number of units



	2Q FY15	4Q FY15	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	59,802	62,325	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	98,581
Units in Use	44,603	47,796	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	88,092
Utilization Rate (%)	74.58%	76.69%	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%	89.36%
Existing Utilization Rate (%)	84.90%	85.19%	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%	90.73%
New Utilization Rate (%)	41.63%	53.84%	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%	60.81%

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

New: Units after less than two years since they opened

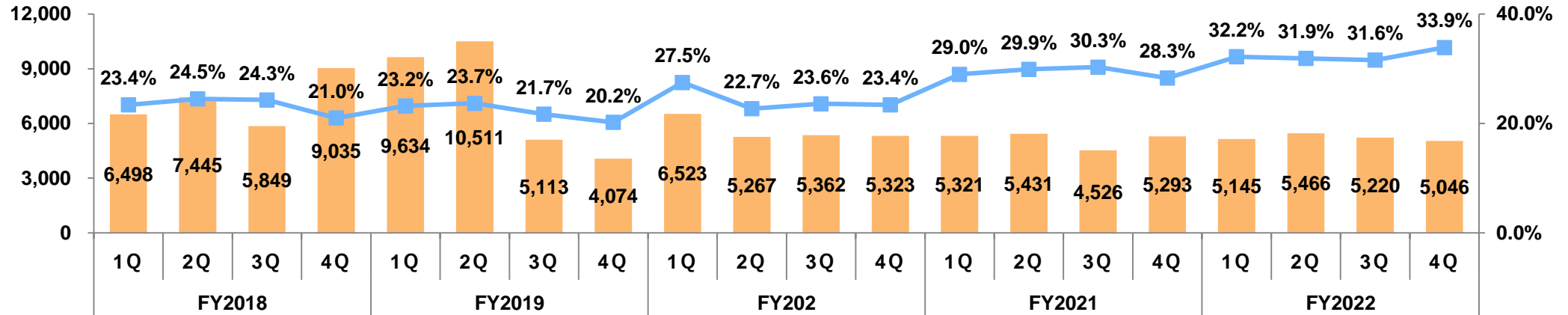
New for FY 2022: Newly opened in 2021 and 2022

	Containers	Trunk	Other	Total	Proportion
					of Total
Hokkaido	1,114	551	0	1,665	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	0	31	0.0%
Yamagata	74	0	0	74	0.1%
Fukushima	167	0	0	167	0.2%
Ibaraki	851	0	0	851	0.9%
Tochigi	369	0	0	369	0.4%
Gunma	1,022	0	0	1,022	1.0%
Saitama	8,301	2,064	0	10,365	10.5%
Chiba	9,882	1,615	0	11,497	11.7%
Tokyo	16,983	13,701	0	30,684	31.1%
Kanagawa	8,761	3,996	0	12,757	12.9%
Niigata	194	0	0	194	0.2%
Toyama	177	0	0	177	0.2%
Ishikawa	238	0	0	238	0.2%
Fukui	143	0	0	143	0.1%
Yamanashi	202	0	0	202	0.2%
Nagano	357	0	0	357	0.4%
Gifu	611	0	0	611	0.6%
Shizuoka	1,672	0	0	1,672	1.7%
Aichi	5,073	996	0	6,069	6.2%
Mie	335	50	0	385	0.4%

	Containers	Trunk	Other	Total	Proportion
					of Total
Shiga	261	0	0	261	0.3%
Kyoto	1,557	216	0	1,773	1.8%
Osaka	4,168	1,225	0	5,393	5.5%
Hyogo	3,731	121	0	3,852	3.9%
Nara	637	0	0	637	0.6%
Wakayama	27	0	0	27	0.0%
Tottori	85	0	0	85	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	0.0%
Kagawa	351	70	0	421	0.4%
Ehime	159	0	0	159	0.2%
Kochi	69	0	0	69	0.1%
Fukuoka	2,369	0	0	2,369	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	73,881	24,700	0	98,581	100.0%

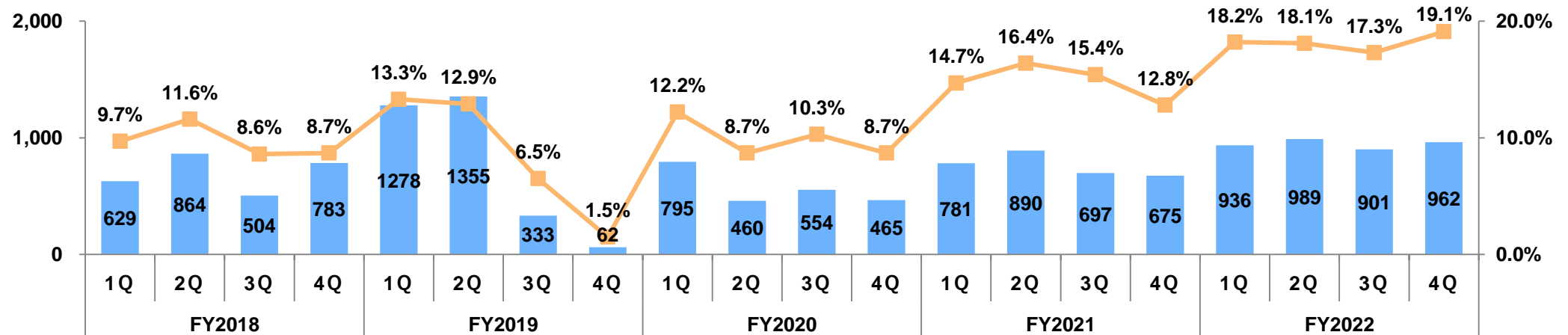
In Net Sales and Gross Profit Margin

In Millions of yen



In Operating Income and Operating Income Ratio

In Millions of yen



As of December 31, 2022

Property Name	Location	Number of properties	Purpose	Book Value (Land and Structure) Unit: ¥million
Trunk House 24 Series	Tokyo and 5 other prefectures	37	Storage	6,664
Hotel (Comfort Inn · Best Inn)	Kofu City, Yamanashi Prefecture, and other	5	Hotel	1,082
Kanda BM Building	Chiyoda Ward, Tokyo	1	Office, store	909
Ginza Idei Building	Chuo Ward, Tokyo	1	Store	889
Overseas storage	Texas, U.S.	1	Storage	734



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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