COMPANY RESEARCH AND ANALYSIS REPORT

Arealink Co., Ltd.

8914

TSE Mothers

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Index

Summary

Rapidly converting to a highly profitable, strong corporate structure that is resistant to the external environment

Arealink Co., Ltd., <8914> (hereafter, also "the Company") conducts a self-storage business based on its corporate philosophy of "provide convenience, enjoyment, and excitement to the world." In addition to the traditional container-type self-storage and trunk room-type self-storage, it is currently focusing on actively opening properties for a new type, of "self-storage properties with land" (asset indoor-type self-storage). In the medium-term, it is aiming to acquire a 50% share of the Japanese self-storage market.

1. Working to establish a highly profitable corporate structure resistant to the external environment

The Company's business environment has continued to be severe since 2018, and in this situation, it is working to establish a highly profitable structure that is resistant to external factors and able to steadily realize profit growth. The two points for this are 1) "return to the origins" by keeping down garages with land in the self-storage business and re-strengthening the traditional container-type, and 2) expanding business diversification, centered on strengthening the limited land rights business. To re-strengthen the container-type, the Company is focusing on increasing the appeal of its products as investment commodities even more than in the past through combinations, such as new product developments and collaborations with companies in other industries. The positioning of self-storage properties with land has not changed, of being an important product to capture demand in urban areas, and the policy is to firmly ascertain the timings in terms of improvements in and the acceleration of the business environment, while carefully examining each property. Up to the present time, the Company has developed the limited land rights business centered on residential-use limited land rights in Kanto. But going forward, it intends to accelerate growth on the twin axes of the business area axis, of expanding commercial-use limited land rights, and the regional axis, of entering regions in the Kansai direction.

2. In FY12/19 1H, sales and profits increased significantly due to organic growth and transient factors

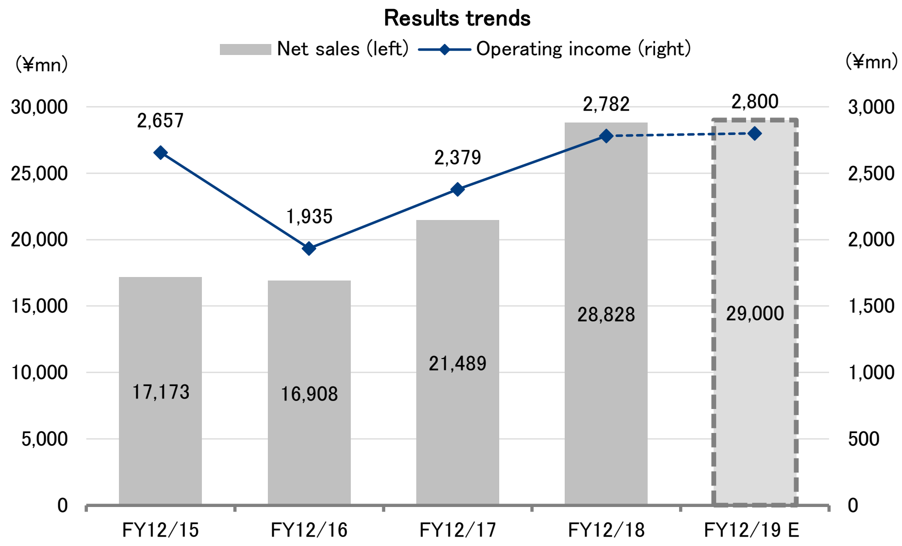
FY12/19 corresponds to the above-described conversion period for the growth strategy, so initially the Company's forecasts were for severe results. However, in the 1H, net sales were ¥20,145mn (up 44.5% year-on-year (YoY)) and operating income was ¥2,634mn (up 76.3%), so both sales and profits increased significantly. In addition to steadily realizing organic growth for both the self-storage business and the limited land rights business, there were transient factors, of sales to private-placement funds of self-storage properties with land (a successful exit strategy), and sales of the Company's own real estate. As a result, revenue grew greatly compared to the outlook at the start of the fiscal period. In the policies established from a medium- to long-term perspective, it made steady progress for limited land rights purchases in the Kansai region and commercial-use limited land rights purchases. In addition, in the self-storage business, it worked to increase the number of openings of container-type properties, as well as focusing on new product development and other measures. For self-storage properties with land, with the aims of temporarily compressing (selling) and lightening the land inventory, it has been progressing purchases of carefully selected properties that can be expected to achieve high occupancy rates.

3. FY12/19 2H and FY12/20 are the revenue-structure conversion period. The biggest focus will be on the progress made in the various measures for this.

For the FY12/19 full year outlook, expectations had risen that the forecasts would be further upwardly revised because the level required to achieve the forecasts in the 2H has been reduced. However, when carefully examining the contents of the results, we find various factors, including that sales were recorded ahead of schedule in the 1H and the preparatory work in the limited land rights business toward growth from FY12/20 onwards. Therefore, it is considered that we should look carefully at whether the results will exceed the forecasts to an extent reaching the standard that requires timely disclosure. Also, for FY12/20, it is possible that profits will decline YoY since the contributions to results of the transient factors have not been incorporated. As previously explained, FY12/19 and FY12/20 are a transitional period in which the Company is aiming to convert to a highly profitable structure. So in terms of the axis on which to evaluate the Company, rather than the results' surface-level numerical values, at FISCO what we think that is more important is the progress made in the various measures for the growth strategy, and this is what we shall be focusing on.

Key Points

- The core growth strategy is converting to a highly profitable, strong corporate structure that is resistant to changes in the external environment
- In the self-storage business, is aiming to stably grow revenue by "returning to the origins" through focusing on the container-type
- Is strengthening and growing the limited land rights business on the twin axes of entering the commercial-use area and the Kansai region



Source: Prepared by FISCO from the Company's financial results

Company Overview

Growth from the Hello Storage series of container storage and trunk rooms

1. History

The Company was established in Funabashi City, Chiba Prefecture, in 1995 as WELL's Giken K.K., by Mr. Naomichi Hayashi, the current President and CEO, in order to launch a contracting business for the WELL's 21 cross-industrial exchange stations.

In the year after its establishment (1996), it launched a property leasing business (currently Mister Kashichi) and Hello Parking, a coin-operated parking lot business, and it entered into the real estate business. Subsequently, continuing on from Hello Parking, it expanded its business area by launching a series of businesses, including the storage space businesses of Hello Container and Hello Trunk (both are also collectively known as Hello Storage); Hello Monthly, a monthly apartment rental business; and Hello Office, an office rental business.

The Company, which had been developing the wide ranging Hello Series, gradually set its core business to be the self-storage business (container storage and trunk room), which has the advantages of there being little competition as a niche market and low running costs as a non-residential type of real estate, and it has aimed to expand and strengthen its business under the slogan of being "overwhelmingly No.1 for share and quality." As a result, it has become the leading company domestically, with 93,885 units (as of the end of June 2019) as the total for both container storage and trunk rooms, and a market share of 17.4% (based on FY18 number of units results).

The Company was listed on the Tokyo Stock Exchange (TSE) Mothers market in August 2003, where it is currently listed.

