

# **Arealink**

**Arealink Co., Ltd.**

**October 26, 2023  
Third Quarter, Fiscal Year  
Ending December 2023**

- **FY12/23 3Q Business Results** **3-18**
- **Achieving the Medium-Term Management Plan** **19-38**
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# **FY12/23 3Q Business Results**

**◆ Self-Storage Business**

- Progressed beyond plan, opening a total of 3,582 new units through 3Q compared to the target of 4,700 units for the whole FY12/23
- Reached 100,000 units in September 2023 (25 years after launching the business)
- In July 2023, three properties of self-storage mini with land were sold

YoY sales **up 5.8%** and operating profit **up 14.7%**

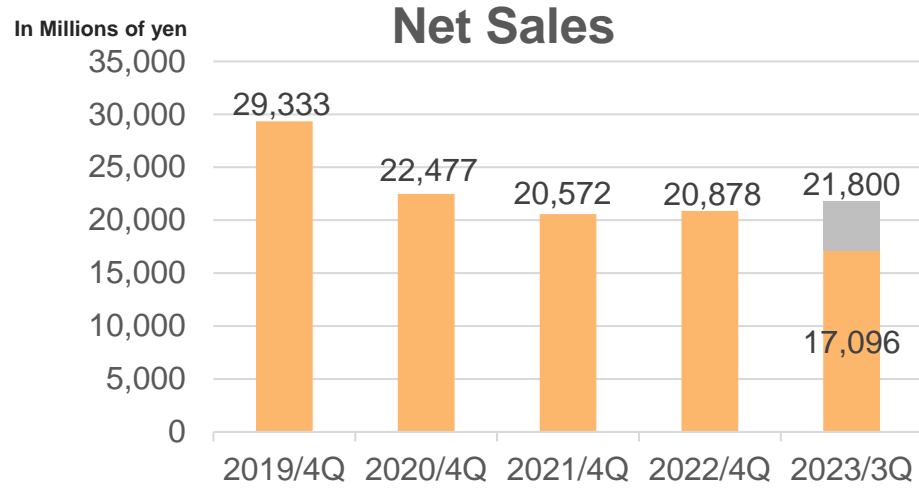
**◆ Land Rights Consolidation Business**

- Progress beyond plan due to the sale of large properties in September 2023

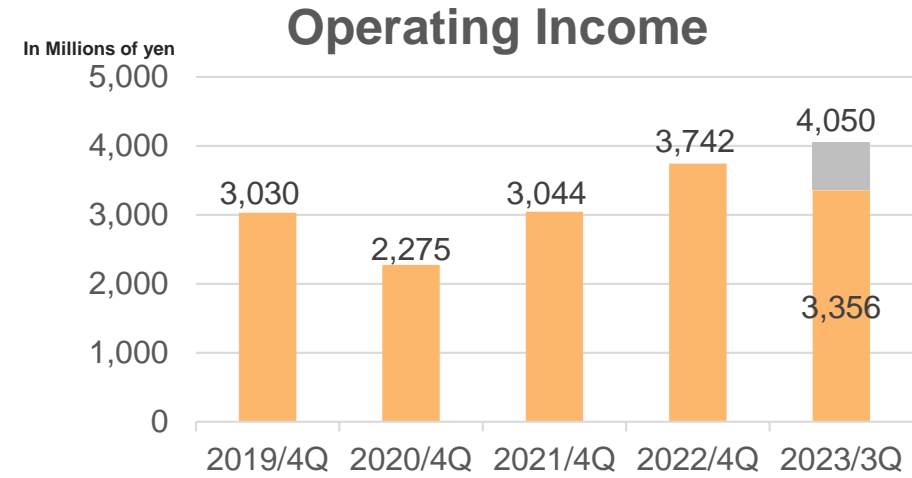
**◆ All businesses**

- Announced acquisition of LIFULL SPACE shares  
(expected date of share transfer: February 29, 2024)

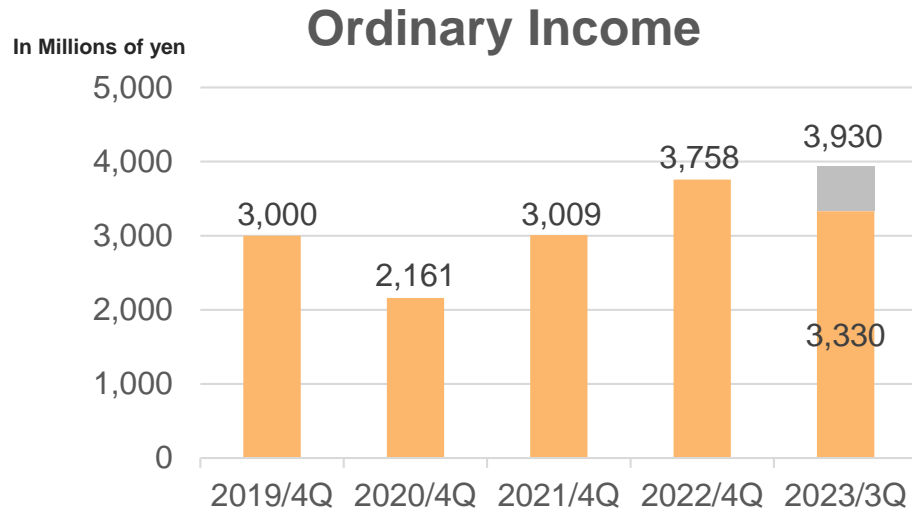
# Arealink Past Four Years + FY12/23 Earnings Outlook and FY12/23 3Q Progress



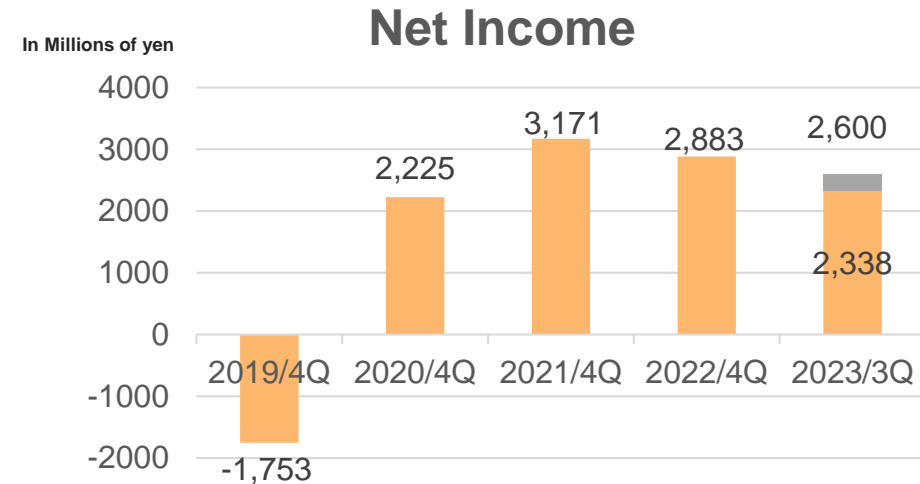
+8.0% YoY, 78.4% progress in FY12/23



+18.7% YoY, 82.9% progress in FY12/23



+15.0% YoY, 84.8% progress in FY12/23



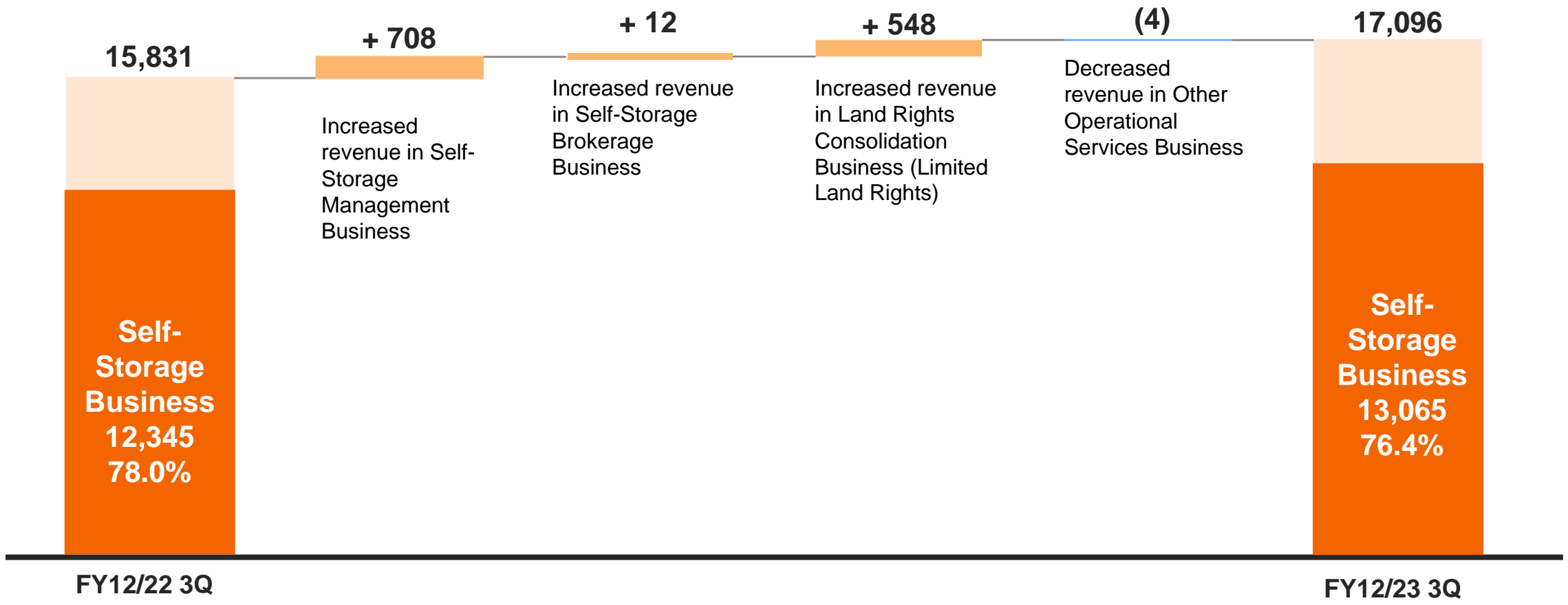
+5.7% YoY, 89.9% progress in FY12/23

# Analysis of YoY Difference in Net Sales

**Overall Sales Increased by +8.0% Due to Increased Sales in the Self-Storage Business**

**Increase/Decrease in Net Sales**

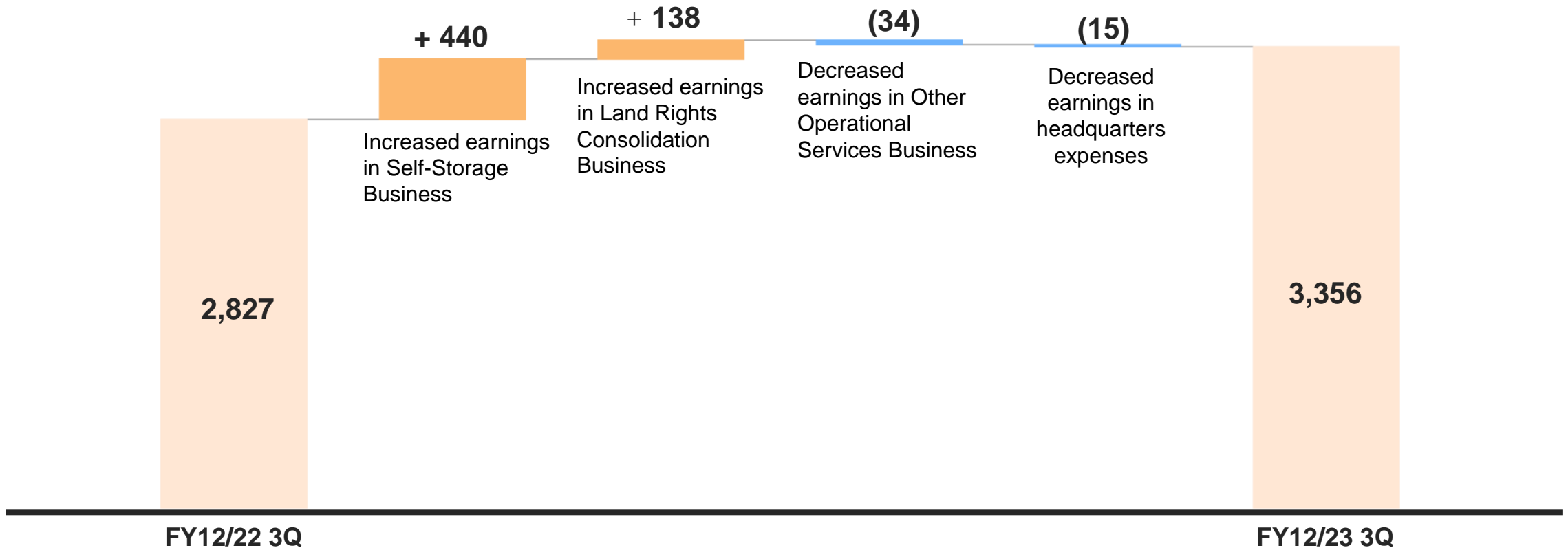
In Millions of yen



**Profits Grew Due to Continued High Utilization Rate for Self-Storage Business, Etc.**

**Increase/Decrease in Operating Income**

In Millions of yen



## Steady Progress Made Against the Full-Year Plan

In Millions of yen	FY12/22		FY12/23			
	Full-year Result	3Q	Full-year Plan	3Q	Progress	YoY
<b>Net sales</b>	20,878	15,831	21,800	<b>17,096</b>	<b>78.4%</b>	<b>+8.0%</b>
<b>Operating income</b>	3,742	2,827	4,050	<b>3,356</b>	<b>82.9%</b>	<b>+18.7%</b>
<b>Ordinary income</b>	3,758	2,897	3,930	<b>3,330</b>	<b>84.8%</b>	<b>+15.0%</b>
<b>Net income</b>	2,883	2,212	2,600	<b>2,338</b>	<b>89.9%</b>	<b>+5.7%</b>



## Compensation for Relocation Due to Withdrawals From Office Properties, Etc. Are Recorded

In Millions of yen	FY12/22 3Q	FY12/23 3Q	Increase (Decrease)
Operating income	2,827	<b>3,356</b>	528
Non-operating income	196	<b>141</b>	(55)
Non-operating expenses	126	<b>166</b>	40
Ordinary income	2,897	<b>3,330</b>	433
Extraordinary income	12	<b>63</b>	51
Extraordinary loss	26	<b>9</b>	(16)
Income before income taxes	2,884	<b>3,384</b>	500
Income taxes — current	760	<b>894</b>	133
Income taxes — refund	(235)	-	235
Income taxes — deferred	147	<b>152</b>	4
Net income	2,212	<b>2,338</b>	126

**Non-operating income**  
 Compensation for transfer **¥87 million**  
 Foreign exchange gains **¥35 million**

**Non-operating expenses**  
 Interest expenses **¥104 million**  
 Commission expenses **¥49 million**

**Extraordinary income**  
 Gain on sales of investment securities **¥21 million**  
 Gain on liquidation of investment securities **¥29 million**

# Arealink Overview of FY12/23 3Q Business Results (by segment)

In Millions of yen			FY12/22 3Q		FY12/23 3Q		
			Actual	Percent of Sales	Actual	Percent of Sales	YoY
	<b>Self-Storage Management</b>	Net sales	11,707	—	<b>12,416</b>	—	+ 6.1%
		Gross profit	4,039	34.5%	<b>4,626</b>	37.3%	+ 14.5%
	<b>Self-Storage Brokerage</b>	Net sales	637	—	<b>649</b>	—	+ 1.9%
		Gross profit	50	7.9%	<b>54</b>	8.4%	+ 7.8%
<b>Self-Storage Business</b>		Net sales	12,345	—	<b>13,065</b>	—	+ 5.8%
		Gross profit	4,089	33.1%	<b>4,680</b>	35.8%	+ 14.5%
		Business profit	2,993	24.3%	<b>3,434</b>	26.3%	+ 14.7%
<b>Land Rights Consolidation Business (Limited Land Rights)</b>		Net sales	2,433	—	<b>2,982</b>	—	+ 22.5%
		Gross profit	628	25.8%	<b>933</b>	31.3%	+ 48.6%
		Business profit	444	18.3%	<b>583</b>	19.6%	+ 31.1%
<b>Other Operational Services Business</b>		Net sales	1,052	—	<b>1,048</b>	—	- 0.4%
		Gross profit	335	31.8%	<b>314</b>	30.0%	- 6.1%
		Business profit	281	26.7%	<b>246</b>	23.5%	- 12.3%
<b>Headquarters expenses</b>		Business profit	(892)	—	<b>(907)</b>	—	+ 1.7%
<b>Total for All Businesses</b>		Net sales	15,831	—	<b>17,096</b>	—	+ 8.0%
		Gross profit	5,053	31.9%	<b>5,929</b>	34.7%	+ 17.3%
		Operating income	2,827	17.9%	<b>3,356</b>	19.6%	+ 18.7%

## Steady Increase in Revenue and Profits in Management While Stably Increasing New Units

Self-Storage Business					
In Millions of yen	FY12/22 3Q	FY12/23 3Q	YoY	FY12/23 Plan	Progress
Net sales (Self-storage management)	11,707	12,416	+ 6.1%	—	—
Net sales (Self-storage brokerage)	637	649	+ 1.9%	—	—
<b>Net sales</b>	<b>12,345</b>	<b>13,065</b>	<b>+ 5.8%</b>	<b>17,200</b>	<b>76.0%</b>
Gross profit (Self-storage management)	4,039	4,626	+ 14.5%	—	—
Gross profit (Self-storage brokerage)	50	54	+ 7.8%	—	—
<b>Gross profit</b>	<b>4,089</b>	<b>4,680</b>	<b>+ 14.5%</b>	<b>—</b>	<b>—</b>
SG&A expenses	1,095	1,246	+ 13.8%	—	—
<b>Business profit</b>	<b>2,993</b>	<b>3,434</b>	<b>+ 14.7%</b>	<b>4,440</b>	<b>77.3%</b>

### Self-Storage Management

- The utilization rate remained high at 88.27% despite increase in the number of new units, and revenue and profits increased from the previous quarter.

