

# **SEMI-ANNUAL REPORT 2021**

**Six Months ended April 30, 2021**



**PARK24 CO.,LTD.**

## Consolidated Financial Highlight (Unaudited)

For the six-month periods ended April 30, 2020 and 2021

| Results                                           | Millions of yen |           | Thousands of U.S. dollars* |
|---------------------------------------------------|-----------------|-----------|----------------------------|
|                                                   | 2020            | 2021      | 2021                       |
| <b>For the period:</b>                            |                 |           |                            |
| Net sales                                         | ¥ 145,680       | ¥ 121,865 | \$ 1,118,233               |
| Gross profit                                      | 25,558          | 17,210    | 157,919                    |
| Operating profit (or loss)                        | (1,229)         | (6,516)   | (59,791)                   |
| Recurring profit (or loss)                        | (2,020)         | (8,998)   | (82,566)                   |
| Profit (or loss) attributable to owners of parent | (2,590)         | (8,960)   | (82,217)                   |
| Capital investment                                | 21,571          | 8,740     | 80,198                     |
| Depreciation and amortization                     | 20,221          | 16,893    | 155,010                    |
| <b>At end of the period:</b>                      |                 |           |                            |
| Total net assets                                  | ¥ 74,039        | ¥ 19,920  | \$ 182,786                 |
| Total assets                                      | 317,327         | 336,110   | 3,084,144                  |
| Interest-bearing debt                             | 185,194         | 250,329   | 2,297,018                  |
| <b>Per share data (yen and U.S. dollars):</b>     |                 |           |                            |
| Profit—Basic                                      | ¥ (16.77)       | ¥ (57.99) | \$ (0.53)                  |
| —Diluted                                          | -               | -         | -                          |
| Cash dividends                                    | 0.00*           | 0.00**    | 0.00**                     |
| Net assets                                        | 476.40          | 128.49    | 1.18                       |
| <b>Other data (number):</b>                       |                 |           |                            |
| Employees                                         | 5,870           | 5,211     | 47,816                     |
| Parking sites managed worldwide                   | 23,592          | 22,760    | 208,846                    |
| Parking spaces managed world wide                 | 1,465,074       | 1,416,357 | 12,996,486                 |
| Times PARKING sites                               | 19,442          | 18,463    | 169,416                    |
| Times PARKING spaces                              | 616,095         | 580,626   | 5,327,822                  |
| Time CAR vehicles                                 | 55,585          | 46,086    | 422,885                    |

\*As of October 31, 2020

\*\*Plan

| Results by Segment                | Millions of yen |           | Thousands of U.S. dollars* |
|-----------------------------------|-----------------|-----------|----------------------------|
|                                   | 2020            | 2021      | 2021                       |
| <b>Net sales</b>                  | ¥ 145,680       | ¥ 121,865 | \$ 1,118,233               |
| Parking Business Japan            | 81,383          | 75,315    | 691,090                    |
| Parking Business Overseas         | 30,193          | 17,514    | 160,708                    |
| Mobility Business                 | 36,579          | 31,646    | 290,384                    |
| Adjustment                        | (2,475)         | (2,610)   | (23,949)                   |
| <b>Operating profit (or loss)</b> | ¥ (1,229)       | ¥ (6,516) | \$ (59,791)                |
| Parking Business Japan            | 7,969           | 8,281     | 75,986                     |
| Parking Business Overseas         | (1,810)         | (7,649)   | (70,187)                   |
| Mobility Business                 | (671)           | (836)     | (7,671)                    |
| Adjustment                        | (6,717)         | (6,311)   | (57,910)                   |

\* The U.S. dollar amounts represent translations of yen amounts at the rate of ¥108.98=U.S.\$1.00, the approximate rate of exchange prevailing on April 30, 2021.

