

Consolidated Financial Report for the Fiscal Year Ended October 31, 2022 (Japanese GAAP)

December 15, 2022

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: January 26, 2023
: –
: January 27, 2023
: Yes
: Yes, only in Japanese (For institutional
investors and analysts)

Scheduled day of annual shareholders' meeting
Scheduled day of commencing dividend payment
Scheduled day of submission of a financial report
Preparation of supplementary financial data
Information meeting for financial results to be held

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

1. Consolidated business results for the fiscal year ended October 31, 2022 (November 1, 2021 – October 31, 2022)

(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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2022	290,253	15.6	20,672	–	16,970	–	2,476	–
October 31, 2021	251,102	-6.6	-8,039	–	-11,619	–	-11,658	–

(Note) Comprehensive income: Fiscal year ended October 31, 2022: -1,495 million yen –%
Fiscal year ended October 31, 2021: -14,685 million yen –%

	Net income per share	Net income per share after dilution	Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2022	15.22	14.41	8.8	5.4	7.1
October 31, 2021	-75.45	–	-49.2	-3.8	-3.2

(Reference) Equity in net income of affiliates: Fiscal year ended October 31, 2022: – million yen
Fiscal year ended October 31, 2021: -173 million yen

(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	Net asset per share
	Million yen	Million yen	%	Yen
As of October 31, 2022	307,626	40,042	13.0	234.46
As of October 31, 2021	319,628	16,432	5.1	105.93

(Reference) Shareholders' equity: As of October 31, 2022: 39,980 million yen
As of October 31, 2021: 16,369 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
October 31, 2022	29,369	-17,357	-20,116	85,065
October 31, 2021	34,818	-12,349	13,167	91,795

2. Dividend status

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q	2Q	3Q	4Q	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
October 31, 2021	—	0.00	—	0.00	0.00	—	—	—
October 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending October 31, 2023(Forecasts)	—	0.00	—	0.00	0.00		—	

3. Consolidated Forecasts for the Fiscal Year ending October 31, 2023 (November 1, 2022 - October 31, 2023)

(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	155,000	14.1	11,500	107.0	9,500	140.6	5,500	—	32.25
Full year	323,000	11.3	27,000	30.6	23,000	35.5	13,000	424.9	76.24

*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 :Yes
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)	As of October 31, 2022	171,048,369 Shares	As of October 31, 2021	155,048,369 Shares
2) Number of treasury stock at the end of the period	As of October 31, 2022	528,434 Shares	As of October 31, 2021	528,313 Shares
3) Average number of shares during the term (consolidated cumulative period)	Fiscal year ended October 31, 2022	162,717,242 Shares	Fiscal year ended October 31, 2021	154,512,122 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".

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1. Qualitative Data, Financial Statements and Other Information

(1) Qualitative data on the consolidated financial results

During the fiscal year ended October 31, 2022 (November 1, 2021, to October 31, 2022), while many countries were on track toward a recovery from the COVID-19 pandemic, there was increasing concerns related to the slowdown of the global economy due to increasing inflationary pressure due to surging energy prices which was attributable to the prolonged conflict between Russia and Ukraine and resultant monetary tightening in Western countries, at a time. Activities in the Japanese economy resumed moderately at the beginning of the fiscal year under review thanks to a low level of new COVID-19 cases. However, the number of new COVID-19 cases began spiking again in January 2022, and the nationwide enforcement of the Priority Preventive Measures resulted in another slowdown in the economic recovery. Subsequently, the COVID Priority Preventive Measures were ended in March 2022 and economic activity has been trending toward recovery, but the business environment has remained difficult to predict due to protracted concerns about the negative impact of the upward pressure on prices due to the rapid depreciation of the yen and other factors.

In this environment, the Group set the goal of achieving absolute profitability, while assuming that the impact of COVID-19 would continue to a certain extent in the fiscal year under review, and the Group was working to strengthen its business base to make it profitable even in these circumstances and develop a foundation for future growth.

In term of financial results, both operations in Japan and overseas were significantly affected by restrictions on activities due to COVID-19 during the second quarter of the consolidated fiscal year under review, however, all businesses recovered slowly but steadily in the third quarter.

As a result, in the consolidated fiscal year under review, the Group posted net sales of 290,253 million yen (up 15.6% year on year), an operating profit of 20,672 million yen (operating loss of 8,039 million yen in the same period of the previous year), and a recurring profit of 16,970 million yen (recurring loss of 11,619 million yen in the same period of the previous year). Profit attributable to owners of parent stood at 2,476 million yen (loss attributable to owners of parent of 11,658 million yen in the same period of the previous year) as tax expenses associated with partial reversal of deferred tax assets were recorded as income taxes-deferred of 3,540 million yen by TIMES MOBILITY CO., LTD. ("TM"), which has operated a mobility business.

Results by business segment are as follows:

Parking Business Japan

The traffic volume rose to a near pre-COVID-19 level at the beginning of the fiscal year under review thanks to a continuous decrease in new COVID-19 cases, and the parking site occupancy remained steady. In mid-January 2022, the Priority Preventive Measures took effect across Japan in response to a spike in COVID-19 cases, causing a fall in traffic volume and parking site occupancy. A recovery has been achieved since the Priority Preventive Measures were lifted in March. Subsequently, a new wave of COVID-19 that began in early July reduced parking site occupancy, although this was less significant than the impact of the activity restrictions. The trend toward recovery resumed in September.

The Company continued to reduce unprofitable parking sites and carefully selected and developed sites capable of turning a profit while being affected by COVID-19 in an effort to streamline the business. In addition, as part of efforts to improve profitability going forward, the Company was diversifying payment methods using applications and other means, and was building a next-generation parking service that enables easier entry and exit of parking spaces.

As a result, in the consolidated fiscal year under review, the numbers of Times PARKING sites and parking spaces managed were 17,399 (-2.7% of the end of the previous fiscal year), and 552,042 (-1.8% of the end of the previous fiscal year). The total number of parking sites managed, including monthly parking and facility management services, was 25,246 (-1.2% of the end of the previous fiscal year), and the total number of parking spaces managed was 732,868 (-1.7% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) stood at 158,857 million yen (+5.6% year on year), and operating profit amounted to 34,222 million yen (+60.2% year on year).

Parking Business International

The consolidation period in other countries during the fiscal year under review was from October 1, 2021 to June 30, 2022. Among countries in which the Group operates businesses, parking site occupancy resumed in the UK in line

with a recovery of the flow of people following the lifting of regulations in England in February 2022, despite regulations on activities such as the stay-at-home advisory issued in December 2021. In Australia, parking site occupancy remained strong since February as the city lockdown and activity restrictions enforced at the beginning of the fiscal year under review were gradually eased. Subsequently, activity restrictions such as a stay-at-home advisory were imposed in response to an increase in the number of new COVID-19 infections in July, but the impact was insignificant. In other countries, the overall business was stable despite the continuing impact of new waves of COVID-19 infections in some regions.

In new parking site development as part of business restructuring, the Group developed short-term contract parking sites, Localized Times PARKING, in line with the conditions in each country based on the "small, distributed, and dominant" features of Times PARKING in Japan. In the UK, the Group restructured expenses by terminating contracts and revising rents through individual negotiations with land owners. In other countries, the Group aggressively worked to reduce the cost of managing parking sites by, for instance, increasing operation and maintenance efficiency to streamline the business.

As a result, in the consolidated fiscal year under review, the numbers of overseas parking sites and parking spaces managed were 2,363 (+6.8% of the end of the previous fiscal year), and 559,891 (-5.3% of the end of the previous fiscal year). The total numbers of parking sites and parking spaces managed worldwide were 27,609 (-0.6% of the end of the previous fiscal year), and 1,292,759 (-3.3% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 57,983 million yen (+50.6% year on year). Operating loss was 5,049 million yen (operating loss of 16,595 million yen in the previous year).

Mobility Business

In the Times CAR (combination car sharing and rental car services) segment, the operation of the Mobility Business vehicles remained steady at the beginning of the fiscal year under review as in the case of Parking Business Japan. However, the strong impact of the COVID Priority Preventive Measures taken nationwide in mid-January 2022 in response to a resurgence in COVID-19 caused the occupancy rate to remain low, then, the occupancy rate went upward since the lifting of the Priority Preventive Measures in March. Another rise in COVID-19 that began in early July affected the use of vehicles, particularly in corporate use, although less significantly than the impact during the period when the Priority Preventive Measures were in effect. The segment performed steadily supported by robust demand by individuals.

In this condition, the Group sold vehicles ahead of schedule and worked on building an operation system to meet demand more flexibly in light of the environment surrounding the used car market during the fiscal year under review. More specifically, the Group has been building an operation system to provide the optimal number of vehicles for consumer demand through a variable model (renting out multiple vehicles from a single parking space) of the mobility service, Times CAR. In addition, the Group opened 743 renting stations to strengthen the network and added functions to the Times CAR mobile application to allow the user to use the service from reservation to unlocking and locking of a car and payment without presenting a membership card in an effort to raise user convenience. The Group also worked to improve marketing for companies, distributed service coupons, implemented promotional campaigns and took other steps to maximize profitability per vehicle through promoting the use of the service.

