

Arealink Co., Ltd.

8914

Tokyo Stock Exchange Standard Market

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Summary

Higher sales and double-digit profit growth in FY12/25 driven by growth in the self-storage business. Forecasting continued higher sales and profits in FY12/26

Arealink Co., Ltd. <8914> (hereafter, also “the Company”) is the leading company in the self-storage industry known for its Hello Storage brand. Through self-storage, the Company is aiming to contribute to better lifestyles for people. The Company aims to accelerate growth through its recurring revenue business, which generates ongoing revenue from customers. While maintaining a management structure with a small number of highly skilled employees, its main business is self-storage management, which generates stable earnings, and it intends to lead further advancement of the industry by continuing to grow profits regardless of economic fluctuations.

1. Overview of FY12/25 results

In the FY12/25 results, net sales and profits beat initial forecasts. Net sales were ¥26,418mn (up 7.0% year on year (YoY)), operating income was ¥5,470mn (up 11.5%), ordinary income was ¥5,191mn (up 10.1%), and net income was ¥3,704mn (up 15.7%). By segment, mainstay self-storage management saw higher sales and profits due to the effects of a revision of rental prices in addition to an increase in the number of occupied units. In self-storage brokerage, sales of building-type self-storage mini units were also strong, resulting in double-digit profit growth for the overall self-storage business, which the Company positions as its management priority. In the land rights consolidation business, although sales and profits decreased, results were much higher than forecasts due to the sale of a large project. In addition, in the other operational services business, sales increased slightly and profits decreased, performing slightly above the plan. As a result, the equity ratio was 45.6% (47.9% at end-FY12/24), ensuring a high level of safety. Additionally, return on assets (ROA) was 8.7%, and return on equity (ROE) was 13.2%, as high profitability was maintained. The Company increased the total dividend to ¥26.0 (up ¥3.75 YoY), adjusted retrospectively for the stock split conducted during the period. The total dividend consisted of an interim dividend of ¥12.5 and a year-end dividend of ¥13.5. We at FISCO evaluate that the Company is positive about shareholder returns, having raised its payout ratio target from 30% to 35% starting in FY12/24.

2. FY12/26 forecasts

For the FY12/26 results, the Company is forecasting net sales of ¥28,500mn (up 7.9% YoY), operating income of ¥5,850mn (up 6.9%), ordinary income of ¥5,520mn (up 6.3%), and net income of ¥3,715mn (up 0.3%). In the mainstay self-storage business, sales and profit are expected to continue to rise, and in self-storage management, unit openings will be accelerated nationwide, by which the Company is planning further growth. The priority of management is being shifted to the self-storage business, so the land rights consolidation business is expected to see a significant decrease in sales and profits due to the downsizing of its business. Moreover, the Company is forecasting slight declines in both sales and profit for the other operational services business. It plans to increase the total dividend to ¥26.5 (up ¥0.5 YoY), consisting of an interim dividend of ¥13.0 and a year-end dividend of ¥13.5. The payout ratio is forecast to be 36.3%. As long as the management environment does not worsen beyond expectations, FISCO believes there is a high likelihood that the forecasts are achieved.

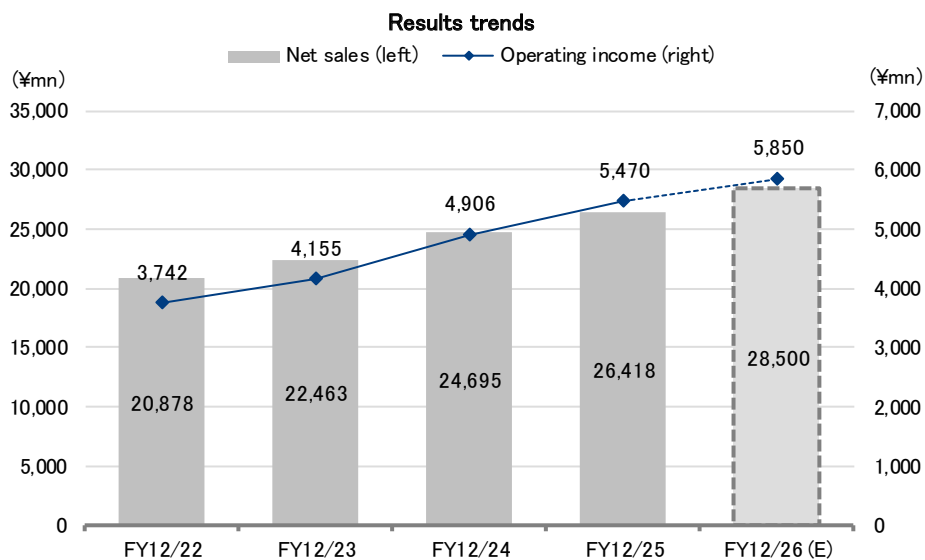
Summary

3. Medium-term management plan

Under Medium-Term Management Plan 25-27 currently being implemented, the management targets are for net sales of ¥29,400mn (up 19.0% compared to FY12/24), operating income of ¥6,550mn (up 33.5%), and ordinary income of ¥6,170mn (up 30.9%) in FY12/27, the plan’s final year. The Company plans to improve its operating income margin to 22.3% (up 2.4 percentage points (pp)) through growth and high occupancy in the self-storage business. While the performance of the land rights consolidation business and other operational services business is expected to be held mostly flat, the Company plans to achieve sales and profit growth by positioning the self-storage business as its growth driver. In the self-storage business, the Company aims to expand its market share through both openings by the Company, and the full-scale rollout of its partner system. Furthermore, as part of its differentiation strategy, the Company plans to implement data-driven management by building a self-storage database, and to establish two key pillars: early profitability from new properties and the maintenance of high occupancy rates at existing properties. With these in place, it aims to enter a new phase of accelerated new unit openings. Given the significant growth potential expected in the domestic self-storage market, the Company aims to accelerate new unit openings all at once and expand market share within the industry. In FY12/25, the first year of the plan, it made a strong start with the number of new unit openings and results exceeding forecasts, and we at FISCO will closely monitor its progress going forward.

