

# Consolidated Financial Report for the Nine Months of the Fiscal Year Ending October 31, 2020 (Japanese GAAP)

September 15, 2020

|                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company name: PARK24 Co., Ltd.<br>Code number: 4666<br>Representative: Koichi Nishikawa, President<br>Inquiries: Kenichi Sasaki, Director, Senior Executive Corporate Officer | Stock listing: TSE1<br>URL : <a href="https://www.park24.co.jp/en">https://www.park24.co.jp/en</a><br>TEL : +81-3-3491-8924<br>Scheduled day of submission of securities report : September 15, 2020<br>Scheduled day of commencing dividend payment : –<br>Preparation of Supplementary Financial Data for Quarterly Financial Results : Yes<br>Information meeting for quarterly financial results to be held : Yes, only Japanese (For institutional investors and analysts) |
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(Figures are rounded down to the nearest one million yen)

## 1. Overview of the Nine Months of Fiscal Year Ending October 31, 2020 (November 1, 2019 – July 31, 2020)

### (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 |       |
|---------------------------------|-------------|-------|------------------|------|------------------|------|-----------------------------------------|-------|
|                                 | Million yen | %     | Million yen      | %    | Million yen      | %    | Million yen                             | %     |
| Nine months ended July 31, 2020 | 200,436     | -13.8 | -11,825          | –    | -12,822          | –    | -12,233                                 | –     |
| Nine months ended July 31, 2019 | 232,614     | 7.7   | 14,620           | -3.1 | 13,956           | -5.1 | 7,805                                   | -13.9 |

(Note) Comprehensive income: Term ended July 31, 2020: -12,211 million yen (–)  
Term ended July 31, 2019: 4,159 million yen (-45.9%)

|                                 | Net income per share | Net income per share after dilution |
|---------------------------------|----------------------|-------------------------------------|
|                                 | Yen                  | Yen                                 |
| Nine months ended July 31, 2020 | -79.19               | –                                   |
| Nine months ended July 31, 2019 | 50.44                | 47.58                               |

(Note) Net income per share after dilution for the nine months ended July 31, 2020 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, 2020    | 326,955      | 64,514      | 19.7         |
| As of October 31, 2019 | 293,097      | 90,791      | 30.8         |

(Reference) Shareholders' equity: As of July 31, 2020: 64,279million yen  
As of October 31, 2019: 90,407million 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 2019             | –                  | 0.00      | –         | 70.00       | 70.00  |
| Fiscal 2020             | –                  | 0.00      | –         |             |        |
| Fiscal 2020 (forecasts) |                    |           |           | 0.00        | 0.00   |

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

### 3. Consolidated Forecasts for the Fiscal Year ending October 31, 2020 (November 1, 2019 - October 31, 2020)

(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 | 263,000     | -17.1 | -24,200          | — | -25,000          | — | -25,500                                 | —                    |
|           |             |       |                  |   |                  |   |                                         | -164.94              |

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

#### \*Notes

(1) Changes in significant subsidiaries during the period : No

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

(3) Changes in accounting policies, accounting estimates or restatements

- 1) Changes associated with the revision of accounting principles, etc. : Yes
- 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) | Nine Months ended July 2020 | 155,016,369 shares | Fiscal year ended October 2019 | 154,974,269 shares |
| 2) Number of treasury stock at the end of the term                           | Nine Months ended July 2020 | 528,203 shares     | Fiscal year ended October 2019 | 528,203 shares     |
| 3) Average number of shares during the term (consolidated cumulative period) | Nine Months ended July 2020 | 154,475,915 shares | Nine Months ended July 2019    | 154,747,257 shares |

**\* This quarterly financial results reports are not required to be subjected to quarterly reviews.**

**\* 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 “(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, 2020 (November 1, 2019 to July 31, 2020), the Japanese economy remained on a moderate recovery path on the back of strong corporate earnings and a better employment environment, experienced a sharp downturn in economic activity due to the COVID-19 pandemic ("COVID-19"). Overseas, the global economy continued to be unpredictable as COVID-19 continued to spread without any signs of ending.

