

# **Arealink**

**Arealink Co., Ltd.**

**April 25, 2024**  
**Results Briefing**  
**First Quarter, Fiscal Year**  
**Ending December 2024**

- **FY12/24 1Q Business Results** **3-19**
- **Achieving the Medium-Term Management Plan**  
**20-38**
- **Human Capital Management and Overseas Strategies**  
**The Future of Arealink** **39-52**
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# **FY12/24 1Q Business Results**

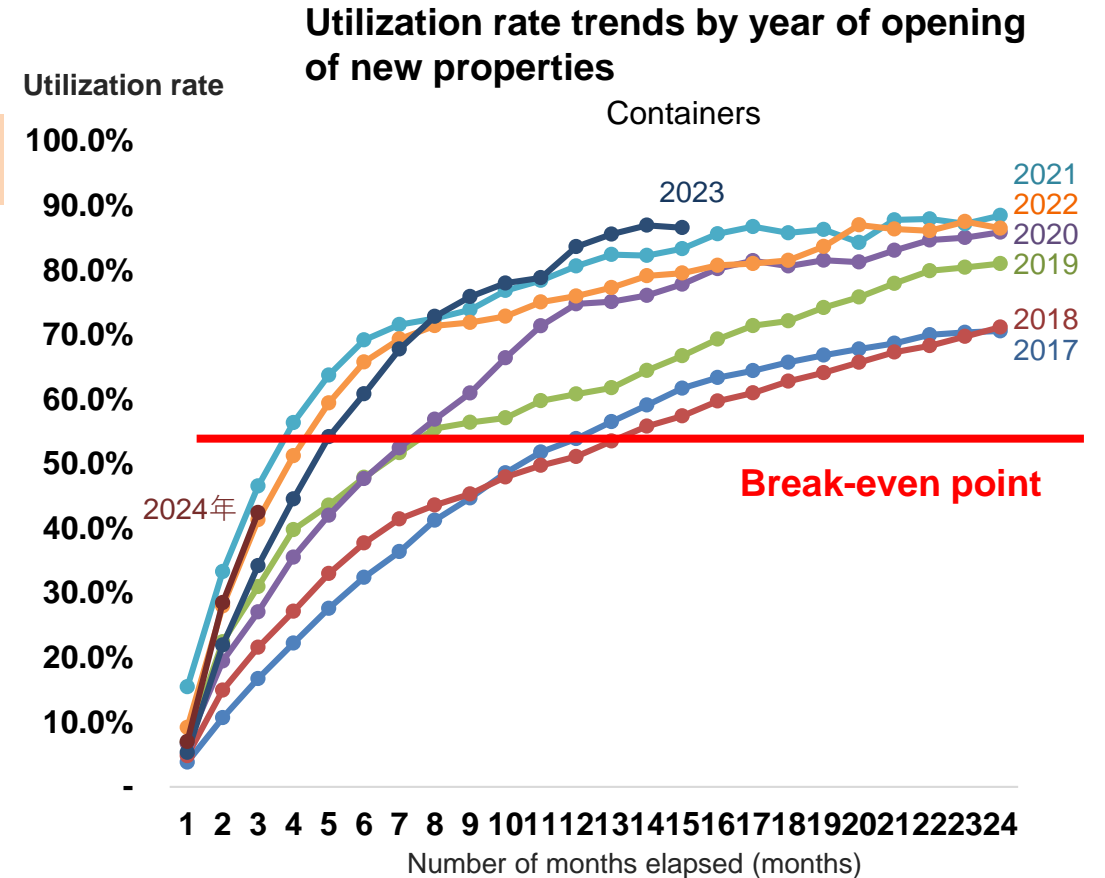
### ◆ Self-Storage Business

YoY sales up 19.9% and operating profit up 19.2%

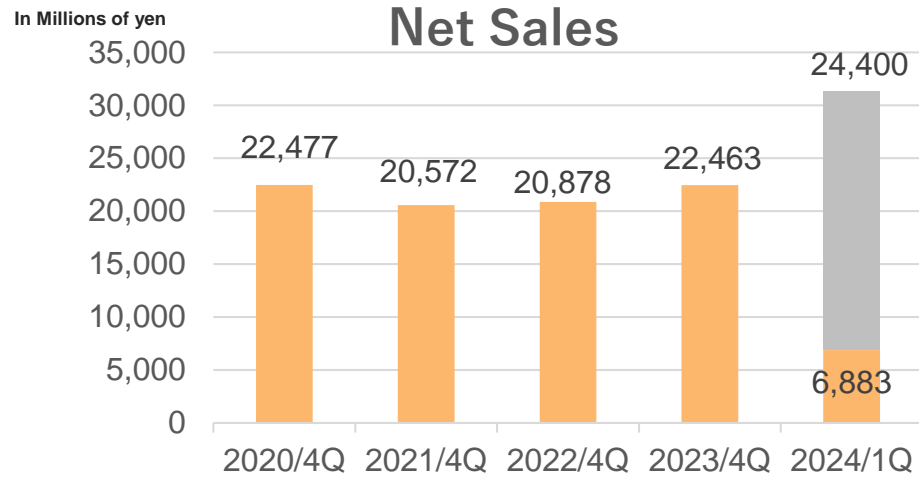
- Opened a total of 1,835 new units in 1Q compared to the target of 10,400 unites for the whole FY12/24
- Newly opened properties in 2023-2024 had steady utilization
- 5 properties of self-storage with land were sold in FY12/24 1Q

### ◆ Land Rights Consolidation Business

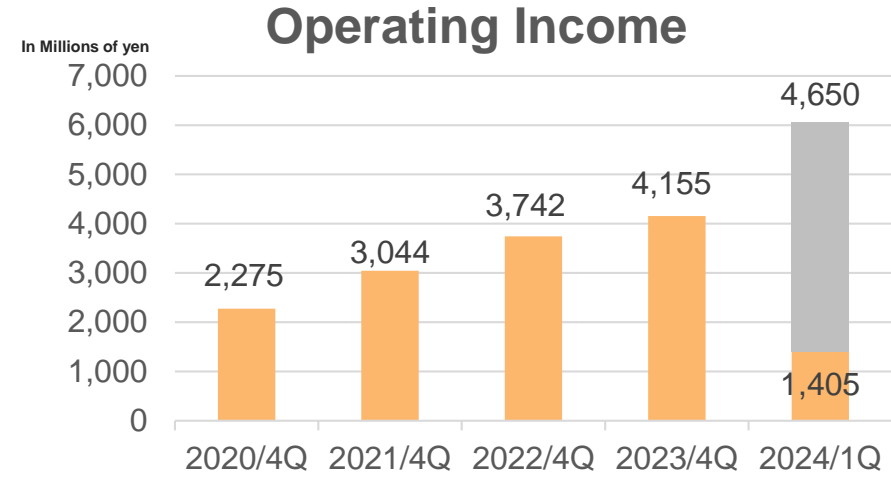
- Both sales and profit progressed beyond plan due to payments for large properties



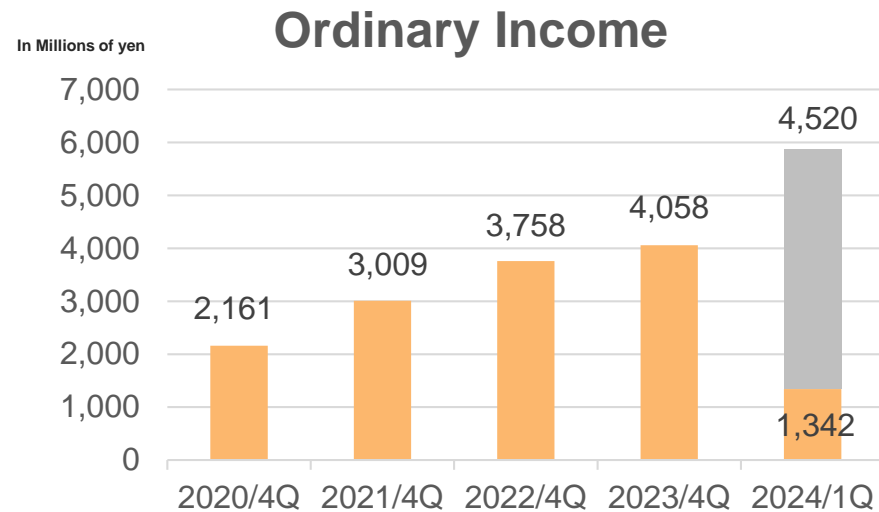
# Arealink Past Four Years + FY12/24 Earnings Outlook and FY12/24 1Q Progress



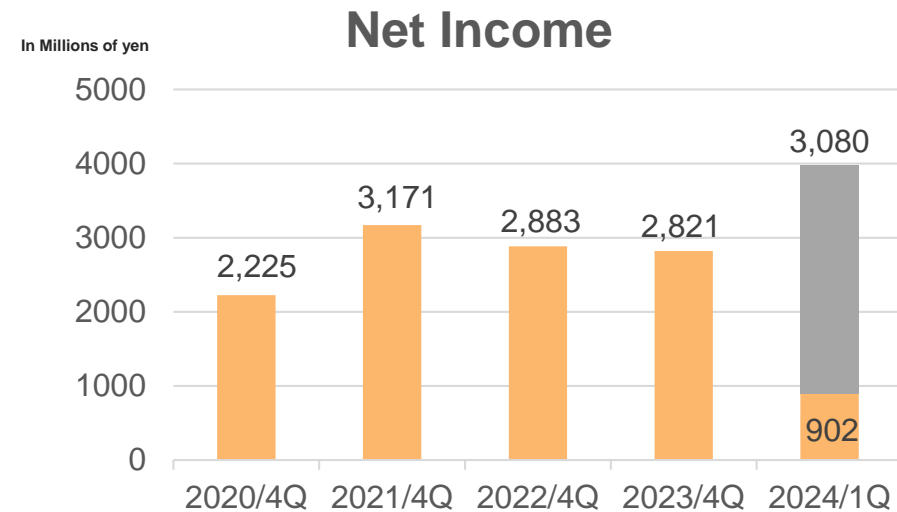
**35.3% YoY, 28.2% achievement in FY12/24**



