Consolidated Financial Report for the Fiscal Year Ended October 31, 2018(Japanese GAAP)

December 17, 2018

Company name: PARK24 Co., Ltd. Stock listing: TSE
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Scheduled day of annual shareholders' meeting: January 24, 2019
Scheduled day of commencing dividend payment: January 25, 2019
Scheduled day of submission of a financial report: January 25, 2019
Preparation of Supplementary Financial Data: Yes / None
Information meeting for financial results to be held: Yes / None (for analysts and institutional investors)

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

1. Consolidated business results for the fiscal year ended October 31, 2018 (November 1, 2017– October 31, 2018)

(1) Consolidated results of operations

(Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
Year Ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31,2018	298,517	28.1	22,539	9.9	22,532	11.1	13,851	3.1
Year Ended October 31,2017	232,956	19.8	20,505	(4.4)	20,281	(4.2)	13,439	(3.8)

(Note) Comprehensive income: Fiscal year ended October 31, 2018: 12,541million yen (13.1)%
Fiscal year ended October 31, 2017: 14,432million yen 6.4%

	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
Year Ended	Yen	Yen	%	%	%
October 31,2018	91.88	84.44	16.1	8.4	7.6
Year Ended October 31,2017	91.67	86.87	17.8	9.9	8.8

(Reference) Equity in net income of affiliates: Fiscal year ended October 31, 2018: (19) million yen
Fiscal year ended October 31, 2017: 9million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
Year Ended	Million yen	Million yen	%	Yen
October 31,2018	283,171	94,847	33.3	610.01
Year Ended October 31,2017	256,341	78,804	30.5	532.39

(Reference) Shareholders' equity: As of October 31, 2018 : 94,321million yen
As of October 31, 2017 : 78,113million 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
Year Ended	Million yen	Million yen	Million yen	Million yen
October 31,2018	53,476	(43,095)	1,754	29,785
Year Ended October 31,2017	38,290	(72,769)	32,570	17,775

2. Dividend status

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of term	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year Ended October 31,2017	―	0.00	―	70.00	70.00	10,270	76.4	13.6
Year Ended October 31,2018	―	0.00	―	70.00	70.00	10,823	76.2	12.3
Year Ending October 31,2019 (Forecasts)	―	0.00	―	70.00	70.00		84.7	

3. Projections of consolidated business results for the Fiscal Year Ending October 31, 2019 (from November 1, 2018 to October 31, 2019)

(The full-year percentages indicate the rates of increase or decrease compared with the previous year, the percentages for the six months period are comparisons 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
Six months ending April 30,2019	154,000	8.0	9,300	(0.0)	9,000	0.4	5,600	4.3	36.19
Year Ending October 31,2019	320,000	7.2	22,600	0.3	23,000	2.1	12,800	(7.6)	84.68

*Notes

(1) Changes in important subsidiaries during the term: None
New: -- company ( ) Eliminated: -- company ( )

(2) Changes in accounting policies and changes or restatement of accounting estimates
1) Changes in accounting policies caused by revision of accounting standards: Yes
2) Changes in accounting policies other than 1): None
3) Changes in accounting estimates: None
4) Restatement: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	As of October 31,2018:	154,623,769 shares	As of October 31,2017:	146,722,835 shares
2) Number of treasury stock at the end of the period	As of October 31,2018:	1,323 shares	As of October 31,2017:	1,185 shares
3) Average number of shares during the term (consolidated cumulative period)	Fiscal year ended October 31,2018:	150,759,537 shares	Fiscal year ended October 31,2017:	146,617,471 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 and non-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. Summary of Operating Results, Financial Position, and Cash Flow”.

1. Summary of Operating Results, Financial Position, and Cash Flow

(1) Consolidated operating results

During the fiscal year ended October 31, 2018, the Japanese economy maintained its gradual recovery as corporate earnings and employment conditions continued to improve and consumer spending also picked up; however, attention must also be paid to the situation overseas, such as the direction of US trade policies.
In this environment, the Park24 Group companies (the “Group”) expanded existing services and created new services while building a foundation for overseas parking businesses acquired in the previous year with the aim of achieving a comfortable motorized society. While natural disasters such as Typhoon Jebi, which struck Japan in 2018, caused some damage to the Group’s parking facilities, vehicles, and other properties, the impact has been limited.

As a result, the Group posted net sales of 298,517 million yen (up 28.1% year on year), operating profit of 22,539 million yen (up 9.9% year on year), recurring profit of 22,532 million yen (up 11.1% year on year), and profit attributable to owners of parent of 13,851 million yen (up 3.1% year on year) in the fiscal year under review.

Results by business segment are as follows:

Parking Business

The Group expanded its businesses by developing Times parking, B-Times, a parking site matching and reservation service, and other services through community-based, attentive marketing activities and consulting marketing for large companies. The Group has also been working to boost sales of Times Business Card, which allows corporate customers to pay in arrears for the Company’s services (parking, car rental, and car sharing) with the same card, and increase the available means of paying parking fees such as electronic money, in addition to the Times Pay payment service that was launched last year as part of its project to support and attract customers to the businesses of stores around Times parking sites in an effort to build network-based communities and enhance convenience for customers.

As a result, the numbers of Times parking facilities and parking spaces operated at the end of the fiscal year under review were 17,597, up 4.5% from the end of the previous fiscal year, and 580,751, up 5.3%, respectively. The total number of parking sites operated, including monthly parking and facility management services, rose 4.0% from the end of the previous fiscal year, to 18,981, and the total number of parking spaces operated increased 6.0%, to 724,448.

Net sales in this segment (including intersegment sales) stood at 157,006 million yen (up 5.8% year on year), and operating profit amounted to 26,906 million yen (up 6.1% year on year).

