

Consolidated Financial Report for the Nine Months of the Fiscal Year Ending October 31, 2021 (Japanese GAAP)

September 14, 2021

Company name: PARK24 Co., Ltd. Code number: 4666 Representative: Koichi Nishikawa, President Inquiries: Kenichi Sasaki, Director, Senior Executive Corporate Officer	Stock listing: TSE1 URL : https://www.park24.co.jp/en TEL : +81-3-3491-8924 : September 14, 2021 : – : Yes : Yes, only in Japanese (For institutional investors and analysts)
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Scheduled day of submission of a financial report
 Scheduled day of commencing dividend payment
 Preparation of supplementary financial data
 Information meeting for financial results to be held

(Figures are rounded down to the nearest one million yen)

1. Overview of the Nine Months of Fiscal Year Ending October 31, 2021 (November 1, 2020 – July 31, 2021)

(1) Consolidated Operating Results (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
July 31, 2021	184,028	-8.2	-9,918	–	-12,374	–	-12,692	–
July 31, 2020	200,436	-13.8	-11,825	–	-12,822	–	-12,233	–

(Note) Comprehensive income: Term ended July 31, 2021: -15,377 million yen –%
 Term ended July 31, 2020: -12,211 million yen –%

	Net income per share	Net income per share after dilution
Nine months ended	Yen	Yen
July 31, 2021	-82.14	–
July 31, 2020	-79.19	–

(Note) Net income per share after dilution is not shown in the above table, because net income per share was negative although there are residual shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of July 31, 2021	321,022	15,740	4.9
As of October 31, 2020	295,775	31,146	10.5

(Reference) Shareholders' equity: As of July 31, 2021: 15,676 million yen
 As of October 31, 2020: 30,982 million yen

2. Dividend status

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of term	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	–	0.00	–	0.00	0.00
Fiscal 2021	–	0.00	–		
Fiscal 2021 (forecasts)				0.00	0.00

(Note) Revisions to dividend projection published most recently: No

3. Consolidated Forecasts for the Fiscal Year ending October 31, 2021 (November 1, 2020 - October 31, 2021)

(The percentages indicate the rates of increase or decrease compared with the same period of the previous year)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	255,000	-5.2	-3,500	—	-7,000	—	-9,500	—

(Note) Revisions to consolidated results projection published most recently: No

*Notes

(1) Changes in important subsidiaries during the term :No

New: -- company () Eliminated: -- company ()

(2) Application of specific accounting for preparing the quarterly consolidated financial statements :No

(3) Changes in accounting policies and changes or restatement of accounting estimates

1) Changes in accounting policies caused by revision of accounting standards :No

2) Changes in accounting policies other than 1) :No

3) Changes in accounting estimates :No

4) Restatement :No

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	Nine Months ended July 31, 2021	155,048,369 Shares	Fiscal year ended October 31,2020	155,016,369 Shares
2) Number of treasury stock at the end of the period	Nine Months ended July 31, 2021	528,313 Shares	Fiscal year ended October 31,2020	528,203 Shares
3) Average number of shares during the term (consolidated cumulative period)	Nine Months ended July 31, 2021	154,509,447 Shares	Nine Months ended July 31, 2020	154,475,915 Shares

*** This financial summary falls outside the scope of audit procedures of certified public accountant or audit corporation**

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The consolidated business performance forecasts given in this document are based on assumptions, prospects, and future business plans, currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons. For other matters relating to the forecasts, please refer to "1. Qualitative Data, Financial Statements and Other Information (3) Information on the future outlook, including consolidated business performance forecasts".

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1. Qualitative Data, Financial Statements and Other Information

(1) Qualitative data on the consolidated financial results

During the nine months of consolidated fiscal year ending October 31, 2021 (November 1, 2020 to July 31, 2021), the Japanese economy continued to be affected by the spread and prolongation of the COVID-19 pandemic ("COVID-19"), which had significant impacts, including falling corporate earnings and a weakening employment situation, as well as the restraint on capital spending by Japanese companies. In addition, with a state of emergency declared mainly in major prefectures and cities in January 2021 and thereafter on and off, coupled with the implementation of quasi-emergency measures, the economic outlook remains uncertain. Overseas, while business sentiment improved in some developed countries on the back of widespread vaccination, tough levels continued as lockdowns and restrictions on activities were re-imposed in some countries.