In this environment, the PARK24 GROUP companies (the "Group") sought to expand the four networks of people (members), cars (mobility), communities (destinations) and parking and to create new services that connect those networks seamlessly, in pursuit of the Group philosophy, "We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow". However, the operating environment remains extremely challenging this fiscal year due to COVID-19.

The Group is taking steps to ensure business continuity based on its policies to "protect customer safety," "protect employee safety" and "fulfil our mission as a transportation infrastructure company." To this end, it has been reviewing costs and selling, general and administrative expenses within the Group to the maximum extent possible and curbing non-essential investment as part of the measures to recover lost ground, while simultaneously expanding each business as much as possible.

To sum up, during the first quarter of the consolidated fiscal year under review, the Group performed solidly. During the second quarter, however, its businesses were seriously affected as a result of a massive decline in the movement of people to prevent the spread of COVID-19. Moving into the third quarter, the Group saw signs of a gradual recovery in its businesses in Japan and overseas, reflecting the bottoming out of the impact of COVID-19.

As a result, in the first nine months of the consolidated fiscal year under review, the Group posted net sales of 200,436 million yen (down 13.8% year on year), an operating loss of 11,825 million yen (operating profit of 14,620 million yen in the same period of the previous year), and a recurring loss of 12,822 million yen (recurring profit of 13,956 million yen in the same period of the previous year), and loss attributable to owners of parent stood at 12,233 million yen (profit attributable to owners of parent of 7,805 million yen in the same period of the previous year).

Results by business segment are as follows:

#### **Parking Business Japan**

The changes in parking rates introduced in response to the consumption tax hike last year were gradually phased in and net sales also held firm. However, from around February onwards, parking site operations started being impacted as people stayed at home and businesses scaled back their operating activities to prevent the spread of COVID-19 and this impact worsened after the government's declaration of a state of emergency in April. Subsequently, the movement of people recovered steadily from late May, when the state of emergency was lifted, until late June, and parking site operations also showed signs of recovery. However, the pace of recovery slowed down slightly in July. This was mainly because the number of cases rose again nationwide and local governments raised alert levels with a request for self-restraint on movement.

In view of this situation, the Group curbed costs mainly by the cancellation of unprofitable sites and further improving the efficiency of parking facility management and maintenance. In terms of new development, the Group focused on the development of parking which would be profitable even under these conditions.

As a result, in the first nine months of the consolidated fiscal year under review, the numbers of Times PARKING sites and parking spaces managed were 19,361, +2.4% from the end of the previous fiscal year, and 610,171, +1.0%, respectively. The total number of parking sites managed, including monthly parking and facility management services, rose 2.1% from the end of the previous fiscal year, to 20,757, and the total number of parking spaces managed increased 0.7%, to 761,367. Net sales in this segment (including intersegment sales) stood at 116,388 million yen (-5.3% year on year), and operating profit amounted to 9,599 million yen (-53.0%).

### **Parking Business Overseas**

The impact of COVID-19 in the countries in which the Group operates started being felt in Asia (Singapore, Malaysia, Taiwan and South Korea) from around February, and in Oceania and Europe (Australia and UK) from around March and the lockdowns and restrictions enforced by governments in some countries had a huge impact on parking site operations around the world. Parking site operation recovered gradually from May, reflecting the step-by-step relaxation of restrictions. However, operations remained at low levels because the movement of people did not increase. In view of this situation, the Group implemented a range of measures similar to those taken in Japan, including the cancellation of unprofitable sites and increasing the efficiency of parking facility management and maintenance.

As a result, the numbers of overseas parking sites and parking spaces managed at the end of the term under review were 2,813, +6.9% from the end of the previous fiscal year, and 694,311, +4.3%, respectively, and the total numbers of parking sites and parking spaces managed worldwide were 23,570, +2.6% from the end of the previous fiscal year and 1,455,678, +2.4%, respectively. Net sales in this segment (including intersegment sales) was 35,669 million yen (-27.9% year on year). Operating loss was 8,570 million yen (1,198 million yen in the same period of the previous year).