As a result, in the consolidated fiscal year under review, the total number of vehicles in Mobility Business as a whole was 53,062 units (+1.0% of the end of the previous fiscal year), and the number of members was 2,040,639 (+18.3% of the end of the previous fiscal year). Regarding the number of vehicles, the Group focused on maintaining the level at the end of the fiscal year ended October 31, 2021, and increasing the occupancy rate per vehicle during the fiscal year under review. Net sales of this segment (including intersegment sales) were 78,288 million yen (up 17.2% year on year), and operating profit was 4,772 million yen (operating loss of 41 million yen in the previous year).

The Group posted income taxes - deferred in the consolidated fiscal year under review under the following circumstances: TM's financial results for the fiscal year ended October 31, 2022 were projected to be net positive at the beginning of the fiscal year based on the assumption that no COVID-19-linked movement restrictions would be imposed. In fact, although the number of new COVID-19 cases remained at high levels since July, TM continued to perform strongly due to the absence of movement restrictions, etc., and aided by seasonally strong consumer spending. However, the impact of COVID Priority Preventive Measures implemented nationwide during the period from January to March was so significant that TM was unable to make up for losses generated during the period and

posted a loss for three consecutive years. In light of that situation, and after careful consideration of the recoverability of deferred tax assets, TM decided to reverse a part of the deferred tax assets and to record 3,540 million yen as income taxes-deferred as a tax expense.

Looking ahead to the fiscal year ending October 31, 2023, with the impact of COVID-19 expected to decline further, TM will be able to generate profit sustainably by reforming its cost structure while also focusing on business growth. Through these efforts, the Company expects that the overall mobility business will grow steadily.

(2) Overview of financial position during the fiscal year under review

Total assets decreased 12,001 million yen from the end of the previous fiscal year to 307,626 million yen. This is primarily a result of an 2,881 million yen increase in intangible assets including goodwill, a 10,169 million yen decrease in property, plant and equipment including machinery, equipment and vehicles and a 3,642 million yen decrease in investments and other assets including deferred tax assets.

Total liabilities decreased 35,611 million yen from the end of the previous fiscal year to 267,584 million yen. The decrease was caused primarily by long- and short-term borrowings of 28,848 million yen and accrued expenses of 5,102 million yen.

Net assets increased 23,609 million yen from the end of the previous fiscal year to 40,042 million yen. This is primarily a result of a 2,476 million yen increase in retained earnings due to profit attributable to owners of parent, a 25,136 million yen increase in share capital and capital surplus due to issuance of new shares through overseas offering and a 3,162 million yen decrease in foreign currency translation adjustment.

< Issuance of new shares through an overseas offering >

The Group had set the medium- to long-term business target of expanding and seamlessly connecting the four networks of people, vehicles, towns and parking sites prior to the beginning of the COVID-19 pandemic and it has maintained this policy through the pandemic.

The Group performance turned a profit in each quarter from the fourth quarter of the fiscal year ended October 31, 2021, after serious damage suffered due to the pandemic, and all businesses are on a recovery trend.

On April 12, 2022, the Group passed a resolution to issue new shares through an overseas offering for the purpose of making flexible growth investments and consistently promoting medium- to long-term growth in expectation of a full recovery in all businesses in the coming months. Approximately 10 billion yen will be appropriated for the development of mobile applications to increase the convenience of services provided by the Group and operation efficiency required for seamless networks, and investment in digital technologies, including reforms of business infrastructure system, and approximately 15 billion yen for the purchase of Mobility Business vehicles (including electric cars) required for the expansion of Mobility services among the "expansion of four networks."

The shareholders' equity as of the end of the consolidated fiscal year under review was 52,758 million yen, and the equity ratio was 17.2%.

(3) Overview of cash flow during the fiscal year under review

The balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased 6,730 million yen from the end of the previous consolidated fiscal year, to 85,065 million yen. The cash flow situation by category for the fiscal year under review was as follows:

(Net cash from operating activities)

Net cash provided by operating activities decreased 5,448 million yen from the end of the previous fiscal year to 29,369 million yen. This primarily reflected the total of profit before income taxes and depreciation of 44,896 million yen, a decrease of accrued expenses of 5,736 million yen, a decrease of accounts payable - other of 5,264 million yen and interest paid of 3,323 million yen.

(Net cash from investing activities)

Net cash used in investing activities increased 5,007 million yen year on year, to 17,357 million yen. This was mainly attributable to capital expenditures for Times PARKING and purchase of Mobility vehicles.

(Net cash from financing activities)

Net cash used in financing activities was 20,116 million yen (increased 33,283 million yen year on year). This was attributable primarily to proceeds from issuance of shares, which were more than offset by expenditure for the

repayments of long-term borrowings and lease obligations.

(Changes in cash flow-related indicators)

	FY Ended Oct. 2022	FY Ended Oct. 2021	FY Ended Oct. 2020
Shareholders' equity ratio (%)	17.2	7.9	12.4
Market value equity ratio (%)	111.0	84.2	73.5
Number of years for debt redemption (years)	6.6	6.6	5.2
Interest coverage ratio (times)	8.8	13.2	22.8

(Note) Shareholders' equity ratio: shareholders' equity divided by total assets

Market value equity ratio: market capitalization divided by total assets

Number of years for debt redemption: interest-bearing debts divided by cash flow from operating activities

Interest coverage ratio: cash flow from operating activities divided by interest payment

*All of the indicators are calculated based on consolidated financial data.

*Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of shares outstanding (after subtracting treasury shares).

*The cash flow from operating activities used in the calculation is the cash flow from operating activities in the consolidated statement of cash flow.

*Interest-bearing debts include all interest-bearing liabilities that are posted on the consolidated balance sheet.

*The interest payment represents the amount of interest expenses paid presented in the consolidated statement of cash flow.

(4) Outlook for the future

The Group's highest priority is profitability and it has consistently promoted the building of a lean business structure since we had a serious impact of the drastically decreased movement of people since the beginning of the pandemic on all of its businesses. The impact of COVID-19 has gradually become less severe, and its severity is expected to decrease in the fiscal year ending October 31, 2023. In these circumstances, the Group will return to a growth track and achieve its medium- to long-term business strategy, the expansion and seamless integration of our four networks. In addition, the Group advocates the acceleration of its digital strategy as a policy for promoting seamless integration more strongly for the acceleration of growth investments.

Parking Business Japan will work to expand parking sites that can maintain profitability with development that meets the conditions of each area by making the most of the expertise cultivated through the measures to address COVID-19 for unprofitable parking facilities, a review of management and maintenance and the careful selection of development projects focusing only on properties that will certainly generate profit. Further, as part of the efforts to improve profitability going forward, the Group is building next-generation parking services that enable easier entry, exit and payment, and promoting collaborations between Group services.

In Parking Business International, the Group will review the current business portfolio which concentrate heavily on large and long-term contract parking sites to reduce business risk and make it profitable as quickly as possible by developing short-term contract parking sites optimally suited for demand for parking sites 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 through the improvement of the content of services, the Group will continuously facilitate cashless payments, whose ubiquity has rapidly increased during the COVID-19 pandemic.

The number of members in the Mobility Business has steadily increased in spite of the COVID-19 pandemic. In the fiscal year ending October 31, 2023, the number of vehicles will be increased while maintaining the occupancy per vehicle in accordance with the accelerating increase of the number of members and with the recovery of sightseeing and business trip demand. In addition, the business aims to continue to acquire members and increase the service