Parking Business Overseas

Last year, the Company added overseas parking business operators to its Group and has been working to build its business foundation including the governance of the Company in each region. In June this year, the Company undertook the additional purchase of the remaining 20% shares in Secure Parking Pty. Ltd., operating the parking business in Australia, New Zealand, and the U.K., Secure Parking Singapore Pte. Ltd., operating the parking business in Singapore, and Secure Parking Corporation Sdn. Bhd., operating the parking business in

Malaysia, to make them its wholly owned subsidiaries, following the Company's successful stabilization of the business of these companies after the initial acquisition and adequate learning of the business situation in each of these countries. From now on, the Company will work to combine business expertise and achieve synergy with its subsidiaries in Japan and overseas, including National Car Parks Limited, which operates the parking business in the U.K., and accelerate the expansion of parking site networks and services to create further business synergy and build a stronger business foundation.

As a result, the numbers of overseas parking sites and parking spaces operated at the end of the fiscal year under review were 2,457, up 11.4% from the end of the previous fiscal year, and 647,411, up 18.3%, respectively, and the total numbers of parking sites and parking spaces operated worldwide were 21,438, up 4.8% from the end of the previous fiscal year, and 1,371,859, up 11.4%, respectively.

While sales in this segment (including intersegment sales) increased 188.5% year on year, to 68,290 million yen, the operating result was a loss of 879 million yen (as opposed to operating profit of 115 million yen for the previous fiscal year), mainly due to amortization of goodwill.

Mobility Business

In the rental car segment, the Group is developing the infrastructure for achieving travel via optimal means, whether by rental cars or car sharing, that suit the purposes of vehicle use, and one example is to strengthen the "Pitto Go Delivery" rent-a-car delivery service using cars equipped with in-vehicle devices. In the car sharing service segment, the Group continued to aggressively develop stations from the previous fiscal year and worked to expand services for corporate clients. In addition, the Group has committed to creating an environment where people can move without stress through the placement of vehicles in tourist spots and participation in social experiments in individual locales. As a result, the number of stations at the end of the fiscal year under review was 11,311 and the number of vehicles distributed was 23,431 units (up 12.4% and 17.0%, respectively, from the end of the previous fiscal year). The number of car sharing members exceeded one million in July and rose 21.6% from the end of the previous fiscal year, to 1,099,126.

As a result, the total number of vehicles in the Mobility Business segment in the fiscal year under review rose 11.4% from the end of the previous fiscal year, to 54,593. Net sales in the segment (including intersegment sales) reached 73,505 million yen (up 20.4% year on year), and operating profit rose to 6,858 million yen (up 34.1% year on 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 283,171 million yen, an increase of 26,830 million yen from the end of the previous fiscal year. This is primarily a result of an increase in cash and deposits of 11,929 million yen, an increase in machinery, equipment, and vehicles (net) of 8,201 million yen, due largely to the purchase of vehicles, and growth in buildings and structures (net) of 3,117 million yen.

Total liabilities increased 10,787 million yen from the end of the previous fiscal year, to 188,324 million yen. Major contributing factors included increases in bonds with subscription rights to shares of 35,000 million yen due to the issuance of convertible bond-type bonds with subscription rights to shares and long-term loans payable of 24,150 million yen, which was not offset by decreases in short-term loans payable of 33,578 million yen and 19,970 million yen due to the conversion of bonds with subscription rights to shares.

Net assets increased 16,042 million yen, to 94,847 million yen, as a result of increases of 13,851 million yen in retained earnings due to the posting of a profit attributable to owners of parent, 10,204 million yen in capital stock due to the conversion of bonds with subscription rights to shares, and 4,039 million yen in capital surplus due to an increase through the conversion of bonds with subscription rights to shares and a decrease through the additional purchase of consolidated subsidiaries, which was not offset by a decrease of 10,270 million yen due to dividend payments from retained earnings.

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

Cash and cash equivalents at the end of the fiscal year under review amounted to 29,785 million yen, an increase of 12,010 million yen from the end of the previous fiscal year.

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 increased 15,186 million yen year on year, to 53,476 million yen. This primarily reflected the total of depreciation, amortization of goodwill, and income before income taxes and minority interests of 52,404 million yen and income taxes paid of 6,863 million yen.

(Cash flow from investing activities)

Net cash used in investing activities was 43,095 million yen (cash outflow decreased 29,673 million yen year on year). This was chiefly attributable to the expenditure of 37,882 million yen for the acquisition of property, plant, and equipment associated with the opening of Times parking facilities and the purchase of vehicles for service, and purchase of long-term prepaid expenses of 3,673 million yen.

(Cash flow from financing activities)

Net cash used in financing activities was 1,754 million yen (down 30,815 million yen year on year). This was largely a result of dividend payments of 10,275 million yen, repayment of long-term loans payable of 37,919 million yen, and expenditure of 6,352 million yen due to the acquisition of shares in subsidiaries, which offset increases of 35,000 million yen in bonds with subscription rights to shares due to the issuance of convertible bond-type bonds with subscription rights to shares and 27,000 million yen in long-term loans payable.

(Changes in cash flow-related indicators)

	FY Ended Oct. 2018	FY Ended Oct. 2017	FY Ended Oct. 2016
Equity ratio	34.1%	30.7%	48.7%
Market value equity ratio	162.2%	149.8%	310.7%
Number of years for debt redemption	2.3 years	3.2 years	1.2 years
Interest coverage ratio	65.8 times	117.4 times	583.1 times

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

While the overall economy is expected to remain on track toward moderate recovery with continued improvement in the employment and income situation, uncertainties about the overseas economy, fluctuations in the financial and capital markets, and other factors may imply a risk of a decline in the global economy.

