

Arealink

Arealink Co., Ltd.

July 30, 2024

Results Briefing

Second Quarter, Fiscal Year

Ending December 2024

- **FY12/24 2Q Business Results** **3-20**
- **Achieving the Medium-Term Management Plan**
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FY12/24 2Q Business Results

Yasuaki Ootaki
Director, Head of Administrative Division

◆ Self-Storage Business

YoY sales up **17.2%** and business profit up **17.5%**

- Opened a total of 4,257 new units in 2Q compared to the target of 10,400 units for the whole FY12/24
- Newly opened properties in 2023-2024 had steady utilization
- 8 properties of self-storage with land were sold in FY12/24 2Q

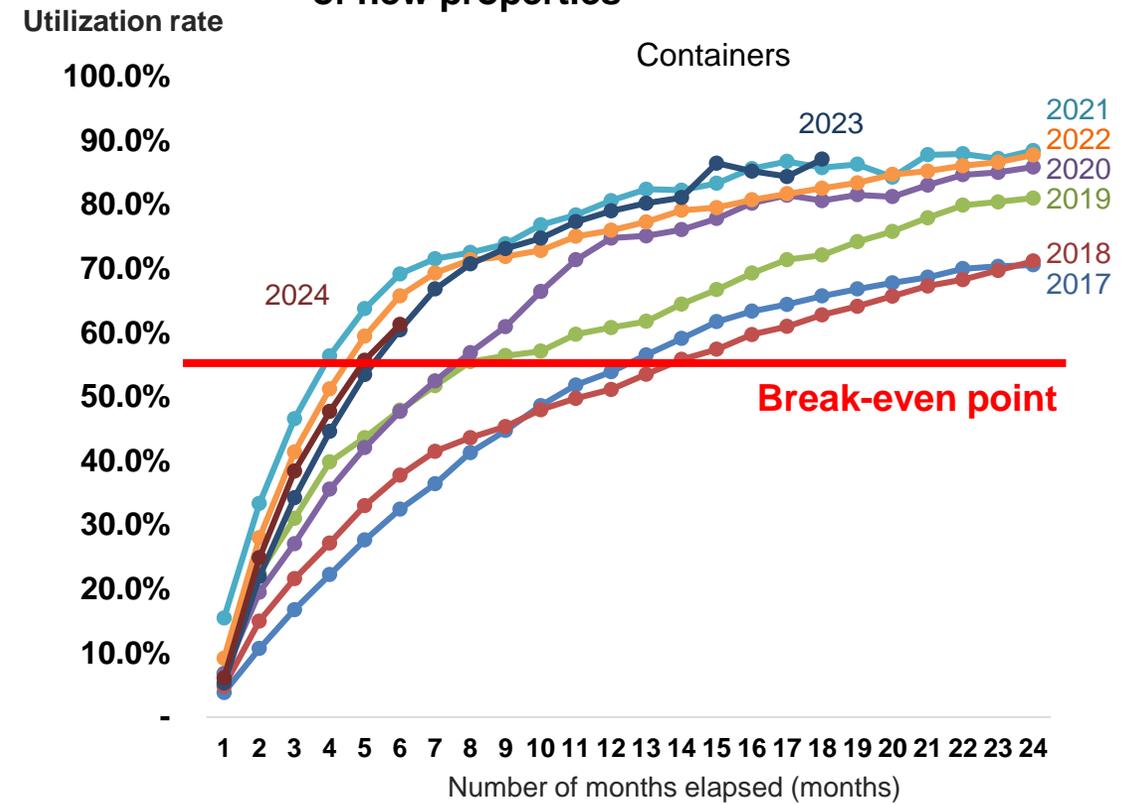
◆ Land Rights Consolidation Business

- Both sales and profit progressed beyond plan while some projects have been advanced

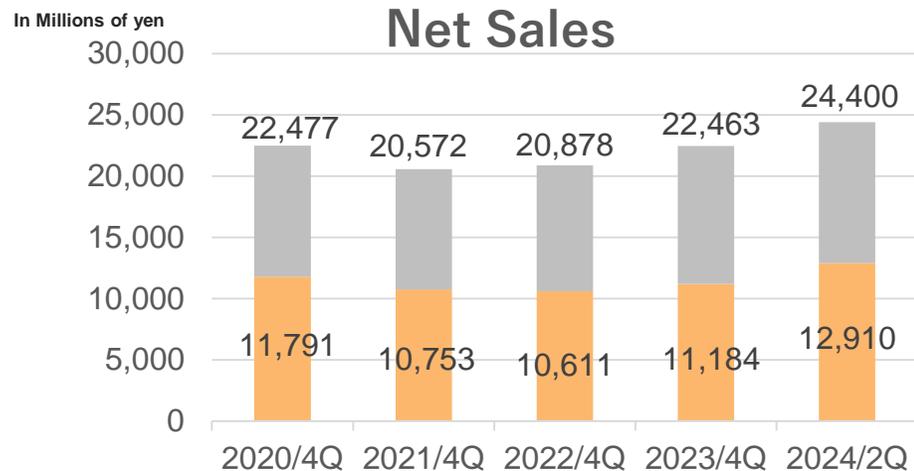
◆ Company Updates

- Carried out a two-for-one share split effective July 1, 2024
- Implement interim dividends starting FY12/24

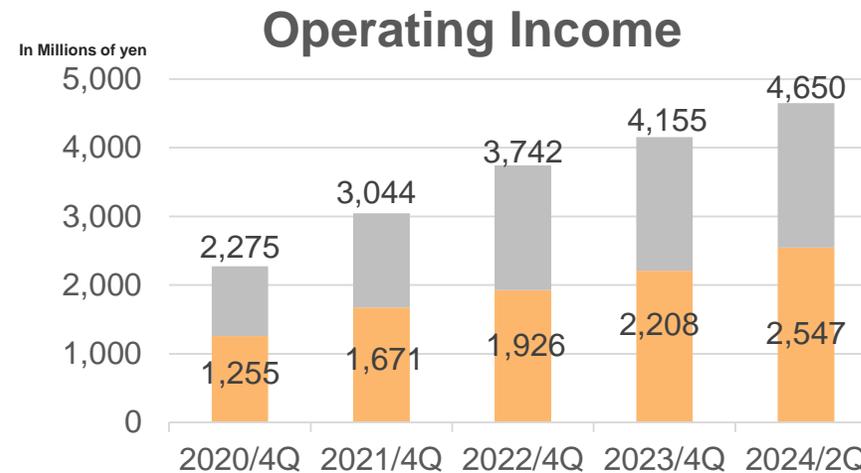
Utilization rate trends by year of opening of new properties



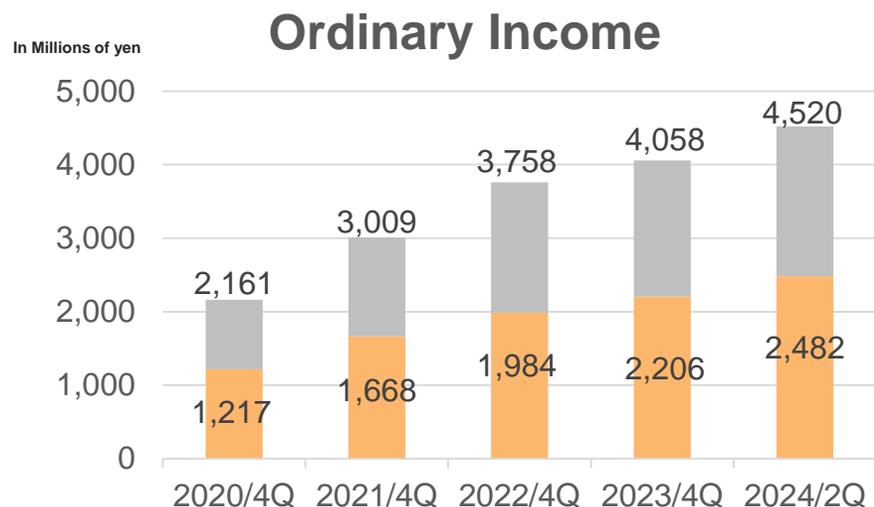
Arealink Past Four Years + FY12/24 Earnings Outlook and FY12/24 2Q Progress



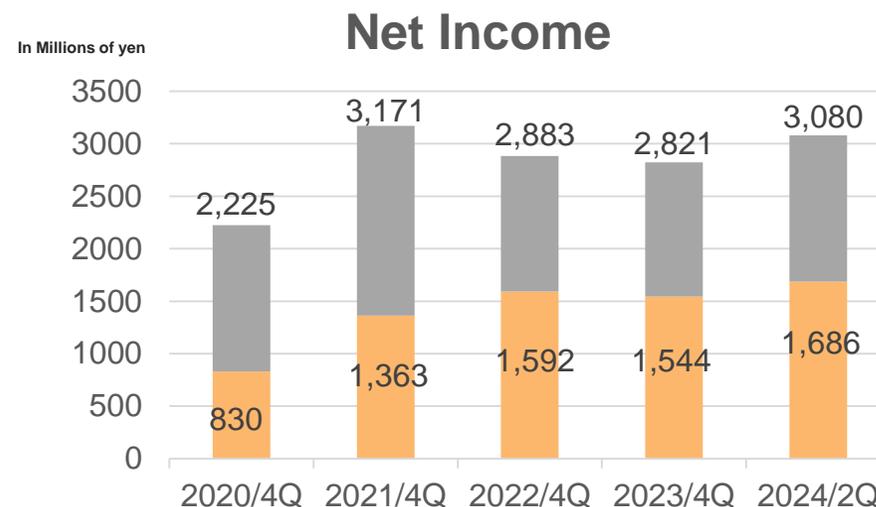
+ 15.4% YoY, 52.9% achievement in FY12/24



