

Consolidated Financial Report for the Fiscal Year Ended October 31, 2021 (Japanese GAAP)

December 15, 2021

Company name:	PARK24 Co., Ltd.	Stock listing:	TSE1
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Scheduled day of annual shareholders' meeting			: January 27, 2021
Scheduled day of commencing dividend payment			: –
Scheduled day of submission of a financial report			: January 28, 2021
Preparation of supplementary financial data			: Yes
Information meeting for financial results to be held			: Yes, only in Japanese (For institutional investors and analysts)

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

1. Consolidated business results for the fiscal year ended October 31, 2021 (November 1, 2020 – October 31, 2021)

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

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2021	251,102	-6.6	-8,039	–	-11,619	–	-11,658	–
October 31, 2020	268,904	-15.3	-14,698	–	-15,168	–	-46,652	–

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

Fiscal year ended October 31, 2020: -45,560 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, 2021	-75.45	–	-49.2	-3.8	-3.2
October 31, 2020	-302.00	–	-76.9	-5.2	-5.5

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

Fiscal year ended October 31, 2020: -297 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, 2021	319,628	16,432	5.1	105.93
As of October 31, 2020	295,775	31,146	10.5	200.55

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

As of October 31, 2020: 30,982 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, 2021	34,818	-12,349	13,167	91,795
October 31, 2020	39,400	-21,819	12,886	55,269

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, 2020	—	0.00	—	0.00	0.00	—	—	—
October 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending October 31, 2022(Forecasts)	—	0.00	—	0.00	0.00		—	

3. Consolidated Forecasts for the Fiscal Year ending October 31, 2022 (November 1, 2021 - October 31, 2022)

(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	137,000	12.4	5,000	—	2,500	—	0	—	0
Full year	283,000	12.7	13,500	—	8,500	—	2,500	—	16.18

*Notes

(1) Changes in important subsidiaries during the term :No
New: -- company () Eliminated: -- company ()

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

- 1) Changes in accounting policies caused by revision of accounting standards :No
- 2) Changes in accounting policies other than 1) :No
- 3) Changes in accounting estimates :No
- 4) Restatement :No

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	As of October 31, 2021	155,048,369 Shares	As of October 31, 2020	155,016,369 Shares
2) Number of treasury stock at the end of the period	As of October 31, 2021	528,313 Shares	As of October 31, 2020	528,203 Shares
3) Average number of shares during the term (consolidated cumulative period)	Fiscal year ended October 31, 2021	154,512,122 Shares	Fiscal year ended October 31, 2020	154,478,994 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 consolidated fiscal year ended October 31, 2021, the Japanese economy was strongly affected by the spread and prolongation of the COVID-19 pandemic ("COVID19"), and the situation continued to be uncertain, with falling corporate earnings and weakening employment situation. On the other hand, the state of emergency and the "quasi-emergency" state, which had been intermittently issued and applied mainly in major prefectures and cities since January 2021, were lifted at the end of September, and the number of COVID-19 infected cases has remained at a low level, so the normalization of economic activities is expected in the future. Overseas, although lockdowns and restrictions on activities were re-imposed in some countries, business sentiment is improving against the backdrop of widespread vaccination, and an overall recovery is expected in the future.

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

In terms of financial results, the Group's businesses were significantly affected in both Japan and abroad by the repeated spread of COVID-19 since the beginning of the consolidated fiscal year under review and the resulting restrictions on the movement of people, but in the latter half of the fourth quarter of the consolidated fiscal year under review, the utilization of services began to recover in all businesses.

As a result, in the consolidated fiscal year under review, the Group posted net sales of 251,102 million yen (-6.6% year on year), an operating loss of 8,039 million yen (operating loss of 14,698 million yen in the previous fiscal year), and a recurring loss of 11,619 million yen (recurring loss of 15,168 million yen in the previous fiscal year), and loss attributable to owners of parent stood at 11,658 million yen (loss attributable to owners of parent of 46,652 million yen in the previous fiscal year).

Results by business segment are as follows:

Parking Business Japan

Since the beginning of the consolidated fiscal year under review, the spread of COVID-19 has led to a decrease in traffic volume, and since January 2021, parking facilities occupancy has remained at a low level due to the impact of the intermittent declaration of the state of emergency and the quasi-emergency state throughout Japan, which has restrained the movement of people. On the other hand, after the lifting of the state of emergency and the quasi-emergency state at the end of September, the movement of people gradually recovered and the occupancy of parking facilities also began to improve.

Under these circumstances, the Group strived to make its business more lean by, at existing parking facilities, continuing to implement operational measures to match current supply and demand, while at the same time responding to unprofitable facilities in COVID-19 by reducing or exempting rents based on the cooperation of land and facility owners, and at new parking facilities by carefully selecting and developing parking facilities that can be profitable even in the current demand environment.

As a result, the numbers of Times PARKING sites and parking spaces managed at the end of the fiscal year under review were 17,879 (-5.5% from the end of the previous fiscal year), and 562,077 (-5.1% from the end of the previous fiscal year). The total number of parking sites and parking spaces managed, including monthly parking and facility management services was 19,362 (-4.9% from the end of the previous fiscal year), and 725,697 (-2.7% from the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 150,446 million yen (-3.1% year on year), and operating profit was 21,364 million yen (+39.9% year on year).

Parking Business Overseas

Parking Business Overseas was also significantly affected by the spread of COVID-19 in countries where it operated, but has been on a recovery trend since July 2021. Looking at the situation in the major countries in which the Group operates, in Australia, lockdowns and restrictions on activities were implemented sporadically by state and area from the beginning of the fiscal year under review, and although parking facilities occupancy temporarily showed signs of a moderate recovery, in late June, lockdowns and restrictions on activities were implemented in multiple

areas, and parking facilities occupancy was again restrained. In the UK, lockdowns and restrictions on activities were issued in each region from the beginning of the fiscal year under review, but parking facilities occupancy has been gradually recovering since the restrictions were almost fully lifted in July. On the other hand, in Asian countries, many regions implemented stricter regulations in May due to the spread of COVID-19, and parking facilities occupancy temporarily declined, but has since been recovering, although to various degrees in each region.