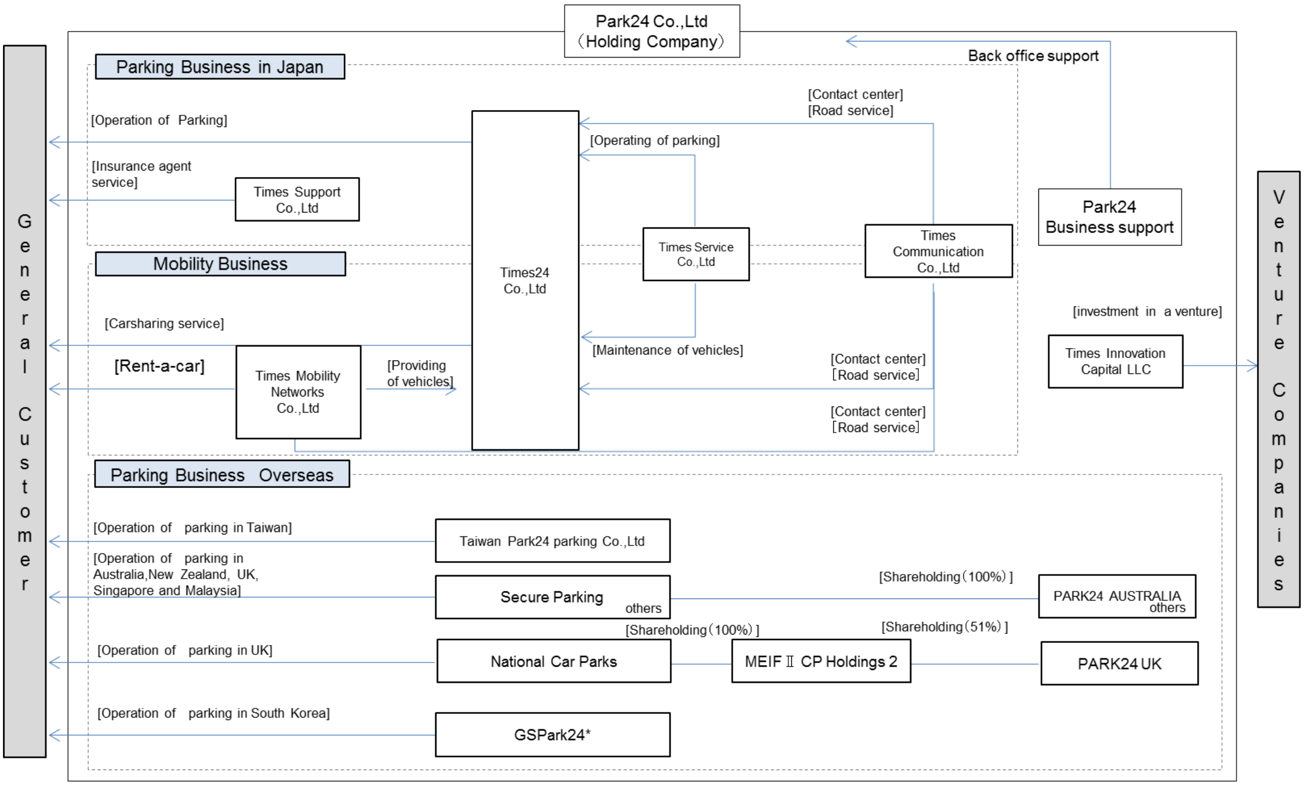
In this environment, the Group will continue to expand its parking sites through community-based, attentive marketing activities and corporate sales in its domestic parking business and develop more parking sites that will contribute to the Group's earnings. In the overseas parking business, the Group will continue to work on building a system for strengthening its corporate governance, improving service quality, and creating business synergy. In addition, the Group will continue to expand the scale of its Mobility Business while promoting the use of the services by corporate customers and boosting sales to raise its earning power and service levels.

Through such efforts, the Group expects that the number of Times parking spaces in operation will be 622,000 and that the number of Times Car vehicles will be 60,500 (including 26,500 vehicles for the car sharing service) at the end of October 2019. In the fiscal year ending October 31, 2019, the Group projects an increase in sales based on net sales of 320,000 million yen, operating profit of 22,600 million yen, recurring profit of 23,000 million yen,; however, profit attributable to owners of parent is expected to decrease due to expenses for head office relocation and change of brands, resulting in 12,800 million yen.

2. Status of the PARK24 Group

The Group (the Company and its affiliates) consists of the Company, 93 consolidated subsidiaries and one affiliate. The Group manages and operates parking facilities, rents and trades vehicles, and develops related businesses.

The business lines of the Group are as follows.



*: :Affiliated company, accounted for by the equity method

Parking Business in Japan: The Group provides pay-by-the-hour and pay-by-the-month parking facilities services under sublease agreements for renting idle land lots from landowners and administration trustee agreements for managing parking facilities on behalf of their owners as well as by using parking facilities owned by the Group. The Group also manages and operates incidental facilities of parking facilities.

Parking Business Overseas: The Group provides pay-by-the-hour and pay-by-the-month parking facilities services under sublease agreements and trustee agreements for managing parking facilities in a total of 7 countries comprising Taiwan, South Korea, Australia, New Zealand, the United Kingdom, Singapore and Malaysia.

Mobility Business: The Group provides rent-a-car service at its rent-a-car premises nationwide and operates and seeks to expand car-sharing service to promote new methods of using cars.
It also provides road assistance service for handling car accidents and trouble.

3. Management Policy

(1) Basic management policy

The basic policy of the Park24 Group is to play a role in the creation of a new motoring society that is safe, secure, and comfortable under the slogan of “People, Cars, Communities, and (Times).” Based on this policy, we will create new value in the motoring society by expanding our network of parking facilities and mobility businesses and harness our management resources.

The Group will respond to the trust and expectations of all stakeholders by sustaining overall growth and fulfilling its corporate social responsibility through the activities described above.

(2) Targeted management indices

The Group believes that its main business challenge is achieving and ensuring strong growth and profitability. It places the upmost emphasis on the rate of growth in recurring profit and strives to maintain double-digit sustainable growth.

(3) Medium-term business strategies

In the business environment surrounding the Group, motorized societies around the world are experiencing major changes, for instance with autonomous driving, variations in vehicle fuel and “from ownership to usage.” Looking to the future of the mobility society, the Group will further expand and improve the networks of parking facilities, mobility, members and communities(destinations) and create a mobility society that can respond to future needs in Japan and globally.