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

## 1. Qualitative data on the consolidated financial results

During the six months of consolidated fiscal year ending October 31, 2021 (November 1, 2020 to April 30, 2021), the Japanese economy continued to be affected by the spread and prolongation of the COVID-19 pandemic ("COVID-19"), which had significant impacts, including falling corporate earnings and a weakening employment situation, as well as the restraint on capital spending by Japanese companies. In addition, with a state of emergency declared mainly in major prefectures and cities in January 2021 and thereafter on and off, coupled with the implementation of quasi-emergency measures, the economic outlook remains uncertain. Overseas, tough restraints are continuing to be imposed on economic activities, including lockdowns and restrictions on activities being re-issued in some countries.

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

In term of financial results, the Group's businesses were affected in both Japan and abroad as the movement of people was controlled from the beginning to the end of the six months of the consolidated fiscal year under review in association with COVID-19.

As a result, in the six months of the consolidated fiscal year under review, the Group posted net sales of 121,865 million yen (-16.3% year on year), an operating loss of 6,515 million yen (operating loss of 1,229 million yen in the same period of the previous year), and a recurring loss of 8,998 million yen (recurring loss of 2,020 million yen in the same period of the previous year), and loss attributable to owners of parent stood at 8,960 million yen (loss attributable to owners of parent of 2,589 million yen in the same period of the previous year).

Results by business segment are as follows:

### (1) Parking Business Japan

Traffic volumes decreased with the spread of COVID-19 from the beginning of the period, and parking site operations declined because traffic volumes were further controlled by the declaration of a state of emergency in January. Subsequently, traffic volumes gradually recovered with the lifting of the state of emergency. However, they declined again following the introduction of quasi-emergency measures and the re-declaration of a state of emergency in April, resulting in a decline in parking site operations.

Under these circumstances, at existing parking facilities, the Group adopted marketing and operation measures to meet the current supply-demand balance, while seeking to decrease unprofitable parking sites through rent negotiations. At new parking facilities, the Group worked to create a lean business structure by developing parking facilities, carefully selecting those that could be profitable even in the current demand situation.

As a result, in the six months of the consolidated fiscal year under review, the numbers of Times PARKING sites and parking spaces managed were 18,463 (97.6% of the end of the previous fiscal year), and 580,626 (98.0% of the end of the previous fiscal year). The total number of parking sites managed, including monthly parking and facility management services, was 19,921

(97.9% of the end of the previous fiscal year), and the total number of parking spaces managed was 740,099 (99.2% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) stood at 75,315 million yen (-7.5% year on year), and operating profit amounted to 8,280 million yen (+3.9% year on year).

## (2) Parking Business Overseas

Parking Business Overseas was also affected significantly by COVID-19 in countries where it operated. Looking at the situation in the main countries in which the Group operates, in Australia, lockdowns and restrictions on activities continued on and off from the beginning of the period. Even so, there were signs of a recovery in parking site operations. In the UK, parking site operations declined markedly due to the enforcement of restrictions on activities in each region from the beginning of the period and the nationwide lockdown in December. With regulations easing in stages from March, parking site operations are on a recovery trend, albeit at a moderate level.

Therefore, the Group actively negotiated to revise rent for unprofitable parking sites in all regions while simultaneously reducing and streamlining parking facility management and maintenance costs through the review of the operation system. As part of the business restructuring, the Group also promoted the development of each country's version of Times PARKING based on the characteristics of Parking Business Japan.

As a result, in the six months of the consolidated fiscal year under review, the numbers of overseas parking sites and parking spaces managed were 2,839 (100.2% of the end of the previous fiscal year), and 676,258 (97.1% of the end of the previous fiscal year). The total numbers of parking sites and parking spaces managed worldwide were 22,760 (98.2% of the end of the previous fiscal year), and 1,416,357 (98.2% of the end of the previous fiscal year). Net sales in this segment (including intersegment sales) were 17,514 million yen (-42.0% year on year). Operating loss was 7,649 million yen (operating loss of 1,810 million yen in the same period of the previous year).\*1

In the United Kingdom, where the Group faces a very challenging business environment, National Car Parks Limited filed a restructuring plan under Part 26A of the UK Companies Act, 2006 on April 30, 2021 (local time). Under the plan, the company will seek to implement a range of measures, such as revising rent, reviewing contracts and exiting unprofitable parking facilities, in cooperation with landowners, with an eye to improving its business structure speedily and drastically.

