

Consolidated Financial Report for
the First Quarters of the Fiscal Year Ending October 31, 2019
(Japanese GAAP)

February 28, 2019

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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 Quarters of Fiscal Year Ending October 31, 2019
(November 1, 2018 – January 31, 2019)

(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	%
Three months ended								
2019	79,062	9.0	5,493	9.6	5,314	7.1	3,678	13.1
2018	72,547	43.9	5,013	17.6	4,961	14.0	3,253	13.3

(Note) Comprehensive income: Term ended January 31, 2019: 1,269 million yen (-72.1%)
Term ended January 31, 2018: 4,543 million yen (49.7%)

	Net income per share	Net income per share after dilution
Three months ended	Yen	Yen
2019	23.79	20.58
2018	22.17	21.01

(Note) Consolidated operating results are based on values after reflecting an important review of the amount of acquisition cost allocated to the Company as a result of confirming the provisional accounting of the business combination.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31 2019	269,216	85,187	31.5
October 31 2018	283,171	94,847	33.3

(Reference) shareholders' equity: Term ended January 31, 2019: 84,877 million yen Fiscal 2018: 94,321 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 2018	-	0.00	-	70.00	70.00
Fiscal 2019	-				
Fiscal 2019 (forecasts)		0.00	-	70.00	70.00

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

3. Consolidated Forecasts for the Fiscal Year ending October 31, 2019(November 1, 2018-October 31,2019)
 (The full-year percentages indicate the rates of increase or decrease compared with the previous year,
 (%: changes from 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	154,000	8.0	9,300	(0.0)	9,000	0.4	5,600	4.3	36.19
Full year	320,000	7.2	22,600	0.3	23,000	2.1	12,800	(7.6)	82.68

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

*Notes

- (1) Changes in important subsidiaries during the term: No
 New : -- company (-)
 Eliminated : -- company (-)
- (2) Adoption of simplified accounting methods and: special accounting treatment: No
- (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

(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 2019	154,762,869 shares	Fiscal year ended October 2018	154,623,769 shares
2) Number of treasury stock at the end of the term	First quarter ended January 2019	1,323 shares	Fiscal year ended October 2018	1,323 Shares
3) Average number of shares during the term (consolidated cumulative period)	First quarter ended January 2019	154,635,987 shares	Fiscal year ended October 2018	146,725,116 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 Data, Financial Statements and Other Information, (3) Information on the future outlook, including consolidated business performance forecasts" on page 3 of accompanying materials.

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1. Qualitative Data, Financial Statements and Other Information

(1) Qualitative data on the consolidated financial results

During the first quarter of the consolidated fiscal year ending October 31, 2019 (November 1, 2018 to January 31, 2019), the Japanese economy maintained its recovery mainly due to an improvement in corporate earnings and employment conditions. However, the economic outlook became increasingly uncertain, given concerns over the direction of trade friction due to US trade and monetary policies, the decelerating Chinese economy and the Brexit issue.

In this environment, the Park24 Group companies (the “Group”) sought to expand the four networks of people (members), cars, communities (destinations) and parking to meet prevailing needs and realize comfort ahead of the times, while creating new services that connect those networks seamlessly. The Group also taken steps to develop its business foundation, including that for overseas parking business operators. Recognized for these efforts, the Group received the Prime Minister’s Awards in the 7th Technology Management and Innovation Awards (sponsored by Japan Techno-Economics Society (JATES)) in January 2019, on the grounds that the parking and car sharing businesses utilizing IoT were “businesses with excellence in the process of creating a new growth market and great social significance that would contribute to SDGs.”

In May 2019, the Group will renew its corporate identity (corporate philosophy and slogan, etc.) and brand identity after redefining them before celebrating the 50th anniversary of its founding in 2021 and relocate its head office to Gotanda (Shinagawa-ku, Tokyo), the place of birth. The Group will seek sustainable growth as a concerted effort under a new corporate philosophy by reaffirming the spirit of “challenge” it has had since the time of foundation.

< New Corporate Philosophy >

We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow.