### Self-Storage Brokerage

- Revenue and profits rose as a result of the sale of three properties in 3Q

## Revenue and Profits Increased YoY in Land Rights Consolidation Business, Progressed Beyond Plan

Land Rights Consolidation Business (Limited Land Rights)					
In Millions of yen	FY12/22 3Q	FY12/23 3Q	YoY	FY12/23 Plan	Progress
Net sales	2,433	<b>2,982</b>	+ 22.5%	3,250	91.8%
Gross profit	628	<b>933</b>	+ 48.6%	—	—
SG&A expenses	183	<b>350</b>	+ 90.8%	—	—
Business profit	444	<b>583</b>	+ 31.1%	520	112.1%

Other Operational Services Business					
In Millions of yen	FY12/22 3Q	FY12/23 3Q	YoY	FY12/23 Plan	Progress
Net sales	1,052	<b>1,048</b>	- 0.4%	1,350	77.7%
Gross profit	335	<b>314</b>	- 6.1%	—	—
SG&A expenses	53	<b>68</b>	+ 26.5%	—	—
Business profit	281	<b>246</b>	- 12.3%	305	80.9%

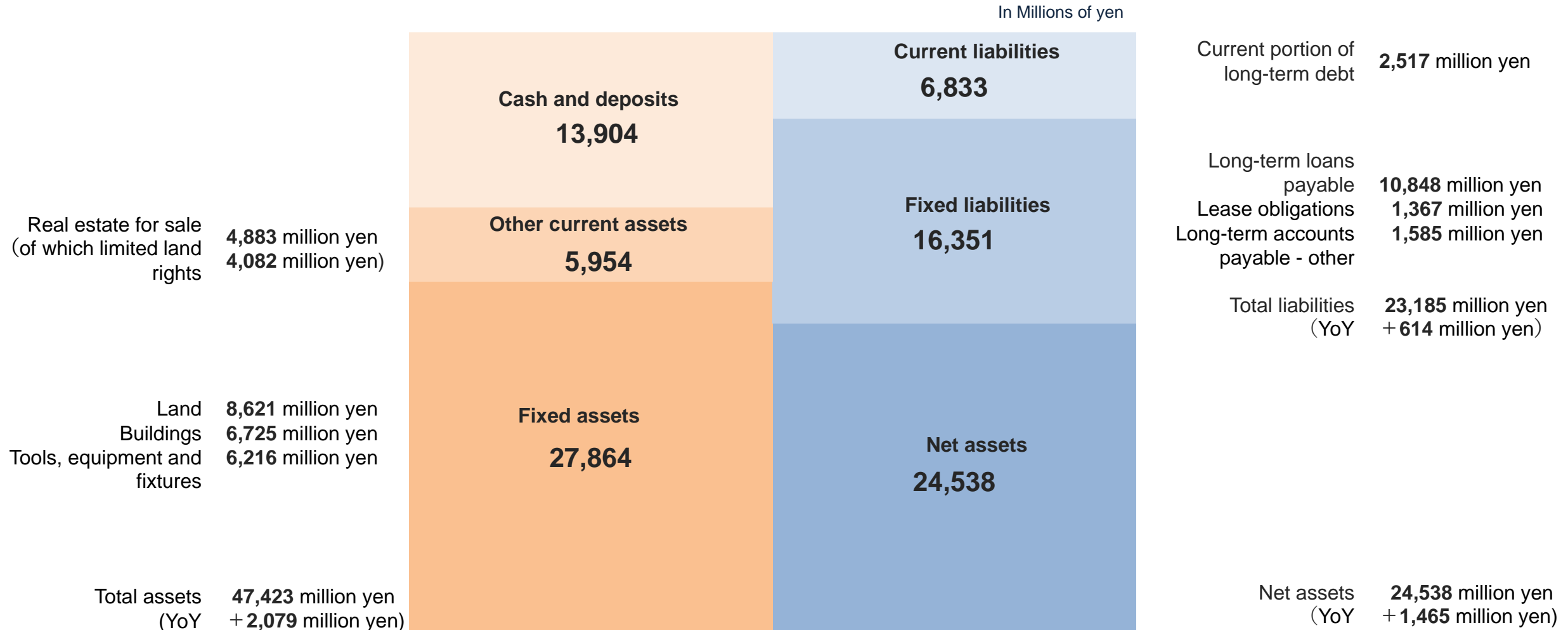
### Land Rights Consolidation Business (Limited Land Rights)

- Inventory was 4,082 million yen, an increase of 126 million yen compared to the end of the previous fiscal year.
- Progressed beyond plan due to the sale of large properties in 3Q.

### Other Operational Services Businesses

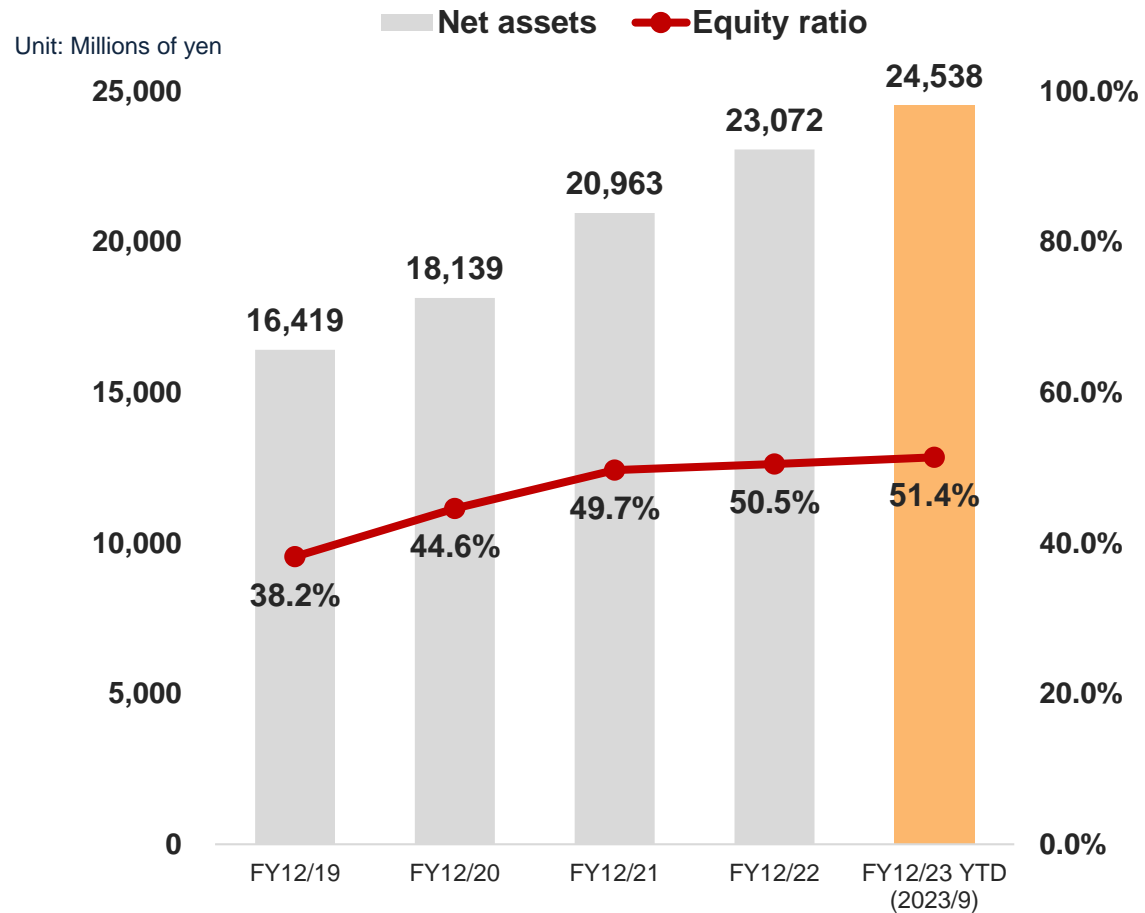
- Progressed almost as expected despite the decrease in revenue and profit YoY due to cancellation of some properties, etc.

### Stable Financial Base With Cash Deposits of 13.9 Billion Yen

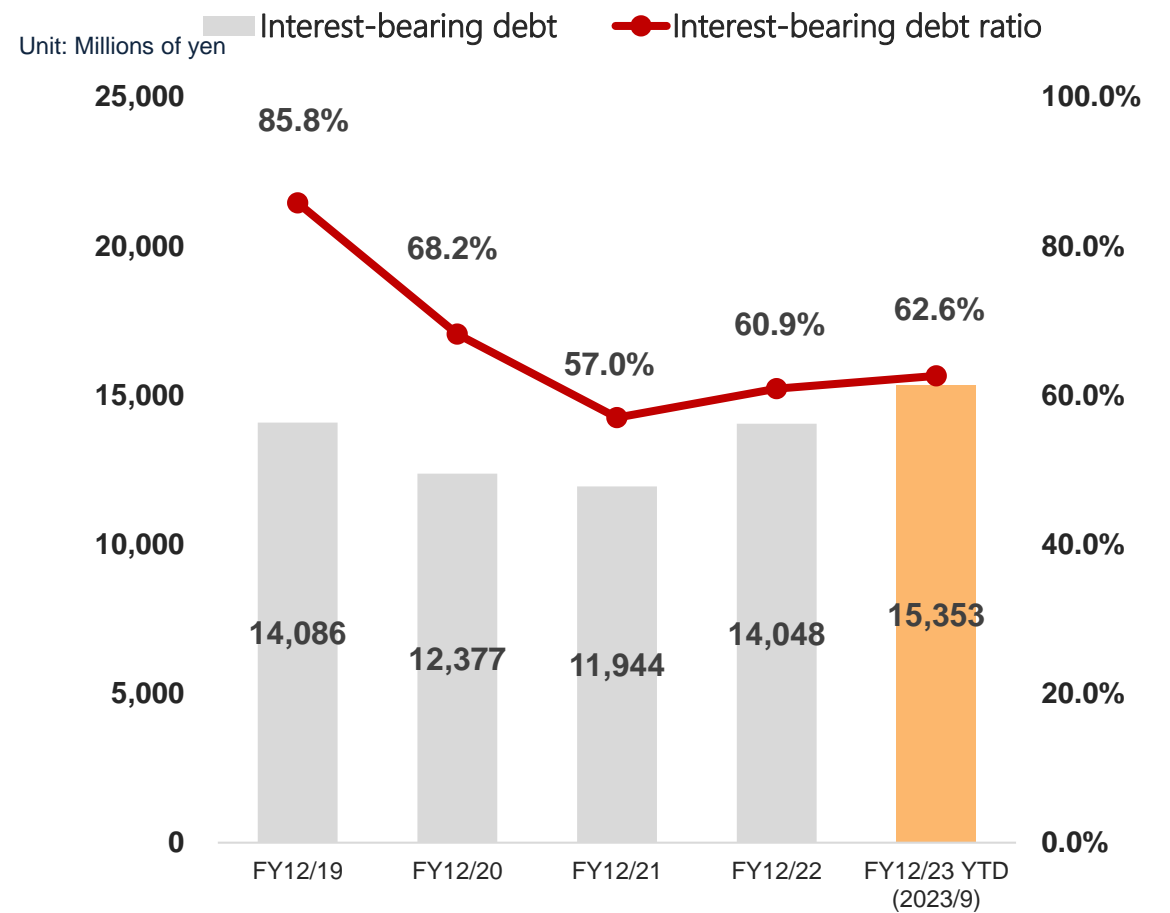


## Equity Ratio Remained Stable at 51.4%

**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

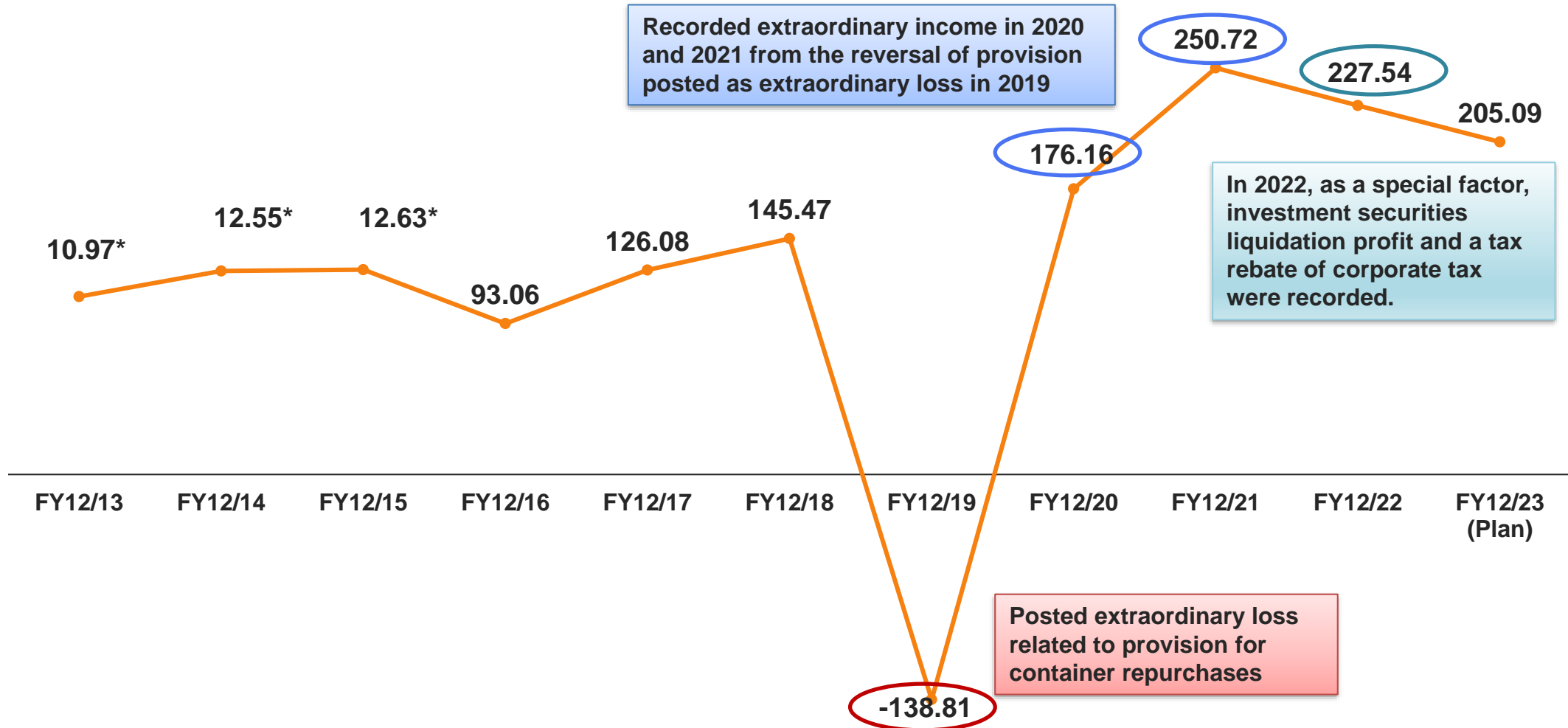
In Millions of yen	FY12/22		FY12/23		
	Actual	Percent of Sales	Plan	Percent of Sales	YoY
<b>Net sales</b>	20,878	—	<b>21,800</b>	—	<b>+4.4%</b>
<b>Operating income</b>	3,742	17.9%	<b>4,050</b>	<b>18.6%</b>	<b>+8.2%</b>
<b>Ordinary income</b>	3,758	18.0%	<b>3,930</b>	<b>18.0%</b>	<b>+4.6%</b>
<b>Net income</b>	2,883	13.8%	<b>2,600</b>	<b>11.9%</b>	<b>− 9.8%</b>