+ 15.3% YoY, 54.8% achievement in FY12/24



+ 12.5% YoY, 54.9% achievement in FY12/24

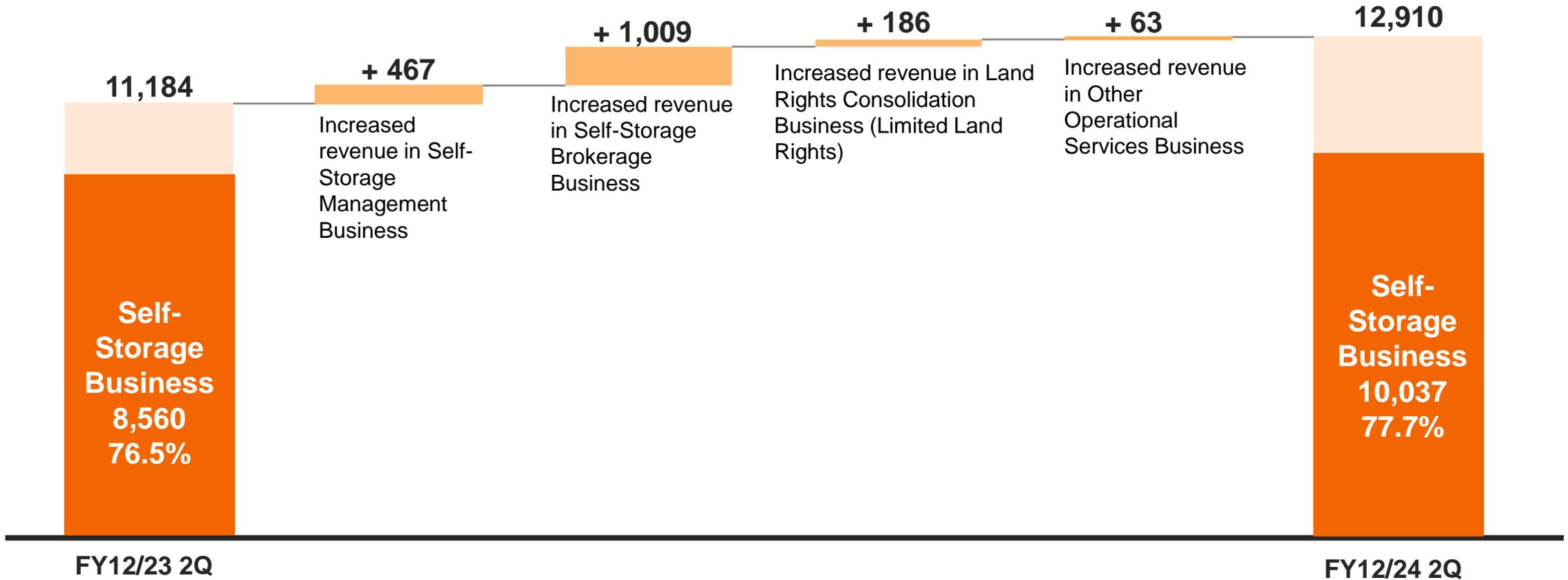


+ 9.3% YoY, 54.8% achievement in FY12/24

Overall Sales Increased by +15.4% due to Each Segment Progressing Steadily

Increase/Decrease in Net Sales

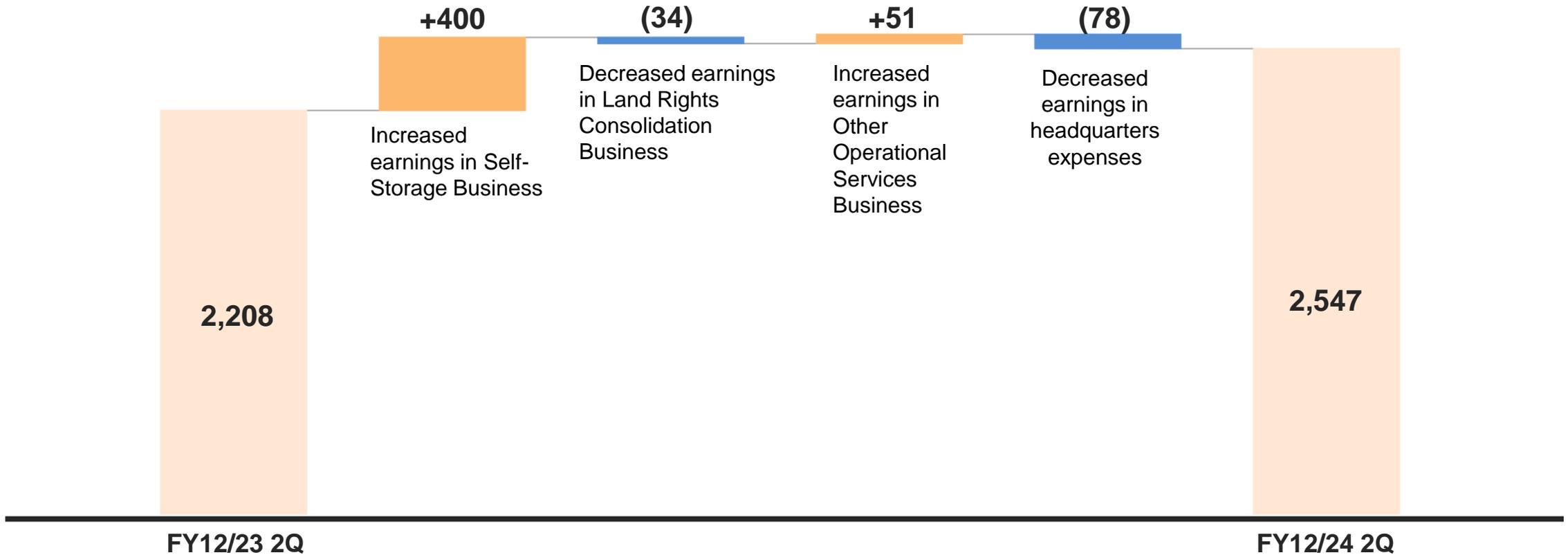
In Millions of yen



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

	FY12/23		FY12/24			
	Full-year Result	2Q	Full-year Plan	2Q	Relative to Plan	YoY
In Millions of yen						
Net sales	22,463	11,184	24,400	12,910	52.9%	+ 15.4%
Operating income	4,155	2,208	4,650	2,547	54.8%	+ 15.3%
Ordinary income	4,058	2,206	4,520	2,482	54.9%	+ 12.5%
Net income	2,821	1,544	3,080	1,686	54.8%	+ 9.3%

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

In Millions of yen

	FY12/23 2Q	FY12/24 2Q	Increase (Decrease)
Operating income	2,208	2,547	338
Non-operating income	125	127	1
Non-operating expenses	127	191	63
Ordinary income	2,206	2,482	276
Extraordinary income	39	1	(37)
Extraordinary loss	8	6	(2)
Income before income taxes	2,236	2,478	241
Income taxes — current	597	720	123
Income taxes — deferred	95	70	(24)
Net income	1,544	1,686	142

Non-operating income
 Compensation for relocation **¥58 million**
 Foreign exchange gains **¥51 million**

Non-operating expenses
 Interest expenses **¥91 million**
 Commission expenses **¥96 million**

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

Millions of yen	FY12/23 2Q	FY12/24 2Q	Increase (Decrease)	Rate of change
Directors' Compensation	73	93	20	+27.7%
Salary and allowances	458	495	36	+8.0%
Advertising and publicity costs	125	138	12	+10.1%
Commission expenses	381	347	(33)	- 8.8%
(Sales commissions)	(218)	(163)	(54)	- 24.9%
Compensation expenses	203	203	(0)	- 0.2%
Taxes and public dues	112	133	20	+18.2%
Others	395	481	86	+21.9%
Total SG&A expenses	1,750	1,893	143	+8.2%

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

Arealink Overview of FY12/24 2Q Business Results (by segment)

In Millions of yen			FY12/23 2Q		FY12/24 2Q		YoY
			Actual	Percent of Sales	Actual	Percent of Sales	
Self-Storage Management	Net sales	8,237	—	8,704	—	+ 5.7%	
	Gross profit	3,080	37.4%	3,426	39.4%	+ 11.3%	
Self-Storage Brokerage	Net sales	323	—	1,332	—	+ 312.2%	
	Gross profit	21	6.8%	227	17.1%	+ 937.6%	
Self-Storage Business	Net sales	8,560	—	10,037	—	+ 17.2%	
	Gross profit	3,101	36.2%	3,654	36.4%	+ 17.8%	
	Business profit	2,288	26.7%	2,688	26.8%	+ 17.5%	
Land Rights Consolidation Business (Limited Land Rights)	Net sales	1,935	—	2,122	—	+ 9.6%	
	Gross profit	657	34.0%	538	25.4%	- 18.1%	
	Business profit	374	19.3%	339	16.0%	- 9.3%	
Other Operational Services Business	Net sales	687	—	751	—	+ 9.2%	
	Gross profit	199	29.0%	247	33.0%	+ 24.1%	
	Business profit	155	22.6%	206	27.5%	+ 33.3%	
Headquarters expenses	Business profit	(609)	—	(687)	—	+ 12.8%	
Total for All Businesses	Net sales	11,184	—	12,910	—	+ 15.4%	
	Gross profit	3,958	35.4%	4,440	34.4%	+ 12.2%	
	Operating income	2,208	19.7%	2,547	19.7%	+ 15.3%	

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

Self-Storage Business					
In Millions of yen	FY12/23 2Q	FY12/24 2Q	YoY	FY12/24 Plan	Compared to plan
Net sales (Self-storage management)	8,237	8,704	+ 5.7%	—	—
Net sales (Self-storage brokerage)	323	1,332	+ 312.2%	—	—
Net sales	8,560	10,037	+ 17.2%	20,500	49.0%
Gross profit (Self-storage management)	3,080	3,426	+ 11.3%	—	—
Gross profit (Self-storage brokerage)	21	227	+ 937.6%	—	—
Gross profit	3,101	3,654	+ 17.8%	—	—
SG&A expenses	813	966	+ 18.8%	—	—
Business profit	2,288	2,688	+ 17.5%	5,360	50.2%

Self-Storage Management

- The utilization rate remained high at 87.64% 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 eight properties of storage with land

Land Rights Consolidation Business Progressed Ahead of and Above Plan

Land Rights Consolidation Business (Limited Land Rights)					
In Millions of yen	FY12/23 2Q	FY12/24 2Q	YoY	FY12/24 Plan	Compared to plan
Net sales	1,935	2,122	+ 9.6%	2,400	88.4%
Gross profit	657	538	-18.1%	—	—
SG&A expenses	282	199	-29.7%	—	—
Business profit	374	339	-9.3%	320	106.1%

Other Operational Services Business					
In Millions of yen	FY12/23 2Q	FY12/24 2Q	YoY	FY12/24 Plan	Compared to plan
Net sales	687	751	+ 9.2%	1,500	50.1%
Gross profit	199	247	+ 24.1%	—	—
SG&A expenses	44	40	-8.2%	—	—
Business profit	155	206	+ 33.3%	300	69.0%

Land Rights Consolidation Business (Limited Land Rights)

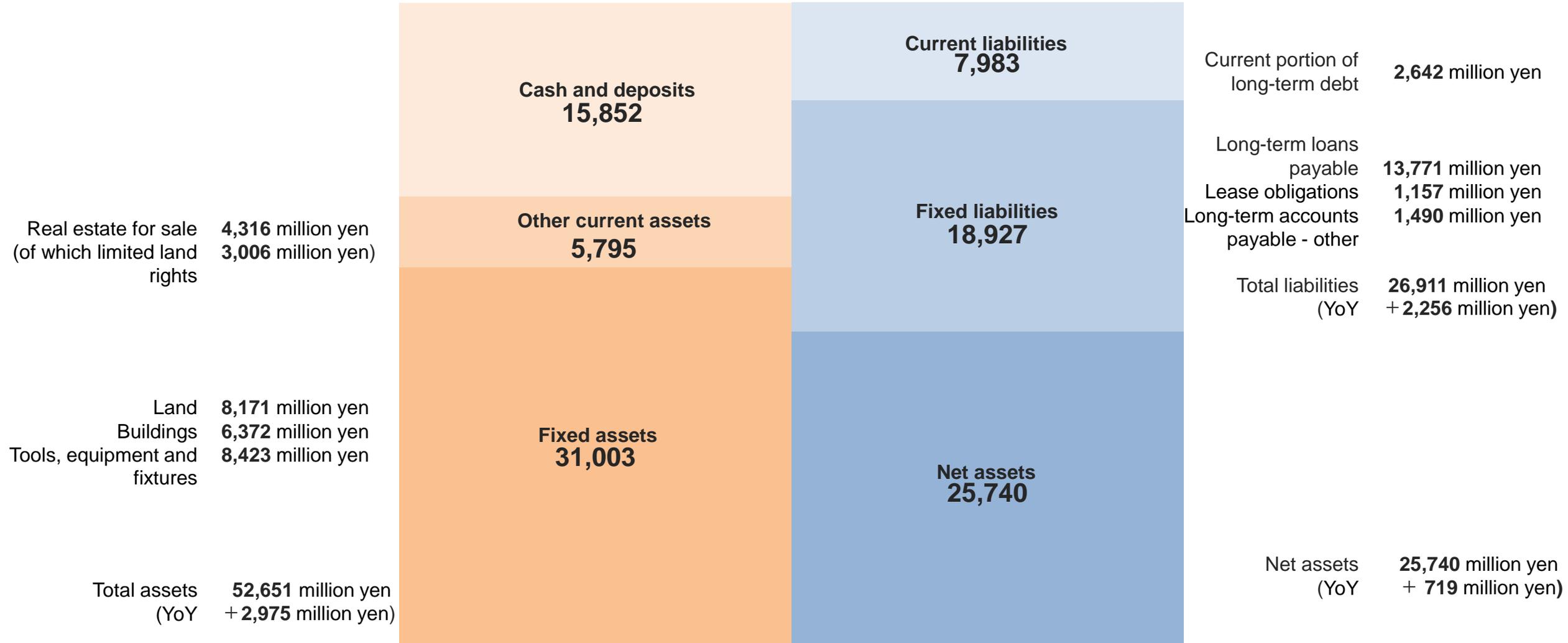
- Inventory was 3,006 million yen, a decrease of 802 million yen compared to the end of the previous fiscal year
- Both sales and profit progressed beyond plan despite some projects being settled ahead of plan

Other Operational Services Businesses

- Steadily progressing above plan

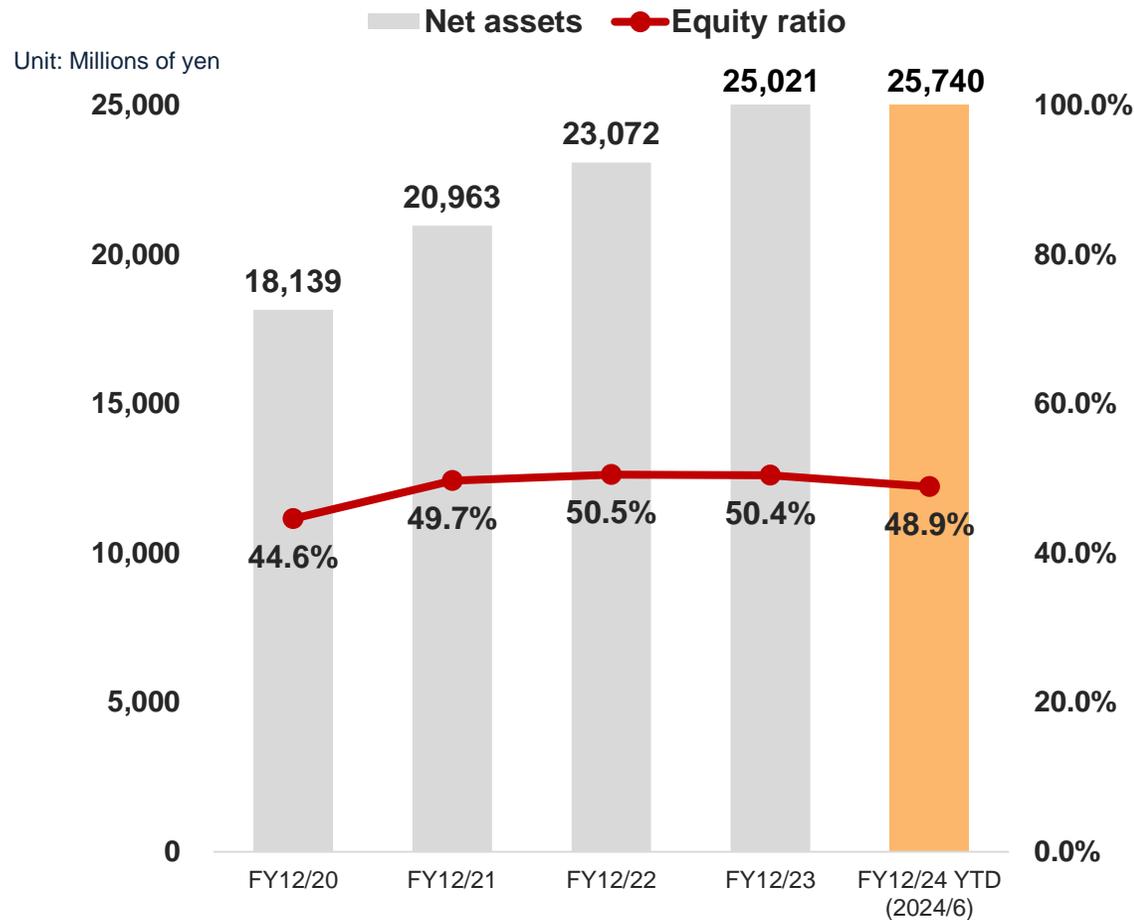
Stable Financial Base With Cash Deposits of 15.8 Billion Yen