Park24 Group provides comfort and convenience in forms both familiar and entirely new. We help to make urban environments and the lives of people living and working in them richer and pleasanter. We listen carefully to our customers to create services that meet the needs of the times and enhance sustainability. This thinking underpins all our interactions with all our stakeholders.

As a result, in the first three months of the consolidated fiscal year under review, the Group posted net sales of 79,062 million yen (up 9.0% year on year), operating profit of 5,493 million yen (up 9.6% year on year) and recurring profit of 5,314 million yen (up 7.1% year on year), and profit attributable to owners of parent stood at 3,678 million yen (up 13.1% year on year).

Results by business segment are as follows:

Parking Business

At new properties, the Group sought to develop highly profitable parking through operation proposal marketing and community-based attentive marketing activities to companies that hold parking facilities, aiming to help them achieve early profitability. The Group also worked to enhance customer convenience and strengthen the profitability of parking by focusing on the expansion and promotion of use of Times Business Card (credit card for exclusive use by corporate customers) and working to enhance the Times Pay credit card payment service that supports and attracts customers to the businesses of stores around Times parking sites

As a result, in the first three months of the consolidated fiscal year under review, the numbers of Times parking facilities and parking spaces managed were 17,747, up 0.9% from the end of the previous fiscal year, and 584,560, up 0.7%, respectively. The total number of parking sites managed, including monthly parking and facility management services, rose 0.8% from the end of the previous fiscal year, to 19,135, and the total number of parking spaces managed increased 0.7%, to 729,634.

Net sales in this segment (including intersegment sales) stood at 40,384 million yen (rising 5.6% year on year), and operating profit amounted to 6,991 million yen (up 9.0%).

Parking Business Oversea

The Group strengthened its business foundation by improving the governance system in each country and region and establishing a new system that would enable it to implement growth strategies. In addition, the Group will build a stronger business foundation by creating synergies through the early integration of technologies and know-how cultivated in Japan with those of other countries and by enhancing its parking network and services.

As a result, the numbers of overseas parking sites and parking spaces managed at the end of the term under review were 2,494, up 1.5% from the end of the previous fiscal year, and 649,663, up 0.3%, respectively, and the total numbers of parking sites and parking spaces managed worldwide were 21,629, up 0.9% from the end of the previous fiscal year and 1,379,297, up 0.5%, respectively.

Sales in this segment (including intersegment sales) stood at 17,404 million yen (increasing 3.7% year on year), and operating loss was 103 million yen (operating profit on same period of last year was 492 million yen).

Mobility Business

In the process of pursuing initiatives to create a new mobility service that will change the environment for mobility to a more convenient and comfortable one and meet mobility needs in every direction, the Group has been developing infrastructure for achieving travel via optimal means that suit the purposes of vehicle use in the rental car segment. 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 has continued to aggressively develop stations from the previous fiscal year and has sought to expand services for corporate customers. 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.

Moreover, in January 2019, the Group commenced a trial to develop "Times Car," a new form of mobility service that combines the unattended car sharing service with the manned rent-a-car service on a full scale. The Group will continue to promote the improvement of the new mobility service that has incorporated the advantages of the two services.

As a result, the number of stations at the end of the first quarter under review was 11,491 and the number of vehicles distributed was 23,877 units (up 1.6% and 1.9% respectively in comparison to the end of the previous fiscal year), and the number of car sharing members also increased 3.6% from the end of the year, to 1,138,801.

As a result, the total number of vehicles in the Mobility Business segment at the end of the first quarter under review rose 0.9% from the end of the previous fiscal year, to 55,071 (the total number of car sharing vehicle was 23,877). Net sales in the segment (including intersegment sales) reached 21,358 million yen (increasing 21.6% year on year). On the other hand, operating profit was 1,390 million yen (increasing 169.4% year on year).

