

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

March 15, 2021

Company name: PARK24 Co., Ltd. Code number: 4666 Representative: Koichi Nishikawa, President Inquiries: Kenichi Sasaki, Director, Senior Executive Corporate Officer	Stock listing: TSE1 URL : https://www.park24.co.jp/en TEL : +81-3-3491-8924 Scheduled day of submission of a financial report : March 15, 2021 Scheduled day of commencing dividend payment : – Preparation of supplementary financial data : Yes Information meeting for financial results to be held : Yes, only in Japanese (For institutional investors and analysts)
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(Figures are rounded down to the nearest one million yen)

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

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

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
January 31, 2021	62,140	-23.1	-2,758	–	-4,710	–	-4,734	–
January 31, 2020	80,786	2.2	5,118	-6.8	4,756	-10.5	2,567	-30.2

(Note) Comprehensive income: Term ended January 31, 2021: -5,799million yen –%
 Term ended January 31, 2020: 5,479million yen 331.7%

	Net income per share	Net income per share after dilution
	Yen	Yen
Three months ended		
January 31, 2021	-30.64	–
January 31, 2020	16.63	15.69

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of January 31, 2021	339,319	25,321	7.4
As of October 31, 2020	295,775	31,146	10.5

(Reference) Shareholders' equity: As of January 31, 2021: 25,254million yen
 As of October 31, 2020: 30,982million yen

2. Dividend status

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of term	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	–	0.00	–	0.00	0.00
Fiscal 2021	–				
Fiscal 2021 (forecasts)		0.00	–	5.00	5.00

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

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

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

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Interim	130,000	-10.8	-500	—	-3,500	—	-2,500	—
Full year	282,000	4.9	13,500	—	8,500	—	5,000	—

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

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

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

3) Changes in accounting estimates :No

4) Restatement :No

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	Three Months ended January 31, 2021	155,048,369 Shares	Fiscal year ended October 31, 2020	155,016,369 Shares
2) Number of treasury stock at the end of the period	Three Months ended January 31, 2021	528,253 Shares	Fiscal year ended October 31, 2020	528,203 Shares
3) Average number of shares during the term (consolidated cumulative period)	Three Months ended January 31, 2021	154,488,480 Shares	Three Months ended January 31, 2021	154,451,679 Shares

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

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

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

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1. Qualitative Data, Financial Statements and Other Information

(1) Qualitative data on the consolidated financial results

During the first three months of the consolidated fiscal year ending October 31, 2021 (November 1, 2020 to January 31, 2021), the Japanese economy continued to face severe conditions, including falling corporate earnings and a weakening employment situation, as the impact of the COVID-19 pandemic ("COVID-19") remained strong, despite signs of improvement in certain sectors of export and production. In addition, the economic outlook remains uncertain, given the declaration of a state of emergency in 11 prefectures including Tokyo and Osaka in January 2021. Overseas, tough restraints are continuing to be imposed on economic activities, including lockdowns and restrictions on activities being re-issued in some countries.

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

In term of financial results, the Group was affected by a gradual decline in the movement of people associated with COVID-19 in both domestic and overseas businesses from the beginning to the end of the first three months of the consolidated fiscal year under review.

As a result, in the first three months of the consolidated fiscal year under review, the Group posted net sales of 62,140 million yen (down 23.1% year on year), an operating loss of 2,758 million yen (operating profit of 5,118 million yen in the same period of the previous year), and a recurring loss of 4,710 million yen (recurring profit of 4,756 million yen in the same period of the previous year), and loss attributable to owners of parent stood at 4,734 million yen (profit attributable to owners of parent of 2,567 million yen in the same period of the previous year).

Results by business segment are as follows:

Parking Business Japan

Traffic volumes decreased with the spread of COVID-19 from the beginning of the period, and parking site operations declined because traffic volumes were further controlled by the declaration of a state of emergency in January. At existing parking facilities, the Group adopted marketing and operation measures to meet the current supply-demand balance, while seeking to decrease unprofitable parking sites through rent negotiations. At new parking facilities, the Group worked to create a lean business structure by developing parking facilities, carefully selecting those that could be profitable even in the current demand situation.

As a result, in the first three months of the consolidated fiscal year under review, the numbers of Times PARKING sites and parking spaces managed were 18,848 (99.7% of the end of the previous fiscal year), and 593,303 (100.2% of the end of the previous fiscal year). The total number of parking sites managed, including monthly parking and facility management services, was 20,287 (99.7% of the end of the previous fiscal year), and the total number of parking spaces managed was 748,675 (100.4% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) stood at 37,748 million yen (-15.4% year on year), and operating profit amounted to 3,929 million yen (-48.0% year on year).

