

Consolidated Financial Report for
the First Quarter of the Fiscal Year Ending October 31, 2017
(Japanese GAAP)

February 28, 2017

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Preparation of Supplementary Financial Data for Quarterly Financial Results Yes / ☐ None
Information meeting for quarterly financial results to be held Yes / ☐ None

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

1. Overview of the First Quarter of Fiscal Year Ending October 31, 2017 (November 1, 2016– January 31, 2017)

(1) Operating results for the three months period ended January 31 (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2017	50,404	7.7	4,263	-13.5	4,353	-10.6	2,872	-10.2
2016	46,789	8.0	4,931	20.1	4,868	18.4	3,199	23.4

(Note) Comprehensive income: Term ended January 31, 2017: 3,034 million yen (-2.8%)
Term ended January 31, 2016: 3,121 million yen (16.1%)

	Net income per share	Net income per share after dilution
	Yen	Yen
2017	19.61	18.57
2016	21.98	20.73

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Q1 of Fiscal 2017	178,109	67,198	37.4
Fiscal 2016	152,939	73,270	47.7

(Reference) shareholders' equity: Term ended January 31, 2017: 66,675 million yen
Fiscal 2016: 72,905 million yen

2. Dividend status

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of term	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	—	0.00	—	65.00	65.00
Fiscal 2017	—				
Fiscal 2017 (projection)		0.00	—	70.00	70.00

(Note) Revisions to dividend projection published most recently: None

3. Projections of consolidated business results for the term ending October 31, 2017

(from November 1, 2016 to October 31, 2017)

(The full-year percentages indicate the rates of increase or decrease compared with the previous year, the percentages for the first half 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	107,000	14.2	9,600	0.7	9,500	2.1	6,500	8.1	44.39
Full year	232,000	19.3	24,200	12.8	24,000	13.4	16,000	14.6	109.27

(Note) Revisions to consolidated results projection published most recently: None

*Notes

- (1) Changes in important subsidiaries during the term: Yes
 Changes in specified subsidiaries that lead to a change in the scope of consolidation during the term under review
 New: -- company (1)
 Secure Parking Pty Ltd
 Eliminated: -- company (-)

- (2) Adoption of simplified accounting methods and: : special accounting treatment: No
 (Note) Adoption of simplified accounting methods or accounting methods unique to the preparation of quarterly consolidated financial statements

- (3) Changes in accounting principles and procedures and the method of presentation
 1) Changes associated with the revision of accounting principles, etc.: No
 2) Change other than 1): No
 3) Changes in accounting estimates: No
 4) Restatement: No
 (Note) For details, please refer to "Changes in accounting policies and changes or restatement of accounting estimates" on p.4 of accompanying materials.

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the term (including treasury stock)	First quarter ended January 2017:	146,637,735 shares	Fiscal year ended October 2016:	146,434,035 shares
2) Number of treasury stock at the end of the term	First quarter ended January 2017:	1,185 shares	Fiscal year ended October 2016	1,185 shares
3) Average number of shares during the term (consolidated cumulative period)	First quarter ended January 2017:	146,477,251 shares	First quarter ended January 2016:	145,554,683 shares

(* Status of a quarterly review)

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have been under review at the time of the announcement of this financial summary.

(* Statement regarding the proper use of financial forecasts and other special remarks)

Forward-looking statements such as the forecasts for operating results contained in this material are based on currently available information that the Company has obtained and certain assumptions that the Company deems reasonable, and therefore, actual results may differ materially from the forecasts due to various factors. For assumptions used for the forecasts and cautions for the use of forecasts, please refer to "1. Qualitative Information on Results for the First Quarter, (3) Information on the future outlook, including consolidated business performance forecasts" on page 4 of accompanying materials.

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1. Qualitative Information on Results for the First Quarter

(1) Details of operating results

During the first quarter of the consolidated fiscal year under review (from November 1, 2016 to January 31, 2017), the Japanese economy saw continued moderate recovery in corporate performance, improved employment and income environment, and stable consumer spending thanks partly to the weakening yen and stock price rise after U.S. presidential election. Meanwhile, considerable uncertainty about the future from such factors as the policies of the new U.S. administration, political risk in Europe, and economic trends in emerging Asian countries still remain.