(2) Qualitative data on the consolidated financial position

(i) Assets, liabilities and net assets

Total assets at the end of the first quarter of the fiscal year under view decreased 13,954 million yen from the end of the previous fiscal year, to 269,216 million yen. The main changes in assets were increases of other current assets including accounts receivable-other of 2,923 million yen and decreases of cash and deposits of 8,690 million yen and goodwill of 2,667 million yen.

Total liabilities decreased 4,294 million yen, to 184,029 million yen. The main changes in liabilities were increases of short- and long-term loans payable of 2,696 million yen and other current liabilities including deposits of 768 million yen, and a decrease of income taxes payable of 3,778 million yen.

Total assets fell 9,660 million yen, to 85,187 million yen as a result of an increase of 3,678 million yen due to the posting of profit attributable to owners of parent, a decrease of 2,461 million yen in foreign currency translation adjustments and a decrease of 10,823 million yen due to dividend payments out of retained earnings.

(ii) Cash flow condition

The balance of cash and cash equivalents at the end of the first quarter under review decreased 8,675 million yen from the end of the previous consolidated fiscal year, to 21,110 million yen.

The cash-flow situation by category for the fiscal year was as follows:

(Net cash from operating activities)

Net cash provided by operating activities decreased 2,089 million yen year on year, to 9,780 million yen. This primarily reflected the total of depreciation and amortization and income before income taxes and minority interests of 12,821 million yen and income taxes paid of 4,540 million yen.

(Net cash from investing activities)

Net cash used in investing activities was 9,290 million yen (cash outflows increased 2,054 million yen year on year). This figure primarily reflects purchases of property, plant, and equipment of 8,027 million yen associated with the opening of Times parking facilities and the acquisition of vehicles for service, and long-term prepaid expenses of 742 million yen.

(Net cash from financing activities)

Net cash used in financing activities was 8,888 million yen (cash decreased 7,006 million yen year on year). This was chiefly attributable to net increase in short-term loans payable of 4,701 million yen, repayments of long-term loans payable of 1,259 million yen and cash dividends paid of 10,823 million yen.

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

The consolidated earnings forecasts for the fiscal year ending October 31, 2019 have not been changed from the figures announced on December 17, 2018 in the Consolidated Financial Report for the Fiscal Year Ended October 31, 2018.

2. Consolidated Financial Statements and Notes

(1) Consolidated balance sheet

(Unit: million yen)

	As of October 31, 2018 Fiscal 2018 Summary	As of January 31, 2019 Q1 of Fiscal 2019
Assets		
Assets		
Current assets		
Cash and deposits	30,081	21,390
Notes and accounts receivable - trade	15,584	15,256
Inventories	1,592	1,498
Other	25,271	28,195
Allowance for doubtful accounts	(218)	(209)
Total current assets	<u>72,311</u>	<u>66,131</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,609	19,013
Machinery, equipment and vehicles, net	51,948	49,392
Land	24,764	24,763
Leased assets, net	17,451	16,599
Other, net	14,842	14,252
Total property, plant and equipment	<u>127,616</u>	<u>124,020</u>
Intangible assets		
Goodwill	42,331	39,663
Contract-based intangible assets	18,148	16,968
Other	2,946	2,969
Total intangible assets	<u>63,426</u>	<u>59,601</u>
Investments and other assets		
Other	19,816	19,462
Total investments and other assets	<u>19,816</u>	<u>19,462</u>
Total non-current assets	<u>210,859</u>	<u>203,085</u>
Total assets	<u>283,171</u>	<u>269,216</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	518	790
Short-term loans payable	8,555	11,711
Income taxes payable	5,641	1,863
Provision for bonuses	2,283	1,008
Other	46,908	46,140
Total current liabilities	<u>63,907</u>	<u>61,514</u>
Non-current liabilities		
Bonds with share acquisition rights	35,000	35,000
Long-term loans payable	64,849	64,389
Net defined benefit liability	201	212
Asset retirement obligations	5,664	5,675
Deferred tax liabilities	3,338	2,981
Other	15,362	14,256
Total non-current liabilities	<u>124,416</u>	<u>122,515</u>
Total liabilities	<u>188,324</u>	<u>184,029</u>
Net assets		