History

Date	History.
April 1995	Established WELL's Giken K.K. for contracts for the WELL's 21 warehousing office. Launched a contracting business for WELL's 21 cross-industrial exchange stations.
April 1996	Launched a property leasing business (currently Mister Kashichi)
June 1996	Launched Hello Parking, a coin-operated parking lot business
March 1999	Launched Hello Container, a business for installing and leasing storage containers on vacant land
October 1999	Changed company name to Mister Kashichi Co., Ltd.
August 2000	Launched a coin-operated laundry business
September 2000	Conducted an absorption merger with Sysnet K.K. (property leasing business was transferred from Sysnet). Changed company name to Arealink Co., Ltd.
December 2000	Acquired all the shares of Hayashi Soken Inc., and made it a wholly owned subsidiary (absorption merger in April 2002). Launched Hello Monthly, a weekly/monthly apartment rental business.
February 2001	Launched the Hello Trunk business using vacant buildings for storage rental space
September 2002	Launched a stock management business to provide management services for the land and properties owned by the Company (currently, the Property Management Service business)
January 2003	Launched the Hello Renewal business to renovate old buildings to add value and improve management efficiency (currently, the Property Revitalization & Liquidation Service business)
June 2003	Opened Hello Bike BOX, indoor parking for motorcycles
August 2003	Listed on TSE Mothers
January 2004	Launched the Hello Office business to lease SOHO utilizing vacant buildings
February 2005	Acquired Space Products K.K., in the same industry that manages Rakuchin BOX
November 2005	Exceeded 10,000 units in the Hello Storage business
January 2008	Exceeded 30,000 units in the Hello Storage business
June 2014	Exceeded 50,000 units in the Hello Storage business
December 2016	Relocated the Head Office to Sotokanda, Chiyoda-ku, Tokyo, its current location
November 2017	Exceeded 80,000 units in the Hello Storage business
November 2018	Exceeded 90,000 units in the Hello Storage business

Source: Prepared by FISCO from Company website and securities report

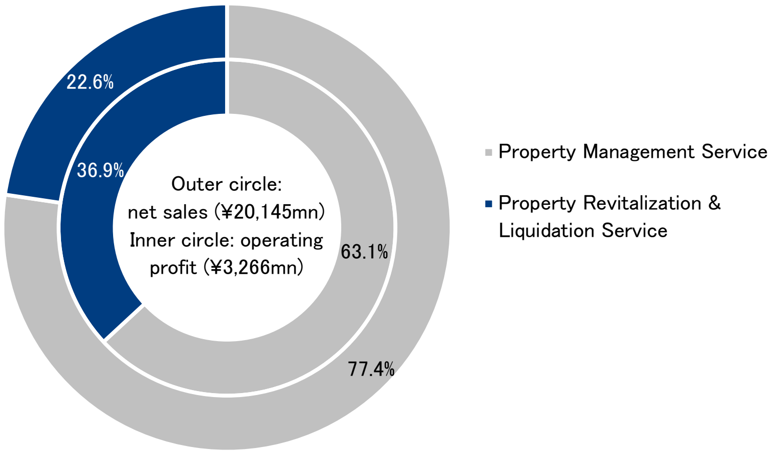
Has a two-segment structure; the Property Management Service, the core of which is the self-storage business, and the Property Revitalization & Liquidation Service, which is a limited land rights business

2. Business description

(1) Business segments

The Company's business is comprised of two business segments; 1) the Property Management Service business, and 2) the Property Revitalization & Liquidation Service business. Looking at the breakdown by segment for FY12/19 1H, the Property Management Service business provided 77% of net sales, and the Property Revitalization & Liquidation Service business 23%. On the other hand, the Property Management Service business provided 63% of operating income, and the Property Revitalization & Liquidation Service business 37%, from which we understand that the Property Revitalization & Liquidation Service business has a high profit margin. In FY12/19 1H, the percentage of net sales and operating income provided by the Property Revitalization & Liquidation Service grew significantly compared to one year ago, but this was greatly due to the impact of a transient factor, of a sale of the Company's own building. As is explained below, the Company is working to strengthen the Property Revitalization & Liquidation Service business, but the point to focus on is whether or not it can provide around the same level of nets sales and operating income even in an ordinary period in which there are no transient factors.

Breakdown of net sales and operating income by business segment
(FY12/19 1H)



Source: Prepared by FISCO form the Company's financial results

(2) Overview of the Property Management Service business

The essence of the Property Management Service business is to generate revenue by turning real estate (such as land and buildings) that is not being utilized into real estate commodities (commoditization). From the viewpoint of commodities, as previously stated the Company is providing services under the Hello brand in various business categories, including self-storage, parking lots, and office rentals.

The Company had been growing centered on its self-storage business, and in terms of revenue also, the contribution of the self-storage business is overwhelmingly large. The self-storage business is further divided into several types depending on the structure and the business model, and the revenue characteristics of each type are different. Reflecting the current situation, the Company discloses information on the Property Management Service business upon dividing it into three sub-segments; self-storage management, self-storage brokerage, and other property management services (the details of the business model by self-storage type, such as Hello Container and self-storage properties with land, are described below).

Both self-storage management and self-storage brokerage generate revenue for Hello Storage and are classified according to the characteristics of their revenue. Within them, self-storage management generates revenue from tenant recruitment, operations and management for Hello Storage. In other words, it generates revenue as the management company for the real-estate commodity of self-storage. Self-storage includes each of the container-type self-storage, the trunk-type self-storage, and self-storage properties with land. The type of revenue can be said to be stock-type revenue.

On the other hand, revenue from self-storage brokerage consists of sales revenue from self-storage properties with land and revenue relating to Hello Container orders and property openings. The type of revenue can be said to be flow-type revenue.

Revenue from other property management services is from the businesses other than the self-storage business. Specifically, it is comprised of revenue from businesses including Hello Parking, Hello Office, and asset management (tenant recruitment, operations and management of properties owned by the Company). The type of revenue can be said to be stock-type revenue.

Breakdown by the sub-segments of the Property Management Service business

Business segment	Sub-segment	Characteristics of revenue	Revenue type	FY12/19 1H net sales
Property Management Service	Self-storage management	Revenue from tenant recruitment, operations and management for self-storage (outdoor container-type self-storage, indoor trunk-type self-storage, and self-storage properties with land)	Stock-type revenue	6,288
	Self-storage brokerage	Sales of self-storage properties with land, orders for self-storage container modifications, and revenue from openings of own properties for Hello Container	Flow-type revenue	8,302
	Other property management services	Revenue from tenant recruitment, operations and management of the Company's own properties, and revenue from other businesses, including Hello Office and Hello Parking	Stock-type revenue	990

Source: Prepared by FISCO from the Company's results briefing materials

(3) Overview of the Property Revitalization & Liquidation Service business

The Property Revitalization & Liquidation Service business initially involved purchasing used real estate from its owners and investors, adding value to it such as through renovation, improving the management efficiency, and then after that, selling it to investors and other buyers. In other words, it is a real estate trading business. However, in the context of the rapid change to the business environment triggered by the Bankruptcy of Lehman Brothers, the Company withdrew from the real estate trading business at the end of FY12/15, and since FY12/16, it has been specializing in land rights management business. Within the Company, this business is called the "limited land rights business," which is widely used in its IR and other materials.