Key Points

- Mainstay self-storage business saw stable increases in sales and profits in FY12/25, beating initial forecasts for both net sales and profits. Dividends continue to be increased based on this strong performance
- For FY12/26 as well, growth in the self-storage business is expected to drive higher sales and profits, and a dividend increase is planned
- Advanced management focused on profit growth underpinned by self-storage management, based on the medium-term management plan. In FY12/25, the first year of the plan, it made a strong start, exceeding forecasts



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

■ Company profile

Expanding nationwide with the Hello Storage brand of trunk units

1. Company profile

The Company is the leading company in the self-storage industry, listed on the Tokyo Stock Exchange (hereafter, TSE) Standard Market, and has a corporate philosophy of “Provide Convenience, Joy, and Excitement.” In addition to its core business offering rental storage space (trunk units) under the Hello Storage brand throughout Japan, the Company is also engaged in land rights consolidation business, office business, and asset business, among others.

Under the strong leadership of Naomichi Hayashi, Company founder and its current representative director and chairman and Yoshika Suzuki, appointed representative director and president in March 2023, the Company demonstrates the following three strengths that are based on a flexible management strategy that accommodates changes in the environment to continue steady growth unaffected by the business climate.

The first strength is that the Company’s self-storage business has the leading share in the industry for the number of units, approximately 17%, and extends to all 47 prefectures in Japan. In the self-storage industry, there is an overwhelmingly large number of small-scale companies with market shares of less than 1%. Also, in the US, where this industry developed ahead of Japan, about 13.50 million or 10.6% of total households use self-storage, but in Japan, this number is about 600,000, which equates to only about 1.1% of the number of total households. In recent years, needs for storage have risen centered on metropolitan areas, and it can be said that the self-storage market is expected to grow greatly. The Company’s business is centered on self-storage management that generates stable earnings, and it is targeting a market share of 24% in 2029.

The second strength is that the Company’s financial structure is highly sound. As of the end of FY12/25, its equity ratio was 45.6%, greatly exceeding the 33.2% average for the real estate industry on the TSE Prime, Standard, and Growth markets in FY3/25, and it aims to maintain the ratio in the 40% range in the medium term. It is one of only several listed companies that conduct a self-storage business for individuals. The Company uses its excellent financial structure as a weapon to develop its business under favorable conditions.

The third strength is that the Company is highly profitable. Specifically, at the end of December 2025, it had 81 employees (excluding directors, temporary employees, and dispatched employees), so its head office costs are small under a management structure with a small number of highly skilled employees. Also, in FY12/25, ROA was 8.7% and ROE was 13.2%, which are higher than the averages of the real estate industry on the TSE Prime, Standard, and Growth markets in FY3/25 of ROA 4.1% and ROE 9.0% respectively. The Company is aiming to further grow earnings and improve profitability by advancing the medium-term management plan.

2. History

The Company was established in Funabashi City, Chiba Prefecture, in 1995 as WELL’s Giken K.K. by Mr. Hayashi, the representative director and chairman, in order to launch a contracting business for the WELL’s 21 cross-industrial exchange stations.

Company profile

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

The Company, which develops the Hello Storage brand nationwide, concluded a licensing agreement in 2016 to develop properties in collaboration with the popular character Hello Kitty.

The Company, which had been developing the wide-ranging Hello Series, set the self-storage business (container storage and trunk units), which has the advantages of little competition as a niche market and low running costs as a non-residential type of real estate, as its core business, and it has aimed to expand and strengthen its business under the slogan of being “overwhelmingly No. 1 for share and quality.” On the other hand, alongside changes in the market environment, it has reviewed its growth strategy, which has been dependent on buying and selling (brokerage), and is switching to a policy of aiming for stable growth centered on self-storage management. The Company announced Medium-Term Management Plan 23-25 in February 2023 and has been working to implement it. In February 2025, it announced the new Medium-Term Management Plan 25-27 to more clearly articulate its focus on accelerating growth and improving profitability, centered on the self-storage business, and is currently implementing it.

The Company was listed on the TSE Mothers Market in August 2003, and its listing was upgraded to the TSE Second Section in May 2020. Also, it moved to the TSE Standard Market in line with the TSE’s restructuring of market segments in April 2022.

Business overview

Self-storage business is the core business

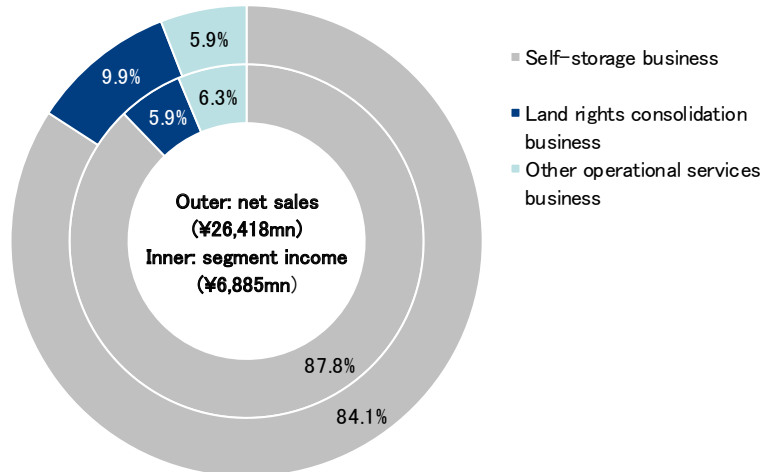
1. Business segments

The Company’s business is comprised of three business segments: 1) self-storage business, which includes two sub-segments, self-storage management and self-storage brokerage; 2) land rights consolidation business, which includes buying and selling of land with limited proprietary rights and other properties and obtaining land with limited proprietary rights lease income; and 3) other operational services business, such as rental offices and asset management.

Looking at the breakdown of net sales by segment in FY12/25, the self-storage business provided 84.1%, land rights consolidation business 9.9%, and other operational services business 5.9%. Turning to the breakdown of segment income (before deducting administrative expenses), the self-storage business provided 87.8%, the land rights consolidation business 5.9%, and other operational services business 6.3%. This demonstrates that the self-storage business is the Company’s core business for both net sales and segment income.