In the Parking Business, the Group will build parking facilities networks that are safe, secure and convenient in response to these new needs of the new eras. In the Mobility Business, the Group will strive to fulfill users’ expectations by providing services backed by continuous increases in the number of vehicles, the integration of the rent-a-car service and car sharing services. In the service that links the Parking Business and the Mobility Business for members, we will work to increase the number of members who enhance the relevant networks. At the same time, we will upgrade our software to ensure that members enjoy convenience in our services. In addition, we will contribute to convenience of users and customers of the Group’s parking facilities and mobility services as well as shops by seeking to promote networking of the customers’ targeted destination towns. Meanwhile, with an eye on the creation of a new mobility society, we will use the data on parking facilities, vehicles, members and towns that are accumulated in the Group’s resources in the development of safe and highly convenient new services.

In the overseas business, by bringing into the Group Secure Parking and National Car Parks in the fiscal year ended October 2017, the Group began building a foundation for providing new forms of mobility around the world. By combining the parking facilities networks of both companies and the Group’s knowhow and management capabilities cultivated in Japan with the provision of services outside Japan that are equally safe, secure and convenient, we will seek to strengthen and expand our business foundations in the existing business areas in which we operate.

The Park24 Group will grow 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.

(4) Issues to be addressed

The issues to be addressed to realize a comfortable automotive society and ensure the sustainable growth of the Group are detailed below.

(i) Building networks of services in the new mobility society

We aim to build not only highly convenient, environmentally conscious parking facilities and mobility service networks but also service networks that can respond to the new mobility society encompassing further progress in sharing economy, the evolution of autonomous vehicles, etc.

(ii) Evolving the Times brand

In addition to strengthening services on the hardware side, such as facilities in the Times hourly parking business, the Times Car RENTAL rent-a-car service, and the Times Car PLUS car sharing service, the Group will evolve and expand its services on the software side, including Times Club, which provides money-saving, convenient membership services for drivers without any initial or annual membership fees. In this way, we will evolve the Times brand into a service brand that is indispensable to people, vehicles and towns.

(iii) Expanding the network of Times parking facilities

We will expand the networks of safe, secure and convenient parking facilities that form the Group's operating base, including Standard Times (ST) that use idle land lots, which offer exceptional convenience for drivers, Times Partner Service (TPS) that uses parking facilities attached to commercial facilities, which exhibits significant room for market growth, and B-Times, a parking site matching and reservation service.

(iv) Expansion of the mobility market

The Company will expand its Times Car rent-a-car and car sharing services to help expand the "mobility market" in Japan, mitigate inconveniences in traveling, and develop an environment that ensures safe, secure, and convenient driving.

(v) Deepening and expanding parking services overseas

Through the combination of the parking facilities networks of Secure Parking (Australia, New Zealand, the United Kingdom, Malaysia and Singapore) and National Car Parks (the United Kingdom) and the Group's knowhow and management capabilities cultivated in Japan and the provision of services outside Japan that are equally safe, secure and convenient, we will seek to strengthen and expand our business foundations in the existing business areas in which we operate.

(vi) Promoting the development of high added value in the services we offer

We will develop highly new and secure services by responding to the diversification of various payment operations including electronic money, highly convenient services, for instance by developing web pages and applications customers can use easily, and by introducing cars compatible with information and communication systems as well as data obtained from such use.

(vii) Improved efficiency through the optimum allocation and integration of management resources

Through the optimum allocation and integration of management resources including people, goods, money and information, we will strive to boost efficiency and productivity while bolstering the financial standing of the Group as a whole.

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

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Assets		
Current assets		
Cash and deposits	18,152	30,081
Notes and accounts receivable - trade	15,250	15,584
Inventories	, 1,468	1,592
Prepaid expenses	15,061	16,326
Deferred tax assets	1,387	1,690
Other	7,984	8,945
Allowance for doubtful accounts	(207)	(218)
Total current assets	59,097	74,002
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,965	36,433
Accumulated depreciation	(16,473)	(17,824)
Buildings and structures, net	15,491	18,609
Machinery, equipment and vehicles	74,308	84,716
Accumulated depreciation	(30,561)	(32,767)
Machinery, equipment and vehicles, net	43,747	51,948
Tools, furniture and fixtures	42,044	43,637
Accumulated depreciation	(34,378)	(37,039)
Tools, furniture and fixtures, net	7,665	6,597
Land	24,454	24,764
Leased assets	47,021	51,806
Accumulated depreciation	(28,445)	(34,355)
Leased assets, net	18,576	17,451
Construction in progress	5,605	8,244
Total property, plant and equipment	115,541	127,616
Intangible assets		
Goodwill	59,750	42,331
Contract-based intangible assets	－	18,148
Other	2,770	2,946
Total intangible assets	62,521	63,426
Investments and other assets		
Investment securities	, 2,787	1,905
Long-term prepaid expenses	8,781	8,810
Lease and guarantee deposits	5,077	5,328
Net defined benefit asset	700	－
Deferred tax assets	1,265	1,444
Other	581	651
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	19,181	18,126
Total non-current assets	197,244	209,169
Total assets	256,341	283,171