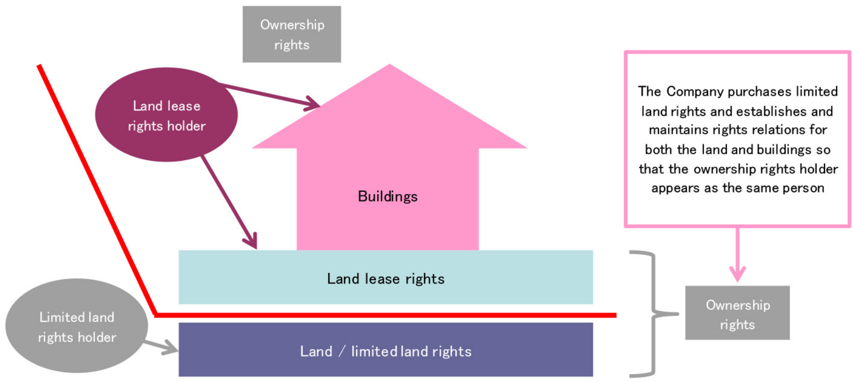
The business model of the limited land rights business is as follows.

It is the general practice to rent land and then construct buildings on it. In this case, the owner of the building (called A) has the right to use the land (the leasehold right, while it goes without saying that there is the obligation to pay for the use of the land, in other words, to pay rent). On the other hand, the owner of the land (the landowner, called B) cannot freely use the land due to the restrictions on the leasehold rights. In this way, land with leasehold rights attached is called limited land rights. Although B's use of the land is restricted, it has the right to receive rental income from A. The right to lease this land is called "limited land rights" and is generally carried out in the housing and real estate industry.

The situation in which there are owners of both land and buildings not only makes things more complicated by distorting the rights relationship, it also affects the price of land (land lease rights + limited land rights can be schematized with ownership rights, with only the land lease rights portion discounted). Therefore, the Company acquires the limited land rights from B, the landowner, and generates revenue by selling it to A, and in addition, it conducts a business of establishing and maintaining rights relations between A and B (A becomes an owner of both land and buildings). This is the basic model for its limited land rights business.

The Company may acquire buildings from A and limited land rights from B and sell them to a third party as a vacant lot. But it does this when an opportunity to do so arises, and it does not actively pursue such sales in its limited land rights business.

Image of the limited land rights business



Source: Prepared by FISCO from Company materials, interviews, etc.

Fundamentally, it leases self-storage with a rental guarantee and collects income from tenant recruitment, operations and management. Developing self-storage properties with land to strengthen property openings in urban residential areas

3. Description of the self-storage business

The Company's self-storage business, which it is developing under the Hello Storage brand, has a lineup of three types; the outdoor container-type self-storage, the indoor trunk-type self-storage, and the self-storage properties with land type. The outdoor container-type self-storage and indoor trunk-type self-storage are categorized and named with the focus on the structure of the properties. Conversely, self-storage properties with land is named based on its features as a real estate commodity, although structurally it is an indoor type. In terms of the history of the types, the sequence was that in 1999 the Company started a self-storage business for the outdoor container-type self-storage, and then in 2001, it began the indoor trunk-type self-storage that utilizes empty buildings and other such spaces, and in 2016, it launched self-storage properties with land, which brings us up to the present day.

Breakdown by type of self-storage business

Name by type	Outdoor container-type self-storage	Indoor trunk-type self-storage	Self-storage properties with land (asset indoor-type self-storage)
Structure	Outdoor	Indoor	Indoor
Self-storage structure	Marine transport containers modified for self-storage	Renovation of buildings (a complete building or part of a floor), warehouses, etc.	Specialist-design properties (steel frame, wooden construction)
Main locations	Suburbs of urban areas, regional areas	Urban areas, regional areas	Urban residential areas
The degree of focus in the future	○⇒◎	△⇒○	◎⇒△

Source: Prepared by FISCO from Company materials, interviews, etc.

Looking at the table showing the breakdown by self-storage business type, the point to pay attention to is "the degree of focus in the future." The details are given in the medium-term growth strategy section and elsewhere, but in response to the changes in its business environment, the Company is working to reduce the business risks facing management under the slogans of "returning to the core business" and "returning to the origins." In terms of the specific methods for this, it is aiming for growth by, on the one hand, keeping down the self-storage properties with land business, which can be said to have the larger risk, of purchases of land by the Company itself, while on the other hand, strengthening the container storage business, which has lower risk in the agency business model, of the sales, features, management, and operations of containers. However, this is not necessarily a permanent approach and the Company is aiming to realize sustainable growth while skillfully ascertaining the changes to its business environment and appropriately switching the area of focus from among the three models, of the container-type, the trunk-type, and self-storage properties with land (or to a new model other than these).

(1) Business model for the container-type self-storage and trunk-type self-storage

The basic business model for the self-storage business is the outdoor container-type self-storage. In terms of its specific form, the basic business model is that first, the Company searches for and matches partners to conclude a land use contract between the landowner (A) and the investor (the container owner (B)). After this, the Company rents the container from B and in turn leases it to the end user as self-storage. In terms of the flow of money, on the one hand the Company receives a monthly fee (rent) from the end user, while on the other hand it pays rent to B. The biggest point here is that the contract between the Company and B is a 10 year, rent-guarantee contract. As B is guaranteed a fixed amount of rent for 10 years, it does not have to bear the risk of having a vacant unit, so it can be said to have the advantage of being able to calculate the return on the container investment (the relation between B and A is also kept consistent at 10 years, so the same is true for A, that the return is predictable).

For the Company, gross profit is the difference between the rent it receives from the end user (net sales) and the rent it pays to B (cost of sales). It seems that the gross profit margin is around 20%. In addition to this, its nets sales consist of other incidental income, including administration costs (¥2,000/month) and security guarantee packs (option to prepare for a loss of keys and other such issues, at ¥500/month). The revenue from self-storage tenant recruitment, operations and management is recorded in the previously described self-storage management sub-segment.

One of the major features of this business model is that the Company does not incur any costs for capital investment and that its balance sheet does not become heavy because it rents its business assets (containers and land), both of which are major advantages for its cash flow. There was previously a period in which the Company purchased land and conducted the Hello Container business, but currently it has shifted entirely to this leasing approach. On the other hand, since it pays rent to B irrespective of the occupancy rate of the containers, initially it will make a loss. Therefore, the key is raising the occupancy rates at an early stage.

For the indoor trunk-type self-storage, instead of containers, the Company renovates existing buildings (the entire building or part of a floor), warehouses, and other properties into trunk rooms and conducts the self-storage business. So in this case, the basic framework is the same as the outdoor container-type self-storage.

The Company contracts the remodeling and renovation of containers and existing buildings into use for its self-storage business. The revenue item relating to this is "Orders," which is included in the self-storage brokerage of the sub-segment.

(2) The self-storage properties with land business model

On the other hand, the self-storage properties with land business model is slightly different. From the viewpoints of capital efficiency and keeping down capital investment, the Company's basic policy is not to own land and properties (containers). However, in residential districts in urban areas, which are where demand for self-storage is strongest, it faces the barrier that it is difficult to find landowners. Therefore, the Company has developed a model in which it temporarily purchases the land for itself, constructs a self-storage property on it and creates a commodity, and then sells the land and property as a package to investors, such as the wealthy. As a result, it has named this type "with land."

At the same time as carrying out sales, the Company leases properties, conducts tenant recruitment, operations and management, and provides a rent guarantee, which are the same as for the other types, such as the outdoor container-type self-storage. However, for the recording of revenue, due to the addition of the process of selling to investors, the Company records revenue from sales in the self-storage brokerage sub-segment, while it records the revenue from tenant recruitment, operations and management in the self-storage management sub-segment.

When selling self-storage properties with land, the sales price is determined by the income approach. Therefore, the Company has the opportunity to increase the profit margin by keeping down land purchase prices and building construction costs. It would seem difficult to generate a large profit margin because the land price is also the market price, but there is room to improve it by pursuing cost reductions for the properties through various techniques, such as the design, structure, and construction method. The Company receives all of the benefits from realizing lower costs, so it is progressing research and development for this point also.

