



PARK24 CO.,LTD.



CHARTING OUR FUTURE

SEMI-ANNUAL REPORT 2019

Six months ended April 30, 2019

CONSOLIDATED FINANCIAL HIGHLIGHT (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

■ Results

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
For the period:			
Net sales	¥ 142,545	¥ 154,124	\$ 1,377,706
Gross profit	32,753	36,469	325,994
Operating profit	9,273	9,970	89,121
Recurring profit	8,935	9,523	85,127
Profit attributable to owners of parent	5,408	5,628	50,308
Capital Investment	16,871	26,547	237,308
Depreciation and amortization	13,611	15,169	135,601
At end of the period:			
Total Net Assets	¥ 94,848*	¥ 88,427	\$ 790,444
Total Assets	283,172*	294,145	2,629,347
Interest-bearing debt	124,284*	138,402	1,237,170
Per share data (Yen and U.S. dollars):			
Net income			
Basic	¥ 36.80	¥ 36.38	\$ 0.33
Diluted	34.91	34.31	0.31
Cash dividends	70.00*	70.00**	0.63
Net assets	610.01*	569.08	5.09
Other data (number):			
Employees	4,899*	5,465	
Parking sites managed worldwide	21,438*	22,061	
Parking spaces managed world wide	1,371,859*	1,386,265	
Times PARKING sites	17,597*	18,145	
Times PARKING spaces	580,751*	589,533	
Times CAR vehicles	54,593*	58,478	

*As of October 31, 2018

**Plan

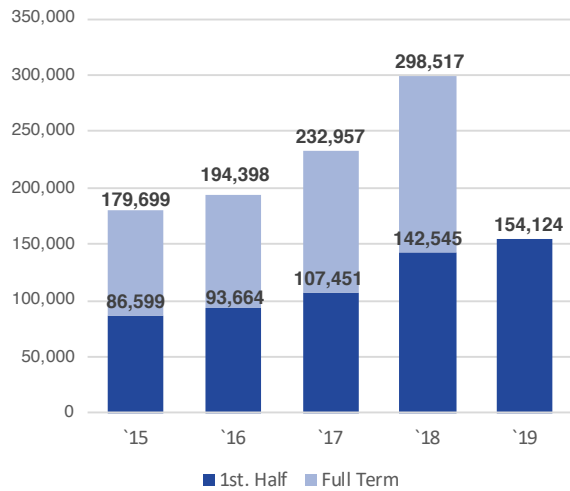
■ Results by segment

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net sales			
Parking business Japan	76,641	80,774	722,039
Parking business Overseas	32,053	33,085	295,746
Mobility business	33,991	40,434	361,444
Reconciliations	(140)	(170)	(1,523)
Operating profit			
Parking business Japan	12,548	13,410	119,876
Parking business Overseas	(156)	(679)	(6,075)
Mobility business	1,802	3,048	27,251
Reconciliations	(4,920)	(5,809)	(51,931)

CONSOLIDATED FINANCIAL HIGHLIGHT (Unaudited) For the six-month periods ended April 30, 2018 and 2019

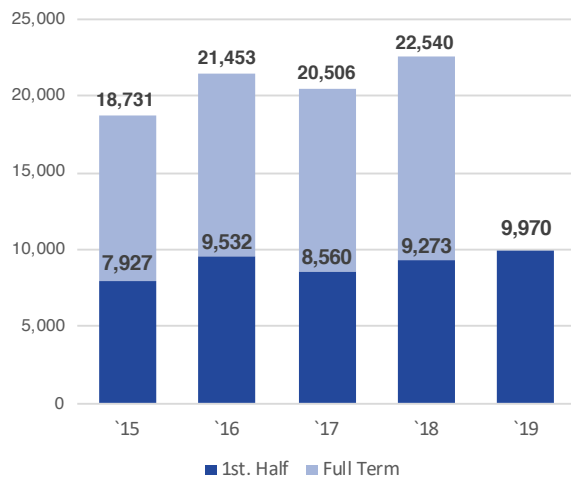
Net sales

(Millions of yen)