Business overview

Breakdown of net sales and segment income by business segment (FY12/25 results)



Note: Breakdown of segment income is before deducting administrative expenses
 Source: Prepared by FISCO from the Company's financial results

2. Self-storage business

The Company is achieving growth with the self-storage business at its core, and this business also provides an overwhelming share of earnings. This business is divided into two sub-segments, self-storage management and self-storage brokerage. Self-storage management is a business for the management, tenant recruitment, and administration of rental storage spaces, and is a source of stable recurring income that generates ongoing revenue from customers. Conversely, self-storage brokerage is a business for the ordering and sales of storage as an investment product, and it can be said to generate temporary one-time income. The Company plans to maintain self-storage management profitability by curbing profit margins at the time of sale on the one hand, and accepting management from customers when conducting sales as self-storage brokerage. Although temporary income from self-storage brokerage will not be recorded because of this, it is expected to lead to growth in overall self-storage business sales.

Hello Storage, which is the main brand in the self-storage business, boasts the No. 1 share in the industry for the number of properties for trunk units for home and company usage. Large and small indoor spaces are partitioned, and various sizes and product types are prepared and can be used 24 hours a day at reasonable prices, enabling the provision of services that meet the diverse needs of customers. Its product types include outdoor-type trunk units (container type) and indoor-type trunk units (in-building type or building type).

Outdoor-type trunk units (container-type) are the Company's main product. From Hokkaido to Okinawa, the units have expanded nationwide, offering storage space using durable containers originally made for maritime shipping. You can drive up right alongside the container and it can be used 24 hours a day. Another characteristic is the range of sizes from large sizes with large storage capacities to compact sizes. In addition, some properties have "bike boxes," standalone box-type parking spaces specifically for motorcycles.



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Business overview

Indoor-type trunk units (in-building type), instead of using containers, are products made by putting up partitions in an existing building's floor to renovate it to trunk units. These are largely located in the Tokyo metropolitan area. Its features are they can be used 24 hours a day safely and securely thanks to security provided by a major security company and the wide variety of the popular medium-sized units. Whether there are facilities such as parking spaces and air conditioning depend on the property.

Indoor-type trunk units (building-type) are entire buildings designed for use of trunk units, offering storage space inside rooms. Air conditioning and security are enhanced and there are dedicated parking spaces. Since 2021, the Company has added small-scale wooden structure self-storage mini units, which sit on smaller lots than conventional products. It is being developed in regional cities, areas around stations and suburbs with clusters of condominiums where new families live. However, building-type storage units require purchasing land and building, so the return is at a relatively low level.

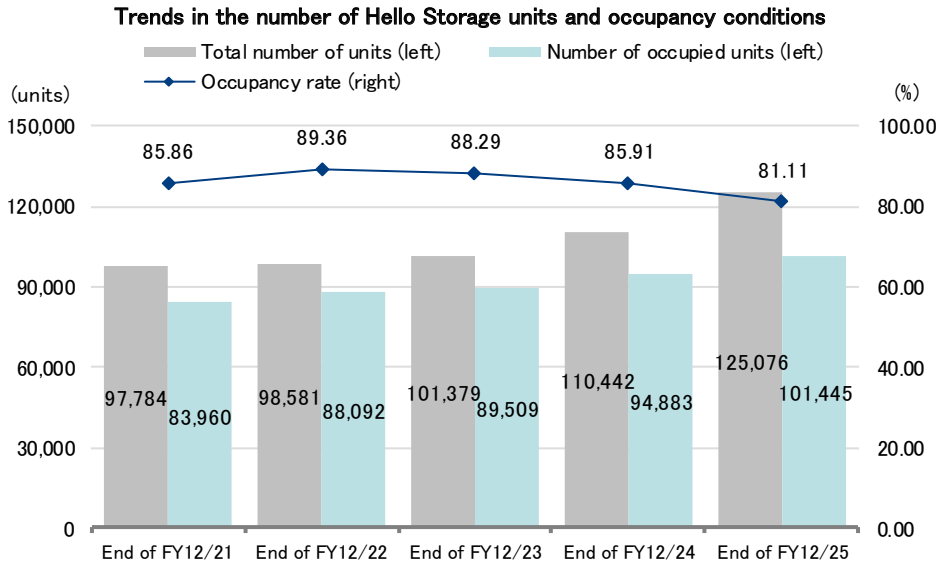
Self-storage business products

Indoor Types		Outdoor Type
Building Type (Self-storage Mini)	In-Building Type	Container Type
Purchase of land	Lease of building floor or land	
 Located in residential areas No. of units: Approx. 50 A single building designed exclusively for self-storage. Full range of facilities including air conditioning, security systems, and private parking lots. Yield: Approx. 8% (while held by Arealink)	 Located in urban centers No. of units: Approx. 30 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%	 Located in suburban and regional areas No. of units: Approx. 30 Self-storage using shipping containers. The site can be accessed by car, with parking alongside the unit. Some locations Yield: Approx. 18%

Source: The Company's results briefing materials

The number of these Hello Storage units continues to rise steadily each year. The number of units in FY12/25 increased by 14,634 compared to end-FY12/24 to 125,076 units. The occupancy rate at existing units was maintained at a high level of 88.98%. Occupancy rates at new units opened within the last two business years was just 52.11%, and overall utilization was 81.11% (down 4.80pp), but a high level continues to be maintained. The Company is raising the precision of its database, developing smaller-sized properties at multiple locations, and raising the name recognition of its products and services to get the occupancy rate of newly opened units above the breakeven point as soon as possible each year, and this has been showing improvement. The overall occupancy rate has been lowered because from FY12/25 the Company launched partner-based openings, where it operates and manages properties with low occupancy rates under contract from other companies in the same industry. However, as the Company's know-how permeates, the occupancy rate of partner-based openings is also expected to rise.

Business overview



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

3. Land rights consolidation business

The land rights consolidation business is a business that resolves the issues of landowners and leasehold rights holders through the trading of complex land with limited proprietary rights. Income is generated mainly from the trading of land with limited proprietary rights and real estate and lease income from land with limited proprietary rights, so it generates mainly temporary one-time income.

