

Arealink

Arealink Co., Ltd.

**February 14, 2024
Results Briefing
Fiscal Year Ended
December 2023**

- **FY12/23 Business Results** **3-20**
- **Achieving the Medium-Term Management Plan**
21-39
- **Human Capital Management and Overseas
Strategies**
The Future of Arealink **40-53**
- **Appendix** **54-69**

FY12/23 Business Results

Yasuaki Ootaki
Director, Head of Administrative Division

◆ **Self-Storage Business**

- Progressed beyond plan, opening a total of 5,800 new units compared to the target of 4,700 for FY12/23.
- Reached 100,000 units in September 2023! (25 years after launching the business)
- 7 properties of self-storage mini with land were sold in FY12/23.

YoY sales up 6.5% and operating profit up 11.7%.

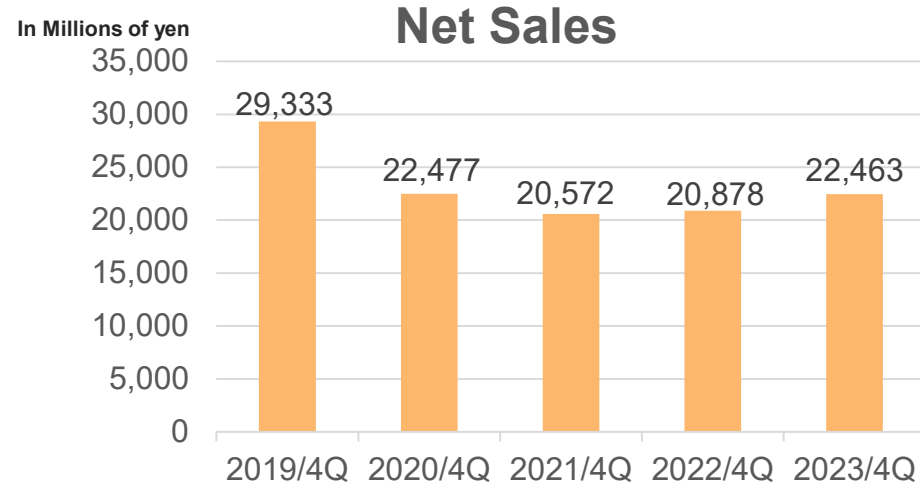
◆ **Land Rights Consolidation Business**

- Sales achieved the plan, but profits fell short, due in part to write-downs.

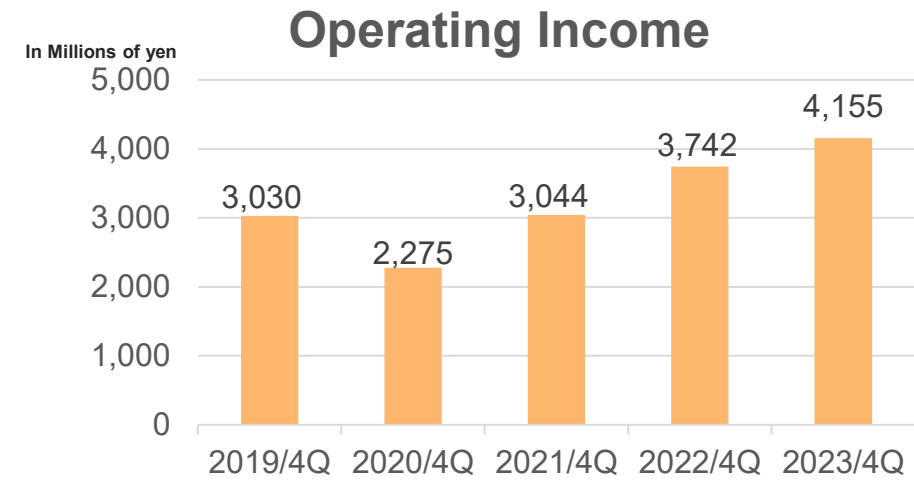
◆ **All businesses**

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

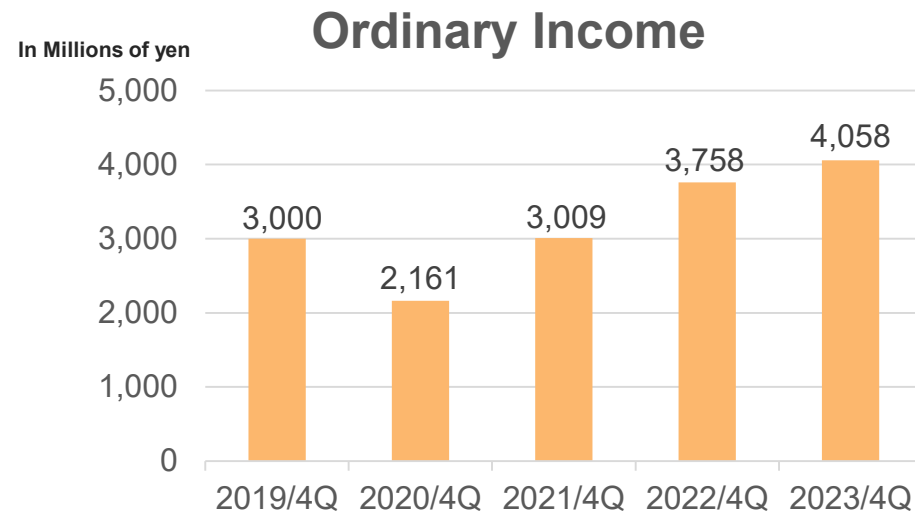
Past Four Years + FY12/23 Earnings Results



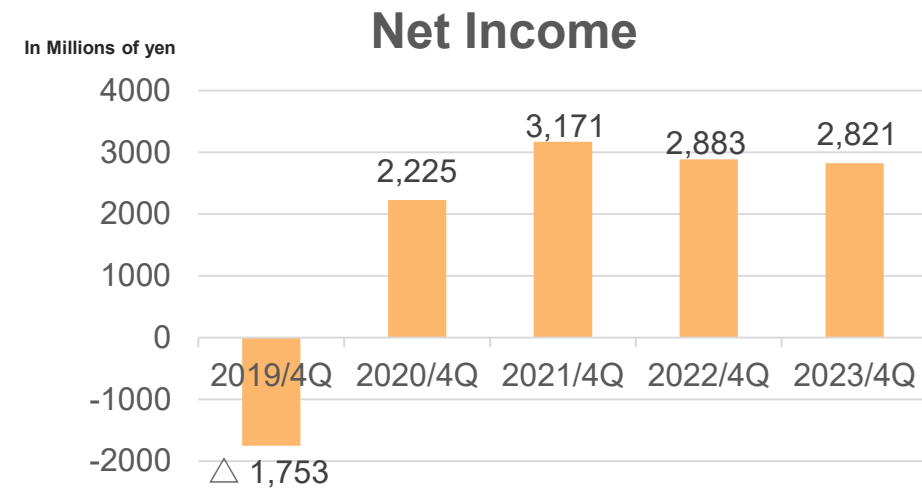
+7.6% YoY, 103.0% achievement in FY12/23



+11.1% YoY, 102.6% achievement in FY12/23



+8.0% YoY, 103.3% achievement in FY12/23

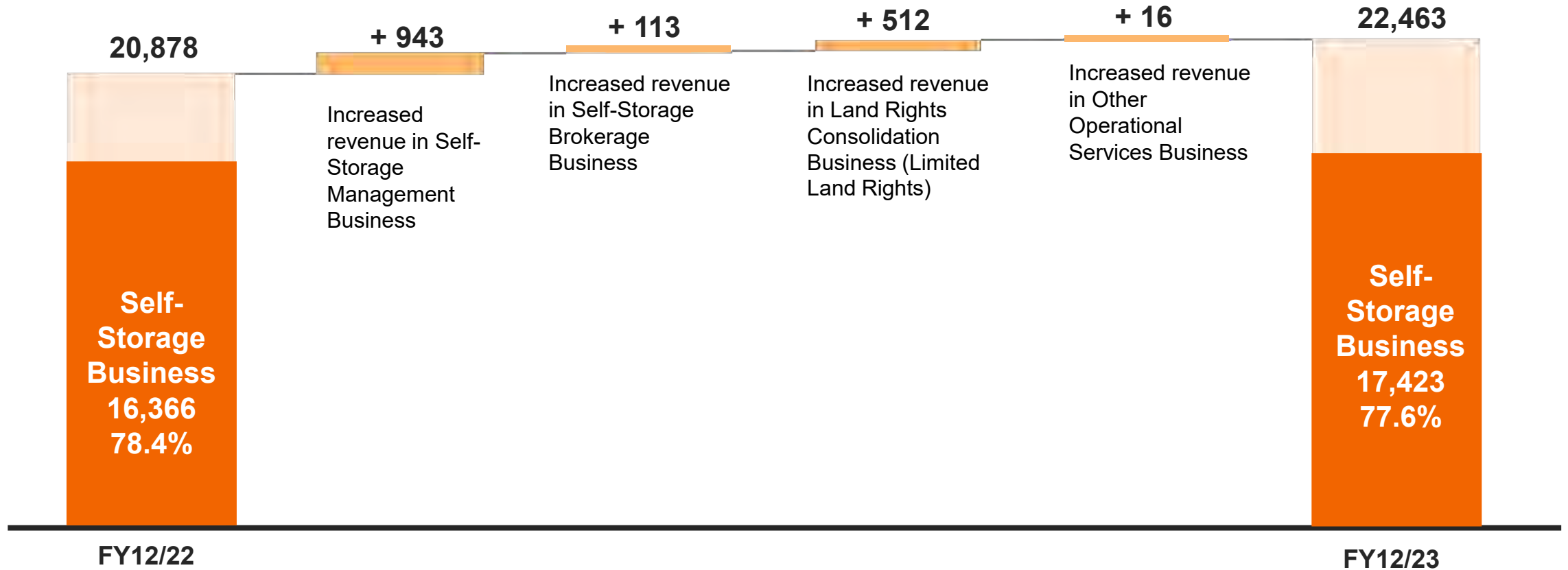


-2.1% YoY, 108.5% achievement in FY12/23

Overall Sales Increased by +7.6% Due to Increased Sales in the Self-Storage Business

Increase/Decrease in Net Sales

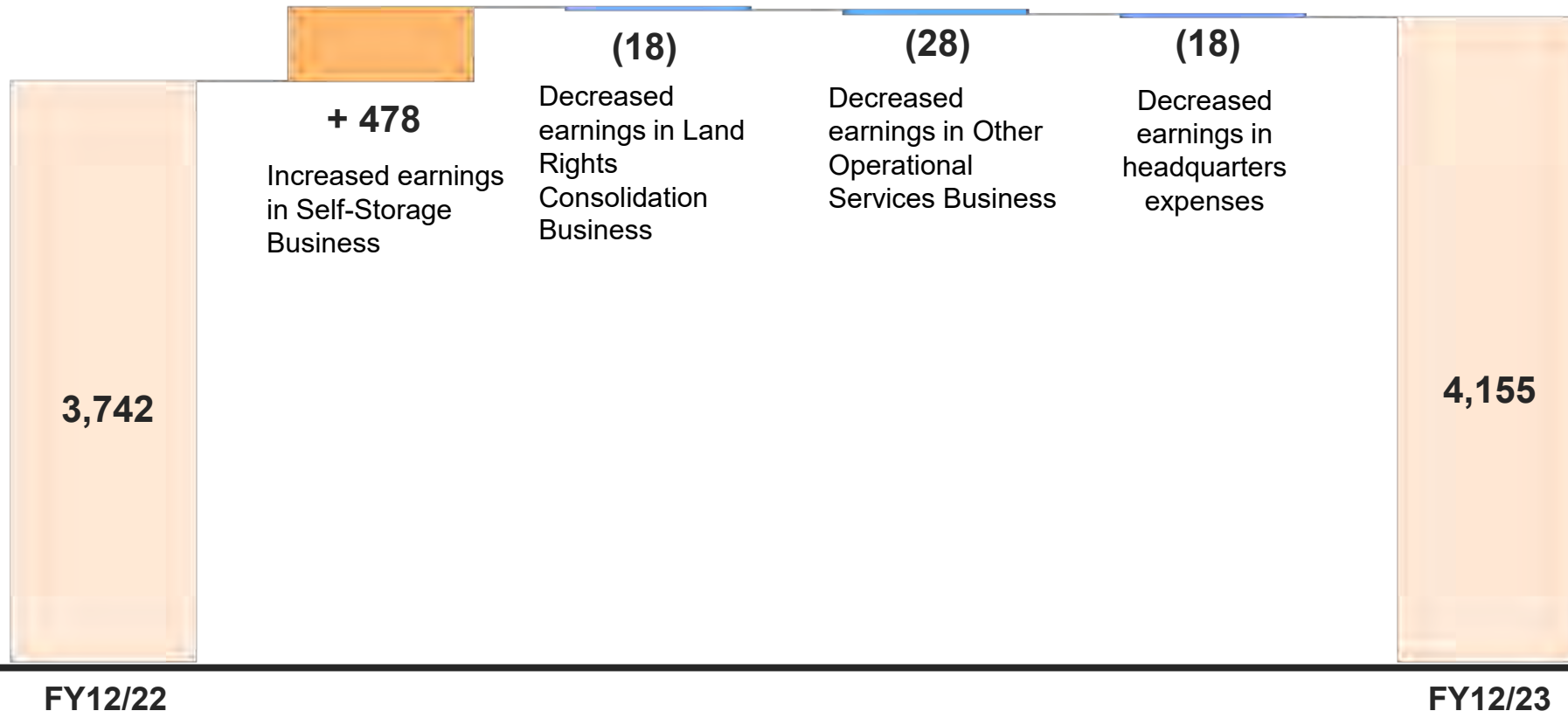
In Millions of yen



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

Increase/Decrease in Operating Income

In Millions of yen



Both Sales and Profits Ended above the Full-Year Plan.