In terms of securing buyers for the self-storage properties with land (which it sometimes calls the "exit strategy,") the Company is actively working to diversify its exit strategy, including by setting the yield at a level that the buyers (such as investors) will find appealing, and also by forming private-placement funds (the details are provided below).

Results trends

Sales and profits greatly increased and significantly exceeded the initial forecasts. In addition to organic growth, transient factors pushed-up revenue.

● FY12/19 1H results

In FY12/19 1H, both sales and profits greatly increased, with net sales of ¥20,145mn (up 44.5% year-on-year (YoY)), operating income of ¥2,634mn (up 76.3%), ordinary income of ¥2,472mn (up 83.9%), and net income of ¥1,686mn (up 85.1%).

Based on the trends in Q1, on April 23, 2019, the Company upwardly revised the forecasts for 1H and for the full fiscal year. But results also grew during the Q2 stand-alone period (April to June), so on July 25, 2019, it upwardly revised the forecasts for a second time. The 1H results were in line with the second revisions.

Summary of FY12/19 1H results

(¥mn)

	FY12/18			FY12/19 1H				
	1H results	2H results	Full year results	Initial forecasts	First revised forecasts	Second revised forecasts	Results	YoY
Net sales	13,943	14,884	28,828	13,313	16,613	20,140	20,145	44.5%
Gross profit	3,340	3,315	6,655	-	-	-	4,731	41.7%
SG&A expenses	1,845	2,027	3,873	-	-	-	2,097	13.6%
Operating income	1,494	1,287	2,782	1,407	1,907	2,630	2,634	76.3%
Operating profit margin	10.7%	8.7%	9.7%	10.6%	11.5%	13.1%	13.1%	-
Ordinary income	1,344	1,192	2,536	1,285	1,785	2,470	2,472	83.9%
Net income	910	899	1,810	867	1,205	1,680	1,686	85.1%

Note: The first FY12/19 1H revised forecasts were announced on April 23 and the second revised forecasts on July 25
Source: Prepared by FISCO from the Company's financial results

At the beginning of FY12/19, the Company announced forecasts of lower sales and profits for the 1H and the full fiscal year. In the background to this was the deterioration of the external environment (including the tightening of real-estate lending by financial institutions). Based on these sorts of environmental changes, the Company aimed to "return to its origins" by changing the point of focus for its businesses, from self-storage properties with land to the container-type.

Following this, in FY12/19 1H, in which as previously described the Company announced upwardly revised forecasts for the second time, sales and profits increased greatly compared to in the same period in the previous fiscal year. However, it is not the case that the Company itself was complacently happy with these results. This is because the favorable results in the 1H included the effects of two transient events, and there was the strong aspect of revenue being pushed-up by these transient factors.

In terms of the evaluation of these transient factors, at FISCO we think they should be viewed strictly from the viewpoint of investors, just like the Company itself has done. But on the other hand, as is described below, it is also a fact that the two segments, of the Property Management Service and the Property Revitalization & Liquidation Service, achieved strong organic growth, so we think this point should be honestly evaluated as a positive one.

The details and trends in each segment are shown below

Details and trends by segment

(¥mn)

		FY12/18			FY12/19	
		1H	2H	Full year	1H	YoY
Self-storage management	Net sales	5,403	5,859	11,262	6,288	16.4%
	Operating income	770	686	1,456	822	6.7%
Self-storage brokerage	Net sales	5,943	5,924	11,867	8,302	39.7%
	Operating income	774	605	1,379	909	17.5%
Other property management services	Net sales	1,008	990	1,998	990	-1.8%
	Operating income	310	298	608	330	6.5%
Property Management Service total	Net sales	12,356	12,773	25,129	15,582	26.1%
	Operating income	1,855	1,589	3,445	2,062	11.2%
Property Revitalization & Liquidation Service total	Net sales	1,587	2,110	3,698	4,562	187.4%
	Operating income	298	352	650	1,203	303.1%
Adjustment	Operating income	-659	-654	-1,313	-632	-
Company-wide total	Net sales	13,943	14,884	28,828	20,145	44.5%
	Operating income	1,494	1,287	2,782	2,634	76.3%

Source: Prepared by FISCO from the Company's results briefing materials

(1) Property Management Service business segment

Revenue from Property Management Service business increased with net sales of ¥15,582mn (up 26.1% YoY) and operating income of ¥2,062mn (up 11.2%).

The total number of opened storage units at the end of June 2019 was 93,885 units, which were increases of 8,880 units compared to 1 year ago and 2,340 units compared to half a year ago. Reflecting this rise in the total number of units, revenue steadily grew in the self-storage management sub-segment, with net sales increasing 16.4% YoY and operating income growing 6.7%. Both sales and profits were also above the forecasts.

Self-storage brokerage sales and profits increased greatly and achieved the forecasts, with net sales rising 39.7% YoY and operating income growing 17.5%. In Q1, the Company quickly sold land allocated to self-storage properties with land in order to respond to the changes in the business environment. This caused a temporarily decline in the profit margin, but in Q2, it sold a self-storage property with land to the private-placement No. 3 Fund, and the profit margin improved as a result of this. The sale to the No.3 Fund had impacts of ¥3.3bn on net sales and ¥0.5bn on operating income, contributing greatly to the growth in revenue in the self-storage brokerage sub-segment and in the Property Management Service segment.

These sales to private-placement funds can be pointed to as one of the “transient factors” due to which the Company itself was not overly contented with its results. Sales of properties to private-placement funds is something it has continuously worked on since the past as one of its exit strategies in the self-storage properties with land business. But the Company itself positions them as a transient factor due to their quality, of it not being able to stably conduct these sales in each period.

(2) Property Revitalization & Liquidation Service business segment

Revenue from Property Revitalization & Liquidation Service business for FY12/19 1H greatly increased with net sales of ¥4,562mn (up 187.4% YoY) and operating income of ¥1,203mn (up 303.1%).

As explained in the Company Overview section, this segment is mainly comprised of the limited land rights business. In FY12/19 1H, the Company sold real estate it owned (a building) in Chiyoda Ward, Tokyo. The impact of this on revenue was ¥1.4bn on net sales and ¥0.6bn on operating income, contributing greatly to the growth in this segment’s revenue.

On the other hand, in this segment’s total increases in sales and profits, the part left after excluding the effects of the sale of the Company’s own building (net sales of approximately ¥1.6bn and operating income of around ¥0.3bn) can be said to be organic growth from the limited land rights business. Responding to the deterioration of the self-storage business environment, in FY12/19 1H the Company focused on strengthening the limited land rights business, including by shifting personnel. Specifically, in addition to purchases of residential land, which it has carried out since the past, in this period it started purchases of limited land rights targeting commercial-use land as well. In terms of regions also, it started purchases in the Kansa region and aimed for growth from both the business area and from regions. This approach proved successful and led to the organic growth in the 1H.

A large portion of the organic growth of the limited land rights business was from sales that had been scheduled to be recorded in the 2H being pushed forward and recorded in the 1H. The details are given below, but it is necessary to be aware that the reason why the 2H results forecasts appear extremely conservative is this imbalance in this segment’s results between the 1H and the 2H.