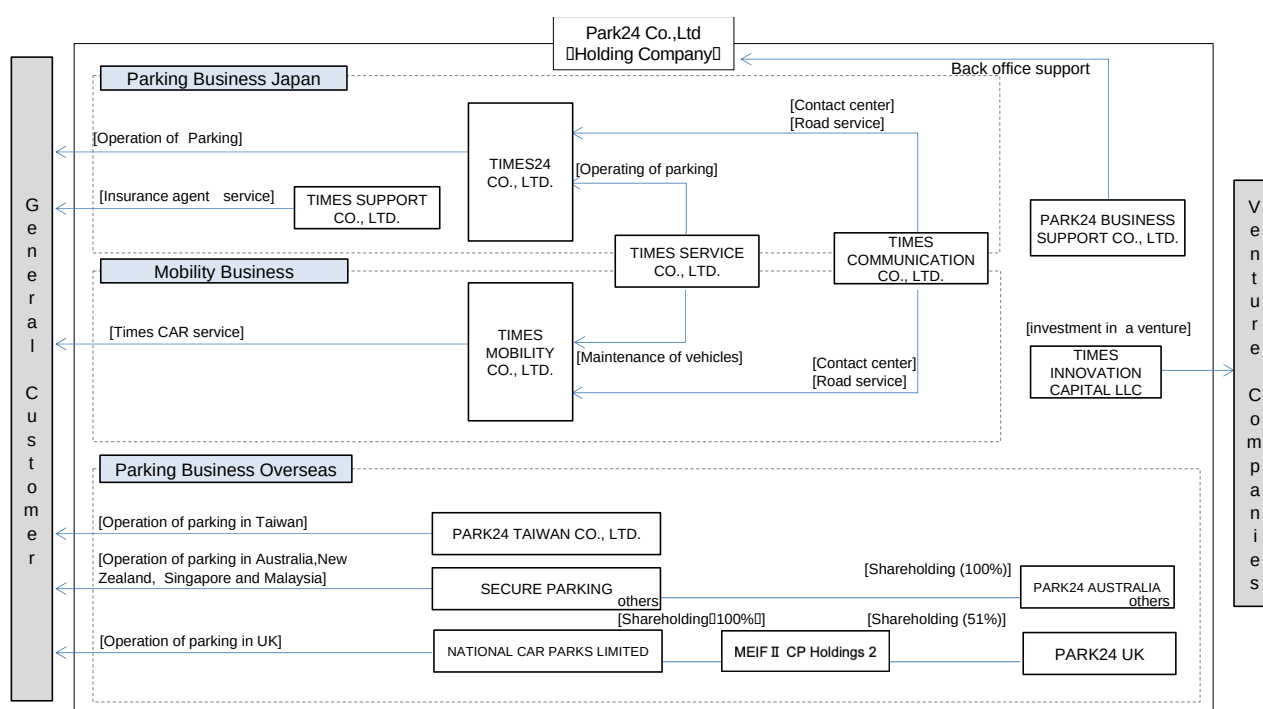
use by leveraging its app and other tools to encourage people to become members, immediately capturing usage demand and improving convenience.

Through these efforts, the Group expects that, at the end of October 2023, the total number of domestic and overseas parking sites will be 28,430, and the total number of parking spaces will be 1,387,400. There will be 59,600 Times CAR vehicles. For the fiscal year ending October 31, 2023, the Group forecasts net sales of 323,000 million yen, operating profit of 27,000 million yen, recurring profit of 23,000 million yen, and profit attributable to owners of parent of 13,000 million yen.

2. Status of the PARK24 Group

The Group (the Company and its affiliates) consists of the Company and 90 consolidated subsidiaries. The Group manages and operates parking sites, rents and trades vehicles, and develops related businesses.

The systematic diagram of the business is as follows.



The business lines of the Group are as follows:

Parking Business Japan

The Group provides pay-by-the-hour and pay-by-the-month parking sites services under sublease agreements for renting idle land lots and facilities incidental parking, and administration trustee agreements for managing parking sites on behalf of their owners as well as by using parking sites owned by the Group. The Group also operates reservation-only parking sites, and manages and operates incidental facilities of parking sites.

Parking Business International

The company provides hourly and monthly parking services through sublease and management contracts in six countries: the United Kingdom, Australia, New Zealand, Singapore, Malaysia, and Taiwan. Based on the parking business Japan strategy of "small, decentralized, and dominant", the company promotes the development of short-term contracts and small investment parking facilities optimized for the parking demand environment in each country.

Mobility Business

The Group provides a mobility service called "Times CAR" (combining Car Sharing and Car Rental services) that allows customers to Car Rental for a specified length of hours or days at manned stores and unmanned stations

nationwide. The Group also offers a roadside service that responds to accidents and breakdowns.

3. Management Policy

(1) Basic management policy

PARK24 Group's philosophy is "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. The Group helps to make urban environments and the lives of people living and working in them richer and pleasanter. The Group listens carefully to our customers to create services that meet the needs of the times. At the same time, we will contribute to the sustainable development of society by promoting business development and initiatives that contribute to solving environmental and social issues.

(2) Targeted management indices

In order for the Group to realize the "comfort" demanded by the times and contribute to the sustainable development of society, we recognize the importance of expanding the scale of our Parking Business and Mobility Businesses, as well as expanding and evolving our services, and therefore we recognize that ensuring high growth and profitability is a management issue. Therefore, we have set the growth rate of recurring profit as the most important management indicator and strive to maintain double-digit growth sustainable growth.

The Group recorded a net loss for two consecutive fiscal years beginning in the fiscal year ended October 31, 2020 due to the significant impact of COVID-19. As a result, the shareholders' equity ratio was largely affected, but has recovered to a certain level after the issuance of new shares through an overseas offering on April 12, 2022. We continue to recognize that financial soundness is an important management issue, and we target a shareholders' equity ratio of 30% at the end of the fiscal year ending October 31, 2025 as a financial indicator.

(3) Business environment and medium-term business strategies

Regarding the short-term business environment, both in Japan and overseas, the Group expects the impact of COVID-19 to gradually diminish as economic activities begin to normalize with the spread of vaccinations as countermeasures against infections. Going forward, we expect the occupancy of the Parking Business to recover to pre-COVID-19 levels and Mobility Business usage to exceed pre-COVID-19 levels, reflecting the growth potential of the business.

Regarding the medium- to long-term business environment, we believe that climate change due to global warming, changes in behavioral patterns due to global population growth and changes in the demographic structure of each country, the ongoing digital revolution, and rapid advances in technology will progress at an accelerated pace. Based on this recognition of the macro environment, we have identified five materialities (key issues) that we will prioritize by organizing risks and opportunities for the Group. The Group believes that its sustainability efforts will contribute to the enhancement of corporate value for society as a whole and for the Company. We will continue to promote initiatives that contribute to the five materialities in order to realize a sustainable society through our core business in accordance with international standards.

<Five Materialities>

- (1) Contribution to sustainable global environment
- (2) Provision of safe mobility and transportation infrastructure services
- (3) Innovation for comfortable society
- (4) Promotion of active participation of diverse human resources essential for corporate growth
- (5) Establishment of strong management foundation

The core of our medium- to long-term business strategy is to promote the "expansion and seamlessness of the four networks" of people (members), cars (mobility), communities (destinations), and parking facilities.

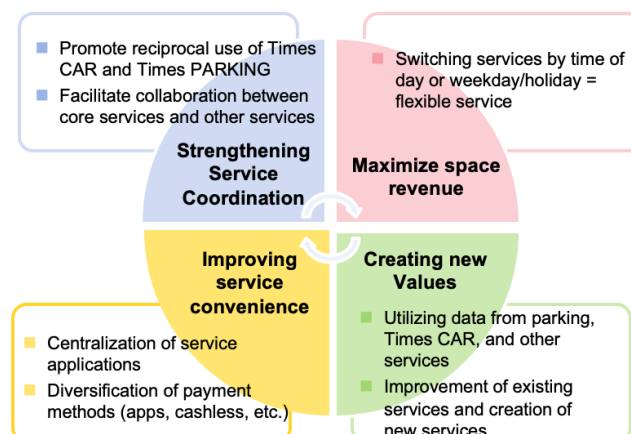
Network Expansion

- Expanding scales of each of the four networks(People, Parking, Communities, Cars)



Promoting Seamlessness

- Improve profitability by organically linking business assets through digital investments