	FY12/22	FY12/23			
	Full-year Result	Full-year Plan	Full-year Result	Relative to Plan	YoY
In Millions of yen					
Net sales	20,878	21,800	22,463	103.0%	+ 7.6%
Operating income	3,742	4,050	4,155	102.6%	+ 11.1%
Ordinary income	3,758	3,930	4,058	103.3%	+ 8.0%
Net income	2,883	2,600	2,821	108.5%	-2.1%

Compensation for Relocation Due to Withdrawals from Office and Self-Storage Properties, etc. Are Recorded.

In Millions of yen

	FY12/22	FY12/23	Increase (Decrease)
Operating income	3,742	4,155	413
Non-operating income	191	133	(57)
Non-operating expenses	175	231	55
Ordinary income	3,758	4,058	299
Extraordinary income	153	64	(89)
Extraordinary loss	50	52	(1)
Income before income taxes	3,862	4,070	208
Income taxes — current	1,021	1,104	82
Income taxes — refund	(235)	-	235
Income taxes — deferred	192	145	(47)
Net income	2,883	2,821	(61)

Non-operating income
 Compensation for transfer ¥87 million
 Foreign exchange gains ¥16 million

Non-operating expenses
 Interest expenses ¥143 million
 Commission expenses ¥73 million

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

Aggressive Measures to Increase Salaries in Order to Practice Business Operations with a Small Workforce.

Millions of yen	FY12/22	FY12/23	Increase (Decrease)	Rate of change
Directors' Compensation	139	148	8	+6.2%
Salary and allowances	818	943	125	+15.3%
Advertising and publicity costs	220	256	36	+16.7%
Commission expenses	432	596	164	+38.0%
(Sales commissions)	(141)	(267)	(126)	(+89.6%)
Compensation expenses	378	401	22	+6.0%
Taxes and public dues	194	201	6	+3.4%
Others	791	849	57	+7.2%
Total SG&A expenses	2,975	3,397	421	+14.2%

* The amount of sales commissions within commission expenses is the commission expenses for real estate transactions, etc. (variable cost).

Overview of FY12/23 Business Results (by segment)

In Millions of yen			FY12/22		FY12/23		
			Actual	Percent of Sales	Actual	Percent of Sales	YoY
	Self-Storage Management	Net sales	15,725	—	16,668	—	+ 6.0%
		Gross profit	5,509	35.0%	6,227	37.4%	+ 13.0%
	Self-Storage Brokerage	Net sales	641	—	755	—	+ 17.7%
		Gross profit	54	8.5%	61	8.2%	+ 13.0%
Self-Storage Business		Net sales	16,366	—	17,423	—	+ 6.5%
		Gross profit	5,564	34.0%	6,288	36.1%	+ 13.0%
		Business profit	4,084	25.0%	4,563	26.2%	+ 11.7%
Land Rights Consolidation Business (Limited Land Rights)		Net sales	3,110	—	3,623	—	+ 16.5%
		Gross profit	704	22.7%	828	22.9%	+ 17.6%
		Business profit	464	14.9%	446	12.3%	-3.9%
Other Operational Services Business		Net sales	1,400	—	1,416	—	+ 1.2%
		Gross profit	448	32.0%	435	30.7%	-3.0%
		Business profit	373	26.7%	345	24.4%	-7.6%
Headquarters expenses		Business profit	(1,180)	—	(1,199)	—	+ 1.5%
Total for All Businesses		Net sales	20,878	—	22,463	—	+ 7.6%
		Gross profit	6,717	32.2%	7,552	33.6%	+ 12.4%
		Operating income	3,742	17.9%	4,155	18.5%	+ 11.1%

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

Self-Storage Business					
In Millions of yen	FY12/22	FY12/23	YoY	FY12/23 Plan	Progress
Net sales (Self-storage management)	15,725	16,668	+ 6.0%	—	—
Net sales (Self-storage brokerage)	641	755	+ 17.7%	—	—
Net sales	16,366	17,423	+ 6.5%	17,200	101.3%
Gross profit (Self-storage management)	5,509	6,227	+ 13.0%	—	—
Gross profit (Self-storage brokerage)	54	61	+ 13.0%	—	—
Gross profit	5,564	6,288	+ 13.0%	—	—
SG&A expenses	1,479	1,725	+ 16.6%	—	—
Business profit	4,084	4,563	+ 11.7%	4,440	102.8%

Self-Storage Management

- The utilization rate remained high at 88.29% despite increase in the number of new units, and revenue and profits increased year on year.

Self-Storage Brokerage

- Revenue and profits rose as a result of the sale of 7 properties.

Land Rights Consolidation Business – Revenue Growth with Profit Decline on Partial Write-Downs.

Land Rights Consolidation Business (Limited Land Rights)					
In Millions of yen	FY12/22	FY12/23	YoY	FY12/23 Plan	Compared to plan
Net sales	3,110	3,623	+ 16.5%	3,250	111.5%
Gross profit	704	828	+ 17.6%	—	—
SG&A expenses	240	382	+ 59.0%	—	—
Business profit	464	446	-3.9%	520	85.8%

Land Rights Consolidation Business (Limited Land Rights)

- Inventory was 3,809 million yen, a decrease of 146 million yen compared to the end of the previous fiscal year.
- Sales grew steadily, but profits fell short of the plan, due in part to write-downs

Other Operational Services Business					
In Millions of yen	FY12/22	FY12/23	YoY	FY12/23 Plan	Compared to plan
Net sales	1,400	1,416	+ 1.2%	1,350	105.0%
Gross profit	448	435	-3.0%	—	—
SG&A expenses	74	89	+ 19.9%	—	—
Business profit	373	345	-7.6%	305	113.3%

Other Operational Services Businesses

- Revenues increased while profits decreased, due to cancellations of some properties, etc., but the results surpassed the plan.

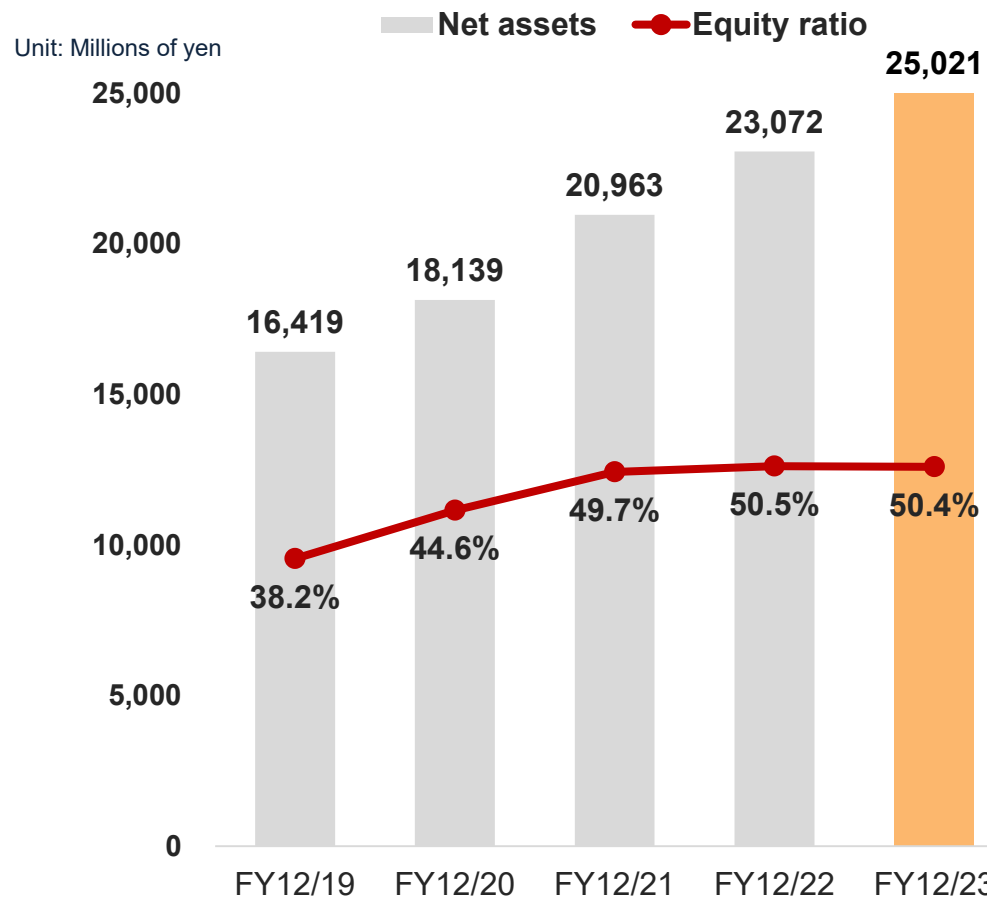
Stable Financial Base With Cash Deposits of 14.9 Billion Yen

In Millions of yen

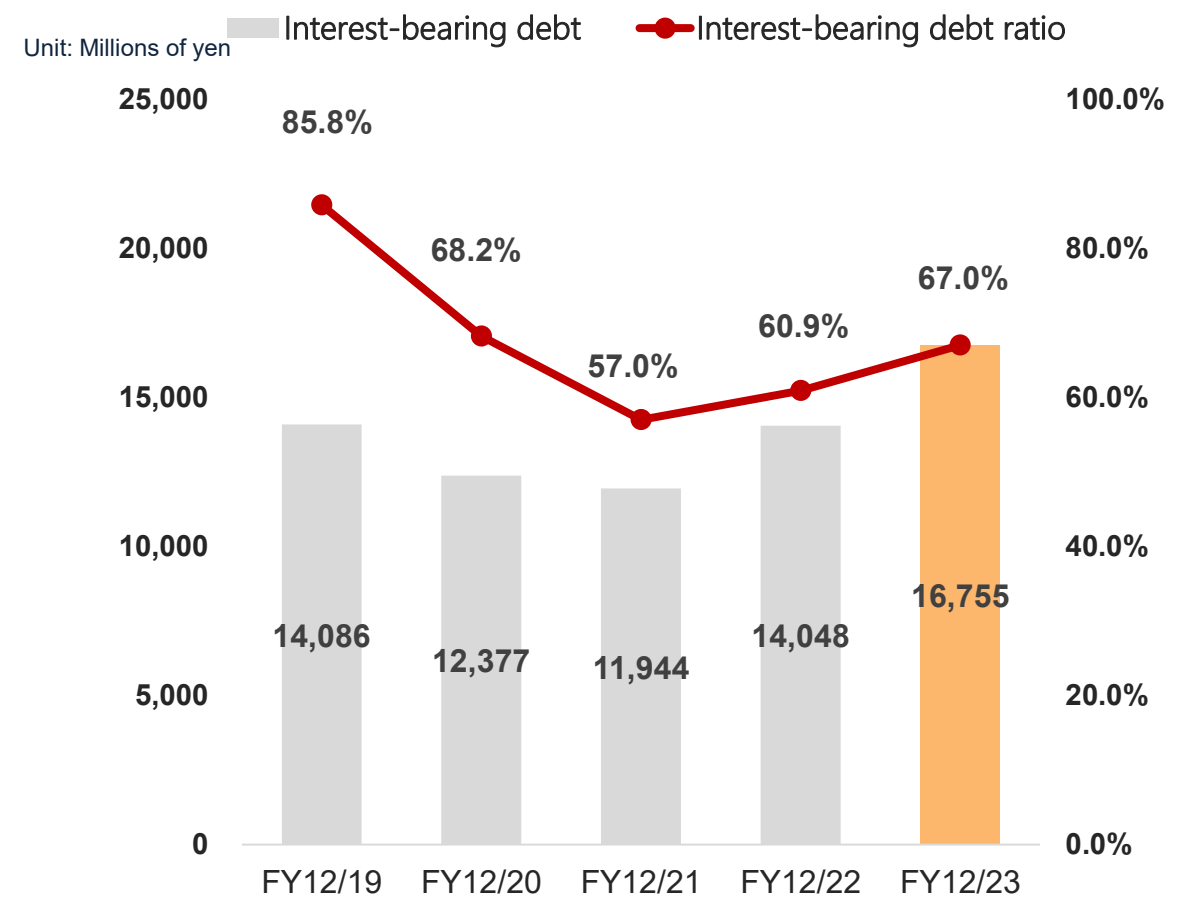
<p>Real estate for sale (of which limited land rights)</p> <p>Land</p> <p>Buildings</p> <p>Tools, equipment and fixtures</p> <p>Total assets (YoY)</p>	<p>5,949 million yen 3,809 million yen)</p> <p>8,132 million yen</p> <p>6,295 million yen</p> <p>6,828 million yen</p> <p>49,676 million yen + 4,032 million yen)</p>	<p>Cash and deposits</p> <p>14,995</p>	<p>Current liabilities</p> <p>7,062</p>	<p>Current portion of long-term debt</p> <p>2,578 million yen</p>
		<p>Other current assets</p> <p>6,891</p>	<p>Fixed liabilities</p> <p>17,592</p>	<p>Long-term loans payable</p> <p>12,308 million yen</p> <p>Lease obligations</p> <p>1,304 million yen</p> <p>Long-term accounts payable - other</p> <p>1,445 million yen</p>
		<p>Fixed assets</p> <p>27,788</p>	<p>Net assets</p> <p>25,021</p>	<p>Total liabilities (YoY)</p> <p>24,655 million yen + 2,084 million yen)</p> <p>Net assets (YoY)</p> <p>25,021 million yen + 1,948 million yen)</p>

