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May 11, 2022

Non-consolidated Financial Results for the Six Months Ended March 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4809
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 Scheduled date to file quarterly securities report: May 13, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Non-consolidated financial results for the six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (cumulative)

(% indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
March 31, 2022	6,256	5.2	1,060	19.9	956	22.7	665	28.2
March 31, 2021	5,948	△13.5	884	△10.9	779	△12.6	519	△13.6

	Profit per share	Profit per share after dilution
Six months ended	Yen	Yen
March 31, 2022	66.66	66.59
March 31, 2021	52.24	52.06

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2022	35,955	16,121	44.8
September 30, 2021	35,778	15,998	44.7

Reference: Equity

As of March 31, 2022: ¥16,096 million
 As of September 30, 2021: ¥15,979 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	—	0.00	—	55.00	55.00
Fiscal year ending September 30, 2022	—	0.00			
Fiscal year ending September 30, 2022 (Forecast)			—	62.00	62.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Forecast for the fiscal year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

(% indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	12,400	5.4	1,960	9.7	1,750	11.1	1,180	20.8	118.15

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly financial statements: Yes

Note: As for details, refer to page 9 of the attached materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	10,294,600 shares
As of September 30, 2021	10,294,600 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	306,285 shares
As of September 30, 2021	309,285 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2022	9,986,023 shares
Six months ended March 31, 2021	9,938,705 shares

Note: The total number of treasury shares at the end of the period included shares of the Company held by the Employee Stock Ownership Plan Trust (249,655 shares as of March 31, 2022 and 249,655 shares as of September 30, 2021).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The 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. (3) Explanation of Future Outlook" on page 4 of the attached materials.

Attached Materials

Index

1. Qualitative Information on Quarterly Results	2
(1) Explanation of Business Performance	2
(2) Explanation of Financial Condition	4
(3) Explanation of Future Outlook	4
2. Quarterly Financial Statements and Notes	5
(1) Quarterly balance sheet	5
(2) Quarterly statement of profit and loss	7
(3) Quarterly statement of cash flows	8
(4) Notes to Quarterly Financial Statements	9

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Performance

During the first six months of the current fiscal year (October 1, 2021 to March 31, 2022), the Japanese economy showed signs of recovery as the number of COVID-19 cases declined from October to December 2021. However, business confidence worsened again, due to the rapid increase of Omicron variant cases from January 2022 and the growing trend toward voluntary restraints in various economic activities. Although COVID-19 cases peaked in early February 2022 and shifted to a gradual downward trend, the social and economic outlook remained uncertain.

From October to December 2021, the sales of parking industry have shown signs of recovery nationwide, but sales from January 2022 have been affected by spreading of the Omicron variant. Especially, there was a record snowfall in Sapporo, and sales in February 2022 was lower than in the same month of previous year.

Under these circumstances, the Company focused on improving profitability by developing new parking lots and setting flexible rate changes at existing parking lots, while taking into consideration the profitability in COVID-19 pandemic situation.

Overall, during the first six months of the fiscal year, the number of newly developed parking was 73 lots with 1,866 spaces, while the number of closed parking was 59 lots with 599 spaces (net increase was 14 lots with 1,267 spaces). Total of 2,055 lots with 31,463 spaces is available as of March 31, 2022.

The following table shows changes in net sales and gross profit for the period from October 2021 to March 2022.

	October 2021	November 2021	December 2021
Net sales (Millions of yen)	1,065	1,070	1,139
Comparison with FY2021	101.1%	106.4%	110.9%
Comparison with FY2020	92.9%	92.1%	91.7%
Gross profit (Millions of yen)	338	347	375
Gross profit margin	31.7%	32.5%	32.9%

	January 2022	February 2022	March 2022
Net sales (Millions of yen)	988	892	1,099
Comparison with FY2021	108.8%	99.0%	104.6%
Comparison with FY2020	86.6%	81.1%	101.5%
Gross profit (Millions of yen)	263	173	304
Gross profit margin	26.7%	19.5%	27.7%

As a result, in the first six months of the fiscal year under review, the net sales was ¥ 6,256 million (up 5.2% year-on-year), operating profit was ¥ 1,060 million (up 19.9% year-on-year), ordinary profit was ¥ 956 million (up 22.7% year-on-year), and profit was ¥ 665 million (up 28.2% year-on-year).

The results by parking business types are as follows.

(Leased parking Business)

During the first six months of the fiscal year, the number of newly developed leased parking was 68 lots with 1,833 spaces, while the number of closed leased parking was 58 lots with 583 spaces (net increase was 10 lots with 1,250 spaces). As a result, total of 1,815 lots with 26,859 spaces is available as of March 31, 2022. The net sales of leased parking business was ¥ 5,028 million (up 4.3% year-on-year), and gross profit was ¥ 927 million (up 13.8% year-on-year).