In Millions of yen

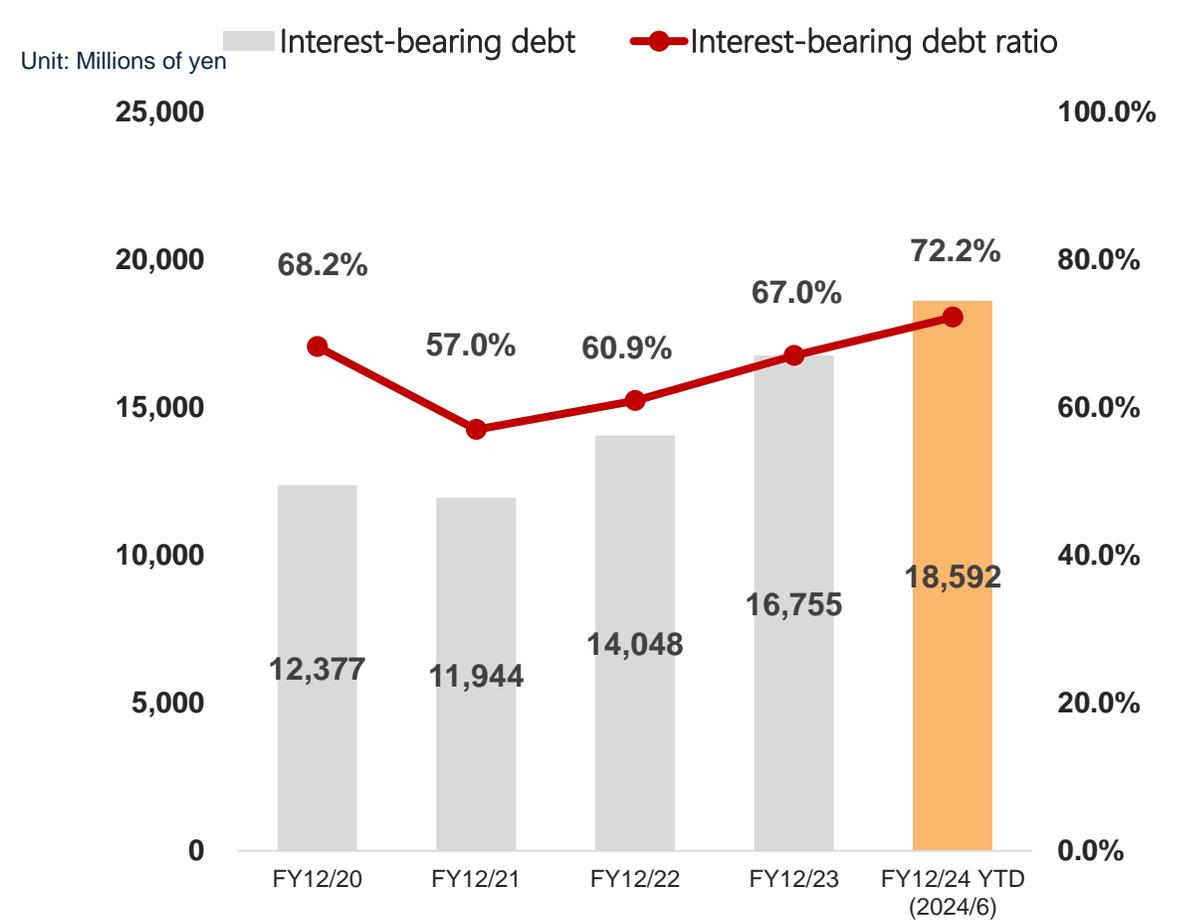


Equity Ratio Remained Stable at 48.9%

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

Maintained Cash and Deposits of 15.8 Billion Yen and Achieved Stable Positive Operating Cashflow.

Unit: Millions of yen

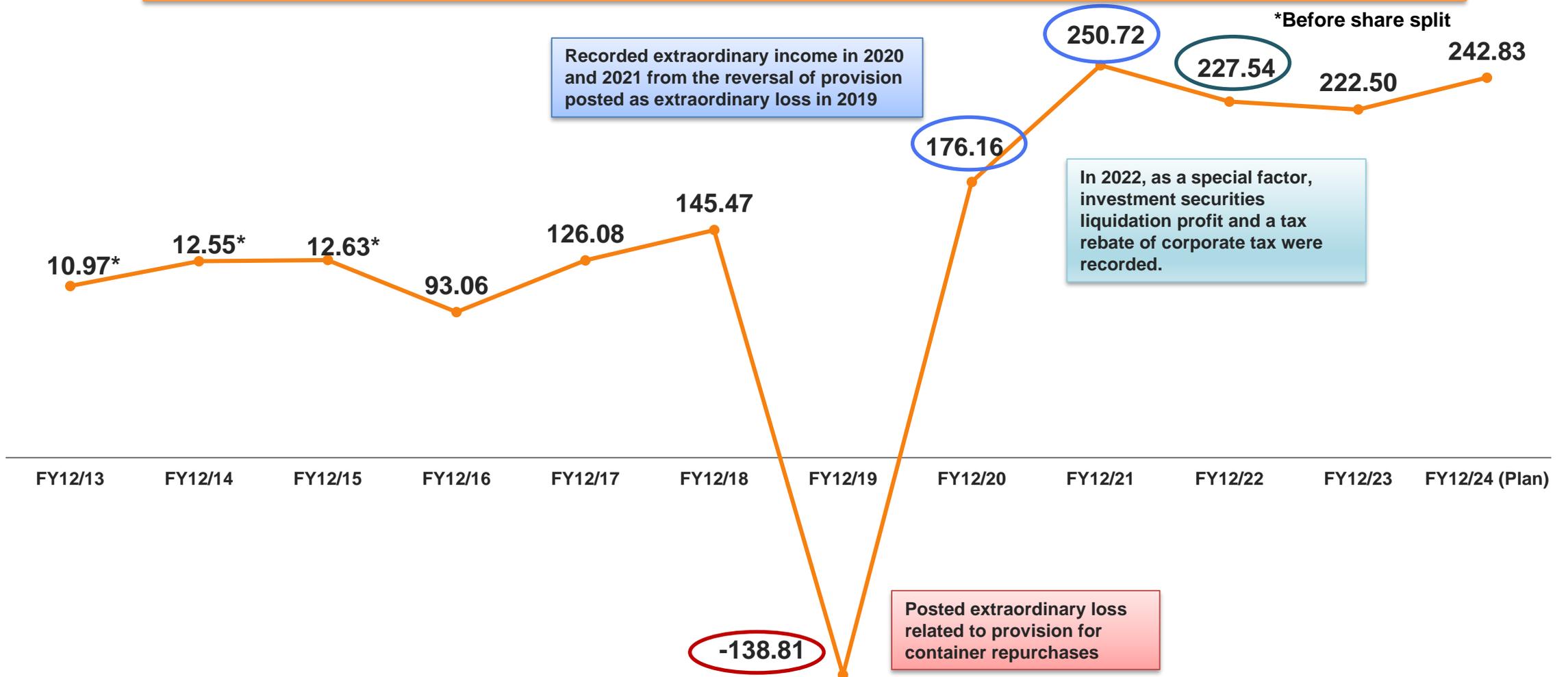
	FY2023 2Q	FY2024 2Q		
Cash flows from operating activities	1,443	3,849	Income before income taxes	2,478 million yen
			Decrease in inventories	1,300 million yen
			Income taxes paid	(524) million yen
Cash flows from investing activities	(1,258)	(3,900)	Purchase of noncurrent asset	(2,686) million yen
			Purchase of shares of subsidiaries and associates	(1,150) million yen
Cash flows from financing activities	(177)	861	Proceeds from long-term loans payable	3,863 million yen
Cash and cash equivalents at the end of year	14,330	15,852	Repayment of long-term loans payable	(2,335) million yen
			Cash dividends paid	(975) million yen

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

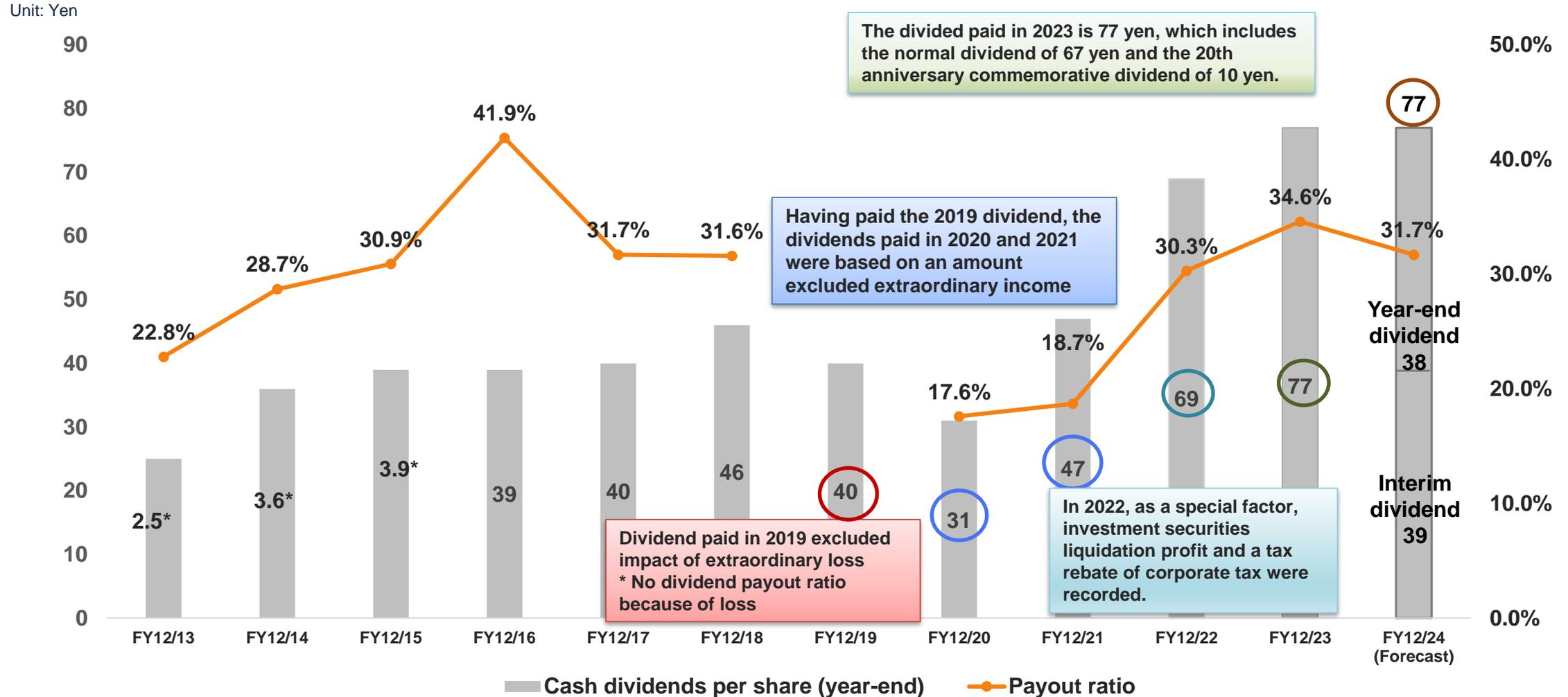
Following Impact of Extraordinary Income and Loss Over Past Three Years, Returned to Normal Starting 2023



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

Dividend Forecast Is 77 Yen for This Period (Interim Dividend 39 Yen, Year-End Dividend 38 Yen) With No Decrease from the Previous Period

