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Consolidated Financial Report for the Nine-month Period Ended June 30, 2018 (IFRS)

July 26, 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
Contact: (Position) Managing Officer, General Manager of Group Company Business Development Department	(Name) Kazuhiko Abe (TEL) +81-3-6774-1603
Scheduled quarterly securities report submission date:	Aug 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 Nine-month Period Ended June 30, 2018 (October 1, 2017 to June 30, 2018)

(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	
	%		%		%		%		%		%	
Nine-month ended June 30, 2018	¥26,015	-	¥3,635	-	¥3,552	-	¥2,233	-	¥2,274	-	¥1,786	-
Nine-month ended June 30, 2017	-	-	-	-	-	-	-	-	-	-	-	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine-month ended June 30, 2018	19.16	19.16
Nine-month ended June 30, 2017	-	-

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

Nine-month ended June 30, 2018: ¥4,439 million Nine-month ended June 30, 2017: ¥ - million (-%)

Note 1 : LIFULL has changed its fiscal-year end from March 31 to September 30, starting from the fiscal year ended September 30, 2017. For this reason, the company has not generated the financial statements for the nine-month period of the previous fiscal-year and therefore, there is no mention on YoY change or consolidated business results for the cumulative nine-month period of the previous year in this report.

(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 June 30, 2018	¥28,247	¥21,000	¥20,948	74.2
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	-	0.00	-		
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%.

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

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	34,000	-	4,000	-	2,800	-		23.59

Note 1: Revision to the most recently announced consolidated forecasts: Yes

Note 2: As for the revision to the consolidated forecasts, please refer to the “Notice on Revision of Financial Results Forecasts for the Fiscal Year Ending September 30, 2018” announced today (July 26, 2018).

Note 3: 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 June 30, 2018 118,789,100 shares

As of September 30, 2017 118,789,100 shares

[2] Treasury shares at the end of the period

As of June 30, 2018 73,736 shares

As of September 30, 2017 73,736 shares

[3] Average shares during term

Nine-month ended June 30, 2018 118,715,364 shares

Nine-month ended September 30, 2017 - shares

LIFULL has changed its fiscal-year end from March 31 to September 30, starting from the fiscal year ended September 30, 2017. For this reason, the company has not generated the condensed consolidated financial statements for the third quarter equivalent last year and therefore there is no mention on average shares during term in this report.

*** This consolidated financial report is not subject to quarterly review procedures by a certified public accountant or audit company.**

* 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.
- July 27, 2018 (Friday): 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 June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	5,509,642	7,136,248
Accounts receivable-trade and other current receivables	4,229,575	4,282,302
Other current financial assets	-	150,000
Other current assets	454,287	534,271
Total current assets	10,193,505	12,102,822
Non-current assets		
Property, plant and equipment	1,926,679	1,869,597
Goodwill	9,857,104	9,514,389
Intangible assets	2,423,479	2,131,991
Investments accounted for using the equity method	278,483	438,287
Other long-term financial assets	1,170,265	1,624,974
Deferred tax assets	509,888	560,979
Other non-current assets	4,129	4,612
Total non-current assets	16,170,029	16,144,831
Total assets	26,363,535	28,247,654

(Thousands of yen)

	As of September 30, 2017	As of June 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable-trade and other current payables	2,936,348	2,449,107
Short-term loans	970,947	482,530
Lease obligations	3,400	3,987
Accrued corporate income taxes	277,637	1,171,362
Other short-term financial liabilities	28,465	16,171
Other current liabilities	1,898,684	2,161,404
Total current liabilities	6,115,483	6,284,564
Non-current liabilities		
Lease obligations	84,805	81,737
Provisions	518,680	533,559
Deferred tax liabilities	317,240	314,831
Other non-current liabilities	33,675	32,918
Total non-current liabilities	954,401	963,045
Total liabilities	7,069,884	7,247,610
Equity		
Attributable to owners of the parent		
Capital stock	3,999,578	3,999,578
Capital surplus	4,336,231	4,326,575
Retained earnings	11,632,596	13,809,777
Treasury shares	(8,694)	(8,694)
Other components of equity	(732,517)	(1,178,858)
Attributable to owners of the parent	19,227,194	20,948,377
Attributable to non-controlling interests	66,456	51,666
Total equity	19,293,650	21,000,043
Total liabilities and equity	26,363,535	28,247,654

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

Condensed Consolidated Statements of Profit or Loss
For the nine-month period

(Thousands of yen)

	Nine-month period ended June 30, 2018
Revenue	26,015,262
Cost of revenue	2,872,509
Gross profit	23,142,753
Selling, general and administrative expenses	19,602,893
Other income	228,904
Other expenses	133,018
Operating income	3,635,745
Financial revenue	33,787
Financial expenses	15,081
Share of profit (loss) of investments accounted for using the equity method	(101,944)
Profit before taxes	3,552,507
Income tax expenses	1,319,353
Profit for the period	2,233,153
Profit for the period attributable to:	
Owners of the parent	2,274,527
Non-controlling interests	(41,374)
Total	2,233,153
	(yen)
Profit for the period per share attributable to owners of the parent	
Basic profit for the period per share	19.16
Diluted profit for the period per share	19.16