In Millions of yen		FY12/22		FY12/23		
		Actual	Percent of Sales	Forecast	Percent of Sales	YoY
<b>Self-Storage Business</b>	Net sales	16,366	—	<b>17,200</b>	—	<b>+5.1%</b>
	Operating income	4,084	25.0%	<b>4,440</b>	<b>25.8%</b>	<b>+8.7%</b>
<b>Land Rights Consolidation Business (Limited Land Rights)</b>	Net sales	3,110	—	<b>3,250</b>	—	<b>+4.5%</b>
	Operating income	464	14.9%	<b>520</b>	<b>16.0%</b>	<b>+12.0%</b>
<b>Other Operational Services Business</b>	Net sales	1,400	—	<b>1,350</b>	—	<b>-3.6%</b>
	Operating income	373	26.7%	<b>305</b>	<b>22.6%</b>	<b>-18.4%</b>
<b>Management Division</b>	Net sales	—	—	—	—	—
	Operating income	(1,180)	—	<b>(1,215)</b>	—	<b>+2.9%</b>
<b>Total for All Businesses</b>	Net sales	20,878	—	<b>21,800</b>	—	<b>+4.4%</b>
	Operating income	3,742	17.9%	<b>4,050</b>	<b>18.6%</b>	<b>+8.2%</b>

- In the Self-Storage Business, revenue and profit are expected to increase steadily
- In the Land Rights Consolidation Business, revenue and profit are expected to increase due to an increase in profit margin

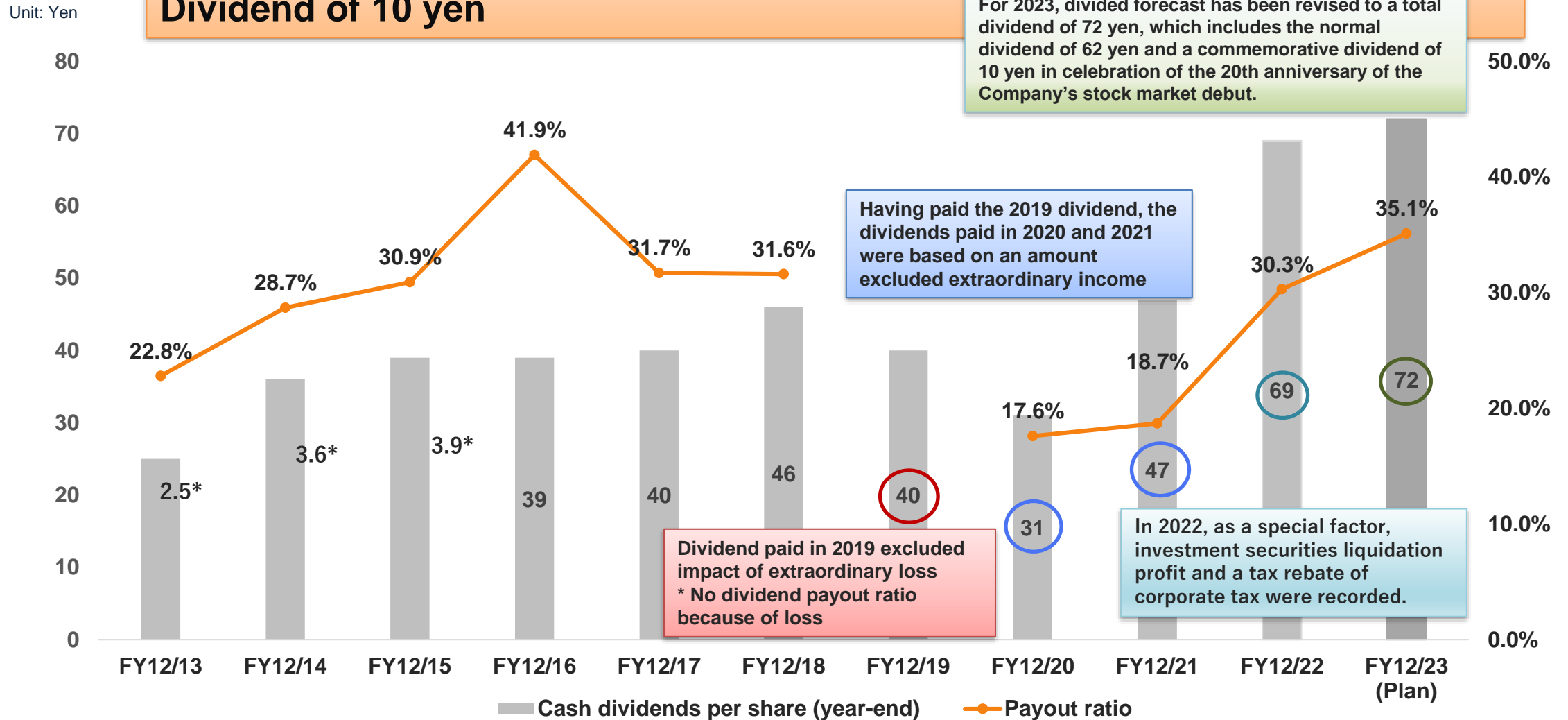


**Following Impact of Extraordinary Income and Loss Over Past Three Years, Returned to Normal Starting 2023**



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

**Currently, Dividends Are Based on 30% of Net Income; FY12/23 Year-end Dividend is Expected to be 72 yen, which Includes a Commemorative Dividend of 10 yen**



For 2023, dividend forecast has been revised to a total dividend of 72 yen, which includes the normal dividend of 62 yen and a commemorative dividend of 10 yen in celebration of the 20th anniversary of the Company's stock market debut.

Having paid the 2019 dividend, the dividends paid in 2020 and 2021 were based on an amount excluded extraordinary income

Dividend paid in 2019 excluded impact of extraordinary loss  
 \* No dividend payout ratio because of loss

In 2022, as a special factor, investment securities liquidation profit and a tax rebate of corporate tax were recorded.

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

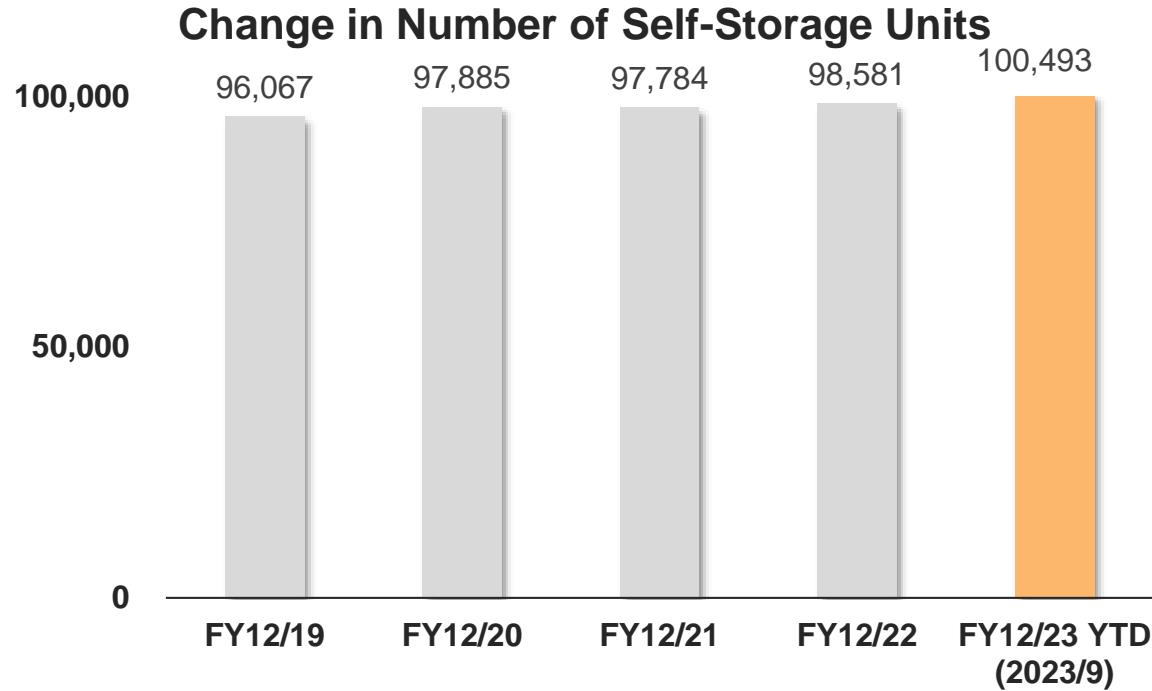
# **Achieving the Medium-Term Management Plan**

In Millions of yen	2022		2023		2024		2025	
	Actual	Profit Margin	Projected	Profit Margin	Projected	Profit Margin	Projected	Profit Margin
Net sales	<b>20,878</b>	<b>—</b>	<b>21,800</b>	<b>—</b>	<b>24,400</b>	<b>—</b>	<b>28,100</b>	<b>—</b>
Operating income	<b>3,742</b>	<b>17.9%</b>	<b>4,050</b>	<b>18.6%</b>	<b>4,650</b>	<b>19.1%</b>	<b>5,500</b>	<b>19.6%</b>
Ordinary income	<b>3,758</b>	<b>18.0%</b>	<b>3,930</b>	<b>18.0%</b>	<b>4,520</b>	<b>18.5%</b>	<b>5,350</b>	<b>19.0%</b>

Self-storage No. of new units*	<b>2,915</b> units	<b>4,700</b> units	<b>10,400</b> units	<b>14,000</b> 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 2,915 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**

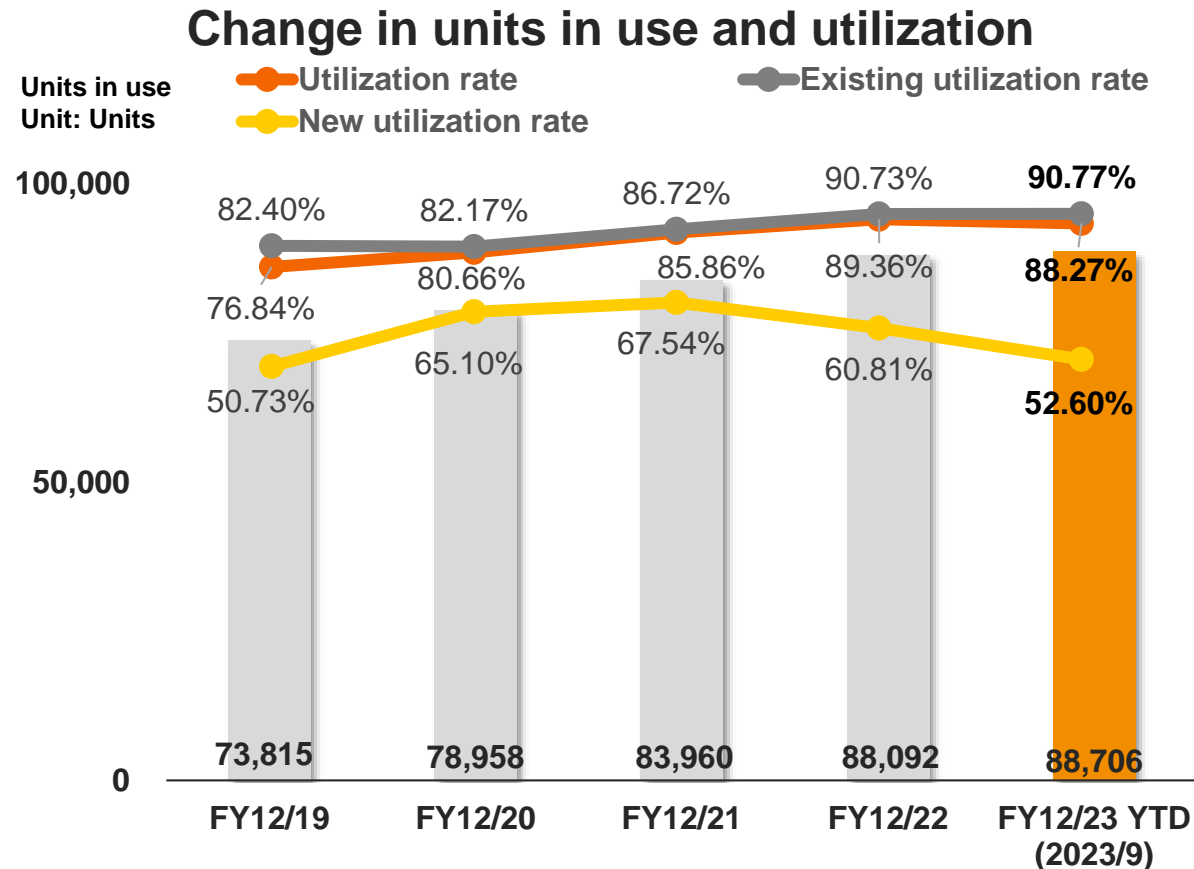


	Full-year plan	FY12/23 3Q Number of new units	FY12/23 3Q Cumulative number of units
Container	4,000	3,192	76,388
Indoor Storage Unit Type	500	169	15,272
Self-Storage Mini	200	221	8,833

**Full Year Forecast :**  
**Approx. 5,800 units**

	Plan	FY12/23 3Q Actual
New Units in 2023	<b>4,700</b>	<b>3,582</b>

## Utilization Rate Continues to Be High



\*New unit utilization rate: utilization rate of new units opened within the most recent two business years. Covers new units opened since January 2022.

■ The utilization rate continues to improve year by year, and the overall utilization rate remains high

Overall 88.27% Existing 90.77%

■ The time required for new properties to get on track is improving every year

■ Openings by Region

Tokyo and Three Neighboring Prefectures:

1,390 units in 37 properties

Kyoto, Osaka, Kobe:

579 units in 17 properties

Other Region:

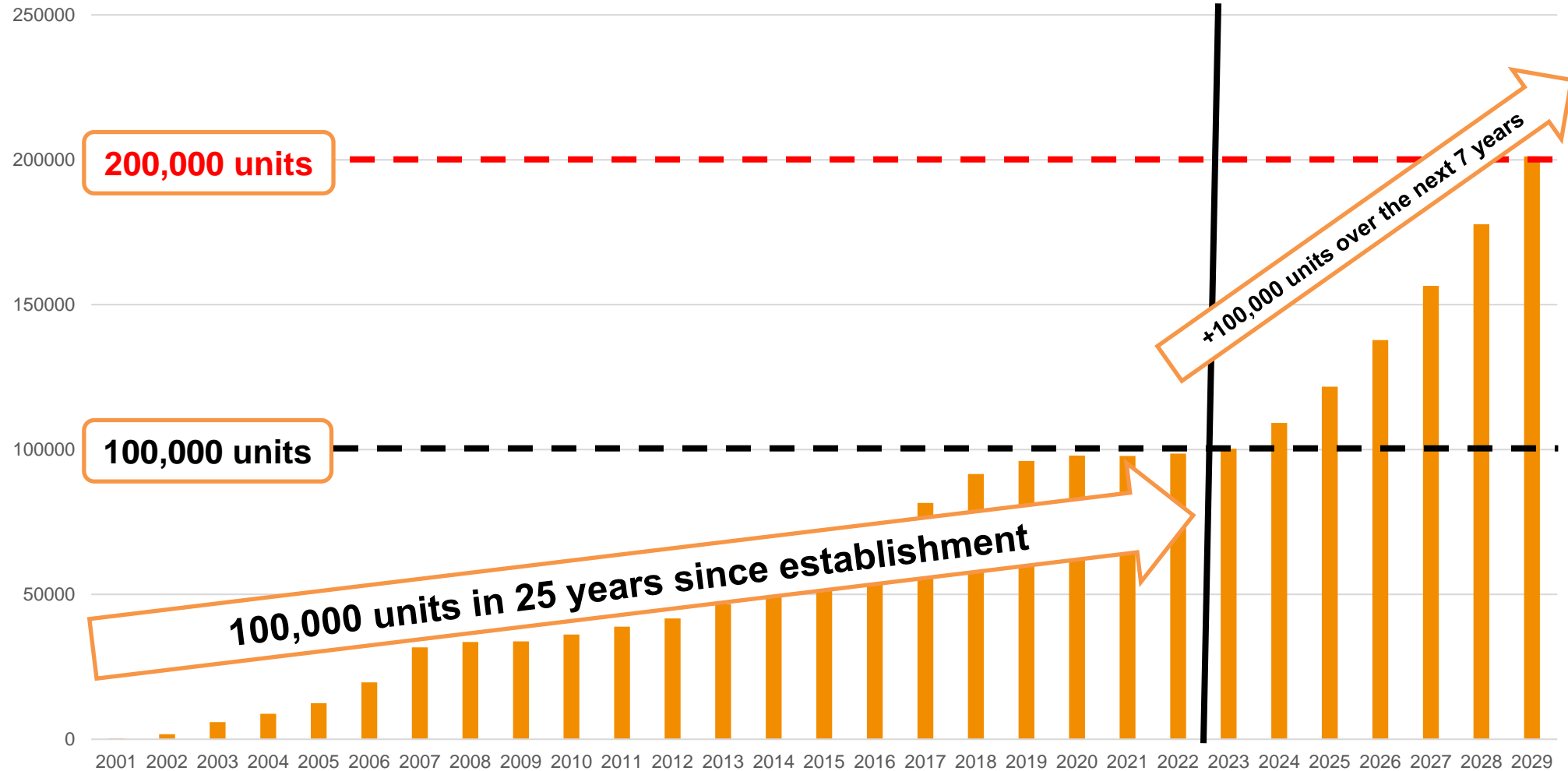
1,613 units in 54 properties

## Why the Utilization Rate Has Risen So Sharply?

### ■ Factors Behind the Increase in Utilization Rate

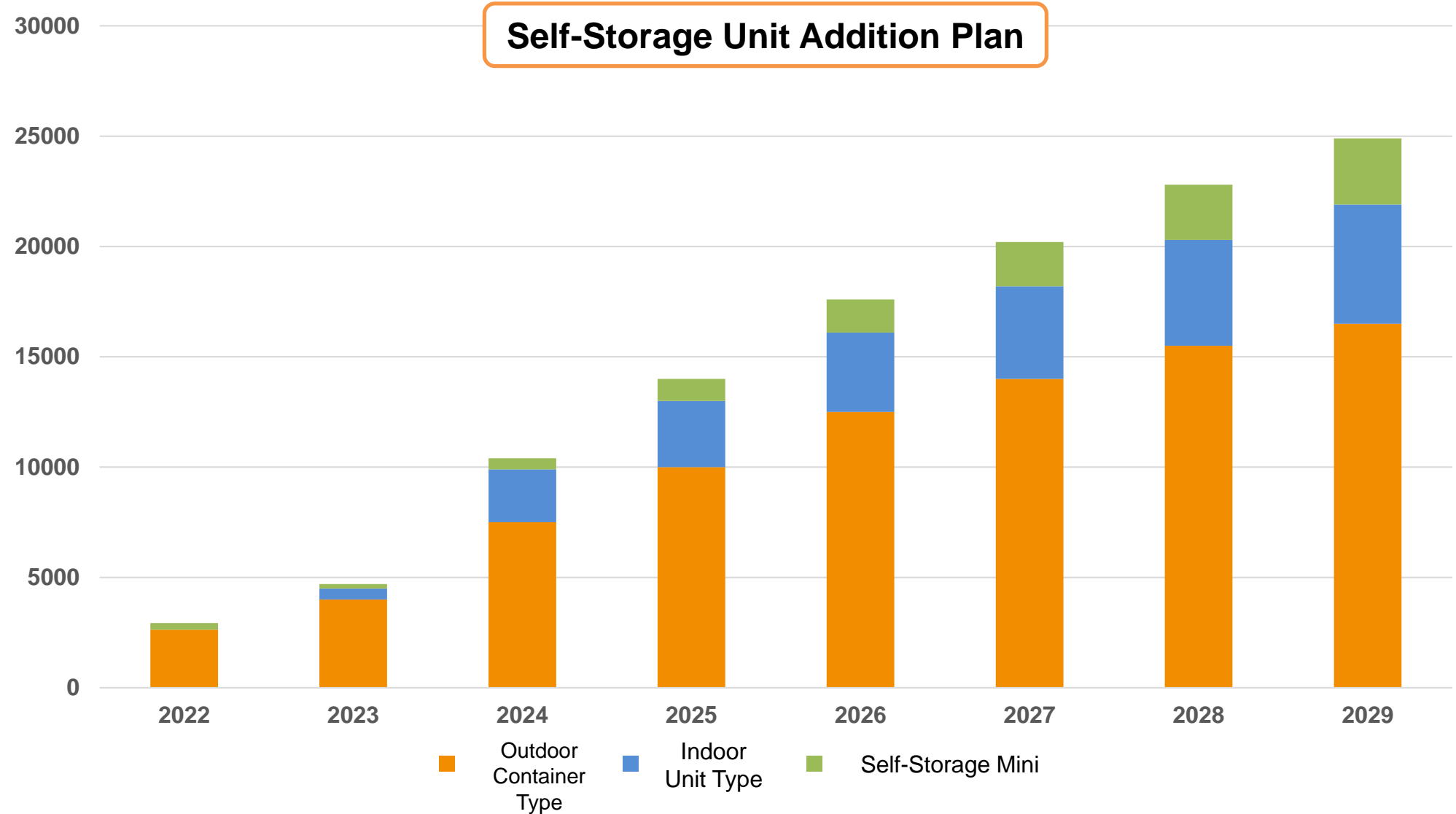
- **Greater precision** in location opening strategies (type, area, scale, price) derived from **Arealink's database**
- Development of multiple, **small-scale** properties
- **Greater consumer awareness** of self-storage as a product and service
- Demand for better home organization as remote work becomes common
- Impact of smaller living spaces and rising housing prices
- Continuous use supported by **comprehensive services** that set Arealink apart from other companies

**Acceleration of Openings: Aiming to Double the Current Figure to 200K Units by 2029**  
**Past: 100,000 Units in 25 Years → Future: 100,000 Units in 7 Years (4X Speed)**





**Plan to Annually Add Around 10K Units in 2024 and 25K Units in 2029**



## Indoor Types



### In-Building Type



Remodeled floor of a building partitioned to make self-storage units. Facilities such as private parking, EV stations, and air conditioning vary depending on the property.

**Yield: Approx. 18%** Rent vacant office space and conduct business



### Building Type



A single building designed exclusively for self-storage. Full range of facilities including air conditioning and security.

**Yield: Approx. 8%** Buy land and build

## Outdoor Type

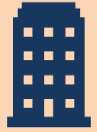


### Container Type



Self-storage using shipping containers. The site can be accessed by car, with parking alongside the unit.

**Yield: Approx. 18%** Rent land and conduct business



## In-Building Type

Feature: Located in urban centers  
No. of units: Approx. 30

**Arealink Is the ONLY Company**

That Offers Three Types of Products



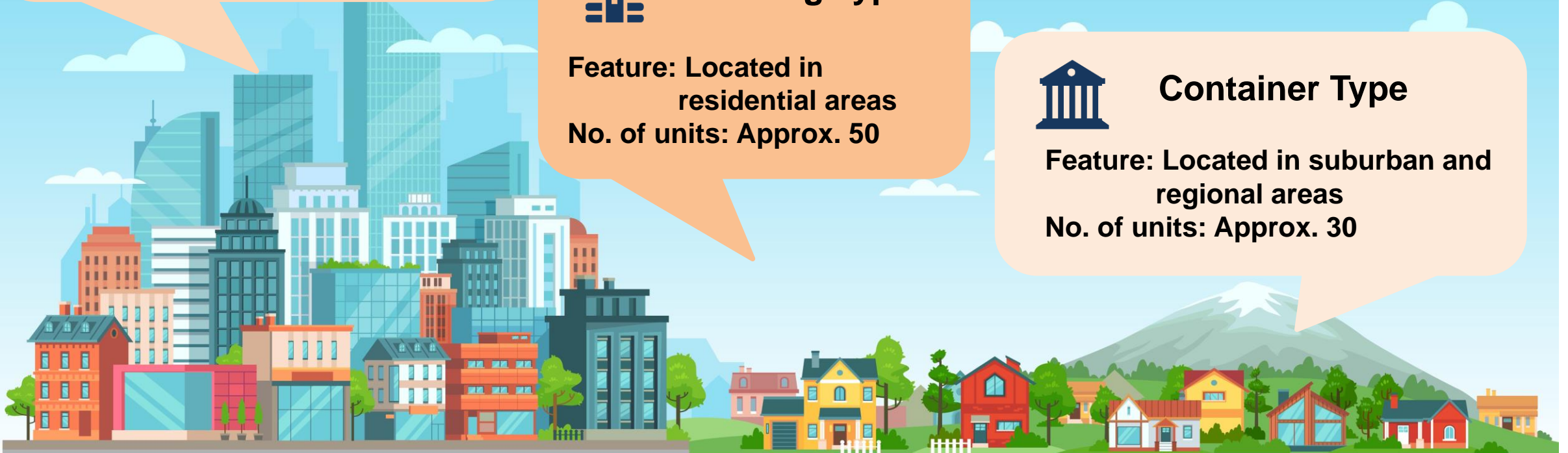
## Building Type

Feature: Located in residential areas  
No. of units: Approx. 50



## Container Type

Feature: Located in suburban and regional areas  
No. of units: Approx. 30



### ◆ High Profitability

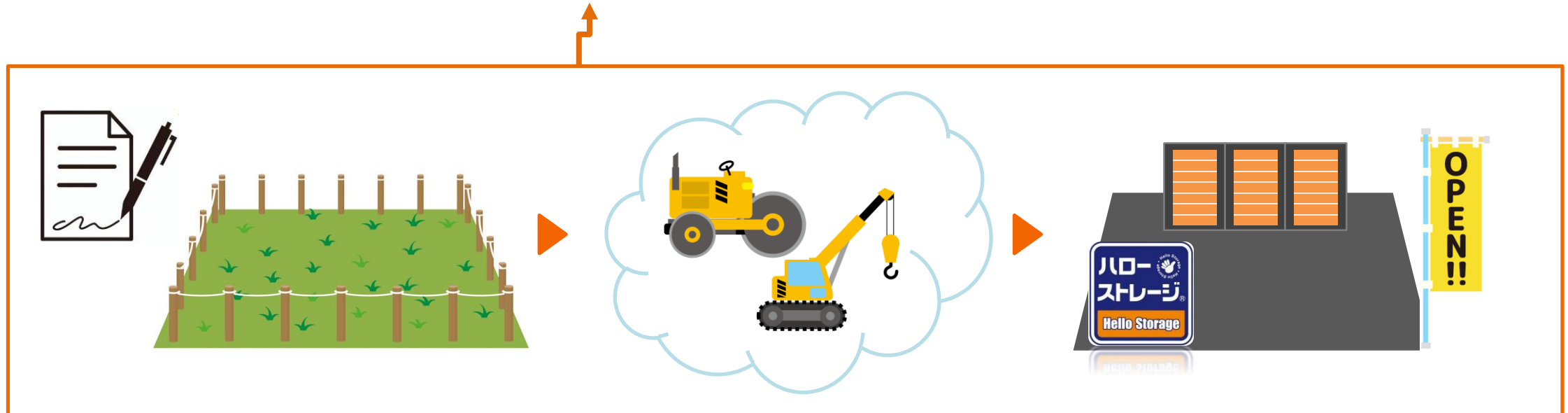
Container and in-building types require minimal investment because the land and office space are leased, and have a high yield of 18%.

### ◆ Unattended Operation Enables Low Cost and High Profit Margin

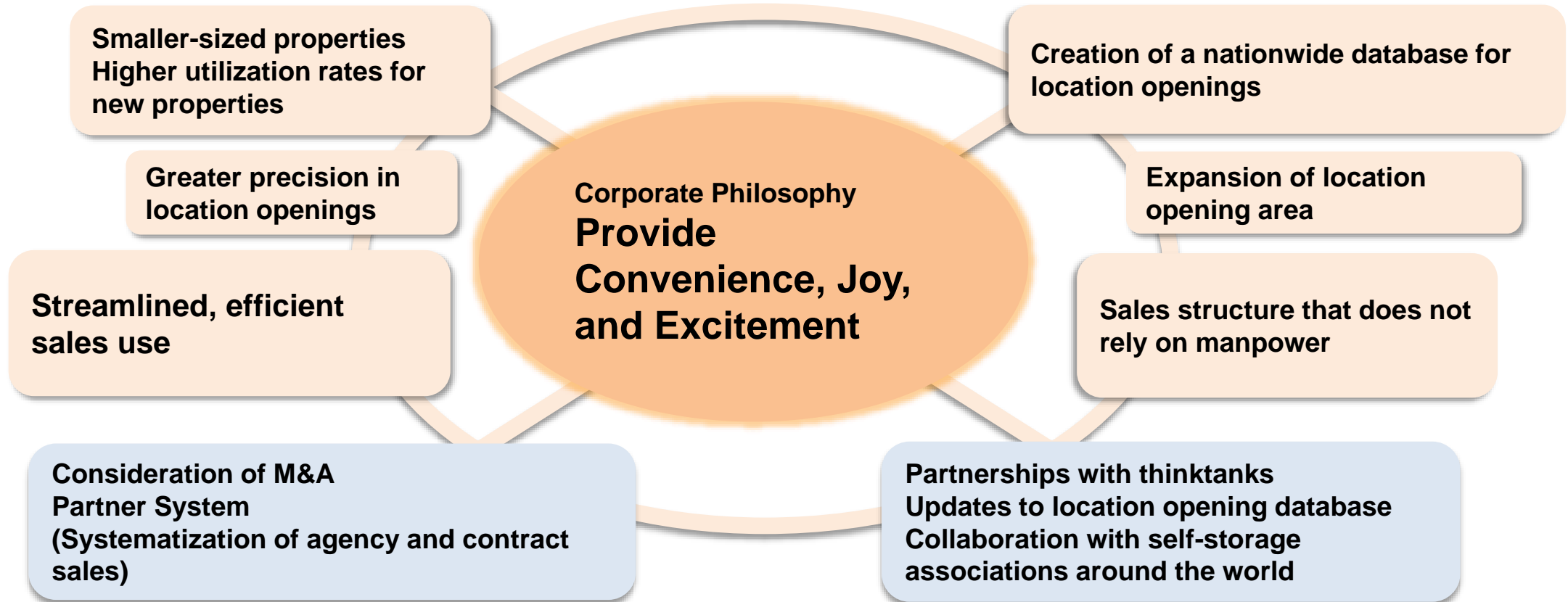
Operations are managed centrally by the head office, so even as the number of properties increases, personnel and advertising costs are contained.

### ◆ Operations Can Be Started in a Short Timeframe After Securing the Site

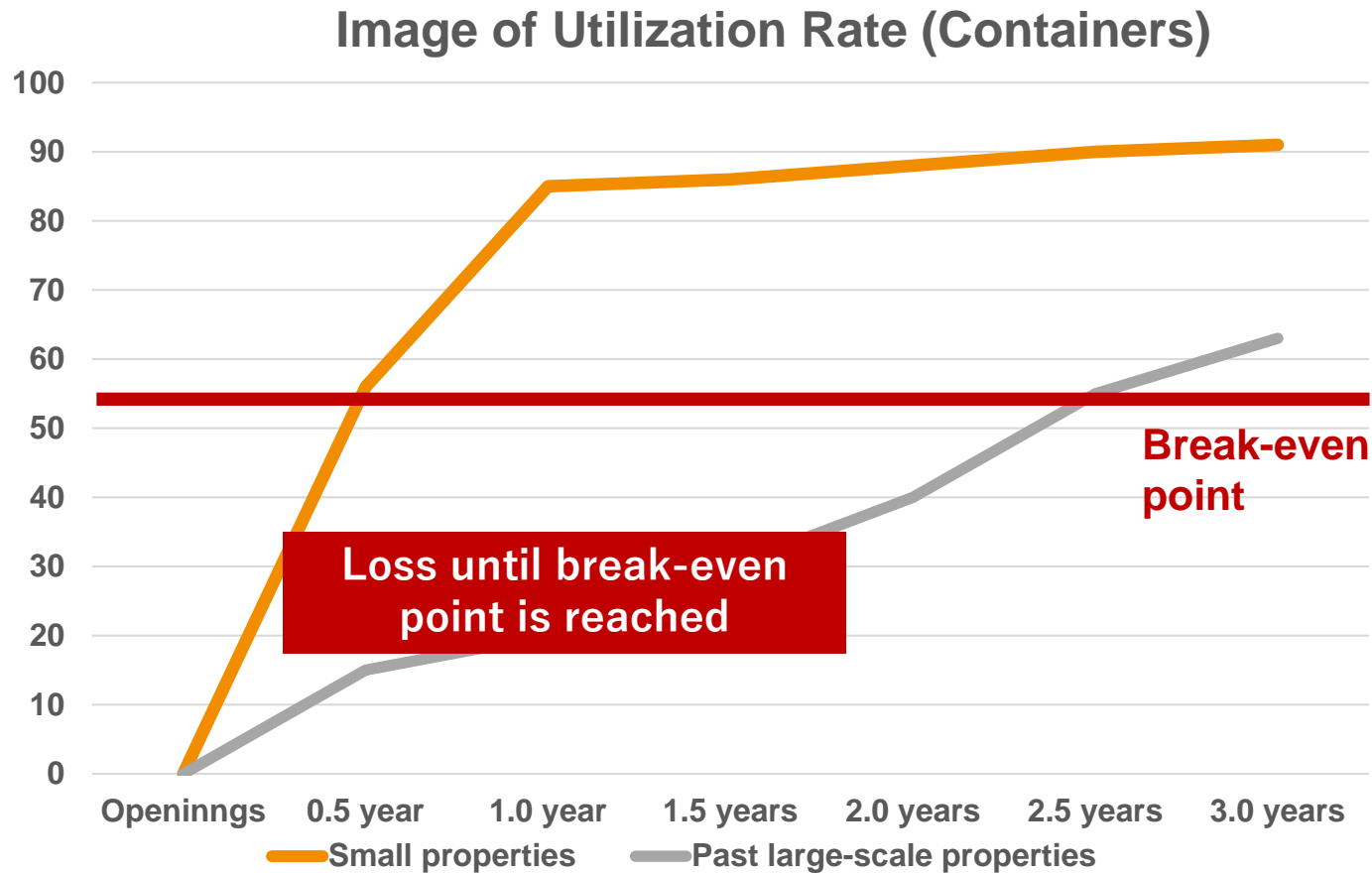
Average time to opening is four months (container and in-building type).