*Before share split



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

Achieving the Medium-Term Management Plan

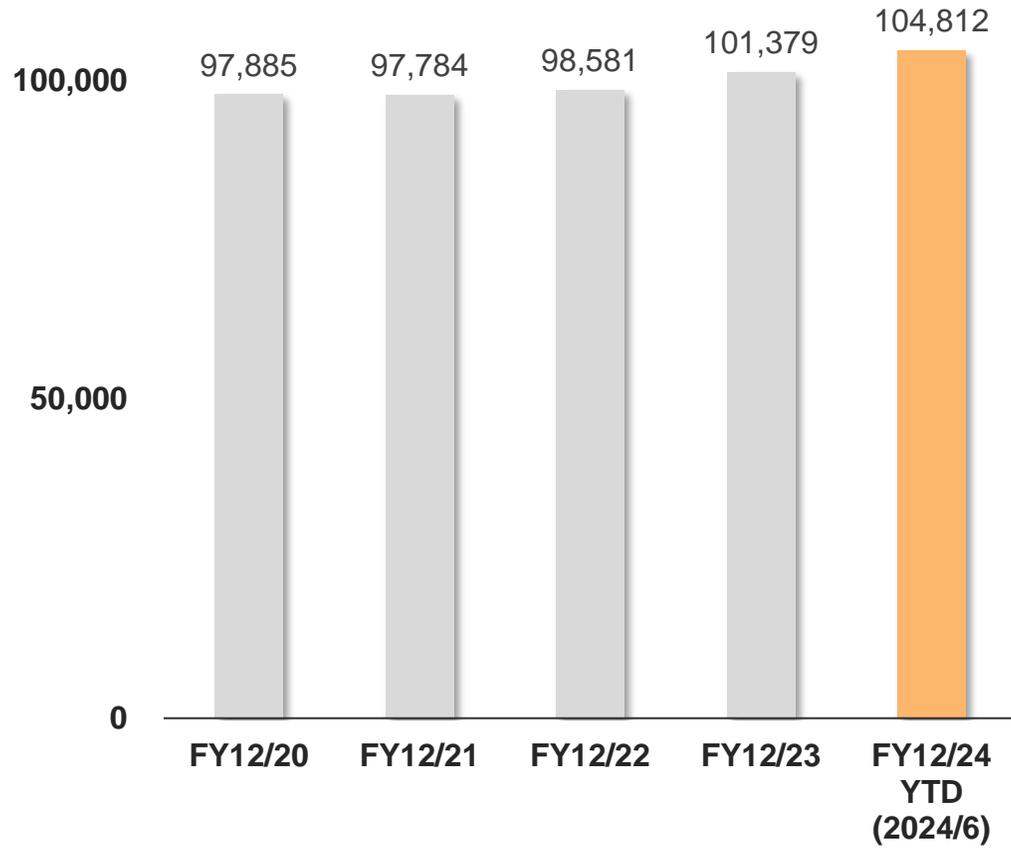
Yoshika Suzuki
Representative Director and President (CEO)

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	

*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



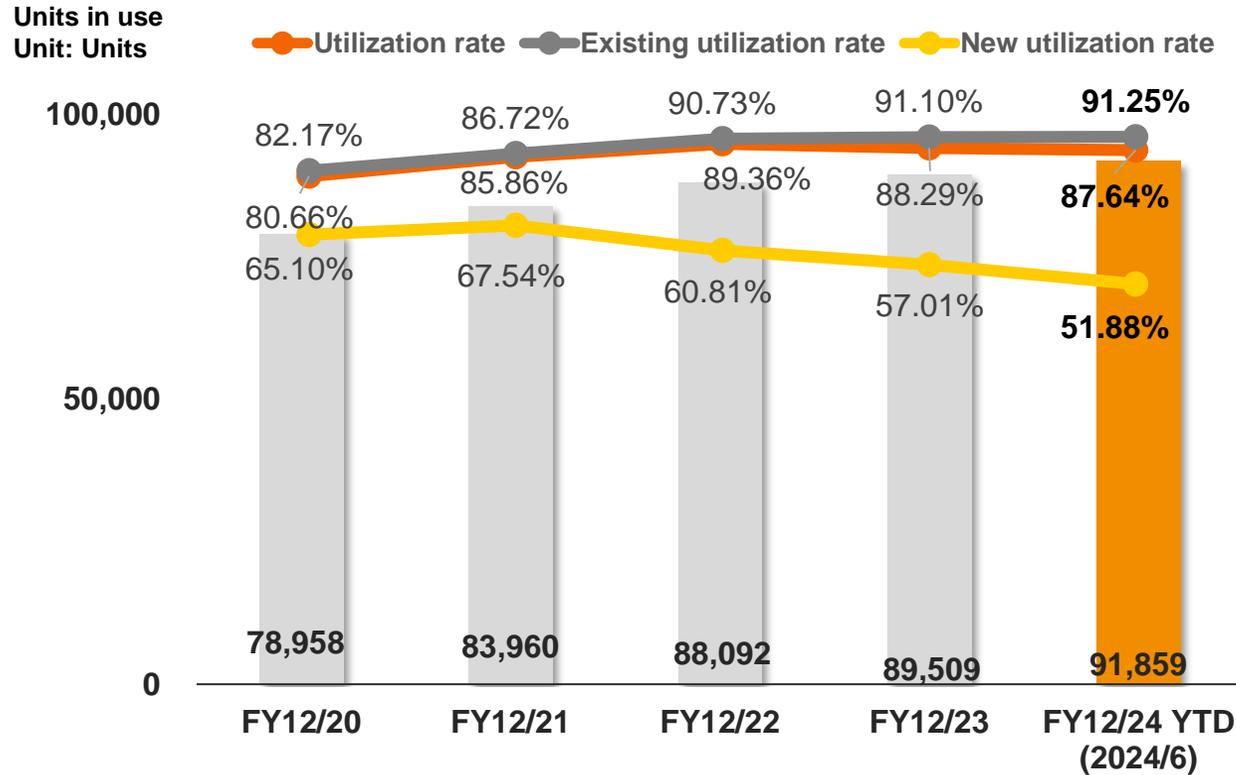
	Full-year plan	FY12/24 2Q Number of new units	FY12/24 2Q Cumulative number of units
Container	8,700	3,462 (233)	80,520
Indoor Storage Unit Type	1,200	550 (18)	15,793
Self-Storage Mini	500	245 (0)	8,499

	Plan	FY12/24 2Q Actual
New Units in 2024	10,400	4,257 (251)

* 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 87.64% Existing 91.25%

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

- Openings by Region

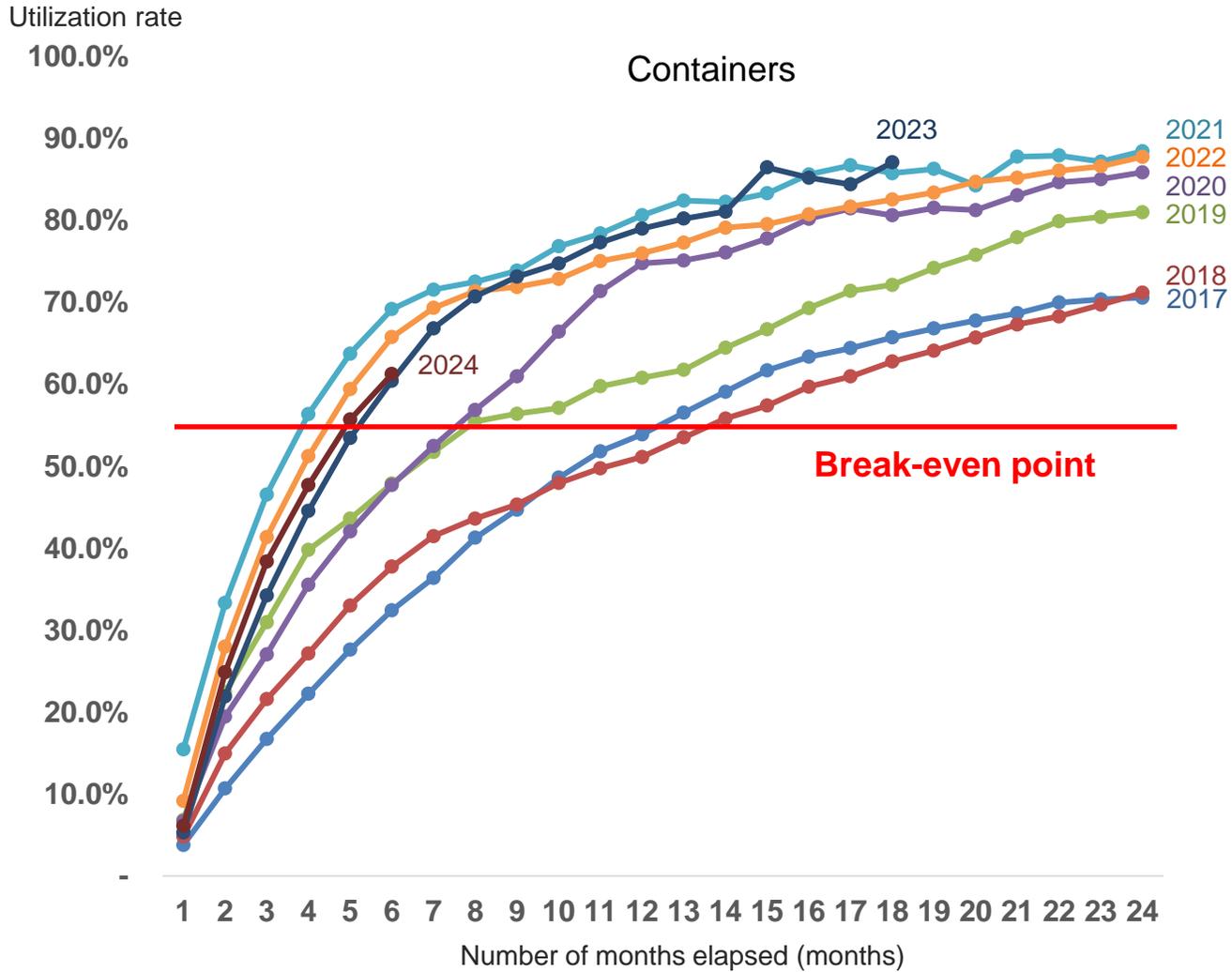
Tokyo and Three Neighboring Prefectures: 1,780 units

Kyoto, Osaka, Kobe: 730 units

Other Region: 1,747 units

* New facilities are locations opened during and after the previous fiscal year. For FY12/24, new facilities are those opened during FY12/23 and FY12/2024.

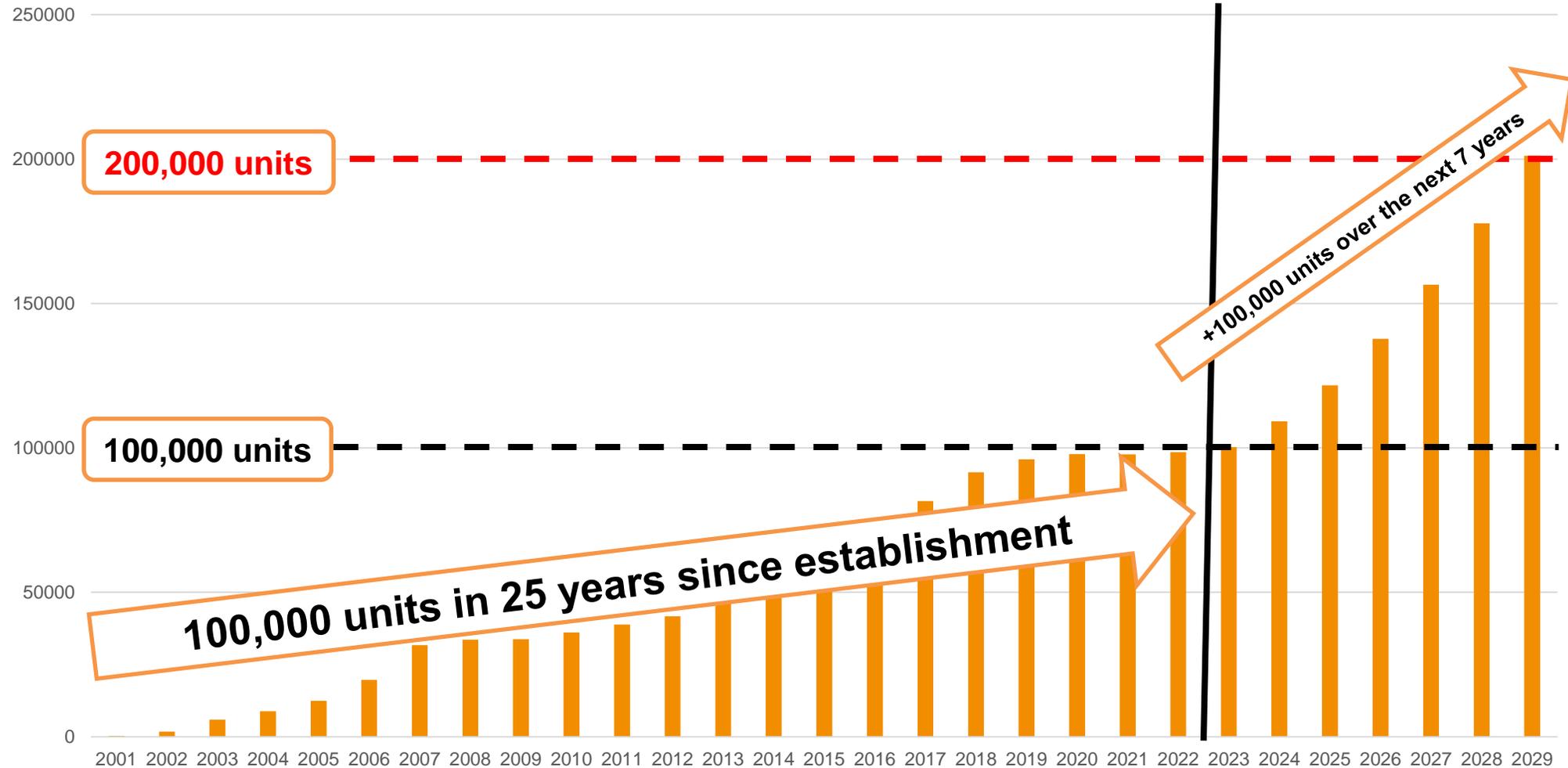
Steady Progress in Utilization After New Openings