	As of October 31, 2018 Fiscal 2018 Summary	As of January 31, 2019 Q1 of Fiscal 2019
Shareholders' equity		
Capital stock	19,754	19,847
Capital surplus	15,341	15,434
Retained earnings	61,480	54,336
Treasury shares	(2)	(2)
Total shareholders' equity	<u>96,573</u>	<u>89,616</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110	99
Deferred gains or losses on hedges	(52)	(117)
Revaluation reserve for land	(1,052)	(1,052)
Foreign currency translation adjustment	(148)	(2,609)
Remeasurements of defined benefit plans	(1,110)	(1,059)
Total accumulated other comprehensive income	<u>(2,252)</u>	<u>(4,739)</u>
Share acquisition rights	<u>251</u>	<u>222</u>
Non-controlling interests	<u>275</u>	<u>87</u>
Total net assets	<u>94,847</u>	<u>85,187</u>
Total liabilities and net assets	<u>283,171</u>	<u>269,216</u>

(2) Consolidated statements of profit and loss, and comprehensive income
(Consolidated statement of profit and loss First quarters of Fiscal 2019)

	(Unit: million yen)	
	First three months period of previous fiscal year (November 1,2017- January 31,2018)	First three months period of fiscal year (November 1,2018- January 31,2019)
Net sales	72,547	79,062
Cost of sales	55,894	60,512
Gross profit	16,652	18,549
Selling, general and administrative expenses	11,639	13,056
Operating profit	5,013	5,493
Non-operating income		
Interest income	0	2
Dividend income	2	2
Share of profit of entities accounted for using equity method	—	6
Void ticket	48	47
Foreign exchange gains	4	1
Other	135	52
Total non-operating income	191	114
Non-operating expenses		
Interest expenses	164	179
Share of loss of entities accounted for using equity method	2	—
Expense incurred for evacuation of parking facilities	36	65
Other	40	48
Total non-operating expenses	243	293
Ordinary profit	4,961	5,314
Profit before income taxes	4,961	5,314
Income taxes – current	1,396	1,230
Income taxes – deferred	154	327
Total income taxes	1,551	1,558
Profit	3,410	3,756
Profit attributable to non-controlling interests	157	78
Profit attributable to owners of parent	3,253	3,678

(Consolidated statement of comprehensive income First quarters of Fiscal 2019)

(Unit: million yen)

	First three months period of previous fiscal year (November 1,2017- January 31,2018)	First three months period of fiscal year (November 1,2018- January 31,2019)
Profit	3,410	3,756
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(10)
Deferred gains or losses on hedges	4	(65)
Foreign currency translation adjustment	1,135	(2,418)
Remeasurements of defined benefit plans, net of tax	(7)	50
Share of other comprehensive income of entities accounted for using equity method	7	(42)
Total other comprehensive income	1,132	(2,486)
Comprehensive income	4,543	1,269
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,379	1,191
Comprehensive income attributable to non-controlling interests	163	78

(3) Consolidated statement of cash flows

(Unit: million yen)