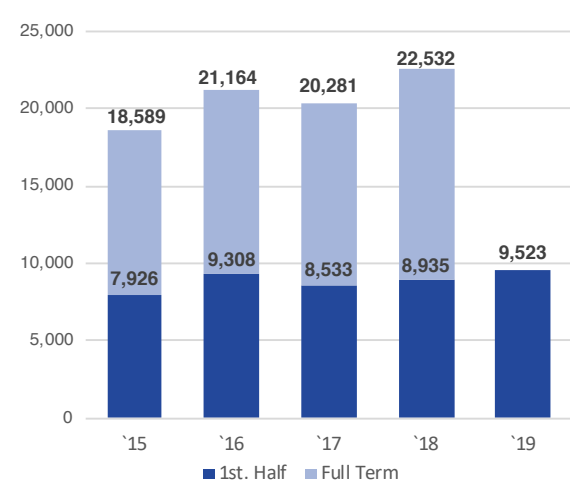
Operating profit

(Millions of yen)



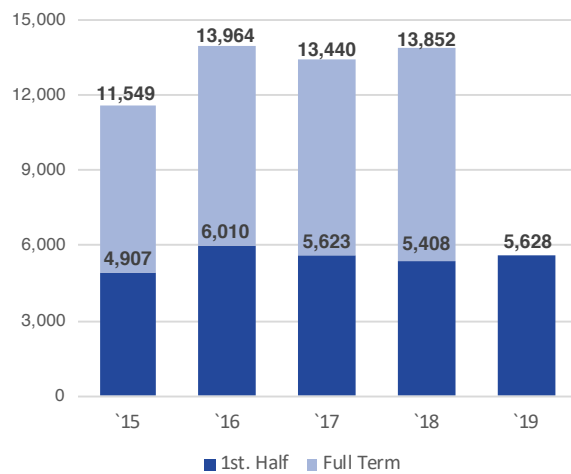
Recurring profit

(Millions of yen)



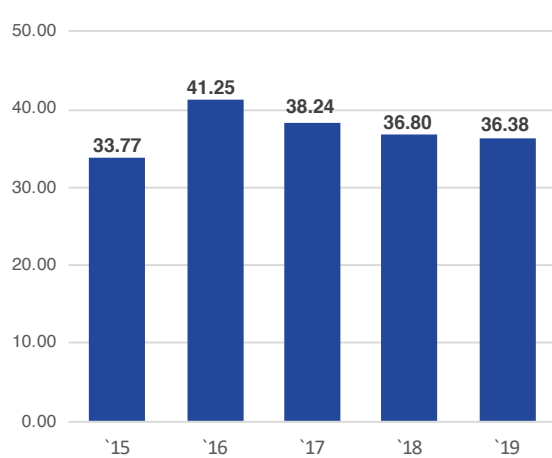
Profit attributable to owners of parent

(Millions of yen)



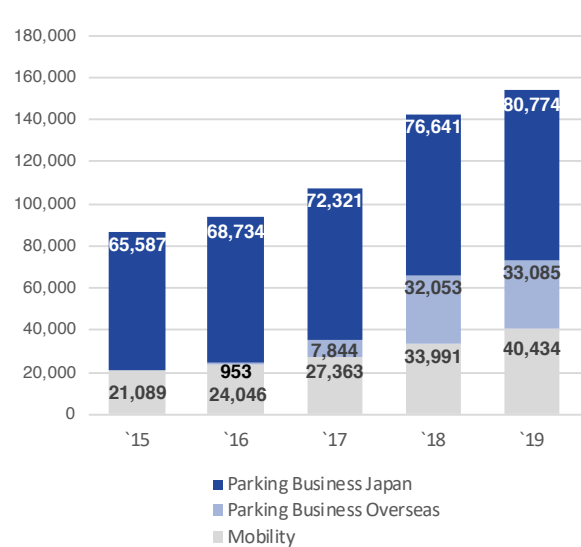
Net income per share

(Yen)



Net sales by segment

(Millions of yen)



CONSOLIDATED FINANCIAL HIGHLIGHT (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

Qualitative data on the consolidated financial results

During the first six months of the consolidated fiscal year ending October 31, 2019 (November 1, 2018 to April 30, 2019), the Japanese economy maintained a high level of corporate earnings and employment conditions, although some weakness was witnessed recently. Overseas, the economic outlook became increasing uncertain, given concerns over the direction of trade friction due to US trade and monetary policies and the Brexit issue, among other matters.

In this environment, the PARK24 GROUP companies (the “GROUP”) sought to expand the four networks of People (members), Cars, Communities (destinations) and Parking facilities in pursuit of the new GROUP philosophy announced in December 2018 that emphasizes efforts to meet prevailing needs and realize comfort ahead of the times. The GROUP also moved forward with creating new services that connect those networks seamlessly, while simultaneously taking steps to develop its business foundation in Japan and abroad.