For the three-month period ended

	Three-month period ended June 30, 2018
Revenue	8,345,490
Cost of revenue	996,685
Gross profit	7,348,805
Selling, general and administrative expenses	6,212,039
Other income	28,568
Other expenses	22,363
Operating income	1,142,971
Financial revenue	33,700
Financial expenses	4,506
Share of profit (loss) of investments accounted for using the equity method	(45,721)
Profit before taxes	1,126,445
Income tax expenses	434,509
Profit for the period	691,935
Profit for the period attributable to:	
Owners of the parent	702,448
Non-controlling interests	(10,513)
Total	691,935
	(yen)
Profit for the period per share attributable to owners of the parent	
Basic profit for the period per share	5.92
Diluted profit for the period per share	5.92

Condensed Consolidated Statements of Comprehensive Income
For the nine-month period ended

(Thousands of yen)

	Nine-month period ended June 30, 2018
Profit for the period	2,233,153
Other comprehensive income	
Items that may be reclassified to profit or loss, net of tax:	
Available-for-sale financial assets	2,486
Exchange differences on translation of foreign operations	(438,033)
Cash flow hedge	463
Share of other comprehensive income of investments accounted for using the equity method	(11,284)
Other comprehensive income, after tax	(446,368)
Total comprehensive income for the period	1,786,785
Comprehensive income for the period attributable to:	
Owners of the parent	1,828,186
Non-controlling interests	(41,401)
Total	1,786,785

Condensed Consolidated Statements of Comprehensive Income
For the three-month period

(Thousands of yen)

	Three-month period ended June 30, 2018
Profit for the period	691,935
Other comprehensive income	
Items that may be reclassified to profit or loss, net of tax:	
Available-for-sale financial assets	6,683
Exchange differences on translation of foreign operations	(228,622)
Cash flow hedge	621
Share of other comprehensive income of investments accounted for using the equity method	(5,209)
Other comprehensive income, after tax	(226,526)
Total comprehensive income for the period	465,408
Comprehensive income for the period attributable to:	
Owners of the parent	475,868
Non-controlling interests	(10,459)
Total	465,408

(3) Condensed Consolidated Statements of Changes in Equity

For the nine-month period ended June 30, 2018 (October 1, 2017 to June 30, 2018)

(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	-	-	2,274,527	-	-	2,274,527	(41,374)	2,233,153
Other comprehensive income	-	-	-	-	(446,340)	(446,340)	(27)	(446,368)
Total comprehensive income for the period	-	-	2,274,527	-	(446,340)	1,828,186	(41,401)	1,786,785
Dividends of surplus	-	-	(97,346)	-	-	(97,346)	(1,577)	(98,924)
Capital transaction with owners of non-controlling interests	-	(9,656)	-	-	-	(9,656)	188	(9,467)
Increase due to business combinations	-	-	-	-	-	-	28,000	28,000
Total transactions with owners	-	(9,656)	(97,346)	-	-	(107,002)	26,611	(80,391)
Balance as of June 30, 2018	3,999,578	4,326,575	13,809,777	(8,694)	(1,178,858)	20,948,377	51,666	21,000,043

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Nine-month period ended June 30, 2018
Cash flow from operating activities	
Profit for the period before tax	3,552,507
Depreciation and amortization	822,287
Financial revenue	(33,787)
Financial expenses	15,081
Decrease (increase) in accounts receivable-trade and other current receivables	(71,970)
Increase (decrease) in accounts payable-trade and other current payables	(484,666)
Others	242,320
Subtotal	4,041,771
Interest and dividends received	92
Interest paid	(13,978)
Income taxes paid	(438,570)
Net cash from operating activities	3,589,314
Cash flow from investing activities	
Purchase of available-for-sale financial assets	(454,437)
Proceeds from sale of available-for-sale financial assets	23,793
Purchase of property, plant and equipment	(189,652)
Proceeds from sale of property, plant and equipment	1,508
Purchase of intangible assets	(317,395)
Payments for loans receivable	(150,000)
Acquisition of shares of associates	(317,918)
Proceeds from sales of shares of associates	135,000
Others	(42,512)
Net cash from investing activities	(1,311,615)
Cash flow from financing activities	
Repayment of long-term loans	(499,995)
Dividends paid	(97,342)
Repayment of lease obligations	(2,481)
Dividends paid to non-controlling interests	(1,577)
Purchase of shares in subsidiaries	(11,438)
Proceeds from share issuance to non-controlling interest	29,972
Proceeds from issuance of bonds	3,000
Net cash from financing activities	(579,862)
Effect of exchange rate changes on cash and cash equivalents	(71,229)
Net increase (decrease) in cash and cash equivalents	1,626,606
Cash and cash equivalents at beginning of period	5,509,642
Cash and cash equivalents at end of period	7,136,248

(5) Notes to the Condensed Consolidated Financial Statements

(Note Regarding Going Concern Assumption)

Not applicable.