Parking Business Overseas

Parking Business Overseas was also affected significantly by COVID-19 in countries where it operated. Looking at the situation in the main countries in which the Group operates, in Australia, restrictions on activities were eased from the beginning of the period, and parking site operations began to recover. In the UK, parking site operations declined markedly due to the enforcement of restrictions on activities in each region from the beginning of the period and the nationwide lockdown in December. Therefore, the Group actively negotiated to revise rent for unprofitable parking sites in all regions while simultaneously reducing and streamlining parking facility management and maintenance costs through the review of the operation system. As part of the business restructuring, the Group also promoted the development of each country's version of Times PARKING based on the characteristics of Parking Business Japan.

As a result, in the first three months of the consolidated fiscal year under review, the numbers of overseas parking sites and parking spaces managed were 2,794 (98.6% of the end of the previous fiscal year), and 679,551 (97.6% of the end of the previous fiscal year). The total numbers of parking sites and parking spaces managed worldwide were

23,081 (99.5% of the end of the previous fiscal year), and 1,428,226 (99.0% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 9,014 million yen (-45.3% year on year). Operating loss was 3,372 million yen (operating profit of 132 million yen in the same period of the previous year).

*The results of parking business overseas for the three months of the consolidated fiscal year under review are the results of overseas consolidated subsidiaries for the period from October 1, 2020 to December 31, 2020.

Mobility Business

The Times CAR service (combining Car Rental and Car Sharing services) began to feel the effects of COVID-19 from December, and net sales per vehicle fell sharply due to the declaration of a state of emergency in January. Even in these circumstances, the Group took measures to increase utilization per vehicle by reviewing vehicle deployment, given that demand for the Times CAR service was strong in urban areas. The Group also closed 14 Times CAR RENTAL stores in Tokyo and used them as stations dedicated to the Times CAR service. As such, the Times CAR service made steady progress.

As a result, in the first three months of the consolidated fiscal year under review, the total number of vehicles in Mobility Business as a whole was 45,029 units (100.4% of the end of the previous fiscal year), and the number of Members was 1,534,633 (101.8% of the end of the previous fiscal year). The Net sales of this segment (including intersegment sales) was 16,612 million yen (-20.5% year on year), and the Operating loss was 200 million yen (operating profit of 913 million yen in the same period of the previous year).

(2) Qualitative data on the consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first three months of the fiscal year under review increased 43,543 million yen from the end of the previous fiscal year, to 339,319 million yen. The main changes in assets were increases of cash and deposits of 47,618 million yen and decreases of machinery, equipment and vehicles of 2,847 million yen.

Total liabilities increased 49,368 million yen, to 313,997 million yen. The main reason for the increase was borrowings through subordinated syndicated loans, etc.

Net assets decreased 5,825 million yen to 25,321 million yen, mainly due to a decrease of 4,734 million yen from the net loss attributable to owners of the parent.

(ii) Cash flow condition

The balance of cash and cash equivalents at the end of the first three months under review increased 47,639 million yen from the end of the previous consolidated fiscal year, to 102,908 million yen.

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

(Net cash from operating activities)

Net cash provided by operating activities decreased 4,257 million yen year on year, to 8,261 million yen. This primarily reflected the total of profit before income taxes and depreciation of 3,242 million yen, a decrease of inventories of 2,632 million yen, a decrease of prepaid expenses of 2,714 million yen, a decrease of accounts receivable of 1,358 million yen, a decrease of accounts payable - other of 4,228 million yen, and income taxes paid of 1,092 million yen.

(Net cash from investing activities)

Net cash used in investing activities decreased 2,675 million yen year on year, to 3,455 million yen. This was mainly attributable to capital expenditures for Times PARKING and purchase of Mobility vehicles.

(Net cash from financing activities)

Net cash provided by financing activities was 42,551 million yen (cash increased 48,711 million yen year on year). This was mainly due to income from long-term borrowings such as a subordinated syndicated loan, while expenditures for repayment of long-term borrowings and lease obligations.

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

The consolidated earnings forecasts for the fiscal year ending October 31, 2021 have not been changed from the figures announced on December 15, 2020 in the Consolidated Financial Report for the Fiscal Year Ending October 31, 2020.