Under these circumstances, especially in the UK, which was severely affected by COVID-19, the Group filed a restructuring plan under Part 26A of the UK Companies Act, 2006 in April. While the early approval of the restructuring plan has become difficult due to the counterproposals made during the hearing process, as stated above, the operation of parking facilities is on a recovery trend, and the Group has been able to make some progress in rebuilding the cost structure through the cancellation of unprofitable parking facilities and changes in contract terms. As a result, the Group decided to withdraw the filing on December 15, 2021. In other countries besides the UK, the Group actively negotiated rent reductions and revisions for unprofitable parking facilities, while at the same time reducing management and maintenance costs and improving efficiency through a review of the operational structure. In addition, as part of the business structure reform, the Group promoted the development of "Localized Times PARKING," a short-term contract parking facility adapted to the circumstances of each country overseas, based on the "small, dispersed, and dominant" features of Times PARKING in Japan.

The Group also established GS PARK24 CO., LTD. ("GS PARK24") as a joint venture in Republic of Korea in 2006 to develop and operate 24-hour unmanned hourly parking facilities as part of developing the Times PARKING business model overseas, thereby contributing to the development of parking infrastructure in Republic of Korea. Believing that it is desirable to aim for growth under a local company from now on, the Group transferred all of its shares in GS PARK24 to GS Retail CO., LTD., a joint venture partner, in September. As of the end of the first nine months of the fiscal year under review, the number of parking sites and parking spaces managed by GS PARK24 were 642 and 86,567.

As a result, the numbers of overseas parking sites and parking spaces managed at the end of the fiscal year under review were 2,213 (-21.9% from the end of the previous fiscal year), and 519,419 (-15.1% from the end of the previous fiscal year). The total numbers of parking sites and parking spaces managed worldwide were 21,575 (-7.0% from the end of the previous fiscal year), and 1,317,116 (-8.7% from the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 38,498 million yen (-14.8% year on year). Operating loss was 16,595 million yen (operating loss of 14,406 million yen in the previous fiscal year).

*The results of parking business overseas for the consolidated fiscal year under review are the results of overseas consolidated subsidiaries for the period from October 1, 2020 to September 30, 2021.

Mobility Business

With regard to Times CAR (combining Car Sharing and Car Rental services), the state of emergency and the quasi-emergency state were intermittently issued from January to September 2021, but demand for the Times CAR service remained strong. Therefore, sales were on a recovery trend toward the end of the fiscal year under review, with a steady increase in the number of members and firm service utilization.

Under these circumstances, as demand for Times CAR service is especially strong in urban areas, the Group concentrated vehicle deployment in urban areas and increased the number of vehicles to capture demand while increasing the occupancy per vehicle. In addition, the Group opened 105 Times CAR sales offices, mainly in Tokyo, and steadily promoted Times CAR deployment to efficiently operate vehicles.

As a result, the total number of vehicles in Mobility Business as a whole was 52,552 units (+17.2% from the end of the previous fiscal year), and the number of Members was 1,725 thousand (+14.5% from the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 66,807 million yen (-9.1% year on year), and Operating loss was 41 million yen (operating loss of 2,595 million yen in the previous fiscal year).

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

Total assets at the end of the fiscal year under review amounted to 319,628 million yen, an increase of 23,852 million yen from the end of the previous fiscal year. This is primarily a result of an increase in current assets including Cash and deposits of 37,922 million yen, a decrease in non-current assets including machinery, equipment and vehicles of 15,524 million yen.

Total liabilities increased 38,566 million yen from the end of the previous fiscal year, to 303,195 million yen. This is

primarily a result of an increase in borrowings through subordinated syndicated loans, etc. of 32,044 million yen, an increase in accrued expenses of 8,540 million yen, an increase in accounts payable - other of 3,356 million yen and a decrease in lease obligations of 8,968 million yen.

Net assets decreased 14,713 million yen, to 16,432 million yen. This is primarily a result of a decrease of 11,6658 million yen due to the posting of a loss attributable to owners of parent and a decrease in foreign currency translation adjustment of 2,374 million yen.

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

The balance of cash and cash equivalents at the end of the fiscal year under review increased 36,526 million yen from the end of the previous fiscal year, to 91,795 million yen.

The status of cash flow by category at the end of the fiscal year under review was as follows:

(Cash flow from operating activities)

Net cash provided by operating activities decreased 4,582 million yen from the end of the previous fiscal year, to 34,818 million yen. This primarily reflected the profit before income taxes including depreciation, impairment loss, and amortization of goodwill of 24,982 million yen, a decrease in inventories of 6,225 million yen, an increase in accrued expenses of 5,703 million yen, and income taxes paid of 4,067 million yen.

(Cash flow from investing activities)

Net cash used in investing activities was 12,349 million yen (cash outflow decreased 9,470 million yen year on year). This primarily reflected a proceed of 2,040 million yen from sales of shares of affiliates, while an expenditure of 12,412 million yen for the acquisition of property, plant and equipment associated with the opening of Times PARKING sites and an expenditure of 2,174 million yen for the purchase of intangible assets.

(Cash flow from financing activities)

Net cash used in financing activities was 13,167 million yen (cash inflow increased 280 million yen year on year). This primarily reflected a proceed of 14,377 million yen from long-term borrowings such as a subordinated syndicated loan, while an expenditure for repayment of lease obligations of 14,377 million yen, a decrease in short-term borrowings of 12,994 million yen and an expenditure for repayment of long-term borrowings of 9,421 million yen.

(Changes in cash flow-related indicators)

	FY Ended Oct. 2021	FY Ended Oct. 2020	FY Ended Oct. 2019
Shareholders' equity ratio (%)	7.9	12.4	33.3
Market value equity ratio (%)	84.2	73.5	134.8
Number of years for debt redemption (years)	6.6	5.2	3.1
Interest coverage ratio (times)	13.2	22.8	60.2

(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 calculations is the cash flow from operating activities in the consolidated statement of cash flow.

- * Interest-bearing debt includes 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

With regard to the future outlook, in Japan, although economic activities are expected to resume with the spread of vaccinations and other measures, there are still concerns about the risk of the re-spreading of COVID-19 caused by the spread of variant strains and other factors. Overseas, the pace of recovery differs from country to country, and the outlook remains uncertain, although some countries have seen an improvement in economic activities due to the control of COVID-19.