**Arealink Aims to Be the Undisputed Leader in the Japanese Market, and Expand Worldwide**



Now that the stage is set, **ACCELERATE location openings**  
→ Open locations in anticipation of **a 50% market share**



- ◆ By improving the precision of location openings and downsizing properties, Arealink is able to achieve **profitability at an early stage (about 6 months)** from opening
- ◆ A large property may take 2-3 years to become profitable.

- **Greater Precision** in Location Openings Derived From Creating a **Database**
- **Maintain High Utilization Rate** Focusing on the Development of **Small Properties** And **Multiple Property Operation**

**Arealink's Location Opening Strategy: Focus On Small Properties That Can Generate Profit Quickly**

Comparison items	Other Companies	Arealink
Size	Large	Small
Location	Urban Centers	Nationwide (Urban Centers, Regional Areas)
No. of Units	More than 100 units	30-40 units
Building Construction	Steel-frame, reinforced concrete	Wood / Containers
Operating Style	Attendant on duty	Unattended
Profitability	Lossmaking for the first few years	Profitable within the initial fiscal year
Comparable to...	Large supermarkets	Convenience stores
Data analysis	Data volume according to the <u>number of locations</u>	<u>Vast amount</u> of data accumulated from the all areas under operation

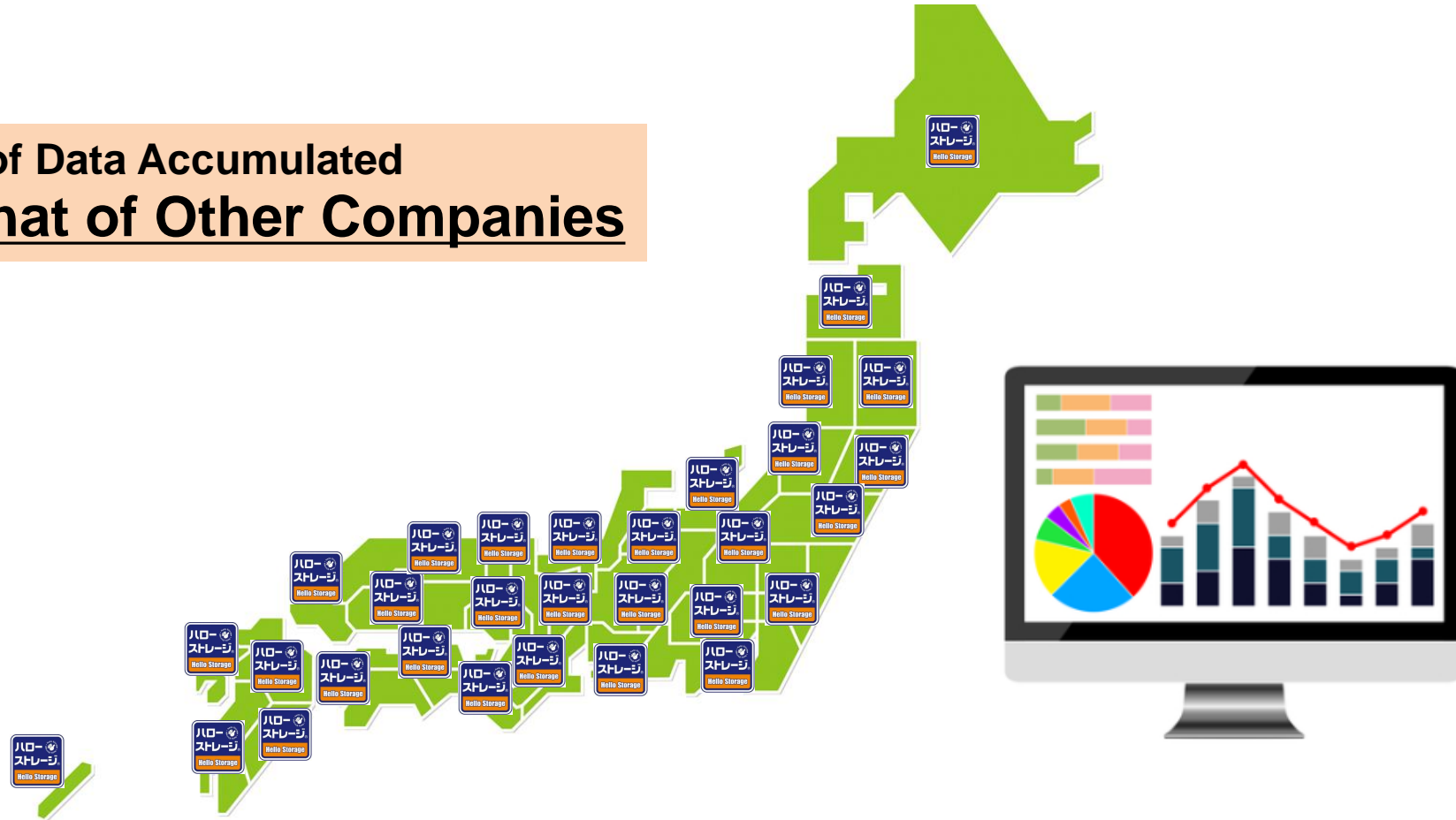


**Digitization and Accumulation of Past Customer Data**

- ◆ **Hundreds of thousands of data points have been accumulated, including past cancellations**
- ◆ **Accumulated data such as population, household income, and usage are accumulated; Using these data to offer products of the type, size, and price best suited for each area**
- ◆ **Locations can be opened with high precision, without relying on the experience and intuition of salespeople**
- ◆ **Results have been evident since 2021, with high utilization rates for both new and existing locations**



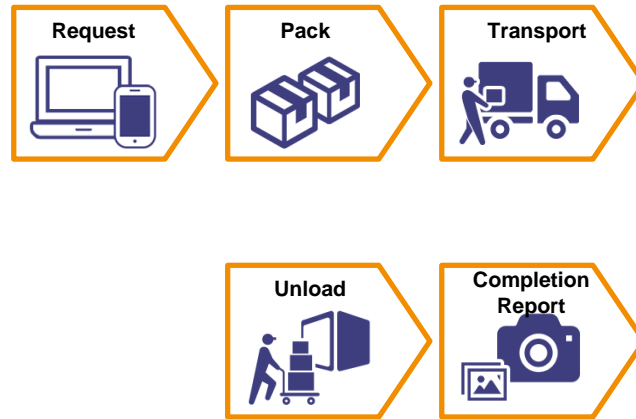
**Amount and Scale of Data Accumulated  
Far Exceeds That of Other Companies**



- ◆ Arealink is the **ONLY company** with data for **all over Japan**. **Extensive amount** of data is unmatched by other companies.
- ◆ As more locations opens, more data will be accumulated, and precision will improve

### Arealink Is Never Satisfied, Continually Pursuing Greater Customer Convenience

#### “Hello Home Delivery” Courier Service



- Allows items to be easily moved from the home to the self-storage unit.
- Provide service with noticeable value and convenience.

#### Storage Rack Sales and Assembly



- Increases storage capacity, and makes organization easier
- Units with storage racks are popular

▼

Storage rack sales and assembly services are currently being provided in Tokyo, Kanagawa, Chiba, Saitama, Osaka, and Aichi.

#### Transport IC Card Security System



- Less hassle with keycard issuance and management
- No need to issue additional keycards for multiple users
- Smartphone app can be used as a key

### Dispatch of Organization and Storage Advisors (Optional Service)



- **Organization professionals consider lifestyle, family structure, personality, and other factors to propose organization and storage methods best suited to the customer.**  
\*Customers who apply at the same time as Hello Storage receive a discount on Inbloom Co., Ltd.'s tidying concierge service.

### Support for Online Contracts and Credit Card Payments



- **Arealink is the only company offering online contracts and credit card payments.**

### Future

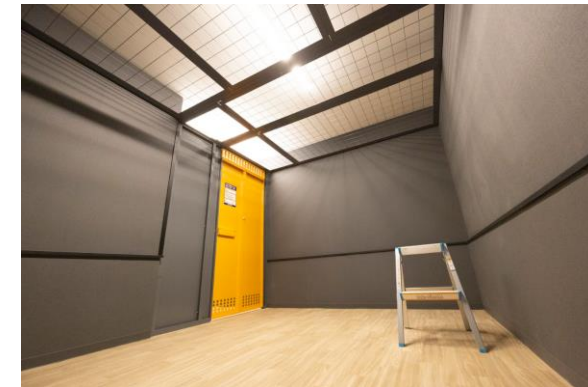


- **Arealink is considering expanding services using digital technologies for greater convenience.**
- **Introduction of AI tools**

Customers can comfortably utilize a comprehensive range of services unique to Arealink

### Introduction of New Self-Storage Designs

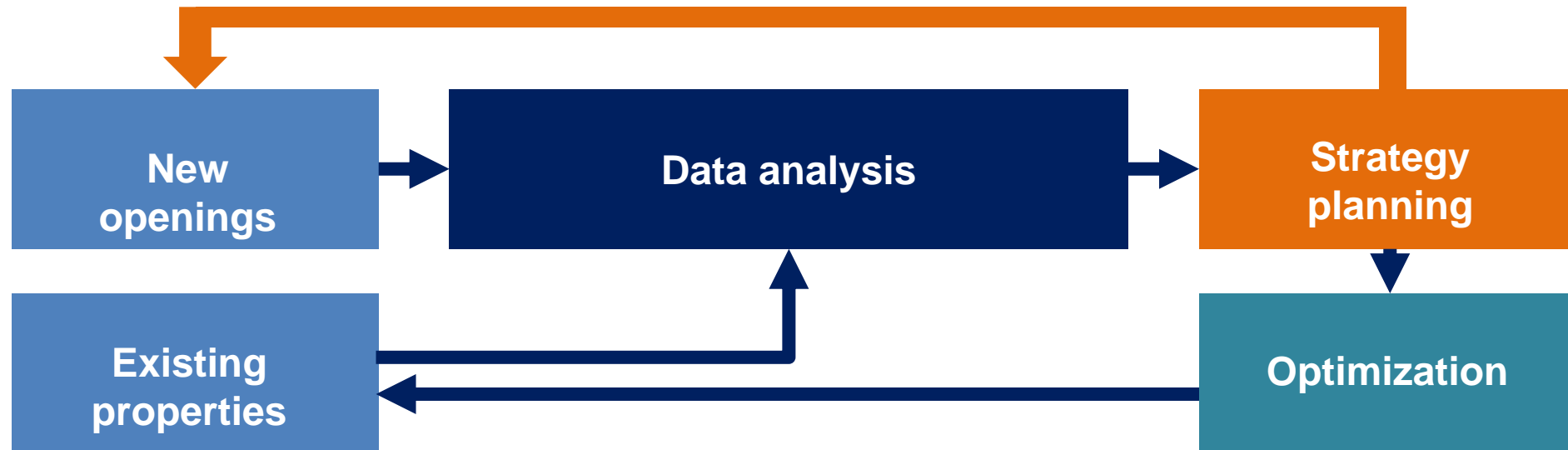
- ◆ Color scheme of gray and orange to blend with residential areas
- ◆ Plans to change all properties to the new design nationwide over the next decade





## Data-Driven Strategy and Product Development Capabilities

- ◆ In consideration of long-term profitability, Arealink customizes products for the optimal service in each area nationwide, based on such data as customer attributes, term, period, and area.
- ◆ After a location/product is opened, new data is accumulated to improve precision → Ensures stable profitability



Arealink's Unique Business Development Cycle Enables Speedy Location Openings;  
Accelerate Location Opening!



### No.1 Company in Rental Storage Space!

Arealink was featured on the Japanese TV program “**Cunning Takeyama’s No.1 Research Institute**” (broadcast on May 29, 2023, on Tokyo MX)

YouTube: <https://youtu.be/-jfYyyN1SUI>



#### ◆ Energizing the Self-Storage Market

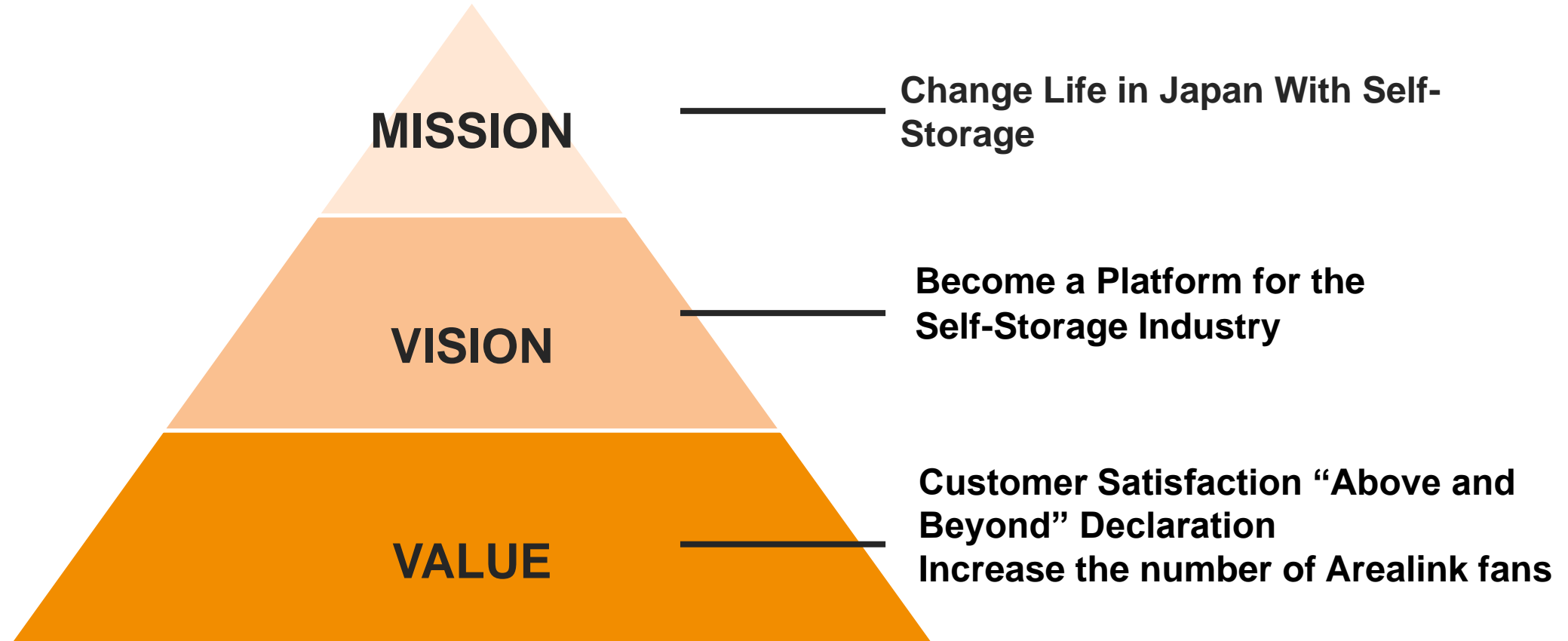
→Holding of self-storage events, and establishment of “Trunk Room Day”