**39.7% YoY, 30.2% achievement in FY12/24**



**37.1% YoY, 29.7% achievement in FY12/24**

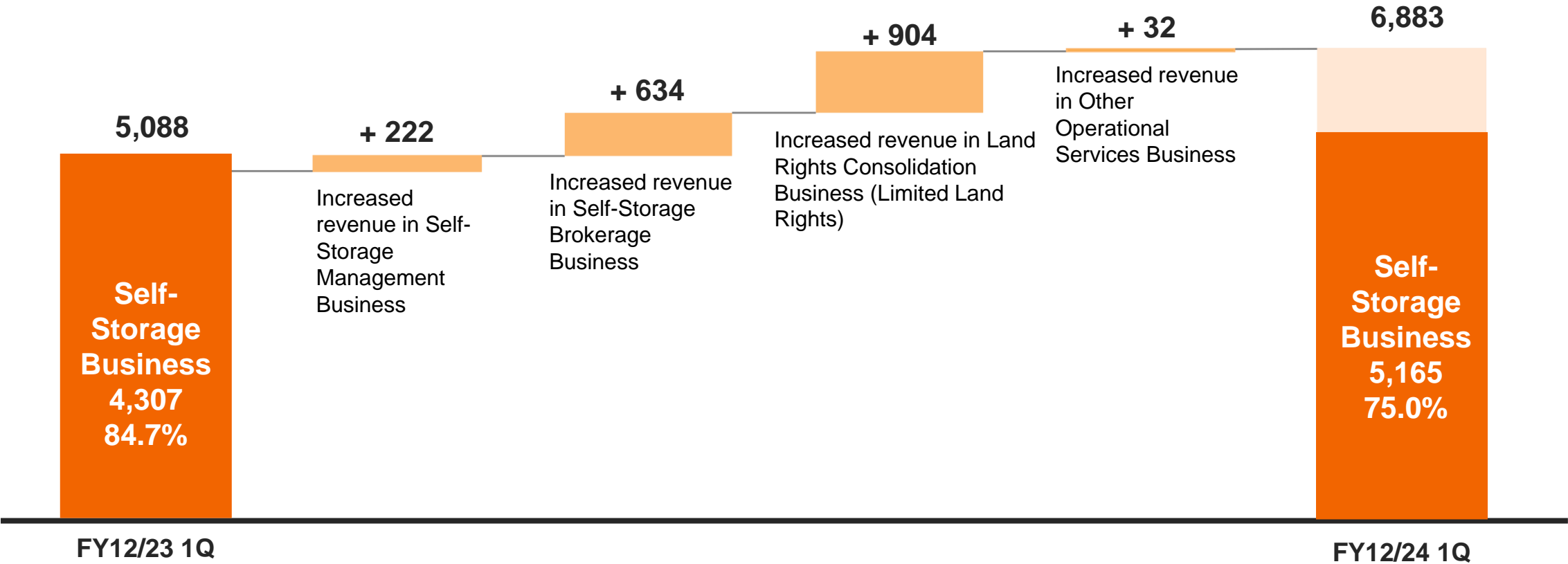


**29.8% YoY, 29.3% achievement in FY12/24**

**Overall Sales Increased by +35.3% due to Each Segment Progressing Steadily**

**Increase/Decrease in Net Sales**

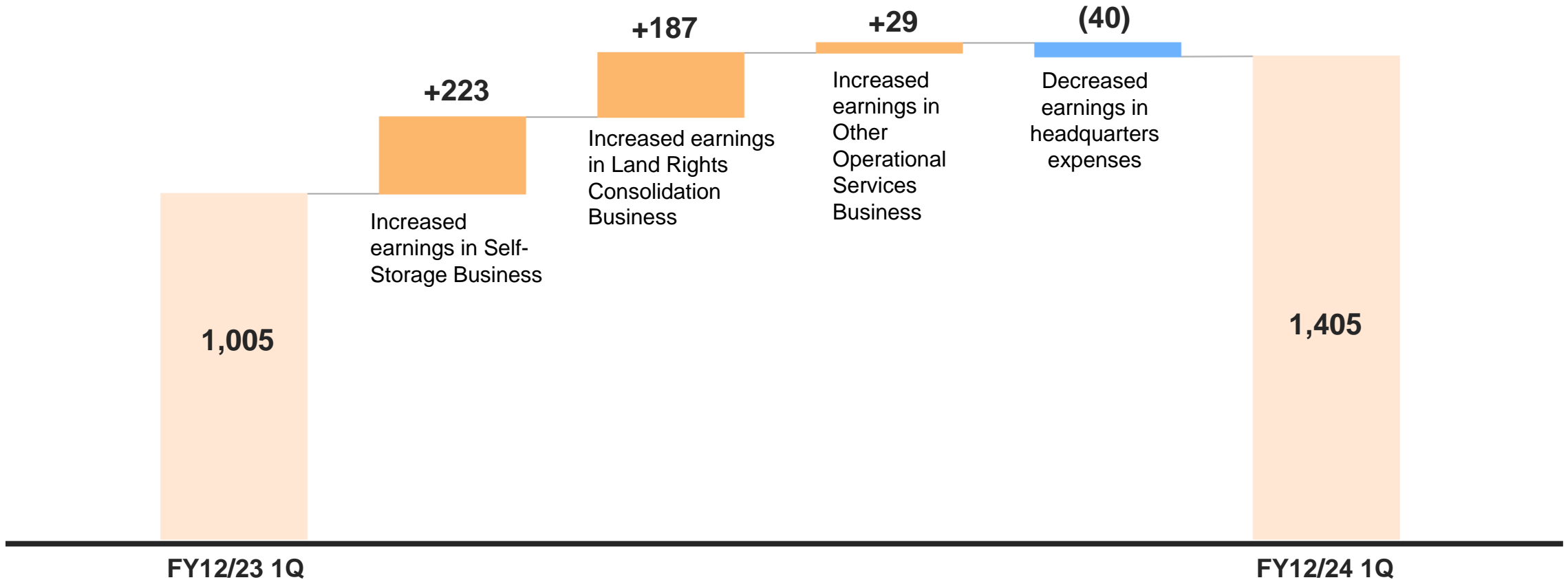
In Millions of yen



**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 Profit Made Steady Progress Against the Full-Year Plan**

In Millions of yen	FY12/23		FY12/24			
	Full-year Result	1Q	Full-year Plan	1Q	Relative to Plan	YoY
<b>Net sales</b>	22,463	5,088	24,400	<b>6,883</b>	<b>28.2%</b>	<b>+ 35.3%</b>
<b>Operating income</b>	4,155	1,005	4,650	<b>1,405</b>	<b>30.2%</b>	<b>+ 39.7%</b>
<b>Ordinary income</b>	4,058	979	4,520	<b>1,342</b>	<b>29.7%</b>	<b>+ 37.1%</b>
<b>Net income</b>	2,821	695	3,080	<b>902</b>	<b>29.3%</b>	<b>+ 29.8%</b>



## Compensation for Relocation Due to Withdrawals from Storage Properties, Etc. Are Recorded

In Millions of yen	FY12/23 1Q	FY12/24 1Q	Increase (Decrease)
<b>Operating income</b>	1,005	<b>1,405</b>	399
Non-operating income	58	<b>75</b>	16
Non-operating expenses	85	<b>137</b>	52
<b>Ordinary income</b>	979	<b>1,342</b>	363
Extraordinary income	34	—	(34)
Extraordinary loss	0	<b>0</b>	0
<b>Income before income taxes</b>	1,013	<b>1,342</b>	328
Income taxes — current	238	<b>370</b>	132
Income taxes — deferred	79	<b>68</b>	(11)
<b>Net income</b>	695	<b>902</b>	207

**Non-operating income**  
 Compensation for relocation **¥40 million**  
 Foreign exchange gains **¥23 million**

**Non-operating expenses**  
 Interest expenses **¥41 million**  
 Commission expenses **¥92 million**

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

Millions of yen	FY12/23 1Q	FY12/24 1Q	Increase (Decrease)	Rate of change
Directors' Compensation	38	41	2	+7.1%
Salary and allowances	220	245	25	+11.5%
Advertising and publicity costs	58	67	9	+16.5%
Commission expenses	102	210	108	+105.4%
(Sales commissions)	(22)	(120)	98	+433.5%
Compensation expenses	102	94	(8)	-8.1%
Taxes and public dues	40	77	36	+89.2%
Others	186	226	40	+21.7%
<b>Total SG&amp;A expenses</b>	<b>749</b>	<b>963</b>	<b>214</b>	<b>+28.6%</b>

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

# Arealink Overview of FY12/24 1Q Business Results (by segment)

In Millions of yen			FY12/23 1Q		FY12/24 1Q		YoY
			Actual	Percent of Sales	Actual	Percent of Sales	
<b>Self-Storage Management</b>	Net sales	4,094	—	<b>4,316</b>	—	+ 5.4%	
	Gross profit	1,536	37.5%	<b>1,696</b>	39.3%	+ 10.4%	
<b>Self-Storage Brokerage</b>	Net sales	213	—	<b>848</b>	—	+ 296.8%	
	Gross profit	11	5.3%	<b>167</b>	19.7%	+ 1381.4%	
<b>Self-Storage Business</b>	Net sales	4,307	—	<b>5,165</b>	—	+ 19.9%	
	Gross profit	1,548	35.9%	<b>1,863</b>	36.1%	+ 20.4%	
	Business profit	1,166	27.1%	<b>1,389</b>	26.9%	+ 19.2%	
<b>Land Rights Consolidation Business (Limited Land Rights)</b>	Net sales	441	—	<b>1,346</b>	—	+ 204.9%	
	Gross profit	110	25.1%	<b>383</b>	28.5%	+ 246.9%	
	Business profit	56	12.9%	<b>243</b>	18.1%	+ 329.1%	
<b>Other Operational Services Business</b>	Net sales	339	—	<b>371</b>	—	+ 9.6%	
	Gross profit	96	28.5%	<b>121</b>	32.7%	+ 25.7%	
	Business profit	73	21.5%	<b>102</b>	27.5%	+ 39.9%	
<b>Headquarters expenses</b>	Business profit	(290)	—	<b>(330)</b>	—	+ 13.8%	
<b>Total for All Businesses</b>	Net sales	5,088	—	<b>6,883</b>	—	+ 35.3%	
	Gross profit	1,755	34.5%	<b>2,369</b>	34.4%	+ 35.0%	
	Operating income	1,005	19.8%	<b>1,405</b>	20.4%	+ 39.7%	

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

Self-Storage Business					
In Millions of yen	FY12/23 1Q	FY12/24 1Q	YoY	FY12/24 Plan	Progress
Net sales (Self-storage management)	4,094	4,316	+ 5.4%	—	—
Net sales (Self-storage brokerage)	213	848	+ 296.8%	—	—
<b>Net sales</b>	<b>4,307</b>	<b>5,165</b>	<b>+ 19.9%</b>	<b>20,500</b>	<b>25.2%</b>
Gross profit (Self-storage management)	1,536	1,696	+ 10.4%	—	—
Gross profit (Self-storage brokerage)	11	167	+ 1381.4%	—	—
<b>Gross profit</b>	<b>1,548</b>	<b>1,863</b>	<b>+ 20.4%</b>	<b>—</b>	<b>—</b>
SG&A expenses	382	474	+ 24.2%	—	—
<b>Business profit</b>	<b>1,166</b>	<b>1,389</b>	<b>+ 19.2%</b>	<b>5,360</b>	<b>25.9%</b>

### Self-Storage Management

- The utilization rate remained high at 88.88% despite increase in the number of new units, and revenue and profits increased year on year.

### Self-Storage Brokerage

- Both sales and profit increased due to sales of five properties of storage with land

## Land Rights Consolidation Business Progressed Ahead of Plan

Land Rights Consolidation Business (Limited Land Rights)					
In Millions of yen	FY12/23 1Q	FY12/24 1Q	YoY	FY12/24 Plan	Compared to plan
Net sales	441	<b>1,346</b>	+ 204.9%	2,400	56.1%
Gross profit	110	<b>383</b>	+ 246.9%	—	—
SG&A expenses	53	<b>139</b>	+ 160.1%	—	—
Business profit	56	<b>243</b>	+ 329.1%	320	76.2%

Other Operational Services Business					
In Millions of yen	FY12/23 1Q	FY12/24 1Q	YoY	FY12/24 Plan	Compared to plan
Net sales	339	<b>371</b>	+ 9.6%	1,500	24.8%
Gross profit	96	<b>121</b>	+ 25.7%	—	—
SG&A expenses	23	<b>19</b>	-18.4%	—	—
Business profit	73	<b>102</b>	+ 39.9%	300	34.1%

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

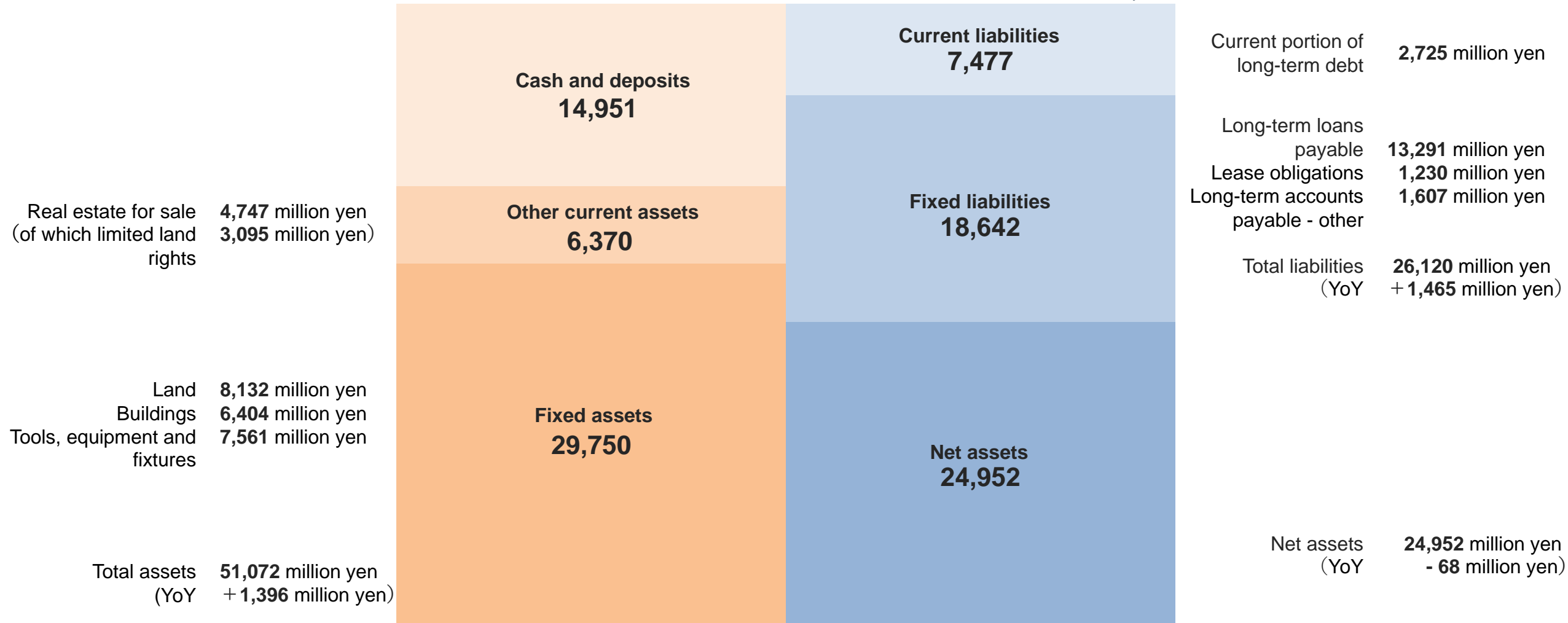
- Inventory was 3,095 million yen, a decrease of 713 million yen compared to the end of the previous fiscal year
- Both sales and profit progressed beyond plan due to payments for large properties

### Other Operational Services Businesses

- Steadily progressing above plan

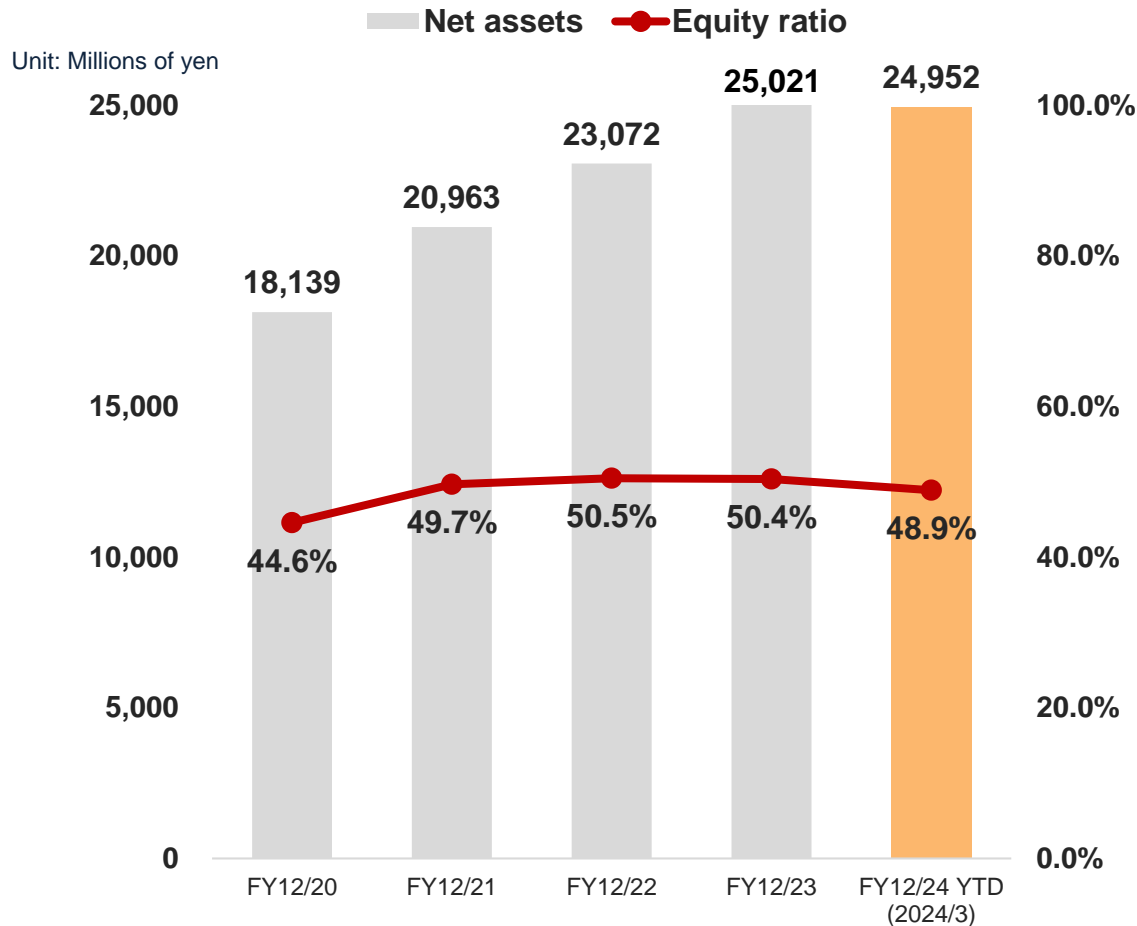
### Stable Financial Base With Cash Deposits of 14.9 Billion Yen

