



December 16, 2021

## To Whom It May Concern

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### Notice Concerning the Cessation of Container Purchases

As announced in the news release Notice Concerning Revision to Earnings Forecasts from Extraordinary Loss issued on February 13, 2020, Arealink Co., Ltd. formulated a policy of buying back containers sold to customers and the Company has been making purchases accordingly. However, at the meeting of its Board of Directors held on December 16, 2021, the Company has decided to cease purchasing containers, effective as of the issuance of notices to customers bearing today's date. Details are as follows.

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#### **1. Reason for the cessation and handling going forward**

At the meeting of the Board of Directors held on February 13, 2020, the Company formulated a policy of buying back from customers containers which were subject to applications for certification as buildings. This was because in the first half of fiscal year 2019, there was a case where a customer to whom we had sold a container in the past was issued with an order for correction by the tax authorities, stating that the useful life span that should be applied to a container that is the subject of an application for certification as a building under the Building Standards Act was the useful life span of a building, rather than that of furniture and equipment. Following this, too, there were several other cases of revised applications being made after receiving similar correction orders. Therefore, the Company decided to respond in anticipation that there would be a certain number of cases where customers who purchased containers expecting to be able to depreciate them as furniture and equipment would feel that they had lost one of the major benefits of their purchase and would therefore wish to have said containers bought back.

The Company's initial plan was to conclude purchases within fiscal year 2020 but due to factors such as the outbreak of the COVID-19 pandemic, it focused on taking time to provide proper explanations to customers and extended the buyback period. As of the end of the third quarter of the current fiscal year, negotiations with customers representing around 70% of the total amount of the provision had been concluded.

However, it is possible that discussions as to whether it is reasonable and appropriate to apply the useful life span of a building to a container will take a long time, even incorporating the opinions of multiple tax and legal experts. Based on this situation, and considering the fact that the Company has continued negotiating with customers sincerely and in good faith for approximately two years, the Company has decided to cease the buyback of containers, effective as of the issuance of notices to customers bearing today's date.

## **2. Outlook**

Regarding handling going forward, the relevant provision will be dissolved, effective as of the issuance of notices to customers bearing today's date, and a reversal of the provision for losses on container purchases (extraordinary gain) will be recorded in financial statements for the period ending December 2021. Although the amount to be recorded is still being investigated, extraordinary gain is expected to exceed levels to be reported in timely disclosures. The Company is working with an auditing firm to ensure the impact amount will be disclosed swiftly once it has been ascertained.

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