The business model for the land rights consolidation business is as follows. As a general practice, a party constructs a building on land that is rented. In this case, the owner of the building has the right to use the land (leasehold rights), and is obligated to pay rental fees as compensation for using the land. On the other hand, the landowner that owns the land cannot freely use the land as their leasehold rights are restricted. Land with attached leasehold rights in this way is called land with limited proprietary rights. Although the landowner's use of the land is restricted, they have the right to receive rental income, and this right to rent the land is called "land with limited proprietary rights."

Situations where the owners of the land and building differ create twisted and complex rights relationships, and this also affects the price of the land, so typically the leasehold rights portion is deducted. In this business, the Company acquires land with limited proprietary rights from landowners and generates income by selling those rights to building owners, while also arranging the rights relationships. Dead stock, which had risen at one point, has all been liquidated, but this business is an unstable one-time income business, so it will be downsized going forward, and the Company is advancing a shift to the self-storage business, which is a recurring revenue business. The Company plans to continue purchasing land with limited proprietary rights, but will maintain the business while reducing inventory.

4. Other operational services business

The other operational services business comprises the asset business, rental office business, and others. The type of income they generate is recurring revenue. The asset business mainly consists of rental income on revenue-generating properties that are owned. In addition, the rental office business is being expanded under the Hello Office brand of offices for small numbers of people in Tokyo's 23 wards. Demand expanded with the increase in remote work due to the COVID-19 pandemic, and many competitors entered the market. The other operational services business withdrew from the rental meeting room business in December 2020 and from the parking business in March 2021, as the Company continues to select certain businesses for focus.

Results trends

Higher sales and double-digit profit growth in FY12/25, with net sales and profits exceeding initial forecasts

1. Overview of FY12/25 results

In the FY12/25 results, the Company recorded higher sales and profits, with net sales of ¥26,418mn (up 7.0% YoY), operating income of ¥5,470mn (up 11.5%), ordinary income of ¥5,191mn (up 10.1%), and net income of ¥3,704mn (up 15.7%), and net sales and profits all beat initial forecasts. Growth in the self-storage business, which the Company positions as its management priority, contributed greatly to the increase in sales. While gross profit increased due to new unit openings exceeding the plan in the self-storage business and an expansion in the number of occupied units, the increase in SG&A expenses was kept small, leading to a significant increase in operating income. However, for a management structure with a small number of highly skilled employees, the Company is proactively and continuously implementing measures to increase salaries, which are recorded in SG&A expenses. Non-operating income included ¥145mn in compensation for forced relocation received from owners when the Company withdrew from storage properties it had occupied as a tenant. On the other hand, non-operating expenses included ¥343mn in interest expenses and ¥117mn in commission expenses. These non-operating income and expense items affected ordinary income. In addition to the increase in ordinary income, extraordinary income increased due to gain on sale of gold bullion, and the increase in profit before income taxes absorbed the increase in total income taxes, resulting in a significant increase in net income. As a result of the above, net sales exceeded the initial forecast by 1.6%, operating income by 2.2%, ordinary income by 2.2%, and net income by 8.3%. Moreover, the ratio of each level of profit to net sales has risen, and we at FISCO evaluate that profitability is improving year by year.

FY12/25 results

	FY12/24		FY12/25		YoY		vs. forecast		
	Results	vs. net sales	Initial forecasts	Results	vs. net sales	Change	Rate of change	Difference	Rate of change
	(¥mn)								
Net sales	24,695	100.0%	26,000	26,418	100.0%	1,722	7.0%	418	1.6%
Gross profit	8,769	35.5%	-	9,542	36.1%	772	8.8%	-	-
SG&A expenses	3,862	15.6%	-	4,072	15.4%	209	5.4%	-	-
Operating income	4,906	19.9%	5,350	5,470	20.7%	563	11.5%	120	2.2%
Ordinary income	4,714	19.1%	5,080	5,191	19.7%	477	10.1%	111	2.2%
Net income	3,200	13.0%	3,420	3,704	14.0%	503	15.7%	284	8.3%

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

Results trends

The results by segment are as follows.

(1) Self-storage business

In the self-storage business, net sales were ¥22,229mn (up 14.2% YoY) and segment income was ¥6,045mn (up 12.2%), a strong performance. This business has continued to achieve stable increases in sales and profits; compared to the forecasts, net sales were 2.1% lower, but segment income was 0.1% higher. Its profit margin was stably high at 27.2% (down 0.5pp YoY), and it is supporting the Company's results as the core business that is the main axis of its growth strategy. The Company's policy since FY12/19 has been for the earnings foundation to be self-storage management, a recurring revenue business that stably accumulates monthly income, and it can be said that the results of this policy are materializing.

The self-storage management business, which is central to the self-storage business, had net sales of ¥19,538mn (up 9.6% YoY) and gross profit of ¥7,731mn (up 9.8%). Although it fell short of its profit forecast due to the impact of the partial recording of repair expenses, etc., it secured higher sales and profits thanks to an increase in the number of occupied units as well as the effects of the revision of rental prices (price hikes for users). At the same time, self-storage brokerage saw net sales of ¥2,691mn (up 64.3%) and gross profit of ¥518mn (up 68.3%), which were significant increases in sales and profits. Sales of building-type self-storage mini units were strong, but in FY12/25 they were strategically limited to 15 buildings, and the rest is being allocated for sale in FY12/26. However, its share of the overall self-storage business is small, so the impact was negligible.