\*The results of parking business overseas for the first nine months of the consolidated fiscal year under review are the results of overseas consolidated subsidiaries for the period from October 1, 2019 to June 30, 2020.

### **Mobility Business**

Measures to curb the spread of COVID-19 affected Car Rental services by causing a slump in tourism demand in addition to a significant decline in inbound demand associated with entry restrictions on overseas travelers imposed on late January. The measures, including calls for self-restraint on travelling, which started to occur in around February, impacted Car Sharing services. As a result, the number of rentals decreased sharply in these services, although it started to pick up after hitting bottom in May. In particular, Car Rental services suffered a significant decline in the number of users. The Group sought to reduce its fleet of vehicles to a reasonable level in line with demand. In Car Sharing services, the number of members rose steadily and the number of users recovered as expected, resulting in increases in net sales and net sales per unit in July from the levels in the same month of the previous year. The Group also stepped up promotion of the "Times CAR" service (combining Car Rental and Car Sharing services), which went into full-scale operation this fiscal year, and implemented initiatives to curb costs while at the same time efficiently increasing utilization of every single vehicle.

As a result, the total number of vehicles in the Mobility Business as a whole at the end of the first nine months under review was 45,261 units, down 21.6% from the end of the previous fiscal year (of which, the number of vehicles in the Car Sharing service was 27,469 units, +1.4% year on year). The net sales of this business (including intersegment net sales) were 52,114 million yen, down 13.8% year on year, and the operating loss was 3,078 million yen (4,566 million yen in the same period of previous year). In addition, the transfer of business from TIMES24 CO.,

LTD., which is a subsidiary of the Company, to TIMES MOBILITY CO., LTD., which is also a subsidiary of the Company, gave rise to intersegment transactions between the Parking Business Japan and Mobility Business segments.

## (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 33,858 million yen from the end of the previous fiscal year, to 326,955 million yen. The main changes in assets were increases of right-of-use assets of 31,151 million yen and cash and deposits of 18,040 million yen and decreases of machinery, equipment and vehicles of 12,911 million yen, notes and other current assets including accounts receivable-other of 2,609 million yen.

Total liabilities increased 60,135 million yen, to 262,440 million yen. The main changes in liabilities were increases of lease obligations of 31,961 million yen and short-term and long-term borrowings of 36,457 million yen, and a decrease of income taxes payable of 4,365 million yen.

Net assets fell 26,276 million yen, to 64,514 million yen as a result of a decrease of 12,233 million yen due to the posting of a loss attributable to owners of parent and a decrease of 10,811 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 under review increased 18,002 million yen from the end of the previous consolidated fiscal year, to 42,667 million yen.

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

#### (Net cash from operating activities)

Net cash provided by operating activities decreased 8,127 million yen year on year, to 20,187 million yen. This primarily reflected Income taxes paid of 4,057 million yen, which offset proceeds from the total of depreciation and amortization and profit before income taxes of 14,605 million yen, a decrease of inventories of 5,302 million yen, an increase in accounts receivable of 2,469 million yen, and a decrease in trade receivables of 1,035 million yen.

#### (Net cash from investing activities)

Net cash used in investing activities decreased 22,118 million yen year on year, to 17,719 million yen. This was chiefly attributable to the expenditure of 14,783 million yen for the purchase of property, plant and equipment associated with the opening of Times PARKING facilities and the purchase of vehicles for service, and the purchase of long-term prepaid expenses of 1,983 million yen.

#### (Net cash from financing activities)

Net cash provided by financing activities was 15,503 million yen (cash increased 15,137 million yen year on year). This was largely a result of repayments of lease obligations of 10,199 million yen and dividend payments of 10,816 million yen, which offset proceeds from long-term borrowings of 29,177 million yen.

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

The consolidated earnings forecasts for the fiscal year ending October 31, 2020 have not been changed from The figures announced on June 15, 2020 in the Consolidated Financial Report for the Fiscal Year Ended October 31, 2020.

