

SEMI-ANNUAL REPORT 2023

Six months ending April 30, 2023



PARK24 CO.,LTD.

Consolidated Financial Highlight (Unaudited)

For the six-month periods ended April 30, 2022 and 2023

Results	Millions of yen		Thousands of U.S. dollars*
	2022	2023	2023
For the period:			
Net sales	¥ 135,892	¥ 157,079	\$ 1,171,007
Gross profit	29,684	41,615	310,236
Operating profit	5,556	15,098	112,553
Recurring profit	3,949	11,493	85,679
Profit (loss) attributable to owners of parent	(631)	7,980	59,489
Capital investment	8,257	15,421	114,964
Depreciation and amortization	15,213	14,880	110,930
At end of the period:			
Total net assets	¥ 40,042*	¥ 49,593	\$ 369,710
Total assets	307,627*	310,420	2,314,148
Interest-bearing debt	194,915*	183,523	1,368,142
Per share of common stock:			
Profit—Basic	¥ (4.08)	¥ 46.80	\$ 0.35
—Diluted	-	42.56	0.32
Cash dividends	0.00*	0.00**	0.00**
Net assets	227.12	290.47	2.17
Other data (number):			
Employees	4,970*	5,146	
Parking sites managed worldwide	27,609*	27,660	
Parking spaces managed world wide	1,292,759*	1,288,948	
Times PARKING sites	17,399*	17,509	
Times PARKING spaces	552,042*	568,820	
Time CAR vehicles	53,062*	56,590	

*As of October 31, 2022

**Plan

Results by Segment	Millions of yen		Thousands of U.S. dollars*
	2022	2023	2023
Net sales	¥ 135,892	¥ 157,079	\$ 1,171,007
Parking Business Japan	77,314	81,581	608,181
Parking Business International	25,641	32,775	244,335
Mobility Business	35,382	45,334	337,957
Adjustment	(2,446)	(2,611)	(19,467)
Operating profit (or loss)	¥ 5,556	¥ 15,098	\$ 112,553
Parking Business Japan	15,341	17,601	131,215
Parking Business International	(3,438)	(885)	(6,597)
Mobility Business	(99)	5,686	42,387
Adjustment	(6,248)	(7,304)	(54,453)

* The U.S. dollar amounts represent translations of yen amounts at the rate of ¥134.14=U.S.\$1.00, the approximate rate of exchange prevailing on April 28, 2023.

* Recurring profit is operating profit plus or minus other income or expenses of a recurring nature. Such other income or expenses, therefore, do not include one-time charges.

1. Qualitative data on the consolidated financial results

During the first six months of the fiscal year ending October 31, 2023 (November 1, 2022, to April 30, 2023), the outlook for the global economy remained uncertain, notwithstanding the easing impact of COVID-19, chiefly because of surging resource and energy prices attributable to the prolonged conflict between Russia and Ukraine, price rises around the world, and dramatic fluctuations in foreign exchange rates linked to fiscal tightening in major countries. The Japanese economy exhibited signs of a recovery mainly in consumer spending and corporate capital investment amid the shift towards anti-infection measures including the progress of vaccination and economic activity in the endemic COVID-19 era despite the new wave of COVID-19 infections during the first three months of the fiscal year under review, and the increased price of goods following rapid rises in resources prices and the depreciation of the yen.

In this environment, the Group worked to expand individual businesses to return to a growth track as it works to achieve its medium-term business target of expanding and seamlessly connecting the four networks of people, vehicles, towns and parking facilities. In addition, the Group advocates the promotion of its digital strategy as a policy for promoting seamless integration more strongly for the acceleration of growth investments. Regarding people (or members) which are one of the four networks, the medium-term target of 10 million Times CLUB members was reached in January 2023.

In terms of financial results, business was generally strong both in Japan and overseas, thanks to effects of measures continued from the previous fiscal year and improvements in the external environment.