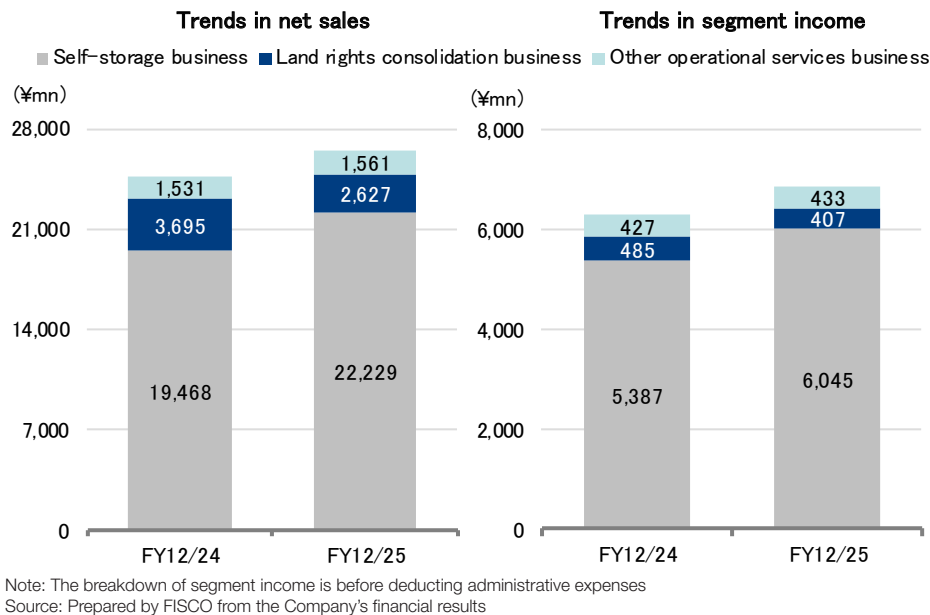
(2) Land rights consolidation business

Net sales were ¥2,627mn (down 28.9% YoY) and segment income was ¥407mn (down 16.2%). The profit margin was 15.5% (up 2.4pp). Although there was a decrease in sales and profits in line with the policy shift to downsize the business from FY12/25, net sales exceeded the forecast by 46.0% and segment income by 31.3% due to the sale of a large project. The Company continues to focus on purchasing high-quality properties, and inventory was ¥2,739mn (down ¥208mn from end-FY12/24).

(3) Other operational services business

Net sales were ¥1,561mn (up 1.9% YoY) and segment income was ¥433mn (up 1.3%). The profit margin was 27.7% (down 0.1pp). In the asset business, owned and managed properties maintained high occupancy rates, but sales and profits decreased partly due to a decline in managed properties. In the office business, the occupancy of operated properties progressed steadily, resulting in increased sales and profits.

Results trends



2. Financial condition and management indicators

At the end of FY12/25, current assets were up ¥3,156mn compared to the end of the previous fiscal year to ¥25,714mn. This was mainly due to a ¥1,461mn increase in cash and cash equivalents, and a ¥971mn increase in real estate for sale. Non-current assets increased ¥5,004mn to ¥38,365mn. This was primarily due to an increase of ¥4,725mn in property, plant and equipment mainly from the purchase of tools, furniture and fixtures. As a result, total assets rose ¥8,160mn to ¥64,080mn.

Current liabilities were up ¥1,371mn compared to the end of the previous fiscal year to ¥9,157mn. This was mainly due to increases of ¥580mn in income taxes payable and ¥347mn in short-term loans payable. Non-current liabilities rose by ¥4,330mn to ¥25,694mn. This was primarily due to a ¥4,632mn increase in long-term borrowings, which outweighed decreases of ¥296mn in lease obligations and ¥244mn in long-term unearned revenue. As a result, total liabilities increased ¥5,702mn to ¥34,851mn.

Net assets were up ¥2,458mn from the end of the previous fiscal year to ¥29,228mn. This was mainly due to an increase in retained earnings of ¥2,434mn attributable to an increase of ¥3,704mn in net income, which was partly offset by a decrease of ¥1,270mn in dividend payments.

As a result of the above, interest-bearing debt increased ¥4,901mn compared to the end of FY12/24 to ¥25,743mn. Many of the borrowings have variable interest rates, but the Company plans to respond to rising interest rates by raising rents and utilizing the partner system, which does not require borrowing. In addition, the equity ratio was 45.6%, maintaining the Company's target in the 40% range, while ensuring a high level of safety that exceeds the 33.2% real estate industry average based on the total of TSE Prime, Standard, and Growth markets in FY3/25. Similarly, ROA was 8.7% and ROE 13.2%, above the real estate industry averages of 4.1% ROA and 9.0% ROE, and we at FISCO evaluate that high profitability is also being maintained.

Results trends

Balance sheet and management indicators

	(¥mn)		
	End of FY12/24	End of FY12/25	Change
Current assets	22,558	25,714	3,156
Cash and cash equivalents	15,210	16,671	1,461
Real estate for sale, real estate for sale in process	6,582	7,241	659
Non-current assets	33,361	38,365	5,004
Property, plant and equipment	28,459	33,185	4,725
Intangible assets	166	258	91
Investments and other assets	4,734	4,922	187
Total assets	55,919	64,080	8,160
Current liabilities	7,786	9,157	1,371
Accounts payable, construction-related payables	182	220	37
Short-term loans payable, etc.	3,249	3,814	565
Non-current liabilities	21,363	25,694	4,330
Long-term loans payable, lease obligations	17,592	21,928	4,335
Interest-bearing debt	20,841	25,743	4,901
Total liabilities	29,149	34,851	5,702
Total net assets	26,769	29,228	2,458
Stability			
Equity ratio	47.9%	45.6%	-2.3pp
Profitability			
Return on assets (ROA)	8.9%	8.7%	-0.2pp
Return on equity (ROE)	12.4%	13.2%	0.8pp

Note: Interest-bearing debt is the total of long- and short-term loans payable, and lease obligations.
 Source: Prepared by FISCO from the Company's financial results

■ Outlook

Forecasting continued higher sales and profits in FY12/26 driven by growth in the self-storage business

● FY12/26 forecasts

Regarding results for FY12/26, the Company is forecasting net sales of ¥28,500mn (up 7.9% YoY), operating income of ¥5,850mn (up 6.9%), ordinary income of ¥5,520mn (up 6.3%), and net income of ¥3,715mn (up 0.3%). Based on the Medium-Term Management Plan 25-27, sales and profits are expected to continue to increase in the mainstay self-storage business. In self-storage management, the Company will accelerate unit openings nationwide and is planning further growth. Meanwhile, the priority of management is being shifted to the self-storage business, so the land rights consolidation business is expected to see a significant decrease in sales and profits due to the downsizing of its business. In addition, the other operational services business is forecasting small declines in sales and profits.