In this environment, the Group sought to achieve a comfortable automotive society by expanding its parking facilities and network of mobility services, which are the base of its services. Meanwhile, the Group sought to win over drivers by introducing new services and enhancing its points program. The Group also acquired 80% shares of Secure Parking Pty Ltd., a company operating a parking business in Australia, New Zealand, and the U.K., Secure Parking Singapore Pte. Ltd, operating a parking business in Singapore, and Secure Parking Corporation Sdn. Bhd., a parking business operator in Malaysia, as the basis of the Group's full-fledged overseas expansion.

As a result, in the first quarter under review, the Group posted net sales of 50,404 million yen (up 7.7% year on year), operating profit of 4,263 million yen (down 13.5%), and recurring profit of 4,353 million yen (down 10.6%). Profit attributable to owners of parent stood at 2,872 million yen (down 10.2%).

Results by business segment are as follows:

Parking Business in Japan

Since the fiscal year before last, the Group has sought dominance in the parking industry through comprehensive, community-based development and sales by increasing its office locations and providing consulting services to major companies. The Group has also been working to enhance convenience for customers by such means as increasing the use of B-Times, a parking site matching and reservation system, promoting a card that allows corporate customers to pay in arrears for parking at Times parking, rent-a-car service, and car sharing service with the same card, responding to diversified means of payments including electric money.

As a result, the numbers of Times parking facilities and parking spaces managed at the end of the first quarter under review were 15,992, up 1.3% from the end of the previous fiscal year, and 536,780 up 1.1%, respectively. The total number of parking facilities managed, including monthly parking and facility management services, rose 1.1% from the end of the previous fiscal year, to 17,367, and the total number of parking spaces managed increased 1.2%, to 653,324. Sales in this segment (including intersegment sales) stood at 35,975 million yen (increasing 5.2% year on year), and operating profit was 6,229 million yen (up 4.7%).

Parking Business Overseas

As part of its growth strategy for the future, the Group acquired shares of overseas parking business operators in January 2017, which has added operation in five counties, including Australia, New Zealand, the U.K., Singapore, and Malaysia, to the initial two countries, Taiwan and Korea. As a result, the numbers of overseas parking sites and parking spaces managed at the end of the first quarter under review were 1,482, and 363,118, respectively, and the total numbers of parking sites and parking spaces managed worldwide were 18,449 and 1,016,442, respectively. The Group plans to grow its business in Asia, Oceania and the rest of the world in the future to create a comfortable automobile society. The newly acquired shares from the overseas parking business operators are deemed acquisition at the end of the first three months of the consolidated fiscal year under review, which, therefore, does not affect the consolidated results of the first quarter of the fiscal year under review. Sales in this segment (including intersegment sales) stood at 621 million yen (increasing 25.8% year on year), and operating profit was 47 million yen (up 75.3%).

Mobility Business

As part of its efforts to increase customer convenience through the car sharing service, the Group increased the number of car sharing stations other than Times parking and promoted the deferred payment card by offering additional functions for parking for corporate customers, among other

activities. As a result, the number of car sharing members at the end of the first quarter under review was 754,770 (in comparison to 719,434 at the end of the previous fiscal year). In addition, the Group emphasized activities for future benefits, including the development of an environment that helps prevent accidents by improving vehicles' safety equipment, in which the Group has been engaged since the previous fiscal year, and participation in the social experiment of car sharing using road space conducted by the Ministry of Land, Infrastructure, Transport, and Tourism. To develop an environment where users can feel greater affinity with the Group's rent-a-car service, the Group expanded the customer base of its simplified rent-a-car service, "ピットとGo" (Pitto-Go), by offering the service to the members of Times Club, the Group's point program. PitGo is a service whereby car sharing members are able to rent cars simply by placing their membership card on a scanner on rent-a-car premises.

As a result, the total number of vehicles in the Mobility Business segment at the end of the first quarter under review rose 1.8% from the end of the previous fiscal year, to 43,720 (of which, the number of vehicles for the car sharing service was 16,836). Meanwhile, Net sales in the segment (including intersegment sales) reached 13,850 million yen (increasing 14.1% year on year) and operating income was 509 million yen (decreasing 28.6% year on year) due to cost growth caused primarily by the investment in safety devices and an accelerated increase in the number of cars.