In Millions of yen

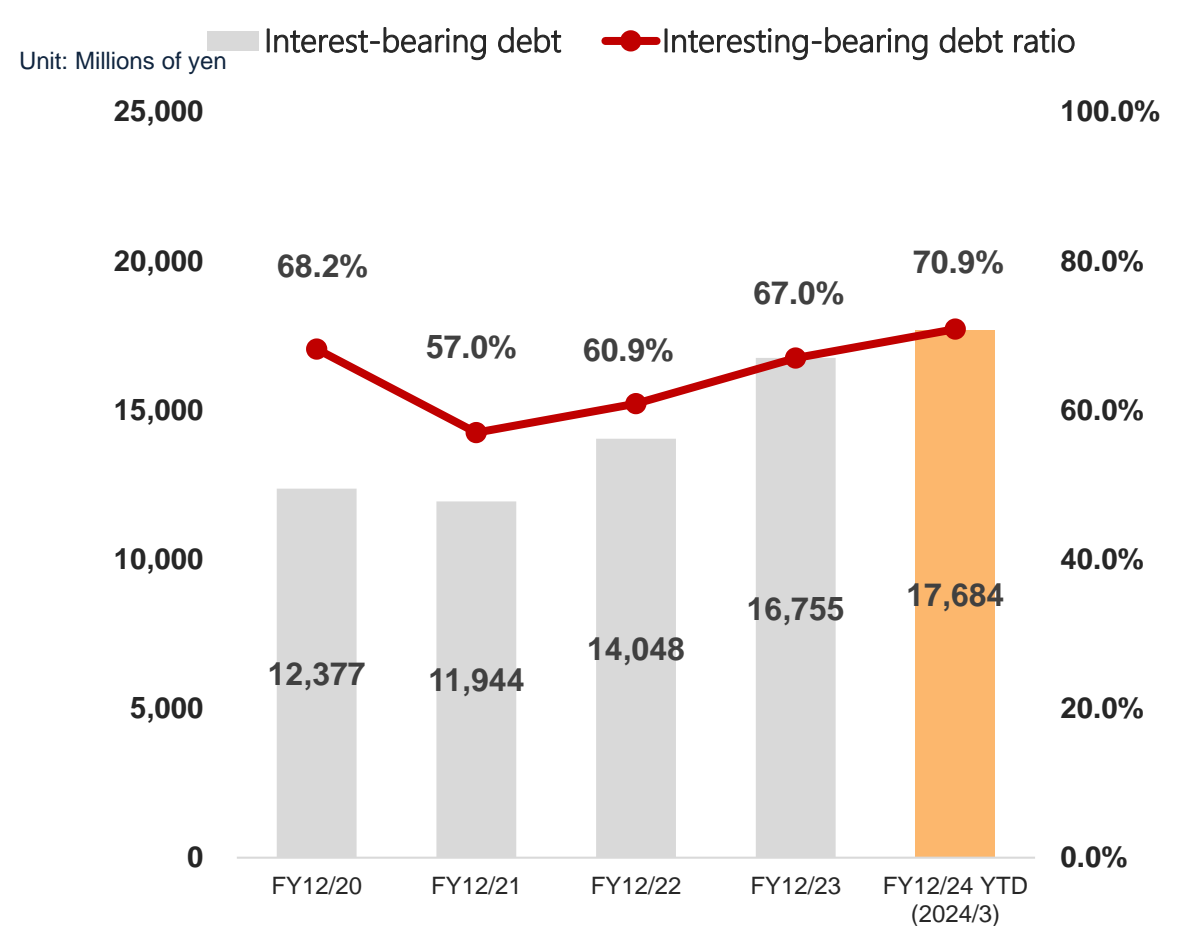


## Equity Ratio Remained Stable at 48.9%

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

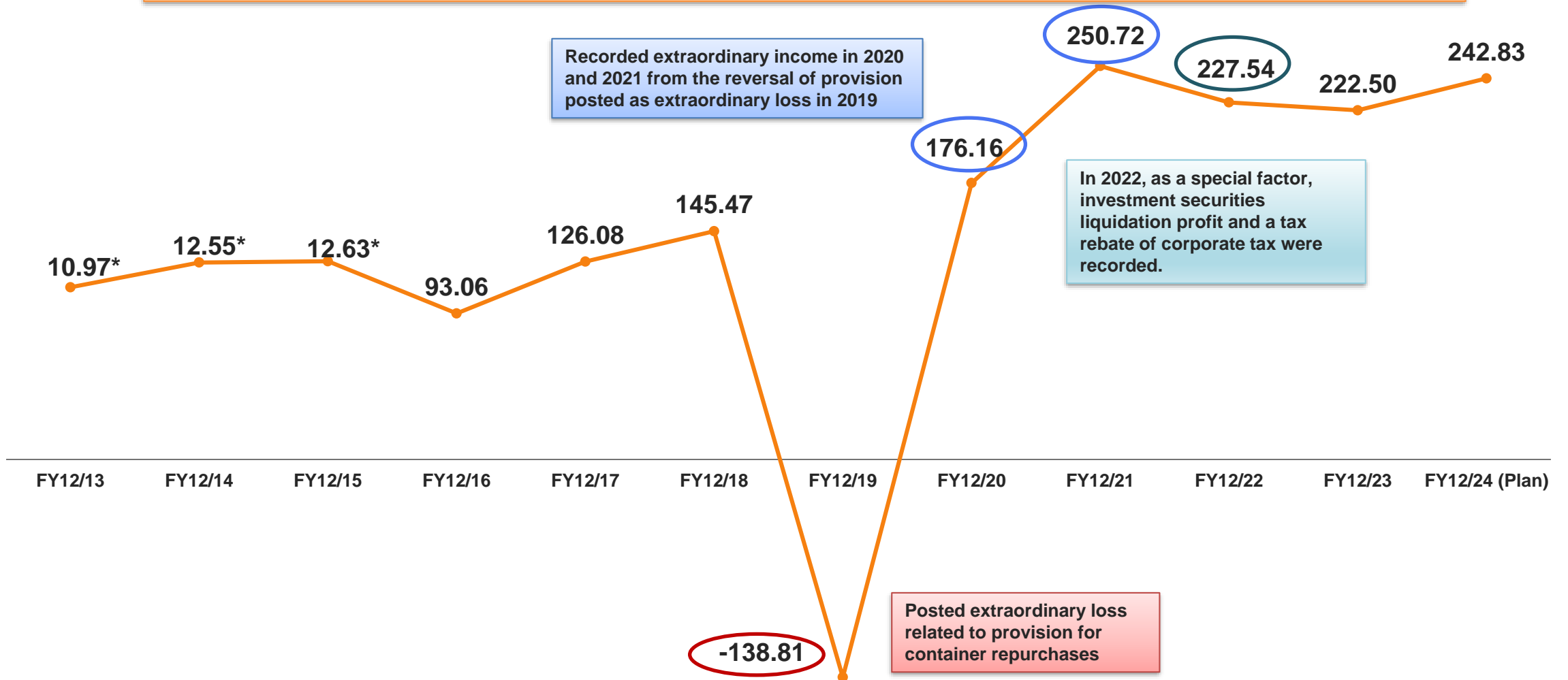


In Millions of yen

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

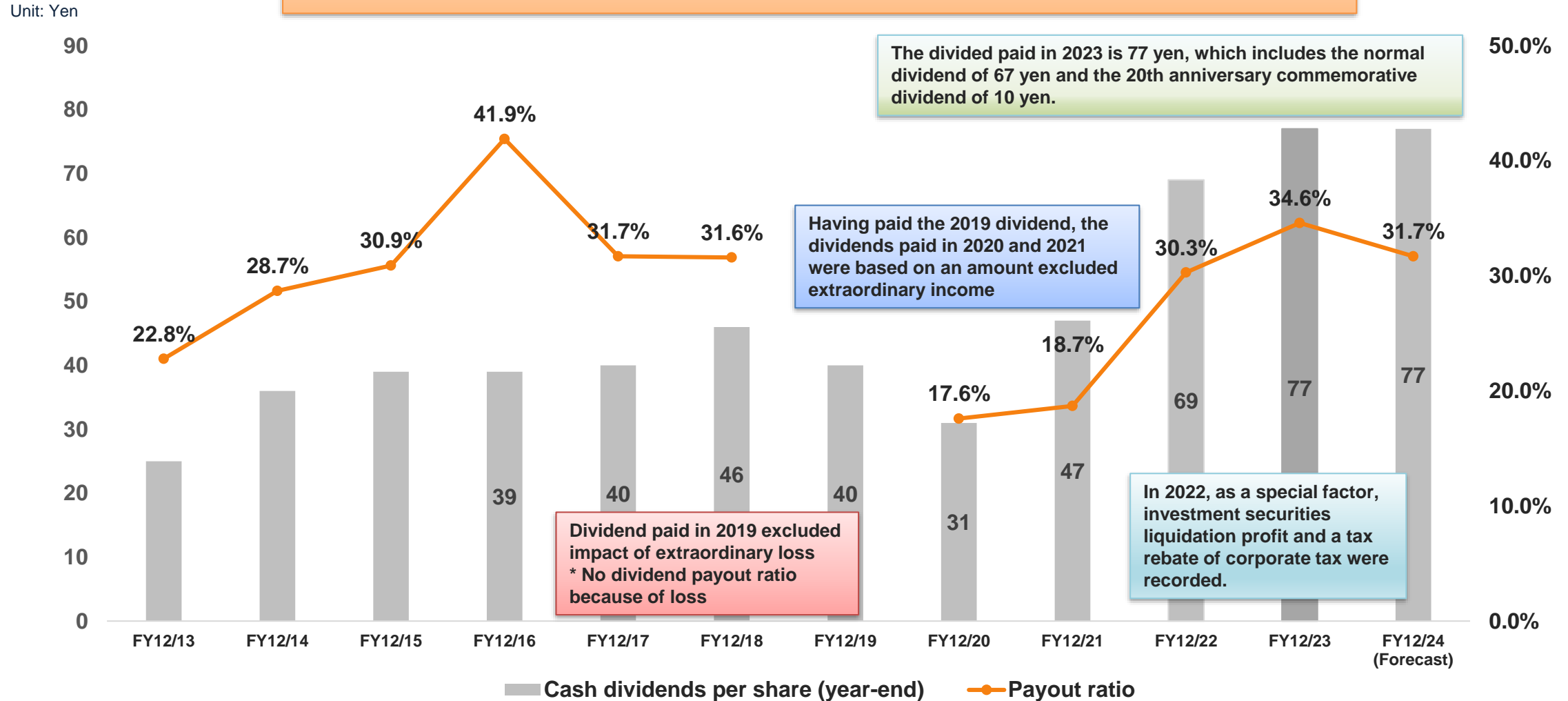
- In the Self-Storage Business, revenue and profit are expected to increase steadily
- Intend to downsize the Land Rights Consolidation Business

### 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.

**Dividend Forecast Is 77 Yen for this Period With no Decrease from the Previous Period**



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

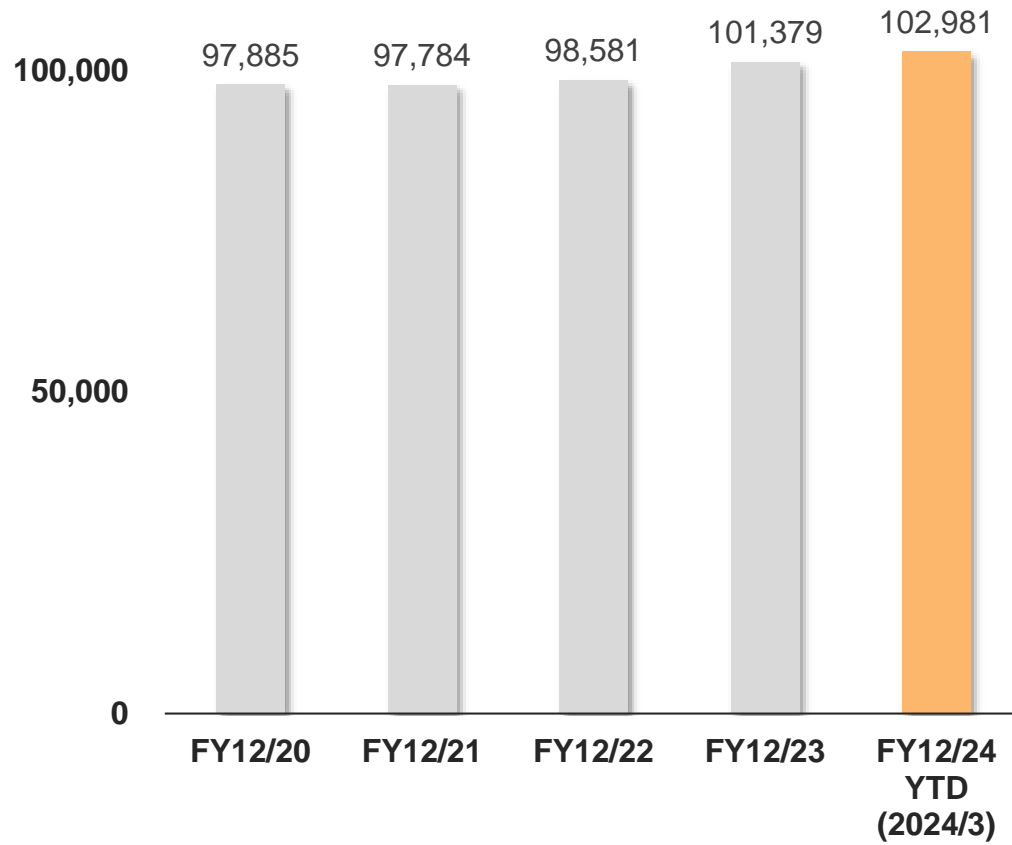
# **Achieving the Medium-Term Management Plan**