#### (4) Business risks related to COVID-19

##### (i) Risk of deterioration in the Group's financial position due to decreased demand

Regarding the consolidated earnings forecasts for the fiscal year ending October 31, 2020, the Company preliminarily calculated the impact of COVID-19 on its business performance, based on the assumption that business would be impacted by the infection but would gradually recover towards the end of the fiscal year ending October 31, 2020. However, there are many uncertainties in the assumptions used for the estimates. The Group's financial condition, results of operations and cash-flow situation may be affected by the time that it takes for COVID-19 to be contained and changes in the impact on economic conditions.

In such circumstances, the Group will endeavor to minimize the decline in earnings by continuing to implement countermeasures such as developing carefully selected parking facilities, improving productivity and reducing costs.

##### (ii) Risk of transmission among customers

The Group's mobility services are Car Sharing services. Consequently, to reduce the risk of transmission among customers, employees regularly deep clean the insides of vehicles with disinfectant and put disinfectant sprays inside vehicles so that customers can also disinfect the inside of vehicles themselves. However, if a customer who uses the Company's services catches the virus, the Group's business performance may be impacted as others increasingly tend to avoid using the Company's services.

##### (iii) Risk of transmission among employees and business continuity risk

To ensure the health and safety of employees working at each site, the Group aims to reduce employees working onsite appropriately and has put in place systems to enable employees to stagger their working hours or work from home. The Group is also endeavoring to reduce unnecessary movement and contact by changing ways of working and conducting meetings online or via telephone. However, if an employee catches the virus or the virus spreads throughout the company through contact between employees, the Group may need to take action such as closing sites or partially suspending business operations.

##### (iv) Risk of demand collapse and default due to deterioration in the financial situation of customers

If the Group's customers struggle to continue operating after their financial situation deteriorates due to COVID-19, the Group may lose previously stable business and may also struggle to recover receivables from these customers.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated balance sheet

(Unit: million yen)

|                                        | As of<br>October 31, 2019 | As of<br>July 31, 2020 |
|----------------------------------------|---------------------------|------------------------|
| <b>Assets</b>                          |                           |                        |
| Current assets                         |                           |                        |
| Cash and deposits                      | 24,881                    | 42,922                 |
| Notes and accounts receivable - trade  | 18,175                    | 17,147                 |
| Inventories                            | 1,590                     | 6,340                  |
| Other                                  | 30,163                    | 27,553                 |
| Allowance for doubtful accounts        | -198                      | -206                   |
| Total current assets                   | 74,611                    | 93,755                 |
| Non-current assets                     |                           |                        |
| Property, plant and equipment          |                           |                        |
| Buildings and structures, net          | 33,783                    | 33,640                 |
| Machinery, equipment and vehicles, net | 55,803                    | 42,891                 |
| Land                                   | 25,888                    | 26,262                 |
| Leased assets, net                     | 17,049                    | 14,684                 |
| Right of use assets, net               | —                         | 31,151                 |
| Other, net                             | 10,089                    | 10,437                 |
| Total property, plant and equipment    | 142,615                   | 159,068                |
| Intangible assets                      |                           |                        |
| Goodwill                               | 37,377                    | 35,797                 |
| Contract-based intangible assets       | 13,739                    | 13,271                 |
| Other                                  | 3,624                     | 4,435                  |
| Total intangible assets                | 54,741                    | 53,504                 |
| Investments and other assets           |                           |                        |
| Other                                  | 21,129                    | 20,627                 |
| Total investments and other assets     | 21,129                    | 20,627                 |
| Total non-current assets               | 218,485                   | 233,199                |
| Total assets                           | 293,097                   | 326,955                |
| <b>Liabilities</b>                     |                           |                        |
| Current liabilities                    |                           |                        |
| Notes and accounts payable - trade     | 819                       | 447                    |
| Short-term borrowings                  | 18,078                    | 32,451                 |
| Lease obligations                      | 5,385                     | 12,794                 |
| Income taxes payable                   | 4,395                     | 30                     |
| Provision for bonuses                  | 2,318                     | 633                    |
| Other                                  | 40,224                    | 38,384                 |
| Total current liabilities              | 71,222                    | 84,741                 |
| Non-current liabilities                |                           |                        |
| Bonds with share acquisition rights    | 35,000                    | 35,000                 |
| Long-term borrowings                   | 70,698                    | 92,783                 |
| Lease obligations                      | 10,217                    | 34,769                 |
| Retirement benefit liability           | 385                       | 76                     |
| Asset retirement obligations           | 8,779                     | 8,867                  |
| Deferred tax liabilities               | 2,393                     | 2,332                  |
| Other                                  | 3,608                     | 3,870                  |
| Total non-current liabilities          | 131,082                   | 177,698                |
| Total liabilities                      | 202,305                   | 262,440                |