(2) Details of financial position

1) Assets, liabilities and net assets

Total assets at the end of the first quarter under review rose 25,170 million yen from the end of the previous fiscal year, to 178,109 million yen. This mainly reflected an increase due to the acquisition of shares of the overseas parking business operators, including 16,787 million yen in goodwill, 2,014 million yen in lease assets, and 2,003 million yen in notes and accounts receivable—trade.

Total liabilities increased 31,243 million yen, to 110,911 million yen. Major contributing factors included increases of 24,580 million yen in long- and short-term loans payable to finance the acquisition of shares of the overseas parking business operators and consolidate these companies, an increase of 7,502 million yen in "Other," including deposits received, in current liabilities, a decrease of 3,068 million yen in income taxes payable.

Net assets fell 6,072 million yen, to 67,198 million yen as a result of an increase of 2,872 million yen due to the posting of a profit attributable to owners of parent, an increase of 202 million yen in non-controlling interests, and a decrease of 9,518 million yen due to dividend payments out of retained earnings.

2) Cash flow condition

Cash and cash equivalents at the end of the first quarter of the consolidated fiscal year under review decreased 414 million yen from the end of the previous consolidated fiscal year, to 19,046 million yen.

The cash-flow situation by category for the first quarter was as follows:

(Net cash from operating activities)

Net cash generated by operating activities increased 275 million yen from a year ago, to 7,013 million yen. The major reason for the increase was the total of depreciation and amortization and income before income taxes and minority interests of 9,966 million yen. The main negative factor was income taxes paid of 4,484 million yen.

(Net cash from investing activities)

Net cash used in investing activities was 20,933 million yen (up 15,919 million yen year on year). This figure primarily reflects the expenditure of 15,276 million yen for the acquisition of shares of the overseas parking business operators (net amount after offsetting the cash and cash equivalents of the companies acquired), purchases of property, plant, and equipment of 4,495 million yen associated with the opening of Times parking facilities and the acquisition of vehicles for service, and long-term prepaid expenses of 791 million yen.

(Net cash from financing activities)

Net cash used in financial activities was 13,471 million yen (cash inflows increased 19,722 million yen from a year ago). This was attributable largely to dividend payments of 9,524 million yen and the repayment of long-term loans payable of 1,250 million yen, offsetting a net increase in short-term loans payable of 25,000 million yen due to the acquisition of shares of the overseas parking business operators and payment of income taxes, etc. and proceeds from issuance of common stock of 206 million yen..

(3) Information on the future outlook, including consolidated business performance forecasts

The consolidated earnings forecasts for the fiscal year ending October 31, 2017 have not been changed from the figures announced on December 15, 2016 in the Consolidated Financial Report for the Fiscal Year Ended October 2016

2. Matters Related to Summary Information (Notes)

(1) Changes of important subsidiaries during the term

During the first quarter of the fiscal year under review, Park24 Australia Pty Ltd., Park24 Singapore Pte. Ltd., and Park24 Malaysia Sdn. Bhd., are companies founded as subsidiaries of the Company in December 2016, and included in the scope of consolidation from the fiscal year under review.

The Company has also acquired the shares of Periman Pty. Ltd., Auspark Holdings Pty. Ltd., Secure Parking Singapore Pte. Ltd., and Secure Parking Corporation Sdn. Bhd., which are, therefore, included in the scope of consolidation. In addition, the Company has indirectly acquired of Secure Parking Pty Ltd., Periman Pty. Ltd., and Auspark Holdings Pty. hold 50% of its equity, respectively, and its six subsidiaries and two subsidiaries of Secure Parking Corporation Sdn. Bhd. Secure Parking Pty Ltd. corresponds to a specified subsidiary. Secure Parking Pty Ltd. corresponds to a specified subsidiary.

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements

Not applicable

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

Not applicable

(4) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied to the consolidated results since the first quarter of the fiscal year under review.

