

Consolidated Financial Report for
the First Three Quarters of the Fiscal Year Ending October 31, 2019
(Japanese GAAP)

August 29, 2019

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Preparation of Supplementary Financial Data for Quarterly Financial Results: Yes /
Information meeting for quarterly financial results to be held for investors: Yes /

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

1. Overview of the First Three Quarters of Fiscal Year Ending October 31, 2019

(November 1, 2018 – July 31, 2019)

(1) Operating results for the nine months period ended July 31 (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2019	232,614	7.7	14,620	(3.1)	13,956	(5.1)	7,805	(13.9)
2018	216,030	28.7	15,088	10.0	14,712	8.0	9,063	0.3

(Note) Comprehensive income: Term ended July 31, 2019: 4,159 million yen (-45.9%)
Term ended July 31, 2018: 7,684 million yen (-16.5%)

	Net income per share	Net income per share after dilution
Nine months ended	Yen	Yen
2019	50.44	47.58
2018	60.63	58.52

(Note) Consolidated operating results are based on values after reflecting an important review of the amount of acquisition cost allocated to the Company as a result of confirming the provisional accounting of the business combination in The first quarter of The FY2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31 2019	291,479	88,418	30.2
October 31 2018	283,171	94,847	33.3

(Reference) shareholders' equity: Term ended July 31, 2019: 88,103 million yen Fiscal 2018: 94,321 million yen

2. Dividend status

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of term	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	–	0.00	–	70.00	70.00
Fiscal 2019	–	0.00	–		
Fiscal 2019 (forecasts)				70.00	70.00

(Note) Revisions to dividend projection published most recently: None

3. Consolidated Forecasts for the Fiscal Year ending October 31, 2019(November 1, 2018-October 31, 2019)

(%: changes from the same period of the previous year)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	Net income per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
	320,000	7.2	22,600	0.3	23,000	2.1	12,800 (7.6)	82.68

(Note) Revisions to consolidated results projection published most recently: None

*Notes

- (1) Changes in important subsidiaries during the term: No
 New : -- company (-)
 Eliminated : -- company (-)
- (2) Adoption of simplified accounting methods and: special accounting treatment: No
- (3) Changes in accounting principles and procedures and the method of presentation
 1) Changes associated with the revision of accounting principles, etc.: No
 2) Change 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 term (including treasury stock)	As of July 31, 2019	154,961,669 shares	As of October 31 2018	154,623,769 shares
2) Number of treasury stock at the end of the term	As of July 31, 2019	1,403 shares	As of October 31 2018	1,323 shares
3) Average number of shares during the term (consolidated cumulative period)	As of July 31, 2019	154,747,257 shares	As of July 31, 2018	149,488,263 shares

(* Status of a quarterly review)

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have been under review at the time of the announcement of this financial summary.

(* Statement regarding the proper use of financial forecasts and other special remarks)

Forward-looking statements such as the forecasts for operating results contained in this material are based on currently available information that the Company has obtained and certain assumptions that the Company deems reasonable, and therefore, actual results may differ materially from the forecasts due to various factors. For assumptions used for the forecasts and cautions for the use of forecasts, please refer to "1. Qualitative Data, Financial Statements and Other Information, (3) Information on the future outlook, including consolidated business performance forecasts" on page 4 of accompanying materials.

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1. Qualitative Data, Financial Statements and Other Information

(1) Qualitative data on the consolidated financial results

During the first nine months of the consolidated fiscal year ending October 31, 2019 (November 1, 2018 to July 31, 2019), the Japanese economy maintained a high level of corporate earnings and employment conditions, although some weakness was witnessed recently. Overseas, the economic outlook became increasingly uncertain, given concerns over the direction of trade friction due to US trade and monetary policies and the Brexit issue, among other matters.

In this environment, the PARK24 GROUP companies (the “Group”) redefined and renewed its corporate identity (corporate philosophy and slogan, etc.) and brand identity before celebrating the 50th anniversary of its founding in 2021 and relocated its head office to Gotanda (Shinagawa-ku, Tokyo), where its business started, in May 2019. The Group reaffirmed the spirit of taking on challenges and made a new step toward sustainable growth.

In services offered by the Group, it sought to expand the four networks of people (members), cars, communities (destinations) and parking in pursuit of the new Group philosophy, “we create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow,” and create new services that connect those networks seamlessly, while simultaneously taking steps to develop its business foundation in Japan and abroad.