Medium- to long-term growth strategy

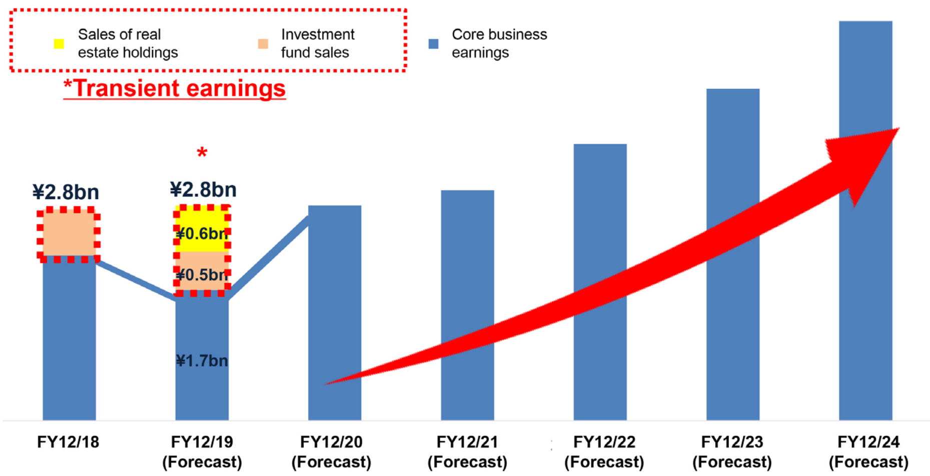
Is aiming to convert to a highly profitable, strong corporate structure that is resistant to changes in the external environment

1. Summary of the new medium- to long-term growth strategy

The Company formulated a medium-term management plan for the period from FY12/18 to FY12/20, but it then reviewed its growth strategy for the future based on its external environment. The point of this is to establish a high-revenue structure able to steadily generate profits and maintain a growth trajectory even within a severe business environment, while maintaining its greatest management target, of being the “overwhelmingly No.1 self-storage company.” Or in other words, it can be said to be aiming to maintain growth at the same time as reducing business risk.

The direct trigger that pushed the Company to this conversion of its growth strategy was the problems relating to real-estate investment that occurred in 2018 and the changes in the attitudes of financial institutions toward real-estate lending in response to these problems. Due to this deterioration of the business environment, its results also rapidly decelerated. In FY12/18, the Company recorded operating income of ¥2,782mn, but this amount included sales of self-storage properties with land to funds. The Company recognized this to be a transient factor. In FY12/19, operating income is forecast to be unchanged YoY at ¥2.8bn, but this amount naturally includes profits from sales to funds and profits from sales of the Company’s own buildings, which are also transient factors. After excluding these factors, the operating income forecast is only ¥1.7bn. The Company is aiming to establish a revenue structure able to realize stable profit growth without having to rely on these transient factors.

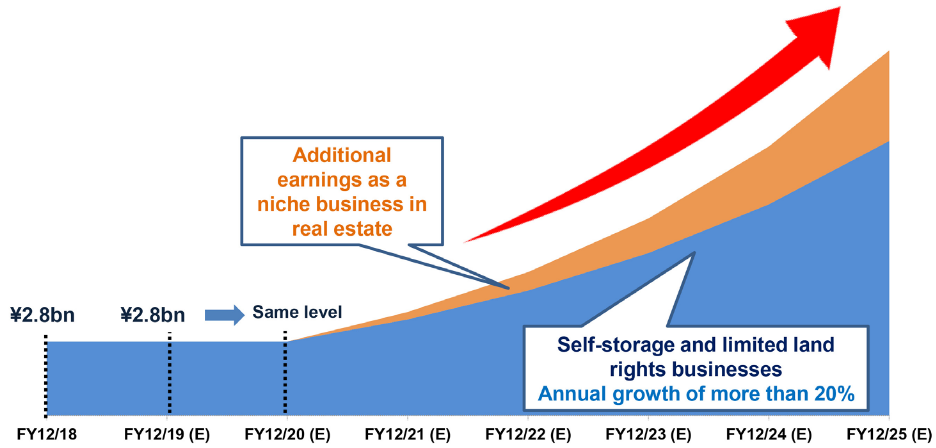
Image of the recognition of and future target for operating income



Source: Company’s results briefing materials

The specific measures toward this are comprised broadly of two pillars. The first is to convert the strategy for the self-storage business, and the second is business diversification. There has been no change from previously on the point that the self-storage business will play the main role for revenue growth in the future, but as is explained below, the Company intends to change the content of this. In addition to this, it will change the revenue structure to being multilayered and strongly resistant to economic recessions, by adding the profits from business diversification to the profit growth from the self-storage business. This can be said to be the basic structure of the new growth strategy.

Image of the trend in operating income under the new growth strategy



Source: Company's results briefing materials

Below, the specific content of the measures for the self-storage business and business diversification are described in detail.

Aiming to stably grow revenue by "returning to the origins" through focusing on the container type. For self-storage properties with land, the strategy is to carefully select projects and to ascertain the timing on which to step-on the accelerator.

2. Initiatives for self-storage business

The conversion of the self-storage business strategy is a conversion from a growth strategy centered on self-storage properties with land to a growth strategy through re-strengthening the container-type. Or in other words, it can be said to be a "return to the origins." As described in the Company overview section, the self-storage properties with land business model is that the Company itself temporarily acquires land, which it turns into self-storage real estate investment products and sells. Therefore, the Company invests capital, and the revenue structure is that while the profit margin is large, so are the risks. In contrast to this, the container-type and the trunk-type are agency-model businesses, in which it matches landowners with investors (as an agent). Therefore, they have low-risk models in which the Company's capital is not exposed to risk.

That said, there has been no change to the growth potential of the self-storage properties with land business. On considering the demand structure for storage, it can be said that the business model of self-storage properties with land is an absolutely indispensable piece of the development of storage real estate investment products in urban residential areas. The current movement, of "returning to the origins," is nothing more than one measure to respond to the changes in the business environment. So should the business environment become more favorable in the future, it seems that the Company will step-on the accelerator for the self-storage properties with land business.

The Company has picked-up four priority measures toward realizing stable growth that is resistant to the business environment, and it intends to strengthen these measures from FY12/19 2H.

(1) Property-opening plan

For the container-type, the level in FY12/19, which is a transition period, will only be at around 70% of the level in the peak period (the image is of a net annual increase of 8,000 units around 2016). But from FY12/20 onwards, at an early stage it is aiming for openings at around the same level as during the peak period. Regionally, it plans measures to strengthen openings in regional areas. In terms of the specific urban and regional areas, names such as Nagano, Niigata, and Yamaguchi have emerged. For openings, rather than an approach of targeting a certain number of openings, the Company's policy is to thoroughly investigate site conditions and to give the highest priority to building a structure able to maintain high occupancy rates.

For self-storage properties with land, the Company intends to go back to the essence of its business model, of focusing on urban residential areas, and to develop different customer needs, of the container-type. Its policy for purchases of land is to assume a recession and to carefully select sites that can be expected to generate revenue even during a recession. It is thought it also intends to increase the appeal of the new products, such as hobby storage and business storage, which it will introduce as a priority measure, as described below, with the aims of diversifying the exit strategies and reducing risk.

The Company does not clearly disclose a specific number for openings. But on making on overall judgment based on the information obtained from the financial results briefing materials and the interview, it would seem that it plans to open 5,000 units in FY12/19, and then after that, to gradually increase the number of openings toward opening 10,000 units in FY12/21. Breaking this down, it appears it will adopt a cautious stance for self-storage properties with land, gradually increasing openings at a pace of 1,000 units a year while observing conditions. The remaining number, obtained by subtracting the number of openings of self-storage properties with land from the total number of openings, will be openings of the container-type (including the trunk-type). This is summarized in an easy-to-understand manner below.