3. Quaterly Consolidated Financial Statements

(1) Quaterly consolidated balance sheets

(Unit: million yen)

	As of October 31, 2016 Fiscal 2016 Summary	As of January 31, 2017 Q1 of Fiscal 2017
Assets		
Current assets:		
Cash and deposits	19,477	19,062
Notes and accounts receivable-trade	8,815	10,818
Inventories	1,012	1,334
Other	12,792	16,088
Allowance for doubtful accounts	(74)	(93)
Total current assets	42,022	47,210
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	12,047	12,859
Machinery, equipment and vehicles, net	36,524	35,669
Land	24,303	24,308
Lease assets, net	13,762	15,777
Other, net	4,934	5,427
Total property, plant and equipment	91,573	94,041
Intangible assets:		
Goodwill	386	17,174
Other	2,061	2,224
Total intangible assets	2,447	19,398
Investments and other assets	16,895	17,459
Total noncurrent assets	110,916	130,899
Total assets	152,939	178,109
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	562	796
Short-term loans payable	5,150	30,888
Income taxes payable	4,602	1,534
Provision for bonuses	1,633	878
Provision	114	32
Other	21,293	28,796
Total current liabilities	33,357	62,926
Noncurrent liabilities:		
Bonds with subscription rights to shares	19,970	19,970
Long-term loans payable	11,931	10,773
Net defined benefit liabilities	154	158
Provision Asset retirement obligations	4,840	4,886
Other	9,414	12,196
Total noncurrent liabilities	46,310	47,984
Total liabilities	79,668	110,911

	As of October 31, 2016 Fiscal 2016 Summary	As of January 31, 2017 Q1 of Fiscal 2017
Net Assets		
Shareholders' equity:		
Capital stock	9,366	9,493
Capital surplus	11,119	11,246
Retained earnings	53,976	47,330
Treasury stock	(1)	(1)
Total shareholders' equity	74,461	68,068
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	87	114
Revaluation reserve for land	(1,052)	(1,052)
Foreign currency translation adjustments	(153)	(44)
Remeasurements of defined benefit plans	(438)	(410)
Total other accumulated comprehensive income	(1,556)	(1,393)
Subscription rights to shares	365	321
Minority interests	-	202
Total net assets	73,270	67,198
Total liabilities and net assets	152,939	178,109

(2) Quaterly consolidated statements of profit and loss and comprehensive income
(Consolidated profit and loss statement)
(First quarter of Fiscal 2017)

(Unit: million yen)

	From November 1, 2015 to January 31, 2016 Q1 of Fiscal 2016	From November 1, 2016 to January 31, 2017 Q1 of Fiscal 2017
Net sales:	46,789	50,404
Cost of sales	34,740	37,503
Gross profit	12,048	12,901
Selling, general and administrative expenses	7,117	8,637
Operating income	4,931	4,263
Non-operating income:		
Interest income	0	0
Dividend income	2	2
Penalty income charged to customers for cancellation of parking facilities	13	—
Void ticket	40	43
Foreign exchange gains	—	124
Other	25	19
Total non-operating income	81	190
Non-operating expenses:		
Interest expenses	17	16
Share of loss of entities accounted for using equity method-NOE	33	13
Expense incurred for evacuation of parking facilities	45	57
Foreign exchange losses	35	—
Other	12	13
Total non-operating expenses	144	100
Recurring income	4,868	4,353
Income before income taxes and minority interests	4,868	4,353
Income taxes-current	1,211	1,170
Income taxes-deferred	457	310
Total income taxes	1,669	1,481
Net income	3,199	2,872
Profit attributable to owners of parent	3,199	2,872

(Consolidated statement of comprehensive income)
(First quarter of Fiscal 2017)

(Unit: million yen)

	From November 1, 2015 to January 31, 2016 Q1 of Fiscal 2016	From November 1, 2016 to January 31, 2017 Q1 of Fiscal 2017
Income before minority interests	3,199	2,872
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	26
Foreign currency translation adjustments	(17)	50
Remeasurements of defined benefit plans	19	27
Share of other comprehensive income of associates accounted for using equity method	(57)	58
Total other comprehensive income	(77)	162
Comprehensive income	3,121	3,034
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,121	3,034

(3) Quarterly consolidated statements of cash flow

(Unit: million yen)