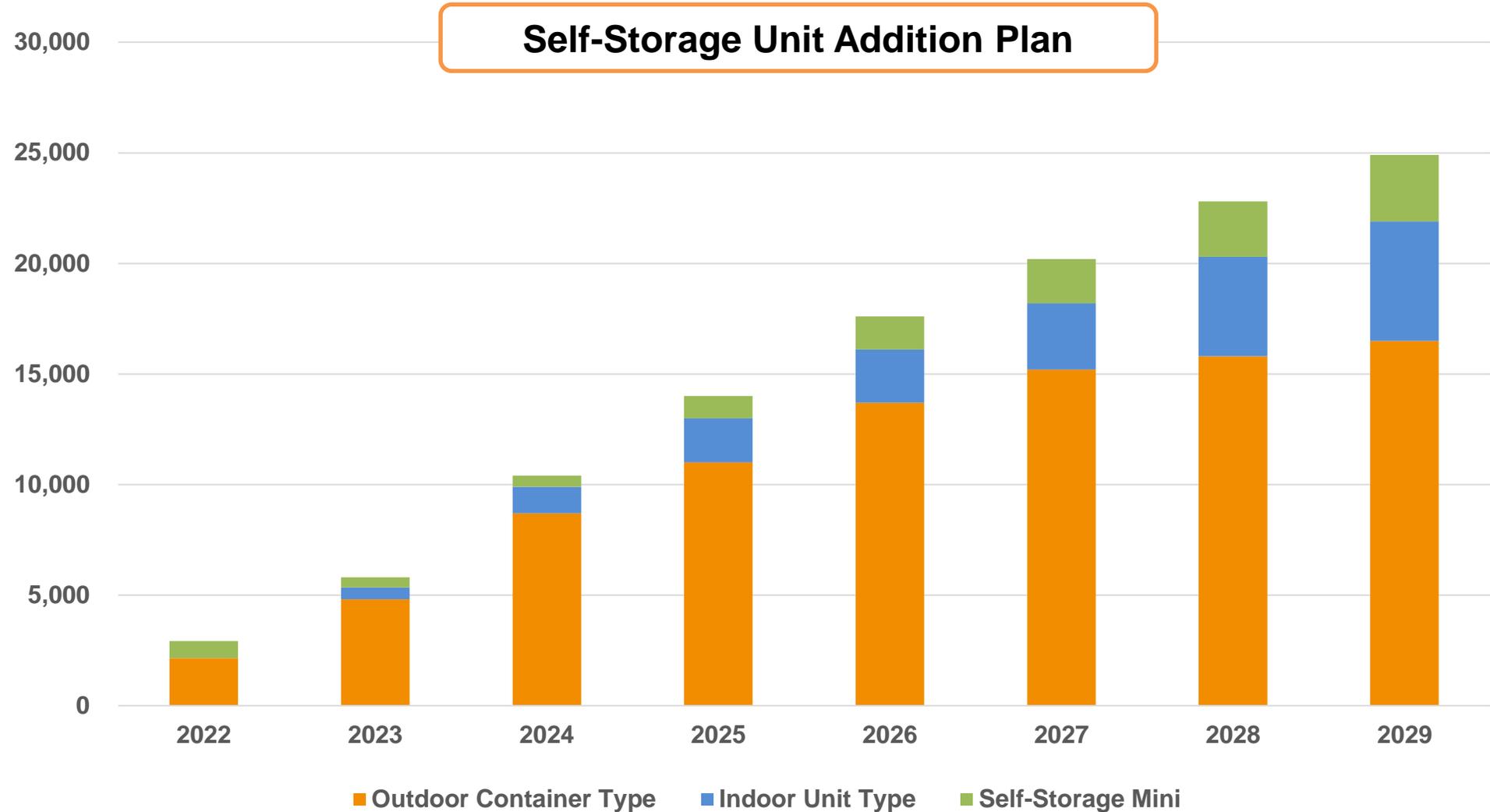
Factors contributing to the increase in the utilization rate

- 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

Shift to a strategy of analyzing, verifying, and utilizing past data to improve the utilization rate for existing locations, and enhance the accuracy of new location openings



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



- ◆ **Unattended operation allows for low cost and high profitability (some locations have staff on site)**

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

- ◆ **Operated using leased land and buildings (some properties are owned)**

Sites can be located on leased land far from train stations for a long period at comparatively low cost.

- ◆ **Small-scale properties (convenience store feeling)**

Difficult for investment funds, REITs, and major companies to enter the market.

- ◆ **Awareness of self-storage remains low, so stable operation takes time**

Loss-making period continues for about one year.

- ◆ **Possible to start operations in short period of time once the land contract is concluded**

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



Arealink Self-Storage Business – Product Development & Strategies (1)

Indoor Types		Outdoor Type
 Building Type	 In-Building Type	 Container Type
Purchase of land	Lease of building floor or land	
 <p>A single building designed exclusively for self-storage. Full range of facilities including air conditioning, security systems, and private parking lots. Yield: Approx. 8%</p>	 <p>Remodeled floor of a building partitioned make self-storage units. Facilities such as private parking, EV stations, and air conditioning vary depending on the property. Yield: Approx. 18%</p>	 <p>Self-storage using shipping containers. The site can be accessed by car, with parking alongside the unit. Some locations Yield: Approx. 18%</p>



In-Building Type

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

Arealink Is the ONLY Company
That Offers Three Types of Products



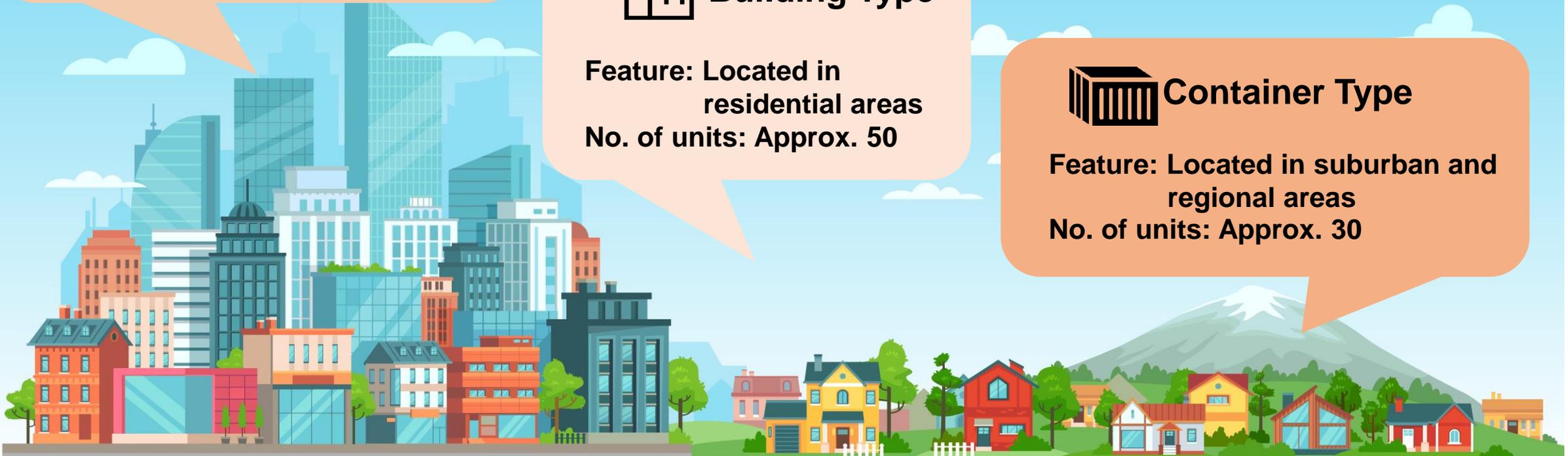
Building Type

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

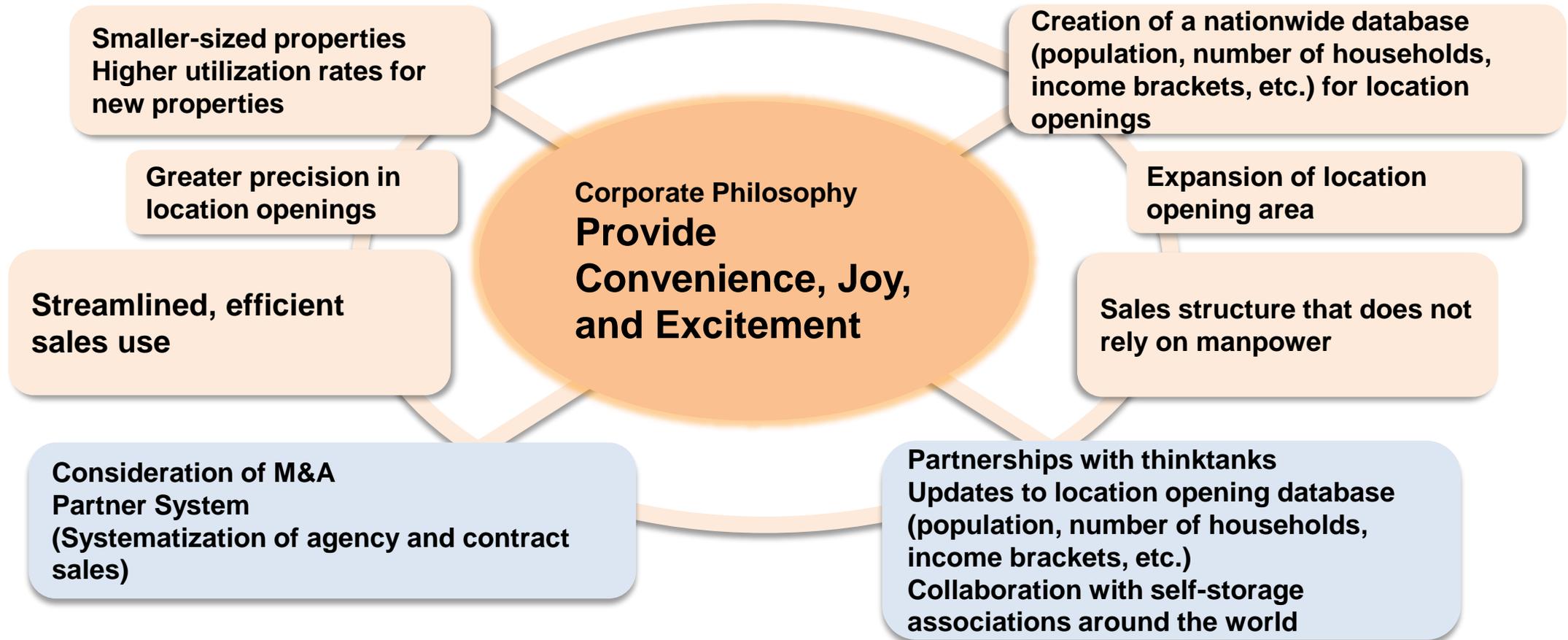


Container Type

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



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



Now that the stage is set, **ACCELERATE location openings**

→ Achieve a market share of 30% within ten years with proactive openings

Build a Self-Storage Database to Enable Data-Driven Management

Self-Storage Database

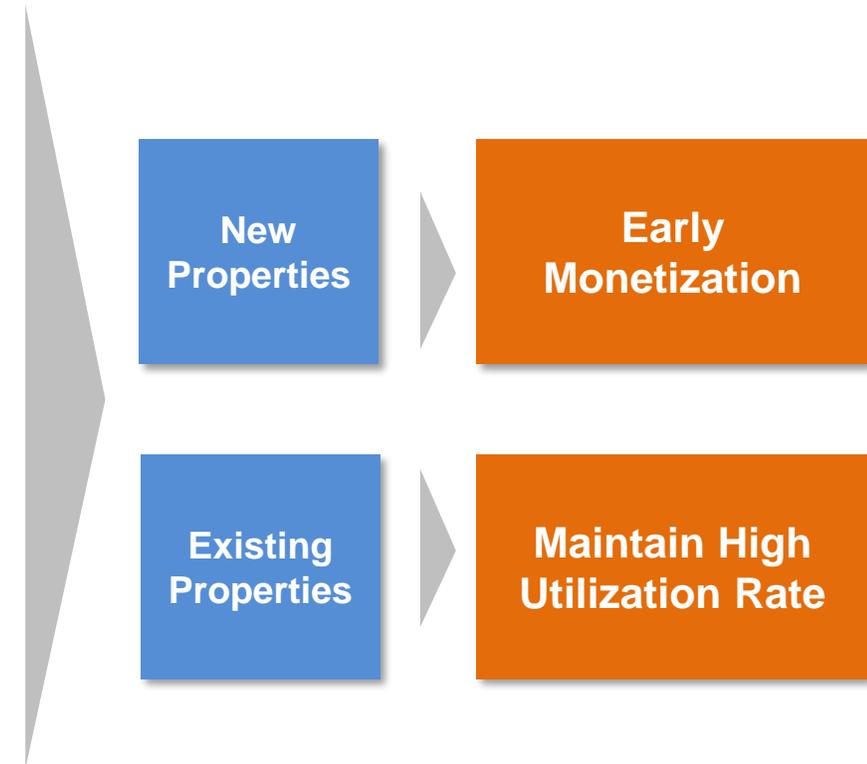
- Accumulation of information on customers and properties nationwide
 - * Hundreds of thousands of data points, including past cancellations
- High-precision new location openings backed by detailed data
- Data-driven management that excludes personal experience and intuition