In this environment, the PARK24 GROUP companies (the "Group") are making efforts to minimize risks to its businesses caused by COVID-19 based on three policies to "protect customer safety," "protect employee safety" and "fulfill our mission as a transportation infrastructure company." The Group is taking steps to improve earnings in its businesses by promoting business restructuring while supplying and developing services that meet the current demand situation.

In terms of financial results, the Group's businesses were significantly affected in both Japan and abroad by the repeated spread of COVID-19 and the resulting restrictions on movement of people from the beginning to the end of the nine months of the consolidated fiscal year under review.

As a result, in the nine months of the consolidated fiscal year under review, the Group posted net sales of 184,028 million yen (-8.2% year on year), operating loss of 9,918 million yen (operating loss of 11,825 million yen in the same period of the previous year), and recurring loss of 12,374 million yen (recurring loss of 12,822 million yen in the same period of the previous year), and loss attributable to owners of parent stood at 12,692 million yen (loss attributable to owners of parent of 12,233 million yen in the same period of the previous year).

Results by business segment are as follows:

Parking Business Japan

Traffic volumes decreased with the spread of COVID-19 from the beginning of the period, and parking site operations declined because traffic volumes were further controlled by the declaration of a state of emergency in January. Subsequently, traffic volumes gradually recovered with the lifting of the state of emergency. However, since April, the implementation of quasi-emergency measures and the re-declaration of a state of emergency have led to a tendency to reduce the movement of people, resulting in limited utilization of parking facilities.

Under these circumstances, at existing parking facilities, the Group adopted marketing and operation measures to meet the current supply-demand balance, while seeking to decrease unprofitable parking sites affected by COVID-19, including rent reductions in cooperation with land and facility owners. At new parking facilities, the Group worked to create a lean business structure by developing parking facilities, carefully selecting those that could be profitable even in the current demand situation.

As a result, in the nine months of the consolidated fiscal year under review, the number of Times PARKING sites and parking spaces managed were 18,205 (96.3% of the end of the previous fiscal year), and 575,814 (97.2% of the end of the previous fiscal year). The total number of parking sites managed, including monthly parking and facility management services, was 19,687 (96.7% of the end of the previous fiscal year), and the total number of parking spaces managed was 737,217 (98.8% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) stood at 112,423 million yen (-3.4% year on year), and operating profit amounted to 13,691 million yen (+42.6% year on year).

Parking Business Overseas

Parking Business Overseas was also affected significantly by COVID-19 in countries where it operated. Looking at the situation in the main countries in which the Group operates, in Australia, lockdowns and restrictions on activities continued on and off from the beginning of the period. Even so, there were signs of a recovery in parking site operations. In the UK, parking site operations declined markedly due to the enforcement of restrictions on activities in each region from the beginning of the period and the nationwide lockdown in December. With regulations easing in stages from March, parking site operations are gradually on a recovery trend.

Therefore, the Group actively negotiated to reduce or revise rent for unprofitable parking sites in all regions while simultaneously reducing and streamlining parking facility management and maintenance costs through the review of the operation system. As part of the business restructuring, the Group also promoted the development of each country's version of Times PARKING based on the characteristics of Parking Business Japan.

As a result, in the nine months of the consolidated fiscal year under review, the number of overseas parking sites and parking spaces managed was 2,863 (101.0% of the end of the previous fiscal year), and 679,834 (97.6% of the end of the previous fiscal year). The total number of parking sites and parking spaces managed worldwide was 22,550 (97.3% of the end of the previous fiscal year), and 1,417,051 (98.2% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 27,582 million yen (-22.7% year on year). Operating loss was 12,624 million yen (operating loss of 8,570 million yen in the same period of the previous year).^{*1}

In the UK, where the Group faces a very challenging business environment, National Car Parks Limited filed a restructuring plan under Part 26A of the UK Companies Act, 2006 on April 30 2021 (local time). Under the plan, the company will seek to implement a range of measures, such as revising rent, reviewing contracts and exiting unprofitable parking facilities, in cooperation with land and facility owners, with an eye to improving its business structure speedily and drastically.