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	

\*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



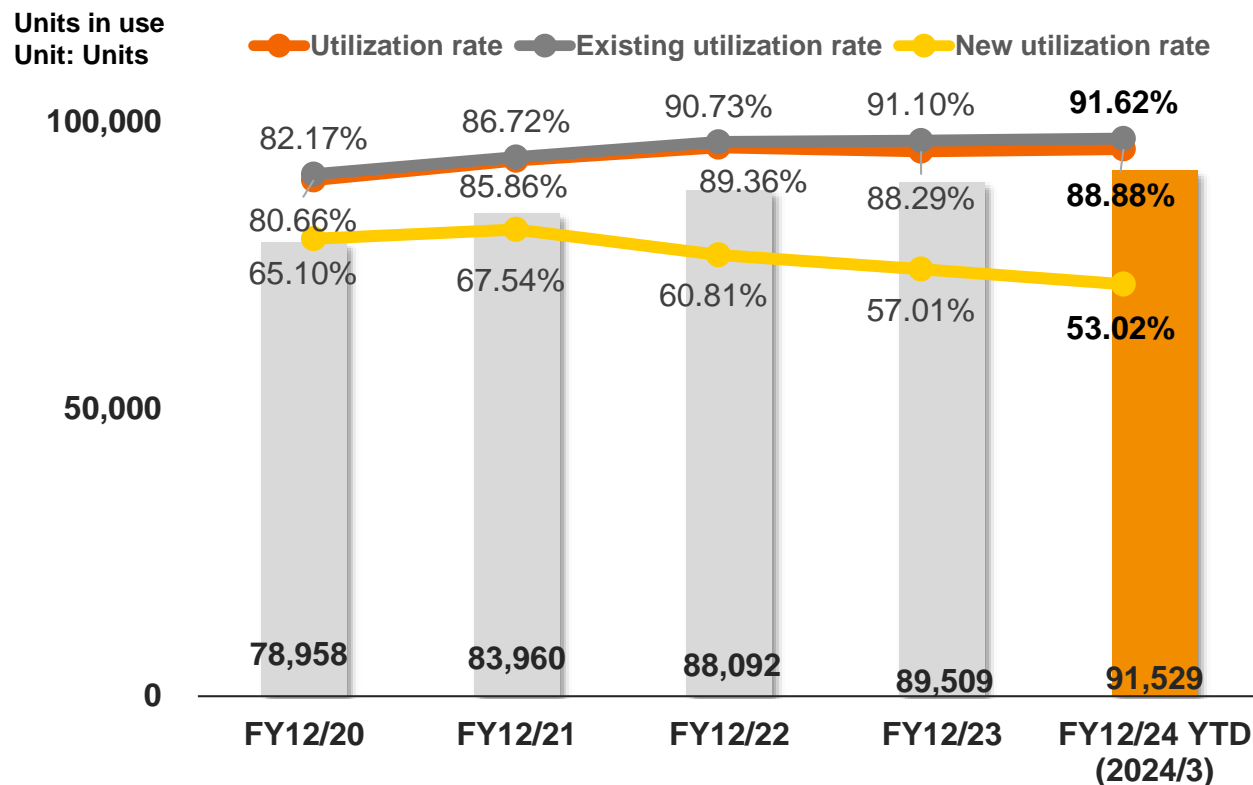
	Full-year plan	FY12/24 1Q Number of new units	FY12/24 1Q Cumulative number of units
<b>Container</b>	<b>8,700</b>	<b>1,631</b> ( 65 )	<b>79,010</b>
<b>Indoor Storage Unit Type</b>	<b>1,200</b>	<b>53</b> ( 0 )	<b>15,566</b>
<b>Self-Storage Min</b>	<b>500</b>	<b>151</b> ( 0 )	<b>8,405</b>

	Plan	FY12/24 1Q Actual
<b>New Units in 2024</b>	<b>10,400</b>	<b>1,835</b> ( 65 )

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

**Utilization Rate Continues to Be High**

**Changes in units in use and utilization rate**



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

Overall 88.88% Existing 91.62%

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

■ Openings by Region

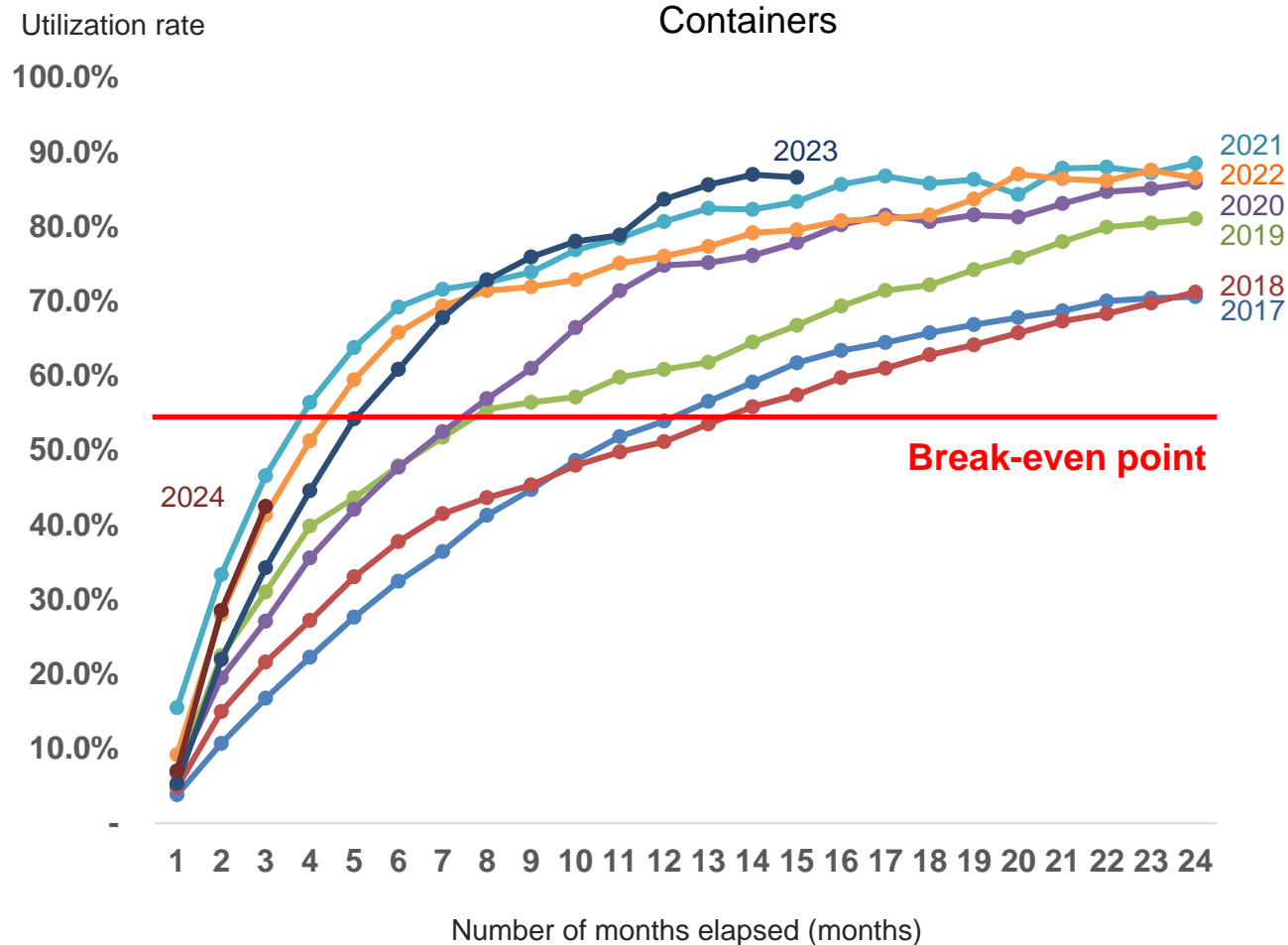
Tokyo and Three Neighboring Prefectures: 812 units

Kyoto, Osaka, Kobe: 346 units

Other Region: 677 units

\*New unit utilization rate: utilization rate of new units opened within the most recent two business years. Covers new units opened since January 2023.