(Unit: million yen)

|                                                       | As of<br>October 31, 2019 | As of<br>July 31, 2020 |
|-------------------------------------------------------|---------------------------|------------------------|
| Net assets                                            |                           |                        |
| Shareholders' equity                                  |                           |                        |
| Share capital                                         | 20,087                    | 20,134                 |
| Capital surplus                                       | 15,674                    | 15,721                 |
| Retained earnings                                     | 63,004                    | 36,610                 |
| Treasury shares                                       | -1,255                    | -1,255                 |
| Total shareholders' equity                            | 97,511                    | 71,211                 |
| Accumulated other comprehensive income                |                           |                        |
| Valuation difference on available-for-sale securities | 140                       | 85                     |
| Deferred gains or losses on hedges                    | -143                      | -142                   |
| Revaluation reserve for land                          | -1,052                    | -1,035                 |
| Foreign currency translation adjustment               | -4,883                    | -4,830                 |
| Remeasurements of defined benefit plans               | -1,163                    | -1,009                 |
| Total accumulated other comprehensive income          | -7,103                    | -6,931                 |
| Share acquisition rights                              | 163                       | 157                    |
| Non-controlling interests                             | 220                       | 77                     |
| Total net assets                                      | 90,791                    | 64,514                 |
| Total liabilities and net assets                      | 293,097                   | 326,955                |

(2) Consolidated statements of profit and loss, and comprehensive income  
(Consolidated statement of profit and loss Nine Months of Fiscal 2020)