- *1 The results of parking business overseas for the nine months of the consolidated fiscal year under review are the results of overseas consolidated subsidiaries for the period from October 1, 2020 to June 30, 2021.
- *2 To help companies continue to operate even in situations with high infection rates, the UK Companies Act was amended in June 2020. The restructuring plan was filed using a new system under Part 26A of the amended Companies Act. The system enables companies to strongly and effectively restructure themselves.

Mobility Business

The Times CAR service (combining Car Rental and Car Sharing services) began to feel the effects of COVID-19 from December, and operation of vehicles fell sharply due to the declaration of a state of emergency in January. Operation of vehicles began to recover in February and March, but the recovery was limited due to the implementation of quasi-emergency measures and the re-declaration of a state of emergency in April.

Even in these circumstances, the Group took measures to increase utilization per vehicle by reviewing vehicle deployment, given that demand for the Times CAR service was strong in urban areas. In addition, development of Times CAR service is progressing steadily, with the opening of 84 Times CAR sales offices mainly in Tokyo and increasing the number of vehicles.

As a result, in the nine months of the consolidated fiscal year under review, the total number of vehicles in Mobility Business as a whole was 50,059 units (111.6% of the end of the previous fiscal year), and the number of Members was 1,651,919 (109.6% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 47,429 million yen (-9.0% year on year), and Operating loss was 1,288 million yen (operating loss of 3,078 million yen in the same period of the previous year).

(2) Qualitative data on the consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the nine months of the fiscal year under review increased 25,246 million yen from the end of the previous fiscal year, to 321,022 million yen. The main changes in assets were increases of cash and deposits of 33,271 million yen and decreases of property, plant and equipment including machinery, equipment and vehicles of 12,235 million yen.

Total liabilities increased 40,652 million yen, to 305,281 million yen. The main reason for the increase was borrowings through subordinated syndicated loans, etc.

Net assets decreased 15,405 million yen to 15,740 million yen, mainly due to a decrease of 12,692 million yen from the net loss attributable to owners of the parent and a decrease of foreign currency translation adjustment of 1,857 million yen.

(ii) Cash flow condition

The balance of cash and cash equivalents at the end of the nine months of the fiscal year under review increased 33,281 million yen from the end of the previous consolidated fiscal year, to 88,550 million yen.

The cash flow situation by category for the nine months of the fiscal year under review was as follows:

(Net cash from operating activities)

Net cash provided by operating activities increased 3,637 million yen year on year, to 23,825 million yen. This primarily reflected the total of profit before income taxes and depreciation of 12,020 million yen, an increase of accounts payable - other of 8,466 million yen, a decrease of inventories of 4,254 million yen, while there was income taxes paid of 4,062 million yen.

(Net cash from investing activities)

Net cash provided by investing activities decreased 6,087 million yen year on year, to 11,631 million yen. This was mainly attributable to capital expenditures for Times PARKING and purchase of Mobility vehicles.

(Net cash from financing activities)

Net cash provided by financing activities was 20,011 million yen (increase in financing of 4,507 million yen year on year). This was mainly due to income from long-term borrowings such as a subordinated syndicated loan, while expenditures for repayment of lease obligations and long-term borrowings and decrease in short-term borrowings.

(3) Information on the future outlook, including consolidated business performance forecasts

The consolidated earnings forecasts for the fiscal year ending October 31, 2021 have not been changed from the figures announced on June 14, 2021 in the Consolidated Financial Report for the Fiscal Year Ended October 31, 2021.

2. Consolidated Financial Statements and Notes

(1) Consolidated balance sheet

(Unit: million yen)