As a result, in the first six months of the consolidated fiscal year under review, the Group posted net sales of 157,079 million yen (+15.6% year on year), an operating profit of 15,098 million yen (+171.7% year on year). Recurring profit was 11,493 million yen (+191.0% year on year) due to the posting of other expenses (foreign exchange losses) of 1,737 million yen as a result of a foreign exchange revaluation of foreign currency denominated loans, and profit attributable to owners of parent stood at 7,980 million yen (loss attributable to owners of parent of 631 million yen in the same period of the previous year).

Results by business segment are as follows:

(1) Parking Business Japan

While new COVID-19 infections again increased temporary during the first three months of the fiscal year under review, no activity restrictions were imposed. Throughout the first six months of the fiscal year, business performance remained robust.

During the pandemic, the Group conducted selective development limited to parking facilities that would likely turn profitable. Leveraging its expertise in this area, the Group is now conducting business development suited to the conditions in different areas to increase the number of profitable parking facilities. As a result, during the first six months of the fiscal year under review, 504 new parking facilities were opened. Aiming to improve convenience, the Group is also working to build next-generation parking services that increase the ease of entry and exit of vehicles and payments. These include a development for parking which monitors and controls vehicle entry and exit by camera, for partner services (services for the management of parking lots attached to facilities), and cashless payments through the diversification of means of clearing and settlement.

As a result, in the first six months of the consolidated fiscal year under review, the numbers of Times PARKING facilities and parking spaces managed were 17,509 (+0.6% of the end of the previous fiscal year), and 568,820 (+3.0% of the end of the previous fiscal year). The total number of parking facilities managed, including monthly parking and facility management services, was 25,277 (+0.1% of the end of the previous fiscal year), and the total number of parking spaces managed was 753,574 (+2.8% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) stood at 81,581 million yen (+5.5% year on year), and operating profit amounted to 17,601 million yen (+14.7% year on year).

(2) Parking Business International

Among the regions in which the Group operates businesses, parking facility operations were generally strong in the United Kingdom. In Australia, the alert level was raised in Queensland following an increase in new COVID-19 infections in November 2022, but this had a limited impact. Parking facility operations were healthy. In other regions, performance was bullish, particularly in Taiwan.

In addition, the Group has reviewed the business portfolio which concentrated heavily on large and long-term contract parking facilities to reduce business risk and make it profitable as quickly as possible by developing short-term contract parking facilities optimally suited for demand for parking facilities in each country based on the strategy of minimization, diversification, and domination used in the Parking Business in Japan. Also, as an initiative improving customer convenience and satisfaction, the Group has continuously facilitated cashless payments, whose ubiquity has rapidly increased during the COVID-19 pandemic.

As a result, in the first six months of the consolidated fiscal year under review, the numbers of overseas parking facilities and parking spaces managed were 2,383 (+0.8% of the end of the previous fiscal year), and 535,374 (-4.4% of the end of the previous fiscal year). The total numbers of parking facilities and parking spaces managed worldwide were 27,660 (+0.2% of the end of the previous fiscal year), and 1,288,948 (-0.3% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 32,775 million yen (+27.8% year on year). Operating loss was 885 million yen (operating loss of 3,438 million yen in the same period of the previous year).

(Note)The results of Parking Business International for the six months of the consolidated fiscal year under review are the results of overseas consolidated subsidiaries for the period from October 1, 2022 to March 31, 2023.

(3) Mobility Business

In the Times CAR (combining car rental and car Sharing services) segment, the number of members and the use of cars grew steadily, and usage fee sales per vehicle were strong. This was attributable to efforts to capitalize on surging consumer demand for leisure travel, corporate demand for business travel, and other trends, by means such as increasing the number of vehicles and appropriately deploying vehicles to track demand trend, and to campaigns held to stimulate both consumer and corporate demand. During the first six months of the fiscal year under review, the Group increased 3,528 vehicles and opened 895 new renting sites, thereby making steady progress towards the expansion of the network.