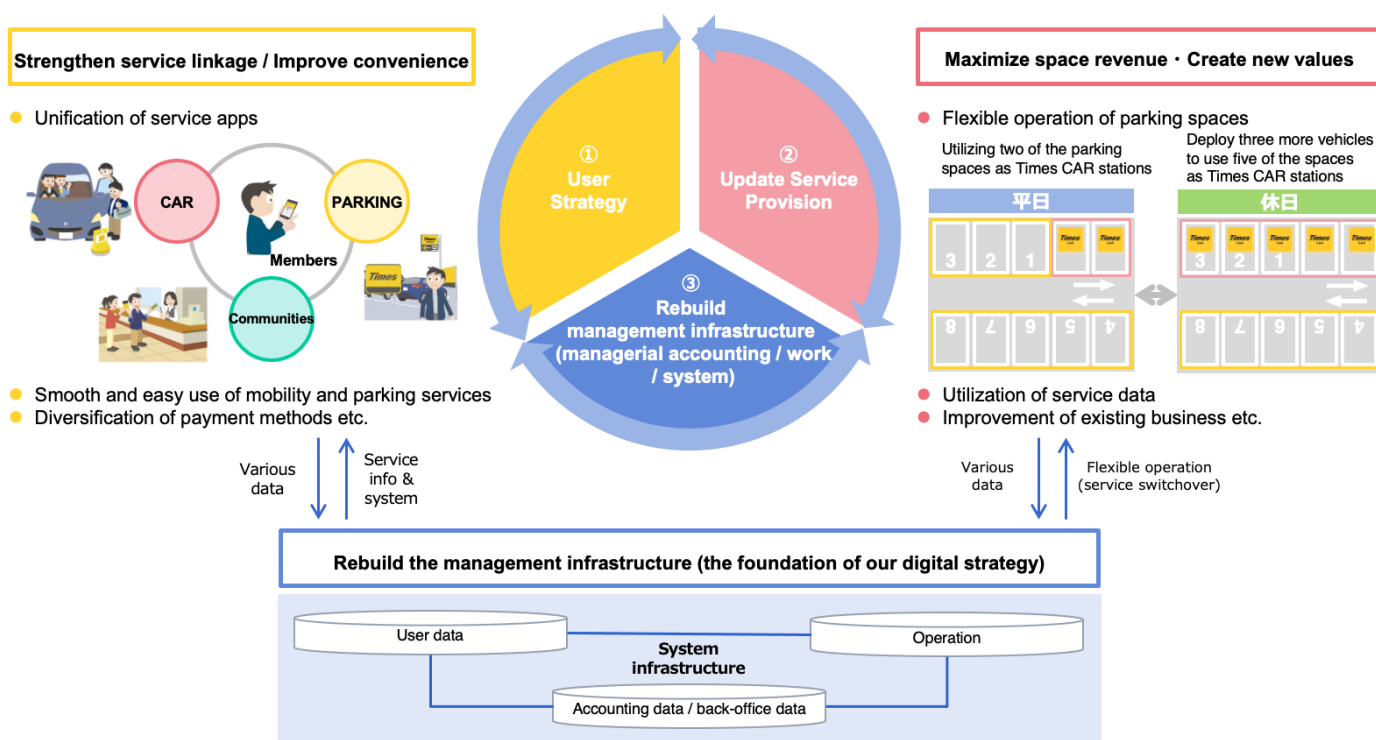
With regard to the first (parking) of the "four networks," we intend to expand our network by developing a stable supply of parking facilities both domestically and internationally. We recognize that the environment is conducive to the development of parking facilities, especially in Japan, where there is a chronic shortage of parking spaces and a large supply-demand gap. In addition, to improve customer convenience, we are working to develop next-generation parking services where entry/exit and payments can be done smoothly and stress-free. Overseas, we are developing our parking business in six countries (the United Kingdom, Australia, New Zealand, Singapore, Malaysia, and Taiwan), and in each country, similar to Japan, we are working to expand our parking network and develop parking facilities. In the U.K. and Australia, the core of our international operations, we are promoting the development of short-term contract parking facilities optimized for the parking demand environment in each country based on our Parking Business Japan strategy of "small, diversified, and dominant" in order to shift our business portfolio, which is biased toward large, long-term contract parking facilities, to reduce business risk and improve profitability.

Regarding the second (mobility), we will expand the number of vehicles and rental locations for Times CAR, a new mobility service that combines car sharing and car rental services. Times CAR is a convenient service that allows customers to rent the type of car they want, whenever they want, wherever they want, for as long as they want. As a result, both the number of members and the operation of Times CAR have been growing steadily, and we recognize that this service is capable of continuing significant growth in the future.

In the third, communities, which is the destination for our customers, we will increase the number of member stores for Times PAY, a cashless payment service to provide comfort for both member stores and customers, and to thereby expand the communities (destinations) network.

In the fourth category of members, the expansion of services for cars (mobility), communities (destinations), and parking, respectively, will improve convenience and provide easy-to-use services, thereby increasing the size of both corporate and individual members.

In the "Seamless" segment, to improve the convenience of Group services through digital investment, we will enhance customer convenience by upgrading smartphone application functions for various services and strengthen linkages; improve profitability of parking facilities by optimizing spaces such as hourly, reserved, monthly and Times CAR allocation; and reform business infrastructure such as business processes to promote cost reduction and efficiency.



Through these efforts, we are targeting 1 million parking spaces in the Parking Business Japan, 100,000 Times CAR vehicles, and 10 million Times CLUB members by the fiscal year ending October 31, 2026.

As a company that provides mobility services, including parking, throughout the world, the Group will strive to achieve sustainable growth to become the world's No. 1 company in terms of services as well as profitability, and to enhance corporate value by fulfilling its corporate social responsibility, thereby earning the trust and meeting the expectations of all stakeholders.

(4) Issues to be addressed

The impact of COVID-19 on our group has gradually subsided, and we recognize the following as issues to be addressed based on our medium- to long-term management strategy in order to accelerate our growth again toward our group philosophy: "We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow".

(i) Addressing environmental issues

In the midst of a business environment in which global demands are being made to address climate change, the parking facilities and mobility businesses operated by the Group are attracting attention as one of the main providers of Electric Vehicles (EV) and EV chargers. In the parking facilities business, we will promote the installation of EV chargers in our parking facilities, while being aware of the spread of EVs. In the mobility business, we will promote the introduction of EVs into our mobility services, while also being aware of the spread of EVs.

In addition, in December 2021, we expressed our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and are working to enhance the quality and quantity of our disclosure of information on climate change issues. We will continue to contribute to the reduction of environmental impacts by promoting specific initiatives while keeping an eye on the drastically changing business and social environment.

(ii) Providing stable services

The Group recognizes that parking services and mobility services are social infrastructure. To ensure that each service can be provided in a stable manner, we will build an operating structure that allows Group services to be centrally managed and will also enact strict rules in order to maintain quality.

The Group also provides services to its customers through IT systems. Accordingly, we will work to ensure stable operation by making sufficient investment in IT systems and developing and recruiting human

resources with IT skills.

(iii) Expanding the four networks

The Group will provide customers with an environment in which they can use the Group services more comfortably by expanding the scale of its four networks: people (members), cars (mobility), communities (destinations) and parking facilities. To this end, besides strengthening development capabilities and service proposal capabilities within each network, the Group will also promote utilization of ICT in areas such as business data analysis and data marketing.

(iv) Expanding business globally

The Group expanded its parking business to Asia in 2006 and to Oceania and Europe through M&A in 2017. At SECURE PARKING and NATIONAL CAR PARKS, which joined the Group in 2017, we will instill the Group philosophy and seek to develop a shared awareness for the achievement of sustainable growth.

The Group also recognizes that developing and strengthening its business foundation and improving and enhancing profitability through expansion are issues that need to be urgently addressed. We will address these issues by making significant improvements to the parking facility management and operation structure, entering new markets through the rollout of new services and pursuing other initiatives.

In addition, by promoting the development of short-term contract parking facilities optimized for the parking demand environment in each country based on our domestic parking business strategy of "small, diversified, and dominant", we will strive to shift our business portfolio, which is biased toward large, long-term contract parking facilities to reduce business risks and improve profitability.

(v) Seamlessness

By organically linking its business assets, the Group will create new value while also providing a comfortable environment for customers to use the Group's services more easily and conveniently. To this end, in the area of seamless operations, the Group will enhance digital investment to improve customer convenience by upgrading smartphone application functions for various services and strengthening linkages, improve profitability of parking facilities by optimizing spaces such as hourly rental, reserved rental, monthly parking, and Times CAR deployment, as well as reduce costs and improve efficiency by reforming business processes and other business infrastructure. We will also promote cost reduction and efficiency improvement through renewal of business infrastructure such as business processes.

(vi) Developing diverse human resources and creating an environment in which employees have job satisfaction

The Group believes that employees create much of the value in the services it provides to customers, and that the development and hiring of human resources and the creation of a rewarding work environment are essential for its sustainable development. In an era in which products and services are strictly selected, employees are an important management capital that determines a company's competitive advantage. We are striving to develop and recruit human resources with respect for diversity, and that "maximizes their individuality, fulfills their expected roles, and continually improves their abilities."

(vii) Promoting health management

Our group has established the "Health Management Declaration" in order to build a workplace environment in which employees of all ages can work long hours with good health and vitality. We believe that the maintenance and promotion of the health of our employees and their families is an important issue in the management strategy of our group, and by incorporating the perspective of health management, we aim to provide an environment in which employees can proactively and positively work to improve their physical and mental health, and to create a high-performing, energized organization.

(viii) Strengthening financial soundness

The Group has posted a net loss for two consecutive fiscal years since the fiscal year ended October 31, 2020, due to the significant impact of COVID-19. In response, on December 30, 2020, the Group raised funds through a syndicated loan with a subordinated clause in order to maintain and improve its financial soundness while securing long-lived funds for investment in growth in anticipation of the end of the pandemic. In addition, the equity ratio has recovered to a certain level as a result of the issuance of new shares through an overseas offering on April 12, 2022. We continue to recognize that financial soundness is an important management issue, and we target a shareholders' equity ratio of 30% at the end of the fiscal year ending October 31, 2025 as a financial indicator.

(ix) Strengthening corporate governance

We believe that strengthening corporate governance as part of moves to strengthen the management basis is important in order to realize improvement in the Group's corporate value through sustainable growth. We are, therefore, seeking to build a structure for accurate and speedy decision-making and business execution and an appropriate supervision and monitoring structure. Meanwhile, to further strengthen the

effectiveness of corporate governance from the viewpoint of soundness and fairness, we will also endeavor to improve our self-purification ability by thoroughly implementing risk management, internal controls, and compliance initiatives across the Group, which will, in turn, help us to gain more trust from stakeholders.

4. Basic concept of the selection of accounting standards

The Group intends to prepare consolidated financial statements under the Japanese standards in the immediate future, taking into consideration the period comparability of consolidated financial statements and comparability with other companies.