As a result, in the first nine months of the consolidated fiscal year under review, the Group posted net sales of 232,614 million yen (up 7.7% year on year), operating profit of 14,620 million yen (down 3.1% year on year) and recurring profit of 13,956 million yen (down 5.1% year on year), and profit attributable to owners of parent stood at 7,805 million yen (down 13.9% year on year).

< New Group Philosophy >

We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow.

PARK24 GROUP provides comfort and convenience in forms both familiar and entirely new. We help to make urban environments and the lives of people living and working in them richer and pleasanter. We listen carefully to our customers to create services that meet the needs of the times and enhance sustainability. This thinking underpins all our interactions with all our stakeholders.

In response to the consumption tax hike that will take effect on October 1, 2019, in the fourth quarter, the Group will clarify the service fees and consumption tax in the Parking Business and unify the concept and display of prices as a combination of the fee and consumption tax. This is in contrast to the past, when the Group absorbed part of the tax increase through corporate efforts while maintaining parking rates in units of 100 yen. The Group will begin to revise the parking rates on October 1.

In the Mobility Business, the Group decided to establish a Times CAR fee structure for Times CAR services that will start on a full-scale basis on October 1, 2019, as part of the car sharing services. While the fees for the rent-a-car service will gradually shift to the Times CAR fee structure, part of the services will remain based on the current fee structure.

Results by business segment are as follows:

Parking Business

At new properties, the Group, as it had done in the first quarter, sought to develop highly profitable parking through operation proposal marketing and community-based attentive marketing activities to companies that hold parking facilities, aiming to help them achieve early profitability. The Group also focused on the expansion and promotion of use of Times BUSINESS CARD (credit card for exclusive use by corporate customers). In addition, it moved forward with the installation of new Times Tower payment machines that support diverse payment methods and worked to enhance the Times PAY cashless payment service, which is part of the business that supports stores operating around Times PARKING sites from the perspectives of customer attraction and business. The Group is in the process of strengthening the profitability of parking by enhancing customer such as our member organization Times CLUB convenience and promoting the establishment of community networks. It is also gradually replacing Times PARKING signboards with ones featuring the new service logo as a result of the corporate identity renewal implemented.

As a result, in the first nine months of the consolidated fiscal year under review, the numbers of Times PARKING sites and spaces managed were 18,437, rose 4.8% from the end of the previous fiscal year, and 594,223, rose 2.3%, respectively. The total number of parking sites managed, including monthly parking and facility management services, rose 4.5% from the end of the previous fiscal year, to 19,840, and the total number of parking spaces managed increased 2.5%, to 742,481.

Net sales in this segment (including intersegment sales) stood at 122,950 million yen (up 5.7% year on year), and operating profit amounted to 20,427 million yen (up 4.8% year on year).

Parking Business Oversea

As it had done in the first quarter, the Group strengthened its business foundation to establish a new system that enables it to implement growth strategies, by not only improving the governance system and IT environment in each country and region, but also through other initiatives such as the strengthening of sales personnel and improvement

of the parking operation system. In addition, the Group is in the process of integrating technologies and know-how cultivated in Japan with those of other countries on parking facility management on a step-by-step basis and working to maximize the profitability of its overseas parking facilities.

As a result, the numbers of overseas parking sites and spaces managed at the end of the term under review were 2,595, rose 5.6% from the end of the previous fiscal year, and 663,621, rose 2.5%, respectively, and the total numbers of parking sites and parking spaces managed worldwide include Japan were 22,435, rose 4.7% from the end of the previous fiscal year and 1,406,102, rose 2.5%, respectively.

Net sales in this segment (including intersegment sales) stood at 49,474 million yen (up 3.0% year on year), and operating loss was 1,198 million yen (operating loss on same period of last year was 418 million yen).

Mobility Business

In the rental car segment, it implemented the renewal of foreign language-based reservation websites to meet growing inbound demand and strengthened the "Pitto Go DELIVERY" rent-a-car delivery service using cars equipped with in-vehicle devices.

In the car sharing service segment, the Group aggressively deployed vehicles and sought to expand services for corporate customers. In addition, the Group has been creating an environment where people can move without stress, through a range of initiatives such as an increase in the placement of vehicles in transport hubs such as stations served by the shinkansen and major stations in a variety of regions, and development of tourism promotion-oriented car sharing in collaboration with governments and railway companies.