Marketing Strategy

- In consideration of long-term profitability, develop optimal products in areas nationwide
- Optimize advertising strategies centered on web advertising to improve overall efficiency and lower costs

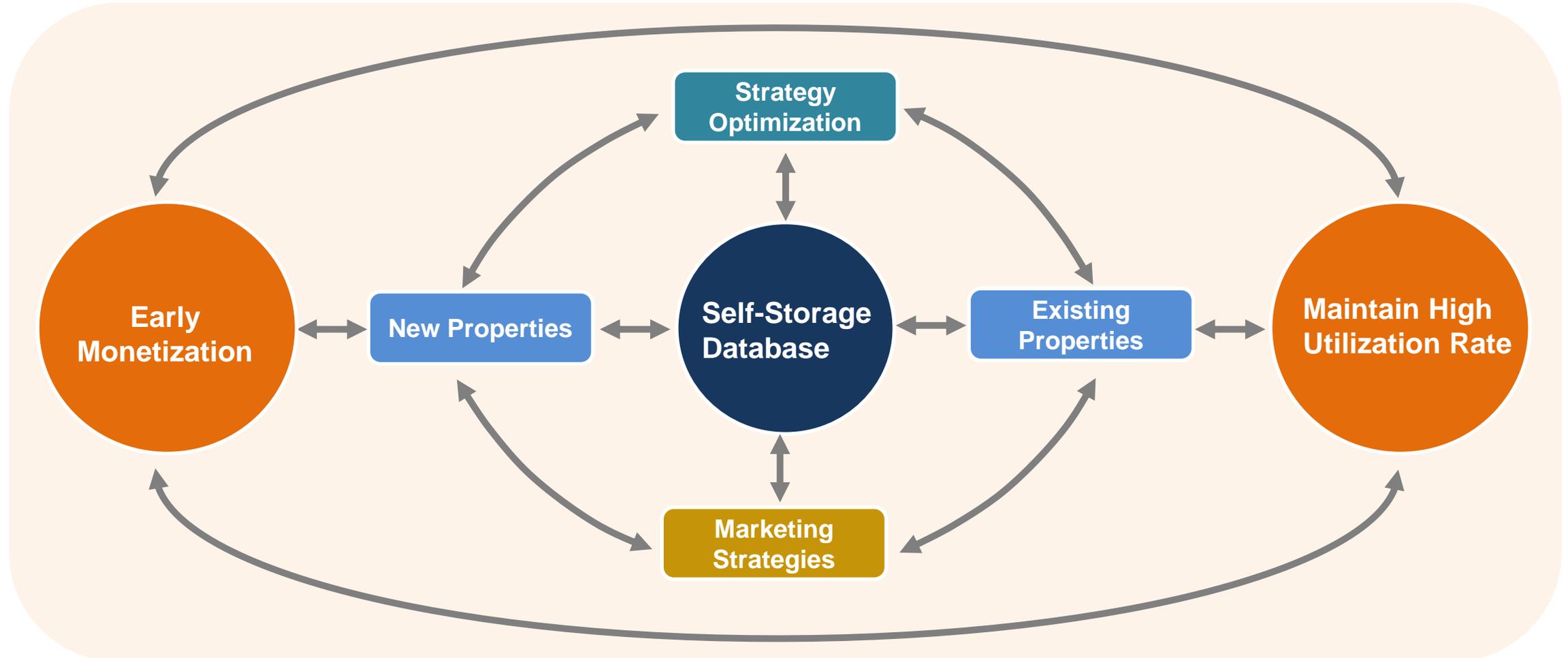
Strategy Optimization

- Analyze contracts, cancellations, usage periods, rent setting, promotional campaigns, and regional data from various perspectives
- After opening a new property, accumulate new data and further improve precision



Differentiation Strategies (2)

Two-pronged strategy of early monetization of new properties, and maintaining high utilization rates for existing properties – We have entered the phase of accelerating store openings.



Arealink Is Never Satisfied, Continually Pursuing Greater Customer Convenience

“Hello Home Delivery” Courier Service	Storage Rack Sales and Assembly	Transport IC Card Security System
 <ul style="list-style-type: none"> • Allows items to be easily moved from home to the self-storage unit. 	 <ul style="list-style-type: none"> • 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. 	 <ul style="list-style-type: none"> • 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)	Support for Online Contracts and Credit Card Payments	Future
 <ul style="list-style-type: none"> • 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. 	 <ul style="list-style-type: none"> • Ability to apply for a contract online, and register a credit card for payment. 	 <ul style="list-style-type: none"> • Arealink is considering expanding services using digital technologies for greater convenience. • Introduction of AI tools

Expanded Media Exposure to Boost Visibility of Self-Storage

TV Commercials



Mar. – May 2024 Saturdays 21:00-21:55
 “Discovery Masterpiece Selection”
 (BS 11, during program)

TV Exposure

Mar.
 “Super J Channel” (TV Asahi)

Print Media

- Nikkan Real Estate Economic News
- National Rental Housing News
- The Reuse Economic Journal
- Nikkei ESG
- KENZAI Market
- Kabunushitecho

Internet



President’s Dictionary

- President’s Dictionary – Media for Direct Connections to Company Presidents
- R.Eport
- tokyo chips
- Magazine Summit
- Fudousan Keizai Tsushin
- LOGISTICS TODAY
- Kabutan
- Jutaku-Shinpo Web
- Building Management Weekly

Award



Award-winning product : Hello Storage Yokosuka Sanocho

May

Received “Multi-Site Operation Store of the Year” (Japan Division) at the Self Storage Awards Asia 2024, honoring outstanding self-storage operators in Asia.

Recognized for designs that blend in with the cityscape, and our wide variety of services.

Human Capital Management and Growth Strategies

The Future of Arealink

Naomichi Hayashi
Representative Director and Chairman (CEO)

Management Philosophy : Provide Convenience, Joy, and Excitement

MISSION

**Change Life in Japan With
Self-Storage**

By making self-storage available nationwide, we will provide people with opportunities for nostalgia, and enrich their lives.

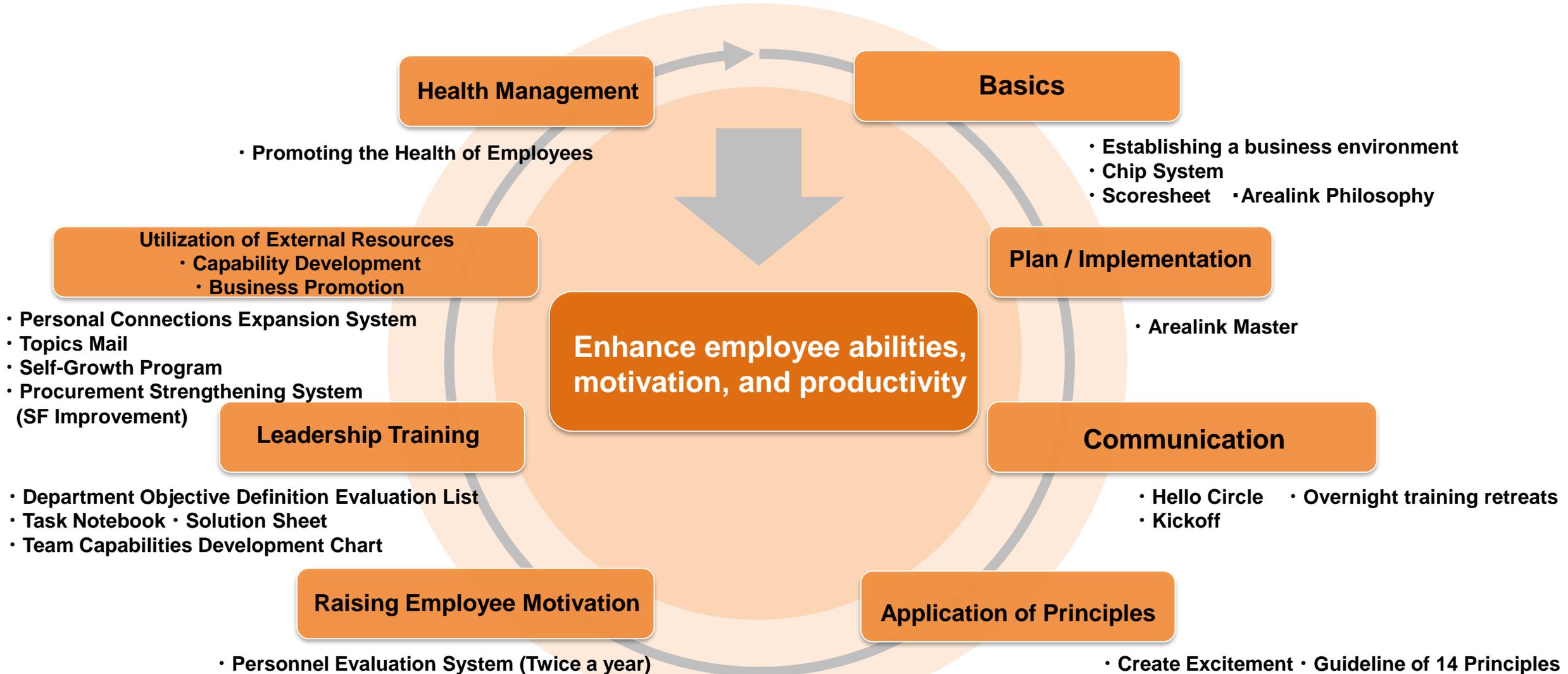
VISION

**Become a Platform
for the Self-Storage Industry**

VALUE

**Create Excitement
Increase the number of Arealink fans
(Thorough implementation of our
management philosophy)**

Training Manual Created to Implement Small-Group Management



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

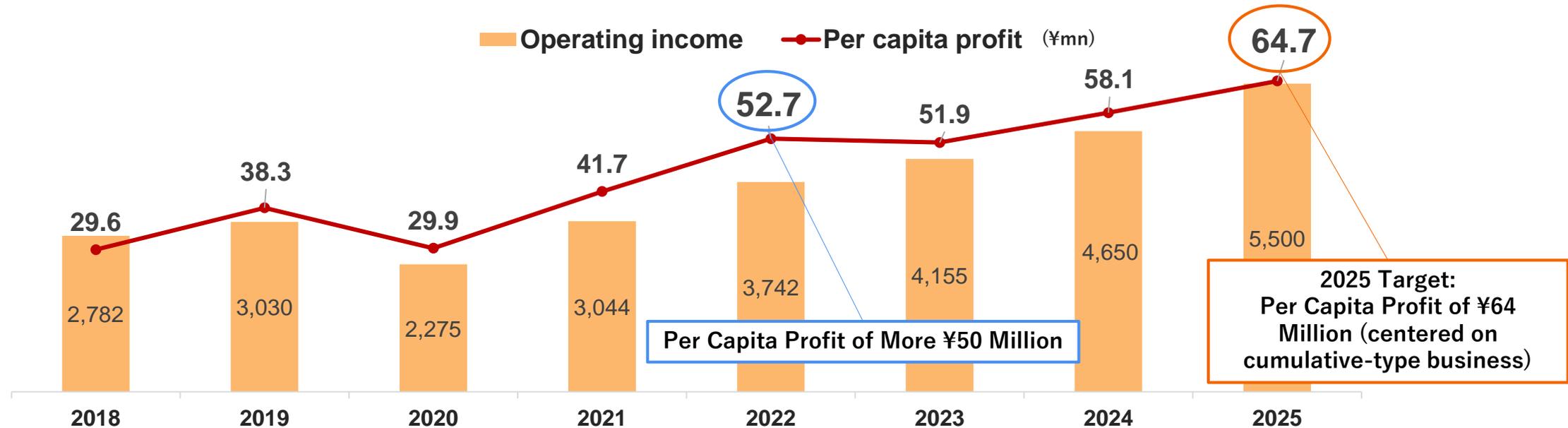
2013

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.