- \*1 The results of parking business overseas for the six months of the consolidated fiscal year under review are the results of overseas consolidated subsidiaries for the period from October 1, 2020 to March 31, 2021.
- \*2 To help companies continue to operate even in situations with high infection rates, the UK Companies Act was amended in June 2020. The restructuring plan was filed using a new system under Part 26A of the amended Companies Act. The system enables companies to strongly and effectively restructure themselves.

## (3) Mobility Business

The Times CAR service (combining Car Rental and Car Sharing services) began to feel the effects of COVID-19 from December, and net sales per vehicle fell sharply due to the declaration of a state of emergency in January. Use of vehicles began to recover from February,

but declined again due to the implementation of quasi-emergency measures and the re-declaration of a state of emergency in April.

Even in these circumstances, the Group took measures to increase utilization per vehicle by reviewing vehicle deployment, given that demand for the Times CAR service was strong in urban areas. In addition, development of Times CAR service is progressing steadily, with the opening of 51 Times CAR sales offices mainly in Tokyo.

As a result, in the six months of the consolidated fiscal year under review, the total number of vehicles in Mobility Business as a whole was 46,086 units (102.8% of the end of the previous fiscal year), and the number of Members was 1,585,171 (105.2% of the end of the previous fiscal year). The Net sales of this segment (including intersegment sales) was 31,497 million yen (-13.9% year on year), and the Operating loss was 836 million yen (operating loss of 670 million yen in the same period of the previous year).

## **2. Qualitative data on the consolidated financial position**

### **(1) Assets, liabilities and net assets**

Total assets at the end of the six months of the fiscal year under review increased 40,334 million yen from the end of the previous fiscal year, to 336,110 million yen. The main changes in assets were increases of cash and deposits of 44,567 million yen and decreases of property, plant and equipment including machinery, equipment and vehicles of 6,409 million yen.

Total liabilities increased 51,561 million yen, to 316,190 million yen. The main reason for the increase was borrowings through subordinated syndicated loans, etc.

Net assets decreased 11,226 million yen to 19,919 million yen, mainly due to a decrease of 8,960 million yen from the net loss attributable to owners of the parent and a decrease of foreign currency translation adjustment of 1,444 million yen.

### **(2) Cash flow condition**

The balance of cash and cash equivalents at the end of the six months under review increased 44,575 million yen from the end of the previous consolidated fiscal year, to 99,844 million yen.

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

#### **(Net cash from operating activities)**

Net cash provided by operating activities decreased 6,940 million yen year on year, to 15,654 million yen. This primarily reflected the total of profit before income taxes and depreciation of 7,065 million yen, a decrease of accounts payable - other of 4,523 million yen, a decrease of inventories of 3,346 million yen, and a decrease of prepaid expenses of 2,558 million yen, while there was a decrease of accounts payable – other of 2,651 million yen and income taxes paid of 3,671 million yen.

#### **(Net cash from investing activities)**

Net cash used in investing activities decreased 5,726 million yen year on year, to 7,437 million yen. This was mainly attributable to capital expenditures for Times PARKING and purchase of Mobility vehicles.

#### **(Net cash from financing activities)**

Net cash provided by financing activities was 35,292 million yen (cash increased 38,175 million yen year on year). This was mainly due to income from long-term borrowings such as a subordinated syndicated loan, while expenditures for repayment of long-term borrowings and lease obligations.

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

As for the consolidated business performance forecasts for the fiscal year under review, the business environment is expected to improve with the start of vaccinations, but there are also concerns about the spread of new variants, and it is extremely difficult to predict when demand for parking service and mobility service will recover. However, based on the current business performance, the Company has estimated the impact of the infection based on assumptions for the six-month period of the second half of the fiscal year, and calculated the initial forecast by reflecting the actual results for the first half of the fiscal year and taking into account the impact for the second half of the fiscal year.