|                                                                            | (Unit: million yen)                                                        |                                                                            |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
|                                                                            | Nine months ended<br>July 31, 2019<br>(November 1, 2018-<br>July 31, 2019) | Nine months ended<br>July 31, 2020<br>(November 1, 2019-<br>July 31, 2020) |
| Net sales                                                                  | 232,614                                                                    | 200,436                                                                    |
| Cost of sales                                                              | 177,302                                                                    | 173,903                                                                    |
| Gross profit                                                               | 55,312                                                                     | 26,532                                                                     |
| Selling, general and administrative expenses                               | 40,692                                                                     | 38,358                                                                     |
| Operating profit (loss)                                                    | 14,620                                                                     | -11,825                                                                    |
| Non-operating income                                                       |                                                                            |                                                                            |
| Interest income                                                            | 8                                                                          | 8                                                                          |
| Dividend income                                                            | 8                                                                          | 9                                                                          |
| Share of profit of entities accounted for using equity method              | 1                                                                          | —                                                                          |
| Penalty income charged to customers for cancellation of parking facilities | —                                                                          | 118                                                                        |
| Void ticket                                                                | 144                                                                        | 177                                                                        |
| Government subsidy related to cashlessness                                 | —                                                                          | 233                                                                        |
| Government subsidy for labor costs                                         | —                                                                          | 702                                                                        |
| Foreign exchange gains                                                     | 1                                                                          | —                                                                          |
| Other                                                                      | 185                                                                        | 249                                                                        |
| Total non-operating income                                                 | 349                                                                        | 1,499                                                                      |
| Non-operating expenses                                                     |                                                                            |                                                                            |
| Interest expenses                                                          | 538                                                                        | 1,318                                                                      |
| Share of loss of entities accounted for using equity method                | —                                                                          | 220                                                                        |
| Expense incurred for evacuation of parking facilities                      | 324                                                                        | 348                                                                        |
| Foreign exchange losses                                                    | —                                                                          | 16                                                                         |
| Depreciation                                                               | —                                                                          | 418                                                                        |
| Other                                                                      | 150                                                                        | 173                                                                        |
| Total non-operating expenses                                               | 1,012                                                                      | 2,496                                                                      |
| Recurring profit (loss)                                                    | 13,956                                                                     | -12,822                                                                    |
| Extraordinary income                                                       |                                                                            |                                                                            |
| Gain on sales of non-current assets                                        | —                                                                          | 15                                                                         |
| Total extraordinary income                                                 | —                                                                          | 15                                                                         |
| Extraordinary losses                                                       |                                                                            |                                                                            |
| Loss on retirement of non-current assets                                   | 32                                                                         | 185                                                                        |
| Impairment loss                                                            | —                                                                          | 74                                                                         |
| Head office relocation expenses                                            | 677                                                                        | —                                                                          |
| Expense for changing brand                                                 | 378                                                                        | —                                                                          |
| Loss on temporary closure                                                  | —                                                                          | 665                                                                        |
| Business restructuring expenses                                            | —                                                                          | 126                                                                        |
| Total extraordinary losses                                                 | 1,088                                                                      | 1,051                                                                      |
| Profit (loss) before income taxes                                          | 12,868                                                                     | -13,857                                                                    |
| Income taxes - current                                                     | 4,875                                                                      | 171                                                                        |
| Income taxes - deferred                                                    | 38                                                                         | -1,647                                                                     |
| Total income taxes                                                         | 4,913                                                                      | -1,475                                                                     |
| Profit (loss)                                                              | 7,954                                                                      | -12,382                                                                    |
| Profit (loss) attributable to non-controlling interests                    | 149                                                                        | -148                                                                       |
| Profit (loss) attributable to owners of parent                             | 7,805                                                                      | -12,233                                                                    |

## (Consolidated statement of comprehensive income Nine Months of Fiscal 2020)

|                                                                                   | (Unit: million yen)                                                        |                                                                            |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
|                                                                                   | Nine months ended<br>July 31, 2019<br>(November 1, 2018-<br>July 31, 2019) | Nine months ended<br>July 31, 2020<br>(November 1, 2019-<br>July 31, 2020) |
| Profit (loss)                                                                     | 7,954                                                                      | -12,382                                                                    |
| Other comprehensive income                                                        |                                                                            |                                                                            |
| Valuation difference on available-for-sale securities                             | 23                                                                         | -54                                                                        |
| Deferred gains or losses on hedges                                                | -103                                                                       | 1                                                                          |
| Revaluation reserve for land                                                      | —                                                                          | 17                                                                         |
| Foreign currency translation adjustment                                           | -3,654                                                                     | 298                                                                        |
| Remeasurements of defined benefit plans, net of tax                               | 41                                                                         | 154                                                                        |
| Share of other comprehensive income of entities accounted for using equity method | -103                                                                       | -244                                                                       |
| Total other comprehensive income                                                  | -3,795                                                                     | 171                                                                        |
| Comprehensive income                                                              | 4,159                                                                      | -12,211                                                                    |
| Comprehensive income attributable to                                              |                                                                            |                                                                            |
| Comprehensive income attributable to owners of parent                             | 4,009                                                                      | -12,062                                                                    |
| Comprehensive income attributable to non-controlling interests                    | 149                                                                        | -148                                                                       |