Equity Ratio Remained Stable at 50.4%

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

Maintained Cash and Deposits of 14.9 Billion Yen and Achieved Stable Positive Operating Cashflow.

Unit: Millions of yen

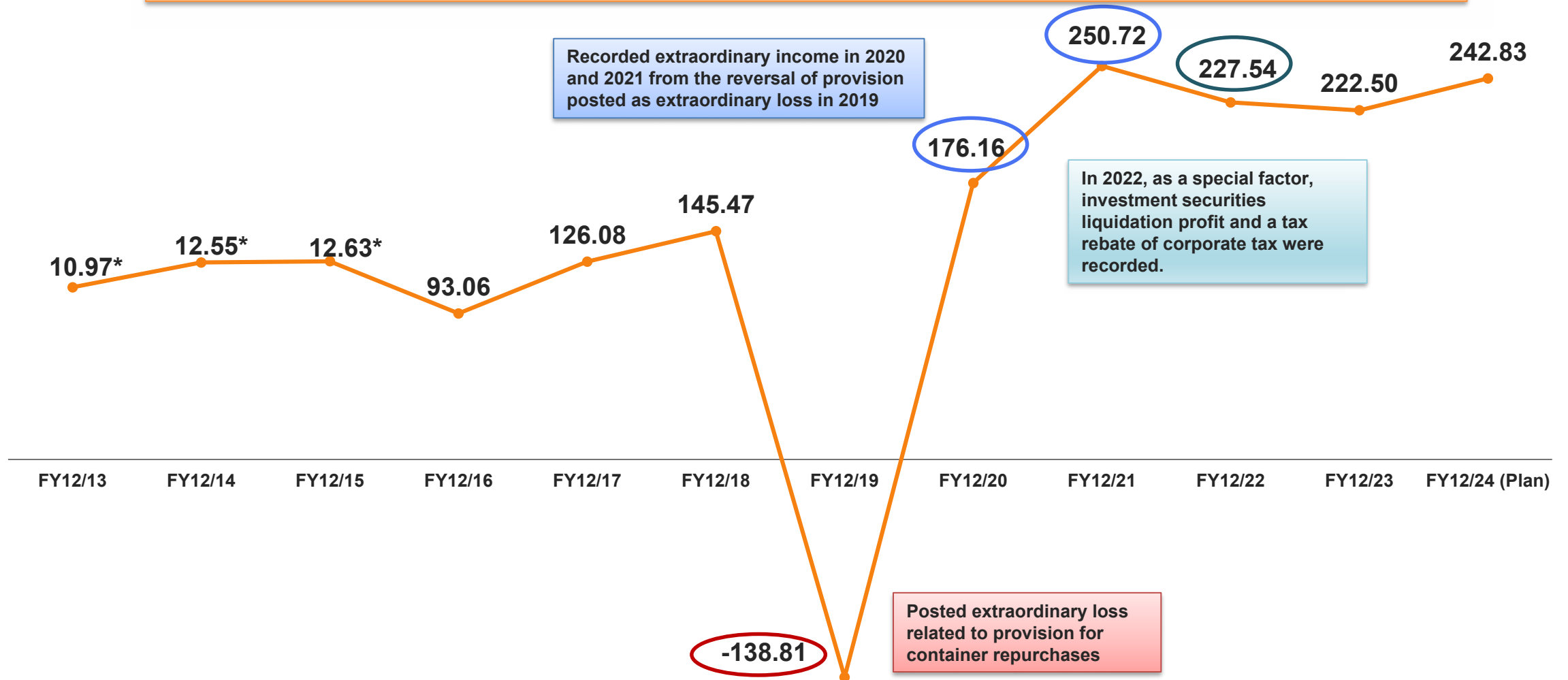
	FY12/22	FY12/23	
Cash flows from operating activities	1,605	3,530	Income before income taxes 4,070 million yen Decrease (increase) in inventories (150) million yen Income taxes paid (1,169) million yen
Cash flows from investing activities	(2,258)	(4,667)	Purchase of noncurrent asset (4,801) million yen
Cash flows from financing activities	1,492	1,818	Proceeds from long-term loans payable 5,362 million yen Repayment of long-term loans payable (2,603) million yen Net increase (decrease) in short-term loans payable 372 million yen Cash dividends paid (873) million yen
Cash and cash equivalents at the end of year	14,299	14,995	

In Millions of yen	FY12/23		FY12/24		
	Actual	Percent of Sales	Plan	Percent of Sales	YoY
Net sales	22,463	—	24,400	—	+ 8.6%
Operating income	4,155	18.5%	4,650	19.1%	+ 11.9%
Ordinary income	4,058	18.1%	4,520	18.5%	+ 11.4%
Net income	2,821	12.6%	3,080	12.6%	+ 9.2%

In Millions of yen		FY12/23		FY12/24		
		Actual	Percent of Sales	Forecast	Percent of Sales	YoY
Self-Storage Business	Net sales	17,423	—	20,500	—	+ 17.7%
	Operating income	4,563	26.2%	5,360	26.1%	+ 17.5%
Land Rights Consolidation Business (Limited Land Rights)	Net sales	3,623	—	2,400	—	− 33.8%
	Operating income	446	12.3%	320	13.3%	− 28.3%
Other Operational Services Business	Net sales	1,416	—	1,500	—	+ 5.9%
	Operating income	345	24.4%	300	20.0%	− 13.2%
Management Division	Net sales	—	—	—	—	—
	Operating income	(1,199)	—	(1,330)	—	+ 10.9%
Total for All Businesses	Net sales	22,463	—	24,400	—	+ 8.6%
	Operating income	4,155	18.5%	4,650	19.1%	+ 11.9%

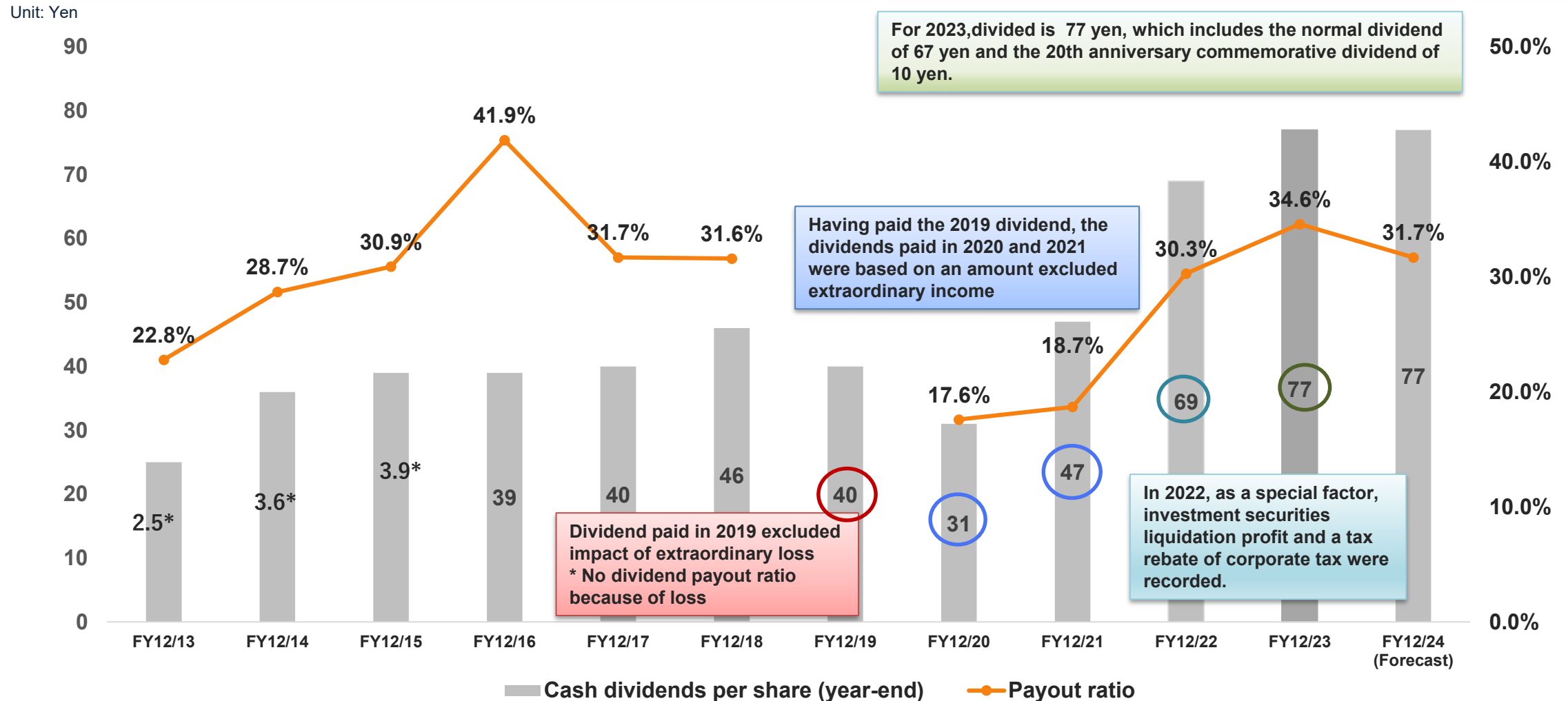
- In the Self-Storage Business, revenue and profit are expected to increase steadily
- Intend to downsize the Land Rights Consolidation Business

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 77 yen, which Includes a Commemorative Dividend of 10 yen



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

Achieving the Medium-Term Management Plan

Yoshika Suzuki
Representative Director and President (CEO)