Actual results may differ significantly from the above-mentioned forecast if businesses do not recover according to the assumptions made for the preliminary calculation.

[Assumptions for the preliminary calculation]

#### **Net sales**

- Decrease of approx. 27 billion yen in the fiscal year due to the COVID-19 impact.
- Sales in May (in April for the overseas business), in the second half, were approximately 80% of FY2019. A recovery of approx. 1 to 2% is expected monthly from June, reaching approx. 85% of FY2019 in October, which is the end of the current fiscal year.

#### **Operating expenses**

- Decrease of approx. 10 billion yen through a decline in expenses due to decreased net sales (variable expenses) and the simultaneous implementation of a range of initiatives, such as improved efficiency in the management of expenses in each business unit and the aggressive reduction of internal costs.

**CONSOLIDATED BALANCE SHEETS (Unaudited)**  
**As of April 30, 2021 and October 31, 2020**

|                                            | Millions of yen |           | Thousands of U.S.<br>dollars<br>(Note 2) |
|--------------------------------------------|-----------------|-----------|------------------------------------------|
|                                            | October 31      | April 30  | April 30                                 |
|                                            | 2020            | 2021      | 2021                                     |
| <b>ASSETS</b>                              |                 |           |                                          |
| <b>Current assets:</b>                     |                 |           |                                          |
| Cash on hand and in banks                  | ¥ 55,537        | ¥ 100,104 | \$ 918,554                               |
| Notes and accounts receivable, trade       | 16,147          | 16,432    | 150,780                                  |
| Less: allowance for doubtful accounts      | (698)           | (832)     | (7,634)                                  |
| Inventories                                | 2,644           | 2,390     | 21,930                                   |
| Other                                      | 27,631          | 26,896    | 246,798                                  |
| Total current assets                       | 101,261         | 144,990   | 1,330,428                                |
| <b>Property, plant and equipment:</b>      |                 |           |                                          |
| Buildings and structures                   | 54,349          | 55,645    | 510,598                                  |
| Machinery and vehicles                     | 66,239          | 63,784    | 585,282                                  |
| Leased assets                              | 56,097          | 57,073    | 523,701                                  |
| Right-of-use assets                        | 61,683          | 68,705    | 630,437                                  |
| Land                                       | 26,272          | 26,273    | 241,081                                  |
| Other property, plant and equipment        | 31,999          | 34,030    | 312,259                                  |
|                                            | 296,639         | 305,510   | 2,803,358                                |
| Less: accumulated depreciation             | (153,286)       | (168,567) | (1,546,770)                              |
| Total property, plant and equipment, net   | 143,352         | 136,943   | 1,256,588                                |
| <b>Intangible assets and other assets:</b> |                 |           |                                          |
| Goodwill                                   | 16,793          | 17,923    | 164,461                                  |
| Contract-related intangible assets         | 8,677           | 9,503     | 87,200                                   |
| Other                                      | 25,693          | 26,751    | 245,467                                  |
| Total intangible assets and other assets   | 51,163          | 54,177    | 497,128                                  |
| Total assets                               | ¥ 295,776       | ¥ 336,110 | \$ 3,084,144                             |