Image of the planned openings by type of self-storage business

(Units)

	FY12/19	FY12/20	FY12/21
Self-storage properties with land	1,000	1,000	1,000~2,000
Container-type	4,000	6,000	8,000~9,000

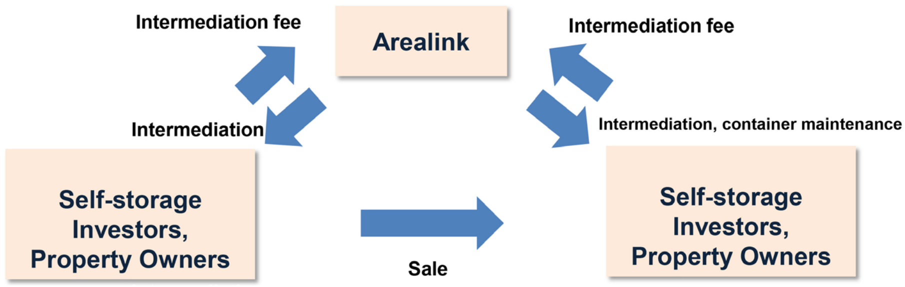
Note: Container-type self-storage includes the indoor trunk-type self-storage
Source: Prepared by FISCO from the Company's results briefing materials

(2) New business

As new business, it is considered that the Company will launch a used container agency business. Up to the present time, it has developed the self-storage business in a form specialized in the so-called primary market (the development and sale of new storage properties). Currently, the total number of units has reached nearly 100,000 units, and the situation is that among the existing customers (storage investors and property owners), the group who want to cash-out at an early stage has accumulated to around a certain number. Therefore, this new business will aim to create a so-called secondary market as the agent to meet the needs of this group for sales and the needs of those who want to purchase used properties inexpensively. The Company will receive agency fees. It will also obtain other revenue opportunities from this business, such as for orders for maintenance and renovation of the used properties.

It plans to fully launch this business from FY12/20 and is currently at the stage of progressing the preparations.

Image of the used storage agency business



Source: Company's results briefing materials

(3) New products

In the self-storage business, it is considered that introducing new products will lead to improved occupancy rates, higher appeal as investment products, and the growth of the Company's revenue. Some specific examples of new products are estimated to be as follows.

In the container-type, the Company plans to introduce products, including those whose designs are matched to the surrounding external environment and those whose interiors have been processed for new uses, including for use as stores and accommodation, or as evacuation shelters.

Toward acquiring new user groups, the Company is also working to develop products, such as hobby storage that assumes use as a hobby room, and business storage that assumes use for office investment. It is also possible that these developments will not be limited to the container-type and will be for self-storage properties with land as well.

Specifically, the Company plans to start the new product business from FY12/20 onwards, and it intends to focus on preparations in the current fiscal period.

(4) Collaborations

As one of its measures to expand case studies for the utilization of storage, the Company is planning collaborations with various companies in other industries, including major companies.

Some specific examples of collaborations include 1) in a collaboration with a transportation company, a case of the use of the Company's storage as a temporary warehouse, 2) a case of a proposal for the Company's effective use of another company's idle land (constructing indoor trunk-type storage in narrow spaces), 3) a case of subletting a part of a storage space as a business site (subletting the first floor of an indoor trunk-type property for supermarket stores), and 4) measures aiming at jointly composing a storage REIT. As initiatives for the future, it seems that various proposals are under discussion, such as utilizing the areas under railway overpasses.

At FISCO, we think that low reproducibility is a problem for these collaborations with companies due to the variety of constraints they involve. If the aim is to develop the above-described past case studies in a mass-produced form, we consider it highly likely that they will not make progress as expected. Conversely, if the measures utilize individual properties' locations and characteristics and there is an attempt to realize a handmade-type of collaborative planning, we consider that the large number of properties the Company owns will bear fruit and that the number of successful case studies may increase.

Strengthening and expanding the business on the twin axes of the area axis (entering the commercial-use area) and the regional axis (entering the Kansai region)

3. Measures for business diversification

The content of the business diversification is to be the limited land rights business (the land rights management business). Up to the present time, the Company's growth strategy has had a single-pillar structure, of the growth of the self-storage business. But the core of the new growth strategy is the construction of a two-pillar structure, of focusing on the potential of the limited land rights business and working in earnest to strengthen it, and also the self-storage business.

The basis of the limited land rights business is the existence of the practice of leasing land and using it to establish above-ground structures. In terms of the attributes of these structures, there are two cases, residential cases and commercial-facilities cases, and both are widely and generally used. Among them, the need to establish the rights relationships between the land and the structures, or in other words, the demand from the land lease rights holder wanting to acquire the limited land rights, is always present, without being affected by economic waves. Therefore, the revenue stability of this business can be said to be higher than that of the self-storage business.

The details of the business model are as described above, but the basic model is that the Company, after acquiring the limited land rights, sells the limited land rights to the owner of the structure (the land lease rights holder), aiming for a sale within a maximum of two years. The revenue structure is that the Company obtains rental income in the period up to the sale and then a gain on sale at the time of the sale. The averages are typically 3% per year for the rental income and 20% for the gain on sale, so profitability can be said to be high.

The Company has so far targeted the residential area for its limited land rights business, with developments centered on the Kanto region. Going forward, the basic structure of the growth strategy for the limited land rights business will be to expand the scope of its activities to the commercial-use area on the area axis, and to the Kansai region on the regional axis. In terms of the results for FY12/19 1H, it is steadily accumulating results both for the acquisition of commercial-use limited land rights and the acquisition of limited land rights in the Kansai region.

At FISCO, we think that the growth potential of the Company's limited land rights business is fairly large. Particularly in the case of commercial facilities, their area and size per property are larger than that of residential properties, so their impact on revenue when a contract is concluded is commensurately larger. In the limited land rights business, land is held temporarily within the Company, so the same as for self-storage properties with land, shareholders' equity is exposed to risk. However, it can be said that this risk is smaller than that for self-storage properties with land on the points that in the case of limited land rights, land prices are inexpensive compared to usual land prices, and rental income is steadily acquired from the building of structures on the land.

While it is not a risk, at FISCO we think that the presence of fixed-term leaseholds is a factor that may impact the speed of growth. The current situation is that their impact is not that large because there are many contracts that do not depend on a fixed-term leasehold. But how the Company's limited land rights business will be reflected (that is, whether or not it is appealing) for users of fixed-term leasehold may be a source of concern in the long term.

We should consider human resources as a constraint for the growth scenario for the limited land rights business. The Company's employment structure is based on having 100 regular employees, and in the event of it reaching a phase of stepping-on the accelerator for the self-storage business, particularly the self-storage properties with land business, it is expected that it will divert employees to this business as a priority. In this case, the growth potential of the limited land rights business may temporarily decline. It is aiming to construct a growth model with a two-pillar structure, and in this situation, it can be said that one point to focus on will be how will the Company handle this with an employment system that is capped at 100 employees.

Future outlook

Highly possible that results will exceed the full fiscal year forecasts, but is adopting a cautious stance on whether they will exceed the standard for the timely disclosure of an upward revision

1. Outlook for FY12/19

The full-year forecasts for FY12/19 are net sales of ¥29,000mn (up 0.6% YoY), operating income of ¥2,800mn (up 0.6%), ordinary income of ¥2,700mn (up 6.4%), and net income of ¥1,500mn (down 17.1%).