In addition, the GROUP has renewed its corporate identity (GROUP philosophy and slogan, etc.) and brand identity after redefining them before celebrating the 50th anniversary of its founding in 2021 and relocated its head office to Gotanda (Shinagawa-ku, Tokyo), the place of birth, in May 2019. The GROUP will seek sustainable growth as a concerted effort under a new corporate philosophy by reaffirming the spirit of “challenge” it has been advocating since the time of its foundation

<New GROUP Philosophy>

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

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

As a result, in the first six months of the consolidated fiscal year under review, the GROUP posted net sales of 154,124 million yen (up 8.1% year on year), operating profit of 9,970 million yen (up 7.5% year on year) and recurring profit of 9,523 million yen (up 6.6% year on year), and profit attributable to owners of parent stood at 5,628 million yen (up 4.1% year on year).

Results by business segment are as follows:

Parking Business Japan

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

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 18,145, up 3.1% from the end of the previous fiscal year, and 589,533, up 1.5%, respectively. The total number of parking sites managed, including monthly parking and facility management services, rose 3.0% from the end of the previous fiscal year, to 19,549, and the total number of parking spaces managed increased 1.7%, to 736,836.

Net sales in this segment (including intersegment sales) stood at 80,774 million yen (rising 5.4% year on year), and operating profit amounted to 13,410 million yen (up 6.9%).

CONSOLIDATED FINANCIAL HIGHLIGHT (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

Parking Business Overseas

As it had done in the first quarter, the GROUP strengthened its business foundation to establish a new system that enables it to implement growth strategies, by not only improving the governance system and IT environment in each country and region, but also through other initiatives such as the strengthening of sales personnel and improvement of the parking operation system. In addition, the GROUP is in the process of integrating technologies and know-how cultivated in Japan with those of other countries on parking facility management on a step-by-step basis and working to maximize the profitability of its overseas parking facilities.

As a result, the numbers of overseas parking sites and parking spaces managed at the end of the term under review were 2,512, up 2.2% from the end of the previous fiscal year, and 649,429, up 0.3%, respectively, and the total numbers of parking sites and parking spaces managed worldwide include Japan were 22,061, up 2.9% from the end of the previous fiscal year and 1,386,265, up 1.1%, respectively.

Sales in this segment (including intersegment sales) stood at 33,085 million yen (increasing 3.2% year on year), and operating loss was 679 million yen (operating loss on same period of last year was 156 million yen).

Mobility Business

The GROUP is pursuing initiatives to create a new mobility service that will change the environment for mobility to a more convenient and comfortable one and meet mobility needs in every direction.

In the rental car segment, it implemented the renewal of foreign language-based reservation websites to meet growing inbound demand and strengthened the rent-a-car delivery service using cars equipped with in-vehicle devices. In the car sharing service segment, the GROUP continued to aggressively deploy vehicles and sought to expand services for corporate customers. In addition, the GROUP aimed to create an environment where people can move without stress, through a range of initiatives such as the improvement of services with respect to the placement of vehicles in transport hubs such as stations served by the shinkansen and development of tourism promotion-oriented car sharing in collaboration with governments and railway companies.

Moreover, the GROUP has been conducting a trial to develop “Times CAR,” a new form of mobility service that combines the unattended car sharing service with the manned rent-a-car service. By doing so, it will continue to work on environmental improvements for achieving travel via optimal means that suit the purposes of vehicle use.

As a result, the number of stations at the end of the first half under review was 11,984 and the number of vehicles distributed was 25,010 units (up 5.9% and 6.7% respectively in comparison to the end of the previous fiscal year), and the number of car sharing members also increased 8.7% from the end of the year, to 1,194,708.

As a result, the total number of vehicles in the Mobility Business segment at the end of the first half under review rose 7.1% from the end of the previous fiscal year, to 58,478 (the total number of car sharing vehicle was 25,010). Net sales in the segment (including intersegment sales) reached 40,434 million yen (increasing 19.0% year on year). On the other hand, operating profit was 3,048 million yen (increasing 69.1% year on year).