Under these circumstances, for the fiscal year ending October 31, 2022, although the impact of COVID-19 will continue to a certain extent, the impact on each service is expected to be less than that of the consolidated fiscal year under review. Based on the assumption that the level of usage of each service will not return to the level before the spread of COVID-19, the Group will strive to return to profitability through the following measures in order to build a business foundation that can generate stable profits even under such circumstances.

Parking Business Japan assumes that the impact of COVID-19 is expected to be reduced and the movement of people is expected to pick up, but the impact is likely to remain to some extent. The Group will continue to implement thorough cost control, including measures for unprofitable parking facilities, review of management and maintenance, and SG&A expenses. As for new development, the Group will continue to selectively develop only facilities that are certain to become profitable. In addition, as part of our initiatives to improve profitability in the future, the Group will build next-generation parking services that enable easier entry, exit, and payment, and promote collaboration among Group services. Through these efforts, the Group will further promote the strengthening of its business structure and aim to achieve strong business growth after COVID-19 is settled.

Parking Business Overseas, the Group assumes that parking facilities occupancy will gradually recover, but will not reach the levels seen before the spread of COVID-19. In the UK, the Group will work to improve the profit structure of existing facilities by continuing to promote reductions in operating costs, including more efficient management and maintenance, and the effects of the cancellation of unprofitable parking facilities and changes in contract terms. In addition, by promoting and mass-producing the development of short-term contract parking facilities optimized for the parking demand environment in each country, based on the domestic parking business strategy of "small, diversified, and dominant," the Group will work to change its business portfolio, which is biased toward large, long-term contract parking facilities, in order to reduce business risk and improve profitability as quickly as possible.

In Mobility Business, the number of vehicles and members has been steadily increased in spite of COVID-19. In the fiscal year ending October 31, 2022, although the impact of the infectious disease will be reduced, there are still concerns about the risk of its re-expansion, and therefore the Group will place the highest priority on building an operational system to capture demand in a stable and reliable manner. Specifically, the Group will maintain the number of vehicles at the level at the end of the fiscal year ended October 31, 2021, and promote the construction of the Times CAR Flexible Model (a model in which multiple vehicles are rented out from a single vehicle space), which will enable the Group to quickly deploy vehicles optimally according to demand and maximize profitability per vehicle.

Through such efforts, the Group expects that, at the end of October 2022, the total number of domestic and overseas parking sites will be 21,300, and the total number of parking spaces will be 1,382,700. The number of Times CAR vehicles will be 52,600. For the fiscal year ending October 31, 2022, the Group forecasts net sales of 283,000 million yen, operating profit of 13,500 million yen, recurring profit of 8,500 million yen, and profit attributable to owners of parent of 2,500 million yen.

(5) Business risks related to COVID-19

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

Regarding the consolidated results forecast for the fiscal year ending October 31, 2022, although the impact of COVID-19 will continue to a certain extent, it is estimated based on the assumption that the impact on each service will be reduced compared to the consolidated fiscal year under review. However, there are many uncertainties in the assumptions used for the estimates. The Group's financial condition, results of operations and cash-flow situation may be affected by the time that it takes for COVID-19 to be contained and changes in the impact on economic conditions.

In such circumstances, the Group will endeavor to minimize the decline in earnings by continuing to implement countermeasures such as restructuring of each business, improving productivity and reducing costs.

(ii) Risk of transmission among customers

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

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

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

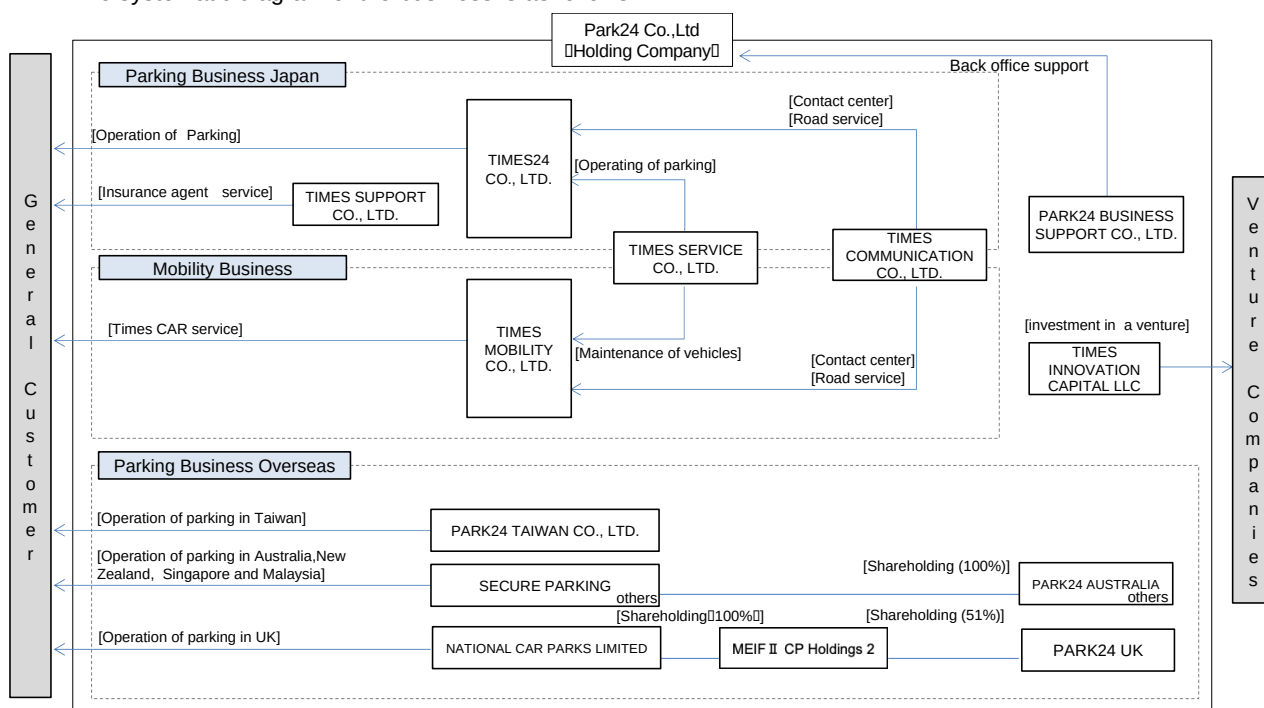
(iv) Risk of demand collapse and default due to deterioration in the financial situation of customers

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

2. Status of the PARK24 Group

The Group (the Company and its affiliates) consists of the Company and 95 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 Overseas:

The Group provides pay-by-the-hour and pay-by-the-month parking sites services under sublease agreements and trustee agreements for managing parking sites in a total of six countries comprising, Australia, New Zealand,

Singapore, Malaysia, the UK and Taiwan.