#### ◆ Increasing Media Exposure to Boost Awareness of Self-Storage

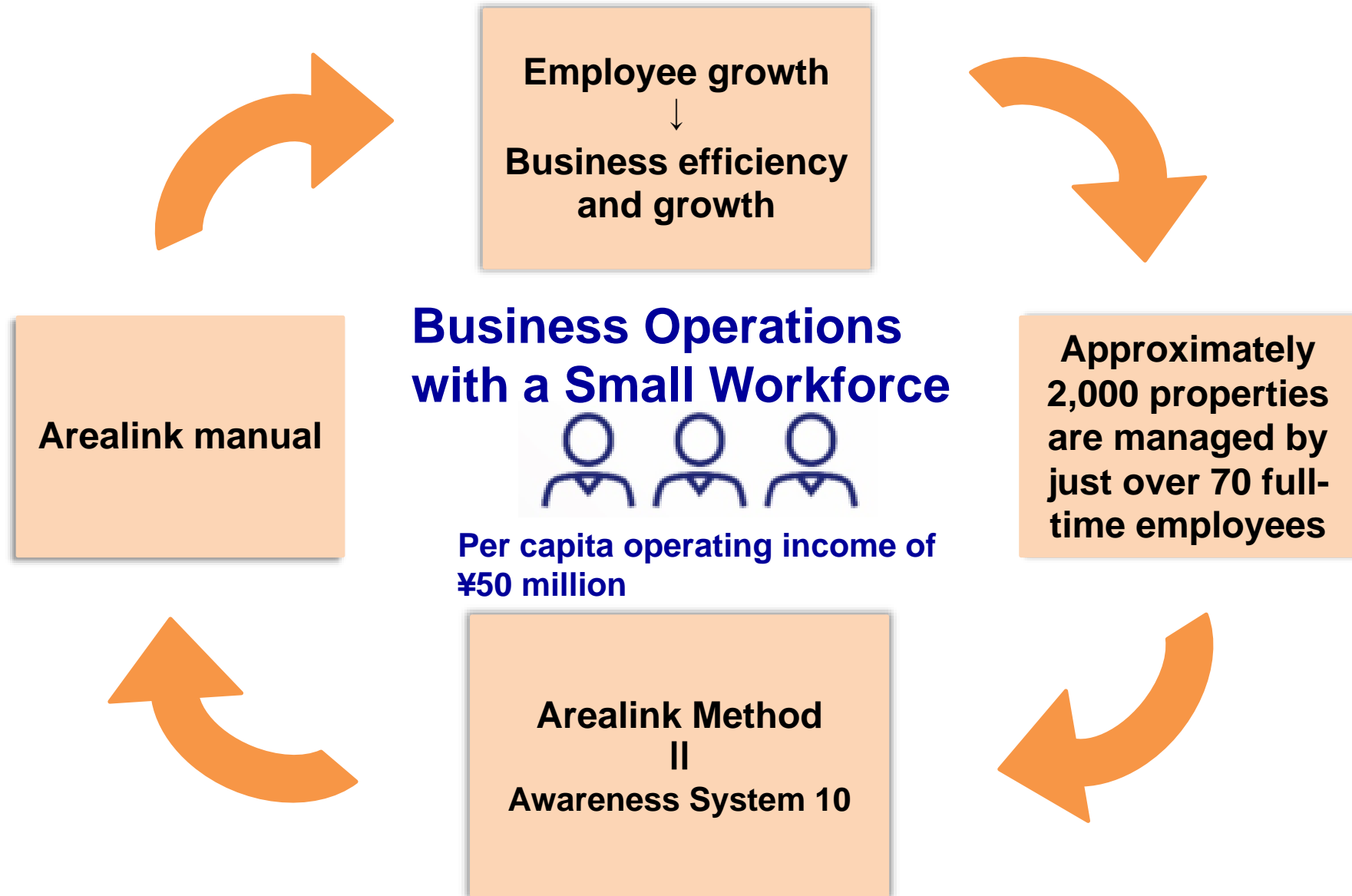
- TBS “Sakagami & Sashihara no Tsuburenai Mise”
- TOKYO MX “Cunning Takeyama’s No.1 Research Institute”
- ABC TV “News Okaeri”
- Aomori TV “Wacchi!”

# **Human Capital Management and Overseas Strategies**

Management Philosophy :  
**Provide Convenience, Joy, and Excitement**







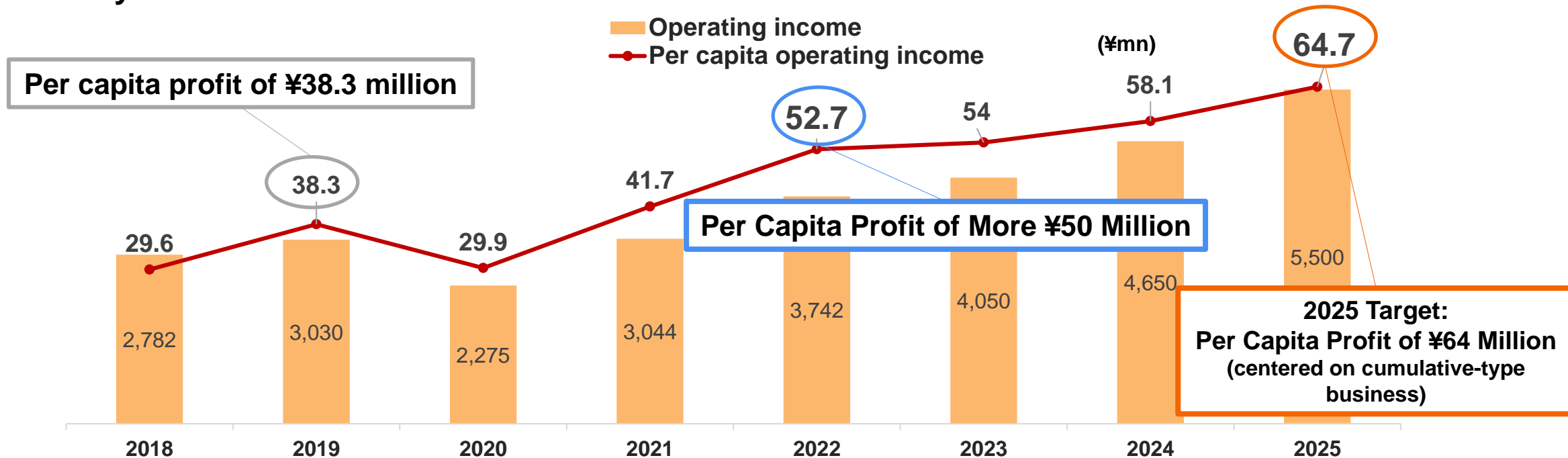
## Arealink Method

	Category	Structure / System
1	Basics	Establishing a business environment, Arealink Manual, Chip System, Scoresheet
2	Plan / Implementation	Arealink Master
3	Communication	Hello Circle, Overnight training retreats, Kickoff
4	Application of Principles	“Above and Beyond”, Guideline of 14 Principles
5	Raising Employee Motivation	Personnel Evaluation System (Twice a year)
6	Leadership Training	Department Objective Definition Evaluation List, Team Capabilities Development Chart, Task Notebook, Solution Sheet
7	Utilization of External Resources	Personal Connections Expansion System, Topics Mail
8	Capability Development	Self-Growth Program
9	Business Promotion	Procurement Strengthening System (SF Improvement)
10	Health Management	General health

Arealink Ranked **26th** in Toyo Keizai Online's Ranking of the Top 500 Companies in Operating Income per Capita\*

\* Toyo Keizai Online, July 26, 2022

- ◆ In 2022, Arealink achieved per capita profit of ¥52 million, centered on cumulative-type business
- ◆ Arealink will further improve efficiency, aiming for per capita profit of ¥64 million by 2025



### Japanese Market Has Potential for Ten-Fold Growth Compared to the U.S.

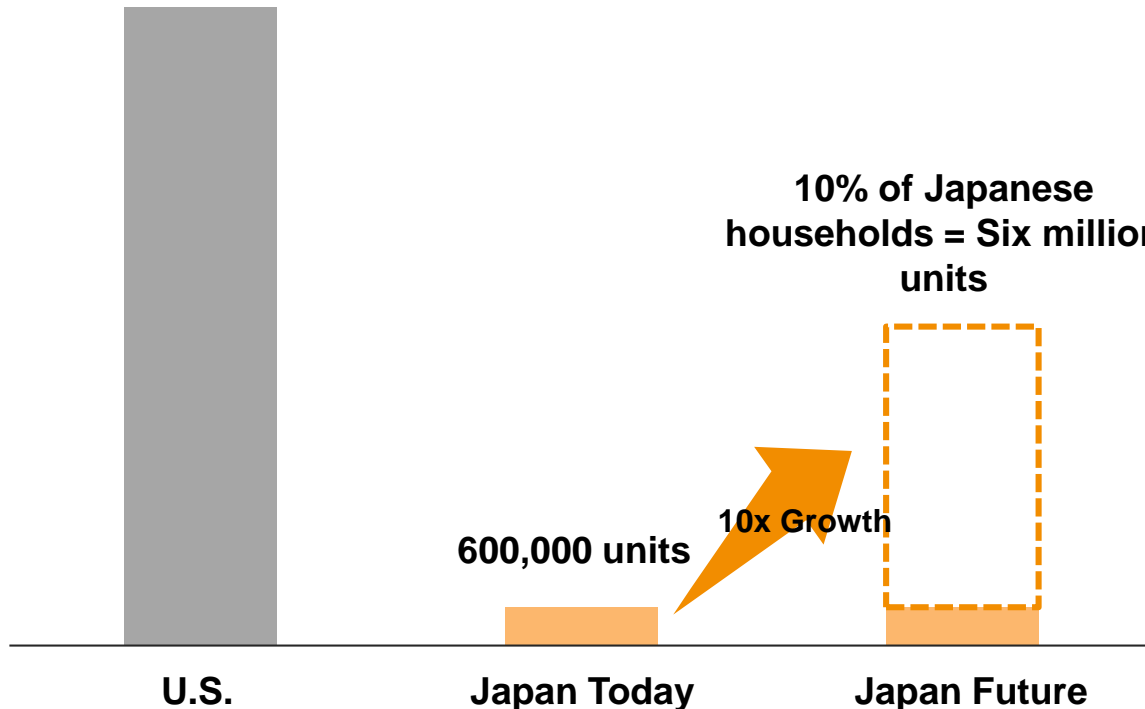
#### Comparison With U.S. Self-Storage Usage

13.5 million units = Used by 10.6% of all U.S. households

10% of Japanese households = Six million units

600,000 units

10x Growth



#### Comparison of Scale With U.S. Self-Storage Companies

##### U.S.

##### Public Storage

(Market Cap \$51.3bn, PER 25.5 times, PBR 8.95 times)

##### Extra Space Storage

(Market Cap \$21.1bn, PER 25.6 times, PBR 6.17 times)



##### Japan

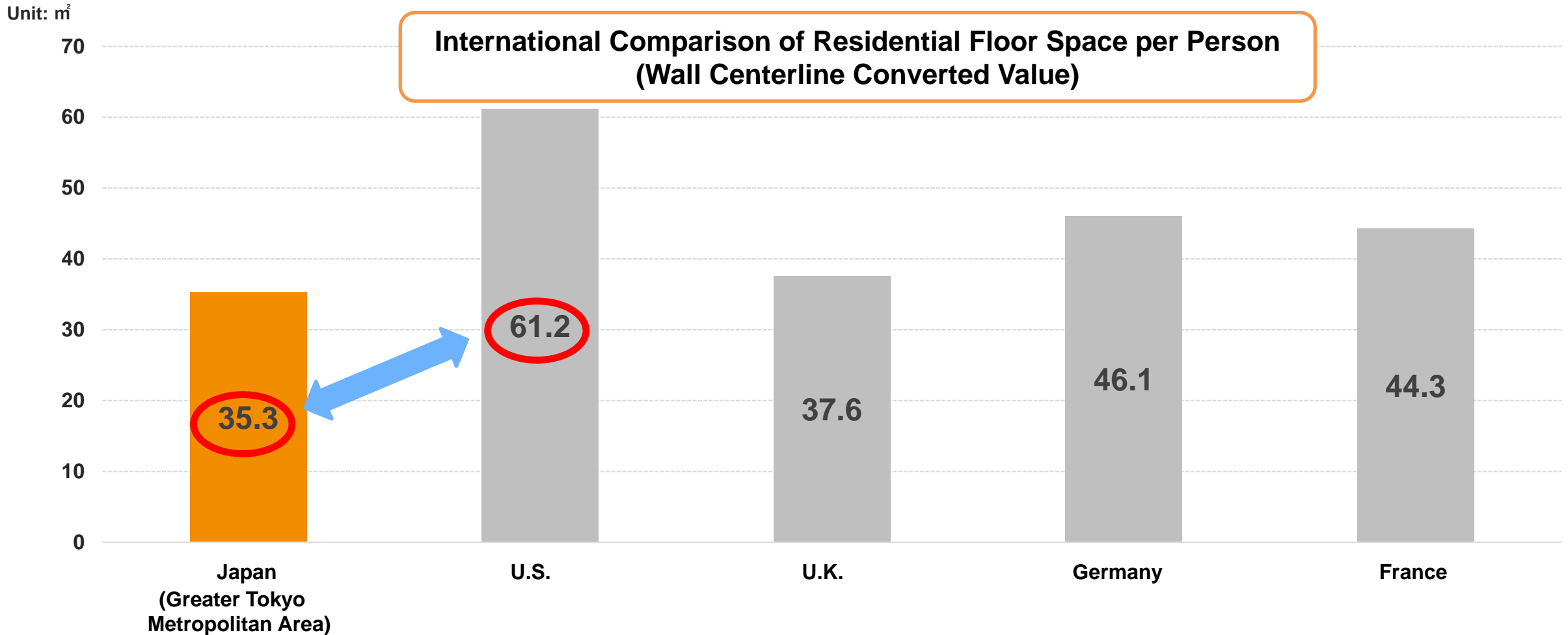
##### Arealink

(Market Cap ¥32.1bn, PER 12.1 times, PBR 1.37 times)

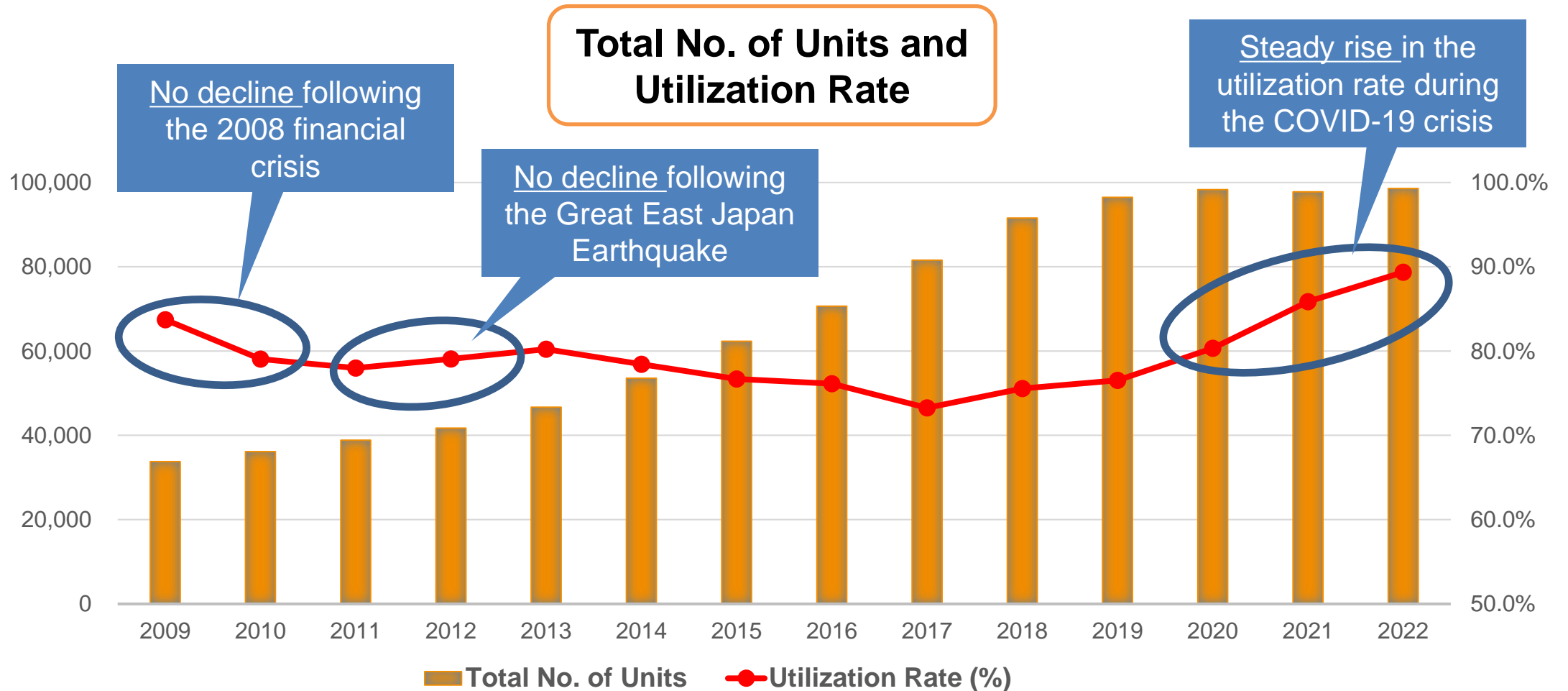
As of June 30, 2023

No. of units in use in the U.S. (Source Demand Study, Self Storage Association)  
 Current situation in Japan (Source: Arealink)  
 Future situation for Japan: Calculated by Arealink as 10% of all households in Japan\*  
 (\*Reference: 2020 Population Census, Statistics Bureau of Japan)