As a result, in the first six months of the consolidated fiscal year under review, the total number of vehicles in Mobility Business as a whole was 56,590 units (+6.6% of the end of the previous fiscal year), 15,027 rental sites, (+6.3% of the end of the previous fiscal year), and the number of Members was 2,181,431 (+6.9% of the end of the previous fiscal year). The Net sales of this

segment (including intersegment sales) was 45,334 million yen (+28.1% year on year), and the operating profit was 5,686 million yen (operating loss of 99 million yen in the same period of the previous year).

2. Qualitative data on the consolidated financial position

(1) Assets, liabilities and net assets

Total assets at the end of the first six months of the fiscal year under review increased 2,792 million yen from the end of the previous fiscal year, to 310,420 million yen. Main changes in assets were increases of 3,106 million yen in current assets including other current assets and 428 million yen in investments and other assets, and a decrease of 714 million yen in property, plant and equipment including right-of-use assets.

Total liabilities decreased 6,757 million yen from the end of the previous fiscal year to 260,826 million yen. This decrease was caused primarily by a decline of 4,421 million yen in long-term liabilities including long-term borrowings and a decrease of 2,336 million yen in current liabilities including the current portion of long-term borrowings.

Net assets increased 9,550 million yen from the end of the previous fiscal year to 49,593 million yen. This is primarily a result of 7,980 million yen posted as profit attributable to owners of parent and 1,629 million yen as foreign currency translation adjustment.

(2) Cash flow condition

The balance of cash and cash equivalents at the end of the first six months under review decreased 259 million yen from the end of the previous consolidated fiscal year, to 84,805 million yen. The cash flow situation by category for the first six months under review was as follows:

(Net cash from operating activities)

Net cash provided by (used in) operating activities increased 19,368 million yen year on year, to 24,354 million yen. This primarily reflected the total of profit before income taxes and depreciation and amortization of 27,211 million yen, an increase of 2,311 million yen in accounts payable, other and a decrease of 2,273 million yen in inventory, which was partly offset by income taxes paid of 7,837 million yen.

(Net cash from investing activities)

Net cash provided by (used in) investing activities increased 2,576 million yen year on year, to 10,112 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 (used in) financing activities was 14,601 million yen (increased 7,186 million yen year on year). This was attributable primarily to proceeds from the issuance of bonds with share acquisition rights, which were more than offset by payment for redemption of bonds with share acquisition rights and repayments of long-term borrowings and lease obligations.

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

The Group has revised the consolidated financial forecasts for the fiscal year ending October 31, 2023, announced on

December 15, 2022, taking into account the business environment and other factors affecting the Group and its business during the first six months of the fiscal year under review. For more details, please refer to the “Notice of Difference between Forecasts and Actual Results of First Six Months of Fiscal Year Ending October 31, 2023, Posting of Non-operating Expenses (Exchange Loss) and Revision of Full-year Business Results Forecast” announced separately today.

CONSOLIDATED BALANCE SHEETS (Unaudited)
As of April 30, 2023 and October 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 2)
	October 31	April 30	April 30
	2022	2023	2023
ASSETS			
Current assets:			
Cash on hand and in banks	¥ 85,782	¥ 85,614	\$ 638,247
Notes and accounts receivable, trade	20,783	20,202	150,608
Less: allowance for doubtful accounts	(1,138)	(1,079)	(8,042)
Inventories	2,497	2,761	20,585
Other	29,891	33,422	249,154
Total current assets	137,815	140,921	1,050,552
Property, plant and equipment:			
Buildings and structures, net	28,986	28,745	214,291
Machinery and vehicles, net	28,762	30,343	226,206
Land	25,748	25,747	191,943
Leased assets, net	7,410	6,906	51,480
Right-of-use assets, net	21,288	19,166	142,877
Other, net	5,464	6,037	45,003
Total property, plant and equipment	117,658	116,943	871,800
Intangible assets:			
Goodwill	18,148	17,328	129,176
Contract-related intangible assets	9,454	9,459	70,518
Other	6,458	7,306	54,468
Total intangible assets	34,059	34,093	254,162
Investments and other assets:	17,797	18,226	135,872
Total non-current assets	169,514	169,262	1,261,835
Deferred assets	298	236	1,762
Total assets	¥ 307,627	¥ 310,420	\$ 2,314,148