## Steady Progress in Utilization After New Openings

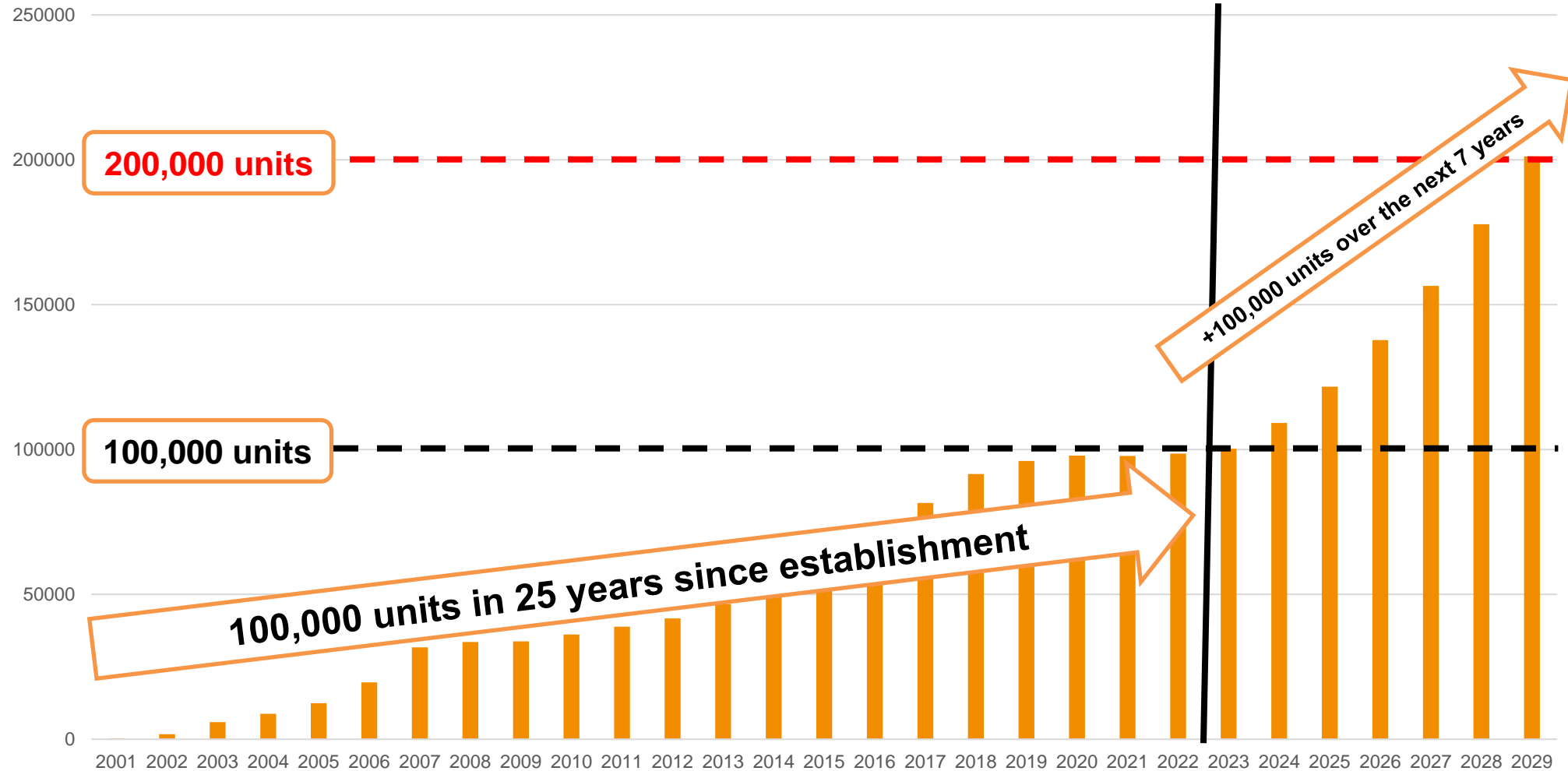


### Factors contributing to the increase in the utilization rate

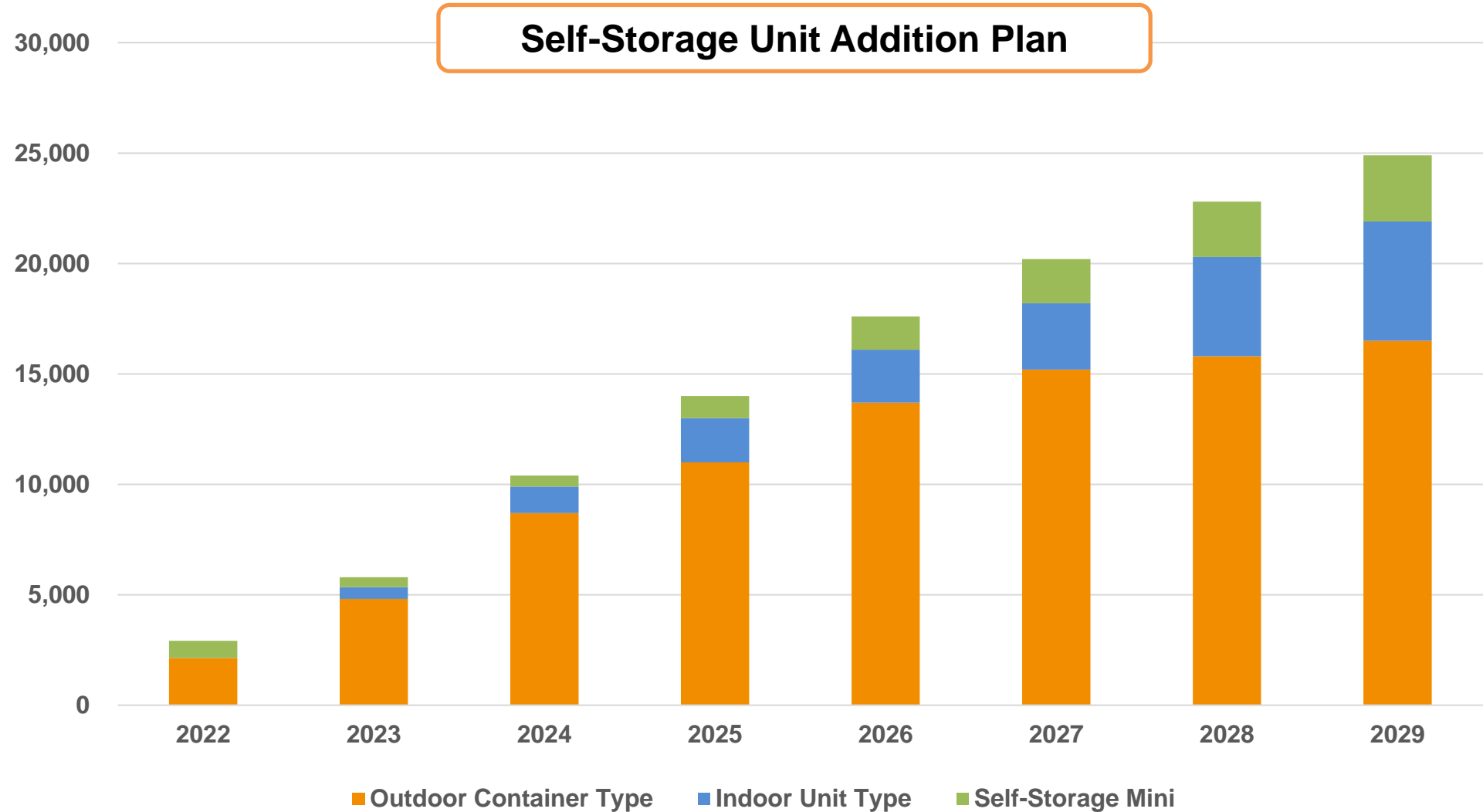
- Greater precision of location opening strategies (type of product, area, number of rooms, price) from use of databases (population, number of households, income brackets, etc.)
- Development of small-scale properties in multiple locations
- Demand for decluttering homes as remote work becomes established
- 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



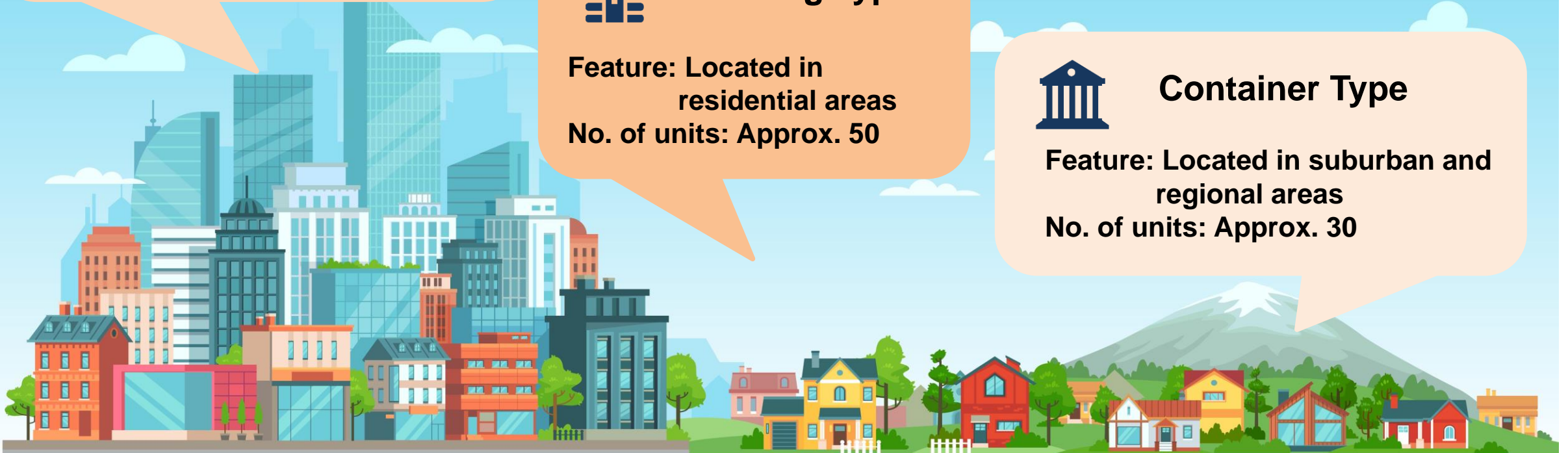
## Building Type

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

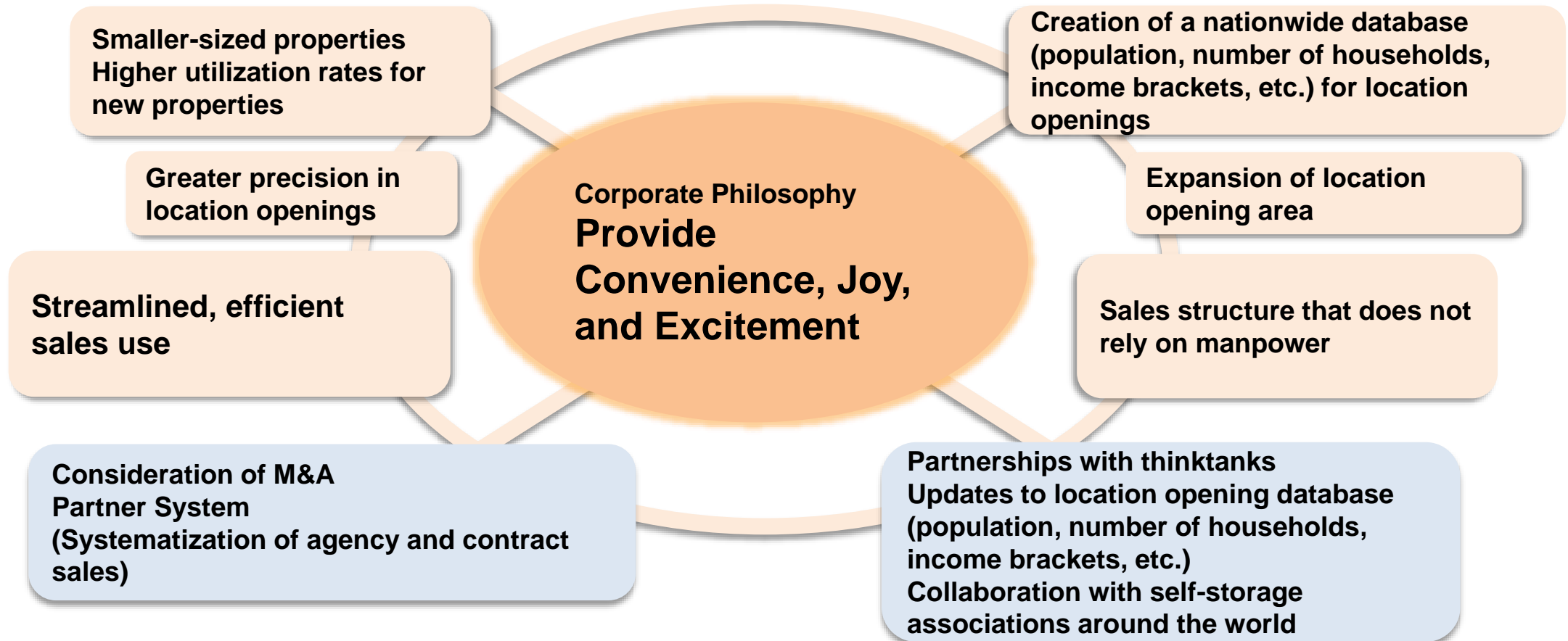
Operations are managed centrally by the head office, so even as the number of properties increases, personnel and advertising costs are contained.

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

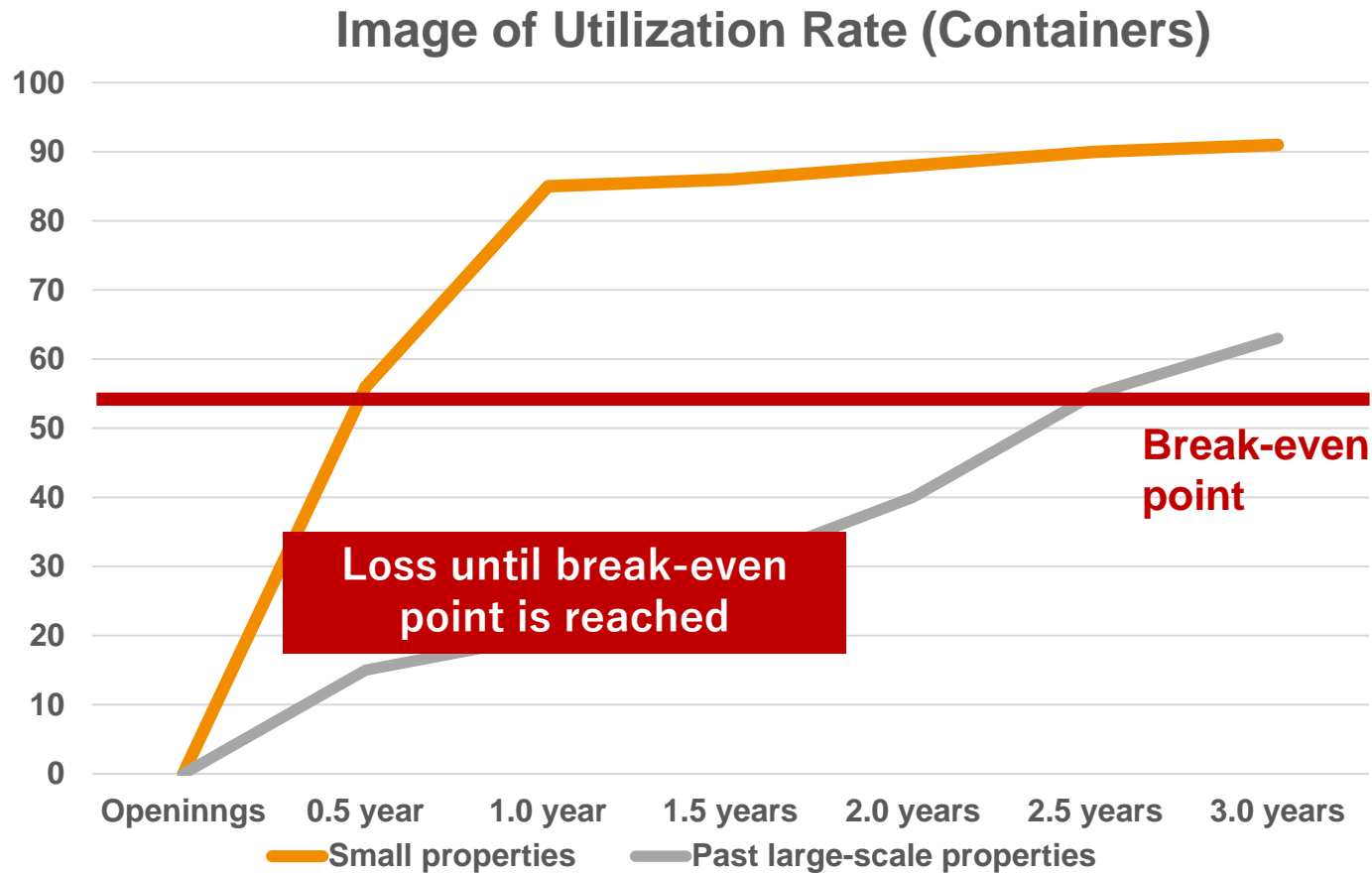
Average time to opening is four months (container and in-building type).