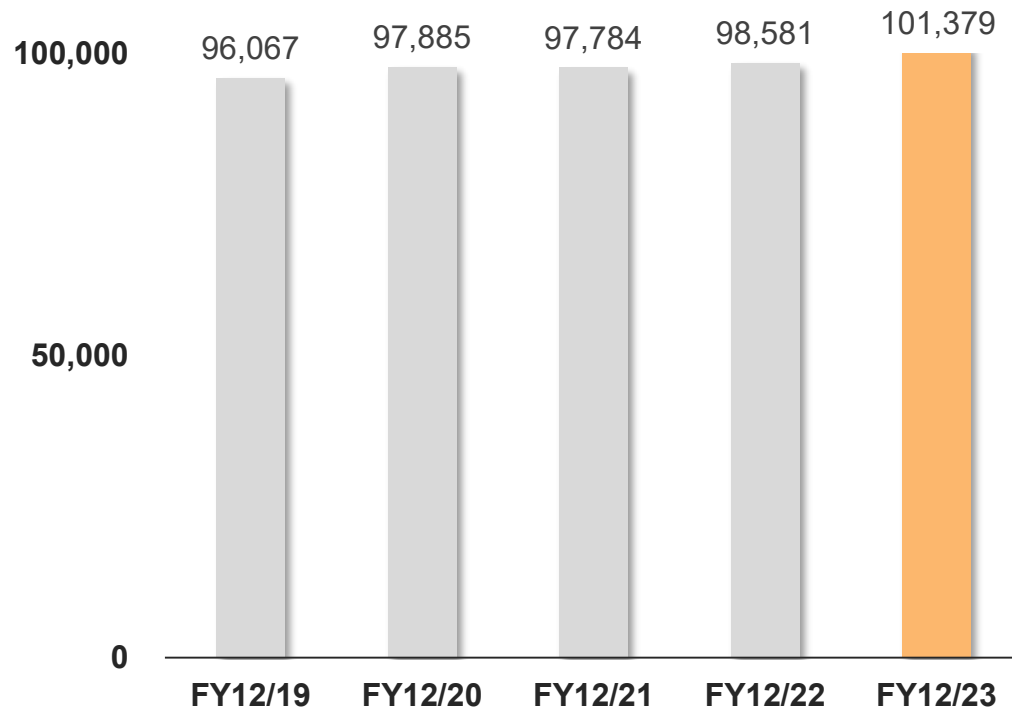
In Millions of yen	2023					2024		2025	
	Projected	Profit Margin	Actual	Profit Margin	Achievement rate	Projected	Profit Margin	Projected	Profit Margin
Net sales	21,800	—	22,463	—	103.0%	24,400	—	28,100	—
Operating income	4,050	18.6%	4,155	18.5%	102.6%	4,650	19.1%	5,500	19.6%
Ordinary income	3,930	18.0%	4,058	18.1%	103.3%	4,520	18.5%	5,350	19.0%

Self-storage No. of new units*	4,700	5,800	10,400	14,000
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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 5,800 in 2023 and then over 10,000 in 2024
- Aim to quickly achieve an operating income ratio of 20% by steadily improving income ratio

Change in Number of Self-Storage Units

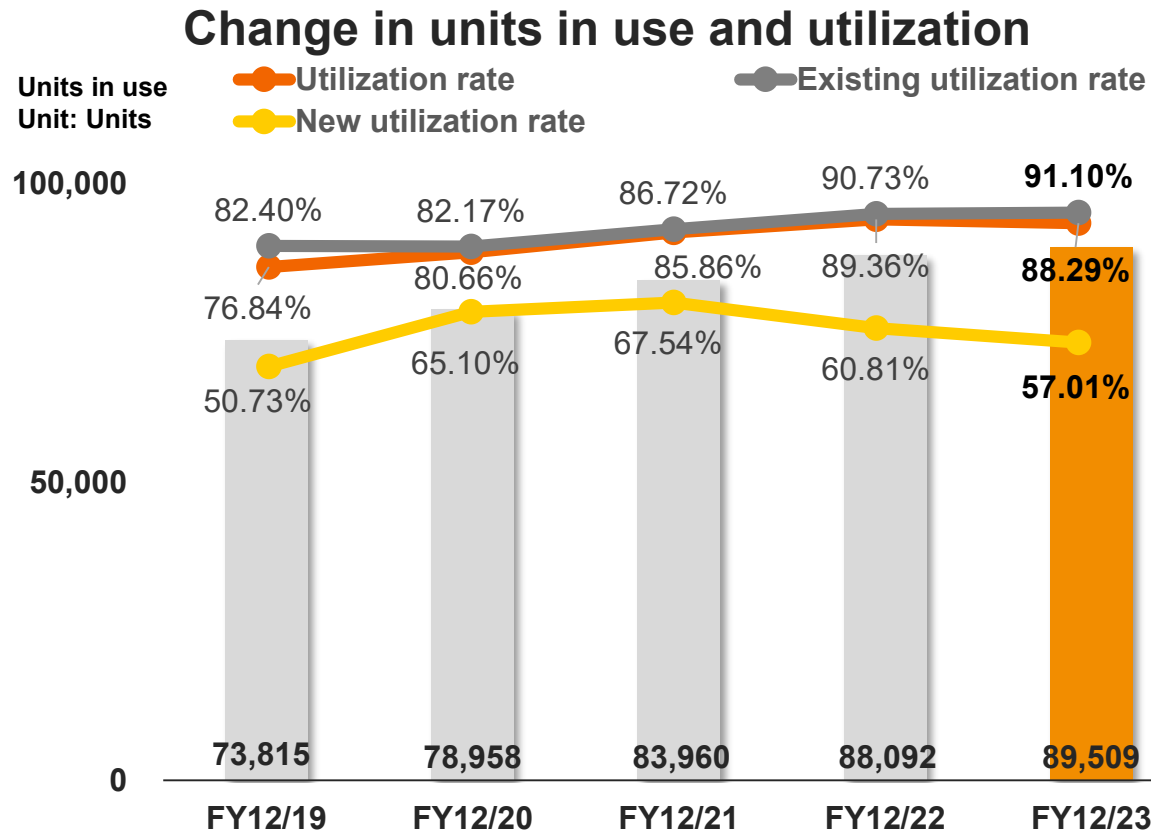


	Full-year plan	FY12/23 Number of new units	FY12/23 Cumulative number of units
Container	4,000	4,813 (301)	77,612
Indoor Storage Unit Type	500	535 (129)	15,515
Self-Storage Mini	200	452 (0)	8,252

	Plan	FY12/23 Actual
New Units in 2023	4,700	5,800 (430)

* Figures in parentheses are the number of units from expansion of existing locations.

Utilization Rate Continues to Be High



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

Overall 88.29% Existing 91.10%

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

- Openings by Region

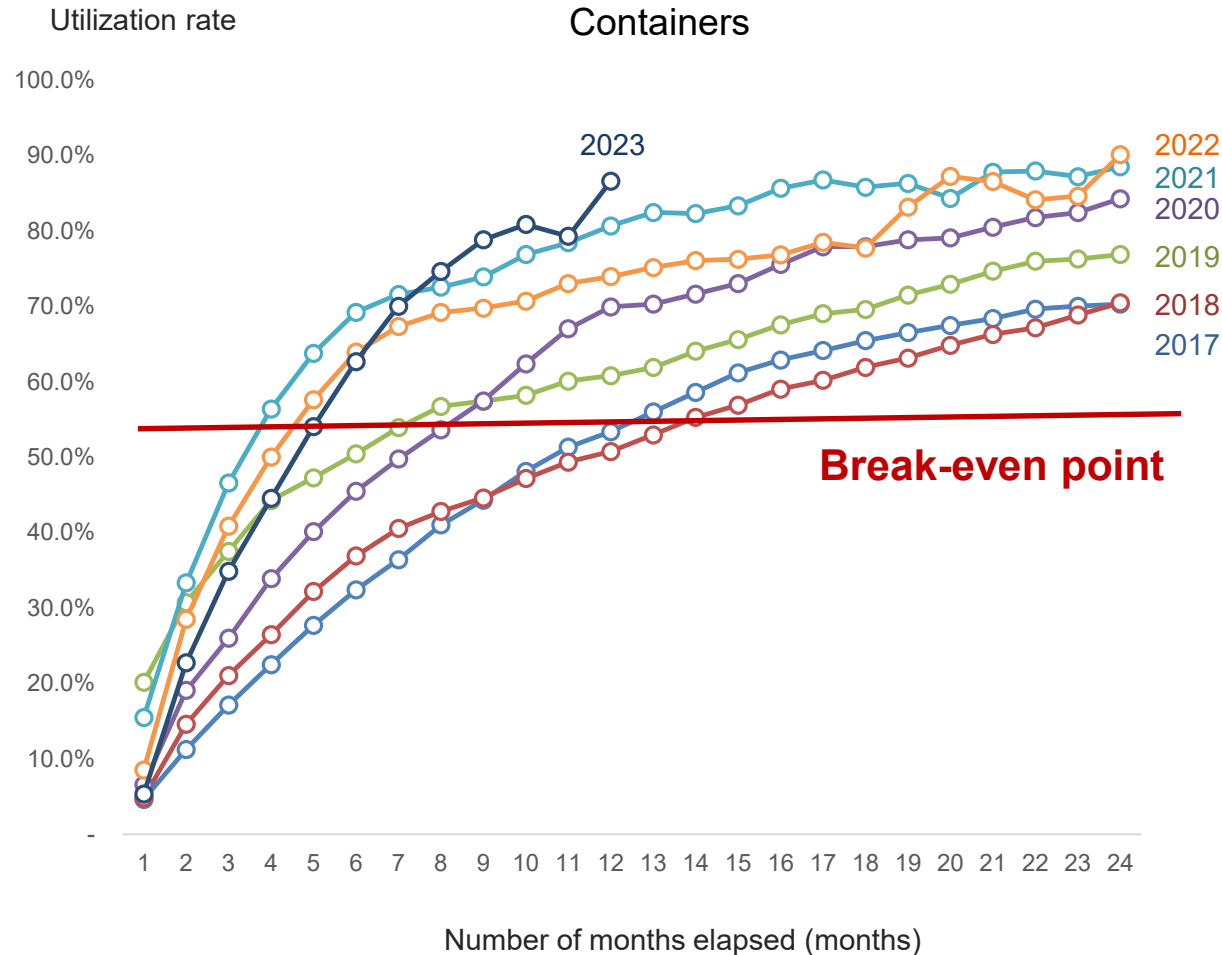
Tokyo and Three Neighboring Prefectures: 2,369 units

Kyoto, Osaka, Kobe: 919 units

Other Region: 2,512 units

*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 of newly opened locations is increasing each year.



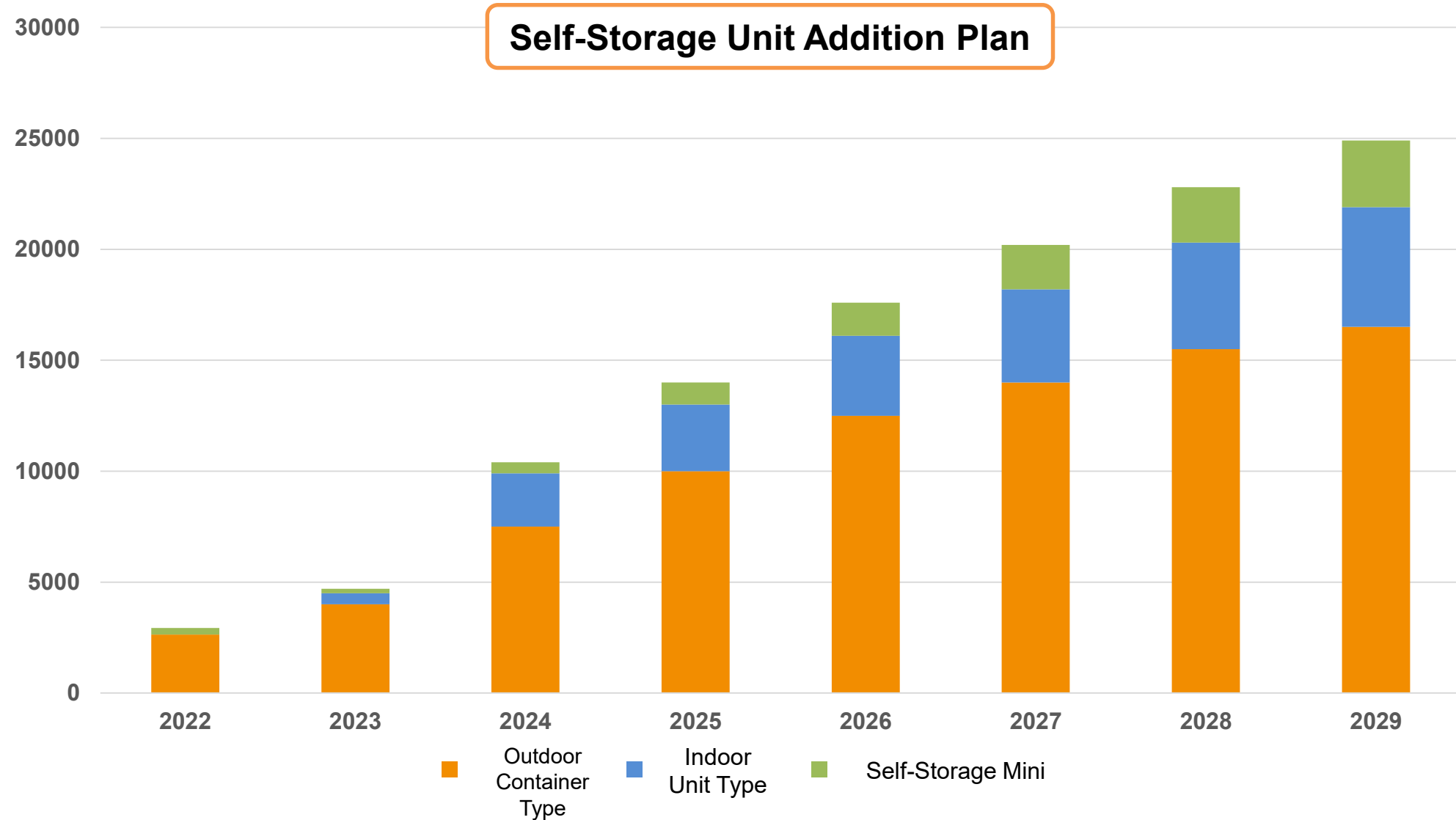
■ Factors contributing to the increase in the utilization rate

- Greater precision of location opening strategies (type of product, area, number of rooms, price) from use of databases (population, number of households, income brackets, etc.)
- Development of small-scale properties in multiple locations
- Demand for decluttering homes as remote work becomes established
- Smaller residential spaces and rising house prices
- Greater awareness of products and services as a focus on PR activities led to wide-ranging media uptake, mainly TV and online

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. Full range of facilities including air conditioning, security systems, and private parking lots.