CONSOLIDATED BALANCE SHEETS (Unaudited)
As of April 30, 2023 and October 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 2)
	October 31 2022	April 30 2023	April 30 2023
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable, trade	¥ 650	¥ 651	\$ 4,853
Short-term borrowings	17,310	17,173	128,021
Current portion of long-term borrowings	16,002	10,863	80,983
Current portion of lease obligations	11,047	9,792	72,996
Accrued income taxes	7,302	4,792	35,720
Provision for bonuses	2,447	2,488	18,547
Other	45,930	52,593	392,076
Total current liabilities	100,687	98,351	733,197
Long-term liabilities:			
Convertible bonds	35,000	42,310	315,417
Long-term borrowings	96,398	85,970	640,900
Lease obligations	19,159	17,415	129,826
Asset retirement obligations	9,474	9,580	71,421
Deferred tax liabilities	1,658	1,659	12,368
Other	5,208	5,541	41,310
Total long-term liabilities	166,897	162,476	1,211,241
Net assets:			
Shareholders' equity:			
Common stock	32,739	32,739	244,067
Authorized:			
2022 and 2023 — 283,680,000 shares			
Issued:			
2022 and 2023 — 171,048,369 shares			
Capital surplus	28,326	28,326	211,170
Retained earnings	(7,051)	929	6,927
Treasury stock, at cost			
2022 — 528,434 shares,			
2023 — 528,494 shares	(1,256)	(1,256)	(9,362)
Total shareholders' equity	52,759	60,739	452,801
Accumulated other comprehensive income:			
Net unrealized gains on securities	121	135	1,007
Deferred losses on hedges	(27)	(26)	(196)
Revaluation reserve for land	(1,035)	(1,035)	(7,717)
Foreign currency translation adjustment	(9,117)	(7,489)	(55,828)
Accumulated adjustments for retirement benefits	(2,720)	(2,793)	(20,821)
Total accumulated other comprehensive income	(12,779)	(11,208)	(83,554)
Share acquisition rights	62	62	464
Total net assets	40,042	49,593	369,710
Total liabilities and net assets	¥ 307,627	¥ 310,420	\$ 2,314,148

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
For the six-month periods ended April 30, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2022	2023	2023
Net sales	¥ 135,892	¥ 157,079	\$ 1,171,007
Cost of sales	106,207	115,464	860,771
Gross profit	29,684	41,615	310,236
Selling, general and administrative expenses	24,128	26,517	197,683
Operating profit	5,556	15,098	112,553
Other expenses (income):			
Interest expense	1,640	1,917	14,293
Foreign exchange loss	121	1,737	12,953
Loss (gain) on disposal of non-current assets, net	36	141	1,052
Profit from redemption	-	(277)	(2,064)
Gain on sale of investment securities	-	(980)	(7,305)
Other, net	1,346	227	1,693
	3,143	2,766	20,622
Profit before income taxes	2,413	12,332	91,930
Income taxes:			
Current	4,160	4,658	34,723
Deferred	(1,116)	(306)	(2,282)
	3,044	4,352	32,441
Profit (loss)	(631)	7,980	59,489
Profit (loss) attributable to owners of parent	¥ (631)	¥ 7,980	\$ 59,489
	Yen		U.S. dollars (Note 2)
	2022	2023	2023
Per share of common stock:			
Basic profit (loss) per share	¥ (4.08)	¥ 46.8	\$ 0.35
Diluted profit per share	-	42.56	0.32
Net assets per share	227.12	290.47	2.17