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Liabilities		
Current liabilities		
Notes and accounts payable - trade	713	518
Current portion of bonds with share acquisition rights	19,970	－
Short-term loans payable	39,402	5,824
Current portion of long-term loans payable	4,364	2,731
Lease obligations	5,571	5,578
Accounts payable - other	7,702	9,537
Accrued expenses	12,714	14,465
Income taxes payable	4,974	5,641
Provision for bonuses	1,752	2,283
Provision for directors' bonuses	112	90
Notes payable - facilities	5,456	6,063
Other	11,308	11,173
Total current liabilities	114,043	63,907
Non-current liabilities		
Bonds with share acquisition rights	－	35,000
Long-term loans payable	40,699	64,849
Lease obligations	11,629	10,301
Net defined benefit liability	155	201
Asset retirement obligations	6,202	5,664
Deferred tax liabilities	－	3,338
Other	4,805	5,060
Total non-current liabilities	63,493	124,416
Total liabilities	177,536	188,324
Net assets		
Shareholders' equity		
Capital stock	9,549	19,754
Capital surplus	11,302	15,341
Retained earnings	57,898	61,480
Treasury shares	(1)	(2)
Total shareholders' equity	78,748	96,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	141	110
Deferred gains or losses on hedges	(76)	(52)
Revaluation reserve for land	(1,052)	(1,052)
Foreign currency translation adjustment	674	(148)
Remeasurements of defined benefit plans	(324)	(1,110)
Total accumulated other comprehensive income	(635)	(2,252)
Share acquisition rights	299	251
Non-controlling interests	392	275
Total net assets	78,804	94,847
Total liabilities and net assets	256,341	283,171

(2) Consolidated Profit and Consolidated Loss Statement and Comprehensive Income

Consolidated Profit and Consolidated Loss Statement

(Unit: million yen)

	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Net sales	232,956	298,517
Cost of sales	172,767	226,234
Gross profit	60,188	72,283
Selling, general and administrative expenses	39,683	49,743
Operating profit	20,505	22,539
Non-operating income		
Interest income	17	14
Dividend income	7	8
Share of profit of entities accounted for using equity method	9	―
Penalty income charged to customers for cancellation of parking facilities	―	728
Void ticket	190	204
Foreign exchange gains	115	9
Other	193	557
Total non-operating income	533	1,521
Non-operating expenses		
Interest expenses	335	814
Share of loss of entities accounted for using equity method	―	19
Expense incurred for evacuation of parking facilities	358	423
Other	63	272
Total non-operating expenses	757	1,529
Ordinary profit	20,281	22,532
Extraordinary losses		
Loss on retirement of non-current assets	―	16
Impairment loss	51	62
Loss on valuation of investment securities	―	559
Loss on disaster	―	125
Total extraordinary losses	51	764
Profit before income taxes	20,230	21,767
Income taxes - current	7,070	8,081
Income taxes - deferred	(343)	(477)
Total income taxes	6,727	7,603
Profit	13,503	14,163
Profit attributable to non-controlling interests	63	312
Profit attributable to owners of parent	13,439	13,851

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Profit	13,503	14,163
Other comprehensive income		
Valuation difference on available-for-sale securities	54	(31)
Deferred gains or losses on hedges	(76)	23
Foreign currency translation adjustment	743	(841)
Remeasurements of defined benefit plans, net of tax	114	(785)
Share of other comprehensive income of entities accounted for using equity method	92	12
Total other comprehensive income	929	(1,621)
Comprehensive income	14,432	12,541
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,360	12,235
Comprehensive income attributable to non-controlling interests	72	306

(3) Consolidated Statements of Shareholders' Equity

Previous consolidated fiscal year (from November 1, 2016 to October 31, 2017)

(Unit:million yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders 'Equity
Balance at beginning of current period	9,366	11,119	53,976	(1)	74,461
Changes of items during period					
Issuance of new shares	182	182			365
Dividends of surplus			(9,518)		(9,518)
Profit attributable to owners of parent			13,439		13,439
Net changes of items other than shareholders' equity					
Total changes of items during period	182	182	3,921	−	4,287
Balance at end of current period	9,549	11,302	57,898	(1)	78,748

	Accumulated other 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 current period	87	－	(1,052)	(153)	(438)	365	－	73,270
Changes of items during period								
Issuance of new shares								365
Dividends of surplus								(9,518)
Profit attributable to owners of parent								13,439
Net changes of items other than shareholders' equity	54	(76)	－	827	114	(66)	392	1,246
Total changes of items during period	54	(76)	－	827	114	(66)	392	5,534
Balance at end of current period	141	(76)	(1,052)	674	(324)	299	392	78,804

Consolidated fiscal year under review (from November 1, 2017 to October 31, 2018)

(Unit:million yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders 'Equity
Balance at beginning of current period	9,549	11,302	57,898	(1)	78,748
Changes of items during period					
Issuance of new shares	219	219			439
Conversion of convertible bond-type bonds with subscription rights to shares	9,984	9,984			19,969
Dividends of surplus			(10,270)		(10,270)
Profit attributable to owners of parent			13,851		13,851
Purchase of treasury shares				(0)	(0)
Additional purchase of shares of subsidiaries		(6,081)			(6,081)
Change in ownership interest of parent due to transactions with non-controlling interests		(83)			(83)
Net changes of items other than shareholders' equity					
Total changes of items during period	10,204	4,039	3,581	(0)	17,824
Balance at end of current period	19,754	15,341	61,480	(2)	96,573

	Other Accumulated Comprehensive Income					Subscription Rights To Share	Non-controlling shareholders' equity	Total Net Assets
	Valuation Difference On Availabe-for-sale Securities	Deferred gains or losses on hedges	Revaluation Reserve For Land	Foreign Currency Translation Adjustments	Remeasurements Of Defined Benefit Plans			
Balance at beginning of current period	141	(76)	(1,052)	674	(324)	299	392	78,804
Changes of items during period								
Issuance of new shares								439
Conversion of convertible bond-type bonds with subscription rights to shares								19,969
Dividends of surplus								(10,270)
Profit attributable to owners of parent								13,851
Purchase of treasury shares								(0)

Additional purchase of shares of subsidiaries								(6,081)
Change in ownership interest of parent due to transactions with non-controlling interests								(83)
Net changes of items other than shareholders' equity	(31)	23	—	(822)	(785)	(48)	(117)	(1,782)
Total changes of items during period	(31)	23	—	(822)	(785)	(48)	(117)	16,042
Balance at end of current period	110	(52)	(1,052)	(148)	(1,110)	251	275	94,847

