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Consolidated Financial Report for the Three-month Period Ended December 31, 2017 (IFRS)

February 13, 2018

Company name: LIFULL Co., Ltd.	Listed exchange:	Tokyo Stock Exchange
Stock code: 2120	URL:	https://lifull.com/en/
Representative: (Position) President and CEO	(Name) Takashi Inoue	
	(Position) Managing Officer, General Manager of	
Contact: Group Company Business Development Department	(Name) Kazuhiko Abe	(TEL) +81-3-6774-1603
Scheduled quarterly securities report submission date:	February 13, 2018	
Scheduled date of start of dividend payments:	-	
Preparation of supporting documentation for earnings:	Yes	
Earnings presentations:	Yes (For institutional investors and analysts)	

(Millions of yen; amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three-month Period Ended December 31, 2017 (October 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Revenue		Operating income		Profit before income taxes		Net profit		Profit attributable to owners of the parent		Total comprehensive income	
		%		%		%		%		%		%
Three-month ended December 31, 2017	¥8,128	4.3	¥1,134	452.3	¥1,080	418.7	¥582	-	¥591	-	¥768	4.6
Three-month ended June 30, 2017	¥7,793	13.8	¥205	(82.5)	¥208	(82.7)	¥22	(97.0)	¥22	(97.0)	¥734	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month ended December 31, 2017	4.98	4.98
Three-month ended June 30, 2017	0.19	0.19

(Reference) EBITDA (Operating income before depreciation and amortization)

Three months ended December 31, 2017: ¥1,408 million

Three months ended June 30, 2017: ¥458 million (+207.0%)

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
As of December 31, 2017	¥26,366	¥19,990	¥19,907	75.5
As of September 30, 2017	¥26,363	¥19,293	¥19,227	72.9

2. Dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended September 30, 2017	-	0.00	-	0.82	0.82
Fiscal year ending September 30, 2018	-				
Fiscal year ending September 30, 2018 (forecast)		-	-	-	-

Note 1: There have been no changes in dividend forecast.

Note 2: Dividend forecast for the fiscal year ending September 30, 2018 will be calculated based on a payout ratio of 20%.

3. Forecasts on the Consolidated Results for the Fiscal Year Ending September 2018 (October 1, 2017 to September 30, 2018)

(Percentages indicate year-on-year change)

	Revenue	Operating income	Profit attributable to owners of the parent	Basic earnings per share
	%	%	%	yen
Fiscal year ending September 30, 2018	¥41,000 -	¥5,000 -	¥3,478 -	29.30

Note 1: Revision to the most recently announced consolidated forecasts: No

Note 2: LIFULL has changed its fiscal-year end from March 31 to September 30, starting from the fiscal year ended September 30, 2017. As a result of this change, the previous consolidated accounting period is a six-month transition period from April 1, 2017 until September 30, 2017. For this reason, year on year changes have not been given for the fiscal year ending September 30, 2018.

*** Notes**

(1) There have been no changes in material subsidiaries during the term.

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

[1] There have been no changes in accounting policies required by IFRS.

[2] There have been no changes in accounting policies not falling within the scope of [1] above.

[3] There have been no changes in accounting estimates.

(3) Number of shares issued (common stock)

[1] Number of shares issued at the end of the period (including treasury stock)

As of December 31, 2017	118,789,100 shares
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As of September 30, 2017	118,789,100 shares
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[2] Treasury shares at the end of the period

As of December 31, 2017	73,736 shares
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As of September 30, 2017	73,736 shares
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[3] Average shares during term

Three months ended December 31, 2017	118,715,364 shares
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Three months ended June 30, 2017	118,715,367 shares
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*** This consolidated financial report is not subject to quarterly review procedures.**

*** Regarding appropriate use of results forecasts and other notes**

- The Company plans to hold an earnings briefing for institutional investors and analysts. Scenes from the briefing and presentation content (audio recordings) will be made available on the Company's website as soon as possible thereafter.
- February 14, 2018 (Wednesday): Earnings presentation for institutional investors and analysts.
- In addition, the Company holds briefings as appropriate for individual investors. Please refer to the LIFULL's IR website for more details.