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. Some locations have motorcycle storage units.

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



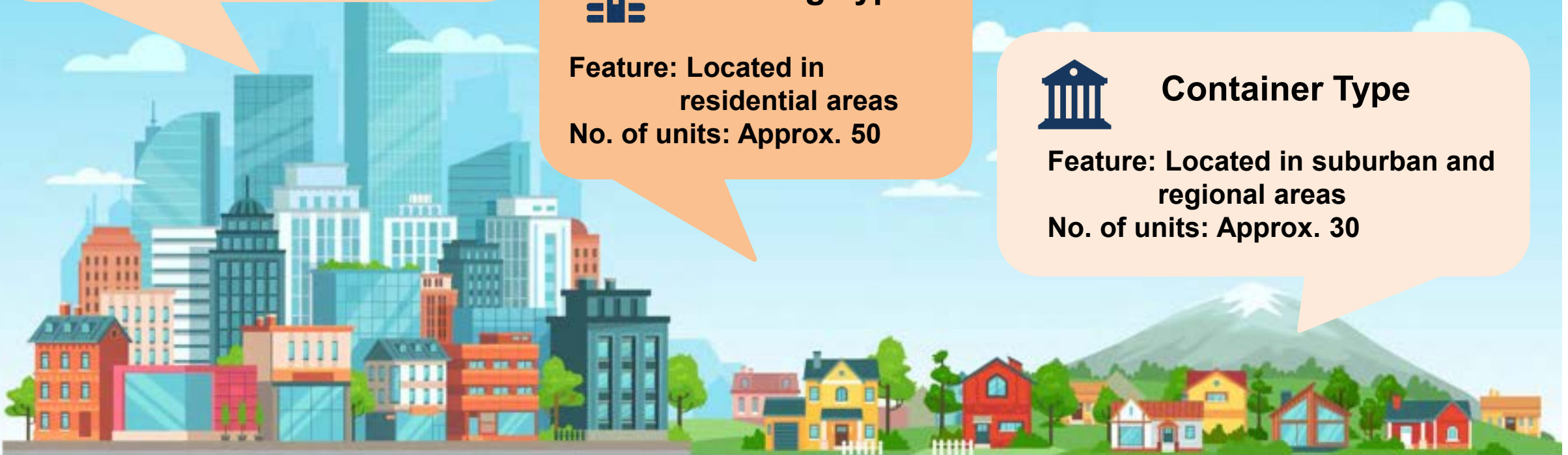
Building Type

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

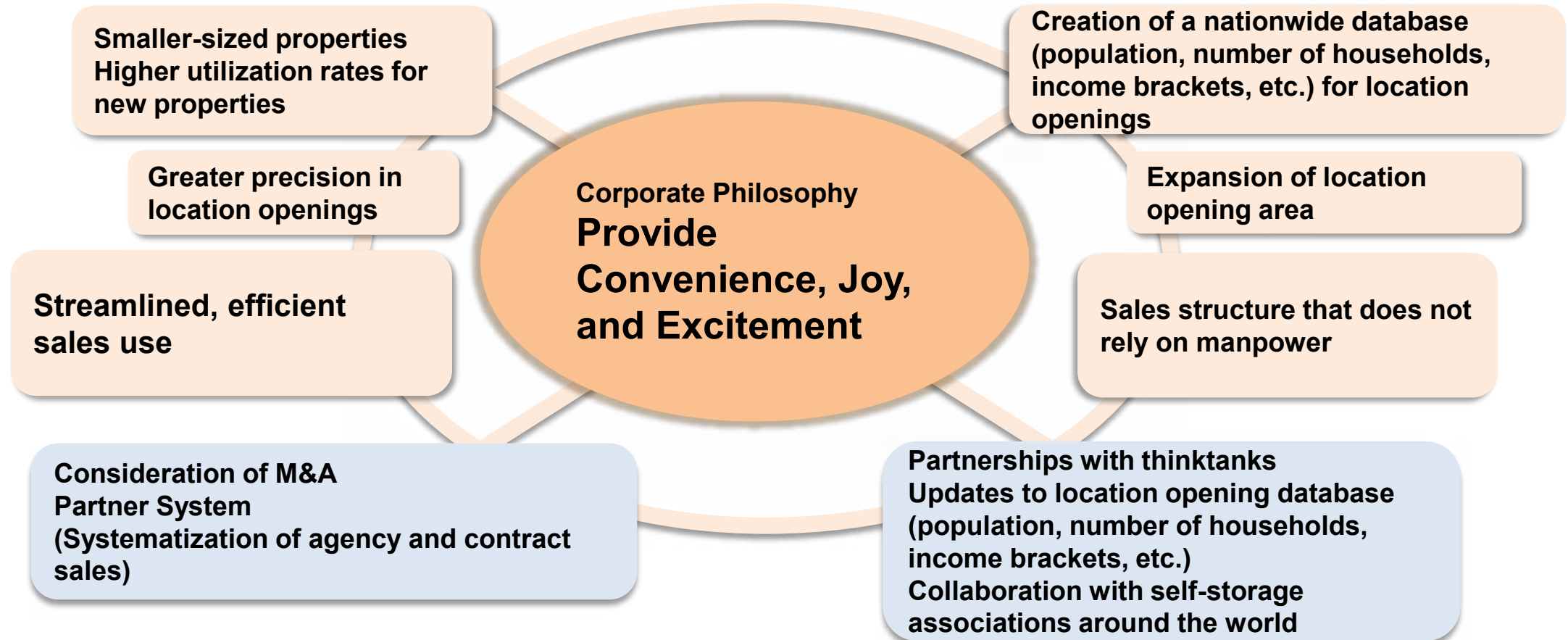
Operations are managed centrally by the head office, so even as the number of properties increases, personnel and advertising costs are contained.

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

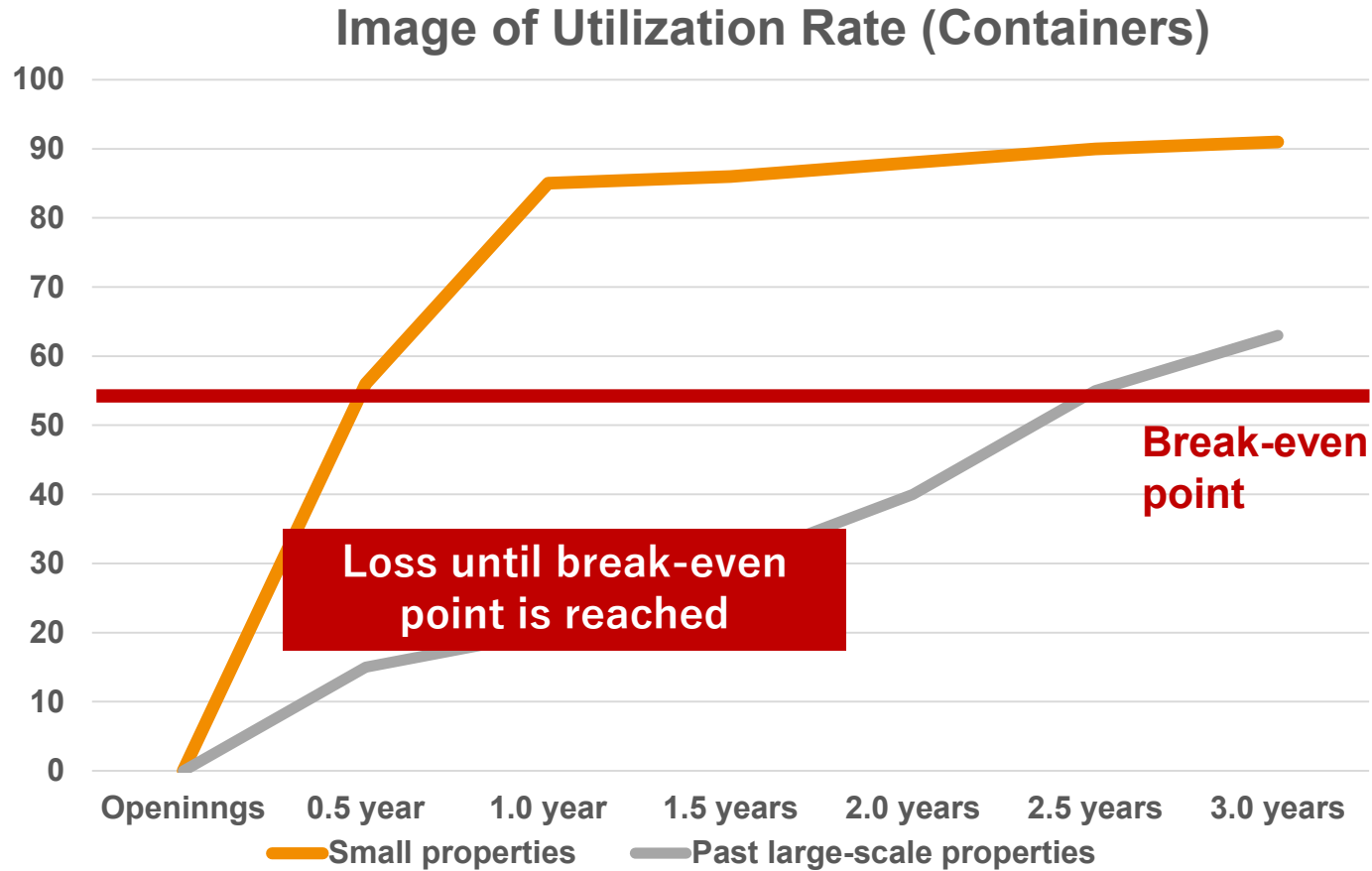
Average time to opening is four months (container and in-building type).



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 **Creation of Databases (Population, Number of Households, Income Brackets, etc.)**
- **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 (Certain locations)	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**
- ◆ **Arealink partners with thinktanks to conduct analysis from various perspectives, including contracts, cancellations, campaigns, rents, and regional data, and establishes locations with the appropriate number, type, and size of units, at the price point best suited for each area**
- ◆ **New location openings with high precision backed by meticulous data**
- ◆ **Results have been evident since 2021, with high utilization rates for both new and existing locations**

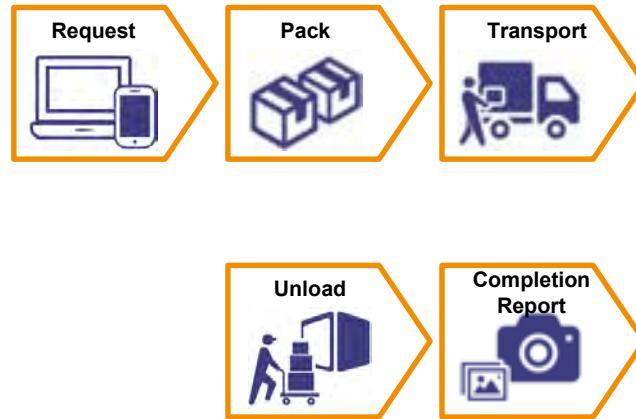
Amount and Scale of Data Accumulated
Far Exceeds That of Other Companies



- ◆ Arealink is the **ONLY company** with **contract 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



- Ability to apply for a contract online, and register a credit card for payment.