Outlook

In the self-storage business, because the actual number of new unit openings in FY12/25 exceeded the plan, the Company adjusted the upside from the previous fiscal year in FY12/26 and revised the plan to a new total of 16,246 units (down 508 units YoY), consisting of 10,046 units opened by the Company (down 1,648 units) and 6,200 partner units (up 1,140 units) to be operated and managed under contract from other self-storage business operators. Although it is seen to have factored in decreases due to unit closures and other factors, it is a conservative plan compared to the number of new unit openings up to the previous fiscal year. Because the Company tends to issue conservative forecasts, unless the operating environment deteriorates more than expected, we at FISCO believe there is a high likelihood that the Company will achieve its forecasts.

FY12/26 forecasts

	FY12/25		FY12/26		YoY	
	Results	vs. net sales	Forecasts	vs. net sales	Change	Rate of change
Net sales	26,418	100.0%	28,500	100.0%	2,081	7.9%
Operating income	5,470	20.7%	5,850	20.5%	379	6.9%
Ordinary income	5,191	19.7%	5,520	19.4%	328	6.3%
Net income	3,704	14.0%	3,715	13.0%	10	0.3%

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

The results forecasts by segment are as follows.

(1) Self-storage business

The forecasts are for net sales of ¥25,020mn (up 12.6% YoY), segment income of ¥6,610mn (up 9.3%), and a profit margin of 26.4% (27.2% in the previous fiscal year). In the self-storage business, the Company is planning for high growth in net sales for self-storage brokerage. This is because container-type products, whose sales were strategically halted in the previous fiscal year, will be sold as yield-producing products in FY12/26, although their contribution to profit will be small. Fundamentally, the Company plans to continue expanding and growing a recurring revenue business centered on self-storage management. Its policy will be to establish a management structure unaffected by conditions in the real estate and financial markets by solidifying a stable, accumulative earnings foundation. The Company is aiming to grow and expand this business further by accelerating unit openings nationwide, in order to transform lifestyles in Japan through storage and as a growing business, while establishing the business as one that backs up the affluent lifestyles of Japanese people. To do so, the Company will enhance brand power and recognition, raise customer satisfaction, and develop services ancillary to storage by increasing the number of units opened for Hello Storage, the Company's self-storage brand.

(2) Land rights consolidation business

In the land rights consolidation business, the forecasts are for net sales of ¥2,000mn (down 23.9% YoY) and segment income of ¥350mn (down 14.0%) in accordance with a policy of downsizing this business.

(3) Other operational services business

In the other operational services business, the forecasts are for net sales of ¥1,480mn (down 5.2% YoY) and segment income of ¥375mn (down 13.5%).

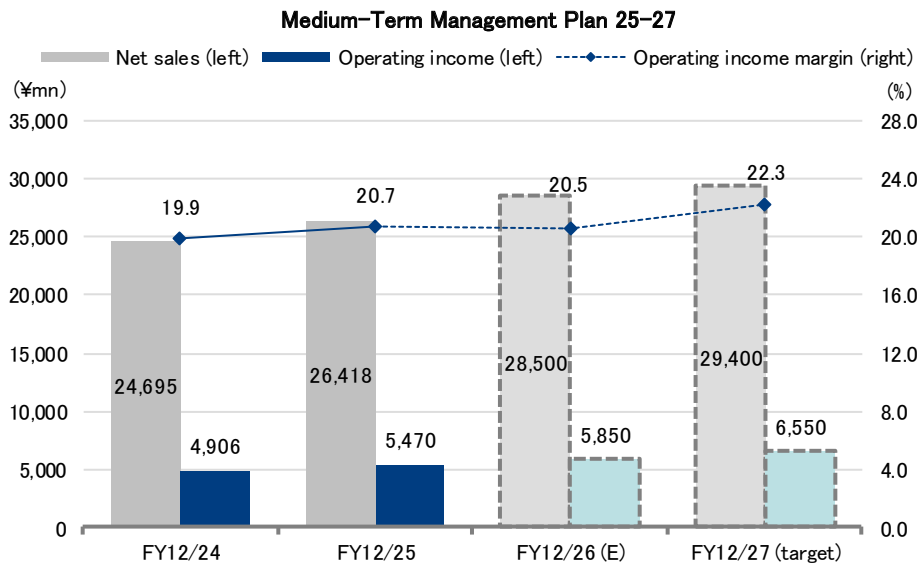
Growth strategy

Advancing the medium-term management plan focused on profit growth underpinned by self-storage management

1. Overview of the medium-term management plan

The Company announced the new Medium-Term Management Plan 25-27, after discontinuing Medium-Term Management Plan 23-25, in order to more strongly promote management focused on profit growth by accelerating unit openings in the self-storage business. The management targets are for net sales of ¥29,400mn (up 19.0% compared to FY12/24), operating income of ¥6,550mn (up 33.5%), and ordinary income of ¥6,170mn (up 30.9%) in FY12/27, the plan's final year. The Company plans to improve its operating income margin to 22.3% (up 2.4pp) through growth and high occupancy in the self-storage business. While the performance of the land rights consolidation business and other operational services business is expected to be held mostly flat, the Company plans to achieve sales and profit growth by positioning the self-storage business as its growth driver.

Given the significant growth potential expected in the domestic self-storage market, this is an ambitious plan to accelerate new unit openings all at once and expand market share within the industry. In FY12/25, the first year of the plan, it made a strong start, with the number of new unit openings exceeding the plan and results also achieving forecasts. We at FISCO will continue to closely monitor the Company's progress going forward.