The Group plans to respond appropriately to the application of the international accounting standards, taking into account the situation in Japan and overseas, among other factors.

5. Consolidated Financial Statements and Notes

(1) Consolidated balance sheet

(Unit: million yen)

	As of October 31, 2021	As of October 31, 2022
Assets		
Current assets		
Cash and deposits	92,044	85,781
Notes and accounts receivable - trade	18,605	-
Accounts receivable – trade	-	20,783
Investments in leases	3,760	4,406
Inventories	1,997	2,497
Prepaid expenses	13,268	16,137
Other	10,750	9,346
Allowance for doubtful accounts	-1,242	-1,138
Total current assets	139,183	137,814
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,097	52,585
Accumulated depreciation	-21,689	-23,598
Buildings and structures, net	30,407	28,986
Machinery, equipment and vehicles	60,900	56,593
Accumulated depreciation	-27,998	-27,832
Machinery, equipment and vehicles, net	32,902	28,761
Tools, furniture and fixtures	32,151	36,311
Accumulated depreciation	-27,958	-32,513
Tools, furniture and fixtures, net	4,192	3,798
Land	25,746	25,747
Leased assets	57,378	55,254
Accumulated depreciation	-47,042	-47,843
Leased assets, net	10,336	7,410
Right of use assets	67,878	76,835
Accumulated depreciation	-45,489	-55,547
Right of use assets, net	22,388	21,288
Construction in progress	1,853	1,665
Total property, plant and equipment	127,827	117,658
Intangible assets		
Goodwill	17,005	18,147
Contract-based intangible assets	9,196	9,453
Other	4,975	6,457
Total intangible assets	31,177	34,058
Investments and other assets		
Investment securities	598	531
Long-term prepaid expenses	5,444	4,067
Leasehold and guarantee deposits	4,509	4,591
Deferred tax assets	9,811	7,063
Retirement benefit asset	-	211
Other	1,104	1,356
Allowance for doubtful accounts	-28	-25
Total investments and other assets	21,439	17,796
Total non-current assets	180,445	169,513
Deferred assets	-	297

(Unit: million yen)

	As of October 31, 2021	As of October 31, 2022
Total assets	319,628	307,626

(Unit: million yen)

	As of October 31, 2021	As of October 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	560	650
Short-term borrowings	16,034	17,309
Current portion of long-term borrowings	30,533	16,001
Lease liabilities	12,058	11,047
Accounts payable - other	18,570	13,804
Accrued expenses	24,589	19,487
Income taxes payable	3,163	7,302
Provision for bonuses	2,196	2,446
Provision for bonuses for directors (and other officers)	56	41
Notes payable - facilities	1,195	1,136
Other	8,951	11,459
Total current liabilities	117,910	100,687
Non-current liabilities		
Bonds with share acquisition rights	35,000	35,000
Long-term borrowings	111,989	96,398
Lease liabilities	22,679	19,158
Deferred tax liabilities	1,618	1,658
Retirement benefit liability	22	-
Asset retirement obligations	9,453	9,474
Other	4,523	5,207
Total non-current liabilities	185,285	166,897
Total liabilities	303,195	267,584
Net assets		
Shareholders' equity		
Share capital	20,171	32,739
Capital surplus	15,758	28,326
Retained earnings	-9,498	-7,050
Treasury shares	-1,255	-1,255
Total shareholders' equity	25,175	52,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130	120
Deferred gains or losses on hedges	-82	-27
Revaluation reserve for land	-1,035	-1,035
Foreign currency translation adjustment	-5,954	-9,117
Remeasurements of defined benefit plans	-1,864	-2,719
Total accumulated other comprehensive income	-8,806	-12,778
Share acquisition rights	63	62
Total net assets	16,432	40,042
Total liabilities and net assets	319,628	307,626

(2) Consolidated statements of profit and loss, and comprehensive income

Consolidated statements of profit and loss

(Unit: million yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Net sales	251,102	290,253
Cost of sales	210,408	219,659
Gross profit	40,693	70,593
Selling, general and administrative expenses	48,732	49,921
Operating profit (loss)	-8,039	20,672
Non-operating income		
Interest income	10	9
Dividend income	8	9
Penalty income charged to customers for cancellation of parking facilities	2	6
Void ticket	202	203
Subsidy income	1,196	133
Gain on cancellation of leases	798	0
Other	448	521
Total non-operating income	2,667	884
Non-operating expenses		
Interest expenses	3,541	3,321
Share of loss of entities accounted for using equity method	173	-
Foreign exchange losses	57	488
Expense incurred for evacuation of parking facilities	527	411
Depreciation	13	-
Commission expenses	1,598	2
Other	335	362
Total non-operating expenses	6,247	4,585
Recurring profit (loss)	-11,619	16,970
Extraordinary income		
Gain on sales of non-current assets	922	0
Gain on sale of investment securities	-	20
Gain on sale of shares of subsidiaries and associates	1,731	-
Gain on reversal of share acquisition rights	89	-
Total extraordinary income	2,743	20
Extraordinary losses		
Loss on retirement of non-current assets	217	408
Impairment losses	138	389
Loss on temporary closure	405	-
Business restructuring expenses	106	-
Loss on lease contracts	207	1,571
Total extraordinary losses	1,074	2,368
Profit (loss) before income taxes	-9,950	14,623
Income taxes - current	4,504	9,276
Income taxes - deferred	-2,796	2,869
Total income taxes	1,708	12,146
Profit (loss)	-11,658	2,476
Profit (loss) attributable to owners of parent	-11,658	2,476

Consolidated statement of comprehensive income

(Unit: million yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Profit (loss)	-11,658	2,476
Other comprehensive income		
Valuation difference on available-for-sale securities	49	-10
Deferred gains or losses on hedges	52	55
Foreign currency translation adjustment	-2,499	-3,162
Remeasurements of defined benefit plans, net of tax	-754	-854
Share of other comprehensive income of entities accounted for using equity method	124	-
Total other comprehensive income	-3,027	-3,972
Comprehensive income	-14,685	-1,495
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-14,685	-1,495

(3) Consolidated Statements of Shareholders' Equity

Fiscal year ended October 31, 2021

(Unit: million yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,134	15,721	2,159	-1,255	36,671
Changes during period					
Issuance of new shares	36	36			72
Profit (loss) attributable to owners of parent			-11,658		-11,658
Purchase of treasury shares			-0		-0
Net changes in items other than shareholders' equity					
Total changes during period	36	36	-11,658	-0	-11,585
Balance at end of period	20,171	15,758	-9,498	-1,255	25,175

	Other Accumulated Comprehensive Income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of period	81	-135	-1,035	-3,579	-1,110	164	31,146
Changes during period							
Issuance of new shares							72
Profit (loss) attributable to owners of parent							-11,658
Purchase of treasury shares							-0
Net changes in items other than shareholders' equity	49	52	-	-2,374	-754	-100	-3,127
Total changes during period	49	52	-	-2,374	-754	-100	-14,713
Balance at end of period	130	-82	-1,035	-5,954	-1,864	63	16,432

Fiscal year ended October 31, 2022

(Unit: million yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,171	15,758	-9,498	-1,255	25,175
Cumulative effects of changes in accounting policies			-29		-29
Restated balance	20,171	15,758	-9,527	-1,255	25,146
Changes during period					
Issuance of new shares	12,568	12,568			25,136
Profit (loss) attributable to owners of parent			2,476		2,476
Purchase of treasury shares				-0	-0
Net changes in items other than shareholders' equity					
Total changes during period	12,568	12,568	2,476	-0	27,612
Balance at end of period	32,739	28,326	-7,050	-1,255	52,758

	Other Accumulated Comprehensive Income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of period	130	-82	-1,035	-5,954	-1,864	63	16,432
Cumulative effects of changes in accounting policies							-29
Restated balance	130	-82	-1,035	-5,954	-1,864	63	16,403
Changes during period							
Issuance of new shares							25,136
Profit (loss) attributable to owners of parent							2,476
Purchase of treasury shares							-0
Net changes in items other than shareholders' equity	-10	55	-	-3,162	-854	-1	-3,973
Total changes during period	-10	55	-	-3,162	-854	-1	23,638
Balance at end of period	120	-27	-1,035	-9,117	-2,719	62	40,042