	As of October 31, 2020	As of July 31, 2021
Assets		
Current assets		
Cash and deposits	55,536	88,808
Notes and accounts receivable - trade	16,146	18,504
Inventories	2,643	2,327
Other	27,631	27,508
Allowance for doubtful accounts	-697	-978
Total current assets	101,260	136,170
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,298	30,773
Machinery, equipment and vehicles, net	38,310	33,499
Land	26,272	26,240
Leased assets, net	13,664	11,195
Right of use assets, net	26,834	22,873
Other, net	5,972	6,534
Total property, plant and equipment	143,352	131,116
Intangible assets		
Goodwill	16,792	17,591
Contract-based intangible assets	8,676	9,466
Other	4,334	4,823
Total intangible assets	29,803	31,881
Investments and other assets		
Other	21,358	21,853
Total investments and other assets	21,358	21,853
Total non-current assets	194,514	184,852
Total assets	295,775	321,022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	478	556
Short-term borrowings	26,609	19,853
Current portion of long-term borrowings	7,094	25,954
Lease obligations	12,148	11,311
Income taxes payable	1,720	2,040
Provision for bonuses	1,250	1,359
Other	41,125	51,956
Total current liabilities	90,428	113,030
Non-current liabilities		
Bonds with share acquisition rights	35,000	35,000
Long-term borrowings	92,808	116,755
Lease obligations	31,557	24,781
Retirement benefit liability	110	99
Asset retirement obligations	9,287	9,350
Deferred tax liabilities	1,525	1,666
Other	3,910	4,598
Total non-current liabilities	174,201	192,251
Total liabilities	264,629	305,281

(Unit: million yen)

	As of October 31, 2020	As of July 31, 2021
Net assets		
Shareholders' equity		
Share capital	20,134	20,171
Capital surplus	15,721	15,758
Retained earnings	2,159	-10,532
Treasury shares	-1,255	-1,255
Total shareholders' equity	36,761	24,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81	86
Deferred gains or losses on hedges	-135	-120
Revaluation reserve for land	-1,035	-1,035
Foreign currency translation adjustment	3,579	-5,436
Accumulated adjustments for retirement benefits	-1,110	-1,959
Total accumulated other comprehensive income	-5,779	-8,465
Share acquisition rights	164	64
Total net assets	31,146	15,740
Total liabilities and net assets	295,775	321,022

(2) Consolidated statements of profit and loss, and comprehensive income
(Consolidated statement of profit and loss for the nine months of Fiscal 2021)

(Unit: million yen)

	Nine months ended July 31, 2020 (November 1, 2019- July 31, 2020)	Nine months ended July 31, 2021 (November 1, 2020- July 31, 2021)
Net sales	200,436	184,028
Cost of sales	173,903	157,104
Gross profit	26,532	26,924
Selling, general and administrative expenses	38,358	36,842
Operating loss	-11,825	-9,918
Non-operating income		
Interest income	8	8
Dividend income	9	8
Penalty income charged to customers for cancellation of parking facilities	118	2
Void ticket	177	148
Government subsidy related to cashlessness	233	2
Government subsidy for labor costs	702	1,022
Gain on cancellation of leases	–	798
Other	249	332
Total non-operating income	1,499	2,324
Non-operating expenses		
Interest expenses	1,318	2,428
Share of loss of entities accounted for using equity method	220	158
Foreign exchange losses	16	36
Expense incurred for evacuation of parking facilities	348	377
Depreciation	418	13
Commission fee	3	1,598
Other	169	167
Total non-operating expenses	2,496	4,780
Recurring loss	-12,822	-12,374
Extraordinary income		
Gain on sales of non-current assets	15	82
Gain on reversal of subscription rights to shares	–	89
Total extraordinary income	15	172
Extraordinary losses		
Loss on retirement of non-current assets	185	39
Impairment loss	74	59
Loss on temporary closure	665	331
Business restructuring expenses	126	90
Total extraordinary losses	1,051	520
Loss before income taxes	-13,857	-12,723
Income taxes - current	171	1,997
Income taxes - deferred	-1,647	-2,028
Total income taxes	-1,475	-31
Loss	-12,382	-12,692
Loss attributable to non-controlling interests	-148	–
Loss attributable to owners of parent	-12,233	-12,692

(Consolidated statement of comprehensive income for the nine months of Fiscal 2021)

(Unit: million yen)

	Nine months ended July 31, 2020 (November 1, 2019- July 31, 2020)	Nine months ended July 31, 2021 (November 1, 2020- July 31, 2021)
Loss	-12,382	-12,692
Other comprehensive income		
Valuation difference on available-for-sale securities	-54	4
Deferred gains or losses on hedges	1	15
Foreign currency translation adjustment	315	-1,877
Accumulated adjustments for retirement benefits	154	-848
Share of other comprehensive income of entities accounted for using equity method	-244	20
Total other comprehensive income	171	-2,685
Comprehensive income	-12,211	-15,377
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-12,062	-15,377
Comprehensive income attributable to non-controlling interests	-148	-