-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 and enhance sustainability.

(2) Targeted management indices

The Group recognizes that, to create comfortable services that meet the needs of the times and enhance sustainability, it is important to expand the scale of each business and enhance and develop services and the Group believes that our main business challenge is achieving and ensuring strong growth and profitability. Accordingly, the Group places the utmost emphasis on the rate of growth in recurring profit and strive to maintain double-digit sustainable growth.

In the fiscal year ended October 31, 2021, despite a recovery trend toward the end of the fiscal year, all businesses continued to be affected by COVID-19, and occupancy of each service was more restrained than expected, resulting in a net loss and a low level of shareholders' equity. The Group considers rebuilding financial health to be one of the first priorities of the management and has established the goal of an equity ratio of more than 30% as one of the financial indicators targeted by the end of the fiscal year ending October 31, 2025.

(3) Business environment and medium-term business strategies

The Group expects its management environment to continue to be harsh in the short term due to COVID-19. There are concerns over risk of a further fall in the global and Japanese economies due to the aggravation of the pandemic, and the impact of a decline in employment and income caused by a fall in corporate earnings and a decrease in consumer spending on the Group's business performance are likely inevitable.

For the medium-term business environment, Park24 Group's business environment is experiencing major changes with the emergence of new mobility concepts and rapid advances in technological innovation, including the shift from ownership to usage, automotive IoT applications, variations in vehicle fuel, and autonomous driving.

Looking to the future of the mobility society, the Group will further expand its four networks of people (members), cars (mobility), communities (destinations) and parking sites, and seamlessly connect these through the enhancement of services, thereby creating comfortable services that meet the needs of the times and enhancing sustainability both in Japan and other parts of the world.

In Parking Business, the Group will pursue expansion of its parking network by steadily developing parking sites while at the same time working to develop parking services that deliver greater levels of comfort. In particular, there are chronic shortages of parking spaces in Japan, and the Group considers the environment adequate for developing new parking sites based on a large supply-demand gap and expects stable growth.

In Mobility Business, the Group will push ahead with the integration of Car Sharing and Car Rental services to establish Times CAR, an extremely convenient new mobility service that allows customers to rent the type of car they want to rent when and where they want to rent it for as long as they want to rent it. Car Sharing service has been steadily growing as a mobility service easily accessible in daily life. Amid COVID-19, the service began to be recognized as a means of transportation suited for avoiding contact with an unspecified large number of people and crowded places, demand for which has been growing. Based on this background, both the numbers of members and users have been steadily increasing, which are expected to continue to increase substantially in the future. The Group will actively increase vehicles for the mobility service and rental office locations to expand its mobility networks.

In the communities that are our customers' destinations, the Group will increase the number of affiliated stores offering the "Times PAY" cashless payment service, with the aim of delivering comfort to both affiliated stores and

customers and expanding our network of communities (destinations).

To make services even more convenient for members through the seamless connection of cars (mobility), communities (destinations) and parking services respectively, the Group will focus on strengthening “soft” aspects through the development of apps, etc. The Group will also seek expansion in the scale of both corporate and private members by enhancing service convenience.

Overseas, the Group operates parking businesses in six countries, including Australia, New Zealand, Singapore, Malaysia, the UK and Taiwan. As in Japan, the Group works to expand its parking site networks and to develop parking services in these countries. In Australia and the UK, constituting the core part of its overseas businesses, it will change the current business portfolio comprising mostly large and long-term contract parking sites to reduce business risk and raise profitability 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 Parking Business Japan.

Through these measures, the Group aims to operate parking sites for one million vehicles and the mobility service for 100 thousand vehicles and acquire 10 million Times CLUB members in Japan as targets for the fiscal year ending October 31, 2026.

The Park24 Group will aim for sustainable growth to become the world's No.1 in terms of services as well as earnings as a corporate group that provides mobility services on a global scale. The Group will also endeavor to enhance our corporate value by fulfilling our corporate social responsibility and repay the trust and meet the expectations of all stakeholders.

(4) Business and financial issues to be addressed on priority

As noted in the descriptions of the operating environment in section (3), COVID-19 is expected to have a major impact on the Group's financial performance. The entire Group nevertheless has been promptly taking measures since the initial stage when the impact began to appear.

A. Ensuring customers' safety

Vehicles used in Mobility Business providing Car Sharing services are cleaned more thoroughly and sanitizers are placed in the vehicles for customers to use PARK24 sites and services with peace of mind. The Group is also installing payment machines accepting a wider range of cashless payment methods at its parking sites.

B. Ensuring employees' safety

The Group determines the percentage of employees who commute to their workplace based on the number of COVID-19 positive people in Japan and encourages employees to telecommute when possible. Therefore, the Group will continue to develop a stress-free ICT environment for employees who are working from home. As part of measures to prevent COVID-19 infections, the Group encourages the use of flextime and PARK24's cars and mobility services for employees who go to the office to avoid the risk of infection as much as possible in its marketing activities.

C. Reform of business structure

Parking Business Japan is maintaining the supply-demand balance to maximize earnings from individual sites by implementing marketing and operation measures, such as modifying fee structures at existing sites and adjusting the number of vehicle spaces according to current demand. It also works to take measures for unprofitable sites, review management and maintenance, and reduce costs and SG&A and other expenses as much as possible. Business development carefully selects and targets sites by ensuring profitability. By growing a lean business structure throughout these measures, the Group prepares for active business growth after COVID-19 subsides.

Parking Business Overseas will cut costs and expenses to reduce deficits through rent negotiations and by actively raising management and maintenance efficiency. It will also change the current business portfolio comprising mostly of large and long-term contract parking sites to reduce business risk and raise profitability 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 Parking Business Japan.

Mobility Business works to raise profitability per vehicle by aggressively building Times CAR, a new mobility service that combines Car Sharing and Car Rental services. It also substantially increases the number of vehicles owned to maximize earnings and improve service quality.

D. Improving financial health

As a medium-to long-term strategy, the Group acquired financing through a subordinated loan on December 30, 2020 to secure long-term funds for growth investment and to improve and maintain its financial health to get the business back on a growth path in view of COVID-19 containment.