(4) Statements of consolidated cash flows

(Unit: million yen)

	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Cash flows from operating activities		
Profit before income taxes	20,230	21,767
Depreciation	24,418	28,091
Impairment loss	51	62
Amortization of goodwill	—	2,545
Increase (decrease) in net defined benefit liability	166	(49)
Interest and dividend income	(25)	(22)
Interest expenses	335	814
Loss on retirement of non-current assets	—	16
Loss (gain) on valuation of investment securities	—	559
Decrease (increase) in notes and accounts receivable - trade	(2,325)	9
Decrease (increase) in inventories	3,800	5,631
Increase (decrease) in notes and accounts payable - trade	7	(657)
Decrease (increase) in accounts receivable - other	208	(498)
Decrease (increase) in prepaid expenses	(561)	(1,333)
Increase (decrease) in accounts payable - other	(339)	1,778
Increase (decrease) in accrued expenses	—	1,939
Notes payable, other	160	(641)
Other, net	(312)	1,117
Subtotal	45,814	61,129
Interest and dividend income received	25	22
Interest expenses paid	(326)	(812)
Income taxes paid	(7,222)	(6,863)
Net cash provided by (used in) operating activities	38,290	53,476
Cash flows from investing activities		
Payments into time deposits	(6)	(6)
Proceeds from withdrawal of time deposits	16	6
Purchase of property, plant and equipment	(28,509)	(37,882)
Proceeds from sales of property, plant and equipment	9	14
Purchase of intangible assets	(1,158)	(877)
Purchase of investment securities	(130)	(200)
Proceeds from sales of investment securities	1	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(38,514)	(19)
Purchase of long-term prepaid expenses	(3,930)	(3,673)

(Unit: million yen)

	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Other, net	(547)	(458)
Net cash provided by (used in) investing activities	(72,769)	(43,095)
Cash flows from financing activities		
Proceeds from issuance of bonds with share acquisition rights	－	35,000
Net increase (decrease) in short-term loans payable	35,962	(33,547)
Proceeds from long-term loans payable	33,156	27,000
Repayments of long-term loans payable	(22,371)	(4,372)
Repayments of lease obligations	(4,958)	(5,802)
Proceeds from issuance of common shares	295	341
Purchase of treasury shares	－	(0)
Cash dividends paid	(9,515)	(10,275)
Dividends paid to non-controlling interests	－	(237)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	－	(6,352)
Net cash provided by (used in) financing activities	32,570	1,754
Effect of exchange rate change on cash and cash equivalents	222	(124)
Net increase (decrease) in cash and cash equivalents	(1,686)	12,010
Cash and cash equivalents at beginning of period	19,461	17,775
Cash and cash equivalents at end of period	17,775	29,785

(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

Number of consolidated subsidiaries: 93

Times24 Co., Ltd.
Times Service Co., Ltd.
Times Communication Co., Ltd.
Times Mobility Networks Co., Ltd.
Times Support Co., Ltd.
Times Innovation Capital LLC.
Park24 Business Support Co., Ltd.
Taiwan Park24 Parking Co., Ltd. (Taiwan)
TFI 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: 73

TPF 1 Limited, a consolidated subsidiary, has been excluded from the scope of consolidation in the current fiscal year, because it ceased to exist as the result of an absorption-type merger with the Company as the surviving company.

TPF 3 Limited and Times Rescue Co., Ltd., consolidated subsidiaries, have been excluded from the scope of consolidation, because they ceased to exist as the result of an absorption-type merger with Times Communication Co., Ltd., a consolidated subsidiary of the Company, as the surviving company.

There is no non-consolidated subsidiary.
There is no non-consolidated subsidiary because two companies, which were non-consolidated subsidiaries in the previous fiscal year, ceased to exist as a result of an absorption-type merger with Times Mobility Networks Co., Ltd., a consolidated subsidiary of the Company, as the surviving company.

2.Number of affiliated equity method companies: 1

GS Park24 Co., Ltd. (South Korea)

Two companies and three companies, which were equity method non-consolidated subsidiaries and equity method affiliated companies, respectively in the previous fiscal year, have been excluded from the scope of equity method because they ceased to exist as the result of an absorption-type merger with Times Mobility Networks Co., Ltd., a consolidated subsidiary of the Company, as the surviving company.

For companies accounted for using the equity method, financial statements based on the provisional settlement of accounts made on the date of consolidated settlement of accounts are used.

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
Taiwan Park24 Parking Co., Ltd. (Taiwan)	September 30 *3
Park24 AUSTRALIA Pty Ltd	June 30 *2
Periman Pty. Ltd.	June 30 *2
Auspark Holdings Pty. Ltd	December 31 *2
Secure Parking Pty Ltd and its 6 subsidiaries	June 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 subsidaries 64	September 30 *3
EMPARK UK Limited	December 31 *2
Park24 MALAYSIA Sdn. Bhd.	December 31 *2
Secure Parking Corporation Sdn. Bhd. and its subsidaries 2	December 31 *2

*１ The financial statements prepared on the basis of a provisional closing of accounts, which was in compliance with the standard settlement of accounts, as of the consolidated balance sheet date are used in preparing the consolidated financial statements.

*２ The 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, 2018 are used in preparing the consolidated financial statements. The necessary adjustments are made on consolidation for material transactions that occurred between September 30, 2018 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.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

We adopt 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:

We adopt 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

We adopt the fixed rate method. However, we adopt 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: 6 to 50 years

Structures: 10 to 45 years

(b) Leased assets

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

We adopt the straight line method. The lease period is set to durable years, and the residual value is set to zero.

B. Intangible assets

We adopt the fixed amount method. However, for software used by the Company, we adopt the fixed amount method based on the usable period within the Company (five years)

The straight-line method is used.

Major useful lives are as follows.