**CONSOLIDATED BALANCE SHEETS (Unaudited)**  
**As of April 30, 2021 and October 31, 2020**

|                                                                        | Thousands of U.S.<br>dollars<br>(Note 2) |                  |
|------------------------------------------------------------------------|------------------------------------------|------------------|
|                                                                        | Millions of yen                          |                  |
|                                                                        | October 31<br>2020                       | April 30<br>2021 |
|                                                                        |                                          | April 30<br>2021 |
| <b>LIABILITIES AND NET ASSETS</b>                                      |                                          |                  |
| <b>Current liabilities:</b>                                            |                                          |                  |
| Notes and accounts payable, trade                                      | ¥ 479                                    | ¥ 548            |
| Short-term borrowings                                                  | 26,609                                   | 31,517           |
| Current portion of long-term borrowings                                | 7,095                                    | 25,857           |
| Current portion of lease obligations                                   | 12,149                                   | 11,899           |
| Provision for bonuses                                                  | 1,250                                    | 2,402            |
| Accrued income taxes                                                   | 1,721                                    | 2,194            |
| Other current liabilities                                              | 41,125                                   | 45,289           |
| Total current liabilities                                              | 90,428                                   | 119,706          |
| <b>Long-term liabilities:</b>                                          |                                          |                  |
| Convertible bonds                                                      | 35,000                                   | 35,000           |
| Long-term borrowings                                                   | 92,809                                   | 116,741          |
| Lease obligations                                                      | 31,557                                   | 29,315           |
| Retirement benefit liability                                           | 111                                      | 100              |
| Asset retirement obligations                                           | 9,287                                    | 9,402            |
| Deferred tax liabilities                                               | 1,526                                    | 1,671            |
| Other long-term liabilities                                            | 3,911                                    | 4,255            |
| Total long-term liabilities                                            | 174,201                                  | 196,484          |
| <b>Net assets:</b>                                                     |                                          |                  |
| Shareholders' equity:                                                  |                                          |                  |
| Common stock                                                           | 20,135                                   | 20,171           |
| Authorized:                                                            |                                          |                  |
| 2020 and 2021 — 283,680,000 shares                                     |                                          |                  |
| Issued:                                                                |                                          |                  |
| 2020 — 155,016,369 shares,                                             |                                          |                  |
| 2021 — 155,048,369 shares                                              |                                          |                  |
| Capital surplus                                                        | 15,722                                   | 15,758           |
| Retained earnings                                                      | 2,160                                    | (6,800)          |
| Treasury stock, at cost (2020 — 528,203 shares, 2021 — 528,253 shares) | (1,255)                                  | (1,255)          |
|                                                                        | 36,761                                   | 27,874           |
| Accumulated other comprehensive income:                                |                                          |                  |
| Net unrealized gains on securities                                     | 82                                       | 98               |
| Revaluation reserve for land                                           | (1,035)                                  | (1,035)          |
| Deferred losses on hedges                                              | (136)                                    | (105)            |
| Foreign currency translation adjustments                               | (3,580)                                  | (5,024)          |
| Accumulated adjustments for retirement benefits                        | (1,111)                                  | (1,954)          |
| Total accumulated other comprehensive income                           | (5,779)                                  | (8,020)          |
| Stock acquisition rights                                               | 164                                      | 66               |
| Total net assets                                                       | 31,146                                   | 19,920           |
| Total liabilities and net assets                                       | ¥ 295,776                                | ¥ 336,110        |
|                                                                        |                                          | \$ 3,084,144     |