Moreover, the Group is pursuing initiatives to shift to a more convenient and comfortable mobility environment and meet all mobility needs. Specifically, the Group has been working on environmental improvements for achieving travel via optimal means that suit the purposes of customers by expanding "Times CAR," a new form of mobility service that combines the strengths of the unattended car sharing service with the manned rent-a-car service.

As a result, the number of stations at the end of the first Three Quarters under review was 12,321 and the number of vehicles distributed was 25,899 units (up 8.9% and 10.5% respectively in comparison to the end of the previous fiscal year), and the number of car sharing members also increased 13.3% from the end of the year, to 1,245,671.

As a result, the total number of vehicles in the Mobility Business segment at the end of the first Three Quarters under review rose 14.2% from the end of the previous fiscal year, to 62,352 (the total number of rental car vehicle was 36,453). Net sales in the segment (including intersegment sales) reached 60,463 million yen (up 16.5% year on year). And operating profit was 4,566 million yen (up 32.5% year on year).

(2) Qualitative data on the consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first nine months of the fiscal year under review increased 8,308 million yen from the end of the previous fiscal year, to 291,479 million yen. The main changes in assets were increases in buildings and structures of 13,734 million yen, notes and accounts receivable of 4,695 million yen and a decrease in cash and deposits of 11,616 million yen, goodwill of 4,865 million yen.

Total liabilities increased 14,736 million yen, to 203,061 million yen. The main increases were rises in non-current liabilities including long-term loans payable of 9,249 million yen and current liabilities including short-term loans payable of 5,486 million yen.

Net assets fell 6,428 million yen, to 88,418 million yen, mainly reflecting an increase of 7,805 million yen due to the posting of profit attributable to owners of parent, a decrease of 3,765 million yen in foreign currency translation adjustments, and a decrease of 10,823 million yen due to dividend payments out of retained earnings.

(ii) Cash flow condition

The balance of cash and cash equivalents at the end of the first nine months of the fiscal year under review decrease 11,593 million yen from the end of the previous year, to 18,192 million yen.

The cash flow situation by category for the first six months of the fiscal year under review was as follows.

(Net cash from operating activities)

Net cash provided by operating activities decreased 5,036 million yen year on year, to 28,314 million yen. This chiefly reflected the total of depreciation and amortization and income before income taxes of 35,965 million yen as well as income taxes paid of 8,813 million yen.

(Net cash from investing activities)

Net cash used in investing activities was 39,838 million yen (cash outflows increased 14,801 million yen year on year). This was mainly due to purchases of property, plant and equipment of 35,236 million yen associated with the opening of Times PARKING facilities and acquisition of vehicles for service, as well as long-term prepaid expenses of 3,101 million yen.

(Net cash from financing activities)

Net cash provided by financing activities was 365 million yen (cash inflow decreased 1,063 million yen year on

year). This was attributable to a net increase in short-term loans payable of 3,087 million yen, the borrowing of long-term loan payable of 15,000 million yen and dividends paid of 10,818 million yen.

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

The consolidated earnings forecasts for the fiscal year ending October 31, 2019 have not been changed from the figures announced on December 17, 2018 in the Consolidated Financial Report for the Fiscal Year Ended October 31, 2018.

2. Consolidated Financial Statements and Notes

(1) Consolidated balance sheet

(Unit: million yen)

	As of October 31, 2018 Fiscal 2018 Summary	As of July 31, 2019 Q3 of Fiscal 2019
Assets		
Current assets		
Cash and deposits	30,081	18,464
Notes and accounts receivable - trade	15,584	20,280
Inventories	1,592	1,596
Other	25,271	30,037
Allowance for doubtful accounts	(218)	(213)
Total current assets	72,311	70,165
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,609	32,343
Machinery, equipment and vehicles, net	51,948	58,554
Land	24,764	25,774
Leased assets, net	17,451	16,787
Other, net	14,842	10,242
Total property, plant and equipment	127,616	143,703
Intangible assets		
Goodwill	42,331	37,466
Contract-based intangible assets	18,148	16,153
Other	2,946	3,287
Total intangible assets	63,426	56,908
Investments and other assets		
Other	19,816	20,702
Total investments and other assets	19,816	20,702
Total non-current assets	210,859	221,314
Total assets	283,171	291,479
Liabilities		
Current liabilities		
Notes and accounts payable - trade	518	1,585
Short-term loans payable	8,555	13,582
Income taxes payable	5,641	1,661
Provision for bonuses	2,283	1,213
Other	46,908	51,352
Total current liabilities	63,907	69,394
Non-current liabilities		
Bonds with share acquisition rights	35,000	35,000
Long-term loans payable	64,849	74,134
Net defined benefit liability	201	205
Asset retirement obligations	5,664	7,690
Deferred tax liabilities	3,338	2,843
Other	15,362	13,792
Total non-current liabilities	124,416	133,666
Total liabilities	188,324	203,061
Net assets		
Shareholders' equity		
Capital stock	19,754	20,072
Capital surplus	15,341	15,659
Retained earnings	61,480	58,429
Treasury shares	(2)	(2)
Total shareholders' equity	96,573	94,159