(3) Consolidated statement of cash flows

	(Unit: million yen)	
	Nine months ended July 31, 2020 (November 1, 2019- July 31, 2020)	Nine months ended July 31, 2021 (November 1, 2020- July 31, 2021)
Cash flows from operating activities		
Loss before income taxes	-13,857	-12,723
Depreciation	28,463	24,743
Impairment loss	74	59
Amortization of goodwill	1,627	831
Interest and dividend income	-17	-16
Interest expenses	1,318	2,428
Loss (gain) on sales of non-current assets	-15	-82
Loss on retirement of non-current assets	185	39
Decrease (increase) in trade receivables	1,035	-2,046
Decrease (increase) in inventories	5,302	4,254
Increase (decrease) in trade payables	-373	66
Decrease (increase) in accounts receivable - other	893	708
Decrease (increase) in prepaid expenses	717	2,001
Increase (decrease) in accounts payable - other	2,469	-508
Increase (decrease) in accrued expenses	-1,609	8,466
Notes payable, other	-1,095	53
Other, net	367	1,829
Subtotal	25,486	30,104
Interest and dividends received	17	16
Interest paid	-1,259	-2,233
Income taxes paid	-4,057	-4,062
Net cash provided by (used in) operating activities	20,187	23,825
Cash flows from investing activities		
Payments into time deposits	-6	-6
Proceeds from withdrawal of time deposits	6	6
Purchase of property, plant and equipment	-14,783	-9,030
Proceeds from sales of property, plant and equipment	39	140
Purchase of intangible assets	-1,336	-1,569
Purchase of long-term prepaid expenses	-1,983	-830
Payments for investments in capital	—	-111
Other, net	343	-230
Net cash provided by (used in) investing activities	-17,719	-11,631
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	12,446	-9,662
Proceeds from long-term borrowings	29,177	49,609
Repayments of long-term borrowings	-5,173	-9,060
Repayments of lease obligations	-10,199	-10,931
Proceeds from issuance of shares	69	60
Purchase of treasury shares	—	-0
Dividends paid	-10,816	-3
Net cash provided by (used in) financing activities	15,503	20,011
Effect of exchange rate change on cash and cash equivalents	31	1,076
Net increase (decrease) in cash and cash equivalents	18,002	33,281
Cash and cash equivalents at beginning of period	24,664	55,269
Cash and cash equivalents at end of period	42,667	88,550

(4) Matters Related to Summary Information (Notes)

[Note on going concern assumptions]

Not applicable.

[Note when there is a considerable change in the amount of shareholders' equity.]

Not applicable.

[Additional Information]

As of the end of the previous consolidated fiscal year, the Group assumed that although the Group's business environment would be affected by COVID-19 to some extent in the fiscal year ending October 31, 2021 it would be normalized to a certain degree in the fiscal year ending October 31, 2022 and beyond as the economic situation begins to normalize with the containment of COVID-19.

With vaccinations underway in countries around the world, the Group has not changed its basic stance. However, given the significant impact of COVID-19 in the UK, it has made changes in its assumptions and decided that to achieve a recovery the Group will need more time than it expected at the end of the previous consolidated fiscal year. There have been no material changes to the assumed situation stated in the second quarter quarterly report (Japanese version only).

Based on the above assumptions, the Group has made accounting estimates such as judgments on the recoverability of deferred tax assets and decisions on impairment losses, the results of which have been reflected in the accounting treatments.

(Segment Information)

[Segment Information]

I. Nine months of Fiscal 2020 (from November 1, 2019 to July 31, 2020)

1. Information on sales and profit or loss by reported segment

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit (loss) statement (Note) 3
	Parking Business Japan	Parking Business Overseas (Note) 1	Mobility Business	Total		
Sales						
Sales to external customers	112,751	35,669	52,014	200,436	—	200,436
Internal sales or amount of transfer between segments	3,636	—	99	3,735	-3,735	—
Total	116,388	35,669	52,114	204,171	-3,735	200,436
Segment profit (loss)	9,599	-8,570	-3,078	-2,049	-9,775	-11,825

(Notes)