### Limited Living Space in Japanese Homes Creates Huge Potential Demand For Storage



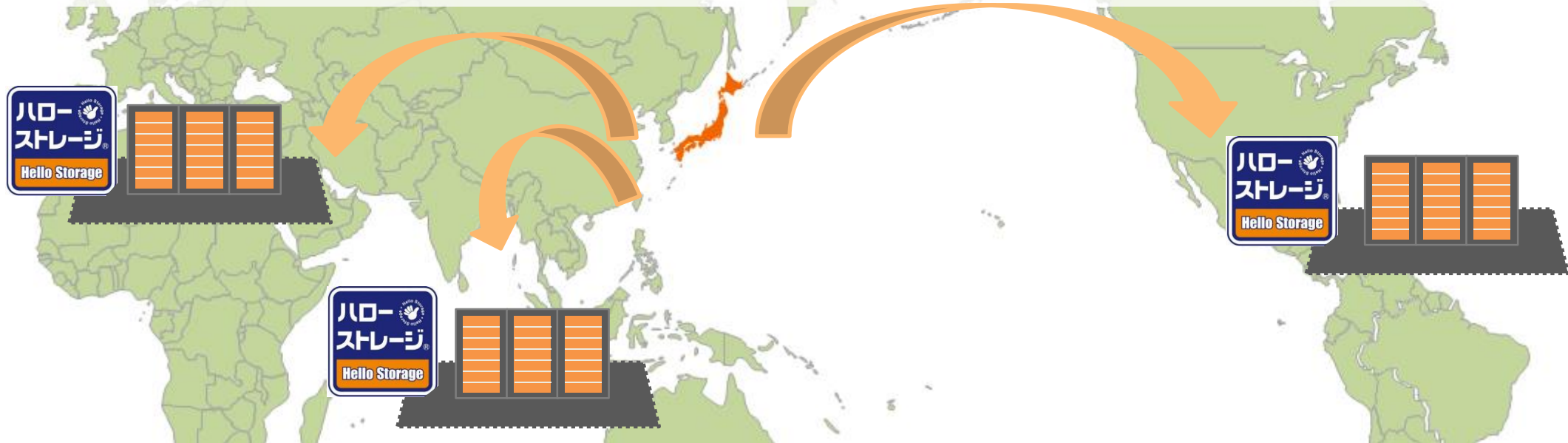
Ref. Ministry of Land, Infrastructure, Transport and Tourism (MLIT), "2020 Housing Economy Related Data"  
International Comparison of Housing Standards, 2) International Comparison of Residential Floor Space per Person (Wall Centerline Converted Value)



**Stable Business Maintaining High Utilization Rate Not Affected by Disasters or Recessions**  
 → Potential for Further market growth

### Start of Overseas Business Development – Purchase Properties Overseas and Gain Information

- ◆ Preparation for the Future: Begin overseas business development (Western countries) during the current fiscal year
- ◆ Purchase properties overseas, and gather information from overseas business associations and management companies
- ◆ Become Familiar With Self-Storage Around the World  
⇒ Acquire know-how to improve marketing strategies and services in Japan



- ◆ **Purchase Overseas Properties and Join Local Industry Associations**  
→ **Collect, analyze, and utilize information from countries with more developed self-storage industries (U.S., Europe, Australia)**
- ◆ **Acquire monthly data from around the world, such as sales in advanced countries, customer needs, methods of attracting customers, operational systems, tax systems, and storing method**
- ◆ **Be among the first to utilize information on systems, marketing, and methods to discern customer needs**

**Ultimately, Arealink Plans to Expand Globally, Utilizing Know-How Honed in Japan**





### Consideration for the Environment

- Promote a comfortable and affluent society that values objects by utilizing self-storage
- Implement the “Container Building 100-Year Utilization Project”



### Contribution to Society

- ⑩ Human resource development (Increase per capita profit by utilizing the Arealink method)
- Self-storage utilization in times of disaster



### Governance

- ⑩ Appointment of two outside directors and four outside Audit & Supervisory Board members, and monthly meetings of the Board of Directors
- Stable shareholder returns with a target dividend payout ratio of 30%



## Consideration for the Environment

- ◆ Utilize self-storage to allow people to experience the uplifting feeling of organization, and encourage a society without excess
- ◆ **“Container Building 100-Year Utilization Project”**  
Arealink makes additional efforts such as painting container at the time of installation, and performs regular maintenance.  
Containers can be used over the long term, saving valuable resources.
- ◆ Long-term use of self-storage mini (Building Type) properties, as they do not have plumbing facilities



## Contribution to Society

### ◆ Time, Space, Money, and Peace of Mind

Greater use of self-storage is environmentally friendly and leads to joyful living

### ◆ Human Resource Development

Systematic implementation of the “**Arealink Method**” brings out the true abilities of ordinary people

### ◆ Utilization of Containers in Times of Disaster

Arealink’s self-storage units can be used to support reconstruction efforts in the event of a large-scale disaster.

System established to provide self-storage units free of charge to those affected by disaster.



## Governance

- ◆ **Appointment of Two Outside Directors, or One-Third of the Directors**  
Number of outside Audit & Supervisory Board members increased to four persons, with Board of Directors meetings held monthly
- ◆ **Compliance Committee Established**
- ◆ **Stable Shareholder Returns With a Target Dividend Payout Ratio of 30%**
- ◆ **Risk Management in Preparation for an Inevitable Economic Downturn**
- ◆ **Dialogue With Shareholders and Investors**
  - Semi-annual results briefings and small meetings
  - Individual interviews and IR seminars held as needed, with the president and directors attending

# Appendix

### Self-Storage Business

- ▶ **Management:** Rental income from operation of rental storage spaces (trunk rooms)



Container type



In-building type

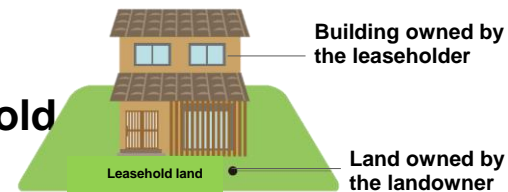


Building type (self-storage mini, interior)

- ▶ **Brokerage:** Contracts and sales of self-storage facilities (land and buildings)

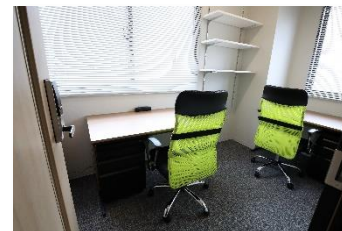
### Land Rights Consolidation Business

Problem resolution service for both landowners and leaseholders through the purchase and sale of leasehold land with complex rights relationships



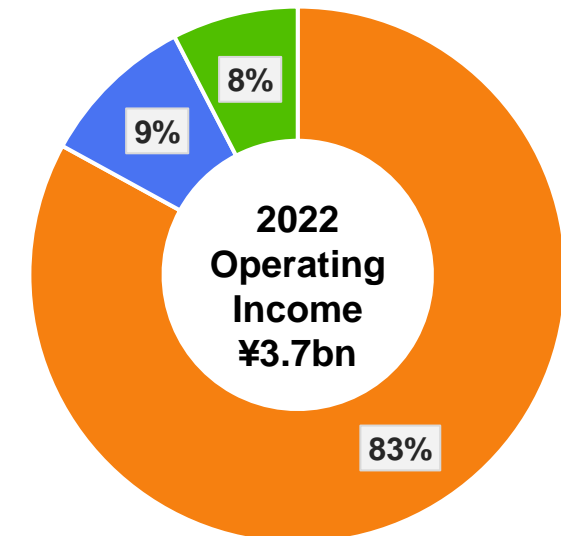
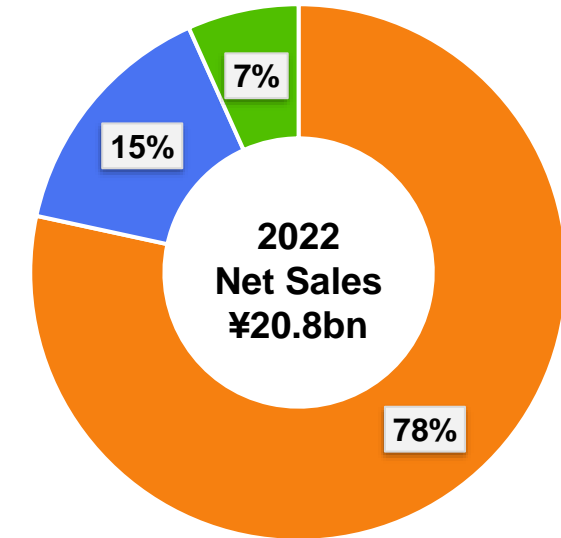
### Other Operational Services Business

Rental income from serviced offices, real estate holdings, etc.



Serviced office

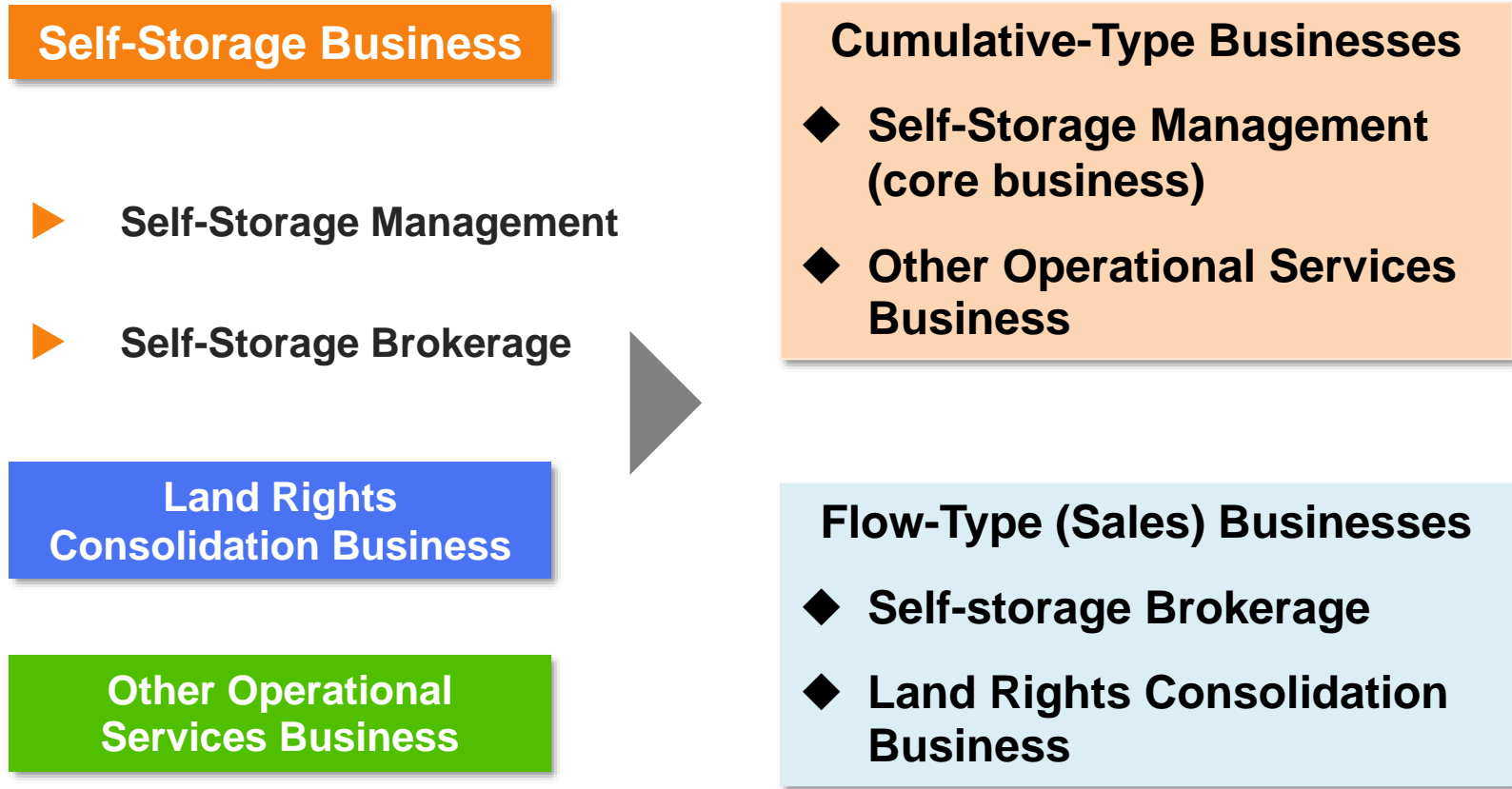
Net Sales and Operating Income by Segment



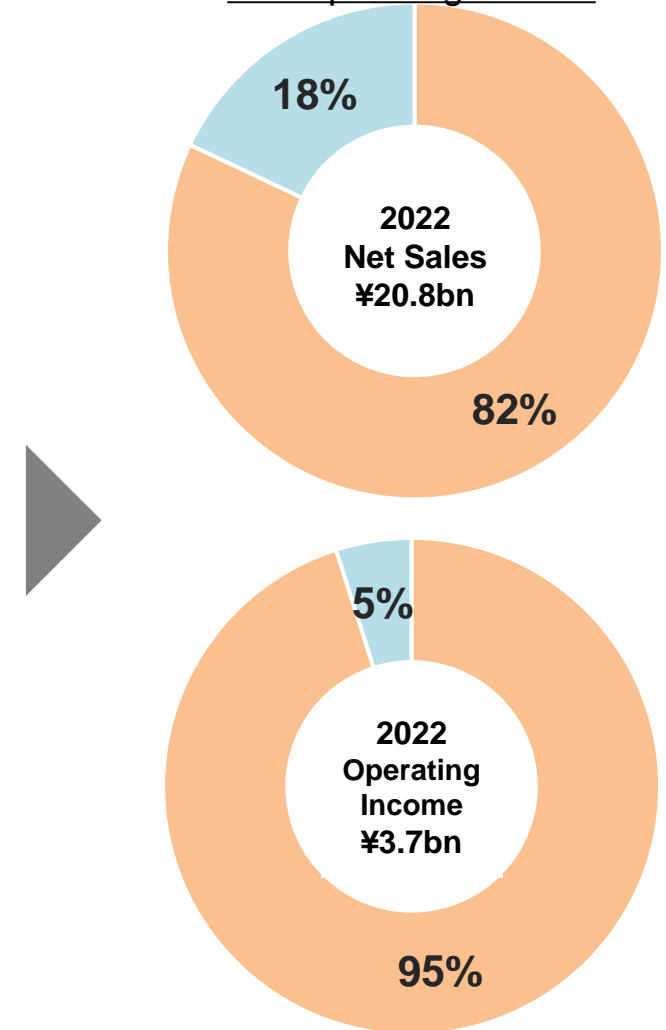


## Cumulative-Type Business Accounted For More Than 95% Of Earnings in 2022

Business Segments and Association with Cumulative-Type or Flow-Type Business



Ratio of Cumulative-Type Business Net Sales and Operating Income





- ◆ **Self-Storage Is the Partitioning of Containers or Buildings Into Individual Units, and Providing These Units as Rental Storage Spaces**

Known as “self-storage” in the United States, and commonly called “trunk rooms” in Japan

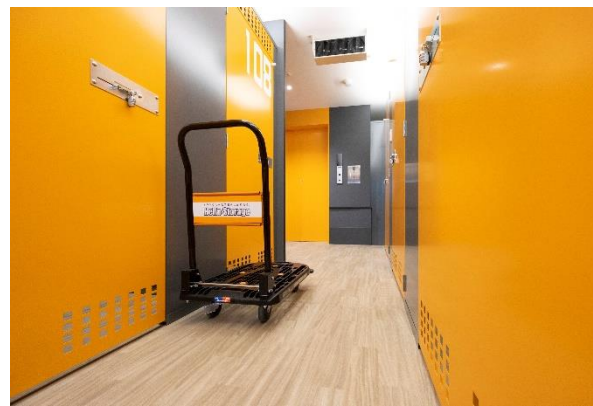
- ◆ **Arealink Provides Self-Storage Units Under the “Hello Storage” Brand**

Arealink is a leading company in the domestic market, with locations in 47 prefectures nationwide and a market share of approximately 17%

**Arealink Has 2,000 Properties With 100,000 Units, the Most in Japan**



### New Design for Both Container and Indoor Types Adopted in 2022



Chic Design That Retains Arealink's Dark Gray and Orange Color Scheme

## Aim to Resolve Problems by Coordinating Rights Relationships Through the Buying and Selling of Leasehold Land and Leasehold Land Rights



Image of the rights relationship for leasehold land

### Leaseholder Rights

- Need to continue to pay land rent every month
- Landowner consent required for building extension or renovation

### Leasehold Land Rights

- Land cannot be used freely
- Low liquidity, making it difficult to sell
- Low income compared to inheritance valuation

### Basic Policy

- (1) Arealink purchases leasehold land from landowners facing difficulties, such as inheritance of leasehold land (Acquisition of the rights shown in orange above)
- (2) After adjusting the rights relationship, leasehold land is sold to the leaseholder (Rights shown in brown become 100%)