Qualitative data on the consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first six months of the fiscal year under review increased 10,973 million yen from the end of the previous fiscal year, to 294,145 million yen. The main changes in assets were increases in other noncurrent assets of 6,078 million yen and current assets including accounts receivable of 4,709 million yen and a decrease in goodwill of 2,284 million yen. Total liabilities increased 17,394 million yen, to 205,718 million yen. The main increases were rises in non-current liabilities including short- and long-term loans payable of 13,387 million yen and other current liabilities including accounts payable of 5,325 million yen. Net assets fell 6,421 million yen, to 88,427 million yen, mainly reflecting an increase of 5,628 million yen due to the posting of profit attributable to owners of parent, a decrease of 1,184 million yen in foreign currency translation adjustments, and a decrease of 10,823 million yen due to dividend payments out of retained earnings.

CONSOLIDATED FINANCIAL HIGHLIGHT (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

(ii) Cash flow condition

The balance of cash and cash equivalents at the end of the first six months of the fiscal year under review increased 645 million yen from the end of the previous year, to 30,430 million yen.

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

(Net cash from operating activities)

Net cash provided by operating activities decreased 1,874 million yen year on year, to 24,208 million yen. This chiefly reflected the total of depreciation and amortization and income before income taxes of 23,936 million yen as well as income taxes paid of 5,119 million yen.

(Net cash from investing activities)

Net cash used in investing activities was 24,792 million yen (cash outflows increased 10,202 million yen year on year). This was mainly due to purchases of property, plant and equipment of 21,777 million yen associated with the opening of Times PARKING facilities and acquisition of vehicles for service, as well as long-term prepaid expenses of 1,971 million yen.

(Net cash from financing activities)

Net cash provided by financing activities was 1,385 million yen (cash inflow decreased 8,133 million yen year on year). This was attributable to a net increase in short-term loans payable of 1,648 million yen, the borrowing of long term loan payable of 15,000 million yen and dividends paid of 10,812 million yen.

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

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

July 2019



Koichi Nishikawa
President

CONSOLIDATED BALANCE SHEETS (Unaudited)

As of April 30, 2019 and October 31, 2018

	Millions of yen		Thousands of U.S. dollars
	October 31 2018	April 30 2019	April 30 2019
ASSETS			
Current assets:			
Cash on hand and in banks	¥ 30,081	¥ 30,726	\$ 274,658
Notes and accounts receivable, trade	15,585	17,618	157,486
Less: allowance for doubtful accounts	(218)	(226)	(2,020)
Inventories	1,592	1,704	15,232
Other current assets	25,272	27,199	243,131
Total current assets	<u>72,312</u>	<u>77,021</u>	<u>688,487</u>
Property, plant and equipment:			
Buildings and structures	36,434	37,537	335,541
Machinery and vehicles	84,716	86,784	775,758
Lease assets	51,807	54,101	483,606
Land	24,765	24,941	222,946
Other property, plant and equipment	51,882	58,241	520,614
	<u>249,604</u>	<u>261,604</u>	<u>2,338,465</u>
Less: accumulated depreciation	(121,987)	(125,651)	(1,123,188)
Total property, plant and equipment, net	<u>127,617</u>	<u>135,953</u>	<u>1,215,277</u>
Investments and other assets:			
Goodwill	42,332	40,048	357,987
Contract related intangible assets	18,148	17,342	155,019
Other assets	22,763	23,781	212,577
Total investments and other assets	<u>83,243</u>	<u>81,171</u>	<u>725,583</u>
Total assets	<u>¥ 283,172</u>	<u>¥ 294,145</u>	<u>\$ 2,629,347</u>

CONSOLIDATED BALANCE SHEETS (Unaudited)

As of April 30, 2019 and October 31, 2018

	Millions of yen		Thousands of U.S. dollars
	October 31 2018	April 30 2019	April 30 2019
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable, trade	¥ 519	¥ 871	\$ 7,786
Short -term borrowings	8,556	8,693	77,706
Provision for bonuses	2,283	2,067	18,477
Accrued income taxes	5,642	4,051	36,212
Other current liabilities	46,908	52,233	466,908
Total current liabilities	63,908	67,915	607,089
Long-term liabilities:			
Bonds with stock acquisition rights	35,000	35,000	312,863
Long-term debt	64,849	79,612	711,648
Net defined benefit liability	202	202	1,806
Asset retirement obligations	5,665	5,887	52,623
Deferred tax liabilities	3,339	3,038	27,157
Other long-term liabilities	15,361	14,064	125,717
Total long-term liabilities	124,416	137,803	1,231,814
Net Assets:			
Shareholders' equity:			
Common stock	19,754	19,864	177,563
Authorized :			
2018 and 2019—283,680,000 shares			
Issued and outstanding:			
2018—154,430,069 shares,			
2019—154,777,469 shares			
Capital surplus	15,342	15,451	138,116
Retained earnings	61,480	56,285	503,129
Treasury stock, at cost (2018—1,283 shares, 2019—1,323shares)	(2)	(2)	(18)
	96,574	91,598	818,790
Accumulated other comprehensive income:			
Net unrealized gains on securities	111	112	1,001
Revaluation reserve for land	(1,053)	(1,053)	(9,413)
Deferred losses on hedges	(52)	(120)	(1,072)
Foreign currency translation adjustments	(148)	(1,332)	(11,907)
Accumulated adjustments for retirement benefits	(1,110)	(1,125)	(10,056)
Total accumulated other comprehensive income	(2,252)	(3,518)	(31,447)
Stock acquisition rights	251	225	2,011
Net assets attributable to owners of the parent	94,573	88,305	789,354
Non-controlling interests	275	122	1,090
Total net assets	94,848	88,427	790,444
Total liabilities and net assets	¥ 283,172	¥ 294,145	\$ 2,629,347