(Appendix)

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1. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(Thousands of yen)

	As of September 30, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	5,509,642	5,275,435
Accounts receivable-trade and other current receivables	4,229,575	4,091,093
Other current assets	454,287	587,437
Total current assets	10,193,505	9,953,966
Non-current assets		
Property, plant and equipment	1,926,679	1,908,234
Goodwill	9,857,104	10,001,340
Intangible assets	2,423,479	2,304,218
Investments accounted for using the equity method	278,483	188,812
Other long-term financial assets	1,170,265	1,600,926
Deferred tax assets	509,888	397,570
Other non-current assets	4,129	11,152
Total non-current assets	16,170,029	16,412,255
Total assets	26,363,535	26,366,222

(Thousands of yen)

	As of September 30, 2017	As of December 31, 2017
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable-trade and other current payables	2,936,348	2,380,657
Short-term loans	970,947	971,676
Lease obligations	3,400	3,400
Accrued corporate income taxes	277,637	354,499
Other short-term financial liabilities	28,465	26,180
Other current liabilities	1,898,684	1,676,943
Total current liabilities	6,115,483	5,413,358
Non-current liabilities		
Lease obligations	84,805	84,022
Provisions	518,680	518,773
Deferred tax liabilities	317,240	325,382
Other long-term financial liabilities	33,675	34,200
Total non-current liabilities	954,401	962,377
Total liabilities	7,069,884	6,375,736
Equity		
Attributable to owners of the parent		
Capital stock	3,999,578	3,999,578
Capital surplus	4,336,231	4,336,159
Retained earnings	11,632,596	12,126,976
Treasury shares	(8,694)	(8,694)
Other components of equity	(732,517)	(546,763)
Attributable to owners of the parent	19,227,194	19,907,257
Attributable to non-controlling interests	66,456	83,228
Total equity	19,293,650	19,990,486
Total liabilities and equity	26,363,535	26,366,222

(2) Condensed Consolidated Statements of Profit or Loss and Condensed Consolidated Statements of Comprehensive Income

Condensed Consolidated Statements of Profit or Loss
For the three-month period ended December 31, 2017

(Thousands of yen)

	Three-month period ended June 30, 2017	Three-month period ended December 31, 2017
Revenue	7,793,903	8,128,651
Cost of revenue	915,861	928,935
Gross profit	6,878,041	7,199,716
Selling, general and administrative expenses	6,600,032	6,136,970
Other income	36,113	124,266
Other expenses	108,765	52,882
Operating income	205,357	1,134,129
Financial revenue	736	0
Financial expenses	2,965	5,673
Share of profit (loss) of investments accounted for using the equity method	5,246	(47,622)
Profit before taxes	208,375	1,080,833
Income tax expenses	185,845	498,077
Profit for the period	22,529	582,755
Profit for the period attributable to:		
Owners of the parent	22,030	591,727
Non-controlling interests	498	(8,971)
Total	22,529	582,755
		(yen)
Profit for the period per share attributable to owners of the parent		
Basic profit for the period per share	0.19	4.98
Diluted profit for the period per share	0.19	4.98

Condensed Consolidated Statements of Comprehensive Income
For the three-month period ended December 31, 2017

(Thousands of yen)

	Three-month period ended June 30, 2017	Three-month period ended December 31, 2017
Profit for the period	22,529	582,755
Other comprehensive income		
Items that may be reclassified to profit or loss, net of tax:		
Available-for-sale financial assets	(129)	1,929
Exchange differences on translation of foreign operations	710,719	179,911
Cash flow hedge	1,404	1,075
Share of other comprehensive income of investments accounted for using the equity method	-	2,838
Other comprehensive income, after tax	711,995	185,753
Total comprehensive income for the period	734,524	768,509
Comprehensive income for the period attributable to:		
Owners of the parent	735,287	777,481
Non-controlling interests	(762)	(8,972)
Total	734,524	768,509