	As of October 31, 2018 Fiscal 2018 Summary	As of July 31, 2019 Q3 of Fiscal 2019
Accumulated other comprehensive income		
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110	134
Deferred gains or losses on hedges	(52)	(155)
Revaluation reserve for land	(1,052)	(1,052)
Foreign currency translation adjustment	(148)	(3,913)
Remeasurements of defined benefit plans	(1,110)	(1,068)
Total accumulated other comprehensive income	(2,252)	(6,055)
Share acquisition rights	251	161
Non-controlling interests	275	153
Total net assets	94,847	88,418
Total liabilities and net assets	283,171	291,479

(2) Consolidated statements of profit and loss, and comprehensive income
(Consolidated statement of profit and loss First Three Quarter of Fiscal 2019)

	(Unit: million yen)	
	First nine months period of previous fiscal year (November 1,2017- July 31,2018)	First nine months period of fiscal year (November 1,2018- July 31,2019)
Net sales	216,030	232,614
Cost of sales	164,896	177,302
Gross profit	51,133	55,312
Selling, general and administrative expenses	36,044	40,692
Operating profit	15,088	14,620
Non-operating income		
Interest income	2	8
Dividend income	8	8
Share of profit of entities accounted for using equity	—	1
Penalty income charged to customers for cancellation of parking facilities	113	—
Void ticket	154	144
Foreign exchange gains	4	1
Other	467	185
Total non-operating income	750	349
Non-operating expenses		
Interest expenses	622	538
Share of loss of entities accounted for using equity	20	—
Expencc incurred for evacuation of parking facilities	319	324
Other	165	150
Total non-operating expenses	1,127	1,012
Recurring profit	14,712	13,956
Extraordinary losses		
Loss on retirement of non-current assets	8	32
Loss on valuation of investment securities	251	—
Head office transfer cost	—	677
Expense for changing brand	—	378
Total extraordinary losses	259	1,088
Profit before income taxes	14,452	12,868
Income taxes - current	4,989	4,875
Income taxes - deferred	153	38
Total income taxes	5,143	4,913
Profit	9,309	7,954
Profit attributable to non-controlling interests	245	149
Profit attributable to owners of parent	9,063	7,805

(Consolidated statement of comprehensive income First half of Fiscal 2019)

(Unit: million yen)

	First six months period of previous fiscal year (November 1,2017- July 31,2018)	First six months period of fiscal year (November 1,2018- July 31,2019)
Profit	9,309	7,954
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	23
Deferred gains or losses on hedges	4	(103)
Foreign currency translation adjustment	(2,001)	(3,654)
Remeasurements of defined benefit plans, net of tax	420	41
Share of other comprehensive income of entities accounted for using equity method	(20)	(103)
Total other comprehensive income	(1,625)	(3,795)
Comprehensive income	7,684	4,159
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,443	4,009
Comprehensive income attributable to non-controlling interests	240	149

(3) Consolidated statement of cash flows

(Unit: million yen)