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Net sales:	¥ 142,545	¥ 154,124	\$ 1,377,706
Cost of sales:	109,792	117,655	1,051,712
Gross profit	32,753	36,469	325,994
Selling, general and administrative expenses:	23,480	26,499	236,873
Operating profit	9,273	9,970	89,121
Other expenses (income):			
Interest expense	336	358	3,200
Interest and dividend income	(5)	(10)	(89)
Expenses incurred for evacuation of parking facilities	200	191	1,707
Void parking ticket income	(98)	(95)	(849)
Equity in loss (earnings) of affiliates	24	(1)	(9)
Foreign exchange loss (gain) , net	(6)	4	36
Loss on disposal of property and equipment	5	23	206
Loss on valuation of investment securities	251	-	-
Relocation cost of Head office	-	680	6,078
Other, net	(113)	54	483
	594	1,204	10,763
Profit before income taxes	8,679	8,766	78,358
Income taxes:			
Current	3,228	3,212	28,712
Deferred	(179)	(184)	(1,645)
	3,049	3,028	27,067
Profit before non-controlling interests	5,630	5,738	51,291
Profit attributable to:			
Non-controlling interests	222	110	983
Shareholder of PARK24 CO.,LTD	¥ 5,408	¥ 5,628	\$ 50,308
	Yen		U.S. dollars
	2018	2019	2019
Per share of common stock :			
Profit			
Basic	¥ 36.80	¥ 36.38	\$ 0.33
Diluted	¥ 34.91	¥ 34.31	\$ 0.31
Cash dividends	¥ -	¥ -	\$ -

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars	
	2018	2019	2019	
Profit	¥ 5,630	¥ 5,738	\$ 51,291	
Other comprehensive income				
Net unrealized gains (losses) on securities	(25)	1	9	
Deferred gains (losses) on hedges	7	(67)	(599)	
Foreign currency translation adjustments	(903)	(1,126)	(10,065)	
Adjustments for retirement benefit	62	(15)	(134)	
Share of other comprehensive income (losses) of affiliates accounted for using the equity method	7	(58)	(518)	
Total other comprehensive income	(852)	(1,265)	(11,307)	
Comprehensive income	¥ 4,778	¥ 4,473	\$ 39,984	
Comprehensive income attribute to:				
Non-controlling interests	218	110	983	
Shareholder of PARK24 CO.,LTD	¥ 4,560	¥ 4,363	\$ 39,001	