In addition, the following issues need to be addressed based on the Group's medium- to long-term corporate management strategies.

(i) 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), towns (destinations) and parking sites. 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.

(ii) Connecting the four networks seamlessly

The Group will provide customers with a comfortable environment for navigating and using the Group's services by seamlessly connecting the four networks. To do this, the Group will promote activities such as the design of services based on marketing and the development of high value-added services using ICT.

(iii) 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, the Group 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, the Group will work to ensure stable operation by making sufficient investment in IT systems and developing and recruiting human resources with IT skills.

(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 PTY LTD and NATIONAL CAR PARKS LIMITED, which joined the Group in 2017, the Group 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. The Group 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.

(v) Strengthening corporate governance

The Group believes 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. The Group is, 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, the Group 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.

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

The Group creates a great deal of value in the form of the services its employees provide to its customers and believes that the development and recruitment of talent and the creation of an environment in which employees feel job satisfaction is essential for its sustainable development. In an age of discerning customers, employees are valuable management resources which determine a company's competitiveness and the Group will, therefore, endeavor to develop and recruit human resources based on respect for diversity, in line with its human resources vision "human resources that can fully demonstrate their individuality and completely fulfill their expected roles while at the same time continuously developing their skills."

(vii) Promoting health management

The Group has established a health management declaration to build a work environment that helps employees maintain good health and work vigorously for a long time. The Group aims to provide an

environment that allows employees to voluntarily and actively improve their physical and mental health and to develop an active organization that achieves high performance.

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, 2020	As of October 31, 2021
Assets		
Current assets		
Cash and deposits	55,536	92,044
Notes and accounts receivable - trade	16,146	18,605
Inventories	2,643	1,997
Prepaid expenses	15,320	13,268
Other	12,311	14,510
Allowance for doubtful accounts	△697	-1,242
Total current assets	101,260	139,183
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,349	52,097
Accumulated depreciation	-22,050	-21,689
Buildings and structures, net	32,298	30,407
Machinery, equipment and vehicles	66,238	60,900
Accumulated depreciation	-27,928	-27,998
Machinery, equipment and vehicles, net	38,310	32,902
Tools, furniture and fixtures	29,725	32,151
Accumulated depreciation	-26,025	-27,958
Tools, furniture and fixtures, net	3,699	4,192
Land	26,272	25,746
Leased assets	56,096	57,378
Accumulated depreciation	-42,432	-47,042
Leased assets, net	13,664	10,336
Right of use assets	61,683	67,878
Accumulated depreciation	-34,849	-45,489
Right of use assets, net	26,834	22,388
Construction in progress	2,272	1,853
Total property, plant and equipment	143,352	127,827
Intangible assets		
Goodwill	16,792	17,005
Contract-based intangible assets	8,676	9,196
Other	4,334	4,975
Total intangible assets	29,803	31,177
Investments and other assets		
Investment securities	1,199	598
Long-term prepaid expenses	7,469	5,444
Leasehold and guarantee deposits	4,710	4,509
Deferred tax assets	7,067	9,811
Other	917	1,104
Allowance for doubtful accounts	-5	-28
Total investments and other assets	21,358	21,439
Total non-current assets	194,514	180,445
Total assets	295,775	319,628

(Unit: million yen)

	As of October 31, 2020	As of October 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	478	560
Short-term borrowings	26,609	16,034
Current portion of long-term borrowings	7,094	30,533
Lease obligations	12,148	12,058
Accounts payable - other	15,213	18,570
Accrued expenses	16,048	24,589
Income taxes payable	1,720	3,163
Allowance for bonuses	1,250	2,196
Allowance for bonuses for directors (and other officers)	–	56
Notes payable for equipment	749	1,195
Other	9,114	8,951
Total current liabilities	90,428	117,910
Non-current liabilities		
Bonds with share acquisition rights	35,000	35,000
Long-term borrowings	92,808	111,989
Lease obligations	31,557	22,679
Retirement benefit liability	110	22
Asset retirement obligations	9,287	9,453
Deferred tax liabilities	1,525	1,618
Other	3,910	4,523
Total non-current liabilities	174,201	185,285
Total liabilities	264,629	303,195
Net assets		
Shareholders' equity		
Share capital	20,134	20,171
Capital surplus	15,721	15,758
Retained earnings	2,159	-9,498
Treasury shares	-1,255	-1,255
Total shareholders' equity	36,761	25,175
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81	130
Deferred gains or losses on hedges	-135	-82
Revaluation reserve for land	-1,035	-1,035
Foreign currency translation adjustment	-3,579	-5,954
Remeasurements of defined benefit plans	-1,110	-1,864
Total accumulated other comprehensive income	-5,779	-8,806
Share acquisition rights	164	63
Total net assets	31,146	16,432
Total liabilities and net assets	295,775	319,628

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

Consolidated statements of profit and loss

(Unit: million yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Net sales	268,904	251,102
Cost of sales	232,556	210,408
Gross profit	36,347	40,693
Selling, general and administrative expenses	51,045	48,732
Operating loss	-14,698	-8,039
Non-operating income		
Interest income	10	10
Dividend income	9	8
Penalty income charged to customers for cancellation of parking facilities	184	2
Void ticket	240	202
Government subsidy related to cashlessness	272	6
Government subsidy for labor costs	2,401	1,196
Gain on cancellation of leases	—	798
Other	321	442
Total non-operating income	3,441	2,667
Non-operating expenses		
Interest expenses	1,754	3,541
Share of loss of entities accounted for using equity method	297	173
Foreign exchange losses	13	57
Expense incurred for evacuation of parking facilities	878	527
Depreciation	549	13
Commission fee	3	1,598
Other	413	335
Total non-operating expenses	3,911	6,247
Recurring loss	-15,168	-11,619
Extraordinary income		
Gain on sales of non-current assets	18	922
Gain on sale of shares of subsidiaries and associates	—	1,731
Gain on reversal of subscription rights to shares	—	89
Total extraordinary income	18	2,743
Extraordinary losses		
Loss on retirement of non-current assets	991	217
Impairment loss	31,938	138
Loss on valuation of investment securities	50	—
Loss on temporary closure	790	405
Business restructuring expenses	272	106
Loss on lease contracts	—	207
Total extraordinary losses	34,043	1,074
Loss before income taxes	-49,192	-9,950
Income taxes - current	2,062	4,504
Income taxes - deferred	-4,370	-2,796
Total income taxes	-2,308	1,708
Loss	-46,883	-11,658
Loss attributable to non-controlling interests	-231	—
Loss attributable to owners of parent	-46,652	-11,658