2. Consolidated Financial Statements and Notes

(1) Consolidated balance sheet

(Unit: million yen)

	As of October 31, 2020	As of January 31, 2021
Assets		
Current assets		
Cash and deposits	55,536	103,155
Notes and accounts receivable - trade	16,146	15,338
Inventories	2,643	2,289
Other	27,631	28,077
Allowance for doubtful accounts	-697	-749
Total current assets	101,260	148,111
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,298	32,140
Machinery, equipment and vehicles, net	38,310	35,463
Land	26,272	26,272
Leased assets, net	13,664	12,898
Right of use assets, net	26,834	26,503
Other, net	5,972	6,091
Total property, plant and equipment	143,352	139,369
Intangible assets		
Goodwill	16,792	16,985
Contract-based intangible assets	8,676	8,829
Other	4,334	4,478
Total intangible assets	29,803	30,293
Investments and other assets		
Other	21,358	21,544
Total investments and other assets	21,358	21,544
Total non-current assets	194,514	191,207
Total assets	295,775	339,319
Liabilities		
Current liabilities		
Notes and accounts payable - trade	478	536
Short-term borrowings	26,609	28,322
Current portion of long-term borrowings	7,094	6,126
Lease obligations	12,148	11,951
Income taxes payable	1,720	966
Provision for bonuses	1,250	1,221
Other	41,125	43,759
Total current liabilities	90,428	92,884
Non-current liabilities		
Bonds with share acquisition rights	35,000	35,000
Long-term borrowings	92,808	140,863
Lease obligations	31,557	30,228
Retirement benefit liability	110	102
Asset retirement obligations	9,287	9,441
Deferred tax liabilities	1,525	1,557
Other	3,910	3,920
Total non-current liabilities	174,201	221,113
Total liabilities	264,629	313,997

(Unit: million yen)

	As of October 31, 2020	As of January 31, 2021
Net assets		
Shareholders' equity		
Share capital	20,134	20,171
Capital surplus	15,721	15,758
Retained earnings	2,159	-2,574
Treasury shares	-1,255	-1,255
Total shareholders' equity	36,761	32,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81	86
Deferred gains or losses on hedges	-135	-149
Revaluation reserve for land	-1,035	-1,035
Foreign currency translation adjustment	3,579	-3,971
Accumulated adjustments for retirement benefits	-1,110	-1,775
Total accumulated other comprehensive income	-5,779	-6,845
Share acquisition rights	164	66
Total net assets	31,146	25,321
Total liabilities and net assets	295,775	339,319

(2) Consolidated statements of profit and loss, and comprehensive income
(Consolidated statement of profit and loss First three months of Fiscal 2021)

(Unit: million yen)

	Three months ended January 31, 2020 (November 1, 2019- January 31, 2020)	Three months ended January 31, 2021 (November 1, 2020- January 31, 2021)
Net sales	80,786	62,140
Cost of sales	61,629	53,105
Gross profit	19,156	9,035
Selling, general and administrative expenses	14,038	11,794
Operating profit (loss)	5,118	-2,758
Non-operating income		
Interest income	5	2
Dividend income	2	2
Foreign exchange gains	—	2
Void ticket	48	38
Government subsidy related to cashlessness	124	—
Government subsidy for labor costs	—	341
Other	66	82
Total non-operating income	248	470
Non-operating expenses		
Interest expenses	435	640
Share of loss of entities accounted for using equity method	64	46
Foreign exchange losses	1	—
Expense incurred for evacuation of parking facilities	65	89
Depreciation	—	10
Commission fee	3	1,594
Other	39	40
Total non-operating expenses	610	2,421
Recurring profit (loss)	4,756	-4,710
Extraordinary income		
Gain on sales of non-current assets	3	0
Gain on reversal of subscription rights to shares	—	89
Total extraordinary income	3	90
Extraordinary losses		
Loss on retirement of non-current assets	56	2
Impairment loss	24	58
Loss on temporary closure	—	106
Business restructuring expenses	—	67
Total extraordinary losses	81	234
Profit (loss) before income taxes	4,678	-4,854
Income taxes - current	1,441	636
Income taxes - deferred	597	-756
Total income taxes	2,038	-119
Profit (loss)	2,639	-4,734
Profit attributable to non-controlling interests	71	—
Profit (loss) attributable to owners of parent	2,567	-4,734

(Consolidated statement of comprehensive income First three months of Fiscal 2021)

(Unit: million yen)

	Three months ended January 31, 2020 (November 1, 2019- January 31, 2020)	Three months ended January 31, 2021 (November 1, 2020- January 31, 2021)
Profit (loss)	2,639	-4,734
Other comprehensive income		
Valuation difference on available-for-sale securities	13	5
Deferred gains or losses on hedges	-12	-14
Foreign currency translation adjustment	2,970	-367
Accumulated adjustments for retirement benefits	71	-665
Share of other comprehensive income of entities accounted for using equity method	-204	-23
Total other comprehensive income	2,839	-1,065
Comprehensive income	5,479	-5,799
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,407	-5,799
Comprehensive income attributable to non-controlling interests	71	-