(Owned parking Business)

During the first six months of the fiscal year, owned parking lots were developed in Nagasaki City (7 spaces), in Yokohama City (2 spaces), in Nagoya City (13 spaces), in Kita-ku, Tokyo (3 spaces), and in Kyoto City (6 spaces). On the other hand, the Company reviewed portfolio and sold a parking land in Kamakura City, Kanagawa Prefecture (15 spaces), and the gain from this sale of fixed asset was ¥ 29 million. Moreover, additional 2 parking spaces were developed in Koshigaya City, Saitama Prefecture, and 1 parking space was closed in Nagoya City due to layout changes. As a result, the number of newly developed owned parking was 5 lots with 33 spaces, while the number of closed owned parking was 1 lot with 16 spaces. Total of 240 lots with 4,604 spaces is available as of March 31, 2022. The net sales of owned parking business was ¥ 978 million (up 7.9% year-on-year), and gross profit was ¥ 778 million (up 9.7% year-on-year).

Furthermore, the Company acquired lands for parking in Sapporo City (4 spaces) and in Tachikawa City (5 spaces), which are both scheduled to be opened in the third quarter or later.

(Others)

During the first six months of the fiscal year, the net sales except for car parking business, including real estate leasing, vending machine, bike/bus/cycle parking, and solar power generation, was ¥ 248 million (up 13.8% year-on-year).

Sales results by parking business types for the current fiscal year are as follows.

	Six months ended March 31, 2021	Six months ended March 31, 2022	Fiscal year ended September 30, 2021
Types	Sales (Millions of yen)	Sales (Millions of yen)	Sales (Millions of yen)
Leased parking Business	4,822	5,028	9,506
Owned parking Business	907	978	1,788
Others	218	248	467
Total	5,948	6,256	11,761

(2) Explanation of Financial Condition

Total assets at the end of the six month the fiscal year under review increased ¥ 177 million from the end of the previous fiscal year, to ¥ 35,955 million. It was mainly due to an increase in land (¥ 490 million) and a decrease in cash and deposits (¥ 322 million).

Total liabilities at the end of the six month the fiscal year under review increased ¥ 55 million, to ¥ 19,834 million. It was mainly due to an increase in borrowings (¥ 227 million).

Total net assets at the end of the six month the fiscal year under review increased ¥ 122 million, to ¥ 16,121 million. It was mainly due to an increase in retained earnings (¥ 102 million). As a result, the equity ratio increased to 44.8% from 44.7% at the end of the previous fiscal year.

<Cash Flows>

The cash and cash equivalents at the end of the six month the fiscal year decreased ¥ 322 million from the end of the previous fiscal year, to ¥ 3,830 million. The main reasons were as follows.

(Cash flows from operating activities)

The cash and cash equivalents provided by operating activities decreased ¥ 620 million from the same period of the previous fiscal year, to ¥ 811 million. It was mainly due to the profit before income taxes (¥ 978 million), depreciation (¥ 287 million), and income taxes paid (¥ 382 million).

(Cash flows from investing activities)

The cash and cash equivalents used in investing activities increased ¥ 10 million from the same period of the previous fiscal year, to ¥ 610 million. It was mainly due to purchase of property, plant and equipment (¥ 812 million) and proceeds from sales of property, plant and equipment (¥ 213 million).

(Cash flows from financing activities)

The cash and cash equivalents used in financing activities decreased ¥ 506 million from the same period of the previous fiscal year, to ¥ 523 million. It was mainly due to proceeds from borrowings (¥ 1,603 million), repayments of borrowings (¥ 1,375 million), repayments of lease obligations (¥ 191 million), and cash dividends paid (¥ 562 million).

(3) Explanation of Future Outlook

In Japan, the sixth wave of COVID-19 Omicron variant has been still ongoing, but Omicron variant seems to be attenuated compared to the COVID-19 Alpha and Delta variants, thus normalization of social and economic activities in the post-COVID-19 world are being explored. In addition, discussion is starting to suggest that the treatment of COVID-19 under the law should be reviewed and changed to “category 5 equivalent”.

In this environment, the Company will continue to conduct sales activities while taking into consideration the profitability of newly developed parking lots in the event of the spread of infection, and will also make efforts to improve the profitability of existing parking lots by setting flexible rate changes. In addition, the Company aims to expand its business and base earnings by taking advantage of business alliances with major real estate developers and real estate brokerage firms. The Company will focus on acquiring lands for its parking lots in areas where the decline in sales is small even in the COVID-19 disaster, while taking into consideration demographic trends and other indicators.

There are no revisions to the earnings forecast for the fiscal year ending September 30, 2022, which was announced on November 5, 2021.

*This explanation is based on information available to the Company at this time, and include potential risks and uncertainties. Due to these effects, actual results may differ from the announced forecasts.