1. The segment loss of 8,570 million yen in Parking Business Overseas includes an amortization of goodwill of minus 1,626 million yen.
2. An adjustment of minus 9,775 million yen in segment profit (loss) includes an amortization of goodwill of minus 1 million yen, and Company-wide expenses of minus 9,774 million yen. Company-wide expenses are mainly expenses that do not belong to either of the reported segments. Those expenses are relating to the administration division, including the general affairs department.
3. Segment profit (loss) is adjusted in accordance with operating profit in the consolidated profit (loss) statement.
4. During the first quarter of the FY2020, TIMES24 CO., LTD., which is a subsidiary of the Company, transferred its car sharing service to TIMES MOBILITY CO., LTD., which is also a subsidiary of the Company, in an absorption-type split. This led to the occurrence of further intersegment transactions in the Parking Business Japan and Mobility Business segments.

2. Information about impairment loss for non-current assets or goodwill, etc., by reported segment

The Company recognized an impairment loss for parking facilities in the Parking Business Overseas segment.

The amount of the impairment loss recognized in the nine months of the consolidated FY2020 is 74 million yen.

II. Nine months of Fiscal 2021 (from November 1, 2020 to July 31, 2021)

1. Information on sales and profit or loss by reported segment

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit (loss) statement (Note) 3
	Parking Business Japan	Parking Business Overseas (Note) 1	Mobility Business	Total		
Sales						
Sales to external customers	109,115	27,582	47,330	184,028	—	184,028
Internal sales or amount of transfer between segments	3,307	—	99	3,407	-3,407	—
Total	112,423	27,582	47,429	187,435	-3,407	184,028
Segment profit (loss)	13,691	-12,624	-1,288	-221	-9,697	-9,918

(Notes)

1. The segment loss of minus 12,624 million yen in Parking Business Overseas includes an amortization of goodwill of minus 831 million yen.
2. An adjustment in segment profit (loss) is a company-wide expenses that are not allocated to each reported segment. Those expenses are relating to the administration division, including the general affairs department.
3. Segment profit (loss) is adjusted in accordance with operating profit (loss) in the consolidated profit (loss) statement.

2. Information about impairment loss for non-current assets or goodwill, etc., by reported segment

(Significant impairment loss for non-current assets)

The Company recognized an impairment loss for parking facilities in the Parking Business Japan segment and the Parking Business Overseas segment.

The amount of the impairment loss recognized in the nine months of the consolidated fiscal year under review is 58 million yen in the Parking Business Japan segment and 0 million yen in the Parking Business Overseas segment.

(Significant subsequent events)

Transfer of Equity Method Affiliate

The Company resolved at a meeting of the Board of Directors held on August 31, 2021, to transfer all shares of GS PARK24 CO., LTD. ("GS PARK24"), an equity method affiliate of the Company. As a result, GS PARK24 will no longer be an equity method affiliate of the Company.

1. Reason for share transfer

The Company established GS PARK24 as a joint venture in the Republic of Korea in 2006 to develop the Times Parking business model overseas, and has been responsible for developing the parking infrastructure in the Republic of Korea by developing and operating 24-hour unmanned hourly parking facilities under the GS Times brand.

The Company has decided to transfer its shares to GS Retail CO., LTD. as it believes that it is desirable to pursue growth under GS Retail CO., LTD. in the Republic of Korea from now on.

2. Name of the company excluded from the equity method affiliate

GS PARK24. CO., LTD.

3. Name of the company to which the shares will be transferred

GS Retail CO., LTD.

4. Number of shares to be transferred, transfer price, and number of shares held before and after the transfer

(1) Number of shares held before transfer	Common shares: 2,300 thousand shares (Voting rights ownership ratio: 50.0%)
(2) Number of shares transferred	Common shares: 2,300 thousand shares
(3) Transfer price	Common stock of GS PARK24: KRW 25,000 million (approx. JPY 2,350 million)
(4) Number of shares held after transfer	Common shares: 0 share (Voting rights ownership ratio: 0%)

5. Scheduled date of share transfer

September 15, 2021

6. Outlook for the future

As a result of this share transfer, the Company expect to post an extraordinary profit as a gain on sale of shares of affiliated company in our non-consolidated financial statements. The amount of impact on the consolidated financial results is currently under scrutiny due to the consolidation adjustments related to the exclusion of the equity method.