The Company initially forecast declines in sales and profits. But based on the steady progress made up to the 1H, it upwardly revised the forecasts, and the outlook is now that net sales and operating income will be secured at around the same levels as in the previous fiscal period. The reason for the net income forecast is that it plans to record an extraordinary loss of around ¥0.5bn, including due to an impairment loss on storage owned and an impairment loss relating to investment in system updates.

Overview of outlook for FY12/19

(¥mn)

	FY12/18			FY12/19				
					2H		Full year	
	1H results	2H results	Full year results	1H results	Forecasts	YoY	Forecasts	YoY
Net sales	13,943	14,884	28,828	20,145	8,860	-40.5%	29,000	0.6%
Gross profit	3,340	3,315	6,655	4,731	-	-	-	-
SG&A expenses	1,845	2,027	3,873	2,097	-	-	-	-
Operating income	1,494	1,287	2,782	2,634	170	-86.8%	2,800	0.6%
Operating profit margin	10.7%	8.7%	9.7%	13.1%	1.9%	-	9.7%	-
Ordinary income	1,344	1,192	2,536	2,472	230	-80.7%	2,700	6.4%
Net income	910	899	1,810	1,686	-180	-	1,500	-17.1%

Source: Prepared by FISCO from the Company's financial results

Although the Company has upwardly revised the FY12/19 full year forecasts, the balance between the 1H and 2H has changed greatly since the previous period. The results forecasts for the 2H are for net sales of ¥8,860mn (down 40.5% YoY) and operating income of ¥170mn (down 86.8%), while net income is forecast to decline to a loss (these values are the 2H forecasts at the time of the July 25, 2019, revisions, and they are not significantly different to the full fiscal year forecasts after the results from the 1H have been subtracted).

On looking at these values, it seems that the Company's forecasts for FY12/19 2H are excessively conservative, and not only would it seem set to achieve the full fiscal year forecasts, the upwardly revised forecasts also appear obtainable. However, there are a number of special factors in the 2H, and even if the full fiscal year forecasts are achieved, we consider that it is necessary to be careful about whether or not results will exceed the forecasts to an extent requiring a third upward revision.

It would seem easier to understand this point by looking by business segment.

In the Property Management Service business, for FY12/19 2H the Company is forecasting net sales of ¥8,422mn (down 34.1% YoY) and operating income of ¥739mn (down 53.5%). If looking only at the 2H, the impression is that these are extremely conservative forecasts. But if looking based on the full fiscal year, of net sales to decrease 4.5% and operating income to decline 18.8%, the forecasts can be said to be appropriate when considering that this is the transition period for the focus business, from self-storage properties with land to the container-type.

In the Property Revitalization & Liquidation Services segment, the forecasts for FY12/19 2H are for net sales of ¥438mn (down 79.2% YoY) and operating income of ¥0mn (compared to income of ¥352mn in the same period in the previous fiscal year). Compared to the forecasts of April 23, 2019, these are downward revisions of ¥2,235mn for net sales and ¥504mn for operating income. If there is a feeling that something is wrong with the 2H results forecast, it is probably here that can be found the greatest reason for this feeling. Or in other words, this is the source of the expectations that the 2H forecasts will be upwardly revised.

However, what we must be aware of here is that there are projects whose revenues were scheduled to be recorded in the 2H that were pushed forward and recorded in the 1H. According to the Company, the amounts from this are ¥1.5bn for net sales and ¥0.3bn for operating income. Therefore, the downwardly revised portions only for the 2H become approximately ¥0.7bn for net sales and ¥0.2bn for operating profit. For the question of how to evaluate these downwardly revised portions, the point becomes the viewpoint on the changeability of the results in FY12/19 2H (and the full fiscal year).

On this point, the Company has explained it is "in order to advance preparations to enter the commercial-use limited land rights area and the Kansai region toward the next fiscal year (FY12/20)." At FISCO, what we understood through our interview is that, based on the limited land rights business growth strategy, the Company will actively progress purchases, but it has incorporated a longer time lag (a maximum of two years) until their sale, and this led to the above-described downward revisions. It is considered that the factors in the background to this postponement of the sales-recording period include the changes to the business environment, for example in the attitudes of financial institutions toward lending, and the expectations that conditions in the real estate market will improve.

Detailed outlook by business segment

(¥mn)

	FY12/18			FY12/19			
					2H		
	1H	2H	Full year	1H	Initial forecasts	Forecasts	Full year forecasts
Net sales							
Property Management Service	12,356	12,773	25,129	15,582	8,631	8,422	24,000
Property Revitalization & Liquidation Service	1,587	2,110	3,698	4,562	2,673	438	5,000
Subtotal	13,943	14,884	28,828	20,145	11,304	8,860	29,000
Net sales total	13,943	14,884	28,828	20,145	11,304	8,860	29,000
Operating income							
Property Management Service	1,855	1,589	3,445	2,062	837	739	2,797
Property Revitalization & Liquidation Service	298	352	650	1,203	504	0	1,203
Subtotal	2,153	1,942	4,095	3,266	1,341	739	4,000
Adjustment	-659	-654	-1,313	-632	-554	-569	-1,200
Operating income total	1,494	1,287	2,782	2,634	787	170	2,800

Note: Initial forecasts for FY12/19 are dated April 23, and forecasts are dated July 25.
Source: Prepared by FISCO from the Company's financial results

As we have seen above, although the Company's results forecasts appear extremely conservative for FY12/19 2H and therefore expectations have risen that they will be further upwardly revised, we understand that there are in fact good reasons for them being conservative. At FISCO, there has been no change to our previous viewpoint, that is fully possible that results will exceed the full fiscal year forecasts. But it is debatable whether the extent that they will exceed them reaches the standard for the timely disclosure of revised results forecasts.

Rather than a change in profits on a reporting basis, the main point is whether or not it can achieve higher operating income on an actual-results basis excluding the transient factors

2. Idea for FY12/20

It has been noted that the extent of the results will exceed the forecasts in FY12/19 may be less than the values expected by the market. But when considering the FY12/20 results trends, at FISCO we do not necessarily think this should be viewed negatively.

As shown by the graph in the medium-term growth strategy section, the Company's FY12/19 operating income is being pushed up by two transient factors (sales of properties to real-estate funds and sales of the Company's own real estate), and on an actual-results basis, the Company's own recognition is that operating income will be ¥1.7bn (based on an operating income forecast of ¥2.8bn, with the amount increasing should this forecast be exceeded). In contrast to this, there will be none of these transient factors in FY12/20, and even in this situation it is aiming for operating income to increase YoY, but this will in no way be a low hurdle to clear. At FISCO, we think that this factor is in the background to the Company's downward revision of the revenue outlook for the Property Revitalization & Liquidation Service (limited land rights business) segment in FY12/19.

At FISCO, what we want to draw your attention to is the fact that the official announcement of the FY12/20 results forecasts will be at the same time as the announcement of this fiscal year's financial results in February 2020. It is possible that at that time, the Company will announce that operating income is forecast to decline YoY. In this announcement, it goes without saying that rather than a change in operating income on a reporting basis, it will be important to evaluate a change in operating income on an actual-results basis that excludes the transient factors. Conversely, should new transient factors appear in FY12/20, it is not impossible that they will also push up operating income. In this case, it will of course be necessary to evaluate results after excluding them.