	First three months period of previous fiscal year (November 1,2017- January 31,2018)	First three months period of fiscal year (November 1,2018- January 31,2019)
Net cash provided by (used in) operating activities:		
Cash flows from operating activities		
Profit before income taxes	4,961	5,314
Depreciation	6,950	7,507
Amortization of goodwill	611	601
Interest and dividend income	(3)	(5)
Interest expenses	164	179
Decrease (increase) in notes and accounts receivable - trade	1,120	193
Decrease (increase) in inventories	3,140	3,677
Increase (decrease) in notes and accounts payable - trade	(54)	274
Decrease (increase) in accounts receivable - other	233	534
Decrease (increase) in prepaid expenses	900	(594)
Increase (decrease) in accounts payable - other	1,444	(523)
Increase (decrease) in accrued expenses	(1,958)	(7)
Increase (decrease) in notes payable-facilities	(90)	74
Other, net	(1,270)	(2,766)
Subtotal	16,149	14,460
Interest and dividend income received	3	5
Interest expenses paid	(139)	(144)
Income taxes paid	(4,142)	(4,540)
Net cash provided by (used in) operating activities	11,870	9,780
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,162)	(8,027)
Proceeds from sales of property, plant and equipment	8	0
Purchase of intangible assets	(242)	(271)
Purchase of long-term prepaid expenses	(915)	(742)
Payments for investments in capital	—	(169)
Other, net	76	(79)
Net cash provided by (used in) investing activities	(7,235)	(9,290)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	10,803	4,701
Proceeds from long-term loans payable	63	—
Repayments of long-term loans payable	(1,229)	(1,259)
Repayments of lease obligations	(1,163)	(1,403)
Proceeds from issuance of common shares	50	153
Purchase of treasury shares	(0)	—
Cash dividends paid	(10,272)	(10,823)
Dividends paid to non-controlling interests	(135)	(256)
Net cash provided by (used in) financing activities	(1,882)	(8,888)
Effect of exchange rate change on cash and cash equivalents	26	(277)
Net increase (decrease) in cash and cash equivalents	2,779	(8,675)
Cash and cash equivalents at beginning of period	17,775	29,785

(Unit: million yen)

	First three months period of previous fiscal year (November 1,2017- January 31,2018)	First three months period of fiscal year (November 1,2018- January 31,2019)
Cash and cash equivalents at end of period	20,554	21,110

(4) Matters Related to Summary Information (Notes)

[Note on going concern assumptions]

Not applicable.

[Additional Information]

The Park24 Group has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28 of February 16, 2018) and others from the beginning of the first quarter of the fiscal year under review and reported deferred tax assets in Investments and other assets and deferred tax liabilities in Non-current liabilities.

[Segment information]

I. First quarters of fiscal 2018 (from November 1, 2017 to January 31, 2018)

Information on sales and profits or losses by reported segment

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit and loss statement (Note) 3
	Parking Business	Parking Business Overseas (Note)1	Mobility Business	Total		
Sales						
Sales to external customers	38,211	16,788	17,547	72,547	—	72,547
Internal sales or amount of transfer between segments	35	—	22	57	(57)	—
Total	38,246	16,788	17,569	72,605	(57)	72,547
Segment profit	6,415	492	516	7,424	(2,410)	5,013

(Note) 1. The segment profit of 492 million yen in Parking Business Overseas includes an amortization of goodwill of minus 573 million yen.

2. An adjustment of minus 2,410 million yen in segment profit (loss) includes an amortization of goodwill of minus 38 million yen and Company-wide expenses of minus 2,372 million yen. Company-wide expenses are mainly expenses that do not belong to either of the reported segments. Those expenses relate to the administrative division, including the general affairs department.

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

4. Segment profits are based on values after reflecting the important review of the amount of acquisition cost allocated to the Company as a result of confirming the provisional accounting of the business combination.

II. First quarters of fiscal 2019 (from November 1, 2018 to January 31, 2019)

Information on sales and profits or losses by reported segment

(Unit: million yen)

	Reported segments				Adjustment (Note) 2	Amount on consolidated profit and loss statement (Note) 3
	Parking Business	Parking Business Overseas (Note) 1	Mobility Business	Total		
Sales						
Sales to external customers	40,326	17,404	21,331	79,062	—	79,062
Internal sales or amount of transfer between segments	58	—	26	85	(85)	—
Total	40,384	17,404	21,358	79,147	(85)	79,062
Segment profit (loss)	6,991	(103)	1,390	8,278	(2,785)	5,493

(Note) 1 The segment profit of minus 103 million yen in Parking Business Overseas includes an amortization of goodwill of minus 562 million yen.

- 2 An adjustment of minus 2,785 million yen in segment profit (loss) includes an amortization of goodwill of minus 38 million yen, and Company-wide expenses of minus 2,746 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.
- 3 Segment profit (loss) is adjusted in accordance with operating income in the consolidated profit and loss statement.

[Note when there is a considerable change in the amount of shareholders' equity.]

Not applicable.