### 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**

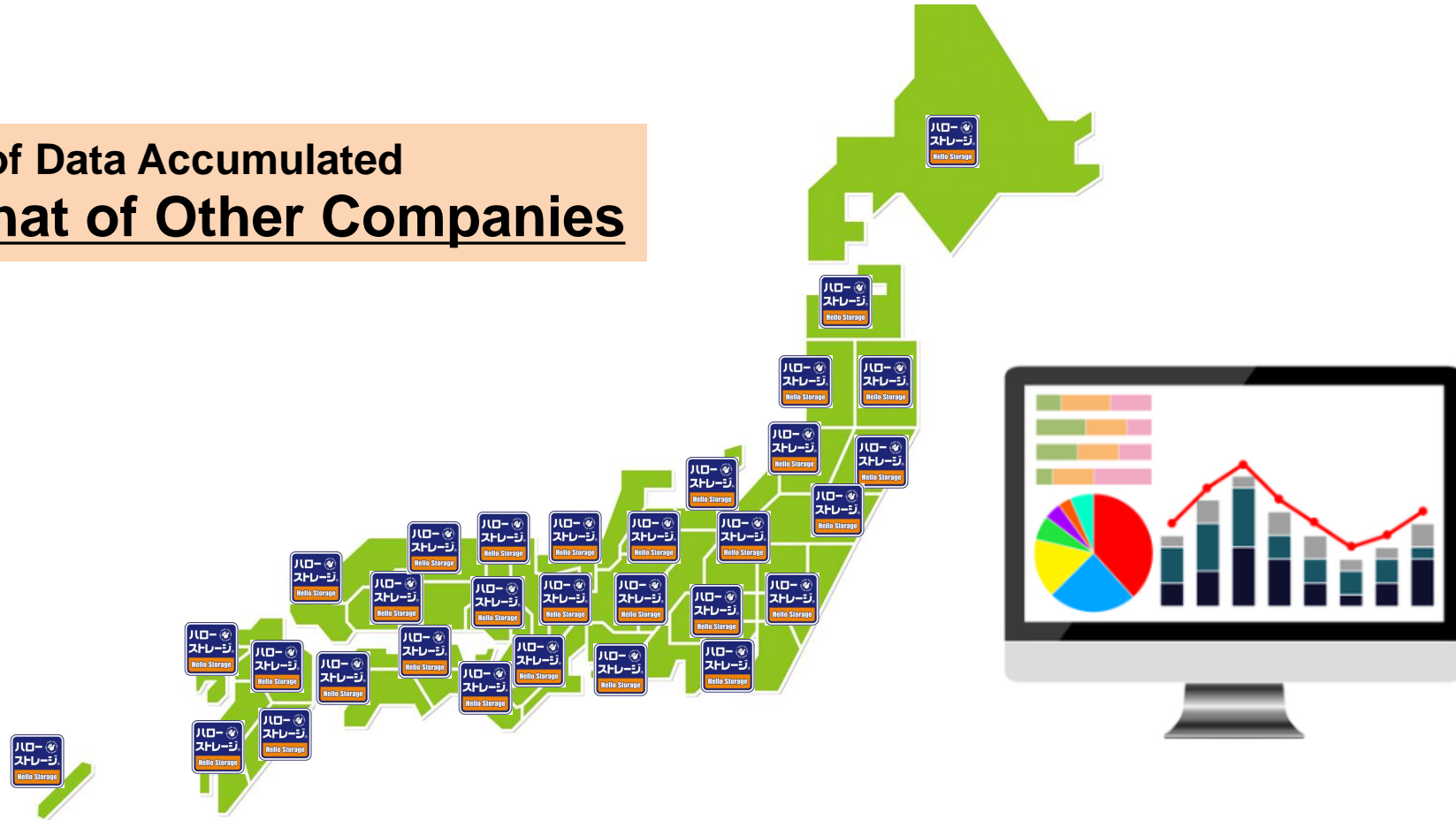
Comparison items	Other Companies	Arealink
Size	Large	Small
Location	Urban Centers	Nationwide (Urban Centers, Regional Areas)
No. of Units	More than 100 units	30-40 units
Building Construction	Steel-frame, reinforced concrete	Wood / Containers
Operating Style	Attendant on duty (Certain locations)	Unattended
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**

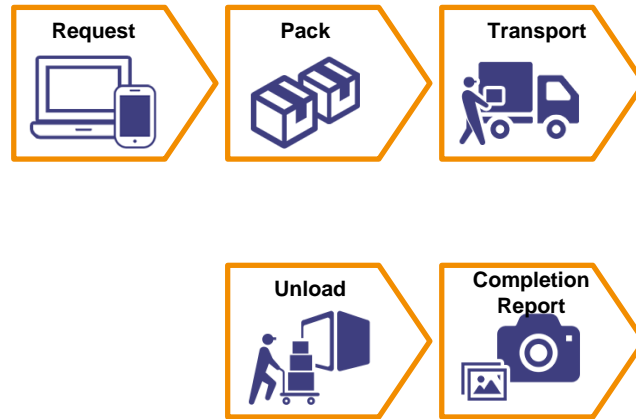
**Amount and Scale of Data Accumulated  
Far Exceeds That of Other Companies**



- ◆ 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

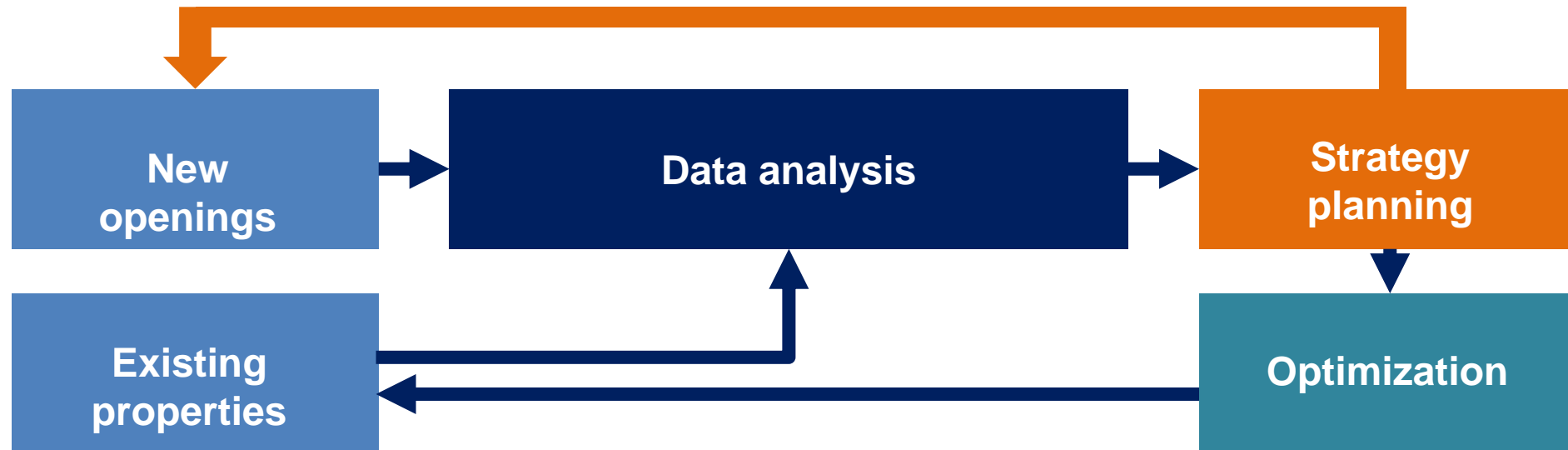


- **Arealink is considering expanding services using digital technologies for greater convenience.**
- **Introduction of AI tools**

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!

### Expanded Media Exposure to Boost Visibility of Self-Storage

#### TV Commercials



Mar. – May 2024

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

#### TV Exposure

Mar.

- “Super J Channel” (TV Asahi)

#### Print Media

Mar.

- Nikkan Real Estate Economic News
- National Rental Housing News
- Recycling News (currently The Reuse Economic Journal)

#### Internet



Feb.

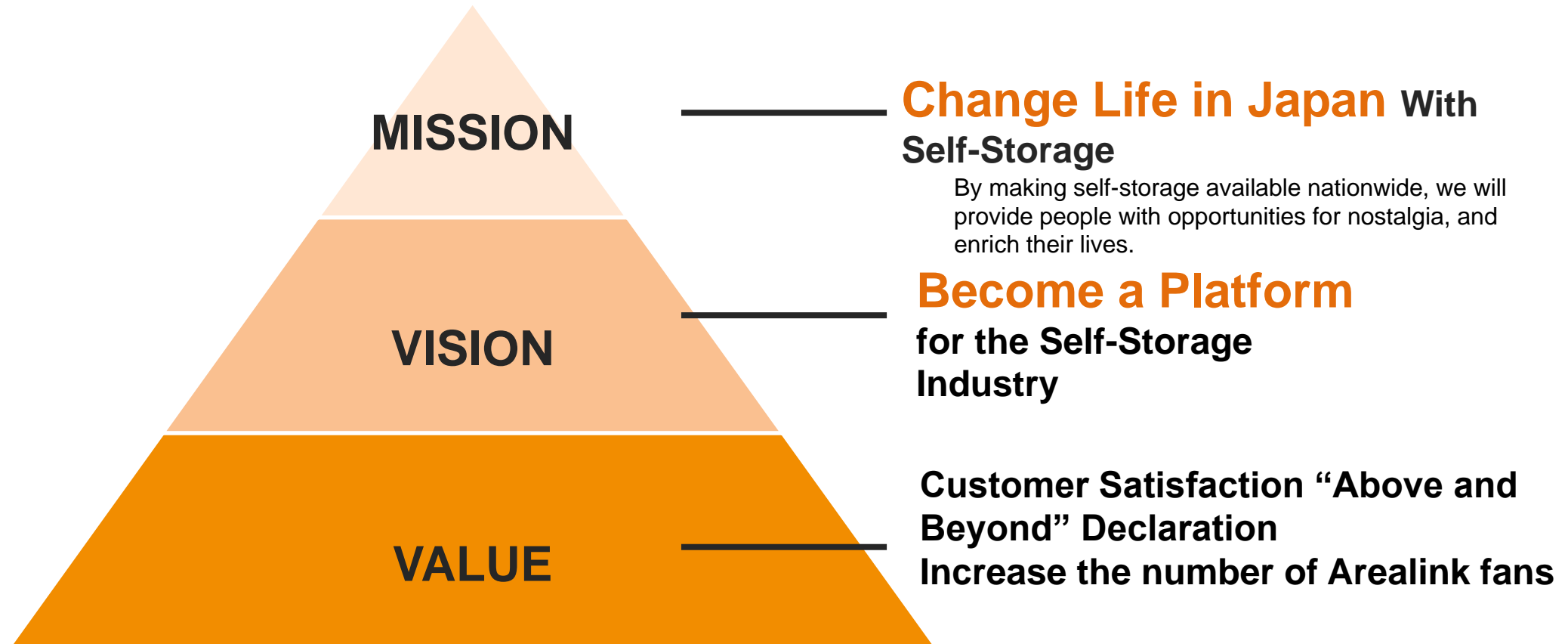
- President’s Dictionary – Media for Direct Connections to Company Presidents

Mar.

- R.Eport
- tokyo chips
- Magazine Summit
- Building Management Weekly

# **Human Capital Management and Overseas Strategies The Future of Arealink**

### 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)
10	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

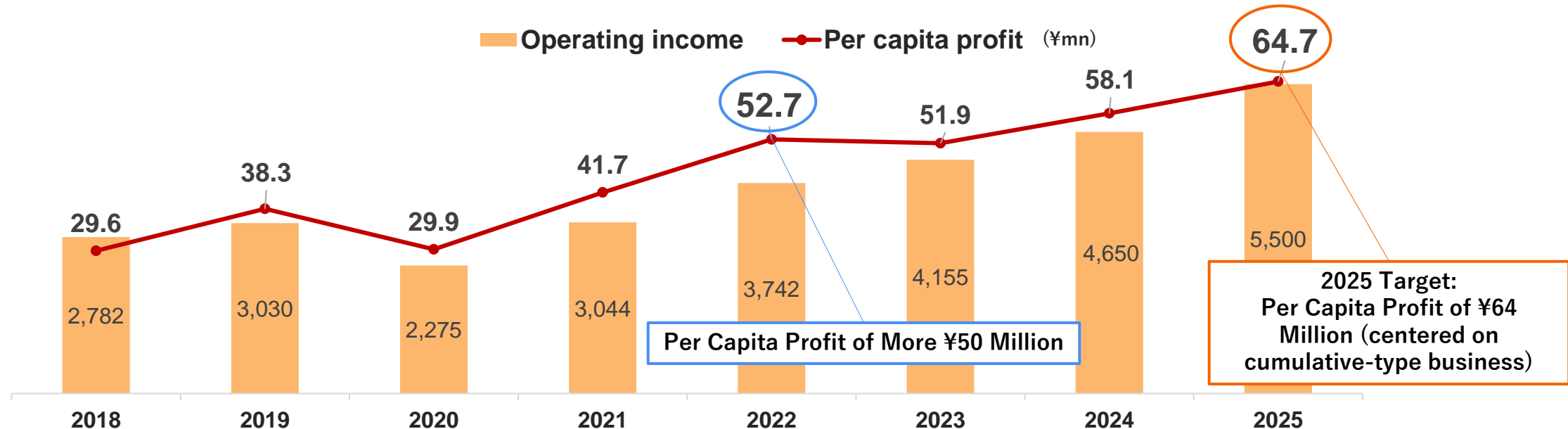
**2013**

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



**2025 Target:**  
 Per Capita Profit of ¥64 Million (centered on cumulative-type business)

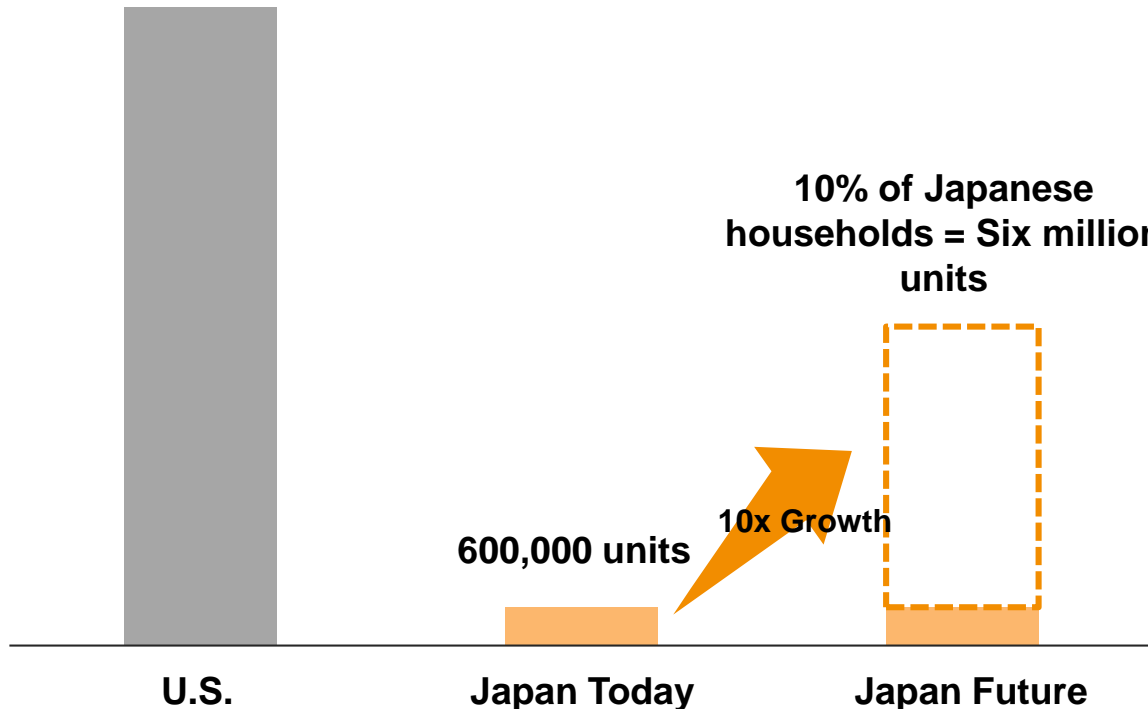
**Japanese Market Has Potential for Ten-Fold Growth Compared to the U.S.**