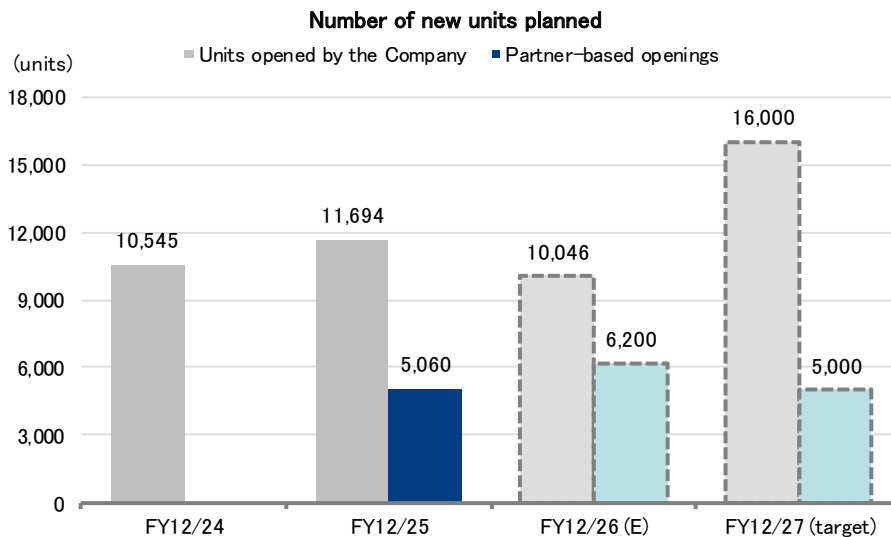
Source: Prepared by FISCO from the Company's results briefing materials

Growth strategy

2. Plan for new unit openings

Based on the high growth potential of Japan’s self-storage market, the plan for new unit openings is key to achieving the Company’s medium-term management plan. Under this plan, the Company aims to accelerate new unit openings to 21,000 units in FY12/27, approximately double the actual number in FY12/24. Of this total, 16,000 units are planned to be opened by the Company, while the remaining 5,000 units are to be opened through the full-scale rollout of the partner system, under which the Company will operate and manage the units under contract from other self-storage business operators. The Company has already initiated the full-scale rollout of the partner system, which provides one-stop support to storage business operators nationwide, for priorities ranging from customer acquisition to cancellations, for both new unit openings and properties currently in operation. However, because partner-based openings depend on third parties, the Company is taking a cautious view and expects the number of such openings to remain largely flat during the period of the plan. In addition, the partner system is one where the Company undertakes the operation and management of self-storage with originally low occupancy rates, and as partner-based openings increase, the Company’s overall occupancy rate will decline. However, occupancy rates are expected to gradually improve through full-scale operations utilizing the Company’s know-how.

The plan for new unit openings in FY12/25 was a total of 15,000 units, consisting of 10,000 units by the Company and 5,000 partner units, but actual results were a total of 16,754 units, consisting of 11,694 units by the Company and 5,060 partner units, significantly exceeding the plan. For this reason, in the FY12/26 plan, the Company deducted the upside from the initial plan and newly revised the plan downwards to a total of 16,246 units, consisting of 10,046 units by the Company and 6,200 partner units. While units opened by the Company will be reduced from the initially planned 13,000 units, highly profitable partner-based openings will be increased from 5,000 units under the plan. However, although the plan for FY12/27, the final year, has been left unchanged, we at FISCO believe there is a high possibility that it will land above the plan.



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

Growth strategy

When comparing the earnings structures, for units opened by the Company, gross profit is calculated as net sales, which include rent, administrative costs, and other fees, minus land rent, depreciation and operating expenses. In contrast, for partner-based openings, gross profit is derived as net sales, which include 10% of rent, administrative costs, and other fees, minus operating expenses. Although net sales are lower in this model, the gross profit margin is higher. Additionally, this format offers other advantages, such as no initial investment costs, no loss period, and improved market share for the Company.

Furthermore, the self-storage business has several characteristics, including high profitability, low costs due to unmanned operations (although some properties are staffed), operations typically run by renting land and building floors (with some properties owned), and the ability to begin operations shortly after securing land agreements. However, marketing research and site selection are critical for new unit openings, and economies of scale are not realized until the business reaches a certain size. For these reasons, the self-storage business presents a high barrier to entry in practice.

Against this backdrop, the Company is the only player offering three types of self-storage products: indoor trunk units (in-building type), building-type self-storage mini units, and container units. With the infrastructure now in place, including a database for opening units (population, number of households, income level, etc.) covering all of Japan, expansion of unit opening areas, and a sales structure that does not rely on manpower, the Company is accelerating new unit openings all at once. By pursuing strategic early unit openings, it aims to achieve a market share of 24% in 2029. The Company has a plan to become the “overwhelmingly No. 1 for share and quality” in the Japanese market, and to expand into global markets.

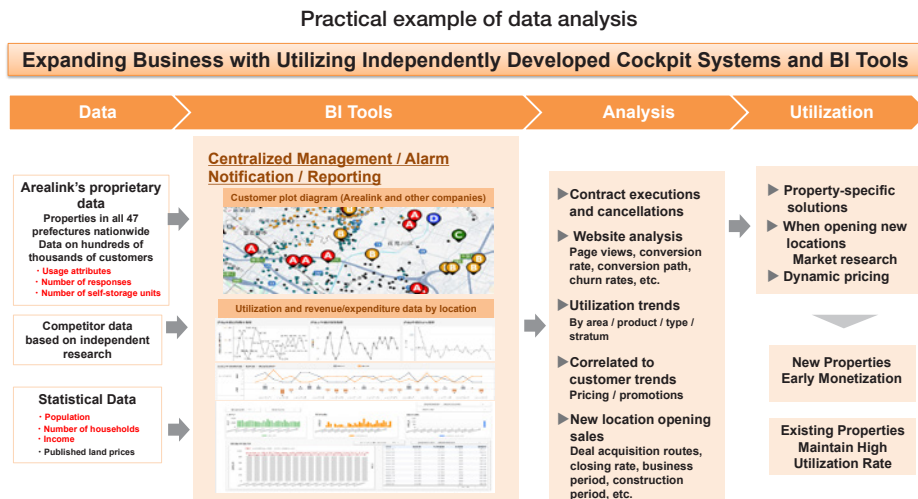
3. Differentiation strategy

As a differentiation strategy to enable the acceleration of new unit openings, the Company plans to implement data-driven management by building a self-storage database. This self-storage database will accumulate customer and property data (numbering in the hundreds of thousands of cases, including past cancellations) across all 47 prefectures of Japan. Backed by this precise data foundation, the Company aims to achieve highly accurate new unit openings and realize data driven management that does not rely on human experience and intuition. Additionally, in terms of customer acquisition strategy, the Company will offer optimal products tailored to each region nationwide, considering long-term profitability while enhancing overall efficiency and reducing unit costs through optimized advertising strategies centered on Web-based advertisements. Moreover, in terms of strategic optimization, the Company will analyze data points from various perspectives, including contracts, cancellations, usage durations, rent settings, promotional campaigns, and regional data. Following each new property opening, the Company will accumulate new data to further enhance precision. Through this strategy, the Company aims to achieve early profitability from new properties, while maintaining high occupancy rates at existing ones, with plans to enter a new phase of accelerated new unit openings.