(4) Consolidated statement of cash flows

(Unit: million yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	-9,950	14,623
Depreciation	33,680	30,273
Impairment losses	138	389
Amortization of goodwill	1,112	1,214
Increase (decrease) in retirement benefit liability	-601	-883
Interest and dividend income	-19	-18
Interest expenses	3,541	3,321
Loss (gain) on sales of non-current assets	-922	-0
Loss on retirement of non-current assets	217	408
Gain on cancellation of leases	-798	-0
Loss (gain) on lease contracts	-	1,571
Loss (gain) on sale of shares of subsidiaries and associates	-1,731	-
Decrease (increase) in trade receivables	-2,205	-1,780
Decrease (increase) in inventories	6,225	3,980
Increase (decrease) in trade payables	68	58
Decrease (increase) in accounts receivable - other	-801	-1,804
Decrease (increase) in prepaid expenses	2,649	-2,908
Increase (decrease) in accounts payable - other	1,864	-5,264
Increase (decrease) in accrued expenses	5,703	-5,736
Notes payable, other	-90	86
Other, net	3,427	-2,952
Subtotal	41,507	34,575
Interest and dividends received	19	18
Interest paid	-2,641	-3,323
Income taxes paid	-4,067	-1,901
Net cash provided by (used in) operating activities	34,818	29,369
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	-12,412	-13,130
Proceeds from sales of property, plant and equipment	1,690	12
Purchase of intangible assets	-2,174	-2,905
Payments for asset retirement obligations	-716	-303
Proceeds from sale of shares of subsidiaries and associates	2,040	-
Purchase of long-term prepaid expenses	-929	-1,048
Payments for investments in capital	-111	-
Other, net	263	18
Net cash provided by (used in) investing activities	-12,349	-17,357

(Unit: million yen)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-12,994	-274
Proceeds from long-term borrowings	49,904	188
Repayments of long-term borrowings	-9,421	-31,116
Repayments of lease liabilities	-14,377	-13,672
Proceeds from issuance of shares	60	24,766
Purchase of treasury shares	-0	-0
Dividends paid	-3	-7
Net cash provided by (used in) financing activities	13,167	-20,116
Effect of exchange rate change on cash and cash equivalents	890	1,374
Net increase (decrease) in cash and cash equivalents	36,526	-6,730
Cash and cash equivalents at beginning of period	55,269	91,795
Cash and cash equivalents at end of period	91,795	85,065

(5) Notes to Consolidated Financial Statements

(Note on going concern assumptions)

Not applicable

(Material matters as base in preparation of consolidated financial statements)

1. Scope of Consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 90

TIMES24 CO., LTD.

TIMES MOBILITY CO., LTD.

TIMES SERVICE CO., LTD.

TIMES COMMUNICATION CO., LTD.

PARK24 BUSINESS SUPPORT CO., LTD.

TIMES SUPPORT CO., LTD.

TIMES INNOVATION CAPITAL LLC

TFI CO., LTD.

PARK24 TAIWAN CO., LTD.

PARK24 AUSTRALIA PTY. LTD.

PARK24 SINGAPORE PTE. LTD.

PARK24 MALAYSIA SDN. BHD.

SECURE PARKING PTY. LTD.

TIMES24 SINGAPORE PTE. LTD.

TIMES24 MALAYSIA SDN. BHD.

PARK24 UK LIMITED

MEIF II CP Holdings 2 Limited

NATIONAL CAR PARKS LIMITED

Other consolidated subsidiaries: 72

Periman Pty. Ltd. and Auspark Holdings Pty. Ltd. and three other companies were excluded from the scope of consolidation due to liquidation.

SECURE PARKING SINGAPORE PTE. LTD. changed its name to TIMES24 SINGAPORE PTE. LTD. on October 1, 2022, and SECURE PARKING CORPORATION SDN. BHD. changed its name to TIMES24 MALAYSIA SDN. BHD. on October 3, 2022

2. Number of affiliated equity method companies

Not applicable

3. Matters related to the closing date, etc. of the consolidated subsidiaries

The consolidated subsidiaries whose account settlement dates differ from the consolidated settlement date are as follows.

Company Name	Day of settlement of accounts
TFI CO., LTD.	March 31 *1
PARK24 SINGAPORE PTE. LTD.	September 30 *2 *3
TIMES24 SINGAPORE PTE. LTD.	September 30 *2 *3
PARK24 TAIWAN CO., LTD.	September 30 *2
PARK24 AUSTRALIA PTY. LTD.	September 30 *2
Secure Parking PTY. LTD. and its 3 subsidiaries	September 30 *2
PARK24 UK Limited	September 30 *2
MEIF II CP Holdings 2 Limited	September 30 *2
MEIF II CP Holdings 3 Limited and its 66 subsidiaries	September 30 *2
NATIONAL CAR PARKS (EUK) LIMITED	September 30 *2
PARK24 MALAYSIA SDN. BHD.	September 30 *2
TIMES24 MALAYSIA SDN. BHD. and its 1 subsidiary	September 30 *2

- *1 The financial statements prepared on the basis of a provisional closing of accounts, which was in compliance with the standard settlement of accounts, as of the consolidated balance sheet date are used in preparing the consolidated financial statements.
- *2 The consolidated financial statements are based on the provisional settlement of accounts as of September 30, and necessary adjustments are made for significant transactions that occurred between that date and the consolidated balance sheet date.
- *3 The closing date has been changed from March 31 to September 30.

4. Matters related to the accounting standards

(1) Important appraisal standards and appraisal method for assets

A. Short-term investment securities

Other securities

Other than stocks and other securities with no market price

Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method)

Stocks and other securities with no market price

Cost method based on the moving average method

Securities without a market price

The Group adopts the cost method based on the moving average method.

B. Inventories

(a) Merchandise

The cost method from the individual method (Balance sheet values are written down in accordance with falls in profitability.)

(b) Supplies

The last purchase method (Balance sheet values are written down in accordance with falls in profitability.)

(2) Important method of depreciation of fixed assets

A. Property, plant and equipment

(a) Property, plant and equipment other than leased assets

Mainly use the straight-line method.

Major useful lives:

Buildings: 3 to 50 years

Structures: 2 to 46 years

(b) Leased assets

Leased assets relating to finance lease transactions without the transfer of ownership

The Group adopts the straight-line method. The lease period is set to durable years, and the residual value is set to zero.

Some of the consolidated overseas subsidiaries that use the IFRS adopt IFRS 16 "Lease". As a result, lessees, in principle, post all leases on their balance sheets as assets and liabilities, and the straight-line method is used to depreciate capitalized right-of-use assets.

B. Intangible assets

The Group adopts the straight-line method.

Major useful lives are as follows.

Software: 5 years

Contract-related intangible assets: 16 to 52 years

C. Long-term prepaid expenses

The Group adopts the straight-line method.

(3) Accounting for Deferred Assets

Stock issuance expenses

Amortized on a straight-line basis over three years.

(4) Important standards for appropriation of allowances

A. Allowance for doubtful accounts

To prepare for losses incurred by defaults on accounts receivable, etc., given the loan loss ratio for general credits and the individual collectability for specific credits such as doubtful debts, etc., the Group posts the estimated uncollectible amount

B. Allowance for bonuses

The amount expected to be paid as bonuses is posted for the payment of bonuses

C. Allowance for directors' bonuses

The amount expected to be paid as directors' bonuses is posted for the payment of directors' bonuses.

(5) Accounting method for retirement benefits

A. Accounting method of attributing expected benefit to periods

As a method of attributing expected benefits to periods before the end of the fiscal year under review, the straight-line basis is used to calculate retirement benefit obligations.

B. Accounting method for actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a certain period (five years) within the average remaining working lives of the employees at the time of occurrence from the following fiscal year.

C. Use of a simple method at small companies, etc.

As a method for calculating net defined benefit liability and retirement benefit expenses, certain consolidated subsidiaries employ a simple method where the amount payable for voluntary retirement associated with retirement benefits at the end of the fiscal year is deemed retirement benefit obligations.

(6) Basis for recording significant revenues and expenses

The Group is engaged in the parking and mobility businesses in Japan and overseas. Revenues generated from these businesses are recorded primarily in accordance with contracts with customers, and transaction prices are calculated based on the contractual consideration received from the customer. The consideration for contracts with customers is received in a short period of time after the fulfillment of performance obligations and does not include a significant financial component.

(7) Standard for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen

Foreign-currency-denominated money claims and liabilities are translated into Japanese yen at the spot exchange rates in effect as of the consolidated balance sheet date, and the foreign exchange differences are scored as gains/losses. Meanwhile, the assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rates in effect as of the account settlement dates, and earnings and costs are converted into Japanese yen using the average market price during the period, and the translation difference is accounted for by including the amounts in the total valuation and translation adjustments account and non-controlling interests in net assets.

(8) Amortization Method and Period of Goodwill

Goodwill is amortized on a straight-line basis over 20 years.

(9) Important hedge accounting method

A. Hedge accounting method

Deferred hedge accounting is used. To hedge of the risk of exchange rate fluctuations, designation accounting (furiate-shori) is applied if the requirements for the designation accounting are met. For interest rate swaps, special treatment is applied in cases where the requirements for the special treatment are met.

B. Hedging instruments and hedge items

Hedging instruments ・ ・ ・ Interest rate swaps, currency swaps

Hedge items ・ ・ ・ Borrowings, interest rates of borrowings

C. Hedging policy

To avoid the risk of interest rate and exchange rate fluctuations of borrowings, interest rate and currency swaps are used. In addition, to avoid the risk of interest rate fluctuations, interest rate swaps are used.

D. Hedging effectiveness evaluation method

The effectiveness of hedging is assessed by the correlation between the change in the aggregated amount of cash flow of the hedging instruments and the change in the aggregated amount of cash flow of the hedged items. The effectiveness evaluation is omitted for interest rate swaps to which special treatment may be applied.