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

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

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

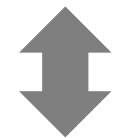
10% of Japanese households = Six million units



**U.S.**

**Public Storage**  
(Market Cap \$50.9bn, PER 28.0 times, PBR 9.2 times)

**Extra Space Storage**  
(Market Cap \$32.4bn, PER 34.7 times, PBR 2.1 times)



**Japan**

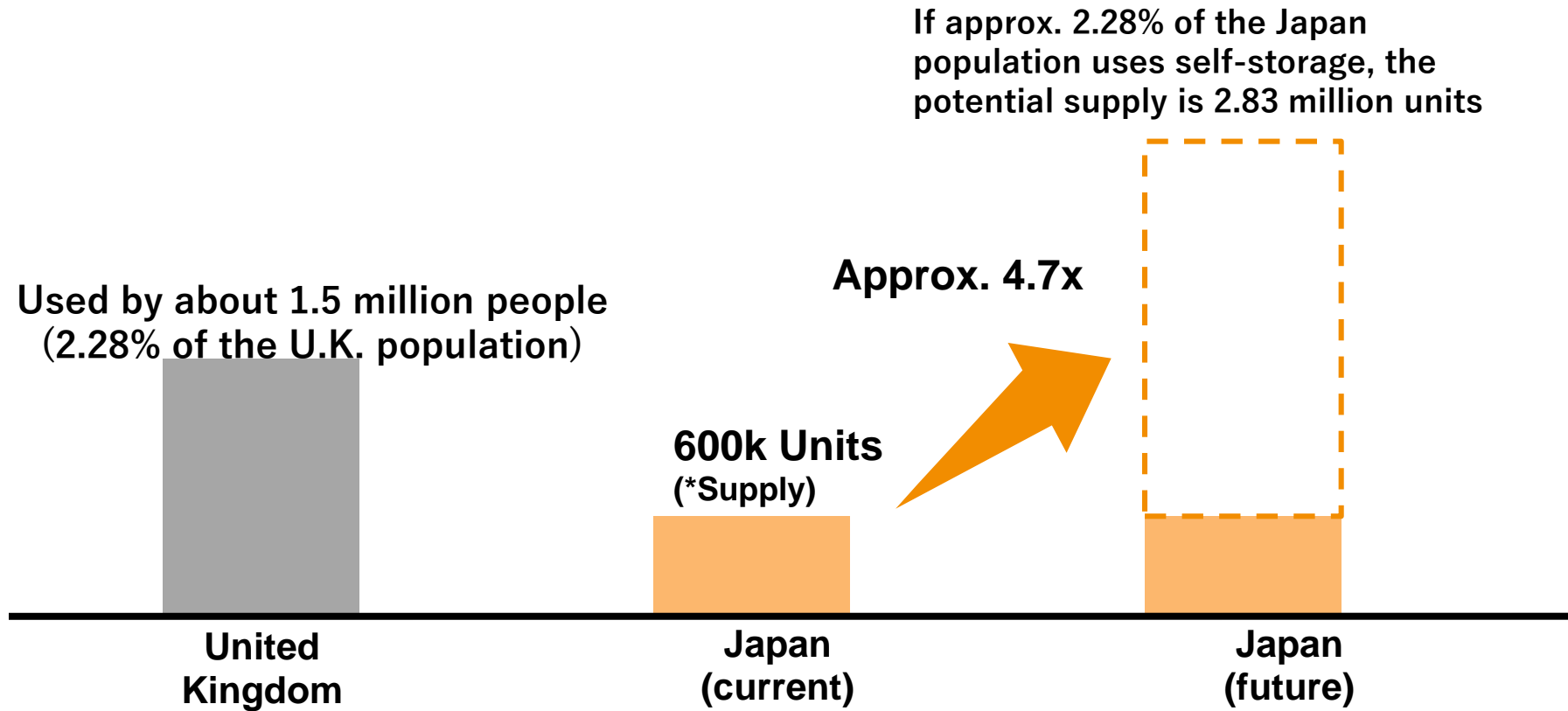
**Arealink**  
(Market Cap ¥35.5bn, PER 11.3 times, PBR 1.3 times)

As of March 28, 2024

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

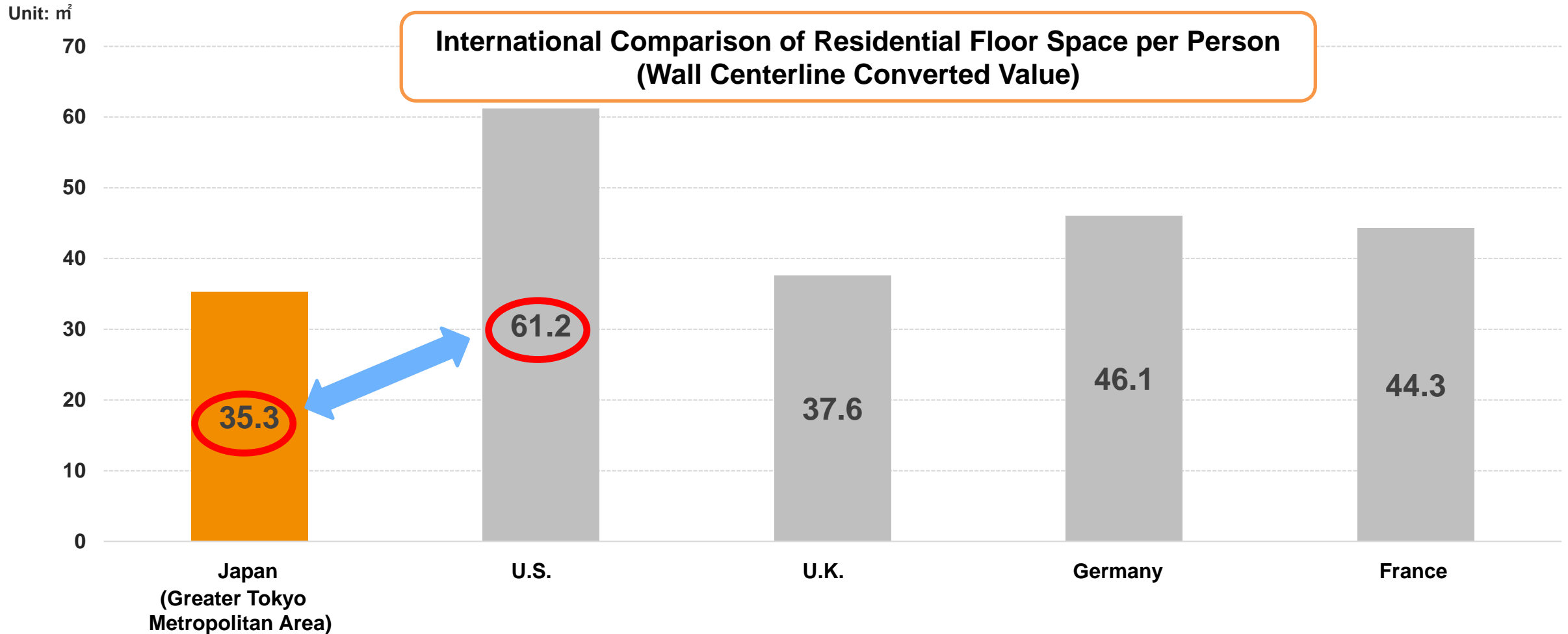


U.K. usage: (Source: 2022 SSA UK Annual Report, 2022 FEDESSA Industry Report, Statista)

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)

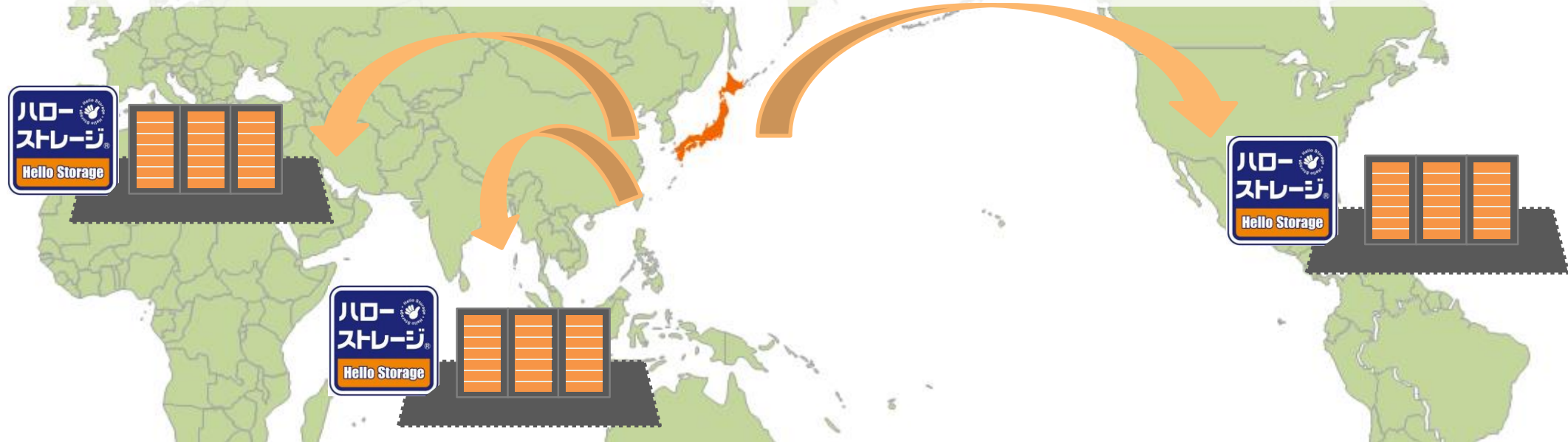
### Limited Living Space in Japanese Homes Creates Huge Potential Demand For Storage



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: Businesses acquired and currently operating in the United States (Texas) and Germany
- ◆ 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%, and No Year-on-Year Decrease in Dividend**
- ◆ **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

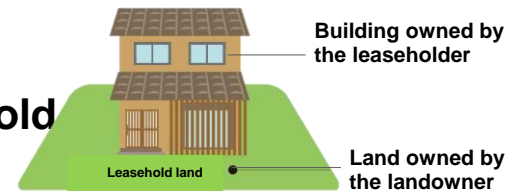


Building type (self-storage mini, interior)

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

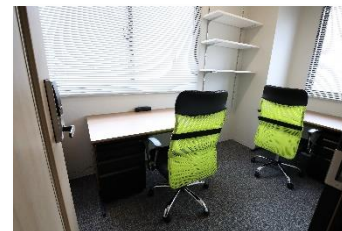
### Land Rights Consolidation Business

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



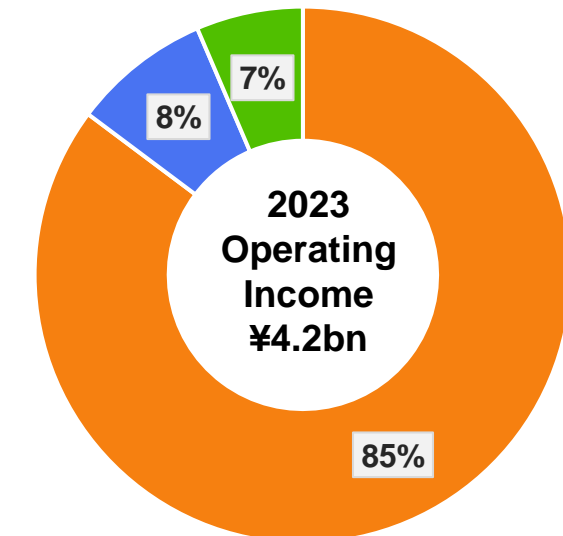
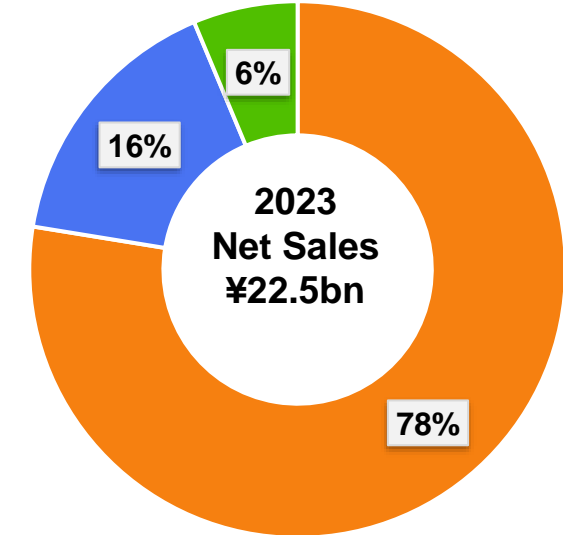
### Other Operational Services Business

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

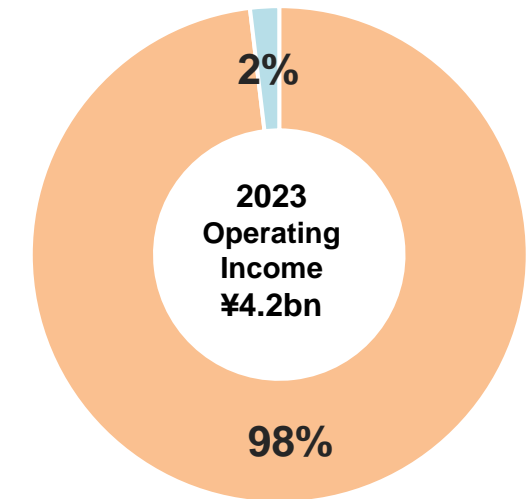
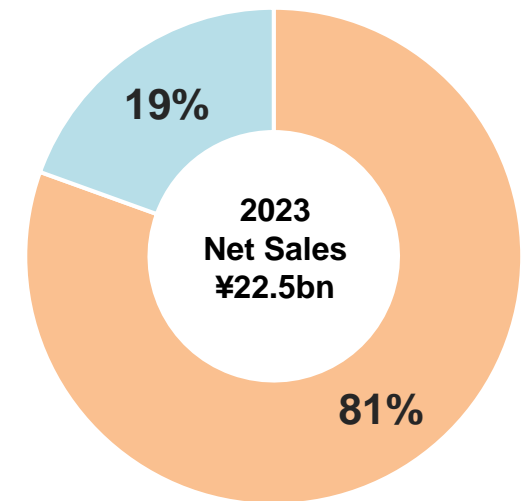
#### Cumulative-Type Businesses