	First nine months period of previous fiscal year (November 1,2017- July 31,2018)	First nine months period of fiscal year (November 1,2018- July 31,2019)
Cash flows from operating activities		
Profit before income taxes	14,452	12,868
Depreciation	21,592	23,096
Amortization of goodwill	1,830	1,740
Interest and dividend income	(10)	(17)
Interest expenses	622	538
Loss on retirement of non-current assets	8	32
Head office transfer cost	—	677
Expense for changing brand	—	378
Loss (gain) on valuation of investment securities	251	—
Decrease (increase) in notes and accounts receivable - trade	(1,618)	(4,905)
Decrease (increase) in inventories	4,222	4,991
Increase (decrease) in notes and accounts payable - trade	(117)	1,072
Loss (gain) on sales of non-current assets	—	5
Decrease (increase) in accounts receivable - other	(688)	(1,456)
Decrease (increase) in prepaid expenses	(1,551)	(1,885)
Increase (decrease) in accounts payable - other	2,871	814
Increase (decrease) in accrued expenses	93	576
Increase (decrease) in notes payable-facilities	(81)	657
Other, net	(1,224)	(1,579)
Subtotal	40,653	37,605
Interest and dividend income received	10	17
Interest expenses paid	(583)	(494)
Income taxes paid	(6,730)	(8,813)
Net cash provided by (used in) operating activities	33,351	28,314
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	(21,410)	(35,236)
Proceeds from sales of property, plant and equipment	10	11
Purchase of intangible assets	(719)	(1,112)
Purchase of long-term prepaid expenses	(2,847)	(3,101)
Payments for investments in capital	—	(169)
Other, net	(70)	(229)
Net cash provided by (used in) investing activities	(25,037)	(39,838)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,833)	3,087
Proceeds from long-term loans payable	27,063	15,000
Repayments of long-term loans payable	(3,360)	(2,695)

(Unit: million yen)

	First nine months period of previous fiscal year (November 1,2017- July 31,2018)	First nine months period of fiscal year (November 1,2018- July 31,2019)
Repayments of lease obligations	(4,259)	(4,479)
Proceeds from issuance of common shares	171	525
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(10,272)	(10,818)
Dividends paid to non-controlling interests	(187)	(253)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,890)	—
Net cash provided by (used in) financing activities	1,429	365
Effect of exchange rate change on cash and cash equivalents	(198)	(435)
Net increase (decrease) in cash and cash equivalents	9,544	(11,593)
Cash and cash equivalents at beginning of period	17,775	29,785
Cash and cash equivalents at end of period	27,319	18,192

(4) Matters Related to Summary Information (Notes)

[Note on going concern assumptions]

Not applicable.

[Additional Information]

The PARK24 GROUP has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Corporate Accounting Standard No. 28 of February 16, 2018) and others from the beginning of the first quarter of the fiscal year under review and reported deferred tax assets in Investments and other assets and deferred tax liabilities in Non-current liabilities.

[Segment information]

I. First Three Quarters of fiscal 2018 (from November 1, 2017 to July 31, 2018)

Information on sales and profits or losses by reported segment

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit and loss statement (Note) 3
	Parking Business	Parking Business Overseas (Note)1	Mobility Business	Total		
Sales						
Sales to external customers	116,151	48,036	51,842	216,030	—	216,030
Internal sales or amount of transfer between segments	142	—	69	212	(212)	—
Total	116,293	48,036	51,912	216,242	(212)	216,030
Segment profit (loss)	19,482	(418)	3,445	22,510	(7,421)	15,088

(Note) 1. The segment loss of 418 million yen in Parking Business Overseas includes an amortization of goodwill of 1,705 million yen.

2. An adjustment of minus 7,421 million yen in segment loss includes an amortization of goodwill of 115 million yen and Company-wide expenses of 7,306 million yen. Company-wide expenses are mainly expenses that do not belong to either of the reported segments. Those expenses relate to the administrative division, including the general affairs department.

3. Segment profit (loss) is adjusted in accordance with operating income in the consolidated profit and loss statement.

4. Segment profits are based on values after reflecting the important review of the amount of acquisition cost allocated to the Company as a result of confirming the provisional accounting of the business combination.

II. First Three Quarters of fiscal 2019 (from November 1, 2018 to July 31, 2019)

Information on sales and profits or losses by reported segment

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit and loss statement (Note) 3
	Parking Business	Parking Business Overseas (Note) 1	Mobility Business	Total		
Sales						
Sales to external customers	122,763	49,474	60,376	232,614	—	232,614
Internal sales or amount of transfer between segments	186	—	86	273	(273)	—
Total	122,950	49,474	60,463	232,888	(273)	232,614
Segment profit (loss)	20,427	(1,198)	4,566	23,795	(9,175)	14,620

(Note) 1 The segment loss of 1,198 million yen in Parking Business Overseas includes an amortization of goodwill of 1,663 million yen.

2 An adjustment of minus 9,175 million yen in segment loss includes an amortization of goodwill of 77

million yen, and Company-wide expenses of 9,097 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 income in the consolidated profit and loss statement.

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

Not applicable.