Growth strategy

As a practical example of data analysis, there is the utilization of an independently developed BI tool*. Specifically, using data such as the Company’s proprietary usage attributes and self-storage supply numbers, competitor data based on independent surveys, and statistical data such as population and number of households, it creates customer plot maps for the Company and other companies, as well as occupancy/revenue and expenditure data by property. Based on this created data, by analyzing application and cancellation trends, occupancy trends, and unit opening sales, the Company utilizes it for solving issues at each property and conducting market research when opening new units, aiming to maintain high occupancy rates at existing properties and achieve early profitability from new properties. Being able to utilize accumulated customer information numbering in the hundreds of thousands of cases for properties across all 47 prefectures nationwide can be said to be a major strength against competitors in the same industry.

* Business intelligence tool: Knowledge used for business decision-making and tools used for data collection and analysis for that purpose.



Source: The Company's results briefing materials

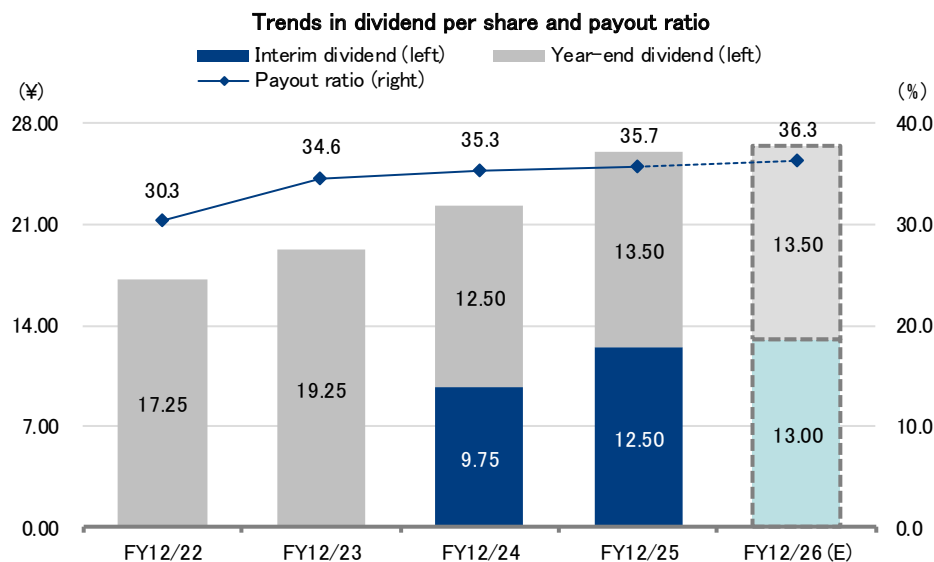
The Company has set ambitious management targets in its medium-term management plan. However, given the significant growth potential expected in the domestic self-storage market, we at FISCO believe that these management targets are fully achievable, provided the Company steadily advances its plan for unit openings and differentiation strategy. Additionally, the Company is proactively promoting ESG management while pursuing profits as the industry leader. Specifically, with regard to consideration for the environment, the Company aims to realize a society that avoids excessive ownership by promoting the benefits of organization and storage through the use of self-storage. It is also implementing the Container Building 100-Year Utilization Project and working to reduce wastepaper in offices. In social contributions, the Company runs a human resource development program (to increase per-capita profit by utilizing the Arealink method), supports diverse work styles, and allows self-storage utilization in times of disaster, etc. In governance, efforts include appointing two independent outside directors among six board members, establishing a Compliance Committee, and providing stable shareholder returns with a target payout ratio of 35%. The Company has received many awards and certifications related to corporate social responsibility, including the 2025 Certified Health & Productivity Management Outstanding Organization certification (March 2025), the ESG Initiative Award (March 2025), and the “Eruboshi” certification for excellence in promoting women’s participation and advancement in the workplace (September 2025). Given the growing tendency in recent years, particularly among institutional investors, to invest in companies that take ESG factors into consideration, we at FISCO will closely monitor the Company’s future initiatives.

Shareholder return policy

Plans to maintain a payout ratio of 35% or more through dividend increase in FY12/26

Returning profits to shareholders is an important management issue for the Company, which it fundamentally performs through paying dividends. Furthermore, starting in FY12/24, the Company raised its payout ratio target from 30% to 35%, and, with the introduction of an interim dividend, adopted a basic policy of paying dividends twice a year, specifically interim and year-end. This policy is decided based on the Company's 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.

In FY12/25, a 2-for-1 stock split of common shares was conducted on November 1, 2025. Reflecting the strong performance, the Company increased the total dividend to ¥26.0 (up ¥3.75 YoY), adjusted retrospectively for the stock split, consisting of an interim dividend of ¥12.5 and a year-end dividend of ¥13.5, achieving the target payout ratio of 35.7%. The payout ratio exceeded the 32.7% real estate industry average based on the total of TSE Prime, Standard, and Growth markets in FY3/25, and we at FISCO evaluate that the Company is positive about shareholder returns. For FY12/26, the Company plans to further increase the total dividend to ¥26.5 (up ¥0.5), comprising an interim dividend of ¥13.0 and a year-end dividend of ¥13.5, and the payout ratio is forecast to be 36.3%. The Company plans to ambitiously increase profits centered on a recurring revenue business which generates stable revenue from customers based on the medium-term management plan. Therefore, as the Company is positive about shareholder returns, we at FISCO think that there is a possibility of further dividend increases by achieving its performance targets.



Note: A 2-for-1 stock split was conducted on July 1, 2024. A 2-for-1 stock split was conducted on November 1, 2025. Figures have been retrospectively adjusted to reflect the split.
 Source: Prepared by FISCO from the Company's financial results



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