**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**  
**For the six-month periods ended April 30, 2020 and 2021**

|                                                        | Thousands of U.S.<br>dollars<br>(Note 2) |                          |
|--------------------------------------------------------|------------------------------------------|--------------------------|
|                                                        | 2020                                     | 2021                     |
|                                                        | 2020                                     | 2021                     |
| <b>Net sales</b>                                       | ¥ 145,680                                | ¥ 121,865                |
| <b>Cost of sales</b>                                   | 120,122                                  | 104,656                  |
| Gross profit                                           | 25,558                                   | 17,209                   |
| <b>Selling, general and administrative expenses</b>    | 26,787                                   | 23,725                   |
| Operating profit (loss)                                | (1,229)                                  | (6,516)                  |
| <b>Other expenses (income):</b>                        |                                          |                          |
| Interest expense                                       | 871                                      | 1,546                    |
| Interest and dividend income                           | (13)                                     | (9)                      |
| Foreign exchange loss (gain), net                      | 4                                        | (41)                     |
| Expenses incurred for evacuation of parking facilities | 195                                      | 212                      |
| Loss on disposal of non-current assets                 | 126                                      | 25                       |
| Void parking ticket income                             | (98)                                     | (90)                     |
| Impairment loss                                        | 32                                       | 59                       |
| Equity in loss of associates                           | 106                                      | 113                      |
| Loss on temporary closure                              | 170                                      | 230                      |
| Business restructuring expenses                        | -                                        | 75                       |
| Government subsidy related to cashlessness             | (225)                                    | (3)                      |
| Government subsidy for labor costs                     | -                                        | (762)                    |
| Depreciation                                           | -                                        | 13                       |
| Gain on sales of non-current assets                    | (15)                                     | (14)                     |
| Commission fee                                         | -                                        | 1,595                    |
| Gain on reversal of share acquisition rights           | -                                        | (89)                     |
| Other, net                                             | (49)                                     | (92)                     |
|                                                        | 1,104                                    | 2,768                    |
| Profit (loss) before income taxes                      | (2,333)                                  | (9,284)                  |
| <b>Income taxes:</b>                                   |                                          |                          |
| Current                                                | 869                                      | 1,443                    |
| Deferred                                               | (684)                                    | (1,767)                  |
|                                                        | 185                                      | (324)                    |
| <b>Profit (loss)</b>                                   | (2,518)                                  | (8,960)                  |
| <b>Profit (loss) attributable to:</b>                  |                                          |                          |
| Non-controlling interests                              | 72                                       | -                        |
| Owners of parent                                       | ¥ (2,590)                                | ¥ (8,960)                |
|                                                        |                                          | \$ (82,217)              |
|                                                        | Yen                                      | U.S. dollars<br>(Note 2) |
|                                                        | 2020                                     | 2021                     |
| <b>Per share of common stock:</b>                      |                                          |                          |
| Profit (loss):                                         |                                          |                          |
| Basic                                                  | ¥ (16.77)                                | ¥ (57.99)                |
| Diluted                                                | -                                        | -                        |
| Cash dividends                                         | -                                        | -                        |

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**  
**For the six-month periods ended April 30, 2020 and 2021**

|                                                                                         | Millions of yen |            | Thousands of U.S.<br>dollars<br>(Note 2) |
|-----------------------------------------------------------------------------------------|-----------------|------------|------------------------------------------|
|                                                                                         | 2020            | 2021       | 2021                                     |
| <b>Profit (loss)</b>                                                                    | ¥ (2,518)       | ¥ (8,960)  | \$ (82,217)                              |
| <b>Other comprehensive income</b>                                                       |                 |            |                                          |
| Net unrealized gains (losses) on securities                                             | (50)            | 16         | 147                                      |
| Deferred gains on hedges                                                                | 9               | 31         | 284                                      |
| Adjustments for retirement benefit                                                      | 162             | (844)      | (7,744)                                  |
| Foreign currency translation adjustments                                                | (208)           | (1,479)    | (13,571)                                 |
| Share of other comprehensive income of associates accounted for using the equity method | (242)           | 35         | 321                                      |
| Total other comprehensive income                                                        | (329)           | (2,241)    | (20,563)                                 |
| <b>Comprehensive income</b>                                                             | ¥ (2,847)       | ¥ (11,201) | \$ (102,780)                             |
| <b>Comprehensive income attribute to:</b>                                               |                 |            |                                          |
| Non-controlling interests                                                               | 72              | -          | -                                        |
| Owners of parent                                                                        | ¥ (2,919)       | ¥ (11,201) | \$ (102,780)                             |

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
**For the six-month periods ended April 30, 2020 and 2021**