As stated in the medium-term growth strategy section, the Company is currently working to convert to a strong revenue structure that is not affected by changes in the external environment. The years of FY12/19 and FY12/20 will be the proving ground for this, and at FISCO, we think that rather than evaluating the Company on the axis of surface-level numerical results, it should be evaluated on the extent to which it has precisely accomplished this aim. Therefore, as previously explained, we believe that it is more important to look at changes to profits on an actual-results basis. On this point, we agree not only with investors, but also with the Company itself.

Income statement

(¥mn)

	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	
					1H	Full-year forecast
Net sales	17,173	16,908	21,489	28,828	20,145	29,000
YoY	-5.2%	-1.5%	27.1%	34.2%	44.5%	0.6%
Gross profit	5,073	4,771	5,683	6,655	4,731	-
Gross profit margin	29.5%	28.2%	26.4%	23.1%	23.5%	-
SG&A expenses	2,415	2,835	3,303	3,873	2,097	-
SG&A expenses ratio	14.1%	16.8%	15.4%	13.4%	10.4%	-
Operating income	2,657	1,935	2,379	2,782	2,634	2,800
YoY	18.9%	-27.2%	22.9%	16.9%	76.3%	0.6%
Operating profit margin	15.5%	11.4%	11.1%	9.7%	13.1%	9.7%
Ordinary income	2,442	1,968	2,441	2,536	2,472	2,700
YoY	17.0%	-19.4%	24.0%	3.9%	83.9%	6.4%
Net income	1,550	1,142	1,547	1,810	1,686	1,500
YoY	0.6%	-26.3%	35.4%	17.0%	85.1%	-17.1%
Earnings per share (¥)	126.30	93.06	126.08	145.47	133.52	118.76
Net assets per share (¥)	1,191.43	1,245.09	1,332.88	1,484.44	-	-
Cash dividends per share (¥)	39.00	39.00	40.00	46.00	0.00	40.00

Note: Implemented a 10 for 1 stock consolidation on July 1, 2016. Results in FY12/15 have been retroactively corrected.
Source: Prepared by FISCO from the Company's financial results

Balance sheet

(¥mn)

	FY12/15	FY12/16	FY12/17	FY12/18	End-FY12/19 1H
Current assets	9,121	12,168	17,532	25,840	25,653
Cash and deposits	6,415	7,158	6,594	9,672	14,655
Accounts receivable—trade	102	219	108	110	138
Real estate for sale, real estate for sale in process	1,419	3,897	9,843	15,347	10,240
Inventory assets	656	441	283	91	49
Other	529	454	705	620	571
Noncurrent assets	10,191	11,622	12,372	12,022	15,567
Property, plant and equipment	8,870	10,004	10,648	9,741	12,272
Intangible assets	86	107	134	177	252
Investments and other assets	1,234	1,510	1,589	2,102	3,043
Total assets	19,312	23,791	29,904	37,862	41,221
Current liabilities	2,880	4,959	5,691	6,607	6,902
Payment obligations	517	714	1,011	540	379
Short-term loans payable, etc.	577	2,515	2,718	3,516	1,957
Other	1,786	1,730	1,962	2,551	4,566
Noncurrent liabilities	1,805	3,548	7,861	12,505	14,462
Long-term loans payable, corporate bonds	621	2,191	6,351	10,625	8,428
Other	1,184	1,357	1,510	1,880	6,034
Shareholders' equity	14,624	15,283	16,343	18,745	19,850
Capital stock	5,568	5,568	5,568	6,111	6,111
Capital surplus	5,612	5,612	5,612	6,156	6,156
Retained earnings	3,700	4,363	5,432	6,751	7,857
Treasury stock	-256	-261	-269	-273	-274
Valuation and translation adjustments	1	0	8	4	5
Stock subscription rights	-	-	-	-	-
Total net assets	14,626	15,283	16,351	18,749	19,856
Total liabilities and net assets	19,312	23,791	29,904	37,862	41,221

Source: Prepared by FISCO from the Company's financial results

Cash flow statement

(¥mn)

	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19 1H
Cash flow from operating activities	3,941	-708	-2,992	-2,380	7,489
Cash flow from investing activities	-1,069	-1,544	-1,423	-484	-623
Cash flow from financing activities	-1,888	2,999	3,854	5,944	-1,883
Cash and deposits translation difference	-	-3	-2	-0	0
Change in cash and deposits	983	743	-564	3,078	4,982
Cash and deposits balance at start of period	5,431	6,415	7,158	6,594	9,672
Cash and deposits balance at end of period	6,415	7,158	6,594	9,672	14,655

Source: Prepared by FISCO from the Company's financial results

Shareholder returns

The FY12/19 dividend forecast is ¥40

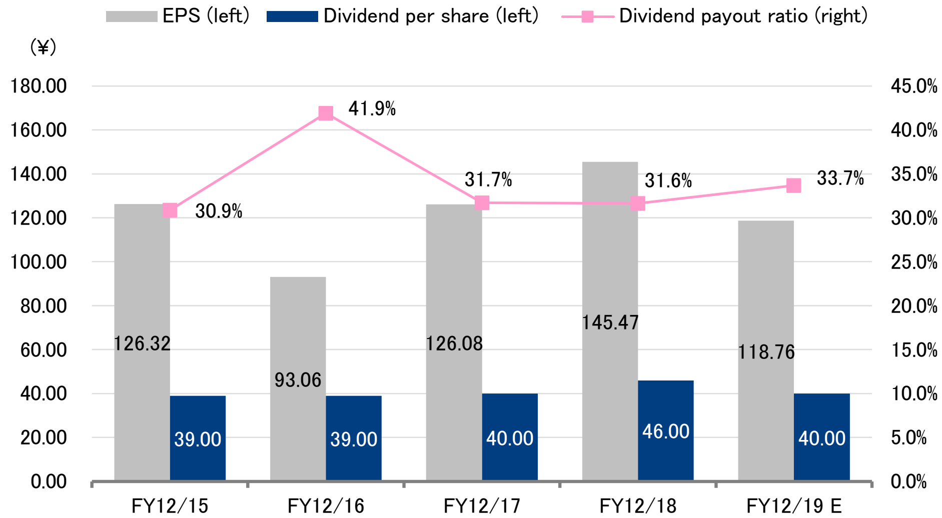
Returning profits to shareholders is one important management issue for the Company, which it fundamentally performs through paying dividends. Its basic policy is to pay a single dividend at the end of the fiscal period, targeting a dividend payout ratio of 30%. It decides on the dividend based on its medium-to long-term business plan and while observing the market environment and the timing of capital investment, comprehensively taking into consideration factors such as securing internal funds, its financial condition, and the level of profits.

For FY12/19, the Company initially announced a dividend forecast of ¥40, down ¥6 YoY. At that time, earnings per share (EPS) was ¥88.00 (down 39.5%), and the dividend payout ratio based on this was 45.5%. At FISCO, we estimate that it decided to reduce the dividend to reflect the significant decrease in profits.

Subsequently, the Company revised the results outlook for the full fiscal year, and at that point in time, EPS for the full fiscal year became ¥118.76 (down 18.4%). In contrast, it left the dividend forecast unchanged, at ¥40. Based on the revised forecast, the dividend payout ratio has become 33.7%. This is above the Company's target of 30%, which would seem to be why it has left the dividend forecast unchanged.

As stated above, the business environment surrounding the Company continues to be severe, and it is in the middle of progressing its responses to this. If based on this point, at FISCO we judge to be appropriate the fact that it has left the dividend forecast unchanged at the current time.

Trends in EPS, dividend per share, and the dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

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