Software: Five years

Contract-related intangible assets: Two to 25 years

C. Long–term prepaid expenses

We adopt primarily the fixed amount 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., we post the estimated uncollectible amount

B. Provision for bonuses

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

C. Provision 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.

(Changes in accounting policies)

Associated with the availability of application of the “Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions” (ASBJ PITF No. 36 on January 12, 2018; hereinafter referred to as “PITF No. 36”) after the date of publication, the Company has applied PITF No. 36 after the date of publication to account for transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions in compliance with the “Accounting Standard for Share-based Payment” (ASBJ Statement No. 8 on December 27, 2005), among others.

However, PITF No. 36 is applied in accordance with transitional handling provided for in Paragraph 10-(3) of PITF No. 36, and the accounting treatment adopted in the past continues to be applied to transactions that granted employees and others stock acquisition rights, which involve considerations, with vesting conditions before the date of application of PITF No. 36.

(Notes to consolidated balance sheet)

1 Breakdown of inventories

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Merchandise	406	429
Supplies	1,061	1,162
Total	1,468	1,592

2 Pledged assets and secured liability

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Investment securities (claims):	10	10

3 Shares of non-consolidated subsidiaries and affiliated companies

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Investment securities (shares):	1,509	1,032

4 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

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Variance between the market value of revalued land at the end of the term and the book value after revaluation	145	216

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.

(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

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Cash and deposits	18,152	30,081
Time deposits whose deposit terms exceed three months	(6)	(6)
Deposits with withdrawal limits	(371)	(290)
Cash and cash equivalents	17,775	29,785

(Deferred tax accounting)

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

(Unit: million yen)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Deferred tax assets		
Current assets		
Business tax and business office tax payable	399	462
Provision for bonuses	540	698
Other	448	528
Total current assets	1,387	1,690
Noncurrent assets		
One-time write-off of assets	50	52
Over Depreciation	407	445
Deferred tax assets related to revaluation	322	322
Asset retirement obligations	1,543	1,562
Other	740	801
Subtotal	3,126	3,183
Provision for valuation	(760)	(761)
Total noncurrent assets	2,365	2,422
Total deferred tax assets	3,753	4,112
Deferred tax liabilities		
Noncurrent liabilities		
Valuation difference on securities	(62)	(48)
Removal costs for asset retirement obligations	(902)	(862)
Intangible fixed assets	—	(3,315)
Other	(168)	(90)
Subtotal	(1,133)	(4,317)
Total deferred tax liabilities	(1,133)	(4,317)
Net deferred tax assets	2,620	(204)

(Note) Net deferred tax assets in the previous fiscal year and fiscal year under review are included in the following items on the consolidated balance sheet:

(Unit: million yen)

	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Current assets - Deferred tax assets	1,387	1,690
Noncurrent assets - Deferred tax assets	1,265	1,444
Noncurrent liabilities - Deferred tax liabilities	32	3,338

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

(%)

	As of October 31, 2017 Previous consolidated fiscal year	As of October 31, 2018 Consolidated fiscal year
Legally effective tax rate	30.9	30.9
(Adjustment)		
Provision for valuation	0.0	0.5
Non-taxable items such as entertainment expenses	0.2	0.2
Residence tax on a per capita basis	0.5	0.5
Goodwill amortization	1.2	3.6
Tax rate differences related to overseas subsidiaries	(0.6)	(0.4)
Loss brought forward	―	(0.7)
Other	1.0	0.3
Effective tax rate after applying tax effect accounting	33.2	34.9

(Business combinations)

I Business combinations through acquisition

Fixation of provisional accounting treatment for business combinations

While the Company conducted provisional accounting treatment for business combination with MEIF II CP Holdings 2 Limited made on August 3, 2017 in the previous fiscal year, it has been fixed in the current fiscal year.
Associated with the fixation of provisional accounting treatment, important revisions were reflected on the initial allocation amount of the acquisition cost.

As a result, the provisionally calculated amount of goodwill of 42,252 million yen declined 14,321 million yen, to 27,931 million yen due to the fixation of accounting treatment, and it will be amortized equally over 20 years. The decline in goodwill was due to a 1,190 million yen decline in property, plant and equipment and increases in contract-related intangible assets by 19,022 million yen, deferred tax liabilities by 3,315 million yen and other noncurrent liabilities by 195 million yen.

Ⅱ Transactions under common control, etc.

Acquisition of additional shares of subsidiaries

(1) Summary of business combinations

(i) Names of acquired companies and their business line

Names of acquired companies: Periman Pty. Ltd.

Secure Parking Singapore Pte. Ltd.

Secure Parking Corporation Sdn. Bhd.

Business line: Parking business

(ii) Date of business combinations

July 2, 2018 / August 6,2018

(iii) Legal form of business combinations

Acquisition of shares from non-controlling shareholders

(iv) Names of acquired companies after business combinations

No change

(v) Matters concerning the overview of other transactions

The percentage of voting rights of additionally acquired shares is 20%, and as a result of these transactions, Periman Pty. Ltd., Secure Parking Singapore Pte. Ltd. and Secure Parking Corporation Sdn. Bhd. became wholly owned subsidiaries of the Company. The acquisition of these additional shares aims to integrate business know-how in each country and area, including Japan, and realize synergy effects sooner.

(2) Overview of accounting treatment conducted

These transactions are accounted for as transactions with non-controlling shareholders out of transactions under common control, etc. based on the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestiture.”

(3) Matters concerning additional acquisition of shares of subsidiaries of acquired companies

Type of consideration	Cash	77 million Australian dollars (6,352 million yen)
Cost of acquisition		77 million Australian dollars (6,352million yen)

(4) Matters concerning changes in equity interest of the Company pertaining to transactions with non-controlling shareholders

(i)Major factor for changes in capital surplus

Acquisition of additional shares of subsidiaries

(ii) Amount of decline in capital surplus due to transactions with non-controlling shareholders

6,081 million yen

(Segment information)

Segment information

1. Overview of reported segments

The business of the Company is categorized into two reported segments by service: the Parking Business in Japan, the Parking Business Overseas and the 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 in 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 the rent-a-car 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 "important matters for production of the consolidated financial statements." Profits of reported segments are figures based on operating profit. The Company does not allocate assets and liabilities to reported segments.