- ◆ 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

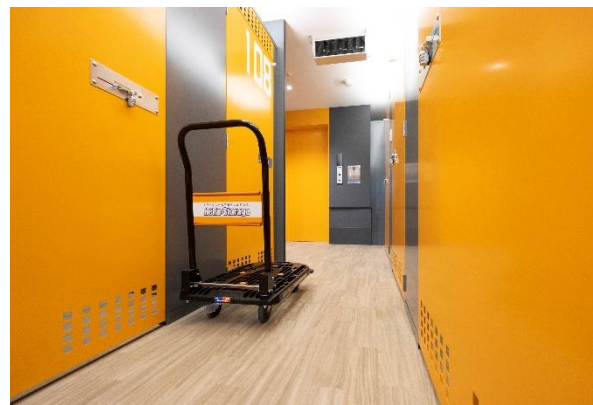
- ◆ **Arealink Provides Self-Storage Units Under the “Hello Storage” Brand**

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

**Arealink Has 2,210 Properties With approximately 103,000 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



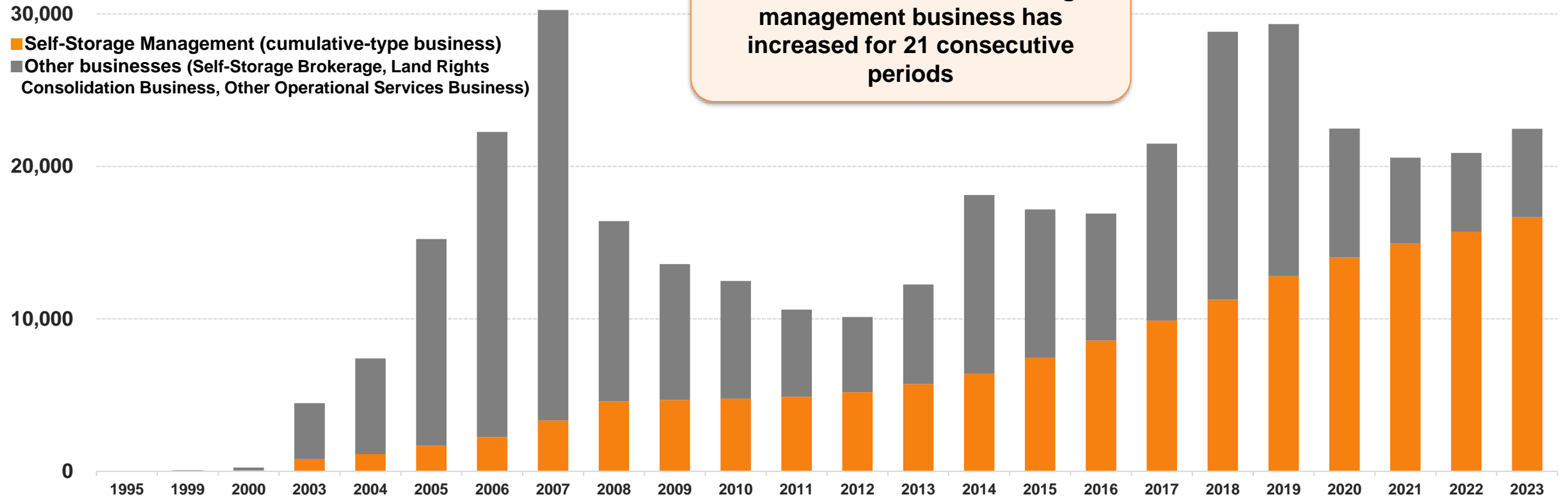
Example of owned property  
(Kanda BM Bldg.)



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)

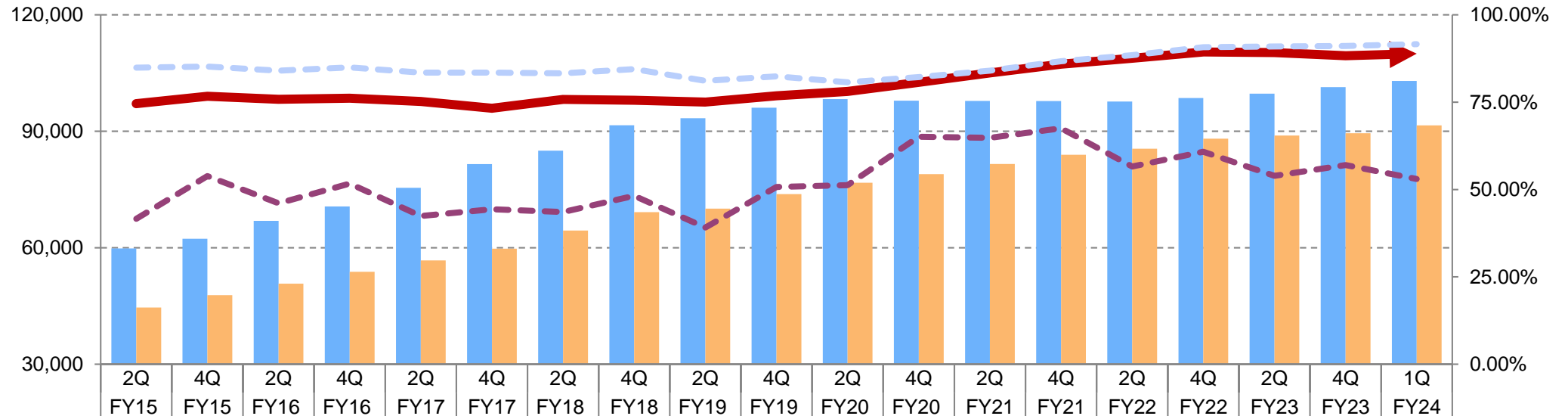
Shift to cumulative-type business

In Millions of Yen			FY12/23	FY12/24				
			Full-year	1Q	2Q	3Q	4Q	Cumulative
<b>Self-Storage Management</b>	Net sales	16,668	4,316				4,316	
	Gross profit	6,227	1,696				1,696	
<b>Self-Storage Brokerage</b>	Net sales	755	848				848	
	Gross profit	61	167				167	
<b>Self-Storage Business</b>	Net sales	17,423	5,165				5,165	
	Gross profit	6,288	1,863				1,863	
	Business profit	4,563	1,389				1,389	
<b>Land Rights Consolidation Business (Limited Land Rights)</b>	Net sales	3,623	1,346				1,346	
	Gross profit	828	383				383	
	Business profit	446	243				243	
<b>Other Operational Services Business</b>	Net sales	1,416	371				371	
	Gross profit	435	121				121	
	Business profit	345	102				102	
<b>Management Division</b>	Business profit	△ 1,199	△ 330				△ 330	
<b>Total for All Businesses</b>	Net sales	22,463	6,883				6,883	
	Gross profit	7,552	2,369				2,369	
	Operating income	4,155	1,405				1,405	

**Cumulative total exceeded 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



	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	2Q FY23	4Q FY23	1Q FY24
<span style="color: blue;">■</span> Total Units 36,131	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	102,981
<span style="color: orange;">■</span> 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	91,529
<span style="color: red;">➔</span> 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%	88.88%
<span style="color: lightblue;">- - -</span> 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%	91.62%
<span style="color: purple;">- - -</span> 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%	53.02%

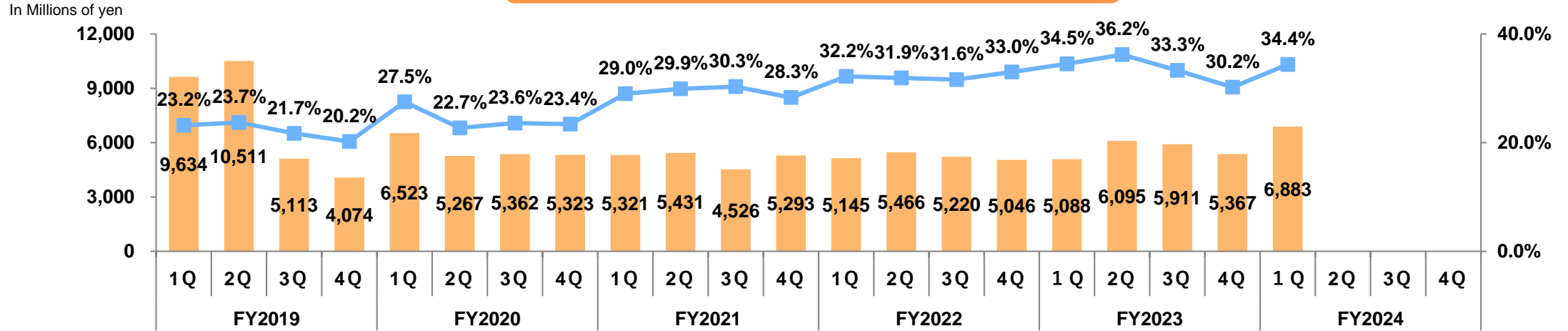
\*New unit utilization rate: utilization rate of new units opened within the most recent two business years. Covers new units opened since January 2023.

	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Hokkaido	1,082	414	137	1,633	1.59%
Aomori	50	0	48	98	0.10%
Iwate	20	0	0	20	0.02%
Miyagi	1,761	0	38	1,799	1.75%
Akita	31	0	0	31	0.03%
Yamagata	74	0	0	74	0.07%
Fukushima	186	45	0	231	0.22%
Ibaraki	1,077	27	0	1,104	1.07%
Tochigi	573	0	0	573	0.56%
Gunma	1,159	0	0	1,159	1.13%
Saitama	8,560	681	1,646	10,887	10.57%
Chiba	10,174	255	1,412	11,841	11.50%
Tokyo	17,599	9,870	2,760	30,229	29.35%
Kanagawa	9,104	2,478	1,319	12,901	12.53%
Niigata	351	0	0	351	0.34%
Toyama	207	0	0	207	0.20%
Ishikawa	271	0	0	271	0.26%
Fukui	143	0	0	143	0.14%
Yamanashi	230	0	0	230	0.22%
Nagano	543	0	0	543	0.53%
Gifu	636	0	0	636	0.62%
Shizuoka	1,931	25	0	1,956	1.90%
Aichi	5,367	441	440	6,248	6.07%
Mie	368	50	0	418	0.41%

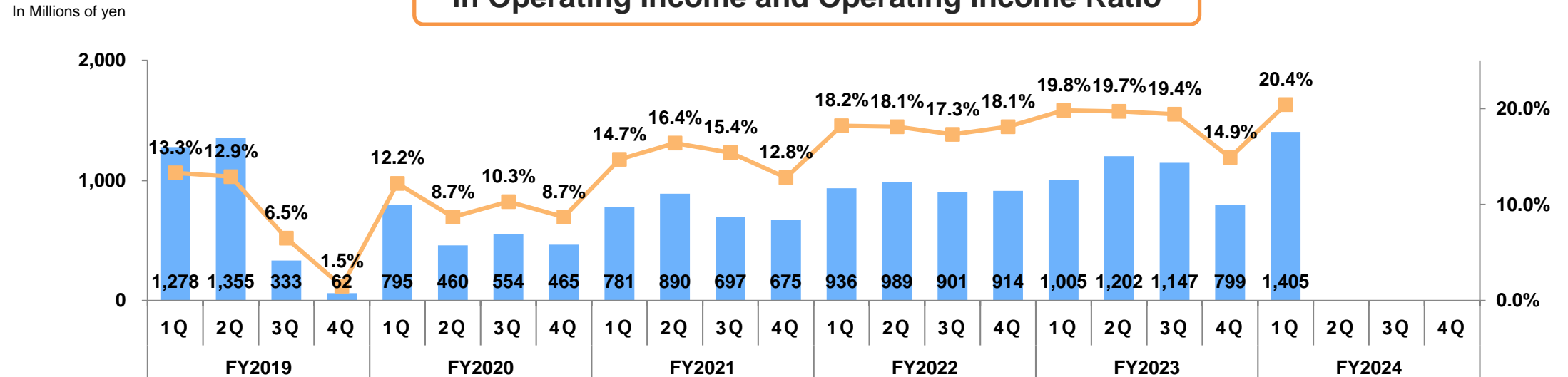
	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Shiga	335	0	0	335	0.33%
Kyoto	1,934	152	62	2,148	2.09%
Osaka	4,617	907	402	5,926	5.75%
Hyogo	4,065	121	46	4,232	4.11%
Nara	733	0	0	733	0.71%
Wakayama	27	0	0	27	0.03%
Tottori	115	0	0	115	0.11%
Shimane	30	0	0	30	0.03%
Okayama	251	0	0	251	0.24%
Hiroshima	449	0	0	449	0.44%
Yamaguchi	261	0	47	308	0.30%
Tokushima	83	0	0	83	0.08%
Kagawa	276	100	0	376	0.37%
Ehime	223	0	0	223	0.22%
Kochi	90	0	0	90	0.09%
Fukuoka	2,486	0	0	2,486	2.41%
Saga	106	0	0	106	0.10%
Nagasaki	144	0	0	144	0.14%
Kumamoto	398	0	0	398	0.39%
Oita	140	0	0	140	0.14%
Miyazaki	235	0	48	283	0.27%
Kagoshima	382	0	0	382	0.37%
Okinawa	133	0	0	133	0.13%
<b>Total</b>	<b>79,010</b>	<b>15,566</b>	<b>8,405</b>	<b>102,981</b>	<b>100.00%</b>

As of March 31, 2024

### 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 Road Show (planned for late May 2024 to early June)</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-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”



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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