Future

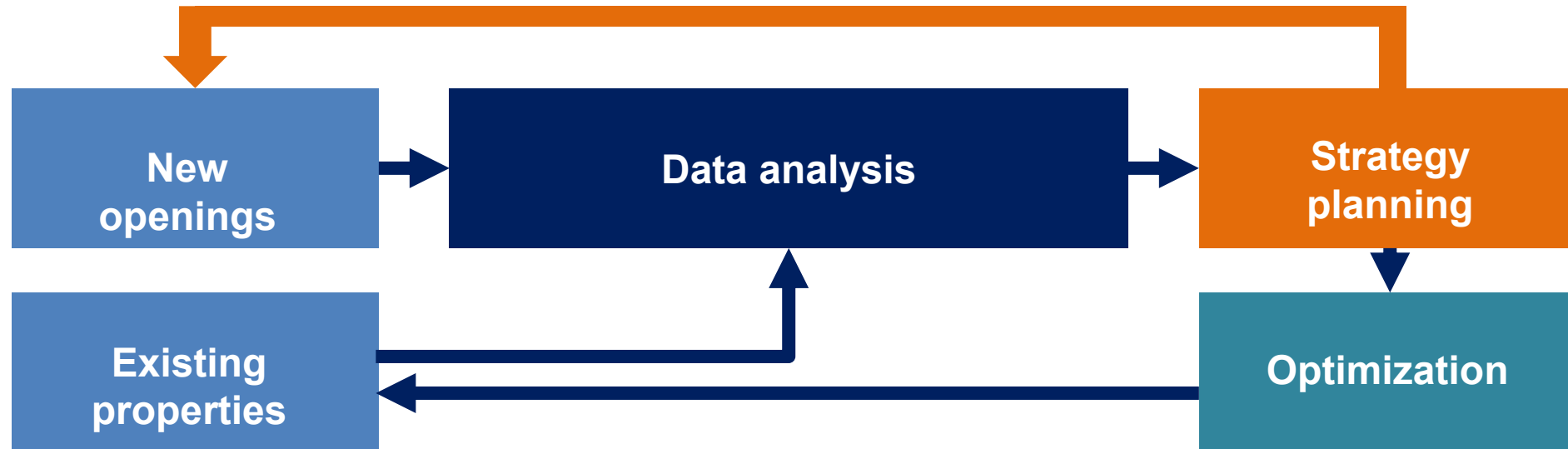


- Arealink is considering expanding services using digital technologies for greater convenience.
- Introduction of AI tools

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

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!

Arealink Expanded Media Exposure to Increase Awareness of Self-Storage

◆ Start of TV commercials for Hello Storage

Dec. 2023 – Feb. 2024

- “Shinobu Moromizato’s Practical Golf Technique” (BS 11, Sundays 17:30-18:00)

Mar. 2024 – May 2024 (Scheduled broadcast)

- “Discovery Masterpiece Selection” (BS 11, Saturdays 21:00-21:55)



◆ TV Exposure

Mar. 2023

- “Sakagami & Sashihara’s Tsuburenai Mise” (TBS)
- “news okaeri” (ABC)

Jul. 2023

- “SUGIRU-TV” (ABC)

Sep. 2023

- “Tokoro-san’s Gakko de Oshiete Kurenai Sokon-tokoro!” (TV Tokyo)

Nov. 2023

- “The Time” (TBS)
- “Mimi-yori! Biz Trend” (BS11)

“Mimi-yori! Biz Trend”



◆ Other Media Exposure

Mar. 2023

- *Logistics Weekly*

May 2023

- *Nikkan Real Estate Economic News*

Jun., Sep. 2023

- *National Rental Housing News*

Aug., Oct. 2023

- *Nikkei*

Nov. 2023

- *PRESIDENT*
- *The Leader* etc.

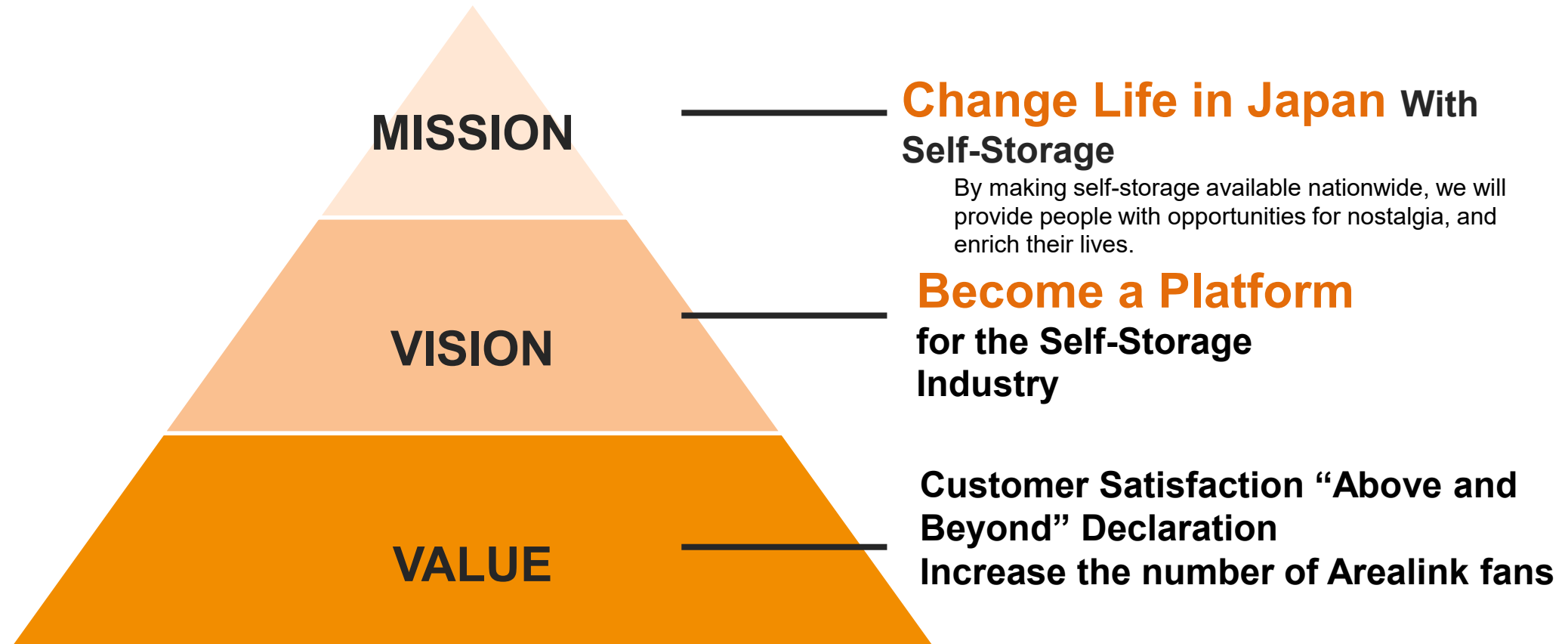
Human Capital Management and Overseas Strategies

The Future of Arealink

Naomichi Hayashi
Representative Director and Chairman (CEO)

Management Philosophy :

Provide Convenience, Joy, and Excitement



Employee Training to Implement Small-Group Management = 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)
1 0	Health Management	General health

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

* Source: *Toyo Keizai Online* "Top 500 companies that dramatically increase operating profit per employee," delivered on July 26, 2022

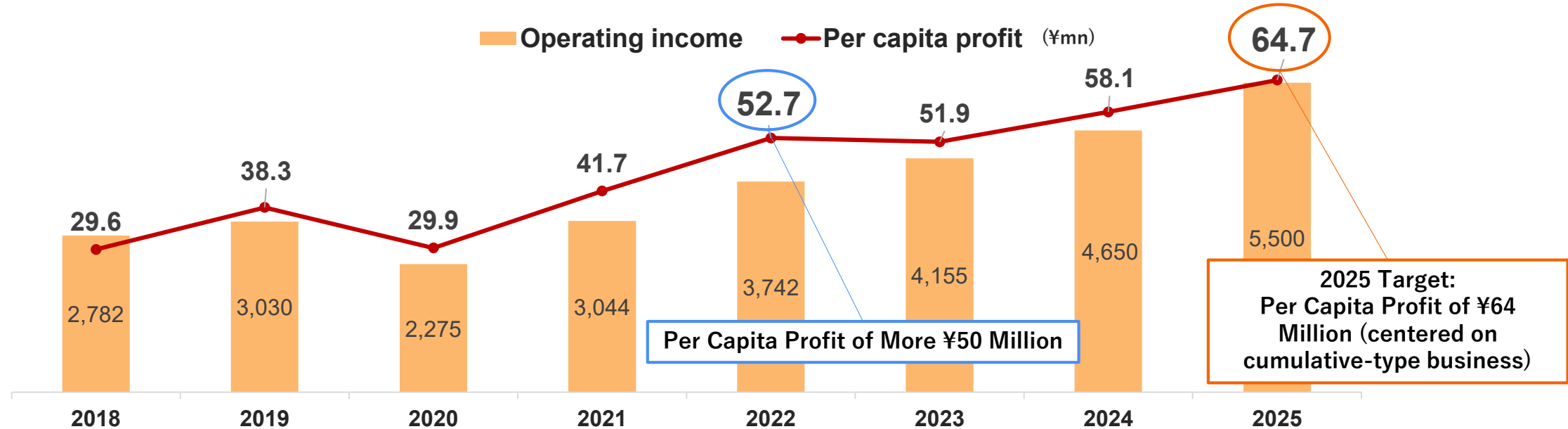
2013

Net sales	12,256 million yen
Operating income	1,505 million yen
No. of full-time employees	98
Per capita profit	15.3 million yen

**3.4x increase in
per capita profit
in ten years**

2023

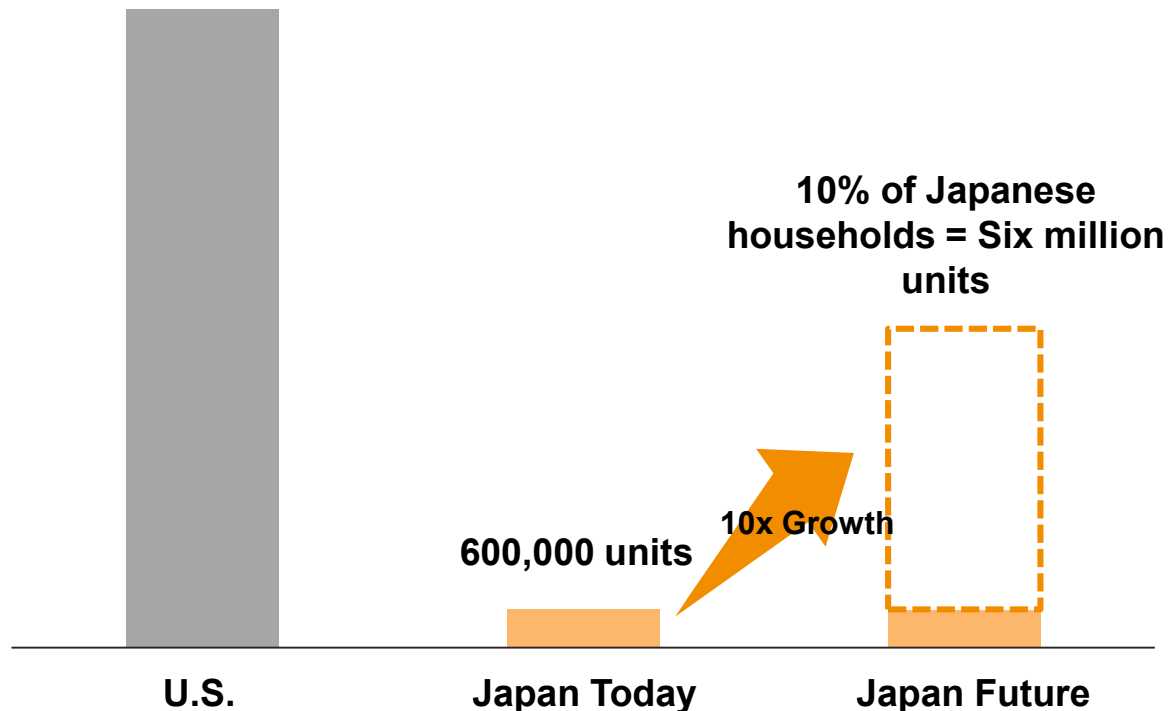
Net sales	22,463 million yen
Operating income	4,155 million yen
No. of full-time employees	80
Per capita profit	51.9 million yen



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



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

U.S.