|                                                                                                          | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 2) |
|----------------------------------------------------------------------------------------------------------|-----------------|-----------|------------------------------------------|
|                                                                                                          | 2020            | 2021      | 2021                                     |
| <b>Cash flows from operating activities:</b>                                                             |                 |           |                                          |
| Profit (loss) before income taxes                                                                        | ¥ (2,333)       | ¥ (9,284) | \$ (85,190)                              |
| Adjustments to reconcile profit (loss) before income taxes to net cash provided by operating activities: |                 |           |                                          |
| Depreciation and amortization                                                                            | 20,221          | 16,894    | 155,020                                  |
| Impairment loss                                                                                          | 32              | 59        | 541                                      |
| Interest and dividend income                                                                             | (13)            | (9)       | (83)                                     |
| Interest expense                                                                                         | 871             | 1,546     | 14,186                                   |
| Loss (gain) on sale of non-current assets                                                                | (15)            | (14)      | (128)                                    |
| Loss on retirement of non-current assets                                                                 | 126             | 25        | 229                                      |
| Changes in assets and liabilities:                                                                       |                 |           |                                          |
| Notes and accounts receivable, trade                                                                     | 3,241           | 19        | 174                                      |
| Inventories                                                                                              | 2,207           | 3,346     | 30,703                                   |
| Prepaid expenses                                                                                         | 1,630           | 2,558     | 23,472                                   |
| Notes and accounts payable, trade                                                                        | (291)           | 61        | 560                                      |
| Notes payable, other                                                                                     | (705)           | 70        | 642                                      |
| Accounts payable, other                                                                                  | 1,765           | (2,651)   | (24,325)                                 |
| Other                                                                                                    | 212             | 7,591     | 69,655                                   |
| Subtotal                                                                                                 | 26,948          | 20,211    | 185,456                                  |
| Interest and dividend income received                                                                    | 13              | 9         | 83                                       |
| Interest expense paid                                                                                    | (870)           | (895)     | (8,213)                                  |
| Income taxes paid                                                                                        | (3,497)         | (3,671)   | (33,685)                                 |
| Net cash provided by (used in) operating activities                                                      | 22,594          | 15,654    | 143,641                                  |
| <b>Cash flows from investing activities:</b>                                                             |                 |           |                                          |
| Increase in time deposits due over three months                                                          | (6)             | (6)       | (55)                                     |
| Decrease in time deposits due over three months                                                          | 6               | 6         | 55                                       |
| Payments for purchase of property, plant and equipment                                                   | (11,103)        | (5,735)   | (52,624)                                 |
| Proceeds from sale of property, plant and equipment                                                      | 33              | 36        | 330                                      |
| Payments for purchase of intangible assets                                                               | (848)           | (1,036)   | (9,506)                                  |
| Payment of long-term prepaid expenses                                                                    | (1,638)         | (634)     | (5,818)                                  |
| Other                                                                                                    | 392             | (68)      | (624)                                    |
| Net cash provided by (used in) investing activities                                                      | (13,164)        | (7,437)   | (68,242)                                 |
| <b>Cash flows from financing activities:</b>                                                             |                 |           |                                          |
| Increase (decrease) in short-term borrowings, net                                                        | 4,258           | 2,134     | 19,581                                   |
| Proceeds from long-term borrowings                                                                       | 10,420          | 49,299    | 452,367                                  |
| Repayment of long-term borrowings                                                                        | (105)           | (8,849)   | (81,198)                                 |
| Repayment of lease obligations                                                                           | (6,716)         | (7,350)   | (67,444)                                 |
| Proceeds from issuance of additional shares of common stock                                              | 69              | 60        | 551                                      |
| Dividends paid to shareholder of PARK24 Co., Ltd.                                                        | (10,809)        | (2)       | (18)                                     |
| Net cash provided by (used in) financing activities                                                      | (2,883)         | 35,292    | 323,839                                  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                      | (60)            | 1,067     | 9,791                                    |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                              | 6,487           | 44,576    | 409,029                                  |
| <b>Cash and cash equivalents at beginning of year</b>                                                    | 24,665          | 55,269    | 507,148                                  |
| <b>Cash and cash equivalents at end of year</b>                                                          | ¥ 31,152        | ¥ 99,845  | \$ 916,177                               |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of presenting consolidated financial statements:

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

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

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

### 2. U.S. dollar amounts:

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥108.98=U.S.\$1, the rate of exchange on April 30, 2021, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

## **Company Information**

|             |                                                                         |
|-------------|-------------------------------------------------------------------------|
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| Website     | <a href="https://www.park24.co.jp/en/">https://www.park24.co.jp/en/</a> |
| E-mail      | <a href="mailto:ir@park24.co.jp">ir@park24.co.jp</a>                    |