## (3) Consolidated statement of cash flows

(Unit: million yen)

|                                                             | Nine months ended<br>July 31, 2019<br>(November 1, 2018-<br>July 31, 2019) | Nine months ended<br>July 31, 2020<br>(November 1, 2019-<br>July 31, 2020) |
|-------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Cash flows from operating activities                        |                                                                            |                                                                            |
| Profit (loss) before income taxes                           | 12,868                                                                     | -13,857                                                                    |
| Depreciation                                                | 23,096                                                                     | 28,463                                                                     |
| Impairment loss                                             | —                                                                          | 74                                                                         |
| Amortization of goodwill                                    | 1,740                                                                      | 1,627                                                                      |
| Interest and dividend income                                | -17                                                                        | -17                                                                        |
| Interest expenses                                           | 538                                                                        | 1,318                                                                      |
| Loss (gain) on sales of non-current assets                  | 5                                                                          | -15                                                                        |
| Loss on retirement of non-current assets                    | 32                                                                         | 185                                                                        |
| Head office transfer cost                                   | 677                                                                        | —                                                                          |
| Expense for changing brand                                  | 378                                                                        | —                                                                          |
| Decrease (increase) in trade receivables                    | -4,905                                                                     | 1,035                                                                      |
| Decrease (increase) in inventories                          | 4,991                                                                      | 5,302                                                                      |
| Increase (decrease) in trade payables                       | 1,072                                                                      | -373                                                                       |
| Decrease (increase) in accounts receivable - other          | -1,456                                                                     | 893                                                                        |
| Decrease (increase) in prepaid expenses                     | -1,885                                                                     | 717                                                                        |
| Increase (decrease) in accounts payable - other             | 814                                                                        | 2,469                                                                      |
| Increase (decrease) in accrued expenses                     | 576                                                                        | -1,609                                                                     |
| Notes payable, facilities                                   | 657                                                                        | -1,095                                                                     |
| Other, net                                                  | -1,579                                                                     | 367                                                                        |
| Subtotal                                                    | 37,605                                                                     | 25,486                                                                     |
| Interest and dividends received                             | 17                                                                         | 17                                                                         |
| Interest paid                                               | -494                                                                       | -1,259                                                                     |
| Income taxes paid                                           | -8,813                                                                     | -4,057                                                                     |
| Net cash provided by (used in) operating activities         | 28,314                                                                     | 20,187                                                                     |
| 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                   | -35,236                                                                    | -14,783                                                                    |
| Proceeds from sales of property, plant and equipment        | 11                                                                         | 39                                                                         |
| Purchase of intangible assets                               | -1,112                                                                     | -1,336                                                                     |
| Purchase of long-term prepaid expenses                      | -3,101                                                                     | -1,983                                                                     |
| Payments for investments in capital                         | -169                                                                       | —                                                                          |
| Other, net                                                  | -229                                                                       | 343                                                                        |
| Net cash provided by (used in) investing activities         | -39,838                                                                    | -17,719                                                                    |
| Cash flows from financing activities                        |                                                                            |                                                                            |
| Net increase (decrease) in short-term borrowings            | 3,087                                                                      | 12,446                                                                     |
| Proceeds from long-term borrowings                          | 15,000                                                                     | 29,177                                                                     |
| Repayments of long-term borrowings                          | -2,695                                                                     | -5,173                                                                     |
| Repayments of lease obligations                             | -4,479                                                                     | -10,199                                                                    |
| Proceeds from issuance of shares                            | 525                                                                        | 69                                                                         |
| Dividends paid                                              | -0                                                                         | —                                                                          |
| Dividends paid to non-controlling interests                 | -10,818                                                                    | -10,816                                                                    |
| Net cash provided by (used in) financing activities         | -253                                                                       | —                                                                          |
| Net increase in short-term borrowings                       | 365                                                                        | 15,503                                                                     |
| Effect of exchange rate change on cash and cash equivalents | -435                                                                       | 31                                                                         |

|                                                      | (Unit: million yen)                                                        |                                                                            |
|------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
|                                                      | Nine months ended<br>July 31, 2019<br>(November 1, 2018-<br>July 31, 2019) | Nine months ended<br>July 31, 2020<br>(November 1, 2019-<br>July 31, 2020) |
| Net increase (decrease) in cash and cash equivalents | -11,593                                                                    | 18,002                                                                     |
| Cash and cash equivalents at beginning of period     | 29,785                                                                     | 24,664                                                                     |
| Cash and cash equivalents at end of period           | 18,192                                                                     | 42,667                                                                     |

#### (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.

[Changes in accounting policies]

Some foreign consolidated subsidiaries which apply IFRS applied IFRS 16 Leases starting from the first quarter of the fiscal year under review. Accordingly, a lessee is now required to recognize assets and liabilities arising from almost all lease transactions on its balance sheet. On application of this accounting standard, the transition option of recognizing the cumulative effect of initially applying the new standard at the date of initial application was adopted.