Public Storage

(Market Cap \$53.6bn, PER 26.4 times, PBR 9.2 times)

Extra Space Storage

(Market Cap \$35.2bn, PER 32.4 times, PBR 2.3 times)



Japan

Arealink

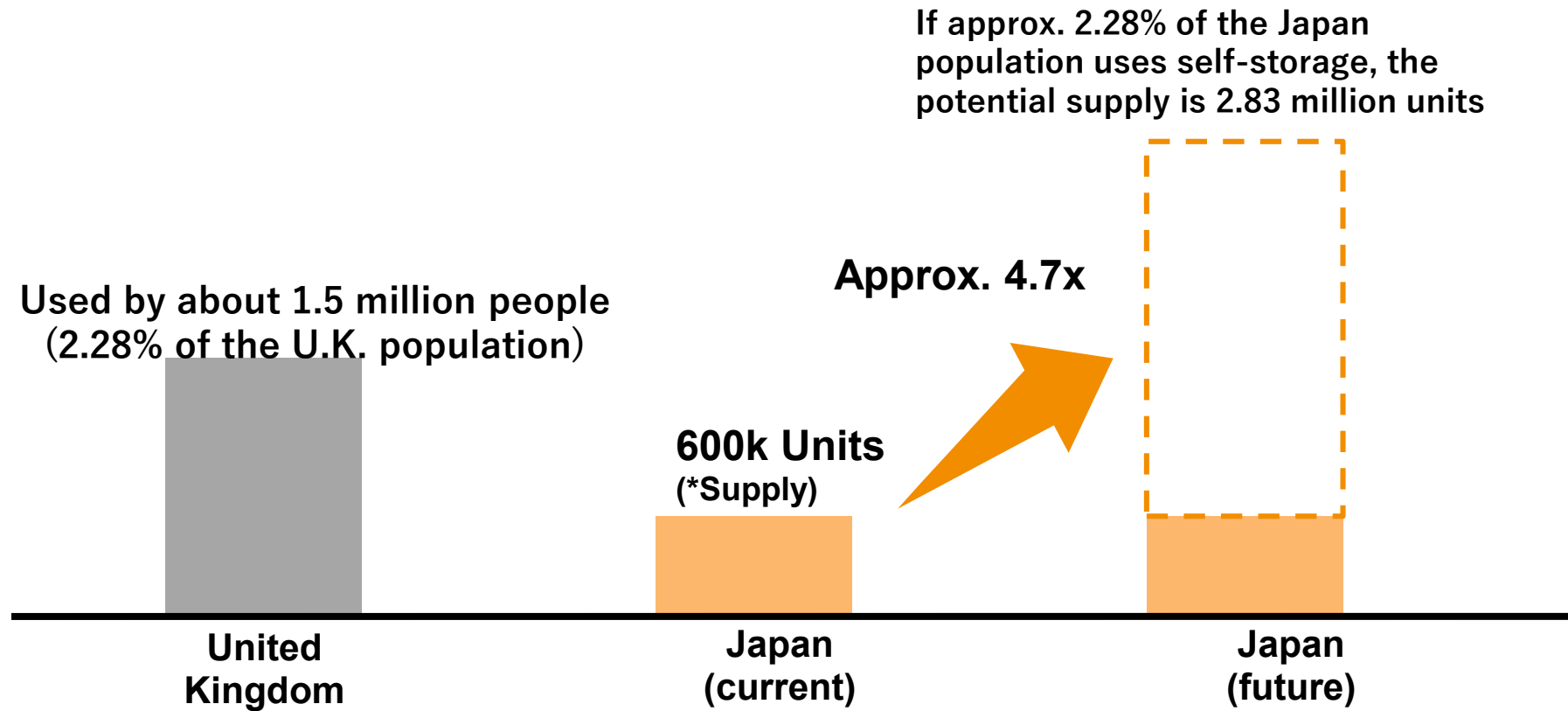
(Market Cap ¥38.3bn, PER 13.1 times, PBR 1.3 times)

As of December 29, 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)

Even Compared with the Developing Market in the U.K., Japan Has 4.7 Times More Room for Growth

Self-Storage Usage Comparison

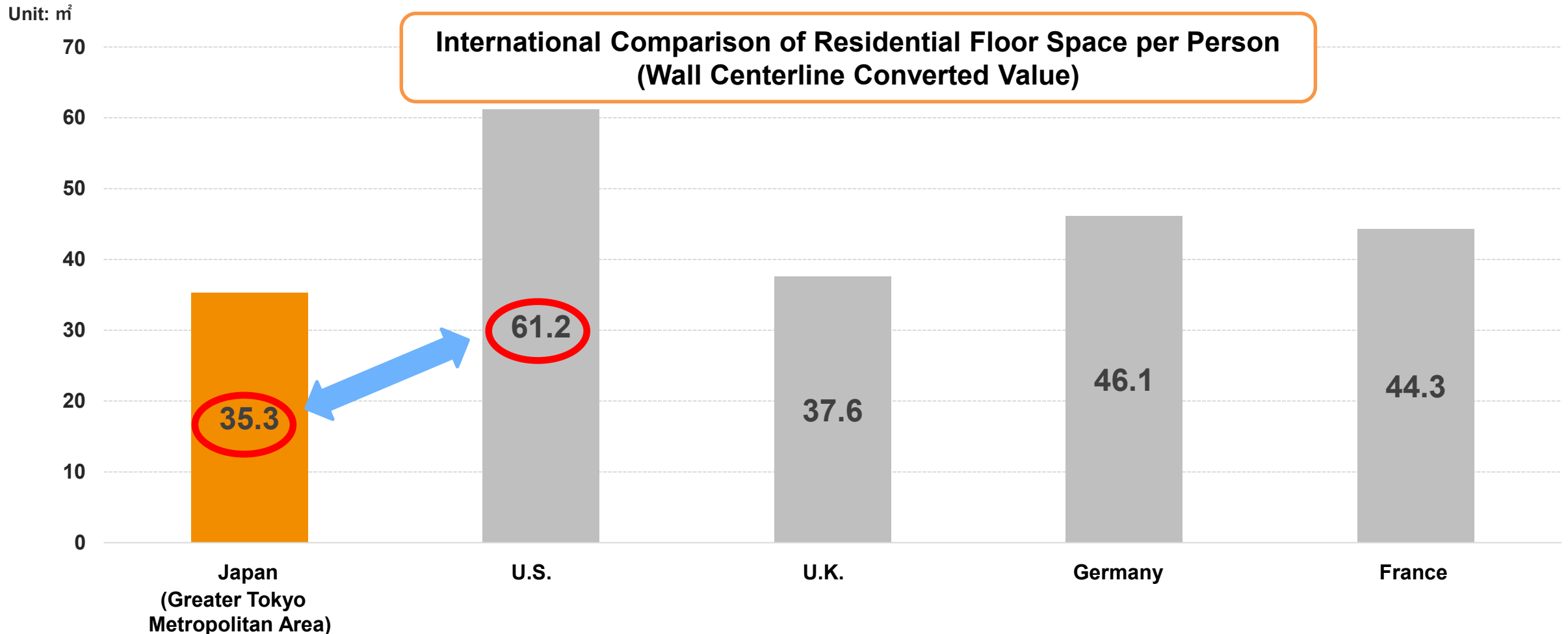


U.K. usage: (Source: 2022 SSA UK Annual Report, 2022 FEDESSA Industry Report, Statista)

Japan (current): (Source: Arealink)

Japan (future): Calculated by Arealink, assuming one unit per person for 2.28% of Japan's population. (Ref.: Statistics Bureau, Ministry of Internal Affairs and Communications)

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)

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

Basic Policy

Based on our management philosophy of “Provide Convenience, Joy, and Excitement,” we at Arealink value dialogue with all stakeholders, including customers, business partners, shareholders and investors, employees, and local communities, and will strive to play an active role in building a sustainable society, and will strive to play an active role in building a sustainable society, and enhance our corporate value.



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”
- Reduce paper waste from offices (paperless operations)



Contribution to Society

- Human resource development (Increase per capita profit by utilizing the Arealink method)
- Support for diverse working styles
- Self-storage utilization in times of disaster



Governance

- Appointment of two outside directors (of a total of six) and four outside Audit & Supervisory Board members
- Establishment of compliance and risk management systems
- 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
- ◆ Reduction of paper waste in offices

Containers and Buildings 100-Year Utilization Project

Introduction of a new self-storage design, and establishment of a maintenance system to support utilization for 100 years

- ◆ 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



Example of maintenance work

Before



After





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**
Working style reforms through systematic implementation of the Arealink Method to bring out the true abilities of ordinary people
- ◆ **Support for Diverse Working Styles (Remote work, shortened hours, hourly wage system, etc.)**
- ◆ **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
- ◆ **Compliance Committee Established**
- ◆ **Risk Management in Preparation for an Inevitable Economic Downturn or Natural Disaster**
- ◆ **Stable Shareholder Returns With a Target Dividend Payout Ratio of 30%**
- ◆ **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

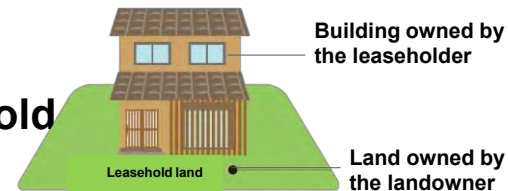


Building type (self-storage mini, interior)

- ▶ **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



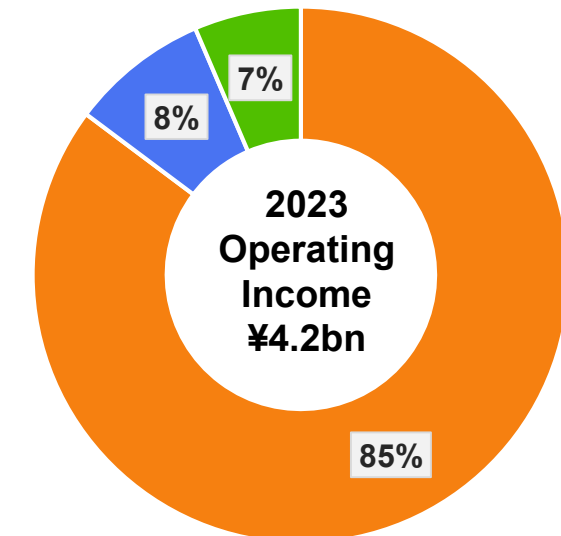
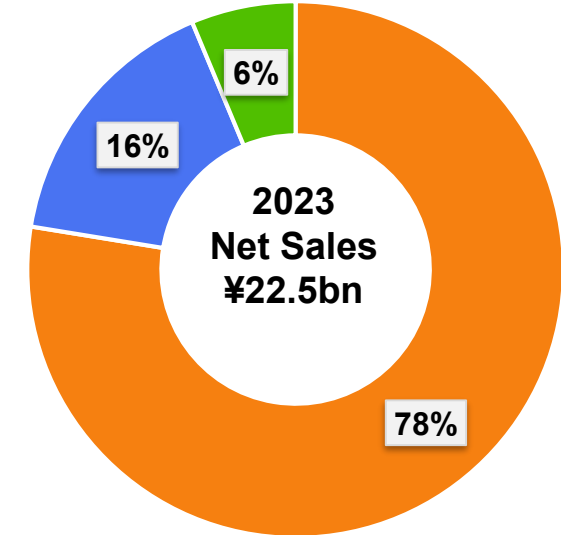
Other Operational Services Business

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



Serviced office

Net Sales and Operating Income by Segment



Cumulative-Type Business Accounted For 98% Of Earnings in 2023

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

Self-Storage Business

- ▶ Self-Storage Management
- ▶ Self-Storage Brokerage

Land Rights
Consolidation Business

Other Operational
Services Business

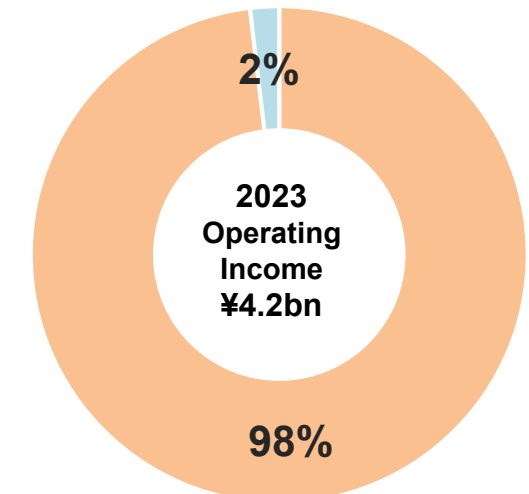
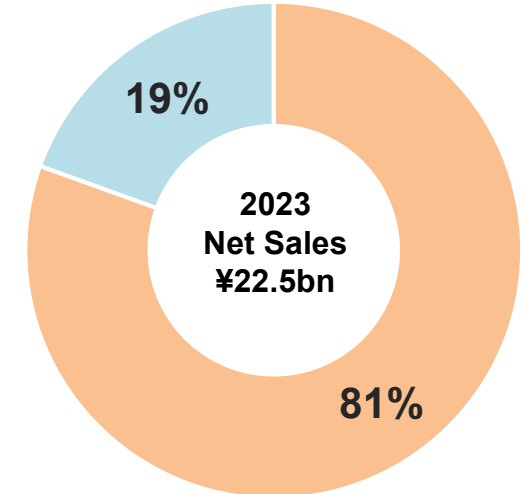
Cumulative-Type Businesses