	From November 1, 2015 to January 31, 2016 Q1 of Fiscal 2016	From November 1, 2016 to January 31, 2017 Q1 of Fiscal 2017
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	4,868	4,353
Depreciation and amortization	5,179	5,612
Interest and dividends income	(3)	(3)
Interest expenses	17	16
Decrease (increase) in notes and accounts receivable-trade	224	(241)
Decrease (increase) in inventory	1,113	1,191
Increase (decrease) in notes and accounts payable-trade	61	69
Decrease (increase) in accounts receivable-other	211	196
Decrease (increase) in prepaid expenses	390	560
Increase (decrease) in accounts payable-other	(87)	75
Increase (decrease) in notes payable-facilities	(334)	113
Others, net	(670)	(434)
Subtotal	10,970	11,509
Interest and dividends income received	3	3
Interest expenses paid	(17)	(14)
Income taxes paid	(4,217)	(4,484)
Net cash provided by (used in) operating activities	6,738	7,013
Net cash provided by (used in) investment activities:		
Purchase of property, plant and equipment	(3,826)	(4,495)
Proceeds from sales of property, plant and equipment	8	0
Purchase of intangible assets	(115)	(243)
Purchase of Investment securities	(248)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(15,276)
Purchase of long-term prepaid expenses	(703)	(791)
Others, net	(128)	(127)
Net cash provided by (used in) investment activities	(5,014)	(20,933)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	3,500	25,000
Repayment of long-term loans payable	(1,387)	(1,250)
Repayments of lease obligations	(970)	(960)
Proceeds from issuance of common stock	610	206
Cash dividends paid	(8,003)	(9,524)
Net cash provided by (used in) financing activities	(6,250)	13,471
Effect of exchange rate change on cash and cash equivalents	(12)	34
Net increase (decrease) in cash and cash equivalents	(4,539)	(414)
Cash and cash equivalents at beginning of period	20,063	19,461
Cash and cash equivalents at end of period	15,524	19,046

(4) Notes to Quaterly Consolidated Financials Statements

[Note on going concern assumptions]

Not applicable.

[Segment information]

I. First quarter of fiscal 2016 (from November 1, 2015 to January 31, 2016)

Information on sales and profits or losses by reported segment

(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	34,171	494	12,123	46,789	—	46,789
Internal sales or amount of transfer between segments	21	—	13	35	(35)	—
Total	34,193	494	12,137	46,824	(35)	46,789
Segment profit (loss)	5,949	26	713	6,690	(1,759)	4,931

(Note) 1 An adjustment of minus ¥1,759 million in segment profit (loss) includes an amortization of goodwill of minus ¥38 million, and Company-wide expenses of ¥1,721 million. 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 Segment profit (loss) is adjusted in accordance with operating income in the consolidated profit and loss statement.

II. First quarter of fiscal 2017 (from November 1, 2016 to January 31, 2017)

1. Information on sales and profits or losses by reported segment

(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	35,945	621	13,837	50,404	—	50,404
Internal sales or amount of transfer between segments	29	—	13	42	(42)	—
Total	35,975	621	13,850	50,447	(42)	50,404
Segment profit (loss)	6,229	47	509	6,786	(2,523)	4,263

(Note) 1 An adjustment of minus ¥2,523 million in segment profit (loss) includes an amortization of goodwill of minus ¥38 million, and Company-wide expenses of ¥2,484 million. 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 Segment profit (loss) is adjusted in accordance with operating income in the consolidated profit and loss statement.

2. Changes in reported segments

The Group acquired 80% shares of Secure Parking Pty Ltd., operating a parking business in Australia, New Zealand, and the U.K., Secure Parking Singapore Pte. Ltd., operating a parking business in Singapore, and Secure Parking Corporation Sdn. Bhd., operating a parking business in Malaysia, and added them to the scope of consolidation during the first three months of the fiscal year under review. As a result, the reported segment, "overseas parking business," has been added.

The segment information of the first quarter of the previous consolidated fiscal year, which is presented as comparative information for the first quarter of the consolidated fiscal year under review, is exhibited after the change.

(Notes for material changes in shareholders' equity)
Not applicable

[Note when there is a considerable change in the amount of shareholders' equity.]
Not applicable.