(3) Consolidated statement of cash flows

	(Unit: million yen)	
	Three months ended January 31, 2020 (November 1, 2019- January 31, 2020)	Three months ended January 31, 2021 (November 1, 2020- January 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	4,678	-4,854
Depreciation	9,711	8,096
Impairment loss	24	58
Amortization of goodwill	546	267
Interest and dividend income	-8	-5
Interest expenses	435	640
Loss (gain) on sales of non-current assets	-3	-0
Loss on retirement of non-current assets	56	2
Decrease (increase) in trade receivables	-189	889
Decrease (increase) in inventories	2,019	2,632
Increase (decrease) in trade payables	-92	57
Decrease (increase) in accounts receivable - other	233	1,358
Decrease (increase) in prepaid expenses	272	2,714
Increase (decrease) in accounts payable - other	-221	-4,228
Increase (decrease) in accrued expenses	-1,831	826
Notes payable, other	-279	118
Other, net	1,020	1,213
Subtotal	16,374	9,782
Interest and dividends received	8	5
Interest paid	-423	-435
Income taxes paid	-3,441	-1,092
Net cash provided by (used in) operating activities	12,518	8,261
Cash flows from investing activities		
Purchase of property, plant and equipment	-5,460	-2,700
Proceeds from sales of property, plant and equipment	4	1
Purchase of intangible assets	-367	-362
Purchase of long-term prepaid expenses	-799	-347
Other, net	490	-47
Net cash provided by (used in) investing activities	-6,131	-3,455
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,611	1,015
Proceeds from long-term borrowings	218	48,469
Repayments of long-term borrowings	-33	-3,140
Repayments of lease obligations	-3,206	-3,852
Proceeds from issuance of shares	70	60
Purchase of treasury shares	-	-0
Dividends paid	-10,820	-1
Net cash provided by (used in) financing activities	-6,160	42,551
Effect of exchange rate change on cash and cash equivalents	357	283
Net increase (decrease) in cash and cash equivalents	583	47,639
Cash and cash equivalents at beginning of period	24,664	55,269
Cash and cash equivalents at end of period	25,248	102,908

(4) Matters Related to Summary Information (Notes)

[Note on going concern assumptions]

Not applicable.

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

Not applicable.

[Additional Information]

There has been no significant change in the assumptions, including the timing of convergence of COVID-19, described in [Additional Information] of the annual securities report for the previous fiscal year (only in Japanese).

(Segment information)

[Segment information]

I. First three months of fiscal 2020 (from November 1, 2019 to January 31, 2020)

1. 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 Japan	Parking Business Overseas (Note) 1	Mobility Business	Total		
Sales						
Sales to external customers	43,441	16,466	20,878	80,786	—	80,786
Internal sales or amount of transfer between segments	1,201	—	29	1,230	-1,230	—
Total	44,642	16,466	20,907	82,017	-1,230	80,786
Segment profit	7,549	132	913	8,594	-3,476	5,118

(Notes)

1. The segment profit of 132 million yen in Parking Business Overseas includes an amortization of goodwill of minus 546 million yen.
2. An adjustment of minus 3,476 million yen in segment profit includes an amortization of goodwill of minus 0 million yen, and Company-wide expenses of minus 3,475 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 is adjusted in accordance with operating profit in the consolidated profit and loss statement.
4. During the first quarter of the FY2020, TIMES24 CO., LTD., which is a subsidiary of the Company, transferred its car sharing service to TIMES MOBILITY CO., LTD., which is also a subsidiary of the Company, in an absorption-type split. This led to the occurrence of further intersegment transactions in the Parking Business Japan and Mobility Business segments.

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

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

The amount of the impairment loss recognized in the first three months of the consolidated FY2020 is 24 million yen.

II. First three months of fiscal 2021 (from November 1, 2020 to January 31, 2021)

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

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit and loss statement (Note) 3
	Parking Business Japan	Parking Business Overseas (Note) 1	Mobility Business	Total		
Sales						
Sales to external customers	36,545	9,014	16,580	62,140	—	62,140
Internal sales or amount of transfer between segments	1,203	—	31	1,235	-1,235	—
Total	37,748	9,014	16,612	63,375	-1,235	62,140
Segment profit (loss)	3,929	-3,372	-200	356	-3,115	-2,758

(Notes)

1. The segment loss of minus 3,372 million yen in Parking Business Overseas includes an amortization of goodwill of minus 267 million yen.
2. An adjustment in segment profit (loss) is a company-wide expenses that are not allocated to each reported segment. Those expenses are relating to the administration division, including the general affairs department.
3. Segment profit (loss) is adjusted in accordance with operating profit (loss) in the consolidated profit and loss

statement.

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

The Company recognized an impairment loss for parking facilities in the Parking Business Overseas segment.
The amount of the impairment loss recognized in the first three months of the consolidated fiscal year under review is 58 million yen.