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
For the six-month periods ended April 30, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2022	2023	2023
Profit (loss)	¥ (631)	¥ 7,980	\$ 59,489
Other comprehensive income:			
Net unrealized gains (losses) on securities	(8)	14	107
Deferred gains (losses) on hedges	46	1	8
Foreign currency translation adjustment	(790)	1,629	12,142
Adjustments for retirement benefit	(1,363)	(73)	(545)
Total other comprehensive income	(2,116)	1,571	11,712
Comprehensive income	¥ (2,747)	¥ 9,551	\$ 71,201
Comprehensive income attributable to owners of parent	¥ (2,747)	¥ 9,551	\$ 71,201

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For the six-month periods ended April 30, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2022	2023	2023
Cash flows from operating activities:			
Profit before income taxes	¥ 2,413	¥ 12,332	\$ 91,930
Adjustments to reconcile profit before income taxes to net cash provided by (used in) operating activities:			
Depreciation and amortization	15,213	14,880	110,930
Amortization of goodwill	579	637	4,749
Loss on disposal of property, plant and equipment	37	141	1,052
Loss (gain) on sale of investment securities	-	(980)	(7,305)
Changes in assets and liabilities:			
Notes and accounts receivable, trade	(289)	584	4,354
Inventories	2,082	2,273	16,941
Notes and accounts payable, trade	(34)	8	59
Accounts receivable, other	551	(581)	(4,334)
Prepaid expenses	(2,915)	(1,005)	(7,494)
Accounts payable, other	(6,972)	2,311	17,229
Accrued expenses	(5,081)	1,205	8,981
Notes payable, other	35	115	858
Other	(840)	2,191	16,337
Subtotal	6,457	34,110	254,288
Interest and dividends received	9	8	56
Interest paid	(1,654)	(1,927)	(14,368)
Income taxes refund (paid)	173	(7,837)	(58,420)
Net cash provided by (used in) operating activities	4,985	24,354	181,555
Cash flows from investing activities:			
Increase in time deposits due over three months	(6)	(6)	(45)
Decrease in time deposits due over three months	6	6	45
Payments for purchase of property, plant and equipment	(5,557)	(8,897)	(66,325)
Proceeds from sale of property, plant and equipment	8	4	28
Payments for purchase of intangible assets	(1,339)	(910)	(6,785)
Proceeds from sale of investment securities	-	1,063	7,928
Payment of long-term prepaid expenses	(483)	(1,049)	(7,817)
Other	(165)	(324)	(2,413)
Net cash provided by (used in) investing activities	(7,535)	(10,112)	(75,383)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	(45)	(0)	(2)
Proceeds from long-term borrowings	121	-	-
Repayment of long-term borrowings	(25,586)	(15,536)	(115,818)
Proceeds from issuance of bonds with share acquisition rights	-	34,911	260,260
Payments for redemption of bonds with share acquisition rights	-	(27,413)	(204,362)
Repayment of lease obligations	(7,033)	(6,561)	(48,913)
Proceeds from issuance of additional shares of common stock	25,135	-	-
Purchase of treasury stock	(0)	(0)	(1)
Dividends paid to shareholder of PARK24 CO., LTD.	(7)	(2)	(13)
Net cash provided by (used in) financing activities	(7,414)	(14,601)	(108,848)
Effect of exchange rate changes on cash and cash equivalents	1,042	99	738
Net increase (decrease) in cash and cash equivalents	(8,922)	(260)	(1,938)
Cash and cash equivalents at beginning of period	91,795	85,065	634,153
Cash and cash equivalents at end of period	¥ 82,873	¥ 84,805	\$ 632,215

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presenting consolidated financial statements:

The accompanying consolidated financial statements of PARK 24 CO., LTD. (the “Company”) and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. U.S. dollar amounts:

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥134.14=U.S.\$1, the rate of exchange on April 28, 2023, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

Company Information

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