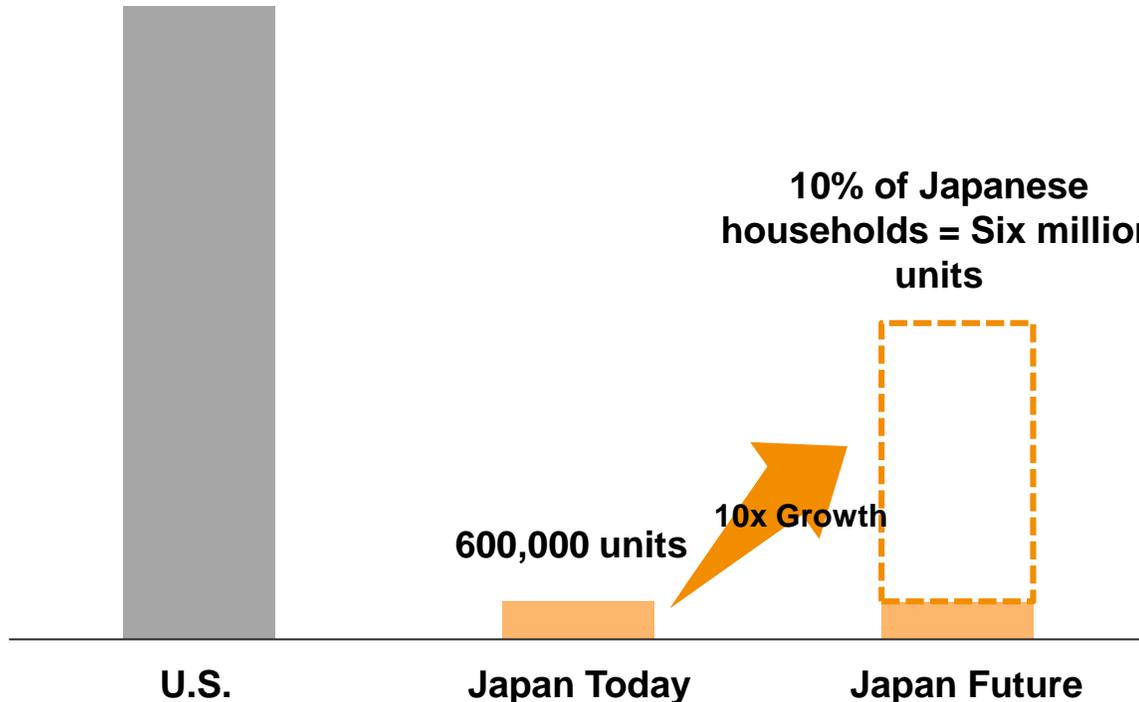
Comparison With U.S. Self-Storage Usage

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

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 \$50.5bn, PER 27.4 times, PBR 9.1 times)

Extra Space Storage

(Market Cap \$32.9bn, PER 35.8 times, PBR 2.3 times)



Japan

Arealink

(Market Cap ¥44.9bn, PER 14.3 times, PBR 1.7 times)

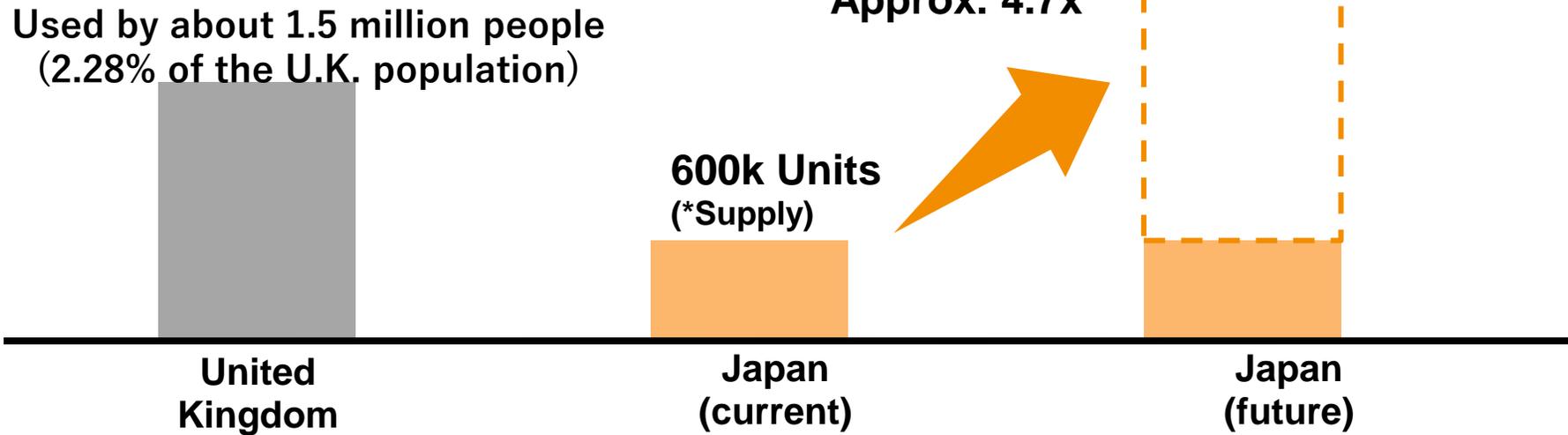
As of June 28, 2024

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

If approx. 2.28% of the Japan population uses self-storage, the potential supply is 2.83 million units

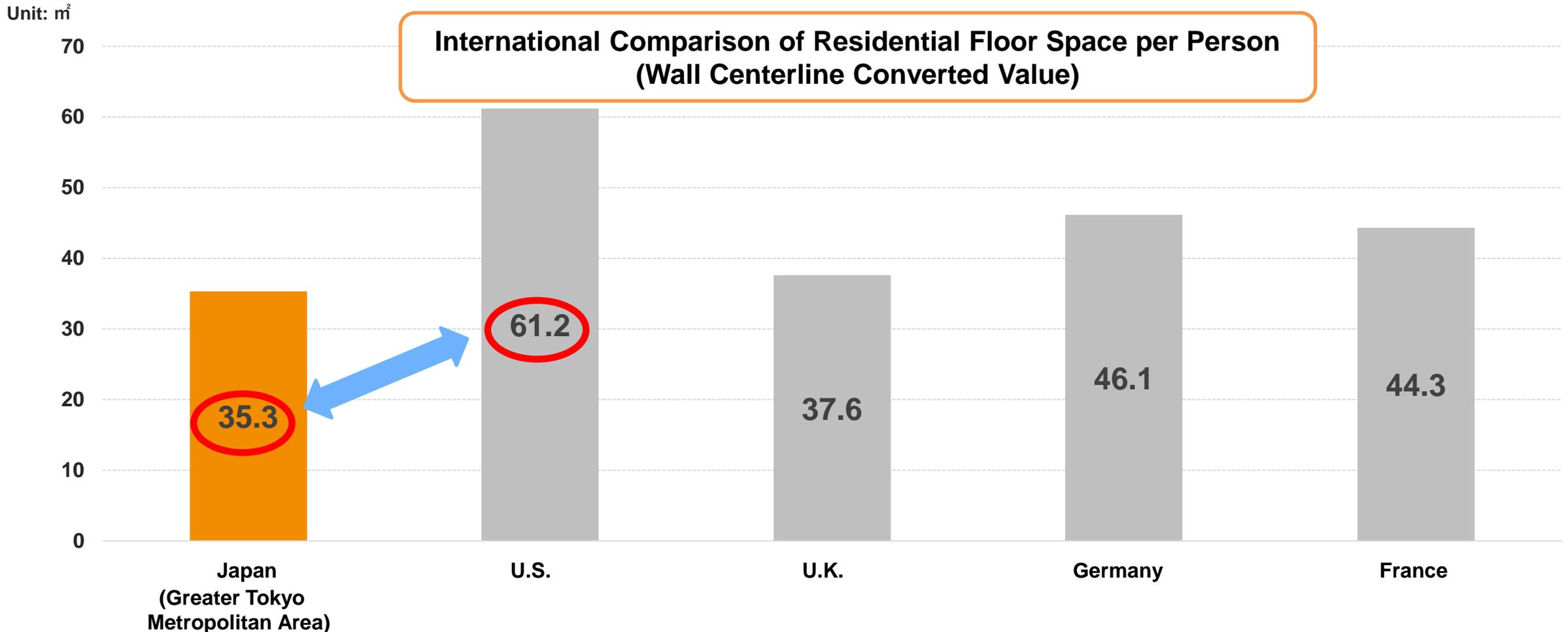


U.K. usage: (Source: 2022 SSA UK Annual Report, 2022 FEDESSA Industry Report, Statista)

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)

Expand market share through the partner system

Contract for facility management with existing self-storage providers nationwide

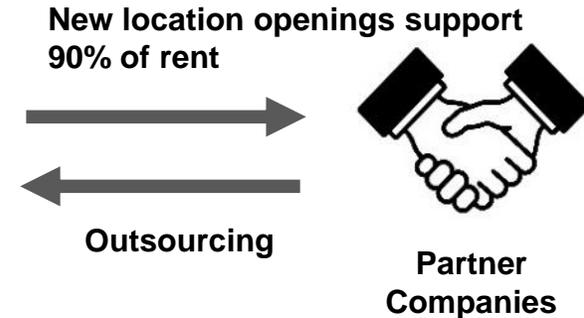
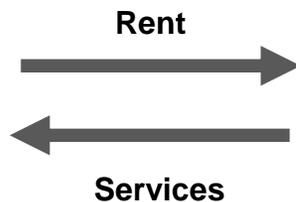
Advantages for Arealink

- ◆ Revenue comprising commission of 10% of rent + administrative fee
- ◆ Contract management has no initial opening cost or loss-making period
- ◆ New location openings support for existing business operators
→ Acceleration of location openings through contract management

Operational Structure



End Users



Location Opening and Sales	<ul style="list-style-type: none">◆ The only company with a comprehensive nationwide network of Container, In-Building, and Building type locations◆ Reach the break-even point faster through analysis of Big Data
Construction	<ul style="list-style-type: none">◆ Encompasses container, in-building, and building type locations◆ Experience with more than 1,300 applications for verification of container-type locations◆ Nationwide construction management system
Marketing	<ul style="list-style-type: none">◆ Operation of an in-house website with two million page views (PVs) annually (listings for more than 100,000 units nationwide)◆ Handling of more than 2,000 applications, cancellations, inquiries, and customer interactions per month, management know-how, and outcall sales◆ Operation of the leading portal site in terms of number of listings (more than 12,000 facilities)
Property Management	<ul style="list-style-type: none">◆ Comprehensive network of Container, In-Building, and Building type locations nationwide◆ Operational and maintenance know-how based on 25 years of experience
Data Analysis	<ul style="list-style-type: none">◆ Possession of Big Data on more than 300,000 customers◆ Boost earnings through dynamic pricing and rent increases◆ Visualization of Big Data by introducing BI tools

Utilization of “3UP” Racks



Value UP!!

- ◆ Know immediately where everything is, and prevent wasteful shopping
- ◆ Ability to store everything in a smaller unit with lower rent

Capacity UP!!

- ◆ Dead space is eliminated and limited space is used efficiently

Usability UP!!

- ◆ Entire space is immediately visible, making storage and retrieval easier



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

- Organize one’s home by using self-storage, and promote a comfortable and affluent society that values objects (Recycle and reuse to reduce waste)
- 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

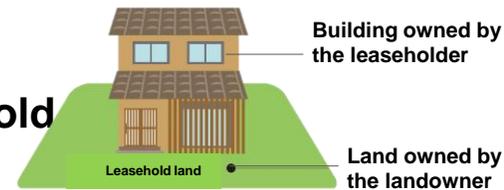


Building type (self-storage mini, interior)

- ▶ **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



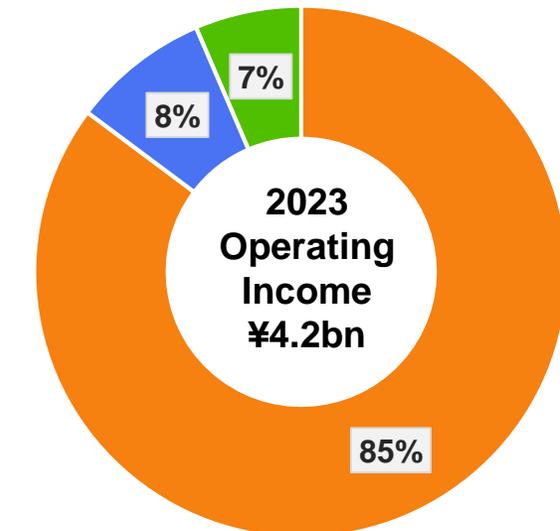
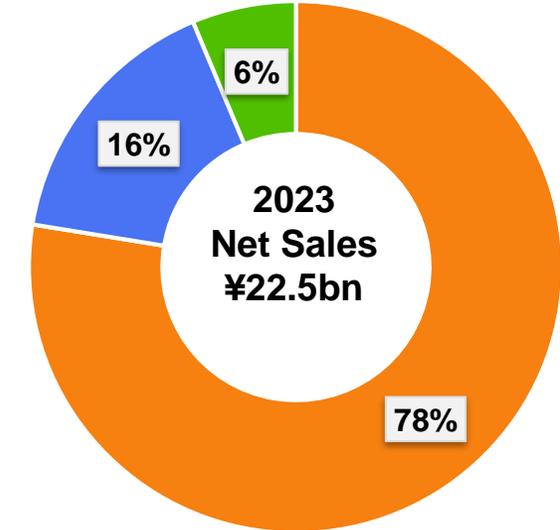
Other Operational Services Business

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

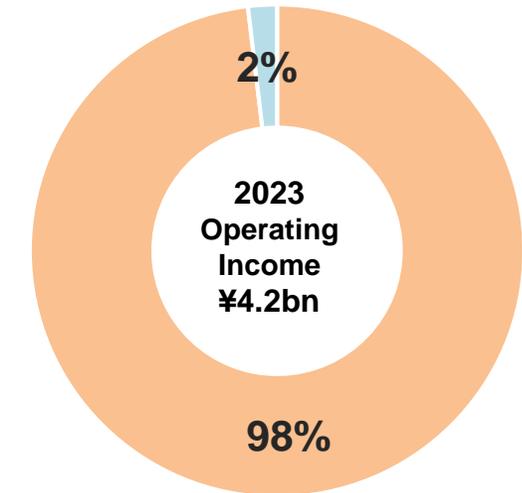
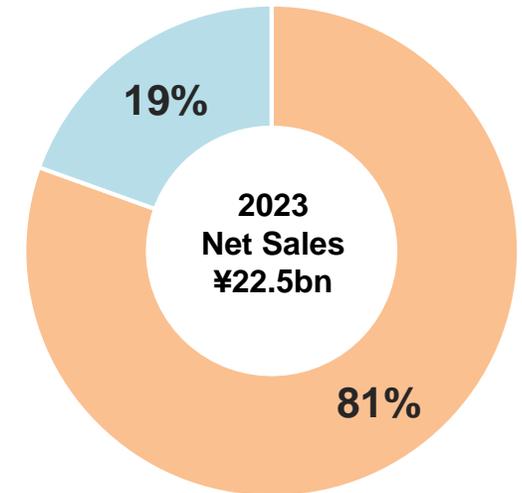
Cumulative-Type Businesses