- ◆ Self-Storage Management (core business)
- ◆ Other Operational Services Business

Flow-Type (Sales) Businesses

- ◆ Self-storage Brokerage
- ◆ Land Rights Consolidation 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 2,160 Properties With approximately 101,000 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



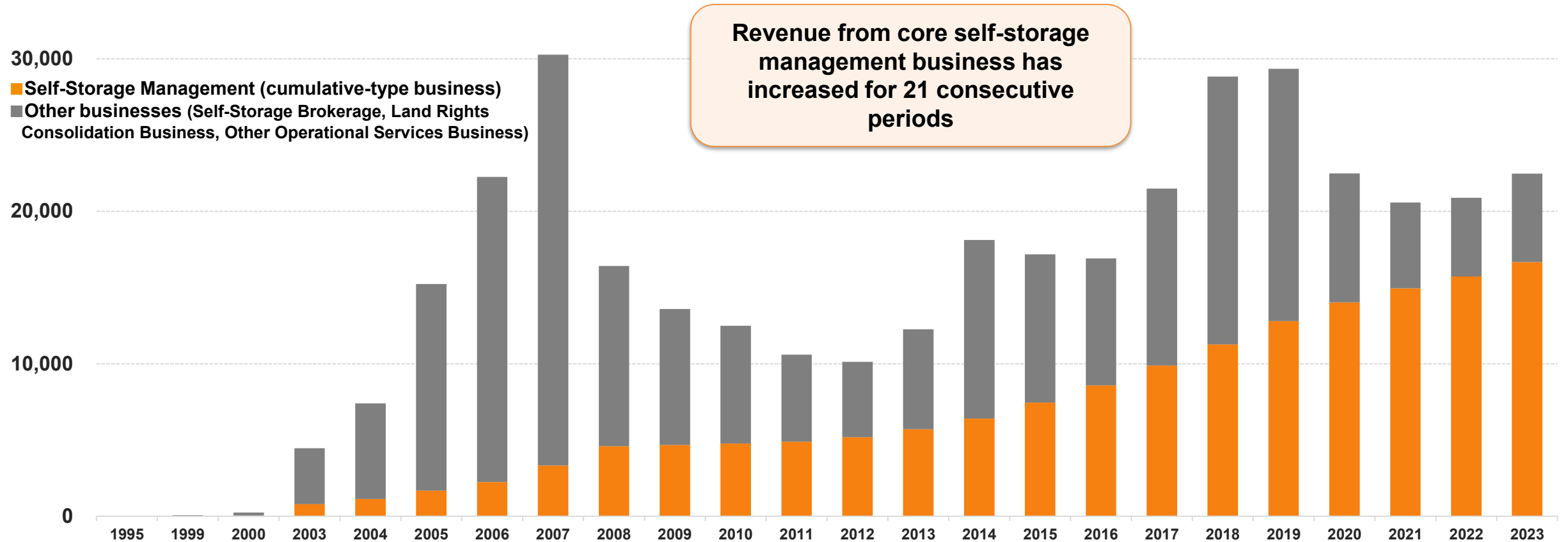
Example of owned property
(Kanda BM Bldg.)



Hello Office Entrance and Interior

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

Unit: ¥mn



Focus on real estate buying and selling

Recovery from financial crisis

Focus on self-storage brokerage (buying and selling)

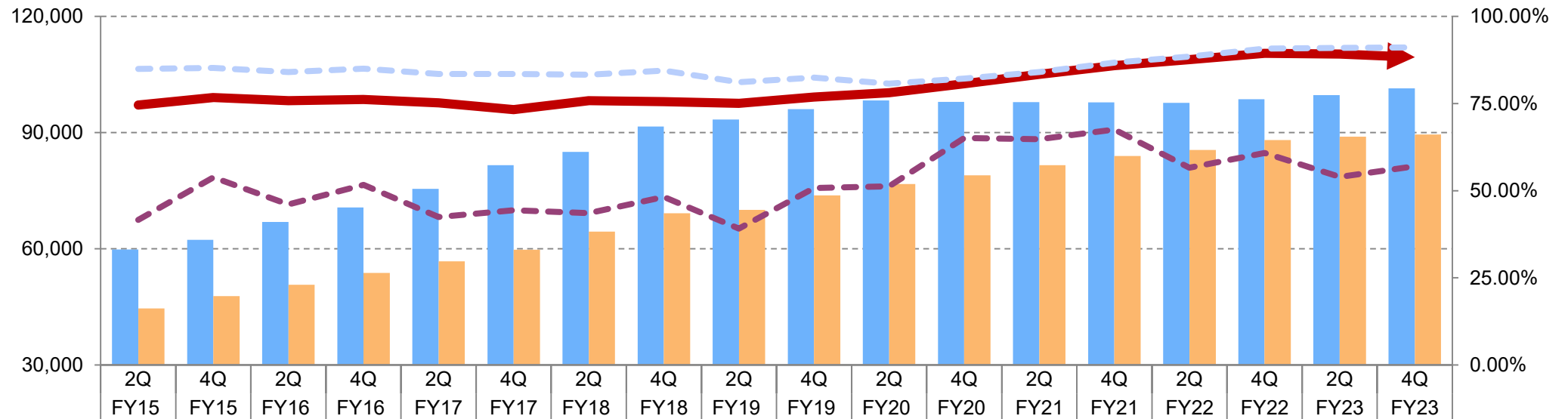
Shift to cumulative-type business

In Millions of Yen			Full-year	1Q	2Q	3Q	4Q	Cumulative
	Self-Storage Management	Net sales	15,725	4,094	4,143	4,178	4,252	16,668
		Gross profit	5,509	1,536	1,543	1,546	1,600	6,227
	Self-Storage Brokerage	Net sales	641	213	109	326	105	755
		Gross profit	54	11	10	32	7	61
Self-Storage Business		Net sales	16,366	4,307	4,252	4,504	4,357	17,423
		Gross profit	5,564	1,548	1,553	1,578	1,608	6,288
		Business profit	4,084	1,166	1,122	1,146	1,128	4,563
Land Rights Consolidation Business (Limited Land Rights)		Net sales	3,110	441	1,494	1,046	641	3,623
		Gross profit	704	110	546	276	(105)	828
		Business profit	464	56	317	208	(136)	446
Other Operational Services Business		Net sales	1,400	339	348	360	368	1,416
		Gross profit	448	96	102	115	120	435
		Business profit	373	73	82	91	99	345
Management Division		Business profit	(1,180)	(290)	(319)	(298)	(291)	(1,199)
Total for All Businesses		Net sales	20,878	5,088	6,095	5,911	5,367	22,463
		Gross profit	6,717	1,755	2,203	1,970	1,623	7,552
		Operating income	3,742	1,005	1,202	1,147	799	4,155

Total of Just Under 100,000 Units at End of FY12/23, Significant Increase Expected Going Forward

Total Units, Units in Use, and Utilization Rate

Unit: Number of units



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	99,677	101,379
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	88,907	89,509
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%	89.20%	88.29%
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%	90.96%	91.10%
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%	53.92%	57.01%

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

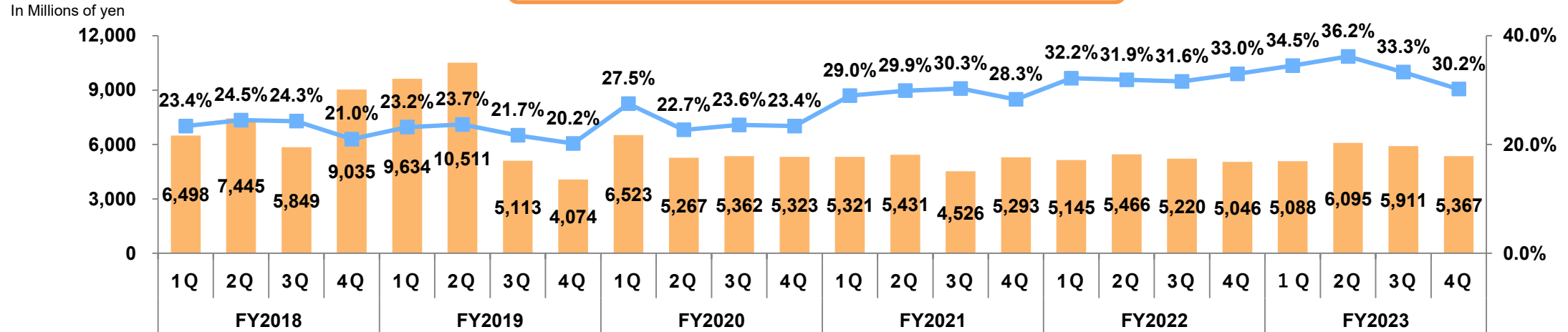
	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Hokkaido	1,082	414	137	1,633	1.61%
Aomori	50	0	48	98	0.10%
Iwate	20	0	0	20	0.02%
Miyagi	1,726	0	38	1,764	1.74%
Akita	31	0	0	31	0.03%
Yamagata	74	0	0	74	0.07%
Fukushima	186	45	0	231	0.23%
Ibaraki	1,077	27	0	1,104	1.09%
Tochigi	438	0	0	438	0.43%
Gunma	1,154	0	0	1,154	1.14%
Saitama	8,414	681	1,543	10,638	10.49%
Chiba	10,146	255	1,412	11,813	11.65%
Tokyo	17,436	9,842	2,760	30,038	29.63%
Kanagawa	8,895	2,478	1,319	12,692	12.52%
Niigata	351	0	0	351	0.35%
Toyama	207	0	0	207	0.20%
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	0.47%
Gifu	611	0	0	611	0.60%
Shizuoka	1,907	0	0	1,907	1.88%
Aichi	5,313	441	440	6,194	6.11%
Mie	368	50	0	418	0.41%

	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Shiga	292	0	0	292	0.29%
Kyoto	1,890	152	62	2,104	2.08%
Osaka	4,469	907	402	5,778	5.70%
Hyogo	3,892	121	44	4,057	4.00%
Nara	703	0	0	703	0.69%
Wakayama	27	0	0	27	0.03%
Tottori	115	0	0	115	0.11%
Shimane	30	0	0	30	0.03%
Okayama	251	0	0	251	0.25%
Hiroshima	449	0	0	449	0.44%
Yamaguchi	261	0	47	308	0.30%
Tokushima	83	0	0	83	0.08%
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	2.46%
Saga	106	0	0	106	0.10%
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	382	0	0	382	0.38%
Okinawa	133	0	0	133	0.13%
Total	77,612	15,515	8,252	101,379	100.00%

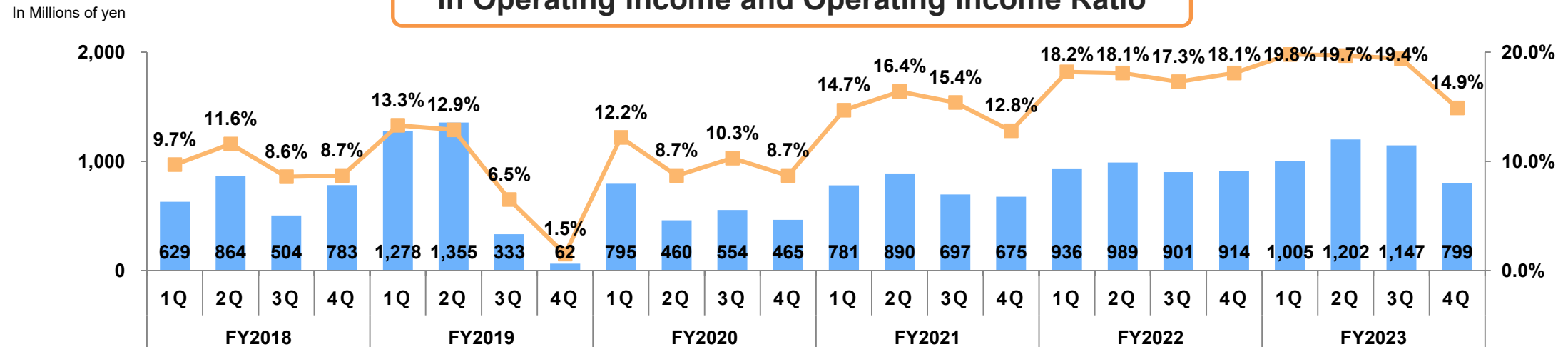
As of December 31, 2023

Entire Business– Quarterly Results

In Net Sales and Gross Profit Margin



In Operating Income and Operating Income Ratio



Main Implementation Measures This Year

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

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-mal 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.mufg.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”



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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.

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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