(3) Condensed Consolidated Statements of Changes in Equity

For the three-month period ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of April 1, 2017	3,999,578	4,523,690	11,815,482	(8,644)	(1,858,928)	18,471,178	344,789	18,815,968
Profit for the period	-	-	22,030	-	-	22,030	498	22,529
Other comprehensive income	-	-	-	-	713,256	713,256	(1,261)	711,995
Total comprehensive income for the period	-	-	22,030	-	713,256	735,287	(762)	734,524
Dividends of surplus	-	-	(671,929)	-	-	(671,929)	(37,506)	(709,435)
Purchase of treasury shares	-	-	-	(49)	-	(49)	-	(49)
Capital transaction with owners of non-controlling interests	-	(187,594)	-	-	-	(187,594)	(201,690)	(389,285)
Increase due to business combinations	-	-	-	-	-	-	189	189
Total transactions with owners	-	(187,594)	(671,929)	(49)	-	(859,573)	(239,007)	(1,098,581)
Balance as of June 30, 2017	3,999,578	4,336,096	11,165,584	(8,694)	(1,145,672)	18,346,892	105,019	18,451,912

For the three-month period ended December 31, 2017 (October 1, 2017 to December 31, 2017)

(Thousands of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Balance as of October 1, 2017	3,999,578	4,336,231	11,632,596	(8,694)	(732,517)	19,227,194	66,456	19,293,650
Profit for the period	-	-	591,727	-	-	591,727	(8,971)	582,755
Other comprehensive income	-	-	-	-	185,754	185,754	(0)	185,753
Total comprehensive income for the period	-	-	591,727	-	185,754	777,481	(8,972)	768,509
Dividends of surplus	-	-	(97,346)	-	-	(97,346)	(1,577)	(98,924)
Capital transaction with owners of non-controlling interests	-	(71)	-	-	-	(71)	(678)	(749)
Increase due to business combinations	-	-	-	-	-	-	28,000	28,000
Total transactions with owners	-	(71)	(97,346)	-	-	(97,418)	25,744	(71,674)
Balance as of December 31, 2017	3,999,578	4,336,159	12,126,976	(8,694)	(546,763)	19,907,257	83,228	19,990,486

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Three-month period ended June 30, 2017	Three-month period ended December 31, 2017
Cash flow from operating activities		
Profit for the period before tax	208,375	1,080,833
Depreciation and amortization	256,901	280,562
Financial revenue	(736)	(0)
Financial expenses	2,965	5,673
Decrease (increase) in accounts receivable-trade and other current receivables	828,048	147,726
Increase (decrease) in accounts payable-trade and other current payables	(401,568)	(509,547)
Others	555,870	(490,240)
Subtotal	1,449,855	515,007
Interest and dividends received	690	0
Interest paid	(113)	(4,619)
Income taxes paid	(618,051)	(273,673)
Net cash from operating activities	832,381	236,716
Cash flow from investing activities		
Purchase of available-for-sale financial assets	(30,000)	(399,866)
Purchase of property, plant and equipment	(891,752)	(56,383)
Proceeds from sale of property, plant and equipment	241	-
Purchase of intangible assets	(59,038)	(74,283)
Proceeds from sale of intangible assets	7,303	-
Proceeds from refund of leasehold deposits and guarantee deposits	439,908	-
Acquisition of subsidiaries	(88,655)	-
Acquisition of shares of associates	(239,124)	-
Proceeds from sales of shares of associates	-	135,000
Others	(7,363)	(30,151)
Net cash from investing activities	(868,480)	(425,685)
Cash flow from financing activities		
Dividends paid	(671,929)	(97,346)
Repayment of lease obligations	-	(783)
Purchase of shares in subsidiaries	(390,000)	(749)
Dividends paid to non-controlling interests	(37,506)	(1,577)
Proceeds from share issuance to non-controlling interest	714	28,000
Proceeds from issuance of bonds	-	3,000
Purchase of treasury shares	(49)	-
Net cash from financing activities	(1,098,770)	(69,457)
Effect of exchange rate changes on cash and cash equivalents	101,205	24,219
Net increase (decrease) in cash and cash equivalents	(1,033,664)	(234,206)
Cash and cash equivalents at beginning of period	6,046,944	5,509,642
Cash and cash equivalents at end of period	5,013,280	5,275,435

(5) Notes to the Condensed Consolidated Financial Statements

(Note Regarding Going Concern Assumption)

Not applicable.