- ◆ 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 2,250 Properties With approximately 104,000 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



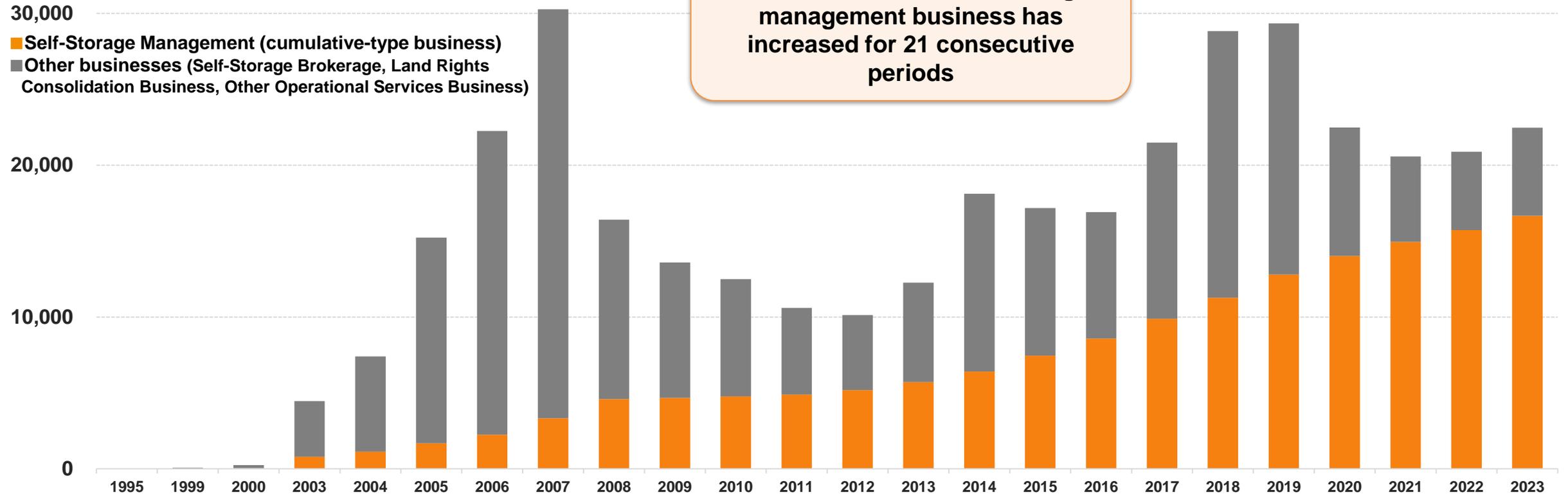
Example of owned property
(Kanda BM Bldg.)



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)

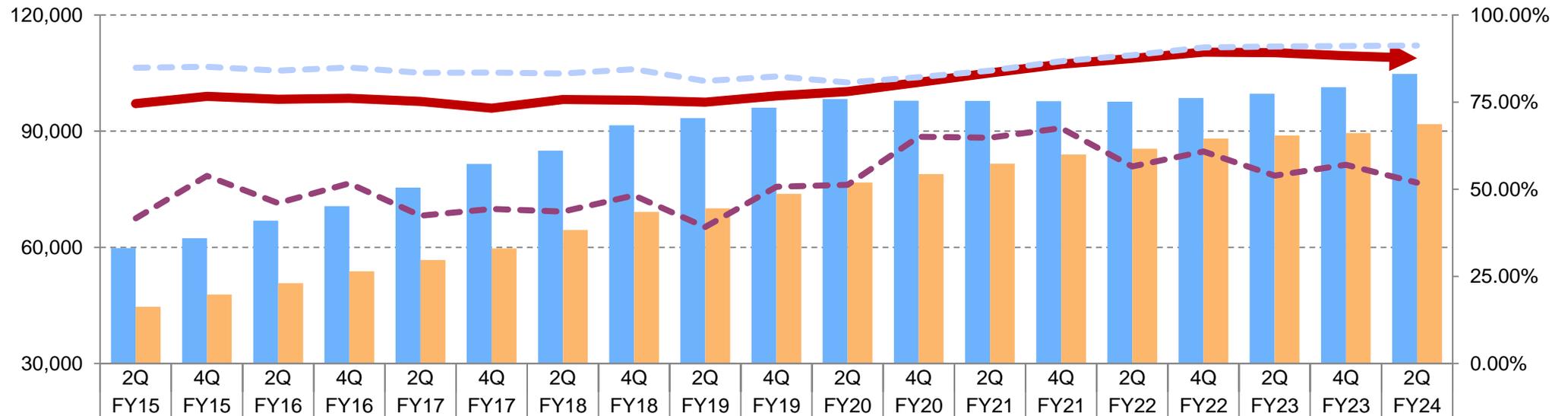
Shift to cumulative-type business

In Millions of Yen			FY12/23	FY12/24			
			Full-year	1Q	2Q	3Q	4Q
Self-Storage Management	Net sales	16,668	4,316	4,388			8,704
	Gross profit	6,227	1,696	1,730			3,426
Self-Storage Brokerage	Net sales	755	848	483			1,332
	Gross profit	61	167	60			227
Self-Storage Business	Net sales	17,423	5,165	4,871			10,037
	Gross profit	6,288	1,863	1,790			3,654
	Business profit	4,563	1,389	1,298			2,688
Land Rights Consolidation Business (Limited Land Rights)	Net sales	3,623	1,346	775			2,122
	Gross profit	828	383	154			538
	Business profit	446	243	95			339
Other Operational Services Business	Net sales	1,416	371	379			751
	Gross profit	435	121	126			247
	Business profit	345	102	104			206
Management Division	Business profit	(1,199)	(330)	(357)			(687)
Total for All Businesses	Net sales	22,463	6,883	6,026			12,910
	Gross profit	7,552	2,369	2,071			4,440
	Operating income	4,155	1,405	1,141			2,547

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



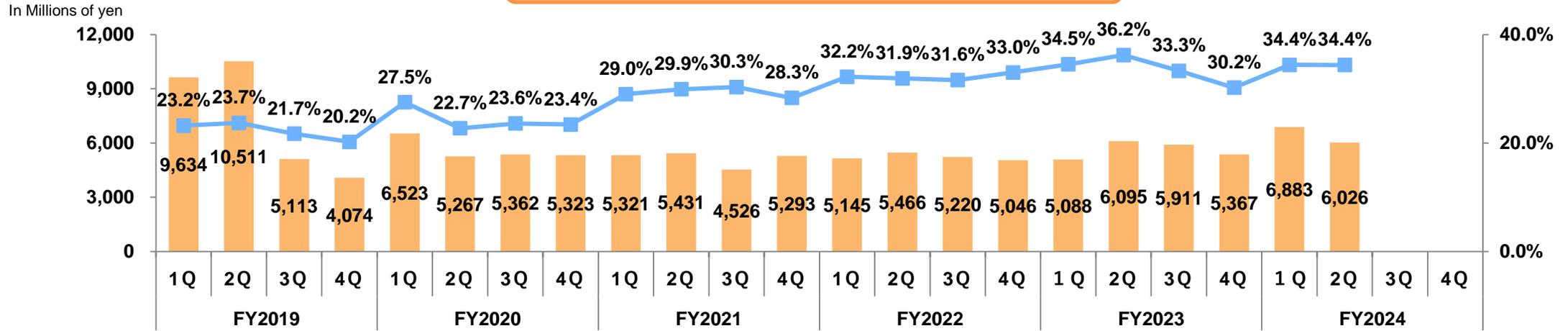
	2Q FY15	4Q FY15	2Q FY16	4Q FY16	2Q FY17	4Q FY17	2Q FY18	4Q FY18	2Q FY19	4Q FY19	2Q FY20	4Q FY20	2Q FY21	4Q FY21	2Q FY22	4Q FY22	2Q FY23	4Q FY23	2Q FY24
■ Total Units	59,802	62,325	66,923	70,651	75,440	81,555	85,005	91,545	93,372	96,067	98,289	97,885	97,836	97,784	97,657	98,581	99,677	101,379	104,812
■ 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	91,859
➔ 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%	87.64%
- - - 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%	91.25%
- - - 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%	51.88%

※ New facilities are locations opened during and after the previous fiscal year. For FY12/24, new facilities are those opened during FY12/23 and FY12/2024.

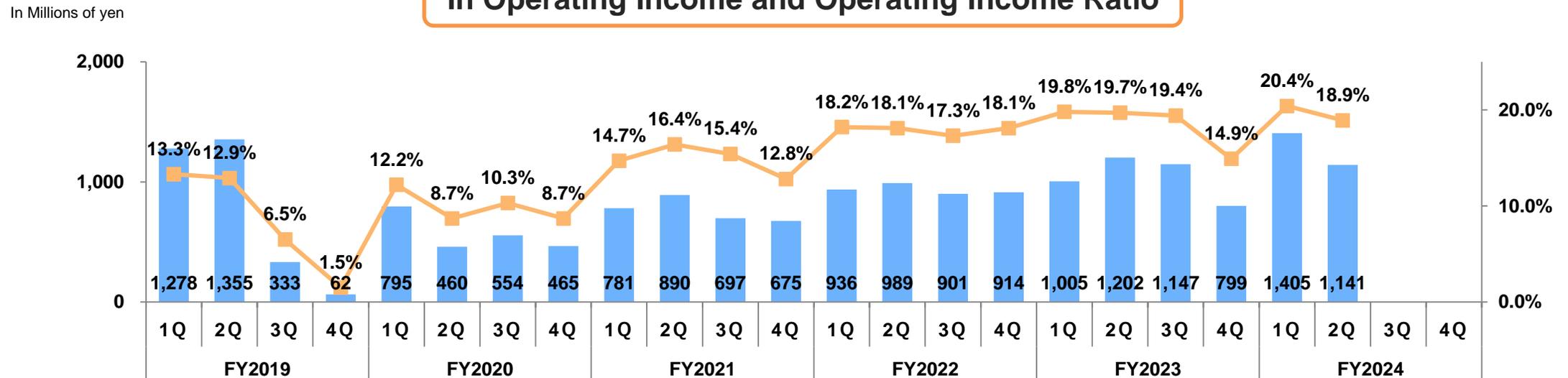
	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Hokkaido	1,084	414	137	1,635	1.56%
Aomori	80	0	48	128	0.12%
Iwate	20	0	0	20	0.02%
Miyagi	1,853	32	38	1,923	1.83%
Akita	31	0	0	31	0.03%
Yamagata	102	0	0	102	0.10%
Fukushima	186	45	0	231	0.22%
Ibaraki	1,212	27	0	1,239	1.18%
Tochigi	577	0	0	577	0.55%
Gunma	1,160	0	0	1,160	1.11%
Saitama	8,643	681	1,646	10,970	10.47%
Chiba	10,337	255	1,412	12,004	11.45%
Tokyo	17,547	9,754	2,760	30,061	28.68%
Kanagawa	9,228	2,744	1,319	13,291	12.68%
Niigata	381	0	42	423	0.40%
Toyama	207	0	0	207	0.20%
Ishikawa	316	0	0	316	0.30%
Fukui	143	0	0	143	0.14%
Yamanashi	262	0	0	262	0.25%
Nagano	543	0	0	543	0.52%
Gifu	636	0	0	636	0.61%
Shizuoka	1,958	45	0	2,003	1.91%
Aichi	5,476	441	440	6,357	6.07%
Mie	406	50	0	456	0.44%

	Containers	In-Building Trunk	Self-Storage Properties with Land	Total	Proportion of Total
Shiga	381	0	0	381	0.36%
Kyoto	1,956	152	62	2,170	2.07%
Osaka	4,735	907	402	6,044	5.77%
Hyogo	4,198	146	46	4,390	4.19%
Nara	736	0	0	736	0.70%
Wakayama	27	0	0	27	0.03%
Tottori	115	0	0	115	0.11%
Shimane	92	0	0	92	0.09%
Okayama	251	0	0	251	0.24%
Hiroshima	449	0	0	449	0.43%
Yamaguchi	283	0	47	330	0.31%
Tokushima	83	0	0	83	0.08%
Kagawa	284	100	0	384	0.37%
Ehime	223	0	0	223	0.21%
Kochi	90	0	0	90	0.09%
Fukuoka	2,607	0	0	2,607	2.49%
Saga	106	0	0	106	0.10%
Nagasaki	144	0	0	144	0.14%
Kumamoto	397	0	0	397	0.38%
Oita	198	0	0	198	0.19%
Miyazaki	235	0	48	283	0.27%
Kagoshima	382	0	0	382	0.36%
Okinawa	160	0	52	212	0.20%
Total	80,520	15,793	8,499	104,812	100.00%

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 Road Show Late May to early June 2024 in 4 countries/7 cities (San Francisco, Chicago, Boston, New York, London, Paris, Frankfurt)

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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