Consolidated statement of comprehensive income

(Unit: million yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Loss	-46,883	-11,658
Other comprehensive income		
Valuation difference on available-for-sale securities	-58	49
Deferred gains or losses on hedges	7	52
Foreign currency translation adjustment	1,520	-2,374
Remeasurements of defined benefit plans, net of tax	53	-754
Share of other comprehensive income of entities accounted for using equity method	-199	-
Total other comprehensive income	1,323	-3,027
Comprehensive income	-45,560	-14,685
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-45,329	-14,685
Comprehensive income attributable to non-controlling interests	-231	-

(3) Consolidated Statements of Shareholders' Equity

Fiscal year ended October 31, 2020

(Unit: million yen)

	Shareholders' Equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,087	15,674	63,004	-1,255	97,511
Cumulative effects of changes in accounting policies			-3,363		-3,363
Restated balance	20,087	15,674	59,641	-1,255	94,147
Changes during period					
Issuance of new shares	47	47			95
Dividends of surplus			-10,811		-10,811
Loss attributable to owners of parent			-46,652		-46,652
Reversal of revaluation reserve for land			-17		-17
Net changes in items other than shareholders' equity					
Total changes during period	47	47	-57,481	—	-57,385
Balance at end of period	20,134	15,721	2,159	-1,255	36,761

	Other Accumulated Comprehensive Income					Share acquisition rights	Non-controlling interests	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	140	-143	-1,052	-4,883	-1,163	163	220	90,791
Cumulative effects of changes in accounting policies								-3,363
Restated balance	140	-143	-1,052	-4,883	-1,163	163	220	87,427
Changes during period								
Issuance of new shares								95
Dividends of surplus								-10,811
Profit attributable to owners of parent								-46,652
Reversal of revaluation reserve for land								-17
Net changes in items other than shareholders' equity	-58	7	17	1,303	53	1	-220	1,104
Total changes during period	-58	7	17	1,303	53	1	-220	-56,281
Balance at end of period	81	-135	-1,035	-3,579	-1,110	164	—	31,146

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	36,761
Changes during period					
Issuance of new shares	36	36			72
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	Valuation difference on available-for-sale securities		
Balance at beginning of period	81	-135	-1,035	-3,579	-1,110	164	31,146
Changes during period							
Issuance of new shares							72
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

(4) Consolidated statement of cash flows

(Unit: million yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Cash flows from operating activities		
Loss before income taxes	-49,192	-9,950
Depreciation	37,750	33,680
Impairment loss	31,938	138
Amortization of goodwill	2,176	1,112
Increase (decrease) in retirement benefit liability	-203	-601
Interest and dividend income	-19	-19
Interest expenses	1,754	3,541
Loss (gain) on sales of non-current assets	-18	-922
Loss on retirement of non-current assets	991	217
Gain on cancellation of leases	-	-798
Loss (gain) on valuation of investment securities	50	-
Loss (gain) on sale of shares of subsidiaries and associates	-	-1,731
Decrease (increase) in trade receivables	2,135	-2,205
Decrease (increase) in inventories	11,250	6,225
Increase (decrease) in trade payables	-342	68
Decrease (increase) in accounts receivable - other	-67	-801
Decrease (increase) in prepaid expenses	1,005	2,649
Increase (decrease) in accounts payable - other	4,254	1,864
Increase (decrease) in accrued expenses	1,964	5,703
Notes payable for equipment	-2,310	-90
Other, net	2,651	3,427
Subtotal	45,768	41,507
Interest and dividends received	19	19
Interest paid	-1,728	-2,641
Income taxes paid	-4,659	-4,067
Net cash provided by (used in) operating activities	39,400	34,818
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	-17,788	-12,412
Proceeds from sales of property, plant and equipment	51	1,690
Purchase of intangible assets	-1,881	-2,174
Payments for asset retirement obligations	-508	-716
Proceeds from sale of shares of subsidiaries and associates	-	2,040
Purchase of long-term prepaid expenses	-2,210	-929
Payments for investments in capital	-131	-111
Other, net	648	263
Net cash provided by (used in) investing activities	-21,819	-12,349

(Unit: million yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	16,749	-12,994
Proceeds from long-term borrowings	29,286	49,904
Repayments of long-term borrowings	-8,730	-9,421
Repayments of lease obligations	-13,669	-14,377
Proceeds from issuance of shares	69	60
Purchase of treasury shares	—	-0
Dividends paid	-10,819	-3
Net cash provided by (used in) financing activities	12,886	13,167
Effect of exchange rate change on cash and cash equivalents	137	890
Net increase (decrease) in cash and cash equivalents	30,604	36,526
Cash and cash equivalents at beginning of period	24,664	55,269
Cash and cash equivalents at end of period	55,269	91,795

(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: 95

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.

Periman Pty. Ltd.

Auspark Holdings Pty. Ltd

SECURE PARKING PTY. LTD.

SECURE PARKING SINGAPORE PTE. LTD.

SECURE PARKING CORPORATION SDN. BHD.

PARK24 UK LIMITED

MEIF II CP Holdings 2 Limited

NATIONAL CAR PARKS LIMITED

Other consolidated subsidiaries: 75

2. Number of affiliated equity method companies

GS PARK24 CO., LTD. was excluded from the scope of application of the equity method due to the transfer of all shares.