(10) The scope of funds reported on the consolidated cash flow statement

Cash and cash equivalents in the consolidated statements of cash flows are cash on hand, deposits that can be withdrawn at any time, and easily convertible into cash and consists of short-term investments with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in value.

(Changes in accounting policy)

(Application of accounting standard for revenue recognition, etc.)

"Accounting standard for revenue recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "accounting standard for revenue recognition") and others are applied from the beginning of the current fiscal year, and revenue is recognized at the amount expected to be received in exchange for the promised goods or services

when control of the promised goods or services is transferred to the customer.

As a result of this change, the Company changed the method of recognizing the points granted as a performance obligation and allocating the transaction price based on the arm's length sales price calculated by taking into account the expected future expiration and other factors, instead of recognizing revenue at the time the service is provided in its own point program, which previously recognized revenue at the time the service was provided.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the accounting standard for revenue recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance. The new accounting policy is applied from the balance at the beginning of the current fiscal year. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year by applying the method prescribed in Paragraph 86 of the accounting standard for revenue recognition. In addition, the Company has applied the method prescribed in Paragraph 86 (1) of the accounting standard for revenue recognition and has accounted for contract modifications made prior to the beginning of the current fiscal year based on the contract terms after reflecting all contract modifications, and the cumulative effect of such modifications has been added to or subtracted from retained earnings at the beginning of the current fiscal year.

In the consolidated balance sheets for the previous fiscal year, "notes and accounts receivable," which were included in "current assets" in the consolidated balance sheets for the previous fiscal year, are included in "accounts receivable" for the current fiscal year. However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the accounting standard for revenue recognition, no reclassification has been made to reflect the new presentation for the previous consolidated fiscal year.

As a result, the consolidated statement of income for the current fiscal year shows a decrease of 357 million yen in net sales, a decrease of 174 million yen in cost of sales, and a decrease of 183 million yen in gross profit, operating income, recurring income, and income before income taxes and minority interests, respectively, compared with those before the adoption of the revenue recognition accounting standard.

In the consolidated statement of cash flows for the current fiscal year, income before income taxes and minority interests decreased by 183 million yen.

The beginning balance of retained earnings in the consolidated statement of changes in net assets for the current fiscal year decreased by 29 million yen due to the cumulative effect on net assets at the beginning of the current fiscal year.

The impact on per share information is stated in the relevant section.

(Application of accounting standard for measurement of fair value, etc.)

"Accounting Standard for Fair Value Calculation" (ASBJ Statement No. 30, July 4, 2019. Hereafter referred to as "Accounting Standard for Fair Value Calculation") and others are applied from the beginning of the current fiscal year, and the new accounting policies prescribed by the Accounting Standard for Fair Value Calculation are applied prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Calculation and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The new accounting policy will be applied prospectively. There is no impact on the consolidated financial statements.

(Changes in display method)

(Notes to consolidated balance sheets)

"Lease investment assets," which was included in "Other" under "Current assets" in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 14,510 million yen presented as "Other" under "Current assets" in the consolidated balance sheet for the previous fiscal year has been reclassified as "Lease investment assets" of 3,760 million yen and "Other" of 10,750 million yen.

(Notes to Consolidated Statements of Income)

"Subsidy income" under "Non-operating income," which was separately presented in the previous consolidated fiscal year, is included in "Other" in the current consolidated fiscal year because it has become insignificant in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, "Subsidy income" of 6 million yen and "Other" of 442 million yen presented as "Non-operating income" in the consolidated statement of income for the previous fiscal year have been restated as "Other" of 448 million yen.

(Notes to consolidated balance sheet)

*1 Breakdown of inventories

	(million yen)	
	As of October 31, 2021	As of October 31, 2022
Merchandise	371	511
Supplies	1,625	1,986
Total	1,997	2,497

*2 The balance of contract liabilities included in "Other" under current liabilities is as follows

	(million yen)
	As of October 31, 2022
Contract liabilities	707

*3 Notes maturing at the end of the fiscal year are treated as if they were settled on the maturity date. As the last day of the previous fiscal year was a holiday for financial institutions, the following notes maturing on the last day of the fiscal year were treated as if they were settled on the maturity date.

	(million yen)	
	As of October 31, 2021	As of October 31, 2022
Notes payable for equipment	167	-

*4 In accordance with the "Law Concerning Revaluation of Land" (Law No. 34 published on March 31, 1998) and the "Law Concerning Partial Amendment to the Law Concerning Revaluation of Land" (amended on March 31, 1999), the Company revaluated its business-use land and recorded revaluation difference on land as a component of net assets.

• Method of revaluation

The value of land is based on the price calculated according to the method determined by the Director General of the Tax Administration Agency and announced for determining land prices that form the basis for calculating the taxable value of land value tax pursuant to Article 16 of the Land Value Tax Law (Land No. 69 of 1991) stipulated in Article 2, Item 4 of the Order for Enforcement on the Act on Revaluation of Land (Government Order No. 119 promulgated on March 31, 1998). Reasonable adjustments, including price adjustments by depth, are made to the value.

• Date of revaluation: October 31 2000

	(million yen)	
	As of October 31, 2021	As of October 31, 2022
Variance between the market value of revalued land at the end of the term and the book value after revaluation	438	473

Although the revalued land includes rental property, etc., this disclosure is omitted due to the immateriality of value of the rental property, etc.

*5 Change in the purpose of ownership of property, plant and equipment

Previous consolidated fiscal year (as of October 31, 2021)

In order to sell used vehicles as part of the sales cycle in the Mobility Business, 5,515 million yen was transferred to inventories (merchandise) in the current fiscal year. The balance at the end of the period was 76 million yen.

Current consolidated fiscal year (as of October 31, 2022)

In order to sell used vehicles as part of the sales cycle in the Mobility Business, 4,385 million yen was transferred to inventories (merchandise) in the current fiscal year. The balance at the end of the period was 34 million yen.

(Notes to Consolidated statements of profit and loss)

*1 Impairment loss

The Group categorizes its business assets into groups based on management accounting categories, and assets to be disposed of and idle assets are grouped by individual facility unit. In addition, impairment losses were posted for the following asset groups.

Previous fiscal year (From November 1, 2020 to October 31, 2021)

(Million yen)		
Purpose	Regions, etc.	Impairment losses
Parking facilities (International)	Liverpool, U.K., etc.	80
Parking facilities (Japan)	Osaka City, Osaka, etc.	58

Breakdown of impairment losses by type of asset (Million yen)

Buildings and structures	37
Machinery, equipment and vehicles	58
Long-term prepaid expenses	42
Total	138

Current fiscal year (From November 1, 2021 to October 31, 2022)

(Million yen)		
Purpose	Regions, etc.	Impairment losses
Parking facilities (International)	Liverpool, U.K., etc.	341
Right-of-use asset	Australian Capital Territory, etc.	48

Breakdown of impairment losses by type of asset (Million yen)

Buildings and structures	23
Machinery, equipment and vehicles	317
Right-of-use asset	48
Total	389

(Notes to statement of consolidated cash flow)

*1 Relationship between cash and cash equivalents at the end of the fiscal year and amounts in accounts in the consolidated balance sheet

(million yen)		
	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Cash and deposits	92,044	85,781
Time deposits whose deposit terms exceed three months	-6	-6
Deposits with withdrawal limits	-243	-710
Cash and cash equivalents	91,795	85,065

(Deferred tax accounting)

1 Breakdown of deferred tax assets and deferred tax liabilities by source

(million yen)

	As of October 31, 2021	As of October 31, 2022
Deferred tax assets		
Business tax and business office tax payable	216	705
Allowance for bonuses	723	785
Lump sum depreciable assets	35	29
Depreciation in excess of allowable limit	586	555
Deferred tax assets related to revaluation	316	316
Asset retirement obligations	2,728	2,721
loss carried forward	11,807	14,775
Other	2,663	2,931
Subtotal of deferred tax assets	19,079	22,821
Allowance for valuation of loss carried forward for tax purposes (note2)	-5,676	-11,589
Allowance for valuation of total future deductible temporary differences, etc.	-1,726	-2,067
Subtotal of allowance for valuation (note1)	-7,403	-13,657
Total deferred tax assets	11,675	9,164
Deferred tax liabilities		
Valuation difference on securities	-8	-8
Removal costs for asset retirement obligations	-1,783	-1,740
Intangible assets	-1,602	-1,647
Other	-88	-361
Total deferred tax liabilities	-3,483	-3,758
Net deferred tax assets (liabilities)	8,192	5,405

(Notes)

1. The valuation allowance increased by 6,253 million yen. This increase was mainly due to providing valuation allowance against the impairment losses and tax loss carryforwards at consolidated subsidiaries.
2. Amount of loss carried forward for tax purposes and its deferred tax assets by carry forward period

For the fiscal year ended October 31, 2021

(million yen)

Division	Less than 1 year	More than 1 year and less than 2 years	More than 2 year and less than 3 years	More than 3 year and less than 4 years	More than 4 year and less than 5 years	More than 5 year	Total
Loss carried forward for tax purposes (a)	-	-	1	0	0	11,805	11,807
Allowance for valuation	-	-	-1	-0	-0	-5,674	-5,676
Deferred tax assets	-	-	-	-	-	6,130	6,130

(a) Loss carried forward for tax purposes is the amount multiplied by the statutory tax rate.