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

Consolidated previous fiscal year (from November 1, 2016 to October 31, 2017)

(Unit: million yen)

	Reported segments				Adjustment (Note) 1	Amount on consolidated profit and loss statement (Note) 2
	Parking Business	Parking Business Overseas	Mobility Business	Total		
Sales						
Sales to external customers	148,261	23,671	61,023	232,956	–	232,956
Internal sales or amount of transfer between segments	137	–	36	174	(174)	–
Total	148,399	23,671	61,060	233,130	(174)	232,956
Segment profit (loss)	25,359	115	5,112	30,587	(10,082)	20,505
Others						
Depreciation	6,182	1,232	13,110	20,524	827	21,352
Amortization of long-term prepaid expenses	2,620	21	422	3,064	1	3,065

(Note) 1. An adjustment of minus 10,082 million yen in segment profit (loss) includes an amortization of goodwill of minus 153 million yen (amortized balance: 232 million yen) and Company-wide expenses of 9,928 million yen. Company-wide expenses are mainly expenses that do not belong to either of the reported segments. Those expenses are relating to the administration division, including the general affairs department.

2. The segment profit of 115 million yen in Parking Business Overseas includes amortization of goodwill of minus 651 million yen (unamortized goodwill: 59,517 million yen). Unamortized goodwill includes a tentatively calculated amount related to the business combination conducted in the fourth quarter of the consolidated fiscal year under review

3. Segment profit (loss) is adjusted in accordance with operating profit in the consolidated profit and loss statement.

4 Matters concerning changes in reporting segments

During the first quarter consolidated accounting period, we acquired 80% of the shares of Secure Parking Pty Ltd which develops parking business in Australia, New Zealand and the UK Secure Parking Singapore Pte. Ltd. which develops parking business in Singapore and Secure Parking Singapore Pte. Ltd. which develops parking business in Malaysia, and by including them in the scope of consolidation, the report segment "parking business overseas". Segment information for the previous consolidated fiscal year, which was disclosed as comparison information for the current consolidated fiscal year, is stated using the classification method after the change.

Consolidated fiscal year under review (from November 1, 2017 to October 31, 2018)

(Unit: million yen)

	Reported segments				Adjustment (Note) 1	Amount on consolidated profit and loss statement (Note) 2
	Parking Business In Japan	Parking Business Overseas	Mobility Business	Total		
Sales						
Sales to external customers	156,818	68,290	73,408	298,517	—	298,517
Internal sales or amount of transfer between segments	188	—	96	285	(285)	—
Total	157,006	68,290	73,505	298,802	(285)	298,517
Segment profit (loss)	26,906	(879)	6,858	32,885	(10,345)	22,539
Others						
Depreciation	6,449	3,633	13,869	23,953	900	24,854
Amortization of long-term prepaid expenses	2,739	4	493	3,237	—	3,237

(Notes) 1. An adjustment of minus 10,345 million yen in segment profit (loss) includes an amortization of goodwill of minus 153 million yen (unamortized balance: 79 million yen) and Company-wide expenses of 10,192 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. Parking Business Overseas of minus 879 million yen in segment profit (loss) include an amortization of goodwill of minus 2,260 million yen (unamortized balance: 42,252 million yen). These are disclosed based on amounts after reflecting important revisions to the initial allocation amount of acquisition cost due to the fixation of provisional accounting treatment stated in "Note (related to business combination, etc.)."

3. Mobility Business of 6,858 million yen in segment profit (loss) includes the amortization of goodwill of minus 131 million yen.

4. 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, 2016 to October 31, 2017)

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 (Unit: million yen)

Dominant	Overseas	Total
209,285	23,671	232,956

(2) Property, plant and equipment

Dominant	Overseas	Total
100,565	14,975	115,541

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, 2017 to October 31, 2018)

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 (Unit: million yen)

Dominant	Overseas	Total
230,227	68,290	298,517

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

Dominant	Overseas	Total
113,441	14,175	127,616

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

Previous consolidated fiscal year under review (from November 1, 2016 to October 31, 2017)

(Unit: million yen)

	Reported segment				Total
	Parking Business In Japan	Parking Business Overseas	Mobility Business	Total	
Impairment loss	51	–	–	51	51

Consolidated fiscal year under review (from November 1, 2017 to October 31, 2018)

(Unit: million yen)

	Reported segment				Total
	Parking Business In Japan	Parking Business Overseas	Mobility Business	Total	
Impairment loss	62	–	–	62	62

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

Previous consolidated fiscal year (from November 1, 2016 to October 31, 2017)

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

Consolidated fiscal year under review (from November 1, 2017 to October 31, 2018)

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, 2016 to October 31, 2017)

Not applicable

Consolidated fiscal year under review (from November 1, 2017 to October 31, 2018)

Not applicable

(Per share information)

	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Shareholders' equity per share	532.39yen	610.01yen
Net income per share	91.67yen	91.88yen
Net income per share after adjustment of latent shares	86.87yen	84.44yen

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

Item	From November 1, 2016 to October 31, 2017 Previous consolidated fiscal year	From November 1, 2017 to October 31, 2018 Consolidated fiscal year
Net income per share		
Net income (million yen)	13,439	13,851
Net income associated with common shares (million yen)	13,439	13,851
Average number of shares issued during the term (thousand shares)	146,617	150,759
Net income per share after adjustment of latent shares		
Adjustment to net income (million yen)	-	—
Increase in common shares(thousand shares)	8,097	13,278
[Of which, equity warrants] (thousand shares)	(480)	(492)
[Of which, bonds with warrants] (thousand shares)	(7,616)	(12,786)
Summary of latent shares not included in the calculation of net income per share after adjustment of latent shares as they do not have a dilution effect	-	-

(Significant subsequent events)

Not applicable