2. Quarterly Financial Statements and Notes
(1) Quarterly balance sheet

(Millions of yen)

	As of September 30, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,182	3,860
Accounts receivable - trade	129	170
Prepaid expenses	499	525
Other	21	35
Allowance for doubtful accounts	△0	△0
Total current assets	4,832	4,590
Non-current assets		
Property, plant and equipment		
Buildings, net	534	722
Machinery and equipment, net	761	724
Land	27,514	28,005
Leased assets, net	935	815
Other, net	541	446
Total property, plant and equipment	30,288	30,713
Intangible assets	12	11
Investments and other assets	645	640
Total non-current assets	30,945	31,364
Total assets	35,778	35,955
Liabilities		
Current liabilities		
Accounts payable - trade	240	280
Short-term borrowings	—	148
Current portion of long-term borrowings	1,780	1,837
Income taxes payable	446	378
Provision for bonuses	32	34
Provision for shareholder benefit program	25	—
Other	724	718
Total current liabilities	3,249	3,397
Non-current liabilities		
Long-term borrowings	15,393	15,415
Lease obligations	637	542
Provision for share awards	38	39
Asset retirement obligations	285	288
Other	175	151
Total non-current liabilities	16,530	16,437
Total liabilities	19,779	19,834

(Millions of yen)

	As of September 30, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,839	1,839
Capital surplus	2,272	2,275
Retained earnings	12,296	12,399
Treasury shares	△379	△379
Total shareholders' equity	16,029	16,135
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	5
Deferred gains or losses on hedges	△57	△44
Total valuation and translation adjustments	△50	△38
Share acquisition rights	19	24
Total net assets	15,998	16,121
Total liabilities and net assets	35,778	35,955

(2) Quarterly statement of profit and loss

(Millions of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Net sales	5,948	6,256
Cost of sales	4,309	4,452
Gross profit	1,639	1,803
Selling, general and administrative expenses	754	743
Operating profit	884	1,060
Non-operating income		
Interest income	0	0
Dividend income	0	0
Gain on forfeiture of unclaimed dividends	1	0
Insurance claim income	0	0
Interest on tax refund	1	—
Subsidy income	2	—
Other	1	0
Total non-operating income	7	1
Non-operating expenses		
Interest expenses	107	104
Other	5	0
Total non-operating expenses	112	104
Ordinary profit	779	956
Extraordinary income		
Gain on sale of non-current assets	—	29
Gain on reversal of share acquisition rights	7	—
Total extraordinary income	7	29
Extraordinary losses		
Loss on retirement of non-current assets	16	8
Total extraordinary losses	16	8
Profit before income taxes	771	978
Income taxes	251	312
Profit	519	665

(3) Quarterly statement of cash flows

(Millions of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	771	978
Depreciation	307	287
Increase (decrease) in provision for bonuses	3	1
Increase (decrease) in provision for shareholder benefit program	△18	△25
Increase (decrease) in provision for share awards	△2	1
Interest and dividend income	△0	△0
Interest expenses	107	104
Loss on retirement of non-current assets	16	8
Loss (gain) on sale of non-current assets	—	△29
Decrease (increase) in trade receivables	△4	△41
Increase (decrease) in trade payables	37	39
Decrease (increase) in other current assets	40	△39
Increase (decrease) in other current liabilities	96	2
Other, net	4	12
Subtotal	1,358	1,298
Interest and dividends received	0	0
Interest paid	△106	△104
Income taxes paid	△5	△382
Income taxes refund	185	—
Net cash provided by (used in) operating activities	1,431	811
Cash flows from investing activities		
Purchase of property, plant and equipment	△552	△812
Proceeds from sale of property, plant and equipment	—	213
Purchase of intangible assets	△48	△1
Payments of leasehold and guarantee deposits	△5	△11
Other, net	7	0
Net cash provided by (used in) investing activities	△599	△610
Cash flows from financing activities		
Proceeds from short-term borrowings	—	446
Repayments of short-term borrowings	△204	△297
Proceeds from long-term borrowings	836	1,157
Repayments of long-term borrowings	△898	△1,077
Proceeds from issuance of shares	1	—
Proceeds from disposal of treasury shares	11	2
Repayments of lease obligations	△217	△191
Dividends paid	△559	△562
Net cash provided by (used in) financing activities	△1,029	△523
Net increase (decrease) in cash and cash equivalents	△197	△322
Cash and cash equivalents at beginning of period	4,470	4,152
Cash and cash equivalents at end of period	4,272	3,830

(4) Notes to Quarterly Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes to shareholders' equity)

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly financial statements)

Calculation of tax expense

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes for the current fiscal year, including the second quarter ended March 31, 2022, and then multiplying income before income taxes for the six months with the said estimated effective tax rate.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 dated March 31, 2020) and other relevant standards from the beginning of the first quarter of the current fiscal period. Under the new accounting policy, revenue is recognized as the amount expected to be received in exchange for promised goods or services when the control of such goods or services is transferred to the customer.

In accordance with the transitional treatment stipulated in the proviso of Article 84 of the "Accounting Standard for Revenue Recognition", retained earnings as of the beginning of the first quarter of the current fiscal period has been adjusted to reflect the cumulative effects of retrospectively applying the new accounting policy to periods prior to the beginning of the first quarter of the current fiscal period, and the new accounting policy is applied from the said balance.

The impact of this change on the current second quarter financial statements is negligible.

(Changes in accounting estimates)

Not applicable.

(Segment information)

The segment information has been omitted, as the Company has a single segment related to the parking lot development, operation and management business.