For the fiscal year ended October 31, 2022

(million yen)

Division	Less than 1 year	More than 1 year and less than 2 years	More than 2 year and less than 3 years	More than 3 year and less than 4 years	More than 4 year and less than 5 years	More than 5 year	Total
Loss carried forward for tax purposes (a)	-	0	0	0	100	14,674	14,775
Allowance for valuation	-	-0	-0	-0	-87	-11,500	-11,589
Deferred tax assets	-	-	-	-	12	3,173	3,186

(b) Loss carried forward for tax purposes is the amount multiplied by the statutory tax rate.

2 Reconciliation between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Statutory effective tax rate	-	30.6%
(Adjustment)		
Valuation allowance	-	36.2%
Entertainment expenses and other items not permanently deductible for income tax purposes	-	0.0%
Inhabitant tax equalization rate	-	0.9%
Amortization of goodwill	-	2.8%
Tax rate differences related to consolidated subsidiaries	-	12.2%
Use of net operating loss carryforwards	-	-0.0%
tax exemption	-	-0.0%
Other	-	0.4%
Effective tax rate after application of tax effect accounting	-	83.1%

(Segment information)

[Segment information]

1. Overview of reported segments

The business of the Company is categorized into two reported segments by service: Parking Business Japan, Parking Business Overseas and Mobility Business. Separate financial information is available for each of the reported segments in accordance with the constituent units of the Company and the Group, and the Board of Directors reviews each reported segment regularly to determine the distribution of management resources and to evaluate financial results.

The following is a description of each reported segment:

- (1) Parking Business Japan: Operations relating to management and operation of parking sites in Japan
- (2) Parking Business Overseas: Operations relating to management and operation of parking sites overseas
- (3) Mobility Business: Automobile-related operations relating to Car Rental service, Car Sharing service, and road assistance service

2. Method of calculating net sales, profits or losses, assets, obligations and other flows by segment

The accounting treatment for reported segments is generally similar to the descriptions under "Material matters as base in preparation of consolidated financial statements." Profits of reported segments are figures based on operating profit. The Company does not allocate assets and liabilities to reported segments. However, depreciation related to unallocated assets is allocated to each reportable segment based on a reasonable allocation standard.

As described in "Changes in Accounting Policies," the Company has adopted the "Accounting Standard for Revenue Recognition" and other related accounting standards from the beginning of the current fiscal year, and has changed its accounting method for revenue recognition, and therefore, the calculation method of profit or loss by business segment has been changed in the same manner.

As a result of this change, compared with the previous method, net sales and segment income of "Parking Business Japan" decreased by 88 million yen and segment income increased by 85 million yen, respectively, and net sales and segment income of "Mobility Business" decreased 269 million yen in the consolidated fiscal year under review.

3. Information on sales, profits or losses and other flows by reported segment

For the fiscal year ended October 31, 2021

	Reported segments				Adjustment (Note) 1	Amount on consolidated profit and loss statement (Note) 3
	Parking Business Japan	Parking Business International (Note) 2	Mobility Business	Total		
Sales						
Sales to external customers	145,925	38,498	66,677	251,102	-	251,102
Internal sales or amount of transfer between segments	4,520	-	130	4,650	-4,650	-
Total	150,446	38,498	66,807	255,752	-4,650	251,102
Segment profit (loss)	21,364	-16,595	-41	4,728	-12,767	-8,039
Others						
Depreciation	6,639	11,647	10,864	29,152	2,381	31,533
Amortization of long-term prepaid expenses	1,783	23	327	2,134	-	2,134

(Notes)

- Adjustments to segment profit (loss) are corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to administrative divisions such as general affairs that do not belong to any reportable segment.
- The segment profit (loss) of -16,595 million yen in the Parking Business International includes amortization of goodwill of -1,112 million yen (unamortized balance of goodwill of 17,005 million yen).
- Segment profit (loss) is adjusted with operating loss in the consolidated statements of income.

For the fiscal year ended October 31, 2022

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit and loss statement (Note) 3
	Parking Business Japan	Parking Business International (Note) 1	Mobility Business	Total		
Sales						
Income from contracts with customers	142,031	55,827	76,086	273,946	-	273,946
Other income	12,082	2,155	2,068	16,307	-	16,307
Sales to external customers	154,114	57,983	78,155	290,253	-	290,253
Intersegment sales and transfers	4,743	-	133	4,877	-4,877	-
Total	158,857	57,983	78,288	295,130	-4,877	290,253
Segment profit (loss)	34,222	-5,049	4,772	33,945	-13,272	20,672
Others						
Depreciation	5,190	11,306	9,767	26,264	1,954	28,218
Amortization of long-term prepaid expenses	2,022	20	11	2,054	-	2,054

(Notes)

1. The segment profit (loss) of -5,049 million yen in the Parking Business International includes amortization of goodwill of -1,214 million yen (unamortized goodwill balance of 18,147 million yen).
2. Adjustments to segment profit (loss) are corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to administrative divisions such as general affairs that do not belong to any reportable segment.
3. Segment profit (loss) is adjusted with operating income in the consolidated statements of income.

[Relevant information]

Previous consolidated fiscal year (from November 1, 2020 to October 31, 2021)

1. Information according to product and service

Similar information is disclosed in Segment Information, and a statement is therefore omitted.

2. Information according to region

(1) Net sales (million yen)

Japan	International	Total
212,603	38,498	251,102

(2) Property, plant and equipment (million yen)

Japan	Australia	Others	Total
98,751	20,461	8,614	127,827

3. Information according to major customer

No external customer accounts for more than 10% of net sales on the consolidated profit and loss statement, and a statement is therefore omitted.

Consolidated fiscal year (from November 1, 2021 to October 31, 2022)

1. Information according to product and service

Similar information is disclosed in Segment Information, and a statement is therefore omitted.

2. Information according to region

(1) Net sales (million yen)

Japan	UK	Other	Total
232,269	29,966	28,017	290,253

(2) Property, plant and equipment (million yen)

Japan	Australia	Other	Total
90,412	19,637	7,608	117,658

3. Information according to major customer

No external customer accounts for more than 10% of net sales on the consolidated profit and loss statement, and a statement is therefore omitted.

[Information concerning impairment loss of noncurrent assets according to reported segment]

For the fiscal year ended October 31, 2021

(million yen)

	Reported segment				Total
	Parking Business Japan	Parking Business International	Mobility Business	Total	
Impairment loss	58	80	-	138	138

For the fiscal year ended October 31, 2022

(million yen)

	Reported segment				Total
	Parking Business Japan	Parking Business International	Mobility Business	Total	
Impairment loss	-	389	-	389	389

[Information concerning amortization of goodwill and amortized balance according to reported segment]

Previous consolidated fiscal year (from November 1, 2020 to October 31, 2021)

Related information is described in the segment information section, and the information is omitted here.

Consolidated fiscal year under review (from November 1, 2021 to October 31, 2022)

Related information is described in the segment information section, and the information is omitted here.

[Information concerning gain on negative goodwill according to reported segment]

Previous consolidated fiscal year (from November 1, 2020 to October 31, 2021)

Not applicable

Consolidated fiscal year under review (from November 1, 2021 to October 31, 2022)

Not applicable

(Per share information)

	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Shareholders' equity per share	105.93yen	234.46yen
Net income (loss) per share	-75.45yen	15.22yen
Net income per share (diluted)	-	14.41yen

1. Diluted net income per share for the previous consolidated fiscal year is not shown in the above table, because net income per share was negative although there are residual shares.
2. As stated in "Changes in Accounting Policies," the Company has adopted the "Accounting Standard for Revenue Recognition" and others from the beginning of the current consolidated fiscal year. As a result, net income per share and diluted net income per share for the current consolidated fiscal year decreased by 2.11 yen and 2.00 yen, respectively.
3. The basis for calculation of net income (loss) per share and diluted net income per share is as follows

Item	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Net income (loss) per share		
Income (loss) attributable to owners of parent (million yen)	-11,658	2,476
Income (loss) attributable to owners of parent associated with common shares (million yen)	-11,658	2,476
Average number of shares issued during the term (thousand shares)	154,512	162,717

Item	Fiscal year ended October 31, 2021	Fiscal year ended October 31, 2022
Net income per share (diluted)		
Increase in common stock (thousand shares)	-	9,126
(Of which stock acquisition rights (thousand shares))	(-)	(-)
(Of which bonds with stock acquisition rights (thousand shares))	(-)	(9,126)
Summary of potentially dilutive shares not included in the calculation of net income per share after dilution as they do not have a dilution effect	-	-

(Significant subsequent events)

Not applicable