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

For the six-month periods ended April 30, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars
	2018	2019	2019
Cash flows from operating activities:			
Profit before income taxes	¥ 8,679	¥ 8,766	\$ 78,358
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	15,246	16,364	146,277
Interest and dividend income	(5)	(10)	(89)
Interest expense	336	358	3,200
Loss on disposal of property and equipment	5	23	206
Relocation cost of Head office	-	680	6,078
Loss on valuation of investment securities	251	-	-
Changes in assets and liabilities:			
Notes and accounts receivable, trade	361	(2,166)	(19,362)
Inventories	3,506	4,246	37,955
Prepaid expenses	1,267	12	107
Notes and accounts payable, trade	(91)	354	3,164
Notes payable, other	(671)	(66)	(590)
Accounts payable, other	2,741	1,752	15,661
Other	(1,394)	(639)	(5,711)
Subtotal	30,231	29,674	265,254
Interest and dividend income received	5	10	89
Interest expense paid	(333)	(357)	(3,191)
Income taxes paid	(3,821)	(5,119)	(45,758)
Net cash provided by operating activities	26,082	24,208	216,394
Cash flows from investing activities:			
Increase in time deposits due over three months	(6)	(6)	(54)
Decrease in time deposits due over three months	6	6	54
Payments for purchase of property, plant and equipment	(12,124)	(21,777)	(194,663)
Proceeds from sale of property and equipment	10	1	9
Payments for purchase of intangible assets	(474)	(676)	(6,043)
Payment of long-term prepaid expenses	(1,950)	(1,971)	(17,618)
Payment for capital	-	(169)	(1,511)
Other	(52)	(200)	(1,788)
Net cash used in investing activities	(14,590)	(24,792)	(221,614)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	(2,301)	1,648	14,731
Increase in long-term borrowings, net	27,063	15,000	134,084
Repayment of long-term debt	(2,156)	(1,437)	(12,845)
Repayment of lease obligations	(2,701)	(2,939)	(26,272)
Proceeds from issuance of additional shares of common stock	15	182	1,627
Purchase of treasury stock	(0)	-	-
Dividends paid to shareholder of PARK24 CO.,LTD	(10,266)	(10,812)	(96,648)
Dividends paid to non-controlling interests	(136)	(257)	(2,297)
Net cash provided by financing activities	9,518	1,385	12,380
Effect of exchange rate changes on cash and cash equivalents	(138)	(156)	(1,394)
Net increase in cash and cash equivalents	20,872	645	5,766
Cash and cash equivalents at beginning of year	17,775	29,785	266,246
Cash and cash equivalents at end of year	¥ 38,647	¥ 30,430	\$ 272,012

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 ¥111.87=U.S.\$1, the rate of exchange on April 30, 2019, 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.

CORPORATE DATA

As of April 30, 2019

■ Corporate outline

Corporate Name

PARK24 CO.,LTD.

Stock Listing

First Section of the Tokyo Stock Exchange

Share Code / Ticker Symbol

4666 / PKCOY

Date of Founding

August 26, 1971

Paid-in capital

¥19,863 million

Fiscal Year-end

October 31

Number of Employees

355 (4,831 on a consolidated basis)

Overview of Operations

Parking Business Japan

Operation and management of parking facilities

Parking Business Overseas

Operation and management of parking facilities

Mobility Business

Rent-a-car service, Car sharing, Road assistance

Leading Banks

Sumitomo Mitsui Banking Corp.

Resona Bank, Ltd.

Mizuho Bank, Ltd.

The Bank of Mitsubishi UFJ, Ltd.

Transfer Agent

Mitsubishi UFJ Trust and Banking Corp.

Accounting Auditor

ERNST & YOUNG SHINNIHON LLC

■ Subsidiaries and Affiliates

Company Name	Principal Business Activities	Percentage of voting rights
TIMES24 CO.,LTD.	Management of parking facilities and car sharing service	100
TIMES SERVICE CO.,LTD.	Maintenance of parking facilities and car	100
TIMES COMMUNICATION CO.,LTD.	Contact center and road assistance service	100
TIMES MOBILITY NETWORKS CO., LTD.	Rent-a-car service	100
PARK24 BUSINESS SUPPORT CO.,LTD.	Back office support	100
TIMES SUPPORT CO., LTD.	Insurance agent service	100
TIMES INNOVATION CAPITAL LLC	Corporate venture capital	100
TAIWAN PARK24 PARKING CO., LTD.	Management of parking facilities (Taiwan)	100
Secure Parking Pty Ltd	Management of parking facilities (Australia, New Zealand)	100
Secure Parking Singapore Pte. Ltd.	Management of parking facilities (Singapore)	100
Secure Parking Corporation Sdn. Bhd.	Management of parking facilities (Malaysia)	100
National Car Parks Limited	Management of parking facilities (UK)	51
GS Park24 Co., Ltd.	Management of parking facilities (South Korea)	50

■ Board of Directors

Name	Managerial Position
Koichi Nishikawa	President and Representative Director
Kenichi Sasaki	Director, COO
Norifumi Kawakami	Director, Executive Corporate Officer
Keisuke Kawasaki	Director, Corporate Officer
Yoshimitsu Oura	Outside Director
Seishi Uenishi	Director, Audit and Supervisory Committee Members
Kyosuke Kano	Outside Director, Audit and Supervisory Committee Members
Tsunekazu Takeda	Outside Director, Audit and Supervisory Committee Members



PARK24 CO.,LTD.

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<https://www.park24.co.jp/en/>