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.	March 31 *2
SECURE PARKING SINGAPORE PTE. LTD.	March 31 *2
PARK24 TAIWAN CO., LTD.	September 30 *3
PARK24 AUSTRALIA PTY. LTD.	September 30 *3
Periman Pty. Ltd.	September 30 *3
Auspark Holdings Pty. Ltd.	September 30 *3
Secure Parking PTY. LTD. and its 4 subsidiaries	September 30 *2
PARK24 UK Limited	September 30 *3
MEIF II CP Holdings 2 Limited	September 30 *3
MEIF II CP Holdings 3 Limited and its 67 subsidiaries	September 30 *3
NATIONAL CAR PARKS (EUK) LIMITED	September 30 *3
PARK24 MALAYSIA SDN. BHD.	September 30 *3 *4
SECURE PARKING CORPORATION SDN. BHD. and its 2 subsidiaries	September 30 *3 *4

*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 financial statements prepared on the basis of a provisional closing of accounts, which was in compliance with the standard settlement of accounts, as of September 30, 2021 are used in preparing the consolidated financial statements. The necessary adjustments are made on consolidation for material transactions that occurred between September 30, 2021 and the consolidated balance sheet date.
- *3 The financial statements prepared as of the end of the fiscal years of these consolidated subsidiaries are used, and necessary adjustments are made on consolidation for material transactions that occurred between the end of the fiscal years of these consolidated subsidiaries and the consolidated balance sheet date.
- *4 The closing date is changed from December 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

(a) Other securities

Securities with a market price

The Group adopts the market value method based on market prices on the closing date of the consolidated accounting period. (Variances from the valuation at term end are all included directly in capital; costs of products sold during the term are calculated using 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

The Group adopts the fixed rate method.

However, the Group adopts the straight line method for buildings (excluding equipment attached to buildings) acquired on and after April 1, 1998. and the overseas consolidated subsidiaries mainly use the straight-line method.

Major useful lives:

Buildings: 7 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 primarily the straight-line method.

(3) 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.

(4) 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.

(5) 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, etc. 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.

(6) Amortization Method and Period of Goodwill

Goodwill is equally amortized over the period of its effect

(7) 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.

(8) 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.

(9) Other important matters for production of the consolidated financial statements

Accounting treatment of consumption tax

We adopt the net of tax method for consumption tax.

(Additional Information)

(Withdrawal of the restructuring plan by the UK subsidiary)

NATIONAL CAR PARKS LIMITED ("NCP"), a UK consolidated subsidiary of the Company, resolved at a meeting of its Board of Directors held on December 15, 2021 local time to withdraw the restructuring plan under Part 26A of the Companies Act 2006, which was filed on April 30, 2021 local time and to apply to the competent court for withdrawal of the plan. The impact of this matter on the Company's consolidated financial results for the fiscal year under review

is minimal. In line with this, NCP is working to restructure its business structure by canceling unprofitable parking lots and revising contract terms.

(Notes to consolidated balance sheet)

*1 Breakdown of inventories

(million yen)

	As of October 31, 2020	As of October 31, 2021
Merchandise	1,156	371
Supplies	1,487	1,625
Total	2,643	1,997

*2 Pledged assets and secured liability

The assets pledged as collateral for business guarantee deposits are as follows. There are no related obligations.

(million yen)

	As of October 31, 2020	As of October 31, 2021
Investment securities (claims)	10	–

*3 Shares of non-consolidated subsidiaries and affiliated companies

(million yen)

	As of October 31, 2020	As of October 31, 2021
Investment securities (shares)	616	–

*4 For accounting treatment of notes matured at the end of the fiscal year under review, the maturity date is treated as if the settlement had taken place on that date.

As the last day of the consolidated fiscal year under review was a bank holiday, the following notes matured on the last day of the consolidated fiscal year under review were treated as if they had been settled on the maturity date.

(million yen)

	As of October 31, 2020	As of October 31, 2021
Notes payable for equipment	580	167

*5 The land for business purposes is revalued, and the resulting variance is posted in net assets under the Act on Revaluation of Land (No. 34 promulgated on March 31, 1998) and the Law to Amend the Act on Revaluation of Land (promulgated on March 31, 1999).

• 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, 2020	As of October 31, 2021
Variance between the market value of revalued land at the end of the term and the book value after revaluation	421	438

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

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

Previous consolidated fiscal year (as of October 31, 2020)

In Mobility Business, used vehicles are sold as part of the operating cycle. Accordingly, property, plant and

equipment of 12,297 million yen was reclassified and presented under inventories (merchandise) in FY2020. The balance of property, plant and equipment at the end of the year was 833 million yen.

Current Consolidated fiscal year (as of October 31, 2020)

In Mobility Business, used vehicles are sold as part of the operating cycle. Accordingly, property, plant and equipment of 5,515 million yen was reclassified and presented under inventories (merchandise) in FY2021. The balance of property, plant and equipment at the end of the year was 76 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.

Fiscal year ended October 31, 2020

(Million yen)		
Purpose	Regions	Impairment losses
Parking facilities (Overseas)	Bolton, UK, etc.	5,051
Parking facilities (Domestic)	Metropolitan area and others	340
Store facilities	Akita Prefecture, Aichi Prefecture, Tochigi Prefecture, etc.	137
Idle assets	Metropolitan area and others	476
Right of use assets	Queensland, Australia, etc.	1,703
Goodwill	UK and Australia	19,378
Contract-based intangible assets	Manchester, UK, etc.	4,850

Breakdown of impairment losses by type of asset (Million yen)	
Buildings and structures	1,565
Machinery, equipment and vehicles	476
Tools, furniture and fixtures	3,723
Right of use assets	1,703
Goodwill	19,378
Contract-based intangible assets	4,850
Long-term prepaid expenses	241
Total	31,938

Among overseas parking facilities, MEIF II CP Holdings 2 Limited (UK), a consolidated subsidiary of the Company, reduced its book value to a recoverable amount as the profit assumed at the time shares were acquired could no longer be expected due to the deterioration in the business environment caused by COVID-19. The recoverable amount was calculated after a reasonable adjustment of value in use calculated by discounting future cash flow by 8.5%.

As for right-of-use assets, SECURE PARKING PTY LTD (Australia), a consolidated subsidiary of the Company, impaired its book value to a recoverable amount as the profit initially assumed could no longer be expected due to the deterioration of the business environment caused by COVID-19. The recoverable amount was calculated after a reasonable adjustment of value in use calculated by discounting future cash flow by 6.7%.

Concerning goodwill, MEIF II CP Holdings 2 Limited (UK) (loss on impairment of goodwill of 16,704 million yen), a consolidated subsidiary of the Company, reduced its book value to a recoverable amount as the profit initially assumed could no longer be expected due to the deterioration of the business environment caused by COVID-19.

The recoverable amount was calculated by discounting future cash flow by 9.2%.