Image of the Final Goal

### Cumulative-Type Business Comprising Mainly Real Estate Holdings and Serviced Offices

#### ◆ Asset Business

- Mainly rental income from real estate holdings

#### ◆ Serviced Office Business

- Operation of Hello Office, small offices in city centers
- Market with many competitors since the covid-19 pandemic

#### ◆ Business Selection and Concentration

- Dec. 2020: Withdrawal from conference room rental business
- Mar. 2021: Withdrawal from parking business



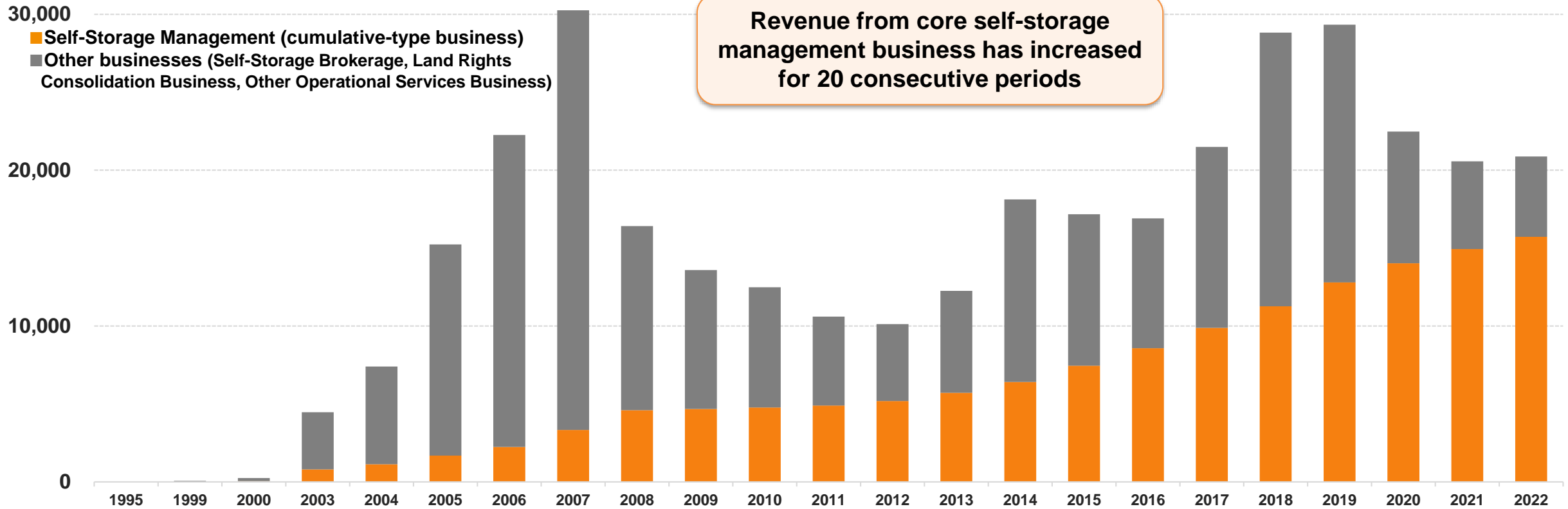
Example of owned property  
(Kanda BM Bldg.)



Hello Office Entrance and Interior

### Fluctuations in Businesses Other Than Self-Storage Management Were a Major Factor Affecting Revenue Until 2019

Unit: ¥mn



Revenue from core self-storage management business has increased for 20 consecutive periods

Focus on real estate buying and selling

Recovery from financial crisis

Focus on self-storage brokerage (buying and selling)

Shift to cumulative-type business

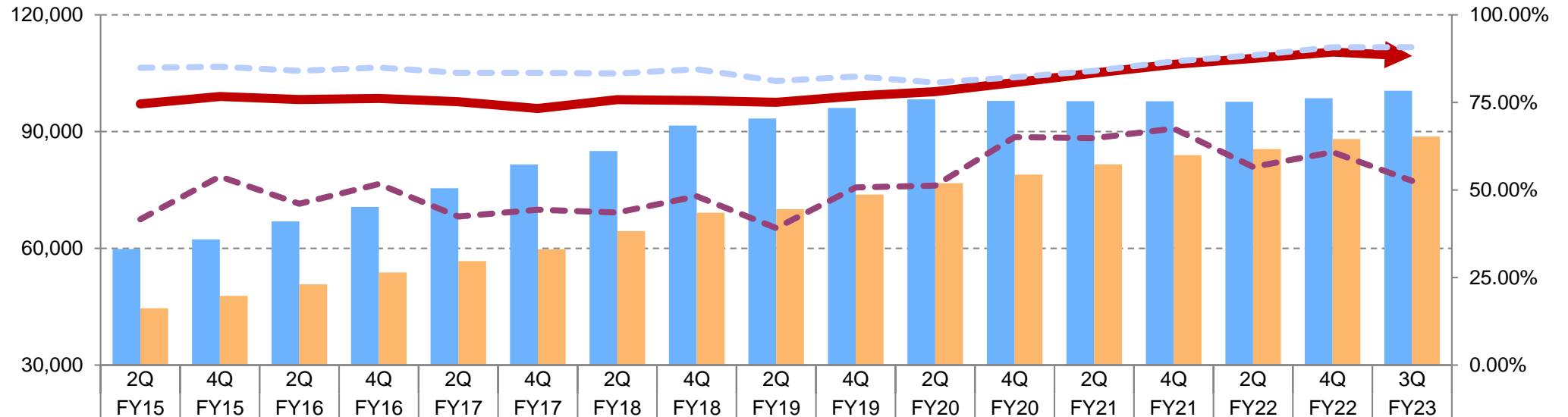


In Millions of yen			FY12/22	FY12/23				Cumulative
			Full-year	1Q	2Q	3Q	4Q	
<b>Self-Storage Management</b>	Net sales	15,725	4,094	4,143	4,178		12,416	
	Gross profit	5,509	1,536	1,543	1,546		4,626	
<b>Self-Storage Brokerage</b>	Net sales	641	213	109	326		649	
	Gross profit	54	11	10	32		54	
<b>Self-Storage Business</b>	Net sales	16,366	4,307	4,252	4,504		13,065	
	Gross profit	5,564	1,548	1,553	1,578		4,680	
	Business profit	4,084	1,166	1,122	1,146		3,434	
<b>Land Rights Consolidation Business (Limited Land Rights)</b>	Net sales	3,110	441	1,494	1,046		2,982	
	Gross profit	704	110	546	276		933	
	Business profit	464	56	317	208		583	
<b>Other Operational Services Business</b>	Net sales	1,400	339	348	360		1,048	
	Gross profit	448	96	102	115		314	
	Business profit	373	73	82	91		246	
<b>Management Division</b>	Business profit	(1,180)	(290)	(319)	(298)		(907)	
<b>Total for All Businesses</b>	Net sales	20,878	5,088	6,095	5,911		17,096	
	Gross profit	6,717	1,755	2,203	1,970		5,929	
	Operating income	3,742	1,005	1,202	1,147		3,356	

**Total of Just Under 100,000 Units at End of FY12/22, Significant Increase Expected Going Forward**

## Total Units, Units in Use, and Utilization Rate

Unit: Number of units



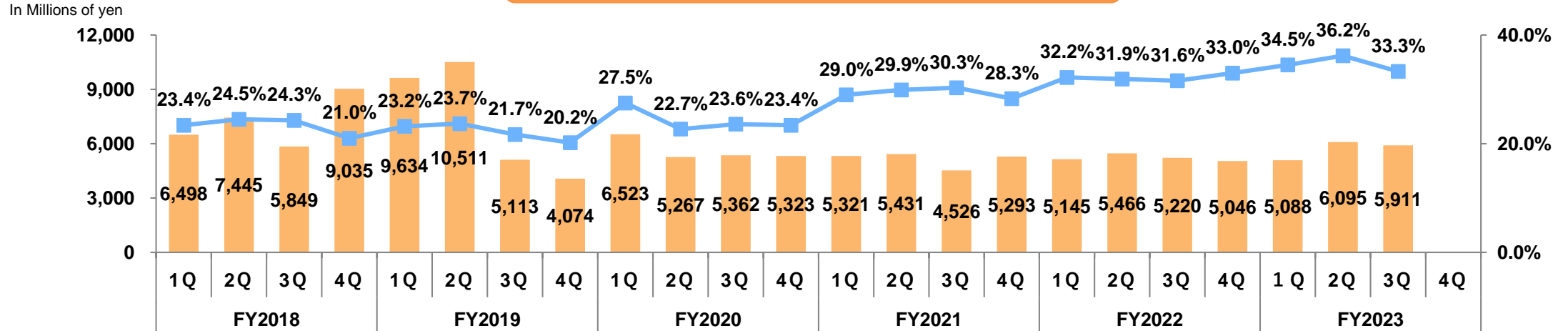
	2Q FY15	4Q FY15	2Q FY16	4Q FY16	2Q FY17	4Q FY17	2Q FY18	4Q FY18	2Q FY19	4Q FY19	2Q FY20	4Q FY20	2Q FY21	4Q FY21	2Q FY22	4Q FY22	3Q FY23
Total Units	59,802	62,325	66,923	70,651	75,440	81,555	85,005	91,545	93,372	96,067	98,289	97,885	97,836	97,784	97,657	98,581	100,493
Units in Use	44,603	47,796	50,739	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	88,706
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%	88.27%
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%	90.77%
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%	52.60%

\*New unit utilization rate: utilization rate of new units opened within the most recent two business years. Covers new units opened since January 2022.

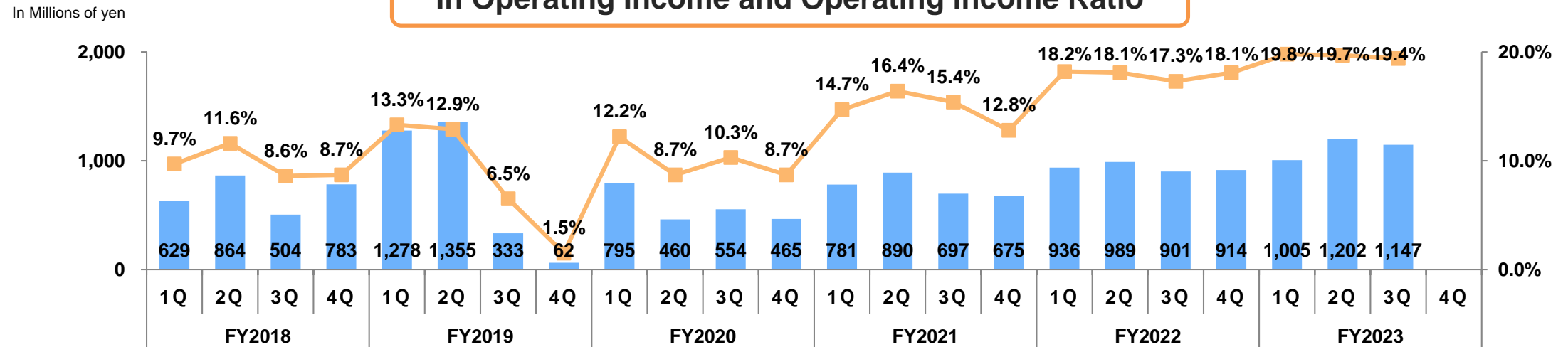
	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Hokkaido	1,048	414	137	1,599	1.59%
Aomori	50	0	48	98	0.10%
Iwate	20	0	0	20	0.02%
Miyagi	1,702	0	38	1,740	1.73%
Akita	31	0	0	31	0.03%
Yamagata	74	0	0	74	0.07%
Fukushima	186	0	0	186	0.19%
Ibaraki	1,040	0	0	1,040	1.03%
Tochigi	438	0	0	438	0.44%
Gunma	1,142	0	0	1,142	1.14%
Saitama	8,349	658	1,447	10,454	10.40%
Chiba	10,086	250	1,412	11,748	11.69%
Tokyo	17,233	9,753	3,493	30,479	30.33%
Kanagawa	8,815	2,424	1,396	12,635	12.57%
Niigata	311	0	0	311	0.31%
Toyama	207	0	0	207	0.21%
Ishikawa	271	0	0	271	0.27%
Fukui	143	0	0	143	0.14%
Yamanashi	202	0	0	202	0.20%
Nagano	479	0	0	479	0.48%
Gifu	611	0	0	611	0.61%
Shizuoka	1,837	0	0	1,837	1.83%
Aichi	5,162	441	389	5,992	5.96%
Mie	368	50	0	418	0.42%

	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Shiga	292	0	0	292	0.29%
Kyoto	1,768	152	64	1,984	1.97%
Osaka	4,421	907	362	5,690	5.66%
Hyogo	3,870	121	0	3,991	3.97%
Nara	637	0	0	637	0.63%
Wakayama	27	0	0	27	0.03%
Tottori	85	0	0	85	0.08%
Shimane	30	0	0	30	0.03%
Okayama	218	0	0	218	0.22%
Hiroshima	449	0	0	449	0.45%
Yamaguchi	261	0	47	308	0.31%
Tokushima	49	0	0	49	0.05%
Kagawa	350	102	0	452	0.45%
Ehime	223	0	0	223	0.22%
Kochi	69	0	0	69	0.07%
Fukuoka	2,497	0	0	2,497	2.48%
Saga	106	0	0	106	0.11%
Nagasaki	144	0	0	144	0.14%
Kumamoto	371	0	0	371	0.37%
Oita	110	0	0	110	0.11%
Miyazaki	184	0	0	184	0.18%
Kagoshima	386	0	0	386	0.38%
Okinawa	36	0	0	36	0.04%
<b>Total</b>	<b>76,388</b>	<b>15,272</b>	<b>8,833</b>	<b>100,493</b>	<b>100.00%</b>

### In Net Sales and Gross Profit Margin



### In Operating Income and Operating Income Ratio





## Main Implementation Measures This Year

Issue	Measure
<b>Improve Visibility</b>	<b>Implemented seminars for individual investors</b>
	<b>Implemented small meetings</b>
	<b>Published external report</b>
<b>Help Investors Get To Know Arealink</b>	<b>Published self-storage monthly results</b>
	<b>Implemented 1-on-1s</b>
	<b>Delivered IR emails</b>
	<b>Gave property tours</b>
	<b>Published a detailed report written by an external company</b>
<b>Approach Foreign Investors</b>	<b>English translation of financial results (full text)</b>
	<b>English translation of earnings presentation materials</b>
	<b>Published report written by an overseas company</b>
	<b>Implemented 1-on-1s with foreign investors</b>
	<b>Overseas IR roadshow (planned)</b>

## Enhancing Information Dissemination to Domestic and Foreign Investors

### ◆ Shared Research (Japanese/English)

Information dissemination for domestic and foreign investors

<https://sharedresearch.jp/ja/companies/8914>



### ◆ Fisco (Japanese/English)

Information dissemination for domestic and foreign investors

<https://www.fisco.co.jp/service/report/>



### ◆ StormResearch (English)

Information dissemination for foreign institutional investors

<https://stormresearch.co.uk/>



## ◆ IR Email Distribution

IR E-mail Distribution is a service that provides timely IR information, including the latest news releases, via e-mail.

Emails will be sent to your registered email address through the RIMSNET service operated by the Transfer Agent Department of Mitsubishi UFJ Trust Banking Corporation.

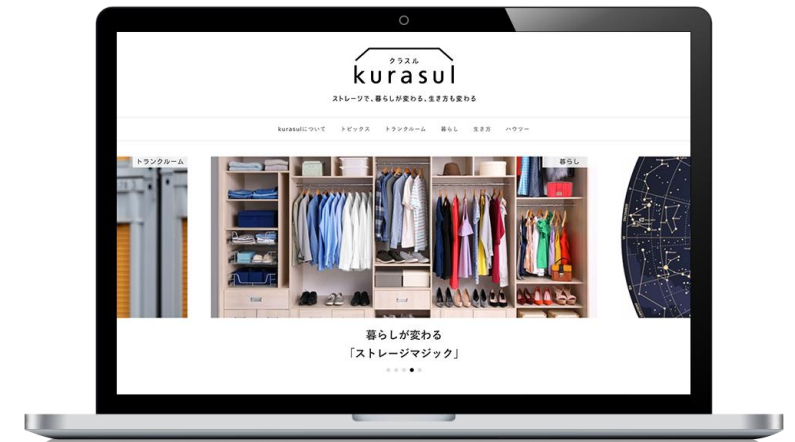
Access here to sign up → <https://rims.tr.mufig.jp/?sn=8914>

## ◆ Information Site On Living and Storage “kurasul”

Continuously proposing affluent lifestyles through self-storage

<https://kurasul.hello-storage.com/>

Scan this QR code  
to visit “kurasul”! →



The earnings forecasts, predictions, strategies, and other information presented in this report are as of the time of preparation. The report was prepared based on information reasonably available to the Company, with determinations made within foreseeable bounds.

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.

The Company makes an effort to proactively disclose information considered important to investors, but readers are strongly advised to avoid decisions that place undue reliance solely on the earnings forecasts presented in this report.

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