Application of this accounting standard resulted in increases of 31,151 million yen in right-of-use assets under property, plant and equipment, 7,819 million yen in lease obligations under current liabilities and 25,505 million yen in lease obligations under non-current liabilities in the consolidated balance sheets for the first nine months under review.

The impact of application on profit and loss for the first nine months under review is insignificant.

[Additional Information]

Amid the impact of COVID-19, voluntary self-restraint in leaving home and the scaling down of operating activities of businesses to prevent the spread of the infection began to affect businesses in Japan and overseas in the second quarter of the fiscal year under review. The Japanese government declared a national state of emergency, while governments of certain countries where the Group provides services have enforced lockdowns. As a result, rapid declines in parking site operations and the use of mobility services have affected the Group's recent performance, including decreased net sales.

Accordingly, the Group is reflecting accounting estimates based on certain assumptions such as judging the collectability of deferred tax assets and impairment loss, on bases of the assumed situation that its business would be affected by the infections but would gradually recover towards the end of the fiscal year ending October 31, 2020. There have been no material changes to the assumed situation stated in the second quarter quarterly report [Additional Information].

However, there are many uncertainties regarding the impact from the spread of COVID-19, and the Group's financial situation, results of operations and cash-flow situation may be affected in future.

(Segment information)

[Segment information]

I. First nine months of fiscal 2019 (from November 1, 2018 to July 31, 2019)

1. Information on sales and profits or losses by reported segment

(Unit: million yen)

|                                                          | Reported segments            |                                             |                      |         | Adjustment<br>(Note) 2 | Amount on<br>consolidated<br>profit and<br>loss<br>statement<br>(Note) 3 |
|----------------------------------------------------------|------------------------------|---------------------------------------------|----------------------|---------|------------------------|--------------------------------------------------------------------------|
|                                                          | Parking<br>Business<br>Japan | Parking<br>Business<br>Overseas<br>(Note) 1 | Mobility<br>Business | Total   |                        |                                                                          |
| Sales                                                    |                              |                                             |                      |         |                        |                                                                          |
| Sales to external customers                              | 122,763                      | 49,474                                      | 60,376               | 232,614 | —                      | 232,614                                                                  |
| Internal sales or amount of<br>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                                                                   |

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

2. An adjustment of minus 9,175 million yen in segment profit (loss) includes an amortization of goodwill of minus 77 million yen, and Company-wide expenses of minus 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 profit in the consolidated profit and loss statement.

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

Not applicable

II. First nine months of fiscal 2020 (from November 1, 2019 to July 31, 2020)

1. Information on sales and profits or losses by reported segment

(Unit: million yen)

|                                                          | Reported segments            |                                             |                      |         | Adjustment<br>(Note) 2 | Amount on<br>consolidated<br>profit and<br>loss<br>statement<br>(Note) 3 |
|----------------------------------------------------------|------------------------------|---------------------------------------------|----------------------|---------|------------------------|--------------------------------------------------------------------------|
|                                                          | Parking<br>Business<br>Japan | Parking<br>Business<br>Overseas<br>(Note) 1 | Mobility<br>Business | Total   |                        |                                                                          |
| Sales                                                    |                              |                                             |                      |         |                        |                                                                          |
| Sales to external customers                              | 112,751                      | 35,669                                      | 52,014               | 200,436 | —                      | 200,436                                                                  |
| Internal sales or amount of<br>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 minus 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 and loss statement.

4. During the first quarter of the fiscal year under review, 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

(Significant impairment loss for non-current assets)

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

The amount of the impairment loss recognized in the first nine months of the consolidated fiscal year under review is 74 million yen.