With respect to contract-related intangible assets, MEIF II CP Holdings 2 Limited (UK), a consolidated subsidiary of the Company, reduced its book value to a recoverable amount as the profit initially assumed could no longer be expected due to the deterioration of the business environment caused by COVID-19. The recoverable amount was calculated after a reasonable adjustment of value in use calculated by discounting future cash flow by 9.2%.

The book value of assets other than the above was reduced to a recoverable amount and the reduced amount was recognized as an impairment loss. The recoverable amount was measured based on net selling price.

Fiscal year ended October 31, 2021

(Million yen)		
Purpose	Regions	Impairment losses
Parking facilities (Overseas)	Liverpool, UK, etc.	80
Parking facilities (Domestic)	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

(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, 2020	Fiscal year ended October 31, 2021
Cash and deposits	55,536	92,044
Time deposits whose deposit terms exceed three months	-6	-6
Deposits with withdrawal limits	-261	-243
Cash and cash equivalents	55,269	91,795

(Deferred tax accounting)

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

(million yen)		
	As of October 31, 2020	As of October 31, 2021
Deferred tax assets		
Business tax and business office tax payable	285	216
Allowance for bonuses	374	723
Lump sum depreciable assets	71	35
Depreciation in excess of allowable limit	592	586
Deferred tax assets related to revaluation	316	316
Asset retirement obligations	2,474	2,728
loss carried forward	5,569	11,807
Other	2,933	2,663
Subtotal of deferred tax assets	12,617	19,079
Allowance for valuation of loss carried forward for tax purposes (note2)	-2,223	-5,676
Allowance for valuation of total future deductible temporary differences, etc.	-1,605	-1,726
Subtotal of allowance for valuation (note1)	-3,828	-7,403

As of October 31, 2020

As of October 31, 2021

Total deferred tax assets	8,788	11,675
Deferred tax liabilities		
Valuation difference on securities	-36	-8
Removal costs for asset retirement obligations	-1,623	-1,783
Intangible assets	-1,529	-1,602
Other	-57	-88
Total deferred tax liabilities	-3,246	-3,483
Net deferred tax assets (liabilities)	5,541	8,192

(Notes)

1. The valuation allowance increased by 3,574 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, 2020

(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	5,568	5,569
Allowance for valuation	—	—	—	-0	-0	-2,222	-2,222
Deferred tax assets	—	—	—	—	—	3,345	3,345

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

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

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

2 Breakdown of difference between the legally effective tax rate and the actual effective tax rate after applying tax effect accounting by major cause

Notes are not shown for the previous fiscal year and the fiscal year under review, because the Group posted a net loss before income taxes.

(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.

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

For the fiscal year ended October 31, 2020

	Reported segments				Adjustment (Note) 1	Amount on consolidated profit and loss statement (Note) 3
	Parking Business Japan	Parking Business Overseas (Note) 2	Mobility Business	Total		
Sales						
Sales to external customers	150,386	45,169	73,347	268,904	–	268,904
Internal sales or amount of transfer between segments	4,829	–	136	4,966	-4,966	–
Total	155,216	45,169	73,484	273,870	-4,966	268,904
Segment profit (loss)	15,276	-14,406	-2,595	-1,725	-12,973	-14,698
Others						
Depreciation	6,711	11,817	13,266	31,795	2,037	33,833
Amortization of long-term prepaid expenses	2,838	39	490	3,367	–	3,367

(Notes)

1. An adjustment of minus 12,973 million yen in segment profit (loss) includes an amortization of goodwill of minus 1 million yen and Company-wide expenses of 12,971 million yen. Company-wide expenses are mainly expenses relating to the administration division, including the general affairs department, which do not belong to either of the reported segments.
2. The loss of 14,406 million yen of Parking Business Overseas under Segment profit (loss) includes amortization of goodwill of -2,175 million yen (unamortized balance: 16,792 million yen).
3. Segment profit (loss) is adjusted in accordance with operating profit on the consolidated profit and loss statement.
4. During the first quarter of the fiscal year under review, TIMES24 CO., LTD., which is a subsidiary of the Company, transferred its Car Sharing service to TIMES MOBILITY CO., LTD., which is also a subsidiary of the Company, in an absorption-type split. This led to the occurrence of further intersegment transactions in Parking Business Japan and Mobility Business segments.

For the fiscal year ended October 31, 2021

	Reported segments				Adjustment (Note) 1	Amount on consolidated profit and loss statement (Note) 2
	Parking Business Japan	Parking Business Overseas	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)

1. An adjustment in segment profit (loss) is a company-wide expenses that are not allocated to each reported segment. Those expenses are relating to the administration division, including the general affairs department.
2. The loss of 16,595 million yen of Parking Business Overseas under Segment profit (loss) includes amortization of goodwill of -1,112 million yen (unamortized balance: 17,005 million yen).
3. Segment profit (loss) is adjusted in accordance with operating profit on the consolidated profit and loss statement.

[Relevant information]

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

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)

Dominant	Overseas	Total
223,734	45,169	268,904

(2) Property, plant and equipment

(million yen)

Dominant	Australia	Others	Total
110,353	25,306	7,692	143,352

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, 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)

Dominant	Overseas	Total
212,603	38,498	251,102

(2) Property, plant and equipment

(million yen)

Dominant	Australia	Other	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.

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

For the fiscal year ended October 31, 2020

(million yen)

	Reported segment				Total
	Parking Business Japan	Parking Business Overseas	Mobility Business	Total	
Impairment loss	340	30,984	613	31,938	31,938

For the fiscal year ended October 31, 2021

(million yen)

	Reported segment				Total
	Parking Business Japan	Parking Business Overseas	Mobility Business	Total	
Impairment loss	58	80	—	138	138

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

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

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

Consolidated fiscal year under review (from November 1, 2020 to October 31, 2021)

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, 2019 to October 31, 2020)

Not applicable

Consolidated fiscal year under review (from November 1, 2020 to October 31, 2021)

Not applicable

(Per share information)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Shareholders' equity per share	200.55yen	105.93yen
Net income per share	-302.00yen	-75.45yen

(Note) 1. 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. The grounds for the calculation of Net income per share and Net income per share after adjustment of latent shares are as follows:

Item	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Net loss per share		
Loss attributable to owners of parent (million yen)	-46,652	-11,658
Loss attributable to owners of parent associated with common shares (million yen)	-46,652	-11,658
Average number of shares issued during the term (thousand shares)	154,478	154,512
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